BEFORE THE PHILADELPHIA WATER, SEWER AND STORM WATER RATE BOARD

In the Matter of the Philadelphia Water Department's Proposed Change in Water, Wastewater and Stormwater Rates and Related Charges

Fiscal Years 2019-2021

Direct Testimony

of

Michelle L. Bethel and RaVonne A. Muhammad

on behalf of

The Philadelphia Water Department

Dated: February 12, 2018

1		DIRECT TESTIMONY OF MICHELLE L. BETHEL
2		AND RAVONNE A. MUHAMMAD
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4	Q1.	PLEASE STATE YOUR NAMES, TITLES AND BUSINESS ADDRESS
5		FOR THE RECORD.
6	A1.	My name is Michelle L. Bethel and I serve as the Deputy Revenue Commissione
7		in charge of the Water Revenue Bureau ("WRB"). Also testifying with me is
8		RaVonne A. Muhammad, who serves as Assistant to the Director of Finance
9		Water Revenue Assistance Division. Our business address is at the Municipa
0		Services Building, 1401 John F. Kennedy Boulevard, Second Floor, Philadelphia
1		Pennsylvania.
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3	Q2.	BY WHOM ARE YOU EMPLOYED AND WHAT ARE YOUR
4		RESPECTIVE JOB RESPONSIBILITIES?
5	A2.	We are employed by the City of Philadelphia Department of Revenue and, in ou
6		respective capacities, oversee the operations of WRB, including billing
7		accounting, collection activities as well as the administration of customer service
8		and customer assistance functions for the Philadelphia Water Department.
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20	Q3.	PLEASE DESCRIBE YOUR RESPECTIVE EDUCATIONAL
21		BACKGROUND AND EXPERIENCE?
22	A3.	Ms. Bethel
23		I hold a Bachelor's Degree in Accounting from Kutztown University with a
24		Master's Degree in Business Administration (Human Resource Management
25		from the University of Phoenix. Prior to my tenure with the City, I was employed

by the Commonwealth of Pennsylvania Department of Revenue where I held management positions of increasing responsibility over a period of 14 years. My resume of experience is attached as Schedule MB-1.

Ms. Muhammad

I studied Sport and Recreation Management at Temple University. Beginning in December 1994, I held positions of increasing responsibility in the City's Recreation Department. In February 2009, I joined the Water Revenue Bureau as a Collection Customer Representative in the Water Revenue Account Analysis Unit and after a series of promotions, I was appointed to my current position. My resume of experience is attached as Schedule RM-1.

Q4. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A4. The purpose of our testimony is to describe WRB and its role related to billing, accounting and collection activities for water and wastewater services. We will also discuss the Tiered Assistance Program ("TAP") and other customer assistance and customer service programs that are administered by WRB.

Q5. PLEASE DESCRIBE THE REVENUE DEPARTMENT AND THE SPECIFIC SERVICES IT PROVIDES TO THE WATER DEPARTMENT.

A5. 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 WRB which is a part of the Revenue Department. WRB is comprised of some 165 employees who bill and collect water, sewer and stormwater rates and charges under the direction of the Revenue Commissioner.

IN ADDITION TO COLLECTION RESPONSIBILITIES, PLEASE
DESCRIBE OTHER WRB ACTIVITIES RELATED TO THE
ADMINISTRATION OF CUSTOMER SERVICE AND CUSTOMER
ASSISTANCE PROGRAMS?

WRB administers the Customer Intake Center which provides customer service related to applications for service, change of billing address, meter reading inquiries, billing inquiries, billing disputes and payment arrangements. In FY 2017, the number of customers visiting intake offices was approximately 93,977. In addition to in-person interactions with customers, tens of thousands of calls are handled by WRB and PWD on an average monthly basis.

Q6.

A6.

In addition to customer service activities, WRB administers the TAP program which was launched on July 1, 2017 and offers assistance to low-income households at or below 150% of the federal poverty level ("FPL") and those with a special hardship (e.g., losing a job). Under this new program monthly water, sewer, and stormwater bills are tied to household income. Payments range from 2% to 4% of monthly household income.

WRB has also historically offered various other customer assistance programs for households that do not meet the above income eligibility guidelines. These alternatives are generally referred to as Water Revenue Assistance Programs ("WRAP").

