



Alexandria Renew Enterprises Fiscal Year 2023 Budget Review

Public Hearing

May 7, 2022

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



AlexRenew's 2040 Vision is to effectively partner with 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.



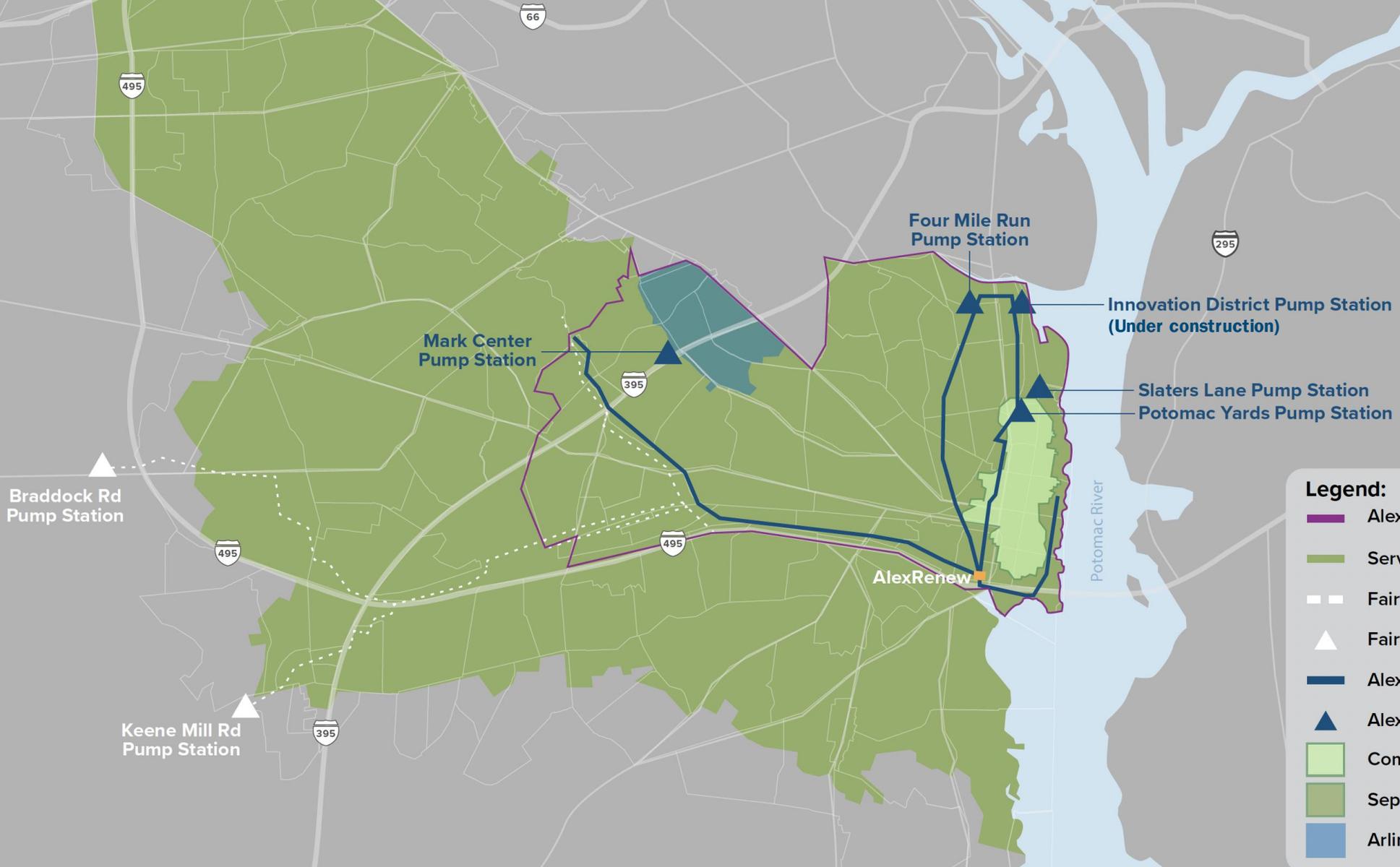
Maximize use of multiple financial options to continue our **fiscal stability.**



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 County, City of Alexandria, and Arlington County.

