



1800 Limerick Street
Alexandria, VA 22314
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

Tuesday, March 19, 2024 – 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 Executive Assistant at (703) 721-3500 ext. 2260 or 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 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 February 20, 2024 meeting (Tab 1)		
	b. Review and Approve Professional Engineering Services to Support Preliminary and Primary Systems Upgrade (Tab 2)		
5.	Member and Committee Updates (6:15 p.m.)	Chair	Information
	a. Community Meetings (Tab 3)		
	b. Finance & Audit Committee		
	i. Recommend Fiscal Year 2025 Operating and Capital Budget and Rates, Rules, and Regulations (Tab 4)		
	c. Governance Committee		
	i. Review Recommended Updates to Board Committees Policy and Financial Policy (Tab 5)		
	ii. Discuss Board Compensation Philosophy		
6.	Unfinished Business (6:30 p.m.)	Chair	Information
	a. Review Memorandum Outlining Legal Requirements Related to Funding a Customer Assistance Program with Rate Revenue (Tab 6)	Ms. Waters	
7.	New Business (7:00 p.m.)	Chair	Information
	a. Overview of Environmental Justice Assessment (Tab 7)	Mr. Carl	
8.	AlexRenew Monthly Outcomes Update (7:25 p.m.) (Tab 8)	Mr. Carl	Information
9.	Adjourn (7:35 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, April 16, 2024.

Minutes of the 915th Meeting
"Celebrating Over 60 Years of Continuous Environmental Excellence"
AlexRenew Board of Directors
6:00 p.m., Tuesday, February 20, 2024

On Tuesday, February 20, 2024, the AlexRenew Board of Directors held its regular meeting in the Edward Semonian Board Room at 1800 Limerick Street, and broadcast via Microsoft Teams, with the following present:

Members: Mr. John Hill, Chair
Mr. James Beall, Vice Chair
Mr. Mark Jinks, Member
Ms. Becky Hammer, Member

Absent: Ms. Adriana Caldarelli, Secretary-Treasurer

Staff: Mr. Justin Carl, General Manager/Chief Executive Officer
Ms. Amanda Waters, General Counsel and Deputy General Manager
Ms. Caitlin Feehan, Chief Administrative Officer
Mr. Dave Roberts, Chief Information Technology Officer
Mr. Lake Akinkugbe, Director of Finance
Mr. Matt Robertson, Director of Communications
Ms. Lorna Huff, Executive Assistant to the Board

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

City Representative: Ms. Erin Bevis-Carver, Division Chief,
Sanitary Infrastructure Division

1. Call to Order

The Chair called the meeting to order at 6:02 p.m.

2. Approval of Agenda

The Chair requested a motion to approve the agenda. Mr. Jinks moved. Mr. Beall seconded. The Board unanimously approved.

3. Public Comment Period

There were 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 January 16, 2024. There being no changes to the Minutes, the Chair requested a motion to approve. Ms. Hammer moved and Mr. Beall seconded. The Board unanimously approved.

5. Member and Committee Updates

a. Community Meetings

The Chair attended the first meeting of the Federation of Civic Associations. The meeting was informative and members appreciated AlexRenew's attendance. He noted a few complaints about billing delays and the customer service migration. The Association chair was impressed with AlexRenew's quick response to those issues. Staff continues to monitor the Association website for issues related to AlexRenew.

b. Finance and Audit Committee

Mr. Jinks reported on the Finance and Audit Committee meeting last week. Members discussed the five options presented on AlexRenew's winter quarter average issue. Members agreed to delay voting on a recommendation until a meeting of the full Board.

c. Governance Committee

Mr. Beall reported that the Committee revised AlexRenew's Financial Policy and structure. New language has been circulated to Mr. Jinks and to Ms. Waters for review and comments.

d. Environmental Justice Policies – Translated versions

The Chair recognized Mr. Carl who referenced the Environmental Justice Policy in 3 translations, Spanish, Arabic, Amharic. These first translations were performed in-house by one of AlexRenew's consultants. If members agree, staff will post the translations on the AlexRenew website. Staff plans to translate and post larger documents such as the Strategic Plan and Annual Report. Staff and members could discuss translating and posting other documents at Governance Committee meetings. Mr. Jinks suggested translating budget summaries instead of the full Budget

6. Unfinished Business

a. Review AlexRenew's Winter Quarter Average.

Mr. Carl reviewed the five options presented at the Finance and Audit Committee meeting where members requested that staff present a hybrid option by combining options 3 and 4. He reported that 3 and 4 hybrid options set the cap based on average usage between December and February. New customers would be based on actual usage until the winter quarter average is established.

The recommendation from the Finance and Audit Committee was option 3 which kept the criteria. Residents with a zero read in any of the three months are not eligible for the winter quarter average cap. Minimum average usage would have to be 1,000 gallons. This program provides the best equity among users. Revenue impacts for both the City and AlexRenew are approximately .25 or \$110,000. Mr. Hill clarified that accounts with a zero read will not be eligible. Ms. Hammer inquired about the 1,000-gallon usage. Mr. Carl reported that staff uses a formula of 40 gallons per day times 31. The Chair inquired from Mr. Jinks if members should vote on this tonight. Mr. Jinks noted that a vote tonight allows staff to incorporate into the proposed budget and rate structure. Mr. Carl reported that if a motion is made tonight, staff will coordinate with the City which has adopted the winter quarter average. Ms. Bevis-Carver's team would move through Council. Staff would make these changes as part of our upcoming budget process for July 2024 approval.

Members discussed the pros and cons of the policy and concurred it provides the most equity. There being no additional questions or comments, the Chair requested a motion from the Finance and Audit Chair. Mr. Jinks moved approval of option 3 for adoption on July 1, 2024. Mr. Beall seconded. The Board unanimously approved.

Ms. Hammer inquired if staff could contact Mr. Randy Rockwitt who brought this issue to the Board, to inform him that staff has adopted a new winter quarter average policy.

b. Strategic Plan 2024-2060

The Chair recognized Mr. Carl who thanked the Board for meeting last month and setting the AlexRenew vision for the next 40 years of the organization. Staff want to develop that vision and the strategic goals into a five (5) year Strategic Plan. Staff have created objectives around each of the goals and developed an internal business plan. Prior to finalizing the document, staff wanted Board feedback on the objectives to ensure alignment with the intent of the goals. Mr. Carl requested that members review the Plan and provide feedback on the objectives by Wednesday, February 28.

7. New Business

a. Overview of AlexRenew's Cybersecurity Framework

The Chair recognized Mr. Carl who introduced Mr. Roberts, AlexRenew Chief of Information Technology. Mr. Roberts is responsible for AlexRenew's Information Technology systems that include hardware, customer service and SCADA (Supervisory Control and Data Acquisition) systems which control the instrumentation at the plant.

Cybersecurity is the practice of protecting systems from attacks, unauthorized access, damage, and theft, while ensuring business continuity. Mr. Roberts reviewed federal standards levels associated with cybersecurity. He noted that cybersecurity standards have not been established in the water and wastewater sector. He reviewed some of the challenges for cybersecurity, and the four types of attacks the threat level for each.

He reviewed AlexRenew cybersecurity goals including a "security first" culture and continued investment in cybersecurity.

The Chair thanked Mr. Roberts for his presentation and inquired about certifications in cybersecurity. Mr. Roberts reported that staff will use an independent company to review AlexRenew's current systems and processes and then make recommendations for improvements. He also reported that pending the completion of AlexRenew cybersecurity improvements, staff will perform penetration tests to determine vulnerabilities in AlexRenew's cybersecurity framework. There being no further questions or comments, the Board moved to the Ellen Pickering Award Selection Committee.

b. Ellen Pickering Environmental Excellence Award

The Chair referenced the Ellen Pickering Environmental Excellence Award noting that Ms. Hammer had already volunteered to represent AlexRenew on the selection committee. She reported that she is looking forward to the opportunity. Mr. Robertson reviewed the timeline of events leading to the presentation of the award on Saturday, April 21. The Chair moved for the approval of Ms. Hammer as the volunteer for the Ellen Pickering Environmental Excellence Award Selection Committee. Mr. Jinks seconded. The Board unanimously approved.

8. Monthly Outcomes Update

The Chair recognized Mr. Carl who referenced the last page of the RiverRenew Dashboard that Jamieson Street is expected to reopen on March 4. He noted weather and construction delays on this construction project. Council Board Workgroup and SAG have been informed about the new date for the reopening.

The Chair encouraged all members to go by the worksite at Hooffs Run if possible. Mr. Carl reported there are 800 feet of mining left in the waterfront tunnel project. AlexRenew launched the new and improved version of Moxie in the lobby and online.

Closed Session

At 7:07 p.m., the Chair, Pursuant to Section 2.2-3711 of the Code of Virginia, moved the Board into a closed session to discuss a personnel matter. Hammer seconded. The Board unanimously approved.

At 7:45 p.m. the meeting returned to open session, and the following certification was unanimously adopted by the members: "Pursuant to 2.2-3712(D) of the Virginia Freedom of Information Act, it is hereby certified that to the best of each Member's knowledge, (1) only public business matters lawfully exempted from the open meeting requirements of the Act, and (2) only public business matters identified in the motion by which this closed meeting was convened were heard, discussed, or considered by Alexandria Renew Enterprises."

Mr. Hill moved, and Mr. Beall seconded. All Members present voted via roll call:

Mr. Hill	Aye
Mr. Beall	Aye
Ms. Hammer	Aye
Mr. Jinks	Aye
Ms. Caldarelli	Absent

The Chair moved to approve the action discussed in the closed session. Mr. Beall seconded. The Board unanimously approved.

There being no additional business, the Chair requested a motion to adjourn. Ms. Hammer moved and Mr. Beall seconded. The Board unanimously approved. The meeting was adjourned at 7:50 p.m.

APPROVED:

Secretary-Treasurer



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AlexRenew.com f @ in

MEMORANDUM

TO: AlexRenew Board of Directors

THROUGH: Justin Carl, General Manager and CEO

FROM: Felicia Glapion, Chief Engineering Officer

DATE: March 19, 2024

SUBJECT: *Consent Agenda, Joint Use*
Review and Approve Award of Contract 24-020 to GHD, Inc. for Professional Engineering Services Associated with the Preliminary and Primary Systems Upgrade Project

Issue

AlexRenew requires a multiphase professional engineering services contract to complete the design of the Preliminary and Primary Systems Upgrade (PPSU) Project.

Recommendation

Staff respectfully requests the Board of Directors authorize the Chief Executive Officer (CEO) to execute a contract with GHD, Inc. for multiphase professional engineering services to support the design of the PPSU Project.

Budget and Funding

Funding for the PPSU Project was included in the approved Fiscal Year (FY) 2024 budget and is proposed in the FY2025 capital budget. The budget for GHD's Year 1 scope of services (April 1, 2024 through June 30, 2024) is \$811,000.

Discussion

AlexRenew issued Request for Proposals (RFP) 24-020 for professional engineering services to support the PPSU Project as a competitive negotiation in accordance with the Virginia Public Procurement Act § 2.2-4302.2 on November 6, 2023. Following the evaluation of three (3) proposals using the criteria outlined in the RFP, GHD was selected as the highest-ranked respondent. Following selection, staff negotiated a satisfactory contract at a price considered fair and reasonable and pursuant to contractual terms and conditions. Therefore, staff requests award of the contract to GHD. The professional services contract will be in place for the duration of the PPSU Project and may be extended to include resident engineering and inspection services at a future date.

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 December 20, 2023

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



AlexRenew

Finance and Audit Committee Meeting

FY2025 Preliminary Draft Budget

March 18, 2024

DRAFT



Outline of today's presentation

- Background
- FY2023 Audit Recommendations
- FY2025 Preliminary Draft Budget
- 10-Year Capital Improvement Program
- Next Steps
- Questions and Answers

AlexRenew's Strategic Plan

Vision

Every drop of water contributes to a thriving community and healthy environment for all

Mission

Treat wastewater to protect public health and the waterways that connect us

Strategic Goals

Operational Excellence

Taking proactive steps to meet current and future challenges

Thriving Workforce

Investing in our staff and fostering a culture of belonging

Strategic Partnerships

Promoting watershed-level thinking through collaboration and advocacy

Environmental Sustainability

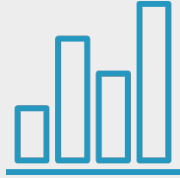
Being good stewards of our resources to minimize our impact on the environment

Commitment to the Community

Strengthening connections with the public and providing affordable service



AlexRenew's annual budget is based on 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

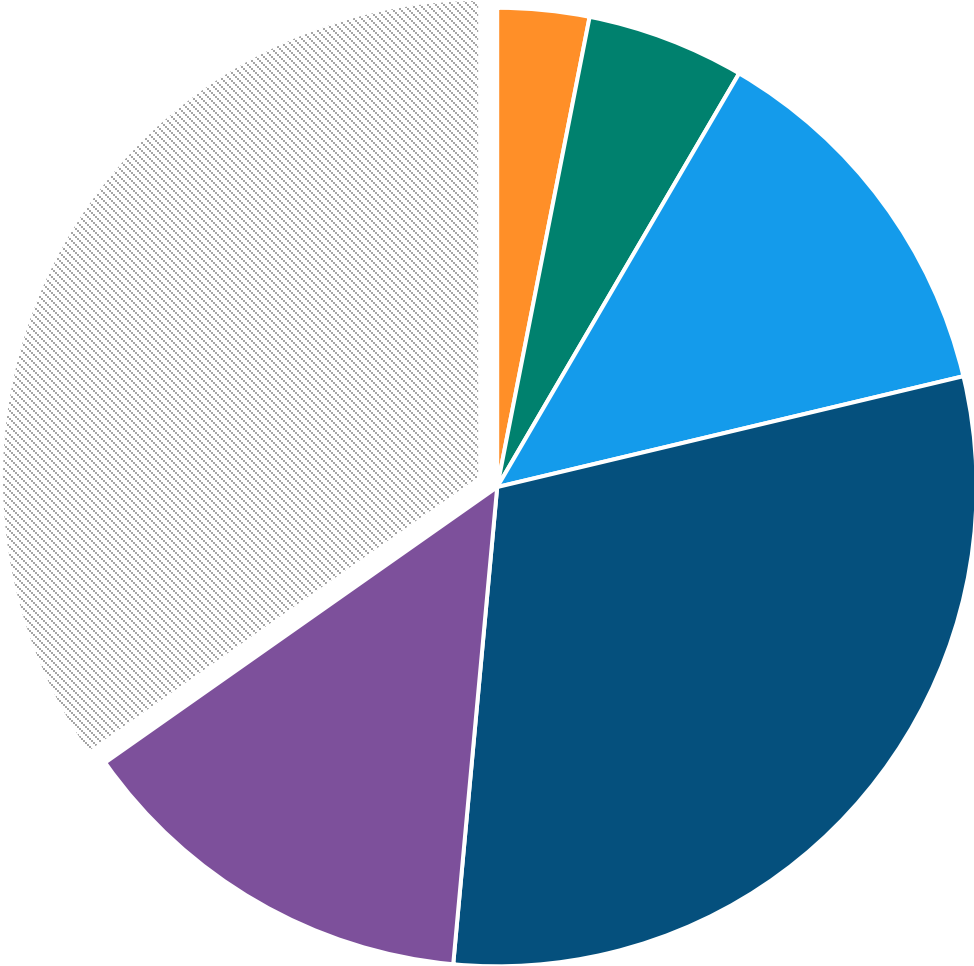


Submit 10-year Capital Improvement Program and 3-year budget forecast

Summary of FY2023 audit recommendations

Audit Recommendation	Status
Include a secondary reviewer for capital asset additions to avoid invoice duplication	Complete
Maintain alternative capital asset additions documentation if invoices not received on time	Complete
Obtain a detailed aging report from new billing vendor to reconcile to general ledger each month	Complete
Include a secondary reviewer to approve all journal entries	Complete
Monitor on a monthly basis that WIFIA spending does not exceed 49% of total RiverRenew costs	Complete
Develop an unclaimed property listing policy to ensure yearly submission of this report, if needed	Complete
Formalize approach to comply with Governmental Accounting Standards Board (GASB) Statement No. 96 for Subscription-based Information Technology Arrangements	Complete

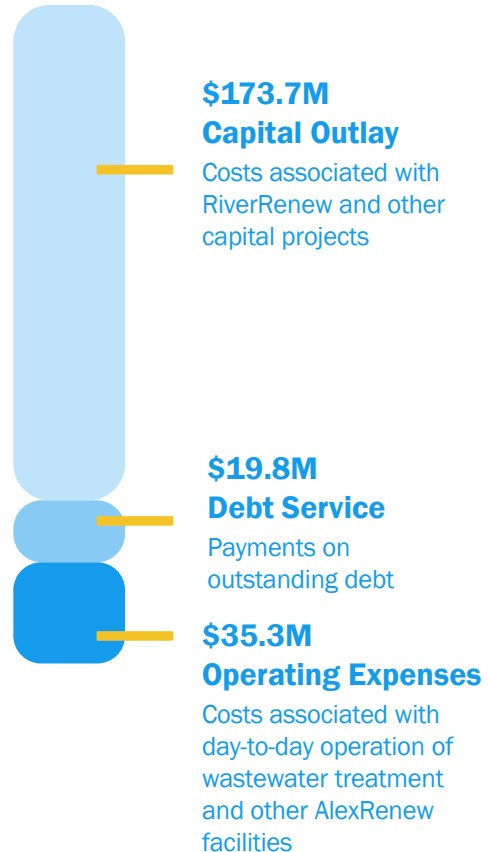
Breakdown of RiverRenew program spending through January 2024



Source	Spend to Date (\$M)	% of Total Spend to Date
■ Virginia Clean Water Revolving Loan Fund	\$185.6	46.2%
■ Water Infrastructure Finance and Innovation Act	\$79.1	19.7%
■ State Grants	\$84.8	21.1%
■ PayGo	\$19.0	4.7%
■ Fairfax Contribution	\$32.9	8.2%
Total Spent to Date	\$401.3	
▨ RiverRenew funds remaining (\$213.8M)		

AlexRenew FY2025 Preliminary Draft Budget Snapshot

Expenses | \$228.8M

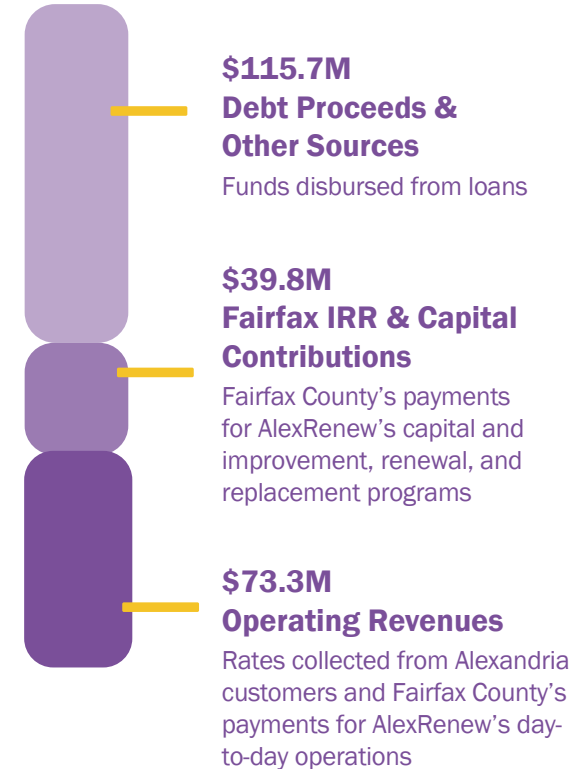


Initiatives

- 19% decrease in **Capital Outlay** due to RiverRenew spending
- 20% increase in **Debt Service** to support RiverRenew, Solids Upgrade, and PPSU
- 7% increase in **Operating Expenses** to support workforce investments



Revenues | \$228.8M



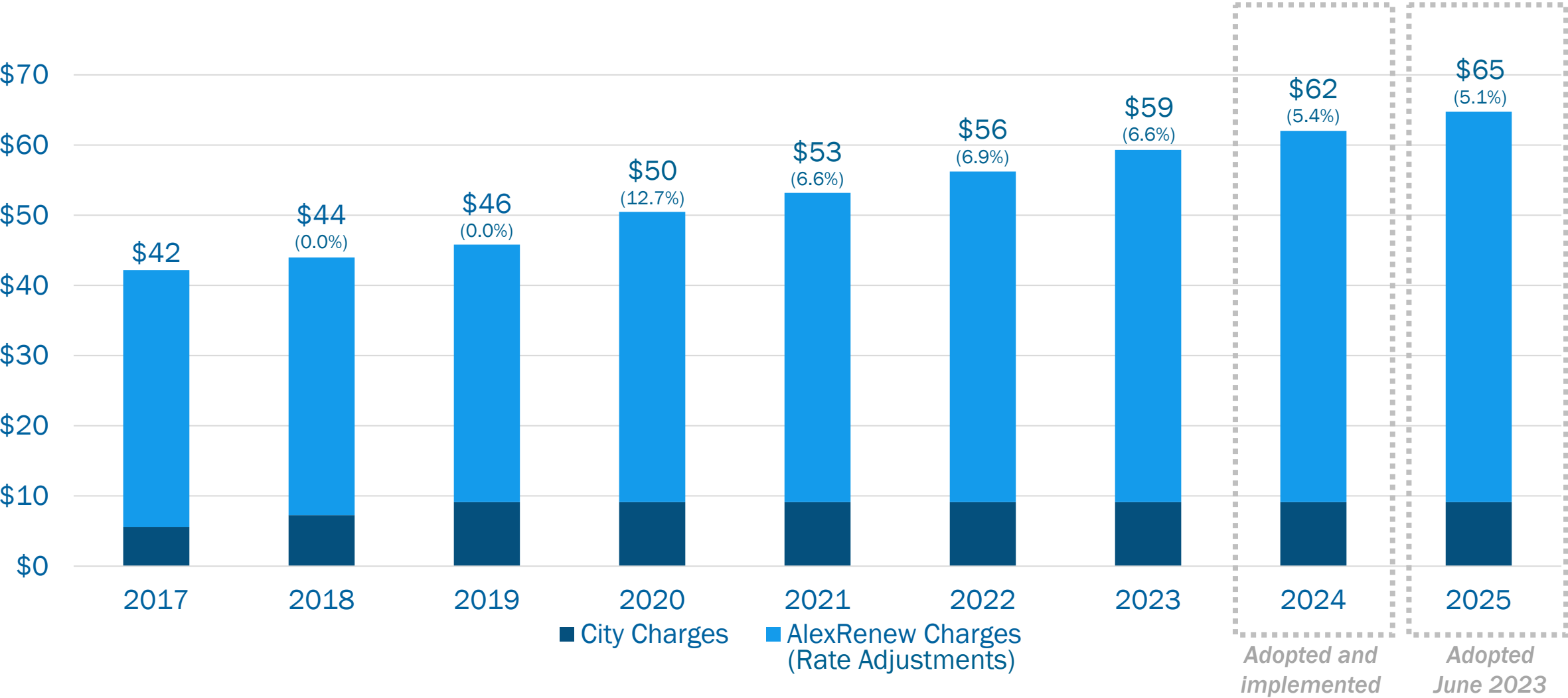
Initiatives

- 10% increase in **Operating Revenues** due to billed flows returning to pre-pandemic levels and rate increase to support RiverRenew

FY2025 preliminary draft revenues are primarily driven by debt to support RiverRenew spending

Revenues	FY2024	FY2025	Var%	FY2025 Revenue Drivers
Operating Revenues	\$66.4M	\$73.3M	10.2%	✓ FY2024 actual trend and rate adjustment increase
Fairfax IR&R and Capital Contributions	\$36.4M	\$39.8M	9.4%	✓ Supports RiverRenew spending and new capital projects
Debt Proceeds and Other Sources	\$159.9M	\$115.7M	-27.7%	✓ Supports decrease in RiverRenew spending
Total	\$262.8M	\$228.8M	-12.9%	

FY2024 and FY2025 rates were adopted in June 2023 to support continued investment in RiverRenew



Notes: (1) Data illustrated by Fiscal Year; (2) 4,000 gallons plus City charge of \$2.28/kgal; (3) % increases apply to only AlexRenew Charges

Per the rates adopted by the Board in 2023, a 5.1 percent rate adjustments will take effect on July 1, 2024

Meter Size	Existing	Adopted FY2025
Base - Residential	\$13.85	\$14.57
Base - Commercial		
5/8"	\$41.55	\$43.68
3/4"	\$41.55	\$43.68
1"	\$103.87	\$109.19
1-1/2"	\$207.74	\$218.38
2"	\$332.39	\$349.41
3"	\$623.23	\$655.14
4"	\$1,038.72	\$1,091.90
6"	\$2,077.43	\$2,183.80
8"	\$3,323.89	\$3,494.08
Flow	\$9.76	\$10.26
AlexRenew Monthly Residential Bill, 4,000 gallons ¹	\$52.89	\$55.61
Change in \$	-	\$2.72
Change by %	-	5.1%

¹ Excludes City charge

As part of the FY2025 budget cycle, AlexRenew is proposing to make minor modifications to its Winter Quarter Average, effective July 1, 2024

What is the Winter Quarter Average? The Winter Quarter Average (WQA) is a customer’s average monthly metered water consumption (gallons) over December, January, and February. The WQA is used to set a monthly wastewater billing cap that limits the inclusion of water for outdoor uses, i.e. irrigation, which typically does not enter the wastewater collection system.

	Current Policy	Proposed Policy
Description	<ul style="list-style-type: none"> Two caps: average usage between Dec-Feb or 4,000 gal, whichever is greater 	<ul style="list-style-type: none"> Eliminate 4,000 gal cap Set cap based on average usage between Dec-Feb
Eligibility requirements	<ul style="list-style-type: none"> Single-family residential 	<ul style="list-style-type: none"> Single-family residential Minimum average usage of 1,000 gal per month (Dec-Feb) Accounts with a zero read in any of the 3 months will not be eligible for winter average Accounts not eligible for winter average are billed based on usage
New residential customers	<ul style="list-style-type: none"> Bill based on water usage (maximum billed is 4,000 gal per month) 	<ul style="list-style-type: none"> Bill based on water usage until winter average is established (maximum billed is 12,000 gal per month)
Estimated revenue impact	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> \$113K decrease in revenue in FY2025

FY2025 preliminary draft operating expenses increased to support our personnel, information technology infrastructure, and treatment services

Operating Expenses	FY2024	FY2025	%Var	FY2025 Operating Expenses Increase Drivers
Personnel	\$16.1M	\$17.2M	6.9%	<ul style="list-style-type: none"> Increase primarily due to investments in employees to remain competitive in the market
Utilities	\$4.2M	\$4.2M	0.2%	<ul style="list-style-type: none"> Remains largely the same as prior year's budget
Chemicals	\$3.3M	\$3.6M	6.7%	<ul style="list-style-type: none"> Increase due to higher cost
Operation Maintenance	\$1.1M	\$1.6M	38.1%	<ul style="list-style-type: none"> Reallocation of expenses from other category
Arlington Sewage Disposal	\$1.5M	\$1.8M	17.8%	<ul style="list-style-type: none"> Increase due a higher operating budget from Arlington
Sludge Disposal	\$1.3M	\$1.4M	4.9%	<ul style="list-style-type: none"> Remains largely the same as prior year's budget
General, Admin, Customer Service and Other	\$5.4M	\$5.5M	2.8%	<ul style="list-style-type: none"> Remains largely the same as prior year's budget
Total	\$33.0M	\$35.3M	6.9%	

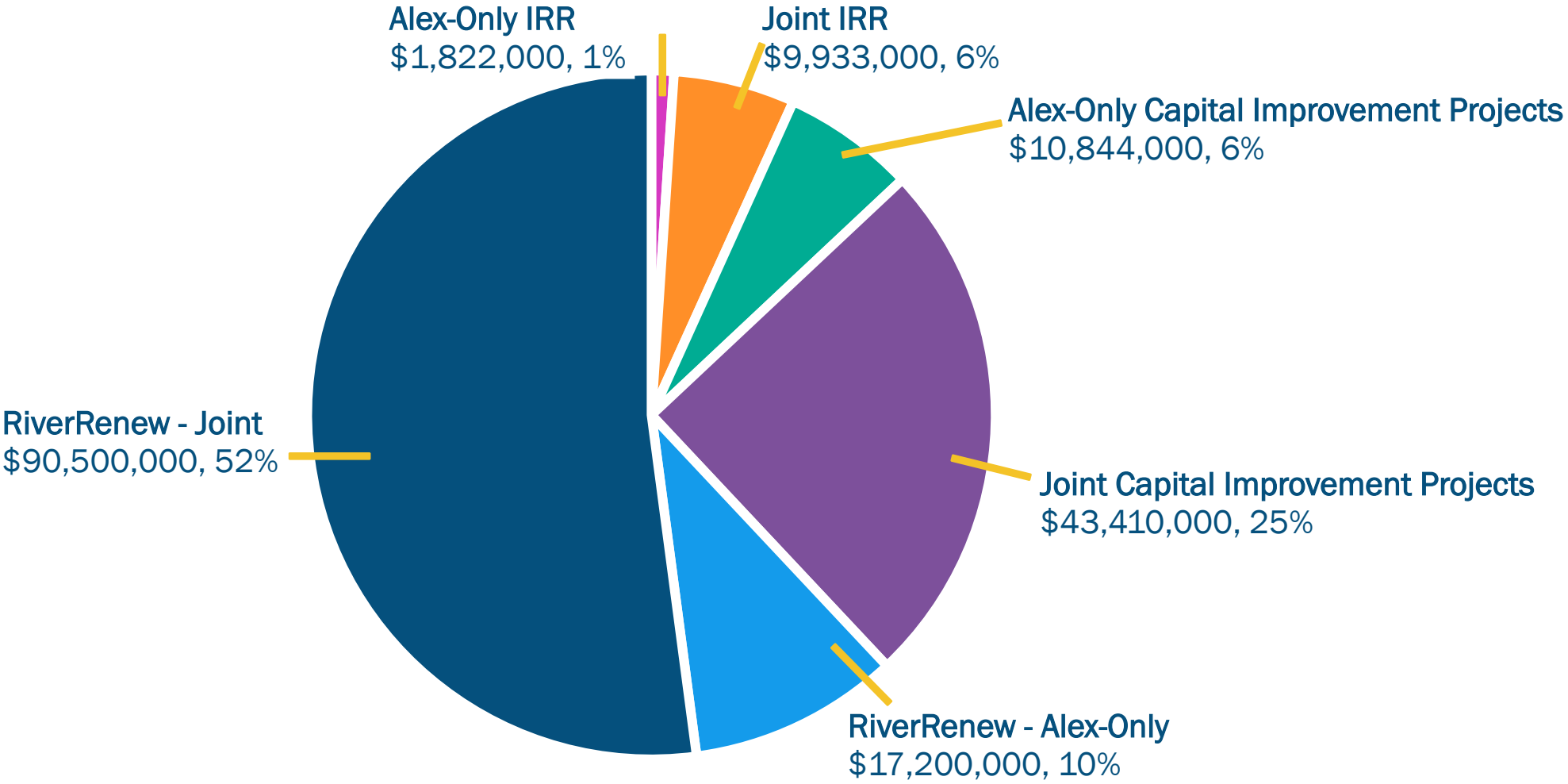
Comparison of FY2024 and preliminary draft FY2025 personnel costs

Personal Category	FY2024 Budget	FY2025 Budget	
Full Time Equivalent (FTE)	124.5	125.0	
Salaries and Wages	\$12.2M	\$12.6M	Primarily driven by employee compensation adjustments
Fringe Benefits			
Health & Wellness	\$1.9M	\$2.2M	
Life	\$0.04M	\$0.05M	
Retirement	\$1.1M	\$1.4M	
FICA	\$0.9M	\$1.0M	
Total Fringe Benefits	\$3.9M	\$4.6M	Primarily driven by higher retirement rates
Total Personnel Costs	\$16.1M	\$17.2M	

FY2025 preliminary draft capital outlay decreased from prior year due to RiverRenew spending

Capital Outlay*	FY2024	FY2025	%Var	FY2025 CIP Drivers
IRR – Alex Only	\$0.2M	\$1.8M	997.6%	<ul style="list-style-type: none"> Supports collection system projects
IRR - Joint	\$10.7M	\$9.9M	-6.7%	<ul style="list-style-type: none"> Offset to CIP for major upgrades on solids, preliminary, and primary systems
CIP – General (Alex Only)	\$8.2M	\$10.8M	32.5%	<ul style="list-style-type: none"> Remains relatively flat to prior year’s budget
CIP – General (Joint)	\$31.2M	\$43.4M	39.2%	<ul style="list-style-type: none"> Solids Upgrades Program, PPSU, Tertiary Filter Upgrades, and Information Technology projects,
CIP – RiverRenew – Alex Only	\$69.7M	\$17.2M	-75.3%	<ul style="list-style-type: none"> Project nearing completion
CIP – RiverRenew – Joint	\$92.5M	\$90.5M	-2.2%	<ul style="list-style-type: none"> Project nearing completion
Total	\$212.5M	\$173.7M	-18.2%	

AlexRenew's preliminary draft FY2025 capital expenditures continue to be largely driven by RiverRenew



Solids Upgrade Program Overview

- Upgrade solids processes to improve reliability and plan AlexRenew's solids future
- FY2025 work:
 - Construction Manager At-Risk (CMAR) procurement
 - Final design and preconstruction services (CMAR)
 - Evaluation of long-term recommendations
- Budget:
 - FY2025 – \$8.9 million
 - Total capital – \$202.4 million
- Schedule: FY2022-2034

Preliminary and Primary System Upgrades Project Overview

- Upgrade the existing preliminary and primary treatment processes to improve operational performance and reliability
- FY2025 work:
 - Construction Manager At-Risk (CMAR) procurement
 - Final design and preconstruction services (CMAR)
- Budget:
 - FY2025 – \$12.4 million
 - Total capital – \$84.5 million
- Schedule: FY2021-2029

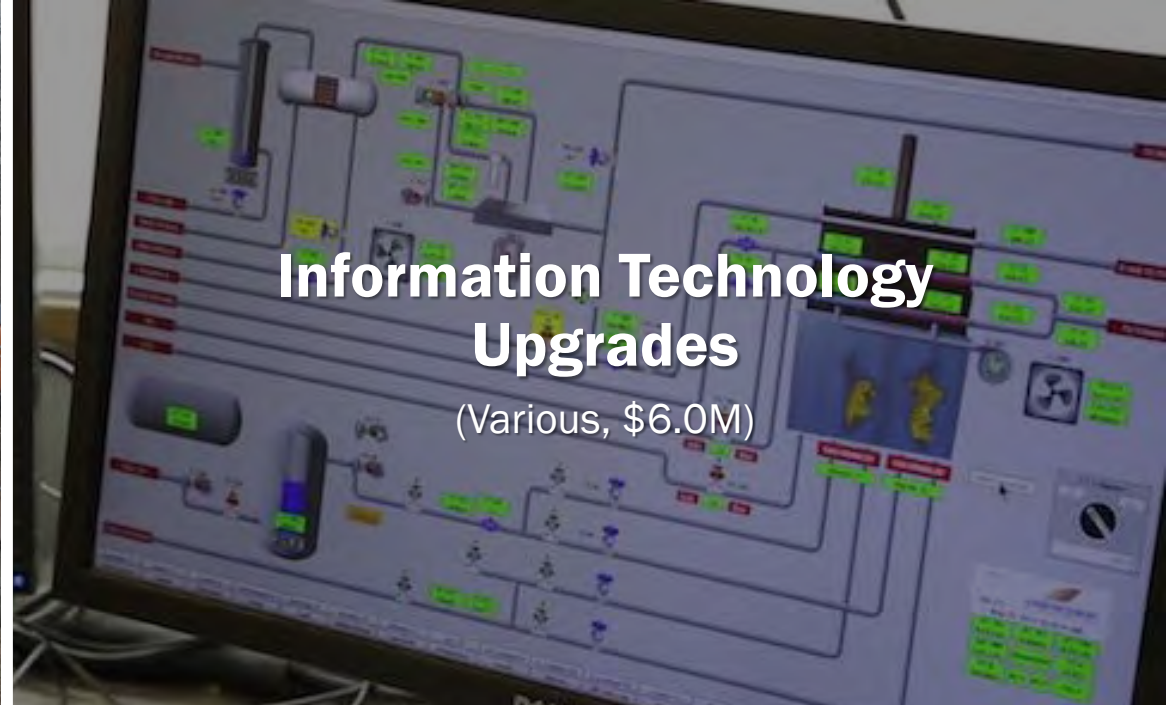
Additional
major FY2025
AlexRenew
capital
projects

