

**CITY OF ALEXANDRIA, VIRGINIA
SANITATION AUTHORITY**

WATER RESOURCES WORKS

PRELIMINARY DRAFT BUDGET

Fiscal Year October 1, 2011 – September 30, 2012

Presented May 17, 2011



**ALEXANDRIA SANITATION AUTHORITY
ANNUAL BUDGET**

Fiscal Year Ending
September 30, 2012

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GENERAL MANAGER'S MESSAGE

May 17, 2011

To the Alexandria Sanitation Authority Board of Directors:

I respectfully submit to you the Proposed Fiscal Year 2012 Operating Budget and Proposed Fiscal Year 2012 Capital Improvement Program. The responsibility of preparing a fair and balanced budget during these evolving economic times, while maintaining exemplary environmental performance for our citizens, was a challenging endeavor. The need to meet new fiscal policies while enhancing our transparency is reflected in this budget. We sought to focus on fulfilling our strategic priorities while insuring continued successes.

This budget continues my vision to position ASA as the leader amongst the resource recovery facilities in our nation. A responsible and progressive approach to utilizing our limited resources is to make determined strategic investments in our people, our infrastructure and our future through partnerships and research while continuing to identify and leverage our operational efficiencies through our certified plant wide environmental management system. We continue to do more with less, like so many in our community and around our nation.

We continue to build a better ASA. This coming year, we will complete work on enhancing our supplemental carbon facilities as part of needed infrastructure improvements for lowering nitrogen discharges. We will break ground on a new biological reactor basin as well as our state of the art centrate pretreatment facility, the first to be built in the US and utilizing technology developed in Europe. This facility will not only help manage our nitrogen discharges, it will do it in a more sustainable way, utilizing less chemical addition and less energy than conventional removal technologies.

The proposed operating budget is balanced using revenues generated through an already approved rate revenue increase of 9% to the users. Fairfax County is assessed charges based on actual usage of facilities by flow as well as a CIP and renewal program charge of 60% of total costs. The overall budget contains numerous cost savings garnered through efficiencies, especially in utilities and chemicals.

Our financial reserves continue to grow and are in line with our financial policies. We are targeting new debt issuances within the next 18 months. This is driven by timing of approvals for our State-of-the-Art Nitrogen Upgrade Program Nutrient Management Facility work on our newly acquired west tract. This budget and its forecasts strategically incorporate the use of our working reserves to meet our requirements of pay as you go capital funding of up to 15% over the forecasted period.

In closing, I extend my sincere gratitude to everyone who had input into this budget process. ASA has made significant progress in the last five years in becoming the leading resource recovery business in the metro area. We will continue to strive to be an efficient public service business for our citizens while maintaining our exceptional quality standards that not only protect, but enhance Alexandria's water resources.

I look forward to our continued progress.

Sincerely,

Karen L Pallansch

BUILDING A BETTER AUTHORITY

~ *Our Vision* ~

“Environment and people – the best of both”

~ *Our Mission* ~

The people of ASA are professionals working together to protect the environment for today and tomorrow.

Our purpose is to produce clean, safe water and exceptional quality biosolids with environmental integrity.

ASA accomplishes this purpose through defined strategies and objectives, using boundary conditions determined by our customer’s public trust and our own professional ethics.

Alexandria Sanitation Authority “A Platinum Compliant Business”

OUR STRATEGIES

Work Force	Environmental Leader	Operational Optimization	Community Relationships	Fiscal Responsibility
<p>Maintain and recognize our highly talented, professional employees</p> <p>Use competitive compensation and benefits to be the employer of choice</p>	<p>Be flexible to changing regulations</p> <p>Reduce climate pollution and prepare for climate change efforts</p> <p>Conduct value added research</p>	<p>Preserve and improve Alexandria’s natural resources</p> <p>Be effective in mission execution</p> <p>Enable technology to maximize operations</p>	<p>Encourage Public/Private partnering for successful compliance</p> <p>Increase knowledge of ASA’s mission</p>	<p>Fiscal Management through revenue recovery</p> <p>Manage increasing compliance costs effectively</p>

Well-Managed Water Resources Protection

FY 2012 BUDGET OVERVIEW

The following is an overview of the major elements of the FY 2012 proposed Alexandria Sanitation Authority budget:

Millions of Dollars						
Expenses	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Proposed	\$ Change FY 11/12	% Change FY 11/12
Operating	\$ 21.47	\$ 24.60	\$ 22.03	\$ 22.90	\$ -1.70	-6.9%
Debt Service	10.19	10.74	11.10	11.20	.46	4.3%
General Fund	0.08	2.24	0.09	10.34	8.10	361.6%
IR R	6.72	5.62	4.34	3.77	-1.85	-32.9%
Capital Costs	13.24	8.33	5.83	3.51	-4.82	-57.9%
Joint CIP	17.45	8.65	5.15	32.48	23.83	275.5%
Total	\$ 69.15	\$ 60.18	\$ 48.54	\$ 84.20	\$ 24.02	39.9%

The FY 2012 proposed Authority budget is \$84 million. This represents an increase of 39.9% from the approved FY 2011 budget, driven primarily by substantial capital outlays for our nutrient removal compliance program and the replacement of the Four Mile Run Pump Station.

Authority revenues are expected to increase by \$2.2 million or 4.93%. Of that increase, \$3 million is due to a 9% rate revenue increase, effective October 1, 2011.

Authority operating expenses are projected to decrease \$1.70 million or 6.91%. This decrease is a result of lower energy cost and professional services.

Total capital program funding increased by \$18.3 million or 54.8%. This increase is led by the full implementation of the nutrient removal compliance program construction, replacement of the Four Mile Run Pump Station which has reached the end of its useful life and increased debt service on bonds issued to fund the Alexandria only portion of the compliance related construction projects.

FY 2012 BUDGET OVERVIEW

	FY 2011 Original Budget	Revised Budget	FY 2012 Budget	Forecast FY 2013	Forecast FY 2014	Forecast FY 2015
Financial Policy Compliance -Debt Service						
Gross Revenues Available for Debt Service Coverage:						
Sewage Disposal Charges - Alexandria	\$30,801,000	\$ 31,111,000	\$33,891,000	\$ 36,580,800	\$ 38,387,100	\$ 40,282,500
Fairfax County Operating Expense Charge	11,806,774	10,393,349	11,001,200	11,552,200	12,130,800	12,738,200
Investment Income	183,000	183,000	185,700	190,100	194,620	199,366
Less Restricted Investment Income	(49,000)	(49,000)	(50,100)	(52,600)	(55,220)	(57,966)
Total	\$42,741,774	\$ 41,638,349	\$ 45,027,800	\$ 48,270,500	\$ 50,657,300	\$ 53,162,100
Operating Expenses	\$24,600,000	\$ 22,032,150	\$22,901,250	\$ 24,313,000	\$ 25,248,700	\$ 26,511,300
Net Revenues	\$18,141,774	\$ 19,606,199	\$22,126,550	\$ 23,957,500	\$ 25,408,600	\$ 26,650,800
Annual Debt Service	\$10,743,400	\$ 11,097,713	\$11,204,100	\$ 15,815,600	\$ 15,817,400	\$ 15,820,000
Calculated Debt Coverage	169%	177%	197%	151%	161%	168%
Financial Policy Target	≥140%	≥140%	≥140%	≥140%	≥150%	≥150%

Financial Policy Compliance - Liquidity

Required 120 Days of Current Year Budgeted Expenses

Projected Fund Ending Balance

Difference

	7,633,667	7,633,667	\$ 7,916,433	8,243,900	8,581,133
	7,344,050	7,633,667	7,916,433	8,243,900	8,581,133
	\$ -	\$ -	\$ -	\$ -	\$ -

INTRODUCTION

The budget for the Alexandria Sanitation Authority's Fiscal Year 2012 is presented as follows, pursuant to the Master Indenture of Trust (Master Trust) dated March 15, 1999.

