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 **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

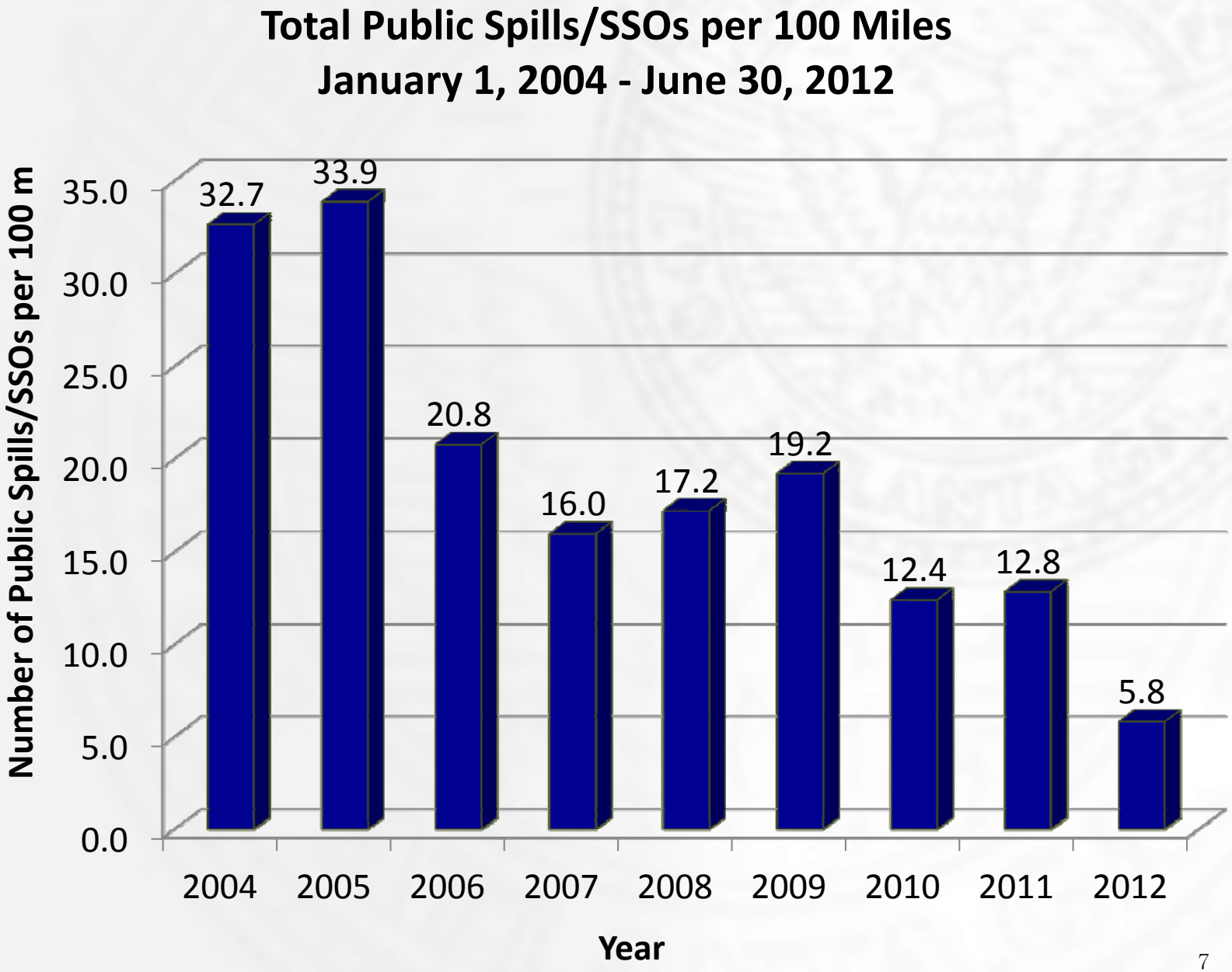
CSO and SSO Programs

Completed 2008

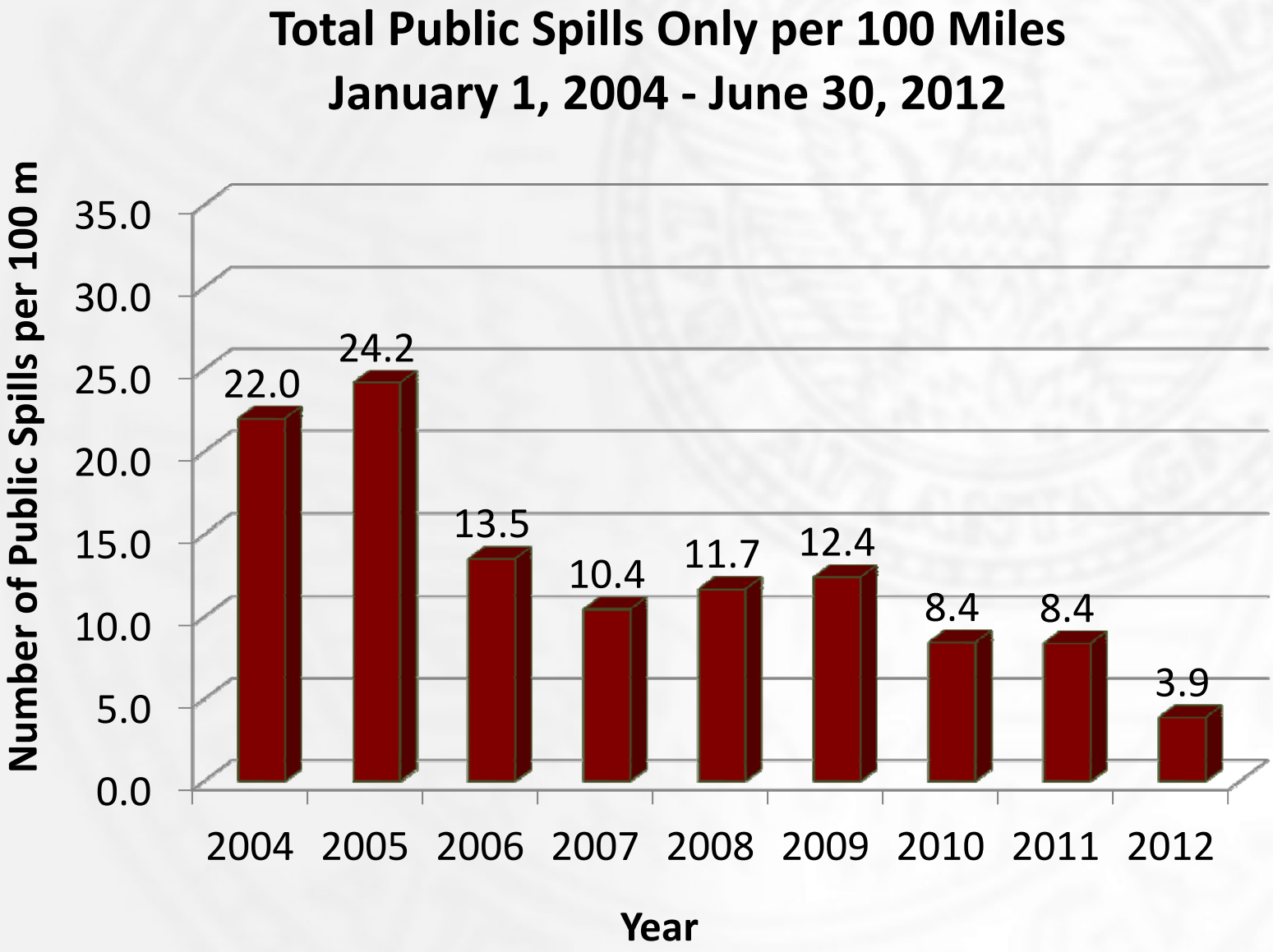
- Consent Decree issued 1998 & 1999
- Full compliance by Nov 2008 & Jul 2014
- Separated 3 basins for 90% total separation citywide – eliminated 2 CSOs
- Reduced CSOs from 100/yr at 6 facilities to 4/yr at 4 remaining facilities
- Treating 99% of wastewater and 85% of stormwater within combined system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

