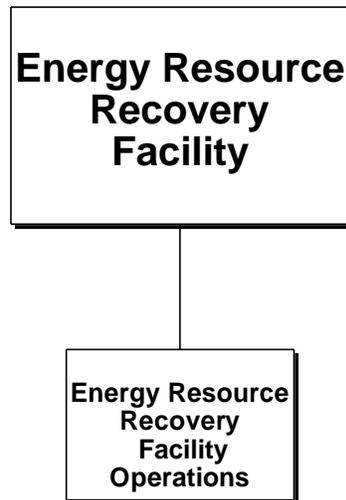


**DEPARTMENT OF PUBLIC WORKS
AND ENVIRONMENTAL SERVICES
SOLID WASTE MANAGEMENT**



FUND 112
ENERGY RESOURCE RECOVERY FACILITY

Agency Position Summary

9 Regular Positions / 9.0 Regular Staff Years

Position Detail Information

ADMINISTRATION

1 Engineer III
1 Engineer II
1 Engineer Technician II
1 Secretary I
5 Weighmasters
9 Positions
9.0 Staff Years

FUND 112 ENERGY RESOURCE RECOVERY FACILITY

AGENCY MISSION

To serve Fairfax County citizens by providing effective, efficient solid waste disposal through incineration; to generate energy through the recovery of refuse resources; and to reduce the need for landfill space through volume reduction of solid waste.

AGENCY SUMMARY

Category	FY 1999 Actual	FY 2000 Adopted Budget Plan	FY 2000 Revised Budget Plan	FY 2001 Advertised Budget Plan	FY 2001 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	9/9	9/9	9/9	9/9	9/9
Expenditures:					
Personnel Services	\$392,693	\$417,508	\$396,633	\$428,874	\$439,160
Operating Expenses	26,363,141	29,205,107	29,533,879	29,534,555	29,534,555
Capital Equipment	6,106	0	7,500	0	0
Total Expenditures	\$26,761,940	\$29,622,615	\$29,938,012	\$29,963,429	\$29,973,715

This fund is included within the Department of Public Works and Environmental Services (DPWES) reorganization. Please refer to the discussion in the Solid Waste Operations Overview.

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2001 Advertised Budget Plan, as approved by the Board of Supervisors on April 24, 2000:

- The 2.5 percent cost-of-living/market rate adjustment approved by the Board of Supervisors, and previously held in reserve, has been spread to County agencies and funds. This action results in an increase of \$10,286 to Fund 112, Energy Resource Recovery Facility.

The following funding adjustments reflect all approved changes to the FY 2000 Revised Budget Plan from January 1, 2000 through April 24, 2000. Included are all adjustments made as part of the FY 2000 Third Quarter Review:

- A net savings of \$12,525 in Personnel Services are associated with the Close Management Initiatives program. The net savings are returned to fund balance for investment in future program initiatives.
 - A decrease of \$1,258,821 in FY 1999 Operating Expenses reflects an audit adjustment which corrects a billing from Ogden Martin (operator for the Energy Resource Recovery Facility). The adjustment increases the FY 1999 Ending Balance and the FY 2000 Revised Budget Plan Beginning Balance by the same amount.
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FUND 112

ENERGY RESOURCE RECOVERY FACILITY

County Executive Proposed FY 2001 Advertised Budget Plan



Agency Overview

In FY 2001, Fund 112, Energy Resource Recovery (ERR) Facility, will continue to oversee the incineration and disposal of the County's municipal solid waste (MSW) at the I-95 ERR Facility in accordance with the Waste Disposal Agreement or service contract between the County and Ogden Martin Systems, Incorporated of Fairfax (facility operator). The contract requires the County to deliver a Guaranteed Annual Tonnage (GAT) amount of 930,750 tons of Municipal Solid Waste (MSW) to Ogden Martin for incineration and disposal. This agreement provides for the incineration of refuse at the ERR Facility in a manner that maximizes the life of the County's landfill given that only ash is deposited. In addition, the County is required to manage the established fund that receives all revenues and expenditures related to the ERR Facility.

