

REPORT TO THE CLEAN WATER ADVISORY PANEL

Atlanta CSO/SSO Business Task Force

August 23, 2002

WHO WE ARE

Atlanta CSO/SSO Business Task Force

Metro Atlanta Chamber of Commerce commissioned task force

- **Task force jointly chaired by A.J. Robinson (Portman Holdings, L.P.) and William J. Stanley III, FAIA (Stanley, Love-Stanley, P.C.)**
- **Led jointly by The Boston Consulting Group and the Metro Atlanta Chamber of Commerce**
- **Participation from the Mayor's Office and AWSIP⁽¹⁾ Program Management Team**

Task force recommendations will focus on successful funding, implementation, and communication of whatever plan is chosen

We are not passing judgment on the best technical plan to fix Atlanta's CSOs-- *we are not the technical experts*

(1) Atlanta Wastewater System Improvement Program

WE ARE PRIMARILY INTERESTED IN TWO THINGS FOR ATLANTA'S BUSINESSES AND RESIDENTS

- 1 Maintaining a vibrant economy**
- 2 Maintaining a high quality of life**

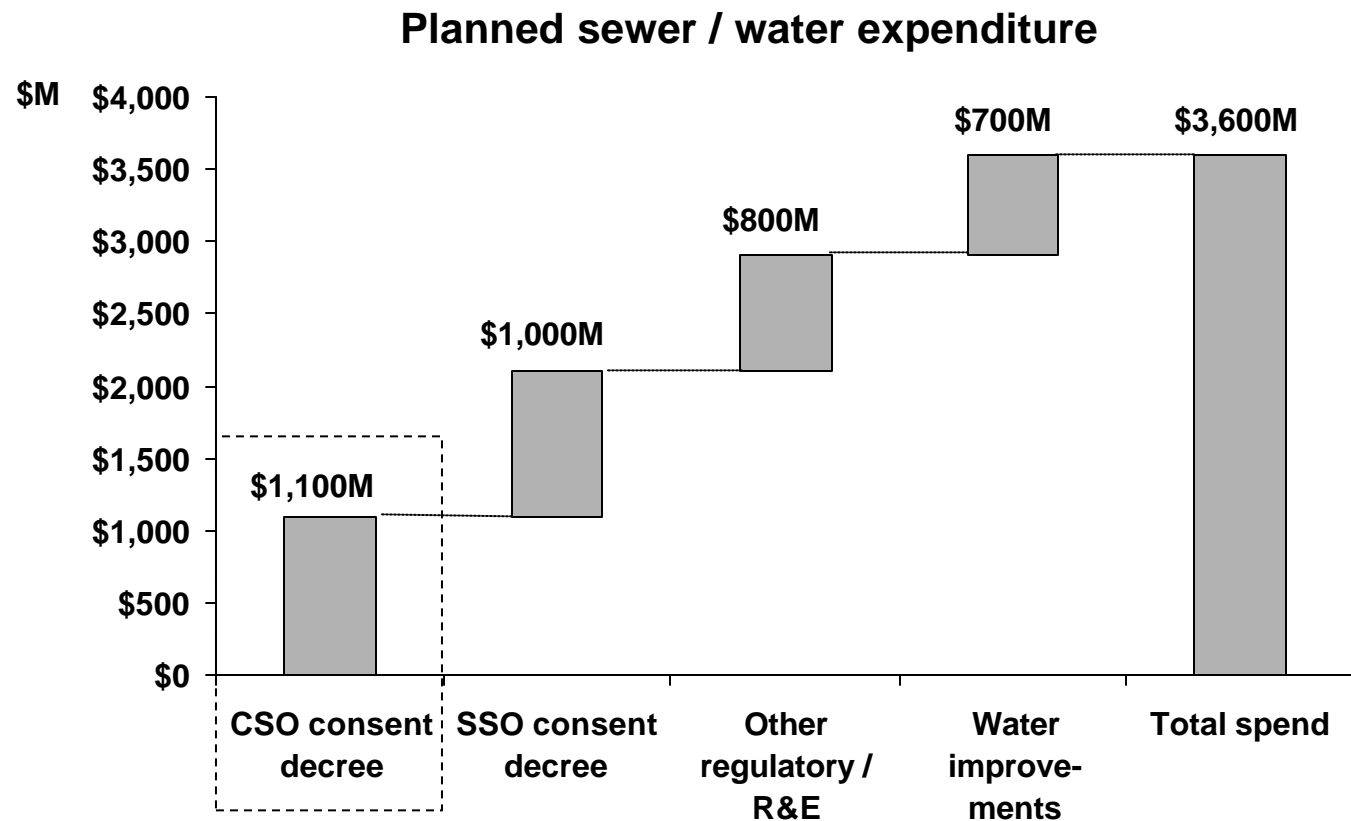
Both are seriously threatened by Atlanta's sewer challenges

