

FY 2022 AlexRenew Draft Budget and Rates Presentation

March 2021 AlexRenew Board of Directors Meeting

March 16, 2021

Fiscal Year 2021 Highlights

FY 2021 Budget Highlights

**Rate Reduction from
Approved Rates**

**Award of Largest
Infrastructure Program
in City's History**

**Operating Budget
Held Steady**

**On Target to Meet
Approved Budget**

YOUR INVESTMENTS AT WORK:

FY21 Operating and Capital Budget

July 1, 2020 - June 30, 2021



ALEXANDRIA RENEW ENTERPRISES

Alexandria, Virginia

Approved June 16, 2020



Fiscal Year 2022 Highlights

Major FY 2022 Storylines



Operating Budget Held Steady for Second Year



Estimated **increases** in chemical and biosolids costs of **~1%**



Energy costs anticipated to be **neutral**



Employee **benefit** costs **steady**



Employee pay and hiring **freezes lifted**



Capital Program Underway



Significant increase in use of **debt proceeds** to **fund capital work**



Significant increase in **capital spend** for some General Capital Projects but primarily **RiverRenew Tunnel Project**

FY 2022 Budget Highlights



Debt

- Interest rates on new debt locked in
- 1.88% on \$321M WIFIA
- 1.35% on \$185M CWRLF



Staffing

- Benefits costs constant
- Lift pay freeze
- Lift hiring freeze
- Merit increases included for eligible employees



Capitals and Renewals

- Total 10-year spend of \$721 million
- First year of peak in tunnel spending
- \$185 million requested for FY 2022



