

Operations Efficiencies = Savings for your Community

Veolia Water North America
ICMA Conference Presenter
Solutions Track - October 9, 2012



Presentation team



HARALD JENSEN, President
Veolia Water North America

Recent Initiatives: New York City OpX
Winnipeg
www.growingblue.com



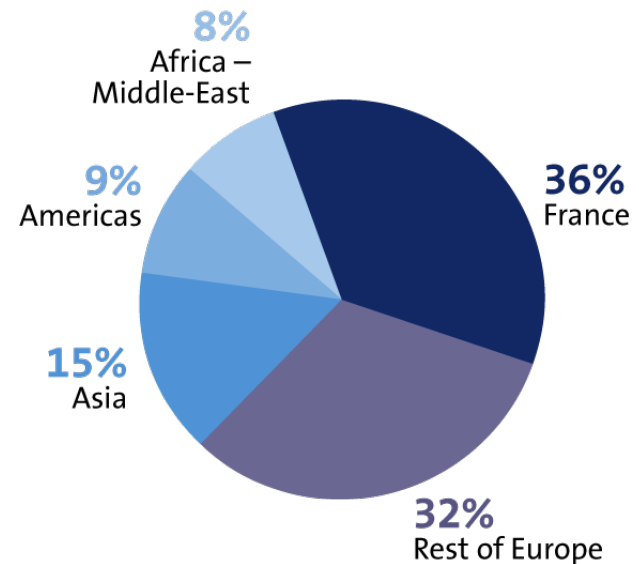
JIM GOOD, Interim Executive Director
Pittsburgh Water and Sewer Authority (PWSA)

Recent Initiatives: Burlingame, CA
Vancouver, WA
www.growingblue.com

Veolia Water – Who we are

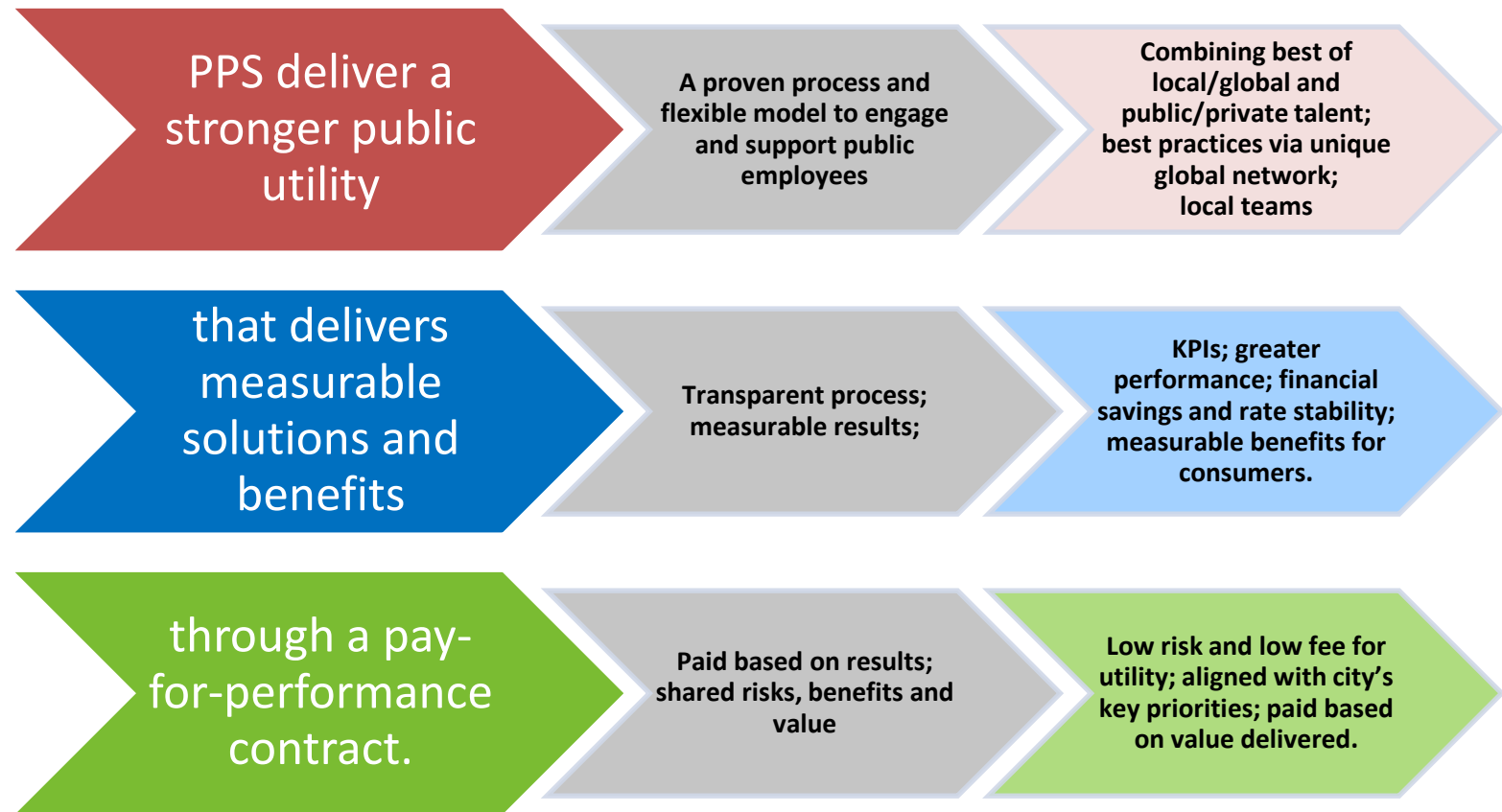
- 96,650 employees in 69 countries.
- 103 million people provided with water service.
- 5,056 drinking water production plants operated around the world.
- 10 billion cubic meters of drinking water distributed.
- 73 million people provided with wastewater service around the world.
- 3,513 municipal wastewater treatment plants around the world.
- 7.1 billion cubic meters of wastewater collected.

