



CIP 2021

**WIFIA & GEFA
RESOLUTIONS**



September 17, 2020

ATTRACTIVE NEW FUNDING SOURCES

WIFIA

- ▶ The Water Infrastructure Finance and Innovation Act (WIFIA) loan program through U.S. EPA

GEFA

- ▶ Georgia Environmental Finance Authority (GEFA)

A blue-tinted photograph of a construction site. In the foreground, a deep trench is visible with several large pipes laid out along its length. To the right, a large concrete pipe lies horizontally on the ground. Several construction workers wearing hard hats and safety vests are scattered throughout the site. In the background, a CAT excavator is partially visible on the left, and a white pickup truck is parked further back. The scene is set outdoors with trees and a building in the distance.

WIFIA LOAN



WIFIA OVERVIEW

Federal program to encourage infrastructure investment and jobs creation

Letter of Interest submitted July 2018 – 2nd yr of program

Selected October 2018 to submit application

October 30, 2018 Announcement –After reviewing DeKalb County’s Letter of Interest (LOI), the U.S. Environmental Protection Agency (EPA) **Water Infrastructure Finance and Innovation Act (WIFIA) Program** selected DeKalb County, to submit an application for credit assistance of \$250,935,300.

The amount has been increased to approximately \$265,000,000 with the inclusion of the Briarcliff initiative.

The screenshot shows the EPA website page for the Water Infrastructure Finance and Innovation Act (WIFIA). The page header includes the EPA logo and navigation links for Environmental Topics, Laws & Regulations, and About EPA. The main heading is "Water Infrastructure Finance and Innovation Act (WIFIA)". Below the heading, there are social media sharing icons and a "CONTACT US" link. The main content area features the title "Decatur Priority Areas Sewer Assessment and Rehabilitation Program Consent Decree Packages". Underneath, there are details about the borrower (DeKalb County Government), location (Decatur, Georgia), invited WIFIA loan amount (\$251 million), population served (745,000), and project type (Wastewater). A "Project Description" section follows, detailing the project's goal to rehabilitate and repair an aging wastewater collection and treatment system, including sewer replacement, pipe bursting, and manhole repairs.

WIFIA EFFORTS TO DATE

CURRENT STATUS

- ▶ NEPA complete
- ▶ Contracts converted to Federal-compliant
- ▶ Loan agreement negotiated and finalized with anticipated BOC approval and closing on October 13
- ▶ Loan will fund Consent Decree projects + Briarcliff (more on project details later)
- ▶ Invoices being approved.

WIFIA/GEFA REQUIREMENTS

- ▶ All contracts included must be “Federal compliant”:
 - ▶ Davis-Bacon
 - ▶ American Iron and Steel
 - ▶ State and Federal DBE versus DeKalb LSBE
 - ▶ NEPA process
- ▶ Board approvals of contract changes in place

BENEFITS (1)

A MAJOR DEAL!

- ▶ Interest Rate expected to be between 1.4 and 1.45%
 - ▶ Lower than inflation!
- ▶ Amortization over 40 years, with 5 year deferral on principal payments and 35 year payment period
- ▶ Interest may be capitalized
- ▶ Can immediately claim ~\$60 Million of already spent costs

