



1800 Limerick Street  
 Alexandria, VA 22314  
[alexrenew.com](http://alexrenew.com)

**Board of Directors**  
 John Hill, Chair  
 James Beall, Vice Chair  
 Adriana Caldarelli, Sec’y-Treas  
 Mark Jinks  
 Rebecca Hammer  
**Chief Executive Officer**  
 Justin Carl, PE  
**General Counsel**  
 Amanda Waters

Monday, February 12, 2024 – 5:30 p.m.

## Board of Directors Finance and Audit Committee 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 Executive Assistant at (703) 721-3500 ext. 2260 or [lorna.huff@alexrenew.com](mailto:lorna.huff@alexrenew.com) in advance. Submission of written statements is encouraged and may be emailed to the Board Executive Assistant.

A recording of the meeting will be posted on [alexrenew.com](http://alexrenew.com) after the meeting.

No.	Item	Presenter	Action
1.	Call to Order (5:30 p.m.)	Chair	
2.	Approval of Agenda (5:35 p.m.)	Chair	Approval
3.	Public Comment Period (5:40 p.m.)	Chair	
4.	Consent Agenda (5:45 p.m.)	Chair	Approval
	a. Minutes from November 13, 2023 meeting (Tab 1)		
5.	Unfinished Business (5:50 p.m.)	Chair	Approval
	a. AlexRenew’s Winter Quarter Average Discussion (Tab 2)	Mr. Carl	
6.	New Business (6:10 p.m.)	Chair	Information
	a. Overview of AlexRenew’s Financial Planning Process (Tab 3)	Ms. Feehan	
7.	Adjourn (7:15 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, February 20, 2024.

Minutes of the Finance & Audit Committee of the  
AlexRenew Board of Directors  
Monday, November 13, 2023

On Monday, November 13, 2023, the AlexRenew Board of Directors held a Finance and Audit Committee meeting at 1800 Limerick Street, and broadcast via Microsoft Teams, with the following present:

- Members: Mr. Mark Jinks, Finance and Audit Chair  
Ms. Adriana Caldarelli, Finance and Audit Member  
Mr. John Hill, Chair ex. Officio  
Mr. James Beall, Board Vice Chair  
Ms. Rebecca Hammer, Board Member
- Staff: Mr. Justin Carl, CEO/GM  
Mr. Lake Akinkugbe, Director of Finance  
Mr. Jason Moore, Accounting Manager  
Ms. Shawnette Hurley, Senior Accountant  
Mr. Sam Aryee, Staff Accountant  
Ms. Barbara Reeve, Accounts Payable  
Ms. Lorna Huff, Executive Assistant to the Board of Directors
- Consultants: Ms. Jennifer Files, YHB  
Mr. Jeff Wolf, MSL  
Mr. Thierry Boveri, Raftelis via Microsoft Teams  
Ms. Diana Ling, Raftelis via Microsoft Teams

1. Call to Order

The Chair called the meeting to order at 5:30 p.m.

2. Approval of the Agenda

There being no changes to the Agenda, the Chair moved approval of the agenda. Ms. Caldarelli seconded. The Committee unanimously approved the agenda.

3. Public Comment Period

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

4. Consent Agenda

Members reviewed the Consent Agenda which contained the Minutes of the October 16, Finance and Audit Committee meeting. There being no changes, he moved approval of the Consent Agenda. Ms. Caldarelli seconded, The Consent Agenda was approved unanimously.

5. Unfinished Business

a. Update on Enhancements to AlexRenew's Payment Assistance Program

The Committee Chair recognized Mr. Carl who updated the Committee on the progress and recommendations for implementing enhancements to AlexRenew's payment assistance program. He updated the four main sections: payment plans, the water fund, a City-coordinated CAP (customer assistance program) and an AlexRenew rate funded CAP by seeking support from wastewater partners.

Payment plans – Mr. Carl and the Board discussed payment plans based on arrearage. Current payment plan length is a maximum of 48 months. PromisePay, AlexRenew's payment plan

administrator, can structure limited option payment plans based on arrearage and reduce the duration from 48 months to 12-18 months. Promise would perform customer outreach and structure the plans using an in-house formula. There would be no changes for customers under the current plan. Ms. Hammer inquired about arrearage forgiveness. Mr. Carl reported that staff is researching options.

#### WaterFund

AlexRenew needs a 501c3 organization to accept donations. Discussions were held with several local agencies to determine their qualifications to administer the program. Dollar Energy Fund is currently connected to AlexRenew customers through its relationship with Virginia American Water (VAW). Mr. Jinks inquired about how much work Dollar Energy is doing with VAW. Mr. Carl was not aware but would ask in follow up discussions. Dollar Energy is based in Pittsburgh. They have the infrastructure and software in place to support the program. They have an 8.75% start-up fee and provide staffing, call center and verification.

City Coordinated Customer Assistance Program – Staff is in preliminary discussions with the City and have prepared draft flyers and talking points. Follow-up meetings will continue.

Members discussed further conversations with ALIVE to determine what data they have on customers' needs. Members concurred that steps to set up the Water Fund program could happen more quickly and efficiently through Dollar Energy. There being no additional discussion, it was requested that the Committee make a recommendation for staff to move forward with the Dollar Energy plan. Ms. Caldarelli moved to accept the recommendation. Mr. Jinks seconded. The Committee unanimously approved.

## 6. New Business

### a. Presentation of FY2023 Annual Comprehensive Report and Audit

The Chair recognized Mr. Akinkugbe who presented on the FY2023 Annual Comprehensive Financial Report (ACFR) and the FY2023 Audit. Mr. Akinkugbe introduced Ms. Jennifer Files from YHB, Mr. Jeff Wolf from MSL, and acknowledged and thanked the members of the Finance team who introduced themselves by name and noted their role in the organization.

Mr. Akinkugbe noted the ACFR is a set of financial statements established by the Governmental Accounting Standards Board (GASB). The statements are audited by an independent auditor, Young Hyde Barbour.

The Audit covered the reporting period from July 1, 2022 through June 30, 2023. The independent auditor team consisted of Ms. Jennifer Files, Young Hyde Barbour, and Mr. Jeff Wolf, of MSL. The results were a clean unmodified opinion. There were no deficiencies in internal control or material weaknesses. The Single Audit also indicated compliance with federal requirements.

Ms. Files thanked the Board for the opportunity to be of service of AlexRenew. She commended Mr. Akinkugbe, Mr. Moore and the entire audit team for their hard work. She further reported that AlexRenew staff received a great deal of foundational knowledge about AlexRenew from the audit process to carry over into future audits.

She reported on a very clean very successful audit with signing of representation letters completed. She reviewed the Independent Auditor's Report and noted management and auditor responsibilities. Internal controls show compliance and are tested by through the audit process.

Mr. Hill inquired about the auditor recommendations in the Report of Audit Results to the committee. Ms. Files reviewed the management recommendation letter providing ways to prevent errors in the internal controls environment from getting through to the financial statements.

Mr. Akinkugbe then reviewed the steps taken and processes being put in place including fixed assets being reconciled monthly instead of annually for a cleaner process. The new third party customer service vendor will also be able to provide timely reports on billing. Work flow processes on the prepare and review side have also been implemented as well as improvements to the accrual process.

Mr. Jinks inquired if members had additional questions and thanked Ms. Files for her work.

There were no additional questions for Ms. Files commended the team for a successful audit. Mr. Jinks inquired about a surplus in cash reserves. Mr. Akinkugbe reported that the surplus came from increased revenue, and using less debt on the RiverRenew project due to delays.

Members commended staff and consultants for their work on a successful audit. Mr. Jinks requested a motion that the Chair receive and accept the FY2023 Audit and ACFR. Ms. Caldarelli moved and seconded. The Committee unanimously approved.

There being no additional questions or comments, the Committee Chair requested a motion to approve. Ms. Caldarelli moved and seconded. The Committee unanimously approved. The meeting adjourned at 6:46 p.m.

**APPROVED**

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**Finance and Audit Committee Chair**



AlexRenew

Finance and Audit Committee Meeting  
**Winter Quarter Average Discussion**

February 12, 2024



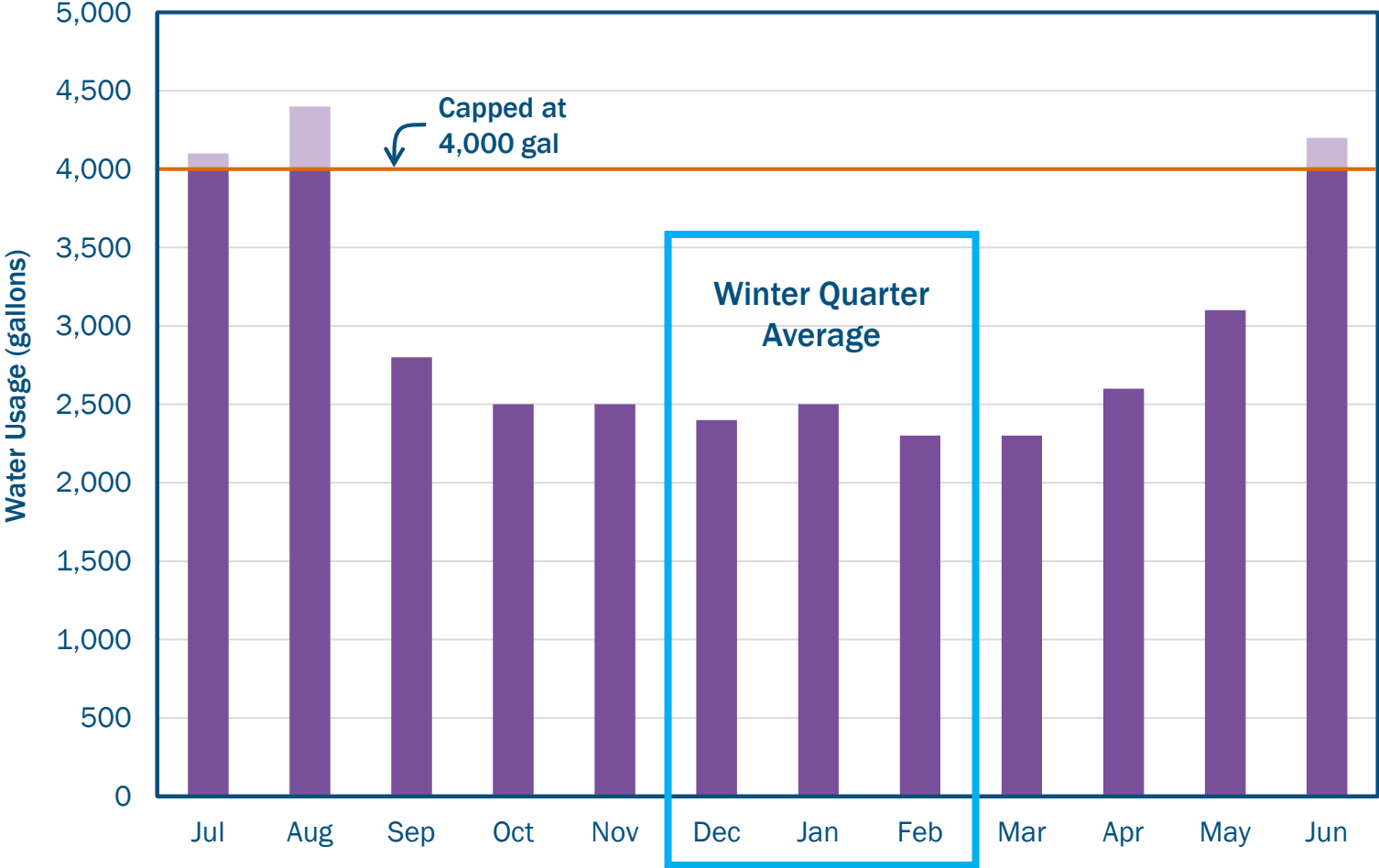
## Outline of today's presentation

- Overview of AlexRenew's current winter quarter average policy
- Review of single-family residential customer water usage data
- Discussion of potential options to revise the current winter quarter average policy
- Next steps

