

**NOTICE OF A MEETING
OF THE OLIVENHAIN MUNICIPAL WATER
DISTRICT'S PERSONNEL COMMITTEE
1966 Olivenhain Road, Encinitas, CA 92024
Tel: (760) 753-6466 • Fax: (760) 753-1578**

**Pursuant to AB 3035, effective January 1, 2003, any person who
requires a disability related modification or accommodation in order
to participate in a public meeting shall make such a request in
writing to the District for immediate consideration.**

DATE: THURSDAY, MARCH 30, 2023

TIME: 1:30 P.M.

PLACE: DISTRICT OFFICE

*Note: Items On The Agenda May Be Taken Out Of Sequential Order As Their
Priority Is Determined By The Committee*

1. CALL TO ORDER
2. ROLL CALL (BOARD MEMBERS)
3. ADOPTION OF THE AGENDA
4. PUBLIC COMMENTS
5. MINUTES OF THE MARCH 21, 2022 REGULAR MEETING OF THE BOARD PERSONNEL COMMITTEE (INFORMATIONAL ITEM)
6. REVIEW THE ANNUAL UPDATE TO THE FIVE YEAR STAFFING ANALYSIS
7. ADJOURNMENT

**MEETING MINUTES OF THE
OLIVENHAIN MUNICIPAL WATER
DISTRICT'S PERSONNEL COMMITTEE**

March 21, 2022

A Personnel Committee of the Olivenhain Municipal Water District was held on March 21, 2022, at the District office, 1966 Olivenhain Road, Encinitas, California via video conference.

President Watt called the meeting to order at 11:02 a.m. In attendance were Kristie Bruce-Lane, Board Vice President; Lawrence A. Watt, Board President; Kimberly Thorner, General Manager; and Jennifer Joslin, Human Resources Manager.

1. ADOPTION OF THE AGENDA

President Watt moved to adopt the agenda, seconded by Director Bruce-Lane and carried unanimously.

2. PUBLIC COMMENTS

There were no public comments.

3. APPROVAL OF THE MINUTES OF THE NOVEMBER 8, 2021 REGULAR MEETING OF THE BOARD PERSONNEL COMMITTEE

President Watt moved to approve the meeting minutes from November 8, 2021 and seconded by Director Bruce-Lane.

4. REVIEW THE ANNUAL UPDATE TO THE FIVE YEAR STAFFING ANALYSIS

The committee reviewed the annual update to the District's five year staffing analysis document. The document will be brought to the full Board on April 20, 2022 for approval.

5. ADJOURNMENT

The meeting was adjourned at 11:46 a.m.

Memo

Date: April 19, 2023
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 2023-2024 to 2027-2028). 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 2023-2024 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 (President Guerin and Director Hahn) 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 2023-2024 fiscal year will be 95 total positions as two additional positions are being requested compared to the Board approved staffing level of 93 for the current 2022-2023 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 93 until the positions are unfrozen.

93 Board Approved Positions (current)
+ 2 Position Requested
=95 Recommended Positions

This year's recommendations for Board approval are for the Operations and Customer Services Departments. The staffing recommendations for FY 2023-2024 are summarized below with further details on the following pages.

- 1) Allow for the addition of a new Collection System Operator. This position was projected in last year's Staffing Analysis for 2023-2024. This would create a new multi-level I/II/III series Collection System Operator job classification.
- 2) Allow for the addition of one Customer Service Representative I.

Recommendation #1

Allow for the addition of one new Collection System Operator. The Collection System Operator position is proposed to be organized progressively with I, II and III levels to allow for growth and retention. This position was originally forecasted started back in the 2020-2021 Staffing Analysis and anticipated being added in 2023-2024. As this position has been projected for several years, it was included in the current two year budget for 2023-2024. This position will report to the Water Reclamation Facilities Supervisor. If approved, this position will serve to meet the increased maintenance and regulatory requirements of the aging 4S Ranch collection system.

The District began operating the 4S Water Reclamation Facility (WRF) and the 4S Ranch Collection Systems in 1999. The following four years saw an expansion of the 4S WRF and the beginning of a ten year period that saw the vast expansion of the 4S Ranch and Rancho Cielo Collection System. OMI was the contract operator for the 4S WRF and Collection System when the District assumed control from the County of San Diego. In 2001 the District moved away from contract operations and hired a full staff to operate

the plant and collection systems. The District staffed the plant and collection system operations with five operators, however the staffing emphasis was heavily skewed to the operations of the plant and not the collection system.

The combined collection systems currently have 14 pump stations, approximately 65 miles of gravity lines and approximately 22 miles of force main lines. The collection systems are now over 20 years old and require increased attention, especially with regards to line cleaning and inspections, FOG (fats, oils, and grease) programs and troubleshooting problem areas. Extra attention is needed to address the operation and maintenance of the collection system. Operating a collection system is complex and multifaceted. Listed below are the Best Management Practices (BMPs) that this new position will enhance and develop:

- Properly manage, operate, and maintain all portions of the wastewater collection system to minimize Sanitary Sewer Overflows (SSO)
- Meet all applicable regulatory notification and reporting requirements
- Protect public health and safety, and the environment
- Prevent unnecessary property damage
- Perform all operation and maintenance activities in a safe manner
- Prevent adverse impacts to surface waters and their beneficial uses
- Ensure corrective action is taken in a timely manner
- Ensure compliance with current regulatory requirements
- Document and define procedures to address SSO prevention and response
- Prepare for emergencies
- Maintain and improve the condition and performance of the collection system
- Understand the condition of and maintain infrastructure to maximize the life of the collection system
- Properly operate and maintain the collection system to minimize financial impacts on customers
- Adhere to the components of the Sewer System Management Plan (SSMP)
- Identify, prioritize, and continuously renew and replace sewer system facilities to maintain reliability
- Implement regular, proactive maintenance of the system to remove roots, debris, and FOG in areas prone to blockages that may cause sewer backups or SSOs
- Uphold high standards and specifications on newly constructed and/or rehabilitated public and private sewers

Under direction of the Water Reclamation Facilities Supervisor, this new collection system operator position will oversee, operate, maintain, and support all portions of the wastewater collection systems. This will include organizing, planning, performing, and

facilitating work; make recommendations for action; and assisting with developing budget recommendations. The Collection System Operator will be performing the following key duties:

- SSMP Compliance
- Pump Station Operations
- Manhole Inspections
- Customer Service and Emergency Response
- Smart Cover Operations
- Manhole Rehabilitations
- Plan and supervise Closed Circuit Television Inspections (CCTV)
- Plan and supervise Line Cleaning
- Grease Interceptor Inspections (FOG Program)
- General Business/Industrial Site Inspections
- Infiltration and Inflow Study, Pipeline integrity, and Follow-up
- Private Collection Systems compliance
- Flow data - Analytics, future patterns related to overall water use relative to collection systems
- Work closely with wastewater staff to offer support

Regulatory compliance plays an important part in creating the need for this new position. The California State Water Resources Control Board (SWRCB) promulgated a waste discharge requirement (“WDR”) permit in 2006 to regulate sanitary sewer systems. This permit is known as SWRCB Order No. 2006-0003, Statewide General Waste Discharge Requirements for Sanitary Sewer Systems. In 2013, Attachment A to the Order was promulgated and became effective as SWRCB Order No. WQO 2013-0058-EXEC, amending the Monitoring and Reporting Program for Statewide General Waste Discharge Requirements for Sanitary Sewer Systems (together these documents constitute the “SSS WDR”). This permit, among other things, requires local public sewer collection system agencies, referred to as “Enrollees,” to develop a Sewer System Management Plan (“SSMP”).

The original SSMP required approval by the governing board of the Enrollee at a public meeting and was initially updated every five years, but it is now six years, from the original adoption date by the board. The District adopted the first SSMP on May 13, 2010. The five year updates occurred on May 23, 2015 and May 20, 2020. The next update needs to be completed by May of 2026. The six year SSMP update must also be approved and certified. The SSMP and the adoption documents approved by the board must be publicly available on the agency website or submitted to the SWRCB upon adoption or recertification. The State recently released the draft WDR in September

2022 with further updates in December 2022. This update has been in the works for several years and was previously delayed due to COVID-19. Below are some highlights of the new order that will take effect in June 2023:

- Expanded regulation to protect waters of the State (e.g., expanding the prohibition on discharge from a sanitary system to include waters of the State and requiring Sewer System Management Plans to identify deficiencies in addressing spills to waters of the State);
- Planning requirements to address system-specific climate change impacts;
- Requirements for coordinated inter-agency response to sanitary spills;
- Reduction in the frequency of Sewer System Management Plan updates, local audits, and lateral spill reporting; and
- Modifying receiving water sampling requirements for 50,000+ gallon spills to surface waters.

In April 2018, District staff conducted an internal workshop to evaluate and gain a deeper understanding of all of the tasks and responsibilities related to the operation of the collection systems. The review team was composed of the Operations Manager, Operations Coordinator, Pump & Motor Technicians, and all Water Reclamation Facility Operators. Through this process it was revealed that numerous items were not consistently being addressed. The 4S Ranch and Rancho Cielo Collection Systems require a great deal of effort to properly maintain the systems and stay compliant with increasing regulations. Currently, plant operators are performing some of the collection system duties, however some of the tasks such as SSMP compliance, full and complete manhole inspections on both systems, follow-up on CCTV and FOG inspections, detailed follow-up on Infiltration and Inflow studies, Industrial Site Inspections, odor, and rag/debris investigations are not being fully addressed due to plant staffing demands. SSMP compliance, audit, and FOG compliance are currently being outsourced and would be brought in-house under the new Collection System Operator position offsetting costs of approximately \$60,000 annually.