Note: Phase and spend
reflective of FY2025



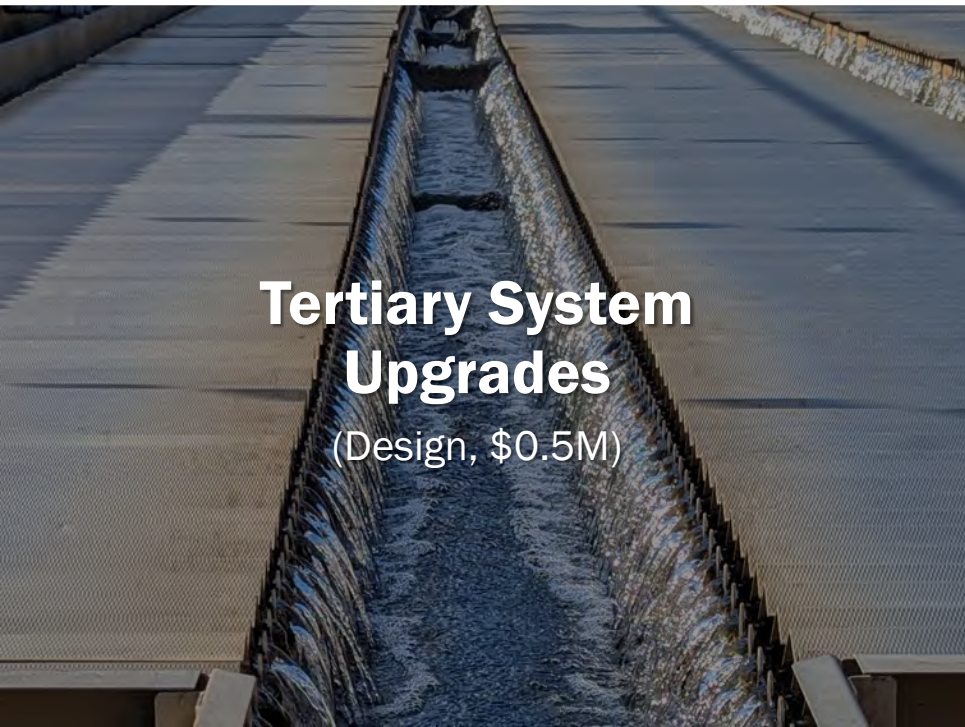
**Holmes Run Trunk
Sewer Rehab**

(Design, \$2.0M)



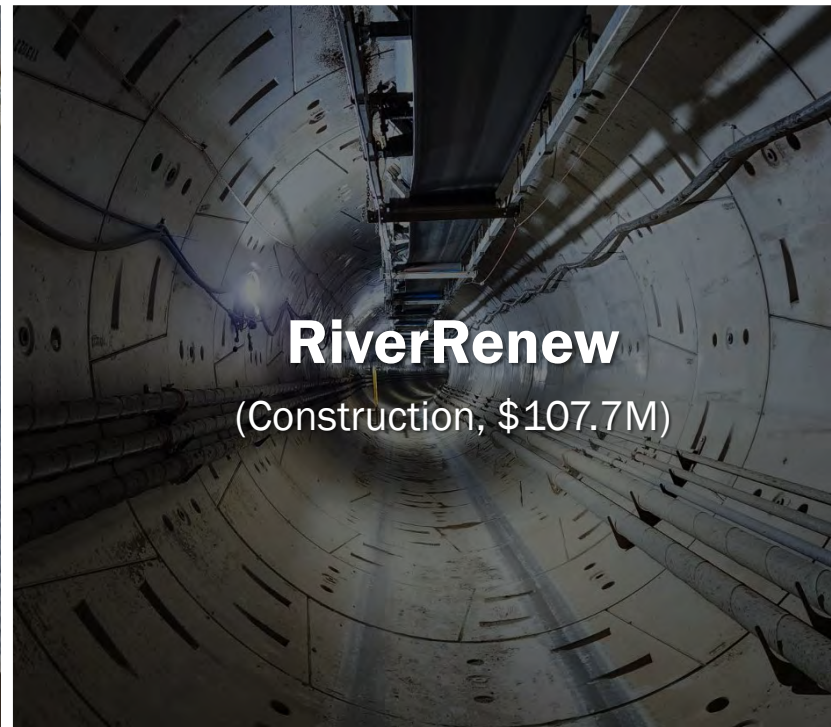
**Information Technology
Upgrades**

(Various, \$6.0M)



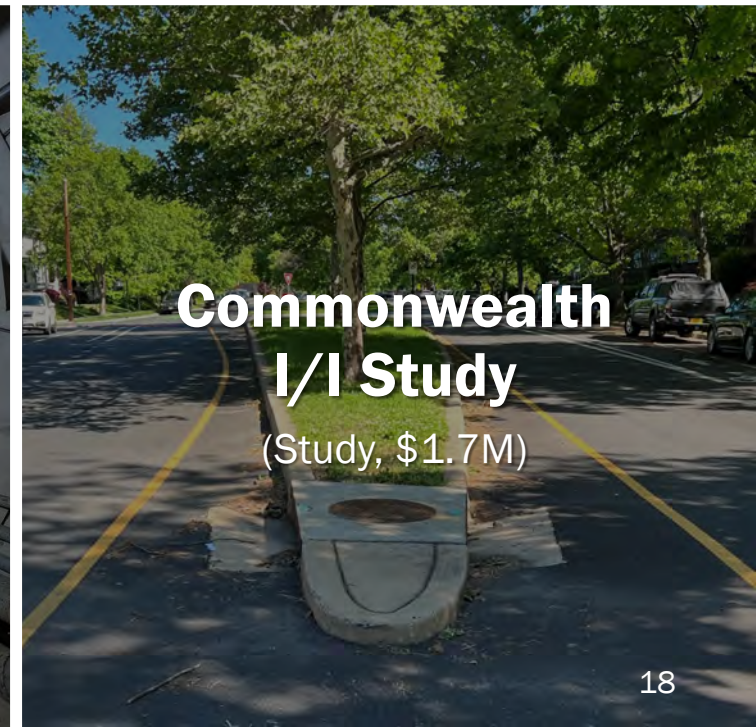
**Tertiary System
Upgrades**

(Design, \$0.5M)



RiverRenew

(Construction, \$107.7M)



**Commonwealth
I/I Study**

(Study, \$1.7M)

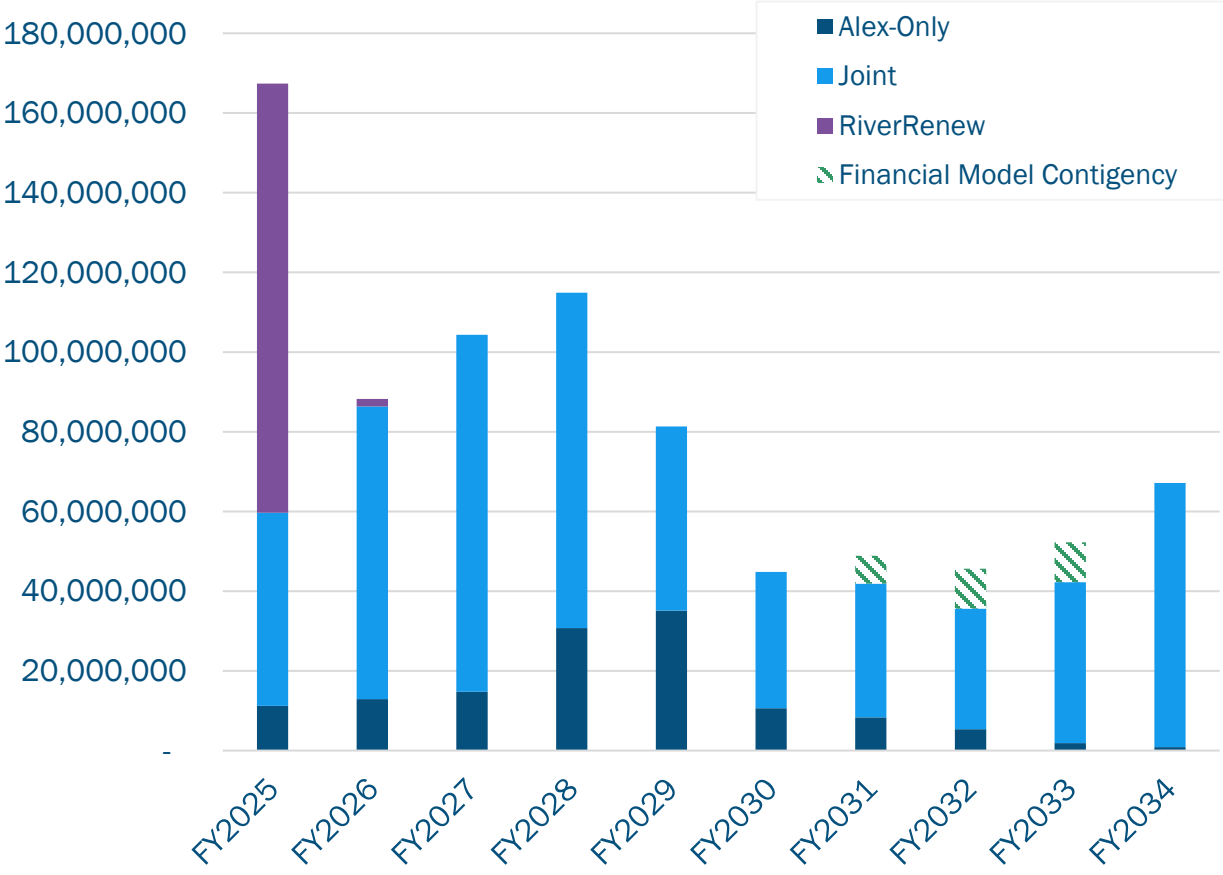
Summary of major projects included in AlexRenew’s 10-year Capital Improvement Program

Project	Capital Cost (millions)	FY2025 Phase	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	
RiverRenew	\$615.0	Construction	█										
Commonwealth Interceptor	\$72.2	Study	█										
Solids Upgrades	\$202.4	Design, preconstruction	█										
PPSU	\$84.5	Design, preconstruction	█										
Tertiary Upgrades	\$35.6	Design	█										
Holmes Run Trunk Sewer	\$14.5	Design	█										
Potomac Interceptor Rehab	\$14.8	Design	█										
WRRF Electrical Upgrades	\$80.0	Planning	█										
WRRF HVAC Upgrades	\$14.5	Planning					█						
Climate Change Program	\$13.5	Study	█									█	
4 MGD WRRF Expansion	\$23.0	Study	█									█	

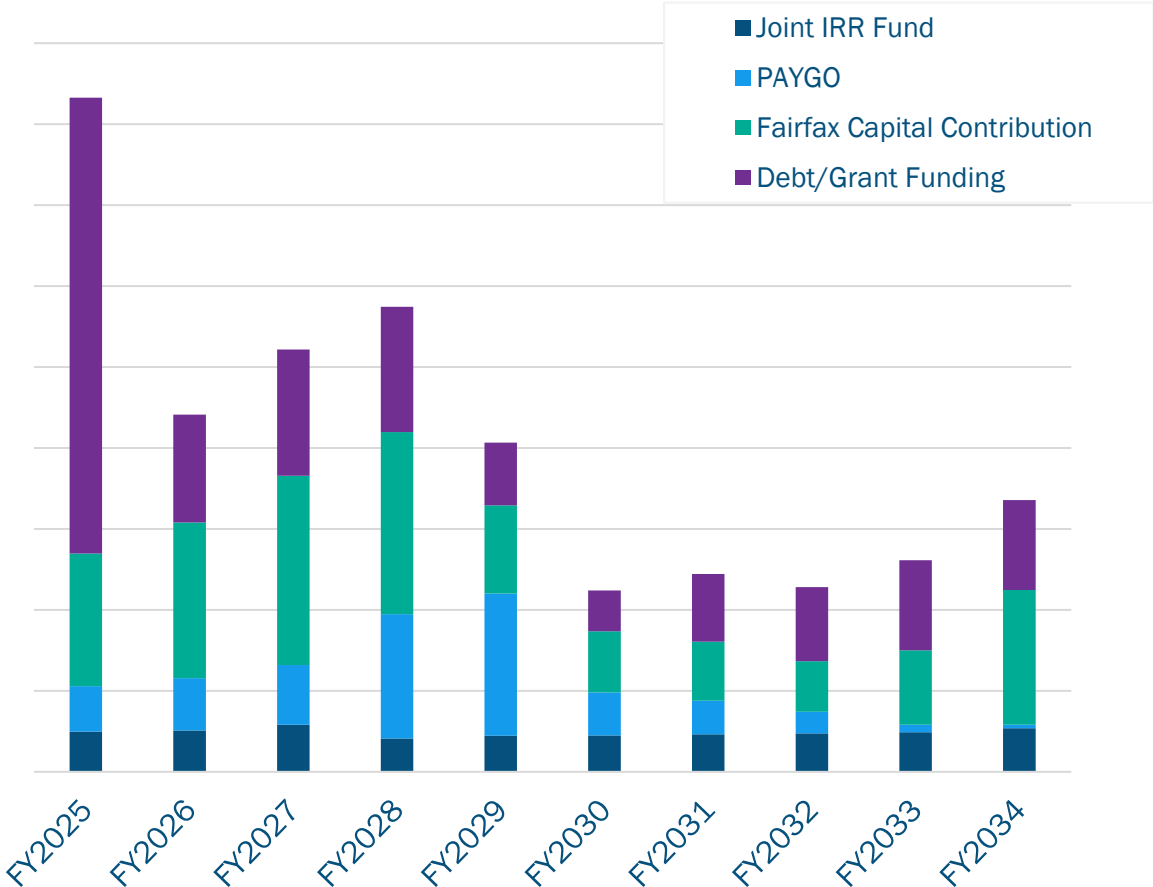
Note: Schedule generalized and subject to change

AlexRenew 10-year Capital Improvement Program expenses and funding sources

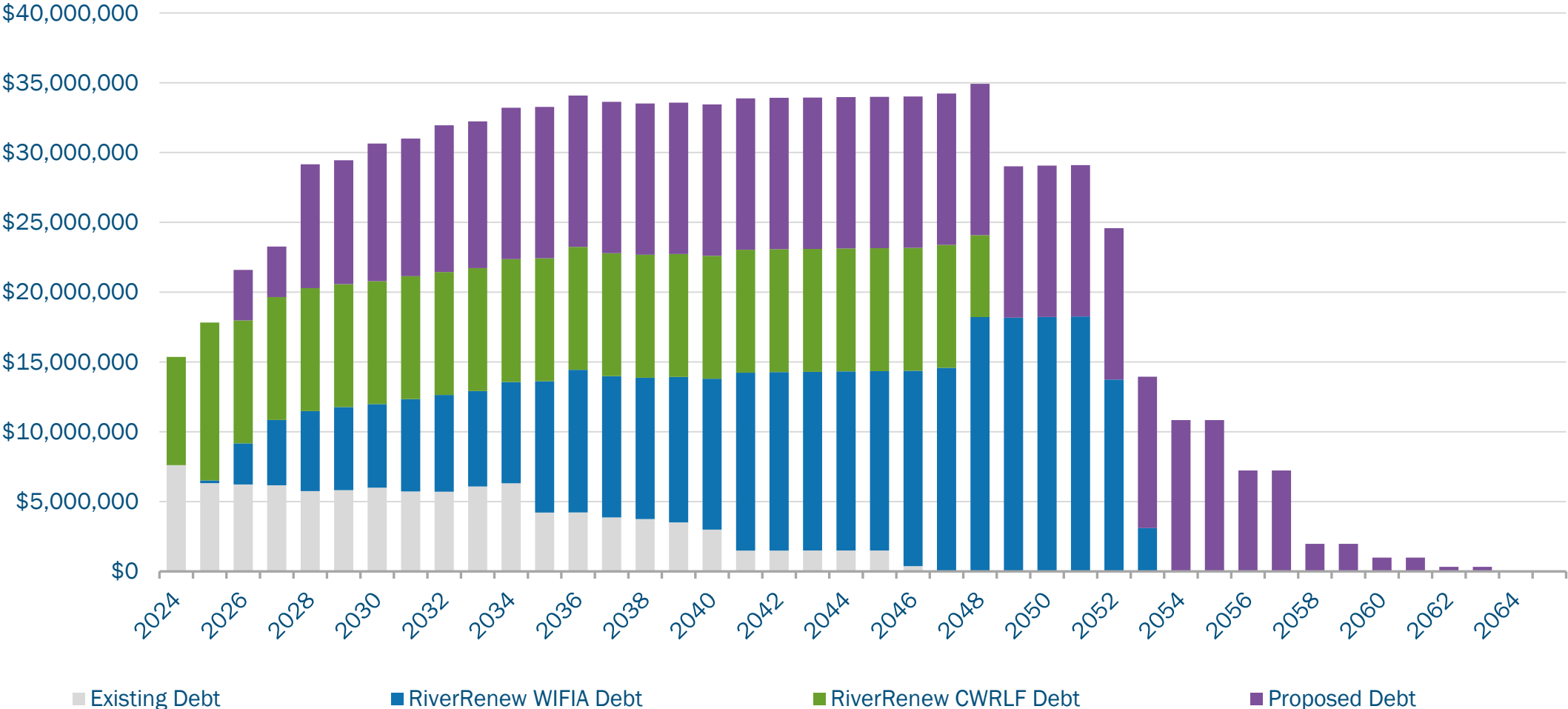
Expenses



Funding Sources



In FY2025, AlexRenew is proposing to issue \$70 million of new debt to fund capital projects to upgrade aging infrastructure and improve reliability at the WRRF



Next Steps

March

18 Finance & Audit Committee Meeting

Review Preliminary Draft Budget and proposed Winter Quarter Average Policy adjustments

19 Board Meeting

Finance & Audit Committee recommends Preliminary Draft Budget and proposed Winter Quarter Average Policy adjustments to the Board

April

16 Board Meeting

Approve Draft Budget and proposed Winter Quarter Average Policy adjustments for public notice

Post notice for a public hearing to receive comments

May

18 Draft Budget Public Hearing

Present Draft Budget and proposed Winter Quarter Average Policy adjustments to receive comments

21 Board Meeting

Board will consider documents for the anticipated bond sale

June

18 Board Meeting

Approve Final Budget and Winter Quarter Average Policy adjustments



AlexRenew

To learn more, visit alexrenew.com



FISCAL YEAR 2025

Operating and Capital Budget

July 1, 2024 – June 30, 2025
Alexandria, Virginia

FY2025 Preliminary Draft Budget – March 18, 2024

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Adriana Caldarelli, Secretary-Treasurer
Mark Jinks, Member
Rebecca Hammer, Member

Fairfax County Representative to the Board

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City of Alexandria Representative to the Board

Erin Bevis-Carver, PE

Executive and Financial Staff

Justin Carl, PE, General Manager and Chief Executive Officer
Caitlin Feehan, PE, Chief Administrative Officer
Lake Akinkugbe, Director of Finance

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FY2025 Operating and Capital Budget Executive Summary

AlexRenew plays a vital role in building a healthier, more resilient community. Investing in wastewater infrastructure, supporting local businesses, and creating jobs each year enables AlexRenew to uphold the highest standards of operations and deliver on its mission to protect public health and the waterways that connect us.

The proposed fiscal year (FY) 2025 Draft Preliminary Operating and Capital Budget is \$228.8 million to ensure sufficient resources for daily operations and ongoing investments for AlexRenew’s infrastructure. The budget was developed in alignment AlexRenew’s financial policies and agreements and reflects a high level of service to our stakeholders. Figure ES.1 summarizes the FY2025 expenses and revenues.

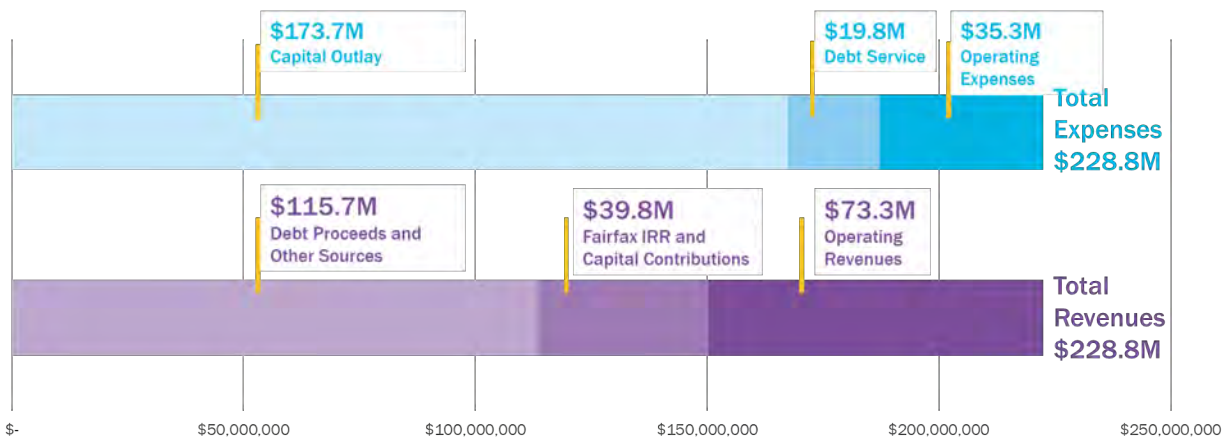


Figure ES.1. FY2025 Expenses and Revenues

ES.1 FY2025 Expenses

The majority of FY2025 expenses are related to capital outlay which includes \$107.7 million in spending to support the ongoing RiverRenew program. Additionally, AlexRenew is beginning several long-term projects to support necessary upgrades to the AlexRenew’s wastewater treatment plant, which include:

- Solids Upgrade Program.** A program to address short-term operational reliability and long-term planning for AlexRenew’s solids processes. In FY2025, AlexRenew will invest \$8.9 million in design and preconstruction phase services for a construction manager at-risk contract and continue long-term planning for AlexRenew’s solids future.
- Preliminary and Primary Systems Upgrade (PPSU).** A project to upgrade the existing preliminary and primary treatment processes to improve operational performance and reliability. In FY2025, AlexRenew will invest \$12.4 million in design and preconstruction phase services for a construction manager at-risk contract.
- Tertiary System Upgrades.** A project to repair and upgrade the tertiary filters and settling tanks. In FY2025, AlexRenew will invest \$0.5 million in design phase services.
- Information Technology (IT) Infrastructure Upgrades.** A program to improve the cybersecurity of AlexRenew and to upgrade AlexRenew’s asset management software. In FY2025, AlexRenew will invest \$6.0 million in continued upgrades to AlexRenew’s IT infrastructure and

asset management software.

These four projects combined with RiverRenew account for more than 50 percent of all expenses. These projects are primarily funded through federal loans and public bonds, which is represented in the budget under Debt Proceeds and Other Sources. For FY2025, AlexRenew will continue to draw on the \$321 Water Infrastructure Finance and Innovation Act (WIFIA) loan and the remaining \$90 million American Rescue Plan grant. AlexRenew also anticipates issuing new debt (approximately \$70M) to support funding for the Solids Upgrade Program and PPSU project.

AlexRenew anticipates continued use of its three Job Order Contracts for ongoing repairs and improvements to AlexRenew’s assets through the \$11.8 million Improvement, Renewal, and Replacement (IRR) program.

The FY2025 operating expenses are \$35.3 million, representing a 6.9 percent year-over-year increase. The increase is largely driven by the anticipated 6.9 percent investment in employee compensation, supported by a compensation study that AlexRenew conducts every two years.

ES.2 FY2025 Revenues

The anticipated operating revenue for FY2025 is \$73.3 million, up 10.2 percent from the FY2024 budget. The increase is a result of billed flows returning to pre-pandemic levels and the adopted rate increase for FY2025, primarily to support the RiverRenew program. The FY2025 rate increase was adopted by AlexRenew’s Board of Directors (Board) as part of the FY2024 budget process and includes a 5.1 percent increase to AlexRenew’s wastewater treatment charge.

1 Understanding the Budget

AlexRenew’s budget is a financial instrument to ensure that AlexRenew has the financial resources to efficiently construct, operate, and maintain its assets to comply with state and federal law. Current operating expenses and capital outlay are estimates based on experience and judgment related to cost trends in labor, materials, and services required to operate and maintain AlexRenew’s facilities.

AlexRenew builds its budget from internal policies, its by-laws, and third party agreements. These documents are further discussed in the following subsections.

1.1 Master Indenture of Trust

The Indenture is a legal agreement that mandates how AlexRenew will collect and use its revenues for operations, maintenance, and capital expenses. It sets requirements for the funds that are used for specific revenues, including requiring that wastewater treatment charges collected from Alexandria customers be deposited in a Revenue Fund. This document also requires operating expense payments that are made by Fairfax County to AlexRenew, for its reserved capacity in the wastewater treatment plant, are deposited in the Revenue Fund. Table 1.1 serves as a glossary that can be used to better understand the purpose, order of priority, and funding method for each of the Funds and Accounts established in the Indenture.

Table 1.1. Flow of Funds in the Master Indenture of Trust

Funds	Description
Revenue Fund	Revenues ¹ are initially deposited to the Revenue Fund and then transferred to other funds in the following order of priority.
Operating Fund	Revenues are then deposited to the Operating Fund to pay operating expenses. At the end of each month, AlexRenew must ensure that 1/6 th (or 60 days) of annual budgeted operating expenses is deposited into the Operating Fund.
Bond Fund	Revenues are then deposited to the Bond Fund in order to pay debt service payments.
Debt Service Reserve Fund	Any required transfers to the debt service reserve account must be made.
Joint IRR ² Fund	Revenues are then deposited to the Joint IRR Fund to meet required Joint IRR transfers per Fairfax Agreement.
General IRR ² Fund	Revenues are then deposited to the General IRR Fund to meet required Alex-only specific IRR needs.
General Fund	Any remaining revenues are deposited within the General Fund.

¹Revenues means all revenues, receipts, and other income derived or received by AlexRenew from owning and operating its system. This primarily includes AlexRenew Wastewater Treatment Charges and Fairfax County operating expense charges.

²Improvement, Renewal, and Replacement

1.2 AlexRenew’s Financial Policy

AlexRenew’s Board-approved financial policy guides AlexRenew’s financial management, capital planning, and debt financing. The annual budget is structured to comply with requirements established in the financial policy, including:

- Maintain a combined 120 days of reserves in the Operating Fund and General Reserve Sub-Fund;
- Ensure that revenues available to pay debt service are at least equal to 1.50 times the amount of debt service due in any fiscal year; and

- Fund the 10-year Capital Improvement Program with at least 15 percent cash and reserves. (PAYGO).

1.3 Fairfax County Service Agreement

Fairfax County makes payments to AlexRenew under an amended and restated service agreement dated October 1, 1998 (Fairfax County Service Agreement). In accordance with the Fairfax County Service Agreement, Fairfax County pays a percentage of operations and maintenance expenses based upon sewer flow volume to AlexRenew’s wastewater treatment plant. Fairfax County also contributes to the IRR program and Capital Improvement Program (CIP), at predetermined levels, to allow for the upgrade and replacement of capital assets as they depreciate, and the acquisition of new assets associated with regulatory compliance.

1.4 Arlington County Service Agreement

The Arlington County Service Agreement is similar to the Fairfax County Service Agreement. This legal document, dated July 1, 1977, establishes the amount and timing for monies paid by AlexRenew to Arlington County for agreed-upon capacity at the Arlington County Water Pollution Control Plant that treats wastewater flows from the northwestern quadrant of the city.

1.5 Fairfax County Cost Share Memorandum of Understanding for RiverRenew Facilities

Fairfax County and AlexRenew established a memorandum of understanding between Fairfax County and AlexRenew, dated October 6, 2020, to define the cost share for RiverRenew facilities. The division of costs is incorporated into the RiverRenew capital funding as shown in the CIP.

1.6 Budget Timeline

AlexRenew uses a fiscal year cycle ending June 30. The FY2025 Operating and Capital Budget will encompass the 12-month period from July 1, 2024 – June 30, 2025. AlexRenew develops the budget during the prior fiscal year before it undergoes review by the Board and the public.

The timeline for the FY2025 Operating and Capital Budget is as follows:

- **March 18.** Finance & Audit Committee reviews the FY2025 Preliminary Draft Operating and Capital Budget at the March Finance & Audit Committee Meeting.
- **March 19.** Finance & Audit Committee recommends the FY2025 Preliminary Draft Operating and Capital Budget to the Board at its March Board meeting.
- **April 16.** The Board approves the FY2025 Draft Operating and Capital Budget for public notice and sets the public hearing.
- **May 18.** Board and staff present the FY2025 Draft Operating and Capital Budget at a public hearing to receive comments.
- **June 18.** Board approves Final FY2025 Operating and Capital Budget at its June Board meeting.

2 AlexRenew’s Strategic Plan

During the January 2024 Board Retreat, AlexRenew’s Board refreshed the vision, mission, and strategic goals for the organization. This refresh culminated in a new strategic plan for 2024-2029 developed by staff. AlexRenew’s FY2025 Operating and Capital Budget aligns with AlexRenew’s Strategic Plan 2024-2029 which lays out the direction and goals of the organization and guidelines for actions to achieve those goals. The strategic goals are integrated into AlexRenew’s daily operations, challenging the team to build a more resilient, sustainable, and equitable organization.

AlexRenew’s vision is “Every drop of water contributes to a thriving community and healthy environment for all.” Its mission is to “Treat wastewater to protect public health and the waterways that connect us.” Its refreshed strategic goals are:

- **Operational Excellence.** Taking proactive steps to meet current and future challenges
- **Thriving Workforce.** Investing in our staff and fostering a culture of belonging
- **Strategic Partnerships.** Promoting watershed-level thinking through collaboration and advocacy
- **Environmental Sustainability.** Being good stewards of our resources to minimize our impact on the environment
- **Commitment to the Community.** Strengthening connections with the public and providing affordable service

3 Overview of FY2025 Operating and Capital Budget

AlexRenew begins its annual budget presentation by preparing a summary that combines all the estimated sources (revenues) and uses of funds (expenses) for the upcoming fiscal year. The primary purpose for this summary is to demonstrate that the overall FY2025 Operating and Capital Budget is in “structural” balance – which means all of the revenues and expenses are consistent with the historical financial performance, all balances that remain in the prescribed funds and accounts meet stated requirements, and if total revenues exceed total expenses, any potential excess funds are deposited in the General Fund to serve as reserves.

Tables 3.1 and 3.2 summarize the revenues and expenses associated with AlexRenew’s FY2025 Operating and Capital Budget, which total \$228.8 million, a 12.9 percent decrease compared to the prior year.

Table 3.1. Summary of FY2025 Revenues

Revenue Categories		Adopted FY2024	Proposed FY2025	Annual Variance (%)
Operating Revenues	Wastewater Treatment Charges	\$53,672,299	\$60,420,321	12.6%
	Fairfax County Operating Expense Charge	\$12,796,021	\$12,838,293	0.3%
	<i>Subtotal</i>	\$ 66,468,320	\$73,258,614	10.2%
Fairfax IRR and Capital Contributions	Fairfax County IRR Contribution	\$3,723,671	\$3,901,296	4.8%
	Fairfax County Capital Contribution	\$32,696,130	\$35,951,776	10.0%
	<i>Subtotal</i>	\$36,419,800	\$39,853,072	9.4%
Debt Proceeds and Other Sources	Parity Debt Proceeds	\$153,652,896	\$112,618,224	-26.7%
	Interest Income	\$115,000	\$900,000	682.6%
	Use of Fund Balances	\$6,155,291	\$2,160,665	-64.9%
	<i>Subtotal</i>	\$159,923,187	\$115,678,890	-27.7%
Total Revenues		\$262,811,307	\$228,790,576	-12.9%

Table 3.2. Summary of FY2025 Expenses

Expense Categories		Adopted FY2024	Proposed FY2025	Annual Variance (%)
Operating and Maintenance Expenses	Personnel	\$16,094,350	\$17,210,991	6.9%
	Utilities	\$4,238,000	\$4,248,000	0.2%
	Chemicals	\$3,347,500	\$3,571,000	6.7%
	Operations/ Maintenance	\$1,145,250	\$1,581,255	38.1%
	Arlington Sewage Disposal	\$1,528,443	\$1,800,000	17.8%
	Sludge Disposal	\$1,298,000	\$1,362,000	4.9%
	General, Admin, Cust. Service and Other	\$5,372,050	\$5,522,348	2.8%
	<i>Subtotal</i>	\$33,023,593	\$35,295,594	6.9%
Debt Service	Parity Debt Service	\$16,448,494	\$19,784,682	20.3%
Capital Outlay	Joint IRR	\$10,652,748	\$9,933,900	-6.7%
	Alex-only IRR	\$166,000	\$1,822,000	997.6%
	Fund Balance Additions	\$876,587	-	-100.0%
	RiverRenew	\$162,278,264	\$107,700,000	-33.6%
	General CIP (Alex-only)	\$8,183,100	\$10,844,400	32.5%
	General CIP (Joint)	\$31,182,521	\$43,410,000	39.2%
<i>Subtotal</i>	\$213,339,220	\$173,710,300	-18.6%	
Total Expenses		\$262,811,307	\$228,790,576	-12.9%

3.1 Operating Revenues

Operating revenues comprise the rates collected from Alexandria customers and Fairfax County's payments for AlexRenew's day-to-day operations. The projected Operating Revenue for FY2025 is \$73.3 million, up 10.2 percent from the prior year budget. In June 2023, the Board approved a 5.1 percent rate increase for FY2025, primarily to support funding for the RiverRenew program. The anticipated increase in Operating Revenues is a result of the adopted rate increase and billed flows returning to pre-pandemic levels. Further detail on AlexRenew's FY2025 rates is included in Section 4.

3.2 Fairfax IRR and Capital Contributions

In accordance with the Fairfax County Service Agreement, Fairfax County contributes to the IRR program and CIP, at predetermined levels, to allow for the upgrade and replacement of capital assets as they depreciate, and the acquisition of new assets associated with regulatory compliance. The projected Fairfax IRR and Capital Contributions for FY2025 is \$39.9 million, up 9.4 percent from the prior year budget.

3.3 Debt Proceeds and Other Sources

Debt proceeds and other sources include loans, grants, interest income, miscellaneous revenue, and cash reserves. This component of the budget is primarily comprised of funding from grants and loans as AlexRenew's CIP projects progress. The projected FY2025 Debt Proceeds and Other Sources budget is \$115.7 million, decreasing 27.7 percent from the prior year budget. The decrease is primarily due to the RiverRenew project nearing its completion date.

3.4 Operating and Maintenance Expenses

Operating and maintenance expenses represent the costs associated with day-to-day operation of wastewater treatment and other AlexRenew facilities. The proposed FY2025 Operating and Maintenance Expenses are \$35.3 million, representing a 6.9 percent year-over-year increase. The increase is largely driven by the anticipated 6.9 percent investment in employee compensation, supported by a compensation study that AlexRenew conducts every two years.

Personnel costs represent 49 percent of the operating expenses. As shown Table 3.3, the FY2025 operating budget projects a slight increase in headcount compared to the FY2024 Approved Budget

Table 3.3. Full Time Equivalent (FTE) Summary

Department	Adopted FY2024	Proposed FY2025	FTE Impact
Executive	3.0	4.0	1.0
Finance	9.0	9.0	-
Strategy & Policy	5.0	5.0	-
Laboratory	7.5	7.0	-0.5
Communications	7.0	7.0	-
Operations & Maintenance	72.0	72.0	-
Engineering & Planning	5.0	5.0	-
Information Systems	10.0	10.0	-
Human Resources	6.0	6.0	-
Total	124.5	125.0	0.5

3.5 Debt Service

Debt Service is the annual money required to pay the principal and interest on outstanding debt. The FY2025 Debt Service budget is \$19.8 million, up 20.3 percent from the prior year primarily due to funds borrowed for the ongoing RiverRenew project.

3.6 Capital Outlay

The proposed FY2025 Capital Outlay is projected to be \$173.7 million. The expenditures primarily include funding for the Solids Upgrade Program, Preliminary and Primary Systems Upgrade project, Tertiary System Upgrades project, and IT Infrastructure Upgrades project. AlexRenew also anticipates continued use of its three Job Order Contracts for ongoing repairs and improvements to AlexRenew’s assets through the \$11.8 IRR program.

Table 3.4 provides a summary of the CIP/IRR program for FY2025.

Table 3.4. FY2025 CIP/IRR Program Summary (\$M)

Summary of Capital Expenses		Adopted FY2024	Proposed FY2025	% Change
IRR Program	Alex-only IRR	\$0.2	\$1.8	997.6%
	Joint IRR	\$10.7	\$9.9	-6.7%
	<i>Subtotal</i>	\$10.8	\$11.8	8.7%
CIP – General	Alex-only CIP	\$8.2	\$10.8	32.5%
	Joint CIP	\$31.2	\$43.4	39.2%
	<i>Subtotal</i>	\$39.4	\$54.3	37.8%
CIP – RiverRenew	RiverRenew Tunnel	\$162.3	\$107.7	-33.6%
	<i>Subtotal</i>	\$162.3	\$107.7	-33.6%
Total CIP/IRR Program Expenditures		\$212.5	\$173.7	-18.2%

4 Three (3) Year Budget Forecast

Each year, AlexRenew also presents a three (3) year budget forecast of anticipated revenues and expenses to comply with its financial policy. Tables 4.1 and 4.2 below present the budget forecast for the next three years, including FY2025.

