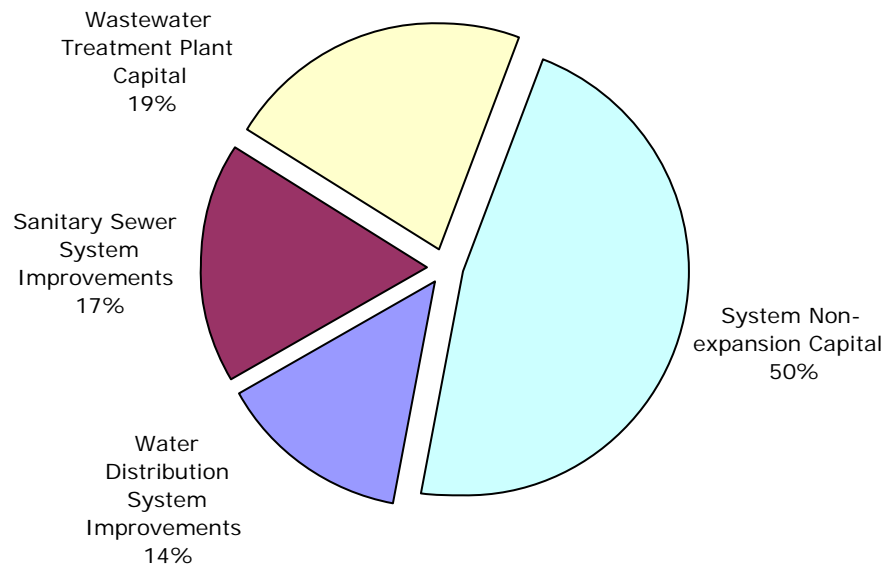


*Our Mission: To provide water and maintain a water distribution system, a sewage collection system, and a wastewater treatment plant*

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 2008 Utility Fund Pay-As-You-Go Budget Summary, program budget appropriation distribution graph, project descriptions, and fund statement are included on the following pages.

**Distribution of Fund Budget**



**FY 2008 PROPOSED PAYG BUDGET SUMMARY**  
(\$ in 000's)

<b>PROGRAM CATEGORY</b>	<b>AMOUNT</b>
<b>UTILITIES</b>	
Water Distribution System Improvements	\$2,000
Sanitary Sewer System Improvements	2,440
Wastewater Treatment Plant Capital	2,775
System Non-Expansion Capital	7,170
<b>Total Project Cost</b>	<b>\$14,385</b>
<b>Less: Hook-Up Fees &amp; Other Revenue</b>	<b>4,860</b>
<b>Net Utilities Funds Support</b>	<b>\$9,525</b>

Note: Other revenue includes non-expansion Interjurisdictional revenue of \$360K.

**FY 2008 PROPOSED UTILITIES BUDGET**

**Water Distribution System Improvements (Expansion) \$2,000,000**

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 fees charged to new users who increase demands on the water distribution system. In FY 2008, projects include:

- Improvements for Development (\$200,000)
- Fort Barnard Pumping Station (\$1,800,000)
  - Fiscal Impact - Capital maintenance, replacement or upgrade program – no increase to FY 2008 operating costs.

**Sanitary Sewer System Improvements (Expansion) \$2,440,000**

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 fees charged to new users who increase demands on the sewer system. The FY 2008 projects include:

- Infiltration and Inflow (I & I) program (\$950,000)
- Potomac Interceptor Phase 2 (\$1,000,000)
- Potomac Interceptor Phase 3 (\$300,000)
- Improvements for development-related projects (\$50,000)
- Stub Elimination Program (\$50,000)

- North Sycamore Street (\$30,000)
  - Bon Air Park (\$20,000)
  - Spout Run (\$20,000)
  - North Meade Street at Arlington Boulevard (\$20,000)
- Fiscal Impact - Capital maintenance, replacement or upgrade program – no increase to FY 2008 operating costs.

**Wastewater Treatment Plant Improvements (Non-Expansion) \$2,775,000**

- **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. (\$2,025,000)
  
  - **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 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. (\$750,000)
- Fiscal Impact - Capital maintenance, replacement or upgrade program – no increase to FY 2008 operating costs.

**System Non-Expansion Capital \$7,170,000**

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 and sewer utility billings.

