

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

June 8, 2004 Board Meeting

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**9-4**

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**Subject**

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

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**Description**

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Since 1989, the Board has authorized the Chief Executive Officer to enter into contracts with temporary worker 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 temporary worker 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, or 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 years 2001/02 and 2002/03, Metropolitan reduced the temporary agency contracts to 21 with a budget of \$7.4 million. In fiscal year 2003/04, Metropolitan reduced the budget to \$4.76 million for 10 to 15 temporary contracts. For the next fiscal year 2004/05, Metropolitan recommends that the budget remain at \$4.76 million based on last year's accurate projection of usage including budgeted and non-budgeted projects.

The cost of temporary agency workers is similar to that of regular employees in that the agency mark-up on the temporary agency workers' wage is approximately the same as the benefit loading for regular employees. However, given the variety of tasks required for varying periods of time, it is not feasible to hire full-time employees at the same cost as temporary workers.

Metropolitan is adhering to the requirements of Operating Policy H-08, which was updated in August 2002, to ensure use of temporary agency workers consistent with Competitive Action Team recommendations and legal requirements. The maximum time limitation for a position as required by Operating Policy H-08 will not be exceeded.

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**Policy**

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

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**California Environmental Quality Act (CEQA)**

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CEQA determination for Options #1 and #2:

The proposed actions are not defined as a project under CEQA because they involve 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 actions are not subject to CEQA because they involve 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 actions are not subject to CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

**Board Options/Fiscal Impacts**

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**Option #1**

Adopt the CEQA determination and authorize the CEO to amend existing agreements and enter into new contracts with temporary worker 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 and the aggregate amount of contracts with agencies will not exceed \$4.76 million.

**Fiscal Impact:** Shall not exceed \$4.76 million as stated in the proposed temporary personnel labor budget for the 2004/05 fiscal year.

**Option #2**

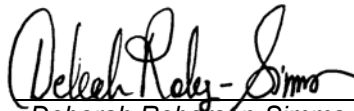
Adopt the CEQA determination and do not authorize the CEO's contract authority to amend existing agreements and enter into new contracts with temporary worker service agencies and professional firms supplying temporary personnel exceeding the \$250,000 limitation. Each individual contract would need 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 would likely not be performed.

**Staff Recommendation**


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Option #1



Deborah Roberson-Simms  
Section Manager, Human Resources

5/18/2004  
Date



Ronald R. Gastelum  
Chief Executive Officer

5/18/2004  
Date