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

AlexRenew's mission expanded in 2018. Taking ownership of the largest infrastructure project in Alexandria's history.



Virginia Politics

Alexandria transfers ownership of sewage outlets to sanitation agency



Sign warns passersby in Alexandria about sewage where it enters the Potomac River at the Oronoco outfall in Alexandria, Va. The sewer system in Alexandria, Virginia, gets overwhelmed during almost any type of wet weather, sending untreated waste into nearby waterways and on to the Potomac River scores of times each year. (Bill O'Leary/AP)

By Patricia Sullivan

April 25, 2018 1:00 p.m. EDT

The Alexandria City Council is transferring ownership of its troublesome combined sewer outlets to the local sanitation agency, Alexandria Renew.



POTOMAC RIVERKEEPER NETWORK

Richard Stuart wrote the law to force Alexandria to clean up the Potomac River.

“Alexandria likes to lecture others, but they have refused to stop dumping raw sewage into the Potomac River. I am proud to have passed the law to make them stop polluting our river.”

— Senator Richard Stuart, Republican



When it rains in Alexandria, Virginia, sewage overflows into the Potomac River. The problem is so bad, there are signs up along the river warning residents not to swim or fish. And when Alexandria's sewage flows into the Potomac, it flows downriver to us. This is a serious health risk.

Alexandria has known about this problem for years. They paid lip-service to it, but refused to stop it. Every year the city ignored the millions of gallons of sewage pouring into the river. They wanted \$500 million from state taxpayers to clean up their waste. They didn't want to pay for cleaning up their own mess. They wanted to wait 20 more years!

So Republican Richard Stuart stood up and passed a law (SB 898) forcing Alexandria to pay to fix the problem by 2025 and clean up the river.

Standing Up to Alexandria

People in Alexandria talk about the environment and climate change, and want to force the rest of us to pay for things like the “Green New Deal.” But they pollute our river and then refused to pay to clean up their own mess.

Republican Richard Stuart's law forces Alexandria to fix the problem by 2025, and pay to clean up our river.

