

Tuesday, March 11, 2025 – 5:30 p.m.

## Board of Directors Finance and Audit Committee 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](mailto:lorna.huff@alexrenew.com) in advance. Submission of written statements is encouraged and may be emailed to the Board Executive Assistant. If you need an interpreter, translator, materials in alternate formats or other accommodations to access this service, activity or program, contact the Board Executive Assistant at least three business days prior to the meeting.

A recording of the meeting will be posted on [alexrenew.com](http://alexrenew.com) after the meeting.

No.	Time	Item	Presenter	Action
1.	5:30 p.m.	Call to Order	Chair	
2.	5:32 p.m.	Approval of Agenda	Chair	Motion
3.	5:35 p.m.	Public Comment Period	Chair	
4.	5:40 p.m.	Consent Agenda	Chair	Motion
		a. Minutes from November 12, 2024 meeting (Tab 1)		
6.	5:45 p.m.	New Business	CEO	Information
		a. Presentation on Fiscal Year 2026 Preliminary Draft Operating and Capital Budget and Fiscal Years 2026 and 2027 Rate Recommendation (Tab 2)		
		b. Fiscal Year 2026 Preliminary Draft Operating and Capital Budget (Tab 3)		
		c. Fiscal Year 2026 Draft Rates, Rules, and Regulations (Tab 4)		
		d. Updates to the Board Financial Policy (Tab 5)		
9.	7:00 p.m.	Adjourn	Chair	

Times shown are approximate start times and serve as guidelines.

AlexRenew Board of Directors  
Minutes of the Finance and Audit Committee  
Tuesday, November 12, 2024

On Tuesday, November 12, 2024, the AlexRenew Board of Directors held a Finance and Audit Committee meeting at 1800 Limerick Street, and broadcast via Microsoft Teams, with the following present:

Members: Mr. Mark Jinks, Finance and Audit Chair  
Mr. John Hill, Chair Ex. Officio  
Mr. James Beall, Board Vice Chair  
Ms. Rebecca Hammer, Board Member  
Mr. Moussa Wone, Board Member

Staff: Mr. Justin Carl, CEO/GM  
Ms. Amanda Waters, General Counsel/Deputy GM  
Ms. Caitlin Feehan, Chief Administrative Officer  
Mr. Lake Akinkugbe, Director of Finance  
Mr. Jason Moore, Finance Manager  
Ms. Shawnette Hurley, Senior Accounting Technician  
Ms. Lorna Huff, Executive Assistant to the Board

Consultants: Mr. Brad Tomlinson, Yount, Hyde, Barbour (YHB)  
Mr. Jeff Wolf, Moore, Stephens, Lovelace (MSL)

1. Call to Order

The Chair called the meeting to order at 5:32 p.m.

2. Approval of the Agenda

There being no changes to the Agenda, the Chair requested a motion to approve the agenda. Mr. Hill moved and Mr. Jinks seconded. The Committee unanimously approved the agenda.

3. Public Comment Period

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

4. Consent Agenda

The Committee reviewed the Consent Agenda which contained the Minutes of the March 18, 2024, Finance and Audit Committee meeting. There being no changes to the Consent Agenda, the Chair moved approval of the Consent Agenda. Mr. Hill seconded. The Consent Agenda was approved unanimously.

5. Unfinished Business

None

## 6. New Business

### a. Presentation of the FY2024 Annual Comprehensive Financial Report (ACFR), Audit & FY2024 Financial Results

Mr. Carl shared AlexRenew's win in the *Small Issuer category of The Bondy Buyer's 2024 Deal of the Year* and the draft 2024 Annual Report. He requested that members review and provide feedback on the report's new format.

Mr. Akinkugbe recognized the members of the AlexRenew finance team including Mr. Jason Moore, and Mr. Jeff Wolf from MSL for a successful audit. He further recognized Mr. Brad Tomlinson from YHB AlexRenew's external auditor for a thorough audit.

Mr. Akinkugbe reviewed AlexRenew's FY2024 financial results and the FY2024 Audit Summary for its single audit and financial audit. AlexRenew received a clean unmodified opinion.

Mr. Tomlinson congratulated the Board on a successful audit and commended Mr. Akinkugbe and Mr. Moore on a job well done for a clean and unmodified opinion, the highest level of assurance that is available for financial statements and for the Single Audit for compliance with federal programs. He reviewed each document associated with the audit and noted no significant material weaknesses or deficiencies.

There were no additional questions or comments, the Chair ex. Officio, moved to release the FY2024 Audit Report to the full Board for review and approval. Mr. Jinks seconded. The Committee unanimously approved.

### b. FY2026 Operating and Capital Budget Preview

The CEO recognized Ms. Feehan who reviewed AlexRenew's annual budget cycle which begins with the determination of budget goals and targets and continues through the budget schedule, presentation to the Board at the Finance and Audit Committee meeting through approval in June 2025.

The highlights for FY2026 include the additional personnel in the operations budget; \$20 million in debt service for payments to VRA, CWRLF, WIFIA, and 2024 Green Bonds. In the capital budget, a projected \$100 million investment in RiverRenew and \$50 million investment for the PhaseForward program.

The budget projects rate increases will be needed for the next two fiscal years of 5.0% and 5.7%, respectively to support ongoing RiverRenew investments. Revenues for FY2026 also anticipate an estimated \$ 30 million Fairfax County capital contributions to support PhaseForward.

Members discussed the spend rate, spacing of projects, and Fairfax County contributions.

There being no additional business, the Committee Chair made a motion to adjourn. Mr. Wone seconded. The Committee unanimously approved. The meeting adjourned at 6:52 p.m.

**APPROVED**

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**Finance and Audit Committee Chair**



# FISCAL YEAR 2026 PRELIMINARY DRAFT BUDGET AND RATE RECOMMENDATION

FINANCE AND AUDIT COMMITTEE MEETING | MARCH 11, 2025

# Fiscal Year 2026 Budget HIGHLIGHTS

## EXPENSES

- / Addition of Asset Manager, Technical Trainer, and five maintenance apprentices to account for anticipated retirements
- / Maintain a total salary budget increase (performance-based merit and awards) of 5 percent

## REVENUES

- / Rate increase (5 percent) to support ongoing RiverRenew investments

## OPERATING

## DEBT SERVICE

## CAPITAL

- / Approximately \$20 million in total debt service payments for capital loans and bonds
- / Retirement of and decrease in principal and interest payments for bonds procured between 2004 and 2006

- / Less than \$0.5 million of projected interest income

- / Anticipated \$100 million investment in RiverRenew as the Tunnel Project is in its 5th year of construction
- / About \$50 million of capital investments to support the Biosolids Diversification, Headworks Renewal, and Nutrient Reduction Projects

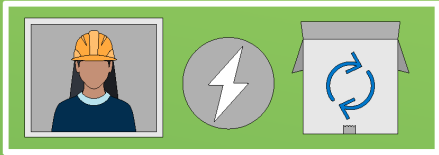
- / Estimated \$60 million in Fairfax County capital contributions to support PhaseForward construction and RiverRenew capital investments
- / About \$1 million of projected interest income



# FISCAL YEAR 2026 PROPOSED BUDGET

AlexRenew's proposed capital and operating budget is guided by our ongoing investments in Alexandria's future and the health of its waterways.

**\$255.8  
MILLION**



**\$36.5  
MILLION**

PEOPLE, UTILITIES,  
AND CONSUMABLES



**\$7.2  
MILLION**

WASTEWATER SERVICES  
FOR ARLINGTON COUNTY



**\$9.0  
MILLION**

COLLECTION  
SYSTEM IMPROVEMENTS



Pumping  
Station

**\$20.7  
MILLION**

HEADWORKS RENEWAL



Screening

**\$96.0  
MILLION**

RIVERRENEW

Diversion Facility

Waterfront Tunnel



Solids  
Processing

**\$25.2  
MILLION**

BIOSOLIDS DIVERSIFICATION



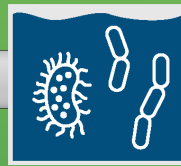
WASTEWATER TREATMENT IMPROVEMENTS

**\$38.5  
MILLION**

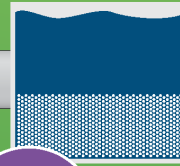
Primary Settling



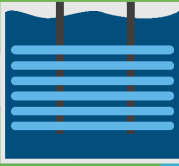
Biological Nutrient  
Removal and  
Secondary Settling



Tertiary Settling  
and Filtration



UV Disinfection



**\$2.5  
MILLION**

NUTRIENT REMOVAL

**\$20.2  
MILLION**

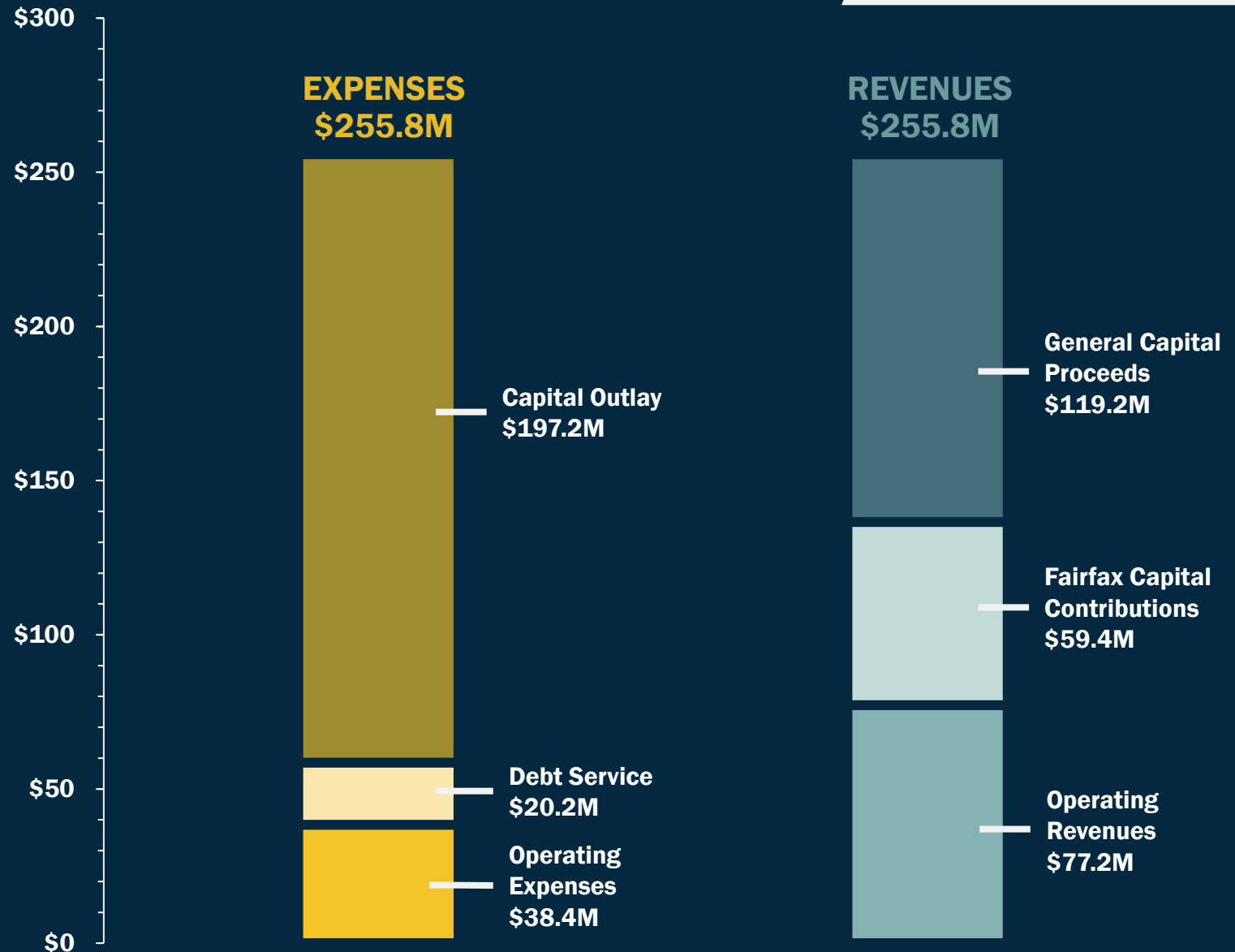
PROPOSED BUDGET ALSO INCLUDES  
EXPENDITURES FOR DEBT REPAYMENT

Values reflective of FY2026 budget only.

## Fiscal Year 2026 Budget

# EXPENSES AND REVENUES

The Fiscal Year 2026 Operating and Capital Budget is balanced – meaning all budgeted revenues are sufficient to meet the budgeted expenses.

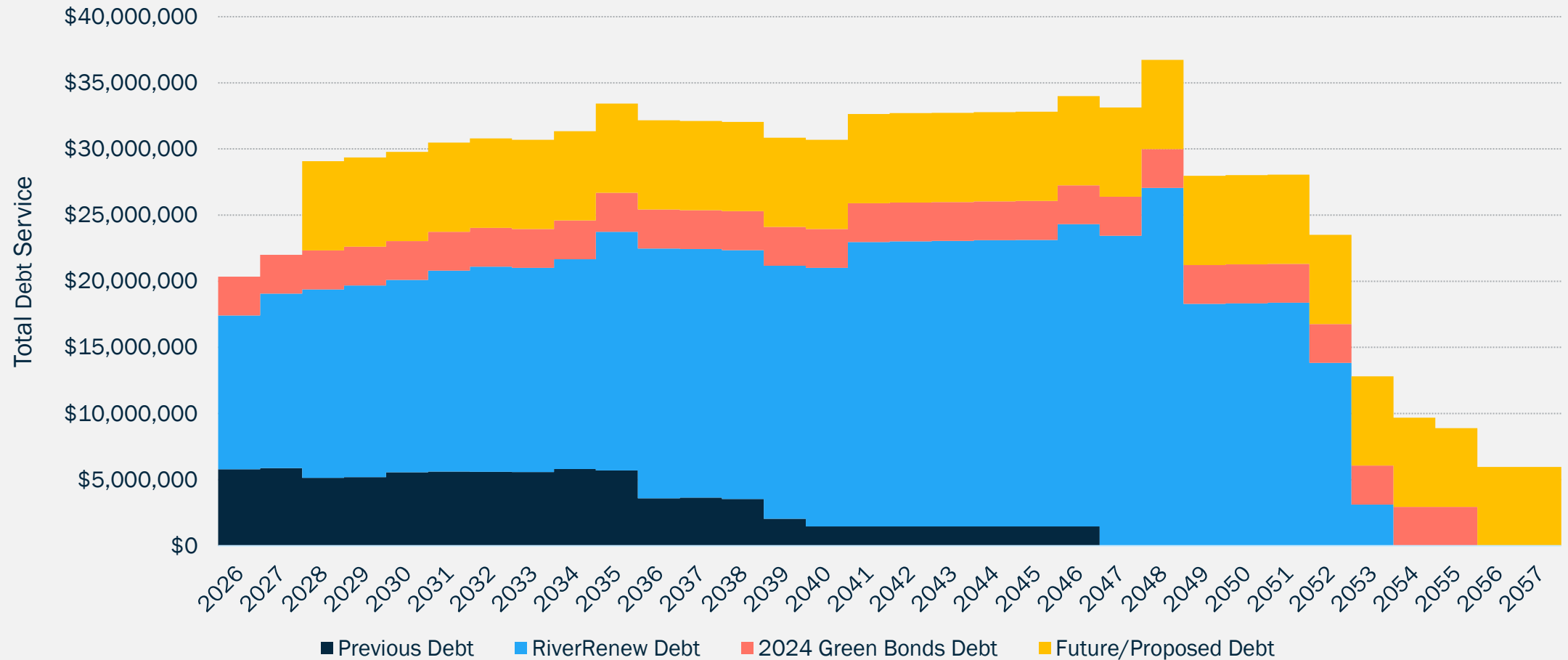




# Fiscal Year 2026 Budget REVENUES

Revenues	FY2025	FY2026	Variance (\$)	Variance (%)	Revenue Drivers
Operating Revenues	\$60.4M	\$63.4M	\$3.0M	5.0%	Increase associated with rate adjustment to support ongoing RiverRenew capital investments
Fairfax County Contributions					
Operating Charge	\$12.8M	\$13.8M	\$0.9M	7.2%	Increase associated with overall increase in operating expenses
Capital Contributions	\$40.8M	\$59.4M	\$18.6M	45.7%	Increase associated with increase in joint PhaseForward capital investments
General Capital Proceeds	\$118.8M	\$119.2M	\$0.4	0.4%	Approximately flat to Fiscal Year 2025 – primarily loans to support RiverRenew capital investments
<b>Total</b>	<b>\$232.8M</b>	<b>\$255.8M</b>	<b>\$23.0M</b>	<b>9.9%</b>	

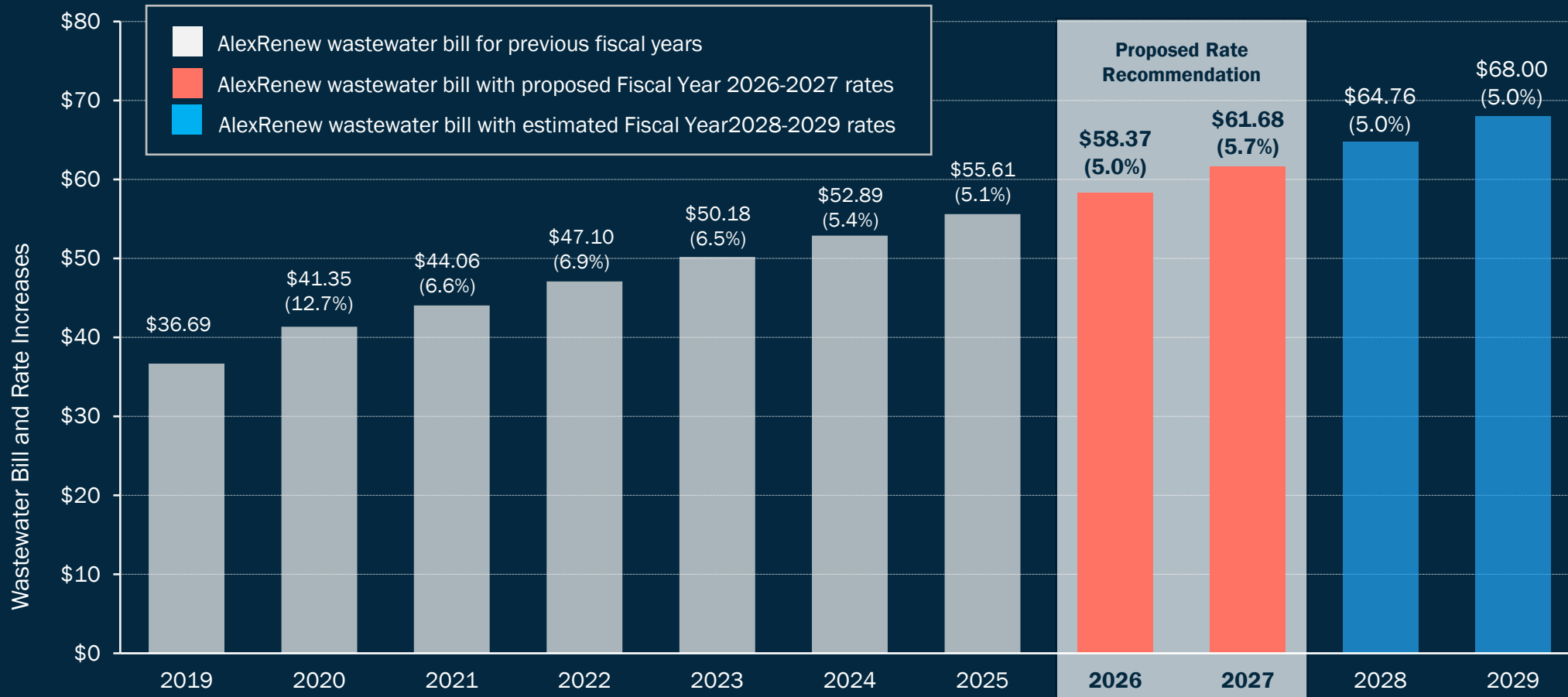
# PROJECTED ANNUAL DEBT SERVICE



**Notes:** (1) Future Potential Debt is projected and subject to change based on the actual cost of ongoing capital projects  
 (2) Debt Service does not reflect debt from future yet-to-be-determined capital projects

## Fiscal Years 2026 and 2027 Rate Adjustment

# PROPOSED RATE RECOMMENDATION

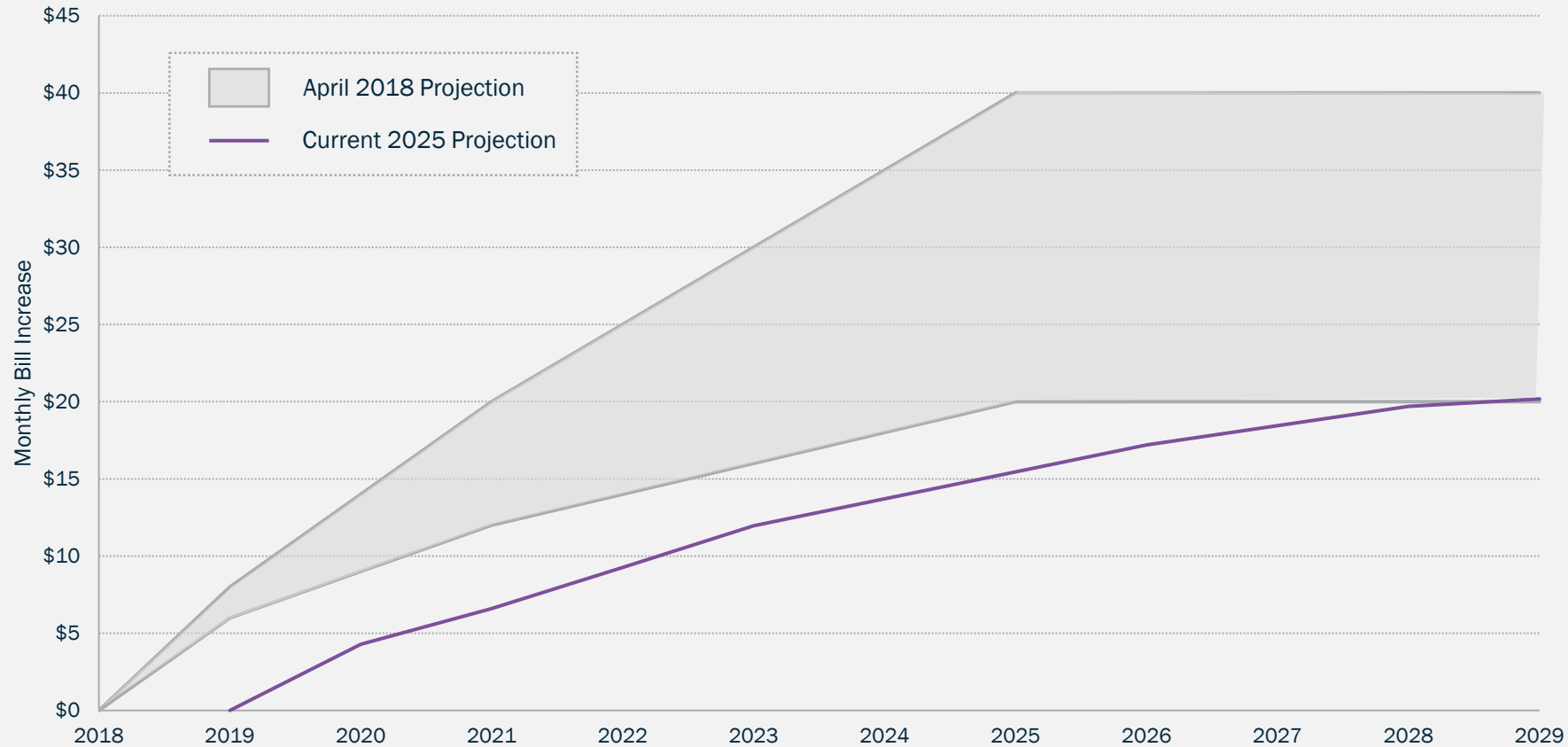


Rate adjustments projected during the FY2024 budget process included:

- / FY2026: 5.0%
- / FY2027: 5.7%
- / FY2028: 5.4%
- / FY2029: 4.3%

**Notes:** (1) Data represents the average monthly bill based on 4,000 gallons of use  
 (2) Data excludes City of Alexandria sanitary sewer charge  
 (3) The FY2027 rate adjustment assumes a similar rate structure to the current rate structure. However, AlexRenew is considering alternate rate structures and reserves the right to adjust the rate structure for FY2027 at a later time.

# BILL INCREASES ASSOCIATED WITH RIVERRENEW

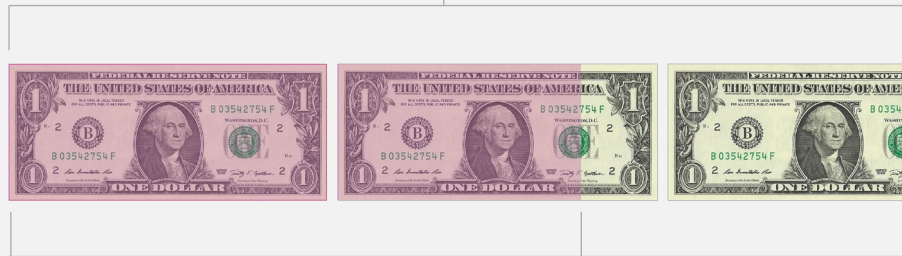


This chart reflects bill increases associated with RiverRenew only and does not reflect the total bill increases associated with operating and other capital investments.

**Note:** Data represents the average monthly bill based on 4,000 gallons of use

# Fiscal Years 2026 and 2027 Rate Adjustment BREAKDOWN

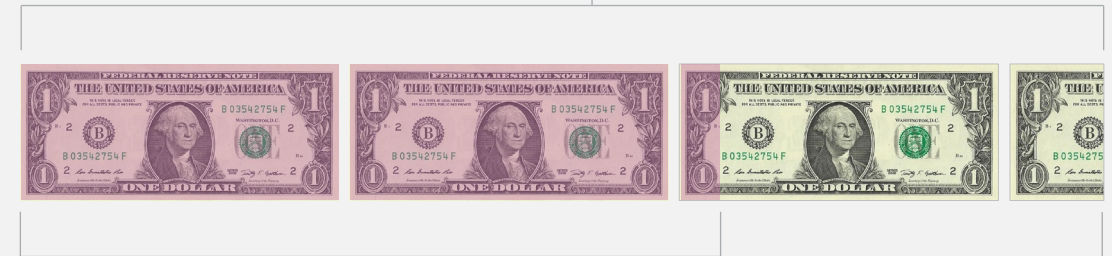
Fiscal Year 2026 monthly increase  
**5.0% (\$2.76)**



RiverRenew  
**64% (\$1.77)**

Other capital investments  
and operating expenses  
**36% (\$0.99)**

Fiscal Year 2027 monthly increase  
**5.7% (\$3.31)**



RiverRenew  
**63% (\$2.08)**

Other capital investments  
and operating expenses  
**37% (\$1.22)**

Over the next two (2) fiscal years, the primary rate driver continues to be capital investments in RiverRenew. This trend is anticipated to continue through Fiscal Year 2029

**Note:** (1) Data represents the average monthly bill based on 4,000 gallons of use  
(2) The FY2027 rate adjustment assumes a similar rate structure to the current rate structure. However, AlexRenew is considering alternate rate structures and reserves the right to adjust the rate structure for FY2027 at a later time.

