

# SOLID WASTE OPERATIONS OVERVIEW

## Operational Structure

The County's Solid Waste Operations are under direct supervision of the Director of the Department of Public Works and Environmental Services (DPWES). The administration of waste disposal is achieved through the Division of Solid Waste Collection and Recycling and the Division of Solid Waste Disposal and Resource Recovery. The composition of operations includes a County-owned and operated refuse transfer station, an Energy/Resource Recovery Facility (E/RRF), a regional municipal landfill operated by the County, two citizens' disposal facilities, 8 drop-off sites for recyclable material, and equipment and facilities for refuse collection, disposal, and recycling operations. Program operations will continue to be accomplished through the two entities consisting of five funds established previously under the special revenue fund structure. The combined expenditures of \$101,777,394 and a staffing level of 319/319.0 SYE are required to meet financial and operational requirements for waste collection and disposal programs in FY 2003. The FY 2003 Adopted Budget Plan funding level represents a decrease of \$21,303,825 or 17.31 percent from the *FY 2002 Revised Budget Plan* estimate of \$123,081,219 primarily attributable to FY 2001 carryover of unexpended capital project funding of \$18,213,138. Further details can be found within individual narratives immediately following the Solid Waste Operations Overview section.

The Division of Solid Waste Collection and Recycling manages two funds including Fund 108, Leaf Collection, which provides for the collection and disposal of leaves within leaf collection sanitary districts, and Fund 109, Refuse Collection and Recycling Operations, which provides for Fund 109 administration; the collection and disposal of refuse from sanitary districts within the County, County Agency Routes (CAR), and the Solid Waste Reduction and Recycling Centers (SWRRC); and the overall management and operation of the County's recycling programs. Fund 109 also provides the management and operational control for the Solid Waste General Fund (DSW-GF) Programs for services provided on behalf of the County. The DSW-GF Programs consist of Community Cleanup, Court/Board Directed Cleanups, Evictions, and Health Department Referral operations.

The Division of Solid Waste Disposal and Resource Recovery manages three funds. Fund 110, Refuse Disposal, is responsible for delivering refuse collected throughout Fairfax County to the E/RRF, the Prince William County Facility, or an appropriate debris landfill; transferring yard waste to Prince William Compost Facilities; coordinating the facility use agreement between Fairfax and Prince William counties; and operating the County's Battery, White Goods, and Household Hazardous Waste programs, the Citizens' Disposal Facilities, and brush mulching services. Fund 112, Energy/Resource Recovery Facility, oversees the disposal of Fairfax County and District of Columbia refuse at the E/RRF. Fund 114, I-95 Refuse Disposal, provides management and operational control for the deposit of ash at the I-95 Landfill for all regional participants.

<b>Agency Summary</b>					
Category	FY 2001	FY 2002	FY 2002	FY 2003	FY 2003
	Actual	Adopted Budget Plan	Revised Budget Plan	Advertised Budget Plan	Adopted Budget Plan
General Fund Programs	\$46,759	\$74,874	\$74,874	\$74,874	\$74,874
Leaf Collection	1,142,231	1,099,456	1,277,693	1,179,256	1,179,256
Refuse Collection and Recycling Operations	12,141,741	13,931,140	14,587,430	14,381,528	14,381,528
Refuse Disposal	35,858,383	37,957,010	42,851,458	46,578,027	46,578,027
Energy/Resource Recovery Facility (E/RRF)	29,642,650	33,895,781	33,895,781	33,891,795	33,891,795
I-95 Refuse Disposal	11,179,299	13,915,403	30,393,983	5,671,914	5,671,914
<b>Total Expenditures</b>	<b>\$90,011,063</b>	<b>\$100,873,664</b>	<b>\$123,081,219</b>	<b>\$101,777,394</b>	<b>\$101,777,394</b>

