

BEFORE THE
PHILADELPHIA WATER COMMISSIONER

FY 2009-2012 Philadelphia Water Department :
Water and Wastewater Rate Proceeding :

DIRECT TESTIMONY OF KEITH RICHARDSON

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.

A. My name is Keith Richardson. My business address is Municipal Services Building, 1401 J. F. Kennedy Boulevard, Sixth Floor, Philadelphia, Pennsylvania.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I serve the City of Philadelphia as its Revenue Commissioner.

Q. WHAT ARE YOUR JOB RESPONSIBILITIES?

A. My responsibilities include the collection of real estate, business and personal property taxes, license fees and, through the Water Revenue Bureau, water and sewer rates and charges.

Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

A. I have a Bachelor of Science Degree in Business Administration from Duquesne University with a concentration in Marketing/Management and Finance and a Master of Business Administration Degree from Eastern University.

Q. PLEASE DESCRIBE YOUR RELEVANT WORK EXPERIENCE.

A. I joined the Nutter Administration in January 2008 as its Revenue Commissioner. In such capacity, I am responsible for the administration of the Water Revenue Bureau (customer service and collection functions) which is under my authority pursuant to the Philadelphia Home Rule Charter. My resume of experience is attached hereto and marked as Exhibit A.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to describe the Water Revenue Bureau and its role in collecting water, wastewater and stormwater rates and charges for the Philadelphia Water Department. I will also address customer service concerns raised in the public input hearings.

Q. PLEASE DESCRIBE THE REVENUE DEPARTMENT AND THE SERVICES IT PROVIDES TO THE WATER DEPARTMENT.

A. Under Section 6-201 of the Philadelphia Home Rule Charter, the following functions are assigned to the Revenue Department:

(a) *Collection of Real Estate and Personal Property Taxes-Billing.* It shall collect all real estate and personal property taxes, penalties and interest due the City. All bills for such taxes shall be prepared in accordance with the assessments certified to the Department by the Board of Revision of Taxes and shall be forwarded to the respective taxpayers as soon as possible after the receipt of the certified list.

(b) *Collection of Income and Other Taxes.* The Department shall collect the City income tax and any other taxes which now are or may hereafter be imposed by the Council in such manner as shall be prescribed by ordinance.

(c) *Water and Sewer Rents.* The Department shall collect all water and sewer rents due to the City.

(d) *Collection of License Fees; Assignment of Employees to Department of Licenses and Inspections.* The Department shall collect all fees or charges imposed by or pursuant to statute or ordinance for the issuance by the City of any licenses or permits. For this purpose, the Department shall assign an adequate number of its own employees to duty in the Department of Licenses and Inspections to receive such fees or charges.

The collection of water and sewer rents (rates and charges) is specifically undertaken by the Water Revenue Bureau (“WRB”) which is a part of the Revenue Department. WRB is comprised of some 230 employees who bill and collect water and sewer rates and charges under the direction of the Revenue Commissioner. The Bureau is directed by Deputy Revenue Commissioner, Michelle L. Bethel, who supervises all of its functions including billing, accounting, collections, compliance and customer activities and reports directly to me. Ms. Bethel was appointed to her position in July, 2008. Ms. Bethel is my appointment and joins me in embracing constructive change for WRB.

It bears emphasis in the context of this rate proceeding under the jurisdiction of the Water Department that the Revenue Department is a separate division of municipal government and a co-equal to the Water Department.

Q. ARE YOU AWARE OF VARIOUS CUSTOMER SERVICE COMPLAINTS RAISED DURING TH COURSE OF THE PUBLIC INPUT HEARINGS?

A. Yes. I have reviewed the transcripts of the public input proceedings and I am specifically aware of the following complaints:

- Jonathan Harris, 2134 N. Natrona Street, Philadelphia, PA 19121
- Jan Horne, 5433 Spruce Street, Philadelphia, PA 19139
- Barbara White, 11 South 53rd Street, Philadelphia, PA 19139
- Rosemarie Lee, 2237 Glenview Street, Philadelphia, PA 19149
- Lillian Mingo, 5403 Lebanon Avenue, Philadelphia, PA 19131

These complaints concerned customer service problems ranging from high bills due to meter replacements to customer inability to pay because of limited income. The resolution of the above complaints is confirmed in the attached correspondence. Exhibit B. The WRB is also addressing other complaints it has received in connection with the public input hearings which will be reported on pursuant to the Hearing Officer's direction.

It should be noted that I take each one of these complaints very seriously and will address all underlying concerns about the quality of service offered by WRB. As a part of my new involvement with the Bureau, I am undertaking a full review of customer services offered to make sure same are consistent with or on a path toward "best practices" for a municipal utility. I am anxious to explore with the Public Advocate specific ways to improve customer services related to direct customer contacts, informal dispute resolution, administrative appeals, customer assistance programs and so many other areas as a part of my review of WRB. Our shared goal is to achieve the highest level of customer service at the Bureau.