Revenue breakdown by geographic area

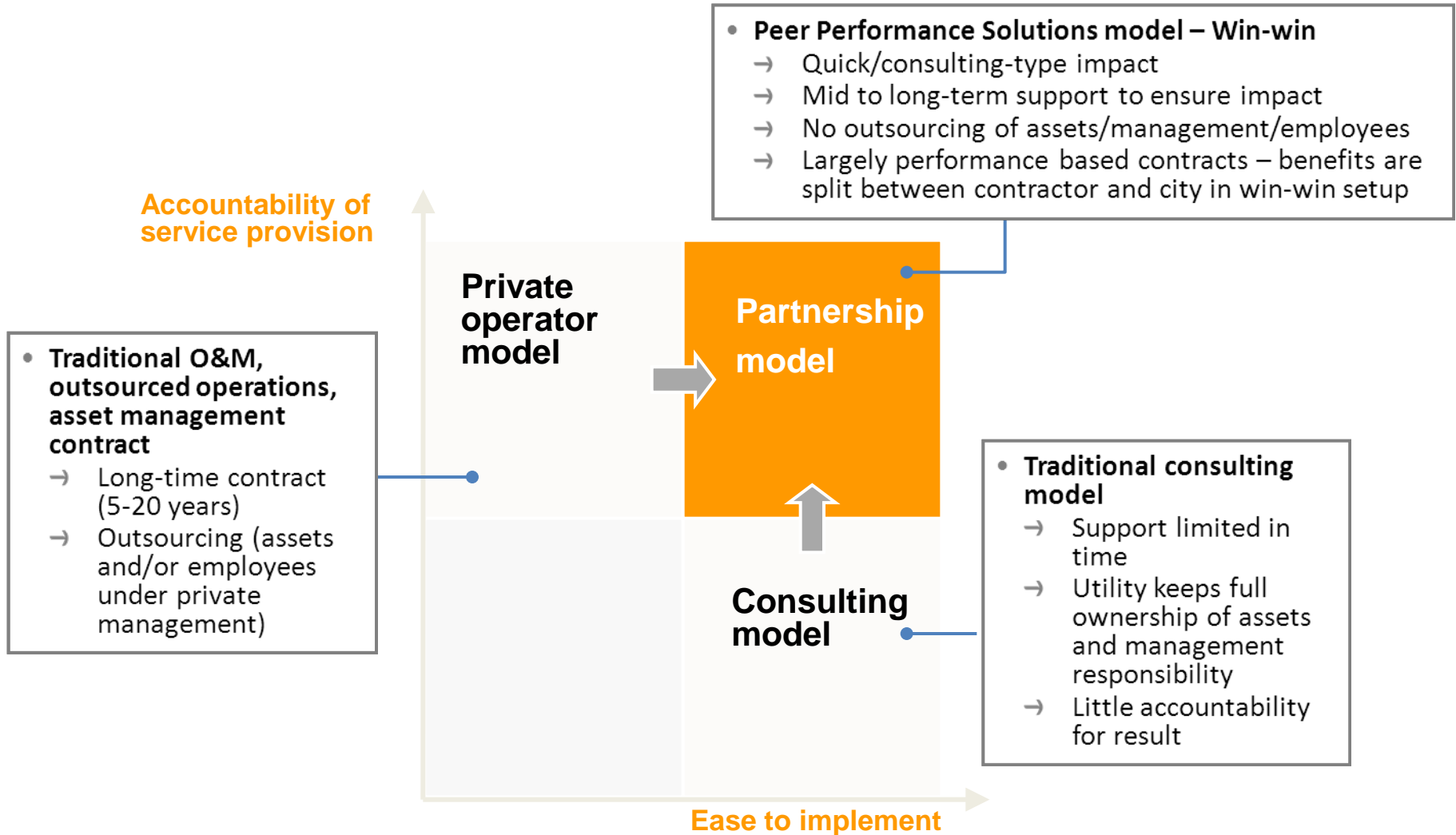


Revenue 2011
€12.6 billion

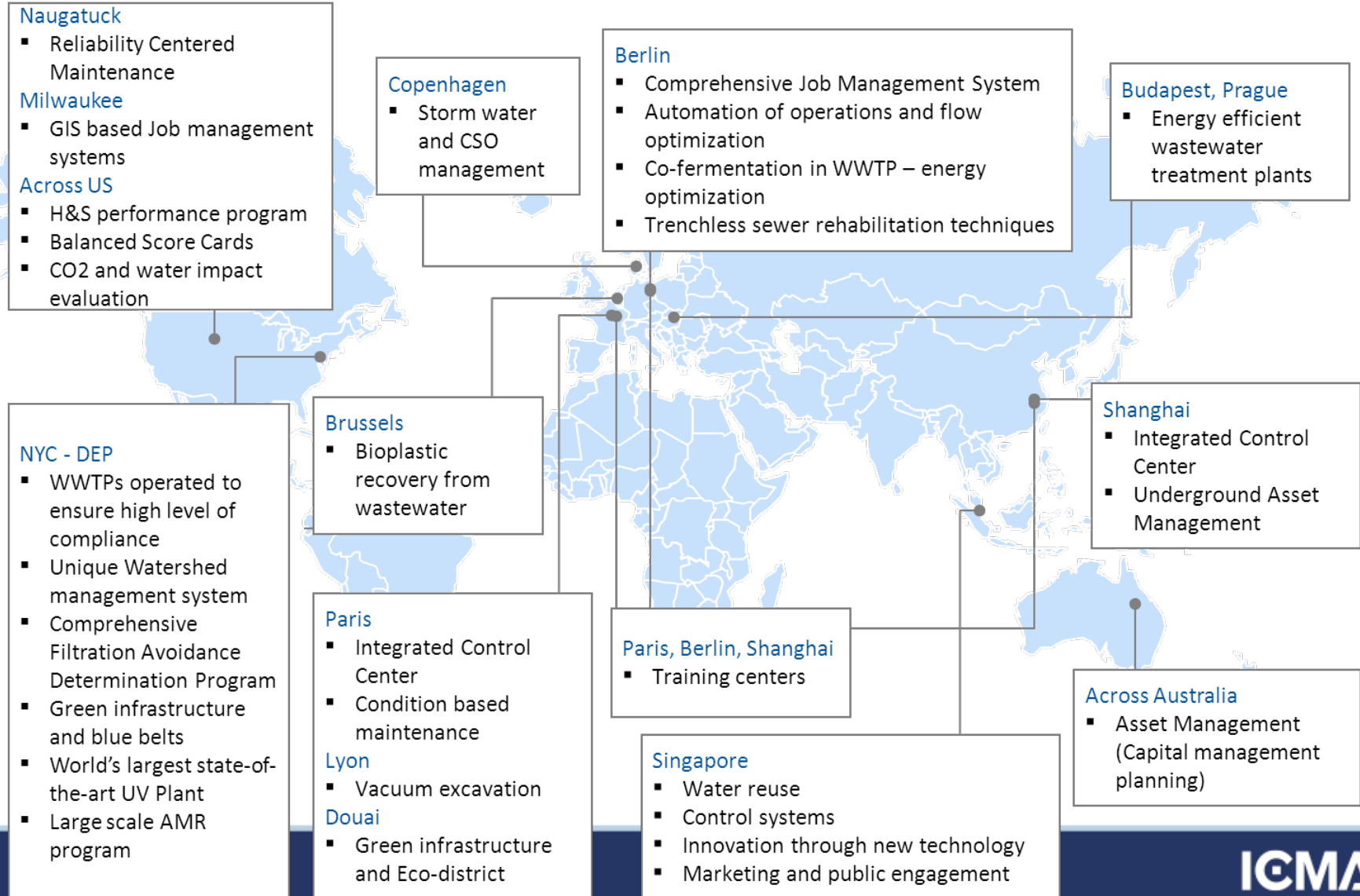
Peer Performance Solutions



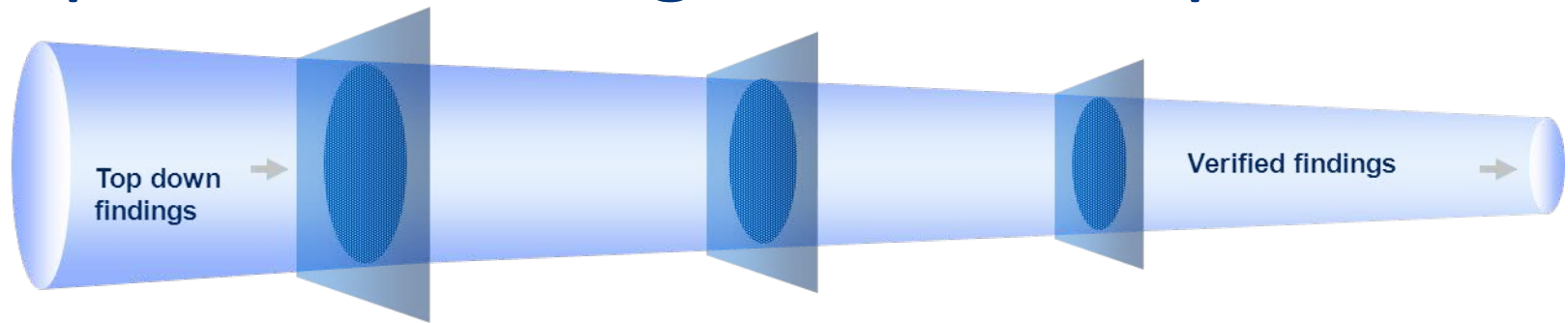
A new form of partnership



Enter a network of best practices



Structured approach: top-down findings, bottom-up validation



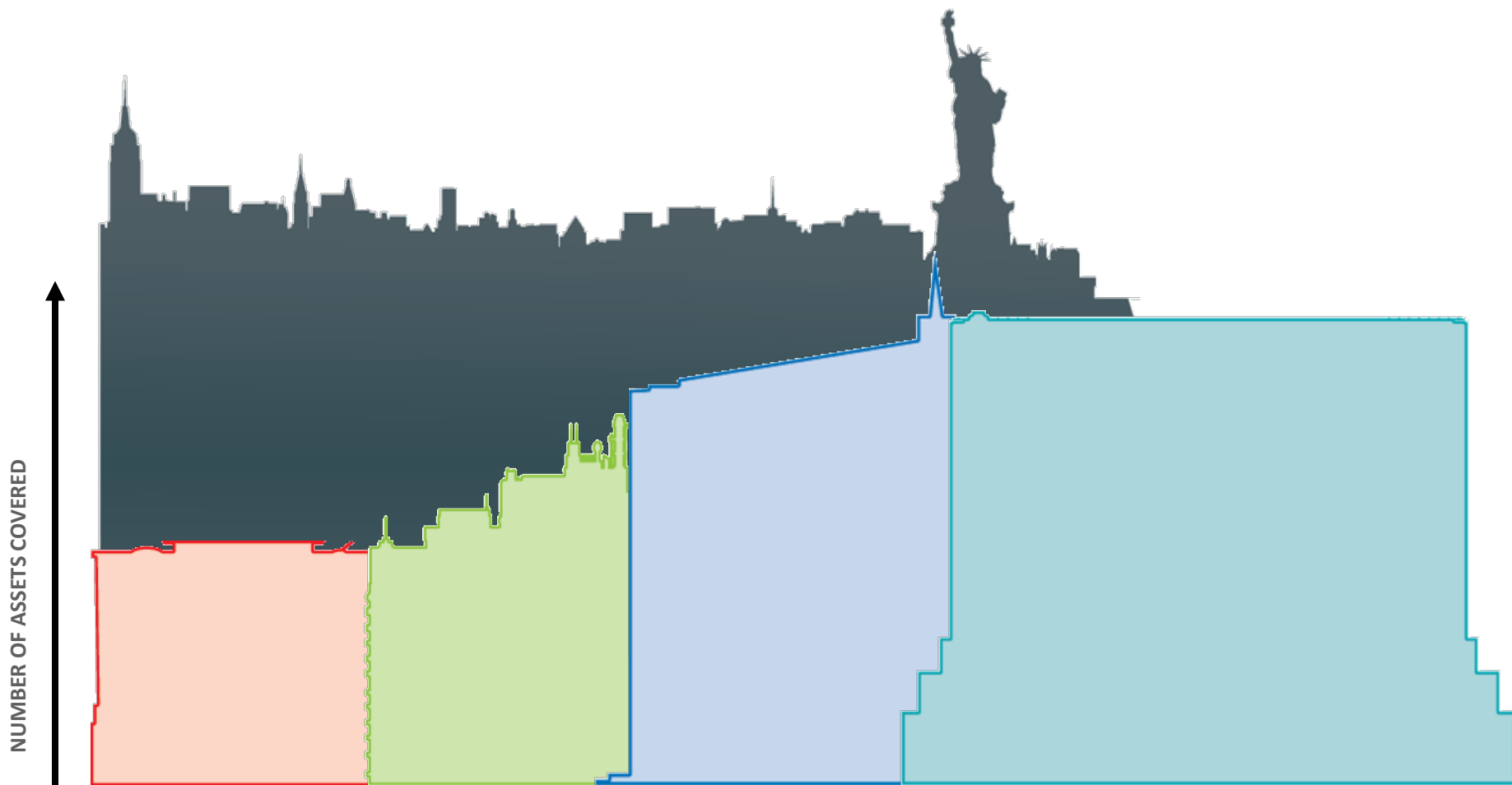
Onsite diagnostic

Manager and frontline
operator engagement

Fact-based
analysis



Structured approach: build momentum and achieve scale



Overview of our work in Pittsburgh

- PWSA RFQ/RFP
- Veolia Proposal
- Discovery
- Progress

PWSA RFQ/RFP

- Provide Interim Executive Director
- Study 23 prescribed topics (see attachment)
- 12-month term; six-month option

PWSA RFQ/RFP (cont.)

- Review overall organization and governance (personnel, reporting structures, review procedures).
- Review management and operation of customer service.
