

Independent Rates Oversight Committee (IROC)
Meeting of August 19, 2019



1. **Roll Call**

Chair Tiffany Mittal called the full IROC meeting to order at 9:35 a.m. Erika Mc Neill conducted roll and a quorum was declared. Attendance is reflected below:

Members:	Present	Absent
Tiffany Mittal, Chair	X	
Robert Weichelt, Vice Chair	X	
David Akin	X	
Christopher Dull		X
Gordon Hess	X	
Jeff Justus	X	
Jack Kubota	X	
Luis Osuna	X	
Jim Peugh	X	
Linh Quach		X
<u>Ex-Officio Members:</u>		
Jerry Jones, Metro JPA		X
Jim Peasley, Metro JPA Alt.		X
Tony Heinrichs, City-10		X

City representatives present at dais: Shauna Lorange, Director of Public Utilities, Matt Vespi, Executive Assistant Director of Public Utilities, and Tom Zeleny, Chief Deputy City Attorney.

2. **Non-Agenda Public Comment** – None.

3. **Approval of Draft Minutes from Meeting of June 17, 2019**

ACTION: Chair Mittal asked for a motion to approve the minutes with minor updates. Motion by Member Weichelt to approve. Second by Member Akin. Motion passed unanimously 8-0.

4. **Approval of Draft Minutes from Meeting of July 15, 2019**

ACTION: Chair Mittal asked for a motion to approve the minutes. Motion by Member Weichelt to approve. Second by Member Akin. Motion passed (5 in favor, 0 opposed, Member Justus, Member Kubota, and Member Osuna abstained).

5. **Chair Updates** – Tiffany Mittal, Chair

Chair Mittal thanked everyone for allowing IROC to participate in the tour at the Miramar Water Treatment Plant. She acknowledged the hard work being done at the plant. She commented that it was exciting to see progress in the first phase of the Pure Water Program.

Chair Mittal and Member Hess have been working with the Office of the Independent Budget Analyst to put together the Request for Proposal (RFP) for the as needed consultant for IROC to be able to review the rate schedule for the upcoming Cost of Service Study (COSS). Things are going well as they await the release of the RFP.

6. **Mayor and Council Staff Comments** – None.

7. **City Staff Updates** – Shauna Lorange, Director and Matt Vespi, Executive Assistant Director

- The new Director of PUD, Shauna Lorange, introduced herself and expressed her excitement to work with the Department and IROC.
- Director Lorange is looking forward to working with IROC on the 5-year COSS.
- Future meetings will be scheduled with Chair Mittal to determine what will work best with this Committee to be a good resource and move forward with the COSS.

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8. **Presentation: Performance Audit of the Public Utilities Department Customer Support Division Customer Service Office (Call Center)** – *Andy Hanau, Principal Performance Auditor and Megan Garth, Senior Performance Auditor*

Background

- The Call Center provides customer service to the City's water and wastewater customers.
- The Call Center within PUD's Customer Support Division handles and responds to customer phone calls and emails.
- The Billing Group is responsible for customer billing and payment processing.
- The Safeguarding Group is responsible for collections and overdue accounts.
- We surveyed Call Center staff, including supervisors.
- Most survey respondents reported having 1-5 years of customer service experience.
- Call Centers can use technology to enhance customer experience and improve operations.

Audit Objectives

Determine the efficiency and effectiveness of the Call Center—call wait times and customer service. To achieve this objective, we:

- Assessed whether PUD is maximizing its phone system capabilities.
- Determined the extent to which PUD uses performance measures to evaluate Call Center representatives, Call Center performance, and customer satisfaction.
- Assessed the frequency and quality of staff training and representatives' level of authority to resolve customers' requests.

Finding 1: PUD is Not Leveraging Its Call Center Software

Finding 2: Call Center Does Not Comprehensively Evaluate Staff and Call Center Performance

Finding 3: Call Center Should Empower Customer Service Representatives, Increase Training, and Improve Internal Communications

Summary of Recommendations

- Recommendation 1:** Develop a plan to maximize the use of its chosen call system by acquiring a subject matter expert that can provide operational and technical assistance.
- Recommendation 2:** Develop policies and procedures on the use of the call system to facilitate knowledge transfer to system users.
- Recommendation 3:** Develop key performance indicators (KPIs) and establish baseline performance to assist with continual assessment towards meeting established goals.
- Recommendation 4:** Develop written guidance that standardizes the categorizations for various types of call activities.
- Recommendation 5:** Review authorization levels to provide Customer Service Representatives with the proper authority to efficiently respond to customer inquiries.
- Recommendation 6:** Providing training on technical and soft skills to Call Center Staff and develop written guidance on internal and external communications regarding customer account activity.

