



To: Rob Hernandez, City Manager
From: Megan Duffy, Internal Auditing Director *MD*
Cc: Heath Lloyd, Interim Director of Revenue
Cam Mathis, Information Technology Director
Jim Laplander, Water Distribution Director
David Maxwell, Chief Financial Officer
John Sawyer, Public Works Director
Marty Johnston, Chief Operating Officer
Date: October 9, 2017
Re: Final Report – Utility Billing & Collection Assessment Management Summary & Response

Scope of Review

The purpose of this project was to hire an independent, third party to perform an assessment of utility billing and collection services for the City of Savannah. The scope of work fell into two broad categories which are further detailed below:

1. Audit Utility Billing and Collections, including but not limited to:
 - Assess whether utility customers are being properly billed for utility services
 - Assess whether customers are responded to within reasonable timeframes
2. Evaluate Current Operations, including but not limited to:
 - Conduct an operational audit of the utility billing function and provide recommendations for improvement.
 - Review processes and procedures for the administration and maintenance of utility accounts and related customer service.
 - Assess the adequacy of technology, equipment, and automated systems to support effective and efficient operations and meet desired levels of service.

Summary Recommendations & Management Response

The final report includes twenty-one recommendations split over five categories. This summary will generally address the five categories in more detail below. Attached to this report is a summary table which includes each recommendation (correspondingly numbered to those in the report) as well as a specific response to each one of them.

1. Administration – The four recommendations in this category generally focus on the organization, communication, and training of the Utility Billing and Water Distribution operations. While staff does not feel it necessary at this time to combine the Water Distribution and Utility Billing departments into one department, there is agreement to move forward with more specific processes to communicate information and expectations

- between the two departments to enhance communication and mitigate gaps in knowledge or performance. Included in this effort will be a focus on communication at all levels, training for employees to identify & fill skill gaps, and more formalized processes and checkpoints to ensure potential problems are identified and remediated.
2. Account Set Up and Customer Service – The six recommendations in this category generally focus on technology and staffing enhancements that could positively impact the customer experience. Staff agrees that additional capacity is necessary for online use, including functionality, Frequently Asked Questions, and viewing of information. There is general agreement that additional time and attention must be spent to communicate strategy to customers as well as alleviate their concerns in an effort to restore public trust.
 3. Meter Reading – The five recommendations in this category generally focus on staffing and workload tasks to better align operational needs. While staff generally agrees with the recommendations, the number and type of additional staff that may be necessary has not yet been determined. Meter routes should be efficient and uniform among staff, communication and procedures should be enhanced, and meters should be replaced in a timely fashion. Each of these is part of staff's current workload and under review for improvements which could potentially require additional meter reader(s).
 4. Billing – The two recommendations in this category generally focus on automating our processes and analyzing our systems to better identify and minimize possible issues. Staff agrees and will continue to work with partners to identify additional system capabilities to increase automation. Additionally, staff is continuously looking for ways to better document and analyze data to minimize and resolve exceptions.
 5. Collections – The four recommendations in this category generally focus on using systems and customer trends to better direct collection efforts. While there is a question of legality with one recommendation, staff agrees with the general direction of the recommendations in this section. Formal tracking and reporting to gain insight and identify customer trends will better assist staff with collection efforts, which continue to be a priority for this organization.

Conclusion

There is widespread agreement and eagerness to move forward with and address the recommendations in this report. Many of the areas covered are already under review with targeted improvements planned over the coming months and years. One of the essential functions of government is to provide services to citizens that are consistent and exceptional, and we are committed to that goal. As part of that endeavor, the report also outlines Next Steps the City can take as we continue to improve our organization and community. It would be prudent to consider these ideas in upcoming years to further improve the customer experience with utility services.

