

DeKalb County Department of Public Works
Roads & Drainage Division

Stormwater Fee Rate Analysis

March 2023

A large orange geometric graphic consisting of a triangle and a rectangle. The triangle is on the left, with its hypotenuse sloping upwards from left to right. The rectangle is on the right, with its top edge aligned with the top of the triangle's hypotenuse. A thin white line runs horizontally across the middle of the graphic, intersecting the triangle's hypotenuse.

STORMWATER FEE RATE ANALYSIS

Prepared for:

DeKalb County Public Works Department
Roads & Drainage Division
729 Camp Road
Decatur, GA 30032

Prepared by:

Arcadis U.S., Inc.
2839 Paces Ferry Rd. SE
Suite 900
Atlanta, GA 30339
Tel 770-431-8666
Fax 770-435-2666

Our Ref.:

30073082

Date:

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1 INTRODUCTION AND PURPOSE

1.1 Overview

Arcadis U.S., Inc. (Arcadis) was retained by DeKalb County (County) Public Works Department (PWD) Roads & Drainage Division (R&D) to conduct a Stormwater Utility Fee Rate Analysis (Study). This Stormwater Fee Rate Analysis report (Report) details the results of the Study for a five-year period Fiscal Year (FY) 2023 through FY2027. The Study integrates several key assumptions, provided by the County and R&D, which serve as the foundation for the Study results. These key assumptions include:

- An escalating rate for 3 years that remains fixed for the next 2 Years
- The Stormwater Utility service area will consist of Unincorporated DeKalb County and the City of Stonecrest
- Billing Units (ERUs) will remain unchanged at current levels for the service area
- Collections rates will remain at an average of the last 5 years at 7.5%
- Inflation rate will moderate to approximately 3%
- The stormwater fee rate structure will remain unchanged

The results presented herein include a financial plan designed to generate revenues sufficient to fund the ongoing operating and capital costs necessary to operate the Stormwater Utility (SWU) in the near term while a long-term Master Plan is finalized and the cost to implement it over the long-term can be estimated.

1.2 Background

DeKalb County established the SWU and corresponding fee in January 2004 to generally fund the implementation of the County's Municipal Separate Storm Sewer System (MS4) Permit, that includes the operation and maintenance of the drainage system and executing the required pollution control measures. Outflows from the stormwater system into waters of the State are regulated under this permit. As the National Pollution Discharge Elimination System (NPDES) permit program has evolved, the national trend has been towards more stringent water quality controls.

The SWU is generally responsible for:

- Conducting ongoing maintenance of drainage infrastructure and repairing / replacing infrastructure.
- Responding to drainage complaints.
- Implementing capital improvement projects to address chronic drainage and flood problems.
- Conducting required activities to remain compliant with the NPDES MS4 permit.

To fund these efforts, the SWU charges a fee to all developed properties based on the amount of impervious surface on a parcel. The formula for the SWU fee uses an Equivalent Residential Unit, or ERU. The fee per ERU has been \$48 per year since the inception of the SWU.

The total number of ERUs for a property is calculated per the rate structure as follows:

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- All single dwelling lots (i.e. single family homes or townhomes) are charged one (1) ERU per year.
- All multiple dwelling lots (i.e. apartments or condos) are charged one-half (.5) ERU times the number of units on the lot.
- All other developed lands are charged one (1) ERU for each three thousand (3,000) square feet of impervious surface on the property, rounded to the next tenth of an ERU.
- Undeveloped property is not charged a SWU fee.

Over the years, the costs to conduct operations has risen while the SWU service area has also been reduced by incorporations of new cities (example Brookhaven, Tucker, etc.) and annexations from existing cities. The table below represents FY 2018 – FY 2021 (FY 2022 has not yet been audited at the time of this report) shows that expenditures have exceeded revenues and the SWU has been using fund balances or other sources to maintain operations.