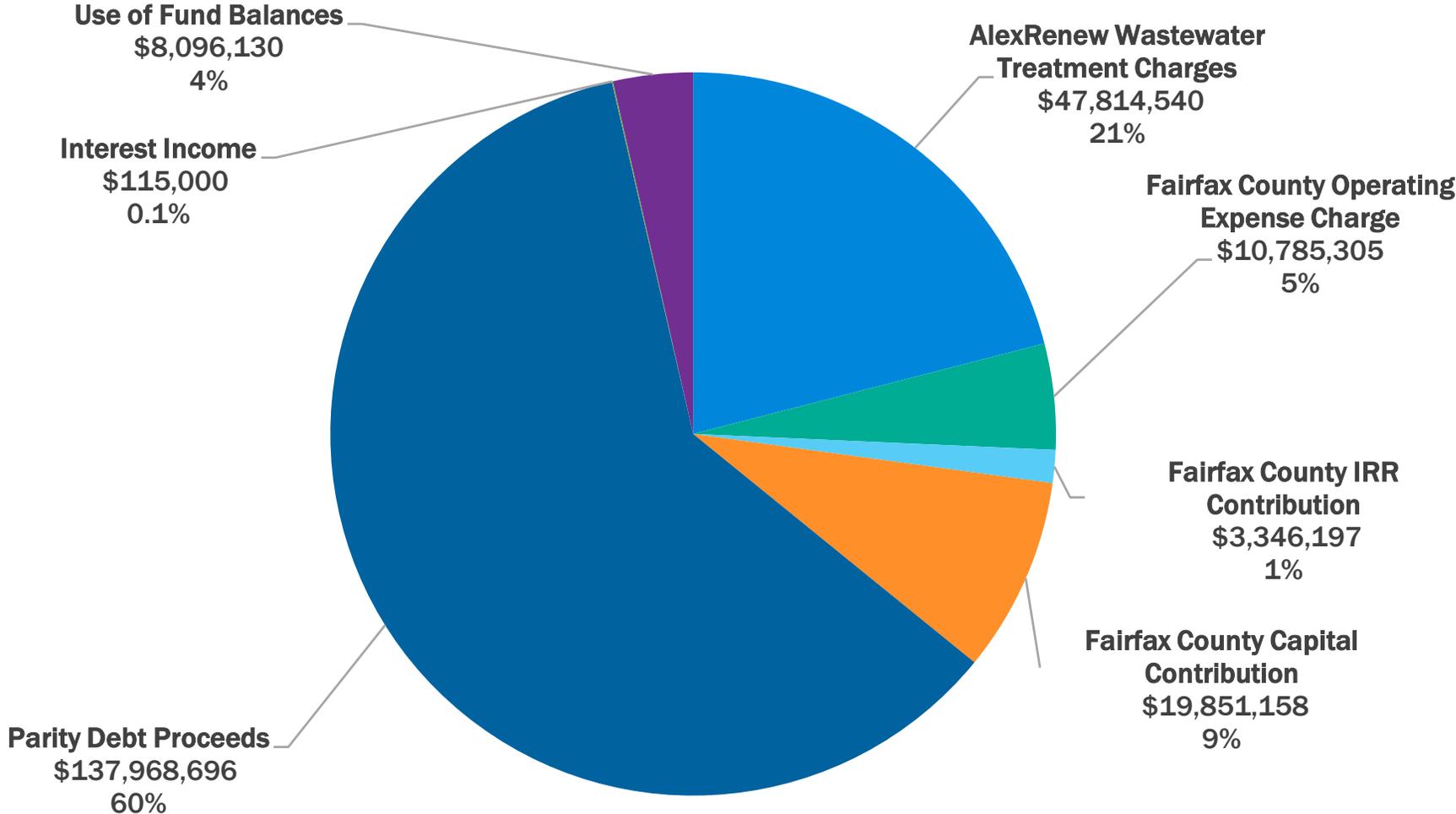
Operations

- Commodity cost increases
 - Chemicals
 - Biosolids
- Investments in technology and customer outreach
- Resources needed to continue to adapt to COVID

