

MUNICIPALITY OF ANCHORAGE

ASSEMBLY INFORMATION MEMORANDUM

No. AIM 83-2011

Meeting Date: August 16, 2011

Accepted 8/16/11

1 **From: Timothy M. Sullivan, Sr., Chair, AWWU Board of Directors**

2
3 **Subject: 2011 AWWU Transition from Board Governance to Municipal Utility**

4
5
6
7 **1) Executive Summary**

8
9 In May of 2011, passage of AO 2011-24(S), sponsored by Assembly members Patrick
10 Flynn and Jennifer Johnston, dissolved Title 31 of the Anchorage Municipal Code, and
11 mandated transition from a Board-governed utility to a municipal utility. The legislation
12 called for submittal of a Transition Plan within 90 days of the effective date of the
13 ordinance, that is, August 22, 2011; with the transition to be complete within 180 days,
14 that is, November 20, 2011. This memorandum has been prepared and approved by the
15 Anchorage Water and Wastewater Utility (AWWU) Board of Directors, via Board
16 Memorandum 2011-61, on August 3, 2011, and is hereby submitted in accordance with
17 the ordinance.

18
19 The purpose of this Transition Plan is to address the transfer of Board powers
20 specifically authorized under Title 31, and describe a process for business case analysis
21 and transition of business functions, where appropriate, to amalgamate with the
22 business of other municipal departments. The process has been tailored to respond to
23 the vision of an enterprise business service center, as outlined by the Municipal Chief
24 Financial Officer (CFO) Lucinda Mahoney.

25
26 The Transition Plan is not intended to present results of the analysis of each business
27 case for amalgamation of functions. However, it is intended to outline the decision-
28 making process in general, and prescribe timelines for the consideration and
29 implementation of various transition steps.

30
31 A key element of the successful transition of AWWU business functions to parties
32 outside of AWWU will be the implementation of a service level agreement outlining
33 duties, performance metrics, cost allocation, and consequences for failure, to meet
34 agreed performance metrics between the two parties. The service level agreement
35 between AWWU and the Municipality's Finance Department, for purchasing services, is
36 attached.

1 This Transition Plan document is organized as follows:
2

- 3 • Section 2 provides background on the business processes that were brought under
4 the authority of the AWWU Board of Directors under Title 31, with the result of
5 successfully improving the efficiency of business processes for the benefit of AWWU
6 ratepayers.
7
- 8 • Section 3 addresses the transition of Board membership, and terms for the new
9 Board of Directors constituted under Title 4.80.020 of the municipal code.
10
- 11 • Section 4 reviews each of the powers specifically provided for in Title 31, identifying
12 areas in which the Board can continue to serve the administration with
13 recommendations in an advisory capacity.
14
- 15 • Section 5 describes the transition of executives responsible for the seven divisions of
16 AWWU.
17
- 18 • Section 6 recounts the vision for a municipal enterprise business service center
19 articulated by CFO Lucinda Mahoney. Six functional areas to be reviewed for
20 transition are identified, following Ms. Mahoney's suggestion to the AWWU Board.
21
- 22 • Section 7 describes use of a Utility Transition Steering Committee to guide the
23 implementation of the transition.
24
- 25 • Section 8 describes how executive teams from the administration and AWWU will
26 convene to identify business functions suited for analysis in each Functional Area
27 Review.
28
- 29 • Section 9 describes the establishment of a Transition Task Force, for each functional
30 area, that will analyze the costs and benefits of transition, and make
31 recommendations to the Utility Steering Committee.
32
- 33 • Section 10 discusses the process for undertaking the Functional Area Review, and
34 the documentation required prior to implementation of the transition.
35
- 36 • Section 11 provides an outline of the expected contents of a Service Level
37 Agreement, an essential component of each functional area review to ensure that
38 ratepayers are not injured by the transfer of certain business functions to a broader
39 municipal service center operation.

- 1 • Section 12 identifies policies and procedures that have been promulgated by AWWU
2 under Title 31. Where business functions transition to a broader municipal service
3 center operation, it will be important to maintain clear and consistent policies and
4 procedures through similar documentation, including a meaningful process for
5 maintenance and updating of the policies and procedures, going forward.
6
- 7 • Section 13 presents a schedule for consideration and – where appropriate –
8 implementation of transition of business functions. Clearly this is not an
9 instantaneous process, and other ongoing efforts, including the implementation of
10 the new municipal ERP system, need to be accommodated in scheduling transition
11 activities.
12
- 13 • A number of attachments are included with this document to augment the discussion.
14 Included are: 1) a functional organization chart of existing AWWU Employee
15 Services; 2) a process flow chart for undertaking the Functional Area Review; 3) a
16 Functional Area Review template, focusing on the kinds of information required for a
17 collaborative, objective, and rational selection of business process for transition; 4) a
18 pilot Service Level Agreement, identifying performance metrics for services provided,
19 expected cost recovery, and consequences for deficient performance; 5) A list
20 matching AWWU policies and procedures to equivalent municipal policies and
21 procedures documentation, where available; and, 6) a Gantt chart schedule of the
22 overall transition process through 2013.
23
24

25 **2) Background**

26
27 The AWWU Authority was established by the Municipal Assembly on September 13,
28 2005, with the approval of Assembly Ordinance AO 2005-107. This ordinance
29 established Title 31: "Anchorage Water and Wastewater Utility" of the Anchorage
30 Municipal Code, which provided for a Board of Directors and gradual implementation of
31 Board powers and Authority functions. The ordinance also mandated development of a
32 Transition Plan transferring business functions to AWWU, to provide efficiencies
33 benefitting AWWU customers in accordance with best practices in the industry. To a
34 large extent, this transition has been realized, with the result that, from many
35 perspectives, AWWU has a well-earned reputation across the nation as a model for
36 utility business practices.

1 The Transition Plan was completed by the Board and approved by the municipal
2 Assembly on May 23, 2006. It included the transfer to AWWU of 37 specific
3 tasks/services in seven major functional areas:
4

5 **1. Central Accounting**

- 6 a. Bank Reconciliations
- 7 b. Electronic Fund Transfer (EFT) deposit research
- 8 c. Fund Certification review
- 9 d. Reconciliation/recording special assessments
- 10 e. Processing/recording bond related debt services payments*

11
12 **2. Accounts Payable**

- 13 a. Input new vendors/perform vendor maintenance
- 14 b. Route incoming vendor invoices
- 15 c. Review vouchers for compliance
- 16 d. Process vouchers for payment release
- 17 e. Process travel activity
- 18 f. Process stop payments, void and reissue requests
- 19 g. Process split check requests

20
21 **3. Equal Opportunity**

- 22 a. Promote utilization of disadvantaged/women-owned businesses
- 23 b. Conduct contract review to ensure contractor/vendor compliance

24
25 **4. Purchasing**

- 26 a. Issue formal solicitations
- 27 b. Issue informal solicitations
- 28 c. Issue annual supply contracts
- 29 d. Grants and grant contract processing
- 30 e. Approval of contract awards, change orders, etc
- 31 f. Assembly approval of leases, leasehold interests and disposals
- 32 g. Assembly notification of Board approved contract awards
- 33 h. Contract preparations and processing
- 34 i. Change orders and contract amendment processing
- 35 j. Contract administration
- 36 k. Manage and maintain bidders' application system
- 37 l. Compile/maintain log of all contracts issued
- 38 m. Review, approve and process non-competitive procurements
- 39 n. Process appeals and facilitate bidding review board meetings.
- 40 o. Procurement card program administration, training and processing*
- 41 p. Excess surplus property disposal

1 | **5. IT-Enterprise**

- 2 | a. Operate Dimond Center Data Center/Enterprise Server*
- 3 | b. Receive and pay long distance phone charge bills*
- 4 |

5 | **6. PeopleSoft Support**

- 6 | a. Process labor distribution
- 7 | b. PeopleSoft security*
- 8 |

9 | **7. Office of Management and Budget**

- 10 | a. Review Assembly documents/transactions for compliance
- 11 | b. Provide budget guidance
- 12 | c. Coordinate grant receipts
- 13 |

14 | * = Items not fully transferred.

15 |

16 |

17 | By March 2007, all but five of the 37 specific tasks/services in the Transition Plan had

18 | been transferred successfully to AWWU. A second phase of the Transition Plan

19 | examined some additional priority areas for changes/improvements. By the end of 2010,

20 | recommended changes in seven additional areas were underway or partially complete.

21 | The 2011 budgeted IGC allocation has fallen by a third from 2010 to just under \$1.7

22 | million. Statuses of these are as follows:

23 |

- 24 | 1. **Personnel Rules** – A second draft of new code incorporating rules for executive and
- 25 | non-represented personnel into Title 31 was completed in 2nd Quarter 2010, and
- 26 | referred to the Municipal attorney for legal review. No response was received. The
- 27 | development of new personnel rules became moot with the dissolution of Title 31 in
- 28 | May 2011.
- 29 |
- 30 | 2. **Personnel Administration** - Transition completed. The transfer of authority for
- 31 | personnel administration was reviewed and confirmed by the Sullivan Administration,
- 32 | effective October 27, 2009, and amended on September 29, 2010.
- 33 |
- 34 | 3. **Classification** –AWWU was providing for classification of its own personnel in 2008.
- 35 | In 2009, the Sullivan Administration Employee Relations Department withdrew the
- 36 | delegation of the classification function, with the understanding that this task should
- 37 | be performed in a parallel manner throughout municipal enterprises.
- 38 |
- 39 | 4. **Civil Attorney** –AWWU is receiving regular updates on a long list of legal issues
- 40 | being worked by the Municipal Attorney's office. A target date for a resolution is
- 41 | regularly requested when an issue is presented to the Municipal attorney. Timely
- 42 | resolution continues to be a problem.

- 1 5. **Enterprise Resource Planning (ERP)** – ERP is a management information system
2 integrating human resources, finance, and accounting across an organization. The
3 aging municipal PeopleSoft system was recognized as inadequate for AWWU's
4 current and future needs. AWWU's consultant, SoftResources, provided an analysis
5 of AWWU ERP needs, recommending a path to a utility-specific ERP solution. Action
6 by the Municipal Assembly withdrew funding for development of an independent
7 AWWU system from the Utility's capital budget. The municipal administration has
8 collaborated with AWWU to incorporate identified needs in negotiations with its
9 selected ERP vendor. Implementation of the new municipal ERP system is intended
10 to begin this year.
- 11
- 12 6. **Remittance Processing** – No progress; will be linked to ERP development.
- 13
- 14 7. **Municipal Manager** - Transition completed. Under Title 31, the Municipal Manager
15 has not been involved in day-to-day operation of the Utility. Therefore, budget for the
16 Municipal Manager was reduced. IGCs for this line item fell from \$42,000 per utility
17 in 2008, to zero expenditures in 2011.
- 18

19 In May of 2011, passage of AO 2011-24(S), sponsored by Assembly members Patrick
20 Flynn and Jennifer Johnston, dissolved Title 31, and mandated complete transition from
21 a Board-governed utility to a municipal utility. The Board of Directors for the Utility was
22 retained by new legislation, although the authority of the Board, as reconstituted under
23 Anchorage Municipal Code section 4.80.020, is restricted to making recommendations to
24 the Mayor, establishing procedures for customer complaints, and recommending
25 changes in code to the Assembly that the board deems necessary or desirable for the
26 efficient operation of the Utility, or for the benefit of its customers.

