



**AGREEMENT FOR INTERIM MANAGEMENT SERVICES**

**KEY PERFORMANCE INDICATORS**

## KEY PERFORMANCE INDICATORS

### 1. GENERAL

This document sets forth the Key Performance Indicators (KPIs) and the metrics for each KPI that must be met by Veolia in order for Veolia to receive payment of the portion of the Performance Compensation pursuant to Section 3.2.1 of the Agreement.

### 2. KEY PERFORMANCE INDICATORS

Each KPI aligns with the Board's mission statement and covers a certain operational or maintenance practice that has been identified by the Authority as critical to support the Authority's objectives for this project. The table below lists the seven KPIs and subtotal value. Future KPIs may be added at the Board's request, on an ongoing basis.

All KPIs shall be reviewed by the Steering Committee and Veolia annually for revision. If the Steering Committee determines that there is a rational basis for modifying the KPIs and/or reducing the Performance Compensation, at least forty-five (45) days prior to any proposed modifications, the Steering Committee shall provide Veolia written notice of its intent to modify the KPIs and/or reduce the Performance Compensation (including the Steering Committee's reasons supporting the Steering Committee's rational basis for such modifications and/or reduction). For a period of thirty (30) days following delivery of such notice, Veolia shall be permitted to present a counterproposal to the Steering Committee. If the Steering Committee does not receive a counterproposal within the thirty (30-) day period, the proposed modifications and/or reduction shall be deemed to be accepted by Veolia. If the Steering Committee does not agree with a counterproposal received from Veolia within the thirty (30-) day period, the parties shall resolve any disputes relating thereto pursuant to Article 20 of the Agreement.

	Description	Actions
KPI #1	Customer Service	Enhance functionality of phone system; optimize Customer Service staff performance; and implement metrics
KPI #2	Communication	Enhance PWSA Website and implement Community Outreach Program
KPI #3	Safety	Generate current statistics; establish safety program baseline; initiate training; and conduct facility inspections
KPI #4	Compliance	Develop Process Control Management Plan (PCMP); update Lab QA/QC Program; evaluate current level of telemetry/automation; and initiate use of compliance metrics
KPI #5	Capital Projects	Identify critical assets; evaluate condition of assets; improve tracking of Major Projects; and establish roles and responsibilities
KPI #6	Finance	Develop a department-level budget process; and develop a monthly financial report and feedback process
KPI #7	Leadership & Training	Perform organizational assessment and develop Training Program

### 3. VERIFICATION AND PAYMENT

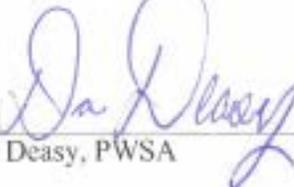
The Authority will pay a portion or the full amount of the Performance Compensation only upon completion of measurements for each KPI as indicated herein. Veolia is responsible for providing all information, calculations and other materials, with the Authority's assistance, to demonstrate that each KPI was achieved.

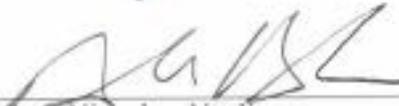
For each billing month, Veolia will submit a monthly KPI Status Report. During a given billing month, Veolia may submit one or more deliverables to the Authority. If the deliverable is in the form of draft report, written program or presentation, the Steering Committee and Veolia shall meet to discuss the deliverable. Upon receipt of the draft deliverables, the Steering Committee will provide comments to Veolia within two (2) weeks of receipt. If, after two (2) weeks following delivery of draft deliverables, Veolia does not receive any comments from the Steering Committee, the draft deliverables shall be deemed to be accepted by the Steering Committee. Veolia will invoice for deliverables as accepted by the Steering Committee and will provide supporting documentation of such deliverables along with the monthly invoice.

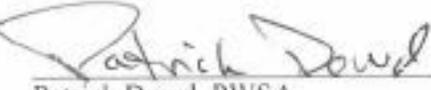
#### APPROVAL:

  
\_\_\_\_\_  
Scott Kunka, PWSA                      10-11-2012  
Date

  
\_\_\_\_\_  
Keavin Nelson, Veolia                      10/16/12  
Date

  
\_\_\_\_\_  
Dan Deasy, PWSA                      10/11/12  
Date

  
\_\_\_\_\_  
Robert Nicholas, Veolia                      10/11/2012  
Date

  
\_\_\_\_\_  
Patrick Dowd, PWSA                      10/11/12  
Date

***KPI #1: Customer Service***

	Action	Description	Value	Milestones	Deliverables
No. 1	Enhance functionality of Customer Service phone system	<ul style="list-style-type: none"> <li>Facilitate corrective actions to utilize more functions of the existing phone system</li> </ul>	<ul style="list-style-type: none"> <li>Customer hold time reduced</li> <li>Call drop rate decrease</li> <li>Improved customer satisfaction</li> <li>Improved image</li> <li>Need to invest in new system eliminated</li> <li>Monitoring capabilities restored</li> <li>Feedback to each clerk possible</li> </ul>	<ul style="list-style-type: none"> <li>Restore original functionality to customer service phone system for critical functions</li> </ul>	Post-repair functionality status report
No. 2	Optimize Customer Service staff performance	<ul style="list-style-type: none"> <li>Train management in the exact CBA language that governs work rules</li> <li>Implement changes to break times, lunches, vacations</li> </ul>	<ul style="list-style-type: none"> <li>More informed, prepared management</li> <li>Increased, consistent phone coverage</li> <li>Competent workforce</li> <li>Improved customer satisfaction</li> <li>Improved image</li> </ul>	<ul style="list-style-type: none"> <li>Enact reorganized break, lunch and vacation schedule</li> </ul>	Posting of notices
No. 3	Implement metrics	<ul style="list-style-type: none"> <li>Establish post-repair baselines (e.g. answer time; drop rate; call type)</li> <li>Establish targets (goals)</li> <li>Measure and report metrics</li> </ul>	<ul style="list-style-type: none"> <li>Establishes baseline against which improvements are measured</li> <li>Enables accountability</li> <li>Increased pride in performance</li> </ul>	<ul style="list-style-type: none"> <li>Establish metrics and implement monthly tracking</li> </ul>	List of targets (goals)
					First monthly metrics report

***KPI #2: Communication***

	Action	Description	Value	Milestones	Deliverables			
No. 1	Enhance PWSA Website	<ul style="list-style-type: none"> <li>• Identify customer and PWSA needs</li> <li>• Coordinate with City's IT department or third party to update, maintain and/or host the PWSA website</li> <li>• Develop process for website maintenance by PWSA</li> </ul>	<ul style="list-style-type: none"> <li>• Improved communication with customers</li> <li>• Increased collections</li> <li>• Increased productivity</li> <li>• Improved public perception of PWSA</li> </ul>	<ul style="list-style-type: none"> <li>• Release enhanced website</li> </ul>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td data-bbox="1591 267 1932 375">List of requirements</td> </tr> <tr> <td data-bbox="1591 375 1932 487">Beta version released</td> </tr> <tr> <td data-bbox="1591 487 1932 605">Written website management process</td> </tr> </table>	List of requirements	Beta version released	Written website management process
List of requirements								
Beta version released								
Written website management process								
No. 2	Implement Community Outreach Program	<ul style="list-style-type: none"> <li>• Identify key community organizations and outreach needs</li> <li>• Develop plan for each targeted organization or need</li> <li>• Identify PWSA lines of communication for each targeted organization</li> <li>• Establish standard training/response procedures for customer service staff and field crews</li> </ul>	<ul style="list-style-type: none"> <li>• Improved communication with public and customers in general</li> <li>• Improved public perception of PWSA</li> <li>• Creates positive media attention</li> <li>• Establishes PWSA as a leader in the community</li> <li>• More informed public that appreciates the critical service that PWSA provides</li> </ul>	<ul style="list-style-type: none"> <li>• Develop Community Outreach Program</li> </ul>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td data-bbox="1591 605 1932 850">Draft written program</td> </tr> <tr> <td data-bbox="1591 850 1932 1123">Final written program</td> </tr> </table>	Draft written program	Final written program	
Draft written program								
Final written program								

