

Addressing Our Water / Wastewater Needs

**A Call to Action Townhall
February 2025**



Today's Speakers



DeKalb CEO
Lorraine Cochran-Johnson



DeKalb Director of CIP
Maria Houser



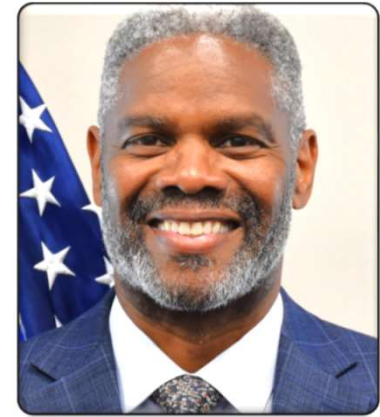
DeKalb Chief Development Officer
Jacob Vallo



Arcadis Vice President
Robert Ryall



DeKalb CFO
Dianne McNabb



DeKalb COO
Zachary Williams



DeKalb County Chief Executive Officer Lorraine Cochran-Johnson

Lorraine Cochran-Johnson serves as Chief Executive Officer of DeKalb County, leading initiatives focused on economic development, public safety, and community engagement. Prior to becoming CEO, she served as DeKalb County Commissioner, advocating for policy reforms, infrastructure investments, and equitable community growth.

With a background in business, media, and public service, she has received numerous accolades for her leadership. CEO Cochran-Johnson is committed to transformative governance that uplifts DeKalb County and its residents.



**DeKalb County Director of Environmental Compliance, CIP, and Consent Decree
Maria Houser**

Maria Houser serves as the first Director of Environmental Compliance for DeKalb County Georgia as well as the Director of the Capital Improvement Program. She leads the implementation of the \$1.5 billion sanitary sewer system improvements as required by the Consent Decree.

She has undergraduate and graduate degrees in mechanical engineering from Georgia Tech as well as a master's in business administration from the University of West Georgia. She is also an attorney who practiced environmental and natural resources law prior to joining DeKalb County.



DeKalb County Chief Development Officer Jacob Vallo

Jacob Vallo, a resident of DeKalb County, serves as the Chief Development Officer for DeKalb County. Mr. Vallo brings 25+ years of both private and public sector experience to his role in moving infrastructure, community development and economic development projects forward. He spent nearly 19 years in commercial real estate development, investment and capital raising roles.

Mr. Vallo also served as an Assistant General Manager at MARTA where he oversaw the transit-oriented development, public private partnership, real estate and public art activity at the authority. Prior to joining the County, he was Chief Investment Officer of a family office real estate portfolio which was focused on the revitalization of key transit-oriented assets in Downtown Atlanta.



**Arcadis Vice President
Robert Ryall**

Mr. Ryall has served the water industry for 25 years. His experience includes providing financial management consulting services to water, wastewater, solid waste, and stormwater systems.

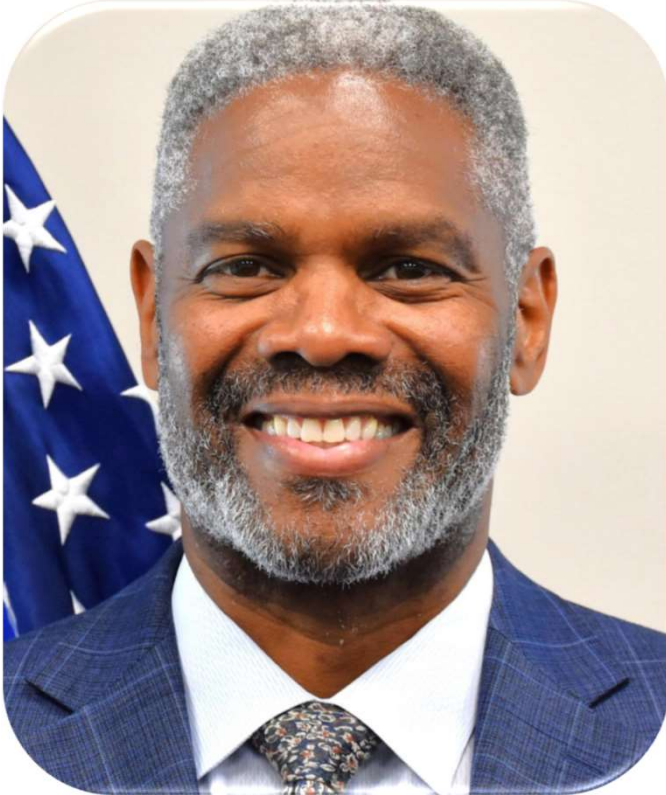
Mr. Ryall has experience across the United States and provides advisory services to some of the Nation's largest utilities. Mr. Ryall is a Vice President with Arcadis and leads the Firm's Financial Services practice for North America.



DeKalb County Chief Financial Officer Dianne McNabb

Dianne McNabb has served as Chief Financial Officer for DeKalb County since 2016, bringing over 45 years of experience in government finance, accounting, and reporting. Prior to DeKalb, she was a Director at PFM Financial Advisors LLC and held leadership roles in public finance, securities, and public accounting, including time with KPMG.

A retired CPA, she has served on national finance committees, presented at industry conferences, and was recognized for excellence in governmental accounting education. Ms. McNabb holds a bachelor's degree in accounting from The University of Alabama.



DeKalb County Chief Operating Officer Zachary Williams

Zachary L. Williams, MPA, serves as the Chief Operating Officer for DeKalb County, overseeing daily operations and ensuring efficient service delivery. He reports to both the CEO and Board of Commissioners, as outlined in the county's Organization Act.

With a distinguished career in public service, Zach has held leadership roles in counties and municipalities across the Southeast. Prior to DeKalb, he served as County Manager for Fulton County, where he led capital improvement programs and implemented a nationally recognized health equity initiative. His past roles also include Assistant County Administrator in Broward County, FL, and Assistant City Manager in Coral Gables, FL.

A Credentialed Manager by the International City/County Management Association (ICMA), Zach holds a bachelor's degree in Criminal Justice and a Master of Public Administration from California State University, Long Beach.