27

28

29 **3) Transition of Board of Directors Membership**

30

31 Assembly Ordinance AO 2011-24(S) is clear about the composition of the Board of
32 Directors after transition. However, the legislation is silent on the disposition of the
33 existing Board of Directors, as well as the staggering of terms of office for the advisory
34 Board after transition. It is understood that the existing Board of Directors under Title 31
35 will cease to exist on November 20, 2011. After this date the AWWU General Manager
36 will report to the Mayor through the Municipal Manager. The Mayor will appoint a new
37 Board of Directors to fill the positions described in Title 4.80.020. Existing members of
38 the Board will inform the Mayor of their interest in continuing service on the new Board
39 by September 15, 2011. In keeping with the current staggering of office terms under Title
40 31, the initial termination dates for the seats on the new Board will be staggered as
41 indicated in the following table. After initial terms, each term will be five years.

1

Seat 1 (Member of the Alaska Bar)	October 14, 2016
Seat 2 (Professional Engineer)	October 14, 2012
Seat 3 (Finance)	October 14, 2012
Seat 4 (Public Health)	October 14, 2013
Seat 5 (Municipal utility bargaining unit)	October 14, 2014
Seat 6 (At-large)	October 14, 2014
Seat 7 (At-large)	October 14, 2015

2

3

4

4) Transition of Authorities specifically granted under Title 31.

5

6 Title 31 provided the AWWU Board of Directors with the general mandate to operate and
7 manage the Utility within the confines of the Municipal code. Fourteen specific
8 authorities were provided for in Title 31. These are listed in Table 1 below, with
9 corresponding comments on the disposition of such authorities following reconstruction
10 of the Board of Directors under Title 4.

11

12 The adoption of AO 2011-24(S) does not necessarily preclude the Board from holding
13 these authorities specifically granted in Title 31, as the ordinance is clear that all other
14 elements of the Municipal Code still apply. However, the intent of the ordinance is
15 understood to be the consolidation of authority for operation and management of the
16 Utility under the direct control of the Mayor. Where Title 4 does not preclude certain
17 authority, a recommendation is provided.

1
2**Table 1: Disposition of AWWU Board of Directors powers under Title 4.**

Authority provided under Title 31	Recommended disposition under Title 4
Adopt a seal.	Do not retain.
Sue and be sued.	Do not retain.
Set compensation levels of General Manager and utility division directors in accordance with <u>Chapter 31.30</u> ; provided that the compensation of the General Manager shall be approved by the Mayor.	Board of Directors shall make recommendations to the Mayor regarding salaries of the General Manager and the utility division directors, including comparisons to similar positions in the water and wastewater industry throughout the nation.
Formulate and adopt policies, and forward proposed rules and policies to the Assembly for approval, where required.	Board of Directors shall make recommendations to the Mayor and/or Assembly as appropriate regarding municipal policies. Procedural documents affecting only internal AWWU operations shall be maintained by the General Manager, except where constrained by Tariff or municipal code.
Adopt, amend and repeal bylaws for the Board's internal organization and activities; by-laws regarding notice of meetings shall be consistent with the Charter and <u>Section 1.25.015</u> .	The Board of Directors may maintain by-laws for the Board's internal organization, except as constrained by the Municipal Charter and Code.
Operate, manage, and control Utility land, plant, facilities, and personal property in accordance with general standards common to utilities, whether public or private, providing the same utility service subject to <u>Title 25</u> .	The Board of Directors shall recommend to the Mayor guidance on operation, management, and control of Utility land, plant, facilities and personal property in accordance with industry standard practices.

Authority provided under Title 31	Recommended disposition under Title 4
<p>Provide for and manage all of the Utility's human resource, payroll, treasury, accounts receivable, accounts payable, purchasing, contracting, and other operational or business functions.</p>	<p>The Management of human resources, payroll, treasury, accounts receivable and payable, purchasing, contracting and other operations, shall be the responsibility of the Mayor, with delegation to the AWWU General Manager through operating agreements. Services provided to AWWU, by affiliated interests in general government, shall be subject to service level agreements defensible to the Regulatory Commission of Alaska, as required by state law.</p>
<p>Obtain rights-of-way necessary or desirable to the Utility's services, subject to <u>Title 25</u>.</p>	<p>The Board of Directors shall recommend to the Mayor the procurement of rights-of-way necessary or desirable to the Utility's service, for action in accordance with Title 25.</p>
<p>The Municipal attorney shall advise and assist the Utility on legal matters; the Board may obtain other appropriate professional services as required.</p>	<p>The municipal attorney shall be the attorney for the Utility and shall advise and assist the Utility on legal matters. Other professional services shall be procured in accordance with Title 7.</p>
<p>Investigate, study and plan Utility facility requirements and service conditions.</p>	<p>The Board of Directors shall recommend to the Mayor additions or changes to facilities as required to maintain or improve the level of service to customers.</p>
<p>Plan and implement the Utility's capital improvement and maintenance strategy and operations.</p>	<p>The Board of Directors shall make recommendations annually to the Mayor on the capital improvement program, operating budget, and asset management program.</p>

Authority provided under Title 31	Recommended disposition under Title 4
Coordinate with the Risk Management Division to obtain appropriate insurance coverage for Utility property and operations.	Do not retain.
Set tariff rates and fees for products and services provided by the Utility, subject to approval by the assembly.	The Board of Directors shall recommend to the Mayor tariff rates and fees for products and services provided by the Utility, for action by the Assembly, and submittal to the Regulatory Commission of Alaska, as required.
Establish appropriate and reasonable tariff rules for the Utility. The existing tariff rules, approved by the Regulatory Commission of Alaska, as of the effective date of this section, shall continue in force until changed by the Board.	The Board of Directors shall recommend to the Mayor appropriate and reasonable tariff rules for the Utility, for action by the Assembly, and submittal to the Regulatory Commission of Alaska, as required.

1
2
3 **5) Transition of Utility Division Director appointments**
4

5 The Directors of the seven divisions of AWWU - Employee Services, Finance,
6 Treatment, Engineering, Operations and Maintenance, Information Technology, and
7 Customer Service – are executive level employees appointed by the General Manager,
8 with concurrence of the Board under Title 31. Upon dissolution of Title 31, each existing
9 Utility Division Director shall become a Utility Division Manager, as outlined in Title
10 3.30.17, at the same classification, range, and salary as existed on the effective date of
11 the ordinance.
12

13 Upon vacancy, new appointments of a Utility Division Manager position shall take place
14 in accordance with Title 3.30.173. The Board may recommend to the Mayor an
15 individual for an appointment to fill a vacancy in the position of Utility Division Manager.

1 **6) Transition of Business Functions to be shared with General Government**

2
3 On June 15, 2011, Municipal Chief Financial Officer Lucinda Mahoney shared with the
4 AWWU Board of Directors Executive Committee the Administration's vision of
5 "Enterprise Business Services." Ms. Mahoney said that the intent was to...

6 *"Implement transformational and structural changes that will reduce the*
7 *cost to deliver services to citizens (tax payers and rate payers). Changes must*
8 *be sustainable into the future."*

9
10 Ms. Mahoney envisioned a strategy of leveraging resources and adopting enterprise
11 solutions - *where appropriate* – to achieve economies of scale and enabling a leaner
12 government. She explained a four part matrix of policy and service functions:

- 13
14 1. The AWWU Board would continue to recommend capital and operating budgets
15 to the Mayor, including a long term financial plan;
16 2. AWWU staff would retain control of day-to-day operations;
17 3. Policy considerations for the Municipality as an enterprise would be directed by
18 the Mayor and his executive team, including overall legal, budget, and public
19 financial elements; and finally,
20 4. The Enterprise Business Service Center would focus on business support
21 processes that are high volume, repetitive, low-cost activities, transactional in
22 nature, that have application to all elements of municipal government.

23
24 Six functional areas were targeted for initial integration into the Enterprise Service
25 Center model:

- 26 1. Purchasing
27 2. Information Technology
28 3. Human Resources
29 4. Accounting
30 5. Payroll
31 6. Maintenance (fleet, grounds, facilities)

32
33 The last item, maintenance, is being addressed by a contractor looking at consolidation
34 of these functions across the Municipality. The first five areas are to be addressed with
35 individual analyses, as described within this document.

36
37 It is understood, from subsequent conversations with Ms. Mahoney, that the
38 administration intends to complete this transition with no layoff of AWWU personnel.

1 Additionally, the business of governance of AWWU will need to be considered in the
2 transition. Specifically, a plan for the transition of the Board of Directors needs to be
3 established, including revision of agenda control, Board meeting protocol,
4 documentation and archiving of decisions made by the existing governing Board, and
5 recommendations to be made by the future advisory Board.

6 7 8 **7) Steering Committee**

9
10 A Utility Transition Steering Committee, established by the Mayor, will consider business
11 case analyses developed for each functional area reviewed for transition. The Utility
12 Transition Steering Committee will be responsible for the go/no-go decisions on
13 structural changes to Municipal and AWWU organization and associated business
14 processes after considering the analysis put forward by each Transition Task Force.

15
16 The Utility Transition Steering Committee shall be composed of senior executives of the
17 Municipality, including the Chief of Staff, the Municipal Attorney, the Employee Relations
18 Director, the Chief Financial Officer, the Municipal Manager, the Director of the Office of
19 Management and Budget, and the AWWU General Manager.

20
21 Meetings of the Utility Transition Steering Committee will take place monthly at a
22 predetermined time and place. The findings of the committee will be recorded and
23 reported to the Assembly on a quarterly basis.

24
25 The Utility Transition Steering Committee will also be responsible for critical go/no go
26 decisions on implementation of major new IT initiatives that affect AWWU, in which total
27 cost of ownership exceeds \$100,000 per year, unless the initiative is included in a
28 Master Plan approved by the Municipal IT Steering Committee. Neither the Municipal IT
29 Steering Committee, nor the Utility Transition Steering Committee, is to be consulted on
30 issues of maintenance of existing information systems.

31 32 33 **8) Executive Team Definitions of Business Services within each Functional Area**

34
35 AWWU Division Directors for Finance, Information Technology, and Human Resources
36 will be paired with their municipal counterparts – that is, the Municipal Chief Financial
37 Officer, Municipal Chief Information Officer, and Municipal Employee Relations Director
38 – to meet, and agree on, elements of each Functional Area that is to be evaluated for
39 transition to a centralized Center of Excellence or Enterprise Business Service Center
40 model.

1 Candidate business processes in the Human Resources/Employee Relations Functional
2 Area are identified in the diagram of Attachment 1.