The City must select and implement a plan that *will work*, and achieve the greatest long-term benefit for the least cost

We cannot afford to gamble on possibilities or unknowns

LET'S PUT THIS IN PERSPECTIVE

Our Current Plans Extend Well Beyond the CSO Requirements

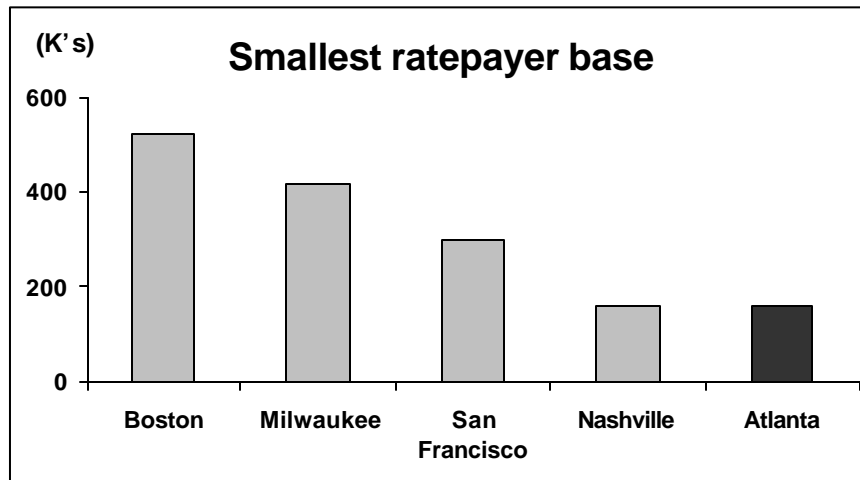


Total sewer / water infrastructure expenditure by 2015: \$3.6B

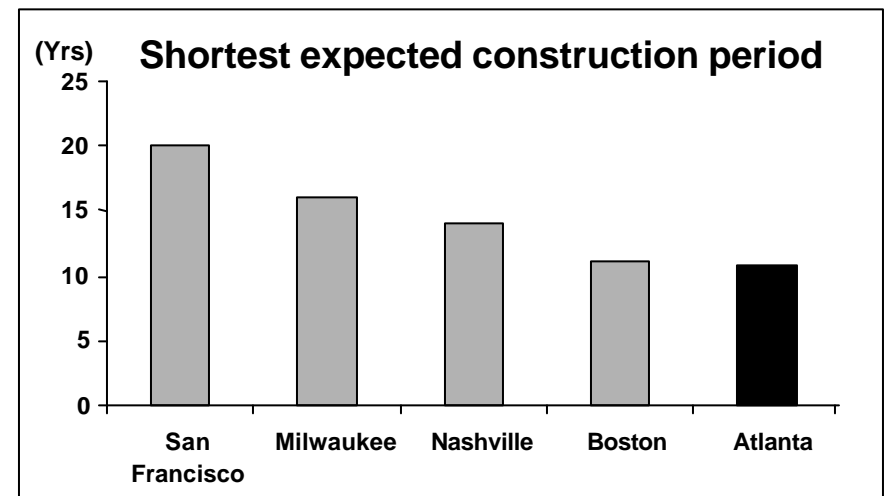
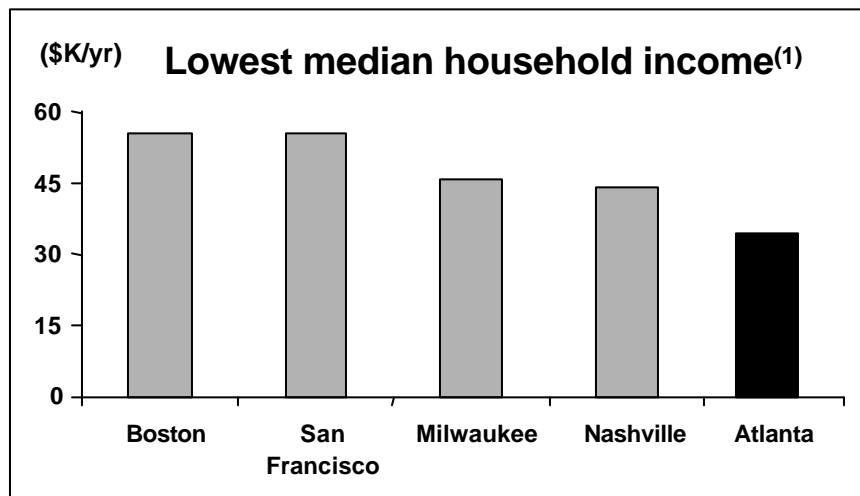
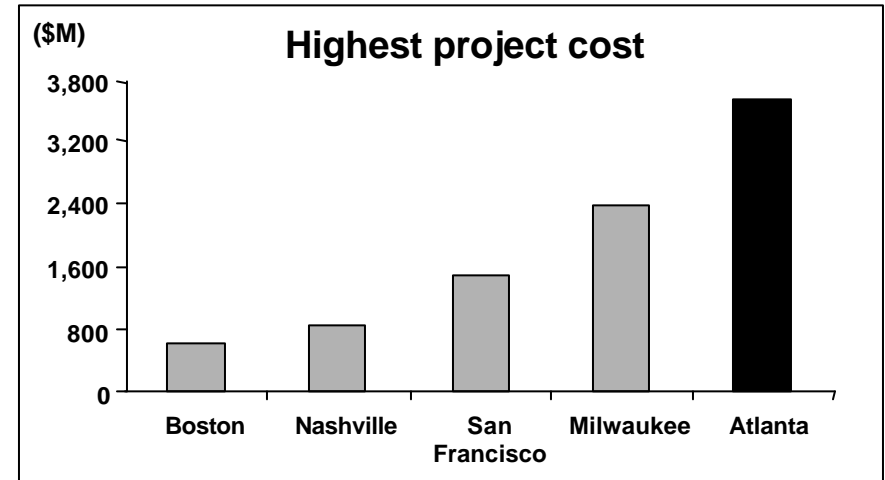
Note: 2001 dollars, no adjustments for inflation over 12 year time horizon. Does not include \$200M in contributions from other jurisdictions for SSO compliance
Source: Financial Capabilities Assessment (Revised), February 2002, Program Management Team interviews

THIS PUTS US IN A SERIOUS SITUATION COMPARED WITH OTHER CITIES WE EXAMINED

Limited financial resources...



...and a higher project burden



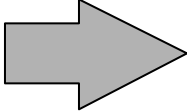
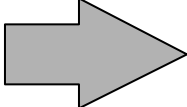
(1) 2000 Census data; Milwaukee, and Boston data according to MSA

(2) Project cost in nominal dollars, includes court ordered costs only

Source: Interviews, web search

TO FUND THIS PROJECT, SEWER RATES MUST TRIPLE BY 2014

Impact to Residents and Businesses will be Substantial

<i>Average monthly sewer bill</i>	<i>Now</i>		<i>2014</i>
Residential⁽¹⁾	\$40		\$120
Industrial⁽²⁾	\$1,510		\$4,530

