AlexRenew

1800 Limerick Street
Alexandria, VA 22314
alexrenew.com



Tuesday, November 21, 2023 – 6:00 p.m.

# Regular Board of Directors Meeting Agenda

**In-person:** AlexRenew Environmental Center (1800 Limerick St)
Ed Semonian Boardroom, Room 600

**Virtual:** Microsoft Virtual Events Powered By Teams

Public comments will be received at the meeting. If you wish to speak during public comment, please contact the Board Secretary at (703) 721-3500 ext. 2260 or lorna.huff@alexrenew.com in advance so you can be added to the speakers list. Submission of written statements is encouraged and may be emailed to the Board Secretary.

A recording of the meeting will be posted on alexrenew.com after the meeting.

| No. | Item | Presenter | Action |
|---|---|---|---|
| 1. | Call to Order (6:00 p.m.) | Chair | |
| 2. | Approval of Agenda (6:02 p.m.) | Chair | Approval |
| 3. | Public Comment Period (6:05 p.m.) | Chair | |
| 4. | Consent Agenda (6:10 p.m.) | Chair | Approval |
| | a. Minutes from October 17, 2023 meeting (Tab 1) | | |
| | b. Review and Approve Amendment No. 1 for Computerized Maintenance Management System (CMMS) Annual Software Licensing Fee (Joint) (Tab 2) | | |
| 5. | Member and Committee Updates (6:15 p.m.) | Chair | Information |
| | a. Community Meetings (Tab 3) | | |
| | b. Finance & Audit Committee | Mr. Jinks | |
| | i. Update from November 13, 2023 meeting | | |
| | c. Governance Committee | Mr. Beall | |
| | i. Policies: Committees, Financial, Environmental Justice | | |
| | ii. Board Retreat January 5 and 6 | | |
| 6. | Unfinished Business (6:25 p.m.) | Chair | |
| | a. None | | |
| 7. | New Business (6:25 p.m.) | Chair | |
| | a. Review and Accept Annual Comprehensive Financial Report (Tab 4) | Mr. Jinks | Approval |
| | b. Customer Service Migration Update | Mr. Carl | Information |
| 8. | AlexRenew Monthly Outcomes Update (7:00 p.m.) (Tab 5) | Mr. Carl | Information |
| 9. | Closed Session for Discussion of a Personnel Matter (7:15 p.m.) | Chair | |
| 10. | Adjourn (7:30 p.m.) | Chair | |

Times shown in parentheses ( ) are approximate start times and serve as guidelines

If you need an interpreter, translator, materials in alternate formats or other accommodations to access this service, activity or program, please call (703) 721-3500 ext. 2260 at least three business days prior to the meeting.

The next Regular Board of Directors meeting is scheduled for Tuesday, December 19, 2023 @ 6:00 p.m.

Minutes of the 911th Meeting
*"Celebrating Over 60 Years of Continuous Environmental Excellence"*
Alexandria Renew Enterprises
6:00 p.m., Tuesday, October 17, 2023

On Tuesday, October 17, 2023, the Alexandria Renew Enterprises Board of Directors held its regular Board of Directors meeting in the Edward Semonian Board Room at 1800 Limerick Street, with the following present:

| | |
|---|---|
| Members: | Mr. John Hill, Chairman<br>Mr. James Beall, Vice Chairman<br>Ms. Adriana Caldarelli, Secretary-Treasurer<br>Mr. Mark Jinks, Member<br>Ms. Rebecca Hammer, Member |
| Staff: | Mr. Justin Carl, General Manager/Chief Executive Officer<br>Mr. Lake Akinkugbe, Director of Finance<br>Mr. Matt Robertson, Director of Communications<br>Ms. Lorna Huff, Secretary to the Board |
| Counsel: | Ms. Amanda Waters, General Counsel,<br>McGuireWoods, LLP |
| Fairfax County<br>Representative: | Mr. Shahram Mohsenin, Chief<br>Wastewater Division |
| City Representative: | Mr. Lu Zhang,<br>T&ES/Sanitary Infrastructure Division |

<u>Call to Order</u>

The Chairman called the meeting to order at 6:01 p.m.

<u>Approval of Agenda</u>

The Chairman requested that members review and approve the agenda. Ms. Caldarelli moved and Mr. Beall seconded. The Board unanimously approved.

<u>Public Comment Period</u>

There being no members of the public in attendance and wishing to speak, the Chairman closed the public comment period.

<u>Consent Agenda</u>

The Chairman requested that members review the Consent Agenda which contained the Minutes of the September 19 meeting. Mr. Jinks requested that under CEO Monthly Outcomes, Item A., line 1, the word "pre-audit" be added before year-end summarization. There being no additional questions or comments, the Chairman requested a motion to approve the Consent Agenda as amended. Mr. Beall moved and Ms. Caldarelli seconded. The Board unanimously approved.

## Member and Committee Updates

### Community Meetings

The Chair reported that he attended the Rosemont HOA meeting where AlexRenew staff gave a presentation on the status of the Commonwealth Interceptor project. He also noted that City staff is meeting with the HOA on Wednesday, September 20. He encouraged members to reconnect with their HOA's.

### Finance and Audit Committee

Mr. Jinks reported that the Committee of the whole attended the Finance and Audit Committee meeting. The Committee Chair hosted a work session where members discussed affordability and customer assistance program ideas and options. Members reached consensus on a three-step, phased approach. The CEO will review Board provided options and distribute a meeting recap to members.

### Governance Committee

The CEO reported that staff is tracking policies with the following to be addressed at a later date: Board Committees, Environmental Justice and Financial. Mr. Beall reported that the Financial Policy will be reviewed after the annual audit.

Mr. Carl reminded members to complete the Board self-assessment and Clifton Strengths. Prior to the January Board Retreat, members will meet with Ms. Sally Magee to review their Clifton Strengths results.

## Unfinished Business

There being no items under Unfinished Business, the Chair moved to New Business.

## New Business

*A.* Review and Approve Resolution for RiverRenew Stakeholder Advisory Group (SAG) Reconstitution

Discussion

Since 2016, the Stakeholders Advisory Group (SAG) has provided oversight of the City's Long-term Control Plan (LTCP). A new SAG was formed for the RiverRenew construction plan. Its term expires in February 2024. AlexRenew staff had discussions with current SAG members, the Council-Board workgroup and Deputy City Manager to determine if the group adds value and should be reconstituted. City code allows for three terms or three years. AlexRenew staff and stakeholders decided to reconstitute the SAG under the AlexRenew Board for an additional one-year period to review progress. The action is not unprecedented and AlexRenew staff followed prior guidelines to develop a Resolution. In February 2024, the SAG will reconstitute under the AlexRenew Board with quarterly instead of bi-monthly meetings. Mr. Hill inquired about future vacancies. Mr. Carl reported that new members would not have the program background and current members are still in place. The Chair inquired if members had questions or comments. Mr. Beall noted there was a typo in the Resolution at the word "Therefore". There being no questions or comments, the Chair requested a motion to approve. Mr. Jinks moved and Mr. Beall seconded. The Board unanimously approved.

*B.* Customer Service Migration Update

Discussion

Mr. Carl recognized Mr. Robertson who provided an update on the customer service migration from GCWW to Enterprise Solutions Consulting (ESC). The go live date is November 1.
ESC is an Oracle-based customer care system that specializes in customer service solutions for

smaller utilities. Customers will continue to receive quality service with bill delivery, design, account numbers and call center services remaining unchanged. New customer service features include Auto-pay credit card options, a live chat feature, and extended customer service hours from 6:00 a.m. to 6:00 p.m. Phase 2 of the rollout will allow customers to provide Opt-in donations. Mr. Jinks inquired about credit card fees. Mr. Robertson reported that credit card fees will be paid by the customer. The new desk top portal provides customer flexibility to use on any device.

Community Outreach began in September and included bill inserts, social media, and bulk customer emails. During the transition, digital and phone payments will be unavailable for 3-6 days during the migration; Auto-pay, paperless, and payment plan information will transfer automatically. The Chair inquired of the number of accounts that are paperless. Mr. Roberts was not aware but would provide that information. Mr. Jinks inquired if the customer service line was staffed by ESC personnel. Mr. Roberts reported that ESC staff works the customer service lines. Members inquired about performance monitoring and metrics, and services for non-English speaking customers. Metrics are built into the contract including dropped call, number of calls per day, answer speed, etc. Mr. Roberts reported that ESC staff has call center reps that speak Spanish, but is not aware of other languages . Mr. Jinks requested that staff could follow up on ESC protocol for handling non English speaking customers. Mr. Zhang inquired if the online chat was staffed by a chatbot. Mr. Roberts reported that a person will be staffing the online chat. The Chair requested weekly email follow up to include performance metrics during the migration.

There were no additional questions or comments, the Chairman recognized Mr. Carl for the CEO Monthly Outcomes Report.

<u>CEO Monthly Outcome Reports</u>

*A.* <u>CEO Board Report</u>

Mr. Carl reported that the Innovation District Pump Station (IDPS) is being turned over to AlexRenew for operations. Staff is working through land use issues and once those are complete, AlexRenew will assume ownership. The IDPS is designed to accommodate 2 mgd flows and will operate once per week. Flows are expected to increase as development of the area continues. Staff is seeking additional maintenance to oversee the pump station during its start up. Mr. Carl discussed the Four Mile Run Pumping station and its wet weather operations, and the Potomac Yards Pumping Station.

Mr. Carl referenced the paragraph 3 on page 1 noting that staff has issued a request for qualifications (RFQ) for the Solids Upgrade Program using CMAR (Construction Manager At-Risk). An RFQ was issued the prior week along with an information session to gain contractor interest in the Preliminary and Primary Systems Upgrade project.

Table 1.2 on page two of the report has listed all the Job Order Contracts (JOC) that are currently in progress or being negotiated.

Mr. Hill inquired about the Solids Upgrade program and CIP estimates. Mr. Carl reported there is a solids master plan currently underway. There is a short-term improvement plan and long-term improvement plan over 10 to 15 years. Staff is still identifying a permanent solids solution and is waiting to see what happens with PFAS. The Solids program is meant to make AlexRenew more reliable and move away from pre-pasteurization which is no longer supported.

Mr. Jinks referred to Table 2.1 and had questions with regard to Finance. Mr. Carl reported that staff is working to streamline and improve how finance is shown in the Report. Table 2.1 has been updated to show the total budget, how much has been expended to date, and the percentage of the budget.

Mr. Jinks inquired about AlexRenew's accrual process and debt service. Mr. Akinkugbe discussed the accrual process noting that revenue and expenses are recognized in the Fiscal year they are actually incurred. Currently debt service is driven by delays with the RiverRenew project. The budget was compiled in early 2022, staff anticipated the project would be further along from a capital spending perspective. As spending has decreased, so has the amount of debt that AlexRenew incurs. Staff anticipates that this trend will catch up and this is a timing issue. Mr. Jinks noted that staff has projected $16.5 million for debt service and inquired on staff projections. Mr. Akinkugbe reported that AlexRenew is expected to be under budget.

Mr. Jinks requested that staff inform the Board on how much under budget prior to the January time frame. Mr. Carl reported on other factors including receipt of the $90 million ARPA grant which staff has begun to draw on, and reduced contractor payment applications resulting from the delays. Staff will include annual financial projections in the CEO report going forward.

On September 26, staff contacted  Senators Stewart and Surovell, Delegates Bulova, and Bennett-Parker, and Secretary Voyles. Staff is working through the process to get a contingent together to extend the RiverRenew deadline to July 1, 2026 or alternatively, let DEQ make the determination.

Mr. Carl referenced the RiverRenew Dashboard and provided updates for work at the plant, the Jamieson Street closure, Duke Street, and Ford's Landing. The waterfront tunnel is currently under the river. Tunneling has moved from clay into sand with Hazel having drilled 90 feet recently. Mr. Beall inquired if winter weather would have any effect on the tunneling. Mr. Carl reported there should be no effect on the tunneling. Mr. Carl reported on the September listening sessions and Council-Board Workgroup and SAG meetings in October. Staff is also planning the tunnel completion ceremony around Outfall 001 for a February or March time frame.

On October 20, AlexRenew will be supporting the Alex Forum with Ms. Isabella Evangelista discussing the way finding signage that staff has been working on with McArthur Myers and the City. Lastly, Mr. Carl distributed the draft of the 2023 Annual Report noting it follows strategic outcomes from previous years and includes  project updates, awards and funding. The Report will be printed once staff receives Board feedback. Ms. Caldarelli inquired about the tag lines. Mr. Carl reported that the tag line for the Annual Report changes yearly. Mr. Beall suggested that staff put a note identifying the pictures throughout the Report.

There being no additional business, the Chairman requested a motion to adjourn. Ms. Caldarelli moved and Mr. Beall seconded. The Board unanimously approved. The meeting adjourned at 7:05 p.m.

APPROVED: ______________________________

Secretary-Treasurer

AlexRenew

703.721.3500 | 1800 Limerick Street | Alexandria, Virginia 22314

AlexRenew.com

# MEMORANDUM

TO: AlexRenew Board of Directors

FROM: Justin Carl, CEO

DATE: November 14, 2023

SUBJECT: Action Item, Joint Use – Consent Agenda – Review and Approve Amendment No. 1 to Contract 22-001 Computerized Maintenance Management System Annual Software Licensing Fee

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### Issue

AlexRenew is implementing a new Computerized Maintenance Management System (CMMS) to manage and track preventative and corrective maintenance on AlexRenew's assets. Approval of the software licensing fee is necessary to continue implementation of the CMMS.

### Recommendation

Staff respectfully requests the Board authorize the CEO to execute Amendment No. 1 to Contract 22-001 with MentorAPM, LLC for annual software licensing fees associated with the CMMS.

### Budget and Funding

The cost of the CMMS annual software licensing fee is $170,000 and included in the FY2024 Capital budget and 10-year Operating budget with an annual inflation rate of two (2) percent.

### Discussion

Following a competitive negotiation process as defined and authorized by Virginia Public Procurement Act § 2.2-4302.2, MentorAPM, LLC was selected as the firm to modernize AlexRenew's CMMS in November 2022 under Contract 22-001. Work on process mapping, asset inventory, and system criticality has been progressing over the last year. Approval of the software licensing fee is necessary to continue implementation of the CMMS and proceed to the next phase of work. The software license is valid for an initial period of five (5) years, with five (5) optional one (1) year renewals, for a total of up to 10 years.

### Congruence with AlexRenew Strategic Plan

This action enables our strategy of Operational Excellence.

**ACTION TAKEN**

Approved: ____________

Disapproved: ____________

Approved with Modification: ____________

Modification(s): ____________________________________________

AlexRenew Board of Directors

**Alexandria Homeowners and Civic Associations Matrix**

Updated June 26, 2023

| HOA | Contact | Meeting Info | Board Contact |
|---|---|---|---|
| Alexandria Federation of Civic Associations | Carter Flemming, Chair<br>carterflemming@gmail.com | • Last Wednesday of the month<br>• 7:00 PM<br>• Hybrid | Rebecca Hammer |
| Del Ray Citizens Association | Tim Laderach<br>president@delraycitizen.net | • Second Wednesday of the month<br>• 7:00 PM<br>• Meeting locations vary | Jim Beall |
| North Old Town Independent Citizens Civic Association | Mace Carpenter, President<br>notice.communications@gmail.com | • Meet three times a year | Adrianna Caldarelli |
| Old Town Civic Association | Steve Milone, President<br>stevemilone@yahoo.com or<br>president@theoldtowncivicassociation.org | • Second Wednesday of the month<br>• 7:00 PM<br>• The Lyceum | Mark Jinks |
| Rosemont Citizens Association (including PELT) | Jol Silversmith, President<br>info@rosemontcitizensassoc.org or<br>jol@thirdamendment.com | • None scheduled | John Hill |

FISCAL YEARS ENDED JUNE 30, 2023 & 2022
ALEXANDRIA, VA

AlexRenew

# Annual Comprehensive Financial Report

# ALEXRENEW

## ALEXANDRIA, VA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

## FISCAL YEARS ENDED JUNE 30, 2023 and 2022

Prepared by the Finance Department

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**ALEXRENEW**
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**
**FISCAL YEAR ENDED JUNE 30, 2023**

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# Introduction Section

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AlexRenew.com

# AlexRenew Transmittal Letter

November 13, 2023

To the AlexRenew Board of Directors, our customers, and interested parties:

The Annual Comprehensive Financial Report (ACFR) for AlexRenew for the fiscal year ended June 30, 2023, is submitted herein. This report has been prepared in accordance with generally accepted accounting principles (GAAP) as recommended by the Governmental Accounting Standards Board (GASB) and audited by a firm of independent certified public accountants.

This report presents the financial position of AlexRenew; demonstrates compliance with applicable finance-related legal and contractual provisions; and reflects the principle of full disclosure, allowing readers to gain maximum understanding of AlexRenew's financial position. The accuracy of the data represented, as well as the completeness and fairness of the presentation, including all disclosures, is the responsibility of AlexRenew. To the best of our knowledge and belief, this report is accurate in all material respects and presents fairly the financial position and results of operations of AlexRenew.

Yount, Hyde & Barbour, P.C., an independent registered public accounting firm has audited AlexRenew's financial statements for the year ended June 30, 2023. The independent auditor's report is presented in the financial section of the ACFR.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a general overview and analysis of the accompanying financial statements. This letter of transmittal is prepared to complement the MD&A and should be read in conjunction with it.

**PROFILE OF ALEXRENEW**

The City of Alexandria, Virginia Sanitation Authority, doing business as (d/b/a) AlexRenew, is a wastewater treatment authority serving 300,000 people in Alexandria, VA and parts of Fairfax County. AlexRenew was established in 1952 as an independent political subdivision of the Commonwealth of Virginia under the Virginia Water and Waste Authorities Act.

Each year, AlexRenew processes and cleans approximately 13 billion gallons of wastewater received from area homes, schools, and businesses. AlexRenew's team of over 100 wastewater professionals is dedicated to providing essential wastewater services for Alexandria — protecting its citizens, delivering healthier waterways, and building a lasting legacy of environmental stewardship in the region.

AlexRenew owns approximately $1.1 billion in total assets, including three pumping stations, two service chambers, four intercepting sewers, four combined sewer outfalls, and a Water Resource Recovery Facility (WRRF) located adjacent to Alexandria's Old Town historic district.

AlexRenew is governed by a five-member citizen Board of Directors that appoints the General Manager and Chief Executive Officer, who is responsible for the daily management of the organization.

## LOCAL ECONOMY

As an inner suburb to Washington, DC, Alexandria continues to see steady population indicators, strong demand for housing, and a number of ongoing major development and redevelopment projects. The City's unemployment rate briefly peaked at 9.9% in April 2020 as a result of the pandemic, but declined to 2.1% by July 2023.

The largest sectors of employment by total wages in Alexandria continue to be professional, scientific, and technical services, as well as public administration. The U.S. Patent and Trademark Office, National Science Foundation, and a number of non-profits and associations maintain headquarters in Alexandria. The historic Old Town district is home to many small businesses and a vibrant waterfront. Construction on the newly developed Virgina Tech Innovation Campus is complete. The Innovation District Pumping Station, which will be used to serve the campus, will be conveyed to AlexRenew for ownership and operation.

Alexandria real estate values increased for a thirteenth consecutive year with the overall value of Alexandria's taxable property increasing 3.8% from 2022 to 2023. Year-over-year, average residential values increased 5.0% while commercial property values increased 2.0%. The increase in the overall tax base was attributable to both appreciation of existing properties as well as new development. In 2023, over 90% of single-family homes had value increases. Approximately 69% of condominiums increased in value while multifamily properties saw a 6.2% increase in value on average. The hospitality industry is making a recovery, as hotels increased in value by 9.8% on average. Other commercial property types experiencing value increases included shopping centers, general commercial and warehouses.

## MAJOR INITIATIVES

Construction continued in FY2023 on RiverRenew, AlexRenew's multi-year program to prevent millions of gallons of sewage mixed with rainwater (combined sewage) from polluting the Potomac River and its tributaries each year. The program began in 2018 and is under a legislative deadline to be complete by July 1, 2025. AlexRenew has invested over $340 million in RiverRenew, which has employed more than 200 Virginia firms, and is over 50 percent complete. In support of RiverRenew, AlexRenew's state-of-the-art tunnel boring machine has constructed over one (1) mile of 12-foot-wide tunnel 100-feet below the ground. Approximately one (1) mile of tunnel remains to be constructed to connect the existing combined sewer outfalls to AlexRenew's wastewater treatment plant.

Additionally, crews are progressing work on a six (6) foot-wide sewer interceptor; 12-story-deep, 65-foot-wide pumping station; and massive shafts that when complete will function as a system to capture combined sewer overflows.

RiverRenew is funded by a combination of grants, low-interest loans, and contributions from AlexRenew and Fairfax County. During FY2023, AlexRenew drew $89.7 million from these loans and grants to reimburse for construction expenses incurred on RiverRenew. AlexRenew was also awarded $90 million in American Rescue Plan grant through the Commonwealth of Virginia to fund RiverRenew, which it expects to use in the upcoming FY2024 to offset a portion of the debt it is assuming through loans.

**LONG-TERM FINANCIAL PLANNING**

For more than a decade, AlexRenew has employed rate modeling to analyze, evaluate, and implement an annual and long-term fee structure to support the financial obligations of the organization. The rate model incorporates historical financial results along with the projected needs of the organization based on the annual operating budget, expected contributions from Fairfax County, and the annual update to the ten-year Capital Improvement Program (CIP) budgeted projections. The CIP is a key element in planning for and managing for future regulatory compliance through large-scale capital investment. AlexRenew's long-term financial planning process ensures adherence to AlexRenew's indenture and financial policies, while appropriately considering future needs of the Alexandria community in setting rates and managing fiscal position.

**INTERNAL CONTROL STRUCTURE AND BUDGETARY CONTROLS**

The AlexRenew Board approves an annual operating and capital budget each June for the fiscal year period July 1 of the current year through June 30 of the following year. AlexRenew's annual operating and capital budget is a modified accrual basis document with revenues established based upon available resources. AlexRenew bills customers monthly for wastewater treatment based on water consumption at rates approved by the Board. Additionally, it receives monthly contributions from Fairfax County for operating and capital costs based on the service agreement between the County and AlexRenew.

AlexRenew's management establishes and maintains an internal accounting control structure that ensures the utility's assets are safeguarded against loss, theft or misuse, and maintains accurate and reliable financial records for the preparation of financial statements and representations made by AlexRenew. AlexRenew's internal accounting control structure provides reasonable, but not absolute, assurance that objectives are met. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits derived from the controls. The evaluation of costs and benefits rests with AlexRenew.

**FINANCIAL DISCUSSION: Financial Condition and Overview**

AlexRenew's financial condition remained strong at year-end. AlexRenew achieved all legal requirements, as prescribed by the master trust indenture and service agreements and exceeded its policy targets while maintaining strong liquidity and a responsible unrestricted net position. AlexRenew's Board-adopted financial policies include requirements to maintain debt service coverage of 1.50x on senior parity debt and at least 120 days of the current year's budgeted amount for operating and maintenance expenses in reserves. At fiscal year-end, debt service coverage was in excess of 2.4x and cash on hand sufficient to meet policy targets and maintain liquidity as construction spending for RiverRenew continues.

AlexRenew maintained appropriate fiscal and business discipline as it implemented the FY2023 operating and maintenance budget, resulting in a moderate operating budget excess and the strengthening of the organization's overall financial position. Capital spend increased year-over-year to almost $19 million, as construction continued on active capital projects including RiverRenew. In addition to RiverRenew, capital projects funded in FY2023 included continued planning for improvements to the Preliminary/Primary System, development of a Solids Process Master Plan, and ongoing upgrades to digital assets such as Programmable Logic Controller equipment, the Human Machine Interface System, and the campus Fiber Optic Backbone.

AlexRenew has two primary sources of revenue – wastewater treatment charges assessed to City customers and contributions from Fairfax County based on service agreements. AlexRenew's Board approved and implemented its third two-year rate increase at the beginning of FY2023 to primarily support spending associated with RiverRenew and additional operating costs and capital expenses. AlexRenew continues to maintain a $60 million line of credit with a commercial bank to provide interim financing for RiverRenew construction as needed.