Prior to FY 2000, the District of Columbia (DC) maintained an agreement with the County for processing the principal portion of the District's municipal waste at the ERR Facility. Beginning in FY 2000, the District no longer utilizes the I-95 ERR Facility as its primary disposal facility for municipal solid waste. However, it is projected that Urban Service Systems, Inc., the private contractor that currently handles the District's waste operations, will deliver 205,000 tons of District waste annually to the ERR Facility during FY 2000 and FY 2001. Deliveries of wastewater sludge from Blue Plains continue to remain steady, and the program has not been affected by the District's decision on MSW. Sludge deliveries to the ERR Facility are projected to total 64,500 tons annually in FY 2000 and FY 2001 and include sludge from the Alexandria Sanitation Authority (ASA) and the Arlington wastewater facility. Prince William County is also expected to continue to utilize the ERR Facility at a projected annual level of 20,300 tons for FY 2000 and FY 2001.

Revenues for Fund 112 are generated through a per ton disposal fee (tipping fee) that is based on the facility's operational requirements including maintenance and administrative costs. Receipts are derived from the fee charged to the County (through Fund 110) and surrounding jurisdictions for the incineration of refuse at the ERR Facility and ash deposited at the landfill. The current tipping fee of \$28 per ton and other contractual rates will remain in effect through FY 2001 and are expected to generate \$27,894,000 in revenue based on an estimated 1,006,000 tons to be incinerated.

Disposal expenditures are in the form of payments made to Ogden Martin Systems, Incorporated, the facility operator, for the overall operation of the facility. This fee is formula-driven, which factors variables including credits derived from the sale of energy to Virginia Power, plant operating costs, bond retirement payments, and the cost of depositing ash residue into the I-95 Landfill. The FY 2001 payment to Ogden Martin is estimated to be \$27.74 million based on refuse tonnage estimates of 1,006,000 tons and represents a decrease of \$0.77 million from the *FY 2000 Revised Budget Plan* estimate of \$28.5 million. The expenditure decrease for FY 2001 is attributable to a reduction of an estimated 68,656 tons of waste to be processed. The agency will continue to re-evaluate its FY 2000 tonnage estimates and, if necessary, will make expenditure and revenue adjustments at the *FY 2000 Third Quarter Review*.

The Supplemental Waste and Spot Market Programs continue to augment the waste stream with additional tonnage. The Supplemental Waste Program will continue to receive specific deliveries of items such as used carpet, out-of-date pharmaceuticals, off-spec or defective consumer products such as shampoo, debris from oil spill clean-ups, and any other materials that can be safely incinerated. The program continues to have little effect on refuse tonnage; however, the processing of waste through this program bolsters revenue through higher tipping fees ranging from \$85 to \$325 per ton. The program delivered approximately 12,833 tons to the facility in FY 1999. Beginning in FY 2000, Ogden Martin decided to scale back the supplemental waste program. As a result, the volume is expected to decrease to 9,200 tons annually in FY 2000 and FY 2001. Although the tonnage is reduced, it is anticipated the program will continue to prove beneficial by generating additional revenue of \$303,600. The County, through the Spot Market Program, will continue to seek regular municipal solid waste for incineration at the ERR from outside of the County. In FY 2001, this program is expected to generate \$1,456,000 in disposal revenue based on an estimated 52,000 tons. During FY 1999, a total of 4,737 tons of waste tires were processed in the ERR Facility through the Waste Tire End-User Program that was started by the Commonwealth of Virginia in FY 1996. The program allows a certified end-user to receive a per-ton payment for processing these tires. Ogden Martin was certified as an end-user and through a separate agreement, the County received

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ENERGY RESOURCE RECOVERY FACILITY

revenue from the delivery of tires to Ogden Martin. Deliveries of waste tires increased sharply in FY 1998, primarily due to deliveries from out-of-state sources. Due to plant processing concerns by Ogden Martin, the acceptance of waste tires was sharply limited in FY 1999. It is expected that no tires will be incinerated by the ERR Facility during FY 2000 and FY 2001. Tires that are received at the I-95 disposal complex in FY 2000 and FY 2001 will be disposed by a contractor paid by Fund 112. It is projected that 14,000 tons of tires will be processed at a cost of \$851,606 in FY 2000 and FY 2001. The cost will be totally offset by revenue from the tire tip fee. Tires will be burned in the ERR Facility in FY 2000 and FY 2001 only if accepted by Ogden Martin and excess burn capacity is available.

