

**CITY COUNCIL WORK SESSION
on the
SANITARY SEWER MASTER PLAN,
ALEXANDRIA SANITATION AUTHORITY (ASA) CAPITAL PLANNING
AND SOUTH CARLYLE PLANNING
TUESDAY, APRIL 26, 2011
5:30 P.M.
CITY COUNCIL WORKROOM**

AGENDA

- I. Welcome and Introductions by the Mayor Mayor William D. Euille

- II. Overview Mark Jinks, Deputy City Manager

- III. Sanitary Sewer Master Plan Emily Baker & Erin Bevis-Carter, T&ES
Karen Pallansch, General Manager- ASA
Karl Moritz, Planning & Zoning

- IV. Alexandria Sanitation Authority Capital Planning Karen Pallansch, General Manager- ASA

- V. South Carlyle Planning Process Gwen Wright, Planning & Zoning

- VI. City Council Discussion

Individuals with disabilities who require assistance or special arrangements to participate in the City Council Work Session may call the City Clerk and Clerk of Council's Office at 746-4500 (TTY/TDD 838-5056). We request that you provide a 48-hour notice so that the proper arrangements may be made.



REDEFINING THE FUTURE OF WASTEWATER

ALEXANDRIA SANITATION AUTHORITY
.....
2010 Annual Report

ALEXANDRIA SANITATION AUTHORITY
2010 Annual Report

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We are the Alexandria Sanitation Authority (ASA), operating one of the most advanced wastewater reclamation facilities in the United States on a 35-acre site within walking distance of Old Town Alexandria. ASA serves about 350,000 people in the City of Alexandria and part of Fairfax County, processing an average of 13 billion gallons of wastewater every year.

Here at ASA, we are committed to being an environmental steward, good neighbor, and industry leader in our day-to-day work of making dirty water clean again.

REDEFINE: to explain or identify essential qualities

FROM THE GENERAL MANAGER



Dear Alexandrians:

It was my privilege to lead the Alexandria Sanitation Authority (ASA) in 2010, which proved to be another successful year. Our strategy was to remain focused on our core business of providing you the best and most efficient wastewater reclamation services in our region, all while adjusting to our 'new normal' economy. In essence, we are redefining the future of the wastewater industry. This focus served us well, enabling us to continue to invest wisely in new and upgraded infrastructure to support our region, the Commonwealth and you in continuing to protect our national treasure known as the Chesapeake Bay.

The challenges of protecting our global water environment are ever evolving. New regulations and research drive our investments in infrastructure, technology and training, to ensure that the quality of water returned to Hunting Creek is safe, reliable and within quality control measures. There is no substitute for clean and safe water – our employees commit to making it happen every minute of every day! Our wastewater services today also provide our community with economic development and growth opportunities. In 2010, we invested approximately \$24 million in our infrastructure, much of it spent to enhance aging equipment and to meet the new, demanding requirements our urban pressures put on our local waterbodies.

Water touches our lives every day. Yet around the world, nearly 2.5 billion people are without adequate wastewater facilities, according to the non-profit organization Water For People. Our facilities here in Alexandria are state-of-the-art, yet we are now confronted with the obligation to make these investments more sustainable while enhancing our level of treatment. Our employees rose to this challenge by implementing a sustainability framework against which our projects, programs and vendors are evaluated to insure that every decision made is fiscally and operationally balanced for its lifecycle. In addition, we work daily to be better environmental stewards, this year reducing our electrical use by over 9% and continuing to reduce the amount of chemicals we truck in to help us clean the water – a 33% reduction in use over the last three years.





All of us at ASA take pride and satisfaction in our many accomplishments. We were recognized for another safe year by the Virginia Municipal League Insurance Pool. We also received the National Association of Clean Water Agencies Platinum Award, recognizing our employees for their exemplary performance in meeting quality indicators for five years in a row! Given that ASA has some of the toughest quality measures in the country, this is quite an outstanding achievement, showcasing the true talent and commitment of our ASA team.