Table 1-1. Historic SWU Revenue and Expenditures

Period-Year	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance
2018	\$13,483,187	\$14,824,418	\$17,154,772	\$11,152,833
2019	\$11,152,833	\$16,197,210	\$19,306,012	\$8,044,030
2020	\$8,044,030	\$15,322,245	\$18,674,791	\$4,691,484
2021	\$4,691,484	\$14,715,806	\$19,200,831	\$206,460

1.3 Organization of the Report

This Report presents an overview of the concepts employed in the development of the analysis contained herein, followed by a discussion of the data, assumptions and results associated with the analysis. The Report is organized as follows:

Section 1 - Introduction and Purpose

Section 2 - Revenue Sufficiency Analysis

Section 3 - Principal Assumptions and Considerations Applied in the Development of the Financial Projections

2 STORMWATER UTILITY REVENUES AND EXPENSES

2.1 Overview

As part of this Report, Arcadis has prepared an estimate of revenues and expenses for the SWU for the period FY2023 through FY2027. The SWU fiscal year runs from January 1st to December 31st. The purpose of this section is to present the revenues and expenses as well as the underlying assumptions utilized in the forecasts.

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This financial forecast uses the best available information provided by the R&D staff and others at the County. Further, we are using the proposed FY 2023 budget as the baseline funding for the program to which additional program enhancements are added.

2.2 General Methodology

The SWU Fee Rate Analysis is a determination of the annual revenue from rates which, combined with other sources of funds, will provide sufficient funds to meet the fiscal requirements of the SWU operations as defined in this Report. Generally, this effort focused on a cash approach looking exclusively at anticipated net revenues and expenditures. Capital project expenses are assumed to be paid via a capital reserve from SWU revenues or will be financed.

2.3 Revenues

Revenue estimates are based on the assumptions mentioned above in Section 1.1. The table below illustrates the estimated revenue anticipated to be generated by the SWU.

Table 2-1. Projected SWU Revenue

ESTIMATED REVENUE	Base Year 2022 Base Billings	Year 1 FY 2023	Year 2 FY 2024	Year 3 FY 2025	Year 4 FY 2026	Year 5 FY 2027
ERU Projection Totals						
Unincorporated DeKalb County	224,156	224,156	224,156	224,156	224,156	224,156
City of Stonecrest	41,286	41,286	41,286	41,286	41,286	41,286
ERU Rate (\$/ERU/month)						
Unincorporated DeKalb County	\$4.00	\$8.00	\$9.00	\$10.00	\$10.00	\$10.00
City of Stonecrest	\$4.00	\$8.00	\$9.00	\$10.00	\$10.00	\$10.00
Annual Gross Revenue						
Unincorporated DeKalb County	\$10,759,477	\$21,518,955	\$24,208,824	\$26,898,694	\$26,898,694	\$26,898,694
City of Stonecrest	\$1,981,747	\$3,963,494	\$4,458,931	\$4,954,368	\$4,954,368	\$4,954,368
Total Annual Billings from Customer Accounts:	\$12,741,225	\$25,482,449	\$28,667,755	\$31,853,062	\$31,853,062	\$31,853,062
Revenue Reductions						
Delinquencies		(\$1,911,184)	(\$2,150,082)	(\$2,388,980)	(\$2,388,980)	(\$2,388,980)
Revenue Recovery						
Delinquency Recovery		\$190,000	\$254,824	\$286,678	\$318,531	\$318,531
Total Estimated Revenue:		\$23,761,266	\$26,772,498	\$29,750,760	\$29,782,613	\$29,782,613

2.3.1 Service Area

The SWU service area as of July 1, 2023 will include the unincorporated areas of DeKalb County and the City of Stonecrest. These areas will be subject to SWU user fee charges. This is based on our understanding that starting July 1st of 2023, the City of Tucker, which had been part of the SWU, will begin operations of their own SWU user fee system. As such, this report does not assume any revenues from the City of Tucker.

2.3.2 Billing Units

As noted previously, the planning horizon for this study consists of fiscal year (FY) 2023 through 2027 (five years). For the purposes of this study, it is assumed that no appreciable growth will be experienced by the SWU. The billing master account file for FY2022 provided by the Tax Commissioner's Office was utilized to determine the number of billing units or Equivalent Residential Units (ERUs) that would be billed against for future revenue. The ERUs are broken down as follows:

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- Unincorporated DeKalb County – 224,156
- City of Stonecrest – 41,286

2.3.3 ERU Rates

This Study assumes that the ERUs would be billed at a standard rate that escalates each year for the first three years to generate annual bills, included in the property tax bills. For those properties that are exempt from property taxes, it is our understanding that a standalone bill is sent to those properties to bill for stormwater fees, sanitation fees, and street light fees, as applicable. This study assumes the following rates per ERU to generate annual SWU User Fee bills.