Utility Billing & Collection Assessment
Recommendations & Response Summary

Number	Recommendation	Agree?	Management Response	Responsible	Implemented/Status Update
4.1	Utility Services should consider operating with a single leader over Utility Billing and Water Distribution. Alternatively, Utility Billing can utilize defined service level agreements and key performance indicators to hold Water Distribution accountable.	Yes	Overall, it is agreed that communications between Utility Billing and Water Distribution needs to be improved. Furthermore, it is agreed that a single leader is not required, but that the alternative approach of utilizing service level agreements for accountability would be a better approach in this regard. Enhancement and further development of the service level agreements (specifically response time guidelines) would represent more accountability between USD and Water Distribution and aid in enhanced feedback and performance measurement.	USD Water Distribution	4/1/2018 (Status Update)
4.2	Utility Billing & Water Distribution should consider enhancing lines of communication to ensure more consistent dialogue & strengthen the understanding each has of the other.	Yes	Water Distribution and USD should have regularly scheduled meetings to discuss, address and provide resolution on topics of concern. Managers should attend the meetings such that decisions can be made and steps forward agreed upon. Meeting notes should be recorded to aid in communication and accountability.	USD Water Distribution	1/1/2018 (Status Update)
4.3	Utility Billing should design a formalized training program. They should also consider leading industry benchmarks when developing a formal training program for new & current employees.	Yes	Some formalized training programs already exist within the department. Additional opportunities to enhance the existing formalized training programs will be investigated and industry benchmarks will be considered in supplementing the existing programs.	USD	1/1/2018 (Implemented)
4.4	Utility Billing & IT should consider building capacity to allow for online submission for the application & service along with functionality to attach required documentation.	Yes	There is currently some existing capacity for the submittal of an online application, but the submission of an online application is not fully integrated with Govern. The existing capacity for online submittal could be used but would require manual transfer of the information into Govern. In addition, the process of receiving payment (when payment is required as part of the application) should be discussed in more detail.	IT Budget - UB System Mod.	4/1/2018 (Status Update)
5.1	Utility Billing & IT should consider modifying the webpage to include info & news for customers. Should also consider adding a FAQ section and customer survey.	Yes	Frequently Asked Questions (FAQs) can be created by Revenue staff and populated on the City's existing webpage.	USD - FAQs Internal IT - Webpage Layout	1/1/2018 (Implemented)

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5.3	Utility Billing should consider creating a Public Relations position to own development & deployment of communication strategy to increase engagement between the department & customers.	Yes	It is imperative that public trust in utility services is restored and this position would aid in this regard. In addition, this position would aid in ongoing communications between utility services and the citizens as necessary.	Budget - New FTE	1/1/2018 (Status Update)
5.4	Utility Billing should consider clear delegations & procedures for staff to deal with complaints & provide resolutions as well as a tracking mechanism. Systems to monitor & manage calls, interface with Govern, & identify root causes & trends should also be considered.	Yes	IT and Utility Services will work together to research and determine the most appropriate call management and monitoring solution that will work within the existing Govern software framework.	USD IT	4/1/2018 (Status Update)
5.5	Utility Billing should consider charging an application fee for new account set up, service transfer, & service reconnection.	Yes	Utility Billing will research application fees for connection of service within similar municipalities. After research has been conducted, a proposed fee will be recommended in accordance with the findings.	USD City Council - Revenue Ord.	4/1/2018 (Status Update)
5.6	Utility Billing should work with Paymentus to develop better online viewing of customer bills to help realize the full benefits of online pay.	Yes	IT is currently working with Paymentus on a launch of "pay-by-mobile" functionality for Utility Bills.	IT Budget - Web System Mod.	6/1/2018 (Status Update)
6.1	Utility Services should develop a meter change out program to address the more than 25% of meters approaching or past their useful life. The City should also remove inactive meters and prioritize cleaning up and improving meter data.	Yes	Revenue staff will work to remove inactive meters and prioritize cleaning up and improving meter data. Water Distribution will develop a plan to change or address meters that are approaching or past their useful life.	Water Distribution USD	6/1/2018 (Status Update)

