

ANCHORAGE WATER AND WASTEWATER UTILITY

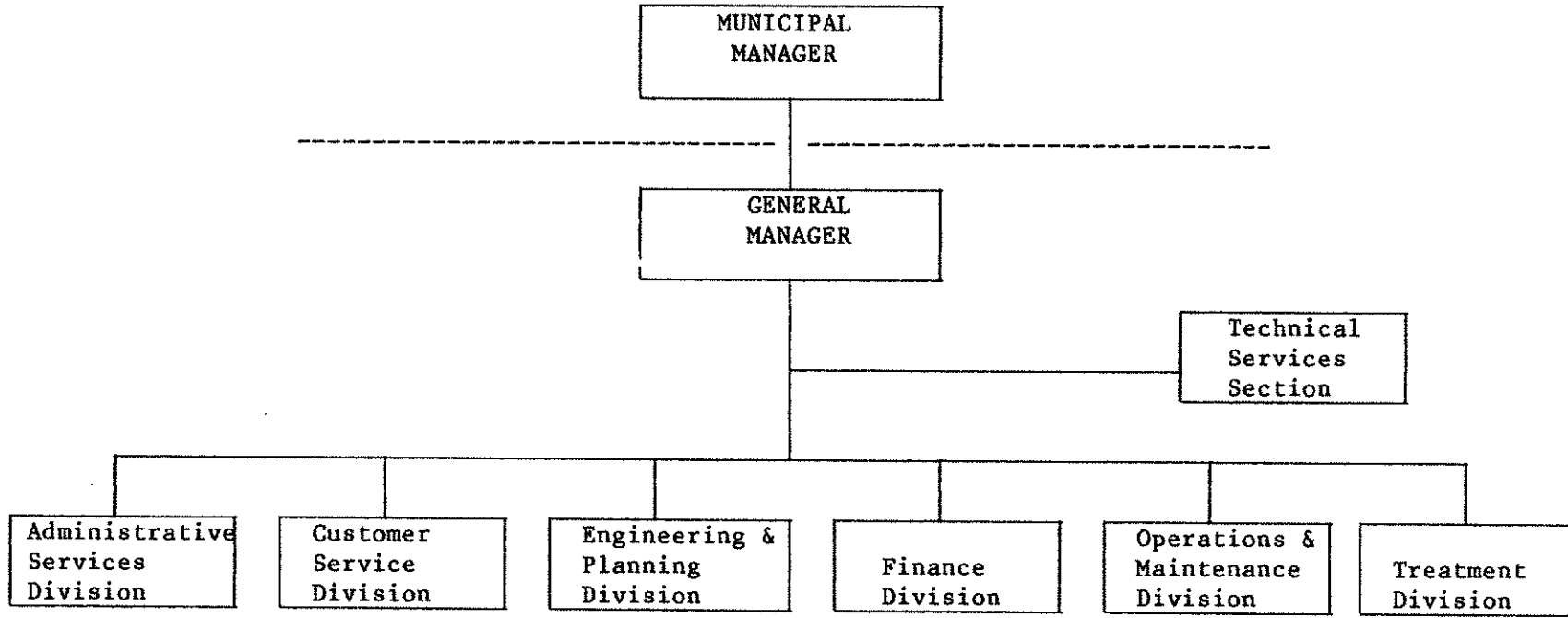
MUNICIPALITY OF ANCHORAGE

Utility

ANCHORAGE WATER & WASTEWATER UTILITY

Division

Budget Year
1989



DRAFT

CORPORATE STRATEGIC PLAN
OF THE ANCHORAGE WATER AND WASTEWATER UTILITY

A Plan to Guide AWWU
for the Next Three to Six Years

Adopted:

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PREFACE

This Strategic Plan is intended to chart a positive future for the Anchorage Water and Wastewater Utility and to communicate clearly that direction to our employees and the public. The plan has three foundations:

- Acceptance of our mission to provide reliable and economical product and services.
- Commitment to a set of values and guidelines for the conduct of our business.
- Our assessment of the future economic and regulatory environment.

The AWWU Strategic Plan only sets direction; actual implementation depends on the participation, enthusiasm and commitment of each employee. The AWWU management team believes in the mission and the values expressed in this plan. We believe successful implementation of the objectives included in this plan will make us more responsive to customers and will help make AWWU a better place to work. Employees have already had a chance to review the plan in draft form and make suggestions. Now we look forward to the successful implementation of this plan, with our employees' help.

General Manager

Manager, Finance Division

Manager, Operations and
Maintenance Division

Manager, Engineering and
Planning Division

Manager, Customer Service
Division

Manager, Administration
Division

Manager, Technical Services

Manager, Treatment Division

Manager, Regulatory Affairs

ANCHORAGE WATER & WASTEWATER UTILITY
STRATEGIC PLAN

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I. EXECUTIVE SUMMARY

A brief discussion of the strategic plan is presented below. More detail is included in Sections II through IX.

A. INTRODUCTION

Anchorage Water and Wastewater Utility (AWWU) is a municipally-owned and operated utility providing public water service and wastewater collection to the residents of Anchorage. Regulation and guidance are provided by a number of bodies, among them the Alaska Public Utilities Commission, the Municipal Administration and Assembly, and the Water and Wastewater Advisory Commission. Over the past several years, rapid growth and development in Anchorage have provided impetus to the Utility for a corresponding growth in capital development. As the Municipality of Anchorage finds itself in a period of decreased economic activity, the Utility must now look at how it will best serve the community's needs in the future.

The basic purpose of this strategic plan is to identify the major objectives, activities, and fiscal policies of AWWU for the next three to six years. It is intended to provide guidance to the AWWU staff in carrying out their assigned responsibilities. The plan also serves to communicate to employees, governing bodies, and the general public the stated mission, goals, and objectives of AWWU.

In determining AWWU's overall direction, the planning team, comprised of the General Manager and Division Managers, completed an extensive strategic planning process. Several planning sessions were conducted in which the strategic plan was developed, and all AWWU employees were invited to review and comment on the plan before it was adopted.

It is anticipated that the plan will be updated periodically to reflect changed conditions and new initiatives.

B. AWWU'S MISSION, GOALS, AND VALUES

The mission of the Anchorage Water and Wastewater Utility states that: "AWWU is committed to providing reliable, high quality water supply and wastewater disposal services at a reasonable cost to residential and commercial consumers in the Municipality of Anchorage, consistent with: a demonstrated public need; community health and safety standards; regulatory requirements; customer service requirements; a reasonable profit; and sound technical and management practices." AWWU's goals and its operating guidelines are based on this mission.

C. AWWU'S STRATEGIC DIRECTION

A brief description of the direction AWWU plans to take over the next several years is presented below:

- ° Fiscal Integrity and Financial Performance: Improve financial position; implement cost containment measures; seek to minimize rate increases; and improve financial management capability through more useful and timely reports and analysis.

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- ° Organizational Environment: Implement a formal strategic planning process; improve internal communications; and maintain a positive and safe climate for performance in the work environment.
 - ° Customer Service and Community Relations: Increase responsiveness of customer services and strive for positive community reaction to AWWU issues.
 - ° Product Quality and System Reliability: Maintain the current high quality of the water supply and continue to provide flexible, reliable water and wastewater systems.
 - ° Regulatory Compliance: Retain 301(h) waiver status for wastewater treatment at Point Woronzof; and take steps to meet new, more stringent water standards.