Agenda

- Challenges and Solutions
- Impact of Infrastructure Investment
- A Nationwide Issue
- Financial Recommendation
- Customer Affordability Consideration



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Water/Wastewater System Condition

- DeKalb has a water and wastewater system at risk of failure;
- Intentional and urgent action is required, or we will jeopardize the health and safety of our residents and businesses.



Buford Hwy Water Main Break



Electrical Building at Water Treatment Plant



Sanitary Sewer Overflow

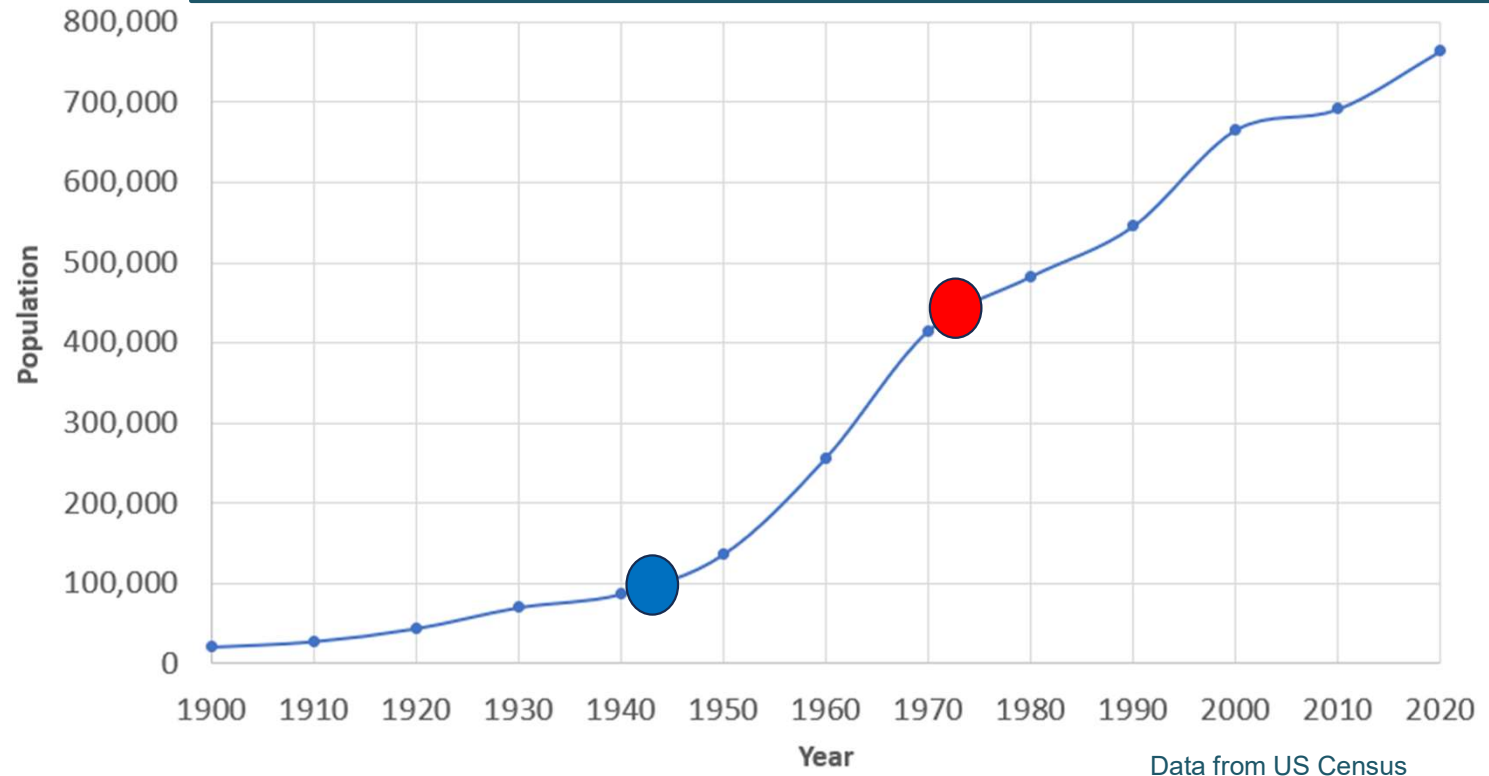
The beginning ...

Our population is 8.8X greater today than in 1940.
86,942 people in 1940 to 764,382 in 2020.

● Water Treatment Plant and Department established

Over 40% of the system, by length, will be 70 years' old by 2030

● Last major water main added in 1974



Water Infrastructure Challenges

- DeKalb County is the ONLY large utility in the metro Atlanta area with ONE water source and ONE Treatment Facility;
- Scott Candler Water Treatment Plant has not seen any real improvements in 15 years;
- Without the necessary investments in our systems, DeKalb could lose access to:

**SAFE
CLEAN
&
RELIABLE WATER**

- When turning on the tap, no resident in DeKalb County should be at risk of not having water come out.