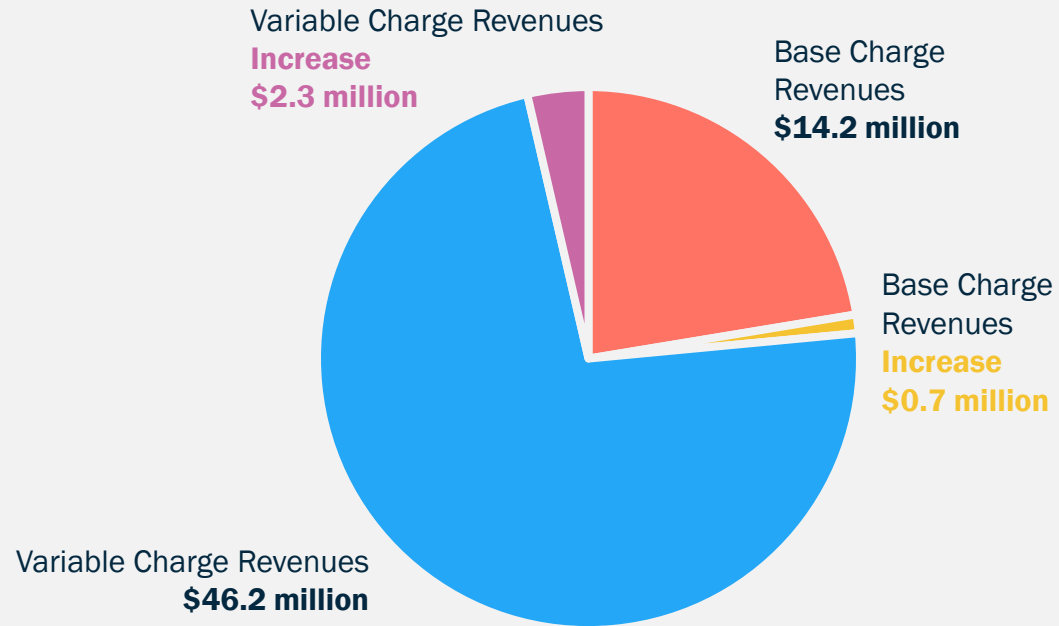
## Alternative Rate Structure Discussion

# CONVERSION TO EQUIVALENT RATE UNITS

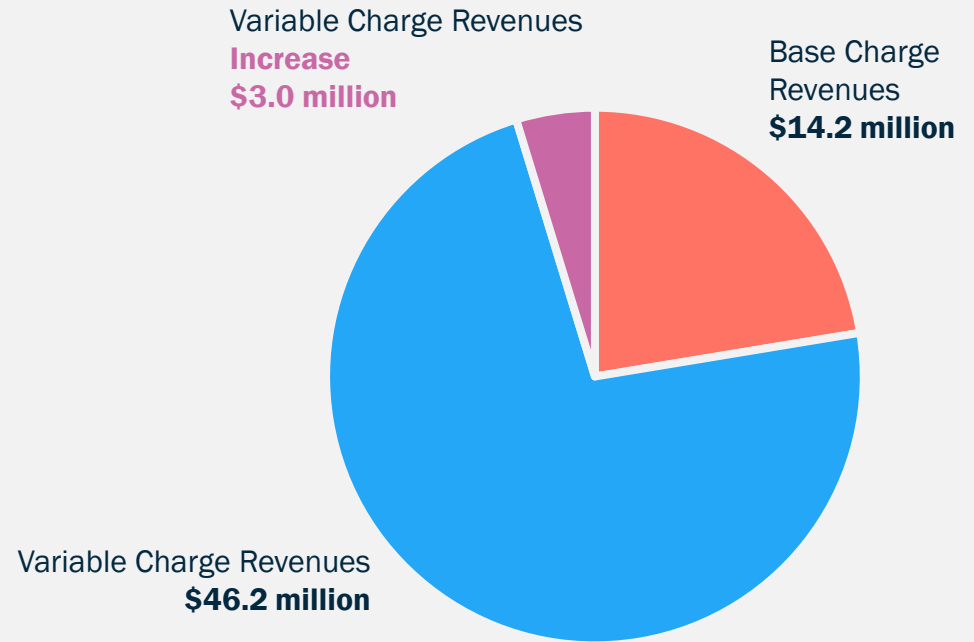
	Single Family	Retail	Restaurant	Apt 1	Apt 2
<b>Base Charge</b>					
Current Base Charge	\$14.57	\$349.41	\$109.19	\$4,367.60	\$1,091.90
Proposed Base Charge	\$10.89	\$13.69	\$556.95	\$1,599.27	\$3,201.66
Change in Base Charge	<b>(\$3.68)</b>	<b>(\$335.72)</b>	<b>\$447.76</b>	<b>(\$2,768.33)</b>	<b>\$2,109.76</b>
<b>Volumetric Charge</b>					
Current Volumetric Charge	\$35.91	\$45.14	\$1,836.54	\$5,273.64	\$10,557.54
Proposed Volumetric Charge	\$35.91	\$45.14	\$1,836.54	\$5,273.64	\$10,557.54
Change in Volumetric Charge	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Bill</b>					
Current Bill	\$50.48	\$394.55	\$1,945.73	\$9,641.24	\$11,649.44
Proposed Bill	\$46.80	\$58.83	\$2,393.49	\$6,872.91	\$13,759.20
Delta	<b>(\$3.68)</b>	<b>(\$335.72)</b>	<b>\$447.76</b>	<b>(\$2,768.33)</b>	<b>\$2,109.76</b>
Cost (\$)/kgal	\$13.37	\$13.37	\$13.37	\$13.37	\$13.37

Alternative Rate Structure Discussion

# VARIABLE-ONLY RATE ADJUSTMENT



**Current Rate Adjustment to both  
base and variable charge**



**Current Rate Adjustment to Variable  
Charge Only**

## Alternative Rate Structure Discussion

# CONSIDERATIONS

- / Converting to an ERU rate structure results in a mix of bill **increases** and **decreases** on the current customer sample size
- / Bill impacts have only been analyzed on a small sample size - analysis is underway to study the impacts on a larger customer sample size
- / While variable-only rate adjustments would help minimize impacts to customers with base charge reductions if conversion to an ERU rate structure, recommend keeping rate structure consistent with current structure until impact analysis is performed

## RECOMMENDED RATE PHASING APPROACH

- / Analyze the magnitude of customer bill impacts to determine a phase-in duration (i.e. 3-to-5-year phase-in for large bill increases)
- / Factor anticipated rate adjustments to reduce impacts to customers with base charge reductions



## Fiscal Year 2026 Budget

# EXPENSES

Expenses	FY2025	FY2026	Variance (\$)	Variance (%)	Expense Drivers
Capital Outlay	\$175.2M	\$197.2M	\$22.0M	12.5%	Increase associated with capital investments to complete and commission RiverRenew and to design and begin construction on PhaseForward projects
Debt Service	\$22.3M	\$20.2M	-\$2.1M	-9.3%	Decrease associated the retirement of and decrease in principal and interest payments for bonds procured between 2004 and 2006
Operating Expenses	\$35.3M	\$38.4M	\$3.1M	8.9%	Increase associated with personnel adjustments, higher costs of consumables, and addition of preventative maintenance activities for equipment
<b>Total</b>	<b>\$232.8M</b>	<b>\$255.8M</b>	<b>\$23.0M</b>	<b>9.9%</b>	

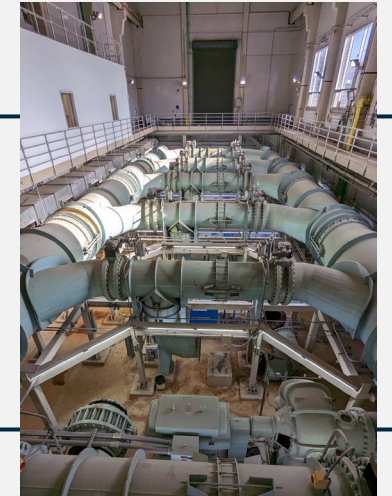
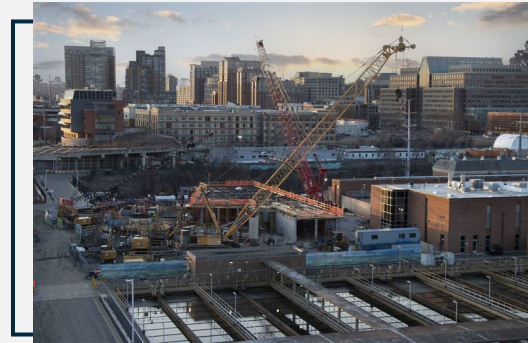
## Fiscal Year 2026 Budget

**OPERATING EXPENSES**

Operating Expenses	FY2025	FY2026	Variance (\$)	Variance (%)	Expense Drivers
Personnel	\$17.2M	\$18.3M	\$1.1M	6.5%	Increase in personnel to support maintenance apprenticeship program (5 full-time equivalents) to provide knowledge transfer as senior staff retire. Addition of asset manager and technical trainer to support ongoing initiatives.
Utilities	\$4.2M	\$4.7M	\$0.4M	10.3%	Increase to align projection with Fiscal Year 2024 actual usage
Chemicals	\$3.6M	\$4.1M	\$0.6M	16.1%	Increase in chemical costs due to vendor costs increases from inflation and higher loadings to the WRRF
Operation and Maintenance	\$1.6M	\$1.9M	\$0.4M	23.1%	Increase in training for maintenance apprenticeship program, addition of the EC's 5th Floor cleaning, and preventative maintenance activities for chillers, boilers, and other equipment to ensure reliability
Arlington Sewage Disposal	\$1.8M	\$1.9M	0.1M	5.6%	Remains largely consistent with prior year's budget
Sludge Disposal	\$1.4M	\$1.5M	\$0.1M	10.8%	Slight increase based on increase from amended agreement
General, Admin, Customer Service, Other	\$5.5M	\$5.9M	\$0.4M	7.0%	Increase primarily driven by higher property insurance resulting from increasing assets and implementation costs for customer billing costs in alignment with Fiscal Year 2025 actual costs
<b>Total</b>	<b>\$35.3M</b>	<b>\$38.4M</b>	<b>\$3.1M</b>	<b>8.9%</b>	

Fiscal Year 2026 Budget

# MAJOR FISCAL YEAR 2026 CAPITAL INVESTMENTS



**Biosolids  
Diversification  
Project**  
\$25.2M

- / Finalize design and start construction of short-term upgrades
- / Continue design of medium-term upgrades (drying facility)

**Prior budget's Fiscal Year 2026 projection – \$29.7M**

**Headworks Renewal  
Project**  
\$20.7M

- / Finalize design and start construction on primary weir observation house, primary settling tanks, and sludge pumps

**Prior budget's Fiscal Year 2026 projection – \$20.2M**

**Nutrient Reduction  
Project**  
\$2.5M

- / Procure design-builder
- / Execute contract and begin planning and design

**Prior budget's Fiscal Year 2026 projection – \$1.5M**

**RiverRenew Tunnel  
Project**  
\$96.0M

- / Complete pumping stations
- / Finalize construction at outfall sites
- / Conduct operational demonstration

**Prior budget's Fiscal Year 2026 projection – \$1.9M**

**IRR Program**  
\$12.7M

- / Continued focus on improvements and repairs to equipment and process

**Prior budget's Fiscal Year 2026 projection – \$10.7M**

**Note:** Previous program projections reallocated to accommodate project deadline delay, which was signed into law in March 2024

## Fiscal Year 2026 Budget

# CONSOLIDATED BUDGET

The consolidated budget summarizes AlexRenew's budgeted operating, debt service, and capital expenses for Fiscal Year 2026. The table also illustrates the revenues that fund each expense category following the flow of funds in accordance with AlexRenew's Master Indenture of Trust and financial policies.

	Adopted FY2025	Proposed FY2026	\$ Variance	% Variance	
<b>Operating</b>	Wastewater Treatment Revenues	60.4	63.4	3.0	
	Fairfax County Operating Charge	12.8	13.8	0.9	
	Interest Income	0.1	0.1	-	
	<b>Total Operating Revenue</b>	<b>73.4</b>	<b>77.3</b>	<b>3.9</b>	<b>5.4%</b>
	Operating Expenses	35.3	38.4	3.1	
	Transfers to Debt Service, Capital, and Reserves (2)	38.1	38.9	0.8	
	<b>Total Operating Expenses and Transfers</b>	<b>73.4</b>	<b>77.3</b>	<b>3.9</b>	<b>5.4%</b>
<b>Debt Service</b>	Transfer From Operating Fund	21.6	19.9	(1.7)	
	Interest Income	0.7	0.3	(0.4)	
	<b>Total Debt Service Revenue</b>	<b>22.3</b>	<b>20.2</b>	<b>(2.1)</b>	<b>(9.3%)</b>
	Principal	13.8	11.0	(2.8)	
	Interest	8.5	9.2	0.7	
<b>Total Debt Service Expense</b>	<b>22.3</b>	<b>20.2</b>	<b>(2.1)</b>	<b>(9.3%)</b>	
<b>Capital</b>	Transfer From Operating Fund	16.5	16.5	-	
	Fairfax Capital Contributions	40.8	59.4	18.6	
	Interest Income	0.1	1.3	1.2	
	Parity Debt Proceeds	112.6	113.4	0.8	
	Cash	5.3	6.6	1.3	
	<b>Total Capital Revenue</b>	<b>175.2</b>	<b>197.2</b>	<b>22.0</b>	<b>12.5%</b>
	<b>Total Capital Expense</b>	<b>175.2</b>	<b>197.2</b>	<b>22.0</b>	<b>12.5%</b>

**Notes:** (1) Values may vary slightly due to rounding.

(2) \$2.5M transfer to reserves is to account for unforeseen events and emergencies (i.e. possible changes in regulations, impacts of federal layoffs on customer rate payments or other operating costs)

# Fiscal Year 2026 Budget and Fiscal Years 2026 and 2027 Rate Adjustment

## SCHEDULE

**November 12, 2024**

Finance and Audit (F&A)  
Committee Meeting

*Presentation on FY2026 Budget  
Preview*

**March 18, 2025**

Board Meeting

*F&A presents Preliminary Draft  
Budget and Rate Recommendation  
for consideration*

**May 17, 2025**

Public Hearing

*Present Draft Budget and Rate  
Recommendation for Public  
Comment*



**March 11, 2025**

F&A Committee Meeting

*Presentation on Preliminary Draft  
Budget and Rate Recommendation*

**April 15, 2025**

Board Meeting

*Adopt Draft Budget and Rate  
Recommendation for Public Hearing*

**June 17, 2025**

Board Meeting

*Approve Budget and Rate  
Recommendation*



**AlexRenew**

# OPERATING AND CAPITAL BUDGET

Fiscal Year 2026

July 1, 2025 – June 30, 2026

Alexandria, Virginia



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**ALEXRENEW BOARD OF DIRECTORS**

John Hill, Chair  
James Beall, Vice Chair  
Rebecca Hammer, Secretary-Treasurer  
Mark Jinks, Member  
Moussa Wone, Member

**FAIRFAX COUNTY REPRESENTATIVE TO THE BOARD**

Shahram Mohsenin, PE

**CITY OF ALEXANDRIA REPRESENTATIVE TO THE BOARD**

Erin Bevis-Carver, PE

**EXECUTIVE AND FINANCIAL STAFF**

Justin Carl, PE, General Manager and Chief Executive Officer  
Caitlin Feehan, PE, Chief Administrative Officer  
Lake Akinkugbe, Director of Finance

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## FY2026 OPERATING AND CAPITAL BUDGET EXECUTIVE SUMMARY

AlexRenew plays a vital role in building a healthier, more resilient community. Investing in wastewater infrastructure, supporting local businesses, and creating jobs each year enables AlexRenew to uphold the highest standards of operations and deliver on its mission to protect public health and the waterways that connect us.

The Preliminary Draft Fiscal Year (FY) 2026 Operating and Capital Budget is \$255.8 million to ensure sufficient resources for daily operations and ongoing investments for AlexRenew’s infrastructure. The budget was developed in alignment AlexRenew’s financial policies, agreements with third parties, and 2024-2029 Strategic Plan, and reflects a high level of service to our stakeholders. Figure ES.1 summarizes the proposed FY2026 expenses and revenues.

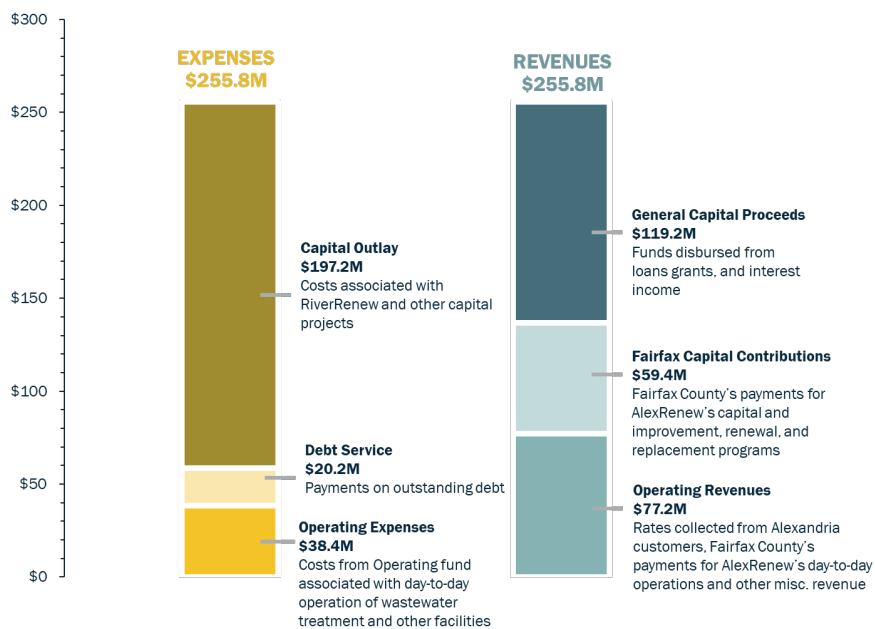


Figure ES.1. FY2026 Expenses and Revenues

### ES.2 FY2026 Expenses

Approximately 77 percent of the proposed FY2026 expenses fund the anticipated capital outlay. Capital Outlay is anticipated to be \$197.2 million, of which \$96.0 million will support the ongoing RiverRenew program, which is anticipated to be commissioned in FY2026. Additionally, to support our evolving community, AlexRenew is making significant investments to improve the resiliency of its infrastructure through the PhaseForward program. The PhaseForward program includes a series of significant upgrades to critical wastewater processes that will allow AlexRenew to meet evolving regulatory requirements and continue to improve the resilience of AlexRenew’s infrastructure. PhaseForward includes four (4) major projects:

- Biosolids Diversification Program.** Upgrades to meet emerging regulations, increase bioenergy production, and realize alternative beneficial end uses for biosolids. In FY2026, AlexRenew will invest \$25.2 million in continued design, pre-construction, and construction phase services

for a construction management at-risk contract and continue long-term planning for AlexRenew’s biosolids future.

- **Headworks Renewal.** Improvements to ageing equipment that provides initial screening of debris larger than a pea and settling for solids as small as a grain of sand. The project will also construct new pumping systems to ensure that wastewater flows from the community through our wastewater treatment processes. In FY2026, AlexRenew will invest \$20.7 million in continued design and pre-construction phase services for a construction management at-risk contract.
- **Nutrient Reduction.** Rehabilitation of processes providing the final settling and filtration of wastewater to further reduce nutrient loads and allow for continued growth in our community. In FY2026, AlexRenew will invest \$2.5 million in design phase services.
- **Process Optimization.** Installation of new equipment to enhance our nutrient removal processes and continue to improve water quality in the Chesapeake Bay and its tributaries. In FY2026, AlexRenew will invest \$5.0 million in construction of the upgrades.

The PhaseForward and RiverRenew programs account for just over 75 percent of all capital expenses. The funding for these projects and the remaining capital budget is primarily through Fairfax County capital contributions, loans, and bonds, which is represented in the budget under Fairfax Capital Contributions and General Capital Proceeds. For FY2026, AlexRenew will continue to draw on the \$321 million Water Infrastructure Finance and Innovation Act (WIFIA) loan for the RiverRenew Tunnel project and the \$50 million in green bonds that AlexRenew sold in June 2024 for the PhaseForward Program.

AlexRenew anticipates continued use of its three Job Order Contracts for ongoing repairs and improvements to AlexRenew’s assets through the \$12.7 million Improvement, Renewal, and Replacement (IRR) program.

The FY2026 operating expenses are \$38.4 million, representing an 8.9 percent year-over-year increase. The increase is largely driven by the anticipated 6.5 percent investment in total personnel cost due to the addition of staff and a 16.1 percent year-over-year increase in chemicals due to rising costs.

### **ES.3 FY2026 Revenues**

The anticipated operating revenue for FY2026 is \$77.2 million, up 5.4 percent from the FY2025 budget. The increase is driven by the proposed rate adjustment for FY2026, primarily to support the RiverRenew program. As part of the FY2026 budget, the AlexRenew Board of Directors (Board) will consider a proposed two-year rate adjustment that includes a 5.0 percent increase for FY2026 and a 5.7 percent increase for FY2027.

# 1 OVERVIEW OF ALEXRENEW

Established in 1952 by the Alexandria City Council, AlexRenew’s mission is to clean wastewater to protect public health and Alexandria’s waterways. AlexRenew is governed by an Alexandria City Council-appointed five-member citizen Board of Directors (Board) and is a political subdivision of the Commonwealth of Virginia created under the Virginia Water and Waste Authorities Act. AlexRenew is an independent, special-purpose government unit with administrative and fiscal independence from the City of Alexandria.

AlexRenew serves more than 300,000 people in Alexandria and parts of Fairfax County, Virginia. It currently maintains capital assets valued at approximately \$1.2 billion and treats approximately 38 MGD (up to 116 MGD during wet weather) of wastewater at its Water Resource Recovery Facility (WRRF), located in Alexandria, Virginia.

The City of Alexandria owns the majority of the collection system throughout Alexandria. AlexRenew owns and operates approximately 20 miles of large interceptors and trunk sewers to convey wastewater flows from the collection system to AlexRenew’s WRRF. AlexRenew also operates and maintains five pump stations throughout Alexandria.

## 1.1 AlexRenew’s Structure

AlexRenew is organized into five departments which work together to support the necessary functions of the organization:

- **Information Technology Department.** Responsible for managing and maintaining the Authority's network infrastructure and technology, including monitoring and implementing best practices to maintain the Authority's cybersecurity.
- **Administrative Department.** Includes finance, procurement, and communications. Responsible for managing the organization’s finances and ensuring compliance with financial policies; procuring all goods, services, and construction in support of all other departments; and all communications both internally to staff and externally to AlexRenew's customers and other stakeholders in the community and region.
- **Water Quality Department.** Includes wastewater treatment operations, laboratory, and environmental sustainability. Responsible for the day-to-day testing, monitoring, and oversight of all treatment processes and equipment to ensure regulatory compliance and managing the organization’s environmental management system and sustainability program.
- **Engineering Department.** Includes engineering and maintenance. Responsible for the implementation of all capital projects, the day-to-day preventive maintenance and repairs of equipment needed for wastewater treatment operations, and managing the organization’s asset management program.
- **Human Resources Department.** Responsible for employee recruitment, selection, training, benefits, records, classification, and compensation, and ensuring compliance with local, state, and federal regulations governing all phases of personnel activities. This department is also responsible for the safety training for personnel, compliance with safety regulations, and the overall physical security of AlexRenew’s WRRF, administrative building, and infrastructure.

Figure 1.1 illustrates each of these departments within AlexRenew’s organizational structure, highlighting department responsibilities.



**Figure 1.1.** AlexRenew’s Organizational Structure and Departmental Responsibilities

## 1.2 AlexRenew’s Strategic Plan

In 2024, AlexRenew created its 2024-2029 Strategic Plan, which sets the framework to guide decision making throughout AlexRenew, ensuring each choice aligns with a greater vision for the organization. The Strategic Plan 2024-2029 lays out the vision, mission, and strategic goals of the organization, and objectives to achieve those goals. The strategic goals and objectives are integrated into AlexRenew’s daily operations, challenging the team to build a more resilient, sustainable, and equitable organization. The FY2026 Operating and Capital Budget was developed to support AlexRenew in executing on the Strategic Plan 2024-2029.

The strategic goals and identified objectives for 2024 through 2029 are outlined in Table 1.1 below.



**Table 1.1.** 2024-2029 Strategic Plan – Strategic Goals and Objectives

Strategic Goal	Description	Objectives
<b>Operational Excellence</b>	Taking proactive steps to meet current and future challenges	<ul style="list-style-type: none"> <li>• Be a leader in the sector by innovating to meet stringent permit limits</li> <li>• Adapt to address contaminants of concern and changes in flow trends.</li> <li>• Proactively manage the impacts of climate change.</li> <li>• Maximize equipment availability while reducing the need to replace assets.</li> <li>• Leverage technology to advance efficiency and modernize operations.</li> <li>• Safeguard against current and emerging site and cybersecurity risks.</li> </ul>
<b>Thriving Workforce</b>	Investing in our staff and fostering a culture of belonging	<ul style="list-style-type: none"> <li>• Foster a diverse and inclusive work environment.</li> <li>• Upskill staff to meet the demands of a dynamic industry.</li> <li>• Promote a culture of continuous improvement.</li> </ul>
<b>Strategic Partnerships</b>	Promoting watershed-level thinking through collaboration and advocacy	<ul style="list-style-type: none"> <li>• Modernize intergovernmental agreements to effectively manage water resources.</li> <li>• Partner with local stakeholders to advance a holistic and resilient one water approach.</li> <li>• Engage with advocacy associations and peer utilities to promote reasonable and effective policies and regulations that are supportive of local needs.</li> </ul>
<b>Environmental Sustainability</b>	Being good stewards of our resources to minimize our impact on the environment	<ul style="list-style-type: none"> <li>• Integrate sustainability into infrastructure investments and operations.</li> <li>• Strive toward net carbon zero operations.</li> <li>• Recover and beneficially reuse resources from wastewater.</li> </ul>
<b>Commitment to the Community</b>	Strengthening connections with the public and providing affordable service	<ul style="list-style-type: none"> <li>• Provide affordable and equitable rates.</li> <li>• Develop innovative funding and financing strategies to support capital improvements.</li> <li>• Advance a sustainable customer assistance program.</li> <li>• Meaningfully engage the community and grow personal connections to water.</li> <li>• Mitigate disproportionate environmental impacts on the community.</li> <li>• Inspire younger audiences to develop the next generation of water professionals.</li> </ul>

## 2 UNDERSTANDING THE BUDGET

AlexRenew’s budget is a financial instrument to ensure that AlexRenew has the financial resources to efficiently construct, operate, and maintain its assets to comply with state and federal law. Current operating expenses and capital outlay are estimates based on experience and judgment related to cost trends in labor, materials, and services required to operate and maintain AlexRenew’s facilities.