West Area CSO Tunnel Boring Machine

The Good:


Total Public Spills/SSOs per 100 Miles
January 1, 2004 - June 30, 2012
Number of Public Spills/SSOs per 100 m
35.0
30.0
25.0
20.0
15.0
10.0
5.0
0.0
32.7
33.9
20.8
16.0
17.2
19.2
12.4
12.8
5.8
2004
2005
2006
2007
2008
2009
2010
2011
2012
Year

The Good:

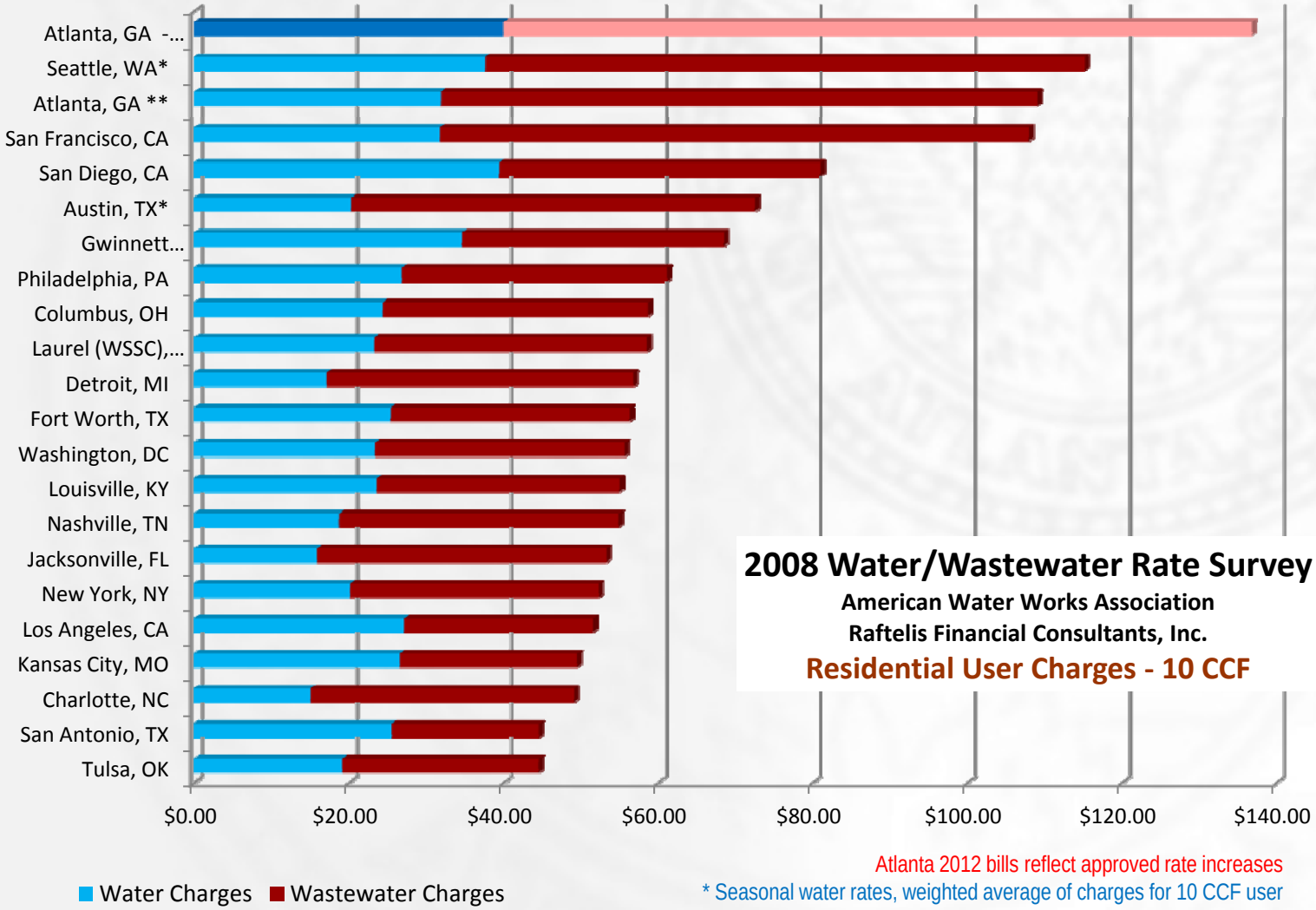

Total Public Spills Only per 100 Miles
January 1, 2004 - June 30, 2012
Number of Public Spills per 100 m
35.0
30.0
25.0
20.0
15.0
10.0
5.0
0.0
22.0
24.2
13.5
10.4
11.7
12.4
8.4
8.4
3.9
2004
2005
2006
2007
2008
2009
2010
2011
2012
Year

