

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 new more stringent nutrient discharge requirements.



Based on the current schedule of identified and active projects, the bond proceeds from the FY 2017 bond sale will support the capital projects through FY 2019. This funding supports the reinvestment in the Noman M. Cole, Jr. Pollution Control Plant 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. The renovation program follows the plant's Master Plan to evaluate and prioritize projects.

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Changes to FY 2017 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2017 Revised Budget Plan since passage of the FY 2017 Adopted Budget Plan. Included are all adjustments made as part of the FY 2016 Carryover Review, FY 2017 Third Quarter Review, and all other approved changes through April 30, 2017.

◆ **Carryover Adjustments** **\$34,754,541**

As part of the *FY 2016 Carryover Review*, the Board of Supervisors approved funding of \$34,754,541 due to the carryover of unexpended project balances in the amount of \$12,593,511 and an adjustment of \$22,161,030, including \$64,358 to appropriate interest earnings received in FY 2016, \$1,958,258 in Virginia Water Quality Improvement grant revenue received in FY 2016, and \$20,138,414 in Virginia Water Quality Improvement grant revenue anticipated to be received in FY 2017 and beyond as approved by the Board of Supervisors on September 22, 2015.

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 69310, Sewer Bond Construction

	FY 2016 Actual	FY 2017 Adopted Budget Plan	FY 2017 Revised Budget Plan	FY 2018 Advertised Budget Plan	FY 2018 Adopted Budget Plan
Beginning Balance	\$3,220,340	\$0	\$13,640,724	\$0	\$0
Revenue:					
Bond Proceeds ¹	\$0	\$104,993,827	\$104,993,827	\$0	\$0
Interest on Investments	64,358	0	0	0	0
Virginia Water Quality Improvement Grant ²	1,958,258	0	20,138,414	0	0
Total Revenue	\$2,022,616	\$104,993,827	\$125,132,241	\$0	\$0
Transfer In:					
Sewer Revenue (69000) ³	\$24,428,362	\$0	\$0	\$0	\$0
Total Transfers In	\$24,428,362	\$0	\$0	\$0	\$0
Total Available	\$29,671,318	\$104,993,827	\$138,772,965	\$0	\$0
Total Expenditures⁴	\$16,030,594	\$104,993,827	\$138,772,965	\$0	\$0
Total Disbursements	\$16,030,594	\$104,993,827	\$138,772,965	\$0	\$0
Ending Balance⁵	\$13,640,724	\$0	\$0	\$0	\$0

¹ In FY 2017, an amount of \$110 million in Sewer Revenue Bonds is anticipated to be issued to support the upgrade and improvement projects at the Noman M. Cole, Jr. Pollution Control Plant including \$104.99 million in this fund and \$5.01 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 2016, an amount of \$1,958,258 was received and \$20,138,414 is anticipated in FY 2017 and beyond.

³ The FY 2016 Transfer In from Fund 69000, Sewer Revenue, funded the rehabilitation of the Noman Cole Pollution Control Plant, including the replacement of valves, pipes, gates, electrical parts and filters in order to extend their useful life. In addition, this amount supported electrical upgrades at the plant.

⁴ In order to account for expenditures in the proper fiscal year, an audit adjustment in the amount of \$975,403.47 has been reflected as an increase to FY 2016 Total Expenditures. This impacts the amount carried forward and results in a decrease of \$975,403.47 to the *FY 2017 Revised Budget Plan*. The project affected by this adjustment is WW-000017, Noman Cole Treatment Plant Renovations. The audit adjustment was included in the FY 2016 Comprehensive Annual Financial Report (CAFR). Details of the audit adjustment were included in the FY 2017 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 2018 Summary of Capital Projects

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Project	Total Project Estimate	FY 2016 Actual Expenditures	FY 2017 Revised Budget	FY 2018 Advertised Budget Plan	FY 2018 Adopted Budget Plan
Noman Cole Treatment Plant Renovations (WW-000017)	\$164,002,014	\$14,413,625.74	\$78,004,056.03	\$0	\$0
Noman Cole Treatment Plant Upgrades (WW-000016)	118,806,252	1,616,968.47	60,768,908.71	0	0
Total	\$282,808,266	\$16,030,594.21	\$138,772,964.74	\$0	\$0