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WRAP agreements are offered to delinquent customers whose annual household income is 250% or less of Federal Poverty Level ("FPL"). WRAP provides the following types of assistance:

- Paid in Full agreements;
- Extended payment agreements (or Disposable Income agreements); and
- Water Revenue Bureau Conference Committee ("WRBCC") payment agreements.
 - Each of these types of WRAP agreements have different income level thresholds for eligibility.
- Paid in Full Agreement (PIF): PIFs are available to delinquent low-income water customers who are able to fully pay off the delinquent balance through a combination of City Grants², Utility Emergency Services Fund (UESF) grant, and the Water Department's UESF matching grant. Key criteria are as follows:
 - i. If the total delinquent balance is \$550 or less, then only a \$500 City Grant was applied³. The customer needed to pay the remaining amount to fully clear the delinquency. The City Grant was offered once per fiscal year to a delinquent customer. Note: The City Grant was phased

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¹ WRB stopped accepting new WRAP applications on July 1, 2017. Existing WRAP participants are eligible to remain in the program as long as they timely recertify.

² The City Grant was phased out in the first quarter of FY 2018 and is no longer available.

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³ The City Grant was phased out in the first quarter of FY 2018 and is no longer available.

²³

- out in the first quarter of FY 2018 and is no longer available.
- ii. If the total delinquent balance is greater than \$550, then a combination of UESF grant and a matching water department grant is offered to fully pay off the delinquency. The UESF grant is offered only to customers whose household income is 175% of FPL or less, and is offered only once every two years to a delinquent water customer.
- Disposable Income Agreement (DI): DIs are available to delinquent lowincome water customers who are unable to fully pay off the delinquency even with grant assistance and hence enter into an extended payment agreement. Key criteria are as follows:
 - i. This type of extended agreement is offered to both Owners and Tenant customers.
 - ii. Tenant's household income needs to be 250% or less of FPL; Owner's household income needs to be greater than 150% and less than or equal to 250%;
 - iii. Under the "10/5" plan a customer is usually required to pay a down payment of 10% of the delinquent balance amount and pay 5% of the remaining arrears each month (in addition to the current bill). Under the "10/5" plan the customer is offered up to 60 months of monthly installments to pay off the arrears.
- WRBCC Agreement: WRBCC agreements are offered to water customers who are <u>owners</u> and not tenants or occupants. Key criteria are as follows:
 - i. This type of agreement is offered only to owners with 150% of FPL or less;
 - ii. A City Grant of \$500 was applied as follows: \$200 was applied to

reduce the delinquent balance, and \$300 was used to reduce the monthly payment of the current monthly bill. 4

- iii. The remaining delinquent balance is deferred.
- iv. This agreement is offered for a duration of one year, and is subject to renewal.
- v. The customer is responsible for seeking a WRBCC agreement renewal.

Q7. HOW MANY CUSTOMER HOUSEHOLDS PARTICIPATED IN THE ABOVE DESCRIBED LOW-INCOME ASSISTANCE PROGRAMS IN RECENT YEARS?

A7. Historically, approximately 10,000 households have participated in the WRAP program annually (which was designed to assist delinquent low-income customers). WRB expects this number of households to migrate to TAP beginning in July 2017 in addition to newly eligible households that will become aware of TAP (which is designed to assist low-income household before they become delinquent). The testimony of Jon Davis (PWD Statement 10) provides a detailed discussion of expected participants in TAP. In addition to assisting WRAP participants, WRB and PWD interact with tens of thousands of customers answering questions and otherwise assisting them with service initiation, payment

⁴ The City Grant was phased out in the first quarter of FY 2018 and is no longer available.

inquiries, payment disputes, payment agreements and a wide range of other programs, including the availability of the senior discount for eligible households.

Q8. PLEASE BRIEFLY DESCRIBE TAP AND THE STEPS UNDERTAKEN BY THE CITY TO LAUNCH THIS NEW PROGRAM.

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A8. TAP is a new affordability program for residential Water Department customers who meet low-income or special hardship eligibility criteria. WRB and the Water Department are jointly implementing the program, which began accepting applications on July 1, 2017. As a part of TAP implementation, the following steps were undertaken related to program outreach, application dissemination, application review/approval and initiation of program enrollments.

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Public outreach efforts were initiated in May 2017;

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application by mail or apply online beginning July 1, 2017 (a TAP application

In June 2017, WRB dispatched a mass mailing to recent and current WRAP

customers describing TAP, the application process and procedures to file

was also included in this mailing);

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Call center staff were made available to assist customers with application questions beginning July 1, 2017;

WRB began reviewing TAP applications (using the Customer Assistance Management Program) beginning July 3, 2017;

WRB first approved customers for TAP in late July 2017; and

WRB initiated a two-user review beginning in October 2017 to facilitate consistency and transparency in the review process.

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In addition to the above, the following steps were undertaken to ensure that lowincome customers would be assigned to the most favorable available program.

