



**City of Manassas, Virginia  
Finance Committee Meeting**

**AGENDA**

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**Finance Committee Meeting  
9027 Center Street  
Manassas, VA 20110  
Second Floor Conference Room  
Wednesday, July 12, 2017**

**Call to Order - 5:30 p.m.**

**1. Action Items**

- 1.1 Minutes: June 14, 2017 Finance Committee Meeting**  
[Finance Committee Minutes: June 14, 2017](#)
- 1.2 Consideration of Resolution 2018-01-R Amending the FY 2018 Budget by Budgeting and Appropriating \$180,663 of State Grant Revenue in the Stormwater Capital Projects Fund for the Hospital Pond Capital Project (Staff: Jacob Renaud, Stormwater Program Manager)**  
[Agenda Statement - 2018-01-R Additional SLAF Funding](#)  
[Resolution 2018-01-R: Backup for Additional SLAF Funding](#)  
[Resolution 2018-01-R](#)
- 1.3 Consideration of Resolution 2018-01-R Amending the FY 2018 Budget by Budgeting and Appropriating \$3,317,339 from Sewer Fund Fund Balance and \$166,383 in Cost Recovery Revenue in the Sewer Fund to Pay the Upper Occoquan Service Authority (UOSA) Debt Service True Up (Staff: Tony Dawood, Utilities Director)**  
[Agenda Statement - UOSA Debt Service True Up](#)  
[Resolution 2018-01-R: Back Up for UOSA Debt Service True Up](#)  
[Resolution 2018-01-R](#)

**City Manager's Time**

**Adjournment**

MINUTES OF THE CITY COUNCIL FINANCE COMMITTEE  
WEDNESDAY, JUNE 14, 2017  
SECOND FLOOR CONFERENCE ROOM  
CITY HALL - MANASSAS, VA

COMMITTEE MEMBERS PRESENT: Council Member Ken D. Elston  
Council Member Pamela J. Sebesky (Alternate)

COMMITTEE MEMBERS ABSENT: Council Member Sheryl L. Bass, Chair  
Vice Mayor Marc T. Aveni

OTHERS PRESENT: Mayor Harry J. Parrish II, City Manager W. Patrick Pate, Deputy City Manager Bryan Foster, Acting Finance and Administration Director Diane Bergeron, Public Works Director Steve Burke

The meeting was called to order at 5:30 p.m. by Council Member Ken D. Elston.

AGENDA ITEM #1 Approve Minutes of the May 10, 2017 Finance Committee Meeting

A motion was made and seconded to approve the Minutes of the May 10, 2017, Finance Committee meeting. The Committee approved (2/0).

AGENDA ITEM #2 Consideration of Resolution 2017-11-R Amending the FY 2017 Budget by Budgeting and Appropriating \$22,501 of Insurance Reimbursements in the General Fund

Steve Burke presented Staff's recommendation to amend the FY 2017 budget by budgeting and appropriating \$22,501 of Insurance Reimbursements in the General Fund. The Committee approved (2/0). This item will be forwarded to the June 26, 2017, City Council meeting for consideration.

AGENDA ITEM #3 Revisions to General Fund Fund Balance Policies of the City of Manassas Financial Policies #P-2016-01

Diane Bergeron presented Staff's recommendation for revisions to General Fund Fund Balance Policies of the City of Manassas Financial Policies #P-2016-01. The Committee approved (2/0). This item will be forwarded to the June 26, 2017, City Council meeting for consideration.

City Manager's Time

- Staff will bring information regarding the UOSA trueup to the next Finance Committee meeting in July.

The meeting was adjourned at 6:05 p.m. by Council Member Ken D. Elston.



