

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 2, 2001

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: ADOPTION OF POSITIONS ON FEDERAL ISSUES OF CONCERN TO THE CITY

ISSUE: Adoption of positions on federal issues of concern to the City.

RECOMMENDATION: That City Council adopt the following positions on federal issues of concern to the City:

1. **Funding for Open Space:** support federal appropriations to assist the City in the acquisition of open space.
2. **Needs Related to Sanitary Sewers**
 - A. **Sanitary and Stormwater Sewer Reconstruction and Extension:** support federal financial assistance to help pay for the construction of a bypass sewage line from the Four Mile Run Pumping Station to the Potomac Yard Interceptor Line.
 - B. **Ground Contamination at the Oronoco Sewer Outfall:** support federal financial assistance for remediation efforts at the former Alexandria Town Gas Works.
3. **Elimination of Exotic and Invasive Species from Jones Point Park:** support federal assistance to eliminate the many invasive plants that are now in Jones Point Park.
4. **Lloyd House:** support federal funding to help pay for the renovations at Lloyd House.
5. **Upgrading and Enhancing Bicycle Trails:** support federal financial assistance to enable the City to improve its bike trails.
6. **Transportation Needs**
 - A. **Intelligent Transportation System (ITS) Plan for the Duke Street Corridor:** support federal financial assistance to enable the City to develop an ITS plan for the Duke Street Corridor.

B. Intelligent Transportation System (ITS) Plan for the: King Street, Braddock Road, Quaker Lane Intersection: support federal financial assistance to enable the City to develop an ITS plan for the area surrounding the intersection of King Street, Braddock Road, and Quaker Lane.

7. Flow Control: support federal legislation to return flow control authority to the City.

8. Support for Assisted Living: support funding to implement the American Homeownership and Economic Opportunity Act of 2000, which authorizes new assisted living programs for elderly Americans.

9. Federal Mortgage Revenue Bond Program: support legislation to increase the maximum sales price limit for the federal mortgage revenue bond program, thus enabling more City residents with moderate incomes to qualify for VHDA loans and become home owners.

10. Deferred Compensation Legislation: support changes to the federal laws governing deferred compensation plans to (a) raise the contribution cap on tax-deferred deposits to these plans (the cap is now \$8,500 annually); and (b) authorize employees to roll over a 457 account into a 401 account, an IRA, or another similar tax sheltered account when they leave the City.

11. Pre-Tax Payments for Long-Term Care Insurance: support legislation to allow individuals to pay for long-term care insurance with pre-tax dollars.

DISCUSSION: Congressman James Moran was scheduled to meet with City Council in a Work Session on federal issues of concern to the City on March 27. Because of a conflict with the Congressional schedule, this meeting has been rescheduled for May 8. Because of the timing of submission of requests for federal funding it is necessary for City staff to work with Congressman Moran's staff on some of these issues prior to May 8, and I recommend that Council adopt positions on these issues at its April 10 legislative meeting. Further information on each of the issues can be found in the docket memo that was prepared for the March 28 Work Session (attached).

STAFF:

Bernard Caton, Legislative Director
Michele Evans, Assistant City Manager

ATTACHMENT:

Items for Discussion with Congressman Moran (Docket Item WS, March 27, 2001)

WS
3-27-01

City of Alexandria

MEMORANDUM

DATE: MARCH 16, 2001
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*
SUBJECT: ITEMS FOR DISCUSSION WITH CONGRESSMAN JAMES P. MORAN

On March 27, 2001, at 6:00 p.m., we will hold our annual Council Work Session with Congressman James P. Moran to discuss federal issues of concern to the City. The following is a summary of the issues that are of concern to the City for this discussion.

Issues Relating to Potential Federal Appropriations
(Discussed at the February 28 Legislative Subcommittee Meeting)

Since Congressman Moran anticipated an early deadline for proposed federal budget amendments, Council's Legislative Subcommittee (Mayor Donley and Councilman Speck) met with Congressman Moran on February 28 to discuss issues that might result in a request from the City for a federal appropriation. We are pursuing funding for the following needs.

