

Minutes of the 862nd Meeting
“Celebrating Over 60 Years of Continuous Environmental Excellence”
Alexandria Renew Enterprises
6:00 p.m., Tuesday, January 15, 2019

On Tuesday, January 15, at 6:00 p.m., Alexandria Renew Enterprises held its regular Board of Directors meeting at Alexandria Renew Enterprises in the Ed Semonian Board Room at 1800 Limerick Street with the following present:

Members: Mr. John Hill, Chairman
Mr. Bruce Johnson, Vice Chairman
Mr. William Dickinson, Secretary-Treasurer
Mr. James Beall, Member
Ms. Patti Turner, Member

Staff: Ms. Karen Pallansch, Chief Executive Officer
Ms. Liliana Maldonado, Deputy General Manager of Engineering and Planning
Ms. Lisa Van Riper, Director, Enterprise Communications
Ms. Christine McIntyre, Director of Finance
Ms. Caitlin Feehan, Program Manager, RiverRenew
Ms. Lorna Huff, Secretary to the Board

Counsel: Mr. Jonathan Rak
McGuireWoods, LLP

Consultants: Mr. Jeff Theerman, Brown & Caldwell
Mr. Justin Carl, Brown & Caldwell

Mr. Rob Ori, Principal, PRMG, Inc.
Mr. Thierry Boveri, Senior Analyst, PRMG, Inc.

Fairfax County Representative: Mr. Shahram Mohsenin, Director
Fairfax County Wastewater Planning & Monitoring Division

City Representative: Mr. Lalit Sharma, Division Chief
Sanitary Sewer Infrastructure Division

Call to Order

The Chairman called the meeting to order at 6:05 p.m.

Approval of the Agenda

The Chairman requested that members review the agenda and inquired if there were changes. There being none, the Chairman requested a motion to approve. Ms. Turner moved approval and Mr. Johnson provided the second. The Board unanimously approved the agenda.

Public Comment Period

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

Closed Session

At 6:06 p.m., the Chairman moved to enter a closed session for discussion, consideration or interviews of prospective candidates for employment, assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of specific officers, appointees or employees. Mr. Hill moved and Mr. Johnson provided the second. The board unanimously approved.

At 6:32 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." Motion was made by Hill and seconded by Mr. Dickinson. All Members present voted via roll call:

Mr. Hill	Aye
Mr. Johnson	Aye
Mr. Dickinson	Aye
Mr. Beall	Aye
Ms. Turner	Aye

The Chairman moved to approve an amendment to the CEO employment contract in support of the RiverRenew project. Ms. Turner provided the second. The Board unanimously approved.

There were no additional questions or comments and the Chairman moved to the Consent Calendar.

Consent Calendar

- A. Review and Approve Minutes from the December 18, 2018 Board Meeting
- B. Review and Approve Contract No. 19-006, PAC System Upgrade Project

The Chairman requested the Board review the Consent Calendar and inquired whether members wanted to have any items removed for separate consideration. Mr. Johnson requested an edit to the Minutes to correct the date of the Finance and Audit Committee meeting from June 9 to January 9.

There being no additional questions or comments, the Chairman requested a motion to approve the Consent Calendar. Mr. Dickinson moved and Mr. Hill provided the second. The Board unanimously approved.

New Business

- A. Review and Approve Resolution of Delegation of Authority

Discussion

The Board previously delegated to the CEO authority to sign all contracts for goods and services within the limits of the approved annual budget, except for construction and professional services contracts for \$100,000 or more. Given the required pace of contracting for the River Renew program, staff and legal counsel recommended expanding the monetary limit on construction and professional services

contracts for the RiverRenew Project to \$2,000,000. Staff and legal counsel also recommended including in the delegation resolution the ability of the CEO to sign other routine documents including Deeds of Easements, Draw upon Letters of Credit, Demands upon Bonds, and any documents or instruments pursuant to her authority as custodian of the funds of the Authority.

Mr. Rak reported that an increase in the CEO's signing authority would allow the RiverRenew project to move forward with routine construction and professional service contracts. The signing authority would apply to projects in the Board-adopted Capital Improvement Program (CIP). Staff will provide an accounting of contracts. The increased authority does not apply to contracts outside of the RiverRenew program. Ms. Pallansch reported that this would improve efficiencies and keep the RiverRenew program moving forward. There were no additional questions or comments and the Chairman requested a motion to approve. Mr. Beall moved approval and Ms. Turner provided the second. The Board unanimously approved.