- Since July 2017, WRB has approved applications for other assistance programs, e.g., extended payment agreements for customers over 150% FPL (but not eligible for TAP); and senior citizen discount for customers for whom that was the most favorable outcome; and
- WRB has also dispatched re-certification reminder letters to customers in WRAP agreements (applicable to agreements expiring within 2 months).

Q9. PLEASE DESCRIBE IN GREATER DETAIL HOW WRB HAS MANAGED THE TRANSITION FROM EXISTING CUSTOMER ASSISTANCE PROGRAMS TO TAP.

A9. In January 2017, WRB sent letters to approximately 13,600 customers notifying them of the planned changes in the PWD customer assistance programs. This correspondence informed affected customers that, beginning in July of last year, the WRAP program would no longer feature a City grant contribution to a customer's bill. Additionally, they were informed that only customers active in WRAP agreements would be eligible to re-enroll. Finally, customers were reminded to recertify when prompted and to look for the recertification application to be mailed in July.

In June 2017, applications were mailed to all active WRAP customers (approximately 14,500) so that they could enroll in TAP and start receiving lower water bills even before their existing agreements expired.

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Beginning in November 2017, WRAP recertification letters were mailed to inform participants to recertify in WRAP before agreement expiration or enroll in TAP. Recertification packages are mailed two months ahead of the agreement end-date.

Finally, in an effort to ensure that pre-existing WRAP customers would not experience a gap in their assistance (as TAP was being implemented), current WRAP customers with agreements that were to expire during the period July 1 through December 31, 2017 had their WRAP agreements extended. This action affected over 3,000 customers.

WHY IS THE TAP IMPORTANT? **O10.**

A10. TAP is important because it offers assistance to customers struggling to afford water before they fall behind in their payments. Under TAP, a household's bill is determined as a percentage of household income. In order to keep consumption levels in check, eligible households will also receive information concerning water conservation along with free leak detection tests and low-flow plumbing fixtures. TAP households' outstanding water balances are placed in abeyance.

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HAS WRB ADDED STAFF TO SUPPORT THE TAP PROGRAM? 011.

A11. Yes. WRB has added 22 positions to administer the program. These staff members are in place to oversee program intake, process thousands of applications (including confirmation that necessary information has been presented to complete application – gross household income, household members, etc.) and utilize program software to ensure customers are assigned to the WRB program most advantageous to the household – which may be TAP or one of the other

1		programs described above. These employees can also be redeployed to other
2		WRB units if their TAP work is completed.
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4	Q12.	WHO PAYS FOR THE COSTS FOR TAP AND THE OTHER PROGRAMS
5		DISCUSSED ABOVE?
6	A12.	The costs of various customer assistance programs are recovered as a part of the
7		Department's overall revenue requirements. Projected TAP program costs are
8		specifically addressed in the Testimony of Raftelis Financial Consultants, Inc.
9		(PWD Statement 10); the allocation of costs to customer types is addressed in the
0		Testimony of Black & Veatch (PWD Statement 9).
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2	Q13.	DOES THIS CONCLUDE YOUR PREPARED TESTIMONY?
3	A13.	Yes, it does.
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Schedule MB-1: Resume of Michelle Bethel

MICHELLE L. BETHEL

Municipal Services Building 1401 J.F. Kennedy Boulevard, 2nd Floor Philadelphia, PA 19102

PROFILE

Results oriented executive with extensive expertise in operational management, training development, including various investigative and technological skills. Track record includes:

- Broad-based knowledge and skills in management, human resources, 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

CITY OF PHILADELPHIA, DEPARTMENT OF REVENUE, Philadelphia PA July 2008 to Present

Deputy Revenue Commissioner, Water Revenue Bureau

Oversee the operating budget of 17M. Responsible for 270 budgeted positions that consist of the Accounting Unit, Administrative Support Unit, Call Center, Collections, Customer Service, and Technical Operations. Responsible for the monthly generation and collection of Water/Sewer bills for 500K customers. Responsible for financial reporting to the Water Department and the City Controller's Office on a monthly basis. Serves on the Revenue Commissioner's Executive Team which has been tasked with developing and implementing the strategic plan for the Revenue Department

Specific accomplishments include:

- Instituted a collection phone campaign that resulted in 1.6M new Revenue Collections
- Oversaw Revenue Collections of \$523M; exceeded goal by 6M
- Reduced overtime spending

COMMONWEALTH OF PA, DEPARTMENT OF REVENUE, Harrisburg PA October 2007 - June 2008

Assistant Director, Bureau of Administrative Services

Served as the Department liaison for the Internal Revenue Service responsible for ongoing data exchanges. Oversaw space feasibility studies to ensure efficient utilization of current and future Department expansion requirements. Directed the movement of documents, equipment, and furniture for the Department. Made decisions and recommendations to the Director regarding physical security, access badges and emergency actions required by the Department. Assisted in the day-to-day management of the bureau in the areas of duplication/publication, graphic arts, building leases and maintenance, procurement, warehousing, tax records management,

automotive, word processing, and secretarial services. Performed as Director during periods when the Director is absent.