1. Funding for Open Space

Alexandria is a relatively small but very densely populated City. Residents of the City value park land and other open space. At the City's 1998 Environmental Summit, open space was identified as one of the top three environmental quality-of-life issues.

Real estate in Alexandria is very expensive, and land available to purchase or preserve as open space is scarce. The City would like to enhance its efforts at preserving and providing open space to its residents, but is inhibited from doing this by a shortage of funds for this purpose.

The City has retained a consultant to help identify its open space needs. This consultant is working with a Steering Committee which has representation from the many City Boards and Commissions that have responsibilities relating to open space. The study is scheduled to be completed late this year.

Federal legislation last year provided new funding for purchasing and preserving open space, but little of this is likely to go to local governments. The City would appreciate receiving federal appropriations to assist it in the acquisition of open space.

2. Needs Related to Sanitary Sewers

A. Sanitary and Stormwater Sewer Reconstruction and Extension

Many areas of the City have aging and deteriorating sanitary sewers. Repairing or replacing these sewers will be very expensive. In addition, some areas of the City need the sewage collection system expanded.

Much of the sanitary sewer system in the northeastern part of the City was installed more than 75 years ago. This old system is experiencing significant infiltration and inflow problems, which increase the volume of stormwater entering the sewers during wet weather periods. This results in sanitary sewer overflows. Construction of a bypass sewage line from the Four Mile Run Pumping Station to the Potomac Yard Interceptor Line would greatly reduce or eliminate sewage overflows into the Four Mile Run Creek, which is a part of the Chesapeake Bay watershed.

The City would appreciate federal financial assistance for this project, which is expected to cost approximately \$1.4 million.

B. Ground Contamination at the Oronoco Sewer Outfall

In the mid-1970s, the former Alexandria Town Gas Works site was linked to oily substances found in the Potomac River, near the point of discharge of the Oronoco storm sewer into the river. In the past 25 years, the City has undertaken several measures to collect and contain such substances, including the installation of a protective clay barrier around the gas plant site and the use of an absorbent boom at the storm sewer's outfall.

The former gas plant was owned originally by the City, which operated the plant for nearly 80 years before selling it to Alexandria Gas Company in 1930. Alexandria Gas, and later Rosslyn Gas Company, both subsidiaries of Washington Gas Light Company, owned and operated the plant until 1946, when the plant was dismantled and the property was sold to a private party. Rosslyn Gas was later merged into Washington Gas.

The City has hired an environmental science and engineering firm to provide technical assistance for the remediation of this property. The City is also participating in the Commonwealth of Virginia's Voluntary Remediation Program for the property. The remediation efforts could cost as much as \$5 to \$6 million. The City would appreciate federal support for a portion of these remediation efforts.

3. Elimination of Exotic and Invasive Species from Jones Point Park

As part of the Woodrow Wilson Bridge Project, changes are being made to the uses of Jones Point Park. Although some of these changes are being funded as part of the Bridge Project, there is no money to eliminate the many invasive plants that are now in the Park, largely to the north of the new bridge. This could cost as much as \$100,000. Alexandria needs to address this problem during the bridge construction and the renovation of the park so that after all the improvements are made, the City is not continually fighting the spread of these invasive plants to all the newly improved areas. The City would appreciate federal assistance in addressing this problem.

4. Funding for Lloyd House

Lloyd House, an historic structure built in 1795 at the corner of Washington and Queen Streets, was used in recent years to house the Special Collections of the Alexandria Library. When the new Charles E. Beatley, Jr. Library opened last year, these collections were moved to the Kate Waller Barrett Branch on Queen Street. The City plans to renovate Lloyd House, and has begun the studies that must be completed before any renovations can be undertaken.