Member Akin pointed out that the majority of the Customer Service Representatives had 1-5 years of experience. He believes that many of the problems in the Call Center come back to a constant turnover of staff. This should be an indicator that there is a morale problem. The low morale in the Call Center needs to be addressed. If there is a toxic relationship between management, supervisors, and employees the Division is going to continue to have low employee morale and a high vacancy rate. He inquired if morale came up in the discussions with employees.

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Mr. Hanau conveyed some of the CSR's frustration came from not being able to provide first call resolution. Many times, they need information from other groups that are not in the same location. He conveyed the morale issue is not unique to the Call Center. It is a citywide issue that is happening to different work groups. They are trying to address the larger issues that may be outside of PUD's control. For example, things like pay and incentives. He agreed that the high turnover rate impacts operations.

Ms. Garth confirmed that morale did come up while conducting the surveys. She stated that most Representatives had expressed a desire for more autonomy to do some of the duties that Senior Customer Service Representatives or Customer Service Supervisors are currently responsible for. She believes that empowerment and first call resolution would improve the morale in the Call Center. She indicated that quality training would also help.

Mr. Vespi provided a brief update that the Call Center is going through a reorganization. They have completed the meet and confer process with the unions. The new organizational structure is ready to be implemented. He informed the IROC Members that while the audit was being conducted an internal analysis was being conducted concurrently. This resulted in the restructuring and the new training. All employees (new and current) will go through this training. The billing manual is also going to be updated. This will empower staff. The new organizational structure is up and running. The Department is making progress in the right direction, but it will take time to implement all the changes. Mr. Akin reiterated treating people nicely goes a long way and it is free.

Chair Mittal inquired if the supervisors would also through the training. Mr. Vespi confirmed all staff would be receiving the training. The training will not only be technical but provide soft skills. This will have a positive impact on how the employees interact with the customers and each other. He invited the IROC Members to attend some of the upcoming trainings.

Member Hess wanted to know if the Call Center had automated software that announced the estimated length of hold time. Ms. Garth confirm the Call Center had the software as well as a callback option.

Member Osuna acknowledged the recommendations that are already being implemented, but wanted to know the timeframe in terms of when IROC could reassess how well they are impacting customer service response times and narrowing the knowledge gaps between the representatives. Mr. Hanau let the members know that the City Auditor's Office follows up on recommendations every six months.

Member Peugh expressed a concern that turnover is an issue that is not identified in the findings or the recommendations. He believes this should be pointed out clearly to all individuals that read the Audit Report or see the presentation. In addition, he thinks the graph should show how long it takes for new employees to work at optimum performance within 1-5 years. This information would assist with the investigation into the turnover rate.

Mr. Hanau disagreed. He believes the recommendations do address the turnover because they address the employee complaints. He reiterated retention is a citywide issue and it is being investigated on a citywide basis. The decision was made not to look at one specific thing. Mr. Peugh stated that it is a big mistake and an individual analysis will strengthen the citywide case. Mr. Hanau explained that this was looked at more in depth in the AMI Audit and for that group the turnover rate was 44%. This issue is being addressed on a series of projects. The Auditor's Office developed a Human Capital Fact Book that looks at the dynamics across the City. He agreed to provide a copy to IROC.

Member Osuna acknowledged the Department's efforts to implement recommendations in terms of narrowing the knowledge gap amongst employees and the autonomy that is given to employees. He requested to see what the changes were in retention six months and one year from now once the recommendations have been implemented. IROC would have the ability to see if implementing the recommendations was effective or if benefits and other incentives are causing people to leave.

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9. **Discussion: Selection of New Subcommittee Chairs and Chairs** – *Tom Zeleny*

Nominations for Outreach & Communications (O&C) Subcommittee Chair and Members:

ACTION: Motion was made by Member Akin for Member Quach to continue as O&C Subcommittee Chair and to retain the current members of the O&C Subcommittee. Second by Member Kubota Motion passed unanimously 8-0. The members on the current committee are Linh Quach, Christopher Dull, and Jack Kubota.

