

**DeKalb County
Department of Watershed Management (DWM)**

CAPITAL PROGRAM FUNDING PLAN

DeKalb County CEO
Michael L. Thurmond

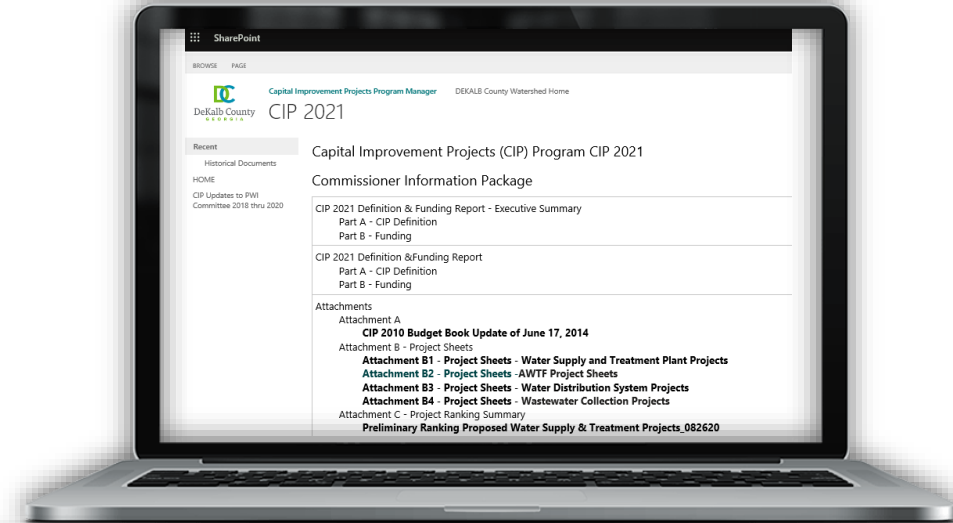
March 3, 2022



Communication

Updates to the BOC and PWI Committee have been frequent and extensive and have increased in frequency since 2020

These communication items have been available to Commissioners on the CIP 2021 SharePoint site, and will be made available to the Public on the CIP 2021 web site



CIP 2021 DEFINITION & FUNDING REPORT

- PART 1 **History & GEFA Loan**
- PART 2 **CIP 2021 Definition**
- PART 3 **Prioritization**
- PART 4 **WIFIA, GEFA and Management Tools**
- PART 5 **Funding**

September 15, 2020

Presentations

- Master Plan Update to PWI Committee – August 2019
- CIP 2021 Definition & Funding Report GEFA Update - August 2020
- CIP 2021 Definition – PWI Presentation September 1, 2020
- CIP Updates to PWI Committee 2018 thru 2020
- CIP WIFIA & GEFA Resolutions September 17, 2020
- CIP 2021 - PWI Prioritization - 2020-09-15 - v4
- DeKalb CIP BOC Presentation - 2020-10-06 - Management Tools
- CEO Consent Decree Townhall – October 29, 2020
- DeKalb Billing System Data Validation - October 11, 2020
- January 2021 Review of Updates and Overview of Revenue Optimization - January 29, 2021
- CIP 2021 Definition & Funding Report Project Overview - February 2021
- CIP Definition Review - 2021-02-12 - v2
- DeKalb DWM CIP 2021 - Presentation to PWI on Rock Blasting - 2021-03-02
- CIP 2021 Definition & Funding Report Overview to CIPAG - March 2021
- Water Meter Program Update - April 20, 2021
- Strategy for Lifting the Moratorium - April 20, 2021
- CIP 2021 Revenue Optimization - May 04, 2021
- CIP 2021 Care and Conserve - June 01, 2021
- 2010 Planned Versus Actual Capital Spending - June 2021
- Update on Lifting of the Disconnection Moratorium - FINAL for COW - Sept 2021
- PWI Care and Conserve_combined_Final - Sept 2021
- Consent Decree Modification and the Capacity Assurance Program
- Cash/Funding Needs Analysis and TANs

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Department of Watershed Management
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CAPITAL PROGRAM SUMMARY

\$900M CIP Investment Since 2017

DeKalb County
Contractor
New Day Project

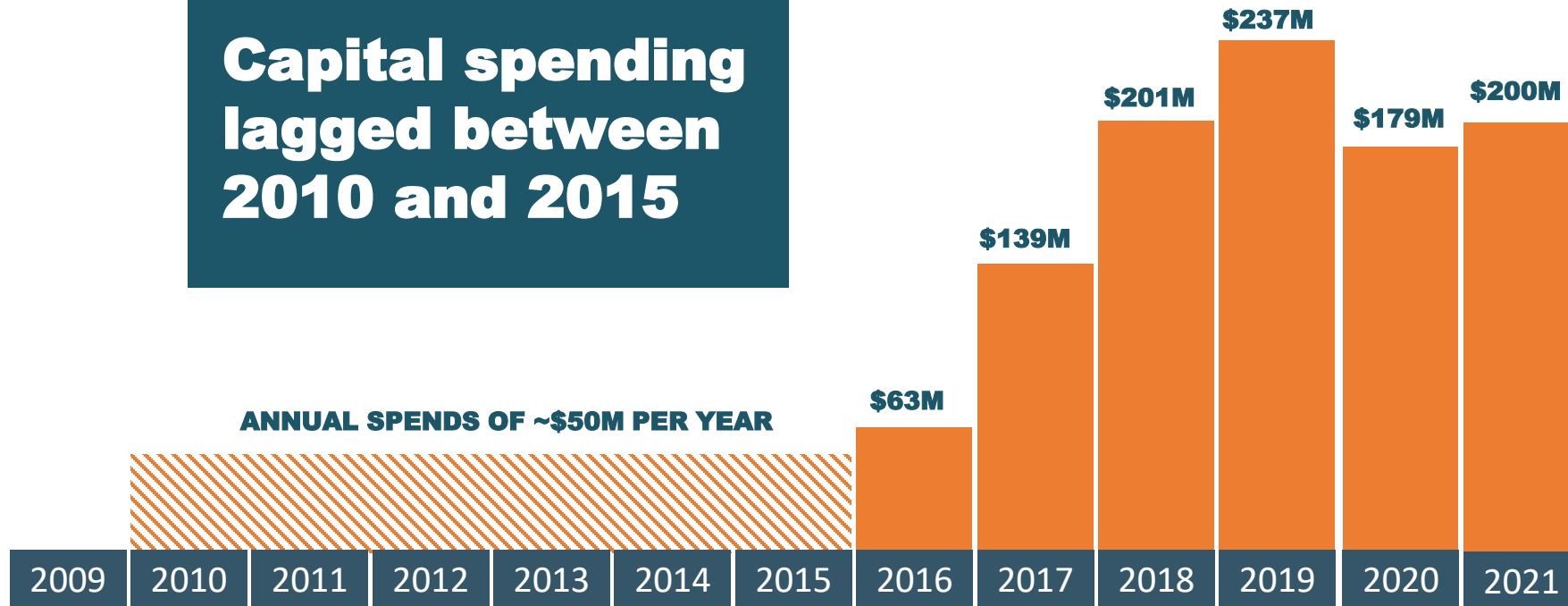
NEW DAY PROJECT
WATER METER
REPLACEMENTS IN
PROGRESS

Contractor working on New Day Project

Historic Capital Spending

Watershed has invested \$900M since 2017

Capital spending lagged between 2010 and 2015



Sewer Capital Investment (\$630M Sewer Investment Since 2017)

