

Statement

From: Christopher Long

[REDACTED]

Philadelphia, PA. 19138

[REDACTED]

[REDACTED]

Hi, Mrs. Pickens

My name is Christopher Long, I was fortunate to meet you at the Water Dept. rate increase request meeting on Wednesday at 6500 Tabor Rd. I just wanted to follow up with you about some of the concerns I have about their rate increase request.

1. This rate increase request from the Philadelphia Water Department is not about repairing and replacing the aging infrastructure of our water systems nor is this rate increase needed to meet federal mandates as the water Commissioner Debra McCarty stated. This request like many others in the past is being requested so that the PWD could meet their payroll burden, health benefits cost, pension payments, new hire request and the programs which they subsidize which are not needed nor wanted by the majority of the citizens in our city. They have many more payment obligations, many of which are totally unwarranted to fulfill the job they are asked to perform and that is providing the city with a clean water supply.
2. If you remember at the meeting they mentioned the service charge for all PWD customers, this charge as they stated is needed to supply the citizens with clean water. I may be a little slow but the replacing or repairing our water infrastructure is part of that service charge. At the meeting they could not present a detailed or itemized list of what they spent the last infrastructure rate increase in 2013.
3. The concept of the new Water Rate Board is a great idea. However, I'm not sure if the members are even residents of the city and they certainly don't appear to represent the makeup of the city. There is a direct conflict of interest with the board chair being a former employee of PWD; he has a vested interest in PWD being awarded an increase. In my opinion the board should be made up of city residents that do not work for city government, they should have access to financial professionals to help them audit PWD financial statements which would make them better informed to make the best decisions.
4. The PWD presentation stated they lost a key customer supplying water to Bucks County and they stated that water consumption by PWD customers was down. If that is the case, then that means we have an abundant supply of water, with customer demand down. The oil industry is experiencing the same dilemma, an oversupply of product, thus gas prices are down. The same can be said in this circumstance, our water bills should be going down, not up. Oil companies were forced to cut their work force and make other operational and management changes in

order to keep their companies a float. What work force cuts or operational changes or managerial changes did the PWD make to lower the cost to consumers while still maintaining their objective; it appears to me they made none.

5. Of the 2000 plus PWD workforce, the water commissioner(Debra McCarty) did not know what percentage of that workforce was administrative or what actual percentage of their workforce worked to maintain our water infrastructure. At the meeting Mrs. McCarty did mention they made cut in personnel at our water treatment plants, but made no cuts in personnel administratively. It's very clear to me that Mrs. McCarty wants to keep their operations status quo, while the numbers suggest cuts need to be made in their workforce and these so called subsidized programs. The citizens of this city already pay taxes to the city and the state to subsidize housing for the aging and low income residents, the city already subsidizes all public utilities rates for these same two groups.
6. Moreover, these same two groups are afforded brand new subsidized homes with features like all new appliances including a washer and a dryer, central air and up to six bedrooms and three baths. While the citizens that fund these subsidized homes have a fan in the window in the summer time or a kerosene heater in their living room during the winter months and they have to troll to a laundromat to clean their clothes. This picture doesn't seem right to me. A resident at the meeting mentioned the burden of having to pay for people who neglect to pay their water bill. That point has some merit, the burden of people or groups failing to pay their water bill should not impact the water bill of those that pay their water bill on time. As well, those water accounts that are past due are forwarded to the legal department or a collection agency. Once these past due accounts have been collected, what happens to that money, should the water bills of customers that pay on time be reduced. If you think about it, the PWD is being paid twice for overdue water bills, they are paid from their customer base and they are paid once those overdue accounts have settled.
7. Another area of waste that I see on a daily basis is the use of new vehicles purchased by the PWD to move their top heavy administration personnel around the city. I no problem with the PWD purchasing vehicles used to read water meters or vehicles used to repair or maintain water lines across the city. Administrative personnel should not be riding around the city on the backs of the citizens of this city. I see PWD personnel dropping off their kids to day care using PWD vehicles; I see some of these same PWD employees shopping at Wal-Mart using PWD vehicles, not to mention the frequent stops made for food and other personal tasks. This type of misuse affects the gas burden for these vehicles and not to mention the insurance burden once these vehicles are involved in car accidents. However, the most troubling aspect I have come across involving PWD employees, is the one for two scam which was played out for me from one of my former neighbors who worked for the PWD. He was in charge of a PWD work crew and he stated he would put in a request for the purchase of certain tools with the PWD to complete a work assignment. He would state he needed two of such tools to complete the job. One of the tools would actually go towards the work assignment, while the other tool would end up in his garage. I asked how could he get away with such a scam and he stated the PWD does not have a protocol in place to track all the tools or vehicles they have purchased, they have way to much inventory for them to track. Understand, some of the cost for these tools can go into the

