Presentation Outline

- The Good
- The Bad
- The Ugly

- The Inspirational
Background (Pre-2003): The Good

- Adequate water supply and treatment capacity
- Adequate wastewater treatment plant capacity
- Regional provider
- Reasonable rate levels
Background (Pre-2003):
The Bad and The Ugly

- Long-term system under-investment
- Failed water utility privatization
  - Inadequate business systems / Consent Orders
  - Contract termination in less than 5 years
- Flawed stormwater utility fee imposed
  - $7 million refunded
- Wastewater Consent Decrees
  - $3+ billion investment \textit{w/o a financial plan}
  - Limited schedule & stipulated penalties
- Poor image
  - Insensitive, inactive, incompetent
2003
DEPARTMENT OF
WATERSHED MANAGEMENT
CREATED
The GOOD

- CSO Consent Decree compliance
- SSO Consent Decree compliance
- Resumption of public water service

.... **COMPLIANCE WITH A PRICE**
The Good: Consent Decree Compliance

CSO and SSO Programs

- Consent Decree issued 1998 & 1999
- Full compliance by Nov 2008 & Jul 2014
- Separated 3 basins for 90% total separation citywide – eliminated 2 CSOs
- Reduced CSOs from 100/yr at 6 facilities to 4/yr at 4 remaining facilities
- Treating 99% of wastewater and 85% of stormwater within combined system
- Total cost: $710M + $1.4B
The Good:

Total Public Spills/SSOs per 100 Miles
January 1, 2004 - June 30, 2012

Year
- 2004: 32.7
- 2005: 33.9
- 2006: 20.8
- 2007: 16.0
- 2008: 17.2
- 2009: 19.2
- 2010: 12.4
- 2011: 12.8
- 2012: 5.8
Total Public Spills Only per 100 Miles
January 1, 2004 - June 30, 2012
The GOOD: Public Water Service Resumed

- Limited restoration of critical staffing, inventory, equipment
- Re-investment in supply storage, transmission, valves and hydrants

Bellwood Quarry
The Good (?): Value of Service Pricing

2008 Water/Wastewater Rate Survey
American Water Works Association
Raftelis Financial Consultants, Inc.
Residential User Charges - 10 CCF

Atlanta 2012 bills reflect approved rate increases
* Seasonal water rates, weighted average of charges for 10 CCF user
** Does not include 1% Municipal Option Sales Tax
The BAD

- Disproportionate reinvestment
- Expensive diversions
- PMT transitioning
- Burdensome rates
The BAD
Disproportionate Investment

City of Atlanta Department of Watershed Management
Water and Wastewater System Capital Improvements
2003 - 2009 Fixed Asset Data
The BAD

Expensive Diversions and PMT

- Viewed as / are “Deep Pocket”
  - PILOT, Franchise Fees, Direct and Indirect Charges > $50M (10% of RR)
  - Initiative funding: BAMI

- Legislative / litigation target
  - Proposed system withdrawals
  - Rate challenges

- PMT transitioning
  - PMT “graceful exit”
  - DWM over-reliance on PMT resources
The BAD
Burdensome Rates

Bills as a Percentage of Median Household Income
10 CCF Residential User

$245M/Year Debt Service Burden
The UGLY

- Dysfunctional CIP planning and management
  - Pet projects
- Organizational / cultural turbulence and resistance to change
- Metering, billing & customer service system implementation failures
- Inadequate controls and compliance with safety regulations
2011
DEPARTMENT OF
WATERSHED MANAGEMENT
EVOLVING
The UGLY: Operational Performance

• Health & safety concerns
  ➢ Audits reveal inadequate emphasis on employee health & safety as highest priority

• Treatment plant performance
  ➢ Wastewater plant permit compliance
  ➢ Water plant reliability

• Consent Decree myopia
  ➢ Capital program emphasis aligned to specific, gray infrastructure, projects
The UGLY: DWM Budget and Staffing

**Qualseve Performance Indicators for Water and Wastewater Utilities**
**2009 Survey – Combined Operations**

**Customer Accounts Per Employee**

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<thead>
<tr>
<th></th>
<th>Atlanta</th>
<th>Top Quartile</th>
<th>Median</th>
<th>Bottom Quartile</th>
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<td>Water</td>
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**O&M Cost Per Account**

