



## ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item  
Meeting of February 11, 2012**

**DATE:** January 31, 2012

**SUBJECT:** Appropriation of fund balance to the Waste Disposal Trust Fund.

**C. M. RECOMMENDATION:**

Appropriate \$550,000 from fund balance to the General Fund Non-Departmental account (101.91102) to provide resources for the Waste Disposal Trust Fund.

**ISSUES:** Funds have been set-aside by the County Board in fund balance to provide for Waste Disposal Trust Fund costs. No issues have been identified.

**SUMMARY:** Appropriation of these funds will satisfy a portion of the shortfall anticipated in the Waste Disposal Trust Fund. Sixty percent (60%) of the shortfall in the Fund will be met by Arlington County, and the balance by the City of Alexandria.

**BACKGROUND:** By an agreement between the City of Alexandria and Arlington County dated October 1, 1985, and amended twice since then, funds have been set aside to meet expenditures for waste disposal at the waste-to-energy plant located at 5301 Eisenhower Avenue in Alexandria.

**DISCUSSION:** On January 1, 2008, when the Series 1998 A bonds matured (these bonds financed the initial construction of the waste-to-energy plant), the Trust Fund received a payment of \$10,691,000 per the terms of the service agreement between the Jurisdictions (Arlington and Alexandria) and Covanta, owner of the plant. This payment was intended to allow the Trust Fund to remain viable until the end of the current waste disposal agreement term (January 1, 2013). The Trust Fund provides for:

- Amounts for tip fee differentials paid to the owner of the plant to meet guarantees related to commercial haulers' tonnages delivered. The trustees have agreed to pay the differentials to ensure that the Jurisdictions meet the 225,000 tons annual "put or pay" requirement under the agreement that expires on January 1, 2013.

County Manager:

*BMD/mjs*

County Attorney:

*[Signature]*

Staff: Richard Stephenson, DMF

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- Fees for an independent public accountant to audit the annual financial statements.
- Expenses incurred for management and administration of the trust fund, including payments to the Fund's counsel and advisors and expenses incurred for professional engineering services to provide monthly inspections of the facility.

The projections made in 2008 underestimated costs to the Trust Fund for the remaining five years of the current operating agreement. In 2010, the tipping fees paid by outside haulers (Potomac Disposal Service and AAA) were unexpectedly lowered, and the differential paid by the Trust Fund increased. Potomac Disposal Service, the largest of the two outside haulers declared bankruptcy and was able to abrogate their contract. Market conditions forced new contract negotiations with AAA, Covanta, and the jurisdictions. The result was a lower tipping fee (\$49/ton) than the previous two contracts had in place (\$57/ton).

As of February 1, 2012, the Trust Fund is estimated to have a negative balance of close to \$2.9 million by the end of term on December 31, 2012. As written, the Trust Fund agreement requires Arlington to meet 60% of the costs of the Trust Fund.

Aware of the impending shortfall in the Trust Fund, the County Board has set aside funding over the past two years in closeout actions. These funds, totaling \$550,000, have been carried in fund balance.

**FISCAL IMPACT:** Additional funding requirements for the Solid Waste Trust Fund have been known by the County Board for over two years. Over the last two years the County Board has set money aside at the close-out of fiscal years 2010 and 2011 to address the out year funding commitment to the Solid Waste Trust Fund. A 60% share of the shortfall requires close to \$1.7 million in funds. The \$550,000 added by this Board action should provide funds through the end of this fiscal year. The County Manager will seek additional funds to meet the shortfall as part of upcoming budget actions by the Board, whether at budget adoption in April or at closeout of the FY 2012 budget.