- FY2023 - \$8.00 per ERU per month (\$96.00 per year)
- FY2024 - \$9.00 per ERU per month (\$108.00 per year)
- FY2025 - \$10.00 per ERU per month (\$120.00 per year)
- FY2026 - \$10.00 per ERU per month (\$120.00 per year)
- FY2027 - \$10.00 per ERU per month (\$120.00 per year)

2.3.4 Annual Gross Revenues

Annual gross revenues are estimated by the billed amount (ERUs times ERU rate. This number represents the anticipated amount that will likely be billed. This number may also be thought of how much revenue would be generated if no adjustments to billing amounts are made and all revenue is collected (100% collections).

2.3.5 Total Annual Billings from Customer Accounts

The total annual billings from customer accounts consists of Unincorporated DeKalb County and City of Stonecrest for the purpose of this analysis because the City of Tucker will no longer be included in the SWU service area as of July 1, 2023.

2.3.6 Revenue Reductions (Delinquencies)

Delinquencies is assumed to reduce total annual billings at a rate of 7.5%. This assumption is based on reported collections by the Tax Commissioner's office, responsible for billing and collecting revenues for the SWU. A summary of the collections over the last few years can be found below.

Table 2-2. SWU Collections

Year	Date Range	Net Billings	Payments	Delinquencies	% Paid	% Delinquent	Collected in January of Subsequent Year	% Recovery
FY 2022	01/01/22 - 12/31/22	\$15,241,808	(\$14,097,019)	\$1,144,789	92.49%	7.51%	\$190,172	1.25%
FY 2021	01/01/21 - 12/31/21	\$15,104,069	(\$14,069,694)	\$1,034,375	93.15%	6.85%	\$495,908	3.28%
FY 2020	01/01/20 - 12/31/20	\$15,091,120	(\$14,026,297)	\$1,064,823	92.94%	7.06%	\$180,316	1.19%
FY 2019	01/01/19 - 12/31/19	\$14,957,014	(\$13,889,662)	\$1,067,352	92.86%	7.14%	\$145,979	0.98%
FY 2018	01/01/18 - 12/31/18	\$15,063,635	(\$13,960,574)	\$1,103,061	92.68%	7.32%	\$158,713	1.05%
FY 2017	01/01/17 - 12/31/17	\$14,973,764	(\$14,163,274)	\$810,490	94.59%	5.41%	\$169,176	1.13%
FY 2016	01/01/16 - 12/31/16	\$14,977,378	(\$14,103,377)	\$874,001	94.16%	5.84%	\$127,233	0.85%
FY 2015	01/01/15 - 12/31/15	\$15,128,626	(\$14,153,894)	\$974,732	93.56%	6.44%	\$86,609	0.57%

2.3.7 Revenue Recovery (Delinquency Recovery)

Based on reports from the Tax Commissioner’s office, approximately 1% of the billings are collected at the start of the next fiscal year. For example, in the model in FY2023, \$25,482,449 is anticipated to be billed. Using 1% recovery, it is anticipated that approximately \$254,824 would be collected in January 2024. It should be noted that the Tax Commissioner’s office would then proceed to collections after January for the remainder of the delinquencies, however, it is unknown how much this would be collected or in what time frame. As such, this model does not account for or depend on this revenue in any given year.

2.3.8 Total Estimated Revenue

Total estimated revenue is calculated by the following formula:

$$\text{Total Estimated Revenue} = \text{Gross Annual Billings} - \text{Delinquencies} + \text{Delinquency Recovery}$$

This revenue can be considered the net revenue generated in any given year for use by the SWU for operations and other expenses.

2.4 Expenses

The table below illustrates the anticipated expenses for the SWU.