AlexRenew builds its budget from internal policies, its by-laws, and third-party agreements. These documents are further discussed in the following subsections.

### 2.1 Master Indenture of Trust

Established in 1999, AlexRenew’s Master Indenture of Trust (Indenture) is a legal agreement that mandates how AlexRenew will collect and use its revenues for operations, maintenance, and capital expenses. It sets requirements for the funds that are used for specific revenues, including requiring that wastewater treatment charges collected from Alexandria customers be deposited in a Revenue Fund. The Indenture also requires operating expense payments that are made by Fairfax County to AlexRenew, for its reserved capacity in the WRRF, are deposited in the Revenue Fund. Table 1.2 serves as a glossary that can be used to better understand the purpose, order of priority, and funding method for each of the Funds and Accounts established in the Indenture.

**Table 2.1.** Flow of Funds in the Master Indenture of Trust

<b>Funds</b>	<b>Description</b>
Revenue Fund	Revenues <sup>1</sup> are initially deposited to the Revenue Fund and then transferred to other funds in the following order of priority.
Operating Fund	Revenues are then deposited to the Operating Fund to pay operating expenses. At the end of each month, AlexRenew must ensure that 1/6 <sup>th</sup> (or 60 days) of annual budgeted operating expenses is deposited into the Operating Fund.
Bond Fund	Revenues are then deposited to the Bond Fund to pay debt service payments.
Debt Service Reserve Fund	Any required transfers to the debt service reserve account must be made.
Joint IRR <sup>2</sup> Fund	Revenues are then deposited to the Joint IRR Fund to meet required Joint IRR transfers per Fairfax Agreement.
General IRR <sup>2</sup> Fund	Revenues are then deposited to the General IRR Fund to meet required Alex-only specific IRR needs.
General Fund	Any remaining revenues are deposited within the General Fund.

<sup>1</sup>Reveues means all revenues, receipts, and other income derived or received by AlexRenew from owning and operating its system. This primarily includes AlexRenew Wastewater Treatment Charges and Fairfax County operating expense charges.

<sup>2</sup>Improvement, Renewal, and Replacement

### 2.2 AlexRenew’s Financial Policy

AlexRenew’s Board-approved financial policy guides AlexRenew’s financial management, capital planning, and debt financing. The annual budget is developed to comply with requirements established in the financial policy, including:

- Demonstrating structural balance whereby current budgetary revenues are sufficient to meet current budgetary expenses (those that are ongoing in nature);
- Maintaining a combined 120 days of reserves in the Operating Fund and General Reserve Sub-Fund;
- Ensuring that revenues available to pay debt service are at least equal to 1.50 times the

- amount of debt service due in any fiscal year; and
- Funding the 10-year Capital Improvement Program with at least 15 percent cash and reserves.

### 2.3 Fairfax County Service Agreement

Fairfax County makes payments to AlexRenew under an amended and restated service agreement dated October 1, 1998 (Fairfax County Service Agreement). In accordance with the Fairfax County Service Agreement, Fairfax County pays a percentage of operations and maintenance expenses based upon sewer flow volume to AlexRenew’s WRRF. Fairfax County also contributes to the IRR program and Capital Improvement Program (CIP), at predetermined levels, to allow for the upgrade and replacement of capital assets as they depreciate, and the acquisition of new assets associated with regulatory compliance.

### 2.4 Arlington County Service Agreement

The Arlington County Service Agreement is similar to the Fairfax County Service Agreement. This legal document, dated July 1, 1977, establishes the amount and timing for monies paid by AlexRenew to Arlington County for agreed-upon capacity at the Arlington County Water Pollution Control Plant that treats wastewater flows from the northwestern quadrant of the city.

### 2.5 Fairfax County Cost Share Memorandum of Understanding for RiverRenew Facilities

Fairfax County and AlexRenew established a memorandum of understanding between Fairfax County and AlexRenew, dated October 6, 2020, to define the cost share for RiverRenew facilities. The division of costs is incorporated into the RiverRenew capital funding as shown in the CIP.

### 2.6 Budget Timeline

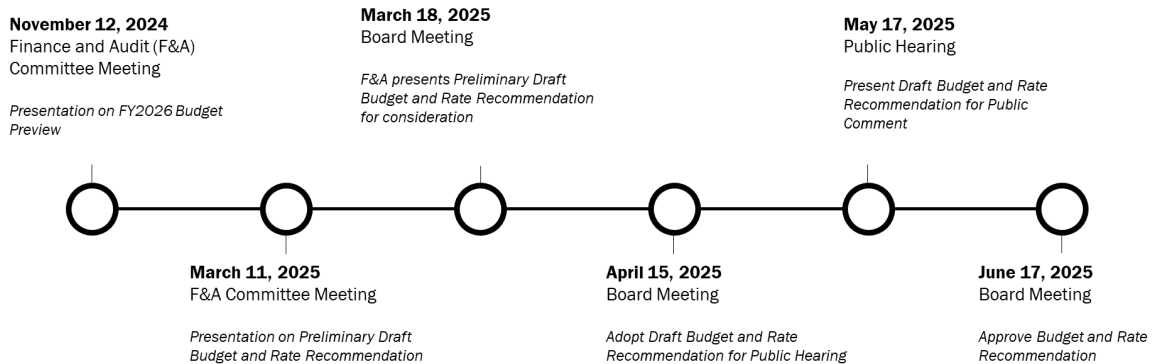
AlexRenew uses a fiscal year cycle ending June 30. The FY2026 Operating and Capital Budget will encompass the 12-month period from July 1, 2025 – June 30, 2026. The budget is developed following the eight (8) steps identified in Figure 2.1.



**Figure 2.1.** Annual Budget Cycle

Staff begins work on the budget in September. Following the establishment of budget goals by the

senior leadership, departments develop a preliminary draft forecast for departmental operating budgets. Both the Finance and Engineering Departments review the current CIP and make recommended updates to projects and anticipated financial projections. In November, the Finance Department consolidates the departmental operating budgets and the updated CIP into a preliminary draft forecast that is used to update AlexRenew’s rate model to identify rate options. Through January and February, staff develops the preliminary draft budget to present to the Board. The FY2026 Operating and Capital Budget, beginning with the preliminary draft budget, will follow the timeline for Board review presented in Figure 2.2.



**Figure 2.2.** FY2026 Operating and Capital Budget Timeline

### 3 OVERVIEW OF FY2026 OPERATING AND CAPITAL BUDGET

AlexRenew begins its annual budget presentation by preparing a summary that combines all the estimated sources (revenues) and uses of funds (expenses) for the upcoming fiscal year. The primary purpose for this summary is to demonstrate that the overall FY2026 Operating and Capital Budget is in “structural” balance – which means all of the revenues and expenses are consistent with the historical financial performance, all balances that remain in the prescribed funds and accounts meet stated requirements, and if total revenues exceed total expenses, any potential excess funds are deposited in the General Fund to serve as reserves.

Tables 3.1 and 3.2 summarize the revenues and expenses associated with AlexRenew’s FY2026 Operating and Capital Budget, which total \$258.3 million, a 10.9 percent increase compared to the prior year.

**Table 3.1.** Summary of FY2026 Revenues

Revenue Categories		Adopted FY2025	Proposed FY2026	Annual Variance (%)
Operating Revenues	Wastewater Treatment Revenues	\$60,420,321	\$63,441,337	5.0%
	Fairfax County Operating Expense Charge	\$12,838,293	\$13,765,889	7.2%
	<i>Subtotal</i>	<i>\$73,258,614</i>	<i>\$77,207,227</i>	<i>5.4%</i>
Fairfax Capital Contributions	Fairfax County IRR Contribution	\$3,901,296	\$5,064,966	29.8%
	Fairfax County Capital Contribution	\$36,851,776	\$54,313,129	47.4%
	<i>Subtotal</i>	<i>\$40,753,072</i>	<i>\$59,378,095</i>	<i>45.7%</i>
General Capital Proceeds	Parity Debt Proceeds	\$112,618,224	\$113,393,095	0.7%
	Interest Income	\$900,000	\$1,700,000	88.9%
	Cash	\$5,266,179	\$4,140,097	-21.4%
	<i>Subtotal</i>	<i>\$118,784,403</i>	<i>\$119,233,192</i>	<i>0.4%</i>
<b>Total Revenues</b>		<b>\$232,796,090</b>	<b>\$255,818,513</b>	<b>9.9%</b>

**Table 3.2.** Summary of FY2026 Expenses

Expense Categories		Adopted FY2025	Proposed FY2026	Annual Variance (%)
Operating Expenses	Personnel	\$17,210,991	\$18,334,520	6.5%
	Utilities	\$4,248,000	\$4,684,240	10.3%
	Chemicals	\$3,571,000	\$4,145,000	16.1%
	Operations and Maintenance	\$1,581,255	\$1,945,750	23.1%
	Arlington Sewage Disposal	\$1,800,000	\$1,900,000	5.6%
	Sludge Disposal	\$1,362,000	\$1,509,500	10.8%
	General, Administration, Customer Service, and Other	\$5,522,348	\$5,906,745	7.0%
	<i>Subtotal</i>	<i>\$35,295,594</i>	<i>\$38,425,755</i>	<i>8.9%</i>
Debt Service	Parity Debt Service	\$22,290,196	\$20,220,975	-9.3%
Capital Outlay	Joint IRR	\$9,933,900	\$11,640,800	17.2%
	Alex-only IRR	\$1,822,000	\$1,023,760	-43.8%
	RiverRenew	\$107,700,000	\$95,992,223	-10.9%
	General CIP (Alex-only)	\$10,844,400	\$13,900,000	28.2%
	General CIP (Joint)	\$44,910,000	\$74,615,000	66.1%
	<i>Subtotal</i>	<i>\$175,210,300</i>	<i>\$197,171,783</i>	<i>12.5%</i>
<b>Total Expenses</b>		<b>\$232,796,090</b>	<b>\$255,818,513</b>	<b>9.9%</b>

Tables 3.3, 3.4, and 3.5 summarize the funding sources for the operating expenses, debt service, and capital outlay following the flow of funds set by the Indenture as discussed in Section 2.

**Table 3.3. Operating Expenses Funding Sources and Flow of Funds**

Item	Adopted FY2025	Proposed FY2026	Annual Variance (%)
<b>Operating Expenses Funding Sources</b>			
Wastewater Treatment Revenues	\$60,420,321	\$63,441,337	5.0%
Fairfax County Operating Charge	\$12,838,293	\$13,765,889	7.2%
Interest Income	\$100,000	\$85,000	-15.0%
<b>Total Operating and Maintenance Funding Sources</b>	<b>\$73,358,614</b>	<b>\$77,292,227</b>	<b>5.4%</b>
<b>Operating Expenses</b>			
Personnel	\$17,210,991	\$18,334,520	6.5%
Utilities	\$4,248,000	\$4,684,240	10.3%
Chemicals	\$3,571,000	\$4,145,000	16.1%
Operations and Maintenance	\$1,581,255	\$1,945,750	23.1%
Arlington Sewage Disposal	\$1,800,000	\$1,900,000	5.6%
Sludge Disposal	\$1,362,000	\$1,509,500	10.8%
General, Administration, Customer Service, and Other	\$5,522,348	\$5,906,745	7.0%
<i>Subtotal</i>	<i>\$35,295,594</i>	<i>\$38,425,755</i>	<i>8.9%</i>
<b>Reserves Transfer</b>			
Transfer to Reserves (1)	\$0	\$2,500,000	100%
<i>Subtotal</i>	<i>\$0</i>	<i>\$2,500,000</i>	<i>100%</i>
<b>Debt Service Transfer</b>			
Transfer to Parity Debt Service	\$21,565,196	\$19,880,975	-7.8%
<i>Subtotal</i>	<i>\$21,565,196</i>	<i>\$19,880,975</i>	<i>-7.8%</i>
<b>Capital Outlay Transfer</b>			
Transfer to Capital Outlay	\$16,497,825	\$16,485,497	-0.1%
<i>Subtotal</i>	<i>\$16,497,825</i>	<i>\$16,485,497</i>	<i>-0.1%</i>
<b>Total Operating Expenses and Transfers</b>	<b>\$73,358,614</b>	<b>\$77,292,227</b>	<b>5.4%</b>

Notes: (1) Transfer to reserves is to account for unforeseen events and emergencies (i.e. possible changes in regulations, impacts of federal layoffs on customer rate payments, or other operating costs)

**Table 3.4. Debt Service Funding Sources and Flow of Funds**

Item	Adopted FY2025	Proposed FY2026	Annual Variance (%)
<b>Debt Service Funding Sources</b>			
Transfer from Operating Revenue	\$21,565,196	\$19,880,975	-7.8%
Parity Interest Income	\$725,000	\$340,000	-53.1%
<b>Total Debt Service Funding Sources</b>	<b>\$22,290,196</b>	<b>\$20,220,975</b>	<b>-9.3%</b>
<b>Debt Service Expenses</b>			
Principal	\$13,788,763	\$10,974,262	-20.4%
Interest	\$8,501,433	\$9,246,713	8.8%
<b>Debt Service Expenses</b>	<b>\$22,290,196</b>	<b>\$20,220,975</b>	<b>-9.3%</b>

**Table 3.5. Capital Outlay Funding Sources and Flow of Funds**

Item	Adopted FY2025	Proposed FY2026	Annual Variance (%)
<b>Capital Outlay Funding Sources</b>			
Transfer from Operating Revenue	\$16,497,825	\$16,485,497	-0.1%
Fairfax County IRR Contributions	\$3,901,296	\$5,064,966	29.8%
Fairfax County Capital Contributions	\$36,851,776	\$54,313,129	47.4%
Capital Interest Income	\$75,000	\$1,275,000	1600.0%
Cash	\$5,266,179	\$6,608,035	25.4%
Parity Debt Proceeds	\$112,618,224	\$113,393,095	0.7%
<b>Total Capital Outlay Funding Sources</b>	<b>\$175,210,300</b>	<b>\$197,171,783</b>	<b>12.5%</b>
<b>Capital Outlay Expenses</b>			
IRR	\$11,755,900	\$12,664,560	7.7%
Capital	\$163,454,400	\$184,507,223	12.9%
<b>Total Capital Outlay Expenses</b>	<b>\$175,210,300</b>	<b>\$197,171,783</b>	<b>12.5%</b>

### 3.1 Operating Revenues

Operating revenues comprise the rates collected from Alexandria customers (Wastewater Treatment Charges) and Fairfax County’s payments for AlexRenew’s day-to-day operations (Fairfax County Operating Expense). The projected Operating Revenue for FY2026 is \$77.2 million, up 5.4 percent from the prior year budget. The increase includes the proposed rate adjustment for FY2026 of 5.0 percent, which primarily supports the ongoing RiverRenew capital investments. Further detail on AlexRenew’s proposed rate adjustments for both FY2026 and FY2027 is in Section 5.

### 3.2 Fairfax Capital Contributions

In accordance with the Fairfax County Service Agreement, Fairfax County contributes to the IRR program and CIP, at predetermined levels, to allow for the upgrade and replacement of capital assets as they depreciate, and the acquisition of new assets associated with regulatory compliance. The projected Fairfax IRR and Capital Contributions for FY2026 is \$59.4 million, up 45.7 percent from the prior year budget. The increase is primarily associated with PhaseForward capital investments.

### 3.3 General Capital Proceeds

General capital proceeds include funds disbursed from loans, bonds, grants, interest income, miscellaneous revenue, and cash reserves. This component of the budget is primarily comprised of funding from loans, bonds, interest income, and cash reserves as AlexRenew’s CIP projects progress. The projected FY2026 General Capital Proceeds budget is \$119.2 million, increasing 0.4 percent from the prior year budget. The proceeds in FY2026 are largely from loans that will support ongoing RiverRenew capital investments.

### 3.4 Operating Expenses

Operating and maintenance expenses represent the costs associated with day-to-day operation of wastewater treatment and other AlexRenew facilities. The proposed FY2026 Operating and Maintenance Expenses are \$38.4 million, representing an 8.9 percent year-over-year increase. The increase is largely driven by a 6.5 percent increase in personnel. In FY2026, AlexRenew will implement a maintenance apprenticeship program to provide knowledge transfer as senior staff retire, with an anticipated hiring of five (5) apprentices. Additionally, FY2026 includes the addition of an asset manager and technical trainer to support ongoing initiatives. These additions are summarized in Table

3.6, which compares the FY2026 headcount to the FY2025 Approved Budget.

**Table 3.6.** Full Time Equivalent (FTE) Summary

Department	Adopted FY2025	Proposed FY2026	FTE Impact
Executive Team	4.0	4.0	-
Information Technology Department	10.0	10.0	-
Administration Department	17.0	16.0	-
Water Quality Department	50.0	50.0	-
Engineering Department	39.0	45.0	6.0
Human Resources Department	6.0	7.0	1.0
<b>Total</b>	<b>126.0</b>	<b>133.0</b>	<b>7.0</b>

In addition to personnel costs, operations and maintenance costs increased by 23.1 percent. The increase is primarily associated with additional training to support the maintenance apprenticeship program, the incorporation of the completed Environmental Center 5th floor into the cleaning program, and an increase in preventive maintenance activities for boilers, chillers, and other equipment in FY2026. The Arlington Sewage Disposal projected cost increased by 5.6 percent. Chemicals increased 16.1 percent due to vendor cost increases associated with inflation and higher loadings to the WRRF. Utilities increased by 10.3 percent year-over-year. This increase aligns this year’s projections with the FY2024 actual usage.

### 3.5 Debt Service

Debt Service is the annual money required to pay the principal and interest on outstanding debt. The FY2025 Debt Service budget is \$20.2 million, a decrease of 9.3 percent from the prior year. The decrease is associated with the retirement of and decrease in principal and interest payments for bonds that were procured between 2004 and 2006.

### 3.6 Capital Outlay

The proposed FY2026 Capital Outlay is projected to be \$197.2 million. The expenditures primarily include funding for capital investments to commission RiverRenew and to continue design and begin construction on PhaseForward projects. AlexRenew also anticipates continued use of its three Job Order Contracts for ongoing repairs and improvements to AlexRenew’s assets through the \$12.7 million IRR program. Table 3.7 provides a summary of the CIP program for FY2026.



Table 3.7. Proposed FY2026 Capital Program Summary (\$M)

Summary of Capital Expenses		Adopted FY2025	Proposed FY2026	% Change
IRR Program	Alex-only IRR	\$1.8	\$1.0	-43.8%
	Joint IRR	\$9.9	\$11.6	17.2%
	<i>Subtotal</i>	<i>\$11.8</i>	<i>\$12.7</i>	<i>7.7%</i>
CIP – General	Alex-only CIP	\$10.8	\$13.9	28.2%
	Joint CIP	\$44.9	\$74.6	66.1%
	<i>Subtotal</i>	<i>\$55.8</i>	<i>\$88.5</i>	<i>58.8%</i>
CIP – RiverRenew	RiverRenew Tunnel	\$107.7	\$96.0	-10.9%
	<i>Subtotal</i>	<i>\$107.7</i>	<i>\$96.0</i>	<i>-10.9%</i>
<b>Total CIP/IRR Program Expenses</b>		<b>\$175.2</b>	<b>\$197.2</b>	<b>12.5%</b>

## 4 THREE (3) YEAR BUDGET FORECAST

Each year, AlexRenew also presents a three (3) year budget forecast of anticipated revenues and expenses to comply with its financial policy. Tables 4.1 and 4.2 below present the budget forecast for the next three years, including FY2026.

**Table 4.1.** Three (3) Year Budget Forecast – Revenues

Revenue Categories		Proposed FY2026	Estimated FY2027	Estimated FY2028
Operating Revenues	Wastewater Treatment Charges	\$63,441,337	\$67,057,493	\$70,209,195
	Fairfax County Operating Charge	\$13,765,889	\$14,454,764	\$15,178,095
	<i>Subtotal</i>	\$77,207,227	\$81,512,258	\$85,387,290
Fairfax Capital Contributions	Fairfax County IRR Contribution	\$5,064,966	\$5,242,592	\$5,494,683
	Fairfax County Capital Contribution	\$54,313,129	\$67,890,000	\$62,430,000
	<i>Subtotal</i>	\$59,378,095	\$73,132,592	\$67,924,683
General Capital Proceeds	Debt Proceeds	\$113,393,095	\$42,000,000	\$27,000,000
	Interest Income	\$1,700,000	\$1,700,000	\$1,700,000
	Cash	\$4,140,097	\$3,515,892	\$4,385,729
	<i>Subtotal</i>	\$119,233,192	\$47,215,892	\$33,085,729
<b>Total Revenues</b>		<b>\$255,768,513</b>	<b>\$255,818,513</b>	<b>\$201,860,741</b>

**Table 4.2.** Three (3) Year Budget Forecast – Expenses

Expense Categories		Proposed FY2026	Estimated FY2027	Estimated FY2028
Operating and Maintenance Expenses	Personnel	\$18,334,520	\$19,251,246	\$20,213,808
	Utilities	\$4,684,240	\$4,918,452	\$5,164,375
	Chemicals	\$4,145,000	\$4,352,250	\$4,569,863
	Operations and Maintenance	\$1,945,750	\$2,043,038	\$2,145,189
	Arlington Sewage Disposal	\$1,900,000	\$1,995,000	\$2,094,750
	Sludge Disposal	\$1,509,500	\$1,584,975	\$1,664,224
	General, Administration, Customer Service, and Other	\$5,906,745	\$6,202,082	\$6,512,186
	<i>Subtotal</i>	\$38,425,755	\$40,347,043	\$42,364,395
Debt Service	Parity Debt Service	\$20,220,975	\$21,510,154	\$21,454,922
Capital Outlay	Joint IRR	\$11,640,800	\$11,244,604	\$11,149,064
	Alex-only IRR	\$1,023,760	\$708,941	\$779,322
	CIP – RiverRenew	\$95,992,223	\$0	\$0
	CIP – General (Alex-only)	\$13,900,000	\$14,900,000	\$6,600,000
	CIP – General (Joint)	\$74,615,000	\$113,150,000	\$104,050,000
<i>Subtotal</i>	\$197,171,783	\$140,003,545	\$122,578,386	
<b>Total Expenses</b>		<b>\$255,818,513</b>	<b>\$201,860,741</b>	<b>\$186,397,703</b>

Tables 4.3 and 4.4 demonstrate AlexRenew’s financial profile according to the budget projections, as measured by its two major financial metrics – cash reserves and debt service coverage.

As it relates to liquidity, AlexRenew’s Indenture requires it to maintain at least 60 days cash on hand in the Operating Fund. AlexRenew’s Financial Policy requires it to maintain an additional 60 days cash on hand in the General Reserve Sub-Fund, for a total cash reserve requirement of at least 120 days of operating expenses. As it relates to debt service coverage, AlexRenew’s Financial Policy requires net revenues cover annual debt service payments by 1.5 times. In both cases, the proposed FY2026

budget forecasts compliance with these policies and indicates a healthy financial profile.

**Table 4.3.** Summary of Compliance with Indenture and Financial Policy – Cash Reserves

<b>Indenture and Financial Policy Compliance</b>	<b>Adopted FY2025</b>	<b>Proposed FY2026</b>	<b>Estimated FY2027</b>	<b>Estimated FY2028</b>
Operating Fund	\$5,880,913	\$6,316,562	\$6,632,391	\$6,964,010
General Reserve Sub-Fund	\$5,802,015	\$6,316,562	\$6,632,391	\$6,964,010
<b>Total Cash Reserve Requirement</b>	<b>\$11,682,928</b>	<b>\$12,633,125</b>	<b>\$13,264,781</b>	<b>\$13,928,020</b>

**Table 4.4.** Summary of Compliance with Indenture and Financial Policy – Debt Service Coverage

<b>Indenture and Financial Policy Compliance</b>	<b>Adopted FY2025</b>	<b>Proposed FY2026</b>	<b>Estimated FY2027</b>	<b>Estimated FY2028</b>
Wastewater Treatment Charges	\$60,420,321	\$63,441,337	\$67,057,493	\$70,209,195
Fairfax County Operating Expense Charge	\$12,838,293	\$13,765,889	\$14,454,764	\$15,178,095
Interest Income	\$900,000	\$1,700,000	\$1,700,000	\$1,700,000
Gross Revenue Available for Debt Service	\$74,158,614	\$78,907,227	\$83,212,258	\$87,087,290
Operating Expenses	(\$35,295,594)	(\$38,425,755)	(\$40,347,043)	(\$42,364,395)
Net Revenues Available for Debt Service	\$38,863,021	\$40,481,472	\$42,865,215	\$44,722,895
Total Annual Debt Service	\$22,290,196	\$20,220,975	\$21,510,154	\$21,454,922
<b>All-in Debt Service Coverage</b>	<b>1.74x</b>	<b>2.00</b>	<b>1.99x</b>	<b>2.08x</b>

The following fund statements, organized in accordance with the terms mandated in Article VII of the Indenture, are included as Appendix B to this document and provide additional detail for the three (3) year budget forecast:

- Revenue Fund Statement
- Fairfax County Contributions
- Operating Fund Statement
- Parity Debt Service Fund Statement
- IRR Fund Statement – Joint Use Facilities Account
- IRR Fund Statement – General Account
- General Fund Statement

## **5 DETERMINING RATES, CHARGES, AND REVENUE ESTIMATES**

For more than twenty years, AlexRenew has employed rate modeling to analyze, evaluate, and implement an annual and long-term fee structure to support the financial obligations of the organization. AlexRenew has engaged an independent, third-party consultant to develop and monitor a rate model designed specifically for AlexRenew. This model is used to manage revenue performance in the current year and to forecast revenue requirements, based on anticipated operating and capital costs, each year over a 10-year time horizon.

In addition to rate modeling, the Board has adopted a strong financial policy to guide the approach to setting rates and maintaining a sustainable financial position. This policy targets key financial metrics, represents best practices, and ensures AlexRenew maintains cost-efficient operations while delivering superior public services for AlexRenew’s customers and community.

### **5.1 Rate Modeling Process**

Rate consultants review and update the AlexRenew rate model annually, upon completion and acceptance of AlexRenew’s audited financial statements, and more frequently as necessary. This process, and the model, is heavily data-driven and uses historical and projected data comprised of billing statistics, historical financial data, the current budget, and capital plan forecasts. The rate consultants perform comprehensive due diligence exercises to validate all information provided by AlexRenew and obtained from other relevant sources. Once validation is complete, the rate consultants review their findings with AlexRenew leadership to discuss observed historical trends, comparison with prior forecasts, current projections, and adjustments for known conditions, such as contingency.

The projected revenues, and assumptions of additional debt and capital funding, are evaluated relative to AlexRenew’s annual cash flow requirements and likely financial position at year-end. This iterative process allows AlexRenew and its rate consultants to examine how subtle changes to rates or assumptions today have the potential to materially influence financial position across the forecast. It also allows for sensitivity analysis and the ability to examine AlexRenew’s financial profile under various hypothetical scenarios, which is instructive to management and provides a stronger basis for recommending the timing and magnitude of potential rate adjustments.