- Review management and operation of construction management functions.
- Review management and operation of engineering functions.
- Review structure and performance of IT functions.
- Recommend possible alternatives for the full utilization of water plant capacity.
- Assess historic revenue production and make recommendations to meet challenges.
- Assess third-party contracts and their effect on the Authority's finances.
- Assess existing rate structure and make recommendations with special attention to the Stormwater Management Study
- Assess existing rate structure and make recommendations with special attention to the 40-Year Capital plan.
- Assess existing cost structure and make recommendations to contain costs in coming years.
- Assess existing debt structure and make strategic recommendations for future borrowing required to meet capital infrastructure reinvestment needs.
- Develop alternatives for addressing aging infrastructure and equipment.
- Develop long-term plan for maintenance, repair, and replacement of facilities.
- Review existing Water Treatment Plant regulations.
- Review existing conditions at the Water Treatment Plant.
- Review existing operations practices and make recommendations.
- Review existing maintenance practices and make recommendations.
- Review Consent Order and make recommendations for meeting the obligations of the COA.
- Plan to better educate ratepayers on the Consent Order issues.
- Develop short- and long-term strategies to preserve and protect Pittsburgh's source of high quality drinking water (upstream issues).
- Develop short- and long-term strategies that will enable PWSA to implement the recommendations as offered by the Stormwater Management Study
- Evaluate and recommend modifications to inspection, maintenance management and reporting processes for the Water and Sewer System.

Veolia proposal

- Interim Executive Director
- Study with PPS component
 - KPIs
 - OpEx savings
- “Skin in the Game”