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

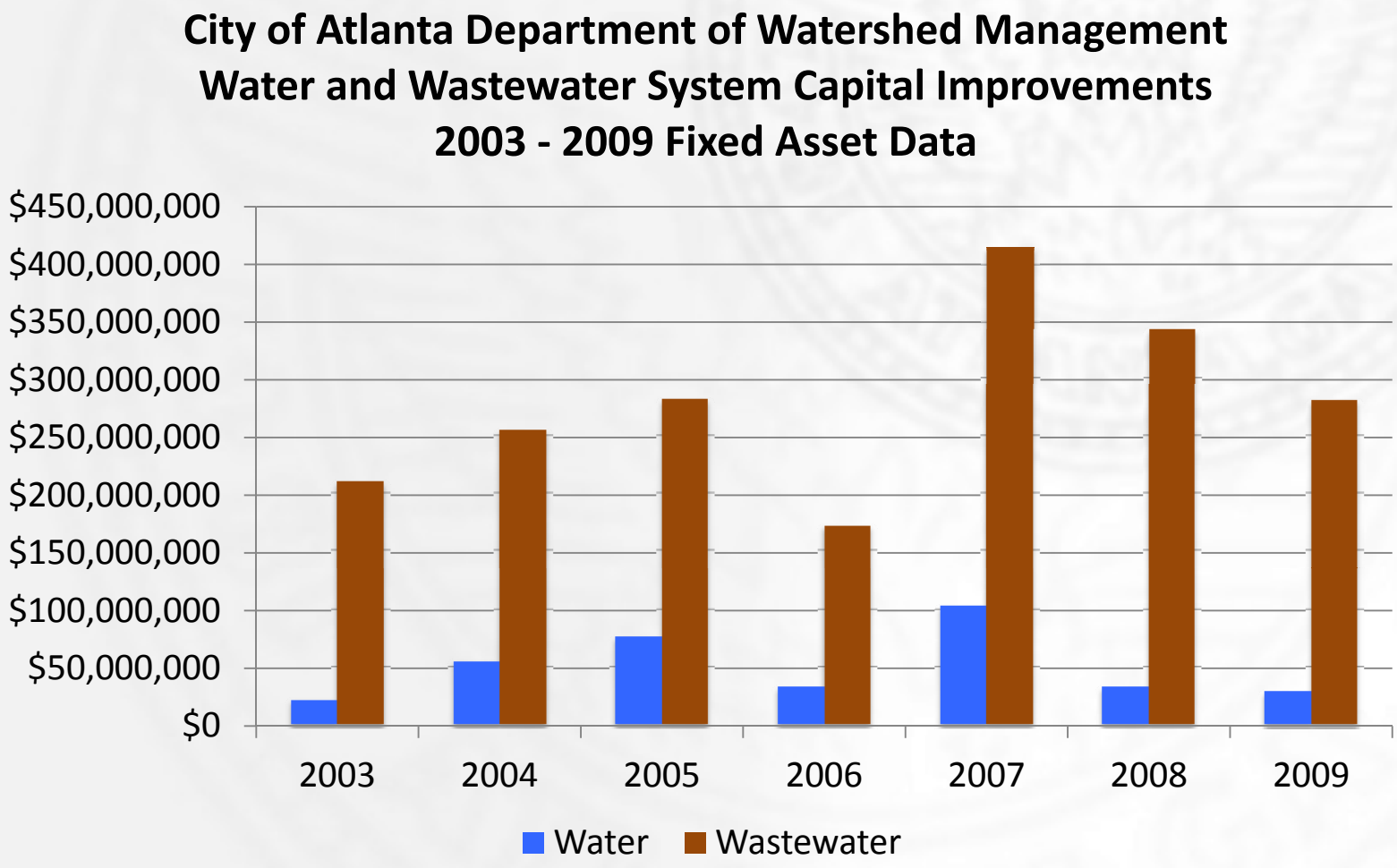
** Does not include 1% Municipal Option Sales Tax

The BAD

- Disproportionate reinvestment
- Expensive diversions
- PMT transitioning
- Burdensome rates