D. MAJOR OBJECTIVES AND TARGETED COMPLETION DATES

The major objectives adopted by the AWWU management team and their targeted completion dates are presented in the following charts.

MAJOR OBJECTIVES AND TARGETED COMPLETION DATES	FISCAL YEAR
A. <u>FISCAL INTEGRITY AND FINANCIAL PERFORMANCE</u>	
1. To reduce combined 1987 controllable operating costs by at least \$1,000,000 and to reduce employee levels to 280 people to meet the 1989 budgeted level of expenditures.	1989
2. To substantially improve financial management and information reporting capability by June, 1990.	1989 & 1990
3. Eliminate MUSA for water and wastewater plant by 1989.	1988
4. To revise the approved 6-year Capital Improvement Program (CIP) to reflect projected financial objectives and obtain necessary approvals.	1989
5. Water Utility 1989: To obtain a regulatory net income equal to the allowable return on equity.	1989
6. Water Utility 1989: To fund a capital construction program of \$2.72M	1989
7. Wastewater Utility 1989: To achieve a positive regulatory net income for 1989.	1989
8. Wastewater Utility 1989: To fund a capital construction program of \$7.845M	1989
B. <u>ORGANIZATIONAL ENVIRONMENT</u>	
1. To improve employee morale and enhance the overall climate for performance in the Utility.	1989 & Ongoing
2. Conclude employee participation in the revised corporate strategic plan by November 1, 1988.	1989
3. To update the Employee Training Needs Assessment Plan to determine current AWWJ manpower status, available employee skills and abilities, and future training and staffing needs of the Utility.	1989 & 1990
4. To integrate the corporate Strategic Plan into each division's operational planning process.	1989
5. Establish fully integrated safety program and disaster plan by January 31, 1989.	1989

MAJOR OBJECTIVES AND TARGETED COMPLETION DATES	FISCAL YEAR
<u>C. CUSTOMER SERVICE AND COMMUNITY RELATIONS</u>	
1. To identify customer and community concerns and provide for proper responses.	1989
2. To increase employee awareness of the importance of customer service and customer communication to reinforce the concept that each AWWU employee is responsible for maintaining good customer relations.	1989
3. To obtain and maintain a positive community and public reaction to AWWU issues as indicated by passage of GO Bond proposals, support for Utility issues, and development of identifiable support group(s) for future issues.	1989 & Ongoing
<u>D. PRODUCT QUALITY AND SYSTEM RELIABILITY</u>	
1. To decrease water and wastewater systems failures and to improve product delivery to customers and prevent degradation of product quality.	1989 & Ongoing
2. To furnish areas with adequate and reliable water supply and wastewater collection to assure that all current customers have sufficient service at all times of year with adequate reserves to satisfy projected development demands.	1989
<u>E. REGULATORY COMPLIANCE</u>	
1. To ensure that all water and wastewater treatment facilities meet current and anticipated NPDES permit limits and Safe Drinking Water Act Standards.	1989 & Ongoing
2. Gather all data necessary in support of retaining the 301(h) waiver of secondary treatment at Pt. Woronzof.	1989

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Steps for accomplishing each of the major objectives are presented in Section VII of the plan.

E. FISCAL POLICIES

Fiscal policies of the Utility which have helped guide the development of financial objectives are presented in Section VIII of the plan.

F. IMPLEMENTATION

Implementation of the plan will begin with development of Division Strategic Plans, targeted for completion in January of 1989.

II. INTRODUCTION

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The Anchorage Water and Wastewater Utility (AWWU) has prepared an overall business plan and annual Division operating plans for the last several years. The strategic plan, presented in this document, represents the product in an ongoing process of formalizing AWWU's corporate level objectives and strategies.

A. PURPOSE OF THE PLAN

The basic purpose of the strategic plan is to identify the financial and non-financial objectives and strategies of AWWU for the next three to six years. The plan provides the basis from which capital planning is conducted and annual work programs and budgets are prepared. It also provides a means to evaluate the strategic operations of the Utility and measure its success in accomplishing critical strategies. Additionally, the strategic plan serves to communicate to AWWU employees, governing and regulatory bodies and other interested parties the mission, goals and objectives of the Utility.

B. STRATEGIC PLANNING TEAM

The Strategic Planning Team was comprised of the General Manager and the Division Managers. Technical information and support was provided from sources both outside and within the Utility. A preliminary draft of the plan was distributed to all AWWU employees for their review and comment. The final plan includes a number of their suggested changes.

C. AWWU's STRATEGIC PLANNING PROCESS

Planning is a continuous process of analyzing current operations, monitoring the external environment, making assumptions about the future, matching new information with the direction in which the organization is going, and revising that direction as appropriate to respond to changing circumstances.

The primary purpose of AWWU's planning process is to improve today's operating decisions in light of probable events. Alternatives were evaluated and agreements were reached among the AWWU planning team members as to the direction AWWU should take over the next several years. During each annual budget process, a commitment of resources will be made to accomplish the specified objectives.

In determining AWWU's overall direction, the Strategic Planning Team reviewed and analyzed information in the following areas:

- °Current AWWU operations.
- °External environmental influences...economic, political, social/cultural, technological, environmental and regulatory factors.
- °Internal strengths and weaknesses of AWWU.
- °External threats and opportunities.
- °Significant issues facing the Utility and the community.

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D. AWWU'S STRATEGIC PLAN

In general, the strategic plan includes only the highest priority, Utility-wide objectives and strategies. It provides the basis for the development of division plans where important, more operational level objectives and strategies are presented.

The strategic direction outlined in the plan encompasses both ongoing programs and services, and new strategic initiatives. An important assumption is that much of AWWU's attention will be devoted to carrying on and improving its current services. Major new strategic initiatives will be undertaken to the extent existing resources can be reallocated or new resources can be made available.

