



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, September 17, 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 Lorna Huff, 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.	Time	Item	Presenter	Action
1.	6:00 p.m.	Call to Order	Chair	
2.	6:02 p.m.	Approval of Agenda	Chair	Motion
3.	6:05 p.m.	Public Comment Period	Chair	
4.	6:10 p.m.	Consent Agenda	Chair	Motion
		a. Minutes from July 16, 2024 meeting (Tab 1)		
5.	6:15 p.m.	Member and Committee Updates	Chair	Information
		a. Community Meetings (Tab 2)		
		b. Finance & Audit Committee – Audit Schedule		
		c. Governance Committee – Board Assessment and October 28 Meeting		
6.	6:20 p.m.	Unfinished Business	Chair	Motion
		a. Revised Delegation of Authority Policy (Tab 3)	Mr. Carl	
7.	6:35 p.m.	New Business	Chair	Motion
		a. Revised Financial Policy (Tab 4)	Mr. Carl	
		b. New Payment Assistance Program Policy (Tab 5)		
		c. Presentation on Per- and Polyfluoroalkyl Substances (Tab 6)		
		d. Presentation on Wellness Month (Tab 7)		
		e. Resolution to Approve Use of Progressive Design-Build for the Tertiary Systems Upgrade Project (Tab 8)		
8.	7:25 p.m.	AlexRenew Monthly Outcomes Update (Tab 9)	Mr. Carl	Information
9.	7:35 p.m.	Board Administrative Items	Chair	Motion
10.	7:50 p.m.	Adjourn	Chair	

Times shown 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, October 15, 2024.

Minutes of the 920th Meeting
AlexRenew Board of Directors
6:00 p.m., Tuesday, July 16, 2024

On Tuesday, July 16, 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
Ms. Adriana Caldarelli, Secretary-Treasurer
Mr. Mark Jinks, Member
Ms. Becky Hammer, Member

Staff: Mr. Justin Carl, General Manager/Chief Executive Officer
Ms. Amanda Waters, General Counsel/Deputy General Manager
Ms. Caitlin Feehan, Chief Administrative Officer
Ms. Felicia Glapion, Chief Engineering Officer
Mr. Lake Akinkugbe, Director of Finance
Mr. Matt Robertson, Director of Communications
Mr. Kevin Pilon, Engineering Manager
Ms. Lorna Huff, Executive Assistant to the Board

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

City Representative: Mr. Lu Zhang, Sanitary Sewer Infrastructure Division

Contractors: Mr. Tommy Brennan, Ulliman Schutte
Mr. Chris Kay, Ulliman Schutte

1. Call to Order

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

2. Approval of Agenda

The Chair requested that members review the agenda. There being no changes, Mr. Beall moved approval and Ms. Hammer 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 the June 18, 2024 Board of Directors meeting. Mr. Jinks requested that on page 4, Item b) the word “tabled” replace the word “review” on the second line. There being no additional questions or comments, the Chair requested a motion to approve the Consent Agenda as amended. Mr. Beall moved and Ms. Hammer seconded.

The Board unanimously approved.

5. Member and Committee Updates

a. Community Meetings

Nothing to report.

b. Finance and Audit Committee

Nothing to report.

c. Governance Committee

A Governance Committee meeting is scheduled for Monday, October 28. A draft Agenda was provided to the Board. Mr. Carl requested that members review the Agenda and the enclosed 2023 Board self-assessment. Feedback is due to Mr. Beall on both items by September 1. The meeting will review current policies as well as the Board succession plan.

Board members have been enrolled in the Water Environment Federation (WEF). Log-ins were sent via email to provide access to WEF online content.

d. Board Retreat

Mr. Carl reported that all speakers have been secured for the Board Retreat, including Manny Teodoro, Professor of Public Affairs at the La Follette School of Public Affairs, and Thierry Boveri, Diana Ling, and Rob Ori from Raftelis.

6. Unfinished Business

a. Compensation Philosophy

The Chair reported that the revised policy is much cleaner than the prior versions. The Chair asked about the biennial compensation survey. Mr. Carl indicated that staff uses an outside vendor and the HR team reviews the results. The survey is a 6-month process. The Chair noted the policy had been reviewed and asked if members had additional questions. There being no additional questions, the Chair requested a motion to approve. Mr. Beall moved and Ms. Hammer seconded. The Board unanimously approved.

There were no additional questions or comments and the Chair moved to the revised Delegation of Authority.

b. Delegation of Authority

The Chair recognized Mr. Jinks who stated that a 25% change order authority for high value construction contracts would result in a large change order authority. Additionally, he requested dollar value caps be placed on sole source determinations and emergency contracts. Mr. Carl suggested a sliding scale change order authority based on value of the construction contract, noting that the 25% authority is founded in Virginia Code. Chair requested that the policy be tabled for additional amendments to address the questions raised by the Board.

There were no additional questions or comments. The Chair moved to discuss the Deed of Lease Agreement with the City.

c. Ratify Deed of Lease Agreement for Environmental Center 5th Floor

Mr. Carl provided an overview of the lease agreement that AlexRenew and the City are executing

for the City to use a portion of the 5th floor of AlexRenew's Environmental Center. The City's Transportation and Environmental Services (T&ES) Infrastructure and Environmental Quality Branch (IEQ) will use 5,599 square feet of the 11,654 square foot 5th floor. AlexRenew's IT department will occupy 3,123 square feet with the remaining 2,932 square feet used as common area. Staff has been working with Fairfax County on cost share implications. City Council approved and sent the proposed Lease Agreement to the City Manager for execution. It was noted that in lieu of rent, the City will provide a \$25,000 donation annually to the Lifeline Emergency Assistance Program (LEAP). Ms. Hammer asked about documenting the commitment to use the Lease payments for LEAP. Ms. Waters reported that the Memorandum of Understanding (MOU) between the City and AlexRenew includes the commitment to use the funds for LEAP. Bond counsel recommended broader language in the Lease allowing the amount paid by the City to be used for any lawful purpose other than to pay or offset debt service. Mr. Carl reported that there will be a small cost for utilities, and City staff is currently deciding whether to use AlexRenew's cleaning service or another contractor.

There being no additional questions or comments, the Chair requested a motion to approve. Ms. Hammer moved and Ms. Caldarelli seconded. The board unanimously approved.

7. New Business

a. Election of Officers

The Chair reported that he has been on the Board since 2011 and applauded AlexRenew's strong position in the community. He said that the Board needs to be looking forward 10-20 years. The Chair reported that he had communicated with each Board member individually and all agreed to maintain the current slate. The Chair voiced his commitment to develop all members to perform the Board's responsibilities, to support the CEO, and to set rates that are fair, transparent, and equitable.

The Chair recognized the Vice Chair who moved that the Board maintain its current slate with Mr. John Hill as Chair, Mr. Jim Beall, as Vice Chair, and Ms. Adriana Caldarelli as Secretary-Treasurer. Committee assignments remain the same. Mr. Jinks seconded. The Board unanimously approved.

b. FY2024 Write-Off of Customer Accounts

The Chair requested that members review the memo for write-offs of certain customer accounts and asked if the customers on the write-off list are still receiving service. Mr. Carl reported that staff receives the data from Virginia American Water and according to billing records, the accounts are not receiving service. Members requested and Mr. Carl provided clarifications on the criteria for writing off customer accounts, the threshold for customer write-offs, and use of third-party vendors for collections.

There being no additional questions or comments, the Chair requested a motion to approve the FY2024 customer account write-offs. Mr. Jinks moved and Mr. Beall seconded. The Board unanimously approved.

c. Review and Approve Construction Management At-Risk Agreement for Primary and Preliminary Upgrade Program

The Chair recognized Mr. Carl who discussed the plan for upgrading the Preliminary and Primary Systems Upgrade project. He noted the procurement process began several months ago, and the staff is bringing their recommendation of Ulliman Schutte to provide preconstruction services for the project as part of a two-step procurement process which will be followed by a

guaranteed maximum price (GMP) under the Construction Management at-Risk contract.

The GMP is estimated at \$70 million for the project at this point in the design. The preconstruction services are estimated at \$1,484,360.

There being no questions or comments, the Chair requested a motion to approve. Ms. Caldarelli moved and Mr. Beall seconded. The Board unanimously approved.

Be It Resolved That: The Board authorizes the CEO to execute a contract with Ulliman Schutte in the amount of \$1,484,360 for preconstruction services for the Preliminary and Primary Systems Upgrade project.

d. Presentation on Progressive Design-Build Project Delivery

Mr. Carl recognized Ms. Feehan who provided members with a briefing on Progressive Design-Build Project Delivery.

Ms. Feehan reminded the Board of their recent approval of revisions to the Collaborative Delivery Policy in response to changes to the State's public procurement laws that became effective July 1, 2024. The new law does not allow the public body to consider prior design-build or construction management experience as a factor for shortlisting. Further, a local governing body must adopt a resolution or motion on a per project basis prior to issuing a Request for Qualification for a construction management or design-build project.

Ms. Feehan provided an overview of project delivery methods comparing traditional, collaborative, fixed-price design-build, and progressive design build noting the relationships between the owner, contractor, and designer. She reviewed the progressive design-build process from planning through operations and the benefits of this delivery method, which reduces risk, offers faster project schedules, and early contractor engagement.

Staff are preparing a resolution for Board consideration in September for the progressive design-build delivery of the Tertiary Systems Upgrade project.

Members discussed the factors for Board approval of the delivery method, project complexity, and scheduling. Next steps include distribution and review of the resolution in the August Board package.

8. AlexRenew Monthly Outcomes Update

a. Discussion.

The Chair recognized Mr. Carl who noted that in July, AlexRenew marked 68 years since the plant first received wastewater flow. He shared that AlexRenew was recognized by the Water Environment Federation (WEF) as a Utility of the Future. AlexRenew also received its Certificate of Achievement from the Government Finance Officers Association (GFOA) for FY2023.

Mr. Carl referenced the preliminary FY2024 year-end wastewater treatment charge revenue and expenses information noting that Wastewater Treatment Charge revenues (\$57.8 million) are estimated to be higher than budgeted revenue due to higher than anticipated usage; operating and maintenance expenses are estimated to be slightly below budget; and total expenses (\$177.0 million) are estimated to be lower than budgeted expenses primarily due to the timing of capital spending.

Mr. Robertson discussed AlexRenew's delinquencies noting a significant increase in active payment plans and a decrease in the number of delinquent accounts. Members asked about AlexRenew service disconnections and staff reported that Virginia American Water (VAW) cannot perform them until the temperature is lower than 92 degrees. Ms. Hammer asked if there was a way to confirm that customers scheduled for disconnection had received the communications. Mr. Robertson explained that customers are sent certified letters informing them of their impending service disconnection and door hangers are placed at those addresses. The door hanger is issued jointly with VAW. Mr. Robertson reported that by the time a customer has been placed on the list, they have been sent a certified letter, text messages, emails, and other forms of communication. Ms. Caldarelli asked about temperature spikes after a customer has been disconnected. Mr. Robertson responded that prior to disconnection, VAW has to consider the temperature projections 24 hours after the disconnection period; in addition, disconnections are not performed on Fridays.

Ms. Hammer inquired about LEAP and requested information on the amount issued per household and the percentage of the household's outstanding debt to AlexRenew.

Staff is projecting a \$75,000 balance for LEAP and is considering elimination of the income requirement. Many utilities have no income requirement and due to challenges in getting households to sign up, staff would like to follow industry standards. The Chair requested feedback from all members and the sentiment of the Board is that AlexRenew relax or eliminate the income requirement for LEAP.

RiverRenew Dashboard

Mr. Carl reported that the last of the pile driving on Pendleton Street is beginning. Sip and Sees have been discontinued on all sites except Pendleton Street. The final Council-Board Workgroup meeting is scheduled for November 20. Staff will provide a quarterly report to City Council on the project. Mr. Carl referenced the last page of the Dashboard and noted the final walkthrough was completed on the tunnel. The Chair noted a Listening Session scheduled for the night before the September board meeting that he encouraged members to attend if possible.

Ms. Hammer reported that issues had surfaced about people who send their checks in the mail being charged late fees. Mr. Robertson said he would investigate.

There being no additional questions or comments, the Chair moved to adjourn. Ms. Hammer seconded. The Board unanimously approved.

The meeting adjourned at 7:40 p.m.

APPROVED:

Secretary-Treasurer

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



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MEMORANDUM

TO: AlexRenew Board of Directors

FROM: Justin Carl, General Manager and CEO

DATE: September 17, 2024

SUBJECT: Unfinished Business, Joint Use
Approve revisions to Resolution Concerning Authority of Chief Executive Officer

Issue

The Board of Directors' (Board) delegated authority to the Chief Executive Officer (CEO) requires revision to align with Virginia Code and clarifications related to delegated authority in day-to-day practice.

Recommendation

Staff respectfully requests the Board approve the revised Resolution Concerning Authority of Chief Executive Officer (Resolution).

Budget and Funding

Not applicable.

Discussion

The Resolution was adopted in January 2019 and revised in April 2022. The Resolution requires a revision to align with Virginia Code § 2.2-4309 related to contract modifications (change orders) and previous versions of the Resolution lacked sufficient detail to support staff understanding of the Board's delegated authority to the CEO.

The proposed changes create greater specificity and detail to support efficiency in AlexRenew's day-to-day operations, while ensuring the Board can review and approve contracts, items with material financial consequences, long-term obligations, and other instruments.

The revised Resolution was initially presented at the June Board meeting and revisited at the July Board meeting. Board comments have been incorporated into the version presented for Board approval.

This action supports AlexRenew's strategic goal of Operational Excellence.