The Authority is a single-purpose body politic and corporate charged with the responsibility to construct, operate, and maintain a sewage disposal system in compliance with state and federal water pollution control laws. Current expenses and capital expenditures are estimates based on experience and judgment related to cost trends, labor, materials and services required to operate and maintain the facilities. The Authority has no options with respect to the level of service it must provide to meet the requirements of the law and no discretionary programs within its assigned scope of activity. The primary purpose of the budget is to ensure the Authority can maintain its mandated level of service and satisfy the requirements of the Master Trust.

The Budget document has been organized in accordance with the "flow of funds" provisions included in the Master Trust. The major divisions of the budget are the:

- ◆ Revenue Fund,
- ◆ Operating Fund,
- ◆ Parity Debt Service Fund,
- ◆ Improvement, Renewal & Replacement (IRR) Fund,
- ◆ General Fund,
- ◆ Project Fund.

A description of each Fund is included with the related budget details in the pages that follow.

The Authority has two major sources of revenue: sewage disposal charges paid by Alexandria customers, and reimbursement of a proportion of expenses from Fairfax County. The County reimburses the Authority under an amended and restated Service Agreement dated October 1, 1998. Under this Agreement, Fairfax County pays a percentage of expenses based upon flow volume. The County also contributes to the Improvement, Renewal & Replacement (IRR) Fund at 60% and Capital Improvement Program (CIP) Project Fund, at the same percentage, to allow for the replacement and rejuvenation of capital assets as they depreciate, as well as asset additions associated with regulatory compliance.

OVERALL BUDGET SUMMARY FY 2012

		Fiscal Year 2011		FY 2012 Budget	Forecast		
		Original Budget	Revised Budget		FY 2013	FY 2014	FY 2015
Beginning Balance - All Funds		\$ 38,570,580	\$ 38,570,580	\$ 40,819,562	\$ 31,423,664	\$ 58,983,360	\$ 44,037,080
Receipts	Fund Source						
Sewage Disposal Charges - Alexandria	Revenue	\$ 30,801,000	\$ 31,111,000	\$ 33,891,000	\$ 36,580,800	\$ 38,387,100	\$ 40,282,500
Fairfax County Operating Expense Charge	Fairfax County	11,806,774	10,393,349	10,866,600	11,253,500	11,708,300	12,175,500
Fairfax County Payment for IRR	Fairfax County	1,987,721	1,987,721	2,038,700	2,068,100	2,171,300	2,310,400
Virginia Resources Authority Bonds - Series 2009	Revenue	2,116,549	1,057,089				
Virginia Resources Authority Bonds - Series 2011	Revenue	2,800,000	1,840,000	8,085,812			
Grants	Revenue	-	122,686				
Bonds	Revenue	-	-		45,000,000	-	-
Fairfax County Payment to Project Fund	Fairfax County	5,190,000	3,090,000	19,485,000	18,840,000	30,300,000	30,900,000
Transfer of Rights	Revenue	-	1,000,000				
Investment Income	All Funds	183,000	183,000	185,700	190,100	194,620	199,366
Total Receipts		<u>\$ 54,885,044</u>	<u>\$ 50,784,845</u>	<u>\$ 74,552,812</u>	<u>\$ 113,932,500</u>	<u>\$ 82,761,320</u>	<u>\$ 85,867,766</u>
Expenditures	Fund Destination						
Current Operating Expenses	Operating	\$ 24,600,000	\$ 22,032,150	\$ 22,901,000	23,749,300	24,731,700	25,743,400
Debt Service - Virginia Resources Authority Bonds	Parity	10,743,400	11,097,713	11,204,100	15,815,600	15,817,400	15,820,000
Debt Service - Line of Credit Interest Payments	General	40,000	90,000	22,500	-	-	-
Line of Credit Cash Defeasance	General	2,200,000	-	10,319,950	-	-	-
Joint Use Improvement, Renewal & Replacemens	IRR	5,616,000	4,342,000	3,525,160	7,822,904	3,693,500	3,028,377
Alexandria Only Capital Costs	General	8,332,000	5,824,000	3,366,000	7,460,000	2,935,000	385,000
Alexandria Only Improvement, Renewal & Replacement	General IRR	-	-	135,000	125,000	30,000	305,000
Joint Capital Improvement Program	Project	8,650,000	5,150,000	32,475,000	31,400,000	50,500,000	51,500,000
Total Expenditures		<u>\$ 60,181,400</u>	<u>\$ 48,535,863</u>	<u>\$ 83,948,710</u>	<u>\$ 86,372,804</u>	<u>\$ 97,707,600</u>	<u>\$ 96,781,777</u>
Expenditures in Excess of Receipts		<u>\$ (5,296,356)</u>	<u>\$ 2,248,982</u>	<u>\$ (9,395,898)</u>	<u>\$ 27,559,696</u>	<u>\$ (14,946,280)</u>	<u>\$ (10,914,011)</u>
Ending Balance - All Funds and Accounts		<u>\$ 33,274,224</u>	<u>\$ 40,819,562</u>	<u>\$ 31,423,664</u>	<u>\$ 58,983,360</u>	<u>\$ 44,037,080</u>	<u>\$ 33,123,069</u>

REVENUE FUND EXPLANATORY NOTES

Under the Master Trust, the Revenue Fund is the depository for all revenues of the Authority. The Authority shall make transfers from the Revenue Fund in the following order of priority:

- I. To the Operating Fund, an amount that will cause the balance on deposit to be equal to one-sixth of the current year's budgeted amount for operating expenses.
- II. To the Parity Debt Service Fund, an amount that will cause the balance on deposit to be sufficient to pay the principal and interest on the respective payment dates.
- III. To the Joint Improvement, Renewal & Replacement Fund (IRR), an amount equal to the Alexandria portion (40%) of the annual calculation of the required contribution to the Fund.
- IV. To the General IRR, an amount equal to 0.5% of the total amount of the annual calculation to the Fund.
- V. To the General Fund, any amount that remains after making the deposits required above.

The following notes provide additional information for the budget:

Beginning Balance:

ASA is required, by banking agreement, to maintain a minimum balance of \$100,000.

Receipts:

Two main sources of income are the sewage disposal charges (fees to City customers) and the Fairfax County contributions to the Operating Fund. The gallonage charge beginning on October 1, 2011, will continue to be \$6.36/1000 gallons used.

In 2010, the Authority adopted a new fixed "Bay Protection Charge" to recover the fixed costs of operations associated with Chesapeake Bay protection requirements. The Bay Protection Charge beginning on October 1, 2011, will be \$16.77 per quarter for residential customers, and a monthly fee for commercial customers based on meter size.

Investment income is expected to be minimal, given today's investment climate.

It is not anticipated that a transfer from the General Fund will be needed.

Disbursements:

As noted above, the Master Trust requires certain monies to be transferred to each Fund to ensure appropriate levels of support.

REVENUE FUND BUDGET FY 2012

	FY 2010 Actual	Fiscal Year 2011		FY 2012 Budget	% Change FY11 to FY12	Forecast		
		Original Budget	Revised Budget			FY 2013	FY 2014	FY 2015
Beginning Balance		\$100,000	\$100,000	\$100,000		\$100,000	\$100,000	\$100,000
Receipts								
Sewage Disposal Charges	\$ 29,829,372	\$ 30,801,000	\$ 31,111,000	\$ 33,891,000	10.03%	\$ 36,580,800	\$ 38,387,100	\$ 40,282,500
Fairfax County - Operating Expense Charge	11,700,771	11,806,774	10,393,349	10,866,600	-7.96%	11,253,500	11,708,300	12,175,500
Fairfax County - IRR	1,793,534	1,987,721	1,987,721	2,038,700	2.56%	2,068,100	2,171,300	2,310,400
Investment Income	4,290	4,000	4,000	4,000	0.00%	4,000	4,000	4,000
Other Income	18,664	-	-	-		-	-	-
Transfer from General Fund	220,242	-	-	-		-	-	-
Total Receipts	\$ 43,566,872	\$ 44,599,495	\$ 43,496,070	\$ 46,800,300	4.93%	\$ 49,906,400	\$ 52,270,700	\$ 54,772,400
Disbursements								
Transfer to Operating Fund	\$ 22,192,424	\$ 24,600,000	\$ 22,032,150	\$ 22,901,000	-6.91%	\$ 23,749,300	\$ 24,731,700	\$ 25,743,400
Transfer to Operating Fund - Financial Policy	-	-	2,809,414	282,417	100.00%	275,166	319,467	328,833
Transfer to Parity Debt Service Fund	10,110,300	9,743,400	9,863,400	11,109,100	14.02%	15,720,600	15,722,400	15,725,000
Transfer to IRR Fund - Fairfax County	1,793,534	1,987,721	1,987,721	2,038,700	2.56%	2,068,100	2,171,300	2,310,400
Transfer to IRR Fund	1,195,420	1,325,148	1,325,148	1,359,200	2.57%	1,378,800	1,447,600	1,540,200
Transfer to IRR General Account (Alex Only)	-	-	-	391,500	100.00%	421,200	442,200	477,000
Transfer to General Fund	8,275,194	6,943,226	5,478,237	8,718,383	25.57%	6,293,234	7,436,033	8,647,567
Total Disbursements	\$ 43,566,872	\$ 44,599,495	\$ 43,496,070	\$ 46,800,300	4.93%	\$ 49,906,400	\$ 52,270,700	\$ 54,772,400
Increase (Decrease) in Fund Balance	\$ 0	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
Ending Balance - All Funds and Accounts		\$ 100,000	\$ 100,000	\$ 100,000		\$ 100,000	\$ 100,000	\$ 100,000

