

APPENDIX I

LOG OF DATA RECEIVED FROM CITY OF SAN DIEGO
CUSTOMER SUPPORT DIVISION AND OTHER DATA SOURCES

1. Period 13 expenses for Fiscal Year 2003 for Administration, Field Services, Water Conservation and Meter Services.
2. FY 2004 to 06 Divisional Expenditure Analysis (and listing of accounting used to offset unanticipated expenses in prior years).
3. Period 13 FY 2004 Final Water expenditures (see Log I, item #21 for FY 2005 report).
4. FY 2005 Period 13 Expend by Cat. – Dept. Summary and Cust. Supp.
5. FY 2004 Period 13 Expend by Cat. – Dept. Summary and Cust. Supp.
6. FY 2003 Period 13 Expend by Cat. – Dept. Summary and Cust. Supp.
7. FY 2005 Summary of Division Expenditures Year-End (diff from above).
8. FY 2004 Summary of Division Expenditures Year-End (due to charges).
9. FY 2003 Summary of Division Expenditures Year-End (hitting at Div level).
10. FY 2004 to 05 Period 13 expenses submitted earlier in September for Administration, Field Services, Water Conservation, and Meter Services.
11. FY 2004 to 05 Period 13 expenses submitted earlier in September for Scott Mercer for Customer Support Office.
12. FY 2003 Recycled Water Period 13 expenses to be added to Meter Shop FY 2003 Period 13 expenses.
13. FY 2004 Recycled Water Period 13 expenses to be added to Meter Shop FY 2004 Period 13 expenses.
14. FY 2005 Recycled Water Period 13 expenses to be added to Meter Shop FY 2005 Period 13 expenses.
15. Customer Support Division - Organizational Chart.
16. Divisional Personnel Status and Vacancy Report.
17. Recycling Program Performance Template (job description).
18. Irrigation Specialist Performance Template (job description).
19. Customer Support Office - Overtime and Postage analysis D. Dee spreadsheet.
20. Postage Study Spreadsheet.
21. Water PBB Key Performance Measures (published in Budget Document – see <http://www.sandiego.gov/budget/> for electronic copies of Water Budget).
22. Customer Service (Office) – Optimization Files (see Log I - #7).
 - a. Shut-Off Processes.
 - b. Customer Inquiry – Misread Proposed Process.
 - c. Customer Request – Proposed Process.

- d. Deferment Payment Process Should-be Process.
 - e. Extensions Proposed Process.
23. For Water Systems Tech classifications, reference Operations Division Water System Tech reports (not provided here).
 24. Proposed changed protocols for the billing Policy Manual (Pending).
 25. Administrative Regulations.
 26. Municipal Code – Sections applying to Customer Support.
 27. Personnel Manual (for the City of San Diego).
 28. Reward and Recognition Program for the Water Department.
 29. California Urban Conservation Council memorandum that City is participant to (128 pages) link: <http://www.cuwcc.org/memorandum.lasso>.
 24. Water Conservation Report from Mark Broder to Ellen Barrett submitted in September.
 25. Organizational Survey – Organization Chart (employee phone list) submitted earlier in September.
 26. Administration Activity Descriptions.
 27. Customer Support Benchmarking Data.
 28. Field Services Benchmarking Data.
 29. Water Conservation Benchmarking Data.
 30. Customer Support Office Benchmarking Data.
 31. Customer Support Division FTE, Salary and Fringe Spreadsheet.
 32. Domestic Water Meter Section Work Standards Operating Procedures memo.
 33. Non-Discretionary Expenses (Allowables) Fiscal Year 2003.
 34. Cross-Connection Control Section Work Standards and Operating Procedures memo.
 35. City of San Diego Memorandum to Commercial Meter Section Employees, from Lester Jennings, Principal Water Utility Supervisor via Clement Harris, Senior Water Utility Supervisor, for Commercial Meter Operating Procedures.
 36. Water Department, Customer Support Division, Meter, Recycled O&M and Cross-Connection Section, Organizational Chart.
 37. Water Conservation Activity Descriptions and Benchmark back-up data.
 38. Backflow Section Tracking, August 2004-2005 (four copies).
 39. Commercial Meters Tracking '05 (four copies).
 40. Domestic Meters (four copies).
 41. Domestic Meter Section Productivity, January-August 2005 (four copies).
 42. Commercial Meters Tracking '04 (four copies).
 43. Customer Information System, Skipped-Read Meters by Reason for August 2005.
 44. Water Department #760, Customer Services Division #020 Activity Index.
 45. Misreads (1).

46. CIS Meters by Size and Application as of 06/30/05.
47. Customer Information System, Month End Meter Readings Route Summary – Route 010 – 06/30/05.
48. Cross-Connection Section Survey Staffing Study (one page).
49. The City of San Diego, Chart of Object Accounts, January 31, 1986, prepared by Office of City Auditor and Comptroller.
50. Customer Support Division Field Services and Investigation – FY 2003 – FY 2006.

OTHER REFERENCES

1. AWWA, *San Diego Water Department QualServe Performance Indicators Water and Wastewater Utilities Survey Benchmarking Summary*, October 2004, prepared by the American Productivity and Quality Center. (Total participation includes 202 utilities in water ,wastewater or combined.)
2. AWWA, Benchmarking Performance Indicators for Water and Wastewater Utilities: Survey Data and Analyses Report, 2005.
3. AWWA, Excellence in Action: Water Utility Management in the 21st Century, William C. Lauer, technical Editor, 2001.
4. AMWA & AMSA, Creating High Performance Business Services, A Public Sector Handbook, 2000.
5. AWWA, The Changing Water Utility: Creative Approaches to Effectiveness and Efficiency, 1998
6. USEPA's "Guidelines for Water Conservation Plans".
7. Ontario Water Works Association Water Efficiency Committee, "Water Efficiency Best Practices".
8. USEPA's 1999 Report, "Cases in Water Conservation".
9. The City of San Diego Water Department's "Commercial Landscape and Residential Survey Programs, 3rd Annual Report, FY 2005".
10. AWWA Water Loss Control Committee Report, "Applying Worldwide BMPs in Water Loss Control," AWWA Journal, August, 2003.
11. California Urban Water Conservation Council, "Strategic Plan: 2003 – 2005," March 2004.
12. California Urban Water Conservation Council, Memorandum of Understanding, March 2004 Revision.
13. City of San Diego Water Department, Water Conservation Report FY 2005 Update, October 2005.
14. Sewerage & Water Board of New Orleans (S&WB) Employee Bid, March 2002.
15. Reengineering Call Centers for the Year 2000 – Principles and Processes, by Jeff Hiatt.
16. Call Center Best Practices Benchmarking Reports, by Prosci Research.
17. AWWA Manual of Water Supply Practices-M6, Water Meters-Selection, Installation, Testing, and Maintenance.
18. AWWA Manual of Water Supply Practices-M36, Water Audits and Leak Detection; were reviewed as part of this analysis.
19. *Benchmarking Meter Reading Performance: Understand Your Improvement Opportunity*, by Christine Kozlosky, Vice President, Ascent Group, Inc, July 2005.

APPENDIX 2
SUMMARY OF CUSTOMER SUPPORT DIVISION
EMPLOYEE INTERVIEWS¹

1. What expectations and concerns do you have for this Bid to Goal initiative?

Expectations and what's Working Well:

- ▶ Provide better customer service.
- ▶ This will be an opportunity to improve the organization and achieve some operational efficiency.
- ▶ Hope BTG will identify areas of improved customer service and answer question: What do we want to be?
- ▶ Rerouting and balancing routes is important to optimize effectiveness of meter readers.
- ▶ Improve customer service in all areas.
- ▶ Customers are both internal and external...the ratepayers are our main customers, but internally we should all treat each other as customers.
- ▶ Need realistic goals to show performance improvement.
- ▶ Do not expect drastic cost reductions.
- ▶ Vacancies are needed to get work done but some vacancies could be changed to a different position. With Council directive to not hire for 5 years, Customer Support does not want to give up vacancies.
- ▶ Managers have a fair amount of accountability for budgets. Vacancies result in their ability to come in under budget in many cases. Herein lies the challenge for BTG.
- ▶ Expect streamlining, better structure, and accountability from BTG.
- ▶ Elimination of duplicate work orders.
- ▶ Backlog of domestic work orders is almost done.
- ▶ SWIM: Has some bugs, but a good tool.
- ▶ Training requests and on the job training.
- ▶ Water conservation is an award winning program; contributions to saving water and ultimately saving the City money, should complement the BTG process.
- ▶ BTG will hold us accountable for a day's worth of work.
- ▶ Increase work pride and ethics.

Concerns and What's Not working Well

- ▶ Not good at quality customer support; lack good training; do not give people correct tools.
- ▶ Meter Shop productivity.
- ▶ Communications with Water Operations.

¹ This memorandum summarizes findings from the interviews, while retaining the confidentiality of those interviewed.

- ▶ As-built maps not kept up to date.
 - ▶ Record keeping in Meter Shop not that great. Do not complete the Work Orders. A job is not complete until the information gets into system and can be billed.
 - ▶ Need more employee recognition.
 - ▶ If we do good job in Meter Reading that starts effectiveness...need to be able to reward good performance.
 - ▶ Need more cross-training with other Activity Groups.
 - ▶ CSRs have many different duties...how will the different groups be compared, and how will Pay for Performance work?
 - ▶ Big turnover in Customer Service.
 - ▶ How protect Gainsharing and BTG from political arena with all the political and financial problems in the City?
 - ▶ No succession planning.
 - ▶ Fast past schedule to get BTG done.
 - ▶ The CIS SWIM interface is a problem.
 - ▶ People issues are not resolved which leads to big morale problem for employees; some managers lack follow-thru on issues.
 - ▶ A lot of knowledge is not documented in Customer Service and needs to be prior to retirements of key individuals.
 - ▶ No career path in Customer Service; titles need to be revamped to reflect supervision; pay needs to be raised; maybe have people spend ½ day on calls and ½ day on bills. Would like training on what goes on in other parts of the Customer Support Division and the Water Department as a whole so can be a better CSR.
 - ▶ For a year a Customer Service Committee worked on an optimization study; this was completed in December; nothing ever happened.
 - ▶ Problems with coverage and back-up when CSRs are sick or on vacation. Need better cross-training.
 - ▶ High estimated bills lead to increase in call center and frustrated customers.
 - ▶ Lack of follow-up in discipline.
 - ▶ Not very good quality control on work order completion and thoroughness of work order documentation.
 - ▶ Lack of accountability.
 - ▶ SWIM not working well. It impacts scheduling and productivity.
 - ▶ Limited staff...too many open positions.
 - ▶ No rewards for good work...simple thank you notes would be good.
 - ▶ No real advancement opportunities.
 - ▶ Outdated computers and programs.
2. What changes are envisioned over the next five years that need to be factored in to the BTG program development?

- ▶ AMR.
 - ▶ CIS.
 - ▶ Need to train folks better.
 - ▶ Strong mayor form of government may result in more political decisions.
 - ▶ Continuing financial management problems may result in higher costs to purchase General Fund services.
 - ▶ R&D for new programs.
 - ▶ Improved interface with customers.
 - ▶ GPS in all vehicles.
 - ▶ Uncertain political future.
 - ▶ Improved Web access for employees and customers.
 - ▶ Based on recent employee satisfaction survey, need to be working on improved communications, more of a business outlook as a work culture, and a changed vision for the future.
 - ▶ Urban Forestry program was initiated by Mayor Murphy; unclear what new mayor will do.
3. What challenges do you envision for the development of a gain-sharing program for this effort? Are there other incentives you would like to see implemented as well?
- ▶ Identifying who is responsible for cost savings.
 - ▶ Reduced training programs result in lower performance and job knowledge.
 - ▶ Other incentives: pay for performance; time off; employee of the month. For the Meter Readers, the finish your route and go home concept is likely to end. Inflexible rules for CSRs do not allow them to offer billing adjustments.
 - ▶ Need a way to incentivize CSRs to complete a call versus sending to field investigation...possibly a shared performance standard would help.
 - ▶ \$\$ to support an effective Gainsharing program.
 - ▶ Pay for performance is good
4. What are some specific examples of policies or procedures, organizational issues, or current efforts that currently prevent employees from performing their jobs in an effective and efficient manner?
- ▶ Bumping policy impacts... Not having the right people in the right job.
 - ▶ Council took payment extension authority away from CSRs.
 - ▶ SOPs not very updated. Hopefully, this will be an opportunity to tie to BTG.
 - ▶ Need manuals to show employees how things really work.
 - ▶ Lack of recognition for employees.
 - ▶ Competing resources...more work less staff.
 - ▶ Some staff needs better communication skills, both oral and written.
 - ▶ CSRs have no authority to grant customers extra time for bill payment.

- ▶ Investigators sent out more than once to investigate the same problem presented through different requests and then document different findings, and these discrepancies are not questioned by the supervisor.
 - ▶ Inability of some supervisors to use computer systems/research.
 - ▶ Incentive program for meter readers needs to be changed; the proposed reclassification may be the solution since they would get \$1.50 more per hour as Field Reps.
 - ▶ Policies that are in place are not enforced, especially disciplinary actions.
 - ▶ Get rid of the "us" versus "them" attitude in the section.
 - ▶ Would like to know more about expenditures; not in the loop.
 - ▶ Reclassify Code Compliance Officer to revenue Recovery Officer...that is the work we do, but not getting the pay.
 - ▶ Inability to be able to print from the EC2 screen.
5. What current reports or tools are used to inform management or track jobs or efficiency and effectiveness?
- ▶ Efficiency measures are tracked; less emphasis on effectiveness.
 - ▶ Call center has adequate reports
 - ▶ Performance measures in Customer Service reward quantity of calls answered over quality of response given. This needs to change.
 - ▶ Track everyone's productivity in Meter Shop; this is compiled into a report.
 - ▶ Variance reports.
 - ▶ SWIM Maintenance Management System is working better
 - ▶ Installation order system (IOS) integrates well with Work Assignment Order System (WAO); when problems occur, usually data entry error.
 - ▶ While there are work standards, they are not kept up to date.
 - ▶ Manual of Cross-Connection Control 9th Edition.
 - ▶ Water Resource Management does an annual report.
 - ▶ Water Resource Management has an Employee Procedures Workbook which is updated with handouts and training sessions to staff; also staff provide a bi-weekly status report to their Supervisor.
6. What is your overall impression of the Bid to Goal program in other City Departments (METRO, Water Ops, and Environmental Services)?
- ▶ Lot of work.
 - ▶ Hopeful that this will be a tool to improve.
 - ▶ Encouraged by the possibility of BTG.
 - ▶ Island mentality within Department: one Division might not provide services that are a cost for it but a benefit for the other.
 - ▶ Worthwhile; productivity improvements.

- ▶ Need to be careful about performance measures: if goal is to repair all leaks within 2 weeks, a crew may be inclined to fix a slow leak on Day 13 versus a faster leak on Day 1 just to meet their performance goal.
 - ▶ Very impressive.
 - ▶ Staffing goes down over time.
 - ▶ Great effort.
 - ▶ This fast track model should be good model for other parts of the City...most of the "kinks" should have been worked out in the previous programs.
7. Are there any "Sacred Cows" that we need to understand? (i.e., items/issues that may need change, but have organizational/cultural/political barriers preventing change)
- ▶ Transfer of revenue from enterprise fund to general fund.
 - ▶ Urban Forestry program.
 - ▶ Customer Service Reps lack of authority to give extension on bills.
 - ▶ Lid replacements from Water Ops. They replace lids with the wrong type.
 - ▶ Lack of discipline and structure.
 - ▶ Hiring practices, specifically lack of performance testing and background checks. People are too easily assigned/hired without confirming capability/ability to perform job.
 - ▶ Customer service concept keeps one from telling someone what you really think.
 - ▶ Required to use SDDPC for all data support; they are inefficient and costly and frequently do not deliver service in a timely fashion.
8. Is there any specific performance measure you would like to see used as we compare the Customer Support Division to other similar agencies?
- ▶ Customer satisfaction survey; do not do now.
 - ▶ Should we separate out costs for employees on long-term injury/disability status?
 - ▶ Measure # of sick days and/or paid time off.
 - ▶ Not looking at effectiveness in many of the current performance measures.
 - ▶ \$\$ spent on water conservation budget/entire Department budget
 - ▶ \$\$ spent on conservation/1000 customers.
 - ▶ \$\$ conservation/acre-foot.
 - ▶ Not all groups in Customer Service, at least, have performance measures...need to develop a more balanced set of measures.
 - ▶ Skips and errors in meter reads.
 - ▶ Reads per day. How does 500 reads/day benchmark with others?
 - ▶ Tests/day.
 - ▶ Repairs/day.
 - ▶ Replacements/day.
 - ▶ Investigations/day.

- ▶ Backlog outstanding.
 - ▶ Cost savings of water saved per water conservation group intervention.
 - ▶ Number of customers served per staff member in Water Conservation..
9. What constraints keep the WD from optimizing costs or service level further?
- ▶ Draining of revenues by General Fund.
 - ▶ Budget.
 - ▶ Change in the workforce: physically workforce is not as able and technically not as capable.
 - ▶ Civil service prevents firing underperforming employees.
 - ▶ Some SLAs create large cost for questionable return.
 - ▶ SOPs are out of date...no written repair procedures, for example.
 - ▶ SWIM not working well.
 - ▶ Training needs to be improved.
 - ▶ People feel safe in their jobs.
10. If there was just one thing that you could change in the Customer Support Division, what would it be?
- ▶ Need to treat our customers as customers. How can we instill this exceptional level of customer service in our employees? If customer could choose us, they would.
 - ▶ Need to establish trust and confidence in the customer.
 - ▶ Establish major account executives that monitor big customers.
 - ▶ Meter readers and meter shop employees need to work more closely together.
 - ▶ Make other groups within Customer Support aware and more accountable for billing and customer service.
 - ▶ Protect meters and revenue base with a sealing program for the meters.
 - ▶ Cut out the "middle-person" in many procedures in Customer Service...refund process needs to be looked at.
 - ▶ Provide City vehicles to the meter readers and move to a field office.
 - ▶ Get input from all lines of supervision and lower levels. Study the recommendations and implement appropriate items.
 - ▶ Would like to have an IT System Analyst assigned to the Meter Services site versus current system of relying on someone coming from downtown.
 - ▶ Enforcement of work rules.
 - ▶ Motivation of personnel.
 - ▶ Would like to see more open communication between Alex Ruiz, Mike Bresnahan, and Frank Belock, and then have that communicated to employees.
 - ▶ Judge everything we do by 2 tests: What does our customer need? And how will this provide better customer service?

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11. How do you prefer to stay up-to-date on this project? Special briefings? Attend Steering Committee meetings, occasionally? Alex Ruiz communications?

- ▶ Meetings.
- ▶ Briefings.
- ▶ E-mail, but tend to not read them as well.

12. Are there any other issues you would like to discuss?

- ▶ Retirements...brain drain.
- ▶ SOPs need to be updated.
- ▶ Think of ourselves as a business and look at increasing revenues and return on investment.
- ▶ Encourage staff to identify challenges and offer solutions. Don't shoot the messenger.
- ▶ Develop an environment where employees at all levels work together with an expectation for success rather than looking for cover in the event of failure.
- ▶ Public misperceptions about what employees do.
- ▶ Need more cross-training and communication about what different jobs we do in Customer Support and how we all fit into the "team."

APPENDIX 3

**CUSTOMER SUPPORT DIVISION BID TO GOAL
PLANNING STEERING COMMITTEE MEMBERS
AND
MONTHLY MEETING SCHEDULE**

**Table 3.1
Planning Steering Committee Members**

| Name | Representing |
|----------------------|---|
| Alex Ruiz | Water/CSD/Deputy Director |
| Mike Bresnahan | Water/CSD/Assistant Deputy Director |
| Delia Dee | Water/CSD/ Project Manager |
| Luis Generoso | Water/CSD/Water Resources Management |
| David Akin | Water/CSD/Field Services and Investigations |
| Rosemary Metoyer | Water/CSD/Customer Service |
| Roger Holly | Water/CSD/Meter Shop |
| Sharon Brown | City of SD Financial Management |
| Bryan Green | Water/Safety |
| Nancy Roberts | MEA |
| Ed Lehman | AFSCME 127 |
| Ellen Barrett | HDR Team |
| Ken Barrett | HDR Team |
| Dave Foltz | HDR Team |
| Thomas Jakubowski | HDR Team |
| Jeff Szytel | HDR Team |

PROJECT MONTHLY MEETINGS

The Customer Support Division Bid to Goal Planning Steering Committee monthly meetings established the schedule for the key milestones for this project. The schedule is as follows:

- ▶ Wednesday, September 7, 2005: Kick-off meeting with review of Bid to Goal program.
- ▶ Thursday, October 6, 2005: Update on project status; overview of Performance Improvement Team (PIT) formation, Business Plan, and Performance Measures.
- ▶ Tuesday, November 8, 2005: Assessment Report review.
- ▶ Thursday, December 8, 2005: PITs present early findings.
- ▶ Thursday, January 12, 2006: Final PIT team proposals reviewed by Steering Committee.
- ▶ Thursday, February 9, 2006: Review of Business Plan and discussion on Employee Bid (Bid) and Memorandum of Understanding (MOU).
- ▶ Thursday, March 9, 2006: Review of Bid and MOU.
- ▶ Thursday, April 6, 2006: Review of early implementation of Performance Measures; Other issues on implementation including schedule for Bid and MOU City Council Approval.
- ▶ Thursday, May 4, 2006: Implementation issues and status of Bid and MOU approval.
- ▶ Thursday, June 8, 2006: Final meeting before Bid to Goal implementation begins July 1, 2006.

APPENDIX 4

BRIEF RESUMES OF HDR TEAM MEMBERS

KENNETH M. BARRETT, P.E.

Ken Barrett, Project Manager for this Assessment Report, is leading the Bid-to-Goal effort for the Field Services group and assisting with the Meter Services group. He is HDR Engineering, Inc.'s National Director of Productivity and Quality and has 32 years of experience in water and wastewater projects for municipalities and regional water agencies.

Ken was Project Manager for the recently completed San Diego Water Operations Division Bid to Goal project. He was the technical lead for the San Diego Metropolitan Wastewater Department's Operations and Maintenance Division's competitive initiative where the Bid to Goal program was first employed. In 1996, he assisted the employees at the Otay Water Treatment Plant on their employee bid for the Managed Competition.

Ken Barrett has a BS in Civil Engineering and a MS in Environmental Systems Engineering from Clemson University. He was an officer in the US Army Corps of Engineers serving as an instructor at the US Military Academy at West Point and as a Battalion Quality Control Officer in Vietnam.

Mr. Barrett has served in leadership roles on Bid to Goal programs for Charlotte and High Point, NC, since 1995. He assisted public employees in 2002 on the Managed Competition for water, wastewater, and customer services for the Sewerage and Water Board of New Orleans. He has served as technical lead in privatization projects for Cranston, RI, and Springfield, MA. He has conducted Competitive Assessment studies for other large water and wastewater utilities including: the Charlotte-Mecklenburg Environmental Management Division; Massachusetts Water Resources Authority; Miami-Dade County Water and Sewer Department; King County, WA, Wastewater Treatment Division; and Kansas City, MO, Water Services Department.

Ken has presented numerous papers on municipal competitiveness issues at local and national AWWA, WEF, and APWA conferences, including, most recently, a presentation at the APWA Congress in Minneapolis with Mark Stone on the successes of the Bid to Goal Program at the San Diego Water Department.

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ELLEN R. BARRETT

Ellen Barrett is leading the Bid to Goal effort for the Water Resource Management group and assisting with the Customer Service group. She has a special combination of diversified technical experience combined with an excellent management consulting reputation in the public works field. Ellen's more than 25-year career, which began with the New York State Energy Office, has included large multidisciplinary consulting projects with the City of New York, Los Angeles, and San Diego and the US Navy, as well as numerous other large and small public sector clients throughout the US. She merges a strong technical background in water, wastewater, and solid waste with an excellent understanding of the legal, institutional, procurement, and regulatory issues that affect utility management. Additional strengths include leadership, project management, consensus building, and communications.

Mrs. Barrett has worked with the City of San Diego since 1996. She was the Project Manager and wrote the Employee Bid for the Otay Water Treatment Plant's proposal for the 1997 Managed Competition; she was the Project Manager for Metro's Bid to Goal effort in the O&M Division; she worked on Metro's Collection System Bid to Goal and developed the Performance Metrics Handbook; and for the last two years she worked on the Water Department's Operation Division's Bid to Goal, Business Plan, and ISO 14001-4000 certification.