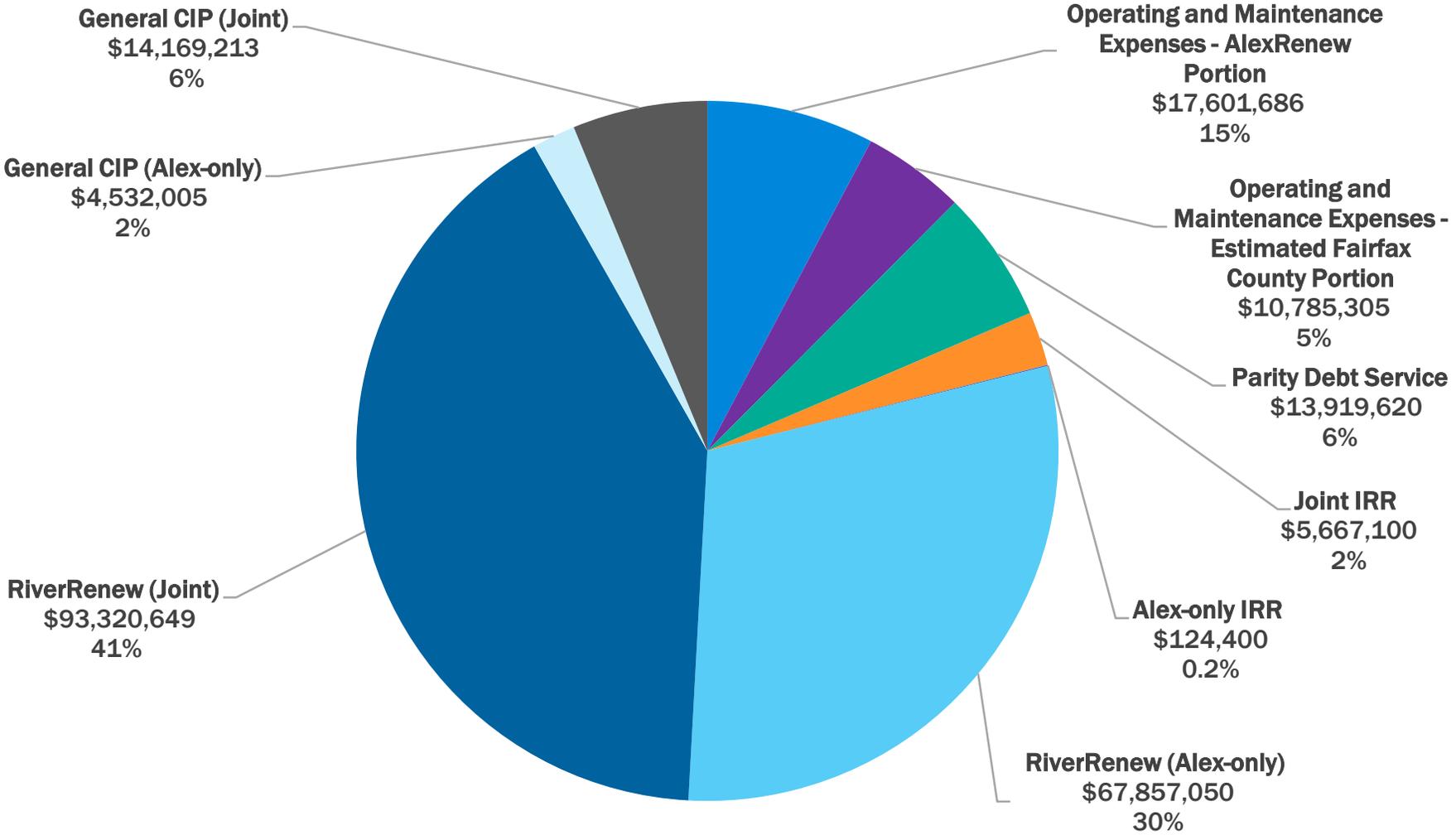
Proposed FY 2022 Budget

Condensed Summary	Adopted FY2021	Proposed FY2022	ANNUAL VAR %
OPERATING REVENUES			
AlexRenew Wastewater Treatment Charges	\$ 39,492,000	\$ 47,814,540	21%
Fairfax County Operating Expense Charge	11,272,272	10,785,305	-4%
	\$ 50,764,272	\$ 58,599,845	15%
IR&R AND CAPITAL CONTRIBUTIONS			
Fairfax County IRR Contribution	\$ 3,217,340	\$ 3,346,197	4%
Fairfax County Capital Contribution	14,186,824	19,851,158	40%
	\$ 17,404,164	\$ 23,197,355	33%
DEBT PROCEEDS AND OTHER SOURCES			
Parity Debt Proceeds	\$ 39,770,774	\$ 137,968,696	247%
Interest Income	115,000	115,000	0%
Use of Fund Balances	7,889,096	8,096,130	3%
	\$ 47,774,871	\$ 146,179,826	206%
TOTAL FUNDING SOURCES	\$ 115,943,307	\$ 227,977,028	97%
OPERATING EXPENSES			
Operating and Maintenance Expenses - AlexRenew Portion	\$ 17,114,719	\$ 17,601,686	3%
Operating and Maintenance Expenses - Estimated Fairfax County Portio	11,272,272	10,785,305	-4%
	\$ 28,386,991	\$ 28,386,991	0%
NON-OPERATING EXPENSES			
Parity Debt Service	14,123,976	13,919,620	-1%
Joint IRR	5,628,100	5,667,100	1%
Alex-only IRR	250,400	124,400	-50%
Fund Balance Additions	4,417,489	-	-
	\$ 24,419,965	\$ 19,711,120	-19%
CAPITAL OUTLAY			
RiverRenew (Alex-only)	\$ -	\$ 67,857,050	100%
RiverRenew (Joint)	46,656,400	93,320,649	100%
General CIP (Alex-only)	2,278,540	4,532,005	99%
General CIP (Joint)	14,201,410	14,169,213	0%
	\$ 63,136,350	\$ 179,878,918	185%
TOTAL EXPENSES AND CAPITAL OUTLAY	\$ 115,943,307	\$ 227,977,027	97%

Overview of Proposed FY 2022 Revenue



Overview of Proposed FY 2022 Expenses



Proposed FY 2022 Improvement, Renewal and Replacement Budget

FY 2022 Alex-Only IRR Funded Projects



Funded from **General Fund**



Improve, renew or replace **existing assets that serve City of Alexandria only** (not Fairfax)

FY 2022 Joint IRR Funded Projects



Funded from **Joint IRR Fund** contributions by AlexRenew and Fairfax County



Improve, renew or replace **joint assets that serve the City and Fairfax County**

Expense Category	FY 2021	FY 2022	Annual Variance %
Alex-only IRR	\$0.25 million	\$0.13 million	-50%
Joint IRR	\$5.63 million	\$5.66 million	+0.7%
TOTAL	\$5.88 million	\$5.79 million	+2%

Improvement, Renewal and Replacement (IRR)

FY 2022 Proposed Capital Improvement Program Projects (Alex-only)