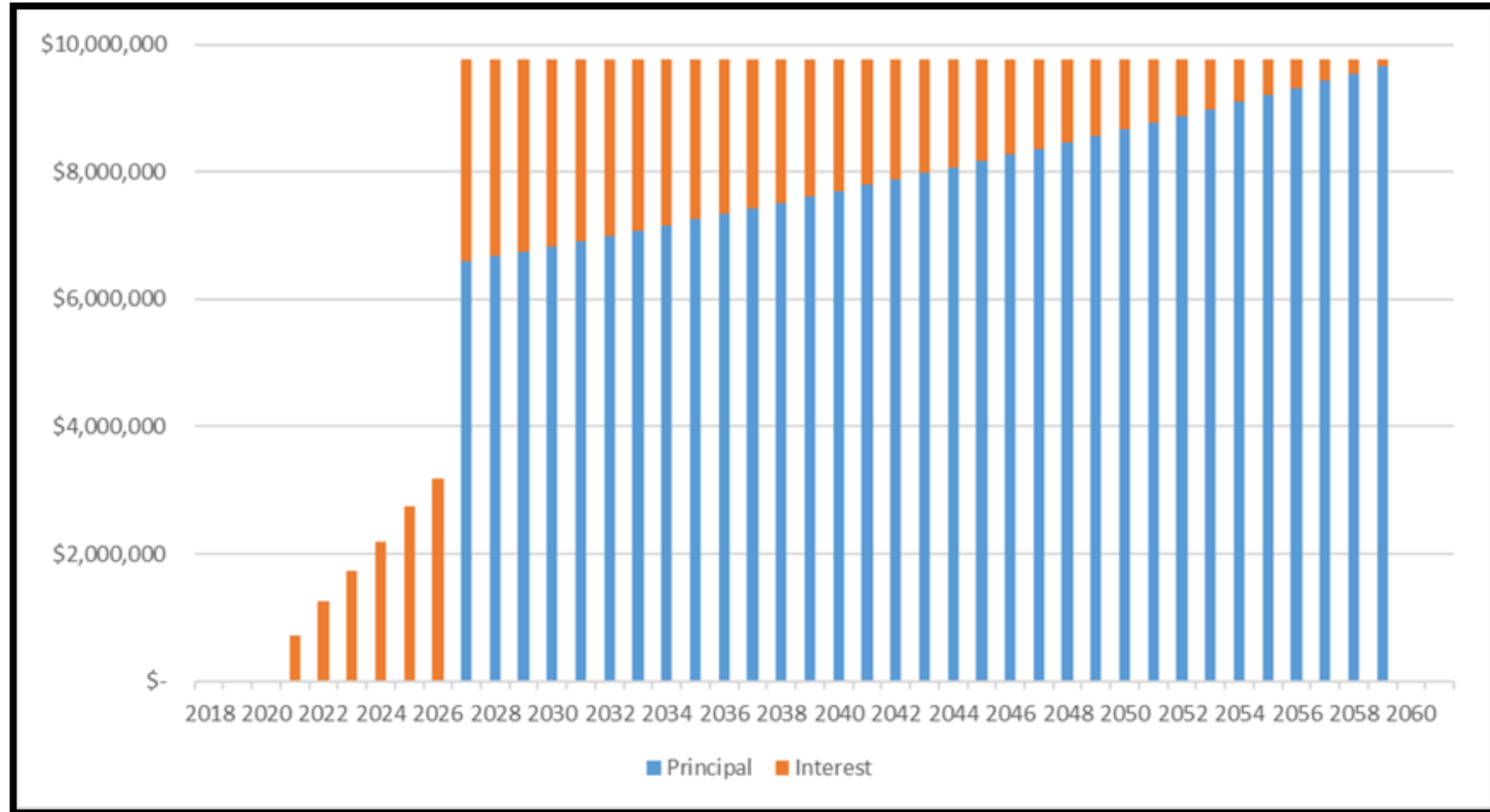
BENEFITS (2)

EVEN BETTER DEAL!

- ▶ Drawdown as incurred ...
 - ▶ Eliminates the possibility of negative arbitrage
(The 2011 bonds an estimated ~\$80 M in negative arbitrage!)
- ▶ DeKalb has negotiated a new loan structure that EPA has never done before ... subordinate debt with GO pledge (as opposed to revenue pledge)
 - ▶ Allows a higher rating – Aa2 versus A1
- ▶ Loans 49% of project costs, but can be combined with GEFA loans to cover up to 80%

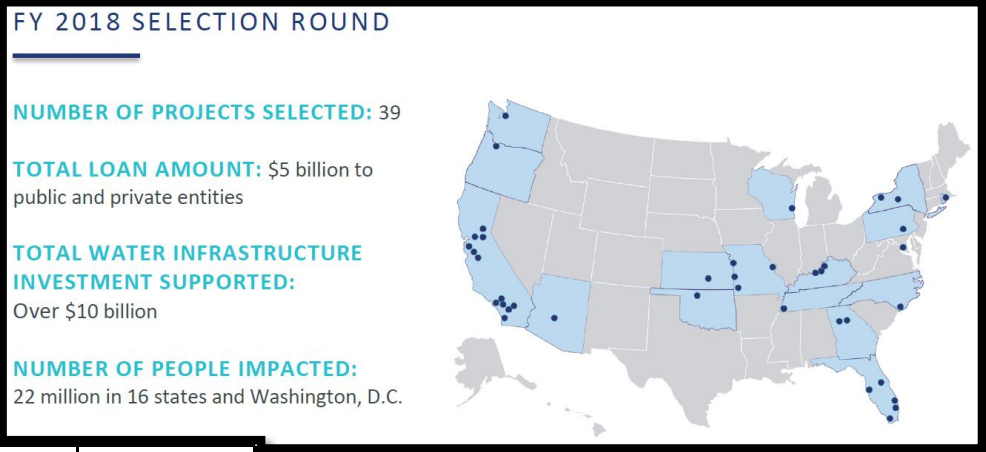
LONG PERIOD, LOW RATE, DEFERRED START ON PRINCIPAL REPAYMENTS

- ▶ <\$10 M/yr, \$334.3 M total with WIFIA
- ▶ \$13.5 M/yr, \$405.6 M total with bonds (assuming \$265 million principal, 3% over 30 yrs)



BOTTOM LINE ON WIFIA?

