

Submitted by: Assemblymember Allan Tesche
Prepared by: Department of Assembly
For reading: March 18, 2003

**ANCHORAGE, ALASKA
AR NO. 2002-390(S)**

1 A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY REQUIRING
2 ANCHORAGE WATER AND WASTEWATER UTILITY TO ENGAGE THE SERVICES OF
3 A PROFESSIONAL CONSULTANT TO REVIEW THE APPROPRIATENESS OF THE
4 WATER USAGE TARIFF FEES AND HYDRANT MAINTENANCE COSTS CHARGED TO
5 THE ANCHORAGE FIRE DEPARTMENT AND TO REPORT TO THE ASSEMBLY.
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8 WHEREAS, municipal fire protection service should provide good quality service at a
9 reasonable price to the citizens of Anchorage; and

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11 WHEREAS, the Anchorage Water and Wastewater Utility (AWWU) provides fire hydrant
12 maintenance services, which are allocated to the Anchorage Fire Department; and
13 and water usage tariff fees

14 WHEREAS, AWWU is in the process of preparing a Cost of Service Study (COSS) for
15 submission to the Regulatory Commission of Alaska (RCA); and

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17 WHEREAS, an independent review of the Cost of Service Study would help ensure that the
18 costs of fire hydrant maintenance services are reasonably assigned and allocated, and that the cost
19 of fire hydrant maintenance service is reasonable, and water usage tariff fees
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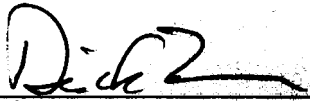
21 NOW THEREFORE BE IT RESOLVED that:

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23 Section 1. That AWWU shall fully document its current Cost of Service Study,
24 including:


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26 (1) the cost assignment and cost allocation methodologies considered, and either adopted
27 or rejected, and the supporting rationale;
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29 (2) the cost assignment and cost allocation assumptions, including time and motion
30 studies, capacity utilization studies, and other cost studies conducted but not used,
31 and the rationale for which studies were adopted or rejected;
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33 (3) comparison of fire hydrant maintenance costs to benchmark costs from other
34 comparable municipalities.
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36 Section 2. Under the supervision of the Assembly, an independent rate and regulatory
37 policy consultant shall be engaged, at a cost not to exceed \$30,000, to conduct an independent
38 review of the fire hydrant costs identified in the AWWU Cost of Service Study and provide a written
39 report and presentation to the Assembly, and water usage tariff fees
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2 PASSED AND APPROVED by the Anchorage Assembly this 8th day of April,
3 2003.

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Chair

ATTEST:


Municipal Clerk

MUNICIPALITY OF ANCHORAGE

INFORMATION MEMORANDUM

AIM No. 13-2003

Meeting Date: January 28, 2003

From: Mayor

Subject: Review of Fire Protection Charges from Anchorage Water & Wastewater Utility to the Anchorage Fire Department

In 1991 the Anchorage Fire Department (AFD) contracted with an independent consultant, Price Waterhouse, to review the 1987 Anchorage Water & Wastewater Utility (AWWU) Cost of Service Study. The scope of this review was to determine the extent to which the study adhered to sound cost-of-service and rate design principles.

By 1994 the AFD and AWWU had jointly agreed to the majority of the issues raised by the Price Waterhouse report. The resulting new 1995 tarified rate to AFD of \$2,475,000 had been reduced by approximately \$660,000 from the original proposed rate. The 1995 tarified rate is still in effect.

The 1991 Price Waterhouse report contained two discussion points that both AFD and AWWU believed at the time were not relevant to the Cost of Service Study. However, the Administration wishes to explore every option for the methodology associated with fire protection fee, and cost recovery methods. Therefore, it is the intention of the Administration to direct AWWU to hire a professional consultant to review the remaining two items from the Price Waterhouse report, as well as comment on alternate cost recovery methods.

Prepared by: Mark Premo, P.E., General Manager, AWWU

Fund Certification: Not Applicable

Concur: Harry J. Kieling, Jr., Municipal Manager

Respectfully submitted: George P. Wuerch, Mayor

2	Assembly		
	THE PERSON THE DOCUMENT WAS ACTUALLY PREPARED BY:	HIS/HER PHONE NUMBER	
3	Assembly Counsel Administrative Assistant	4420	
4	COORDINATED WITH AND REVIEWED BY	INITIALS	DATE
	Mayor		
	Heritage Land Bank		
	Merrill Field Airport		
	Municipal Light & Power		
	Port of Anchorage		
	Solid Waste Services		
	Water & Wastewater Utility		
	Municipal Manager		
	Cultural & Recreational Services		
	Employee Relations		
	Finance, Chief Fiscal Officer		
	Fire		
	Health & Human Services		
	Office of Management and Budget		
	Management Information Services		
	Police		
	Planning, Development & Public Works		
	Development Services		
	Facility Management		
	Planning		
	Project Management & Engineering		
	Street Maintenance		
	Traffic		
	Public Transportation Department		
	Purchasing		
	Municipal Attorney		
	Municipal Clerk		
	Other		
5	Special Instructions/Comments		
	Addendum - Old Business		
	2003 MAR 13 AM 11:35		
6	ASSEMBLY HEARING DATE REQUESTED 3/18/03	7	PUBLIC HEARING DATE REQUESTED