



**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

9-10

December 17, 1996

**To:** Board of Directors (Organization and Personnel Committee--Information)

**From:** General Manager

**Submitted by:** Edward Means  
Deputy General Manager


**Subject:** Report on Metropolitan's Temporary, Consultant and Regular Employee Trends

## RECOMMENDATION(S)

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For Information only.

## EXECUTIVE SUMMARY

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This letter is being presented to the Organization and Personnel Committee in response to a request made by committee members for information concerning Metropolitan's historical and projected usage of consultants, temporary and regular employees.

Throughout the last decade, in order to ensure a reliable source of high quality water for its customers, Metropolitan has undertaken a series of capital improvement projects and outreach endeavors that have often required an increase in both staffing and funding. Many of these capital projects are now completed and now require operation and maintenance (O&M) or are reaching a stage at which funding requirements have either peaked or are beginning to exhibit a downward trend. Nevertheless, the General Manager has halted increases in real O&M costs for temporary employees and consultants and reversed the trend toward increasing either authorized or filled positions. The following report reviews the staffing trend for Metropolitan over the last ten fiscal years and forecasts the trend for FY 96/97 through the year 2000. By FY 98/99, management projects regular staffing levels less than those in FY 90/91. Increases in efficiency and redeployment of resources will allow existing staff to operate and maintain billions of dollars of new infrastructure as well as maintain new strategic efforts. Resources and staff requirements will be regularly reviewed as a part of the annual budget process. New initiatives may require added resources.

## **DETAILED REPORT**

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### **A. Major Cost and Staffing Drivers**

Increases in workforce and temporary/consultant expenditures experienced by Metropolitan throughout the past decade were due to new water quality, environmental, and safety and health regulations; new and aging facilities; increase water resource management initiatives including the local resources program, water conservation, water transfers, and Bay/Delta activities; information technology and communication infrastructure; enhanced planning efforts; more legislative/governmental affairs activities; and additional administrative support associated with the Capital Improvement Program and increased O&M activities. Some of the resources required to address these new requirements were obtained through efficiency initiatives implemented at Metropolitan. Some specific examples of these cost drivers are summarized below.

#### **New Water Quality, Environmental, and Safety and Health Regulations**

Increased emphasis and changes in water quality, environmental, and safety and health regulations at the state and federal levels have resulted in the implementation of new programs and additional monitoring requirements. New water quality regulations that Metropolitan will have to meet include the Information Collection Rule, the Disinfectant/Disinfection By-product rule, the Enhanced Surface Water Treatment Rule, and a new arsenic standard. Other new water quality programs include the Partnership for Safe Water, and the Cryptosporidium Action Plan. Also new are the California Environmental Quality and Endangered Species Act, workplace health and safety, hazardous materials and waste management, rideshare requirements, as well as environmental permitting. These new or added regulatory requirements have resulted in the implementation of new programs including the first responder program; industrial hygiene inventories and certification programs; oxidation retrofit program; environmental laboratory accreditation program; air toxics emission plans and air toxics inventory report; clean water permits; and monitoring for new pathogens including *Giardia*, *Cryptosporidium*, enteric viruses, and *Legionella*. Expenditures on these activities have increased from about \$6 million to \$19 million per year.

#### **New and Aging Facilities**

The addition and expansion of new and existing facilities and their operation has also contributed to increases in O&M costs. The newly added and expanded facilities in the last ten years include the Auld Valley Pipeline; Etiwanda Pipeline; Etiwanda Power Plant; Jensen Expansion No. 1; Mills Expansion No. 1 and No. 2; SCADA systems; contract operations of the Calleguas plant, and property management of land associated with the Eastside Reservoir Project, Inland Feeder, and Eagle Valley properties. In addition, as existing facilities continue to age, increased rehabilitation work has been required. Some of the new activities that have been introduced include emergency preparedness and maintenance management support services. These costs have doubled, from \$40 million to \$80 million per year.

