



City of Alexandria

# Potomac River Generating Station (PRGS) Redevelopment

City Council Legislative Meeting

June 9, 2026



# Agenda and Summary

## Purpose

- Review of term sheet for potential investment to catalyze environmental clean-up, private investment and economic activity of a long-vacant site.

## Council Action

- Receive as information for discussion

## Key Elements of Discussion

1. Background and Context
2. Community Engagement
3. Key Terms



Source: ARLNOW. Photo by Adam Fagen



Source: The Washington Post



# PRGS Redevelopment Site

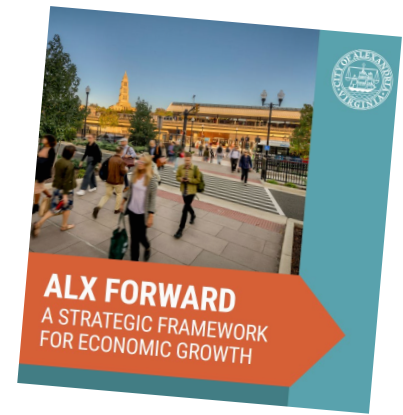
Timeline	Milestone/ Event
2001 - 2003	<ul style="list-style-type: none"> <li>Residents and the City became concerned about air pollution from the PRGS facility</li> <li>Alexandrians Elizabeth Chimento and Poul Hertel brought a lawsuit against the City and PRGS over potential adverse health impacts from local air pollution</li> </ul>
2004	<ul style="list-style-type: none"> <li>City Council passed a resolution directing City efforts to close the plant in the long term</li> <li>City Council formed and appointed members of the PRGS Task Force</li> <li>City Council formed and appointed members of the MCMG (MCMG co-chaired by Council Members Del Po and Del Po)</li> </ul>
2005	<ul style="list-style-type: none"> <li>City used legal/zoning avenues, including nuisance abatement</li> <li>City used legal/zoning avenues, including nuisance abatement</li> <li>City conducted analysis of particulate matter emissions from the plant</li> <li>City conducted ambient air quality modeling, and presented the results to the VDEQ</li> <li>VDEQ asked the plant to address the downwind impacts</li> <li>August 2005</li> <li>The plant reopened a month later under a Department of Environmental Quality (DEQ) permit</li> <li>reliability issues of the electrical transmission system</li> </ul>
2006 - 2007	<ul style="list-style-type: none"> <li>PEPCO installed upgrades to the transmission system associated with the plant operation</li> <li>In response to City's request, the State Air Quality Board (SAQCB) issued a permit for the plant</li> <li>VDEQ the permitting process for the plant</li> <li>The plant operated on an Environmental Protection Agency (EPA) permit</li> <li>The City participated in the permitting process</li> <li>operating permit in 2007 (SO<sub>2</sub> permit) the plant reduced the plant's operation to three boilers</li> <li>In efforts to revert back to a five-boiler operation, which the City strongly opposed</li> <li>emission controls</li> </ul>
2008 - 2011	<ul style="list-style-type: none"> <li>Under SAPCB guidance, GenOn and the City agreed to put \$34 million in additional pollution control equipment, in addition to the permit</li> <li>This agreement also resulted in a consolidation of the plant</li> <li>violate the National Ambient Air Quality Standards (NAAQS)</li> <li>As stipulated in the July 2008 agreement, improved fugitive emissions reduction equipment</li> <li>After an extensive engineering study, the City committed to proceed with the implementation of the equipment</li> <li>agreement in August 2011 stipulated that the City would provide \$32 million in exchange for the return of \$32 million</li> </ul>
2012	<ul style="list-style-type: none"> <li>PRGS facility permanently shuts down</li> </ul>



- 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
- Infrastructure DSP approved in 2023
- PC recommendation for Open Space, Blocks B & C DSUPs



# Why City Investment Is Proposed



## WHY? Alignment with ALX Forward and City Council Priorities

- ▶ Site identified as Catalyst, Economic Strength & Housing Opportunities
- ▶ Public investment request adheres to Economic Development Investment Decision Matrix

## WHY? Unique Costs, Process and Coordination Required

- ▶ 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 and capital from commercial uses and anchors



# Infrastructure Investment

- Creation of TIF and CDA to facilitate \$135 Million in net 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, and
  - ▶ deconstruction of coal-fired power plant

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

## 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

Estimate Through Financing Period	
Incremental Tax Revenues	\$1,095M
Net Debt Service	(\$320M)
<b>Net Revenues for City Services</b>	<b>\$775M</b>



# Phasing and Timing

## Phase I (Anticipated Completion 2030)

Deconstruction of power plant and associated abatement, Block A, Block B, Block C and Phase I Open Space and site remediation

