

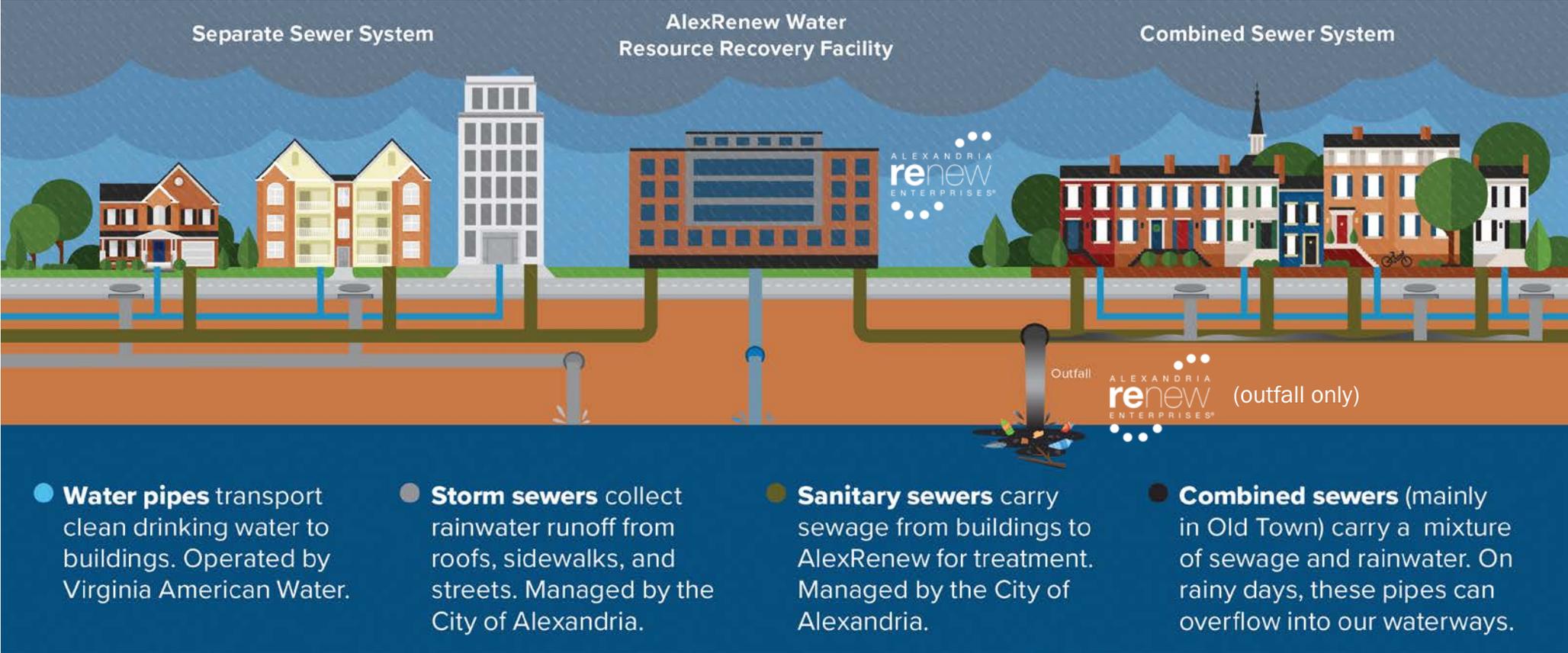


# Proposed Fiscal Year 2023 DRAFT Budget

Alexandria Renew Enterprises Board of Directors

April 19, 2022

# How Water Works in Alexandria. Alexandria's three water entities.



# AlexRenew's 2040 Vision is to effectively partner with all watershed stakeholders to:



Enable local citizens the opportunity to embrace the best use of water resources and **establish a personal connection** with local waterways.



Create a **healthy environment** and improve our quality of life through the exceptional reclamation of used water resources.



**Sustainably manage water** as a single resource through the entire water cycle.



Maximize use of multiple financial options to continue our **fiscal stability**.



