

FUND STATEMENT¹

Fund 40150, Refuse Disposal

	FY 2017 Estimate	FY 2017 Actual	Increase (Decrease) (Col. 2-1)	FY 2018 Adopted Budget Plan	FY 2018 Revised Budget Plan ²	Increase (Decrease) (Col. 5-4)
Beginning Balance	\$13,427,450	\$13,427,450	\$0	\$65,248,548	\$76,567,190	\$11,318,642
Revenue:						
Interest on Investment	\$4,791	\$86,626	\$81,835	\$135,105	\$135,105	\$0
Refuse Disposal Revenue	24,345,283	33,339,459	8,994,176	48,468,000	48,468,000	0
Other Revenue:						
White Goods	800,000	616,141	(183,859)	700,000	700,000	0
Rent of Equipment, Space	300,000	0	(300,000)	232,400	232,400	0
Sale of Equipment and Salvages	66,000	296,845	230,845	200,000	200,000	0
Licensing Fees	78,840	86,895	8,055	78,840	78,840	0
Miscellaneous	300,000	437,409	137,409	614,000	614,000	0
Subtotal	\$1,544,840	\$1,437,290	(\$107,550)	\$1,825,240	\$1,825,240	\$0
Total Revenue	\$25,894,914	\$34,863,375	\$8,968,461	\$50,428,345	\$50,428,345	\$0
Total Available	\$39,322,364	\$48,290,825	\$8,968,461	\$115,676,893	\$126,995,535	\$11,318,642
Expenditures:						
Personnel Services	\$12,528,621	\$12,083,474	(\$445,147)	\$13,256,785	\$13,256,785	\$0
Operating Expenses ³	12,419,852	11,225,545	(1,194,307)	38,925,495	39,255,393	329,898
Capital Equipment	585,000	86,878	(498,122)	1,430,000	1,575,433	145,433
Recovered Costs ³	(98,380)	(93,994)	4,386	(97,505)	(97,505)	0
Capital Projects	3,678,624	242,042	(3,436,582)	0	3,436,582	3,436,582
Total Expenditures	\$29,113,717	\$23,543,945	(\$5,569,772)	\$53,514,775	\$57,426,688	\$3,911,913
Transfers Out:						
General Fund (10001) ⁴	\$577,000	\$577,000	\$0	\$626,000	\$626,000	\$0
Total Transfers Out	\$577,000	\$577,000	\$0	\$626,000	\$626,000	\$0
Total Disbursements	\$29,690,717	\$24,120,945	(\$5,569,772)	\$54,140,775	\$58,052,688	\$3,911,913
Ending Balance⁵	\$9,631,647	\$24,169,880	\$14,538,233	\$61,536,118	\$68,942,847	\$7,406,729
Reserves:						
Capital Equipment Reserve ⁶	\$1,000,000	\$1,000,000	\$0	\$1,000,000	\$1,000,000	\$0
Operating Reserve ⁷	3,632,313	12,169,880	8,537,567	8,536,118	9,942,847	1,406,729
Rate Stabilization Reserve ⁸	0	0	0	47,000,000	47,000,000	0
Environmental Reserve ⁹	1,000,000	1,000,000	0	1,000,000	1,000,000	0
Construction and Infrastructure Reserve ¹⁰	3,999,334	10,000,000	6,000,666	4,000,000	10,000,000	6,000,000
Unreserved Balance	\$0	\$0	\$0	\$0	\$0	\$0
System Disposal Rate/Ton ¹¹	\$62	\$62	\$0	\$64	\$64	\$0
Discounted Disposal Rate/Ton ¹²	\$58	\$58	\$0	\$60	\$60	\$0