B. Presentation and Discussion Regarding Rate Guidance

Discussion

The Chairman recognized Ms. Pallansch who introduced Mr. Jeff Theerman of Brown & Caldwell. Ms. Pallansch reported that she was seeking the Board's guidance on AlexRenew rates. She requested that members review and provide feedback on the Board's rate resolution as a philosophy for the upcoming rate change and review the presentation scenarios for the type of rate change as well as set a timeline for how far in the future rate adjustments.

Mr. Theerman reviewed the rate change timeline, AlexRenew's revenue requirements, and One-water costs for Virginia American Water, City of Alexandria and Alexandria Renew. He then provided rate implementation guidance in the form of three scenarios for adjusting rates.

AlexRenew's rate analysis and approval process begins with the January 15 Board meeting and runs through the June 2019 Board meeting. The rate increase will take effect in July 2019. Public outreach and education will take place between March and May 2019. AlexRenew will hold a public hearing and receive public comments at the May 21, 2019 meeting with the new rate taking effect on July 1, 2019.

Board members discussed the advantages and risks associated with each of the scenarios and a 1-year versus 2-year rate schedule. Ms. Pallansch and Mr. Theerman reported that staff would have a better sense of the RiverRenew program and costs with the longer time line.

Members additionally inquired about financial assistance programs for ratepayers. Ms. Pallansch reported that AlexRenew's options are limited. The City and the City Council Board CSO Workgroup could work to determine ways to deal with hardships.

There were no additional questions or comments. The Chairman moved to the Board Roundtable.

Board Strategic Roundtable – Member and Committee Reports

CSO Workgroup – Mr. Hill

Mr. Hill reported that newly elected Mayor Justin Wilson and Councilmember Amy Jackson are the new City Council member representatives to the Workgroup. Workgroup members will bring the new members up to speed and discuss the Council's philosophy relative to rates.

Alexandria Federation of Civic Associations – Mr. Dickinson

The RiverRenew team gave a presentation on Monday, January 7, to the Federation. Mr. Dickinson reported a good turnout and good questions from participants. He commended the team on their presentation.

Alexandria Chamber of Commerce – Ms. Turner

Ms. Turner reported on the first meeting of the year for the Chamber. Mayor Justin Wilson attended. The discussion focused on the new Potomac Yard Metro station and Amazon's move to Arlington.

Chesapeake Bay Citizens Advisory Group – Mr. Dickinson

Mr. Dickinson reported on a new Director of Chesapeake Bay Programs Office of the Environmental Protection Agency (EPA). He additionally reported that the Chesapeake Bay Journal was seeking additional sources of funding. They may not hold their scheduled February meeting.

Finance and Audit Committee – Mr. Johnson

Mr. Johnson reported on the Wednesday, January 9, meeting with the auditors, Yount Hyde & Barbour. AlexRenew received a clean, unmodified opinion. They expressed no negative comments or concerns. The Finance Department completed the audit much sooner than in past years. He complimented Ms. McIntyre and her team.

Governance Committee

Ms. Turner reported on the AlexRenew Board of Directors Chairman's Award. The award recognizes exemplary service. She asked that members review and send comments. Criteria were taken from the Board approved 2040 plan. This awards program is a public relations opportunity and is discretionary.

There were no additional questions or comments and the Chairman moved to the CEO's Reports and Recommendations.

CEO's Reports and Recommendations

A. Consideration of December 2018 Financial Reports

Ms. Pallansch recognized Ms. McIntyre, Director of Finance, who was available to answer questions on AlexRenew financials. She reported that AlexRenew was on budget and collected \$12.5 million in revenue. Chemicals were down. AlexRenew met operating and general reserves targets.

CEO Monthly Report (December)

Ms. Pallansch reported on a jurisdictional flows chart that was requested by Fairfax County. It has been added to the CEO Section of the board package. The chart shows that Alexandria peaks faster and Fairfax County flows have been more stable.

Mr. Rak discussed a conflict of interest question he received and reiterated the following: Contracts for RiverRenew prohibit Board members from having a personal interest in the company. Members would have to recuse themselves from the contracting process over \$5,000.

Ms. Pallansch reported that Disclosure Statements were due February 1. She requested that a copy be sent to Ms. Huff or to herself for filing.

The CEO distributed talking points for the Board on the RiverRenew program. She requested that members review and place in their own words. They will be updated as needed.

She noted that Home Owners Association revised calendar. There were no additional questions or comments.

The meeting adjourned at 7:34 p.m.

APPROVED:

Secretary-Treasurer