As a single, dominant revenue source that accounts for over 80 percent of operating revenues, the Wastewater Treatment Charges are critical to the funding of current operations and long-term financial viability. As a result, it is imperative to combine a thorough understanding of the rate modeling process, strict adherence to the terms of the Indenture, faithfulness to AlexRenew’s financial policies, and the needs of the community when establishing rates and charges.

### **5.2 Rate Growth Assumptions**

AlexRenew has historically modeled growth in Wastewater Treatment Charges of approximately 0.50-2.00 percent and Fairfax County Operating Charges of approximately 1.00-3.00 percent when determining rates and revenues over the forecast period.

### **5.3 Expenditure Growth Assumptions**

AlexRenew has historically used consumer price index (CPI) to evaluate costs over the forecast period and has commonly assumed an inflation range of 2.0-5.0 percent.

## 5.4 Revenue Forecast Assumptions

Starting in FY2020, AlexRenew began implementing a multi-year phased rate increase initiative, primarily to fund capital expenditures including the RiverRenew program. The revenue assumptions included in this budget include annual rate increases that are proposed for FY2026 and FY2027, as further described in section 5.5.

## 5.5 Rate and Charges

The following schedule details the monthly rates and charges for all individually metered residential customers and commercial customers discharging sewage to and/or requiring wastewater treatment service from AlexRenew. Commercial wastewater customers include all commercial, industrial, government and other public agencies, master-metered residential, and all other accounts or customers not otherwise classified as individually metered residential customers.

A wastewater customer’s monthly bill for wastewater interception, treatment, and discharge services is based on the sum of their: (1) base and (2) wastewater treatment (variable) charges, as determined by water meter readings conducted by Virginia American Water, at the customer premise. The base charge serves as the minimum monthly bill for sewer service for all customers served by AlexRenew.

The rate for FY2026 is projected to increase the average bill by approximately \$2.76/month and \$3.31/month in FY2027 (based on 4,000 gallons monthly usage). Based on current projections, these rate adjustments will allow AlexRenew to maintain its fiscal profile while funding the budget and capital program herein. Table 5.1 details proposed rate adjustments for FY2026 and FY2027.

**Table 5.1.** Proposed FY2026 and FY2027 Rate Adjustments

Charge	Meter Size	Current Monthly Cost FY2025	Proposed Monthly Cost FY2026	Proposed Monthly Cost FY2027
Residential Base	All Meters	\$14.57	\$15.29	\$16.16
Commercial Base	5/8 inch	\$43.68	\$45.87	\$48.48
	3/4 inch	\$43.68	\$45.87	\$48.48
	1 inch	\$109.19	\$114.68	\$121.20
	1-1/2 inch	\$218.38	\$229.35	\$242.40
	2 inch	\$349.41	\$366.96	\$387.84
	3 inch	\$655.14	\$688.05	\$727.20
	4 inch	\$1,091.90	\$1,146.75	\$1,212.00
	6 inch	\$2,183.80	\$2,293.50	\$2,424.00
	8 inch	\$3,494.08	\$3,669.60	\$3,878.40
Wastewater Treatment (Residential and Commercial)	All Meters	\$10.26	\$10.77	\$11.38

## 6 10-YEAR CAPITAL IMPROVEMENT AND IMPROVEMENT, RENEWAL, AND REPLACEMENT PROGRAMS

AlexRenew manages its capital projects through its CIP and its IRR Program. The CIP and IRR Program are summarized in a 10-year plan and is a key element in planning for and managing to future regulatory compliance through large-scale capital investments. AlexRenew's 10-year CIP and IRR program budget for FY2026-2035 is \$1,028.2 million.

The 10-year plan is an important tool used to formulate future project financing plans, maximize federal and state grant opportunities, proactively plan for the replacement or reconstruction of essential assets nearing the end of their service life, and schedule and coordinate the execution of multiple projects to minimize operational impact.

With RiverRenew nearing completion, AlexRenew is now focused on necessary improvements and upgrades to the WRRF through the design and construction of the PhaseForward projects through FY2030. In addition to the RiverRenew and PhaseForward programs, highlights of the FY2026-2035 CIP include:

- **Campus-wide Electrical Upgrades Program Project.** A program to overhaul AlexRenew's wastewater treatment plant's electrical grid and related infrastructure.
- **Commonwealth Interceptor Upgrade Project.** A project to evaluate alternatives, in coordination with the City of Alexandria, to mitigate excess inflow and infiltration into the Commonwealth Separate Sanitary Area.
- **Climate Change Adaptation Project.** A project to assess vulnerabilities to climate change impacts and implement engineering solutions to protect AlexRenew assets and personnel.
- **HVAC System Upgrade Project.** A project to assess, replace and upgrade the HVAC systems across AlexRenew's campus.

Tables C.1 and C.2 in Appendix C summarize the 10-year CIP expenses. Additionally project sheets for each major CIP program are provided in Appendix C.

### 6.1 CIP and IRR Program Funding

Funding sources for the CIP and IRR program include loans, grants, revenue bond issues, bank lines of credit, capital contributions from Fairfax County, and cash contributions from AlexRenew's operations and reserves. AlexRenew has used loan programs including the Virginia Department of Environmental Quality (VDEQ) Clean Water Revolving Loan Fund (CWRLF), Virginia Pooled Financing Program (VPFP), and Water Infrastructure Finance and Innovation Act (WIFIA) program.

Additional details on the loans can be found under the detailed Parity Debt Service Fund statement in Appendix B. Table 6.1 illustrates the anticipated capital funding sources over the 10-year period including the continued significant debt financing to be utilized to fund the high level of ongoing RiverRenew construction and upcoming PhaseForward construction.

**Table 6.1.** Summary of Anticipated Funding Sources for the 10-year Capital Program

Funding Sources	Proposed FY26	Est. FY27	Est. FY28	Est. FY29	Est. FY30	Est. FY31	Est. FY32	Est. FY33	Est. FY34	Est. FY35	10-year Total
Operating Revenue	\$16.5	\$20.1	\$22.0	\$18.9	\$20.0	\$21.3	\$23.2	\$25.5	\$27.2	\$27.6	\$222.5
Fairfax IRR Contributions	\$54.3	\$67.9	\$62.4	\$69.3	\$62.1	\$40.5	\$23.8	\$18.8	\$11.0	\$27.5	\$437.8
Fairfax Capital Contributions	\$5.1	\$5.2	\$5.5	\$4.8	\$4.4	\$4.5	\$4.5	\$4.6	\$5.1	\$5.3	\$49.1
Debt Proceeds	\$113.4	\$42.0	\$27.0	\$30.0	\$23.0	\$12.0	\$0.0	\$11.0	\$9.0	\$0.0	\$267.4
Grants	-	-	-	-	-	-	-	-	-	-	-
Interest Income	\$1.3	\$1.3	\$1.3	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$10.8
Cash	\$6.6	\$3.5	\$4.4	\$4.0	\$4.6	\$3.7	\$4.0	\$4.0	\$4.5	\$1.4	\$40.6
<b>Total Estimated CIP Funding</b>	<b>\$197.2</b>	<b>\$140.0</b>	<b>\$122.6</b>	<b>\$128.0</b>	<b>\$115.0</b>	<b>\$83.0</b>	<b>\$56.5</b>	<b>\$65.0</b>	<b>\$57.9</b>	<b>\$62.9</b>	<b>\$1,028.2</b>

<sup>1</sup>Projected debt proceeds total for FY2026 is rounded for purposes of the table.

The CIP and related funding strategies comply with all relevant AlexRenew financial policies including the required 15 percent cash funding requirement and sufficient projected net revenues to produce coverage of debt service requirements in excess of the 1.5x policy minimum.

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**APPENDIX A**

**DEFINITIONS**

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**IRR Program.** Improvement, Renewal, and Replacement Program

**CIP.** Capital Improvement Program

**CPI.** Consumer Price Index

**Operating Revenues.** Rates collected from Alexandria customers and Fairfax County’s payments for AlexRenew’s day-to-day operations

**Fairfax Capital Contributions.** Fairfax County’s payments for AlexRenew’s CIP and IRR program

**General Capital Proceeds** Cash disbursed from loans and grants to fund capital projects

**Operating Expenses.** Costs associated with day-to-day operation of wastewater treatment and other AlexRenew facilities

**Debt Service.** Payments on outstanding debt

**Capital Outlay.** Costs associated with capital projects and IRR projects

**Capital Project.** A capital project (generally greater than \$500,000) that involves expenditures to construct or acquire assets of a relatively permanent nature such as property, plant, and equipment with a useful life that exceeds approximately three years.

**IRR Project.** A capital project (generally ranging from \$5,000 to \$500,000) that involves expenditures to construct or acquire assets of a relatively permanent nature such as property, plant, and equipment with a useful life that exceeds approximately three years.

**Alex-Only Capital Projects.** Capital projects that are the responsibility of AlexRenew only.

**Joint Capital Projects.** Capital projects for which AlexRenew and Fairfax County share joint responsibility.

**WRRF.** Water Resource Recovery Facility.

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**APPENDIX B**

**THREE (3) YEAR BUDGET FORECAST – FUND  
STATEMENTS**

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## REVENUE FUND STATEMENT

AlexRenew’s Indenture establishes nine (9) funds into which monies may be deposited to manage operating and maintenance, non-operating, and capital obligations. The collection and deposit of monies typically occurs monthly at specified times and in specified amounts, and in a prescribed order of priority.

AlexRenew is required to collect and deposit Revenues, as defined in the Indenture, in the Revenue Fund and make monthly transfers to each of its actively managed funds. Deposits to the Revenue Fund do not include Fairfax County IRR payments or Capital Contributions. These dollars are deposited by Fairfax County directly into the Joint Use Facilities Account of the IRR Fund or the Project or General Funds for capital outlay reimbursements, as appropriate.

Table B.1 presents adopted, proposed, and estimated revenues expected to be received by AlexRenew for the period FY2026-2028. In addition, planned revenue transfers to various operating and non-operating funds are provided to highlight the use or purpose of the funds.

**Table B.1.** Revenue Fund Summary

Revenues and Transfers to Revenue Fund	Adopted FY2025	Proposed FY2026	Var %	Estimated FY2027	Estimated FY2028
<b>Revenues</b>					
Wastewater Treatment Charges	\$60,420,321	\$63,441,337	5.0%	\$67,057,493	\$70,209,195
Fairfax County Operating Charge	\$12,838,293	\$13,765,889	7.2%	\$14,454,764	\$15,178,095
<b>Total Revenues</b>	<b>\$ 73,258,614</b>	<b>\$77,207,227</b>	<b>5.4%</b>	<b>\$81,512,258</b>	<b>\$85,387,290</b>
<b>Transfers</b>					
Transfer to Operating Fund (1), (2)	\$35,195,594	\$40,840,755	16.0%	\$40,262,043	\$42,279,395
Transfer to Parity Debt Service Fund	\$21,565,196	\$19,880,975	-7.8%	\$21,170,154	\$21,114,922
Transfer to IRR Fund - Joint Use Facilities Account	\$2,704,353	\$11,640,800	330.4%	\$11,244,604	\$11,149,064
Transfer to IRR Fund - General Account	\$1,822,000	\$1,023,760	-43.8%	\$708,941	\$779,322
Transfer to General Fund	\$11,971,472	\$3,820,937	-68.1%	\$8,126,517	\$10,064,587
<b>Total Uses</b>	<b>\$73,258,615</b>	<b>\$77,207,228</b>	<b>5.4%</b>	<b>\$81,512,258</b>	<b>\$85,387,290</b>

Notes: (1) Includes entire Fairfax County Operating Charge

(2) Includes the \$2.5M in FY2026 that will be transferred reserves to account for unforeseen events and emergencies (i.e. possible changes in regulations, impacts of federal layoffs on customer rate payments or other operating costs)

## FAIRFAX COUNTY CONTRIBUTIONS

Table B.2 presents the summary of Fairfax County Contributions for the period FY2026-2028 and demonstrates the method by which Fairfax County annual payments and contributions are determined based on the capacity rights Fairfax County currently receives under the Fairfax County Service Agreement. Fairfax County currently makes equal monthly Operating Expense charge installments into the Revenue Fund, equal monthly contributions into the Joint Use Facilities Account of the IRR Fund, and variable monthly capital contributions (formulaic reimbursements based actual capital expenditures) into the Project Fund.

**Table B.2.** Fairfax County Contributions Summary

Fairfax County Contributions	Adopted FY2025	Proposed FY2026	Var %	Estimated FY2027	Estimated FY2028
<b>Operating Expense Charge</b>					
Total Est. Operating Expenses	\$35,295,594	\$38,425,755	8.9%	\$40,347,043	\$42,364,395
Less Est. "Alex-Only" Expenses	\$(4,683,060)	\$(4,803,219)	2.6%	\$(5,043,380)	\$(5,295,549)
Net Est. Joint Op. Expenses	\$30,612,534	\$33,622,536	9.8%	\$35,303,662	\$37,068,846
Est. Fairfax County Net Flow	42.0%	41.0%	-2.4%	41.0%	41.0%
Est. Fairfax County Op. Charge	\$12,857,264	13,785,240	7.2%	\$14,474,502	\$15,198,227
Less Alex-Only Flow Charge	\$(18,971)	\$(19,350)	2.0%	\$(19,737)	\$(20,132)
<b>Est. Fairfax County Op. Charge</b>	<b>\$12,838,293</b>	<b>\$13,765,889</b>	<b>7.2%</b>	<b>\$14,454,764</b>	<b>\$15,178,095</b>
<b>IRR Fund - Joint Contribution:</b>					
Est. Joint Use Plant Investment	\$943,664,099	\$1,225,138,139	29.8%	\$1,268,103,069	\$1,329,080,218
Est. Joint Use IRR Funding Pct	0.7%	0.7%	0.0%	0.7%	0.7%
Additional Transfers					
Est. Joint Use IRR Investment	\$6,605,649	\$8,575,967	29.8%	\$8,876,721	\$9,303,562
Investment Allocation at 60%	\$6,143,253	\$7,975,649	29.8%	\$8,255,351	\$8,652,312
Investment Allocation at 49%	\$396,339	\$514,558	29.8%	\$532,603	\$558,214
Investment Allocation at 32%	\$66,056	\$85,760	29.8%	\$88,767	\$93,036
<b>Total IRR - Joint Investment</b>	<b>\$6,605,649</b>	<b>\$8,575,967</b>	<b>29.8%</b>	<b>\$8,876,721</b>	<b>\$9,303,562</b>
Fairfax County Allocation at 60%	\$3,685,952	\$4,785,390	29.8%	\$4,953,211	\$5,191,387
Fairfax County Allocation at 49%	\$194,206	252,133	29.8%	\$260,976	\$273,525
Fairfax County Allocation at 32%	\$21,138	27,443	29.8%	\$28,406	\$29,771
<b>Total Fairfax County IRR - Joint Contribution</b>	<b>\$3,901,296</b>	<b>\$5,064,966</b>	<b>29.8%</b>	<b>\$5,242,592</b>	<b>\$5,494,683</b>
AlexRenew Joint IRR Contribution	\$2,704,353	\$3,511,001	29.8%	\$3,634,130	\$3,808,878
<b>Capital Project Contribution - Joint Use Facilities:</b>					
Est. Joint Capital Improvements at 60%/40%	\$44,160,000	\$74,115,000	67.8%	\$113,150,000	\$104,050,000
Fairfax County Allocation at 60%	\$26,496,000	\$44,469,000	67.8%	\$67,890,000	\$62,430,000
Est. Joint Capital Improvements at 49%/51%	\$750,000	\$500,000	-33.3%	-	-
Fairfax County Allocation at 49%	\$367,500	\$245,000	-33.3%	-	-
Est. Joint Capital Improvements RiverRenew	\$64,083,402	\$78,379,997	22.3%	-	-
Fairfax County Allocation (1)	\$9,988,276	\$9,599,129	-3.9%	-	-
Est. Joint Capital Improvements at 32%/68%	-	-	0.0%	-	-
Fairfax County Allocation at 32%	-	-	0.0%	-	-
Total Fairfax County Capital Contribution	<b>\$36,851,776</b>	<b>\$54,313,129</b>	<b>47.4%</b>	<b>\$67,890,000</b>	<b>\$62,430,000</b>
<b>Total Fairfax County Contributions</b>	<b>\$53,591,365</b>	<b>\$73,143,984</b>	<b>36.5%</b>	<b>\$87,587,356</b>	<b>\$83,102,778</b>

Note: (1) Fairfax County allocation based on Contractor Schedule of Values



## OPERATING FUND STATEMENT

The Operating Fund is primarily funded with Wastewater Treatment Charges and is used for expenses incurred in the day-to-day operations. These are expected expenses that happen daily, weekly, or monthly. These expenses include personnel, utilities, chemicals, operations and maintenance, Arlington sewage disposal, sludge disposal, and other administrative expenses. The schedule below presents adopted and estimated Operating Fund revenue and expenses expected by AlexRenew for the period FY2026-2028.

The Operating Fund estimates in Table B.3 are in compliance with the financial policy to maintain a combined 120 days of reserves which includes 60 days in the Operating Fund.

**Table B.3. Operating Fund Summary**

Operating Expenses Categories	Adopted FY2025	Proposed FY2026	Var %	Estimated FY2027	Estimated FY2028
<b>Revenues</b>					
Transfer from Revenue Fund	\$35,195,594	\$40,840,755	16.0%	\$40,262,043	\$42,279,395
Interest Income	\$100,000	\$85,000	-15.0%	\$85,000	\$85,000
<b>Total</b>	<b>\$35,295,594</b>	<b>\$40,925,755</b>	<b>16.0%</b>	<b>\$40,347,042</b>	<b>\$ 42,364,395</b>
<b>Expenses</b>					
Personnel	\$17,210,991	\$18,334,520	6.5%	\$19,251,246	\$20,213,808
Utilities	\$4,248,000	\$4,684,240	10.3%	\$4,918,452	\$5,164,375
Chemicals	\$3,571,000	\$4,145,000	16.1%	\$4,352,250	\$4,569,863
Operation Maintenance	\$1,581,255	\$1,945,750	23.1%	\$2,043,038	\$2,145,189
Arlington Sewage Disposal	\$1,800,000	\$1,900,000	5.6%	\$1,995,000	\$2,094,750
Sludge Disposal	\$1,362,000	\$1,509,500	10.8%	\$1,584,975	\$1,664,224
General, Admin, Cust. Service and Other	\$5,522,348	\$5,906,745	7.0%	\$6,202,082	\$6,512,186
<b>Total</b>	<b>\$35,295,594</b>	<b>\$40,925,755</b>	<b>8.9%</b>	<b>\$40,347,043</b>	<b>\$42,364,395</b>
<b>Excess (Deficiency) (1)</b>	<b>\$ (0)</b>	<b>\$435,650</b>		<b>\$615,562</b>	<b>\$331,620</b>
<b>Fund Balance - Beginning</b>	<b>\$5,880,913</b>	<b>\$5,880,913</b>		<b>\$6,316,562</b>	<b>\$6,632,391</b>
<b>Transfer to Reserves (2)</b>		<b>(\$2,500,000)</b>		<b>\$-</b>	<b>\$-</b>
<b>Fund Balance - Ending (1)</b>	<b>\$5,880,913</b>	<b>\$6,316,562</b>		<b>\$6,623,391</b>	<b>\$6,964,010</b>

Notes: (1) Operating Reserve Requirement of 60 days

(2) Transfer to reserves is to account for unforeseen events and emergencies (i.e. possible changes in regulations, impacts of federal layoffs on customer rate payments or other operating costs)

## PARITY DEBT SERVICE FUND STATEMENT

The Parity Debt Service Fund includes the amounts due to pay principal and interest on outstanding and projected AlexRenew debt. To date, AlexRenew has borrowed from the Virginia Clean Water Revolving Loan Fund (CWRLF) and Virginia Pooled Financing Program (VFPF) through the Virginia Resources Authority (VRA) as well as through the federal Water Infrastructure Finance and Innovation Act (WIFIA) loan program. In FY2024, AlexRenew issued its own bonds to fund PhaseForward projects. Within the context of the Indenture, capital funding in this manner is deemed parity debt. Table B.4 illustrates the debt service payment schedule for FY2026-2028 which includes repayment on the AlexRenew bonds.

**Table B.4.** Parity Debt Service Fund Summary

Parity Debt Service Fund	Adopted FY2025	Proposed FY2026	Estimated FY2027	Estimated FY2028
<b>Revenues</b>				
Transfer from Revenue Fund	\$21,565,196	\$19,880,975	\$21,170,154	\$21,114,922
Interest Income	\$725,000	\$340,000	\$340,000	\$340,000
<b>Total Revenue</b>	<b>\$22,290,195</b>	<b>\$20,220,974</b>	<b>\$21,510,154</b>	<b>\$21,454,922</b>
<b>Expenditures</b>				
VRA BOND SERIES 00B INTEREST	\$-	\$-	\$-	\$-
VRA BOND SERIES 00B PRINCIPAL	\$-	\$-	\$-	\$-
VRA BOND SERIES 04 INTEREST	\$3,543	\$-	\$-	\$-
VRA BOND SERIES 04 PRINCIPAL	\$708,669	\$-	\$-	\$-
VRA BOND SERIES 06 INTEREST	\$20,798	\$12,979	\$5,589	\$-
VRA BOND SERIES 06 PRINCIPAL	\$830,185	\$737,180	\$744,570	\$-
VRA BOND SERIES 09 INTEREST	\$129,186	\$105,178	\$80,512	\$55,171
VRA BOND SERIES 09 PRINCIPAL	\$876,692	\$900,700	\$925,366	\$950,707
VRA BOND SERIES 11 INTEREST	\$101,157	\$91,227	\$81,063	\$70,659
VRA BOND SERIES 11 PRINCIPAL	\$420,053	\$429,982	\$440,146	\$450,550
VRA BOND SERIES 14A INTEREST	\$96,566	\$88,520	\$80,373	\$72,123
VRA BOND SERIES 14A PRINCIPAL	\$641,705	\$649,751	\$657,899	\$666,148
VRA BOND SERIES 14B INTEREST	\$17,792	\$16,231	\$14,652	\$13,054
VRA BOND SERIES 14B PRINCIPAL	\$128,859	\$131,192	\$132,771	\$134,369
VRA BOND SERIES 14C/24B INTEREST	\$811,772	\$806,675	\$799,116	\$783,356
VRA BOND SERIES 14C/24B PRINCIPAL	\$305,000	\$-	\$295,000	\$320,000
VRA BOND SERIES 17A INTEREST	\$830,759	\$797,319	\$762,084	\$730,334
VRA BOND SERIES 17A PRINCIPAL	\$635,000	\$670,000	\$705,000	\$735,000
VRA BOND SERIES 19 INTEREST	\$66,347	\$53,510	\$51,260	\$50,360
VRA BOND SERIES 19 PRINCIPAL	\$101,000	\$300,000	\$100,000	\$100,000
VRA BOND SERIES 21 INTEREST	\$2,441,500	\$1,977,657	\$1,902,822	\$1,826,974
VRA BOND SERIES 21 PRINCIPAL	\$8,451,600	6,485,456	\$6,573,305	\$6,662,345
WIFIA BOND SERIES 21 INTEREST	\$1,516,500	3,030,167	\$4,029,479	\$4,525,883
WIFIA BOND SERIES 21 PRINCIPAL	-	-	\$191,272	\$366,264
ALEXRENEW BOND SERIES 24 INTEREST	\$2,465,514	2,267,250	\$2,232,875	\$2,196,625
ALEXRENEW BOND SERIES 24 PRINCIPAL	\$690,000	670,000	\$705,000	\$745,000
<b>Total Expenses</b>	<b>\$22,290,196</b>	<b>\$20,220,975</b>	<b>\$21,510,154</b>	<b>\$21,454,922</b>
Total Interest	\$8,501,433	\$9,246,713	\$10,039,825	\$10,324,539
Total Principal	\$13,788,763	\$10,974,262	\$11,470,329	\$11,130,383

## IRR FUND STATEMENT – JOINT USE FACILITIES ACCOUNT

The IRR Fund – Joint Use Facilities Account funds the project costs associated with the upgrade of infrastructure and equipment for the portions of the facility used jointly by Alexandria and Fairfax County.

As noted in the accompanying schedule, contributions to the Joint Use Facilities Account are made annually by both AlexRenew and Fairfax County in a combined amount equal to 0.7 percent of AlexRenew’s estimated joint capital asset value. Fairfax County’s portion of the total contribution is also based on the allocation percentages detailed on page B-4 and affirmed in the Fairfax County Service Agreement. Table B.5 illustrates IRR-Joint project expenses for FY2026-2028 that are necessary for ongoing AlexRenew’s asset repairs and improvements.

**Table B.5.** IRR Fund – Joint Use Facilities Account Summary

IRR Fund - Joint Use Facilities Account	Adopted FY2025	Proposed FY2026	Var %	Estimated FY2027	Estimated FY2028
<b>Revenues</b>					
Revenue Fund Transfer	\$2,704,353	\$11,640,800	330.4%	\$11,244,604	\$11,149,064
Fairfax County Contribution	\$3,901,296	\$5,064,966	29.8%	\$5,242,592	\$5,494,683
<b>Total Revenues</b>	<b>\$6,605,649</b>	<b>\$16,705,766</b>	<b>152.9%</b>	<b>\$16,487,196</b>	<b>\$16,643,748</b>
<b>Expenses</b>					
Campus Wide Projects	\$2,500,000	\$3,000,000	20.0%	\$4,000,000	\$3,000,000
Collection System Projects	\$100,000	\$500,000	400.0%	\$366,640	\$403,304
Information Technology Projects	\$500,000	\$500,000	0.0%	\$500,000	\$550,000
Compliance Laboratory	\$10,000	\$10,800	8.0%	\$11,664	\$12,830
Preliminary / Primary Infrastructure	\$250,000	\$1,000,000	300.0%	\$291,600	\$ 320,760
Secondary Infrastructure	\$1,500,000	\$1,500,000	0.0%	\$1,620,000	\$1,782,000
Solids Infrastructure	\$1,000,000	\$1,000,000	0.0%	\$1,166,400	\$1,283,040
Tertiary Infrastructure	\$1,763,900	\$1,000,000	-43.3%	\$683,500	\$751,850
Odor Control System	\$500,000	\$500,000	0.0%	\$500,000	\$550,000
Power Distribution Monitors	\$30,000	\$100,000	233.3%	\$30,000	\$33,000
West Campus Projects	\$750,000	\$1,000,000	33.3%	\$874,800	\$962,280
Safety and Security	\$1,030,000	\$1,530,000	48.5%	\$1,200,000	\$1,500,000
<b>Joint IRR Expenses</b>	<b>\$9,933,900</b>	<b>\$11,640,801</b>	<b>17.2%</b>	<b>\$11,244,604</b>	<b>\$11,149,065</b>
<b>Excess (Deficiency)</b>	<b>\$(3,328,251)</b>	<b>\$5,064,965</b>		<b>\$5,242,592</b>	<b>\$5,494,682</b>
<b>Fund Balance - Beginning</b>	<b>\$2,758,373</b>	<b>\$(569,878)</b>		<b>\$4,495,087</b>	<b>\$9,737,679</b>
<b>Fund Balance - Ending</b>	<b>\$(569,878)</b>	<b>\$4,495,087</b>		<b>\$9,737,679</b>	<b>\$15,232,361</b>

## IRR FUND STATEMENT – GENERAL ACCOUNT

The IRR Fund – General Account funds the project costs associated with the upgrade of infrastructure and equipment for the portions of the facility used for the benefit of the Alexandria only.