In addition to San Diego, Ellen has worked specifically to assist public employees become more effective in the work that they do in a number of locations throughout the US, including: King County, WA; Kansas City, MO; St. Louis, MO; the Naval Air Station, Pensacola, FL; Charlotte-Mecklenburg Utilities, Charlotte, NC; New Orleans, LA; Johnson County, KS, and Union County, NC.

Mrs. Barrett has a BA in Government from Smith College in Northampton, MA; a MS in Environmental Science/Resource Management from Syracuse University/State University of New York College of Environmental Science and Forestry; and passed the ISO 14001 Lead Auditor Training in August 2002. Mrs. Barrett has written many professional publication articles, several chapters in reference books, and spoken at numerous conferences both in this country and abroad, under her former name of Ellen R. Bogardus.

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DAVID A. FOLTZ

David Foltz is a Senior Management Consultant leading the Bid-to-Goal effort for the Customer Services Office and assisting with the Field Services group. Mr. Foltz has over 20 years of professional experience including significant management experience in customer service, billing and collection, utility accounting, business unit development, and project/transition management. He has worked with local and municipal governments for ten years as both a consultant and service provider. He has managed customer service and billing operations for seven utilities; managed operations and technical transitions projects that transferred municipal operations to private operations; served on a Mayor's Advisory Board; and taken the lead role in several customer and public relations campaigns.

Recent consulting assignments include:

Project Manager, Customer Information System Procurement and Implementation Consulting Services for Trenton Water Works.

Project Manager, Stormwater District Formation and Drainage Planning for the Town of Orangetown.

Project Manager on Water Treatment Financial Impact Analysis for Monroe County Water Authority.

Task Leader for Revenue and Customer Service portion of New Orleans Sewerage and Water Board Business Service Improvement.

Technical Specialist and Financial Analyst in Northern Kentucky Water District Automated Meter Reading Feasibility Analysis.

Lead Analyst for the City of Greensboro Solid Waste Management Division Cost of Service and Rate Design.

Financial Analyst Sewer Utility Impact/Connection Fee and Special Fees Study for Hanover County.

Project Manager, Trenton Water Works, Customer Service, Billing and Meter Reading Organizational and Operational Assessment.

Mr. Foltz has a BS in Civil Engineering from Bucknell University, and a Masters of Business Administration from the Wharton School, University of Pennsylvania. Listed below is relevant experience for David Foltz before joining HDR:

Director of Customer Service for U.S. Water managing customer service, billing, and meter reading for municipal utility operations.

Vice President, AUS Consultants Outsourced Services, providing customer service, billing, collections, and accounting services to public and private utilities

Vice President, Airput, Inc., managed the customer care operations, including technology support and user training.

THOMAS D. JAKUBOWSKI

Mr. Jakubowski is leading the Bid-to-Goal effort for the Meter Services group and assisting on the Water Resource Management group. He has more than 25 years of experience working with consulting engineering firms in the water industry. He has been involved with the analysis of over 300 municipal water loss management programs. These programs include leak detection surveys, water audits, revenue enhancement programs, condition assessment, asset management, and water accountability. He has led water loss/leak detection programs in Detroit, Chicago, Boston (MWRA), New Orleans, Miami-Dade County, Durham, Syracuse, Portland, Washington, DC, and numerous other national and international cities.

He is a technical specialist in the area of water loss management and has been a member of the AWWA National Water Loss Control Committee for over 18 years. Mr. Jakubowski has been instrumental in the development of various methodologies and techniques enabling accurate data collection and analysis. Mr. Jakubowski has extensive field experience in leakage investigations, water audits, water loss programs, hydraulic measurements, cost estimating and revenue recovery programs.

Recent publications/presentations include: "Applying Worldwide Best Management Practices in Water Loss Control-AWWA Water Loss Control Committee Report", co-author published in AWWA Journal, August 2003 and elected as presenter for the AWWA 2003 Annual Conference and Exposition; co-author of "Draining Resources" published in American City & County, January 2005; authored "Applying Best Management Practices to Control Water Loss" published in Underground Infrastructure Management (UIM), March/April 2005.

Tom Jakubowski has a BS in Civil Engineering from the University of Wisconsin/Milwaukee.

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APPENDIX 5

EXPENDITURES, APPROPRIATIONS AND COMPETITIVE LEVEL TABLES

APPENDIX 5
Table 5.1a
Customer Service Office Summary

000408

| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level | Percent Reduction | Cost Difference |
|-------------------------|--------------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-------------------|-----------------|
| 1000 | Personal Services | 2,061,210 | 1,888,039 | 2,086,986 | 1,986,548 | 2,441,787 | 2,026,371 | 2,412,624 | 2,124,200 | 12.0% | \$ 288,400 |
| 2000 | Fringe Benefits | 722,009 | 723,245 | 940,669 | 881,652 | 1,239,562 | 1,039,804 | 1,280,029 | 1,173,100 | 8.4% | \$ 106,900 |
| 3000 | Supplies and Services | 926,093 | 1,117,088 | 1,322,913 | 1,674,694 | 1,403,912 | 1,559,221 | 1,391,472 | 1,529,400 | -9.9% | \$ (137,900) |
| 4000 | Data Processing | 1,739,546 | 1,304,578 | 1,657,397 | 1,150,431 | 958,469 | 837,233 | 1,496,040 | 1,351,500 | 9.7% | \$ 144,500 |
| 5000 | Energy Resources/Utility | 55,873 | 15,968 | 48,186 | 13,005 | 36,932 | 8,080 | 5,886 | 13,000 | -120.9% | \$ (7,100) |
| 6000 | Outlay | - | 6,296 | 300 | 2,548 | - | 3,862 | - | 4,600 | | \$ (4,600) |
| | Total | 5,504,731 | 5,035,215 | 6,056,451 | 5,708,877 | 6,080,662 | 5,474,670 | 6,586,051 | 6,195,800 | 5.9% | \$ 390,300 |

APPENDIX 5
Table 5.1b
Customer Service Office Details

000409

| 270 Section Management | | | | | | | | | |
|-------------------------|--------------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|-------------------|
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 192,452.00 | 231,903.59 | 192,162.00 | 251,069.80 | 205,022.00 | 273,053.19 | 216,779 | 216,800 |
| 2000 | Fringe Benefits | 57,299.00 | 75,103.23 | 76,584.00 | 98,112.23 | 93,286.00 | 123,296.86 | 98,805 | 98,800 |
| 3000 | Supplies and Services | 3,152.00 | 632.56 | 3,152.00 | 1,739.81 | 3,165.00 | 7,927.78 | 3,165 | 3,600 |
| 4000 | Data Processing | 1,739,546.00 | 1,304,578.36 | 1,657,397.00 | 1,135,784.11 | 930,329.00 | 821,809.91 | 1,466,427 | 1,335,900 |
| 5000 | Energy Resources/Utility | 55,873.00 | 14,937.48 | 48,186.00 | 13,005.16 | 36,932.00 | 8,079.65 | 5,886 | 13,000 |
| 6000 | Outlay | - | 1,776.58 | - | 1,690.83 | - | 932.36 | - | 1,600 |
| | Total | 2,048,322.00 | 1,628,931.80 | 1,977,481.00 | 1,501,401.94 | 1,268,734.00 | 1,235,099.75 | 1,791,062 | 1,669,700 |
| 271 Clerical Support | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 118,051.00 | 78,399.54 | 121,545.00 | 77,710.26 | 128,461.00 | 70,589.40 | 97,683 | 97,700 |
| 2000 | Fringe Benefits | 39,359.00 | 31,977.42 | 53,050.00 | 35,994.24 | 65,344.00 | 36,274.82 | 49,474 | 49,500 |
| 3000 | Supplies and Services | 55,139.00 | 63,903.93 | 55,139.00 | 95,608.56 | 55,139.00 | 102,378.78 | 55,139 | 105,700 |
| 4000 | Data Processing | | | | | | | | - |
| 5000 | Energy Resources/Utility | | | | | | | | - |
| 6000 | Outlay | | | | 160.15 | | | | 100 |
| | Total | 212,549.00 | 174,280.89 | 229,734.00 | 209,473.21 | 248,944.00 | 209,243.00 | 202,296 | 253,000 |
| 272 Exception Billing | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 377,168.00 | 338,212.94 | 539,368.00 | 393,775.43 | 571,165.00 | 395,770.81 | 566,057 | 456,700 |
| 2000 | Fringe Benefits | 133,248.00 | 134,239.16 | 246,210.00 | 178,702.86 | 304,313.00 | 205,589.88 | 317,540 | 254,000 |
| 3000 | Supplies and Services | 566,650.00 | 770,082.83 | 963,962.00 | 1,238,087.82 | 1,041,650.00 | 1,093,769.14 | 1,041,650 | 1,129,500 |
| 4000 | Data Processing | | | | | | | | - |
| 5000 | Energy Resources/Utility | | | | | | | | - |
| 6000 | Outlay | | | | | | | | - |
| | Total | 1,077,066.00 | 1,242,534.93 | 1,749,540.00 | 1,810,566.11 | 1,917,128.00 | 1,695,129.83 | 1,925,247 | 1,840,200 |

APPENDIX 5
Table 5.1b
Customer Service Office Details

000410

| 273: Collections/Overdue Accts | | | | | | | | | |
|--------------------------------|--------------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|-------------------|
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 153,471.00 | 134,499.24 | 121,785.00 | 146,871.02 | 178,593.00 | 160,996.20 | 178,593 | 178,600 |
| 2000 | Fringe Benefits | 54,074.00 | 51,851.51 | 54,900.00 | 66,459.62 | 94,340.00 | 85,515.52 | 94,340 | 94,300 |
| 3000 | Supplies and Services | | 865.26 | | 464.30 | | 388.49 | | 600 |
| 4000 | Data Processing | | | | | | | | - |
| 5000 | Energy Resources/Utility | | | | | | | | - |
| 6000 | Outlay | | | | 47.29 | | 477.54 | | 200 |
| | Total | 207,545.00 | 187,216.01 | 176,685.00 | 213,842.23 | 272,933.00 | 247,377.75 | 272,933 | 273,700 |
| 274: Customer Information | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 879,327.00 | 753,337.40 | 755,847.00 | 763,216.42 | 966,378.00 | 731,322.87 | 952,452 | 773,300 |
| 2000 | Fringe Benefits | 312,526.00 | 301,355.30 | 344,843.00 | 349,057.15 | 460,929.00 | 380,750.44 | 482,258 | 438,900 |
| 3000 | Supplies and Services | 275,000.00 | 211,860.25 | 275,000.00 | 213,672.29 | 275,000.00 | 198,369.71 | 275,000 | 275,000 |
| 4000 | Data Processing | | | | | | 354.50 | | |
| 5000 | Energy Resources/Utility | | | | | | | | - |
| 6000 | Outlay | | 2,071.36 | | 649.27 | | 664.82 | | 1,200 |
| | Total | 1,466,853.00 | 1,268,624.31 | 1,375,690.00 | 1,326,595.13 | 1,702,307.00 | 1,311,462.34 | 1,709,710 | 1,488,400 |
| 275: Payment Processing | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 217,893.00 | 173,301.74 | 194,994.00 | 196,002.36 | 211,059.00 | 224,805.08 | 223,989 | 224,000 |
| 2000 | Fringe Benefits | 83,317.00 | 65,395.94 | 91,418.00 | 82,662.45 | 126,687.00 | 118,900.75 | 138,435 | 138,400 |
| 3000 | Supplies and Services | 22,327.00 | 69,204.95 | 25,660.00 | 121,296.18 | 25,133.00 | 156,075.69 | 13,081 | 15,000 |
| 4000 | Data Processing | | | | 14,646.40 | 28,140.00 | 15,068.40 | 29,613 | 15,600 |
| 5000 | Energy Resources/Utility | | 1,031.00 | | | | | | |
| 6000 | Outlay | | 2,448.49 | 300.00 | | | 1,787.08 | 100,018 | 1,500 |
| | Total | 323,537.00 | 311,382.12 | 312,372.00 | 414,607.39 | 391,019.00 | 516,637.00 | 505,136 | 394,500 |

APPENDIX 5
Table 5.1b
Customer Service Office Details

| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
|-------------------------|--------------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|
| 1000 | Personal Services | 122,848.00 | 158,384.41 | 161,285.20 | 157,903.00 | 181,109.00 | 169,833.25 | 177,071 | 177,100 |
| 2000 | Fringe Benefits | 42,186.00 | 63,322.06 | 73,663.97 | 70,663.00 | 94,663.00 | 89,575.73 | 99,177 | 99,200 |
| 3000 | Supplies and Services | 3,825.00 | 538.20 | | 3,825.00 | 3,825.00 | 311.06 | 3,437 | |
| 4000 | Data Processing | | | | | | | | - |
| 5000 | Energy Resources/Utility | | | | | | | | - |
| 6000 | Outlay | | | | | | | | - |
| | Total | 168,859.00 | 222,244.67 | 234,949.17 | 232,391.00 | 279,597.00 | 259,720.04 | 279,685 | 276,300 |

000411

APPENDIX 5
Table 5.2a
Field Services Investigations
Details

000412

| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level | Percent Reduction | Cost Difference |
|-------------------------|--------------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-------------------|-----------------|
| 1000 | Personal Services | 1,779,034 | 1,702,434 | 1,755,871 | 1,777,595 | 1,839,173 | 1,857,251 | 1,962,981 | 2,097,400 | -6.8% | \$ (134,400) |
| 2000 | Fringe Benefits | 596,047 | 629,163 | 789,907 | 754,295 | 1,045,994 | 889,311 | 1,140,120 | 1,140,200 | 0.0% | \$ (100) |
| 3000 | Supplies and Services | 240,674 | 229,275 | 587,333 | 364,256 | 589,157 | 622,408 | 281,157 | 282,500 | 6.6% | \$ 18,700 |
| 4000 | Data Processing | 374,602 | 184,975 | 281,027 | 185,203 | 278,486 | 155,832 | 118,892 | 124,400 | -4.6% | \$ (5,500) |
| 5000 | Energy Resources/Utility | 16,894 | 8,950 | 15,861 | 9,074 | 7,111 | 4,559 | 4,097 | 8,100 | -97.7% | \$ (4,000) |
| 6000 | Outlay | 10,229 | 10,579 | - | 771 | 20,643 | 20,687 | 38,365 | 11,300 | 70.5% | \$ 27,100 |
| | Total | \$ 3,017,480 | \$ 2,745,376 | \$ 3,429,999 | \$ 3,091,193 | \$ 3,780,564 | \$ 3,550,048 | \$ 3,545,612 | \$ 3,643,900 | -2.8% | \$ (98,300) |

APPENDIX 5
Table 5.2b
Field Services Investigations Details

000413

| 280 Section Administration | | | | | | | | | |
|----------------------------------|--------------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 102,140.00 | 101,919.53 | 106,573.00 | 99,723.64 | 113,711.00 | 110,332.30 | 117,961 | 118,000 |
| 2000 | Fringe Benefits | 34,056.00 | 38,254.90 | 46,644.00 | 42,516.74 | 57,636.00 | 54,947.75 | 59,512 | 59,500 |
| 3000 | Supplies and Services | 18,507.00 | 18,903.93 | 318,507.00 | 23,588.34 | 18,585.00 | 64,962.25 | 18,585 | 37,800 |
| 4000 | Data Processing | | | - | - | - | - | | - |
| 5000 | Energy Resources/Utility | | | - | 9,024.48 | - | 4,558.53 | | 4,800 |
| 6000 | Outlay | | | - | - | - | - | | - |
| | Total | 154,703.00 | 159,078.36 | 471,724.00 | 174,853.20 | 189,932.00 | 234,800.83 | 196,058 | 220,100 |
| 281 Service Restoration/Turn-off | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 464,550.00 | 378,831.59 | 423,210.00 | 401,119.86 | 443,596.00 | 435,916.85 | 410,811 | 410,800 |
| 2000 | Fringe Benefits | 136,959.00 | 150,864.30 | 194,276.00 | 175,451.69 | 252,463.00 | 213,474.72 | 239,523 | 239,500 |
| 3000 | Supplies and Services | 84,073.00 | 64,925.41 | 82,919.00 | 80,024.12 | 110,793.00 | 101,907.22 | 110,808 | 87,800 |
| 4000 | Data Processing | | | - | - | - | - | | - |
| 5000 | Energy Resources/Utility | - | 5.00 | - | 5.00 | - | - | | - |
| 6000 | Outlay | - | - | - | 623.80 | - | 26.43 | | 200 |
| | Total | 685,582.00 | 594,626.30 | 700,405.00 | 657,224.47 | 806,852.00 | 751,325.22 | 761,142 | 738,300 |
| 282 Code Compliance | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 195,879.00 | 264,779.11 | 200,102.00 | 234,414.54 | 211,758.00 | 162,006.51 | 219,723 | 219,700 |
| 2000 | Fringe Benefits | 67,153.00 | 99,957.19 | 87,593.00 | 102,781.88 | 107,876.00 | 77,891.95 | 118,779 | 118,800 |
| 3000 | Supplies and Services | 40,430.00 | 41,681.88 | 40,362.00 | 41,196.43 | 38,973.00 | 36,342.36 | 38,973 | 42,700 |
| 4000 | Data Processing | 25,000.00 | - | - | - | - | - | | - |
| 5000 | Energy Resources/Utility | | | - | 44.17 | - | - | | - |
| 6000 | Outlay | - | 44.46 | - | 117.96 | - | - | | 100 |
| | Total | 328,462.00 | 406,462.64 | 328,057.00 | 378,554.98 | 358,607.00 | 276,240.82 | 377,475 | 381,300 |

APPENDIX 5
Table 5.2b
Field Services Investigations Details

000414

| 283 Meter Reading | | | | | | | | | |
|---------------------------------|--------------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|-------------------|
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 615,904.00 | 637,801.81 | 620,257.00 | 700,796.18 | 638,001.00 | 767,051.61 | 735,756 | 870,200 |
| 2000 | Fringe Benefits | 222,539.00 | 221,053.06 | 285,283.00 | 234,779.57 | 407,301.00 | 350,658.87 | 469,263 | 469,300 |
| 3000 | Supplies and Services | 76,148.00 | 87,581.48 | 83,494.00 | 135,616.57 | 357,464.00 | 363,674.50 | 56,974 | 57,000 |
| 4000 | Data Processing | 233,986.00 | 65,997.55 | 161,639.00 | 138,875.81 | 185,402.00 | 102,142.92 | 52,593 | 52,600 |
| 5000 | Energy Resources/Utility | 16,894.00 | 8,944.94 | 15,861.00 | - | 7,111.00 | - | 4,097 | 3,300 |
| 6000 | Outlay | 9,379.00 | 9,378.98 | - | - | 20,617.00 | 20,661.92 | 30,820 | 10,600 |
| | Total | 1,174,850.00 | 1,030,757.82 | 1,166,534.00 | 1,310,068.13 | 1,615,896.00 | 1,604,189.82 | 1,349,503 | 1,463,000 |
| 284 Sewer Classification | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 232,783.00 | 168,200.51 | 232,219.00 | 216,371.86 | 250,619.00 | 263,948.27 | 256,449 | 256,400 |
| 2000 | Fringe Benefits | 74,022.00 | 58,295.17 | 96,369.00 | 91,907.89 | 118,269.00 | 130,620.28 | 125,168 | 125,200 |
| 3000 | Supplies and Services | 11,216.00 | 6,960.02 | 12,343.00 | 11,705.29 | 15,092.00 | 12,134.57 | 7,547 | 10,900 |
| 4000 | Data Processing | 115,616.00 | 98,977.48 | 119,388.00 | 46,326.98 | 93,083.70 | 53,689.14 | 66,299 | 71,800 |
| 5000 | Energy Resources/Utility | | | - | - | - | - | | - |
| 6000 | Outlay | 850.00 | 1,113.52 | - | - | - | - | 7,545 | 400 |
| | Total | 366,312.02 | 366,312.02 | 460,319.00 | 366,312.02 | 477,063.70 | 460,392.26 | 463,008 | 464,700 |
| 289 Field Investigations | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 167,778.00 | 150,901.80 | 173,510.00 | 125,168.51 | 181,488.00 | 117,995.59 | 222,281 | 222,300 |
| 2000 | Fringe Benefits | 61,318.00 | 60,737.89 | 79,742.00 | 56,856.74 | 102,449.00 | 61,717.28 | 127,875 | 127,900 |
| 3000 | Supplies and Services | 10,300.00 | 9,222.40 | 49,708.00 | 22,124.99 | 48,250.00 | 43,387.56 | 48,270 | 26,300 |
| 4000 | Data Processing | | | - | - | - | - | | - |
| 5000 | Energy Resources/Utility | | | - | - | - | - | | - |
| 6000 | Outlay | | 42.28 | - | 29.61 | - | 25.00 | - | - |
| | Total | 239,396.00 | 220,904.37 | 302,960.00 | 204,179.85 | 332,187.00 | 223,125.43 | 398,426 | 376,500 |

APPENDIX 5
Table 5.3a
Meter Services Summary

000415

| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level | Percent Reduction | Cost Difference |
|-------------------------|--------------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|-------------------|--------------------|
| 1000 | Personal Services | 2,740,400 | 2,620,725 | 3,668,615 | 2,787,575 | 3,797,608 | 3,012,165 | 3,566,580 | 3,566,400 | 0.0% | \$ 200 |
| 2000 | Fringe Benefits | 1,044,032 | 1,098,530 | 1,349,892 | 1,293,573 | 1,564,110 | 1,529,668 | 1,844,544 | 1,844,600 | 0.0% | \$ (100) |
| 3000 | Supplies and Services | 1,659,728 | 2,060,506 | 1,963,845 | 1,658,208 | 2,099,500 | 1,888,548 | 2,025,106 | 2,008,200 | 0.8% | \$ 16,900 |
| 4000 | Data Processing | 49,174 | 59,951 | 110,821 | 27,588 | 674,738 | 514,025 | 143,459 | 209,000 | -45.7% | \$ (65,500) |
| 5000 | Energy Resources/Utility | 23,228 | 10,488 | 25,079 | 9,920 | 19,773 | 6,516 | 9,363 | 9,600 | -2.5% | \$ (200) |
| 6000 | Outlay | - | 3,354 | - | 3,445 | 52,883 | 59,654 | - | 22,800 | | \$ (22,800) |
| | Total | \$ 5,516,562 | \$ 5,853,554 | \$ 7,118,252 | \$ 5,780,309 | \$ 8,208,610 | \$ 7,010,575 | \$ 7,589,052 | \$ 7,660,600 | -0.9% | \$ (71,500) |

APPENDIX 5
Table 5.3b
Meter Services Details

000416

| 2815 Section Management | | | | | | | | | |
|-------------------------|--------------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|-------------------|
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 82,768.00 | 38,607.01 | 873,300.00 | 42,779.44 | 848,567.00 | 69,493.07 | 135,504 | 135,500 |
| 2000 | Fringe Benefits | 18,401.00 | 13,978.94 | 39,409.00 | 17,257.99 | 47,863.00 | 30,134.71 | 55,032 | 55,000 |
| 3000 | Supplies and Services | (3,923.00) | 14,409.01 | - | 11,844.27 | - | 13,544.48 | - | 14,200 |
| 4000 | Data Processing | 49,174.00 | 42,499.79 | 81,053.00 | 10,010.66 | 651,522.98 | 499,847.90 | 64,091 | 191,400 |
| 5000 | Energy Resources/Utility | 18,881.00 | 9,707.07 | 20,732.00 | 9,589.28 | 15,426.00 | 6,380.81 | 5,016 | 9,200 |
| 6000 | Outlay | - | 1,495.00 | - | - | - | 513.16 | - | 700 |
| | Total | 165,301.00 | 120,696.82 | 1,014,494.00 | 91,481.64 | 1,563,378.98 | 619,914.13 | 259,643 | 406,000 |
| 2810 Commercial Meters | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 620,685.00 | 838,202.08 | 725,600.00 | 813,591.04 | 775,944.00 | 770,261.90 | 885,125 | 885,100 |
| 2000 | Fringe Benefits | 243,212.00 | 333,590.75 | 310,069.00 | 378,855.16 | 359,287.00 | 390,590.62 | 424,085 | 424,100 |
| 3000 | Supplies and Services | 702,718.00 | 833,179.72 | 505,407.00 | 283,198.24 | 511,845.00 | 557,124.12 | 511,883 | 602,700 |
| 4000 | Data Processing | - | 17,451.12 | 29,768.00 | 17,577.28 | 23,215.00 | 14,177.30 | 79,368 | 17,600 |
| 5000 | Energy Resources/Utility | 2,173.00 | 90.42 | 2,173.00 | 245.99 | 2,173.00 | - | 2,173 | 100 |
| 6000 | Outlay | - | 666.40 | - | 1,384.33 | - | 224.95 | - | 800 |
| | Total | 1,568,788.00 | 2,023,180.49 | 1,573,017.00 | 1,494,852.04 | 1,672,464.00 | 1,732,378.89 | 1,902,634 | 1,930,400 |
| 2811 Domestic Meters | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 420,484.00 | 458,134.07 | 513,670.00 | 550,148.60 | 538,788.00 | 646,029.23 | 646,615 | 646,600 |
| 2000 | Fringe Benefits | 169,196.00 | 203,945.70 | 259,689.00 | 273,673.10 | 304,798.00 | 352,438.12 | 353,707 | 353,700 |
| 3000 | Supplies and Services | 317,914.00 | 679,887.50 | 933,069.00 | 829,343.18 | 846,574.00 | 636,842.74 | 920,109 | 768,100 |
| 4000 | Data Processing | - | - | - | - | - | - | - | - |
| 5000 | Energy Resources/Utility | 2,174.00 | 129.10 | 2,174.00 | - | 2,174.00 | 66.31 | 2,174 | 100 |
| 6000 | Outlay | - | 422.31 | - | 546.79 | 29,393.00 | 29,551.58 | - | 10,500 |
| | Total | 909,768.00 | 1,342,518.68 | 1,708,602.00 | 1,653,711.67 | 1,721,727.00 | 1,664,927.98 | 1,922,605 | 1,779,000 |