ACTION TAKEN

Approved:

Disapproved:

Approved with Modification:

Modification(s):

City of Alexandria, Virginia Sanitation Authority Board Adopted Policy



Title: Resolution Concerning Authority of Chief Executive Officer

Date of Adoption: January 15, 2019

Date of Revision: April 19, 2022;
September 17, 2024

Page 1 of 2

WHEREAS, pursuant to Section 15.2-5114 of Virginia Code (Code), the City of Alexandria, Virginia Sanitation Authority d/b/a AlexRenew (Authority) is authorized to contract for goods, services, insurance, and construction; acquire, manage, and dispose of property; borrow money; issue obligations and revenue bonds; and

WHEREAS, pursuant to Section 2.2-4302 of the Code, the Authority is authorized to adopt procurement resolutions and regulations consistent with the Virginia Public Procurement Act; and

WHEREAS, pursuant to Section 15.2-5113 of the Code, the Authority's Chief Executive Officer (CEO) shall perform such duties as may be delegated by the Board of Directors (Board); and

WHEREAS, pursuant to Article III, Section 5 of the Authority's Bylaws, the Board may specifically authorize the CEO to sign contracts and other instruments on behalf of the Authority.

NOW, THEREFORE BE IT RESOLVED that the Board does hereby authorize the CEO to sign on behalf of the Authority the following categories of contracts and other instruments that are in accordance with the general policies and directives of the Authority:

1. Professional Services

- a. New contracts with a value less than \$250,000.
- b. Renewals for contracts previously approved by the Board and in accordance with the contract's original term limitations.
- c. Task Orders and Annual Budgets for contracts previously approved by the Board where the total value is authorized in the adopted Operating and Capital Budget.
- d. Change Orders to a fixed-price contract where the total value is less than 25 percent of the amount of the contract or \$50,000, whichever is greater.

2. Construction

- a. New contracts with a value less than \$250,000.
- b. Renewals for contracts previously approved by the Board and in accordance with the contract's original term limitations.
- c. Task Orders for contracts previously approved by the Board where the total value is authorized in the adopted Operating and Capital Budget.
- d. Change Orders to a fixed-price contract where the total value is less than the percentage of the contract outlined in Table 1 or \$50,000, whichever is greater.

City of Alexandria, Virginia Sanitation Authority Board Adopted Policy



Title: Resolution Concerning Authority of Chief Executive Officer

Date of Adoption: January 15, 2019

Date of Revision: April 19, 2022;
September 17, 2024

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Table 1. Change Order Authority for Fixed-Price Construction Contracts

Total Contract Amount (\$ millions)	Change Order Authority (% of Total Contract Amount)
Under 25	25%
25-50	17%
50-100	10%
100-150	9%
150-200	8%
200-250	7.5%
Over 250	Develop specific delegation of authority language for the project

3. Goods and Services

- a. Any contract, purchase order, or amendment where the total value is authorized in the adopted Operating and Capital Budget.

4. Sole Source Determination in accordance with § 2.2-4303 (E) of Code of up to \$2 million and where the total value is authorized in the adopted Operating and Capital Budget.

5. Emergency Contracts in accordance with § 2.2-4303 (F) of Code and where the total value can be accommodated in the adopted Operating and Capital Budget. AlexRenew defines an emergency as a situation which has an immediate impact on the safety of staff and the general public, the protection of AlexRenew property, and the ability of AlexRenew to carry out its daily mission.

6. Non-monetary Interjurisdictional Agreements, Memoranda of Understanding/Agreement with other public entities.

7. Real Property

- a. Deeds of Easements (temporary and permanent) and vacation of existing easements
- b. Right of Entry Agreements
- c. Licenses

8. Financial Documents/Instruments necessary or beneficial for managing the Authority's funds.

9. Other documents or instruments expressly approved by the Board.

10. The CEO will report monthly to the Board on the use of this authority.

City of Alexandria, Virginia Sanitation Authority Board Adopted Policy



Title: Resolution Concerning Authority of Chief Executive Officer

Date of Adoption: January 15, 2019

Date of Revision: April 19, 2022;
~~June/July/September~~
~~18/167, 2024~~September 17, 2024

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~~RESOLUTION CONCERNING AUTHORITY OF CHIEF EXECUTIVE OFFICER~~

WHEREAS, pursuant to ~~VA Code~~ Section 15.2-5114 ~~of Virginia Code (Code), of the Virginia Code, the City of Alexandria, Virginia Sanitation Authority d/b/a AlexRenew (the "Authority")~~ Alexandria Renew is authorized to ~~contract for procure~~ goods, services, insurance, and construction; ~~acquire, manage, and dispose of property; borrow money; issue obligations and revenue bonds; consistent with the requirements of Section 2.2-4300 et seq. of the Virginia Code (the "Virginia Public Procurement Act");~~ and

WHEREAS, pursuant to Section 2.2-4302 of the ~~Virginia~~ Code, ~~Alexandria Renew the Authority~~ is authorized to adopt procurement resolutions and regulations consistent with the Virginia Public Procurement Act; ~~and~~

WHEREAS, pursuant to Section 15.2-5113 of the ~~Virginia~~ Code, the ~~Authority's~~ Chief Executive Officer ~~of Alexandria Renew the Authority (CEO)~~ shall perform such duties as may be delegated ~~to her them~~ by the Board ~~of Directors (Board)~~; and

WHEREAS, pursuant to Article III, Section 5 of the ~~Authority's~~ By-Laws ~~of the Authority~~, the Board may specifically authorize the ~~CEO Chief Executive Officer~~ to sign contracts and other instruments on behalf of the Authority.

NOW, THEREFORE BE IT RESOLVED that the Board ~~of Directors~~ does hereby authorize the ~~CEO Chief Executive Officer~~ to sign on behalf of the Authority the following categories of contracts and other instruments that are in accordance with the general policies and directives of the Authority:

1. Professional Services and Construction

- a. New contracts with a value less than \$250,000.
- b. Renewals for contracts previously approved by the Board and in accordance with previously established the contract's original term limitations.
- c. Contracts for goods or services authorized in the Annual Budget adopted by the Board, including except construction or professional services contracts for under \$2100,000 or more Task Orders and Annual Budgets for contracts previously approved by the Board where the total value is authorized in the adopted Operating and Capital Budget.

City of Alexandria, Virginia Sanitation Authority Board Adopted Policy



Title: Resolution Concerning Authority of Chief Executive Officer

Date of Adoption: January 15, 2019

Date of Revision: April 19, 2022;
~~June/July/September~~
~~18/167, 2024~~September 17, 2024

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- d. Change Orders to a fixed-price contract where the total value is less than 25 percent of the amount of the contract or \$50,000, whichever is greater.

2. Construction

- a. New contracts with a value less than \$250,000.
- b. Renewals for contracts previously approved by the Board and in accordance with the contract's original term limitations.
- c. Task Orders for contracts previously approved by the Board where the total value is authorized in the adopted Operating and Capital Budget.
- d. Change Orders to a fixed-price contract where the total value is less than the percentage of the contract outlined in Table 1 25 percent of the amount of the contract or \$50,000, whichever is greater.

City of Alexandria, Virginia Sanitation Authority Board Adopted Policy



Title: Resolution Concerning Authority of Chief Executive Officer

Date of Adoption: January 15, 2019

Date of Revision: April 19, 2022;
~~June/July/September~~
~~18/167, 2024~~September 17, 2024

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Table 1. Change Order Authority for Fixed-Price Construction Contracts

<u>Contract ValueTotal Contract Amount (\$ millions)</u>	<u>Change Order Authority (% of Total Contract Amount)</u>
<u>Under 25</u>	<u>25%</u>
<u>25-50</u>	<u>17%</u>
<u>50-100</u>	<u>10%</u>
<u>100-150</u>	<u>9%</u>
<u>150-200</u>	<u>8%</u>
<u>200-250</u>	<u>7.5%</u>
<u>Over 250</u>	<u>Develop specific delegation of authority language for the project</u>

3. Goods and Services

a. Any contract, purchase order, or amendment where the total value is authorized in the adopted Operating and Capital Budget.

4. Sole Source Determination in accordance with § 2.2-4303 (E) of Virginia eCode.E for specific vendor, item(s) and location(s) of up to \$2 million and where the total value is authorized in the adopted Operating and Capital Budget.

5. Emergency Ceontracts in accordance with § 2.2-4303 (F) of Virginia eCode of up to \$2 million and where the total value is authorizedcan be accommodated in the adopted Operating and Capital Budget. AlexRenew defines an emergency as a situation which has an immediate impactto on the safety of staff and the general public, the protection of AlexRenew property, and the ability of AlexRenew to carry out its daily mission.

1. , and any amendment or change order to a construction or professional services contract where the total value is less than 25 percent of the amount of the contract or \$50,000, whichever is greater, that would cause the total value of the contract to exceed \$100,000, or any such construction or professional services contract that exceeds its estimated value by greater than 30% or any amendment to a construction or professional services contract that would cause a contract to exceed \$100,000.

2. Contracts for goods or services and construction or professional services necessary for the RiverRenew project in individual amounts not to exceed \$2,000,000 provided such expenditures

City of Alexandria, Virginia Sanitation Authority Board Adopted Policy



Title: Resolution Concerning Authority of Chief Executive Officer

Date of Adoption: January 15, 2019

Date of Revision: April 19, 2022;
~~June/July/September~~
~~18/167, 2024~~ September 17, 2024

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~~are included in the capital improvement program for RiverRenew.~~

6. Non-monetary Interjurisdictional Agreements, Memoranda of Understanding/Agreement with other public entities.

7. Real PProperty

a. Deeds of Easements (temporary and permanent) and vacation of existing easements.

b. Right of Entry Agreements:

~~Leases.~~

c. Licenses:

8. Financial Ddocuments/I-or-instruments necessary or beneficial for the managingement of the Authority's funds.~~Any documents or instruments pursuant to his or her authority as custodian of the funds of the Authority including:~~

9. Other documents or instruments expressly approved by the Board.

10. The CEO will report monthly toinform the Board of Directors-ofn the ir-use of theseis authoritiesy in the Monthly Reporton a monthly basis to the Board.

Demands Upon Bonds.

3. ~~;~~ and

4. ~~Other documents or instruments expressly approved by the Board.~~



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MEMORANDUM

TO: AlexRenew Board of Directors

FROM: Justin Carl, General Manager and CEO

DATE: September 17, 2024

SUBJECT: New Business, Joint Use
Approve revisions to Board of Directors' adopted Financial Policy

Issue

The Board of Directors' (Board) adopted Financial Policy (Policy) requires minor revisions to define active and inactive customer accounts.

Recommendation

Staff respectfully requests the Board approve the revised Policy.

Budget and Funding

Not applicable.

Discussion

The Policy was adopted in August 2010 and most recently revised in March 2024. During the July 2024 Board meeting, staff presented write-off amounts to the Board in excess of the CEO's approval limits. As a result of the discussion, the Board requested definitions of active and inactive customer account be included in the Policy. The proposed revisions to the Policy clarify these definitions.

This action supports AlexRenew's strategic goal of Commitment to the Community.

ACTION TAKEN

Approved: _____

Disapproved: _____

Approved with Modification: _____

Modification(s): _____

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; September 17, 2024

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A. Policy Statement

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.

B. Policy Objectives

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.

C. Debt Service Coverage

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.

D. Reserves

1. Overview. 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

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; September 17, 2024

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improvements.

2. General Reserve Fund. 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 for unanticipated expenses or otherwise drops below the policy level, the Chief Executive Officer (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. Other Funds. 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.

E. Budgetary Principles

1. Annual Operating Budget Proposals
 - a. *Preparation*. 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. *Objectives*. 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

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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
- 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

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.

F. Annual Audit

- 1. Compliance. 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. Audit Standards. 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. Financial Controls Framework. AlexRenew will maintain a current, best practices focused, comprehensive framework of internal financial controls, policies, and procedures.

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4. Independent Auditor Selection. 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. *Procurement Process.* 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. *Term.* 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. *Staff Oversight.* 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 November 30 of each year of financial statements, an Annual Comprehensive Financial Report (ACFR), and other appropriate related information.
 - b. *Report.* 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. *Deficiencies.* If internal control deficiencies are identified, 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. *Finance and Audit Committee Oversight.* 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.

G. Debt Management

1. Long-Term Debt

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 Debt

Short-term borrowing may be utilized for the temporary funding of operational cash flow

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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).* 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 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).* RANs may be issued to meet AlexRenew's operational cash flow needs.
- e. *Lines of Credit.* 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.

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- 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.
 - 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 Planning* - 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. *Limitation* - 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

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agreement, if such technique is approved by the AlexRenew Board.

5. Method of Sale

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

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.
- 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

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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

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 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

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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 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 governing 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 (MSRB) regulations governing the priority of orders and allocations.
 - (3) Within 10 working days after the sale date, submit to AlexRenew a detail of orders, allocations and other relevant information pertaining to AlexRenew's sale

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

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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.

10. Communication and Disclosure

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

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.

H. **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. *CEO Authority.* The 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. *Board Approval.* The Board of Directors will annually approve amounts to be written off greater than \$1,500 per account.

2. Active Account Write-off Criteria

An active account refers to an AlexRenew customer account that has active water usage

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based on the data provided by Virginia American Water and is currently billed for wastewater service. 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

An inactive account refers to an AlexRenew customer account that does not have active water usage based on the data provided by Virginia American Water and is no longer billed for wastewater service. 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:

- The account remains unpaid after 60 days and the amount is under \$200;
- The account remains unpaid after 180 days and the amount is under \$600;
- The account remains unpaid after 365 days and the amount is under \$1,200;
- 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);
- The debtor has died and there is no known estate or guarantor;
- The debt is discharged through legal action (bankruptcy or court judgment);
- The debtor is a company which is no longer in business;
- The debtor cannot be located, nor any of the debtor's assets, by the external collection agency after 180 days;
- 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;
- The debt has been forgiven by action of the CEO or designated representative.

I. **Derivatives**

1. Overview. 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. Conditions for Use. AlexRenew will not enter into any financial derivative or swap until the following have occurred:

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

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J. 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

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outstanding issue.

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

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securities transactions by administering securities legislation.

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.

Securities Industry and Financial Markets Association (SIFMA): The SIFMA 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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A. Policy Statement

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.