Contributions to the General Account are made annually for projects AlexRenew determines are necessary to maintain the safe and effective operation for collection system and Alexandria-only campus needs. Table B.6 illustrates IRR - Alex-Only project expenses for FY2026-2028 necessary for continued improvement, renewal, and replacement associated with Alexandria-only assets.

**Table B.6.** IRR Fund – General Account Summary

IRR Fund - General Account	Adopted FY2025	Proposed FY2026	Var %	Estimated FY2027	Estimated FY2028
<b>Revenues</b>					
Revenue Fund Transfer	\$1,822,000	\$1,023,760	-43.8%	\$708,941	\$779,322
<b>Total Revenue</b>	<b>\$1,822,000</b>	<b>\$1,023,760</b>	<b>-43.8%</b>	<b>\$708,941</b>	<b>\$779,322</b>
<b>Expenses</b>					
Campus Wide Projects	\$22,000	\$23,760	8.0%	\$25,661	\$27,714
Collection System Projects	\$1,800,000	\$1,000,000	-44.4%	\$683,280	\$751,608
<b>Total Expenses</b>	<b>\$1,822,000</b>	<b>\$1,023,760</b>	<b>-43.8%</b>	<b>\$708,941</b>	<b>\$779,322</b>

## GENERAL FUND STATEMENT

The General Fund is the repository of funds remaining after deposits to all other Funds are made and may be used for any lawful purpose of AlexRenew. AlexRenew uses the General Fund to finance Alexandria-only capital improvements, contribute cash funding to the joint capital program, manage unanticipated expenditures, and maintain sufficient reserves to promote ongoing financial strength.

The General Fund balance is projected to decrease \$12,625,000 through FY2026, with a projected balance of \$22.7 million. Table B.7 illustrates the General Fund balance for the period FY2026-2028 and includes demonstration of financial policy compliance to maintain 60 days of cash reserves in the General Reserve Sub-Fund.

**Table B.7.** General Fund Summary

General Fund	Adopted FY2025	Proposed FY2026	Var %	Estimated FY2027	Estimated FY2028
<b>Revenues</b>					
Revenue Fund Transfer	\$ 11,971,472	\$ 3,820,937	-68.1%	\$ 8,126,517	\$ 10,064,587
Interest Income	75,000	1,275,000	1600.0%	1,275,000	1,275,000
<b>Total Revenues</b>	<b>\$ 12,046,472</b>	<b>\$ 5,095,937</b>	<b>-57.7%</b>	<b>\$ 9,401,517</b>	<b>\$ 11,339,587</b>
<b>Expenses</b>					
Alex-only General Capital Expenses	\$ 10,844,400	\$ 13,900,000	28.2%	\$ 14,900,000	\$ 6,600,000
Transfer to Joint CIP Project Fund	0	3,820,937	0.0%	8,126,517	10,064,587
<b>Total Expenses</b>	<b>\$ 10,844,400</b>	<b>\$ 17,720,937</b>	<b>63.4%</b>	<b>\$ 23,026,517</b>	<b>\$ 16,664,587</b>
<b>Fund Balance Increase (Decrease)</b>	<b>\$ 1,202,072</b>	<b>\$ (12,625,000)</b>		<b>\$ (13,625,000)</b>	<b>\$ (5,325,000)</b>
<b>Fund Balance - Beginning</b>	<b>\$ 40,381,560</b>	<b>\$ 41,583,633</b>		<b>\$ 41,583,633</b>	<b>\$ 27,958,633</b>
<b>Fund Balance - Ending</b>	<b>\$ 41,583,633</b>	<b>\$ 28,958,633</b>		<b>\$ 27,958,633</b>	<b>\$ 22,633,633</b>
<b>General Reserve sub-Fund <sup>1</sup></b>	<b>\$ (5,802,015)</b>	<b>\$ (6,316,562)</b>		<b>\$ (6,632,391)</b>	<b>\$ (6,964,010)</b>
<b>Available Balance</b>	<b>\$ 35,781,617</b>	<b>\$ 22,642,070</b>	<b>-36.7%</b>	<b>\$ 21,326,242</b>	<b>\$ 15,669,623</b>

<sup>1</sup> Additional Operating Reserve Requirement of 60 days cash per Board-approved financial policy

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**APPENDIX C      10-YEAR CAPITAL IMPROVEMENT AND IMPROVEMENT,  
RENEWAL, AND REPLACEMENT PROGRAMS – SUMMARY  
AND PROJECT SHEETS**

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Table C-1. FY2026-2035 10-year CIP Program – Summary

Summary of Expenditures		Adopted FY2025	Proposed FY2026	Est. FY2027	Est. FY2028	Est. FY2029	Est. FY2030	Est. FY2031	Est. FY2032	Est. FY2033	Est. FY2034	Est. FY2035	10-year Total
IRR Program	Alex-only IRR	\$1.8	\$1.0	\$0.7	\$0.8	\$0.3	\$0.3	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$5.1
	Joint IRR	\$9.9	\$11.6	\$11.2	\$11.1	\$9.6	\$8.7	\$8.9	\$9.1	\$9.3	\$10.2	\$10.6	\$100.5
	<i>Subtotal</i>	\$11.8	\$12.7	\$12.0	\$11.9	\$9.9	\$9.1	\$9.3	\$9.5	\$9.7	\$10.6	\$11.0	\$105.6
CIP – General	Alex-only CIP	\$10.8	\$13.9	\$14.9	\$6.6	\$2.6	\$2.5	\$6.2	\$7.4	\$24.0	\$28.9	\$6.0	\$112.8
	Joint CIP	\$44.9	\$74.6	\$113.2	\$104.1	\$115.5	\$103.5	\$67.6	\$39.7	\$31.4	\$18.4	\$45.9	\$713.8
	<i>Subtotal</i>	\$55.8	\$88.5	\$128.1	\$110.7	\$118.1	\$105.9	\$73.7	\$47.1	\$55.4	\$47.3	\$51.9	\$826.6
CIP – RiverRenew	RiverRenew Tunnel Project	\$107.7	\$96.0	-	-	-	-	-	-	-	-	-	\$96.0
	<i>Subtotal</i>	\$107.7	\$96.0	-	-	-	-	-	-	-	-	-	\$96.0
<b>Total CIP/IRR Program</b>		<b>\$175.2</b>	<b>\$197.2</b>	<b>\$140.0</b>	<b>\$122.6</b>	<b>\$128.0</b>	<b>\$115.0</b>	<b>\$83.0</b>	<b>\$56.5</b>	<b>\$65.0</b>	<b>\$57.9</b>	<b>\$62.9</b>	<b>\$1,028.2</b>



Table C-2. FY2026-2035 10-year CIP Program – Detailed Expenses

Projects	Total Project	Prior Years	Proposed FY2026	Estimated FY2027	Estimated FY2028	Estimated FY2029	Estimated FY2030	Estimated FY2031	Estimated FY2032	Estimated FY2033	Estimated FY2034	Estimated FY2035	10-year Total
<b>IRR Program</b>													
Alex-only IRR													
IRR: Campus Wide Projects	\$ 0.3	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.3
IRR: Collection System Projects	\$ 6.6	\$ 1.8	\$ 1.0	\$ 0.7	\$ 0.8	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.4	\$ 0.4	\$ 4.8
<b>Alex-only IRR Subtotal</b>	<b>\$ 6.9</b>	<b>\$ 1.8</b>	<b>\$ 1.0</b>	<b>\$ 0.7</b>	<b>\$ 0.8</b>	<b>\$ 0.3</b>	<b>\$ 0.3</b>	<b>\$ 0.4</b>	<b>\$ 0.4</b>	<b>\$ 0.4</b>	<b>\$ 0.4</b>	<b>\$ 0.4</b>	<b>\$ 5.1</b>
<b>Joint IRR</b>													
IRR: Campus-Wide Projects	\$ 26.5	\$ 2.5	\$ 3.0	\$ 4.0	\$ 3.0	\$ 2.0	\$ 2.0	\$ 2.0	\$ 2.0	\$ 2.0	\$ 2.0	\$ 2.0	\$ 24.0
IRR: West Campus Projects	\$ 11.1	\$ 0.8	\$ 1.0	\$ 0.9	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.2	\$ 10.3
IRR: Preliminary and Primary Infrastructure	\$ 4.4	\$ 0.3	\$ 1.0	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 4.1
IRR: Secondary Infrastructure	\$ 20.3	\$ 1.5	\$ 1.5	\$ 1.6	\$ 1.8	\$ 1.8	\$ 1.9	\$ 1.9	\$ 2.0	\$ 2.0	\$ 2.1	\$ 2.2	\$ 18.8
IRR: Tertiary Infrastructure	\$ 9.7	\$ 1.8	\$ 1.0	\$ 0.7	\$ 0.8	\$ 0.7	\$ 0.7	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.9	\$ 7.9
IRR: Solids Infrastructure	\$ 14.4	\$ 1.0	\$ 1.0	\$ 1.2	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.4	\$ 1.4	\$ 1.5	\$ 1.5	\$ 1.6	\$ 13.4
IRR: Odor Control System	\$ 4.6	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.6	\$ 1.0	\$ -	\$ -	\$ -	\$ -	\$ 0.8	\$ 0.8	\$ 4.1
IRR: WRRF Safety and Security	\$ 7.6	\$ 1.0	\$ 1.5	\$ 1.2	\$ 1.5	\$ 0.8	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.3	\$ 0.3	\$ 0.3	\$ 6.5
IRR: Collection System Projects	\$ 2.4	\$ 0.1	\$ 0.5	\$ 0.4	\$ 0.4	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.2	\$ 2.3
IRR: Power Distribution Monitors	\$ 0.3	\$ 0.0	\$ 0.1	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ -	\$ -	\$ 0.3
IRR: Compliance Laboratory	\$ 0.1	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.1
IRR: Tunnel Cleaning/Inspection	\$ 3.6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.7	\$ 3.6
IRR: Information Technology Projects	\$ 5.6	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.6	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 5.1
<b>Joint IRR Subtotal</b>	<b>\$ 110.5</b>	<b>\$ 9.9</b>	<b>\$ 11.6</b>	<b>\$ 11.2</b>	<b>\$ 11.1</b>	<b>\$ 9.6</b>	<b>\$ 8.7</b>	<b>\$ 8.9</b>	<b>\$ 9.1</b>	<b>\$ 9.3</b>	<b>\$ 10.2</b>	<b>\$ 10.6</b>	<b>\$ 100.5</b>
<b>IRR Program Total</b>	<b>\$ 117.4</b>	<b>\$ 11.8</b>	<b>\$ 12.7</b>	<b>\$ 12.0</b>	<b>\$ 11.9</b>	<b>\$ 9.9</b>	<b>\$ 9.1</b>	<b>\$ 9.3</b>	<b>\$ 9.5</b>	<b>\$ 9.7</b>	<b>\$ 10.6</b>	<b>\$ 11.0</b>	<b>\$ 105.6</b>
<b>CIP - General</b>													
Alex-only Capital Improvement Projects													
Commonwealth Interceptor Upgrade Project	\$ 73.0	\$ 4.8	\$ 0.5	\$ -	\$ -	\$ -	\$ 1.7	\$ 4.8	\$ 6.2	\$ 22.6	\$ 27.8	\$ 4.8	\$ 68.3
Arlington County Capital Contributions	\$ 25.9	\$ 4.7	\$ 5.3	\$ 6.0	\$ 4.5	\$ 2.0	\$ 0.2	\$ 0.8	\$ 0.6	\$ 0.8	\$ 0.6	\$ 0.6	\$ 21.3
Potomac Interceptor Rehabilitation	\$ 14.8	\$ -	\$ 7.0	\$ 7.8	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 14.8
Environmental Center 5th Floor Build-out	\$ 1.5	\$ 1.0	\$ 0.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.5
Environmental Center Lobby Upgrades	\$ 2.0	\$ -	\$ -	\$ 0.5	\$ 1.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2.0
Capital Financing Fees	\$ 6.7	\$ 0.7	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 6.0
<b>Alex-only Capital Improvement Projects Subtotal</b>	<b>\$ 123.9</b>	<b>\$ 11.1</b>	<b>\$ 13.9</b>	<b>\$ 14.9</b>	<b>\$ 6.6</b>	<b>\$ 2.6</b>	<b>\$ 2.5</b>	<b>\$ 6.2</b>	<b>\$ 7.4</b>	<b>\$ 24.0</b>	<b>\$ 28.9</b>	<b>\$ 6.0</b>	<b>\$ 112.8</b>



Table C-2. FY2025-2034 10-year CIP Program – Detailed Expenses (continued)

Projects	Total Project	Prior Years	Estimated FY2026	Estimated FY2027	Estimated FY2028	Estimated FY2029	Estimated FY2030	Estimated FY2031	Estimated FY2032	Estimated FY2033	Estimated FY2034	Estimated FY2035	10-year Total
<b>Joint Capital Improvement Projects</b>													
Biosolids Diversification	\$ 315.2	\$ 9.7	\$ 25.2	\$ 61.7	\$ 58.1	\$ 55.0	\$ 46.5	\$ 9.3	\$ -	\$ -	\$ -	\$ -	\$ 255.8
Headworks Renewal	\$ 120.5	\$ 6.7	\$ 20.7	\$ 18.8	\$ 22.1	\$ 23.4	\$ 13.3	\$ 15.6	\$ -	\$ -	\$ -	\$ -	\$ 113.8
Nutrient Reduction	\$ 120.2	\$ 1.2	\$ 2.5	\$ 3.5	\$ 14.0	\$ 23.0	\$ 25.0	\$ 20.0	\$ 20.0	\$ 11.0	\$ -	\$ -	\$ 119.0
Information Technology Infrastructure Upgrades	\$ 22.8	\$ 11.5	\$ 2.6	\$ 2.6	\$ 1.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.0	\$ 11.3
Process Optimization	\$ 13.0	\$ 0.5	\$ 5.0	\$ 7.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12.5
Campus-wide Electrical Upgrade Program	\$ 81.0	\$ 1.0	\$ 2.5	\$ 2.5	\$ 5.0	\$ 7.5	\$ 12.5	\$ 15.0	\$ 15.0	\$ 10.0	\$ 5.0	\$ 5.0	\$ 80.0
Buildings L and G Elevator Replacement	\$ 3.0	\$ 1.0	\$ 2.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2.0
Warehouse and Inventory Upgrade	\$ 12.6	\$ 0.1	\$ 3.2	\$ 4.3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.0	\$ 12.5
Plantwide Sump and Drain System Updates	\$ 7.7	\$ -	\$ 0.2	\$ 0.5	\$ 0.5	\$ 1.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.0	\$ 7.7
Plant Effluent Water System Improvements	\$ 9.1	\$ -	\$ 2.3	\$ 1.8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.0	\$ 9.1
NMF Wet Well Modifications	\$ 10.0	\$ -	\$ 1.0	\$ -	\$ -	\$ 2.0	\$ 2.0	\$ -	\$ -	\$ -	\$ -	\$ 5.0	\$ 10.0
Secondary Settling Tanks Refurbishment	\$ 10.5	\$ -	\$ 1.5	\$ 2.0	\$ 2.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.0	\$ 10.5
Security Services During Construction	\$ 9.4	\$ 1.4	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 8.0
Reclaimed Water System Upgrade	\$ 1.6	\$ -	\$ 0.5	\$ 0.3	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 1.6
WRRF HVAC System Upgrade	\$ 19.5	\$ -	\$ -	\$ -	\$ -	\$ 2.0	\$ 2.5	\$ 5.5	\$ 2.5	\$ 1.5	\$ 0.5	\$ 5.0	\$ 19.5
Plantwide Chemical System Updates	\$ 12.0	\$ -	\$ 2.0	\$ 5.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.0	\$ 12.0
South Carlyle Partnership	\$ 1.1	\$ -	\$ -	\$ -	\$ -	\$ 0.2	\$ 0.3	\$ 0.3	\$ 0.3	\$ -	\$ -	\$ -	\$ 1.1
North Bridge Structural Upgrades	\$ 10.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.5	\$ 1.0	\$ 1.0	\$ 3.0	\$ 5.0	\$ -	\$ 10.5
Climate Change Resiliency Program	\$ 13.3	\$ 0.6	\$ 0.5	\$ 0.3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.0	\$ 7.0	\$ -	\$ 12.8
Biosolids Regional Facility	\$ 0.4	\$ -	\$ 0.4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.4
Boiler Improvement Project	\$ 3.5	\$ -	\$ 1.5	\$ 1.5	\$ 0.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3.5
Website Project	\$ 0.3	\$ -	\$ 0.2	\$ 0.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.3
Joint Capital Improvement Projects Subtotal	\$ 797.1	\$ 33.7	\$ 74.6	\$ 113.2	\$ 104.1	\$ 115.5	\$ 103.5	\$ 67.6	\$ 39.7	\$ 31.4	\$ 18.4	\$ 45.9	\$ 713.8
<b>General CIP Total</b>	<b>\$ 921.0</b>	<b>\$ 44.8</b>	<b>\$ 88.5</b>	<b>\$ 128.1</b>	<b>\$ 110.7</b>	<b>\$ 118.1</b>	<b>\$ 105.9</b>	<b>\$ 73.7</b>	<b>\$ 47.1</b>	<b>\$ 55.4</b>	<b>\$ 47.3</b>	<b>\$ 51.9</b>	<b>\$ 826.6</b>
<b>CIP - RiverRenew Program</b>													
RiverRenew Tunnel Project - Alex Only	\$184.6	\$167.0	\$17.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$17.6
RiverRenew Tunnel Project - Joint	\$445.4	\$367.0	\$78.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$78.4
RiverRenew Tunnel Project Total	\$630.0	\$534.0	\$96.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$96.0
<b>AlexRenew CIP Total</b>	<b>\$ 1,668.4</b>	<b>\$ 590.5</b>	<b>\$ 197.2</b>	<b>\$ 140.0</b>	<b>\$ 122.6</b>	<b>\$ 128.0</b>	<b>\$ 115.0</b>	<b>\$ 83.0</b>	<b>\$ 56.5</b>	<b>\$ 65.0</b>	<b>\$ 57.9</b>	<b>\$ 62.9</b>	<b>\$ 1,028.2</b>

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**Campus-Wide Projects (Alex-only)**

Project Location:

Various Alex-only infrastructure

Description: Any improvement, rehabilitation, and replacement projects designated as Alexandria-only.

Justification: Provide funds for improvement, rehabilitation, and replacement projects associated with non-process Alexandria-only infrastructure.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Alexandria Only (0% Fairfax County / 100% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$0.02	\$0.02	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.30
<b>Financing</b>												
AlexRenew	\$0.02	\$0.02	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.30
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
<b>Lifetime Total:</b>											--	

Note: Prior Year amount represents adopted FY2025 budget.

**Collection System Projects**

Project Location: Alex-only Facilities

Description: Continued improvement, rehabilitation, and replacement of Alex-only collection system assets such as interceptors and trunk sewers.

Justification: To maintain the full functionality and reliability of AlexRenew’s collection system.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Alexandria Only (0% Fairfax County / 100% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$1.80	\$1.00	\$0.68	\$0.75	\$0.31	\$0.32	\$0.33	\$0.34	\$0.35	\$0.36	\$0.38	\$4.81
<b>Financing</b>												
AlexRenew	\$1.80	\$1.00	\$0.68	\$0.75	\$0.31	\$0.32	\$0.33	\$0.34	\$0.35	\$0.36	\$0.38	\$4.81
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
<b>Lifetime Total:</b>										--		

Note: Prior Year amount represents adopted FY2025 budget.

**Campus Wide Projects (Joint)**

Project Location: WRRF – Campus-wide

Description: All improvement, rehabilitation, and replacement projects on infrastructure, equipment, and systems across campus.

Justification: To maintain the full functionality and reliability of campus-wide systems.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$2.50	\$3.00	\$4.00	\$3.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$24.00
<b>Financing</b>												
AlexRenew	\$1.00	\$1.80	\$1.60	\$1.20	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$10.20
Fairfax	\$1.50	\$2.70	\$2.40	\$1.80	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$15.30
<b>Lifetime Total:</b>											–	

Note: Prior Year amount represents adopted FY2025 budget.

**West Campus Projects**

Project Location: Environmental Center

Description: All improvement, rehabilitation, and replacement projects associated with the Environmental Center.

Justification: To maintain the full functionality of the Environmental Center.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Environmental Center (49% Fairfax County / 51% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$0.75	\$1.00	\$0.87	\$0.96	\$0.97	\$1.00	\$1.03	\$1.06	\$1.10	\$1.13	\$1.18	\$10.32
<b>Financing</b>												
AlexRenew	\$0.38	\$0.51	\$0.45	\$0.49	\$0.50	\$0.51	\$0.53	\$0.54	\$0.56	\$0.58	\$0.60	\$5.26
Fairfax	\$0.37	\$0.49	\$0.43	\$0.47	\$0.48	\$0.49	\$0.51	\$0.52	\$0.54	\$0.55	\$0.58	\$5.05
<b>Lifetime Total:</b>											–	

Note: Prior Year amount represents adopted FY2025 budget.



Description: All improvement, rehabilitation, and replacement projects associated with the preliminary and primary treatment systems.

Justification: To maintain the full functionality and reliability of the preliminary and primary treatment processes.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$0.25	\$1.00	\$0.29	\$0.32	\$0.32	\$0.33	\$0.34	\$0.35	\$0.37	\$0.38	\$0.39	\$4.11
<b>Financing</b>												
AlexRenew	\$0.10	\$0.40	\$0.12	\$0.13	\$0.13	\$0.13	\$0.14	\$0.14	\$0.15	\$0.15	\$0.16	\$1.64
Fairfax	\$0.15	\$0.60	\$0.17	\$0.19	\$0.19	\$0.20	\$0.21	\$0.21	\$0.22	\$0.23	\$0.24	\$2.46
	<b>Lifetime Total:</b>											-

Note: Prior Year amount represents adopted FY2025 budget.

Description: All improvement, rehabilitation, and replacement projects associated with the secondary treatment systems.

Justification: To maintain the full functionality and reliability of the secondary treatment processes.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$1.50	\$1.50	\$1.62	\$1.78	\$1.80	\$1.86	\$1.91	\$1.97	\$2.03	\$2.09	\$2.19	\$18.75
<b>Financing</b>												
AlexRenew	\$0.60	\$0.60	\$0.65	\$0.71	\$0.72	\$0.74	\$0.76	\$0.79	\$0.81	\$0.84	\$0.88	\$7.50
Fairfax	\$0.90	\$0.90	\$0.97	\$1.07	\$1.08	\$1.11	\$1.15	\$1.18	\$1.22	\$1.25	\$1.32	\$11.25
	<b>Lifetime Total:</b>											-

Note: Prior Year amount represents adopted FY2025 budget.

Description: All improvement, rehabilitation, and replacement projects associated with the tertiary treatment systems.

Justification: To maintain the full functionality and reliability of the tertiary treatment processes.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$1.76	\$1.00	\$0.68	\$0.75	\$0.72	\$0.74	\$0.76	\$0.78	\$0.81	\$0.83	\$0.87	\$7.95
<b>Financing</b>												
AlexRenew	\$0.71	\$0.40	\$0.27	\$0.30	\$0.29	\$0.30	\$0.30	\$0.31	\$0.32	\$0.33	\$0.35	\$3.18
Fairfax	\$1.06	\$0.60	\$0.41	\$0.45	\$0.43	\$0.44	\$0.46	\$0.47	\$0.48	\$0.50	\$0.52	\$4.77
<b>Lifetime Total:</b>											--	

Note: Prior Year amount represents adopted FY2025 budget.

Description: All improvement, rehabilitation, and replacement projects associated with the solids treatment systems.

Justification: To maintain the full functionality and reliability of the solids treatment processes.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$1.00	\$1.00	\$1.17	\$1.28	\$1.30	\$1.34	\$1.38	\$1.42	\$1.46	\$1.50	\$1.58	\$13.42
<b>Financing</b>												
AlexRenew	\$0.40	\$0.40	\$0.47	\$0.51	\$0.52	\$0.53	\$0.55	\$0.57	\$0.58	\$0.60	\$0.63	\$5.37
Fairfax	\$0.60	\$0.60	\$0.70	\$0.77	\$0.78	\$0.80	\$0.83	\$0.85	\$0.88	\$0.90	\$0.95	\$8.05
	<b>Lifetime Total:</b>											-

Note: Prior Year amount represents adopted FY2025 budget.

Description: All improvement, rehabilitation, and replacement projects associated with the plant odor control systems.

Justification: To maintain the full functionality and reliability of the plant odor control processes.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$0.50	\$0.50	\$0.50	\$0.55	\$1.00	-	-	-	-	\$0.75	\$0.79	\$4.09
<b>Financing</b>												
AlexRenew	\$0.20	\$0.20	\$0.20	\$0.22	\$0.40	-	-	-	-	\$0.30	\$0.32	\$1.64
Fairfax	\$0.30	\$0.30	\$0.30	\$0.33	\$0.60	-	-	-	-	\$0.45	\$0.47	\$2.45
<b>Lifetime Total:</b>										--		

Note: Prior Year amount represents adopted FY2025 budget.

**WRRF Safety and Security**

Description: All improvement, rehabilitation, and replacement projects associated with safety and security systems at the plant.

Justification: To continuously improve the overall safety and security of AlexRenew employees, vendors, contractors, and visitors at the plant.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$1.03	\$1.53	\$1.20	\$1.50	\$0.82	\$0.23	\$0.24	\$0.24	\$0.25	\$0.26	\$0.27	\$6.54
<b>Financing</b>												
AlexRenew	\$0.41	\$0.61	\$0.48	\$0.60	\$0.33	\$0.09	\$0.09	\$0.10	\$0.10	\$0.10	\$0.11	\$2.62
Fairfax	\$0.62	\$0.92	\$0.72	\$0.90	\$0.49	\$0.14	\$0.14	\$0.15	\$0.15	\$0.15	\$0.16	\$3.92
<b>Lifetime Total:</b>											–	

Note: Prior Year amount represents adopted FY2025 budget.

**Collection System Projects**

Project Location: Joint Use Facilities

Description: All improvement, rehabilitation, and replacement needs for collection system assets that serve both the City and Fairfax County to maintain their useful life.