¹ As part of the FY 2018 Adopted Budget Plan, Fund 40160, Energy/Resource Recovery Facility, is being consolidated into Fund 40150, Refuse Disposal, as a result of a reorganization designed to generate efficiencies, maximize operational effectiveness and increase financial transparency. Fund 40160, as part of the Service Agreement, was originally created to manage the unique agreements between Fairfax County and Covanta Fairfax, Inc. These agreements included the County's obligations to maintain the debt service payments issued to fund the original construction of the refuse incineration facility operated by Covanta. The bonds and debt service payments have been retired for several years and the County entered into a new contract with Covanta that became effective on February 2, 2016. This contract is a fee-for-service agreement and is no longer associated with debt service obligations and commitments on the part of the County to contribute to operating and maintenance expenses and capital upgrades at the Covanta facility. Fairfax County's legal and financial requirements under the Service Agreement to Covanta Fairfax, Inc. have been met. Fund 40160 is no longer necessary to pay the contract expenses for waste disposal.

² It should be noted that the *FY 2017 Carryover Review* Ending Balance from Fund 40160, Energy/Resource Recovery Facility, totaling \$52,397,310 is also reflected in the Beginning Balance of the *FY 2018 Revised Budget Plan*.

³ After a thorough analysis of the relationship between Operating Expenses and Recovered Costs within the various SWMP funds, starting in FY 2018 the only charge for administrative overhead costs within the SWMP funds will be incurred in Fund 40130, Leaf Collection, from Fund 40140, Refuse Collection and Recycling Operations, and Fund 40150, Refuse Disposal. This is due to Fund 40130, Leaf Collection, having no full time merit positions and thus a charge for administrative support from the other funds is warranted. In previous years, all SWMP funds billed one another for overhead charges, resulting in largely offsetting amounts of Operating Expenses and Recovered Costs. It should be noted that appropriate administrative overhead costs from outside the SWMP funds (from Agency 25, Business Planning and Support) will be divided between the SWMP funds on a proportional basis.

⁴ Funding of \$626,000 is transferred to the General Fund in FY 2018 to partially offset central support services supported by the General Fund, which benefit Fund 40150. 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 Capital Equipment Reserve provides for the timely replacement of equipment required to operate the I-66 Transfer Station. Proceeds from the sale of equipment as well as a small portion of Refuse Disposal Revenue are used to fund this reserve. The amount fluctuates based on anticipated replacement schedules of the existing fleet of vehicles.

⁷ The Operating Reserve provides funds to react to unanticipated events such as significant changes in waste quantities, increases in contract disposal rates at composting facilities and landfills, increases in fuel costs, significant reductions in revenues, etc. The reserve also acts as a rate stabilization reserve, allowing smooth transition to rate changes minimizing the impact on customers.

⁸ The Rate Stabilization Reserve is maintained in order to safeguard against significant increases in tipping fees charged to users of Fairfax County Solid Waste Management Program. This reserve has been used as a result of the new Waste Disposal Agreement that impacts both revenues received and expenditures required for disposal operations. Starting in FY 2018, this reserve is moved from Fund 40160, Energy/Resource Recovery Facility (E/RRF), to Fund 40150, Refuse Disposal, due to the consolidation of these funds.

⁹ The Environmental Reserve is a contingency fund, assuring that the County has funds to implement unplanned actions to protect the environment or meet regulatory requirements related to the closed landfill at the I-66 Complex. Specific examples of current and future environmental projects are likely to include landfill gas control, groundwater protective measures, stormwater and wastewater management.

¹⁰ The Construction and Infrastructure Reserve provides for future improvements at the I-66 Transfer Station.

¹¹ The FY 2018 System Disposal rate is \$64 per ton.

¹² In August 1998 (FY 1999), Fairfax County implemented a contractual rate discount that was offered to any hauler that guaranteed all of its collected refuse or a specified tonnage amount would be delivered to the Energy/Resource Recovery Facility (E/RRF) or other County disposal sites. The FY 2018 Contract Disposal rate is \$60 per ton in order to meet program requirements, maintain identified reserves and avoid significant increases in rates in the future.