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The UGLY: Customer Service

Qualserve Performance Indicators for Water and Wastewater Utilities
2009 Survey – Combined Operations
Customer Service Complaints Per 1000 Accounts

- Atlanta
- Top Quartile
- Median
- Bottom Quartile
The Inspirational

- Strategic direction
  - Reaffirmed Mission
  - Assess state of DWM
  - Integrated Water Resources
The Inspirational:
Reaffirmed Fundamental Mission

1. Customer service
2. Employee stewardship
   Safe Workplace
3. Holistic watershed management
   Regulatory Compliance
4. Operational efficiency & financial Integrity
FY 2012 DWM Assessment

Results

Non-conformance and training needs
Permit and other non-compliance issues
Hiring new Deputy Commissioners
Audits complete / remedial measures
Lacking customer care culture & processes
Notable opportunities to reduce loss / save water

Safety audits
Compliance reviews
Executive leadership
Meter audits / billing systems
Customer service practice review
Water loss audit / conservation
FY 2013 Priorities and Initiatives

- **Improve customer service and response**
  - Correct metering issues identified by audits/repairs
  - Targeted training / surveys

- **Workplace safety and accident/injury prevention**
  - Enhanced training / revised safety programs
  - DWM-wide safety focus
  - Specialized software

- **Regulatory compliance and environmental protection**
  - Plant repairs / improved operating protocols / CIP per revised Consent
  - Decree/tracking permits

- **Efficient operations; accountability, performance measures**
  - Efficiency Plan Development
  - Benchmarking assessment
  - Advanced training
The Inspirational:
Integrated Water Resources

Wastewater
- Anti-Degradation
- Effluent Quality Standards
- EID
- Watershed Protection Plans

Drinking Water
- Interbasin Transfer
- Water Reuse
- Water Conservation
- Drinking Water Standards

Stormwater
- MS4
- Flood Protection
- Stream Restoration
- BMPs

Integrated Water Resources Management
- NPDES
- Wetland Treatment
- Watershed Assessment
- SSOS
- TMDLs

Storage/Reservoir Management
- Water Reuse

Stormwater Management
- BMPs
The Inspirational

- Reorganization of department
  - Focus on goals and priorities
    - Customer service
    - Safe workplace
    - Regulatory compliance
    - Efficient Operations
  - Move toward Best in Class
    - Promote in-house talent
    - Remove turbulence, silos
    - Track performance, progress
    - More even workload across Offices
The Inspirational: Department Reorganization

DWM Commissioner

- Finance & Management
- Drinking Water
- Watershed Protection
  - Engineering Services
  - Wastewater

Offices
- Safety and Security & Emergency Mgmt
- Communications
- Performance & Accountability
The Inspirational:
Department Reorganization

DWM Commissioner

- Financial Administration
- Engineering Services
- Linear Infrastructure Operations
- Water Treatment & Reclamation
- Watershed Protection

Offices
- Safety and Security & Emergency Mgmt
- Communications
- Performance & Accountability
The Inspirational: Reorganization

- Customer & business services
  - Focus on customer service
  - 98 facilities
  - Document control for regulatory compliance & open records
  - Centralize fleet
  - Centralize warehouse

- Office of Customer & Business Services
  - Customer Service
  - Facilities Management
  - Central Document Control
  - Central Warehouse & Fleet
  - Watershed Procurement & Legislation
The Inspirational: Reorganization

- **Engineering Services**
  - Design & CST management of CIP
  - Strategic Asset Management
  - GIS - centralization of DWM databases
The Inspirational: Reorganization

- Water treatment & reclamation
  - Combines all plants & CSO facilities
  - New – Automation & Sustainability Division
The Inspirational: Reorganization

- Linear Infrastructure Operations
  - Combines all pipes
  - Maintenance & repair
The Inspirational: Reorganization

- Watershed protection
  - Manages labs
  - Oversees ALL regulatory compliance for department
  - Environmental management
    - Ecology group
    - Sustainability group
  - Manages restoration projects
The Inspirational: Reorganization