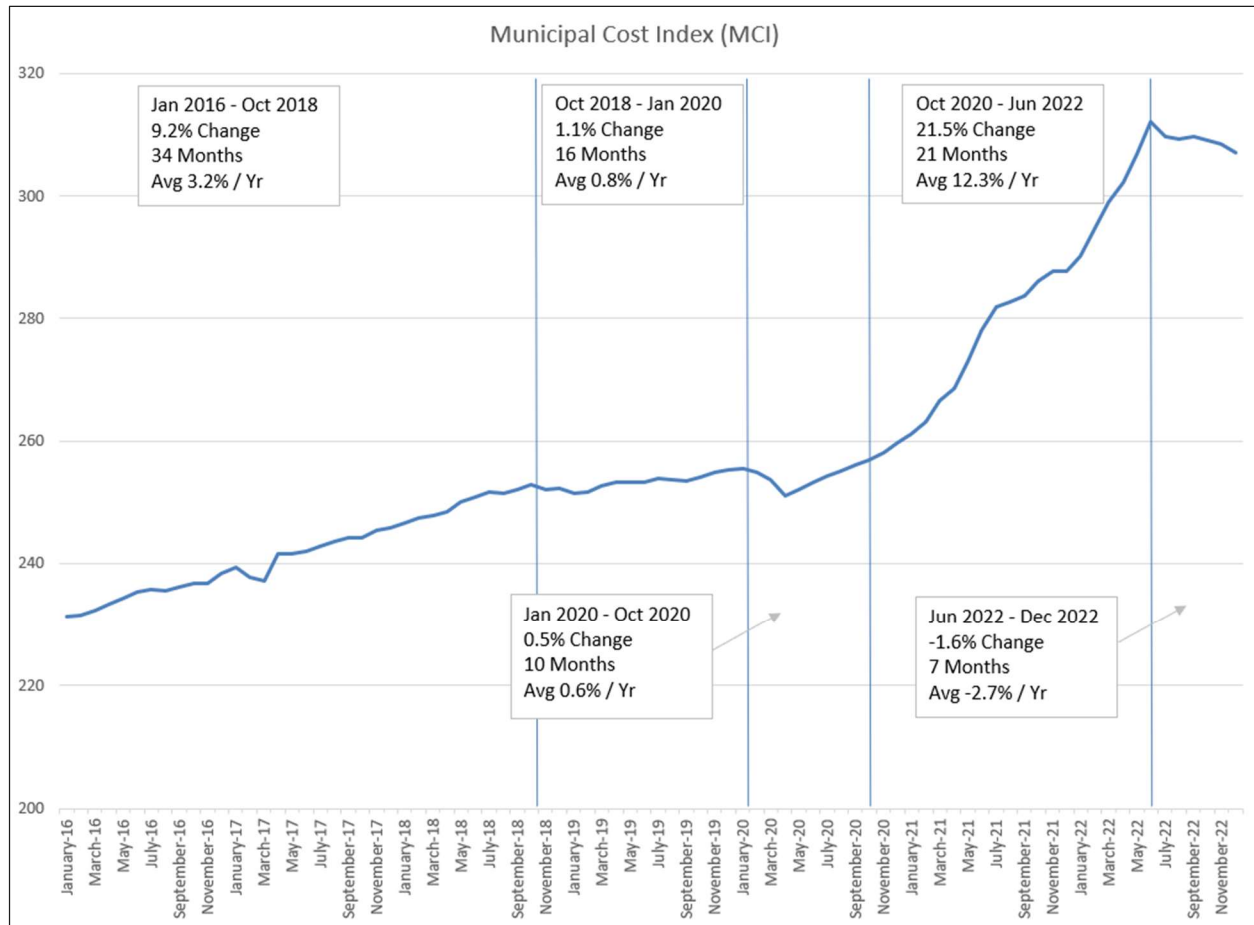
Table 2-3. Projected SWU Expenditures

EXPENDITURES	Base Year FY 2023 (Proposed)	Year 1 FY 2023	Year 2 FY 2024	Year 3 FY 2025	Year 4 FY 2026	Year 5 FY 2027
Base Funding Level						
Curb Bumping (Beautification)	\$1,500,000	\$1,500,000	\$1,545,000	\$1,591,350	\$1,639,091	\$1,688,263
Stormwater Operations (Roads & Drainage)	\$17,200,000	\$17,200,000	\$17,716,000	\$18,247,480	\$18,794,904	\$19,358,752
Base Funding Level Total	\$18,700,000	\$18,700,000	\$19,261,000	\$19,838,830	\$20,433,995	\$21,047,015
Increased Maintenance Level-of-Service, CIP, Debt Service						
Debt Service (GEFA Loan)		\$0	\$750,000	\$1,500,000	\$1,500,000	\$1,500,000
Debt Service (Bonds - Based on Master Plan)					\$3,000,000	\$3,000,000
Other Program Priorities						
Asset Assessment Tools			\$515,000	\$1,060,900	\$1,092,727	\$1,125,509
Pipe Repairs (Additional Pipe Crew)			\$1,030,000	\$1,060,900	\$1,092,727	\$1,125,509
Pond Maintenance (Additional Pond Crew)			\$643,750	\$663,063	\$682,954	\$703,443
Catch Basin Cleaning (Contract)		\$500,000	\$1,030,000	\$1,060,900	\$1,092,727	\$1,125,509
CIP Reserve Fund		\$3,000,000	\$3,000,000	\$3,350,000	\$750,000	\$100,000
Total Expenditures:		\$22,200,000	\$26,229,750	\$28,534,593	\$29,645,130	\$29,726,984