Key capital sewer investment:

- Fixed 45 repeat spill sites
- Rehabilitated or replaced 97 miles of leaking sewer lines
- Cleared debris from 3,800 miles of sewer lines

Benefits from investment:

- 12.5 million gallons of stormwater removed
- Stabilized sewer system and began addressing most significant spill sites

Awards:

- Collection Systems Gold Award (Georgia Association of Water Professionals)
- Sustainable, Thoughtful, Regional, Engaging, Applicable, and Measured (STREAM) Award for Excellence in Education (“No FOG, No Clog” program)
- Polebridge Plant Gold award for consistent compliance with NPDES permit

Water Capital Investment (\$270M Water Investment Since 2017)

Key capital water investments:

- Replaced 48 miles of aging water pipe
- Meters replacement (98% of 102,000 meters) and Advanced Metering Infrastructure (AMI) implementation (84% of meters)

Benefits from investment:

- An estimated 2 million gallons per year saved through reduced breaks from water main replacements to date and leak reduction programs
- Restoring trust in metering and billing systems; disconnection moratorium lifted

Awards:

- Water Fluoridation Quality Award (CDC)
- GAWP Drinking Water Facility Gold Award (Scott Candler)

CIP 2021 as Approved by BOC February 23, 2021

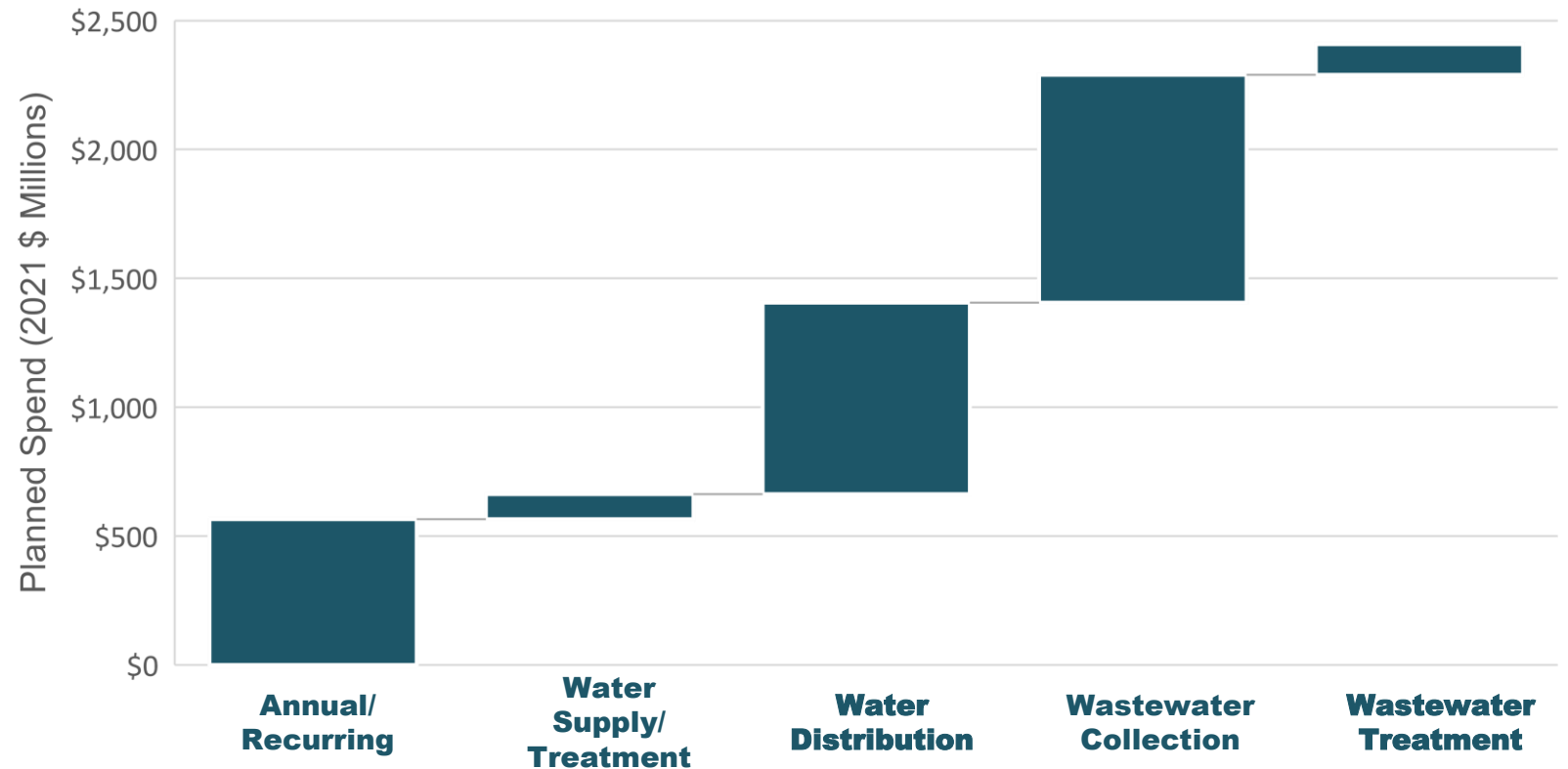
**PROPOSED
PLANNED SPEND
\$240 M/YR**

Average annual investment in 2021 dollars

5 PROJECT CATEGORIES

*Annual/Recurring
Water Supply and Treatment
Water Distribution
Wastewater Collection
Wastewater Treatment*

CIP 2021 Planned 10-Year Spend by Category



BENEFITS

ENVIRONMENTAL STEWARDSHIP

Benefits to Our Shared Environment:

- ▶ The ecological health of our water resources and parks benefits both the environment and our citizens.