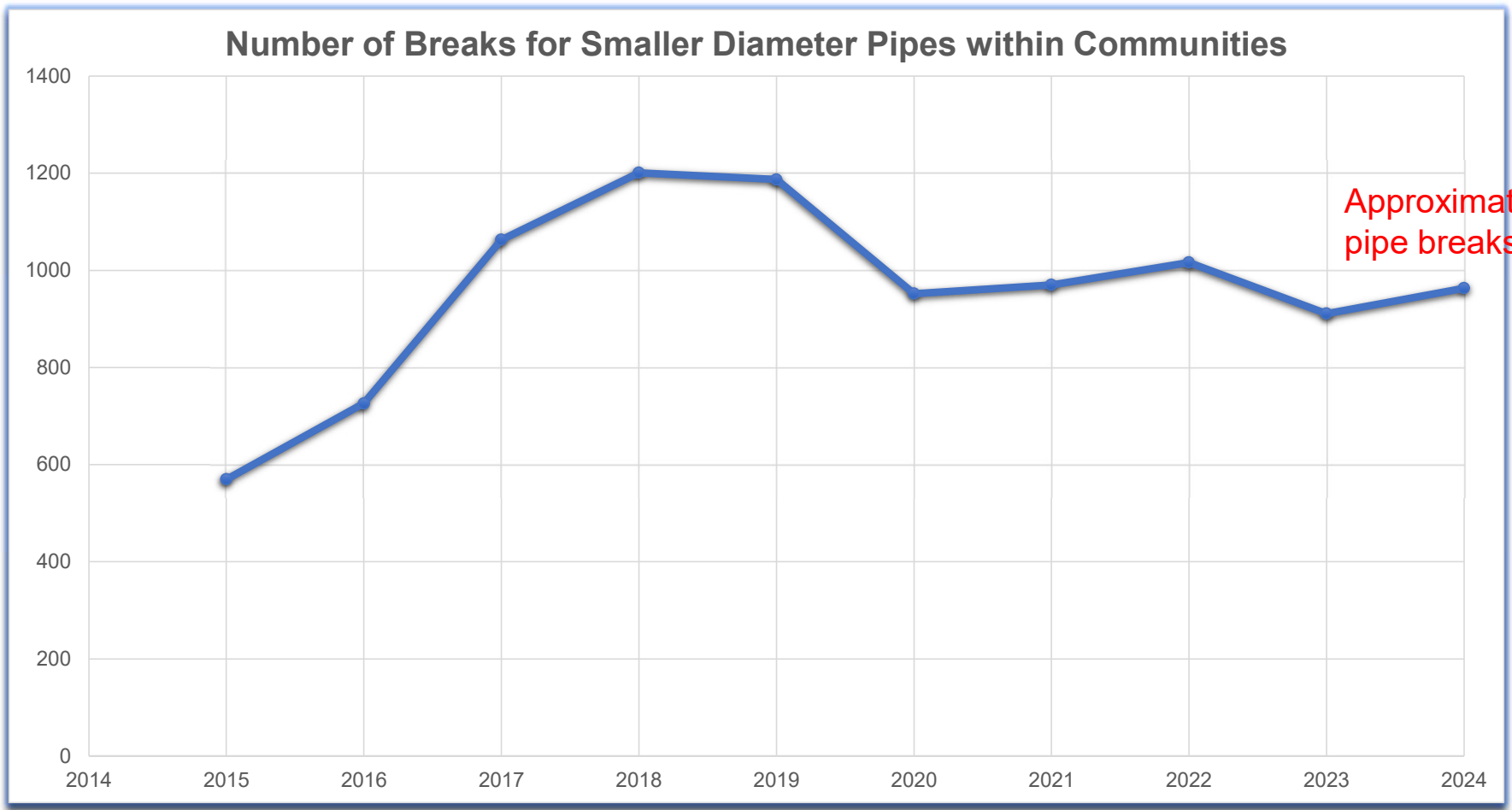
Pipe Type Issues

- Undersized
- High Pressure
- Clogged
- Aged
- Catastrophic breaks





Water Distribution System



Approximately 963 water pipe breaks in 2024



Impact of Modified Consent Decree (MCD) Compliance

- DeKalb failed to meet reporting deadlines under the MCD and is at risk of missing upcoming compliance deadlines for certain elements
- Additional funding is needed to complete the required projects

Modified Consent Decree Projects

This is a major undertaking with projects larger, more complex and more expensive than previously thought in 2021:

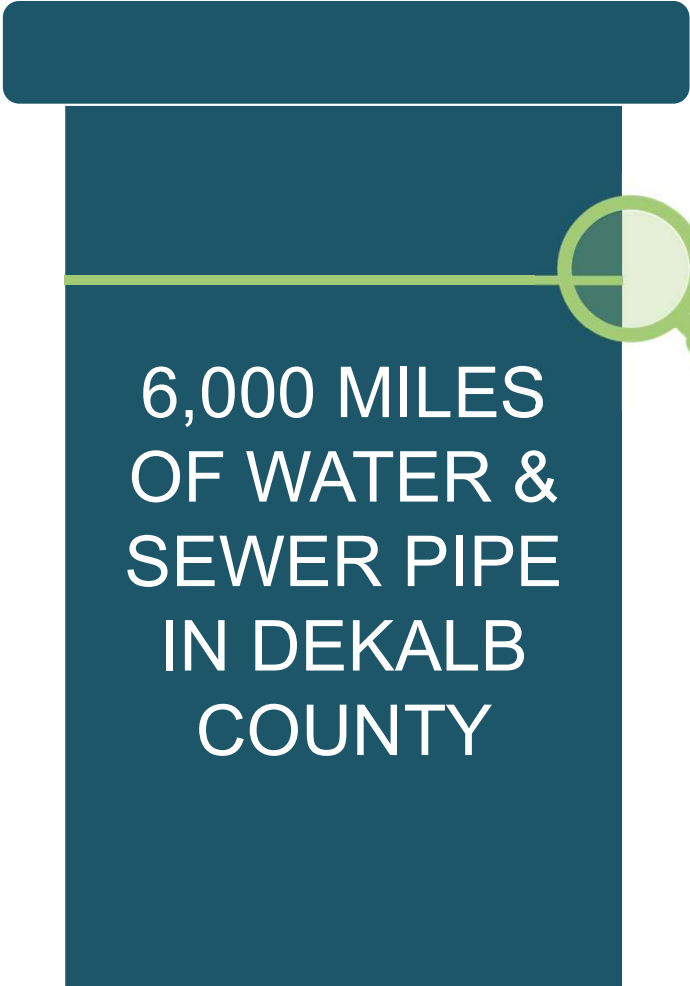
- Pipe diameters up to 72”
- 28 miles of trunk sewer
- Over 700 properties with direct impacts
- Three interstate freeway crossings (I20, I285 & I85).



RULES OF THUMB

ONCE THE SYSTEM IS STABILIZED ... CAN MOVE TO 1% RULE ON PIPES

- ▶ Pipe lifespan: ~100 years
- ▶ Minimum 1% of pipe needs to be replaced per year



6,000 MILES
OF WATER &
SEWER PIPE
IN DEKALB
COUNTY

1% = 60 miles
60 miles cost
~\$210 Million per
year on average
to replace*

*Pipe replacement ranges from 6" to 60" so using an average of 12"



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Our Investment

- DeKalb has the responsibility to provide safe, clean, reliable, and affordable water to its constituents;
- Even with our proposed 10 x 10 rate structure, **many** residents will never pay more than 1.50% of their income for water (based on 1,000 gallons usage per month per household member);
- Without action now, we risk falling behind on our community development efforts to enhance the quality life of DeKalb residents;
- Without action now, we risk falling behind on economic development efforts which increase tax revenue to the County and create jobs and raise the standard of living of our citizens/stakeholders.

