



City of Alexandria

City Manager's Office

Potomac River Generating Station (PRGS) Redevelopment

City Council Legislative Meeting

April 28, 2026



Agenda

1. Background and Context
2. City Council Priorities/ALX Forward
3. Legal Framework
4. Developer Proposal for City Investment
5. Process and Community Engagement



Source: ARLNOW. Photo by Adam Fagen



Source: The Washington Post



PRGS Redevelopment Site

Timeline	Milestone/ Event
2001 - 2003	<ul style="list-style-type: none"> Residents and the City became concerned about air pollution from the PRGS facility. Alexandrians Elizabeth Chimento and Poul Hertel brought a lawsuit against the City and the PRGS facility over potential adverse health impacts from plant on local residents.
2004	<ul style="list-style-type: none"> City Council passed a resolution directing City efforts to close it in the long term. City Council formed and appointed members of the PRGS Task Force (MCMG) co-chaired by Council Members Del Pappalardo and Council Member Del Pappalardo. City used legal/zoning avenues, including nuisance abatement.
2005	<ul style="list-style-type: none"> City conducted analysis of particulate matter emissions from the plant. City conducted ambient air quality modeling, and presented the results to the VDEQ. VDEQ asked the plant to address the downwind impacts. August 2005 The plant reopened a month later under a Department of Environmental Quality (DEQ) permit. The plant reopened the electrical transmission reliability issues of the electrical transmission system.
2006 - 2007	<ul style="list-style-type: none"> PEPCO installed upgrades to the transmission system associated with the plant operation. In response to City's request, the State Air Quality Board (SAQCB) issued a permit for the plant. VDEQ the permitting process for the plant. The plant operated on an Environmental Protection Agency (EPA) permit. The City participated in the permitting process. The operating permit in 2007 (SO₂ permit) the plant reduced the plant's operation to three boilers. In efforts to revert back to a five-boiler operation, which the City strongly opposed. emission controls
2008 - 2011	<ul style="list-style-type: none"> Under SAPCB guidance, GenOn and the City agreed to put \$34 million in a trust fund for pollution control equipment, in addition to the plant's own funds. This agreement also resulted in a consent decree that would allow the plant to continue to operate while the City committed to improve the National Ambient Air Quality Standards (NAAQS). As stipulated in the July 2008 agreement, the plant agreed to improve fugitive emissions reduction equipment. After an extensive engineering study, the City committed to proceed with the implementation of the agreement in August 2011 stipulating that the plant would shut down in exchange for the return of \$32 million.
2012	<ul style="list-style-type: none"> PRGS facility permanently shuts down.



- 18.87-acre site
- Former coal-fired powerplant closed in 2012
- Old Town North Small Area Plan (OTNSAP) adopted in 2017
- HRP Group ownership since late 2020
- Zoning (CDD) approved in 2022
- First Coordinated Sustainability Strategy in City- endorsed in 2023



Unique Hurdles Impacting Progress

Site remediation and clean-up

- ▶ Significant costs to deconstruct, abate and remediate lone coal-fired power plant in region
- ▶ Extensive outside party coordination required, including Virginia DEQ, National Park Service, Norfolk Southern, MWAA, FAA
- ▶ Limited state and federal grant funding to assist

Limited demand for commercial anchors

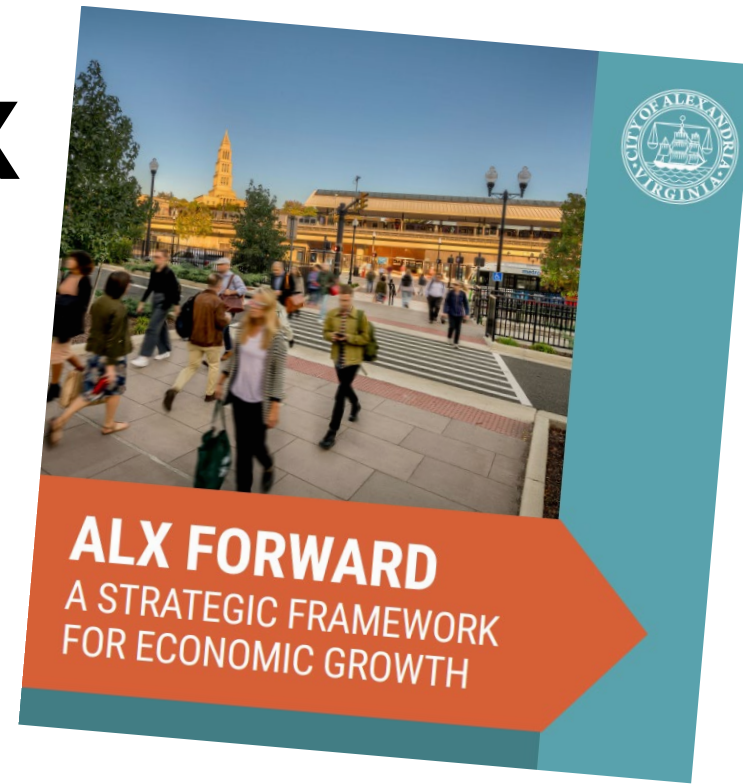
- ▶ Coordinated outreach/marketing to office users
- ▶ Expression of Interest for arts and culture users
- ▶ New hotel financing and construction stalled region-wide