Due to the combination of increasing maintenance workload as the system ages, increasing regulatory requirements, and areas that need dedicated attention, it became clear that the current level of staff and resources would not be sufficient to meet the needs of the collection system. A dedicated collection system position is required in order to ensure that the District maintains best management practices, avoids sewer overflows, and meets and exceeds all standards and regulations in line with our mission statement.

Human Resources staff conducted a comprehensive labor market salary survey for Collection System Operators. Survey results found that the proposed job classification should be budgeted at pay grades 3, 4, and 5 for levels I, II, and III respectively. Survey results also showed that all local agencies with collection operators utilize a multi-level I/II/III job classification structure. Staff anticipate filling the position at the higher pay grade 5 (level III) in order to recruit then fill the position with an experienced candidate. However, if staff is unable to fill the position at the III level, it could potentially be filled at the lower pay grade 4 or even 3 level with less fiscal impact.

This additional position will result in an estimated \$165,292 fully bundled cost increase over the fiscal year. However, it is important to note that \$60,000 in costs will be offset as tasks currently outsourced will be brought in-house resulting in a \$105,292 budget increase.

Recommendation #2

Allow for the addition of another Customer Service Representative (CSR) I position. This will bring the total count to four positions, three Customer Service Representative I, and one Customer Service Representative II. This position was not specifically budgeted for, however, the cost for potentially unfreezing a Utility I position at the same pay grade was included for 2023-2024 that will cover the additional labor cost. The CSRs serve as the face of the District directly assisting customers with questions and issues regarding OMWD services. They are often the first, and in many cases the main, point of contact that customers and members of the public have with OMWD. CSRs prepare over 23,000 customers' bills each month. CSRs perform administrative and accounting support including but not limited to; answering over 1,000 phone calls monthly, processing all district mail sent to headquarters, creating up to 100 service orders monthly, scheduling 200 past due phone calls, and preparing appropriately 1,000 delinquent and 100 disconnection of service notices monthly.

In 1990, the District had approximately 12,600 metered accounts and a population of approximately 40,000. At the time, there were three employees with the primary job responsibility equivalent to a customer service representative (process billing and delinquent notices, start/stop service, assist with customer inquiries, process customer payments, etc.) This equates to one employee performing these job responsibilities per 13,333 customers and 4,200 accounts.

Over the last three decades, the number of accounts has nearly doubled (from 12,600 to 23,000), while the population served has more than doubled (from 40,000 to 87,000).

Despite this growth, the number of customer service representatives has remained at three. Presently, this equates to one CSR per 29,000 customers and 7,666 accounts.

To meet the demands of the growing population, OMWD has taken several steps over the years to improve the efficiency of providing various services. OMWD now uses automated calling services to notify customers of important events, such as service interruptions and delinquency notices. Disconnection notices for non-payment are delivered to the property by FedEx, rather than requiring staff to prepare door tags to be hung at the property. Not only does OMWD's webpage offer many self-service options (start/stop service requests, online bill pay, rebates, etc.) but it also serves as a resource of information on frequently asked about topics, such as rates, leaks, water pressure, conservation, drought, etc. Customers are able to view their current balance and pay their bill online and by phone.

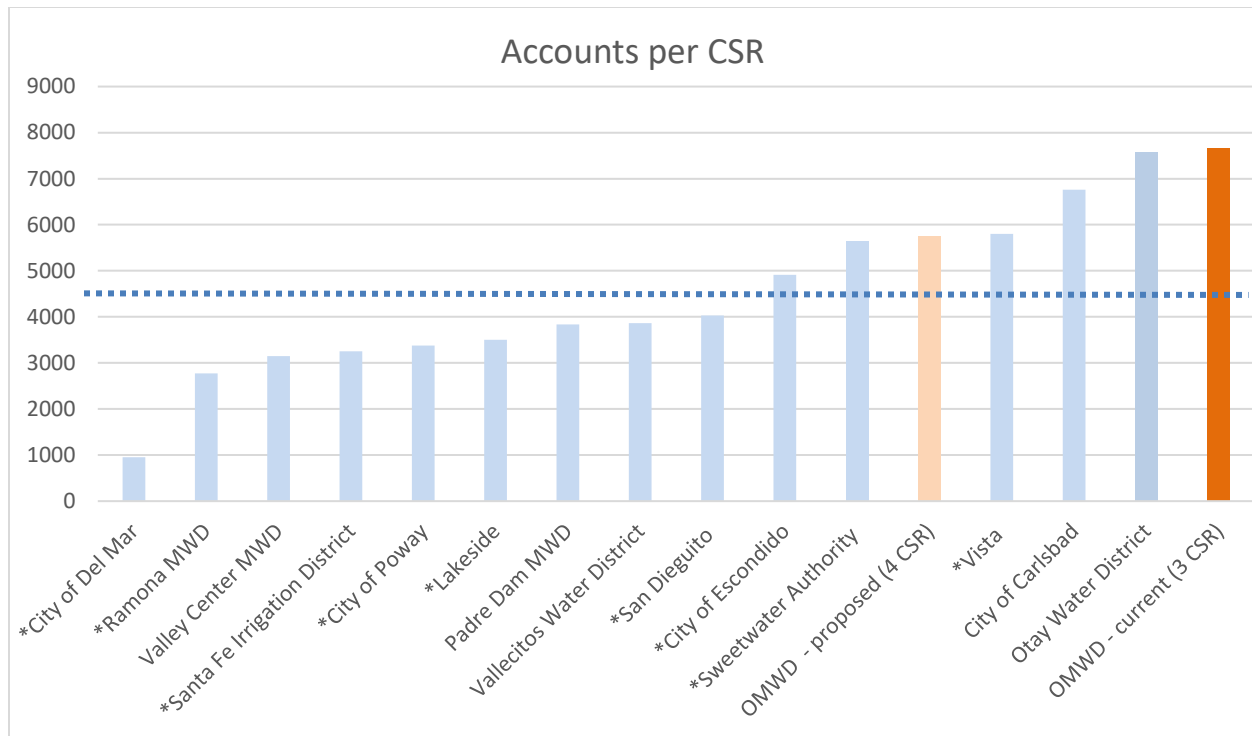
The MyWaterView dashboard allows customers to view their water consumption and set up usage alerts. Staff now processes service orders remotely, which eliminates the need for the CSR to print the service order and track down an available service technician to assign the work to. In 2022, OMWD shifted to multiple billing cycles, allowing the customer service demands associated with billing and past due notices to be divided and spread out over the month. This also decreased the latency from reading the customer's meter to issuing their bill, improving the cause and effect of changes in water consumption on their water bill, which reduces customers questions on increases in bills and allows for earlier leak detection.

While the self-service options have aided in keeping the number of customer calls and inquiries to a minimum, the nature of customer service has also evolved. For example, with the advancement in technology, CSRs are now able to provide detailed information regarding many customers' usage patterns. Customers now frequently want to know how much water they used and when, and ask increasingly complex questions when a CSR reviews the data with them. While this is a valuable service to our customers, it requires additional staff time.

OMWD utilizes internal, non-CSR positions (e.g, Administrative Analysts, Field Service Technicians I/II/III, Department Assistants, Customer Service & Public Affairs Supervisor, Customer Services Manager) to assist with front desk coverage, answer phones, and assist with customer inquiries when necessary. While this practice does allow for responsive customer service, non-CSR staff are pulled away from their primary duties, which is not without impact. As recently as 2016, Accountants were included in the customer overflow calls. Due to their workload demands, they were removed from the overflow call group. Consequently, when the Administrative Analyst job description was

most recently updated in 2019, 10% of their workload was dedicated to customer service duties. Since the addition of customer service duties to the Analyst job description, there has been an increase in overtime for the Analyst positions of approximately \$1,100 (total annual average). The addition of a fourth CSR position is expected to decrease the overtime for the higher-grade Analysts. Additionally, non-CSR staff may be less proficient in assisting the customer in areas they are less familiar with, thereby delivering a non-optimal level of service. To meet customer service demands, the use of overtime is also routinely required. Additionally, OMWD frequently relies on temporary labor services to meet coverage demands during periods of personnel transitions and/or when staff is on extended leave. OMWD has averaged \$38,500 in temporary CSR labor each year for the past 3 years.

OMWD regularly meets and discusses with other water agencies on procedures to identify further potential areas for improved efficiency. A survey (figure 1) of neighboring water agencies revealed a regional average of 4,550 accounts that are served per customer service representative for the agencies that responded to the survey questions. Of note for OMWD's CSR positions, 20% of CSR I and 40% of CSR II workload is dedicated to customer billing duties. Several agencies that responded do not bill monthly, rather they issue bills bimonthly. Though billing bimonthly requires less staff time, monthly billing not only provides customers with a timelier response regarding their water usage but also has better cash flow for OMWD. Currently, OMWD has the highest number of accounts served by a CSR of the agencies that responded. Adding an additional CSR would put OMWD around the 75th percentile.