The Commonwealth of Virginia has contributed \$60,000 in State funds toward the renovations. These funds are being used to support some of the renovation studies that are being done for the project. While the City is unsure about the total cost of the renovations (part of the purpose of the ongoing studies is to project this cost), they will be significant (and could be in excess of \$1 million). Because of the cost, the City would appreciate \$250,000 in federal funding for this project.

5. Upgrading and Enhancing Bicycle Trails

As part of its efforts to preserve the Alexandria's open space and enhance its availability and use by its residents, the City is constantly seeking to improve its greenways and trails, and to link them with other trails in the metropolitan area. These greenways and trails are used by bicyclists and pedestrians for recreation and commuting. The City has a Bicycle Transportation Master Plan, developed beginning in 1994 and updated as recently as 1998. This Master Plan calls for a system totaling 85 miles – 69 miles of on-street bikeways and 16 miles of off-street bikeways. It also envisions a system in which Alexandria trails are linked to trails in other jurisdictions, so that bicyclists, like motorists, can move about the entire region for both commuting and recreational purposes, and appreciate the City's and the region's environmental features. Indeed, the new Woodrow Wilson Bridge will have a bikeway to enable riders to move from Northern Virginia to Maryland and back. By increasing the metropolitan trail network, the City will also reduce the rate of increase in motor vehicle trips, cutting back on congestion and air pollution.

Currently, less than 40 miles of the 85-mile system has been developed, and much of the developed system needs to be improved. Among the City's plans, for instance, are these:

- The City is developing a 4.5 mile greenway trail through the Eisenhower Valley that will link up with an existing trail (Holmes Run) which also connects to Fairfax County bike trails, as well as the future Woodrow Wilson Bridge Bikeway and the Mount Vernon Trail.
- The Holmes Run Trail, which runs for several miles through the western part of the City, needs upgrades to move portions of the trail out of drainage culverts.

While the City is using its own funds and seeking State money to assist with these projects, it does not have sufficient funding to implement the Master Plan on a timely basis. Federal funds would assist the City in doing so.

6. Transportation Needs

A. Intelligent Transportation System (ITS) Plan for the Duke Street Corridor – The City’s major east-west arterial – Duke Street – conveys approximately 75,000 vehicles per day. It also acts as a major conveyance route to the Beltway via Van Dorn Street, Telegraph Road, and Route 1. Traffic back-ups along the roadway are common due to incidents on the Beltway, as well as incidents on Duke Street itself. The roadway configuration – functionally obsolete frontage roads, little to no auxiliary turn lanes, poor destination and guide signage – make Duke Street an excellent candidate for an integrated ITS plan. This plan would be in keeping with the City’s master-plan efforts to commence a comprehensive Transportation Policy and program.

ITS technology for the Duke Street corridor might include things such as dynamic message boards (programmed signs to provide real time information to assist in incident management, etc.); and new technology to allow signal coordination to predict traffic patterns based on current roadway volumes, and adjust signal timings and coordination patterns accordingly. In addition, if ITS technology were installed in this corridor, other changes, such as bus lay-bys (lanes which allow buses to pull off the main road to pick up or discharge passengers), and dedicated right turn lanes, may be incorporated into the corridor changes.

We request federal funding so that we may consider this combination of innovative ITS technology and more traditional design changes.

B. Intelligent Transportation System (ITS): King Street, Braddock Road, Quaker Lane Intersection. One of the City’s most complex intersections is at the confluence of King Street (Route 7), Braddock Road, and Quaker Lane. Over 45,000 people travel through the intersection on a daily basis. The intersection generates significant pedestrian traffic, in part because of the nearby schools, including T. C. Williams High School. Adding to the complexity of the intersection is a sizeable commercial shopping area at the southwest corner of King Street and Braddock Road. The large number of vehicle entrances and exits, coupled with the access road parallel to King Street, causes confusion to many drivers. In addition,

there is heavy peak hour traffic flow from other high density commercial and residential development surrounding the intersection.