# Overview of AlexRenew's current winter quarter average policy

- Implemented in 2015
- Applies only to single-family residential customers
- Adopted to promote fairness and limit billed wastewater treatment charges
- Recognizes that not all water usage will be returned to the sewer system (especially in summer months)
- Establishes a cap on wastewater treatment charges from Mar-Nov
  - Based on water usage between Dec-Feb (winter quarter average)
  - Set at either average winter usage or 4,000 gallons, whichever is greater
- No wastewater billing cap for commercial customers

# Current AlexRenew winter quarter average for customers using less than an average of 4,000 gallons between December and February

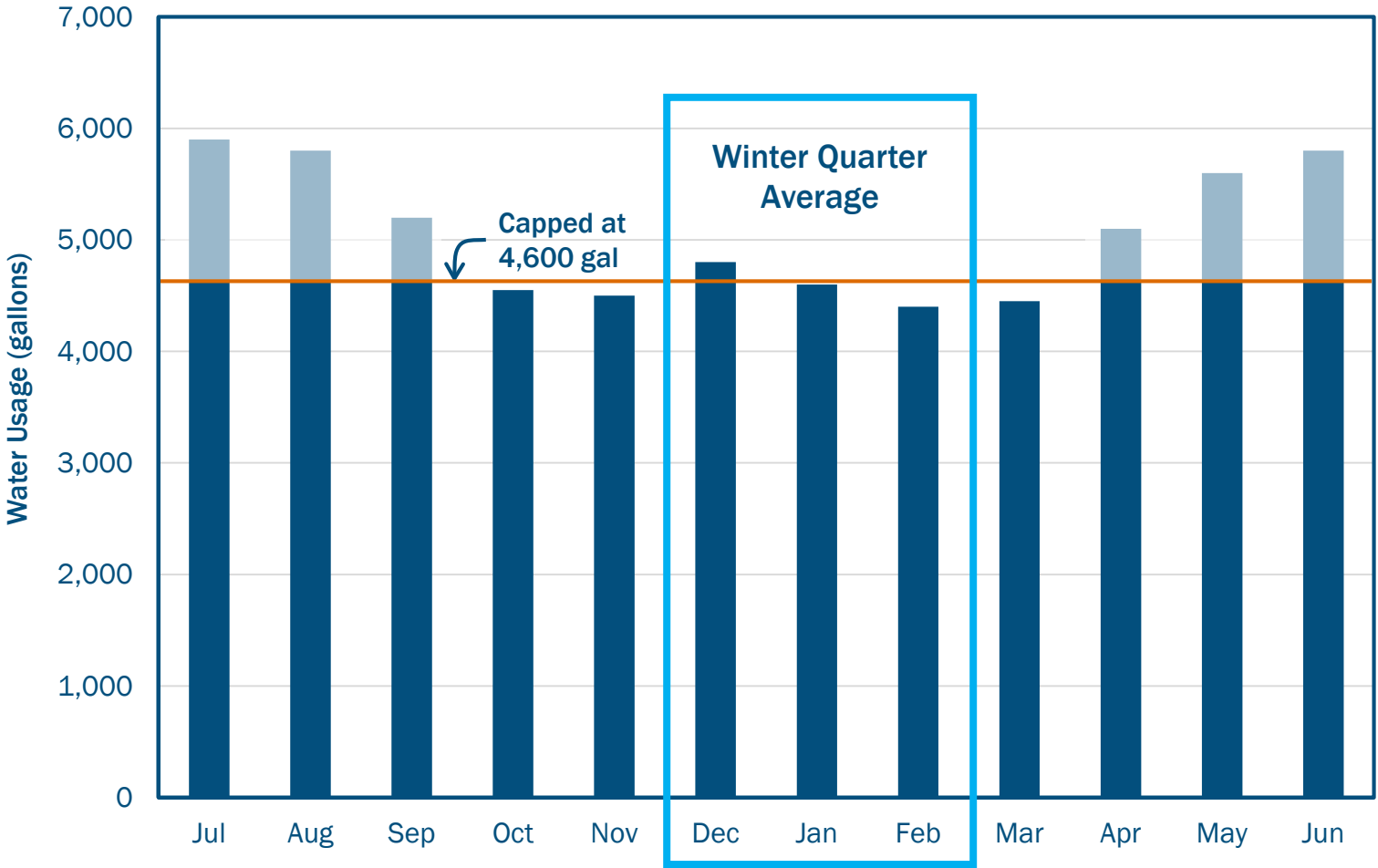


Note: Winter quarter average applies only to single-family residential customers

- ▶ Winter Quarter Average
  - 2,400 gallons
- ▶ Sep-May
  - Pay what you use
- ▶ Jun-Aug
  - Capped at 4,000 gal



# Current AlexRenew winter quarter average for customers using more than an average of 4,000 gallons between December and February

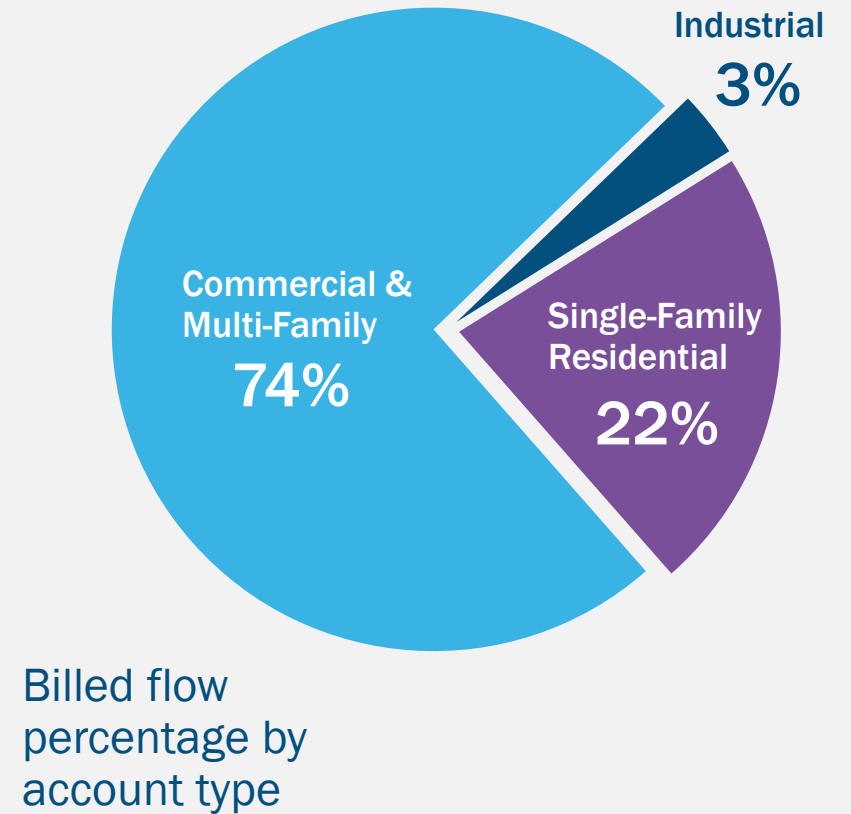
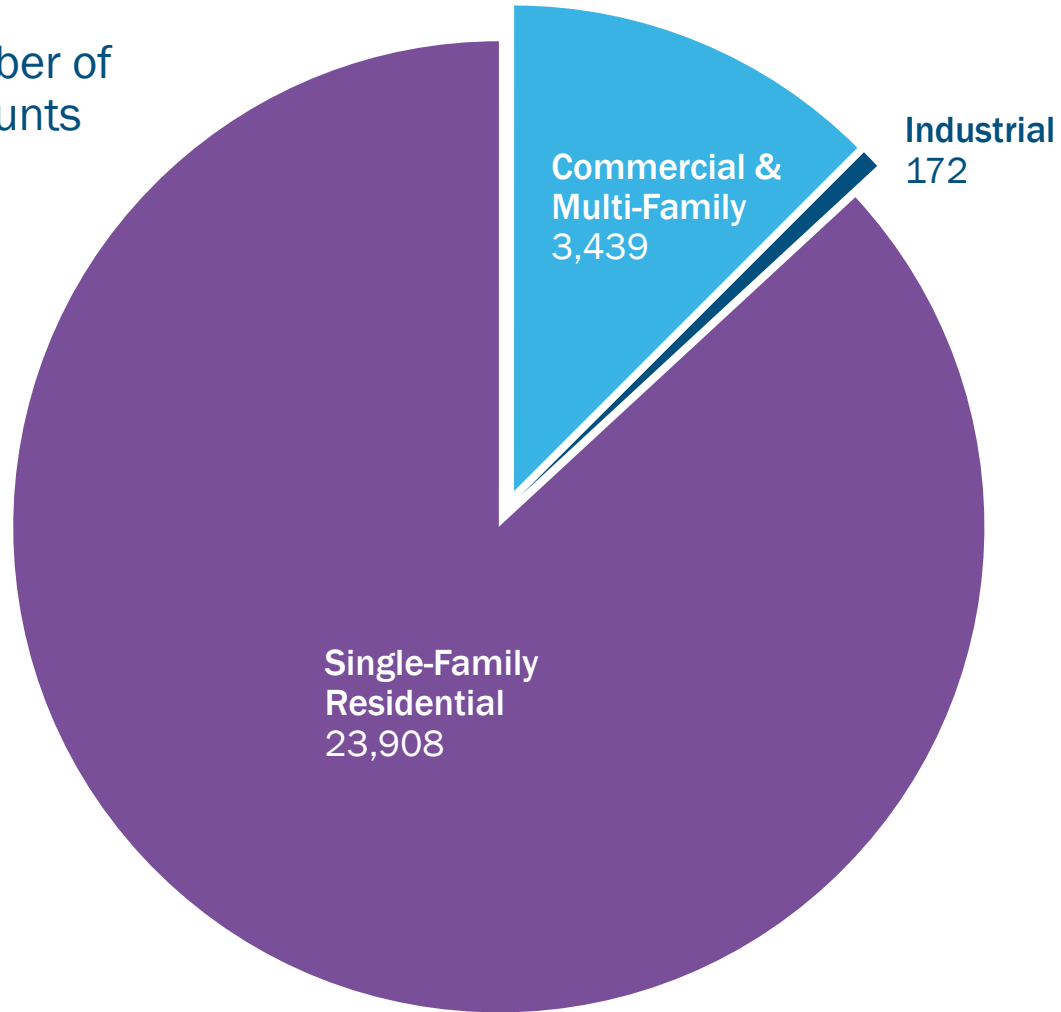


