

Fund 408 Sewer Bond Construction

Focus

Fund 408, Sewer Bond Construction, provides for major sewer system construction projects including upgrades and expansions of sewer treatment plants utilized by Fairfax County residents that are funded primarily from the sale of sewer revenue bonds. Funding has been provided in recent years in Fund 408, Sewer Bond Construction, to begin to meet state regulatory requirements for nitrogen removal and plant upgrades at the District of Columbia Water and Sewer Authority (DCWASA), the Alexandria Sanitation Authority (ASA), the Arlington County Treatment Plant, and the Noman M. Cole, Jr. Pollution Control Plant.

The Chesapeake Bay water quality program requires reductions in the amount of nutrient pollutants. In December 2004, the state notified the County that the renewal of County's National Pollutant Discharge Elimination System (NPDES) permit includes a requirement that nutrient removal be performed at the "Limits of Technology." Current technology allows for discharge limits of 3.0 milligrams per liter for nitrogen and 0.1 milligrams per liter for phosphorus. The County has a nitrogen discharge requirement of 7.0 milligrams per liter. A phased approach has been under way to renovate and upgrade current plant facilities to accommodate new more stringent nutrient discharge requirements.



The next Sewer Revenue Bond sale is scheduled during FY 2011 in the amount of \$150 million to support capital projects including enhanced nutrient removal upgrades, replacement and rehabilitation of sewer lines, plant upgrades at the Noman M. Cole, Jr. Pollution Control Plant and upgrades at treatment by contract wastewater treatment facilities. No funding is included for Fund 408 in FY 2012. Work will continue on existing and previously funded projects.

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Changes to FY 2011 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2011 Revised Budget Plan since passage of the FY 2011 Adopted Budget Plan. Included are all adjustments made as part of the FY 2010 Carryover Review, FY 2011 Third Quarter Review, and all other approved changes through April 12, 2011.

- ◆ As part of the *FY 2010 Carryover Review*, the Board of Supervisors approved an increase of \$86,455,752 due to the carryover of unexpended project balances in the amount of \$49,355,752 and the appropriation of additional revenues of \$37,100,000. Revenues in the amount of \$6,500,000 were appropriated based on a grant from the Department of Environmental Quality (DEQ) for the construction of a reclaimed water system for the reuse of highly treated wastewater from the Noman M. Cole, Jr. Pollution Control Plant to the Energy Resource Recovery Facility (ERRF). This grant funding was awarded to Fairfax County as a result of the American Recovery and Reinvestment Act on December 7, 2009. Of the total \$6.5 million awarded, \$2.0 million was received in FY 2010 and \$4.5 million is anticipated in FY 2011. In addition, grant funding in the amount of \$30,600,000 was associated with the Virginia Water Quality Improvement Fund Point Source Grant for nitrogen removal requirements associated with the Chesapeake Bay Program as approved by the Board of Supervisors on February 23, 2009. An amount of \$4.1 million in revenue for this grant was received in FY 2010, with an additional \$26.5 million anticipated in FY 2011.

- ◆ As part of the *FY 2011 Third Quarter Review*, the Board of Supervisors made no adjustments to this fund.

A Fund Statement and a Summary of Capital Projects are provided on the following pages. The Summary of Capital Projects may include some projects without a Total Project Estimate amount. These projects are considered "continuing" projects or projects for which funding is necessary on an ongoing basis (e.g., a contingency or planning project).

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FUND STATEMENT

Fund Type G40, Enterprise Funds

Fund 408, Sewer Bond Construction

| | FY 2010 Actual | FY 2011 Adopted Budget Plan | FY 2011 Revised Budget Plan | FY 2012 Advertised Budget Plan | FY 2012 Adopted Budget Plan |
|--|----------------------|-----------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| Beginning Balance | \$110,953,222 | \$11,247,495 | \$67,485,639 | \$11,703,970 | \$11,703,970 |
| Revenue: | | | | | |
| Sale of Bonds ¹ | \$0 | \$140,294,000 | \$140,294,000 | \$0 | \$0 |
| Interest on Investments | 456,475 | 1,000,000 | 1,000,000 | 500,000 | 500,000 |
| Virginia Water Quality Improvement Grant ² | 4,100,498 | 0 | 26,499,502 | 0 | \$0 |
| American Recovery and Reinvestment Act (ARRA) ³ | 1,974,575 | 0 | 4,525,425 | 0 | 0 |
| Total Revenue | \$6,531,548 | \$141,294,000 | \$172,318,927 | \$500,000 | \$500,000 |
| Total Available | \$117,484,770 | \$152,541,495 | \$239,804,566 | \$12,203,970 | \$12,203,970 |
| Total Expenditures ⁴ | \$49,999,131 | \$140,294,000 | \$228,100,596 | \$0 | \$0 |
| Total Disbursements | \$49,999,131 | \$140,294,000 | \$228,100,596 | \$0 | \$0 |
| Ending Balance⁵ | \$67,485,639 | \$12,247,495 | \$11,703,970 | \$12,203,970 | \$12,203,970 |

