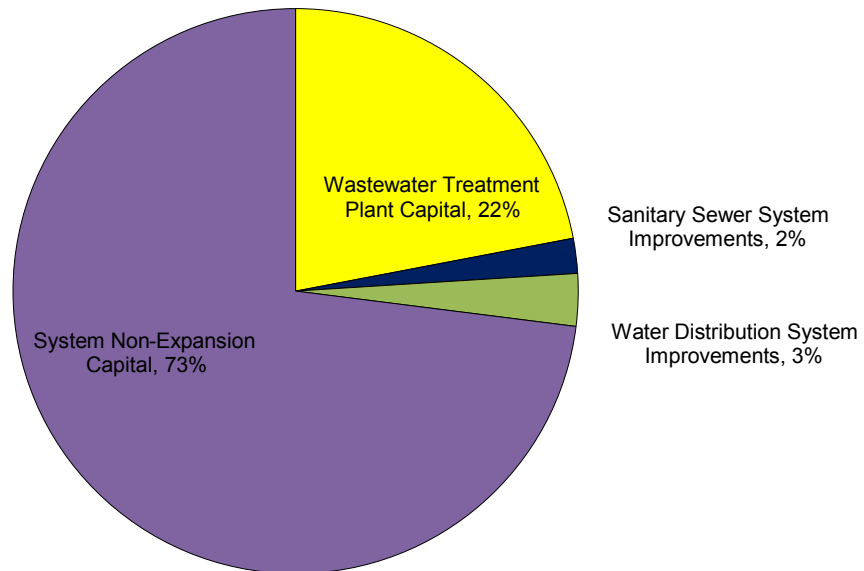


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Our Mission: To provide and maintain a water distribution system, a sewage collection system, and a wastewater treatment plant

The Department of Environmental Services is responsible for managing the Utility Fund, which includes providing and maintaining a water distribution system, a sewage collection system, and a wastewater treatment plant. The Proposed FY 2014 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 2014 PROPOSED PAYG BUDGET SUMMARY

PROGRAM CATEGORY	AMOUNT
UTILITIES	
Water Distribution System Improvements	\$600,000
Sanitary Sewer System Improvements	\$350,000
Wastewater Treatment Plant Capital	\$4,100,000
System Non-Expansion Capital	\$13,611,000
Total Project Cost	\$18,661,000
Less: Infrastructure Availability Fees & Other Revenue	\$4,661,000
Net Utilities Funds Support	\$14,000,000

Note: Other revenue includes non-expansion Interjurisdictional revenue of \$561,000.

↑ The Infrastructure Availability Fee (IAF) is proposed to increase by 10 percent. This fee is charged to developers when adding new demand on the water and sewer systems, and is based on the number of drainage fixtures units (DFU's) added to the system. The IAF for water service will increase from \$72 to \$85 per DFU. The IAF for sewer will increase from \$110 per DFU to \$115 per DFU. The average residential structure has 24 DFUs. A developer building a new home would be charged on average \$4,800 in infrastructure availability fees, a \$432 increase. Revenues from this fee are accounted for in the Utilities Capital Pay As You Go Fund.

FY 2014 PROPOSED UTILITIES BUDGET

Water Distribution System Improvements (Expansion) \$600,000

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 2014, projects include:

- Improvements for Development (\$500,000)
- Army Navy County Club Access Road to 23rd Street South (\$100,000)

Sanitary Sewer System Improvements (Expansion) \$350,000

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 are part of the 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 2014 projects include:

- Columbia Pike/Rosslyn/Crystal City Sewers (\$250,000)
- Stub Elimination Program (\$100,000)

Wastewater Treatment Plant Improvements (Non-Expansion) \$4,100,000

- **Water Pollution Control Plant Non-expansion Capital Program.** This 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. Additionally, studies of alternative treatment processes to increase efficiency and reduce environmental impact are funded through this program. (\$3,000,000)
- **Improvements to Eads Property.** Funding for improvements to a property near the Water Pollution Control Plant that the County purchased in March 2010. (\$300,000)
- **Blue Plains Plant Capital.** The District of Columbia Water and Sewer Authority 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. It also funds improvements to the transmission system. Payment is due under the terms of the October 3, 1994 Sewage Conveyance, Treatment, and Disposal Agreement with Fairfax County. (\$800,000)

System Non-Expansion Capital \$13,611,000

The funding for these projects comes primarily 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. Fees charged to new users who increase demands on the system are an additional funding source for these projects. The following projects and programs are planned to replace and rehabilitate the County’s water distribution and sewage collection system, and to pay for the County’s share of planned capital improvements at the Washington Aqueduct.