*Figure 1: Survey of the number of accounts divided by the number of Customer Service Representatives. *agency issues bills bimonthly*

There are several benefits expected from the addition of a fourth CSR position:

- Improved customer service and satisfaction. A full-time CSR is expected to provide vastly improved service compared to that from a temporary employee. Temporary employees are trained to handle frequent tasks and inquiries but lack the experience and knowledge of a full-time employee. OMWD's 2022 customer opinion survey conducted by True North Research revealed that 70.7% of respondents were very satisfied with the courtesy of the service representative, but fewer respondents (62.3%) were very satisfied with the knowledge and expertise of the service representative. Given that the main priority for the temporary receptionist position is to answer calls, they often serve as the face of the district, and may be the customer's only interaction with OMWD staff.
- Improved customer service response time. More staff to assist with customers is expected to decrease the time customers have to wait for assistance. In the 2022 customer opinion survey, only 58.5% of respondents were very satisfied with the ability to reach a service representative. The maximum ring time is a measure of the longest time a customer had to wait to have their call answered in a day. The

median maximum ring time on days with three CSRs and a temporary receptionist working is five and a half minutes. On days with 3 CSRs, the median maximum ring time increases to seven and a half minutes. When there are two CSRs, the median maximum ring time increases to over eight minutes. One CSR working results in a median maximum ring time of twelve and a half minutes.

- Ability to spend more time discussing services that may be of benefit to customers, such as the MyWaterView portal and water use evaluations. For example, if a CSR is discussing a leak with a customer while there is an incoming call, the CSR is likely to inform the customer of the MyWaterView portal, but in interest of time would not likely go into detail or get the customer to sign up for alerts right then and there.
- Reduced impact to non-CSR staff. Increased CSR coverage will result in less need to call upon non-CSR staff to assist with customer service tasks, allowing them to focus on their primary job tasks.
- Eliminate use of temporary labor under normal circumstances.
- Reduced use of overtime.
- Improved ability to overcome employee attrition. There has been significant turnover at the CSR position in recent years due to the entry-level nature of the position, labor market disruption due to the pandemic, and other factors. Between May 2021 and June 2022, seven different employees held one of the three full-time CSR positions. Having an additional full-time CSR position better assures that experienced staff members are available to fulfill critical functions like sending bill statements even when Customer Service is short-staffed or training newer employees.
- Improved employee retention. The last two CSRs that resigned from OMWD listed, among other things, workload demands as a primary reason why they chose to leave.
- Improved Friday coverage. Currently, every other Friday is staffed with one CSR. Having four CSR positions would allow for two CSRs to be scheduled every Friday. Additionally, the work schedule for Fridays, 8:00 a.m. to 5:00 p.m., is the same as the office's open hours and does not allow for regular time to perform preopening tasks (logging into CIS Infinity, collecting overnight payments, unlocking the door, retrieving voice messages, etc.) or post-closing tasks (closing

out the cash drawer, locking doors, shutting down CIS Infinity, etc.). Two CSRs each Friday would alleviate some of the challenges associated with accomplishing these tasks while still being available for phone coverage.

The CSR I position is a pay grade 2. This additional position will result in an estimated \$93,057 fully bundled cost increase over the fiscal year. However, if approved, an additional CSR I position is expected to offset costs in temporary labor and overtime. Since the conversion to OMWD's current billing and customer information system in 2016, overtime dedicated to customer service has averaged over \$6,800 per year, and temporary labor dedicated customer service has averaged over \$38,500 per year. Thus, approximately \$45,300 in costs will be offset. This is an annual budget increase of \$47,757. The cost for potentially unfreezing a Utility I position at the same pay grade (that will remain unfilled) was included in the budget for 2023-2024 and will cover the additional labor cost for the CSR I position.

Alternative(s)

The Board could elect not to approve the recommendations described for FY 2023-2024.

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

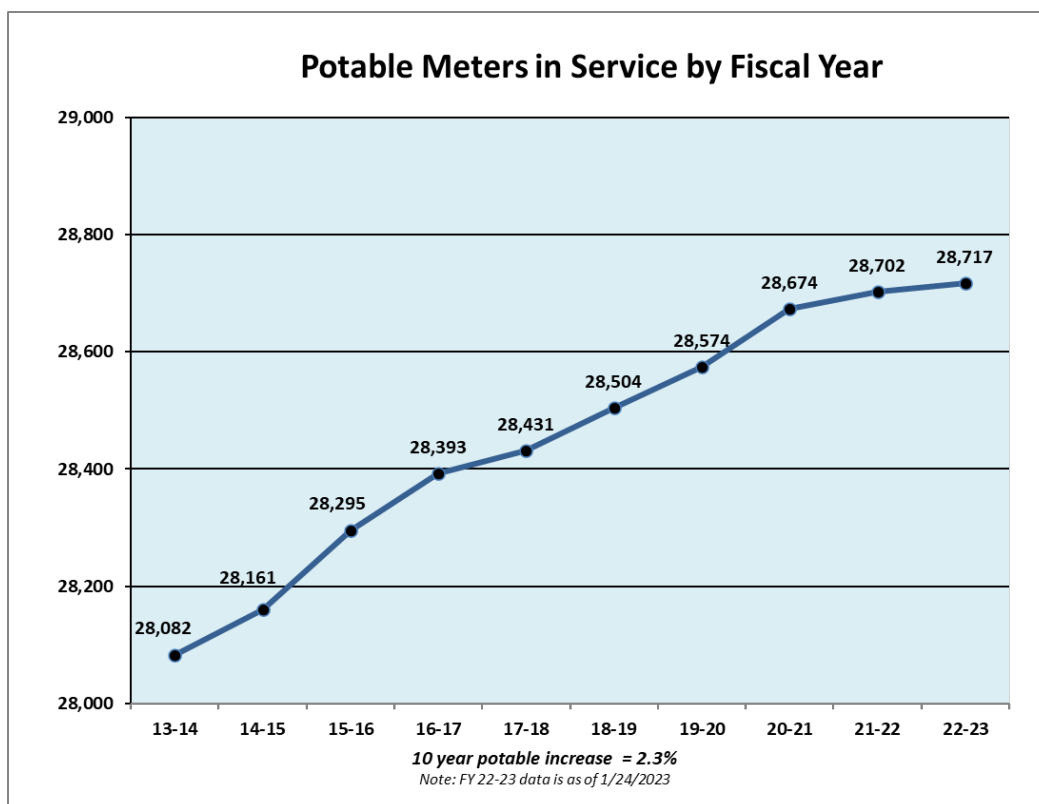
Background

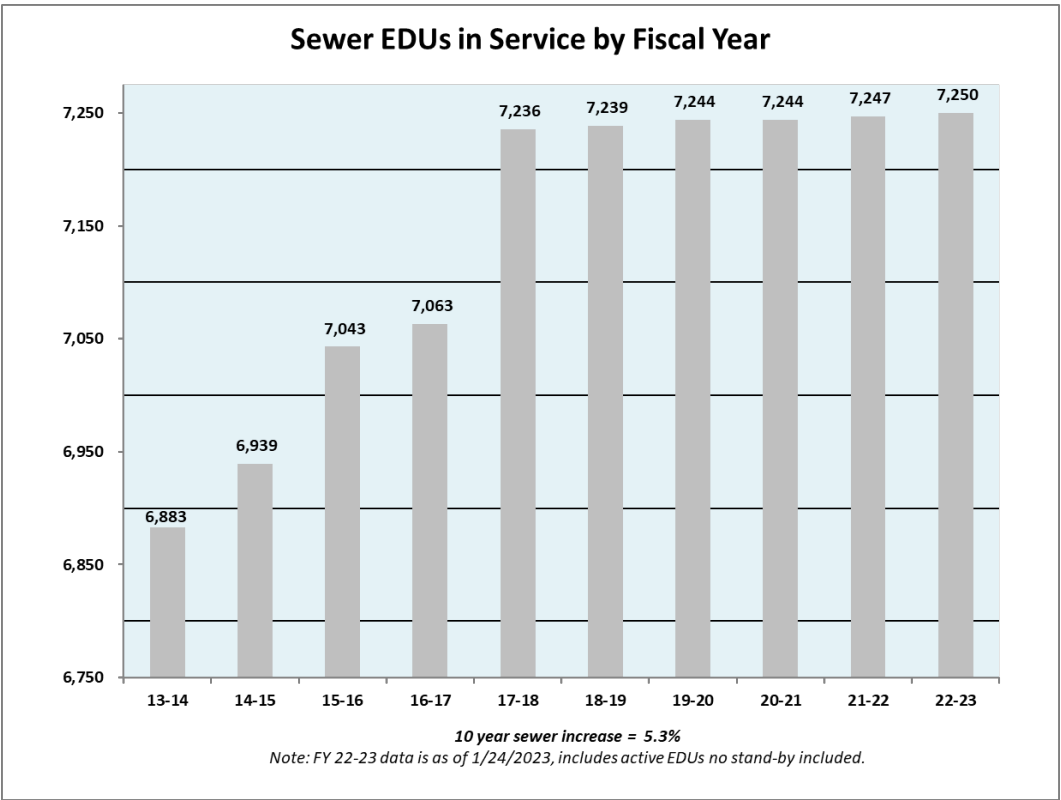
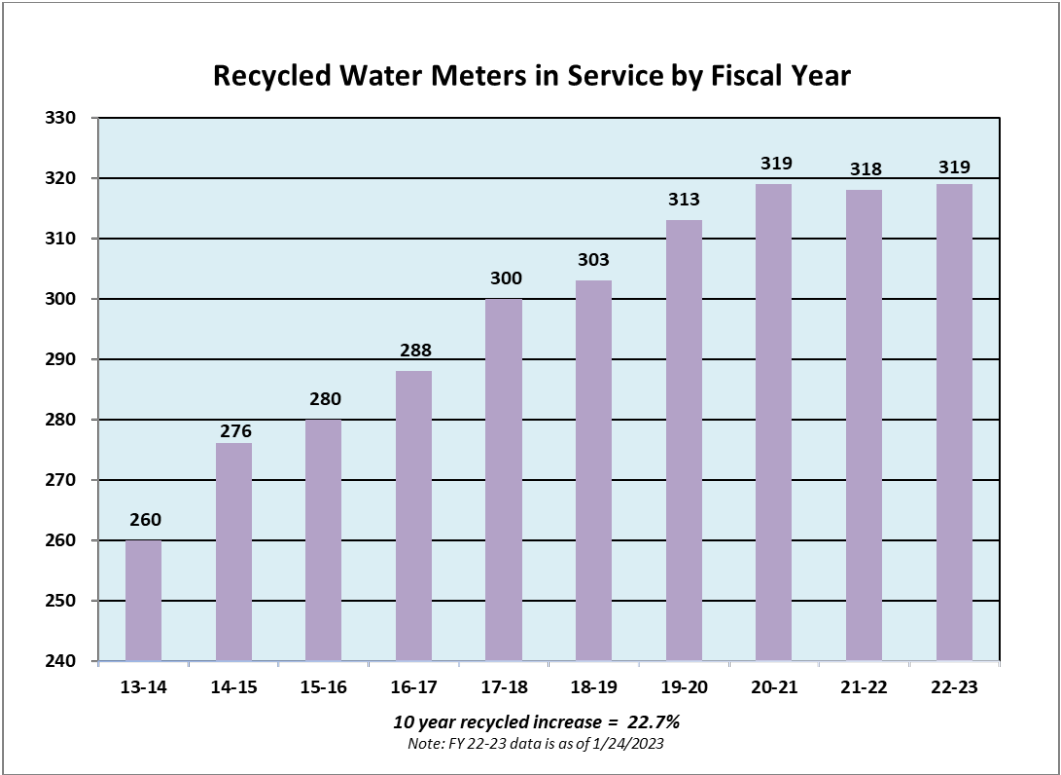
This Staffing Analysis was first presented to the Board and accepted in May of 2005 to forecast staffing levels and to serve as a succession planning tool for the District. The analysis continues to be a collaborative staff process with all District Departments participating. The Staffing Analysis takes 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 nearly 20 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 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, Calle Barcelona, Village Park, and Summerhill Recycled Water Projects.

