



# Sewer Authority Mid-Coastside

INITIAL ORGANIZATION & MANAGEMENT EVALUATION AND NEXT STEPS

WASTEWATER MANAGEMENT SPECIALISTS LLC

AUGUST 26, 2019

# Sewer Authority Mid-Coastside

## ▶ TEN CATEGORIES OF FINDINGS:

- ▶ FINANCES
- ▶ TRUST
- ▶ BOARD
- ▶ JPA
- ▶ SAM MANAGER
- ▶ COLLECTIONS
- ▶ SAM MANAGEMENT
- ▶ STAFF
- ▶ WASTEWATER TREATMENT PLANT
- ▶ RECYCLED WATER

# Sewer Authority Mid-Coastside

## FINDINGS

- ▶ **FINANCES** - Finances/Audit/Budget (Format – Separate CIP, O&M, Environmental Compliance/Collections & Admin needed - and Budget Process Improvements) / Internal Controls / Insurance (insuring non-SAM vehicles?) / Finance signatories / Adequate Funding for CIP, O&M, (need to better define all and staff perceives a lack of available funding for needed maintenance updates and replacements / Lack of Transparency
- ▶ **TRUST** – Perceived or real – Board vs. Staff, Staff vs. Board, Staff vs. MAs , MAs vs. Staff, Board vs. Board. Trust – Has to start at the Board and SAM staff level. Need Ownership, not buy-in at all levels. MAs will learn to trust SAM based on interaction and performance – and vice versa. Top Down – Board is the first level and sets the tone. EPA and the State view SAM as one entity – it is not multiple entities in their minds.

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## FINDINGS

- ▶ **BOARD** – Policy Makers (not implementors), Vision setters (i.e. Sea Level Rise – Provide Staff Direction to investigate and report back). Desire to revise minute format. Retreat – Organizational Strategic Plan Development and Implementation Strategy? Need to do what is best for SAM while meeting needs of individual MAs.
- ▶ **JPA** -“ Joint Powers Agreement is OK and a good document” / “ Joint Powers Agreement is very old and does not address the current needs of the Authority” (many more felt this way) / “ JPA needs judicial review to clarify” / MAs had agreed to a JPA re-write but it stopped when the lawsuit started. / “ It is important for the coastside for SAM to maintain its independence.”
- ▶ **SAM MANAGER** – Some technical understanding is needed but does not need to be a Grade V Operator or an Engineer, Must have experience and skills to manage a JPA, bring unity, communicate openly, provide transparency and interact well with MAs and Staff.

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## FINDINGS

- ▶ **Collections** – Should SAM be in the Collections Business? / Current practice of 1-year contracts is absurd – Need to be able to plan needs, hire staff and amortize equipment over longer periods of time (5 years is absolute minimum). / Deferred maintenance and replacement / CIWQS reporting needs better coordination / SAM needs to provide detailed monthly reports of cleaning – what was done, what was found, recommendations for future repairs or immediate needs. / “SAM’s primary job is to prevent spills – it has gotten better over the past 3 years and the last manager was able to motivate and train staff to make that happen” / Develop a Pressure/Vacuum Relief Valve maintenance program and related SOPs
- ▶ **SAM Management Staff** – O&M Supervisor is overworked and always here. / Hard to delegate. All Management staff need to be on site at least 40 hours per week. / Need private office space (cubicles are too open for management and allows too much interruption and lack of privacy when dealing with confidential items. / Must develop and document needed policies, practices, procedures (SOPs) for the entire organization (See PCMP later). / Need stability – constant change of approach creates conditions where it is nearly impossible for the organization to ever reach a point of stable operations. / Succession Planning and funding is at a critical stage

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## FINDINGS

- ▶ **Staff** – O&M levels are perceived by SAM staff to be low (if someone is out it is real bad), Skills, (they want to do a great job and try their best, but most are young and need training), Wages (need a Staffing Evaluation and Plan, and a Total Compensation Study, to allow recruitment and retention of qualified staff), Training (need a program and time) and Succession Planning (key long-term personnel are retiring now or planning to in next 10 years and is at a critical stage) / Loss of institutional knowledge could be catastrophic – the technical knowledge is likely more critical than the administrative or political) / Administration levels are seen as high by some, but admit they do not know the exact demands / There is significant internal turmoil between some SAM Management/Supervision and staff – potential major issues that need to be addressed before they become significant. / “Need at least 3 mechanics” / “Kishen does a lot of projects but is underfunded and there is no O&M staff to support the projects” / “Recruitment with the one-hour call-out response requirement makes it very difficult to hire talented staff and being “on-call” is stressful for all” / Need to evaluate the org chart, including contract services, to evaluate the needs of the organization and the best structure to meet those needs.