The BAD

Disproportionate Investment

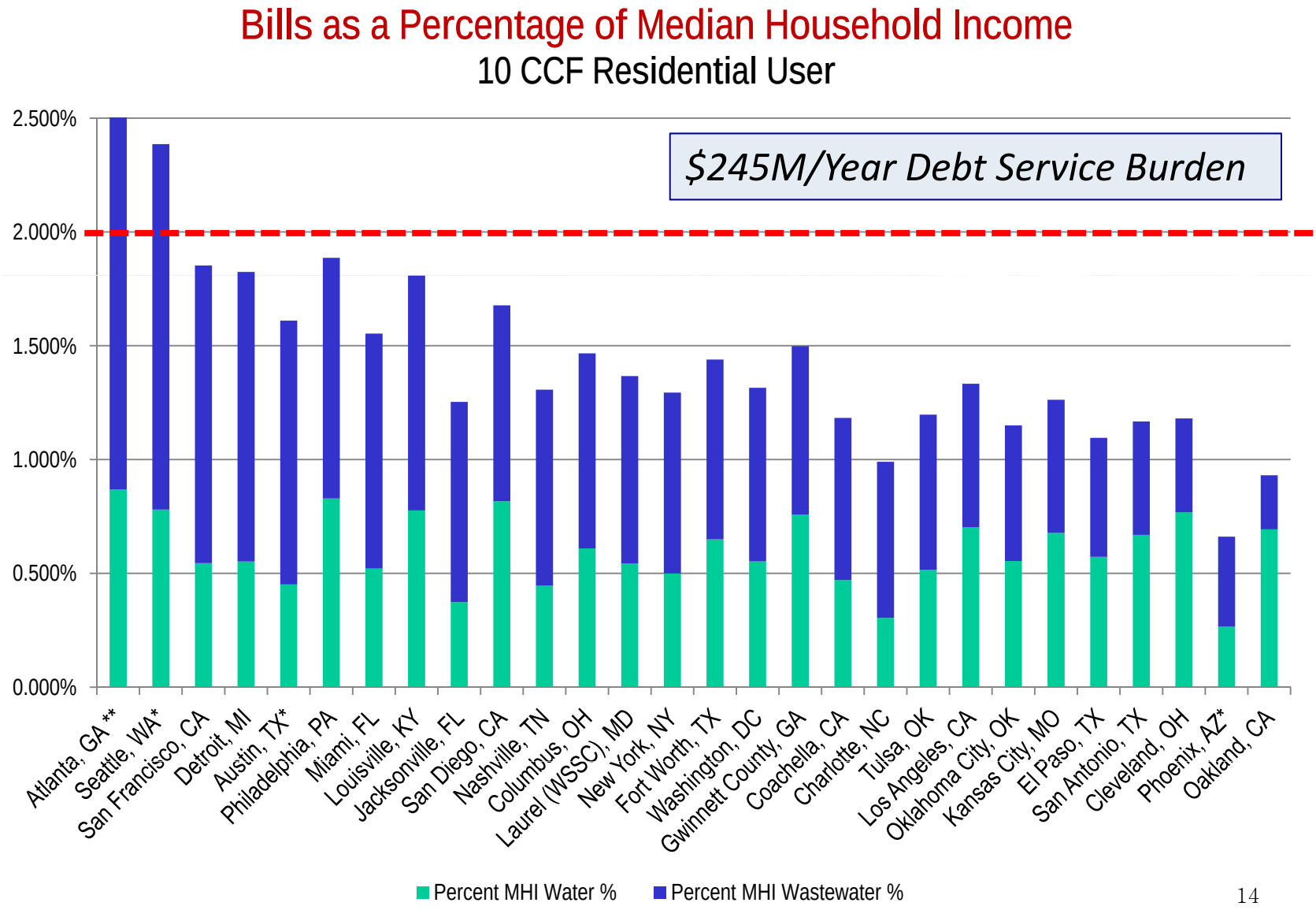


The BAD

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



The UGLY

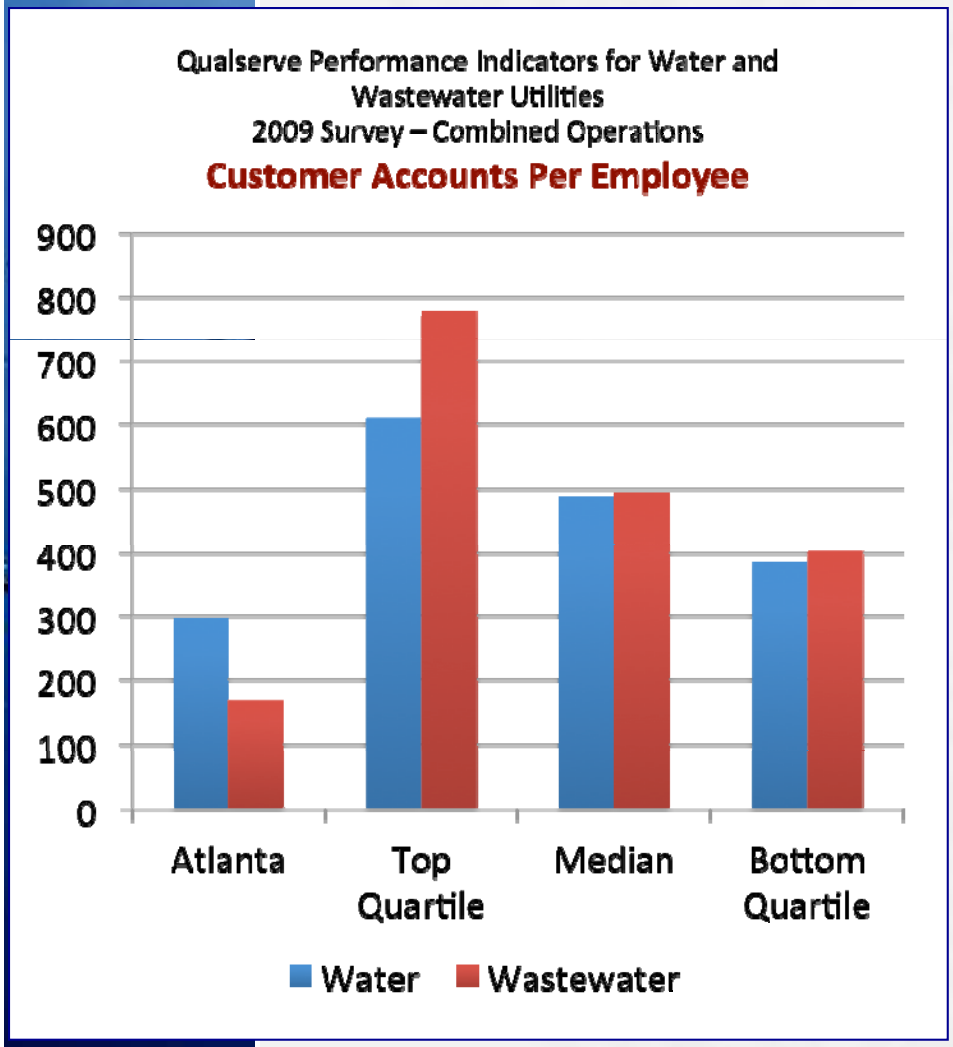
- Dysfunctional CIP planning and management
  - Pet projects
- Organizational / cultural turbulence and resistance to change
- Metering, billing & customer service system implementation failures
- Inadequate controls and compliance with safety regulations

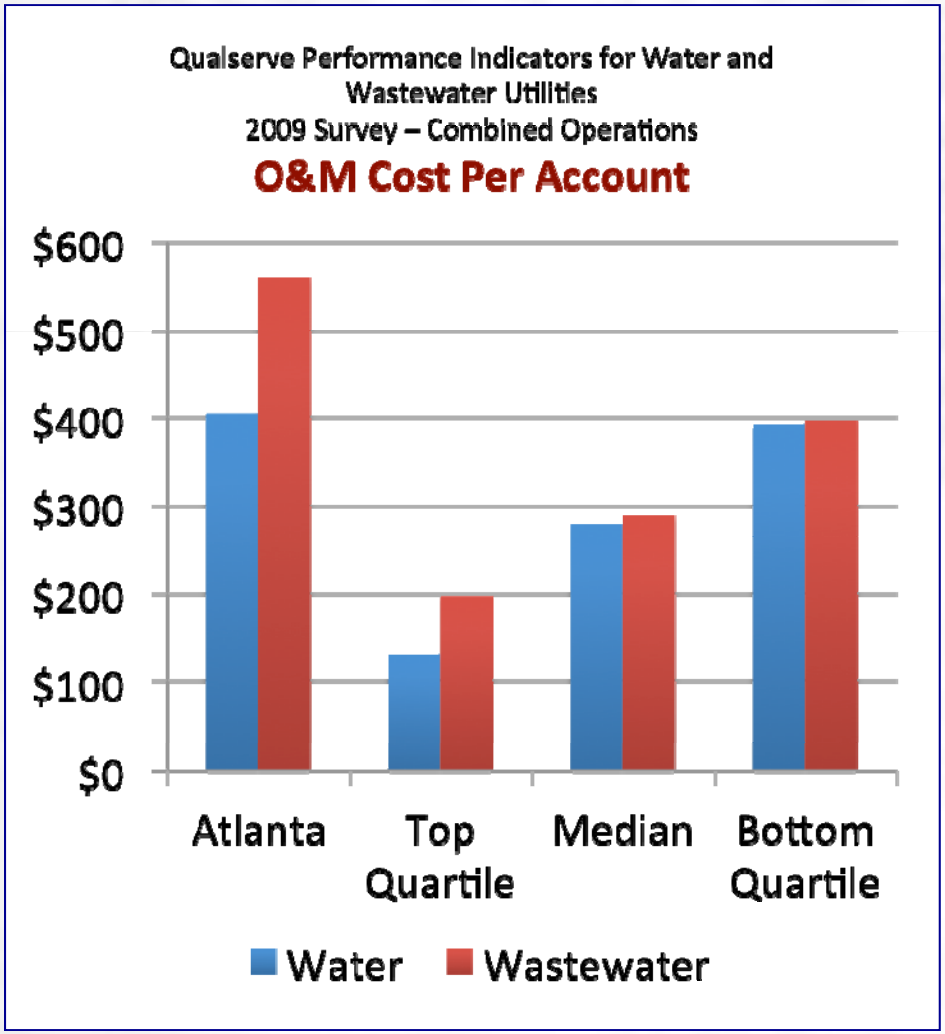
2011
DEPARTMENT OF WATERSHED MANAGEMENT
EVOLVING

