



AD HOC BOARD PERSONNEL COMMITTEE AGENDA

Tuesday, April 27, 2021 10:00 A.M. – 11:00 A.M.

Via Teleconference

Pursuant to the State of California Executive Order N-35-20, and in the interest of public health, OMWD is temporarily taking actions to mitigate the COVID-19 pandemic by holding meetings electronically or by teleconference. The Boardroom will not be open to the public for this meeting.

To join this meeting via phone, please dial:

(669) 900-9128

Meeting ID: 868 5351 0202 and Password: 245093

Attendees: Director Watt, Director Bruce-Lane, General Manager Kimberly Thorner, Human Resources Manager Jennifer Joslin

- Topics to be Discussed:**
1. **Review of the 2021 Staffing Analysis**
Review of the proposed 2021 Staffing Analysis document
 2. **Approval of Minutes** - Regular Meeting of the Personnel Committee (October 26, 2020)
 3. **Closed Session:**
Agency Negotiators: Thorner & Joslin
 - Upcoming 2021 Negotiations

Memo

Date: May 19, 2021
To: Olivenhain Municipal Water District Board of Directors
From: Jennifer Joslin, Human Resources Manager
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER ANNUAL UPDATE OF THE DISTRICT'S FIVE YEAR STAFFING ANALYSIS**

Purpose

The purpose of this agenda item is to update the five year Staffing Analysis for the District. The Staffing Analysis forecasts organizational and personnel changes required to maintain a successful workforce plan for the next five fiscal years (FY 2021-2022 to 2025-2026). This document will continue to be updated and presented to the Board annually with consideration of the two year budget constraints. Staff is requesting the Board approve only the recommendation for the coming 2021-2022 fiscal year.

Most importantly, this document shows the necessary staffing levels for the coming fiscal year in order to increase department efficiencies, provide better business practices, and prepare our future leaders (including Grow Your Own "GYO" promotional opportunities). This Staffing Analysis also serves as a key reference tool for District succession planning purposes.

This memo and the included five year proposed organizational charts have been presented to the Board Personnel Committee (Directors Watt and Bruce-Lane) and the Human Resources/Employee Association Team "HEART" Committee (composed of BUMA, DEA, Supervisor, and Manager group representatives).

Recommendations

The recommended staffing level for the coming 2021-2022 fiscal year will be 92 total positions as one additional position is being requested compared to the Board approved staffing level of 91 for the current 2020-2021 fiscal year. Please note that two vacant Utility positions were frozen by the General Manager in 2020-2021 due to COVID-19 and continue to be frozen, therefore, the actual headcount will be 90 until the positions are unfrozen.

91 Board Approved Positions (current)
+ 1 Position Requested
=92 Recommended Positions

This year's recommendation for Board approval is for the Information Technology (IT) Department. This staffing recommendation for FY 2021-2022 is summarized below with further details on the following pages.

- 1) Allow for the addition of one IT Systems Administrator. This additional position was previously projected in the 2020 Staffing Analysis document.

Recommendation #1

Allow for the addition of one IT Systems Administrator increasing the employee count by one. The need to add a cybersecurity-focused Administrator position in FY 2021-2022 was previously identified in the Board approved May 2020 Staffing Analysis and cybersecurity updates have been provided to the Board in closed session since 2017.

Current IT department staffing levels provide for three positions: one IT Senior Systems Administrator, one IT Systems Administrator and one IT Coordinator. Led by the IT Supervisor who also oversees Instrument and Control Technicians as well as Pump and Motor Technicians, the three IT positions work as a team to provide support to all of the District's technology-based programs, hosted applications, and network devices. There is some measure of crossover support that occurs between the work groups, much of which pertains to emergency response events that involve faulted or failed field communications equipment such as radios and network switches.

Support of technology-based programs remains a critical function which requires highly trained, highly skilled personnel. Current programs and hosted applications, such as those hosted on RoseASP (Microsoft Dynamics Great Plains, Customer Information System Infinity, Paramount, etc.), Nobel Systems GeoViewer (GIS), Infor Enterprise Asset

Management (EAM), Laserfiche records software, supervisory control and data acquisition system (SCADA), mobile customer Service Order processing, and the District intranet and website are a few examples of the depth and breadth of scope which are supported by the IT department.

Many of these programs and hosted applications are in a constant state of change, development, and improvement. Software upgrades, patches, and the need for on-site staff support have increased. When a problem occurs, such as a glitch within the rollout of a new software or firmware version, the effort to provide support to these highly complex programs and applications places an increased burden on IT staff over and above what would be considered routine user support.

In addition to programs and hosted applications, there are a wide variety of hardware assets and devices that make up the IT infrastructure which serves to support the District's Business and Process SCADA networks. The Business network supports all routine business-related programs and traffic, such as Outlook for email and the Internet/Intranet for hosted applications. The Process networks provide the backbone for three separate SCADA systems which provide monitoring and control of the Water Distribution System, 4S Ranch Water Reclamation Facility and Sewer Collection Systems, and David C. McCollom Water Treatment Plant.

The addition of a second Systems Administrator position serving to meet the increasing demands of network security, user support, and maintenance of the District's critical IT network infrastructure was originally projected with the last Staffing Analysis. Due to the continued impacts of COVID-19, the IT team has been stretched to meet the demands of expanded telecommuting as it supports users working in remote locations and District vehicles. COVID-19 has driven the need for additional laptops, iPads, and cell phones which has added to the administrative and support duties of the IT team. New and anticipated cloud applications (including DocuSign, EcosConnect for backflow, and Zoom) allow staff to work more efficiently, but place an additional burden on IT for support and cybersecurity monitoring.

As exemplified by a recent breach of a Florida water treatment plant, it is critical for the District to maintain a robust cybersecurity program in place that protects the customers' privacy and keeps infrastructure safe. Cyber threat hunting, vulnerability mitigation, and incident response are key areas the District continues striving to improve. The second Systems Administrator would take an active role in the continued system monitoring and staff training which will help the District confront the ever increasing hack attack challenges. Adding the position will allow the IT team to meet increasing demands of network security, user support, and maintenance of the critical network infrastructure.

The IT Systems Administrator is a pay grade 11 job classification. This additional position will result in an estimated \$167,355 cost increase over the fiscal year.

Alternative(s)

The Board could elect not to approve the recommendation described for FY 2021-2022.

The Board could make other recommendations for staff to analyze and bring back for consideration.