City of Manassas  
Finance Committee  
9027 Center Street  
Manassas, VA 20110

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Meeting Date: July 12, 2017

Time Estimate: 2 Minutes

Agenda Title: Consideration of Resolution 2018-01-R Amending the FY 2018 Budget by Budgeting and Appropriating \$180,663 of State Grant Revenue in the Stormwater Capital Projects Fund for the Hospital Pond Capital Project

Recommendation: Approve Resolution 2018-01-R

Motion:

Date Last Considered by City Council: N/A

Summary and/or Comments: In May of 2016, the Virginia Department of Environmental Quality (DEQ) reduced the available Stormwater Local Assistance Fund (SLAF) funding for the Hospital Capital Project from \$1,921,471 to \$1,740,808 due to the offsite hauling option of the project being awarded to spite having an onsite disposal option. After the buried wastewater treatment plant was discovered at the location of the pond, DEQ agreed that more funding could be provided and to file for a change order to the SLAF funding at the end of the project. Once the project was completed, all completed change orders were sent to DEQ for approval of increased funding. On June 6, 2017, DEQ approved an increase in funding to the original amount of \$1,921,471. This is an additional \$180,663.

Board – Committee – or Commission Reviewed: N/A

Fiscal Impact: State Grant Revenue (SLAF) - \$180,663

Staff Contact: Jacob Renaud  
jrenaud@manassasva.gov  
(703) 257-8228

Michelle Brickner  
mbrickner@manassasva.gov  
(703) 257-8251



# COMMONWEALTH of VIRGINIA

## DEPARTMENT OF ENVIRONMENTAL QUALITY

Street address: 629 East Main Street, Richmond, Virginia 23219

Mailing address: P.O. Box 1105, Richmond, Virginia 23218

[www.deq.virginia.gov](http://www.deq.virginia.gov)

Molly Joseph Ward  
Secretary of Natural Resources

David K. Paylor  
Director

(804) 698-4000  
1-800-592-5482

June 6, 2017

Mr. Jacob Renaud  
Stormwater Program Manager-  
City of Manassas  
8500 Public Works Drive  
Manassas, Virginia 20110

**RE:** SLAF Grant Agreement No. 14-09, Amendment No. 1  
City of Manassas  
Prince William Hospital Regional Stormwater Management Facility

Dear Jacob,

Please find enclosed one (1) copy of the SLAF Grant Agreement Amendment No. 1 in regard to the above referenced Stormwater Local Assistance Fund (SLAF) Grant Agreement which was originally signed by the City of Manassas and the Virginia Department of Environmental Quality on September 1, 2016. The effective date for this SLAF Grant Modification is May 22, 2017. Please return two (2) original, signed copies to my attention. We look forward to working with you on this and future stormwater improvement projects and the Department appreciates your commitment to improving water quality within your jurisdiction.

If you have any questions or concerns, or require additional information, please do not hesitate to contact me at (804) 698-4012 or [Michael.Crocker@deq.virginia.gov](mailto:Michael.Crocker@deq.virginia.gov).

Respectfully,

A handwritten signature in blue ink that reads "Michael D. Crocker".

Michael Crocker  
Project Oversight Team Leader  
Office of Clean Water Financing and Assistance Program

Enclosure

Cc: Kenneth Savko – Project Officer / Project Manager - DEQ

# **VIRGINIA DEPARTMENT OF ENVIRONMENTAL QUALITY**

## **CLEAN WATER FINANCING AND ASSISTANCE PROGRAM STORMWATER LOCAL ASSISTANCE FUND (SLAF)**

### **AMENDMENT TO GRANT AGREEMENT**

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**Grantee:** City of Manassas, Virginia

**SLAF Grant No.:** 14-09

**Grant Modification No.:** 1

The following modifications have been made to the original SLAF Grant Agreement based upon the addition of the listed change orders with respect to unforeseen circumstances during construction. A new signature page has been enclosed for your use. Please review the modifications and return all materials in duplicate.