A.B. Policy Objectives

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

- Promoting sound financial ~~management~~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.

B.C. Debt Service Coverage

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.

C.D. Reserves

1. Overview. 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

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improvements.

2. General Reserve Fund. 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 for unanticipated expenses or otherwise drops below the policy level, the Chief Executive Officer (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. Other Funds. 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.

D.E. Budgetary Principles

1. Annual Operating Budget Proposals
 - a. Preparation. 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. Objectives. 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

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of the activity₁₇

- 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 now₁₇
- iv. Is at a level necessary to ensure the adequate maintenance and operations of the wastewater system₁
- 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
- 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

Beginning with planning for the FY2012 budget and in each fiscal year thereafter, the CEO will submit to the Board at least a three₁-year financial forecast of anticipated revenues and expenses.

E.F. Annual Audit

- 1. Compliance. 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. Audit Standards. 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. Financial Controls Framework. AlexRenew will maintain a current, best practices focused, comprehensive framework of internal financial controls, policies, and procedures.

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4. Independent Auditor Selection. 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. *Procurement Process.* 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. *Term.* 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. *Staff Oversight.* 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 November 30 of each year of financial statements, an Annual Comprehensive Financial Report (ACFR), and other appropriate related information.
 - b. *Report.* 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. *Deficiencies.* If ~~there are identified~~ internal control deficiencies are identified, 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. *Finance and Audit Committee Oversight.* 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.

F.G. Debt Management

1. Long-Term Debt

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 Debt

Short-term borrowing may be utilized for the temporary funding of operational cash flow

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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~~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 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)—RANs may be issued to meet AlexRenew's operational cash flow needs.
- e. Lines of Credit—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

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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.
 - 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 Planning* - 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. *Limitation* - 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

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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

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

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.
- 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

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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

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 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.

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(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 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 governing 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 (MSRB) regulations governing the priority of orders and allocations.
 - (3) Within 10 working days 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.

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(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.

10. Communication and Disclosure

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

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.

G.H. 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. CEO Authority. The CEO ~~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. Board Approval. The Board of Directors will annually approve amounts to be written off greater than \$1,500 per account.

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2. Active Account Write-off Criteria

An active accounts refers to are an AlexRenew customer account that has active water usage based on the data provided by Virginia American Water and iss currently billed for wastewater service. 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-

An inactive accounts are refers to an AlexRenew customer account that does not have actives that are no longer billed by AlexRenew for wastewater service— water usage based on the data is not provided by Virginia American Water and is no longer billed for wastewater servicefor these accounts. 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:

- The account remains unpaid after 60 days and the amount is under \$200;
- The account remains unpaid after 180 days and the amount is under \$600;
- The account remains unpaid after 365 days and the amount is under \$1,200;
- 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);
- The debtor has died and there is no known estate or guarantor;
- The debt is discharged through legal action (bankruptcy or court judgment);
- The debtor is a company which is no longer in business;
- The debtor cannot be located, nor any of the debtor's assets, by the external collection agency after 180 days;
- 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;
- The debt has been forgiven by action of the CEO or designated representative.

H.I. Derivatives

1. Overview. 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.

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2. Conditions for Use. AlexRenew will not enter into any financial derivative or swap until the following have occurred:
 - a. Board Policy. 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
 - vii. Ongoing Management
 - viii. Ongoing Reporting Requirements
 - ix. Acceptable Collateral
 - b. Board Approval. The Board has approved the execution of the specific financial derivative or swap transaction.

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II. 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 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

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outstanding issue.

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

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securities transactions by administering securities legislation.

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~~price.

Securities Industry and Financial Markets Association (SIFMA): The ~~SIFMA~~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

FROM: Justin Carl, General Manager and CEO

DATE: September 17, 2024

SUBJECT: New Business, Alex Only
Adopt new Payment Assistance Program Policy

Issue

The Board of Directors' (Board) and staff have established several elements of AlexRenew's Payment Assistance Program that require formalization within a new Board adopted policy.

Recommendation

Staff respectfully requests the Board adopt the new Payment Assistance Program Policy (Policy).

Budget and Funding

Not applicable.

Discussion

AlexRenew is committed to ensuring that our sewer rates are equitable and affordable. This philosophy is enforced by our Strategic Plan, which includes the goal of "strengthening connections with the public and providing affordable service." AlexRenew achieves this goal through our Board-adopted policies, budget process, and investment strategies.

For customers having trouble paying their sewer bill, AlexRenew offers payment plans and has the discretion to waive late fees. Additionally, over the last year, the Board and staff developed and launched the Lifeline Emergency Assistance Program (LEAP) to provide emergency bill assistance for AlexRenew residential customers.

The proposed Policy formalizes AlexRenew's current payment assistance options for past due customers, which includes LEAP framework and funding strategies and guidelines for structuring payment plans.

This action supports AlexRenew's strategic goal of Commitment to the Community.

ACTION TAKEN

Approved:

Disapproved:

Approved with Modification:

Modification(s):

City of Alexandria, Virginia Sanitation Authority Board Adopted Policy



Title: Payment Assistance Program Policy

Date of Adoption: September 17, 2024

Date of Revision:

Page 1 of 2

A. Policy Statement

AlexRenew is committed to ensuring that our sewer rates are equitable and affordable. This philosophy is enforced by our Strategic Plan, which includes the goal of “strengthening connections with the public and providing affordable service.” AlexRenew achieves this goal through our Board-adopted policies, budget process, and investment strategies.

B. Policy Purpose

The purpose of this policy is to formalize AlexRenew’s Payment Assistance Program (Program), which is intended to assist customers in maintaining service while managing their financial obligations.

C. Payment Assistance Program

The Program offers two options to assist customers with past-due balances, including payment plans and the Lifeline Emergency Assistance Program.

1. Payment Plans

- a. Payment plans are designed to spread the customer’s outstanding balance over a more manageable period.
- b. Payment plans may be extended up to a 24-month duration depending on the customer’s outstanding balance.
- c. To be eligible, a customer’s account must be past due by 30 days at a minimum.
- d. Customers may enroll by visiting <http://alexrenew.promise-pay.com/> or calling 703-844-0505.
- e. Failure to make payments as scheduled will result in cancellation of a customer’s payment plan and reinstatement of the full balance due.
- f. Customers are no longer eligible following three (3) failed payment plans.

2. Lifeline Emergency Assistance Program

- a. The Lifeline Emergency Assistance Program (LEAP) is designed to provide emergency financial assistance to customers having trouble paying their sewer bills.
- b. LEAP is administered through a partnership with Dollar Energy Fund, a 501(c)(3) nonprofit organization.
- c. LEAP is funded by non-rate revenue sources, which include, but are not limited to, the following:
 - i. Donations, generally;
 - ii. Donations associated with external use of the 6th Floor in AlexRenew’s Environmental Center;

- iii. Opt-in contributions from customer billing;
 - iv. Reimbursements for participation in energy demand reduction programs;
 - v. Contributions for the use of the 5th Floor in AlexRenew's Environmental Center; and
 - vi. Payments resulting from the Billing Services Agreement with the City of Alexandria.
- d. To be eligible, a customer's account must be past due by 60 days at a minimum and have a balance of at least \$100, or \$50 if the customer is 62 or older.
 - e. Customers can enroll by calling (703) 721-3500, emailing billing@alexrenew.com, or by visiting one of our LEAP local community-based partner agencies to apply.
 - f. Eligible customers will receive a maximum credit of \$350 applied directly to their account to cover past-due balances. As additional data is collected on LEAP, this limit may be modified by a Board action without an update to this Policy.
 - g. Assistance is provided on a first-come, first-served basis.



PER- AND POLY-FLUOROALKYL SUBSTANCES (PFAS) OVERVIEW

BOARD OF DIRECTORS MEETING | SEPTEMBER 17, 2024

OUTLINE



01

About PFAS

PFAS overview, history, and cycle in the environment

02

PFAS Regulations

Discussion of PFAS regulations and their potential impact at AlexRenew

03

PFAS Sampling Results

Presentation of AlexRenew's sampling results for PFAS

04

Biosolids Management

Overview of AlexRenew and regional biosolids management

05

PFAS Risk Management

Overview of how AlexRenew is minimizing potential risks associated with PFAS

PER- AND POLY- FLOUROALKYL SUBSTANCES

Human-made

Naturally-occurring PFAS are extraordinarily rare

Do not break down naturally

Extremely strong carbon-fluorine bonds

Widely used in commercial applications

More than 5,000 PFAS compounds

Can have negative human health impacts

PFOA and PFOS have been linked to liver and cardiovascular issues, while the science is evolving on other compounds

PFAS

PFOS perfluorooctanesulfonic acid



PFOA perfluorooctanoic acid



PFAS IN CONSUMER PRODUCTS



Firefighting foams



Water-repellent Clothing



Paint



Stain resistant products



Non-stick cookware



Stain resistant furniture

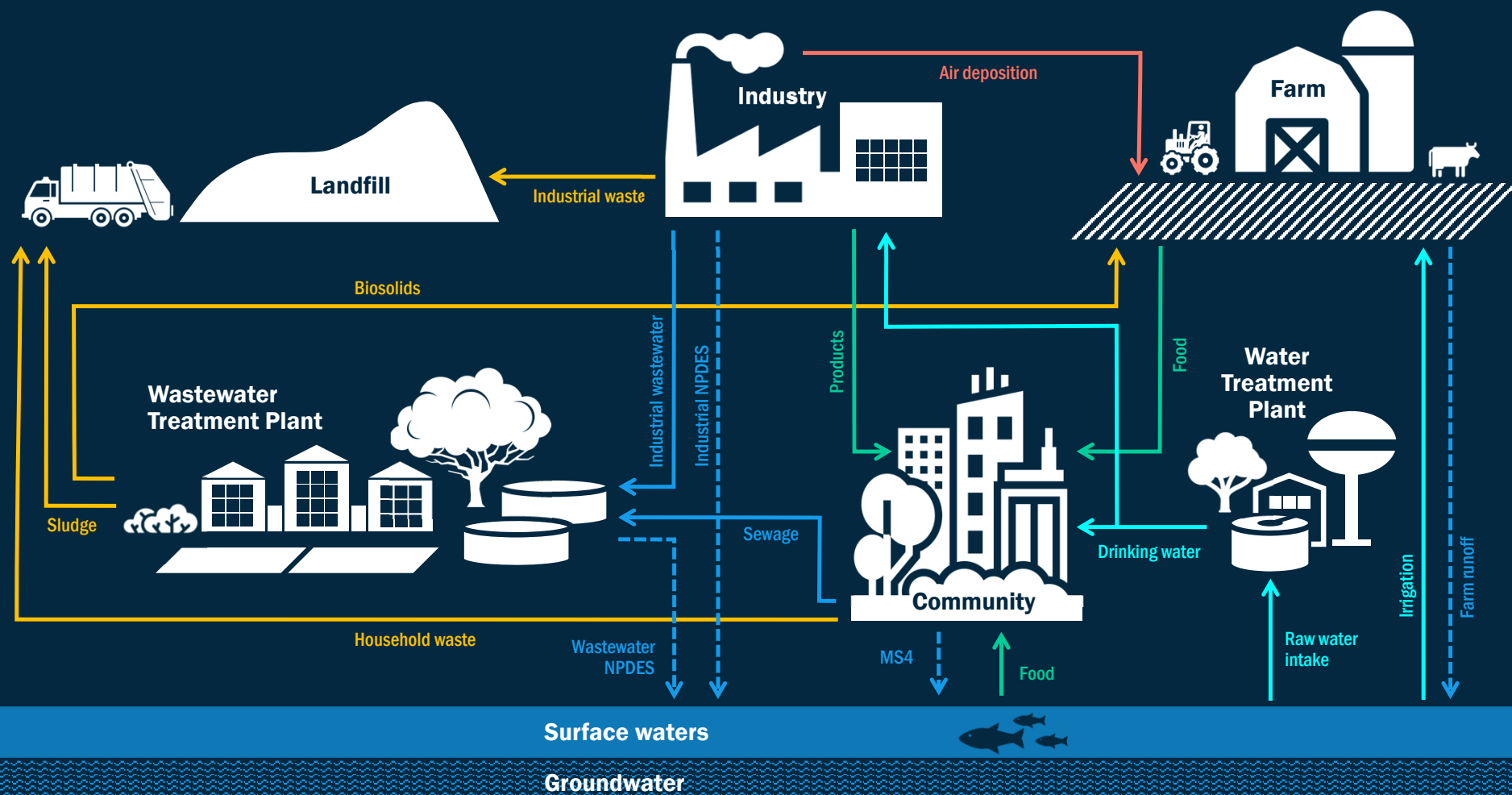


Food packaging



Cosmetics

PFAS CYCLE



PFAS REGULATORY ACTIONS

INFLUENT

EPA National Primary Drinking Water Standards

- / Maximum Contaminant Levels for six PFAS compounds (PFOA, PFOS, PFHxS, PFNA, GenX, mixtures)
- / Solutions must be implemented by 2029

EPA Clean Water Act Pretreatment Program

- / Proposing limits and pretreatment standards for industries that discharge to public wastewater plants (under consideration)

VDEQ Pretreatment Requirements

- / Requires certain industries to test for PFAS and report to public wastewater plants

EFFLUENT

EPA Aquatic Life Water Quality Criteria

- / Proposing water quality standards for PFAS compounds (under consideration)

BIOSOLIDS

EPA Biosolids Regulations Revisions

- / Developing risk assessment for PFOA and PFOS (anticipated Fall 2024)

CERCLA

- / Designates PFOA and PFOS as hazardous substances

POTENTIAL IMPACTS OF PFAS REGULATIONS ON ALEXRENEW

Reduce the amount of PFAS in WRRF influent

Drinking water regulations and pretreatment guidance will decrease the concentrations of PFAS compounds entering the WRRF

Improve the understanding of PFAS in the water cycle

National sampling studies will provide more data to help prioritize investments where they are needed

