



Town of Vienna

Charles A. Robinson Jr.
Town Hall
127 Center Street South
Vienna VA, 22180

Legislation Text

File #: 19-1314, **Version:** 1

Subject :

Letter of agreement with Fairfax County regarding sewer debt

EXPLANATION AND SUMMARY :

The Town and Fairfax County have an agreement dated January 30, 1963 that requires the Town to contribute its share of capital and operating costs associated with the repair, maintenance, and regulator-imposed upgrades at the county's wastewater treatment facility. Operating costs are billed to the Town semi-annually. Capital costs were previously aligned with the County's debt issuances, and the County provided the Town with a debt amortization schedule for our portion of the debt at the interest rate it received. We have previously signed letter agreements memorializing this understanding.

In 2013 the County changed its method of billing participating jurisdictions for capital costs to pay-as-you-go. The Town made a verbal agreement with the County at that time to be billed for interest at the County's debt rate and to pay off the principal every two years when the Town issued its general obligation debt. This obligation is part of capital costs figured into the water and sewer rate study and is repaid with water and sewer fees collected from customers.

The County has had a practice of issuing a letter of agreement for these payment arrangements, and we have not yet formalized our latest verbal agreement. Per discussion with the County, the Town has agreed to sign an agreement through June 30, 2020.

The Finance Department requests that Town Council approve the letter agreement for interest on outstanding sewer capital costs, currently at an interest rate of 3.91%, for a period ending June 30, 2020.

We intend to meet with Fairfax County during fiscal year 2020 to reexamine our agreements and will bring any changes to Council.

Departmental Recommendation : Recommend that Council approve the letter agreement with Fairfax County for outstanding sewer capital interest payments.

Finance Recommendation : Recommend that Council approve the letter agreement with Fairfax County for outstanding sewer capital interest payments.

Purchasing Recommendation : N/A

Town Attorney Recommendation : Town Council may approve the proposed letter of agreement with

Fairfax County regarding repayment of the Town's portion of sewer treatment capital improvements in its discretion.

Town Manager's Recommendation : I recommend the Town Council approve a letter of agreement with Fairfax County regarding interest payments on the Town of Vienna's share of county sewer debt through June 30, 2020, as presented.

Cost and Financing: not to exceed \$150,000 annually

Account Number: 500-501-0000-50114-43807

Decision Needed by This date: June 17, 2019

PROPOSED/SUGGESTED MOTION

"I move to approve a letter of agreement with Fairfax County regarding interest payments on the Town of Vienna's share of County sewer debt through June 30, 2020."

Or

Other action deemed necessary by Council.