### ***KPI #3: Safety***

	Action	Description	Value	Milestones	Deliverables
No. 1	Generate current statistics	<ul style="list-style-type: none"> <li>Determine safety-related baselines (e.g. lost time incidents; injury rates; etc.) for past 12 months</li> </ul>	<ul style="list-style-type: none"> <li>Improved understanding of current level</li> <li>Increased safety awareness</li> <li>Level of expectations understood</li> </ul>	<ul style="list-style-type: none"> <li>Submit baseline data for past 12 months</li> </ul>	Written documentation
No. 2	Establish safety program baseline	<ul style="list-style-type: none"> <li>Provide summary of existing safety policies</li> </ul>	<ul style="list-style-type: none"> <li>Improved understanding of current program</li> <li>Identification of areas of improvement</li> <li>Level of expectations understood</li> </ul>	<ul style="list-style-type: none"> <li>Submit summary of existing safety programs</li> </ul>	Written documentation with comparison against OSHA guidelines
No. 3	Initiate training	<ul style="list-style-type: none"> <li>Facilitate orientation training for management and safety committee(s)</li> <li>Facilitate 10-hour OSHA training for safety committee</li> <li>Facilitate site inspection training of safety committee</li> </ul>	<ul style="list-style-type: none"> <li>Begin to instill safety culture into the organization</li> <li>Reduced incidents and injuries</li> <li>Improved safety conditions</li> </ul>	<ul style="list-style-type: none"> <li>Management and safety committee complete safety orientation</li> </ul>	Attendees list and copies of training materials
				<ul style="list-style-type: none"> <li>Safety committee completes 10-hour OSHA training</li> </ul>	Attendees list
				<ul style="list-style-type: none"> <li>Safety committee completes site inspection training</li> </ul>	Attendees list and copies of training materials
No. 4	Conduct facility inspections	<ul style="list-style-type: none"> <li>Pilot inspection of Brilliant Pump Station by safety committee led by skilled professional</li> <li>Summary of findings presented to management and board</li> </ul>	<ul style="list-style-type: none"> <li>Begin to instill safety culture into the organization</li> <li>Reduced incidents and injuries</li> <li>Improved safety conditions</li> </ul>	<ul style="list-style-type: none"> <li>Safety committee completes pilot site inspection of Brilliant Pump Station</li> <li>Present findings to management and board</li> </ul>	Draft presentation to management and board

	Action	Description	Value	Milestones	Deliverables
No. 4	Conduct facility inspections (cont'd)	<ul style="list-style-type: none"> <li>Provide safety committee training in prioritization method for addressing safety deficiencies</li> </ul>		<ul style="list-style-type: none"> <li>Safety committee completes training in prioritization method for addressing safety deficiencies</li> </ul>	Attendees list and copies of training materials

***KPI #4: Compliance***

	Action	Description	Value	Milestones	Deliverables
No. 1	Develop Process Control Management Plan (PCMP)	<ul style="list-style-type: none"> <li>• Develop PCMP on five key processes at the water treatment facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Trains staff to implement PCMP for additional processes</li> <li>• Improved process control</li> <li>• Reduced costs</li> <li>• Early warning for non-compliance trends</li> <li>• Better trained and responsible operators</li> <li>• Improved coordination with plant, lab and distribution system</li> </ul>	<ul style="list-style-type: none"> <li>• Submit PCMP on five critical processes at the water treatment facilities</li> </ul>	PCMP
No. 2	Update Lab QA/QC Program	<ul style="list-style-type: none"> <li>• Review existing program</li> <li>• Perform lab compliance audit</li> <li>• Provide self-audit training</li> <li>• Initiate performance monitoring methods</li> </ul>	<ul style="list-style-type: none"> <li>• Produce validated results</li> <li>• Improved efficiency</li> <li>• Improved performance</li> </ul>	<ul style="list-style-type: none"> <li>• Submit Lab QA/QC Program deficiencies</li> </ul>	List of deficiencies identified
					Corrective action plan complete
No. 3	Evaluate current level of telemetry/automation	<ul style="list-style-type: none"> <li>• Review state of existing telemetry for remote locations (pumping stations, reservoirs, CSO's)</li> <li>• Review state of existing automation at remote locations and water treatment facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Identify critical short-term and long-term needs for purposes of capital planning</li> <li>• Improved efficiency, compliance and performance</li> </ul>	<ul style="list-style-type: none"> <li>• Submit list of telemetry/automation needs assessment report</li> </ul>	Report

	Action	Description	Value	Milestones	Deliverables
No. 4	Initiate use of compliance metrics	<ul style="list-style-type: none"> <li>Review existing regulatory requirements</li> <li>Determine one-year's compliance baseline</li> <li>Develop a methodology report that captures the data needed to track regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>Improved relationship with regulatory agencies</li> <li>Improved compliance from identifying and reporting problems proactively</li> </ul>	<ul style="list-style-type: none"> <li>Submit methodology report including current baselines</li> </ul>	Methodology report
				<ul style="list-style-type: none"> <li>Submit monthly regulatory compliance reports for the WTP</li> </ul>	First monthly compliance report to management