The UGLY: Operational Performance

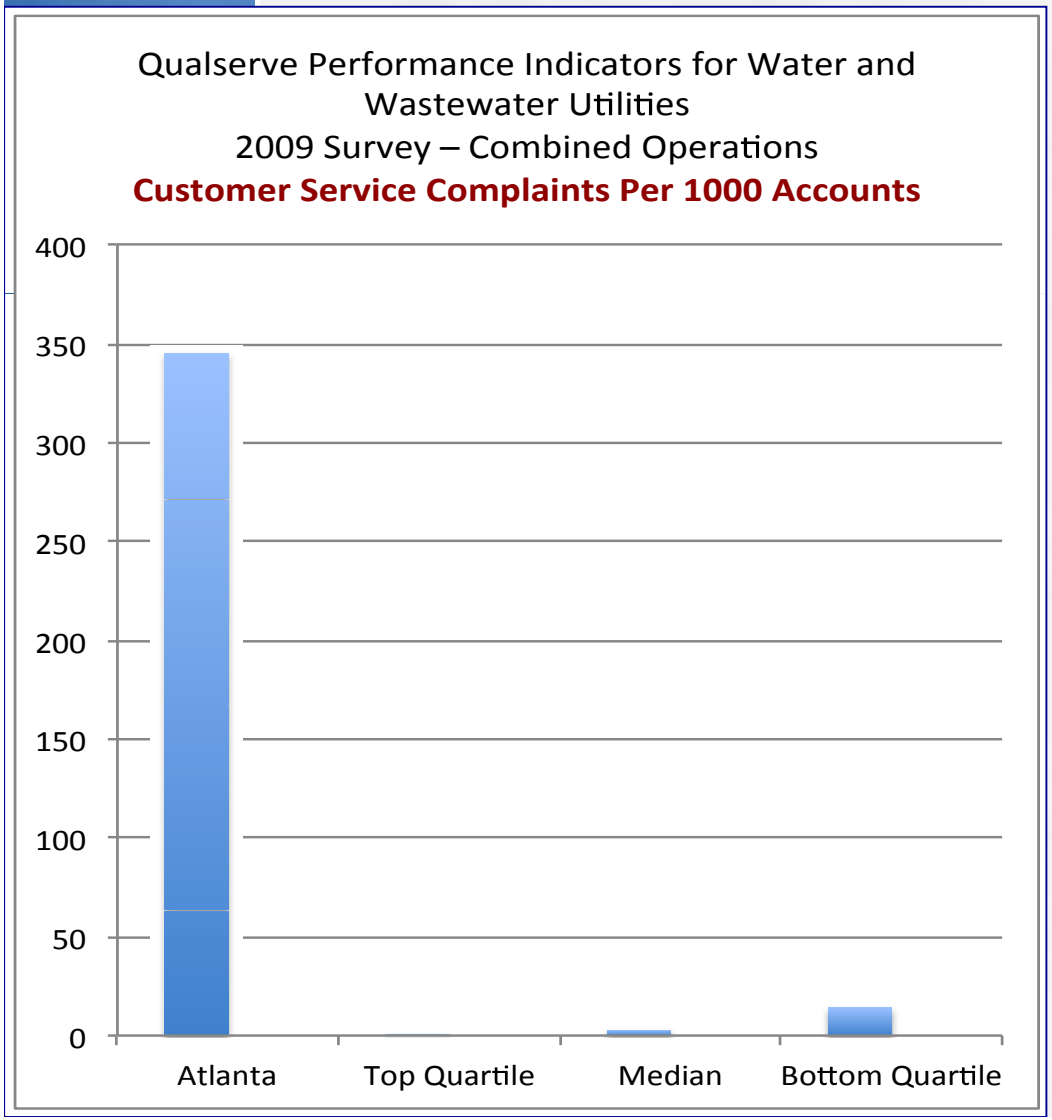
- Health & safety concerns
  - Audits reveal inadequate emphasis on employee health & safety as highest priority
- Treatment plant performance
  - Wastewater plant permit compliance
  - Water plant reliability
- Consent Decree myopia
  - Capital program emphasis aligned to specific, gray infrastructure, projects

The UGLY: DWM Budget and Staffing





The UGLY: Customer Service



CNN

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
Safety audits	Non-conformance and training needs
Compliance reviews	Permit and other non-compliance issues
Executive leadership	Hiring new Deputy Commissioners
Meter audits / billing systems	Audits complete / remedial measures
Customer service practice review	Lacking customer care culture & processes
Water loss audit /conservation	Notable opportunities to reduce loss / save water

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

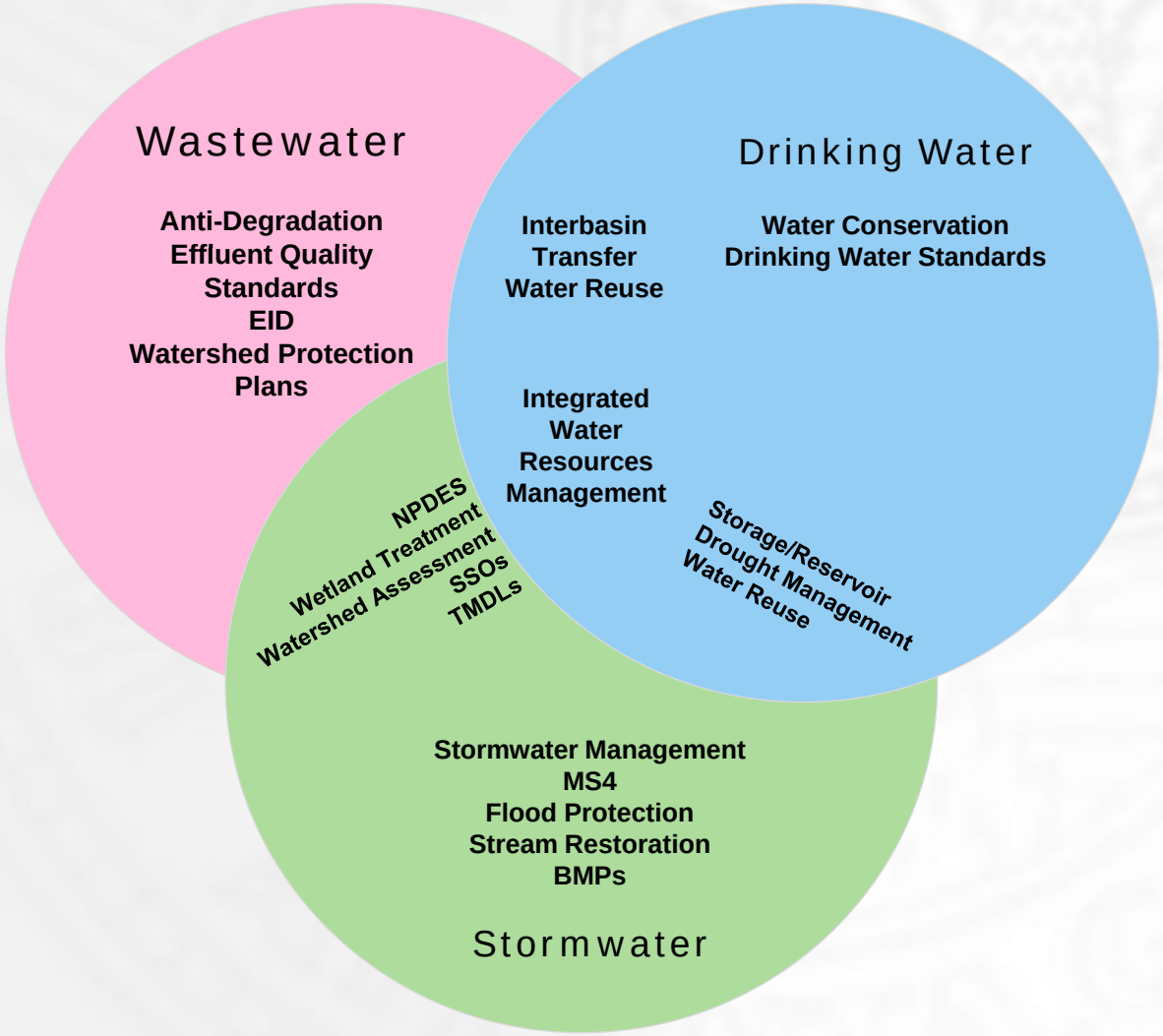
Regulatory compliance and environmental protection

