



DATE: September 15, 2020

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: City of Hayward Fiscal Year 2021 Operating Budget: Amend the Fiscal Year 2021 Operating Budget to Appropriate Funds from the Enterprise Funds to Cover Costs Related to Personnel Changes in the Utilities Division of the Department of Public Works

RECOMMENDATION

That Council adopts a resolution (Attachment II) amending the Fiscal Year 2021 Operating Budget to appropriate \$512,214 from the Enterprise Funds and \$8,246 from the General Fund to cover costs related to recommended personnel changes in the Utilities Division of the Department of Public Works & Utilities.

SUMMARY

This item is related to proposed personnel changes in the Utilities Division of the Department of Public Works to more effectively and efficiently address core functions and strategic initiatives. These proposed changes were intended to be presented as part of the FY 2021 budget process but were not included as a result of late changes due to COVID-19 impacts on the budget. Staff now recommends that the changes be implemented. If approved, the changes would result in a net addition of 2.5 full-time equivalent (FTE) positions, and would primarily impact Enterprise Funds, with minimal impact to the General Fund. This report describes the changes, discusses potential impacts if the changes are not approved, and compares the recommended staffing levels to those of other comparable agencies.

The Council Budget and Finance Committee reviewed this item at its July 29th meeting. The Committee supported the changes to existing positions, where the cost of a new position is partially offset by deletion of an existing position; however, a majority of the members did not support adding new positions at that time and requested that the City Council staff report include more information about the impacts if the positions are not approved. ¹

BACKGROUND

¹ <http://hayward.legistar.com/gateway.aspx?M=F&ID=4e4d46e5-c2d8-4e3e-8770-05da9c52be20.docx>

The Utilities Division of the Department of Public Works & Utilities provides water and wastewater service to Hayward residents and businesses. Delivery of these services has become increasingly challenging, as the City strives to address additional wastewater discharge requirements and to expand its water supply portfolio, such as implementation of recycled water and groundwater projects. In order to more effectively address core functions, City Council priorities, increasing regulatory requirements, to better protect the City's interests when they may compete with those of other agencies, and to maintain a high quality of customer service, the Department proposed position changes and additions. These changes were reviewed by the City Manager and approved for inclusion in the FY 2021 Recommended Operating Budget. Due to the onset of the COVID-19, budgetary changes were made within a short period of time, and in an effort to balance the General Fund budget, only a minimal number of department requests were included. As part of this review, all position requests were removed. This inadvertently included positions not impacting the General Fund.

The exclusion of the proposed organizational changes will have a significant impact on the Department's ability to address core functions and Council priorities within the Utilities Division. For this reason, staff is recommending that the City Council approve the proposed organizational changes and staff additions and appropriate the funds needed to cover the additional cost. Consideration of these adjustments should not be postponed to the FY 2022 budget adoption process.

DISCUSSION

The adopted FY 2021 Operating Budget includes funding for two Senior Utility Engineers and three flexibly staffed Assistant/Associate Engineers in the Utilities Division. The proposed staffing changes are designed to optimize the current staff resources, while adding only a minimal number of new positions. If approved, the result would be a net addition of 2.5 FTEs, at a net cost of \$512,214 to the Water and Sewer Enterprise Funds and \$8,246 to the General Fund.

As shown in the following tables and position descriptions, the majority of new positions are offset in part by deletion of existing positions. Note that the proposal presented to the Budget and Finance Committee included a new Associate Civil Engineer position. In view of comments from the Budget and Finance Committee, and upon further evaluation, staff has determined that the addition of this position can be deferred at this time.

**TABLE 1
Proposed Maintenance and Administrative Organizational Changes**

Add/ Delete	FTE	Position/Job Classification	General Fund Fiscal Impact	Enterprise Fund Fiscal Impact
Add	1.0	Senior Utility Leader		\$171,512
Delete	-0.5	Meter Reader		(\$99,453)
Add	1.0	Utility Leader - Sewer		\$156,470
Delete	-1.0	Utility Worker – Sewer		(\$139,083)
Add	1.0	Administrative Supervisor	\$118,885	\$39,628
Delete	-1.0	Administrative Secretary	(\$110,639)	(\$36,880)
TOTAL	0.5		\$8,246	\$92,194

**TABLE 2
Engineering Staff Additions**

Add/ Delete	FTE	Position/Job Classification	General Fund Fiscal Impact	Enterprise Fund Fiscal Impact
Add	1.0	Senior Utility Engineer		\$210,010
Add	1.0	Senior Water Resources Engineer		\$210,010
TOTAL	2.0		\$0	\$420,020

Proposed Maintenance and Administration Organizational Changes

New Positions

1.0 FTE Senior Utility Leader in Field Services

This position is needed to effectively manage and utilize the City’s new Advanced Metering Infrastructure (AMI) system and ensure that critical cross connection control and backflow testing work is completed. The importance of the latter work is heightened with implementation of the City’s recycled water project. It is critically important that potable water pipelines be protected from both wastewater and recycled water flows. The cost of this position would be partially offset by the proposed deletion of a 0.5 FTE Meter Reader.

