

**Geoffrey L. Brock** was appointed Water IT Director in May, 2012. He is responsible for directing Information Sciences and Technology services for the Water Department. Prior to this position, Mr. Brock had been Director of the Bureau of Laboratory Services for 27 years. In addition to these responsibilities, Mr. Brock served as Director of a federally funded Contamination Warning System Demonstration Pilot, a multi-year, \$12,000,000 project developed to prevent, detect and respond to threats to the drinking water supply and serves as a model for water utilities across the United States. Mr. Brock holds a B.S. in Civil and Environmental Engineering from Cornell University.

**Michelle L. Bethel** was appointed Deputy Revenue Commissioner in charge of the Water Revenue Bureau in July, 2008. She holds a B.S. in Accounting with a Minor in Public Relations from Kutztown University and an M.B.A. in Human Resource Management from the University of Phoenix. Prior to her appointment as Deputy Revenue Commissioner, Ms. Bethel worked for the Commonwealth of Pennsylvania Department of Revenue in Harrisburg for 14 years. Ms. Bethel has extensive knowledge of and experience with customer service, collections, and compliance issues gained through working in increasingly responsible management positions.

### **Personnel Information**

As of December 31, 2014, the Water Department employed approximately 1,947 permanent employees, of whom 1,430 are represented by District Council 33 and 299 by District Council 47, both of the American Federation of State, County and Municipal Employees. The balance (218 permanent employees) represents the Water Department's upper management, supervisory and senior engineering and administrative personnel who are not eligible for union membership. The wages and salaries of approximately 232 employees in the Water Revenue Bureau are funded by the Water Department. Union representation in the Water Revenue Bureau parallels that of the Water Department. The City recently entered into new collective bargaining agreements with District Councils 33 and 47, and the Water Department has accounted for its corresponding financial obligations under the terms of these new labor agreements in its budget. For a summary of the terms of such labor agreements, see APPENDIX IV – "GOVERNMENT AND FINANCIAL INFORMATION – Expenditures of the City – Overview of Current Labor Situation."

### **Pension Obligations of the Water Department**

The City maintains a single employer defined-benefit pension program (the "Municipal Pension Plan"), which provides benefits to police officers, firefighters, non-uniformed employees, and non-represented appointed and elected officials, including employees of the Water Department. Contributions are made by the City to the Municipal Pension Fund from (i) the City's General Fund, (ii) funds that are received by the City from the Commonwealth for deposit into the Municipal Pension Fund, and (iii) various City inter-fund transfers, representing amounts contributed, or reimbursed, to the City's General Fund for pensions from the Water Fund, Aviation Fund, and certain other City funds or agencies. For a more complete discussion of the City's Pension System, see APPENDIX IV – GOVERNMENT AND FINANCIAL INFORMATION - "Pension System."

For Fiscal Years 2012, 2013 and 2014, payments from the Water Fund to the City's General Fund for the Municipal Pension Fund were \$48,613,215, \$55,959,398, and \$60,755,454, respectively. The Water Department has budgeted for a payment from the Water Fund to the City's General Fund for the Municipal Pension Fund of \$53,700,000 for Fiscal Year 2015.

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### **Relationship to the City**

The Water Department is one of the City's ten operating departments. As such, the Water Department reports to the Office of the Managing Director. The Water Department relies on other City departments and agencies for support of its operations. Eight departments receive a direct appropriation ("interdepartmental direct obligations") from the Water Department's operating budget at the beginning of each fiscal year to fund the support services to be rendered to the Water Department in such fiscal year. The eight departments are: the Revenue Department (Water Revenue Bureau) for meter reading, billing and collection services; the Law Department for legal services; the Department of Public Property for the rental of office space and parking; the

Office of Fleet Management for vehicle acquisition, fuel, and vehicle maintenance; the Office of Innovation and Technology for communications and computer support services; the Procurement Department for services related to the acquisition of goods and services; the Office of the Director of Finance for fringe benefits, indemnities and support services; and the Sinking Fund Commission for the payment of debt service.

Approximately 15 City departments and agencies, including the Revenue Department and the Department of Public Property, provide additional services to the Water Department during the year for which the Water Department pays them at the close of each fiscal year (“Interfund Charges”). Total Interfund Charges to the Water Department for the services provided by these departments totaled \$7,714,419 for Fiscal Year 2014, \$10,792,914 for Fiscal Year 2013, and \$9,074,727 for Fiscal Year 2012. These services include purchasing of services, supplies and equipment by the Procurement Department; certain communication services by Office of Innovation and Technology; street repairs by the Streets Department; disbursements and cash management by the Director of Finance; auditing services by the Office of the City Controller; debt management services by the Office of the City Treasurer; testing and hiring services from the Office of Human Resources and Labor Relations unit and other support services provided by the Managing Director’s Office, Civil Service Commission, Department of Licenses & Inspections, and the Police Department.