The City would like to undertake an engineering study to consider and analyze alternative traffic designs for the intersection and the area immediately surrounding it. One of the innovative designs that the City would like to consider is a modern roundabout, or traffic circle, which may move traffic flow in a much more efficient manner than the traditional design now at the intersection. While these are commonly used in Europe, they have fallen into disuse in most modern American cities. In addition, the City will be reviewing ITS technology for the intersection – such as dynamic message boards, and new technology to allow signal coordination to predict traffic patterns based on current roadway volumes and adjust signal timings and coordination patterns accordingly.

We request federal funding so that we consider these non-traditional designs and technology, and compare them to more traditional ones as a means of improving traffic flow and pedestrian safety at this intersection.

Other Issues

The following issues, which do not involve specific federal appropriations to the City and were not discussed at the February 28 meeting, are also of concern.

7. Flow Control

Prior to 1994, many localities throughout the United States had policies which allowed them to direct the disposal of trash and other solid waste by private haulers. In 1994 the U.S. Supreme Court ruled that these policies, known as flow control, were in violation of the Constitution's interstate commerce clause unless authorized by federal statute. The City supports legislation that would return flow control authority to localities that had constructed municipally-owned waste-to-energy facilities prior to the Court's decision.

Flow control authority is needed so that these localities can provide adequate revenues to repay the bonds that were issued for such facilities, and therefore not burden taxpayers with the economic fallout of the Supreme Court decision. When these facilities were designed, localities planned to repay the bonds from facility disposal fees (tipping fees). If the volume of waste going to a waste-to-energy plant decreases, so do revenues. For Alexandria, flow control would again allow the City to direct all private haulers operating within City boundaries to dispose of their waste at the Alexandria/Arlington Waste-to-Energy plant. Arlington, too, could again apply these rules to waste picked up in that County.

After the Supreme Court's 1994 decision, the Alexandria/Arlington facility began to lose customers, and it had to lower tipping fees (below the actual facility costs) for private customers so that they would continue using the facility. A second factor that depressed revenues was the

deregulation of electricity. While electric deregulation has been beneficial to consumers, it has also substantially reduced the income of the Waste-to-Energy facility, which receives less revenue for the electricity it produces (the facility now receives \$3 million less per year in electricity revenues than it did before deregulation). Finally, requirements of the Clean Air Act have forced the facility to make expensive capital improvements, which were financed with a \$46.1 million bond issue. If flow control authority is not restored, these combined financial pressures—lower revenues from tipping fees and electricity sales, and higher costs for expensive capital improvements—will ultimately result in the need for Alexandria and Arlington to either (a) provide a \$4 million to \$5 million annual taxpayer subsidy to the facility; or (b) mandate businesses, apartment owners, and condominium associations to use City-selected private haulers.

Arlington and Alexandria have avoided major subsidies thus far by drawing down \$4 million in reserves to cover operating losses (these reserves were established in part for capital improvement purposes). We cannot draw down reserves indefinitely, however, and we project that Arlington and Alexandria taxpayers will be forced to begin to provide the additional annual subsidies of \$4 million to \$5 million no later than FY 2005 to FY 2007. The changed economics of the facility already have forced Alexandria and Arlington to lower the rates charged to haulers who bring waste to the facility, and to increase local solid waste fees charged to their residents.

The Waste-to-Energy facility began operations in 1988 in response to state and federal initiatives to encourage localities to construct waste-to-energy facilities. It provides enough electricity to supply the needs of 23,000 homes. The City does not believe that local taxpayers should have to subsidize the cost of this facility. If legislation is passed that gives flow control authority to localities with existing municipally-owned waste-to-energy facilities, these taxpayer subsidies will not be needed.

8. Support for Assisted Living

In Alexandria, a growing number of senior citizens need assistance to continue to live in their homes. This is particularly a problem for very low income seniors living in publicly assisted housing. The Alexandria Commission on Aging, the Alexandria Public Housing Authority and City staff have recently begun a task force review of the need for more intensive levels of care for an estimated 55 to 75 residents currently living in public housing in Alexandria. While these residents may not require full-time care in a nursing home, they are finding it increasingly difficult to maintain independent living status. Currently, the options for care in the Alexandria community are very limited, and funding to support seniors in need is limited to the State's Auxiliary Grant program, which pays a maximum of \$937 a month for housing and care.

The American Homeownership and Economic Opportunity Act of 2000 (H.R. 5640; Public Law No. 106-569), enacted last December, provides additional approaches for financing the housing needs of elderly Americans by increasing flexibility in the Section 202 and housing tax credit program. This bill also allows for limited financing to support service delivery to elderly

residents. This bill simply authorized appropriations for these efforts, however, and no additional federal funding has been appropriated for this purpose. With the often prohibitive cost of long term care options, including assisted living, additional federal appropriations are needed for this new law to help us meet the growing housing and support services needs of the City's low income elderly residents.

9. Federal Mortgage Revenue Bond Program

Since October 1, 1994—over 6 years ago—the maximum sales price limit for the federal mortgage revenue bond program has been set at \$173,200 for new housing and \$171,800 for existing housing. The Virginia Housing Development Authority uses these same limits for its single family mortgage programs, since it uses this federal program for much of its financing. During the 6 years that this federal limit has remained the same, the average price of a single family home in the City has increased by 25 percent.

The First-Time Home Ownership Made Easy Act of 2001 (H.R. 43), sponsored by Rep. Doug Bereuter, seeks to raise the maximum sales price for the mortgage revenue bond program to the greater of:

- 90 percent of the average area purchase price applicable to the residence; or
- 3.5 times the applicable federally defined median family income (currently \$82,800).

We believe that passage of this legislation would enable more City residents with moderate incomes to qualify for VHDA loans and become home owners.

10. Deferred Compensation Legislation

Local government employees in Alexandria and other localities can save for retirement through the ICMA's 457 deferred compensation plan. Legislation has been introduced by Representatives Ben Cardin and Rob Portman (H.R. 10) to change some of the provisions of federal law with respect to these deferred compensation plans. We understand that this legislation is similar to H.R. 1102, which passed the House last July but died in the Senate. The City recommends that Congressman Moran support this legislation, and especially these provisions.

1. Taxes are deferred on payroll income deposited into personal accounts under 457 plans. The legislation proposes to raise the contribution cap on tax-deferred deposits to \$15,000 over five years, followed by annual adjustments based on increases in the cost of living. The maximum amount of income that an employee may now deposit into a 457 account is \$8,500 annually. While this was increased at the beginning of this year (from \$8,000 to 8,500), such increases have been rare in recent years and have not kept up with inflation or wage increases.

2. The legislation would authorize employees to roll over a 457 into a 401, an IRA, or another similar tax sheltered account when they leave the City; this is currently not permitted. Allowing such a rollover would make these retirement savings more portable.

11. Pre-Tax Payments for Long-Term Care Insurance

The City of Alexandria, like many employers, offers its employees the opportunity to enroll in a Section 125 "Cafeteria" Benefits Plan. Under such benefit plans, employees can choose to set aside pre-tax dollars to cover un-reimbursed health care, dependent care, and health premium expenses. Some City employees would also like to be able to pay for long-term care insurance with pre-tax dollars, but this is not allowed under current federal law.

Long term care insurance is becoming one of the most important insurance policies that individuals can buy. The majority of the population is living longer (the fastest growing segment of the population has been the group over age 80) and the probability is high that this increased longevity will require more care, either at home or in a nursing home. In addition, studies have shown that long term care insurance policies can result in savings to the Medicaid program. The problem is that long term care insurance premiums are expensive. Depending on age and type of plan, annual long term care premiums can cost up to \$4,000 or more (although some policies are available for less than \$1,000). Allowing employees to pay for this insurance with pre-tax dollars would alleviate some of the financial burden. At the same time, the Federal Government would see savings by providing individuals the incentive to purchase this coverage, thereby reducing Federal Medicaid costs, approximately half of which are now spent paying for long term care for individuals with no private coverage. The City recommends that Congressman Moran introduce or support legislation to allow individuals to pay for long-term care insurance with pre-tax dollars.

STAFF:

Bernard Caton, Legislative Director
Rich Baier, Director, TES
Sandra Whitmore, Director, Recreation, Parks and Cultural Activities
Mildrilyn Davis, Director of Housing
Jean Federico, Director, Historic Alexandria
Beverly Steele, Special Projects Coordinator, Office of the City Manager
Kathleen Schramm, Acting Director of Personnel Services
Lori Godwin, Assistant City Manager
Mark Jinks, Assistant City Manager
Michele R. Evans, Assistant City Manager

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Kerry J. Donley
Mayor

City of Alexandria, Virginia

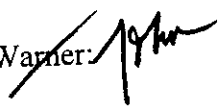
*301 King Street, Suite 2300
Alexandria, Virginia 22314*



(703) 838-4500
Fax (703) 838-6433

April 17, 2001

The Honorable John W. Warner
United States Senator
225 Russell Senate Building
Washington, DC 20510

Dear Senator Warner: 

On behalf of the City of Alexandria, I am writing to urge your strong support for the return of flow control authority to local jurisdictions that have municipally-owned waste-to-energy facilities. As you know, many localities throughout the United States used to have flow control policies which allowed them to direct the disposal of trash and other solid waste by private haulers. In 1994, however, the U.S. Supreme Court ruled that these policies were in violation of the Constitution's interstate commerce clause unless authorized by federal statute. Although legislation authorizing localities to exercise flow control has been considered since the Supreme Court decision, Congress has not enacted it.

The City of Alexandria and Arlington County jointly developed the Alexandria/Arlington Waste-to-Energy Facility for the disposal of solid waste. The Facility became fully operational in 1988, although plans, finances and commitments for it were formulated several years prior to that, while local governments still had flow control authority. Localities were, in fact, encouraged by the federal government to develop waste-to-energy facilities as an environmentally responsible, green-technology approach to solid waste disposal.

The Alexandria/Arlington Facility has been operated since its opening by a private-public partnership. Under the operating contracts that were key to the Facility's ability to be financed, Alexandria and Arlington are required to deliver, or cause to be delivered, at least 225,000 tons of waste to the Facility annually, and to pay a disposal fee on that waste. If fewer than 225,000 tons are delivered, the localities must still pay the disposal fee. Since the operating agreement was developed when local flow control authority was a legally accepted practice, Alexandria and Arlington felt certain that they could guarantee the delivery of 225,000 tons of waste annually.

"Home Town of George Washington and Robert E. Lee"

The Honorable John W. Warner

April 17, 2001

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Since the 1994 Supreme Court decision, localities such as Alexandria and Arlington can no longer direct a certain amount of waste to their waste-to-energy facilities. Instead, we must compete for this waste with private landfills and other facilities.

We would have no complaints with this competitive system had it been in place when we developed the plans for our Facility. Forcing us to compete now effectively places a new financial burden on Alexandria and Arlington residents and businesses, since financial shortfalls of the Facility have to be paid for by our two localities. After the Supreme Court's 1994 decision, the Alexandria/Arlington facility began to lose customers, and it had to lower tipping fees (below the actual facility costs) for private customers so that they would continue using the facility. A second factor that depressed revenues was the deregulation of electricity. While electric deregulation has been beneficial to consumers, it has also substantially reduced the income of the Waste-to-Energy facility, which receives less revenue for the electricity it produces (the facility now receives \$3 million less per year in electricity revenues than it did before deregulation). Finally, requirements of the Clean Air Act have forced the facility to make expensive capital improvements, which were financed with a \$46.1 million bond issue. If flow control authority is not restored, these combined financial pressures—lower revenues from tipping fees and electricity sales, and higher costs for expensive capital improvements—could ultimately result in the need for Alexandria and Arlington to provide a \$4 million to \$5 million annual taxpayer subsidy to the facility.

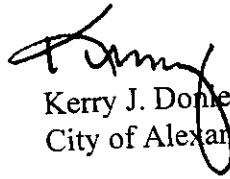
Arlington and Alexandria have avoided such a subsidy thus far by drawing down \$4 million in reserves to cover operating losses (these reserves were established in part for capital improvement purposes). We cannot draw down reserves indefinitely, however, and we project that Arlington and Alexandria taxpayers will be forced to begin to provide the additional annual subsidies of \$4 million to \$5 million no later than FY 2005 to FY 2007. The changed economics of the facility already have forced Alexandria and Arlington to lower the rates charged to haulers who bring waste to the facility, and to increase local solid waste fees charged to their residents.

In light of this, we ask once again that you take whatever steps you can to gain passage of legislation (such as H.R. 1214, introduced in the House by Congressman Jim Greenwood) that will return flow control authority to those localities that built municipally-owned waste-to-energy facilities prior to the 1994 Supreme Court decision. This will allow them to provide for adequate revenues to repay the bonds that were issued for these facilities, without subsidies from local taxpayers.

The Honorable John W. Warner
April 17, 2001
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The City of Alexandria is extremely proud of its solid waste management and recycling programs. We need to have flow control authority re-established to ensure the long-term financial viability of these programs and to protect our taxpayers from an undue burden.

Sincerely,



Kerry J. Donley, Mayor
City of Alexandria, Virginia

cc: The Honorable George Allen
The Honorable James P. Moran, Jr.
The Honorable Thomas M. Davis
The Honorable Frank R. Wolf
The Honorable Members of the City Council
Philip Sunderland, City Manager



Kerry J. Donley
Mayor

City of Alexandria, Virginia
301 King Street, Suite 2300
Alexandria, Virginia 22314



(703) 838-4500
Fax (703) 838-6433

April 17, 2001

The Honorable George Allen
United States Senator
204 Russell Senate Building
Washington, DC 20510

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The City of Alexandria and Arlington County jointly developed the Alexandria/Arlington Waste-to-Energy Facility for the disposal of solid waste. The Facility became fully operational in 1988, although plans, finances and commitments for it were formulated several years prior to that, while local governments still had flow control authority. Localities were, in fact, encouraged by the federal government to develop waste-to-energy facilities as an environmentally responsible, green-technology approach to solid waste disposal.

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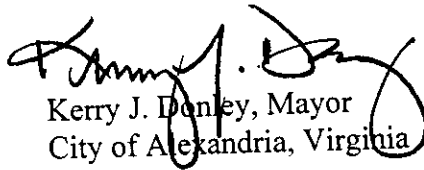
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The Honorable George Allen
April 17, 2001
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Sincerely,



Kerry J. Donley, Mayor
City of Alexandria, Virginia

cc: The Honorable John W. Warner
The Honorable James P. Moran, Jr.
The Honorable Thomas M. Davis
The Honorable Frank R. Wolf
The Honorable Members of the City Council
Philip Sunderland, City Manager



Kerry J. Donley
Mayor

City of Alexandria, Virginia
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Alexandria, Virginia 22314



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April 17, 2001

The Honorable James P. Moran
United States House of Representatives
2239 Rayburn House Office Building
Washington, DC 20510

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On behalf of the City of Alexandria, I am writing to urge your strong support for the return of flow control authority to local jurisdictions that have municipally-owned waste-to-energy facilities. As you know, many localities throughout the United States used to have flow control policies which allowed them to direct the disposal of trash and other solid waste by private haulers. In 1994, however, the U.S. Supreme Court ruled that these policies were in violation of the Constitution's interstate commerce clause unless authorized by federal statute. Although legislation authorizing localities to exercise flow control has been considered since the Supreme Court decision, Congress has not enacted it.