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## FINDINGS

- ▶ **Wastewater Treatment Plant** – Thorough Evaluation of Updating Needs / Contract Ops is not the answer but approach as a hybrid Contract Ops and Municipal / ROI does not generally drive municipal decisions – mandated to provide service and want to do it in the most cost-effective manner over the long run. / Do not run to failure - Deferred maintenance is endemic! / Be proactive, not reactive to plant and collection system needs – will save a ton of money in the long run / Evaluate impact and cost/benefit ratio for on-site flow equalization. Also, does HMB need storm Flow Equalization? / Significant lack of redundancy throughout plant processes and equipment. / Need to clean #1 Digester ASAP
- ▶ **Recycled Water** – Golf Course, Coastside County Water District, City of HMB and SAM need to work together / Golf Course can likely use 100% of ADWF production, but wet weather use or storage is a question / Needs to be done ASAP / Coordination between agencies / Do “Scalping Plants” make any sense?

# Sewer Authority Mid-Coastside

- ▶ NEXT STEPS
- ▶ Culture Change at All Levels of SAM and Bring Member Entities Along
  - ▶ Time – Decades to get here, change will take 2 to 5 years
  - ▶ Intertwined – All ten issues are linked together in various ways
    - ▶ Finance Stands out as needing focus
    - ▶ All need immediate attention and efforts to resolve are linked and will work together
  - ▶ Leadership
    - ▶ Board Opportunity – Things I heard from you
    - ▶ Past is Past
    - ▶ Move Forward and Build
  - ▶ Trust
    - ▶ Must be built between Board, SAM Staff and Member Agency Staff – in all directions.
    - ▶ Requires open communication, transparency, compromise, performance, honesty and a lot of WORK!



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## ▶ NEXT STEPS

- ▶ Finances – Is the one defined area that needs immediate and direct attention
  - ▶ Audit(s)
    - ▶ Work Directly with Auditor and SAM Finance Staff to conclude past due audit and current year audit
    - ▶ Must Complete work on last audit and complete current FY audit by the end of the calendar year
    - ▶ Is a Forensic Audit Needed?
      - ▶ Not routine at Government Agencies
      - ▶ Extremely time consuming
      - ▶ Unless there is evidence to suggest the need, is it a wise expenditure?
        - ▶ Suggest evaluating audit outcomes prior to decision

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## ▶ NEXT STEPS

### ▶ Finances continued

#### ▶ Budget

- ▶ Separate Budgets for various categories (i.e. O&M, Administration, Collections, environmental Compliance, Capital Improvement Program)

- ▶ Timing and Review Process (i.e. Development, Review by MA Managers, Board Finance Committee, Full Board)

- ▶ Approval - Provide at earliest possible time with full support documentation

- ▶ Past Billing Discrepancies/Disagreements - Need to resolve past differences and move forward

- ▶ Policies – Multiple are Needed or Need Updating (Reserves, Stale Checks, Budget, etc.)

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## ▶ NEXT STEPS

### ▶ Software

- ▶ Tyler is well known and used widely in various forms
- ▶ SAM should move forward and continue to build it
  - ▶ Within Reasonable Cost and Impact
  - ▶ Provide training not only for SAM staff, but as applicable, others that may benefit
  - ▶ Find and Coordinate training as needed for staff

### ▶ Evaluate Staff Assignments and Abilities to Make Best Use of Talents

- ▶ Accounts Payable
- ▶ Accounts Receivable
- ▶ Other

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## ▶ NEXT STEPS

### ▶ Leadership

- ▶ Starts with the SAM Board
- ▶ Address Big Issues First and Globally
  - ▶ Finance
  - ▶ Trust

### ▶ Team Work

- ▶ Listening
- ▶ Ownership
- ▶ Trust, Trust, Trust, Trust (Book – The Speed of Trust)

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- ▶ Sewer Authority Mid-Coastside can be fixed.
  - ▶ The Board is taking the first steps
  - ▶ Audits can and should be figured out within 120 days
  - ▶ New Budget process will be implemented this year and reformed/updated in coming years (Open Gov)
  - ▶ Communication is absolutely critical – providing information and listening are equally important on both sides of the table
  - ▶ Compromise is always part of communicating – Working with SAM Staff, MA Managers and Staff, and the SAM Board of Directors the program will be successful and SAM will be changed forever!

# Sewer Authority Mid-Coastside

- ▶ Sewer Authority Mid-Coastside can be fixed.
  - ▶ Need a SAM-wide Process Control Management Program (PCMP)
    - ▶ Not only for the treatment process, but also for management of the agency as a whole
    - ▶ Plant O&M, Collections O&M, Finance, HR, PR, Engineering, Inter-agency actions (MA discussions, budgets, projects, agendas, etc.)
    - ▶ PCMP is a living documented program that provides a means of involving all affected parties in the decision-making process while still respecting chain of command and established roles (there is often some compromise involved at all levels!). The output of a successful PCMP is the definition of practices, policies, standard operating procedures, implementation and involvement of all. It is a full-time, two plus year process to design, implement and train everyone involved.
    - ▶ The successful PCMP will change SAM into a leader not only the wastewater industry, but in the world of successful government operations.
    - ▶ Through the PCMP process and use, the challenges of trust and communication with all involved in SAM will improve and provide transparency as the process is used.