Justification: To maintain the full functionality and reliability of collection system.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$0.10	\$0.50	\$0.37	\$0.40	\$0.13	\$0.13	\$0.14	\$0.14	\$0.15	\$0.15	\$0.16	\$2.27
<b>Financing</b>												
AlexRenew	\$0.04	\$0.20	\$0.15	\$0.16	\$0.05	\$0.05	\$0.06	\$0.06	\$0.06	\$0.06	\$0.06	\$0.91
Fairfax	\$0.06	\$0.30	\$0.22	\$0.24	\$0.08	\$0.08	\$0.08	\$0.09	\$0.09	\$0.09	\$0.09	\$1.36
<b>Lifetime Total:</b>											–	

Note: Prior Year amount represents adopted FY2025 budget.

**Power Distribution Monitors**

Project Location: WRRF – Campus-wide

Description: All replacement, addition, and modernization of existing power monitors at the plant to renew obsolete power distribution monitor system.

Justification: To improve the functionality of the power distribution monitor system.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replace monitors as needed

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$0.03	\$0.10	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	-	-	\$0.31
<b>Financing</b>												
AlexRenew	\$0.01	\$0.04	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	-	-	\$0.13
Fairfax	\$0.02	\$0.06	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	-	-	\$0.19
<b>Lifetime Total:</b>											-	

Note: Prior Year amount represents adopted FY2025 budget.



**Compliance Laboratory**

Description: All improvement, rehabilitation, and replacement projects associated with the compliance laboratory.

Justification: To maintain the full functionality and reliability of the compliance laboratory.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.02	\$0.02	\$0.14
<b>Financing</b>												
AlexRenew	\$0.00	\$0.00	\$0.00	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.05
Fairfax	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.08
<b>Lifetime Total:</b>											–	

Note: Prior Year amount represents adopted FY2025 budget.

**Tunnel Cleaning/Inspection**

Project Location: RiverRenew Tunnel

Description: Inspection and cleaning to optimize the functionality of the RiverRenew tunnel.  
 Justification: To ensure the reliability and performance of the tunnel  
 Program: Improvement, Renewal, and Replacement (IRR) Program  
 Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)  
 Schedule: Ongoing  
 Status: Replacements or repairs, as needed

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	-	-	-	-	-	\$0.55	\$0.57	\$0.58	\$0.60	\$0.62	\$0.65	\$3.57
<b>Financing</b>												
AlexRenew	-	-	-	-	-	\$0.22	\$0.23	\$0.23	\$0.24	\$0.25	\$0.26	\$1.43
Fairfax	-	-	-	-	-	\$0.33	\$0.34	\$0.35	\$0.36	\$0.37	\$0.39	\$2.14
<b>Lifetime Total:</b>											-	

Note: Prior Year amount represents adopted FY2025 budget.

Description: Ongoing lifecycle replacement and expansion of information technology (IT) assets.

Justification: To maintain the full functionality and reliability of AlexRenew’s IT assets.

Program: Improvement, Renewal, and Replacement (IRR) Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Ongoing IRR program

Status: Replacements or repairs, as needed

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$0.50	\$0.50	\$0.50	\$0.55	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.53	\$5.08
<b>Financing</b>												
AlexRenew	\$0.20	\$0.20	\$0.20	\$0.22	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.21	\$2.03
Fairfax	\$0.30	\$0.30	\$0.30	\$0.33	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.32	\$3.05
<b>Lifetime Total:</b>											–	

Note: Prior Year amount represents adopted FY2025 budget.

**Commonwealth Interceptor Upgrade Project**

Project Location:

Commonwealth  
Interceptor

**Description:** The Commonwealth Interceptor is a separate sanitary sewer that collects flows from the Del Ray, Rosemont, and North Ridge neighborhoods (known as the Commonwealth Separate Sewer Area) in Alexandria. The interceptor has sufficient capacity to convey sanitary sewer flows to AlexRenew; however, during periods of intense rain, the Commonwealth Separate Sanitary Sewer Area (owned by the City) is overwhelmed by excess infiltration and inflow (I/I). This excess I/I can cause sewer flooding and basement backups. In coordination with the City, the project will identify and evaluate alternatives to mitigate capacity issues caused by excess I/I. Costs represent if alternative to upsize the Commonwealth Interceptor is determined to be best option.

**Justification:** To mitigate capacity issues from excess I/I to the Commonwealth Interceptor

**Program:** Capital Improvement Program

**Cost Share Category:** Alexandria Only (0% Fairfax County / 100% AlexRenew)

**Schedule:** Alternatives analysis in FY2023-2025, Design (if needed) in FY2030-2032, Construction (if needed) in FY2032-2035

**Status:** Alternatives analysis is underway.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$4.75	\$0.50	-	-	-	\$1.65	\$4.81	\$6.16	\$22.55	\$27.77	\$4.81	\$68.25
<b>Financing</b>												
AlexRenew	\$4.75	\$0.50	-	-	-	\$1.65	\$4.81	\$6.16	\$22.55	\$27.77	\$4.81	\$68.25
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
<b>Lifetime Total:</b>									\$73.00			

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**Arlington County Capital Contributions**

Project Location: Arlington County WPCP

**Description:** Arlington County treats wastewater flows from the northwestern quadrant of the City of Alexandria at its Water Pollution Control Plant (WPCP). Established in the service agreement between AlexRenew and Arlington County (dated July 1, 1977), AlexRenew makes annual contributions to Arlington County’s Capital Improvement Program based on the established capacity share to fund upgrades to the WPCP.

**Justification:** To ensure AlexRenew meets its obligations under the service agreement with Arlington County.

**Program:** Capital Improvement Program

**Cost Share Category:** Alexandria Only (0% Fairfax County / 100% AlexRenew)

**Schedule:** Ongoing

**Status:** Annual contributions support Arlington County’s identified project in their CIP.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$4.67	\$5.30	\$6.00	\$4.50	\$2.00	\$0.21	\$0.75	\$0.60	\$0.80	\$0.55	\$0.55	\$21.26
<b>Financing</b>												
AlexRenew	\$4.67	\$5.30	\$6.00	\$4.50	\$2.00	\$0.21	\$0.75	\$0.60	\$0.80	\$0.55	\$0.55	\$21.26
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
<b>Lifetime Total:</b>									\$25.93			

Note: Prior Year amount represents adopted FY2025 budget.

**Potomac Interceptor Rehabilitation**

Project Location: Potomac Interceptor

Description: AlexRenew’s Potomac Interceptor collects combined sewer flows from the City of Alexandria’s sewer system through Old Town. A previous condition assessment identified the need to rehabilitate a portion of the Potomac Interceptor due to pipe settlement. Project will inspect and rehabilitate the Potomac Interceptor to address any existing and new issues.

Justification: To improve the performance and reliability of the Potomac Interceptor

Program: Capital Improvement Program

Cost Share Category: Alexandria Only (0% Fairfax County / 100% AlexRenew)

Schedule: Design in FY2025-2026, Construction in FY2027-2029

Status: Planning is underway.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	-	\$7.00	\$7.80	-	-	-	-	-	-	-	-	-
<b>Financing</b>												
AlexRenew	-	\$7.00	\$7.80	-	-	-	-	-	-	-	-	-
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
<b>Lifetime Total:</b>											-	

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**Environmental Center 5<sup>th</sup> Floor Build-out**

**Description:** The 5<sup>th</sup> floor of the Environmental Center was left unfurnished in the completion of the building to provide flexibility for future needs. The project will complete the build-out of the space to provide additional office and collaboration space, including temporary use by the City of Alexandria’s Transportation and Environmental Services – Sanitary Infrastructure Division.

**Justification:** To optimize the use of existing infrastructure and space.

**Program:** Capital Improvement Program

**Cost Share Category:** Alexandria Only (0% Fairfax County / 100% AlexRenew)

**Schedule:** Design in FY2024-FY2025, Construction in FY2025-2026

**Status:** Construction of the 5<sup>th</sup>-floor space is underway.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$1.00	\$0.50	-	-	-	-	-	-	-	-	-	\$0.50
<b>Financing</b>												
AlexRenew	\$1.00	\$0.50	-	-	-	-	-	-	-	-	-	\$0.50
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
<b>Lifetime Total:</b>											\$1.50	

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**Environmental Center Lobby Upgrades**

Project Location: Environmental Center

Description: Upgrade AlexRenew’s administrative building’s lobby. Improvements include updates to the educational exhibits to incorporate understanding of AlexRenew’s new and existing assets and operations and security upgrades.

Justification: To educate visitors and the community about AlexRenew’s work and mission

Program: Capital Improvement Program

Cost Share Category: Alexandria Only (0% Fairfax County / 100% AlexRenew)

Schedule: Design in FY2027, implementation in FY2028.

Status: Design to start in FY2027

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	-	-	\$0.50	\$1.50	-	-	-	-	-	-	-	\$2.00
<b>Financing</b>												
AlexRenew	-	-	\$0.50	\$1.50	-	-	-	-	-	-	-	\$2.00
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
<b>Lifetime Total:</b>									\$2.00			

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.



**Capital Financing Fees**

Project Location: Any AlexRenew asset

Description: Fees associated with the financing of the CIP program  
 Justification: Financing fees including financial advisory fees, legal fees, rate consultant work, loan applications fees, and serving fees for debt-funded capital projects.  
 Program: Capital Improvement Program  
 Cost Share Category: Alexandria Only (0% Fairfax County / 100% AlexRenew)  
 Schedule: Ongoing to support CIP  
 Status: As-needed

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$0.70	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$6.00
<b>Financing</b>												
AlexRenew	\$0.70	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$6.00
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
<b>Lifetime Total:</b>									\$6.70			

Note: Prior Year amount represents adopted FY2025 budget.

**Biosolids Diversification**

**Description:** AlexRenew’s solids processes are being evaluated under a Solids Master Plan (SMP). The SMP identified short-, medium-, and long-term recommendations to improve solids handling and meet future regulatory needs. Short- and medium-term improvements will be implemented through a Construction Management At-Risk (CMAR) contract.

**Justification:** To improve the performance and reliability of the WRRF’s solids processing.

**Program:** Capital Improvement Program

**Cost Share Category:** Joint (60% Fairfax County / 40% AlexRenew)

**Schedule:** SMP: FY2021-FY2025  
 Short- and medium-term improvements: CMAR Construction – FY2025-2030  
 Long-term improvements: FY2031-2037

**Status:** SMP completed in FY2025, CMAR is in progress.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$9.73	\$25.20	\$61.72	\$58.07	\$55.00	\$46.50	\$9.31	-	-	-	-	\$255.80
<b>Financing</b>												
AlexRenew	\$3.89	\$10.08	\$24.69	\$23.23	\$22.00	\$18.60	\$3.72	-	-	-	-	\$102.32
Fairfax	\$5.84	\$15.12	\$37.03	\$34.84	\$33.00	\$27.90	\$5.59	-	-	-	-	\$153.48
<b>Lifetime Total:</b>										\$315.17		

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget. Lifetime budget includes total capital cost through FY2037.

Description: Program to assess and upgrade AlexRenew’s preliminary and primary treatment systems that are reaching the end of their useful life. An initial assessment identified improvements that will be implemented through a Construction Manager At-Risk contract.

Justification: To improve the reliability and performance of the preliminary and primary systems.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Design in FY2025-2027 and Construction in FY2026-2031.

Status: CMAR contract began in FY2025.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$6.65	\$20.70	\$18.78	\$22.08	\$23.40	\$13.27	\$15.57	-	-	-	-	\$113.80
<b>Financing</b>												
AlexRenew	\$2.66	\$8.28	\$7.51	\$8.83	\$9.36	\$5.31	\$6.23	-	-	-	-	\$45.52
Fairfax	\$3.99	\$12.42	\$11.27	\$13.25	\$14.04	\$7.96	\$9.34	-	-	-	-	\$68.28
<b>Lifetime Total:</b>									\$120.45			

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**Nutrient Reduction**

Description: Project to assess, repair, and upgrade the tertiary treatment system that is reaching the end of its useful life. The project will include tertiary filters, settling tanks, and chemical dosing systems.

Justification: Improved reliability of the tertiary systems.

Program: Capital Improvement Program

Cost Share Category: Joint (28% Fairfax County / 72% AlexRenew – cost share under development)

Schedule: Design of recommended repairs in FY2025. Construction is expected to start in FY2027.

Status: Assessment in progress.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$1.20	\$2.50	\$3.50	\$13.95	\$23.00	\$25.00	\$20.00	\$20.00	\$11.00	-	-	\$118.95
<b>Financing</b>												
AlexRenew	\$0.87	\$1.80	\$2.53	\$10.07	\$16.60	\$18.05	\$14.44	\$14.44	\$7.94			\$85.86
Fairfax	\$0.33	\$0.70	\$0.97	\$3.88	\$6.40	\$6.95	\$5.56	\$5.56	\$5.56			\$33.09
												<b>Lifetime Total:</b>
												\$120.15

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**Information Technology Infrastructure  
Upgrades**

Project Location: Various

Description: AlexRenew’s information technology (IT) equipment and applications are essential to ensuring the operations of the organization. Regular updates are necessary to modernize AlexRenew in the face of changing cybersecurity threats. Upgrades have been identified and are underway to various IT equipment and applications including AlexRenew’s network and SCADA. Program also includes current project to upgrade AlexRenew’s asset management software.

Justification: Ensure the cybersecurity of AlexRenew and improve tracking and management of asset operation/performance/reliability across the organization.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Implementation in FY2023-2028.

Status: Upgrades underway

**Project Financials:**

Expenditure	Fiscal Year (\$M)												
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total	
Total	\$11.50	\$2.63	\$2.50	\$1.05	-	-	-	-	-	-	\$5.00	\$11.18	
<b>Financing</b>													
AlexRenew	\$4.60	\$1.05	\$1.00	\$0.42	-	-	-	-	-	-	\$2.00	\$4.47	
Fairfax	\$6.90	\$1.58	\$1.50	\$0.63	-	-	-	-	-	-	\$3.00	\$6.71	
		<b>Lifetime Total:</b>								\$22.68			

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**Process Optimization**

**Description:** The centrate pretreatment (CPT) facility provides energy-efficient ammonia removal and requires upgrades. Project will assess, repair, and improve the CPT system.

**Justification:** To improve the reliability and efficiency of the CPT process.

**Program:** Capital Improvement Program

**Cost Share Category:** Joint (60% Fairfax County / 40% AlexRenew)

**Schedule:** Implementation in FY2025-2027

**Status:** An assessment of the existing system was completed in FY2025. CPT facility improvements are in progress from FY2025 to FY2026.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$0.50	\$5.00	\$7.50	-	-	-	-	-	-	-	-	\$12.50
<b>Financing</b>												
AlexRenew	\$0.20	\$2.00	\$3.00	-	-	-	-	-	-	-	-	\$5.00
Fairfax	\$0.30	\$3.00	\$4.50	-	-	-	-	-	-	-	-	\$7.50
<b>Lifetime Total:</b>									\$13.00			

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**Campus-wide Electrical Upgrade Program**

Project Location: WRRF – Campus-wide

Description: AlexRenew relies on the electrical grid throughout the WRRF’s campus to ensure continuous operations of treatment equipment/processes. A program is needed to assess, design, and implement an overhaul of the WRRF’s electrical grid and related infrastructure.

Justification: Ensure the reliability, safety, and efficiency of the WRRF’s electrical systems.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Assessment and design in FY2025-2026, Construction in FY2027-2034

Status: Assessment to begin in FY2025.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$1.00	\$2.50	\$2.50	\$5.00	\$7.50	\$12.50	\$15.00	\$15.00	\$10.00	\$5.00	\$5.00	\$80.00
<b>Financing</b>												
AlexRenew	\$0.40	\$1.00	\$1.00	\$2.00	\$3.00	\$5.00	\$6.00	\$6.00	\$4.00	\$2.00	\$2.00	\$32.00
Fairfax	\$0.60	\$1.50	\$1.50	\$3.00	\$4.50	\$7.50	\$9.00	\$9.00	\$6.00	\$3.00	\$3.00	\$48.00
									<b>Lifetime Total:</b>	\$81.00		

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**Buildings L and G Elevator Replacement**

Project Location: \_\_\_\_\_

**Description:** The elevators in Buildings L and G are used daily to move people and equipment. Both Building L and G elevators are reaching end of useful life and require replacement.

**Justification:** To replace obsolete equipment and improve the reliability and performance of the elevators

**Program:** Capital Improvement Program

**Cost Share Category:** Joint (60% Fairfax County / 40% AlexRenew)

**Schedule:** Construction in FY2025

**Status:** Procurement anticipated for FY2024, and construction in FY2025.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											Total
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Total	\$1.00	\$2.00	-	-	-	-	-	-	-	-	-	\$2.00
<b>Financing</b>												
AlexRenew	\$0.40	\$0.80	-	-	-	-	-	-	-	-	-	\$0.80
Fairfax	\$0.60	\$1.20	-	-	-	-	-	-	-	-	-	\$1.20
<b>Lifetime Total:</b>									\$3.00			

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.



**Warehouse and Inventory Upgrade**

Project Location: WRRF – Building F

**Description:** AlexRenew warehouse is used to store spare parts, equipment, and supplies necessary to maintain treatment processes. The existing warehouse space has limited storage space. Project will repurpose an existing facility to serve as AlexRenew’s centralized warehouse to provide additional space for storage and coordinate with ongoing asset management project.

**Justification:** To improve storage of and access to necessary spare parts, equipment, and supplies for maintaining AlexRenew’s assets.

**Program:** Capital Improvement Program

**Cost Share Category:** Joint (60% Fairfax County / 40% AlexRenew)

**Schedule:** Planning and design in FY2024-2026, Construction in FY2026-2027.

**Status:** Planning and design underway.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											Total
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
<b>Total</b>	\$0.10	\$3.20	\$4.30	-	-	-	-	-	-	-	\$5.00	\$12.50
<b>Financing</b>												
AlexRenew	\$0.04	\$1.28	\$1.72	-	-	-	-	-	-	-	\$2.00	\$5.00
Fairfax	\$0.06	\$1.92	\$2.58	-	-	-	-	-	-	-	\$3.00	\$7.50
<b>Lifetime Total:</b>											\$12.60	

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**Plantwide Sump and Drain System Updates**

Project Location: WRRF – Campus-wide

Description: The WRRF includes a system of various sump and drain infrastructure to remove fluids from process areas. Project will assess, repair, and modify of the sumps and drainage systems.

Justification: Improved reliability of the WRRF drainage network.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Assessment and implementation in FY2026-2029

Status: Project moved to start in FY2026.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	-	\$0.20	\$0.50	\$0.50	\$1.50	-	-	-	-	-	\$5.00	\$7.70
<b>Financing</b>												
AlexRenew	-	\$0.08	\$0.20	\$0.20	\$0.60	-	-	-	-	-	\$2.00	\$3.08
Fairfax	-	\$0.12	\$0.30	\$0.30	\$0.90	-	-	-	-	-	\$3.00	\$4.62
<b>Lifetime Total:</b>									\$7.70			

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**Plant Effluent Water System Improvements**

Project Location: WRRF – Building F

Description: AlexRenew’s WRRF uses highly-treated plant effluent water instead of potable water to support operations. Upgrades to various components of the plant effluent water system are needed.

Justification: Increased reliability and efficiency of the plant effluent water system.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Design and construction in FY2026-2027.

Status: Project not yet started.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	-	\$2.29	\$1.80	-	-	-	-	-	-	-	\$5.00	\$9.09
<b>Financing</b>												
AlexRenew	-	\$0.92	\$0.72	-	-	-	-	-	-	-	\$2.00	\$3.64
Fairfax	-	\$1.37	\$1.08	-	-	-	-	-	-	-	\$3.00	\$5.45
<b>Lifetime Total:</b>									\$9.09			

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**NMF Wet Well Modifications**

Project Location: Building 60 (NMF)

Description: AlexRenew’s Nutrient Management Facility (NMF) was constructed to include a wet well that is no longer needed. Project will assess, design, and construct modifications to or eliminate the NMF wet well.

Justification: To modify the NMF wet well to ensure efficient performance of NMF.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Assessment in FY2026, Design and construction in FY2029-2030

Status: Project has not yet started.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	-	\$1.00	-	-	\$2.00	\$2.00	-	-	-	-	\$5.00	\$10.00
<b>Financing</b>												
AlexRenew	-	\$0.40	-	-	\$0.80	\$0.80	-	-	-	-	\$2.00	\$4.00
Fairfax	-	\$0.60	-	-	\$1.20	\$1.20	-	-	-	-	\$3.00	\$6.00
<b>Lifetime Total:</b>									\$10.00			

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**Secondary Settling Tanks Refurbishment**

Description: AlexRenew uses settling tanks (SSTs) as part of its secondary treatment processes. The internal chain and flight systems used in the SSTs are reaching the end of their useful life and require replacement.

Justification: Improve the reliability and performance of the SSTs

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Design in FY2025; Construction in FY2026-2027

Status: Equipment procurement to begin in FY2025.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	-	\$1.50	\$2.00	\$2.00	-	-	-	-	-	-	\$5.00	\$10.50
<b>Financing</b>												
AlexRenew	-	\$0.60	\$0.80	\$0.80	-	-	-	-	-	-	\$2.00	\$4.20
Fairfax	-	\$0.90	\$1.20	\$1.20	-	-	-	-	-	-	\$3.00	\$6.30
<b>Lifetime Total:</b>										\$10.50		

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**Security Services During Construction**

Project Location: WRRF – Campus-wide

**Description:** AlexRenew uses security guards posted at entry points to monitor access to the WRRF. During major plant construction (i.e. RiverRenew and PhaseForward), additional guards are required to maintain plant security while allowing trucks to use additional WRRF gates.

**Justification:** To maintain site security during and support construction of RiverRenew Tunnel project and PhaseForward program.

**Program:** Capital Improvement Program

**Cost Share Category:** Joint (60% Fairfax County / 40% AlexRenew)

**Schedule:** Schedule aligns with the RiverRenew Tunnel Project and PhaseForward construction.

**Status:** Ongoing, as-needed to support truck routes

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$1.38	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$8.00
<b>Financing</b>												
AlexRenew	\$0.55	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$3.20
Fairfax	\$0.83	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$4.80
<b>Lifetime Total:</b>										\$9.38		

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**Reclaimed Water System Upgrade**

Project Location: WRRF – Building F

Description: AlexRenew has the capability to produce reclaimed water (RW) for use on-site or in the community. The RW system requires upgrades to ensure it remains operational and reliable.

Justification: To meet future RW demands and maintain system performance and reliability.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Design in FY2025-2027, Construction in FY2029-2032

Status: Existing system performance was assessed under a previous study.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	-	\$0.50	\$0.30	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$1.60
<b>Financing</b>												
AlexRenew	-	\$0.20	\$0.12	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04	\$0.64
Fairfax	-	\$0.30	\$0.18	\$0.06	\$0.06	\$0.06	\$0.06	\$0.06	\$0.06	\$0.06	\$0.06	\$0.96
<b>Lifetime Total:</b>									\$1.60			

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**WRRF HVAC System Upgrade**

Project Location: WRRF – Campus-wide

Description: Assessment, replacement, and modification of HVAC systems across the AlexRenew campus.

Justification: Increased reliability and performance of campus HVAC systems.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Assessment, design, and construction in FY2029-2034

Status: Project has not yet started.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	-	-	-	-	\$2.00	\$2.50	\$5.50	\$2.50	\$1.50	\$0.50	\$5.00	\$19.50
<b>Financing</b>												
AlexRenew	-	-	-	-	\$0.80	\$1.00	\$2.20	\$1.00	\$0.60	\$0.20	\$2.00	\$7.80
Fairfax	-	-	-	-	\$1.20	\$1.50	\$3.30	\$1.50	\$0.90	\$0.30	\$3.00	\$11.70
<b>Lifetime Total:</b>									\$19.50			

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.



**Plantwide Chemical System Updates**

Project Location: WRRF – Campus-wide

Description: AlexRenew uses chemicals for process control and permit compliance. These chemicals must be safely stored and distributed to multiple unit processes on-site. Chemical storage and distribution systems are approaching the end of their useful life.

Justification: Improve reliability and safety of the WRRF’s chemical systems.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Planning and design in FY2026, Construction in FY2026-2027

Status: A chemical system study will be performed in FY2026.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	-	\$2.00	\$5.00	-	-	-	-	-	-	-	\$5.00	\$12.00
<b>Financing</b>												
AlexRenew	-	\$0.80	\$2.00	-	-	-	-	-	-	-	\$2.00	\$4.80
Fairfax	-	\$1.20	\$3.00	-	-	-	-	-	-	-	\$3.00	\$7.20
<b>Lifetime Total:</b>										\$12.00		

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**Description:** The garage of the Environmental Center was designed to connect to the future Carlye Plaza II development. Engineering and/or construction oversight services are necessary to ensure that considerations for the protection of the Environmental Center and AlexRenew’s operations are considered and coordinated with the design and construction of future development.

**Justification:** To protect the Environmental Center structure and maintain AlexRenew’s operations during the Carlye Plaza II development’s design and construction

**Program:** Capital Improvement Program

**Cost Share Category:** Joint (60% Fairfax County / 40% AlexRenew)

**Schedule:** Project will align with the Carlye Plaza II development’s design and construction schedule, currently anticipated for FY2029-2032

**Status:** Project has not yet started.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	-	-	-	-	\$0.20	\$0.30	\$0.30	\$0.30	-	-	-	\$1.10
<b>Financing</b>												
AlexRenew	-	-	-	-	\$0.08	\$0.12	\$0.12	\$0.12	-	-	-	\$0.44
Fairfax	-	-	-	-	\$0.12	\$0.18	\$0.18	\$0.18	-	-	-	\$0.66
<b>Lifetime Total:</b>									\$1.10			

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**North Bridge Structural Upgrades**

Project Location: WRRF – North Bridge

Description: AlexRenew’s North Bridge, which was built in 1976, serves as a primary access point for all deliveries and hauling for WRRF operations. This project will assess, design, and implement any structural upgrades necessary.

Justification: Maintain the structural integrity of the North Bridge.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Design in FY2030-2032, Construction in FY2032-2034

Status: Project has not yet started.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	-	-	-	-	-	\$0.50	\$1.00	\$1.00	\$3.00	\$5.00	-	\$10.50
<b>Financing</b>												
AlexRenew	-	-	-	-	-	\$0.20	\$0.40	\$0.40	\$1.20	\$2.00	-	\$4.20
Fairfax	-	-	-	-	-	\$0.30	\$0.60	\$0.60	\$1.80	\$3.00	-	\$6.30
<b>Lifetime Total:</b>									\$10.50			

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**Climate Change Resiliency Program**

Project Location: WRRF – Campus-wide

Description: AlexRenew is susceptible to climate change impacts, including extreme temperatures and more frequent/intense weather events. This program assesses facility vulnerabilities to climate change impacts and implements engineering solutions to protect AlexRenew assets and personnel.

Justification: Program aligns with AlexRenew’s strategic goal of Operational Excellence.

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Study/short-term initiatives to be completed in FY2027, long-term initiatives to begin implementation in FY2033.