Rates will continue at 2014 levels through *at least 2044*

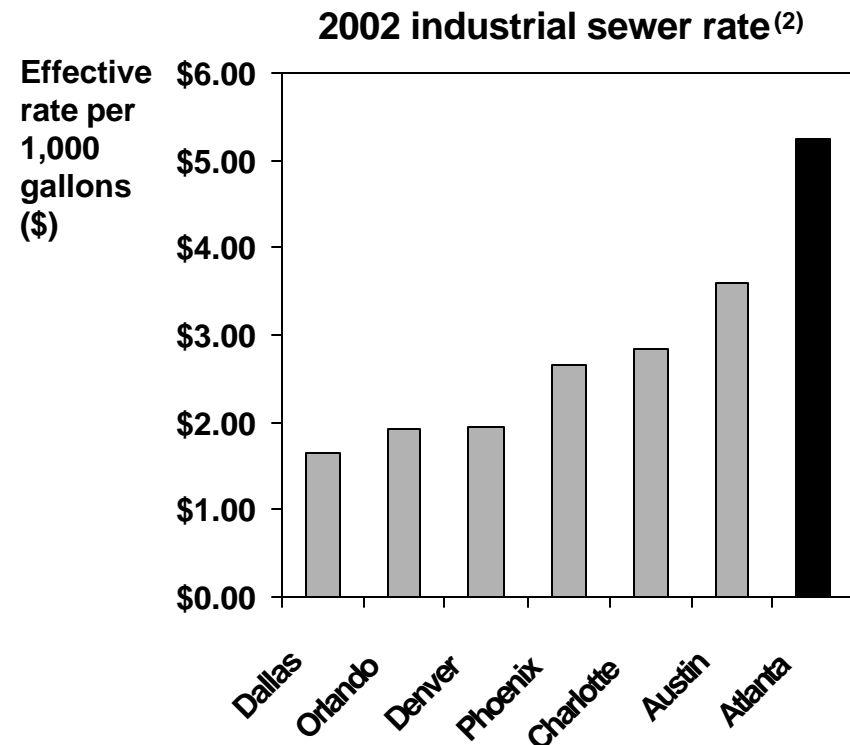
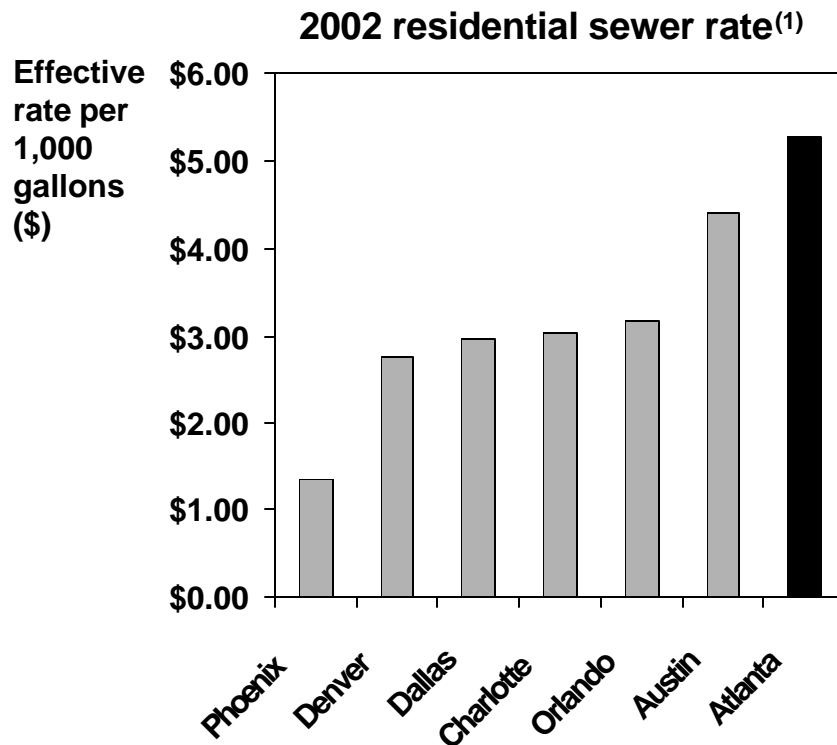
(1) Assumes ~10 ccf/mo residential consumption (~7,500 gallons) at \$3.93 / ccf in 2002

(2) Based on 2001 industrial sewer consumption average of ~385 ccf/mo.

Source: United Water consumption data, BCG analysis

WE ARE ALREADY AT THE HIGH END OF THE SEWER RATE SPECTRUM

Comparison of Atlanta's 2002 Sewer Rates to Peer Cities



We can't risk further eroding our City's competitiveness

(1) Based on average residential consumption of ~7,500 gallons/mo (~ 10 ccf/mo)

(2) Based on industrial customer average consumption of ~385 ccf/mo

Source: United Water consumption data, city websites, city interviews, BCG analysis

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OUR POINT: COST MATTERS

A tripling of rates threatens to put an economic deadlock on Atlanta businesses and residents

**WE CAN'T AFFORD TO PUSH COSTS ANY HIGHER
THAN WHAT WE ARE ALREADY CONSIDERING**

In choosing an approach, we need to be realistic

- “Hope for the best” but “plan for the worst”