Background

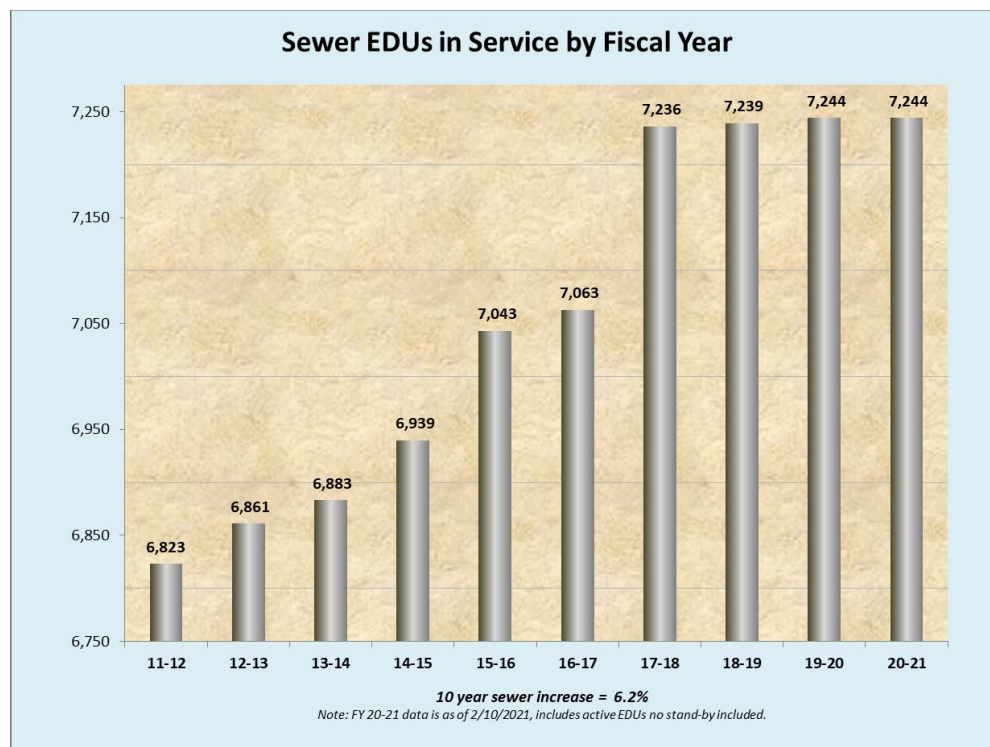
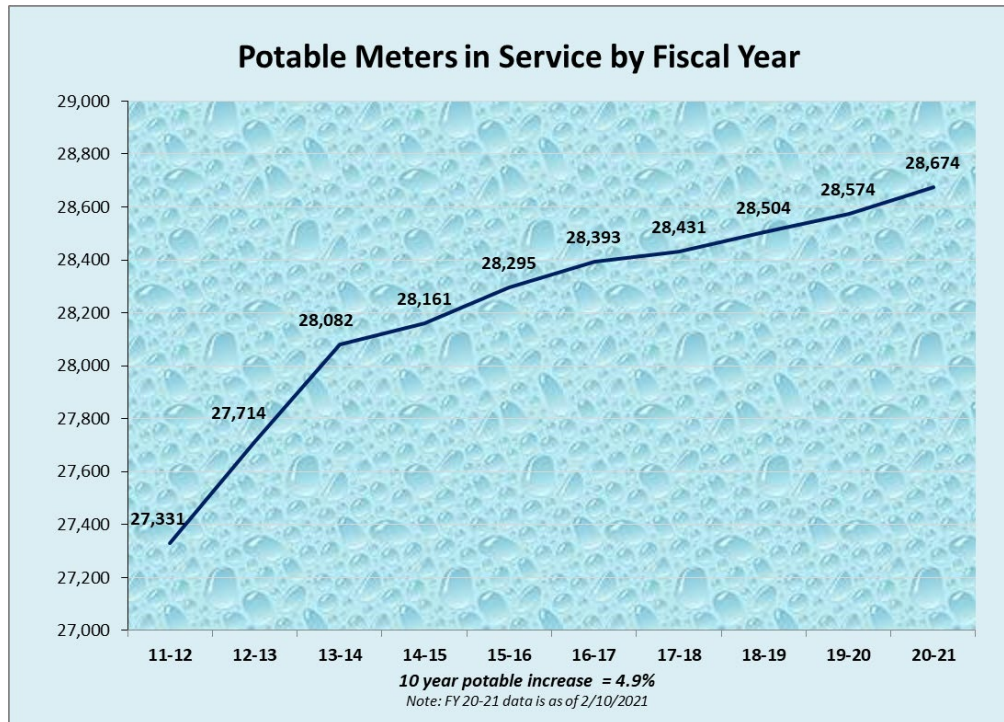
This Staffing Analysis was first presented to the Board and accepted in May of 2005 to forecast staffing levels and to serve as a succession planning tool for the District. The analysis continues to be a collaborative staff process with all District Departments participating. The Staffing Analysis takes into consideration the District's Mission Statement, Goals and Objectives, budget, economic revenue and constraints, and the Comprehensive Water Master Plan. Areas that impact the forecasting of the analysis include determining the levels of service provided, operating satellite facilities (including the Water Treatment Plant, 4S Water Reclamation Facility and Elfin Forest Recreational Reserve), and contracting labor.

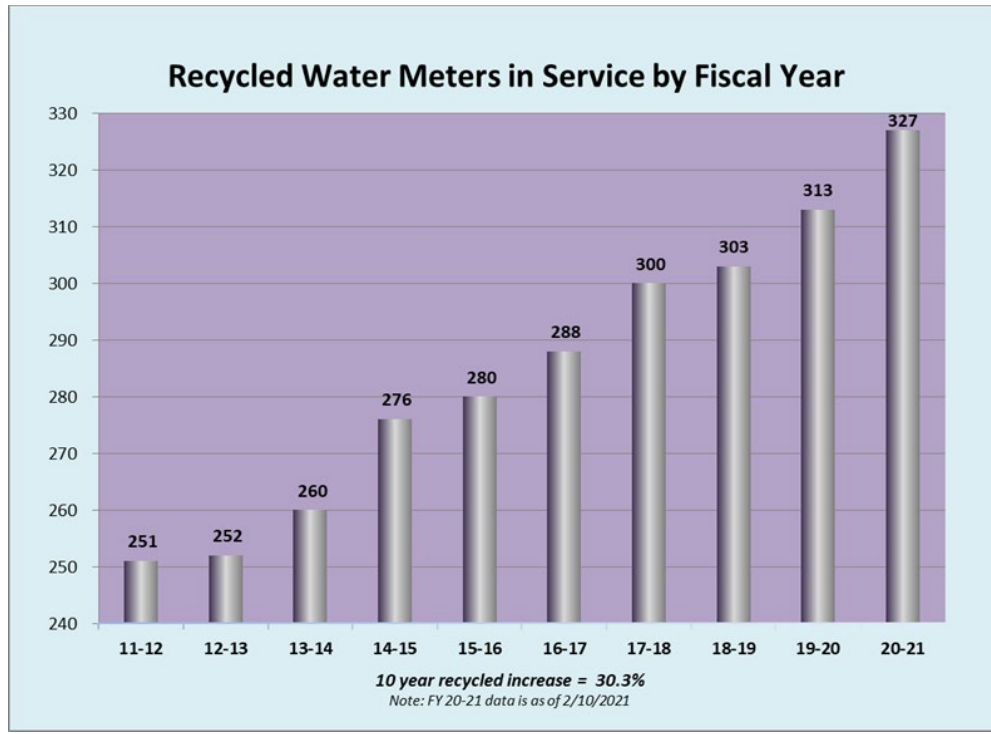
As a living document, the most extended projections are subject to the most change. Staff is committed to seeking innovative and better ways of doing business to contain costs, improve efficiency, and meet regulatory requirements while meeting customer expectations. The challenge facing the District is to effectively perform the core District functions while maintaining established customer service levels, costs, and staffing at acceptable levels.

Since the Staffing Analysis was first presented to the Board over 10 years ago, the District has continued to grow and has experienced an increase in service demand in potable water, sewer, and recycled water. The District continues to increase recycled water sites throughout its service area via projects like the Village Park Recycled Water Project and recycled water purchase agreements with other agencies. The District plans to continue expanding recycled water infrastructure by way of projects such as the Manchester Avenue, South El Camino Real, and Garden View Road Recycled Water Projects.

As of February 2021, the District had 28,674 active potable meters and 327 active recycled meters. The graphs on the next pages depict historical District growth as shown

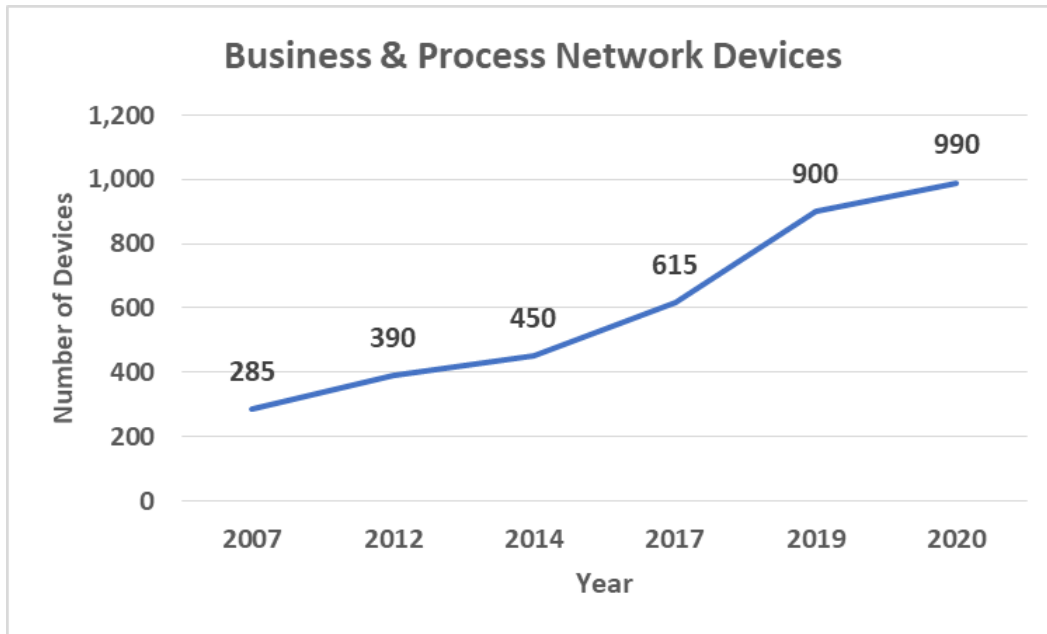
by the number of in service potable water meters (4.9% increase), sewer equivalent dwelling units (EDUs) (6.2% increase), and recycled water meters (30.3% increase) over the past 10 years.