thousands of dollars and this scam, I don't know how he did it, but he ended up with a new snow blower one year at the expense of the PWD and the citizens that pay his salary, he said this practice goes on all the time. As well, he also stated then practice is not just limited too just work crews, he stated the administration departments also run the same scam, they order more laptops than needed or order more office furniture than needed and take the rest home with them.

8. Another scam is these high price financial audits from outside sources, like the recent financial audit completed at the end of 2015 by Raftelis Financial Consultants for 700,000.00. First, these audits are unnecessary, audits for all city departments can be done by the City Controller's office at no charge, the PWD just needs to submit a request to have the audits done. Second, these audits are prone to have kickback aspect attached along with gifts or other favors. Accordingly, they could have request audits be done using some of the four year college students around the city. This could be done using the audits as a class assignment for some of these students and the PWD could make a very small donation (1500.00) to these college departments on behalf of the students that participated in the audits, not like the 700,000.00 that was paid to Raftelis Financial Consultants.
9. The PWD needs three departments to provide the city with clean water, a administrative staff of no more than a hundred people to handle customer request and billing. A operation department of no more than three hundred people to repair and maintain the water systems. As well, they would need another three hundred employees to maintain the water department's three water treatment plants. Currently the PWD is way top heavy in their work force, their payroll burden spurs all of these outrages rate increase request the PWD. The report done from the Raftelis Financial Consultants concluded most of what any person with common sense would conclude. You have too many personnel doing the same job or overlapping jobs, cuts need to be made and that does not mean create another department to remain status quo. Cuts should be made immediately in administration and in the work force.
10. Getting back to this service charge at the PWD, as mentioned a company can make up any kind of service charges or they can elect not to extort customer under the guise of a service charge. However, what I really find to be in my mind criminal behavior is customers being charged a service charge even when not using the PWD services. A customer can call up the PWD and state they will be out of town for six months and the PWD will continue to charge that customer a service charge just for being in their database, I can't think of anything more criminal.
11. Lastly, the only way to see what is going on at the PWD is to follow the money. That would include having access to their financial statements. You want to know how many employees are employed and what their job descriptions are, what are they paid and what are the times they work. You want accounts of all expenditures and the reason for them. You want a breakdown of all operational cost to the penny, could some of these operations be done cheaper by outside vendors and the same on the administration side. An itemized breakdown on all materials, invoices, inventory, tools and vehicles, if these documents can't be produced by the PWD, then criminal charges should be considered. Don't let them say all of this information is on our website, you want to view all invoices and expenditures in person, take an accountant with you when you view these documents. Residents should not foot the bill for office parties, trips,

lunches, traffic tickets or any legal judgments against the PWD. As well, residents should not foot the bill for their salaries or other payroll burdens, these are city employees, if they want a raise, they should go see the mayor and not try to backdoor their customer under the guise of we need to improve our water infrastructure. We already pay for that with the service charge that we are billed even when we don't use water for that month or year. Equally important, when do these rate increase request end. Every time Mrs. McCarty has her staff meetings about their payroll burden, is their answer to always make a rate increase request. At some point this practice has to end, pretty soon most residents in the city will not be able to afford the water utility, enough is enough, please make a stand on our behalf. If there is anything more that I can do, please advise.