

**Quality and Productivity Commission
30th Annual Productivity and Quality Awards Program
"Heritage of Excellence"**

2016 APPLICATION

Title of Project (Limited to 50 characters, including spaces, using Arial 12 point font):

NAME OF PROJECT: UTILITY PAYMENT APPLICATION

DATE OF IMPLEMENTATION/ADOPTION: 07/01/2007
(Must have been implemented at least one year - on or before July 1, 2015)

PROJECT STATUS: Ongoing One-time only

HAS YOUR DEPARTMENT PREVIOUSLY SUBMITTED THIS PROJECT? Yes No

EXECUTIVE SUMMARY: Describe the project in 15 lines or less using Arial 12 point font. State clearly and concisely what difference the project has made.

1 Utility Payment Application (UPA) was designed to eliminate the labor-intensive
2 processing of an average of 16,800 annual paper invoices from utility companies (water,
3 electricity, natural gas, etc.), reduce or eliminate errors inherent in manual data entry
4 and reconciliation process, and mitigate the risk of penalties due to late payments. The
5 application was first implemented in July 2007 and enhanced in February 2016. With
6 UPA, invoice data is electronically received from utility companies via automated
7 interface and loaded into an in-house database. After being reviewed and approved by
8 Fiscal Division (Fiscal) staff, another seamless interface allows the data to be uploaded
9 to the County electronic Countywide Accounting and Purchasing System (eCAPS) to
10 generate payments. Reports are available for monitoring, auditing, and analysis.
11 UPA has been a collaborative effort between Public Works' Fiscal and Information
12 Technology Divisions (ITD), and the utility companies. The results are decreased paper
13 usage, reduced risk of late payment penalties, increased staff efficiency and
14 productivity, enhanced controls over utility usage, and reduced footprint on the
15 environment.

BENEFITS TO THE COUNTY

(1) ACTUAL/ESTIMATED ANNUAL COST AVOIDANCE	(2) ACTUAL/ESTIMATED ANNUAL COST SAVINGS	(3) ACTUAL/ESTIMATED ANNUAL REVENUE	(1) + (2) + (3) TOTAL ANNUAL ACTUAL/ESTIMATED BENEFIT	SERVICE ENHANCEMENT PROJECT
\$300,000	\$ 65,000	\$ N/A	\$365,000	<input type="checkbox"/>

ANNUAL = 12 MONTHS ONLY

SUBMITTING DEPARTMENT NAME AND COMPLETE ADDRESS County of Los Angeles Department of Public Works 900 SOUTH FREMONT AVENUE ALHAMBRA, CA 91803		TELEPHONE NUMBER (626) 458-5100
PROGRAM MANAGER'S NAME Vivian Wang Francis Ho		TELEPHONE NUMBER (626) 458-6537/(626) 458-4125 EMAIL vcwang@dpw.lacounty.gov fho@dpw.lacounty.gov
PRODUCTIVITY MANAGER'S NAME AND SIGNATURE (PLEASE CALL (213) 893-0322 IF YOU DO NOT KNOW YOUR PRODUCTIVITY MANAGER'S NAME) Kimberly Y. Lyman <i>Kimberly Y. Lyman</i>	DATE <i>7/5/16</i>	TELEPHONE NUMBER (626) 458-5975 EMAIL klyman@dpw.lacounty.gov
DEPARTMENT HEAD'S NAME AND SIGNATURE Gail Farber <i>Gail Farber</i>	DATE <i>7-5-16.</i>	TELEPHONE NUMBER (626) 458-4002

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1st FACT SHEET – LIMITED TO 3 PAGES ONLY: Describe the **Challenge, Solution, and Benefits** of the project. State clearly and concisely what difference the project has made. Use Arial 12 point font

Challenge:

Automating utility payments has been an important focus area for the Department of Public Works (Public Works). Every year, Public Works processes approximately 16,800 utility invoices from field offices spread throughout Los Angeles County.

In a paper-driven environment, considerable time was required to match invoices with required backup information, collect the necessary approvals, and find and extract relevant data. As a result, it was often a challenge to make payments in a timely manner. To avoid late charges (eight percent for the Southern California Edison [SCE]), Fiscal staff occasionally had to deliver warrants to vendors in person.