APPENDIX 5
Table 5.3b
Meter Services Details

000417

| 2812 Backflow Maintenance | | | | | | | | | |
|-------------------------------------|--------------------------|-----------------------|-------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|-------------------|
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 656,577.00 | 456,800.71 | 625,677.00 | 500,562.47 | 682,242.00 | 594,261.13 | 766,214 | 766,200 |
| 2000 | Fringe Benefits | 256,567.00 | 199,649.12 | 305,409.00 | 236,870.71 | 358,811.00 | 303,433.36 | 419,262 | 419,300 |
| 3000 | Supplies and Services | 396,690.00 | 260,292.79 | 325,023.00 | 273,605.47 | 481,332.00 | 371,381.02 | 333,365 | 322,300 |
| 4000 | Data Processing | | | | | | | | - |
| 5000 | Energy Resources/Utility | | 88.34 | - | 44.17 | | | | - |
| 6000 | Outlay | | 454.33 | - | 906.48 | - | 197.51 | | 600 |
| | Total | 1,309,834.00 | 917,285.29 | 1,256,109.00 | 1,011,989.30 | 1,522,385.00 | 1,269,273.02 | 1,518,841 | 1,508,400 |
| 2813 Cross Connections | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 314,162.00 | 309,792.89 | 312,740.00 | 320,368.04 | 334,926.00 | 316,384.80 | 344,245 | 344,200 |
| 2000 | Fringe Benefits | 101,816.00 | 112,794.40 | 131,940.00 | 134,024.53 | 159,999.00 | 147,560.43 | 169,690 | 169,700 |
| 3000 | Supplies and Services | 81,671.00 | 56,701.03 | 49,427.00 | 45,726.55 | 97,587.00 | 71,336.52 | 97,587 | 62,000 |
| 4000 | Data Processing | | | | | | | | - |
| 5000 | Energy Resources/Utility | | 472.62 | | | | | | 200 |
| 6000 | Outlay | | 222.34 | - | 227.03 | - | 200.92 | | 200 |
| | Total | 497,649.00 | 479,983.28 | 494,107.00 | 500,346.15 | 592,512.00 | 535,482.67 | 611,522 | 576,300 |
| 2816 Fire Hydrant Meter Shop | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 369,297.00 | 275,547.74 | 324,326.00 | 288,654.72 | 311,039.00 | 215,149.14 | 342,919 | 342,900 |
| 2000 | Fringe Benefits | 145,915.00 | 120,046.36 | 159,505.00 | 142,761.69 | 167,492.00 | 112,162.00 | 188,431 | 188,400 |
| 3000 | Supplies and Services | 61,824.00 | 39,876.45 | 54,571.00 | 48,122.02 | 65,749.00 | 52,998.24 | 65,749 | 50,300 |
| 4000 | Data Processing | | | | | | | | - |
| 5000 | Energy Resources/Utility | | | | 40.76 | | | | - |
| 6000 | Outlay | | 94.10 | | 327.18 | | 5,176.47 | | 1,900 |
| | Total | 577,036.00 | 435,564.65 | 538,402.00 | 479,906.37 | 544,280.00 | 385,485.85 | 597,099 | 583,500 |

**APPENDIX 5
Table 5.3b
Meter Services Details**

000418

| 2817 - Planning/Scheduling Program | | | | | | | | | |
|---|--------------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | | | | | 33,170.00 | 45,651.26 | 58,834.00 | 58,800 |
| 2000 | Fringe Benefits | | | | | 19,612.00 | 21,763.14 | 29,451.00 | 29,500 |
| 3000 | Supplies and Services | | | | | | | | - |
| 4000 | Data Processing | | | | | | | | - |
| 5000 | Energy Resources/Utility | | | | | | | | - |
| 6000 | Outlay | | | | | 23,490.00 | 23,591.29 | | 8,100 |
| | Total | | | 0 | 0 | 76,272.00 | 91,005.69 | 88,285.00 | 96,400 |
| 2818 - Recycled Water Construction Part of Water Operations Division prior to FY 2006 | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 238,256.00 | 184,288.86 | 253,965.00 | 211,218.15 | 156,190.00 | 189,577.44 | 175,883 | 175,900 |
| 2000 | Fringe Benefits | 94,431.00 | 72,061.32 | 125,175.00 | 89,895.01 | 83,589.00 | 100,253.13 | 97,377 | 97,400 |
| 3000 | Supplies and Services | 88,234.00 | 100,753.03 | 81,748.00 | 104,477.45 | 81,748.00 | 110,731.05 | 81,748 | 112,900 |
| 4000 | Data Processing | | | | | | | | - |
| 5000 | Energy Resources/Utility | | | | | - | 45.30 | | - |
| 6000 | Outlay | | | - | 53.00 | - | 75.00 | | - |
| | Total | 420,921.00 | 357,103.21 | 460,888.00 | 405,643.61 | 321,527.00 | 400,681.92 | 355,008 | 386,200 |

APPENDIX 5
Table 5.3b
Meter Services Details

000419

| 2814 - New Installations | | | | | | | | | |
|--|--------------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | | | | | | 848.96 | | - |
| 2000 | Fringe Benefits | | | | | | 427.68 | | - |
| 3000 | Supplies and Services | | | 0 | 105.49 | | 228 | | - |
| 4000 | Data Processing | | | | | | | | - |
| 5000 | Energy Resources/Utility | | | | | | 23.58 | | - |
| 6000 | Outlay | | | | | | | | - |
| | Total | | | 0 | 105.49 | 0 | 1528.22 | 0 | - |
| 2819 - Recycle Water Ops & Maintenance - Part of Water Operations Division prior to FY 2006 | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 38,171.00 | 59,351.47 | 39,337.00 | 60,252.67 | 116,740.00 | 164,508.14 | 211,241 | 211,200 |
| 2000 | Fringe Benefits | 14,494.00 | 20,093.63 | 18,696.00 | 20,234.89 | 62,659.00 | 70,904.93 | 107,509 | 107,500 |
| 3000 | Supplies and Services | 14,600.00 | 75,406.52 | 14,600.00 | 61,785.06 | 14,665.00 | 74,360.09 | 14,665 | 75,700 |
| 4000 | Data Processing | | | | | | | | - |
| 5000 | Energy Resources/Utility | | | | | | | | - |
| 6000 | Outlay | | | | | | 123.04 | | - |
| | Total | 67,265.00 | 154,851.62 | 72,633.00 | 142,272.62 | 194,064.00 | 309,896.20 | 333,415 | 394,400 |

APPENDIX 5
Table 5.4a
Water Resources Management
Summary

| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level | Percent Reduction | Cost Difference |
|-------------------------|--------------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|-------------------|-------------------|
| 1000 | Personal Services | 853,753 | 946,648 | 1,009,927 | 1,042,247 | 1,019,337 | 1,056,643 | 1,027,637 | 1,027,900 | 0.0% | \$ (300) |
| 2000 | Fringe Benefits | 275,068 | 340,836 | 416,744 | 432,928 | 498,083 | 509,649 | 536,162 | 536,200 | 0.0% | \$ - |
| 3000 | Supplies and Services | 1,466,194 | 723,401 | 1,591,555 | 957,946 | 1,634,190 | 1,227,706 | 1,240,189 | 1,037,700 | 16.3% | \$ 202,500 |
| 4000 | Data Processing | 488,323 | 378,664 | 450,564 | 191,886 | 337,638 | 168,591 | 111,299 | 194,900 | -75.1% | \$ (83,600) |
| 5000 | Energy Resources/Utility | 22,568 | 19,723 | 12,490 | 23,160 | 11,022 | 17,649 | 13,811 | 21,700 | -57.1% | \$ (7,900) |
| 6000 | Outlay | - | 8,665 | - | 90 | - | 1,322 | - | 3,700 | | \$ (3,700) |
| | Total | \$ 3,105,906 | \$ 2,417,936 | \$ 3,481,280 | \$ 2,648,257 | \$ 3,500,270 | \$ 2,981,560 | \$ 2,929,098 | \$ 2,822,100 | 3.7% | \$ 107,000 |

000420

APPENDIX 5
Table 5.4b
Water Resources Management
Details

000021

| 205 C/S Water Resources | | | | | | | | | |
|--|--------------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | | | | | | | 36,284 | 36,300 |
| 2000 | Fringe Benefits | | | | | | | 21,377 | 21,400 |
| 3000 | Supplies and Services | | | | | | | | |
| 4000 | Data Processing | | | | | | | | |
| 5000 | Energy Resources/Utility | | | | | | | | |
| 6000 | Outlay | | | | | | | | |
| | Total | | | - | - | - | - | 57,661 | 57,700 |
| 250 Section Management | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 215,737.00 | 267,255.10 | 331,565.00 | 386,116.77 | 230,169.00 | 399,167.77 | 239,157 | 239,200 |
| 2000 | Fringe Benefits | 70,424.00 | 97,075.95 | 130,526.00 | 158,916.29 | 116,213.00 | 188,816.50 | 120,962 | 121,000 |
| 3000 | Supplies and Services | 113,350.00 | 25,133.51 | 13,350.00 | 28,222.75 | 13,350.00 | 19,637.25 | 13,350 | 26,200 |
| 4000 | Data Processing | 255,476.00 | 198,955.09 | 245,912.00 | 77,539.69 | 184,998.01 | 50,440.25 | 46,599 | 46,600 |
| 5000 | Energy Resources/Utility | 18,885.00 | 16,607.19 | 8,807.00 | 18,808.76 | 6,256.00 | 10,661.89 | 8,773 | 16,600 |
| 6000 | Outlay | - | 1,173.00 | - | 40.76 | - | 606.24 | - | 700 |
| | Total | 673,872.00 | 606,199.84 | 730,160.00 | 669,645.02 | 550,986.01 | 669,329.90 | 428,841 | 450,300 |
| 251 Resid. Int. Ext. Wtr. Conservation | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 123,788.00 | 106,539.90 | 159,690.00 | 127,440.54 | 173,527.00 | 134,087.13 | 215,676 | 215,700 |
| 2000 | Fringe Benefits | 40,813.00 | 42,883.05 | 69,277.00 | 58,333.09 | 88,297.00 | 70,592.43 | 118,573 | 118,600 |
| 3000 | Supplies and Services | 96,131.00 | 18,308.38 | 96,131.00 | 21,969.58 | 96,613.00 | 18,941.61 | 84,665 | 21,200 |
| 4000 | Data Processing | | | | | | | | - |
| 5000 | Energy Resources/Utility | | 44.17 | | | | | | - |
| 6000 | Outlay | | 47.27 | | | | 69.98 | | |
| | Total | 260,732.00 | 167,822.77 | 325,098.00 | 207,743.21 | 358,437.00 | 223,691.15 | 418,914 | 355,500 |

APPENDIX 5
Table 5.4b
Water Resources Management
Details

000428

| 252 Ultra-Low-Flow Toilet Voucher | | | | | | | | | |
|--|--------------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 89,376.00 | 46,879.81 | 55,513.00 | 53,784.22 | 58,746.00 | 26,211.23 | 61,400 | 61,400 |
| 2000 | Fringe Benefits | 27,834.00 | 16,464.30 | 21,817.00 | 21,560.82 | 26,146.00 | 12,238.18 | 28,093 | 28,100 |
| 3000 | Supplies and Services | 519,191.00 | 342,034.98 | 614,191.00 | 449,593.26 | 496,401.00 | 298,149.39 | 106,100 | 300,000 |
| 4000 | Data Processing | | | | | | | | - |
| 5000 | Energy Resources/Utility | | | | | | | | - |
| 6000 | Outlay | | | | | | 566.77 | | 200 |
| | Total | 636,401.00 | 405,379.09 | 691,521.00 | 524,938.30 | 581,293.00 | 337,165.57 | 195,593 | 389,700 |
| 255 Field Investigations | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 135,427.00 | 35,745.43 | 139,529.00 | 37,295.42 | 152,597.00 | 40,607.46 | 156,971 | 157,000 |
| 2000 | Fringe Benefits | 48,203.00 | 14,086.80 | 63,255.00 | 16,775.67 | 80,452.00 | 21,333.08 | 90,611 | 90,600 |
| 3000 | Supplies and Services | 22,237.00 | 13,416.37 | 22,598.00 | 13,386.36 | 25,424.00 | 15,912.25 | 25,444 | 15,200 |
| 4000 | Data Processing | | | | | | | | - |
| 5000 | Energy Resources/Utility | | | | | | | | - |
| 6000 | Outlay | | | | | | | | - |
| | Total | 205,867.00 | 63,248.60 | 225,382.00 | 67,457.45 | 258,473.00 | 77,852.79 | 273,026 | 262,800 |
| 256 Retrofit Ordinance | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 79,710.00 | 104,095.97 | 82,763.00 | 88,069.17 | 86,960.00 | 102,291.27 | 91,054 | 91,100 |
| 2000 | Fringe Benefits | 26,970.00 | 40,732.76 | 36,329.00 | 37,960.10 | 44,405.00 | 52,169.39 | 48,060 | 48,100 |
| 3000 | Supplies and Services | 28,100.00 | 11,515.41 | 28,100.00 | 2,230.92 | 28,100.00 | 1,312.41 | 28,100 | 5,500 |
| 4000 | Data Processing | | | | | | | | - |
| 5000 | Energy Resources/Utility | | | | | | | | - |
| 6000 | Outlay | | 1,011.69 | | | | 78.65 | | 400 |
| | Total | 134,780.00 | 157,355.83 | 147,192.00 | 128,260.19 | 159,465.00 | 155,851.72 | 167,214 | 145,100 |

APPENDIX 5
Table 5.4b
Water Resources Management
Details

000423

| 1254: Clotheswasher, Rebate | | | | | | | | | |
|---------------------------------------|--------------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 44,945.00 | 24,385.51 | 22,205.00 | 23,904.89 | 23,498.00 | 24,147.70 | 24,560 | 24,600 |
| 2000 | Fringe Benefits | 13,175.00 | 9,835.05 | 8,729.00 | 11,582.43 | 10,458.00 | 13,418.89 | 11,237 | 11,200 |
| 3000 | Supplies and Services | 175,000.00 | 50,926.92 | 175,000.00 | 217.80 | 175,000.00 | 123,886.65 | 8,228 | 61,700 |
| 4000 | Data Processing | | | - | - | | | | - |
| 5000 | Energy Resources/Utility | | | - | - | | | | - |
| 6000 | Outlay | | | - | - | | | | - |
| | Total | 233,120.00 | 85,147.48 | 205,934.00 | 35,705.12 | 208,956.00 | 161,453.24 | 44,025 | 97,500 |
| 1255: Program Development | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 11,236.00 | 34,347.73 | 27,757.00 | 13,154.68 | 29,372.00 | 2,803.53 | 30,700 | 30,700 |
| 2000 | Fringe Benefits | 3,290.00 | 12,520.74 | 10,906.00 | 5,754.39 | 13,073.00 | 1,485.45 | 14,047 | 14,000 |
| 3000 | Supplies and Services | 120,000.02 | 12,976.22 | 120,000.00 | 4,710.11 | 407,117.00 | 379,930.45 | 367,117 | 137,300 |
| 4000 | Data Processing | | | | | | | | - |
| 5000 | Energy Resources/Utility | | | | | | | | - |
| 6000 | Outlay | | | | | | | | - |
| | Total | 134,526.02 | 59,844.69 | 158,663.00 | 23,619.18 | 449,562.00 | 384,219.43 | 411,864 | 182,000 |
| 1259: Commercial Landscape Survey, PR | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 56,899.00 | 80,841.04 | 90,572.00 | 120,084.21 | 160,004.00 | 176,798.05 | 164,967 | 165,000 |
| 2000 | Fringe Benefits | 16,082.00 | 26,625.57 | 37,297.00 | 48,266.07 | 72,965.00 | 85,155.64 | 80,137 | 80,100 |
| 3000 | Supplies and Services | 222,500.00 | 31,704.60 | 222,500.00 | 47,200.43 | 222,500.00 | 143,566.96 | 172,500 | 172,500 |
| 4000 | Data Processing | 232,847.00 | 179,709.05 | 204,652.00 | 114,346.30 | 152,640.00 | 118,151.22 | 64,700 | 148,300 |
| 5000 | Energy Resources/Utility | | | - | 738.73 | - | 1,335.11 | | 700 |
| 6000 | Outlay | - | 1,110.85 | | | | | | 400 |
| | Total | 528,328.00 | 319,991.11 | 555,021.00 | 330,635.74 | 608,109.00 | 525,006.98 | 482,304 | 567,000 |

APPENDIX 5
Table 5.4b
Water Resources Management
Details

000424

| 253 Commercial & Industrial Cons PG | | | | | | | | | |
|-------------------------------------|--------------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 69,534.00 | 138,414.32 | 70,866.00 | 90,408.23 | 74,124.00 | 56,989.18 | | - |
| 2000 | Fringe Benefits | 19,736.00 | 47,569.64 | 26,628.00 | 33,151.61 | 31,856.00 | 24,115.23 | | - |
| 3000 | Supplies and Services | 24,325.00 | 47,242.99 | 24,325.00 | 157,638.02 | 24,325.00 | 181.44 | 89,325 | 73,900 |
| 4000 | Data Processing | | | | | | | | - |
| 5000 | Energy Resources/Utility | 183.00 | | 183.00 | 44.17 | 183.00 | - | 455 | - |
| 6000 | Outlay | | | | | | | | - |
| | Total | 113,778.00 | 233,226.95 | 122,002.00 | 281,242.03 | 130,488.00 | 81,285.85 | 89,780 | 73,900 |
| 2570 Pub. Info/Educ & Outreach PRG | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 27,100.88 | 108,142.97 | 29,467.00 | 101,988.73 | 30,340.00 | 93,539.29 | 6,868 | 6,900 |
| 2000 | Fringe Benefits | 8,540.96 | 33,042.45 | 11,980.00 | 40,627.31 | 14,218.00 | 40,324.51 | 3,065 | 3,100 |
| 3000 | Supplies and Services | 145,360.00 | 170,141.57 | 275,360.00 | 232,776.34 | 145,360.00 | 226,187.81 | 345,360 | 224,200 |
| 4000 | Data Processing | | | | | | | | - |
| 5000 | Energy Resources/Utility | 3,500.00 | 3,071.17 | 3,500.00 | 3,568.81 | 4,583.00 | 5,651.97 | 4,583 | 4,400 |
| 6000 | Outlay | - | 5,321.77 | - | 49.57 | - | - | - | 2,000 |
| | Total | 184,501.84 | 319,719.93 | 320,307.00 | 379,010.76 | 194,501.00 | 365,703.58 | 359,876 | 240,600 |

APPENDIX 5
Table 5.5a
Division Administration Summary

000425

| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level | Percent Reduction | Cost Difference |
|-------------------------|--------------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|---------------------|-----------------------|-------------------|-------------------|------------------|
| 1000 | Personal Services | 391,746.00 | 378,154.99 | 414,287.00 | 346,716.26 | 434,143.00 | 383,541.22 | 532,705.00 | 532,700 | 0.0% | \$ - |
| 2000 | Fringe Benefits | 114,178.00 | 122,775.06 | 159,231.00 | 134,437.57 | 192,813.00 | 162,267.87 | 232,206.00 | 232,200 | 0.0% | \$ - |
| 3000 | Supplies and Services | 397,661.00 | 428,217.17 | 117,661.00 | 119,279.65 | 840,802.00 | 769,232.88 | 811,928.00 | 466,600 | 42.5% | \$ 345,300 |
| 4000 | Data Processing | 5,201.00 | 11,681.01 | 2,284.00 | 2,305.04 | 9,055.00 | 2,208.55 | 116,933.00 | 5,900 | 95.0% | \$ 111,000 |
| 5000 | Energy Resources/Utility | 5,610.00 | 39,559.30 | 8,745.00 | 46,740.56 | 4,937.00 | 37,014.00 | 35,660.00 | 44,100 | -23.7% | \$ (8,400) |
| 6000 | Outlay | 2,025.00 | 1,510.30 | 2,025.00 | 184.14 | 2,019.00 | 584.87 | 2,019.00 | 800 | 60.4% | \$ 1,200 |
| | Division Contingency | | | | | | | | 366,500 | | \$ (366,500) |
| | Total | 916,421.00 | 981,897.83 | 704,233.00 | 649,663.22 | 1,483,769.00 | 1,354,849.39 | 1,731,451.00 | 1,648,800 | 4.8% | \$ 82,700 |

APPENDIX 5
Table 5.5b
Division Administration Summary

000426

| 220 Division Management | | | | | | | | | |
|-------------------------|--------------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 333,545.00 | 316,177.69 | 351,097.00 | 281,013.59 | 368,047.00 | 311,434.46 | 464,019 | 464,000 |
| 2000 | Fringe Benefits | 97,310.00 | 103,117.44 | 135,186.00 | 110,049.83 | 163,740.00 | 131,082.57 | 201,705 | 201,700 |
| 3000 | Supplies and Services | 369,118.00 | 372,593.30 | 89,118.00 | 59,978.25 | 812,233.00 | 714,761.32 | 783,359 | 406,000 |
| 4000 | Data Processing | 5,201.00 | 2,058.76 | 2,284.00 | 344.04 | 655.00 | 1,186.80 | 105,413 | 1,300 |
| 5000 | Energy Resources/Utility | 5,610.00 | 39,559.30 | 8,745.00 | 46,740.56 | 4,937.00 | 37,014.00 | 35,660 | 44,100 |
| 6000 | Outlay | 2,025.00 | 1,510.30 | 2,025.00 | 184.14 | 2,019.00 | 584.87 | 2,019.00 | 800 |
| | Division Contingency | | | | | | | | 366,500 |
| | Total | 812,809.00 | 835,016.79 | 588,455.00 | 498,310.41 | 1,351,631.00 | 1,196,064.02 | 1,592,175 | 1,484,400 |
| 212 Public Relations | | | | | | | | | |
| Object Account Category | Description | Appropriation FY 2003 | Period 13 FY 2003 | Appropriation FY 2004 | Period 13 FY 2004 | Appropriation FY 2005 | Period 13 FY 2005 | Appropriation FY 2006 | Competitive Level |
| 1000 | Personal Services | 58,201.00 | 61,977.30 | 63,190.00 | 65,702.67 | 66,096.00 | 72,106.76 | 68,686 | 68,700 |
| 2000 | Fringe Benefits | 16,868.00 | 19,657.62 | 24,045.00 | 24,367.74 | 29,073.00 | 31,185.30 | 30,501 | 30,500 |
| 3000 | Supplies and Services | 28,543.00 | 55,623.87 | 28,543.00 | 59,301.40 | 28,569.00 | 54,471.56 | 28,569 | 60,600 |
| 4000 | Data Processing | - | 9,622.25 | - | 1,961.00 | 8,400.00 | 1,021.75 | 11,520 | 4,600 |
| 5000 | Energy Resources/Utility | - | - | - | - | - | - | - | - |
| 6000 | Outlay | - | - | - | - | - | - | - | - |
| | Total | 103,612.00 | 146,881.04 | 115,778.00 | 151,352.81 | 132,138.00 | 158,785.37 | 139,276 | 164,400 |

APPENDIX 6

CUSTOMER SUPPORT DIVISION

HIGHLIGHTS AND ACCOMPLISHMENTS

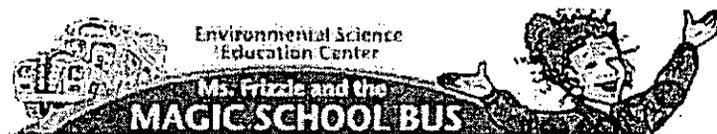
WATER RESOURCES MANAGEMENT PROGRAM - HIGHLIGHTS AND RECENT ACHIEVEMENTS

The City of San Diego Water Conservation Program reduces water demand through promoting or providing incentives for the installation of hardware that provides permanent water savings. It also provides services and information to help San Diegans make better decisions about water use in their homes, landscaping, and businesses. These efforts increase water savings by providing a "new source of potable water" for an expanding San Diego. Today, the Program directly accounts for approximately 26,000 acre-feet (AF) of potable water savings per year, meeting the goal set in 1997 by the Strategic Plan for Water Supply. This savings has been achieved by creating a water conservation ethic; adopting programs, policies, and ordinances designed to promote water conservation practices; and implementing comprehensive public information and education campaigns. Below is an overview of the programs:

- ▶ ***Commercial Landscape Survey Program*** – This new program optimizes water use for irrigation by providing commercial customers with a water-use budget based upon their property's attributes and weather factors. Maintained by a computer application – WRLD or the Water Resources Landscape Database – these budgets are currently being provided to City parks, freeway landscapes (Caltrans), and commercial properties. This program includes a water use survey of properties with dedicated irrigation meters and at least one acre of irrigated landscape. The program has a significant potential for water savings.
- ▶ ***Landscape Watering Calculator*** – Located on the City's Water Conservation Program website, the award-winning Landscape Watering Calculator is an easy-to-use tool that provides customers with an estimation of the needed water for their landscape and turf. Available on-line, 24 hours a day, the calculator accounts for water savings of more than 781 AF per year. This tool has been adapted and is now available throughout Southern California and in several counties and water districts throughout the United States. (www.sandiego.gov/water/conservation)
- ▶ ***Satellite Imaging Pilot Project*** – Funded by the United States Bureau of Reclamation, the new pilot project turns satellite imagery from multi-spectral color images into a functioning geographical information system (GIS) map. From this map, City staff can develop water budgets for entire communities and large areas, assess runoff and pollution problems, and better plan City programs and services.
- ▶ ***Water Conservation Action Committee*** - In an effort to enhance the implementation of water conservation programs, an action committee has been formed, consisting of representatives from the landscape architect and contractor associations, the Building Industry Association, multi-family trade groups, property management companies, conservation gardens, offices of elected officials, public relations companies, and water

agencies. The committee evaluates the usefulness of available programs, provides suggestions, and helps promote the programs within the industries they represent.