- ▶ Winter Quarter Average
  - 4,600 gallons
- ▶ Oct-Mar
  - Pay what you use
- ▶ Apr-Sep
  - Capped at 4,600 gal

Note: Winter quarter average applies only to single-family residential customers

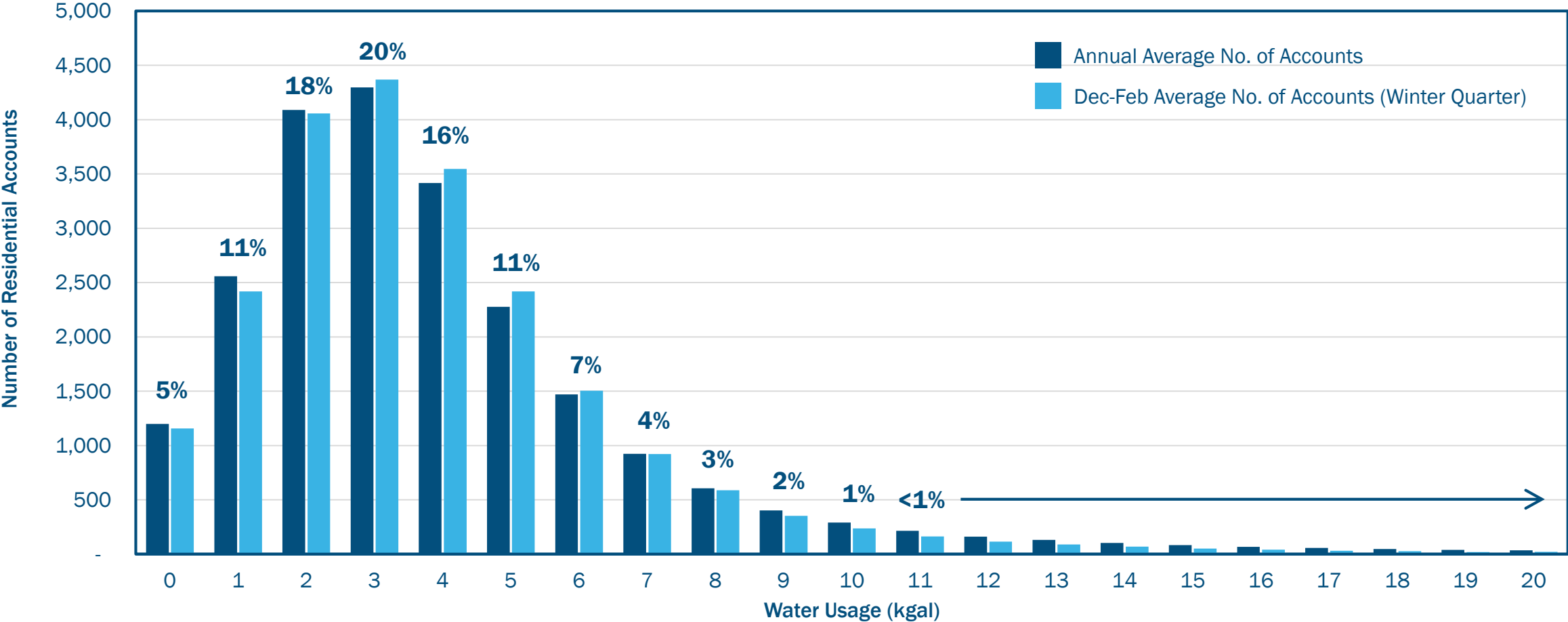
# Breakdown of AlexRenew customer accounts

Number of accounts

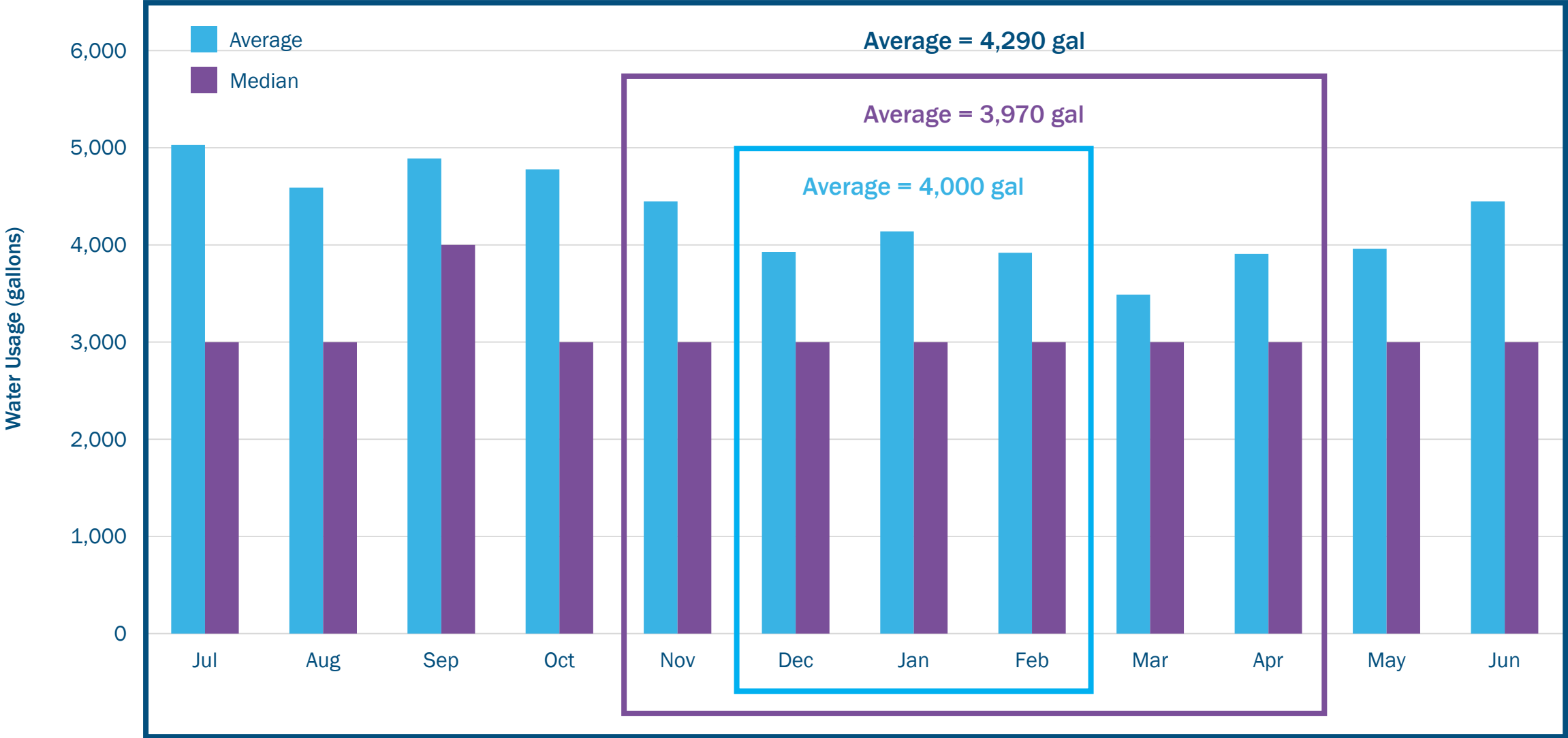


*\*Amounts shown reflect billed flows based on metered flows for Fiscal Year 2022*

# Summary of AlexRenew residential customer accounts and associated water usage



# Average and median monthly AlexRenew residential customer water usage



# Potential options to address concerns related to winter quarter average

	1	2	3	4	5
Options	Maintain current caps	Adjust 4,000 gal winter quarter average cap	Change winter quarter average cap to actual average water usage	Change winter quarter average cap to actual peak water usage	Eliminate winter quarter average cap
Description	<ul style="list-style-type: none"> <li>Two winter average caps, one at 4,000 gal</li> </ul>	<ul style="list-style-type: none"> <li>Keep two winter average caps – set lower cap to 3,000 or 3,500 gal</li> </ul>	<ul style="list-style-type: none"> <li>Eliminate 4,000 gal cap</li> <li>Set cap based on average usage between Dec-Feb (could include a factor to fully account for wastewater flows)</li> </ul>	<ul style="list-style-type: none"> <li>Eliminate 4,000 gal cap</li> <li>Set cap based on highest monthly usage between Dec-Feb</li> </ul>	<ul style="list-style-type: none"> <li>Bill based on water usage</li> <li>No cap</li> </ul>
Eligibility requirements	<ul style="list-style-type: none"> <li>Single-family residential</li> </ul>	<ul style="list-style-type: none"> <li>Single-family residential</li> <li>Minimum average usage of 1,000 gal per month (Dec-Feb)</li> <li>Accounts with a zero read in any of the 3 months will not be eligible for winter average</li> <li>Accounts not eligible for winter average are billed based on usage</li> </ul>	<ul style="list-style-type: none"> <li>Single-family residential</li> <li>Minimum average usage of 1,000 gal per month (Dec-Feb)</li> <li>Accounts with a zero read in any of the 3 months will not be eligible for winter average</li> <li>Accounts not eligible for winter average are billed based on usage</li> </ul>	<ul style="list-style-type: none"> <li>Single-family residential</li> <li>Accounts with a zero read between Dec-Feb will be capped at 3,000 or 4,000 gal</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
New residential customers	<ul style="list-style-type: none"> <li>Bill based on water usage (maximum billed is 4,000 gal per month)</li> </ul>	<ul style="list-style-type: none"> <li>Bill based on water usage until winter average is established (maximum billed is 12,000 gal per month)</li> </ul>	<ul style="list-style-type: none"> <li>Bill based on water usage until winter average is established (maximum billed is 12,000 gal per month)</li> </ul>	<ul style="list-style-type: none"> <li>Bill based on water usage until winter average is established (maximum billed is 12,000 gal per month)</li> </ul>	<ul style="list-style-type: none"> <li>Bill based on water usage</li> </ul>
Revenue impacts	<ul style="list-style-type: none"> <li>\$0</li> </ul>	<ul style="list-style-type: none"> <li>Cap at 3,000: <b>\$40,000</b> (0.1%)*</li> <li>Cap at 3,500: <b>\$160,000</b> (0.3%)*</li> </ul>	<ul style="list-style-type: none"> <li>No factor: <b>(\$110,000)</b> (-0.2%)*</li> <li>1.2 factor: <b>\$380,000</b> (0.7%)*</li> </ul>	<ul style="list-style-type: none"> <li>Zero read cap at 3,000: <b>\$210,000</b> (0.4%)*</li> <li>Zero read cap at 4,000: <b>\$240,000</b> (0.4%)*</li> </ul>	<ul style="list-style-type: none"> <li><b>\$2,000,000</b> (3.6%)*</li> </ul>

\*Denotes percentage of billed wastewater flows in FY2023, \$54,844,244

Hybrid of options 3 and 4 - change winter quarter average cap to actual average water usage, all single-family residential customers are eligible

## Description

Set cap based on average usage between December – February

## Eligibility

Single-family residential accounts – any account with a zero read between Dec-Feb will be capped at 3,000 or 4,000 gal

## New customers

Bill based on water usage until winter average is established – max billed is 12,000 gal per month

