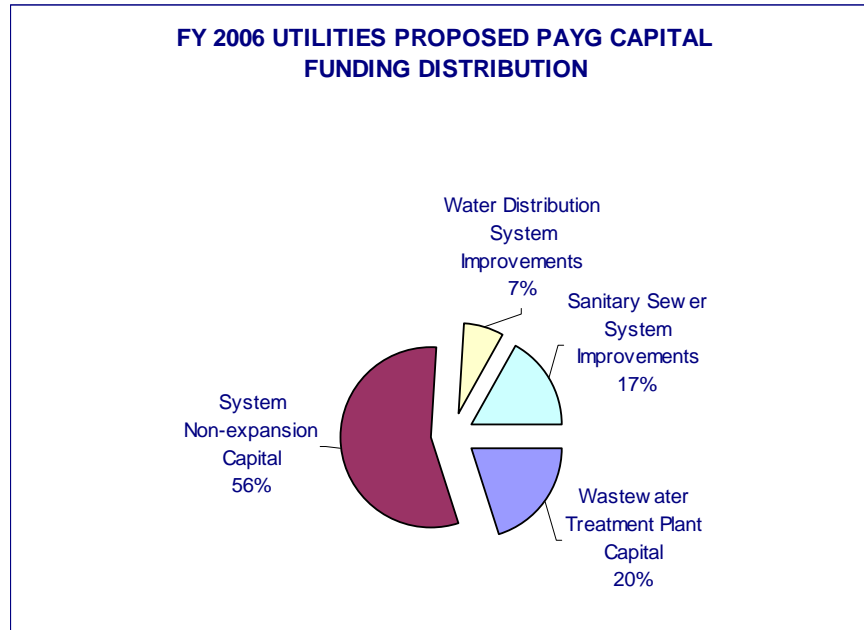


UTILITY CAPITAL PROJECTS FUND

The Department of Environmental Services is responsible for managing the Utilities Fund which includes providing water and maintaining a water distribution system, a sewage collection system, and a wastewater treatment plant. The Proposed FY 2006 Utility Fund PAYG Budget Summary, program budget appropriation distribution graph, project descriptions, and fund statement are included on the following pages.



FY 2006 Proposed PAYG Budget Summary (\$ in 000's)

PROGRAM CATEGORY	AMOUNT
Utilities	
Water Distribution System Improvements	\$1,000
Sanitary Sewer System Improvements	2,300
Wastewater Treatment Plant Capital	2,630
System Non-Expansion Capital	7,610
Total Project Cost	\$13,540
Less: Hook-Up Fees & Other Revenue	3,595
Net Utilities Funds Support	\$9,945

UTILITY CAPITAL PROJECTS FUND

FY 2006 PROPOSED UTILITIES BUDGET

Water Distribution System Improvements (Expansion) \$1,000,000

The water main projects in this program are designed to improve overall capacity or operation of the water distribution system. These projects are part of the Water Master Plan. Funding for these projects is generated from hook-up fees charged to new users who increase demands on the water distribution system. In FY 2006, projects include:

- Improvements for Development (\$200,000)
- N. Harrison St. – North and West Reservoir systems connection (\$800,000)
- ❖ Fiscal Impact - Capital maintenance, replacement or upgrade program – no increase to FY 2006 operating costs.

Sanitary Sewer System Improvements (Expansion) \$2,300,000

The sanitary sewer improvements proposed are intended to provide additional capacity to existing sanitary sewer lines to accommodate new development in Arlington County. These projects were identified in the recently updated Sanitary Sewer Master Plan. Funding for this program is generated from hook-up fees charged to new users who increase demands on the sewer system. The FY 2006 projects include:

- Infiltration and Inflow (I &I) program (\$1,200,000)
- Four Mile Run Junction Chambers (\$350,000)
- Potomac Interceptor Phase 2 (\$650,000)
- Improvements for Development related projects (\$50,000)
- Stub Elimination Program (\$50,000)
- ❖ Fiscal Impact - Capital maintenance, replacement or upgrade program – no increase to FY 2006 operating costs.