Unlike the last 50 years, which provided for little change in our wastewater treatment processes, our recent past shows an end to this trend and a future filled with change, challenge and opportunities for shifts in how water is viewed and used in our communities. We are continuing our efforts to find energy balances within the process and look to enhance our products' usability, such as water reuse within South Carlyle and along Eisenhower Avenue, and the use of our solids product for soil amendments and even a regional biosolids to energy facility. Research partnerships will also play a role in our future success and we will continue to partner with Virginia Tech and Bucknell University, as well as our regional utility peers, to develop more efficient processes for cleaning our used water.

I would like to thank our Board of Directors for their support and encouragement during this last year. On behalf of our Chairman in 2010, Ed Semonian, the rest of the Board, and my colleagues at ASA, I want to thank you, our community, for your continued support of our services.

We are looking forward to another exciting and successful year!

Karen Pallansch **GENERAL MANAGER**



ASA BOARD OF DIRECTORS

ASA is governed by a board of five citizen members appointed by City Council to four-year staggered terms. It is a public body in all respects, but is independent of the City government administratively and financially. In 2010, the board successfully negotiated the land acquisition of a 10-acre parcel needed for facility expansion and upgrades, as well as approving a phased rate increase to keep pace with capital costs.

LEGACY:

.....
handed down from the past

An end of an era came in September 2010 when Edward Semonian announced his intention to step down after 31 years as board chair. Mr. Semonian was first appointed to the board by City Council on January 14, 1969. Ten years later, he was elected Chairman on October 16, 1979. In addition to being on the board, Mr. Semonian has served as the City of Alexandria's Clerk of the Circuit Court since 1980.



Photo: James Cullum

Mr. Semonian thanking Mayor Euille for the proclamation read in his honor.

.....
"He is a living legend for his commitment to environmental stewardship – his legacy extends beyond the City of Alexandria..."

TOM VAN WAGNER

.....

Taking over the reins from Mr. Semonian in FY 2011 is Tom Van Wagner, a fellow board member since 2001. In addition to Mr. Van Wagner serving as chair, Jim Larrison was elected as the new vice chair and Elise Fulstone will continue in her role as secretary-treasurer.



2010 BOARD OF DIRECTORS

Left to right: Edward Semonian **CHAIRMAN** • Tom Van Wagner **VICE CHAIRMAN** • Elise Fulstone **SECRETARY-TREASURER**
Jim Larrison • David Nichols

VALUES: any object or quality desirable as a means or as an end in itself

OUR MISSION

The employees of ASA are professionals working together to protect the environment for today and tomorrow. Our purpose is to produce cleaned, safe water and exceptional quality biosolids in an environmentally sound manner.

OUR VISION

Environment and People – the Best of Both!

OUR VALUES

- **Employees** that are stable, dedicated, highly skilled and diverse
- **Service** provided with an attitude of respect and fairness that delivers safe, effective and efficient public health and environmental protection
- **Innovation** that creates and inspires new ways of providing exceptional service and enhances technologies that improve how we conduct our public service business
- **Accountability** and **responsibility** for our workplace actions and our product quality
- **Leadership** that establishes the tone and direction for motivating and inspiring others to accomplish a shared vision
- **Open communications** and **transparency** within our workplace as well as with our stakeholders
- **Integrity** demonstrated through our honest and ethical actions
- **Teamwork** to work together to achieve shared goals



FIND US ON FACEBOOK. TO LEARN MORE, VISIT WWW.ALEXSAN.COM.

WELCOME TO ASA

24/7/365

Making dirty water clean again is our business, and it's a job we take seriously 24 hours a day, 7 days a week, 365 days a year. While 2010 brought its share of challenges and opportunities, the Alexandria Sanitation Authority came out on top thanks to its dedicated workforce.

It is the men and women of ASA that allow us to continually and consistently produce exceptionally clean water and biosolids at the highest standards. Through this strength of our team, we are able to keep pushing the envelope and redefining the future of wastewater – for ASA, our community, and the industry.



2010 KEY SUCCESSES

>42,000

The number of analyses performed by our highly skilled lab staff in 2010.

>6,000

The number of preventative maintenance activities completed, saving time and money in potential repairs.