Looking forward, AlexRenew will continue to emphasize best practices and fiscal discipline to ensure its financial resiliency and sustain its fiscal strength as it navigates the next few years of major construction.

**FINANCIAL DISCUSSION: Investment Policy**

AlexRenew manages the investment of its cash and other financial instruments in strict accordance with the Code of Virginia, other applicable laws and regulations, and the Board-adopted investment policy. AlexRenew focuses on maintaining capital preservation and liquidity while achieving a market return on financial resources.

**FINANCIAL DISCUSSION: Capital Assets**

AlexRenew's capital assets are currently valued at $1.1 billion. This is reflective of a significant capital program in recent years that will continue as the RiverRenew program is implemented, which includes a meaningful capital investment. In building and managing the long-term capital improvement plan, AlexRenew will be particularly conscious of the implications for its customers and its overall financial stability.

**AWARDS AND ACKNOWLEDGMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to AlexRenew for its Annual Comprehensive Financial Report (ACFR) for the fiscal period ended June 30, 2022. This was the 14th year that AlexRenew has received this prestigious award. The GFOA awards a Certificate of Achievement to financial reports that clearly convey the financial position and results of operations of the governmental entity. The report must be easy to read, thorough, and efficiently organized, in addition to satisfying GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program requirements and standards.

The independent auditors have rendered their unmodified opinion on AlexRenew's financial statements for the fiscal year ended June 30, 2023. The independent auditors' report is presented as the first component of the financial section of this report. Management's Discussion and Analysis (MD&A) follows the independent auditors' report and provides a general overview and analysis of the accompanying financial statements.

Thank you to the AlexRenew staff, in particular, its finance team, and the professionals at MSL, P.A., an independent accounting and consulting firm that contributed to preparation of this report, whose hard work and dedication has made possible the preparation of this ACFR. Thank you to the AlexRenew Board of Directors as well, for their vision, leadership, and passion for the mission, and the important work done by every employee at AlexRenew.

Regards,

Justin Carl, PE
AlexRenew General
Manager and CEO

Caitlin Feehan, PE
AlexRenew Chief
Administrative Officer

Lake Akinkugbe
AlexRenew Director
of Finance

## ALEXRENEW

## DIRECTORY OF PRINCIPAL OFFICIALS

## June 30, 2023

### BOARD OF DIRECTORS

John Hill - Chair
James Beall - Vice Chair
Adriana Caldarelli - Secretary/Treasurer
Rebecca Hammer
Mark Jinks

Shahram Mohsenin, Fairfax County Representative

### CHIEF EXECUTIVE OFFICER (CEO)

Justin Carl, P.E.

### CHIEF ADMINISTRATIVE OFFICER (CAO)

Caitlin Feehan

### DIRECTOR OF FINANCE

Lake Akinkugbe

### INDEPENDENT AUDITORS

Yount, Hyde & Barbour, P.C.

**ALEXRENEW**

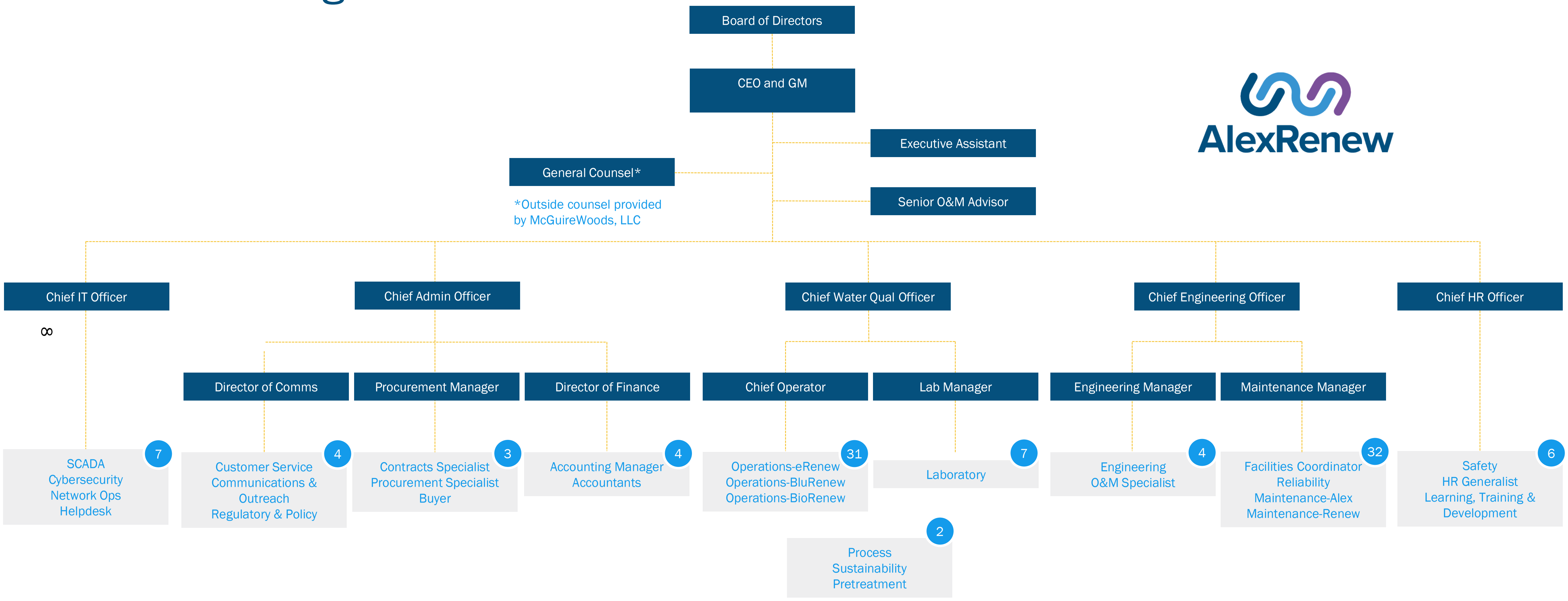
**BOARD OF DIRECTORS**

**June 30, 2023**

Pictured from top left to right: Chair John Hill, Vice Chair James Beall
Bottom row from left to right: Secretary/Treasurer Adriana Caldarelli, Mr. Mark Jinks, and Ms. Rebecca Hammer*

* New member as of July 2023

# AlexRenew Organizational Chart



Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Alexandria Renew Enterprises**
**Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

# Financial Section

yhb CPAs & Consultants
50 S. Cameron St,
Winchester, VA 22601
540.662.3417
YHBcpa.com

# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Alexandria Renew Enterprises
Alexandria, Virginia

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the accompanying financial statements of the business-type activities and the fiduciary activity of Alexandria Renew Enterprises (AlexRenew), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Alexandria Renew Enterprises' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activity of Alexandria Renew Enterprises, as of June 30, 2023 and 2022, and the respective changes in its financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alexandria Renew Enterprises and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about AlexRenew's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AlexRenew's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AlexRenew's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023 on our consideration of Alexandria Renew Enterprises' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alexandria Renew Enterprises' internal control over financial reporting and compliance.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
November 13, 2023

## MANAGEMENT’S DISCUSSION AND ANALYSIS

AlexRenew presents the following review of its financial activities for the fiscal years ended June 30, 2023 (FY23) and 2022 (FY22). Readers of these financial statements are encouraged to consider this information together with the accompanying financial statement notes to obtain a comprehensive view of the Authority's financial position and operating results for FY23.

AlexRenew's overall financial condition, as well as operating and capital plans to meet water quality requirements remained strong and stable during FY23. AlexRenew met or performed better than the standards established by its financial policies, maintaining a debt service coverage ratio of 2.6 and unrestricted cash of 136 days of operating expenses.

Throughout FY23, revenues from billed water consumption and resulting flows to AlexRenew's wastewater treatment plant exceeded the original budgetary estimate by approximately 8% or $3.9 million. Flows from Fairfax County to the wastewater treatment plant were lower than originally budgeted, resulting in a decrease of $0.6 million in actual operating revenues from Fairfax County. This was offset by earned interest income which exceeded budgetary estimates by about $0.6 million.

The FY23 operating budget included continued workforce investments and enhancements to employee benefits. These investments resulted in additional compensation expenditures above budget of $0.3 million as AlexRenew sought to recruit and retain top talent in a very competitive labor market. Because planned drawdowns of federal and state loans to finance elements of the RiverRenew project occurred later than originally budgeted, payments on outstanding debt were $2.4 million below original budgetary estimates. These two expenditure outcomes resulted in an operating and debt service budget net savings of $2.1 million. The increase of $3.9 in revenue and decrease of $2.1 million in expenditures over original budgetary estimates as described above resulted in a total $6.0 million FY23 surplus available for future capital investments.

AlexRenew received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting, which is the highest form of recognition for excellence in state and local government financial reporting. This is the 16th time AlexRenew has received this award.

## Summary of Organization and Business

The City of Alexandria, Virginia, Sanitation Authority does business as AlexRenew. Throughout this document, the term "Authority" will be used in reference to the AlexRenew.

The Authority is a public body organized and created under the Virginia Water and Waste Authorities Act of the Code of Virginia of 1950, as amended. The Authority was created by the City Council of the City of Alexandria (City Council) in 1952 to construct, operate and maintain a sewage disposal system to provide wastewater treatment services to the public.

Five citizen members appointed by City Council to four-year staggered terms govern the Authority as its Board of Directors (Board).

In 1953, the Authority and neighboring Fairfax County (County) executed a service agreement by which the Authority would build a sewage treatment plant in which the County would purchase a reserved treatment capacity (Service Agreement). The Service Agreement further provides that the County will share in the cost of capital improvements to the sewage treatment system based on its reserved capacity and will also share in annual operating and maintenance expenses in proportion to the County's actual use as measured by the volume of sewage it contributes to the sewage treatment system. The Service Agreement was last amended and restated in October 1998. The major provisions relating to the County's reserved capacity (60%), payment of capital and upgrade costs, and calculation of its share of the payment of operating costs remained unchanged, though the County and the Authority have negotiated more recent agreements pertaining to the cost share of certain capital projects such as the RiverRenew program.

The Authority receives no financial support from the City of Alexandria (City) and has no taxing power. The revenues of the Authority are derived from wastewater treatment charges based on metered water consumption and meter size for Alexandria users, and payments from the County for its proportional share of operating expenses, replacement and renewal expense, and capital costs.

## Audit Assurance

The unmodified (clean) opinion of our independent external auditors, Yount, Hyde & Barbour, P.C., is included in this report.

The financial section presents Management's Discussion and Analysis of the Authority's financial condition and activities for FY23. This financial section information should be read in conjunction with the financial statements.

## Financial Highlights

The following are key financial highlights for FY23:

- The Authority treated 13.1 billion gallons of wastewater during FY23 and remained flat compared to the prior FY23. At an average of 35 million gallons per day (MGD) in FY23, the 54 MGD design capacity at the facility remains sufficient.

- The County contributed 5.3 billion gallons of wastewater flow to the Authority in FY23, which accounted for approximately 40.7% of the wastewater treated at the Authority's facilities. This is lower than the 47.4% in the prior FY22 and is within the County's allocation per the Service Agreement.

- The Authority number of accounts in FY23 at 26,710, slightly lower than prior FY22 at 26,767.

- The Authority continued to experience economic impacts related to the COVID-19 pandemic including supply chain disruptions and inflationary pressures in critical areas including chemicals, construction materials, labor, transportation, parts and equipment.

- Billed water consumption and flows to the facility remained strong and revenues exceeded the original budgetary estimate by approximately 8%.

- Wastewater treatment fee revenues are derived from two primary charges: a base charge and a volumetric charge. The base charge is a fixed rate that varies by customer served and the volumetric charge is a usage charge based on metered water sales. The volumetric charge approved by the Board for FY23 was $9.26 per 1,000 gallons of water and represents a 6.6% increase as compared with the prior FY22. The Base charge approved by the Board for FY23 was $13.14 per month for residential customers and varies based on meter size for commercial customers, again representing a 6.5% increase as compared to the prior FY22.

- Wastewater treatment charge revenues of $54.9 million were 8.1% higher in FY23 compared to the prior FY22. This increase is the result of the rate increase described in the paragraph above and strong usage and billed flows.

- Total operating expenses for FY23, excluding depreciation and amortization, increased 21.5% compared to FY22.

- The FY23 operating budget included continuous workforce investments and enhancements to employee benefits as AlexRenew continues to work to retain top talent in a competitive labor market.

- Senior debt service coverage, on an accrual basis, was 2.6x for FY23. This exceeded the 1.1x required by the Authority's Master Indenture of Trust (Indenture) and 1.5x established by the Board's Financial Policies. The Authority issued two debt facilities in the prior FY21 to fund construction – a loan of up to $185 million from the Virginia Clean Water Revolving Loan Fund (CWRLF) and a loan of up to $321 million from the Water Infrastructure Finance and Innovation Act (WIFIA) loan program. Included in the coverage calculation above is $104.8 million in proceeds the Authority drew from the Series 2021 CWRLF bonds during FY21 and FY22 (See Note 6).

- The Authority has also partially drawn its $60 million line of credit, which is secured at the subordinate lien and will be eventually repaid from cash or from proceeds of a grant or loan (See Note 5).

## Financial Highlights (Continued)

- Total assets and deferred outflows of resources for FY23 were $1,151.2 million. Total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources (Net Position) in the amount of $833.5 million for FY23. Of the total Net Position, $69.9 million were unrestricted and available to support operations for FY23. The increase in total assets is a result of the multiple improvement, replacement and construction projects ongoing for plant infrastructure and equipment.

- Capital assets net of depreciation and amortization increased $106.7 million in FY23. The increase is primarily due to increased capital expenditures associated with the RiverRenew program and other ongoing capital projects.

- Payments from the County of $11.1 million in FY23 represented the County's share of operating costs based upon their proportional contribution to total plant flow. County payments were $10.9 million in the prior FY22. This payment increase is the result of an increase in the percentage of flow contributed by the County and in the total jointly shared operating expense in FY23.

## Required Financial Statements

The Authority's financial statements are prepared using generally accepted accounting principles for governmental units operated as a proprietary fund. As a result, the financial statements of the Authority report financial information using the flow of economic resources measurement focus, which is similar to those used by private sector companies. These statements offer current and long-term financial information about its activities.

The statement of net position includes all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, and provides summary information about the nature and amounts of investments in resources (assets) and obligations to Authority creditors (liabilities). The assets and liabilities are presented in a classified format, which lists current and other balances.

The statement of revenue, expenses, and changes in net position measures whether the Authority has successfully recovered its operating and non-operating costs through its wastewater treatment rates and other fees. The Authority's rates are determined via a rate modeling process that incorporates an array of factors focused on the cost of capture, conveyance, treatment, and discharge of wastewater. The rate model is updated and evaluated annually, or as circumstances warrant, to ensure the Authority recovers its full cost of service.

The statement of cash flows provides information about the Authority's cash receipts and cash payments during the fiscal year. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities, and the total change in cash during the reporting period.

In 2014, the Authority established an Other Post-Employment Benefits (OPEB) Trust Fund to fund its OPEB. It was established within the Virginia Pooled OPEB Trust Fund (Trust Fund), sponsored by the Virginia Municipal League and the Virginia Association of Counties. The Trust Fund is an investment permitted for participating municipal employers to accumulate assets to pay future OPEB benefits to retirees and their beneficiaries. The financial statements include the Statements of Fiduciary Net Position and the statements of changes in fiduciary net position for FY23 and FY22.

The Notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The Notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

## Financial Analysis:

The following comparative condensed financial statements and other selected information provide key financial data and indicators for management, evaluation and comparison.

The following table reflects the Authority's net position at June 30, 2023, June 30, 2022 and June 30, 2021:

### Condensed Statements of Net Position
### (in Millions of Dollars)

| | 2023 | 2022 | $ Change | % Change | 2021 |
|---|---|---|---|---|---|
| Current unrestricted assets | $ 77.04 | $ 71.28 | $ 5.76 | 8.08 % | $ 49.11 |
| Current restricted assets | 15.22 | 23.68 | (8.46) | (35.73) % | 31.21 |
| Other non-current assets | 0.48 | 0.43 | 0.05 | 11.63 % | 31.21 |
| Capital assets, net | 1,056.38 | 949.68 | 106.70 | 11.24 % | 859.43 |
| **Total Assets** | 1,149.12 | 1,045.07 | 104.05 | 9.96 % | 970.96 |
| **Deferred Outflows** | 2.06 | 2.81 | (0.75) | (26.69) % | 3.08 |
| Current liabilities | 58.12 | 46.58 | 11.54 | 24.77 % | 59.76 |
| Long-term liabilities | 256.94 | 180.32 | 76.62 | 42.49 % | 110.23 |
| **Total Liabilities** | 315.06 | 226.90 | 88.16 | 38.85 % | 169.99 |
| **Deferred Inflows** | 2.58 | 7.24 | (4.66) | (64.36) % | 1.46 |
| Net Investment in capital assets | 757.96 | 748.22 | 9.74 | 1.30 % | 720.25 |
| Restricted | 5.70 | 15.49 | (9.79) | (63.20) % | 27.46 |
| Unrestricted | 69.88 | 50.03 | 19.85 | 39.68 % | 23.67 |
| **Total Net Position** | $ 833.54 | $ 813.74 | $ 19.80 | 2.43 % | $ 771.38 |

## Financial Analysis (Continued)

The following table reflects the Authority's comparative revenues, expenses, and changes in net position for the fiscal year ending June 30, 2023, June 30, 2022 and June 30, 2021:

**Condensed Statements of Revenues, Expenses and Changes in Net Position**
**(in Millions of Dollars)**

| | 2023 | 2022 | $ Change | % Change | 2021 |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Program revenues: | | | | | |
| Wastewater Treatment Fees & Miscellaneous | $ 54.86 | $ 50.73 | 4.13 | 8.10 % | $ 46.08 |
| Fairfax County Wastewater Fees | 11.06 | 10.92 | 0.14 | 1.30 % | 10.43 |
| General revenues: | | | | | |
| Federal grants | 0.06 | 0.28 | (0.22) | (78.60) % | 0.33 |
| Investment Income (loss) | 0.76 | (0.72) | 1.48 | (205.60) % | 0.13 |
| Total Revenues | 66.74 | 61.21 | 5.53 | 9.00 % | 56.97 |
| **Program expenses** | | | | | |
| Depreciation and Amortization expenses | 21.44 | 20.57 | 0.87 | 4.20 % | 20.66 |
| Other Operating Expenses | 33.56 | 27.62 | 5.94 | 21.50 % | 26.84 |
| Non-operating Expenses | 4.65 | 4.96 | (0.31) | (6.20) % | 11.09 |
| Total Expenses | 59.65 | 53.15 | 6.50 | 12.20 % | 58.59 |
| Changes in Net Position before Capital Contributions | 7.09 | 8.06 | (0.97) | (12.00) % | (1.62) |
| **Capital Contributions** | 12.71 | 34.30 | (21.59) | (62.90) % | 21.20 |
| Changes in Net Position | 19.80 | 42.36 | (22.56) | (53.30) % | 19.58 |
| Net Position: | | | | | |
| Beginning | 813.74 | 771.38 | 42.36 | 5.49 % | 751.80 |
| Ending | $ 833.54 | $ 813.74 | $ 19.80 | 2.43 % | $ 771.38 |

## Financial Analysis (Continued)

The following table summarizes other selected information of the Authority at June 30, 2023, 2022 and 2021.

**Other Selected Information**

| | 2023 | 2022 | Difference | % Change | 2021 |
|---|---|---|---|---|---|
| **Selected data:** | | | | | |
| Employees at year end | 115 | 104 | 11 | 11 % | 99 |
| Alexandria accounts | 26,710 | 26,767 | (57) | (0) % | 26,589 |
| Wastewater treated (millions of gallons | 13,094 | 13,090 | 4 | 0 % | 14,266 |
| Portion contributed by | | | | | |
| Fairfax County (millions of gallons) | 5,327 | 6,204 | (877) | (14) % | 6,535 |
| Percentage contributed by | | | | | |
| Fairfax County | 40.68 % | 47.39 % | (6.71) % | (14.16) % | 45.81 % |
| **Rates, Residential Customers:** | | | | | |
| Charge per 1000 gallons of | | | | | |
| water consumption | $ 9.26 | $ 8.69 | $ 0.57 | 6.56 % | $ 8.13 |
| Base Charge | 13.14 | 12.34 | 0.80 | 6.48 % | 11.54 |
| Average residential customer bill (based on 4,000 gallon per month water usage): | | | | | |
| Per year | $ 602.16 | $ 565.20 | $ 36.96 | 6.54 % | $ 528.72 |
| Per quarter | 150.54 | 141.30 | 9.24 | 6.54 % | 132.18 |
| Per month | 50.18 | 47.10 | 3.08 | 6.54 % | 44.06 |
| **Rates, Commercial Customers:** | | | | | |
| Charge per 1000 gallons of | | | | | |
| water consumption | $ 9.26 | $ 8.69 | $ 0.57 | 6.56 % | $ 8.13 |
| Base Charge | | | | | |
| Water Meter Size | | | | | |
| 5/8" | $ 39.42 | $ 37.02 | 2.40 | 6.5 % | $ 34.63 |
| 3/4" | 39.42 | 37.02 | 2.40 | 6.5 % | 34.63 |
| 1" | 98.55 | 92.55 | 6.00 | 6.5 % | 86.59 |
| 1-1/2" | 197.10 | 185.10 | 12.00 | 6.5 % | 173.17 |
| 2" | 315.36 | 296.16 | 19.20 | 6.5 % | 277.08 |
| 3" | 591.30 | 555.30 | 36.00 | 6.5 % | 519.52 |
| 4" | 985.50 | 925.50 | 60.00 | 6.5 % | 865.87 |
| 6" | 1,971.00 | 1,851.00 | 120.00 | 6.5 % | 1,731.74 |
| 8" | 3,153.60 | 2,961.60 | 192.00 | 6.5 % | 2,770.79 |

## General Trends and Significant Events

The Authority's service area within the City can be referred to as mature. The City is over 250 years old and for the most part is built-out. While there is some undeveloped land and a number of areas under redevelopment, these activities are expected to have a limited impact on the Authority's flows and wastewater treatment charge revenue over the intermediate term. This is particularly true given the trend for water conservation and sustainability efforts within the community.

The Authority has continued to progress in implementing the RiverRenew program to remediate the combined sewer system that serves the oldest parts of the City (See Note 12). Work progressed throughout FY23 and included completion of a shaft and delivery of the state-of-the-art tunnel boring machine that will soon begin constructing the RiverRenew tunnel. During FY23, AlexRenew finished drawing on its second $25 million grant from the Commonwealth to fund RiverRenew construction expenses. The first $25 million grant from the Commonwealth was received in FY20 and also used to fund RiverRenew program expenses.

The number of City accounts decreased by 57 accounts in FY23 when compared to FY22. In the prior fiscal year, the number of accounts increased by 178. The current number of accounts has been very stable, even though the City's population increased 10% over this same timeframe. This is likely driven by the significant number of Alexandrians who reside in single-metered multi-family housing units.

## Financial Condition

The Authority's financial condition remained strong at fiscal year-end with adequate liquid assets and a reasonable level of unrestricted net position. The current financial condition, as well as operating and capital plans to meet future water quality requirements, are well balanced and under control.

Total assets and deferred outflows of resources grew $103.3 million or 9.9% during FY23. Net Position increased by $19.8 million in FY23, with a substantial portion of the change resulting in an increase in capital assets and unrestricted net position.

## Results of Operations

Revenues: The Authority's revenues from operations fall into two main categories: 1) wastewater treatment charges (including base charge and volumetric charge) to customers in the City, which are based on metered water consumption and 2) County operating expense charges for wastewater treatment for its share of operating expenses based upon metered flow to the plant. Operating revenues increased by $4.3 million or 6.9% over last year, the net impact of the rate increase of approximately 6.5% that took effect July 1, 2022 for City customers and the slight increase year-over-year in the Fairfax operating contribution.

