

BOARD OF DIRECTORS
METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT
PIMA COUNTY, ARIZONA

November 27, 1995
Metro Water District
Conference Room
7235 North Paseo del Norte
Tucson, Arizona 85704

MINUTES

Board Members Present: Barbara Johnson, Chair
 Marty Cramer, Vice-Chair
 Jim Doyle, Member
 Herb Johnson, Member
 Pete Schlegel, Member

District Staff: Mark Stratton, General Manager
 Warren Tenney, Clerk of the Board

I. Call To Order and Roll Call

Ms. Barbara Johnson, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the study session to order at 3:02 p.m. Ms. Marty Cramer, Mr. Jim Doyle, Mr. Herb Johnson and Mr. Pete Schlegel were present.

II. Presentation of Management Analysis Conducted by Internal Resource Development Group

Mr. Mark Stratton, General Manager, explained that he undertook a management study, conducted by Internal Resources Development Group (IRD), to evaluate the present operation of the District and consider improvements for policies and procedures. Mr. John Horan, principal of the firm, and Andy Guarriello were introduced and they made the presentation.

Mr. Horan provided a brief background of his organization and explained that as a full service management firm, IRD works with a company directly to determine how the company can meet its objectives by using the best management tools. For four weeks, IRD has worked with District staff to complete in-depth studies and assessments of the District's current operation and process. Mr. Horan emphasized that the study looked at what staff did and if staff knew their work load, how to measure their performance, plan, align activities and track performance.

Mr. Guarriello said most of the presentation deals with the Administration Division; however, they also studied the Utility Division and Engineering Division. The study began by interviewing Ms. Sheila Willis, Administration Manager, regarding the flow of paper work in the division, the documents used to manage activities and time. They documented and placed those forms and papers on extended rolls of construction paper to provide a visual representation of the paper flow. After being reviewed by Administration Division staff, they hung up the

forms along with other divisions' forms. All District staff then reviewed the forms to have a better overview of the District's complete operation.

Mr. Guarriello reviewed for the Board the paper trail generated in the Administration Division, beginning with when a new customer wants to start service with the District. This exercise showed the inefficiencies of the District's present billing software, TAABS. Also, the District should consider a universal form to simplify the process for establishing a new customer.

Mr. Horan noted that IRD evaluates the process, not people. IRD found that the District employs hard working individuals who want the District to succeed and wants to provide good service to customers. However, staff is often trying to solve immediate problems that it does not have an opportunity to review in depth the process. The recommendations are to improve the process, which in turn will help staff better serve customers.

Mr. Guarriello asked the Board what they considered the role of the customer service representative when answering the phone. Board members noted a pleasant greeting, identification of customer service representative, satisfying the customer with an appropriate answer to the customer's question, request account number, represent the District well, and clearly identify the caller's request.

Mr. Guarriello then reviewed a day-in-the-life of a customer service representative. He tracked the activities of two customer service representatives for an extended period to determine their work routine for that given day. While employees clearly work hard and want to do well, this study showed different ways that the District could improve use of staff time and to create overall greater efficiency.

Mr. Horan and Mr. Guarriello provided the following suggestions concerning customer service representatives though the ideas could be used in the other divisions: 1) Define specific tasks to avoid duplication of efforts. In trying to accomplish everything, job performance decreases; 2) Know anticipated phone calls for a given day by tracking calls; 3) Track job performance to simplify tasks and increase efficiency; 4) provide weekly plans of tasks; 5) Rotate duties among representatives; 6) have measurement tools so individuals can compete with themselves and know how they are performing; 7) dot matrix machine for blue stake should be moved from reception area; 8) lighting in the office needs to be improved.

Mr. Doyle questioned if tracking phone calls to know how many are made in a day becomes too idealistic because employees can become sick or other factors happen. Mr. Horan said that those factors can be considered to provide close estimates. By measuring, employees can manage themselves and they become professional with their responsibilities. Mr. Guarriello noted that with cross training, employees know that when they are gone, their co-workers will help assume the extra load. This creates a team effort. When others see the benefits from cross training, they will find ways to see that it takes place for them, too.

Mr. Doyle questioned if a disparity of wages is created by having a high salary person answering phones due to cross training. Mr. Guarriello said that cross training creates a team effort. Hourly rates may increase, but cost to improve service is reduced. Also, low performers are weeded out so less staff, not additional staff may be sufficient.

Mr. Horan and Mr. Guarriello noted that the Board should develop a mission statement so that all employees clearly understand the purpose of the District and is something that they can strive for.

Mr. Schlegel said that the presentation indicated areas where we need to improve, but questioned how to effectively accomplish them.

Mr. Horan said that the District is presently a successful organization that is growing, making money, and has capable staff. However, the District can take action to become a more clean efficient operation. They suggested some organizational changes. Mr. Guarriello noted that the Chief Financial Officer presently reports directly to the General Manager. The Chief Financial Officer should be responsible for the Administration Division. The Administration Manager should be placed in the position of Controller, responsible for accounting. The Chief Financial Officer has the experience to be responsible for the customer service representatives. Ms. Cramer asked if the Administration Manager could be Controller. Mr. Stratton said that the Administration Manager had previously been controller, but had been placed in her current position in 1992.

Mr. Guarriello also noted that the meter readers should be placed under the Utility Division. Ms. B. Johnson asked whom meter readers report to presently. Mr. Stratton said that they report to the senior customer service representative.