We strive to be the #1 County for quality of life and to do business, and we must take this action to set us on the right path to get there.



Importance of Water/Wastewater in DeKalb's Future Development

- Community Development – capacity to grow our community assets - schools, healthcare, affordable housing, senior centers and other;
- DeKalb will have the financing in place to meet our Modified Consent Decree obligations;
- Increase water reserves by 60% and ensure when the tap turns on, water will flow;
- Improved quality of life through reduced sanitary sewer spills to our waterways;
- Preserve residential and commercial property values;
- DeKalb will have capacity for new economic development for more jobs (6,427 from the CIP alone over the 10-year period) and more revenue to reinvest back into the County;
- We will protect our investment grade credit rating.



The Cost of Inaction

“As water infrastructure deteriorates and ruptures, street flooding, shutdowns, and damage from storms would increase.

These interruptions would increase production costs for businesses, and prices for consumers would climb.

This would lead to a reduction in . . . demand for manufactured products”

- *The Economic Benefits of Investing in Water Infrastructure*

**10-year
(negative) impact
on DeKalb GDP
1.2 percent**

**\$ 1.16 BILLION
Lost
(DeKalb Co. Gross
Domestic Product)**



Cost of Inaction

The majority of our top ten water customers are also the largest employers in the County.

Many of our top industries in DeKalb including healthcare, food services, restaurant, and numerous other businesses both large and small, rely on reliable and clean water.

Emory University & Hospital	17,000
State Farm Insurance	7,200
DeKalb County Government	6,131
U.S. Centers for Disease Control & Prevention	4,500
Children’s Healthcare of Atlanta	3,800
Veterans Affairs Medical Center Atlanta	3,600
Emory Healthcare	3,500
Intercontinental Hotel Group	2,000
Insight Global Inc.	1,600
UPS (United Parcel Service Inc.)	1,500

Total

Employees

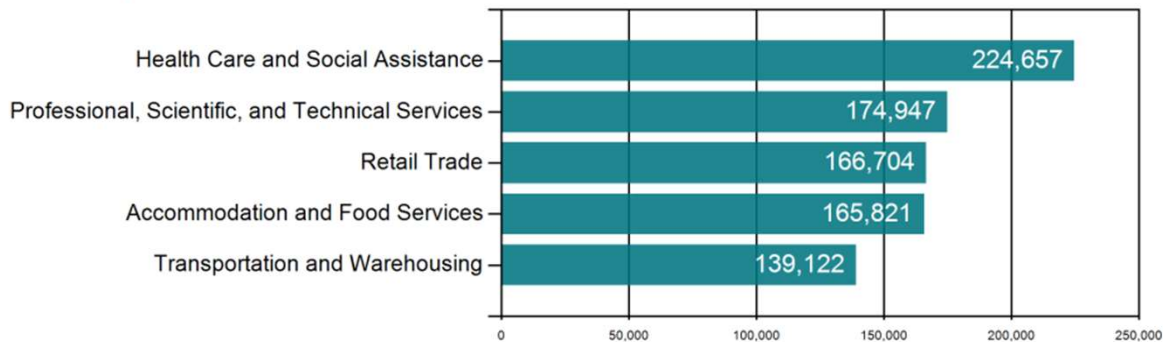
17,000
7,200
6,131
4,500
3,800
3,600
3,500
2,000
1,600
1,500

50,831

Customer⁽¹⁾

DeKalb County Schools
Emory University
DeKalb County Government
Hornel Foods Corporation
Centers For Disease Control
Veterans Affairs
DeKalb County Hospital
Post Properties
Children’s Health Care of Atlanta
Miles Properties Inc

Top Industries by Employment





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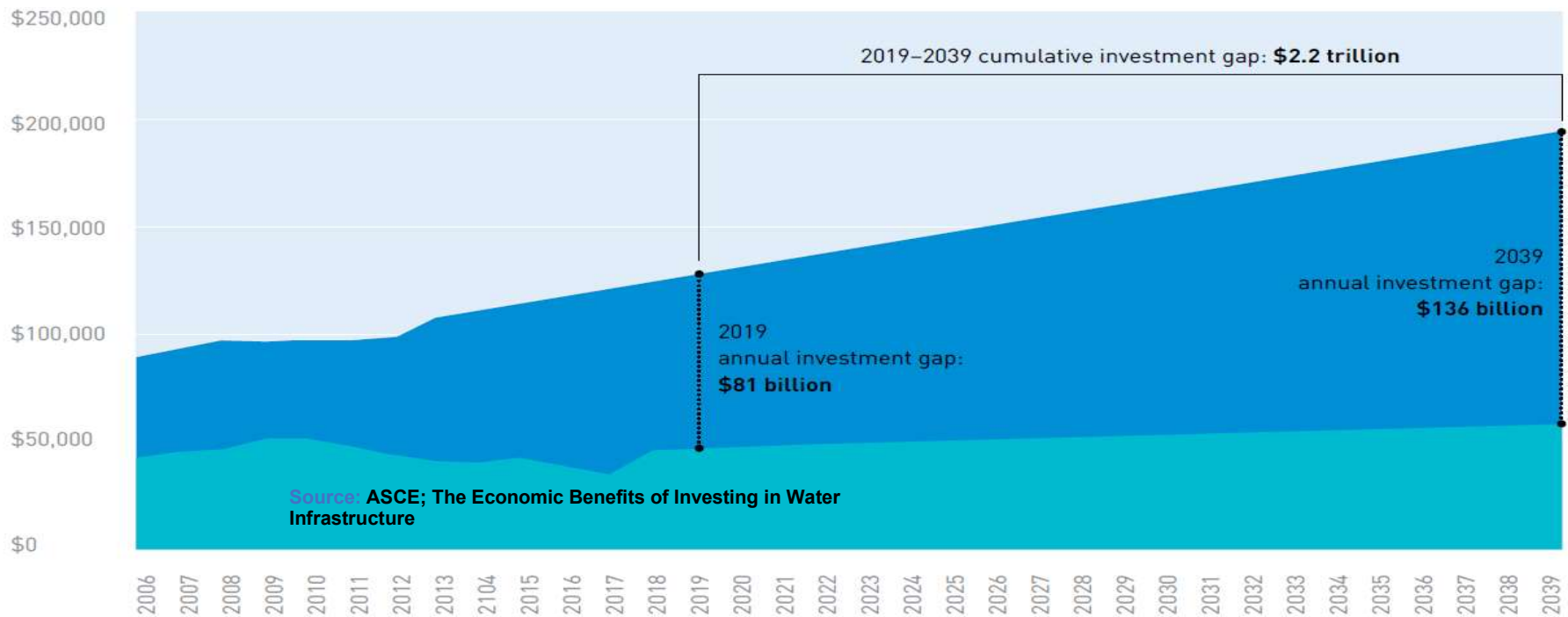
It's Not Just DeKalb – U.S. Water Industry