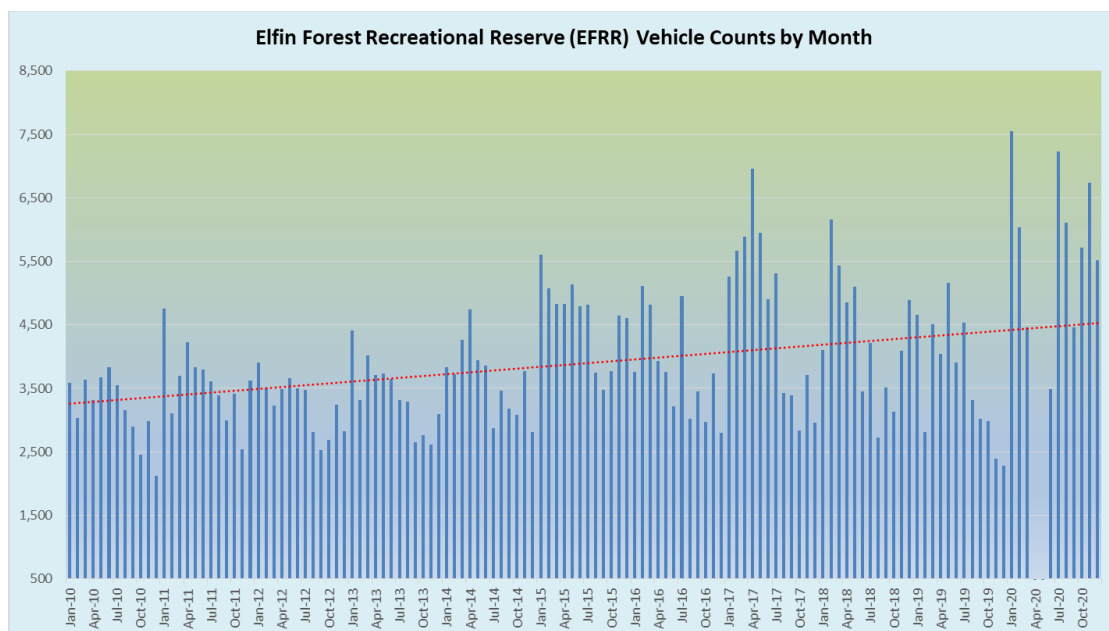


In addition to customer meters and EDUs, the District's IT infrastructure has continued to expand as well. The IT infrastructure is made up of a wide variety of hardware assets and devices which serve to support the District's business and process SCADA networks.

Network devices include workstations, laptops, iPads, MacBooks, touchscreens, smartphones, routers, firewalls, wireless access points, servers, and switches, all of which require configuration, monitoring, updates, testing and periodic replacement. In 2007, there were approximately 285 devices that resided on various District networks. In early 2021, there are nearly 1,000 devices which is a 347% increase over thirteen years. The graph on the following page shows this increase over time, which is expected to continue for the foreseeable future.

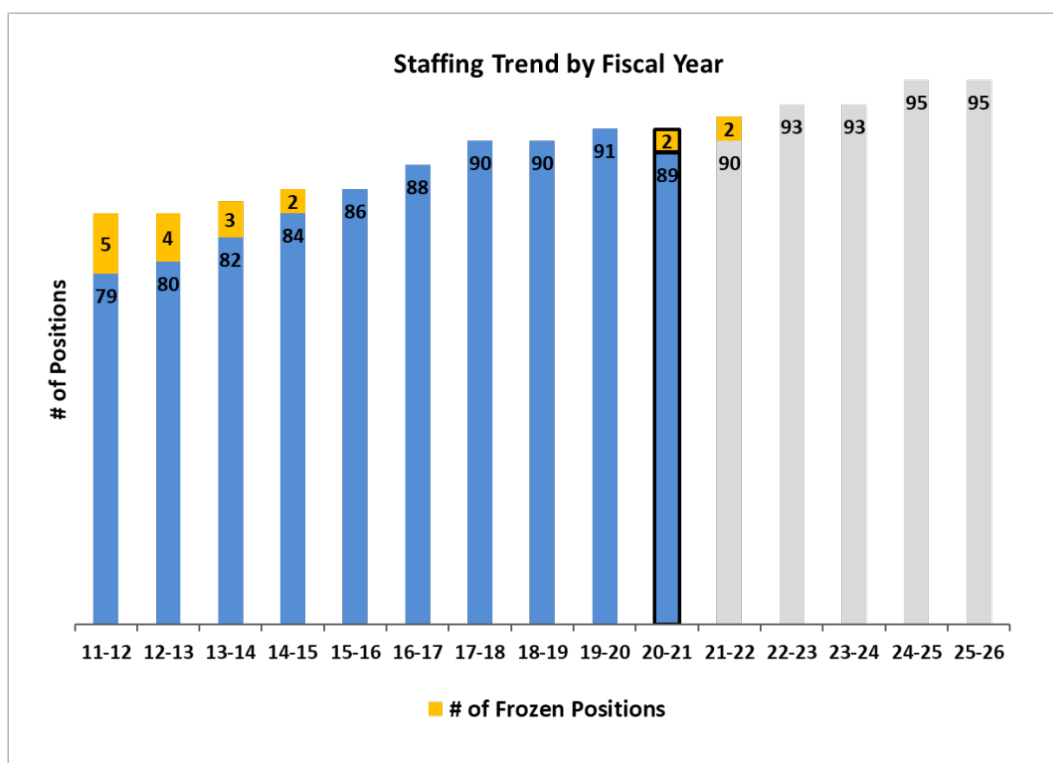


The chart below indicates a general increase in the number of vehicles and corresponding visitors to the Elfin Forest Recreational Reserve (EFRR) over time as highlighted by the trend line. The data represented is the actual number of vehicles the EFRR park car counter captured each month during the last ten years through December of 2020. While the data varies from month to month, and 2020 EFRR visitation was impacted by COVID-19, the total number of vehicles continues to steadily increase.