Basic information

Basic information						Confidence level	Additional details
Division	Idea	Type	PWSA Goal	VWNA Lead	PWSA Lead	Current status	Description
All	Increase department head involvement in budget process		Clear Responsibility	Jim Good	Steve Simcic	Identified	
All	Provide a simplified budget report to department heads		Clear Responsibility	Jim Good	Steve Simcic	Identified	To keep everyone informed and responsible for costs
All	Reduce OSHA LTR/IRR		Credibility	Dan Ryan	Tonya Payne	Identified	Establish current level, monitor while improving safety programs
All	Image improvements		Credibility	Paul Whitmore	Melissa Rubin	Identified	May to vague and all encompassing
All	Improve emergency response planning for all types of events		Credibility	Doug Amos	Tom Palmosina	Identified	Major leaks, sewer collapses, flooding; Communications with media
All	Institute annual performance reviews for employees		Credibility	Jim Good	Barbara Curry	Identified	Will this be OK with the union?
All	Initiate major project tracking procedures		Customer Financial Impact	Hans Tuneblom	Tom Gigliotti	Identified	Not just for capital projects but for all major initiatives (e.g. IT)
All	Reduce overtime		Customer Financial Impact	Doug Amos	Tom Palmosina	Identified	Determine current/historic percentages; reduce to industry standard (e.g. 10%)
All	Improve the MOR with more graphics, MBE info, capital projects, and other metrics		Educate the Public	Paul Whitmore	Melissa Rubin	Identified	Generate a more reader-friendly report with salient information
All	Perform customer satisfaction survey to assess opinion of PWSA		Responsive to Stakeholders	Wendy Welsler	Melissa Rubin	Identified	Use to track improvement in quality and image
All	Establish web page for customer access		Responsive to Stakeholders	Paul Whitmore	Melissa Rubin	Identified	Initiate web site for information purposes; or improve existing web site
All	Implement site tours for SteerCo and other upper management personnel		Responsive to Stakeholders	Jim Good	n/a	Signed Off	Need for interaction with all departments to gain understanding of the work and challenges
All	Review fleet use and effectiveness		Customer Financial Impact	Denny Tulenson	Tom Gigliotti	Identified	
All	Review subcontractor use to identify in-sourcing opportunities		Customer Financial Impact	Doug Amos		Identified	
All	Scrub MS Consultants contract for scope/cost		Customer Financial Impact	Jim Good		Signed Off	Already initiated; saving \$100K
All	Yard and office locations		Customer Financial Impact			Identified	Evaluate workforce movement and productive time versus travel (GPS)
All	Implement manager training		Responsive to Stakeholders	Tim Treger	Barbara Curry	Identified	
All	Investigate use of existing GPS capabilities (with truck radios) to analyze travel times		Customer Financial Impact			Identified	
All	Explore energy savings opportunities with Duquesne Power		Customer Financial Impact	James Stitt		Identified	
All	Perform criticality analysis for treatment and distribution system assets		Responsive to Stakeholders	Bill Fahey	Tom Palmosina	Identified	
All	Install a CMMS for critical assets		Responsive to Stakeholders	Bill Fahey	Tom Palmosina	Identified	
All	Expand the service area (Regional Resource)		Economic Development			Identified	
Cust Svc	Ensure customers are being billed for fire line fees		Customer Financial Impact	Jim Good	Kevin Donahue	Business Case	Numerous customers are not being billed for this additional service
Cust Svc	Review charges for customers who damage remote meter devices		Customer Financial Impact	Wendy Welsler	Kevin Donahue	Identified	
Cust Svc	Analyze cause for 1,200 re-read/misreads provided by PA American		Customer Financial Impact	Wendy Welsler	Kevin Donahue	Identified	Approx. 40 hours per month spent on fixing faulty readings
Cust Svc	Improve the CCR to provide a better public image		Credibility	Doug Amos	Melissa Rubin	Identified	Use this communication to provide more information than just lab results