Infrastructure at the end of its useful life necessitates significant investment.

Water Infrastructure Capital Spending Gap ^{19;20;21}

(\$ million)

■ Water infrastructure capital need ■ Water infrastructure capital spending



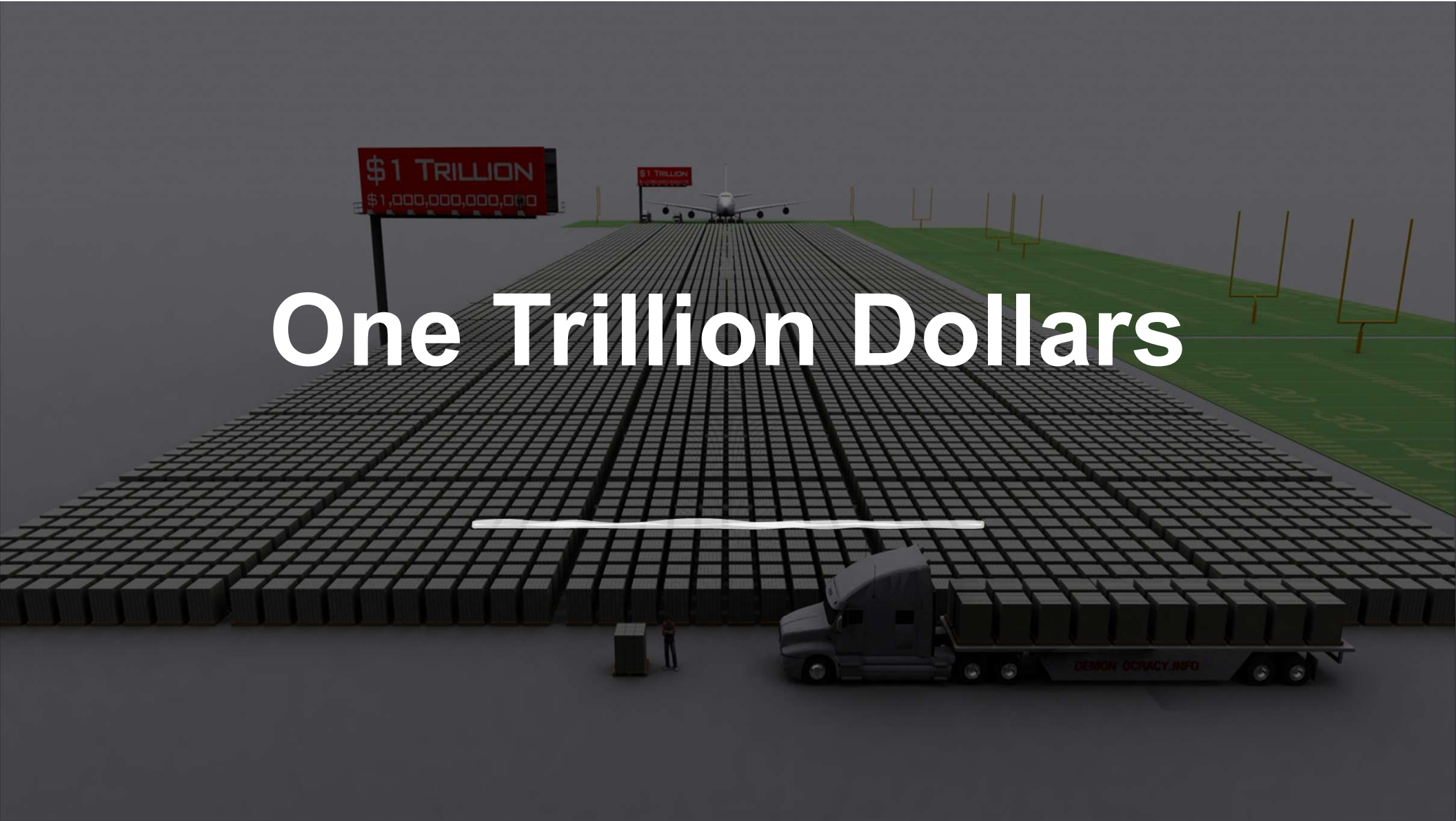
Source: ASCE; The Economic Benefits of Investing in Water Infrastructure

\$3.27 Trillion Over the Next 20-Years
\$2.2 Trillion is Unfunded

One Billion Dollars



One Trillion Dollars



\$1 TRILLION
\$1,000,000,000,000

\$1 TRILLION

DEMON_OCRACY.INFO



Issues Facing the Water Industry

Rank	Category
1	Watershed/Source Water Protection
2	Financing for Capital Improvements
3	Renewal & Replacement (R&R) of Aging Water Infrastructure
4	Long-Term Drinking Water Supply Availability
5	Financial Sustainability
6	Public Understanding of the Value of Water Systems and Services
7	Workforce Issues/Anticipated Retirements
8	Groundwater Management and Overuse
9	Drought or Periodic Water Shortages
10	Cybersecurity Issues
11	Public Acceptance of Future Water and Wastewater Rate Increases
12	Climate Risk and Resilience
13	Affordability for Low-Income Households
14	Integrated Water Planning
15	Increasing and/or Expanding Regulatory Requirements

Source: AWWA State of the Water Industry report

Five of the top fifteen AWWA Water Industry Issues are related to infrastructure funding!