Plant repairs / improved operating protocols / CIP per revised Consent Decree/tracking permits

Efficient operations; accountability, performance measures

Efficiency Plan Development
Benchmarking assessment
Advanced training

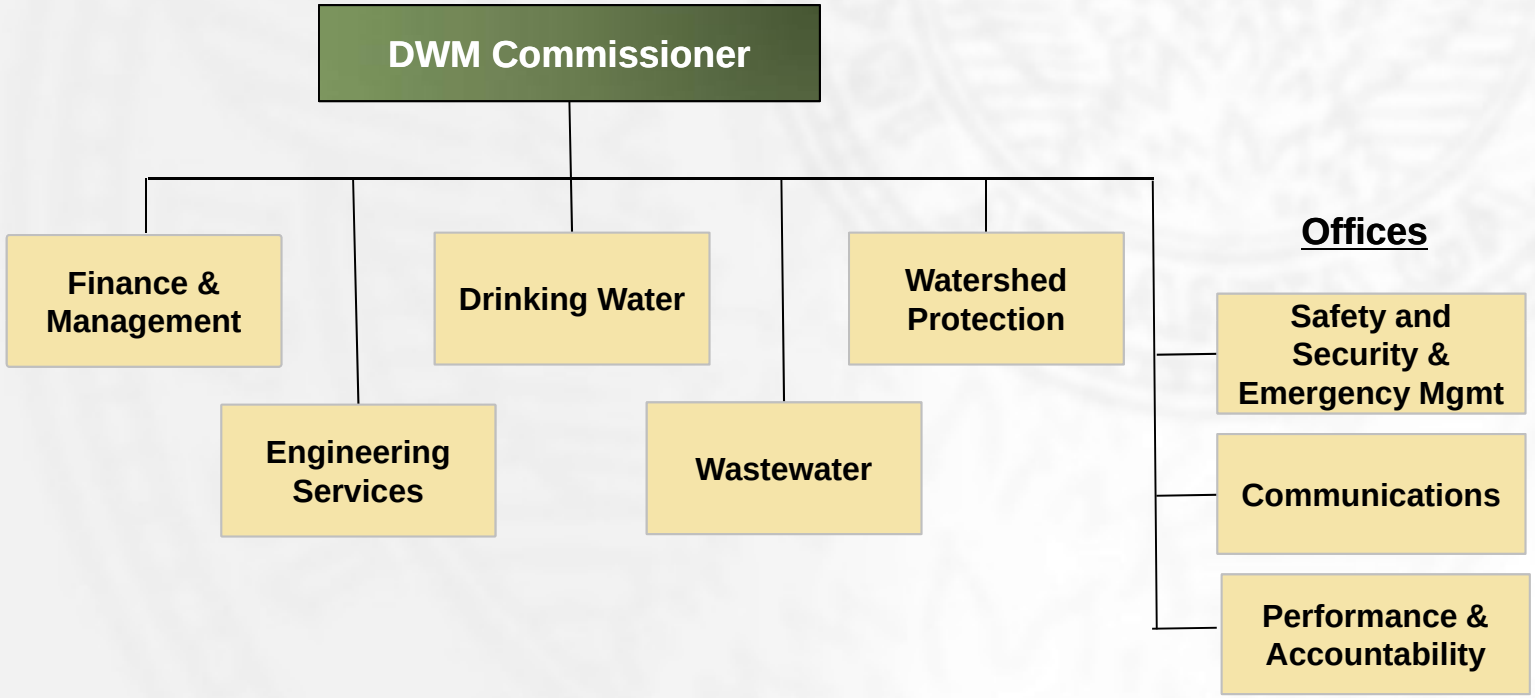
The Inspirational:
Integrated Water Resources