1. Prince William Hospital Regional Stormwater Management Facility

#### **Amendments to SLAF Grant Agreement:**

4.0. Grant Amount. The total Grant award from the Fund under this Agreement is up to **\$1,921,471.00** and represents the Commonwealth's fifty percent (50%) share of the Total Eligible Project Budget. Any material changes made to the Eligible Project after execution of this Agreement, which alters the Total Eligible Project Budget, will be submitted to the Department for review of grant eligibility. The amount of the Grant award set forth herein may be modified from time to time by agreement of the parties to reflect changes to the Eligible Project or the Total Eligible Project Budget.

#### **Attachments:**

Modified SLAF Grant Agreement including:

Signature Page (Page 8)

Exhibit A

Exhibit B

Exhibit C

Schedule 1

Exhibit E

## RESOLUTION 2018-01-R

Adopted:

BE IT RESOLVED by the Council of the City of Manassas meeting in regular session this 24<sup>th</sup> day of July, 2017, that the following funds be budgeted and appropriated as shown.

<u>ACCOUNT NO.</u>		<u>AMOUNT</u>
SEWER FUND		
<u>Revenue:</u>		
52099100-346400	Sewer Fund Fund Balance	\$ 3,317,339
52097600-317104	UOSA Cost Recovery	\$ 166,383
		<hr/>
		\$ 3,483,722
<u>Expenditure:</u>		
52003524-481005	UOSA Debt Service	\$ 3,483,722

For: UOSA Debt Service True Up

<u>ACCOUNT NO.</u>		<u>AMOUNT</u>
STORMWATER CAPITAL PROJECTS FUND		
<u>Revenue:</u>		
55597900-322071	C2617 State Grant Revenue	\$ 180,663
<u>Expenditure:</u>		
55505700-439000	C2617 Hospital Pond Capital Project	\$ 180,663

For: Additional SLAF Funding for Hospital Pond Capital Project

This resolution shall take effect upon its passage.

\_\_\_\_\_  
Harry J. Parrish II MAYOR  
On Behalf of the City Council  
of Manassas, Virginia

ATTEST:

\_\_\_\_\_  
Andrea P. Madden City Clerk



City of Manassas  
Finance Committee  
9027 Center Street  
Manassas, VA 20110

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Meeting Date:	July 12, 2017
Time Estimate:	15 Minutes
Agenda Title:	Consideration of Resolution 2018-01-R Amending the FY 2018 Budget by Budgeting and Appropriating \$3,317,339 from Sewer Fund Fund Balance and \$166,383 in Cost Recovery Revenue in the Sewer Fund to Pay the Upper Occoquan Service Authority (UOSA) Debt Service True Up
Recommendation:	Approve Resolution 2018-01-R
Motion:	
Date Last Considered by City Council:	N/A
Summary and/or Comments:	UOSA has performed a reconciliation of several series of bonds dating back to the 1995 bonds issued for plant expansion. This reconciliation revealed that Manassas had been under allocated debt service costs through FY 2017 in the amount of \$3.265 million. Future annual debt service costs are expected to be higher by \$166,000 to \$322,000 through FY 2028. In addition, because this reconciliation dates back to 2010, a carrying cost of \$51,982 has been requested. This is based upon the Federal Reserve Bank's Discount rate during that period.
Board – Committee – or Commission Reviewed:	Utility Commission - May 11, 2017 (recommended approval 7/0)
Fiscal Impact:	\$3,317,339 Sewer Fund Fund Balance <u>\$ 166,383</u> UOSA Cost Recovery Revenue \$3,483,722 UOSA Debt Service
Staff Contact:	Tony Dawood, Director of Utilities tdawood@manassasva.gov (703) 257-8382





# Upper Occoquan Service Authority

*Leader in Water Reclamation and Reuse*

14631 COMPTON ROAD, CENTREVILLE, VIRGINIA 20121-2506  
(703) 830-2200

March 23, 2017

Mr. John M. Weber  
Weber and Associates Realty Co.  
9401 Battle Street  
Manassas, VA 20110

Re: UOSA Reconciliation of Capital Expenditures to Bond Allocations

Dear Mr. Weber,

Enclosed is a document that provides information to assist in preparing for our meeting on Monday about UOSA's CIP Reconciliation. The document provides information on the reconciliation process, the bonds that are being reconciled and UOSA's CIP expenditures. It also provides the results of the CIP Reconciliation and potential options for the true-up process.