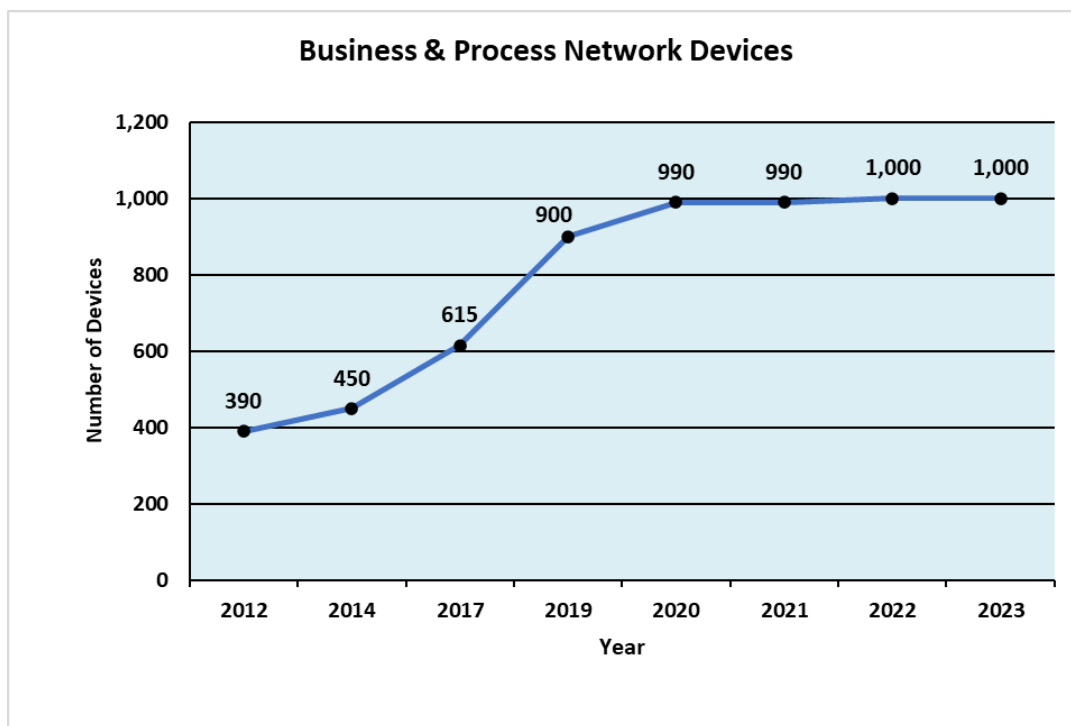
As of February 2023, the District had 28,717 active potable meters and 319 active recycled meters. It is anticipated that four additional recycled water meters will come online serving The Lakes by the end of March 2023. The graphs on the next pages depict historical District growth as shown by the number of in service potable water meters (2.3% increase), recycled water meters (22.7% increase), and sewer equivalent dwelling units (EDUs) (5.3% increase) over the past 10 years.



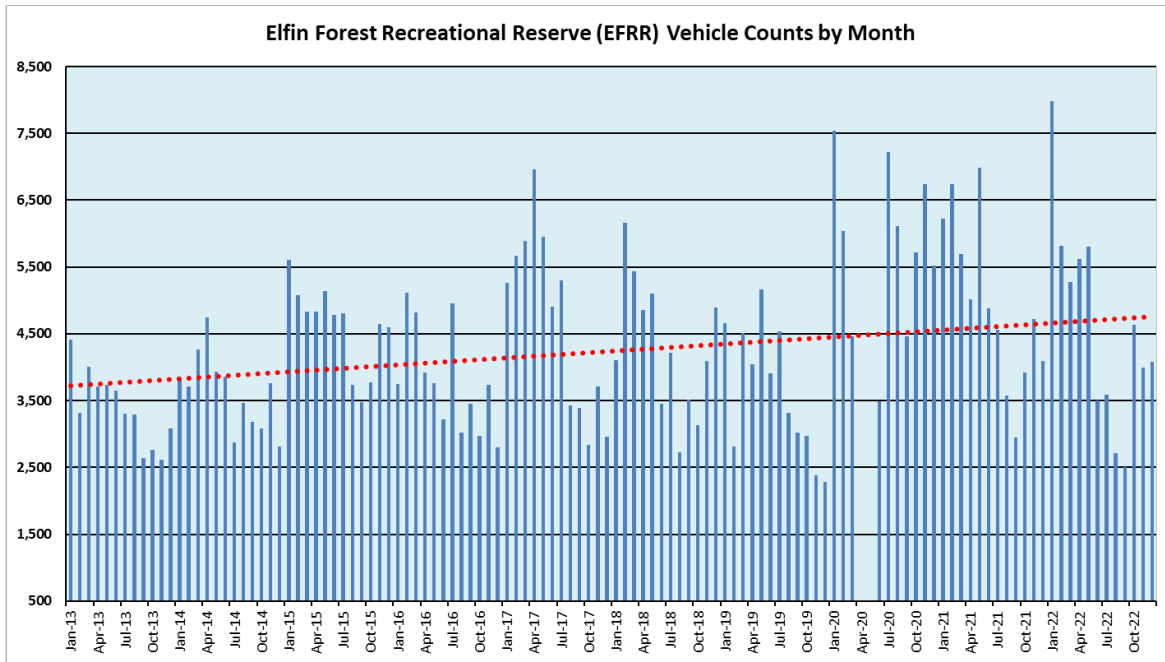


In addition to customer meters and sewer EDUs, the District's IT infrastructure has continued to expand as well. The IT infrastructure is made up of a wide variety of hardware assets and devices which serve to support the District's business and process SCADA networks.

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 2012, there were approximately 390 devices that resided on various District networks. In early 2023, there are approximately 1,000 devices which is a 256% increase over ten years. The following graph shows this increase over time, which is expected to continue for the foreseeable future.