# AlexRenew

- Purifies 13 billion gallons of wastewater at its Water Resource Recovery Facility each year
- Serves over 300,000 customers in Alexandria and Fairfax County
- Independent political subdivision
- Invests over \$50M annually to protect waterways and the Chesapeake Bay
- Governed by a 5-member citizen Board

# AlexRenew's Service Area and Assets



**Legend:**

- Alexandria City Limits
- Service Area
- Fairfax Sewers
- Fairfax Pump Stations
- AlexRenew Interceptors
- AlexRenew Pump Stations
- Combined Sewer System
- Separate Sewer System
- Arlington Service Area

# Partnerships with Fairfax, City of Alexandria, and Arlington. AlexRenew service agreements and budgetary impacts.

- City of Alexandria customers pay AlexRenew via wastewater rates
- Fairfax County pays AlexRenew for wholesale wastewater treatment services
- AlexRenew pays Arlington County to provide wastewater service for a small portion of the City where wastewater flows to Arlington’s plant

Counterparty	Original Date	Last Amendment	Capacity Rights
Fairfax County	1973	1998	32.4 MGD
City of Alexandria	1954	2018	21.6 MGD
Arlington County	1977	1994	3.0 MGD



- Operating expenses are shared between AlexRenew and Fairfax County proportionate to actual flows to the plant
- Capital costs are shared based on service agreements and project-specific MOUs

# **Fiscal Year 2022 Highlights**

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# Highlights of FY 2022 AlexRenew Budget.

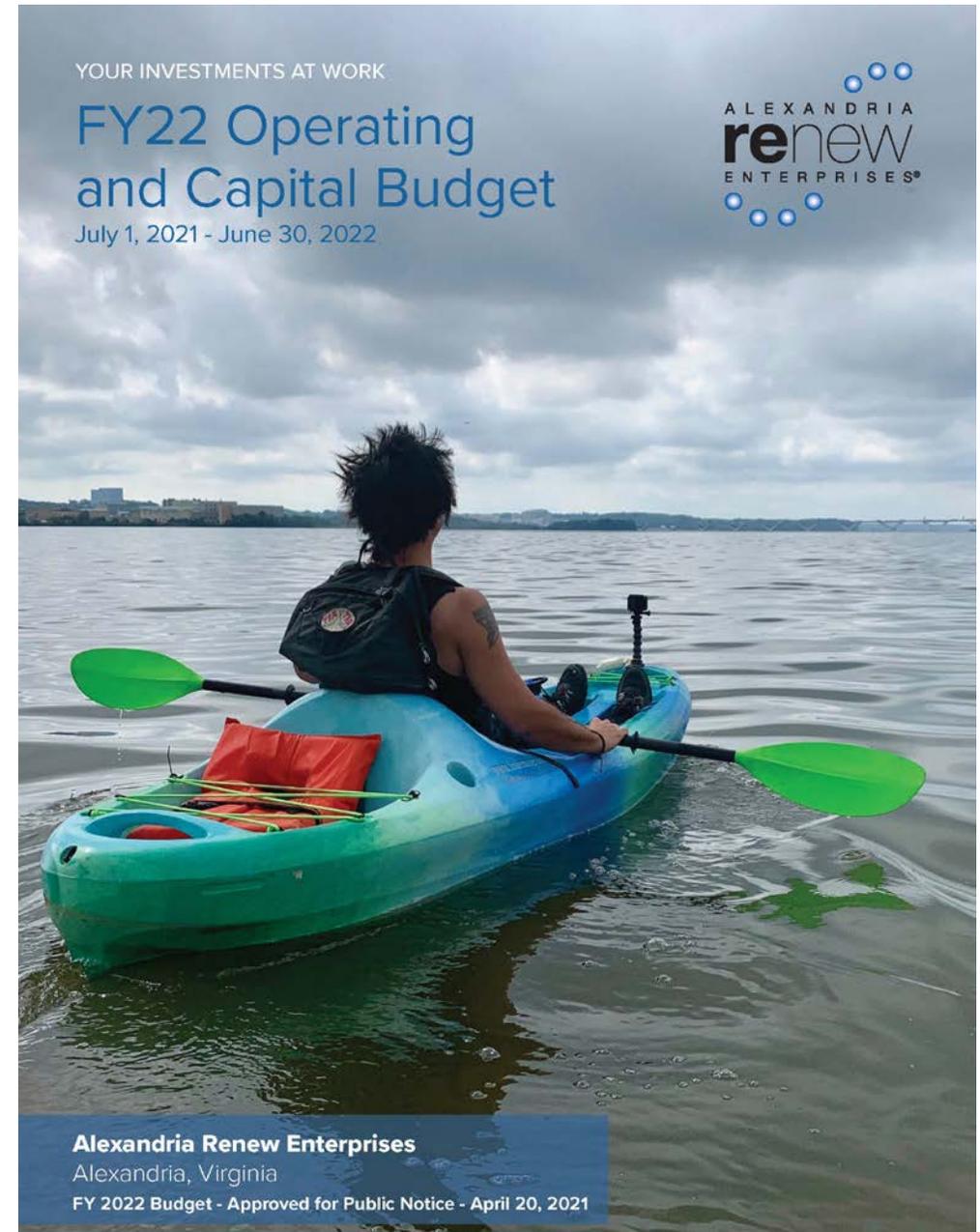
Implemented  
6.9% rate  
adjustment

Awarded over \$565k in  
direct bill relief to about  
1,200 customers from  
State COVID aid