For each approach, this panel must consider

- *Risk*, “the big unknowns” and the potential for runaway cost
- *ALL costs*, including indirect costs, burden to operate and adequately maintain the system, and cost of future requirements

MISSING OUR DEADLINE WILL BE COSTLY AS WELL

No Extension of the Deadline is Currently on the Table

- **The economic burden of paying for the plan itself is already quite high**
- **Paying millions more in fines or having moratoria on sewer connections would further negatively impact the City**
- **Missing the deadline would further the perception that the City is incapable of getting things done**

**Choosing the right plan depends on what can
and cannot be done in this short timeframe**

WE MUST BE REALISTIC ABOUT TUNNELS

Make Sure We Know What We Are Getting and at What Cost

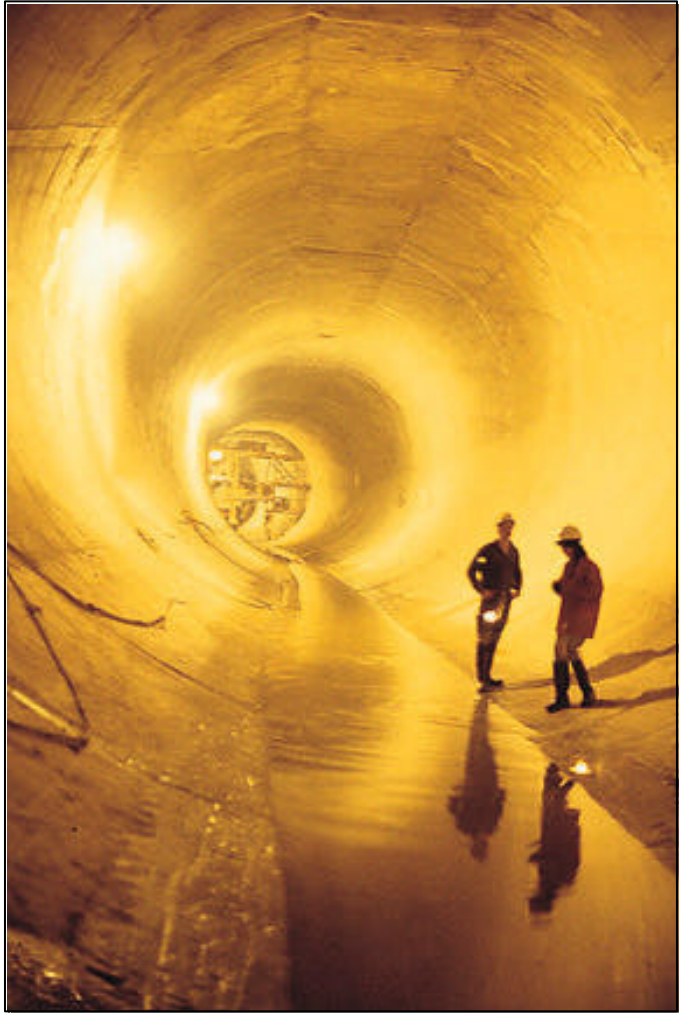


Photo: Chicago's 33 ft. tunnel storage solution

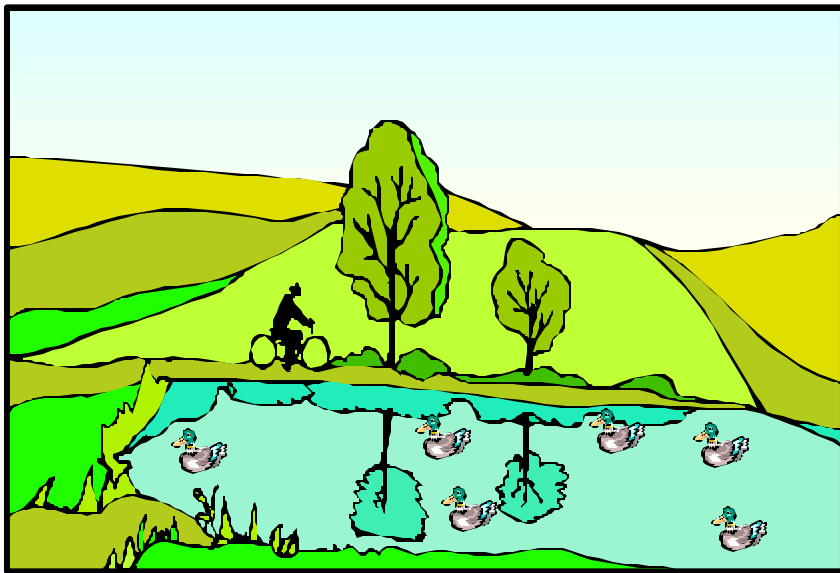
Have we properly accounted for the cost of any risks associated with a tunnel storage project?