Should you have any questions, please contact me at (703) 227-0213.

Sincerely,

*Paulette E. Myers*

Paulette E. Myers  
Deputy Executive Director – Finance Division

Enclosure

## UOSA Reconciliation of Capital Expenditures to Bond Allocations

UOSA staff have begun the process of “reconciling” past bond issues.

### What is the reconciliation process and why is it being done?

When UOSA issues bonds to pay for Capital Improvement Plan (CIP) projects, the bond funds are generally designed to fund one or more projects for a set number of years (usually 2 to 5 years). UOSA’s Service Agreement (SA) prescribes how project charges are to be allocated to each Political Subdivision. SA allocations are different for different types of projects. For example, pursuant to the SA, charges for expanding the UOSA Plant and Delivery System from 27 mgd to 54 mgd are allocated as follows:

Jurisdiction	Plant Expansion	Delivery System Expansion
Fairfax County	65.50%	51.1109%
Prince William County	26.40%	29.2539%
City of Manassas	3.70%	14.2395%
City of Manassas Park	4.40%	5.3957%

Consequently, when UOSA establishes debt service payment schedules for newly issued bonds it does so based on the projected cash flows for the various project types for the estimated number of years the funding is designed to cover.

As UOSA depletes the funds from a particular bond issue, it becomes necessary to look back and compare how the funds were projected to be spent compared to how the funds were actually spent. If for example, 90 percent of bond proceeds were projected to be spent on a plant expansion effort and the remaining 10 percent on delivery system expansion, but the actual spending was 80 percent and 20 percent respectively, it would be necessary to reconcile the discrepancy and ensure that actual payments matched the allocation percentages prescribed by the SA.

### UOSA started its reconciliation process with the 1995A Bonds. What were the projections for the spending of those bond proceeds?

The 1995A bonds generated approximately \$260 million in bond proceeds and anticipated interest earnings of \$36 million, which provided total funding of \$296 million designed to fund a major plant expansion project to 54 mgd capacity. The Treatment Plant portion of the funding was expected to be 93.1% of the proceeds and the Delivery System expansion work was expected to be 6.9% of the proceeds. The proceeds were expected to last approximately 5 years.

### How did actual 1995A bond proceed spending differ from projections and why?

Some unusual circumstances occurred with 1995A bond spending that was largely due to the performance of the Treatment Plant (Contract 54) contractor. Performance by this contractor was slow and resulted in major litigation that lasted for years. UOSA was successful in the litigation and the end result was that the bond proceeds that were designed to last 5 years actually lasted over 14 years and were not exhausted until 2010. As a consequence, UOSA earned \$50 million more in interest earnings than was contemplated at the time of bond issuance. In accordance with UOSA’s SA and bond documents, UOSA was able to take these

additional earnings and the remaining bond proceeds and use them for Delivery System and the remaining Treatment Plant expansion projects until the funds were exhausted in 2010. As a consequence of these events, the actual percent of 1995A proceeds spent on Plant versus Delivery System expansion efforts differed considerably from what had been projected at the time of issuance. The Plant expansion percentage expended was 85.1 percent rather than 93.1 percent and the Delivery System expansion percentage was 14.9 percent rather than 6.9 percent. These differences, which are largely due to the additional funding provided by the \$50 million of unanticipated interest earnings, contributed to the allocation differences that are reflected in the reconciliation of estimated jurisdictional cost allocations to actual spending.