The Waste Exchange Agreement between Fairfax County and Prince William County will continue in FY 2001. This agreement allows Prince William County to dispose of processable waste using Fairfax County's incinerating resources at the ERR Facility. In return, Fairfax County is allowed to dispose a portion of its yard waste at Prince William County's Yard Waste Composting Facility and its non-processable refuse at the Prince William County Sanitary Landfill. The difficulties and costs of locating and developing new solid waste management facilities continue to be addressed through this agreement, which allows the reciprocal use of existing facilities between the two counties. It is anticipated that 20,300 tons of Prince William County refuse will be processed at the ERR Facility if excess capacity is available.

In FY 2001, the ERR Facility is projected to burn 1,006,000 tons of refuse. The process generates electrical output that is sold to Virginia Power. It will also produce approximately 263,572 tons of ash residue that will be disposed of at the I-95 Landfill. The ERR Facility has increased its electric capacity rating for the past two years since signing the renegotiated Power Purchase Agreement with Virginia Power. The facility received a "dependable capacity" rating of 63 megawatts in FY 1998 and FY 1999, its highest rating since the facility opened in 1991. For achieving this high rating, the ERR Facility receives dependable capacity payments from Virginia Power as part of the agreement. The agency anticipates that the rating will be maintained through FY 2001. In addition, the agency will continue to review waste-to-energy generation records to ensure compliance with the service agreement, as well as the documented monthly service fee invoices. It will also review air monitoring and emissions reports for compliance with applicable permits and State regulations to ensure public health and safety and protection of the environment.

In FY 2001, an amount of \$5,460,375 will be transferred to Fund 110, Refuse Disposal, from the available fund balance and the Rate Stabilization Reserve in Fund 112. This amount will provide a short-term subsidy to Fund 110 to allow the County to maintain the current level of service for refuse disposal operations and includes specific programs that do not fully recover costs. For a more detailed discussion of this transfer and short-term subsidy, see the Solid Waste Overview and the narrative for Fund 110 in Volume 2 of the [FY 2001 Advertised Budget Plan](#).



Funding Adjustments

The following funding adjustments from the FY 2000 Revised Budget Plan are necessary to support the FY 2001 program:

- An increase of \$9,952 due to the implementation of the new Pay for Performance program in FY 2001. The new system links annual pay increases to employee performance.
- An increase of \$12,268 due to the implementation of the Market Pay Study. As a result of the Study, incumbents in the job classes that are found to be one grade below the market will be moved to the appropriate grade and receive a 2.0 percent market adjustment. Incumbents in classes found to be two or more grades below the market will be moved to the appropriate grade and receive a 4.0 percent market adjustment. In addition, funding is held in reserve to provide all employees with a 2.5 percent cost-of-living adjustment.

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- A net decrease of \$10,854 in Personnel Services reflecting projected funding requirements associated with the salary of current staff, in conjunction with fringe benefit and position turnover estimates.
- A decrease of \$1,084,939 in contractor compensation due to a reduction in the payment to Ogden Martin. The service agreement with Ogden Martin has adjustment factors that are formula-driven. The decrease in the contractual requirement is attributable primarily to a reduction in tonnage processed through the ERR Facility and reduced expenditures for ash disposal based on a proposed decrease of \$2.50 per ton in the disposal rate as charged by Fund 114, I-95 Refuse Disposal.
- A net increase of \$1,089,465 in all other operating costs, including \$851,606 for disposal of oversized tires and rims that can not be processed by the ERR Facility and \$248,750 for private haulers to transport waste from the Blue Plains facility to the ERR for processing. The hauling charges are billed to Blue Plains and recovered in full. These increases are partially offset by a decrease of \$10,891 in overall expenses based on prior year actuals and projected requirements for FY 2001.

The following funding adjustments reflect all approved changes in the FY 2000 Revised Budget Plan since passage of the FY 2000 Adopted Budget Plan. Included are all adjustments made as part of the FY 1999 Carryover Review and all other approved changes through December 31, 1999:

- As part of the FY 1999 Carryover Review, expenditures were increased a net \$327,922, including \$320,171 in encumbered funds for Operating Expenses and \$7,751 in unencumbered CMI funds that includes \$4,751 in operating and \$3,000 in equipment costs.



Objectives

- To deliver no less than the Guaranteed Annual Tonnage (GAT) amount of 930,750 tons of municipal solid waste to the ERR as required under the contractual obligations of the Service Agreement between Ogden Martin Systems of Fairfax and Fairfax County.
- To sell at least 87.0 percent of electric energy generated from the operation of the I-95 Energy/Resource Recovery Facility after internal use.