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## Process Control Management Program

- ▶ Addresses all items previously identified by the Board related to work to be performed by Wastewater Management Specialists LLC (WMS):
  - ▶ Will Provide Maximum Organizational Effectiveness and Efficiency
  - ▶ Will Provide current Policies and Procedures for all facets of SAM's duties
  - ▶ Will provide an effective and efficient organizational structure, staffing levels/assignments. compensation and Succession Planning
    - ▶ WMS will provide staff levels, organizational structure and succession evaluations/recommendations
    - ▶ Requires the use of additional specialists to perform total compensation survey
  - ▶ Will provide defined roles for involvement, responsibilities and decision making authority between SAM and Member Agencies
  - ▶ Will develop and provide training on standard procedures to Board and Staff regarding interaction and direction

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- ▶ Other Items to Accomplish:
  - ▶ Provide assistance in hiring of new SAM Manager
    - ▶ Find a person that has the traits identified by the Board and the desire to raise SAM to a new Standard of Excellence through trust, teamwork, communications and trust!
    - ▶ Once hired, work side by side with Manager to implement the strategies identified by the Board
    - ▶ Succession Planning and Funding must be addressed soon
  - ▶ Work closely with the SAM Engineer and Engineering Consultants to provide high level expertise specifically from the Operations and Maintenance side of the industry in the design and construction of needed improvements to the treatment plant and collection system
    - ▶ Expertise is available in O&M applications, process improvements, constructability, construction inspection, start-up, commissioning, training, Instrumentation and Control, Odor and Corrosion Control, maintenance and accessibility, etc.



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- ▶ Other Items to Accomplish:

- ▶ Recycled Water

- ▶ Work with SAM Staff and Board and MA Managers to achieve the best possible recycled water system outcome possible.

- ▶ Develop and implement common goals

- ▶ Work with end users (golf course and potentially others for wet weather needs)

- ▶ Work with other affected parties, environmental groups, nature groups, homeowners, etc. to ensure their needs and thoughts are heard and addressed in ways that enhance the program and lessen impacts to the greatest extent possible.

- ▶ Work with the local water distribution agency to ensure the benefits of recycled water are a benefit to them and their users as well

- ▶ Work with regulatory agencies to ensure the system meets the needs of the end users and the regulators

- ▶ Get the Recycled Water designed and constructed in a timely manner to lessen the impacts of upcoming dry weather and potential drought

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## ▶ Timeline:

- ▶ There are no specific reports or deadlines associated with this work. This is very much a work with many moving parts and multiple goals that are interactive and entwined with each other. A monthly report will be provided to the Board of all completed work and work expected to be addressed in the coming month(s).
- ▶ The Financial aspects are a priority that will be addressed as we move forward with development and implementation of the Agency-wide Process Control Management Program addressing plant operations, collections system operations, finance, administrative processes, recycled water, succession planning, training, staff/board interaction, BMPs and the plethora of other items that will be needed to lift out of the current situation and raise it to organizational excellence!
- ▶ It is expected to take 28 months of full-time effort to address these issues and have programs in place that allow SAM to continue into the future with programs, policies, practices, procedures, attitudes, communication channels and staff in place and trained to continue forward as an agency that is well managed, organized, productive and efficient.

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## ▶ Program

### ▶ Estimated minimum of 28 months full time work

▶ Finance Department Assessment and Interaction	-	720 hours
▶ PCMP	-	2,800 hours
▶ Succession Plan	-	320 hours
▶ JPA Assistance	-	250 hours
▶ Consultation and Support of CIP & Recycled Water	-	500 hours
▶ General Manager Recruitment Consultation	-	<u>60 hours</u>
Total Hours	-	4,650 hours

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- ▶ Cost for 28-month Program:
  - ▶ WMS Principal - \$1,232,000 (4,667 hours over 28 months)  
(Billed at \$44,000 monthly)
  - ▶ WMS Direct Sub Contractors - \$ 185,500 (700 hours (25 hrs./month)  
(Estimate and Billed only as used)
  - ▶ Total WMS Contract - \$1,417,500
  
- ▶ “Total Compensation” Analysis - TBD  
(By Others)

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THANK YOU  
FOR THE OPPORTUNITY  
TO WORK WITH  
SEWER AUTHORITY  
MID-COASTSIDE