- ▶ **Resource Guide and Fire-Wise Handbook** – Developed through the Water Conservation Action Committee, the idea behind the resource guide is for residents to have a reference document that features success stories in landscape designs, tools available to help water efficiently; and places to find more information about the California friendly plants, irrigation technology, and landscape services. The first edition, released in the Fall of 2004, featured fire-wise landscaping techniques as verified by the San Diego Fire Recovery Network and other agencies.
- ▶ **Community and Corporate Partnerships (SD Natural History Museum, SD Watercolor Society)** – To expand available resources and look at innovative ways to carry the water conservation message, the Water Department developed community partners to help pay for activities and materials and promote water conservation to various audiences. Good examples of this include featuring children's posters in a professional art gallery, bringing art professionals to the *Water Conservation Garden*, displaying posters on billboards rent-free, publishing a water conservation poster calendar, and offering magical educational lessons on water through a famous character, *Ms. Frizzle™*.
- ▶ **Stakeholder Forum** – Prior to launching a new landscape water conservation public information and outreach campaign, the City of San Diego developed a stakeholder process designed to involve the unique community organizations impacted by its landscape services. This process allowed the Water Department to gain valuable input from professional and community group leaders about how the City could better meet the needs of the community and encourage landscape water conservation. As the ideas began to materialize, these stakeholders became partners in fostering ongoing collaborations between key professional/community-based organizations and the Water Department. This unique process has proven that, by involving the community right from the start, effective community-supported outreach programs can be developed, leading to significant water savings.
- ▶ **Public Information and Outreach Program** – The City provides its residents with a variety of information and educational materials available through a variety of media. Program staff actively participates in a speakers' bureau and community activities, providing informational brochures and fact sheets, and working to increase awareness of water conservation programs, measures, and successes. News articles are provided monthly to community newspapers, magazines, and professional association newsletters, focusing on programs and water conservation tips relevant to the season. Additionally, newspaper and television news contacts are provided with weekly and monthly information about the water conservation activities, tips, and upcoming events.
- ▶ **Ms. Frizzle™ and the Magic School Bus** – Ms. Frizzle™ and Scholastic's The Magic



School Bus© are ready to take off for another adventure. The Water Department, in partnership with the San Diego Natural History Museum, is pleased to announce that Ms. Frizzle is back, this time teaching children the important role water plays in our lives and how to use it wisely. This is an enhanced effort to reach out and teach our youngest customers, even in the pre-school age range, the value of water conservation. Activities are held every other Sunday and are free to museum patrons.

- ▶ ***Water Conservation Poster Contest*** – Now in its sixth consecutive year of implementation, the annual poster contest is more popular than ever. On the average, we received over 500 posters from over 3,700 posters created in conjunction with the contest. Teachers are required to discuss water supply and conservation in the classroom prior to having the children prepare their posters, ensuring that the conservation message is communicated to our 1st through 6th grade children. The winning posters are included in the annual Water Department calendar, and are featured on billboards, City webpage, *City Access TV*, and art galleries and exhibits.
- ▶ ***Hot Water Recirculating System Pilot Study*** – The Water Department recently completed a pilot program for hot water recirculating systems, to evaluate water savings versus energy usage of these residential plumbing systems. This is an emerging water-savings technology that saves water by reducing “warm-up” time for showers.
- ▶ ***New Online Survey to Rate Water Conservation in San Diego*** – The Water Conservation Program is asking its customers for feedback on how to improve services. Customers can now log-on to the world-wide-web at <http://www.sandiego.gov/water> to fill out a short survey featuring questions related to methods for conserving water, past participation in the City’s free water conservation programs, and rating the level of service associated with these programs. In appreciation for taking the survey, participants will receive a free Southern California Heritage Gardening Guide CD in the mail. Additional survey features include opportunities for customers to provide suggestions and new ideas for water saving programs, as well as an opportunity to share an interesting story about water conservation.
- ▶ ***Awards and Recognition*** – The Water Resources Management Program has received awards and recognition for the following:
 - **Entire Water Conservation Program**
 - 1999 Water Conservation Field Services Award, given by the US Department of the Interior, Bureau of Reclamation.
 - 1999 Community Service/Resource Efficiency Award, given by the California Municipal Utilities Association.
 - 2003 E.A.R.T.H. Award, given by San Diego Earthworks
 - 2003 Certificate of Commendation, given by Lt. Governor Cruz Bustamante
 - **Landscape Watering Calculator**
 - 2002 National Technology Solutions Award, given by Public Technologies, Inc.
 - 2003 Advanced Innovation and Technologies Award, given by the Public Officials for Water and Energy Reform (POWER)

- Education and Outreach

- 2001 Certificate of Recognition for the Technovation Exhibit, given by the California State Assembly through California Assemblywoman Susan Davis

- 2004 Community Service/Resource Efficiency Award, given by the California Municipal Utilities Association

- 2005 E.A.R.T.H. Award for the e-Community Exhibit and coordinator Dan Carney, given by San Diego Earthworks

- ▶ *Statewide "Flex Your Power" Campaign Thanking the City of San Diego Water Department* – The Water Department was one of several organizations recognized as an "Energy Efficient Leader" by California's Flex Your Power outreach campaign. In a series of newspaper ads, Flex Your Power saluted leaders for their commitment and investment in saving energy, money, and the environment for all Californians. The local ad ran in the December 26, 2004, issue of the San Diego Union-Tribune. The ad recognized that in 2003, the Water Department, which served 1.2 million residential and commercial customers, initiated water conservation programs saving water and over 3 million kWhs of energy in 2003 alone. Even with a 10 percent increase in population, San Diego currently uses the same amount of water as it did 13 years ago.

- ▶ *Presentations to the Industry* – The Landscape Watering Calculator, Hot Water Recirculating Pump Pilot Program, and Satellite Program were topics featured in recent (and upcoming) American Water Works Association conferences and California Urban Water Conservation Council Plenary Sessions.

FIELD SERVICES AND INVESTIGATIONS HIGHLIGHTS AND RECENT ACHIEVEMENTS

Since January 2001, the Field Services and Investigations Section has reduced full-time positions by more than 10 percent, 53 to 47 positions, while improving customer service quality. The reclassification of the Restoration Crew to Field Representatives, combined with an ongoing cross-training program, has allowed a smaller staff to produce the same level of productivity with fewer positions. The Field Investigations staff resolves billing questions in the field and has downsized from five to three positions while continuing to complete 80 to 85 percent of investigations within five days. A recent reorganization of Meter Reading has allowed much improved oversight and accountability. Misreads among new staff are reduced more effectively now that rereads are sent to the Meter Reading Supervisor, reducing the work load on Field Investigations. Under the new system, training deficiencies can be identified and corrected on an individual basis.

The rerouting of meters occurred in FY 2005 for the first time in 13 years. Rerouting is a reassignment of meters into more logical and efficient reading pattern. The benefit is more balanced workload throughout the entire CSD, as well as, increased productivity for meter readers. The rerouting program has eliminated eight to ten routes, and will enable Field Services to continue to improve meter reading efficiency and productivity through an ongoing rerouting process.

The section has empowered field employees and first-line supervisors to make faster decisions that decrease response time, and allow investigations to be completed sooner. For example, leak adjustment

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recommendations previously required approval of the Section Manager, but are now approved by the first-line Supervisor. This reduces turnaround time by one full day.

The Sewer Classification Section has decreased turnaround time on its investigations, and participated in important surveys to ensure the accuracy of customer data related to meters.

The Code Enforcement Unit has been recognized by the Western States Utility Theft Association as a nationwide leader in battling water theft. On more than one occasion it has been invited to give presentations at WSUTA conferences.

Over a five-year period, theft of water on construction sites has been significantly reduced. This was accomplished through aggressive inspection and enforcement that included several successful prosecutions through the City Attorney's office. One case alone brought in more than \$300,000. As part of one settlement, a defendant was forced to pay for the professional production of a video on how to legally obtain water.

The Code Enforcement team has also pioneered the development of new locking devices, such as a locking ring to secure smaller water meters to prevent tampering, as well as the use of wireless connection to information systems to assist Field Investigations. The new barrel lock will reduce lock expenses from \$4.00 to \$1.50 per lock while increasing security. The section is also embracing new technologies, such as automated meter reading, which is scheduled to be implemented on a limited basis over the next few years.

CUSTOMER SERVICE OFFICE HIGHLIGHTS AND RECENT ACHIEVEMENTS

The Customer Service Office (CSO Group) has implemented a monthly billing policy that doubled remittance, mailings, and increased remittance processing by almost 90 percent. The impact of this change has resulted in extra work for the CSO Group, namely an increase of 70 percent in "exception/deferred billings." The change to monthly billing was accomplished with a decrease in CSO Group staff—an extraordinary accomplishment.

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CITY OF SAN DIEGO
WATER DEPARTMENT
CUSTOMER SUPPORT DIVISION
BID TO GOAL
MEMORANDUM OF UNDERSTANDING

I. PREAMBLE

This memorandum of understanding (MOU) memorializes an agreement to be effective for a five-year period to commence on July 1, 2006, and to conclude on June 30, 2011, between the Mayor on behalf of the City of San Diego (City), the Water Department Director and the management team and employees of the Customer Support Division, hereinafter referred to as the Customer Support Team. The Customer Support Team is comprised of employees represented by Local 127 of the American Federation of State, County, and Municipal Employees (AFSCME Local 127); employees represented by the San Diego Municipal Employees Association (MEA); as well as the classified Unrepresented employees and the Customer Support management team, the Assistant Deputy Director and the Deputy Director of Customer Support. The Mayor, the Water Director, the Customer Support Division management team, employees represented by AFSCME Local 127, employees represented by MEA, and the Customer Support classified Unrepresented employees are hereinafter referred to as "the parties." This MOU is subject to the respective ratification processes of the parties, including and culminating in approval by the Mayor and City Council of the City of San Diego.

II. RECITALS

WHEREAS, the Customer Support Division is responsible for customer service operations of the Water Department and Metropolitan Wastewater Department; and

WHEREAS, the City desires to conduct customer support services in the most efficient and effective manner possible for the benefit of rate payers, consumers, and stakeholders, while complying with all federal, state, and local laws, rules, and regulations, and while protecting and promoting the health and safety of Customer Support employees; and

WHEREAS, efficient and effective customer support services require unique and specialized skills and certifications together with experience and expertise in new technologies; and

WHEREAS, the Customer Support Team has acquired and refined these same skills, certifications, and expertise; and

WHEREAS, the Customer Support Team is committed to maintaining the necessary skills and expertise in new technologies and business practices; and

WHEREAS, the Customer Support Team is committed to providing resources to facilitate the training of employees covered under this MOU in order to maintain and improve the skills, certifications, and expertise in new technologies of employees; and

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WHEREAS, with the assistance of independent, external consultants, and review by citizen and employee groups, the parties have critically assessed the organization, processes, procedures, practices, staffing, budget, and expenditures of the Customer Support Team; and

WHEREAS, the Customer Support Team is committed to continually improving the quality of services for the benefit of the rate payers, the community, and Departmental employees; and

WHEREAS, past optimization efforts toward improved efficiencies and effectiveness by the Customer Support Team have led to improved quality of service and cost savings.

NOW THEREFORE, the parties agree that the process described in this document, referred to as "Bid to Goal," is a mutually accepted and supported process to assess and continue to optimize the operations, policies, and practices of the Customer Support Team of the Water Department into a more competitive and improved organization.

Therefore, each party mutually agrees to the obligations and requirements as hereinafter described.

III. SCOPE AND DEFINITIONS

The scope of the Customer Support Team's Bid to Goal program is herein defined as a commitment by the parties to achieve attainable Budget Objectives and performance measures, as identified in this MOU. This scope includes the following activities and the Division's direct support of these activities:

■ Customer Services Office

- Section Management
- Clerical Support
- Exception Billing
- Collections / Overdue Accounts
- Customer Information
- Water Repair
- Payment Processing

■ Field Services and Investigations

- Section Administration
- Code Compliance
- Meter Reading
- Sewer Classification
- Service Restoration / Turn-Off
- Field Investigations

■ Meter Services

- Section Management
- Commercial Meters
- Domestic Meters
- Recycled Water Construction
- Recycled Water Operations and Maintenance
- Fire Hydrant Metering

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- Backflow Maintenance
- Cross-Connection
- Planning / Scheduling Program

- **Water Resources Management**
 - Section Management
 - Ultra-Low Flush Toilet Voucher Program
 - Field Investigations
 - Retrofit Upon Resale Ordinance
 - Residential Water Survey Program
 - Public Information, Education, and Outreach
 - Clotheswasher Voucher Program
 - Program Development
 - Commercial Landscape Survey Program

- **Division Administration**
 - Division Management
 - Public Relations

The Information Systems Activity Group is not within the scope of this Bid to Goal program. Any new facilities and/or activities that have not been accounted for in the "Budget Objectives" used for monitoring Division performance and the "Baseline" used for calculating resulting savings shall not be within the scope of this Bid to Goal program. Such new facilities or activities may be brought within the scope of this Bid to Goal program through reopened negotiations of this MOU initiated by the parties.

All facilities, employees, and functions within this scope shall hereinafter be referred to as Customer Support. The Customer Support Team is comprised of Customer Support classified employees represented by MEA and AFSCME Local 127, classified Unrepresented employees, and the Customer Support management team.

Bid to Goal is herein defined as an agreement and commitment by the parties to the goals relating to budgetary and organizational efficiencies of Customer Support, as identified in this document and the Employee Bid. The parties agree to preclude any external efforts to pursue a competitive procurement process, as long as the Customer Support Team meets the stated objectives during the term of this MOU as specified in Section V.A.

The Employee Bid provides a detailed plan and the commitment to achieve cost and service levels developed and offered by the labor/management partnership of the Customer Support Team to meet the Goal. The Mayor will assess the sufficiency of the Employee Bid within a reasonable time period.

Mayoral assessment or authorization of any element of this MOU or the Employee Bid may be provided by the Mayor or the Mayor's designee within this assessment period.

The Goal of the Employee Bid is to yield economic benefits as soon as practicable, while maintaining the integrity and soundness of capital investments, infrastructure, and high levels of customer service; and while safeguarding the environment and the public health. In addition, the Goal is designed such that the City can continue to meet its commitments to employees and promote cooperative labor/management relations, while challenging the Customer Support Team to identify and implement efficiencies that improve the quality of

services, reduce costs, and achieve savings as defined in the Budget Objectives, Baseline and Monetary Savings, Section IV. B.

The Budget Objective is the total annual compensation paid to Customer Support to operate, maintain, and manage the in-scope activities of Customer Support for each fiscal year during the term of this MOU. It is understood that the Budget Objectives detailed in this document fall within the competitive range for operating Customer Support as determined by an engineering consulting firm nationally recognized for assessing and optimizing municipal water systems.

Monetary Savings is defined as the difference between projected spending under current practices, labeled as the "Baseline," and projected spending from operations that have been refined and optimized, labeled as "Budget Objectives." These terms are more fully defined in the Goal, Section IV.

The Employee Bid is based on the best efforts of the parties to forecast the results of various efficiency related initiatives. Optimal outcomes may provide greater savings than the Monetary Savings stated in the Budget Objectives, Baseline and Monetary Savings, Section IV.B. When such Additional Savings occur in a year (the Budget Objective less the in-scope actual expenditures), 50 percent of this additional savings amount shall be placed in a Water Department Assurance Fund account and may be expended for the Customer Support Team's needs including credits toward future Budget Objectives, technology improvements, training, Pay for Performance, and Gainsharing incentive awards with employees. The Gainsharing and Pay for Performance Programs are described in Section IV.E. of this document.

IV. GOAL

The Goal as memorialized in this MOU is a commitment to conduct customer support services effectively, efficiently, and competitively. The Goal reflects a level of competitive performance and cost efficiency developed by independent, external consultants nationally recognized for optimization of municipal water operations. In addition, the Goal has been reviewed and supported by employees currently operating Customer Support through a series of special employee task forces, performance improvement teams, and committees.

A. Service Levels

All strategies employed to meet the objectives of Bid to Goal will be developed under the premise that primary service levels of core Customer Support functions must be maintained at current standards, or better, as described in the Employee Bid. The parties acknowledge that there may be reasonable differences of interpretation regarding service level components and standards. Therefore, the Employee Bid presented to the Mayor in conjunction with this MOU for his review and approval will fully detail the level of service in this regard.

B. Budget Objectives, Baseline, and Monetary Savings

Budget Objectives have been established based on an optimization assessment for the Customer Support in-scope operations for Fiscal Years 2003 to 2005, with annual

projections for the term of this MOU. The Budget Objectives include the in-scope costs of operations, maintenance, and management; the pass-through costs; the divisional contingency; and the allowance for inflation. The Budget Objectives provide a more specific commitment to the timing and level of Monetary Savings to be yielded from this program and represent the funding that the Customer Support Team will receive for the in-scope services provided. The Budget Objectives shall not be changed, except as provided in this MOU and the Employee Bid.

The Baseline represents projected spending under traditional operations and budgeting practices, while the Budget Objectives represent potential reductions in spending from operations that have been refined and optimized. Monetary Savings projected annually as well as for the entire term of this MOU, represent the difference between the Budget Objectives and the Baseline, as detailed in this document. All Monetary Savings will be returned to the Water Fund. Table 1, entitled Projected Budget Objectives and Savings, presents the Baseline, the Projected Budget Objectives, and the resultant Monetary Savings, which total approximately \$3.19 million during the term of this MOU.

Table 1
Projected Budget Objectives and Savings

| | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|-------------------|----------------|----------------|----------------|----------------|----------------|
| Baseline | \$23,277,000 | \$24,208,000 | \$25,176,000 | \$26,183,000 | \$27,230,000 |
| Budget Objectives | \$23,294,000 | \$24,329,000 | \$24,453,000 | \$24,869,000 | \$25,938,000 |
| Savings | (\$17,000) | (\$121,000) | \$723,000 | \$1,314,000 | \$1,292,000 |

The Budget Objectives of the Employee Bid tie the Customer Support Team's performance to the Water Department's Mission "to provide San Diego with Safe, Reliable, Cost-Effective Water and Outstanding Customer Service in an Environmentally Sensitive Manner" and its Vision "to be a Best-in-Class water utility for our customers." The Customer Support Team's performance and service levels will be measured to document that it is providing the community with outstanding customer support service in an environmentally sensitive manner. The performance targets will lead to achieving the goal of becoming a "Best-in-Class" water utility for our customers. The Budget Objectives and performance and service levels of the Employee Bid are based on maintaining the optimized staffing levels specified in the Employee Bid. Modification of this MOU and Employee Bid may result if the specific initiatives described in the Employee Bid are not accepted by the Mayor. Specific initiatives included in the Budget Objectives are:

- Effective use of technology:
 - Customer Information System (CIS) Implementation.
 - Automated Meter Reading System (AMR) Implementation (Phase I).
- A partially budgeted Pay for Performance Program.
- Rigorous performance measurement and tracking.
- Reallocation of the Community Forest Initiative.
- Enhanced Commitment to improved training.

- Reduction in City maintained privately owned backflow devices.

The parties acknowledge that the organizational re-engineering necessary to optimize Customer Support will be a significant undertaking. The necessary changes to processes, behaviors, including but not limited to communication, and staffing must be carefully and conscientiously planned and implemented, and, when lawfully required, proposed changes must be negotiated with formally recognized employee bargaining representatives.

Meeting the annual Budget Objectives requires a transition period from the current Baseline cost of Customer Support operations to the proposed fully optimized cost of Customer Support operations achieved at the completion of the Employee Bid. As progress is achieved during the term of the Employee Bid, this will result in performance improvements and savings prior to full optimization, yet maintain Customer Support staffing stability and continuity during the transition period. This gradual transition maximizes the potential to use attrition for staffing reductions, while allowing implementation of on-going initiatives that may optimize staffing plans, and minimizes the possibility of employee layoffs.

C. Cost Inflation

The assumption in the projections for inflation is four (4) percent; however, the intent of the parties is that actual Budget Objectives will be recalculated with Non-Personnel Expenses (NPE) adjusted to the Consumer Price Index (CPI) and Personnel Expenses (PE) adjusted with consideration of negotiated employee salary, fringe benefit, and other compensation cost increases applied to Customer Support. Other specific adjustments for costs related to unforeseen circumstances may be made only pursuant to the Administration of the MOU provisions in Section V of this document.

D. Treatment of Additional Savings (Assurance Fund)

Parties agree that 50 percent of Additional Savings, as defined in Section III of this MOU, shall be identified and tracked in a Water Department account, identified as the Assurance Fund, for the purpose of possible Customer Support Team uses including but not limited to those listed below. Such additional savings may be contingent upon review of the Customer Support Team's performance and expenditures consistent with the Employee Bid. This Assurance Fund account is capped at a maximum amount of \$2,197,000. Assurance Fund expenditures will follow normal City rules and authorization processes. *Potential uses of this account include but are not limited to:*

- 1) Credits toward Budget Objectives if and when necessary to meet annual goals, and/or
- 2) To purchase otherwise unfunded new technology and/or training to promote the effectiveness and professionalism of the Customer Support Team, and/or
- 3) To establish and meet the funding requirements of the Gainsharing and Pay for Performance Programs. The Gainsharing and Pay for Performance Program parameters and limits shall be developed by the Labor/Management Committee described in Section V.D.

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Expenditure of any funds from the Assurance Fund is contingent upon certification by the Mayor's Office that the Customer Support Team has achieved Substantial Conformance to terms of the Employee Bid (Section 1.6.1) and requires authorization by the Department Director based on recommendations of the Labor/Management Committee.

At the conclusion of the term of this MOU, should monies identified above remain in the Assurance Fund account, the remaining account balance can continue to be used for the following Customer Support Team purposes: a) an account in a successor agreement, if any; b) to purchase otherwise unfunded new technology and/or training to promote the effectiveness and professionalism of the Customer Support Team; or c) for Gainsharing and Pay for Performance cash incentive Programs in accordance with the Employee Bid, as authorized by the Department Director based on recommendations of the Labor/Management Committee.