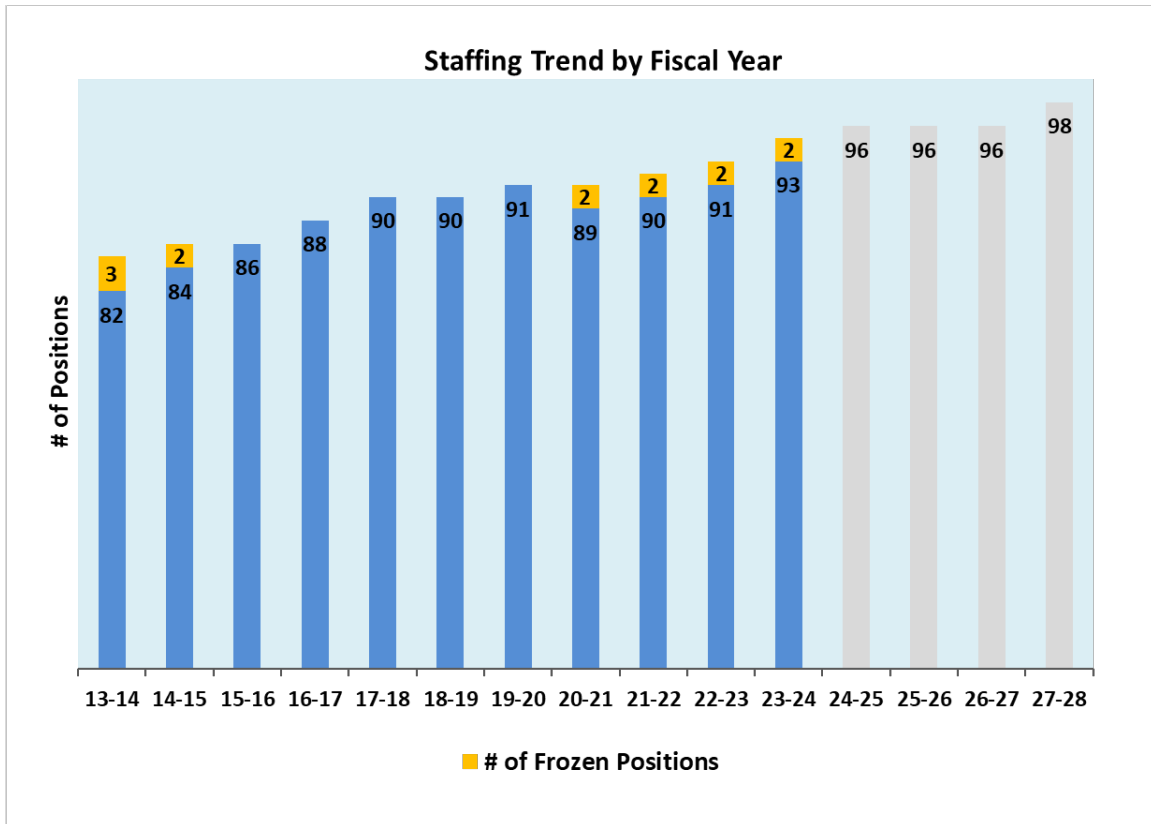


The following chart indicates a general increase in the number of vehicles and corresponding visitors to the Elfin Forest Recreational Reserve (EFRR) over time as highlighted by the trend line. The data represented is the actual number of vehicles the EFRR park car counter captured each month during the last ten years through December of 2022. While the data varies from month to month, and EFRR visitation over the last two years was impacted by COVID-19, the total number of vehicles continues to steadily increase.

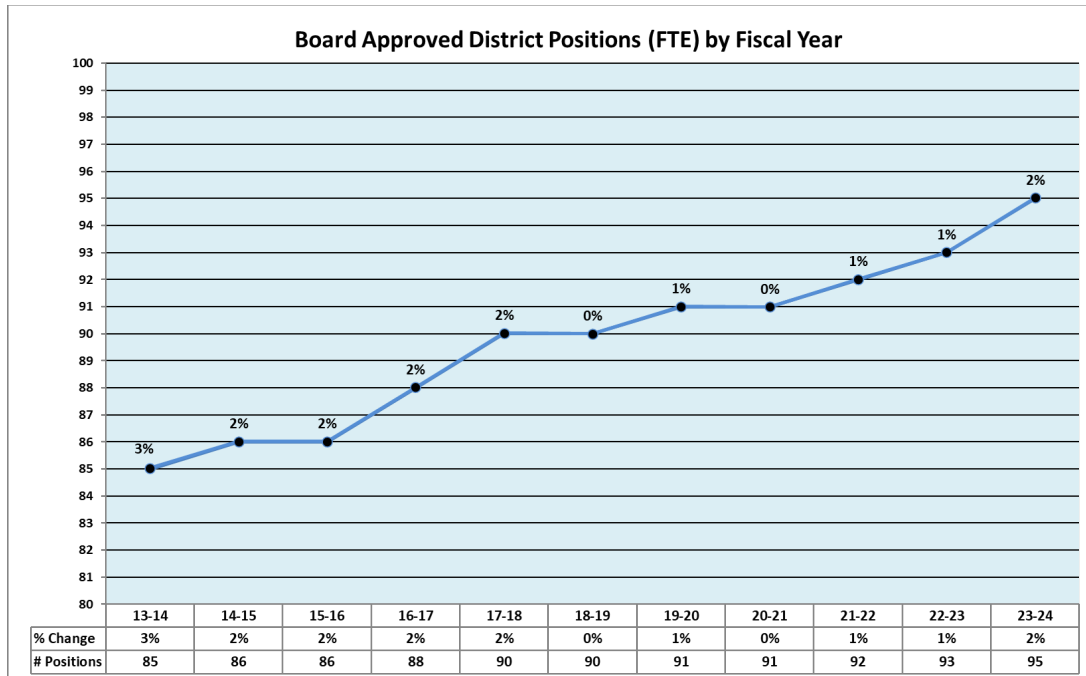


The following chart depicts the District’s total approved staffing levels over the past ten fiscal years as well as the projected future staffing levels for the next five fiscal years. A reduction in headcount took place starting in FY 2010-2011 as indicated by the number of frozen positions (in yellow) 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 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. In FY 2020-2021, two vacant Utility positions were frozen due to COVID-19, therefore, the actual headcount was 89, in FY 2021-2022 the headcount was 90, and in FY 2022-2023 the headcount was 91. For the coming, 2023-2024 fiscal year, two Utility positions will continue to be frozen (with the exact level Utility I/II/III dependent on department need).

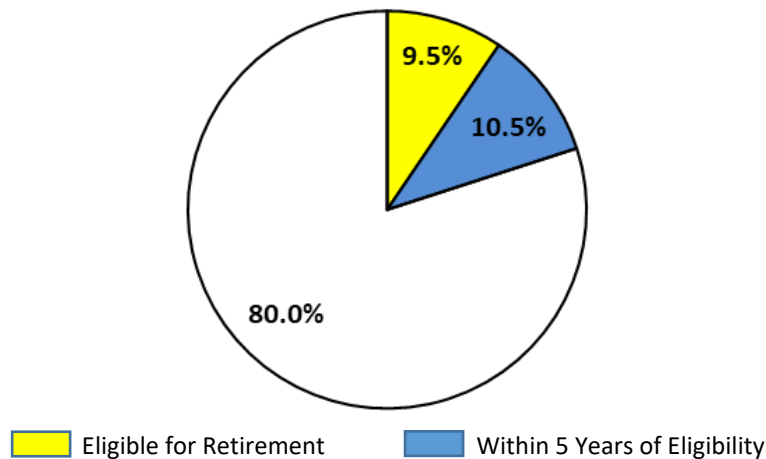


The following chart also shows the approved staffing level as a trend over the past 10 years including percent change in approved staffing from year to year. Staffing levels were reduced during the “holding the line” period, then slowly increased until reaching the pre-freeze level in FY 2015-2016 with 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 approved. For FY 2020-2021, no additions were requested. For FY 2021-2022, one IT Systems Administrator position was approved. For FY 2022-2023, one Water Treatment Plant Operator Level II position was approved. For FY 2023-2024, one Collection System Operator and one Customer Service Representative I are being requested. Thus, the recommended staffing level will be 95 total positions, with two positions frozen.

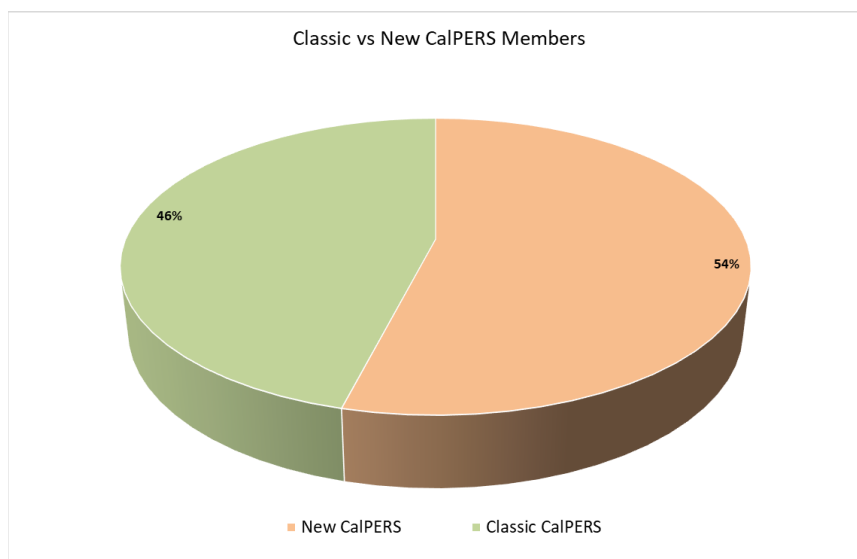


The number of employees that will be eligible for retirement places an additional emphasis on workforce stability and the need for succession planning. For FY 2023-2024 approximately 9.5% of staff will be eligible for full CalPERS retirement benefits based on their age and CalPERS retirement benefits formula (classic versus new members.) In addition, another 10.5% of staff will be within five years of full retirement eligibility. Thus, as illustrated on the following chart, approximately 20% of total staff (19 of proposed 95 total employees) will be either already eligible or within 5 years of eligibility for retirement during the coming FY 2023-2024.