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Summary by Operation					
Category	FY 2001	FY 2002	FY 2002	FY 2003	FY 2003
	Actual	Adopted Budget Plan	Revised Budget Plan	Advertised Budget Plan	Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	319/ 319	319/ 319	319/ 319	319/ 319	319/ 319
Expenditures:					
Personnel Services	\$14,915,819	\$16,414,755	\$16,108,031	\$17,085,429	\$17,085,429
Operating Expenses	67,998,865	73,176,248	77,322,980	82,917,691	82,917,691
Recovered Costs	(743,925)	(769,009)	(790,737)	(878,956)	(878,956)
Capital Equipment	928,055	3,764,090	3,940,227	2,653,230	2,653,230
Capital Projects	6,912,249	8,287,580	26,500,718	0	0
<b>Total Expenditures<sup>1</sup></b>	<b>\$90,011,063</b>	<b>\$100,873,664</b>	<b>\$123,081,219</b>	<b>\$101,777,394</b>	<b>\$101,777,394</b>

<sup>1</sup> It should be noted that total expenditures represent the operating requirement of five separate and independent Solid Waste funds. The expenditures also include funding required to support four programs administered by Solid Waste Operations on behalf of the General Fund. Each program or fund operation provides a specific service to County citizens, other Solid Waste funds, or both. As a result of the Solid Waste intra and inter-agency billings structure for services provided, revenues and expenditures may flow through more than one fund.

## Board of Supervisors' Adjustments

**The following funding adjustments reflect all changes to the FY 2003 Advertised Budget Plan, as approved by the Board of Supervisors on April 29, 2002:**

- ◆ The FY 2003 Solid Waste Reduction and Recycling Centers (SWRRC) fee is increased to \$225 from the FY 2002 fee of \$195. The FY 2003 Advertised Budget Plan fee was \$280. The FY 2003 SWRRC fee level requires eliminating the use of two laborers (one at Great Falls and one at Cooper Middle School) and reducing the number of service hours at the Great Falls site from four hours to three-and-one-half hours.
- ◆ A net decrease of \$181,015 in Fund 110, Refuse Disposal, as part of the \$28.8 million Reductions to County Agencies and Funds approved by the Board of Supervisors to allow for a two-cent real estate tax rate reduction and to provide additional funding for the Fairfax County Public School system. These reductions include a decrease of \$181,015 in the General Fund Transfer offset by an increase of \$181,015 in revenue from the FY 2002 Advertised Budget Plan amount of \$42,954,327 based on higher than anticipated disposal tonnages.

**The following funding adjustments reflect all approved changes to the FY 2002 Revised Budget Plan from January 1, 2002 through April 22, 2002. Included are all adjustments made as part of the FY 2002 Third Quarter Review:**

- ◆ An increase of \$178,237 in Fund 108, Leaf Collection operating expenses primarily due to operational increases associated with an additional Leaf Collection District and increasing costs based on new contract prices for vehicle rental and security. An increase of \$48,511 primarily due to an increase of \$81,706 in revenue from Leaf Collection customers based on the addition of Leaf Collection Local District 1D Mount Vernon on April 30, 2001 and other miscellaneous revenue, offset by a decrease of \$33,195 in Interest on Investments.
- ◆ Fund 109, Refuse Collection and Recycling Operations FY 2002 expenditures increase \$95,300 due to an increase of \$422,260 in operating expenses associated with the State Litter Grant and increased refuse disposal charges, offset by decreases of \$253,877 due to position vacancies, \$21,728 in recovered costs resulting from increased billings, and \$51,355 in capital equipment based on lower than anticipated vehicle and equipment costs. FY 2002 revenues increase \$95,300 as a result of the receipt of funds for the State Litter Grant. As a result of the actions discussed above, the FY 2002 ending balance is projected to be unchanged at \$12,064,509.