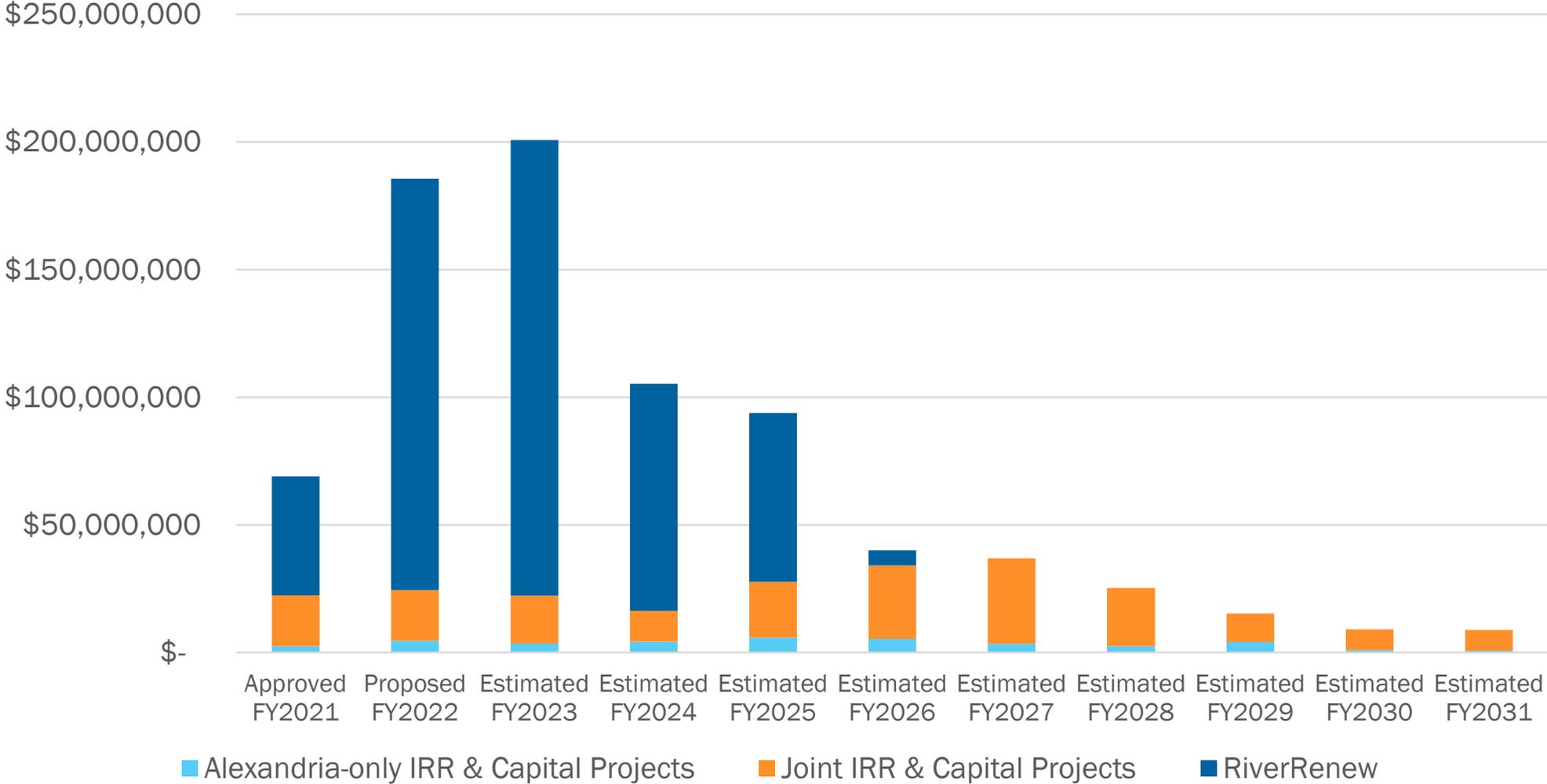
Project	FY 2022 Budgeted Spend
RiverRenew – Category 1, City-only Portion	\$67.85 million
Arlington County Capital Contributions	\$1.82 million
Potomac Yards Pumping Station: Odor Control System Upgrade	\$1.94 million
Capital Finance Fees	\$0.25 million
Innovation District Pumping Station	\$0.13 million
Potomac Yards Pumping Station: Ventilation Improvement Project	\$0.10 million
Contingency (excluding RiverRenew)	\$0.29 million
TOTAL FY 2022	\$72.4 million
Prior Year FY 2021 Total	\$2.5 million
Annual Increase (\$/%)	\$69.9 million (+2,767%)

FY 2022 Proposed Capital Improvement Program Projects (Joint Use)

