



PROPOSED FISCAL YEAR 2026 BUDGET AND RATE RECOMMENDATION

PUBLIC HEARING | MAY 17, 2025

AlexRenew OVERVIEW

Purifies 13 billion gallons of wastewater each year

Serves a population of about 300,000 people in Alexandria and portions of Fairfax County

Established in 1952 as an independent, public authority

Governed by a 5-member citizen Board



AlexRenew's Operating and Capital Budgets

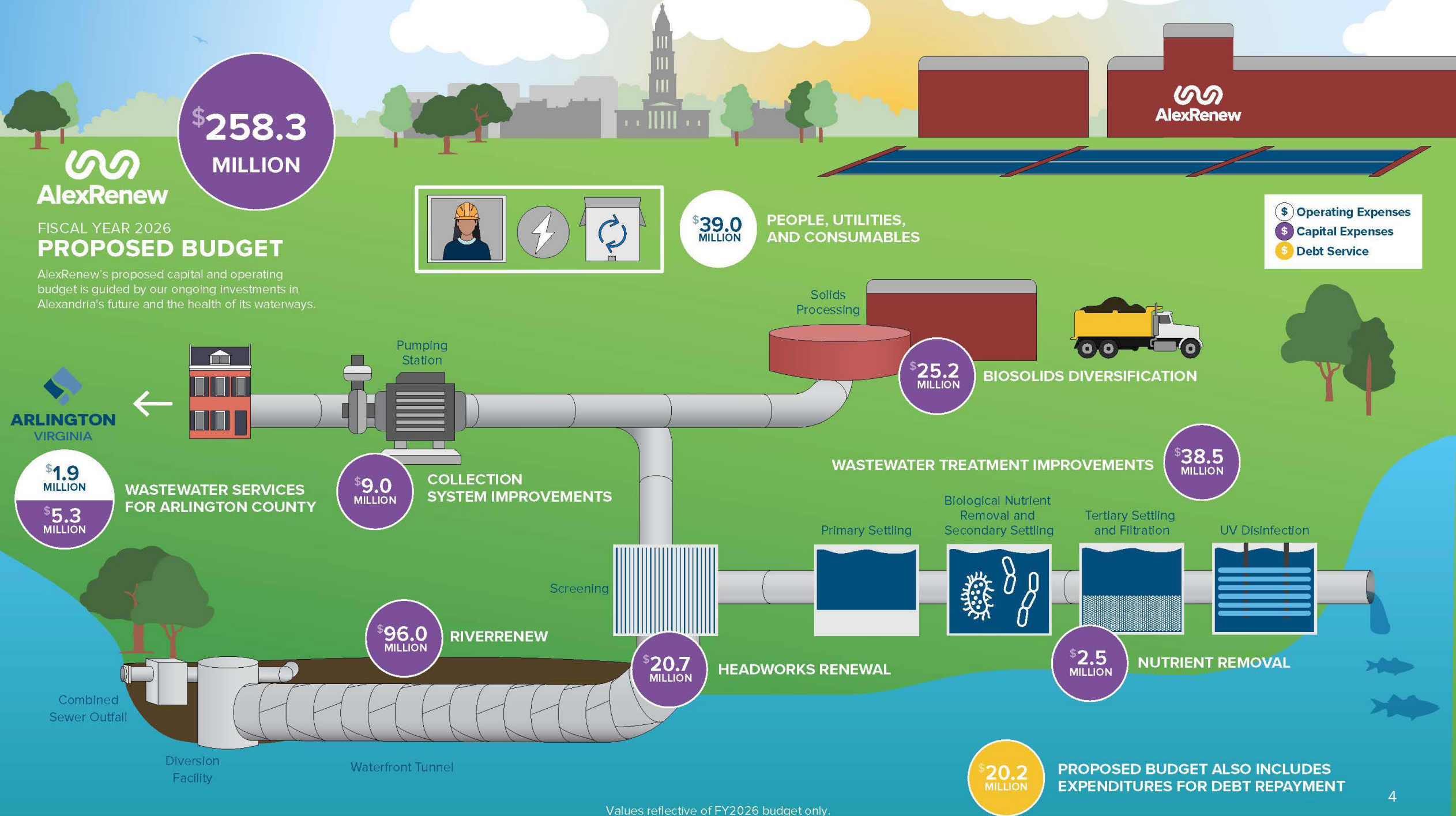
Operating Budget

Includes costs associated with day-to-day operation of wastewater treatment and other facilities. It is funded primarily by rates collected from Alexandria customers and payments from Fairfax County.