Capital contributions: Total capital contributions were $12.71 million in FY23, a $21.6 million decrease over the prior FY22.

The County pays 60% of the cost of joint capital improvements to the water resource recovery facility based upon the Service Agreement with the Authority. The RiverRenew program is subject to a separately negotiated cost share agreement between the County and the Authority, based on the unique service characteristics of the facilities being constructed.

The County's capital contributions are recorded as non-operating revenues in the statements of revenues, expenses and changes in net position. The County's capital contributions decreased by approximately $3.1 million year-over-year, primarily because AlexRenew's capital spending was more heavily concentrated in the RiverRenew program, which carries lower cost share percentages than other capital projects.

## Results of Operations (Continued)

Expenses:

*FY23-FY22 comparison:* Total operating expenses for FY23, excluding depreciation and amortization, increased by $5.94 million or 21.5% relative to FY22. Core areas associated with operating the water resource recovery facility increased year-over-year including chemicals, utilities, operations maintenance, sludge disposal, and repairs and replacements expenses.

*FY22-FY21 comparison:* Total operating expenses for FY22, excluding depreciation and amortization, increased by $0.78 million or 2.9% relative to FY21. Core areas associated with operating the water resource recovery facility increased year-over-year including chemicals, operations maintenance, repairs and replacements and general and administrative expenses. These increases were offset by savings in areas such as personnel costs, utilities, sewage disposal and sludge disposal. Certain areas such as custodial services and communications and IT equipment increased due to the pandemic-related impacts. Overall, the Authority was successful in meeting its FY22 operating budget and limiting the year-over-year increase in spend to less than the current rate of inflation.

Capital Assets

The Authority maintains investments in a broad range of capital assets including land, buildings, sanitary sewer intercepting lines and force mains, pumping stations, a water resource recovery facility, four combined sewer outfalls, machinery and equipment, computers and vehicles. The Authority also owns capacity rights at the Arlington County Water Pollution Control Facility (Arlington). Pursuant to a Service Agreement between the City of Alexandria, the Authority and Arlington County, the Authority pays approximately 8% of the cost of capital improvements at the Arlington facility based on its 3 MGD reserved capacity. Additional information on the Authority's capital assets can be found in Notes 1 and 4 of the Notes to financial statements.

The Authority maintains its equipment annually on a prioritized basis through a committed improvements, renewals and replacements fund. The County and the Authority invest a percentage of total facility assets into this fund under the Service Agreement, to support adequate reinvestment and continuing compliance with environmental regulations.

The Authority finances its capital assets through rates and charges, the County capital contributions, interim financing instruments, long term debt and, when available, capital grants.

Debt Administration:

The Authority had $260.7 million in long-term debt outstanding at June 30, 2023, including $8.6 million considered short-term. Principal payments totaled $9.3 million during FY23. During FY21, the Authority issued the Series 2021 Clean Water Revolving Loan Fund (CWRLF) Bonds in an amount of up to $185 million and the Series 2021 Water Infrastructure Finance and Innovation Act (WIFIA) Bonds in an amount of up to $321 million to provide capital funding for RiverRenew. The Authority started drawdowns on the WIFIA Bonds in FY23 and is also actively drawing on the Series 2021 CWRLF Bonds to fund Tunnel construction. No new debt facilities were issued during FY23.

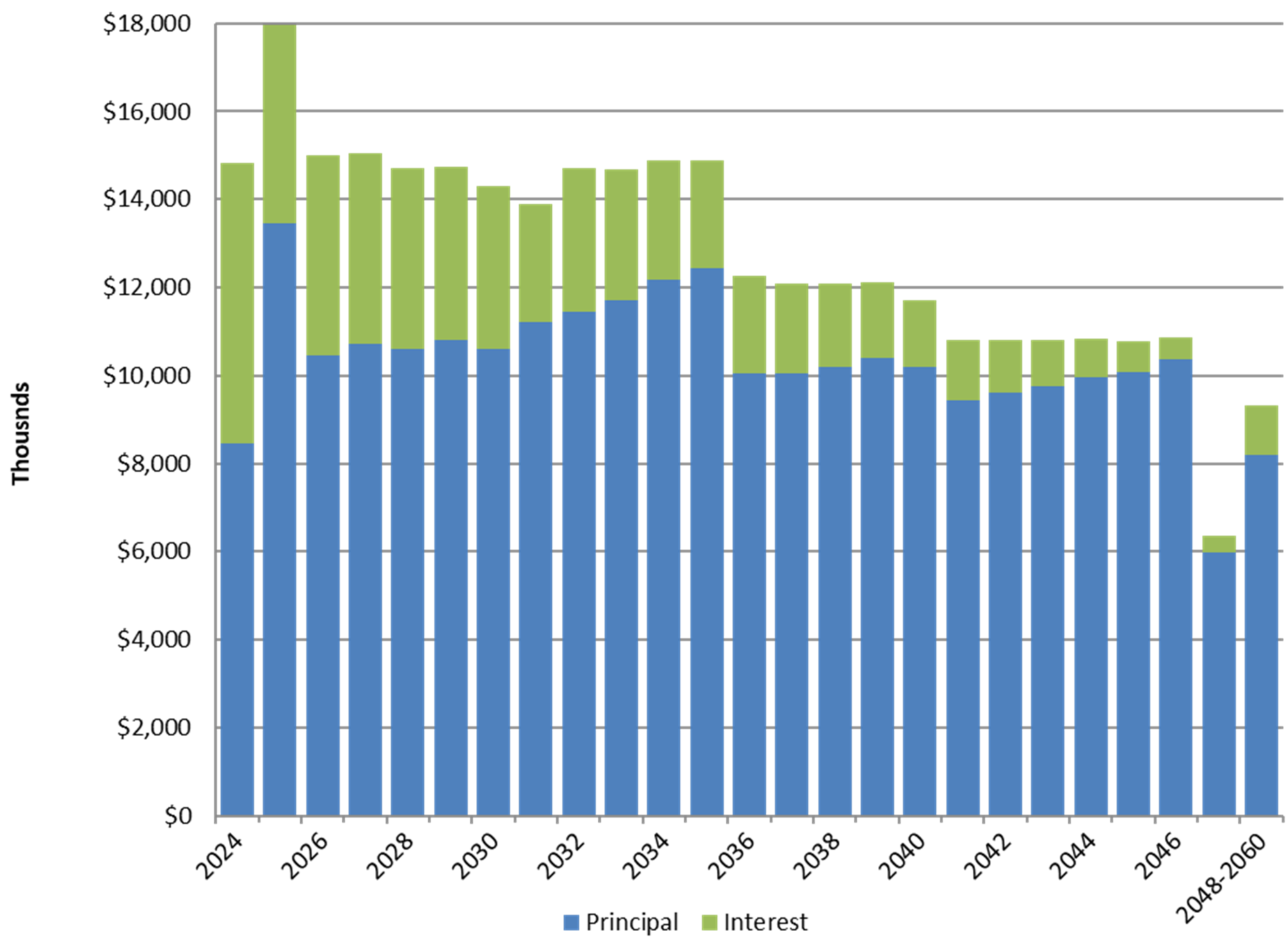
Annual debt service payments decreased 12% in FY23 as compared to FY22 primarily due to the timing and execution of some capital projects. The Authority also continued to utilize the Line of Credit issued during FY22 and had $38.1 million available as of fiscal year end to provide interim funding for Tunnel construction (See Note 5). The Line of Credit is expected to be repaid from cash or from grant or debt proceeds at a later time.

## Results of Operations (Continued)

The Authority's financial strength, ability to pay current debt service (principal and interest), and future borrowing capacity is demonstrated, in part, by its senior debt service coverage which is currently a strong 2.6x. The Indenture requires the Authority to establish, fix, charge and collect rates, fees and other charges for operating and maintenance so that in each fiscal year net revenues are not less than 1.1x total debt service for the fiscal year. The Board's financial policies require the Authority to maintain a minimum debt service coverage of 1.5x total debt service for the fiscal year.

The graph below presents principal and interest payments for the Authority's outstanding revenue bonds as of June 30, 2023. This graph includes the debt service associated with draws the Authority had made on the Series 2021 CWRLF Bonds and WIFA Bonds as of the end of FY23 and does not include draws associated with the Line of Credit (See Note 5) or draws the Authority may make in the future under the CWRLF or WIFIA Bonds. The Authority's current revenue bonds mature in 2060 and future debt issued to fund the RiverRenew program or other capital projects is expected to be repaid largely after the decline in existing debt service that occurs after FY25 as shown below.

### Annual Debt Service Requirements



**Results of Operations (Continued)**

The following table calculates the performance relative to the Rate Covenant for FY23, FY22 and FY21.
*(in millions)*

| | 2023 | 2022 | % Change | 2021 |
|---|---|---|---|---|
| Unrestricted Operating Revenue | $ 65.92 | $ 61.65 | 6.93 % | $ 56.51 |
| Total Operating Expenses | | | | |
| (Less Depreciation and Replacements) | 33.56 | 27.62 | 21.51 % | 26.84 |
| Net Revenue | $ 32.36 | $ 34.03 | (4.91) % | $ 29.67 |
| Annual Debt Service | $ 12.31 | $ 13.98 | (11.97) % | $ 14.05 |
| Revenue Covenant[1] | 2.63 | 2.43 | 8.03 % | 2.11 |

[1] ≥ 1.10x per Indenture and 1.50x per Board Policy

Additional information on the Authority's debt can be found in Note 6 to the Financial Statements.

The Authority bills customers monthly for wastewater treatment based on the class of customer served and the corresponding amount of water consumption metered at the customer's premise at rates approved by its Board.

The Authority's budget includes sources/revenues for new debt issues that for accounting purposes are not shown as revenues but are included on the statement of net position to comply with GAAP. Likewise, capital project spending and debt service principal payments are treated as capital outlays (expenditures) for budget purposes but are included as assets and liabilities in the statement of net position for GAAP compliance purposes. The Authority's budget expense classifications are in several cases different than the financial statement presentation as is the case for personnel services and general and administrative expenses.

The Authority's operating budget is categorized according to the strategic outcomes that form the Board's 2040 Vision:

Operational Excellence: Comply with 100% of all federal, state and local requirements through continuous improvement efforts. This category includes expenses such as chemicals, utilities and biosolids land application and disposal.

Public Trust: Strengthen accountability by maintaining transparency in all public interactions. This category includes budget items such as community outreach and customer service.

Watershed Stewardship: Integrate sustainability and resiliency into our activities and throughout the water sector through effective partnerships. This category includes expenses such as the Authority's capacity in the Arlington plant.

Adaptive Culture: All employees continue to be accomplished water professionals. This is the "people" budget and includes salaries, benefits, and professional development.

Financial Resilience: Provide water resource recovery services in a cost effective and efficient manner. This category includes items such as insurance, facility maintenance and financial software.

## Results of Operations (Continued)

Capital spending is budgeted according to whether the project benefits the City only or is shared with Fairfax County. RiverRenew expenses are broken out from the other general capital projects due to the negotiated cost share percentages unique to that program. Certain expenditures for construction have been estimated net of contractual retainage not paid by contract terms until projects are complete. During FY23, the Authority made draws from the Series 2021 Bonds, the WIFIA Bonds and the Line of Credit, to fund its share of construction costs (net of County share) on capital projects.

## Final Comments

FY23 marked another year of strong financial performance by the Authority. Revenues were bolstered by a strong local economy, an increase in percentage of Fairfax County flows, and the rate increases adopted over the past several years to fund RiverRenew construction. The Authority has continued to identify efficient funding sources, including state and federal grants, to help offset these costs, and used significant grant funding in FY23 towards construction expenses, allowing for debt to be used more slowly and sparingly as construction continues. The Authority was in compliance with all of its financial policies and targets and affirmed its ability to meet its capital spending requirements while maintaining strong liquidity and financial flexibility. Operating expenditures increased by 21.5%, year-over-year due to inflation, supply chain chain challenges and impact of COVID-19. Debt service coverage was a strong 2.6x indicating that revenue growth is keeping pace with debt service expense, even as issuance of debt increases while the Authority implements RiverRenew and other needed initiatives to meet its mission.

## Contacting the Authority's Financial Management:

This financial report is designed to provide citizens, customers, and other interested parties with a general overview of the Authority's financial position and to demonstrate the Authority's accountability for the funds it receives. If you have any questions about this report or need additional financial information, please contact Alexandria Renew Enterprises, 1800 Limerick St. Alexandria, Virginia 22314, call 703-721-3500, or visit us on the web at www.alexrenew.com.

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ALEXRENEW
STATEMENTS OF NET POSITION
June 30, 2023 and 2022

| | 2023 | 2022 |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash and cash equivalents (Note 2): | | |
| Unrestricted | $ 44,362,343 | $ 45,687,371 |
| Restricted | 5,805,047 | 13,841,190 |
| Accounts receivable, net (Note 3) | 6,240,615 | 6,122,435 |
| Due from other governments (Note 3) | 3,456,230 | 854,719 |
| Prepaid expenses | 1,219,693 | 724,855 |
| Inventory | 319,180 | 317,539 |
| Investments (Note 2): | | |
| Unrestricted | 21,450,219 | 17,577,646 |
| Restricted | 9,406,574 | 9,836,238 |
| Total current assets | 92,259,901 | 94,961,993 |
| Non-current assets | | |
| Other post employment benefits (Note 8) | 470,825 | 427,036 |
| Capital assets, net of depreciation and amortization (Note 4) | 1,056,382,243 | 949,684,821 |
| Total non-current assets | 1,056,853,068 | 950,111,857 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Pension related deferred outflows (Note 7) | 1,222,941 | 1,921,235 |
| Other post employment benefits related deferred outflows (Note 8) | 59,114 | 63,125 |
| Deferred charge on refunding | 780,563 | 828,597 |
| Total deferred outflows of resources | 2,062,618 | 2,812,957 |
| Total assets and deferred outflows of resources | $ 1,151,175,587 | $ 1,047,886,807 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION** | | |
| Current liabilities | | |
| Accounts payable and accrued expenses (Note 3) | $ 16,617,908 | $ 13,552,162 |
| Due to City of Alexandria | 763,915 | 869,735 |
| Accrued paid time off | 771,242 | 743,692 |
| Line of credit (Note 5) | 21,874,852 | 13,874,852 |
| Current maturities of long-term debt (Note 6) | 8,583,453 | 9,352,473 |
| Payable from restricted assets | | |
| Accounts payable and accrued expenses (Note 3) | 6,240,627 | 6,628,452 |
| Accrued interest payable | 3,270,182 | 1,563,430 |
| Total current liabilities | 58,122,179 | 46,584,796 |
| Long-term liabilities | | |
| Accrued paid time off, less current portion | 257,081 | 247,897 |
| Net pension liability (Note 7) | 4,530,655 | 1,006,934 |
| Long-term debt (Note 6) | 252,151,691 | 179,066,607 |
| Total long-term liabilities | 256,939,427 | 180,321,438 |
| Total liabilities | 315,061,606 | 226,906,234 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Pension related deferred inflows (Note 7) | 1,670,498 | 6,147,475 |
| Other post employment benefits related deferred inflows (Note 8) | 904,718 | 1,091,112 |
| Total deferred inflows of resources | 2,575,216 | 7,238,587 |
| Total liabilities and deferred inflows of resources | $ 317,636,822 | $ 234,144,821 |
| **NET POSITION** | | |
| Net investment in capital assets | 757,956,972 | 748,219,486 |
| Restricted: | | |
| Operating | 507,516 | 2,262,985 |
| Parity debt service | 1,236,280 | 3,397,597 |
| Improvement, renewal & replacement | 3,957,016 | 9,824,964 |
| Unrestricted | 69,880,981 | 50,036,954 |
| Total net position | 833,538,765 | 813,741,986 |
| Total liabilities, deferred inflows of resources, and net position | $ 1,151,175,587 | $ 1,047,886,807 |

## ALEXRENEW
## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
## For The Years Ended June 30, 2023 and 2022

| | 2023 | 2022 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Wastewater treatment fees | $ 54,844,244 | $ 50,689,442 |
| Fairfax County wastewater fees | 11,062,569 | 10,918,297 |
| Miscellaneous | 24,014 | 42,397 |
| Total operating revenues | 65,930,827 | 61,650,136 |
| **OPERATING EXPENSES** | | |
| Personnel services | 14,210,244 | 12,022,176 |
| Utilities | 3,942,929 | 3,092,003 |
| Chemicals | 2,785,388 | 2,277,528 |
| Operations maintenance | 1,652,687 | 1,196,034 |
| Arlington sewage disposal | 2,429,481 | 1,292,445 |
| Sludge disposal | 1,144,760 | 1,015,983 |
| Depreciation and amortization (Note 4) | 21,441,879 | 20,571,731 |
| Repairs and replacements, sewage disposal systems | 770,830 | 1,566,169 |
| General, administrative, customer service, and other | 6,639,220 | 5,141,279 |
| Total operating expenses | 55,017,418 | 48,175,348 |
| Operating income | 10,913,409 | 13,474,788 |
| **NONOPERATING REVENUES (EXPENSES)** | | |
| Investment income (loss) | 757,913 | (723,051) |
| Federal grants | 60,515 | 280,617 |
| Interest on debt | (4,647,932) | (3,554,625) |
| Loss on disposed capital assets | - | (1,411,496) |
| Total non-operating revenues (expenses) | (3,829,504) | (5,408,555) |
| Change in net position before capital contributions | 7,083,905 | 8,066,233 |
| **CAPITAL CONTRIBUTIONS** | 12,712,874 | 34,300,630 |
| Change in net position | 19,796,779 | 42,366,863 |
| **NET POSITION, BEGINNING** | 813,741,986 | 771,375,123 |
| **NET POSITION, ENDING** | $ 833,538,765 | $ 813,741,986 |

The Notes to Financial Statements are
an integral part of these statements.

**ALEXRENEW**
**STATEMENTS OF CASH FLOWS**
**For The Years Ended June 30, 2023 and 2022**

| | 2023 | 2022 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Cash received from customers | $ 54,632,869 | $ 50,638,316 |
| Cash received from Fairfax County for operations | 11,827,697 | 9,945,852 |
| Cash received from other sources | 24,014 | 42,397 |
| Payments to suppliers for goods and services | (17,869,436) | (15,642,446) |
| Payments to employees for services | (14,548,847) | (12,880,796) |
| Net cash provided by operations | 34,066,297 | 32,103,323 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Acquisition/construction of capital assets | (127,572,140) | (108,533,541) |
| Capital contributions from Fairfax County | 9,346,235 | 12,692,541 |
| Proceeds from grants | 60,515 | 21,873,875 |
| Net proceeds from debt issuance | 81,729,016 | 85,835,854 |
| Proceeds from line of credit | 8,000,000 | - |
| Payments on line of credit | - | (16,125,148) |
| Principal payments on debt | (9,275,934) | (11,080,547) |
| Interest paid on borrowing | (3,030,164) | (2,896,259) |
| Net cash (used in) capital and related financing activities | (40,742,472) | (18,233,225) |
| **CASH FLOWS FROM INVESTING ACTIVITES** | | |
| Proceeds from sales and maturities of investments | (6,332,705) | 5,023,695 |
| Purchase of investments | 2,985,403 | (8,777,575) |
| Interest received on investments | 662,306 | 101,401 |
| Net cash provided by (used in) investing activities | (2,684,996) | (3,652,479) |
| Net increase (decrease) in cash and cash equivalents | (9,361,171) | 10,217,619 |
| **CASH AND CASH EQUIVALENTS** | | |
| Beginning | 59,528,561 | 49,310,942 |
| Ending | $ 50,167,390 | $ 59,528,561 |
| **RECONCILIATION TO STATEMENT OF NET POSITION** | | |
| Cash and cash equivalents - unrestricted | $ 44,362,343 | $ 45,687,371 |
| Cash and cash equivalents - restricted | 5,805,047 | 13,841,190 |
| Total cash and cash equivalents | $ 50,167,390 | $ 59,528,561 |

The Notes to Financial Statements are an integral part of these statements.



(Continued)

## ALEXRENEW
## STATEMENTS OF CASH FLOWS (continued)
## For The Years Ended June 30, 2023 and 2022

| | 2023 | 2022 |
|---|---|---|
| **RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES** | | |
| Operating income | $ 10,913,409 | $ 13,474,788 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation and amortization | 21,441,879 | 20,571,731 |
| Pension expense, net of of employer contributions | (254,962) | (610,497) |
| Changes in assets and liabilities | | |
| (Increase) decrease in: | | |
| Accounts receivable | (118,180) | (87,561) |
| Due from other governments | 765,128 | (972,445) |
| Prepaid expenses | (494,838) | (553,926) |
| Inventory | (1,641) | (27,429) |
| (Decrease) increase in: | | |
| Accounts payable and accrued expenses | 2,110,760 | 561,166 |
| Due to City of Alexandria | (105,820) | 31,185 |
| Accrued paid time off | 36,734 | (100,627) |
| Other post employment benefits | (226,172) | (183,062) |
| Net cash provided by operating activities | $ 34,066,297 | $ 32,103,323 |
| **NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Carrying value of disposed capital assets | $ - | $ 1,411,496 |
| Capital asset purchases included in accounts payable at year end | $ 18,270,150 | $ 17,702,989 |
| State grant included in due from other governments at year end | $ 3,256,624 | $ - |

ALEXRENEW
STATEMENTS OF FIDUCIARY NET POSITION
Other Post-Employment Benefit Trust Fund
June 30, 2023 and 2022

| | 2023 | 2022 |
|---|---|---|
| **ASSETS** | | |
| Assets held in trust, at fair value | | |
| Investment in pooled funds | $ 1,110,103 | $ 1,032,992 |
| **NET POSITION** | | |
| Net position restricted for OPEB | $ 1,110,103 | $ 1,032,992 |

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
Other Post-Employment Benefit Trust Fund
For The Fiscal Years Ended June 30, 2023 and 2022

| | 2023 | 2022 |
|---|---|---|
| **ADDITIONS** | | |
| Contributions from employer | $ 55,538 | $ 56,733 |
| Investment Earnings: | | |
| Net increase (decrease) in fair value of investments | 78,706 | (105,094) |
| Less investment costs | (1,595) | (1,724) |
| Net investment earnings | 77,111 | (106,818) |
| Total additions | 132,649 | (50,085) |
| **DEDUCTIONS** | | |
| Benefits paid to participants | 55,538 | 56,733 |
| Total deductions | 55,538 | 56,733 |
| Change in net position | 77,111 | (106,818) |
| Total net position - beginning | 1,032,992 | 1,139,810 |
| Total net position - ending | $ 1,110,103 | $ 1,032,992 |

The Notes to Financial Statements are
an integral part of these Statements.

## Note 1. Description of Entity and Summary of Significant Accounting Policies

### Description of Entity

On May 15, 2012, the Board amended its bylaws to adopt the name of "Alexandria Renew Enterprises" as the official trade name of the Alexandria Sanitation Authority (Authority).

The Authority is a special governmental unit created by the Alexandria City Council (City Council) in 1952 for the purpose of constructing, operating, and maintaining a wastewater treatment system for the City. The Authority is chartered by the State Corporation Commission and is an independent public body. The Authority is governed by a five-member Board who serve staggered terms and are appointed by the City Council.

Although the Board is appointed by the City Council, the Authority is not a part of the City's reporting entity and is not considered a component unit under Governmental Accounting Standards Board (GASB) Statement No. 61.

No component units are included in the Authority's financial statements.

The following is a summary of the Authority's significant accounting policies:

### Basis of Presentation and Accounting

The Authority's financial statements are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America as applicable to the enterprise fund of governmental units.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets plus deferred outflows, net of total liabilities plus deferred inflows) is segregated into net investment in capital assets, restricted, and unrestricted components.

The Authority also has a fiduciary fund for assets held by the Authority in a trustee capacity for its employees. The Authority's Other Post-Employment Benefit (OPEB) trust fund accounts for the receipt and disbursement of assets held in trust for the Authority's OPEB plan.

### Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues primarily consist of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities. Contributions from Fairfax County (County) under the Service Agreement discussed in Note 4 are recorded as capital contributions.

