Fort Smith Utility Department
HDR Engineering, Inc. Top Recommendations as of October 11, 2012
Ranked Comparison of Maximum Possible Benefit
February 7, 2013

Ref.	Title	Comparison Points	Rank
1a	Develop Financial and Rate-Setting Policies	38	**1**
1b	Pursue Alternate Funding Sources	38	
2a	Develop Asset Management Plan	33	**2**
2b	Use Asset Management Plan for Capital Planning	33	
2c	Include Asset Management in Capital Improvement Plan	33	
3a	Develop Long-Term Financial Planning Model	27	**3**
3b	Include Affordability in Rate Model	27	
4	Create Succession Plan	23	**4**
5	Collect and Develop Performance Measures	22	**5**
6	Study Unaccounted Water	20	**6**
7	Create Levels of Service	17	**7**
8	Improve Utility Billing and Collection Process (w/o restructuring departments)	16	**8**
9	Enhance Watershed Control and Filter Performance	13	**9**
10	Study Project Management and Staffing Needs	12	**10**
11	Install VFDs at P St Plant	3	**11-12**
12	Study WWTP Chemical Usage	3	**11-12**
13	Monitor Raw Water	1	**13**
14	Study Microturbine	0	**14**

Basis of Comparison:

Comparisons were based on the significance of the assumed maximum possible benefit if the recommendations were to be successfully completed.

The risks, return on investment, net present value, payback period, total cost, profitability index, or internal rate of return were not part of these comparisons.

Constraints and Assumptions:

These comparisons were limited to projects and initiatives recommended by HDR Engineering, Inc. on October 11, 2012. Additional projects and initiatives under consideration by the Utility Department were not included in this comparison.

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Ref.	HDR Page	Title	HDR Engineering Inc Description
1a	pp. 99, 100	Develop Financial and Rate-Setting Policies	The City should develop a set of financial and rate-setting policies to guide the decision making processes for the utilities. Most importantly, at a minimum the policies should address: ● Reserve funds and minimum target balances ● Funding renewal and replacement infrastructure projects at a minimum level equal to depreciation expense; gradually implementing this policy to avoid rate shock. ● For financial planning purposes, establish a target DSC ratio, above the minimum required rate covenant. ● Establish debt financing policies and targets, and review debt equity ● Consider system development charges (connection charges) for both utilities.
1b	p. 100	Pursue Alternate Funding Sources	Continue to pursue outside funding sources for capital projects, grants and low-interest loans, to aide in keeping rates and low as possible.
2a	pp. 24, 25	Develop Asset Management Plan	Develop an Asset Management Plan as part of the Utility Strategic Plan with demonstrated commitment from management and a system to continually improve the program.
2b	pp. 65, 66-69	Use Asset Management Plan for Capital Planning	Use the asset management plan to assist in capital planning. Identify infrastructure at risk to be included as repair and replacement projects in CIP.
2c	pp. 24, 25-26	Include Asset Management in Capital Improvement Plan	Include Asset Management information in the Capital Improvement Plan.
3a	pp. 100, 101	Develop Long-Term Financial Planning Model	Develop a long-term financial planning model (e.g. 10 – 20 years) to better understand the financial and rate implications of the City's long-term financing strategy and the issuance of debt.
3b	pp. 100-101	Include Affordability in Rate Model	The rate model results presented to Council should provide an affordability test to help provide a context as to the appropriateness of the level of the rates.
4	pp. 24, 27	Create Succession Plan	Create a Succession Plan as part of the Utility Strategic Plan.
5	p. 99	Collect and Develop Performance Measures	Continue collecting and developing performance measures. The Utility can compare its performance to its past performance as well as to similar Utilities. The Carnegie Mellon Capability Maturity Model can be used to assess the Utility's performance from year to year. HDR has provided an initial assessment that can serve as a starting point (refer to Appendix A). The Utility should collect data for the performance measures that have been identified for tracking.
6	p. 65	Study Unaccounted Water	Examine unaccounted for water and better identify areas of unaccounted for water.
7	pp. 24, 26	Create Levels of Service	Create Levels of Service and a process for updating the targets as part of the Utility Strategic Plan.

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Ref.	HDR Page	Title	HDR Engineering Inc Description
8	pp. 24, 26-27	Improve Utility Billing and Collection Process w/o restructuring departments	Improve the Utility Billing and Collection Process. ● Re-evaluate the implementation of automatic meter infrastructure (AMI) and how it would impact customer service and revenue over an 8-10 year period. Focus first on those areas and meter reading routes outside the Fort Smith city limits which require the longest time per account. ● Evaluate and, if necessary, improve the process for retiring accounts that result in negative financial reporting. ● Meet with various customer types and develop the best options for supporting on-line payment. Customers are looking for multiple payment options that allow them to easily maintain good account status. The AMI would support varying billing and payment options. ● Complete a business case evaluation to look at bringing the finance, customer information and the billing and collection software functions into the Utility. This would include: ▪ Redefining departmental roles and responsibilities ▪ Cost for software ▪ Internal staffing (training, management, operations) ▪ Additional facility accommodations
9	p. 51	Enhance Watershed Control and Filter Performance	An additional 1 log credit can be obtained for the Lee Creek Treatment Facility by utilizing a Watershed Control Program and a Combined Filter Performance standard, which do not require large capital projects to be undertaken.
10	p. 65	Study Project Management and Staffing Needs	Assess project management and staffing needs.
11	p. 51	Install VFDs at P St Plant	The P St Plant could increase electrical efficiency through the addition of VFDs to blowers (if possible with operating conditions) and in-plant water pumps.
12	p. 51	Study WWTP Chemical Usage	Further investigation should be undertaken to see if using the in-line chlorine analyzer for sodium bisulfite could reduce the quantity of chemical used.
13	p. 51	Monitor Raw Water	Respond more quickly to changing influent conditions through the addition of in-line raw water monitoring for turbidity and/or pH. These samples are currently lab tested and returned.
14	p. 51	Study Microturbine	A microturbine should be investigated to see if it is cost-effective to take advantage of the head from the Lake Fort Smith Water Treatment Plant.