JOBS CREATION

New jobs:

- ▶ CIP 2021 will create an estimated 4,200 direct, indirect and induced jobs over 10 years.

ALLOW GROWTH AND DEVELOPMENT

New commercial development:

- ▶ Since 2017 there have been 1,551 requests to connect to our sewer system, with 381 pending approval.

PLANNED GROWTH

By 2050:

- ▶ Population served projected to be ~1,000,000
- ▶ Employment in the County's service area to be ~640,000.

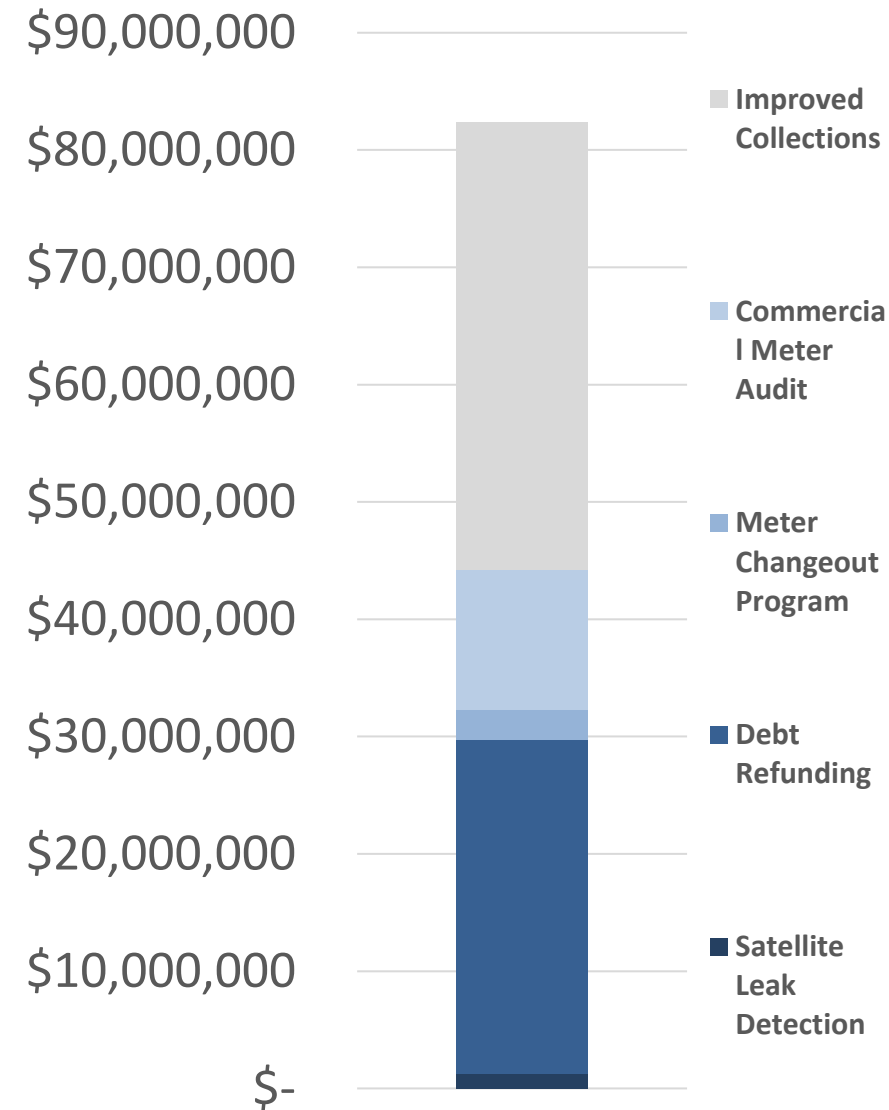
Revenue Optimization

Finding opportunities in the normal course of business where Watershed Management can lower expenses and increase revenues. These efforts reduce the revenue increases.



Revenue Optimization

- Lifting the Service Disconnection Moratorium (\$38,100,000 collecting)
- Reducing Water Loss (\$3,750,000 savings)
- Debt Refunding (\$28,500,000 savings)
- Maximizing Low Interest Debt WIFIA & GEFA (\$47,500,000 avoided)
- Eliminating Negative Arbitrage (\$20,000,000 avoided)
- Revenue Optimization Efforts:
 - ✓ URM Commercial Audit (\$10,000,000 collecting)
 - ✓ Meter Changeout Program (\$2,500,000 collecting)
 - ✓ Reduce Unauthorized Cons. (\$2,000,000 savings)



By increasing revenues and reducing cost, we will save \$82 million over the next 5-years. Because of this we were able to delay the proposed rate increase to 2022.

WHAT THE REVENUE INCREASES WILL ACCOMPLISH

Key Investments (2021 – 2025)

- **Water Treatment Plant**
 - Improved water supply reliability through system redundancy
- **Water Distribution System**
 - Reduced pipe breaks and water loss
 - Advanced Metering Infrastructure (AMI) provides an option for monthly billing
- **Wastewater Collection System**
 - Consent Decree compliance and reduced sewer spills
 - Estimated 400+ overflows prevented
 - Address capacity issues responsible for 57,000,000 gallons in spills since 2017
- **Wastewater Treatment**
 - Increased treatment capacity and reliability

CIP 2021

Capital Plan Required to Fund CIP 2021

NEW DAY PROJECT
WATER METER
REPLACEMENTS IN
PROGRESS

Questions?