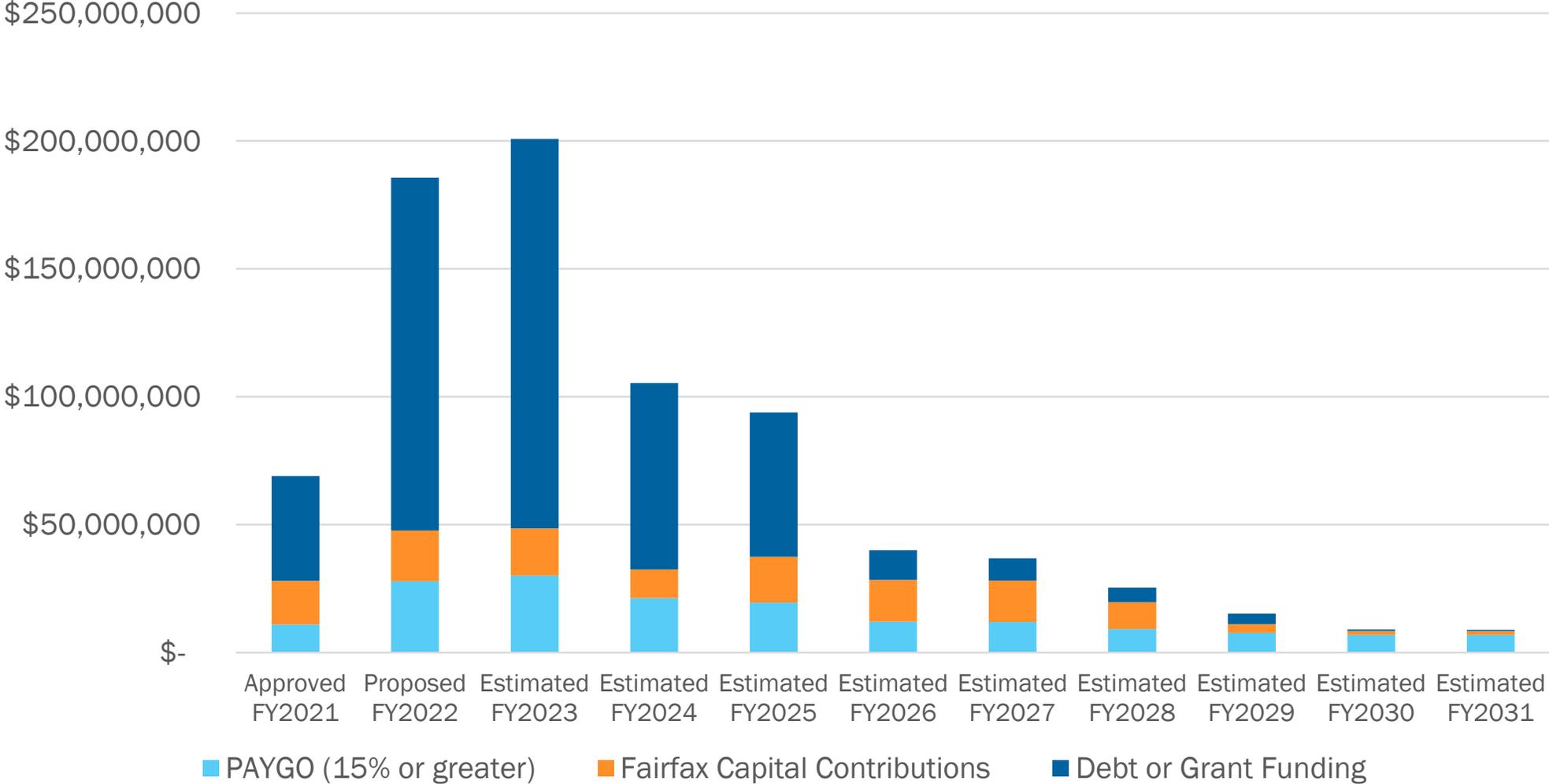
Project	FY 2022 Budgeted Spend
RiverRenew Tunnel Project – Joint Use	\$93.22 million
Preliminary/Primary System Upgrades	\$8.25 million
HMI Upgrade	\$1.34 million
Environmental Center – 5 th /6 th Floor Modifications (COVID)	\$1.00 million
Biosolids Master Plan	\$0.75 million
Process Air Compressor (PAC) System Upgrade	\$0.74 million
Security Services During Construction	\$0.40 million
PLC Equipment and Network Upgrade	\$0.23 million
Environmental Center – Lobby Upgrade (RiverRenew and COVID)	\$0.11 million
Upper Holmes Run Trunk Sewer Rehabilitation	\$0.40 million
Contingency (excluding RiverRenew)	\$1.3 million
TOTAL FY 2022	\$107.48 million
Prior Year FY 2021 Total	\$60.86 million
Annual Increase (\$/%)	\$46.6 million (+77%)