E. Gainsharing and Pay for Performance Programs

The parties agree that funding in the Assurance Fund account, if any, may be set aside for the employee Gainsharing and Pay for Performance Programs pursuant to the provisions established by the Labor/Management Committee as described in Section IV.D. of this MOU. Beginning in Fiscal Year 2008, funds established for the Assurance Fund may be used for annual cash employee performance incentives. The Gainsharing and Pay for Performance Programs will be developed through the Labor/Management Committee process and shall be described in more detail in the Employee Bid.

F. Actual Expenditures

Actual expenditures and encumbrances represent the amount of money spent to provide in-scope Customer Support services.

V. ADMINISTRATION OF MOU

A. Default Thresholds

Customer Support Team spending less a) an amount of no more than two times the unexpended monies in the Assurance Fund account, and b) any City authorized amount of enhanced Customer Support revenues allocated to budget shortfalls, may not exceed Budget Objective spending as adjusted annually, pursuant to Sections IV.C. Cost Inflation; V.B. Budget Performance Monitoring; and V.C. Uncontrollable Events/Changes in Law, by more than a cumulative total of \$2.2 million during the term of this MOU. Should the cumulative Customer Support Team spending exceed Budget Objectives, as defined above, by more than \$2.2 million, this MOU may be deemed in default.

All annual Budget Objectives shortfalls of Customer Support Team must be repaid in total before a positive balance can be established in the Assurance Fund account or before funds can be expended from the Assurance Fund account. Customer Support Team spending in excess of Budget Objectives is defined to be a Budget Objective shortfall.

The parties recognize that failure to meet the stated Budget Objectives to the extent of default as defined above may, at the Mayor and City Council's discretion, result in a competitive procurement process of Customer Support pursuant to and consistent with applicable City policies, City's labor contracts and applicable regulations and laws. In the

alternative, the Customer Support Team may present a plan to cure default that the City shall have discretion to accept, modify, or reject, consistent with applicable law.

B. Budget Performance Monitoring

The parties agree that the methods to be used to monitor performance during the term of the Employee Bid shall be typical of the methods used by public agencies in assessing the performance and costs of private contract operators of other Customer Support facilities and functions. To that end, costs properly charged to the Customer Support Team will be limited to those associated with core Customer Support Team functions as defined in the Budget Objectives. The costs charged to the Customer Support Team would properly exclude:

- Costs directly associated with the Capital Improvement Program (CIP).
- Employee time or Customer Support resources, beyond current levels, for activities that are mandated by the City but are not associated with core functions as defined within the Budget Objective.

Changes in revenues associated with Customer Support operation will not directly impact the Customer Support Team's performance with respect to the Budget Objective. However, revenue changes resulting from employee innovation and initiative may be discussed on a case-by-case basis with the Mayor's Office. The Mayor may, based upon the review, authorize some or all of this innovative revenue to be allocated to the Assurance Fund.

At least annually, within 120 calendar days of fiscal year end, the Customer Support Team shall submit a Performance Report to the Mayor after review and approval by the Department Director. The Performance Report shall include the following:

- A narrative description of how the Budget Objectives have been accomplished, both financially and operationally.
- Performance Standards – Quantitative measures of performance which demonstrate standards have been met or exceeded.
- A statement indicating substantial conformance with service level requirements as outlined in Section 1.6 of the Employee Bid.
- Explanations for all instances where Budget Objectives and performance standards have not been met and an action plan for correcting the situation in the current year.

The annual Performance Report shall be reviewed by an independent auditor who shall issue a report to the Mayor and the Water Department Director related to the review. A copy of the report shall be provided to each labor union.

Actual performance monitoring and reporting requirements are more clearly defined in the Employee Bid. It is understood that the Budget Objectives detailed in this MOU shall not be adjusted for the term of this MOU, subject to adjustments only pursuant to the express

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language of this Section and in the subsections titled "Budget Objectives" (IV.B.) and "Cost Inflation" (IV.C.).

C. Uncontrollable Events/Changes in Law

The Budget Objectives of the Employee Bid were developed based on reasonable and foreseeable assumptions of projected costs and savings. However, the parties understand and acknowledge that extraordinary unforeseen events, beyond the reasonable control of the Customer Support Team, may result in costs that could significantly affect their ability to meet the stated objectives.

To protect and promote the objectives of this MOU, the parties agree that cost impacts associated with extraordinary and unforeseen events may lead to adjustments of the Budget Objectives for purposes of assessing performance in this program. Such events may include but are not limited to:

- Changes in major NPE prices compared to the Consumer Price Index adjustments described in Section IV.C.
- Mandates for changes in service levels.
- Mandated changes in any policies affecting staffing or work procedures.
- Changes in the number of customer accounts assumed for establishing the Budget Objectives.
- Significant changes in the cost of postage, or changes in mailing formats mandated by the U.S. Postal Service.
- Breakdowns of major equipment or capital assets.
- Catastrophic acts of nature, terrorism, or war.
- Any other events beyond the reasonable control of the Customer Support Team, including changes in law, that have a material effect upon costs or the ability of the Customer Support Team to perform to the terms of this MOU or the Employee Bid that may have the effect of reopening negotiations to make appropriate adjustments to the Budget Objectives.

The Director of the Water Department shall be responsible for investigating uncontrollable events/changes in law to determine materiality, as detailed above. Upon such findings, the Director shall issue notice to the parties of this MOU stating the cost and consequence of the event. Depending on the nature of the event and findings, the associated costs may either be: a) removed from the total costs charged against Customer Support for assessing performance upon written recommendation and subsequent approval by the Mayor, or b) the parties of this MOU shall reconvene to renegotiate the Budget Objectives in light of the event. In the latter case, only the Budget Objectives of this MOU related to the specific event shall be adjusted. All other terms and conditions shall remain unchanged. The specific process for submitting and approving adjustments to the Employee Bid and/or Budget Objectives shall be described in the Employee Bid.

D. Labor/Management Cooperation

The parties to this MOU acknowledge that cooperative labor/management relations, as typified by the relationship established in developing the Bid to Goal Program and this MOU, are critical to meeting the competitive challenge and objectives detailed in this document. The parties commit to maintaining the momentum, energy, and goodwill of this effort.

To that end, the Customer Support Management Team, AFSCME Local 127, and MEA will establish a Labor/Management Committee to govern the Assurance Fund, monitor progress and make recommendations on potential fund usages, identify issues and barriers to success, and to otherwise maintain a mutual commitment to open communications and consensus. The Committee will develop standard operating procedures and policies related to the Assurance Fund, set limits and parameters for recommending awards to participating employees and other expenditures from the Assurance Fund, and recommend application of its standard operating procedures and policies for specific circumstances, when applicable. All actions of the Labor/Management Committee are subject to the approval of the Water Department Director.

The Labor/Management Committee shall consist of two (2) employees represented by AFSCME Local 127, plus one (1) non-voting alternate, as appointed by the President or his/her designee; two (2) employees represented by MEA, plus one (1) non-voting alternate, as appointed by the President or his/her designee; the Customer Support Deputy Director; the Customer Support Assistant Deputy Director; and up to two (2) appointees of the Deputy Director, plus one (1) non-voting alternate. One (1) of the (2) two voting appointees of the Deputy Director shall be a classified Unrepresented employee. These appointments are subject to approval by the Water Department Director.

E. Relationship with Labor Contracts

It is the intent of the parties that this MOU be interpreted in harmony and compliance with the comprehensive labor contracts between the City of San Diego and authorized employee organizations representing the Customer Support Team represented employees. All rights and benefits of the parties under existing and future labor contracts are preserved.

F. Dispute Resolution

Any disputes that arise (except for the audits of the Performance Report conducted by the independent auditor, which are not appealable) from a claim or charge of misunderstanding or difference in interpretation or violation of this MOU shall be resolved through the reasonable good faith use of applicable established processes within labor agreements in effect at the time of the dispute.

G. Applicable Law

In the event that any condition, covenant, or provision of this MOU is held to be invalid or void by any court of competent jurisdiction, or is deemed to be contrary to the law or any covenant or condition or provision of any contract to which the City is a party, the same

shall be deemed severable from the remainder of this MOU and in no way shall affect any other covenant, condition, or provision. If any covenant, condition, or provision of this MOU is deemed to be invalid due to scope or breadth, such covenant, condition, or provision shall be deemed valid to the extent the scope or breadth is permitted by law.

H. Impacts on Staff

The parties agree that a top priority in the Bid to Goal Program is to optimize services provided to the customer and in the process of doing so to protect the employment rights of all affected employees. To that end, the parties agree that every reasonable good faith effort will be made to effect staffing reductions through attrition.

I. Successor Agreement

The parties recognize that insofar as it is in the public's and the parties' mutual interest, and that insofar that the parties will have met the terms and conditions of this MOU and Employee Bid, that it will be the option of the parties to negotiate a new agreement or extension of the existing agreement prior to the conclusion of the term of this MOU.

This MOU shall be effective only after the ratification of all parties listed below as evidenced by their respective signatures. This MOU will have no force or final effect without City Council approval.

IN WITNESS WHEREOF, the undersigned agree to submit this Memorandum of Understanding to the appropriate bodies for approval and final ratification.

Date: _____

LOCAL 127, AMERICAN FEDERATION
OF STATE, COUNTY, AND MUNICIPAL
EMPLOYEES, AFL-CIO

CITY OF SAN DIEGO

Joan Raymond, President

Jerry Sanders, Mayor

SAN DIEGO MUNICIPAL EMPLOYEES
ASSOCIATION

*J.M. Barrett, Director
Water Department*

John Torres, President

*Alex Ruiz, Deputy Director
Customer Support Division*

*Michael Bresnahan, Assistant Deputy
Director, Customer Support Division*

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BID TO GOALSM

Customer Support Division



THE CITY OF SAN DIEGO

Employee Bid

JUNE 26, 2006

Prepared by HDR Engineering, Inc.

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SECTION 1

EMPLOYEE BID BACKGROUND

1.1 INTRODUCTION

The San Diego Water Department - Customer Support Division (hereinafter referred to as Customer Support) volunteered to undergo a Bid to Goal productivity initiative as part of the City of San Diego's Optimization Program. The Bid to Goal program was originally developed as a pilot methodology by the Metropolitan Wastewater Department (MWWD) to achieve the objectives of organizational competitiveness. Management and labor partnered in submitting this proposal to the City of San Diego (City) City Manager. The proposal to implement Bid to Goal reflected joint interests as well as significant savings opportunities for the City. In Fiscal Year 2005, the Water Operations Division initiated a Bid to Goal program. The Customer Support Team's Employee Bid was developed by applying the techniques, procedures, and methodologies employed in MWWD and Water Operations' Bid to Goal Programs. The Customer Support Team's Employee Bid is presented in Sections 2 and 3 of this document.

The Customer Support Team's Employee Bid results in City employees continuing to manage and provide customer service operations and follows directly from its primary and governing reference document, the Bid to Goal Memorandum of Understanding (MOU), which is approved by the City Council (see Appendix A). The MOU sets forth the basic ground rules for an agreement between the Mayor on behalf of the City of San Diego, the Water Department Director, and the Customer Support Division management team and employees, hereinafter referred to as the Customer Support Team. The Customer Support Team is comprised of employees represented by Local 127 of the American Federation of State, County, and Municipal Employees (AFSCME Local 127) and employees represented by the San Diego Municipal Employees Association (MEA). Also included in the Customer Support Team are classified Unrepresented employees and the Customer Support Management Team.

The Employee Bid is intended to be responsive to the MOU, providing complementary detail and procedural information. It was developed, reviewed, and approved by the Customer Support Team Bid to Goal Steering Committee. Strategies for savings and performance improvement as well as performance accountability measures were developed and recommended to the Customer Support Team Bid to Goal Steering Committee and the Customer Support Division's Management Team by the Performance Improvement Teams (PITs). The PITs were formed by employees from each of the in-scope sections of the Division.

1.2 SUMMARY OF THE WATER DEPARTMENT/CUSTOMER SUPPORT TEAM'S EMPLOYEE BID

Table 1.1, entitled Projected Budget Objectives and Savings, presents the Baseline, Projected Budget Objectives, and resultant Savings, which total approximately \$3.19 million during the term of this Employee Bid. Section 2 of this document presents the basis for this Customer Support Team's Employee Bid, and Section 3 presents the basis for the Budget Objectives that were used to develop this Employee Bid.

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Table 1
Projected Budget Objectives and Savings

| | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|-------------------|----------------|----------------|----------------|----------------|----------------|
| Baseline | \$23,277,000 | \$24,208,000 | \$25,176,000 | \$26,183,000 | \$27,230,000 |
| Budget Objectives | \$23,294,000 | \$24,329,000 | \$24,453,000 | \$24,869,000 | \$25,938,000 |
| Savings | (\$17,000) | (\$121,000) | \$723,000 | \$1,314,000 | \$1,292,000 |

The Budget Objective of the Employee Bid ties the Customer Support Team’s performance to the Water Department’s Mission “to provide San Diego with Safe, Reliable, Cost-Effective Water and Outstanding Customer Service in an Environmentally Sensitive Manner” and its Vision “to be a ‘Best-in-Class’ water utility for our customers.” Customer Support Team performance and service levels will be measured to document that the Customer Support Team is providing the community with outstanding customer service, while the performance targets will lead to achieving the goal of becoming a Best-in-Class water utility for our customers. Table 1.2 presents the Budget Objective for the Customer Support Team.

Specific initiatives included in the Budget Objective are:

- Effective use of technology:
 - Customer Information System (CIS) implementation.
 - Automated Meter Reading System (AMR) Implementation (Phase I).
- A partially budgeted Pay for Performance Program.
- Rigorous performance measurement and tracking.
- Reallocation of the Community Forest Initiative.
- Enhanced Commitment to improved training.
- Reduction in City-maintained, privately-owned backflow devices.

Table 1.2
Budget Objectives for Customer Support

| Description | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Division Administration | \$ 1,938,000 | \$ 1,943,000 | \$ 1,947,000 | \$ 1,933,000 | \$ 1,943,000 |
| Water Resources Management | \$ 2,155,000 | \$ 2,241,000 | \$ 2,165,000 | \$ 2,170,000 | \$ 2,176,000 |
| Customer Services Office | \$ 6,817,000 | \$ 6,855,000 | \$ 6,542,000 | \$ 6,096,000 | \$ 6,138,000 |
| Field Services & Investigations | \$ 3,554,000 | \$ 3,561,000 | \$ 3,450,000 | \$ 3,455,000 | \$ 3,461,000 |
| Meter Services | \$ 7,436,000 | \$ 7,144,000 | \$ 7,036,000 | \$ 6,996,000 | \$ 6,995,000 |
| Pass-through Costs | \$ 567,000 | \$ 822,000 | \$ 667,000 | \$ 660,000 | \$ 658,000 |
| | | | | | |
| Subtotal | \$ 22,467,000 | \$ 22,566,000 | \$ 21,807,000 | \$ 21,310,000 | \$ 21,371,000 |
| Inflation Allowance | \$ 827,000 | \$ 1,763,000 | \$ 2,646,000 | \$ 3,559,000 | \$ 4,567,000 |
| TOTAL | \$ 23,294,000 | \$ 24,329,000 | \$ 24,453,000 | \$ 24,869,000 | \$ 25,938,000 |

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1.3 EMPLOYEE BID BUDGET OBJECTIVE COMPONENTS

The Budget Objective presented in Table 1.2 is divided into two components for the purpose of performance auditing. The two components are 1) the Fixed Budget Objective, and 2) the Pass-through Budget Objective.

1.3.1 The Fixed Budget Objective

The Fixed Budget Objective represents the cost elements of the Employee Bid that do not fluctuate based on actual results, other than an annual adjustment for inflation. The actual results of the cumulative fixed costs are compared to the Fixed Budget Objective to determine savings eligible for transfer to the Assurance Fund.

1.3.2 The Pass-Through Budget Objective

The Pass-Through Budget Objective represents the cost elements of the Employee Bid that are permitted to fluctuate based on actual results. The Pass-Through Budget Objective generally represents costs that are subject to price or demand volatility and influences out of full control of the Customer Support Team, such as payments to customers for vouchers in the Water Resources Management Section. Actual performance with respect to the Pass-Through Budget Objective is not a factor for the determination of Assurance Fund transfers. No transfers to the Assurance Fund shall be made from savings against the Pass-Through Budget Objective. The Summary of Pass-Through Costs is listed in Table 2.5, Section 2.2.11, of this Employee Bid.

1.4 ASSURANCE FUND TRANSFERS, GAINSHARING, AND PAY FOR PERFORMANCE AWARDS

In accordance with the MOU, 50 percent of additional savings resulting from actual performance at costs below the annual Fixed Budget Objective shall be placed in an Assurance Fund. The Assurance Fund may be used for purposes outlined in Section IV.D. of the MOU, including Gainsharing and Pay for Performance incentive awards. Assurance Fund expenditure parameters and limitations shall be developed by the Labor/Management Committee in accordance with this Employee Bid and MOU.

1.4.1 Maximum Gainsharing Amount Per Customer Support Team Employee

The maximum permitted annual Gainsharing payout per employee shall be \$2,000 (net after taxes) for Fiscal Year 2007, and shall not exceed \$3,000 (net after taxes) annually in Fiscal Years 2008 through 2011, subject to the availability of monies in the Assurance Fund. Subsequent to a determination that the Customer Support Team as a whole is in Substantial Conformance with the terms and conditions of this Employee Bid as described in Section 1.6.1, recommendations for annual Gainsharing payouts are made by the Customer Support Team Labor/Management Committee and are subject to approval by the Water Department Director. In order to be eligible for awards, employees must not be on a Performance Development Plan on June 30th of each fiscal year.

1.4.2 Approvals of Transfers to the Assurance Fund

Transfers to the Assurance Fund are subject to approval by the Water Department Director pending verification of availability of funds by the Office of the City Auditor and Comptroller, based on the independent auditor's review of the Additional Savings as described in the MOU. Performance to the requirements in the Employee Bid shall be included in the Performance Accountability Reports

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described in Section 2.2.8.4 of this Employee Bid. A copy of the Annual Performance Accountability Report shall be provided to the City Auditor and Comptroller prior to the City Auditor and Comptroller's verification of availability of funds in the Assurance Fund.

1.4.3 Pay for Performance Awards

In addition to the Gainsharing program described in this Section, the Customer Support Management Team will institute a Pay for Performance Program for the employees of the Customer Support Team functional areas: Customer Services Office, Field Services and Investigations, Meter Services, Water Resources Management, and Division Administration.

1.4.3.1 Maximum Pay for Performance Amount Per Customer Support Team Employee

The maximum permitted annual Pay for Performance payout per employee shall be \$1,000 (net after taxes) for each of Fiscal Years 2007 through 2011 subject to the availability of monies in the Assurance Fund. Annual Pay for Performance payouts are subject to the Customer Support Team meeting performance measures established by June 15 prior to the beginning of each fiscal year for the term of the Employee Bid.

1.4.3.2 Goal for Pay for Performance Incentive Awards

The goal of the Pay for Performance Awards is to improve operational performance by providing cash incentives to employees for achieving specified performance goals. Cash incentives are subject to fund availability as described below. In order to be eligible for awards, employees must not be on a Performance Development Plan on June 30th of each fiscal year.

1.4.3.3 Criteria for Designing a Pay for Performance Awards Program

Customer Support Team employees in the functional areas listed above taking part in the Pay for Performance program will be eligible for awards.

Pay for Performance awards for individual sections will be contingent upon a determination that that Section within Customer Support is in Substantial Conformance with the terms of this Employee Bid as described in Section 1.6.1.

Specific measurable levels of performance will be required for an award. Performance measures for each functional area will be established by June 15 of the year prior to the fiscal year for which the performance levels will be measured during the term of the Employee Bid. Established performance measures for each Fiscal Year are available at CS.

Performance levels will be measured for each year of this Employee Bid and will be reported on a monthly basis to the Customer Support Director and Assistant Deputy Director. The results of the monthly reports will be distributed for publication in Customer Support.

Annual Pay for Performance payouts are based on the percentage of goals achieved by the functional area during the year and subject to availability of funding as described below.

1.4.3.4 Funding for the Pay for Performance Award

The Employee Bid includes a budget line item for Pay for Performance awards in Fiscal Year 2008 (for Fiscal Year 2007 performance), and 50 percent of the Pay for Performance maximum award in

Fiscal Years 2009 (for Fiscal Year 2008 performance) through 2011. For any given fiscal year, the cumulative dollar value of Bid to Goal awards issued will be limited to the budgeted dollar amount (for Fiscal Years 2008 through 2011 awards) available the Assurance Fund balance (Fiscal Year 2009 and beyond).

1.5 ADJUSTMENTS TO THE EMPLOYEE BID AND/OR BUDGET OBJECTIVE

1.5.1 Background

In Sections V.B., Budget Performance Monitoring, and V.C., Uncontrollable Events/Changes in Law, of the MOU, the parties acknowledge that circumstances can occur that could require a negotiated adjustment to the Employee Bid. MOU Section V.C. also lists several events qualifying for Employee Bid adjustments. Furthermore, this Employee Bid contains references to potential conditions or situations that may warrant adjustments to the Employee Bid.

1.5.2 Process for Submittal and Approval of Employee Bid Adjustments

Step 1 – Early Notification: Upon determination by the Customer Support Team of an event or situation that may qualify for an Employee Bid adjustment, the Water Department Director shall notify the Mayor's and/or his designee in writing. The written notice should include a description of the nature of the event and an estimate of the requested adjustment/fiscal impact.

Requests for Employee Bid adjustments should be made early, upon identification of a potentially qualifying event. Requests submitted late in the year may result in a delay of the annual audit.

Step 2 – Review: The request will be reviewed by the Mayor and/or his designee. Depending on the nature of the request and the details of the review, the Mayor and/or his designee may take one or more of the following actions:

- Request additional information from the Customer Support Team.
- Meet with Customer Support Management and/or the Labor-Management Partnership Committee to review the request.
- Convene a meeting with all relevant parties to review the request.

Step 3 – Finding: After reviewing the request and additional information if any, the Mayor and/or his designee will make one of the following determinations:

- Approve the requested adjustment without requiring an Amendment to the Bid.
- Request an Amendment to the Bid. The Customer Support Team would be required to prepare an Amendment to the Employee Bid and obtain signatures from all parties to the agreement.

Step 4 – Resolution: Adjustments approved per Step 3 shall be documented in subsequent applicable Performance Accountability Reports. All adjustments are subject to independent validation by an independent auditor. Adjustments with incomplete or improper fiscal documentation may not be accepted by the independent auditor. It is the responsibility of the Customer Support Management Team to properly and completely document all requested adjustments.

All requests for Employee Bid Adjustments and/or Employee Bid Amendments must be resolved before the annual audit can commence.

1.6 THE ROLE OF THE MAYOR'S DESIGNEE AS CONTRACT ADMINISTRATOR

The Mayor, at his discretion, may appoint an individual from the Business Office and Support Services to serve as the Mayor's designee to administer this Customer Support Team Employee Bid agreement for the City. All issues and changes pertaining to this Employee Bid are subject to review and approval by the Mayor's designee, the Water Department Director, the Deputy Chief of Public Works, and the Mayor.

1.6.1 Substantial Conformance with the Employee Bid

Substantial Conformance for purposes of this Employee Bid conveys the Customer Support Team's intent to achieve the Service Level Requirements outlined in Section 2.2.6. However, it must be acknowledged that due to unforeseen circumstances these requirements could be substantially, largely but not wholly, met by the end of each year. The process and criteria for determining whether CS has met Substantial Conformance is described below.

A. Within thirty (30) calendar days on the end of any fiscal year, CS shall notify the Mayor or his designee in writing that CS is in Substantial Conformance with the Service Level Requirements listed in Section 2.2.6 of this Employee Bid and request that a determination of Substantial Conformance with the Employee Bid be made in writing. CS shall attach to this notification a Service Level Requirements Table listing the Service Level Requirements of the Employee Bid and the actual performance achieved by the Customer Support Team.

B. Within thirty (30) calendar days after CS' notification, the Mayor or his designee shall in consultation with the Water Department Director make an evaluation of the performance of the services provided in accordance with the Employee Bid to determine the status of conformance. Such determination should be made for CS as a whole as well as Section by Section.

C. If the Mayor or his designee considers the services provided are substantially, as defined above, in conformance with this Employee Bid, the Mayor or his designee will deliver a written determination of Substantial Conformance. In the alternative, the Mayor may deliver a tentative determination of Substantial Conformance listing any minor non-conformance items to be corrected.

