



## ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item  
Meeting of December 9, 2006**

**DATE: December 13, 2006**

**SUBJECT:** Approve an Agreement between the Virginia Department of Environmental Quality (“DEQ”) and the County Board for receipt of a grant from the Water Quality Improvement Fund (“WQIF grant”) for the design and construction of the Enhanced Nutrient Removal (“ENR”) portion of the Water Pollution Control Plant Master Plan 2001 (“WPCP MP01”) facilities at the Wastewater Treatment Plant.

**C. M. RECOMMENDATIONS:**

1. Authorize the County Manager to execute an Agreement between Arlington County and DEQ for receipt of a Construction Grant in the amount of approximately \$93,000,000 with the approval of the County Attorney. These monies are for reimbursement for costs incurred in the design and construction of facilities associated with the DEQ approved ENR components of the WPCP MP01.
  
2. Appropriate the grant funds in the amount of approximately \$93,000,000 to the Utilities Capital Fund 519 Cost Center 43541.

**ISSUE:** None.

**SUMMARY:** As part of an overall program to reduce nitrogen in the effluent released from wastewater treatment, DEQ solicited grant applications to fund the construction of wastewater projects incorporating ENR technology. An application was submitted by the County, and DEQ has authorized a grant in the amount of approximately \$93,000,000 was authorized.

**BACKGROUND:** In January 2003 the County Board endorsed the WPCP MP01 that will enable the County to meet current and future capacity demands in the most environmentally appropriate manner. The capital improvements outlined by the MP01 provided for reduction of wet-weather external bypasses, meeting current and impending nutrient-reduction regulations, a capacity sufficient for existing and future flows until approximately 2015-2020, state-required redundancy, and a positive environmental impact for Four Mile Run, the Potomac River, and the Chesapeake Bay, as well as addressing aging infrastructure, reliability, odor control and security issues.

The MP01 is funded from several sources and ultimately by the water sewer rate which funds the debt service on the financed balance of the project. On April 24, 2004, the County Board approved a long-term loan of \$100 million from the Virginia DEQ Water Facilities Revolving

County Manager: \_\_\_\_\_

County Attorney: \_\_\_\_\_

Staff: Larry Slattery, Department of Environmental Services, Water Pollution Control Bureau

Loan Fund to provide financing for MP01. In October 2005, the Virginia DEQ awarded a 50% cost sharing grant to fund the preparation of the Preliminary Engineering Plan on the nitrogen removal related costs. In November 2006, the Virginia DEQ awarded a 35% cost sharing grant to fund the Program Management (PM), Design, Construction Management (CM), and Construction related to the ENR facilities included in the MP01 Plan. A second loan from VRLF for \$80 million has been approved for Spring 2007. The MP01 also receives funding from the inter-jurisdictional partners who are responsible for their proportionate share of the costs related to upgrade of the WPCP.

**DISCUSSION:** The Construction Grant is funded by the Virginia DEQ Water Quality Improvement Fund. This grant is the second to be received for MP01. In February 20026, The County received the first grant, a \$363,000 technical assistance grant for designing ENR processes. The issuance of the technical and the construction grants are part of a continuing effort by DEQ to fund the costs associated with the reduction of nitrogen levels in wastewater effluent. The construction grant award is for the full estimated amount of eligible costs related to ENR; however, DEQ has received applications for a total amount that is significantly greater than the funds available. DEQ will be submitting a request to increase the fund so that the grants can be awarded in full. If DEQ does not get that increased funding, the grant actually received by Arlington County will be decreased.

**FISCAL IMPACT:** The Technical Assistance Grant and the subsequent Construction Grant funds will be used to fund the MP01 costs and will reduce the amount to be funded by Arlington County, financed through the DEQ Revolving Loan Fund, General Obligation bonds, and the Inter-jurisdictional partners who are responsible for their proportionate share of the costs related to upgrade of the WPCP. The funds will be appropriated to the Utilities Capital Fund 519 Cost Center 43541.