3
4
5 **9) Transition Task Force(s)**

6
7 The analysis of the costs, benefits, and scope of transition of each functional area
8 reviewed for transition will be undertaken and documented by a Functional Area Task
9 Force, including the Division Director at AWWU currently responsible for implementation
10 of that function. Each Task Force will be supported by AWWU staff and municipal
11 government staff assigned by the Steering Committee.

12
13 Each Task Force will draft a business case analysis documenting the before and after
14 organization, business processes involved, performance metrics, office space
15 considerations, transition costs, implementation schedule, and proposed basis for IGC's,
16 using a model based on analysis of the Purchasing function transition.

17
18 Each Task Force will present their draft findings to the Steering Committee in
19 accordance with the attached schedule. The Steering Committee will either provide
20 comments for response by the Task Force, or act on the task force findings, if
21 acceptable, forwarding the analysis to the Assembly for their information.

22
23
24 **10) Functional Area Review Tasks**

25
26 Attachment 2 provides a process overview for each Functional Area reviewed for
27 transition.

28
29 The amalgamation of a particular function is to be supported by a business case
30 analysis, which includes:

- 31
- 32 • A description of business processes required to accommodate AWWU's needs in
33 the new organization.
 - 34
 - 35 • A description of metrics to be used to evaluate the success of the transition to
36 ensure that there is no loss of business efficiency for AWWU ratepayers.
 - 37
 - 38 • An estimate of the cost to affect the transition.
 - 39
 - 40 • A proposed basis for intra-governmental charges (IGC's) to ensure equitable
41 allocation of costs among participants in the business function.

- 1 • A service level agreement outlining the responsibilities of an interdepartmental
2 sharing of functions, including a description of accountability, cost recovery,
3 performance expectations, metrics, and consequences for inadequate
4 performance.
- 5
- 6 • Changes to General Government organization to reflect the additional duties
7 associated with providing that function on AWWU's behalf.
- 8
- 9 • Changes to the organizational structure of AWWU reflecting the transfer of
10 personnel.
- 11

12 Attachment 3 provides a template Functional Area Review document, using the
13 Purchasing function as an example where possible.

14

15

16 **11) Service Level Agreements**

17

18 The following are essential elements of a service level agreement for any service to be
19 provided by general government in lieu of independent operation by AWWU.

- 20
- 21 1. Scope - General
- 22 2. Contacts and Responsibilities
- 23 3. Service Details (Performance Measures & associated Metrics)
- 24 4. Pricing Details
- 25 5. Reporting and Auditing
- 26 6. Deficient Performance
- 27 7. Agreement Review procedures
- 28 8. Definitions
- 29

30 As detailed in the Functional Area Review template in Attachment 3, the service level
31 agreement will be the basis for determining compliance with state law regarding
32 transactions between affiliate entities. A draft Service Level Agreement for the
33 Purchasing Function is provided as Attachment 4.

34

35

36 **12) Transition of Written Policy and Procedure Documents**

37

38 Operating policies and procedures (P&Ps) have been established for 135 different
39 business processes at AWWU since establishment of the AWWU Board of Directors.
40 The upkeep of these P&P's has been rigorously maintained over the past five years
41 through a strict review process within the Utility. There is overlap between the business
42 processes addressed by the AWWU P&Ps and the longstanding list of Municipal P&Ps,
43 especially in the six functional areas reviewed for transition identified above.

1 Provided as Attachment 5 is a comparison table of AWWU and MOA P&Ps, illustrating
2 that of the 135 AWWU P&P's, 63 share subject matter with 71 MOA P&Ps. For the
3 most part, the unique requirements of AWWU were taken into account in developing a
4 separate P&P for each of these topics from the perspective of Utility business. Eight
5 MOA P&Ps addressing similar topics (e.g., filing, archiving, and custody of records) were
6 rolled together in developing the corresponding AWWU versions to facilitate access to
7 the appropriate policy. Seven AWWU P&Ps directly defer to the MOA P&P, with no
8 unique content. The intent of the seven "deferral" P&Ps was to provide easy access to
9 Municipal direction for AWWU employees through the AWWU library. The remaining 74
10 AWWU Policy and Procedure documents have no corresponding Municipal P&P.

11
12 There is some indication that a number of the MOA P&Ps are out-of-date. Although
13 each P&P document includes a statement requiring annual review, many carry the
14 signature of past mayors, suggesting that the review process is not current. If business
15 processes are to be brought together through a shared Enterprise Business Service
16 Center, the P&Ps need to be updated and differences resolved.

17
18 Using the comparison table as a guide, each functional area review Task Force will
19 address the policy and procedures associated with each business practice affecting the
20 functional area. Part of each Task Force's recommendation to the Utility Transition
21 Steering Committee will be a review and reconciliation of disparities in the AWWU and
22 MOA P&Ps, such that the policy and procedure following amalgamation is clearly
23 documented prior to implementing the amalgamation of any business process
24 associated with the functional area. There may be P&Ps in the AWWU library that could
25 become models for the municipality.

26
27 The P&P documents outlining business processes unique to the Utility shall be
28 reconstituted as Anchorage Water and Wastewater Utility Procedures (AWWUPs),
29 administered, maintained, and updated by the AWWU General Manager.

30 31 32 **13) Transition Schedule**

33
34 The Gantt chart provided, as Attachment 6, shows the prospective schedule for analysis
35 and implementation - *where appropriate* - of the transition from Board governance to
36 Municipal utility; whether a particular business function is appropriate for transition; and,
37 the particular details of that transition to be outlined in each Functional Area Review.

1 **Attachments:**

- 2
- 3 1. List of Tasks for Employee Relations/Human Resources Functional Area
- 4 2. Flow charts for Functional Area Review (4 pages)
- 5 3. Functional Area Review Template
- 6 4. Pilot Service Level Agreement: Purchasing
- 7 5. Comparison of MOA and AWWU Policies and Procedures lists
- 8 6. Gantt Chart Schedule for Transition Tasks
- 9