Proposal Alignment with ALX Forward/Council Priorities

ALX Forward

- ▶ OTNSAP Catalyst Site
- ▶ Adheres to Economic Development Investment Decision Matrix



City Council Priorities

- ▶ Economic Strength
- ▶ Housing Opportunities

FACTOR	DESCRIPTION
Quantifiable Impact	Projects must show measurable financial benefits and economic development outcomes. Focus on high-quality job creation, estimated follow-on development for catalyst potential, and projected revenue growth.
Strategic Alignment	Prioritize projects aligning with the <i>ALX Forward</i> framework, as well as the City's target industries and tax base diversification objective.
Necessity of Public Funds and Leveraged Investment	Public funds are justified only if the project wouldn't proceed, would not be feasible, or would be lost to another location, "but for" City investment. Projects need secure sponsor and partner commitments to qualify for incentives.
Protect the City's Credit Rating	Prioritize projects that boost future debt capacity via tax revenue and do not jeopardize the City's AAA credit rating.
Community Benefit	Incentivized projects must invest in community benefits that align with City Council priorities and values.



Proposed Developer Request

City Obligation

- ~30-year Tax Increment Financing (TIF)
- **\$135 Million** Total 2-Phase TIF infrastructure proceeds



Developer Obligation

- Associated developer site readiness investment of **~\$155M+/-**
- Developer builds infrastructure, open space, demolishes the power plant and completes remediation
- Investment unlocks potential capitalization of **\$2 billion+** based on 2.5 million sf of mixed-use development

- ▶ TIF bonds to be site revenue backed and not general obligation
- ▶ New Community Development Authority (CDA) to issue bonds and backstop TIF revenue shortfall
- ▶ City funding meets “but for” standard



Tax Increment Financing (TIF) + CDA

Financing tool for eligible improvements (Virginia Code Sect. 15.2-5158)

- ▶ Tax Increment Financing (TIF):
 - ▶ Uses future new tax revenue generated by the project to fund eligible project costs
 - ▶ Defined tax sources only, and no use of existing City revenues
- ▶ Community Development Authority (CDA):
 - ▶ CDA can issue bonds to finance project costs; debt is not an obligation of the City
 - ▶ CDA costs are limited to eligible project improvements and public infrastructure
- ▶ How TIF + CDA Work Together:
 - ▶ Project generates incremental tax revenue, which is directed to the CDA
 - ▶ CDA uses those revenues to pay debt service on bonds issued for public infrastructure

Examples of the TIF+CDA Model

- ▶ City of Alexandria (Landmark), Fairfax County (Mosaic District), Arlington County (Ballston Quarter), and other Virginia localities have created CDAs to facilitate development and redevelopment.



Tax Increment Financing (TIF) + CDA

Key Protections for the City

- ▶ CDA “backstop” to address any shortfall in TIF revenues
 - ▶ Special assessment on properties within the CDA district (only the project boundaries)
 - ▶ No pledge of any City revenues not generated by the project
- ▶ Reimbursement model

Steps

- ▶ City Council Authorization for City Manager to enter into development and performance agreement(s)
- ▶ Creation of Community Development Authority (requires future petition and public hearing post authorization)



Project Description & Timeline

Phase I (Anticipated Completion 2030)