10-year Capital Plan

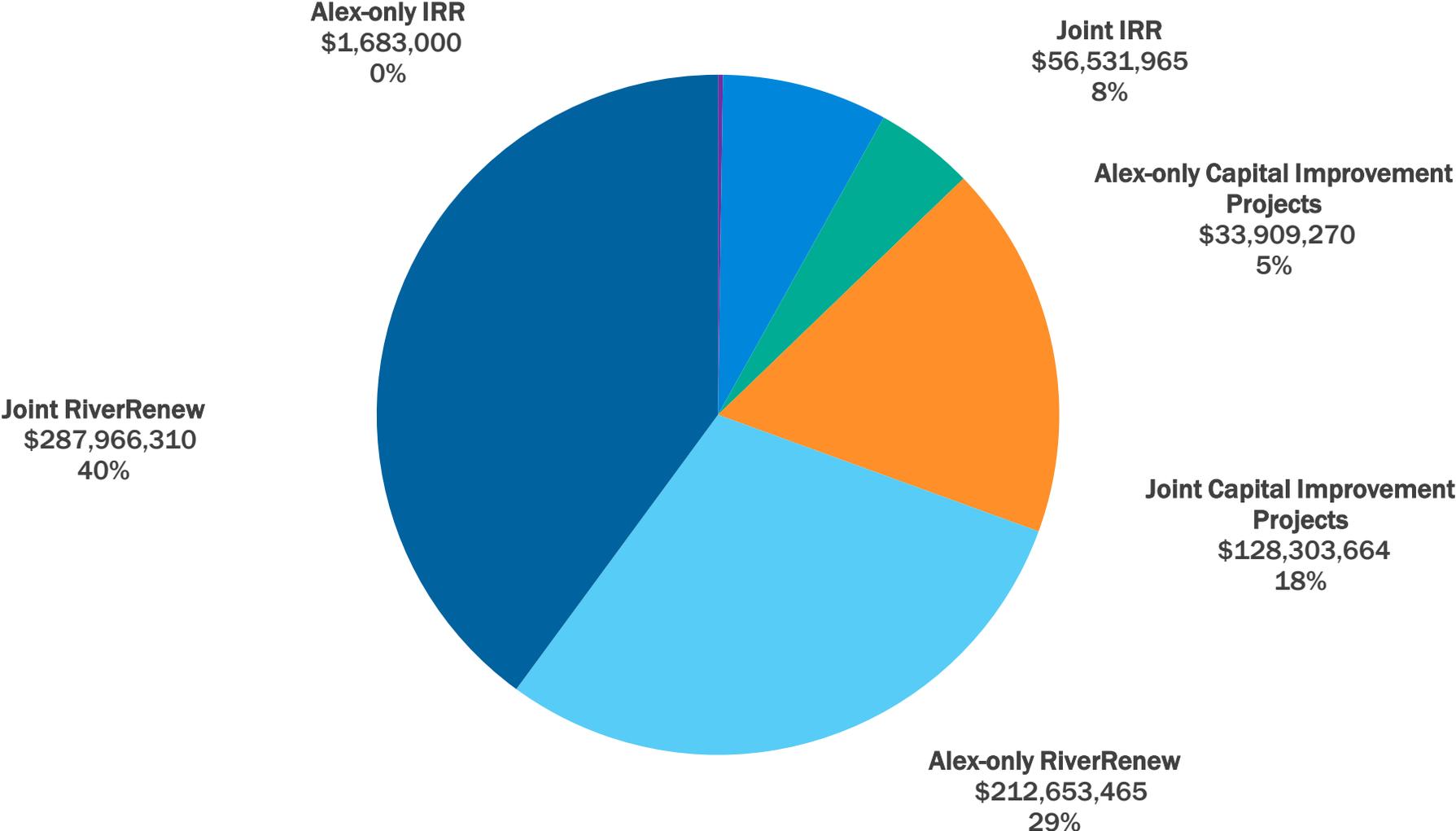
Projected 10-year Capital Expenditures



Projected 10-year Capital Funding Sources



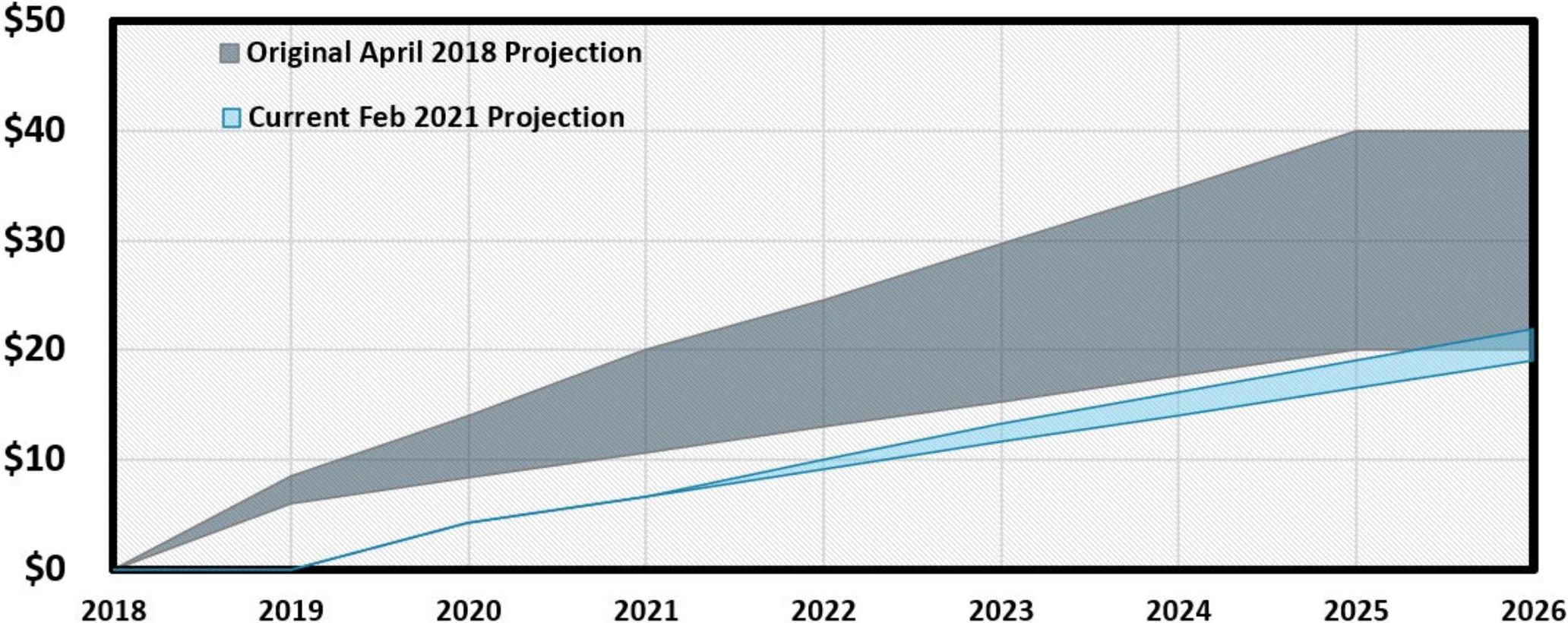
Summary of Total 10-year Capital Expenditures