In accordance with the Service Agreement with the County, the Authority recognizes as revenue the County's proportionate share of current operating expenses.

## Note 1. Description of Entity and Summary of Significant Accounting Policies (Continued)

### Cash and Cash Equivalents

The Authority considers all highly liquid investments with maturities of three months or less from date of purchase to be cash equivalents.

### Inventory

Inventory, consisting of items held for consumption, are valued at cost using the first-in, first-out method.

### Financial Policy

The Board revised its financial policy to increase its restricted cash reserves. The Bond Master Trust Indenture requires the Authority keep 60 days of operating expenses in reserve and the Authority has appropriately restricted these amounts. The Authority's internal policy requires its restricted cash reserves to be maintained at 120 days of operating expenses at year-end; however, only the amount required by the Indenture is shown as restricted in the financial statements.

### Investments

Investments are stated at fair value, except for investments in the Local Government Investment Pool (LGIP) and State Non-Arbitrage Program (SNAP), which are external 2a7-like investment pools stated at share price. All fair market valuations are based on quoted market prices.

In accordance with the *Code of Virginia* and other applicable laws, including regulations, the Authority's investment policy (Policy) permits investments in U.S. Treasury Securities, U.S. agency securities, municipal obligations, prime quality commercial paper, banker's acceptances with domestic banks, corporate notes, negotiable certificates of deposit of domestic banks, money market funds registered under the Federal Investment Act of 1940, repurchase agreements collateralized by U.S. Treasury and Federal Agency obligations, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP).

Pursuant to Sec. 2.1-234.7 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board of the Commonwealth at their regularly scheduled monthly meetings and the fair value of the position in LGIP is the same as the value of the pool shares (i.e., the LGIP maintains a stable net asset value of $1 per share).

## Note 1. Description of Entity and Summary of Significant Accounting Policies (Continued)

### Investments (Continued)

The Policy limits investment maturities to a maximum of five years for any investment, unless the Board approves an exception in writing. The investment policy establishes the maximum percentage of the portfolio permitted in each of the following instruments:

| | |
|---|---|
| U.S. Treasury Obligations | 100%, no limitation |
| Federal Agency Obligations | 100%, 35% issuer limit |
| Municipal Obligations | 10%, 3% issuer limit |
| Commercial Paper | 25%, 3% issuer limit |
| Bankers' Acceptance | 25%, 3% issuer limit |
| Corporate Notes | 10%, 3% issuer limit |
| Negotiable Certificates of Deposit | 10%, 50% issuer limit |
| Money Market Mutual Funds | 100%, 50% issuer limit |
| Repurchase Agreements | 35%, 35% issuer limit |
| LGIP | 100%, no limitation |

### Accounts Receivable

Operating revenues are generally recognized on the basis of cycle billings rendered monthly. Unbilled revenues for services delivered during the last month of the fiscal year are accrued based on meter readings for June consumption. Receivables are recorded as current assets, net of an allowance for doubtful accounts of $680,000 at June 30, 2023 and 2022. The allowance is based upon historical collections.

### Capital Assets

Purchased or constructed property, plant and equipment with a cost greater than $5,000 and an estimated useful life of 3 years or more is capitalized and recorded at historical cost. Interest related to costs and major improvements, renewals, and replacements is capitalized as a cost of the project. Depreciation is computed on the straight-line basis over the estimated useful life. The estimated useful lives are as follows:

| | |
|---|---:|
| Plant and related infrastructure | 67 years |
| Buildings and improvements | 10-30 years |
| Furniture and equipment | 3-15 years |
| Vehicles | 5 years |
| Computers | 3 years |

Capital assets also include intangible assets, such as purchased capacity rights for the Arlington sewer treatment plant upgrade and expansion, and I.T. subscription assets. Capacity rights assets are amortized over 40 years and I.T. subscription assets are amortized based on terms stated in the agreement.

### Accrued Paid Time-Off Benefit

The Authority's paid time-off benefit (PTO) policy permits employees to accumulate a limited amount of earned but unused PTO benefits, which will be paid to employees upon separation from service. The accrued PTO benefit is included in the statement of net position as a liability.

## Note 1. Description of Entity and Summary of Significant Accounting Policies (Continued)

### Allocation of Expenses

For purposes of the statement of revenues, expenses, and changes in net position, payroll taxes and fringe benefits were allocated to operations and administration based on direct salaries.

### Net Position

Net position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net position represents the remaining net position not included in the previous two categories.

When both restricted and unrestricted net position are available for use, it is the Authority's policy to use restricted net position first, then unrestricted as needed.

### Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Fair Value Measurement

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

### Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Retirement Plan and the additions to/deductions from the Authority's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## Note 1. Description of Entity and Summary of Significant Accounting Policies (Continued)

### Deferred Outflows/Inflows of Resources

Deferred Outflows

In addition to assets, the statements which present financial position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has four items that qualify for reporting in this category. The first item consists of contributions subsequent to the measurement date for pensions; this will be applied to the net pension liability in the next fiscal year. The second item is the net difference between projected and actual earnings on pension plan investments. This difference will be recognized in pension expense over a closed five-year period. The third item is the deferred loss on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The fourth item is for the changes in assumptions related to OPEB. The difference will be recognized in OPEB expense over a closed four-year period.

Deferred Inflows

In addition to liabilities, the statements which present financial position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two types of items that qualify for reporting under this category. This first item represents differences between expected and actual experience in the pension plan. These differences will be recognized in pension expense over a closed five-year period. The second item is the differences between expected and actual experience and the net difference between projected and actual earnings related to OPEB. This difference will be recognized in OPEB expense over a closed four-year period.

## Note 2. Deposits and Investments

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the Act) Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of all excess deposits. Accordingly, all deposits are considered fully collateralized.

## Note 2. Deposits and Investments (Continued)

Investments

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof; obligations of the Commonwealth of Virginia or political subdivisions thereof; obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, the State Treasurer's LGIP, a 2a-7 like pool, and the Commonwealth of Virginia SNAP, a pooled investment fund. Both the LGIP and SNAP are overseen by the Treasurer of Virginia and the State Treasury Board. The fair value of the Authority's position in the pools is the same as the value of the pool shares, which are reported at amortized cost.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. As of June 30, 2023 and 2022, the Authority's investments in federal agency bonds and notes, U.S. Treasury bonds and notes, Supra-National agency notes, and corporate bonds and notes were valued using a matrix pricing model, Level 2 inputs.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At June 30, 2023 and 2022, none of the Authority's investments are exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Authority's portfolio management approach is active, allowing for periodic restructuring of the investment portfolio to take advantage of current and anticipated interest rate moves. The Authority minimizes its exposure to interest rate risk by having an average investment period of 2.5 years and a limit of less than 5 years.

The Authority's investments as of June 30, 2023 consisted of the following:

| Investment Type | Fair Value | S&P Credit Rating | Weighted Average Maturity * |
|---|---|---|---|
| Federal agency bonds and notes | $ 4,368,025 | AA+ | 0.89 |
| U.S. Treasury bonds and notes | 13,789,788 | AA+ | 2.67 |
| Supra-National agency notes | 1,811,865 | AAA | 1.19 |
| Corporate bonds and notes | 295,510 | AAA | 0.60 |
| LGIP | 130,658 | AAAm | N/A |
| Total investments | $ 20,395,846 | | |

**Average maturity in years*

## Note 2. Deposits and Investments (Continued)

Interest Rate Risk (Continued)

The Authority's investments as of June 30, 2022 consisted of the following:

| Investment Type | | Fair Value | S&P Credit Rating | Weighted Average Maturity |
|---|---|---|---|---|
| Federal agency bonds and notes | $ | 6,078,936 | AA+ | 1.73 |
| U.S. Treasury bonds and notes | | 13,379,215 | AA+ | 2.18 |
| Supra-National agency notes | | 3,302,083 | AAA | 0.87 |
| Corporate bonds and notes | | 773,477 | AA+-AAA | 0.74 |
| LGIP | | 125,664 | AAAm | N/A |
| Total investments | $ | 23,659,375 | | |

Reconciliation of deposits and investments at June 30, 2023:

| Amounts per disclosures: | | | Amounts per Statement of Net Position: | | |
|---|---|---|---|---|---|
| Cash and cash equivalents | $ | 57,739,838 | Cash and cash equivalents | $ | 50,167,390 |
| Long-term certificates of deposit | | 2,888,499 | Investments | | 30,856,793 |
| Total deposits | | 60,628,337 | Total | $ | 81,024,183 |
| Total investments | | 20,395,846 | | | |
| Total | $ | 81,024,183 | | | |

Restricted Assets

Certain resources of the Authority are classified as restricted assets on the statement of net position. These funds are maintained in separate accounts and their use is limited by applicable bond covenants and agreements.

## Note 3. Accounts Receivable, Due to/from Other Governments, and Payables

Receivables, due to/from other governments and payables were composed of the following:

| | 2023 | 2022 |
|---|---|---|
| Accounts receivable: | | |
| Billed customer services | $ 3,834,801 | $ 4,458,117 |
| Unbilled customer services | 3,050,862 | 2,329,864 |
| Other | 34,952 | 14,454 |
| Less: Allowance for uncollectible | (680,000) | (680,000) |
| Total accounts receivable | $ 6,240,615 | $ 6,122,435 |
| Due from other governments: | | |
| State grant | $ 3,256,624 | $ - |
| County of Fairfax, Virginia | 199,606 | 854,719 |
| Total due from other governments | $ 3,456,230 | $ 854,719 |
| Accounts payable and accrued expenses: | | |
| Accounts payable – vendors | $ 16,495,553 | $ 13,830,313 |
| Retainage payable | 5,905,803 | 6,011,544 |
| Other | 22,070 | 9,445 |
| Accrued expenses – payroll, payroll taxes, and other | 435,109 | 329,312 |
| Total accounts payable and accrued expenses | $ 22,858,535 | $ 20,180,614 |

## Note 4. Capital Assets

Changes in capital assets for FY23 were as follows:

| | 6/30/2022 | Additions | Reductions | 6/30/2023 |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land and improvements | $ 40,172,404 | $ - | $ - | $ 40,172,404 |
| Construction in progress | 287,343,853 | 114,433,664 | - | 401,777,517 |
| Total capital assets, not being depreciated | 327,516,257 | 114,433,664 | - | 441,949,921 |
| Capital assets, being depreciated | | | | |
| Plant and infrastructure | 833,961,604 | 3,330,386 | - | 837,291,990 |
| Plant equipment and office equipment | 35,966,310 | 8,811,622 | - | 44,777,932 |
| Total capital assets, being depreciated | 869,927,914 | 12,142,008 | - | 882,069,922 |
| Less accumulated depreciation for: | | | | |
| Plant and infrastructure | (252,884,251) | (16,616,647) | - | (269,500,898) |
| Plant equipment and office equipment | (23,498,706) | (3,494,323) | - | (26,993,029) |
| Total accumulated depreciation | (276,382,957) | (20,110,970) | - | (296,493,927) |
| Total capital assets, being depreciated, net | 593,544,957 | (7,968,962) | - | 585,575,995 |
| Capital assets, being amortized | | | | |
| Capacity rights | 41,515,762 | - | - | 41,515,762 |
| I.T. Subscriptions | - | 1,563,629 | - | 1,563,629 |
| Total capital assets, being amortized | 41,515,762 | 1,563,629 | - | 43,079,391 |
| Less accumulated amortization for: | | | | |
| Capacity rights | (12,892,155) | (1,044,245) | - | (13,936,400) |
| I.T. Subscriptions | - | (286,664) | - | (286,664) |
| Total accumulated amortization | (12,892,155) | (1,330,909) | - | (14,223,064) |
| Total capital assets, being amortized, net | 28,623,607 | 232,720 | - | 28,856,327 |
| Total capital assets | $ 949,684,821 | $ 106,697,422 | $ - | $ 1,056,382,243 |

### I.T. Subscriptions

The Authority implemented GASB Statement Number 96 in fiscal year ending June 30, 2023. This resulted in the Authority recording a I.T. subscription capital asset related to an enterprise license agreement for cloud storage, hosting and virtualization service. The authority paid the full amount during the fiscal year, therefore there is not corresponding I.T. subscription liability.

## Note 4. Capital Assets (Continued)

Changes in capital assets for FY22 were as follows:

| | 6/30/2021 | Additions | Reductions | 6/30/2022 |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land and improvements | $ 40,172,404 | $ - | $ - | $ 40,172,404 |
| Construction in progress | 185,892,313 | 102,167,957 | (716,417) | 287,343,853 |
| Total capital assets, not being depreciated | 226,064,717 | 102,167,957 | (716,417) | 327,516,257 |
| Capital assets, being depreciated | | | | |
| Plant and infrastructure | 833,213,277 | 2,594,249 | (1,845,922) | 833,961,604 |
| Plant equipment and office equipment | 29,244,644 | 7,876,592 | (1,154,926) | 35,966,310 |
| Total capital assets, being depreciated | 862,457,921 | 10,470,841 | (3,000,848) | 869,927,914 |
| Less accumulated depreciation for: | | | | |
| Plant and infrastructure | (237,031,408) | (16,400,010) | 547,167 | (252,884,251) |
| Plant equipment and office equipment | (21,412,761) | (3,128,131) | 1,042,186 | (23,498,706) |
| Total accumulated depreciation | (258,444,169) | (19,528,141) | 1,589,353 | (276,382,957) |
| Total capital assets, being depreciated, net | 604,013,752 | (9,057,300) | (1,411,495) | 593,544,957 |
| Capital assets, being amortized | | | | |
| Capacity rights | 41,201,598 | 314,164 | - | 41,515,762 |
| Less accumulated amortization for: | | | | |
| Capacity rights | (11,848,565) | (1,043,590) | - | (12,892,155) |
| Total capital assets, being amortized, net | 29,353,033 | (729,426) | - | 28,623,607 |
| Total capital assets | $ 859,431,502 | $ 92,381,231 | $ (2,127,912) | $ 949,684,821 |

### County of Arlington, Virginia Purchased Capacity Rights

The Authority has entered into a service agreement with the County of Arlington, Virginia (Arlington), in which the Authority purchases capacity rights to use Arlington's wastewater treatment plant. These costs are capitalized as an intangible asset. Arlington holds title to the plant.

### County of Fairfax, Virginia Capacity Rights

Under the terms of the Service Agreement with the County, the County reimburses the Authority for its share of capital costs related to joint-use facilities, which varies up to 60%. In exchange for these capital contributions as presented on the statement of revenues, expenses, and changes in net position, the Authority is required to recognize and preserve an equivalent share of the capacity rights of the related facilities for the County's use.

(Continued)

## Note 4. Capital Assets (Continued)

**County of Fairfax, Virginia Capacity Rights (Continued)**

Currently, the County has a capacity entitlement of 32.4 MGD, which varies up to 60% of the facility's total capacity of 54 MGD. The County is required to share in operation and maintenance costs related to the joint-use facilities.

## Note 5. Line of Credit

On February 25, 2020, the Authority entered into a new revolving credit agreement with Bank of America to provide the Authority with a $30 million line of credit, which is used as interim financing for capital projects. The line is secured by a pledge of the Authority's net revenues. The Authority's obligation to repay advances under the line constitutes subordinated debt, pursuant to the Authority's Master Trust Indenture. Under the initial agreement, the variable interest rate on the line of credit was equal to the SIFMA Index plus 58 basis points. On June 29, 2022, the credit agreement was amended and restated to change the variable interest rate to either: 1) 80% of the one-month Term SOFR (no minimum) plus 42 basis points or in the event of a taxable draw, 2) 100% of the one-month Term SOFR plus 53 basis points. The agreement also requires the Authority to pay an unused fee of 0.15% per annum for any day on which less than 50% of the authorized $30 million is outstanding. The rate was 4.66% and 1.19% at June 30, 2023 and 2022, respectively. The initial term of the line of credit was one year, with an expiration date of June 30, 2021. The Authority extended the line of credit to June 30, 2022 and then again to June 30, 2024, with the same terms but for the revised interest rate methodologies and fees described above. The line of credit was increased to $60 million in fiscal year 2023. As of June 30, 2023 and 2022, respectively, the Authority has drawn $21,874,852 and $13,874,852. As of June 30, 2023 and 2022, respectively, the unused portion of the line credit was $38,125,148 and $16,125,148.

## Note 6. Long-Term Debt

On March 15, 1999, the Authority executed a new Master Indenture of Trust for the purpose of issuing sewer revenue bonds from time-to-time. These bonds will provide funds to pay the cost, or any part of the cost, of the Sewage Disposal System additions or improvements or to refund indebtedness and obligations previously incurred for such purposes. The Authority has issued and sold sewer revenue bonds to the Virginia Clean Water Revolving Loan Fund and the Virginia Pooled Financing Program, acting by and through the Virginia Resources Authority (VRA). The Master Indenture of Trust constitutes a contract among the Authority, the Trustee and VRA governing bond issuance.

Sewer bonds and loans consist of the following:

| | 2023 | 2022 |
|---|---|---|
| Sewer revenue bond, Series 2000B, $60,400,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; interest only payments due March 2002 and March 2005; semi-annual installments of approximately $3,466,961, including principal and interest at 3.85% due through September 2022. | $ - | $ 4,024,113 |

## Note 6. Long-Term Debt (Continued)

| | 2023 | 2022 |
|---|---|---|
| Sewer revenue bond, Series 2004, $22,000,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $712,206, including principal and interest beginning March 2006 at 3.10% due through September 2024. | $ 2,115,429 | $ 3,508,232 |
| Sewer revenue bond, Series 2006A, $3,000,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $100,824, including principal and interest beginning in March 2006 at 3.10% due through September 2024. | 299,473 | 496,646 |
| Sewer revenue bond, Series 2006B, $12,000,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $375,079 at 3.10% due through March 2027. | 2,934,230 | 3,649,677 |
| Sewer revenue bond, Series 2009, $15,000,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $502,939, including principal and interest, beginning March 2011 at 3.55% due through September 2030. | 5,820,491 | 6,651,069 |
| Sewer revenue bond, Series 2011, $8,115,767; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $260,604, including principal and interest, beginning March 2014 at 2.35% due through September 2033. | 4,811,821 | 5,220,164 |
| Sewer revenue bond, Series 2014A, $12,500,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $389,136, including principal and interest, beginning March 2016 at 2.10% due through September 2035. | 8,518,978 | 9,144,888 |

(Continued)

## Note 6. Long-Term Debt (Continued)

| | 2023 | 2022 |
|---|---|---|
| Sewer revenue bond, Series 2014B, $2,500,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $73,712, including principal and interest, beginning March 2016 at 2.10% due through September 2035. | $ 1,643,031 | $ 1,769,598 |
| Sewer revenue bond, Series 2014C, $19,515,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $399,833 to $3,203,294, including principal and interest, beginning April 2015 at 3.63%, due through April 2039. | 18,420,000 | 18,700,000 |
| Sewer revenue bond, Series 2017A, $23,000,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $395,774 to $1,468,613, including principal and interest, beginning October 2017 at 3.60%, due through October 2045. | 22,425,000 | 23,000,000 |
| Sewer revenue bond, Series 2019, up to $10,400,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $79,399 to $1,121,530, including principal and interest, beginning March 2022 at 1.10%, due through March 2040. Balance represents draws to date. | 4,781,504 | 4,881,504 |
| Virginia water facilities revolving fund loan Series 2021, up to $185,650,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $4,568,195, including principal and interest, beginning March 2023 at 1.35%, due through March 2048. Balance represents draws to date. | 173,935,671 | 104,808,976 |
| Water Infrastructure Finance and Innovation (WIFIA), up to $320,992,641; Semi-annual installments of interest to begin on 10/1/2025 at 1.88% and principal on October 1, 2026, due through October 1, 2059. Balance represents draws to date. | 12,602,321 | - |
| Plus unamortized premiums and discounts, net | 2,427,195 | 2,564,213 |
| | $ 260,735,144 | $ 188,419,080 |

## Note 6. Long-Term Debt (Continued)

The annual requirements to amortize bond principal and related interest are as follows:

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 8,446,435 | $ 6,359,886 | $ 14,806,321 |
| 2025 | 13,461,173 | 4,506,460 | 17,967,633 |
| 2026 | 10,464,591 | 4,526,405 | 14,990,996 |
| 2027 | 10,727,145 | 4,329,951 | 15,057,096 |
| 2028 | 10,595,021 | 4,123,329 | 14,718,350 |
| 2029-2033 | 55,756,916 | 16,525,930 | 72,282,846 |
| 2034-2038 | 54,879,092 | 11,306,072 | 66,185,164 |
| 2039-2043 | 49,406,973 | 6,847,941 | 56,254,914 |
| 2044-2048 | 36,954,345 | 2,618,148 | 39,572,493 |
| 2049-2053 | 3,014,070 | 617,928 | 3,631,998 |
| 2054-2058 | 3,414,468 | 318,827 | 3,733,295 |
| 2059-2060 | 1,187,720 | 36,068 | 1,223,788 |
| Total | $ 258,307,949 | $ 62,116,945 | $ 320,424,894 |

The change in debt for the years ended June 30, 2023 and 2022 are as follows:

| | 6/30/2022 | Additions | Reductions | 6/30/2023 | Due Within One Year |
|---|---|---|---|---|---|
| Sewer revenue bonds | $ 185,854,867 | $81,729,016 | $ (9,275,934) | $258,307,949 | $ 8,446,435 |
| Plus deferred amounts: | | | | | |
| Net premium | 2,564,213 | - | (137,018) | 2,427,195 | 137,018 |
| Total | $ 188,419,080 | $81,729,016 | $ (9,412,952) | $260,735,144 | $ 8,583,453 |

| | 6/30/2021 | Additions | Reductions | 6/30/2022 | Due Within One Year |
|---|---|---|---|---|---|
| Sewer revenue bonds | $ 111,099,560 | $85,835,854 | $ (11,080,547) | $185,854,867 | $ 9,215,454 |
| Plus deferred amounts: | | | | | |
| Net premium | 2,701,232 | - | (137,019) | 2,564,213 | 137,019 |
| Total | $ 113,800,792 | $85,835,854 | $ (11,217,566) | $188,419,080 | $ 9,352,473 |

During FY2023 and FY2022, the Authority was in compliance with the covenants associated with the outstanding bond indentures.

## Note 7. Defined Benefit Pension Plan

### Plan Description

The VRS Authority Retirement Plan is a multi-employer, agent plan. All full-time, salaried, permanent employees of the Authority are automatically covered by a VRS Retirement Plan upon employment. This plan is administered by the VRS along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia,* as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan is as follows:

<u>Plan 1</u> – Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

- **Hybrid Opt-In Election –** Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.
- **Retirement Contributions –** Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.
- **Service Credit –** Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
- **Vesting –** Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of the employer's contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.

## Note 7. Defined Benefit Pension Plan (Continued)

**Plan Description (Continued)**

**Plan 1 (Continued)**

- **Calculating the Benefit –** The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier, and total service credit at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.
- **Average Final Compensation –** A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
- **Service Retirement Multiplier –** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.
- **Normal Retirement Age –** Age 65.
- **Earliest Unreduced Retirement Eligibility –** Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.
- **Earliest Reduced Retirement Eligibility –** Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.
- **Cost-of-Living Adjustment (COLA) in Retirement –** The Cost-of-Living Adjustment (COLA) matches the first 3.00% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4.00%) up to a maximum COLA of 5.00%.
    - **Eligibility –** For members who retire with an unreduced benefit or with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.
    - **Exceptions to COLA Effective Dates –** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
        - The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
        - The member retires on disability.
        - The member retires directly from short-term or long-term disability.
        - The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
        - The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.

(Continued)

## Note 7. Defined Benefit Pension Plan (Continued)

**Plan Description (Continued)**

**Plan 1 (Continued)**

- **Disability Coverage –** For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.

- **Purchase of Prior Service –** Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts towards vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.

**Plan 2** – Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

- **Hybrid Opt-In Election –** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an ORP and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

- **Retirement Contributions –** Same as Plan 1.

- **Service Credit –** Same as Plan 1.

- **Vesting –** Same as Plan 1.

- **Calculating the Benefit –** See definition under Plan 1.