Capital Budget

Funds new projects and improvements to AlexRenew infrastructure. It is based on the first year of a 10-year Capital Improvement Program. The Capital Budget is supported through multiple funding sources, including operating revenues, debt (loans and bonds), grants, contributions from Fairfax County, and cash.



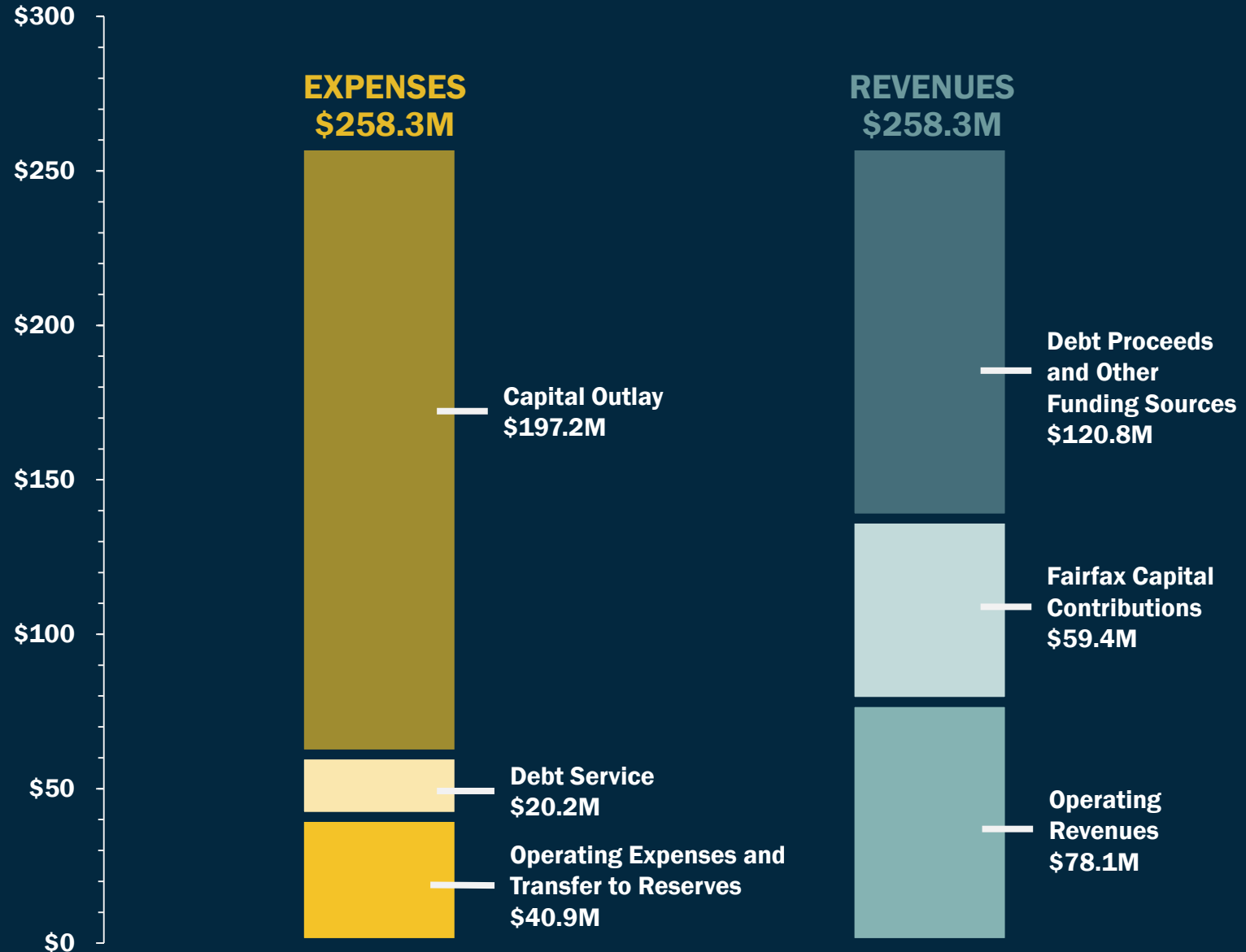
Fiscal Year 2026 Budget Breakdown

\$258.3 million Operating and Capital Budget

- Over 75% of the budget is capital spending (infrastructure construction, improvements, and upgrades)
- \$100 million of capital spending is associated with RiverRenew – the largest infrastructure project in Alexandria’s history

