



**COUNCILMEMBER CHRIS CATE
CITY OF SAN DIEGO
SIXTH DISTRICT**

M E M O R A N D U M

DATE: May 21, 2018
TO: Vic Bienes, Director, Public Utilities Department
FROM: Councilmember Chris Cate 
SUBJECT: Proposed Public Utilities Department Amendments

The City's Public Utilities Department (PUD) provides an important public service that is essential to a strong local economy and thriving neighborhoods. Providing a reliable and clean water supply has been a critical, complex policy issue in this region for over one hundred years. With changing weather patterns, longer dry spells, and the prospect of a perpetual drought, it is necessary for San Diego ratepayers, families, and businesses to be able to trust and have confidence in their local water department. This expectation is of utmost importance as PUD commences the initial phases of Pure Water, a \$3 billion investment to ensure San Diego has an independent, sustainable water supply. It is my hope that the following recommendations will aid the Department in becoming a more transparent, efficient, and proficient provider of reliable, clean water to San Diegans for future generations to come.

Amend City Council Policy Budget Policy 000-02 (CP 000-02)

CP 000-02 outlines foundational, financial principles to ensure sound municipal budgetary practices and fiscal performance. Within this policy is the requirement to produce a Five-Year Financial Outlook that projects General Fund revenues and expenditures in preparation for the development of the Annual Budget. A key City department that is missing from this analysis is PUD.

PUD provides projections regarding future revenues, critical strategic expenditures, and capital improvements but only within the context of a proposed rate increase approximately every five years. Given the department is responsible for over one thousand employees, an annual budget of nearly \$1 billion, and delivering safe and reliable potable water to San Diego residents and businesses, it is prudent for its finances to be reviewed annually within the context of the Outlook.

Therefore, I recommend CP 000-02 be amended to require the inclusion of PUD within the annual preparation of the Five-Year Financial Outlook. Please see Attachment "A" for the proposed language.

Amend Municipal Code Section 67.0222

Earlier this year, my office began to receive numerous calls and emails from District 6 residents who were alarmed about receiving uncharacteristically high water bills, some as high as 400 percent above the previous billing cycle. PUD staff determined nearly 350 water meters were misread across multiple neighborhoods. Of these misreads, over 70 percent were located within District 6. Even after issuing refunds for overcharged households, my office continued to receive calls from concerned customers citywide.

The situation worsened when it became known to customers that PUD often utilized estimations to issue bimonthly water bills. Providing one hundred percent accurate billing information in each billing cycle is paramount, especially when customers are being required to conserve water. As PUD seeks to regain the trust of its customers, it is of absolute necessity they be required to give written notice to customers whenever meters are estimated and make every effort to read all meters to the extent feasible. This notice should be delivered to the customer prior to the next water bill issuance. As such, Section 67.0222 of the Municipal Code should be amended to reflect this priority. Please see Attachment "B" for proposed language.

Secure Customer Service Consultant Contract

In order to rebuild the trust between San Diego ratepayers and PUD, the Department needs to ensure it is providing professional customer service that residents deserve and expect. During the recent water meter misreads, many District 6 customers reported a less than satisfactory experience with the Customer Service Division of PUD. Community concerns included receiving misinformation regarding the cause of their water bill spikes, long hold times, and an overall lack of willingness to identify solutions.

As such, PUD should identify funding for a customer service consultant contract to help with improving their overall customer service practices. This would be accomplished by providing essential training and indispensable resources for management and customer service representatives. Furthermore, the scope of this contract should include the development of a reward and incentives program for customer service performance. No less than \$500,000 should be identified for this purpose.

Expand PUD Key Performance Indicators

The publishing of Key Performance Indicators (KPIs) within the annual budget is imperative to measure how well a City department is meeting its goals and expectations. The Performance & Analytics Department has played a key role in elevating the necessity for this exercise. Though PUD has defined ten various KPIs concerning critical functions of the Department, only one of these indicators measures performance with regard to customer interaction. In light of the recent meter mishap, the Department should prioritize the robust measuring of customer interaction to regain the trust and confidence of San Diego ratepayers.

I recommend PUD work with the Performance & Analytics Department to review the feasibility of implementing the following KPIs:

- Annual number of customer complaints regarding billing
- Average time to respond and resolve billing complaints

- Annual number of abnormally high water bills that trigger and result in an investigation
- Average time on hold for all telephone inquiries
- Number of times all lines are in use
- Annual number of bill estimations
- Metrics for non-water bill customer complaints
 - Number of written and verbal complaints received by the department
 - Number of days to respond and resolve the complaint

I believe all the above recommendations will be crucial in rebuilding the requisite trust between San Diego ratepayers and PUD. I appreciate your time and attention and look forward to your response.

CC:ic

cc: Almis Udrys, Director, Performance & Analytics Department
Jessica Lawrence, Director of Council Affairs and Budget Policy, Office of the Mayor

Attachment A

City Council Budget Policy 000-02

Five-Year Financial Outlook

A multi-year financial outlook shall be prepared for the General Fund and Water Utility that projects revenues and expenditures over a five-year period. The Five-Year Financial Outlook (Outlook) shall be the guiding document for the City's long-range fiscal planning and serve as the framework for the development of the annual budget. The Outlook shall be presented to the City Council no later than November every year and updated as needed to accommodate changing national, regional, and local economic conditions, as well as the State budgetary policies and actions that affect the City's major revenues and departmental revenues.

Attachment B

§67.0222 Regulation of Water System — Estimation of Water Bills

The Department has the authority to estimate water bills pursuant to the Department's written procedures approved by the City Manager. Should any water meter be estimated, the Department shall provide written notice alerting the customer of the estimation. The notice shall be delivered to the customer prior to the issuance of the next regularly scheduled water bill. To the extent feasible, all meters should be read prior to water bill issuance.