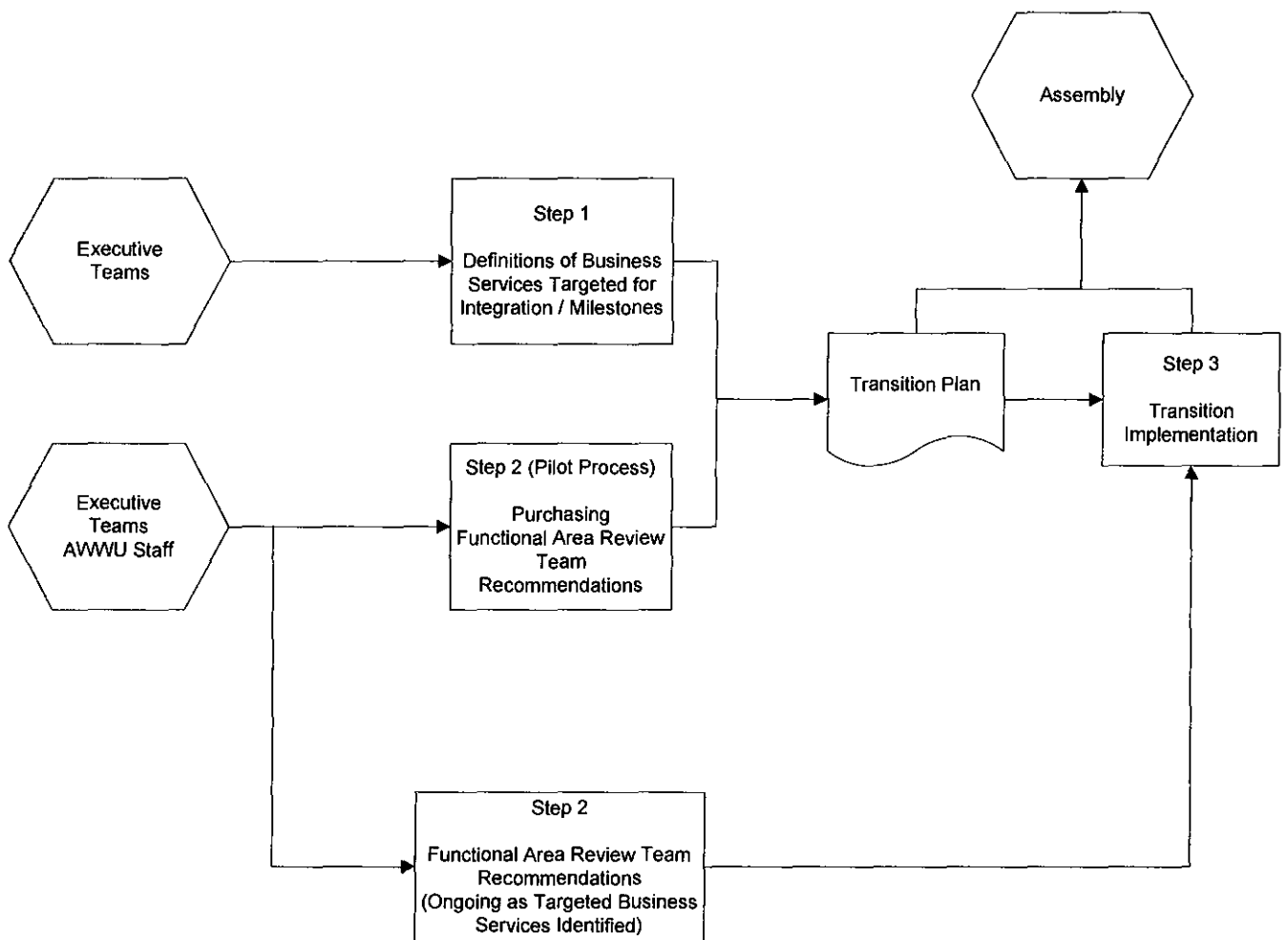
10

11 Prepared by: Timothy M. Sullivan, Sr., Chair, AWWU Board of Directors

12 Forwarded: George J. Vakalis, Municipal Manager

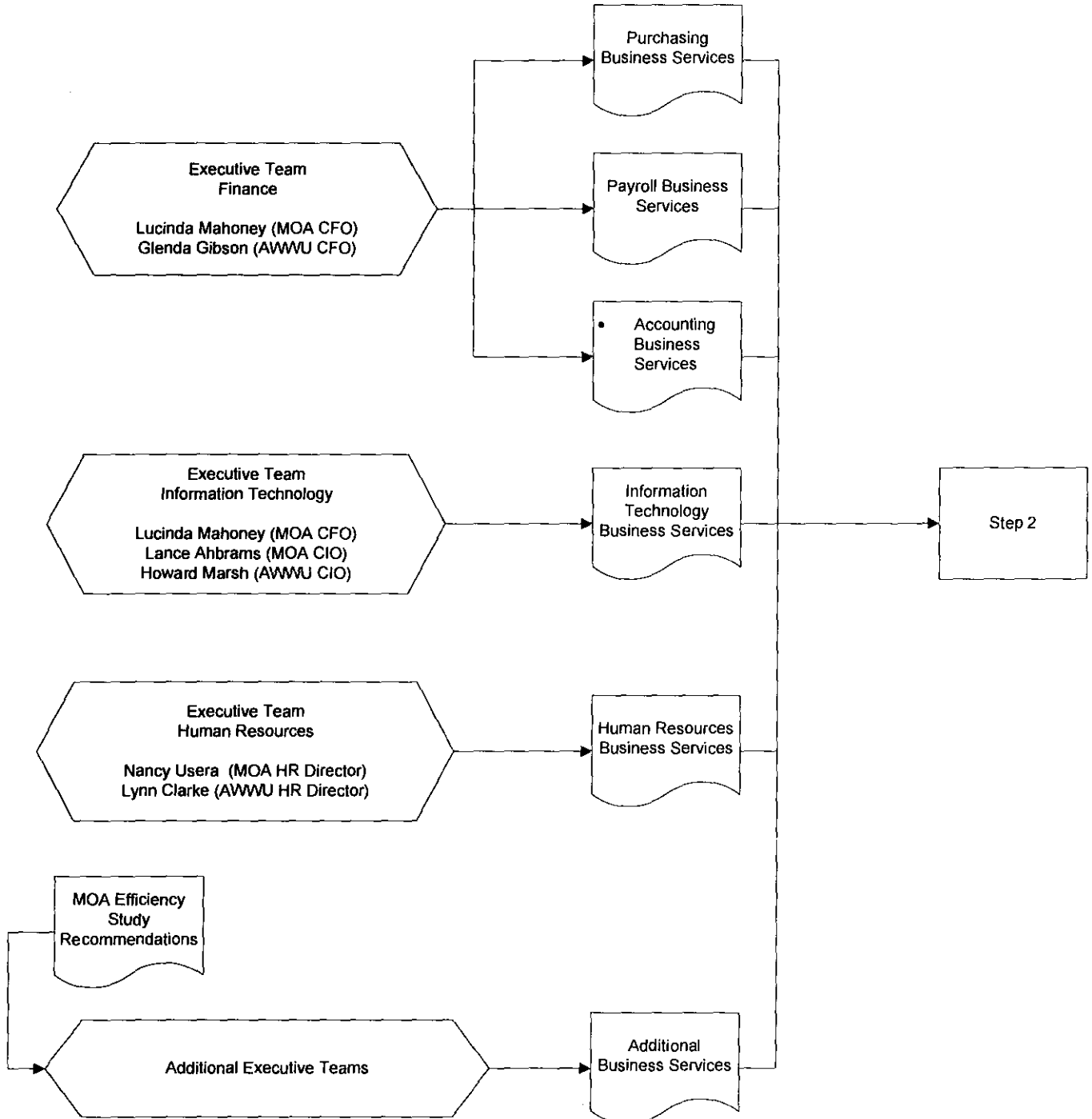
13 Respectfully Submitted: Daniel A. Sullivan, Mayor

Transition Plan Process Overview



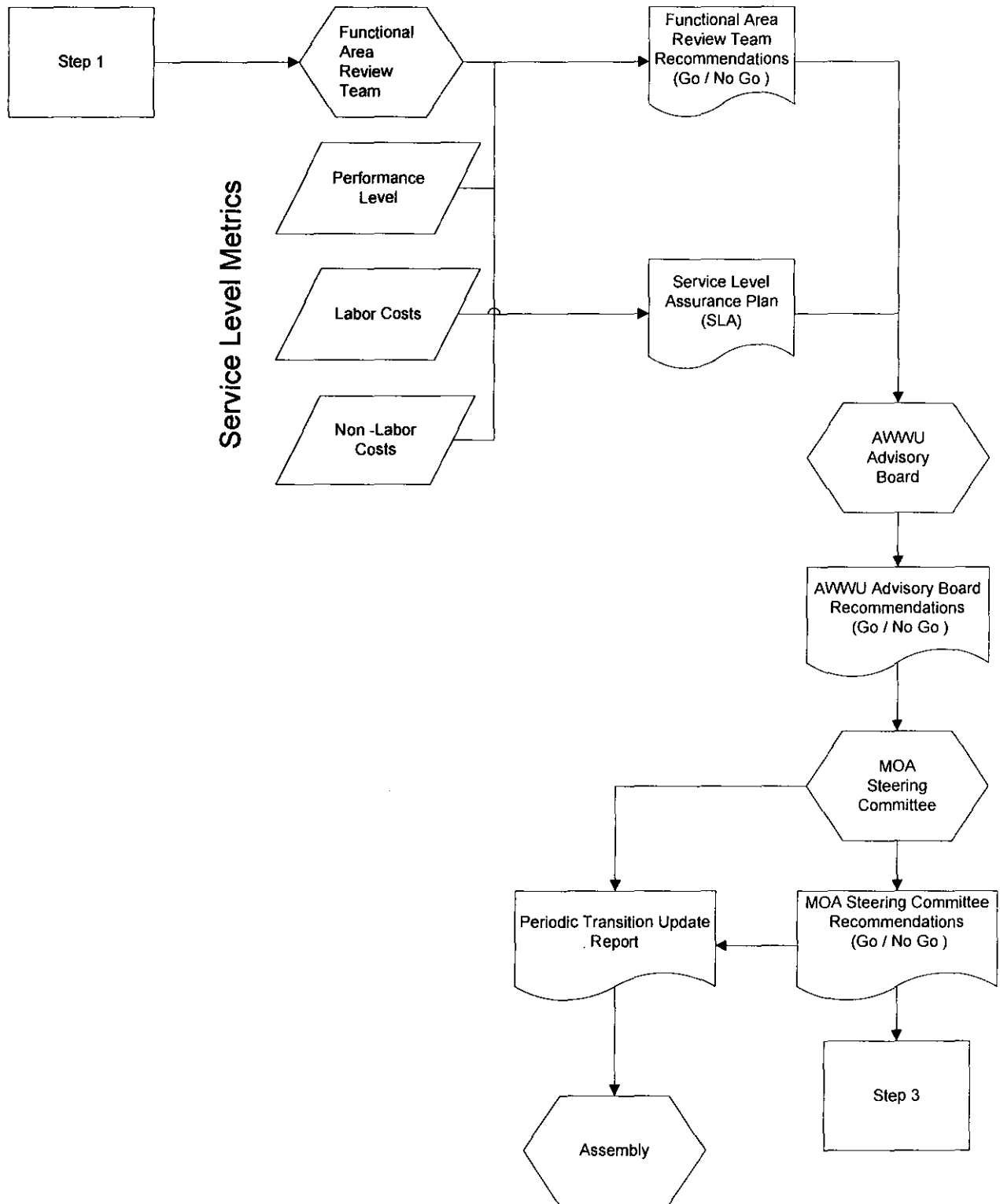
STEP 1

Executive Team Definitions of Business Services



STEP 2

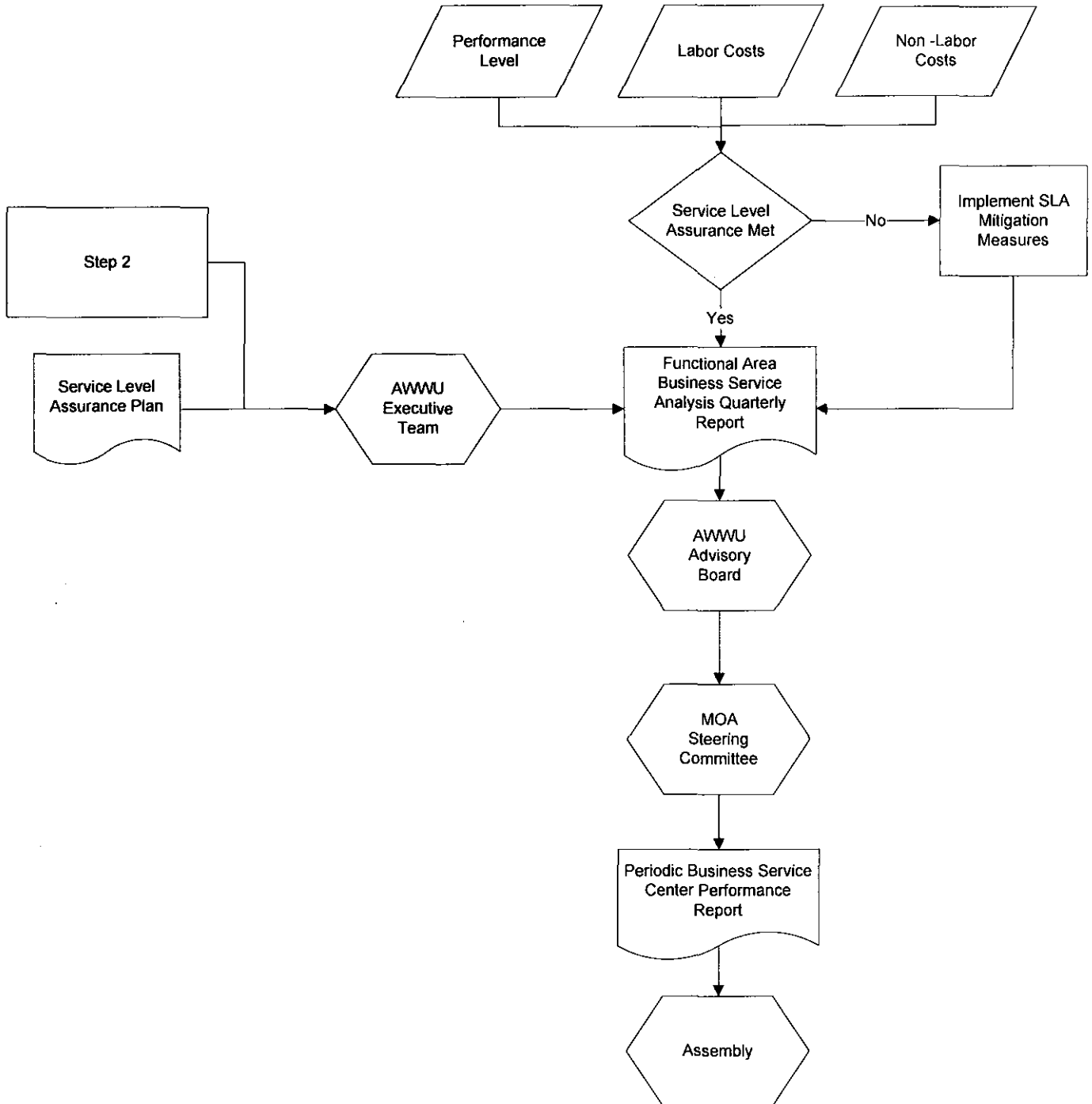
Functional Area Review Team Process



STEP 3

Transition Implementation

Service Level Metrics



AWWU 2011 Transition Plan

Attachment 3

Functional Area Review Process Documentation Template

Table of Contents

- 1) Current AWWU Functional Organization
- 2) Descriptions of existing processes
- 3) Alternative Business process workflows
- 4) Requirements for Service Level Agreement
- 5) Means of Cost Recovery for shared services
- 6) "As-is" versus "To-be" organization
- 7) Workspace improvements required for staff transition
- 8) Summary and Recommendations of Functional Area Review Task Force

1) Current AWWU Functional Organization

a. Business processes implemented by the Functional Organization

The Municipal CFO identified six functional areas that were prospective targets for amalgamation into an Enterprise Business Service Center: 1) Purchasing; 2) Information Technology; 3) Human Resources; 4) Accounting; 5) Payroll; and 6) Maintenance. Each of these functional areas is responsible for a host of business processes, some of which have potential for cost savings through consolidation with other similar processes handled by other municipal departments. Others are unique to the utility business and are better suited to the tailored attention that they currently receive within the AWWU administration.