¹ In FY 2011, an amount of \$150 million in revenue bonds is anticipated to be issued to support enhanced nitrogen removal projects and upgrades within the Capital Improvement Program including \$140.3 million in this fund and \$9.7 million to be reserved in Fund 406, Sewer Bond Debt Reserve for legal requirements.

² Reflects Virginia Water Quality Improvement Fund Point Source grant approved by the Board of Supervisors on February 23, 2009 for nitrogen removal requirements associated with the Chesapeake Bay Program. In FY 2010 an amount of \$4,100,498 was received and \$26,499,502 is anticipated in FY 2011 and beyond.

³ On December 7, 2009, the Board of Supervisors approved funding in the amount of \$6,500,000 associated with a grant award from the Department of Environmental Quality for the construction of a reclaimed water system from the Noman M. Cole, Jr. Pollution Control Plant to the Energy Resource Recovery Facility (ERRF). This grant funding was awarded to Fairfax County as a result of the American Recovery and Reinvestment Act of 2009. In FY 2010 an amount of \$1,974,575 was received and \$4,525,425 is anticipated in FY 2011 and beyond.

⁴ In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of \$832,105.00 has been included as an increase to FY 2010 revenues to accurately reflect revenue accruals for federal stimulus funds for the Noman Cole Water Reuse project and \$1,350,843.64 has been reflected as a decrease to FY 2010 expenditures to accurately reflect expenditure accruals. The projects affected by this adjustment are Project FS0001, Noman Cole Water Reuse, and Project N00323, Noman Cole Treatment Plant Upgrades. The audit adjustments have been included in the FY 2010 Comprehensive Annual Financial Report (CAFR). Details of the FY 2010 audit adjustment were included in the FY 2011 Third Quarter Package.

⁵ The capital projects in this sewer fund are budgeted based on the total project costs. Most projects span multiple years, from design to construction completion. Therefore, funding for capital projects is carried forward each fiscal year, and ending balances fluctuate, reflecting the carryover of these funds.

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FY 2012 Summary of Capital Projects

Fund: 408, Sewer Bond Construction

| Project # | Description | Total Project Estimate | FY 2010 Actual Expenditures | FY 2011 Revised Budget | FY 2012 Advertised Budget Plan | FY 2012 Adopted Budget Plan |
|--------------|--|------------------------------|-----------------------------------|------------------------------|--------------------------------------|-----------------------------------|
| FS0001 | Noman Cole Water Reuse | \$16,720,000 | \$2,055,655.00 | \$14,664,345.00 | \$0 | \$0 |
| G00902 | DC Blue Plains Exp 309 MGD | | 12,851,793.41 | 21,160,156.58 | 0 | 0 |
| G00904 | Arlington Treatment Plant Upgrade | 34,750,000 | 7,056,696.88 | 11,585,558.29 | 0 | 0 |
| I00906 | ASA Plant Improvements | | 11,865,567.84 | 21,825,051.75 | 0 | 0 |
| J00901 | LCSA Plant Upgrade | 22,000,000 | 0.00 | 21,999,999.90 | 0 | 0 |
| N00322 | Lower Potomac 67 MGD | 129,892,094 | 2,306,865.98 | 149,218.58 | 0 | 0 |
| | Noman M. Cole, Jr. Pollution Control Plant | | 12,673,265.23 | 95,140,578.22 | 0 | 0 |
| N00323 | Upgrades | | | | | |
| | Noman M. Cole, Jr. Pollution Control Plant | 42,794,000 | 1,189,286.56 | 40,575,687.42 | 0 | 0 |
| X00911 | Renovations | | | | | |
| X00997 | Construction Reserve | 1,000,000 | 0.00 | 999,999.90 | 0 | 0 |
| Total | | \$247,156,094 | \$49,999,130.90 | \$228,100,595.64 | \$0 | \$0 |