Performance Indicators

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 1997 Actual	FY 1998 Actual	FY 1999 Estimate/Actual	FY 2000	FY 2001
Output:					
Tons municipal solid waste delivered	1,047,639	973,556	1,030,215 / 984,573	1,006,000	1,006,000
Energy generated (kWh) ¹	604,830,000	606,199,000	604,000,000 / 644,707,000	640,000,000	640,000,000
Efficiency:					
Tons above GAT	116,146	42,806	99,465 / 53,823	75,250	75,250
Energy generated per ton	577.3	623.0	583.6 / 655.0	636.0	636.0

FUND 112
ENERGY RESOURCE RECOVERY FACILITY

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 1997 Actual	FY 1998 Actual	FY 1999 Estimate/Actual	FY 2000	FY 2001
Service Quality:					
Percent of GAT Delivered	112.60%	104.60%	110.70% / 105.78%	108.08%	108.08%
Energy sold (kWh)	523,181,800	525,322,320	530,000,000 / 557,956,892	555,000,000	555,000,000
Outcome:					
Met GAT requirement	Yes	Yes	Yes	Yes	Yes
Percent of energy sold after internal use	86.50%	86.66%	87.70% / 86.08%	87.72%	87.72%

¹The energy projected to be generated in FY 2000 and FY 2001, in conjunction with the projected tonnages, are lower than the FY 1999 actual due to a higher percentage of sludge to be processed. The content of water in sludge is much higher than other refuse that is incinerated. The greater water or moisture content reduces the Higher Heating Value (HHV) which reduces the energy generated.

FUND 112 ENERGY RESOURCE RECOVERY FACILITY

FUND STATEMENT

Fund Type G10, Special Revenue Funds

Fund 112, Energy Resource Recovery (ERR) Facility

	FY 1999 Actual	FY 2000 Adopted Budget Plan	FY 2000 Revised Budget Plan	FY 2001 Advertised Budget Plan	FY 2001 Adopted Budget Plan
Beginning Balance	\$2,522,195	\$13,506,987	\$15,406,297	\$14,904,433	\$14,916,958
Revenue:					
Disposal Revenue:					
County of Fairfax	\$17,113,176	\$22,120,000	\$22,120,000	\$18,340,000	\$18,340,000
District of Columbia	5,189,050	5,250,000	5,250,000	4,100,000	4,100,000
Waste Exchange Agreement	619,480	0	0	568,400	568,400
Blue Plains	1,852,752	0	0	1,914,000	1,914,000
Other Jurisdictions	957,990	120,648	120,648	214,500	214,500
Tire Program	754,613	0	0	997,500	997,500
Supplemental/Spot Market Programs ¹	1,213,905	700,000	700,000	1,759,600	1,759,600
Subtotal Revenue	\$27,700,966	\$28,190,648	\$28,190,648	\$27,894,000	\$27,894,000
Other Revenue:					
Refund-Bond Refinancing ²	\$10,802,462	\$0	\$0	\$0	\$0
Interest on Investments	131,449	79,708	79,708	609,057	609,057
DC Haul Reimbursement	275,035	260,432	260,432	288,750	288,750
Miscellaneous ³	700,000	700,000	700,000	215,000	215,000
End-User Tire Program ⁴	36,130	217,885	217,885	0	0
Subtotal Other Revenue	\$11,945,076	\$1,258,025	\$1,258,025	\$1,112,807	\$1,112,807
Total Revenue	\$39,646,042	\$29,448,673	\$29,448,673	\$29,006,807	\$29,006,807
Total Available	\$42,168,237	\$42,955,660	\$44,854,970	\$43,911,240	\$43,923,765
Expenditures:					
Personnel Services	\$392,693	\$417,508	\$396,633	\$428,874	\$439,160
Operating Expenses	26,363,141	29,205,107	29,533,879	29,534,555	29,534,555
Capital Equipment	6,106	0	7,500	0	0
Subtotal Expenditures	\$26,761,940	\$29,622,615	\$29,938,012	\$29,963,429	\$29,973,715
COLA/MRA Reserve	0	0	0	10,286	0
Total Expenditures	\$26,761,940	\$29,622,615	\$29,938,012	\$29,973,715	29,973,715
Transfers Out:					
Refuse Disposal (Fund110) ⁵	\$0	\$0	\$0	\$5,460,375	\$5,460,375
Total Transfers Out:	\$0	\$0	\$0	\$5,460,375	\$5,460,375
Total Disbursements	\$26,761,940	\$29,622,615	\$29,938,012	\$35,434,090	\$35,434,090
Ending Balance	\$15,406,297	\$13,333,045	\$14,916,958	\$8,477,150	\$8,489,675