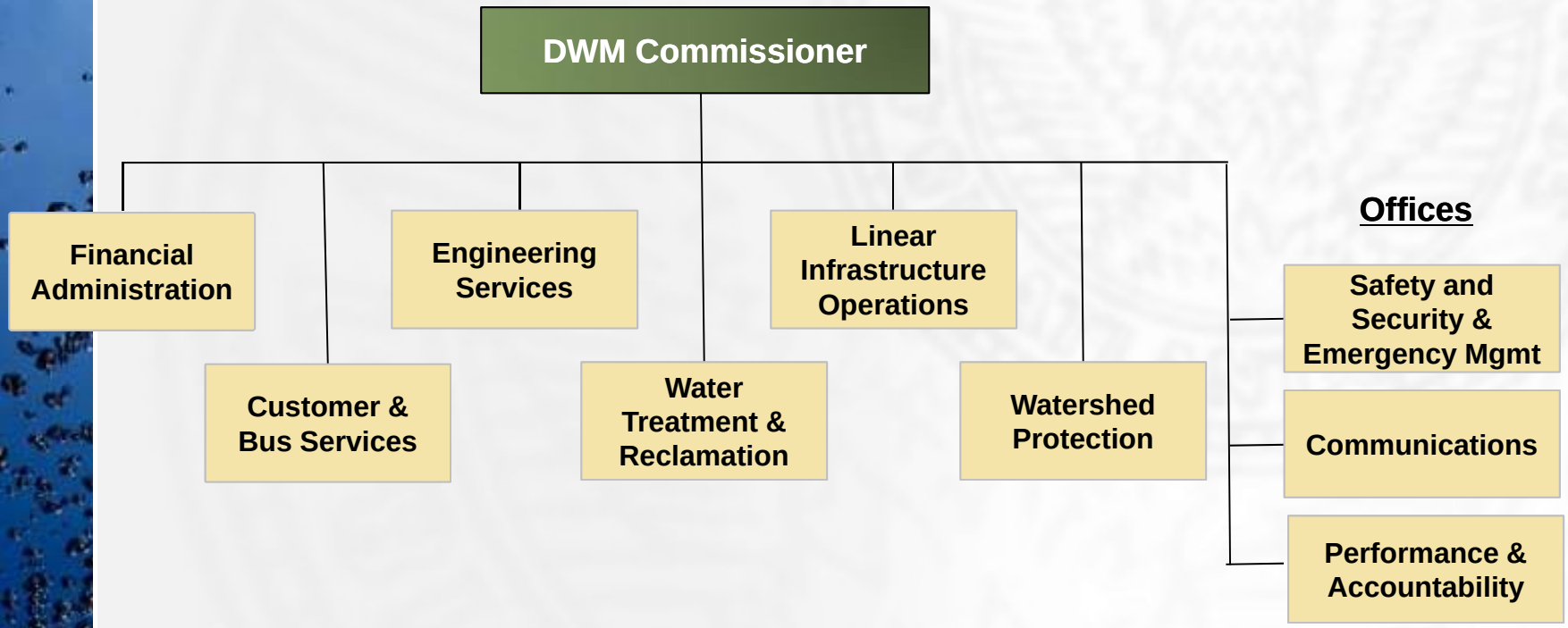
The Inspirational

- 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



The Inspirational:
Department Reorganization



The Inspirational: Reorganization

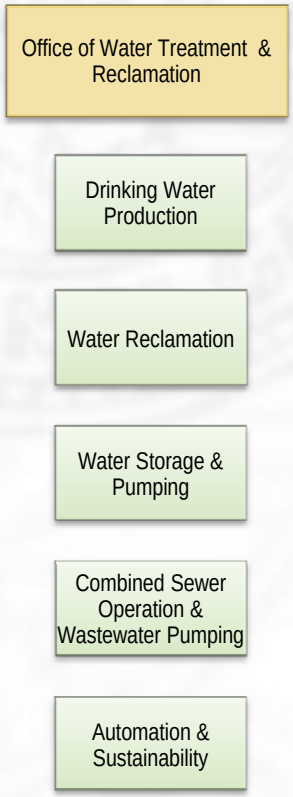
- Customer & business services
  - Focus on customer service
  - 98 facilities
  - Document control for regulatory compliance & open records
  - Centralize fleet
  - Centralize warehouse

The Inspirational: Reorganization

- Engineering Services
  - Design & CST management of CIP
  - Strategic Asset Management
  - GIS - centralization of DWM databases

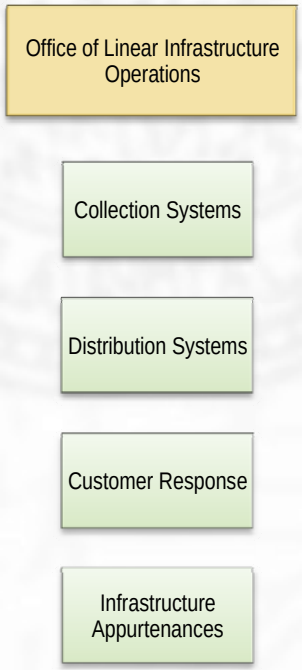
The Inspirational: Reorganization

- 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

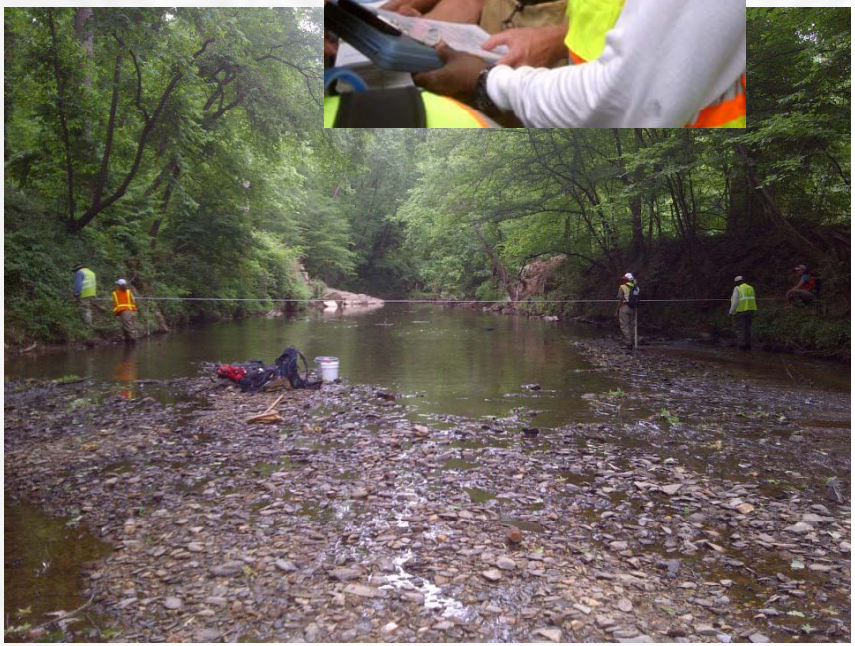
- Utilizing technology
  - Co-Generation Project at RM Clayton WRC
    - Provides 15% of electricity
    - $1MM savings after 6 year payback
    - Contributes toward 5% energy from renewable sources by 2015

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

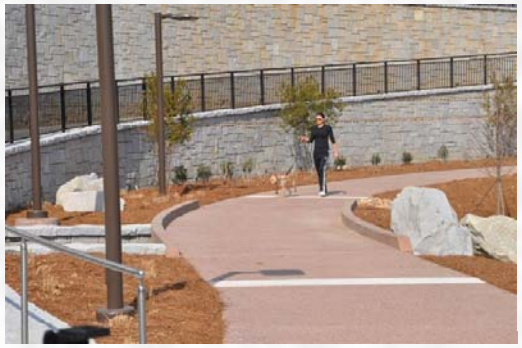
- Promote achievement
  - Specialized technical training
    - Stream walks
    - Hydraulic modeling
    - Water meter repair
    - Valve and hydrant inspections



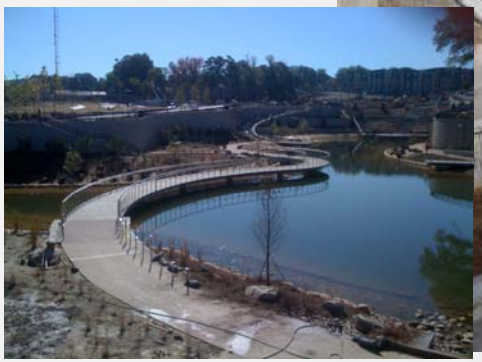
The Inspirational:
New Opportunities

- Promote achievement
  - Empowerment and competition
    - New – 8 Tapping Teams;
    - Handling backlog
    - Improved protocol
    - Had only 3 good machines; now 15 total
    - Installed76 new meters in one week
    - Goal 179 by August

The Inspirational:
New Opportunities



- Promote achievement
  - Creative and “green” projects that encourage economic development