### **Water Management Programs**

Water management programs, which are now integral to meeting our reliability goal, were in their infancy ten years ago. The Local Resources Program was first introduced in 1985-86. The yield from these projects total 300,000 acre-feet, and there is ongoing negotiations and contract administration associated with this program. Large-scale water conservation programs were initiated in 1989. Prior to 1989, approximately \$300,000 per year was spent on pilot water conservation programs. Since then, funding has increased to \$13 million per year. At the same time, Metropolitan began seriously exploring the potential of water transfers, and activities to develop a successful Bay/Delta solution were initiated. The efforts to develop and administer local resources and water transfer programs and participate in Bay/Delta proceedings have increased from about \$500,000 per year to \$3 million per year.

### **Information Technology Infrastructure**

Information technology infrastructure has undergone significant development over the last ten years in response to the changing operational environment of the District. The need for operational efficiency, increased productivity, computer aided drafting, geographic information system modeling, and data storage and analysis has required significant investments in computers and related equipment. For example, in FY 1985-86, there were approximately 200 stand alone computers and peripheral equipment in the District. This number increased to nearly 3,000 by FY 1995-96 including professional workstations, computer aided drafting equipment, printer servers, and others. Additionally, local area networks, wide area networks, back up systems and sophisticated communication equipment has been installed as part of the information technology infrastructure. The cost to maintain this infrastructure has increased from \$4 million to \$15 million per year.

### **Planning Efforts**

The need to ensure water supply reliability continues to be a major function and motivation for Metropolitan's enhanced planning efforts. Over the last ten years, significant strides have been made in our ability to effectively model supplies and demands, State Water Project operations, Colorado River operations, system distribution operations, and financial operations. The development and implementation of plans such as the Strategic Plan, the Integrated Resources Plan, the Systems Overview Study, Bay/Delta proposals, and Long-Range Finance Plan are guiding our efforts to achieve water reliability and financial stability. The cost of these activities has increased from approximately \$1 million to \$8 million per year.

### **Legislative and Governmental Affairs**

The need for Metropolitan to be proactive to new and changes to existing state and federal regulations have resulted in increased legislative and governmental affairs activities. Metropolitan currently maintains legislative offices in Sacramento and Washington D.C. in addition to having legislative and regulatory affairs units in critical areas of water quality,

environmental compliance, water resource planning, and governmental offices in San Diego, Riverside, and Orange counties. These units were established in the last ten years in response to increased legislative and regulatory requirements at the state and federal levels. Additionally, community programs, media, and education programs have been expanded. Costs have increased from about \$3 million to \$8 million per year.

### **Administrative Support**

In order to keep up with the changing work environment and manage the Capital Improvement Program, additional administrative support has been required. These activities include project management, contract administration, training and education; business resumption; support services such as graphics, records management, reprographics, procurement and accounts payable, etc.; diversity and recruitment. Other O&M costs that have been incurred over the last ten years include rent and leases and administration of the water standby charge. The costs associated with these activities have increased by about \$13 million per year. Expansion of special sub and ad hoc committees of the Board has also required additional staff support. Numerous regular workgroup meetings with the member agencies have likewise required significant staff administrative resources.

### **New Business Initiatives**

Metropolitan will soon be undertaking the following four business initiatives:

1. Desalination Technology -- state-of-the-art thermal desalination design,
2. Water Quality Technology -- revenue generation from excess capacity and technical innovations in water quality,
3. Real Property Management -- entitling available District property prior to disposal, and,
4. Machine Shop Services -- utilizing machine capacity required for reliability of service during emergencies.

During implementation, each business initiative will operate with existing resources and within existing budget. Depending on the success and ultimate scope of these initiatives, additional resources could be required. Possible exceptions would involve only limited staff of a very specialized nature.

### **B. Temporary Personnel and Consultants**

Exhibit A illustrates the actual dollars spent for agency and district temporary personnel since FY 86/87. These dollars have not been adjusted for the effects of inflation. Management projects that our FY 99/00 use of District and Agency temporary employees will be at or below Metropolitan's FY 92/93 usage. Similarly, Exhibit B illustrates the actual dollars spent for consultants over the same period of time. Because Metropolitan's budget is comprised

of two main categories: Operations and Maintenance and Capital, the actual dollars spent are broken down by these two categories. It should be noted that while O&M expenditures have remained fairly level since FY 89/90, the trend for capital expenditures has been to steadily climb as Metropolitan's multi-billion dollar capital expansion program unfolds. Temporary employees were strategically deployed in this expansion to avoid the major disruption that layoffs caused in the workshop after the last expansion in the mid 70's. Exhibits A and B reflect the anticipated decline in the use of capital temporaries and consultants as the current expansion winds down. Metropolitan's financial and staffing commitment peaked as of the current fiscal year and is projected to steadily decrease through the year 2000. O&M consulting in FY 99/00 is expected to be at the same level (unadjusted for inflation) as FY 91/92.

