



## GREAT LAKES WATER AUTHORITY

July 29, 2015

The Honorable  
Board of Directors  
Great Lakes Water Authority

Dear Chairman Daddow and Directors:

**Regarding: Interim CEO's Report – July, 2015**

The past few weeks have been an exciting and fulfilling time, as we have had the opportunity to tell the story of the progress we have made at DWSD, and the exciting opportunities that are ahead with the assumption of operations by the GLWA. A series of wholesale customer meetings have been scheduled with our customers. So far we have had customer meetings in western Wayne County, Macomb County, Oakland County and Lapeer County, with additional meetings scheduled in Macomb and the downriver area of Wayne County. These meetings provide a great opportunity to tell our customers about the progress we have made, the many opportunities that the Lease Agreements provide for the GLWA to build upon that progress, and the benefits they can anticipate from a GLWA operated system. It has been a great opportunity for dialogue and to respond to customers' questions regarding the Lease Agreements, the transition from DWSD to GLWA and DWSD-R.

At the outreach meetings, we provide our customers an informational package including "Frequently Asked Questions". We have also taken notes of the customers' questions, and hope to have a list of those questions and responses posted on the website at the conclusion of this process. This will be an addition to the informational package currently available.

In addition to the customer meetings, DWSD has also had the opportunity to meet with the rating agencies for surveillance visits. These surveillance visits are part of the regular process of keeping the rating agencies apprised of the system's progress and direction, as opposed to a request for ratings related to a particular transaction. As a part of these conversations, we had an opportunity to update the rating agencies on the lease execution and the Great Lakes Stand-up. They had many questions, and were very interested in the GLWA's progress.

In the months to come, there will be many more opportunities to tell the story of the progress towards standing up the regional system. You can anticipate hearing reports from the WRAP Program study group and the Customer Engagement study group. You will receive updates regarding the DWSD consent transaction, your master bond ordinance, and will have the opportunity to consider a proposed contract for a GLWA communications firm. The Water Master Plan comment period will close a further step towards finalization of that document, and last but not least, we anticipate reaching substantial completion of our bio-solids drying facility, and beginning the testing period.

The weeks to come will certainly be an exciting period and a great opportunity to tell our story.



## **ORGANIZATIONAL DEVELOPMENT**

The placement process continues. To date, we have completed 919 placements with an additional 37 in process.

Organizational Development is finalizing the implementation phase to roll-out the new performance evaluation process utilizing NEOGOV software. Union Leadership was introduced to the process in our monthly Labor Management Team meeting. Training sessions for the leadership team is tentatively scheduled for August 2015.

## **FINANCIAL SERVICES**

The DWSD-wide lean initiative has expanded with the addition of a Lean Six Sigma Master Black Belt. This resource will coordinate and facilitate the efforts among cross-functional teams, including DWSD staff that became certified Green Belts last year. Additional staff training will also be developed and deployed.

The BOWC Finance Committee meeting was held on July 22, 2015. Highlights included a preliminary FY 2015 budget to actual analysis. The estimated FY 2015 system-wide negative variance is \$37 million. This consists of three categories: negative \$47 million revenue variance largely due to low seasonal billings; negative \$10 million variance due to bond insurer and trustee fee settlements from the City of Detroit's Chapter 9 as it related to DWSD bonds; and positive variance of \$20 million in operating costs. Efforts by the BOWC to address the water system of charges for FY 2016, will help to mitigate future negative variances in seasonal billing volumes.

The Financial Services Group is actively engaged in the stand-up of DWSD-R and GLWA with program management support, planning and implementation leading up to the effective date of the new entities (no later than January 1, 2016) and beyond.

The GLWA Audit Committee will be held on July 31, 2015 at 9:00 a.m.

DWSD has made significant progress in its drive to achieve transformational excellence while controlling expenses by creating efficiencies, reducing costs and improving overall performance within the operating budget. The attached reports provide a descriptive summary of DWSD's cost containment strategies, specifically in the Procurement Division, that align with associated recommendations that were included in the Veolia Peer Review Report presented in December 2014, and supported by several examples of specific cost-cutting measures. (See Attachment)

The Procurement Division achieved Cumulative Annual Savings of \$5.05 million for FY 2015 which exceeded \$3.34 million target derived from the Veolia Peer Review by 151.3%. Preliminary efforts have identified approximately \$7.22 million thus far in cost reduction opportunities for FY 2016, meets 55.4% of \$13.04 million target, and indicates a strong performance trend to achieve or exceed the target for FY 2016.



