

## **Section 1. Designing the Sewer Service Charge**

The Director of Financial Services should:

- 1.1 Continue to analyze and present information to the Rate Fairness Board on the impact of alternative sewer service rate designs on residential sewer service customers, sewer service charge revenues, and water conservation, including:
  - (i) the relative advantages and disadvantages of fixed rates based on equivalent dwelling units that incorporate different consumption blocks, volume-based uniform rates, and volume-based inclining rates in providing stable revenues and promoting conservation, and
  - (ii) the relative impact, including projected combined monthly water and sewer service bill increases, of fixed rates based on equivalent dwelling units that incorporate different consumption blocks, volume-based uniform rates, and volume-based inclining rates on sewer service customers.
- 1.2 Continue to evaluate and present to the Rate Fairness Board alternative scenarios for phasing-in new rate structures to mitigate the impact of future combined water and sewer service charges.
- 1.3 Continue to assess and present to the Rate Fairness Board the option of reclassifying the Single Residence Occupancy hotels as residential customers during the FY 2004-2005 Rate Fairness Board discussions of alternative sewer service rate structures.
- 1.4 Continue to assess and present to the Rate Fairness Board alternative structures for storm water charges, including the relative advantages and disadvantages (i) of the current storm water structure and of dis-aggregating storm water and sewer system charges, and (ii) of including storm water charges on the sewer service bill or the property tax bill, including the impact of shifting the frequency of charges from bimonthly sewer service bills to annual property tax bills and shifting charges from sewer service customers to property owners, to the extent that the two are not the same.

## **Section 2. Allocating Costs of Sewer Services to Customer Classes**

The Public Utilities Commission General Manager should:

- 2.1 Adopt a formal, written policy to sample wastewater strength for residential and nonresidential customer classes every ten years and assign new wastewater strength as appropriate.
- 2.2 Direct the Business Services Division to reconcile Customer Services billing system data for nonresidential customers with the Schedule of Sewer Service Charges, including:
  - (a) Clearly defining the categories of nonresidential customers who are sampled for purposes of setting sewer service charges under Schedule B;
  - (b) Clearly defining criteria for assigning nonresidential customers to Standard Industrial Classification codes under Schedule C; and
  - (c) Reviewing all existing Standard Industrial Classification codes in the Customer Services billing system, to determine which Standard Industrial Classification codes correspond to nonresidential property uses in San Francisco, eliminate unneeded Standard Industrial Classification codes, and reconcile Standard Industrial Classification codes in Schedule C of the Schedule of Sewer Service Charges and in the Customer Services billing system.
- 2.3 Continue implementation of the proposed work plan to sample the wastewater strengths of residential and nonresidential customers to determine the source of the discrepancy between expected and actual wastewater strength.
- 2.4 Continue implementation of the proposed work plan to test existing customer accounts against Tax Collector and Assessor records to verify the correct use of properties.
- 2.5 Establish a protocol to (a) identify which commercial and industrial property uses are high risk for discharging pollutants into the sewer system, and (b) establish a periodic review of Tax Collector and other documents to identify high risk commercial and industrial users who do not have customer accounts.
- 2.6 Direct the Business Services Division, in conjunction with the Bureau of Environmental and Regulatory Management, to develop formal, written policies defining the role of Customer Services in identifying the property use of new accounts and notifying the Pretreatment, Pollution Prevention, and Storm Water Program of new accounts.
- 2.7 Direct the Bureau of Environmental and Regulatory Management to develop formal, written policies regarding identification and inspection of properties with new sewer service accounts or changes in use for existing accounts.

### **Section 3. Opportunities to Improve Management Control of Clean Water Enterprise Fund Expenditures**

The Public Utilities Commission General Manager should:

- 3.1 Direct the development of service measures for each of the Administration functions in conjunction with the three enterprises, which determine (a) the level of services provided by the Administration functions and (b) the funding levels. Service measures should include deliverables and performance evaluations. Preparation of each year's budget for Administration functions should include an assessment of the current year's deliverables and performance.

The Director of Financial Services should:

- 3.2 In conjunction with the Water Pollution Control Division Manager, assess the options for reducing or limiting increases in chemical costs, such as revised vendor contracts, prior to the Public Utilities Commission's FY 2005-2006 budget preparation and review.
- 3.3 In conjunction with Financial Services, evaluate the feasibility of operating the treatment plants during off-peak hours, which includes an assessment of storage capacity and odor control at different levels of storage and off-peak operations and the potential associated cost savings. This analysis should be part of the FY 2005-2006 budget preparation and review.
- 3.4 In conjunction with the Water Pollution Control Division Manager, the Pretreatment, Pollution Prevention, and Storm Water Manager, and the Water Quality Bureau Laboratories Manager, develop budgetary benchmarks for the Clean Water Enterprise Fund.