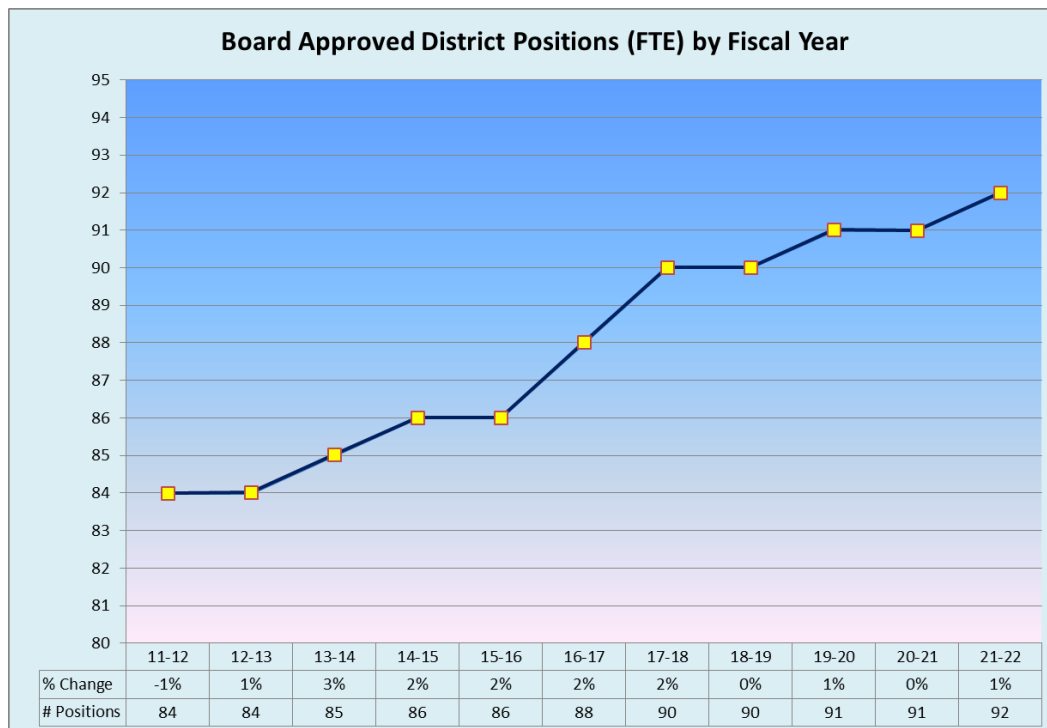
The chart below depicts the District's total approved staffing levels over the past ten fiscal years as well as the projected future staffing levels for the next five fiscal years. A reduction in headcount took place starting in FY 2010-2011 as indicated by the number of frozen positions (in yellow) which were part of "Holding the Line" with positions continuing to be frozen each year through FY 2014-2015.

In addition to the frozen positions, one limited term Utility I position was completely eliminated in FY 2010-2011 and one Park Ranger position was eliminated from the budget starting in FY 2011-2012 which also contributed to the decrease in total staffing levels during the Holding the Line period. For FY 2020-2021, two vacant Utility positions were frozen due to COVID-19, therefore, the actual headcount was 89. For the coming, 2021-2022 fiscal year, two Utility positions will continue to be frozen (with the exact level Utility I/II/III dependent on department need).

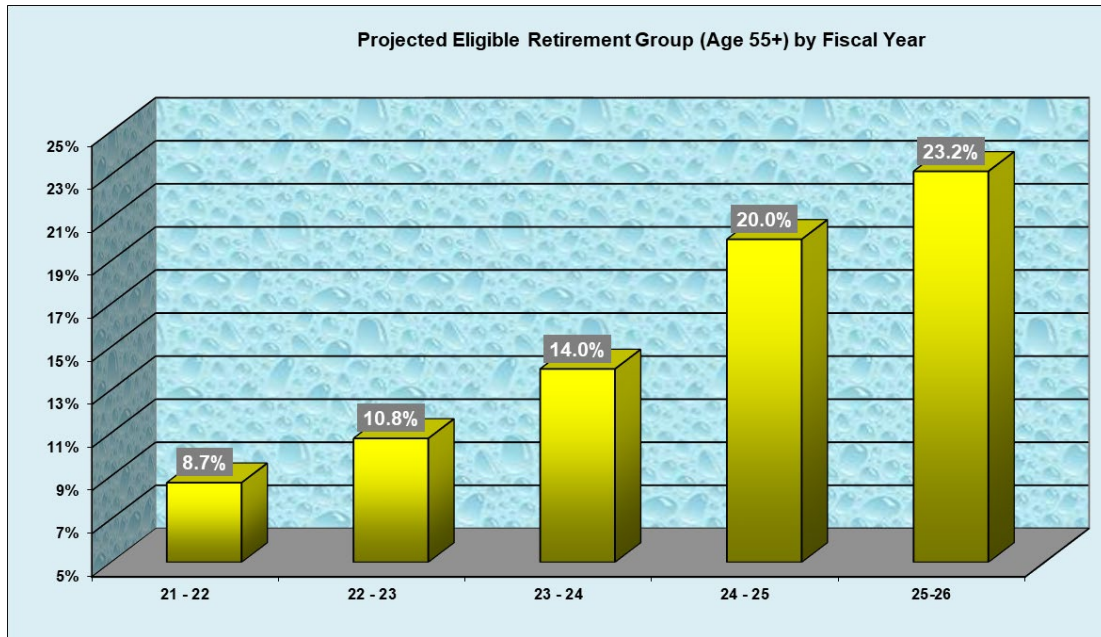


The chart on the following page also shows the approved staffing level as a trend over the past 10 years including percent change in approved staffing from year to year. Staffing levels reduced during the Holding the Line time period, then slowly increased until reaching the pre-freeze level in FY 2015-2016 with 86 approved positions. Two new positions were added in FY 2016-2017, the Assistant General Manager (AGM) and Department Assistant I for the new AGM. In FY 2017-2018 two new additional positions were also approved, the IT Senior Systems Administrator and the Cathodic Protection

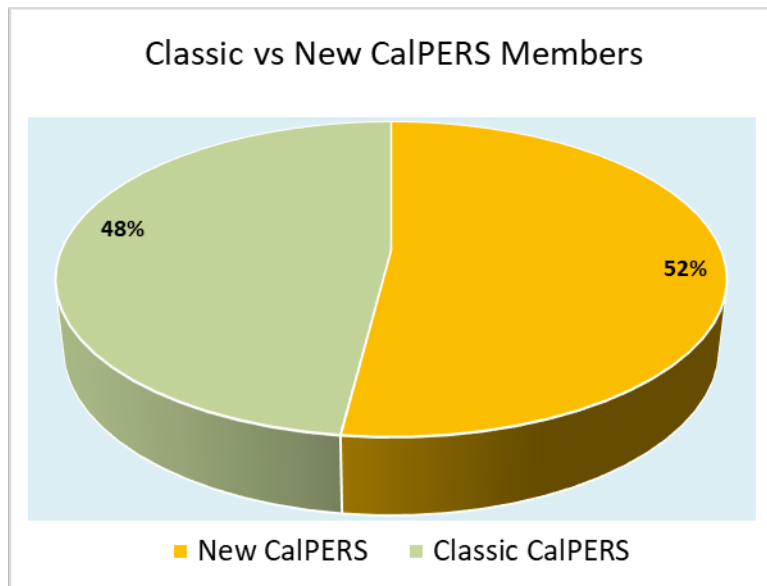
Technician. For FY 2018-2019, no additions were requested. In FY 2019-2020, one Administrative Analyst position was added bringing the headcount to 91 total employees. For FY 2020-2021, no additions were requested. For FY 2021-2022, one IT Systems Administrator position is being requested. Thus, the recommended staffing level will be 92 total positions.



The amount of employees that will be eligible for retirement places an additional emphasis on workforce stability and the need for succession planning. For FY 2021-2022, approximately 8.7% of staff will be age 55 and over, all of whom are classic members eligible for full CalPERS retirement benefits at 55 under the 2.5% at 55 formula. In addition, another 19.6% of staff will be age 50-54 (within five years of retirement eligibility). Thus, approximately 28.3% of total staff (26 of 92 total employees) will be age 50 or older in the coming fiscal year. These numbers fluctuate slightly from year to year due to employee turnover. The following chart shows the percentage of employees that will be age 55 and older over the next five years thus potentially eligible for retirement.



Currently a little less than half (48%) of the employees are CalPERS classic members while the other half (52%) are new PEPRAs members under the 2% at 62 retirement benefit formula required for new CalPERS members hired after January 1, 2013. Under the classic 2.5% at 55 formula the minimum retirement age is 50, while under the new 2% at 62 formula the minimum age is 52 with full benefits at the retirement age of 55 and 62 respectively.



The amount of new CalPERS (PEPRA) members will be increasing over time as new hires come on board replacing classic members especially for more entry-level positions that do not require prior water industry or public sector experience. For higher level positions that require more experience, positions may be filled with classic or new members depending on job requirements and candidate experience. At the same time last year, nearly half (48%) of employees were new members while now they comprise over half (52%) of total staff.

The District CalPERS employer contribution cost is significantly less for new versus classic members. These required employer retirement pension costs are determined annually by CalPERS. The employer cost is composed of two components, a percentage of bi-weekly payroll plus an annual unfunded lump sum liability payment.