Proposed FY2026 rate increase of 5.0% (\$2.76 per month) and FY2027 rate increase of 5.7% (\$3.31 per month)


- RiverRenew accounts for over 60% of the rate increases
- RiverRenew bill impacts are on the lower end of the original April 2018 projection



Fiscal Year 2026 Priorities




Continue capital investments to achieve our core mission of managing and treating wastewater



Maintain 'AAA' financial rating



Implement rate adjustment to pay debt incurred by RiverRenew and support day-to-day operations

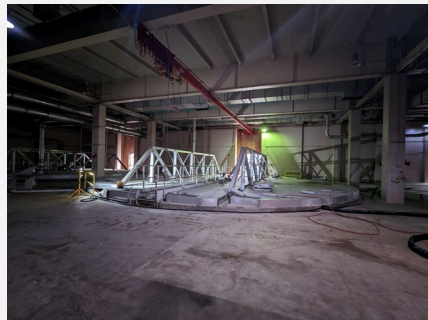


Continue to engage with stakeholders and peer utilities to promote initiatives that are beneficial to the community



Continue to cultivate a diverse and healthy work environment through workforce development, upskilling, and retention efforts

Major Fiscal Year 2026 Capital Investments



Biosolids Diversification Project

\$25.2M

- Continue construction of short-term upgrades to improve reliability
- Continue design of medium-term upgrades to reduce the volume of biosolids



Headworks Renewal Project

\$20.7M

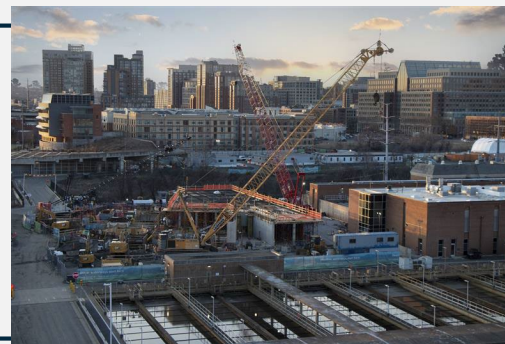
- Finalize design and start construction on primary settling systems



Nutrient Reduction Project

\$2.5M

- Procure design-builder and begin final design

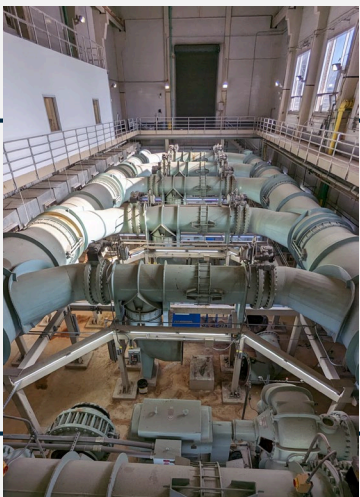


RiverRenew Tunnel Project*

\$96.0M

- Finalize construction of pumping stations and diversion facilities
- Test and commission system
- Train staff
- Place system into operation

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



IRR Program

\$12.7M

- Continue routine investments to maintain and repair equipment – funds capital improvements under \$1 million and not part of major upgrade projects

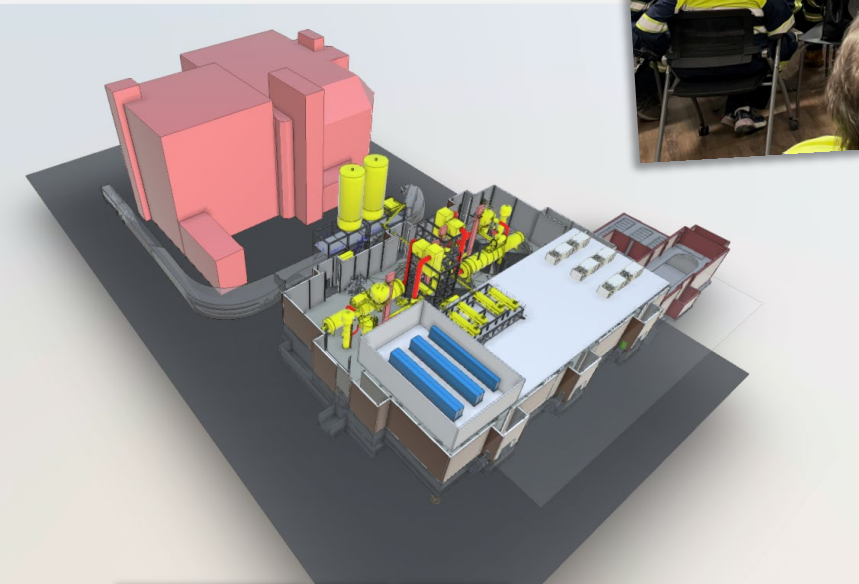
Design input session for
AlexRenew operations and
maintenance staff