- Tap into talent
- Increase skills
The Inspirational

- New opportunities
  - Financial flexibility with CD extension
  - Connection with customers
  - Awarding employees
  - Utilize technology
  - Promote achievement
    - Training
    - SWAT
    - Empowerment & Competition
    - Creativity
The Inspirational: New Opportunities

- Requested 13 year extension
- If granted; longest Consent Decree in U.S.
- Approx $450MM work remaining
The Inspirational: New Opportunities

- Connecting with customers
  - Department-wide training
  - Improved walk-in area
  - Dedicated call reps, better database
  - Surveys

“Michael was willing and able to work with me to understand my situation and come to an agreeable solution. Too often empathy, common sense and pragmatism evade us and Michael exemplified all on this day.”
Social Media Reaches Customers

Facebook

Twitter

Youtube

Applications
The Inspirational: New Opportunities

- Awarding employees
  - Gift certificates
  - Parking space
  - H2Oscars
    - Best Performance on a Main Break
    - Best Supporting Performance on a Sewer Spill
    - Best Performance in an Emergency Situation
The Inspirational: New Opportunities

- Utilizing technology
  - Video production in-house
  - eConsumption – customers see water usage real-time via web
  - eBill – Go Green; electronic bills
  - VIC; high grade surveillance system
  - Real-time monitoring and remote sensing
  - Spill forewarning system
  - FOG to biofuels
The Inspirational: New Opportunities

- Utilizing technology
  - Co-Generation Project at RM Clayton WRC
    - Provides 15% of electricity
    - $1MM savings after 6 year payback
    - Contributes toward 5% energy from renewable sources by 2015
The Inspirational: New Opportunities

- Promote achievement
  - Establish a Safety Training Academy to train all DWM employees using in-house Board certified trainers; 40 courses and license tracks.
  - SWAT – Strategic Water Advancement Team; skilled, talented in-house staff as team of experts to tackle high profile tasks/projects
The Inspirational: New Opportunities

- Promote achievement
  - Specialized technical training
    - Stream walks
    - Hydraulic modeling
    - Water meter repair
    - Valve and hydrant inspections
The Inspirational: New Opportunities

- Promote achievement
  - Empowerment and competition
    - New – 8 Tapping Teams;
    - Handling backlog
    - Improved protocol
    - Had only 3 good machines; now 15 total
    - Installed 76 new meters in one week
    - Goal 179 by August
The Inspirational: New Opportunities

- Promote achievement
  - Creative and “green” projects that encourage economic development
Water Utility of the Future...the Good, the Bad, the Ugly and the Inspirational

JoAnn Macrina, P.E.
Commissioner

NACWA Summer Conference
July 18, 2012
Financial Milestones

- Jan 2004 – 5 year rate increase legislation
  - Cumulative 189% increase in system rates
- July 2004 – Municipal Option Sales Tax referendum
- September 2004 - $849 million bond issue
- December 2004 – Rate legislation
  - 1% increase - ‘dollar for dollar’ reduction via MOST
- February 2006 – Tax Exempt Commercial Paper ($1.2 B)
- February 2008 - Referendum to renew MOST for 4 years
- June 2008 – 4 year rate increase approved
  - Cumulative 80% increase in system rates
- 2008 & 2009 - $1.3 billion in 3 revenue bond issues
  - Paid TECP obligations, fixed VRDBs, $352M new money
- April 2010 – Schedule extension request
- **May 2012 – 13 year schedule extension approval**
- June 2012 – Wastewater rates recast as water quality
- Pending - Water Resources bond refinancing
Nancy Creek Tunnel Provides Wet Weather Relief

8.5 Miles 14-ft Finished Diameter

10 Million Gallons Wet Weather Storage Capacity
Revenues and Expenditures

**Anticipated 2012 Revenue**

- **Most**: $567.9
- **Water & Sewer Rates**: $113.1
- **Other**: $39.5

**Budgeted 2012 Expenditures**

- **O&M**: $567.9
- **Debt Service**: $210.7
- **Other/Reserves**: $245.4
- **Other/Reserves**: $111.8