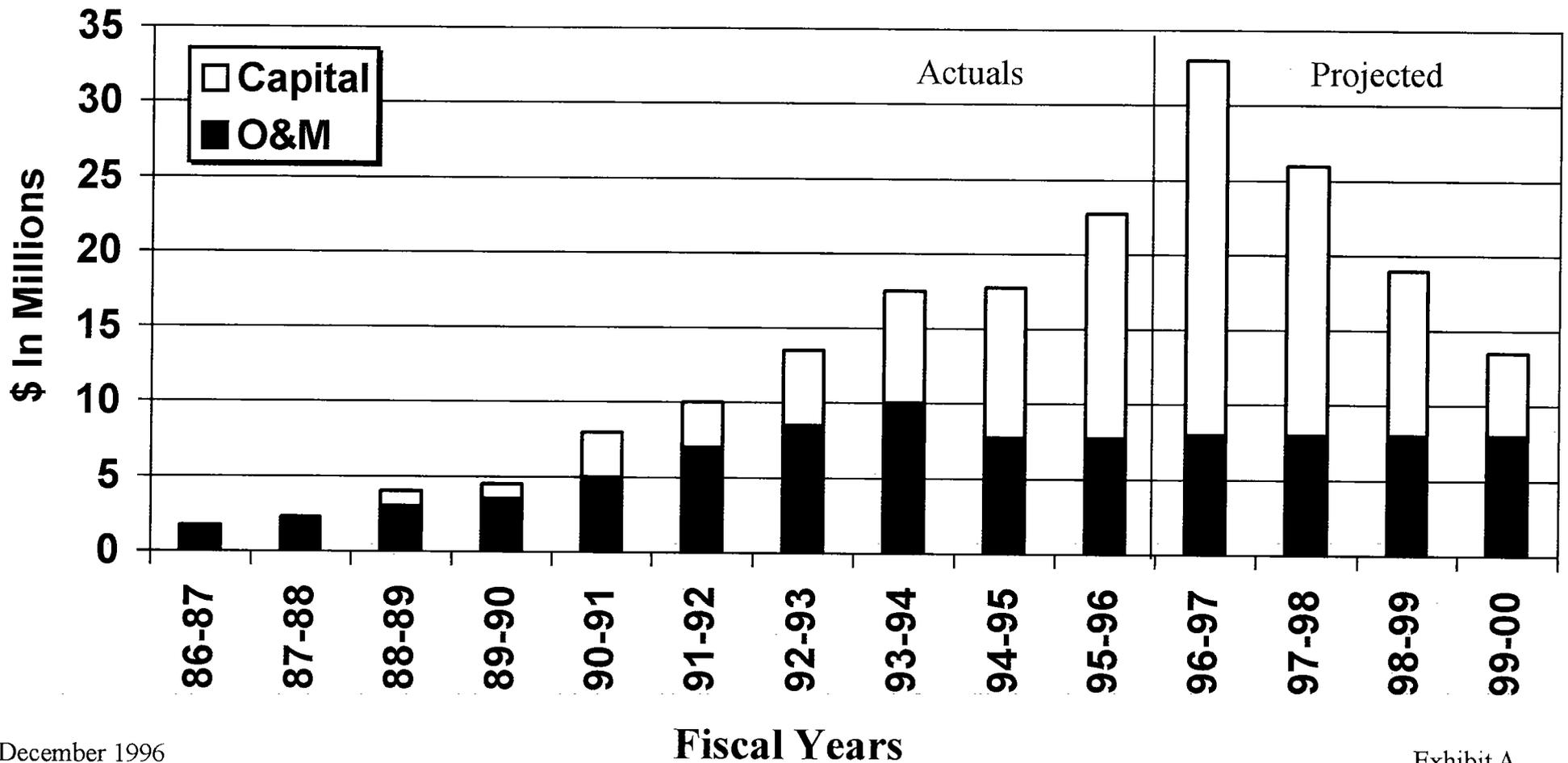
### C. Regular Workforce

With regard to regular employees, Exhibit C reflects the staffing trend from FY 87/88. The advent of the 1994 Early Retirement Program coupled with consistent and conservative management of Metropolitan's authorized positions has resulted in the deletion of 100 positions from the FY 95/96 budget. Additionally, management has committed to deleting an additional 200 positions over the next two fiscal years so that a total authorized regular workforce of approximately 1,900 positions may be realized by FY 98/99. It should be noted that through aggressive management the number of new employees hired in fiscal years 93/94 through 95/96 has exhibited a substantial downward trend (i.e., 164, 93 and 69, respectively). Metropolitan has made it a consistent practice to conservatively monitor the bottom-line dollar expenditure of its temporary and consultant personnel as well as the staffing level of its regular workforce. The recent trend of reductions in authorized and filled O&M positions has not been accompanied by a corresponding increase in the costs for temporary O&M employees.