Status: Study to identify short- and long-term initiatives to be completed in FY2025.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$0.59	\$0.50	\$0.25	-	-	-	-	-	\$5.00	\$7.00	-	\$12.75
<b>Financing</b>												
AlexRenew	\$0.24	\$0.20	\$0.10	-	-	-	-	-	\$2.00	\$2.80	-	\$5.10
Fairfax	\$0.35	\$0.30	\$0.15	-	-	-	-	-	\$3.00	\$4.20	-	\$7.65
<b>Lifetime Total:</b>									\$13.34			

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**Biosolids Regional Facility**

Project Location: WRRF – Campus-wide

**Description:** AlexRenew is conducting a feasibility study in collaboration with other norther Virginia wastewater authorities to investigate a regional biosolids treatment and handling facility. The facility could provide a long-term sustainable solution for AlexRenew’s biosolids. The study is the first phase of this project that will provide recommendations for future years.

**Justification:** This project supports AlexRenew’s strategic goal of Environmental Sustainability.

**Program:** Capital Improvement Program

**Cost Share Category:** Joint (60% Fairfax County / 40% AlexRenew) – the cost is additionally split across the other Virginia wastewater authorities that are participating

**Schedule:** Feasibility study completed in FY2026.

**Status:** Procurement in FY2025

**Project Financials:**

Expenditure	Fiscal Year (\$M)											Total
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Total	-	\$0.40	-	-	-	-	-	-	-	-	-	\$0.40
<b>Financing</b>												
AlexRenew	-	\$0.16	-	-	-	-	-	-	-	-	-	\$0.16
Fairfax	-	\$0.24	-	-	-	-	-	-	-	-	-	\$0.24
<b>Lifetime Total:</b>									\$0.40			

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**Boiler Improvement Project**

Project Location:

Building A and  
Building G

Description: AlexRenew’s boilers are reaching the end of their useful life and require upgrades to address maintenance and operational challenges, including assessing the feasibility of adding a new boiler to optimize the boiler system.

Justification: Improve the reliability and performance of the boiler system

Program: Capital Improvement Program

Cost Share Category: Joint (60% Fairfax County / 40% AlexRenew)

Schedule: Design in FY2025-2026; Construction in FY2026-2028

Status: Design is underway

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	-	\$1.50	\$1.50	\$0.50	-	-	-	-	-	-	-	\$3.50
<b>Financing</b>												
AlexRenew	-	\$0.60	\$0.60	\$0.20	-	-	-	-	-	-	-	\$1.40
Fairfax	-	\$0.90	\$0.90	\$0.30	-	-	-	-	-	-	-	\$2.10
<b>Lifetime Total:</b>									\$3.50			

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**Website Upgrade Project**

Project Location: WRRF – Campus-wide

**Description:** AlexRenew is updating its existing website (AlexRenew.com) to be modern, user-friendly, and accessible for audiences, while working to enhance user engagement, support organizational objectives, and integrate necessary third-party services. AlexRenew will also be incorporating content from RiverRenew.com, to unset that website.

**Justification:** To ensure AlexRenew customers and community members continue to have access to critical information related to AlexRenew through an accessible and user-friendly website.

**Program:** Capital Improvement Program

**Cost Share Category:** Joint (60% Fairfax County / 40% AlexRenew)

**Schedule:** Implementation in FY2026-2027

**Status:** Procurement anticipated to start in FY2025

**Project Financials:**

Expenditure	Fiscal Year (\$M)											Total
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Total	-	\$0.20	\$0.10	-	-	-	-	-	-	-	-	\$0.30
<b>Financing</b>												
AlexRenew	-	\$0.08	\$0.04	-	-	-	-	-	-	-	-	\$0.12
Fairfax	-	\$0.12	\$0.06	-	-	-	-	-	-	-	-	\$0.18
<b>Lifetime Total:</b>									\$0.30			

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

**RiverRenew Tunnel Project – Alex-Only**

Project Location:

Various

**Description:** AlexRenew is constructing a tunnel, pumping stations, and sewer infrastructure to address combined sewer overflows in Alexandria. Improvements will bring Alexandria’s four existing combined sewer outfalls into compliance. Program includes wastewater projects completed at the WRRF in advance of tunnel project construction.

**Justification:** A 2017 Virginia law required Alexandria’s four existing combined sewer to be brought into compliance.

**Program:** Capital Improvement Program

**Cost Share Category:** Alexandria Only (0% Fairfax County / 100% AlexRenew)

**Schedule:** RiverRenew wastewater projects completed in FY2021. RiverRenew tunnel project construction in FY2021-2026

**Status:** Construction is underway.

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$166.98	\$17.61	-	-	-	-	-	-	-	-	-	\$17.61
<b>Financing</b>												
AlexRenew	\$166.98	\$17.61	-	-	-	-	-	-	-	-	-	\$17.61
Fairfax	-	-	-	-	-	-	-	-	-	-	-	-
<b>Lifetime Total:</b>									\$184.59			

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.



**RiverRenew Tunnel Project – Joint**

Project Location:

Various

**Description:** AlexRenew is constructing a tunnel, pumping stations, and sewer infrastructure to address combined sewer overflows in Alexandria. Improvements will bring Alexandria’s four existing combined sewer outfalls into compliance. Program includes wastewater projects at the completed at the WRRF in advance of tunnel project construction.

**Justification:** A 2017 Virginia law required Alexandria’s four existing combined sewer to be brought into compliance.

**Program:** Capital Improvement Program

**Cost Share Category:** Joint (60% Fairfax County / 40% AlexRenew)

**Schedule:** RiverRenew wastewater projects completed in FY2021. RiverRenew tunnel project construction in FY2021-2026

**Status:** Construction is underway

**Project Financials:**

Expenditure	Fiscal Year (\$M)											
	Prior Years	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Total	\$367.02	\$78.38	-	-	-	-	-	-	-	-	-	\$78.38
<b>Financing</b>												
AlexRenew	\$146.81	\$31.35	-	-	-	-	-	-	-	-	-	\$31.35
Fairfax	\$220.21	\$47.03	-	-	-	-	-	-	-	-	-	\$47.03
<b>Lifetime Total:</b>									\$445.40			

Note: Prior Years amount represents actual spend through FY2024 and adopted FY2025 budget.

# RATES, RULES, AND REGULATIONS

Effective July 1, 2025 (Proposed)

Revised and Approved:

Jun 18, 2013

Jul 23, 2013

Aug 19, 2014

Dec 16, 2014

Apr 21, 2015

Sep 20, 2016

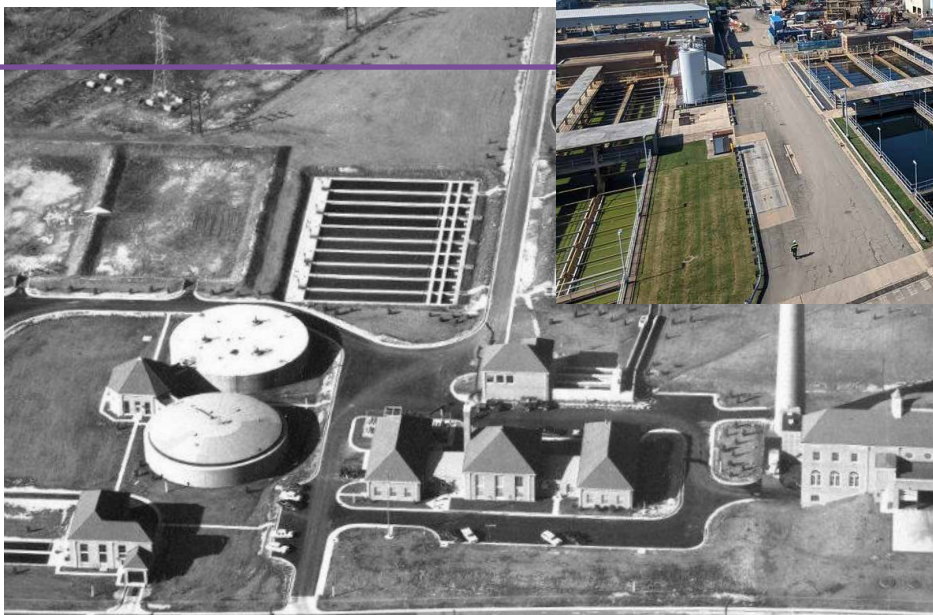
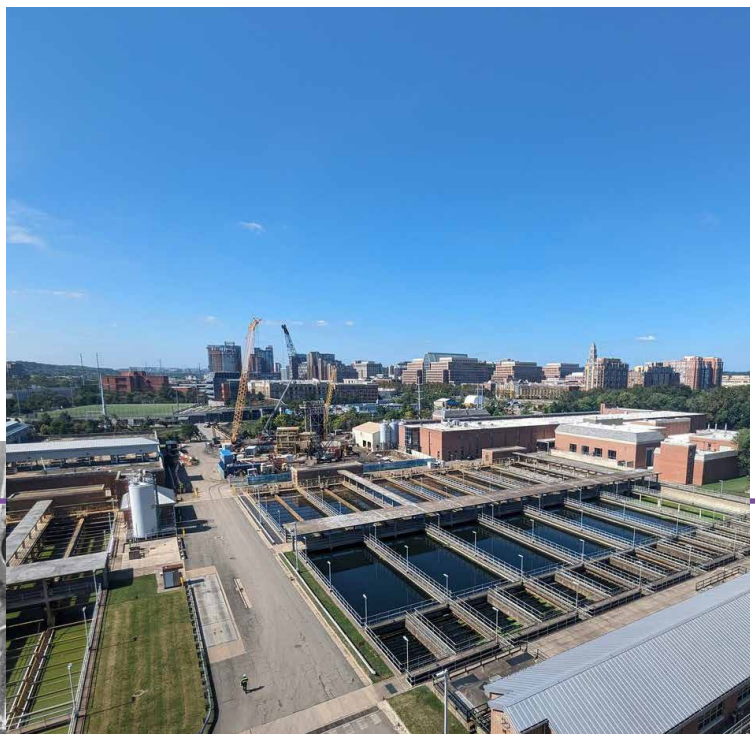
May 21, 2019

Jul 01, 2019

Jun 15, 2021

Jun 20, 2023

Jun 18, 2024

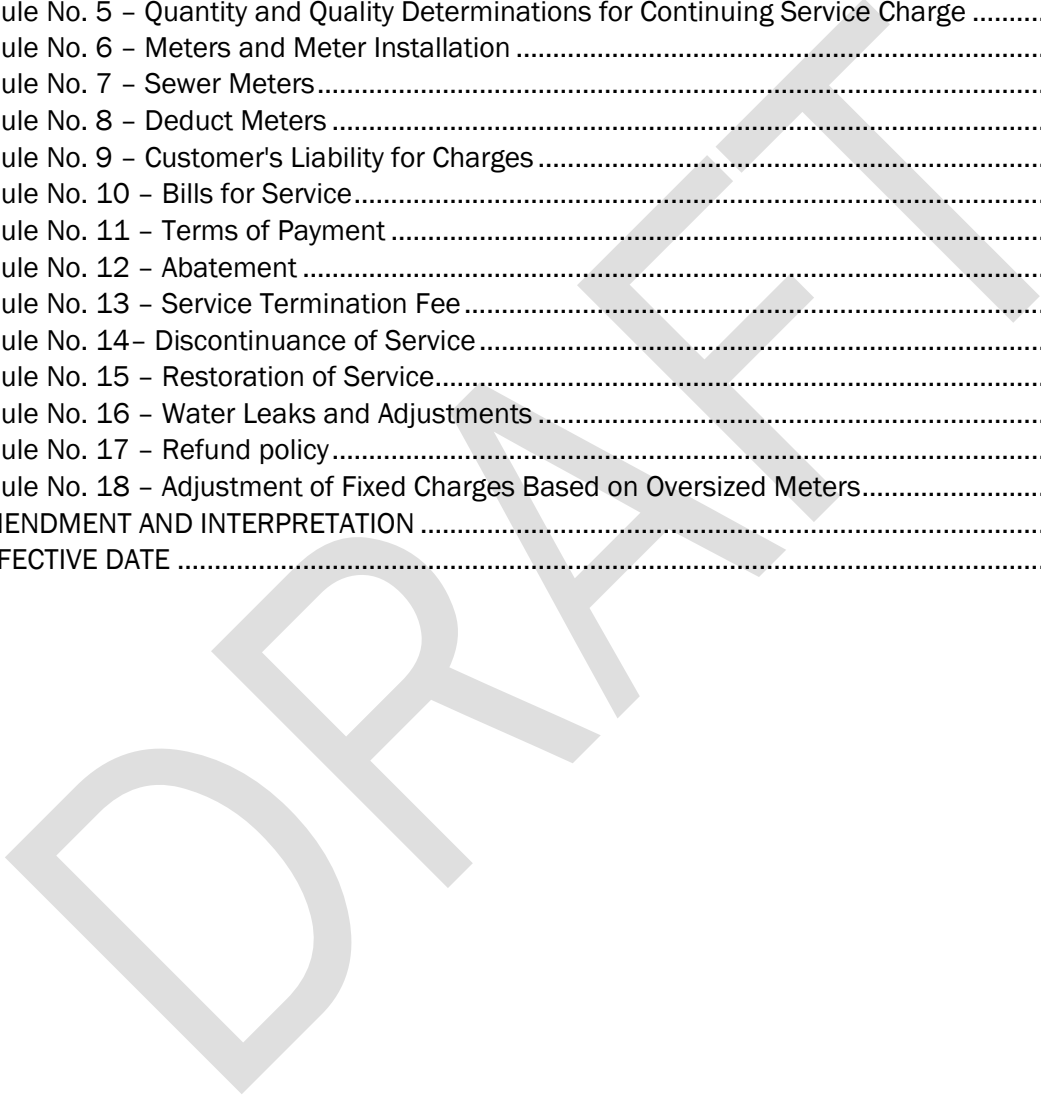


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# I. RATES, FEES, AND CHARGES

## Rates for Service

### Schedule A – Wastewater

This schedule shall apply to all individually metered residential customers and commercial customers discharging sewage to and/or requiring wastewater treatment service by AlexRenew (wastewater customers). Commercial wastewater customers include all commercial, industrial, government and other public agencies, master-metered residential, and all other accounts or customers not classified as individually metered residential customers.

The wastewater customer’s monthly bill for wastewater collection, treatment, and disposal services (sewer service) shall be based upon the sum of: i) the base charge and ii) the wastewater treatment charge calculated based on water meter readings at the customer premise. The base charge shall serve as the minimum monthly bill for sewer service for all customers receiving wastewater service from AlexRenew.

**Wastewater Treatment Charge** - A charge per 1,000 gallons of water consumption will be billed monthly for wastewater customers at the rates shown below.

Description	Meter Size	Current Effective July 1, 2024	Proposed Effective July 1, 2025	Proposed Effective July 1, 2026
Individually-metered Residential Service – Wastewater Treatment Charge <sup>1</sup>	All Meters	\$10.26 <sup>2</sup>	\$10.77 <sup>2</sup>	\$11.38 <sup>2</sup>
Commercial Service – Wastewater Treatment Charge				

<sup>1</sup>The Individually metered Residential Wastewater Treatment Charges are based upon the lesser of: a) a customer’s actual monthly metered water use; or b) the customer’s determined winter quarter average billing cap as further defined in subsequent sections of the Rates, Rules, and Regulations.

<sup>2</sup>Per 1,000 gallons

**Base Charge** - a charge per account predicated on the size of the meter size serving the customer premise, will be billed to all wastewater customers at the rates shown below.

Description	Meter Size	Current Effective July 1, 2024	Proposed Effective July 1, 2025	Proposed Effective July 1, 2026
Residential Base Charge	All Meters	\$14.57	\$15.29	\$16.16
Commercial Base Charge	5/8 inch	\$43.68	\$45.87	\$48.48
	3/4 inch	\$43.68	\$45.87	\$48.48
	1 inch	\$109.19	\$114.68	\$121.20
	1-1/2 inch	\$218.38	\$229.35	\$242.40
	2 inch	\$349.41	\$366.96	\$387.84
	3 inch	\$655.14	\$688.05	\$727.20
	4 inch	\$1,091.90	\$1,146.75	\$1,212.00
	6 inch	\$2,183.80	\$2,293.50	\$2,424.00
8 inch	\$3,494.08	\$3,669.60	\$3,878.40	
Minimum Deposit Based on Meter Size	-	\$0.00	\$0.00	\$0.00
Residential Customer Activation Fee	-	\$15.00	\$15.00	\$15.00

**Winter Quarter Average Billing Cap:**

Individually metered residential single-family customers may use water for outdoor uses such as irrigation and other landscaping needs during non-winter months. This flow does not typically enter the wastewater collection system; as such, Wastewater Treatment Charges for residential customers are based on water used during the winter quarter to obtain a more representative measure of indoor water use that better approximates the true quantity of wastewater entering the wastewater collection system from the individually metered residential single-family customer’s premise for treatment and disposal by AlexRenew.

The individually metered residential single-family customer’s monthly Wastewater Treatment Charges shall be based on water meter readings at the customer’s premise. Individually metered residential single-family customers shall be billed the Wastewater Treatment Charges utilizing a monthly wastewater treatment billing cap that shall be determined annually. The wastewater treatment billing cap per customer shall be established based on the customer’s average monthly metered water consumption (gallons) recognized on bills rendered during the winter quarter which is defined as the months of December, January, and February. The monthly wastewater treatment billing cap is not effective for bills rendered during the winter quarter.

A customer using less than 1,000 gallons per month or recording zero (0) water usage during any single month within the winter quarter will not be eligible for the billing cap. These customers will be billed based on their monthly metered water consumption (gallons). If no bills are rendered to the customer for water service during the winter quarter, then the customer will be billed based on their monthly metered water consumption (gallons) up to a maximum of 12,000 gallons per month until a winter quarter average is established.

The Wastewater Treatment Charges billed to commercial customers will be determined based on the total metered water delivered to the premise and shall not be eligible for the monthly winter

quarter average billing cap. To the extent a commercial customer has a water-only meter serving the property such metered water consumption would not be charged the Wastewater Treatment Charge. An example of a water-only service would include a meter exclusively used by the customer to measure outdoor water irrigation.

Customers receiving wastewater service only and obtaining water from sources other than Virginia American Water shall install a water meter on their water supply which will be read as the basis for calculating wastewater treatment charges. A charge shall be added to each bill to offset the cost of reading the independent customer's water meter.

### **Schedule B – Reuse (Reclaimed) Water**

Customers which receive reclaimed water service from AlexRenew will pay a charge of \$1.77 per 1,000 gallons of metered reclaimed water delivered to the customer premise. All reclaimed water to be delivered to a customer premise will be metered.

## **Other Rates, Fees, and Charges**

### **Schedule A – Pretreatment Permit Fee**

In accordance with US EPA Regulations (40 CFR 403) and the Code of the City of Alexandria, Virginia, 1981, as amended, AlexRenew maintains and regulates an industrial pretreatment program.

Industrial users are those customers meeting the definition in Section 5-6-102(mm) of the Code of the City of Alexandria, Virginia, 1981, as amended.

Non-significant industrial users are those industrial users meeting the definition in Section 5-6-102(mm)(3) & (4) of the Code of the City of Alexandria, Virginia, 1981, as amended.

The annual Pretreatment Permit Fee for permitted industrial users shall be:

Significant Industrial User - \$1,500 per year.

Non-significant Industrial User - \$500 per year.

Additionally, the permit application fee is \$100 with an additional \$100 charged in the event of a permit revision. A permit includes pretreatment requirements, discharge limits, and special conditions for significant industrial user or categorical sites. The fee covers AlexRenew's costs in administering the permit and the permits are issued for up to five years. Lastly, Letters of Approval are issued for one-time discharges of limited duration for a fee of \$100.

### **Schedule B – Deduct Meters Charge**

AlexRenew commercial and industrial customers that have a portion of their wastewater flow that does not enter the wastewater collection system may apply for a deduct meter. The application for a deduct meter must be certified by an independently licensed plumber. Customers participating in the deduct meter program shall receive flow adjustments for the billing of the Wastewater Treatment Charges only through the proper operation of the approved deduct meter(s). Residential customers are not eligible for deduct meters.

When a deduct meter permit is issued by AlexRenew to allow for a new connection and/or meter to be installed, a deduct meter permit fee shall be paid by the applicant. The permit fee is designed to defray the cost of the required deduct meter inspection at the time of meter installation and to establish the customer billing and service requirements at the time of installation.

The Deduct Meter Permit fee for users shall be \$500, paid in full at the time of application. This is a one-time application fee.



The charge for reading the Deduct Meter is \$50 per reading per account if all of the deduct meters billed to the account have the same premise address. If an account has different premise addresses associated with its Deduct Meters, there is a \$50 charge per reading at each specific premise address. This charge will be in addition to the payment of Base Charges for those commercial customers that have been approved for and have installed a deduct meter.

The charge for inspecting the Deduct Meter by AlexRenew shall be \$100 per inspection for each inspection performed after the installation of the Deduct Meter. An inspection of the Deduct Meter will be required every 2 years to verify the flow accuracy of the meter, condition, and other aspects associated with providing this service.

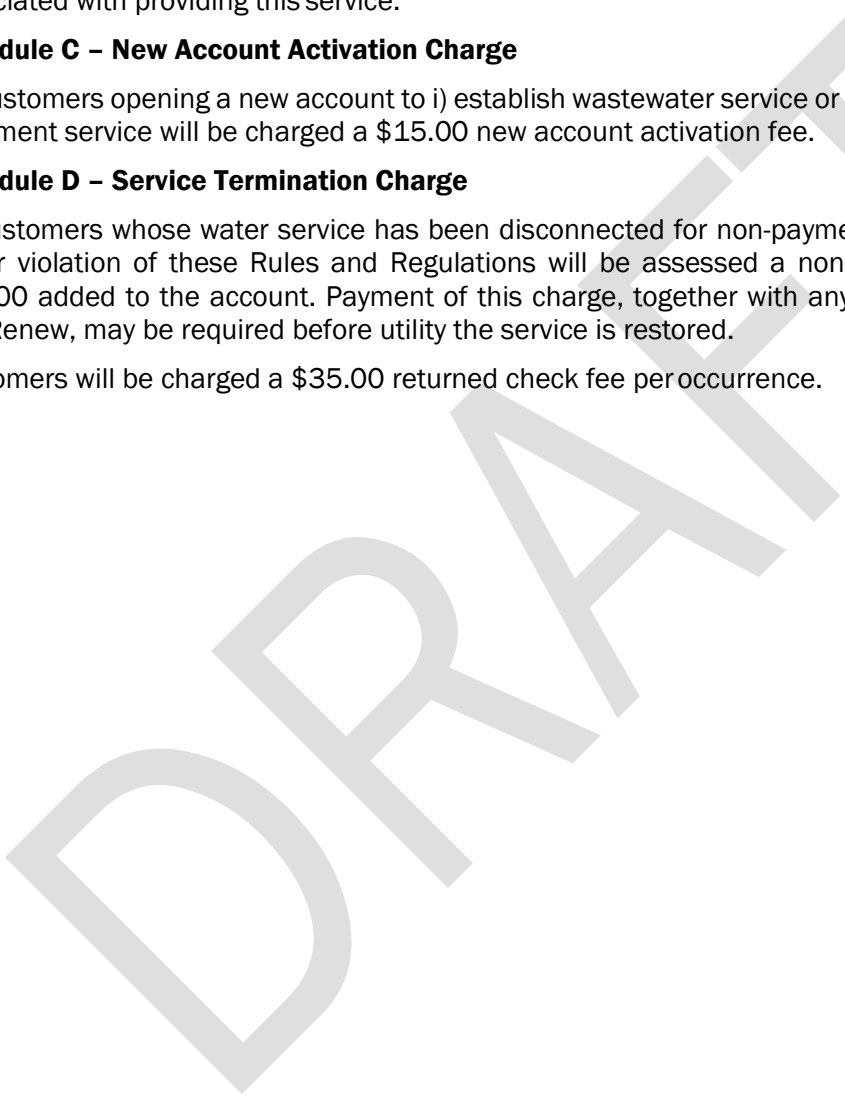
**Schedule C – New Account Activation Charge**

All Customers opening a new account to i) establish wastewater service or ii) re-establish wastewater treatment service will be charged a \$15.00 new account activation fee.

**Schedule D – Service Termination Charge**

All customers whose water service has been disconnected for non-payment for wastewater service or for violation of these Rules and Regulations will be assessed a non-negotiable service fee of \$50.00 added to the account. Payment of this charge, together with any arrears that may be due AlexRenew, may be required before utility the service is restored.

Customers will be charged a \$35.00 returned check fee per occurrence.



## II. RULES AND REGULATIONS

### Rule No. 1 – Definitions

Unless the context specifically indicates otherwise, the meaning of terms used in this publication of Rates, Rules, and Regulations shall be as follows:

- a. "AlexRenew" shall mean the City of Alexandria, Virginia Sanitation Authority d/b/a AlexRenew.
- b. "City of Alexandria" shall mean the City of Alexandria, Virginia.
- c. "City Sanitary Sewer Maintenance Fee" shall mean City of Alexandria's sanitary sewer maintenance fee calculated by multiplying the number of thousands of gallons of water consumption (based on water meter readings) by the rate established by the City of Alexandria from time to time and which rate is applied to all customers on a "per 1,000 gallons of billed water consumption" which will also serve as the same basis for billing the Wastewater Treatment Charges by AlexRenew. Amounts collected from this fee will be remitted to the City of Alexandria to fund the operations and maintenance of the City's sanitary sewer system and are not for use or considered as revenue by AlexRenew.
- d. "Customer" shall mean every property owner or tenant whose Premises are connected to the City of Alexandria wastewater collection system and shall be responsible for paying for the cost of receiving wastewater service. Normally, a customer is provided potable water by Virginia American Water. Each customer shall be served by a separate service connection.
  - i. "Residential Customer" shall mean every Customer whose Premises is a single-family dwelling connected to a water meter that serves only that dwelling.
  - ii. "Commercial Customer" shall mean every other Customer whose Premises is not a single-family dwelling individually connected to a water meter that serves only that dwelling. Commercial Customers include, but are not limited to, multi-family dwellings, whether the dwellings are leased or in a condominium form of ownership, other uses such as retail, office, government and other public agencies, and industrial, and all other accounts or customers not classified as (individually metered) residential customers.
- e. "Person" shall mean any individual, firm, company, association, society, corporation, or group.
- f. "Interceptor" shall mean a sewer conveyance line which is owned and controlled by AlexRenew.
- g. "Public Sewer" shall mean a sewer conveyance line that is, owned and maintained by the City of Alexandria.
- h. "Sewer Service Connection" shall mean the fittings through which the building sewer is joined to the public sewer and constitutes the point of service for AlexRenew. A "Cross-Connection" is an actual or potential link between the potable water supply (water safe for human consumption) and a non-potable source (any other type of liquid, gas or substance not fit for consumption and that can affect water quality).
- i. A "Sewer Meter" is a device utilized to measure the quantity of sewer discharge

- into the Public Sewer from a premise.
- j. "Deduct Meter" shall mean the meter that is installed on the Commercial Customer property subsequent or downstream from the primary water meter that measures the amount of water that does not enter the wastewater collection system for such Customer. All water use by the Customer is assumed to be discharged to the wastewater collection system for treatment unless specifically identified through metering pursuant to a Deduct Meter. Water measured by the Deduct Meter is subtracted from the total water measured by the primary water meter to calculate the Wastewater Treatment Charges for the Customer.
  - k. "Premises" shall mean:
    - i. Each residential dwelling structure.
    - ii. Each residential dwelling unit in a duplex, triplex, apartment building, or in any other building that is used for residential purposes.
    - iii. Each unit contained in a structure serving more than one tenant, lessee, or owner; and used for any purpose other than residential.
    - iv. Each structure or group of contiguous structures, that is owned, rented, or leased by one person and occupied by that person. The following shall also be considered one premise:
      - 1. Residence used as a rooming house
      - 2. Dwelling or building for transients
      - 3. Apartment building or residential condominium where the water utility bill is included in the rent or condominium fee.
  - l. An "Extended Absence" is any absence greater than 60 days.
  - m. "Water Company" shall mean Virginia American Water Company, its successors or assignees which provide potable water to customers within the City of Alexandria.