Q. HOW MANY CUSTOMER SERVICE INQUIRIES DOES THE WATER REVENUE BUREAU HANDLE IN ANY GIVEN YEAR?

- A. Inquiries reflected by the number of payment agreements negotiated, customer assistance applications taken and billing contacts demonstrate tens of thousands of annual customer contacts. As a part of the numerous contacts that WRB has with water customers, it is obvious that mistakes are always possible. My plan is to minimize their occurrence by improving WRB administrative procedures, starting with a clearly stated administrative process for customer disputes and appeals. The Bureau can always improve its services and can be particularly sensitive to those of our customers who are most vulnerable in the current economy.

WRB must always be clear as to its payment agreement process and assistance programs so that customers know what options are presented. As stated previously, I envision a full review of services offered by the Bureau (similar to an audit) with associated reforms to follow. This will not take place in a matter of days or in the context of hearings. It will be a much longer process. I invite the Public Advocate to participate in such a collaborative process so that the input of his constituents will be very much apart of reforms to be undertaken. That is why we have proposed to participate in mediation with the hearing officer to reach a reasonable consensus on next steps and a specific implementation plan for reform.

Q. WHAT SPECIFIC AREAS OF CUSTOMER SERVICE DO YOU PLAN TO ADDRESS IN YOUR REVIEW OF THE WATER REVENUE BUREAU?

- A. The areas that I believe should be explored are identified in the list below. I will join with the Public Advocate to expand this list and determine administrative reforms necessary to accomplish its overall objectives – the highest quality customer service for water customers. None of this is to say that we will initially agree on all issues or all next steps to be undertaken. It is my hope, however, that with the assistance of the hearing officer that the parties can enter into a collaborative for change to accomplish shared goals as we both enter a mediation process in good faith. The framework for change that I recommend as a starting point for mediation is set forth below:

DISPUTES, APPEALS AND HEARINGS

1. Provision of straight-forward, understandable information about a customer bill in response to inquiry, e.g., including the amount of the current bill (specifying late fees, if any), past due amounts, total bill, dollar amounts and usage associated with past bills, shut-off status (if applicable), minimum dollars to avoid shut-off (if applicable), etc. The framework and form of presentation of customer billing and related information can be negotiated as a part of the proposed mediation process.
2. Access to staff, with the primary goal of high quality customer service emphasizing direct customer contact and assistance in resolving customer disputes in a fair and respectful way, e.g., access to appropriate staff for information concerning payment, billing and consumption information, adjustments to billing and/or payment agreements and to address termination issues – whether via telephone or in-person visit. The details of specific access whether via telephone or in-person can be reached as a part of the proposed mediation process.
3. Implementation of an informal dispute/review process with an immediate supervisor, when necessary, e.g., when a customer contact does not resolve an outstanding issue, the customer will be informed of his/her right to dispute the issue with an immediate supervisor and the determination of the supervisor will be reduced to writing and transmitted to the customer. Written notice of the dispute process involving WRB supervisory staff (stated in a simple, understandable manner) will also be communicated to customers in writing. At the conclusion of supervisory review, the customer will be informed in writing of the decision reached by WRB and alternatives presented to resolve the issue (e.g., payment agreement, extended payment agreement, customer assistance programs and requirements related thereto). A detailed informal dispute/review process with a WRB immediate supervisor can be arrived at as a part of the proposed mediation process.
4. Implementation of an appeal process within WRB, e.g., when a dispute is not resolved with an immediate supervisor a customer can appeal to designated supervisory staff within WRB with no direct involvement with collections. Such an appeal will be undertaken pursuant to Department regulations and will be an informal opportunity to be heard calculated to facilitate the customer's participation. Any decision will be transmitted to the customer in writing and will detail the nature of the dispute, steps necessary for the customer to resolve the dispute (if the dispute is not resolved by the decision) and the basis for the decision. Appeal rights to the Tax Review Board will be set forth in any adverse decision. A specific framework for appeal including proposed regulations for same can be negotiated as a part of the proposed mediation process.

WATER REVENUE ASSISTANCE PROGRAM (WRAP)

5. Implement clear program guidelines for WRAP, e.g., requirements for WRAP should be clearly stated. Specific eligibility determinations and program guidelines can be negotiated as a part of the proposed mediation process. WRB will also have appropriate staff to administer the WRAP program. Customers in WRAP will also have written acknowledgment of participation in such program setting forth their monthly WRAP payments, any arrearages on WRAP payments and the amount of the suspended balance.