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- ◆ Fund 110, Refuse Disposal, FY 2002 expenditures are required to increase \$3,378,442 due to an increase of \$3,521,432 primarily in refuse disposal charges associated with increased disposal tonnages as a result of the improved economy, Department of Vehicle Services charges, and Repair and Maintenance charges. These increases are offset by a decrease of \$52,847 based on revised payroll projections and a decrease of \$90,143 in capital equipment as a result of lower than anticipated bid prices.
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## ***County Executive Proposed FY 2003 Advertised Budget Plan***

### **FY 2003 Funding Changes**

The County's solid waste disposal program has come under significant financial pressure due to a number of factors, most notably the adverse United States Supreme Court decision in 1994 on solid waste flow control as well as the development of several large landfills within Virginia and in neighboring states that has created tremendous competitive price pressure on the operation of the County's refuse disposal system. With the fixed costs required to support the debt service on the E/RRF and the minimum operating costs required to process the Guaranteed Annual Tonnage (GAT), the Division of Solid Waste has had limited options available to reduce costs or build an additional revenue base. Thus, while private waste management firms have developed privately owned disposal sites downstate which are able to charge as little as one third to one half the per-ton disposal rate required to support the E/RRF, the County has continued existing programs and operated at a deficit.

In FY 2003, a General Fund transfer of \$3,620,306 is required to fund the operating deficit for Fund 110, Refuse Disposal, a reduction of \$1,879,694 from the FY 2002 Adopted Budget Plan amount of \$5,500,000. The reduction in the transfer is primarily a result of increased waste tonnages and the FY 2002 increase in the negotiated contracted disposal rate from \$36 to \$37.95 per ton. The FY 2003 General Fund support for the Solid Waste system is primarily dependent on a number of strategic variables/decisions. These include the anticipated amount of waste, the contracted disposal rate that the competitive waste disposal market will support, funding and maintaining various reserves in both Fund 110 and Fund 112, Energy/Resource Recovery Facility (E/RRF), and planning for the anticipated \$4.5 million revenue reduction in the Dominion Virginia Power energy contract impacting Fund 112, E/RRF in late FY 2005 (two months) and FY 2006 (full year).

Fund 112, Energy/Resource Recovery Facility (E/RRF), revenue receipts are derived from fees charged for refuse incineration, which are directly tied to incinerator operations support requirements. Based on the increased Operating and Maintenance costs in Fund 112, this Disposal Rate has been increased from \$28 to \$30 per ton, thereby generating revenue of \$33,159,980. Although the increase in the Fund 112 Disposal Rate increases the Operating Expenses of Fund 110, Refuse Disposal by \$1,866,808 the increased Disposal Rate will avoid drawing down Fund 112's Reserves. Per the contract negotiated with Covanta in 1987, credits derived from the sale of energy to Dominion Power are scheduled to begin decreasing in FY 2005. It is estimated that revenue from the Dominion Virginia Power contract will decrease by approximately \$4.5 million per year at the end of FY 2005, thereby increasing the cost of the Covanta contract by \$4.5 million. In order to prepare for the impact of this expected decrease in revenue, a 5-year plan of incremental rate increases from \$28/ton to \$36/ton is anticipated to absorb the decrease and maintain Fund 112 Reserves near current levels.

These two funds will be carefully monitored and potentially adjusted at the *FY 2002 Third Quarter Review* and the FY 2003 Add-on process based on current economic information. Our changing economic situation may impact citizen waste generation behavior and it may influence waste haulers in the selection of waste disposal alternatives.

