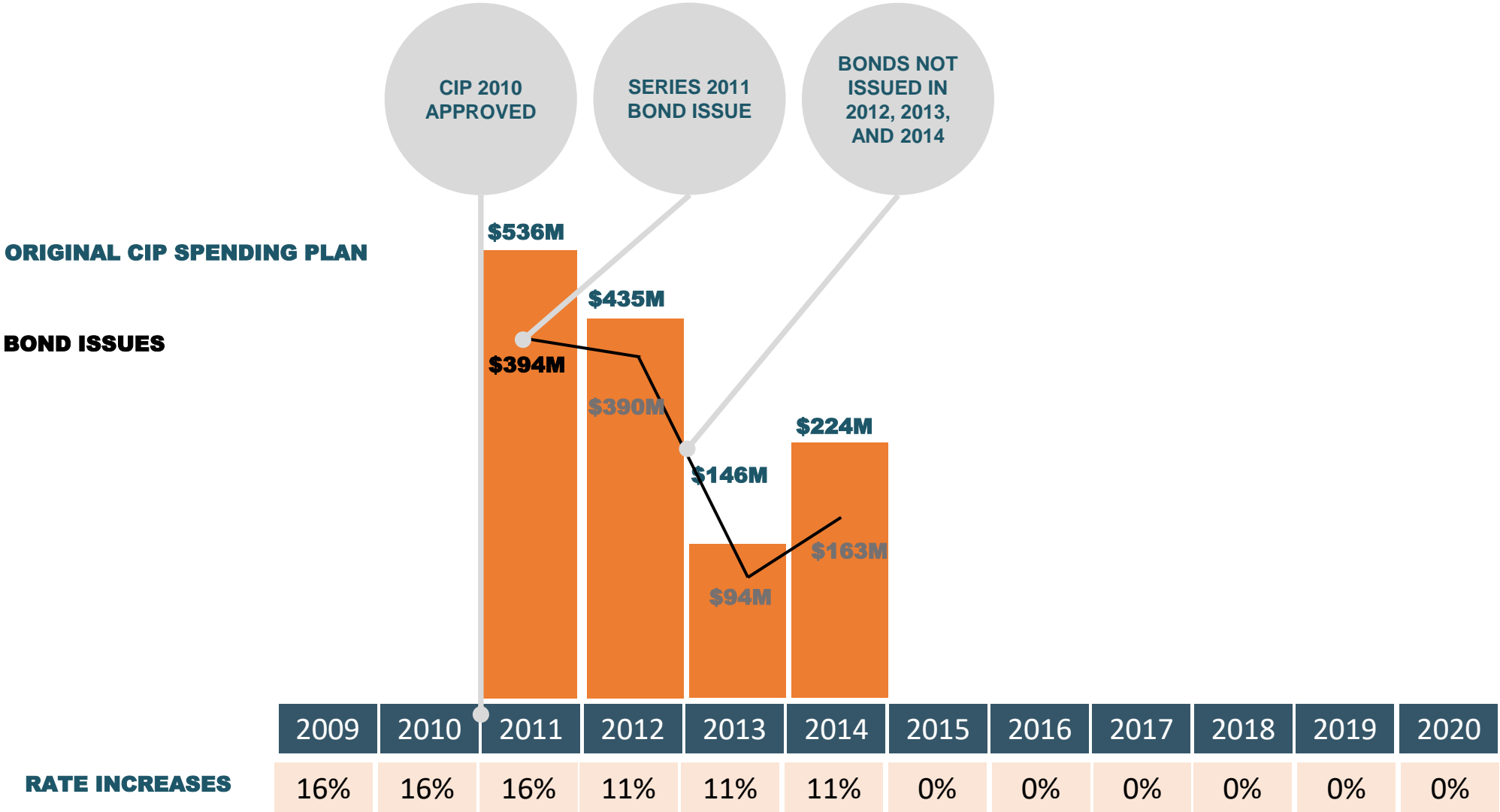




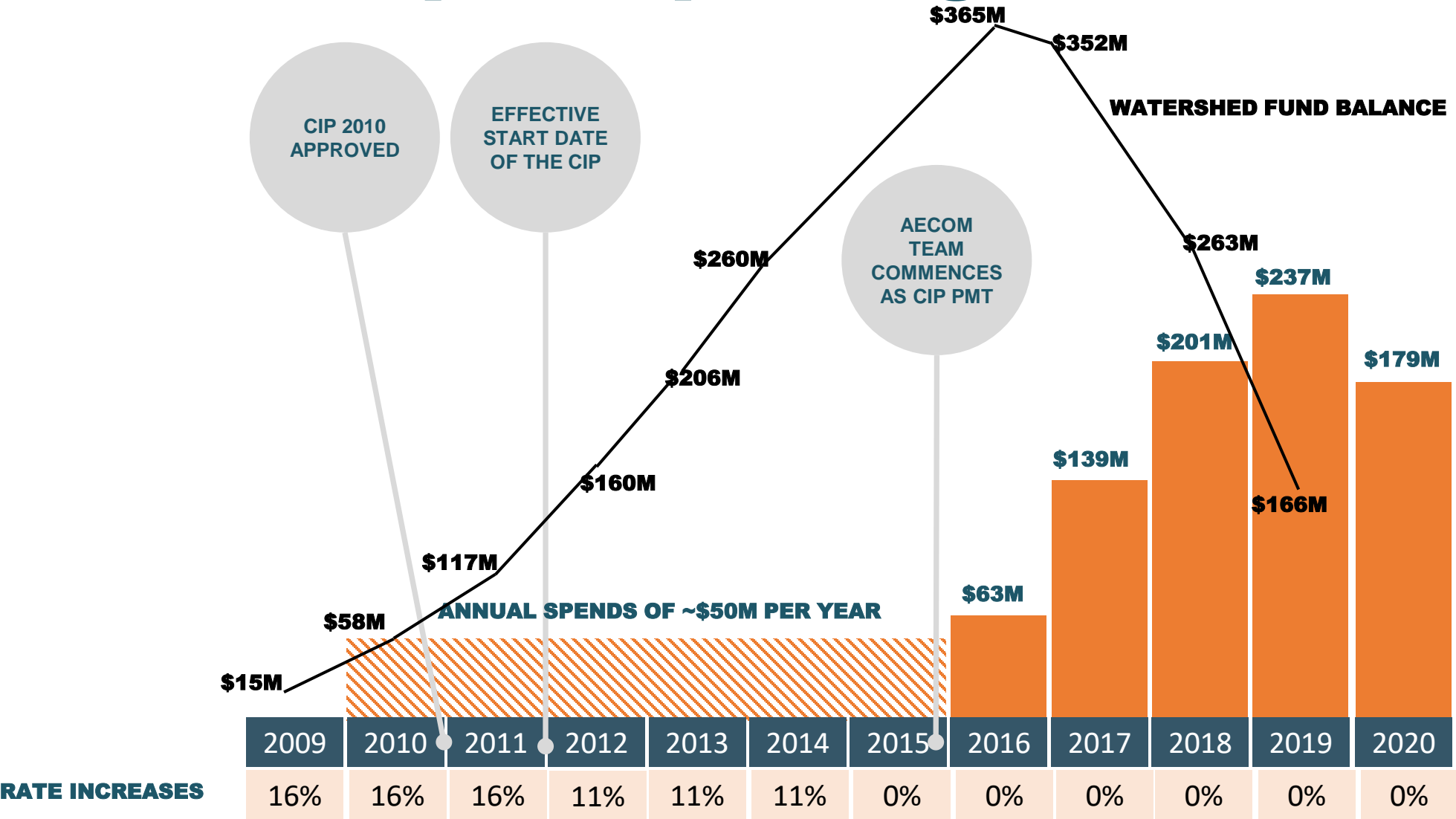
2010 Planned Versus Actual Capital Spending

June 2021

2010 Capital Plan



10-Year Capital Spending





Lessons Learned

June 2021



Mistakes of CIP 2010	Changes for CIP 2021
CIP DEFINITION AND DELIVERY	
Unrealistic CIP spending plan (\$535M in 2011) when previous year actuals were ~\$50-60M	Planned CIP spend of ~\$240M/yr is in-line with recent year spends
Program Managers not in place	CIP PMT under contract since 2015, well established with proven team and record
No program reporting of actual spends versus plan	Cost loaded Program Master Schedule in place and is basis of reporting
Late corrections when CIP spend, financing or revenues do not meet plan	SOP for annual monitoring, review and adjustment of CIP
Undefined process for project selection	Projects identified from Master Plan, and prioritized through documented, team-based process
No documented project delivery procedures	Detailed Program Management Plan in place and in use since 2017



Mistakes of CIP 2010	Changes for CIP 2021
FINANCIAL MISTAKES	
Did not correct when CIP spend, financing or revenues did not meet plan	SOP for annual monitoring, review and adjustment of CIP
No response to build-up of funds resulted in an estimated \$80 M of negative arbitrage	Annual monitoring per above Reimbursement loans (WIFIA/GEFA)
Moratorium/held bills impacts to revenues	New Day Project and lifting of the disconnection moratorium
Bonds were expensive and poorly implemented	<ul style="list-style-type: none">• Refinancing existing bonds in low rate environment• Low-rate WIFIA/GEFA loans
Financial rating down-graded in 2012	Financial rating continuing to improve
Staff losses in 2010 due to early retirement led to loss of institutional knowledge	CFO role filled, and team in place since 2016