## Revenue impact

- Zero read cap at 3,000 gal: **\$210,000 (0.4%)**
- Zero read cap at 4,000 gal: **\$240,000 (0.4%)**

## Next steps

- Coordinate with City on code changes and Council approval
- Implement changes as part of Fiscal Year 2025 budget cycle



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Finance & Audit Committee Meeting

**Overview of AlexRenew's  
Financial Planning Process**

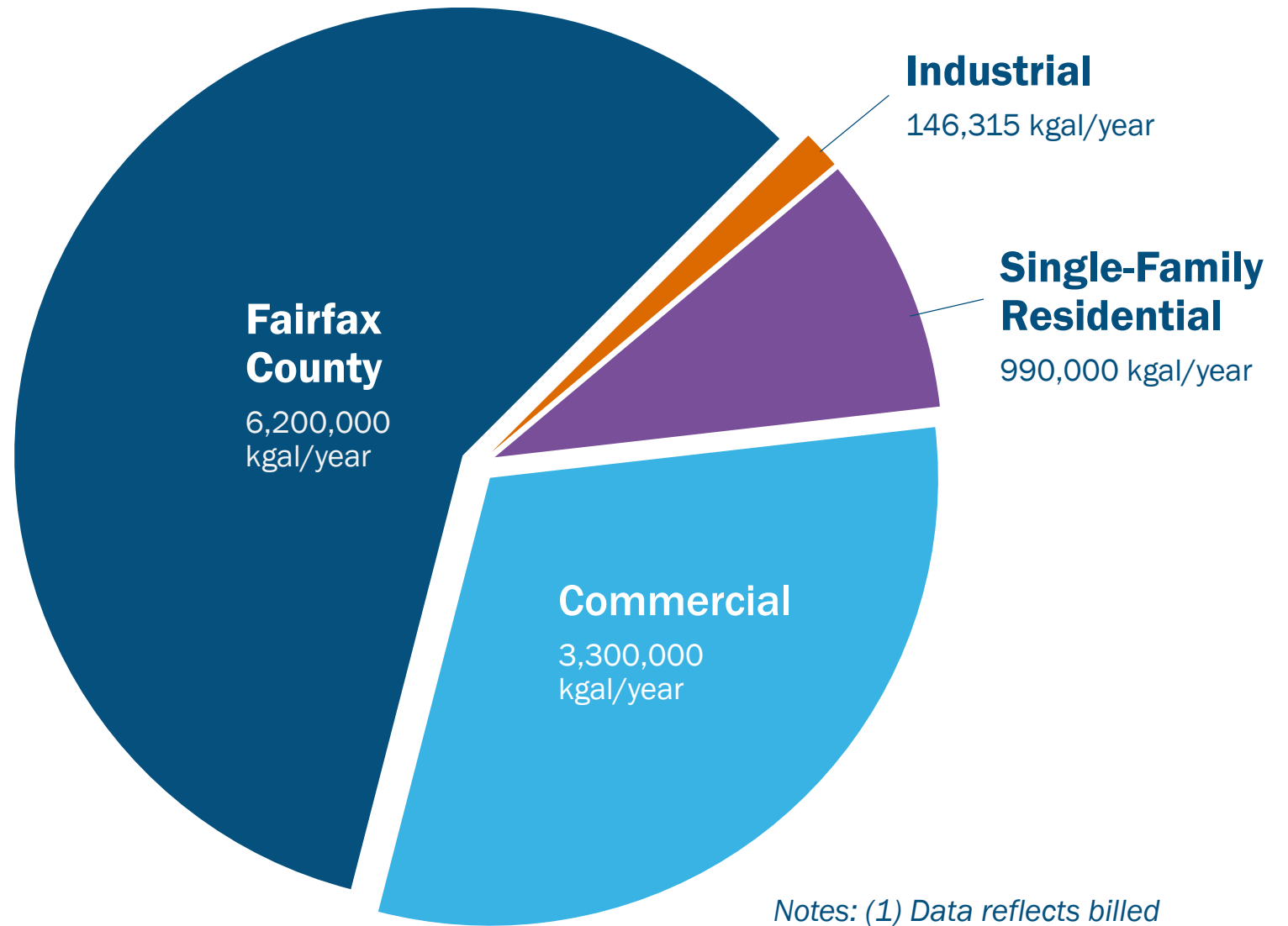
February 12, 2024

An aerial photograph of a wastewater treatment plant at dusk. The plant features several large rectangular aeration basins with metal walkways and railings. In the background, a city skyline is visible under a twilight sky with a prominent tower. A construction crane is visible on the left side of the plant.

## Outline of today's presentation

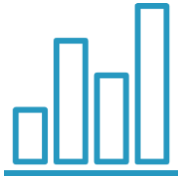
- Background
- Financial Planning Process
- Rate Study
- Rate Model Overview
- Questions and Answers

# Summary of billed flows to AlexRenew's Water Resource Recovery Facility



Notes: (1) Data reflects billed flows from Fiscal Year 2022

# AlexRenew has sound financial policies guiding its future



Debt Service Coverage – minimum target set at 1.5×



Minimum Reserves – 120 days of operating expenses



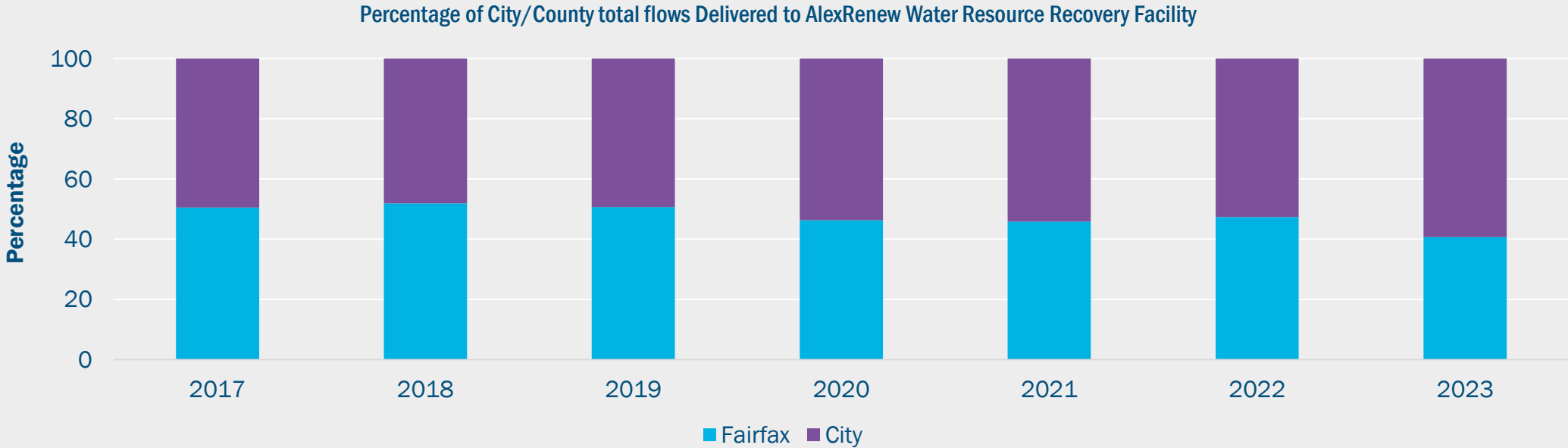
PayGo – fund 15 percent of 10-year Capital Improvement Program from cash



Budget – submit 10-year Capital Improvement Program and 3-year Budget

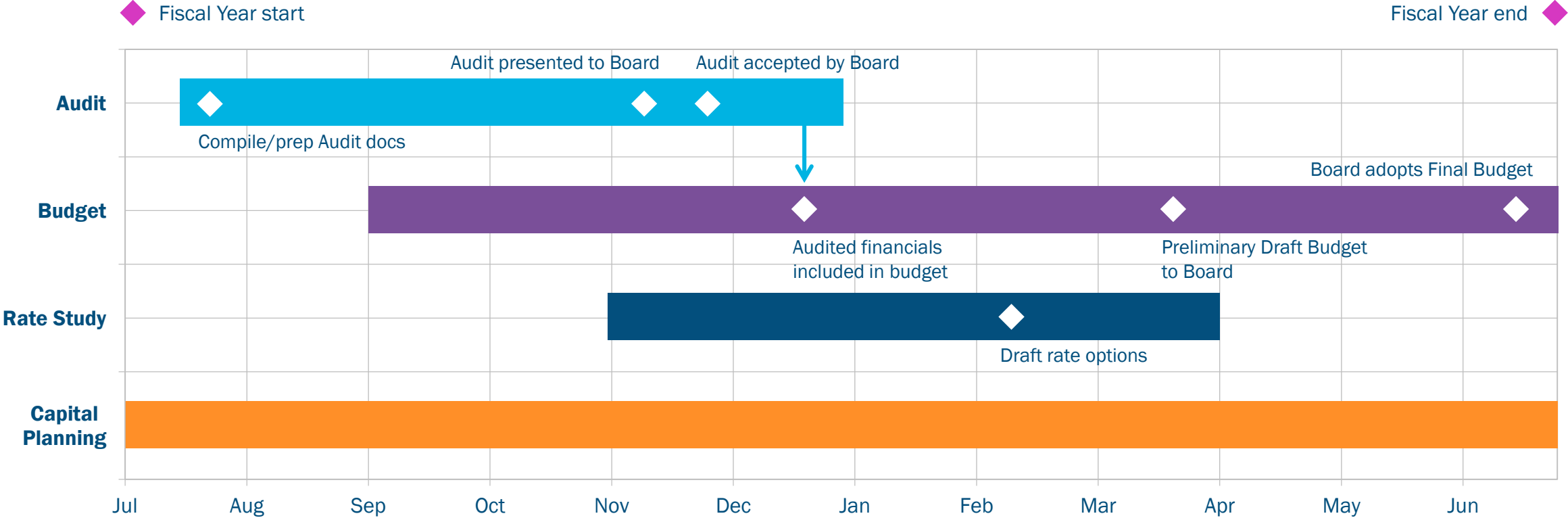
# AlexRenew’s service agreements set cost share requirements that affect the financial planning process

Item	Fairfax County	Arlington County
Operating expenses	Share proportionate to actual flows delivered to AlexRenew Water Resource Recovery Facility	Share proportionate to actual City flows delivered to Arlington Water Pollution Control Plant
Capital costs	Share based on service agreement and project-specific agreements	Share based on service agreement