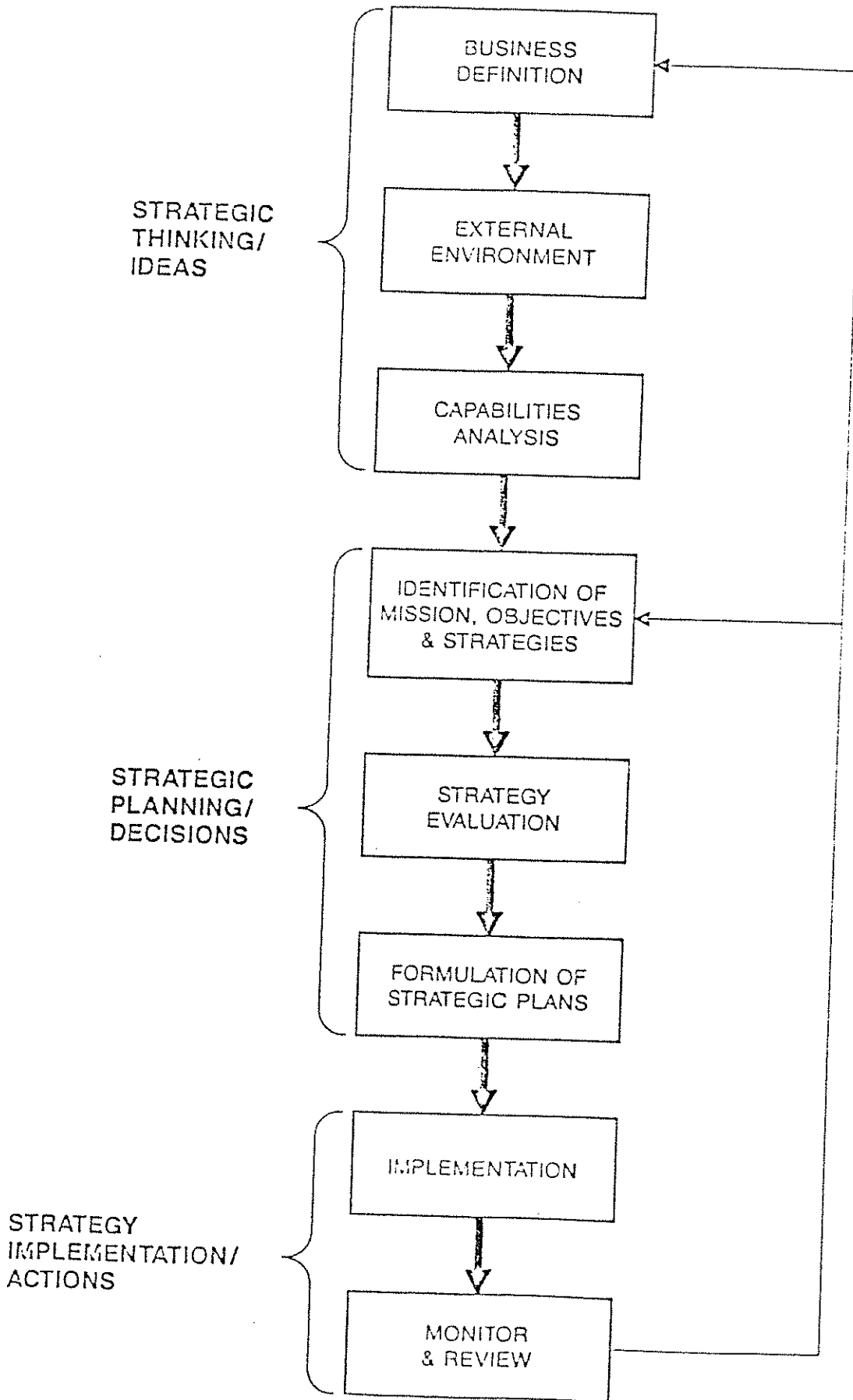
E. ANNUAL PLANNING AND UPDATE PROCESS

Each year, in conjunction with the preparation of the annual operating budget, AWWU's strategic plan will be reviewed and updated. A less extensive review will be conducted subsequent to Assembly action on the budget.

STRATEGIC PLANNING

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A FOCUSED PROCESS



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III. DESCRIPTION OF AWWU

The Anchorage Water and Wastewater Utility (AWWU) is a municipally-owned and operated utility, regulated by the Alaska Public Utilities Commission (APUC) as two separate utilities.

AWWU provides public water service and wastewater collection service to the residents of Anchorage. Public water service includes the treatment, transmission, and distribution of potable water, from two treatment facilities and approximately 34 wells, to about one-half of the residences and most of the commercial establishments in Anchorage from Eklutna to South Anchorage. The balance of the residential and commercial establishments receive their water service from individual wells or very small privately owned and operated water systems. Public wastewater collection service is provided in conjunction with three treatment facilities operating independently in different areas of the Municipality, namely Girdwood, Eagle River, and the Anchorage Bowl.

The APUC-certificated service area for public sewer service encompasses the entire Municipality; however, some areas within the Municipality are still served by individual on-site septic systems. The majority of these on-site systems are located north of the community of Eagle River and in South Anchorage. In South Anchorage, the area designated by ordinance as the Hillside Wastewater Management Plan area is precluded from receiving public sewer service and is intended to remain on on-site systems. In addition, AWWU provides wastewater treatment for the military bases.

AWWU's certificated water service area, approximately 69 square miles, encompasses the major portion of the communities of Eagle River and the Anchorage Bowl. These two areas of service are separated by the same 8-mile military reservation corridor as for the sewer service areas. There are still some small private water systems within the Municipality, located primarily north of Eagle River, in Girdwood, on the hillside portion of South Anchorage, and to some extent in Southwest Anchorage. The rest of the Anchorage population is served by individual private wells.

In addition to basic public water service and wastewater collection service, AWWU also provides:

- The main water supply, pumping, storage, and distribution facilities, including maintenance, necessary for fire protection within the Municipality.
- Two sites for septic haulers to discharge into the wastewater collection system.
- Hydrant use permits, water and sewer connect permits, septic dumping permits, and watershed use permits.
- A full range of customer service functions.
- Engineering, planning and real estate functions.

In the last five years, AWWU's pattern of development has been primarily driven by the rapid growth and development of Anchorage. Major projects undertaken by AWWU recently include:

Capital Design/Construct Projects

- Eklutna Water Project
- Ship Creek Water Treatment Facility Expansion
- Pt. Woronzof Wastewater Treatment Facility Expansion
- Southeast Interceptor
- West Interceptor
- Potter Creek Interceptor and Pump Station
- Rabbit Creek Pump Station and Force Main
- 10 MG Reservoir
- Abbott Loop Transmission Main, Phases I-IV
- Eagle River Wastewater Treatment Facility Expansion
- Girdwood Wastewater Treatment Facility Upgrade

Other Capital Projects

- 201 Wastewater Facilities Plan
- Continuing Property Records System
- Central Alaska Utilities Acquisition
- Eagle River Water Systems Acquisition
- Water Master Plan
- DP Master Plan
- O&M Facility Acquisition/Remodel
- Financial Management Information System

AWWU programs and operations face scrutiny in a number of different regulatory environments, many of them overlapping in their authority. As a Municipal Department, AWWU is subject to Municipal policies and procedures, purchasing and personnel rules, labor contract provisions, and general management and operations oversight by the Municipal Administration and Assembly, including capital and operating budget review and approval. As a governmental entity, and unlike privately owned utilities, AWWU has the authority to levy property assessments and to sell general obligation and tax-exempt revenue bonds. Yet, similar to privately owned utilities, the APUC also regulates the rates and tariffs of both utilities. In addition to this general regulatory oversight by the Municipality and the APUC, AWWU is subject to the federal and state laws and regulations governing grants administration, water rights, drinking water quality, and wastewater disposal. The primary agencies providing this oversight are the Federal Environmental Protection Agency and the State of Alaska Departments of Environmental Conservation and Natural Resources. Additionally, AWWU receives advice from the Water & Wastewater Advisory Commission, whose members are appointed by the Mayor and approved by the Assembly.

A functional organizational chart is included on the following page.