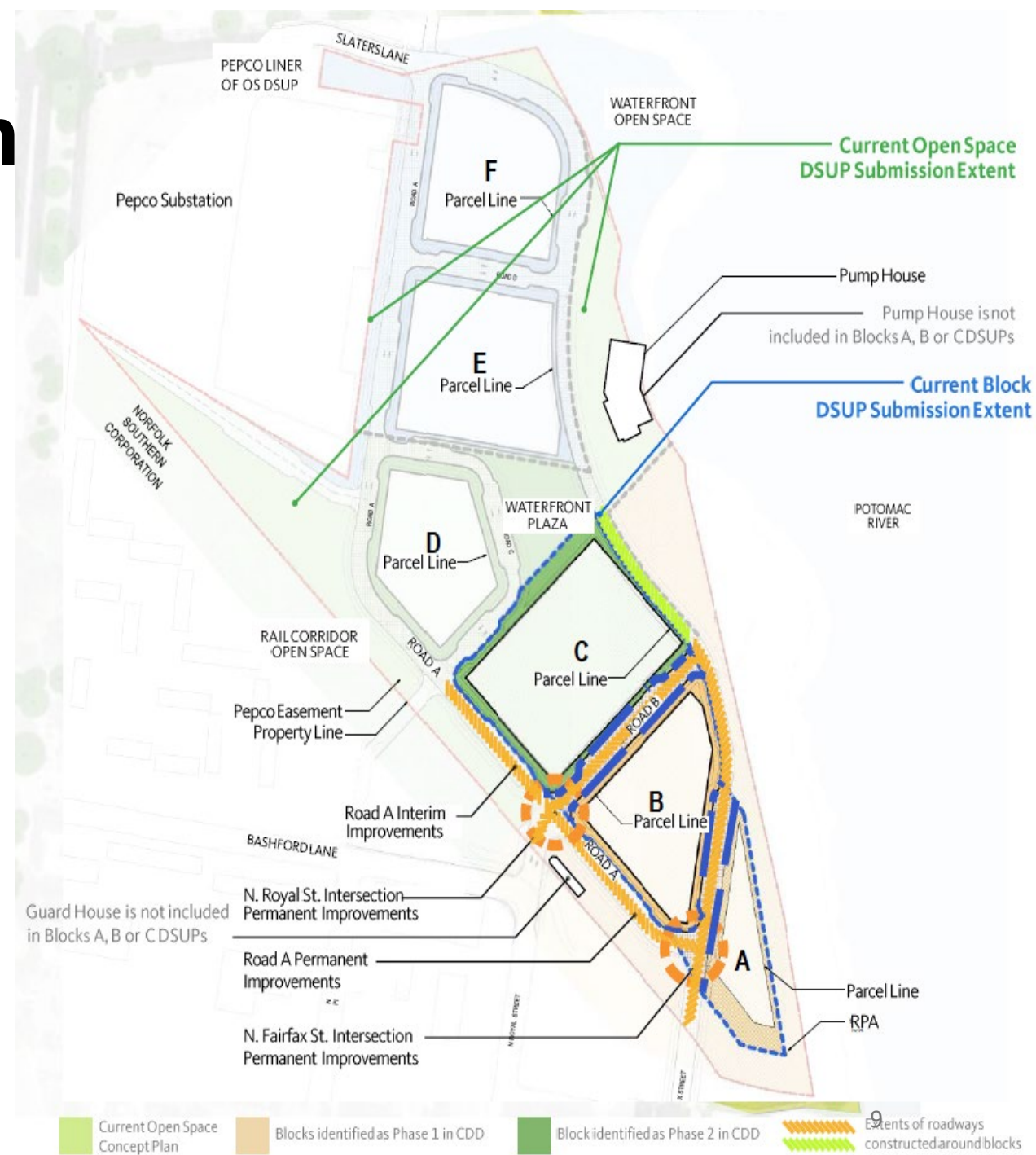
Block A, Block B, Block C and Phase I Open Space

Phase II (Anticipated Completion 2034)

Block D, Block E, Block F, Pumphouse and Phase II Open Space



Rendering of Phase I (Source: HRP)





Details of Investment Request of the City

- Creation of TIF and CDA to facilitate \$135 Million in proceeds, disbursed in two phases
- Funds to be used for environmental abatement and site remediation as well as infrastructure built, including:
 - ▶ roadway and street improvements,
 - ▶ utilities,
 - ▶ 5+ acres on-site open space,
 - ▶ deconstruction of coal-fired power plant

	City/TIF	Developer
Phase 1	\$70 M	\$110 M
Phase 2	\$65 M	\$45 M
TOTAL	\$135 M	\$155 M

Return on Investment

- Over the course of the TIF financing period, \$1 billion+ in gross incremental tax revenues estimated on site
- With **deduction of TIF debt service, balance of \$770M+/-** cumulative incremental tax revenues for City services
- Pathway to **160+/-** affordable housing units



Infrastructure Financial Plan

- Financing structure removes any impact on City bond capacity by having the CDA issue revenue bonds, backed by portion of incremental tax revenues
- TIF facilitates the repayment of \$135 million in infrastructure improvements
- CDA serves as backstop entity to levy additional assessments on taxable property if incremental taxes generated are insufficient to pay debt service
- Incremental tax revenues net of TIF debt service provide general fund surplus for City services



Mosaic District (Source: Visit Fairfax)



Ballston Quarter (Source: Arlington County)



Landmark Mall Redevelopment (Source: FP)



Developer Affordable Housing Approach

The HRP ALX redevelopment's affordable housing commitment is delivered in three forms:

1. Delivery of on-site affordable units, included in all residential phases of development (~60 units)
2. Financial contribution to the Housing Trust Fund
3. Public-Private Partnership (PPP) to construct a dedicated +/- 100-unit affordable building (Phase II)
 - ▶ In the approved CDD, the project's affordable housing contributions may be used as a source of funding for the 100,000 SF all affordable P3 project.