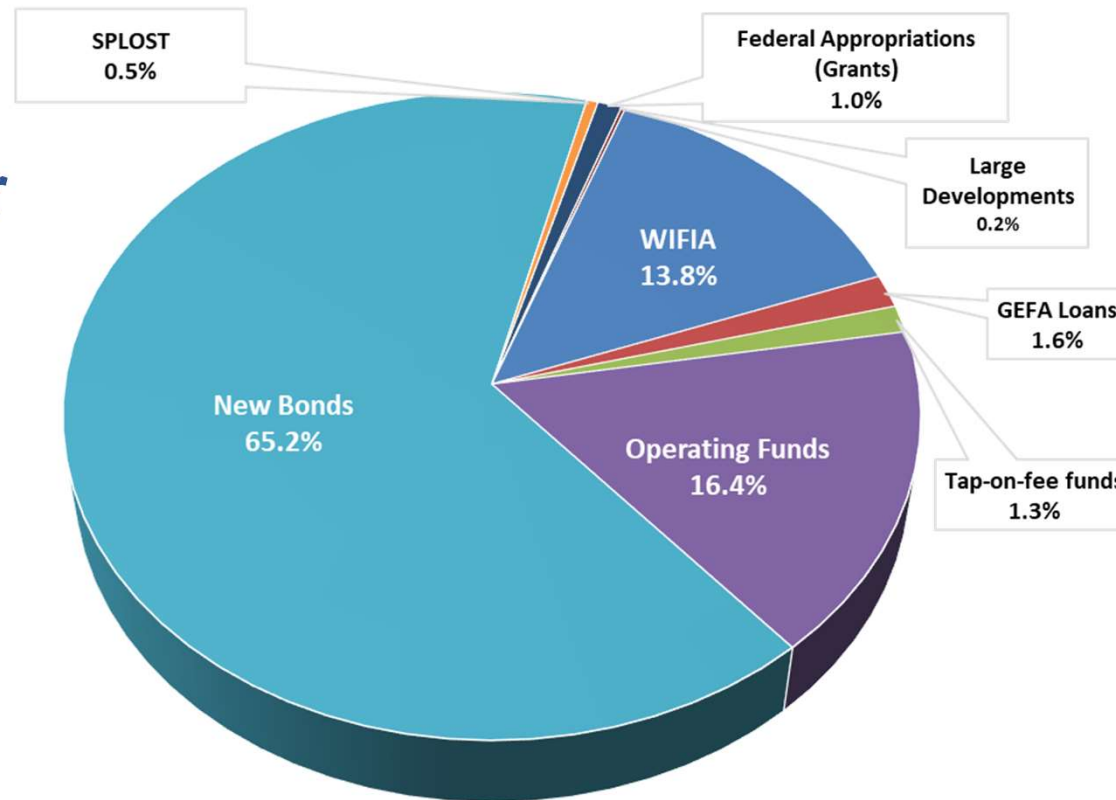
How Water Utilities are Addressing Funding

RANKING	UTILITY CAPITOL FUNDING SOURCES RANKED BY % MENTIONS
1	Rate increases (66.9%)
✓ 2	Grants (58.9%)
✓ 3	State Revolving Funds (SRFs) (54.7%)
✓ 4	Bonds (51.0%)
✓ 5	Reserves (39.8%)
✓ 6	Operational Savings (34.6%)
✓ 7	*WIFIA Resources (29.0%)
✓ 8	Other Loan Programs (24.5%)

Source: AWWA State of the Water Industry report

2025 – 2034 CIP by Funding Source

DeKalb's Water and Sewer CIP is made possible through a diverse mix of funding tools.