Number	Recommendation	Agree?	Management Response	Responsible	Implemented/Status Update
6.2	Utility Billing should review & appropriately redistribute the number of Water Service Representatives assigned per book to ensure books are read efficiently & effectively, considering both type of meter read & distance between meter locations.	Yes	Utility Billing will analyze the meter reading cycles (also referred to as "books") to determine how effective the books are distributed among Water Service Representatives.	USD - Internal	1/1/2018 (Implemented)
6.3	The City should leverage existing Connect System Reports to address issues Water Service Reps are encountering in the field, including leveraging a fulltime employee to help analyze reports and resolve billing	Yes	It is acknowledged that there is a need within Utility Services to help analyze CONNECT reports and resolve billing issues. As such, Utility Services will utilize existing staff to review CONNECT reports to identify and address potential meter/billing issues on an on-going daily basis.	USD - Internal	1/1/2017 (Implemented)
6.4	The City should promote stronger communication between Water Distribution and the Meter Reading unit as well as document meter change out procedures to enhance operational	Yes	Water Distribution and USD should have regularly scheduled meetings to discuss, address and provide resolution on topics of concern. Managers should attend the meetings such that decisions can be made and steps forward agreed upon. Meeting notes should be recorded to aid in communication and accountability.	USD Water Distribution	1/1/2018 (Status Update)
6.5	Utility Services should consider hiring additional Water Service Reps to reduce workload amongst current reps. They should also ensure newly hired & current reps are properly trained to locate & read meters on multiple	Yes	Hiring an additional Water Service Representative would reduce workload amongst current reps and allow for ample staffing to accommodate anticipated vacancies associated with turnover and/or injuries.	Budget USD	1/1/2018 (Status Update)
7.1	City should consider a desk audit within each functional area of Utility Services to identify manual or labor-intensive interactions which could be automated.	Yes	Utility Services will conduct desk audits to determine existing processes that could be automated. Utility Services will work with IT to implement automated processes as a result of the desk audits.	USD Auditing IT	4/1/2018 (Status Update)
7.2	Utility Services should review meter reading exception categories to document the basis, objectives, & operational purpose for each category. Also, consider increasing the threshold for Variance exceptions & align with leading industry standards.	Yes	Utility Services will investigate leading industry standards with regards to the thresholds for variances and exceptions. In addition, Utility services will review and assess the pros and cons associated with any changes towards industry standards before implementing any changes to reporting thresholds.	USD - Internal	1/1/2018 (Status Update)

<u>Number</u>	<u>Recommendation</u>	<u>Agree?</u>	<u>Management Response</u>	<u>Responsible</u>	<u>Implemented/Status Update</u>
8.1	Utility Services should employ a fulltime staff member to oversee the organization's collection efforts.	No	Utility Services will continue to move forward with procuring a vendor for debt collection services for utility services (RFP has already been issued and proposals have already been received). Utility services will review existing staff roles and responsibilities to determine the potential for managing the collection efforts of the third party vendor that is selected in the RFP.	USD Finance	1/1/2018 (Status Update)
8.2	Consider requiring tenant/temp customers to identify the property owner during the Account Set Up process. Also consider the legal implications of billing property owners in the event of tenant non payment.	No	This consideration will be proposed to legal (City Attorney's Office) for a response.	Legal	1/1/2018 (Status Update)
8.3	Develop formal tracking documents that include aging AR reports, stratify customer liabilities based on previous account history in order to strategically focus collections for high risk customer accounts.	No	Upon procurement of third party services for the collection of debt associated with utility services as referenced in 8.1, it can be requested that accounts will be prioritized by amount in the collection efforts. The request for proposal (RFP) has already been issued and proposals have already been received.	USD Finance	4/1/2018 (Status Update)
8.4	Develop formal tracking & reporting to gain insight into whether customers on payment plans are able to fulfill the financial obligations of their regular bill & payment plan.	Yes	Utility Services will work with IT to determine the feasibility of creating a formal tracking and reporting process for tracking the effectiveness of established payment plans.	USD IT Budget - UB System Mod.	4/1/2018 (Status Update)

<u>Legend</u>
4 series Administration
5 series Account Set Up & Customer Service
6 series Meter Reading
7 series Billing
8 series Collections