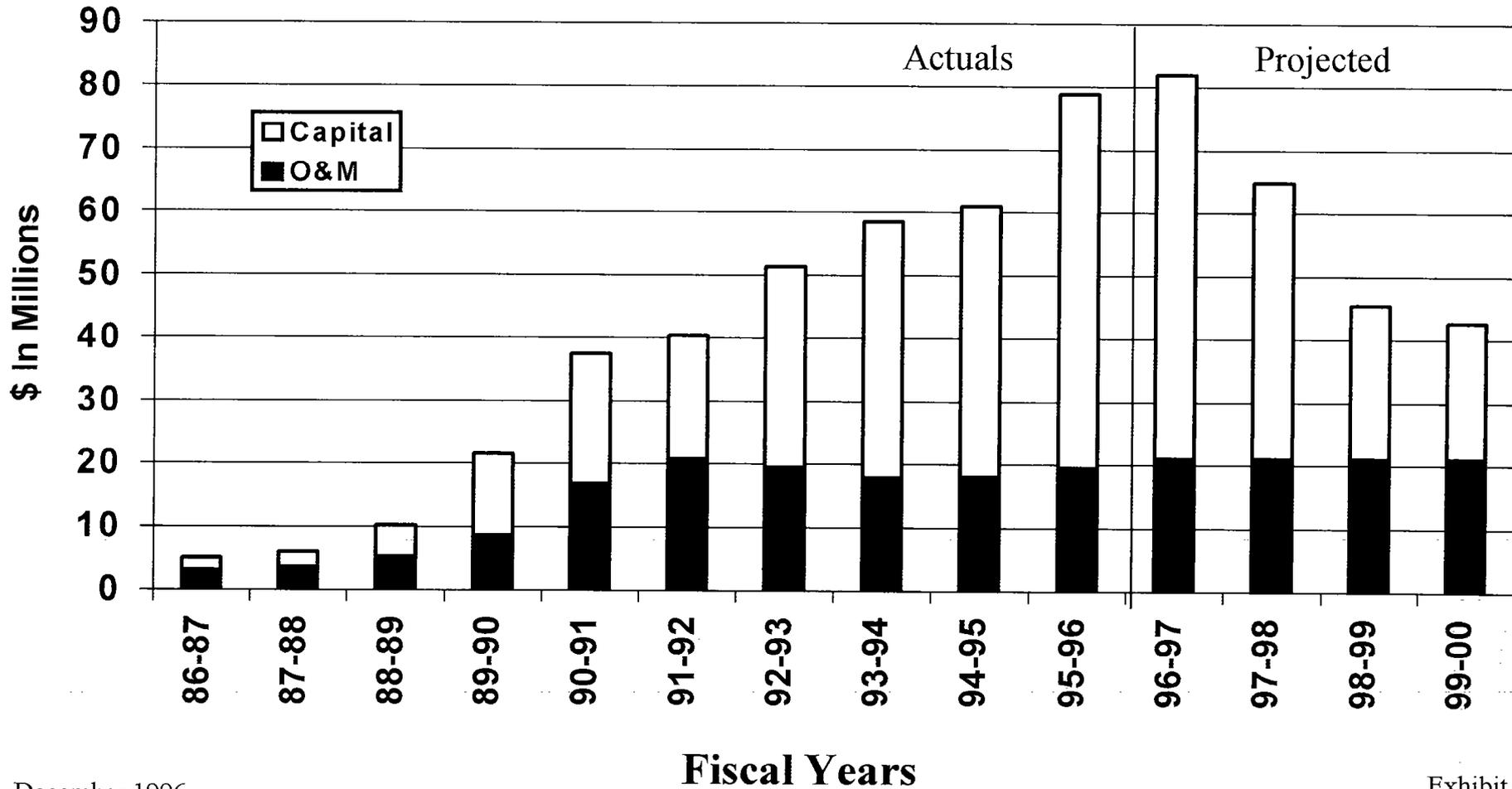
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