ASA UTILITY RATE CHARGES

QUARTERLY RATE STRUCTURE ⁽¹⁾

Description	Current	FY2012 Effective Oct 1, 2011	FY2013 Effective Oct 1, 2012	FY2014 Forecasted Oct 1, 2013
Gallonge Charge, Per 1,000 Gallons of Water Consumption ⁽²⁾	\$6.36	\$6.36	\$6.36	\$6.69
Account Service Charge, Per Bill Rendered	\$5.27	\$6.02	\$6.78	\$7.12
Residential Bay Protection Charge Per Account	\$8.38	\$16.77	\$25.15	\$26.41
Commercial Bay Protection Charge per Meter ⁽³⁾				
5/8"	\$25.15	\$50.30	\$75.45	\$79.23
3/4"	\$25.15	\$50.30	\$75.45	\$79.23
1"	\$62.87	\$125.74	\$188.62	\$198.08
1-1/2"	\$125.75	\$251.50	\$377.25	\$396.15
2"	\$201.20	\$402.40	\$603.59	\$633.84
3"	\$377.25	\$754.50	\$1,131.74	\$1,188.45
4"	\$628.74	\$1,257.48	\$1,886.23	\$1,980.75

(1) Rates shown reflect charges from the Alexandria Sanitation Authority and do not include any applicable Utility Taxes and Sewer Service Charges or connection fees from the City of Alexandria.

(2) Residential customers are not billed the gallonage charge for quarterly metered water consumption above the greater of either (i) their respective winter quarter average; or (ii) 9,000 gallons.

(3) Commercial charges are shown here on a quarterly basis. Commercial customers billed on a monthly basis would have the quarterly Bay Protection Charge equally distributed per month.

REVENUE FROM FAIRFAX COUNTY FY 2012

Operating Fund Contribution	Fiscal Year 2011			Forecast		
	Original Budget	Revised Budget	FY 2012 Budget	FY 2013	FY 2014	FY 2015
Total Estimated Operating Expenses	\$ 24,600,000	\$ 22,032,150	\$ 22,901,000	\$ 23,749,300	\$ 24,731,700	\$ 25,743,400
Less Estimated "Alexandria Only" Expenses	(2,290,000)	(2,389,000)	(2,365,000)	(2,483,250)	(2,607,413)	(2,737,783)
Net Estimated Joint Operating Expense	<u>22,310,000</u>	<u>19,643,150</u>	<u>20,536,000</u>	<u>21,266,050</u>	<u>22,124,288</u>	<u>23,005,617</u>
Estimated ratio of net County flow to total flow received	53%	53%	53%	53%	53%	53%
Preliminary Estimate of County Share of O&M Expenses	11,824,300	10,410,870	10,884,080	11,271,007	11,725,872	12,192,977
Less charges for Alexandria City flow	(17,526)	(17,526)	(17,526)	(17,526)	(17,526)	(17,526)
Net Fairfax County share of O&M	<u>\$ 11,806,774</u>	<u>\$ 10,393,344</u>	<u>\$ 10,866,600</u>	<u>\$ 11,253,500</u>	<u>\$ 11,708,300</u>	<u>\$ 12,175,500</u>
Improvement, Renewal & Replacement (IRR) Fund Contribution						
Joint Use IRR Expenditures	\$ 473,266,984	\$ 473,266,984	\$ 485,411,780	\$ 492,411,780	\$ 516,986,780	\$ 550,086,780
<i>Estimated Joint Use Plant Investment</i>						
Funding Percentage from Agreement	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Total Needs	3,312,869	3,312,869	3,397,882	3,446,882	3,618,907	3,850,607
Fairfax County Share of IRR at 60%	<u>\$ 1,987,721</u>	<u>\$ 1,987,721</u>	<u>\$ 2,038,700</u>	<u>\$ 2,068,100</u>	<u>\$ 2,171,300</u>	<u>\$ 2,310,400</u>
Joint Capital Improvement Program (CIP) Contribution						
Estimated Joint Capital Improvements	\$ 8,650,000	\$ 5,150,000	\$ 32,475,000	\$ 31,400,000	\$ 50,500,000	\$ 51,500,000
Fairfax County Share of Joint CIP at 60%	<u>\$ 5,190,000</u>	<u>\$ 3,090,000</u>	<u>\$ 19,485,000</u>	<u>\$ 18,840,000</u>	<u>\$ 30,300,000</u>	<u>\$ 30,900,000</u>
Total Contribution from Fairfax:	<u>\$ 18,984,495</u>	<u>\$ 15,471,065</u>	<u>\$ 32,390,300</u>	<u>\$ 32,161,600</u>	<u>\$ 44,179,600</u>	<u>\$ 45,385,900</u>

OPERATING FUND EXPLANATORY NOTES

Under the Master Trust, the Operating Fund shall pay operating expenses for administration and operation and maintenance of the sewage disposal system as they become due and in accordance with the purposes and amounts provided in the Budget.

The following notes provide additional information for the Budget:

Beginning & Ending Balance "Reserve":

The Financial Policy provides for an operating reserve equal to or greater than 120 days of the operating expenses budgeted for the current fiscal year.

Workforce Support:

Includes all compensation related items; health and welfare; personal safety shoes and other required personal protective equipment and clothing; training and professional development; licensing and dues. This element of the operating budget is about 51.5% of the total estimated expenditures.

Fuel, Power & Utilities:

Includes costs for the natural gas, electricity and water to run the plant.

Equipment:

Includes the preventative and corrective maintenance for the Authority's infrastructure as well as general safety equipment.

Process Chemicals:

All chemicals needed to control process and meet all regulatory compliance obligations.

Product Support:

Ancillary services required to ensure clean, safe water. Laboratory testing, biosolids reuse, and grit disposal from the wastewater are included.

Business Support:

This category includes software and licenses, billing collection fees, office supplies, telephone and communications and office equipment, property and liability insurance and community education and outreach.

Professional Services:

Legal, financial, and engineering firms used to support annual program needs and support operational efficiency.

External Wastewater Services:

The cost of supporting the operations and maintenance associated with the City of Alexandria's allocated capacity at the Arlington County Water Pollution Control Plant.