ANCHORAGE WATER & WASTEWATER UTILITY
FUNCTIONAL ORGANIZATION CHART
MAY, 1988

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GENERAL MANAGER
DALE R. MERRELL

REGULATORY AFFAIRS DIVISION
JIM LONGWAY (MGR)

- REVENUE REQUIREMENTS
- COST OF SERVICE & DEPRECIATION STUDIES
- SERVICE AREA FILINGS
- REVENUE PROJECTIONS
- SPECIAL CONTRACT ADMINISTRATION
- FINANCIAL ANALYSIS

TECHNICAL SERVICES DIVISION
TIM JOHNSTON (MGR)

- CAPITAL FUNDING MANAGEMENT
- GRANTS ADMINISTRATION
- TARIFF/CODE REVIEW
- INTERDIV. PROJECT MGMT.
- POLICY/PROCEDURE COORDINATION
- SPECIAL STUDIES
- PROJECT ANALYSIS
- LEGISLATIVE LIAISON

OPERS. & MAINTENANCE DIVISION
CHARLEY BRYANT (MGR)

- ADMINISTRATION
- EXCAVATIONS
- MAIN LINE REPAIRS
- REIMBURSABLE REPAIRS
- HYDRANT MAINTNCE & REPAIRS
- MANHOLE MAINTNCE & REPAIRS
- CLEANING & FLUSHING
- LIVE TAPS
- VEHICLE MAINTENANCE
- BUILDING & GROUNDS
- PUMP STATIONS
- INSTRUMENTATION
- MECHANICAL
- ELECTRICAL

TREATMENT DIVISION
GENE NORDGREN (MGR)

- ADMINISTRATION
- PURCHASE WATER CONT.
- WATER RIGHTS/FILES
- FACILITY TOURS
- 301(h) WAIVER
- OPERATE TREATMENT FACILITIES
- RESERVOIRS & VAULTS
- H2O QUAL. COMPLAINTS
- OPERATE TREATMENT FACILITIES
- PHYSICAL, CHEMICAL & BACTERIOLOGICAL SAMPLE ANALYSES
- PRETREATMENT PROGRAM
- 301(h) WAIVER

FINANCE DIVISION
DIANA BENNETT (MGR)

- ACCOUNTING
- GENERAL ACCOUNTING
- GRANTS ACCOUNTING
- AUDIT INTERFACE
- REIMBURSABLE ACNTS
- ASSESSMENTS ACTNG
- FINANCIAL ANALYSIS
- PLANT ACCOUNTING
- CPR ADMINISTRATION
- WORK ORDER SET-UP
- CASH FLOW ANALYSIS
- PURCHASING
- FISCAL PLAN/BUDGET AND PAYROLL
- PAYROLL
- CAPITAL BUDGETS
- OPERATING BUDGETS
- FISCAL PLANNING
- PROJECTIONS
- BOND PROSPECTIVES
- INTERFUND ANALYSIS
- BUDGETARY CONTROL
- FINANCIAL ANALYSIS
- STATISTICAL ACQUIS. AND MAINTENANCE
- BUS./STRAT. PLANS

ADMINISTRATION DIVISION
BILL BLESSINGTON (MGR)

- SUPPORT SERVS.
- RECORDS MGT.
- WORD PROCESSING
- COURIER SERVICES
- CENTRAL COPYING
- MATERIAL MGT.
- CTRL WAREHOUSING
- EXPEDITING
- EMPLOYEE SERVICES
- RECRUITMENT
- LABOR RELATIONS
- BENEFITS AND ORIENTATION PROGRAMS
- EMPLOYEE RECORDS
- CLASSIFICATION
- CAREER DEVELOPMT
- TRAINING PROGRAM DEVELOPMENT
- SAFETY PROGRAM
- MNGT INFO. SYSTEMS
- DATA BASE ADMIN
- DATA PROCESSING SERVICES
- COMPUTER SYSTEM MAINTENANCE
- BUSINESS & SCIENTIFIC SYS DEVELOPMENT
- RECORDS MGT.
- TECHNICAL
- CUSTOMER
- ARCHIVAL

CUSTOMER SERVICES DIVISION
GENE GREEN (MGR)

- CUSTOMER SERVICE
- SERVICE APPLICATIONS
- CUSTOMER RECORDS
- CUSTOMER INFORMATION
- CUSTOMER COUNTER
- BILLING/A.R.
- CREDIT & COLLECTIONS
- CASHIER FUNCTIONS
- FIELD SERVICE
- ON-PROPERTY INSPECTIONS
- AS-BUILTS
- PERMITS
- HYDRANTS
- CONNECTS
- DISPATCH
- LOCATES
- RATE SETTING
- TARIFF & CODE ENFORCEMENT
- SYSTEM COMPLAINTS
- METER READING/REPAIR/INSTALL.
- FIELD OPERATIONS
- COMPLAINTS
- SPECL ASSESSMNTS
- PILA
- WID/LID/RID
- PTE
- CASHIER/INFO
- BILLING/AR
- /COLLECTIONS
- LUC WATER MORTGAGES

ENGINEERING & PLANNING DIVISION
WALLY CORY (MGR)

- CONTRACT ADMIN & CAPITAL PROJECT SUPPORT
- ADMINISTRATION
- EKLUTNA PROJECT
- EKLUTNA WATER PROJECT
- PLANNING
- PRIVATE DEV. AGREEMENTS
- PLAN REVIEWS
- DESIGN CRITERIA
- CODES/PROCEDURES
- ASSESSMENTS
- IMPROVEMENT DISTRICTS
- P.T.E., L.U.C., P.I.L.A.
- CPR ENGINEERING DATA
- CAPITAL PLANNING
- MASTER PLANS
- SYSTEM MODELING
- UTIL., PLAT&ZONING REVIEWS
- ENGINEERING
- ***DESIGN***
- WATER/SEWER SYSTEM DESIGN
- PROJECT MANAGEMENT
- ANALYSIS & ESTIMATING
- MAPPING & ARCHIVES
- PEAL ESTATE & ROW ACQUIS.
- ***CONSTRUCTION***
- CONTRACT ADMINISTRATION & INSPECTION
- SURVEY
- PRIVATE DEVELOPMENT INSPECTIONS
- ANNUAL PAVING/LANDSCAPE CONTRACT ADMINISTRATION

IV. AWWU'S MISSION, GOALS AND VALUES

This section of the strategic plan outlines AWWU's basic mission and goals and presents the important values that define AWWU's philosophy of operations.

A. AWWU'S MISSION STATEMENT

The Anchorage Water and Wastewater Utility is committed to providing reliable, high quality water supply and wastewater disposal service at a reasonable cost to residential and commercial consumers in the Municipality of Anchorage, consistent with: a demonstrated public need; community health and safety standards; regulatory requirements; customer service requirements; a reasonable profit; and sound technical and management practices.

B. AWWU'S GOALS

The major goals of AWWU are:

- To provide our customers with high quality service through well-engineered and economical water distribution, wastewater collection, and treatment systems.
- To adequately maintain Utility assets including facilities, buildings, and underground plant.
- To keep the public informed about major AWWU issues and to involve the public in planning efforts of the Utility.
- To maintain a high level of customer service and satisfaction including maintaining open communications and ease of access by all customers and rapid response to customer needs.
- To ensure that all personnel are knowledgeable regarding Municipal and other regulations applying to the jobs they perform for the Utility and that they maintain an awareness of constantly changing technical requirements which are relevant to their positions.
- To emphasize employee development through an effective training program and a meaningful performance appraisal process in order to maintain good morale and high motivation and productivity.
- To maintain policies that foster fairness in job opportunities, promotions, career development, and labor relations.
- To maintain programs that foster employee safety, health and well-being on the job.
- To achieve, through the implementation of sound management and supervisory practices, an open and harmonious climate within AWWU that is characterized by productive employee-supervisor relations, an atmosphere of good communication, and a positive learning environment emphasizing excellence, creativity, and teamwork.

