Board of Supervisors Memorandum

June 18, 2013

Regional Wastewater Reclamation Department Design/Build/Operate Project, Temporary Staffing Request

Background

On May 21, 2013, an item to authorize a contract amendment requested by the Regional Wastewater Reclamation Department (RWRD) was continued to the Board of Supervisors meeting of June 18, 2013.

Discussion

As RWRD continues to deliver the Regional Optimization Management Program (ROMP), staff has been challenged to keep pace with the ever-evolving changes brought about by such a large capital project. In the Treatment Division, where the majority of the ROMP program is occurring, there have been many additional challenges encountered by staff.

One of the most challenging aspects for staff during the ROMP expansion at the Ina Road Water Reclamation Facility (WRF) has been operating and maintaining the existing facilities within regulatory requirements and parameters while working within the vast construction zone of activity. Staff has very capably responded to the added challenges and complications associated with this endeavor.

Another critical challenge facing RWRD is the transition of starting up the new Design/Build/Operate (DBO) facility and shutting down the Roger Road WRF. The DBO contractor, CH2M Hill, is required by contract to hire at least 75 percent of their employees from RWRD. Since staffing at the new facility will require 14 positions, the contract calls for CH2MHill to hire 11 RWRD staff.

All 11 staff employees are coming from operations and maintenance positions within the RWRD Treatment Division. CH2MHill will hire these 11 employees by August 1, 2013 to allow sufficient time to train them on the new processes and the multitude of new equipment before the anticipated commissioning and start-up in November 2013. One employee has already been hired. While the RWRD Treatment Division will lose 11 operations and maintenance (O&M) positions in the coming weeks, there will ultimately be a surplus of O&M employees when the Roger Road WRF shuts down around the end of this calendar year.

Department is Experiencing Critical Key Staffing Shortages

During this period of transition from June through December 2013, RWRD is facing significant staffing shortages. Contributing to the Department's staffing deficiencies are the following:

- Over the past 12 months, attrition has been higher than expected, resulting in the loss of experienced facility operations and maintenance staff. During Fiscal Year (FY) 2012/13, 9 Operations & Maintenance Technicians (O&M Techs) have either resigned or retired from the RWRD Treatment Division. Also during the past year, 7 maintenance staff left the Treatment Division.

- On August 1, 2013, 10 more O&M Techs, who submitted applications and took part in a recruitment process, will leave the Treatment Division to begin work with CH2MHill, the DBO contractor.

- The loss of 16 O&M employees this fiscal year, in addition to the 10 additional O&M staff leaving within the next 8 weeks, is further complicated by the fact that the Treatment Division currently has 4 highly experienced employees on extended and continuous Family and Medical Leave (FML) with serious health issues. None are expected to return. The Treatment Division has 6 employees with Americans with Disabilities Act (ADA) accommodations that only allow them to work the day shift, thus limiting their ability to work overtime.

- In August 2012, RWRD hired 7 trainees with the intent they would provide the necessary supplemental staff to help with the transitional period from June through December 2013. The trainees graduated from the "Training Academy" in February 2013. The training program consists primarily of the classroom training necessary for the trainees to obtain the required Arizona Department of Environmental Quality (ADEQ) Wastewater Operator Certification and the Pima County Maintenance Certification. Since completing the Academy in February 2013, the trainees have been gaining valuable operating experience by working with established crews at treatment facilities. However, newly licensed operators require a minimum of 12 months to gain functionality and proficiency in major wastewater treatment facilities. Thus, newly trained operators will not be operating at optimum effectiveness until they gain the necessary field experience.

- With August 1, 2013 approaching and the resulting loss of 10 employees, in addition to reduced coverage due to attrition, FML and ADA accommodations, RWRD has brought 7 employees from the Industrial Waste Control and Training sections back into the treatment operations schedule to assist operations while still performing elements of their current classifications. These employees were previously O&M Technicians

who have since promoted to other classifications but maintain their ADEQ Operator certifications. Workload priorities within RWRD have been aligned to allow these 7 employees to assist Treatment O&M during the transitional period. As a result of these temporary re-assignments and the previously mentioned loss of staff totaling nearly 24 percent of the O&M workforce, RWRD is experiencing significant overtime assignments. Some employees are unwilling or unable to work available overtime, and there is concern that the result will be "burn-out" in those who are currently working numerous extra hours. RWRD needs additional resources during the transitional period only to December 2013.

