

# 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. Water Recycling Facility (NCWRF) 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 "State of the Art" levels. 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 \$250,000,000 in Sewer Revenue Bonds will be sold in spring 2026 to support the upgrade and improvement projects at the NCWRF and other Treatment Plants operated by Interjurisdictional Partners, the Conveyance System Capacity Expansion program, and the Wastewater Developers Reimbursement Program. This funding supports the reinvestment in the NCWRF, 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.

The Fairfax County Sewer System Capital Improvement Program (CIP) is entering an accelerated period of delivery, as multiple large-scale projects advance simultaneously from design into active construction. Currently, there are more than 80 projects across all phases ranging from new facilities such as the Tysons West Pump Station and Force Main (\$275 million) and Accotink Pump Station Rehabilitation (\$89 million) to extensive gravity sewer improvements like Little Pimmit Run Sewer Realignment (\$12.3 million) and Belle View Boulevard - Potomac Avenue Phase II (\$15 million).

At NCWRF, the County is concurrently modernizing major treatment systems - such as the Raw Wastewater Pumping System B4 (\$242 million), Solids Processing Rehabilitation Phases III and IV (over \$234 million combined), and Primary and Secondary Sustaining Project (\$159 million) - representing a historic generational reinvestment in critical wastewater infrastructure.

The Fairfax County Wastewater Management Program is also obligated under numerous agreements with treatment by contract providers including AlexRenew and DC Water to contribute its proportional share of construction and operating costs. Currently AlexRenew is planning a generational reinvestment in its treatment facility. Fairfax County's capital reinvestment into AlexRenew's capital improvement program has increased by 500 percent to \$329 million for FY 2027 - FY 2031 compared to what was originally envisioned in FY 2023. DC Water also has generational reinvestment needs for their conveyance infrastructure. The share of Fairfax County sewer capital contribution to DC Water's capital improvement program increased 200 percent to \$256 million for FY 2027 - FY 2031 compared to what was budgeted in FY 2023.

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This increase in capital reinvestment is required to maintain Fairfax County's long-term strategy of ensuring regulatory compliance, replacing aging assets, and increasing system reliability in response to regional population growth and climate resiliency objectives.

### FY 2027 Funding Adjustments

*The following funding adjustments from the FY 2026 Adopted Budget Plan are necessary to support the FY 2027 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 5, 2026.*

#### **Capital Projects** **(\$228,500,000)**

A decrease of \$228,500,000 from the FY 2026 Adopted Budget Plan has been reflected in FY 2027 for priority wastewater capital projects as they will be included with the planned FY 2026 sewer revenue bond sale.

#### **Adjustment to Transfer Out**

The FY 2027 Adopted Budget Plan Transfer Out to Fund 69020, Sewer Bond Parity Debt Service, has been decreased by \$1,500,000. No increase is necessary to support projected expenditures in Fund 69020 related to the planned FY 2026 sewer revenue bond sale.

### Changes to FY 2026 Adopted Budget Plan

*The following funding adjustments reflect all approved changes in the FY 2026 Revised Budget Plan since passage of the FY 2026 Adopted Budget Plan. Included are all adjustments made as part of the FY 2025 Carryover Review, FY 2026 Third Quarter Review, and all other approved changes through April 30, 2026.*

#### **Carryover Adjustments** **\$105,385,431**

As part of the FY 2025 Carryover Review, the Board of Supervisors approved a carryover of \$105,385,431 due to unexpended project balances of \$102,204,259 and an increase of \$3,181,172 necessary to appropriate interest earnings received in FY 2025.

#### **Third Quarter Adjustments** **\$20,000,000**

As part of the FY 2026 Third Quarter Review, the Board of Supervisors approved funding of \$20,000,000 based on the revised amount of approximately \$250.0 million in Sewer Revenue Bonds that is anticipated to be issued in FY 2026 to support the upgrade and improvement of projects at the Noman M. Cole, Jr. Water Recycling Facility and other Treatment Plants operated by Interjurisdictional Partners, the Conveyance System Capacity Expansion program, and the Wastewater Developers Reimbursement Program.