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The SWRRC program operates on a user fee basis in which program participants purchase a permit which entitles the holder to use the disposal and recycling facilities at two SWRRC sites located in Great Falls and McLean. The services provided to SWRRC customers are provided by staff and equipment paid for by Fund 109, Refuse Collection and Recycling Operations. Due to savings and cost control mechanisms SWRRC program costs have only modestly increased since FY 2000. The FY 2001 expenditure for the SWRRC program was \$195,763. The estimated expenditure for FY 2002 is \$206,705 and the estimated FY 2003 amount is \$209,665 for an annual average increase of 3.49 percent since FY 2001. However, SWRRC program revenues have shown a sharp decrease as a result of a reduction in the number of customers. The number of SWRRC program participants has decreased from 1,092 in FY 1999 to 930 in FY 2001, and is projected to be 850 in FY 2002. SWRRC program revenue in FY 2001 was \$172,050 and is estimated to be \$165,750 in FY 2002.

Fund 109 is a Special Revenue fund and cannot absorb the increasing shortfall between program revenues and expenditures that results from declining program participation. In FY 2001 the shortfall between program revenues and expenditures was \$23,713 and the estimated shortfall in FY 2002 is \$40,955 and is expected to increase in FY 2003. Since FY 1998 the SWRRC program has been drawing down its program balance to cover increased personnel and operating costs and the decreased revenues associated with the loss of customers. The program balance will be depleted during FY 2002 and unavailable to support continued deficit spending. Fund balances from revenues generated from Residential and General Collection curbside customers are not available for subsidizing the SWRRC program.

To fully fund the cost of the program for FY 2003, the current annual user fee of \$195 per participant charged to SWRRC customers must be increased to \$280, an increase of \$85. The SWRRC program will be monitored during the year and at the *FY 2003 Third Quarter Review* to assess the impact of attrition in the customer base adversely affecting the ability of the program to sustain itself. In the event of continued loss of customers to less expensive alternatives, long-term program operations will not be sustainable.

There are no significant funding changes in the other Solid Waste programs and funds. Details of funds and programs are as follows:

## **Operational Overview**

The following summarizes the various programs within the Solid Waste Operations. For more detailed information on the operational aspect of the various programs, see the narratives of individual funds which immediately follow the Solid Waste Overview.

## **SOLID WASTE GENERAL FUND PROGRAMS**

The Division of Solid Waste Refuse Collection and Recycling currently operates four programs on behalf of the General Fund. These programs provide for the collection of refuse that presents a hazard to the health, safety, and welfare of County citizens. They include the Health Department Referral Program, the Community Cleanup Program, the Court/Board Directed Cleanup Program and the Evictions Program. Fund 109, Refuse Collection and Recycling Operations, provides the equipment and personnel resources for the DSW-GF Programs and bills the General Fund for providing cleanup services. The cost of refuse disposal to General Fund programs is the negotiated contract fee, as paid to Fund 110, Refuse Disposal. The overall cost to the General Fund is reduced by the amount of cleanup fees recovered from property owners for cleanup work performed on their property at the direction of the Health Department, and from fees recovered through Court-Directed Cleanups. These are the only activities under the Solid Waste General Fund programs for which costs are recovered. The following discussions briefly describe the four activities of the General Fund programs for FY 2003:

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## ◆ Community Cleanup Program

Equipment and personnel from Fund 109, Refuse Collection and Recycling Operations, are provided to communities and civic organizations that request collection and cleanup support. Communities and organizations that petition and qualify for cleanup services under the guidelines of this program are issued special permits which allow the pick-up and hauling of refuse to disposal facilities without charge. They are eligible to receive a permit twice a year. It is estimated that 125 permits will be issued for cleanups in FY 2003.

## ◆ Health Department Referral Program

The County Health Department solicits the Department of Public Works and Environmental Services (DPWES) to remove refuse from properties that present a hazard to the health, safety, and welfare of County citizens. After a work order is received, refuse collection personnel collect and dispose of the refuse. These operations vary in scope from small cleanups requiring limited personnel and equipment to larger operations requiring various pieces of equipment and a greater number of personnel. Costs for providing cleanup services under this program are recovered from property owners who are billed for cleanup of their property. The fees recovered are returned to the General Fund.