Notes: (1) Total flows include wet weather flows to AlexRenew

# AlexRenew financial planning process timeline



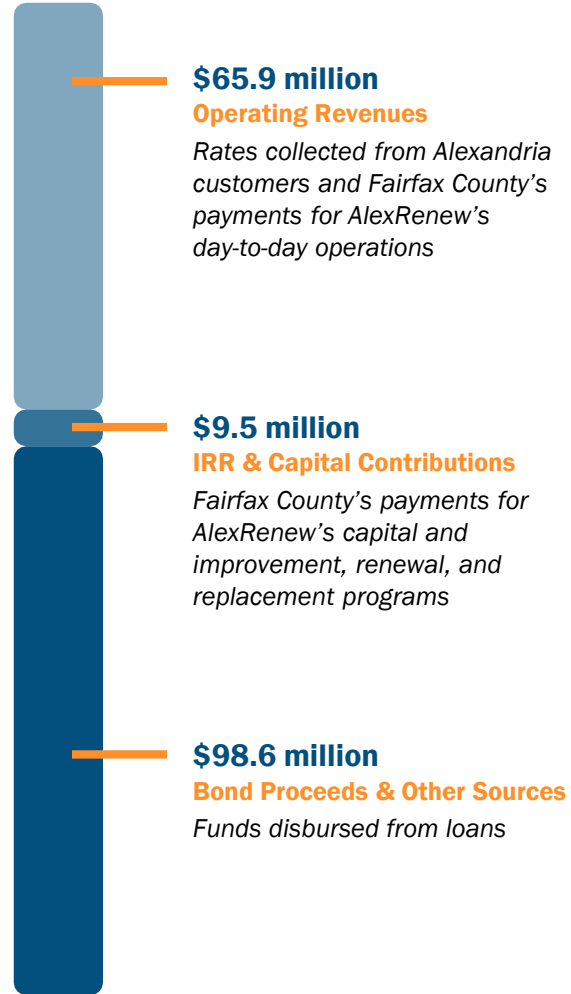
# AlexRenew financial planning process initiatives

- Invest in the retention, well-being, and growth of staff
- Purchase energy and materials to process wastewater
- Maintain the safety and security of the plant
- Fund any potential repairs and improvements to equipment
- Execute necessary capital improvements for assets
- Meet financial policy obligations
- Promote rate predictability and stability
- Manage equitable and affordable rates