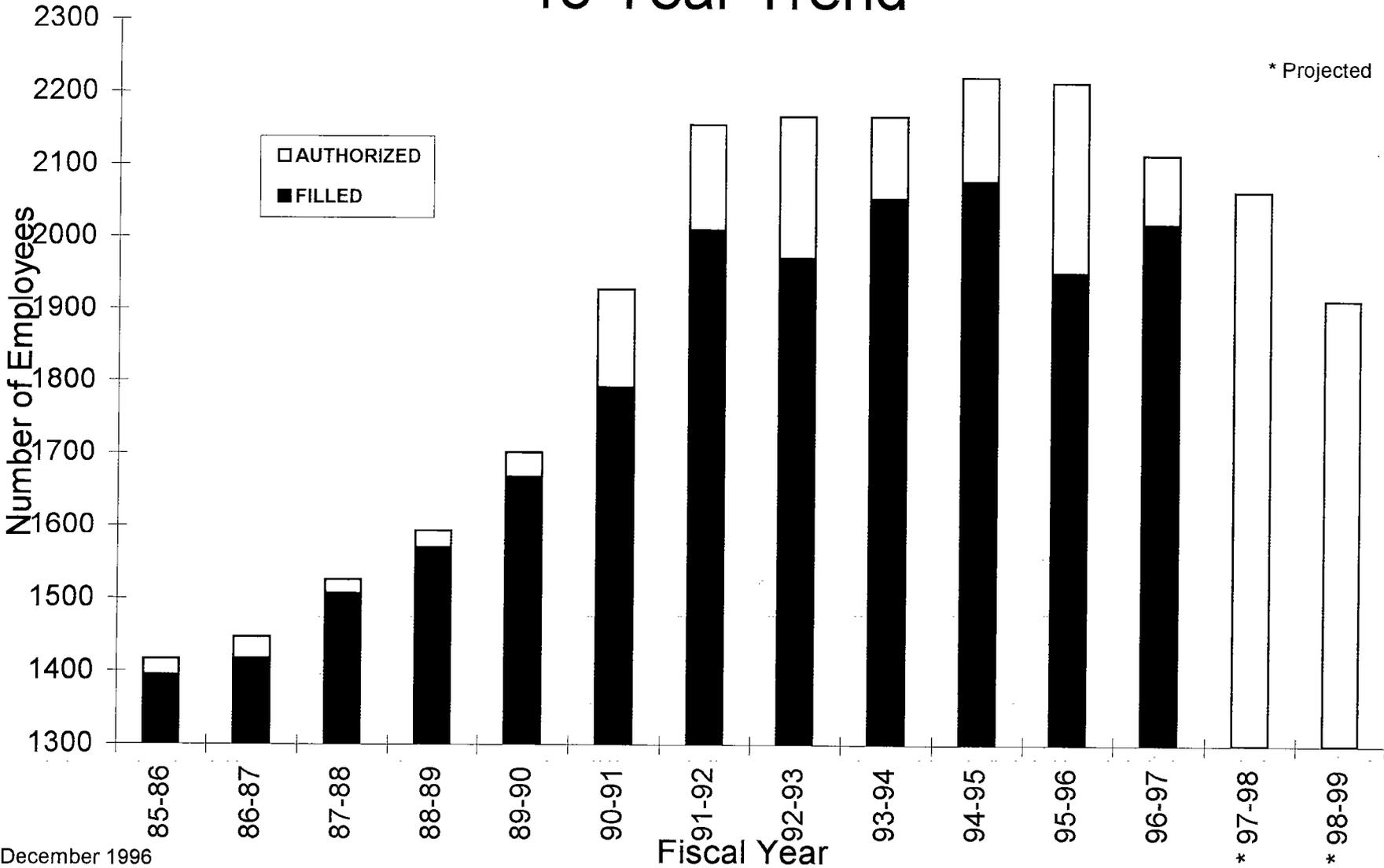
# District & Agency Temporary 10 Year Trend



