



July 24, 2013

The Honorable
Board of Water Commissioners
City of Detroit, Michigan

Dear Chairman Fausone and Commissioners:

Regarding: Director's Report – July 2013

During the past month, DWSD efforts have continued to focus on organizational optimization efforts, kicking off the Water Master planning effort, bringing conversations on sewer rate simplification and look-back to conclusion, initiating the market compensation study and working with the City and the EM's office on coordination issues. Additional detail on these issues is included below.

We are pleased to announce that the Detroit WWTP was awarded the Silver Peak Performance Award at the National Association of Clean Water Agencies (NACWA) summer conference in Cincinnati on July 16. According to our records, the Detroit WWTP last achieved Silver Award status in 1996, and last achieved Gold Award status in 1989. Silver Awards are presented to member agency facilities that have had five (5) or fewer National Pollutant Discharge Elimination System (NPDES) permit violations during a calendar year. Congratulations to our staff at the WWTP for achieving this performance and recognition.

On June 27th, our monthly coordination meeting with MDEQ on the ACO and NPDES compliance was held at DWSD and included a tour of the Wastewater Treatment Plant. Following that meeting, that included discussion of the Secondary Treatment pilot, DWSD submitted a request for adjustment of the staffing level in the ACO.

On July 1st, I attended the first meeting of the Office of the Great Lakes Water Cabinet in Lansing. This was primarily an organizational meeting. The next meeting of the Cabinet is July 25th where the cabinet members will be engaged in a workshop format, where smaller groups will focus on specific goals and outcomes that relate to broader state water policy.

Bankruptcy

As the Board is aware, the City of Detroit filed for Chapter 9 bankruptcy protection on July 18, 2013. Since that time, DWSD management has had several meetings with the Emergency Manager's office and his team of consultants to discuss the filing, and DWSD's continued operations during the pending litigation. Those conversations have been very productive, and we have reached agreement on significant operational and messaging considerations that will enable DWSD to continue to operate in a manner that is consistent with the expectations of our customers. We will continue to keep the Board, our employees and customers advised of major developments as they occur.



Board Committee on Structure

The Board's Committee on Structure met on Monday of this week to receive an update on the progress of the Authority concept for DWSD. DWSD has scheduled a meeting among the attorneys for the three counties with representatives of the Emergency Manager's team for the early part of August to facilitate direct communications among the parties. This work, as well, is on-going and will continue in accordance with the overall restructuring plan for the City of Detroit through the bankruptcy proceedings.

Union Negotiations Update

DWSD continues to negotiate with its unions who do not have current contracts with the Department. We held negotiation meetings with unions over the past week and have additional meetings scheduled with other unions over the next month.

In addition, DWSD conducted an additional negotiation session with all of the unions to discuss a proposed Memorandum of Understanding regarding the resource pool concept. While no agreement has been reached at this point, we felt strongly about the discussion continuing.

ORGANIZATION OPTIMIZATION

During the Board workshop in July, a status report on facilitated portion of the initial pilots was presented to the Board. The report included a summary of the 40 "quick wins" that the pilot teams identified in the first four (4) weeks of their "on the job experience". Those "quick wins" will be reviewed with the teams to determine which are within ability of the teams to implement, and which require management assistance.

As a result of the positive experience with the Customer Service Center pilot in the main office building, a call for volunteers for a Westside Customer Service (WCS) Center pilot was made to allow the pilot to be in place to improve the customer experience during the upcoming tax roll. Two additional groups of volunteers (24) have been trained. The newly trained volunteers have been assigned to the WCS or other areas within Commercial Operations where they can be called upon to provide relief to the service centers as needed. The facilitated pilot at the WCS began July 8. "What I learned sessions" are a part of the morning meetings to further the team concept of continuous improvement.

To date, we have had over 400 volunteers for 182 volunteer opportunities. The next call for volunteers will occur this week. We will call for volunteers for pilots at Springwells, East Yard and Wastewater Treatment Plant Dewatering.

Two (2) additional optimization efforts focused on asset management plans to assure the optimization of DWSD's capital assets, and on IT infrastructure were presented to the Board at the July workshop, and are on the Board's agenda for consideration today.

A Management Team meeting to share the Phase II results and next Phase efforts is being planned.



FINANCE

The RFP for Financial Advisory services to the Board has been put on hold. To assure continuity in the near term, we will be bringing a DWSD contract forward to the Board in August with the current Financial Advisor.

We are working with the Finance Committee to update the Purchasing Policy to include all provisions of the Federal Court Orders, as well as to address housekeeping issues. This effort will not provide the comprehensive review of the Purchasing Policy that we anticipate at a later date.

INFORMATION TECHNOLOGY

The facilitated Service Desk Pilot is complete, and the final report is under review. Information Technology will be starting a second, un-facilitated Service Desk pilot beginning the week of July 29th.

We have received final drafts of EMA's Information Technology Assessment, and the Functional Requirements for Human Resources, Payroll and Timekeeping. Both EMA deliverables are key inputs into the EMA Phase A-IV project.

WATER SUPPLY

Water production is down due to weather. The Springwells filtration project is preparing to start. The contract to inspect the reservoirs in the system is also beginning.

WASTEWATER

The solids loading at the Wastewater Treatment Plant has been heavier than last year due to the large number of wet weather events this year. The dewatering and disposal of biosolids has experienced some interruptions over the last couple of months due to mechanical failures, excessive wet weather impacting land application, and the reduced number of dewatering units available due to the construction project that is replacing the belt filter presses.

The secondary optimization pilot is continuing to make progress in the areas of use of instrumentation and data tracking, and adjustments to the pilot continue towards optimization. We solicited input from the team to get their input on what is working and what is working to prepare for the launch of the next pilot, which will be the dewatering portion of the plant.

LEGAL

The following new lawsuit(s) were received:

Zurawski v Hunter, et al. This is an auto negligence claim filed against DWSD and its employee.



LEGAL (continued)

Macomb Interceptor Drainage District v City of Detroit. Macomb Circuit action filed against DWSD alleging Fraud, Innocent Misrepresentation, Breach of Contract and Unjust Enrichment relating to the Kilpatrick case and DWSD's settlement of its claims.

LaTanya Whitfield from DWSD's Commercial Operations Division has joined the Office of General Counsel.

General Counsel continues to support HR and DWSD's negotiation of Collective Bargaining Agreements.

Staff Kudos & Customer Accolades

I received a very kind letter from Mr. Geoffrey Devereaux, Case Manager with the Latino Family Services, with comments on the professional attitude and attentiveness displayed by Customer Service Representative Mischelle King. It is always rewarding to know when our employees are attentive to customer concerns. Thank you to Ms. King for exceeding our customers' expectations.

Respectfully submitted,

Sue F. McCormick
Director

SFM:dlr