



Legislation Text

File #: 2022-1308, Version: 1

Substitute

Public Hearing: YES NO **Department:** Finance

SUBJECT:

Commission District(s): All Commission Districts

The Department of Watershed Management Funding Plan for Capital Improvement Plan (CIP) for the years 2021 through 2030 (CIP 2021)

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PURPOSE:

To consider adopting the attached Resolution approving the Funding Plan for the period 2022 through 2025 for the Department of Watershed Management's (DWM) Capital Improvement Plan (CIP), including an initial rate increase of 6% beginning August 1, 2022.

NEED/IMPACT:

DWM's mission to sustain a safe drinking water supply and wastewater collection and treatment system to protect the County's health and watersheds requires that the County's water and wastewater infrastructure be properly maintained, operated, and managed. In addition, the growth and economic development of the County requires the County to continuously develop and renew the water and wastewater infrastructure.

Much of the County's water and wastewater system is beyond its service life, in some cases greater than 100 years old, and significant portions of the system are in need of rehabilitation and capital improvement. On February 23, 2021, the County's governing authority approved DWM's new Capital Improvement Plan for the years 2021 through 2030 (CIP 2021). The CIP 2021 is the culmination of an industry best-practice multi-year effort of modeling, planning and prioritizing. The CIP 2021 has been developed using newly developed computer-based hydraulic models of both the water and wastewater systems, that informed the development of the recently completed Water and Wastewater Master Plan through 2050, which included a documented, detailed, inclusive and data-driven CIP Prioritization Process.

To enable the implementation of the CIP 2021, DWM has also developed a detailed Funding Plan that details DWM's projected revenue required to support the planned capital expenditures of \$1.28 billion between 2021 and 2025. The Funding Plan is the culmination of a multi-year effort by the County to enhance existing revenues while reducing operating expenses, in combination with the use of new low-cost debt sources such as low interest Federal and State loans.

The Funding Plan reflects that Renewal & Extension funds can meet approximately 29% of the five-year (2021 - 2025) capital needs, with the remaining 71% to be funded from debt, including:

- 23% from the Water Infrastructure Finance and Innovation Act (WIFIA) loans, the first implemented in 2020 and the second anticipated in 2022;
- 9% from the Georgia Environmental Finance Authority (GEFA) loans implemented in 2020, together with future GEFA loans; and
- 39% from a combination of new and existing revenue bonds.

In addition to the above, the Funding Plan requires an increase in the rates and charges for water and wastewater service to allow the County to proceed with the financing strategy, including execution of the second Water Infrastructure Finance and Innovation Act (WIFIA) loan for approximately \$285 million, with an anticipated loan close in April 2022 and the issuance of new money bonds in the amount of approximately \$250 million in early summer 2022.

FISCAL IMPACT:

The fiscal impacts are detailed in the Funding Plan and include additional rate revenue income of \$158 million between 2022 and 2025 to support the capital needs for the same period of the previously approved CIP 2021.

RECOMMENDATION:

Adopt the attached Resolution approving the Department of Watershed Management's 2021 CIP Funding Plan for the period 2022 through 2025, including: (1) increases in water and wastewater rates uniformly across all current rates in the amount of 6% 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) and approved by the Board at a future date; (3) the establishment of a customer assistance program to defray the cost of service for income eligible customers; and (4) the establishment of a customer assistance program to address casual irrigation and other non-sewer use.