Green Bond Update

*In June 2024, AlexRenew received **\$50 million** of green bond proceeds to finance its Biosolids Diversification, Headworks Renewal, and Nutrient Reduction projects. Key updates include:*

- Began construction on short-term biosolids improvements – issued \$18 million in contracts – to improve system reliability
- Developed preliminary design for solids dryer to prepare for future regulations, reduce biosolids volume, and support greenhouse gas emission goals – \$20 million design contract
- Advanced concepts and procured an Owner's Advisor to support capacity expansion for city growth and meet current nutrient reduction limits
- Finalized key design packages to advance headworks renewal construction



▲ 3D rendering of biosolids
drying facility at AlexRenew

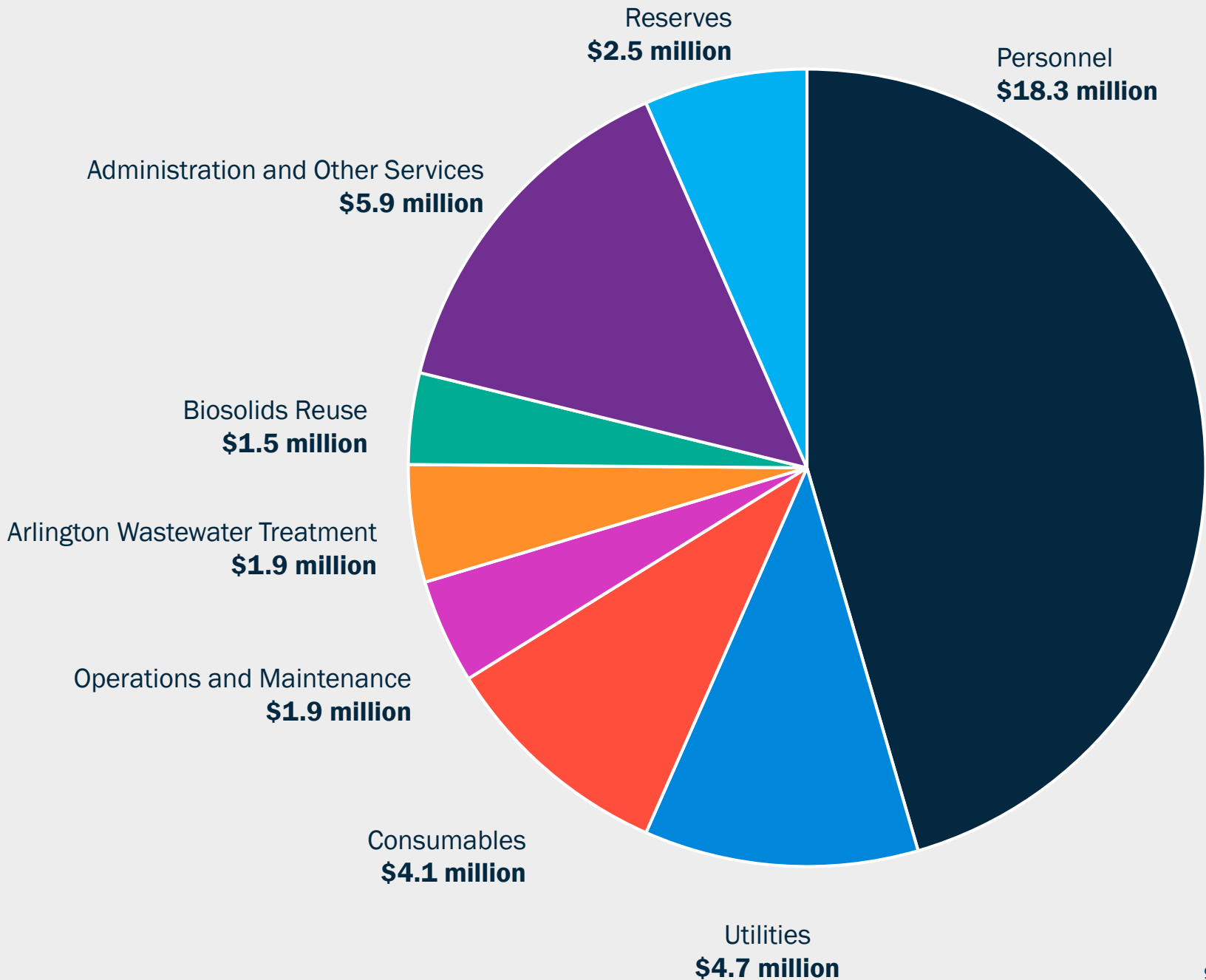
Site tour for Nutrient
Reduction Project