- ▶ A great deal that may not last much longer
- ▶ WIFIA loans have been “discovered” – see below
- ▶ All the work being funded is required by the CD or already approved by the BOC (Briarcliff)



WIFIA NOFA History	Credit Assistance (Billion)	# of LOIs submitted	# of LOIs moving to application	% LOIs submitted approved to move to application stage (%)	# of Loans Closed	% of Loans Closed
FY17	\$1	39	12	31	11	92
FY18	\$5.5	62	39	63	13	33
FY19	\$6	51	38	75	2	5
FY20	\$5					
	13	152	89	168	26	

GEFA LOANS



GENERAL LOAN DETAILS/ STATUS

- ▶ Low-interest financing for drinking water, reservoir and water supply, water quality, stormwater and solid waste infrastructure
- ▶ Initial meeting of CEO Thurmond with GEFA's Director in March 2020
- ▶ 2020 loan applications submitted in June
- ▶ Board approved application fee August 25, 2020
- ▶ APPROVED - GEFA Board Meeting August 25, 2020.

LOAN FINANCE INFORMATION

- ▶ 2020: \$50M Sewer Projects*
- ▶ \$25M Water Projects
- ▶ 2021: \$50M Sewer Projects*
- ▶ \$25M Water Projects
- ▶ Interest Rate (blended): 1.55%
- ▶ Can be added to WIFIA funding with up to 80% Federal funding allowed

* Loans in excess of GEFA's standard limitation of \$25 M/year

COMBINED BENEFITS OF WIFIA & GEFA

WIFIA

- ▶ For each **\$100 Million** of CIP funded through WIFIA, projected interest payment savings are **\$34 Million** over the life of the WIFIA loan compared to a traditional bond

GEFA

- ▶ For each **\$100 Million** of CIP funded through GEFA, projected interest payment savings are **\$26.6 Million** over the life of the GEFA loan compared to a traditional bond

Both WIFIA and GEFA are subordinate lien debt

Projects - WIFIA



Projects in WIFIA1 Loan

Project/Task	Project Cost in WIFIA Loan	Reimbursement	Status
CD Program Management Services (PMS) (Jacobs)	\$53.4M	\$26.2M	Since 2014
Capital Improvement Projects (CIP) PMS (AECOM)	\$12.3M	\$6.0M	Since 2015
COOP with Rockdale County for IPR Southeast	\$5.7M	\$2.8M	Since July 2019
COOP with Savannah for Insituform Technologies	\$14.9M	\$7.3M	Since October 2019
Gravity Sewer Rehabilitation & Repl. (GSRR) Contracts	\$61.3M	\$30.0M	BOC approved in July
GSRR Construction Management (CM) Contracts	\$4.8M	\$2.4M	BOC approved in April
Potential future GSRR 2 Contracts	\$31.5M	\$15.4M	Future procurement
Engineering Design Task Orders through Existing DWM Annual A/E Services Contract	\$0.9M	\$0.4M	Design nearing completion
Briarcliff South	\$13.9M	\$6.8M	Near completion
Briarcliff North	\$19.8M	\$9.7M	60% design underway
Trunk Sewer Upsize/Storage (multiple contracts)	\$203.7M	\$99.8M	Future procurement
OSARP Tiered and Other Assessments	\$73.8M	\$36.2	Ongoing since 2019
OSARP Design, Construction and CM Contracts	\$45.0M	\$22.0M	Future procurement
Total	\$541M	\$265M	