Drive towards new PFAS removal and treatment technologies

Stricter biosolids standards will require higher levels of treatment



ALEXRENEW WRRF TREATMENT PROCESSES

Tertiary

RiverRenew

Preliminary and
Primary

Nutrient
Management
Facility

Secondary and Biological
Nutrient Removal

Solids

UV and
Post-Aeration

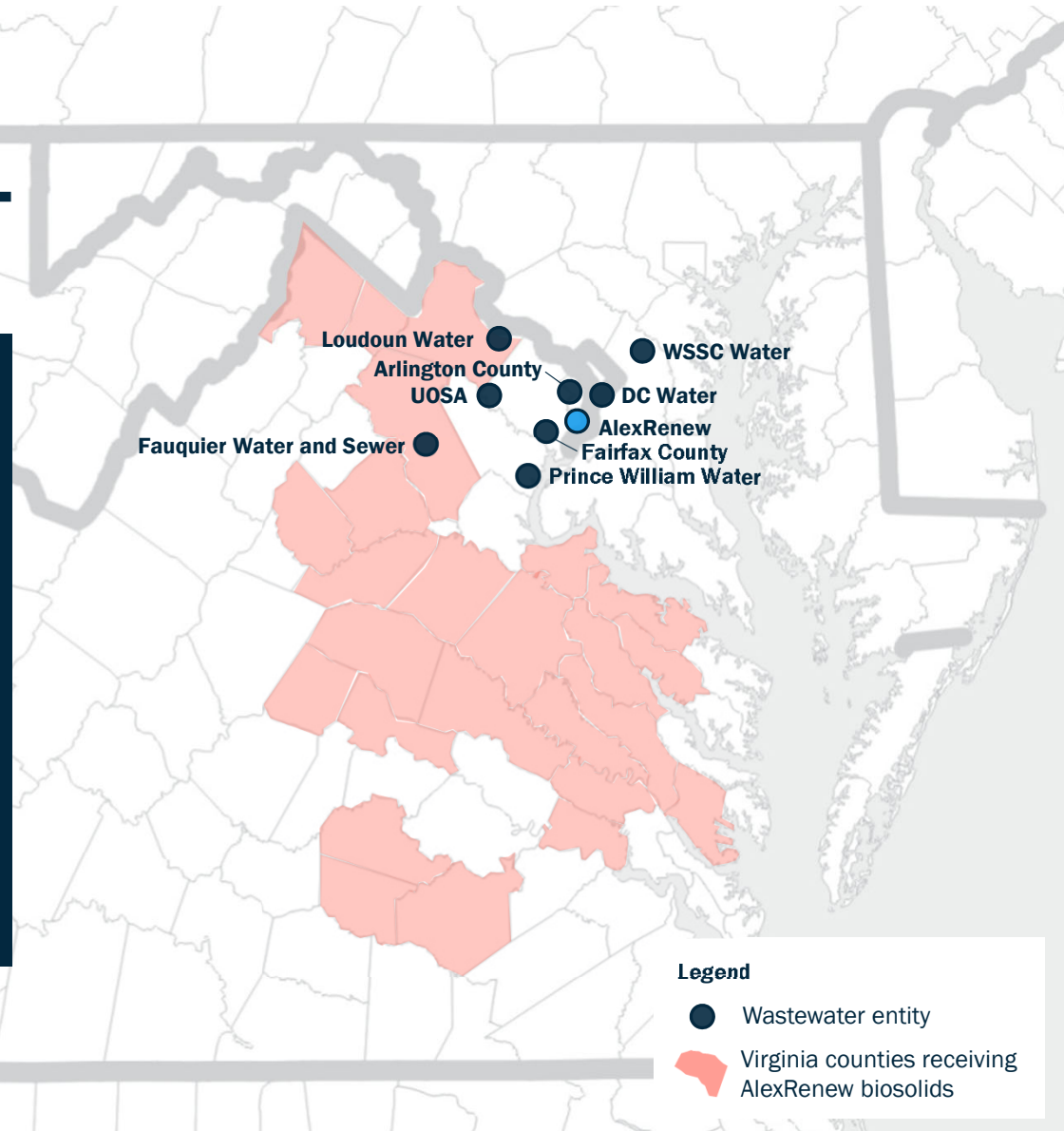


REGIONAL WASTEWATER BIOSOLIDS MANAGEMENT

Current and Future End Use for Regional Wastewater Biosolids Management

	Current End Use	Current Amount (1) (Wet Tons Per Year)	Future End Use (10-year)
AlexRenew	Class B Cake	21,873	Class A Pellets
Arlington County	Class B Cake	34,996	Class A Cake
DC Water	Class A Cake	153,108	Class A Cake
Fairfax County	Incinerator Ash	61,243	Incinerator Ash
Fauquier Water and Sewer	Class B Cake	2,598	Class B Cake
Loudoun Water	Class B Cake	13,124	Class A Pellets
Prince William Water	Incinerator Ash	34,996	Incinerator Ash
UOSA	Class A Pellets	8,749	Class A Pellets
WSSC Water	Class B Cake	109,363	Class A Cake

Note:
(1) Average biosolids production from 2019 and 2020



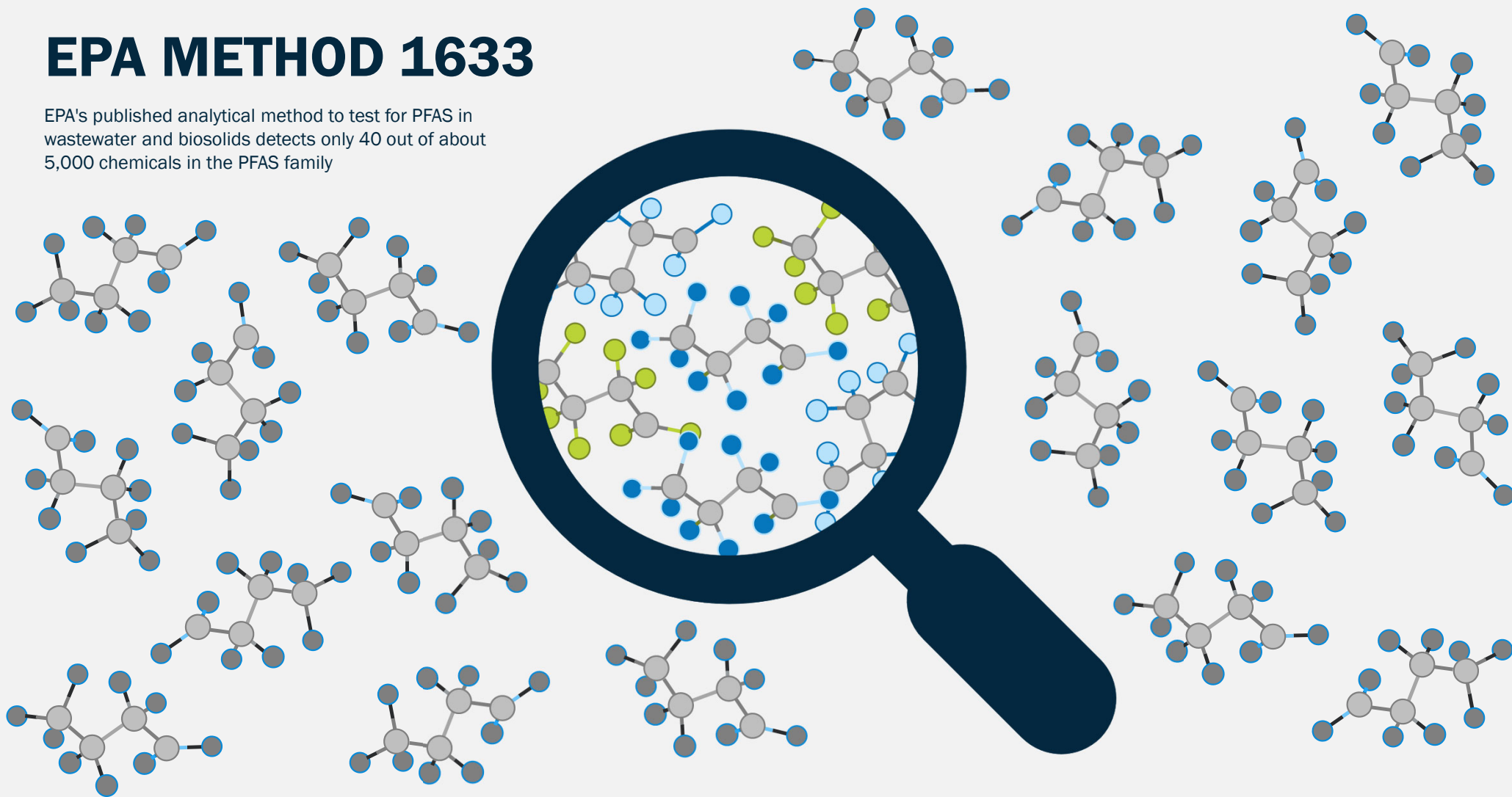
ALEXRENEW BIOSOLIDS DISPOSAL COSTS



	Land Application Cost	Landfill Disposal Cost	Hazardous Disposal Cost
Per Ton	\$45	\$180	\$380
Per Year	\$1,061,055	\$4,244,220	\$8,960,020

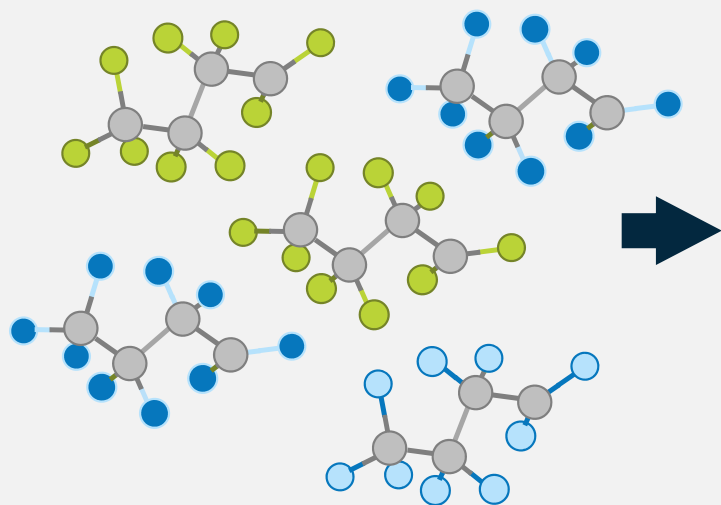
EPA METHOD 1633

EPA's published analytical method to test for PFAS in wastewater and biosolids detects only 40 out of about 5,000 chemicals in the PFAS family



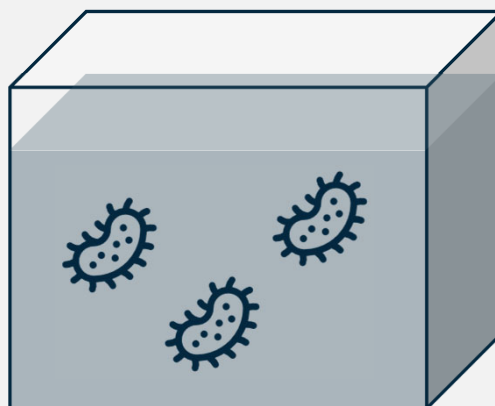
PFAS IN WASTEWATER BIOLOGICAL PROCESSES

Biological processes in wastewater treatment plants can transform PFAS into compounds that are detectable by EPA's analytical method, leading to a higher detectable effluent PFAS concentration than influent



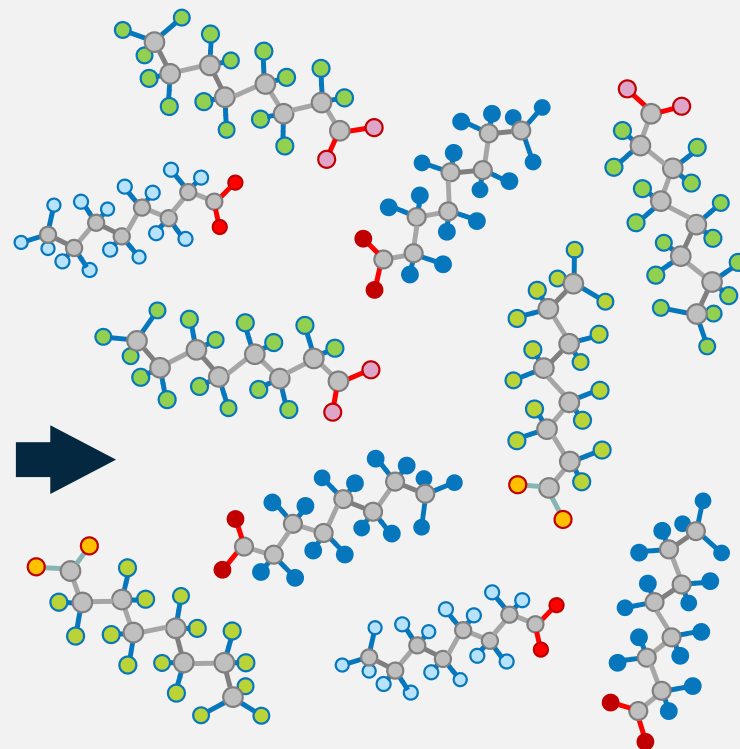
Influent

Short-chain detectable and non-detectable PFAS compounds



Wastewater biological process

PFAS compounds can undergo transformations, breaking down from non-detectable compounds into more stable, detectable long-chain PFAS compounds



Effluent

It is common to see a greater number and concentration of long-chain PFAS compounds in wastewater effluent than influent

ALEXRENEW PFAS SAMPLING RESULTS

AlexRenew PFAS Sampling Results, June 2024 (1)

Parameter	Influent	Effluent	Biosolids
# detected (out of 40)	5	10	7
Total PFAS Concentration	41.1 ng/L	78.8 ng/L (2)	83.0 ng/g
Most abundant compounds	PFHxA, PFPeA	PFPeA	5:3 FTCA