Fiscal Year 2026 Operating Expenses

The proposed Fiscal Year 2026
Operating Expenses total **\$40.9 million**.
Major drivers include:

- Addition of maintenance apprentices to prepare for upcoming retirements and train the next generation of water professionals (6.5% increase)
- Additional reserves to account for unforeseen regulatory events and emergencies
- Increase in utilities (10.3% increase) and consumables (16.1% increase) to account for cost increases associated with inflation



Fiscal Year 2026 Budget Summary

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

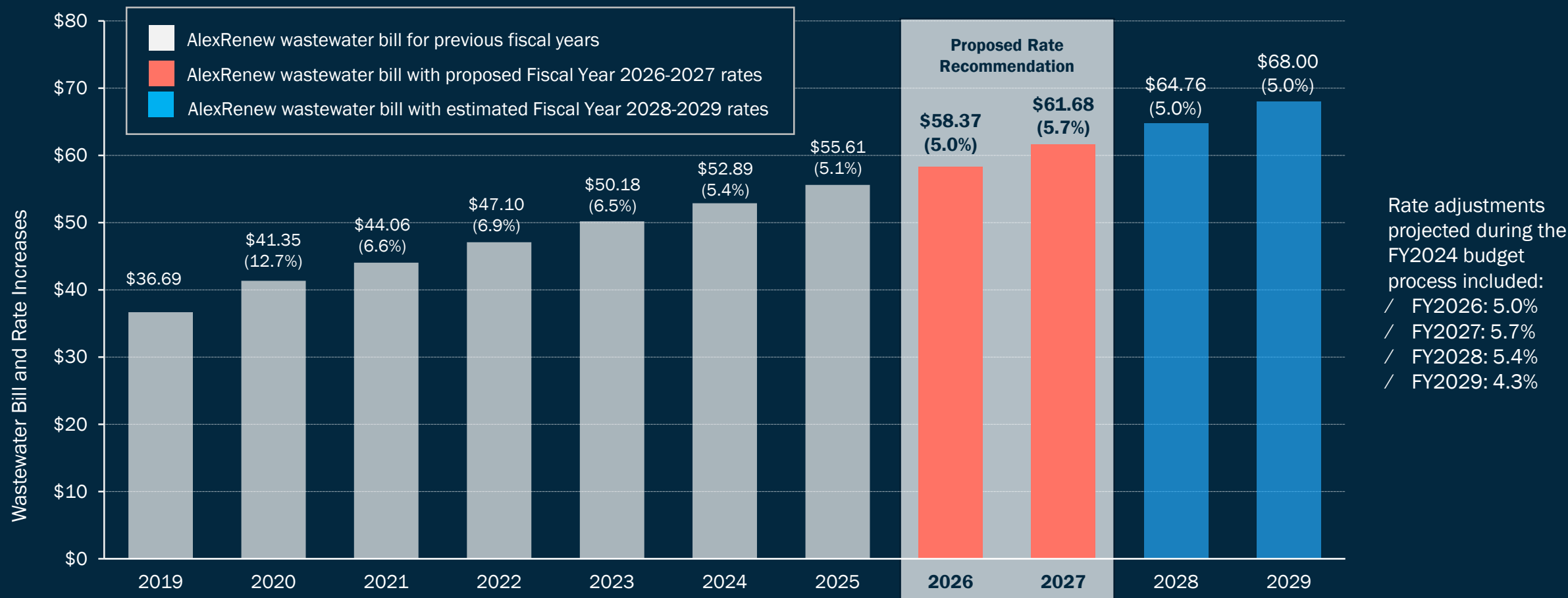
Fiscal Year 2026 Consolidated Budget

		Adopted FY2025	Proposed FY2026	\$ Variance	% Variance
Operating	Wastewater Treatment Revenues	60.4	63.4	3.0	
	Fairfax County Operating Charge	12.8	14.7	1.8	
	Interest Income	0.1	0.1	-	
	Total Operating Revenue	73.4	78.2	4.8	6.6%
	Operating Expenses and Transfer to Reserves (2)	35.3	40.9	5.3	
	Transfers to Debt Service and Capital	38.1	37.3	(0.8)	
