



CITY OF PHILADELPHIA

WATER DEPARTMENT
ARAMARK TOWER
1101 Market Street
Philadelphia, PA 19107-2994

DEBRA A. McCARTY
Water Commissioner

May 18, 2016

The Honorable Darrell Clarke
City Council President
City Hall Room 490
Philadelphia, PA 19107

Dear Council President Clarke:

This letter is in response to questions raised at the May 2, 2016 hearing before the Committee of the Whole on the Philadelphia Water Department's Fiscal Year 2017 operating budget.

1. Please provide a list of proposed energy savings projects.

PWD is always looking for new and better ways to conserve and generate energy in order to reduce the amount we must purchase. The following is a list of the various energy-related initiatives at PWD:

- Strategic energy purchasing and REC sales
- Energy Demand Management Programs – maximizing off-peak usage
- Purchasing Energy Star motors, energy-efficient windows, etc. as routine business procedure
- Installation of 1,014 solar panels at the Southeast Water Pollution Control Plant
- Cogeneration of 5.6 MW from biogas at the Northeast Water Pollution Control Plant
- Using biogas produced at the Southwest Water Pollution Control Plant to dry biosolids at the Biosolids Recycling Center
- Using airport deicing fluid waste to produce biogas
- Participating in citywide energy efforts with the Office of Sustainability and the Philadelphia Energy Authority, such as food waste diversion

2. Please resolve the claims process for the approximately 78 individuals affected by the June 14, 2015 water main break at 52nd and Wyalusing.

The Water Department will continue to support Risk Management to resolve the open claims related to the June 14, 2015 water main break at 52nd and Wyalusing.

3. On page 9 of the Department's testimony, the FY17 target for water main repairs is less than 8 hours, while the FY15 actual is 5.7. Please adjust the FY17 target.

After further review, the Water Department realized that the metric provided on average

time (hours) to repair a water main break (upon crew's arrival) for FY15 is inaccurate. The FY15 average time to repair a water main break was 7.24 hours and for FY16 YTD we are on target for an average time of 7.63 hours. Therefore, the FY17 target should remain as < 8.0 hours.

4. Has the City updated its accounts receivable figure since the completion of the Fiscal Year 2015 Financial Statements?

The Accounts Receivable and Allowance for Doubtful Account figures per the Financial Statements are calculated annually at fiscal year-end using methods governed by Generally Accepted Accounting Principles (GAAP). Final reported amounts, as of June 30th, are inclusive of amounts due from residential accounts, wholesale customers and other non-city agencies, for which the Water Fund has provided services. Year-end balances also include revenues for services rendered through June 30th, however billed subsequently.

The Water Revenue Bureau's accounts receivable write-off policy is that any account receivable amount over one year old is to be considered uncollectible and should be written off. After the fiscal year ends, the Water Revenue Bureau will submit to the City's Accounts Review Panel the amount of accounts receivable to be written off. Once the Accounts Review Panel approves the write-off, the amounts are excluded from the financial statements.

Please note that the Revenue Department continues collection efforts on receivables even after official write-off from Financial Statements.

5. How can we resolve the mold issues related to the June 14, 2015 water main break at 52nd and Wyalusing? What needs to be done, and by when can this be done?

The Philadelphia Water Department's contractor remediated mold in properties immediately following clean up after the water main break. Unfortunately, some properties are still experiencing mold. These properties were evaluated by an independent firm and it was determined that the best course of action is to compensate claimants for any further remediation.

The Water Department will continue to support Risk Management to resolve the open claims related to the June 14, 2015 water main break at 52nd and Wyalusing.

6. How many young people will be helped by the \$230,000 investment in PowerCorps at the Water Department?

According to PowerCorpsPHL, the cost to host each member during his or her period of service with the City is \$21,000. Therefore, PWD's funding assistance supports more than 10 young people per year.

7. Please provide advance notice of planned capital work to district Council members.

PWD will provide the information requested.

8. Is it possible to hold a meeting with residents prior to a water main relay?

We recognize that water main work is disruptive and inconvenient for residents and businesses. We strive to ensure that our customers are aware of this work and have

access to PWD when problems or questions arise. Indeed, we do hold meetings, but carry out a number of other activities to make sure residents and businesses have the notice they need in order to plan. Our goal is for continual improvement. Below is a list of some of our activities for public education and outreach.