17.5 years

The average length of service for our 93 employees.

185,000

The number of hours worked without a claim against ASA's Workers Compensation Insurance, thanks to a strong commitment to safety in the workplace.

13.4 billion

Total gallons of wastewater treated with perfect compliance, and returning it in crystal clear condition back into the Chesapeake Bay Watershed.



MATERIALS & WASTE

- Use Environmentally Preferable Materials
- Standardize Equipment Units & Spare Parts
- Utilize Sustainable Approaches for Project Execution
- Minimize Wastes Produced

CLIMATE CHANGE/ GHG EMISSIONS

- Minimize Life-Cycle GHG Emissions
- Adapt to Climate Change

"We receive about 225 samples per week and approximately 1500 analyses are performed on these samples, along with 650 quality control samples."

JOSEPHINE RAGER
LABORATORY TECHNICIAN

STEWARD: one who manages another's property or financial affairs

We are committed to leading our region in meeting tough new standards to improve the health of the Chesapeake Bay Watershed. To this end, ASA seeks to be a financial steward for our ratepayers, as well as an environmental steward in our everyday work. This is accomplished through a focus on a triple bottom line – balancing financial, social and environmental needs. In order to incorporate this approach, a sustainability model was created to ensure that our core values are integrated within our planning efforts.

This model takes into account those triple bottom line impacts across ASA's five key business strategies: People, Environmental Leadership, Efficiency, Community Awareness, and Fiscal Responsibility.

ASA'S DECISION MODEL

ENERGY

- Reduce Energy Consumption
- Generate Energy/ Increase Use of Renewable Energy

SITE DEVELOPMENT & NATURAL ENVIRONMENT

- Create Aesthetically Pleasing Environment
- Increase Value of Ecologically Viable Areas

STORMWATER & WATER MANAGEMENT

- Maximize Use of Stormwater Resource
- Maintain Stormwater Quality
- Beneficial Reuse of High Quality Effluent

COMMUNITY RELATIONS

- Achieve Public Acceptance
- Minimize Traffic
- Minimize Odors
- Minimize Post Construction Operational Noise
- Minimize Post Construction Light Impacts
- Minimize Construction Impacts

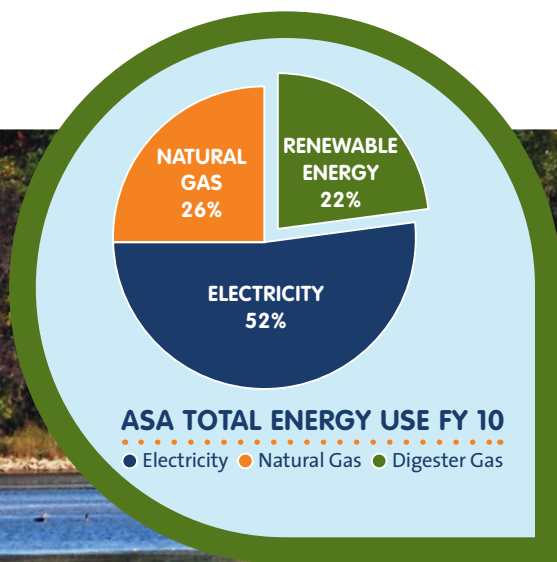
HUMAN HEALTH

- Eliminate/Reduce Physical/ Chemical Hazards
- Maintain Healthy Air Quality
- Ensure Worker Safety During Construction & Operations

SUSTAINABILITY: living and working like we plan to stay here for generations

Sustainability is one of our core business objectives at ASA. We look for ways to optimize our process, our chemical usage, our people and performance, our budgeting and financial management – all going a long way to help us ensure our value and viability into the future. We continue to take focused steps in line with our strategic and business planning process, so that sustainability becomes a holistic program integrated into our day-to-day operations and culture, as opposed to an ‘initiative’.

We track a multitude of sustainability metrics during our normal business operations, as well as with design and construction projects. Some of the highlights include:



Making a conscious decision to buy “green” – items like hybrid vehicles, green seal certified cleaning products, and office supplies.