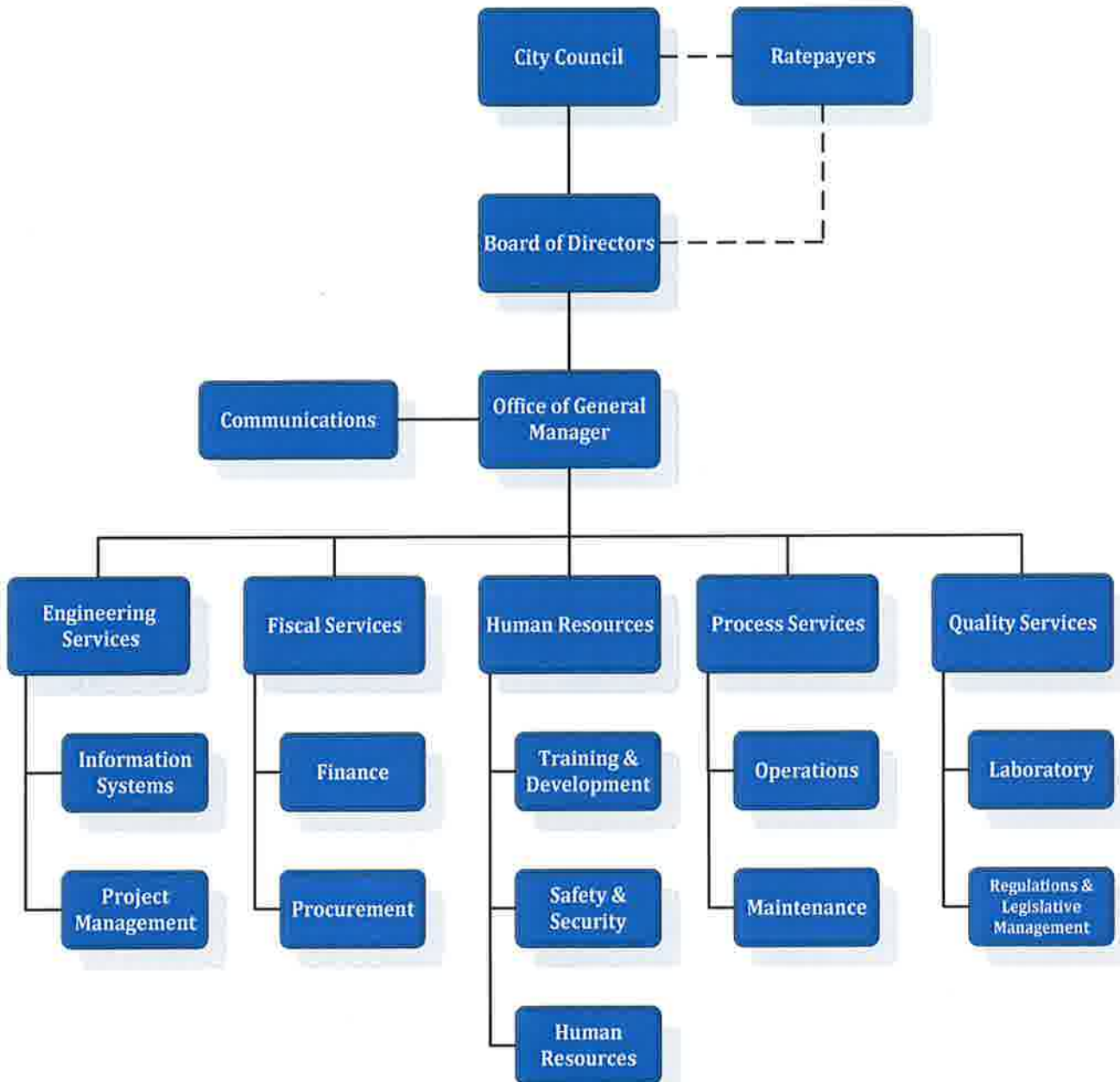
OPERATING FUND BUDGET FY 2012

	FY 2010 Actual	Fiscal Year 2011		FY 2012 Budget	% Change FY11 to FY12	Forecast		
		Original Budget	Revised Budget			FY 2013	FY 2014	FY 2015
Beginning Balance		\$ 4,527,636	\$ 4,527,636	\$ 7,344,050	62.20%	\$ 7,633,667	\$ 7,916,433	\$ 8,243,900
Current Revenues								
Transfers from Revenue Fund	\$ 22,192,424	\$ 24,600,000	\$ 22,032,150	\$ 22,901,000	-6.91%	\$ 23,749,300	\$ 24,731,700	\$ 25,743,400
Transfers from Revenue Fund - Financial Policy	-	-	2,809,414	282,417	100.00%	275,166	319,467	328,833
Investment Income	9,470	7,000	7,000	7,200	2.86%	7,600	8,000	8,400
Total Current Revenues	<u>\$ 22,201,894</u>	<u>\$ 24,607,000</u>	<u>\$ 24,848,564</u>	<u>\$ 23,190,617</u>	<u>-5.76%</u>	<u>\$ 24,032,066</u>	<u>\$ 25,059,167</u>	<u>\$ 26,080,633</u>
Current Expenses								
Workforce Support	\$ 12,098,464	\$ 12,500,000	\$ 11,354,720	\$ 11,806,500	-5.55%	\$ 12,100,000	\$ 12,500,000	\$ 12,900,000
Fuel, Power & Utilities	3,056,280	4,100,000	3,516,530	3,960,000	-3.41%	4,158,000	4,365,900	4,584,200
Equipment	734,000	900,000	690,000	844,500	-6.17%	886,700	931,000	977,600
Process Chemicals	1,286,512	1,900,000	1,881,000	1,500,000	-21.05%	1,575,000	1,653,800	1,736,500
Product Support	1,563,504	1,700,000	1,600,500	1,717,000	1.00%	1,802,900	1,893,000	1,987,700
Business Support	875,292	1,000,000	809,400	873,000	-12.70%	916,700	962,500	1,010,600
Professional Services	867,466	1,100,000	780,000	800,000	-27.27%	840,000	882,000	926,100
External Wastewater Services	988,448	1,400,000	1,400,000	1,400,000	0.00%	1,470,000	1,543,500	1,620,700
Total Current Expenses	<u>\$ 21,469,966</u>	<u>\$ 24,600,000</u>	<u>\$ 22,032,150</u>	<u>\$ 22,901,000</u>	<u>-6.91%</u>	<u>\$ 23,749,300</u>	<u>\$ 24,731,700</u>	<u>\$ 25,743,400</u>
Ending Fund Balance	<u>\$ 731,928</u>	<u>\$ 4,534,636</u>	<u>\$ 7,344,050</u>	<u>\$ 7,633,667</u>	<u>68.34%</u>	<u>\$ 7,916,433</u>	<u>\$ 8,243,900</u>	<u>\$ 8,581,133</u>

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ASA ORGANIZATIONAL CHART

OVERVIEW



WORKFORCE OVERVIEW

The FY 2012 proposed budget fully funds all filled positions and all vacant positions.

Department	FY 2010 Actual	FY 2011 Adopted	FY 2012 Proposed
Office of the General Manager	4	4	4
Fiscal Services	6	4	6
Human Resources	7	6	5
Quality Services	10	9	9
Engineering Services	8	6	6
Process	6	5	5
Operations	20	20	20
Maintenance	56	45	44
TOTAL	117	99	99

PARITY DEBT SERVICE FUND EXPLANATORY NOTES

The Parity Debt Service Fund was created by the Master Trust to provide for the payment of principal and interest on outstanding debt. The Authority's borrowing from the Virginia Revolving Loan Fund (VRLF), through its financial administrator the Virginia Resources Authority (VRA), is considered parity debt under the Master Trust.

It is anticipated that ASA will require additional financing to design and construct nitrogen removal called the State-of-the-Art Nitrogen Upgrade Program (SANUP). Design is underway on several projects within the program; construction projects began in FY 2011.

The following notes provide additional information for the Budget:

- ◆ Transfers from the Revenue Fund are made to fund the required principal and interest payments on March 1st and September 1st.