Cust Svc	Create government affairs liaison to increase customer base		Economic Development	Jim Good	Melissa Rubin	Identified	Official position to improve intergovernment relations with adjacent/potential customers
Cust Svc	Create account manager for large account		Economic Development	Jim Good	Kevin Donahue	Identified	Initiative to improve communication and relationship with large users to ensure continued service
Cust Svc	Customer answer time		Responsive to Stakeholders	Wendy Welsler	Kevin Donahue	Identified	Metric for call handling
Cust Svc	Review Landis Gyr contract for remote metering		Economic Development	Wendy Welsler	Kevin Donahue	Identified	Original contract is from 1998; recently renewed; PWSA pays for each read
Cust Svc	Abandonment rate for calls		Responsive to Stakeholders	Wendy Welsler	Kevin Donahue	Identified	Metric for call handling
Cust Svc	Satisfaction survey		Responsive to Stakeholders	n/a	n/a	Identified	Add to current bill; measure before and after
Cust Svc	Web service initiation		Responsive to Stakeholders	Wendy Welsler	Kevin Donahue	Identified	Amount of transaction taking place over the internet
Cust Svc	Install IVR system for Customer Service department to improve interaction with customers		Responsive to Stakeholders	Wendy Welsler	Kevin Donahue	Identified	
Cust Svc	Evaluate meter accuracy and replacement practices		Responsive to Stakeholders	Ed Biskis	Rick Obermeier	Identified	
Engineering	Eliminate PWSA-supplied materials to contractors		Customer Financial Impact	Jim Good	Tom Gigliotti	Business Case	Begin requiring contractors to supply their own materials/parts
Engineering	Eliminate mandatory pre-bid meetings		Customer Financial Impact	Jim Good	Tom Gigliotti	Business Case	
Engineering	Evaluate Chester Engineering contract and use		Customer Financial Impact	Jim Hurst	Tom Gigliotti	Identified	Evaluate value of Chester Eng. contract versus in-house engineering
Engineering	Utilize Pitt base station for GIS		Customer Financial Impact	Ed Biskis	Bob Hutton	Identified	
Engineering	Number of contractors bidding on projects		Customer Financial Impact	Doug Amos	Tom Gigliotti	Identified	Example: # of contractors bidding on projects; need benchmark for "normal"
Engineering	Permitting time improvements		Economic Development	Doug Amos	Tom Gigliotti	Identified	Example: Days between application and approval/rejection
Engineering	Improve permitting process to facilitate growth and new customers		Economic Development	n/a	n/a	Identified	Central permitting office was once a concept ("Ocello??") in Pittsburgh; need to streamline approvals
Finance	Evaluate debt structure		Customer Financial Impact	Joe Tomashosky	Steve Simcic	Identified	Evaluate potential savings by restructuring debt/bond
Finance	Review procurement practices		Customer Financial Impact	Ed Collins	Steve Simcic	Identified	Evaluate current practices/policies to identify savings opportunities
Finance	Fixed versus variable debt		Customer Financial Impact	Joe Tomashosky	Steve Simcic	Identified	Evaluate saving potential with various financing options
Finance	Evaluate financial fees		Customer Financial Impact	Joe Tomashosky	Steve Simcic	Identified	Need explanation from Amos/Nicholas
Finance	Evaluate co-op (purchasing) agreement effectiveness		Customer Financial Impact	Ed Collins	Autumn Barna	Identified	Evaluate value of inter-government purchasing
Finance	Improve payment time to contractors		Customer Financial Impact	Jim Good	Steve Simcic	Evaluated	Example: 90% of all contractors are paid within AP date
Finance	Use/tie capital improvement projects to local economical opportunities		Economic Development	Jim Good	Tom Gigliotti	Identified	Create jobs; pump money into Pittsburgh
IT/MIS	Evaluate the Intern positions in IT		Customer Financial Impact			Identified	3-4 FT intern exist in the IT department
IT/MIS	Brilliant Yard network access reliability		Responsive to Stakeholders	Jonathan Hale	LeBaugh Stansbury	Identified	Example: % of uptime with connection between Brilliant Yd & PWSA servers