CD Projects

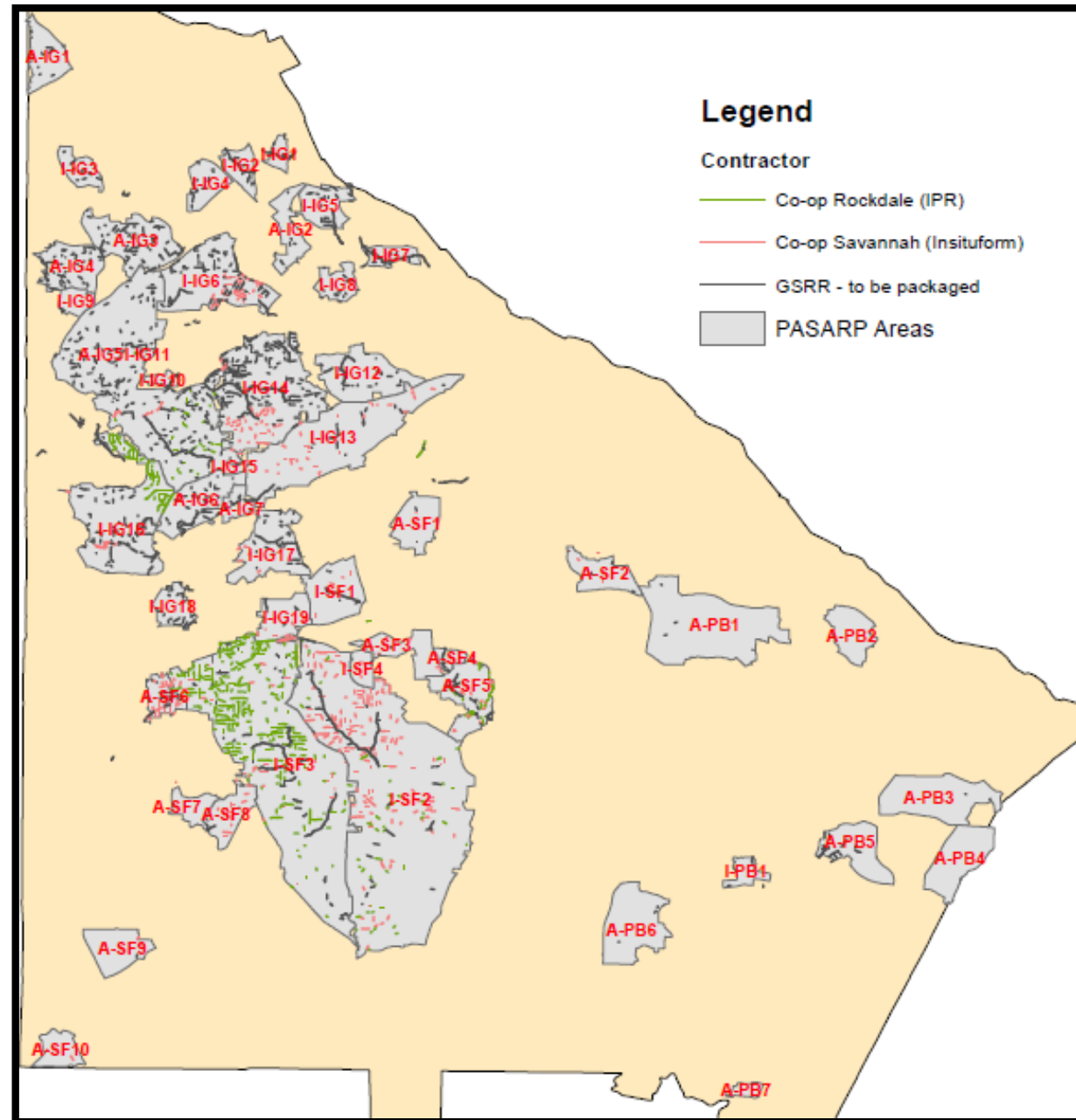
Converted projects, where possible, to Federal-compliant.

PASARP:

- ▶ COOPs (mostly complete)
- ▶ GSRR (BOC approved)

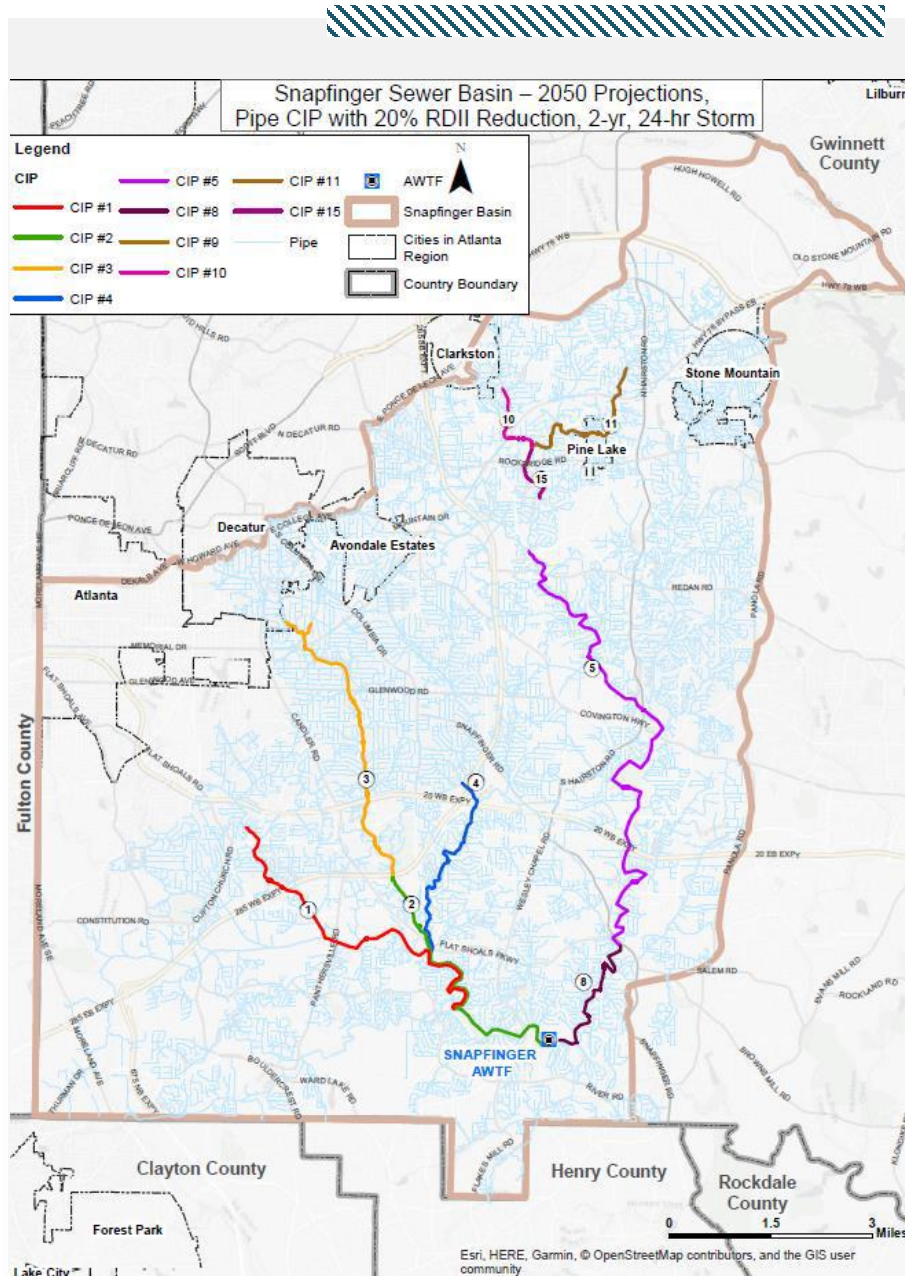
OSARP:

- ▶ Still being defined – portion expected through 2027.



CONSENT DECREE

Required Projects



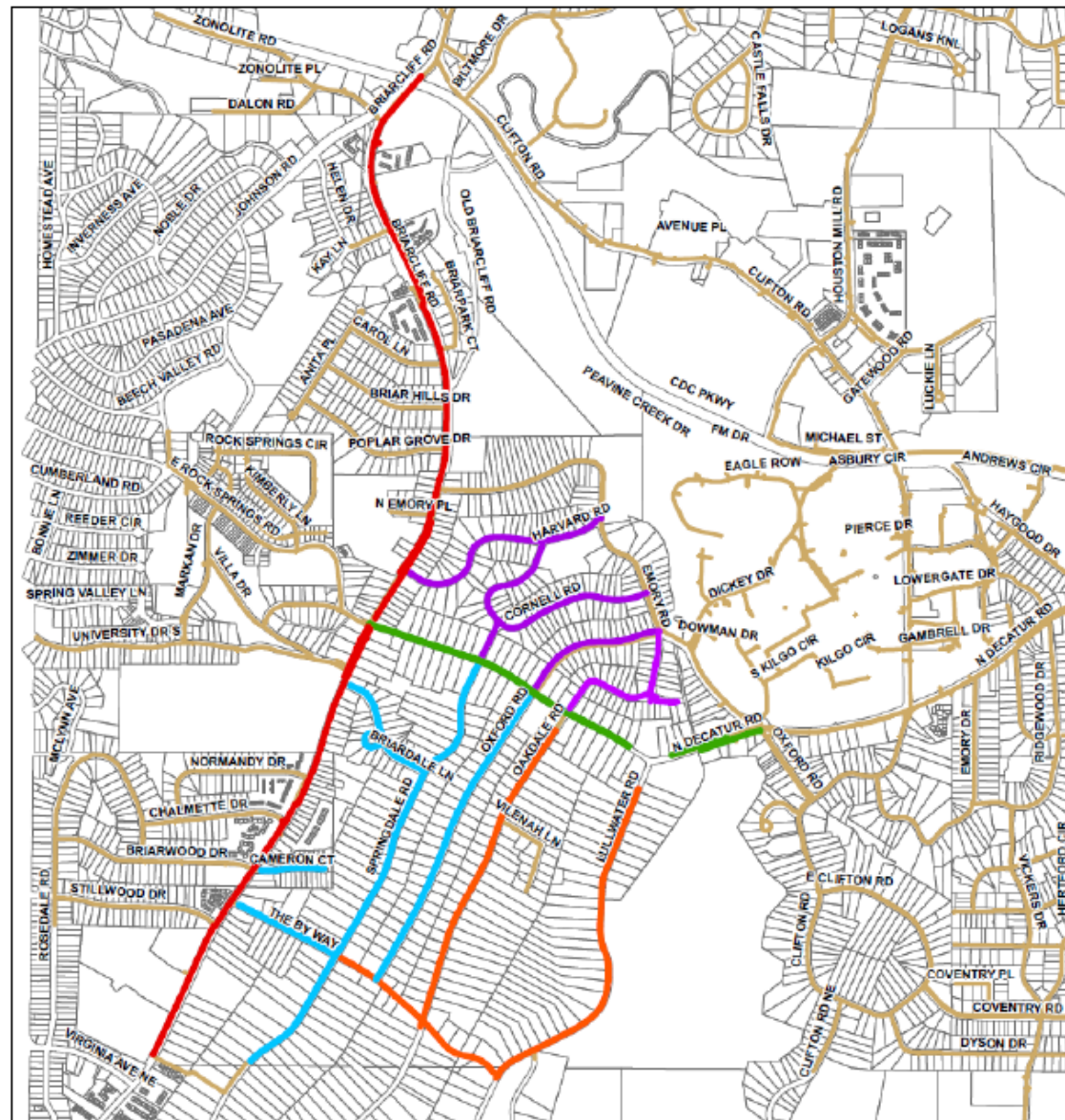
- ▶ Priority Area Sewer Assessment and Rehabilitation Program (PASARP) began in CIP 2010 and will be completed in CIP 2021
- ▶ Ongoing Sewer Assessment and Rehabilitation Program (OSARP) rehabilitation and upsizing
- ▶ Key focus of CD extension addresses trunk sewer projects, particularly in the Snapfinger Basin

◀ Key trunks in Snapfinger Basin

Briarcliff Water Infrastructure Replacement Project

Project required due to poor water pressures:

- ▶ Close to complete through annual contracts
- ▶ ~\$13.9 Million total work through loans
- ▶ 49% funded through WIFIA
- ▶ \$4 Million through GEFA.