Ms. Cramer asked if additional positions are to be proposed. Mr. Guarriello said that a position of executive secretary is proposed to handle the General Manager's daily needs. Mr. Warren Tenney would then be placed in a position to concentrate on many of his current efforts, particularly in conservation, to better use his skills.

Mr. Guarriello noted that a focus group, comprising of fire departments, homeowners associations, and multifamily property manager, met and emphasized the areas of 1) conservation, 2) effluent system for uses not requiring potable water, 3) pressure and 4) supply.

Mr. H. Johnson questioned if the focus group indicated a willingness to pay for the infrastructure to meet most of their requests. Mr. Guarriello noted that his study of the rates indicated that customers are not concerned about the price of water but about reducing their water usage. People in general would be supportive of a bond issue.

Mr. Horan noted that some additional analysis and improvements could be done in the following areas: upgrade phone system and have voice mail, upgrade accounting/billing software, new organization structure, establish credit line with a bank, telemetry, program management tools, conservation programs, collection process, allow General Manager to sign low amount checks, better communication of information among staff, windows for work groups, one source computer service for computer problems, an asphalt grinder to recycle asphalt, potable water delivery to work sites if water is shut off, right-handed trucks for meter readers, meter finding tools, graphs on bills, emphasis to public of ADWR's gpcd target, and theft resistant meters.

Mr. Horan emphasized the importance of the District managing the process, not the process managing the District. This can be accomplished by having specific job descriptions and tasks defined for each employee and having the management proactively define the weekly, monthly,

and annual objectives. In turn, employees can measure their achievements. Additionally, with the process defined, you avoid creating a paper monster bureaucracy, but keep forms and reports simple. The District's main objective is to deliver water to its customers, who do not complain until they no longer have water. However, customers need to be informed of the variety of issues that the District performs in their behalf.

Ms. Cramer asked how they can divide the labor to accomplish these goals. Mr. Horan said that IRD has already defined areas that the District can improve. The next step would be for the Board to decide what the District can accomplish independently and what areas IRD could provide assistance to accomplish the goals. IRD could put together a detail process schedule to address within a certain frame the issues the District deems needing correction.

Mr. Schlegel asked if the findings of IRD would be formalized in a report even if the District decided not to continue to use its services. Money then would be an issue if the District wants to continue to use IRD. Mr. Horan said that everything that has been done is for the District and they will draft a formal report that identifies areas for improvement. If the Board wants assistance with carrying out those improvements, IRD would work one week a month on a specific implementation project. IRD participates with District staff throughout the project to ensure it is accomplished, rather than just providing a manual. This way, feedback can be given and the implementation can be successful.

Ms. B. Johnson said that reviewing the formalized report would be helpful along with IRD's proposal for additional work. The Board would then have a better understanding of what is being recommended and be able to decide how to proceed.

Mr. Schlegel asked what Board members thought in general of continuing to use IRD's services.

Mr. H. Johnson asked if IRD had experience with any other water utilities and if any work has been done with Tucson Water. Mr. Horan said that IRD's policy is that once a project is done for a company, IRD will not work for a competitive organization within a 50 mile radius for 18 months after completion of the project. IRD has not analyzed a water company before but recently did projects for a gas company and an electric utility.

Ms. Cramer said that she would like to see the final report and proposal before deciding to proceed. She would like to know what the District can do by itself and what issues would the District need assistance with. Mr. Horan said he would prefer that approach.

Mr. Schlegel said that this management analysis has given the Board an opportunity to look at strengths and weaknesses. Staff has tremendous potential and by pursuing this analysis the District can increase the optimum from staff. IRD could provide the time and skill to help the District improve in these various areas. After reviewing the report, the District can direct IRD to the areas that need priority. As a Board member, getting the optimum from the system and keeping cost low is important.

Ms. B. Johnson, Ms. Cramer, and Mr. H. Johnson agreed that IRD should complete the report and submit a proposal so that the Board can consider the areas that IRD possibly could concentrate on. Mr. Schlegel said that he was concerned that they address these issues as soon as possible. Ms. B. Johnson asked when the report would be completed. Mr. Horan said by

December 6, 1995. Mr. Stratton said that would give time for the Board to review the report prior to the December 11, 1995 Board meeting. At that meeting, the Board could take action upon the recommendations, if it so decides.

Mr. Stratton noted that from his perspective, he wants to see the District become as professional and proficient as possible. IRD was hired to identify the areas where the District could improve, which was the first step needed before solutions could be accomplished. Staff can make some of those improvements, but in others areas staff will need assistance.

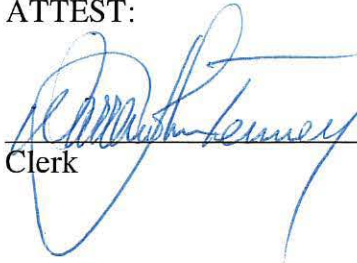
Ms. B. Johnson said that Mr. Stratton should be commended for taking the initiative to do the management study.

Mr. Stratton noted as a point of information that he received a letter of resignation from Mr. Alan Forrest, District Engineer, who has accepted the position of manager with Community Water Company of Green Valley. The District will be advertising for the position of District Engineer.

III. Adjournment

The Board adjourned at 5:15 p.m.

ATTEST:


Clerk


Barbara L. Johnson, Chair