D. In response to a tentative determination of Substantial Conformance, Customer Support will deliver to the Mayor or his designee a written plan as to responsibilities and time tables for correcting minor non-conformances with the Employee Bid. The Mayor or his designee after approval of this written plan for correcting minor non-conformances shall issue a written determination of Substantial Conformance provided: i) the written plan for correcting minor non-conformances is credible, ii) the non-conformances are minor items and do not significantly impact Water revenues, iii) the non-conformances are minor items and do not significantly impact customer service. If the determination of Substantial Conformance, or notification of reason(s) for disapproval of the written plan as to responsibilities and time tables for correcting minor non-conformances from the Mayor or his designee is not received by the Customer Support Team prior to the submission of the Annual Performance Accountability Report in accordance with Section 2.2.8.4 of the Employee Bid, then the Customer Support Team shall be deemed in Substantial Conformance with the Employee Bid.

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E. Subsequent to a determination that Customer Support as a whole is in Substantial Conformance with the terms and conditions of this Employee Bid as described in paragraphs C and D, recommendations for annual Gainsharing payouts are made by the Customer Support Labor/Management Committee and are subject to approval by the Water Department Director per Section 1.4.1 above.

F. Subsequent to a determination that an individual Section is in Substantial Conformance with the terms and conditions of this Employee Bid as described in paragraphs C and D, recommendations for annual Pay for Performance payouts are made by the Customer Support Labor/Management Committee and are subject to approval by the Water Department Director per Section 1.4.3 above.

1.7 BID APPROVAL

Customer Support Team submission, Water Department approval, and City of San Diego acceptance of this Employee Bid are indicated by appropriate signatures below. When this page is fully executed and dated, the Employee Bid is accepted and the Bid to Goal program is initiated.

SUBMITTED FOR THE CUSTOMER SUPPORT TEAM

Alex Ruiz
Division Deputy Director

Date: _____

Michael Bresnahan
Assistant Deputy Director

APPROVED FOR WATER DEPARTMENT

J. M. Barrett
Water Department Director

Date: _____

ACCEPTED BY THE CITY OF SAN DIEGO

Jerry Sanders
Mayor

Date: _____

SECTION 2**EMPLOYEE BID BASIS****2.1 INTRODUCTION****2.1.1 General**

The Customer Support Team developed this Employee Bid with the intention of sustaining the most balanced and advantageous approach to providing customer service operations in the best interests of public health, safety, welfare, environmental protection, and community economic interests.

For the purpose of this Employee Bid, the following Customer Support Sections are within the scope of services provided "in-scope" by the Customer Support Team:

- Customer Services-Office
- Field Services and Investigations
- Meter Services
- Water Resources Management
- Division Administration

The Customer Support Team shall establish a headquarters site located in the City to house most administrative functions. Facilities are currently located at 600 B Street, San Diego, California, 92101. The Customer Support Team headquarters site and the other sites for operations may be relocated upon written approval of the Mayor. Any costs associated with such relocation shall be excluded from the scope (out of scope) of this Employee Bid.

The Customer Support Team's actual costs to manage, support, operate, and maintain the Customer Support activities for the System will be tracked and reported in relation to the Budget Objective.

Excluded from the scope of this Employee Bid (out of scope), unless specifically noted, are the following services or facilities:

- Activities of other Water Department Divisions and Sections
- Activities of the Information Technology Section of the Customer Support Division
- Any new facility not presently on-line or named within this document
- The North City and South Bay Water Reclamation Plants
- Water Department CIP Projects and System Modifications not presently on-line or named within this document
- Support for excluded facilities and activities (such as relocation costs)

2.1.2 Description of In-Scope Facilities

In accordance with this Employee Bid, the Customer Support Team shall administer, operate, and maintain the customer services functions defined in Table 2.2, Quantifiable Levels of Service, for the water system with a service area of 403 square miles, including the City of San Diego and surrounding jurisdictions, municipalities, and areas in the region. In these areas there are outlying facilities in other jurisdictions. Customer Support serves a population of approximately 1,305,736

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(San Diego Association of Governments, January 2005) plus a portion of the population in other service areas including the City of Del Mar and areas served by Cal-American. The recycled water system receives recycled water from two facilities (North City Water Reclamation Plant and South Bay Water Reclamation Plant, which are not in-scope for Customer Support). Customer Support operates and maintains the recycled water system. This Employee Bid defines the duties and responsibilities with the associated costs by the Customer Support Team for the Budget Objective.

2.1.3 Base Levels of Service, Risk and Associated Cost Responsibility

2.1.3.1 Level of Service

The Employee Bid is presented for customer services for the System at currently sustained Fiscal Year 2006 service levels, or as specified herein.

2.1.3.2 Risk Management and Cost Responsibility

A basic principle of Contract Operations, whether private or public, is the concept of risk management and associated allocation of cost responsibilities. In order to realize the benefits of reduced costs using competition-driven technologies and operating techniques, this Employee Bid proposes an allocation of cost responsibilities in a manner similar to allocations commonly found in the private contract operations industry.

The following Table 2.1 presents Examples of Cost Responsibilities of the Customer Support Team's In-Scope Items (those that are the responsibility of the Customer Support Team in return for the funds included in the Budget Objective) and Out-of-Scope Items (those that are outside the scope of the Employee Bid). Should any "in-scope" issues occur, the Customer Support Team assumes responsibility without a request for additional funding. However, should any of these Out-of-Scope or similar issues occur, the Customer Support Team would be entitled to an adjustment in the Budget Objective.

Table 2.1

Examples of Cost Responsibilities of Customer Support Team's In-Scope and Out-of-Scope Items

| In-Scope Items | Example |
|--|--|
| To Customer Support Sections | |
| Customer Support Staffing | Salaries, benefits, overtime |
| Postage | Limited to current postal rates |
| Meter Replacements | Meter Replacement Program |
| Routine Maintenance | Large meter calibration, Backflow devices |
| Predictive Maintenance | Meter testing program |
| Normal Equipment Repairs and Replacement | Replacement or repair of equipment when worn out |
| Regulatory Coordination/Reporting | Dealing with routine regulatory issues and inspections |
| Utilities | Bills for electrical, water, and sewer usage costs |

| Out-of-Scope Items | Example |
|---|---|
| Normal Escalation, Salary Changes, and Inflation above four (4) percent | Limit of 4 percent per year of each functional area's cost inflation is within scope |
| Increase in the Number of Recycled Water Facilities | The QLS Table 2.2 lists the facilities included in-scope. New facilities costs are out of scope. |
| Implementation Costs for Initiatives Such as CIS and AMR | Automation infrastructure costs are out of scope. Customer Support Team's personnel costs are in scope. |
| Capital Improvement Projects | Additional Capital Improvements not listed in Table 2.3. |
| Changes in Service Levels and Guidelines | Employee time or Customer Support resources, beyond current levels, for activities that are mandated by the City but are not associated with core functions as defined within the Employee Bid. |
| Costs for Breakdowns of Equipment | Breakdowns of major equipment or capital assets. |
| System Modifications | Modifications implemented at the request of the City or Customer Support to anticipate or address system obsolescence. |
| Employees on Long-Term Leave | Costs associated with filling behind employees on leave for greater than 60 consecutive days. |
| Independent Auditor Costs | Audits and feedback in regard to review of the internal quarterly reports and the Annual Report. |

2.2 SERVICE LEVEL AGREEMENT

This Employee Bid is presented for Customer Support services for the System. Minimum levels of service for Customer Support will be documented at the end of each year for the service indicators identified in the Scope of Services, Section 2.2.6. Standard performance for each year of the agreement will be projected for the term of the agreement and adjusted annually.

2.2.1 Memorandum of Understanding (MOU)

The MOU is the basis for the preparation of this Employee Bid. No material exceptions or modifications to the MOU are offered, and the Employee Bid and levels of service proposed in this Employee Bid are in accordance with the MOU. This Employee Bid includes implementation and interpretive details regarding the policy statements contained in the MOU. Once the Employee Bid is accepted, an agreement is operative for the continued provision of Customer Support functions.

2.2.2 Quantifiable Level of Service (QLS)

Certain assumed Quantifiable Level of Service values are the basis of this Employee Bid and the Budget Objective. The QLS for the Employee Bid is presented in Table 2.2. No claim, based on actual values differing from the QLS, for modification of the Budget Objective shall be made for variations within the range from +5 percent to -5 percent of any value of the QLS. The Customer Support Team and the City may modify, by mutual agreement only, the QLS and the Budget Objective through amendment of this agreement.

Table 2.2
Quantifiable Level of Service (QLS)*

| | Unit | FY'07 | FY'08 | FY'09 | FY'10 | FY'11 |
|---|-------|---------|---------|---------|---------|---------|
| Meters, 2-inch and smaller | Each | 272,400 | 274,900 | 277,400 | 279,900 | 282,400 |
| Meters, 3-inch and larger | Each | 1,285 | 1,317 | 1,350 | 1,385 | 1,420 |
| Customer Accounts | Each | 269,600 | 272,000 | 274,400 | 276,800 | 279,200 |
| Domestic Meters replaced | Each | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 |
| Recycled Water System: | | | | | | |
| Distribution System | Miles | 80 | 82 | 82 | 98 | 106 |
| Reservoirs | Each | 3 | 3 | 3 | 4 | 4 |
| Pumping Stations | Each | 3 | 3 | 3 | 4 | 4 |
| Pressure Reducing Stations | Each | 14 | 15 | 15 | 16 | 16 |
| Pressure Zones | Each | 8 | 9 | 9 | 10 | 10 |
| Valves | Each | 1,332 | 1,362 | 1,392 | 1,442 | 1,472 |
| Meters | Each | 362 | 386 | 410 | 460 | 490 |
| Backflow Devices City Maintained | Each | 2,600 | 1,400 | 1,400 | 1,400 | 1,400 |
| Cross-connection devices managed: Privately Maintained | Each | 16,000 | 19,000 | 22,000 | 25,000 | 28,000 |
| AMR Meters In-service | Each | 12,000 | 27,000 | 33,000 | 39,000 | 45,000 |

*Based on projections as of March 2006

2.2.3 Associated In-Scope Responsibilities

The Customer Support Team will be responsible for all associated aspects of the Customer Service System, as set forth in this Employee Bid and under the MOU.

CITY POLICIES AND GUIDELINES. The Customer Support Team, subcontractors, agents, and invitees will be required to comply with all City policies and guidelines. Any cost associated with a change to City policies and guidelines during the term of this agreement is excluded from the scope (out of scope) of this Employee Bid.

STORM WATER. Storm water discharge from the System is regulated by various National Pollutant Discharge Elimination System (NPDES) permits for storm water. The Customer Support Team will operate the System in accordance with existing storm water NPDES permits and existing storm Water Pollution Prevention Plans.

HAZARDOUS MATERIALS TRAINING (HAZMAT). The Customer Support Team shall comply with existing City and other regulatory HAZMAT policies.

EMPLOYEE SAFETY. The Customer Support Team shall be responsible for basic site security, such as maintaining fencing and locking gates at the level currently in place for the safety of employees, through Customer Support Team members.

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TRAINING. The Customer Support Team shall ensure employees receive training opportunities to maintain necessary certification or other qualifications to meet regulatory requirements.

STAFFING. The Customer Support Team shall provide qualified staffing for the System, including supervisory staff, which maintains any certifications and qualifications necessary to comply with regulatory requirements.

UTILITIES. The Customer Support Team's responsibility with respect to utilities will be as follows:

- Telephone service and electronic communication charges and associated taxes and repairs.
- Water and sewer service charges and natural gas charges.
- Electrical use for the System under Customer Support control.

REVENUE. Changes in revenues shall be accounted for as described in the MOU, Section V.B.

SPILLS. The Customer Support Team will be responsible for actions and costs associated with the cleanup, reporting, and disposal of all spills at the site from Customer Support Team activities. It is the responsibility of third-party contractors to correct deficiencies in performance associated with working on Customer Support activities. Except for incidental and administrative costs related to the correction of deficiencies in performance by third-party contractors, the costs associated with such deficiencies in performance shall be excluded from the scope (out of scope) of the Employee Bid. Actions and costs associated with the actions, resolution of disputes, fines, monitoring, cleanup, reporting, and disposal of all spills at the site from third-party contractors working on CIP activities or any others shall be excluded from the scope (out of scope) of the Employee Bid.

Other on-site third-party contractors (e.g., CIP) shall be responsible for cleanup, reporting, disposal, and all associated costs of all spills occurring as a result of their operations. The Customer Support Team will facilitate emergency and urgent actions in this regard. Costs thus incurred shall be excluded from the scope (out of scope) of the Employee Bid.

DISCHARGES. The Customer Support Team will be responsible for actions and costs associated with the cleanup, reporting, and disposal of all discharges at the site from Customer Support Team activities. It is the responsibility of third-party contractors to correct deficiencies in performance associated with working on Customer Support activities. Except for incidental and administrative costs related to the correction of deficiencies in performance by third-party contractors, the costs associated with such deficiencies in performance shall be excluded from the scope (out of scope) of the Employee Bid. Actions and costs associated with the monitoring, resolution of disputes, cleanup, reporting, and disposal of all discharges at the site from third-party contractors working on CIP activities or any others shall be excluded from the scope (out of scope) of the Employee Bid.

Other on-site third-party contractors (e.g., CIP) shall be responsible for cleanup, reporting, disposal, and all associated costs of all discharges occurring as a result of their operations. The Customer Support Team will facilitate emergency and urgent actions in this regard. Costs thus incurred shall be excluded from the scope (out of scope) of the Employee Bid.

SOLID WASTE. The Customer Support Team shall be responsible for disposal of all solid waste generated on-site from Customer Support Team activities, in accordance with all applicable regulations. All costs for disposal of solid waste generated by third-party contractors working on CIP activities, or any others, shall be out of scope.

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INSURANCE. The Customer Support Team shall furnish the required liability insurance as provided by the City in accordance with the City's Risk Management policies. The costs of insurance are paid by the Customer Support Team as a Pass-Through cost as discussed in Section 2.2.11 of this Employee Bid.

TOOLS AND EQUIPMENT. The Customer Support Team shall furnish and maintain all tools and equipment needed to provide customer services.

VEHICLES. The Customer Support Team shall manage the operation and pay for maintenance of all City vehicles and other related equipment designated by the Customer Support Team for customer services operations. The Customer Support Team may use privately owned vehicles to provide services. Authorized drivers of privately owned vehicles operated for Customer Support Team activities shall be reimbursed for all usage cost on a mileage reimbursement basis in accordance with City Policy and respective labor contract.

EMERGENCY PLANS AND SAFETY PROVISIONS. The Customer Support Team shall adopt and utilize the existing plans as prepared by the Water Department.

SAFETY PROGRAM. Customer Support Team shall adhere to federal, state, and City safety programs in order to effectively minimize the potential for injury and property damage. All modifications or procedural changes due to safety recommendations by City or other regulatory agencies shall be deemed and treated as a Change in Law.

INFORMATION TECHNOLOGY (IT) SUPPORT. The Customer Support Team shall manage all required information technology support to ensure continued efficient operations. The Customer Support Team may elect to allow that such support (hardware and software) be provided through the Water Department and the existing Water Department IT Section and/or San Diego Data Processing Corporation. If the Customer Support Team elects to provide such services through means other than the existing Water Department IT Section and/or San Diego Data Processing Corporation, it will be responsible for all necessary hardware and software costs, including ongoing user support, as well as developing the necessary links to the Water Department's information systems to ensure continued reliable and accurate operation of that system, all in accordance with the requirements of the MOU.

FACILITIES. The following areas and facilities available to the Customer Support Division are to be provided to the Customer Support Team for its use and as specified below under "Building, Grounds Maintenance, and Central Yards": the 11th and 12th floors of the Comerica Building at 600 B Street; the 20th and B trailers; the Recycled Water Reservoirs at South Bay, Black Mountain and Meanly Drive; the Chollas Meter Shop, including equipment parking and employee parking, and approximately 20 percent of the parts storage yard (commonly known as the "Cherry Orchard").

BUILDING, GROUNDS MAINTENANCE, AND CENTRAL YARDS. Areas as available to the Customer Support Division within the existing Customer Support facilities are to be provided to the Customer Support Team for its use. The Customer Support Team may elect to allow that such building maintenance support be provided through the Water Department; its existing service provider, City Facilities Maintenance, and other service providers.

The Customer Support Team shall not be responsible for managing the security of building and grounds maintenance.

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The Customer Support Team shall provide and maintain portable building facilities, including parking for personnel and City vehicles, located on the eastern border of the 20th and B yard. These facilities and parking are for the use of the Restoration Crew. Parking facilities only, shall be provided for the Code Enforcement, Sewer Classification, Meter Reading, and Field Investigation units pursuant to current Water Department parking policies.

Areas used by the Meter Services Section at the Chollas yard will be made available for the Customer Support Team's use. Area for the meters, appurtenances, and miscellaneous material storage shall be provided. In addition, the areas for parking of employee vehicles and vehicles to be operated and maintained by the Customer Support Team shall be provided.

2.2.4 Functional Limits of Responsibility

The Customer Support Team will be responsible for providing customer services for the System in accordance with this Bid.

The Customer Support Team will be responsible for coordinating (but shall not be responsible for actually performing) several activities with Water Department staff, regulatory agencies, and other contractors, if any, including:

- Contractors performing work on System capital improvements.
- Regulatory agency inspections.

2.2.5 Capital Improvements

2.2.5.1 General Requirements

The Capital Improvement Program (CIP) of the Water Department and third-party projects include proposed projects ("Planned Capital Improvements") that will affect the operations and maintenance of the System, and that are identified in this Employee Bid. The Customer Support Team will review and comment on planned capital improvements projects, coordinate with contractors during construction, and provide appropriate operations and maintenance staff to operate the planned capital improvements projects upon acceptance by the City. There will be operations and maintenance training provided to the Customer Support Team and equipment performance tests as part of the planned capital improvements. Implementation delays can have impacts on operations costs. Should such impacts be material, appropriate adjustments will be made to the Budget Objective in accordance with MOU Section on Uncontrollable Events/Changes in Law.

The Customer Support Team will monitor warranty aspects of planned capital improvements project equipment or facilities and accept corrective maintenance responsibilities after the planned capital improvements stipulated warranty or "good repair" period has expired. The Customer Support Team shall accept start-up and operational, routine maintenance, and preventive maintenance responsibilities of these planned capital improvements after the City/Water Department accepts them from the contractors. The Customer Support Team shall notify the City/Water Department during the warranty period if equipment performance or reliability is deficient, or if operations and maintenance costs that are experienced during the warranty period appear excessive. The responsible contractor or equipment supplier shall make warranty repairs at no cost to Customer Support. Costs for repairs made by the Customer Support Team during the warranty period or on equipment reported by Customer Support Team during the warranty period to have deficient performance or reliability shall be excluded from the scope (out of scope) of the Employee Bid.

In addition, lost work-time incurred by the CS Team due to deficient performance or reliability under a warranty period of any project shall be a basis for a request for modification of the Employee Bid, or modification of the performance measurements impacted by such lost work-time.

2.2.5.2 Capital Expenditure Recommendation/Coordination

The Customer Support Team will assess the need for capital expenditures and submit to the Water Department recommendations and justification for each item.

2.2.5.3 In-Scope Capital Improvements

Table 2.3 below presents the Planned Capital Improvements to be considered as In-Scope for the purpose of this Employee Bid.

Table 2.3
Recycled Water System – Capital Improvement Projects In-Scope
*Based on Projections as of April 2006

| Future Projects for the North City Recycled Water System Expansion – Phases II and III |
|---|
| <ul style="list-style-type: none"> • Phase II Alignment – To serve Carmel Valley Area – to be constructed by 2010, total cost approx. \$18 million. Total Length of pipe approx. 8 miles (8- to 24-inch) Max. demand 1.8 mgd <ul style="list-style-type: none"> ○ Camino Ruiz – Developer Participation Agreement – Construction complete, approximately 3 miles, total project cost \$1.9 million. ○ Pacific Highlands – Developer Participation Agreement – Approx. 2 miles of 12- to 16-inch pipeline, \$1.7 million. ○ State Route 56 reclaimed water pipeline. Construction complete, approximately 1 mile, total project cost \$1.2 million ○ Los Penasquitos Reclaimed Water Project – Construction to be completed by October 2009, 1.7 miles of 24-inch pipeline, approx. \$5.9 million. ○ Camino del Sur (E&CP), street improvement to include recycled water pipeline, construction to be completed by 2009, 0.5 miles, approx. \$1.6 million. ○ Carmel Valley Reclaimed Water Project – Construction to be completed by April 2009, 1.8 miles, approx. \$4.1 million ○ Camino del Sur Developer Participation Agreement – Construction to be completed by 2009, \$1.6 million. |
| <ul style="list-style-type: none"> • Phase III Alignment – Rancho Bernardo – Storage tank, pump station, approx. 17 miles of pipeline. Total Cost approx. \$50.5 million, to be constructed by 2012. Max. Demand 5 MGD |
| <ul style="list-style-type: none"> • Alternative to Phase III – Infill Recycled Water Project – This project would connect smaller non-potable customers along the existing recycled water transmission lines, 20 miles of 8-inch pipeline, estimated cost \$28,000,000 to be completed by 2012. |

2.2.5.4 Additional Capital Improvements

For the purpose of this Employee Bid, Additional Capital Improvements are modifications not currently planned, or not included in the Planned Capital Improvements. The impact of these

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additional improvements or modifications on operational costs and/or the Budget Objective will be negotiated at the appropriate time and may result in an amendment to the Employee Bid.

2.2.6 Performance Specifications for Customer Support Team

2.2.6.1 Service Levels

All strategies employed to meet the objectives of Bid to Goal were developed under the premise that primary service levels of core Customer Support Team functions must be maintained at current standards, or better, as described in the Employee Bid. The parties acknowledge that there may be reasonable differences of interpretation regarding service level components and standards. Therefore, this Section of the Employee Bid, presented to the Mayor in conjunction with this MOU for his review and approval, fully details the level of service in this regard.

2.2.6.2 General Requirements

The Customer Support Team shall provide administration, water conservation, customer, field, and meter services activities including, but not limited to, the following:

1. Managing Divisional policies and procedures, Divisional budget and control, customer relations, and public information, as currently provided by Division Administration Section.
2. Billing, payment collections and delinquency, customer information and support, payment processing, and water repair coordination, as currently provided by Customer Services Office.
3. Meter reading, field investigations, service restoration and turn-off, code compliance, and sewer classification, as currently provided by the Field Services and Investigations Section.
4. Meter installation, meter maintenance, meter repair, meter testing, meter replacement, temporary construction water service meters, cross connection control, backflow device maintenance, recycled water construction, and recycled water operations and maintenance, as currently provided by the Meter Services Section.
5. Water conservation program development, administration and compliance, as currently provided by the Water Resource Management Section.

The Information Systems Activity Group of the Customer Support Division (CSD) and its related activities is not part of this scope of services.

Nothing in this agreement shall limit the authority of Customer Support Team to make organizational changes to comply with the requirements of the Bid to Goal Memorandum of Understanding (MOU).

Unless specified in this Employee Bid, the Customer Support Team will provide services at a performance level at least equal to that achieved during Fiscal Year 2006.

The Customer Support Team shall comply with the City's customer service policies and procedures adopted by the City as of the MOU Agreement date, except as revised by acceptance of this Employee Bid.

Customer Support shall provide documented training each year to all employees on improving and maintaining quality customer service practices.

With respect to customer service restoration and turn-off, opening/closing accounts, Code enforcement activities, sewer classification, and cross-connection control, Customer Support enforcement obligations and administrative activities shall be consistent with established City policies, and state and federal compliance orders as modified or amended from time-to-time.

2.2.6.3. Administrative Functions

The defined performance levels for administrative and management activities, at a minimum, shall include:

1. Assisting in the City's regular website updates providing information on issues that are current and timely. The topics will include, at a minimum, CSD service hours, customer rate schedules, alternative bill payment options, and other programs and services offered.
2. Coordinating responses to inquiries received through the Internet.
3. Assisting in preparing annual financial reports and providing data in sufficient detail to enable the Department to accurately determine revenues and non-revenue generating water as required for rate-making or water accountability purposes. In addition, the Customer Support Team shall prepare reports that enable the Department to complete financial reports in a form consistent with those that have been historically presented in its financial statements and annual report.
4. Continually reviewing and recommending modifications to City and Department policies.
5. Creating and maintaining customer information guides and other relevant public relations information to inform customers of Customer Support and Water Department services.
6. Providing managerial oversight of Divisional functions.