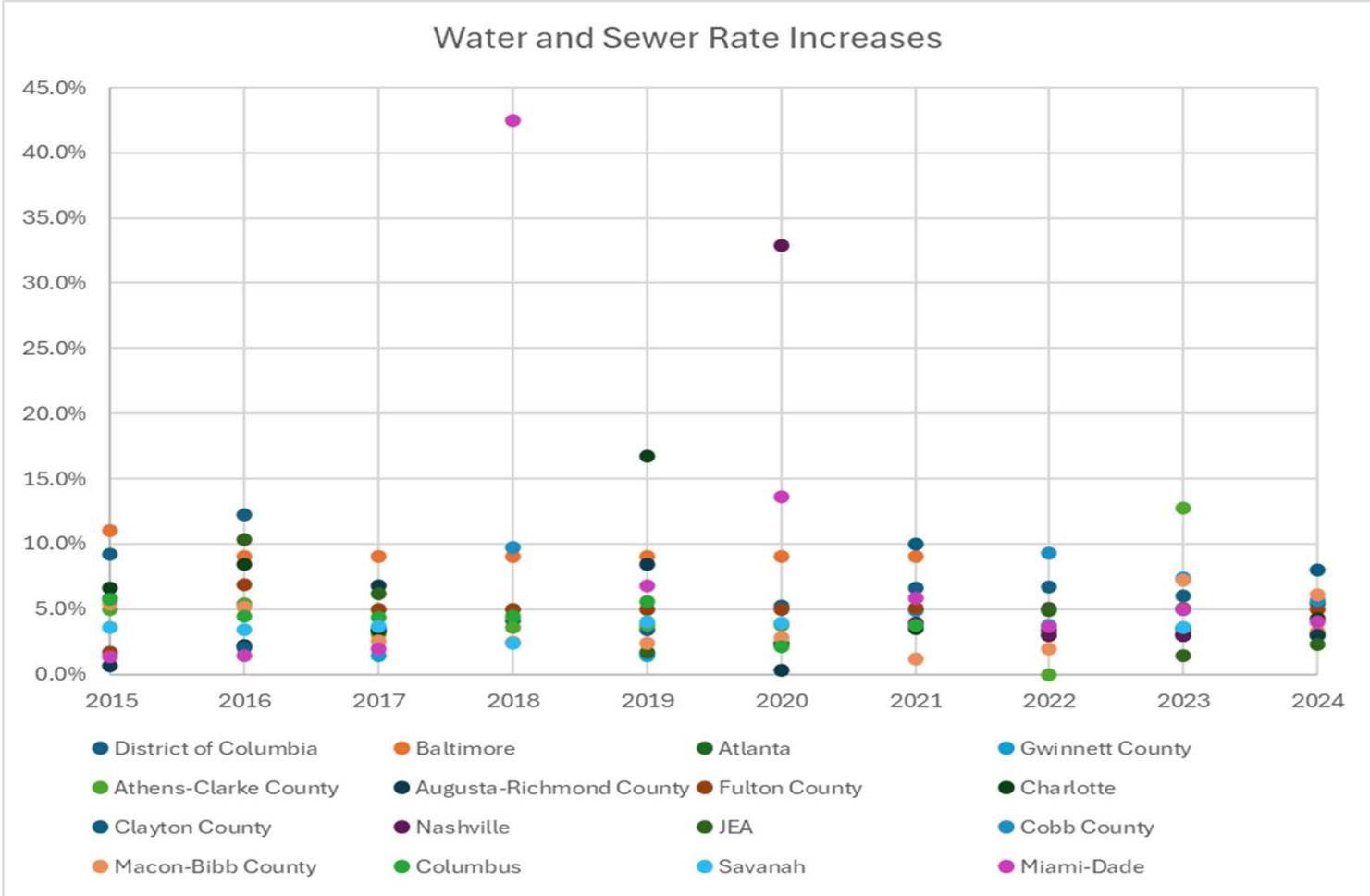


Historic Residential Rate Increases

The Average Annual Increase of all the Comparables over the Forecast Period is 4.2%.

This is a 50% increase over the 10-year period.

If DeKalb County had implemented 4.2% rate adjustments over the last 10-years, future rates increases would be 3%.





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Recommendation Summary

1. Meet Bond Resolution Requirements: rate increases are needed to meet minimum requirements required by the Master Bond Resolution.
2. Maintain Financial Stability: financially stable utilities establish and meet financial metrics.
3. Maintain Bond Ratings: the lack of rate increases in 2023 and 2024 could result in negative actions from rating agencies.
4. Fund a Portion of the Capital Program: funding the capital program will require additional debt, which will require rate increases to support. The Master Bond Resolution stipulates requirements for additional Parity bonds, rate increases are needed to meet these requirements.



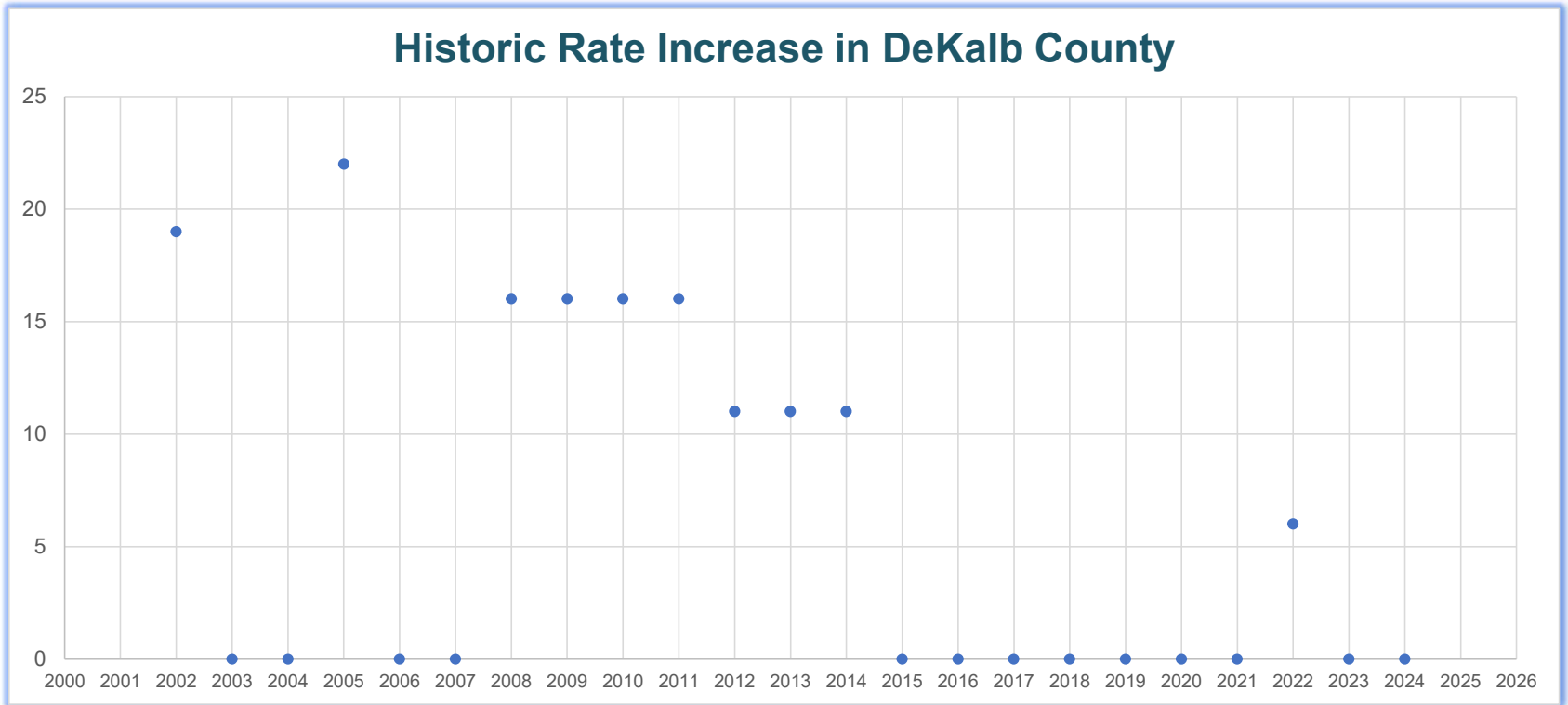
Recommendation Summary

Annual rate revenue adjustments for the next 10-years (10% per year) necessary to:

1. Help maintain DWM's Aa2 bond rating (Moody's)
2. Meet Parity bond requirements for the issuance of debt to
3. Fund the Capital Program over the next 10-years