The City is the Water Department’s largest customer. (See Table 3 – Top 10 Retail Customers for Fiscal Year Ending June 30, 2014.) For Fiscal Year 2014, the City paid \$29,209,108 from its General Fund and \$3,712,191 from the Aviation Fund, for total interfund transfers to the Water Department of \$32,921,294. Water, sewer, stormwater, fire connection and ground water charges (collectively referred to as, “Standard Services”) totaled \$23,394,458. Other services provided by the Water Department, including standard pressure fire hydrants, inlet cleaning and snow removal (collectively referred to as, “Other Services”) totaled \$9,526,836 for Fiscal Year 2014. For Fiscal Year 2013, the City paid \$29,207,732 from its General Fund and \$3,125,300 from the Aviation Fund, for total interfund transfers to the Water Department of \$32,333,032. Charges totaled \$23,524,413 and \$8,808,619 for Standard Services and Other Services, respectively, for Fiscal Year 2013. For Fiscal Year 2012, the City paid \$25,994,297 from its General Fund and \$2,282,880 from the Aviation Fund, for total interfund transfers to the Water Department of \$28,277,177. Charges totaled \$20,173,350 and \$8,103,827 for Standard Services and Other Services, respectively, for Fiscal Year 2012. The Fiscal Year 2015 budget includes an estimate of \$29,866,349 for charges to the City’s General Fund and an additional \$3,897,481 for charges to the City’s Aviation Fund, for a total estimated interfund transfers to the Water Department of \$33,763,830. Such payments are credited to the Water Fund for each Fiscal Year as of the last day of such Fiscal Year; and payment occurs on or before October 31 in the same calendar year. See APPENDIX IV – “GOVERNMENT AND FINANCIAL INFORMATION OF THE CITY OF PHILADELPHIA.”

## THE SYSTEM

The Water Department provides water, wastewater and stormwater services to the City and certain municipalities in the Philadelphia metropolitan area. The Water Department’s service area for wastewater service and treatment is larger than its service area for water services and includes the City and certain municipalities in the Philadelphia metropolitan area. The following sections describe the largest customers of the Water Department, the Water Department’s wholesale contracts and the Water and Wastewater Systems, including certain environmental matters corresponding to each.

### The City and Other Large Customers

The City is the largest customer of the Water Department. In addition to charges for general service customers, which are based on metered water consumption, the Water Department charges the City for water and wastewater services provided to City properties and for operation and maintenance of the fire system (consisting of hydrants and pumping stations).

The ten largest customers of the Water Department for water, wastewater and stormwater services for Fiscal Year 2014 are set forth in the table below. The Water Department does not charge itself or include in revenue the retail value of the water, sewer and stormwater services used by the Water Department.

**Table 3**  
**Top 10 Retail Customers**  
**Fiscal Year Ending June 30, 2014**

	<u>Customer</u>	<u>Billing (\$)</u>	<u>% Total Billings</u>	<u>Consumption (ccf)</u>	<u>% Total Consumption</u>
1	CITY OF PHILADELPHIA*	\$23,394,457.95	3.73%	2,162,437	3.01%
2	PHILADELPHIA HOUSING AUTHORITY	12,057,791.00	1.92%	1,662,824	2.31%
3	PHILADELPHIA SCHOOL DISTRICT	6,134,544.00	0.98%	546,777	0.76%
4	VEOLIA ENERGY PHILADELPHIA	5,770,029.00	0.92%	1,189,253	1.66%
5	UNIVERSITY OF PENNSYLVANIA	4,336,676.00	0.69%	818,803	1.14%
6	FEDERAL GOVERNMENT	4,039,235.00	0.64%	366,470	0.51%
7	HONEYWELL RESIN & CHEMICALS LLC	3,551,780.00	0.57%	2,238,629	3.12%
8	TEMPLE UNIVERSITY	2,689,143.00	0.43%	525,019	0.73%
9	PAPERWORKS INDUSTRIES INC	2,358,277.00	0.38%	1,318,240	1.84%
10	UNIV. OF PA. HEALTH SYSTEM	2,099,849.00	0.33%	461,883	0.64%
	<b>TOTAL</b>	<b>\$66,431,781.95</b>	<b>10.59%</b>	<b>11,290,335</b>	<b>15.72%</b>
	Total Overall Billing/Consumption	\$627,033,728.00	100%	71,828,877	100%

\*The total above for the City of Philadelphia includes the following charges for Standard Services only: (i) \$16,162,777.04 – General Fund; (ii) \$3,711,886.43 – Aviation Fund; (iii) \$1,742,215.51 – Philadelphia Zoo; and (iv) \$1,777,578.97 – Ground Water. Charges for Other Services totaled \$9,526,836. In Fiscal Year 2014, the City paid the Water Department a total of \$32,921,294 for Standard Services and Other Services.

The table on the following page presents revenues as of June 30, 2014 and describes certain terms of the Water Department’s wholesale contracts for water and wastewater services as of December 31, 2014. The last column sets forth each wholesale customer’s proportional share of the Water Department’s Combined Sewer Overflow Long Term Control Plan (“LTCP”) expenditures under its consent order and agreement (“COA LTCP Expenditures”) with the PaDEP (defined below). The revenues, as reported below, are as of June 30, 2014.

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