

Storm Water Utility: Phase 2: Status Report

*Presented Originally on October 17, 2019 to the
Assembly Enterprise and Utility Oversight Committee*

***Updated** July 10, 2020 for Presentation to an
Assembly Worksession*



Why Are We Doing This? (October 2019)

- Provides a mechanism for cohesive drainage management and coordination and eliminates the shifting of drainage problems from one location to another;
- Provides for a dedicated revenue source for stormwater management, maintenance, and capital improvements;
- Provides an equitable distribution of the stormwater costs among stormwater system users and contributors; and
- Provides a way to incentivize good stormwater management practices, such as utilizing Green Infrastructure and onsite storm water management techniques.



Practices: Now vs. the Future (October 2019)

Current:



- Ad-hoc, one-off, as-needed undisciplined, unplanned, potentially wasteful, unmet need
- Partially bond based, uncertainty drives up costs
- Cost causers are not always cost payer
- Minimal incentives

SWU:

- cohesive drainage management
- dedicated revenue source
- equitable distribution of costs
- incentivize good practices



Delta View: Phase 1 & 2 (October 2019)

Phase 1:

- January 2019 Report
- Stand Alone
- Non-Certificated
- Non-Regulated
- **Master Plan**
- **Organizational Structure**
- **Rate Structure**

Phase 2:

- AWWU RFP
- Comingled Utility with AWU/ASU
- RCA Certificated
- RCA Economically Regulated
- **CPCN**
- **AWWU**
- **CPCN**



Contract Milestone Schedule (October 2019)

- December 2019: Execute Contract (NTP)
- Phase 2 Report: Assembly Approval Q3 2021
 - Public: Project introduction: Q1 2020
 - Public: Potential rate structure: Q3 2020
 - Public: Recommendation for proposed rate structure and initial rates: Q1 2021
- RCA CPCN approval process: Q4 2021 & Q1 2022
- Anticipated First Invoice: Q2 2022



AWWU Activates To October 2019

- AWWU has been tasked with initiating and integrating a SWU into AWWU's existing utility structure
- Using a public Request For Proposal (RFP), AWWU has selected a Contractor and is currently negotiating the project scope, fee and schedule
- Project budget is \$1.5M. Contract is expected to exceed \$1M. Balance is AWWU labor (legal) cost and contingency



Activities: October 2019 to July 2020

- November 2019: work sessions with the Consultant & Stakeholders
 - Better scope definition resulted in January 7, 2020 proposal: \$2.2 million
- Worked with consultant to narrow down the scope to fit the budget and accomplish the project objectives
- Revised April 9, 2020 using a *Gated Decision Process*: \$1.2 million
- **Pandemic Priority: March 2020 to July 2020**



Revised Phase 2 Activities

- Determining additional funding opportunities (e.g., grants),
- Establishing a utility rate structure for the existing level of service (LOS) including operational costs and capital improvement program,
- Engaging stakeholders and MOA coordination,
- Preparing a Phase 3 SWU implementation road map that addresses items identified in AO 2019-106(S-2) and elsewhere as needed for a fully functional SWU, and
- Supporting the MOA Assembly decision on proceeding to Phase 3

Phase 2 Specific Tasks (1/4)

- Implement an extensive public involvement program to educate and inform the public of the need for a SWU and this planning effort.
- Catalog known stormwater infrastructure data (e.g. infrastructure location, condition, size, type, and age) with an evaluation of data sources and their accuracy and deficiencies.
- Classify costs associated with SWU functions based on the existing LOS, which varies by location within the SWU service area (i.e., Anchorage Road District Service Area [ARDSA], Limited Road Service Area [LSRA], etc.).

Phase 2 Specific Tasks (2/4)

- Analyze the previous five years of capital expenditures to establish the capital component of the SWU rate base and estimate the overall costs of a 20-year capital program.
- Establish a base level of costs for existing operations, maintenance, and capital improvements. This cost will provide the basis for a single rate structure for consideration.
- Evaluate and identify limitations of AWWU's existing Banner billing system as a vehicle for the SWU bill.

Phase 2 Specific Tasks (3/4)

- Identify a list of activities to aid in the preparation of a Phase 3 SOW. The objective of Phase 3 is to transition the initial, interim SWU organization into a fully functional and standalone MOA Enterprise Activity.
- Coordination with the newly established bodies specifically the Assembly Stormwater Utility Commission (SWUC) and AWWU Stormwater Utility Policy Committee (SWUPC) to address the complex processes for the transfer of general government funding, associated positions (PCNs), and operational control of municipal assets to a newly created user-fee based utility.

Phase 2 Specific Tasks (4/4)

- Develop a decisional document (Phase 2 Report) that summarizes the findings developed for the foregoing tasks inclusive of recommendations made and/or options and alternatives presented to the MOA for action. The report will provide an analysis of the interdependencies of all previous tasks and document the impacts of each decision including timelines. The report will be focused on decisions needed from the MOA and/or AWWU in how and if to move forward with an SWU.



Revised Phase 3 Activities

- Engaging the public on the future cost for the SWU and the development of future level of service (operation and capital),
- Defining relationship with ADOT&PF,
- SWU rate structure and initial bill,
- Submitting a CPCN application and tariff, and
- Implementation of the SWU

Pandemic Driven Changes

- The April 7, 2020 Proposal was developed prior a full realization of the impacts of COVID-19. The initial Task for this contract will be to revisit the Scope of Work to revise the public involvement program to rely on virtual meetings and minimize or eliminate travel using technology.
- Based on travel restrictions, the Contractor proposes to omit travel to Alaska for the project while restrictions are in place
- Hold virtual meetings with AWWU and MOA personnel supplemented with a local Stantec team member while the restrictions are in place.



Questions?

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