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**WATER OPERATIONS**

The highlift pump automation is continuing at Water Works Park (WWP) and is scheduled to be completed by August 30, 2015. The original date (July 30, 2015) was revised due to a delay in receiving the necessary parts from the vendor. Currently, four (4) pumps have been completed and two (2) pumps are being equipped with the new technology (eleven pumps total). This process change will improve the operational efficiency at Water Works Park by re-allocating resources to improve other plant functions.

WWP has officially started their collaboration project with Wayne State University (WSU). This is an intern project where WSU will be utilizing the pilot plant at WWP, to conduct research that will focus on the removal of emerging contaminants (e.g., pharmaceutical, mycrocystin, targeted hormones, etc.) in the drinking water treatment processes. This research will also have a direct focus on the outcomes as it relates to the use of ozone treatment.

**FIELD SERVICES**

***Facilities***

The Global Grounds contract with the Premier Group has started as of two weeks ago. The contractor has been given a list of priority sites to start and will be doing its initial clean up and catch up at each site as it goes.

***Maintenance & Repair***

At Faircrest Street and Gratiot Avenue in Macomb Township, East Yard adjusted flow to give Chesterfield adequate pressure during the peak season by shutting one transmission main and opening another.

***Field Engineering***

WS-681 – 42” Water Main (along 24 Mile Road from Romeo Plank to Rochester): The total number of linear feet of pipes installed to date for all segments is 21,786 ft. or 61.66% of total work.



Monthly Summary for Water Main Breaks and Vacant Flooding

DWSD					
Water Main Break Monthly Metrics	3. Water main breaks			4. (2014)% of water main breaks fixed within 4 business days	5. (2015)% of water main breaks fixed within 4 business days
	2013	2014	2015	Goal=100%	Goal=100%
January	330	312	150	49%	85%
February	231	321	163	40%	91%
March	144	269	208	58%	85%
April	70	220	84	78%	90%
May	78	90	91	70%	90%
June	72	124	110	73%	90%
July	84	136	73	82%	96%
August	80	20		80%	
September	69	60		88%	
October	71	63		94%	
November	99	59		98%	
December	184	106		85%	

DWSD					
Vacant Flooding Weekly Metrics 2014	1. # of reports of running water in vacant building	2. % closed within 2 business days	Vacant Flooding Weekly Metrics 2015	1. # of reports of running water in vacant building	2. % closed within 2 business days
		Goal=100%			Goal=100%
January 2014 Totals	457	78%	January 2015 Totals	308	84%
February 2014 Totals	288	60%	February 2015 Totals	441	84%
March 2014 Totals	434	73%	March 2015 Totals	502	77%
April 2014 Totals	454	80%	April 2015 Totals	452	93%
May 2014 Totals	351	85%	May 2015 Totals	371	92%
June 2014 Totals	275	79%	June 2015 Totals	282	93%
Week ending JULY 7	47	81%	Week ending July 6	60	93%
Week ending JULY 14	29	83%	Week ending July 13	44	91%
Week ending JULY 21	53	91%	Week ending July 20	44	98%
Week ending JULY 28	92	82%	Week ending July 27	59	88%
July 2014 Totals	221	84%	July 2015 Totals	207	93%



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### **WASTEWATER OPERATIONS**

The Detroit WWTP received the National Association of Clean Water Agencies (NACWA) Silver Award July 15th at the Annual Meeting in Providence, RI. NACWA Silver Awards are presented to member agency facilities that have had five or less National Pollutant Discharge Elimination System (NPDES) permit violations during a calendar year. This is the third year in a row that Detroit has earned the Silver Award. A Certificate will be mailed to Sue McCormick by the end of the month.

The upgrade of 8 incinerators in Complex II is in process to meet the new requirements for air pollution control. Incinerators 9 and 10 are approaching completion with warm up scheduled to begin the last week of August. Upon acceptance, the next pair 11 and 12 will be turned over.

The new multiple hearth incinerator regulations require that operators be trained and certified on the new standards, called Maximum Achievable Control Technology (MACT) certification; the Wastewater Treatment Plant (WWTP) is coordinating with the Michigan Department of Environmental Quality (MDEQ) to develop training and certification that will meet these standards.

### **SECURITY**

Completed final preparations for Homeland Security that we are sponsoring at Water Works Park which began on July 28<sup>th</sup> through July 30<sup>th</sup>.

The Security Section began the planning process for additional card readers being installed at the Central Services Facility.

### **CUSTOMER SERVICE**

The Department increased its collection efforts on past due commercial accounts and accounts suspected of illegal usage. For the period of January 2015 to June 30, 2015, there were 463 commercial shut offs. Shut offs for illegal usage have been progressing. From January 2015 to June 30, 2015, 31,265 accounts were checked for possible illegal usage, and 12,028 of those accounts were found on illegally and were re-shut.