2.2.6.4 Customer Service and Billing Functions

The defined performance levels for customer service and billing activities, at a minimum, shall include:

1. Customer billing and adjustments, billing and payment audits, processing account refunds, maintaining customer accounts including account histories, tracking and processing work orders, receiving and reconciling all forms of payments including electronic payments, making arrangements for payment plans, coordinating collection programs with the City Treasurer's Office, initiating termination of services for non-payment, restoring services, establishing of new services, and investigating customer billing inquiries.
2. Maintaining an accurate database with all customer information relevant to the Water Department's operations including, but not limited to, consumption and consumption history, customer account classification, billing address, service address, account number, payment history, and customer contacts with this Section consistent with the capabilities of the Customer Information System (CIS).
3. Excluding scheduled estimates, ninety-eight percent (98%) of all bills shall be issued within three (3) days of receipt of an actual read.
4. Producing all necessary month-end revenue and utility billing reports to verify accuracy of billing and number of bills produced. These reports will be available for use by the City.
5. Processing and depositing to the City's bank seventy percent (70%) of customer payments within same business day of receipt. The Customer Support Team shall make electronic copies of all checks and payment stubs received from customers and retain such records for at least three (3) years.

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6. Operating and maintaining a customer telephone contact center that is capable of receiving and responding to a minimum of 1,200 customer calls per day during business hours.
7. Responding to at least eighty-five percent (85%) of water repair and emergency phone calls within thirty (30) seconds of receipt during business hours and, when necessary, issue work orders for investigations or water repairs throughout the distribution system.
8. Answering seventy-five (75) percent of Customer Information Section customer telephone calls within sixty (60) seconds. Initiate investigation for all inquiries, and provide a response to the customer within two business days of receipt.
9. Maintaining the range and availability of customer payment sites comparable to those used in Fiscal Year 2006.
10. Continually analyzing the types of complaints being received in order to improve and enhance customer service with the goal of alleviating the most frequently occurring and/or most critical issues that could undermine the goal of providing excellent customer service.
11. Providing a daily accurate accounting of all monies received and processed, and making a deposit of all such monies in designated accounts at approved banking institutions in accordance with City established policies and account procedures in effect as of the MOU Agreement date.
12. Collecting payments on outstanding bills at a rate of ninety-eight percent (98%) within two (2) years of billing.
13. Collecting at least ninety-six percent (96%) of the value of services billed in the year within twelve (12) months.
14. Bill and collect all fees and charges typically billed as of Fiscal Year 2006.
15. Initiate and enforce collection efforts following City policy.
16. Follow State law requirements with respect to returned checks and the fees applicable thereto.
17. Track and maintain status of administrative citations issued by the Code Compliance Section.
18. Update customer accounts based on information received via written customer correspondence.
19. Process and respond to Mayoral, City Council, and other requests for information.
20. Perform mail processing operations to issue all bills issued through the U.S. Postal Service.
21. Track and report periodic field performance.

2.2.6.5 Field Services and Investigations Functions

The defined performance levels for field services and investigations activities, at a minimum, shall include:

1. Reading ninety-eight (98) percent of customer meters on a schedule that is at least as frequent as that used on the MOU agreement date.
2. Ninety-nine (99) percent of all accounts shall have at least two actual reads per fiscal year.
3. Adhering to current Department policies regarding meter re-reads. The Customer Support Team may propose modifications to these policies.
4. Providing a program to investigate violations of, and enforce, the City of San Diego Municipal Codes related to the Water and Metropolitan Wastewater Departments. Code enforcement activities include, but are not limited to, enforcement for violations through issuance of Administrative Citations and Notices of Violations with civil penalties and referral to the City Attorney or District Attorney for criminal and/or civil prosecution.
5. Providing for appropriate assignment of non-single family dwelling sewer rate classifications and respond to customer appeals regarding sewer rate classification.

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6. Conducting timely field investigations to respond to customer requests and Customer Support Team generated requests to resolve issues regarding, but not limited to, high bill, low bill, "What does it serve?" and deferred bills inquiries.
7. Restoring water services to customers shut off due to non-payment of water bills and shut-off water services to customers pursuant to Water Department collection policies.
8. Processing and responding to Mayoral, City Council, and other requests for information.
9. Receiving and processing monthly mileage, cell phone invoices, and perform communications equipment tracking for the Division.
10. Acting as liaison for the Customer Support Team with the City Attorney's office on issues related to customers and Small Claims Court.
11. Assisting and coordinating activities related to highly complex billing and account investigations, which may involve other Divisions or Departments.
12. Obtaining closing reads, requested by customers in advance, within five (5) business days of the closing bill date.

2.2.6.6 Meter Service Functions

The defined performance levels for meter services activities, at a minimum, shall include:

1. Repairing/replacing damaged City water meters as needed to facilitate accurate meter reads.
2. Initiating and maintaining an ongoing age-based or flow-based domestic meter replacement preventive maintenance program to ensure meters are replaced on an appropriate schedule. The Customer Support Team shall test at least ninety-eight (98) percent of any functioning replaced domestic meters which are replaced as part of this age-based or flow-based meter replacement preventive maintenance program for accuracy and shall conduct an analysis of the meter replacement costs compared to the revenue lost due to metering inaccuracies to develop the appropriate useful life of meters based on meter accuracy. The meter replacement cost and appropriate useful life analysis shall establish the replacement goals for meters by meter size, type, manufacturer, age, cumulative volume metered, and service type. Until this analysis is approved and the appropriate meter replacement program funded by the City, the Customer Support Team shall replace not less than the number stipulated in the Quantifiable Level of Service (QLS) of this Employee Bid of residential meters per year as part of the replacement program.
3. Providing operations, maintenance, and construction services for the Recycled Water distribution system.
4. Maintaining a program for temporary water service typically provided through fire hydrant meters for construction site or temporary use water. Including meter installation, relocations, and monthly meter reads.
5. Providing a program for monitoring, controlling, and enforcing the provisions of the City and state Cross-Connection Control ordinances and policies; tracking and notifying parties responsible for backflow device certifications of regulatory deadlines; documenting that backflow certifications are completed; and initiating code compliance enforcement for any Cross Connection Control ordinance violation.
6. Maintaining the backflow devices assigned to the Water Department as shown in the Quantifiable Level of Service, Table 2.2, for testing and certification, in accordance with the Consent Decree for that purpose. The Customer Support Team shall transition the backflow devices to private certification in accordance with state or federal compliance orders in accordance with Table 2.2.

7. Purchase meters for new installations and meter replacement programs, with meters meeting the appropriate AWWA standards, and meeting the current City specifications, as amended.
8. Process and respond to Mayoral and City Council requests for information.
9. Maintain a Meter Inventory Control system to track Meter Shop inventory and meters issued to crews.
10. Maintain an annual Preventive Maintenance program for Commercial Water Meters (3-inch and larger) with a repair/replacement program for meters not meeting City of San Diego specifications.

2.2.6.7 Water Resources Management Functions

The defined performance levels for Water Resources Management activities, at a minimum, shall include:

Maintaining a water conservation program in accordance with Council Policy 400-11 and the California Urban Water Conservation Council Memorandum of Understanding Regarding Urban Water Conservation and prepare reports to the Mayor, City Council, and other stakeholders in regard to the Department's long-range water supply goals as appropriate. Components of the water conservation program include:

1. Evaluate potential alternative water conservation measures for feasibility and cost effectiveness.
2. Research new technology and methods to implement water conservation measures, especially those that are easier for citizens to implement/participate. This may include easy-to-use tools (e.g., via Internet, central monitoring), new incentives, and educational outreach programs.
3. Implement an educational outreach program to effectively reach target audiences with the intended conservation message. This may include, but is not limited to, press releases and regular news article placements, Speakers Bureau outreach and presentations, conservation related curriculum changes, school children activities like the poster contest, billboard placements, partnerships with community organizations that help spread the conservation message, participating in community events such as Earth Day, neighborhood street fairs, and the County Fair.
4. Implement programs that provide benefit to the citizens of San Diego, and implement them at cost-effective levels. Such programs include incentive programs (vouchers, rebates); field survey programs (indoor and outdoor, residential and commercial); Municipal Code enforcement of plumbing retrofit requirements; public education and outreach efforts (community events, presentations); water budgets; and research and development projects (on new technology).
5. Identify methods to maximize the ability to save water outdoors, and design services and incentive programs to promote outdoor water conservation.
6. Apply for grant funding and co-funding from any available sources to help fund programs. This includes seeking funding from water wholesalers and state and federal sources.
7. Coordinate program design and implementation with the San Diego County Water Authority for programs and services to be implemented region-wide.
8. Participate in the Water Conservation Garden and other regional gardens of interest and benefit to the citizens of San Diego. This may include agreeing to share administration costs and help promote Garden activities.
9. Participate in regional and statewide committees that plan and evaluate water conservation related measures, bills, proposed programs and other activities. Participate in industry

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associations like the AWWA, CMUA, CUWCC, and CUWA, where the City can benefit from active involvement.

10. Maintain and update program participation database and other electronic databases and Geographic Information System (GIS) programs used to check program participation, water budgets, and watering schedules. This includes regular review, requests for upgrades of existing systems and generated reports, and interface with the CIS water usage and billing system.
11. Maintain a Water Conservation Hotline from 8:00 am to 1:00 pm each business day. Respond to customer inquiries called into the Hotline by providing program information, directly answering questions, reviewing voicemail messages, and referring water or wastewater complaints for field investigation.
12. Provide general administrative and clerical support to the Water Resources Management Program and other CSD sections as directed by the Division Deputy Director, including but not limited to: receptionist duties; calling in repair and maintenance personnel for office equipment; preparing purchase and printing orders and other accounting documents; installing toner cartridges; and assisting other sections in analyst type work on an ad hoc basis.
13. Review and provide analysis and recommendations on pending legislation related to water conservation, and develop proposed action plans to be taken by the Department on each pending legislation affecting water conservation. Implement proposed action plans for water conservation activities both approved and modified within this Employee Bid to provide funding.
14. Process and respond to Mayoral, City Council, and other requests for information.

2.2.6.8 Major Customer Support Competitiveness Initiatives

In order to achieve the cost savings and improvements in the level of customer service performance that is proposed in this Employee Bid, certain major Customer Support competitiveness initiatives are required to be implemented. Achieving the levels of performance specified and the Budget Objectives of this Employee Bid is based on the following major Customer Support competitiveness initiatives:

New Customer Information System (CIS)

The City shall provide and the Customer Support Team shall operate and maintain a new customer information system that is at least as comprehensive as that used and employed as of the MOU Agreement date. Costs of hardware, software, and implementation consultants shall be paid by the City. Personnel cost of implementation incurred by the Customer Support Team shall be paid by the Customer Support Team as in-scope for this Employee Bid. Such CIS shall include, at a minimum, the following:

1. That information outlined in paragraph 2.2.6.4, above.
2. Immediate database updating (data entry records to reflect all user entries instantaneously).
3. Ability to produce standard industry reports, custom reports, and special (ad hoc) interactively defined reports.
4. Automatic monitoring of meter readings and consumption data for anomalies and variances from the norm with such information used to trigger billing exception reports and other similar management reports.
5. Allow for multiple rate formulas, surcharges, and associated calculations.

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6. Allow for a variety of payment methods (cash, checks, credit cards, vouchers, electronic fund transfers, etc.).
7. Meter routing.
8. Classification of customers by various customer account categories, including sewer rate classification, and special needs for emergency communication purposes (i.e., hospitals, large industrial users, and people on dialysis).
9. On-line rebilling, adjustments, credits, etc., giving the customer service representative the ability to generate a new bill while talking to a customer.
10. Single account and summary detailed account billing of multiple service locations to one customer.
11. Set up of deferred payment plans for customers.
12. Ability to include graphics/laser printing of bills.
13. Maintain four (4) years on-line account history (required after 30 months of operation to allow additional 30 months of data to be added to existing 18 months of on-line data).
14. Customer billing records.
15. Customer inquiries and work order information.
16. Such interactions with the City's financial information system as will be necessary to create any required or typical financial statements and reports currently produced by the City. All such data must be kept on-line for a period of at least four (4) years and off-line for at least five (5) years. The system must provide the City with all required links and data for the City's financial system. Such links shall be electronic and transparent to the City.

New Automated Meter Reading System (AMR)

The City shall provide and the Customer Support Team shall operate and maintain a new Automated Meter Reading system for commercial meters and meters located in difficult-to-read locations, and such other meters as the City and the Customer Support Team determine should be added to the AMR. Costs of meters and appurtenances, hardware, software and installation, and implementation consultants shall be paid by City. Personnel cost of implementation incurred by the Customer Support Team shall be paid by Customer Support as in-scope for this Employee Bid. Such AMR shall include, at a minimum, the following:

1. Meters with AMR-compatible registers capable of output that can be captured by reading devices.
2. Meter interface units (MIUs) capable of receiving the information from the meter registers and transmitting this and other relevant information via wireless signal to the receiving device.
3. Mobile and handheld data collection units (DCUs) capable of capturing the signals from the MIUs; and/or for fixed AMR system, fixed location data collection units capable of capturing the signals from the MIUs.
4. A secure communication system or data transfer system capable of transferring the data from the data collection units to a meter reading system control computer.
5. A meter reading system control computer and backup computer into which the data from the MIUs and other information necessary to operate and maintain AMR may be input and stored.
6. The software necessary to operate the system and communicate meter reading data to the City's customer information system.

2.2.7 Performance Specifications for Maintenance

2.2.7.1 General Requirements

Operation and maintenance performance shall comply with all applicable standards, Prudent Industry Practice, requirements, and guidance documents, including, but not limited to, the following: Design criteria, performance specifications, and warranty maintenance requirements for the various components and equipment of the System; and asset maintenance performance standards.

The Customer Support Team shall ensure all necessary support and administrative functions necessary to discharge its responsibilities under the MOU. This will include, but is not limited to, managing personnel administration, procurement and purchasing, vehicle maintenance, finance and accounting, treasury services, warehousing, and inventory control.

2.2.7.2 Maintenance of the System

Routine, preventive, and corrective maintenance is the Customer Support Team's responsibilities. The costs for labor, services, and materials, including lubricants, filters, belts, and all other consumable materials, and equipment repair or replacement are included in-scope. Labor, equipment, materials, and specialty contract services associated with capital breakdowns, if applicable, are excluded from the scope (out of scope) from the Employee Bid to the extent that associated costs exceed planned repair and replacement costs. This incremental cost will be funded by the Water Department with funds other than the Budget Objective. Costs for Corrective Maintenance, caused by Customer Support Team's failure to perform any of its maintenance or other obligations under this Employee Bid or by Customer Support Team's negligence will be the Customer Support Team's responsibility, and will be paid for from the Budget Objective.

The Customer Support Team shall provide all personnel, materials, parts, equipment, supplies, and services necessary to maintain System structures to accomplish high-efficiency operations, long-term reliability, and preservation of capital investment. Maintenance definitions are as follows:

- Routine Maintenance – Maintenance and care of grounds and landscaping, buildings and support systems, roadways and walkways, within the system property including, but not limited to, repair, cleaning, painting and other activities to preserve the condition and appearance of these facilities.
- Preventive Maintenance – Regularly scheduled and follow-up maintenance activities, as recommended by equipment manufacturers, regulatory requirements, prudent industry standards, or Department policy or procedures including routine inspections, warranty maintenance activities, painting, cleaning, and calibration.
- Corrective Maintenance – Repair and in-kind replacement or renewal of a single piece of equipment or other infrastructure item that has failed, or failure is determined to be imminent, and the failure is not a breakdown of major equipment or capital assets. Labor costs are included. Refinement of the Recycled Water system maintenance plan is a reportable event in the Performance Accountability Report. In addition, a Deferred Maintenance Fund will be established as a means of reserving a portion of the Employee Bid for maintenance activities beyond those included in the maintenance plan. Should Deferred Maintenance Fund be appropriately unspent in any given year (e.g., expected life extended through effective preventative maintenance), a strategy and mechanism for

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the optimal use of the funds (reprogrammed to future year spending, etc.) shall be agreed upon and facilitated by the parties to the MOU. Disposition of these unspent funds is reportable in the Annual Performance Accountability Report.

- Capital Breakdown – Equipment or System failure and consequential damage in the event that the Customer Support Team has provided all required Routine, Preventive and Corrective Maintenance, and any one of the following also occurs:
 - 1) An entire sub-system that is essential in the metering of and billing for drinking water or distribution of recycled water fails such that component replacement is impractical or ineffective.
 - 2) Third-party liability is involved.
 - 3) Any responsible agent outside the Customer Support Team requires a modification to enhance or improve safety.
 - 4) The failure occurs significantly earlier than the normal useful life of the equipment.
 - 5) Like replacement is not practical due to unavailability or obsolescence of the equipment.
 - 6) Funding for replacements is available from sources outside of the Water Department or the City, or from the Capital Improvement Program of the Water Department.
 - 7) The failure is due to an Uncontrollable Circumstance.

The Customer Support Team shall monitor all equipment warranties for new System equipment under warranty. The Customer Support Team shall perform all activities in accordance with manufacturer recommendations to preserve warranties, both those in effect on the Agreement Date and those for new equipment purchased after the Agreement Date. The Customer Support Team shall advise the Water Department (for enforcement) of warranty related equipment failures and anticipated impact on Customer Support operations.

The Customer Support Team shall maintain a complete schedule of all routine, preventive and all recommended corrective maintenance activities. Maintenance frequencies and anticipated useful equipment life shall be based on manufacturer recommendations unless otherwise justified and agreed to by the Water Department.

2.2.7.3 Computerized Maintenance Management System

The Customer Support Team shall implement a computerized maintenance management system (CMMS) when funded by the Water Department, including furnishing all hardware, software, and development and support of equipment databases. The Customer Support Team will provide training on the CMMS for key staff to use the system. The CMMS implementation shall be subject to the Water Department's approval and Customer Support Team shall make provisions for the Water Department to access the CMMS data in its existing computer communications system. Any cost associated with providing the Water Department access to the Customer Support CMMS data in its existing or proposed computer communications system is excluded from the scope (out of scope) of this Employee Bid. In order to ensure the success of the Bid-to-Goal efforts and in absence of providing a new CMMS, the Water Department will support modifications, enhancements and maintenance of the current SWIM system to meet the needs of the Customer Support Team.

2.2.7.4 Recycled Water Distribution System Operations and Maintenance

For repairs made within the recycled water distribution system, the Customer Support Team shall, consistent with its authorizations, obligations, and limitations under the MOU, manage the performance of all work so as to comply with the Water Department's general specifications and standard drawings for pipe, pipe repair, and associated bedding, and compaction and paving requirements. All work shall also be performed in accordance with agreements, if any, in existence as of the contract date, between the Water Department and the City relative to road replacement and resurfacing requirements.

Repairs to the distribution system and appurtenances shall be performed promptly so as to ensure minimal interruption of service. The crews shall begin repair work within one (1) business day of notification. All notification of reportable spills of recycled water will be completed as required. Following completion of any repair, the area shall be cleaned and ready for resurfacing within seven (7) business days except as noted in the Customer Support Team's Annual Performance Accountability Report. A customer service strategy for informing customers affected by a service interruption shall be identified and followed. Other Recycled Water Distribution System Operations and Maintenance (O&M) Requirements are presented in Table 2.4.

The Customer Support Team shall perform Construction Reimbursable Services when directed. The Customer Support Team shall document and account for costs incurred for Construction Reimbursable Services. For the purpose of this Employee Bid the in-scope Construction Reimbursable Services have a cost upper limit set at the Fiscal Year 2006 expenditure level, or less, expressed in 2006 dollars.

Line valves (12 inches and larger), pressure reducing valves, water mains, and storage tanks must be maintained as indicated in Table 2.4.

Table 2.4
Recycled Water Distribution System O&M Requirements

| Component | PM Task | Frequency |
|--|--|---|
| Pumping Stations (3 Total) | | |
| Pumps | Visual Inspection Grease | Weekly Bi-monthly |
| Motors | Visual Inspection Grease | Weekly Quarterly |
| Air Compressors | Drain Water Air Filter Change Lubricant Change | Weekly Semi-Annually Annual |
| Building Components Integrity | Visual Inspection | Annually |
| Chlorination Buildings (2 Total) | | |
| Complete Systems | Test Equipment | Semi-annually |
| Chemical Feed Systems | Inspect Grease Belt Replacement Drain, Clean and test | Quarterly Quarterly As-Needed Once per 2-years |
| Building Components Integrity | Visual Inspection | Annually |
| Pressure Reducing Stations (11 Total) Valves and Piping Vaults | Inspect and Test Maintenance Vault Integrity | Semi-Annually Annually Once per 2-years |

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| | Vault Cleaning | Once per 4-years |
|--|-----------------------|------------------|
| Reservoirs (3 Total) | | |
| Cathodic Protection | Inspect and Test | Annually |
| Reservoir Integrity/leakage (External) | Inspect and Test | Semi-Annual |
| Internal | Drain, Clean, Inspect | Once per 5-years |
| Flow Meter Vaults (6 Total) | | |
| Flow Devices | Inspect and Calibrate | Annually |
| Vaults | Vault Integrity | Once per 2-years |
| | Vault Cleaning | Once per 4-years |
| Altitude Valves (5 Total) | Inspect and Test | Semi-Annually |
| Valves and Piping | Maintenance | Annually |
| Vaults | Vault Integrity | Once per 2-years |
| | Vault Cleaning | Once per 4-years |
| Line Valves (Less than 12-in dia.) (1132.Total) | Clean Box | Once per 4-years |
| | Check Position | Once per 2-years |
| | Operate | Once per 4-years |
| Line Valves (Greater than 12-in dia.) (200 Total) | Clean Box | Annually |
| | Check Position | Annually |
| | Operate | Annually |
| Air Release Valves (379 Total) | Inspect and Test | Once per 3-years |
| Valves and Piping | Maintenance | Annually |
| Vaults | Vault integrity | Once per 3-years |
| | Vault Cleaning | Once per 4-years |
| Blow-off Valves (367 Total) | Inspect and Test | Once per 3-years |
| Valves and Piping | Maintenance | Once per 5-years |
| Vaults | Vault Integrity | Once per 5-years |
| | Vault Cleaning | Once per 4-years |

2.2.8 Inspections and Reports

2.2.8.1 Inspections

The Customer Support Team shall attend and represent the Water Department at regulatory permit compliance inspections conducted by county, regional, state, and federal agencies having permitting authority and jurisdiction over the System. The Customer Support Team shall respond to the inspecting agency in writing with regard to any written inspection reports, and provide copies of inspection reports and responses to the Water Department.

The Customer Support Team may request internal courtesy inspections by City regulatory personnel and may respond as the Customer Support Team deems necessary. Costs associated with courtesy inspections are in-scope. Inspections initiated by City regulatory personnel, such as the Fire Department, Environmental Services/HazMat, and the Safety Office, for no purpose other than to assist the Customer Support Team in assessing status, conducted more frequently than twice per year or what is then regularly required by any single agency shall be excluded from scope (out of scope) of the Employee Bid. Inspections provided for by agreement or to validate remedies from previous inspection results are in scope.

2.2.8.2 Regulatory Reporting

The Customer Support Team shall review and certify all required regulatory agency reports and notifications in accordance with all current Water Department practices, regulatory agency requirements, and permits, including the California Department of Health Services (CDHS) reports related to Customer Support.

2.2.8.3 Periodic Reports

- 1) Information Reports. The Customer Support Team shall maintain monthly/accounting period data required for monitoring system performance, and report to the Water Department as directed.
- 2) Inventory Reports. The Customer Support Team shall provide the City with Inventory Reports in accordance with Auditor guidelines.

2.2.8.4 Performance Accountability Reports

An Annual Performance Accountability Report covering best available information for the previous fiscal year shall be submitted on or before each first of November by the Customer Support Team via the Water Department Director to the Mayor. Format and content of the Annual Performance Accountability Report shall be in accordance with Figure 2-1 (located at the end of Section 2).

A semi-annual Performance Accountability Report covering the best available year-to-date information for the first six months of the fiscal year shall be submitted by each first of March by the Customer Support Team via the Water Department Director to the Mayor. Quarterly Performance Accountability Reports covering best available year-to-date information for the second and third fiscal quarters will be produced by the Customer Support Team for internal review. Format and content of the Performance Accountability Reports shall be in accordance with the following:

Customer Support Team Annual Performance Accountability Report Fiscal Year XXXX
(timeframe)

Section I Operations Performance (same as Annual Performance Accountability Report, Section II.A.)

Section II Financial Status:

- A. Year to Date Fiscal Execution
(Management Information equal to Figure 2.1 detail)
- B. Recommendations / Actions impacting Budget Objective
- C. Recommendations / Actions impacting Assurance Program

Section III Narrative Description/Key Considerations

Upon request of the Department Director, or the independent Auditor, a copy of the current Customer Support Team's annual Performance Measures associated with this Employee Bid shall be made available for periodic review.