PARITY FUND BUDGET FY 2012

		Fiscal Year 2011				Forecast			
		FY 2010 Actual	Original Budget	Revised Budget	FY 2012 Budget	% Change FY11 to FY12	FY 2013	FY 2014	FY 2015
Beginning Fund Balance			\$ 2,288,425	\$ 2,288,425	\$ 1,149,112	-49.79%	\$ 1,149,112	\$ 1,149,112	\$ 1,149,112
Receipts									
Transfer from Revenue Fund		\$ 10,110,300	\$ 9,743,400	\$ 9,863,400	\$ 11,109,100	14.02%	\$ 15,720,600	\$ 15,722,400	\$ 15,725,000
Investment Income		90,221	95,000	95,000	95,000	0.00%	95,000	95,000	95,000
Total Receipts		<u>\$ 10,200,521</u>	<u>\$ 9,838,400</u>	<u>\$ 9,958,400</u>	<u>\$ 11,204,100</u>	<u>13.88%</u>	<u>\$ 15,815,600</u>	<u>\$ 15,817,400</u>	<u>\$ 15,820,000</u>
Disbursements									
VRA Series 1998	Int.	\$ 220,405	\$ 186,500	\$ 186,500	\$ 167,000	-10.46%	\$ 147,000	\$ 125,600	\$ 103,600
	Prin.	463,870	482,600	482,600	502,100	4.04%	522,400	543,500	565,500
VRA Series 2000A	Int.	572,288	488,600	488,600	443,000	-9.33%	395,800	346,900	296,300
	Prin.	1,247,118	1,291,100	1,291,100	1,336,700	3.53%	1,383,900	1,432,800	1,483,400
VRA Series 2000B	Int.	2,082,556	1,833,200	1,833,200	1,727,400	-5.77%	1,617,400	1,503,000	1,384,100
	Prin.	2,615,880	2,720,200	2,720,200	2,828,700	3.99%	2,941,600	3,058,900	3,181,000
VRA Series 2004	Int.	581,293	511,900	511,900	481,500	-5.94%	450,200	417,900	384,600
	Prin.	942,893	972,300	972,300	1,002,700	3.13%	1,034,100	1,066,400	1,099,700
VRA Series 2006A	Int.	80,682	72,500	72,500	68,200	-5.93%	63,700	59,200	54,400
	Prin.	129,438	137,700	137,700	142,000	3.12%	146,400	151,000	155,700
VRA Series 2006B	Int.	194,083	324,400	324,400	308,800	-4.81%	292,600	276,000	258,900
	Prin.	470,384	500,200	500,200	515,800	3.12%	532,000	548,600	565,700
VRA Series 2008B	Int.	462,033	455,700	455,700	447,700	-1.76%	440,500	434,600	429,000
	Prin.	130,000	150,000	150,000	160,000	6.67%	170,000	175,000	180,000
VRA Series 2009	Int.	-	346,500	700,813	518,000	49.49%	498,200	477,600	456,300
	Prin.	-	270,000	270,000	554,500	105.37%	574,300	594,900	616,200
VRA Series 2011	Int.						492,600	477,500	461,700
	Prin.						298,200	313,300	329,200
Bonds	Int.	-	-	-	-		3,238,000	3,200,500	3,160,600
	Prin.	-	-	-	-		576,700	614,200	654,100
Total Disbursements		<u>\$ 10,192,923</u>	<u>\$ 10,743,400</u>	<u>\$ 11,097,713</u>	<u>\$ 11,204,100</u>	<u>4.29%</u>	<u>\$ 15,815,600</u>	<u>\$ 15,817,400</u>	<u>\$ 15,820,000</u>
Ending Fund Balance		<u>\$ 7,598</u>	<u>\$ 1,383,425</u>	<u>\$ 1,149,112</u>	<u>\$ 1,149,112</u>	<u>-16.94%</u>	<u>\$ 1,149,112</u>	<u>\$ 1,149,112</u>	<u>\$ 1,149,112</u>

JOINT IMPROVEMENT, RENEWAL & REPLACEMENT FUND EXPLANATORY NOTES

The Joint Improvement, Renewal & Replacement (IRR) Fund provides for payment of capital improvements, renewals and replacements for portions of the system and facility used jointly by the City of Alexandria and Fairfax County. Those improvements for portions of the system within the City of Alexandria only are budgeted in a separate category within the General Fund.

The contribution to the IRR Fund is 0.7% of the total amount of capital expenditures made subsequent to October 1, 1997, for the joint portion of the system, as set forth by the service agreement with Fairfax County.

A number of projects that the Authority will be working on during FY 2012 are identified. Projects include planned overhauls and maintenance on critical equipment, energy efficiency and alternative energy generation projects, innovative information technology projects, and sustainable infrastructure replacements.

JOINT IMPROVEMENT, RENEWAL & REPLACEMENT BUDGET FY 2012

	FY 2010 Actual	Fiscal Year 2011		FY 2012 Budget	% Change FY11 to FY12	Forecast		
		Original Budget	Revised Budget			FY 2013	FY 2014	FY 2015
Beginning Fund Balance		\$ 9,420,664	\$ 9,420,664	\$ 8,438,533	-10.43%	\$ 8,359,273	\$ 4,033,669	\$ 4,011,989
Receipts								
Transfer from Revenue Fund	\$ 1,195,420	\$ 1,325,148	\$ 1,325,148	\$ 1,359,200	2.57%	\$ 1,378,800	\$ 1,447,600	\$ 1,540,200
Contribution from Fairfax County	1,793,534	1,987,721	1,987,721	2,038,700	2.56%	2,068,100	2,171,300	2,310,400
Investment Income	36,765	47,000	47,000	48,000	2.13%	50,400	52,920	55,566
Other Income	4,781	-	-	-	-	-	-	-
Total Receipts	\$ 3,030,500	\$ 3,359,869	\$ 3,359,869	\$ 3,445,900	2.56%	\$ 3,497,300	\$ 3,671,820	\$ 3,906,166
Disbursements								
Interceptors, Pump Station, and Chemical Feed	112,140	837,000	130,000	235,000	-71.92%	276,000	374,000	191,000
Settling Tanks, Filters	54,395	130,000	93,000	371,800	186.00%	245,914	80,000	285,377
BRB's, Air Systems, UV	167,751	105,000	65,000	400,000	280.95%	4,740,000	580,000	335,000
Thickening, Prepast, Digester, Dewatering	121,900	300,000	155,000	574,360	91.45%	754,990	351,000	265,000
Campus - HVAC, Fire & Gas detection	61,192	510,000	345,000	205,000	-59.80%	343,000	951,000	1,042,000
Engineering - Non Nutrient Related	1,040,423	1,405,000	1,280,000	1,075,000	-23.49%	945,000	810,000	710,000
Information Systems	54,800	323,000	268,000	650,000	101.24%	500,000	525,000	200,000
Laboratory		6,000	6,000	14,000	133.33%	18,000	22,500	-
Security Upgrades	284,004	-	-	-	-	-	-	-
Regulatory Compliance - Upgrade	4,831,367	2,000,000	2,000,000	-	-100.00%	-	-	-
Total Joint IRR	\$ 6,727,971	\$ 5,616,000	\$ 4,342,000	\$ 3,525,160	-37.23%	\$ 7,822,904	\$ 3,693,500	\$ 3,028,377
Total IRR Disbursements	\$ 6,727,971	\$ 5,616,000	\$ 4,342,000	\$ 3,525,160	-37.23%	\$ 7,822,904	\$ 3,693,500	\$ 3,028,377
Ending Fund Balance	\$ (3,697,471)	\$ 7,164,533	\$ 8,438,533	\$ 8,359,273	16.68%	\$ 4,033,669	\$ 4,011,989	\$ 4,889,778

GENERAL FUND EXPLANATORY NOTES

The General Fund serves as reserve fund to be used for any lawful purpose of the Authority. Deposits to the General Fund are made from the Revenue Fund after all other fund expenditures and requirements have been satisfied. The Authority principally uses the General Fund to finance Authority specific capital improvements and to provide sufficient reserves in order to maintain strong credit worthiness and account for unanticipated expenditures experienced by the Authority in its normal course of operation.

The General Fund is used by the Authority for the following main purposes:

- ◆ Alexandria-only capital improvements (CIP);
- ◆ Alexandria-only improvement, renewal and replacement (IRR);
- ◆ Alexandria CIP commitments to the Arlington County Water Pollution Control Plant and
- ◆ As a resource for planning and future needs of a non-routine nature.

New in FY 2012 is a contribution to the General IRR category, equaling 0.5% of the total amount of expenditures for capital improvements within the City of Alexandria only.

GENERAL FUND BUDGET FY 2012

	FY 2010 Actual	Fiscal Year 2011		FY 2012 Budget	% Change FY11 to FY12	Forecast		
		Original Budget	Revised Budget			FY 2013	FY 2014	FY 2015
Beginning Fund Balance		\$ 21,210,887	\$ 21,210,887	\$ 22,982,899	8%	\$ 13,022,232	\$ 11,886,366	\$ 16,419,799
Receipts								
VRA Bonds Series 2009	\$ 13,942,911	\$ 2,116,549	\$ 1,057,089	\$ -	-100%	\$ -	\$ -	\$ -
VRA Bonds Series 2011	-	2,800,000	-	-	-100%	-	-	-
Transfers from Revenue Fund	8,275,194	6,943,226	5,478,237	8,718,383	26%	6,293,234	7,436,033	8,647,567
Grants	1,183,865	-	122,686	-	-	-	-	-
From City of Alexandria	792,832	-	-	-	-	-	-	-
Transfer of Rights	-	-	1,000,000	-	-	-	-	-
Investment Income	31,953	28,000	28,000	29,400	5%	30,900	32,400	34,000
Total Receipts	<u>\$ 24,226,755</u>	<u>\$ 9,771,226</u>	<u>\$ 7,686,012</u>	<u>\$ 8,747,783</u>	<u>-10%</u>	<u>\$ 6,324,134</u>	<u>\$ 7,468,433</u>	<u>\$ 8,681,567</u>
Disbursements								
Capital Improvement Program (CIP)								
River Road Pump Station Closure	\$ 40,625	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -
Arlington County	11,879,596	5,500,000	4,992,000	2,186,000	-60%	135,000	135,000	135,000
Holmes Run TS Capacity Improvement	67,323	-	-	-	-	-	-	-
Commonwealth Interceptor Rehab	123,045	-	-	-	-	-	-	-
Four Mile Run Pump Station Upgrade	188,281	800,000	800,000	1,000,000	25%	7,000,000	2,300,000	-
BRAC PS	49,279	-	-	-	-	-	-	-
Collection Systems Modeling	130,696	-	-	-	-	-	-	-
Engineering	183,629	-	-	-	-	-	-	-
Wet Weather Flow Studies	574,953	-	-	-	-	-	-	-
Water Reuse Program	-	2,000,000	-	-	-100%	-	-	-
Slaters Lane Pump Replacement	-	7,000	7,000	180,000	2471%	250,000	-	-
Service Chamber Backup Power	-	-	-	-	-	75,000	500,000	-
Potomac Interceptor Lining	-	25,000	25,000	-	-100%	-	-	250,000
Total CIP	<u>\$ 13,237,427</u>	<u>\$ 8,332,000</u>	<u>\$ 5,824,000</u>	<u>\$ 3,366,000</u>	<u>-60%</u>	<u>\$ 7,460,000</u>	<u>\$ 2,935,000</u>	<u>\$ 385,000</u>
General Expenses								
Line of Credit - Interest Expense	\$ 49,274	\$ 40,000	\$ 90,000	\$ 22,500	-44%	\$ -	\$ -	\$ -
Line of Credit - Cash Defeasance	-	2,200,000	-	10,319,950	369%	-	-	-
Finance Fees	26,972	-	-	-	-	-	-	-
Other Studies	9,226	-	-	-	-	-	-	-
Rate Study	(1,443)	-	-	-	-	-	-	-
Total General	<u>\$ 84,029</u>	<u>\$ 2,240,000</u>	<u>\$ 90,000</u>	<u>\$ 10,342,450</u>	<u>362%</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ 13,321,455</u>	<u>\$ 10,572,000</u>	<u>\$ 5,914,000</u>	<u>\$ 13,708,450</u>	<u>30%</u>	<u>\$ 7,460,000</u>	<u>\$ 2,935,000</u>	<u>\$ 385,000</u>
Transfer to Project Fund	\$ 7,830,000	\$ 3,460,000	\$ -	\$ 5,000,000	45%	\$ -	\$ -	\$ 11,700,000
Ending Fund Balance	<u>\$ 3,075,300</u>	<u>\$ 16,950,113</u>	<u>\$ 22,982,899</u>	<u>\$ 13,022,232</u>	<u>-23%</u>	<u>\$ 11,886,366</u>	<u>\$ 16,419,799</u>	<u>\$ 13,016,366</u>

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GENERAL FUND IRR BUDGET FY 2012

	FY2011 Budget	FY 2012 Budget	Forecast		
			FY 2013	FY 2014	FY 2015
Beginning Fund Balance	\$ -	\$ -	\$ 256,500	\$ 552,700	\$ 964,900
Receipts					
Transfer from Revenue Fund	\$ -	\$ 391,500	\$ 421,200	\$ 442,200	\$ 477,000
Investment Income	-	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ 391,500</u>	<u>\$ 421,200</u>	<u>\$ 442,200</u>	<u>\$ 477,000</u>
Disbursements					
Slaters Lane Pump Replacement	\$ -	\$ 15,000	\$ 15,000	\$ 5,000	
Potomac Yard Trunk Sewer					25,000
Potomac Yard Pump Station			10,000		
Jefferson at Carlyle Mill Standby Chamber	-	10,000			15,000
Commonwealth Interceptor				25,000	
Bush Hill Standby Chamber	-	10,000			15,000
Potomac Interceptor	-	100,000	100,000		250,000
Total IRR Disbursements	<u>\$ -</u>	<u>\$ 135,000</u>	<u>\$ 125,000</u>	<u>\$ 30,000</u>	<u>\$ 305,000</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ 256,500</u>	<u>\$ 552,700</u>	<u>\$ 964,900</u>	<u>\$ 1,136,900</u>

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PROJECT FUND EXPLANATORY NOTES

The Project Fund acts as the Joint Capital Improvement Program (CIP) fund. It receives proceeds of revenue bonds, federal and state grants and Fairfax County capital contributions. The contributions to the Fund mirror the IRR Fund.

The most significant current capital program for the Authority is the design and construction of a nitrogen removal program called the State-of-the-Art Nitrogen Upgrade Program (SANUP). Design is underway on several projects within the program; construction projects began in FY2011.

- ◆ 27% (\$8.95 million) of the total CIP goes towards project support including engineering design, construction management, landscape architecture, and engineering services during construction.
- ◆ 73% (\$24.575 million) of the total CIP goes towards construction costs with the bulk towards the construction of SANUP Packages B and D.

PROJECT FUND BUDGET FY 2012

	FY 2010 Actual	Fiscal Year 2011		FY 2012 Budget	% Change FY11 to FY12	Forecast		
		Original Budget	Revised Budget			FY 2013	FY 2014	FY 2015
Beginning Fund Balance		\$ 1,022,968	\$ 1,022,968	\$ 804,968	-21.31%	\$ 902,880	\$ 33,345,080	\$ 13,147,380
Receipts								
Payments from Fairfax County	\$ 10,525,527	\$ 5,190,000	\$ 3,090,000	\$ 19,485,000	275.43%	\$ 18,840,000	\$ 30,300,000	\$ 30,900,000
Transfers from General Fund	7,830,000	3,460,000	-	5,000,000	44.51%	-	-	11,700,000
VRA Bonds Series 2011	-	-	1,840,000	8,085,812	100.00%			
Additional Bonds - Series 2014						45,000,000		
Investment Income	2,350	2,000	2,000	2,100	5.00%	2,200	2,300	2,400
Total Receipts	<u>\$ 18,357,877</u>	<u>\$ 8,652,000</u>	<u>\$ 4,932,000</u>	<u>\$ 32,572,912</u>	<u>276.48%</u>	<u>\$ 63,842,200</u>	<u>\$ 30,302,300</u>	<u>\$ 42,602,400</u>
Disbursements								
Engineering Services								
SANUP Construction Services	\$ -	\$ 1,450,000	\$ 1,600,000	\$ 3,900,000	168.97%	\$ 4,300,000	\$ 4,000,000	\$ 4,000,000
SANUP Package C Design				4,000,000	100.00%			
SANUP Package E Design				-				\$ 500,000
Regional Biosolids to Energy						500,000	500,000	-
Total Engineering Services	<u>\$ -</u>	<u>\$ 1,450,000</u>	<u>\$ 1,600,000</u>	<u>\$ 7,900,000</u>	<u>444.83%</u>	<u>\$ 4,800,000</u>	<u>\$ 4,500,000</u>	<u>\$ 4,500,000</u>
Construction Costs								
Holmes Run Trunk Sewer Lining	\$ -	\$ 200,000	\$ 100,000	\$ 800,000	300.00%	\$ -	\$ -	\$ -
SANUP Package A	191,979	1,000,000	1,000,000	175,000	-82.50%			
SANUP Package B		6,000,000	2,000,000	10,000,000	66.67%	3,000,000		
SANUP Package C			-	1,600,000	100.00%	15,600,000	40,000,000	40,000,000
SANUP Package D				10,000,000	100.00%	8,000,000		
Water Reuse			450,000	2,000,000	100.00%		6,000,000	4,000,000
Regional Biosolids to Energy								3,000,000
Total Construction Costs	<u>\$ 191,979</u>	<u>\$ 7,200,000</u>	<u>\$ 3,550,000</u>	<u>\$ 24,575,000</u>	<u>241.32%</u>	<u>\$ 26,600,000</u>	<u>\$ 46,000,000</u>	<u>\$ 47,000,000</u>
Other Costs								
Regulatory Compliance - Land	\$ 17,131,706	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
Other Costs	5,635	-	-	-		-	-	-
Energy Upgrade	117,598	-	-	-		-	-	-
Total Other Costs	<u>\$ 17,254,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 17,446,918</u>	<u>\$ 8,650,000</u>	<u>\$ 5,150,000</u>	<u>\$ 32,475,000</u>	<u>275.43%</u>	<u>\$ 31,400,000</u>	<u>\$ 50,500,000</u>	<u>\$ 51,500,000</u>
Ending Fund Balance	<u>\$ 910,959</u>	<u>\$ 1,024,968</u>	<u>\$ 804,968</u>	<u>\$ 902,880</u>	<u>-11.91%</u>	<u>\$ 33,345,080</u>	<u>\$ 13,147,380</u>	<u>\$ 4,249,780</u>

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Capital Improvement Program (CIP) Contribution

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10 Year Capital Improvement Plan: Joint Facilities

	FY 2012	FY 2013 Projected	FY 2014 Projected	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
Engineering Services										
SANUP Landscape Architect	\$500,000									
SANUP Construction Management	\$2,500,000	\$3,000,000	\$2,500,000	\$2,500,000	\$350,000					
SANUP Services During Construction	\$900,000	\$1,300,000	\$1,500,000	\$1,500,000	\$200,000					
SANUP Package C Design	\$4,000,000									
SANUP Package E Design				\$500,000						
Regional Biosolids to Energy Design		\$500,000	\$500,000							
Cogeneration Facility Design						\$500,000				
Cogeneration Facility Construction Management							\$500,000			
Centrifuge Thickening Upgrade Design						\$600,000				
Centrifuge Thickening Upgrade Construction Management							\$600,000			
Biosolids Dryer Facility Upgrade Design							\$2,500,000			
Biosolids Dryer Facility Upgrade Construction Management								\$1,500,000	\$1,500,000	
Alternative Energy Generation Design									\$2,000,000	
Additional Tertiary Treatment Design										\$5,000,000
Total Engineering Services	\$7,900,000	\$4,800,000	\$4,500,000	\$4,500,000	\$550,000	\$1,100,000	\$3,600,000	\$1,500,000	\$3,500,000	\$5,000,000
Construction Costs										
Holmes Run Trunk Sewer Lining	\$800,000									
SANUP Package A Construction	\$175,000									
SANUP Package B Construction	\$10,000,000	\$3,000,000								
SANUP Package C1 Construction	\$1,600,000	\$600,000								
SANUP Package C Construction		\$15,000,000	\$40,000,000	\$40,000,000						
SANUP Package D Construction	\$10,000,000	\$8,000,000								
SANUP Package E Construction					\$4,500,000					
Regional Biosolids to Construction				\$3,000,000						
Water Reuse	\$2,000,000		\$6,000,000	\$4,000,000						
Cogeneration Facility Construction							\$7,000,000			
Centrifuge Thickening Upgrade Construction							\$8,600,000			
Biosolids Dryer Facility Upgrade Construction								\$16,000,000	\$16,000,000	
Electrical Code Compliance Upgrade Construction						\$10,000,000				
Alternative Energy Construction										\$20,000,000
Total Construction Costs	\$24,575,000	\$26,600,000	\$46,000,000	\$47,000,000	\$4,500,000	\$10,000,000	\$15,600,000	\$16,000,000	\$16,000,000	\$20,000,000
Total Expenses	\$32,475,000	\$31,400,000	\$50,500,000	\$51,500,000	\$5,050,000	\$11,100,000	\$19,200,000	\$17,500,000	\$19,500,000	\$25,000,000

JOINT CAPITAL IMPROVEMENT PLAN SUMMARY: SOURCES

The Authority's proposed Joint Capital Improvement Plan for FY 2012 utilizes a combination of cash transfers from the General Fund, capital contributions from Fairfax County, Virginia Resources Authority loans, and bond proceeds.

FY 2012 Capital Improvement Plan Funding Sources: Summary By Fund					
	Proposed FY 2012	Forecasted			Total
		FY 2013	FY 2014	FY 2015	
Project Fund					
Sources of Funds					
Contributions from Fairfax County	19,965,000	20,340,000	31,800,000	30,900,000	103,005,000
Transfers from General Fund	5,000,000	-	-	11,700,000	16,700,000
VRA Bonds Series 2011	8,085,812	-	-	-	8,085,812
Additional Bonds - Series 2014	-	45,000,000	-	-	45,000,000
Investment Income	2,100	2,200	2,300	2,400	9,000
Total - Project Funds	33,052,912	65,342,200	31,802,300	42,602,400	172,799,812
Grand Total: All Capital Funding	33,052,912	65,342,200	31,802,300	42,602,400	172,799,812

JOINT CAPITAL IMPROVEMENT PLAN SUMMARY: USES

The Authority's proposed Joint Capital Improvement Plan for FY 2012 – FY 2015 continues funding for the design and construction of nitrogen removal called the State-of-the-Art Nitrogen Upgrade Program (SANUP), which accounts for 91% of the total Capital Project Fund.

FY 2012 - FY 2015 Proposed Capital Improvement Plan					
	Proposed FY 2012	Planned			Total
		FY 2013	FY 2014	FY 2015	
Capital Project Fund					
Engineering Services					
SANUP Construction Services	3,900,000	4,300,000	4,000,000	4,000,000	16,200,000
SANUP Package C Design	4,000,000	-	-	-	4,000,000
SANUP Package E Design	-	-	-	500,000	500,000
Regional Biosolids	-	500,000	500,000	-	1,000,000
Construction Costs					
Holmes Run Trunk Sewer Lining	800,000	-	-	-	800,000
SANUP Package A	175,000	-	-	-	175,000
SANUP Package B	10,000,000	3,000,000	-	-	13,000,000
SANUP Package C	1,600,000	15,600,000	40,000,000	40,000,000	97,200,000
SANUP Package D	10,000,000	8,000,000	-	-	18,000,000
Water Reuse	2,000,000	-	6,000,000	4,000,000	12,000,000
Regional Biosolids to Construction	-	-	-	3,000,000	3,000,000
Subtotal: Capital Project Fund	32,475,000	31,400,000	50,500,000	51,500,000	165,875,000
Grand Total: FY 2012-2015 Capital Improvement Plan	32,475,000.00	31,400,000.00	50,500,000.00	51,500,000.00	165,875,000.00

Joint Capital Improvement Plan (CIP) Details

Highlights of CIP Support of Strategic Plan:

The CIP supports the ASA Strategic Plan FY 2012-2015 as follows:

- ◆ *Environmental Leader- ASA is at the forefront of all sustainable water resource recovery facilities through its revolutionary use of technology, creativity, constant innovation and progressive research and development.*
 - The SANUP project includes state-of-the-art solutions to nitrogen removal that will reduce green house gases.