# Consultant Usage 10 Year Trend



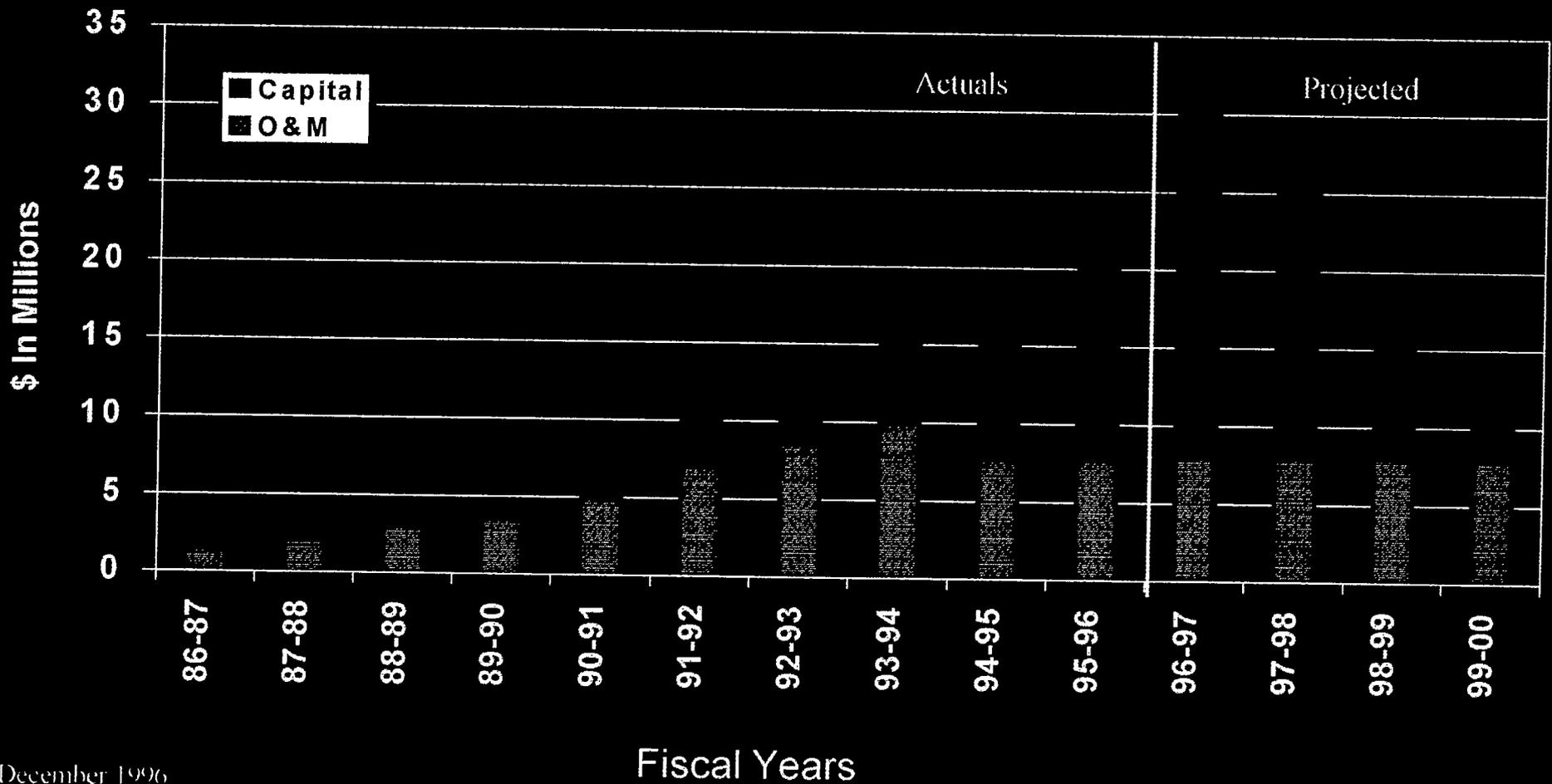
# Authorized Vs. Filled Positions 13 Year Trend



