

Minutes of the 913th Meeting
“Celebrating Over 60 Years of Continuous Environmental Excellence”
AlexRenew Board of Directors
6:00 p.m., Tuesday, December 19, 2023

On Tuesday, December 19, 2023, the AlexRenew Board of Directors held its regular meeting in the Edward Semonian Board Room at 1800 Limerick Street, with the following present:

Members: Mr. John Hill, Chair
Mr. James Beall, Vice Chair
Ms. Adriana Caldarelli, Secretary-Treasurer
Mr. Mark Jinks, Member
Ms. Rebecca Hammer, Member, Electronic via Microsoft Teams

Staff: Mr. Justin Carl, General Manager/Chief Executive Officer
Mr. Lake Akinkugbe, Director of Finance
Mr. Matt Robertson, Director of Communications
Mr. Myles Cooper, Legislative Policy Analyst
Ms. Lorna Huff, Executive Assistant to the Board

Counsel: Ms. Amanda Waters, General Counsel,
McGuireWoods, LLP

Consultants: Ms. Sarah Frey, Director,
PFM Financial Advisors

Fairfax County
Representative: Mr. Shahram Mohsenin, Chief
Wastewater Division

City Representative: Mr. Lu Zhang
T&ES/Sanitary Infrastructure Division

Call to Order

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

Approval of Agenda

The Chair requested that members review and approve the agenda. Mr. Jinks moved and Mr. Beall seconded. The Board unanimously approved.

Public Comment Period

There being no members of the public present and wishing to speak, the Chair closed the public comment period.

Consent Agenda

The Chair requested that members review the Consent Agenda which contained the Minutes of the November 21, meeting. There being no changes to the Minutes, the Chair requested a motion to approve the Consent Agenda. Mr. Beall moved, and Ms. Caldarelli seconded. The Board unanimously approved.

Member and Committee Updates

Community Meetings

The Chair reported that zoning for housing and the proposed new Potomac Yards arena are primary discussion topics in the City. Mr. Beall attended the Del Ray Civic Association's meeting. There were approximately 400 participants online to discuss the proposed new arena in Potomac Yards. He also reported that the new president of the organization is Katie Waynick.

Finance and Audit Committee

Nothing to report.

Governance Committee

Mr. Beall reported that the Committee has submitted the AlexRenew Environmental Policy for approval to the full Board on tonight's agenda under Item #7.

AlexRenew Board Retreat

The Chair recognized Mr. Carl who reviewed items for 2024 including AlexRenew's updated calendar of events. The Finance and Audit Committee will meet in February and March to review and discuss the FY2025 5.1% rate projection and the rate model, and present the FY2025 Preliminary Draft Budget, respectively. He noted the final version of the Annual Report was distributed tonight and a hard copy of the ACFR was included with the Board packet that was mailed. He referenced the read ahead materials for the upcoming Board Retreat and accompanying packet. The Chair requested that members review the materials in advance. The Chair inquired about the dress for the Retreat. Mr. Carl reported that the dress for January 5 team building is casual and for January 6 is business casual.

There being no additional questions or comments, the Chair moved to Unfinished Business.

Unfinished Business

A. Updates on Enhancements to AlexRenew's Payment Assistance Program

Discussion

Mr. Carl recognized Mr. Roberts who provided an overview of AlexRenew payment assistance program enhancements. "Emergency Assistance" will primarily be covered by the Lifeline Emergency Assistance Program (LEAP). The program will be administered by Dollar Energy Fund with a recommended start up goal of \$20,000 for the first year. Dollar Energy assesses an administrative fee of 8.75% which provides the benefits of having the software to streamline the rollout of the program. Dollar Energy also works with local partners including Virginia American Water and provides training to AlexRenew staff.

Initial funding of the program will be through individual and corporate donations. Monthly opt-in contributions and donations from usage of the Environmental Center 6 floor spaces will begin in Spring 2024.

To meet eligibility requirements, a client must be an AlexRenew account holder with a 60-day past due balance of \$100 or more (\$50 for seniors). Income requirements for participants must be less than or equal to 150% of the poverty level. There is a maximum disbursement of \$350 per year with a sincere effort of payment set at \$50 or \$25 for seniors. The Chair inquired about the process for a person seeking assistance. Mr. Roberts reported that a customer would contact AlexRenew's customer service, or a local human services partner. The local partner agencies assess the client's needs and eligibility requirements are verified through the local partner group or Dollar Energy. Once

eligibility is determined, the funds are paid to AlexRenew and the customer pays the required minimum. Mr. Robertson reviewed the program timeline noting the Dollar Energy Implementation should take 1 to 2 months. LEAP customer outreach begins in February through May.

The Chair inquired about when the first disbursements would happen. Staff expects to reach the \$20,000 funding fair quickly, but Dollar Energy will begin the program at \$15,000. Ms. Hammer inquired about the amount currently available. Mr. Carl reported that AlexRenew currently has \$6730.30 with the United Way. As of today, AlexRenew has received 4 donations totaling approximately \$2,550 with 6 to 10 donations pending.