1995A Bonds	Original Estimate	Actual Costs
Treatment Plant	93.1%	85.1%
Delivery Systems	6.9%	14.9%
Total	100.0%	100.0%

Below is a breakdown of how the additional \$50 million was spent:

1995A Bonds	Actual Costs \$M	%
Treatment Plant	\$18.8	37.5%
Delivery Systems	31.3	62.5%
Total	\$50.1	100.0%

**Would the jurisdictions that end up owing money to other jurisdictions as a result of the reconciliation have been better off if the 1995A bond proceeds had been spent as projected?**

No. The \$50 million in unplanned interest earnings allowed all four member jurisdictions to avoid the debt service associated with an additional \$50 million bond issue to fund the follow-on CIP projects. The debt service that was avoided for each jurisdiction is much larger than the amount that will be necessary to reconcile the 1995A spending. As an example, if the bond funds had been expended as planned, a bond issue of approximately \$50 million would have been issued in 2000 to fund the remaining Plant and Delivery System projects. Below is a summary of the costs that would have resulted from a bond issue based on the actual expenditures of the \$50 million for Plant and Delivery System projects:

Jurisdiction	Principal \$M	Interest \$M	Total \$M
Fairfax County	\$28.3	\$34.4	\$62.7
Prince William County	14.1	17.2	31.3
City of Manassas	5.2	6.3	11.5
City of Manassas Park	2.5	3.1	5.6
Total	\$50.1	\$61.0	\$111.1

Most of the interest earnings were generated from funds designated for Treatment Plant projects. However, the change in project spending from Plant to Delivery Systems in later years resulted in Fairfax County funding more than their share of Delivery System projects.



UOSA staff could not complete the reconciliation of the 1995A bonds until after the litigation was completed and the funds were exhausted. After the successful litigation outcome, which allowed UOSA to keep the \$50M in additional interest earnings and also avoid paying \$8.2 million of retainage to the contractor, staff became fully engaged in responding to concerns by the Board and the jurisdictions about the projected growth in debt service. The staff pursued the following initiatives to lessen the debt service growth rate.

**Bond Refunding, Grant and Subsidy Savings:**

Bonds	Savings in \$M	Savings Type	Average Savings
			Per Year
2010		BABS Subsidy	
2011A&B	\$5.5	Grant Savings	Interest savings not included
2013A	\$9.9	Refunding	\$420,000
2013B	\$4.6	Refunding	\$974,000
2014	\$26.3	Refunding	\$571,000
2016B	\$9.2	Refunding	\$827,000
<b>Total Savings</b>	<b>\$55.5</b>		<b>\$2,792,000</b>

The FY-10 Debt Service forecast showed a progressive increase in costs based on the CIP Forecast at the time. Over the following years a combination of a sustained low-bid construction environment from the recession and staff efforts to reduce costs by deferring projects where possible and the initiatives shown above to refund bonds with lower interest rates and take advantage of grants and low interest loans for the Nutrient Cap Phase 1 and the Cogeneration projects significantly reduced the forecasted increases. Below is a table that illustrates the difference in actual and forecasted debt service from those changes:

Debt Service	FY-10 \$M	FY-18 \$M	\$M
Fiscal Year	Forecast	Act/Forecast	Variance
FY-10	\$29.33	\$29.33	\$0.00
FY-11	\$30.13	\$29.36	\$0.77
FY-12	\$35.39	\$31.52	\$3.87
FY-13	\$40.65	\$32.97	\$7.68
FY-14	\$44.71	\$34.02	\$10.69
FY-15	\$46.55	\$34.43	\$12.12
FY-16	\$47.51	\$33.37	\$14.14
FY-17	\$49.88	\$34.75	\$15.13
<b>FY-18</b>	<b>\$52.24</b>	<b>\$35.16</b>	<b>\$17.08</b>
FY-19	\$53.23	\$35.51	\$17.72
FY-20	\$55.06	\$36.88	\$18.18
FY-21	\$56.35	\$37.73	\$18.62
<b>Total Debt Service</b>	<b>\$541.03</b>	<b>\$405.03</b>	<b>\$136.00</b>