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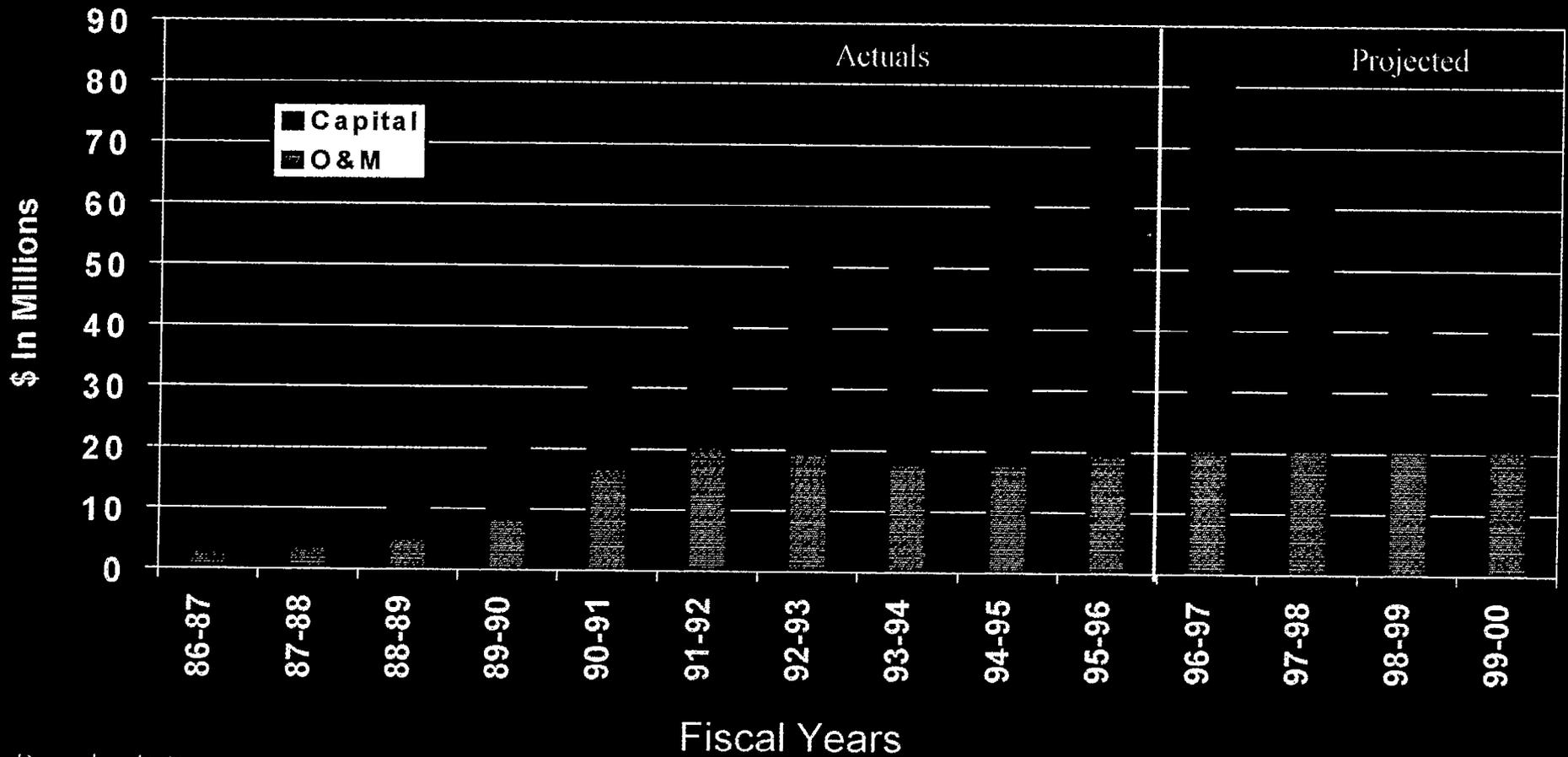
Exhibit C