## **Rule No. 2 – General**

- a. There shall be no free service rendered by AlexRenew, and, if any local, state, or federal government, or any department, agency or instrumentality thereof, or any other public body shall desire service to be rendered by AlexRenew, it shall apply for and receive such service pursuant to the rules and regulations herein contained and shall pay for the same at the established rates, fees, and other charges.
- b. The service pipes, building sewers, meters, piping and fixtures on the Customer's Premises shall be accessible to AlexRenew for observation or inspection at reasonable hours.
- c. Employees or agents of AlexRenew are expressly forbidden to demand or accept any compensation for any service rendered to its customers except as covered by its Rates, Rules, and Regulations.
- d. No employee or agent of AlexRenew shall have the right or authority to bind it by any promise, agreement, or representation contrary to the letter or intent of these Rules and Regulations.
- e. Any complaint against the service or employees of AlexRenew should be made in writing or electronically to AlexRenew.

### **Rule No. 3 – Special Contracts**

AlexRenew may enter into contracts with any person, firm, or corporation, including municipalities, sanitary districts and other political subdivisions and public bodies, for the rendering of any wastewater service; provided, however, that the rates or charges to be paid thereunder shall not be less than an amount which is fair and equitable, taking into account the cost to AlexRenew for providing such service.

### **Rule No. 4 – Extension of Public Sewers**

Applicants for service to a premises not already having direct access to an adequate existing public sewer must make application to the City of Alexandria to extend and/or upgrade the public sewer system. In addition to City ordinance requirements, applicants must provide, free of charge to AlexRenew, any easement necessary for installation, operation and maintenance of sanitary sewers or other facilities owned by AlexRenew.

Connections to the public sewers shall be regulated and authorized by the City of Alexandria. No private connection shall be permitted to any Interceptor or other facility owned or operated by AlexRenew unless expressly authorized in writing by AlexRenew.

It is the responsibility of the Water Company to establish and maintain cross-connection control programs to detect, prevent, and eliminate cross-connections that may create an imminent and substantial danger to the public health.

### **Rule No. 5 – Quantity and Quality Determinations for Continuing Service Charge**

- a. The quantity of sewage discharged into the public wastewater system shall be assumed to be equal to the quantity of water registered by the water meter or meters measuring the entire flow to the premises; less those flows that are separately metered by AlexRenew through the installation of a Deduct Meter that serves only appliances and/or facilities that are not connected to the public sewer in any manner.
- b. Where discharge to the public sewer from a specific appliance or process is of significantly lesser volume than that registered by the meter, the quantity discharged may be measured as the basis for the quantity of sewer service. AlexRenew reserves the right, at its sole discretion, to estimate the quantity of sewer service required by such specialized appliance or process.
- c. AlexRenew reserves the right to determine the quantity and/or quality of sewage by any accurate method of measurement and/or analysis of discharge from the premises sewer. If the quantity is found to be in excess of the quantity measured by the customer's water meter or meters, the customer shall be back charged not less than six months on the basis of the greater flow and shall be required to install meter or meters in such a manner as may be specified by AlexRenew.
- d. If the quality of wastewater discharge does not comply with the requirements of AlexRenew, immediate steps shall be taken by the customer to comply, and costs of necessary analysis and compliance shall be paid by the customer.

### **Rule No. 6 – Meters and Meter Installation**

- a. All water meters except Deduct Meters are installed, owned, maintained, and read by the Water Company. All customer meters are read monthly by the Water Company and the billed water use measured in thousand gallons and meter size used to

service the Customer as provided by the Water Company is provided to and relied upon by AlexRenew for purposes of billing its Customers the monthly Wastewater base charges and wastewater treatment charges. AlexRenew reserves the right to estimate the amount of wastewater flow if the water meter readings are considered inaccurate; AlexRenew correct billings to its Customers upon the receipt of subsequent corrected information as an adjustment in the subsequent bill for wastewater service or on some other basis as may be determined by AlexRenew .

- b. Deduct Meters will be read monthly by AlexRenew or its designee.
- c. The customer shall promptly notify Water Company and AlexRenew of any calibration failure, defect in, or damage to the meter or its connection.

### **Rule No. 7 – Sewer Meters**

- a. AlexRenew may, at its sole discretion, enter into agreements with Commercial Customers to measure its sewer service through the use of a sewer meter or meters.
- b. The sewer meter shall be installed by the applicant, in a place readily accessible to AlexRenew for reading. If access is deemed unsafe by AlexRenew or its designee, Customer will be responsible for moving the sewer meter to an accessible location. Upon installation of the meter by the applicant, the sewer meter shall be contributed to and become the property of AlexRenew.

### **Rule No. 8 – Deduct Meters**

- a. Where AlexRenew is to issue a permit for the use of a Deduct Meter, an application for Deduct Meter service shall be made by the property owner or their designated agent at the offices of AlexRenew.
- b. All customers with Deduct Meters are responsible for maintaining the Deduct Meter and remote read device in a good working condition. Meter shall be calibrated annually by an appropriate licensed contractor and results submitted to AlexRenew; if a Customer does not provide AlexRenew a copy of the deduct meter calibration results, AlexRenew reserves the right to discontinue the recognition of the deduct meter water flows in the application of Wastewater Treatment Charges.
- c. AlexRenew staff shall review the application fee from time to time and make a recommendation for any changes. All customers with Deduct Meters are responsible for the sub-meter and remote meter device and for readings to be performed.
- d. Should any meter and/or its appurtenances become damaged, including any damage that may result from allowing the meter to become frozen, it shall be the responsibility of the property owner to get the meter repaired. No Deduct Meter credit adjustment will be made for or during the period when the Deduct Meter is out of service for repair.

### **Rule No. 9 – Customer's Liability for Charges**

- a. A Customer who has made an application for or received service at a Premises shall be held liable for all service furnished to such premises until such time as the Customer has properly notified the Water Company to discontinue the service for the account.

### **Rule No. 10 – Bills for Service**

- a. Customers are responsible for furnishing their correct addresses and corresponding service information to the Water Company.
- b. Failure to receive bills will not be considered an excuse for nonpayment nor permit an extension of the date when the account will be considered delinquent.
- c. If bills are to be sent to an address other than the Premises served, the Water Company shall be notified by the Customer of any change of address.
- d. If requested in writing by the owner-customer, AlexRenew will send bills to and receive payments from agents or tenant-customers. However, this accommodation will in no way relieve the owner-customers of the liability for all charges, in accordance with the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Section 5100 et seq., Code of Virginia, 1950 as amended.)
- e. Payments shall be made by mail to the lockbox provider selected by AlexRenew or such other places or methods as may be designated by AlexRenew.
- f. AlexRenew reserves the right to correct any bills rendered in error.
- g. Each Customer, as defined in Rule No. 1, shall be billed separately for service.
- h. Bills will be rendered monthly.

### **Rule No. 11 – Terms of Payment**

- a. Bills for sewer service shall be payable on or before stated due date.
- b. If a bill is not paid within twenty-one (21) days after the billing due date, and payable, and after notice has been properly provided by AlexRenew to the Customer of record, water and wastewater service may be discontinued, and the wastewater deposit, if any, may be applied against such bill and any other arrears due by the Customer.
- c. There may be a lien upon the real estate for the amount of any rates, fees, and other charges made by AlexRenew to the owner or lessee or tenant of such real estate for the services rendered by AlexRenew to such real estate from and after the time when such rates, fees, and other charges are due and payable and for the interest which may accrue thereon.
- d. There shall be a handling charge corresponding to bank fees for all returned checks which have been submitted to AlexRenew for payment of any applicable charges.
- e. A late payment charge of ten percent of the unpaid balance on accounts not paid within 21 days of their billing date may be charged and collected by AlexRenew.
- f. AlexRenew may report the failure of a Customer to make payments within 95 days to appropriate credit reporting agencies in accordance with federal and state law.

### **Rule No. 12 – Abatement**

There shall be no abatement of the service charges in whole or in part by reason of an extended absence of the customer, unless service has been discontinued at his request.

### **Rule No. 13 – Service Termination Fee**

If any premise violates these Rules and Regulations and it has become necessary to discontinue water service, a non-negotiable service termination fee will be assessed and added to the account.

In cases where service disconnection has occurred, this charge, together with any arrears that may be due AlexRenew, shall be paid before the water will be turned on.

#### **Rule No. 14– Discontinuance of Service**

- a. Water service may be discontinued by AlexRenew, through the Water Company after ten (10) days' notice for any of the following reasons:
  - i. Nonpayment of any account for wastewater service, or for any fee or charge accruing under these Rates, Rules, and Regulations.
  - ii. Violation of any rule or regulation of AlexRenew.
- b. Service may be discontinued by one of the following methods:
  - i. Where water is supplied by the Water Company, supply will be cut off and the meter removed.
  - ii. Where water is furnished by the owner, or by other than the Water Company, AlexRenew reserves the right to (a) remove the sewer meter used for measuring the flow to the wastewater facilities, (b) seal the building drain or sewer, or (c) remove the connection to the public sewer.
- c. Discontinuing wastewater service or the supply of water to a premises for any reason shall not prevent AlexRenew from pursuing any lawful remedy by action at law or otherwise, for the collection of monies from the Customer.
- d. When service to a customer has been terminated for any of the above stated reasons, other than temporary vacancy of the premises, it will be renewed only after the conditions, circumstances, or practices which caused the service to be discontinued are corrected to the satisfaction of AlexRenew and may require payment of all charges due and payable by the Customer in accordance with these Rates, Rules, and Regulations.

#### **Rule No. 15 – Restoration of Service**

- a. When it becomes necessary to discontinue service to any Customer because of a violation of these Rates, Rules, and Regulations or because of nonpayment of any bill, charges shall be made as follows:
  - i. If service was discontinued only by turn-off of water supplying the Premises, the Customer may pay a connection charge as presented in Section 2, Schedule D of these Rates, Rules, and Regulations for turning on the water plus any arrears that may be due to AlexRenew for charges related to turn-off/turn-on and associated administrative costs.
  - ii. If service was discontinued by removal of the meter, or by sealing the building drain, or by removal of the connection to the public sewer, Customer shall pay as a charge the actual cost of restoring the service, including all labor, materials, and overhead plus 100% of said actual costs including labor, materials and overhead. Said charge shall be estimated by AlexRenew upon application for restoration of service and the Customer shall pay the amount of the estimate prior to restoration of service. Any adjustments in actual cost will be made upon completion of restoration of service.
- b. Restoration of service for nonpayment of wastewater service will only occur during regular business hours for AlexRenew . Same-day water service restoration will not

be provided. It is the Customer's responsibility to ensure payment has been received by AlexRenew.

- c. If at the time of such discontinuance of service for nonpayment of bill the customer has not made a deposit, AlexRenew may require a deposit, whether Customer is property owner or not, as a guarantee of payment of future bills. Deposit shall equal the amount of the estimated bill for two regular billing periods and, in no case, be less than the minimum deposit established codified by these Rates, Rules, and Regulations, before the water and the corresponding wastewater service will be turned on. The deposit will be refunded when service has been discontinued, after deducting any charges due on final settlement of the Customer's account.
- d. When a Customer has requested discontinuance of water service because of temporary vacancy, wastewater service is being furnished by AlexRenew, and where all bills have been paid, AlexRenew may charge a turn-on fee as presented in Section 2, Schedule D for the restoration of both water and wastewater service.

### **Rule No. 16 – Water Leaks and Adjustments**

- a. In the event of a water leak, the Customer shall immediately notify the Water Company.
- b. AlexRenew is not responsible for maintaining the public water main and water service connection or individual Customer notifications.
- c. AlexRenew may consider, on a case-by-case basis, whether to adjust wastewater bills based on documented water leaks. Among the factors to be considered will be whether the Water Company accepts responsibility for the leak or potential misread of the meter. If an adjustment is made, the maximum amount will be 50% of the bill and a one-time courtesy adjustment will be allowed per Customer account owner.
- d. If a leak is found not to be the responsibility of AlexRenew, the Customer will be notified and shall have the leak repaired by a registered plumber at his expense.

### **Rule No. 17 – Refund policy**

Customers that overpay an account in error shall not receive a refund of the over-payment unless the over payment is greater than two (2) times the average billing amount. Over-payments shall be credited to a Customer account and used to offset/pay the next bill due. In a situation where a refund is appropriate, AlexRenew will apply credits to the same credit card accounts rendering the payment. Customers making payments by check may apply for a check refund that may be made after a 30 day clearing period (no exceptions).

### **Rule No. 18 – Adjustment of Fixed Charges Based on Oversized Meters**

Upon request of a Customer, the Chief Executive Officer (CEO) may apply the fixed charge for a smaller meter, if the CEO determines at his/her discretion that:

- a. The Customer's actual water usage over the multiple billing periods is significantly less than the typical consumption for the size of water meter installed; and
- b. The potential for significantly higher water usage in the future is unlikely based on one or more of the following factors:
  - i. Whether the meter combines fire flow and potable water uses;
  - ii. The size and use classification of the structure served limited water usage; and



- iii. Other legally binding use restrictions limit water usage.

AlexRenew further reserves the right to apply the fixed charge for the actual meter size if any of these factors change in the future.

DRAFT

### **III.AMENDMENT AND INTERPRETATION**

AlexRenew reserves the right to revise and/or amend these Rates, Rules, and Regulations to interpret the meaning of all statements made herein.

DRAFT

## **IV.EFFECTIVE DATE**

The Rates, Fees, and Other Charges; Rules and Regulations herein contained shall become effective as revised on July 1, 2025 and shall remain in effect thereafter until further revised

DRAFT

## MEMORANDUM

TO: AlexRenew Finance and Audit Committee

FROM: Justin Carl, General Manager and CEO

DATE: March 11, 2025

SUBJECT: *New Business, Joint Use*  
Consideration of revisions to Board of Directors' Financial Policy

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### Issue

The Board of Directors' (Board) Financial Policy requires revisions to align with AlexRenew maintaining a 'AAA' credit rating from Standard and Poor's (S&P).

### Recommendation

Staff respectfully requests that the Finance and Audit Committee consider revisions to the attached Financial Policy for recommendation to the Board. Justification for this recommendation is provided in the "Discussion" section of this memorandum.

### Budget and Funding

There is no budget or funding associated with this request.

### Discussion

The Financial Policy was adopted in August 2010 and most recently revised in September 2024. The current Financial Policy requires that staff maintain a balance equal to at least 120 days of Operating Expenses (Days Cash on Hand). Currently, Days Cash on Hand or "days cash" is calculated by dividing the amount of unrestricted cash in the Operating Fund and the General Reserve Fund from the annual Operating Expenses, times 365. This calculation does not consider the cash balances in the following funds:

- Revenue Fund;
- General Fund;
- Improvement, Renewal, and Replacement (IRR) Fund;
- Construction Fund; and
- Investments.

When rating agencies evaluate days cash, they consider the total cash balances divided by the operating expenses. For AlexRenew, this calculation would consider the funds listed above. The current calculation for days cash yields 146 days cash (as of January 31, 2025), while the rating agency

approach results in 811 days cash (as of January 31, 2025). The calculations are provided as Attachment A to this memorandum.

To update the Financial Policy to consider the rating agency approach, staff is recommending to use two metrics for days cash – one metric would ensure that we have sufficient funds set aside for operating expenses and working capital (Operating and Capital Days Cash on Hand). The second metric is to support AlexRenew in maintaining a ‘AAA’ credit rating by ensuring a higher minimum for total days cash (Total Days Cash on Hand). The metrics are recommended to have the following minimums:

- Operating and Capital Days Cash on Hand: 120 days minimum
- Total Days Cash on Hand: 270 days minimum

In addition to days cash, staff is also recommending an update to annual debt service coverage to 1.6 times to align with S&P’s evaluation metric for a ‘AAA’ rating.

The Financial Policy has also been revised with the following recommendations:

- Update to refinancing of debt – The Financial Policy was revised to align with current tax law for debt refinancing. The previous Financial Policy referenced advance refunding, which is no longer allowed by tax law.
- Addition of reference to post-issuance compliance policy – With the sale of bonds on the public market, staff must follow procedures, including but not limited to continuing disclosure, arbitrage, and private use compliance specific to those bonds. The Financial Policy was updated to reference the need to comply with these procedures for as long as AlexRenew has outstanding debt in the capital markets.
- Removal of reference to the London InterBank Offered Rate (LIBOR). LIBOR no longer exists as an interest rate benchmark after being phased out in 2023. The Financial Policy was updated to remove the reference to LIBOR in the definitions section.

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

**ACTION TAKEN**

Approved: \_\_\_\_\_

Disapproved: \_\_\_\_\_

Approved with Modification: \_\_\_\_\_

Modification(s): \_\_\_\_\_

\_\_\_\_\_

**Attachment A**  
Days Cash Calculation

# ALEXRENEW

## DAYS CASH CALCULATION

### Summary of AlexRenew cash funding sources per CEO Report (Jan 2025)

Fund	Total Cash (\$ millions)	Unrestricted Cash (\$ millions)	Unrestricted Cash per Board Report (\$ millions)
Revenue	21.1	21.1	--
Operating	8.3	8.3	8.3
Parity	4.4	--	--
IRR	0.8	0.8	--
General (cash)	87.9	35.7	5.8
General (investments)	22.3	10.5	--
Construction	1.8	1.8	--
<b>Total</b>	<b>146.6</b>	<b>78.2</b>	<b>14.1</b>

#### Notes:

1. Funds per AlexRenew's Master Indenture of Trust, except for General (investments) which is governed by AlexRenew's Investment Policy
2. Fund values current as of January 31, 2025

The Master Indenture of Trust and Board Financial Policy require AlexRenew to maintain at least 120 days cash on hand. Days cash on hand or "days cash" is calculated by the dividing the amount of unrestricted cash by the annual operating expenses, times 365 (total days in any given fiscal year)

$$\text{Days Cash} = \frac{\text{Unrestricted Cash}}{\text{Operating Expenses } (\$35.2)} \times 365$$

### Rating Agency "Days Cash" Approach

$$\text{Days Cash} = \frac{\text{Unrestricted Cash } (\$78.2)}{\text{Operating Expenses } (\$35.2)} \times 365$$

**Days Cash = 811 days**

### Board Report "Days Cash" Approach

$$\text{Days Cash} = \frac{\text{Unrestricted Cash } (\$14.1)}{\text{Operating Expenses } (\$35.2)} \times 365$$

**Days Cash = 146 days**

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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-maintain~~ a ~~strong~~'AAA' 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. [Additionally, these financial policies support AlexRenew's current credit rating. As of March 2024, AlexRenew's debt is rated 'AAA' by Standard & Poor's.](#) 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 ~~1.50-60~~ times Net Revenues, as defined in the Bond Indenture, on all senior and parity debt.

## D. [Days Cash on Hand Reserves](#)

1. **Overview.** An important metric of AlexRenew's financial flexibility is ~~sufficient~~~~its days cash on hand~~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 to cover operating and capital financial obligations in the event of an~~ emergency or



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other unexpected situations ~~as they arise~~. ~~Days Cash on Hand or "days cash" is calculated by dividing the amount of unrestricted cash and investments by the annual operating expenses. 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 improvements.~~

2. ~~Days Cash on Hand Metrics~~~~General Reserve Fund~~. AlexRenew will measure Days Cash on Hand according to the following two metrics~~maintain a balance~~:

a. Operating and Capital Days Cash on Hand. To ensure sufficient funds are set aside for operating expenses and working capital, AlexRenew will maintain a 120 operating and capital days cash minimum. 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 additional one sixth of the current year's budgeted amount for operating expenses (60 days) will be held for working capital in the General Reserve Fund, a subfund of the General Fund.

b. ~~equal to at least 120 Total Days Cash~~days on Hand. ~~To align with it's the criteria establish for a strong credit rating~~To maintain a 'AAA' credit rating, AlexRenew will also maintain a 270 total days cash minimum of the current years budgeted amount for operating and maintenance expenses across all funds and investments. For the purpose of~~For the Total Days Cash on Hand metric, the unrestricted cash in the following funds will be used in the calculation:~~

i. Revenue Fund,

ii. Operating Fund,

iii. General Fund,

iv. Improvement, Renewal, and Replacement (IRR) Fund,

v. Construction Fund, and

vi. Investments.

2-3. ~~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. Reporting. Operating and Working Capital Days Cash on Hand and Total Days Cash on Hand shall be reported to the Board on a monthly basis. In the event that either days cash metric e~~~~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~~cash Fund~~ to the policy level over a period not to exceed ~~four~~three years.

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## **E. Other Fund Requirements.**

~~3.1.~~ All other funds will be funded as required by the Bond Indenture, with a summary as follows:

- a. ~~Senior-Parity 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. [When deemed 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. *Debt Service Reserve Fund.* [When required, a](#) 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.~~

~~4.~~

## **E.F. 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.~~ vii. Is structurally balanced whereby current budgetary revenues are sufficient to meet current budgetary expenses (those that are ongoing in nature);
  - ~~ii.~~ viii. Has fees and user charges at levels intended to support the direct and indirect cost of the activity;
  - ~~iii.~~ ix. 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

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right now;

~~iv-x.~~ Is at a level necessary to ensure the adequate maintenance and operations of the wastewater system;

~~v-xi.~~ Includes amounts necessary to maintain the required reserve balances as defined in these policies;

~~vi-xii.~~ Enables AlexRenew to meet the debt service coverage policy defined herein; and

~~vii-xiii.~~ 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.G. **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.

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

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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.H. **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 deficits or interim construction requirements.

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### 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.
- c. *Lowest Cost Financing.* AlexRenew intends to pursue the lowest cost of financing within

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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. [AlexRenew generally prefers any refunding to generate present value savings of three \(3\) percent or more of the amount of](#)

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~~refinanced, net of fees. Exemptions to the minimum savings policy may be warranted but must be approved by the Board. Such exceptions may be evaluated in light of cash flow impacts, future savings opportunities, and other factors. 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.



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(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 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 (MRSB) 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.

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- (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 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.

[Separate from this policy, as long as if AlexRenew has debt outstanding in the capital markets, AlexRenew will maintain and follow the federal Securities and Exchange Commission's \(SEC\) Rule 15c2-12 compliance requirements and procedures post issuance compliance procedures. Such procedures will include provisions regarding continuing disclosure, records retention, arbitrage, and private use compliance among others.](#)

## 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.I. Write-Offs**

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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 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

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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.** 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:
  - 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

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- 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.K. 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.

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**Escrow:** A fund established to hold moneys pledged and to be used to pay debt service on an 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.

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**Securities and Exchange Commission (SEC):** Agency created by Congress to protect investors in 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.

## 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 maintain a 'AAA' 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. Additionally, these financial policies support AlexRenew's current credit rating. As of March 2024, AlexRenew's debt is rated 'AAA' by Standard & Poor's. 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 1.60 times Net Revenues, as defined in the Bond Indenture, on all senior and parity debt.

## D. Days Cash on Hand

1. Overview. An important metric of AlexRenew's financial flexibility is sufficient days cash on hand to cover operating and capital financial obligations in the event of an emergency or other unexpected situation. Days Cash on Hand or "days cash" is calculated by dividing the amount of unrestricted cash and investments by the annual operating expenses.

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2. Days Cash on Hand Metrics. AlexRenew will measure Days Cash on Hand according to the following two metrics:
  - a. Operating and Capital Days Cash on Hand. To ensure sufficient funds are set aside for operating expenses and working capital, AlexRenew will maintain a 120 operating and capital days cash minimum. 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 additional one sixth of the current year's budgeted amount for operating expenses (60 days) will be held for working capital in the General Reserve Fund, a subfund of the General Fund.
  - b. Total Days Cash on Hand. To maintain a 'AAA' credit rating, AlexRenew will maintain 270 total days cash minimum across all funds and investments. For the Total Days Cash on Hand metric, the unrestricted cash in the following funds will be used in the calculation:
    - i. Revenue Fund,
    - ii. Operating Fund,
    - iii. General Fund,
    - iv. Improvement, Renewal, and Replacement (IRR) Fund,
    - v. Construction Fund, and
    - vi. Investments.
3. Reporting. Operating and Working Capital Days Cash on Hand and Total Days Cash on Hand shall be reported to the Board on a monthly basis. In the event that either days cash metric drops below the policy level, the Chief Executive Officer (CEO) will submit a plan in writing to the Board that will restore the cash to the policy level over a period not to exceed three years.

**E. Other Fund Requirements**

1. All other funds will be funded as required by the Bond Indenture, with a summary as follows:
  - a. *Parity 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. When deemed necessary and prudent, AlexRenew may create additional accounts within the General Fund for specific purposes. These accounts could include accounts for capital projects,

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risk management and revenue stabilization, among others.

- d. *Debt Service Reserve Fund.* When required, an amount equal to the Debt Service Reserve Fund requirement as defined in the Bond Indenture.

**F. 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:
  - vii. Is structurally balanced whereby current budgetary revenues are sufficient to meet current budgetary expenses (those that are ongoing in nature);
  - viii. Has fees and user charges at levels intended to support the direct and indirect cost of the activity;
  - ix. 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;
  - x. Is at a level necessary to ensure the adequate maintenance and operations of the wastewater system;
  - xi. Includes amounts necessary to maintain the required reserve balances as defined in these policies;
  - xii. Enables AlexRenew to meet the debt service coverage policy defined herein; and
  - xiii. 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.

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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.

## G. 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.
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

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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.

## H. 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 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,

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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.
  - 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.

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- 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 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.

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- 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. AlexRenew generally prefers any refunding to generate present value savings of three (3) percent or more of the amount of refinanced, net of fees. Exemptions to the minimum savings policy may be warranted but must be approved by the Board. Such exceptions may be evaluated in light of cash flow impacts, future savings opportunities, and other factors.
  - 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*



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- 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 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 government 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

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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 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 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.

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Separate from this policy, if AlexRenew has debt outstanding in the capital markets, AlexRenew will follow the federal Securities and Exchange Commission's (SEC) Rule 15c2-12 compliance requirements and procedures. Such procedures include provisions regarding continuing disclosure, records retention, arbitrage, and private use compliance.

## 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.

### I. **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 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

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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.

## J. 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:
  - 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

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- (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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**K. 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.

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**Escrow:** A fund established to hold moneys pledged and to be used to pay debt service on an 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.

**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 securities transactions by administering securities legislation.

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**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.