

## **MEMORANDUM**

**To:** Mayor and City Council

**From:** Chris Pike, Finance Director

**Date:** May 12, 2014

**Subject:** **Discussion to Consider Funding for Stormwater**

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### **ITEM DESCRIPTION**

To discuss funding stormwater projects to relieve the strain of backlog and preventative repairs needed.

### **BACKGROUND**

At the Dunwoody City Council retreat on January 24, 2014, Council directed staff to look into the feasibility and benefits of funding the backlog of stormwater system repairs needed in the City. During the meeting, it was disclosed to Council that the City currently has a \$3.8 million backlog of pipes in need of replacement immediately. These are being addressed upon failure and when budgeted repair funds exist. Additionally, the City estimates \$4.5 million is needed to replace pipes rated as "poor" and another \$7.5 million to replace pipes rated as "fair". The total estimated 5-year replacement cost is \$15.8 million.

The Georgia Environmental Finance Authority (GEFA) provides funding for water, sewer and stormwater projects. The limits afforded to local governments and the rates vary from year to year. Currently, the rate for a 20 year loan is 2.31% with annual debt service about \$63 per \$1000 borrowed. The annual cost for the backlog, poor and fair replacements would be about \$240,000, \$523,000 and \$1,000,000 respectfully.

Council appropriated \$1.8 million for 2014 repairs. Evaluating the impact of the debt service, staff estimates pursuing the financing for only the backlog of pipes needing replacement would be feasible. In other words, the Stormwater repairs budget demands would drop more than the debt on the backlog repairs allowing the City to get a start on the poor and fair repairs needed. Assuming the debt for the fair and poor categories would create a strain on operational budget needs going forward.

### **RECOMMENDED ACTION**

Staff respectfully requests Council's direction whether to pursue funding for backlog of stormwater pipes in need of replacement.