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- To provide strong support for community's overall economic development plan and objectives.
 - To create and support an independent water and wastewater authority that will provide more efficient and cost effective management and operation of AWWU.
 - To maintain sufficient flexibility in organization and management to be able to respond to changing conditions and scale operations up or down, as required, to meet economic opportunities or constraints.
 - To maximize acquisition of grant funds by complying with local, state, and federal regulation.
 - To maintain cooperation between AWWU and regulatory and grantor agencies and governing bodies to achieve mutual goals.
 - To maintain a sound financial system that provides timely, complete and accurate information to Utility and Municipal decision makers.
 - To achieve allowed rate of return and to maintain a positive bottom line which will enable the internal funding of routine plant additions and improvements without unnecessarily increasing rates.

C. PHILOSOPHY OF OPERATIONS

The following basic values govern the operation of AWWU:

- Customer Service: We are a public organization, whose chief purpose is to serve the general public and our customers. We place a high value on being responsive to customer needs.
- Quality: We strive to provide high quality water and wastewater services.
- Productivity/Cost: We believe in being cost conscious in every aspect of the Utility's management and service provision in order to provide the best service at the lowest possible cost and to maintain reasonable rates for our customers.
- Employees: Employees are our most valuable asset. We realize that the best plans will have little useful purpose unless our people believe in them and are motivated to work hard to make them happen. For that reason, we place an emphasis on making AWWU a place where people are encouraged to try new approaches to their work and where teamwork and cooperation are encouraged in order to meet our goals.
- Public Responsibility/Trust: We set high ethical standards in managing the public's resources, both physical and financial. We expect all other public agencies with which we work to share similar commitments in this area.
- Financial Integrity - We are an enterprise activity mandated by the Municipal Charter to provide a "reasonable profit." We shall strive to strengthen the Utility's financial position and to attain a strong positive bottom line without unnecessarily burdening our customers.

V. ASSUMPTIONS ABOUT THE FUTURE

During the development of AWWU's strategic plan, the Strategic Planning Team identified and evaluated numerous external factors affecting AWWU and the Municipality of Anchorage and developed certain assumptions about the future related to the major factors. As part of this process the team considered the following questions:

- °What will Anchorage's future look like?
- °How will it affect AWWU?
- °What assumptions should AWWU make?

This section of the plan includes the major external factors considered and the specific assumptions made about each. The assumptions listed below were taken into account when AWWU's strategic direction was established.

A. ECONOMIC

1. Assumptions:

- ° The Anchorage economy will bottom out during the next two years.
- ° The economy will begin to grow slowly beginning as early as 1990.
- ° Municipal Utilities Service Assessment (MUSA) will continue to increase and drive rate increases.
- ° The price of oil will remain volatile. Short-term stability within a range of a few dollars is likely.

2. Impacts on AWWU:

- ° AWWU's customer base will stabilize in 1989.
- ° Fixed costs will increase and be spread over fewer customers.
- ° There will be more uncollectible accounts.
- ° Emphasis in the Utility will be less on capital expansion and more on efficient and less costly operations.
- ° Any near-term or intermediate term growth will likely absorb existing commercial space and housing units through in-filling before new development is undertaken.
- ° AWWU should monitor specific projects, e.g.:
 - Duty Free Port
 - Eagle River Ski Resort
 - Olympics, 1994
 - Approval of oil exploration in the Arctic National Wildlife Refuge (ANWR): Preparation phase, possible population increase
 - Gas Pipeline: Preparation phase, population increase
 - Port Expansion
- ° AWWU will be asked to support economic development initiatives of the Municipality.
- ° Service levels may be reduced.

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B. REGULATORY/ENVIRONMENTAL

1. Assumptions:

- Regulations will increase.
- APUC rate case lags will continue.
- O&M costs may be impacted by adverse weather conditions.
- Air and Water quality standards will become more stringent.
- The 301(h) waiver will be renewed in 1990.
- Many existing on-site water and sewer systems will not meet changing regulatory requirements.
- There will be a review of deregulation from the APUC.

2. Impacts on AWWU:

- There will continue to be demands for capital expenditures due to system failures and increased ground water contamination.
- Increased regulation could result in decreased responsiveness, increased operating costs, diminution of revenue stream, and adverse effect on the debt/equity structure.
- Annual operating plans require flexibility to address unusually adverse weather.

C. KEY RESOURCE AVAILABILITY - FINANCIAL, PHYSICAL, AND HUMAN

1. Assumptions:

- PILA case will be resolved in 1988.
- Bond Rating will hold steady, but may be under pressure in the future.
- Grant funds will require a local match. Less grant money will be available.
- Less low cost money will be available through tax free issues, both as a result of market factors and more stringent regulation. Alternate sources of low cost money will be available from the State of Alaska.
- Source of water supply will not be a problem, assuming we maintain water rights.
- Local labor market will provide necessary human resources.
- Major projects undertaken to accommodate growth have been or soon will be completed.

2. Impacts on AWWU:

- The cost of new capital could decrease.
- Less contributed capital available to fund new projects.
- Smaller capital program in the intermediate term.
- AWWU's ability to incur additional debt may be impaired.
- Outcome of PILA case will have limited short-term impact on AWWU but could have detrimental long-term impacts.

D. POLITICAL

1. Assumptions:

- Federal government: There will be more requirements without commensurate funding.
- State Government: The financial picture is not likely to improve in terms of availability of general fund operating revenues to local government. Any increased funding would most likely have to come from other state revenues.
- Local Government: Privatization of Utility functions and deregulation from APUC will be major issues for next two years. Greater Assembly control is likely.

2. Impacts on AWWU:

- O&M costs may increase, due to increased regulation.
- MUSA charges will increase.
- Increased Federal requirements without Federal funding may mean increased costs for air quality and clean water.
- Need to confirm assumptions and direction with the Mayor.
- Intergovernmental charges will continue to decrease.

E. SOCIAL/CULTURAL

1. Assumptions:

- Uncertainty related to the current economic situation will place a strain on employees, customers, and the public generally.
- Customers will continue to expect the same high quality service, but will not be receptive to rate increases for three main reasons: (1) the government has been able to keep rates low in the past due to direct subsidy, (2) current economic conditions give customers less disposable income and (3) customers have difficulty understanding why rates are going up when economic activity is declining and the local cost of living has stabilized.

2. Impacts on AWWU:

- Employee morale will suffer.
- Rate increases will be more difficult to obtain.
- Support for General Obligation bonds will be more difficult to obtain.

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VI. AWWU'S STRATEGIC DIRECTION

AWWU has established the following five major areas in which action is required to maintain current priority programs and services and to enhance future success. A brief description is included within each area to indicate the direction AWWU intends to take.

A. FISCAL INTEGRITY AND FINANCIAL PERFORMANCE

AWWU will explore new revenue sources which do not require major capital outlay. AWWU will continue to respond to the downturn in the economy by implementing cost containment and downsizing strategies and will develop plans for dealing with rate shock resulting from Eklutna coming on line. AWWU will seek ways to minimize or avoid rate increases. The Utility will improve its financial management capability and enhance its ability to produce more useful and timely financial reports. Alternatives for reducing delays in obtaining necessary rate increases will be pursued.

Success in this area will be measured by:

- Reasonable, defensible rates.
- Net income.
- Cash position.
- Bond coverage.
- Debt/equity ratio.
- Report relevancy, accuracy, timeliness.
- Financial Management Information System (FMIS) implementation.

B. ORGANIZATIONAL ENVIRONMENT

AWWU will focus on implementing a formal strategic planning process, improving internal communications and maintaining a positive climate for performance. The Utility will implement the results of the 1987 management audit and will initiate action to decentralize some Municipality of Anchorage functions, where appropriate.

