



Legislation Text

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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 approving and authorizing the transfer of ownership of four Combined Sewer Outfall structures and associated infrastructure and access easements to the City of Alexandria, Virginia Sanitation Authority d/b/a Alexandria Renew Enterprises.

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 CSO's to AlexRenew will result in the optimal solution to bring the CSO's into compliance within the exceedingly tight statutory deadline.

RECOMMENDATION: That City Council:

1. Introduce and pass on first reading on Tuesday, May 8 the ordinance approving and authorizing the transfer of ownership of the City's four CSO Outfalls and related control structures to Alexandria Renew Enterprises; and
2. Set the ordinance for public hearing and final passage on Saturday, June 23, 2018.

BACKGROUND: A new State law enacted in 2017 requires the City to update its Long Term Control Plan to meet the 2017 legislation. The legislation requires the City to remediate all of its combined sewer outfalls, requires that construction of future combined sewer infrastructure projects begin no later than July 1, 2023 and that construction of these projects be completed by July 1, 2025. The City intends to submit its Long Term Control Plan Update to VDEQ by June 1, 2018. The new legislation requires VDEQ to determine, by July 1, 2018, what actions are required by the City in order to comply with the legislation.

As the mitigation solution has been further developed over the past several months, the City has been in discussions with AlexRenew regarding which entity is most appropriate to design, construct, finance and operate the City's combined sewer outfalls. As the design has progressed, it has become apparent that there are many advantages associated with AlexRenew becoming the lead agency in these efforts. It is important that a project of this magnitude have a single entity leading the project to ensure a unified, comprehensive approach that provides opportunities for efficiencies.

The mitigation strategy being recommended by both the technical staff and community stakeholders involves a tunnel system that serves as storage and conveyance to bring combined sewer flows to the AlexRenew facility. Construction of this tunnel system is anticipated to be constructed from the AlexRenew site and involve upgrades to facility treatment systems. While this allows the full benefits of the treatment facility to be leveraged to mitigate the combined sewer overflows, it will necessitate operation of the system from AlexRenew once it has been constructed.

DISCUSSION: For the reasons described herein, 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. The transfer will be of the outfall infrastructure and any rights needed to continue to locate the facilities on the City's property. This is a similar ownership structure to other AlexRenew facilities such as the Potomac Yard and Holmes Run Trunk sewers. AlexRenew will then be responsible for the financing, design, construction and operation of appropriate control facilities to meet the substantive control requirements and schedule dictated by the Virginia General Assembly. AlexRenew will also be responsible for the long-term maintenance of the outfall structures. The City's permit for the CSOs will be transferred by VDEQ to AlexRenew.

FISCAL IMPACT: There is no direct cost of the transfer of the property. 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. Neither the City's sanitary sewer rate nor the City's full faith and credit will be used to finance this project. How the rate will be structured to spread the cost out among rate payers has not been determined. 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.

ATTACHMENTS:

1. Ordinance Coversheet
2. Ordinance
3. Exhibit A to the Ordinance

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