2.4.1 Inflation

A key consideration in any multi-year revenue sufficiency modeling effort is to consider the impacts of inflation. For this analysis, expenses in future years are inflated at a rate of 3% per year. This inflation rate is based on the Municipal Cost Index (MCI) as reported by American City and County. The MCI is a compilation of the Consumer Cost Index, Producer Cost Index, and Construction Cost Index. The graphic on the following page also illustrates the index over the past 7 years. Unless otherwise noted, the inflation rate was maintained at 3% for all other expenditures.

Figure 2-1. Municipal Cost Index (2016 – 2022)



2.4.2 Base Funding Level

The base funding level is based on the FY2023 budget proposed by R&D in the December 15th budget proposal. It represents the funding needed to operate the stormwater program consistent with its operations over the last several years, and without the need for supplemental funds.

2.4.3 Increased Maintenance Level-of-Service, CIP, Debt Service

The expenditures listed under the Increased Maintenance Level-of-Service, CIP, Debt Service heading in Table 2-3 represent additional expenditures to increase the level of service provided by the SWU.

Debt Service (GEFA Loan)

The Debt Service for Georgia Environmental Finance Authority (GEFA) Loan line item represents the anticipated annual payments for a \$25 million loan from GEFA via the State Revolving Fund (SRF). This payment is based on a \$25 million principal with a term of 30-years and 3.91% interest rate. GEFA SRF loans are similar to a line of credit loan and the monthly loan payments are based the actual amount of draw against the loan at the time of the payment. As such, payments would likely ramp up over the

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course of the construction projects that are funded by the loan. As a conservative approach, it is assumed that full payments would begin in FY2024. It is also assumed that minimal draws would be made in FY2023 as the loan has yet to be secured. As this represents debt service payments based on fix terms, no inflation was added to the expense in future years.

Debt Service (Bonds)

Debt Service (Bonds) line item represents anticipated future capital needs based on projects to address active work orders, those under design or waiting to be funded, or others that may be identified upon completion of the ongoing stormwater master planning effort. Debt service is assumed to be double the GEFA loan amount. Using the same terms, this debt service would support approximately \$50 million of additional capital improvements. As this represents debt service payments based on fix terms, no inflation was added to the expense in future years. Should it be determined that this additional debt service is not necessary, the corresponding amount would be added to the CIP Reserve Fund in lieu of debt service funding.

Asset Assessment Tools

The Asset Assessment Tools line item represents costs for additional inspections that would allow the SWU to identify the most at risk infrastructure based on physical inspections. Future work orders and capital projects would then be programmed based on the inspections and anticipated risks from a potential failure of the assets. Such inspection methods could include line lamping, closed circuit television inspections, etc. Currently, the County does not have the resources to conduct detailed inspections of pipes and other underground assets beyond simple visual inspections.

Pipe Repairs (Additional Pipe Crew)

The Pipe Repairs (Additional Pipe Crew) line item represents the addition of an additional R&D crew that would be dedicated to pipe repair work orders. This crew would consist of a 7-8 persons with personnel and overhead cost of approximately \$500,000 per year. An additional \$500,000 for materials was assumed for consumables (pipe, manholes, grout, concrete, etc.). It is assumed that the crew would begin operations in the first half of FY2024.

Pond Maintenance (Additional Pond Crew)

The Pond Maintenance (Additional Pond Crew) line item represents the addition of an additional R&D crew that would be dedicated to detention pond maintenance. Currently, the SWU is responsible for approximately 1,000 detention ponds. This crew would consist of 7-8 persons with personnel and overhead cost of approximately \$500,000 per year. An additional \$125,000 was assumed for consumables (mowers, tools, fuel, etc.). It is assumed that the crew would begin operations in the first half of FY2024.

