

# 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.

On March 21, 2024, the County conducted a bond sale for the Sewer Revenue Bonds, Series 2024A. It was planned that approximately \$227,100,000 in Sewer Revenue Bonds would 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 included \$211.7 million in this fund and approximately \$15.4 million to be reserved in Fund 69030, Sewer Bond Debt Reserve, for legal requirements. Additional updates regarding the Sewer Revenue Bond, Series 2024A will be reflected in the *FY 2024 Carryover Review*. 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 2025 Funding Adjustments

*The following funding adjustments from the FY 2024 Adopted Budget Plan are necessary to support the FY 2025 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 7, 2024.*

### **Capital Projects** **(\$210,000,000)**

A decrease of \$210,000,000 from the FY 2024 Adopted Budget Plan, has been reflected in FY 2025 for priority wastewater capital projects as they were included with the FY 2024 sewer revenue bond sale.

### **Adjustment to Transfer Out**

The FY 2025 Adopted Budget Plan Transfer Out to Fund 69020, Sewer Bond Parity Debt Service, has been decreased by \$1,713,783. No Transfer Out is necessary in FY 2025 to support projected expenditures in Fund 69020 related to the FY 2024 sewer revenue bond sale.

### **Changes to FY 2024 Adopted Budget Plan**

*The following funding adjustments reflect all approved changes in the FY 2024 Revised Budget Plan since passage of the FY 2024 Adopted Budget Plan. Included are all adjustments made as part of the FY 2023 Carryover Review, FY 2024 Third Quarter Review, and all other approved changes through April 30, 2024.*

#### **Carryover Adjustments**

**\$86,217,022**

As part of the *FY 2023 Carryover Review*, the Board of Supervisors approved funding of \$86,217,022 due to the carryover of unexpended project balances in the amount of \$84,339,286 and an adjustment of \$1,877,736. The adjustment was necessary to appropriate interest earnings received in FY 2023.

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 2023 Actual	FY 2024 Adopted Budget Plan	FY 2024 Revised Budget Plan	FY 2025 Advertised Budget Plan	FY 2025 Adopted Budget Plan
<b>Beginning Balance</b>	<b>\$132,211,186</b>	<b>\$0</b>	<b>\$85,533,167</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue:</b>					
Sale of Bonds <sup>1</sup>	\$0	\$211,713,783	\$211,713,783	\$0	\$0
Interest on Investments	1,877,736	0	0	0	0
Virginia Water Quality Improvement Grant <sup>2</sup>	112,808	0	4,997,236	0	0
<b>Total Revenue</b>	<b>\$1,990,544</b>	<b>\$211,713,783</b>	<b>\$216,711,019</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Available</b>	<b>\$134,201,730</b>	<b>\$211,713,783</b>	<b>\$302,244,186</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Expenditures<sup>3</sup></b>	<b>\$48,668,563</b>	<b>\$210,000,000</b>	<b>\$300,530,403</b>	<b>\$0</b>	<b>\$0</b>
<b>Transfers Out:</b>					
Sewer Bond Parity Debt Service (69020) <sup>4</sup>	\$0	\$1,713,783	\$1,713,783	\$0	\$0
<b>Total Transfers Out</b>	<b>\$0</b>	<b>\$1,713,783</b>	<b>\$1,713,783</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Disbursements</b>	<b>\$48,668,563</b>	<b>\$211,713,783</b>	<b>\$302,244,186</b>	<b>\$0</b>	<b>\$0</b>
<b>Ending Balance<sup>5</sup></b>	<b>\$85,533,167</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<sup>1</sup> In FY 2024, an amount of \$227.1 million in Sewer Revenue Bonds was 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. Additional updates regarding the Sewer Revenue Bond, Series 2024A will be reflected in the FY 2024 Carryover Review.

<sup>2</sup> 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 2023, an amount of \$112,808 was received and \$4,997,236 is anticipated in FY 2024 and beyond.

<sup>3</sup> In order to account for revenues and expenditures in the proper fiscal year, audit adjustments were reflected as a decrease of \$4,313,381.55 to FY 2023 expenditures to record adjustments to expenditure accruals. This impacted the amount carried forward resulting in an increase of \$4,313,381.55 to the FY 2024 Revised Budget Plan. The projects affected by these adjustments were WW-000011, DC Blue Plains WWTP Upgrades, WW-000012, Arlington WWTP Upgrades, WW-000013, Alexandria WWTP Upgrades, and WW-000017, Noman Cole Treatment Plant Renovations. The Annual Comprehensive Financial Report (ACFR) reflected all audit adjustments in FY 2023. Details of the audit adjustments were found in Attachment VI of the FY 2024 Third Quarter Package.

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

<sup>5</sup> 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 2023 Actual Expenditures	FY 2024 Revised Budget	FY 2025 Advertised Budget Plan	FY 2025 Adopted Budget Plan
Alexandria WWTP Upgrades (WW-000013)		\$9,164,428.78	\$55,553,184.56	\$0	\$0
Arlington WWTP Upgrades (WW-000012)		587,287.00	8,538,549.00	0	0
DC Blue Plains WWTP Upgrades (WW-000011)		7,410,145.25	56,508,487.70	0	0
Noman Cole Treatment Plant Renovations (WW-000017)		31,396,196.25	93,520,841.36	0	0
Noman Cole Treatment Plant Upgrades (WW-000016)		0.00	21,641,238.57	0	0
WCD Expansion - Bond Funded (WW-000034)	42,700,000	110,505.24	42,268,102.30	0	0
WWM Developers Reimbursement Program (2G25-132-000)	22,500,000	0.00	22,500,000.00	0	0
<b>Total</b>	<b>\$65,200,000</b>	<b>\$48,668,562.52</b>	<b>\$300,530,403.49</b>	<b>\$0</b>	<b>\$0</b>