



- **Board of Directors**
Organization, Personnel and Technology Committee

3/8/2016 Board Meeting

8-4

Subject

Approve entering into memorandum of agreements with Metropolitan's four bargaining units for a three-year, \$1,200,000 incentive payment program for employees assigned to the Iron Mountain, Eagle Mountain and Hinds Pumping Plants

Executive Summary

In September 2015, staff identified a number of short- and long-term actions aimed at improving recruitment and retention of qualified employees at three of the five desert pumping plant locations (hereinafter referred to collectively as "Remote Locations"). One such action was an incentive pay program for current and future employees assigned to Remote Locations. The subject memorandum of agreements, which were negotiated with the American Federation of State, County, and Municipal Employees Local 1902, the Management and Professional Employees Association, the Supervisors Association, and the Association of Confidential Employees provide for a three-year incentive payment program with a maximum amount payable per this action of \$1,200,000.

Timing and Urgency

Reliably operating the Colorado River Aqueduct (CRA) requires appropriate levels of qualified operations and maintenance staff. Staffing levels at the Remote Locations have been impacted by attrition over the past several years. During this period, several positions have remained vacant due to the inability to hire qualified candidates, or the lack of interest from internal candidates to transfer to the Remote Locations. Post-recruitment inquiries into why external candidates rejected offers found that the remoteness of the location and the requirement to live on-site during the work week were major factors. Internal candidates expressed concern that the compensation for positions at the Remote Locations is no higher than their existing assignments, and there was no incentive to relocate. Additionally, incumbents at the Remote Locations indicated that one reason they request transfers is due to the additional costs associated with living at a Remote Location. The goal of the incentive payment program is to immediately improve retention of existing employees by offsetting these additional living costs, and to make it more attractive to transfer and recruit qualified candidates to the Remote Locations.

Details

The CRA is a 242-mile-long conveyance system that transports water from the Colorado River to Lake Mathews in Riverside County. The CRA consists of five pumping plants; 124 miles of tunnels, siphons and reservoirs; 63 miles of canals; and 55 miles of conduits. The aqueduct was constructed in the late 1930s and was placed into service in 1941.

The five desert pumping plants that move water through Metropolitan's CRA system are operated, maintained, and repaired by operations and maintenance teams consisting of a variety of crafts and their respective managers. The Gene and Intake Pumping Plants are within 20 to 40 minutes of the cities of Parker and Lake Havasu, Arizona. The Hinds, Eagle Mountain, and Iron Mountain Pumping Plants are located in more remote desert areas of Riverside and San Bernardino Counties in California and are considered Remote Locations.

Due to the critical nature of pumping plant and aqueduct operations, and the need for 24/7 operations and rapid repair response times, Metropolitan has historically maintained an optimal staffing complement at the Remote Locations and provided residential villages and low-cost, unfurnished housing for staff and their families adjacent

to the pumping plants. Employees living at the Remote Locations have limited access to schools, medical facilities, shopping centers, entertainment, and family members. Therefore, most Remote Location employees have elected to maintain second residences for family members closer to established communities. The two-residence scenario results in additional costs to employees for travel, household furniture, appliances (e.g., clothes washing machine), basic household tools, and television/internet service.

The proposed action provides a three-year incentive payment program to improve recruitment and retention of employees at the Remote Locations through graduated lump-sum payments that will offset additional costs employees incur from living remotely and maintaining two residences. Several ideas were considered to address the additional costs. A number of solutions focused on eliminating the additional costs by providing appliances, furnishings, or services. After several meetings with staff, management, and the bargaining unit representatives, it was determined that a lump-sum incentive payment provided flexibility for employees and minimized administrative costs to Metropolitan related to implementation. The lump-sum payment is recommended because it provides an incentive for employees to live and work in a Remote Location; it allows employees to use the payment for the items that are most important to them; and staff believes it will improve recruitment and retention of employees at the Remote Locations over the next three years.

The incentive payment program will be structured as a three-year pilot program that will provide management an opportunity to evaluate its effectiveness. The incentive will only be paid to regular full-time employees in the three Remote Locations. The lump-sum payments will be non-pensionable, taxable amounts, paid after twelve months of consecutive service at a Remote Location. The incentive payment is designed to increase each year to encourage retention over the three-year period. After the first year of continuous service, employees will receive a \$6,000 lump sum payment. After the second year of continuous service, employees will receive an \$8,000 lump sum payment and after the third year of continuous service, employees will receive a \$10,000 lump sum payment. These payments are estimated to total \$300,000, \$400,000 and \$500,000 in the first, second, and third year, respectively. The maximum cumulative amount payable pursuant to this action is \$1,200,000. Prior to the expiration of this program (three years from the date of implementation), staff will review the effectiveness of the program, report back to the Board, and determine if the program should be extended, revised or discontinued.

Policy

Metropolitan Water District Administrative Code Section 6101(k): Definitions – “Meet and Confer in Good Faith”

Metropolitan Water District Administrative Code Section 6101(l): Definitions – “Memorandum of Agreement”

Metropolitan Water District Administrative Code Section 8121(a): General Authority of the General Manager to Enter Contracts

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed actions are not defined as a project under CEQA, because they involve continuing administrative activities such as 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 of CEQA Guidelines).

The CEQA determination is: Determine that the proposed actions are not defined as a project and are 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

Option #1

Adopt the CEQA determination that the proposed actions are not defined as a project and are not subject to CEQA, and

Authorize the General Manager to enter into memorandums of agreement in excess of \$250,000 with Metropolitan’s four bargaining units to implement a three-year, \$1,200,000 incentive payment program for Remote Location employees according to the provisions outlined in this board letter.

Fiscal Impact: Estimated Operations & Maintenance funds of \$1,200,000 over the next 36 months

Business Analysis: This incentive payment program will provide an opportunity to address recruitment and retention issues at the desert Remote Locations.

Option #2

Do not authorize the General Manager to implement a three-year incentive payment program for Remote Location employees.

Fiscal Impact: None

Business Analysis: Recruitment and retention issues may continue at the desert Remote Locations potentially impacting long-term CRA reliability.

Staff Recommendation

Option #1



Diane Pitman
Human Resources Group Manager

3/2/2016
Date



Jeffrey Kightlinger
General Manager

3/2/2016
Date