Compensation  
Study completed

Inflation pressures being  
experienced enterprise-wide

Debt repayment levels  
gradually increasing to fund  
construction



# **Fiscal Year 2023 Highlights**

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# Supporting our vision, mission, and values. FY 2023 AlexRenew budget priorities.



# Planning for our healthier waterways future. FY 2023 AlexRenew Budget highlights.



## Operational Excellence

*Managing inflation impacts (chemicals)*

*Managing supply chain impacts (parts and equipment)*

*Enhancing safety and security*

*Investing in digital initiatives*



## Public Engagement and Trust

*Preparing transition of billing and customer service contract*

*Continuing outreach and partnerships in support of AlexRenew's mission and the RiverRenew program*



## Watershed Stewardship

*Studying emerging contaminants*

*Continuing GMU stream studies*

*Wastewater surveillance partnership with VDH*

*Support MWCOG and Potomac Watershed Roundtable*

*Partner with local One Water members*



## Adaptive Culture

*Implement compensation study recommendations*

*Investment in career development program*

*Support evolving workforce needs*

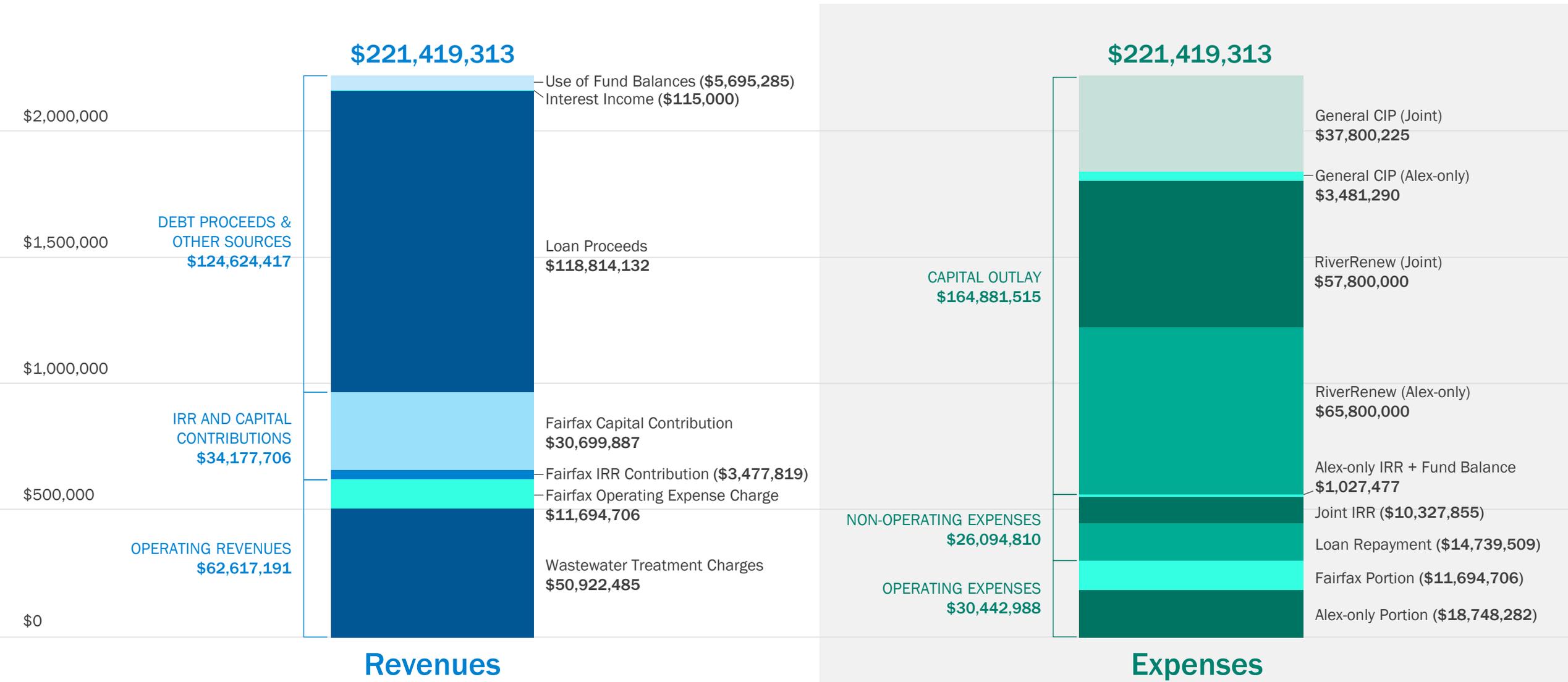


## Effective Financial Stewardship

*Draw on 1.35% \$185 million Virginia Clean Water Revolving Loan Fund*

*Implement adopted 6.5% rate increase on July 1, 2022*

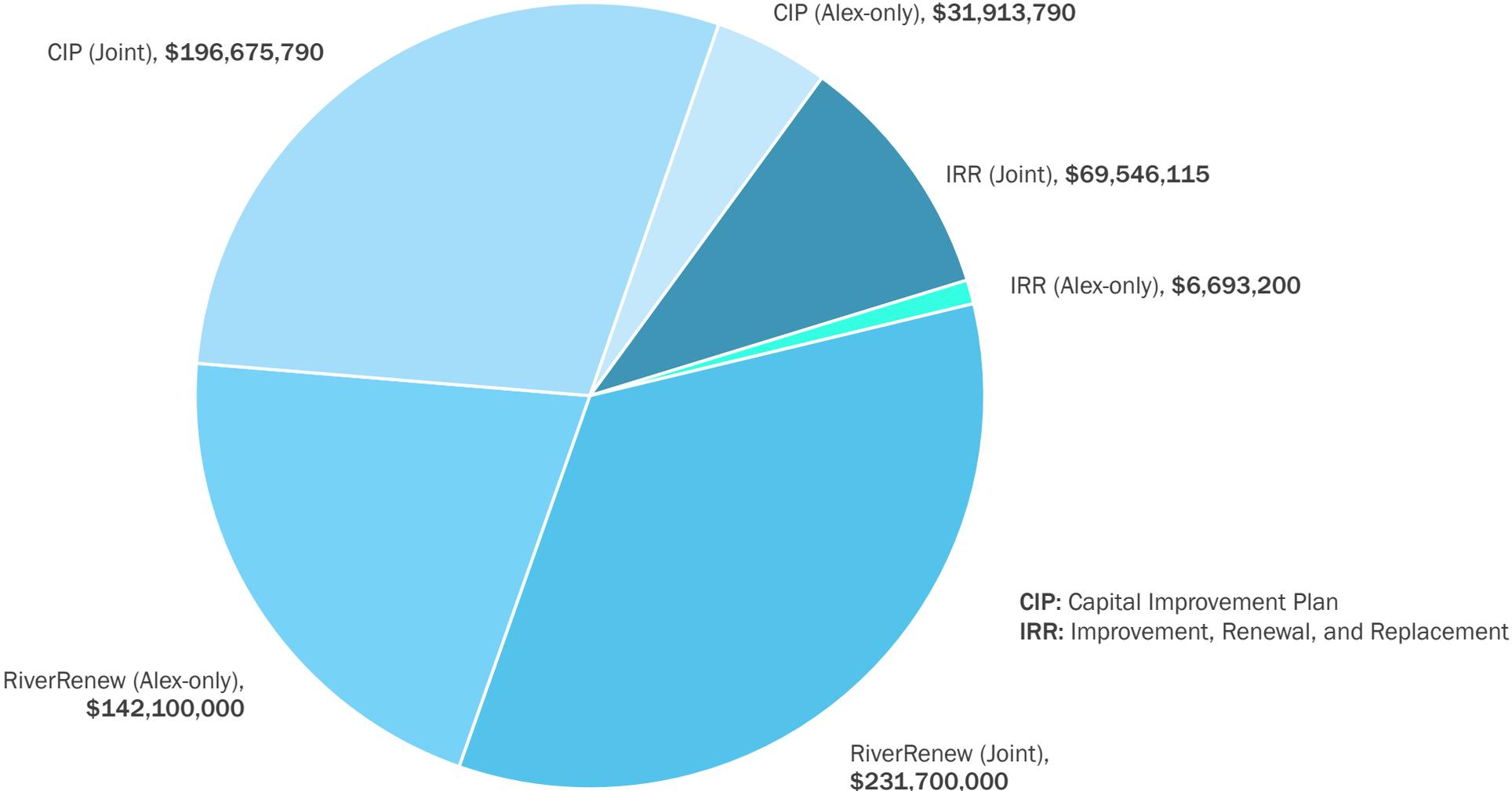
# The numbers. FY 2023 AlexRenew Budget summary.