Requiring sustainable construction practices, emissions control, and salvaging, recycling, waste minimization and disposal efforts for construction debris.

Energy consumption for our treatment operations was...

↓ 6%
FOR 2010

Our treated effluent water was used for plant maintenance and cleaning, **saving nearly \$2 million** in purchased water expenses.

**1.3
BILLION
GALLONS**

Using the methane gas created by bacteria in the digesters, ASA generated close to **130 million cubic feet of renewable energy** – enough gas to heat...

**793
HOMES
FOR A YEAR**

For the last three-year period, ASA had a...

**33% ↓
IN CHEMICAL
USAGE**



Ensuring that **32% of all construction materials** used contain recycled content, and at least 36% of materials to come from sources **within 500 miles of ASA**.

Entering into an energy load shedding program where ASA **helped power companies meet peak demand needs** with...

**1,700 KW
DIVERTED**

Leveraging technology through computer systems and utilizing teleconferencing has **saved over 6,500 pounds of carbon emissions to date** – this is the equivalent of...

**7 CARS
OFF THE ROAD**

Requiring B20 biodiesel blend be used for at least 50% of the contractor's fuel for construction equipment. Biodiesel is a domestically produced, clean-burning, renewable substitute for petroleum diesel and using B20 reduces carbon dioxide emissions by up to 15%.

Source: U.S. Department of Energy

LEADER: a guiding or directing head; position in advance of others

Being a leader in the wastewater industry is a direct result of our dedicated and highly-skilled employees. ASA has 93 employees to keep it on track, including trades people, executives with master's degrees, licensed engineers, and wastewater operators that are licensed at the highest level of certification for their position.

Everyone here is committed to effectively and efficiently accomplishing our core business – making dirty water clean. This commitment shows through with the awards, milestones and certifications ASA has achieved during the year.

- Received the National Association of Clean Water Agencies (NACWA) Platinum Peak Performance Award. This recognition is a special tribute to agency facilities that have **maintained 100 percent compliance** with the National Pollutant Discharge Elimination System (NPDES) permit **for five consecutive years**.
- Presented with a **Certificate of Achievement for Excellence in Financial Reporting** from the Government Finance Officers Association for our FY 2009 comprehensive annual financial report.
- **Scored 100 percent** on Virginia Municipal League Insurance Program's annual risk management guidelines assessment, earning a **five percent reduction in insurance premiums**.
- Our laboratory received its **interim laboratory certification** from the Virginia Division of Consolidated Laboratory Services in June, which is in effect until June 2012. Full certification will be granted upon completion of a formal audit process.



Steve Lee and Joel Gregory accepting NACWA Platinum Peak Performance Award.

- Completed a **favorable internal audit** to maintain our National Biosolids Partnership certification.
- Successfully completed a site inspection by the Virginia Department of Environmental Quality, including commendation for our clean facility.
- Maintained our **Extraordinary Environmental Enterprise (E3) status** in the Virginia Environmental Excellence Program for demonstrating a commitment to environmental management systems and pollution prevention.



PARTNERSHIP:

.....
an association of persons
joined as partners in business

In addition to our talented workforce, we have benefited greatly from the partnerships forged over the years. These partnerships include:

- Being a member of the NOVA Learning Center of Excellence, a consortium of wastewater treatment plants in Northern Virginia who are combining training resources in an effort to maximize effectiveness and value by developing a sustainable workforce.
- Working with the Virginia Rural Water Association to offer our team members training sessions on skills needed to achieve licensure, as well as continuing education credits for license renewal.
- Becoming a member of the Virginia Water and Wastewater Agency Response Network (WARN) in November 2009. Our membership gave Virginia enough members to become an official WARN state, allowing mutual aid to be shared among utilities in emergency situations. This was followed by our joining the National Capital Region WARN in December 2009.
- Collaborating with the cities of Alexandria, Lynchburg and Richmond to ensure communities in Virginia with combined sewer systems continue to receive credit for exceptionally cleaned water.
- Teaming up with students and researchers at Bucknell University, Virginia Tech, and Columbia University. A variety of studies were conducted at our facility on our soil amendment product, pre-pasteurization techniques, and greenhouse gas emissions.
- Continuing involvement with the Virginia Biosolids Council and Mid-Atlantic Biosolids Association to provide assistance and feedback on key biosolids issues.
- Participating on boards, committees and taskforces through a multitude of associations like the Clean Water America Alliance, Water Environment Research Foundation, Water Environment Federation, National Association of Clean Water Agencies, and WateReuse Research Foundation — all dedicated to the advancement of the wastewater profession, improved water policy, and protecting water quality.