The City of Alexandria and Arlington County jointly developed the Alexandria/Arlington Waste-to-Energy Facility for the disposal of solid waste. The Facility became fully operational in 1988, although plans, finances and commitments for it were formulated several years prior to that, while local governments still had flow control authority. Localities were, in fact, encouraged by the federal government to develop waste-to-energy facilities as an environmentally responsible, green-technology approach to solid waste disposal.

The Alexandria/Arlington Facility has been operated since its opening by a private-public partnership. Under the operating contracts that were key to the Facility's ability to be financed, Alexandria and Arlington are required to deliver, or cause to be delivered, at least 225,000 tons of waste to the Facility annually, and to pay a disposal fee on that waste. If fewer than 225,000 tons are delivered, the localities must still pay the disposal fee. Since the operating agreement was developed when local flow control authority was a legally accepted practice, Alexandria and Arlington felt certain that they could guarantee the delivery of 225,000 tons of waste annually.

"Home Town of George Washington and Robert E. Lee"

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Since the 1994 Supreme Court decision, localities such as Alexandria and Arlington can no longer direct a certain amount of waste to their waste-to-energy facilities. Instead, we must compete for this waste with private landfills and other facilities.

We would have no complaints with this competitive system had it been in place when we developed the plans for our Facility. Forcing us to compete now effectively places a new financial burden on Alexandria and Arlington residents and businesses, since financial shortfalls of the Facility have to be paid for by our two localities. After the Supreme Court's 1994 decision, the Alexandria/Arlington facility began to lose customers, and it had to lower tipping fees (below the actual facility costs) for private customers so that they would continue using the facility. A second factor that depressed revenues was the deregulation of electricity. While electric deregulation has been beneficial to consumers, it has also substantially reduced the income of the Waste-to-Energy facility, which receives less revenue for the electricity it produces (the facility now receives \$3 million less per year in electricity revenues than it did before deregulation). Finally, requirements of the Clean Air Act have forced the facility to make expensive capital improvements, which were financed with a \$46.1 million bond issue. If flow control authority is not restored, these combined financial pressures—lower revenues from tipping fees and electricity sales, and higher costs for expensive capital improvements—could ultimately result in the need for Alexandria and Arlington to provide a \$4 million to \$5 million annual taxpayer subsidy to the facility.

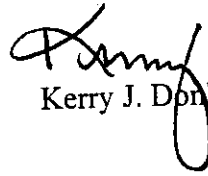
Arlington and Alexandria have avoided such a subsidy thus far by drawing down \$4 million in reserves to cover operating losses (these reserves were established in part for capital improvement purposes). We cannot draw down reserves indefinitely, however, and we project that Arlington and Alexandria taxpayers will be forced to begin to provide the additional annual subsidies of \$4 million to \$5 million no later than FY 2005 to FY 2007. The changed economics of the facility already have forced Alexandria and Arlington to lower the rates charged to haulers who bring waste to the facility, and to increase local solid waste fees charged to their residents.

In light of this, we ask once again that you take whatever steps you can to gain passage of legislation (such as H.R. 1214, introduced in the House by Congressman Jim Greenwood) that will return flow control authority to those localities that built municipally-owned waste-to-energy facilities prior to the 1994 Supreme Court decision. This will allow them to provide for adequate revenues to repay the bonds that were issued for these facilities, without subsidies from local taxpayers.

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The City of Alexandria is extremely proud of its solid waste management and recycling programs. We need to have flow control authority re-established to ensure the long-term financial viability of these programs and to protect our taxpayers from an undue burden.

Sincerely,



Kerry J. Donley, Mayor

cc: The Honorable John W. Warner
The Honorable George Allen
The Honorable Thomas M. Davis
The Honorable Frank R. Wolf
The Honorable Members of the City Council
Philip Sunderland, City Manager