2017 – CEO Delays Rate Increases

**Focus on Resolving Issues and
Realizing Revenue Optimization**

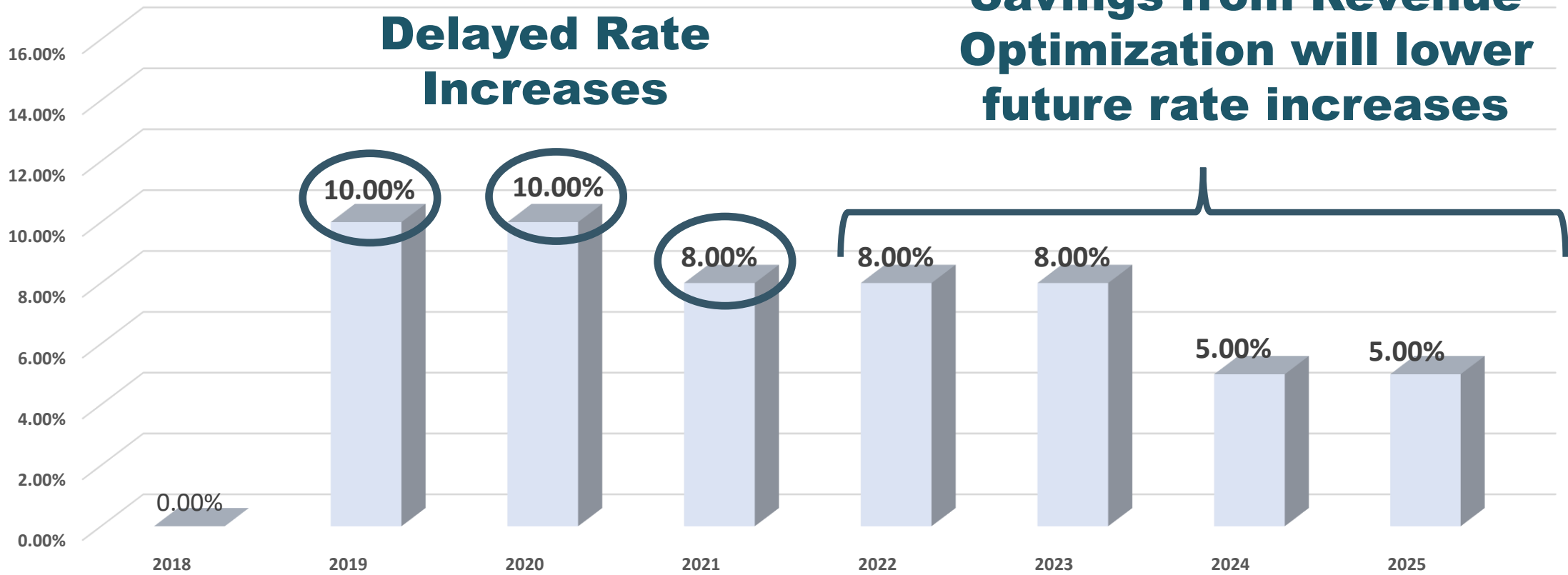
June 2021

2017	2018-2021
CEO Delays Rate Increases	Focus on Resolving Issues
Negative arbitrage - \$80 million	Expenditure of bond proceeds; Closed WIFIA loan and GEFA loans – no arbitrage
Deteriorating water distribution system and sewer collection system	Annual capital spending of over \$200 million a year
Inaccurate and delayed bills - \$20 million	Negotiated settlement to replace 47,500 meters; 37,000 water bills released; Verification process to independently review accounts
Ineffective customer service and dispute resolution process	Retraining customer service; Significant reduction in billing disputes
Erosion of trust	Trust restored

Rate Increase Delays and Revenue Optimization Savings

Approx. \$80 million+ Savings from Revenue Optimization will lower future rate increases

Delayed Rate Increases





Next Steps (Next PWI Meeting)

- Overview of Revenue Optimization
- Proposed Capital Program Funding Plan
- Department Cash Draw and Cash Threshold
- BOC authorization of the Funding Plan needed to support the second WIFIA loan, second GEFA loan and proposed 2021 bond issue
- BOC approval of Capital Program Funding Plan; Capital Funding Plan Resolution is forthcoming.

QUESTIONS?

DEKALB COUNTY
GEORGIA
1822