1.0 FTE Utility Leader-Sewer in Collection System Maintenance

This position, which is essentially an upgrade of an existing Utility Worker position, is needed to maintain the sewer collection system and reduce the risk of sanitary sewer overflows. Wastewater agencies are under increasingly stringent regulatory requirements to eliminate any overflows of any size or be subject to financial penalties. This new position would provide for an additional fully staffed crew to operate the City’s vacor trucks and increase sewer line cleaning activities. Regular cleaning is the most effective means of eliminating sewer overflows and protecting the public and waterways. The cost of this position would be substantially offset by the deletion of a 1.0 FTE Utility Worker-Sewer position.

1.0 FTE Administrative Supervisor

Public Works & Utilities Administration support staff consists of 2 Administrative Secretaries and 3 Senior Secretaries. The addition of this proposed position would allow for improved communication, management of workflow, and department-wide staffing coverage. The cost of the position would be largely offset by the deletion of a 1.0 FTE Administrative Secretary position.

Deleted Positions

0.5 FTE Meter Reader in Field Services

The City currently has 2.5 FTEs classified as Meter Readers. With the implementation of the AMI system, the manual water meter reading work that has traditionally been performed by Meter Readers is no longer necessary. However, there is a need for staff to maintain and, as needed, replace the 35,000 electronic transmission devices inside the meters, including replacing batteries and reprogramming devices. Staff has determined that 2 FTEs are sufficient to perform these critical tasks. (Note: A plan is currently being developed, in cooperation with Field Services staff, to transition the Meter Readers to Water Service Technicians or another appropriate title and to align the job descriptions with their duties and responsibilities.)

1.0 FTE Utility Worker-Sewer in Collection System Maintenance

This position would be replaced by a new Utility Leader-Sewer position to provide for more effective sewer line cleaning and maintenance. Sewer crews are comprised of a Utility Leader-Sewer and Utility Worker; therefore, this upgrade would allow the City to dispatch an additional fully staffed and appropriately supervised crew.

1.0 FTE Administrative Secretary

This position would be replaced by an Administrative Supervisor position to provide for more effective management of communication, workflow, and department-wide coordination of support activities.

Proposed Engineering Staff Additions

1.0 FTE Senior Utilities Engineer in the Utilities Engineering Section

The City's existing Utilities Engineering staff does not include sufficient staffing to address the City Council's priorities to improve water and sewer infrastructure and to address the process improvements needed to meet increasingly stringent regulatory wastewater treatment and discharge requirements. The Water Pollution Control Facility could require up to \$100 million in rehabilitation and improvements over the next five years. The City's incumbent Senior Utility Engineers are working at capacity and additional staff resources are needed to keep pace with workload.

1.0 FTE Senior Water Resources Engineer

This position was approved in the budget 2 years ago, but the City was unsuccessful in recruiting and the position was deleted last year. However, water supply reliability and diversity is a complex and technical field, given the demand on the State's finite water resources. Reinstatement of this position, which would report to the City's Water Resources Manager, is needed to address the development of a robust water supply portfolio, including recycled water, emergency and dry year supplies, and water conservation. This position would also be responsible for the technical aspects of preparing and implementing the City's Groundwater Sustainability Plan, which is currently underway, in cooperation with the East Bay Municipal Utility District. Groundwater is a valuable water resource, and Hayward must improve on efforts to protect its groundwater supplies within a competitive environment of well-staffed and focused water agencies to ensure that the City's groundwater rights are preserved.

Impacts of Delaying Recommended Changes

The Council Budget and Finance Committee requested a fuller discussion of the impacts of delaying the addition of the new positions. First, among other impacts, is the fact that staff will be severely challenged in its efforts to implement the Water and Sewer Capital Improvement Programs (CIP), currently with projects totaling more than \$100 million. Critical among these projects are the process changes needed at the Water Pollution Control Facility to meet nutrient management requirements and performance improvements by 2025. Other CIP projects, such as renewal and replacement efforts to extend the life of the City's assets, may be delayed. The need for an additional Senior Utility Engineer is urgent. Staff is not recommending an additional Associate Civil Engineer at this time, as originally requested, in order to gauge the workflow once a Senior Engineer is on board, but may return to Council in FY 2022 with a request for another engineering position.