Call (404) 378-4475 or visit www.dekalbcountyga.gov/newdayproject

DeKalb County
Contractor
New Day Project

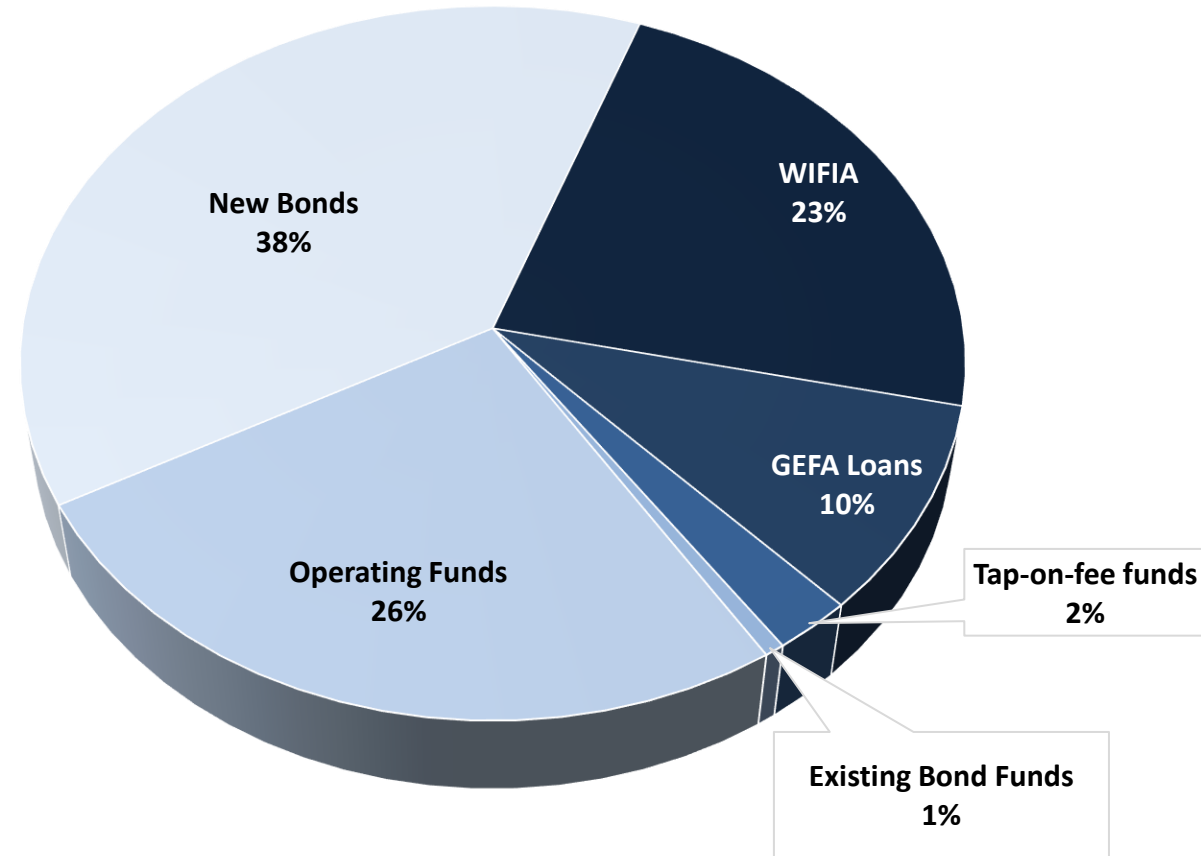
Contractor working on New Day Project

9-YEAR CAPITAL NEEDS: \$2.38 BILLION

DeKalb County Department of Watershed Management

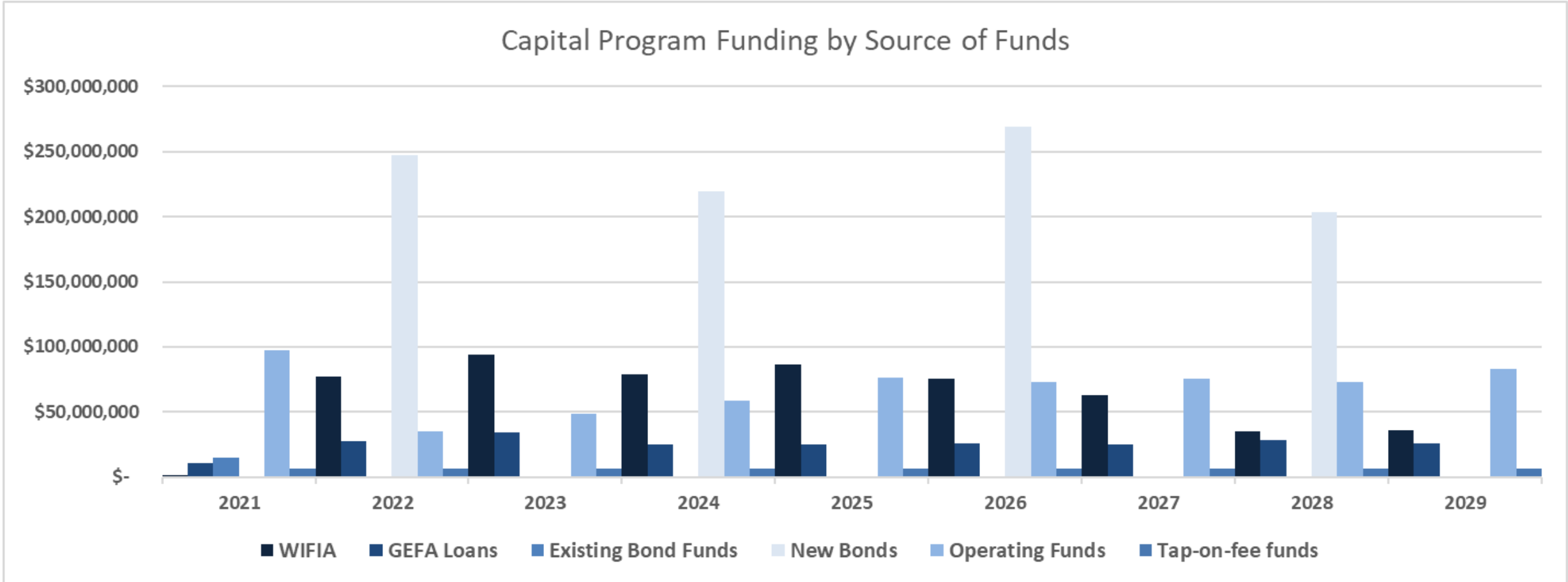
- The 9-Year capital needs will be **funded primarily through debt: 71%**
- The County has secured low interest **WIFIA and GEFA Debt:**
 - 45% of debt funding
 - 1.44% to 2.28% interest over 30 to 40 years
- WIFIA and GEFA proceeds are distributed on a reimbursement basis (**no negative arbitrage**)