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 2025 Actual	FY 2026 Adopted Budget Plan	FY 2026 Revised Budget Plan	FY 2027 Advertised Budget Plan	FY 2027 Adopted Budget Plan
<b>Beginning Balance</b>	<b>\$159,706,677</b>	<b>\$0</b>	<b>\$101,122,721</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue:</b>					
Sale of Bonds <sup>1</sup>	\$0	\$230,000,000	\$250,000,000	\$0	\$0
Interest on Investments	3,181,172	0	0	0	0
Virginia Water Quality Improvement Grant <sup>2</sup>	0	0	4,997,236	0	0
<b>Total Revenue</b>	<b>\$3,181,172</b>	<b>\$230,000,000</b>	<b>\$254,997,236</b>	<b>\$0</b>	<b>\$0</b>
<b>Transfers In:</b>					
Sewer Bond Debt Reserve (69030) <sup>3</sup>	\$36,660,067	\$0	\$0	\$0	\$0
<b>Total Transfers In</b>	<b>\$36,660,067</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Available</b>	<b>\$199,547,916</b>	<b>\$230,000,000</b>	<b>\$356,119,957</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Expenditures<sup>4</sup></b>	<b>\$98,425,195</b>	<b>\$228,500,000</b>	<b>\$354,619,957</b>	<b>\$0</b>	<b>\$0</b>
<b>Transfers Out:</b>					
Sewer Bond Parity Debt Service (69020) <sup>5</sup>	\$0	\$1,500,000	\$1,500,000	\$0	\$0
<b>Total Transfers Out</b>	<b>\$0</b>	<b>\$1,500,000</b>	<b>\$1,500,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Disbursements</b>	<b>\$98,425,195</b>	<b>\$230,000,000</b>	<b>\$356,119,957</b>	<b>\$0</b>	<b>\$0</b>
<b>Ending Balance<sup>6</sup></b>	<b>\$101,122,721</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<sup>1</sup> In FY 2026, an amount of approximately \$250.0 million in Sewer Revenue Bonds is anticipated to be issued to support the upgrade and improvement of projects at the Noman M. Cole, Jr. Water Recycling Facility and other Treatment Plants operated by Interjurisdictional Partners, the Conveyance System Capacity Expansion program, and the Wastewater Developers Reimbursement Program.

<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 2025, no funding was received and \$4,997,236 is anticipated in FY 2026 and beyond.

<sup>3</sup> A Transfer In from Fund 69030, Sewer Bond Debt Reserve, was included to support Sewer capital projects. On May 21, 2024, the Board of Supervisors approved the release of the Sewer Bond Debt Reserve after 57.4 percent of the outstanding Sewer bondholders provided consent to eliminate the Sewer Bond Debt Reserve. The funding from this reserve will be used in the same manner as any tax-exempt bond proceeds, namely payment for Sewer capital projects. Fund 69030, Sewer Bond Debt Reserve, was closed as part of the *FY 2024 Carryover Review*.

<sup>4</sup> In order to account for revenues and expenditures in the proper fiscal year, audit adjustments were reflected as a decrease of \$734,526.48 to FY 2025 Total Expenditures to properly record expenditure accruals. This impacted the amount carried forward resulting in an increase to expenditures of \$734,526.48 to the *FY 2026 Revised Budget Plan*. The projects affected by this adjustment were WW-000011, DC Blue Plains WWTP Upgrades, and WW-000012, Arlington WWTP Upgrades. The Annual Comprehensive Financial Report (ACFR) reflected all audit adjustments in FY 2025. Details of the audit adjustments were found in Attachment VI of the FY 2026 Third Quarter Package.

<sup>5</sup> A Transfer Out of \$1,500,000 to Fund 69020, Sewer Bond Parity Debt Service, was necessary in FY 2026 as the Underwriter's Discount expense is planned to be paid from bond proceeds, which are reported as revenue in Fund 69310, Sewer Bond Construction.

<sup>6</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 2025 Actual Expenditures	FY 2026 Revised Budget	FY 2027 Advertised Budget Plan	FY 2027 Adopted Budget Plan
Alexandria WWTP Upgrades (WW-000013)		\$23,291,503.31	\$72,044,935.84	\$0	\$0
Arlington WWTP Upgrades (WW-000012)		1,088,992.00	7,143,800.00	0	0
DC Blue Plains WWTP Upgrades (WW-000011)		12,415,295.70	33,425,521.40	0	0
Noman Cole Water Recycling Facility Renovations (WW-000017)		48,177,332.28	147,541,441.40	0	0
Noman Cole Water Recycling Facility Upgrades (WW-000016)		0.00	25,641,238.57	0	0
WCD Expansion - Bond Funded (WW-000034)	42,700,000	11,529,403.71	26,881,808.18	0	0
WWM Developers Reimbursement Program (2G25-132-000)	45,000,000	1,922,667.72	41,941,212.06	0	0
<b>Total</b>	<b>\$87,700,000</b>	<b>\$98,425,194.72</b>	<b>\$354,619,957.45</b>	<b>\$0</b>	<b>\$0</b>