

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.

It is planned that approximately \$227,100,000 in Sewer Revenue Bonds will be sold in FY 2024 to support the upgrade and improvement projects at the Noman M. Cole, Jr. Pollution Control Plant and other Treatment Plants operated by Interjurisdictional Partners, the Conveyance System Capacity Expansion program, and the Wastewater Developers Reimbursement Program. The anticipated Sewer Revenue Bonds sale includes \$211.7 million in this fund and approximately \$15.4 million to be reserved in Fund 69030, Sewer Bond Debt Reserve, for legal requirements. This funding supports the reinvestment in the Noman M. Cole, Jr. Pollution Control Plant and other Treatment Plants operated by Interjurisdictional Partners 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.

FY 2024 Funding Adjustments

The following funding adjustments from the FY 2023 Adopted Budget Plan are necessary to support the FY 2024 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the Budget on May 9, 2023.

Capital Projects **\$210,000,000**
Funding of \$210,000,000 in Capital Projects, an increase of \$210,000,000 over the FY 2023 Adopted Budget Plan, has been included in FY 2024 for priority wastewater capital projects associated with the planned FY 2024 sewer revenue bond sale.

Adjustment to Transfer Out
The FY 2024 Adopted Budget Plan Transfer Out to Fund 69020, Sewer Bond Parity Debt Service, has been increased by \$1,713,783. This increase is necessary to support projected expenditures in Fund 69020 related to the planned FY 2024 sewer revenue bond sale.

Changes to FY 2023 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2023 Revised Budget Plan since passage of the FY 2023 Adopted Budget Plan. Included are all adjustments made as part of the FY 2022 Carryover Review, FY 2023 Third Quarter Review, and all other approved changes through April 30, 2023.

Carryover Adjustments \$135,654,426

As part of the *FY 2022 Carryover Review*, the Board of Supervisors approved funding of \$135,654,426 due to the carryover of unexpended project balances in the amount of \$135,520,144 and an adjustment of \$134,282. The adjustment included \$134,065 in interest earnings received in FY 2022 and \$217 in miscellaneous revenue.

Third Quarter Adjustments (\$213)

As part of the *FY 2023 Third Quarter Review*, the Board of Supervisors approved a decrease of \$213 primarily due to audit adjustments.

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 2022 Actual	FY 2023 Adopted Budget Plan	FY 2023 Revised Budget Plan	FY 2024 Advertised Budget Plan	FY 2024 Adopted Budget Plan
Beginning Balance	\$197,293,769	\$0	\$132,211,186	\$0	\$0
Revenue:					
Sale of Bonds ¹	\$0	\$0	\$0	\$211,713,783	\$211,713,783
Interest on Investments	134,065	0	0	0	0
Virginia Water Quality Improvement Grant ²	618	0	5,110,044	0	0
Miscellaneous Revenues ³	4	0	0	0	0
Total Revenue	\$134,687	\$0	\$5,110,044	\$211,713,783	\$211,713,783
Total Available	\$197,428,456	\$0	\$137,321,230	\$211,713,783	\$211,713,783
Total Expenditures³	\$65,217,270	\$0	\$137,321,230	\$210,000,000	\$210,000,000
Transfers Out:					
Sewer Bond Parity Debt Service (69020) ⁴	\$0	\$0	\$0	\$1,713,783	\$1,713,783
Total Transfers Out	\$0	\$0	\$0	\$1,713,783	\$1,713,783
Total Disbursements	\$65,217,270	\$0	\$137,321,230	\$211,713,783	\$211,713,783
Ending Balance⁵	\$132,211,186	\$0	\$0	\$0	\$0

¹ In FY 2024, an amount of \$227.1 million in Sewer Revenue Bonds is projected to be issued to support the upgrade and improvement projects at the Noman M. Cole, Jr. Pollution Control Plant and other Treatment Plants operated by Interjurisdictional Partners, the Conveyance System Capacity Expansion program, and the Wastewater Developers Reimbursement Program, including \$211.7 million in this fund and \$15.4 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 2022, an amount of \$618 was received and \$5,110,044 is anticipated in FY 2023 and beyond.

³ In order to account for revenues and expenditures in the proper fiscal year, audit adjustments were reflected as a decrease of \$213.20 to FY 2022 revenues to record revenue in the proper fiscal year and a decrease of \$1,667,017.73 to FY 2022 expenditures to record adjustments to expenditure accruals. This impacted the amount carried forward resulting in an increase of \$1,667,017.73 to the *FY 2023 Revised Budget Plan*. The projects affected by these adjustments were WW-000011, DC Blue Plains WWTP Upgrades, WW-000013, Alexandria WWTP Upgrades, and WW-000017, Noman Cole Treatment Plant Renovations. The Annual Comprehensive Financial Report (ACFR) reflects all audit adjustments in FY 2022. Details of the audit adjustments were found in Attachment VI of the *FY 2023 Third Quarter Review*.

⁴ A Transfer Out to Fund 69020, Sewer Bond Parity Debt Service, is necessary in FY 2024 as the Underwriter's Discount expense is paid from bond proceeds, which are reported as revenue in Fund 69310, Sewer Bond Construction.

⁵ The capital projects in this sewer fund are budgeted based on 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 2022 Actual Expenditures	FY 2023 Revised Budget	FY 2024 Advertised Budget Plan	FY 2024 Adopted Budget Plan
Alexandria WWTP Upgrades (WW-000013)		\$11,282,386.66	\$20,717,613.34	\$44,000,000	\$44,000,000
Arlington WWTP Upgrades (WW-000012)		374,164.00	2,125,836.00	7,000,000	7,000,000
DC Blue Plains WWTP Upgrades (WW-000011)		9,081,367.05	18,918,632.95	45,000,000	45,000,000
Noman Cole Treatment Plant Renovations (WW-000017)		44,302,971.60	73,239,301.89	49,800,000	49,800,000
Noman Cole Treatment Plant Upgrades (WW-000016)		33,874.15	21,641,238.57	0	0
WCD Expansion - Bond Funded (WW-000034)	42,700,000	142,506.19	678,607.54	41,700,000	41,700,000
WWM Developers Reimbursement Program (2G25-132-000)	22,500,000	0.00	0.00	22,500,000	22,500,000
Total	\$65,200,000	\$65,217,269.65	\$137,321,230.29	\$210,000,000	\$210,000,000