Table 4.1. Three (3) Year Budget Forecast – Revenues

Revenue Categories		Proposed FY2025	Estimated FY2026	Estimated FY2027
Operating Revenues	Wastewater Treatment Charges	\$60,420,321	\$63,513,841	\$66,670,479
	Fairfax County Operating Expense Charge	\$12,838,293	\$13,223,632	\$13,620,534
	<i>Subtotal</i>	\$73,258,614	\$76,737,473	\$80,291,014
Fairfax IRR and Capital Contributions	Fairfax County IRR Contribution	\$3,901,296	\$4,078,922	\$9,171,556
	Fairfax County Capital Contribution	\$35,951,776	\$50,456,329	\$58,049,772
	<i>Subtotal</i>	\$39,853,072	\$54,535,250	\$67,221,328
Debt Proceeds and Other Sources	Parity Debt Proceeds	\$112,618,224	\$26,633,671	\$31,180,228
	Interest Income	\$900,000	\$900,000	\$900,000
	Use of Fund Balances	\$2,160,665	\$9,949,615	\$1,640,926
	<i>Subtotal</i>	\$115,678,890	\$37,483,286	\$33,721,154
Total Revenues		\$228,790,576	\$168,756,010	\$181,233,495

Table 4.2. Three (3) Year Budget Forecast – Expenses

Expense Categories		Proposed FY2025	Estimated FY2026	Estimated FY2027
Operating and Maintenance Expenses	Personnel	\$17,210,991	\$17,727,321	\$18,259,140
	Utilities	\$4,248,000	\$4,375,440	\$4,506,703
	Chemicals	\$3,571,000	\$3,678,130	\$3,788,474
	Operations/ Maintenance	\$1,581,255	\$1,628,693	\$1,677,553
	Arlington Sewage Disposal	\$1,800,000	\$1,854,000	\$1,909,620
	Sludge Disposal	\$1,362,000	\$1,402,860	\$1,444,946
	General, Admin, Cust. Service and Other	\$5,522,348	\$5,688,018	\$5,858,659
	<i>Subtotal</i>	\$35,295,594	\$36,354,461	\$37,445,095
Debt Service	Parity Debt Service	\$19,784,682	\$18,118,989	\$18,419,716
Capital Outlay	Joint IRR	\$9,933,900	\$10,222,800	\$11,642,943
	Alex-only IRR	\$1,822,000	\$469,760	\$708,941
	Fund Balance Additions	-	-	-
	CIP – RiverRenew	\$107,700,000	\$1,900,000	-
	CIP – General (Alex-only)	\$10,844,400	\$18,690,000	\$16,266,800
	CIP – General (Joint)	\$43,410,000	\$83,000,000	\$96,750,000
<i>Subtotal</i>	\$173,710,300	\$114,282,560	\$125,368,684	
Total Expenses		\$228,790,576	\$168,756,010	\$181,233,495

Tables 4.3 and 4.4 demonstrate AlexRenew’s financial profile according to the budget projections, as measured by its two major financial metrics – cash reserves and debt service coverage.

As it relates to liquidity, AlexRenew’s Indenture requires it to maintain at least 60 days cash on hand in the Operating Fund and an additional 60 days cash on hand in the General Reserve sub-fund, for a total cash reserve requirement of at least 120 days of operating expenses. As it relates to debt service

coverage, AlexRenew’s Indenture requires that net revenues cover annual debt service payments by 1.1x while the Financial Policies require a more stringent 1.5x. In both cases, the proposed FY2025 budget forecasts compliance with these policies and indicates a healthy financial profile.

Table 4.3. Summary of Compliance with Indenture and Financial Policy – Cash Reserves

Indenture and Financial Policy Compliance	Adopted FY2024	Proposed FY2025	Estimated FY2026	Estimated FY2027
Operating Fund	\$5,428,536	\$5,802,015	\$6,474,082	\$6,668,305
General Reserve Sub-Fund	\$5,428,536	\$5,802,015	\$6,474,082	\$6,668,305
Total Cash Reserve Requirement	\$10,857,073	\$11,604,032	\$12,948,165	\$13,336,610

Table 4.4. Summary of Compliance with Indenture and Financial Policy – Debt Service Coverage

Indenture and Financial Policy Compliance	Adopted FY2024	Proposed FY2025	Estimated FY2026	Estimated FY2027
Wastewater Treatment Charges	\$53,672,299	\$60,420,321	\$63,513,841	\$66,670,479
Fairfax County Operating Expense Charge	\$12,796,021	\$12,838,293	\$13,223,632	\$13,620,534
Interest Income	\$115,000	\$900,000	\$900,000	\$900,000
Gross Revenue Available for Debt Service	\$66,583,320	\$74,158,614	\$77,637,473	\$81,191,014
Operating Expenses	\$(33,023,593)	\$(35,295,594)	\$(36,354,461)	\$(37,445,095)
Net Revenues Available for Debt Service	\$33,059,727	\$38,863,021	\$41,283,012	\$43,745,918
Total Annual Debt Service	\$16,448,494	\$19,784,682	\$18,118,989	\$18,419,716
All-in Debt Service Coverage	2.02x	1.97x	2.28x	2.38x

The following fund statements, organized in accordance with the terms mandated in Article VII of the Indenture, are included as Appendix B to this document and provide additional detail for the three (3) year budget forecast:

- Revenue Fund Statement
- Fairfax County Contributions
- Operating Fund Statement
- Parity Debt Service Fund Statement
- IRR Fund Statement – Joint Use Facilities Account
- IRR Fund Statement – General Account
- General Fund Statement

5 Determining Rates, Charges, and Revenues

For more than nineteen years, 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. AlexRenew has engaged an independent, third-party consultant to develop and monitor a rate model designed specifically for AlexRenew. This model is used to manage revenue performance in the current year and to forecast revenue requirements, based on anticipated operating and capital costs, each year over a 10-year time horizon.

In addition to rate modeling, the Board has adopted a strong financial policy to guide the approach to setting rates and maintaining a sustainable financial position. This policy targets key financial metrics, represents best practices, and ensures AlexRenew maintains cost-efficient operations while delivering superior public services for AlexRenew’s customers and community.

5.1 The Rate Modeling Process

Rate consultants review and update the AlexRenew rate model annually, upon completion and acceptance of AlexRenew’s audited financial statements, and more frequently as necessary. This process, and the model, is heavily data-driven and uses historical and projected data comprised of billing statistics, historical financial data, the current budget, and capital plan forecasts. The rate consultants perform comprehensive due diligence exercises to validate all information provided by AlexRenew and obtained from other relevant sources. Once validation is complete, the rate consultants review their findings with AlexRenew leadership to discuss observed historical trends, comparison with prior forecasts, current projections, and adjustments for known conditions, such as contingency.

The projected revenues, and assumptions of additional debt and capital funding, are evaluated relative to AlexRenew’s annual cash flow requirements and likely financial position at year-end. This iterative process allows AlexRenew and its rate consultants to examine how subtle changes to rates or assumptions today have the potential to materially influence financial position across the forecast. It also allows for sensitivity analysis and the ability to examine AlexRenew’s financial profile under various hypothetical scenarios, which is instructive to management and provides a stronger basis for recommending the timing and magnitude of potential rate adjustments.

As a single, dominant revenue source that accounts for over 80 percent of operating revenues, the Wastewater Treatment Charges are critical to the funding of current operations and long-term financial viability. As a result, it is imperative to combine a thorough understanding of the rate modeling process, strict adherence to the terms of the Indenture, faithfulness to AlexRenew’s financial policy, and the needs of the community when establishing rates and charges.

5.2 Rate Growth Assumptions

AlexRenew has historically modeled growth in Wastewater Treatment Charges of approximately 0.50-2.00 percent and Fairfax County Operating Expense Charges of approximately 1.00-3.00 percent when determining rates and revenues over the forecast period.

5.3 Expenditure Growth Assumptions

AlexRenew has historically used consumer price index (CPI) to evaluate costs over the forecast period and has commonly assumed an inflation range of 2.0-5.0 percent.

5.4 Revenue Forecast Assumptions

Starting in FY2020, AlexRenew began implementing a multi-year phased rate increase initiative, primarily to fund capital expenditures including the RiverRenew program. The revenue assumptions included in this budget include annual rate increases that are adopted for FY2025, as further described in section 5.5.

5.5 Rate and Charges

The following schedule details the monthly rates and charges for all individually metered residential customers and commercial customers discharging sewage to and/or requiring wastewater treatment service from AlexRenew. Commercial wastewater customers include all commercial, industrial, government and other public agencies, master-metered residential, and all other accounts or customers not otherwise classified as individually metered residential customers.

A wastewater customer’s monthly bill for wastewater interception, treatment, and discharge services is based on the sum of their: (1) base charge and (2) wastewater treatment charge, as determined by water meter readings conducted by Virginia American Water, at the customer premise. The base charge serves as the minimum monthly bill for sewer service for all customers served by AlexRenew.

The rate for FY2025 is projected to increase the average bill by approximately \$2.72/month in each year (based on 4,000 gallons monthly usage). Based on current projections, these rate adjustments will allow AlexRenew to maintain its fiscal profile while funding the budget and capital program herein. Table 5.1 details adopted rates for FY2024 and FY2025.

Table 5.1. Adopted FY2025 Rate Adjustments

Description	Meter Size	Current FY2024 Monthly Charge	Adopted FY2025 Monthly Charge
Residential Base Charge	All Meters	\$13.85	\$14.57
Commercial Base Charge	5/8"	\$41.55	\$43.68
	3/4"	\$41.55	\$43.68
	1"	\$103.87	\$109.19
	1-1/2"	\$207.74	\$218.38
	2"	\$332.39	\$349.41
	3"	\$623.23	\$655.14
	4"	\$1,038.72	\$1,091.90
	6"	\$2,077.43	\$2,183.80
8"	\$3,323.89	\$3,494.08	
Wastewater Treatment Charge	All Meters	\$9.76	\$10.26

6 10-Year Capital Improvement and IRR Programs

AlexRenew manages its capital projects through its CIP and IRR Program. The CIP and IRR Program are summarized in a 10-year plan and is a key element in planning for and managing to future regulatory compliance through large-scale capital investments. AlexRenew's 10-year CIP and IRR program budget for FY2025-2034 is \$883.1 million.

The 10-year plan is an important tool used to formulate future project financing plans, maximize federal and state grant opportunities, proactively plan for the replacement or reconstruction of essential assets nearing the end of their service life, and schedule and coordinate the execution of multiple projects to minimize operational impact.

In addition to RiverRenew, the Solids Upgrade Program, the PPSU project, the Tertiary System Upgrade project, and the IT Infrastructure Upgrades project, highlights of the FY2025-2034 CIP include:

- **Holmes Run Trunk Sewer (HRTS) Rehabilitation Project.** A project to line the HRTS to improve conveyance.
- **Campus-wide Electrical Upgrades Program Project.** A program to overhaul AlexRenew's wastewater treatment plant's electrical grid and related infrastructure.
- **Commonwealth Interceptor Upgrade Project.** A project to evaluate alternatives, in coordination with the City of Alexandria, to mitigate excess inflow and infiltration into the Commonwealth Separate Sanitary Area.
- **Potomac Interceptor Rehabilitation Project.** A project to rehabilitate sections of the interceptor to improve conveyance.
- **4 MGD Expansion Project.** A project to identify and implement improvements to increase the capacity of AlexRenew's wastewater treatment plant by four (4) million gallons per day to accommodate future City flows.
- **Climate Change Adaptation Project.** A project to assess vulnerabilities to climate change impacts and implement engineering solutions to protect AlexRenew assets and personnel.
- **HVAC System Upgrade Project.** A project to assess, replace and upgrade the HVAC systems across AlexRenew's campus.

Tables C.1 and C.2 in Appendix C summarize the 10-year CIP expenses. Additionally project sheets for each major CIP project and IRR program are provided in Appendix C.

Funding sources for CIP/IRR projects include loans, grants, revenue bond issues, bank lines of credit, capital contributions from Fairfax County, and cash contributions from AlexRenew's operations and reserves (PAYGO). AlexRenew has used loan program including the Virginia Department of Environmental Quality (VDEQ) Clean Water Revolving Loan Fund (CWRLF), Virginia Pooled Financing Program (VPFP), and Water Infrastructure Finance and Innovation Act (WIFIA) program.

Additional details on the loans can be found under the detailed Parity Debt Service Fund statement in Appendix B. Figure 6.1 illustrates the proposed capital expenditures and planned capital funding sources over the 10-year period including the continued significant debt financing to be utilized to fund the high level of ongoing RiverRenew construction.

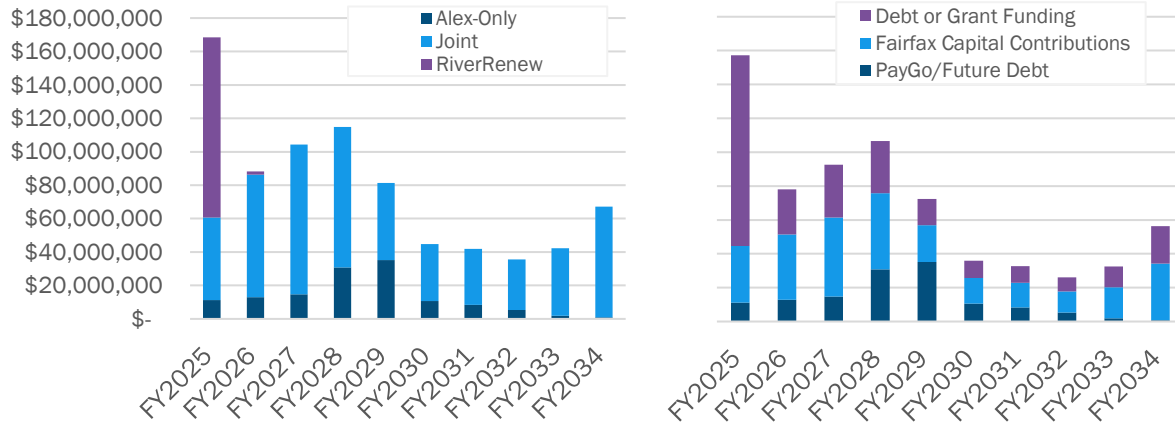


Figure 6.1. Proposed CIP/IRR Expenditures and Funding – 10-year Forecast

The CIP and related funding strategies comply with all relevant AlexRenew financial policies including the required 15 percent PAYGO funding requirement and sufficient projected net revenues to produce coverage of debt service requirements in excess of the 1.5x policy minimum.

Appendix A Definitions

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IRR. Improvement, Renewal, and Replacement

CIP. Capital Improvement Program

CPI. Consumer Price Index

Operating Revenues. Rates collected from Alexandria customers and Fairfax County’s payments for AlexRenew’s day-to-day operations

Fairfax IRR and Capital Contributions. Fairfax County’s payments for AlexRenew’s capital and IRR programs

Debt Proceeds Cash disbursed from loans and grants to fund capital projects.

Operating Expenses. Costs associated with day-to-day operation of wastewater treatment and other AlexRenew facilities

Debt Service. Payments on outstanding debt.

Capital Outlay. Costs associated with RiverRenew and other capital projects

Capital Project. A capital project involves expenditures to construct or acquire assets of a relatively permanent nature such as property, plant, and equipment with a useful life that exceeds approximately two years.

IRR Project. A capital project involves expenditures to construct or acquire assets of a relatively permanent nature such as property, plant, and equipment with a useful life that exceeds approximately two years.

Alex-Only CIP. Capital projects that are the responsibility of AlexRenew only are funded from General Fund resources and/or using various financing instruments.

Joint-Use CIP. Capital projects for which AlexRenew and Fairfax County share joint responsibility are funded pay-as-you-go from General Fund resources and/or using various financing instruments.

PAYGO. Pay-as-you-go. Capital projects for which AlexRenew and Fairfax County share joint responsibility are funded via PAYGO from General Fund resources and/or using various financing instruments.

WRRF. Water Resource Recover Facility.

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Appendix B Three (3) Year Budget Forecast – Fund Statements

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Revenue Fund Statement

AlexRenew’s Indenture establishes nine (9) funds into which monies may be deposited to manage operating and maintenance, non-operating, and capital obligations. The collection and deposit of monies typically occurs monthly at specified times and in specified amounts, and in a prescribed order of priority.

AlexRenew is required to collect and deposit Revenues, as defined in the Indenture, in the Revenue Fund and make monthly transfers to each of its actively managed funds. Deposits to the Revenue Fund do not include Fairfax County IRR payments or Capital Contributions. These dollars are deposited by Fairfax County directly into the Joint Use Facilities Account of the IRR Fund or the Project or General Funds for capital outlay reimbursements, as appropriate.

Table B.1 presents adopted and estimated revenues expected to be received by AlexRenew for the period FY2025-2027. In addition, planned revenue transfers to various operating and non-operating funds are provided to highlight the use or purpose of the funds.

Table B.1. Revenue Fund Summary

Revenues and Transfers to Revenue Fund	Adopted FY2024	Proposed FY2025	VAR %	Estimated FY2026	Estimated FY2027
Revenues					
AlexRenew Wastewater Treatment Charges	\$ 53,672,299	\$ 60,420,321	12.6%	\$ 63,513,841	\$ 66,670,479
Fairfax County Operating Expense Charge	12,796,021	12,838,293	0.3%	13,223,632	13,620,534
Total Revenues	\$ 66,468,320	\$ 73,258,614	10.2%	\$ 76,737,473	\$ 80,291,014
Transfers					
Transfer to Operating Fund ¹	\$ 33,890,180	\$ 35,600,197	5.0%	\$ 36,668,202	\$ 37,768,249
Transfer to Parity Debt Service Fund	16,358,494	18,884,682	15.4%	18,884,682	17,218,989
Transfer to IRR Fund - Joint Use Facilities Account	2,581,224	2,704,353	4.8%	2,827,481	6,357,662
Transfer to IRR Fund - General Account	166,000	1,822,000	997.6%	469,760	708,941
Transfer to General Fund	13,472,422	14,247,383	5.8%	17,949,148	18,300,828
Total Uses	\$ 66,468,321	\$ 73,258,615	10.2%	\$ 76,799,274	\$ 80,354,668

¹ Includes entire Fairfax County Operating Expense Charge

Fairfax County Contributions

Table B.2 presents the summary of Fairfax County contributions for the period FY2025-2027 and demonstrates the method by which Fairfax County annual payments and contributions are determined based on the capacity rights Fairfax County currently receives under the Fairfax County Service Agreement. Fairfax County currently makes equal monthly Operating Expense charge installments into the Revenue Fund, equal monthly contributions into the Joint Use Facilities Account of the IRR Fund, and variable monthly capital contributions (formulaic reimbursements based actual capital expenditures) into the Project Fund.

Table B.2. Fairfax County Contributions Summary

Fairfax County Contributions	Adopted FY2024	Proposed FY2025	VAR %	Estimated FY2026	Estimated FY2027
Operating Expense Charge					
Total Estimated Operating Expenses	\$ 33,023,593	\$ 35,295,594	6.9%	\$ 36,354,461	\$ 37,445,095
Less Estimated "Alexandria Only" Expenses	(4,546,660)	(4,683,060)	3.0%	(4,823,552)	(4,968,258)
Net Estimated Joint Operating Expenses	\$ 28,476,933	\$ 30,612,534	7.5%	\$ 31,530,910	\$ 32,476,837
Estimated Fairfax County Net Flow	45.0%	42.0%		42.0%	42.0%
Estimated Fairfax County Operating Expense Charge	12,814,620	12,857,264	0.3%	13,242,982	13,640,272
Less Alexandria Only Flow Charge	(18,599)	(18,971)	2.0%	(19,350)	(19,737)
Estimated Fairfax County Operating Expense Charge	\$ 12,796,021	\$ 12,838,293	0.3%	\$ 13,223,632	\$ 13,620,534
IRR Fund - Joint Account Contribution:					
Estimated Joint Use Plant Investment	\$ 900,699,169	\$ 943,664,099	4.8%	\$ 986,629,029	\$ 1,047,606,178
Estimated Joint Use IRR Funding Percentage	0.7%	0.7%	0.0%	0.7%	0.7%
Additional Transfers					\$ 8,195,974
Estimated Joint Use IRR Investment	\$ 6,304,894	\$ 6,605,649	4.8%	\$ 6,906,403	\$ 15,529,218
Investment Allocation at 60%	\$ 5,863,552	\$ 6,143,253	4.8%	\$ 6,422,955	\$ 14,442,172
Investment Allocation at 49%	378,294	396,339	4.8%	414,384	931,753
Investment Allocation at 32%	63,049	66,056	4.8%	69,064	155,292
Total IRR - Joint Account Investment	\$ 6,304,894	\$ 6,605,649	4.8%	\$ 6,906,403	\$ 15,529,218
Fairfax County Allocation at 60%	\$ 3,518,131	\$ 3,685,952	4.8%	\$ 3,853,773	\$ 8,665,303
Fairfax County Allocation at 49%	185,364	194,206	4.8%	203,048	456,559
Fairfax County Allocation at 32%	20,176	21,138	4.8%	22,100	49,693
Total Fairfax County IRR - Joint Account Contribution	3,723,671	3,901,296	4.8%	4,078,922	9,171,556
AlexRenew Joint IRR Contribution	2,581,224	2,704,353	4.8%	2,827,481	6,357,662
Capital Project Contribution - Joint Use Facilities:					
Estimated Joint Capital Improvements at 60%/40%	\$ 29,182,521	\$ 42,660,000	46.2%	\$ 82,190,000	\$ 95,875,200
Fairfax County Allocation at 60%	17,509,513	25,596,000	46.2%	49,314,000	57,525,120
Estimated Joint Capital Improvements at 49%/51%	2,000,000	750,000	-62.5%	810,000	874,800
Fairfax County Allocation at 49%	980,000	367,500	-62.5%	396,900	428,652
Estimated Joint Capital Improvements RiverRenew	92,540,093	64,083,402	-30.8%	8,379,997	-
Fairfax County Allocation ¹	14,206,617	9,988,276	-29.7%	745,429	-
Estimated Joint Capital Improvements at 32%/68%	-	-	0.0%	-	300,000
Fairfax County Allocation at 32%	-	-	0.0%	-	96,000
Total Fairfax County Capital Contribution	32,696,130	35,951,776	10.0%	50,456,329	58,049,772
Total Fairfax County Contributions	\$ 49,215,821	\$ 52,691,365	7.1%	\$ 67,758,882	\$ 80,841,862

¹ Fairfax County allocation based on Contractor Schedule of Values (Rev 1)

Operating Fund Statement

The Operating Fund is primarily funded with Wastewater Treatment Charges and is used for expenses incurred in the day-to-day operations. These are expected expenses that happen daily, weekly, or monthly. These expenses include personnel, utilities, chemicals, maintenance, sewage disposal, sludge disposal, and other administrative expenses. The schedule below presents adopted and estimated Operating Fund revenue and expenses expected by AlexRenew for the period FY2025-2027.

The Operating Fund estimates in Table B.3 are in compliance with the financial policy to maintain a combined 120 days of reserves which includes 60 days in the Operating Fund.

Table B.3. Operating Fund Summary

Operating Expenses Categories	Adopted FY2024	Proposed FY2025	VAR %	Estimated FY2026	Estimated FY2027
Revenues					
Transfer from Revenue Fund	\$ 33,890,180	\$ 35,600,197	5.0%	\$ 36,668,202	\$ 37,768,249
Interest Income	10,000	100,000	900.0%	100,000	100,000
Total	\$ 33,900,180	\$ 35,700,197	5.3%	\$ 36,768,202	\$ 37,868,249
Expenses					
Personnel	\$ 16,094,350	\$ 17,210,991	6.9%	\$ 17,727,321	\$ 18,259,140
Utilities	4,238,000	4,248,000	0.2%	4,375,440	4,506,703
Chemicals	3,347,500	3,571,000	6.7%	3,678,130	3,788,474
Operation Maintenance	1,145,250	1,581,255	38.1%	1,628,693	1,677,553
Arlington Sewage Disposal	1,528,443	1,800,000	17.8%	1,854,000	1,909,620
Sludge Disposal	1,298,000	1,362,000	4.9%	1,402,860	1,444,946
General, Admin, Cust. Service and Other	5,372,050	5,522,348	2.8%	5,688,018	5,858,659
Total	\$ 33,023,593	\$ 35,295,594	6.9%	\$ 36,354,461	\$ 37,445,095
Excess (Deficiency) ¹	\$ 876,587	\$ 404,603		\$ 413,741	\$ 423,153
Fund Balance - Beginning	\$ 5,004,326	\$ 5,880,913		\$ 6,285,516	\$ 6,699,257
Fund Balance - Ending ¹	\$ 5,880,913	\$ 6,285,516		\$ 6,699,257	\$ 7,122,410

¹ Operating Reserve Requirement of 60 days cash

Parity Debt Service Fund Statement

The Parity Debt Service Fund includes the amounts due to pay principal and interest on outstanding and projected AlexRenew debt. To date, AlexRenew has borrowed from the Virginia Clean Water Revolving Loan Fund (CWRLF) and Virginia Pooled Financing Program (VPFP) through the Virginia Resources Authority (VRA) as well as through the federal Water Infrastructure Finance and Innovation Act (WIFIA) loan program. In FY2025, AlexRenew proposes to issue its own bonds to fund upcoming capital projects. Within the context of the Indenture, capital funding in this manner is deemed parity debt. Table B.4 illustrates the debt service payment schedule for FY2025-2027 which includes repayment on proposed AlexRenew bonds.

Table B.4. Parity Debt Service Fund Summary

Parity Debt Service Fund	Adopted FY2024	Proposed FY2025	Estimated FY2026	Estimated FY2027
Revenues				
Beginning Balance	\$ 0	\$ (0)	\$ (0)	\$ 0
Transfer from Revenue Fund	16,358,494	18,884,682	17,218,989	17,519,716
Interest Income	90,000	900,000	900,000	900,000
Total Revenue	16,448,494	19,784,682	18,118,988	18,419,716
Expenditures				
VRA BOND SERIES 00B INTEREST	\$ -	\$ -	\$ -	\$ -
VRA BOND SERIES 00B PRINCIPAL	-	-	-	-
VRA BOND SERIES 04 INTEREST	17,646	3,543	-	-
VRA BOND SERIES 04 PRINCIPAL	1,406,766	708,669	-	-
VRA BOND SERIES 06 INTEREST	30,038	20,798	12,979	5,589
VRA BOND SERIES 06 PRINCIPAL	921,769	830,185	737,180	744,570
VRA BOND SERIES 09 INTEREST	152,554	129,186	105,178	80,512
VRA BOND SERIES 09 PRINCIPAL	853,324	876,692	900,700	925,366
VRA BOND SERIES 11 INTEREST	110,856	101,157	91,277	81,063
VRA BOND SERIES 11 PRINCIPAL	410,353	420,053	429,982	440,146
VRA BOND SERIES 14A INTEREST	104,513	96,566	88,520	80,373
VRA BOND SERIES 14A PRINCIPAL	633,758	641,705	649,751	657,899
VRA BOND SERIES 14B INTEREST	19,333	17,792	16,231	14,652
VRA BOND SERIES 14B PRINCIPAL	128,117	128,859	130,410	132,771
VRA BOND SERIES 14C INTEREST	827,019	811,772	795,756	775,714
VRA BOND SERIES 14C PRINCIPAL	290,000	305,000	320,000	490,000
VRA BOND SERIES 17A INTEREST	862,534	830,759	797,319	762,084.00
VRA BOND SERIES 17A PRINCIPAL	605,000	635,000	670,000	705,000.00
VRA BOND SERIES 19 INTEREST	112,970	66,347	65,768	63,018
VRA BOND SERIES 19 PRINCIPAL	100,000	101,000	267,000	133,500
VRA BOND SERIES 21 INTEREST	3,597,117	2,441,500	2,331,641	2,241,093
VRA BOND SERIES 21 PRINCIPAL	5,264,825	8,451,600	6,892,503	6,565,960
WIFIA BOND SERIES 21 INTEREST	-	1,516,500	1,530,168	1,529,135
WIFIA BOND SERIES 21 PRINCIPAL	-	-	36,627	191,272
ALEXRENEW BOND SERIES 24 INTEREST	-	150,000	250,000	300,000
ALEXRENEW BOND SERIES 24 PRINCIPAL	-	500,000	1,000,000	1,500,000
Total Expenses	\$ 16,448,494	\$ 19,784,682	\$ 18,118,989	\$ 18,419,716
Total Interest	5,834,582	6,035,919	5,834,837	5,633,233
Total Principal	10,613,912	13,598,763	11,997,525	12,295,212

IRR Fund Statement – Joint Use Facilities Account

The IRR Fund – Joint Use Facilities Account funds the project costs associated with the upgrade of infrastructure and equipment for the portions of the facility used jointly by the City and Fairfax County.

As noted in the accompanying schedule, contributions to the Joint Use Facilities Account are made annually by both AlexRenew and Fairfax County in a combined amount equal to 0.7 percent of AlexRenew’s estimated joint capital asset value. Fairfax County’s portion of the total contribution is also based on the allocation percentages detailed on page B-4 and affirmed in the Fairfax County Service Agreement. Table B.5 illustrates IRR-Joint project expenses for FY2025-2027 that are necessary for ongoing AlexRenew’s asset repairs and improvements.

Table B.5. IRR Fund – Joint Use Facilities Account Summary

IRR Fund - Joint Use Facilities Account	Adopted FY2024	Proposed FY2025	VAR %	Estimated FY2026	Estimated FY2027
Revenues					
Revenue Fund Transfer	\$ 2,581,224	\$ 2,704,353	4.8%	\$ 2,827,481	\$ 6,357,662
Fairfax County Contribution	3,723,671	3,901,296	4.8%	4,078,922	9,171,556
Total Revenues	\$ 6,304,894	\$ 6,605,649	4.8%	\$ 6,906,403	\$ 15,529,218
Expenses					
Campus Wide Projects	\$ 2,400,000	\$ 2,500,000	4.2%	\$ 3,108,000	\$ 5,648,339
Collection System Projects	\$ 15,000	\$ 100,000	566.7%	\$ 108,000	\$ 116,640
Information Technology Projects	\$ 300,000	\$ 500,000	66.7%	\$ 500,000	\$ 500,000
Compliance Laboratory	\$ 50,000	\$ 10,000	-80.0%	\$ 10,800	\$ 11,664
Preliminary / Primary Infrastructure	\$ 85,648	\$ 250,000	191.9%	\$ 270,000	\$ 291,600
Secondary Infrastructure	\$ 2,000,000	\$ 1,500,000	-25.0%	\$ 1,500,000	\$ 1,620,000
Solids Infrastructure	\$ 1,000,000	\$ 1,000,000	0.0%	\$ 1,080,000	\$ 1,166,400
Tertiary Infrastructure	\$ 2,252,100	\$ 1,763,900	-21.7%	\$ 1,776,000	\$ 683,500
Odor Control System	\$ -	\$ 500,000		\$ -	\$ 500,000
Power Distribution Monitors	\$ -	\$ 30,000		\$ 30,000	\$ 30,000
West Campus Projects	\$ 1,000,000	\$ 750,000	-25.0%	\$ 810,000	\$ 874,800
Safety and Security	\$ 1,050,000	\$ 1,030,000	-1.9%	\$ 1,030,000	\$ 200,000
Building Exteriors	\$ 500,000	\$ -	-100.0%	\$ -	\$ -
Joint IRR Expenses	\$ 10,652,748	\$ 9,933,900	-6.7%	\$ 10,222,800	\$ 11,642,943
Excess (Deficiency)	\$ (4,347,854)	\$ (3,328,251)		\$ (3,316,397)	\$ 3,886,275
Fund Balance - Beginning	\$ 7,106,227	\$ 2,758,373		\$ (569,878)	\$ (3,886,275)
Fund Balance - Ending	\$ 2,758,373	\$ (569,878)		\$ (3,886,275)	\$ -

IRR Fund Statement – General Account

The IRR Fund – General Account funds the project costs associated with the upgrade of infrastructure and equipment for the portions of the facility used for the benefit of the City only.

Contributions to the General Account are made annually for projects AlexRenew determines are necessary to maintain the safe and effective operation for collection system and Alex-only campus needs. Table B.6 illustrates IRR - Alex-Only project expenses for FY2025-2027 necessary for continued improvement, rehabilitation, and replacement associated with Alex-only assets.

Table B.6. IRR Fund – General Account Summary

IRR Fund - General Account	Adopted FY2024	Proposed FY2025	VAR %	Estimated FY2026	Estimated FY2027
Revenues					
Revenue Fund Transfer	\$ 166,000	\$ 1,822,000		\$ 469,760	\$ 708,941
Total Revenue	\$ 166,000	\$ 1,822,000	997.6%	\$ 469,760	\$ 708,941
Expenses					
Campus Wide Projects	\$22,000	\$22,000	0.0%	\$23,760	\$25,661
Collection System Projects	\$144,000	\$1,800,000	1150.0%	\$446,000	\$683,280
Total Expenses	\$ 166,000	\$ 1,822,000	997.6%	\$ 469,760	\$ 708,941

General Fund Statement

The General Fund is the repository of funds remaining after deposits to all other Funds are made and may be used for any lawful purpose of AlexRenew. AlexRenew uses the General Fund to finance Alexandria-only capital improvements, contribute PAYGO (cash) funding to the joint capital program, manage unanticipated expenditures, and maintain sufficient reserves to promote ongoing financial strength.

The General Fund balance is projected to increase to \$3.4 million through FY2025, with a projected balance of over \$38.1 million. Table B.7 illustrates the General Fund balance for the period FY2025-2027 and includes demonstration of financial policy compliance to maintain 60 days of cash reserves in the General Reserve Sub-Fund.