The Functional Area Review process is intended to analyze transition of selected business processes with a collaborative, consistent and objective business case approach. Each Functional Area Review Task Force is to recommend to the AWWU advisory board, the administration, and the Assembly the best approach to organizing resources to support the business objective.

The process begins with an overview of the business processes included in each Functional Area. For example, Purchasing at AWWU is performed by a 3-person section within the AWWU Finance Division. Tasks performed include:

- Coordinate, publish, and manage invitations to bid for construction contracts.
- Coordinate, publish, and manage design/build solicitations.
- Coordinate, publish, and manage best value construction contract solicitations.
- Publish and manage of vendor supply contracts.
- Coordinate, publish, and manage Requests for Quotations for specific purchases.
- Coordinate, publish, and manage of Requests for Proposals for Professional Services.
- Reviews and approves Sole Source Requests, as appropriate, in accordance with Title 7.
- Process of purchase requisitions.
- Process and track Purchase Orders
- Maintain and update General Provisions on Purchase Orders
- Administer donations of surplus property as outlined in AWWU P&P 48-15
- Administer disposal of surplus property as outlined in AWWU P&P 48-1
- Reviews and maintains Standard Specifications and Standard Construction Specifications with input from user divisions, in accordance with AWWU P&P 48-5
- Administer donations of surplus property as outlined in AWWU P&P 48-15
- Administer Procurement Card Use as identified in AWWUP&P 48-16

b. Business process candidates for transition to Enterprise Business Service Center. (by agreement between Executive Teams).

Executive teams will be nominated by the Utility Transition Steering Committee to review each list of business processes and identify areas where it might make sense to pursue transition to a shared service center. Selected business process workflows will be subjected to the business case analysis prior to making a decision on transition of each process.

2) Descriptions of existing processes

This section lists the types of business transactions to be studied by the Functional Area Task Force. For each transaction, the steps involved and parties responsible for each step in existing business process will be illustrated. Performance measures with metrics will be identified to establish current service levels under AWWU's existing operating structure. Using available cost data, unitized costs for provision of these services will be determined. These will serve as benchmarks that alternative workflows are compared against to quantify proposed efficiency saving of the new recommended business practice(s).

For example, for Purchasing Services, the business transactions will include areas already being conducted by AWWU's Purchasing Section to be transitioned:

- a. Issue formal solicitations
- b. Issue informal solicitations
- c. Issue annual supply contracts
- d. Grants and grant contract processing
- e. Board Approval of contract awards, change orders, etc.
- f. Board/Assembly approval of leases, leasehold interests and disposals
- g. Assembly notification of Board approved contract awards
- h. Contract preparations and processing
- i. Change orders and contract amendment processing
- j. Contract administration
- k. Manage and maintain bidders' application system
- l. Compile/maintain log of all contracts issued
- m. Review, approve and process non-competitive procurements
- n. Process appeals and facilitate bidding review board meetings.
- o. P card program administration, training and processing*
- p. Excess surplus property disposal

These service details become identified elements of future Service Level Agreements described in Section 4.

3) Alternative Business process workflows

This section outlines alternative process workflows to accomplish the stated business functions. Options are described and advantages & disadvantages outlined by the Functional Area Task Force. Workflows are detailed using tools such as outlined in the diagram appended to this attachment, referred to as "swim lane diagrams" whereby the responsible parties and steps associated with the business functions are illustrated.

In the case of Purchasing Services, alternatives will include:

- As provided by Enterprise Business Service Center
- Shared responsibility with AWWU
- Retention as AWWU function (e.g., see Section 2)

The full suite of Purchasing services to be transitioned to a new service approach will be mapped according to the workflows involved under each alternative. The Task Force will also use these tools to identify areas where workflows are limited by current business practice or existing technologies and design "to-be" changes that increase efficiency and effectiveness of delivery. Factors which affect cost of delivery, either positively or negatively as compared to existing costs, will be highlighted. The benefit-cost analysis will demonstrate the time at which customers will benefit from reduced costs and lower rates. This list of issues will be added to the Task Force's other evaluations to produce final recommendations with respect to the selected alternative.

4) Requirements for Service Level Agreement

Service level agreements (SLA) will include the following components:

- **Contacts & Responsibilities:** The SLA will define the contacts responsible for administering the service level agreement and their responsibilities under the agreement.
- **Service Details:** The SLA will include a detailed description of the services to be provided, the metrics to be met and the terms of service to be provided.
- **Reporting:** The SLA will include a description of the metric to be reported, how often they will be reported and to whom.
- **Deficient Performance:** The SLA will include a description of the escalation and remedies for deficient performance under the SLA.
- **Payment for Services:** The SLA will include a description of how payment for services will be made and what methodology or allocation factors will be used to calculate charges for services rendered under the SLA.

5) Means of Cost Recovery for shared services

Required Standards for Cost Recovery of Shared Services:

Pursuant to Orders U-08-157(10)/U-08-158(10) and U-04-22(38)/U-04-23(38), transactions between AWWU and MOA general government are viewed by the Regulatory Commission of Alaska (RCA) as affiliated transactions. Affiliated transactions shall be reviewed under the terms of Alaska Statutes AS 42.05.441(c) and AS 42.05.511(c). For the RCA to authorize the cost of any Intra-Governmental Charge (IGC) in utility rates AWWU must meet its burden of proof that the IGCs meet the requirements set forth in these statutes. Any IGC not meeting the required terms of these statutes will be disallowed from water and wastewater utility rates by the RCA. Disallowance of such IGCs would create a situation in which no revenue stream would be available for AWWU to pay for such disallowed IGCs.

AS 42.05.441(c) states:

For rate-making purposes, indebtedness, debt service, and payments by a regulated public utility to a person having an ownership interest of more than 70 percent in the utility shall be considered to be ownership equity, profits, or dividends except to the extent that there is a clear and convincing showing that (1) the indebtedness was incurred, or the payments made, for goods or services that were reasonably necessary for the operation of the utility; and (2) the goods or services were provided at a cost that was competitive with the price at which they could have been obtained from a person having no ownership interest.

In other words, payments made by AWWU to MOA would be considered a dividend unless AWWU is able to prove that the payments are made for goods or services that were required in the provision of utility service and at competitive cost. Dividends are not allowed to be collected as a component of utility rates.

AS 42.05.511(c) states:

In a rate proceeding the utility involved has the burden of proving that any written or unwritten contract or arrangement it may have with any of its affiliated interests for the furnishing of any services or for the purchase, sale, lease, or exchange of any property is necessary and consistent with the public interest and that the payment made therefor, or consideration given, is reasonably based, in part, upon the submission of satisfactory proof as to the cost to the affiliated interest of furnishing the service or property and, in part, upon the estimated cost the utility would have incurred if it furnished the service or property with its own personnel and capital.

The Commission has recently summarized AS 42.05.511(c) as a "two prong test" that AWWU must show 1) the service is necessary and consistent with the public interest and 2) the cost of service must be reasonable when compared to the cost to the MOA to provide the service, and it also must be reasonable when compared to the cost to the utility if it had self-furnished the service.

The first component, that the service is necessary and consistent with the public interest, is generally met with little difficulty. The service must be shown to be provided to AWWU and must be shown to be required for AWWU to operate to meet this component of the statutes.

The second component is substantially more prone to challenge in ratemaking proceedings when applied to services. Given that AWWU has "self-furnished" services under Title 31, a

proxy for "competitive cost" or "estimated cost the utility would incur if it furnished the service with its own personnel and capital" is available.

To meet its burden of proving that it could not "self-furnish" services at a lower direct cost than services provided by MOA general government IGC charges from MOA general government for these services shall not exceed the 2011 AWWU cost plus the growth component associated with pay rates for non-rep and AMEA bargaining units.

Payment for services rendered will be made using the IGC process. MOA will use transaction counts or other such measurable and appropriate data to develop allocation factors for charging services. Allocation factors shall be related to the services provided and meet the "two prong test" required by the affiliated transactions statutes. AWWU agrees to pay for services based an appropriately allocated share of the total cost for MOA to provide the service, as long as those charges do not exceed the cost AWWU would incur to furnish those services with its own personnel or the cost AWWU would incur to obtain those services externally.

6) “As-is” versus “To-be” organization

The purpose of this documentation is to inform the Assembly and respective management teams of the changes that will occur upon enactment of this change. The transition team needs to document the current organization of both AWWU and the receiving organization; for this example, there will be two “as-is” organization charts, one for AWWU and one for MOA and there will be two corresponding “To-be” organizational charts, one for AWWU and one for MOA.

When there is a proposed reduction in overall staffing due to the reorganization, this document will outline how said reduction in staffing is to be accomplished including any collective bargaining agreement considerations.

When there is a proposed increase in overall staffing, this document will outline how the increased labor expenses will be absorbed within the current and future budgets.

This document will also detail any staff actions should those be promotions or demotions or realignment of duties. Should training be required as part of this reorganization, this document will detail how said training will be accomplished including details on timing of training and of payment for training.

7) Workspace improvements required for staff transition

People are our number one asset and we need to ensure that this aspect of any transition is carefully planned.

This section lists some items that should be considered when there will be movement of people in any transition. This list is by no means exhaustive, but provides a starting point on areas of concern. A checklist similar to this should be added to the Functional Area Task Force evaluation process when making their final recommendations. The expertise of the IT and HR staffs should be used when determining items affecting movement of personnel.