NEIGHBOR: shows kindness or helpfulness toward fellow humans



ASA is an active participant in local organizations and efforts dedicated to quality water, including the City of Alexandria's Eco-City Charter, Alexandria Environmental Policy Commission, Earth Force, the Alice Ferguson Foundation, and the Virginia Water Environment Association – just to name a few.

Employees here at ASA go to great lengths to give back to the community through volunteer work in our area. Staff donated their time and energy to be involved with **Earth Force's 2010 Youth Summit**, **Earth Day 2010** at Ben Brenman Park, and the **22nd Annual Potomac River Watershed Cleanup**. People also gave generously in several food, clothing and toy drives to help ALIVE! and Child & Family Network Centers meet high demand for those in need during the holidays.

In addition, we share our facility with the **Alexandria Fire Department** and **Alexandria Police Department** for their training needs. Highlights of the trainings conducted onsite this year include confined space and rope rescue exercises, SWAT operations, fire safety, and K-9 unit trainings.



TOURS: to guide someone
on a journey

Over the last year we have welcomed hundreds of visitors to our facility, ranging from students of all ages to industry insiders and political dignitaries. We also opened our new Visitor Center in the spring of 2010, transforming an underutilized lobby space on the first floor of the Administration Building into a hands-on learning environment. Our goal was to provide a space for our community to learn about our people, our process, and our values. Visitors are greeted by an introductory "theater" area with a welcome video featuring the plant and how we treat water, as well as showcasing many of our talented employees.

The ASA Visitor Center and Mobile Learning Displays work in conjunction to further environmental stewardship, help with our utility branding, and provide a set of tools to explain the wastewater process. Finally, they provide ASA with another opportunity to either welcome the community into our award-winning facility, or bring our facility to them.



"I loved the Visitor Center because it does a commendable job of providing an overview of the plant."

GEORGE WASHINGTON UNIVERSITY
ENGINEERING STUDENT

• • •
**ELLEN PICKERING
ENVIRONMENTAL
EXCELLENCE AWARD**

This year, ASA and the Alexandria Environment Policy Commission presented the 2nd Annual Ellen Pickering Environmental Excellence Award. This award is in memory of the late Ellen Pickering, a former City council member and ASA board member, who dedicated her life to preservation and conservation. The award is given to an outstanding City resident or group in recognition of their demonstrated commitment to protecting the natural environment and promoting environmental sustainability.

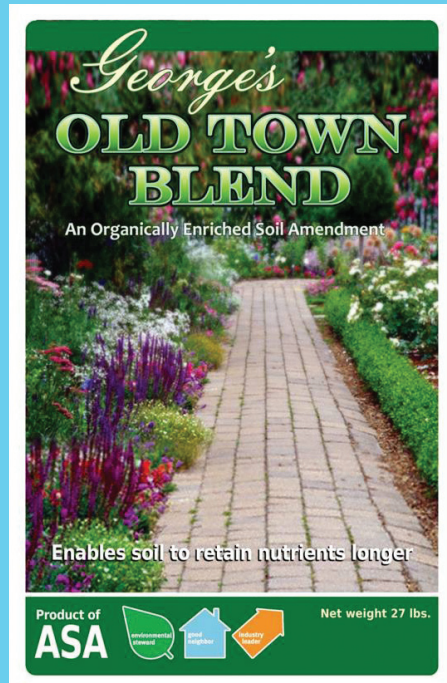
The 2010 recipient was Montie Kust, an Alexandria resident since 1957 who has opened her three-acre property up to educators, environmentalists, bird watchers, and citizens.