## ◆ Evictions Program

At the request of the Sheriff's Department, refuse collection equipment and personnel are used to collect and dispose of materials left by evicted tenants. Disposal service is requested 24 hours after the eviction if the evicted tenant has not reclaimed the materials within that time frame. All costs for providing collection and disposal services are billed to the General Fund.

## ◆ Court/Board Directed Cleanup Program

As an agency of the Department of Public Works and Environmental Services (DPWES), the Division of Solid Waste Refuse Collection and Recycling is frequently directed by the Fairfax County Circuit Court to remove refuse from properties that are in violation of County zoning ordinances. Additionally, in response to citizen complaints or requests to cleanup neighborhood blight, the Division may be directed to provide special cleanups by the Board of Supervisors. The population growth in the County in recent years has resulted in these activities becoming more common. Beginning in FY 2001, this Program cost became a separate budget element of the DSW-GF Programs which allows the division to budget for and track these expenditures by themselves. The fees recovered from Court/Board Directed Cleanups are returned to the General Fund.

## **FUND 108, LEAF COLLECTION**

Fund 108, Leaf Collection, is responsible for the collection of leaves within Fairfax County's leaf collection districts. It is anticipated that in FY 2003, Fund 108 will provide collection service to approximately 19,296 household units within 26 approved leaf districts on three different occasions. It is anticipated that some of the leaves collected by Fund 108 in FY 2003 will be mulched and provided to County citizens. Some will be transported to composting facilities in Prince William County as part of a facility use agreement between Prince William and Fairfax Counties, or to other private yard waste facilities. Fund 108 pays Fund 110, Refuse Disposal, for the composting and transportation of leaves. Revenue is derived from a levy charged to homeowners within leaf collection districts. The levy charged is \$0.01 per \$100 of assessed real estate value.

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## FUND 109, REFUSE COLLECTION AND RECYCLING OPERATIONS

Program operations consist of:

### ◆ Administration of Division Operations

Administration of Division Operations provides for the overall management, administration and technical support functions for all of the funds that comprise the Division of Solid Waste Collection and Recycling.

### ◆ Operational Support

Operational Support staff provide supervision and technical support for all refuse collection activities within Fairfax County including: Residential and General Collection routes (R&G), County Agency Routes (CAR), Leaf Collection, Solid Waste Reduction and Recycling Centers (SWRRC), General Fund programs, and brush and special collections.

### ◆ Residential and General Collection

Residential and General Collection (R&G) is responsible for the collection of refuse from household units within Fairfax County's approved sanitary districts. For FY 2003, it is estimated that 39,336 household units will be served in 62 sanitary districts. R&G also coordinates the curbside recycling collection operations. The cost of refuse disposal to R&G is the negotiated contract fee in FY 2003, as paid to Fund 110, Refuse Disposal. Revenue to support operations is derived from the refuse collection fee, which will remain at the current annual rate of \$210 per household.

The approximately 39,336 household units to be served within the approved sanitary districts represent approximately 10.8 percent of the projected 365,670 household units within Fairfax County in FY 2003.

### ◆ Solid Waste Reduction and Recycling Centers (SWRRC)

The SWRRC program operates on a user fee basis in which program participants purchase a permit which entitles the holder to use the disposal and recycling facilities at two SWRRC sites located in Great Falls and McLean. The services provided to SWRRC customers are provided by staff and equipment paid for by Fund 109, Refuse Collection and Recycling Operations. Due to savings and cost control mechanisms SWRRC program costs have only modestly increased since FY 2000. The FY 2001 expenditure for the SWRRC program was \$195,763. The estimated expenditure for FY 2002 is \$206,705 and the estimated FY 2003 amount is \$209,665 for an annual average increase of 3.49 percent since FY 2001. However, SWRRC program revenues have shown a sharp decrease as a result of a reduction in the number of customers. The number of SWRRC program participants has decreased from 1,092 in FY 1999 to 930 in FY 2001, and is projected to be 850 in FY 2002. SWRRC program revenue in FY 2001 was \$172,050 and is estimated to be \$165,750 in FY 2002.

Fund 109 is a Special Revenue fund and cannot absorb the increasing shortfall between program revenues and expenditures that results from declining program participation. In FY 2001 the shortfall between program revenues and expenditures was \$23,713 and the estimated shortfall in FY 2002 is \$40,955 and is expected to increase in FY 2003. Since FY 1998 the SWRRC program has been drawing down its program balance to cover increased personnel and operating costs and the decreased revenues associated with the loss of customers. The program balance will be depleted during FY 2002 and unavailable to support continued deficit spending. Fund balances from revenues generated from Residential and General Collection curbside customers are not available for subsidizing the SWRRC program.

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To fully fund the cost of the program for FY 2003, the current annual user fee of \$195 per participant charged to SWRRC customers must be increased to \$280, an increase of \$85 per year. The SWRRC program will be monitored during the year and at the *FY 2003 Third Quarter Review* to assess the impact of attrition in the customer base adversely affecting the ability of the program to sustain itself. In the event of continued loss of customers to less expensive alternatives, long-term program operations will not be sustainable.

## ◆ **County Agency Routes**

County Agency Routes (CAR) is responsible for the collection of refuse from County agencies and a small number of organizations associated with County agencies. The cost of refuse disposal to CAR is the negotiated contract fee, which is paid to Fund 110, Refuse Disposal. Revenue is derived from billings to County agencies based on the cubic yard capacity of the containers assigned to individual agencies. The cost per cubic yard is formula-driven, and is based on fiscal year operating requirements. For FY 2003, the calculated rate is \$4.08 per cubic yard, an increase of \$.23 over the FY 2002 Adopted Budget Plan rate of \$3.85 per cubic yard. In FY 2003, the number of cubic yards collected on CAR is projected to be 259,552 cubic yards.

## ◆ **Recycling Operations**

Recycling Operations is responsible for providing the overall management (administrative and operational coordination) of solid waste reduction and recycling programs that are required by the County, and for developing plans for future recycling programs and waste reduction systems. The goal for FY 2003 is to maintain the recycling rate in the municipal solid waste stream at or above the State of Virginia mandated goal of 25 percent. Revenue is generated from the sale of recyclable materials (aluminum cans, newspaper, cardboard, glass, and scrap metal) which serves to partially offset expenditure requirements. In addition, revenue (program support) is received from Fund 110, Refuse Disposal, through billings by Fund 109 for administration and coordination of recycling operations on behalf of Fund 110. In FY 2003, it is estimated that \$1,099,630 will be required from Fund 110 to support recycling operations.

## **FUND 110, REFUSE DISPOSAL**

Fund 110, Refuse Disposal has the primary responsibility for channeling refuse collected throughout Fairfax County to either the Energy/Resource Recovery Facility (E/RRF), a private debris landfill, or to a Prince William County Facility; as well as channeling yard debris to composting facilities. If refuse is non-burnable, it will either be directed to and disposed off at the Prince William County Landfill through the Facility Use Agreement or at a private debris landfill.

Revenue to support refuse disposal operations is derived from fees collected from private haulers who service Fairfax County; from Fund 108, Leaf Collection; Fund 109, Refuse Collection and Recycling Operations; the Solid Waste Reduction and Recycling Centers (SWRRC); and the Citizens' Disposal Facilities. The disposal charge helps support operations of the transfer station and administration of the County's disposal system. Fund 110 is also charged by the Fund 112 to incinerate the County's waste. The current fee structure within Fund 110 will not fully support these expenses in FY 2003.

## **FY 2003 Operating Shortfall**

In FY 2003, a General Fund transfer of \$3,620,306 is required to fund the operating deficit for Fund 110, Refuse Disposal, a reduction of \$1,879,694 from the FY 2002 Adopted Budget Plan amount of \$5,500,000.

# SOLID WASTE OPERATIONS OVERVIEW

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The County's solid waste disposal program has come under significant financial pressure due to a number of factors, most notably the adverse 1994 United States Supreme Court decision affecting solid waste flow control as well as the development of several large landfills within Virginia and in neighboring states. In FY 1999, the County established and implemented a two-year contractual disposal fee that reduced the disposal rate charged by Fund 110, Refuse Disposal from the system fee of \$45 per ton to a negotiated contract fee of \$34 per ton. This rate was made available only to collection haulers who signed a two-year agreement to deliver all or an agreed amount of their disposal tonnages to County facilities. The change in the contractual disposal rate was made to stem the migration of waste tonnages out of the County so as to continue to satisfy the annual contractual delivery of 930,750 tons to the E/RRF. In FY 2001, the negotiated contract fee was \$36 per ton. This negotiated contract rate was increased to \$37.95 per ton in FY 2002.

In addition to discounted contract fees that reduce revenues, there are specific programs within the entire scope of the County's disposal operations that do not fully recover costs and must be subsidized. These programs include the County's Recycling Program, the Household Hazardous Waste Program, and the Code Enforcement Program. The net cost of these programs is \$ 2.2 million in FY 2003.

Due to the fixed costs required to support debt service for the E/RRF and the minimum operating costs required to process the Guaranteed Annual Tonnage (GAT), the Division of Solid Waste has had limited options available to reduce costs or build an additional revenue base. During this time, private waste management firms have developed privately owned downstate disposal sites which are able to charge as little as one third to one half the per-ton disposal rate required by the County to support the E/RRF and those programs that serve community responsibilities. These steps by private haulers have led to the diversion of needed waste tonnages to less expensive alternatives.

A combination of competitive pricing requirements, the continued migration of refuse from the County's waste stream, and the need to maintain tonnage levels at the E/RRF, has necessitated contracted disposal rates in Fund 110 to be set at levels that do not support operational requirements. Available reserves have been utilized and capital expenditures deferred so that the disposal rate could be maintained at a competitive level.

The discounted contracted disposal rate has proven to be effective in retaining the disposal tonnage level within the County's waste steam. However, by maintaining a discounted rate, program costs have exceeded revenues. These shortfalls were absorbed from the fund balance, which was depleted in FY 2000. To support the operating shortfall in FY 2001, \$5.5 million was transferred to Fund 110 from the Rate Stabilization Reserve in Fund 112, E/RRF. The FY 2002 General Fund Transfer was \$5.5 million. In FY 2003, the total projected deficit is \$3.6 million and an amount of \$3.6 million will be transferred from the General Fund to cover the operating deficit, including a portion, but not all, of the equipment replacement reserve requirements.

## **Long-Term Strategy**

The Division of Solid Waste continues to consider many options to address the County's refuse disposal system income requirements on a long-term basis. A review of the most expedient options indicated that these would either be inequitable or too costly to implement. Therefore, direct General Fund support for the operating deficit is recommended in the short term as the most effective and equitable means of supporting the refuse disposal operation until a longer-term solution is found.

The Division of Solid Waste will address strategic alternatives such as waste stream control and funding alternatives, to identify more permanent solutions towards guaranteeing a stable source of revenue required to support the solid waste system during changing market conditions. Legal constraints, however, will severely restrict most available options.

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## **FUND 112, ENERGY/RESOURCE RECOVERY FACILITY (E/RRF)**

Fund 112, Energy/Resource Recovery Facility (E/RRF) is responsible for the incineration of refuse collected in Fairfax County, a portion of refuse collected in the District of Columbia (DC), refuse collected through Supplemental and Spot Market operations, and refuse from Prince William County under a facility use agreement with the County. Disposal expenditures are included in the calculation of the payment made to Covanta Fairfax, the facility operator, for the overall operation of the facility. In FY 2003, the payment to Covanta Fairfax is estimated to be \$30.9 million based on refuse tonnage estimates of 1,209,250 tons. This is a formula-driven payment which factors in different 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 in the I-95 Landfill. Revenue receipts are derived from fees charged for refuse incineration, which are directly tied to incinerator operations support requirements. The current tipping fee of \$28 per ton has been increased to \$30 per ton in FY 2003 and is expected to generate \$33,159,980 in revenue.

Fund 112, Energy/Resource Recovery Facility (E/RRF), revenue receipts are derived from fees charged for refuse incineration, which are directly tied to incinerator operations support requirements. Based on the increased Operating and Maintenance costs in Fund 112, this Disposal Rate has been increased from \$28 to \$30 per ton, thereby generating revenue of \$33,159,980. Although the increase in the Fund 112 Disposal Rate increases the Operating Expenses of Fund 110, Refuse Disposal by \$1,866,808 the increased Disposal Rate will avoid drawing down Fund 112's Reserves. It is estimated that the FY 2005 revenue from the Dominion Virginia Power contract will decrease by approximately \$4.5 million, thereby increasing the cost of the Covanta contract by \$4.5 million. In order to prepare for the impact of this expected decrease in revenue, a 5-year plan of incremental rate increases from \$28/ton to \$36/ton is anticipated to absorb the decrease and maintain Fund 112 Reserves near current levels.

## **FUND 114, I-95 REFUSE DISPOSAL**

Fund 114, I-95 Refuse Disposal has the overall responsibility for operating the I-95 Landfill, which is a multi-jurisdictional refuse deposit site dedicated to the disposal of ash generated by the County's Energy/Resource Recovery Facility (E/RRF) and the Alexandria/Arlington incinerator. Revenue is primarily derived from the landfill tip fee paid by E/RRF and participating jurisdictions. The expenditure requirements for Fund 114 include operating expenses necessary to maintain efficient disposal operations; funding for various projects required to meet local, State, and Federal mandates; and expenditures related to landfill closure requirements. As a consequence of early planning, funding for landfill closure requirements was established in FY 1996, prior to closing the I-95 Landfill to municipal solid waste (MSW). Significant fund balances grew over the years from interest earnings on the reserve balances. In FY 2001, the Technical Review Committee recognized that reserves could be maintained and operating needs despite a recommended decrease of \$2.50 in the ash disposal rate, from \$14 to \$11.50 per ton. The proposed rate was implemented in FY 2001 and will be continued in FY 2003.

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## OPERATIONAL FEE STRUCTURE

### Solid Waste Operations FY 2003 Fee Structure<sup>1</sup>

	<b>Fund 108, Leaf Collection</b>	<b>Fund 109, Refuse Collection and Recycling Operations</b>	<b>Fund 110, Refuse Disposal</b>	<b>Fund 112, E/RRF</b>	<b>Fund 114, I-95 Refuse Disposal</b>
<b>FY 2003 Fee</b>	\$0.01/\$100 Assessed Property Value	\$210 Curbside \$225 SWRRC	\$45/Ton, System Fee \$39.95 Negotiated Contract/Discount	\$30/Ton	\$11.50/Ton
<b>FY 2002 Fee</b>	\$0.01/\$100 Assessed Property Value	\$210 Curbside \$195 SWRRC	\$45/Ton, System Fee \$37.95 Negotiated Contract/Discount	\$28/Ton	\$11.50/Ton
<b>Who Pays</b>	Leaf District Residents	Sanitary District Residents SWRCC users	Private Collectors, Citizens and County Agencies through Fund 109	The County through Fund 110	E/RRF, Fund 110, and Participating Jurisdictions

<sup>1</sup> There are numerous special rates that have been negotiated and implemented as the need has risen which are not reflected in the structure above. Examples include varying miscellaneous charges for yard debris (brush, grass, and leaves), tires, and others.

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