FUND 112 ENERGY RESOURCE RECOVERY FACILITY

FUND STATEMENT

Fund Type G10, Special Revenue Funds

Fund 112, Energy Resource Recovery (ERR) Facility

	FY 1999 Actual	FY 2000 Adopted Budget Plan	FY 2000 Revised Budget Plan	FY 2001 Advertised Budget Plan	FY 2001 Adopted Budget Plan
Tipping Fee Reserve ⁶	\$3,345,014	\$2,733,045	\$2,843,150	\$1,876,242	\$1,888,767
Rate Stabilization Reserve ^{2,5}	10,802,462	10,600,000	10,802,462	6,600,908	6,600,908
Unreserved Ending Balance	\$1,258,821	\$0	\$1,271,346	\$0	\$0
Disposal Rate/Ton ⁷	\$28/Ton	\$28/Ton	\$28/Ton	\$28/Ton	\$28/Ton

¹ Disposal revenue shown from Supplemental Waste and Spot Market Program operations reflects only that refuse tonnage for which the tipping fee/per ton disposal rate is charged. Additional income derived from charges in excess of the tipping fee for these operations is reflected as miscellaneous revenue.

² On November 4, 1998, earlier bonds sold to finance the ERR Facility were retired and refinanced at lower interest rates. The new bonds were refinanced at a rate between 5.5 to 6.1 percent compared to the older rate of 7.75 percent. Excess proceeds from the original bond issue totaling \$10.8 million, were released to the Solid Waste Authority (SWA). At its annual meeting held January 25, 1999, the SWA approved the transfer of these monies from a separate Solid Waste Authority account to Fund 112. As part of their discussions, the Solid Waste Authority directed that the funds be moved to, and reside in a "Rate Stabilization Reserve" in Fund 112 where the funds are to be used to offset operating shortfalls in any of the funds that comprise the Division of Solid Waste Refuse Disposal and Resource Recovery.

³ Miscellaneous revenue includes income received in excess of the tipping fee which is derived from the Spot Market and Supplemental Waste Programs.

⁴ The Commonwealth of Virginia began the Waste Tire End-User Program on January 1, 1995, in which the end-user of waste tires received payments for the beneficial use of tires originating in Virginia. Because waste-to-energy is considered a beneficial end use, Ogden Martin Systems of Fairfax (OMSF) was approved as an end-user, and is therefore eligible to receive these payments. Under a separate agreement with Ogden Martin, the County received revenue for tires delivered to the ERR Facility through FY 1999. Ogden Martin has informed the County that it will end participation in the program during FY 2000. Therefore, no end user payments are projected in FY 2001.

⁵ In FY 2001, an amount of \$5,460,375 will be transferred to Fund 110, Refuse Disposal to offset FY 2001 expenditure requirements. The transfer amount is comprised of \$4,201,554 from the available Rate Stabilization Reserve and \$1,258,821 in unreserved balance. The funding will provide a subsidy to allow the County to continue to provide the level of service to specific refuse disposal programs that do not fully recover costs. Subsidized programs include the County's Recycling Program, the Household Hazardous Waste Program, and the Code Enforcement Program. Fund 110's current fee structure will not support these expenses in FY 2001. The Rate Stabilization Reserve was established to address revenue shortfalls, and contingency requirements of those funds that make up the disposal operations under the Division of Solid Waste Refuse Disposal and Resource Recovery. A balance of \$6,600,908 remains in this reserve.

⁶ The Tipping Fee Reserve was established to provide for adjustments associated with additional funding requirements to Ogden Martin as a result of a year-end shortfall or audit reconciliation.

⁷ The current tipping fee of \$28/ton will remain the same for FY 2001. If required, the tonnage and revenue estimates for FY 2001 will be adjusted at the scheduled Third Quarter review.