Table B.7. General Fund Summary

General Fund	Adopted FY2024	Proposed FY2025	VAR %	Estimated FY2026	Estimated FY2027
Revenues					
Revenue Fund Transfer	\$ 13,472,422	\$ 14,247,383	6%	\$ 17,949,148	\$ 18,300,828
Interest Income	15,000	75,000	400%	75,000	75,000
Total Revenues	\$ 13,487,422	\$ 14,322,383	6.2%	\$ 18,024,148	\$ 18,375,828
Expenses					
Alex-only General Capital Expenses	\$ 8,183,100	\$ 10,844,400	32.5%	\$ 18,690,000	\$ 16,266,800
Transfer to Joint CIP Project Fund	1,887,098	0	-100.0%	0	0
Total Expenses	\$ 10,070,198	\$ 10,844,400	7.7%	\$ 18,690,000	\$ 16,266,800
Fund Balance Increase (Decrease)	\$ 3,417,225	\$ 3,477,983		\$ (665,852)	\$ 2,109,028
Fund Balance - Beginning	\$ 36,964,336	\$ 40,381,560		\$ 43,859,544	\$ 43,193,692
Fund Balance - Ending	\$ 40,381,560	\$ 43,859,544		\$ 43,193,692	\$ 45,302,720
General Reserve sub-Fund ¹	\$ (5,428,536)	\$ (5,802,015)		\$ (5,976,076)	\$ (6,155,358)
Available Balance	\$ 34,953,025	\$ 38,057,528	8.9%	\$ 37,217,616	\$ 39,147,362

¹ Additional Operating Reserve Requirement of 60 days cash per Board-approved financial policy

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Appendix C

**10-Year Capital Improvement and IRR Programs –
Summary and Project Sheets**

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Table C-1. FY2025-2034 10-year CIP/IRR Program – Summary

Summary of Expenditures		Adopted FY2024	Proposed FY2025	Est. FY2026	Est. FY2027	Est. FY2028	Est. FY2029	Est. FY2030	Est. FY2031	Est. FY2032	Est. FY2033	Est. FY2034	10-year Total
IRR Program	Alex-only IRR	\$0.17	\$1.82	\$0.47	\$0.71	\$0.33	\$0.34	\$0.35	\$0.36	\$0.37	\$0.38	\$0.39	\$5.51
	Joint IRR	\$10.65	\$9.93	\$10.22	\$11.64	\$8.23	\$8.93	\$9.00	\$9.26	\$9.51	\$9.78	\$10.78	\$97.28
	<i>Subtotal</i>	\$10.82	\$11.76	\$10.69	\$12.35	\$8.55	\$9.26	\$9.35	\$9.61	\$9.88	\$10.16	\$11.17	\$102.80
CIP – General	Alex-only CIP	\$8.18	\$10.84	\$18.69	\$16.27	\$31.39	\$34.77	\$10.27	\$7.96	\$4.96	\$1.46	\$0.46	\$137.08
	Joint CIP	\$31.18	\$43.41	\$83.00	\$96.75	\$78.10	\$30.40	\$25.05	\$26.05	\$36.15	\$52.50	\$62.20	\$533.61
	<i>Subtotal</i>	\$39.37	\$54.25	\$101.69	\$113.02	\$109.49	\$65.17	\$35.32	\$34.01	\$41.11	\$53.96	\$62.66	\$670.69
CIP – RiverRenew	RiverRenew Tunnel Project	\$162.28	\$107.70	\$1.90	-	-	-	-	-	-	-	-	\$109.60
	<i>Subtotal</i>	\$162.28	\$107.70	\$1.90	-	-	-	-	-	-	-	-	\$109.60
Total CIP/IRR Program		\$212.46	\$173.71	\$114.28	\$125.37	\$118.05	\$74.44	\$44.67	\$43.62	\$50.99	\$64.12	\$73.83	\$883.08



Table C-2. FY2025-2034 10-year CIP/IRR Program - Detailed Expenses

Projects	Total Project	Prior Years	Proposed FY2025	Estimated FY2026	Estimated FY2027	Estimated FY2028	Estimated FY2029	Estimated FY2030	Estimated FY2031	Estimated FY2032	Estimated FY2033	Estimated FY2034	10-year Total
IRR Program													
Alex-only IRR													
IRR: Campus Wide Projects	\$ 0.31	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.28
IRR: Collection System Projects	\$ 5.37	\$ 0.14	\$ 1.80	\$ 0.45	\$ 0.68	\$ 0.30	\$ 0.31	\$ 0.32	\$ 0.33	\$ 0.34	\$ 0.35	\$ 0.36	\$ 5.23
Alex-only IRR Subtotal	\$ 5.68	\$ 0.17	\$ 1.82	\$ 0.47	\$ 0.71	\$ 0.33	\$ 0.34	\$ 0.35	\$ 0.36	\$ 0.37	\$ 0.38	\$ 0.39	\$ 5.51
Joint IRR													
IRR: Campus-Wide Projects	\$ 29.53	\$ 2.90	\$ 2.50	\$ 3.11	\$ 5.65	\$ 1.38	\$ 1.92	\$ 2.27	\$ 2.34	\$ 2.41	\$ 2.49	\$ 2.56	\$ 26.63
IRR: West Campus Projects	\$ 10.67	\$ 1.00	\$ 0.75	\$ 0.81	\$ 0.87	\$ 0.94	\$ 0.97	\$ 1.00	\$ 1.03	\$ 1.06	\$ 1.10	\$ 1.13	\$ 9.67
IRR: Preliminary and Primary Infrastructure	\$ 3.31	\$ 0.09	\$ 0.25	\$ 0.27	\$ 0.29	\$ 0.31	\$ 0.32	\$ 0.33	\$ 0.34	\$ 0.35	\$ 0.37	\$ 0.38	\$ 3.22
IRR: Secondary Infrastructure	\$ 20.03	\$ 2.00	\$ 1.50	\$ 1.50	\$ 1.62	\$ 1.75	\$ 1.80	\$ 1.86	\$ 1.91	\$ 1.97	\$ 2.03	\$ 2.09	\$ 18.03
IRR: Tertiary Infrastructure	\$ 11.81	\$ 2.25	\$ 1.76	\$ 1.78	\$ 0.68	\$ 0.70	\$ 0.72	\$ 0.74	\$ 0.76	\$ 0.78	\$ 0.81	\$ 0.83	\$ 9.56
IRR: Solids Infrastructure	\$ 13.90	\$ 1.00	\$ 1.00	\$ 1.08	\$ 1.17	\$ 1.26	\$ 1.30	\$ 1.34	\$ 1.38	\$ 1.42	\$ 1.46	\$ 1.50	\$ 12.90
IRR: Odor Control System	\$ 3.75	\$ -	\$ 0.50	\$ -	\$ 0.50	\$ 1.00	\$ 1.00	\$ -	\$ -	\$ -	\$ -	\$ 0.75	\$ 3.75
IRR: WRRF Safety and Security	\$ 4.97	\$ 1.05	\$ 1.03	\$ 1.03	\$ 0.20	\$ 0.22	\$ 0.22	\$ 0.23	\$ 0.24	\$ 0.24	\$ 0.25	\$ 0.26	\$ 3.92
IRR: Collection System Projects	\$ 1.30	\$ 0.02	\$ 0.10	\$ 0.11	\$ 0.12	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.14	\$ 0.14	\$ 0.15	\$ 0.15	\$ 1.29
IRR: Power Distribution Monitors	\$ 0.27	\$ -	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ -	\$ 0.27
IRR: Compliance Laboratory	\$ 0.18	\$ 0.05	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.13
IRR: Tunnel Cleaning/Inspection	\$ 2.92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.55	\$ 0.57	\$ 0.58	\$ 0.60	\$ 0.62	\$ 2.92
IRR: Information Technology Projects	\$ 5.30	\$ 0.30	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 5.00
Joint IRR Subtotal	\$ 107.94	\$ 10.65	\$ 9.93	\$ 10.22	\$ 11.64	\$ 8.23	\$ 8.93	\$ 9.00	\$ 9.26	\$ 9.51	\$ 9.78	\$ 10.78	\$ 97.28
IRR Program Total	\$ 113.61	\$ 10.82	\$ 11.76	\$ 10.69	\$ 12.35	\$ 8.55	\$ 9.26	\$ 9.35	\$ 9.61	\$ 9.88	\$ 10.16	\$ 11.17	\$ 102.80
CIP - General													
Alex-only Capital Improvement Projects													
Commonwealth Interceptor Upgrade Project	\$ 72.15	\$ 4.40	\$ 1.65	\$ 4.81	\$ 6.16	\$ 22.55	\$ 27.77	\$ 4.81	\$ -	\$ -	\$ -	\$ -	\$ 67.75
Arlington County Capital Contributions	\$ 19.38	\$ 3.86	\$ 3.93	\$ 5.00	\$ 3.67	\$ 1.62	\$ 0.25	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.21	\$ 15.52
Potomac Interceptor Rehabilitation	\$ 14.76	\$ -	\$ 0.46	\$ 1.08	\$ 3.74	\$ 5.97	\$ 3.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14.76
Billing and Customer Information System	\$ 2.97	\$ 2.47	\$ 0.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.50
4 MGD WRRF Expansion	\$ 23.00	\$ -	\$ 1.00	\$ 1.00	\$ -	\$ -	\$ 3.00	\$ 5.00	\$ 7.50	\$ 4.50	\$ 1.00	\$ -	\$ 23.00
Environmental Center 5th Floor Build-out	\$ 4.00	\$ 1.00	\$ 2.00	\$ 1.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3.00
Environmental Center Lobby Upgrades	\$ 8.50	\$ -	\$ 0.50	\$ 5.00	\$ 2.00	\$ 1.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8.50
Capital Financing Fees	\$ 2.20	\$ 0.50	\$ 0.25	\$ 0.25	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 1.70
Innovation District Pumping Station Support	\$ 1.05	\$ 0.45	\$ 0.20	\$ 0.20	\$ 0.20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.60
Pump Stations and Service Chambers Condition Assessment	\$ 0.75	\$ -	\$ 0.25	\$ 0.25	\$ 0.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.75
Contingency on Alex-Only Funding	\$ 1.00	\$ -	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 1.00
Alex-only Capital Improvement Projects Subtotal	\$ 149.76	\$ 12.68	\$ 10.84	\$ 18.69	\$ 16.27	\$ 31.39	\$ 34.77	\$ 10.27	\$ 7.96	\$ 4.96	\$ 1.46	\$ 0.46	\$ 137.08



Table C-2. FY2025-2034 10-year CIP/IRR Program - Detailed Expenses (continued)

Projects	Total Project	Prior Years	Proposed FY2025	Estimated FY2026	Estimated FY2027	Estimated FY2028	Estimated FY2029	Estimated FY2030	Estimated FY2031	Estimated FY2032	Estimated FY2033	Estimated FY2034	10-year Total
Joint Capital Improvement Projects													
Solids Process Upgrades	\$ 202.36	\$ 4.76	\$ 8.90	\$ 29.70	\$ 41.00	\$ 23.20	\$ -	\$ -	\$ 0.50	\$ 14.60	\$ 36.50	\$ 43.20	\$ 197.60
Preliminary and Primary System Upgrades	\$ 84.52	\$ 3.57	\$ 12.40	\$ 20.20	\$ 20.60	\$ 18.80	\$ 5.95	\$ 2.00	\$ 1.00	\$ -	\$ -	\$ -	\$ 80.95
Tertiary System Upgrades	\$ 35.60	\$ 1.00	\$ 0.50	\$ 1.50	\$ 9.50	\$ 18.10	\$ 5.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34.60
Information Technology Infrastructure Upgrades	\$ 24.50	\$ 14.00	\$ 6.00	\$ 2.50	\$ 1.00	\$ 1.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10.50
Centrate Pretreatment Facility Improvements	\$ 13.00	\$ 0.50	\$ 1.00	\$ 1.50	\$ 5.00	\$ 5.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12.50
Campus-wide Electrical Upgrade Program	\$ 80.00	\$ -	\$ 1.00	\$ 4.00	\$ 5.00	\$ 5.00	\$ 10.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 5.00	\$ 5.00	\$ 80.00
Buildings L and G Elevator Replacement	\$ 2.00	\$ -	\$ 2.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2.00
Holmes Run Trunk Sewer Rehabilitation	\$ 14.50	\$ 0.20	\$ 2.00	\$ 12.30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14.30
Warehouse and Inventory Upgrade	\$ 10.50	\$ 1.50	\$ 1.00	\$ -	\$ 2.00	\$ 5.00	\$ 1.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9.00
HMI Upgrade	\$ 4.92	\$ 3.26	\$ 1.40	\$ 0.26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.66
Plantwide Sump and Drain System Updates	\$ 2.90	\$ 0.20	\$ -	\$ 0.20	\$ 0.50	\$ 0.50	\$ 1.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2.70
Plant Effluent Water System Improvements	\$ 4.09	\$ -	\$ -	\$ 2.29	\$ 1.80	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4.09
NMF Wet Well Modifications	\$ 5.00	\$ -	\$ -	\$ 1.00	\$ -	\$ -	\$ 2.00	\$ 2.00	\$ -	\$ -	\$ -	\$ -	\$ 5.00
Secondary Settling Tanks Refurbishment	\$ 5.50	\$ -	\$ 1.50	\$ 2.00	\$ 2.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.50
Security Services During Construction	\$ 3.49	\$ 1.84	\$ 0.55	\$ 0.55	\$ 0.55	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.65
Security Upgrades	\$ 1.00	\$ -	\$ 1.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.00
Reclaimed Water System Upgrade	\$ 7.21	\$ -	\$ 0.16	\$ 1.00	\$ 1.05	\$ -	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ -	\$ -	\$ 7.21
WRRF HVAC System Upgrade	\$ 14.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2.00	\$ 2.50	\$ 5.50	\$ 2.50	\$ 1.50	\$ 0.50	\$ 14.50
Plantwide Chemical System Updates	\$ 9.00	\$ -	\$ 2.00	\$ 2.00	\$ 5.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9.00
South Carlyle Partnership	\$ 1.10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.20	\$ 0.30	\$ 0.30	\$ 0.30	\$ -	\$ -	\$ 1.10
North Bridge Structural Upgrades	\$ 10.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.50	\$ 1.00	\$ 1.00	\$ 3.00	\$ 5.00	\$ 10.50
Climate Change Resiliency Program	\$ 13.50	\$ 0.25	\$ 0.50	\$ 0.50	\$ 0.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.00	\$ 7.00	\$ 13.25
Contingency on Joint Funding	\$ 15.00	\$ -	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 15.00
Joint Capital Improvement Projects Subtotal	\$564.69	\$31.08	\$43.41	\$83.00	\$96.75	\$78.10	\$30.40	\$25.05	\$26.05	\$36.15	\$52.50	\$62.20	\$ 533.61
General CIP Total	\$ 714.45	\$ 43.76	\$ 54.25	\$ 101.69	\$ 113.02	\$ 109.49	\$ 65.17	\$ 35.32	\$ 34.01	\$ 41.11	\$ 53.96	\$ 62.66	\$ 670.69
CIP - RiverRenew Program													
RiverRenew Tunnel Project - Alex Only	\$83.10	\$65.50	\$17.20	\$0.40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17.60
RiverRenew Tunnel Project - Joint	\$531.90	\$439.90	\$90.50	\$1.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92.00
RiverRenew Tunnel Project Total	\$ 615.00	\$ 505.40	\$ 107.70	\$ 1.90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109.60
AlexRenew CIP Total	\$ 1,443.06	\$ 559.98	\$ 173.71	\$ 114.28	\$ 125.37	\$ 118.05	\$ 74.44	\$ 44.67	\$ 43.62	\$ 50.99	\$ 64.12	\$ 73.83	\$ 883.08

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Campus-Wide Projects (Alex-only)

Project Location:

Various Alex-only infrastructure

Description: Any improvement, rehabilitation, and replacement projects designated as Alexandria-only

Justification: Provide funds for improvement, rehabilitation, and replacement projects associated with non-process Alexandria-only projects.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Alexandria Only (0% Fairfax County / 100% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$0.02	\$0.02	\$0.02	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.28
Financing												
AlexRenew	\$0.02	\$0.02	\$0.02	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.28
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
Lifetime Total:											--	

Note: Prior Year amount represents adopted FY2024 budget.

Collection System Projects

Project Location: Alex-only Facilities

Description: Continued improvement, rehabilitation, and replacement of Alex-only collection system assets such as interceptors and trunk sewers.

Justification: To maintain the full functionality and reliability of AlexRenew’s collection system.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Alexandria Only (0% Fairfax County / 100% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$0.14	\$1.80	\$0.45	\$0.68	\$0.30	\$0.31	\$0.32	\$0.33	\$0.34	\$0.35	\$0.36	\$5.23
Financing												
AlexRenew	\$0.14	\$1.80	\$0.45	\$0.68	\$0.30	\$0.31	\$0.32	\$0.33	\$0.34	\$0.35	\$0.36	\$5.23
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
Lifetime Total:										--		

Note: Prior Year amount represents adopted FY2024 budget.

Campus-Wide Projects (Joint)

Project Location: WRRF – Campus-wide

Description: All improvement, rehabilitation, and replacement projects on infrastructure, equipment, and systems across campus.

Justification: To maintain the full functionality and reliability of campus-wide systems.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$2.40	\$2.50	\$3.11	\$5.65	\$1.38	\$1.92	\$2.27	\$2.34	\$2.41	\$2.49	\$2.56	\$26.63
Financing												
AlexRenew	\$0.96	\$1.00	\$1.24	\$2.26	\$0.55	\$0.77	\$0.91	\$0.94	\$0.97	\$0.99	\$1.02	\$10.65
Fairfax	\$1.44	\$1.50	\$1.86	\$3.39	\$0.83	\$1.15	\$1.36	\$1.41	\$1.45	\$1.49	\$1.54	\$15.98
Lifetime Total:											–	

Note: Prior Year amount represents adopted FY2024 budget.

West Campus Projects

Project Location: Environmental Center

Description: All improvement, rehabilitation, and replacement projects associated with the Environmental Center.

Justification: To maintain the full functionality of the Environmental Center.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Environmental Center (49% Fairfax County / 51% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$1.00	\$0.75	\$0.81	\$0.87	\$0.94	\$0.97	\$1.00	\$1.03	\$1.06	\$1.10	\$1.13	\$9.67
Financing												
AlexRenew	\$0.51	\$0.38	\$0.41	\$0.45	\$0.48	\$0.50	\$0.51	\$0.53	\$0.54	\$0.56	\$0.58	\$4.93
Fairfax	\$0.49	\$0.37	\$0.40	\$0.43	\$0.46	\$0.48	\$0.49	\$0.51	\$0.52	\$0.54	\$0.55	\$4.74
Lifetime Total:											–	

Note: Prior Year amount represents adopted FY2024 budget.

Description: All improvement, rehabilitation, and replacement projects associated with the preliminary and primary treatment systems.

Justification: To maintain the full functionality and reliability of the preliminary and primary treatment processes.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$0.09	\$0.25	\$0.27	\$0.29	\$0.31	\$0.32	\$0.33	\$0.34	\$0.35	\$0.37	\$0.38	\$3.22
Financing												
AlexRenew	\$0.04	\$0.10	\$0.11	\$0.12	\$0.13	\$0.13	\$0.13	\$0.14	\$0.14	\$0.15	\$0.15	\$1.29
Fairfax	\$0.05	\$0.15	\$0.16	\$0.17	\$0.19	\$0.19	\$0.20	\$0.21	\$0.21	\$0.22	\$0.23	\$1.93
	Lifetime Total:											-

Note: Prior Year amount represents adopted FY2024 budget.

Secondary Infrastructure

Project Location:

Description: All improvement, rehabilitation, and replacement projects associated with the secondary treatment systems.

Justification: To maintain the full functionality and reliability of the secondary treatment processes.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$2.00	\$1.50	\$1.50	\$1.62	\$1.75	\$1.80	\$1.86	\$1.91	\$1.97	\$2.03	\$2.09	\$18.03
Financing												
AlexRenew	\$0.80	\$0.60	\$0.60	\$0.65	\$0.70	\$0.72	\$0.74	\$0.76	\$0.79	\$0.81	\$0.84	\$7.21
Fairfax	\$1.20	\$0.90	\$0.90	\$0.97	\$1.05	\$1.08	\$1.11	\$1.15	\$1.18	\$1.22	\$1.25	\$10.82
	Lifetime Total:											-

Note: Prior Year amount represents adopted FY2024 budget.

Description: All improvement, rehabilitation, and replacement projects associated with the tertiary treatment systems.

Justification: To maintain the full functionality and reliability of the tertiary treatment processes.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$2.25	\$1.76	\$1.78	\$0.68	\$0.70	\$0.72	\$0.74	\$0.76	\$0.78	\$0.81	\$0.83	\$9.56
Financing												
AlexRenew	\$0.90	\$0.71	\$0.71	\$0.27	\$0.28	\$0.29	\$0.30	\$0.30	\$0.31	\$0.32	\$0.33	\$3.82
Fairfax	\$1.35	\$1.06	\$1.07	\$0.41	\$0.42	\$0.43	\$0.44	\$0.46	\$0.47	\$0.48	\$0.50	\$5.74
Lifetime Total:											–	

Note: Prior Year amount represents adopted FY2024 budget.

Description: All improvement, rehabilitation, and replacement projects associated with the solids treatment systems.

Justification: To maintain the full functionality and reliability of the solids treatment processes.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$1.00	\$1.00	\$1.08	\$1.17	\$1.26	\$1.30	\$1.34	\$1.38	\$1.42	\$1.46	\$1.50	\$12.90
Financing												
AlexRenew	\$0.40	\$0.40	\$0.43	\$0.47	\$0.50	\$0.52	\$0.53	\$0.55	\$0.57	\$0.58	\$0.60	\$5.16
Fairfax	\$0.60	\$0.60	\$0.65	\$0.70	\$0.76	\$0.78	\$0.80	\$0.83	\$0.85	\$0.88	\$0.90	\$7.74
	Lifetime Total:											-

Note: Prior Year amount represents adopted FY2024 budget.

Description: All improvement, rehabilitation, and replacement projects associated with the plant odor control systems.

Justification: To maintain the full functionality and reliability of the plant odor control processes.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	-	\$0.50	-	\$0.50	\$1.00	\$1.00	-	-	-	-	\$0.75	\$3.75
Financing												
AlexRenew	-	\$0.20	-	\$0.20	\$0.40	\$0.40	-	-	-	-	\$0.30	\$1.50
Fairfax	-	\$0.30	-	\$0.30	\$0.60	\$0.60	-	-	-	-	\$0.45	\$2.25
Lifetime Total:											--	

Note: Prior Year amount represents adopted FY2024 budget.

WRRF Safety and Security

Project Location: WRRF – Campus-wide

Description: All improvement, rehabilitation, and replacement projects associated with safety systems at the plant.

Justification: To continuously improve the overall safety and security of AlexRenew employees, vendors, contractors, and visitors at the plant.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$1.05	\$1.03	\$1.03	\$0.20	\$0.22	\$0.22	\$0.23	\$0.24	\$0.24	\$0.25	\$0.26	\$3.92
Financing												
AlexRenew	\$0.42	\$0.41	\$0.41	\$0.08	\$0.09	\$0.09	\$0.09	\$0.09	\$0.10	\$0.10	\$0.10	\$1.57
Fairfax	\$0.63	\$0.62	\$0.62	\$0.12	\$0.13	\$0.13	\$0.14	\$0.14	\$0.15	\$0.15	\$0.15	\$2.35
Lifetime Total:											--	

Note: Prior Year amount represents adopted FY2024 budget.

Collection System Projects

Project Location: Joint Use Facilities

Description: All improvement, rehabilitation and replacement needs for collection system assets that serve both the City and Fairfax County to maintain their useful life

Justification: To maintain the full functionality and reliability of collection system.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$0.02	\$0.10	\$0.11	\$0.12	\$0.13	\$0.13	\$0.13	\$0.14	\$0.14	\$0.15	\$0.15	\$1.29
Financing												
AlexRenew	\$0.01	\$0.04	\$0.04	\$0.05	\$0.05	\$0.05	\$0.05	\$0.06	\$0.06	\$0.06	\$0.06	\$0.52
Fairfax	\$0.01	\$0.06	\$0.06	\$0.07	\$0.08	\$0.08	\$0.08	\$0.08	\$0.09	\$0.09	\$0.09	\$0.77
Lifetime Total:											–	

Note: Prior Year amount represents adopted FY2024 budget.

Power Distribution Monitors

Project Location: WRRF – Campus-wide

Description: All replacement, addition, and modernization of existing power monitors at the plant to renew obsolete power distribution monitor system.

Justification: To improve the functionality of the power distribution monitor system.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replace monitors as needed

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$0.15	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	-	\$0.27
Financing												
AlexRenew	\$0.06	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	-	\$0.11
Fairfax	\$0.09	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	-	\$0.16
Lifetime Total:											-	

Note: Prior Year amount represents adopted FY2024 budget.

Compliance Laboratory

Description: All improvement, rehabilitation, and replacement projects associated with the compliance laboratory.

Justification: To maintain the full functionality and reliability of the compliance laboratory.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$0.05	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.02	\$0.13
Financing												
AlexRenew	\$0.02	\$0.00	\$0.00	\$0.00	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.05
Fairfax	\$0.03	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.08
Lifetime Total:											–	

Note: Prior Year amount represents adopted FY2024 budget.

Tunnel Cleaning/Inspection

Project Location: RiverRenew Tunnel

Description: Inspection and cleaning to optimize the functionality of the RiverRenew tunnel
 Justification: To ensure the reliability and performance of the tunnel
 Program: Improvement, Renewal, and Replacement (IRR) Program
 Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)
 Schedule: Ongoing
 Status: Replacements or repairs, as needed

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	-	-	-	-	-	-	\$0.55	\$0.57	\$0.58	\$0.60	\$0.62	\$2.92
Financing												
AlexRenew	-	-	-	-	-	-	\$0.22	\$0.23	\$0.23	\$0.24	\$0.25	\$1.17
Fairfax	-	-	-	-	-	-	\$0.33	\$0.34	\$0.35	\$0.36	\$0.37	\$1.75
Lifetime Total:										-		

Note: Prior Year amount represents adopted FY2024 budget.

Information Technology Projects

Project Location:

Description: Ongoing lifecycle replacement and expansion of information technology (IT) assets.

Justification: To maintain the full functionality and reliability of AlexRenew’s IT assets.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$0.30	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$5.00
Financing												
AlexRenew	\$0.12	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$2.00
Fairfax	\$0.18	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$3.00
Lifetime Total:											–	

Note: Prior Year amount represents adopted FY2024 budget.

Commonwealth Interceptor Upgrade Project

Project Location:

Commonwealth
Interceptor

Description: The Commonwealth Interceptor is a separate sanitary sewer that collects flows from the Del Ray, Rosemont, and North Ridge neighborhoods (known as the Commonwealth Separate Sewer Area) in Alexandria. The interceptor has sufficient capacity to convey sanitary sewer flows to AlexRenew; however, during periods of intense rain, the Commonwealth Separate Sanitary Sewer Area (owned by the City) is overwhelmed by excess infiltration and inflow (I/I). This excess I/I can cause sewer flooding and basement backups. In coordination with the City, the project will identify and evaluate alternatives to mitigate capacity issues caused by excess I/I. Costs represent if alternative to upsize the Commonwealth Interceptor is determined to be best option.

Justification: To mitigate capacity issues from excess I/I to the Commonwealth Interceptor

Program: Capital Improvement Program

Cost Share Category: Alexandria Only (0% Fairfax County / 100% AlexRenew)

Schedule: Alternatives analysis in FY2023-2025, Design (if needed) in FY2025-2027, Construction (if needed) in FY2027-2030

Status: Alternatives analysis is underway

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$4.40	\$1.65	\$4.81	\$6.16	\$22.55	\$27.77	\$4.81	-	-	-	-	\$67.75
Financing												
AlexRenew	\$4.40	\$1.65	\$4.81	\$6.16	\$22.55	\$27.77	\$4.81	-	-	-	-	\$67.75
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
Lifetime Total:									\$72.15			

Note: Prior Years amount represents actual spend in FY2023 and adopted FY2024 budget.

Arlington County Capital Contributions

Project Location: Arlington County WPCP

Description: Arlington County treats wastewater flows from the northwestern quadrant of the City of Alexandria at its Water Pollution Control Plant (WPCP). Established in the service agreement between AlexRenew and Arlington County (dated July 1, 1977), AlexRenew makes annual contributions to Arlington County’s Capital Improvement Program based on the established capacity share to fund upgrades to the WPCP.

Justification: To ensure AlexRenew meets its obligations under the service agreement with Arlington County.

Program: Capital Improvement Program

Cost Share Category: Alexandria Only (0% Fairfax County / 100% AlexRenew)

Schedule: Ongoing

Status: Annual contributions support Arlington County’s identified project in their CIP

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$3.86	\$3.93	\$5.00	\$3.67	\$1.62	\$0.25	\$0.21	\$0.21	\$0.21	\$0.21	\$0.21	\$15.52
Financing												
AlexRenew	\$3.86	\$3.93	\$5.00	\$3.67	\$1.62	\$0.25	\$0.21	\$0.21	\$0.21	\$0.21	\$0.21	\$15.52
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
Lifetime Total:												\$19.38

Note: Prior Year amount represents adopted FY2024 budget.

Potomac Interceptor Rehabilitation

Project Location: Potomac Interceptor

Description: AlexRenew’s Potomac Interceptor collects combined sewer flows from the City of Alexandria’s sewer system through Old Town. A previous condition assessment identified the need to rehabilitate a portion of the Potomac Interceptor due to pipe settlement. Project will inspect and rehabilitate the Potomac Interceptor to address any existing and new issues.

Justification: To improve the performance and reliability of the Potomac Interceptor

Program: Capital Improvement Program

Cost Share Category: Alexandria Only (0% Fairfax County / 100% AlexRenew)

Schedule: Planning and design in FY2025-2026, Construction in FY2027-2029

Status: Project has not yet started. Planning to start in FY2025

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	-	\$0.46	\$1.08	\$3.74	\$5.97	\$3.50	-	-	-	-	-	\$14.76
Financing												
AlexRenew	-	\$0.46	\$1.08	\$3.74	\$5.97	\$3.50	-	-	-	-	-	\$14.76
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
Lifetime Total:									\$14.76			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

Description: In November 2023, AlexRenew launched a new billing and customer information system to replace the previous billing system and vendor who stopped providing services in January 2024. Ongoing services may be required to complete implementation.

Justification: To ensure continuous billing and customer service to AlexRenew’s customers.

Program: Capital Improvement Program

Cost Share Category: Alexandria Only (0% Fairfax County / 100% AlexRenew)

Schedule: Implementation completed in November 2023

Status: Ongoing work as needed

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$2.47	\$0.50	-	-	-	-	-	-	-	-	-	\$0.50
Financing												
AlexRenew	\$2.47	\$0.50	-	-	-	-	-	-	-	-	-	\$0.50
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
Lifetime Total:									\$2.97			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

4 MGD WRRF Expansion

Project Location: WRRF – Campus-wide

Description: Project to identify and implement improvements to increase the capacity of the WRRF by 4MGD (from 54MGD to 58MGD) to accommodate future City flows.

Justification: The population of the City of Alexandria (COA) is expected to grow resulting in the generation of additional sewer flows that need treatment. An additional 4MGD is needed for City capacity based on sewer flow projections.

Program: Capital Improvement Program

Cost Share Category: Alexandria Only (0% Fairfax County / 100% AlexRenew)

Schedule: Facility plan in FY2025-2026, Design and construction in FY2029-2033

Status: Project to begin in FY2025

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	-	\$1.00	\$1.00	-	-	\$3.00	\$5.00	\$7.50	\$4.50	\$1.00	-	\$23.0
Financing												
AlexRenew	-	\$1.00	\$1.00	-	-	\$3.00	\$5.00	\$7.50	\$4.50	\$1.00	-	\$23.0
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
Lifetime Total:									\$23.00			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

Environmental Center 5th Floor Build-out

Description: The 5th floor of the Environmental Center was left unfurnished in the completion of the building to provide flexibility for future needs. The project will complete the build out of the space to provide additional office and collaboration space, including temporary use by the City of Alexandria’s Transportation and Environmental Services – Sanitary Infrastructure Division

Justification: To optimize the use of existing infrastructure and space.

Program: Capital Improvement Program

Cost Share Category: Alexandria Only (0% Fairfax County / 100% AlexRenew)

Schedule: Design in FY2024-FY2025, Construction in FY2025-2026

Status: Design of the 5th floor space is underway.

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$1.00	\$2.00	\$1.00	-	-	-	-	-	-	-	-	\$3.00
Financing												
AlexRenew	\$1.00	\$2.00	\$1.00	-	-	-	-	-	-	-	-	\$3.00
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
Lifetime Total:										\$4.00		

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

Environmental Center Lobby Upgrades

Project Location: Environmental Center

Description: Upgrade AlexRenew’s administrative building’s lobby. Improvements include updates to the educational exhibits to incorporate understanding of AlexRenew’s new and existing assets and operations and security upgrades.

Justification: To educate visitors and the community about the important work AlexRenew does.

Program: Capital Improvement Program

Cost Share Category: Alexandria Only (0% Fairfax County / 100% AlexRenew)

Schedule: Design in FY2025, implementation in FY2026-2028.

Status: Design to start in FY2025

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	-	\$0.50	\$5.00	\$2.00	\$1.00	-	-	-	-	-	-	\$8.50
Financing												
AlexRenew	-	\$0.50	\$5.00	\$2.00	\$1.00	-	-	-	-	-	-	\$8.50
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
Lifetime Total:									\$8.50			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

Capital Financing Fees

Project Location: Any AlexRenew asset

Description: Fees associated with the financing of the CIP program
 Justification: Financing fees including financial advisory fees, legal fees, rate consultant work, loan applications fees and serving fees for debt funded capital projects.
 Program: Capital Improvement Program
 Cost Share Category: Alexandria Only (0% Fairfax County / 100% AlexRenew)
 Schedule: Ongoing to support CIP
 Status: As-needed

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$0.50	\$0.25	\$0.25	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$1.70
Financing												
AlexRenew	\$0.50	\$0.25	\$0.25	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$1.70
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
Lifetime Total:									\$2.20			

Note: Prior Year amount represents adopted FY2024 budget.

Innovation District Pumping Station Support

Project Location:

IDPS

Description: To implement any projects to support the commission of the Innovation District Pumping Station (IDPS).

Justification: The IDPS was built by a developer to serve the Virginia Tech (VT) Campus that is currently under development. AlexRenew took ownership of IDPS in September 2023 ahead of full build-out of the VT campus. As IDPS receives additional flows when new buildings are built, projects may be necessary to re-commission the pump station.

Program: Capital Improvement Program

Cost Share Category: Alexandria Only (0% Fairfax County / 100% AlexRenew)

Schedule: Implementation coordinates with full build-out of VT Campus, currently anticipated to be complete in FY2027.

Status: Projects as-needed to support commissioning

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$0.45	\$0.20	\$0.20	\$0.20	-	-	-	-	-	-	-	\$0.60
Financing												
AlexRenew	\$0.45	\$0.20	\$0.20	\$0.20	-	-	-	-	-	-	-	\$0.60
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
Lifetime Total:									\$1.05			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

**Pump Stations and Service Chambers
Condition Assessment**

Project Location: Pump Stations/
Service Chambers

Description: Perform a condition assessment of and implement any identified rehabilitation or replacement on AlexRenew’s two service chambers and five pump stations.

Justification: Project to improve the performance and reliability of AlexRenew’s service chambers and pump stations

Program: Capital Improvement Program

Cost Share Category: Alexandria Only (0% Fairfax County / 100% AlexRenew)

Schedule: Assessment/implementation in FY2025-2027

Status: Project to start in FY2025

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	-	\$0.25	\$0.25	\$0.25	-	-	-	-	-	-	-	\$0.75
Financing												
AlexRenew	-	\$0.25	\$0.25	\$0.25	-	-	-	-	-	-	-	\$0.75
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
Lifetime Total:									\$0.75			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

Solids Process Upgrades

Description: AlexRenew’s solids processes are being evaluated under a Solids Master Plan (SMP). The SMP identified short-term improvements and will identify medium- and long-term recommendations to improve solids handling and meet future process needs. Short-term improvements will be implemented through a Construction Management At-Risk (CMAR) contract.

Justification: To improve the performance and reliability of the WRRF’s solids processing.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: SMP: FY2021-FY2025
 Short-term improvements: CMAR Construction – FY2025-2028
 Medium- and long-term improvements: to begin in FY2031

Status: SMP is ongoing, CMAR anticipated for FY2025.

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$4.76	\$8.90	\$29.70	\$41.00	\$23.20	\$0.00	\$0.00	\$0.50	\$14.60	\$36.50	\$43.20	\$197.60
Financing												
AlexRenew	\$1.90	\$3.56	\$11.88	\$16.40	\$9.28	\$0.00	\$0.00	\$0.20	\$5.84	\$14.60	\$17.28	\$79.04
Fairfax	\$2.86	\$5.34	\$17.82	\$24.60	\$13.92	\$0.00	\$0.00	\$0.30	\$8.76	\$21.90	\$25.92	\$118.56
Lifetime Total:									\$202.36			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

Preliminary and Primary System Upgrades

Description: Program to assess and upgrade of AlexRenew’s preliminary and primary treatment systems that is reaching the end of their useful life. An initial assessment identified improvements that will be implemented through a Construction Manager At-Risk contract.

Justification: To improve the reliability and performance of the preliminary and primary systems.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Design FY2025-2026 and Construction FY2025-2031.

Status: CMAR anticipated to begin in FY2025.

Project Financials:

Expenditure	Fiscal Year (\$M)											Total
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Total	\$3.57	\$12.40	\$20.20	\$20.60	\$18.80	\$5.95	\$2.00	\$1.00	-	-	-	\$80.95
Financing												
AlexRenew	\$1.43	\$4.96	\$8.08	\$8.24	\$7.52	\$2.38	\$0.80	\$0.40	-	-	-	\$32.38
Fairfax	\$2.14	\$7.44	\$12.12	\$12.36	\$11.28	\$3.57	\$1.20	\$0.60	-	-	-	\$48.57
Lifetime Total:									\$84.52			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

Tertiary System Upgrades

Project Location: WRRF – Building G

Description: Project to assess, repair, and upgrade the tertiary treatment system that is reaching the end of its useful life. The project will include tertiary filters, settling tanks, and chemical dosing systems.

Justification: Improved reliability of the tertiary systems.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Design of recommended repairs in FY2025. Construction expected to start in FY2027.

Status: Assessment in progress.

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$1.00	\$0.50	\$1.50	\$9.50	\$18.10	\$5.00	-	-	-	-	-	\$34.60
Financing												
AlexRenew	\$0.40	\$0.20	\$0.60	\$3.80	\$7.24	\$2.00	-	-	-	-	-	\$13.84
Fairfax	\$0.60	\$0.30	\$0.90	\$5.70	\$10.86	\$3.00	-	-	-	-	-	\$20.76
Lifetime Total:									\$35.60			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

**Information Technology Infrastructure
Upgrades**

Project Location: Various

Description: AlexRenew’s information technology (IT) equipment and applications are essential to ensuring the operations of the organization. Regular updates are necessary to modernize AlexRenew in the face of changing cybersecurity threats. Upgrades have been identified and are underway to various IT equipment and applications including AlexRenew’s network and SCADA. Program also includes current project to upgrade AlexRenew’s asset management software.

Justification: Ensure the cybersecurity of AlexRenew and improve tracking and management of asset operation/performance/reliability across the organization.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Implementation in FY2023-2028.