- **Unexpected delays**
- **Unexpected cost overruns**
- **Construction risks**

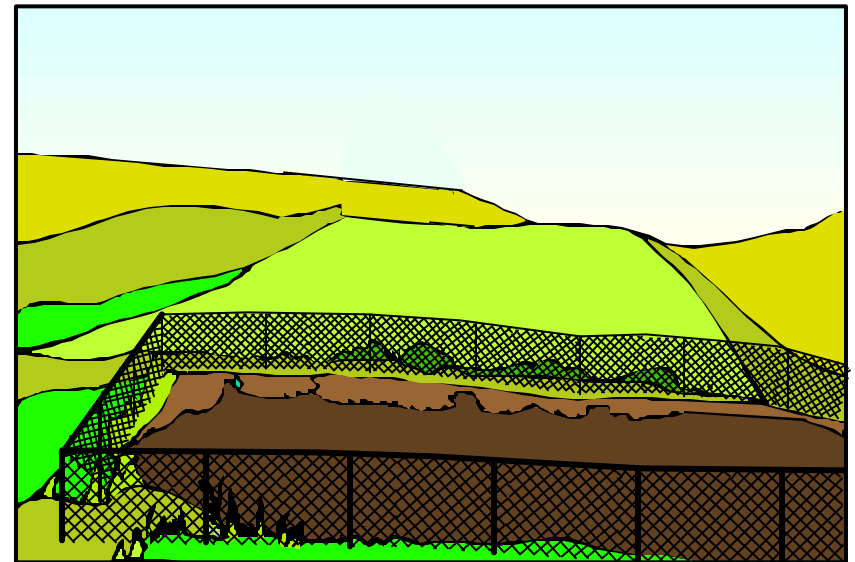
WE MUST ALSO BE REALISTIC ABOUT PONDS

Make Sure We Know What We Are Getting and at What Cost

Have we properly accounted for the cost of constructing and maintaining retention ponds?



Will retention ponds be duckponds...



...or “muckponds” ?

And what about the accumulation of toxins in ponds?

THE FIRST PRIORITY MUST BE FIXING OUR SEWERS, BUT WE SHOULD NOT IGNORE OPPORTUNITIES TO VISIBLY IMPROVE OUR COMMUNITIES



- Are there opportunities for linear parks, paths and other community improvements on land acquired for rights of way or treatment structures?
- Are such improvements feasible and can we do them for a reasonable cost?



Photo: Boston sewer separation efforts, July 2002

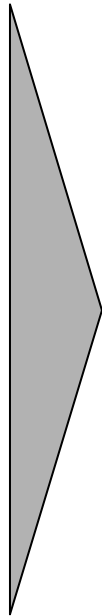
CONSIDER BUSINESS AND NEIGHBORHOOD IMPACTS FROM CONSTRUCTION

“Construction Disruption”

Have we looked at the indirect costs of construction?

- **Road closings and traffic jams**
- **Business interruption with no access**
- **Neighborhood disruption and noise**
- **Risk of unforeseen costs and delay**

WILL THE PLAN POSITION ATLANTA TO ADDRESS FUTURE WATER QUALITY REQUIREMENTS AND TMDLs? Or Will a Separate Approach and More Money Be Required?



Stormwater = Pollution

We are under a separate Federal consent decree to establish Total Maximum Daily Loads (TMDLs) by 2004

Implementation of TMDL pollutant budgets will require more treatment of stormwater

Note: Total Maximum Daily Load regulations are already in place

OUR MESSAGE: CHOOSE A PLAN THAT KEEPS OUR QUALITY OF LIFE HIGH AND ALL COSTS LOW

- **Consider what can be done in our short timeframe**
- **Be realistic about what we're going to get for the price**
- **Disclose the risks associated with each plan**
- **Account for indirect costs such as “construction disruption” and ongoing operation and maintenance costs**
- **Choose a plan that minimizes the cost of meeting water quality regulations both now and in the future**

We want to keep Atlanta vital and competitive in the future