STATE OF THE ART: the latest and most sophisticated or advanced stage of a technology, art, or science

Biosolids: nutrient-rich organic materials obtained from wastewater treatment and used beneficially, as for fertilizer

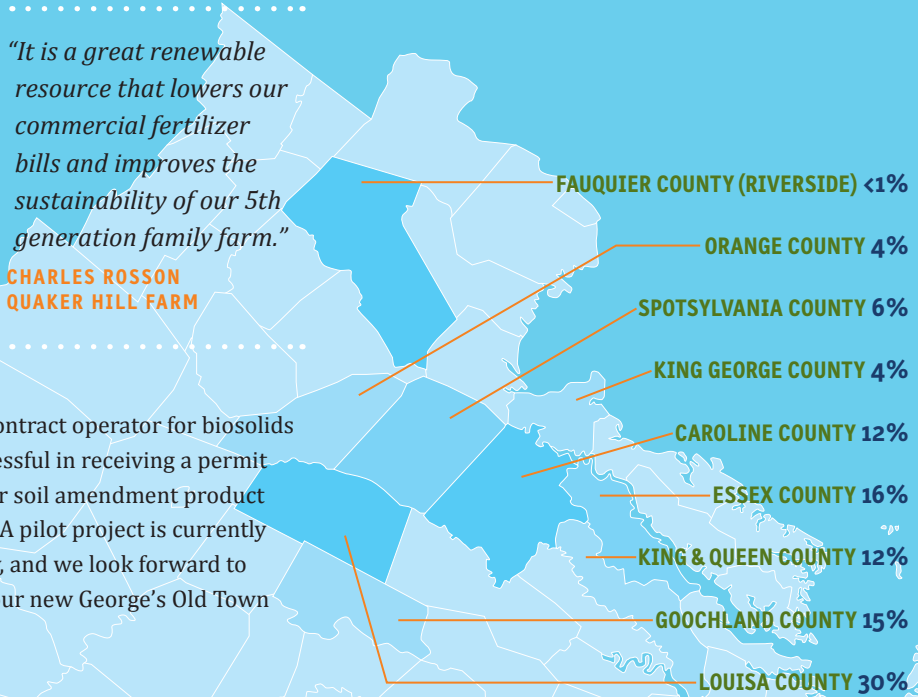
Our facility removes over 90% of the nitrogen and close to 100% of the phosphorus from the dirty water coming into the plant. Those nutrients are what fuel the growth of algae blooms in the waterways. Instead, we take the nutrients in the removed solids and convert them into pathogen-free renewable material called Class A Exceptional Quality Biosolids. This environmentally-friendly product is provided to farmers throughout Virginia as a nutrient-rich fertilizer.



"It is a great renewable resource that lowers our commercial fertilizer bills and improves the sustainability of our 5th generation family farm."

**CHARLES ROSSON
QUAKER HILL FARM**

ASA and Synagro, our contract operator for biosolids distribution, were successful in receiving a permit to begin distributing our soil amendment product through other avenues. A pilot project is currently underway at our facility, and we look forward to launching a roll-out of our new George's Old Town Blend in 2011.



VIRGINIA

WHAT IS SANUP?

In 2005, Virginia imposed an unprecedented legal requirement – by 2011, ASA must remove 62% more nitrogen from our treated wastewater. That means designing, building, and installing modern equipment that allows us to meet the new regulations and do our part at improving the health of the Chesapeake Bay Watershed. The lower the discharge limits go, the more advanced/complex our facilities are needed to be – on an already constrained site. This is SANUP: our State-of-the-Art Nitrogen Upgrade Program.



A long-range planning effort was started in 2007 where the team evaluated all current and emerging technologies needed to achieve ASA's 2011 and 2030 needs and goals.

It was ultimately decided to break SANUP up into “packages” to allow us to spread design and construction costs over a 7-year period. The individual packages are:

Supplemental Carbon Improvements This work ultimately provides us with more flexibility to dose a variety of chemicals, allowing ASA to more effectively manage treatment efficiency and costs in a sustainable manner. Construction is currently underway and due to be completed in October 2011.