Status: Upgrades underway

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$14.00	\$6.00	\$2.50	\$1.00	\$1.00	-	-	-	-	-	-	\$10.50
Financing												
AlexRenew	\$5.60	\$2.40	\$1.00	\$0.40	\$0.40	-	-	-	-	-	-	\$4.20
Fairfax	\$8.40	\$3.60	\$1.50	\$0.60	\$0.60	-	-	-	-	-	-	\$6.30
Lifetime Total:									\$24.50			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

Centrate Pretreatment Facility Improvements

Project Location: WRRF – Building 69

Description: Centrate pretreatment (CPT) facility provides energy-efficient ammonia removal and requires upgrades. Project will assess, repair, and improve the CPT system.

Justification: To improve the reliability and efficiency of the CPT process.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Implementation in FY2025-2028

Status: A study is underway to assess the existing system and identify needed improvements. CPT facility improvements are planned to begin in FY2025.

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$0.50	\$1.00	\$1.50	\$5.00	\$5.00	-	-	-	-	-	-	\$12.50
Financing												
AlexRenew	\$0.20	\$0.40	\$0.60	\$2.00	\$2.00	-	-	-	-	-	-	\$5.00
Fairfax	\$0.30	\$0.60	\$0.90	\$3.00	\$3.00	-	-	-	-	-	-	\$7.50
Lifetime Total:									\$13.00			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

Campus-wide Electrical Upgrade Program

Project Location: WRRF – Campus-wide

Description: AlexRenew relies on the electrical grid throughout the WRRF’s campus to ensure continuous operations of treatment equipment/processes. A program is needed to assess, design, and implement overhaul of the WRRF’s electrical grid and related infrastructure.

Justification: Ensure the reliability, safety, and efficiency of the WRRF’s electrical systems.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Assessment and design in FY2025-2026, Construction in FY2027-2034

Status: Assessment to begin in FY2025.

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	-	\$1.00	\$4.00	\$5.00	\$5.00	\$10.00	\$15.00	\$15.00	\$15.00	\$5.00	\$5.00	\$80.00
Financing												
AlexRenew	-	\$0.40	\$1.60	\$2.00	\$2.00	\$4.00	\$6.00	\$6.00	\$6.00	\$2.00	\$2.00	\$32.00
Fairfax	-	\$0.60	\$2.40	\$3.00	\$3.00	\$6.00	\$9.00	\$9.00	\$9.00	\$3.00	\$3.00	\$48.00
Lifetime Total:									\$80.00			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

Buildings L and G Elevator Replacement

Project Location:

WRRF – Buildings
L & G

Description: The elevators in Buildings L and G are used daily to move people and equipment. Both Building L and G elevators are reaching end of useful life and require replacement.

Justification: To replace obsolete equipment and improve the reliability and performance of the elevators

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Construction in FY2025

Status: Procurement anticipated for FY2024 to construct in FY2025.

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	-	\$2.00	-	-	-	-	-	-	-	-	-	\$2.00
Financing												
AlexRenew	-	\$0.80	-	-	-	-	-	-	-	-	-	\$0.80
Fairfax	-	\$1.20	-	-	-	-	-	-	-	-	-	\$1.20
Lifetime Total:									\$2.00			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

Holmes Run Trunk Sewer Rehabilitation

Project Location:

HRTS

Description: Holmes Run Trunk Sewer (HRTS) conveys flows from both Fairfax County and the City of Alexandria to the WRRF. Project will implement lining and other rehabilitation activities identified through a condition assessment in 2017. Project is anticipated to coordinate with City of Alexandria’s Holmes Run Trail Flood Damage Repair project.

Justification: Improve performance of the HRTS.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Design in FY2024-2025, Construction in FY2025-2026.

Status: Design underway

Project Financials:

Expenditure	Fiscal Year (\$M)											Total
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Total	\$0.20	\$2.00	\$12.30	-	-	-	-	-	-	-	-	\$14.30
Financing												
AlexRenew	\$0.08	\$0.80	\$4.92	-	-	-	-	-	-	-	-	\$5.72
Fairfax	\$0.12	\$1.20	\$7.38	-	-	-	-	-	-	-	-	\$8.58
Lifetime Total:										\$14.50		

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

Warehouse and Inventory Upgrade

Project Location: WRRF – Building F

Description: AlexRenew warehouse is used to store spare parts, equipment, and supplies necessary to maintain treatment processes. The existing warehouse space has limited storage space. Project will repurpose an existing facility to serve as AlexRenew’s centralized warehouse to provide additional space for storage and coordinate with ongoing asset management project.

Justification: To improve storage of and access to necessary spare parts, equipment, and supplies for maintaining AlexRenew’s assets.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Planning and design in FY2024-2025, Construction in FY2027-2029.

Status: Planning and design underway.

Project Financials:

Expenditure	Fiscal Year (\$M)											Total
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Total	\$1.50	\$1.00	-	\$2.00	\$5.00	\$1.00	-	-	-	-	-	\$9.00
Financing												
AlexRenew	\$0.60	\$0.40	-	\$0.80	\$2.00	\$0.40	-	-	-	-	-	\$3.60
Fairfax	\$0.90	\$0.60	-	\$1.20	\$3.00	\$0.60	-	-	-	-	-	\$5.40
Lifetime Total:									\$10.50			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

HMI Upgrade

Project Location: WRRF – Campus-wide

Description: AlexRenew uses a Human Machine Interface (HMI) application as part of the WRRF’s supervisory control and data acquisition (SCADA) system to monitor and operate equipment and treatment processes. Upgrades are needed to ensure system is modernized.

Justification: To ensure HMI application meets current industry standards and best practices for SCADA.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Implementation in FY2018-2026.

Status: Implementation underway

Project Financials:

Expenditure	Fiscal Year (\$M)											Total
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Total	\$3.26	\$1.40	\$0.26	-	-	-	-	-	-	-	-	\$1.66
Financing												
AlexRenew	\$1.31	\$0.56	\$0.10	-	-	-	-	-	-	-	-	\$0.66
Fairfax	\$1.96	\$0.84	\$0.16	-	-	-	-	-	-	-	-	\$1.00
Lifetime Total:									\$4.92			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

Plantwide Sump and Drain System Updates

Project Location: WRRF – Campus-wide

Description: The WRRF includes a system of various sump and drain infrastructure to remove fluids from process areas. Project will assess, repair, and modify of the sumps and drainage systems.

Justification: Improved reliability of the WRRF drainage network.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Assessment and implementation in FY2026-2029

Status: Project moved to start in FY2026.

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$0.20	-	\$0.20	\$0.50	\$0.50	\$1.50	-	-	-	-	-	\$2.70
Financing												
AlexRenew	\$0.08	-	\$0.08	\$0.20	\$0.20	\$0.60	-	-	-	-	-	\$1.08
Fairfax	\$0.12	-	\$0.12	\$0.30	\$0.30	\$0.90	-	-	-	-	-	\$1.62
Lifetime Total:									\$2.90			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

Plant Effluent Water System Improvements

Project Location: WRRF – Building F

Description: AlexRenew’s WRRF uses highly-treated plant effluent water instead of potable water to support operations. Upgrades to various components of the plant effluent water system are needed.

Justification: Increased reliability and efficiency of the plant effluent water system.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Design and construction in FY2026-2027.

Status: Project not yet started.

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	-	-	\$2.29	\$1.80	-	-	-	-	-	-	-	\$4.09
Financing												
AlexRenew	-	-	\$0.92	\$0.72	-	-	-	-	-	-	-	\$1.64
Fairfax	-	-	\$1.37	\$1.08	-	-	-	-	-	-	-	\$2.45
Lifetime Total:									\$4.09			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

NMF Wet Well Modifications

Project Location: Building 60 (NMF)

Description: AlexRenew’s Nutrient Management Facility (NMF) was constructed to include a wet well that is no longer needed. Project will assess, design, and construct modifications to or eliminate the NMF wet well.

Justification: To modify the NMF wet well to ensure efficient performance of NMF.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Assessment in FY2026, Design and construction in FY2029-2030

Status: Project has not yet started

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	-	-	\$1.00	-	-	\$2.00	\$2.00	-	-	-	-	\$5.00
Financing												
AlexRenew	-	-	\$0.40	-	-	\$0.80	\$0.80	-	-	-	-	\$2.00
Fairfax	-	-	\$0.60	-	-	\$1.20	\$1.20	-	-	-	-	\$3.00
Lifetime Total:									\$5.00			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

Secondary Settling Tanks Refurbishment

Description: AlexRenew uses settling tanks (SSTs) as part of its secondary treatment processes. The internal chain and flight systems used in the SSTs are reaching the end of their useful life and require replacement.

Justification: Improve the reliability and performance of the SSTs

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Design in FY2025; Construction in FY2026-2027

Status: Equipment procurement to begin in FY2025.

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	-	\$1.50	\$2.00	\$2.00	-	-	-	-	-	-	-	\$5.50
Financing												
AlexRenew	-	\$0.60	\$0.80	\$0.80	-	-	-	-	-	-	-	\$2.20
Fairfax	-	\$0.90	\$1.20	\$1.20	-	-	-	-	-	-	-	\$3.30
Lifetime Total:												\$5.50

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

Security Services During Construction

Project Location: WRRF – Campus-wide

Description: AlexRenew uses security guards posted at entry points to monitor access onto the WRRF. During construction of the RiverRenew Tunnel Project, additional guards were required to allow trucks to use additional WRRF gates.

Justification: To maintain site security during and support construction of RiverRenew Tunnel project.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Schedule aligns with the RiverRenew Tunnel Project construction

Status: Ongoing, as-needed to support truck routes

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$1.84	\$0.55	\$0.55	\$0.55	-	-	-	-	-	-	-	\$1.65
Financing												
AlexRenew	\$0.74	\$0.22	\$0.22	\$0.22	-	-	-	-	-	-	-	\$0.66
Fairfax	\$1.10	\$0.33	\$0.33	\$0.33	-	-	-	-	-	-	-	\$0.99
Lifetime Total:									\$3.49			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

FY2025 Capital Budget
Security Upgrades

Project Location: WRRF – Campus-wide

Description: The ongoing security of AlexRenew’s campus is essential to ensuring ongoing operations. Project to implement upgrades throughout AlexRenew’s WRRF campus to improve safety and security, including cameras, security fencing, and doors/gates.

Justification: To upgrade WRRF to changing security threats.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Design and implementation in FY2025

Status: Project to start in FY2025

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	-	\$1.00	-	-	-	-	-	-	-	-	-	\$1.00
Financing												
AlexRenew	-	\$0.40	-	-	-	-	-	-	-	-	-	\$0.40
Fairfax	-	\$0.60	-	-	-	-	-	-	-	-	-	\$0.60
Lifetime Total:									\$1.00			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

Reclaimed Water System Upgrade

Project Location: WRRF – Building F

Description: AlexRenew has the capability to produce reclaimed water (RW) for use on-site or in the community. The RW system requires upgrades to ensure it remains operational and reliable.

Justification: To meet future RW demands and maintain system performance and reliability.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Design in FY2025-2027, Construction in FY2029-2032

Status: Existing system performance was assessed under a previous study

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	-	\$0.16	\$1.00	\$1.05	-	\$1.25	\$1.25	\$1.25	\$1.25	-	-	\$7.21
Financing												
AlexRenew	-	\$0.06	\$0.40	\$0.42	-	\$0.50	\$0.50	\$0.50	\$0.50	-	-	\$2.88
Fairfax	-	\$0.10	\$0.60	\$0.63	-	\$0.75	\$0.75	\$0.75	\$0.75	-	-	\$4.33
Lifetime Total:									\$7.21			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

WRRF HVAC System Upgrade

Project Location: WRRF – Campus-wide

Description: Assessment, replacement, and modification of HVAC systems across the AlexRenew campus.

Justification: Increased reliability and performance of campus HVAC systems.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Assessment, design, and construction in FY2029-2034

Status: Project has not yet started.

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	-	-	-	-	-	\$2.00	\$2.50	\$5.50	\$2.50	\$1.50	\$0.50	\$14.50
Financing												
AlexRenew	-	-	-	-	-	\$0.80	\$1.00	\$2.20	\$1.00	\$0.60	\$0.20	\$5.80
Fairfax	-	-	-	-	-	\$1.20	\$1.50	\$3.30	\$1.50	\$0.90	\$0.30	\$8.70
Lifetime Total:									\$14.50			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

Plantwide Chemical System Updates

Project Location: WRRF – Campus-wide

Description: AlexRenew uses chemicals for process control and permit compliance. These chemicals must be safely stored and distributed to multiple unit processes on-site. Chemical storage and distribution systems are approaching the end of their useful life.

Justification: Improve reliability and safety of the WRRF’s chemical systems.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Planning and design in FY2025, Construction in FY2026-2027

Status: A chemical system study will be performed in FY2025.

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	-	\$2.00	\$2.00	\$5.00	-	-	-	-	-	-	-	\$9.00
Financing												
AlexRenew	-	\$0.80	\$0.80	\$2.00	-	-	-	-	-	-	-	\$3.60
Fairfax	-	\$1.20	\$1.20	\$3.00	-	-	-	-	-	-	-	\$5.40
Lifetime Total:									\$9.00			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

Description: The garage of the Environmental Center was designed to connect to the future Carlye Plaza II development. Engineering and/or construction oversight services are necessary to ensure that considerations for the protection of the Environmental Center and AlexRenew’s operations are considered and coordinated with the design and construction of the future development.

Justification: To protect the Environmental Center structure and maintain AlexRenew’s operations during the Carlye Plaza II development’s design and construction

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Project will align with the Carlye Plaza II development’s design and construction schedule, currently anticipated for FY2029-2032

Status: Project has not yet started

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	-	-	-	-	-	\$0.20	\$0.30	\$0.30	\$0.30	-	-	\$1.10
Financing												
AlexRenew	-	-	-	-	-	\$0.08	\$0.12	\$0.12	\$0.12	-	-	\$0.44
Fairfax	-	-	-	-	-	\$0.12	\$0.18	\$0.18	\$0.18	-	-	\$0.66
Lifetime Total:									\$1.10			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

North Bridge Structural Upgrades

Project Location: WRRF – North Bridge

Description: AlexRenew’s North Bridge, which was built in 1976 serves as a primary access point for all deliveries and hauling for WRRF operations. This project will assess, design, and implement any structural upgrades necessary.

Justification: Maintain the structural integrity of the North Bridge

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Design in FY2030-2032, Construction in FY2032-2034

Status: Project has not yet started

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	-	-	-	-	-	-	\$0.50	\$1.00	\$1.00	\$3.00	\$5.00	\$10.50
Financing												
AlexRenew	-	-	-	-	-	-	\$0.20	\$0.40	\$0.40	\$1.20	\$2.00	\$4.20
Fairfax	-	-	-	-	-	-	\$0.30	\$0.60	\$0.60	\$1.80	\$3.00	\$6.30
Lifetime Total:									\$10.50			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

Climate Change Resiliency Program

Project Location: WRRF – Campus-wide

Description: AlexRenew is susceptible to climate change impacts including extreme temperatures and more frequent/intense weather events. This program assesses facility vulnerabilities to climate change impacts and implements engineering solutions to protect AlexRenew assets and personnel.

Justification: Program aligns with AlexRenew’s strategic goal of Environmental Sustainability.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Study/short-term initiatives to be completed in FY2027, long-term initiatives to begin implementation in FY2033.

Status: Study to identify short- and long-term initiatives to be completed in FY2025.

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$0.25	\$0.50	\$0.50	\$0.25	-	-	-	-	-	\$5.00	\$7.00	\$13.25
Financing												
AlexRenew	\$0.10	\$0.20	\$0.20	\$0.10	-	-	-	-	-	\$2.00	\$2.80	\$5.30
Fairfax	\$0.15	\$0.30	\$0.30	\$0.15	-	-	-	-	-	\$3.00	\$4.20	\$7.95
Lifetime Total:										\$13.50		

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

RiverRenew Tunnel Project – Alex-Only

Project Location:

Various

Description: AlexRenew is constructing a tunnel, pump stations, and sewer infrastructure to address combined sewer overflows in Alexandria. Improvements will bring Alexandria’s four existing combined sewer outfalls into compliance. Program includes wastewater projects completed at the WRRF in advance of tunnel project construction.

Justification: A 2017 Virginia law required Alexandria’s four existing combined sewer to be brought into compliance.

Program: Capital Improvement Program

Cost Share Category: Alexandria Only (0% Fairfax County / 100% AlexRenew)

Schedule: RiverRenew wastewater projects completed in FY2021. RiverRenew tunnel project construction in FY2021-2026

Status: Construction is underway.

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$65.50	\$17.20	\$0.40	-	-	-	-	-	-	-	-	\$17.60
Financing												
AlexRenew	\$65.50	\$17.20	\$0.40	-	-	-	-	-	-	-	-	\$17.60
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
Lifetime Total:									\$83.10			

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

RiverRenew Tunnel Project – Joint

Project Location:

Various

Description: AlexRenew is constructing a tunnel, pump stations, and sewer infrastructure to address combined sewer overflows in Alexandria. Improvements will bring Alexandria’s four existing combined sewer outfalls into compliance. Program includes wastewater projects at the completed at the WRRF in advance of tunnel project construction.

Justification: A 2017 Virginia law required Alexandria’s four existing combined sewer to be brought into compliance.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: RiverRenew wastewater projects completed in FY2021. RiverRenew tunnel project construction in FY2021-2026

Status: Construction is underway

Project Financials:

Expenditure	Fiscal Year (\$M)											
	Prior Years	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total	\$439.90	\$90.50	\$1.50	-	-	-	-	-	-	-	-	\$92.00
Financing												
AlexRenew	\$175.96	\$36.20	\$0.60	-	-	-	-	-	-	-	-	\$36.80
Fairfax	\$263.94	\$54.30	\$0.90	-	-	-	-	-	-	-	-	\$55.20
Lifetime Total:												\$531.90

Note: Prior Years amount represents actual spend through FY2023 and adopted FY2024 budget.

COVER – Rates, Rules, and Regulations

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The Rates, Rules, and Regulations as herein set forth, and as they may hereafter be amended, shall govern the rendering of wastewater service as defined herein. Every customer with premises connected to the City of Alexandria sewer collection system shall be bound by these Rates, Rules, and Regulations.

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I. Rates, Fees, and Charges

SECTION 1 - RATES FOR SERVICE

SCHEDULE A – WASTEWATER

This schedule shall apply to all individually metered residential customers and commercial customers discharging sewage to and/or requiring wastewater treatment service by AlexRenew (wastewater customers). Commercial wastewater customers include all commercial, industrial, government and other public agencies, master-metered residential, and all other accounts or customers not classified as individually metered residential customers.

The wastewater customer’s monthly bill for wastewater collection, treatment, and disposal services (sewer service) shall be based upon the sum of: i) the base charge and ii) the wastewater treatment charge calculated based on water meter readings at the customer premise. The base charge shall serve as the minimum monthly bill for sewer service for all customers receiving wastewater service from AlexRenew.

Wastewater Treatment Charge - A charge per 1,000 gallons of water consumption will be billed monthly for wastewater customers at the rates shown below.

Description	Meter Size	Adopted-Current Effective July 1, 2023	Adopted Effective July 1, 2024
Individually Metered Residential Service – Wastewater Treatment Charge ¹	All Meters	\$9.76 ²	\$10.26 ²
Commercial Service – Wastewater Treatment Charge			

¹The Individually-metered Residential Wastewater Treatment Charges are based upon the lesser of: a) a customer’s actual monthly metered water use; or b) the customer’s determined ~~monthly wastewater-treatment-winter quarter average~~ billing cap as further defined in subsequent sections of the Rates, Rules, and Regulations.

²Per 1,000 gallons

Base Charge - a charge per account predicated on the size of the meter size serving the customer premise, will be billed to all wastewater customers at the rates shown below.

Description	Meter Size	Adopted-Current Effective July 1, 2023	Adopted Effective July 1, 2024
Residential Base Charge	All Meters	\$13.85	\$14.57
Commercial Base Charge	5/8"	\$41.55	\$43.68
	3/4"	\$41.55	\$43.68
	1"	\$103.87	\$109.19
	1-1/2"	\$207.74	\$218.38
	2"	\$332.39	\$349.41
	3"	\$623.23	\$655.14
	4"	\$1,038.72	\$1,091.90
	6"	\$2,077.43	\$2,183.80
8"	\$3,323.89	\$3,494.08	
Minimum Deposit Based on Meter Size	-	\$0.00	\$0.00
Residential Customer Activation Fee	-	\$15.00	\$15.00

Monthly Wastewater Treatment Winter Quarter Average Billing Cap:

Individually metered residential ~~(single-family)~~ customers may use water for outdoor uses such as ~~to irrigate lawns, plants irrigation,~~ and other ~~landscaping-landscaping needs~~ during non-winter months. This flow does not typically enter the wastewater collection system; as such, Wastewater Treatment Charges for residential customers are based on water used during the winter ~~period~~ quarter to obtain a more representative measure of indoor water use that better approximates the true quantity of wastewater entering the ~~-~~wastewater collection system from the individually metered residential ~~(single-family)~~ customer's premise for treatment and disposal by ~~Alexandria Renew Enterprises~~AlexRenew.

The individually metered residential ~~(single-family)~~ customer's monthly Wastewater Treatment Charges shall be based on water meter readings at the customer's premise. Individually-metered ~~Residential-residential single-family~~ Ccustomers shall be billed the Wastewater Treatment Charges utilizing a monthly wastewater treatment billing cap that shall be determined annually. The wastewater treatment billing cap per customer shall be established based on the ~~greater of: a) 4,000 gallons a month; or b) the~~ customer's average monthly metered water consumption (gallons) recognized on bills rendered during the winter ~~quarterperiod~~ quarter which is defined as the months of December, January, and February. The monthly wastewater treatment billing cap is not effective for bills rendered during the winter ~~period-months~~quarter.

A customer using less than 1,000 gallons per month or recording zero (0) water usage during any single month within the winter quarter will not be eligible for the billing cap. These customers will be billed based on their monthly metered water consumption (gallons). -If no bills are rendered to the customer for water service during the winter ~~period~~quarter, then the customer will be billed based on their monthly metered water consumption (gallons) up to a maximum of 12,000 gallons per month monthly wastewater treatment billing cap shall be established at 4,000 gallons a month until a winter ~~period~~quarter average ~~can is~~ be established.

The Wastewater Treatment Charges billed to ~~Commercial-commercial~~ customers will be determined

based on the total metered water delivered to the premise and shall not be eligible for the monthly “~~wastewater treatment billing~~ winter quarter average billing cap². To the extent a Commercial commercial customer has a water-only meter serving the property such metered water consumption would not be charged the Wastewater Treatment Charge. An example of a water-only service would include a meter exclusively used by the customer to measure outdoor water irrigation.

Customers receiving wastewater service only and obtaining water from sources other than Virginia American Water shall install a water meter on their water supply which will be read as the basis for calculating wastewater treatment charges. A charge shall be added to each bill to offset the cost of reading the independent customer’s water meter.

SCHEDULE B – REUSE (RECLAIMED) WATER

Customers which receive reclaimed water service from AlexRenew will pay a charge of \$1.77 per 1,000 gallons of metered reclaimed water delivered to the customer premise. All reclaimed water to be delivered to a customer premise will be metered.

SECTION 2 – OTHER RATES, FEES AND CHARGES

SCHEDULE A – PRETREATMENT PERMIT FEE

In accordance with US EPA Regulations (40 CFR 403) and the Code of the City of Alexandria, Virginia, 1981, as amended, AlexRenew maintains and regulates an industrial pretreatment program.

Industrial users are those customers meeting the definition in Section 5-6-102(mm) of the Code of the City of Alexandria, Virginia, 1981, as amended.

Non-significant industrial users are those industrial users meeting the definition in Section 5-6-102(mm)(3) & (4) of the Code of the City of Alexandria, Virginia, 1981, as amended.

The annual Pretreatment Permit Fee for permitted industrial users shall be:

Significant Industrial User - \$1,500 per year.

Non-significant Industrial User - \$500 per year.

Additionally, the permit application fee is \$100 with an additional \$100 charged in the event of a permit revision. A permit includes pretreatment requirements, discharge limits, and special conditions for significant industrial user or categorical sites. The fee covers AlexRenew’s costs in administering the permit and the permits are issued for up to five years. Lastly, Letters of Approval are issued for one time discharges of limited duration for a fee of \$100.

SCHEDULE B – DEDUCT METERS CHARGE

AlexRenew commercial and industrial customers that have a portion of their wastewater flow that does not enter the wastewater collection system may apply for a deduct meter. The application for a deduct meter must be certified by an independently licensed plumber. Customers participating in the deduct meter program shall receive flow adjustments for the billing of the Wastewater Treatment Charges only through the proper operation of the approved deduct meter(s). Residential customers are not eligible for deduct meters.

When a deduct meter permit is issued by AlexRenew to allow for a new connection and/or meter to be installed, a deduct meter permit fee shall be paid by the applicant. The permit fee is designed

to defray the cost of the required deduct meter inspection at the time of meter installation and to establish the customer billing and service requirements at the time of installation.

The Deduct Meter Permit fee for users shall be \$500, paid in full at the time of application. This is a one- time application fee.

The charge for reading the Deduct Meter is \$50 per reading per account if all of the deduct meters billed to the account have the same premise address. If an account has different premise addresses associated with its Deduct Meters, there is a \$50 charge per reading at each specific premise address. This charge will be in addition to the payment of Base Charges for those Commercial customers that have been approved for and have installed a deduct meter.

The charge for inspecting the Deduct Meter by AlexRenew shall be \$100 per inspection for each inspection performed after the installation of the Deduct Meter. An inspection of the Deduct Meter will be required every 2 years to verify the flow accuracy of the meter, condition, and other aspects associated with providing this service.

SCHEDULE C – NEW ACCOUNT ACTIVATION FEE

All ~~Residential~~ Customers opening a new account to i) establish wastewater service or ii) re-establish wastewater treatment service will be charged a \$15.00 new account activation fee.

SCHEDULE D – SERVICE TERMINATION FEES

All customers whose water service has been disconnected for non-payment for wastewater service or for violation of these Rules and Regulations will be assessed a non-negotiable service ~~termination~~ fee of ~~\$4550.00~~ added to the account. ~~This Payment of this charge, together with any arrears that may be due AlexRenew, may be required before utility the service is restored, shall be paid before the utility service will be turned on. In addition, a service restoration fee of \$45.00 will be assessed and added to the account for a request to restore wastewater treatment service.~~

Customers will be charged a \$35.00 returned check fee per occurrence.

II. Rules and Regulations

Rule No. 1 – Definitions

Unless the context specifically indicates otherwise, the meaning of terms used in this publication of Rates, Rules, and Regulations shall be as follows:

- a. "AlexRenew" shall mean the City of Alexandria, Virginia Sanitation Authority d/b/a AlexRenew.
- b. "City of Alexandria" shall mean the City of Alexandria, Virginia.
- c. "City Sanitary Sewer Maintenance Fee" shall mean City of Alexandria's sanitary sewer maintenance fee calculated by multiplying the number of thousands of gallons of water consumption (based on water meter readings) by the rate established by the City of Alexandria from time to time and which rate is applied to all customers on a "per 1,000 gallons of billed water consumption" which will also serve as the same basis for billing the Wastewater Treatment Charges by AlexRenew. Amounts collected from this fee will be remitted to the City of

Alexandria to fund the operations and maintenance of the City's sanitary sewer system and are not for use or considered as revenue by AlexRenew.

- d. "Customer" shall mean every property owner or tenant whose Premises are connected to the City of Alexandria wastewater collection system and shall be responsible for paying for the cost of receiving wastewater service. Normally, a customer is provided potable water by Virginia American Water. Each customer shall be served by a separate service connection.
 - i. "Residential Customer" shall mean every Customer whose Premises is a single-family dwelling connected to a water meter that serves only that dwelling.
 - ii. "Commercial Customer" shall mean every other Customer whose Premises is not a single-family dwelling individually connected to a water meter that serves only that dwelling. Commercial Customers include, but are not limited to, multi-family dwellings, whether the dwellings are leased or in a condominium form of ownership, other uses such as retail, office, government and other public agencies, and industrial, and all other accounts or customers not classified as (individually metered) residential customers.
- e. "Person" shall mean any individual, firm, company, association, society, corporation, or group.
- f. "Interceptor" shall mean a sewer conveyance line which is owned and controlled by AlexRenew.
- g. "Public Sewer" shall mean a sewer conveyance line that is, owned and maintained by the City of Alexandria.
- h. "Sewer Service Connection" shall mean the fittings through which the building sewer is joined to the public sewer and constitutes the point of service for AlexRenew. A "Cross-Connection" is an actual or potential link between the potable water supply (water safe for human consumption) and a non-potable source (any other type of liquid, gas or substance not fit for consumption and that can affect water quality).
- i. A "Sewer Meter" is a device utilized to measure the quantity of sewer discharge into the Public Sewer from a premise.
- j. "Deduct Meter" shall mean the meter that is installed on the Commercial Customer property subsequent or downstream from the primary water meter that measures the amount of water that does not enter the wastewater collection system for such Customer. All water use by the Customer is assumed to be discharged to the wastewater collection system for treatment unless specifically identified through metering pursuant to a Deduct Meter. Water measured by the Deduct Meter is subtracted from the total water measured by the primary water meter to calculate the Wastewater Treatment Charges for the Customer.
- k. "Premises" shall mean:

- i. Each residential dwelling structure.
- ii. Each residential dwelling unit in a duplex, triplex, apartment building, or in any other building that is used for residential purposes.
- iii. Each unit contained in a structure serving more than one tenant, lessee, or owner; and used for any purpose other than residential.
- iv. Each structure or group of contiguous structures, that is owned, rented, or leased by one person and occupied by that person. The following shall also be considered one premise:
 - 1. Residence used as a rooming house
 - 2. Dwelling or building for transients
 - 3. Apartment building or residential condominium where the water utility bill is included in the rent or condominium fee.
- l. An “Extended Absence” is any absence greater than 60 days.
- m. “Water Company” shall mean Virginia American Water Company, its successors or assignees which provide potable water to customers within the City of Alexandria.

Rule No. 2 – General

- a. There shall be no free service rendered by AlexRenew, and, if any local, state, or federal government, or any department, agency or instrumentality thereof, or any other public body shall desire service to be rendered by AlexRenew, it shall apply for and receive such service pursuant to the rules and regulations herein contained and shall pay for the same at the established rates, fees, and other charges.
- b. The service pipes, building sewers, meters, piping and fixtures on the Customer's Premises shall be accessible to AlexRenew for observation or inspection at reasonable hours.
- c. Employees or agents of AlexRenew are expressly forbidden to demand or accept any compensation for any service rendered to its customers except as covered by its Rates, Rules, and Regulations.
- d. No employee or agent of AlexRenew shall have the right or authority to bind it by any promise, agreement, or representation contrary to the letter or intent of these Rules and Regulations.
- e. Any complaint against the service or employees of AlexRenew should be made in writing or electronically to AlexRenew.

Rule No. 3 – Special Contracts

AlexRenew may enter into contracts with any person, firm, or corporation, including municipalities, sanitary districts and other political subdivisions and public bodies, for the rendering of any wastewater service; provided, however, that the rates or charges to be paid thereunder shall not be less than an amount which is fair and equitable, taking into account the cost to AlexRenew for providing such service.

Rule No. 4 – Extension of Public Sewers

Applicants for service to a premises not already having direct access to an adequate existing

public sewer must make application to the City of Alexandria to extend and/or upgrade the public sewer system. In addition to City ordinance requirements, applicants must provide, free of charge to AlexRenew, any easement necessary for installation, operation and maintenance of sanitary sewers or other facilities owned by AlexRenew.

Connections to the public sewers shall be regulated and authorized by the City of Alexandria. No private connection shall be permitted to any Interceptor or other facility owned or operated by AlexRenew unless expressly authorized in writing by AlexRenew.

It is the responsibility of Virginia American Water to establish and maintain cross-connection control programs to detect, prevent, and eliminate cross-connections that may create an imminent and substantial danger to the public health.

Rule No. 5 – Quantity and Quality Determinations for Continuing Service Charge

- a. The quantity of sewage discharged into the public wastewater system shall be assumed to be equal to the quantity of water registered by the water meter or meters measuring the entire flow to the premises; less those flows that are separately metered by AlexRenew through the installation of a Deduct Meter that serves only appliances and/or facilities that are not connected to the public sewer in any manner.
- b. Where discharge to the public sewer from a specific appliance or process is of significantly lesser volume than that registered by the meter, the quantity discharged may be measured as the basis for the quantity of sewer service. AlexRenew reserves the right, at its sole discretion, to estimate the quantity of sewer service required by such specialized appliance or process.
- c. AlexRenew reserves the right to determine the quantity and/or quality of sewage by any accurate method of measurement and/or analysis of discharge from the premises sewer. If the quantity is found to be in excess of the quantity measured by the customer's water meter or meters, the customer shall be back charged not less than six months on the basis of the greater flow and shall be required to install meter or meters in such a manner as may be specified by AlexRenew.
- d. If the quality of wastewater discharge does not comply with the requirements of AlexRenew, immediate steps shall be taken by the customer to comply, and costs of necessary analysis and compliance shall be paid by the customer.

Rule No. 6 – Meters and Meter Installation

- a. All water meters except Deduct Meters are installed, owned, maintained, and read by Virginia American Water. All customer meters are read monthly by the Water Company and the billed water use measured in thousand gallons and meter size used to service the Customer as provided by the Water Company is provided to and relied upon by AlexRenew for purposes of billing its Customers the monthly Wastewater base charges and wastewater treatment charges. AlexRenew reserves the right to estimate the amount of wastewater flow if the water meter readings are considered inaccurate; AlexRenew correct billings to its Customers upon the receipt of subsequent corrected information as an adjustment in the subsequent bill for wastewater service or on some other basis as may be determined by AlexRenew .

- b. Deduct Meters will be read monthly by AlexRenew or its designee.
- c. The customer shall promptly notify Water Company and AlexRenew of any calibration failure, defect in, or damage to the meter or its connection.

Rule No. 7 – Sewer Meters

- a. AlexRenew may, at its sole discretion, enter into agreements with Commercial Customers to measure its sewer service through the use of a sewer meter or meters.
- b. The sewer meter shall be installed by the applicant, in a place readily accessible to AlexRenew for reading. If access is deemed unsafe by AlexRenew or its designee, Customer will be responsible for moving the sewer meter to an accessible location. Upon installation of the meter by the applicant, the sewer meter shall be contributed to and become the property of AlexRenew .

Rule No. 8 – Deduct Meters

- a. Where AlexRenew is to issue a permit for the use of a Deduct Meter, an application for Deduct Meter service shall be made by the property owner or their designated agent at the offices of AlexRenew.
- b. All customers with Deduct Meters are responsible for maintaining the Deduct Meter and remote read device in a good working condition. Meter shall be calibrated annually by an appropriate licensed contractor and results submitted to AlexRenew; if a Customer does not provide AlexRenew a copy of the deduct meter calibration results, AlexRenew reserves the right to discontinue the recognition of the deduct meter water flows in the application of Wastewater Treatment Charges.
- c. AlexRenew staff shall review the application fee from time to time and make a recommendation for any changes. All customers with Deduct Meters are responsible for the sub-meter and remote meter device and for readings to be performed.
- d. Should any meter and/or its appurtenances become damaged, including any damage that may result from allowing the meter to become frozen, it shall be the responsibility of the property owner to get the meter repaired. No Deduct Meter credit adjustment will be made for or during the period when the Deduct Meter is out of service for repair.

Rule No. 9 – Customer's Liability for Charges

- a. A Customer who has made an application for or received service at a Premises shall be held liable for all service furnished to such premises until such time as the Customer has properly notified the Water Company to discontinue the service for the account.

Rule No. 10 – Bills for Service

- a. Customers are responsible for furnishing their correct addresses and corresponding service information to the Water Company.
- b. Failure to receive bills will not be considered an excuse for nonpayment nor permit

an extension of the date when the account will be considered delinquent.

- c. If bills are to be sent to an address other than the Premises served, the Water Company shall be notified by the Customer of any change of address.
- d. If requested in writing by the owner-customer, AlexRenew will send bills to and receive payments from agents or tenant-customers. However, this accommodation will in no way relieve the owner-customers of the liability for all charges, in accordance with the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Section 5100 et seq., Code of Virginia, 1950 as amended.)
- e. Payments shall be made by mail to the lockbox provider selected by AlexRenew or such other places or methods as may be designated by AlexRenew .
- f. AlexRenew reserves the right to correct any bills rendered in error.
- g. Each Customer, as defined in Rule No. I, shall be billed separately for service.
- h. Bills will be rendered monthly.