IT/MIS	Evaluate ERP changeover		Responsive to Stakeholders	Wendy Welsler		Identified	Evaluate progress and cost associated with on-going ERP change out
Other	Evaluate effectiveness of Delegation of Authority		Clear Responsibility			Identified	Evaluate efficiency of purchasing approval procedures
Other	Budgeting & P/L awareness for all managers		Clear Responsibility	n/a	n/a	Identified	Example: Provide explanation of monthly variance by department
Other	Improve agenda process		Responsive to Stakeholders			Identified	Evaluate meeting effectiveness
UGAM	Use GPS to develop baseline travel efficiencies from Brilliant Yard		Customer Financial Impact			Identified	To track travel time versus work time; especially interested in back hoes
UGAM	Evaluate Wach's valve maintenance contract		Customer Financial Impact	Ed Biskis		Identified	Bring work in house
UGAM	Utilize small trailer-mount vector for distribution system work (valve boxes; meter pits)		Customer Financial Impact	Wendy Welsler		Identified	
UGAM	Identify better fill location for vector trucks (PA American; hydrant in City center)		Customer Financial Impact	Jim Galipeau		Identified	
UGAM	Locate a more refilling stations for vectors to eliminate need for trips back to City center		Customer Financial Impact			Identified	Need arrangement with Pennsylvania Amer. Water or add hydrants
UGAM	Replace backhoes with mini-excavators		Customer Financial Impact			Identified	Smaller vehicles; smaller digs; less repair costs; faster repairs
UGAM	Water line flushing effectiveness		Credibility	Ed Biskis	Rick Obermeier	Identified	Example: % of lines/hydrants flushed year (goal); fire department vs. PWSA
UGAM	Valve exercising effectiveness		Credibility	Ed Biskis	Rick Obermeier	Identified	Example: % of valves exercised
UGAM	Valve exercising efficiency		Credibility	Ed Biskis	Rick Obermeier	Identified	Example: % of valves exercised in-house vs contractor
UGAM	Sewer line inspection effectiveness		Credibility	Jim Galipeau	Tom Palmosina	Identified	% of sewer system inspected per year; measure improvement versus current baseline
UGAM	Evaluate non-revenue water (water loss)		Customer Financial Impact	Jim Galipeau	Tom Palmosina	Identified	Establish baseline NRW and set ultimate goal (%)
UGAM	Evaluate sewer separation program(s) for homeowners		Responsive to Stakeholders			Identified	Eliminate down spouts from combined & storm sewers; offer funding
UGAM	Evaluate roof drain program; pay for with grants		Responsive to Stakeholders			Identified	Evaluate value and cost of roof drain capture (eliminate flooding)
UGAM	Valve mapping accuracy		Responsive to Stakeholders	Ed Biskis	Rick Obermeier	Identified	% of valves accurately mapped into GIS
UGAM	Proper size crane trucks for fire hydrant repairs		Responsive to Stakeholders			Identified	
UGAM	Improve road repair and site clean up		Responsive to Stakeholders			Identified	
UGAM	Implement catch basin cleaning schedule and track for improvements		Responsive to Stakeholders	Doug Amos	Tom Palmosina	Identified	City has numerous "temporary" steel plates that no one is claiming; need to make permanent repairs
WTP	Membrane plant utilization		Credibility	Marvin Gnagy	Stanley States	Identified	Evaluate bypassing the membrane plant and feed directly to dist. system w/o reservoirs
WTP	Evaluate in-house lab costs versus contract lab		Customer Financial Impact	Oliver Farot	Stanley States	Identified	Lab costs approx \$1.4 M
WTP	Chemical cost and use		Customer Financial Impact	Marvin Gnagy	Stanley States	Identified	Evaluate current dose and unit costs
WTP	Electrical use		Customer Financial Impact	Marvin Gnagy	James Stitt	Identified	Evaluate energy consumption at treatment facilities
IT/MIS	Emergency backup/restore services contract		Customer Financial Impact	Jonathan Hale	LeBaugh Stansbury	Identified	
All	Reduce number of job descriptions		Clear Responsibility	Doug Amos	Barbara Curry	Identified	Easier to make job assignments; cross train, etc.

