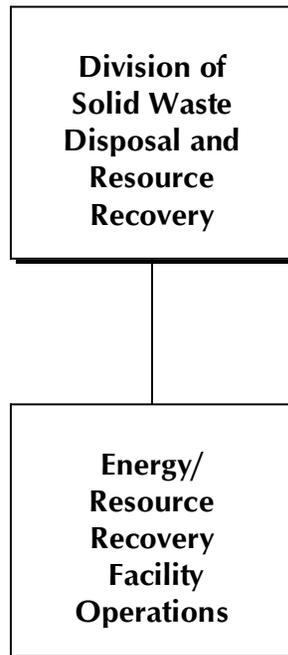


# Fund 112

## Energy/Resource Recovery Facility

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### **Mission**

To serve Fairfax County citizens by providing effective and environmentally-sound solid waste disposal by converting waste-to-energy; by reducing the need for landfill space through volume reduction of solid waste; and by managing the operational contract in the best interests of the citizens.

### **Focus**

Fund 112 manages the contract for the I-95 Energy/Resource Recovery Facility (E/RRF), owned and operated by Covanta Fairfax, Inc. (CFI). Under the terms of the Service Agreement, the County is required to deliver at least 930,750 tons of municipal solid waste (MSW) per year for which it pays a disposal fee to CFI. The facility can dispose up to 1,095,000 tons of waste annually to produce approximately 80 megawatts of electricity that is sold to Dominion Virginia Power. This is enough electricity to power about 75,000 homes.

For the first time in FY 2006, Fairfax County residents generated all of the guaranteed annual tonnage (GAT) of waste required under the Service Agreement. The County also accepts additional MSW from other regional jurisdictions and through the Supplemental Waste program. Refuse is exchanged with Prince William County under a mutually beneficial agreement. Efforts by the fund to maximize revenues through additional MSW from other jurisdictions and the refuse exchange agreement with Prince William County have significantly increased revenues in those categories and have reduced the burden on Fairfax County ratepayers.

The County charges a disposal fee to all users of the E/RRF and subsequently pays the contractual disposal fee to CFI from these revenues. Revenues from the sale of electricity, recycled ferrous and nonferrous metals, and supplemental waste are used to offset the cost of the disposal fee paid to CFI. When the E/RRF is not able to handle the amount of waste available, some waste is diverted to Virginia landfills. Staff must be constantly vigilant in balancing waste as a commodity to ensure that it is disposed of efficiently and cost-effectively.

Pursuant to an agreement between Dominion Virginia Power and CFI signed in 1987 and amended in 1996, Dominion Virginia Power began purchasing electricity from CFI at a lower rate starting in May 2005. As a result, CFI may receive lower electricity revenues beginning in FY 2005 until the end of the power purchase agreement in 2015.

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Careful management of the operations contract with CFI has allowed the County to hold down disposal fee increases in recent years and the rate remains at \$33 per ton for FY 2008. Funding from the Rate Stabilization Reserve will be used, as planned, to supplement any difference between this revenue and the actual payments to CFI.

The June 2006 annual stack test indicated that the overall air emissions reductions from the E/RRF, resulting from the Clean Air Act retrofits in FY 2000, remained well below permit limits. The ash conditioning system that was added to the E/RRF in FY 2005 is providing the anticipated ash stabilization for ash that will be placed in the I-95 Landfill.

Execution of the Solid Waste Management Plan continues with recycling as a primary focus. The program has increased the amounts of cardboard, mixed paper and plastics being removed from the waste stream. Increased recycling is needed so that the capacity at the E/RRF can be maintained for waste that requires processing.

In addition, removal of materials from the waste stream that are constituents of concern has increased with the expanded partnership between the County and the Rechargeable Battery Recycling Corporation. The County also helped establish a program *KnowToxics* in conjunction with the Northern Virginia Regional Commission to educate citizens about removing pollutants from the waste stream. Removal of computers, other electronic equipment, and household hazardous waste through remote recycling/collection events is further improving the fuel source for the E/RRF.

A project management plan has been completed that addresses the research, analyses and other actions that are needed as part of the renegotiation of the Service Agreement with CFI between now and 2011. The renegotiation will address how the relationship with CFI will be structured after the facility bonds are paid.

Agency accomplishments, new initiatives and performance measures are displayed at a program-wide level. Please refer to the Solid Waste Management Program Overview in Volume 2 of the FY 2008 Adopted Budget Plan for those items.

### Budget and Staff Resources

Agency Summary					
Category	FY 2006 Actual	FY 2007 Adopted Budget Plan	FY 2007 Revised Budget Plan	FY 2008 Advertised Budget Plan	FY 2008 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	9/ 9	9/ 9	9/ 9	9/ 9	9/ 9
Expenditures:					
Personnel Services	\$544,881	\$647,371	\$647,371	\$666,197	\$666,197
Operating Expenses	35,125,076	38,897,589	38,884,762	39,907,419	39,907,419
Capital Equipment	0	0	12,827	0	0
<b>Total Expenditures</b>	<b>\$35,669,957</b>	<b>\$39,544,960</b>	<b>\$39,544,960</b>	<b>\$40,573,616</b>	<b>\$40,573,616</b>

Position Summary					
1	Management Analyst III	1	Engineering Technician II	1	Administrative Assistant II
1	Management Analyst II	1	Heavy Equipment Operator	4	Weighmasters
<b>TOTAL POSITIONS</b>					
<b>9 Positions / 9.0 Staff Years</b>					

# Fund 112

## Energy/Resource Recovery Facility

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### **FY 2008 Funding Adjustments**

*The following funding adjustments from the FY 2007 Revised Budget Plan are necessary to support the FY 2008 program:*

- ◆ **Employee Compensation** **\$18,826**  
An increase of \$18,826 in Personnel Services is associated with salary adjustments necessary to support the County's compensation program.
  