Rate Adjustment Recommendation

Current RiverRenew Fee Projections On Lower End of Original Projections

Incremental Bill Impacts from RiverRenew



NOTE: Based on 4,000 gallons consumption, excluding City charge

Staff Recommends Adopting a Rate Adjustment for the Next Two Fiscal Years

Proposed Two-Year Rate Adjustment

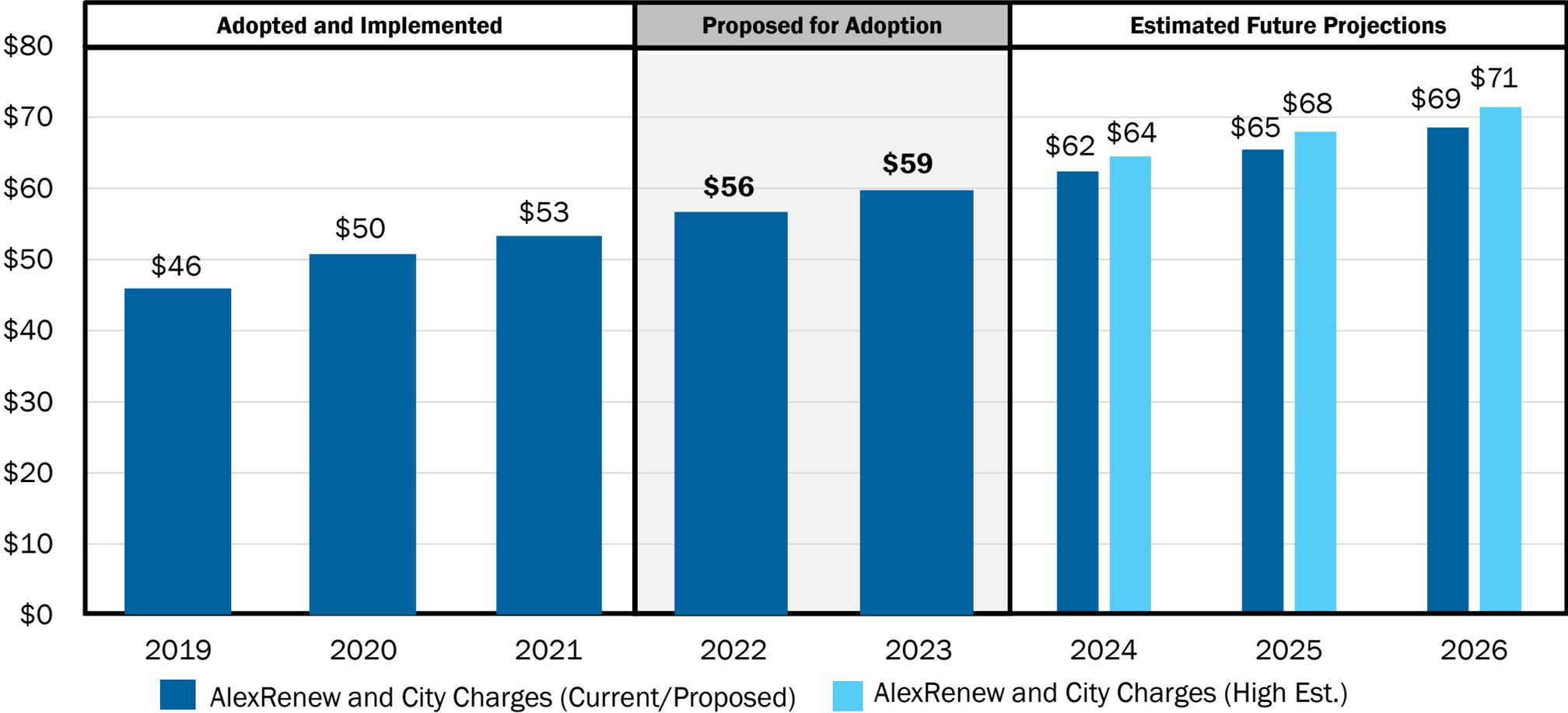
Fiscal Year	Beginning on:	Maximum Rate Adjustment
2022	July 1, 2021	6.9%
2023	July 1, 2022	6.5%