- **Average Final Compensation –** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

- **Service Retirement Multiplier –** Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. The retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013.

- **Normal Retirement Age –** Normal Social Security retirement age.

- **Earliest Unreduced Retirement Eligibility –** Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90.

- **Earliest Reduced Retirement Eligibility –** Age 60 with at least five years (60 months) of service credit.

**Note 7. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

**Plan 2 (Continued)**

- **COLA in Retirement –** The COLA matches the first 2.00% increase in the CPI-U and half of any additional increase (up to 2.00%), for a maximum COLA of 3.00%.
  - **Eligibility –** Same as Plan 1.
  - **Exceptions to COLA Effective Dates –** Same as Plan 1.
- **Purchase of Prior Service –** Same as Plan 1.
- **Disability Coverage –** Same as Plan 1 except that the retirement multiplier is 1.65%.

**Hybrid Retirement Plan –** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. The defined benefit is based on a member's age, service credit, and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

- **Eligible Members –** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes Political Subdivision employees; members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
- **Non-Eligible Members –** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include Political Subdivision employees who are covered by enhanced benefits for hazardous duty employees. Those employees eligible for an ORP must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable), or ORP.
- **Retirement Contributions –** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan.
- Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

**Note 7. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

**Hybrid Retirement Plan (Continued)**

- **Service Credit –**
    - **Defined Benefit Component:** Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It may also count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
    - **Defined Contributions Component:** Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.
- **Vesting –**
    - **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.
    - **Defined Contribution Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. After two years, a member is 50% vested and may withdraw 50% of employer contributions. After three years, a member is 75% vested and may withdraw 75% of employer contributions. After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required, except as governed by law.
- **Calculating the Benefit –**
    - **Defined Benefit Component:** See definition under Plan 1.
    - **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
- **Average Final Compensation –** Same as Plan 2 for the defined benefit component of the plan.
- **Service Retirement Multiplier –** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

**Note 7. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

**Hybrid Retirement Plan (Continued)**

- **Normal Retirement Age –**
  - **Defined Benefit Component:** Same as Plan 2.
  - **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Earliest Unreduced Retirement Eligibility –**
  - **Defined Benefit Component:** Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90.
  - **Defined Contribution Component:** Members are eligible to receive distributions upon leaving, subject to restrictions.
- **Earliest Reduced Retirement Eligibility –**
  - **Defined Benefit Component:** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of service credit.
  - **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **COLA in Retirement –**
  - **Defined Benefit Component:** Same as Plan 2.
  - **Defined Contribution Component:** Not applicable.
  - **Eligibility:** Same as Plan 1 and 2.
  - **Exceptions to COLA Effective Dates:** Same as Plan 1 and 2.
- **Disability Coverage –** Employees of Political Subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
- **Purchase of Prior Service –**
  - **Defined Benefit Component –** Same as Plan 1, with the following exceptions:
    - Hybrid Retirement Plan members are ineligible for ported service.
  - **Defined Contribution Component –** Not applicable.

## Note 7. Defined Benefit Pension Plan (Continued)

### Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

| | Number |
|---|---|
| Inactive members or their beneficiaries currently receiving benefits | 107 |
| Inactive members: | |
| Vested inactive members | 19 |
| Non-vested inactive members | 65 |
| Inactive members active elsewhere in VRS | 14 |
| Total inactive members | 98 |
| Active members | 98 |
| Total covered employees | 303 |

### Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to Political Subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Authority's contractually required contribution rate for the years ended June 30, 2023 and 2022 was 8.19% of covered employee compensation, respectively. This rate was based on actuarially determined rates from actuarial valuations as of June 30, 2021 and 2020.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were $823,808 and $526,440 for the years ended June 30, 2023 and 2022, respectively.

### Net Pension Liability

The Authority's net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

(Continued)

## Note 7. Defined Benefit Pension Plan (Continued)

### Actuarial Assumptions

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

| | |
|---|---|
| Inflation | 2.50% |
| General Employees - Salary increases, including inflation | 3.50 – 5.35% |
| Investment rate of return | 6.75%, net of pension plan investment expense, including inflation |

Mortality rates: General Employees – Update to PUB2010 sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate which was changed on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as, a result of the experience study, are as follows:

General Employees - Others (Non-10 Largest): Updated mortality tables. Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; change final retirement age. Adjusted withdrawal rates to better fit experience.

### Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class.

## Note 7. Defined Benefit Pension Plan (Continued)

### Long-Term Expected Rate of Return (Continued)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class (Strategy) | Target Allocation | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return |
|---|---|---|---|
| Public Equity | 34.00 % | 5.71 % | 1.94 % |
| Fixed Income | 15.00 % | 2.04 % | 0.31 % |
| Credit Strategies | 14.00 % | 4.78 % | 0.67 % |
| Real Assets | 14.00 % | 4.47 % | 0.63 % |
| Private Equity | 14.00 % | 9.73 % | 1.36 % |
| MAPS – Multi-Asset Public Strategies | 6.00 % | 3.73 % | 0.22 % |
| PIP – Private Investment Partnership | 3.00 % | 6.55 % | 0.20 % |
| Total | 100.00 % | | 5.33 % |
| | | Inflation | 2.50 % |
| | | * Expected arithmetic nominal return | 7.83 % |

* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

## Note 7. Defined Benefit Pension Plan (Continued)

### Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

### Changes in Net Pension Liability as of June 30, 2023

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) – (b) |
| Balances at June 30, 2022 | $ 55,113,648 | $ 54,106,714 | $ 1,006,934 |
| Changes for the year: | | | |
| Service cost | 504,939 | - | 504,939 |
| Interest | 3,635,978 | - | 3,635,978 |
| Differences between expected and actual experience | 146,236 | - | 146,236 |
| Contributions – employer | - | 440,335 | (440,335) |
| Contributions – employee | - | 363,555 | (363,555) |
| Net investment income | - | (7,277) | 7,277 |
| Benefit payments, including refunds of employee contributions | (3,504,503) | (3,504,503) | - |
| Administrative expenses | - | (34,388) | 34,388 |
| Other changes | - | 1,207 | (1,207) |
| Net changes | 782,650 | (2,741,071) | 3,523,721 |
| Balances at June 30, 2023 | $ 55,896,298 | $ 51,365,643 | $ 4,530,655 |

## Note 7. Defined Benefit Pension Plan (Continued)

### Changes in Net Pension Liability as of June 30, 2022

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) – (b) |
| Balances at June 30, 2021 | $ 52,107,776 | $ 44,816,817 | $ 7,290,959 |
| Changes for the year: | | | |
| Service cost | 617,494 | - | 617,494 |
| Interest | 3,399,852 | - | 3,399,852 |
| Change of assumptions | 2,178,055 | - | 2,178,055 |
| Differences between expected and actual experience | 289,659 | - | 289,659 |
| Contributions – employer | - | 440,276 | (440,276) |
| Contributions – employee | - | 391,153 | (391,153) |
| Net investment income | - | 11,968,102 | (11,968,102) |
| Benefit payments, including refunds of employee contributions | (3,479,188) | (3,479,188) | - |
| Administrative expenses | - | (31,556) | 31,556 |
| Other changes | - | 1,110 | (1,110) |
| Net changes | 3,005,872 | 9,289,897 | (6,284,025) |
| Balances at June 30, 2022 | $ 55,113,648 | $ 54,106,714 | $ 1,006,934 |

### Sensitivity of the Discount Rate

The following presents the net pension liability of the Authority using the discount rate of 6.75%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

| | 1.00% Decrease (5.75%) | Current Discount Rate (6.75%) | 1.00% Increase (7.75%) |
|---|---|---|---|
| Authority's net pension Liability (Asset) at 6/30/2023 | $ 10,817,529 | $ 4,530,655 | $ (706,010) |
| Authority's net pension Liability (Asset) at 6/30/2022 | $ 7,474,261 | $ 1,006,934 | $ (4,417,760) |

## Note 7. Defined Benefit Pension Plan (Continued)

### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the Authority recognized pension expense of $482,741. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 115,038 | $ - |
| Change in assumptions | 284,095 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 1,670,498 |
| Employer contributions subsequent to the measurement date | 823,808 | - |
| Total | $ 1,222,941 | $ 1,670,498 |

For the year ended June 30, 2022, the Authority recognized negative pension expense of $159,636. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 163,750 | $ 240,167 |
| Change in assumptions | 1,231,075 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 5,907,308 |
| Employer contributions subsequent to the measurement date | 526,440 | - |
| Total | $ 1,921,265 | $ 6,147,475 |

## Note 7. Defined Benefit Pension Plan (Continued)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

The $823,808 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions after the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30 | Addition/ (Reduction) to Pension Expense |
|---|---|
| 2024 | $ (239,309) |
| 2025 | $ (652,269) |
| 2026 | $ (1,093,229) |
| 2027 | $ 713,442 |

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (ACFR). A copy of the 2023 VRS ACFR may be downloaded from the VRS website at varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Payables to the Pension Plan**

At June 30, 2023 and 2022, approximately $97,000 and $72,000 was payable to the System for the legally required contributions related to the June 2023 and 2022 payroll, respectively.

## Note 8. Other Post-Employment Benefits

The Authority provides limited post-retirement benefits, such as health, dental and vision insurance to retirees who have five or more years of service with the Authority through an agent multiple-employer defined benefit plan. The Authority pays 25% of medical insurance costs of retirees with five or more years of service. The remaining amounts of insurance premiums are paid by the retiree. Prior to fiscal 2014, the Authority also provided a post-retirement life insurance benefit to retirees. The Authority has discontinued its post-retirement life insurance coverage for retirees.

The plan does not issue separate financial statements.

As of January 1, 2022, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive members and dependent spouses currently receiving benefits | 22 |
| Active members | 101 |
| | 123 |

## Note 8. Other Post-Employment Benefits (Continued)

### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation, the entry age normal actuarial cost method was used. The valuation results are based on a discount rate of 6.5%, an annual payroll growth rate of 3.0%, and an annual healthcare cost trend rate of 5.0% initially, decreasing annually to a rate of 3.9%. An inflation rate of 2.5% is used in the assumptions. The unfunded liability is amortized over a closed period of 24 years at a level percentage of pay.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made for the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Net OPEB Liability/(Asset)

The components of the net OPEB liability at June 30, 2023 were as follows.

| | |
|---|---|
| Total OPEB Liability | $ 639,278 |
| Plan fiduciary net position | (1,110,103) |
| Net OPEB asset | $ (470,825) |
| Plan fiduciary net position as a Percentage of the total OPEB Asset | 173.65% |

The components of the net OPEB liability at June 30, 2022 were as follows.

| | |
|---|---|
| Total OPEB Liability | $ 605,956 |
| Plan fiduciary net position | (1,032,992) |
| Net OPEB asset | $ (427,036) |
| Plan fiduciary net position as a Percentage of the total OPEB Asset | 170.47% |

## Note 8. Other Post-Employment Benefits (Continued)

### Changes in Net OPEB Liability/(Asset) at June 30, 2023

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability/(Asset) (a) – (b) |
| Balances at June 30, 2022 | $ 605,956 | $ 1,032,992 | $ (427,036) |
| Changes for the year: | | | |
| Service cost | 27,970 | - | 27,970 |
| Interest | 39,428 | - | 39,428 |
| Effect of economic/demographic gains or losses | - | - | - |
| Effect of assumptions changes or inputs | 21,462 | - | 21,462 |
| Benefit payments | (55,538) | (55,538) | - |
| Employer contributions | - | 55,538 | (55,538) |
| Net investment income | - | 78,706 | (78,706) |
| Administrative expenses | - | (1,595) | 1,595 |
| Balances as of June 30, 2023 | $ 639,278 | $ 1,110,103 | $ (470,825) |

### Changes in Net OPEB Liability/(Asset) at June 30, 2022

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability/(Asset) (a) – (b) |
| Balances at June 30, 2021 | $ 1,221,398 | $ 1,139,810 | $ 81,588 |
| Changes for the year: | | | |
| Service cost | 41,500 | - | 41,500 |
| Interest | 80,274 | - | 80,274 |
| Effect of economic/demographic gains or losses | (489,333) | - | (489,333) |
| Effect of assumptions changes or inputs | (191,150) | - | (191,150) |
| Benefit payments | (56,733) | (56,733) | - |
| Employer contributions | - | 56,733 | (56,733) |
| Net investment income | - | (105,094) | 105,094 |
| Administrative expenses | - | (1,724) | 1,724 |
| Balances as of June 30, 2022 | $ 605,956 | $ 1,032,992 | $ (427,036) |

## Note 8. Other Post-Employment Benefits (Continued)

### Sensitivity of the Net OPEB Liability (Asset)

The following presents the Net OPEB Liability of the Authority, calculated using the discount rate of 6.50%, as well as what the Authority's Net OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate.

| | 1.00% Decrease (5.50%) | Current Discount Rate (6.50%) | 1.00% Increase (7.50%) |
|---|---|---|---|
| June 30, 2023 | $ (423,817) | $ (470,825) | $ (512,523) |
| June 30, 2022 | $ (383,265) | $ (427,036) | $ (466,073) |

The following presents the Net OPEB Liability of the Authority, calculated using the current healthcare cost trend rates, as well as what the Authority's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current rate.

| | 1.00% Decrease | Current Trend | 1.00% Increase |
|---|---|---|---|
| June 30, 2023 | $ (530,964) | $ (470,825) | $ (400,216) |
| June 30, 2022 | $ (478,228) | $ (427,036) | $ (367,318) |

### OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2023 and 2022, the Authority recognized OPEB Expense of ($170,634) and ($126,329), respectively. As of June 30, 2023, the Authority reported Deferred Inflows of Resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ - | $ 636,305 |
| Changes in assumptions | 35,993 | 268,413 |
| Net difference between projected and actual earnings | 23,121 | - |
| Total | $ 59,114 | $ 904,718 |

**Note 8. Other Post-Employment Benefits (Continued)**

As of June 30, 2022, the Authority reported Deferred Inflows of Resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ - | $ 774,918 |
| Changes in assumptions | 24,358 | 316,194 |
| Net difference between projected and actual earnings | 38,767 | - |
| Total | $ 63,125 | $ 1,091,112 |

Amounts currently reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

| Year Ending June 30 | Addition/ (Reduction) to OPEB Expense |
|---|---|
| 2024 | $ (176,789) |
| 2025 | $ (184,407) |
| 2026 | $ (105,051) |
| 2027 | $ (129,172) |
| 2028 | $ (93,589) |
| Thereafter | $ (156,596) |

**OPEB Trust**

During 2014, the Authority established a trust fund to fund the cost of OPEB. The trust fund was established by the Authority with the Virginia Pooled OPEB Trust Fund (Trust), sponsored by the Virginia Municipal League and the Virginia Association of Counties, and overseen by a Board of Trustees. The Trust is established as an investment vehicle for participating employers to accumulate assets to fund OPEB Plan assets for purposes of GASB Statement No. 75 that are segregated and restricted in a trust, in which (a) contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer or plan administrator, for the payment of benefits in accordance with terms of the plan.

## Note 8. Other Post-Employment Benefits (Continued)

### Trust Fund Investments

Investment decisions for the fund's assets are made by the Board of Trustees. The Board of Trustees established investment objectives, risk tolerance, and asset allocation policies in light of the investment policy, market and economic conditions, and generally prevailing prudent investment practices. The Board of Trustees also monitors the investments to ensure adherence to the adopted policies and guidelines. In addition, the Trustees review, monitor, and evaluate the performance of the investments and its investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Arithmetic Real Rate of Return |
|---|---|---|
| US Core Fixed Income | 20% | 2.27% |
| US Large Caps | 21% | 5.64% |
| US Small Caps | 10% | 7.25% |
| Foreign Developed Equity | 13% | 6.90% |
| Emerging Markets Equity | 5% | 9.58% |
| Private Real Estate Property | 15% | 4.86% |
| Private Equity | 10% | 10.74% |
| Hedge FOF Strategic | 6% | 4.42% |
| Long-Term Expected Rate of Return | | 6.50% |

**Concentrations** – There are no investments in any one organization that represents 5% or more of the OPEB Trust's fiduciary net position.

**Rate of Return** – For the years ended June 30, 2023 and 2022, the annual money-weighted rate of return on investments, net of investment expense, was 7.63% and (9.23%), respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Additional investment information for the Trust can be obtained by writing to VML/VACo Finance Program, 8 East Canal Street, Richmond, Virginia 23219.

(Continued)

## Note 9. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded insurance coverage in the past three years.

## Note 10. Commitments and Contingencies

From time to time, the Authority is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the Authority.

## Note 11. New Accounting Standards

The GASB has issued the following Statements which are not yet effective.

**GASB Statement No. 100, *Accounting Changes and Error Corrections* – An Amendment of GASB Statement No. 62,** This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. The statement will become effective for the fiscal year ending June 30, 2024.

**GASB Statement No. 101, *Compensated Absences,*** This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. The statement will become effective for the fiscal year ending June 30, 2025.

Management has not yet evaluated the effects, if any, of adopting these standards.

## Note 12. RiverRenew Program

Construction continued in FY23 on RiverRenew, AlexRenew's multi-year construction program to address combined sewer pollution from four outfalls in the older parts of the City. The program began in 2018 and is under a legislative deadline to be complete by July 1, 2025. The RiverRenew team met several major milestones during FY2023 including the launch of the tunnel boring machine, construction of over 4,000 feet of the Waterfront Tunnel, and the completion of shaft excavation. As of the end of FY2023, the tunnel project was 45% complete.

Funding for RiverRenew comes from a combination of grants, low-interest loans, and contributions from AlexRenew and Fairfax County. During FY23, AlexRenew finalized a $90 million grant from the American Rescue Plan fund. AlexRenew will utilize this grant to offset a portion of the debt assumed through the Virginia Clean Water Revolving Loan Fund (VCWRLF) and Water Infrastructure Finance and Innovation Act (WIFIA) loan programs to fund RiverRenew. Two major loans were closed through these agencies in FY21 and are expected to be repaid through annual rate increases, including those implemented in previous fiscal years and upcoming in FY24 and FY25.

## REQUIRED SUPPLEMENTARY INFORMATION

ALEXRENEW

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

| | Plan Year Ended June 30, | | | | |
|---|---|---|---|---|---|
| **Total Pension Liability** | 2022 | 2021 | 2020 | 2019* | 2018 |
| Service cost | $ 504,939 | $ 617,494 | $ 615,974 | $ 604,713 | $ 592,542 |
| Interest on total pension liability | 3,635,978 | 3,399,852 | 3,412,612 | 3,395,405 | 3,340,976 |
| Difference between expected and actual experience | 146,236 | 289,659 | (990,689) | (471,796) | (414,228) |
| Change in assumptions | - | 2,178,055 | - | 1,368,221 | - |
| Benefit payments, including refunds of employee contributions | (3,504,503) | (3,479,188) | (2,974,673) | (2,715,552) | (2,767,926) |
| Net change in total pension liability | 782,650 | 3,005,872 | 63,224 | 2,180,991 | 751,364 |
| **Total pension liability - beginning** | 55,113,648 | 52,107,776 | 52,044,552 | 49,863,561 | 49,112,197 |
| **Total pension liability - ending** | 55,896,298 | 55,113,648 | 52,107,776 | 52,044,552 | 49,863,561 |
| **Plan Fiduciary Net Position** | | | | | |
| Contributions - employer | 440,335 | 440,276 | 554,765 | 518,600 | 711,111 |
| Contributions - employee | 363,555 | 391,153 | 432,353 | 361,031 | 460,389 |
| Net investment income (loss) | (7,277) | 11,968,102 | 871,091 | 2,926,176 | 3,175,320 |
| Benefit payments, including refunds of employee contributions | (3,504,503) | (3,479,188) | (2,974,673) | (2,715,552) | (2,767,926) |
| Administrative expenses | (34,388) | (31,556) | (30,738) | (30,275) | (28,184) |
| Other | 1,207 | 1,110 | (1,011) | (1,835) | (2,787) |
| Net change in plan fiduciary net position | (2,741,071) | 9,289,897 | (1,148,213) | 1,058,145 | 1,547,923 |
| **Plan fiduciary net position - beginning** | 54,106,714 | 44,816,817 | 45,965,030 | 44,906,885 | 43,358,962 |
| **Plan fiduciary net position - ending** | 51,365,643 | 54,106,714 | 44,816,817 | 45,965,030 | 44,906,885 |
| **Net pension liability - ending** | $ 4,530,655 | $ 1,006,934 | $ 7,290,959 | $ 6,079,522 | $ 4,956,676 |
| Plan fiduciary net position as a percentage of total pension liability | 92% | 98% | 86% | 88% | 90% |
| Covered payroll | $ 8,426,734 | $ 8,691,744 | $ 8,641,869 | $ 8,504,134 | $ 9,260,472 |
| Net pension liability as a percentage of covered payroll | 54% | 12% | 84% | 71% | 54% |

| **Total Pension Liability** | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| Service cost | $ 643,808 | $ 682,527 | $ 771,341 | $ 757,878 |
| Interest on total pension liability | 3,299,804 | 3,236,592 | 3,206,163 | 3,092,779 |
| Difference between expected and actual experience | (207,089) | (598,619) | (1,127,638) | - |
| Change in assumptions | (485,329) | - | - | - |
| Benefit payments, including refunds of employee contributions | (2,558,116) | (2,276,811) | (2,553,525) | (1,908,245) |
| Net change in total pension liability | 693,078 | 1,043,689 | 296,341 | 1,942,412 |
| **Total pension liability - beginning** | 48,419,119 | 47,375,430 | 47,079,089 | 45,136,677 |
| **Total pension liability - ending** | 49,112,197 | 48,419,119 | 47,375,430 | 47,079,089 |
| **Plan Fiduciary Net Position** | | | | |
| Contributions - employer | 697,581 | 893,151 | 915,790 | 852,928 |
| Contributions - employee | 428,499 | 397,795 | 413,212 | 583,295 |
| Net investment income (loss) | 4,804,505 | 681,557 | 1,789,373 | 5,462,840 |
| Benefit payments, including refunds of employee contributions | (2,558,116) | (2,276,811) | (2,553,525) | (1,908,245) |
| Administrative expenses | (28,599) | (25,420) | (25,361) | (29,559) |
| Other | (4,237) | (294) | (375) | 288 |
| Net change in plan fiduciary net position | 3,339,633 | (330,022) | 539,114 | 4,961,547 |
| **Plan fiduciary net position - beginning** | 40,019,329 | 40,349,351 | 39,810,237 | 34,848,690 |
| **Plan fiduciary net position - ending** | 43,358,962 | 40,019,329 | 40,349,351 | 39,810,237 |
| **Net pension liability - ending** | $ 5,753,235 | $ 8,399,790 | $ 7,026,079 | $ 7,268,852 |
| Plan fiduciary net position as a percentage of total pension liability | 88% | 83% | 85% | 85% |
| Covered payroll | $ 8,185,472 | $ 7,802,611 | $ 7,746,889 | $ 8,434,533 |
| Net pension liability as a percentage of covered payroll | 70% | 108% | 91% | 86% |

*The Authority changed their fiscal year end in 2019, therefore only 9 months of contributions are included.

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - e.g., plan year 2014 was presented in the entity's fiscal year 2015 financial report.

This schedule is intended to show information for 10 years. Additional years will be included as they become available.

ALEXRENEW

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS

| Entity Year Ended | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 6/30/2023 | $ 872,808 | $ 872,808 | - | $ 10,063,463 | 8.67% |
| 6/30/2022 | 542,682 | 542,682 | - | 8,426,734 | 6.44% |
| 6/30/2021 | 515,855 | 515,855 | - | 8,691,744 | 5.93% |
| 6/30/2020 | 629,286 | 629,286 | - | 8,641,869 | 7.28% |
| 6/30/2019* | 429,141 | 429,141 | - | 5,956,482 | 7.20% |
| 9/30/2018 | 723,851 | 723,851 | - | 8,455,472 | 8.56% |
| 9/30/2017 | 740,517 | 740,517 | - | 8,273,941 | 8.95% |
| 9/30/2016 | 844,141 | 844,141 | - | 8,216,533 | 10.27% |
| 9/30/2015 | 858,355 | 956,177 | (97,822) | 7,746,889 | 12.34% |

*The Authority changed their fiscal year end in 2019, therefore only 9 months of contributions are included.