# District & Agency Temporary 10 Year Trend



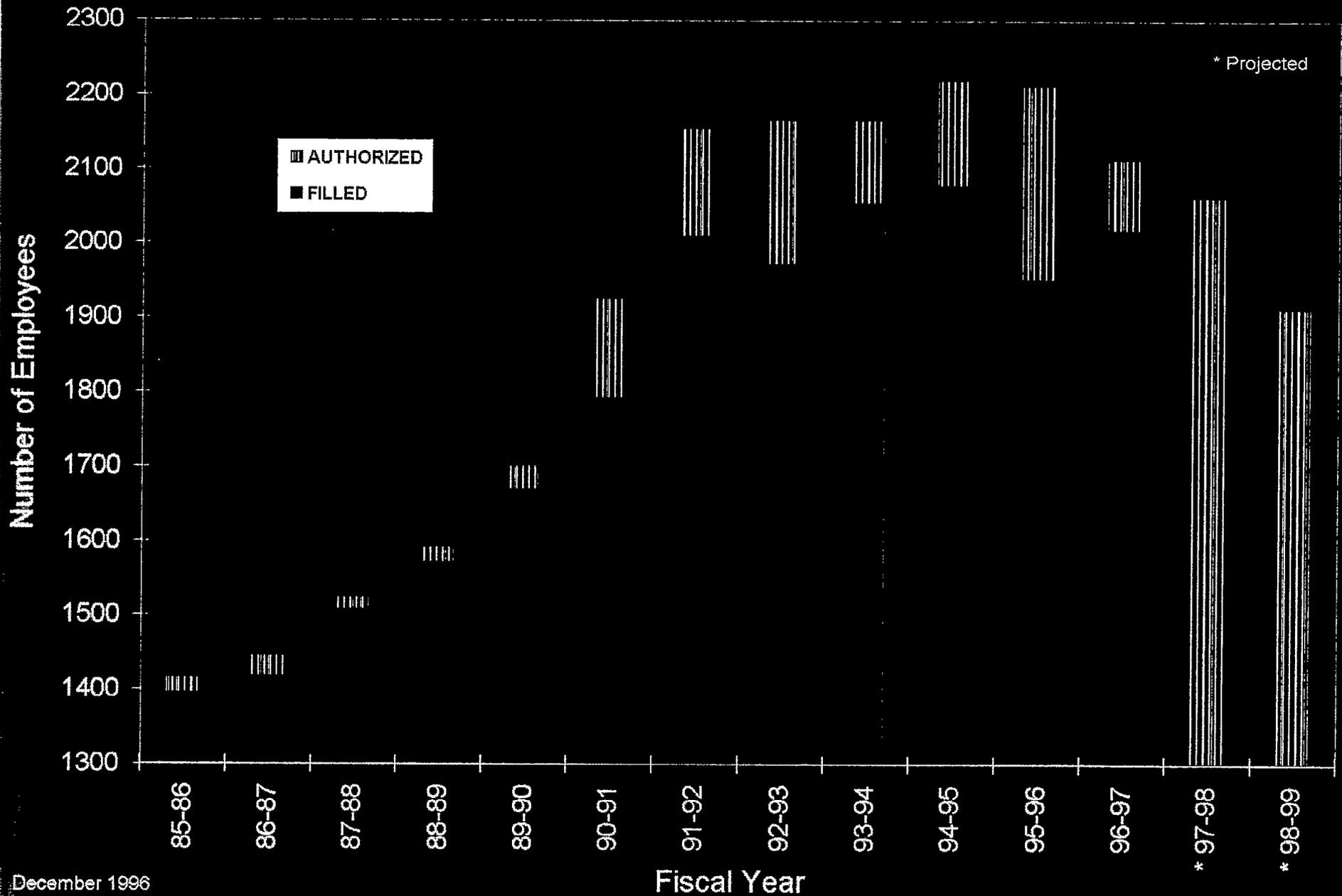
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# Consultant Usage 10 Year Trend



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# Authorized Vs. Filled Positions 13 Year Trend



December 1996