# **10-year Capital Planning**

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# Projected 10-year capital expenditures estimated at \$678 million.



# **Rate Adjustment Review**

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# AlexRenew adopted a two-year rate adjustment in FY 2022. Implementing 6.5% rate increase on July 1st.

Adopted 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-Year Rate Adjustment:

-  Maximizes efficiency of staff and consultant time
-  Allows for adjustment of rates as conditions evolve
-  Provides certainty for CIP funding



# FY 2022-23 Rate Adjustment Chart.



Meter Size	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
<b>AlexRenew Monthly Residential Bill, 4,000 gallons <sup>1</sup></b>	\$44.08	\$47.10	\$50.18
Change in \$	\$2.73	\$3.04	\$3.08
Change by %	6.6%	6.9%	6.5%

<sup>1</sup> Excludes City charge

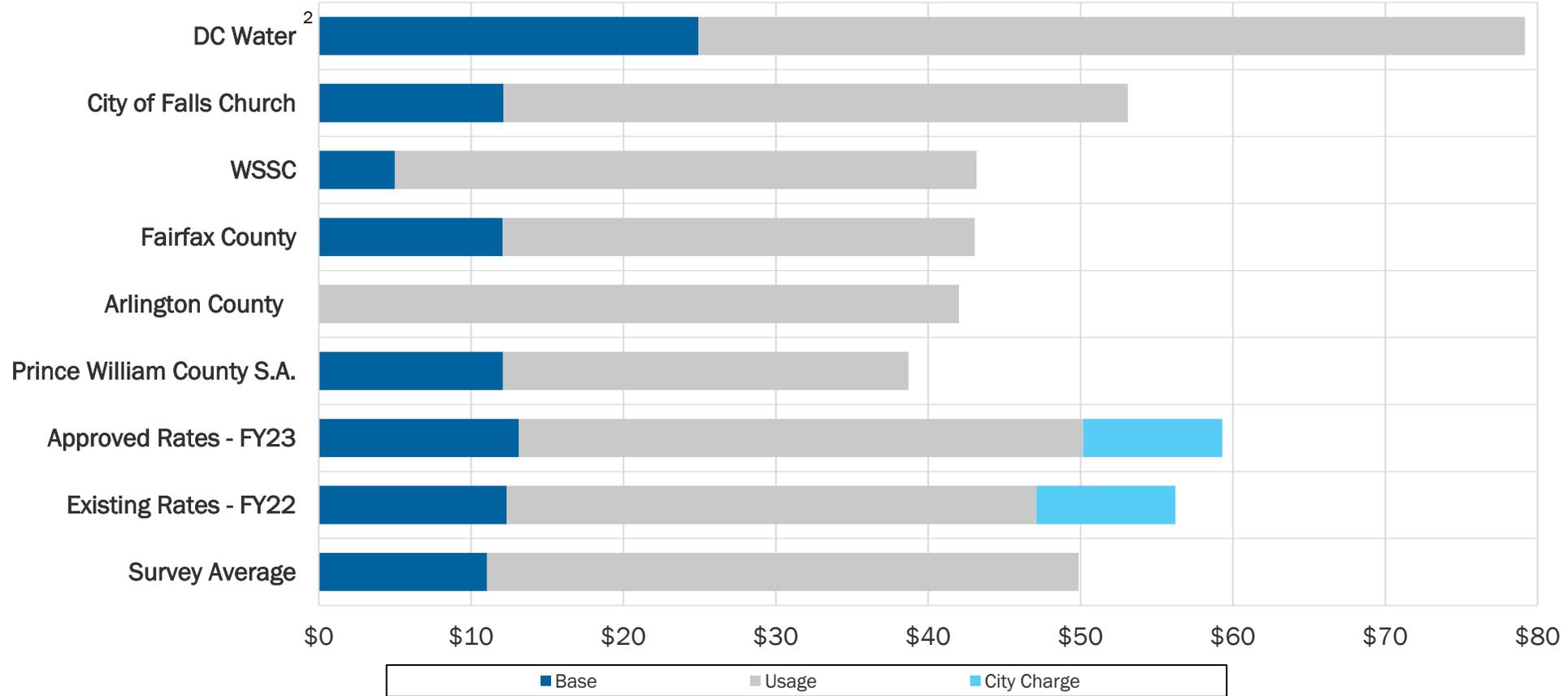


# Managing rate shock. Estimated sewer bill projections.



# AlexRenew Rates Compared to Regional Peer Rates

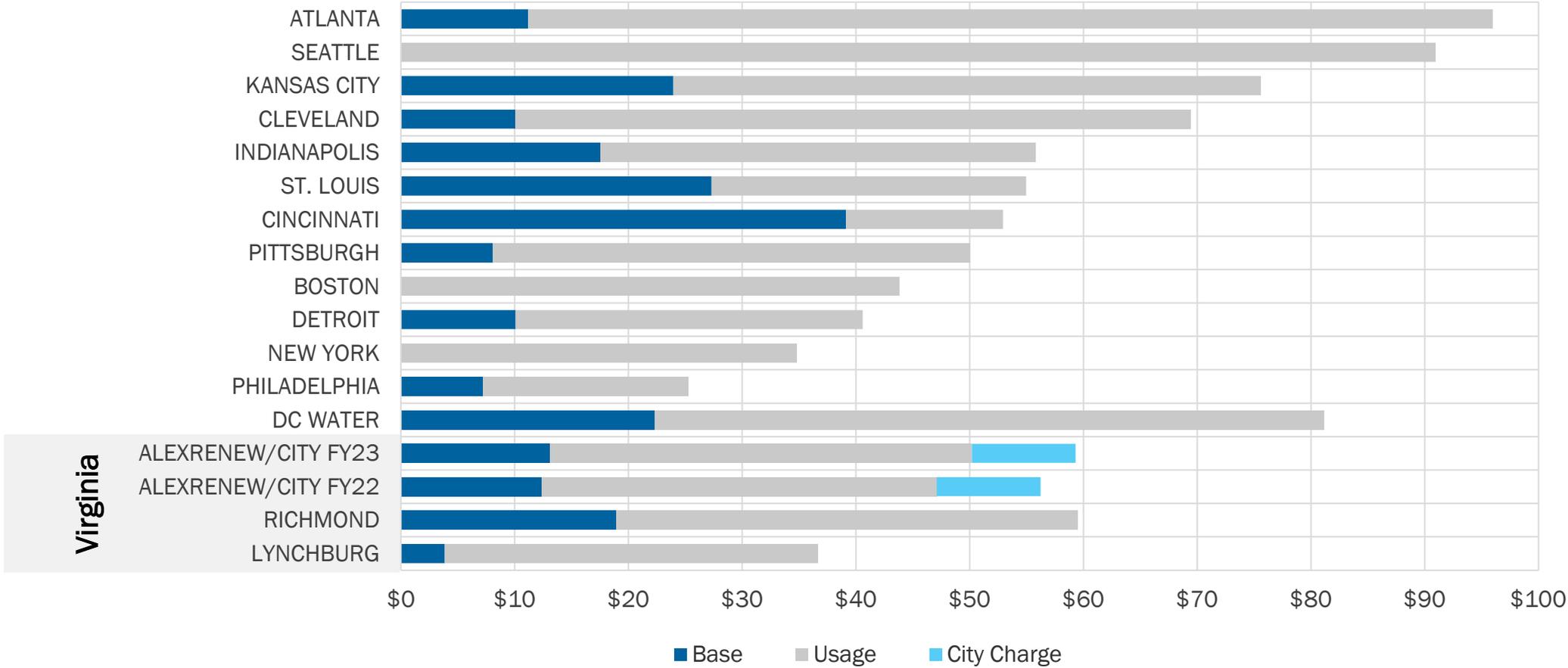
Monthly Sewer Charges For Single Family Residential Customers <sup>1</sup>