Nominations for Infrastructure & Operations (I&O) Subcommittee Chair and Members:

ACTION: Motion by Member Kubota to nominate Member Peugh as the Chair for I&O. Seconded by Member Akin. Voted on in second motion by Member Akin.

ACTION: Motion was made by Member Akin for I&O Committee Members to remain the same with Member Peugh to continue as the Chair for I&O Subcommittee. Second by Chair Mittal motion passed unanimously 8-0. The current committee members are Jim Peugh, Gordon Hess, Jerry Jones, Jack Kubota, and Luis Osuna.

Nominations for Finance Subcommittee Chair and Members:

ACTION: Motion was made by Chair Mittal for Member Akin to continue as the Finance Subcommittee Chair and to retain the current members of the Finance Subcommittee. Second by Member Peugh. Motion passed unanimously 8-0. The current members of the committee are Tiffany Mittal, David Akin, Gordon Hess, Jeff Justus, and Robert Weichelt.

10. **Discussion: Creation of Ad Hoc Committee to Draft FY19 IROC Annual Report** – *Tiffany Mittal, Chair*
Chair Mittal requested volunteers for the Ad Hoc Committee. Luis Osuna Volunteered.

ACTION: Motion was made by Member Akin to nominate Chair Mittal, Member Weichelt, Member Peugh, Member Osuna, and Member Quach as members of the Ad Hoc Committee. Second by Member Weichelt. Motion passed unanimously 8-0.

11. **Discussion: FY19 IROC Annual Report Preparation** – *Tiffany Mittal, Chair*

- Mr. Kennedy provided a brief overview of how members prepared for annual reports in the past. The IROC FY19 Agenda Topics and Work Plan were also reviewed.
- Chair Mittal requested that Mr. Kennedy assist with coordinating the Ad Hoc Committee meetings.

12. **Presentation: Ralph M. Brown Act Training Video** – *Wilson Kennedy, Supervising Management Analyst*
The Brown Act Training Video was presented to the IROC Members as required by the Office of Boards & Commissions. The purpose of the training was to give the IROC Members an in depth understanding of the Brown Act legislation created in 1953. This training also provided the IROC Members with additional resources and contact information to assist them with their roles and duties as board members.

Mr. Kennedy announced that the Members should have received an invitation to the Leadership Summit being held on September 27, 2019 at San Diego State University. He explained that this summit is for all boards like IROC throughout the City. He encouraged attendance.

13. **City 10- County Water Authority** – *None.*

14. **Metro/JPA – Report Out** – *None.*

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15. **Proposed Agenda Items for Upcoming IROC Meetings** – *Wilson Kennedy, Supervising Management Analyst and Tiffany Mittal, Chair*

- Timeline for COSS
- Work Plan Calendar
- FY19 CIP Year-End Report
- Public Health Goal Report
- AMI Audit (if approved by the Audit Committee to be presented at IROC first)
- Financial Schedule with Raftelis
- Water Meter Replacement Program
- PUD Deliverables
 - By February/March 2019 – PUD to provide IROC with the status of the implemented Call Center audit recommendations
 - The Office of the City Auditor to provide IROC with a Human Capital Handbook (done on 8.20.19)
 - PUD to develop a mechanism to begin tracking morale in PUD
 - PUD to follow-up with the Office of Board & Commissions to ensure all IROC Members received the invitation to the San Diego Community Leadership Summit at SDSU's Montezuma Hall in 9.27.19. (done on 8.20.19).

16. **IROC Members' Comments** – *Member Kubota and Member Akin*

Infrastructure & Operations: *Member Kubota*

- Discussion: Water System Preventive Maintenance Plan Update
- Presentation: Water Main Break Updates
- Discussion: Preparation of the FY19 IROC Annual Report

Outreach & Communications: *Member Kubota*

- Discussion: External Affairs/Communications Overview
- Discussion: Preparation of the FY19 IROC Annual Report

Finance: *David Akin*

- Discussion: Monthly Financial Updates
- Discussion: Water Sales & Purchases
- Discussion: FY19 IROC Annual Report Preparation

17. **Meeting adjourned: 11:36 a.m.**

Minutes submitted by: Erika Mc Neill