- Water main replacement program (\$4,000,000)
- Non-expansion inflow and infiltration sanitary sewer capital repairs and replacements (\$3,000,000)
- Capital improvements at the Washington Aqueduct (\$2,336,000), from which the County purchases drinking water. Arlington County pays approximately 16% of the capital costs for this organization.
- Water main cleaning and re-lining projects (\$1,800,000)
- Work order / asset management system (\$725,000)
- Large diameter sewer rehabilitation / replacement (\$500,000)
- Water Tank Rehabilitation (\$400,000)
- Water/sewer frames & covers (\$400,000)
- Sewer main replacement program (\$250,000)
- Sewer force main replacement (\$200,000)

TOTAL UTILITIES BUDGET \$18,661,000

UTILITIES CAPITAL PROJECTS FUND
FUND STATEMENT

	FY 2012 ACTUAL	FY 2013 ADOPTED	FY 2013 RE-ESTIMATE	FY 2014 PROPOSED
ADJUSTED BALANCE, JULY 1	\$ 39,158,945	-	44,089,853	-
REVENUES:				
Infrastructure Availability Fees	4,419,474	3,200,000	3,200,000	4,000,000
Sewage Treatment Service Charges	4,491,010	340,000	340,000	561,000
Interest	310,033	100,000	100,000	100,000
Misc. Revenue	200,741	-	-	-
VRA & Interim Loan Proceeds	2,142,126	-	-	-
Commonwealth of Virginia - Grant Funds	1,314,524	-	-	-
TOTAL REVENUE	12,877,908	3,640,000	3,640,000	4,661,000
Transfers In (Out):				
Transfer In from Utilities Operating Fund	17,671,116	10,755,834	14,805,834	14,000,000
TOTAL TRANSFERS IN	17,671,116	10,755,834	14,805,834	14,000,000
TOTAL BALANCE, REVENUES AND TRANSFERS IN	69,707,969	14,395,834	62,535,687	18,661,000
EXPENDITURES:				
Capital Projects -Current Year	25,618,116	14,395,834	18,445,834	18,661,000
Capital Projects -Carry-Over ¹	-	-	44,089,853	-
TOTAL CAPITAL EXPENDITURES:	25,618,116	14,395,834	62,535,687	18,661,000
BALANCE, JUNE 30	44,089,853	-	-	-

NOTE:

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.

2 FY 2013 re-estimated expenditures are based on FY 2012 closeout appropriation from Fund 503 into Fund 519 in the amount of \$4,050,000 in addition to the FY 2013 budgeted amount.

The County uses master lease financing to acquire equipment, rolling stock, furniture and technology purchases that have useful lives ranging from three to ten years. Master lease financing is very flexible, allowing the County to finance projects with minimal transaction costs and on an "as needed" basis over the term of the master lease. Because of the short-term maturities of master lease financing, interest rates are typically lower than rates on long-term bonds. The County typically procures equipment using temporary funding sources, and then draws funds from the master lease financing institution to reimburse the temporary sources. The projects discussed below are recommended to be financed through the master lease program with related debt service costs funded through the General Fund Non-Departmental budget or the affected departments' budgets, as appropriate.

FY 2014 Master Lease Funded Project Costs (\$ in 000's)

Radio System Refreshment	\$2,895
Courthouse Metal Detector and X-Ray Machine	412
Network Sustainability and Security	2,064
PC Replacement/Virtual Desktop Infrastructure	2,500
Centralized Data Management, Storage and Retrieval	518
Public Sector Budgeting	56
Enterprise Wireless Network Enhancements	350
Fire Vehicles and Apparatus	2,460
TOTAL Program Cost	\$11,255

Program Funding Sources (\$ in 000's)

General Fund FY 2014 Non-Departmental budget	\$8,795
Auto Fund FY 2014 budget	2,460
Total Program Funding	\$11,255

The FY 2014 list of projects will replace aged and critical technology infrastructure and public safety equipment. The FY 2014 debt service budget in the General Fund Non-Department budget for master lease is unchanged over the FY 2013 level of \$6.7 million. This annual debt service budget level will cover the financing (principal and interest) costs of the General Fund's base program projects listed in the table above and continue to cover debt service costs of capital projects previously approved. The FY 2014 debt service for the Fire vehicles is included in the Auto Fund budget.

Radio System Refreshment - \$2,894,965

The Arlington County radio system is used to transmit public safety and other critical public service communications via portable (hand-held) and mobile (car-installed) radios throughout Arlington County. This system, managed by the Emergency Communications Center, serves Arlington County Government, but is also utilized by regional partners throughout the National Capital Region (NCR). It remains a goal of the NCR to have sustainable, interoperable radio systems to allow emergency communications to flow in a secure and efficient manner throughout the region. To accomplish this, each jurisdiction must continue to make enhancements to the radio system infrastructure as well as to component pieces of the. These enhancements are done by completing system upgrades on an annual or bi-annual basis thereby ensuring current technology and capabilities are being utilized and the system is performing at optimal levels.