Centrate Pretreatment and Final Effluent Flow Measurement This is one of our most innovative technologies planned – by utilizing anammox bacteria, or red bugs, in a deammonification process (DEMON) before the biological reactor basins, ASA will no longer use the chemicals and only 30% of the energy typically needed during this treatment process. There are currently only 14 installations of DEMON in Europe, and ASA will become the first to use this technology in North America.

In addition, measurement instruments installed in the post-aeration basins will allow us to accurately measure our final effluent flow discharged to Hunting Creek. This package is scheduled to begin construction in 2011.



West Plant Site Access and Nutrient Management Facility In 2010, ASA acquired a 10-acre parcel in preparation for our needed upgrade. This package includes the site work and our Nutrient Management Facility (NMF). The NMF will provide additional storage tanks allowing us to store primary effluent wastewater when nitrogen concentrations are high and then release the stored wastewater back into the basins when nitrogen concentrations are low.

Biological Reactor Basin Number 6 This is an additional reactor basin to remove nitrogen from the wastewater. Work on the new reactor basin is scheduled to begin in 2012.

These are “must have” investments for us and our ratepayers. They will help us continue to provide safe, cost-effective, exceptional service in an environmentally sustainable manner. They also allow for continued growth and re-urbanization of the area while still encouraging an Eco-City environment and generating new jobs.

... MORE ON ANAMMOX

As already noted, we will be the first facility in North America to have a system in operation utilizing anammox bacteria, or red bugs. This is very exciting, but we didn't get to this point alone. In 2008, ASA partnered with DC Water, CH2M Hill, and the University of Innsbruck in Austria to do a pilot study. At the conclusion of the study, the red bugs were found to be the key to removing as much as 90% of the Total Nitrogen in the centrate – water removed by large centrifuges used in the solids processing – where nitrogen levels can be as much as 50 times higher than raw wastewater.

FINANCE: the conduct or transaction of money
 matters, especially those affecting the public

ALEXANDRIA SANITATION AUTHORITY

Statements of Net Assets

September 30, 2010 and 2009

Assets	2010	2009
Current Assets		
Cash and cash equivalents – unrestricted	\$ 17,292,866	\$ 12,447,164
Cash and cash equivalents – restricted	8,828,484	1,039,198
Accounts receivable	5,859,866	6,364,517
Inventory	349,517	14,622
Prepaid Expenses	219,473	–
Investments – restricted	8,379,587	9,170,713
Due from Fairfax County	531,612	–
Total current assets	<u>\$ 41,461,405</u>	<u>\$ 29,036,214</u>
Noncurrent Assets		
Investments	\$ 4,070,002	\$ 8,796,902
Capital assets, net of accumulated depreciation and amortization	525,301,869	499,115,050
Unamortized bond issuance costs	178,690	142,562
Total noncurrent assets	<u>\$ 529,550,561</u>	<u>\$ 508,054,514</u>
Total assets	<u>\$ 571,011,966</u>	<u>\$ 537,090,728</u>
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 6,505,193	\$ 6,018,322
Accrued interest payable	730,100	533,291
Accrued vacation and sick leave	603,071	736,909
Accounts payable and accrued expenses	1,994,929	4,005,405
Line of credit	10,319,950	4,050,000
Due to Fairfax County	–	762,931
Total current liabilities	<u>\$ 20,153,243</u>	<u>\$ 16,106,858</u>
Long-Term Liabilities		
Bonds payable, less current portion, net of unamortized amounts	\$ 113,555,869	\$ 106,113,910
Accrued vacation and sick leave, less current portion	\$ 344,443	\$ 440,814
Other post employment benefits (OPEB)	985,916	493,689
Total long-term liabilities	<u>\$ 114,886,228</u>	<u>\$ 107,048,413</u>
Total liabilities	<u>\$ 135,039,471</u>	<u>\$ 123,155,271</u>
Net Assets		
Invested in capital assets, net of related debt	\$ 394,920,857	\$ 382,932,818
Restricted:		
Operating	4,476,014	2,218,739
Parity Debt Service	2,288,425	585,307
Improvement, Renewal and Replacement	9,420,664	6,075,338
Construction	919,876	583,673
Unrestricted	23,946,659	21,539,582
Total net assets	<u>\$ 435,972,495</u>	<u>\$ 413,935,457</u>
Total liabilities and net assets	<u>\$ 571,011,966</u>	<u>\$ 537,090,728</u>