Rule No. 11 – Terms of Payment

- a. Bills for sewer service shall be payable on or before stated due date.
- b. If a bill is not paid within twenty-one (21) days after the billing due date, and payable, and after notice has been properly provided by AlexRenew to the Customer of record, water and wastewater service may be discontinued, and the wastewater deposit, if any, may be applied against such bill and any other arrears due by the Customer.
- c. There may be a lien upon the real estate for the amount of any rates, fees, and other charges made by AlexRenew to the owner or lessee or tenant of such real estate for the services rendered by AlexRenew to such real estate from and after the time when such rates, fees, and other charges are due and payable and for the interest which may accrue thereon.
- d. There shall be a handling charge corresponding to bank fees for all returned checks which have been submitted to AlexRenew for payment of any applicable charges.
- e. A late payment charge of ten percent of the unpaid balance on accounts not paid within 21 days of their billing date may be charged and collected by AlexRenew.
- f. AlexRenew may report the failure of a Customer to make payments within 95 days to appropriate credit reporting agencies in accordance with federal and state law.

Rule No. 12 – Abatement

There shall be no abatement of the service charges in whole or in part by reason of an extended absence of the customer, unless service has been discontinued at his request.

Rule No. 13 – Service Termination Fee

If any premise violates these Rules and Regulations and it has become necessary to discontinue water service, a non-negotiable service termination fee will be assessed and added to the account. In cases where service disconnection has occurred, this charge, together with any arrears that may be due AlexRenew, shall be paid before the water will be turned on.

Rule No. 14– Discontinuance of Service

- a. ~~As per Va. Code Section 15.2 5138, water~~ Water service may be discontinued by AlexRenew, through the Water Company after ten (10) days' notice for any of the following reasons:
- ~~i. Willful or indifferent waste of water due to any cause.~~
 - ~~ii. Failure to protect and maintain the service pipe or plumbing fixtures including the water meter and its protective devices, and drainage system on the property of the customer in a condition satisfactory to AlexRenew/Alexandria Renew Enterprises.~~
 - ~~iii. Tampering by the Customer or others with the knowledge of the customer, with any meter, connection, service pipe, curb stop, seal, drainage system, piping or any other appliance of the Water Company or AlexRenew/Alexandria Renew Enterprises controlling or regulating the Customer's water supply or sewage flow.~~
 - ~~iv. Failure to provide AlexRenew's/Alexandria Renew Enterprises' and/or the Water Company's employees free and reasonable access to the premises served, or for obstructing the way of ingress to the meter or other appliances controlling or regulating the Customer's water supply or sewage flow.~~
 - ~~v.i. Nonpayment of any account for wastewater service, or for any fee or charge accruing under these Rates, Rules, and Regulations.~~
 - ~~vi.ii. Violation of any rule or regulation of AlexRenew.~~
 - ~~vii. Failure to correct cross connection violations as identified by AlexRenew/Alexandria Renew Enterprises, in accordance with Rule 4 herein.~~
 - ~~viii. In case of death of the Customer, in whose name the account is opened, parties that continue service at a premise must contact the Water Company to change the account Customer name. Failure to change the named customer is a violation of AlexRenew 's/Alexandria Renew Enterprises' "Rates, Rules, and Regulations".~~
- b. Service may be discontinued by one of the following methods:
- i. Where water is supplied by the Water Company, supply will be cut off and the meter removed.
 - ii. Where water is furnished by the owner, or by other than the Water Company, AlexRenew reserves the right to (a) remove the sewer meter used

- for measuring the flow to the wastewater facilities, (b) seal the building drain or sewer, or (c) remove the connection to the public sewer.
- c. Discontinuing wastewater service or the supply of water to a premises for any reason shall not prevent AlexRenew from pursuing any lawful remedy by action at law or otherwise, for the collection of monies from the Customer.
 - d. When service to a customer has been terminated for any of the above stated reasons, other than temporary vacancy of the premises, it will be renewed only after the conditions, circumstances, or practices which caused the service to be discontinued are corrected to the satisfaction of AlexRenew and may require payment of all charges due and payable by the Customer in accordance with these Rates, Rules, and Regulations.

Rule No. 15 – Restoration of Service

- a. When it becomes necessary to discontinue service to any Customer because of a violation of these Rates, Rules, and Regulations or because of nonpayment of any bill, charges shall be made as follows:
 - i. If service was discontinued only by turn-off of water supplying the Premises, the Customer may pay a connection charge as presented in Section 2, Schedule D of these Rates, Rules, and Regulations for turning on the water plus any arrears that may be due to AlexRenew for charges related to turn-off/turn-on and associated administrative costs.
 - ii. If service was discontinued by removal of the meter, or by sealing the building drain, or by removal of the connection to the public sewer, Customer shall pay as a charge the actual cost of restoring the service, including all labor, materials, and overhead plus 100% of said actual costs including labor, materials and overhead. Said charge shall be estimated by AlexRenew upon application for restoration of service and the Customer shall pay the amount of the estimate prior to restoration of service. Any adjustments in actual cost will be made upon completion of restoration of service.
- b. Restoration of service for nonpayment of wastewater service will only occur during regular business hours for AlexRenew . Same-day water service restoration will not be provided. It is the Customer’s responsibility to ensure payment has been received by AlexRenew.
- c. If at the time of such discontinuance of service for nonpayment of bill the customer has not made a deposit, AlexRenew may require a deposit, whether Customer is property owner or not, as a guarantee of payment of future bills. Deposit shall equal the amount of the estimated bill for two regular billing periods and, in no case, be less than the minimum deposit established codified by these Rates, Rules, and Regulations, before the water and the corresponding wastewater service will be turned on. The deposit will be refunded when service has been discontinued, after deducting any charges due on final settlement of the Customer's account.

- d. When a Customer has requested discontinuance of water service because of temporary vacancy, wastewater service is being furnished by AlexRenew, and where all bills have been paid, AlexRenew may charge a turn-on fee as presented in Section 2, Schedule D for the restoration of both water and wastewater service.

Rule No. 16 – Water Leaks and Adjustments

- a. In the event of a water leak, the Customer shall immediately notify the Water Company.

AlexRenew is not responsible for maintaining the public water main and water service connection or individual Customer notifications.

- b. AlexRenew may consider, on a case-by-case basis, whether to adjust wastewater bills based on documented water leaks. Among the factors to be considered will be whether the Water Company accepts responsibility for the leak or potential misread of the meter. If an adjustment is made, the maximum amount will be 50% of the bill and a one-time courtesy adjustment will be allowed per Customer account owner.
- c. If a leak is found not to be the responsibility of AlexRenew, the Customer will be notified and shall have the leak repaired by a registered plumber at his expense.

Rule No. 17 – Refund policy

Customers that overpay an account in error shall not receive a refund of the over-payment unless the over payment is greater than two (2) times the average billing amount. Over-payments shall be credited to a Customer account and used to offset/pay the next bill due. In a situation where a refund is appropriate, AlexRenew will apply credits to the same credit card accounts rendering the payment. Customers making payments by check may apply for a check refund that may be made after a 30 day clearing period (no exceptions).

Rule No. 18 – Adjustment of Fixed Charges Based on Oversized Meters

Upon request of a Customer, the Chief Executive Officer (CEO) may apply the fixed charge for a smaller meter, if the CEO determines at his/her discretion that:

- a. The Customer's actual water usage over the multiple billing periods is significantly less than the typical consumption for the size of water meter installed; and
- b. The potential for significantly higher water usage in the future is unlikely based on one or more of the following factors:
 - i. Whether the meter combines fire flow and potable water uses;
 - ii. The size and use classification of the structure served limited water usage; and
 - iii. Other legally binding use restrictions limit water usage.

AlexRenew further reserves the right to apply the fixed charge for the actual meter size if any of these factors change in the future.

III. Amendment and Interpretation

AlexRenew reserves the right to revise and/or amend these Rates, Rules, and Regulations to interpret the meaning of all statements made herein.

IV. Effective Date

The Rates, Fees, and Other Charges; Rules and Regulations herein contained shall become effective as revised on July 1, 202~~4~~³ and shall remain in effect thereafter until further revised.

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City of Alexandria, Virginia Sanitation Authority Board Adopted Policy



Title: Board Committees

Date of Adoption: October 2010

Date of Revision: April 19, 2022;
March 19, 2024

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Committees serve as a practical way to structure and manage the Board's workload so that the full Board can use meetings to focus on the big picture and critical decisions. Committees are more effective when their charter and scope of work is clearly defined by the Board.

Committee Protocols

- Serve in an advisory role and make recommendations to the Board
- Will not take any official action on behalf of the Board
- Formed only if there is an ongoing role or function
- Members:
 - Appointed by the Board Chair
 - Two (2) members total
 - Will meet independence requirements as governed by Virginia's Conflict of Interest Act
- Meetings:
 - A quorum is required for any recommendation to the Board
 - May be called by the Committee Chair or Board Chair
 - Held annually, at a minimum
- The Committee Chair will provide an update on the progress and activities of the committee Board meetings
- Prior to the first meeting of a newly formed committee, the Board Chair, Chief Executive Officer (CEO), and Committee Chair will meet to review the goals and expectations set by the Board
- The Board Chair may sit on any committee ex officio
- The Board Chair and CEO will be copied on all committee correspondence

Governance Committee

The Governance Committee is the Board's mechanism for looking after itself. It ensures that the Board is doing its job to provide oversight to the organization and that individual Board members are fulfilling their duties.

The Governance Committee's roles and responsibilities include:

- Reviewing and recommending updates to Board policies;
- Developing new Board policies;
- Meeting annually with each Board member to assess their continuing interest in Board membership;
- Proposing changes in Board or committee structure;
- Assisting with management and oversight of Board orientation;
- Leading periodic assessments of the Board's performance; and

City of Alexandria, Virginia Sanitation Authority Board Adopted Policy



Title: Board Committees

Date of Adoption: October 2010

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March 19, 2024

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- Assisting the Board Chair with disciplinary action against a member, as necessary.

Finance and Audit Committee

The Finance and Audit Committee serves a vital role in ensuring that the Board can fulfill the responsibility for and fiduciary obligation to the organization. The committee is also responsible for monitoring the organization's overall financial health.

The Finance and Audit Committee's roles and responsibilities include:

- Reviewing, updating, and recommending updates to Board financial policies;
- Overseeing the annual operating and capital budget process including the development of recommendations related to rates, fees, and charges;
- Recommending an annual operating and capital budget, as well as rates, fees and charges to the Board for its consideration and approval; and
- Monitoring implementation of the Board-approved operating and capital budget, rates, fees, and charges.;
- Annual Audit:
 - Ensuring that the organization has an annual and timely independent audit of its financial statements;
 - Receiving and reviewing the draft Annual Comprehensive Financial Report (ACFR);
 - Meeting with the Independent Auditor to receive and review the Independent Auditor's annual report including any qualifications to the Independent Auditor's opinion and any reported internal control deficiencies;
 - Reporting any such qualifications and internal control deficiencies, and AlexRenew's staff response to the Board;
 - Recommending the receipt and acceptance of the draft ACFR, as well as the Independent Auditor's reports, by the Board; and
 - Monitoring the correction of identified internal control deficiencies.

City of Alexandria, Virginia Sanitation Authority Board Adopted Policy



Title: Financial Policy

Date of Adoption: August 17, 2010

Date of Revision: February 24, 2017;
January 22, 2021; April 19, 2022;
March 19, 2024

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AlexRenew recognizes that one of the keys to sound financial management is the development of a formal financial policy. This view is confirmed by bond rating agencies, investors and the Government Finance Officers Association. Establishing formal financial policies is also a common practice among comparable water and wastewater authorities throughout the Commonwealth and the United States.

The financial policy is designed to help protect AlexRenew's financial resources by:

- Promoting sound financial management;
- Guiding AlexRenew and its managers in policy and debt issuance decisions;
- Establishing appropriate levels of operating cash reserves;
- Developing a system to efficiently finance necessary capital improvements;
- Ensuring the legal and prudent use of AlexRenew's debt issuance authority;
- Providing a framework for AlexRenew to achieve a strong credit rating, and
- Maintaining reasonable and well justified levels of rates and fees in accordance with the financial policy.

In general, these financial policies are more restrictive and require higher standards than the legal requirements contained in the Master Indenture of Trust (Bond Indenture), which is the agreement between AlexRenew and debt holders. These financial policies will be reviewed periodically and updated as appropriate.

The following are the financial policies that will guide AlexRenew's financial management, capital planning and debt financing.

A. Debt Service Coverage

1. AlexRenew will maintain an annual debt service coverage (Coverage) of at least 1.50 times Net Revenues, as defined in the Bond Indenture, on all senior and parity debt.

B. Reserves

1. An important metric of AlexRenew's financial flexibility is its liquidity as measured by available cash and reserves. These reserve policies identify amounts available for known risks and obligations and set minimum funding goals that may be used in emergency or other unexpected situations as they arise. The reserves represent an earmarking for budgetary and financial policy purposes. These reserves are in addition to existing legal reserves required by the Master Indenture of Trust (Bond Indenture) and any funds earmarked for capital improvements.
2. AlexRenew will maintain a balance equal to at least 120 days of the current years budgeted amount for operating and maintenance expenses. As required by the Bond Indenture, one sixth of the current year's budgeted amount for operating expenses (60 days) will be held in the Operating Fund. The remainder of the reserves will be held in the General Reserve Fund, a subfund of the General Fund. In the event the General Reserve Fund is used to provide funding

City of Alexandria, Virginia Sanitation Authority Board Adopted Policy



Title: Financial Policy

Date of Adoption: August 17, 2010

Date of Revision: February 24, 2017;
January 22, 2021; April 19, 2022;
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for unanticipated expenses or otherwise drops below the policy level, the CEO will submit a plan in writing to the Board that will restore the General Reserve Fund to the policy level over a period not to exceed four years.

3. All other funds will be funded as required by the Bond Indenture, with a summary as follows:
 - a. Senior Debt Service Fund: An amount that will cause the balance on deposit to be sufficient to pay the principal and interest on the respective payment dates.
 - b. Improvement, Renewal and Replacement Fund (IRR): An amount equal to the Alexandria portion (40%) of the annual calculation of the required contribution to the IRR Fund.
 - c. General Fund: Any remaining amounts after the requirement deposits.
4. Debt Service Reserve Fund: An amount equal to the Debt Service Reserve Fund requirement as defined in the Bond Indenture. When necessary and prudent, AlexRenew may create additional accounts within the General Fund for specific purposes. These accounts could include accounts for capital projects, risk management and revenue stabilization, among others.

C. Budgetary Principles

1. Annual Operating Budget Proposals
 - a. Per Section 9.3 of the Bond Indenture, AlexRenew is required to adopt a budget for the System for the ensuing fiscal year before the beginning of each fiscal year. The annual budget is required to be prepared in such a manner as to show in reasonable detail the estimated revenues, operating expenses, IRR amounts, debt service amounts, other costs and expenses and the amount of Net Revenues available to meet the Revenue Covenant per the Bond Indenture.
 - b. In conjunction with the budget requirements of the Bond Indenture, the Board will strive to adopt an operating budget that:
 - i. Is structurally balanced whereby current budgetary revenues are sufficient to meet current budgetary expenses (those that are ongoing in nature);
 - ii. Has fees and user charges at levels intended to support the direct and indirect cost of the activity.
 - iii. Sets fees and user charges with the intent to provide the lowest reasonable fees and user charges over time, not necessarily the lowest fees and user charges right now.
 - iv. Is at a level necessary to ensure the adequate maintenance and operations of the wastewater system
 - v. Includes amounts necessary to maintain the required reserve balances as defined in these policies;
 - vi. Enables AlexRenew to meet the debt service coverage policy defined herein; and

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- vii. Funds at least 15 percent of its capital improvement program in cash.
- c. Capital Improvement Program (CIP)
 - i. Each year AlexRenew will adopt a ten-year CIP that identifies projects to be undertaken over the next ten years to meet projected needs for infrastructure renewal, expansion, and replacing old or new facilities.
 - ii. Projects included in the CIP will have aggregate useful lives that do not exceed any related debt financing.
 - iii. The CIP will identify anticipated capital improvement costs and associated operating costs.
- 2. Long Range Financial Forecast
 - a. Beginning with planning for the FY2012 budget and in each fiscal year thereafter, the CEO will submit to the Board at least a three year financial forecast of anticipated revenues and expenses.

D. Annual Audit

- 1. AlexRenew will comply with all Generally Accepted Accounting Principles (GAAP) as recommended by the Governmental Accounting Standards Board, all Virginia Auditor of Public Accounts requirements, all federal and state grant requirements, and AlexRenew's Master Indenture of Trust.
- 2. The annual audit shall be conducted using Generally Accepted Auditing Standards (GAAS), the *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of Virginia; and standards applicable to financial audits contained in *Government Accounting Standards* issued by the Comptroller General of the United States.
- 3. AlexRenew will maintain a current, best practices focused, comprehensive framework of internal financial controls, policies, and procedures.
- 4. Over a period of not more than five (5) years, AlexRenew will seek Independent Auditor proposals from qualified certified public accountant firms, including the current Independent Auditors, if their performance has been satisfactory, to perform an annual independent audit of AlexRenew's financial statements.
 - a. The proposal solicitation and consideration process will be delegated by the Board to the CEO and will follow AlexRenew's Procurement Policy including appropriate Virginia Public Procurement Act guidelines for procurement of professional services.
 - b. An Independent Auditor may be appointed by the Board to serve for a maximum of two (2) concurrent five (5) year periods.
- 5. Annual Audit Process
 - a. The CEO will designate appropriate staff to manage the annual audit process and coordinate with the Independent Auditor to provide for Board approval no later than

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November 30 of each year of financial statements, an Annual Comprehensive Financial Report (ACFR), and other appropriate related information.

- b. Based on the information provided by staff (and as appropriate, the Board Chair and Finance and Audit Committee Chair), the Independent Auditor will submit to the Finance and Audit Committee a Report of Audit Results (Report) outlining their findings and recommendations including any identified internal control deficiencies.
- c. If there are identified internal control deficiencies, the CEO shall identify how and when those deficiencies will be addressed, as well as periodically provide a status report to the Board until such time those deficiencies are eliminated.
- d. The Finance and Audit Committee will monitor the audit process, review the ACFR and Report, and transmit the Report to the Board for its consideration and acceptance. In conjunction with this transmittal, the Finance and Audit Committee will report the Independent Auditor's findings of internal control deficiencies and recommendations by staff addressing those deficiencies to the Board for its discussion and review.

E. Debt Management

1. AlexRenew may issue long-term debt per the guidelines in this financial policy. Long-term borrowing will not be used to finance current operations. Long-term debt will be structured such that financial obligations do not exceed the aggregate expected useful lives of the assets financed.
2. Short-term borrowing may be utilized for the temporary funding of operational cash flow deficits or interim construction requirements.
3. Permitted Debt by Type: AlexRenew may issue the debt instruments described below. The most appropriate instrument for a proposed sale of debt shall be determined by financing needs and expected market conditions at the time of sale.
 - a. Lease Financing – AlexRenew may use lease financing for facilities or equipment if (i) it can be demonstrated that this is the most cost effective or appropriate way to secure financing or (ii) on projects that do not warrant entry into the bond market.
 - b. Bond Anticipation Notes (BANs) – which include Commercial Paper, are typically an interim means of financing and, by their very nature, expose AlexRenew to interest rate risk upon renewal. BANs may be used to (i) finance projects until such time as the project or projects can be incorporated into a long-term bond sale, (ii) during times of high interest rates and when the expectation is that interest rates will stabilize in the future or are trending downward, (iii) when market conditions are such that a BAN may be more readily received in the market than long-term debt, or (iv) on an interim basis during the construction period for a project until such time as the project is placed into service.
 - c. Long-Term Revenue Bonds – AlexRenew may issue long-term revenue bonds to fund capital projects. These bonds may be issued by AlexRenew in a number of ways, including, but not

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- limited to, those listed below. AlexRenew will evaluate multiple methods for issuing long-term revenue bonds and use the method that is most advantageous to AlexRenew.
- i. AlexRenew may issue the bonds through a public sale under its own name in the capital markets.
 - ii. AlexRenew may issue the bonds through a private placement under its own name.
 - iii. AlexRenew may issue the bonds to the Virginia Resources Authority (VRA) under one of VRA's loan programs.
- d. Revenue Anticipation Notes (RANs) – may be issued to meet AlexRenew's operational cash flow needs.
- e. Lines of Credit – may be considered as an alternative to other short-term borrowing options.
4. Guidelines on Debt Issuance
- a. Bond Indenture – AlexRenew will abide by the covenants contained in the Bond Indenture. AlexRenew considers these covenants to be minimum requirements, and generally expects to exceed the requirements of each covenant.
 - b. Authorization – Prior to issuance of debt, the Board will pass a resolution authorizing the financing arrangements and setting appropriate limits and parameters for the anticipated financing in accordance with applicable laws.
 - c. Lowest Cost Financing – AlexRenew intends to pursue the lowest cost of financing within the parameters of these financial policies, the Bond Indenture and AlexRenew's enabling legislation.
 - d. Method of Issuance – Prior to each debt issuance, AlexRenew will evaluate the available methods of issuance and pursue the method of issuance that is most advantageous to AlexRenew, whether a stand-alone issue by AlexRenew or use of a third party financing approach such as Revolving Fund Loans or pooled borrowing programs available through the VRA. Some considerations for evaluating the method of issuance, particularly when determining whether to issue debt through VRA or under AlexRenew's name, include:
 - i. Financing Cost. This analysis should evaluate the overall cost of the financing, including borrowing rates, upfront fees, (such as the cost of obtaining a credit rating), whether a Debt Service Reserve Fund is required, ongoing costs and any other costs of financing.
 - ii. Permitted Uses of Funds. Some project costs are not eligible to be funded through certain financing programs. For example, land purchase costs are not eligible to be funded through the Department of Environmental Quality's Revolving Loan Fund program that AlexRenew has used in the past.

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- iii. Structural Flexibility. When selecting a financing program, AlexRenew will consider the flexibility of debt features available under each program. For example, AlexRenew will consider how flexible repayment features, call provisions, and borrowing terms are under each program.
 - e. Project Costs Prior to Debt Issue – If project costs are incurred prior to the issuance of debt, the Board will pass a resolution documenting its intent to be reimbursed from bond proceeds as appropriate.
 - f. Variable Rate Debt (VRD) – VRD carries inherent interest rate risk. Such securities historically have interest rates lower than long-term fixed rate securities and offer the potential for lower debt service costs over the term of the bond issue. AlexRenew will consider using VRD when it: (i) improves matching of assets and liabilities, (ii) potentially lowers debt service costs, (iii) adds flexibility to AlexRenew’s capital structure, or (iv) diversifies AlexRenew’s investor base.
 - i. Debt service on VRD will be budgeted at a conservative rate based on historical fluctuations in interest activity and current market assumptions. Before issuing VRD, AlexRenew will determine how potential spikes in the debt service will be funded and consider the impact of various debt ratios.
 - ii. AlexRenew will not issue VRD in excess of 20 percent of its total debt portfolio. This limitation does not apply to other VRD which AlexRenew has endeavored to offset with an operating investment portfolio intended to act as an economic hedge to interest rate fluctuations associated with the VRD. This limitation also excludes any VRD that may be hedged through an appropriate derivative agreement, if such technique is approved by the AlexRenew Board.
5. Method of Sale
- a. AlexRenew will select a method of sale (competitive, negotiated, or private placement) it believes is the most appropriate in light of financial, market, transaction-specific and AlexRenew-related conditions.
6. Term of Debt
- a. AlexRenew will not issue debt for a period longer than the aggregate useful lives of the projects being financed. AlexRenew does not expect to issue debt with a final maturity more than 40 years from the date of issuance. Factors to be considered when determining the final maturity of debt include: the average life of the assets being financed, relative level of interest rates, and the year-to-year differential in interest rates.
7. Debt Structure
- a. Interest Rate Structure – AlexRenew may use both variable and fixed rate debt in accordance with limitations set forth in this policy.

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- b. Maturity Structure – AlexRenew’s long-term debt may include serial and term bonds. Other maturity structures may also be considered when demonstrated to be advantageous to AlexRenew.
 - c. Coupon Structure – Fixed rate debt may include par, discount, premium and capital appreciation bonds.
 - d. Redemption Features – In order to preserve flexibility and refinancing opportunities, AlexRenew debt shall generally be issued with call provisions. AlexRenew may consider call provisions that are shorter than traditional and/or no-callable debt when warranted by market conditions and opportunities. For each transaction, various call option scenarios will be evaluated so that the most beneficial can be utilized.
 - e. Credit Enhancement – AlexRenew may use bond insurance and/or line and letters of credit for credit enhancement when it is economically advantageous to do so.
 - f. Debt Service Reserve Fund – AlexRenew will fund a Debt Service Reserve Fund (DSRF) if required by the Bond Indenture.
 - g. Capitalized Interest – By definition, capitalization of interest increases the amount of debt that is issued. AlexRenew will capitalize interest for a period not longer than 12 months after the project being financed is expected to be placed in service.
 - h. Refinancing of Debt – AlexRenew will refinance debt from time to time to achieve debt service savings as market opportunities arise. Since federal regulations limit a tax-exempt issue to one advance refunding (a refinancing more than 90 days prior to a bond’s call date), AlexRenew will ensure that the advance refunding results in a significant present value savings. A proposed refinancing must achieve a minimum cumulative, net present value savings of 3 percent of the amount refinanced. An exception to this minimum refinancing savings policy will be if the refinancing is being done for debt restructuring purposes and the Board determines that it is in the best interests of AlexRenew to complete the refinancing without achieving the refinancing savings policy. In addition, AlexRenew will consider the efficiency of a proposed refinancing transaction. The efficiency evaluation will consider the value realized by AlexRenew when exercising its option to redeem its bonds early calculated under a variety of different interest rate environments, versus the savings garnered. In general, AlexRenew will consider refinancing bonds when the aggregate efficiency is equal to or greater than 70 percent.
 - i. In any refinancing transaction, AlexRenew maintains a bias to not extend maturities.
8. Escrow Structuring
- a. AlexRenew will utilize the least costly securities available in structuring refinancing escrows. Unless state and local government securities (SLGS) are used, a certificate will be provided by a third party agent stating that the securities were procured through an arms-length, competitive bid process (in the case of the open market securities), and that

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the price paid for the securities was reasonable within federal guidelines. Under no circumstances will an underwriter, agent or financial advisor sell escrow securities to AlexRenew from its own account.

9. Hiring of Professionals – All members of the financial advisory team including underwriter, financial advisor, bond counsel, and other professionals will be selected in a manner consistent with AlexRenew’s procurement policy for professional services.
 - a. Underwriter Selection
 - i. Senior Manager Selection – AlexRenew will select a senior manager for any proposed negotiated sale. The selection criteria will include but not be limited to the following:
 - (1). The firm’s ability and experience in managing transactions similar to that contemplated by AlexRenew.
 - (2). Prior knowledge and experience with AlexRenew
 - (3). The firm’s ability and willingness to risk capital and demonstration of the firm’s capital availability and underwriting of unsold balances.
 - (4). Quality and experience of personnel assigned to AlexRenew’s engagement.
 - (5). Financing plan presented.
 - (6). Cost including underwriting fees and anticipated pricing.
 - ii. Co-Manager Selection – Co-manager may be selected on the same bases as the senior manager with the exception of underwriting fees, which are determined by the senior manager. In addition to their qualifications, co-managers appointed to specific transactions will be a function of transaction size and the necessity to ensure maximum distribution of AlexRenew’s bonds.
 - iii. Underwriter’s Counsel – In any negotiated sale of AlexRenew debt in which legal counsel is required to represent the underwriter, the appointment will be made by the Senior Manager with final approval from AlexRenew.
 - iv. Underwriter’s Discount – AlexRenew will evaluate the proposed underwriter’s discount against comparable issues in the market. If there are multiple underwriters in the transaction, AlexRenew will determine the allocation of underwriting liability and management fees. The allocation of fees will be determined prior to the sale date. A cap on management fees, expenses and underwriter’s counsel fee will be established and communicated to all parties by AlexRenew. The senior manager shall submit an itemized list of expenses.
 - v. Evaluation of Underwriter Performance – AlexRenew will evaluate each bond sale after completion to assess the following: costs of issuance including underwriters’ compensation, pricing of the bonds in terms of the overall interest costs and on a

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maturity-by-maturity basis, and the distribution of bonds.

- vi. Syndicate Policies – For each negotiated transaction, AlexRenew will establish syndicate policies that will describe the priority of orders and designation policies government the upcoming sale. AlexRenew shall require the senior manager to:
 - (1). Fairly allocate bonds to other managers and the selling group.
 - (2). Comply with the Municipal Securities Rulemaking Board’s (MRSB) regulations governing the priority of orders and allocations.
 - (3). Within 10 working after the sale date, submit to AlexRenew a detail of orders, allocations and other relevant information pertaining to AlexRenew’s sale days
- b. Consultants
 - i. Financial Advisor – AlexRenew will select a financial advisor to assist in its debt issuance and debt administration processes. Selection of the AlexRenew’s financial advisor will be based on, but not limited to, the following criteria:
 - (1). Experience in providing consulting services to entities similar to AlexRenew.
 - (2). Knowledge and experience in structuring and analyzing bond issues.
 - (3). Experience and reputation of assigned personnel.
 - (4). Fees and expenses.
 - ii. Bond Counsel – AlexRenew will include a written opinion by legal counsel affirming that AlexRenew is authorized to issue the proposed debt, that AlexRenew has met all legal requirements necessary for issuance, and a determination of the proposed debt’s federal income tax status. The approving opinion and other documents relating to the issuance of debt will be prepared by Counsel with extensive experience in public finance and tax issues. The Bond Counsel will be selected by AlexRenew.
 - iii. Conflicts of Interest – AlexRenew requires that its consultants and advisors provide objective advice and analysis, maintain the confidentiality of AlexRenew financial plans, and be free from any conflict of interest. In no case will AlexRenew’s financial advisor be permitted to underwrite any portion of AlexRenew’s bond issues, whether sold competitively or negotiated.
 - iv. Disclosure by Financing Team Members – all financing team members will be required to provide full and complete disclosure, relative to agreements with other financing team members or outside parties. The extent of disclosure may vary depending on the nature of the transaction. However, in general terms, no agreements will be permitted which could compromise the firm’s ability to provide independent advice which is solely in AlexRenew’s best interests or which could reasonably be perceived as a conflict of interest.

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10. Communication and Disclosure

- a. Continuing Disclosure – AlexRenew recognizes that accurate and complete disclosure is imperative. AlexRenew will comply with all state and federal disclosure obligations and will meet its disclosure requirements in a timely and thorough manner.

11. Arbitrage Compliance

- a. AlexRenew will maintain a system of recordkeeping and reporting in order to comply with the Arbitrage Rebate Compliance Requirements of the Internal Revenue Code of 1986, as amended.

F. Write Offs

The Government Finance Officers Association’s “Best Practices” recommends that management of accounts receivable should include periodic write-offs to ensure that accounts receivable and allowance balances are not overstated.

1. Authority Levels for Write-Offs

- a. The Chief Executive Officer (CEO) may approve write-off amounts up to \$1,500 per account or may, at his discretion, refer a lesser amount per account to the Board of Directors for approval.
- b. The Board of Directors will annually approve amounts to be written off greater than \$1,500 per account.

2. Active Account Write-off Criteria

- a. An active account’s past due balance for services rendered by AlexRenew will not be written off unless an exception is made by the CEO, or designated representative, or the debt is discharged through legal action (bankruptcy or court judgment).

3. Inactive Account Write-Off Criteria

- a. An inactive account’s past due balance for services rendered by AlexRenew will be considered uncollectible, and written off, after the appropriate collection procedures have been followed and one or more of the following criteria are met:
 - v. The account remains unpaid after 60 days and the amount is under \$200;
 - vi. The account remains unpaid after 180 days and the amount is under \$600;
 - vii. The account remains unpaid after 365 days and the amount is under \$1,200;
 - viii. Regardless of balance, the account remains unpaid after the lesser of 730 days or the applicable period for commencement of a recovery action (statute of limitations is three years);
 - ix. The debtor has died and there is no known estate or guarantor;

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- x. The debt is discharged through legal action (bankruptcy or court judgment);
- xi. The debtor is a company which is no longer in business;
- xii. The debtor cannot be located, nor any of the debtor's assets, by the external collection agency after 180 days;
- xiii. The external collection agency determines after a period of 365 days that the debtor has no assets and there is no expectation that they will have any in the future; and/or;
- xiv. The debt has been forgiven by action of the CEO or designated representative.

G. Derivatives

1. Derivatives such as interest rate swaps and options are financial tools that can help AlexRenew meet important financial objectives, however they introduce multiple risks which must be understood and managed. Properly used, these instruments may increase AlexRenew's financial flexibility, provide opportunities for interest rate savings or enhanced investment yields, and help AlexRenew manage its balance sheet through matching assets and liabilities.
2. AlexRenew will not enter into any financial derivative or swap until the following have occurred:
 - a. The Board has adopted a comprehensive derivatives/swaps policy outlining the following related to the use of derivatives/swaps:
 - i. Approach and Objectives
 - (1). Specific objectives for utilizing swaps
 - (2). Prohibited swap features
 - ii. Legal Authority
 - iii. Permitted Instruments
 - iv. Procedure for Submission and Execution
 - v. Swap Analysis and Participant Requirements
 - (1). Swap risks
 - (2). Notional amount
 - (3). Benefit expectation
 - vi. Legal and Contractual Requirements
 - (1). Legal terms of swaps
 - (2). Notional amount
 - (3). Final maturity
 - (4). Termination provisions
 - (5). Collateral

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- vii. Ongoing Management
 - viii. Ongoing Reporting Requirements
 - ix. Acceptable Collateral
- b. The Board has approved the execution of the specific financial derivative or swap transaction.

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Definitions

Bond Anticipation Note (BANs): Notes which are paid from the proceeds of the issuance of long-term bonds typically used for capital projects.

Call Provisions: The terms of bond giving the issuer the right to redeem all or a portion of a bond prior to its stated date of maturity at a specific price, usually at or above par.

Capital Improvement Program (CIP): Plan for major non-recurring facility, infrastructure, or acquisition expenditures that expand or improve the system and/or community assets. Projects included in the CIP include physical descriptions, implementation schedules, year of expenditure cost and funding sources estimates, and an indication of priorities and community benefits.

Capitalized Interest: A portion of the proceeds of a bond issue which is set aside to pay interest on the same bond issue for a specific period of time. Interest is commonly capitalized for the construction period of the project.

Commercial Paper: Short-term, unsecured promissory notes issued by corporations to finance receivables for a maturity specified by the purchaser that ranges from three days to 270 days. Notes are generally sold at a discount, and carry credit ratings issued by an NRSRO.

Competitive Sale: A sale/auction of securities by an issuer in which underwriters or syndicates of underwriters submit sealed bids to purchase the securities. Contrast to a negotiated sale.

Continuing Disclosure: The principle that accurate and complete information material to the transaction which potential investors would be likely to consider material in making investment decisions with respect to the securities be made available on an ongoing basis.

Credit Enhancement: Credit support purchased by the issuer to raise the credit rating of a debt issue. The most common credit enhancements consist of bond insurance, direct or standby letters of credit, and lines of credit.

Debt Service Reserve Fund: The fund in which moneys are placed which may be used to pay debt service if pledged revenue is insufficient to satisfy the debt service requirements.

Derivatives: A financial product whose value is derived from some underlying asset value.

Designation Policies: Outline how an investor's order is filled when a maturity is oversubscribed when there is an underwriting syndicate. The senior managing underwriter and issuer decide how the bonds will be allocated among the syndicate. There are three primary classifications of orders which form the designation policy: Group Net orders; Net Designated orders and Member orders.

Escrow: A fund established to hold moneys pledged and to be used to pay debt service on an outstanding issue.

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Expenses: Compensates senior managers for out-of-pocket expenses including: underwriters counsel, DTC charges, travel, syndicate expenses, dealer fees, overtime expenses, communication expenses, computer time and postage.

Letters of Credit: A bank credit facility wherein the bank agrees to lend a specified amount of funds for a limited term.

LIBOR: The London InterBank Offered Rate is the rate on the U.S. dollar denominated deposits with maturities from 1 day to 12 months transacted between banks in London. LIBOR is the benchmark swap floating index in the taxable or corporate swap market.

Liquidity: The ability of ease with which an asset can be converted into cash without a substantial loss of value.

Management Fee: The fixed percentage of the gross spread, which is paid to the managing underwriter for the structuring phase of a transaction.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Members: Underwriters in a syndicate other than the senior underwriter.

Nationally Recognized Statistical Rating Organization (NSRO): A credit rating agency which issues credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes. Examples include Moody's Investor Service, Standard & Poor's and Fitch Ratings.

Negotiated Sale: A method of sale in which the issuer chooses an underwriter to negotiate terms pursuant to which such underwriter will purchase and market the bonds.

Original Issue Discount: The amount by which the original par amount of an issue exceeds its public offering price at the time it is originally offered to an investor.

Portfolio: Collection of securities held by an investor. Present Value: The current value of a future cash flow.

Private Placement: The original placement of an issue with one or more investors versus being publicly offered or sold.

Revenue Bonds: Bonds secured by a specific revenue pledge of rates, rents or fees.

Securities and Exchange Commission (SEC): Agency created by Congress to protect investors in securities transactions by administering securities legislation.