The 2007B and 2010 New Money Bonds were initiated to fund the next stage of UOSA's Capital Improvement Program for projects that were not funded by the 1995A Bonds and to complete the remaining P54 expansion projects. There were no "new money" bonds for UOSA from 1995 until 2007, almost 12 years, due to the successful litigation and additional interest earnings from the 1995A Bonds. The 2010 Bonds were accelerated to capture the savings from the Build America Bonds (BABS) program. Allocation differences for the 2007B and 2010 bonds are being reviewed together as they are essentially Stage 1 and Stage 2 funding for UOSA's Capital Improvement Program after the majority of the P54 expansion work was completed. The 2010 Bond Funds are not exhausted yet and have a balance of approximately \$8 million left in the construction fund. Variances associated with these bonds are related to project deferrals, a sustained low-bid construction environment from the recession and the availability of VRA low interest loans and grants for the Nutrient Cap Phase 1 and the Cogeneration projects, which were funded by the 2011A & 2011B Bonds.

**The 2007B Bonds allocation of bond principal and actual expenditures are shown below:**

<b>2007B Bonds</b>	<b>Bond Principal \$</b>	<b>%</b>	<b>Actual Expenditures \$</b>	<b>%</b>
Nutrient Cap	\$5,928,594	4.95%	-	0.00%
Delivery Systems	74,183,625	61.97%	\$69,414,910	65.93%
Delivery System (P64)	8,233,909	6.88%	5,685,090	5.40%
Replacements and Necessary Improvements*	4,382,004	3.66%	11,310,000	10.74%
Hydraulic Improvements	1,075,888	0.90%	4,450,000	4.23%
P54 Plant Site	25,910,980	21.64%	14,420,000	13.70%
<b>Total</b>	<b>\$119,715,000</b>	<b>100.00%</b>	<b>\$105,280,000</b>	<b>100.00%</b>

**\* Replacements and Necessary Improvements also known as CIP Reserve Maintenance**

Highlights of actual versus projected differences in the 2007B Bonds:

- P54 Plant
  - Bond projection \$26M, Actual \$14M
  - P54 One Clarifier & Odor Control project; Bond projection \$8.5M, Actual \$4M
  - Fourth Filter Press project; Bond projection \$5M (\$8M Total Cost), Actual \$0. Replaced by \$30,000 Lime Solids Storage Pad.
- Hydraulic Improvements – Bond projection \$1M, Actual \$4M. Project was accelerated.
- Nutrient Cap – Bond projection \$6M, Actual \$0. Funded by 2011B VRA loan.
- Replacements and Necessary Improvements – Bond projection \$4M, Actual \$11M
- Delivery Systems – Bond projection \$75M, Actual \$69M
- Summary – Plant projects were replaced by Hydraulic Improvement and Delivery System projects. This resulted in a favorable variance for Fairfax County based on project allocations.

**Project Allocation Percentages for 2007B Bonds\***

	Nutrient Cap	Replacements and Necessary Improvements	Delivery Systems
Fairfax County	45.5554%	45.5554%	45.5554%
Prince William County	32.9576%	32.9576%	32.9576%
City of Manassas	16.0913%	16.0913%	16.0913%
City of Manassas Park	5.3957%	5.3957%	5.3957%
<b>Total</b>	<b>100.0000%</b>	<b>100.0000%</b>	<b>100.0000%</b>

	P54 Plant Site	Hydraulic Improvements	Del System (64)
Fairfax County	58.3804%	28.5200%	0.0000%
Prince William County	31.1464%	57.1300%	90.0000%
City of Manassas	6.0732%	12.4400%	10.0000%
City of Manassas Park	4.4000%	1.9100%	0.0000%
<b>Total</b>	<b>100.0000%</b>	<b>100.0000%</b>	<b>100.0000%</b>

\* Allocations reflect changes resulting from the first Capacity Sale/Purchase in 2007.