Catch Basin Cleaning (Contract)

The Catch Basin Cleaning (Contract) line item represents the addition of additional capacity to clean and repair catch basins via a contracted service. Currently, the SWU receives numerous complaints per year that result in work orders generated for catch basin cleaning and repair. It is assumed that this line item would consist of approximately \$1 million per year of contracted services. Given that this contract would need to be bid and secured, it is assumed that only half of the funding would be spent in FY2023.

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CIP Reserve Fund

The CIP Reserve Fund represents a reserve assigned to unanticipated capital construction / heavy maintenance needs. Examples of such needs may include but not necessarily be limited to emergency response projects related to storm damage, sink holes, slope failures, unforeseen stormwater infrastructure failures, etc. It is anticipated that as the SWU's inspection program (see Asset Assessment Tools) matures, the funding can be more pro-actively programmed into CIP such as projects funded by debt service or cash on-hand type projects.

2.4.4 Total Expenditures

Total expenditures consist of all anticipated services to be funded by the SWU revenues. The total expenditures is a sum of the Base Funding Level Total, Increased Maintenance Level-of-Service, CIP, and Debt Service costs.

2.5 Reserves

Using the revenues and expenditures previously discussed, the spreadsheet rate model was used to determine if the proposed SWU fee rates and resulting revenues would be sufficient to meet the anticipated expenses.

Table 2-4. Projected Stormwater Reserves

ESTIMATED REVENUE	Base Year 2022 Base Billings	Year 1 FY 2023	Year 2 FY 2024	Year 3 FY 2025	Year 4 FY 2026	Year 5 FY 2027
ERU Projection Totals						
Unincorporated DeKalb County	224,156	224,156	224,156	224,156	224,156	224,156
City of Stonecrest	41,286	41,286	41,286	41,286	41,286	41,286
ERU Rate (\$/ERU/month)						
Unincorporated DeKalb County	\$4.00	\$8.00	\$9.00	\$10.00	\$10.00	\$10.00
City of Stonecrest	\$4.00	\$8.00	\$9.00	\$10.00	\$10.00	\$10.00
Annual Gross Revenue						
Unincorporated DeKalb County	\$10,759,477	\$21,518,955	\$24,208,824	\$26,898,694	\$26,898,694	\$26,898,694
City of Stonecrest	\$1,981,747	\$3,963,494	\$4,458,931	\$4,954,368	\$4,954,368	\$4,954,368
Total Annual Billings from Customer Accounts:	\$12,741,225	\$25,482,449	\$28,667,755	\$31,853,062	\$31,853,062	\$31,853,062
Revenue Reductions						
Delinquencies		(\$1,911,184)	(\$2,150,082)	(\$2,388,980)	(\$2,388,980)	(\$2,388,980)
Revenue Recovery						
Delinquency Recovery		\$190,000	\$254,824	\$286,678	\$318,531	\$318,531
Total Estimated Revenue:		\$23,761,266	\$26,772,498	\$29,750,760	\$29,782,613	\$29,782,613

EXPENDITURES	Base Year FY 2023 (Proposed)	Year 1 FY 2023	Year 2 FY 2024	Year 3 FY 2025	Year 4 FY 2026	Year 5 FY 2027
Base Funding Level						
Curb Bumping (Beautification)	\$1,500,000	\$1,500,000	\$1,545,000	\$1,591,350	\$1,639,091	\$1,688,263
Stormwater Operations (Roads & Drainage)	\$17,200,000	\$17,200,000	\$17,716,000	\$18,247,480	\$18,794,904	\$19,358,752
Base Funding Level Total	\$18,700,000	\$18,700,000	\$19,261,000	\$19,838,830	\$20,433,995	\$21,047,015
Increased Maintenance Level-of-Service, CIP, Debt Service						
Debt Service (GEFA Loan)		\$0	\$750,000	\$1,500,000	\$1,500,000	\$1,500,000
Debt Service (Bonds - Based on Master Plan)					\$3,000,000	\$3,000,000
Other Program Priorities						
Asset Assessment Tools			\$515,000	\$1,060,900	\$1,092,727	\$1,125,509
Pipe Repairs (Additional Pipe Crew)			\$1,030,000	\$1,060,900	\$1,092,727	\$1,125,509
Pond Maintenance (Additional Pond Crew)			\$643,750	\$663,063	\$682,954	\$703,443
Catch Basin Cleaning (Contract)		\$500,000	\$1,030,000	\$1,060,900	\$1,092,727	\$1,125,509
CIP Reserve Fund		\$3,000,000	\$3,000,000	\$3,350,000	\$750,000	\$100,000
Total Expenditures:		\$22,200,000	\$26,229,750	\$28,534,593	\$29,645,130	\$29,726,984
Annual Reserve (Rev - Exp)		\$1,561,266	\$542,748	\$1,216,167	\$137,482	\$55,628
Running Reserve (Prev Reserve + Rev - Exp)	\$0	\$1,561,266	\$2,104,014	\$3,320,181	\$3,457,663	\$3,513,292