Protecting the Potomac

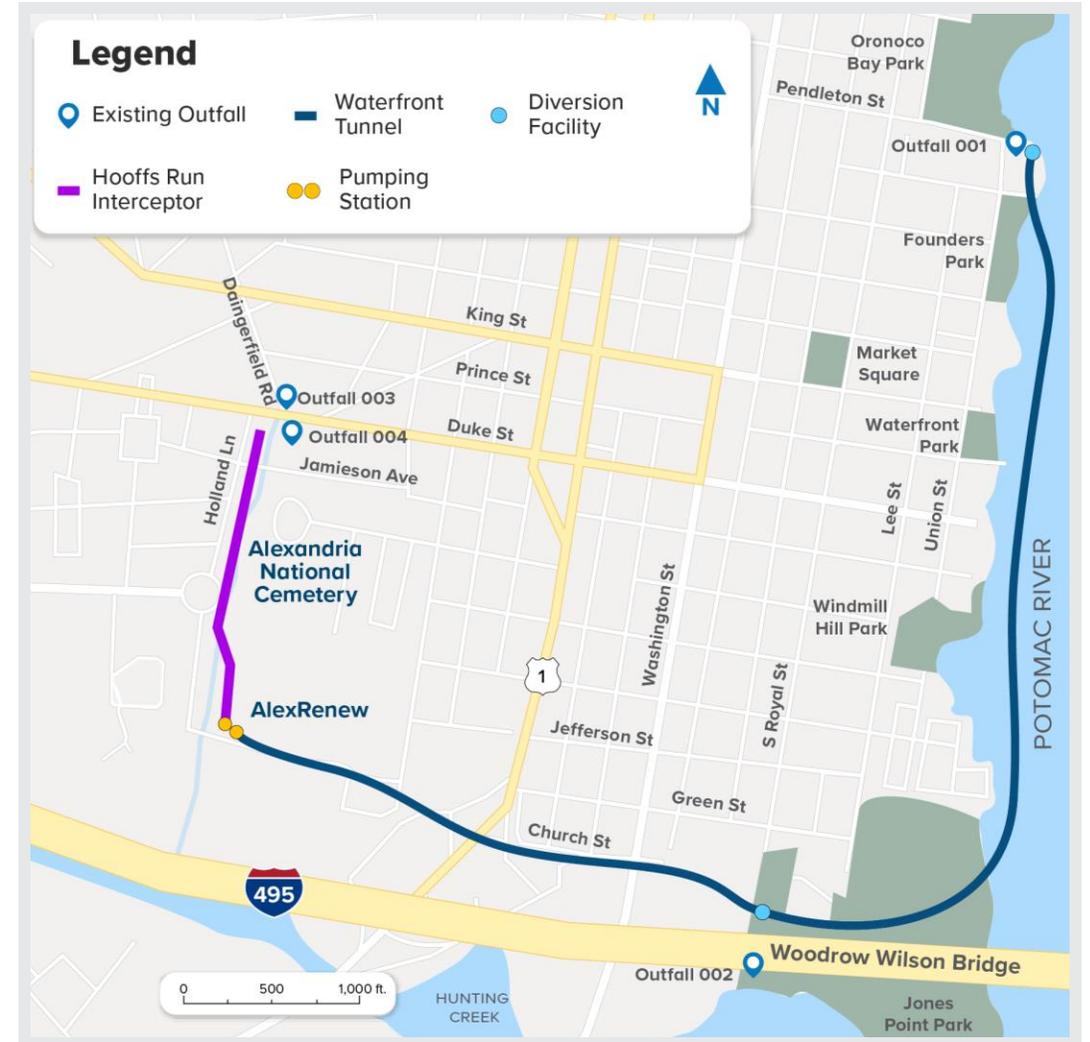
Richard Stuart grew up along the Potomac River. He knows how important our natural resources like the Potomac are to our way of life. In the Senate, he is a strong voice protecting

raising up

Alexandria has been dumping raw sewage into the Potomac for years...



...Richard Stuart is making them stop.



Fiscal Year 2023 Budget Review

Maintaining a strong, stable, and sustainable financial position. AlexRenew's Guiding Fiscal Principles.

Operate a
Fiscally Stable
and Sustainable
Utility

Fully Recover
Costs Via Rates

Maintain
Compliance with
Master Indenture
of Trust and Loan
Documents

Maintain
Compliance with
Adopted
Financial Policies

Ensuring we stay in fiscal shape. AlexRenew's Financial Policies.

Minimum Debt Service Coverage

Based on Master Trust Indenture and financial advisor advice

Minimum target set at 1.5x

AlexRenew Financial Policies

Minimum Reserves

120 days of operating expenses

PayGo

Pay-as-you-go funding (cash flow and reserves)

Use to fund at least 15% of total capital program

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



Planning for our healthier waterway's 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 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



Financial Resilience

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

Implement adopted 6.5% rate increase on July 1, 2022

Building toward healthier waterways. Major FY 2023 AlexRenew capital projects.