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2.2.9 Additional Required Services

The Customer Support Team will be responsible for providing, as part of the Budget Objective, the following additional services:

- Meetings: Each Program Section shall meet regularly with Division Management to review operations and maintenance related issues. The Sections shall announce and make available to all personnel the opportunity to attend on-site periodic 'all hands' meetings.
- Tours: When approved by the Customer Support Team, tours of the System for school groups, civic groups, government officials, and others, as requested or outlined by the City. Tour costs beyond a total of eight staff hours in any pay period and an annual not-to-exceed amount of 200 hours per facility shall be a Pass-Through Cost.

2.2.10 Services Not Part of the Budget Objective

The Customer Support Team shall not have cost responsibility for providing the services listed below. When requested or directed to perform these, the Customer Support Team will account for these services as excluded from the scope (out-of-scope) of the Employee Bid items. Departmental budget considerations shall be identified to the Water Department in a timely manner.

- Security: Responsibility for System security that is more extensive than the basic security currently provided.
- Capital Improvement Program Assistance: Operational assistance, plans review, construction problem resolution, and other CIP related activities for CIP assistance for projects not described in this Bid.
- Employees on Long-Term Leave: The personnel costs associated with filling behind employees on leave for greater than 60 consecutive days due to sickness, disability, military leave, jury duty, or suspension with pay or for any other reason.
- Other Additional Services: Provision of any additional service above the levels provided within this Employee Bid, or support for out of scope activities.

2.2.11 Pass-Through Costs

2.2.11.1 Capital Improvement Program (CIP) Support

The monthly Pass-Through component shall be equal to the sum of the actual amount of unallocated costs incurred by the Customer Support Team providing support services to the Water Department CIP. The Customer Support Team shall account for all CIP related costs and properly account for these costs to CIP in accordance with the CIP Program procedures. Historically it has not been practical for all CIP support related costs to be allocated to the CIP. Any residual unallocated costs for CIP support such as costs for unassigned time, training time, overtime, and unassigned materials that remain not allocated to CIP shall be a Pass-Through Cost to Customer Support.

- Permit Applications: Assistance in preparation of regulatory permit applications or change negotiations relative to System operations and maintenance. The Customer Support Team shall approve applications prior to submittal by the Water Department. Permit Inspection fees paid to regulatory agencies shall be a Pass-Through Cost.

2.2.11.2 Summary of Pass-Through Cost Components

The monthly Pass-Through component shall be equal to the sum of the actual amount paid by the Customer Support Team for the required operating charges presented in the charge codes presented in Table 2.5.

All Pass-Through costs for this Employee Bid are listed in Table 2.5. All other costs not listed in this table shall be considered to be part of the Fixed Budget Objective unless expressly identified in this Employee Bid as Out of Scope.

Table 2.5
Summary of Pass-Through Costs

| Description | Section | Accounting (Org.) | Object Account | Object Account Title |
|--|--------------------|--------------------------|-----------------------|--|
| Customer Incentives Program | Water Resources | 252, 1254 1255, 253 | 3315 3316 | Plumbing Fixtures (Incentives for) Pipe Fittings (Incentives for) |
| Pay for Performance | Administration | 220 | 4456 | Promotion/Recognition (City Employees) |
| Permit Application Fees | Not Budgeted | - | - | N/A |
| Recycled Water Deferred Maintenance Fund | Not Budgeted | - | - | N/A |
| Risk Management Liability Insurance | Dept. Level Budget | - | - | N/A |
| Security Beyond Current Levels | Not Budgeted | - | - | N/A |
| Tours Above Specified Levels | Not Budgeted | - | - | N/A |
| Unallocated CIP costs | Not Budgeted | - | - | N/A |

2.3 PRICING

The assumption in the Budget Objective for inflation is four (4) percent. Adjustments for actual cost increases and costs related to unforeseen circumstances may be made only pursuant to provisions in the Administration of Section V of the MOU. The procedure for initiating adjustments to the Employee Bid (subject to the provisions of the MOU) is identified in Section 1.5 of this Bid.

2.4 MODIFICATIONS

2.4.1 System Modifications

It may be necessary or desirable to further modify, alter, or improve the System, either at the request of the Customer Support Team or the City. These modifications may be appropriate to increase the efficiency or improve the performance of the System, to anticipate or address the obsolescence of any portion of the System, or to respond to a Change in Law. All such System Modifications shall be financed and designed, built, procured, and implemented by the City.

2.4.2 Modifications at Customer Support Team Request

The Customer Support Team may propose that the City make System Modifications. All System Modifications proposed by the Customer Support Team shall be subject solely to the City's approval. The City has no obligation to accept the Customer Support Team's proposed System Modifications.

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If pursuant to a Change in Law, relief will be in accordance with MOU Section entitled Uncontrollable Events/Changes in Law.

2.4.3 Modifications Due to Changes in Law

When a Change in Law occurs, the City shall make all System Modifications necessary to permit the Customer Support Team to perform its obligations under the agreement. The City and the Customer Support Team shall cooperatively evaluate alternate solutions and expeditiously address Changes in Law. Material operations and maintenance cost charges resulting from Changes in Law shall be out of scope and result in Budget Objective adjustments, unless otherwise specified in the governing MOU.

2.4.4 Modifications by the City

The City may undertake System Modifications. If such modifications impair the ability of the Customer Support Team to meet the Regulatory Conditions, do not comply with this Employee Bid, adversely affect the Customer Support Team, or impose additional cost, delay, liability, or obligation to the Customer Support Team, then a modification to the Employee Bid shall be negotiated in good faith.

2.4.5 Procurement of System Modifications

The City may require that a System Modification be designed, built, procured, and implemented as a Water Department public works project. If undertaken by the Water Department or a third-party contractor, the Customer Support Team shall cooperate and assist in the implementation of the System Modification, in accordance with Section 2.2.5 of this Employee Bid.

After acceptance of this Employee Bid, modifications to this agreement may be proposed by any party to this agreement as outlined in Section 1.5 of this Employee Bid and resolved by mutual agreement and be authorized in writing.

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Figure 2.1

CUSTOMER SUPPORT TEAM
ANNUAL PERFORMANCE ACCOUNTABILITY REPORT
FY XXXX

Date:

Submitted by:

I. Financial Performance

A. Variance Calculation:

Adjusted Fixed Budget Objective _____

(Attach an explanation of any difference from MOU)

Less - Actual Fixed In Scope Spending _____

(Attach an explanation of adjustments from official report of total Customer Support execution to reach in scope spending)

Equals - Financial Performance Variance vs. the Fixed Budget Objective _____

B. Disposition of Variance

For positive variance, follow MOU guidelines in the paragraph entitled Goal, subparagraph Treatment of Additional Savings, and the paragraph entitled Administration of the Agreement, subparagraph Default Thresholds.

For negative variance, make default calculation per MOU paragraph entitled Administration of the Agreement, subparagraph Default Thresholds.

C. Assurance Program Status

Update the balance and describe all changes since the last report.

D. Available Future Year Credits

Update the balance and describe all changes since the last report. Include detail for the Assurance Program Fund.

II. Operations and Maintenance Performance

A. Mandatory Performance Requirements

Report any issue concerning violation of any regulatory Consent Order during the fiscal year. (Include requirement standard and actual Performance. Cite official reports by title, date, and location of original. Attach copy if practical.)

B. Other Key Performance Indicators

1. Report the actual performance for each of the key performance measures selected annually per the Employee Bid.
2. Prepare a computation of the amount of funds to be transferred to the Assurance Fund in accordance with Section 1.4 of this Employee Bid.
3. Maintenance Plan Status

Update key events since prior report to reflect planned and actual spending, disposition of unspent funds, plus any adjustment to future year planning (e.g., trends indicate that the Plan should be increased/ decreased as follow: _____ Rationale: _____)

III. Narrative Description/Key Considerations

A. Describe how Budget Objective and key performance indicators were met.

B. Explain negative financial variances and Customer Support Standards not met. Include assessment of causal factors and recommended corrective measures, if needed.

C. Discuss any unusual circumstances or assumptions not borne out and associated recommendations regarding future plans and execution.

BID TO GOAL

ADJUSTMENT JUSTIFICATION FORM

(Include additional pages, if needed)

1. TYPE OF ADJUSTMENT (CIRCLE ONE)

Per MOU:

CIP Associated

Mandated changes in service levels

Changes in major NPE prices compared to Consumer Price Index, including postage

Changes in Assumed Quantifiable Level of Service

Breakdowns of major equipment or capital assets

Catastrophic acts of nature, terrorism or war

Changes in Law

Labor Cost adjustment resulting from collective bargaining agreements

Other (explain in detail)

2. ADJUSTMENT (a) CALCULATION and (b) JUSTIFICATION

(Cite and attach Director's Notice of Adjustment Materiality; expand if appropriate)

3. AMPLIFYING INFORMATION

(Cite and attach any related correspondence, minutes or meeting notes)

SECTION 3**BASIS OF BUDGET OBJECTIVES****3.1 GENERAL**

The Basis of the Customer Support Team's Employee Bid presented in Section 2 of this document summarized the responsibilities of the Customer Support Team. In essence, Section 2 presented the terms and conditions that define the duties and responsibilities of the Customer Support Team to the City. The Basis of the Budget Objectives in this Section 3 presents the key assumptions of each Section of Customer Support and the basis for computation of the costs comprising the Budget Objectives for each section. The following information is provided for each Section of Customer Support:

- Significant Planned Initiatives or Improvements
- Cost Assumptions

3.1.1 Divisional Cost Assumptions

- The extent of the San Diego Water System for the purpose of determining the Budget Objective for the Customer Support Team is defined in Sections 2.2.2 and 2.2.6 of this Employee Bid.
- The total of all fringe benefits paid to the Customer Support Team is 52.5 percent of the total direct salaries and wages paid. Changes in this ratio of fringe benefit payments to direct salaries shall result in a modification of the Budget Objective.

3.2 CUSTOMER SERVICES OFFICE**3.2.1 Significant Planned Initiatives or Improvements**

- The Customer Support Team shall implement the new Customer Information System (CIS). The costs for hardware, software, and implementation consultants shall be paid by the Water Department. The Customer Support Team shall be responsible for administration and management of the CIS implementation program, and shall conduct employee training to implement the system

3.2.2 Cost Assumptions

- Vacancy Rate – 6 percent.
- Overtime rate – 2 percent.
- For Fiscal Year 2007, one Customer Services Supervisor, one Associate Management Analysts, and one Sr. Customer Service Representative will be assigned for CIS Implementation.

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- For Fiscal Year 2008, one Customer Services Supervisor, two Associate Management Analysts, and one Sr. Customer Service Representative will be assigned for CIS Implementation.
- Postal Rates are based in actual rates in effect on July 1, 2006.
- Monthly Billing of all customers.
- Six Community Service Centers as of July 1, 2006.

3.3 FIELD SERVICES AND INVESTIGATIONS

3.3.1 Significant Planned Initiatives or Improvements

- For the Automated Meter Reading (AMR) system, see Meter services, Section 3.4, below.

3.3.2 Cost Assumptions

- Vacancy Rate – 6 percent.
- Overtime rate – 4 percent.
- Reclassification of all Meter Reader Positions to Field Representative Positions.
- Provide City vehicles for meter reading function in Fiscal Year 2008.

3.4 METER SERVICES

3.4.1 Significant Planned Initiatives or Improvements

- The Customer Support Team shall implement Phase I of the new Automated Meter Reading (AMR) System for approximately 27,000 commercial meters (cycle 19 monthly read accounts) and certain defined residential (bi-monthly read, including other difficult to read meters, such as canyons and alleys) meters. The costs for hardware, software, metering device purchase, and implementation consultants shall be paid by the Water Department. The Customer Support Team shall be responsible for administration and management of the AMR implementation program, and shall conduct employee training to implement the system

3.4.2 Cost Assumptions

- Vacancy Rate – 6 percent.
- Overtime rate – 4 percent.
- Schedule for compliance with DHS Backflow requirements as encompassed in Compliance Order #04-14-9600-022 is in 27 months from June 2007 through September 2009.
- The Budget Objective includes a one-time cost for \$50,000 for a Deferred Maintenance Fund. Any Funds assigned to the Corrective Maintenance fund for the Recycled Water system that will be a Pass-Through cost.

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- Designated Backflow devices that are currently tested, maintained, and certified by the Customer Support Team will be transitioned to the appropriate private property owner for testing, maintenance, and certification in accordance with the schedule of the Customer Support Team by June 2007.

3.5 WATER RESOURCES MANAGEMENT

3.5.1 Significant Planned Initiatives or Improvements

- The Management of the Community Forest Initiative shall be transitioned from Customer Support Team responsibility in Fiscal Year 2007.

3.5.2 Cost Assumptions

- Vacancy Rate – 2.5 percent.
- Overtime Rate – 1.5 percent.
- All costs paid to customers for water conservation voucher or incentive programs are Pass-Through costs.

3.6 DIVISION ADMINISTRATION

3.6.1 Cost Assumptions

- Vacancy Rate – 4 percent.
- Overtime Rate – 1 percent.
- One Program Manager Position transferred to Department Administration.
- Payments to the City for rent for Customer Support Team activities are based on Fiscal Year 2006 levels with the current rental agreements extending until past the Term of this Employee Bid. Any adjustments in the terms of the rental agreement during the Term of this Employee Bid shall cause modification of this Employee Bid.
- A Divisional Contingency has been provided in the Budget Objective. The Divisional Contingency is to be compensation for unanticipated in-scope items. The Divisional Contingency is computed based on approximately five (5) percent of the Non-personnel Budget Objective and shall be treated as a Fixed Cost for computation of Additional Savings.
- The Pay-for-Performance line item in the Budget Objective shall be a Pass-Through cost.

3.7 OTHER WATER DEPARTMENT AND CITY ACTIVITIES

The Customer Support Team is necessarily dependent upon other Divisions of the Water Department and other City Departments to support the activities associated with the Customer Support Team's Employee Bid. The purpose of this section is to identify those key "supplier" dependencies and to state that any substantial failure of these "suppliers" to support the Customer Support Team as described herein could be cause for renegotiation of either the cost or performance terms of this Employee Bid.

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References are to existing City departments, including but not limited to the following. In the event that these activities are re-organized or re-aligned within the City, such support shall be provided by the successor City organization.

Basic Service Assumptions

- From Departmental Information Systems/Computer Technical Support:
 - Provide current level of support through life of agreement
- From Water/Operations:
 - Safety Program
 - Meter Lid and Box Replacement Program
 - SCADA Support for Recycled Water System
- From San Diego Data Processing
 - CIS Support
 - Meter Reading Operations Support
- From City Attorney:
 - Provide advice and counsel as needed
 - Pursue civil and criminal actions related to Code Enforcement
 - Assistance to the Customer Support Team with matters before the Civil Service Commission
- From Purchasing Department:
 - Provide guidance and support related to the purchase of materials and services
- General Services:
 - Equipment Division
 - Central Stores
 - Station 38
 - Purchasing
- From Personnel Department:
 - Provide guidance and support related to the selection and promotional process;
 - Provide specific required training for "performance appraisal" and "appointing authority interview" processes
 - Provide guidance and interpretation of Civil Service and Administrative rules and regulations
 - Provide general personnel support including generating recruiting announcements, providing selection protocols, notifications of ineligibility, etc.
- From Risk Management:
 - Provide current level of support through life of agreement

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From Departmental Human Resources:

- Coordinate Medical Program
- Support to Fact Findings
- Provide Departmental Payroll Functions
- Tracking Performance Evaluations
- Provide Mandatory Training Program
- Manage Certification Program
- Coordinate Rewards and Recognition Program
- Assist in Tracking Departmental Vacancies
- Manage Reduction-In-Force Issues
- Manage centralized Laborer processes
- Provide guidance and support related to selection and promotional processes
- Provide required training for "performance appraisal" and "appointing authority. interview" processes
- Provide guidance and interpretation of Civil Service and Administrative rules and regulations
- Provide general personnel support including generating recruiting announcements, providing selection protocols, notifications of ineligibility, etc.
- Water Systems Technician program support.

SECTION 4

DEFINITIONS AND INTERPRETATION

As used in this Employee Bid, the following terms shall have the meanings set forth below:

"Agreement Date" means the date the MOU and Employee Bid are executed by the parties hereto.

"AWWA" is the acronym for American Water Works Association.

"Applicable Law" means any law, rule, code, standard, regulation, requirement, court decree, court order, court agreement, permit, action, determination, guideline, or order of, or any Legal Entitlement issued by, any professional or industry organization or society or any Governmental Body having jurisdiction, applicable from time to time to any of the activities associated with the construction, operation, maintenance or repair of the System, the delivery, treatment, storage or supply of water, the transfer, handling, transportation or disposal of residuals, and any other transaction, matter or obligations of the parties contemplated hereby, without limitation, any of the foregoing which pertain to water treatment, residuals, health, safety, fire, environmental protection, labor relations, and building codes).

"Assumed Qualitative Level of Service" means detailed projections concerning various measurable characteristics that define the existing System under this Employee Bid. The Assumed Qualitative Level of Service, expected to be managed by the Customer Support Team, were developed for preparing the BID. Significant changes in the Assumed Qualitative Level of Service values will impact the costs of providing customer services and are grounds for renegotiation of the BID.

"Assurance Fund" means a separate monetary fund created from savings derived by the Customer Support Team as defined in the Bid to Goal Memorandum of Understanding.

"Best in Class" means achieving the top performing quartile in relevant performance measures reported in the QualServe program.

"Bid to Goal MOU" means the Memorandum of Understanding (MOU) concerning the Bid to Goal offer of the Customer Support Team which was approved by the Mayor and City Council and is attached in Appendix A.

"Budget Objective" means the total annual compensation paid to the Customer Support Division to operate, maintain and manage the in-scope activities of the Customer Support Team in accordance with this Employee Bid, for each fiscal year during the term of this agreement. The Budget Objective includes the in-scope costs of operations, maintenance and management, the Pass-through Costs, the divisional contingency, and the allowance for inflation. The Budget Objective is the compensation the Customer Support Team will be paid for the services they provide, and shall not be changed, except as provided in the MOU and this Employee Bid. Refer to Section 1.3 of this Employee Bid for definition of the components of the Bid Objective, specifically the Fixed Bid Objective and the Pass-Through Bid Objective.

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"CDHS" means the State of California, Department of Health Services.

"Capital Breakdown" is defined in the Performance Specification for Maintenance paragraph of the Employee Bid.

"Change in Law" means generally any of the following events which occur after the agreement date:

- a) the promulgation, modification or written change in interpretation by a controlling authority of any applicable law unless the System had notice or should have had notice of such change as of the date of this agreement; or
- b) the order or judgment of any court or other controlling authority as long as it was not the result of a willful or negligent act or lack of reasonable diligence by a party to this agreement; or
- c) the denial of a permit application or the inclusion of a new relevant condition in the City's permit as long as such denial is not the result of a willful or negligent action or lack of diligence by a party to this agreement.

"City" means the City of San Diego, California.

"Closing Read" means a read obtained as needed or on customer request for purposes of account closing final bill.

"CMUA" is the acronym for California Municipal Utilities Association.

"Code Compliance Inspection" means any inquiry into potential municipal, federal or state Code violations.

"Construction Reimbursable Services" means the services provided by the Customer Support Team for approved work on the System requested by a non-Water entity, such as a contractor or a developer, or another City department for which Customer Support costs are not reimbursed. The Water Enterprise Fund, the Water Department, or the City may be reimbursed for Construction Reimbursable Services.

"Corrective Maintenance" is defined in the Performance Specification for Maintenance paragraph of the Employee Bid.

"Customer Support" means all facilities, employees and functions of the in-scope Customer Support Division activities.

"Customer Support Management Team" means the Deputy Director and the Assistant Deputy Director.

"Customer Support Team" means the Management Team of Customer Support and the employees of the in-scope Customer Support Division activities, as represented by Local 127 of the American Federation of State, County, and Municipal Employees (AFSCME Local 127), the San Diego Municipal Employees Association (MEA), and including other classified Unrepresented employees.

"CUWA" is the acronym for California Urban Water Agencies.

"CUWCC" is the acronym for California Urban Water Conservation Council.

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"Difficult to read meter" indicates a meter that has been skipped for three consecutive reading cycles. This can be used as criteria for executing Customer Support Team discretion to convert the meter to AMR.

"Mayor" means the Mayor or his/her designee.

"Misread" means a reading or inputting error by the meter reader.

"Notice to Proceed" means those written instructions issued by the City to the Customer Support Team, requiring the Customer Support Team to commence operation of the System.

"Pass-Through Costs" means the amount equal to the actual and direct expenses (without markup for profit, administration or otherwise) paid by the Customer Support Team to the City or to unrelated third parties.

"Preventive Maintenance" is defined in the Performance Specification for Maintenance paragraph of the Employee Bid.

"Prudent Industry Practice" means these methods, techniques, standards and practices which, at the time they are to be employed hereunder and in light of the circumstances known or reasonably believed to exist as such time, are generally accepted as prudent in the municipal water industry as practiced in the southern California region.

"Re-read" means investigation based on an apparent misread.

"Risk Management" is defined as the City of San Diego Risk Management Department.

"Routine Maintenance" is defined in the Performance Specification for Maintenance paragraph of the Employee Bid.

"Service Level Requirements" is defined as the primary service levels of core Customer Support functions that must be maintained at current standards, or better, as provided in this Employee Bid.

"Service Territory" means the City of San Diego, portions of San Diego County and all other territory in which customers are served by the Water System during the term hereof.

"Skipped Meter" means an attempted read that could not be obtained for established reasons, such as construction or meter damage. A Skip Code is entered in the meter reading hand held device.

"Skip Code" means a numerical code entered providing the reason why a meter reader did not read the meter.

"Solid Waste" means any material waste remaining from operations and maintenance, and administrative activities.

"State" means the State of California.

"Substantial Conformance" for purposes of this Employee Bid conveys the Customer Support Team's intent to achieve the Service Level Requirements as outlined in this document and that due to unforeseen circumstances these requirements may be largely but not wholly met.

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"System" means the following assets of the Water Department which are included in the scope of services for operation services under this Agreement: 1) Meters, vaults, service lines, backflow prevention devices, recycled water mains, valves, reservoirs and pumping stations, vehicles, computer hardware and software, tools and equipment allocable to Customer Support, together with all fixtures, equipment, tools and other property stored on or constituting the Customer Support Division sites.

"Uncontrollable Circumstance" means generally any of the events or conditions defined in the MOU and having a material and adverse effect on the performance by the parties of their respective obligations under this Agreement, or on its operation, maintenance or management of the System.

"Utilities" means any and all utility services and installations whatsoever (including gas, water, sewer, telephone, and telecommunications), and all piping, wiring, conduit, and other fixtures of every kind whatsoever related thereto or used in connection therewith.

"Water Department" means the City of San Diego Water Department.

"Water Conservation Program" also refers to the Customer Support's Water Resources Management Program.

CITY ATTORNEY
06 DEC 20 PM 1:34
CIVIL DIVISION

00490

RESOLUTION NUMBER R- _____

DATE OF FINAL PASSAGE _____

RESOLUTION RATIFYING A MEMORANDUM OF UNDERSTANDING AND IMPLEMENTING A BID TO GOAL PROGRAM FOR THE WATER DEPARTMENT CUSTOMER SUPPORT DIVISION FOR FISCAL YEAR 2007

WHEREAS, the Water Department Customer Support Division has drafted a Memorandum of Understanding relating to customer support services for the Water Department of the City of San Diego, entered into between the Mayor of the City of San Diego [City], the Water Department Director, the management team and employees of the Customer Support Division [Customer Support Team], comprised of classified Unrepresented employees and employees represented by the Municipal Employees Association and Local 127 of the American Federation of State, County and Municipal Employees, which requires the City Council's ratification before it can become effective;

WHEREAS, the Memorandum of Understanding will allow the submission of a bid to provide customer support services for the Water Department Customer Support Division;

WHEREAS, on July 26, 2006, the Natural Resources and Culture Committee approved the implementation of the Bid to Goal program as an optimization strategy for the Water Department Customer Support Division in Fiscal Year 2007; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, as follows:

1. That the Memorandum of Understanding for the Bid to Goal program for the Water Department Customer Support Division, as set forth in Report to the City Council No. 06-099 and on file in the office of the City Clerk as Document No. _____ is hereby ratified;

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2. That in order to implement Bid to Goal as an optimization strategy in the Water Department Customer Support Division in Fiscal Year 2007, the Mayor or his designee is hereby authorized and empowered to execute, on behalf of the City, a responsible agreement in connection with the provision of customer support services for the Water Department Customer Support Division;

3. That this activity is not a project and is therefore not subject to the California Environmental Quality Act [CEQA], per CEQA guidelines Section 15060(C)(2).

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By 
Raymond C. Palmucci
Deputy City Attorney

RCP:js
12/27/2006
Or.Dept:Water
R-2007-678

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of _____.

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor