

MEMO

To: Mayor Kevin Cole
From: Raftelis
Date: February 3, 2021
Re: Utility Billing Ad Hoc Advisory Committee Questions from Mr. Davis

Message:

Raftelis has compiled the following responses to questions posed by Mr. Jimmy Davis, a member of the City's Utility Billing Ad Hoc Citizen Advisory Committee. Mr. Davis's questions are illustrated in **bold**, and our responses follow each question.

1. In the Executive Summary, they state on the first page that “broader cultural and process challenges also contribute.” Are those all outlined in their recommendations, or are there challenges not addressed? Can they expound on what those challenges are?

Cultural and process challenges are identified and discussed throughout the report in each recommendation. The statement quoted above refers to these challenges collectively.

2. On the Executive Summary page 2, last sentence of the next to last paragraph, they state, “Developing a robust management and communication structure to support this work is essential to providing effective service in the future.” Does this mean at the time of making the statement that the structure necessary to support AMI doesn't exist? I notice it doesn't say improve upon or enhance; it says develop. If the structure is being formed, is what is being informed adequate, or are there missing parts in their opinion?

The quoted statement is addressed and explained in Recommendation 15, which describes AMI implementation to-date and recommends enhancements to support the AMI rollout going forward.

3. On the actual report, page 6, they state, “In 2019, the City started receiving customer complaints about billings for water consumption lagging readings, resulting in an accrual of unbilled consumption.” What is the basis for that statement? Did they receive documentation of residents complaining about the lag? Can that documentation be provided to the committee? Since it's been publicly mentioned, there should be no privilege that applies.

This statement is based on our review of prior reports and materials, including the Olson report, as well as confidential interviews with staff and stakeholders in this process. As a reminder, our scope did not involve a forensic examination of events that contributed to the billing gap. We were not tasked with, and we did not identify, specific individuals who may have been directly responsible for the billing gap.

4. In their review, did they determine if City staff has and utilizes the Effective Utility Management framework that they reference at the bottom of page 8? If not, is that something they recommend them having and using as a best practice?

Effective Utility Management (EUM) has not been formally adopted by the City's utility billing function; however, several of the City's current practices align well with the EUM framework, including but not limited to creating stable infrastructure, providing quality products and services, and creating operational resiliency. The recommendations in our report are designed to help create greater alignment with EUM even if the framework is not formally adopted.

5. What is the format of the data referenced at the top of page 11 that is collected through the meter reading process and forwarded to the Utility Customer Services Division?

At the time of our report, data passed between Meter Reading and Utility Customer Services in a variety of formats, including scans of printed documents and work orders as well as Microsoft Excel spreadsheets.

6. What was the source of the financial information in Table 4 near the bottom of page 12? Did Raftelis go to financial reports themselves and pull it, or was this information provided by staff?

Raftelis compiled this information from the City's published annual budgets.

7. Recommendation 1: they reference culture issues and past practices and management styles that have reinforced process inefficiencies and contributed to miscommunication. They also indicate "...the current environment developed over many years and is deeply engrained." When they say many years, is there any estimation of how long that would be? And with high turnover of many managers, how could such a culture be deeply engrained? Can a culture be developed and deeply engrained that comes from the bottom of the organizational hierarchy, and is that what they observed here?

We observed a cultural environment where there has historically been a disconnect between managers and staff, and where the impact of decisions has not been fully considered due to a lack of internal communication. In our experience, even when management in an organization turns over, the remaining staff tend to operate "as usual," and effecting cultural change often requires a concerted management effort. Our report and the recommendations it contains are intended to help catalyze the cultural changes necessary to create a more effective meter-to-cash operation going forward.

8. On page 17, Table 6, a recommended KPI for efficiency is the percentage of bills with exceptions and exception type. Can they give some examples of exception types?

Common utility billing exceptions include but are not limited to the following:

- Consumption too large
- Consumption too small
- Consumption on an inactive account
- Negative consumption
- Zero consumption
- No read
- Reverse flow

Several of these exceptions are also mentioned on page 33 of the report when discussing the overall meter-to-cash process.

