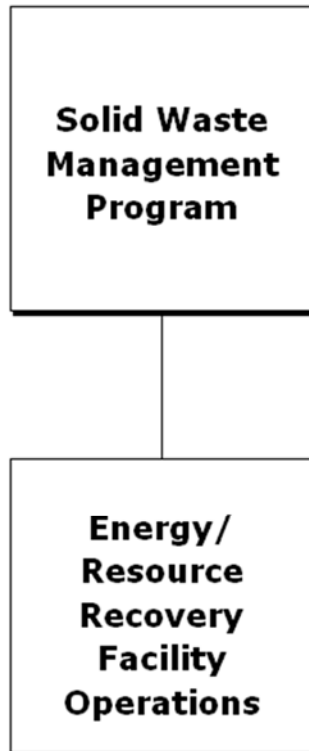


Fund 40160
Energy/Resource Recovery Facility



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.

Fund 40160

Energy/Resource Recovery Facility

Budget and Staff Resources

Category	FY 2016 Actual	FY 2017 Adopted	FY 2017 Revised	FY 2018 Advertised	FY 2018 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$805,169	\$1,017,126	\$1,017,126	\$0	\$0
Operating Expenses	23,392,073	25,788,423	28,801,785	0	0
Capital Equipment	0	0	0	0	0
Total Expenditures	\$24,197,242	\$26,805,549	\$29,818,911	\$0	\$0
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	12 / 12	12 / 12	12 / 12	0 / 0	0 / 0
0 Management Analysts III (-1T)	0	0 Heavy Equipment Operators (-1T)	0	0 Administrative Assistants II (-1T)	
0 Management Analysts II (-1T)	0	0 Administrative Assistants IV (-1T)	0	0 Weighmasters (-5T)	
0 Engineering Technicians II (-1T)	0	0 Administrative Assistants III (-1T)	0		
TOTAL POSITIONS					
0 Positions (-12T) / 0.0 FTE (-12.0T)			T Denotes Transferred Positions		

FY 2018 Funding Adjustments

The following funding adjustments from the FY 2017 Adopted Budget Plan are necessary to support the FY 2018 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 May 2, 2017.

- ◆ **Fund Consolidation** (\$26,805,549)
 Funding of \$26,805,549, including \$1,017,126 in Personnel Services and \$25,788,423 in Operating Expenses, and 12/12.0 FTE positions are being transferred to Fund 40150, Refuse Disposal, based on the consolidation of Fund 40160, Energy/Resource Recovery Facility, and 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.

Fund 40160

Energy/Resource Recovery Facility

Changes to FY 2017 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2017 Revised Budget Plan since passage of the FY 2017 Adopted Budget Plan. Included are all adjustments made as part of the FY 2016 Carryover Review, FY 2017 Third Quarter Review, and all other approved changes through April 30, 2017.

- ◆ **Carryover Adjustments** **\$13,362**
As part of the FY 2016 Carryover Review, the Board of Supervisors approved an increase of \$13,362 due to encumbered carryover in Operating Expenses for consultant/contractual services.

- ◆ **Third Quarter Adjustments** **\$3,000,000**
As part of the FY 2017 Third Quarter Review, the Board of Supervisors approved an increase of \$3,000,000 in Operating Expenses to support projected increases in transportation and disposal costs associated with the February 2, 2017 fire at the Covanta Fairfax Inc. facility. Staff will seek to maximize the amount of insurance reimbursement associated with the fire; however, it should be this reimbursement is not anticipated in FY 2017.

Fund 40160

Energy/Resource Recovery Facility

FUND STATEMENT¹

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

	FY 2016 Actual	FY 2017 Adopted Budget Plan	FY 2017 Revised Budget Plan	FY 2018 Advertised Budget Plan	FY 2018 Adopted Budget Plan
Beginning Balance	\$66,425,583	\$66,410,045	\$65,768,001	\$0	\$0
Revenue:					
Disposal Revenue ²	\$23,217,177	\$18,871,000	\$18,871,000	\$0	\$0
Interest on Investments	371,483	53,811	53,811	0	0
Miscellaneous ³	0	792,000	792,000	0	0
Total Revenue	\$23,588,660	\$19,716,811	\$19,716,811	\$0	\$0
Total Available	\$90,014,243	\$86,126,856	\$85,484,812	\$0	\$0
Expenditures:					
Personnel Services	\$805,169	\$1,017,126	\$1,017,126	\$0	\$0
Operating Expenses ⁴	23,392,073	25,788,423	28,801,785	0	0
Total Expenditures	\$24,197,242	\$26,805,549	\$29,818,911	\$0	\$0
Transfers Out:					
General Fund (10001) ⁵	\$49,000	\$49,000	\$49,000	\$0	\$0
Total Transfers Out:	\$49,000	\$49,000	\$49,000	\$0	\$0
Total Disbursements	\$24,246,242	\$26,854,549	\$29,867,911	\$0	\$0
Ending Balance⁶	\$65,768,001	\$59,272,307	\$55,616,901	\$0	\$0
Tipping Fee Reserve ⁷	\$1,500,000	\$0	\$0	\$0	\$0
Rate Stabilization Reserve ⁸	53,268,001	48,272,307	47,616,901	0	0
Operations and Maintenance Reserve ⁹	11,000,000	11,000,000	8,000,000	0	0
Unreserved Ending Balance	\$0	\$0	\$0	\$0	\$0
Disposal Rate/Ton	\$29	\$29	\$29	\$0	\$0

Fund 40160

Energy/Resource Recovery Facility

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 The decrease in FY 2017 revenue reflected lower disposal tonnage associated with the new Waste Disposal Agreement (WDA). The fund absorbed the reduction through use of available balance.

³ Miscellaneous revenue was generated by the excess amount that Covanta Fairfax, Inc. (CFI) charged for the disposal of Supplemental Waste.

⁴ Operating Expenses increased in FY 2016 as a result of the new Waste Disposal Agreement. In addition, Operating Expenses were increased as part of the *FY 2017 Third Quarter Review* to support projected increases in transportation and disposal costs associated with the February 2, 2017 fire at the Covanta facility.

⁵ FY 2017 funding in the amount of \$49,000 was 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.

⁶ Ending balance fluctuations were a result of operating and revenue requirements that changed annually. Funding was carried forward each fiscal year to provide flexibility given the uncertainty of market conditions, tipping fee negotiations, and expenditure requirements.

⁷ The Tipping Fee Reserve was 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. In FY 2017, the remaining balance in this reserve was redirected to the Rate Stabilization Reserve to help address the new Waste Disposal Agreement.

⁸ The Rate Stabilization Reserve (RSR) was maintained in order to safeguard against significant increases in tipping fees charged to users of the E/RRF. Starting in FY 2018, this reserve will be part of the consolidated Fund 40150, Refuse Disposal.

⁹ The Operations and Maintenance Reserve was maintained for ongoing improvements and enhancements to the E/RRF, including emissions control efforts.