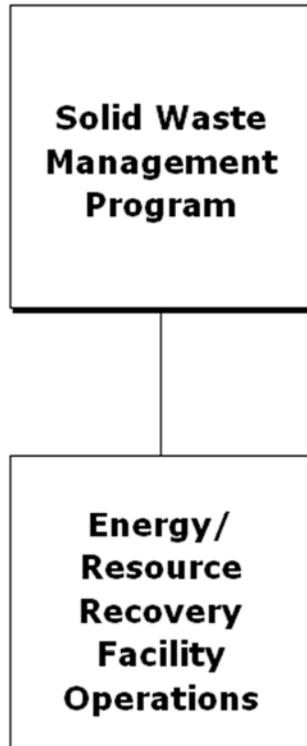


Fund 40160

Energy/Resource Recovery Facility



Mission

The Fairfax County Solid Waste Management Program (SWMP) is dedicated to keeping Fairfax County clean by preventing pollution and other contamination associated with the improper disposal of refuse. This is achieved by providing environmentally-sound and economically-viable disposal of waste at the Energy/Resource Recovery Facility (E/RRF) in Lorton, Virginia. The combustion of waste for power production:

- Generates 80 megawatts (MW) of renewable energy.
- Reduces the need for landfill space through volume reduction of solid waste that occurs in the combustion process.
- Reduces greenhouse gas emissions by generating renewable energy.
- Recovers ferrous and non-ferrous metal from the ash which is recycled.



Aerial view of the I-95 Energy/Resource Recovery Facility

Fund 40160

Energy/Resource Recovery Facility

- Uses treated wastewater (rather than potable water) for cooling water used during the combustion process.

Focus

Fund 40160 supports the management of 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 current Service Agreement, the county delivers municipal solid waste (MSW) to the E/RRF for which it pays a disposal fee to CFI. The SWMP charges a disposal (tipping) fee to all users of the E/RRF and subsequently pays the contractual disposal fee to CFI from these revenues. A long-term contract between the County and CFI ended on February 1, 2016, after an initial 25-year term. A new Waste Disposal Agreement (WDA) has been awarded which significantly changes the relationship between the County and CFI.

The new contract guarantees the County capacity to dispose of its waste through January 31, 2021 with two additional 5-year extensions available. The WDA covers the period of CFI's lease of the property to FY 2031. The new contract no longer shares energy revenue with the County from the sale of electricity to Dominion Virginia Power. Operational risks for the facility are retained by CFI. Moreover, the WDA affords the County below market pricing and sustainability for waste disposal. The County significantly reduced its risks and liabilities with the new agreement while maintaining performance guarantees and monitoring of the facility.

Fairfax County is obligated to deliver a minimum amount of municipal solid waste to CFI known as Guaranteed Annual Tonnage (GAT). Under the original long-term contract it had to deliver 930,750 tons of waste per year including waste from Washington, D.C. and Prince William County. Since the new contract went into effect in February 2016, GAT decreased to 650,000 tons per year. The revised GAT amount does not include waste generated in Washington, D.C., which is approximately 200,000 tons per year.

The expanded Household Hazardous Waste (HHW) program, the three Conditionally Exempt Small Quantity Generator events, rechargeable battery and Compact fluorescent light (CFL) light collections, daily waste collection and other programs continue to remove significant amounts of materials with hazardous properties from the waste stream of the E/RRF. These measures contribute to the facility maintaining a low environmental impact for the amount of waste disposed by County residents.

Performance measures for Solid Waste are displayed at a program-wide level. Please refer to the Solid Waste Management Program Overview in Volume 2 of the [FY 2017 Adopted Budget Plan](#) for those items.

The Energy/Resource Recovery Facility supports the following County Vision Elements:

-  **Maintaining Safe and Caring Communities**
-  **Practicing Environmental Stewardship**
-  **Creating a Culture of Engagement**
-  **Connecting People and Places**

Fund 40160

Energy/Resource Recovery Facility

Budget and Staff Resources

Category	FY 2015 Actual	FY 2016 Adopted	FY 2016 Revised	FY 2017 Advertised	FY 2017 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$937,746	\$1,009,485	\$1,009,485	\$1,017,126	\$1,017,126
Operating Expenses	16,581,591	24,791,786	24,915,214	25,788,423	25,788,423
Capital Equipment	0	0	0	0	0
Total Expenditures	\$17,519,337	\$25,801,271	\$25,924,699	\$26,805,549	\$26,805,549
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	12 / 12	12 / 12	12 / 12	12 / 12	12 / 12
1 Management Analyst III	1	Heavy Equipment Operator	1	Administrative Assistant II	
1 Management Analyst II	1	Administrative Assistant IV	5	Weighmasters	
1 Engineering Technician II	1	Administrative Assistant III			
TOTAL POSITIONS					
12 Positions / 12.0 FTE					

FY 2017 Funding Adjustments

The following funding adjustments from the FY 2016 Adopted Budget Plan are necessary to support the FY 2017 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the budget on April 26, 2016.