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Selling Groups: The group of securities dealers who participate in an offering not as underwriters but rather who receive securities less the selling concession from the managing underwriter for distribution at the public offering price

SIFMA: The Securities Industry and Financial Markets Association is a high grade market index of 7-day variable rate demand notes that is produced by Municipal Market Data. SIFMA is the benchmark swap floating in the tax-exempt swap market.

Syndicate Policies: The contractual obligations placed on the underwriting group relating to distribution, price limitations and market transactions.

Underwriter: A dealer that purchases new issues of municipal securities from the Issuer and resells them to investors.

Underwriter's Discount: The difference between the price at which bonds are bought by the Underwriter from the Issuer and the price at which they are offered to investors, representing the compensation earned by the Underwriter for placing the bonds with investors.

Variable Rate Debt: An interest rate on a security which changes at intervals according to an index or a formula or other standard of measurement as stated in the bond contract.

Yield: The rate of annual income return.



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MEMORANDUM

TO: AlexRenew Board of Directors

THROUGH: Justin Carl, General Manager and CEO

FROM: Amanda Waters, General Counsel and Deputy General Manager

COPY: Lorna Huff, Board Executive Assistant

DATE: March 12, 2024

SUBJECT: Legal assessment of a Virginia Authority's ability to fund a customer assistance program with rate revenue

I. Issue

Based on direction from the AlexRenew Board of Directors (Board), staff are in the process of enhancing AlexRenew's existing payment assistance program. As part of this process, the Board requested a legal assessment of the Virginia code to understand the viability of funding a customer assistance program (CAP) with rate revenue. This memorandum provides a detailed legal assessment, supported by case studies, of using rate revenue to fund a CAP; discusses political and legal risks associated with this type of program; and makes recommendations to maximize staff efforts to support overall customer affordability in Alexandria.

II. Recommendation

In summary, § 15.2-5136 of the Virginia Water and Waste Authorities Act (the "Authorities Act")¹ as it pertains to funding a CAP with rate revenue is ambiguous and has not been tested by the courts. As such, there are two pathways that would resolve this ambiguity: (1) implement such a program, get sued by a ratepayer, defend the litigation, and get a judicial decision; or (2) pursue legislative changes to the Authorities Act through the Virginia General Assembly.

A third option is to seek an official opinion from the Virginia Attorney General ("AG") to reconcile statutory ambiguity. However, an AG opinion is considered by courts to be non-binding. If the AG issued an opinion that authority exists and an Authority enacted a rate-funded CAP in reliance on that opinion, the action could still be legally challenged; i.e., the opinion would not shield an authority from litigation. A court could be persuaded by the opinion or ignore it altogether. Thus, an Authority would remain on tenuous legal ground even with an AG opinion. Given these facts, this option is not further discussed herein.

¹ Va. Code Ann. § 15.2-5100 *et seq.*

Both pathways to clarify an Authority's legal right to implement a rate-funded CAP present inherent risk and unpredictability, which are discussed in Section III.G. Considering these risks, it is advisable to refrain from pursuing either of the aforementioned options at present. AlexRenew's relatively small scale necessitates a strategic allocation of resources. Redirecting staff efforts towards optimizing our current payment assistance program - the Lifeline Emergency Assistance Program (LEAP) - is a more prudent course of action. This approach ensures that we have the capacity to continue actively advancing customer assistance initiatives.

In support of customer affordability in Alexandria, staff recommend launching LEAP, collecting data on utilization of the program, identifying additional funding opportunities for LEAP, implementing disconnections for nonpayment,² and assessing Virginia American Water's proposed Universal Affordability Tariff (discussed in Section III.F.3). This will allow staff to ascertain the extent of affordability challenges in Alexandria and make additional enhancements to its payment assistance programs in the future. If necessary, this could include a rate-funded CAP.

III. Discussion

AlexRenew is committed to ensuring that our sewer rates are equitable and affordable. This philosophy is further enforced by our Strategic Plan, which includes the goal of "strengthening connections with the public and providing affordable service." AlexRenew does this through our financial policies, budget planning process, and investment strategies. We also exercise a rate model annually and have been successful in leveraging low-interest loan programs for major capital investments.

For customers struggling to pay their sewer bill, AlexRenew offers payment plans and has the discretion to waive late fees. AlexRenew has also established LEAP to provide emergency bill assistance for eligible AlexRenew residential customers and will begin accepting applications for assistance in April 2024. Funding for this program comes from donations, customer round-up contributions, and certain non-rate revenue funds.

Building on this foundation and the direction set by the Board, AlexRenew is investigating additional funding options for LEAP and continuing to support the City of Alexandria's affordable housing initiatives.

A. Governing Law/Covenants

AlexRenew was created by and operates pursuant to the Authorities Act. AlexRenew rates and revenues are governed by the Authorities Act and the Master Indenture of Trust.

The Authorities Act requires that rates set by AlexRenew be *just and equitable, fair and reasonable* and identifies factors that may be used to set rates. Specifically, the Authorities Act states:

- C. *Rates, fees and charges for the services of a sewer ...system shall be **just and equitable**, and **may** be based upon:*
1. *The quantity of water used or the number and size of sewer connections;*
 2. *The number and kind of plumbing fixtures in use in the premises connected with the sewer or sewage disposal system;*

² With service disconnections for delinquent accounts resuming in July 2024, a clearer affordability picture should emerge.

3. *The number or average number of persons residing or working in or otherwise connected with such premises or the type or character of such premises;*
 4. *Any other factor affecting the use of the facilities furnished; or*
 5. *Any combination of the foregoing factors.*
- D. *Water and sewer rates, fees and charges established by any authority shall be **fair and reasonable**. An authority may charge fair and reasonable rates, fees, and charges to create reserves for expansion of its water and sewer or sewage disposal systems. Such rates, fees, and charges shall be reviewed by the authority periodically and shall be adjusted, if necessary, to assure that they continue to be fair and reasonable...*

AlexRenew's 1999 Master Indenture of Trust sets forth requirements for collection and use of "revenues" for operations, maintenance, and capital expenses. It defines a flow of funds and requires that wastewater treatment charges collected from AlexRenew customers be deposited in a Revenue Fund.

The Master Indenture includes a covenant that AlexRenew shall not allow free service. Section 9.5 provides that "[t]he Authority shall not permit connections with or the use of the System, or furnish any services of the System, without making a charge based on the Authority's schedule of rates, fees and charges, except in the case of wholesale customers whose charges shall be based on the contract between the Authority and the wholesale customer." The Master Indenture does not, however, prohibit discounted service or lifeline rates so long as the charges are set forth in AlexRenew's schedule of rates, fees and charges.

B. Payment Assistance Programs

Overall approaches to address affordability of wastewater services vary, but generally fall into four broad categories: (1) Variable Rate Structures; (2) CAPs; (3) Hardship Programs; and (4) Payment Plans/Waived Fees.³ This memo focuses solely on the first two categories that would rely on ratepayer revenue.

³ Types of Affordability Programs:

Income-Based Rates/Variable Rate Structure/Lifeline Rates. Requires adoption of a rate structure that charges customers different rates based, at least in part, on their financial capabilities. For example, lifeline rates eliminate or reduce charges for an initial portion of residential use, or reduced rates for households that are classified in certain income categories. Customers pay a subsidized rate for a fixed amount of water, which is expected to cover that customer's basic water needs. When water use exceeds the initial fixed amount of water (i.e., the lifeline block), the rates increase.

Discounts/Rebates/Customer Assistance Programs. This category includes discounts or rebates from otherwise uniform rates for eligible low-income customers typically funded by slightly higher charges to the remaining ratepayers. This approach is being taken by Virginia American Water in West Virginia and is being proposed in Virginia.

Temporary Assistance/Hardship Programs. This category includes financial assistance programs funded by round-up selections and other fundraising, usually administered by a non-profit or community partner. People facing acute financial distress can apply and receive short-term grants to pay for services. Utilities help customers on a short-term or one-time basis to prevent disconnection of service or restore service after disconnection for households facing an unexpected hardship. LEAP is an example of this type of assistance program.

Payment Plans/Waived Fees. The reduction or elimination of utility fees, fixed charges or accrued interest on late payments for qualified low-income customers. Utilities help customers afford services and pay bills through late fee forgiveness (e.g., rewarding timely bill payments by waiving late fees and establishing a payment plan for future payments), bill timing adjustment (e.g., moving from quarterly to monthly billing cycles), or levelized billing (e.g., dividing total anticipated annual water and sewer bill by 12 to create a predictable monthly bill amount).

C. Legality of a Rate-Funded CAP

Both lifeline rates and CAPs involve the use of ratepayer revenue to subsidize services for eligible low-income households. While the latter approach would not require adoption of low-income rates from the outset, the impact on revenue would need to be considered in the rate-setting process and could increase rates for those not eligible for the program. Thus, the rate-setting authority in Virginia Code § 15.2-5136 will govern the legality of either approach.

The Master Indenture would not bar either program. Lifeline rates, if enacted, would be in AlexRenew's schedule of rates. The methodology of a CAP could also be explained in the schedule in a way that would satisfy Section 9.5. Thus, the only potential barrier is the Authorities Act.

In 2017, the University of North Carolina ("UNC") Environmental Finance Center released a 50-state report evaluating ratepayer-funded CAPs.⁴ This report summarizes the challenges associated with the legal analysis of this issue: "In their efforts to design and implement programs that make it easier for low-income customers to pay for water and wastewater services, utilities must navigate a complex, confusing, and often ambiguous legal framework that varies considerably from state to state."⁵

The report found that most states fall into the ambiguous category, where there is either (1) no express authority but nothing in the statutes or case law seems to limit an entity from implementing a program or (2) potential for legal challenge due to ambiguous or limiting language and cost of service requirements.⁶

Nationwide there is very little case law addressing affordability programs. In the absence of clear guidance, utilities that implement such programs pursuant to statutes that do not explicitly mention them run the risk of being sued. Consequently, it is common for two legal experts reviewing the same statute to reach differing interpretations.⁷ Limits of rate-setting authority only become evident after a utility has interpreted the law to grant it authority, faced challenges to its rates from ratepayers, and subsequently received interpretation from the courts.

In Virginia, there is no case law directly on point. This lack of precedent has led most legal experts analyzing this issue to err on the side of caution and conclude that because the Code does not grant explicit authority, rate-funded CAPs are prohibited.

If an Authority enacted a CAP that was funded, even in part, with rate revenue, such action could be legally challenged by a ratepayer subsidizing the program. A challenge would likely allege that (1) the Authority exceeded its authority in violation of Virginia law and the Dillon Rule⁸ and that (2) such rates are not just, equitable, fair, and reasonable. Judicial review would focus on:

1. Whether factors other than those listed in the Code can be considered; and
2. Whether it is just, equitable, fair, and reasonable to impose rates based in part on income.

⁴ [Navigating Legal Pathways to Rate-Funded Customer Assistance Programs: A Guide for Water and Wastewater Utilities](#) (UNC Environmental Finance Center, 2017).

⁵ *Id.* at 7.

⁶ *Id.* at 12.

⁷ *Id.* at 12.

⁸ Under Virginia's Dillon Rule, localities (and Authorities) have only those powers that are (1) granted in express words; (2) necessarily or fairly implied in or incident to the powers expressly granted, and (3) essential to the declared objects and purposes of the corporation, not simply convenient, but indispensable. If there is any reasonable doubt whether a power has been conferred on a local government, then the power has not been conferred.

The first hurdle would be the most difficult to overcome. The Dillon Rule of strict construction controls a court's determination of the powers of local localities and Authorities.⁹ An Authority only has those powers delegated to it under the Act. A reviewing court would first resolve "whether a power exists at all. If the power cannot be found, the inquiry is at an end."¹⁰

Specifically, a court would assess whether factors other than those listed in Virginia Code § 15.2-5136(c) can be considered. In other words, does the word "may" in § 15.2-5136(c) restrict authorities when setting rates to only the listed five criteria? If the court rules that Authorities can only consider those factors explicitly identified in the Authority Act, the rates would be struck down as *ultra vires*.

If, however, the court determines that the list is not exclusive, the next question would be whether it is just, equitable, fair, and reasonable to base rates at least in part on income.

D. Consideration of Factors Not Identified in Authorities Act

Overall, Virginia courts strive to interpret statutes in a manner that is consistent with legislative intent, promotes clarity and predictability in the law, and serves the interests of justice. However, the specific approach taken may vary depending on the circumstances of each case and the particular statute in question.

Virginia courts use several principles and methods to interpret ambiguous statutes. Some of the key principles are discussed and analyzed below.

1. Plain Meaning Rule

Courts are bound to apply the plain language of a statute to accomplish the intent of the General Assembly. If the language is clear and unambiguous, the court will not look to rules of construction or to legislative history; it will simply apply the language. But, if applying the plain language leads to an absurd result or a result that is contrary to the General Assembly's intent, or if the language is ambiguous, then the court will apply rules of statutory interpretation to construe the statute.

In *Marble Techs., Inc. v. City of Hampton*,¹¹ the Virginia Supreme Court ruled that the city lacked express or implied authority to consider a federal statute - Coastal Barrier Resources Act - when designating resource protection areas under the state Chesapeake Bay Preservation Act.

In applying the Dillon Rule, we first examine the plain terms of the legislative enactment to determine whether the General Assembly expressly granted a particular power to the municipal corporation.... If the power is not expressly granted, we then "determine whether the power ... is necessarily or fairly implied from the powers expressly granted by the statute. To imply a particular power from a power expressly granted, it must be found that the legislature intended that the grant of the express also would confer the implied. Questions concerning implied legislative authority of a local governing body are resolved by analyzing the legislative intent of the General Assembly. Legislative intent is determined from the plain meaning of the words used.

⁹ "[M]unicipal corporations have only those powers that are expressly granted, those necessarily or fairly implied from expressly granted powers, and those that are essential and indispensable." *Bd. of Zoning Appeals of Fairfax Cnty. v. Bd. of Sup'rs of Fairfax Cnty.*, 276 Va. 550, at 553-554, 666 S.E.2d 315, at 317 (2008).

¹⁰ *Commonwealth v. Board of Arlington County*, 217 Va. 558, 575, 232 S.E.2d 30, 41 (1977); see also *City Council of Alexandria v. Lindsey Trusts*, 258 Va. 424, 427, 520 S.E.2d 181, 182 (1999).

¹¹ 279 Va. 409, 690 S.E.2d 84 (2010).

Thus, the central focus of our analysis in applying the Dillon Rule is to ascertain and give effect to the General Assembly's intent in enacting the provisions.”¹²

[Citations omitted].

The General Assembly's use of the word “may,” which conveys a permissive rather than mandatory requirement, creates ambiguity as to whether the list of factors is exclusive. Given this ambiguity, a reviewing court would next examine legislative intent.

2. Legislative Intent

If the plain meaning of the statute is unclear, courts will try to ascertain the intent of the legislature that passed the law. They may examine legislative history, committee reports, and other documents related to the statute's enactment to determine the purpose behind the law. Unfortunately, there is no legislative history available, and no changes have been made to the applicable section of the code that would be indicative of intent.

3. Statutory Construction

Courts will interpret statutes in a manner that gives effect to the overall statutory scheme and avoids absurd or unreasonable results. They may consider the context of the statute within the entire code and related laws. When a statute includes a list of specific items, that list is presumed to be exclusive; the statute applies only to the listed items and not to others. But if the list starts with a phrase like “at a minimum” or “including” or “such as” or ends with a general catch-all term, the court will probably interpret the list as illustrating the types of things the statute applies to and not as an exclusive list.

Virginia, like many jurisdictions, has specific rules of statutory construction outlined in its statutes or developed through case law. These rules provide guidance on how to resolve ambiguity in particular circumstances. Article 2 of the Virginia Code sets forth the rules of construction and defines “includes” to mean “includes, but not limited to.”¹³ The language of Virginia Code § 15.2-5136 states “may be based upon” rather than “includes;” however, the meaning is similar. Moreover, the General Assembly used the word “shall” in the same sentence: the rates... “shall be just and equitable.” Had the General Assembly wanted the list of factors to be exclusive, they would not need the word “may:” “shall be just and equitable, and based upon...”

To give effect to the plain meaning of the words used by the General Assembly and given Virginia's rules of statutory construction, there is a strong argument that the General Assembly intended to allow consideration of other factors if those factors result in rates that are just, equitable, fair, and reasonable.

4. Precedent

Courts may look to previous decisions interpreting similar statutes or addressing similar issues for guidance. This persuasive but non-binding precedent helps establish consistent interpretations of the law. Rate-setting authority has been litigated extensively on issues including development fees and differential rates between customers within and outside a city's limits. Courts would consider locality rate-setting rulings and compare the authorizing language in each section of the Code as outlined in Table 1.

¹² *Id.* at 418.

¹³ Va. Code Ann. § 1-218.

Localities are governed by Virginia Code § 15.2-2119 and have explicit discretion to consider other factors than those identified in the Code with the caveat that rates must be “uniform for the same type, class and amount of use or service” as nearly as the locality deems practicable and equitable.¹⁴

Unfortunately, Authorities do not have this explicit discretion.

Table 1. Comparison of Authorities Act (§ 15.2-5136.C) code language to Localities code language (§ 15.2-2119) relating to fees and charges for water and sewer services

Phrase	Virginia Code § 15.2-5136 (applies to Authorities)	Virginia Code § 15.2-2119 (applies to Localities)
Shall... (mandatory)	be just and equitable (§ 15.2-5136.C.) be fair and reasonable (§ 15.2-5136.D.)	as nearly as the governing body deems practicable and equitable, be uniform for the same type, class and amount of use or service
May consider... (Permissive Factors)	Water consumption	
	Number/kind of plumbing fixtures/water outlets	
	Average number residing/working	
“Any other factor(s)...”	Affecting use of facilities	
Other Considerations	Any combination of these factors	
Discretion		On such other basis as the governing body may determine
		revenue derived from ...such fees and charges is hereby declared to be revenue of such sewage disposal system

E. Just, Equitable, Fair, and Reasonable Rates

The success of a challenge to a ratepayer funded CAP largely depends on how much deference the reviewing court grants to the Authority. The more deference granted, the more likely the rates would survive a legal challenge.

When evaluating the validity of an Authority/locality’s legislative enactments, Virginia courts apply the highly deferential "fairly debatable" standard of review to determine whether the enactment is reasonable and within the authority of the locality. Virginia courts have consistently held that a locality’s actions in setting rates and fees for sewer or water services is a nondelegable legislative

¹⁴ Va. Code Ann. §15.2-2119.B. Such fees and charges, being in the nature of use or service charges, shall, as nearly as the governing body deems practicable and equitable, be uniform for the same type, class and amount of use or service of the sewage disposal system and may be based or computed either on the consumption of water on or in connection with the real estate, making due allowances for commercial use of water, or on the number and kind of water outlets on or in connection with the real estate or on the number and kind of plumbing or sewage fixtures or facilities on or in connection with the real estate or on the number or average number of persons residing or working on or otherwise connected or identified with the real estate or any other factors determining the type, class and amount of use or service of the sewage disposal system, or any combination of such factors, or on such other basis as the governing body may determine.

function.¹⁵ In 2022, the Virginia Court of Appeals held that an Authority's rate-setting pursuant to § 15.2-5136 is a legislative enactment and is, therefore, afforded a presumption of validity.¹⁶

A matter is 'fairly debatable' if, "when, measured by both quantitative and qualitative tests, the evidence offered in support of the opposing views would lead objective and reasonable persons to reach different conclusions."¹⁷ Even when a challenger offers compelling evidence of unreasonableness, the Authority/locality can prevail if there is "any evidence" of reasonableness.¹⁸

Using the "fairly debatable" standard, courts generally defer to the expertise of the Authority/locality in rate-setting unless the challenger can demonstrate that the rates are clearly unjust or unreasonable. In applying this standard, the Virginia Supreme Court has examined whether the decision-making process was rational, informed, and based on relevant evidence. The Court has clarified that the "fairly debatable" standard does not require absolute certainty in the reasonableness of rates; there is acknowledgement that reasonable minds could differ. In most cases, if there is evidence on both sides of the reasonableness debate to make the matter "fairly debatable," the rates are upheld.

In *Town of Leesburg v. Giordano*,¹⁹ out-of-town customers challenged the Town asserting that their water and sewer rates were significantly higher (~100 percent surcharge) than in-town customers and such rates were unfair, unreasonable, and inequitable. The customers alleged that the Town's expert was not credible and failed to conduct an independent study to support his opinion or provide any nexus between the rates he deemed reasonable and the costs of service. Moreover, there was evidence in the record that the Town Council told the town expert to double the rate for customers outside the town. The customers asserted that the Town had no basis for concluding that the fees were reasonable and uniform. The trial court agreed, finding that customer's expert was far more credible and ruled that the fees were unreasonable.

The Town appealed the decision. In a 5-2 decision, the Supreme Court overruled concluding that despite these deficiencies, the Town's evidence was sufficient to make the issue of the rates' reasonableness fairly debatable.²⁰

If an Authority can get to this step, they would most likely prevail because the court would defer to the expertise of the Authority in rate-setting.

F. Case Studies in Virginia

In 2013, legislation was introduced in the Virginia General Assembly providing: "Any locality by ordinance may develop criteria for providing discounted water and sewer fees and charges for low-income and disabled customers."²¹ The Senate Local Government Committee amended the scope of the bill to only those localities that have a population density of 200 persons per square mile or less,

¹⁵ *Eagle Harbor LLC v. Isle of Wight County*, 271 Va. 603, 628 S.E.2d 298 (2006); *Town of Leesburg v. Giordano*, 280 Va. 597 (Va. 2010).

¹⁶ *Chastain v. Bedford Reg'l Water Auth.*, No. 0233-22-3, 2022 WL 17422549, at *3 (Va. Ct. App. Dec. 6, 2022). "[A]s with any other legislative function, the action of [an authority] in setting ... connection fees is afforded a presumption of validity." *Eagle Harbor, L.L.C. v. Isle of Wight Cnty.*, 271 Va. 603, 615 (2006). "This presumption of legislative validity is a presumption of reasonableness." *Giordano*, 280 Va. at 606.

¹⁷ *Fairfax County v. Williams*, 216 Va. 49, 58, 216 S.E.2d 33, 40 (1975).

¹⁸ *Board of Supervisors v. Stickley*, 263 Va. 1, 556 S.E.2d 748 (2002).

¹⁹ *Town of Leesburg v. Giordano*, 280 Va. 597 (Va. 2010).

²⁰ *Id.*

²¹ [SB850](#).

thereby limiting the scope of the legislation to only about 20 percent of the Commonwealth's localities.²² The legislation passed the Senate unanimously and the House 99-1.²³

In 2014, legislation adding the City of Richmond and expanding eligibility for the discount to the elderly passed the Senate unanimously and the House 97-3.²⁴ The last revision to § 15.2-2119.2 occurred in 2020 when the Towns of Altavista and Louisa were added:

§ 15.2-2119.2. Discounted fees and charges for certain low-income, elderly, or disabled customers.

The City of Richmond or any locality that is the owner of a water and sewer system and that has a population density of 200 persons per square mile or less, and the Towns of Altavista and Louisa, by ordinance may develop criteria for providing discounted water and sewer fees and charges for low-income, elderly, or disabled customers.

This bill also passed the Senate unanimously and with only one (1) nay vote in the House.

This section discusses case studies that include programs administered by the City of Richmond Department of Public Utilities (Richmond DPU) and the Town of Altavista, and proposed by Virginia American Water (VAW). The case studies for Richmond DPU and Town of Altavista fall under Virginia Code § 15.2-2119, while VAW is governed by the Virginia State Corporation Commission (SCC) under Virginia Code § 56-35. There are currently no water or wastewater utilities in Virginia that explicitly fund a CAP using rate revenue.

1. Richmond DPU MetroCare Water Assistance and Conservation Programs

Pursuant to Virginia Code § 15.2-2119.2, the Richmond City Council passed an ordinance²⁵ authorizing the Richmond DPU to implement the MetroCare Water Assistance Program to provide discounted water and sewer fees and charges for low-income customers.²⁶ The ordinance, not the Code, restricts how the program is funded.²⁷ MetroCare is funded by General Fund appropriations from the City of Richmond, event fundraisers, and customer donations. The program offers eligible customers facing hardship up to \$500 of financial assistance to help pay their delinquent water bill through. Richmond DPU also has the MetroCare Water Conservation Program that provides financial assistance to eligible homeowners for plumbing repairs and the replacement of water-inefficient appliances with EPA WaterSense products.²⁸

2. Town of Altavista Residential Utility (Water/Sewer) Discount Program

In September 2020, the Altavista Town Council adopted a Water/Sewer Utility Discount Program.²⁹ Eligible residential utility customers can receive a discount of 30 percent off the “base rate fee” that

²² For comparison purposes, the City of Alexandria has a population density of 9,314 per square mile.

²³ Va. Code Ann. § 15.2-2119.2

²⁴ This legislation also added a new section: § 15.2-2119.3. Sustainable infrastructure financial assistance. *The City of Richmond may by ordinance develop criteria for financial assistance to customers for plumbing repairs and the replacement of water-inefficient appliances.*

²⁵ Richmond City Code [Sections 28-271 through 28-275](#).

²⁶ [MetroCare Water Assistance Program Overview](#) and [Regulations](#).

²⁷ Sec. 28-275. Use of water utility and wastewater utility funds. The program shall be implemented through use of funds derived from grants and other funding sources as permitted by law; provided, however, that funds of the City used for utility operating expenses, except for incidental expenses required to administer the program and to provide limited marketing support for the program and the City's water utility and wastewater utility, shall not be used for the program.

²⁸ MetroCare Water Conservation Program [Regulations](#).

²⁹ Town of Altavista [Water/Sewer Utility Discount Program](#).

is applied to their quarterly utility (water/sewer) bills, if they meet certain age, income, and net worth qualifications. It is unclear how the Town funds this program.

3. Virginia American Water Universal Affordability Tarriff

As part of its proposed rate increase taking effect on May 1, 2024, VAW is proposing a new Universal Affordability Tariff (UAT) to help households experiencing hardship. If approved by the State Corporation Commission (SCC) funding for the UAT would be subsidized by other residential water service customers. Under the UAT, households would receive bill discounts of between 20 and 80 percent. The tariff would apply to households where bills exceed two (2) percent of household income. The two (2) percent income limit covers both water and wastewater bills – Alexandria only receives water service from VAW.

The SCC regulates the rates, charges, services, and facilities of private water and wastewater companies like VAW.³⁰ Virginia Code § 56-234 requires every commission-regulated utility to furnish reasonably adequate service and facilities at “reasonable and just” rates, and such utilities are required to “charge uniformly all persons, corporations or municipal corporations using service under like conditions.”³¹ An exception is made for a public utility implementing a voluntary rate or rate design test or experiment.

If the SCC determines that the rates are “unjust, unreasonable, insufficient, or unjustly discriminatory” or “preferential or otherwise in violation of any provisions of law,” under Va. Code Ann. § 56-235, the SCC can fix and order “just and reasonable” rates. Thus, commission-regulated water and wastewater utilities seeking to implement CAPs funded by rate revenues could face legal challenges under the requirement that any rate classifications be uniform, or if the SCC determines that rates for low-income customers are preferential.

There is a hearing scheduled for September 2024 on the VAW rate increase and affordability tariff. The SCC should issue a decision on the proposal by the end of the year. This decision can inform AlexRenew as it continues its review of CAPs.

G. Risks Associated with Implementing a CAP or Seeking Legislative Modifications to the Authorities Act

Two options may be pursued to clarify the language contained in the Authorities Act regarding a rate-funded CAP. Authorities could pursue legislative changes to the Authorities Act or implement such a program and face the risk of litigation.

It is difficult to determine the likelihood of litigation associated with implementing a rate-funded CAP in Virginia under the Authorities Act. However, the severity of potential impacts associated with litigation would be detrimental to an Authority. These impacts include:

- Staff Time/Operational Continuity: Legal proceedings, discovery requests, document preparation, and deposition/court appearances can consume significant portions of employees’ workdays, diverting their focus from regular duties and operational and management priorities. To defend rate litigation, key executive-level personnel would need to assist with discovery, provide testimony, and attend depositions. Additionally, the uncertainty

³⁰ Va. Code Ann. § 56-35.

³¹ Va. Code Ann. § 56-234.

and distraction caused by ongoing litigation may hinder strategic planning efforts and impede the ability to address emergent issues or regulatory requirements effectively.

- **Reputation Damage:** Litigation involving any public entity can attract media attention and public scrutiny, potentially tarnishing the Authority's reputation and eroding public trust and confidence in the Authority's ability to fulfill its obligations effectively. Additionally, adverse outcomes or prolonged litigation processes can create a perception of incompetence or mismanagement, further damaging the Authority's reputation among ratepayers, stakeholders, and regulatory bodies.
- **Financial Impacts:** In addition to the costly nature of protracted litigation (outside counsel fees, expert witness fees, and court costs can accumulate rapidly), defending litigation could impact an Authority's bond rating. Rating agencies look at event risks including material litigation that have the potential to cause a sudden and sharp decline in an entity's fundamental creditworthiness.³² If the court rules against the Authority, it would be required to repay the amount used to fund the CAP to those ratepayers subsidizing the program.

An Authority should strive to avoid litigation; particularly when lower risk alternatives exist.

An Authority could pursue legislative changes to the Authorities Act making it clear that we have the authority to consider other factors including income if the resulting rates are just, equitable, fair, and reasonable. However, once a sponsor introduces a bill amending the Code, it is in the hands of the General Assembly. If the bill survives, it may look very different at the end of the process than when introduced. What comes out of the General Assembly may be worse than the status quo or may impact other elements of the Authorities Act that we never intended to change. Moreover, AlexRenew would need to coordinate our actions with other Virginia Authorities who may or may not want to open the Code for revisions. Development and implementation of a legislative with extensive sector coordination would be needed for this option; staff bandwidth to lead this effort must be considered.

IV. Congruence with Strategic Plan

This assessment aligns with AlexRenew's strategic goal of Commitment to the Community.

V. Action

Informational, no action required.

³² US Municipal Utility Revenue Debt Methodology, Moody's Investor Services (April 2022).

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AlexRenew

Board of Directors Meeting

**Overview of AlexRenew's
Environmental Justice
Assessment**

March 19, 2024

DRAFT

Today's presenters



Amanda Waters

AlexRenew General
Counsel and Deputy
General Manager



Rosey Jencks

National Equity Practice
Lead at Brown and
Caldwell



Priyanka Saha

Environmental Justice
Assessment Project
Manager

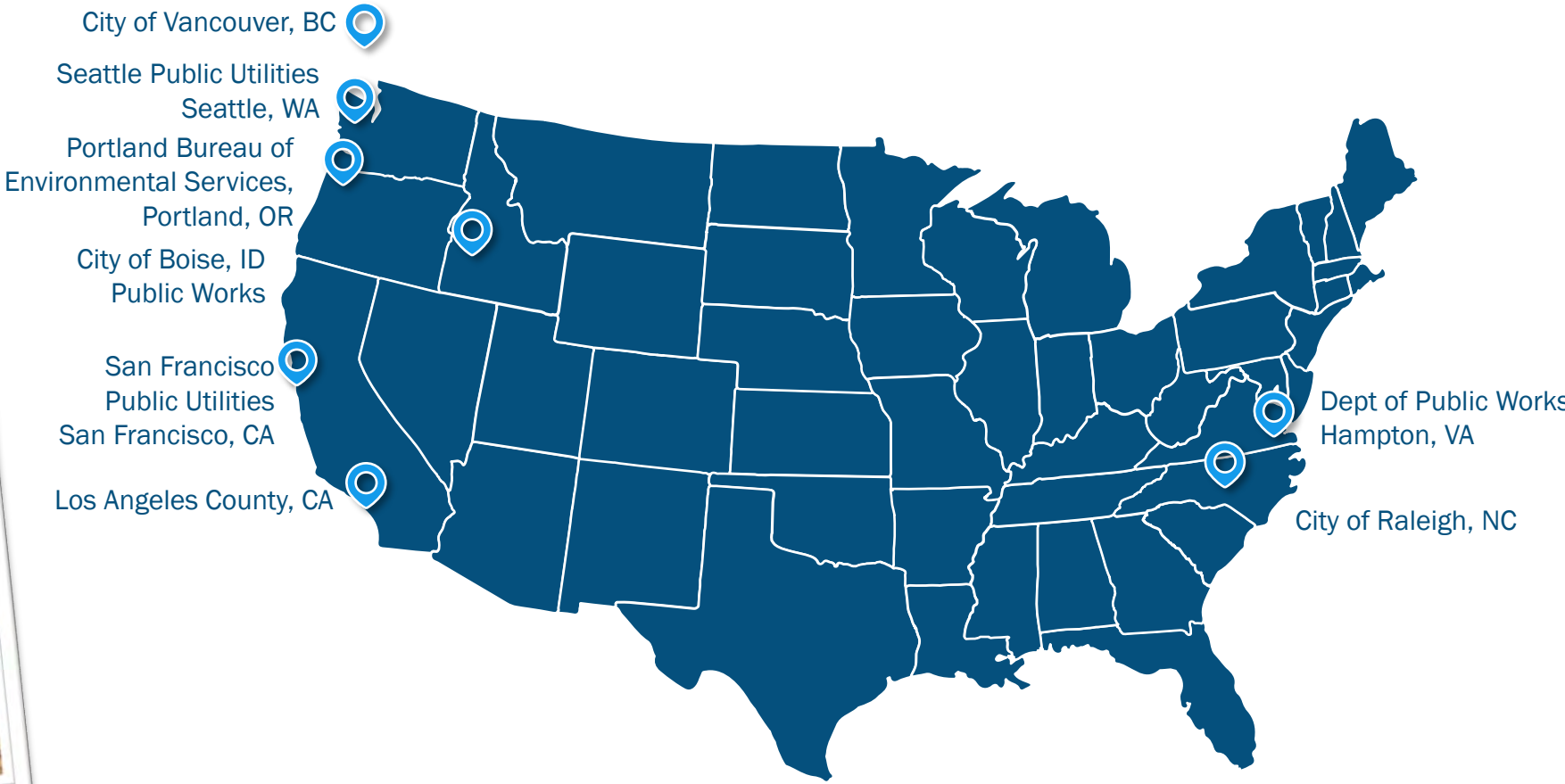
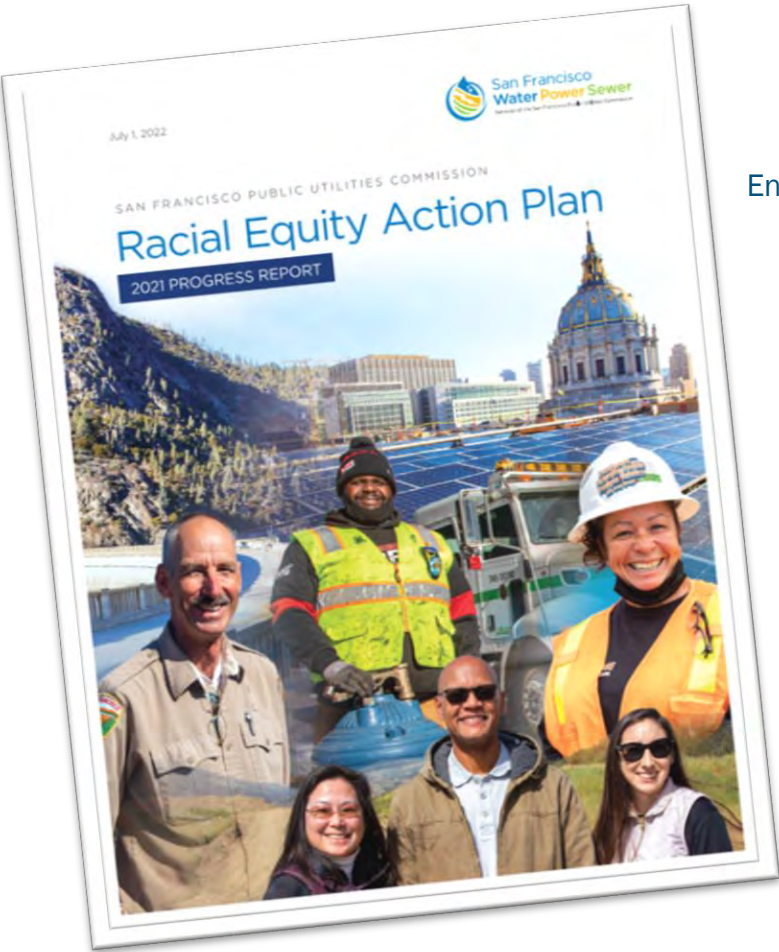
Overview of AlexRenew's Environmental Justice Policy

Environmental justice is the equitable treatment and meaningful engagement of our residents—inclusive of all races, cultures, lifestyles, neighborhoods, and incomes—so we may advance our mission in managing the community's wastewater without placing disproportionate environmental burdens on those we serve. Our work for environmental justice should be intentional and impactful.