9-Year CIP by Source of Funds



9-YEAR CAPITAL FUNDING: \$2.38 BILLION

DeKalb County Department of Watershed Management





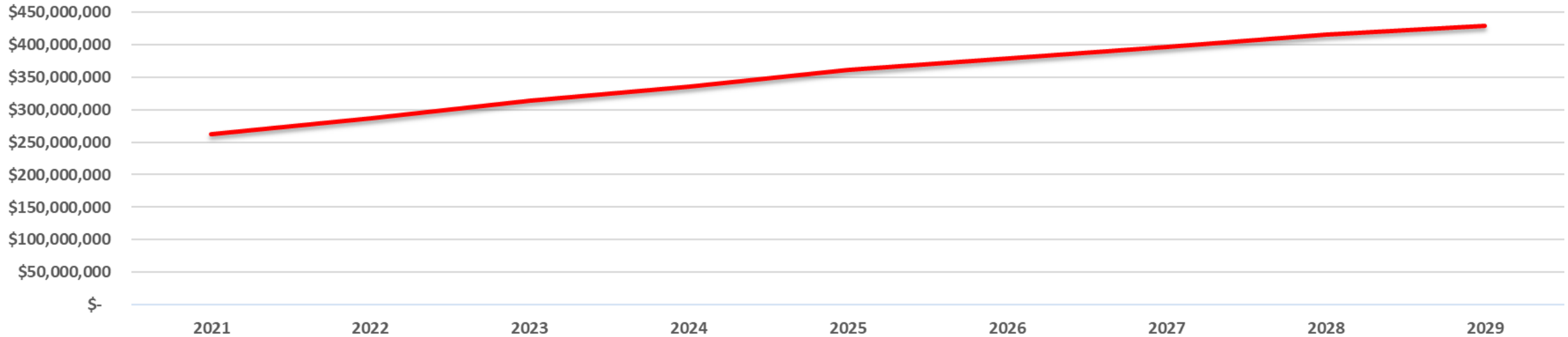
STATUS

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Achieving Funding Projections

ACHIEVING ANNUAL FUNDING PROJECTIONS

How will DeKalb County reach these funding projections?

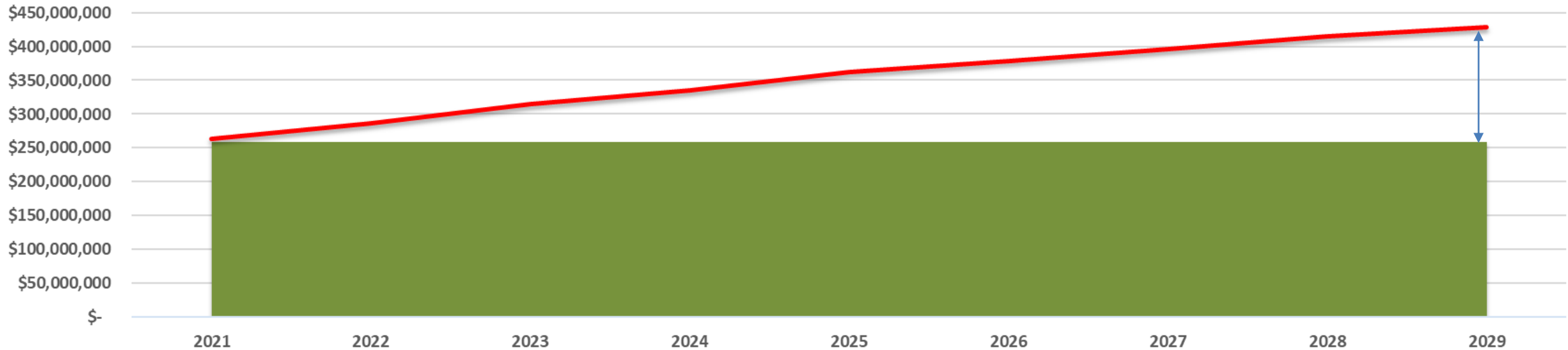
9-Year Revenue Requirements Forecast



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9-Year Revenue Requirements Forecast

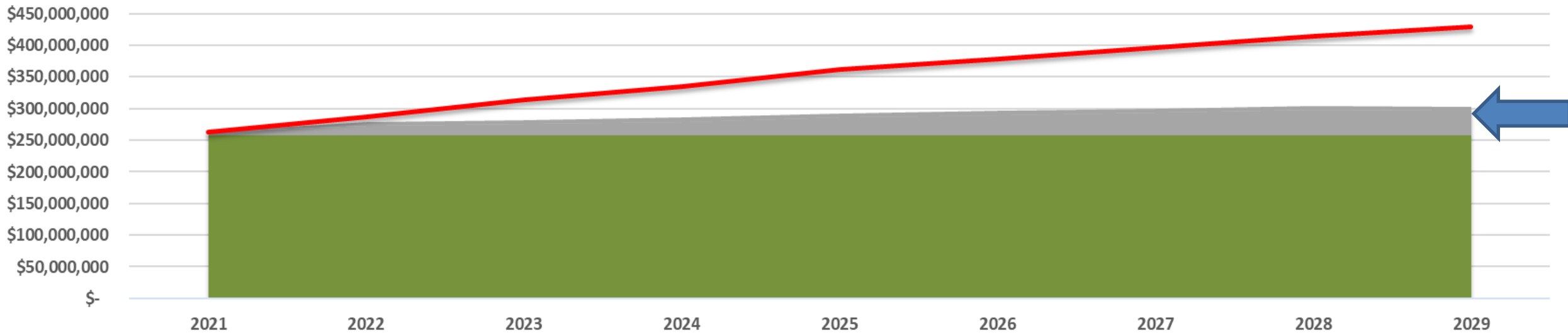


- Existing revenue from rates, miscellaneous fees, and interest earnings
- These revenue sources covered funding needs in 2021 but a significant revenue gap remains through 2029

ACHIEVING ANNUAL FUNDING PROJECTIONS

How will DeKalb County reach these funding projections?