Legend

— Area 1 — Area 2 — Area 3 — Area 4 — Area 5 — Water Main

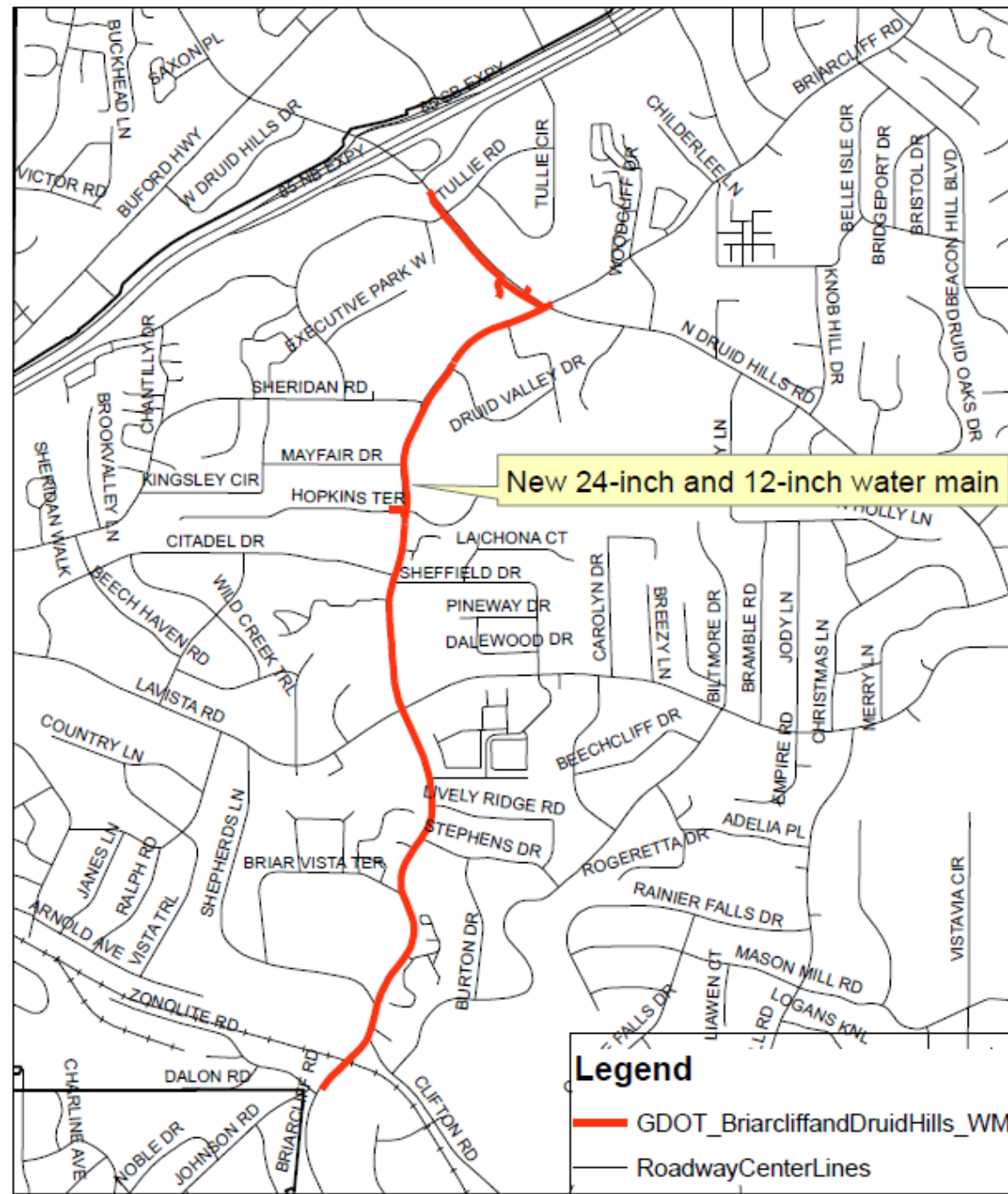
0 0.3 0.6 Miles



Briarcliff Road North – Clifton to Druid Hills

Project required due to GDOT plans to repave:

- ▶ In design through on-call A+E's (~30%)
- ▶ Plan to construct through Annual Contractor
- ▶ \$19.4 Million total cost - \$9.5 Million through WIFIA, \$6M through GEFA.





