

Fund 69310: Sewer Bond Construction

Focus

Fund 69310, Sewer Bond Construction, provides for major sewer system construction projects including upgrades and expansions of sewage treatment plants utilized by Fairfax County residents that are funded primarily from the sale of sewer revenue bonds. Funding to continue to meet state regulatory requirements for nitrogen removal and plant upgrades for the County's Noman M. Cole, Jr. Pollution Control Plant is supported by revenue bonds from Fund 69310, Sewer Bond Construction, or by cash from Fund 69300, Sewer Construction Improvements.



The Chesapeake Bay water quality program requires reductions in the amount of nutrient pollutants. The County's Virginia Pollutant Discharge Elimination System (VPDES) permit includes a requirement that nutrient removal be performed at the "State of the Art." The County has a nitrogen discharge annual mass limit of 612,158 pounds per year, which is achievable at capacity flow if the County's effluent has an average nitrogen concentration of 3.0 milligrams per liter. A phased approach has been under way to renovate and upgrade current plant facilities to accommodate these more stringent nutrient discharge requirements.

Based on the current schedule of identified and active projects, bond proceeds remaining from the FY 2021 Sewer Revenue Bonds should support the capital projects through FY 2023. This funding supports the reinvestment in the Noman M. Cole, Jr. Pollution Control Plant and other Treatment Plants operated by Interjurisdictional Partners in order to maintain regulatory compliance requirements as they pertain to the Clean Water Act, Chesapeake Bay Preservation Program and Title V of the Clean Air Act as enforced by the Virginia Department of Environmental Quality.

Changes to FY 2022 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2022 Revised Budget Plan since passage of the FY 2022 Adopted Budget Plan. Included are all adjustments made as part of the FY 2021 Carryover Review, FY 2022 Mid-Year Review, and all other approved changes through December 31, 2021:

Carryover Adjustments

\$201,456,927

As part of the *FY 2021 Carryover Review*, the Board of Supervisors approved funding of \$201,456,927 due to the carryover of unexpended project balances in the amount of \$198,642,312 and an adjustment of \$2,814,615. The adjustment included \$63,778 in interest earnings received in FY 2021 and \$2,750,837 in revenue from the sale of bonds.

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

Category	FY 2021 Actual	FY 2022 Adopted Budget Plan	FY 2022 Revised Budget Plan	FY 2023 Advertised Budget Plan
Beginning Balance	\$6,828,474	\$0	\$197,293,769	\$0
Revenue:				
Sale of Bonds ¹	\$232,750,837	\$0	\$0	\$0
Interest on Investments	63,779	0	0	0
Virginia Water Quality Improvement Grant ^{2,3}	51,862	0	5,110,662	0
Total Revenue	\$232,866,478	\$0	\$5,110,662	\$0
Total Available	\$239,694,952	\$0	\$202,404,431	\$0
Total Expenditures³	\$41,199,008	\$0	\$202,404,431	\$0
Transfers Out:				
Sewer Bond Parity Debt Service (69020) ⁴	\$1,202,175	\$0	\$0	\$0
Total Transfers Out	\$1,202,175	\$0	\$0	\$0
Total Disbursements	\$42,401,183	\$0	\$202,404,431	\$0
Ending Balance⁵	\$197,293,769	\$0	\$0	\$0

¹ In FY 2021, an amount of \$241.5 million in Sewer Revenue Bonds was issued to support the upgrade and improvement projects at the Noman M. Cole, Jr. Pollution Control Plant, including \$232.8 million in this fund and \$8.7 million to be reserved in Fund 69030, Sewer Bond Debt Reserve, for legal requirements.

² Reflects Virginia Water Quality Improvement Fund Point Source grant approved by the Board of Supervisors on September 22, 2015, for upgrading and building facilities to support nitrogen removal requirements associated with the Chesapeake Bay Program. In FY 2021, an amount of \$51,863 was received and \$5,110,662 is anticipated in FY 2022 and beyond.

³ In order to account for revenues and expenditures in the proper fiscal year, audit adjustments were reflected as decreases of \$1,482.68 to FY 2021 revenues and \$947,503.73 to FY 2021 expenditures to properly record revenue in the proper fiscal period and to record adjustments to expenditure accruals. This impacted the amount carried forward resulting in an increase of \$947,503.73 to the *FY 2022 Revised Budget Plan*. The projects affected by this adjustment were WW-000016, Noman Cole Treatment Plant Upgrades, WW-000017, Noman Cole Treatment Plant Renovations, and WW-000034, WCD Expansion - Bond Funded. The Annual Comprehensive Financial Report (ACFR) reflects all audit adjustments in FY 2021. Details of the audit adjustments were found in Attachment VI of the *FY 2022 Mid-Year Review*.

⁴ A Transfer Out to Fund 69020, Sewer Bond Parity Debt Service, was necessary in FY 2021 because the Underwriter's Discount expense was paid from bond proceeds, which were reported as revenue in Fund 69310, Sewer Bond Construction.

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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SUMMARY OF CAPITAL PROJECTS

Project	Total Project Estimate	FY 2021 Actual Expenditures	FY 2022 Revised Budget	FY 2023 Advertised Budget Plan
Alexandria WWTP Upgrades (WW-000013)		\$0.00	\$20,000,000.00	\$0
Arlington WWTP Upgrades (WW-000012)		0.00	1,500,000.00	0
DC Blue Plains WWTP Upgrades (WW-000011)		0.00	23,000,000.00	0
Noman Cole Treatment Plant Renovations (WW-000017)		38,672,939.05	117,408,204.77	0
Noman Cole Treatment Plant Upgrades (WW-000016)		2,347,182.45	39,675,112.72	0
WCD Expansion - Bond Funded (WW-000034)	1,000,000	178,886.27	821,113.73	0
Total	\$1,000,000	\$41,199,007.77	\$202,404,431.22	\$0