***KPI #5: Capital Projects***

	Action	Description	Value	Milestones	Deliverables
No. 1	Identify critical assets	<ul style="list-style-type: none"> <li>Perform criticality assessment of remote facilities and water treatment facilities</li> </ul>	<ul style="list-style-type: none"> <li>Improved understanding of risks associated with equipment failure</li> <li>Improved contingency planning (spare parts, back-up power, etc.)</li> <li>Improved budgeting process</li> </ul>	<ul style="list-style-type: none"> <li>Submit Criticality Report</li> </ul>	Draft report
					Final report
No. 2	Evaluate condition of assets	<ul style="list-style-type: none"> <li>Perform condition assessment on top 25 critical pieces of equipment</li> </ul>	<ul style="list-style-type: none"> <li>Improved repair and/or replacement decision making</li> <li>Information used to develop future capital needs</li> <li>Improved staff efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Submit condition assessment report on top 25 pieces of critical equipment</li> </ul>	Draft report
					Final report
No. 3	Improve tracking of Major Projects	<ul style="list-style-type: none"> <li>Identify and prioritize Major Projects (construction projects over \$500k)</li> <li>Establish reporting parameters (budget; schedule; % completion)</li> <li>Establish reporting timelines for each Major Projects</li> <li>Develop report to track parameters</li> </ul>	<ul style="list-style-type: none"> <li>Major project information available in a timely manner</li> <li>Improved cost and schedule control</li> <li>Improved decision making process</li> <li>Improved project outcome/result</li> </ul>	<ul style="list-style-type: none"> <li>Submit tracking report for top five Major Projects (construction projects over \$500k)</li> </ul>	Report
No. 4	Establish roles and responsibilities	<ul style="list-style-type: none"> <li>Define roles and responsibilities for PWSA engineering and construction staff</li> <li>Define roles and responsibilities for</li> </ul>	<ul style="list-style-type: none"> <li>Improved communication amongst PWSA staff</li> <li>Improved communication between PWSA and consultant staff</li> <li>Improved decision making</li> </ul>	<ul style="list-style-type: none"> <li>Submit Role and Responsibility Matrix for PWSA and engineering and construction consultants</li> </ul>	Role and Responsibility Matrix

	Action	Description	Value	Milestones	Deliverables
		engineering and construction consultants	(when should consultants be used?) <ul style="list-style-type: none"> <li>• Increased accountability (PWSA and consultants)</li> <li>• Increased efficiency (PWSA and consultants)</li> </ul>		

***KPI #6: Finance***

	Action	Description	Value	Milestones	Deliverables
No. 1	Develop a department-level budget process	<ul style="list-style-type: none"> <li>• Establish departmental-level budgeting process</li> <li>• Develop method for department heads to prepare budgets</li> </ul>	<ul style="list-style-type: none"> <li>• Shared responsibility (bottom up) for budget process and results</li> <li>• Departments responsible and accountable for their own budgets and spending</li> <li>• Clear and defensible budget needs</li> <li>• Expense/Revenue gaps are identified</li> </ul>	<ul style="list-style-type: none"> <li>• Submit department-level budgeting process</li> </ul>	Documentation of budgeting process
No. 2	Develop a monthly financial report and feedback process	<ul style="list-style-type: none"> <li>• Generate a detailed monthly financial report for each department</li> <li>• Initiate monthly department budget meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Individual departments responsible and accountable for their own budgets</li> <li>• Timely corrections can be made if needed</li> <li>• All staff become aware of financial impact of actions</li> </ul>	<ul style="list-style-type: none"> <li>• Submit detailed monthly financial reports and schedule meetings</li> </ul>	<div style="border-bottom: 1px solid black; padding-bottom: 5px;">First monthly financial report for each department</div> <div style="padding-top: 5px;">Second monthly financial report for each department</div>

***KPI #7: Leadership & Training***

	Action	Description	Value	Milestones	Deliverables
No. 1	Perform organizational assessment	<ul style="list-style-type: none"> <li>• Develop/update all organizational charts</li> <li>• Develop employee census</li> <li>• Review CBAs and identify opportunities of improvement</li> <li>• Identify critical positions needing succession planning</li> </ul>	<ul style="list-style-type: none"> <li>• Identification of organizational strengths and weaknesses</li> <li>• Identification of leaders/mentors</li> <li>• Identification of training needs</li> <li>• Identification of recruitment needs</li> <li>• Identification of budgeting needs</li> </ul>	<ul style="list-style-type: none"> <li>• Submit employee census and organizational needs assessment report</li> </ul>	Draft report
					Final report
No. 2	Develop Training Program	<ul style="list-style-type: none"> <li>• Review existing training program and records</li> <li>• Identify and prioritize group and individual training needs</li> <li>• Recommend training format for priority needs</li> <li>• Establish training timeline</li> </ul>	<ul style="list-style-type: none"> <li>• More efficient workforce</li> <li>• Improved morale</li> <li>• Improved compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Submit training needs assessment and schedule</li> </ul>	Draft written plan
					Final written plan