



ARLINGTON COUNTY, VIRGINIA

Solid Waste Authority Agenda Item Meeting of November 17, 2012

DATE: October 30, 2012

SUBJECT: Arlington Solid Waste Authority (ASWA) transfer of year-end trust fund balances to the Arlington County and City of Alexandria general funds.

C. M. RECOMMENDATION: Authorize transfer of year-end (as of December 31, 2012) waste-to-energy trust fund balances to the City and County's general funds.

ISSUES: Arlington Solid Waste Authority approval is needed to transfer year-end balances from the waste-to-energy trust fund to the City and County's general funds. A new Interjurisdictional Joint Action Agreement with the City of Alexandria has been approved by the Arlington County Board and is being approved by the Alexandria City Council for the supervision and oversight of the waste-to-energy (WTE) facility during the merchant era (2013 to 2025), which may be extended to 2038 by the County and the City (collectively, the Jurisdictions), if they so choose at a later time. Because a new trust fund is being created by the Jurisdictions, transfer of existing balances from the Authorities to the Jurisdictions (and ultimately to the new trust fund) is necessary.

SUMMARY: On October 1, 1985, an Amended and Restated Interlocal Joint Enterprise Agreement ("Joint Enterprise Agreement") was entered into between the Alexandria Sanitation Authority and the Arlington Solid Waste Authority to manage the joint control of the waste disposal facility and capital contributions. On that same date an Amended and Restated Waste Disposal Trust Fund Cooperative Agreement ("Cooperative Agreement") was entered into between the Jurisdictions. On January 24, 2012, the County Board authorized the County Manager to execute a new Waste Disposal and Service Agreement between Arlington and Alexandria and the contract service provider Covanta Alexandria/Arlington, Inc. Alexandria and Arlington staffs have jointly developed a new interjurisdictional trust fund agreement that supersedes the 1985 Cooperative Agreement and is being approved by the Jurisdictions' governing bodies. The new interjurisdictional agreement requires funding to "seed" the trust fund for its program needs, and a portion of the existing Trust Fund is to be allocated for those purposes. Hence this action, which provides for the transfer of year-end surpluses held by the Authorities in trust to the new trust fund. Any remaining funds will be distributed to the Jurisdictions based on the formula in the Cooperative Agreement of October 1985.

County Manager:

BMD/mjs

County Attorney:

[Signature]

BRC

Staff: Carl Newby, Department of Environmental Services

BACKGROUND: On December 1, 1984, an Interlocal Joint Enterprise Agreement was entered into between the Alexandria Sanitation Authority and the ASWA (together, the “Authorities”) for the supervision and oversight of the construction and operation of the facility located at 5301 Eisenhower Avenue, Alexandria, Virginia. A Joint Enterprise, referred to as the Alexandria/Arlington Resource Recovery Corporation, was formed to design, construct, equip, test and operate a solid waste disposal facility having an installed capacity of 975 tons per day of mixed municipal solid waste.

In October 1985, the Amended and Restated Waste Disposal Trust Fund Cooperative Agreement was entered into between the City of Alexandria and Arlington County to manage the relationship and shared funds between the Jurisdictions associated with solid waste disposal. Separately and on the same date the Interlocal Joint Enterprise Agreement was entered into between the Authorities to manage the joint control of the waste disposal facility and capital contributions.

A contractor, now known as Covanta Alexandria/Arlington, Inc. (the Company), was hired to provide waste disposal services through January 1, 2013, pursuant to an Amended and Restated Facility Construction and Operation Agreement dated as of October 1, 1985, as amended (the “Facility Agreement”), by and among the Company, the Authorities and the City and County.

The facility site is leased to the Company for a term of 40 years pursuant to an Amended and Restated Original Site Lease dated as of October 1, 1985, as amended, among the Jurisdictions, Authorities, and Company.

At the County Board’s recessed meeting on January 24, 2012, the County Board authorized the County Manager to execute a new Waste Disposal and Service Agreement among Arlington, Alexandria and Covanta Alexandria/Arlington, Inc. (see Board Agenda item 42 of that date). The new Waste Disposal and Service Agreement requires new annual actions from the jurisdictions, as well as establishes contract and lease extension options not contemplated in the 1985 Joint Enterprise Agreement. Alexandria and Arlington staffs have jointly developed the single new Interjurisdictional Joint Action Agreement. That Agreement includes a new financial relationship and joint trust fund where each Jurisdiction annually budgets for expenses through its normal budget processes.

DISCUSSION: The new inter-local agreement for supervision and oversight of the WTE facility approved by the Arlington County Board and under consideration by the City of Alexandria has been created to comprehensively support the needs of the two jurisdictions’ contractual relationships with Covanta and with each other. As part of the cessation of the 1985 Cooperative Agreement and its related trust fund and the commencement of the new Interjurisdictional Agreement and its related trust fund, the Jurisdictions’ staffs noted that there are monies held in trust by the Authorities for the WTE facility that should be held instead in the new trust fund established by the Jurisdictions. With this action, the ASWA will ensure the transfer of year-end (on December 31, 2012) balances held by the Authorities to the new fund.

FISCAL IMPACT:

In a related County Board action, the existing Trust Fund relationship between Arlington and Alexandria is being dissolved and a new trust fund is established via the County Board and City Council's approval of the new Interjurisdictional Joint Action Agreement.