FY 2023-2024 Potential Retirement Eligibility



Currently a little less than half (46%) of the employees are CalPERS classic members while the other half (54%) are new PEPRAs members as 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. Five years ago, approximately a third (34%) of employees were new members while now they comprise over half (54%) 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 then voted to lower the discount rate further to 6.8% on July 1, 2021. The CalPERS Board also changed their actuarial amortization policy assumptions effective on June 30, 2019 starting with 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 number of classic members decreases.

Per the most recent Annual Valuation Report for FY 2023-2024, 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	2023-24 (Actual)	2024-25 (Projected)	2025-26 (Projected)	2026-27 (Projected)	2027-28 (Projected)
Employer Normal Cost - % of Payroll	13.34%	13.3%	13.3%	13.3%	13.3%
Annual Unfunded Liability Payment	\$1,184,077	\$1,156,000	\$1,094,000	\$1,028,000	\$938,000

Employer CalPERS Contributions – New Members					
Fiscal Year	2023-24 (Actual)	2024-25 (Projected)	2025-26 (Projected)	2026-27 (Projected)	2027-28 (Projected)
Employer Normal Cost - % of Payroll	7.68%	7.7%	7.7%	7.7%	7.7%
Annual Unfunded Liability Payment	\$0	\$0	\$0	\$0	\$0

For the current 2022-2023 fiscal year, the District has budgeted the required payroll based employer contribution portion (11.59% of payroll for classic members and 7.47% for new members) plus the required annual unfunded liability payments (\$1,291,742 for

classic members and \$8,208 for new members) for a total of approximately \$2.1 million in required employer CalPERS contributions.

For last fiscal year 2021-2022, the District paid a total of \$1.85 million for payroll based and unfunded liability CalPERS employer contributions. For the same 2021-2022 year, the District CalPERS fringe expenses were approximately \$2.5 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 2023-2024 is described below. The salary ranges used are based on the Memorandum of Understanding (MOU) with the employees including a 7.5% increase in salary ranges for the new fiscal year. 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 (including CalPERS retirement, full insurance package, and Social Security costs). Actual costs will vary based on salary hired at, insurance plan and coverage level selected, and if a new or classic CalPERS member.

- 1) It is expected that a new Collection System Operator Level III with higher level industry experience will come on board near the midpoint of the grade 5 salary range at \$44.30 per hour (\$36.92 - \$51.68). Thus, the addition of this new staff member will cost approximately $\$44.30 \times 1.75 \times 1,040 = \$80,626$ for the first half of the year (there are 2,080 work hours in a full year.) Then, following an estimated 5% pay increase (\$2.22 per hour) at the end of six months in the position, the cost would be $\$46.52 \times 1.75 \times 1,040 = \$84,666$ for the second half of the year.

Therefore, the estimated cost of the FY 2023-2024 recommendation for the new Collection System Operator Level III position would be approximately \$165,292 offset by a savings of \$60,000 for contracted support labor. Thus, the actual cost would be approximately \$105,292.

- 2) It is anticipated that a new Customer Service Representative I with entry level experience will come on board near the start of the grade 2 salary range at \$24.94 per hour (\$24.94 - \$34.87). Thus, the addition of this new staff member will cost approximately $\$24.94 \times 1.75 \times 1,040 = \$45,391$ for the first half of the year. Then, following an estimated 5% pay increase (\$1.25 per hour) at the end of six months in

the position, the cost would be $\$26.19 \times 1.75 \times 1,040 = \$47,666$ for the second half of the year.

Therefore, the estimated cost of the FY 2023-2024 recommendation for the new Customer Service Representative I position would be approximately \$93,057 offset by an estimated savings of \$45,300 for overtime and temporary labor dedicated to customer service. Thus, the actual cost would be approximately \$47,757. The two recommendations amount to less than 1% of the proposed FY 2023-2024 \$16.82 million budget for salary and benefits.

Discussion

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 for retirement (in yellow) or close to retirement age (in blue) for succession planning. Color pie charts were also included to depict workforce age as employees near eligibility for retirement. For those employees eligible for or within five years of retirement age, it has also been noted if a CalPERS new or classic member. The current 2022-2023 organizational chart is included for comparison purposes.

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

- 2023-2024
- 2024-2025
- 2025-2026
- 2026-2027
- 2027-2028

Please note staff is only requesting the Board approve the recommendation for FY 2023-2024. The organizational charts for FY 2024-2025 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 2023-2024 Organizational chart reflects:

For FY 2023-2024, staff recommends the addition of a new Collection System Operator I/II/III classification and an additional Customer Service Representative I position. Two Utility positions will remain frozen. The total employee headcount will then be 95 employees.

The FY 2024-2025 Organizational chart reflects:

For FY 2024-2025, staff recommends the addition of a new Senior Administrative Analyst position. This position will be primarily responsible for assisting the Human Resources and General Manager's departments with litigation preparation and claims processing. The proposed total headcount for FY 2024-2025 will then be 96 total employees.

The FY 2025-2026 Organizational chart reflects:

No changes anticipated for 2025-2026.

The FY 2026-2027 Organizational chart reflects:

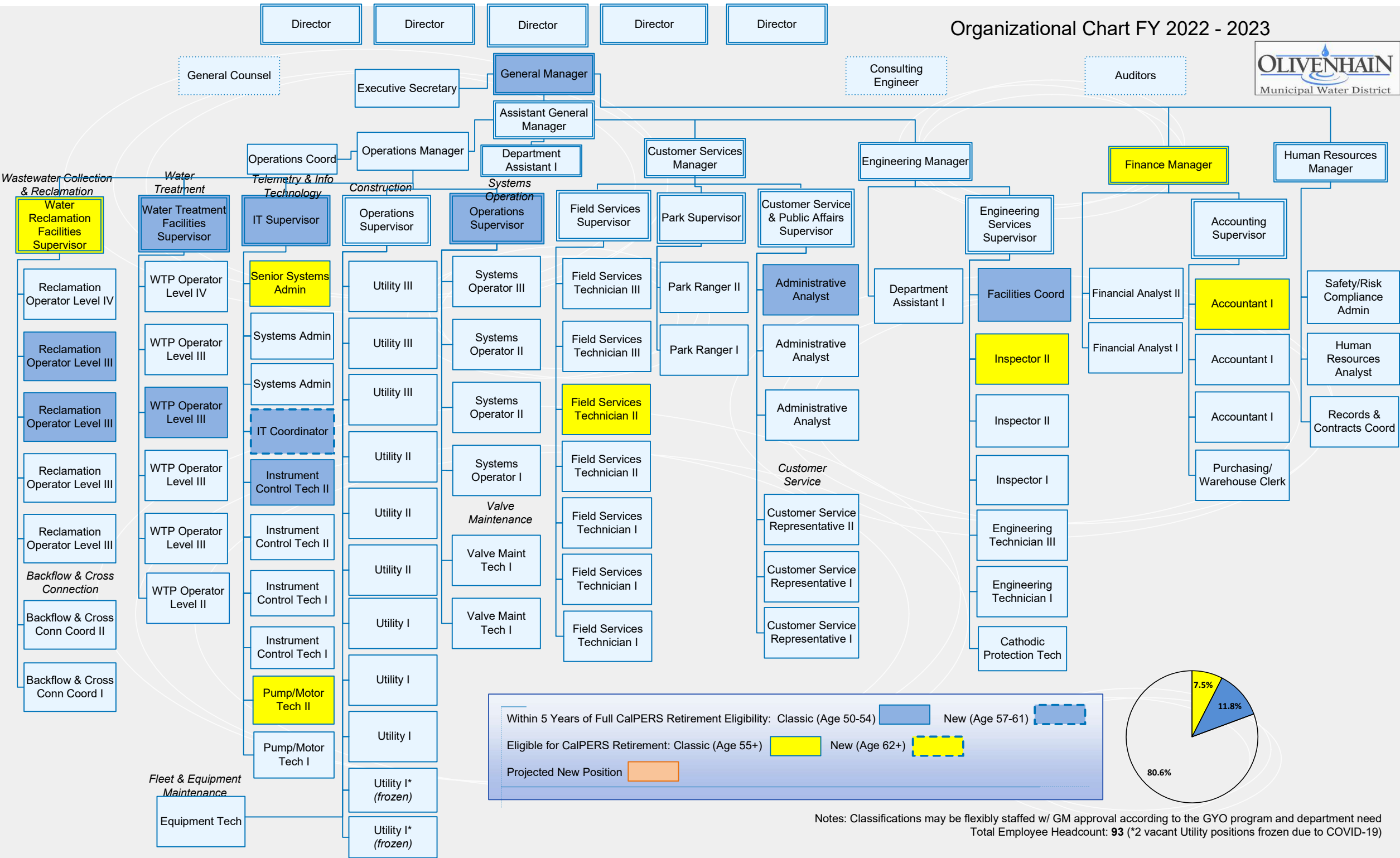
No changes anticipated for 2026-2027.

The FY 2027-2028 Organizational chart reflects:

For FY 2027-2028, 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 timeframe 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.

