



Legislation Text

File #: 18-7622, Version: 1

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 2, 2018

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Introduction and First Reading. Consideration. Passage on First Reading of an ordinance to amend the articles of incorporation for the City of Alexandria, Virginia Sanitation Authority d/b/a Alexandria Renew Enterprises to expand the purposes of the authority and extend the period of corporate existence to 2068.

ISSUE: The City owns four Combined Sewer Outfalls (CSOs) which are operated under a permit issued by the Virginia Department of Environmental Quality (VDEQ). In 2017, the Virginia General Assembly enacted a law which requires the City to bring the four CSO's into compliance with State and Federal laws on an accelerated schedule using specific provisions of these laws, with completion required by 2025. The City and Alexandria Renew Enterprises (AlexRenew) agree that transferring ownership of the CSOs to AlexRenew will result in the optimal solution to bring the CSOs into compliance within the exceedingly tight statutory deadline. In order for AlexRenew to take on this new responsibility, its corporate articles of incorporation need to be amended to expand its purposes and extend its period of existence to accommodate new long-term bonds for this project.

RECOMMENDATION: That City Council:

1. Introduce and approve on first reading on Tuesday, May 8 the ordinance amending the Alexandria Renew Articles of Incorporation;
2. Schedule the ordinance for public hearing on Saturday, June 23, 2018; and
3. Direct the City Clerk to publish the draft ordinance and notice of the public hearing in a newspaper of general circulations no less than 30 days prior to the public hearing date.

BACKGROUND: The Alexandria Sanitation Authority d/b/a Alexandria Renew Enterprises was created on December 20, 1952 by the City Council pursuant to the Virginia Water and Sewer Act, now known as the

Virginia Water and Waste Authorities Act (Section 15.2-5100 et. Sec.). On September 15, 1984, a Resolution was passed by the Alexandria City Council updating the purposes of the authority and extending the corporate existence to 2034. On November 25, 2008, the City Council approved a resolution extending the corporate existence of the authority to 2050.

The Virginia Water and Waste Authorities Act requires that an amendment to the Articles of Incorporation of a sanitation authority created by a locality shall be processed following the procedure for the creation of an authority. The procedure requires that City Council adopt the change either by resolution or ordinance, publish the resolution or ordinance and the date and time of the public hearing on the change at least thirty (30) days before holding the public hearing, and holding a public hearing on the matter. If at the public hearing in the judgement of the City Council, substantial opposition is heard, the City Council may at its discretion petition the Circuit Court to order a referendum on the question of amending the articles of incorporation. See Section 15.2-5105 of the Virginia Code. Once the ordinance has been introduced and passed on first reading, staff will publish the ordinance and notice of the public hearing to be held at the June 23, 2018 public hearing of the City Council.

DISCUSSION: The City and AlexRenew agree that transferring the ownership of the CSO's to AlexRenew will provide the optimal solution to comply with the level of CSO control and implementation schedule mandated by the State Legislature. Under a separate ordinance on this same docket, City Council is considering the authorization to transfer that ownership. If AlexRenew is going to own and operate the CSO Outfalls then its corporate charter needs to be amended to expand the purposes for which it is created and to extend its corporate existence for the allowed 50 years through 2068. The proposed change to the Articles of Incorporation include the addition of "combined sewer and stormwater control system" to the list of types of systems the authority may operate. This change is needed in order for AlexRenew to be the owner of the CSO Outfalls.

Additionally, Alexandria Renew is proposing to expand their purposes to include the distribution of reclaimed water. Reclaimed water is clean water resulting from the treatment of wastewater. Reclaimed water is not approved for drinking but may be used for other purposes such as irrigation, toilet flushing, firefighting, recirculating cooling towers, etc. AlexRenew uses reclaimed water at its own facility, but would like the ability to distribute reclaimed water to other users in the City. Distributing reclaimed water will help Alexandria Renew and the City comply with their DEQ permit limits because reclaimed water does not count toward waste load allocations that apply to treated effluent discharged into the river. The use of reclaimed water in Virginia was not approved until 2008, so prior versions of the charter did not include this purpose.

Lastly, Section 15.2-5114 (1) of the Virginia Code allows for authorities to exist for 50 year periods. Alexandria Renew's corporate existence currently expires in 2050. In order to acquire the necessary long-term bonds to finance the CSO Outfall construction project, Alexandria Renew would like the maximum amount of time allowed by law. Therefore, they ask that the corporate existence be extended to 50 years from the date of this ordinance, which is the longest period allowed pursuant to State law, and is an extension of about 17 ½ years from what they have today.

Staff believes these changes are reasonable and accommodate the optimal solution that has been identified to bring the CSO's into compliance with State and Federal law.

FISCAL IMPACT: There is no direct cost to the City to amend the Alexandria Renew articles of incorporation, however there is a fiscal impact to Alexandria Renew taking on the CSO Outfalls construction project. The planning level capital cost (i.e., early, but not yet engineered cost estimates) for the combined

sewer system mitigation is estimated to be \$356 million. The cost estimates are preliminary based on conceptual level planning, and could possibly be as high as an additional 50%. With the transfer of ownership, this infrastructure will be financed by AlexRenew through their sanitary sewer rates. It is estimated that the average household sanitary sewer bill will increase by approximately \$20 to \$40 per month over the implementation period in addition to the current average sanitary sewer bill of approximately \$50 per month. The City's sanitary sewer rate and the City's full faith and credit will not be used to finance this project. This transfer will be largely invisible to the City's rate payers. The cost of the implementation will be added to the AlexRenew portion of the bill, but the rate payers receive a single sewer bill for both entities. How the rate will be structured to spread the cost among rate payers has not yet been determined.

ATTACHMENTS:

1. Ordinance Cover
2. Ordinance

STAFF:

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