## **Section 4. Clean Water Capital Improvement Planning**

The Public Utilities Commission General Manager should:

- 4.1 Hold Department staff and third party contractors accountable for meeting critical path milestones in the Clean Water Master Planning process.
- 4.2 Consider a five year interim capital improvement program for immediately needed projects which would not jeopardize the Clean Water Master Planning process or result in investing in facilities which would be quickly redundant.

In Section 9, the Budget Analyst recommends that the staff managing the Clean Water Master Planning process should be part of the new Clean Water Enterprise. It is important that (a) Clean Water Master Planning be a core responsibility of the new Assistant General Manager, Clean Water position recommended by the Budget Analyst in Section 10, and (b) clean water staff with operational expertise are an integral part of the Clean Water Master Planning process.

## **Section 5. Public Participation in Clean Water Policy and Planning**

The Public Utilities Commission General Manager should:

- 5.1 Ensure that the Department utilizes established community and technical advisory groups in policy and planning decisions.
- 5.2 Direct the Project Manager of the Clean Water Master Planning process to establish a system of documentation in which the planning and engineering program and the environmental review program clearly record how recommendations from established community and technical advisory groups influence technical decisions.
- 5.3 Ensure that the internal Communications Division staff is fully utilized to do public outreach work, and that expenditures for the proposed public participation program reflect the appropriate mix of internal and contractual resources.
- 5.4 Direct the Communications Division to develop a detailed plan for the proposed public participation program following the policy guidance of the Citizens' Advisory Committee.
- 5.5 Ensure that the Communications Division does not "reinvent the wheel". Instead, the Communications Division should further the development of the existing consultant stakeholder lists, evaluations, and recommendations from the earlier process.
- 5.6 Ensure that the detailed plan for proposed public participation includes (1) the identification of who is representative of a cross section of the community, (2) an ongoing forum for public input to policy and planning, (3) a method to incorporate community input into the Clean Water Master Plan and new Clean Water Capital Improvement Program, and (4) a plan for community outreach.
- 5.7 Ensure consistent and appropriate staff representation in the community planning process.

The Public Utilities Commission should:

- 5.8 Review and approve a plan for public participation.
- 5.9 Require the General Manager to report the status of the public participation program quarterly.
- 5.10 Ensure that the Public Utilities Citizens' Advisory Committee is fully utilized in policy and planning.

## **Section 6. Managing Debt and Funding Future Capital Projects**

The Public Utilities Commission General Manager should:

- 6.1 Present the annual report, prepared by the Public Utilities Commission Financial Services staff pursuant to Proposition E, to the Board of Supervisors prior to May 31 each year, that includes (i) current Clean Water Enterprise program revenue and expenditure projections, (ii) the projected need for sewer service charge increases, the impact of smaller incremental sewer service charge increases compared to larger periodic increases, and the impact of combined water and sewer service charge increases, (iii) the status of implementation of the asset management program and an evaluation of the asset management program's effectiveness, and (iv) the status of the capital planning process and proposed funding for both interim capital projects and Clean Water Capital Improvement Program projects.

## **Section 7. Water Pollution Control Division's Personnel and Maintenance Management**

The Public Utilities Commission General Manager should:

- 7.1 Assess the February of 2004 concerns of Water Pollution Control Division employees regarding unfair treatment, including disparate treatment in promotional opportunities and the administration of discipline, and propose appropriate follow-up actions as needed.
- 7.2 Direct the Director of Financial Services to evaluate the availability and the cost effectiveness of alternative providers for the after-hour, call-taking service required for Sewer Operations services.

The Water Pollution Control Division Manager should:

- 7.3 Revise the administrative Policies and Procedures Manual to include all current Public Utilities Commission policies as a priority.
- 7.4 Revise the Materials Management Policies and Procedures Manual to include all current Public Utilities Commission policies as a priority.
- 7.5 Revise the Maintenance Management Policies and Procedures Manuals as necessary to include all current Public Utilities Commission policies and to reflect current Maintenance Division practices.
- 7.6 Require compliance with the Maintenance Management Policies and Procedures including:

- (a) Developing and implementing the “Weekly Work Schedule”;
  - (b) Investigating the feasibility of implementing “job cards” or other bar chart procedures in Maximo, Microsoft Project, or other systems;
  - (c) Implementing the “warranty” module in Maximo, including a system to track preventive maintenance on equipment under warranty.
- 7.7 Require all Water Pollution Control Division managers and supervisors to complete performance evaluations for all staff annually.
- 7.8 Include completion of staff performance evaluations annually as a goal and objective in the Water Pollution Control Division managers’ and supervisors’ performance evaluations.
- 7.9 Establish policies and practices, in conjunction with the Director of Human Resources, to improve morale within the Maintenance Division, including setting acceptable work standards, recognizing good work performance, and taking appropriate action when performance standards are not met.
- 7.10 Establish procedures for and monitor compliance with the “Entrance-Exit Form”, including ensuring the correct use of the form and forwarding the forms to the Bureau of Human Resources.
- 7.11 Comply with Policy 3.9 of the Water Pollution Control Division’s Policies and Procedures Manual, which requires that annually no Water Pollution Control Division employee may work overtime hours in excess of 16 percent of his or her regularly scheduled hours without the prior approval of the Appointing Officer, or obtain a waiver from the Appointing Officer excluding pre-scheduled overtime hours from the 16 percent hurdle calculation.
- 7.12 Direct the Maintenance Manager to continue developing the “Management by Objectives” report as a management tool to monitor the performance of the maintenance crews.
- 7.13 Direct the Maintenance Manager and Materials Coordinator to inventory all items in Lot B, assess the usefulness of each item, bring the items selected for retention under inventory control, and dispose of surplus items in accordance with Public Utilities Commission policy.
- 7.14 Direct the Maintenance Manager to establish procedures to inventory all tools and equipment in the Southeast Water Pollution Control Plant tool room annually and to ensure that all items are marked.
- 7.15 Direct the Maintenance Manager to establish written policies and procedures regarding inventory and accountability of all tools and equipment, including identification of staff members responsible for location of tools and equipment at all times and sign-out procedures for tools and equipment.

- 7.16 Develop performance objectives that are stated in measurable terms for each of the Division's Key Results Areas.

## **Section 8. Managing the Interface Between the Public Utilities Commission and the Department of Public Works**

The Public Utilities Commission General Manager and the Director of Public Works should jointly:

- 8.1 Determine if there is additional cost and schedule information which needs to be electronically shared between the parties.
- 8.2 Ensure that all reporting systems permit appropriate information exchange and results verification.
- 8.3 Determine how data protocols can be structured so that personnel in both departments can view the management reporting databases operated by the Department of Public Works.
- 8.4 Ensure that all field operations information is stored electronically, rather than having some information held in paper-based document form.
- 8.5 Ensure accurate data exchange between Department of Public Works databases and the FPS payroll and FAMIS financial management systems to capture all project expenditures.
- 8.6 Ensure, to the degree possible, that all data exchange is in the form of user-friendly information.
- 8.7 Commission a comparative analysis of the cost of sewer repair services provided by the Bureau of Street and Sewer Repair and third party contractors.
- 8.8 Conduct a joint space needs analysis of the City and County of San Francisco Yard and adjacent Public Utilities Commission space to ensure the two departments' optimal usage of those sites, and to clarify property ownership issues within the City and County of San Francisco Yard.

## **Section 9. The Clean Water Enterprise's Organizational Structure**

The Public Utilities Commission General Manager should:

- 9.1 Reassign management responsibility for the Water Pollution Control Division from the Assistant General Manager, Operations to the new Assistant General Manager, Clean Water position.



- 9.2 Reassign management responsibility for the Pretreatment, Pollution Prevention and Storm Water Program from the Manager, Bureau of Environmental Regulation and Management, to the new Assistant General Manager, Clean Water position.
- 9.3 Reassign management responsibility for the Clean Water Master Plan from the General Manager's Office and the Infrastructure Division to the new Assistant General Manager, Clean Water position.
- 9.4 Transfer the Classification 0932 Manager IV, Clean Water Regulatory Compliance position from the Planning Bureau to the new Clean Water Enterprise.
- 9.5 Eliminate the vacant Classification 5620 Regulatory Specialist, Clean Water Regulatory Compliance position in the Planning Bureau.
- 9.6 Assign management responsibility for the incoming Hydraulic Section to the Principal Engineer of the Water Pollution Control Division.
- 9.7 Direct the Assistant General Manager, Clean Water, as recommended in Section 10, to develop an optimal organizational structure to integrate like functions, create appropriate spans of management control, rationalize the administrative support positions, and manage the risks associated with the consolidation.
- 9.8 Direct the executive management team to develop intradepartmental protocols that ensure that the executive management team is not the sole policy and planning coordination point in the Department.

The Public Utilities Commission General Manager and the Director of Public Works should:

- 9.9 Negotiate the specific Hydraulic Section resources to be transferred to the Public Utilities Commission.

## **Section 10. Assistant General Manager, Clean Water**

The Public Utilities Commission General Manager should:

- 10.1 Establish a new Classification 5166 Assistant General Manager, PUC position for the new Assistant General Manager, Clean Water. This position should be a direct report to the General Manager.
- 10.2 Conduct an extensive internal and external recruitment process for the new Assistant General Manager, Clean Water position to ensure the selection of a highly qualified industry specialist with the necessary level of management experience.