<sup>1</sup> Based on 4,000 gallons monthly usage

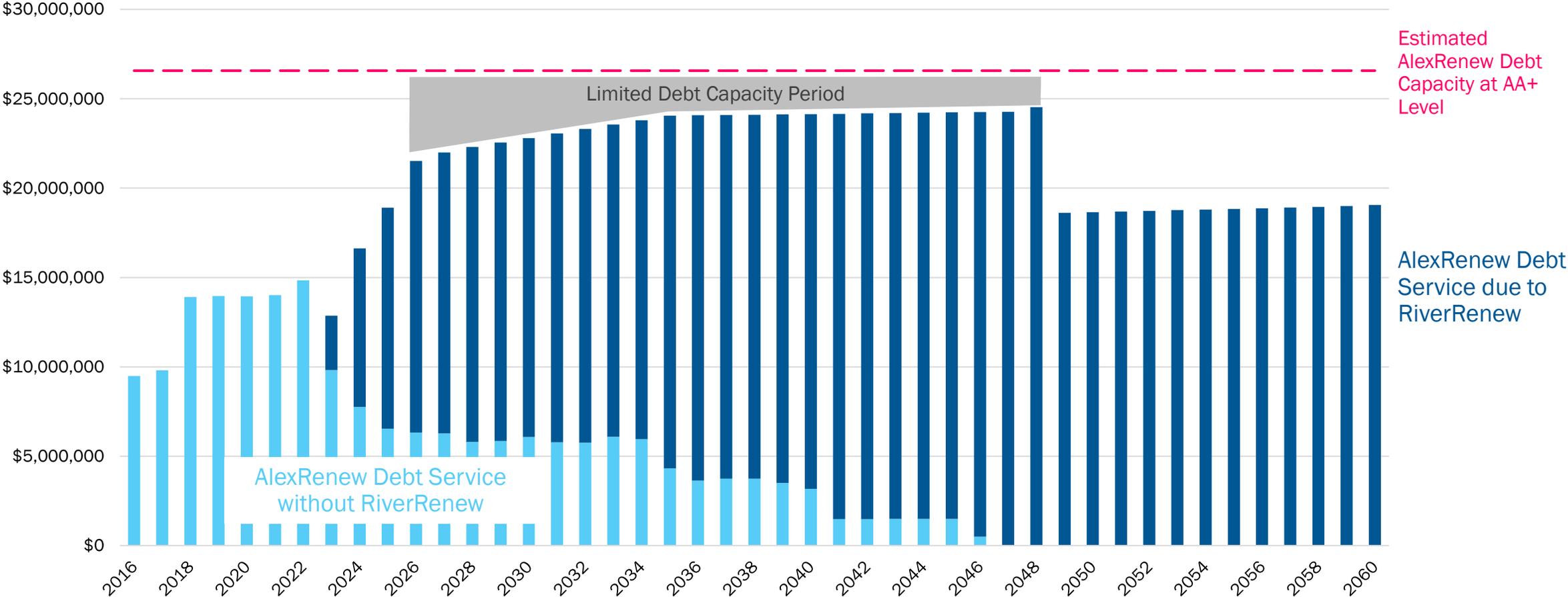
<sup>2</sup> DC Water is the only other local combined sewer community besides AlexRenew

# AlexRenew rates compared to CSO community rates. Monthly sewer charges for single family residential customers.



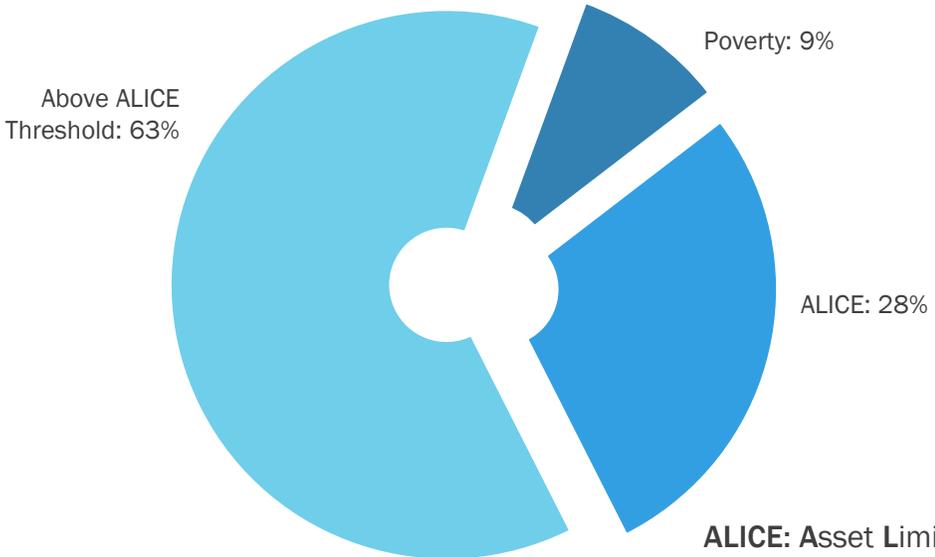
<sup>1</sup> Based on 4,000 gallons monthly usage

