

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 9, 2011

CAO File No. 0610-03698-0001

Council File No. 10-1947

Council District: All

To: The Honorable Jan Perry, Chair
Energy and Environment Committee

From: Miguel A. Santana, City Administrative Officer



Reference: City Administrative Officer report dated July 29, 2011 relative to Clean Water Program Rate Adjustments

Subject: **REPORT BACK ON PROPOSED CLEAN WATER PROGRAM RATE ADJUSTMENTS**

SUMMARY

At the Committee meeting of August 2, 2011, a number of questions were raised by members for report back by the Bureau of Sanitation and this Office. Following are responses to inquiries that were specifically directed to our Office, as follows:

- How many employees were transferred from the General Fund to the Sewer Construction and Maintenance (SCM) Fund? How many were for layoff avoidance (Councilmember Perry)?

Vacancies in the Clean Water Program (CWP) are filled through the Managed Hiring process largely on the basis of critical need and capacity to fund. Sanitation's CWP includes approximately 1,235 employment authorities. A total of 71 City employees were transferred from various General Fund departments to Sanitation's CWP over the last three years, representing about six percent of CWP authorities. Of those, 13 transfers (one percent) were for layoff avoidance.

As a matter of clarification, our report dated July 29, 2011 identified a total of 148 positions transferred to Sanitation from the General Fund and 26 for layoff avoidance. These figures actually correspond to all General Funded transfers to the Bureau and not exclusively to SCM.

- Why increase rates but reduce staff (Councilmember Alarcon)?

This Office recommends the deletion of at least 25 vacant funded positions in non-critical functions in the CWP. In the past three years, approximately 200 SCM positions have been deleted from the budget. The majority of those, approximately 65 percent, have been in operations. The focus of additional reductions would be in administrative and professional classifications, such as analysts, clerical staff and possibly engineers. Currently, there are over

100 vacant funded positions in SCM. We believe this number can be further reduced with management flexibility maintained and without impact to the operation and maintenance of critical wastewater infrastructure. As this proposal concerns vacancies only, the current level of staffing in the CWP would not be impacted.

As indicated in the CAO report, 25 positions represent a cost of \$3 million in salaries and overheads, which could further augment the capital program and/or decrease debt burden. Additionally, this permanent work force reduction helps offset financial burden on SCM attributed to the rising cost of labor (salaries, pension and health care) which increases between 13 percent to 15 percent during the period of proposed increases.

RECOMMENDATION

Note and file inasmuch as this report was prepared for informational purposes only.

FISCAL IMPACT

There is no General Fund impact.

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