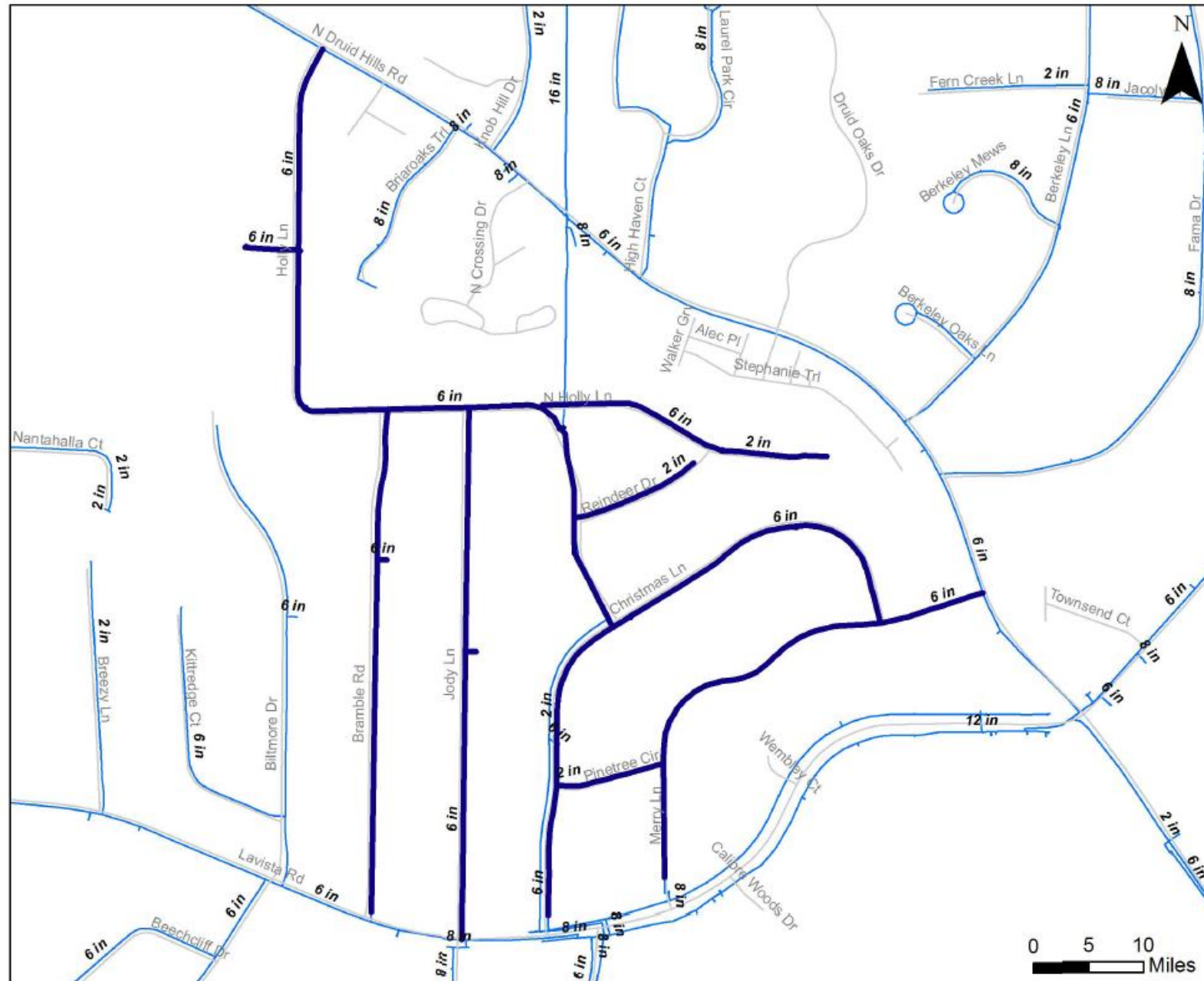
Projects – GEFA

(where not already in WIFIA)

Reindeer Drive

AC pipe replacement due to age and failure rate:

- ▶ Design complete
- ▶ Beginning procurement process
- ▶ ~\$5 Million – all in 2020 GEFA.