Success in this area will be measured by:

- Accomplishment of career development objectives.
- Employee morale improvement.
- Productivity measures; workload indicators.
- Strategic plan implementation.
- Safety indicators - claims, lost time, injuries.
- Audit findings addressed.
- IDP's and Performance Standards implementation.
- Training schedule established and maintained.
- Feedback to and from employees through the Employee Involvement Committee.
- Numbers and types of employee grievances, mediations, and arbitrations.

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C. CUSTOMER SERVICE AND COMMUNITY RELATIONS

AWWU will maintain responsive services to customers and will strive to retain a positive community reaction to AWWU issues.

Success in this area will be measured by:

- Feedback from surveys and speakers' bureau functions.
- Results of community meetings.
- Decrease in numbers of customer complaints.
- Visible public information activities.
- Response time to customer complaints/questions.
- Bond passage.
- Positive feedback from employees.

D. PRODUCT QUALITY AND SYSTEM RELIABILITY

AWWU will focus on maintaining the current high quality of the water supply and on providing flexible, reliable water and wastewater systems.

Success in this area will be measured by:

- Ongoing monitoring and reporting of product quality.
- Number of damage claims filed.
- Amount of damages paid.
- Amount spent on Utility operations in comparison to benefits.
- Reduction of permit violations.
- Successful completion of projects and project backlogs.
- Perceived quality/reliability problems -- measured by customer complaints.

E. REGULATORY COMPLIANCE

AWWU will take necessary steps to meet new and more stringent water standards, to retain 301(h) waiver status for Pt. Woronzof, and to implement improvements to the Girdwood and Eagle River wastewater treatment facilities. AWWU will seek solutions to the multiple regulatory requirements now in existence for the Utility.

Success in this area will be measured by:

- Timely response to proposed regulatory changes.
- Successful EPA annual audit review of programs and facilities.
- Elimination of plant permit violations.
- Submission and approval of revised 301(h) permit.
- Regulation revision.
- Decrease in cost of rate case preparation.

4-22

VII. AWWU'S MAJOR OBJECTIVES, STRATEGIES & TARGET COMPLETION DATES

The following pages present major objectives within each strategic direction and the broad courses of action that will be necessary to accomplish the established objectives. Targeted completion dates are also established within three time frames -- 1989, 1990, and 1991 and beyond.

4-23

STRATEGIC DIRECTION/OBJECTIVE/STRATEGIES	FISCAL YEAR		
	89	90	91 & BEYOND
<p>A. FISCAL INTEGRITY AND FINANCIAL PERFORMANCE</p> <p>1. <u>Objective:</u> To reduce combined 1987 controllable operating costs by at least \$1,000,000 and to reduce employee levels to 280 people to meet the 1989 budgeted level of expenditures.</p> <p><u>Primary Responsibility:</u> General Mgr./Division Mgrs.</p> <p><u>Strategies:</u></p> <ul style="list-style-type: none"> a. Elimination of positions. b. Reduce overtime 10%. c. Reduce supplies by 10%. d. Wells program: reduce costs by 5%. e. Implement Employee Involvement Committee recommendations. 	X		
<p>2. <u>Objective:</u> To substantially improve financial management and information reporting capability by June, 1990.</p> <p><u>Primary Responsibility:</u> Finance Division.</p> <p><u>Strategies:</u></p> <ul style="list-style-type: none"> a. Design and implement Financial Management Information System (FMIS) by December 31, 1989. b. Develop modeling programs for multi-year forecasts by June 30, 1990. 	X	X	
<p>3. <u>Objective:</u> Eliminate MUSA for water and wastewater plant by 1989.</p> <p><u>Primary Responsibility:</u> Finance Division.</p> <p><u>Strategies (Objective #4):</u></p> <ul style="list-style-type: none"> a. Prepare schedule by August 1988 of water/wastewater contributed/non-contributed plant. b. Achieve agreement by July, 1988 with Municipal Appraiser on calculation method for valuation of AWWU property and plant. c. Calculate revised MUSA by October, 1988. 			
<p>4. <u>Objective:</u> To revise the approved 6-year Capital Improvement Program (CIP) to reflect projected financial objectives and obtain necessary approvals.</p> <p><u>Primary Responsibility:</u> Eng. & Planning Div.</p>	X		

NOTE: (1) An "X" denotes substantial or final achievement of the objective.

4-24

STRATEGIC DIRECTION/OBJECTIVE/STRATEGIES	FISCAL YEAR		
	89	90	91 & BEYOND
<p>4. <u>Strategies:</u></p> <ul style="list-style-type: none"> a. Review facility master plans in light of current economic conditions by April, 1989. b. Reprioritize and update capital program to reflect projected financial conditions and objectives by April, 1989. c. Incorporate revisions into draft 1990-95 CIP by April 30, 1989. d. Obtain approvals for updated CIP by December, 1989. 			
<p>5. <u>Objective - Water Utility 1989:</u> To obtain a regulatory net income equal to the allowable return on equity.</p> <p><u>Primary Responsibility:</u> General Mgr./Division Mgrs.</p> <p><u>Strategies:</u></p> <ul style="list-style-type: none"> a. Attain interim rate increase of 40% by January 1, 1989 with additional permanent rate increase of 10% by August 1, 1989. b. Maintain debt service coverage required by bond covenants. c. Maintain operating expenses at or below those reflected in the approved 1989 budget. d. Achieve non-operating revenues and expenses as forecasted in the approved 1989 budget. e. Achieve revenues forecasted in the approved 1989 budget. f. Promote bulk water sales of \$250,000 during 1989. g. Reduce delinquency rate by 25%. h. Calculate and implement cost based non-recurring charges by July, 1989. 	X		
<p>6. <u>Objective - Water Utility 1989:</u> To fund a capital construction program of \$2.72m.</p> <p><u>Primary Responsibility:</u> Finance Division.</p> <p><u>Strategies (Objective #7):</u></p> <ul style="list-style-type: none"> a. Obtain state grants of \$1,080,000. b. Revenue bond sale of \$10 million in October, 1989. 	X		
<p>7. <u>Objective - Wastewater Utility 1989:</u> To achieve a positive regulatory net income for 1989.</p> <p><u>Primary Responsibility:</u> General Mgr./Division Mgrs.</p>	X		

4-25

STRATEGIC DIRECTION/OBJECTIVE/STRATEGIES	FISCAL YEAR		
	89	90	91 & BEYOND
<p>7. <u>Strategies:</u></p> <p>a. To obtain an interim rate increase of 15% effective 1/1/89 and an additional 5% permanent rate increase by August 1, 1989.</p> <p>b. Maintain operating expenses at or below those reflected in the approved 1989 budget.</p> <p>c. Achieve non-operating revenues and expenses as forecasted in the approved 1989 budget.</p> <p>d. Achieve revenues forecasted in the approved 1989 budget.</p> <p>e. Achieve allowable rate from the Military.</p> <p>f. Reduce delinquency rate by 25%.</p> <p>g. Calculate and implement cost based non-recurring charges by July, 1989.</p>			
<p>8. <u>Objective - Wastewater Utility 1989:</u> To fund a capital construction program of \$7.845 million.</p> <p><u>Primary Responsibility:</u> Finance Division/ Technical Services</p> <p><u>Strategies:</u></p> <p>a. Obtain state grants of \$3,905,000.</p> <p>b. Postpone sale of voter-approved bonds until 1989.</p> <p>c. Utilize \$3.3m of Federal grants.</p>	X		
<p>B. ORGANIZATIONAL ENVIRONMENT</p>			
<p>1. <u>Objective:</u> To improve employee morale and enhance the overall climate for performance in the Utility.</p> <p><u>Primary Responsibility:</u> Administration Div. - a&b Division Managers - b&c</p> <p><u>Strategies:</u></p> <p>a. Assess organizational climate and management practices in light of external changes and develop plans each quarter to address any problems that are identified.</p> <p>b. Continue Employee Involvement Committee Program.</p> <p>c. Implement approved 1989 E.I.C. goals and objectives.</p>	X	X	X
<p>2. <u>Objective:</u> Conclude employee participation in the revised corporate strategic plan by November 1, 1988.</p> <p><u>Primary Responsibility:</u> General Manager/Division Managers</p>	X		