Notes:

(1) AlexRenew samples analyzed using EPA Method 1633

(2) Draft EPA Aquatic Life Water Quality Criteria set PFOA and PFOS concentrations at 94,000 ng/L 8,400 ng/L, respectively

Abbreviations:

ng/L nanogram per liter

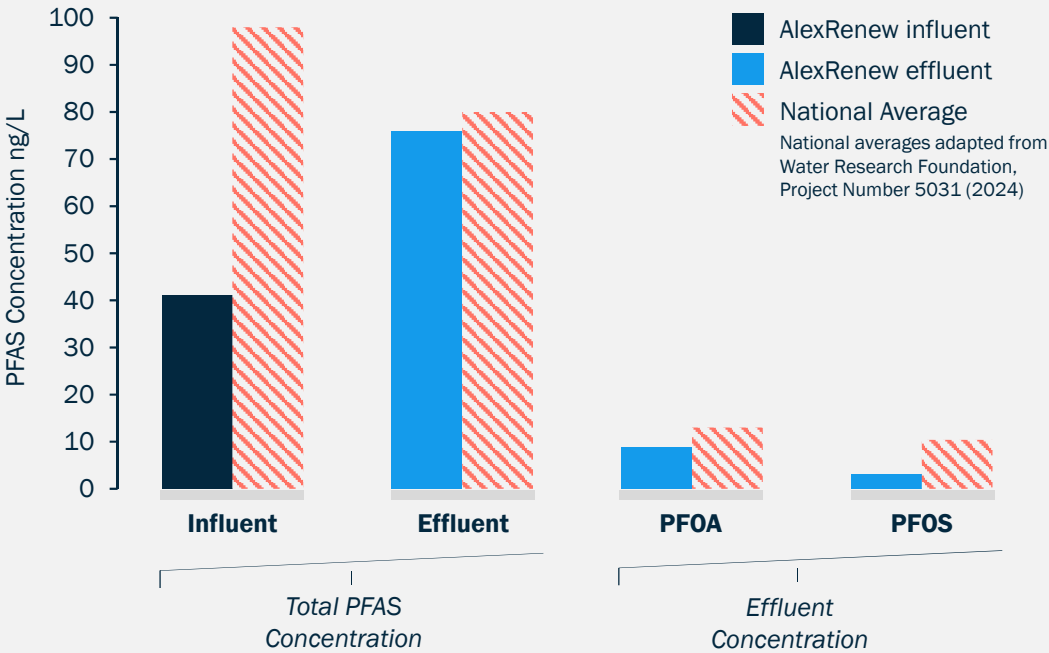
ng/g nanogram per gram

PFHxA perfluorohexanoic acid

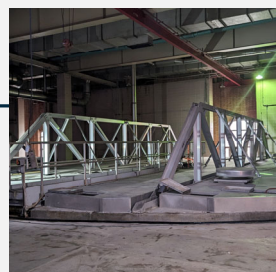
PFPeA perfluoropentanoic acid

5:3 FTCA 2H, 2H, 3H, 3H-perfluorooctanoic acid

AlexRenew PFAS Sampling Results Compared to the National Average



PFAS RISK MANAGEMENT AT ALEXRENEW



Source Control

Work with local industries to identify sources and develop mitigation measures

Monitoring

Continue monitoring program to better understand PFAS at AlexRenew's WRRF

Biosolids

Implement the Solids Upgrade Program to address future PFAS regulations

Research

Continue to support new research and PFAS treatment technologies

Partnerships

Participate in local and national work groups to share knowledge and best practices





WELLNESS PROGRAM OVERVIEW

BOARD OF DIRECTORS MEETING | SEPTEMBER 17, 2024



THRIVING WORKFORCE

Investing in our staff
and fostering a
culture of belonging



OUTLINE

01 Wellness Program

Overview of AlexRenew's Wellness Program, which focuses on the health and well-being of our employees and their families

02 Wellness Month

October is Wellness Month at AlexRenew! Overview of activities and Wellness Fair

03 Wellness Program Benefits

Discussion of metrics and benefits associated with AlexRenew's Wellness Program

WELLNESS PROGRAM FOCUS AREAS

At AlexRenew, we are committed to the health and wellness of our employees and their families. The Wellness Program is designed to promote overall well-being by providing employees with opportunities and resources to bring their best selves to work.



WELLNESS PROGRAM INITIATIVES



Incentives



Wellness Month



Wellness Challenge



Webinars



Mental Health

EAP

Employee Assistance



Stress Free Days

OCTOBER IS ALEXRENEW WELLNESS MONTH

Throughout October, AlexRenew promotes the overall well-being for all employees through engaging activities and resources.



Wellness Fair. October 24,
11:30am – 2:30pm



Walktober Steps Challenge



Food Drive

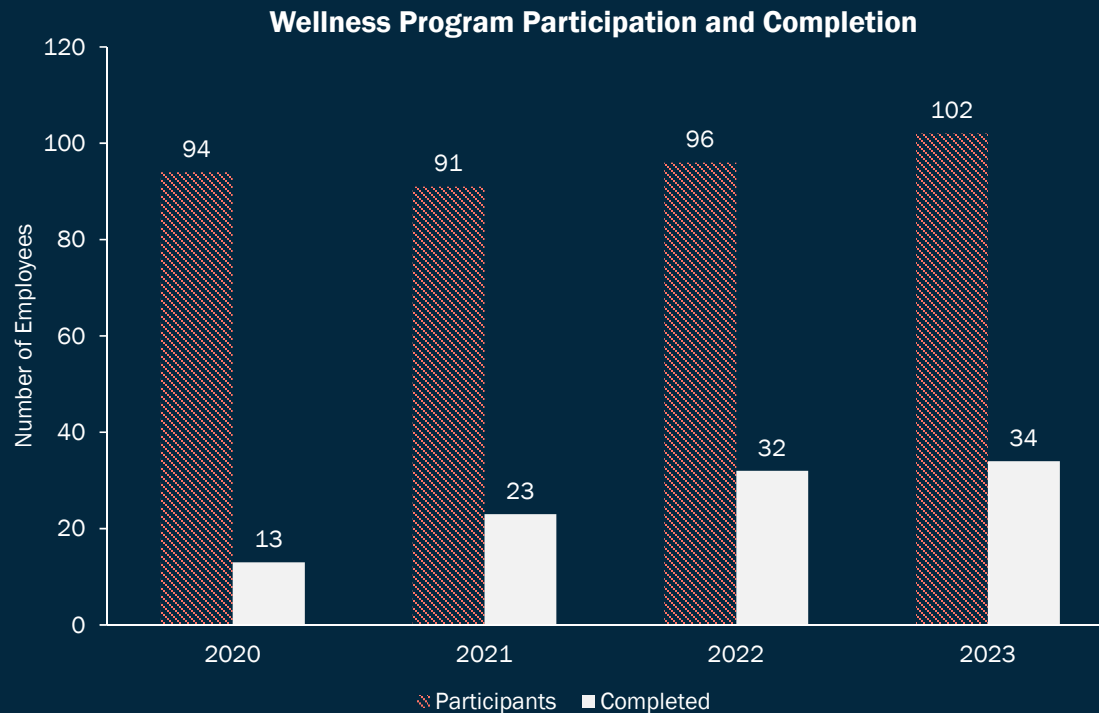


Webinars



Targeted Communications

WELLNESS METRICS



Year over year more employees complete the wellness program and earn the award.

- / Employee participation in the Wellness Program is over 80%
- / On average, about 30% of employees complete the Wellness Program
- / About 50% of employees complete a biometric screening
- / Average attendance at the Wellness Fair is over 60 employees, of which, 52% get one or more vaccine
- / The top 3 health risks identified for AlexRenew include body mass index, blood pressure, and LDL cholesterol

WELLNESS PROGRAM BENEFITS

Lowers Healthcare Costs

by promoting preventive care and healthy habits

Improves Employee Health

by promoting healthier lifestyle choice and promoting overall well-being

Enhances Employee Engagement and Moral

by encouraging participation in wellness program activities

Improves Workplace Culture

by providing resources that help foster a positive work environment where employees feel supported and motivated held in 2021.

Increases Employee Resilience and Stress Management

by providing benefits and resources that aid employees manage stress and build resilience







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MEMORANDUM

TO: AlexRenew Board of Directors

FROM: Justin Carl, General Manager and CEO

DATE: September 17, 2024

SUBJECT: New Business, Joint Use
Adopt a Resolution to Use Design-Build for the Tertiary Systems Upgrade Project

Issue

Virginia Code §2.2-4303 requires the Board of Directors' (Board) to adopt a resolution for the use of construction management or design-build on a per project basis in advance of issuing a Request for Qualifications.

Recommendation

Staff respectfully requests the Board adopt the attached 'Resolution Approving the Use of Design-Build for the Tertiary Systems Upgrade Project.'

Budget and Funding

Not applicable.

Discussion

AlexRenew operates a state-of-the-art wastewater treatment plant with strict permit limits for nitrogen, phosphorus, suspended solids, and other pollutants to meet reductions set by the Chesapeake Bay Total Maximum Daily Load. To achieve these reductions, AlexRenew's treatment plant uses primary, secondary, and tertiary treatment systems.

AlexRenew's tertiary treatment system includes a series of plate settlers, settling tanks, mixed-media filters, valving, pumps, and complex control networks. These processes are crucial to achieving AlexRenew's permit requirements and reducing turbidity prior to UV disinfection. The system was initially constructed in 1975 and received upgrades in 1985 and 2004. The system's equipment is reaching the end of its expected useful life and engineering assessments have identified several upgrades necessary to maintain its level of service and improve reliability.

The Tertiary Systems Upgrade Project (Project) will rehabilitate and upgrade the tertiary settling tanks and tertiary effluent filters. Upgrades to the eight (8) tertiary settling tanks include concrete repairs; the replacement of stop plates, gates, valves, piping systems, mixers, flocculators, chain and flight systems; and improvements to the instrumentation and controls system. Upgrades to the 22 effluent

filters include concrete repairs; replacement of filter media, valves, and piping systems; and cleaning of the underdrain system. Work on the Project must be completed while the plant remains active, requiring detailed safety plans, confined space entry, maintenance of flow designs, coordinated site utilization plans, and active coordination with other projects to ensure the plant's level of service is always maintained.

Given the Project's complexity, design-build offers significant advantages over traditional design-bid-build project delivery, as outlined in the following factors:

- **Consideration of non-price factors.** Consideration of non-price factors during the selection process allows AlexRenew to evaluate the contractor's experience in performing similar work, assess the contractor's approach to perform the work, and review the contractor's safety record, ensuring the procurement of a highly qualified contractor.
- **Early contractor engagement.** Early contractor engagement ensures that the contractor is part of the design process which allows contractor feedback on contract requirements and input on design development, mitigating the potential risk of costly change orders.
- **Collaboration between owner, designer, and contractor.** Design-build supports a collaborative approach between the owner, designer, and contractor to plan and execute the work in a way that reduces risk to AlexRenew's operations and is constructable and safe; ensuring plant performance and permit compliance.
- **Schedule acceleration.** Design-build offers a single procurement process and the ability to advance design and construction activities concurrently. This accelerates the Project's schedule, minimizing the risk of equipment downtime that currently occurs due to the complexity and age of the equipment.
- **Greater trust and transparency.** Open book cost estimating creates more trust and transparency among all parties, leading to better project outcomes.
- **Greater price certainty.** Design-build offers greater price certainty at an early design phase (60-90% design) leading to more accurate cash flows and budgets, necessary for reliable and predictable funding.

This action supports AlexRenew's strategic goal of Operational Excellence.

ACTION TAKEN

Approved: _____

Disapproved: _____

Approved with Modification: _____

Modification(s): _____



Resolution Approving the Use of Design-Build for the Tertiary Systems Upgrade Project

WHEREAS, Virginia Code Ann. § 2.2-4382 (2024) requires a local public body to adopt a resolution for the use of construction management or design-build on a per project basis in advance of issuing a Request for Qualifications; and

WHEREAS, AlexRenew operates a state-of-the-art wastewater treatment plant with strict permit limits for nitrogen, phosphorus, total suspended solids, and other pollutants to meet reductions set by the Chesapeake Bay Total Maximum Daily Load;

WHEREAS, AlexRenew leverages a third, highly-automated advanced treatment stage, consisting of a series of plate settlers, settling tanks, 22 mixed-media filters, valving, pumps, and complex control networks (the “Tertiary System”) to meet its strict permit limits;

WHEREAS, Tertiary System upgrades are required to ensure the reliability, functionality, and level of service of the wastewater plant;

WHEREAS, Tertiary System upgrades must be completed while the wastewater plant remains active and access to the system is constrained, requiring complex siting arrangements for cranes, construction equipment, and plant traffic;

WHEREAS, construction activities and shutdowns associated with Tertiary System upgrades present risk to plant operations, level of service, safety, and permit compliance;

WHEREAS, project delivery through the traditional design-bid-build method presents the following risks to the Tertiary System upgrades:

- The competitive sealed bidding process (low bid) results in the selection of a contractor lacking technical competence to complete the work; causing delays, increased cost, and permit violations;
- The lack of contractor engagement during the design process results in differing expectations in contract requirements leading to increased change orders and cost;
- The linear competitive sealed bidding process presents the longest project schedule, delaying the necessary upgrades and risk of permit compliance;
- Bidding separate design and construction contracts increases cost and burden associated with staff administration;

WHEREAS, design-build project delivery reduces risk to the Tertiary System upgrades by:

- Considering non-price factors in selection, allowing AlexRenew to evaluate the experience and approach of contractors, ensuring a highly qualified contractor performs the work;
- Supporting early contractor engagement during the design process to provide feedback on contract requirements, mitigating the potential for costly change orders;

- Developing a collaborative environment between the owner, designer, and contractor to ensure the work is constructable, safe, and maintains plant level of service and permit compliance;
- Promoting trust and transparency in pricing through open book cost estimating;
- Providing greater price certainty at an early design phase leading to more accurate cash flows and budgets, necessary for reliable and predictable funding;
- Accelerating project schedule through a single procurement process and advancing design and construction activities concurrently;

WHEREAS, for the reasons stated above design-build is more advantageous than design-bid-build for the Tertiary Systems upgrades;

WHEREAS, the Request for Qualifications for the Tertiary Systems Upgrade Project will be issued in February 2025; and

WHEREAS, procurement for the Tertiary Systems upgrades will follow the requirements outlined in Virginia Code Ann. § 2.2-4382 and AlexRenew's 'Procedures for the Procurement of Construction Management At-Risk and Design-Build.'