9. On page 18, third paragraph, they commend the dashboard being created and recommend enhancing it going forward with new measures that are reflective of things that customers care about, such as service activities and billing statistics. Can they provide some specific recommendations for metrics to add, as well as what information that is currently provided that could be replaced with this new information?

The KPIs identified in Table 6 could be added to the dashboard to help increase transparency and facilitate more effective analysis in the future.

10. On page 21, they reference developing an SOP that provides specific thresholds for high consumption. In their professional opinion, what would constitute high consumption? Would a 50% increase over the consumption for the same month prior year trigger a flag? Does it need to be more or less? Also, did they discover in the City's current system if the "historic" consumption being used for comparison is tied to 28-day consumption reads, or have we updated the numbers to reflect 32 days, which is what current reads are?

There is no single industry standard for "high consumption." Establishing an appropriate threshold requires balancing the unique circumstances of the utility environment (number of accounts, meters, average usage patterns, environmental conditions) against natural variations in usage and the amount of time needed to diagnose and resolve unusually high or low usage.

With respect to "historic" consumption, our understanding is that the City is weighing potential usage differences between the 28 and 32-day billing cycles as part of its analysis.

11. On page 24, they indicate that while there are improvements in external communications plans, the "existing communications practices have not cultivated a shared understanding of meter-to-cash processes and priorities to date." Are they aware of any resources available that the City can utilize to improve on the communications practices?

Pages 25 and 26 of the report discuss specific strategies and case studies the City can utilize to help improve communications.

12. Question 2 was about their comment regarding how to support the AMI, and they said it needed to be developed. On page 27, number 4 says it's inadvisable to delay AMI implementation. Can we move forward if the robust management and communication structure needs to be developed?

Recommendation 15 describes creating a management and communication structure to carry the AMI process forward. This is the first step to build upon AMI efforts to-date and help ensure future success.

13. On page 28, Raftelis indicates for the analysis they used "billing data provided by the City from October 4, 2019 through November 9, 2020". Can they have the information available to discuss their calculation in greater detail on Monday?

We can provide a more detailed overview at a future committee meeting.

14. Page 32 indicates for a meter profile that the data is downloaded and then gets uploaded to a shared network drive for analysis. Can they advise on the format of that data and what software does the analysis? If they observed the process, can they provide insight on the analysis process?

We did not directly observe this process. Our understanding is that meter readers are able to download 40 days of usage data from the meter locally in an electronic format, which is transmitted to Utility Billing for analysis.

15. On page 33, they map out the current meter to cash process. Is it their understanding that the process requires if an account reflects zero water consumption that staff goes out and gets the correct read or verifies the meter read?

Staff involved in the meter-to-cash process will collect re-reads and perform other analysis to evaluate zero consumption and other exceptions that may occur.

16. On page 34, they indicate an entirely new process will be needed to maximize the new tools available through AMI. Are there any resources they can point to that will equip staff to develop said processes?

The City already has many of the tools needed to develop an improved process using AMI. Developing these improvements will require input from many staff across the City and its technology providers, as discussed in Recommendations 8, 15, and 16.

17. On page 38, they have customer service call metrics. Do they have any estimation of the percentage of calls that are related to 32/30 and unintended consequences?

Call information provided by the City included high-level categories regarding the nature of each call, such as whether the call was a general inquiry or related to a delinquency. The information does not specify which calls were related to the 32/30 Plan.

18. On page 52, they indicate there are situations where New World incorrectly utilizes consumption and exception data so manual billing audits remain. Can they elaborate on that?

The issue is fairly technical, but essentially staff have experienced problems in the past where data loaded into New World will not generate correct billing amounts. Staff have caught these errors during regular audits and must continue to perform regular audits to ensure the software is calculating things correctly. Utility Billing and Information Technology staff continue to work together and in partnership with Tyler Technologies to identify and remedy these errors.