	Total Operating Expenses and Transfers	73.4	78.2	4.8	6.6%
Debt Service	Transfer From Operating Fund	21.6	19.9	(1.7)	
	Interest Income	0.7	0.3	(0.4)	
	Total Debt Service Revenue	22.3	20.2	(2.1)	(9.3%)
	Principal	13.8	11.0	(2.8)	
	Interest	8.5	9.2	0.7	
	Total Debt Service Expense	22.3	20.2	(2.1)	(9.3%)
Capital	Transfer From Operating Fund	16.5	17.4	0.9	
	Fairfax Capital Contributions	40.8	59.4	18.6	
	Interest Income	0.1	1.3	1.2	
	Debt Proceeds	112.6	113.4	0.8	
	Cash	5.3	5.7	0.5	
	Total Capital Revenue	175.2	197.2	22.0	12.5%
	Total Capital Expense	175.2	197.2	22.0	12.5%

Notes:

- (1) Values may vary slightly due to rounding.
- (2) \$2.5M in 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).

FY2026 and FY2027 Rate Adjustment Recommendation



Notes:

(1) Data represents the average monthly bill based on 4,000 gallons of use

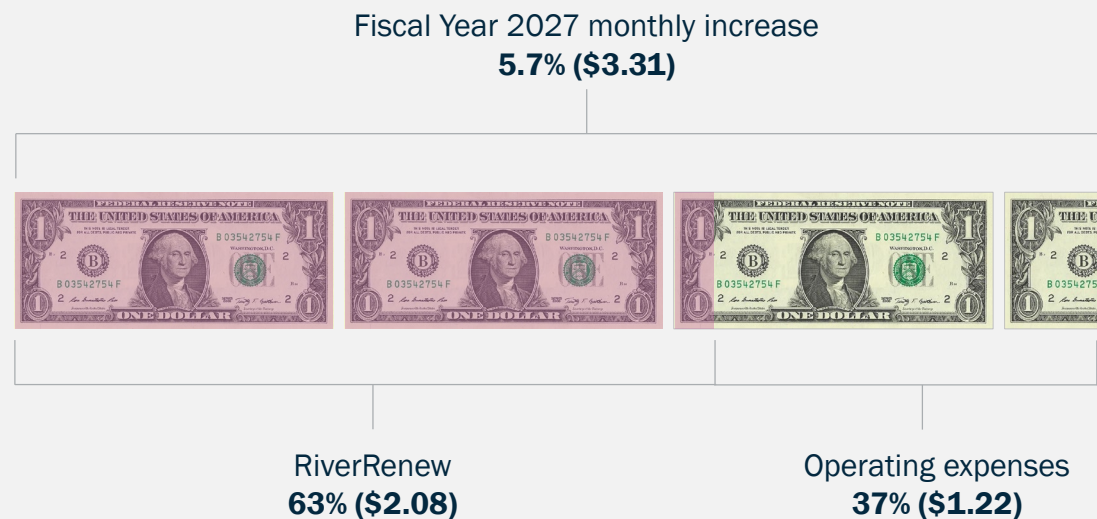
(2) Data excludes City of Alexandria sanitary sewer charge

(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.