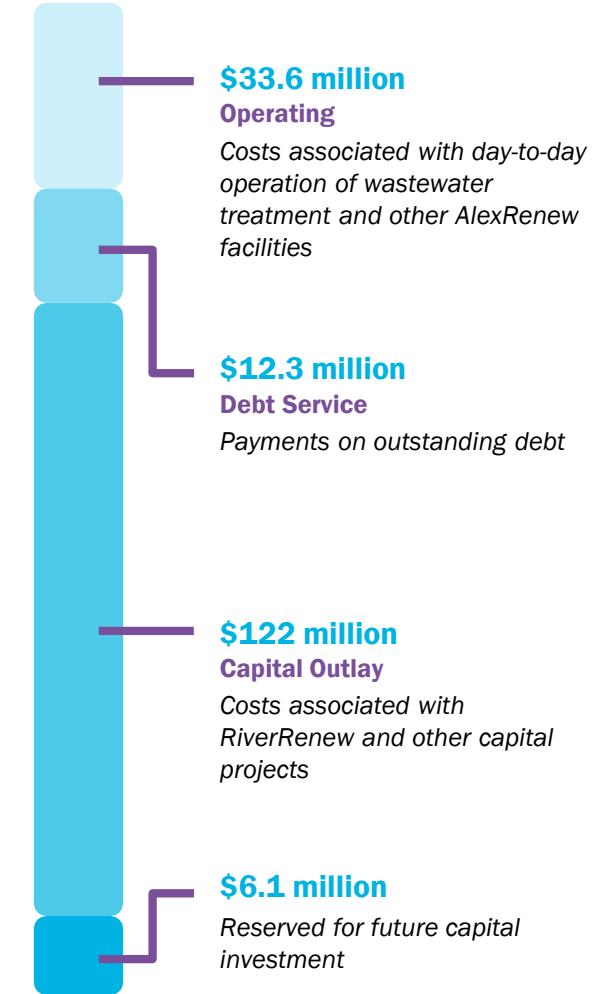
# AlexRenew total revenues and expenses

Fiscal Year 2023

## Total Revenues \$174 million

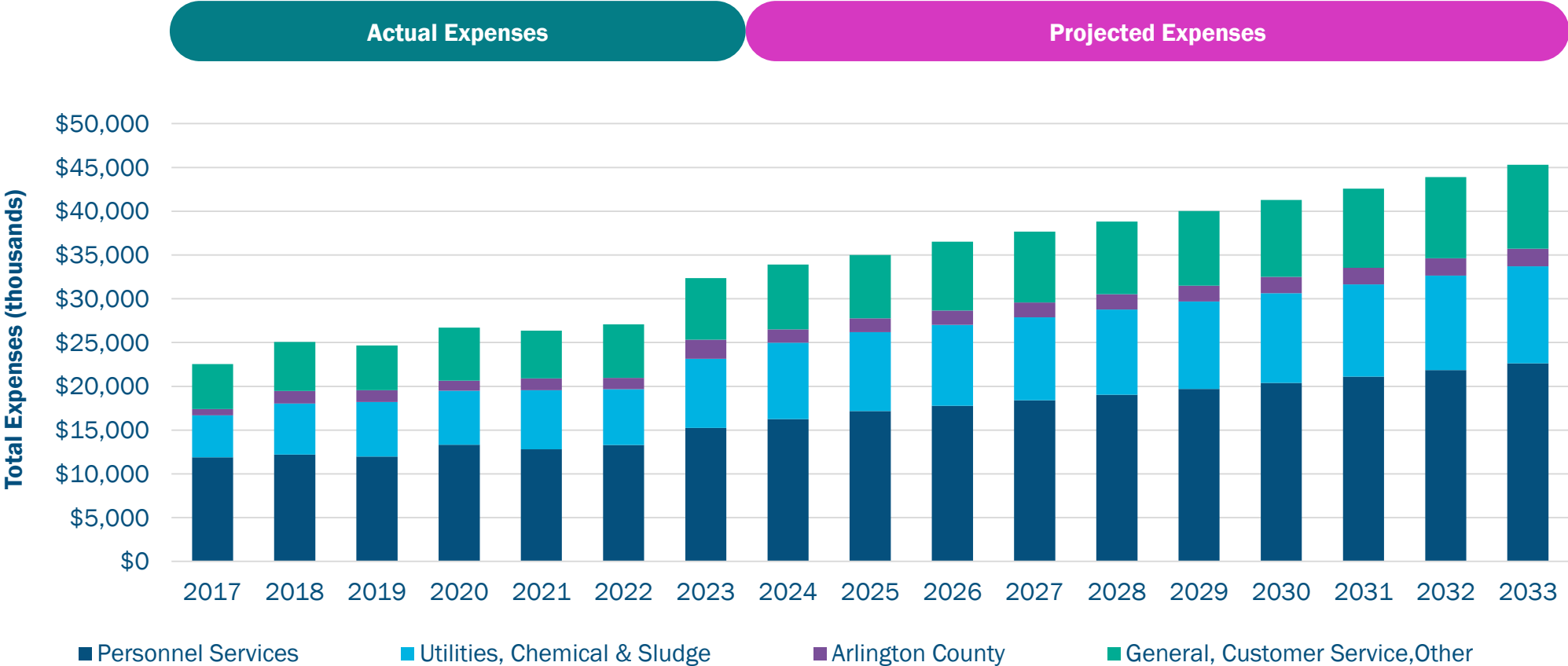


## Total Expenses \$174 million



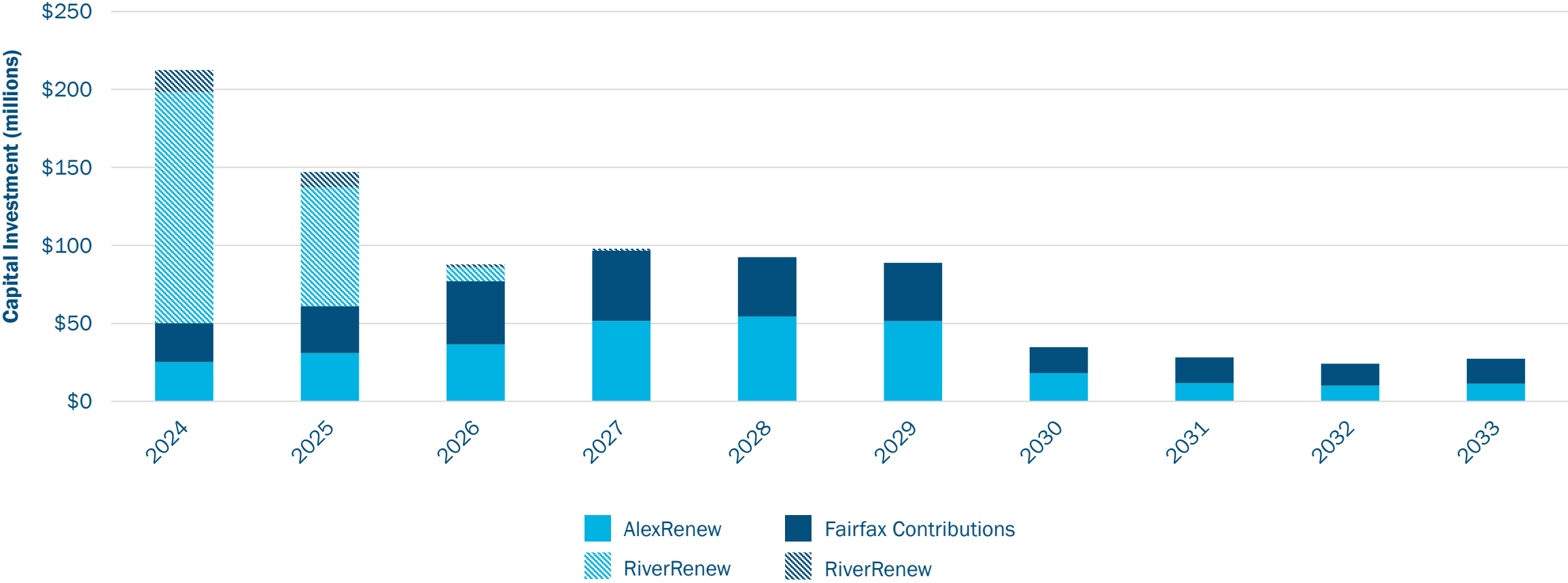


# Operating expense projections are based on previous budgets and economic trends

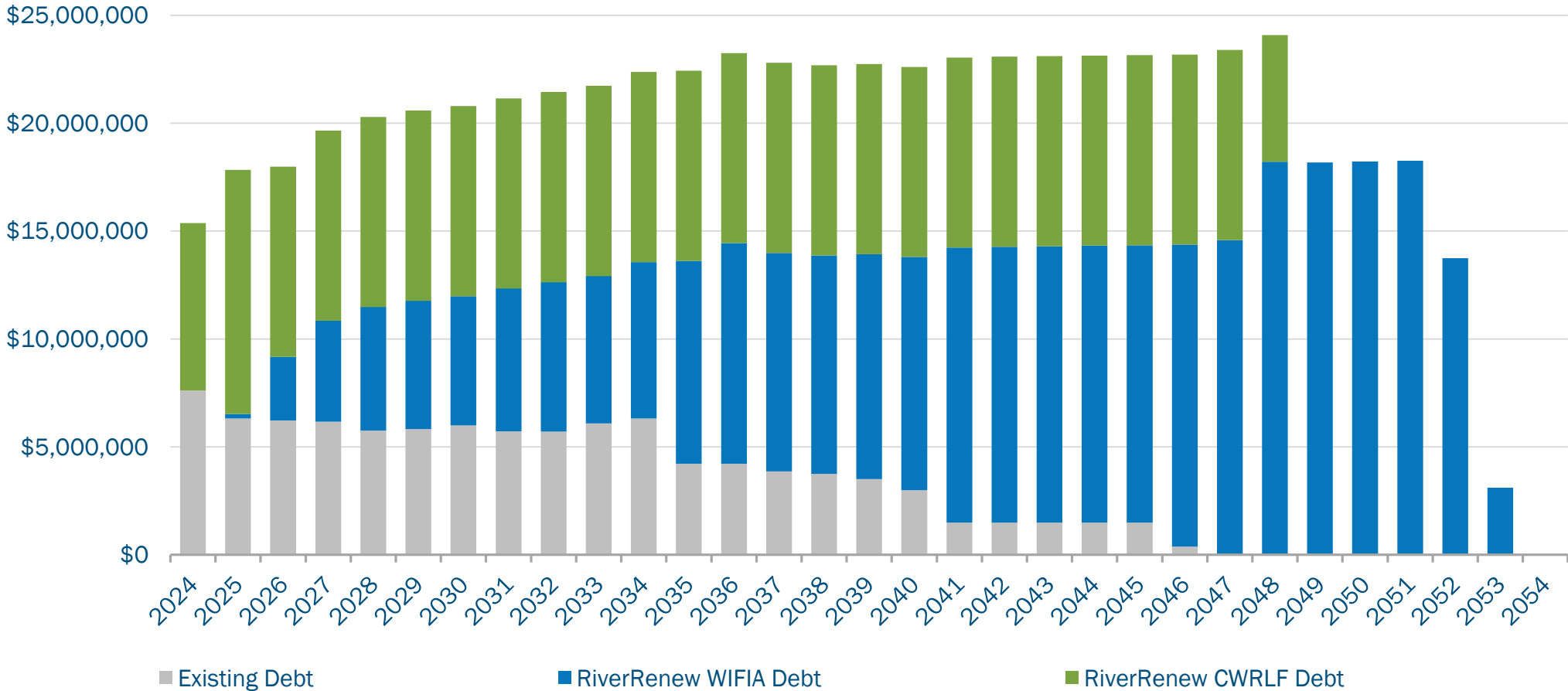


Notes: (1) Data illustrated by Fiscal Year; (2) Fiscal Year annualized in 2019

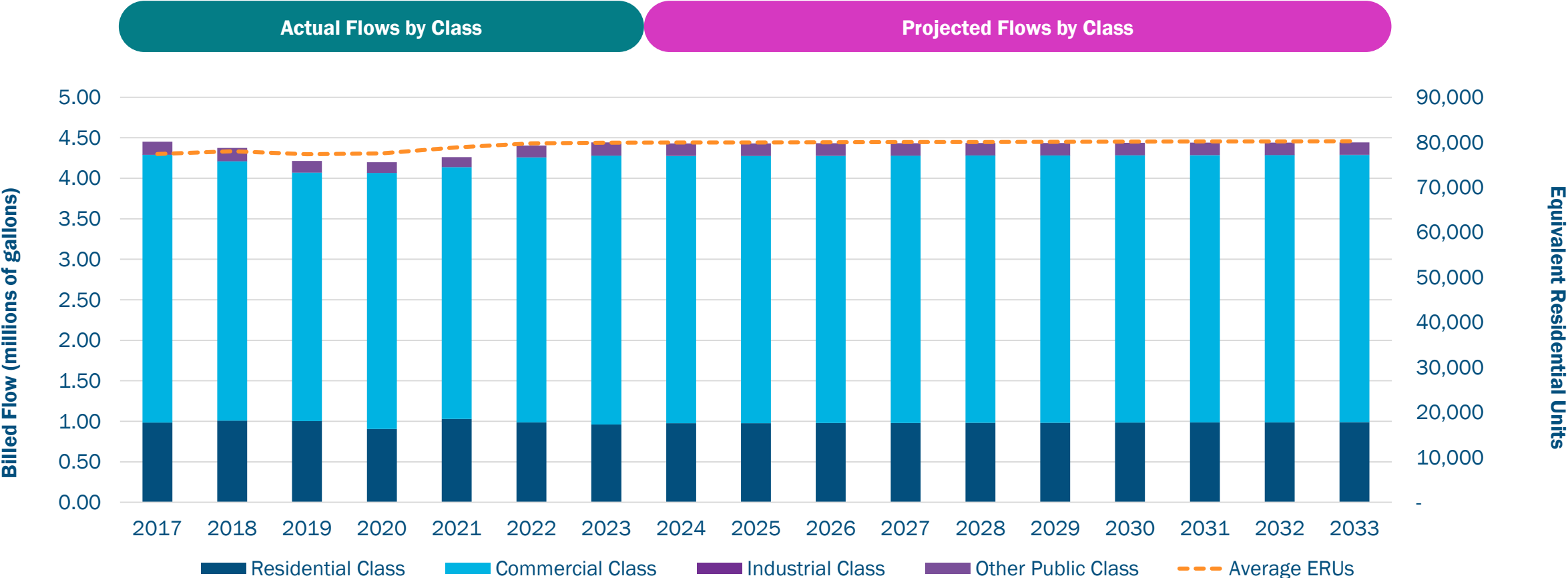
# We develop a 10-year capital improvement program to project capital expenses and investments



# Debt service is reviewed and updated annually to support the financial planning process and capital investments



# Historical billing data is used to forecast future operating revenues



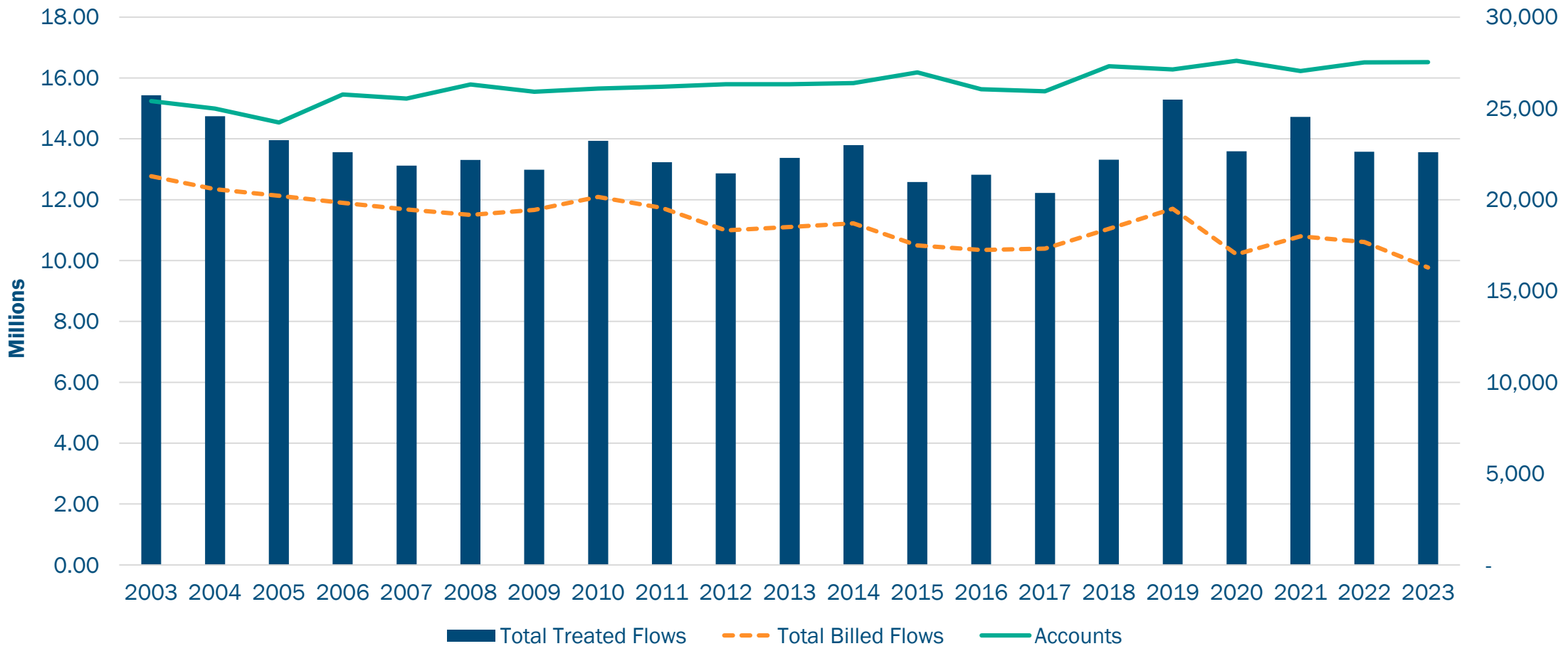
Notes: (1) Data illustrated by Fiscal Year; (2) Fiscal Year annualized in 2019

The rate model is calibrated annually as part of the financial planning process to accurately forecast billed flows

	2017	2018	2019	2020	2021	2022	<b>Test</b> 2023
<b>Rate Revenue Test - Existing Rates</b>							
Financial Model Calculated	\$38,846,526	\$38,991,284	\$28,201,975	\$42,384,475	\$45,867,166	\$50,425,924	\$54,166,398
Actual Revenues Less Misc. Revenues	\$38,851,369	\$38,935,209	\$27,989,017	\$43,252,035	\$45,807,728	\$50,178,432	\$54,695,988
Variance Amount	(\$4,843)	\$56,075	\$212,958	(\$867,560)	\$59,438	\$247,492	(\$529,590)
Percentage Variance	-0.01%	0.14%	0.76%	-2.05%	0.13%	0.49%	-0.98%

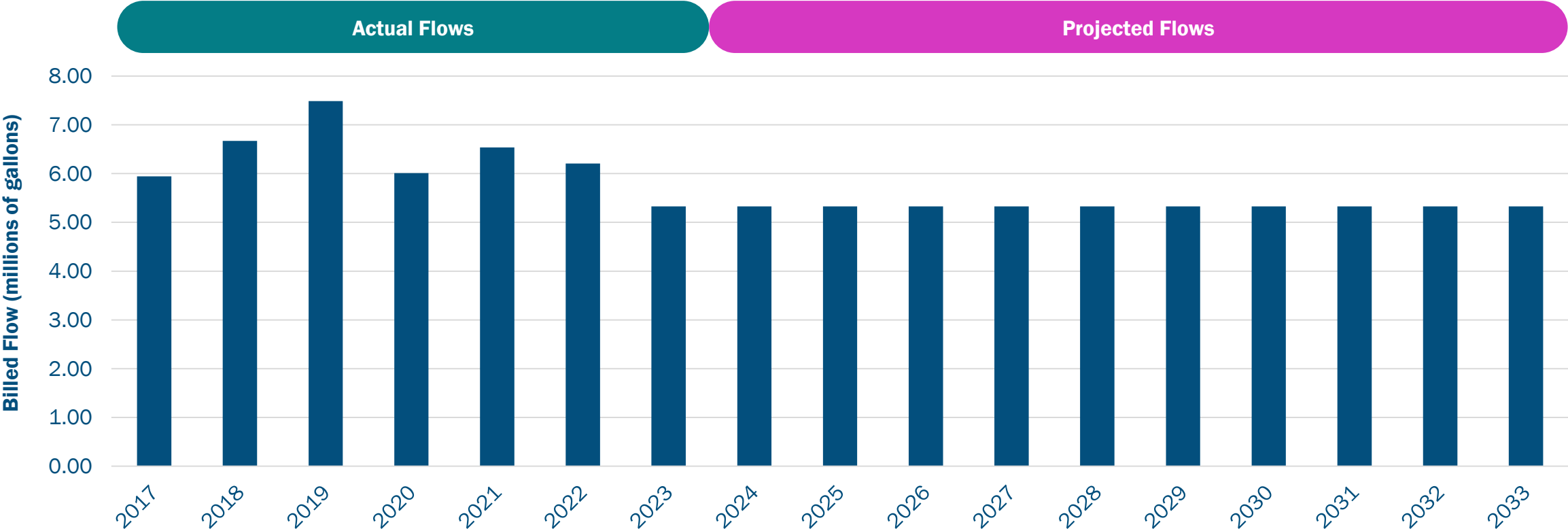
Notes: (1) Data illustrated by Fiscal Year;