The following projects and programs are planned to replace and rehabilitate existing water and sewer mains and valves and to pay for the County’s share of planned capital improvements at the Washington Aqueduct.

- Four-inch and smaller water main replacement program (\$150,000)
- Cleaning and re-lining projects (\$750,000)
- Large diameter water main rehabilitation (\$450,000)

- Large diameter sewer rehabilitation (\$250,000)
- Large water valve rehabilitation and replacement (\$150,000)
- Emergency water main breaks and un-planned non-expansion water renovations (\$300,000)
- Non-expansion inflow and infiltration sanitary sewer capital repairs and replacements (\$1,100,000)
- Water pumping station maintenance (\$50,000)
- South Glebe Road water main replacement from Long Branch to Arlington Ridge Road (\$100,000)
- Water tank rehabilitation program (\$500,000)
- Sewer force main replacement for Donaldson Run, Gulf Run, and Windy Run Lift Stations (\$200,000)
- Capital improvements at the Washington Aqueduct (\$3,170,000), from which the County purchases drinking water. The County pays approximately a 16% share of total capital costs for this facility
  - Fiscal Impact - Capital maintenance, replacement or upgrade program – no increase to FY 2008 operating costs.

**TOTAL UTILITIES BUDGET**

**\$14,385,000**

**Hook-Up Fee Revenue (Infrastructure Availability Fee)**

As noted earlier, a significant portion of Utilities Capital Pay-As-You-Go projects are funded with water / sewer hook-up fees. These fees are charged to developers for the capital costs associated with adding new demand on the water and sewer systems and the amount of the fee is based on the number of drainage fixture units (DFU) added to the system.

Hook-up fee / IAF fee revenues are reflected in the fund statement shown below. It should be noted that actual fee collections vary significantly based on development trends and new building starts in the County. Fiscal year 2006 collections reflect an all-time high in hook-up fee collections due to the extensive amount of development occurring in the County. The proposed FY 2008 budget is a conservative estimate given the volatility of development-based revenues, and reflects a modest increase from historical average collections of \$3 to \$4 million.

This fee has not been updated since 1997, and does not currently recover all appropriate capital costs. The County recently completed a two-year review of this fee and is proposing a 41 percent increase to \$164 / DFU. Other proposed changes include changing the name of the fee to "Infrastructure Availability Fee" (IAF) and modifying the allowable usage of fee revenues to non-expansion as well as expansion projects. Even with this proposed increase, the County's hook-up fees will remain well below those of other large, neighboring jurisdictions.

**UTILITIES CAPITAL PROJECTS FUND STATEMENT**

	FY 2006 ACTUAL	FY 2007 REVISED	FY 2008 PROPOSED
<b>ADJUSTED BALANCE, JULY 1</b>	<b>\$ 36,034,047</b>	<b>\$ 36,595,487</b>	<b>\$ -</b>
REVENUES:			
Hook-Up Fees - Current Period	6,473,343	4,300,000	4,325,000
Sewage Treatment Service Charges	512,304	295,000	360,000
Interest	387,172	140,000	175,000
VRA & Interim Loan Proceeds	7,364,605	-	-
Commonwealth of Virginia - State Aid	363,009	-	-
<b>TOTAL REVENUE</b>	<b>15,100,433</b>	<b>4,735,000</b>	<b>4,860,000</b>
Transfers In (Out):			
Transfer In from Utilities Operating Fund	9,945,333	9,316,000	9,525,000
<b>TOTAL TRANSFERS IN</b>	<b>9,945,333</b>	<b>9,316,000</b>	<b>9,525,000</b>
<b>TOTAL BALANCE, REVENUES AND TRANSFERS IN</b>	<b>61,079,813</b>	<b>50,646,487</b>	<b>14,385,000</b>
EXPENDITURES:			
Capital Projects -Current Year	24,484,326	14,051,000	14,385,000
Capital Projects -Carry-Over <sup>1</sup>	-	36,595,487	-
<b>TOTAL CAPITAL EXPENDITURES:</b>	<b>24,484,326</b>	<b>50,646,487</b>	<b>14,385,000</b>
<b>BALANCE, JUNE 30</b>	<b>\$ 36,595,487</b>	<b>\$ -</b>	<b>\$ -</b>

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.