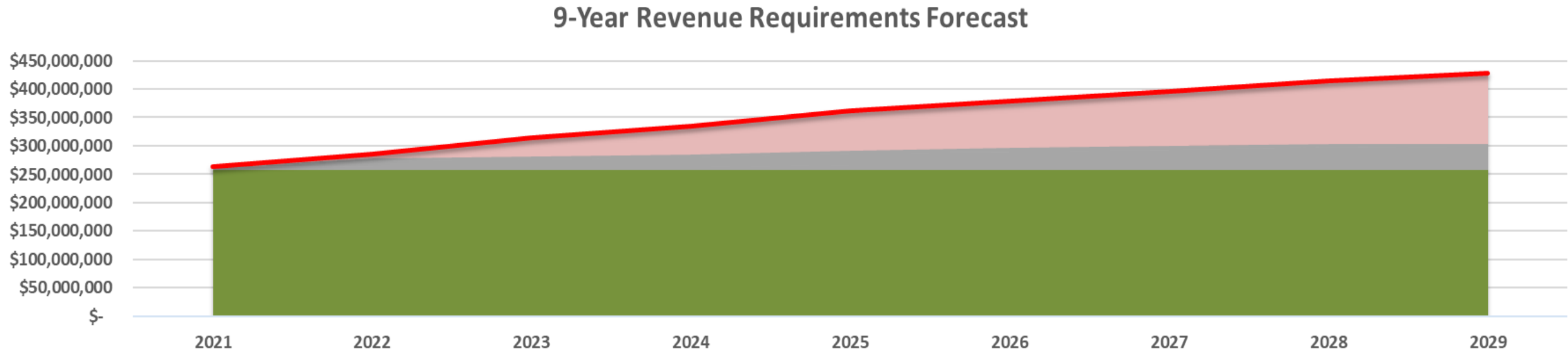
9-Year Revenue Requirements Forecast



Revenue Optimization: \$82,000,000

ACHIEVING ANNUAL FUNDING PROJECTIONS

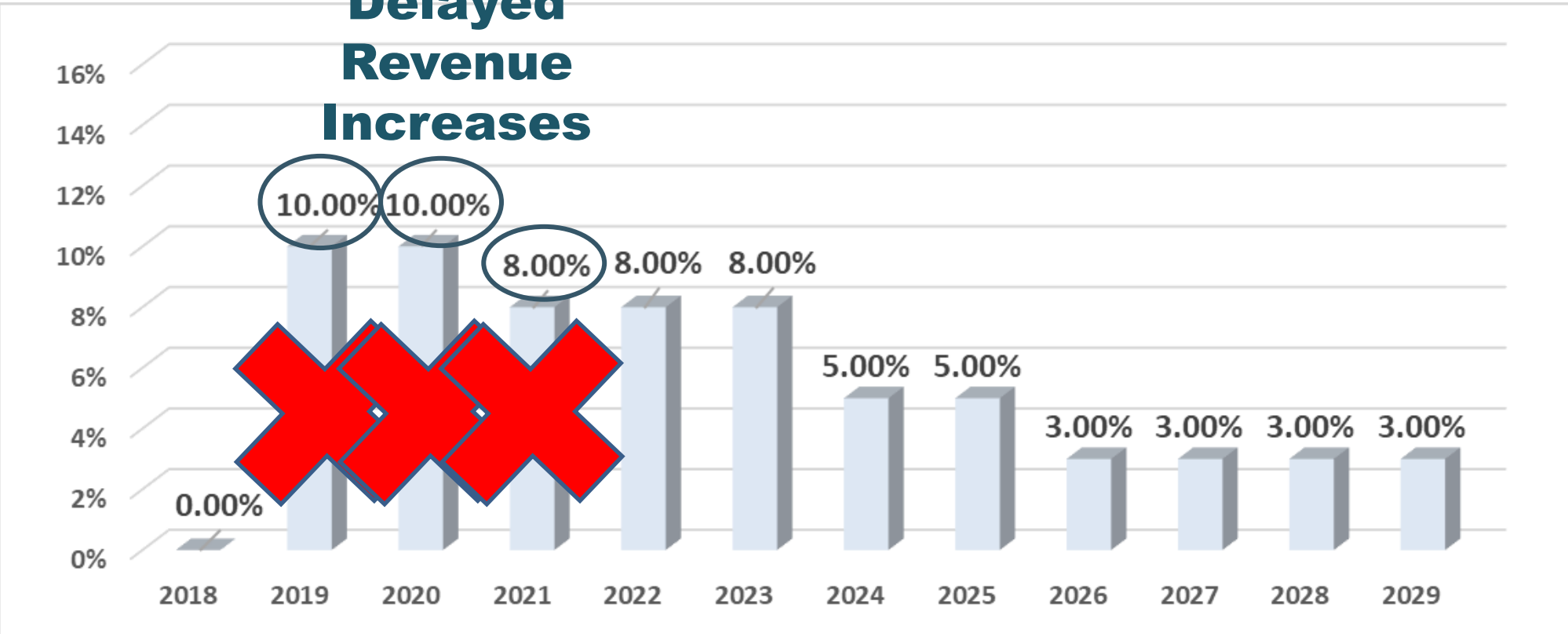
How will DeKalb County reach these funding projections?



- Revenue Optimization efforts cover a substantial portion of the funding projection, reducing the amount to be recovered through rates.

Revenue Increase Reduction from Revenue Optimization

Delayed Revenue Increases



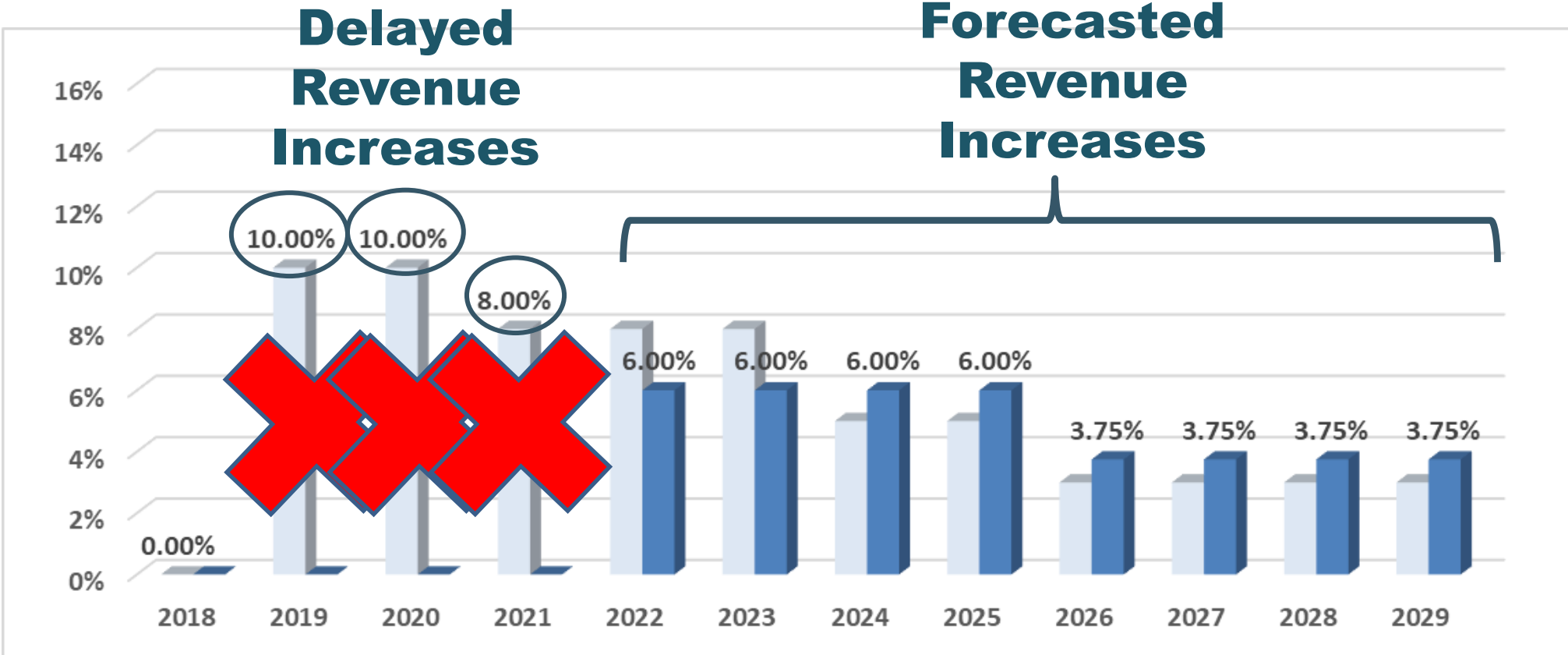
Future revenue increases are less as a result of Revenue Optimization efforts. These increases would be the first since January 2014.