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

ALEXRENEW

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OBEB LIABILITY AND RELATED RATIOS

| **Total OPEB Liability** | 6/30/2023 | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 9/30/2018 | 9/30/2017 |
|---|---|---|---|---|---|---|---|
| Service cost | $ 27,970 | $ 41,500 | $ 34,988 | $ 41,295 | $ 29,417 | $ 36,657 | $ 53,055 |
| Interest on total OPEB liability | 39,428 | 80,274 | 76,907 | 88,689 | 78,720 | 102,653 | 129,354 |
| Effect of Economic/Demographic Gains or Losses | - | (489,333) | - | (238,874) | - | (455,903) | - |
| Effect of Assumptions Changes or Inputs | 21,462 | (191,150) | - | (226,833) | 51,628 | - | - |
| Benefit payments | (55,538) | (56,733) | (76,165) | (79,996) | (81,481) | (90,513) | (92,542) |
| Net change in total OPEB liability | 33,322 | (615,442) | 35,730 | (415,719) | 78,284 | (407,106) | 89,867 |
| **Total OPEB liability - beginning** | 605,956 | 1,221,398 | 1,185,668 | 1,601,387 | 1,523,103 | 1,930,209 | 1,840,342 |
| **Total OPEB liability - ending** | 639,278 | 605,956 | 1,221,398 | 1,185,668 | 1,601,387 | 1,523,103 | 1,930,209 |
| **Plan Fiduciary Net Position** | | | | | | | |
| Contributions - employer | 55,538 | 56,733 | 76,165 | 79,996 | 81,481 | 90,513 | 156,091 |
| Net investment income (loss) | 78,706 | (105,094) | 263,714 | 26,068 | 8,884 | 74,315 | 80,776 |
| Benefit payments, including refunds of employee contributions | (55,538) | (56,733) | (76,165) | (79,996) | (81,481) | (90,513) | (123,090) |
| Administrative expenses | (1,595) | (1,724) | (1,494) | (1,448) | (1,541) | (2,279) | (2,059) |
| Net change in plan fiduciary net position | 77,111 | (106,818) | 262,220 | 24,620 | 7,343 | 72,036 | 111,718 |
| **Plan fiduciary net position - beginning** | 1,032,992 | 1,139,810 | 877,590 | 852,970 | 845,627 | 773,591 | 661,873 |
| **Plan fiduciary net position - ending** | 1,110,103 | 1,032,992 | 1,139,810 | 877,590 | 852,970 | 845,627 | 773,591 |
| **Net OPEB liability (asset) - ending** | $ (470,825) | $ (427,036) | $ 81,588 | $ 308,078 | $ 748,417 | $ 677,476 | $ 1,156,618 |
| Plan fiduciary net position as a percentage of total OPEB liability | 174% | 170% | 93% | 74% | 53% | 56% | 40% |
| Covered payroll | $10,101,141 | $ 8,671,723 | $ 9,799,917 | $ 9,157,997 | $ 6,524,150 | $ 9,055,713 | $ 8,480,330 |
| Net OPEB liability (asset) as a percentage of covered payroll | -5% | -5% | 1% | 3% | 11% | 7% | 14% |

This schedule is intended to show information for 10 years. Additional years will be included as they become available.

## ALEXRENEW

### REQUIRED SUPPLEMENTARY INFORMATION
### SCHEDULE OF INVESTMENT RETURNS - OPEB TRUST

Annual money-weighted rate of return, net of investment expense:

| | |
|---|---|
| 6/30/2023 | 7.63% |
| 6/30/2022 | -9.23% |
| 6/30/2021 | 30.08% |
| 6/30/2020 | 3.06% |
| 6/30/2019 | 1.40% |
| 9/30/2018 | 9.62% |
| 9/30/2017 | 12.37% |

This schedule is intended to show information for 10 years. Additional years will be included as they become available.

## ALEXRENEW

### REQUIRED SUPPLEMENTARY INFORMATION
### SCHEDULE OF OPEB CONTRIBUTIONS

| Entity Year Ended | Actuarially Determined Contribution | Contributions in Relation to Actuarially Determined Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 6/30/2023 | $ - | $ 55,538 | $ (55,538) | $ 10,101,141 | 0.55% |
| 6/30/2022 | 53,996 | 56,733 | (2,737) | 8,671,723 | 0.65% |
| 6/30/2021 | 52,424 | 76,165 | (23,741) | 9,799,917 | 0.78% |
| 6/30/2020 | 87,452 | 79,996 | 7,456 | 9,157,997 | 0.87% |
| 6/30/2019 | 61,997 | 81,481 | (19,484) | 6,524,150 | 1.25% |
| 9/30/2018 | 80,163 | 90,513 | (10,350) | 9,055,713 | 1.00% |
| 9/30/2017 | 125,355 | 125,542 | (187) | 8,480,330 | 1.48% |
| 9/30/2016 | 121,704 | 122,528 | (824) | 8,480,330 | 1.44% |

This schedule is intended to show information for 10 years. Additional years will be included as they become available.

## Note 1. Changes of Benefit Terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

## Note 2. Changes of Assumptions (Pension)

The following changes in actuarial assumptions were made effective June 30, 2021 based on the most recent experience study of the System for the four-year period ending June 30, 2020:

All Others (Non 10 Largest) – Non-Hazardous Duty:

| | |
|---|---|
| Mortality Rates | Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020. |
| Retirement Rates | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates | No change |
| Salary Scale | No change |
| Line of Duty Disability | No change |
| Discount Rate | No change |

## Note 3. Changes of Assumptions (OPEB)

The following changes in actuarial assumptions were made effective January 1, 2022:

- Age-related claims costs assumptions were updated
- The healthcare trend assumptions were updated
- The retiree election assumption was decreased from 60% to 40%

# STATISTICAL SECTION (UNAUDITED)

## Financial Trends

Financial trend information is intended to assist users in understanding how the Authority's net position has changed over time. The tables below disclose comparative financial data.

**TABLE 1**

**Condensed Schedules of Net Position**
**Last Ten Fiscal Years**

| | 6/30/2023 | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 9/30/2018 | 9/30/2017 | 9/30/2016 | 9/30/2015 | 9/30/2014[1] |
|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | |
| Current Assets | $ 92,259,901 | $ 94,961,993 | $ 80,308,872 | $ 86,706,586 | $ 75,272,570 | $ 77,481,606 | $ 71,992,329 | $ 58,517,536 | $ 74,456,170 | $ 86,428,544 |
| Non-current Assets | 1,056,853,068 | 950,111,857 | 859,431,502 | 803,159,845 | 759,842,445 | 753,725,875 | 747,728,427 | 751,420,427 | 716,656,368 | 651,084,163 |
| Deferred Outflows | 2,062,618 | 2,812,957 | 3,083,994 | 2,478,029 | 1,623,327 | 1,924,167 | 3,009,750 | 2,193,183 | 2,332,861 | - |
| **Total Assets and Deferred Outflows** | $ 1,151,175,587 | $1,047,886,807 | $ 942,824,368 | $ 892,344,460 | $ 836,738,342 | $ 833,131,648 | $ 822,730,506 | $ 812,131,146 | $ 793,445,399 | $ 737,512,707 |
| **Liabilities** | | | | | | | | | | |
| Current Liabilities | $ 58,122,179 | $ 46,584,796 | $ 59,757,917 | $ 40,073,665 | $ 20,797,672 | $ 19,854,654 | $ 18,400,831 | $ 34,860,034 | $ 41,395,712 | $ 41,743,756 |
| Long-term Liabilities | 256,939,427 | 180,321,438 | 110,228,829 | 98,965,456 | 106,654,528 | 112,799,800 | 127,027,777 | 111,329,090 | 121,578,497 | 106,414,204 |
| Deferred Inflows | 2,575,216 | 7,238,587 | 1,462,499 | 1,509,645 | 1,209,421 | 1,828,634 | 881,910 | 1,862,505 | 2,432,782 | - |
| **Total Liabilities and Deferred Inflows** | $ 317,636,822 | $ 234,144,821 | $ 171,449,245 | $ 140,548,766 | $ 128,661,621 | $ 134,483,088 | $ 146,310,518 | $ 148,051,629 | $ 165,406,991 | $ 148,157,960 |
| **Net Position** | | | | | | | | | | |
| Net Investment in Capital Assets | $ 757,956,972 | $ 748,219,486 | $ 720,251,070 | $ 696,448,748 | $ 649,676,473 | $ 638,348,836 | $ 622,454,674 | $ 630,741,541 | $ 586,995,330 | $ 537,784,921 |
| Restricted Net Position | 5,700,812 | 15,485,546 | 27,458,588 | 25,615,612 | 26,355,198 | 21,357,370 | 29,705,073 | 13,652,933 | 11,629,933 | 16,799,469 |
| Unrestricted Net Position | 69,880,981 | 50,036,954 | 23,665,465 | 29,731,334 | 32,045,050 | 38,942,354 | 24,260,241 | 19,685,043 | 29,413,145 | 34,770,357 |
| **Total Net Position** | $ 833,538,765 | $ 813,741,986 | $ 771,375,123 | $ 751,795,694 | $ 708,076,721 | $ 698,648,560 | $ 676,419,988 | $ 664,079,517 | $ 628,038,408 | $ 589,354,747 |
| **Total Liabilities, Deferred Inflows and Net Position** | $ 1,151,175,587 | $1,047,886,807 | $ 942,824,368 | $ 892,344,460 | $ 836,738,342 | $ 833,131,648 | $ 822,730,506 | $ 812,131,146 | $ 793,445,399 | $ 737,512,707 |

Source: Alexandria Renew Enterprises

Notes: [1]GASB statement No. 68 was adopted in fiscal year 2015.

## **Financial Trends**, continued

**TABLE 2**

**Condensed Schedules of Revenues, Expenses and Changes in Net Position**

Last Ten Fiscal Years

| | 6/30/2023 | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019(2) | 9/30/2018 | 9/30/2017(1) | 9/30/2016 | 9/30/2015 | 9/30/2014(1) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Operating Revenues** | | | | | | | | | | |
| Waste Water Treatment | | | | | | | | | | |
| Service Charges | $ 65,906,813 | $ 61,607,739 | $ 56,476,273 | $ 54,508,401 | $ 36,227,274 | $ 49,974,184 | $ 48,971,156 | $ 47,139,072 | $ 47,773,073 | $ 48,560,009 |
| Other | 24,014 | 42,397 | 35,838 | 39,459 | 23,423 | 16,630 | 127,186 | 81,727 | 26,008 | 6,044 |
| **Total Operating Revenues** | $ 65,930,827 | $ 61,650,136 | $ 56,512,111 | $ 54,547,860 | $ 36,250,697 | $ 49,990,814 | $ 49,098,342 | $ 47,220,799 | $ 47,799,081 | $ 48,566,053 |
| **Non-operating Revenues** | | | | | | | | | | |
| Investment Income (loss) | $ 757,913 | $ (723,051) | $ 131,110 | $ 1,327,691 | $ 1,235,709 | $ 300,954 | $ 296,581 | $ 453,508 | $ 483,340 | $ 283,273 |
| Federal grants | 60,515 | 280,617 | 329,269 | - | - | - | - | - | - | - |
| Sale Of Property | - | - | - | - | - | - | - | - | - | 1,000,000 |
| Capital Contribution | 12,712,874 | 34,300,630 | 21,196,644 | 39,576,761 | 7,848,140 | 18,636,519 | 9,119,146 | 26,671,809 | 38,870,682 | 52,160,997 |
| **Total Non-operating Revenues** | $ 13,531,302 | $ 33,858,196 | $ 21,657,023 | $ 40,904,452 | $ 9,083,849 | $ 18,937,473 | $ 9,415,727 | $ 27,125,317 | $ 39,354,022 | $ 53,444,270 |
| **Total Revenues** | $ 79,462,129 | $ 95,508,332 | $ 78,169,134 | $ 95,452,312 | $ 45,334,546 | $ 68,928,287 | $ 58,514,069 | $ 74,346,116 | $ 87,153,103 | $ 102,010,323 |
| **Operating Expenses** | | | | | | | | | | |
| Personnel Services | $ 14,210,244 | $ 12,022,176 | $ 12,808,339 | $ 12,934,864 | $ 7,584,511 | $ 10,599,487 | $ 11,607,302 | $ 10,885,117 | $ 11,915,152 | $ 12,464,250 |
| Utilities | 3,942,929 | 3,092,003 | 3,658,871 | 3,452,848 | 2,682,315 | 3,415,322 | 2,775,506 | 2,621,156 | 2,937,466 | 3,224,653 |
| General and Administration | 6,639,220 | 5,141,279 | 4,683,009 | 4,668,318 | 2,767,358 | 3,954,272 | 4,416,947 | 4,803,327 | 5,023,878 | 4,594,881 |
| Other | 8,783,146 | 7,348,159 | 5,691,117 | 5,820,485 | 4,184,151 | 5,489,505 | 3,868,705 | 4,459,109 | 5,245,885 | 5,303,574 |
| **Total Operating Expenses** | $ 33,575,539 | $ 27,603,617 | $ 26,841,336 | $ 26,876,515 | $ 17,218,335 | $ 23,458,586 | $ 22,668,460 | $ 22,768,709 | $ 25,122,381 | $ 25,587,358 |
| **Non-operating Expenses** | | | | | | | | | | |
| Depreciation/Amortization | $ 21,441,879 | $ 20,571,731 | $ 20,660,590 | $ 19,981,614 | $ 14,909,317 | $ 19,468,132 | $ 18,608,157 | $ 11,737,374 | $ 10,238,996 | $ 9,549,807 |
| Interest/Other Expenses | 4,647,932 | 4,966,121 | 11,087,779 | 4,875,210 | 3,778,733 | 4,566,892 | 4,896,981 | 3,798,924 | 3,896,859 | 3,272,198 |
| **Total Non-operating Expenses** | $ 26,089,811 | $ 25,537,852 | $ 31,748,369 | $ 24,856,824 | $ 18,688,050 | $ 24,035,024 | $ 23,505,138 | $ 15,536,298 | $ 14,135,855 | $ 12,822,005 |
| **Total Expenses** | $ 59,665,350 | $ 53,141,469 | $ 58,589,705 | $ 51,733,339 | $ 35,906,385 | $ 47,493,610 | $ 46,173,598 | $ 38,305,007 | $ 39,258,236 | $ 38,409,363 |
| **Change in Net Position** | $ 19,796,779 | $ 42,366,863 | $ 19,579,429 | $ 43,718,973 | $ 9,428,161 | $ 21,434,677 | $ 12,340,471 | $ 36,041,109 | $ 47,894,867 | $ 63,600,960 |
| **Total Net Position, Beginning of Year** | $ 813,741,986 | $771,375,123 | $ 751,795,694 | $ 708,076,721 | $ 698,648,560 | $ 677,213,883 | $ 664,079,517 | $ 628,038,408 | $ 580,143,541 | $ 525,753,787 |
| **Total Net Position, End of Year** | $ 833,538,765 | $813,741,986 | $ 771,375,123 | $ 751,795,694 | $ 708,076,721 | $ 698,648,560 | $ 676,419,988 | $ 664,079,517 | $ 628,038,408 | $ 589,354,747 |

Source: Alexandria Renew Enterprises

Notes: (1)These totals are as previously reported. Prior period adjustments were required in 2014 and 2017 which modified these amounts.

(2)The Authority changed their fiscal year end in 2019, therefore, only 9 months of revenues and expenses are included.

## Revenue Capacity Information

Revenue capacity information is provided to assist users in understanding the factors affecting the Authority's ability to generate sources of revenue. The Authority strives to cover operating and capital costs with user fees. User fees are set by the Board and are based upon the recommendation of a third-party rates analysis designed to recover the Authority's cost of service and capital cost. Rates modeling and analysis is conducted at least annually, and more frequently as required, to set new rates and charges or affirm the efficacious nature of existing rates. Rate modeling and analysis was completed in 2015 to establish new base charges effective on October 1, 2016 and October 1, 2017. These rates were in place through FP19, at which point AlexRenew began implementing gradual, annual rate adjustments, based on Board planning and guidance and on updated rates modeling that included the RiverRenew program and other projected capital needs at the facility. Rate adjustments were adopted by the Board to become effective July 1, 2019, July 1, 2020, July 1, 2021, July 1, 2022 and July 1, 2023. User fees are comprised of two components including a wastewater treatment charge and a fixed base charge.

The wastewater treatment charge is assessed to all customers based upon metered per gallon water usage, except that residential customers are assessed based upon a winter quarter average usage (per 1,000 gallons units). A residential customer, therefore, is billed at the greater of its winter quarter per gallon average usage or 4,000 gallons per month. Commercial customers are billed based on the actual amount of per gallon water usage. The base charge was assessed for the first time beginning on October 1, 2010, and is assessed as a fixed fee per month according to water meter size. The following table represents comparative user rate charges.

**TABLE 3** **Historical User Charges (in dollars)**

| Fiscal Year | Wastewater Treatment Usage Charge* |
|---|---|
| 2023 | $ 9.26 |
| 2022 | 8.69 |
| 2021 | 8.13 |
| 2020 | 7.63 |
| 2019 | 6.77 |
| 2018 | 6.77 |
| 2017 | 6.77 |
| 2016 | 6.77 |
| 2015 | 6.64 |
| 2014 | 6.51 |

| | FY 2023 Monthly | FY 2022 Monthly |
|---|---|---|
| Base Charge | | |
| Residential Customers | $ 13.14 | $ 12.34 |

| | Water Meter Size | FY2023 | FY2022 |
|---|---|---|---|
| Commercial Customers | 5/8" | $ 39.42 | $ 37.02 |
| | 3/4" | 39.42 | 37.02 |
| | 1" | 98.55 | 92.55 |
| | 1-1/2" | 197.10 | 185.10 |
| | 2" | 315.36 | 296.16 |
| | 3" | 591.30 | 555.30 |
| | 4" | 985.50 | 925.50 |
| | 6" | 1,970.00 | 1,851.00 |
| | 8" | 3,153.60 | 2,961.60 |

* Based on 1,000 gallons of consumption

Source: Alexandria Renew Enterprises

**TABLE 4**

**Ten Principal Customers by Year**
**Shown as Percentage of Revenue**

| Name | Type | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 4921 SEMINARY RD (VA) OWNER LLC | Apartments | 1.31% | 1.45% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| LYNBROOK APARTMENTS MARK CTR LLC | Apartments | 0.67% | 0.00% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| SOUTHERN TOWERS | Apartments | -- | -- | 1.26% | 1.19% | 1.38% | 1.02% | 1.06% | 0.92% | 1.18% | 0.88% | 1.13% | 1.17% | 1.01% |
| BROOKDALE APTS MARK CTR | Apartments | -- | 0.92% | 0.80% | 0.94% | 1.09% | -- | -- | -- | -- | -- | -- | -- | -- |
| FOXCHASE | Apartments | 0.52% | 0.60% | 0.54% | 0.57% | 0.64% | -- | -- | -- | -- | -- | -- | -- | -- |
| STONERIDGE APTS MARK CTR | Apartments | 0.51% | 0.55% | 0.49% | 0.53% | 0.60% | -- | -- | -- | -- | -- | -- | -- | -- |
| PARKFAIRFAX | Apartments | 0.53% | 0.50% | 0.48% | 0.48% | 0.51% | -- | -- | -- | -- | -- | -- | -- | -- |
| ARHA | Public | 0.46% | 0.47% | 0.44% | 0.39% | 0.44% | -- | -- | -- | -- | -- | -- | -- | -- |
| 140 S VAN DORN ST | Apartments | 0.49% | 0.48% | 0.43% | 0.46% | 0.53% | -- | -- | -- | -- | -- | -- | -- | -- |
| WATERGATE AT LANDMARK | Condos | 0.36% | 0.42% | 0.41% | 0.49% | 0.47% | 0.38% | 0.44% | 0.49% | 0.46% | 0.52% | 0.57% | 0.53% | 0.52% |
| UDR NEWPORT VILLAGE LLC | Condos | 0.40% | -- | 0.34% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| FPACP4 BLVE 2801 LLC | Apartments | -- | 0.37% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| ERP | Apartments | 0.32% | 0.40% | 0.37% | 0.37% | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| | MG Usage | 730,371 | 806,333 | 792,082 | 740,307 | 684,798 | 396,772 | 394,269 | 397,833 | 427,024 | 462,735 | 428,893 | 419,674 | 426,740 |
| | Other Customer Usage | 12,363,624 | 12,284,368 | 13,474,228 | 12,221,683 | 10,796,005 | 12,452,798 | 11,374,736 | 11,936,490 | 11,607,551 | 12,750,383 | 12,383,798 | 11,886,963 | 12,262,774 |
| | Total Usage | 13,093,995 | 13,090,701 | 14,266,310 | 12,961,990 | 11,480,803 | 12,849,570 | 11,769,005 | 12,334,323 | 12,034,575 | 13,213,118 | 12,812,691 | 12,306,637 | 12,689,514 |

Source: Alexandria Renew Enterprises

## Debt Capacity Information

Debt capacity information is intended to assist users in understanding the Authority's debt burden and the ability to issue new debt. The ultimate guarantors of the Authority's debt are its customers.

**TABLE 5**

**ALEXANDRIA RENEW ENTERPRISES**

**Outstanding Debt Per Customer**
June 30, 2023

| Fiscal Year | Outstanding Debt | # of Customers | Outstanding Debt per Customer |
|---|---|---|---|
| 2023 | $ 260,735,144 | 26,710 | $ 9,762 |
| 2022 | 188,419,080 | 26,767 | 7,039 |
| 2021 | 143,800,792 | 26,589 | 5,408 |
| 2020 | 111,372,579 | 26,671 | 4,176 |
| 2019 | 111,138,673 | 26,594 | 4,179 |
| 2018 | 116,385,765 | 26,681 | 4,362 |
| 2017 | 126,330,515 | 26,611 | 4,747 |
| 2016 | 121,783,683 | 26,440 | 4,606 |
| 2015 | 130,813,869 | 26,333 | 4,968 |
| 2014 | 113,299,242 | 26,848 | 4,220 |

Source: Alexandria Renew Enterprises

**TABLE 6**

**Pledged Revenue Coverage***

| | 6/30/2023 | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 |
|---|---|---|---|---|---|
| Pledged revenue | $ 65,930,827 | $ 61,650,136 | $ 56,512,111 | $ 54,547,860 | $ 36,250,697 |
| Operating expenses | (33,575,539) | (27,603,617) | (26,841,336) | (26,876,515) | (17,218,335) |
| Net revenues | 32,355,288 | 34,046,519 | 29,670,775 | 27,671,345 | 19,032,362 |
| Principal and Interest Requirements | 12,306,098 | 13,976,806 | 14,049,147 | 14,015,828 | 7,996,654 |
| Debt coverage | 2.63 | 2.44 | 2.11 | 1.97 | 2.38 |
| | **9/30/2018** | **9/30/2017** | **9/30/2016** | **9/30/2015** | **9/30/2014** |
| Pledged revenue | $ 49,990,814 | $ 49,098,342 | $ 47,220,799 | $ 47,799,081 | $ 48,566,053 |
| Operating expenses | (23,458,587) | (22,570,403) | (22,697,959) | (25,104,967) | (25,587,358) |
| Net revenues | 26,532,227 | 26,527,939 | 24,522,840 | 22,694,114 | 22,978,695 |
| Principal and Interest Requirements | 13,913,446 | 13,437,632 | 13,122,172 | 12,062,715 | 11,676,850 |
| Debt coverage | 1.91 | 1.97 | 1.87 | 1.88 | 1.97 |

*AlexRenew's Master Indenture of Trust requires 1.1x coverage and its board adopted Financial Policy requires 1.5x coverage
Source: Alexandria Renew Enterprises

## Demographic and Economic Information

Demographic and economic information is intended to assist users in understanding the socio-economic environment in which the Authority operates.

