Water Affordability Checklist
A Guide in Preparation for the Spring Affordability Workshop

Cities and water utilities are increasingly faced with a major financial dilemma: increase rates to update infrastructure and price out ratepayers or keep rates static at the expense of aging and failing infrastructure. The Mayors Innovation Project, along with our partners at the Water Center, are hosting a workshop April 2 - 3, 2020, for water utility leaders across the Great Lakes region. This workshop will assist utility leaders (and other senior staff) create water affordability plans for their cities. This engaging and interactive workshop will arm utility leaders with everything they need to create more efficient, affordable, and sustainable water utilities that have good relationships with the constituents they serve.

We will assist Affordability Workshop attendees in collecting and coming prepared with the following information.

Asset Management

Up-to-date and effective asset management efforts are critical components in ensuring a functional and resilient utility. Asset management efforts address managerial, financial, and technical aspects of a water utility, and serve to organize the utility's current and future capacity.

Managerial asset management (MAM) encompasses the human side of operating a water utility. Human capital and governance are two key components of MAM that ensure the vitality of a utility. MAM is conducted primarily via tracking ownership of assets, succession planning/interest in innovative technological adaptation, and leadership capacity.

Human Capital
- Capacity/Interest within staffing to use new technologies?
- Mentoring, continuing education, conferences

Governance
- Executive/leadership team representing all utility functions
- Existing Utility Strategic Plan (defined mission/objectives)
- Is there a full-time utility manager? Total Employees? How many licensed operators are on staff?
• Is there a separate utility board, or does the utility fall under a separate council/municipal structure?

Regulatory Compliance
• Is there a history of permanent exceedances or violations?
• Are violations administrative for record-keeping or MCL?
• Internal legal and technical capacity
• Use of consultants/experts
• Remediation plans in place for exceedances/violations
• Relationship with Regulatory agencies

Public Engagement
• Use of:
  ○ Customer surveys
  ○ Mailings/letters
  ○ Social media (Blogs, Facebook, Twitter, Instagram)
  ○ Website
  ○ Billstuffers
  ○ Public/town meetings
  ○ Call Center/hotline
  ○ Community Advisory Groups
  ○ Language access

• Public engagement/communication
  ○ Does the utility provide an annual water quality report?
    ■ Does the utility provide a website where these reports can easily be located?
    • Are the reports developed with the audience as community members in mind?
  ○ Is there a public/community engagement professional on staff?
    ■ Does the utility make a conscious effort to disseminate a steady stream of information to the community (i.e. not only negative news)?
    ■ Are there ways in which the community members can be directly involved with utility efforts?
    ■ Does the utility have a phone number/customer service line to support community members regarding the quality/safety of their water?

Financial asset management includes information gathering to determine if the water system/utility funds are completely segregated from city funds or if they are commingled in any way. As revenues from water utilities are typically very reliable (citizens/consumers get a water bill and then they pay it), other city expenses are compensated by water utility funds, and it’s necessary to know when/if this occurs. Once a full understanding of the water revenue stream is acquired, a financial analysis including current rates, rate increases, billing delinquencies, inventory of critical assets (minimum life-cycle costs for infrastructure owned by the utility), and cost of service will prompt accurate steps forward to achieve utility financial health.
General
- When were the three most recent rate increases, and what were the % rate increases?
- Are there any current planned rate increases?
- Rate increases (General):
  - Major Drivers (Regulations, capital programs, employee pension/benefits, assistance programs, etc.)
  - Are rates consultants used
  - Are rates audits conducted?

Current Rates and Billing
- What is the current water bill rate structure? (Include drinking water, wastewater, stormwater break down - if applicable to the utility)
  - Flat fee or usage/consumption factor or a combination?
  - Affordability program?
    - Established
    - Interest
    - Feasibility
  - Billing Delinquencies
    - Has there been a recent collection/analysis of billing data re: trends, usage, distribution, receivables, age, etc.?

Inventory of Critical Assets
- Is there a way to identify minimum life-cycle costs? (Will help to inform long term capital plan)
- Is there a general inventory report?

Technical asset management (TAM) includes data management and the development of a physical infrastructure inventory. Said infrastructure inventory should include all surface and subsurface physical assets that the city/utility owns and/or operates/maintains. The infrastructure inventory should be regularly updated and translated into a map for adequate and accurate visibility and to support priority planning. You may wish to consider that the inventory includes position/location of the physical assets as well as their condition. A sufficient evaluation of asset condition may require further investigation/analysis.

What data collection systems does the utility have and how are they used?
- Does the utility track leaks in infrastructure?
  - Is there metering for leak detection or usage of AMR or AMI technology?
- Does the utility track energy usage?

Infrastructure Inventory
- Does the utility own or have access to an ARCGIS (or other software) to develop map identifying all pipes, reservoirs, pump stations etc. owned and operated by the utility?
  - Paper file or digitized?
  - Has there been a condition assessment and rating system developed?
- Has a basic water loss analysis been conducted?
- Has critical maintenance backlogs and small physical improvements to assist compliance been identified?
- Has prioritization based on age/ongoing infrastructure failures been developed?
- Do master plans exist for Water/Wastewater?

**Regulations**

- State or utility commission laws and/or regulations on types of rate structures a utility can set.
- State and/or utility commissions laws and/or regulations on if a utility can set their own rates or do they have to be approved by a different entity.

**Demographics**

- We will provide you with key demographic information about your utility’s area at the meeting. To help us do so, we will ask that you list any cities etc. for which you are responsible for providing drinking water service.