Summary Information:

Team:

Customer Service

Initiative Name and Summary:

FIRE SERVICE LINE CHARGES

This initiative aims to properly bill accounts provided with fire service capabilities as a means to improve the revenue stream.

Sponsor:

Doug Amos

Date Submitted:

8/3/2012

Owner:

Kevin Donahue

Status:

Identified

Source of idea:

Customer Service Department

Impact Summary:

	FY12	FY13	FY14	FY15	FY16	Cumulative Impact
Operational Savings (\$K)	-	340	340	340	340	1,360
CAPEX Required (Enter as negative entry)	-	-	-	-	-	-
Net Savings	-	340	340	340	340	1,360

Next Steps to Progress Idea to Implementation:

What:

Review customer account to identify fire service users
 Communicate policy change/implementation to affected customers
 Update billing software to generate charges
 Implement monthly billing

Who?

Kevin Donahue
 Melissa Rubin
 Kevin Donahue
 Kevin Donahue

When?

September 1, 2012
 October 1, 2012
 October 1, 2012
 January 1, 2013

Qualitative Information:

Details and Rationale:

Numerous commercial and industrial customers are provided with fire service lines for which they are not being billed. Need to re-establish proper billing after communicating the fact with the customers and begin collecting Water Board-approved fees.

Dependencies and Risks:

- > Billing function enabled in software package.
- > Push back from customers.
- > Discontinuation of fire line service program.
- > Non-payment of charges.

Discovery

- \$800 million in debt
- 14 Eds in 30 years
- Numerous consent orders

When it rains...



Progress

- Steering Committee: Functional and effective
 - “Become the regionally recognized expert on water quality, utility management and stakeholder responsiveness.”*
 - Water quality
 - Credibility
 - Clear responsibility
 - Responsive to stakeholders
 - Customer financial impact – direct & indirect
 - Economic development
 - Educate the public

Example of approved KPI items

Action	Description	Value	Milestone	KPI Value
Repair phone system	<ul style="list-style-type: none"> Facilitate corrective actions to restore functionality of the existing phone system 	<ul style="list-style-type: none"> Customer hold time reduced Call drop rate decrease Improved customer satisfaction Improved image Need to invest in new system eliminated Monitoring capabilities restored Feedback to each clerk possible 	Original functionality restored	
Optimize Customer Service staff performance	<ul style="list-style-type: none"> Train management in the exact CBA language that governs work rules Implement changes to break times, lunches, vacations Implement training to improve communication skills, problem solving, use of technology 	<ul style="list-style-type: none"> More informed, prepared management Increased, consistent phone coverage Competent workforce Improved customer satisfaction Improved image More informed, prepared management Increased, consistent phone coverage Competent workforce Improved customer satisfaction Improved image 	Reorganized break and lunch schedule validated	
Implement metrics	<ul style="list-style-type: none"> Establish current (after phone functionality restored) baselines (e.g. answer time; drop rate; call type) Establish target (goal) standards Measure and report metrics 	<ul style="list-style-type: none"> Establishes baseline against which improvements are measured Enables accountability Increased pride in performance 	Current metrics established & monthly tracking implemented	
				\$0

Quick wins

- Contractor equipment purchases
- Fire line rate
- Senior staff reorganization
- Communications
 - Weekly messages
 - Employee BBQ
 - Outreach
 - Large customers
 - Stakeholders
- Monthly employee lunch

Questions/Comments?





ICMA

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PHOENIX

Maricopa County

OCTOBER 7-10, 2012