In addition, a Department Assistant I position is projected to be added 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. Of note, the Technical Services Manager and Department Assistant I position addition is contingent upon the addition of the new brackish plant. The proposed total headcount for FY 2027-2028 will then be 98 total employees.

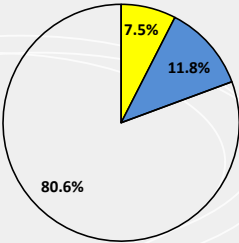
Organizational Chart FY 2022 - 2023



Within 5 Years of Full CalPERS Retirement Eligibility: Classic (Age 50-54) New (Age 57-61)

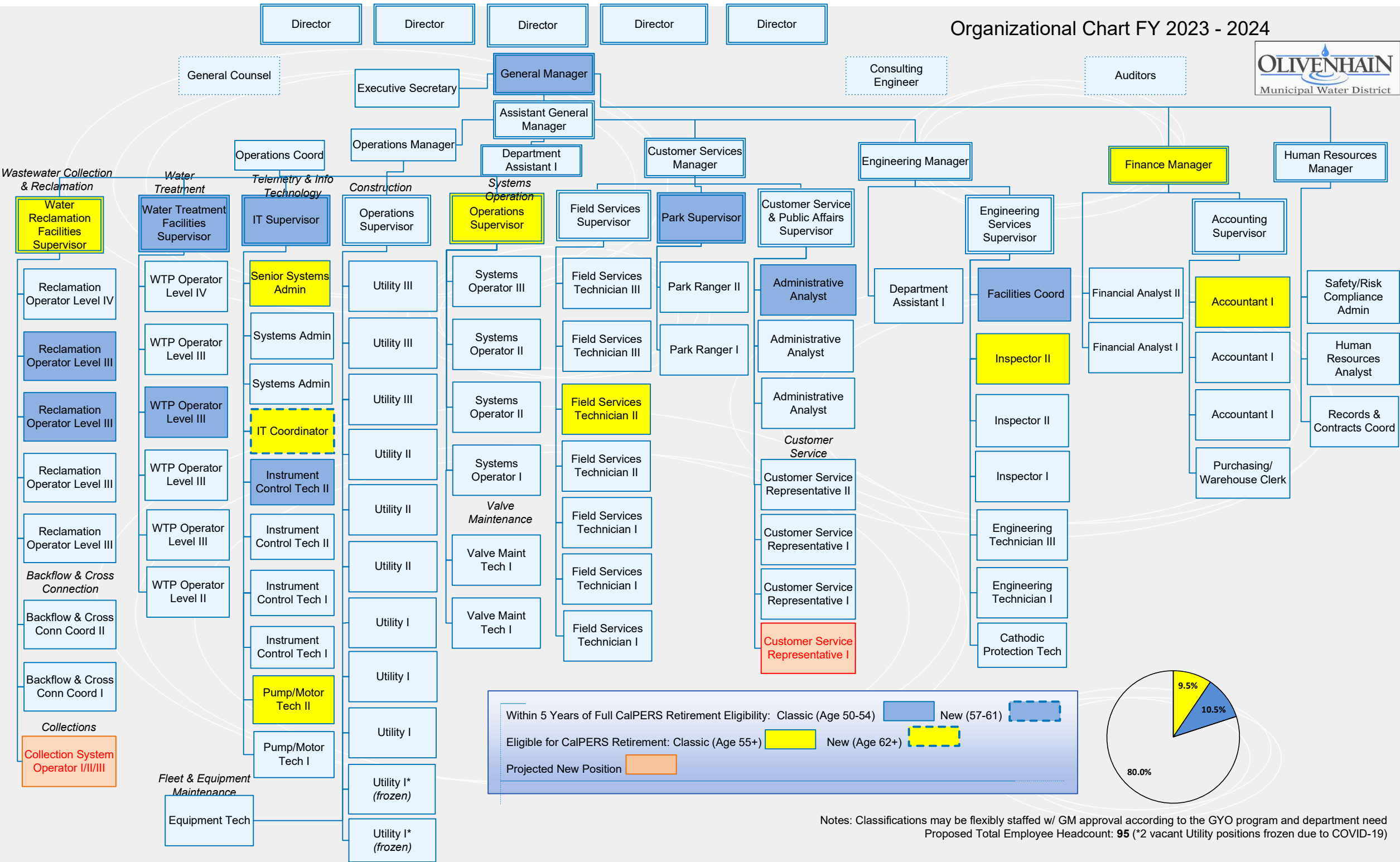
Eligible for CalPERS Retirement: Classic (Age 55+) New (Age 62+)

Projected New Position



Notes: Classifications may be flexibly staffed w/ GM approval according to the GYO program and department need
Total Employee Headcount: 93 (*2 vacant Utility positions frozen due to COVID-19)

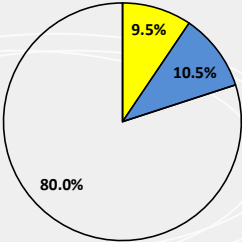
Organizational Chart FY 2023 - 2024



Within 5 Years of Full CalPERS Retirement Eligibility: Classic (Age 50-54) New (57-61)

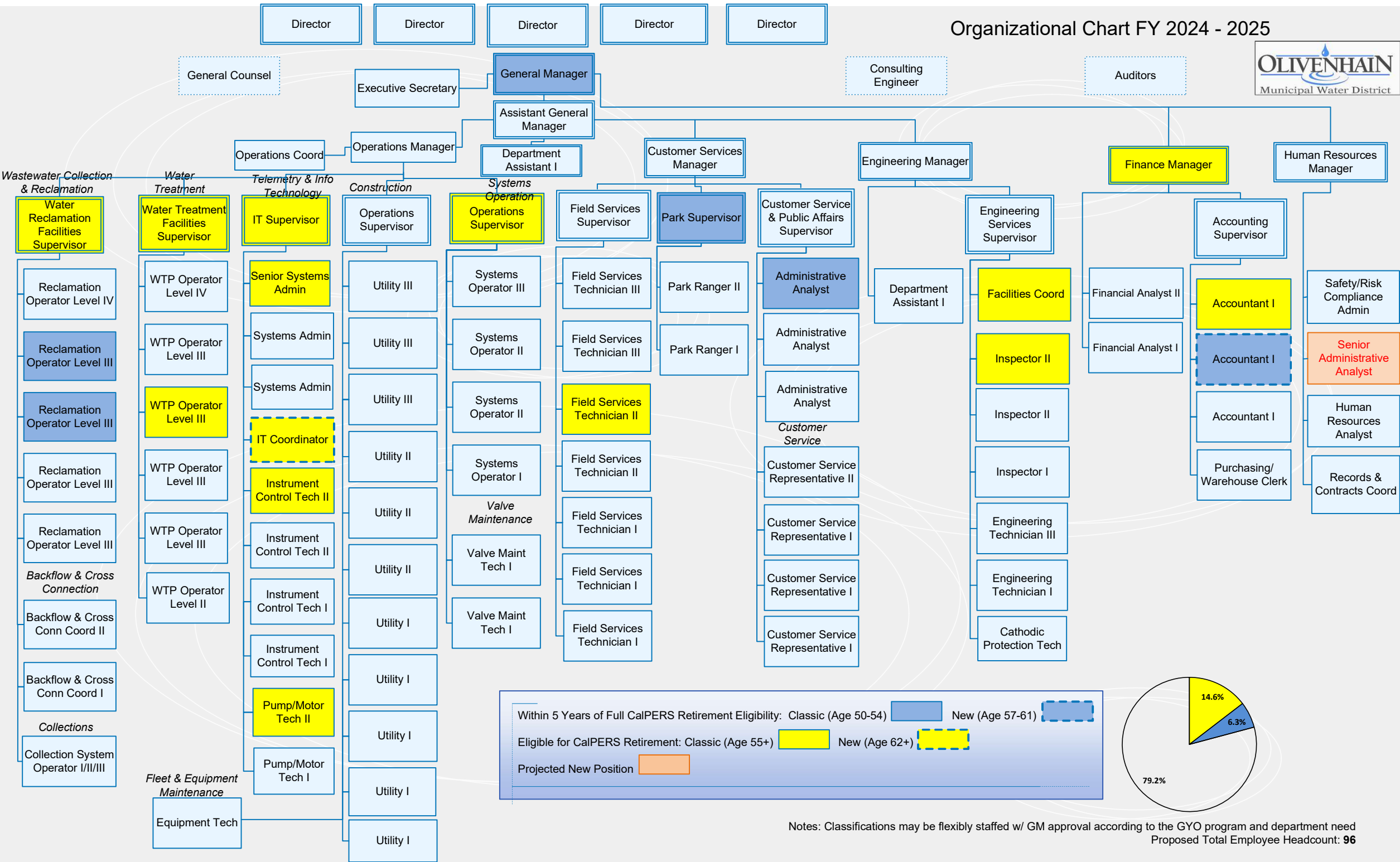
Eligible for CalPERS Retirement: Classic (Age 55+) New (Age 62+)

Projected New Position



Notes: Classifications may be flexibly staffed w/ GM approval according to the GYO program and department need
Proposed Total Employee Headcount: **95** (*2 vacant Utility positions frozen due to COVID-19)