Fiscal Year 2026 and 2027 Proposed Rate Adjustment Breakdown

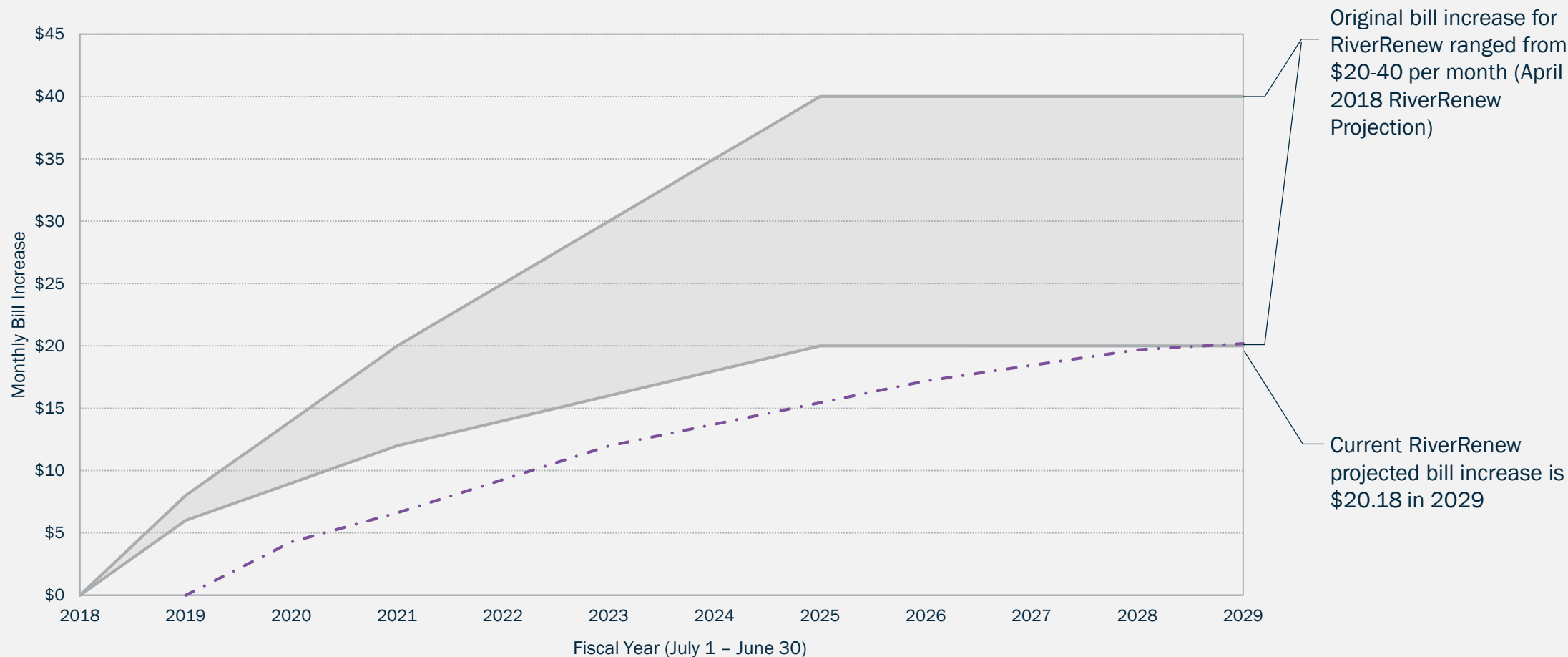
Capital spending on the \$615 million RiverRenew program continues to be a primary rate driver for AlexRenew, accounting for over 60% of the rate increase through Fiscal Year 2029.

- Notes:**
- (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.



RiverRenew Monthly Bill Impacts

RiverRenew bill impacts are trending lower than originally anticipated when the project was at a conceptual level of design in April 2018.



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

Proposed rates for Fiscal Years 2026-2027

The proposed 5.0% and 5.7% increases for FY2026 and FY2027, respectively, are applied uniformly across AlexRenew’s Base and Wastewater Treatment Charges.

Monthly Charge	Meter Size	Existing	Proposed FY2026	Proposed 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 per 1,000 gallons	\$10.77 per 1,000 gallons
			\$11.38 per 1,000 gallons	

Note:

(1) Excludes City of Alexandria sanitary sewer charge



Alternative Rate Structure Analysis

As part of the outcomes of the 2025 Board of Directors (Board) Retreat, AlexRenew staff are currently evaluating alternative rate structures/rate structure revisions and associated phasing plans for potential implementation as early as Fiscal Year 2027.

Potential revisions will be discussed at the monthly regular Board meetings and any proposed rate changes will be conducted in accordance with §15.2-5136 of Virginia Code for public notice and public hearing procedures.

Fiscal Year 2026 Budget 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 Fiscal
Year 2026-2027 Rate
Recommendation*



PROTECTING THE WATERWAYS THAT CONNECT US