Revenue Increases are contingent on meeting revenue optimization objectives.

Revenue Increase Reduction from Revenue Optimization

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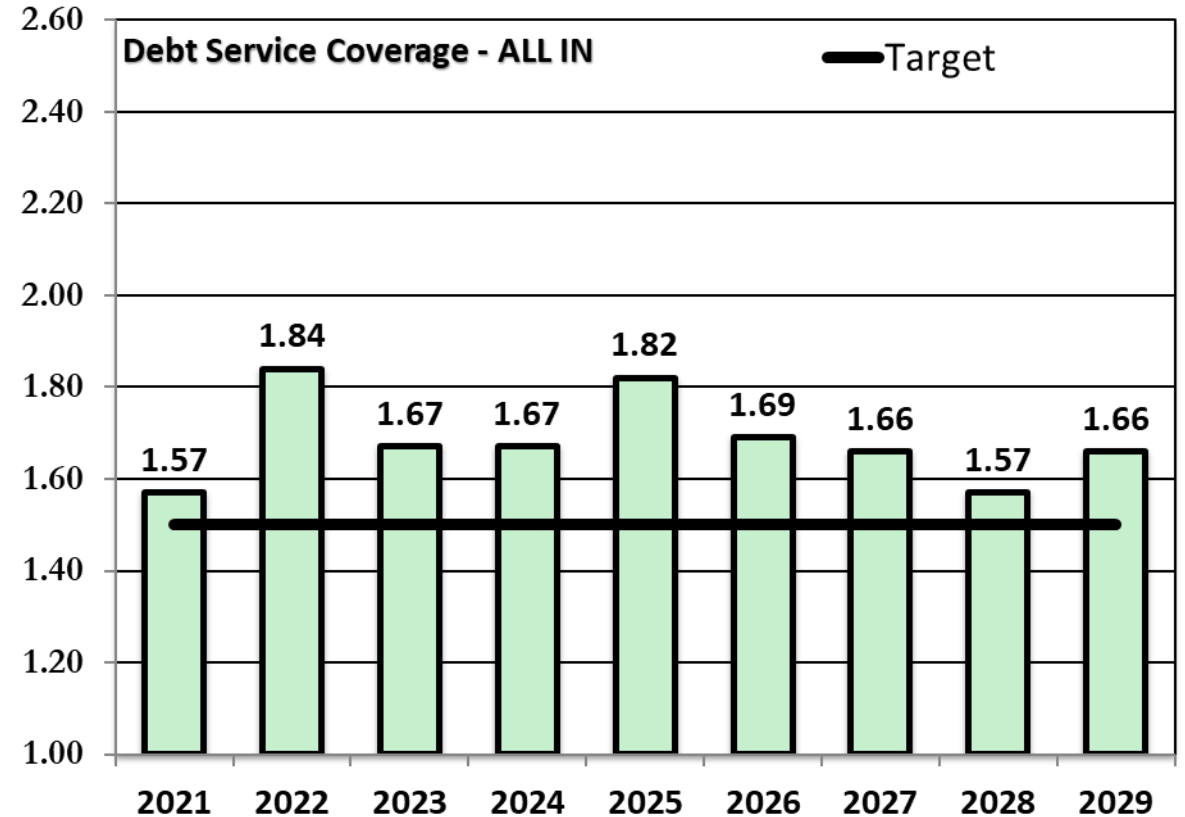
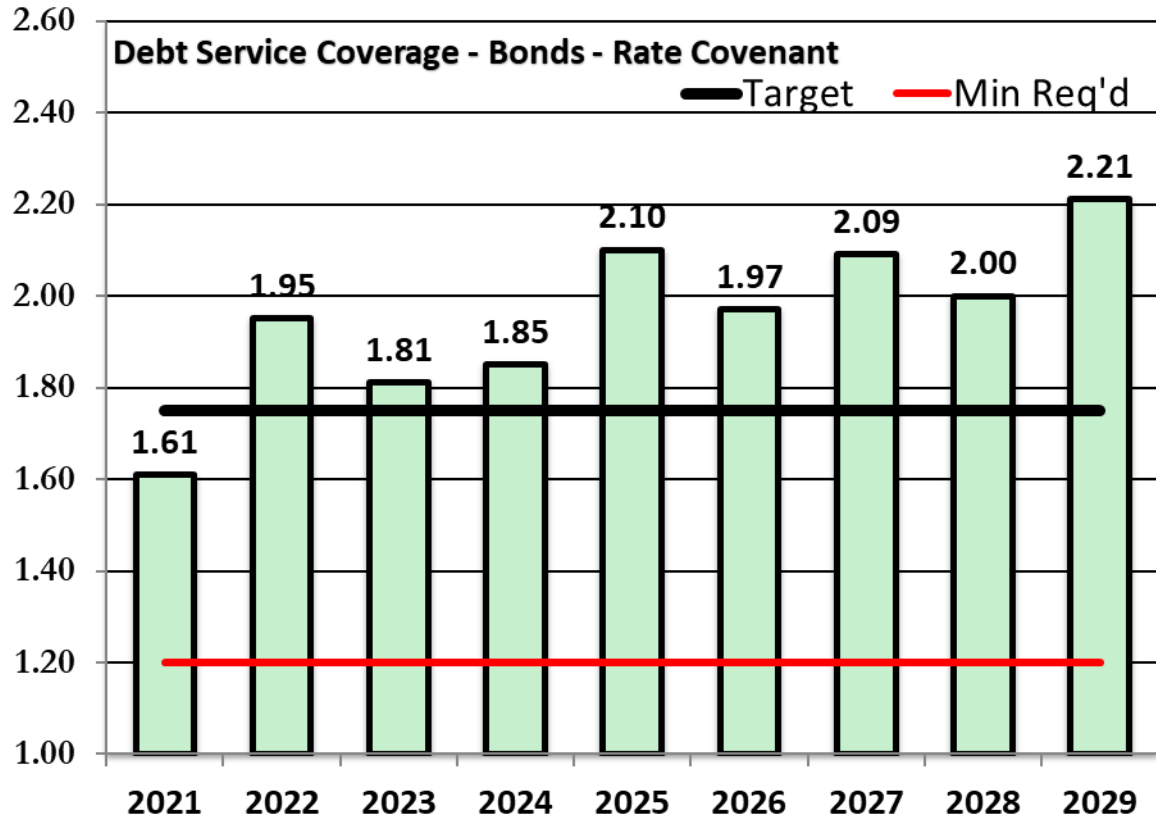
Revenue Increases are contingent on meeting revenue optimization objectives.