CalPERS lowered their assumed rate of investment return, also known as the discount rate, from 7.5% to 7.0% over a three year period. The CalPERS Board also changed their actuarial amortization policy assumptions effective on June 30, 2019 for the 2021-2022 fiscal year. The actuarial policy changes include a shorter amortization period from 30 to 20 years, level dollar amortization payments for unfunded accrued liability and elimination of the 5 year ramp up and ramp down “rate smoothing.” These changes will impact future employer contribution requirements by increasing the percentage of payroll costs and the employer annual unfunded liability payments. As a result, employers that contract with CalPERS will see additional increases in their normal costs and unfunded actuarial liabilities over the next few years even as the amount of classic members decreases.

Per the most recent 2020 Annual Valuation Report for FY 2021-2022, the District required employer contributions (normal cost plus unfunded liability payment) will be increasing over the next five years as shown on the following tables.

Employer CalPERS Contributions – Classic Members					
Fiscal Year	2021-22 (Actual)	2022-23 (Projected)	2023-24 (Projected)	2024-25 (Projected)	2025-26 (Projected)
Employer Normal Cost - % of Payroll	11.59%	11.6%	11.6%	11.6%	11.6%
Annual Unfunded Liability Payment	\$1,139,402	\$1,263,000	\$1,338,000	\$1,419,000	\$1,462,000

Employer CalPERS Contributions – New Members					
Fiscal Year	2021-22 (Actual)	2022-23 (Projected)	2023-24 (Projected)	2024-25 (Projected)	2025-26 (Projected)
Employer Normal Cost - % of Payroll	7.59%	7.6%	7.6%	7.6%	7.6%
Annual Unfunded Liability Payment	\$5,024	\$7,100	\$8,600	\$9,800	\$10,000

For the current 2020-2021 fiscal year, the District has budgeted the required payroll based employer contribution portion (11.742% of payroll for classic members and 7.732% for new members) plus the required annual unfunded liability payments (\$971,414 for classic members and \$3,134 for new members) for a total of approximately \$1.75 million in required employer CalPERS contributions. For last fiscal year 2019-2020 the District paid a total of \$1.51 million for payroll based and unfunded liability CalPERS employer contributions. For the same 2019-2020 year, the District CalPERS fringe expenses were approximately \$2.78 million including unfunded liability payments, the employer contribution portion based on payroll, the year-end GASB 68 entry, as well as deferred inflows/outflows of resources and pension expenses.

Fiscal Impact

The breakdown of the fiscal impact of supporting the proposed organizational chart for FY 2021-2022 is described below. Five percent (5%) increases have been assumed for merit and promotional changes in pay rate. When calculating costs, a “rolled-up” rate (with an additional 75% above base pay rate) was used that takes into account comprehensive benefits costs (CalPERS retirement, insurance package, and other District provided fringe benefits).

It is expected that a new IT Systems Administrator with experience will come on board near the midpoint of the grade 11 salary range (\$2,871.74-\$4,305.11), at \$3,588.43 bi-weekly pay (26 bi-weekly pay periods per year). Thus, the addition of this new staff member will cost approximately $\$3,588.43 \times 1.75 \times 13 = \$81,636.67$ for the first half of the year. Then, following an estimated 5% pay increase (\$179.42 bi-weekly) at the end of six months in the position, the cost would be $\$3,767.85 \times 1.75 \times 13 = \$85,718.50$ for the second half of the year. Therefore, the estimated cost of the FY 2021-2022 recommendation for the new IT Systems Administrator position would be approximately \$167,355. This recommendation amounts to less than 1% of the proposed FY 2021-2022 \$14.86 million budget for salary and benefits.

Discussion

Consistent with the Board approved 2021 Annual Objectives (Providing a safe, healthful and rewarding work environment which encourages communication as well as values employee participation and personal achievement), staff is beginning preparation for the upcoming Memorandum of Understanding (MOU) negotiations with the employee associations. Specifically, staff is planning to engage a neutral outside consultant to conduct a potential review of salary ranges with a focus on employee retention. The District has recently lost several staff members from the Construction department as well as two supervisors to other public agencies with higher pay rates. The external consultant will be directed to specifically review the Construction Department Utility I, II, and III job classifications where voluntary non-retirement employee turnover rate since the beginning of CY 2019 has been a high 54.5%, compared with that of 8.8% for the remainder of the District during the same time period. The findings of this review will be presented to the Personnel Committee at a future date.

Organizational Charts

The following organizational charts reflect current and anticipated workforce needs required to maintain service levels. These charts serve as projections of forecasted staffing changes which will later need budget approval. The organizational charts were color coded to identify anticipated changes and employees currently eligible or close to retirement age for succession planning purposes. Color pie charts are also included to depict workforce age as employees near eligibility for retirement, from age 50-54 (in blue) to those 55 or over (in yellow). The current 2020-2021 organizational chart is included for comparison purposes.

Organizational charts projecting labor needs for the next 5 fiscal years are attached as follows:

- 2021-2022
- 2022-2023
- 2023-2024
- 2024-2025
- 2025-2026

Please note staff is only requesting the Board approve the recommendation for FY 2021-2022. The organizational charts for FY 2022-2023 and beyond reflect possible future projections. Staff will continue to present to the Board the Staffing Analysis document with recommendations for Board consideration and approval each fiscal year.

The FY 2021-2022 Organizational chart reflects:

For FY 2021-2022, staff recommends the addition of an IT Systems Administrator. Two Utility positions will also remain frozen. The Board approved total will then be 92 employees.

The FY 2022-2023 Organizational chart reflects:

For FY 2022-2023, staff recommends the addition of a new Wastewater Collection Systems Operator position. This position would report to the 4S Water Reclamation Facility and coordinate various elements of the collection system maintenance program assuming key collection related duties currently performed by the Water Reclamation Plant Operators. The total employee headcount will then be 93 employees.

The FY 2023-2024 Organizational chart reflects:

No changes anticipated for 2023-2024.

The FY 2024-2025 Organizational chart reflects:

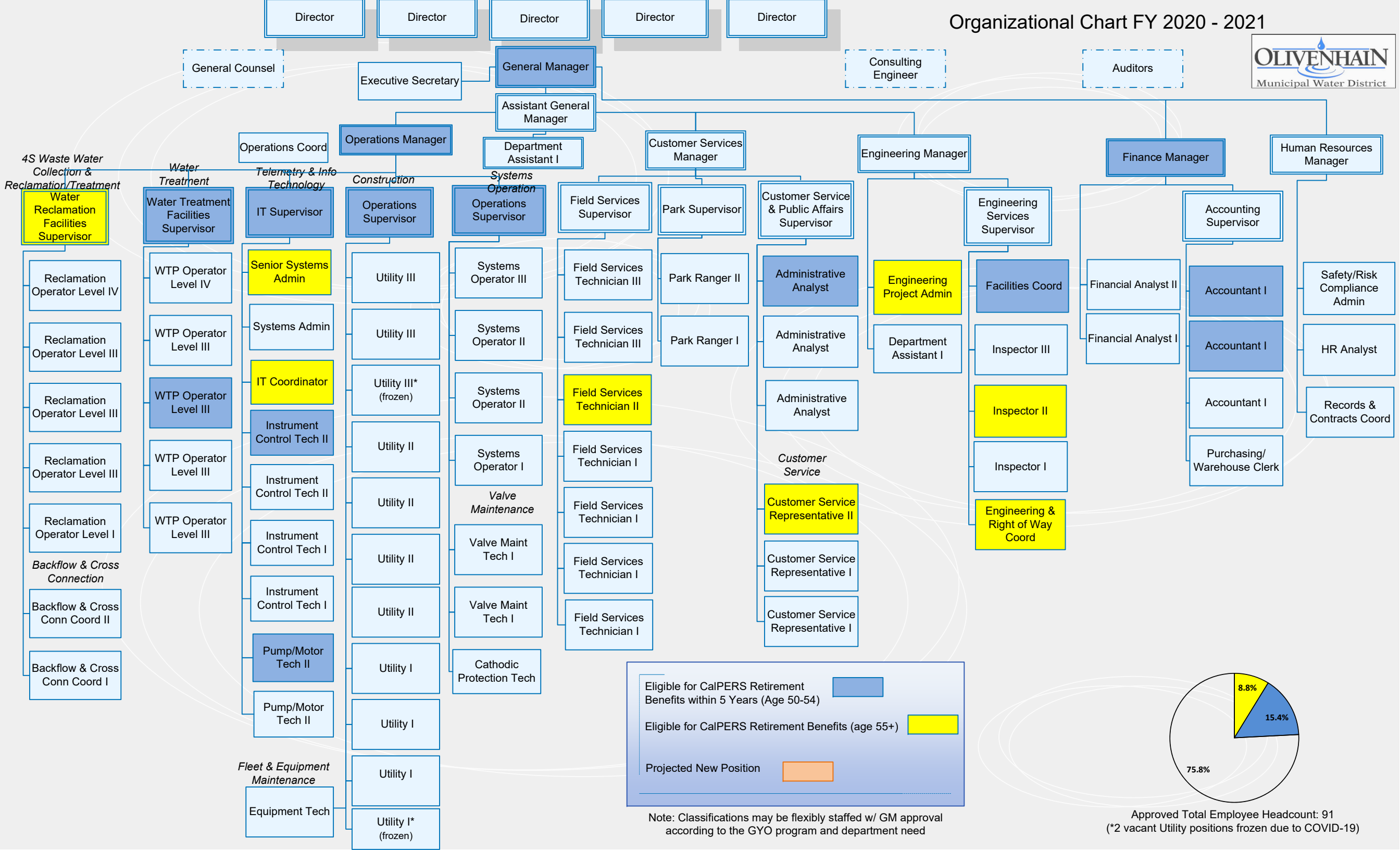
For FY 2024-2025, staff recommends the addition of a new Technical Services Manager. This Manager is expected to oversee the operations of the 4S Ranch Water Reclamation Facility and Water Treatment Plant and their staff members. In addition, the brackish/reuse plant and staff are anticipated to come on-line during this time period which will also be managed by the Technical Services Manager position. The Information Technology division (including Pump/Motor Technicians and Instrument Control Technicians) is also projected to be moved under this new Technical Services Manager; however this will be determined as we move closer in time. Of note, the Technical Services Manager position addition is contingent upon the addition of the new brackish plant.

In addition, a Department Assistant I position is projected to be added in order to assist with the necessary various administrative duties of the plants and the new Manager. This position will report directly to the Technical Services Manager. The proposed total headcount for FY 2024-2025 will then be 95 total employees.

The FY 2025-2026 Organizational chart reflects:

No changes anticipated for 2025-2026.

Organizational Chart FY 2020 - 2021

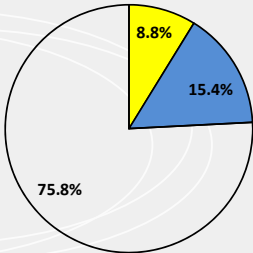


Eligible for CalPERS Retirement Benefits within 5 Years (Age 50-54)

Eligible for CalPERS Retirement Benefits (age 55+)

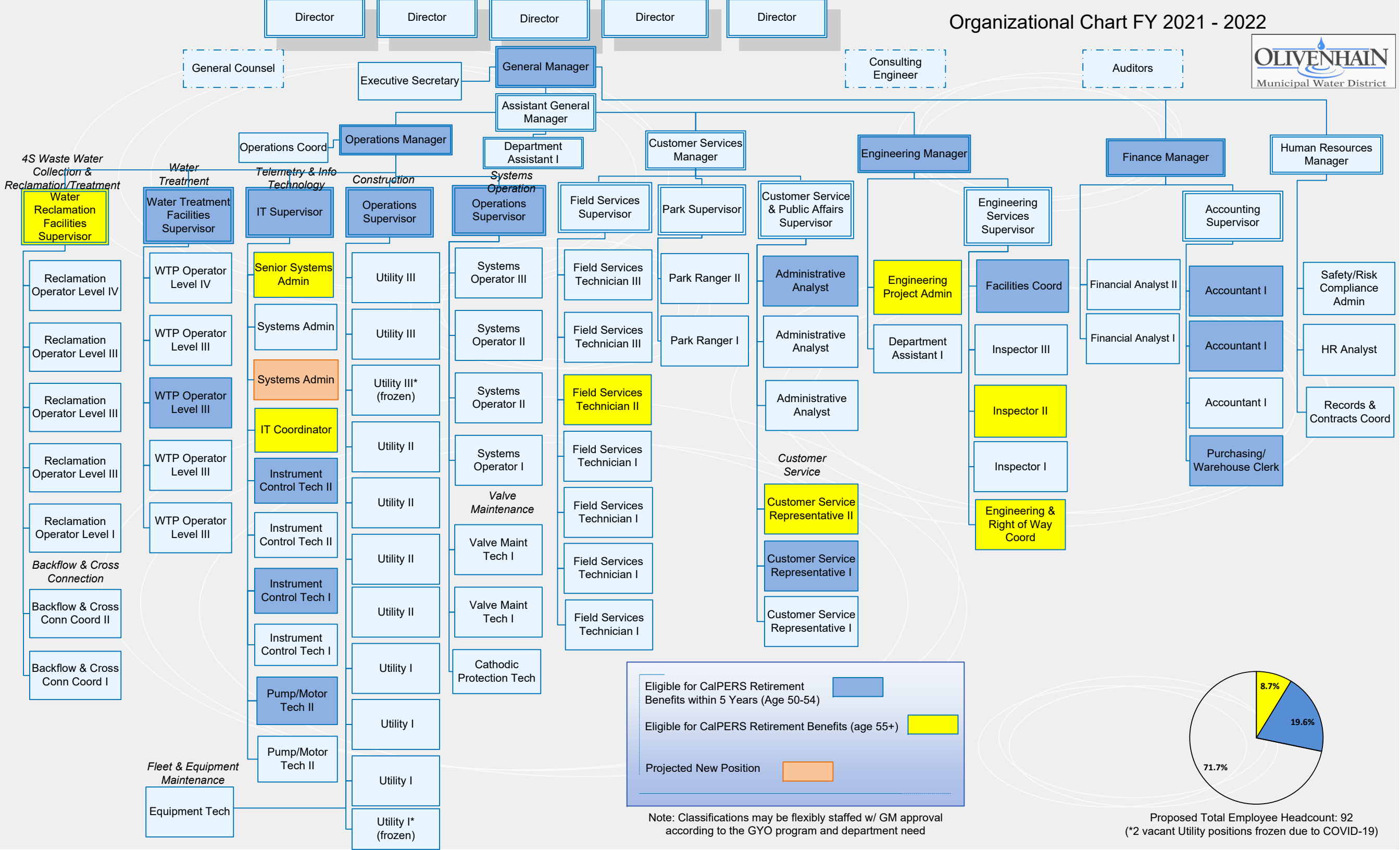
Projected New Position

Note: Classifications may be flexibly staffed w/ GM approval according to the GYO program and department need