This checklist is not specific to the transition of Purchasing Services (possible movement of three personnel), but a generic planning tool for all to use on items that need to be considered:

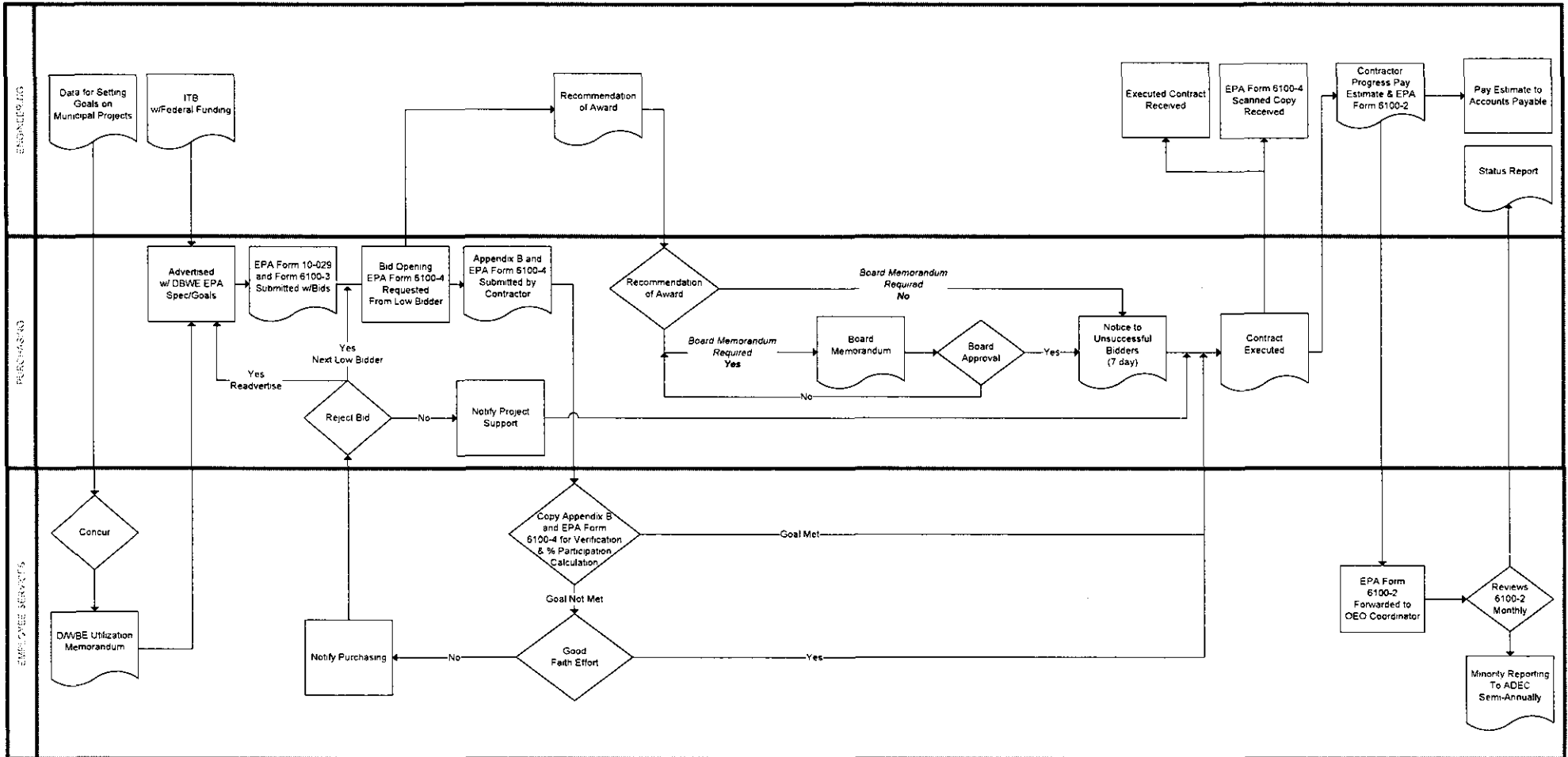
- Number of personnel affected.
- Are actual physical work areas going to be moved?
 - How much work station space is needed for each individual affected?
 - How much work station space is needed for files, equipment, etc.?
 - Is there space available at the new location?
 - Are there actual work stations/desks available for the transitioned employees?
 - Make arrangements to move furniture, workstations, if necessary.
 - If work stations/furniture needs to be purchased, determine lead time necessary to all equipment is in place prior to actual move date.
 - Ensure new workstation is ergonomically friendly.
- What computer/telephone equipment is needed for the new work area?
 - Bring computer equipment with the affected personnel?
 - Electrical hookups available at new location?
 - Network able to handle additional workload?
 - Verify server accessibility
 - Verify telephone accessibility
 - Transfer, if necessary, cellular telephone billing accountability.
 - Keep same telephone number or issue a new telephone number?
- Personnel affected
 - Notify affected personnel as soon as decision is made.
 - Receive information from personnel affected that could possibly be unique to their situation.
 - Any union issues that need to be addressed?
 - Any personnel actions that need to be taken (change of supervisor, etc.)?
 - Verify other MOA departments/sections that interface with this office and make sure all transition issues have been identified.
- Schedule
 - Publish timeframe when everything is scheduled to happen.
- Costs
 - Document all costs associated with the move/transition.
 - Analyze cost/benefits and make recommendation to Steering Committee.

Budget for the transition and all relocation/transition costs are the responsibility of the gaining organization.

8) Summary and Recommendations of Functional Area Review Task Force

This section provides a summary of the findings of the Functional Area Review Task Force, and provides a definitive recommendation to the Steering Committee on which business processes should be transitioned to General Government based on consideration of overall cost and service to customers – that is ratepayers and the general public.

ITB MBE/WBE WORKFLOW



Attachment 3 - Functional Area Review Template

AWWU 2011 Transition Plan

Attachment 4

Service Level Agreement (SLA)

Between AWWU and MOA Finance Department

for

Purchasing Services

Version 1.0

August 2011

This Service Level Agreement (SLA) is the governing document for Purchasing Services provided by the Municipality of Anchorage (MOA) to the Anchorage Water and Wastewater Utility (AWWU).

Document Revision History

Date	Author	Revision	Description

Approvals

Date	Name	Title	Embedded signature/email
		AWWU GM	
		MOA Purchasing Officer	
		MOA CFO	
		MOA City Manager	

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1 Scope

This Service Level Agreement (SLA) is the governing document for Purchasing Services provided by the Municipality of Anchorage (MOA) to the Anchorage Water and Wastewater Utility (AWWU).

1.1 Audience

This document is the formalized agreement between AWWU (client) and MOA Purchasing Department (service provider) for the services described in this SLA. The intended audience for this document is the staff of MOA Purchasing Department and staff of AWWU who require Purchasing Services.

1.2 Purpose

This SLA documents the Purchasing Services to be provided by the service provider to the client. Further, this SLA documents all aspects of the business relationship between service provider and client.

1.3 Assumptions

This SLA assumes the following:

- MOA is willing, ready, and able to provide timely Purchasing Services to AWWU;
- Payment for services rendered will be paid using the IGC (Intra-Governmental Charge) process only for the cost of providing services to AWWU. Charges for costs associated with Purchasing Services must be justifiable to the Regulatory Commission of Alaska and meet the affiliated transactions standards as defined in Alaska statute;
- Issues resulting from services provided under this SLA will be resolved using the escalations processes described later herein;
- AWWU as a regulated utility has a fiduciary responsibility to seek the most cost-effective services for its ratepayers;
- Deficient service levels shall result in a deduction or credit to the IGC rate as specified elsewhere herein;
- Should MOA fail to routinely meet performance metrics AWWU has the option to use other avenues to acquire Purchasing Services;
- Wherever possible, electronic communications will be favored over paper communications, including reports, materials, bidding review documents (including construction and RFP documents), requisitions, review comments, status inquiries, etc;
- The AWWU GM and the MOA Purchasing Officer will be able to approve changes and updates to this agreement.

2 Contacts & Responsibilities

Contact	Phone number	Responsibility
AWWU General Manager	786-5506	Administering this SLA from the Client's end
MOA Purchasing Officer		Administering the services described in this SLA from the Vendor's end
AWWU Purchasing Coordinator (Assigned by General Manager)		Responsible for compiling and prioritizing AWWU's purchasing work queue. Communicates regularly with MOA Purchasing Officer on upcoming workload.

See Appendix A for additional contact details.

3 Service Details

Timely procurement is essential to the financial health of the utility and to maintain appropriate levels of service to ratepayers. The following table is derived from current operating experience with internal purchasing support at the utility.

Service Type	Performance Metric
Issue Request for Proposals (RFP)	10 working days from receipt of initial documents to solicitation issuance
Issue Supply/Service Bids (ITB except construction)	5 working days from receipt of initial documents to solicitation issuance
Issue Request for Quotation	2 working days from receipt of initial documents to solicitation issuance
Issue Non-Competitive Purchase Orders (includes Assembly action items)	2 working days from receipt of initial documents or Assembly approval to issuance of purchase order
Issue Construction Bids	7 working days from receipt of initial documents to solicitation issuance
Review of Bid/RFP requirements	2 working days from receipt of initial documents to provide comments back to user for consideration to incorporate into final documents
Process Contract Amendments	2 working days from receipt of initial request to issuance to the contractor for signature
Issue Change Order – no Assembly approval	2 working days from receipt
Issue Change Order – Assembly approval required	2 working days after Assembly approval or receipt of change order request, whichever is later
Assistance in resolving contractor performance issues	1 working day from initial request for assistance to customer contact for assistance

4 Reporting and Auditing

On a quarterly basis, the MOA Purchasing Officer will prepare a report detailing the prior quarter's purchasing activities on behalf of AWWU. This report will be delivered by the fifth working day following the end of a quarter. Each Service Type will be reported against the Performance Metric and will include the number of each service types performed.

MOA Purchasing will implement an online system whereby they can report the current step on any of AWWU's items and provide an estimated completion time and date.

On an annual basis, MOA Internal Audit will review the prior year's AWWU Purchasing activities to ensure that the MOA reporting accurately reflect the activities and reported metrics. Internal Audit findings will be reported to the Mayor and the Assembly.

5 Deficient Performance

Whenever a service activity is not completed within the specified metric, the AWWU Purchasing Coordinator may request an estimated completion time from MOA Purchasing. The MOA Purchasing Department shall provide a written explanation as to why the service level is being delayed for that particular task and provide a reasonable timeline for completion of the task.

If a task has been identified as critical by the AWWU Purchasing Coordinator, the Purchasing Director shall take whatever actions are necessary to complete the task ahead of established performance schedule. If the Purchasing Department cannot meet the service level established for that task, the Purchasing Director will advise the AWWU Purchasing Coordinator, the AWWU General Manager, the MOA CFO and the Municipal Manager immediately with an explanation as to the circumstances surrounding the deficient service and an action plan to fulfill it's obligations under this SLA in a timely manner.

When service levels are not being performed in accordance with levels established by this SLA, the MOA will credit, or otherwise reimburse, AWWU with the percentage (rounded to the nearest 10th) of the actual delayed service as charged for by IGC's for that reporting period. Any delay that causes AWWU to incur consequential damages, MOA will be responsible for 100% of the actual damages.

Should service levels be deficient by more than 10% in any given reporting period, the MOA Purchasing Director shall provide a copy of that report to the Mayor and the Assembly with a full explanation of why the service levels were deficient and the remedial actions taken to prevent a recurrence of the deficient service with copies of that report to the AWWU Coordinator, AWWU General Manager, MOA CFO and the Municipal Manager.

6 Payment for Services

Pursuant to Orders U-08-157(10)/U-08-158(10) and U-04-22(38)/U-04-23(38), transactions between AWWU and MOA general government are viewed by the Regulatory Commission of Alaska (RCA) as affiliated transactions. Affiliated transactions shall be reviewed under the terms of Alaska Statutes AS 42.05.441(c) and AS 42.05.511(c). For the RCA to authorize the cost of any IGC in utility rates AWWU must meet its burden of proof that the IGCs meet the requirements set forth in these statutes. Any IGC not meeting the required terms of these statutes will be disallowed from water and wastewater utility rates by the RCA. Disallowance of such IGCs would create a situation in which no revenue stream would be available for AWWU to pay for such disallowed IGCs.

