



Legislation Text

File #: 2020-0938, Version: 1

Substitute

Public Hearing: YES NO

Department: Watershed Management

SUBJECT:

Commission District(s): All Commission Districts

GEFA Water and Sewer Loans

Information Contact: Reginald Wells and Dianne McNabb

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PURPOSE:

To authorize the 1% loan origination fee to be paid to Georgia Environmental Finance Authority (GEFA) in connection with the application for GEFA Loan DW2020036 in the amount of \$25,000,000 and GEFA Loan CW2020026 in the amount of \$50,000,000, which loans will to be presented to the Board of Commissioners for approval once approved by the GEFA board . The County has submitted a Georgia Environmental Finance Authority (GEFA) loan application for funding to support the construction of several water main improvement projects in DeKalb County, including but not limited to Briarcliff Area, Reindeer Drive Area, and Buford Highway as well as sewer infrastructure rehabilitation and replacement projects associated with Priority Areas Sewer Assessment and Rehabilitation Program (PASARP) throughout DeKalb County.

NEED/IMPACT:

The full construction will require a total of \$48 million for the water replacement projects and \$162 million for the PASARP sewer rehabilitation and replacement projects. We recommend borrowing \$75 million now and an additional \$75 million for the sewer and water projects in the next calendar year (2021) as is expected to be available from GEFA.

The loan is part of a long-term strategy to maximize the benefits of leverage with GEFA as well as other federal funding sources. The water replacement projects included are necessary due either to high priority ranking due to frequency of breaks, hydraulic improvement needs for the system or due to pending GDOT projects in the area. The sewer projects included in the loan are scheduled for rehabilitation or replacement following previous assessments and prioritization and are a requirement of the County's Sewer Consent Decree (CD) with U.S. EPA. These projects are reflected in the attached detail.

FISCAL IMPACT:

GEFA's loan origination fee is 1% of the loan amount, or \$750,000 for the upcoming loans totaling \$75 million. The blended interest rate is expected to be 1.55% for GEFA versus a market rate of 2.96%, saving approximately \$20 million, when compared to a similar issuance of 30-year revenue bonds. Interest cost is

incurred only as funds are drawn, eliminating negative arbitrage.

RECOMMENDATION:

To authorize the 1% loan origination fee to be paid to Georgia Environmental Finance Authority (GEFA) in connection with GEFA Loan DW2020036 in the amount of \$25,000,000 and GEFA Loan CW2020026 in the amount of \$50,000,000, which loans will be presented to the Board of Commissioners for approval once approved by the GEFA board. The GEFA loans will be used as described above.