COMMONWEALTH OF PA, DEPARTMENT OF REVENUE July 2005-October 2007

Division Chief, Enforcement Division, Bureau of Compliance

Organized, directed and controlled the operations of the Enforcement Division, composed of 31 employees engaged in filing and satisfying of liens, the assessing and collection of bad checks, the collection and processing of wage garnishment cases, referral of delinquent tax accounts to outside collection agencies, referring, reviewing and monitoring of accounts eligible for collection by the Office of Attorney General. Assisted in the development of departmental policies and procedures, researching and data gathering for all compromise and write-off offers. Maintained working relationships with various Bureaus to ensure efficiency. Responsible for interviewing, selecting job applicants, writing performance Standards and Job Descriptions. Investigated and resolved employee complaints/grievances.

Specific accomplishments include:

- Assisted with overall record collections of \$363 million for the bureau in fiscal year 2005-06
- Increased total lien production by 20% with the introduction of the Corporate Tax Lien Project.
- Instrumental with the development of the Lien Integrated Processing System

COMMONWEALTH OF PA, DEPARTMENT OF REVENUE November 2003- July 2005

Division Chief, Bankruptcy Division, Bureau of Compliance

Directed the procedural analysis, standard development, research and planning programs with regard to all bankruptcy and insolvency issues for 22 member Unit. Assisted in the development of departmental policies and procedures involving bankruptcy issues, maintained a working knowledge of the Federal Bankruptcy Code, its Rules, Procedures and local rules regarding bankruptcy issues. Analyzed statistical information for producing monthly reports. Maintained working relationship with the Office of Attorney General and the Office of Chief Counsel on bankruptcy cases to ensure the Commonwealth of Pennsylvania interests were protected.

Specific accomplishments include:

- Eliminated a backlog of over 10 years of dismissal and discharge cases; thus sending \$3 million back in the collection workflow for the department.
- Established a workflow process for Tax Examiners and Specialists that increased efficiency through streamlining functions and eliminating redundancy.

COMMONWEALTH OF PA. DEPARTMENT OF REVENUE November 2002-November 2003

Assistant Manager, Harrisburg Call Center, Bureau of Collections

Established training programs. Conducted interviews, performance evaluation reviews, and meetings with supervisors. Resolved difficult taxpayer situations. Reviewed the analysis of Revenue Research Analyst II, ensuring collection routines and workflows were at their optimum

efficiency levels. Surveyed operational issues in order to meet bureau goals and objectives. Oversaw the telephone quality assurance-monitoring program to verify all supervisors were consistently monitoring all employees to maintain good customer service.

COMMONWEALTH OF PA. DEPARTMENT OF REVENUE, Harrisburg, PA January 1998- November 2002

Research Analyst II/PC Coordinator, Harrisburg Call Center, Bureau of Collections Developed and trained employees on technological solutions. Conducted analysis and operational research studies to strengthen, streamline, revise, or otherwise improve the functioning of the Call Center. Researched, gathered, and compiled raw data into spreadsheet-ready reports for upper management. Updated networked electronic file catalogs and document tracking databases using Access Databases. Analyzed and forecasted Call Center inventory. Managed network resources, set user rights and file/folder permissions. System Administrator of the Teloquent Automated Call Distribution (ACD) Telephone System and the Mosaix/Lucent Predictive Dialer System.

EDUCATION

UNIVERSITY OF PHOENIX

2005-2007

Master's Degree in Business Administration with a concentration in Human Resources Management

KUTZTOWN UNIVERSITY of Pennsylvania, Kutztown, PA

1988 - 1992

Bachelor of Science Business Administration/Accounting with a Minor in Public Relations

CERTIFICATIONS AND TRAINING

Achieve Global Customer Service Facilitator; Certified Diversity Trainer

ACCOMPLISHMENTS

Recognized by The Secretary of Revenue, two consecutive years, for training and outstanding dedication to customer satisfaction

2004 Graduate of the Leadership Development Institute for Women in State Government

2004 Graduate of the Leadership Development Institute for Community Enrichment—Penn State

AFFILIATIONS

Delta Sigma Theta Sorority, Inc., A Public Service Organization; National Black MBA Association, Inc.