Benefits of a Two Year Rate Adjustment:

-  **Maximizes efficiency** of staff and consultant time
-  **Allows for adjustment** of rates as conditions evolve
-  **Provides certainty** for CIP funding, particularly in FY 2022-23 when Tunnel Project spending peaks

FY 2022-23 Rate Recommendation and Estimated Future Projections

Monthly Wastewater and City Sewer Residential Bill at 4,000 Gallons



¹ Based on 4,000 gallons consumption, including estimated City charge as of January 2020

FY 2022-23 Rate Adjustment Chart

	Existing	FY 2022	FY 2023
Base - Residential	\$11.54	\$12.34	\$13.14
Base - Commercial			
5/8"	\$34.63	\$37.02	\$39.42
3/4"	\$34.63	\$37.02	\$39.42
1"	\$86.59	\$92.55	\$98.55
1-1/2"	\$173.17	\$185.10	\$197.10
2"	\$277.08	\$296.16	\$315.36
3"	\$519.52	\$555.30	\$591.30
4"	\$865.87	\$925.50	\$985.50
6"	\$1,731.74	\$1,851.00	\$1,971.00
8"	\$2,770.79	\$2,961.60	\$3,153.60
Flow	\$8.13	\$8.69	\$9.26
AlexRenew Monthly Residential Bill, 4,000 gallons ¹	\$44.08	\$47.10	\$50.18
Change in \$	\$2.73	\$3.04	\$3.08
Change by %	6.6%	6.9%	6.5%

¹ Excludes City charge

Community Engagement Strategy for Rate Adjustment



Digital

- | AlexRenew.com
- | RiverRenew.com
- | Social Media (Facebook, Twitter)



Printed Materials

- | Bill Stuffer



Community Meetings

- | RiverRenew Stakeholder Advisory Group



Press and Media

- | Press Release

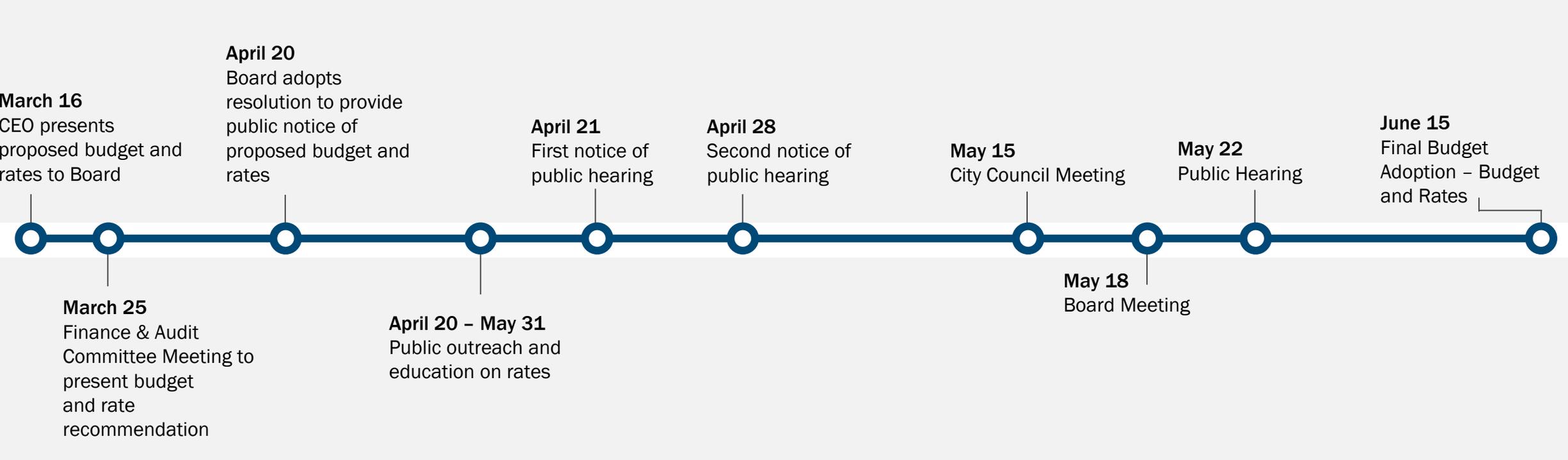


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- | Print Ads
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Next Steps

FY 2022 Budget Adoption and Rate Adjustment Schedule





To learn more, visit www.alexrenew.com