

- **Board of Directors**
Legal, Claims and Personnel Committee

August 19, 2003 Board Meeting

8-5

Subject

Authorize entering into and amending existing contracts with employment service agencies and professional firms supplying temporary personnel in the amount of \$4.76 million

Description

Since 1989, the Board has authorized the Chief Executive Officer to enter into contracts with employment service agencies and professional firms to obtain temporary personnel for Metropolitan's capital projects and O&M activities. Each year a request is submitted to the Board recommending that the CEO be authorized to amend existing agreements and enter into new contracts with employment service agencies and professional firms supplying temporary personnel exceeding the \$250,000 limitation on the CEO's contract authority. The selective use of temporary personnel provides flexibility in conducting Metropolitan's work in a cost-effective and productive manner. Metropolitan will continue to use contracts established through a competitive bid process and provide opportunities for diversity by utilizing small businesses. Temporary personnel will be utilized to provide assistance for peak workloads or term-limited assignments on specific capital and O&M projects, and to provide coverage for regular employees in a long-term leave status, while a position is in the recruitment process.

Metropolitan's usage of temporary personnel has been significantly reduced over the past three years. In fiscal year 2000/01, Metropolitan budgeted \$8.7 million for contracts from 44 temporary agencies. For both 2001/02 and 2002/03, Metropolitan reduced the temporary agency contracts to 21 with a budget of \$7.4 million. In the proposal for this fiscal year 2003/04, Metropolitan reduces the budget to \$4.76 million for 10 to 15 temporary agency contracts.

The cost of temporary agency employees is similar to that of regular employees in that the agency mark-up on the temporary employee's wage is approximately the same as the benefit loading of regular employees.

Metropolitan is following the requirements of Operating Policy H-08, which was updated in August 2002 to ensure use of temporary employees consistent with legal requirements. Provisions of this policy include limitation of twelve months for temporary employees used in seasonal positions or temporary backfill positions. Temporary workers used to work on capital projects; specific term-limited projects and grant-funded projects will not exceed a total of 18 months.

Policy

Metropolitan Water District Administrative Code § 8117: Professional and Technical Services limit the CEO's contractual authority to \$250,000 per contract during any one year

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as personnel-related actions, general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project, which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and authorize the CEO to amend existing agreements and enter into new contracts with employment service agencies and professional firms supplying temporary personnel in excess of \$250,000. No individual contract will exceed \$2 million in a single contract year.

Fiscal Impact: Shall not exceed \$4.76 million as stated in the temporary personnel labor budget for the 2003/04 fiscal year.

Option #2

Do not authorize the CEO's contract authority to amend existing agreements and enter into new contracts with employment service agencies and professional firms supplying temporary personnel exceeding the \$250,000 limitation. Each individual contract would need to be authorized by the Board.

Fiscal Impact: Higher costs and lower productivity would be associated with a delay or not being able to use temporary agencies. Some required work will likely not be performed.

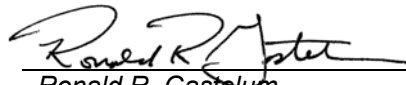
Staff Recommendation

Option #1



Roy L. Wolfe
Manager, Corporate Resources Group

7/29/2003
Date



Ronald R. Gastelum
Chief Executive Officer

7/30/2003
Date