NOW, THEREFORE, BE IT RESOLVED that the AlexRenew Board of Directors authorizes the use of design-build for the procurement and delivery of the Tertiary Systems upgrades.

Given under my hand on this 17th day of September 2024.

John B. Hill

Chair, AlexRenew Board of Directors



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: August 1-31, 2024

This report represents a summary of AlexRenew's progress toward its strategic goals – Operational Excellence, Thriving Workforce, Strategic Partnerships, Environmental Sustainability, and Commitment to the Community for August 2024.

1 Operational Excellence

Performance of AlexRenew's operations is reviewed and evaluated monthly to oversee operational excellence and the proactive steps to meet current and future challenges.

1.1 Water Resource Recovery Facility (WRRF) Performance

Precipitation for August was 4.58 inches of rain which is above the historical average precipitation of 3.25 inches for the month.

AlexRenew met all Virginia Pollutant Discharge Elimination System (VPDES) effluent parameters for August 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	32.7	<QL	3.3	0.06	0.08	7.2	2.4	185,399	5,965

Notes: (1) Ammonia has seasonal limits April – October: 1.0 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. To date, a total of \$2.1 million of work has been completed under the JOC contracts. Table 1.2 summarizes the status of JOC task orders.

Table 1.2. Summary of JOC Task Orders

Task Order	Estimate	Status
Four Mile Run Pumping Station Valve Modifications	\$480,000	Work ongoing
Tertiary Settling Tank Valve Replacement	\$425,000	Work ongoing
WRRF General Housekeeping	\$350,000	Work ongoing
BRB Mixing System Improvements	\$200,000	Completed
Building A Flare System Repairs	TBD	Scoping
Environmental Center Improvements	\$200,000	Work ongoing
Primary Sludge Pump Upgrades	TBD	Scoping
Digester Gas Mixing Compressors	TBD	Scoping
Plant Air Compressor Upgrades	\$645,000	Work ongoing
Primary Sludge Loop Cleaning and Valve Replacements	\$300,000	Work ongoing
Building L W1 Booster Pump Skid Replacement	\$265,000	Work ongoing
WRRF Tank Access Improvements	\$450,000	Work ongoing
Sodium Hypochlorite System Repairs	TBD	Scoping
Building M Fire Suppression System Upgrades	TBD	Scoping
Grit Channel Repairs	TBD	Scoping
Potomac Yard Pumping Station Repairs	\$225,000	Work ongoing
Ferric Chloride Pump Replacement	\$100,000	Work ongoing
Sludge Sample Line Improvements	\$50,000	Work ongoing

1.3 RiverRenew

Updates on RiverRenew are outlined in the RiverRenew Dashboard.

1.4 Additional Capital Projects

On August 16, AlexRenew issued a request for proposals (RFP) to procure basic ordering agreements for engineering services to support implementation of AlexRenew capital improvement program (CIP) and improvement, renewal, and replacement (IRR) program.

On August 20, AlexRenew issued an invitation to bid (ITB) for the Environmental Center 5th Floor Build-out Project.

2 Thriving Workforce

Efforts toward the thriving workforce strategic goal are highlighted monthly to report progress in investing in our staff and fostering a culture of belonging.

In August, AlexRenew held its quarterly all-staff meeting, which included a focused team building activity.

Since August 3, 2023, AlexRenew has logged 230,312 hours without a lost time accident.

3 Strategic Partnerships

AlexRenew continues to foster strategic partnerships that promote watershed-level thinking through collaboration and advocacy.

On August 15, staff presented on AlexRenew's community outreach efforts to participants in Virginia Department of Environmental Quality's Virginia Environmental Excellence Program (VEEP). On August 28, staff presented on RiverRenew's funding strategy at the Chesapeake Tri-association Conference.

On August 1, AlexRenew hosted City staff from the Department of Transportation and Environmental Services for a plant tour.

4 Environmental Sustainability

Each month, progress is reported on AlexRenew's work toward environmental sustainability, with the goal of being good stewards of our resources to minimize our impact on the environment.

AlexRenew produced 2,104 wet tons of biosolids that were beneficially reused on farms in the Virginia counties of Fauquier and King George.

AlexRenew recycled 94.3 million gallons of water to support its operations. Plant processes used 1.68 million standard cubic feet of biogas produced on-site in the anaerobic digesters.

5 Commitment to the Community

Each month, progress is reported on AlexRenew's work toward strengthening connections with the public and providing affordable service.

5.1 FY2025 Operating and Capital Budget – Revenues and Expenses

Performance of AlexRenew's annual approved budget is reviewed and evaluated monthly to ensure overall organizational financial stability.

Table 5.1 summarizes AlexRenew revenues and expenditures for this period, including the following major takeaways:

- Wastewater Treatment Charge revenues (\$11.4 million) are trending slightly higher than projections;
- Operating and maintenance expenses are trending slightly below projections; and
- Total expenses (\$27.9 million) are currently trending lower than the budgeted expenses primarily due to the timing of capital expenditures. This timing also impacts debt proceed revenues (\$10.8 million), which are lower than budgeted as most current capital expenditures are funded through debt.

Table 5.1. Revenues and Expenses for through August 2024

Revenues and Expenditures	Total FY2025 Budget	FY2025 To-Date	% of Budget To-Date	% of FY2025 Completed	Total FY2025 Projected
Revenues					
Wastewater Treatment Charge	60,420,321	11,373,480	19	17	60,500,000
Fairfax Operating Expense Charge	12,838,293	2,139,716	17	17	12,700,000
Fairfax IRR* and Capital Contributions	40,753,072	3,592,982	9	17	30,000,000
Debt Proceeds and Other Sources	118,784,403	10,792,401	9	17	103,600,000
Total Revenues	232,796,090	27,898,579	12	17	206,800,000
Expenditures					
Operating and Maintenance	35,295,594	5,332,634	15	17	34,500,000
Parity Debt Service	22,290,196	3,380,345	15	17	20,300,000
IRR*	11,755,900	1,735,270	15	17	11,800,000
Capital	163,454,400	17,450,330	11	17	140,200,000
Total Expenditures	232,796,090	27,898,579	12	17	206,800,000

*IRR: Improvement, Renewal, and Replacement

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 5.2a and 5.2b.

Table 5.2a. Cash Reserves

Item	FY2025 Budget	FY2025 Annualized	Percentage of Goal
Total Operating Cash	\$5,802,015	\$10,460,410	180%
Total General Reserve Sub-Fund Cash	\$5,802,015	\$5,802,015	100%
Total	\$11,604,030	\$16,262,426	140% (168 days)

Table 5.2b. Debt Service Coverage

Item	FY2025 Budget	FY2025 Annualized
Total Revenues	\$74,158,614	\$74,782,779
Less Operating Expenses	(\$35,295,594)	(\$34,500,000)
Net Revenue	\$38,863,020	\$40,282,779
Annual Debt Service	\$22,290,196	\$20,300,000
Calculated Coverage	1.75 times	1.98 times

5.2 Status of Customer Delinquencies

Figure 5.1 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 867, a decrease of 45 accounts month-over-month;
- The total dollar amount owed to AlexRenew from these accounts totaled \$1,153,160, an increase of \$31,257 month-over-month; and
- Approximately 60 percent of the delinquency value is from residential accounts.

Throughout August, AlexRenew continued its communications campaign around payment plans. As of August 31, AlexRenew had 501 accounts enrolled in payment plans, representing \$628,723 in scheduled payments. This value represents more than 50% of the current (August) arrearage.

AlexRenew disconnected 39 customers for nonpayment in August. Five (5) of these customers paid their outstanding balance in full and 32 enrolled in payment plans.

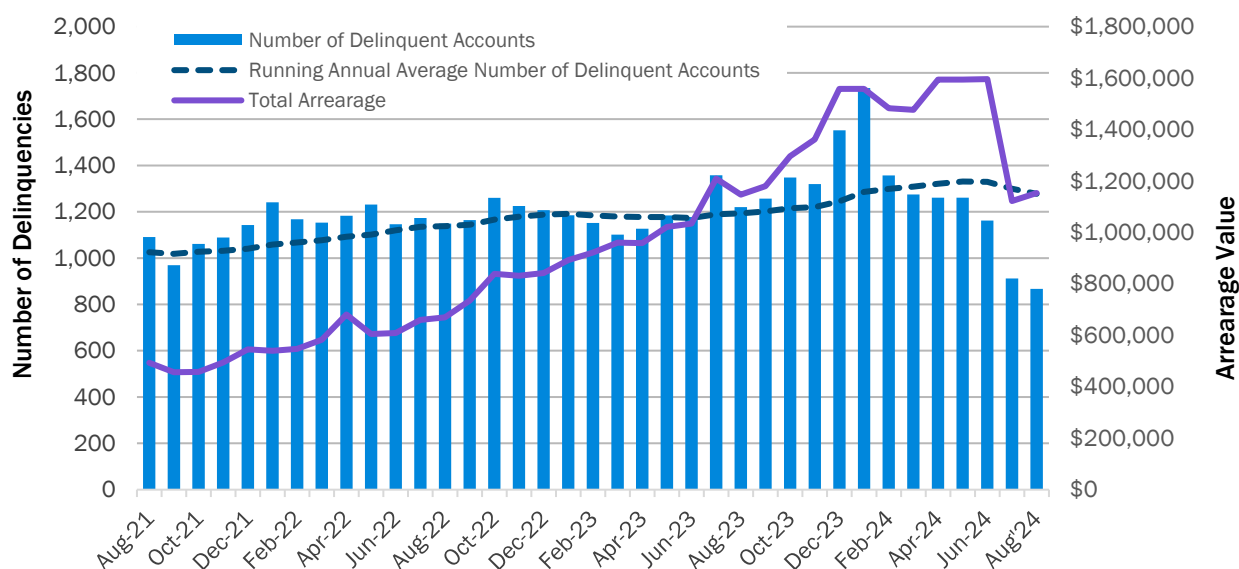


Figure 5.1. Active Accounts 60 or more days Delinquent

5.3 Customer Service and Community Engagement

AlexRenew shares a monthly summary of its community engagement and customer service statistics to highlight its contributions toward its commitment to engagement and trust.

AlexRenew welcomed an estimated total of 465 visitors from the following organizations that hosted meetings on the 6th floor of the Environmental Center in August: Alexandria A Capella Collective (80), Chesapeake Bay Foundation (40), Alexandria City Public Schools (165), Alexandria Soccer Association (60), Water Environment Federation (15), City of Alexandria (20), Alexandria City Chapter of Top Ladies

AlexRenew customer service received a total of 1,029 calls. Average wait time before calls were answered was 6 seconds. Call center staff answered 463 emails.

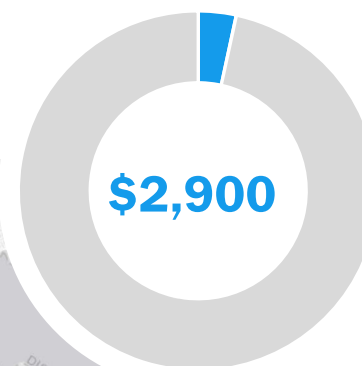
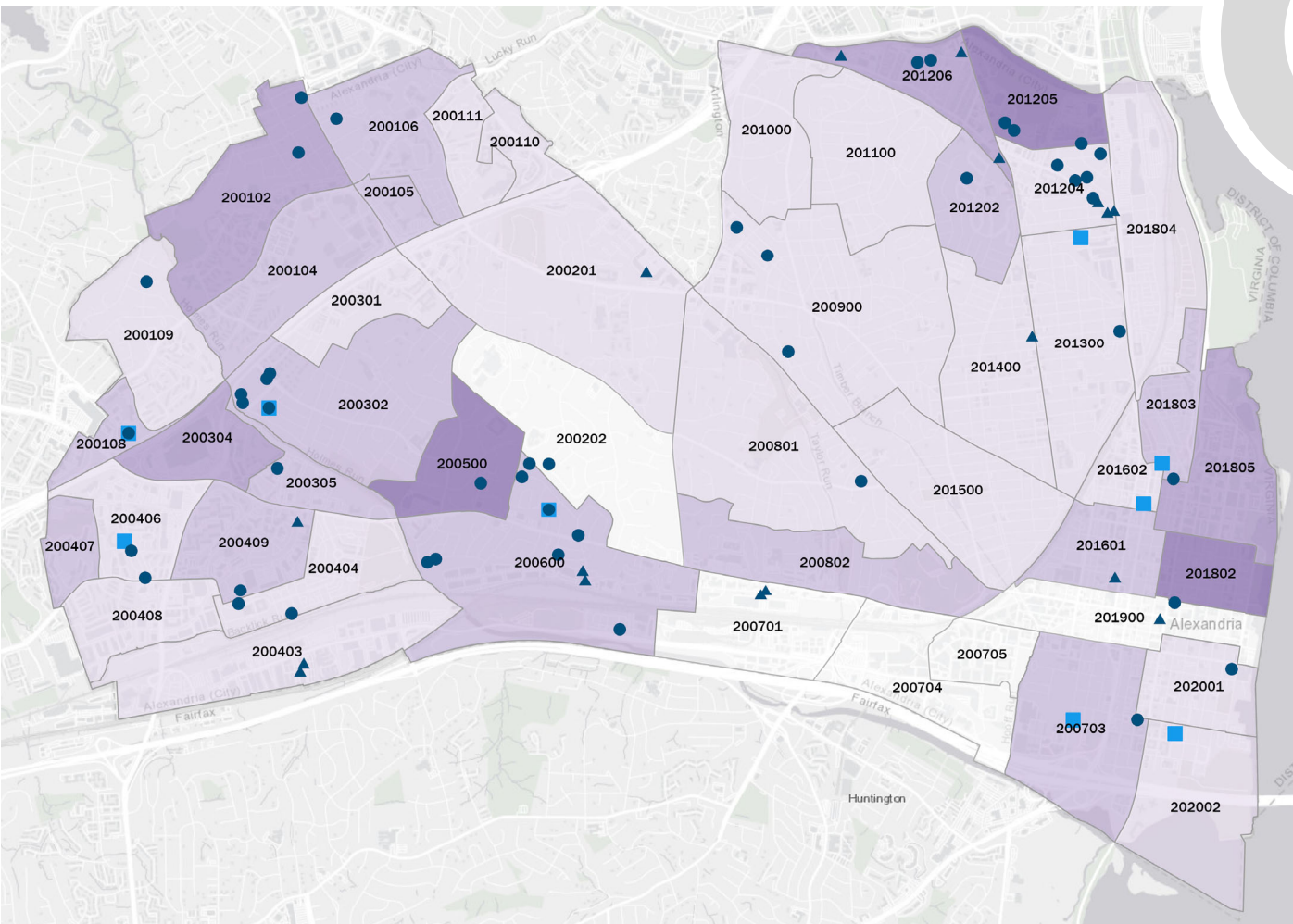
5.4 Lifeline Emergency Assistance Program (LEAP)

Updates on LEAP are outlined in the LEAP Dashboard.