Since May 11, 2015, the Department posted 20,519 door hangers notifying customers of pending shut off of services; a total of 10,187 of those customers have either paid their bills, or entered into a payment plan agreement. Currently, there are a total of 39,584 active payment plan agreements with a total combined balance of \$33,220,048.76.

There are 2,295 customers receiving assistance from the Detroit Water Fund (DWF) for a total liability of \$1,140,347.89.

### **LEGAL**

The Interim General Counsel's July Report is attached to this Interim CEO's report.



## **INFORMATION TECHNOLOGY**

### *IT Infrastructure Delivery Manager*

The task to run the single mode fiber (10 Gig) from CSF's Main Distribution Frame (MDF) to the Data Center is complete.

The task to run the single mode fiber to the Intermediate Distribution Frame (IDF) at CSF's Training Room, also complete.

All remaining Infrastructure projects/tasks are in progress.

### *IT Security and Risk Management*

An external network scan, implemented via AT&T's VM\_PRO service was run mid-July. The scan was initiated from outside the DWSD network, to simulate the scans/attacks that can be done by outside entities. The scan caused no production impact, and we had weekly scans (Monday's) at 11:00 p.m. EST. The scan documented a number of vulnerabilities/findings that we will address.

We have defined the methodology for blocking suspicious network traffic going in and out of the DWSD network. (i.e., going out to the internet, and coming in from the internet), and we will meet with AT&T to discuss the process for enabling this on the intrusion prevention sensor (IPS). This is a balancing act, to allow legitimate traffic to flow, while blocking suspicious traffic. We will start with a baseline blocking scheme, and then refine the blocking scheme as time goes on.

We continue to decommission systems running software that is no longer supported by the vendor, and therefore vulnerable to security exploits. We now have less than 20 Windows XP workstations (mainly PBX workstations) on the DWSD network, and we are focusing attention on the ~20 Windows 2003 servers, which as of this month, are no longer supported by Microsoft.

### *SharePoint*

- Created sitemap for DWSD.org
- Created new site –Freedom of Information Act. Added new page to DWSD.org
- Created new site for Contracts and Grants
- Created new image for New Hours, Customer Care Service & Call Centers under DWSD.org.
- Posted Finance Binders, Director Report and agendas to DWSD site.

## **IT Application Delivery-Line of Business/Manager**

### *AMR/Service Line*

- Provided support, monitoring and standard reporting for TIBCO, Service Link, Fixed Network and AMR.
- Created a new report zero consumption of non-fireline accounts
- Modified the Illegal Consumption report



**INFORMATION TECHNOLOGY** (continued)

*ACD/Customer Service*

- Collaborated with WaterField Technologies regarding performance issues with ACD

*Labor Distribution System (LDS)/GDRSS/Work and Asset Management/SeeClickFix/Legacy APPS*

- LDS - Perform weekly transfer, reconciliation and transactions
- LDS - "Split Year" for fiscal year 2015 closing

*Generated General Ledger and Project Accounting files*

- Provide Finance Services Information Systems analysis and reporting as requested

*IT Service Delivery/Administration Manager*

*ACD / Zipwire Solution (Phase I)*

- Successfully ran pilot test of soft phones (4) which solved the majority of go-live issues (e.g., frozen queues, dropped calls during warm conference call, phone rings on agent console but not physical phone)
- Pushed forward plan to fast-track the purchase and implementation of soft phones throughout DWSD's Customer Service Division.
- Ran a 1/2 day working session with the Customer Service Division to address the high call abandonment rate (30%). IT largely established that the abandonment rate is likely correct. Also, started work to identify the number of representatives required to reduce abandonment rate.

*EMA/GIS*

- Continued working with EMA to implement three new GIS environments: 1) Development 2) Test and 3) Production

*Ceridian*

- Worked with Business Customer and IT Director to develop and distribute a spreadsheet to identify which locations will require a Ceridian time clock.

*Customer Service Technology Suite*

- Completed one of the pending items from Phase I Delivery: established a Process for handling Invoice Cloud's NSF in enQuesta (S & S provided the training).
- Initiated efforts to implement the top two IVR initiatives requested by Chief Customer Service Officer (Darryl Latimer); Spanish language, IVR Metrics



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**INFORMATION TECHNOLOGY** (continued)

- Began development of process for responding to customers' emails in [myDWSD@dwsd.org](mailto:myDWSD@dwsd.org) work Queue.

-WAM Go-Live completed

Respectfully submitted,

Sue F. McCormick  
Interim CEO

SFM:dlr  
Attachments (2)