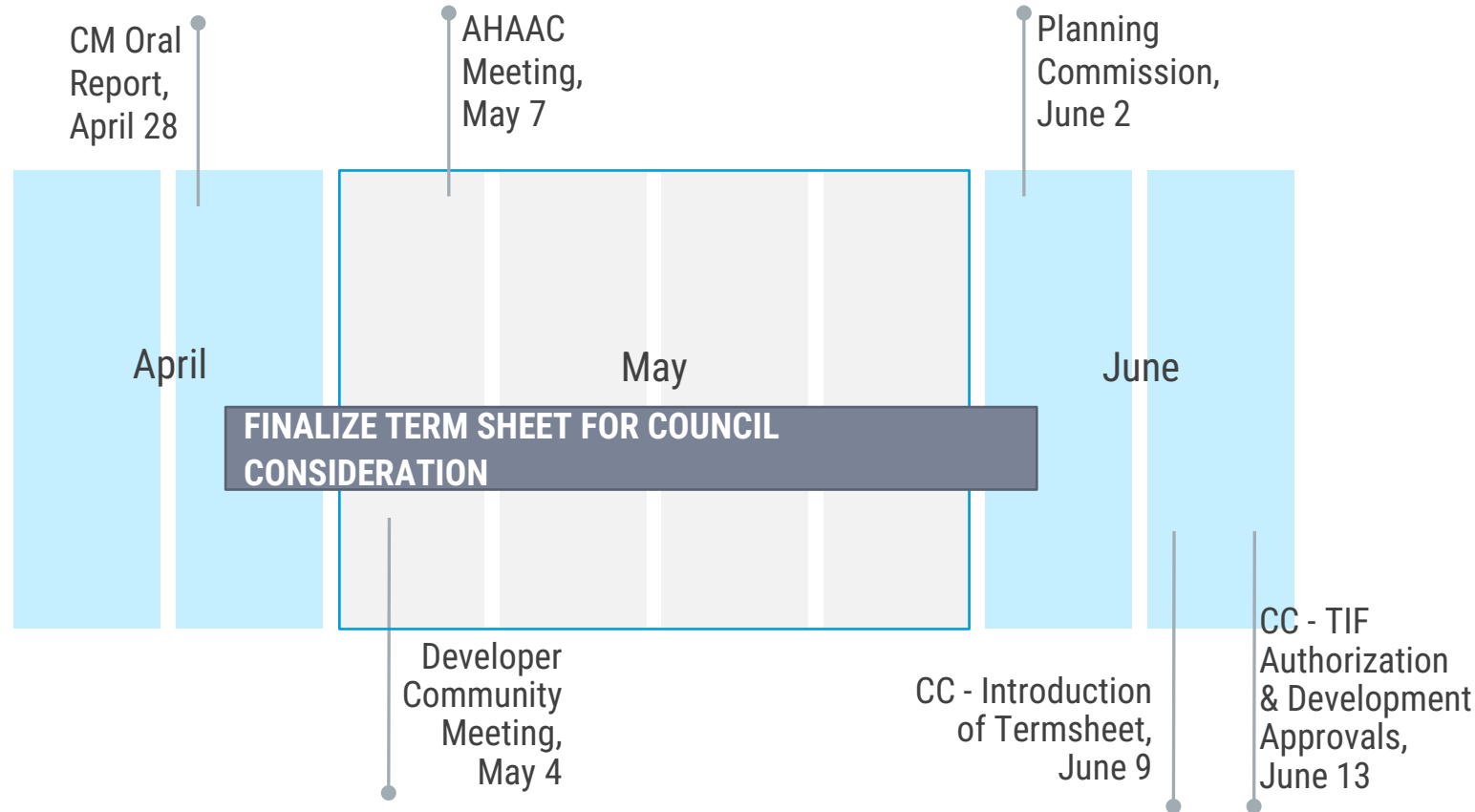
Process & Community Engagement

Finalize term sheet for Council Consideration

- ▶ Performance criteria & protections

Community Engagement

- ▶ Opportunities
- ▶ alexandriava.gov/PRGS





Project Renderings





Discussion

Scan here to access
feedback form:



- Environmental clean-up of challenging site on waterfront
- Infrastructure built including 5+ acres of open space
- Catalyzes \$2 billion+ private sector investment resulting in \$770M+ in tax revenues
- 1,000+ housing units including 160+/- affordable housing units