RiverRenew
construction



Potomac Yards Pumping Station ventilation and odor control upgrade



Primary Settling Tank rehabilitation

Innovation District Pumping Station construction



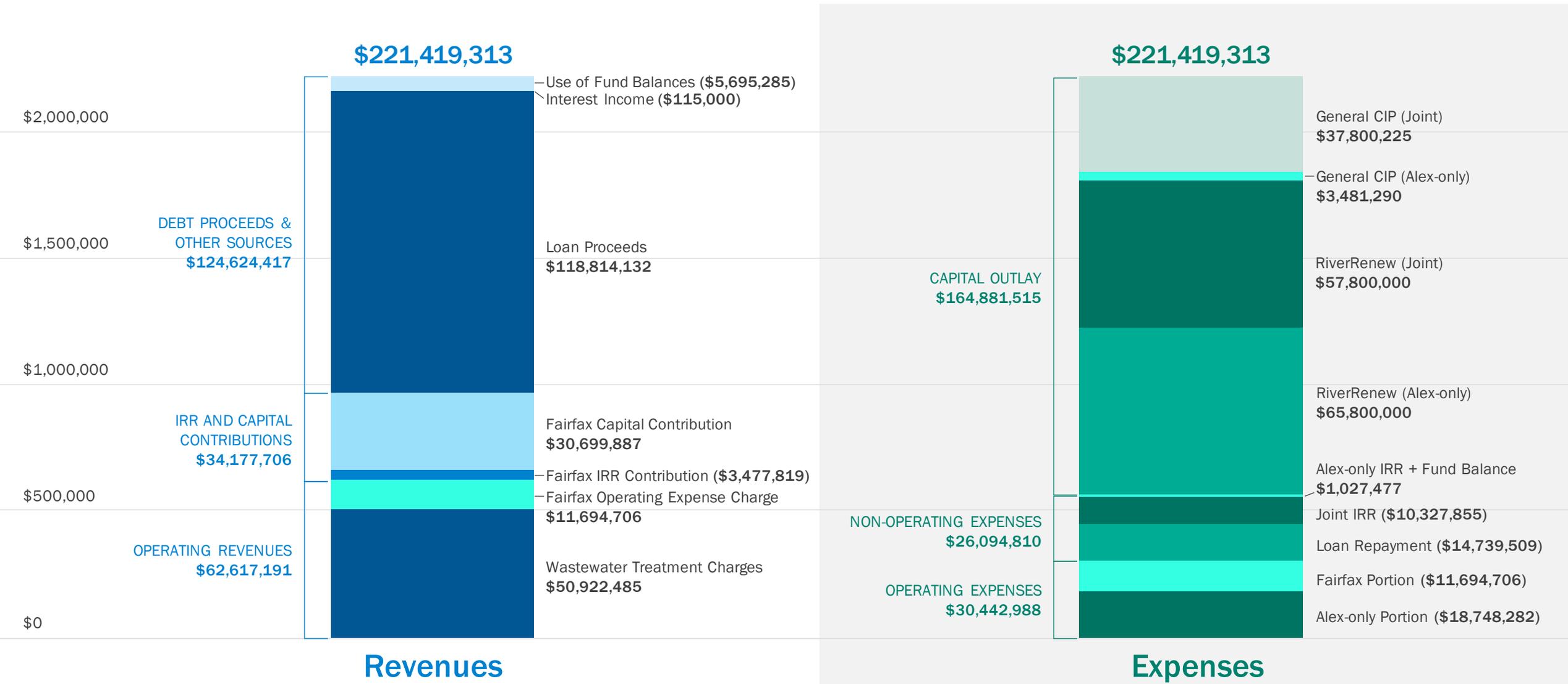
Secondary Settling Tank refurbishment



Human Machine Interface upgrades

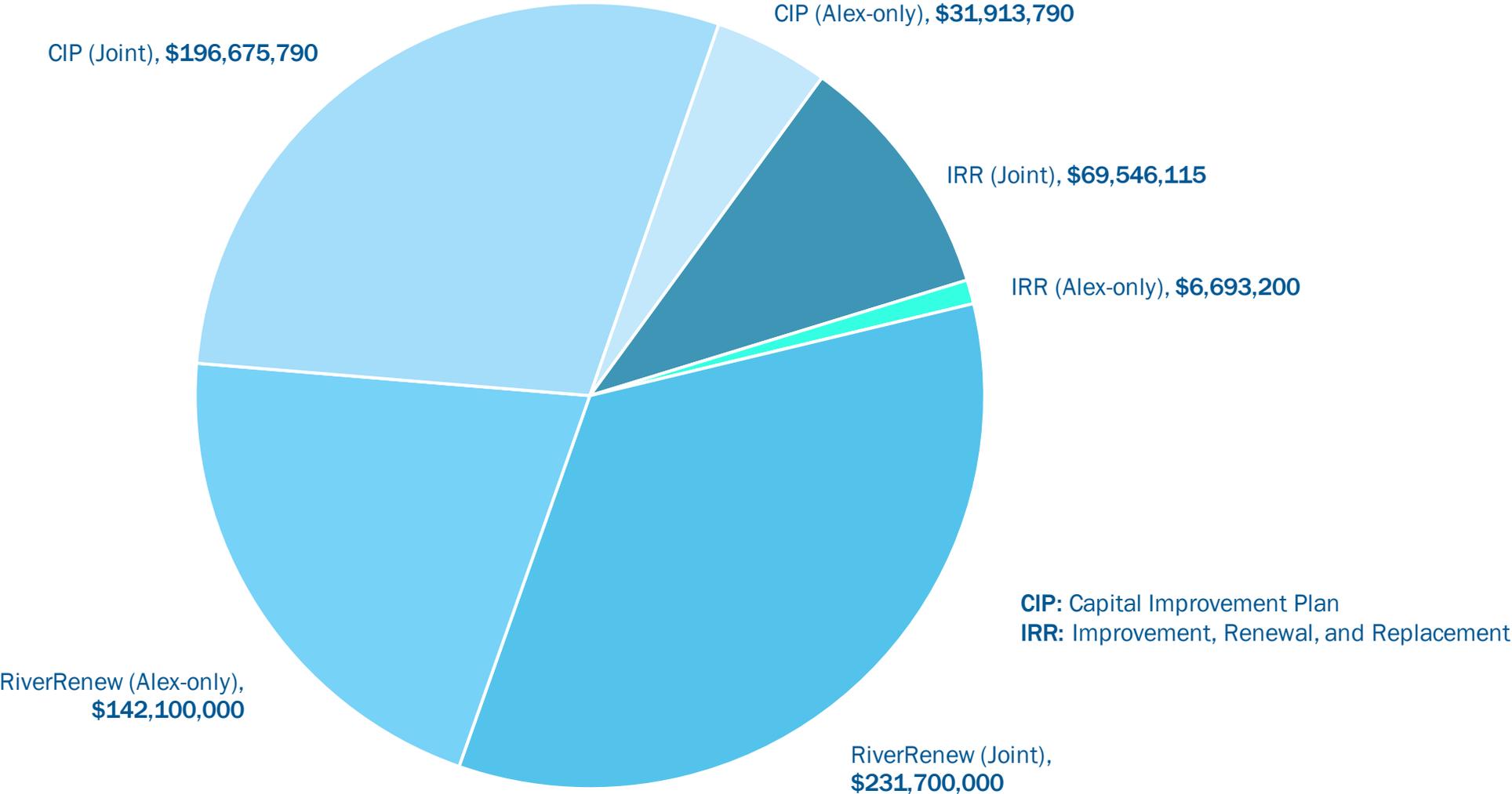


The numbers. FY 2023 AlexRenew Budget summary.