The 2010 Bonds allocation of bond principal and estimated/actual expenditures are shown below:

2010 Bonds	Bond Principal \$	%	Estimated & Actual Expenditures \$	%
Nutrient Cap	\$7,191,635	8.44%	\$1,310,000	1.67%
Delivery Systems	33,676,107	39.54%	20,653,080	26.36%
Delivery System (P64)	5,048,138	5.93%	2,086,920	2.66%
Replacements and Necessary Improvements*	26,583,036	31.21%	37,710,000	48.13%
Hydraulic Improvements	3,651,567	4.29%	1,330,000	1.70%
P54 Plant Site	9,029,517	10.60%	15,260,000	19.48%
<b>Total</b>	<b>\$85,180,000</b>	<b>100.00%</b>	<b>\$78,350,000</b>	<b>100.00%</b>

\* Replacements and Necessary Improvements also known as CIP Reserve Maintenance

Highlights of actual versus projected differences in the 2010 Bonds:

- P54 Plant
  - Bond projection \$9M, Actual \$15M.
  - Project deferrals included Primary Clarifier & Odor Control and Furnace Expansion
- Hydraulic Improvements – Bond projection \$4M, Actual \$1M. Funded primarily by 2007B.
- Nutrient Cap – Bond projection \$7M, Actual \$1M (for P2NR). P1NR funded by 2011B VRA loan.
- Replacements and Necessary Improvements – Bond projection \$26M, Actual \$38M
- Delivery Systems – Bond projection \$34M, Actual \$21M
- Summary – Delivery System and Hydraulic Improvement projects were replaced by Replacement & Necessary Improvement and Plant projects. This resulted in an unfavorable variance for Fairfax County based on project allocations.

**Project Allocation Percentages for 2010 Bonds\***

	Nutrient Cap	Replacements and Necessary Improvements	Delivery Systems
Fairfax County	41.8517%	41.8517%	41.8517%
Prince William County	36.6613%	36.6613%	36.6613%
City of Manassas	16.0913%	16.0913%	16.0913%
City of Manassas Park	5.3957%	5.3957%	5.3957%
Total	100.0000%	100.0000%	100.0000%

	P54 Plant Site	Hydraulic Improvements	Del System (64)
Fairfax County	53.6340%	28.5200%	0.0000%
Prince William County	35.8928%	57.1300%	90.0000%
City of Manassas	6.0732%	12.4400%	10.0000%
City of Manassas Park	4.4000%	1.9100%	0.0000%
Total	100.0000%	100.0000%	100.0000%

\* Allocations reflect changes resulting from the second Capacity Sale/Purchase in 2011.

**Monetary Variance Summary:**

Below is a summary of the variances by Jurisdiction and by bond. Please note that the variances shown for the 2010 Bonds are based on estimated capital expenditures from the February CIP Forecast. As noted above, the 2010 Bonds funds have not been fully spent yet, but the forecast indicates that the funds will be exhausted in 2017.

**UOSA CIP Variance Summary – Calculation of Principal with no interest or refunding impacts**

Jurisdiction	1995A	2007B Bonds	2010 Bonds *	Total
Fairfax	(\$3,321,468)	(\$1,092,859)	\$2,348,059	(\$2,066,268)
PWCSA	658,772	126,137	(1,992,008)	(1,207,098)
City of Manassas	2,432,857	915,406	(507,613)	2,840,649
Manassas Park	229,840	51,316	151,562	432,718
Total	\$0	(\$0)	\$0	\$0

\* The variance for the 2010 Bonds is based on estimated spending from the February 2017 CIP Forecast

In order to reallocate principal variances to debt service schedules, UOSA staff worked with our Financial Advisors to confirm the principal variances and calculate the impact on debt service payments. This required recalculating debt service schedules and comparing them to the existing schedules. It also required accounting for bond refunding changes in interest rates and accounting for changes in debt service that had already been paid. As a result, the true-up reflects the variance that is related to previous debt service paid and an adjustment of debt service schedules in the future, assuming that the true-up occurs in the FY-19 Budget cycle. That allows time for the jurisdictions that are allocated additional funding requirements to consider options for the "catch up" amounts and to adjust their FY-19 Debt Service schedules for the forward adjustments.