Dashboard

August 31, 2024



Expended
To-Date

\$67,794
Remaining



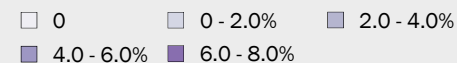
Customers Assisted



**Service Disconnections
for Nonpayment**

Legend

Percentage of Households Receiving SNAP

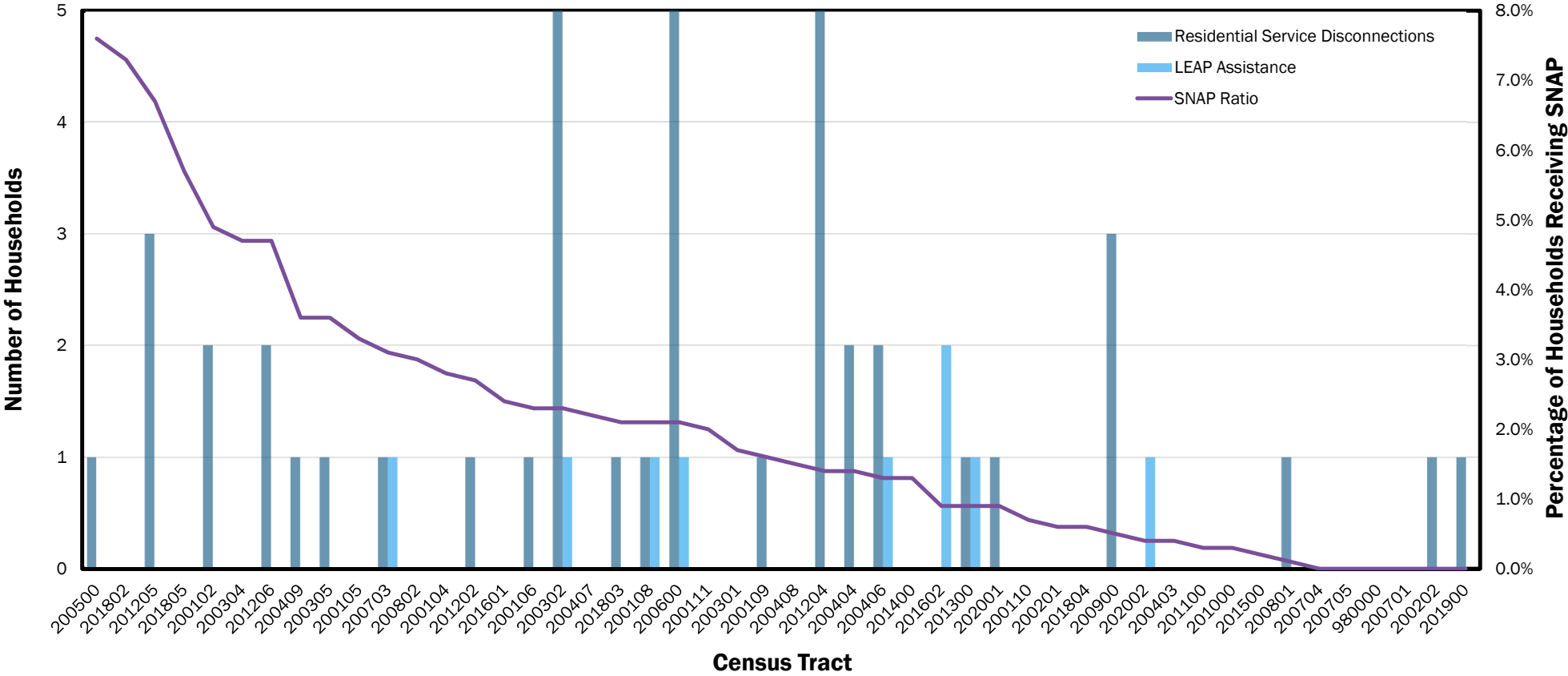


Averages: U.S. (12.5%); Virginia (3.0%); Alexandria (2.2%)

- Residential disconnections
- ▲ Commercial disconnections
- Residential customers receiving LEAP assistance

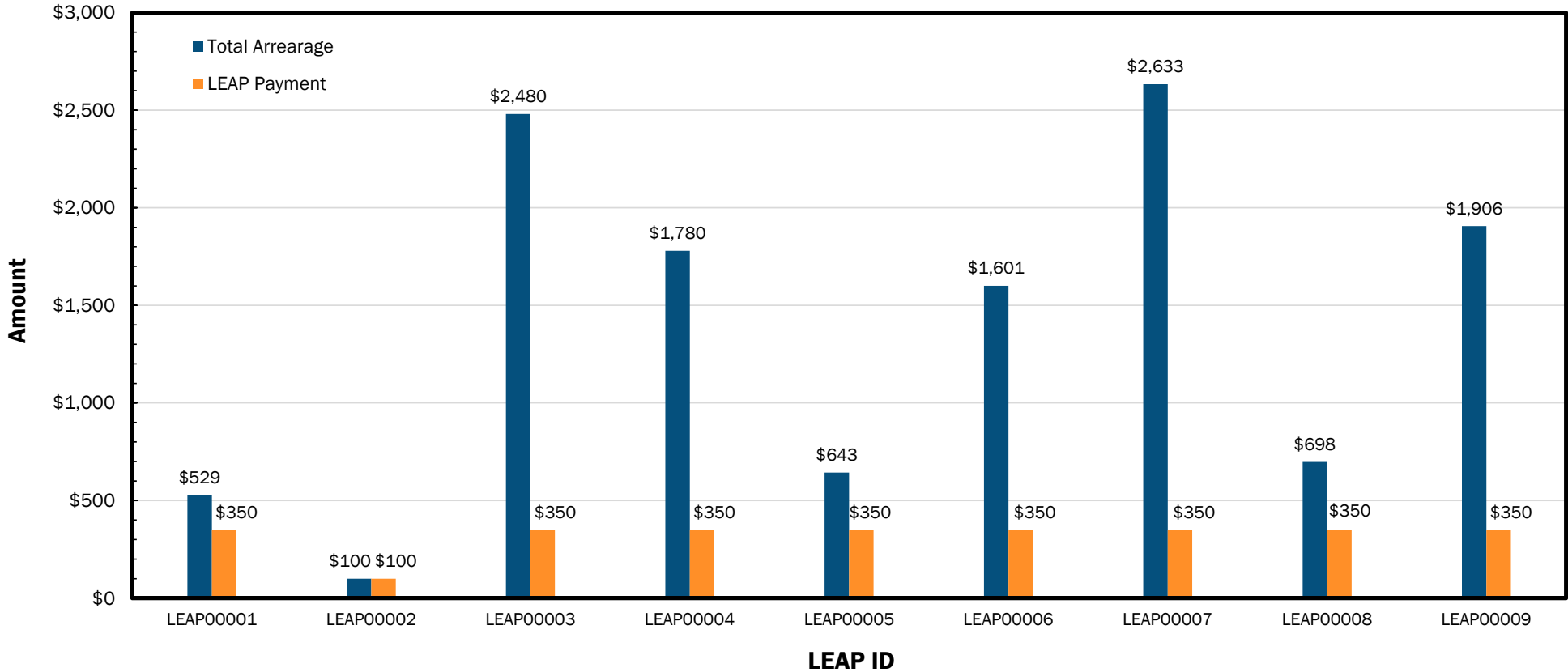
LEAP Assistance, Service Disconnections, and SNAP Ratio by Census Tract

August 31, 2024



LEAP Disbursements and Remaining Arrearage by Account

August 31, 2024



RiverRenew Board of Directors Dashboard



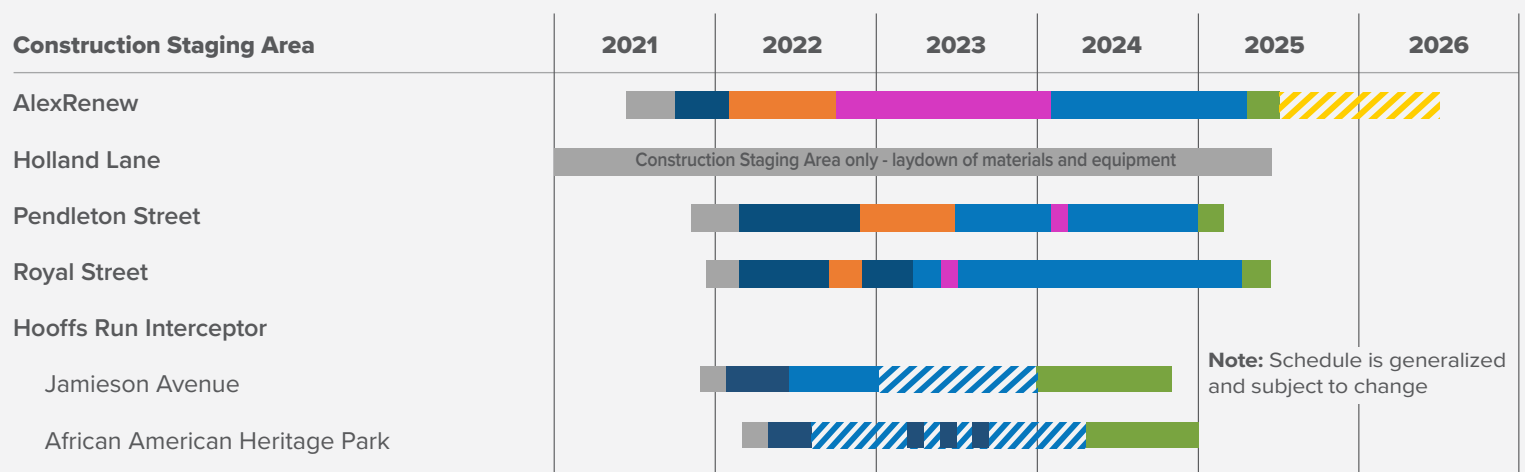
MONTH ENDING: AUGUST 31, 2024

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



Site Preparation Support of Excavation Excavation Permanent Structures Restoration Tunneling Cut and Cover Project Extension

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.
3/2024	Legislation to extend the project's statutory deadline by one year to July 1, 2026 signed into law on 3/8/24 (SB372) and 3/20/2024 (HB71).

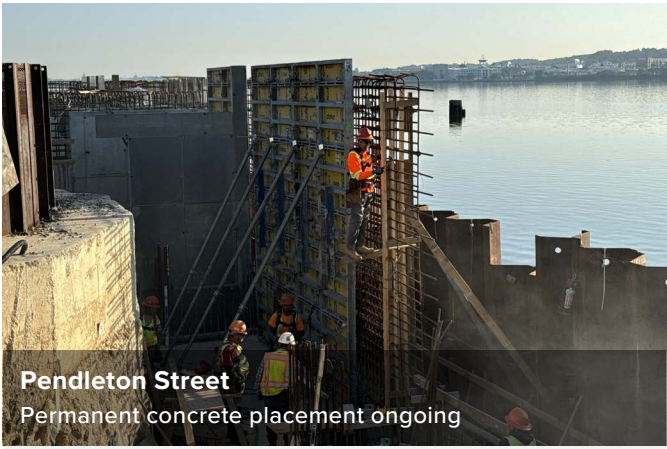
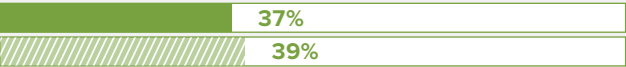
RiverRenew Tunnel Project Design-Build Progress

Overall Project Progress

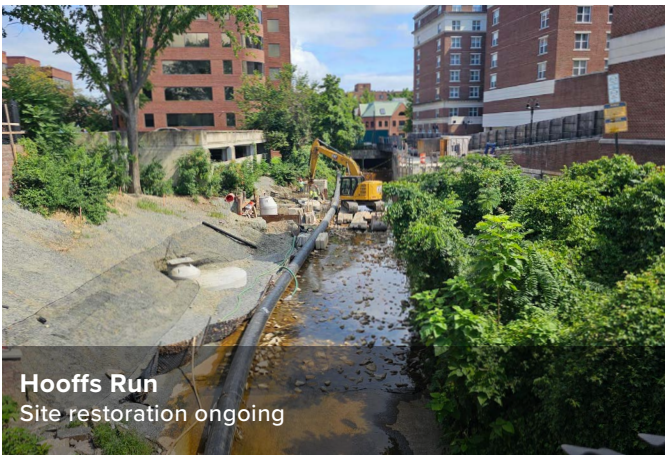
(Design and Construction)



Construction Progress*



Construction Progress*



Construction Progress*



Construction Progress*



LEGEND: ■ Actual Progress ▨ Planned Progress

Actual Progress as of August 31, 2024. *The planned progress for each construction staging area reflects the Design-Builder's schedule as of August 2024.