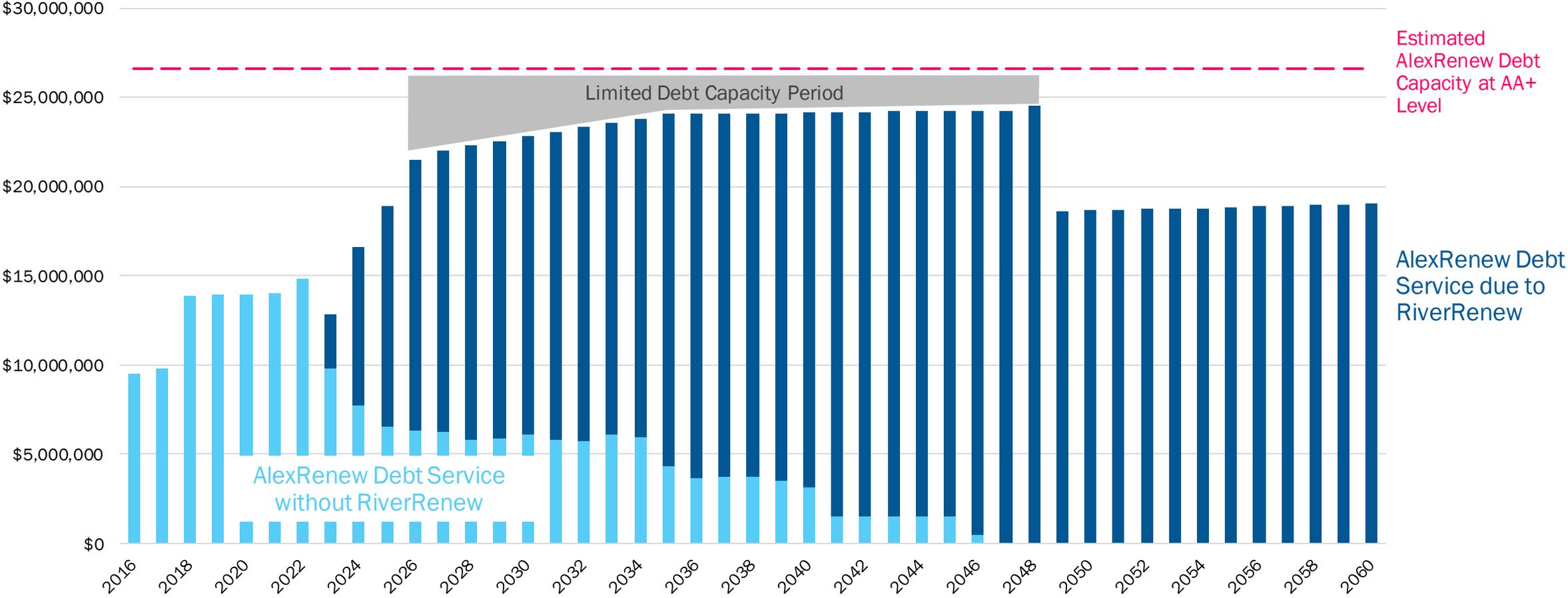


10-year Capital Planning

AlexRenew's projected 10-year capital expenditures estimated at \$678 million.



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



Fiscal Year 2022-23 Approved Rate Adjustment Review

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%



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

Taking a holistic look at water in Alexandria. Estimated One Water costs in Fiscal Years 2023 and 2026.



**VIRGINIA
AMERICAN WATER**

**Drinking
Water**




**CITY OF ALEXANDRIA
VIRGINIA**

**Sanitary and
Combined Sewer
System**

Current FY 23		Projected FY 26	
Monthly	Annual	Monthly	Annual
\$30	\$358	\$30	\$358

Note: FY 26 projections not available (used FY 23 values)

Current FY 23		Projected FY 26	
Monthly	Annual	Monthly	Annual
\$9	\$109	\$9	\$109

Note: Sanitary Sewer Charge appears on AlexRenew Bill



**ALEXANDRIA
renew
ENTERPRISESSM**

**Wastewater
and Combined
Sewer Treatment**

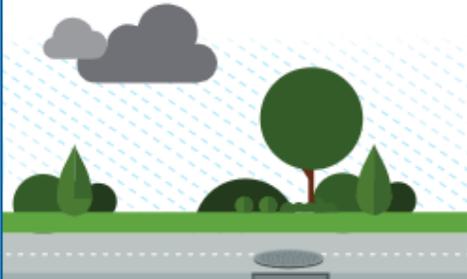
Current FY 23		Projected FY 26	
Monthly	Annual	Monthly	Annual
\$114	\$1,363	\$133	\$1,592

Current FY 23		Projected FY 26	
Monthly	Annual	Monthly	Annual
\$50	\$602	\$59	\$711



**CITY OF ALEXANDRIA
VIRGINIA**

Stormwater



Current FY 23		Projected FY 26	
Monthly	Annual	Monthly	Annual
\$25	\$294	\$35	\$415

Note: Stormwater Fee appears on Real Estate Bill

 **One Water**

FY 2023 AlexRenew budget adoption by June 21, 2022. Learn more at:



alexrenew.com/news/know-your-rates



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To learn more, visit www.alexrenew.com