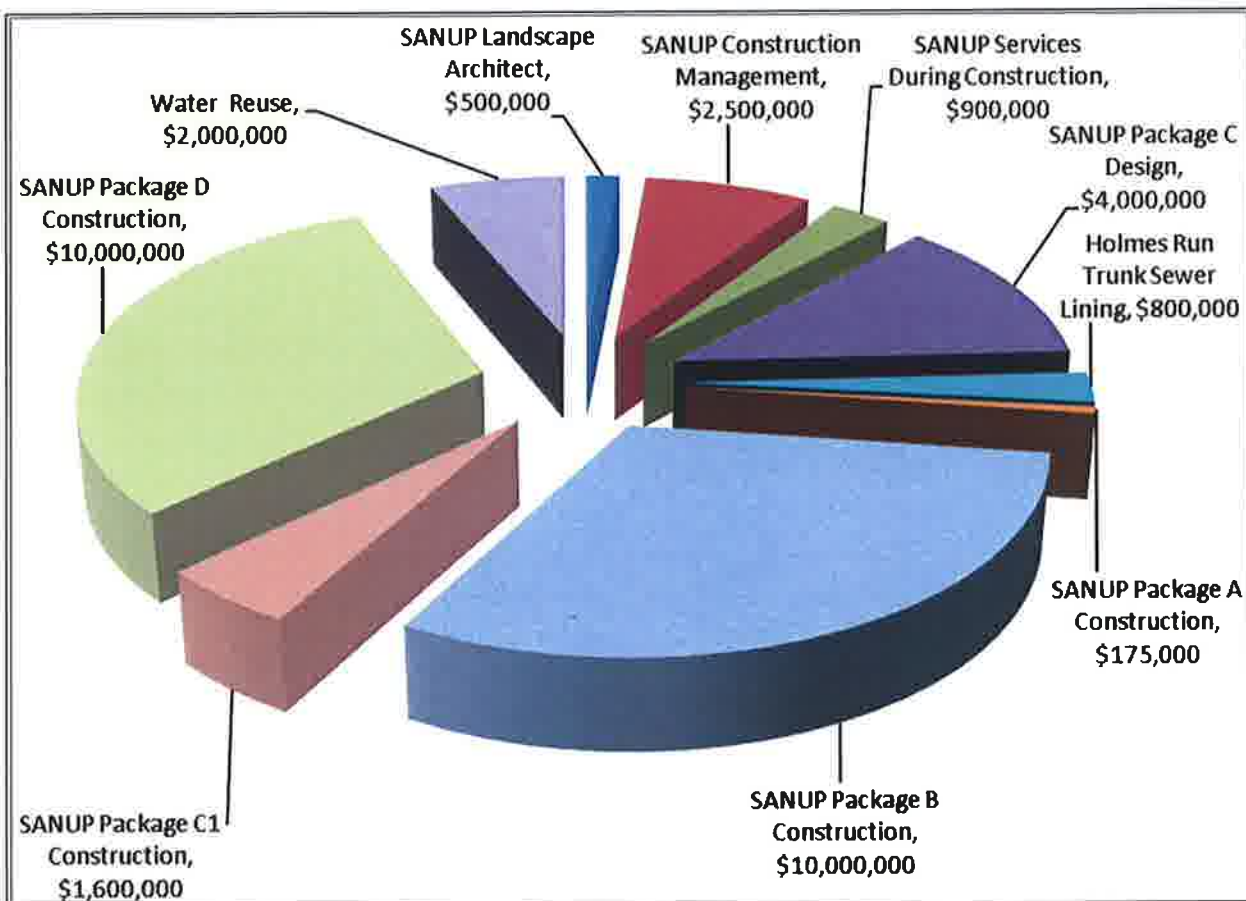
- ◆ *Organizational Optimization- ASA provides the optimum public service competitive advantage through the effective integration and alignment, maximization and utilization of its people, financial and technological resources at all levels throughout the organization.*
 - Projects will provide for compliance with mandated requirements.
 - Technology will continue to maximize operational efficiency and internal connectedness.

- ◆ *Fiscal Responsibility - ASA is a trustworthy steward of the public's environmental investments through intentional risk assessments on revenue management and enhancement opportunities that support key fiscal decisions and outcomes.*
 - ASA will manage annual CIP expenses within plus or minus 5% of contracted costs.

- ◆ *Workforce - ASA aggressively pursues, retains and develops highly talented professionals who are passionate about their work, constantly strive to enhance and leverage their own and their colleagues' knowledge and experiences through collaboration, teamwork and open communication while seizing every opportunity to exceed customer expectations.*
 - Leveraging our leading edge technology to attract and retain the best talent.
 - New infrastructure requires continuous professional development.

JOINT CIP 2012 PLANNED EXPENDITURES

Engineering Services	
SANUP Landscape Architect	\$500,000
SANUP Construction Management	\$2,500,000
SANUP Services During Construction	\$900,000
SANUP Package C Design	\$4,000,000
Total Engineering Services	\$7,900,000
Construction Costs	
Holmes Run Trunk Sewer Lining	\$800,000
SANUP Package A Construction	\$175,000
SANUP Package B Construction	\$10,000,000
SANUP Package C1 Construction	\$1,600,000
SANUP Package D Construction	\$10,000,000
Water Reuse	\$2,000,000
Total Construction Costs	\$24,575,000
Total Expenses	\$32,475,000



State-of-the-Art Nitrogen Upgrade Program (SANUP)

The SANUP will allow ASA to comply with increased regulations centered primarily on the quantity of nutrients being discharged into the Chesapeake Bay Watershed. To manage the cost implications of the project, it was split into 6 individual construction projects (Packages A-E).

Support of ASA Strategic Plan:

The SANUP project includes state-of-the-art solutions for nitrogen removal which will support ASA's objectives of reducing the use of non-renewable energy.

The following projects are within the SANUP program and are funded from FY 2009-2015.

This chart reflects the funding needs from FY 2012-2015:

SANUP Projects	FY 2012	FY 2013 Projected	FY 2014 Projected	FY 2015 Projected	FY 2016 Projected
Landscape Architect	\$500,000				
Construction Management	\$2,500,000	\$3,000,000	\$2,500,000	\$2,500,000	\$350,000
Services During Construction	\$900,000	\$1,300,000	\$1,500,000	\$1,500,000	\$200,000
Package C Design	\$4,000,000				
Package E Design				\$500,000	
Package A Construction	\$175,000				
Package B Construction	\$10,000,000	\$3,000,000			
Package C1 Construction	\$1,600,000	\$600,000			
Package C Construction		\$15,000,000	\$40,000,000	\$40,000,000	
Package D Construction	\$10,000,000	\$8,000,000			
Package E Construction					\$4,500,000

HOLMES RUN TRUNK SEWER LINING

The Holmes Run sewer serves the entire western portion of the City of Alexandria and portions of Fairfax County. The Holmes Run Trunk Sewer (HRTS) is owned and operated by ASA and was originally constructed in 1954. Recently, the HRTS has been rehabilitated from Van Dorn Street to Eisenhower Avenue. Two miles remain to be lined.

Support of ASA Strategic Plan:

The lining of the sewer uses state of the art trenchless technology that will allow ASA to rehabilitate the sewer with no excavation, therefore greatly reducing the impact to the community.

Project Schedule:

The design of the project will begin in the summer of 2011, with construction following by the end of the year and lasting approximately four months.

Project Cost:

Fiscal Year	Design Cost	Construction Cost	Total Cost
FY 2011	\$100,000		\$100,000
FY 2012		\$800,000	\$800,000

WATER REUSE

ASA's advanced treatment process produces high quality effluent that can be beneficially reused in a variety of applications. In Virginia, these applications include: landscape irrigation, commercial building toilet flushing, commercial building HVAC cooling water, and street cleaning.

The initial projects will be a reclaimed water pump station, bulk fill station, and pipeline system in support of the approved South Carlyle Strategy.

Support of ASA Strategic Plan: The water reuse program will allow for strategic partnerships with the South Carlyle community. It supports Environmental Leadership by being the only density urban area to provide a reclaimed water product.

Project Schedule:

Schematic design is underway and detailed design is anticipated to be completed in FY 2012. Construction is scheduled to begin in FY 2014.

Project Cost:

Fiscal Year	Design Cost	Construction Cost	Total Cost
2012	\$2,000,000		\$2,000,000
2014		\$6,000,000	\$6,000,000
2015		\$4,000,000	\$4,000,000