4-26

STRATEGIC DIRECTION/OBJECTIVE/STRATEGIES	FISCAL YEAR		
	89	90	91 & BEYOND
<p>2. <u>Strategies:</u></p> <p>a. AWWU employee complete review of draft corporate strategic plan by June 30, 1988.</p> <p>b. Inform all AWWU employees about the final corporate strategic plan by November 1, 1988.</p> <p>c. General Manager will give all employees quarterly updates through 1989.</p>			
<p>3. <u>Objective:</u> To update the Employee Training Needs Assessment Plan to determine current AWWU manpower status, available employee skills and abilities, and future training and staffing needs of the Utility.</p> <p><u>Primary Responsibility:</u> Administration Division.</p> <p><u>Strategies:</u></p> <p>a. Define scope of assessment plan by June 30, 1989, to include objectives, content, and methodology for development.</p> <p>b. Establish task force to assist Personnel Officer and Training Officer in development of assessment plan by June 30, 1989.</p> <p>c. Complete planning process by December 31, 1989.</p> <p>d. Complete implementation by December 31, 1990.</p> <p>e. Provide in-house management and supervisory training each quarter.</p> <p>f. Include a supervision/employee development standard in all supervisory performance reviews.</p>	X	X	
<p>4. <u>Objective:</u> To integrate the corporate Strategic Plan into each division's operational planning process.</p> <p><u>Primary Responsibility:</u> Division Managers.</p> <p><u>Strategies:</u></p> <p>a. Review final Utility Strategic Plan in divisions November 1, 1988.</p> <p>b. Division managers to provide draft of Division Strategic Plan to General Manager by December 1, 1988.</p> <p>c. Division managers to provide final Division Strategic Plan by January 1, 1989.</p> <p>d. Develop contingency plans for items listed in Section IX by 2/29/89.</p>	X		
<p>5. <u>Objective:</u> Establish fully integrated safety program and disaster plan by January 31, 1989.</p> <p><u>Primary Responsibility:</u> Administration Division.</p>	X		

STRATEGIC DIRECTION/OBJECTIVE/STRATEGIES	FISCAL YEAR		
	89	90	91 & BEYOND
<p>5. <u>Strategies:</u></p> <ul style="list-style-type: none"> a. Complete the programs by January 31, 1989. b. Meet or exceed all regulatory requirements by March 31, 1989. c. Improve the effectiveness of safety program by providing coordination at the corporate level for the following: <ul style="list-style-type: none"> °Utility °Division °Work group, where appropriate d. Complete walk-through for disaster plan by August, 1989. 			
<p>C. CUSTOMER SERVICE AND COMMUNITY RELATIONS</p>			
<p>1. <u>Objective:</u> To identify customer and community concerns and provide for proper responses.</p> <p><u>Primary Responsibility:</u> Customer Service Division/ Administration Division</p> <p><u>Strategies:</u></p> <ul style="list-style-type: none"> a. Complete customer survey by June 1, 1989. b. Develop a plan to address critical customer concerns by October 31, 1989. c. Improve content, attitude, and style of correspondence to reflect customer service philosophy by December 31, 1989. 	X		
<p>2. <u>Objective:</u> To increase employee awareness of the importance of customer service and customer communication to reinforce the concept that each AWWU employee is responsible for maintaining good customer relations.</p> <p><u>Primary Responsibility:</u> Division Managers.</p> <p><u>Strategies:</u></p> <ul style="list-style-type: none"> a. Institute a customer relations and sensitivity training program by April 30, 1989. b. Include Customer Service in performance evaluation process as a performance standard for all positions. 	X		
<p>3. <u>Objective:</u> To obtain and maintain a positive community and public reaction to AWWU issues as indicated by passage of GO Bond proposals, support for Utility issues, and development of identifiable support group(s) for future issues.</p>	X	X	X

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STRATEGIC DIRECTION/OBJECTIVE/STRATEGIES	FISCAL YEAR		
	89	90	91 & BEYOND
<p>3. <u>Primary Responsibility:</u> Administration Division</p> <p><u>Strategies:</u></p> <ul style="list-style-type: none"> a. Fully develop a Speakers Bureau program to include all trained personnel. b. Develop guidelines for providing technical information for those participating in Speakers Bureau. c. AWWU personnel will complete 250 speaking engagements during 1989. 			
<p>D. PRODUCT QUALITY AND SYSTEM RELIABILITY</p>			
<p>1. <u>Objective:</u> To decrease water and wastewater systems failures, and to improve product delivery to customers and prevent degradation of product quality.</p> <p><u>Primary Responsibility:</u> Operations & Maintenance Division - c,e,f,g,&h Treatment Div. - a,d,f&g Eng./Plng. - b,g</p> <p><u>Strategies:</u></p> <ul style="list-style-type: none"> a. Identify source and correct pressure fluctuation within water system. b. Develop and implement a pilot program to prevent external corrosion by December 31, 1989. c. Continue the sewer system maintenance programs to prevent increased failures due to blockages, plugs, and system failures. d. Support development of the Hazardous Waste Program in 1989 by Solid Waste Services to eliminate disposal of undesirable items into sewer system. e. Maintain water and wastewater systems maintenance at or above the 1987 level. f. Continue treatment facilities, lift stations, and well's preventive maintenance program. g. Ensure appropriate redundancy in treatment, lift stations, and wells to increase reliability. h. Measure system outages and customer impacts. Attain a 99.995% system reliability. 	X	X	X
<p>2. <u>Objective:</u> To furnish all areas with adequate and reliable water supply and wastewater collection to assure that all current customers have sufficient service at all times of year with adequate reserves to satisfy projected development demands.</p>	X		