RiverRenew Tunnel Project

Six-Month Look-Ahead

Work Hours

NORMAL WORK HOURS

Pendleton Street	7 a.m. – 6 p.m.
Royal Street	24/7
Hooffs Run	7 a.m. – 6 p.m.
AlexRenew	24/7

Community Outreach

Event	Date
Pendleton Street Community Listening Session	Sept 16, 2024
Royal Street Community Listening Session	Sept 18, 2024
2024-2025 RiverRenew SAG Meeting No. 3	Sept 19, 2024

Pendleton Street

MAJOR WORK ACTIVITIES

Activity	Date
Pile driving	Ongoing through Sept 2024
Permanent concrete structures construction	Ongoing through Winter 2024

Hooffs Run

MAJOR WORK ACTIVITIES

Activity	Date
North of Jamieson Ave	
Site restoration	Ongoing through Fall 2024
African American Heritage Park	
Site restoration	Ongoing through Fall 2024

Royal Street

MAJOR WORK ACTIVITIES

Activity	Date
Excavation for diversion facility	Ongoing through Fall 2024
Permanent concrete structures construction	Ongoing through Spring 2025
Permanent drop shaft concrete construction	Ongoing through Spring 2025

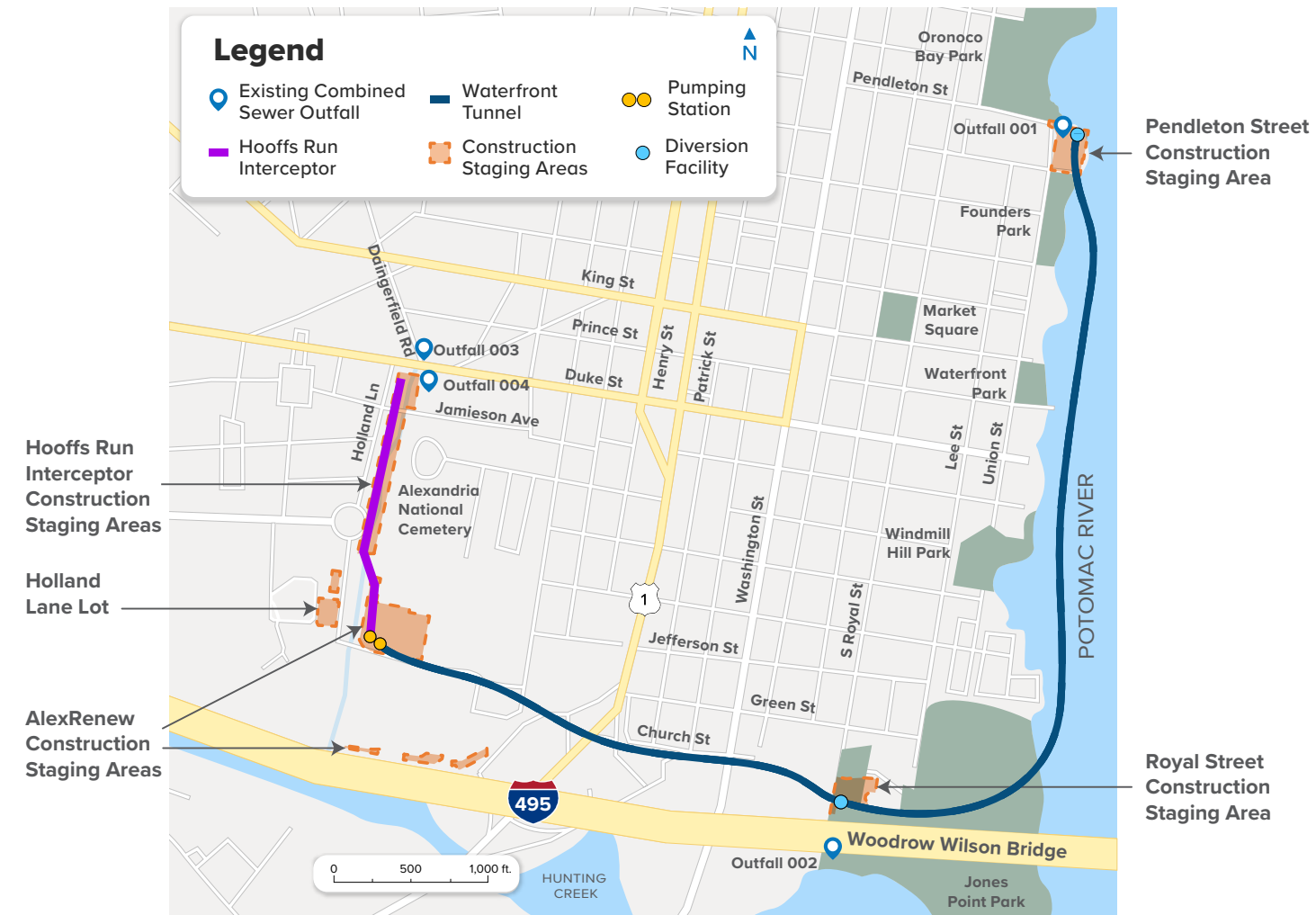
AlexRenew

MAJOR WORK ACTIVITIES

Activity	Date
Superstructure slab on grade	Ongoing through Fall 2024
Permanent concrete structures construction	Ongoing through 2024
Pumping and screening shaft cast-in-place concrete internals	Ongoing through Fall 2024

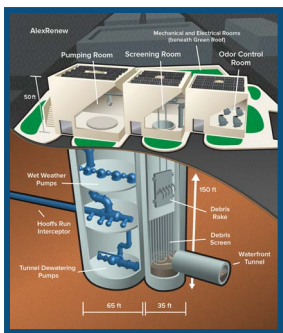
RiverRenew Tunnel Project Snapshot

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.



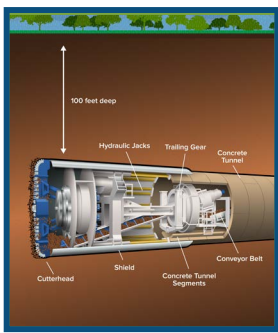
Hooffs Run Interceptor

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



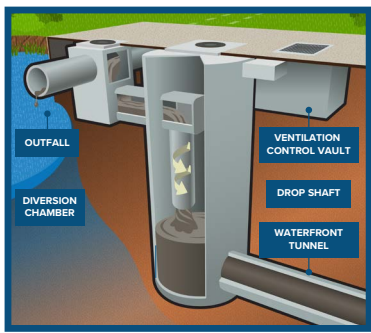
Pumping Station

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 was constructed.

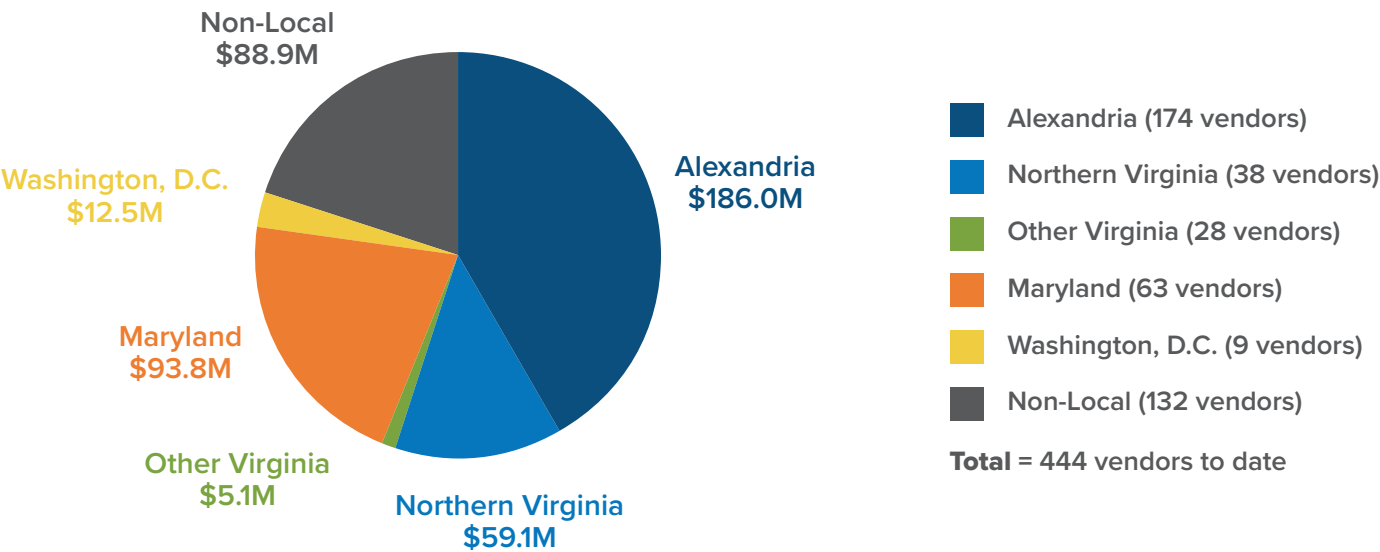


Diversion Facility

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

RiverRenew Program Costs to Date

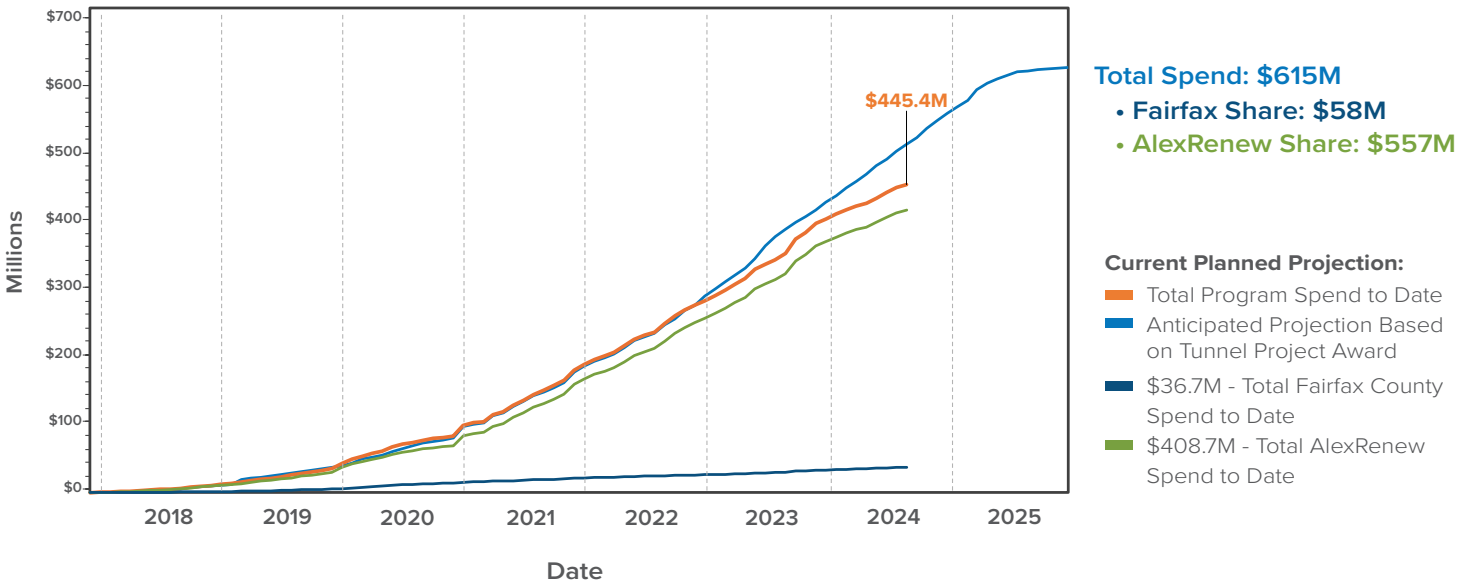
RiverRenew Spend to Date by Locality



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	\$289.4
Brown and Caldwell	Owner's Advisor	Professional Services	17-022	Nov 2017	\$79.8
EPC	Resident Engineering & Inspection Tunnel System Project	Professional Services	20-013	Apr 2020	\$22.7
Completed RiverRenew Wastewater Projects to Pave the Way for the Tunnel Project					\$53.6

RiverRenew Cash Flow Analysis



Note: As of August 31, 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. 3:
September 19, 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 Pendleton Street: Thursdays between 11 a.m. and 1 p.m., until pile driving is complete
- Pendleton Street Community Listening Session:
September 16, 2024
- Royal Street Community Listening Session:
September 18, 2024



Education

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

Looking Ahead:

- An animation showing the internal functions of AlexRenew's pumping station superstructure
- A printed banner at the Royal Street site explaining diversion facility operation



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:

- An **inside look** at the Royal Street approach channel
- **Photos** from the original Pendleton Street combined sewer outfall
- A **behind-the-scenes view** of seawall construction at the Pendleton Street site



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. 23:
November 20, 2024 (final meeting)

Monthly Construction Spotlight



Base slab of drop shaft poured at Royal Street site

On August 13, crews placed concrete for the base slab in the drop shaft at the Royal Street site.

The 40-foot-diameter, 7-foot-thick slab placement took approximately 12 hours. The pour required a pump truck to place the concrete over 140 feet below ground, and crews used cooling pipes within the concrete to prevent it from “overheating” while it cured in the hot summer weather.

The drop shaft at Royal Street serves as the “halfway” point on the Waterfront Tunnel, capturing diverted flows from the existing Royal Street combined sewer and conveying into the tunnel.

Next, crews will place concrete to form the walls and internal structures of the drop shaft. Stay tuned for upcoming work at Royal Street!

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.