# AlexRenew will incur significant debt service to implement RiverRenew. Projected debt service repayment schedule.

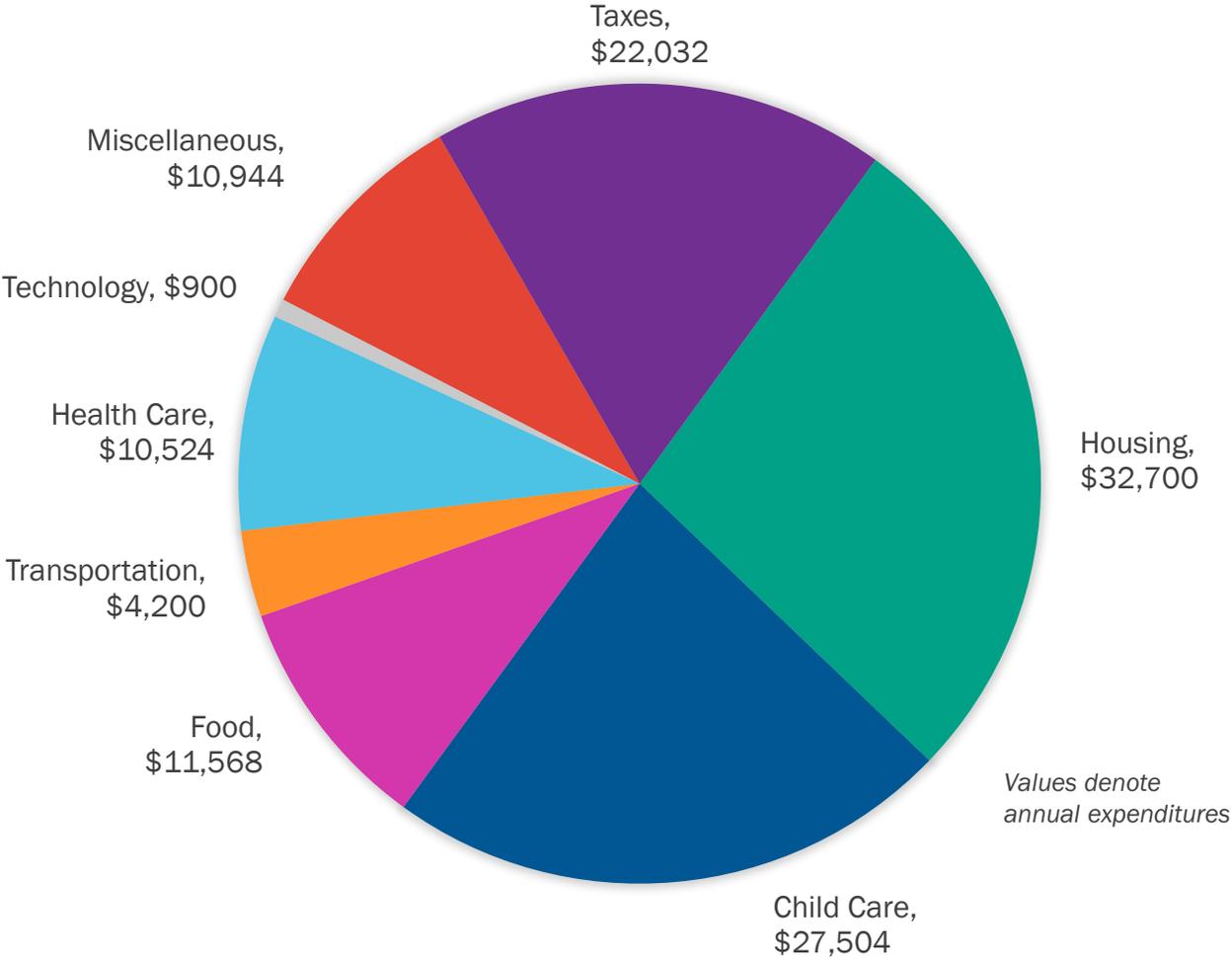


# Cost of basic household necessities in Alexandria, VA. Based on 2 adult household with 2 children in childcare.

- Basic Household Survival Budget: **\$120,372**
- Full Time Hourly Wage Required: **\$60.19**
- Median Household Income **\$101,215**
- Does not include any “savings” or “extra”
- One Water Costs: **\$1,042/year**



**ALICE: Asset Limited, Income Constrained, Employed**



*Values denote annual expenditures*

# Next Steps

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## What's next? FY 2023 AlexRenew budget adoption schedule.

- **April 19.** CEO presents budget to Board. Board adopts resolution to provide public notice of proposed budget.
- **April 21.** First notice of public hearing.
- **April 25.** Finance & Audit Committee Meeting to review budget with staff for changes and/or recommendation to Board for adoption (rescheduling).
- **April 28.** Second notice of public hearing.
- **May 7.** Public Hearing.
- **May 17 or June 21 Board meeting.** Final budget adoption.



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