- ◆ **Contractor Compensation** **\$1,009,830**  
An increase of \$1,009,830 in Operating Expenses is primarily associated with increased anticipated contractor compensation paid to CFI for the operation of the E/RRF.

### **Board of Supervisors' Adjustments**

*The following funding adjustments reflect all changes to the FY 2008 Advertised Budget Plan, as approved by the Board of Supervisors on April 30, 2007:*

- ◆ The Board of Supervisors made no adjustments to this fund.

### **Changes to FY 2007 Adopted Budget Plan**

*The following funding adjustments reflect all approved changes in the FY 2007 Revised Budget Plan since passage of the FY 2007 Adopted Budget Plan. Included are all adjustments made as part of the FY 2006 Carryover Review and all other approved changes through December 31, 2006:*

- ◆ There have been no revisions to this fund since the approval of the FY 2007 Adopted Budget Plan.

*The following funding adjustments reflect all approved changes to the FY 2007 Revised Budget Plan from January 1, 2007 through April 23, 2007. Included are all adjustments made as part of the FY 2007 Third Quarter Review:*

- ◆ The Board of Supervisors made no adjustments to this fund.

# Fund 112

## Energy/Resource Recovery Facility

### FUND STATEMENT

#### Fund Type G10, Special Revenue Funds    Fund 112, Energy/Resource Recovery Facility (E/RRF)

	FY 2006 Actual	FY 2007 Adopted Budget Plan	FY 2007 Revised Budget Plan	FY 2008 Advertised Budget Plan	FY 2008 Adopted Budget Plan
<b>Beginning Balance</b>	<b>\$19,860,693</b>	<b>\$20,216,836</b>	<b>\$20,694,378</b>	<b>\$19,154,087</b>	<b>\$19,154,087</b>
Revenue:					
Disposal Revenue <sup>1</sup>	\$34,066,143	\$36,078,901	\$36,078,901	\$35,979,498	\$35,979,498
Other Revenue:					
Interest on Investments	764,693	410,131	410,131	697,363	697,363
Miscellaneous <sup>2</sup>	94,749	150,000	150,000	100,000	100,000
Subtotal Other Revenue	\$859,442	\$560,131	\$560,131	\$797,363	\$797,363
Total Revenue	\$34,925,585	\$36,639,032	\$36,639,032	\$36,776,861	\$36,776,861
Transfers In:					
General Fund (001) <sup>3</sup>	\$1,578,057	\$0	\$1,365,637	\$0	\$0
Total Transfers In	\$1,578,057	\$0	\$1,365,637	\$0	\$0
<b>Total Available</b>	<b>\$56,364,335</b>	<b>\$56,855,868</b>	<b>\$58,699,047</b>	<b>\$55,930,948</b>	<b>\$55,930,948</b>
Expenditures:					
Personnel Services	\$544,881	\$647,371	\$647,371	\$666,197	\$666,197
Operating Expenses	35,125,076	38,897,589	38,884,762	39,907,419	39,907,419
Capital Equipment	0	0	12,827	0	0
Total Expenditures	\$35,669,957	\$39,544,960	\$39,544,960	\$40,573,616	\$40,573,616
<b>Total Disbursements</b>	<b>\$35,669,957</b>	<b>\$39,544,960</b>	<b>\$39,544,960</b>	<b>\$40,573,616</b>	<b>\$40,573,616</b>
<b>Ending Balance</b>	<b>\$20,694,378</b>	<b>\$17,310,908</b>	<b>\$19,154,087</b>	<b>\$15,357,332</b>	<b>\$15,357,332</b>
Tipping Fee Reserve	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Rate Stabilization Reserve <sup>4</sup>	13,466,155	10,415,821	12,259,000	8,525,166	8,525,166
Operations and Maintenance Reserve <sup>5</sup>	5,728,223	5,395,087	5,395,087	5,332,166	5,332,166
<b>Unreserved Ending Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Disposal Rate/Ton	\$33/Ton	\$33/Ton	\$33/Ton	\$33/Ton	\$33/Ton

<sup>1</sup> The fee for the I-95 Energy/Resource Recovery Facility will remain at \$33 per ton in FY 2008. It has remained at this level since being increased from \$32 per ton as part of the FY 2006 Adopted Budget Plan.

<sup>2</sup> Miscellaneous Revenue is generated by the excess amount that CFI charges to dispose of Supplemental Waste.

<sup>3</sup> CFI now incurs an annual tax assessment, due to the transfer of the property in July 2003 from the federal government to Fairfax County. The tax expense is considered a pass through cost by the Covanta Fairfax, Inc./Fairfax County contract and the General Fund will offset the tax liability by returning the amount paid by CFI to Fund 112.

<sup>4</sup> The Rate Stabilization Reserve is used to buffer against sharp increases in tip fees annually. Potentially steep increases could result from issues such as tax changes regarding energy sales, power deregulation and state or EPA environmental fees.

<sup>5</sup> The Operations and Maintenance Reserve is necessary for ongoing improvements and enhancements to the E/RRF including emissions control efforts. Planned work for FY 2008 includes a potential wastewater reuse project and a back-up power plan for the Fairfax Water Authority. Future projects will include additional retrofits to the air pollution control systems. Additional reductions in nitrogen oxides are expected from regulatory authorities. The reserve will fund the initial capital expenditures of the improvement fund and absorb the associated operating and maintenance costs.