City of Atlanta

Department of Watershed Management

Water Utility of the Future…the Good, the Bad, the Ugly and the Inspirational

JoAnn Macrina, P.E.
Commissioner

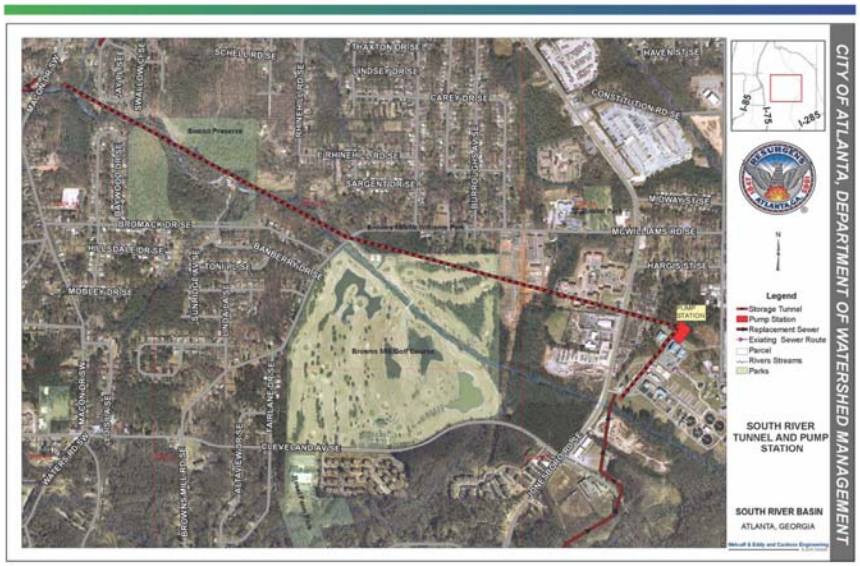
NACWA Summer Conference
July 18, 2012

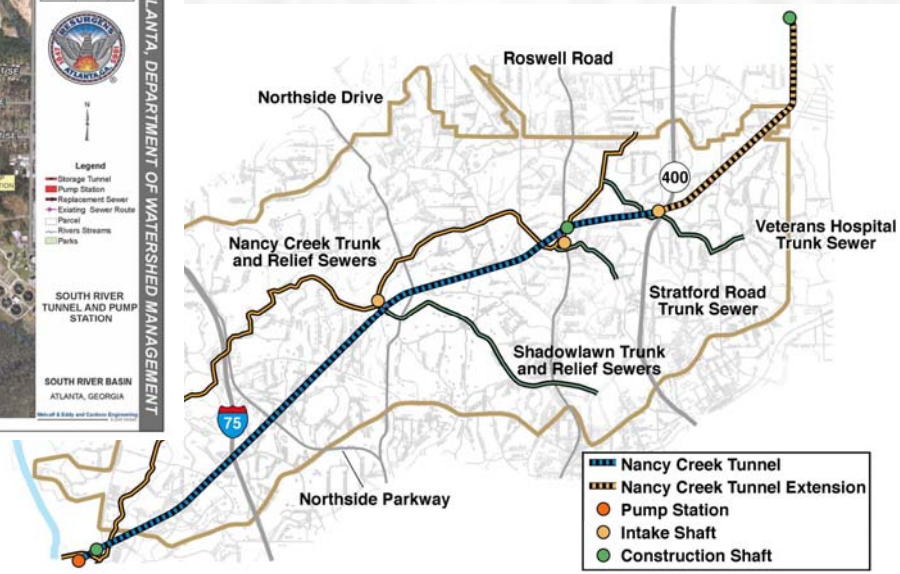
Financial Milestones

- 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

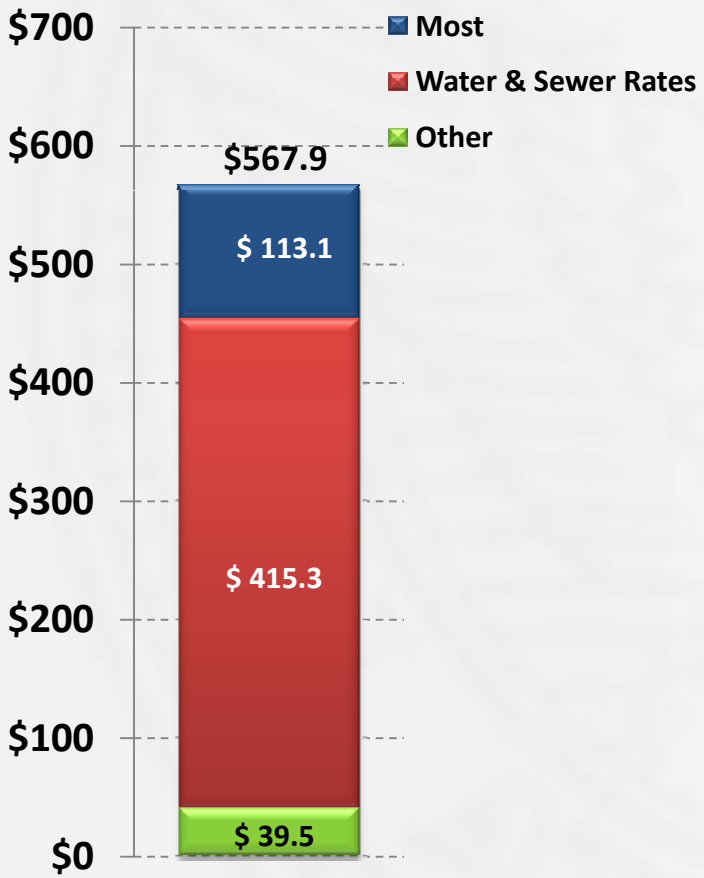
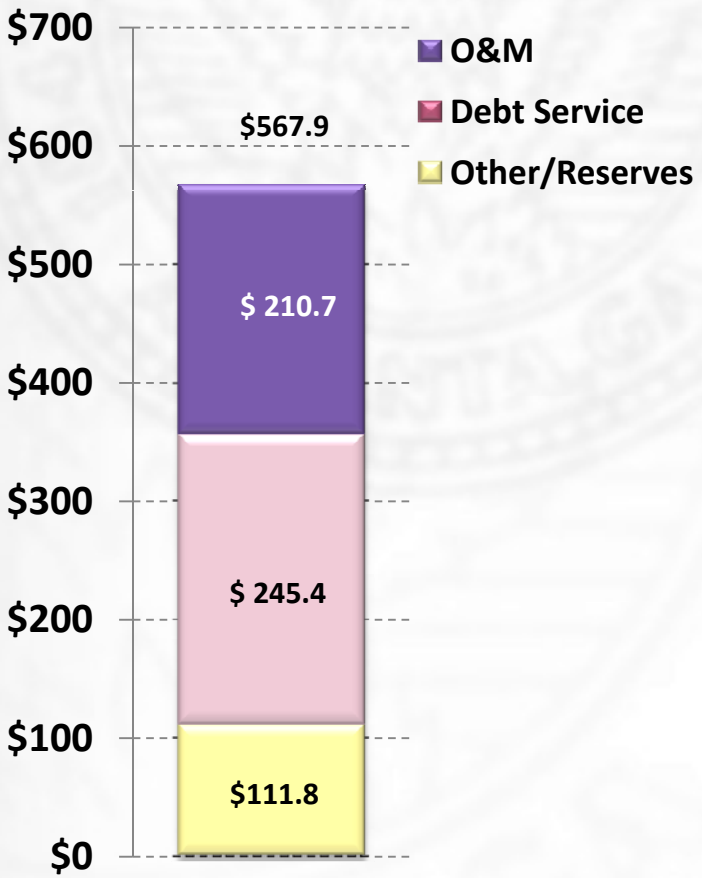




10 Million Gallons Wet Weather Storage Capacity

Revenues and Expenditures

Anticipated 2012 Revenue



Budgeted 2012 Expenditures