AS 42.05.441(c) states:

For rate-making purposes, indebtedness, debt service, and payments by a regulated public utility to a person having an ownership interest of more than 70 percent in the utility shall be considered to be ownership equity, profits, or dividends except to the extent that there is a clear and convincing showing that (1) the indebtedness was incurred, or the payments made, for goods or services that were reasonably necessary for the operation of the utility; and (2) the goods or services were provided at a cost that was competitive with the price at which they could have been obtained from a person having no ownership interest.

In other words, payments made by AWWU to MOA would be considered a dividend unless AWWU is able to prove that the payments are made for goods or services that were required in the provision of utility service and at competitive cost. Dividends are not allowed to be collected as a component of utility rates.

AS 42.05.511(c) states:

In a rate proceeding the utility involved has the burden of proving that any written or unwritten contract or arrangement it may have with any of its affiliated interests for the furnishing of any services or for the purchase, sale, lease, or exchange of any property is necessary and consistent with the public interest and that the payment made therefor, or consideration given, is reasonably based, in part, upon the submission of satisfactory proof as to the cost to the affiliated interest of furnishing the service or property and, in part, upon the estimated cost the utility would have incurred if it furnished the service or property with its own personnel and capital.

The Commission has recently summarized AS 42.05.511(c) as a “two prong test” that AWWU must show 1) the service is necessary and consistent with the public interest and 2) the cost of service must be reasonable when compared to the cost to the MOA to provide the service, and it also must be reasonable when compared to the cost to the utility if it had self-furnished the service.

For Purchasing Services the first component of these affiliated transactions statutes is met with little difficulty. Outside services are a necessary component of utility operations and Purchasing Services provides AWWU with the ability to efficiently acquire such outside services within the confines of law.

The second component of these statutes is substantially more prone to challenge in ratemaking proceedings when applied to purchasing services. Given that AWWU has “self-furnished” Purchasing Services under Title 31, a proxy for “competitive cost” or “estimated cost the utility would incur if it

furnished the service with its own personnel and capital” is available. In 2011 the budget for the AWWU Purchasing Section was \$373,800 in fully burdened labor costs. The AWWU Purchasing Section employed 3 full time positions (FTEs) made up of a Range 17 (non-rep); a Range 15/16 (non-rep) and; a Range 9/10 (AMEA).

To meet its burden of proving that it could not “self furnish” Purchasing Services at a lower direct cost than Purchasing Services provided by MOA general government IGC charges from MOA general government for these services shall not exceed the 2011 AWWU cost plus the growth component associated with pay rates for non-rep and AMEA bargaining units.

Payment for purchasing services rendered will be made using the IGC process. MOA Purchasing will use transaction counts as a methodology for charging purchasing services to AWWU and other customers of MOA Purchasing. AWWU agrees to pay for purchasing services based on its relative share of the total transactions processed by MOA Purchasing, as long as those charges do not exceed the cost AWWU would incur to furnish those purchasing services with its own personnel.

7 Agreement Review Procedures

Annually, prior to year end, the AWWU GM and the MOA Purchasing Officer will review this SLA to update as necessary and to review and validate the Service Rates for the coming year.



Appendix A. Contact Information

Name	Role	Office Phone	Mobile Phone

Appendix B. Definitions

Term	Acronym	Definition

**Attachment 5
Comparison of MOA and AWWU Policies and Procedures Lists**

P&P	Title	Division	Last Revised	Corresponding MOA P&P (Number, Title, Review/Revision Date)
1 - 1	Utility Operating Policies and Procedures Guidelines	General Manager	02/19/2008	1-1 Municipal Operating Policies and Procedures (4-8-97)
1 - 2	Review and Update Tariff, Municipal Ordinances & Regulations	General Manager	07/06/2010	No corresponding P&P
1 - 3	Director Appointments	General Manager	07/01/2007	40-11 Executive Appointments (1-6-97)
1 - 4	Delegation of Approval Authority	General Manager	12/01/2007	1-4 Delegation of Signature Approval/Authority (1-27-98)
1 - 5	Micrographics Information Management	Engineering	05/12/2009	No corresponding P&P
1 - 6	Coordination and Tracking of Written Responses to Pu	Customer Service	07/16/2009	No corresponding P&P
1 - 7	Document Reproduction Fee Schedule	Customer Service & Engineering	07/06/2010	52-1 Records Management Policy (9-12-96) (Reviewed 2-11-98)
1 - 8	Records Retention	General Manager	07/01/2007	52-2 Records Retention Schedule (9-12-96) (Reviewed 2-11-98)
1 - 9	Employee Recognition Program	Employee Services	05/18/2010	No corresponding P&P
1 - 11	Suggestion and Recognition Program	Suggestion Program Coordinator	04/15/2008	No corresponding P&P
1-12	Acting Assignment Notices	General Manager & Finance	09/14/2010	No corresponding P&P
1-13	Approving and Changing the Organization of Divisions	Employee Services	06/15/2010	1-2 Approving and Changing the Organization of Municipal Agencies (4-22-96) (Reviewed 2/11/97)
1-14	Archiving and Custody of Records	O&M	07/01/2007	52-4 Filing of Records (9-20-91) (Reviewed 2-11-98) 52-3 Disposal of Records (9-20-91) (Reviewed 2-11-98) 52-5 Custody of Records (9-12-96) (Reviewed 2-11-98) 52-6 Filing of Records (9-12-96) (Reviewed 2-11-98) 52-7 Archival Records (9-12-96) (Reviewed 2-11-98)
1-16	Public Access to Records and Publications	General Manager	09/14/2010	52-8 Public Access to Records and Publications (9-20-91) (Reviewed 2-11-98)
4-1	Internal Audit Reports	General Manager	08/03/2010	4-1 Internal Audit Reports (11/03/10)
4-2	Audit Proposals (Except Annual Independent Financial Audit)	GM	07/16/2009	4-2 Audit Proposals (Except Annual Independent Finance Audit) (10-1-91) (Reviewed 10/10/97)
5 - 1	Annual Budget Review Process	Finance	04/28/2009	12-1 Budget Review (7-18-97)
5-2	Capital Grant Applications	Finance	04/28/2009	12-4 Legislative Capital Grants (6-9-97) 12-5 Non-Legislative Grant Applications (7-18-97)
5 - 3	Capital Grant Awards	Finance	04/28/2009	24-9 Grant Accounting (12-20-93) 12-6 Non-Legislative Grant Awards (7-18-97)
5 - 5	Capital Budget Review Process	Finance	04/28/2009	No corresponding P&P
5 - 7	Intragovernmental Charge System Revisions*	Finance	07/06/2010	12-3 Intragovernmental Charge System Revisions (7-18-97)
10 - 1	Acquisition Investigation of Private Water Systems	Engineering	02/12/2008	No corresponding P&P
10 - 2	Intergovernmental Agreements	Engineering	07/16/2009	
15 - 1	Special Assessments Lien Releases	Customer Service	02/15/2009	No corresponding P&P
15 - 2	Customer Information System Maintenance	Customer Service	12/24/2008	No corresponding P&P
15 - 4	Customer Notification for Scheduled or Emergency Water Service Outages	Customer Service	03/09/2010	No corresponding P&P
15 - 6	Non-Recurring Fees and Charges	Finance	07/01/2007	No corresponding P&P
16 - 2	VHF Radio Communications	O&M	10/06/2009	No corresponding P&P
20 - 1	Bomb Threat	Employee Services	12/01/2010	No corresponding P&P

**Attachment 5
Comparison of MOA and AWWU Policies and Procedures Lists**

20 - 2	Volcano Eruption	Employee Services	11/09/2010
25 - 1	Photo Identification/Proximity Cards	Employee Services	12/14/2010
25 - 3	Substance Abuse - Drug Free Workplace	Employee Services	03/02/2009
25 - 4	Reporting Matters of Public Concern	Employee Services	07/01/2008
25 - 5	Eligibility to Reapply for Employment	Employee Services	07/14/2009
25 - 6	Employee Incentive Program	Employee Services	10/30/2008
25 - 7	Employee Service Awards	Employee Services	10/13/2009
25 - 8	Discrimination and Harassment	Employee Services	01/01/2009
25 - 9	Absence for Non-Utility Business (Administrative Leave)	Employee Services	03/02/2009
25 - 10	Commercial Driver Licenses	Employee Services	07/01/2010
25 - 11	Weapons in the Workplace	Employee Services	07/01/2008
25 - 12	Employee Assistance Program	Employee Services	06/15/2010
25 - 15	Blood Donation Leave	Employee Services	11/05/2008
25 - 16	Terminal Leave for Executive Employees	ES	04/28/2009
25 - 17	Wage Recovery for Injury, Court and/or Military Training Leave	Employee Services	07/01/2007
25 - 18	Advance Leave Pay	Employee Services	11/05/2008
30 - 1	Criteria for Identification for Capital Assets and Capital Expenditures	Finance	10/14/2008
30 - 2	Construction Work in Progress Closure to Plant in Service	Finance	07/22/2008
30 - 3	Capital Project Funding Authorization Request	Finance	08/12/2008
30 - 4	Administration of Agreements with Other Municipal Departments of Governmental Agencies	Finance	07/16/2009
30 - 5	Plant Retirements	Finance	08/12/2008
30 - 6	Signature Authorization Retention	Finance	04/28/2009
30 - 7	Capital Program Planning	Engineering	01/01/2009
30 - 8	Accounting Treatment of Allowance for Funds Used During Constructino(AFUDC)	Finance	04/28/2009
30 - 9	Continuing Property Records	Finance	08/12/2008
30 - 10	Reimbursable Projects	Finance	01/01/2009
30 - 11	Audit Proposals	Finance	02/12/2008
30 - 12	Collecting, Securing, Depositing and Reporting Cash	Finance	08/01/2009
30 - 13	Control of Cash Receipt Books	Finance	04/28/2009
30 - 14	Authorization of Accounting Transactions	Finance	01/12/2010
30 - 15	Dishonored Checks	Finance	04/28/2009
30 - 16	Approval & Retention of Employee Time & Attendance Records	Finance	07/01/2007
30 - 17	Stop Payment of Utility Checks	Finance	07/01/2007
30 - 18	Payment of Interest on Deposits	Finance	02/01/2010
30 - 19	Processing Accounts Payable Documents	Finance	07/01/2007
30 - 20	Negotiable Instruments Used as Surety, Performance, Payment or Bid Bonds	Finance	04/28/2009