RWRD has made concerted efforts to improve operational and maintenance efficiencies. In FY 2007/08, RWRD had a high of 596 budgeted positions. In FY 2013/14, the total of proposed budgeted positions is 492, a reduction of 104 Full-time Equivalents (FTEs). This significant reduction over 6 years has been the result of consolidations, centralization, efficiencies and the transfer of the Marana WRF to the Town of Marana. The entire O&M staff necessary to efficiently operate and maintain the County WRFs is 126 budgeted positions. With the loss of 30 FTEs over the past year (24 percent turnover rate) due to retirement, resignation, promotion and medical issues, the ability to balance resources, meet regulatory mandates and efficiently operate and maintain facilities has been increasingly difficult.

It is not prudent to work current employees to "burn-out," nor is it practical to hire new permanent staff that will not be needed when the assigned Roger Road WRF staff is available to meet the staffing requirements for all the remaining facilities in December 2013. This would result in an inevitable layoff of newly hired employees and is not a practical solution to the short-term staffing shortage currently being experienced.

Contracted Temporary Staffing is Cost Effective and Essentially a Breakeven Cost

The preferred option for addressing the need for temporary staffing is to contract for such services with the DBO contractor, CH2MHill. The cost for these contracted staffers is relatively in line with County pay scales. RWRD is requiring that these contract O&M Techs have at least a Grade 2 ADEQ Wastewater Certification. This aligns with Pay Step 5 in the O&M Technician Grade F1 classification. RWRD employees at Pay Step 5 are paid $20.0371 per hour, plus an approximate 30 percent in benefits, which totals approximately $26 per hour. If RWRD tried to cover the transition period from June to December 2013 with just overtime from the existing operator pool, it would cost approximately $36 per hour, per employee. CH2MHill is offering 4 O&M Techs at the fully loaded rate of $35.44 per hour. Expenses for these employees are estimated at $2,500 per month based on the maximum that could be incurred. It is the contractor's intention to utilize local technicians who live within a 45 mile radius. If that is possible, RWRD would

not pay any expense cost. As the radius from the Roger Road site to a contractor's residence increases, so does the expense, to a maximum of $2,500 per month.

RWRD has also requested to contract for a supervisor to oversee the contract technicians. CH2MHill provided the resumes of 4 potential supervisors. RWRD selected the candidate who collectively has the most experience in operations and maintenance. This individual also resides in Arizona, so his expenses will be less than the estimated maximum.

The maximum total cost of the approximate seven-month contract is not expected to exceed $400,000. In contrast to this cost, the 11 RWRD employees transferring to CH2M Hill on August 1, 2013 will save the County over $300,000 in wages and benefits over the five-month period. Thus, the net expense for temporary staffing is less than $100,000. It is also likely that the contract can be completed within 6 months, which would make this proposal essentially cost neutral. This does not include the $36,000 per month savings from an eight-month early startup of the Roger Road replacement facility.

The RWRD request for 5 O&M contracted employees is prudent and appropriate. These experienced contract staff will allow RWRD to meet its regulatory and facility operational and maintenance requirements through December 2013, at which time, there will be appropriate and adequate staffing when Roger Road WRF closes, and the need for the contract operators will end. If RWRD were to hire 5 permanent employees rather than contracted personnel, those permanent employees would be laid off after the closure of the Roger Road WRF in December 2013.

Alternatives Considered, None Desirable

RWRD has evaluated many possible solutions to our staffing situation, including:

1. Shut down Roger Road WRF solids handling operations early by sending all solids to the Ina Road WRF sooner. This concept had good potential to reduce the total staffing needs at Roger Road WRF during the transitional period (June 1 to December 31, 2013). Unfortunately, this option requires all new ROMP solids handling equipment to be installed and functional at Ina Road before its current planned construction schedule. MWH, the contractor at Ina Road, is unable to bring the Ina Road WRF solids handling equipment in before the planned schedule, thus negating this option.