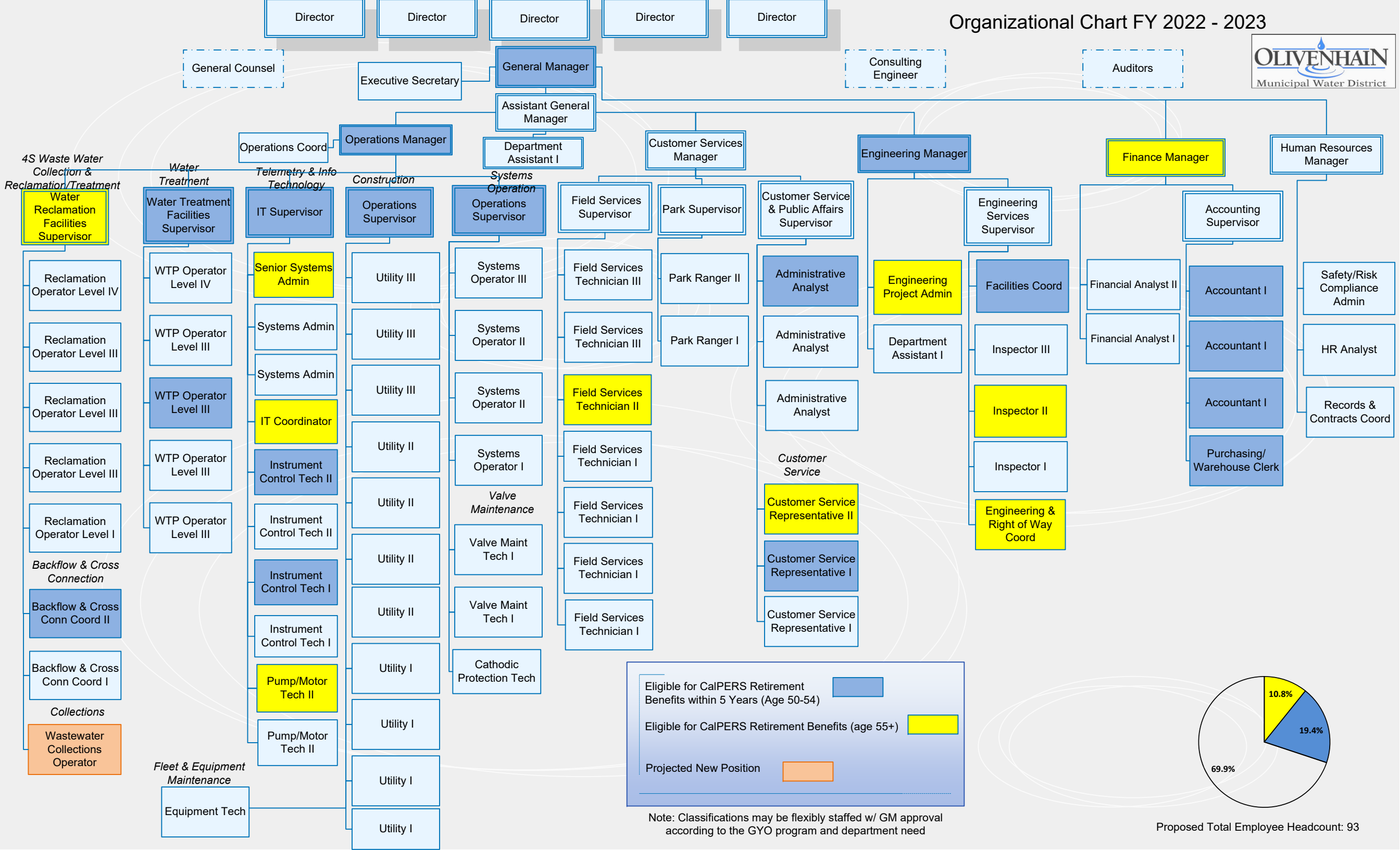


Approved Total Employee Headcount: 91
(*2 vacant Utility positions frozen due to COVID-19)

Organizational Chart FY 2021 - 2022



Organizational Chart FY 2022 - 2023

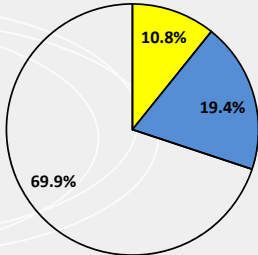


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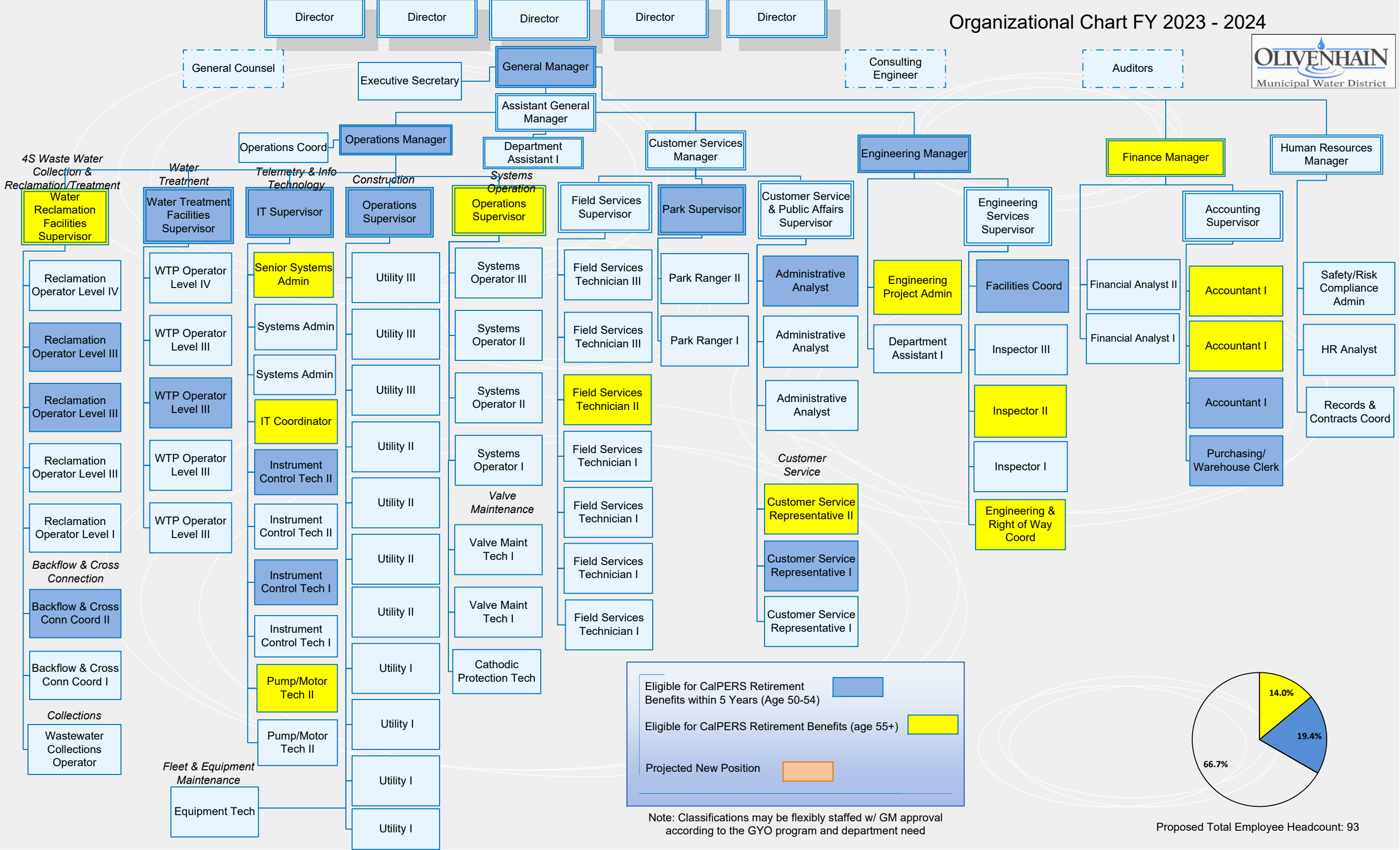
Projected New Position

Note: Classifications may be flexibly staffed w/ GM approval according to the GYO program and department need