Below is a schedule that reflects the allocation change by jurisdiction with both principal and interest accounted for:

**Total Variance with Principal, Interest and Impact of Bond Refundings**

Jurisdiction	1995A	2007B Bonds	2010 Bonds *	Total
Fairfax	(\$7,531,385)	(\$2,293,162)	\$4,138,585	(\$5,685,962)
PWCSA	1,493,757	264,671	(3,511,024)	(1,752,596)
City of Manassas	5,516,470	1,920,809	(894,697)	6,542,582
Manassas Park	521,158	107,682	267,136	895,976
Total	\$0	\$0	\$0	\$0

**Variance through FY18 - Principal, Interest and Impact of Bond Refundings \*\***

Jurisdiction	1995A	2007B Bonds	2010 Bonds *	Total
Fairfax	(\$4,372,724)	(\$497,432)	\$868,634	(\$4,001,522)
PWCSA	867,276	57,412	(736,917)	187,771
City of Manassas	3,202,863	416,662	(187,785)	3,431,740
Manassas Park	302,585	23,358	56,068	382,011
Total	\$0	\$0	\$0	\$0

\*\* Excludes carrying costs

**Variance FY19 - FY43 - Principal, Interest and Impact of Bond Refundings**

Jurisdiction	1995A	2007B Bonds	2010 Bonds *	Total
Fairfax	(\$3,158,661)	(\$1,795,730)	\$3,269,951	(\$1,684,440)
PWCSA	\$626,481	\$207,259	(\$2,774,107)	(1,940,367)
City of Manassas	\$2,313,607	\$1,504,147	(\$706,912)	3,110,842
Manassas Park	\$218,573	\$84,324	\$211,068	513,965
Total	\$0	\$0	\$0	\$0

\* The variance for the 2010 Bonds is based on estimated spending from the February 2017 CIP Forecast

**True-up Options:**

Below is a listing of potential true-up options that UOSA is exploring with our financial advisor and bond counsel.

- Cash
- Loans – Our Financial Advisor is reviewing options for a Bank Loan or VRA Loan
  - Bank Loan
  - VRA Loan



- Funding agreements administered through UOSA.
- 2018/2019 Bond Funds
- Arbitrage Rebate – UOSA has the potential to receive an arbitrage refund of up to approximately \$1.7 million. Bond Counsel has reviewed the potential refund with UOSA's arbitrage firm. An arbitrage refund would be distributed to all four member jurisdictions and could partially offset a fraction of the true-up costs for the two cities.

## RESOLUTION 2018-01-R

Adopted:

BE IT RESOLVED by the Council of the City of Manassas meeting in regular session this 24<sup>th</sup> day of July, 2017, that the following funds be budgeted and appropriated as shown.

<u>ACCOUNT NO.</u>		<u>AMOUNT</u>
SEWER FUND		
<u>Revenue:</u>		
52099100-346400	Sewer Fund Fund Balance	\$ 3,317,339
52097600-317104	UOSA Cost Recovery	\$ 166,383
		<hr/>
		\$ 3,483,722
<u>Expenditure:</u>		
52003524-481005	UOSA Debt Service	\$ 3,483,722

For: UOSA Debt Service True Up

<u>ACCOUNT NO.</u>		<u>AMOUNT</u>
STORMWATER CAPITAL PROJECTS FUND		
<u>Revenue:</u>		
55597900-322071	C2617 State Grant Revenue	\$ 180,663
<u>Expenditure:</u>		
55505700-439000	C2617 Hospital Pond Capital Project	\$ 180,663

For: Additional SLAF Funding for Hospital Pond Capital Project

This resolution shall take effect upon its passage.

\_\_\_\_\_  
Harry J. Parrish II MAYOR  
On Behalf of the City Council  
of Manassas, Virginia

ATTEST:

\_\_\_\_\_  
Andrea P. Madden City Clerk