This project funds replacement of the radio base stations located at the six radio sites that support Arlington County's radio system. By June 2014, the current base station model will no longer be supported by Motorola. Upgrade of these base stations is necessary to facilitate future system enhancements. These base stations support new and emerging technologies necessary for enhanced regional interoperability and seamless roaming between systems. This effort directly supports a major initiative being undertaken by several jurisdictions in the NCR. The cost of the equipment necessary for this upgrade is \$2,266,000.

Additional infrastructure and operating system upgrades beyond base station replacement are necessary. As with many other products used to conduct County business, the radio system is driven and controlled by an operating system and related hardware that includes servers, switches, routers, computers and other devices that become outdated or have a predictable service life. In order to maintain interoperability with our mutual aid partners, Arlington County must continue to maintain this operating system at or near the most current system version offered by the manufacturer. The \$628,965 funding request will begin the process of moving the operating system towards the next higher version release. This process will require labor, software, system optimization and hardware. After this initial operating system upgrade, additional planning and analysis will be needed in order to determine the most efficient process to move the system to the most current version. Related costs are estimated at \$400,000 per year to upgrade and stay at the newest operating system release.

Courthouse Metal Detector and X-Ray Machine - \$412,000

The Sheriff's Office is required to maintain the security of the Arlington County Courthouse and has relied on the use of metal detector and x-ray machines to scan individuals entering the building. This equipment allows for a thorough screening of individuals, while also moving people through the line in an efficient and safe manner. The purpose of this project is to replace the current equipment as it reaches the end of its useful life to ensure there is not a failure that would result in a timely and laborious hand screening of each individual as they enter the building. Replacement of this equipment would ensure the level of service that customers to the building have experienced, and would also ensure the level of safety that the Sheriff's Office has been able to provide.

Network Sustainability and Security \$2,064,000

Funds for network core sustainability (\$1,291,000) provide for continuous refreshment of County network equipment as it reaches end of life and/or requires enterprise-level feature enhancements. This equipment supports the entire enterprise and includes routers and switches that are the base for the County's voice, video and data systems. Without sustainment funds, the County voice and data network runs the risk of failure as equipment reaches end of life and/or becomes obsolete.

The Uninterrupted Power Supply (UPS) devices (\$618,000) that power the County's network and application systems will be 5-6 years old and are in need of replacement. Failure to replace the UPS devices in a timely manner raises the risk of network downtime and data losses in the event of electric power interruption.

Funds for network security enhancements (\$155,000) are needed to continue hardening data security to maintain compliance, reduce the risks of potential data breach/loss and enhance the County's data access controls. This includes implementing newer firewall technologies and better network access authentication methodologies.

PC Replacement/Virtual Desktop Infrastructure - \$2,500,000

The PC replacement program works by refreshing the County's personal computers on a four year replacement cycle. This approach minimizes large capital outlays for PCs, and keeps a large percentage of the inventory within warranty and responsive to emerging technological trends. Given the technology available, the Department of Technology Services (DTS) will continue to work with customers to identify the most appropriate machines necessary for the users. Some of these funds will also be used to initiate Virtual Desktop Infrastructure (VDI). VDI will allow for some County staff to perform their work in locations other than County facilities, as necessitated by the nature of their responsibilities and evolving technology.

Centralized Data Management, Storage and Retrieval - \$518,000

The server refreshment program (\$415,000) works by replacing the County's storage servers on a five year replacement cycle. Without replacement, the applications that reside on these devices are at risk of failure. The FY 2014 budget will be used to replace approximately 40 servers and storage devices.

Upgrades to the County's data backup system (\$103,000) are needed due to the large increase in data stored. Failure to do these upgrades in a timely manner can lead to the inability to backup critical business applications and data. By the end of FY 2013, the County will be backing up 25 terabytes of data weekly.

Public Sector Budgeting - \$56,000

The County's current Oracle-based budgeting program is being phased out and will reach end-of-support in 2016. Funds are needed to develop/implement a new program. Failure to do so will dramatically increase the County's financial systems support costs. The FY 2014 master lease funding will supplement the FY 2014 PAYG funds and pay for the application and storage devices needed for the system.

Enterprise Wireless Network Enhancements - \$350,000

These funds will be used to upgrade the County's wireless access point (WAP) management system and to replace several of the WAPs around the County. Currently the County has 212 WAPs. Both of these initiatives are needed due to greatly expanded use of WIFI by both County staff and residents at County facilities. The new WAP management system will also help to reduce the number of hours DTS staff spends on WAP management.

Fire Vehicles and Apparatus - \$2,459,708

The Fire vehicles and apparatus refreshment program is an on-going program that refreshes the various emergency vehicles used by the Fire Department. As fire emergency vehicles reach their end of useful life, they need to be refreshed to continue providing fire operational services. The inventory for FY 2014 includes four class "A" fire pumpers and one heavy rescue vehicle. The funding levels are net of the buy-back incentive programs where the County is able to acquire the equipment less the trade-in value for the existing equipment at a lower net cost to the County. The FY 2014 debt service for the Fire vehicles is included in the Auto Fund budget.