Proposed Total Employee Headcount: 93

Organizational Chart FY 2023 - 2024

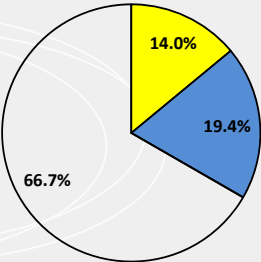


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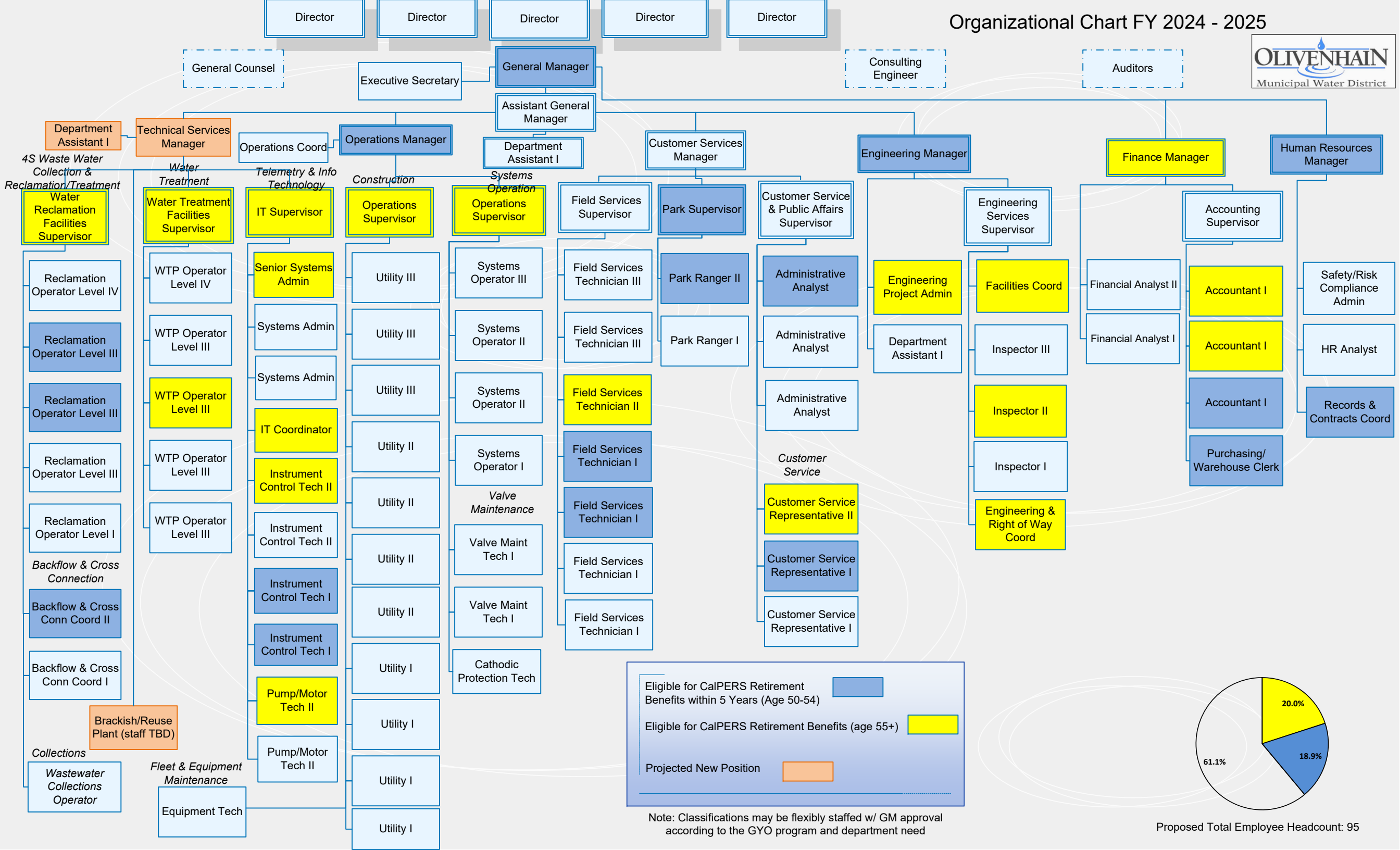
Projected New Position

Note: Classifications may be flexibly staffed w/ GM approval according to the GYO program and department need



Proposed Total Employee Headcount: 93

Organizational Chart FY 2024 - 2025

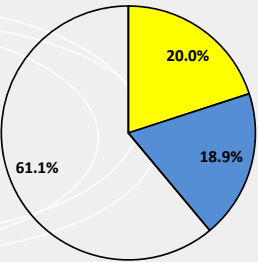


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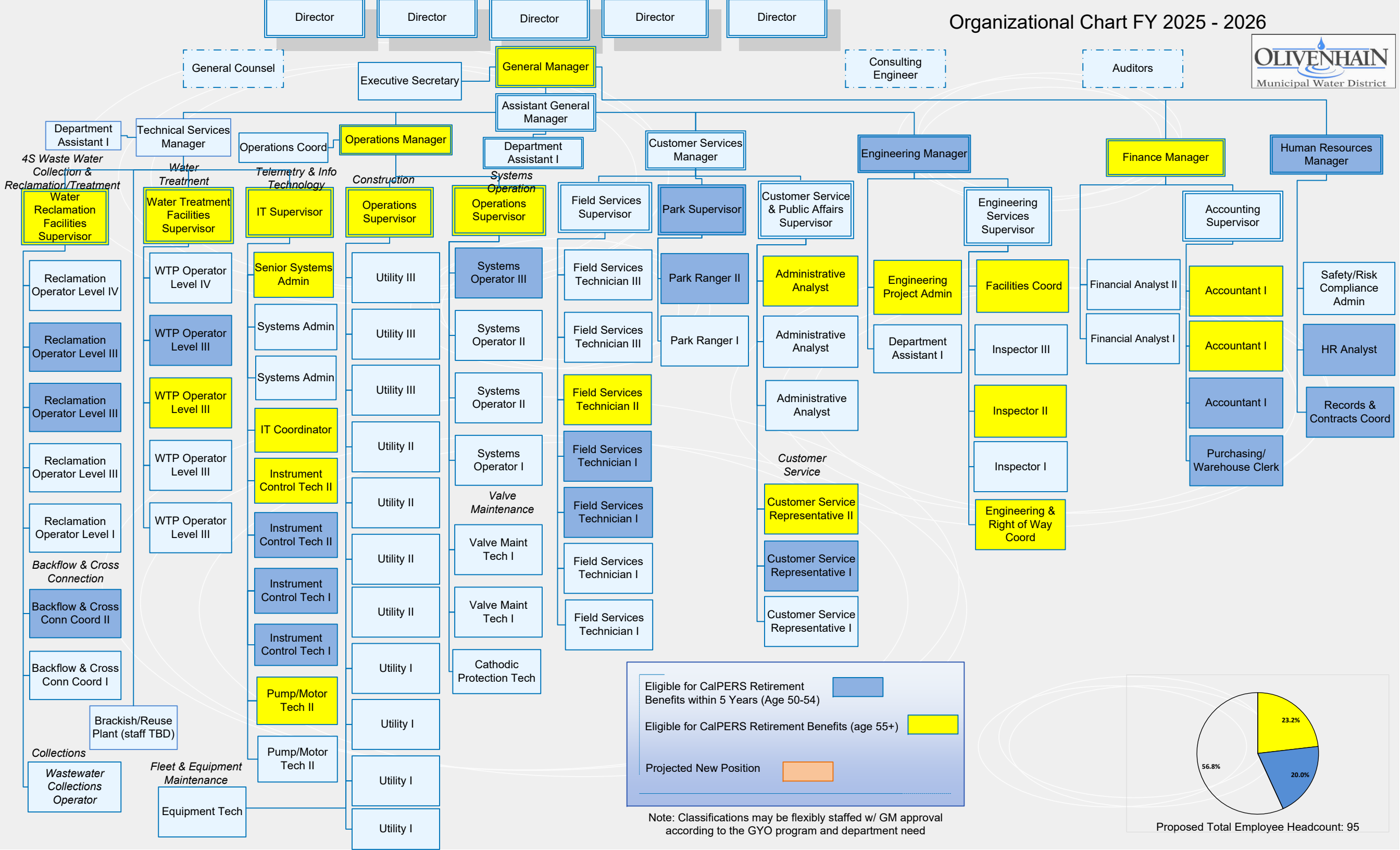
Projected New Position

Note: Classifications may be flexibly staffed w/ GM approval according to the GYO program and department need



Proposed Total Employee Headcount: 95

Organizational Chart FY 2025 - 2026

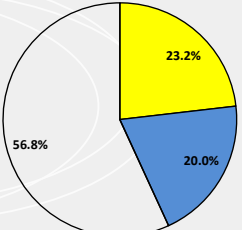


Eligible for CalPERS Retirement Benefits within 5 Years (Age 50-54)

Eligible for CalPERS Retirement Benefits (age 55+)

Projected New Position

Note: Classifications may be flexibly staffed w/ GM approval according to the GYO program and department need



Proposed Total Employee Headcount: 95