# Treated flows at AlexRenew's Water Resource Recovery Facility have decreased or remained relatively flat over the last 20 years



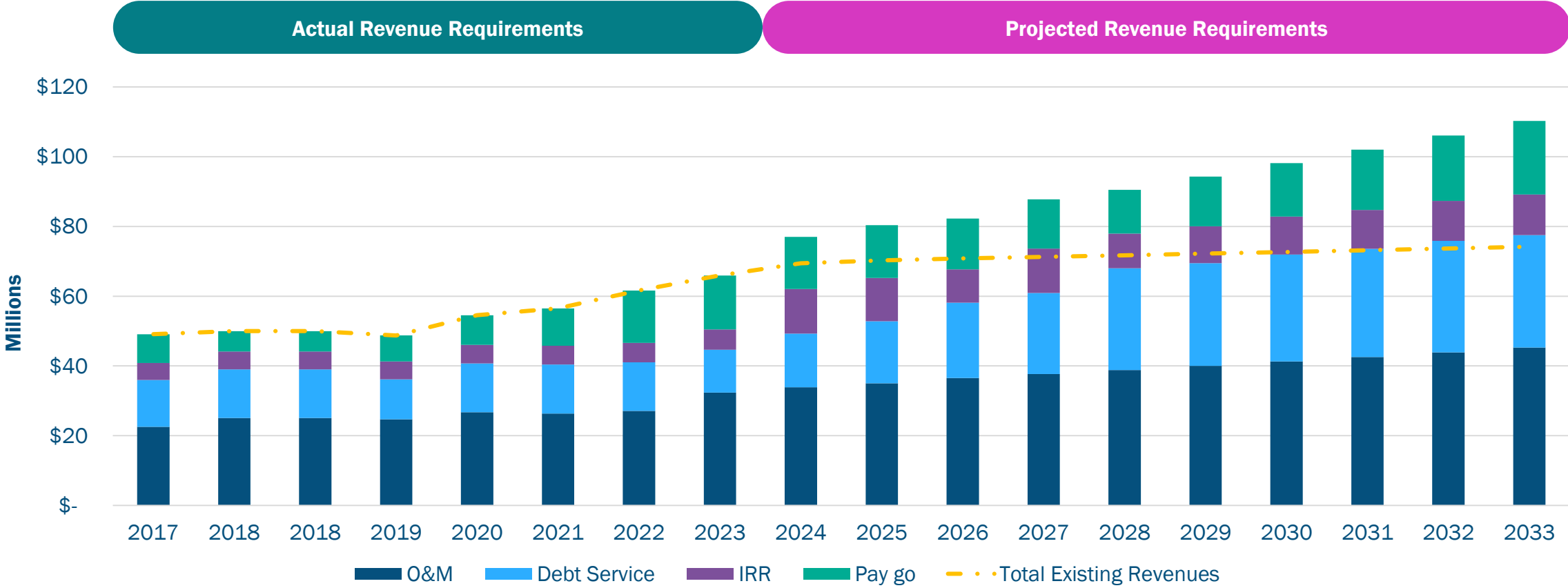
Notes: (1) Data illustrated by Fiscal Year; (2) Fiscal Year annualized in 2019

# Historical Fairfax County billed flows are used to project operating revenues



Notes: (1) Data illustrated by Fiscal Year; (2) Fiscal Year annualized in 2019

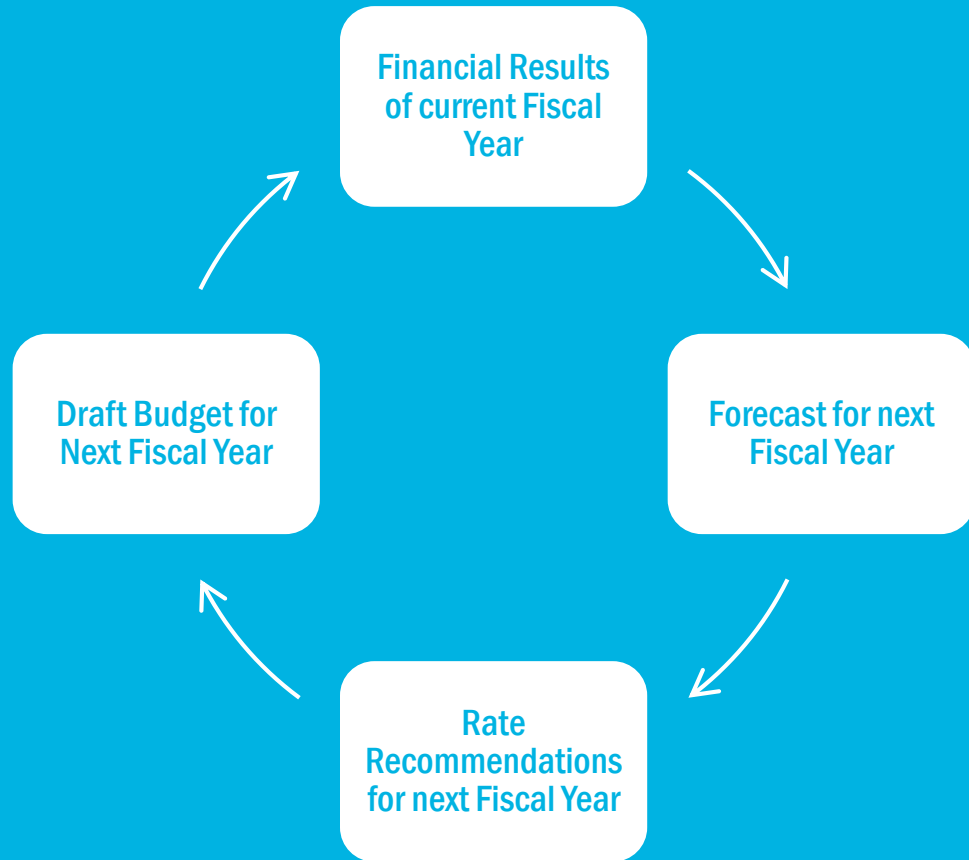
# Why do we do a rate study?



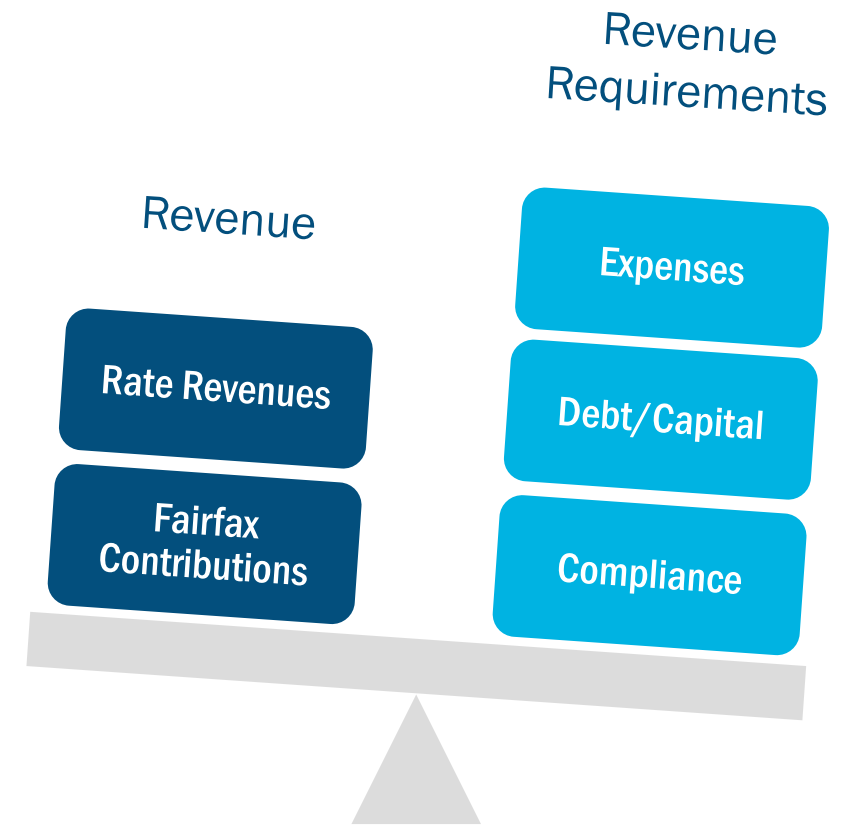
Notes: (1) Data illustrated by Fiscal Year; (2) Fiscal Year adjusted in 2019, represents 9 months of data  
 (3) Pay go: CIP funded through recurring revenues, excludes debt