Note: Revenue increases effective August 1, 2022; August 1, 2023; and January 1st thereafter on an annual basis

WHAT THE REVENUE INCREASES ARE “BUYING” (CONT.)

Projected Debt Service Coverage (2021 – 2029)



Debt Service Coverage: Revenue – Operating Expenses / Debt Payment

AVERAGE BILL AMOUNT

DeKalb County

Monthly Bill @ 3/4" meter; 6,000 gallons

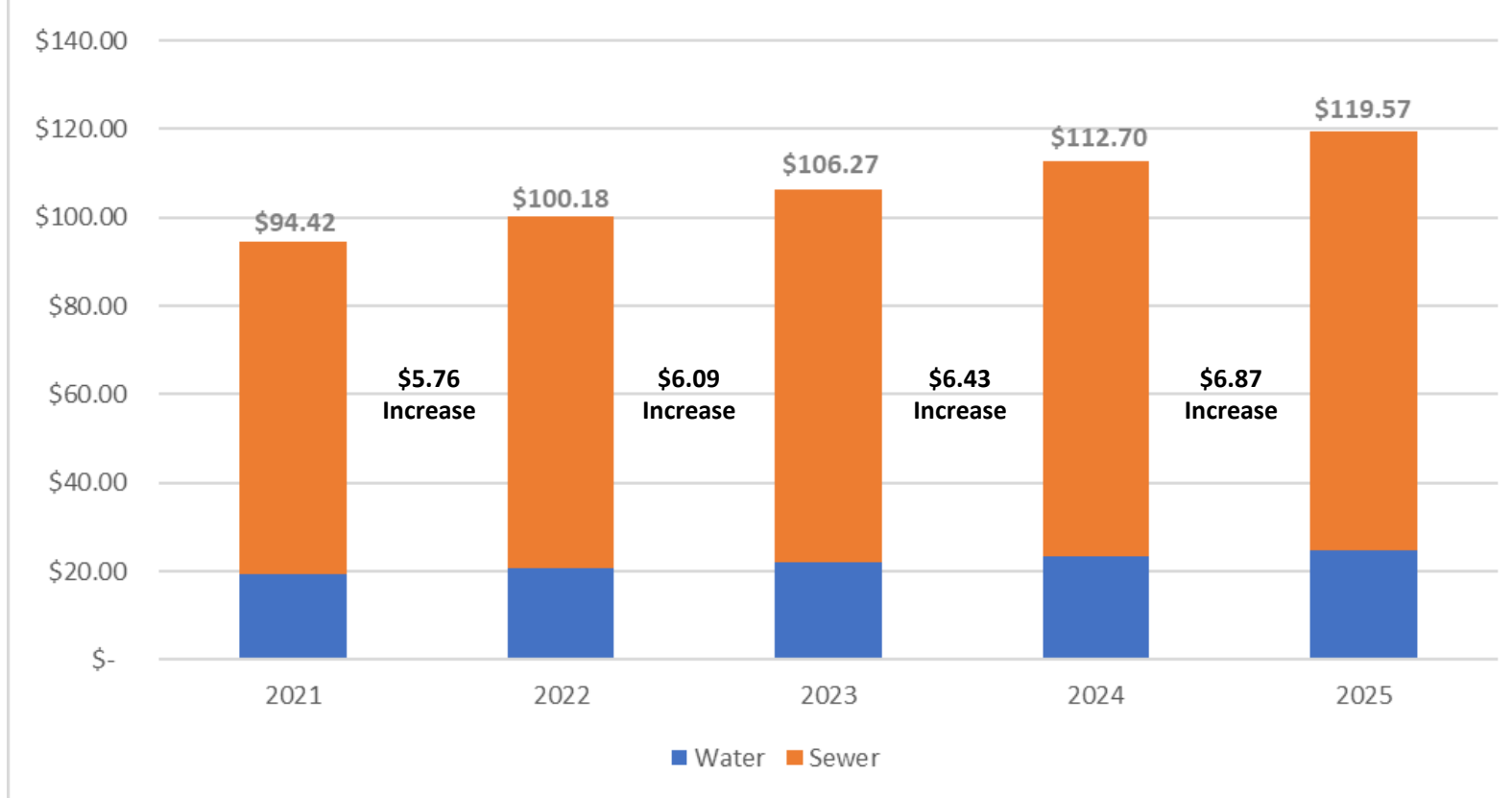


Figure provides a 5-year forecast, additional revenue increases beyond 2025 are anticipated.

Notes:

- Average monthly bill cost
- 3/4" meter represents a typical residential customer
- Average residential usage is 6,000 gallons per month
- Bills shown are calculated monthly; however, most residential customers receive a bimonthly bill
- Customers can reduce usage to lower their bills
- Bill increase from current (2021) to 2025 is \$25.15 per month



REQUIREMENTS OF CAPITAL PROGRAM FUNDING PLAN

1. Increase water and wastewater rates uniformly at 6% across all rates on August 1, 2022
2. Revenue increases of 6% in 2023, 2024 and 2025, with specific rate increases to be determined by a Cost-of-Service Study (in-process)
3. Execution of the second Water Infrastructure Finance and Innovation Act (WIFIA) loan for approximately \$285 million, with an anticipated loan close in summer of 2022
4. Issue revenue bonds to refund the outstanding 2011 W&S bonds (\$109M savings) and,
5. Issue bonds in the amount of approximately \$250 million in early summer 2022

RATE STRUCTURE WORKSHOP

Preliminary Agenda

Work Session 1

Background:

1. Watershed Rates
 2. Cost of Service Results
 3. Residential Bill Comparison
 4. Affordability
 5. Common Water and Sewer Rate Structures
- *Board Feedback and Questions*

Work Session 2

Options:

6. Specific Capital Program Charges/Rate
7. Customer Assistance Programs

Policy Considerations:

8. Advantages – Disadvantages to Changing Rate Structure
 9. Common Rate Structure Objectives
- *Board Policy Input*

QUESTIONS?