- PWD offers to meet with civic organizations to present information on upcoming projects approximately 6 months prior to construction. For green stormwater projects and large capital projects, e.g., East Park Reservoir, we meet with communities at the conceptual design stage.
- A reverse 911 call is made to impacted and surrounding blocks one to two weeks prior to the start of construction.
- Information on construction projects is posted on our website (map, letters, fact sheets): <http://www.phila.gov/water/aboutus/Pages/Notifications.aspx>.
- In the near future, PWD will be mailing letters to residents on blocks that will be impacted by water main construction six months or more prior to the start of construction to notify customers of PWD's new Lead Service Line Replacement Program.
- PWD mails notification letters to all impacted blocks and surrounding blocks two weeks before the start of construction.
- PWD Construction inspectors hand deliver letters block by block as work progresses.
- PWD works with the Commerce Department when projects impact commercial corridors.
- PWD is working with contractors on early notification, public meetings, and new signage via new "Quality of Life" specifications.
- PWD is designing "coming soon" street/sidewalk decals for green stormwater and water/sewer projects to augment our signage system, in addition to working on a redesign of our current construction signage.
- Lastly, PWD is looking to improve our use of social media as a means to share info and respond to complaints.

9. Who chose to adopt the e-pay fee for online water bill pay process? Who chose the vendor?

Representatives from both the Department of Revenue and Office of Innovation and Technology comprised the vendor selection committee and made the final decision on the selected solution provider.

All of the competing respondents to the RFP, including ACI/OPC, charged a service fee for processing payments.

10. In the context of stormwater management controls - does the Water Department have the authority to tell private property owners to comply with a requirement to have a community meeting?

The Zoning Code requires public meetings for certain projects that are reviewed by the Zoning Board. The Water Department does not currently have authority to require all property owners to hold community meetings prior to installing stormwater management controls. However, PWD will encourage community outreach going forward, particularly for those projects on private property that are visible to the community.

11. What is the expected timeframe for programming the billing system for e-bills?

The Water Department is supporting the Revenue Department, the Water Revenue Bureau, and the Office of Innovation and Technology - which is the lead on this citywide project – as they work with the City’s current vendor to evaluate the vendor’s proposed e-billing solution. The City is starting with water and sewer bills and will expand to other types of e-billing in the future. In parallel, an RFP for an e-billing solution will also be issued to ensure that the City – and its customers – can take advantage of the most cost-effective, customer-friendly application. The City’s team is aiming for an e-billing solution by early 2017 if the current vendor’s solution is preferable and/or the evaluation of potential vendors who responded to the RFP is complete. The goal of this two-track approach is to keep all of our options open and provide the best system available.

12. Please provide Council members with notices on M/W/DSBE programming regularly.

The Water Department will provide Council members notice of our M/W/DSBE programming as requested.

13. The Water Department shows a pattern of under spending its budget. Why are you asking for a rate increase?

The Water Department’s budget reflects additional appropriations necessary so that the Department, as a water and wastewater utility, can respond to weather, seasonal and/or other unforeseen events that require an immediate response and/or action to protect the health and safety of our customers.

The Water Department has made significant efforts to control spending where it is possible to do so. However, unavoidable increases have occurred in several areas, including: (i) reinvestment in aging infrastructure, (ii) environmental regulations, (iii) existing, and expanded, customer assistance programs, and (iv) general inflation related to chemicals, supplies and other services. In addition, the Department continues to experience changing water use/reduced consumption.

The requested rate increase not only covers the Water Department’s budget but also includes appropriations to ten other agencies at the beginning of each fiscal year to fund support services. The agencies are: (i) the Revenue Department (Water Revenue Bureau), (ii) the Law Department, (iii) the Department of Public Property, (iv) the Office of Fleet Management, (v) the Office of Innovation and Technology, (vi) the Procurement Department, (vii) the Office of the Director of Finance, (viii) the Sinking Fund Commission, (ix) the Office of Sustainability, and (x) the Office of Transportation & Infrastructure Systems.

Sincerely,



Debra A. McCarty
Water Commissioner
City of Philadelphia