Q. DOES THIS CONCLUDE YOUR PREPARED TESTIMONY?

A. Yes, it does.

KEITH J. RICHARDSON
Philadelphia Department of Revenue
Municipal Service Building, Sixth Floor
1401 J.F. Kennedy Boulevard
Philadelphia, PA 19102
(215) 686-6400

PROFILE

Results-oriented executive with extensive expertise in operational management, financial services, including banking and lending. Track record includes:

- Broad-based knowledge and skills in management, economic development, financial and operational turnarounds, performance measurements and strategic planning
- Experience in developing and motivating employees, working with executive staff, elected officials, and key stakeholders

EXPERIENCE

COMMONWEALTH OF PA. DEPARTMENT OF REVENUE, Harrisburg, PA **Director, Bureau of Compliance**

August 2003 to Present

Primary responsibilities include:

Provide direction through subordinate managers in four divisions, (Bankruptcy, Clearance & Collections, Discovery, and Enforcement) in the planning, development, coordination, implementation and evaluation of tax programs to insure compliance with Commonwealth policies and legislation. Direct the clearance of corporations for mergers, dissolution of charters, withdrawals of certificates of authority, bulk sales of assets, out-of-existence certificates and PA. Gaming Commission applications and vendors. Supervise the design and/or redesign of operating and tax systems for compliance and discovery programs to increase efficiency, effectiveness and internal controls. To implement new programs or modify programs based on executive and legislative initiatives. Serve as the Department of Revenue liaison with the Internal Revenue Service to assure compliance with the Department's and the Internal Revenue Service's Exchange of Information Agreement. Act as a liaison between the Department of Revenue and the Office of Attorney General. This position reports to the Deputy Secretary for Compliance and Collections.

Specific accomplishments include:

- Increased revenue collections by 42% in FY 2005-2006 (the Bureau collected over \$342 million).
- Assisted with the establishment of an Executive Order signed by Governor Rendell in April 2006 to do a clearance check on all statewide licensees with agencies under the Governor's jurisdiction.
- Created a working environment that is result-oriented and functions at peak performance.
- Participate with executive staff in creating new legislation for Department of Revenue's highly effective new enforcement tools (e.g., Wage Garnishment, Bank Attachment) thereby increasing liens by 12%.
- Developed strategic alliances and partnerships with other agencies of interest (inter-state, intra-state, and with union management).
- Currently developing the Revenue Roadmap to increase the use of technology and analysis as appropriate to improve Revenue processes.
- Created a new division in 2007, Business License Clearance.

NORTH PHILADELPHIA FINANCIAL PARTNERSHIP, Philadelphia, PA **Loan Portfolio Manager & Lending Officer**

1997-2003

Performed credit and financial analysis of loan applications for the executive staff of the 7th largest community development financial institution in the United States. Helped develop underwriting, portfolio management, and internal control policies for the Fund. Monitored accounts receivables. Responsible for establishing & maintaining a working relationship with all media venues for advertising NFPF. Managed all construction projects over \$1 million. Coordinated entrepreneurial training class in the Empowerment Zone.

Specific accomplishments at NFPF include:

- Managed a loan portfolio of 50 customers in various industry groups and company types including commercial real estate.
- Conveyed the first Empowerment Zone loan in the nation.
- Served as an original board member appointed by former Mayor Edward Rendell in 1996.
- Championed the completion of our application for certification for the Community Development Financial Institution status in 2000.

PNC BANK (f/k/a Midlantic Bank), Philadelphia, PA
Banking Officer

1994-1997

Provided overall direction of 2 branches with a staff of 26 employees. Directed all branch operations, including management of all controllable operating income and expenses, scheduling, marketing strategy development and implementation,. Also responsible for staff hiring, training and development. Reported to District Manager.

Specific accomplishments include:

- Completed merger of 2 branches while increasing sales of bank products totaling over \$100 million in deposits in the Center City Philadelphia Market
- Recognized as overall sales leader for the entire Midlantic banking system in both 1995 & 1996.
- Participated in the recruitment of college students into the institution's management development program.

EDUCATION

EASTERN UNIVERSITY, St. Davids, PA
Masters Degree in Business Administration

1997 to 1999

DUQUESNE UNIVERSTY, Pittsburgh, PA
Bachelor of Science Degree in Business Administration,
Majors: Marketing/Management and Finance. Minor: Criminal Justice

1984 to 1988

PROFESSIONAL PROFILE AND TRAINING

Certified Diversity Trainer, Commonwealth of PA, 2005
Accelerated Grievance Procedure Training, Commonwealth of PA, 2005
Federal Tax Administrators Compliance Conference, 2005
State Association Bankruptcy Attorneys Conference, 2004
Expertise in implementing best practices in staff relations.

OTHER

Memberships include:

Governor's Task Force for Working Families, Redeemer Renaissance Community Development Corporation, board member, Uptown Entertainment Development Corporation board member, Urban League of Philadelphia, Kappa Alpha Psi Foundation, NE Region, Past Chairman, Kappa Alpha Psi Fraternity, Inc (Life Member), Past Chairman of the Board of Trustees, The Church of Redeemer Baptist Church, 1999-2003.

Teaching and Lecturing Experience:

Eastern University School of Professional Studies, St. David's, Pennsylvania, Adjunct Professor
Rosemont College, Rosemont, Pennsylvania. Adjunct Professor