AlexRenew's Commitment to Environmental Justice

- Assess AlexRenew's existing infrastructure and programs—develop strategies to address any disparities
- Develop guidance and conduct training
- Meaningfully engage stakeholders and practice active listening
- Develop diverse communication strategies and engaging educational programs
- Make decisions with an understanding of the community's history
- Develop strategies to support equitable rates
- Coordinate with the City to provide community benefit and maintain key partnerships
- Continuously improve

Similar organizations implementing environmental justice policies



City of Vancouver, BC

Seattle Public Utilities
Seattle, WA

Portland Bureau of
Environmental Services,
Portland, OR

City of Boise, ID
Public Works

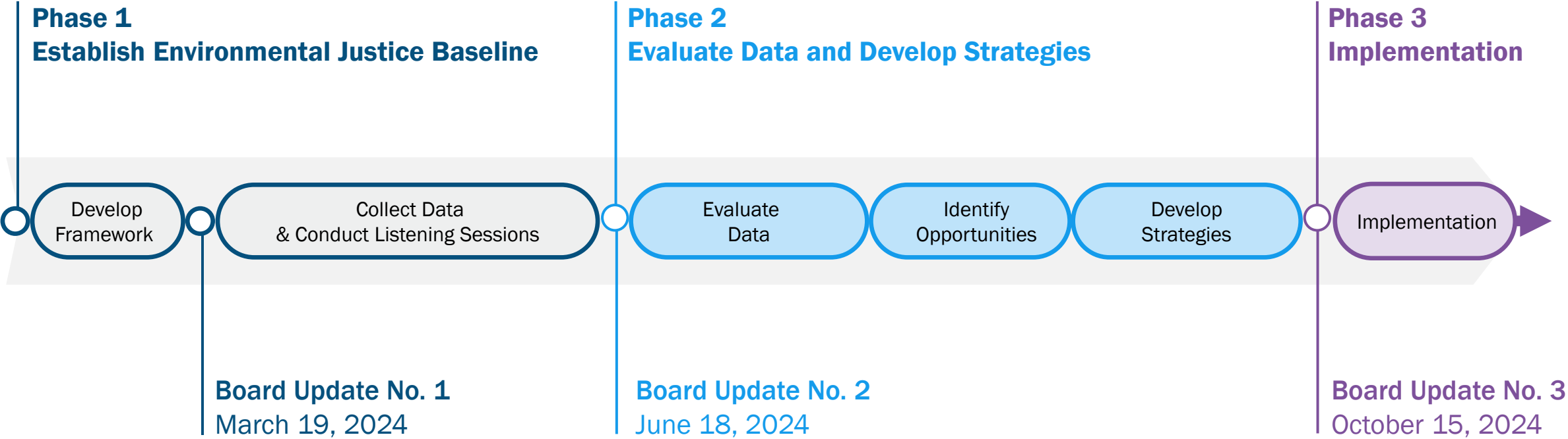
San Francisco
Public Utilities
San Francisco, CA

Los Angeles County, CA

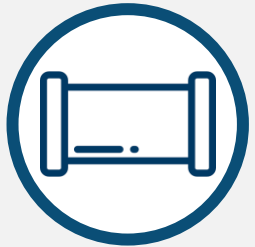
Dept of Public Works
Hampton, VA

City of Raleigh, NC

Overview of AlexRenew environmental justice assessment



Data collection and listening sessions conducted with staff will help set a foundation for the environmental justice assessment



Historical information



External asset location and inventory



Service Area Demographics



Plans, Policies, and Best Practices

Discussion topics for listening sessions with staff:

- Project identification and selection
- Capital improvement program planning
- Decision making and procedures
- Outreach practices and impact
- Procurement and spending practices
- Rates and affordability

Environmental justice strategy development





Holmes Run Trunk Sewer Relining

Four Mile Run Pump Station Upgrades

Innovation District Pumping Station

Mark Center Pumping Station

Commonwealth Interceptor

Slaters Lane Pumping Station

Commonwealth Sewer Shed

Potomac Yard Pumping Station

Commonwealth Interceptor I/I Study

Holmes Run Trunk Sewer

Potomac Yard Trunk Sewer

Potomac Interceptor

RiverRenew

- Sewer rates
- Website
- Education
- Board representation
- City coordination

Workforce

Legend

- AlexRenew Interceptor
- ▲ AlexRenew WRRF and Pumping Stations

The City's ALL Alexandria initiative will be leveraged as part of AlexRenew's Environmental Justice assessment



**ALL ALEXANDRIA RESOLUTION NO. 2974:
COMMITTING TO RACE AND SOCIAL EQUITY**



Holmes Run Trunk Sewer Relining

Four Mile Run Pump Station Upgrades

Mark Center Pumping Station

Innovation District Pumping Station

Commonwealth Interceptor I/I Study

Commonwealth Sewer Shed

Slaters Lane Pumping Station

Potomac Yard Pumping Station

Holmes Run Trunk Sewer

Commonwealth Interceptor

Potomac Yard Trunk Sewer

Potomac Interceptor

RiverRenew

- Sewer rates
- Website
- Education
- Board representation
- City coordination

LEAP
LIFELINE EMERGENCY ASSISTANCE PROGRAM

Workforce

Legend

- AlexRenew Interceptor
- ▲ AlexRenew WRRF and Pumping Stations
- Median Household Income below \$80,000

Discussion





1800 Limerick Street
Alexandria, VA 22314
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

Monthly Report

Reporting Period: February 1-29, 2024

This report represents a summary of AlexRenew’s operational excellence, financial resilience, and public engagement and trust for February 2024.

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 1.41 inches of rain and 0.10 inches of snow, which is below the historical average precipitation of 2.62 inches of rain and 5.0 inches of snow for the month.

Biosolids production was 1,848 wet tons. Biosolids were beneficially used through land application in the Virginia counties of Essex, King George, and Caroline.

AlexRenew met all Virginia Pollutant Discharge Elimination System (VPDES) effluent parameters for February 2024 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	35.5	ND	3.3	2.2	0.07	8.4	3.5	68,514	1,280

Notes: (1) Ammonia has seasonal limits February – March: 6.9 mg/L

1.2 Capital Improvement Program

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

In July 2023, the Board approved three (3) Job Order Contracts (JOC) to support AlexRenew’s ongoing construction and maintenance needs. Table 1.2 summarizes the status of JOC task orders.

Table 1.2. Summary of JOC Task Orders

Task Order	Estimate	Status
Gravity Thickener No. 3 Assessment and Cleaning	\$90,000	Completed
Gravity Thickener No. 3 Repair	\$275,000	Work ongoing
Gravity Thickener 2 and 4 Repair	\$125,000	Work ongoing
Four Mile Run Pumping Station Valve Modifications	\$480,000	Work ongoing
Tertiary Settling Tank Valve Replacement	TBD	Scoping
WRRF General Housekeeping	\$350,000	Work ongoing
BRB Mixing System Improvements	\$200,000	Work ongoing
Building A Flare System Repairs	TBD	Scoping
Building 55 Thermal Oxidizer (Flare) Repairs	TBD	Scoping
Centrate Tank Cleaning	\$100,000	Work ongoing
Environmental Center Improvements	TBD	Scoping
Innovation District Pumping Station On-call Services	TBD	Scoping
Primary Sludge Pump Upgrades	TBD	Scoping
Gravity Thickened Sludge Pumps	\$300,000	Work ongoing
Digester Gas Mixing Compressors	TBD	Scoping
Tertiary Filter Valve Replacement	TBD	Scoping
Filter Backwash Tank Cleaning and Upgrades	TBD	Scoping
Plant Air Compressor Upgrades	TBD	Scoping
Heat Exchanger Cleaning and Repair	\$200,000	Work ongoing

1.3 RiverRenew

Updates on RiverRenew are outlined in the RiverRenew Dashboard.

1.4 Safety

Since August 3, 2023, AlexRenew has logged 114, 510 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 (\$38.3 million) are trending slightly higher than projections due to usage;

- Operating and Maintenance expenses are trending slightly below projections; and
- Total Expenses (\$128.4 million) are currently trending lower than projections due to the timing of capital expenditures. This also impacts Debt Proceed revenues (\$71.2 million), since most current capital expenditures are funded through debt.

Table 2.1. Revenues and Expenditures for this Period

Revenues and Expenditures	Total FY2024 Budget	FY2024 To-Date	% of Budget To-Date	% of FY2024 Completed	Total FY2024 Projected
Revenues					
Wastewater Treatment Charge	53,672,299	38,332,025	71	67	57,500,000
Fairfax Operating Expense Charge	12,796,021	8,530,681	67	67	12,500,000
Fairfax IRR* and Capital Contributions	36,419,800	10,334,285	28	67	22,000,000
Debt Proceeds and Other Sources	159,923,187	71,167,710	45	67	108,400,000
Total Revenues	262,811,307	128,365,701	49	67	200,400,000
Expenditures					
Operating and Maintenance	33,023,593	21,609,185	65	67	33,000,000
Parity Debt Service	16,448,494	9,544,264	58	67	12,500,000
IRR*	10,818,748	7,681,973	71	67	11,700,000
Capital	202,520,472	89,530,279	44	67	143,200,000
Total Expenditures	262,811,307	128,365,701	49	67	200,400,000

*IRR: Improvement, Renewal, and Replacement

2.2. Delinquencies

Figure 2.1 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 was 1,357 in February, a decrease 377 accounts month-over-month.
- The total dollar amount owed to AlexRenew from these accounts totaled \$1,482,325 at the end of February, a decrease of \$75,368 month-over-month.
- Approximately 52 percent of the delinquency value is from residential accounts.
- Currently, 227 residential and 21 commercial accounts are on active payment plans, an increase of 82 and 6 month-over-month, respectively.

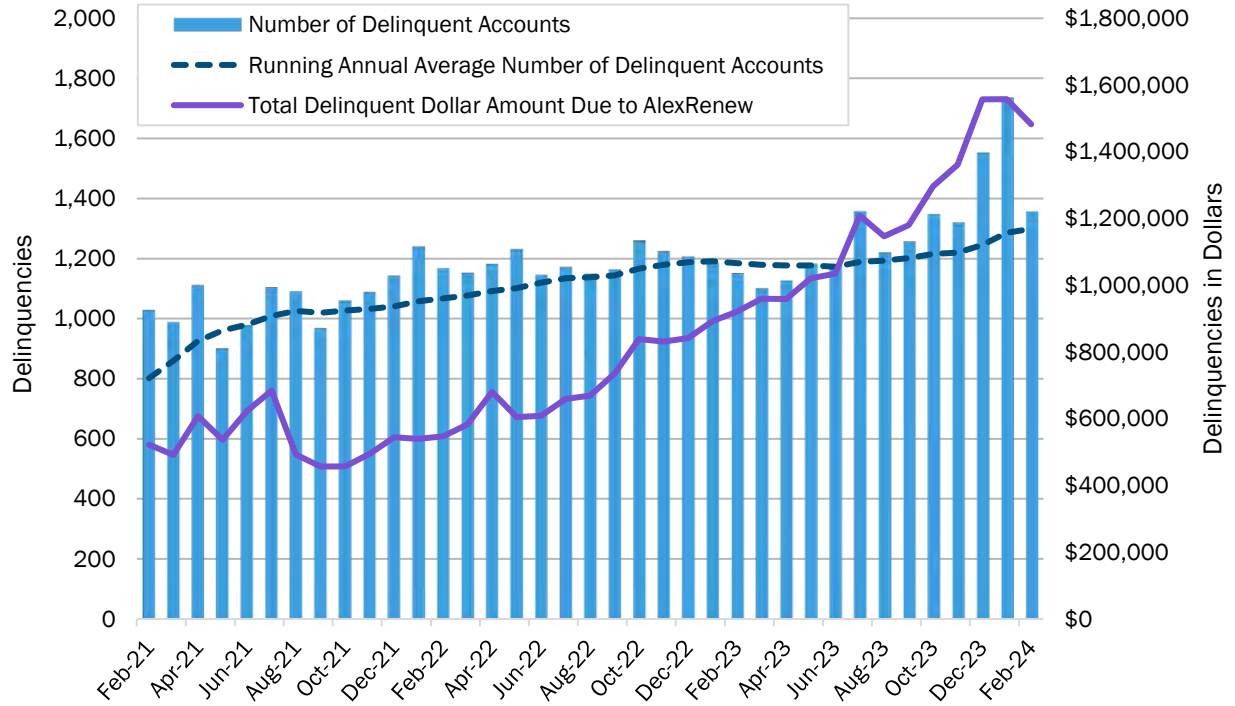


Figure 2.1. Active Accounts 60 or more days Delinquent

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	FY2024 Annualized	Percentage of Goal
Total Operating Cash	\$5,428,536	\$7,630,640	141%
Total General Reserve Sub-Fund Cash	\$5,428,536	\$5,428,536	100%
Total	\$10,857,072	\$13,059,176	120% (144 days)

Table 2.3b. Debt Service Coverage

Item	FY2024 Budget	FY2024 Annualized
Total Revenues	\$66,583,320	\$71,355,390
Less Operating Expenses	(\$33,023,593)	(\$32,429,168)
Net Revenue	\$33,559,727	\$38,926,222
Annual Debt Service	\$16,448,494	\$12,500,000
Calculated Coverage	2.04 times	3.11 times

2.4 Investments

PFM Advisors manages approximately \$21 million of AlexRenew's \$25 million investment portfolio. The average yield to maturity as of February 29, 2024, is 2.56%, up 3 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.

AlexRenew is participating in this year's [Spring2Action](https://www.spring2action.org/organizations/alexrenew-lifeline-emergency-assistance-program) event on April 24 to collect donations for the AlexRenew Lifeline Emergency Assistance Program (LEAP). Early giving starts April 10 and donations will be received at <https://www.spring2action.org/organizations/alexrenew-lifeline-emergency-assistance-program>.

AlexRenew is collaborating with the City of Alexandria to provide office space on the Environmental Center's 5th floor for City staff. In February, AlexRenew executed a letter of intent with the City of Alexandria to use the 5th floor of the Environmental Center and share costs associated with its build-out.

AlexRenew welcomed a total of 270 visitors from the following organizations that hosted meetings on the 6th floor of the Environmental Center in February: Alexandria A Capella Collective (70), City of Alexandria (40), Arlington Public Schools (20), Alexandria Soccer Association (35), Anna Johnenning Baptist Church (40), Alexandria Chamber of Commerce (30), and Alexandria City Public Schools (35).

By January 19, 2024, all AlexRenew billing cycles were caught up. Overall, incoming call and email volume are approaching pre-launch levels – AlexRenew is averaging ~48 incoming calls per day (prior to launch it averaged ~40-45). Complaints related to the new portal and billing delays have decreased significantly in February. Customer service representatives fielded several calls and emails related to AlexRenew's initial billing delays as well as payment processing issues resulting from the use of outside banking institutions.

In February, AlexRenew customer service received a total of 1,467 calls. Average wait time before calls were answered was 40 seconds. Call center staff answered 203 emails.

RiverRenew Board of Directors Dashboard



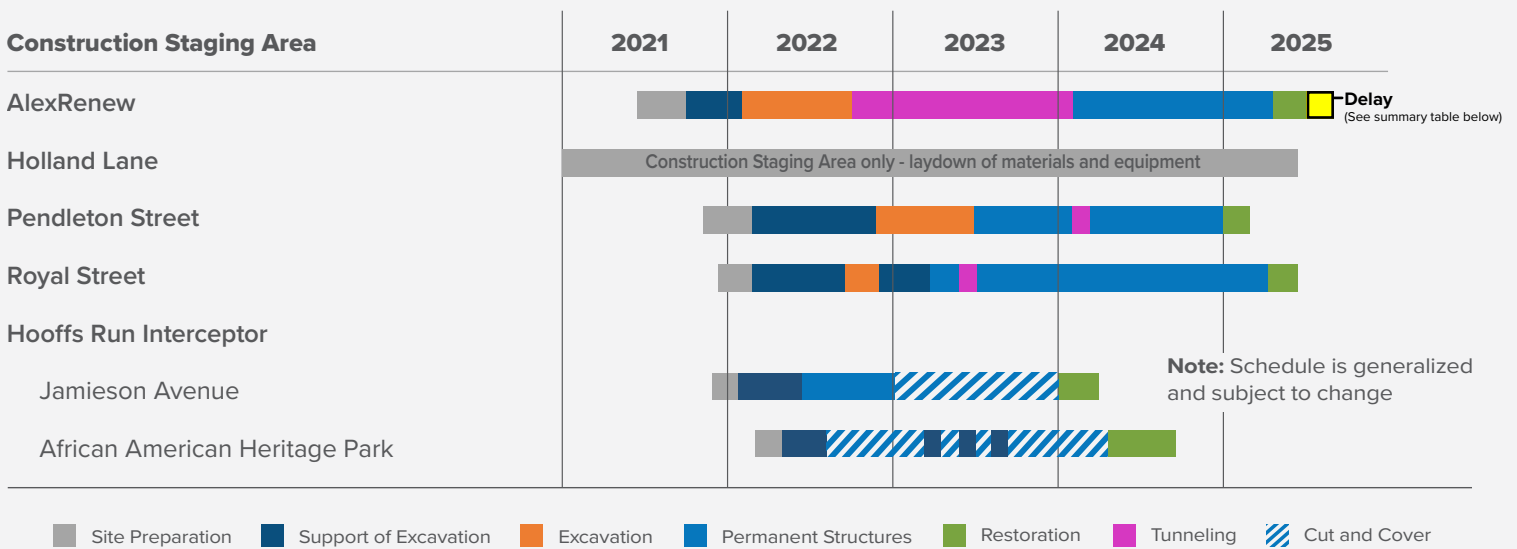
MONTH ENDING: FEBRUARY 29, 2024

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

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 of the four RiverRenew projects are complete. The remaining Tunnel Project includes the construction of a new tunnel to connect AlexRenew's wastewater treatment plant to the four existing combined sewer outfalls, as illustrated on Page 4 of this dashboard. The phases of construction for the five primary construction sites 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.
12/2023	Legislation introduced during the 2024 General Assembly to extend the project's statutory deadline by one year to July 1, 2026.

RiverRenew Tunnel Project Design-Build Progress

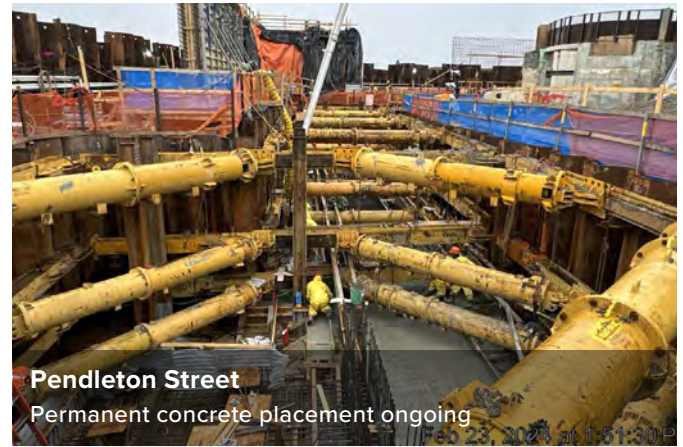
Overall Project Progress

(Design and Construction)

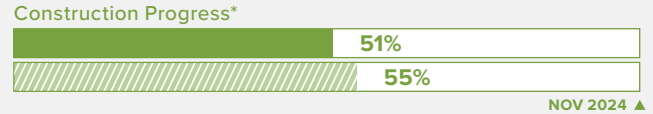


▲ DEC 2020

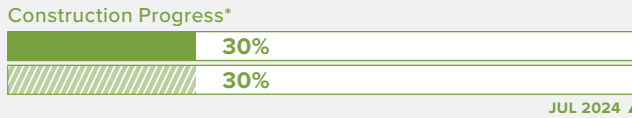
JUL 2025 ▲



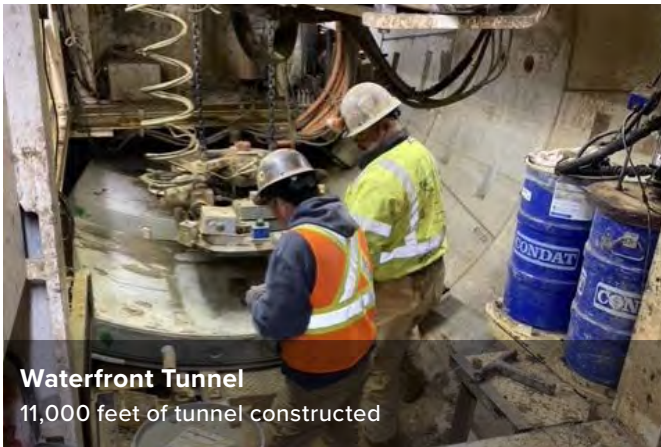
Pendleton Street
Permanent concrete placement ongoing



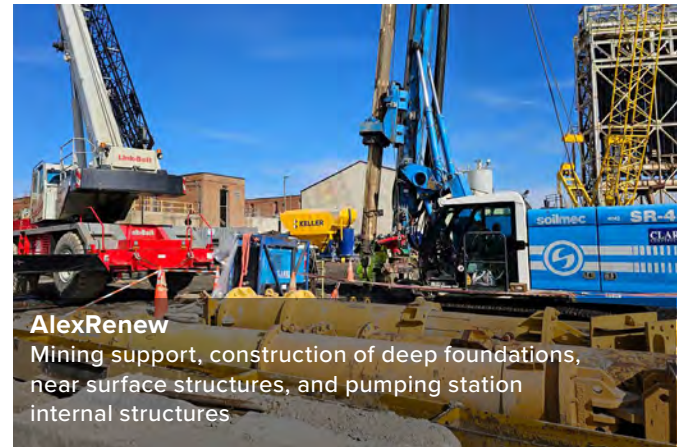
Royal Street
Excavation for near surface structures ongoing



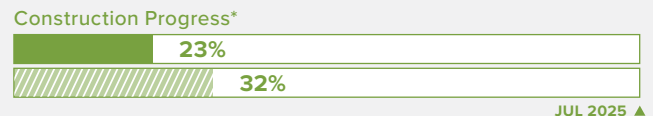
Hooffs Run
Interceptor installation ongoing
Jamieson crossing complete



Waterfront Tunnel
11,000 feet of tunnel constructed



AlexRenew
Mining support, construction of deep foundations,
near surface structures, and pumping station
internal structures



LEGEND: ■ Actual Progress ■ Planned Progress ▲ Planned Completion Date

Actual Progress as of February 29, 2024. *The planned progress for each construction staging area reflects the Design-Builder's schedule as of February 2024.

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

Community Outreach

Event	Date
2024-2025 RiverRenew SAG Meeting No.1	Mar 21, 2024
Tunnel Completion Open House	Apr 2024
Community Listening Sessions	May 6, 7 & 9, 2024
Council-Board Workgroup	May 8, 2024
2024-2025 RiverRenew SAG Meeting No.2	Jun 20, 2024

Pendleton Street

MAJOR WORK ACTIVITIES

Activity	Date
Permanent concrete structures construction	Ongoing through Fall 2024
Permanent concrete structures deep foundations (pile driving)	Intermittent through Summer 2024

PERMITS

Permit	Date
Building Permit - Permanent Concrete Structures Support of Excavation	Apr 2024
Building Permit - Shaft Mechanical, Electrical, and Plumbing	May 2024

Hooffs Run

MAJOR WORK ACTIVITIES

Activity	Date
North of Jamieson Ave	
Diversion chamber construction	Ongoing through Winter 2024
Junction chamber construction	Ongoing through Winter 2024
Open-cut construction	Ongoing through Spring 2024
African American Heritage Park	
Sheeting removal	Ongoing intermittently through Winter 2024
Open-cut construction	Ongoing through Winter 2024

Royal Street

MAJOR WORK ACTIVITIES

Activity	Date
Support of excavation and excavation	Ongoing through Spring 2024
Permanent concrete structures construction	Starting Spring 2024

PERMITS

Permit	Date
Building Permit - Shaft Liner and Base Slab	Mar 2024
Building Permit - Mechanical, Electrical, and Plumbing	May 2024

AlexRenew

MAJOR WORK ACTIVITIES

Activity	Date
Permanent concrete structures support of excavation	Ongoing intermittently through Spring 2024
Permanent concrete structures construction	Ongoing intermittently through 2024
Pumping shaft cast-in-place concrete internals	Ongoing through Fall 2024

PERMITS

Permit	Date
Building Permit - Superstructure Architectural	Apr 2024

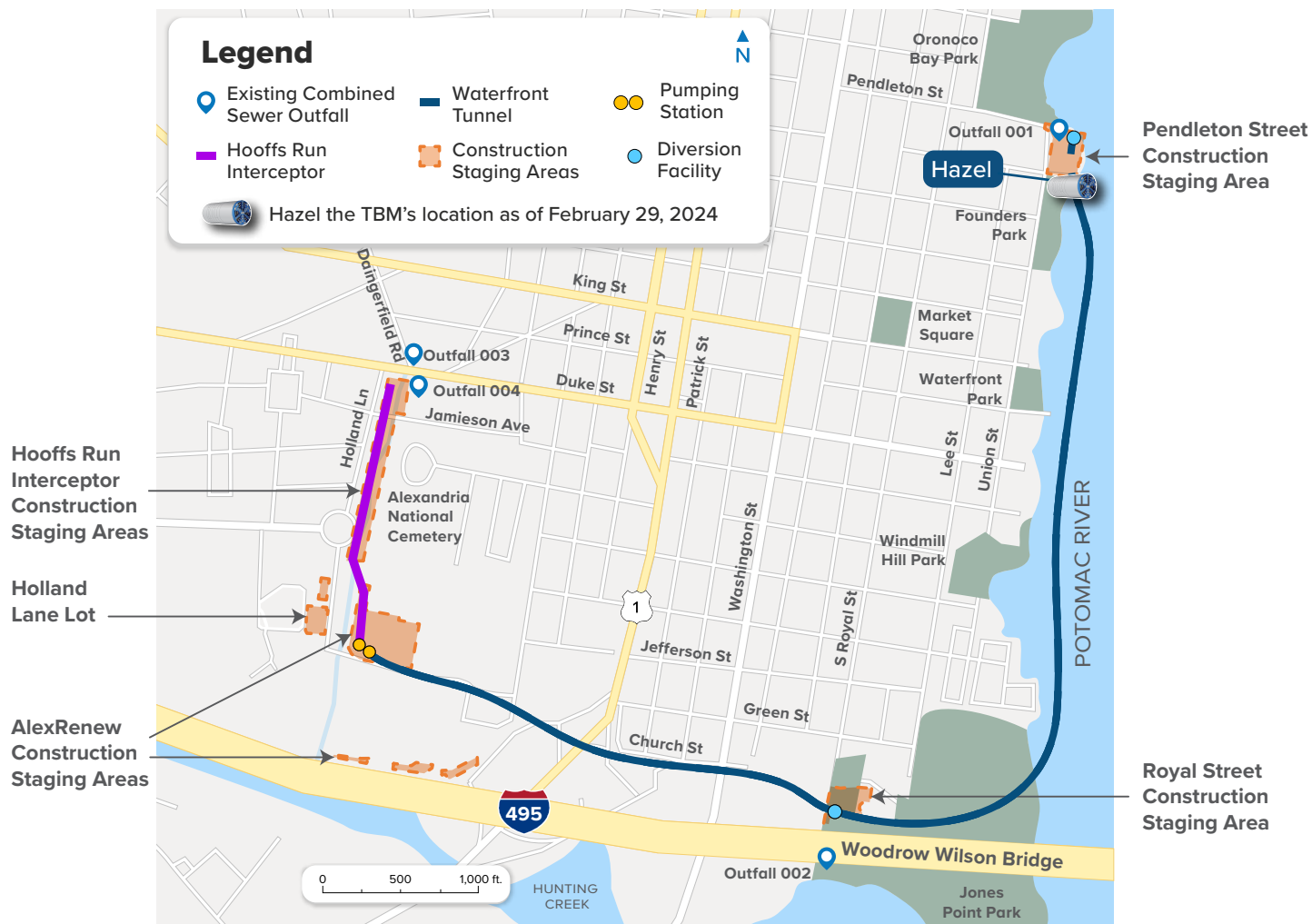
Waterfront Tunnel

MAJOR WORK ACTIVITIES

Activity	Date
Mining	Ongoing through Mar 2024

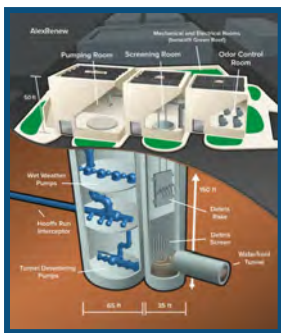
RiverRenew Tunnel Project Snapshot

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.



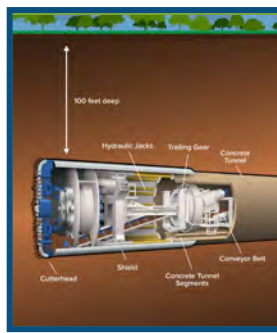
Hooffs Run Interceptor

Click [here](#) to learn more about upcoming activity at our Hooffs Run site.



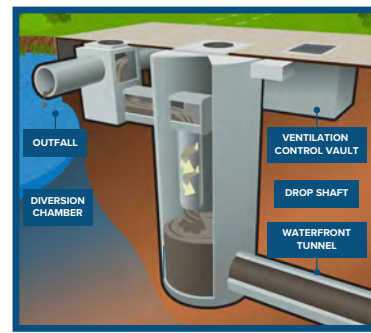
Pumping Station

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.

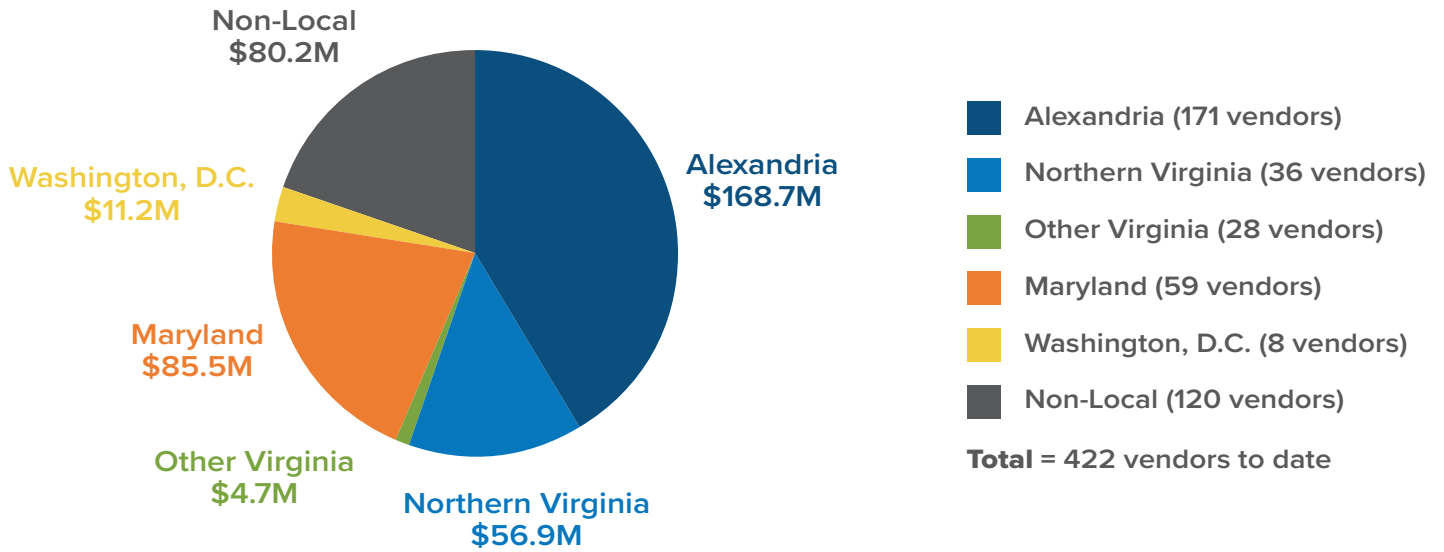


Diversion Facility

Click [here](#) for an introduction to diversion facilities from two RiverRenew engineers.

RiverRenew Program Costs to Date

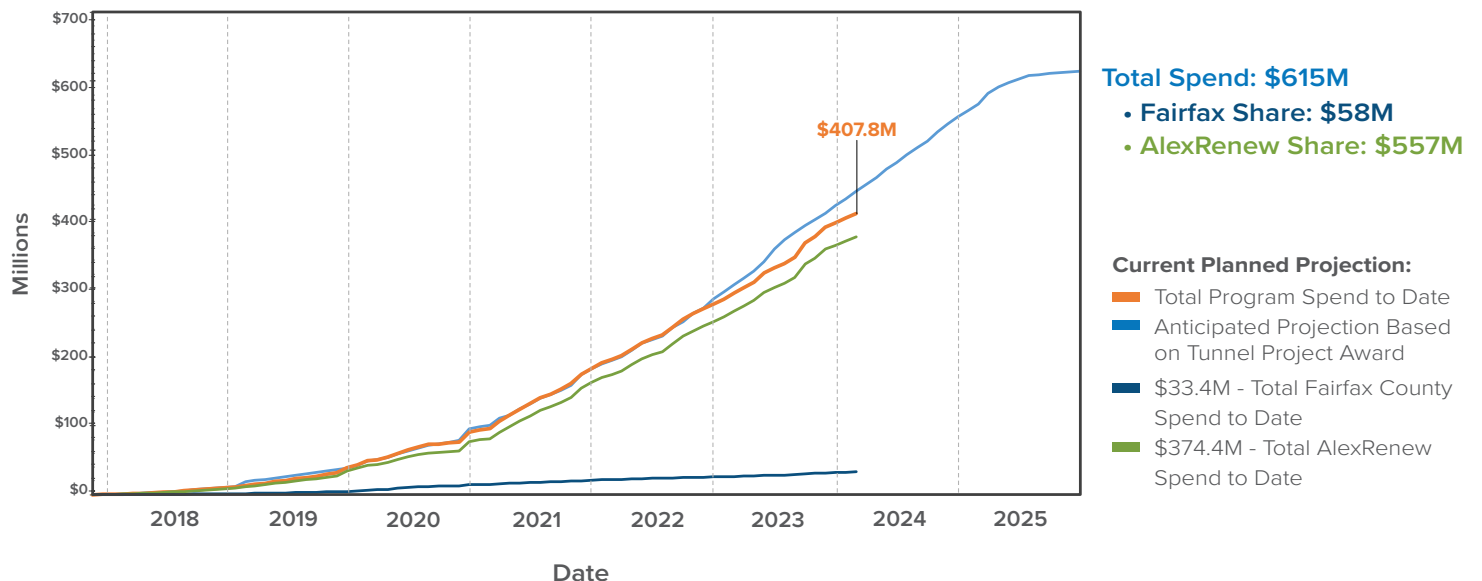
RiverRenew Spend to Date by Locality



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	\$260.3
Brown and Caldwell	Owner's Advisor	Professional Services	17-022	Nov 2017	\$76.2
EPC	Resident Engineering & Inspection Tunnel System Project	Professional Services	20-013	Apr 2020	\$18.9
Completed RiverRenew Wastewater Projects to Pave the Way for the Tunnel Project					\$52.4

RiverRenew Cash Flow Analysis



Note: As of February 29, 2024.

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:

- 2024-2025 RiverRenew SAG Meeting No. 1: **March 21, 2024**
- 2024-2025 RiverRenew SAG Meeting No. 2: **June 20, 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:
May 6: Pendleton Street Site
May 7: Royal Street Site
May 9: Hooffs Run Site



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: Tentatively Apr 13, 2024
- Hooffs Run Planting Day: Fall 2024

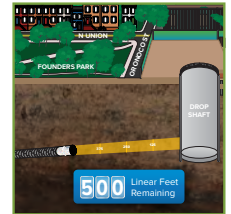


Digital Programming

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:

- A series of **social posts** showing Hazel's approach toward her finishing shaft at the Pendleton Street site
- A **musical tribute** to the Waterfront Tunnel's subterranean star



Council-Board Workgroup

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

Looking Ahead:

- Council-Board Workgroup Meeting No. 22: **May 8, 2024**



Education

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

Highlights:

- Published the first printed editions of *The Backhoe Brothers Dig Deep!*



Monthly Construction Spotlight



Jamieson Avenue reopened on March 4!

In February 2024, the continued efforts of RiverRenew crews culminated in the reopening of Jamieson Avenue to pedestrians, cyclists, and motorists on March 4. The Jamieson Avenue crossing posed one of the most challenging phases of the Hooffs Run Interceptor work. Despite the complexities of this work, RiverRenew crews maintained a safe working environment while ensuring the preservation of the City's historic Jamieson Bridge.

Jamieson Avenue will remain open this spring, with only limited and intermittent disruptions to public access as crews complete the installation of the Hooffs Run Interceptor.

Building for the Future of Alexandria's Waterways

To learn more, visit www.RiverRenew.com



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