2. Utilize other RWRD employees from different areas and/or divisions who have previously worked as O&M Techs and have maintained their ADEQ certification. This option has proven beneficial as 7 other RWRD employees are currently fulfilling this need. Unfortunately, the unexpectedly high attrition (24 percent in the last year) has resulted in greater needs than current resources can provide.

3. Hire more trainees in preparation for the transition and normal attrition. As stated previously, 7 new trainees were hired in August 2012. They graduated from training and obtained necessary certifications in February 2013. They are working in the field at several of our treatment facilities and gaining valuable hands on experience. Unfortunately, again, attrition has been much higher than anticipated, so these new trainees do not fulfill all current resource needs.

   It has been considered to hire another group of trainees; however, by the time they are trained, certified, and ready to work, the staffing shortage will have passed; and the experienced staff at the Roger Road WRF will be available. It takes approximately 1 year to prepare trainees to function in the field.

4. Hire a group of experienced and appropriately certified operators and keep them on a temporary six-month basis. This effort is currently being explored. Past experience has shown that there is not usually a pool of such individuals locally available. A certified, experienced operator is in high demand all across the country and the state. Normal hiring and recruitments almost exclusively result in hiring trainees and training them to RWRD's criteria internally, since experienced/certified local operators are difficult to find. RWRD posted an announcement of potential temporary operator positions in the *Arizona Daily Star* on Sunday, June 9, 2013, and is awaiting the results of this current advertisement. If local, certified, experienced operators are available, it would be preferred to hire them as temporary employees rather than using contract staff. Temporary RWRD employees will be able to reduce the contract staff needs on a one-for-one basis.

5. It is too late to remove the 75-percent hiring mandate from CH2MHill's contract. Even if that requirement could be eliminated, CH2MHill could still hire away RWRD employees, as they are offering higher wages than those paid by the County.

6. The synergies with local job centers, such as OneStop, to train and prepare future O&M Techs for potential opportunities within RWRD, Sahuarita, Marana, and other privately owned and operated facilities in the region could be further evaluated. Though this will not help with the current staffing shortage, it could complement RWRD's in-house trainee program efforts for the future.

<u>CH2MHill Performance on DBO Contract</u>

Our DBO contractor, CH2MHill, is the selected source for the temporary staffing that is to be employed during the transition from the existing Roger Road WRF operation to the new Agua Nueva WRF. This contractor has demonstrated their ability to be a reliable and trusted partner in the design and construction of the new facility. As of the current month, the project is 85 percent complete, and start-up is scheduled for November 2013,

a full 8 months ahead of schedule. With this early start up, Pima County will benefit from the reduced operating costs of the new, more efficient facility, compared to the technology employed in the existing Roger Road treatment plant. This operational cost savings is currently estimated to be $36,000 per month.

The use of CH2MHill's expertise in the wastewater management field to supply temporary staffing is viewed as an appropriate investment given the positive experience during the design and construction phases of this project. We fully expect the operational phase will be similarly well-managed to the mutual benefit of Pima County and the DBO contractor.

The Board's consideration of these circumstances and RWRD's need to maintain regulatory, operational and maintenance requirements for our facilities from June to December 2013 is appreciated. RWRD must address this critical aspect of the transition process for the continued safe and efficient operation of Pima County WRFs.

I have also directed staff to thoroughly evaluate known and potential attrition and to hire another group of trainees in preparation for turnover of these positions as outlined in this memorandum. Experienced wastewater operators require state licensing and, as such, demand appropriate compensation. Developing a training program for these positions offers improved job opportunities and upward employment mobility. If approved, this new trainee program will be initiated by the end of the current fiscal year. However, trained operators will not be fully functional for one year.

Recommendation

I recommend the Board of Supervisors approve the CH2MHill contract amendment to provide temporary staffing for the Roger Road Wastewater Reclamation Facility and direct that the Regional Wastewater Reclamation Department hire another group of trainees for these positions.

Sincerely,

C.H. Huckelberry
County Administrator

CHH/mjk – June 12, 2013

c: John Bernal, Deputy County Administrator for Public Works
Jackson Jenkins, Director, Regional Wastewater Reclamation