**TABLE 7**

**Demographic Statistics**
June 30, 2023

**Population**

| Calendar Year | Population | Calendar Year | Population |
|---|---|---|---|
| 2010 | 139,966 | 2017 | 156,100 |
| 2011 | 140,100 | 2018 | 159,571 |
| 2012 | 140,800 | 2019 | 160,530 |
| 2013 | 142,000 | 2020 | 165,748 |
| 2014 | 144,000 | 2021 | 160,146 |
| 2015 | 147,650 | 2022 | 160,505 |
| 2016 | 150,500 | 2023 | 159,428 |

Source: Alexandria Department of Planning and Zonning, "General Population Characteristics"

**TABLE 8**

**Population Indicators**
**June 30, 2023**

| Fiscal Year | Personal Income ($1000) | Per Capita Income |
|---|---|---|
| 2023 | 16,811,683 | $ 100,017 |
| 2022 | 16,407,945 | 93,835 |
| 2021 | 16,429,218 | 91,990 |
| 2020 | 14,127,927 | 88,008 |
| 2019 | 13,455,505 | 87,319 |
| 2018 | 12,935,231 | 84,079 |
| 2017 | 12,692,748 | 82,683 |
| 2016 | 12,556,000 | 81,734 |
| 2015 | 12,183,000 | 79,480 |
| 2014 | 11,615,589 | 77,142 |

The BEA has revised these numbers.
Source: Federal Reserve Economic Data (FRED)

## **Demographic and Economic Information**, continued

**TABLE 9**

**City of Alexandria Principal Employers**
**Current Year (as of June 30, 2023 and Nine Years Ago)**

| Current Year | Employees[1] | Percentage of Total City Employment[2] | Nine Years Ago | Employees[1] | Percentage of Total City Employment[2] |
|---|---|---|---|---|---|
| **LARGEST PUBLIC EMPLOYERS** | | | **LARGEST PUBLIC EMPLOYERS** | | |
| U.S. Department of Homeland Defense | 1,000 & over | 3.82% | U.S Department of Defense | 1,000 & over | 8.38% |
| United States Patent and Trademark Office | 1,000 & over | 3.36% | U.S. Patent and Trademark Office | 1,000 & over | 7.10% |
| City of Alexandria | 1,000 & over | 0.78% | City of Alexandria | 1,000 & over | 2.30% |
| Alexandria City Public Schools | 1,000 & over | 0.70% | Alexandria Public Schools | 1,000 & over | 1.90% |
| National Science Foundation | 1,000 & over | 0.64% | WMATA | 500-999 | 1.30% |
| WMATA | 1,000 & over | 0.46% | Northern Virginia Community College | 500-999 | 0.70% |
| USDA Food and Nutrition Service | 500-999 | 0.24% | U.S. Postal Service | 500-999 | 0.60% |
| | | 10.00% | | | 22.28% |
| **LARGEST PRIVATE EMPLOYERS** | | | **LARGEST PRIVATE EMPLOYERS** | | |
| INOVA Health System | 1,000 & over | 3.93% | INOVA Alexandria Hospital | 1,000 & over | 1.80% |
| Institute for Defense Analysis | 500 - 999 | 1.50% | American Building Maintenance Com | 1,000 & over | 1.20% |
| Woodbine Health Center | 250-499 | 0.98% | Institute of Defense Analysis | 500-999 | 0.80% |
| Society for Human Resource Management | 250 - 499 | 0.97% | United Postal Service (UPS) | 500-999 | 0.70% |
| Oblon | 250 - 499 | 0.89% | Center for Naveal Analysis | 500-999 | 0.60% |
| Kearney & Company | 250 - 499 | 0.88% | Military Professional Resources | 500-999 | 0.50% |
| Systems Planning & Analysis | 250 - 499 | 0.87% | Grant Thornton LLP | 500-999 | 0.50% |
| | | 10.02% | | | 6.10% |

Source: Virginia Employment Commission
(1) Employment ranges are given to ensure confidentiality.
(2) Percentages are based on the midpoint of employment range.

**TABLE 10**

**City of Alexandria Unemployment Rate**
**Last Ten Years**

| | |
|---|---|
| 2023 | 2.1% |
| 2022 | 2.4% |
| 2021 | 3.8% |
| 2020 | 8.3% |
| 2019 | 1.9% |
| 2018 | 2.1% |
| 2017 | 2.9% |
| 2016 | 2.9% |
| 2015 | 3.5% |
| 2014 | 4.6% |

Source: U.S.Bureau of Labor Statistics.

## Operating Information

Operating information is intended to provide information about the Authority's operations.

**TABLE 11**

**Number of FTEs Employees by Activity**
**Fiscal Year Ended June 30, 2023**

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|
| **Process** | | | | | | | | |
| Chief, Deputy GMOM, Chief Oper, Process Analyst, O&M Specialist | 2 | 4 | 6 | 5 | 6 | 2 | 6 | 3 |
| Administrative/Executive Assistant | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Interceptors/Pump Stations/Chem Feed | 5 | 6 | 8 | 8 | 8 | 8 | 9 | 9 |
| Operating Shift D | 0 | 0 | 0 | 0 | 5 | 5 | 6 | 4 |
| Operating Shift B/BluRenew | 8 | 4 | 6 | 6 | 4 | 5 | 6 | 5 |
| Maintenance Manager, Supervisor & Facilitie | 4 | 2 | 2 | 2 | 2 | 2 | 1 | 1 |
| Thickening/Dewater/Prepast/Digestion | 5 | 6 | 8 | 8 | 8 | 8 | 9 | 9 |
| BRB's/Blowers/UV | 5 | 6 | 6 | 5 | 6 | 6 | 6 | 7 |
| Operating Shift C/BioRenew | 9 | 7 | 6 | 6 | 5 | 5 | 5 | 4 |
| Operating Shift A/Erenew | 11 | 7 | 6 | 6 | 5 | 6 | 6 | 5 |
| Reliability, Analyst, Planners/Schedulers | 3 | 3 | 2 | 3 | 3 | 3 | 3 | 3 |
| Operating Shift E | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 |
| Apprentices | 11 | 13 | 12 | 15 | 10 | 3 | 10 | 10 |
| **Engineering** | | | | | | | | |
| Director Engr Planning | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Engineering | 5 | 3 | 4 | 6 | 7 | 2 | 5 | 3 |
| Program Manager | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| **Strategy & Policy** | | | | | | | | |
| Director | 1 | 1 | 0 | 1 | 1 | 0 | 0 | 1 |
| Quality Assurance | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Laboratory | 7 | 6 | 5 | 5 | 5 | 4 | 4 | 5 |
| Sustainability/Regulatory | 2 | 2 | 1 | 2 | 1 | 1 | 0 | 1 |
| Administrative Assistant | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Finance** | | | | | | | | |
| Chief Financial Officer | 0 | 1 | 1 | 0 | 0 | 1 | 1 | 0 |
| Controller/Director Finance/Acctg Manager | 2 | 1 | 1 | 2 | 2 | 2 | 1 | 1 |
| Senior Accountant/Staff Accountant/Acctg ( | 3 | 3 | 3 | 3 | 3 | 2 | 3 | 2 |
| Administrative/Executive Assistant | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Purchasing Manager, Buyer, Contracts, InvC | 3 | 3 | 2 | 3 | 3 | 2 | 2 | 3 |
| Customer Service | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 |
| **Human Resources** | | | | | | | | |
| Human Resources | 5 | 3 | 2 | 2 | 2 | 1 | 2 | 2 |
| Safety & Security | 1 | 1 | 1 | 1 | 0 | 1 | 0 | 1 |
| **Information Systems** | | | | | | | | |
| Information Systems, SCADA | 8 | 8 | 6 | 3 | 4 | 3 | 3 | 3 |
| **Administration** | | | | | | | | |
| Administration | 3 | 2 | 4 | 3 | 2 | 2 | 2 | 2 |
| Communications & RiverRenew | 6 | 6 | 2 | 4 | 5 | 4 | 4 | 4 |
| | 115 | 104 | 99 | 104 | 102 | 83 | 100 | 100 |

## Operating Information

### TABLE 12

### Number of Customers and Consumption

| Fiscal Year | Customer Accounts | MG Treated | Fairfax MG Treated |
|---|---|---|---|
| 6/30/2023 | 26,710 | 13,094 | 5,326 |
| 6/30/2022 | 26,767 | 13,090 | 6,204 |
| 6/30/2021 | 26,589 | 14,266 | 6,535 |
| 6/30/2020 | 26,671 | 12,962 | 6,008 |
| 6/30/2019 | 26,594 | 11,481 | 5,820 |
| 9/30/2018 | 26,681 | 12,850 | 6,671 |
| 9/30/2017 | 26,611 | 11,769 | 5,941 |
| 9/30/2016 | 26,440 | 12,334 | 5,960 |
| 9/30/2015 | 26,333 | 12,035 | 6,112 |
| 9/30/2014 | 26,848 | 13,213 | 6,698 |

Source: Alexandria Renew Enterprises

Note: The amount of wastewater treated includes flow generated by the City customers and portions of the County which is outside of the City. The amount of wastewater that flows outside the County is metered and included in Table 12 above.

## Operating Information

### TABLE 13

**Wastewater Treatment Capacity and Infrastructure Assets Owned**
**For the Fiscal Year Ending June 30, 2023**

Wastewater treatment capacity:

| | | |
|---|---|---|
| | Design Capacity | 54 MGD (million gallons per day) |
| Asset | | Capacity: |
| Four Mile Run Pump Station | Pump Station | Firm pumping capacity 9.4 MGD |
| Slater's Lane Pump Station | Pump Station | Firm pumping capacity .75 MGD |
| Potomac Yard Pump Station | Pump Station | Firm pumping capacity 9.5 MGD |
| Mark Center | Pump Station | Firm pumping capacity 1.6 MGD |
| Bush Hill Service Chamber | Lift Station | Firm pumping capacity .18 MGD |
| Jefferson at Carlyle Mills Service Chamber | Lift Station | Firm pumping capacity .525 MGD |
| Holmes Run Trunk Sewer | Gravity Sewer | Design Capacity varies from 71.5 MGD at Hooff's Run to 18.9 MGD at the City Limits |
| Commonwealth Interceptor | Gravity Sewer & Force Main | Design Capacity varies from 97.0 MGD at the WRRF to 13 MGD at the Potomac Yards Pump Station force main discharge. |
| Potomac Yard Trunk Sewer | Gravity Sewer | Design Capacity variesfrom 17MGD at the WRRF to 13 MGD at the Potomac Yards Pump Station force main discharge. |
| Potomac Interceptor | Gravity Sewer | Design Capacity varies from 18.7 MGD at the WRRF to 11.0 MGD at Pendleton St. |

The City owns the collection system; Alexandria Renew Enterprises owns the intercepting sewer system, the pump stations and the treatment facility.

Source: Alexandria Renew Enterprises

AlexRenew

1800 Limerick Street | Alexandria, VA 22314
alexrenew.com

AlexRenew

1800 Limerick Street
Alexandria, VA 22314
alexrenew.com



October 2023

# Monthly Report

This report represents a summary of AlexRenew's operational excellence, financial resilience, and public engagement and trust for October 2023.

## 1 Operational Excellence

### 1.1 Water Resource Recovery Facility (WRRF) Performance

Performance of AlexRenew's operations is reviewed and evaluated monthly to oversee operational excellence.

Precipitation for the month was 0.65 inches, which is below the historical average precipitation of 3.66 inches for the month.

Biosolids production was 2,248 wet tons. Biosolids were beneficially used through land application in the Virginia counties of King George, Louisa, and Frederick.

AlexRenew met all Virginia Pollutant Discharge Elimination System (VPDES) effluent parameters for October 2023 as outlined in Table 1.1.

**Table 1.1.** Summary of VPDES Permit VA0025160 Effluent Parameters

| | **Average Flow** | **Carbonaceous Biochemical Oxygen Demand** | **Total Suspended Solids** | **Ammonia (as N)** | **Total Phosphorus** | **Dissolved Oxygen** | **Total Nitrogen** | **Total Nitrogen Load** | **Total Phosphorus Load** |
|---|---|---|---|---|---|---|---|---|---|
| | MGD | Monthly Average (mg/L) | Monthly Average (mg/L) | Monthly Average (mg/L) | Monthly Average (mg/L) | Minimum (mg/L) | Annual Average (mg/L) | Year-to-Date (lb) | Year-to-Date (lb) |
| **Permit** | 54.0 | 5.0 | 6.0 | Seasonal (1) | 0.18 | 6.0 | 3.0 | 493,381 | 29,603 |
| **Reported** | 31.4 | ND | 1.0 | 0.17 | 0.05 | 7.6 | 2.6 | 235,235 | 8,865 |

Notes: (1) Ammonia has seasonal limits – April - October: 1.0 mg/L

### 1.2 Capital Improvement Program

Specific projects within AlexRenew's Capital Improvement Program (CIP) are highlighted monthly to support operational excellence.

AlexRenew began temporary operations of the Innovation District Pump Station on October 30 under an agreement with the developer. Transfer of ownership is pending clearance of deeds pertaining to the property.

On October 17, AlexRenew received Statements of Qualifications for a Construction Manager At-Risk to support the Solids Upgrade Program. Shortlisted respondents will be notified in November.

The Request for Qualifications for the Construction Manager At-Risk to support the Preliminary and Primary System Upgrade Program was issued on October 10. An information session and site tour were held on October 17. Statements of Qualification are due November 21. A Request for Proposals to support the design and construction management services associated with the PPSU Program will be issued on November 6.

In July 2023, the Board approved three Job Order Contracts (JOC) to support AlexRenew's ongoing construction and maintenance needs. Table 1.2 summarizes task orders issued or pending to the JOC contractors.

**Table 1.2.** Summary of JOC Task Orders

| Task Order | Estimate |
|---|---|
| Gravity Thickener No. 3 Assessment and Cleaning | $90,000 |
| Gravity Thickener No. 3 Repair | $275,000 |
| Gravity Thickener 2 and 4 Repair | $125,000 |
| Four Mile Run Pumping Station Valve Modifications | $480,000 |
| Tertiary Settling Tank Valve Replacement | TBD |
| WRRF General Housekeeping | $350,000 |
| BRB Mixing System Improvements | TBD |
| Building A Flare System Repairs | TBD |
| Building 55 Thermal Oxidizer (Flare) Repairs | TBD |
| Centrate Tank Cleaning | $100,000 |
| Environmental Center Improvements | TBD |
| Innovation District Pumping Station On-call Services | TBD |
| Primary Sludge Pump Upgrades | TBD |

### 1.3 RiverRenew

Updates on RiverRenew are outlined in the RiverRenew Dashboard, provided as Attachment A.

### 1.4 Safety

Since August 3, 2023, AlexRenew has logged 54,331 hours without a lost time accident.

## 2 Financial Resilience

Performance of AlexRenew's annual approved budget is reviewed and evaluated monthly to ensure overall organizational financial stability.

### 2.1 Revenues and Expenditures

Table 2.1 summarizes AlexRenew revenues and expenditures for this period. Major takeaways for this period include:

- Wastewater Treatment Charge revenues ($19.9 million) are trending slightly higher than projections due to usage;
- Operating and Maintenance expenditures are trending slightly below projections; and
- Total Expenditures ($57.7 million) are currently trending lower than projections due to the timing of capital expenditures. This also impacts Debt Proceed revenues ($28.6 million), since most current capital expenditures are funded through debt, which is also affected by the timing of requisitions.

**Table 2.1.** Revenues and Expenditures for this Period

| Revenues and Expenditures | Total FY2024 Budget | FY2024 Spend-To-Date | % of Budget To-Date | % of FY2024 Completed | *Total FY2024 Projected* |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Wastewater Treatment Charge | 53,672,299 | 19,864,625 | 37 | 33 | *56,000,000* |
| Fairfax Operating Expense Charge | 12,796,021 | 4,265,340 | 33 | 33 | *12,500,000* |
| Fairfax IRR* and Capital Contributions | 36,419,800 | 4,951,771 | 14 | 33 | *22,000,000* |
| Debt Proceeds and Other Sources | 159,923,187 | 28,569,831 | 18 | 33 | *115,000,000* |
| **Total Revenues** | **262,811,307** | **57,651,567** | **22** | **33** | ***205,500,000*** |
| **Expenditures** | | | | | |
| Operating and Maintenance | 33,023,593 | 10,073,123 | 31 | 33 | *33,000,000* |
| Parity Debt Service | 16,448,494 | 4,786,432 | 29 | 33 | *14,100,000* |
| IRR* | 10,818,748 | 3,372,901 | 31 | 33 | *10,700,000* |
| Capital | 202,520,472 | 39,419,111 | 19 | 33 | *147,700,000* |
| **Total Expenditures** | **262,811,307** | **57,651,567** | **22** | **33** | ***205,500,000*** |

*IRR: Improvement, Renewal, and Replacement

### 2.2. Delinquencies

Figure 2.2 illustrates active AlexRenew accounts 60 or more days delinquent and total delinquent dollar amount owed over the last three (3) years. Major takeaways for this period include:

- The number of accounts delinquent by more than 60 days increased from the previous period to 1,348 with a total dollar amount owed of $1,295,832.
- Approximately 58 percent of the delinquency value is from residential accounts.
- Currently, 92 residential and 10 commercial accounts are on active payment plans.

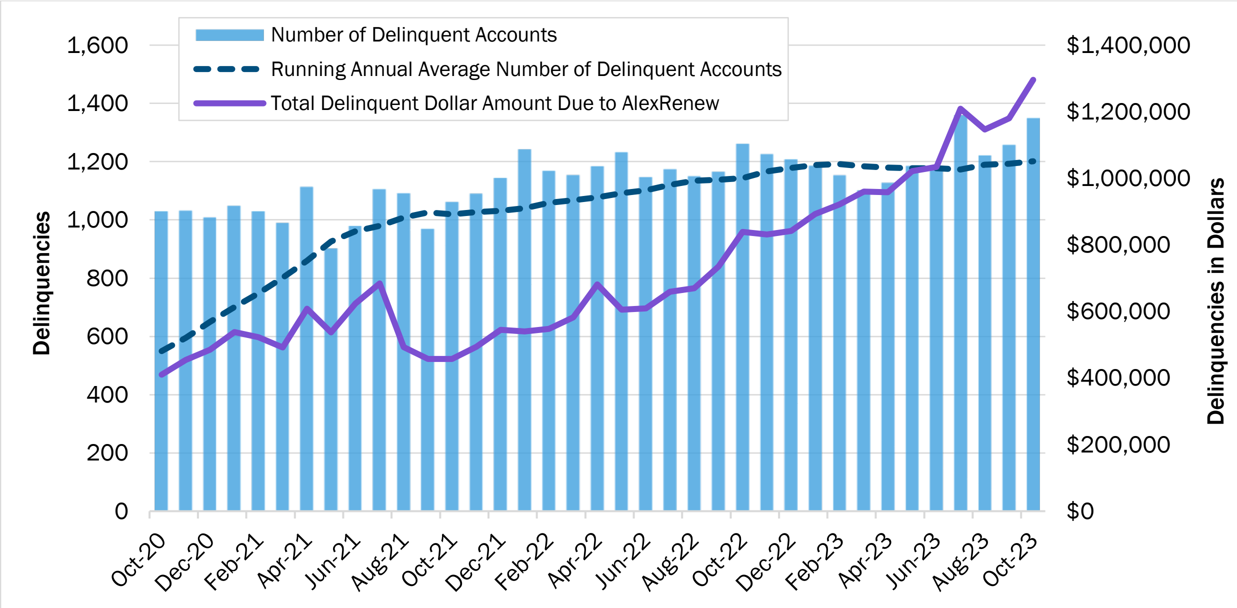



**Figure 2.2.** Active Accounts 60 or more days Delinquent

## 2.3 Board Financial Policy Status

The Master Indenture of Trust (Indenture) and Board Financial Policy require AlexRenew to maintain at least 120 days cash on hand. Additionally, the Indenture requires AlexRenew to maintain minimum debt service coverage of 1.1 times the parity debt service due in any fiscal year. The Board Financial Policy requires AlexRenew to maintain a higher minimum debt service coverage of at least 1.5 times. In both cases, AlexRenew currently exceeds its compliance standards as indicated in Tables 2.3a and 2.3b.

**Table 2.3a.** Cash Reserves

| Item | FY2024 Budget | Actual (Nov 2022 – Oct 2023) | Percentage of Goal |
|---|---|---|---|
| Total Operating Cash | $5,428,536 | $8,712,566 | 160% |
| Total General Reserve Sub-Fund Cash | $5,428,536 | $5,428,536 | 100% |
| **Total** | **$10,857,072** | **$14,141,102** | **130% (156 days)** |

**Table 2.3b.** Debt Service Coverage

| Item | FY2024 Budget | Actual (Nov 2022 – Oct 2023) |
|---|---|---|
| Total Revenues | $66,583,320 | $69,288,242 |
| Less Operating Expenses | ($33,023,593) | ($32,429,168) |
| **Net Revenue** | **$33,559,727** | **$36,859,074** |
| **Annual Debt Service** | **$16,448,494** | **$16,448,494** |
| **Calculated Coverage** | **2.04 times** | **2.24 times** |

### 2.4 Investments

PFM Investment Advisors manages approximately $21 million of AlexRenew's $25 million investment portfolio. The average yield to maturity as of September 30, 2023, is 2.26%, up 13 basis points from the previous month.

## 3 Public Engagement and Trust

AlexRenew shares a monthly summary of its community engagement and customer service statistics to highlight its contributions to public engagement and trust.

In October, AlexRenew hosted tours for the following people and organizations: Delegate Bennett-Parker and Chesapeake Bay Policy Commission.

AlexRenew welcomed a total of 295 visitors to the 6th floor of the Environmental Center from the following organizations in October: Alexandria Sheriff's Office (50), Association of Diversity Officers in K-12 (100), Alexandria Harmonizers (60), Campagna Center (15), and Alexandria Soccer Association (70).

AlexRenew began its transition to its new customer care system on October 31. Prior to launching the new platform, AlexRenew notified city officials, community partners, and customers about upcoming changes via emails, bill inserts, and social media.

In October, Customer Service received a total of 1,080 calls with 50 percent opting for self-service. The average answer time was 16 seconds. Call center staff answered 110 emails. Customer Service anticipates a significant increase in incoming calls throughout the month of November due to the rollout of the new customer service system. As of Nov. 7, over 1,150 customers had already registered for AlexRenew's new online customer portal.

On October 4, AlexRenew staff attended the City of Alexandria's King & Commonwealth Infrastructure Investments Open House at Alexandria VRE Union Station from 5:00 p.m. to 7:00 p.m. to discuss the Commonwealth Interceptor Infiltration and Inflow Study and answer questions from citizens and City officials.

On October 20, AlexRenew staff attended the Alexandria Forum, entitled "The Waterfront Revisited - Birth and Rebirth, 1730-2023". There they discussed the collaboration with the City to install wayfinding signage as part of restoration efforts associated with the Hooffs Run Interceptor (part of RiverRenew).

# RiverRenew Board of Directors Dashboard

MONTH ENDING: OCTOBER 31, 2023

RiverRenew is a program owned and implemented by AlexRenew, Alexandria's public regional wastewater treatment provider.