# AlexRenew rate model planning cycle



# AlexRenew rate model methodology

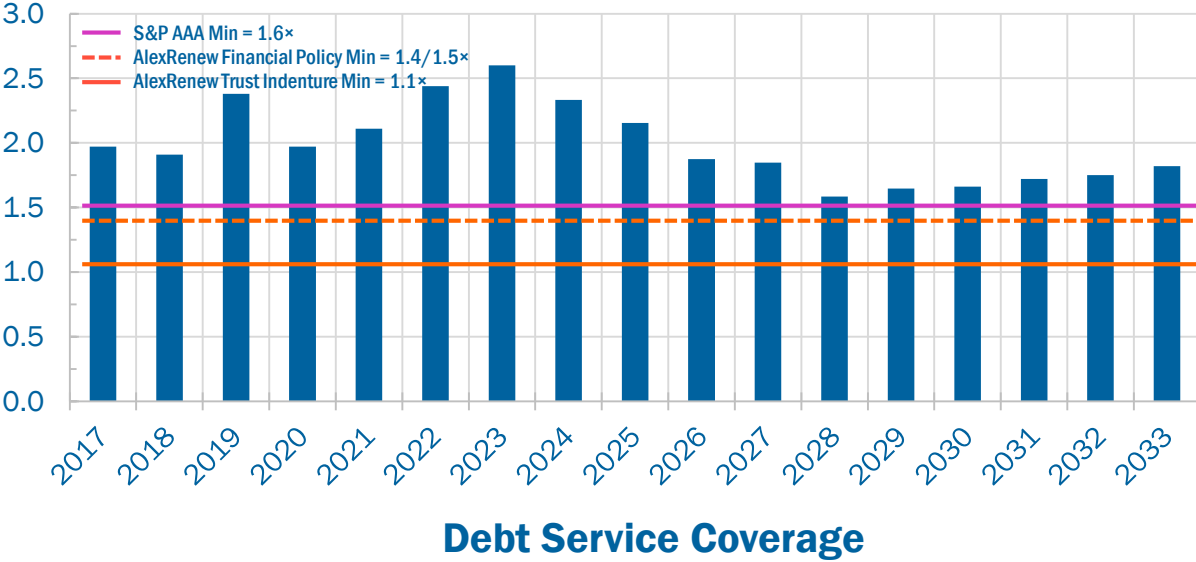


# AlexRenew rate model overview

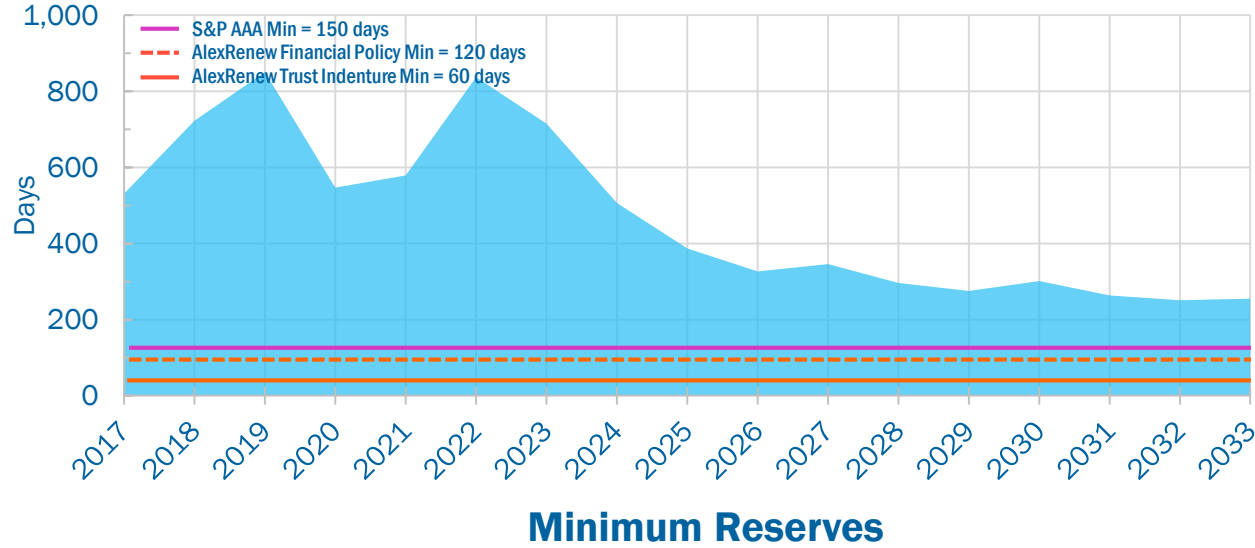


# What are the outcomes of the rate study? Compliance with our financial policies

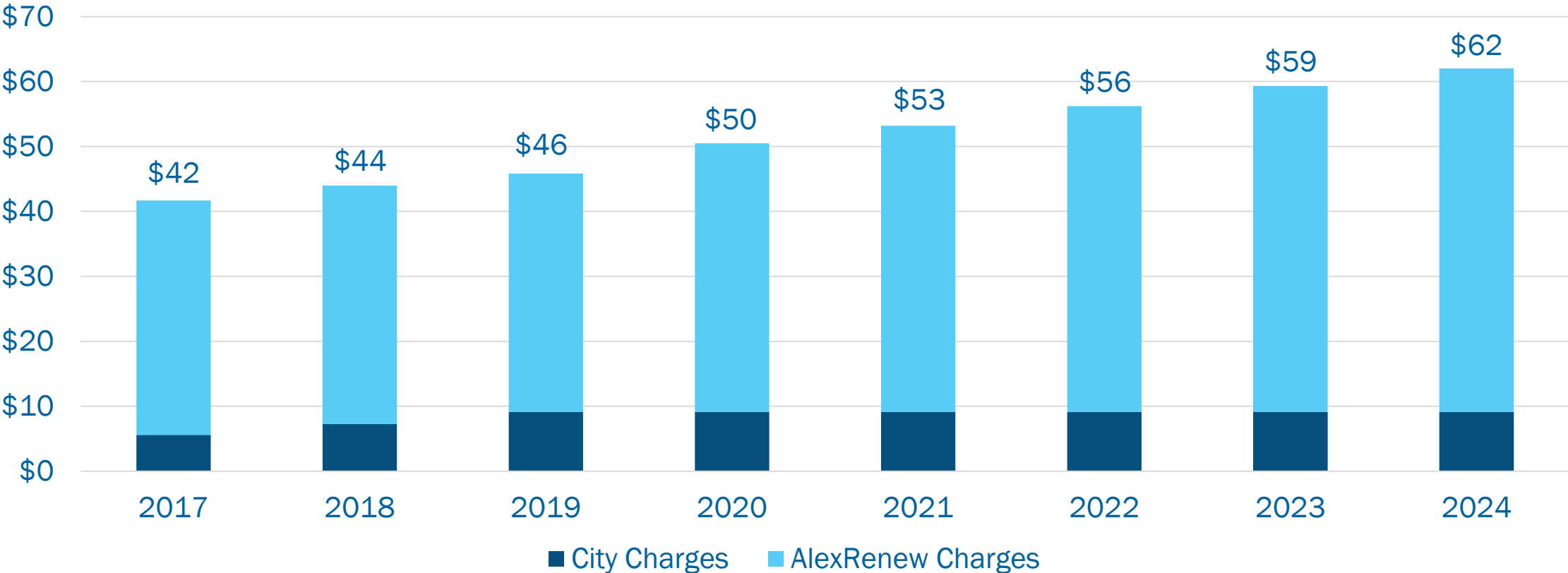
**Actual Coverage**      **Projected Coverage**



**Actual Cash**      **Projected Cash**

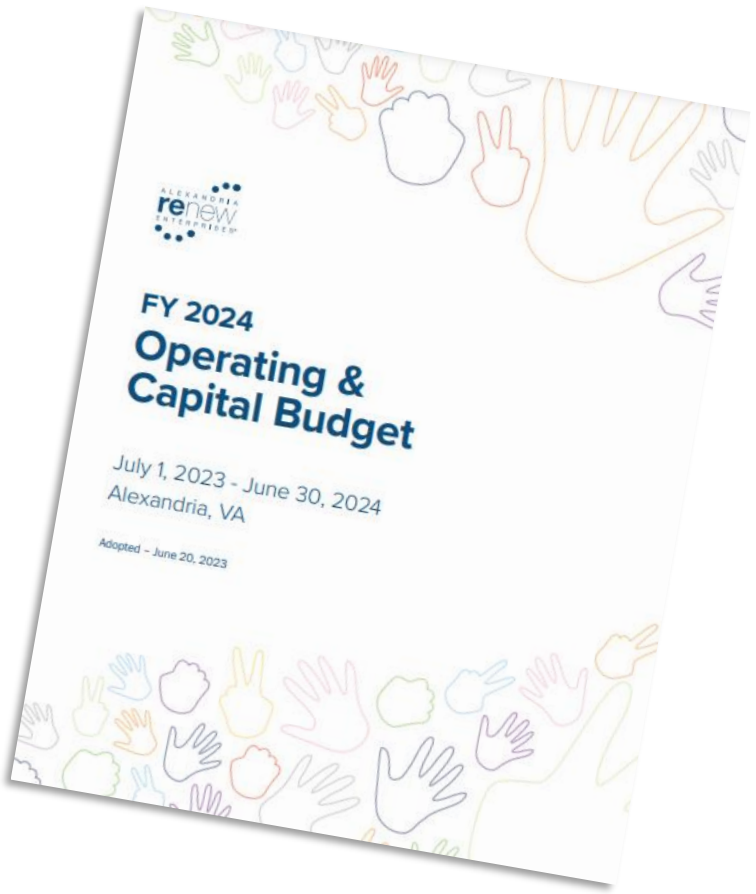
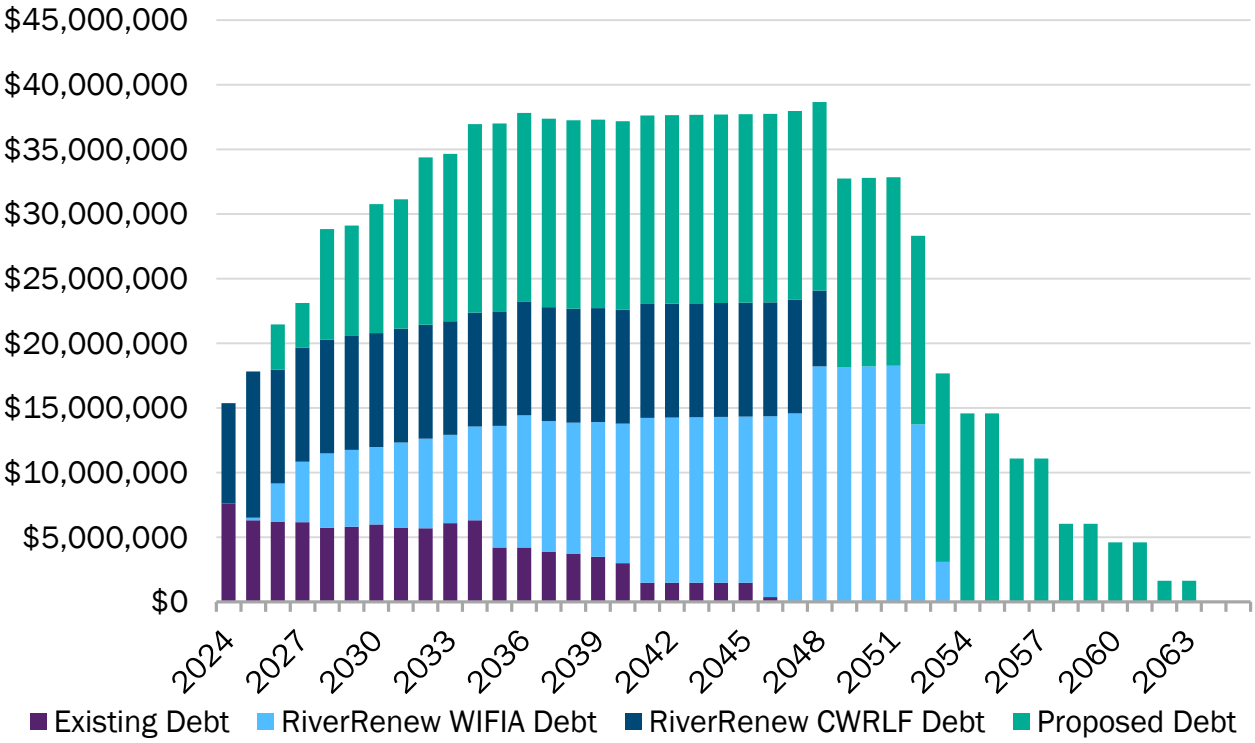


# What are the outcomes of the rate study? Predictable rates for our customers



Notes: (1) Data illustrated by Fiscal Year; (2) 4,000 gallons plus City charge of \$2.28/kgal

# What are the outcomes of the rate study? Support for our annual budget and capital funding planning





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