4-29

STRATEGIC DIRECTION/OBJECTIVE/STRATEGIES	FISCAL YEAR		
	89	90	91 & BEYOND
<p>2. <u>Primary Responsibility:</u> Engineering & Planning Division - a&b Treatment Division - c&d</p> <p><u>Strategies:</u></p> <ul style="list-style-type: none"> a. Evaluate and update current Master Plan to reflect current economic conditions and needs on an annual basis. b. Complete and bring Eklutna Water Project on line January 1, 1989. c. Review and update water rights for critical wells. (Action step to include working with the Department of Natural Resources. d. Develop community awareness program by August 31, 1989 concerning potential condemnation of water supply. 			
<p>E. REGULATORY COMPLIANCE</p> <p>1. <u>Objective:</u> To ensure that all water and wastewater treatment facilities meet current and anticipated NPDES permit limits and Safe Drinking Water Act Standards.</p> <p><u>Primary Responsibility:</u> Treatment Division.</p> <p><u>Strategies:</u></p> <ul style="list-style-type: none"> a. Remain proactive in development of regulation through professional groups and lobby groups. b. Maintain a satisfactory Pretreatment Program. c. Ensure that laboratory is responsive to regulatory requirements. d. Incorporate into the Capital Improvement Program any necessary treatment enhancements. e. Ensure that treatment staff is adequately trained to meet all operational, analytical, and testing requirements by December 31, 1989. 	X	X	X
<p>2. <u>Objective:</u> Gather all data necessary in support of retaining the 301(h) waiver of secondary treatment at Pt. Woronzof.</p> <p><u>Primary Responsibility:</u> Treatment Division.</p> <p><u>Strategies:</u></p> <ul style="list-style-type: none"> a. Initiate Phase 2 of permit renewal process by January, 1989. b. Continue 301(h) monitoring effort and submit required information to EPA by November 1, 1989. 	X		

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VIII. AWWU'S FISCAL POLICIES AND BUDGETS

The Anchorage Water and Wastewater Utility consists of two separate and distinct business entities which are regulated as such by the Alaska Public Utilities Commission (APUC). The Water Utility is currently charging rates to its customers which are based on a debt service coverage calculation methodology as directed by the APUC. The Wastewater Utility is currently charging rates to its customers which are based on an historical test year, rate base rate-of-return methodology. Revenue requirement studies are currently being undertaken for both utilities, using the traditional rate base rate-of-return methodology. The Water Utility will seek extraordinary ratemaking treatment for Eklutna, which is expected to be closed to plant in January of 1989.

The Utilities should be allowed to earn a regulatory net income which will provide for major repair, replacement and the acquisition of non-major plant assets. The Utilities must be financially sound in order to maintain favorable bond market ratings.

The Utilities have reduced Capital Improvement Programs to reflect current economic conditions. At least \$50 million of projects have been reprogrammed to later time periods in the 1989-1994 program. Summary information for the six-year period covered will be included in the strategic plan. Details of the program are available in the AWWU CIP document.

A summary of the 1989 Capital and operating budgets is included in this section of the plan. By April 1989, and for subsequent years, it is AWWU's intention to develop six-year financial projections for both capital and operating budgets for inclusion in the strategic plan.

AWWJ STRATEGIC PLAN
FINANCIAL ASSUMPTIONS
1989

4-31

1. RATES: The Water Utility will receive a 40% interim rate increase to be effective 1-1-89 with a 10% additional permanent increase in August, 1989. The Wastewater Utility will receive a 15% interim rate increase effective 1-1-89 with an additional 5% permanent increase in August, 1989.
2. LABOR: 280 positions 1-1-89. Labor costs will not exceed 1988 level.
3. SUPPLIES/OTHER SERVICES: Cut supplies by 10%.
Hold other services to 1988 level.
4. INTRAGOVERNMENTAL CHARGES: Same level as 1987.
5. MUSA: 10% mill rate increase assumed.
6. DEPRECIATION: Based on estimated closures from Engineering using APUC approved rates.
7. NON-OPERATING REVENUE: Assumes interest rate of 6.25% on funds in general cash pool.
8. AFUDC: Capitalized interest on outstanding bonds @ 8%. Future bonds @ 10%.
9. BOND/LOANS: Water - \$10M in October, 1989. Wastewater - \$10M in October, 1989.

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IX. IMPLEMENTATION OF CORPORATE STRATEGIC PLAN

The AWWU 1989 strategic plan is an effort to increase clarity of purpose and direction for the Utility. In order to accomplish the objectives of the plan and move in the direction established, specific action plans and implementation steps will be required. In addition, implementation efforts will need to be closely monitored to assure compliance with planned accomplishments and allow for timely corrective actions and plan revisions.

This section of the plan outlines the major tasks required to implement the plan and the desired linkages to management and control systems.

A. IMPLEMENTATION TASKS

The efforts presented below will be completed each year upon adoption of the strategic plan. These tasks link the corporate strategic plan to annual operational work programs and also to budgets.

1. Prepare division strategic plans, which will include division mission statements, objectives and strategies.
2. Prepare appropriate action plans for inclusion in division strategic plan.
3. Following adoption of the Municipal budget, implement the division plans and their operational work programs.
4. Monitor key assumptions and measure accomplishments toward desired objectives. Take corrective actions and revise work programs as appropriate.

B. MISSION, VALUES, AND OBJECTIVES

Day-to-day decisions should be made in the context of AWWU's mission, values, and objectives as spelled out in the strategic plan. All activities undertaken should be in support of this overall direction.

C. CONTINGENCIES

The strategic plan is based on judgments relative to the most likely outcomes associated with each of the major external factors discussed earlier in the plan. The plan may need to be reassessed in light of new circumstances which may substantially change our earlier assumptions. The external factors or potential events which AWWU will monitor in order to track significant variations include the following:

- Acquisition of the 1994 Olympics
- Status of ANWR (Arctic National Wildlife Refuge) oil exploration
- Eagle River Ski Resort development
- Military Buildup/Reduction
- Selection of Anchorage as a home port for the military
- The price of oil--increases or decreases as they affect State spending and oil industry activity
- Use of State funds for countercyclical spending

- Windfall Revenues
- Permanent Fund Earnings
- Other funds (savings, etc.)
- Gas pipeline activity
- Natural Disasters
- Substantial changes in current regulations (e.g., loss of 301(h) waiver)
- Weather
- Major financial assumptions outlined in Section VIII.

AWWU will develop contingency plans which will address the financial, operational, organizational, and capital improvement program impacts for the following items:

- Eagle River Ski Resort development
- Natural Disaster Planning
- Substantial changes in current regulations
- Foreign trade zone (possible land use option for AWWU land at Minnesota and International)

The level of detail of these contingency plans will depend on the timing, impact, and probability of occurrence of these events.

spl/lspl

Utility ANCHORAGE WATER & WASTEWATER UTILITY	Division	Budget Year 1989
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WORKFORCE PROJECTION

<u>DIVISIONS</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1993</u>
Manager	11	10	10	10	10	10	10
Engineering	45	33	33	33	33	33	33
Treatment	66	63	63	63	63	63	63
Operations	84	82	82	83	83	84	84
Finance	23	16	16	16	16	16	16
Regulatory	-	5	5	5	5	5	5
Customer Service	52	50	50	50	50	50	50
Admin Services	<u>31</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>
Total	312	285	285	286	286	287	287

Utility ANCHORAGE WATER & WASTEWATER UTILITY	Division	Budget Year 1989
<u>1989 BUDGET ASSUMPTIONS</u>		
Salaries and Wages:	Wage increase of 3%.	
Benefits:	Same level as 1988, 34% of labor costs.	
Inflation Factor:	Inflation assumed at 4%. Chemicals and paper costs have increased over 20%.	
Debt Service:	Interest on revenue bonds assumed to be 8.75%	
Interest Income:	Interest on short-term investments anticipated to be 6.5%.	
Intragovernmental Changes:	Assumed to remain at 1988 levels.	
Mill Rate Increase:	MUSA assumes a 5.5% mill rate increase.	
Vacancy Factor:	2%	
Overtime:	3% of payroll.	