For this analysis, it was assumed that the starting reserve balance was \$0. Generally, the model attempted to have a running reserve balance of 8.3% to 16.6% of the base funding level anticipated expenditure. This is equivalent to 1 to 2 months reserve.

2.5.1 Annual Reserve

Annual Reserve consists of the difference between total expenditures and total estimated revenue in any given year.

2.5.2 Running Reserve

The Running Reserve line item represents the total reserve in any given year by subtracting the expenditures from the revenue in any given year and adding the previous year's reserve.

3 ASSUMPTIONS

In conducting the analyses and in forming an opinion of the projection of future financial results summarized in this report, several important assumptions were made with respect to conditions, events, and circumstances that may occur in the future. The methodology utilized in performing the analysis follows generally accepted practices for such projections. While the assumptions are considered reasonable and appropriate, and the projection methodology valid, actual results may differ materially from those projected, as influenced by the conditions, events, and circumstances that actually occur that are unknown at this time.

The following are the principal assumptions and considerations applied in developing the projections of operating revenues and expenses:

- The Service Area will Remain Consistent and Consist of:
 - Unincorporated DeKalb County
 - City of Stonecrest
- Billing Units (ERUs) will Remain at Current Levels for the Service Area
 - Master Account File for FY 2022 served as the basis for all ERU projections.
 - No growth in future in ERUs will be experienced.
 - Adjustments due to changes in development, annexations, credits, etc. will have a negligible impact on the number ERUs
- Rate Structure will Remain Consistent with Current Rate Structure
- Future Rates
 - FY2023 - \$8.00 per ERU per month (\$96.00 per year)
 - FY2024 - \$9.00 per ERU per month (\$108.00 per year)
 - FY2025 - \$10.00 per ERU per month (\$120.00 per year)
 - FY2026 - \$10.00 per ERU per month (\$120.00 per year)
 - FY2027 - \$10.00 per ERU per month (\$120.00 per year)

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- Collections Rates will Remain at Similar Levels
 - 92.5% of billings will be collected during the fiscal year.
 - 1% of billings will be collected in the following fiscal year
 - Remaining delinquencies will be pursued but are not relied upon for this analysis
- Inflation Levels
 - The Municipal Cost Index (composite of Consumer Price Index, Construction Cost Index, and Producers Cost Index) serves as a reasonable proxy for inflation.
 - High inflation experienced October 2020 – June 2022 was transitory, and inflation will moderate to an average 3% per year.
- The base operating funding requirements are consistent with FY2023 budget request.
- Unplanned capital construction / repair will be limited to approximately \$3,000,000 per year (FY 2023 – FY 2025) and other construction, renewal, or repairs will be financed via debt service or other sources of funding.
- The rate increases are designed to be limited while the County develops a long-term Master Plan and funding plan for future consideration.

4 LIMITATIONS

This Report was prepared solely for the benefit of and use by the County for the discrete purposes set forth herein. The County did not request Arcadis to provide, and Arcadis does not offer to provide, nor did or will it provide, any services constituting the services of a “municipal advisor” as defined by the Securities Exchange Act of 1934, as amended by the Dodd–Frank Wall Street Reform and Consumer Protection Act (Pub.L. 111-203, H.R. 4173) and regulations promulgated thereunder, or any successor statute or provisions thereto. Accordingly, Arcadis is not a municipal advisor registered with the U.S. Securities and Exchange Commission.

Arcadis is required to make disclosures stating the limitations of the work contained within the document and its use. In accordance with the Securities Exchange Act of 1934, the following disclosure statements are incorporated into this Report prepared by Arcadis:

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Arcadis U.S., Inc.

Arcadis U.S., Inc.
2839 Paces Ferry Rd. SE
Suite 900
Atlanta, GA 30339
Tel 770-431-8666
Fax 770-435-2666

www.arcadis.com