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Attachments: 1. 16-6440_Attachment 1 Agreement, 2. 16-6440_Attachment 2 Presentation

Date	Ver.	Action By	Action	Result
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City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 21, 2017
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Consideration of Authorization for the City Manager to Sign an Agreement Between the City of Alexandria, Fairfax County, and Alexandria Renew Enterprises to Establish the Cost Sharing Framework for West Side Wet Weather Facilities.

ISSUE: Consideration of Authorization for the City Manager to Sign an Agreement between the City of Alexandria, Fairfax County, and Alexandria Renew Enterprises (AlexRenew) to Establish the Cost Sharing Framework for construction of West Side Wet Weather Facilities.

RECOMMENDATION: That City Council authorize the City Manager to finalize the agreement and enter into an agreement consistent with the draft agreement provided as Attachment 1 between the City, Fairfax County, and AlexRenew regarding the cost sharing framework for construction of the West Side Wet Weather Facilities.

BACKGROUND: As Council is aware, AlexRenew provides wastewater treatment and conveyance to the

City and Fairfax County under respective Service Agreements. The City's current combined sewer system permit requires that Alexandria submit to the Virginia Department of Environmental Quality (VDEQ) an update to its existing Long Term Control Plan to address the Hunting Creek Total Maximum Daily Load (Hunting Creek TMDL), which calls for significant reductions in combined sewer discharges from the combined sewer outfalls that discharge into Hunting Creek (CSO-002) and Hooff's Run (CSO-003 and CSO-004). Separately, VDEQ has issued a permit to AlexRenew requiring it to commence an engineering evaluation of options/alternatives to study the need, feasibility and possible means of minimizing the occurrence of wet weather overflows at the Hooff's Run Junction Chamber, which is adjacent to the AlexRenew wastewater treatment facility.

Given these separate but interconnected wet weather requirements, the City, Fairfax County, and AlexRenew have developed a coordinated plan to address both the City's long-term control plan needs for its combined sewer system and AlexRenew's need to address sanitary sewer overflows caused by wet weather flows from both of the City's combined and separate sewer systems and Fairfax's separate sewer system.

The planned effort involves constructing a series of facilities collectively known as the **West Side Wet Weather Facilities**. The facilities include the proposed, 10'-wide underground tunnel from Duke Street and Daingerfield Road to the Alexandria Renew treatment plant that is proposed to be the City's CSO solution for outfalls 003/004. The facilities - preliminarily estimated at \$102 million in 2017 dollars and \$118 million in 2022 dollars (both estimates have a range of -20% to +30% and do not reflect future bid prices) - also include associated pumping facilities and odor control. Together, the facilities will address combined sewer overflows, separate sewer overflows and will reduce the risk of sewer backups in homes along the Commonwealth Interceptor sewer which extends into Del Ray and Arlandria.

The facilities provide mutual benefits to AlexRenew, the City and Fairfax and the agreement equitably divides the cost of the project based on the project needs. The City is currently discussing and anticipates entering into a separate agreement with AlexRenew regarding construction and financing, with the intent that AlexRenew will finance (except for the Fairfax share) and construct the facilities noted in this agreement.

Staff has been working closely with Fairfax and AlexRenew to finalize the estimates and terms outlined in the attached draft agreement. City Council will be the first body to consider the cost sharing framework; staff anticipates the Fairfax County Board of Supervisors and AlexRenew Board will consider it over the summer. Therefore, staff is requesting that City Council authorize the City Manager to enter into an agreement consistent with the draft agreement attached in the event non-material changes may arise as a result of the consideration of this agreement by Fairfax County.

DISCUSSION: The facilities will require separate approvals by the VDEQ prior to construction and will be evaluated both in the context of City's Long Term Control Plan to address its combined sewer discharges from outfalls CSO-003 and CSO-004, and to AlexRenew in context of its permit requirement.

To come to an agreement on the cost sharing framework, the City, Fairfax, and AlexRenew jointly performed multi-year, wet weather flow modeling studies to quantify wet weather flows from each jurisdiction. The studies also determined the specific elements included in the West Side Wet Weather Facilities needed by each jurisdiction to address wet weather flows originating from their systems. The flows included (but were not limited to) flows from the City's combined sewer system. The cost of each specific facility element was either fully allocated to the respective locality or shared between them based on the quantified needs. Details of each of the project elements and how costs were allocated is available in Exhibit 2 of Attachment 1.

The purpose of the agreement is to memorialize the framework for cost sharing between the City and Fairfax relating to the multiple new facilities shown in the schematic representation (See Exhibit 4 in Attachment 1)

and as described in Exhibit 5 of Attachment 1. The parties anticipate that these facilities will be further defined and potentially augmented during subsequent planning, design, and implementation. The language in the agreement provides for adjustments as appropriate. The agreement also addresses the parties' desire to ensure continued cooperation and coordination during the planning, design and implementation process.

FISCAL IMPACT: The preliminary, planning-level capital cost for the facilities is estimated at \$102 million in 2017 dollars and \$118 million in 2022 dollars (both estimates have a range of -20% to +30% and do not reflect actual bid prices). Staff anticipates that cost estimates will continue to evolve as the project advances and the agreement is designed to accommodate such changes. The final project cost will be based on the formula in the draft agreement and the actual bid price.

The framework for the agreement is based on the premise that the City is completely responsible for the portion of the project that addresses overflows from CSO-003 and CSO-004. The County remains responsible for its share of the portion of the project that is to serve the joint need of the both the City and the County to address wet weather overflows from the Hooff's Run Junction Chamber. The City is responsible for its share of the portion of the project that is to serve the joint need of the both the City and Fairfax to address wet weather overflows from the Hooff's Run Junction Chamber and to reduce the risk of sewer backups in Del Ray and Arlandria.

The final cost split depends on the final design and actual cost of the project. It is currently estimated at approximately 1/3 for Fairfax County and 2/3 for the City. Using the project estimate of \$118 million (the project cost in 2022 dollars), the City share would be 65% (or \$76.5 million) and the Fairfax share would be 35% (or \$41.4 million).

ATTACHMENTS:

Attachment 1: Cost Share Agreement (including Exhibits 4 and 5)

Attachment 2: Presentation

STAFF:

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