The Chair requested that staff reach out to Board members to assist with advertising the new program. Mr. Carl reported that members will be provided flyers to distribute. Additional program funding will be through a program that AlexRenew participates in with Dominion Energy. Mr. Jinks proposed using online media for advertising. Mr. Roberts reported on program growth opportunities include a bill discount program, arrearage forgiveness and assistance for renters who do not receive a bill from AlexRenew. Ms. Caldarelli inquired about the \$350 annual cap. Mr. Carl reported that the figure came from reducing the impact of RiverRenew on customers' bills. Ms. Hammer inquired if there is data on the average dollar amount of arrearages and if the LEAP flyer would be available in other languages. Mr. Roberts reported that staff could provide the data and that the current flyer is available in Spanish and English. It would be updated to other languages for program participants.

There were no additional questions or comments by members and the Chair moved to new business.

New Business

A. Review and Approve Environmental Justice Policy

Discussion.

The Chair recognized Mr. Beall who reported that the Policy was reviewed and discussed at the prior meeting. Ms. Hammer had no additional comments but was excited about the new policy. Mr. Beall concurred noting it was a good document. Mr. Hill commended the Governance Committee on a well-written document which accurately captures Environmental Justice. Mr. Jinks agreed and inquired about the timetable for assessments of AlexRenew's existing infrastructure. Mr. Carl reported that AlexRenew consultants Brown and Caldwell have already been enlisted to begin the assessments under one of AlexRenew's Basic Ordering Agreements (BOAs). Staff have given them a year to complete the assessments. The Chair requested that the CEO incorporate this language into AlexRenew's public facing policy documents. Mr. Carl reported that once approved by the Board, the Environmental Justice policy will be placed on the website.

There were no additional questions or comments and Mr. Beall moved approval of the Environmental Justice policy, Ms. Caldarelli seconded. The Board unanimously approved.

B. FY2025 Budget Preview and Funding Options

Discussion

The Chair recognized Mr. Carl. who introduced Ms. Sarah Frey from PFM. Ms. Frey has advised staff on AlexRenew's investment and financial policies for 15 years. Mr. Carl reported that Mr. Akinkugbe and Ms. Frey would outline a plan to finance upcoming capital work that has been deferred in the front end of the plant.

Mr. Akinkugbe reviewed AlexRenew's annual budget cycle from budget goals and targets to final presentation to the Board and public hearing. He reviewed important dates in the process with Mr. Carl noting the February 12, Finance and Audit Committee meeting to include a discussion on AlexRenew's winter quarter average based on previous public comments. He reviewed key initiatives and assumptions from the revenue, debt, operating budget, and capital budgets. Members inquired about the assumption of flows returning to pre-pandemic levels, Mr. Carl reported that the trend from 2020 to 2021 was for continued flow decreases but current trends have shown an increase from a low of 4k, to the current 4.45k.

Mr. Akinkugbe recognized Ms. Frey with PFM. Ms. Frey noted that for the Capital projects, there are several sources to view for funding including "PayGo," State and Federal Grants, DEQ (Clean Water Revolving Fund and the Water Quality Improvement Fund); and the WIFIA Program. She reviewed AlexRenew's annual debt service and funding options along with interest rates available for each. She additionally discussed AlexRenew going directly to the bond market and continued use of AlexRenew's interim funding lines of credit.

Staff and PFM recommended to the Board that AlexRenew issue public bonds to support AlexRenew's near term capital investment. The timeline is for June 2024 for a bond sale. Mr. Jinks inquired about competitively bid bonds. Ms. Frey recommended negotiated bonds due to AlexRenew being new to this type of funding. It gives staff the flexibility to pivot in the event of bond market volatility. Mr. Beall inquired about the dollar amount being proposed. Ms. Frey reported that it will need to be refined as AlexRenew goes through the rate and budget cycle. Mr. Hill inquired about the process for selecting the underwriter. Ms. Frey reported that AlexRenew would go through the RFP (Request for Proposal) process and pick a lead, senior managing underwriter and then a few co-managers to participate with them. Mr. Hill inquired whether using this method would require more or less work for the team. Ms. Frey reported it would require more work than in prior years. Mr. Akinkugbe further noted with the Fed signaling they may drop interest rates over the next few years, staff could also refinance this debt to a lower rate.

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

CEO Monthly Outcome Reports

CEO Board Report

Mr. Carl referenced his written report and provided some highlights. He referenced the House bill to extend the RiverRenew mandate striking out 2025 and inserted 2026. The bill was introduced by Delegate Bulova in the House and Adam Ebbin in the Senate. He referenced the talking points and noted the endorsement of the State Water Commission which provides validation to move the bill forward.

RiverRenew is approximately 70% complete with close to \$400 million spent. Hazel is just shy of King Street. He referenced the RiverRenew Dashboard noting a photo of the view from Pendleton Street.

He noted the City introduced a legislative agenda that was approved by the Council. The City's presentation reviewed the CSO legislation. Staff distributed a flyer requesting an additional \$30 million to help with inflationary impacts. He noted that on RiverRenew, the staff has already spent \$18 million to support the contractor with inflationary costs so staff is requesting to get reimbursed.

Mr. Hill referenced the SAG (Stakeholder Advisory Group) and Council Board Workgroup meetings for January. Mr. Jinks inquired about the rainfall and impacts on the plant. Mr. Carl reported that the area

had two storms and intense rain over the past two Sundays. The plant was at high flow for 12 hours with a peak flow of 104 mgd. The Chair requested that members think about the upcoming visioning session and consider the vision out to 2060.

There being no additional business the Chair requested a motion to adjourn. Mr. Beall moved, and Ms. Caldarelli seconded. The Board unanimously approved.

The meeting was adjourned at 7:28 p.m.

APPROVED:



Secretary-Treasurer