- ◆ **Employee Compensation** **\$24,356**
 An increase of \$24,356 in Personnel Services includes \$12,003 for a 1.33 percent market rate adjustment (MRA) for all employees and \$10,026 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2016, as well as \$2,327 for employee pay increases for specific job classes identified in the County's benchmark class survey of comparator jurisdictions.
- ◆ **Other Post-Employment Benefits** **(\$16,715)**
 A decrease of \$16,715 in Personnel Services reflects required adjustments associated with providing Other Post-Employment Benefits (OPEBs) to retirees, including the Retiree Health benefits Subsidy. For more information on Other Post-Employment Benefits, please refer to Fund 73030, OPEB Trust Fund, in Volume 2 of the FY 2017 Adopted Budget Plan.
- ◆ **Operating Expenses** **\$996,637**
 An increase of \$996,637 in Operating Expenses is associated with a new Waste Disposal Agreement between Covanta Fairfax, Inc. and Fairfax County. The new agreement which commenced on February 1, 2016 includes an increase in tipping fee requirements for municipal solid waste and ash disposal. In addition, funding is included for the expanded Household Hazardous Waste (HHW) program.

Fund 40160 Energy/Resource Recovery Facility

Changes to FY 2016 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2016 Revised Budget Plan since passage of the FY 2016 Adopted Budget Plan. Included are all adjustments made as part of the FY 2015 Carryover Review, FY 2016 Third Quarter Review, and all other approved changes through April 30, 2016.

- ◆ **Carryover Adjustments** **\$123,428**
As part of the *FY 2015 Carryover Review*, the Board of Supervisors approved encumbered carryover of \$123,428 in Operating Expenses due to contractual services requirements.

Fund 40160

Energy/Resource Recovery Facility

FUND STATEMENT

Fund 40160, Energy/Resource Recovery Facility (E/RRF)

	FY 2015 Actual	FY 2016 Adopted Budget Plan	FY 2016 Revised Budget Plan	FY 2017 Advertised Budget Plan	FY 2017 Adopted Budget Plan
Beginning Balance	\$56,718,645	\$63,865,845	\$66,425,583	\$66,410,045	\$66,410,045
Revenue:					
Disposal Revenue ¹	\$27,003,224	\$25,112,350	\$25,112,350	\$18,871,000	\$18,871,000
Interest on Investments	58,840	53,811	53,811	53,811	53,811
Miscellaneous ²	206,211	792,000	792,000	792,000	792,000
Total Revenue	\$27,268,275	\$25,958,161	\$25,958,161	\$19,716,811	\$19,716,811
Total Available	\$83,986,920	\$89,824,006	\$92,383,744	\$86,126,856	\$86,126,856
Expenditures:					
Personnel Services	\$937,746	\$1,009,485	\$1,009,485	\$1,017,126	\$1,017,126
Operating Expenses ³	16,581,591	24,791,786	24,915,214	25,788,423	25,788,423
Total Expenditures	\$17,519,337	\$25,801,271	\$25,924,699	\$26,805,549	\$26,805,549
Transfers Out:					
General Fund (10001) ⁴	\$42,000	\$49,000	\$49,000	\$49,000	\$49,000
Total Transfers Out:	\$42,000	\$49,000	\$49,000	\$49,000	\$49,000
Total Disbursements	\$17,561,337	\$25,850,271	\$25,973,699	\$26,854,549	\$26,854,549
Ending Balance⁵	\$66,425,583	\$63,973,735	\$66,410,045	\$59,272,307	\$59,272,307
Tipping Fee Reserve ⁶	\$1,500,000	\$1,500,000	\$1,500,000	\$0	\$0
Rate Stabilization Reserve ⁷	51,356,555	51,473,735	53,910,045	48,272,307	48,272,307
Operations and Maintenance Reserve ⁸	13,569,028	11,000,000	11,000,000	11,000,000	11,000,000
Unreserved Ending Balance	\$0	\$0	\$0	\$0	\$0
Disposal Rate/Ton	\$29	\$29	\$29	\$29	\$29

¹ The decrease in FY 2016 and FY 2017 revenue reflects lower disposal tonnage associated with the new Waste Disposal Agreement (WDA). The fund is absorbing the reduction through use of balance.

² Miscellaneous Revenue is generated by the excess amount that Covanta Fairfax, Inc. (CFI) charges for the disposal of Supplemental Waste.

³ Operating Expenses increase beginning in FY 2016 as a result of the new Waste Disposal Agreement.

⁴ FY 2017 funding in the amount of \$49,000 is transferred to the General Fund to partially offset central support services supported by the General Fund which benefit Fund 40160. These indirect costs include support services such as Human Resources, Purchasing, Budget and other administrative services.

⁵ Ending balance fluctuations are a result of operating and revenue requirements that change annually. Funding is carried forward each fiscal year to provide flexibility given the uncertainty of market conditions, tipping fee negotiations, and expenditure requirements.

⁶ The Tipping Fee Reserve is used to buffer against sharp annual changes in tipping fees. Potential changes could result from issues such as tax changes regarding energy sales, power deregulation, state or EPA environmental fees, and/or contract changes. Beginning in FY 2017, the remaining balance in this reserve is being redirected to the Rate Stabilization Reserve to help address the new Waste Disposal Agreement.

⁷ The Rate Stabilization Reserve (RSR) is maintained in order to safeguard against significant increases in tipping fees charged to users of the E/RRF. Starting in FY 2016, and especially in FY 2017 and future years, this reserve will begin being used as a result of the new Waste Disposal Agreement that impacts both revenues received and expenditures required in this fund.

⁸ The Operations and Maintenance Reserve is maintained for ongoing improvements and enhancements to the E/RRF including emissions control efforts. Future projects may include additional retrofits to the air pollution control systems for reductions in nitrogen oxides. The reserve will fund the County's share of the initial capital expenditures on the improvements, future uses would include end-of-lease site management.