Board Member - YMCA Columbia North, Philadelphia PA; National Association of Professional Women (NAPW);

Society for Human Resource Management (SHRM)

Schedule RM-1:	Resume of RaVonne Muhammad

RAVONNE A. MUHAMMAD

Municipal Services Building 1401 J.F. Kennedy Boulevard, 2nd Floor Philadelphia, PA 19102

PROFILE

- Well-rounded background in human resources, training, administrative operations and customer relations.
- Highly analytical, with a focus on problem solving based upon departmental regulations and policies
- Excellent experience developing and maintaining a variety of programs, including those that must comply with mandated guidelines
- Experienced in writing and delivering presentations for executive meetings.

EXPERIENCE

CITY OF PHILADELPHIA, FINANCE DEPARTMENT, Philadelphia PA February 2017 to Present

Assistant to the Director of Finance, Water Revenue Assistance Division

Within the Philadelphia Department of Revenue's Water Revenue Bureau, manage a division of four supervisors and twenty-seven line staff to implement new assistance programs introduced by City ordinance. Review and implement standard operating procedures for division and department. Conduct meetings and trainings for new policies and procedures and maintain staffing and budget according to Revenue human resources. Review and utilize multiple databases for reporting, metrics, and customer service

CITY OF PHILADELPHIA, DEPARTMENT OF REVENUE, Philadelphia PA February 2009 to February 2017

Customer Representative Supervisor, Water Revenue Bureau Assistance Unit December 2015 to February 2017

Supervised staff of nine employees who review and process low income payment agreement applications for water and sewer accounts. Reviewed processed applications, approved special term agreements, and reviewed specially assigned accounts from Director and Manager as needed. Assigned staff to attend community outreach events and assisted as acting Manager when required.

Customer Representative Supervisor, Water Revenue Informal Hearing Unit June 2012 to December 2015

Supervised staff of six employees who review water disputes and reviewed prepared cases to be presented at Informal Hearings and resulting adjustments. Reviewed specially assigned accounts from Deputy Commissioner as needed and provided feedback for rate mediation and Water Department regulations as applied to billing. Acted as contact for new City employees for compliance for Water Revenue debt and provided payment arrangements for City employees for delinquent water bills.

Revenue Customer Representative, Water Revenue Tax Review Board and Informal Hearing Unit

March 2012 to June 2012

Reviewed and prepared water account histories for hearings to be presented before Tax Review Board, submitted adjustments based upon detailed review of accounts and Board decisions. Contacted and met with customers regarding hearings and account review and presented cases to Board. Presided over Informal Hearing cases with customers and render decisions based upon evidence presented by customer and designated City representative.

Collection Customer Representative, Water Revenue Account Analysis Unit February 2009 to March 2012

Acted as point of contact for Community Legal Services, reviewed water accounts and submitted documents for accuracy for determination of course of action based upon Bureau regulations and policies, analyzed water accounts based on customer and internal inquiries to determine if billing is correct and inform customers of results in writing, and submitted adjustments when determined to be necessary based on billing or meter information. Reviewed and processed applications for Water Revenue Assistance Unit for payment agreements based upon customer income and assisted former supervisor with weekly report submission, training, manual development and other duties as needed.

CITY OF PHILADELPHIA, RECREATION DEPARTMENT, Philadelphia PA December 1994 to February 2009

Clerk III, Recreation Human Resources Management Administration July 2006 to February 2009

Administered service award program, including determining and ordering awards for years of service. Administered human resources information to employees regarding time usage, pay, personnel information and pension. Received and reviewed requests from employees for information related to personnel information. Managed and input payroll for over 200 permanent, part-time and temporary employees.

Clerk III/Secretary, Recreation Program Division June 2001 to July 2006

Solely responsible for maintaining department's compliance for state mandated Temporary Assistance for Needy Families program for After School Program, Established and maintained detailed database of department's city-wide after school program comprised of nearly 1800 children. Prepared monthly reports related to participants' attendance, data received, and need for additional information and trained employees as to process for administering required paperwork for T.A.N.F. program, and received and reviewed submitted paperwork to ensure T.A.N.F. compliance

Customer Service Representative, Recreation Commissioner's Office December 1994 to June 2001

Worked directly with Commissioner in daily operations of office, communicated with Deputy Commissioners and upper level management, as well as other City department offices for meetings, events, etc. Maintained Commissioner's schedule and written correspondence and assisted in various special projects, events, and general assistance to public requesting information.

EDUCATION

TEMPLE UNIVERSITY 2003-2006

Undergraduate studies in Sport and Recreation Management

HAMPTON UNIVERSITY

1992-1993

Undergraduate studies in Political Science