Utilities in our area and around the country are facing a continued struggle to balance the needs of replacing an aging infrastructure in spite of increasing costs and an ever-changing economy. ASA worked tirelessly in 2010 to meet that challenge, reducing expenses by over \$1.2 million while increasing our net assets by 5.8%. We also put into place prudent financial and investment policies to better position us to meet anticipated and unexpected cash flows.

The Need to Raise Rates

It's a fact: the cost of treating water is going to increase in the coming years. One reason is more stringent environmental regulations that call for cleaner wastewater that will help restore the health of the Chesapeake Bay. This requires ASA – and other wastewater treatment agencies in the region – to upgrade our facility so that we can continue to operate.

Plans are well underway for SANUP, which will cost an estimated \$129 million over the next seven years.

Other capital projects are planned to upgrade pump stations, manage biosolids in a sustainable way, and develop a water reuse program. These projects will cost approximately \$222 million over ten years, and are necessary steps to allow ASA to continue to serve you – our customers.

To achieve upgrade projects of this magnitude, and comply with Virginia DEQ and EPA regulations, a rate revenue increase was needed. After a detailed rate study, ASA's Board opted to approve a 3-year phased approach to the Board: with the first increase going into effect October 1, 2010, and subsequent increases in 2011 and 2012. The rate increase does not affect the per gallon charge for water consumption, but it does increase the ASA account service charge by roughly \$0.25/month and adds a new Bay Protection Charge – a fixed charge to recover capital expenses needed to upgrade ASA infrastructure. These upgrades are all focused on protecting the health of the Chesapeake Bay Watershed.

ALEXANDRIA SANITATION AUTHORITY

Statements of Revenues, Expenses and Changes in Net Assets

Years Ended September 30, 2010 and 2009

	2010	2009
Operating Revenues		
Sewage disposal charges:		
Regular	\$ 29,630,580	\$ 28,165,436
Special	981,635	591,394
Fairfax County:		
Regular	12,461,259	12,794,569
Miscellaneous	33,211	174,044
Total operating revenues	<u>\$ 43,106,685</u>	<u>\$ 41,725,443</u>
Operating Expenses		
Personnel services	\$ 11,984,116	\$ 12,847,090
Utilities	2,894,032	3,739,917
Chemicals	1,355,756	1,654,507
Operations maintenance	1,565,870	1,158,143
Sewage disposal services, Arlington County	1,256,040	1,270,381
Sludge disposal	891,508	989,002
Amortization	684,390	325,498
Depreciation	8,579,387	8,586,583
Replacements, sewage disposal system	622,737	149,707
General, administration, customer service, and other	2,646,080	2,791,919
Total operating expenses	<u>\$ 32,479,916</u>	<u>\$ 33,512,747</u>
Operating income	<u>\$ 10,626,769</u>	<u>\$ 8,212,696</u>
Nonoperating Revenues (Expenses)		
Investment income	\$175,253	\$ 237,065
Interest expense	(4,043,707)	(3,951,887)
Total nonoperating revenues (expense)	<u>\$ (3,868,454)</u>	<u>\$ (3,714,822)</u>
Change in net assets before capital contributions	<u>\$ 6,758,315</u>	<u>\$ 4,497,874</u>
Capital Contributions	<u>15,278,723</u>	<u>19,565,293</u>
Change in net assets	<u>\$ 22,037,038</u>	<u>\$ 24,063,167</u>
Net Assets		
Beginning	413,935,457	389,872,290
Ending	<u>\$ 435,972,495</u>	<u>\$ 413,935,457</u>



1500 Eisenhower Avenue
Alexandria, VA 22314-3417
Tel 703-549-3381
www.alexsan.com