Another area of impact is the City's ability to engage effectively with other agencies, especially regarding water resources. As noted, Hayward is working cooperatively with EBMUD to prepare and implement a Groundwater Sustainability Plan (GSP). This is a highly technical and specialized four-year long endeavor, which involves groundwater modeling to determine basin boundaries and groundwater levels and quality. This information will be used to develop sustainable management criteria, and management actions. This work is underway, and the Senior Water Resources Engineer will allow Hayward to be an effective partner as the GSP is developed and implemented. This position is also critical in Hayward's efforts to engage effectively with neighboring water districts to protect the City's groundwater resources, which have significant financial and water reliability implications for the City.

Additional engineering resources will also assist the City in effectively engaging and negotiating with local and regional agencies such as East Bay Dischargers Authority (EBDA) and the Bay Area Water Supply and Conservation Agency, both of which Hayward is a member. Although staff and our appointed representatives strive to work cooperatively with other member agencies, it is increasingly prudent to evaluate technical issues and determine the best course of action to protect the City's interests.

Another critical, though less tangible, impact is related to the City's challenges in recruiting and retaining qualified engineers. Although Hayward offers engineers the advantages of a wide range of responsibilities and opportunities to work on a variety of challenging and interesting projects, the City competes with special water and wastewater districts that typically pay significantly higher with fewer responsibilities and often provide better career advancement simply because they have larger staffs. Thus, we have chronic vacancies that may take a year or more to fill, and which create difficulties in meeting core services and implementing CIP projects. Additional engineering staff would provide a bit more depth so that when vacancies occur, the Division would have resources to better manage the workflow and meet priority needs. Creating additional positions would also provide promotional opportunities for qualified lower-level employees, which could serve to retain experienced and knowledgeable engineering staff.

Comparisons with Other Cities and Utility Agencies

In order to give the Council a sense of how the proposed staffing levels compare to other cities and special districts, staff surveyed eight agencies, including special districts and cities that provide water and/or sewer service, both similar and smaller in size than Hayward. An exact comparison is difficult because agencies vary in the types of services they provide (e.g., most utility districts provide either water or wastewater service or some cities provide sewer collection but not wastewater treatment services). However, the results strongly indicate that Hayward, with responsibilities for water distribution, wastewater collection and treatment and recycled water delivery, is understaffed in engineers when compared to other entities.

The number of professional engineers on staff (excluding engineering manager positions) among the surveyed agencies ranged from 3.5 to 10 FTEs. Only two agencies had the same or fewer FTEs than Hayward's current approved staffing level. Four of the agencies have at least three senior-level engineers, and five agencies have four or more assistant/associates. The proposed staff additions would bring Hayward to the average number of professional engineers as compared to the eight surveyed agencies.

STRATEGIC ROADMAP

This agenda item supports the Strategic Priority of Improve Infrastructure. Specifically, this item related to the implementation of projects such as:

- Project 13: Upgrade water system infrastructure
- Project 14: Update Water Pollution Control Facility Phase II Plan
- Project 15: Upgrade sewer collection system by replacing 3-4 miles of sewer lines annually
- Project 16: Implement Phase 2 of solar project and investigate interim usages of additional energy
- Project 17: Meet regulatory requirements for zero trash in stormwater by installing trash capture devices
- Project 18: Expand recycled water facilities.

As noted in the previous section, the Department's ability to implement all of these projects without additional engineering resources will be severely impacted.

ECONOMIC IMPACTS

The proposed changes will primarily impact the Water and Wastewater Operating Funds, which are funded through user rates. The costs will be incorporated into the rates in subsequent years. However, approval of the recommended changes will reduce the risk of financial penalties for sanitary sewer overflows and other challenges in meeting increased regulatory requirements.

FISCAL IMPACT

The proposed organizational changes will result in an increase of \$512,214 to the Enterprise Funds and an increase of \$8,246 to the General Fund. Staffing costs as a percentage of the total expenditures in the Water and Wastewater Funds comprise about 17% and 40% respectively.

SUSTAINABILITY FEATURES

Approval of the recommended changes will help the City maintain its ability to efficiently and safely delivering water to residential and business customers and to protect public waters by collecting, treating, and discharging wastewater in accordance with all regulatory requirements.

PUBLIC CONTACT

No public contact is required for this item.

NEXT STEPS

If the City Council approves the proposed organizational changes, staff will implement the budget changes and initiate recruitments to fill the positions.

Prepared by: Marilyn Mosher, Senior Management Analyst

Recommended by: Alex Ameri, Director of Public Works

Approved by:



Kelly McAdoo, City Manager