Long hours spent on manual data entry of a significant volume of invoices (see table below) also meant increased risk for errors. Mistakes were inevitable, as well as delays between the times invoices were received, matched, approved, and entered into the accounting system. Occasionally, this time lag resulted in duplicate invoice payments, which made it even more challenging and costly to find accurate information and process corrections. Manual processing kept fiscal staff focused on the paper chase instead of more valuable activities such as customer service and data analysis.

**Utility Payments
 Calendar Year 2015**

Type	Number of Invoices	Number of Transaction Lines	Amount
Water	9,100	9,600	\$2M
Electricity	6,900	26,200	\$25M
Natural Gas	500	1,000	\$141K
Purchased Water	120	120	\$22M
County Telephone	80	80	\$48K
Cellular Phone Charges	50	50	\$175K
Total	16,750	37,050	\$49.4M

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Paper billing is an unsustainable practice that Public Works addressed in 2009 with the Paperless Office Initiative. The Fiscal and Information Technology Divisions aimed to be on the forefront of this initiative by reducing or eliminating the need for paper within the utility billing process.

Solution:

Public Works' ITD and Fiscal Divisions worked together to design an optimal solution for automating the invoice processing. Whenever possible, the Divisions wanted to take advantage of progress already made in this area instead of reinventing the wheel. For example, Public Works extracted Internal Services Department's SCE billing data directly without having to create another avenue to obtain such data.

The Main objectives are as follows:

- Eliminate manual data entry by populating UPA via automated nightly interface.
- Minimize errors.
- Ensure compliance with County of Los Angeles Auditor-Controller payment guidelines.
- Provide instant reporting capability. UPA reports ensure data consistency between UPA and eCAPS, and provide needed information on utility usage trends, payment history, etc.
- Promote sustainability by reducing paper usage and improving utility usage monitoring.

The UPA provides a central repository for utility billings and payments. It is programmed to highlight new information requiring Fiscal staff's attention. For example, when new utility accounts are created by other Public Works divisions, an alert is sent to the Fiscal staff of the change in the system and further action is required of the staff in order to proceed without any red flags. The UPA also assists with the necessary controls in adherence to the Countywide Auditor-Controller's policies by alerting staff of discrepancies.

UPA was developed in-house using Microsoft .Net 4.0, JQuery, and an Oracle 10g database. The billing data is uploaded into the UPA database using IBM DataStage 11.3 Extract, and Load and Transform tool. The payment information is uploaded to eCAPS using an Oracle stored procedure. The reports are generated using IBM Cognos Version 8.4.

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Benefits:

With the implementation of UPA, the average non exception invoice cycle time was reduced from five days to one day and a half. Public Works also achieved a reduction of its paper usage and vulnerability to late payment charges and data entry errors. The Fiscal Division was able to reduce staff hours spent on utility invoice processing by 120 hours per month. More importantly, the staff was able to focus on more rewarding tasks, such as analyzing utility usage trends and providing the information to Public Works divisions.

LINKAGE TO THE COUNTY STRATEGIC PLAN (DETAIL IS REQUIRED FOR COUNTY DEPARTMENTS): Use Arial 12 point font

UPA aligns with the County of Los Angeles Strategic Goals including:

- Operational Effectiveness/Fiscal Sustainability (Goal 1) – This application streamlines the utility payment process and minimizes the risk of error within utility data while avoiding extra costs in labor and penalties.
- Community Support and Responsiveness (Goal 2) – UPA helps save natural resources, which in turn helps protect the environment and community, by maximizing its use of electronic invoices.

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COST AVOIDANCE, COST SAVINGS, AND REVENUE GENERATED (ESTIMATED BENEFITS TO THE COUNTY

); If you are claiming cost benefits, include a calculation on this page. You must include an explanation of the County cost savings, cost avoidance or new revenue that matches the numbers in the box. Remember to keep your supporting documentation. Use Arial 12 point font

Cost Avoidance: Costs that are eliminated or not incurred as a result of program outcomes.

Cost Savings: A reduction or lessening of expenditures as a result of program outcomes.

Revenue: Increases in existing revenue streams or new revenue sources to the County as a result of program outcomes.

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With UPA, DPW avoided costs due to late payments and saved labor hours.

Avoidance of potential late payment charges by SCE (risk factor estimated at 15%):
 8% penalty on 15% x \$25M = \$300,000 penalty fee

Staff Savings:

120 Full Time Employee hours/month x \$45/hour = \$5,400 per month or \$65,000 per year

Total = \$365,000