

**WATER AND WASTEWATER PROJECTS
FUNDING POLICY
*Adopted March 4, 2015***

Purpose

The Water and Wastewater Projects Funding Policy establishes the approach and procedures that the County will follow in providing financial support to communities that have been prioritized for water and/or wastewater projects. Financial support could include grants, state and federal loans, bonds, private donations and local tax funding.

Objectives

The objective of this policy is to establish the appropriate funding source and level of funding for County-supported water and/or wastewater projects.

Funding Policies

1. County Policy Conformance

Funding options considered by the County must be in conformance with general County policies, including but not limited to the Comprehensive Plan, the Board of Supervisors Fiscal Policy and Loudoun County Government Administrative Policies and Procedures.

2. Eligible Projects and Cost Estimates

The County will only consider funding water and wastewater projects that are: 1) identified through the process identified in the 2013 Water and Wastewater Needs Assessment Community Prioritization Manual (Prioritization Manual) or 2) initiated by the Board of Supervisors (Board) to address a public health or safety issue.

- A. The County will use the Prioritization Manual to rank those communities that have applied for assistance with a water or wastewater issue.
 - 1) The County will fund two water and/or wastewater feasibility studies per year as part of the process identified in the Prioritization Manual. Funding for these studies will be identified in the Capital Improvement Program.
 - 2) The County will provide resources to assess funding options for community water and/or wastewater solutions identified in the feasibility studies.
- B. Projects initiated by the Board must 1) address a public health or safety issue, and 2) require at least 60% of the property owners from the community to petition for assistance or must be endorsed through a formal vote of a Town Council or a Home Owners Association Board.
- C. Water and/or wastewater projects should be identified in the Capital Needs Assessment and may be incorporated in the Capital Improvement Program upon assessment and identification of project funding.
- D. The preliminary cost estimate used to target funding sources for each project will be determined through the feasibility study completed by Loudoun Water and funded by the County as described in section 2.A.1) above.
 - 1) At a minimum, the feasibility study must present findings on current field conditions, possible solutions, estimated costs, and the recommended solution for the community. Estimated costs includes, but is not limited to, costs related to

preliminary engineering, required permits, land acquisition, easements, design, construction, operations and maintenance.

- 2) If the recommended solution identifies a community system, the feasibility study also must identify a potential location for the water and/or wastewater facilities.

3. *Funding Source Assessment*

The County will assess and apply funding for projects in the following order based on fiscal impact, least to greatest, to the County: 1) grants and private donations; 2) proffers; and 3) loan programs, bonds, and local tax funding. The assessment and application of funds will apply to costs related to water and wastewater infrastructure such as main lines, facilities, and disposal areas. The assessment and application of funds does not apply to individual, private lateral lines and connection fees associated with connecting individual homes.

- A. Grants- Grants will be used to the greatest extent possible before the use of loan programs, bonds, or local tax funding.
- B. Private Donations- Any use of private donations received for water and wastewater projects should be clearly delineated in an agreement between the County and the donors.
 - 1) At a minimum, the agreement will specify what purpose the funds will be used for and the terms of use.
 - 2) Private donations are not limited to monetary funding. Private donations can include work in-lieu of funds.
- C. Proffers- the County will evaluate the use of cash proffers based on County guidelines and policies.
- D. Loan Programs, Bonds, and Local Tax Funding- the County will evaluate the use of loan programs, bonds, and local tax funding in conjunction with capital budgeting needs. The County may use local tax funding for identified water and wastewater projects after other funding sources have been used.
 - 1) Applications for state and federal loan funds should be made by the community or Loudoun Water.
 - 2) The County will use locally administered loan programs to the greatest extent possible as a means to provide assistance to low-to-moderate income households with individual, private laterals and connection costs.

4. *County Funding*

The County may fund projects through local tax funding or debt issuance. Water and wastewater infrastructure projects using County funds must be incorporated into the Capital Improvement Program (CIP).

- A. Establishing a Fund- the County will establish a funding source, known as the Water/Wastewater Fund ("Fund"), which will be used to fund water and wastewater projects.
 - 1) Allocations to the Fund will be designated within the Capital Fund.
 - 2) Local Tax Funds will be allocated to the Fund annually from fiscal year 2017 to fiscal year 2025. Allocation to the Fund will be reviewed annually. The need for funds beyond fiscal year 2025 will be evaluated during the fiscal year 2025 capital budget process.

B. Use of the Fund- the Fund will be used for costs not covered by external grants or loans according to the following criteria:

- 1) The County will use the Fund to pay for feasibility studies for water and wastewater infrastructure projects in accordance with section B 2).
- 2) The County may provide additional funding to pay for community water and wastewater infrastructure costs, including but not limited to construction costs, land and easement acquisition costs, permit costs, and project management costs, based on the community's ability to pay. Individual, private lateral lines and connection fees are the responsibility of each property owner within the Community.
 - a. Community Type A- the County will pay 100% of the project costs, including feasibility studies, design and construction costs, for communities where at least 51% of households within the community are considered to be low-to-moderate income households. Low-to-moderate income households are defined as having incomes 80% or below the Washington Metropolitan Area Median Income (AMI) as established annually through the Housing and Urban Development (HUD) Table provided through the Department of Family Services.
 - b. Community Type B- Communities with less than 51% of low-to-moderate income households will pay 100% of project costs. The County may assist these communities by establishing service districts and funding mechanisms such as special assessments, taxing districts, and tax incremental financing. Communities designated as Type B will be required to pay for feasibility studies as part of project repayment.
 - c. Community Type C- Business communities will pay 100% of project costs. A business community is defined as having 50% or more of parcels in their community designated as commercial as defined by primary parcel occupancy in the Assessment Database. The County may assist these communities by establishing service districts and funding mechanisms such as special assessment, taxing districts, and tax incremental financing.
- 3) Income must be verified for all community types through Form A (shown on the following page). Community Type will be based on income verification information received from property owners of residential households.
- 4) The County will establish a grant program that pays 100% of costs associated with individual, private lateral lines and connections for low-to-moderate income households in Community Type A or B with incomes 50% or below AMI. Money for the grant program will be provided through the Fund.

C. Issuance of Debt- All money in the Fund should be expended prior to the issuance of any debt. Debt issuing mechanisms include Lease Revenue Financing and Revenue Bonds. Revenue Bonds may be issued in conjunction with funding mechanisms such as special assessments, taxing districts, or tax incremental financing.



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FORM A Income Verification

Annual Income \$ _____

Number of Household Members _____

Please provide the following documents as income verification:

- W-2 Tax Forms for the last 2 years
- Signed Personal Tax Returns (Include all Schedules) for the last 2 years
- Signed Business Tax Returns (Include all Schedules) for the last 2 years
- Copies of pay stubs covering most recent 30 day period
- Most recent year's Social Security or Retirement Eligibility letter