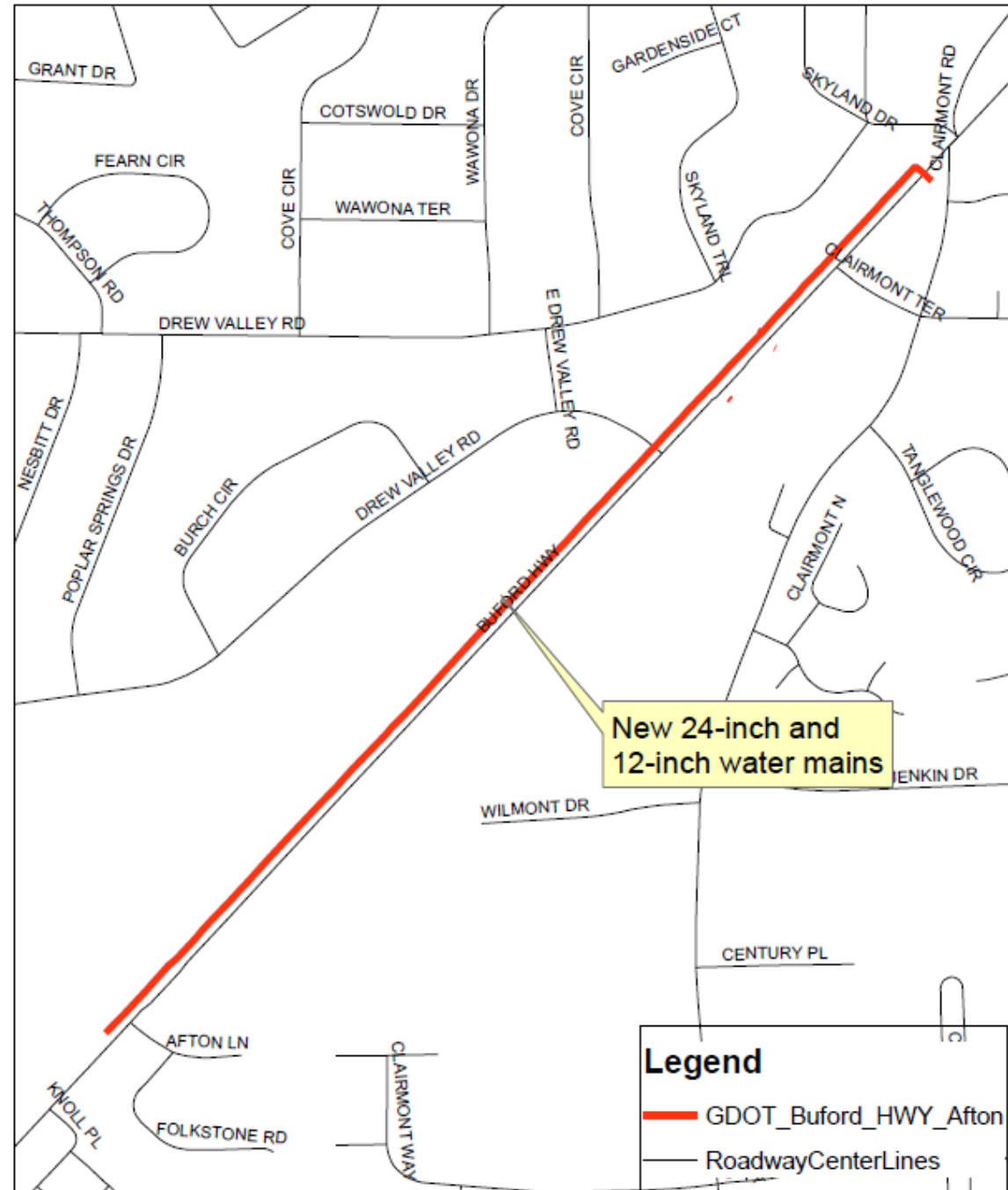
Legend
— Reindeer Dr Water Main Replacement
— Water Mains



Buford Highway

Project required due to GDOT plans to repave:

- ▶ Design complete and with GDOT for construction through their contract
- ▶ ~\$10 Million – all included in 2020 GEFA loan.



NEXT STEPS



UPDATED TIMELINE

STARTED

IN PROCESS

STARTED

**INFORMATION
SESSION ON
MASTER PLAN**

SEPTEMBER

**APPROVE CD
MODIFICATION**

TBD

**APPROVE
CIP 2021**

OCTOBER

WIFIA LOAN

**PWI SEPTEMBER 17
BOC SEPTEMBER 22**

Require BOC action
on October 13 – sets
interest rate and close
same day

GEFA LOAN

**PWI SEPTEMBER 17
BOC SEPTEMBER 22**

Coming to BOC

**APPROVE
LONG-TERM
FINANCIAL PLAN**

NOVEMBER

**REVIEW
BILLING
IMPROVEMENTS**

DECEMBER

WIFIA – 2020 APPLICATION

GENERAL LOAN DETAILS/ STATUS

- ▶ New 2020 round of ~\$5 billion in available funds
- ▶ Due 10/15/2020
- ▶ AECOM preparing new Letter of Interest
- ▶ Requesting ~\$200-\$250 Million loan

- ▶ Will fund water projects through 2027, including:
 - ▶ Scott Candler WTP clear well and electrical redundancy
 - ▶ Pipe replacement
 - ▶ New tanks
 - ▶ Pressure zones
 - ▶ System development including new transmission mains

SUMMARY

These resolutions will enable loans that:

- ▶ Have an unbeatable mix of low interest rate, flexible terms, and long-term amortization
- ▶ Provides needed ~\$60 Million cash reimbursement immediately
- ▶ Funds projects that are required by the CD or already approved by the BOC (Briarcliff)

Ask:

- ▶ Please approve both the WIFIA and GEFA resolutions

Questions?