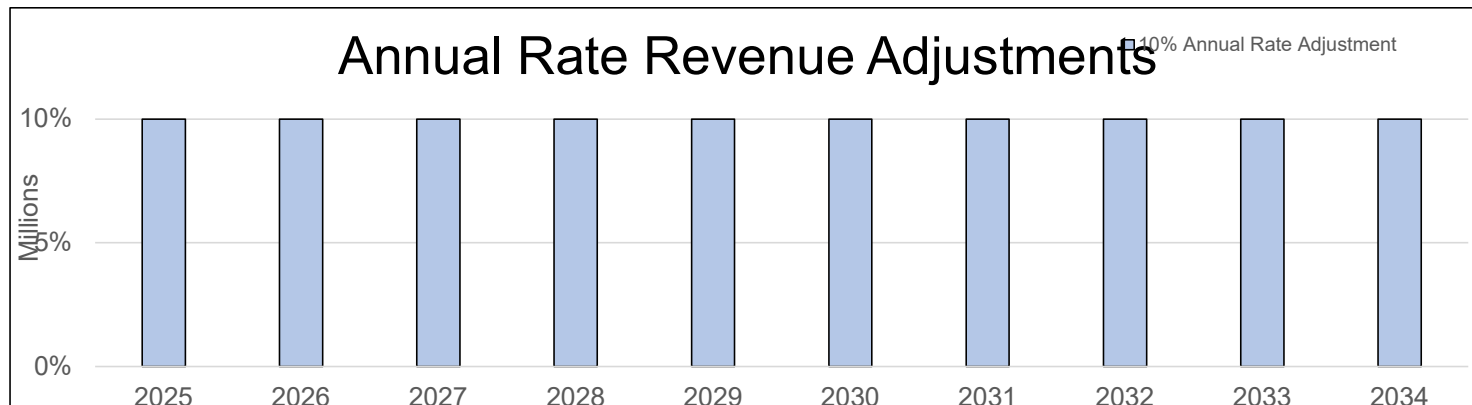
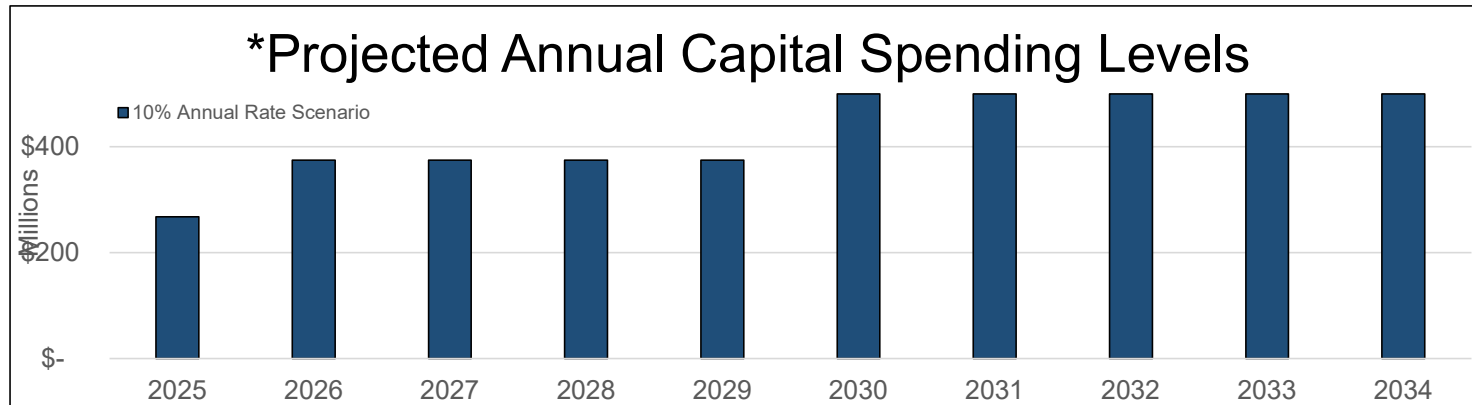


Year	Rate Increase
2002	19
2003	0
2004	0
2005	22
2006	0
2007	0
2008	16
2009	16
2010	16
2011	16
2012	11
2013	11
2014	11
2015	0
2016	0
2017	0
2018	0
2019	0
2020	0
2021	0
2022	6
2023	0
2024	0





Forecasted Capital Spend and Rate Revenue Increases (10% Annual Rate Revenue Increase)





Moving Forward in Addition to Rates

- Complete the Water First designation in 2025
- Apply for additional GEFA funding in 2025
- Apply for a third WIFIA loan in 2026
- Continue water loss reduction efforts by implementing new leak detection technology
- Continue grant funding applications
- Continue to address the remaining non-responsive residential accounts
- Address commercial past-due accounts
- Continue to monitor and report dispute levels



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DeKalb C.A.R.E.S. Customer Assistance Programs

DeKalb C.A.R.E.S.

Customer Discount Program

for income eligible residential customers funded from W&S operations

DeKalb C.A.R.E.S.

Customer Assistance Fund

for those facing disconnection funded from customer donations

DeKalb C.A.R.E.S.

Extended Payment Plans

- *Up to 7 years for customers in the 2025 dispute process*
- *Up to 2 years otherwise*

DeKalb C.A.R.E.S.

Customer Amnesty Program

for income eligible residential customer funded from W&S operations

DeKalb C.A.R.E.S.

Repair of Private Residential Infrastructure

- *Repair of leaks causing high usage*
- *Convert from septic tanks to sewer*
- *Repair of sewer laterals*

Office of Customer Advocate

Independent Advocate

funded from W&S revenues to resolve billing disputes between UCO and customer



Commitment to the Community

Our commitment to the community is reflected in the following principles:



We have carefully evaluated the investment opportunity and are confident it will address the County's needs and benefit its residents for generations to come.



Robust methods are in place to ensure responsible management of the funds. We are committed to ensuring a transparent process.



Our experienced team and available resources position us to successfully deliver this program.



We pledge to maintain transparency by providing regular, detailed progress reports.



Presentations Available At:

<https://www.dekalbcountyga.gov/watershed-management/2024-capital-improvement-program-cip>

QUESTIONS?

1941 30" Steel Water Pipe Break on Clairmont Rd in January
2025