## Phase II (Anticipated Completion 2034)

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





# Developer Affordable Housing Approach

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

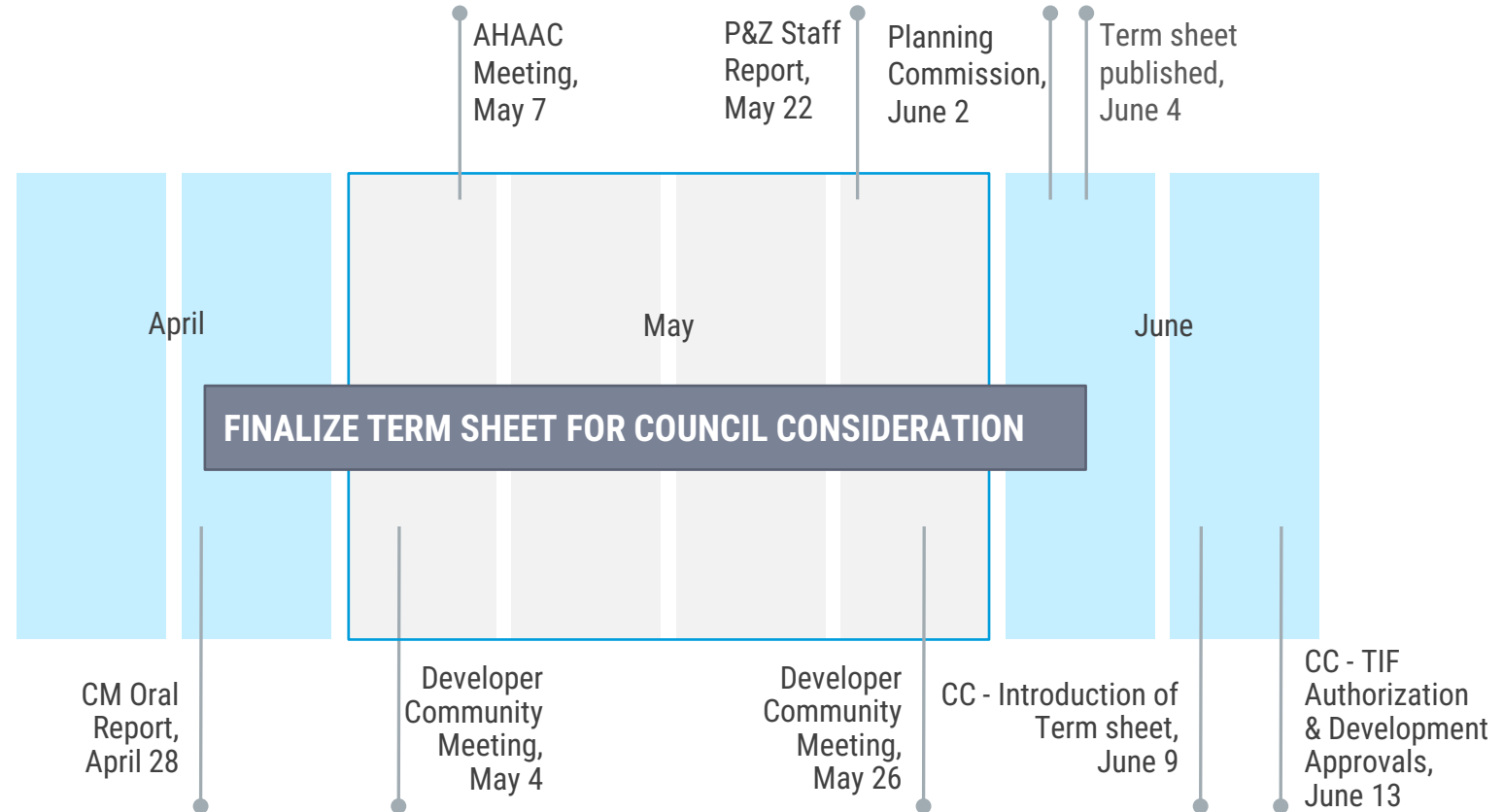
1. Delivery of on-site affordable units, included in all residential phases of development (~60 units)
2. Financial contribution to the Affordable Housing Trust Fund
3. Public-Private Partnership (PPP) to construct a dedicated +/- 100-unit affordable building (Phase II)
  - ▶ In the approved CDD, the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



# Community Engagement

► Webpage:

[alexandriava.gov/PRGS](http://alexandriava.gov/PRGS)





# Term Sheet - Details & Action

- Provides performance requirements, enforcement mechanisms and protections
- Key Terms
  - ▶ Timing requirements
  - ▶ Financial protections
  - ▶ Additional protections and commitments
- Action by City Council
  - ▶ On June 13 - Authorize CM to execute agreement(s)
  - ▶ Fall 2026 - Creation of Community Development Authority (requires future petition and public hearing post authorization)



# Timing Requirements

## Phase I

- ▶ Commence construction by December 31, 2027
- ▶ Complete construction by December 31, 2030

## Phase II

- ▶ Commence construction by December 31, 2030
- ▶ Complete construction by December 31, 2034

- Potential extension of commencement and completion deadlines for up to 24 months, upon a showing that Developer is diligently pursuing the Project and is in compliance with all applicable agreements.
- Enforcement mechanisms include eligibility to receive public infrastructure fund proceeds/issuance of revenue bonds





# Financial Protections

- Limited and capped TIF revenues pledge
- Special assessment backstop
- City approval of bond financing parameters
- CDA governance
- Developer financial investment (\$155.2M)
- Reimbursement model
- Phased approach
  - ▶ At minimum, Phase II financing subject to:
    - ▶ Phase I infrastructure and vertical development completion timelines met
    - ▶ Actual and projected TIF revenues achieve sufficient threshold
    - ▶ Solicitation for affordable housing developer initiated





# Additional Protections & Commitments

Other performance requirements and commitments include:

- Affordable housing P3 project
- Art and cultural anchor
- Workforce development





# Summary

- 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