Wastewater Treatment Plant Improvements (Non-Expansion) \$2,630,000

Water Pollution Control Plant Non-expansion Capital Program. The non-expansion capital program provides for the annual repair, replacement and upgrade of current equipment and infrastructure at the Plant and lift stations. Major program components include refurbishing or replacing equipment to prevent premature failure, infrastructure improvements and automating treatment processes to increase operational efficiency, reliability, and redundancy. Non-expansion capital, in conjunction with daily plant operations and the ongoing expansion capital program, ensures continued operations and compliance with the Virginia Pollution Discharge Elimination System (VPDES) Permit. The program is completely funded through the Utilities Fund with no General Fund impact. Additionally, studies of alternative treatment processes to increase efficiency and reduce environmental impact are funded through this program. (\$1,630,000)

Blue Plains Plant Capital The District of Columbia Water and Sewer Authority (WASA) Blue Plains Plant processes a portion of Arlington County's sewage after transmission through Fairfax County mains. The Water Pollution Control Division capital program funds Arlington's annual payment through Fairfax County to the Blue Plains Plant for capital improvements. Payment is due under the terms of the October 3, 1994 Sewage Conveyance, Treatment, and Disposal Agreement with Fairfax County. Payment is made through the Utilities Fund PAYG process and has no impact on the General Fund. (\$1,000,000)

- ❖ Fiscal Impact - Capital maintenance, replacement or upgrade program – no increase to FY 2006 operating costs.

UTILITY CAPITAL PROJECTS FUND

System Non-Expansion Capital

\$7,610,000

Projects that do not provide system expansion are not eligible for hook-up fee funding. The funding for these projects comes from a transfer from the Utilities Operating Fund, which is an enterprise fund. The revenues for this enterprise fund are derived primarily from water/sewer rates (based on consumption), water service connection fees, and other fees for services.

The following projects and programs are planned to rehabilitate existing water mains. This funding continues ongoing capital maintenance programs:

- Four-inch and smaller water main replacement program (\$150,000)
- Cleaning and Re-lining projects (\$750,000)
- Large diameter water main rehabilitation (\$400,000)
- Large water valve rehabilitation and replacement (\$150,000)
- Emergency water main breaks and un-planned non-expansion water renovations (\$250,000)
- Non expansion Inflow and Infiltration Sanitary Sewer capital repairs and replacements (\$900,000)
- Washington Aqueduct capital annual payment (\$3,510,000) for capital improvements to their infrastructure. The County pays approximately 16% share for this regional facility.
- Automated Meter Reading (\$1,500,000)

- ❖ Fiscal Impact - Capital maintenance, replacement or upgrade program – no increase to FY 2006 operating costs.

TOTAL UTILITIES BUDGET

\$13,540,000

UTILITY CAPITAL PROJECTS FUND

UTILITIES CAPITAL PROJECTS FUND STATEMENT

	FY 2004 ACTUAL	FY 2005 ADOPTED	FY 2006 PROPOSED
ADJUSTED BALANCE, JULY 1	\$ 30,117,201	\$ 32,680,943	\$ -
REVENUES:			
Hook-Up Fees - Current Period	3,575,011	2,500,000	3,000,000
Sewage Treatment Service Charges	2,337,076	773,000	294,667
Interest	342,176	390,000	100,000
Miscellaneous Revenue	(360)		
Project Revenue	9,268		
VRA & Interim Loan Proceeds	14,949,767		
Commonwealth of Virginia - State Aid	470,845		
Transfer In from Utilities Operating Fund	4,270,155	6,963,467	9,945,333
Designated Fund Balance	-	-	200,000
TOTAL REVENUES AND TRANSFERS IN	25,953,938	10,626,467	13,540,000
TOTAL BALANCE, REVENUE AND TRANSFERS IN	\$ 56,071,139	\$ 43,307,410	\$ 13,540,000
EXPENDITURES:			
Capital Projects -Current Year	23,390,196	10,626,467	13,540,000
Capital Projects -Carryover	-	32,680,943	-
TOTAL CAPITAL EXPENSES:	\$ 23,390,196	\$ 43,307,410	\$ 13,540,000
BALANCE, JUNE 30	\$ 32,680,943	\$ -	\$ -

NOTES:

¹ For illustrative purposes only. Unobligated funds, and some portion of obligated but unexpended funds would exist and be carried over to the next fiscal year.