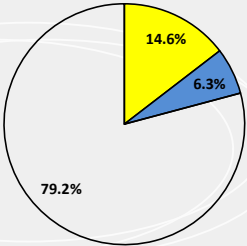
Organizational Chart FY 2024 - 2025



Within 5 Years of Full CalPERS Retirement Eligibility: Classic (Age 50-54) New (Age 57-61)

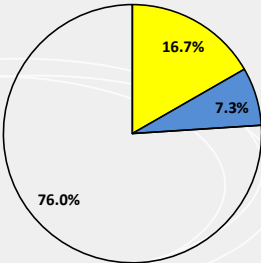
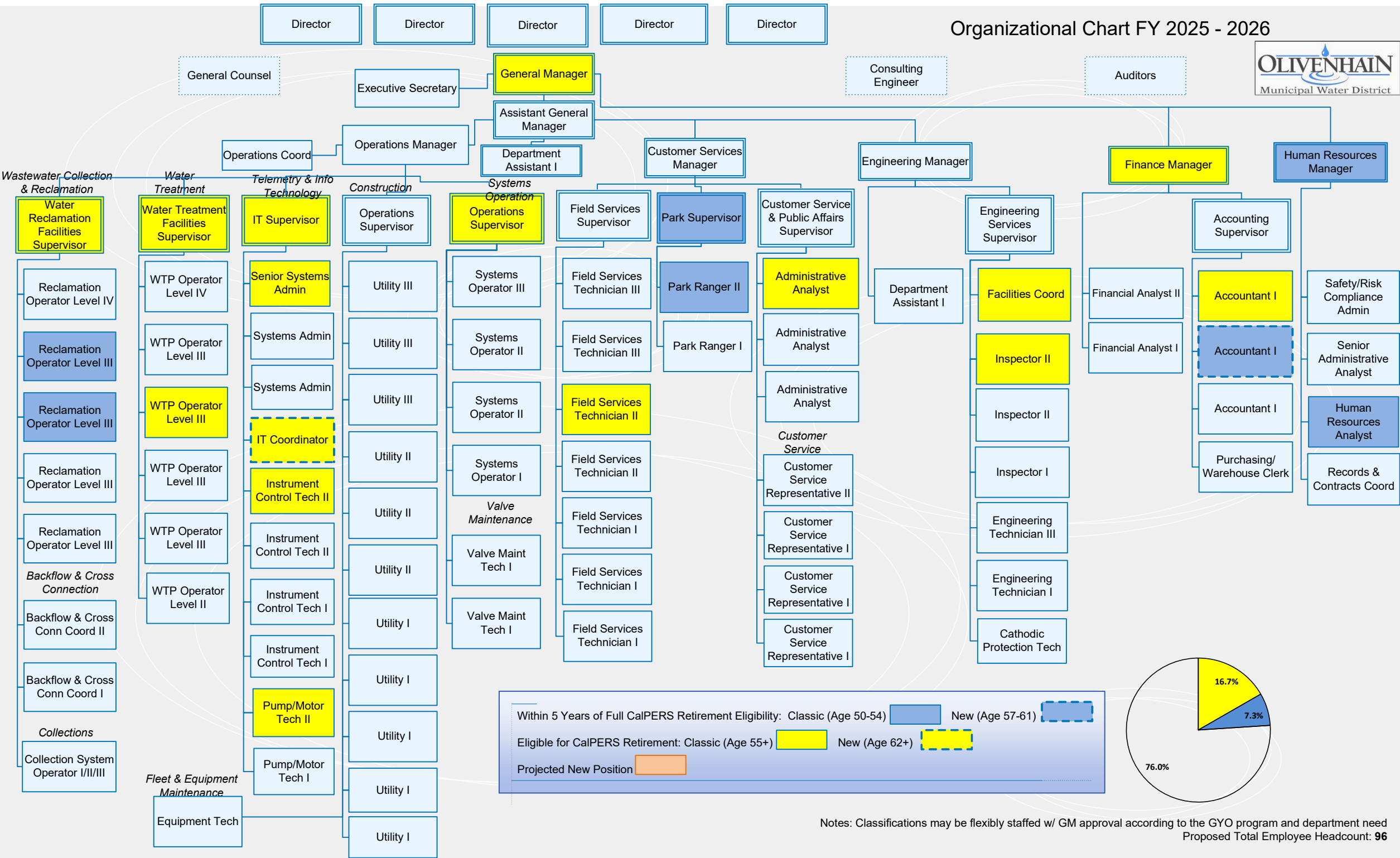
Eligible for CalPERS Retirement: Classic (Age 55+) New (Age 62+)

Projected New Position



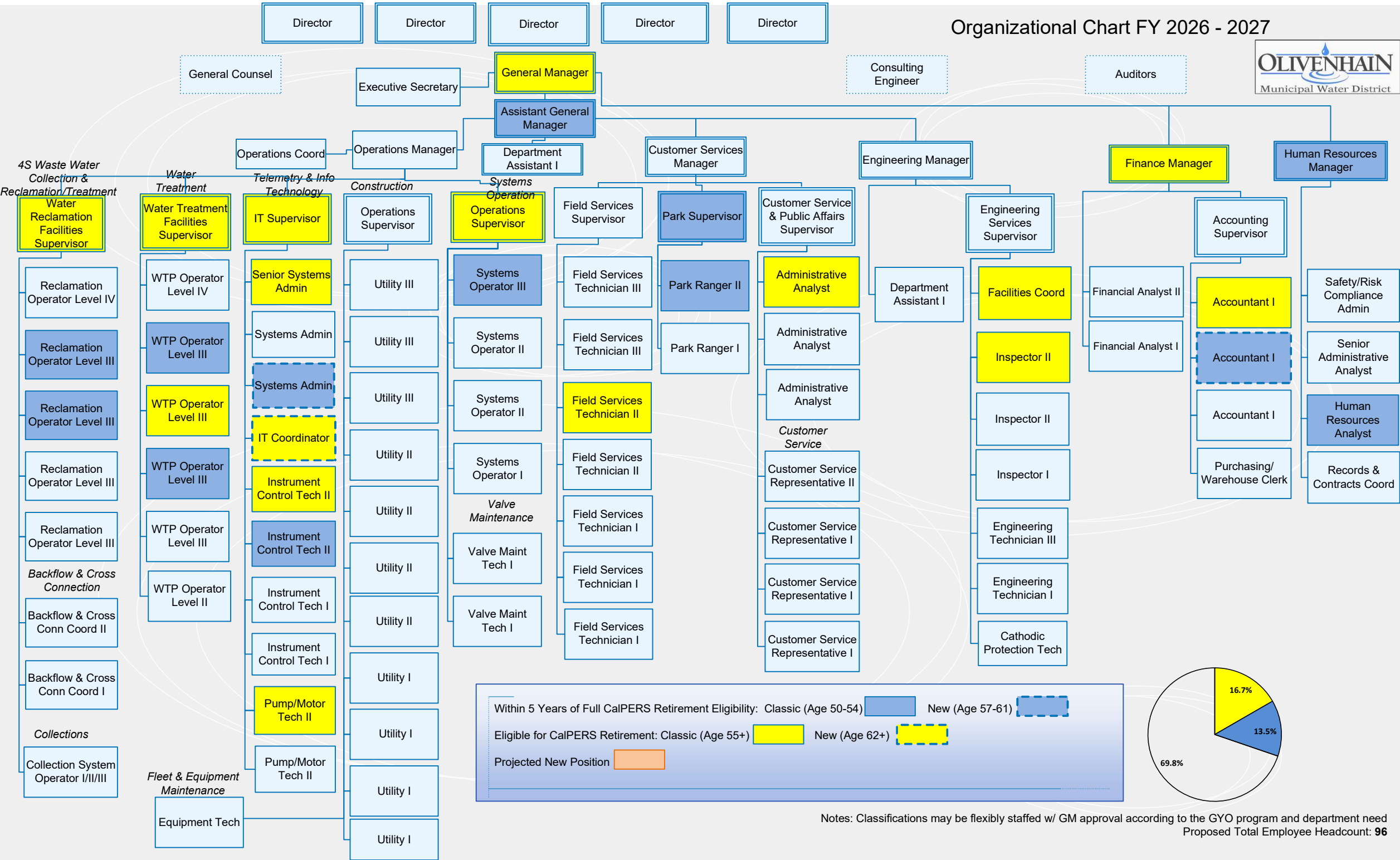
Notes: Classifications may be flexibly staffed w/ GM approval according to the GYO program and department need
Proposed Total Employee Headcount: 96

Organizational Chart FY 2025 - 2026



Notes: Classifications may be flexibly staffed w/ GM approval according to the GYO program and department need
Proposed Total Employee Headcount: **96**

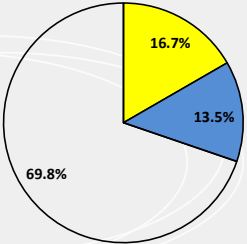
Organizational Chart FY 2026 - 2027



Within 5 Years of Full CalPERS Retirement Eligibility: Classic (Age 50-54) 13.5% New (Age 57-61) 16.7%

Eligible for CalPERS Retirement: Classic (Age 55+) 69.8% New (Age 62+) 13.5%

Projected New Position 1.0%



Notes: Classifications may be flexibly staffed w/ GM approval according to the GYO program and department need
Proposed Total Employee Headcount: **96**

Organizational Chart FY 2027 - 2028