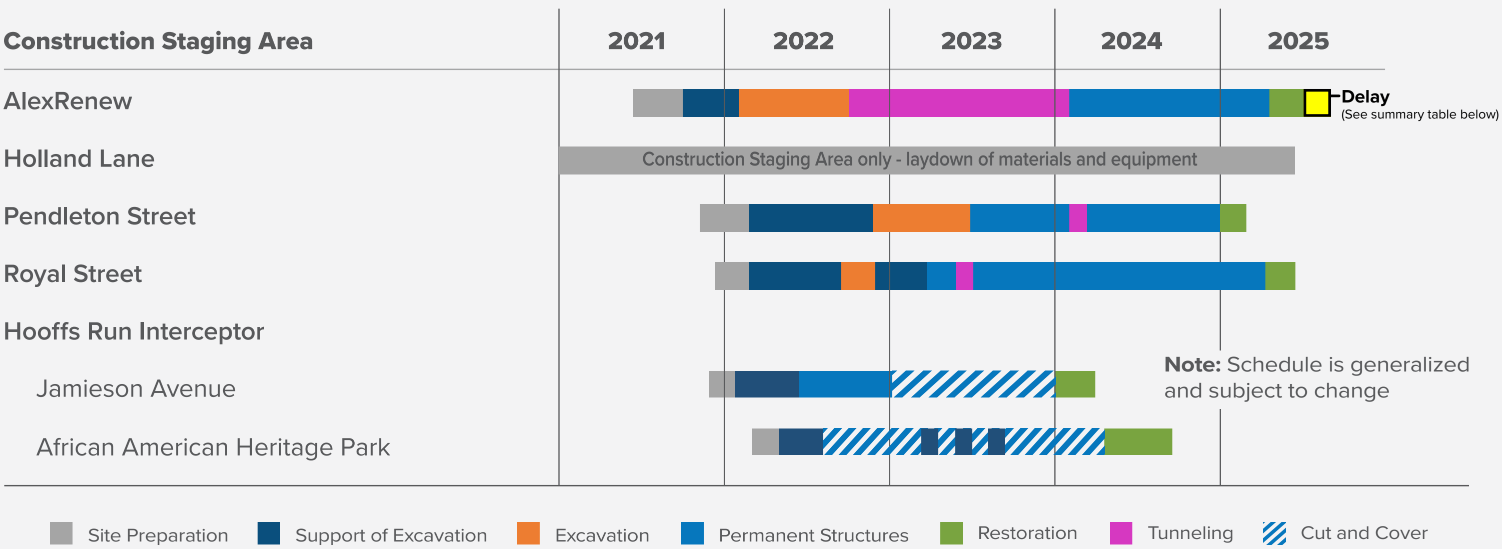
AlexRenew | RiverRenew™

## RiverRenew Overview

To improve the waterways that connect us, AlexRenew is implementing RiverRenew to prevent millions of gallons of combined sewage from polluting Alexandria's local rivers and streams each year. Three RiverRenew projects at AlexRenew's wastewater treatment plant are complete. The remaining project includes the construction of a new tunnel to connect AlexRenew's wastewater treatment plant to the four existing combined sewer outfalls in Alexandria.

The Tunnel Project is illustrated on Page 4 of this dashboard. Construction associated with the Tunnel Project started in early 2021 and will continue through 2025 at five primary locations in Alexandria. The phases of construction at each location are illustrated in the schedule below.

## RiverRenew Tunnel Project Schedule




## Summary of Major Tunnel Project Delays

| Date: | Activity: |
|---|---|
| 12/2021 | Monitoring potential supply chain issues due to ongoing pandemic. |
| 12/2021 | COVID outbreak at tunnel segment mold plant in Slovenia. Manufacturing for tunnel segment molds relocated to Turkey. Anticipated one-month delay on tunnel segment molds. |
| 1/2022 | Concrete for shaft slurry walls delayed due to weather, COVID impacts, shortage of CDL drivers due to Omicron spike, and lack of concrete materials in the Greater Metro D.C. area. Monitoring schedule impacts to critical path. |
| 2/2022 | TBM fabrication and delivery delayed by three weeks. Monitoring schedule impacts to critical path. |
| 4/2023 | Due to the events in January and February 2022 (noted above), the Tunnel Project is currently 60 days behind schedule. The delay will primarily impact scheduled work at the AlexRenew site. |
| 9/2023 | Due to the delays noted above, the Tunnel Project is currently 90 days behind schedule. The delay will primarily impact scheduled work at the AlexRenew site. |

# RiverRenew Tunnel Project Design-Build Progress

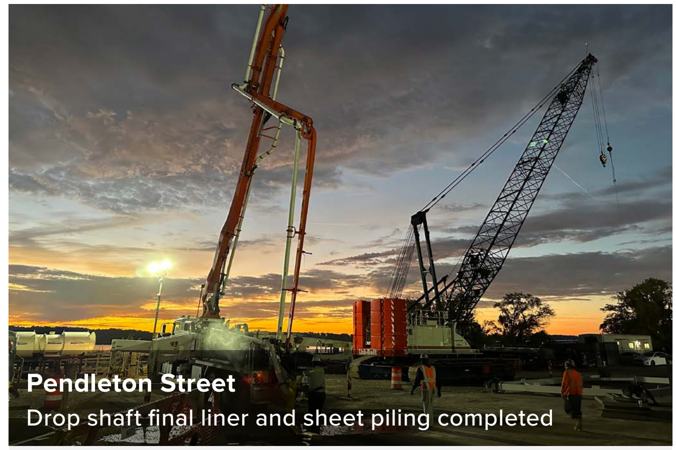
## Overall Project Progress

(Design and Construction)

54%

58%

▲ DEC 2020 JUL 2025 ▲



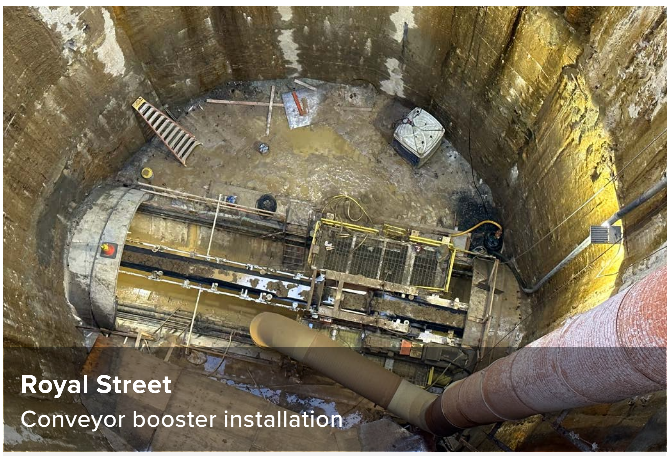
**Pendleton Street**
Drop shaft final liner and sheet piling completed

Construction Progress*

46%

47%

NOV 2024 ▲



**Royal Street**
Conveyor booster installation

Construction Progress*

25%

25%

JUL 2024 ▲


**Hooffs Run**
Full closure of Jamieson Ave for pipe installation

Construction Progress*

50%

51%

APR 2024 ▲

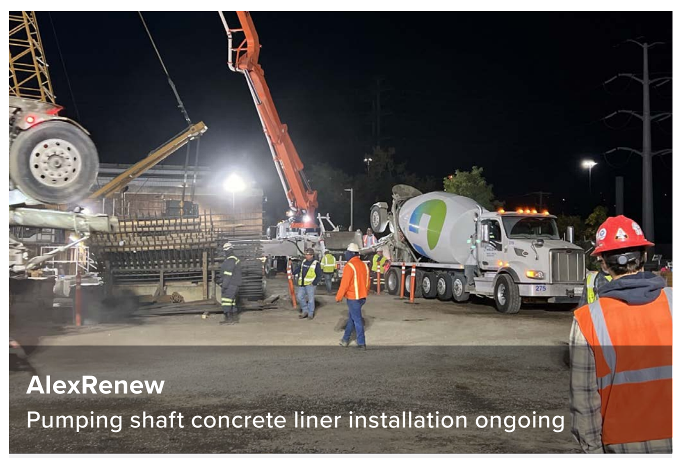
**Waterfront Tunnel**
6,800 feet of tunnel constructed

Construction Progress*

73%

82%

JAN 2024 ▲



**AlexRenew**
Pumping shaft concrete liner installation ongoing

Construction Progress*

19%

27%

JUL 2025 ▲

**LEGEND:** Actual Progress | Planned Progress | ▲ Planned Completion Date

Actual Progress as of October 31, 2023. *The planned progress for each construction staging area reflects the Design-Builder's schedule as of October 2023.

# RiverRenew Tunnel Project Six-Month Look-Ahead

## Work Hours

### NORMAL WORK HOURS

| | |
|---|---|
| Pendleton Street | 7 a.m. – 6 p.m. |
| Royal Street | 7 a.m. – 6 p.m. |
| Hooffs Run | 7 a.m. – 6 p.m. |
| AlexRenew | 24/7 |

## Pendleton Street

### MAJOR WORK ACTIVITIES

| Activity | Date |
|---|---|
| Permanent concrete structures construction | Ongoing through Winter 2023 |
| Permanent concrete structures deep foundations (pile driving) | Intermittent through Summer 2024 |

### PERMITS

| Permit | Date |
|---|---|
| Building Permit - Permanent Concrete Structures Support of Excavation | Winter 2023 |
| Building Permit - Shaft Mechanical, Electrical, and Plumbing | Winter 2023 |

## Royal Street

### MAJOR WORK ACTIVITIES

| Activity | Date |
|---|---|
| Permanent concrete structures deep foundations | Fall/Winter 2023 |
| Permanent concrete structures construction | Fall 2023 |

### PERMITS

| Permit | Date |
|---|---|
| Building Permit - Shaft Liner and Base Slab | Fall 2023 |
| Building Permit - Mechanical, Electrical, and Plumbing | Fall 2023 |

## Waterfront Tunnel

### MAJOR WORK ACTIVITIES

| Activity | Date |
|---|---|
| Mining | Ongoing through Feb 2024 |

## Community Outreach

| Event | Date |
|---|---|
| 2023-2024 RiverRenew SAG Meetings | Third Thursday of every other month |
| Council-Board Workgroup | Jan 24, 2024 |

## Hooffs Run

### MAJOR WORK ACTIVITIES

| Activity | Date |
|---|---|
| North of Jamieson Ave | |
| Diversion chamber construction | Ongoing through Winter 2023 |
| Junction chamber construction | Ongoing through Winter 2023 |
| Open-cut construction | Ongoing through Winter 2023 |
| African American Heritage Park | |
| Sheeting installation | Ongoing intermittently through Winter 2023 |
| Open-cut construction | Ongoing through Winter 2023 |
| Jamieson Avenue full closure | Ongoing through Jan 2024 |

## AlexRenew

### MAJOR WORK ACTIVITIES

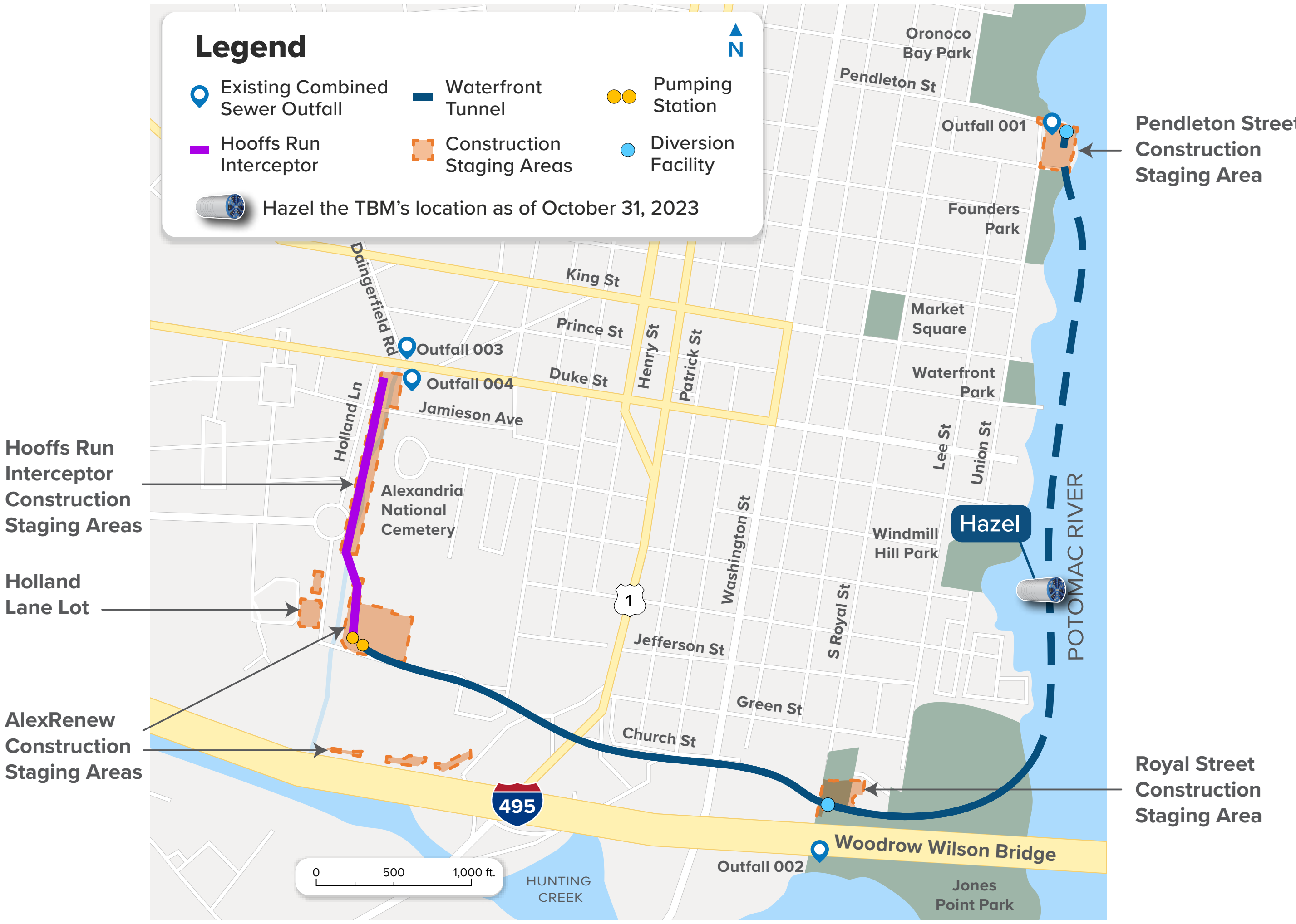
| Activity | Date |
|---|---|
| Pumping shaft liner construction | Ongoing through Fall 2023 |
| Permanent concrete structures support of excavation | Ongoing intermittently through Winter 2023 |
| Permanent concrete structures construction | Ongoing intermittently through 2024 |

### PERMITS

| Permit | Date |
|---|---|
| Building Permit - Superstructure Architectural | Dec 2023 |

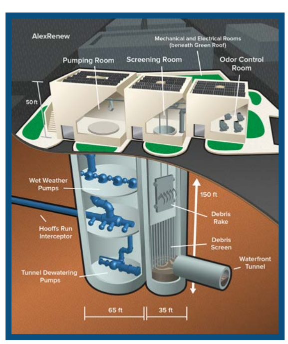
# RiverRenew Tunnel Project Snapshot

The Tunnel Project includes the following major components: a two-mile-long, 12-foot-wide, 100-foot-deep tunnel; a six-foot-wide sanitary sewer interceptor; diversion facilities to capture combined sewer discharges; and two pumping stations.



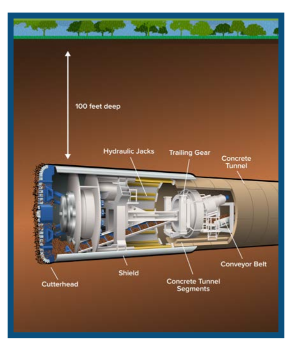

### Hooffs Run Interceptor

Click here to learn more about upcoming activity at our Hooffs Run site.



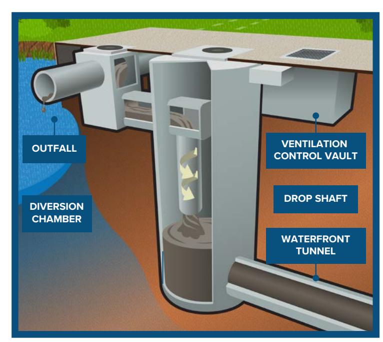
### Pumping Station

Click here to take a 3D tour of RiverRenew's future pumping station.



### Waterfront Tunnel

Click here to watch an animated video about RiverRenew and learn how the Waterfront Tunnel will be constructed.

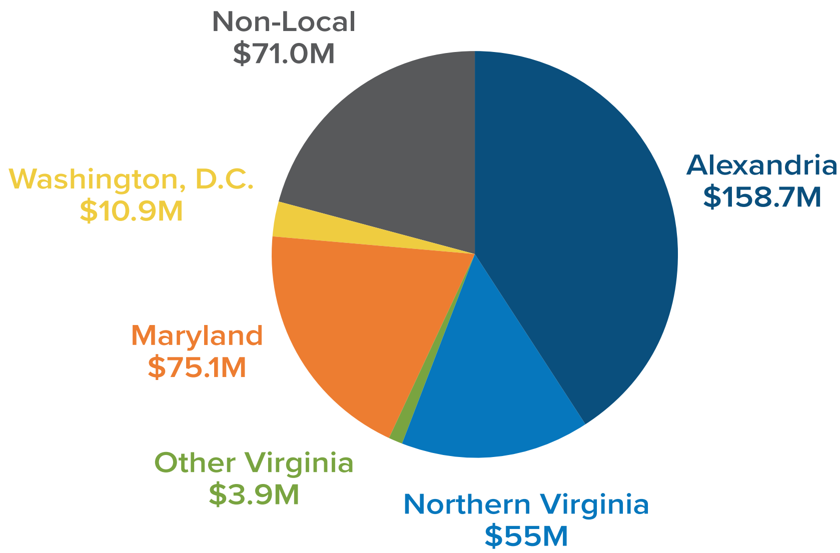



### Diversion Facility

Click here for an introduction to diversion facilities from two RiverRenew engineers.

# RiverRenew Program Costs to Date

## RiverRenew Spend to Date by Locality



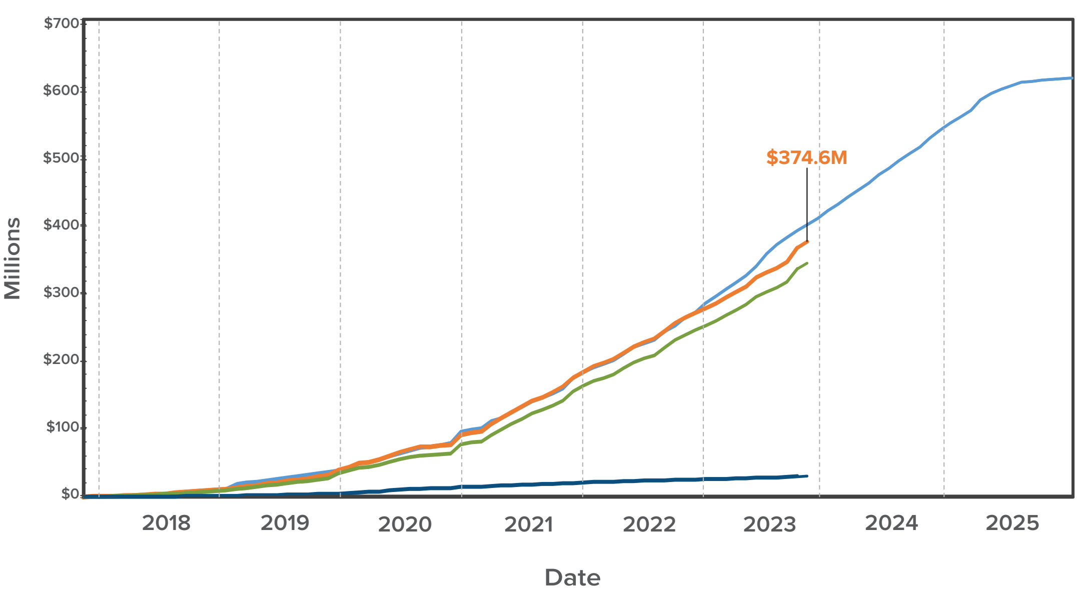

- Alexandria (166 vendors)
- Northern Virginia (34 vendors)
- Other Virginia (27 vendors)
- Maryland (58 vendors)
- Washington, D.C. (8 vendors)
- Non-Local (117 vendors)

**Total** = 410 vendors to date

## RiverRenew Tunnel Project Contracts

| Vendor | Role | Contract Type | Contract No. | Contract Date | Spent to Date ($ millions) |
|---|---|---|---|---|---|
| Traylor-Shea Joint Venture | **Design-Builder** Tunnel System Project | Design-Build | 19-079 | Dec 2020 | $232.5 |
| Brown and Caldwell | **Owner's Advisor** | Professional Services | 17-022 | Nov 2017 | $73.4 |
| EPC | **Resident Engineering & Inspection** Tunnel System Project | Professional Services | 20-013 | Apr 2020 | $16.4 |
| Completed RiverRenew Wastewater Projects to Pave the Way for the Tunnel Project | | | | | $52.4 |

## RiverRenew Cash Flow Analysis




**Total Spend: $615M**
- **Fairfax Share: $58M**
- **AlexRenew Share: $557M**

**Current Planned Projection:**
- Total Program Spend to Date
- Anticipated Projection Based on Tunnel Project Award
- $31.2M - Total Fairfax County Spend to Date
- $343.4M - Total AlexRenew Spend to Date

***Note:*** *As of October 31, 2023.*

# RiverRenew Community Outreach

## Community Meetings

**Community meetings** are presentations given to various stakeholder groups, including the SAG. These presentations can be delivered in person or virtually.

**Looking Ahead:**

- 2023-2024 RiverRenew SAG Meeting No. 5: November 16, 2023
- 2023-2024 RiverRenew SAG Meeting No. 6: January 18, 2024

## Community Events

Participating in or co-sponsoring **community events** strengthens AlexRenew's relationship with its water and community partners.

**Looking Ahead:**

- Sip 'n See event at Hooffs Run: Tuesdays between 11 a.m. and 1 p.m.
- Sip 'n See event at Royal Street: Wednesdays from 11 a.m. to 1 p.m.
- Sip 'n See event at Pendleton Street: Thursdays between 11 a.m. and 1 p.m.
- Community Listening Sessions: Spring 2024

## Community Days

**Community days** feature project-specific events to celebrate construction progress on the Tunnel Project and engage the community along the way.

**Looking Ahead:**

- Tunnel Completion Open House: Winter 2024
- Hooffs Run Planting Day: Spring 2024

## Digital Programming

**Digital programming** keeps the community connected to RiverRenew with regular program updates on RiverRenew.com, content on AlexRenew's social media pages, and distribution of *The River Renewer*, a quarterly newsletter promoting updates and milestones to more than 600 contacts.

**Highlights:**


- Frequent Jamieson Avenue closure reminders shared via email newsletter and social media (see Page 7)
- Digital content supporting our weekly Sip 'n See events
- More behind-the-scenes photos from our construction sites

## Council-Board Workgroup

The **Council-Board Workgroup** comprises two members from AlexRenew's Board of Directors and two members from the Alexandria City Council.

**Highlights:**

- Council-Board Workgroup Meeting No. 20: October 25, 2023

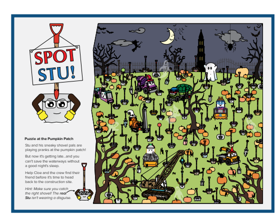
**Looking Ahead:**

- Council-Board Workgroup Meeting No. 21: January 24, 2024

## Education

**Education** initiatives are intended to engage audiences of all ages and help them learn more about RiverRenew and its technical components.

**Highlights:**




- Seasonal children's outreach, including an animated greeting and learning activity on Cloe's Corner

# Monthly Construction Spotlight

Jamieson Avenue looking west


Construction activity across Jamieson Avenue

Duke Street and West Street intersection looking south

Duke Street and West Street intersection looking south

## Coordinating with the community to support Hooffs Run Interceptor construction

RiverRenew crews have made significant progress on the Hooffs Run Interceptor in work areas to the north and south of Jamieson Avenue.

This month, work began to connect the interceptor between these two work areas. To make space for this essential activity, our crews initiated a full closure of Jamieson Avenue to all through traffic, although access to businesses remains uninterrupted.

The closure will allow the installation of the six-foot-diameter interceptor at depths up to 25 feet below the ground, all while ensuring the safety of vehicles, pedestrians, and bicyclists who will use City-approved detours until the anticipated reopening of Jamieson Avenue in January 2024.

For the latest updates, visit RiverRenew.com/construction/hooffs-run.

### Building for the Future of Alexandria's Waterways

**To learn more, visit www.RiverRenew.com**

AlexRenew | RiverRenew™

RiverRenew is a program owned and implemented by AlexRenew, Alexandria's public regional wastewater treatment provider.