No corresponding P&P
40-26 Municipal ID/Access Cards (10-26-04)
40-22 Substance Abuse (10-22-07)
40-14 Reporting Matters of Public Concern (4-8-97)
40-19 Eligibility to Reapply for Employment (9-12-96)
40-8 Employee Incentive Program (1-6-97)
40-7 Employee Service Awards (11-26-96)
40-16 Policy Against Harassment (8-1-00)
20-1 Processing Complaints of Discrimination (11-25-97)
40-3 Absence for Non-Municipal Business (Administrative Leave) (02-28-07)
40-23 Commercial Drivers Licenses (3-8-96)
40-27 Weapons in the Work Place (03-01-05)
40-6 Employee Assistance Program (6-9-97)
40-1 Blood Donation Leave (3-8-96) (Reviewed 9/3/96)
40-2 Terminal Leave for Executive Employees (11-25-96)
40-17 Wage Recovery for Injury, Court, and/or Military Training Leave (7-8-93) (Reviewed 12/16/96)
40-20 Advance Leave Pay (5-11-98)
No corresponding P&P
No corresponding P&P
No corresponding P&P
No corresponding P&P
No corresponding P&P
No corresponding P&P
No corresponding P&P
No corresponding P&P
No corresponding P&P
No corresponding P&P
24-1 Collecting, Securing, Depositing and Reporting Cash (9-1-08)
24-5 Control of Cash Receipt Books (7-8-93)
24-7 Authorization of Accounting Transactions (4-12-99)
24-8 Dishonored Checks (3-31-94) (Reviewed 3/13/98)
24-10 Approval and Retention of Employee Time and Attendance Records (1-1-09)
24-15 Stop Payment of Municipal Checks (11-25-97)
24-16 Payment of Interest on Deposits Over \$100 Collected by a Municipal Utility (10-19-92) (Reviewed 12/16/96)
24-17 Payment of Interest on Public Construction and Public Works Contracts (6-10-91) (Reviewed 10/10/97)
24-19 Processing Accounts Payable Documents in PeopleSoft (4-12-99)
24-20 Negotiable Instruments Used As Surety, Performance, Payment or Bid Bonds (3-8-96) (Reviewed 5/13/97)

**Attachment 5
Comparison of MOA and AWWU Policies and Procedures Lists**

30 - 21	Phone Usage	Finance	07/14/2009	28-3 Telecommunication Systems Management (11-15-00)	No corresponding P&P
30 - 22	Account Reconciliation	Finance	08/12/2008		No corresponding P&P
30 - 23	Check Controls and Signing Authority	Finance	07/14/2009		No corresponding P&P
30 - 24	Fund Certifications and Concurrences	Finance	07/14/2009		No corresponding P&P
30 - 26	Charitable Contributions	Finance	07/14/2009		No corresponding P&P
30 - 27	State of Alaska Loan Funds	Finance	03/09/2010		No corresponding P&P
30 - 28	Reimbursement for Vehicle Usage	Finance	07/01/2007	76-1 Reimbursement for Vehicle Usage (7-1-09)	No corresponding P&P
30 - 29	Payment of Interest on Public Construction and Public Works Projects	Finance	08/12/2008		No corresponding P&P
31 - 1	Petty Cash & Change Fund	Finance	07/14/2009	24-4 Petty Cash and Change Fund (4-12-99)	No corresponding P&P
31 - 2	Cash Management of Bond, Loan, & Grant Funds	Finance	07/14/2009		No corresponding P&P
31 - 3	Cash Management of Operating Funds	Finance	07/01/2007		No corresponding P&P
31 - 4	Customer Information System Refunds	Customer Service	07/06/2010		No corresponding P&P
32 - 1	Retention of Outside Legal Counsel*	General Manager	07/01/2007	32-1 Retention of Outside Legal Counsel (12-20-93) (Reviewed 9/15/97)	
32 - 2	Settlement Authority for Tort Claims*	GM	07/01/2007	32-2 Settlement Authority for Tort Claims (4-5-93) (Reviewed 4/25/97)	
35 - 1	Confined Space Entry	Employee Services	08/01/2009		No corresponding P&P
35 - 2	Vehicle & Equipment Operation Safety	Safety Officer	11/23/2010		No corresponding P&P
35 - 3	Safety Practices	Safety Officer	02/15/2009		No corresponding P&P
35 - 4	Accident Reporting	Employee Services	05/15/2008		No corresponding P&P
35 - 5	Utility Safety Program	Employee Services	02/15/2009	58-4 Municipal Safety Program	No corresponding P&P
35 - 6	Security	General Manager & all Directors	01/15/2009		No corresponding P&P
35 - 7	Hot Work Permit	O&M	01/01/2010		No corresponding P&P
35 - 8	Lock-out / Tag-out (Control of Hazardous Energy)	Employee Services	11/04/2008		No corresponding P&P
35 - 9	Key Control	O&M	03/09/2010		No corresponding P&P
35 - 10	Needle Sticks and Bloodborne Pathogens	O & M	03/09/2010	40-13 HIV Infection and AIDS (4-8-97)	
40 - 30	Utility Ethics Policy	General Manager	09/18/2007	40-30 Ethics Policy (05-01-07)	
45 - 2	Extranet System Access and Use	IT	01/01/2009		No corresponding P&P
45 - 3	Request for IT Service	IT	01/01/2009		No corresponding P&P
45 - 4	Managing Additions and Changes to Utility Websites	Information Technology	07/01/2007	16-4 Managing Additions and Changes to the Municipal Website (2-25-01)	No corresponding P&P
45 - 5	Personal Computers	IT	06/01/2008		No corresponding P&P
45 - 6	Acquisition & Use of Cell Phones & Smart Phones	IT	05/12/2009	16-2 Acquisition and Controlled Use of Cellular Telephones (11-15-00)	No corresponding P&P
45 - 7	Telecommunications System Management	IT	04/15/2009		No corresponding P&P
45 - 8	Computer System Access and Use	Employee Services & IT	06/15/2010	16-3 MOA Computer System Access and Use (6/1/02)	No corresponding P&P
45 - 9	Data Retention/Archive for Departing Employees	Information Technology	07/01/2007		No corresponding P&P
45 - 10	Access to Utility Financial System	Finance	07/01/2007		No corresponding P&P
45 - 11	IT Loaner Equipment	IT	07/26/2007		No corresponding P&P
48 - 1	Disposal of Surplus Property	Finance	09/21/2010		No corresponding P&P

**Attachment 5
Comparison of MOA and AWWU Policies and Procedures Lists**

48 - 6	Purchasing Specifications	Finance	07/01/2007	48-5 Specifications (2-2-93)
48 - 6	Allowable Costs	Engineering / Finance	08/01/2009	48-6 Allowable Costs (5-15-91)
48 - 8	Professional Services Purchasing	Finance	07/01/2007	No corresponding P&P
48 - 13	Design Build Solicitation	Finance & Engineering	07/01/2007	No corresponding P&P
48 - 15	Donation of Surplus Property	Finance	07/01/2007	48-15 Donations of Surplus Property (10-15-00)
48 - 16	Procurement Cards	Finance	09/14/2010	48-16 Procurement Cards (1-6-06)
50 - 1	Employee Communication	Employee Incentive Committee	03/01/2010	No corresponding P&P
55 - 1	After Hour Response to Utility Systems	O&M, Treatment, Customer	07/20/2010	No corresponding P&P
55 - 2	Wastewater Pump Stations	O&M	09/01/2009	No corresponding P&P
55 - 3	Sanitary Sewer Overflows	O&M	09/01/2009	No corresponding P&P
55 - 4	Surface Restoration Requirements	O&M	03/09/2010	No corresponding P&P
55 - 5	Managing SCADA	O&M and IT	07/01/2010	No corresponding P&P
55 - 7	SCADA Alarm Management	O&M and IT	12/08/2009	No corresponding P&P
55 - 8	Septage Receiving Stations	O&M	11/16/2010	No corresponding P&P
56 - 2	Insurance Procurement	GM	01/01/2010	56-2 Insurance Procurement (10-19-98)
56 - 3	Notary Bond Acquisition*	GM	07/01/2007	56-3 Notary Bond Acquisition (11-26-96) (Reviewed 6/12/97)
56 - 5	Sewer & Water Backup Emergency Cleaning Policy*	GM	01/01/2008	56-5 Sewer and Water Backup Emergency Cleanup (11/1/07)
75 - 3	Water Distribution System	O&M & Treatment	01/01/2010	No corresponding P&P
80 - 1	Charitable Contributions of Utility Resources*	GM	09/01/2010	80-1 Charitable Contribution of Municipal Resources (8-19-10)
80 - 2	Solicitations and Political Activity on Municipal Property*	General Manager	07/01/2007	80-2 Solicitations and Political Activity on Municipal Property (8-4-94)
82 - 1	Private Development Agreements Reimbursement of Benefited Properties	Engineering	07/01/2007	No corresponding P&P
95 - 1	Training & Development	Employee Services	07/01/2010	64-2 Training and Educational Assistance Program (10/26/04)
97 - 1	Travel Approval, Expense and Per Diem	Travel/Business Expenses	11/05/2008	68-1 Employee Travel Approval, Travel Expenses and Per Diem (11-1-08)
97 - 2	Reimbursement of Business Meal Expenses	Travel/Business Expenses	07/01/2007	68-3 Reimbursement of Business Meals Expenses (9-1-10)
100 - 1	Fleet Maintenance and Vehicle Operation	O&M	03/09/2010	76-4 Fleet Services (4-17-01)
100 - 2	Fuel Dispensing	O&M	01/15/2009	76-2 Fuel Card Management for the Municipality General Government Vehicle Fleet (1-15-01)
100 - 3	Vehicle Plug-Ins at Utility Facilities	O&M	01/15/2009	No corresponding P&P
100 - 4	Automated Vehicle Lcoating and Navigation Devices	Customer Service	11/09/2010	No corresponding P&P
102 - 3	Take-Home Vehicles	O&M and Finance	01/15/2009	76-3 Municipal Take-Home Vehicles (3-8-96) (Reviewed 2/11/97)
105 - 1	Warehouse Management	O&M	07/06/2010	No corresponding P&P
105 - 2	Accounting for Inventory	O&M & Finance	01/15/2009	No corresponding P&P

Highlighted Title with Asterisk(*) means AWWU P&P defers to corresponding MOA P&P directly.

**Attachment 6
Schedule for Transition Tasks**

Steering Committee Report to Assembly							
2) INFORMATION TECHNOLOGY							
2.1 Define Business Services							
2.2 Functional Area Review							
2.3 Review and Approval							
2.4 Implementation							
2.5 Evaluate							
3) HUMAN RESOURCES							
3.1 Define Business Services							
3.2 Functional Area Review							
3.3 Review and Approval							
3.4 Implementation							
3.5 Evaluate							
4) ACCOUNTING							
4.1 Define Business Services							
4.2 Functional Area Review							
4.3 Review and Approval							
4.4 Implementation							
4.5 Evaluate							
5) PAYROLL							
5.1 Define Business Services							
5.2 Functional Area Review							
5.3 Review and Approval							
5.4 Implementation							
5.5 Evaluate							
6) MAINTENANCE (Depends on Consultant Scope and Findings)							
6.1 Define Business Services							
6.2 Functional Area Review							
6.3 Review and Approval							
6.4 Implementation							
6.5 Evaluate							