Comprehensive Management and Organizational Assessment

El Dorado Irrigation District

Final Assessment Report

May 12, 2008

Background

Project Purpose:

The El Dorado Irrigation District (District) is located in El Dorado County on the western slope of the Sierra Nevada Mountains. Its contiguous service area covers approximately 220 square miles and 100,000 residents, ranging from El Dorado Hills in the west to Pollock Pines in the east, and from the South Fork American River in the north to the Cosumnes River in the south. The District provides treated water, wastewater treatment and disposal, recycled water and recreation services and operates Project 184, a FERC-licensed hydroelectric project including high mountain lakes in the vicinity of Lake Tahoe.

The District faces many forces that have increased the cost of providing service while also requiring it to limit its rate increases. Over the past six years, the District has experienced very rapid growth in the western portion of its service area and has doubled its operating budget from $26.6 million in 2002 to $46.6 million in 2008. Over the next five years, the District, like other public utilities, faces escalating health care costs for active and retired employees and the inevitable exodus of long-time employees eligible for retirement. The District seeks to continue meeting the external challenges through increasingly efficient and responsible operations.

In January 2008, the District's Board of Directors selected Westin Engineering, Inc. (Westin) teamed with RMC Water and Environment (RMC) to conduct a Comprehensive Management and Organizational Assessment intended to assist the Board and new General Manager in developing recommendations on what should be done in the foreseeable future to improve the District's efficiency and effectiveness. As part of the assessment, Westin evaluated the District's organizational structure, policies, and practices regarding its operations, administration and management. As part of the assessment, Westin noted organizational and management practices that are working well and specific areas requiring significant improvement. Westin's findings and recommendations contained within this document are envisioned to help the District align its people, business processes and technology investments with industry best practices.

Background

Industry Drivers for Change:

There are several key drivers that impact the District's operational efficiency and effectiveness:

- Increased residential development within the District
- Growth demands on the District's utility infrastructure
- Water conservation
- Potential loss of property-tax revenues
- Residential and non-residential meter retrofits
- Staff retirements and turnover
- Capital improvements
- Migration of new contributed assets
- Management of existing infrastructure and equipment
- Information management and document control
- Management of grant-funded projects
- Updating and integrating core business applications

Common External Drivers

- Changing economic cycles
- Regional drought concerns
- Water conservation practices
- Increasing level of service expectations
- Rate pressures
- Aging workforce
- Aging infrastructure
- Long-term financial and rate stability
- Increased cyber and physical security
- Customer confidence and public trust
- Rising energy costs
- Heightened environmental awareness
- Green energy and conservation
- Emerging mobile technology
- Increased customer accessibility
- Community partnership

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Background

Summary of Stated Project Goals:

Perform a comprehensive management and organizational assessment

- Comparison of specific conditions versus industry standards and best practices
- Employee perceptions on certain topics
- Professional assessment of certain conditions with recommendations for improvement
- Broad overview of the existing organization and recommended improvements

Background

Specific Requested Areas of Assessment:

- Proportions of management and supervisory personnel

- Whether organizational structure, skills and total staffing levels are correctly defined

- Broad overview of the existing organizational structure and strengths and weaknesses of the District's information technology functions

- Assessment of the organizational changes over the past 6 years and how to improve

- Expected retirements

- Equal compensation policy for all management personnel

- Proportions and types of in-house and retained legal services

- Whether employees and management are properly assigned, trained and supervised

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Project Approach

Westin's Water Utility Business Model

Westin utilized its Water Utility Business Model to assess the District's "as-is" condition against best industry practices.
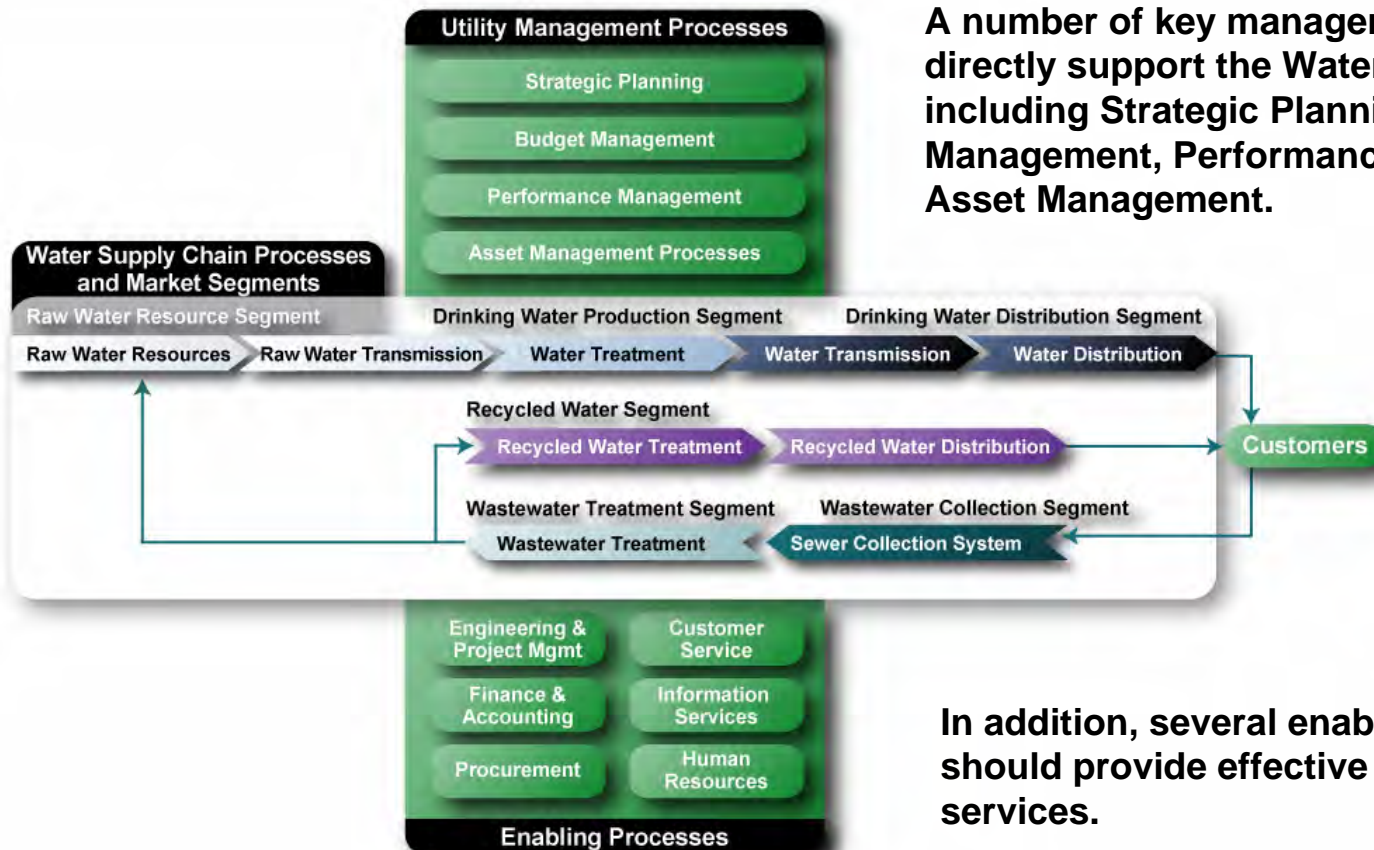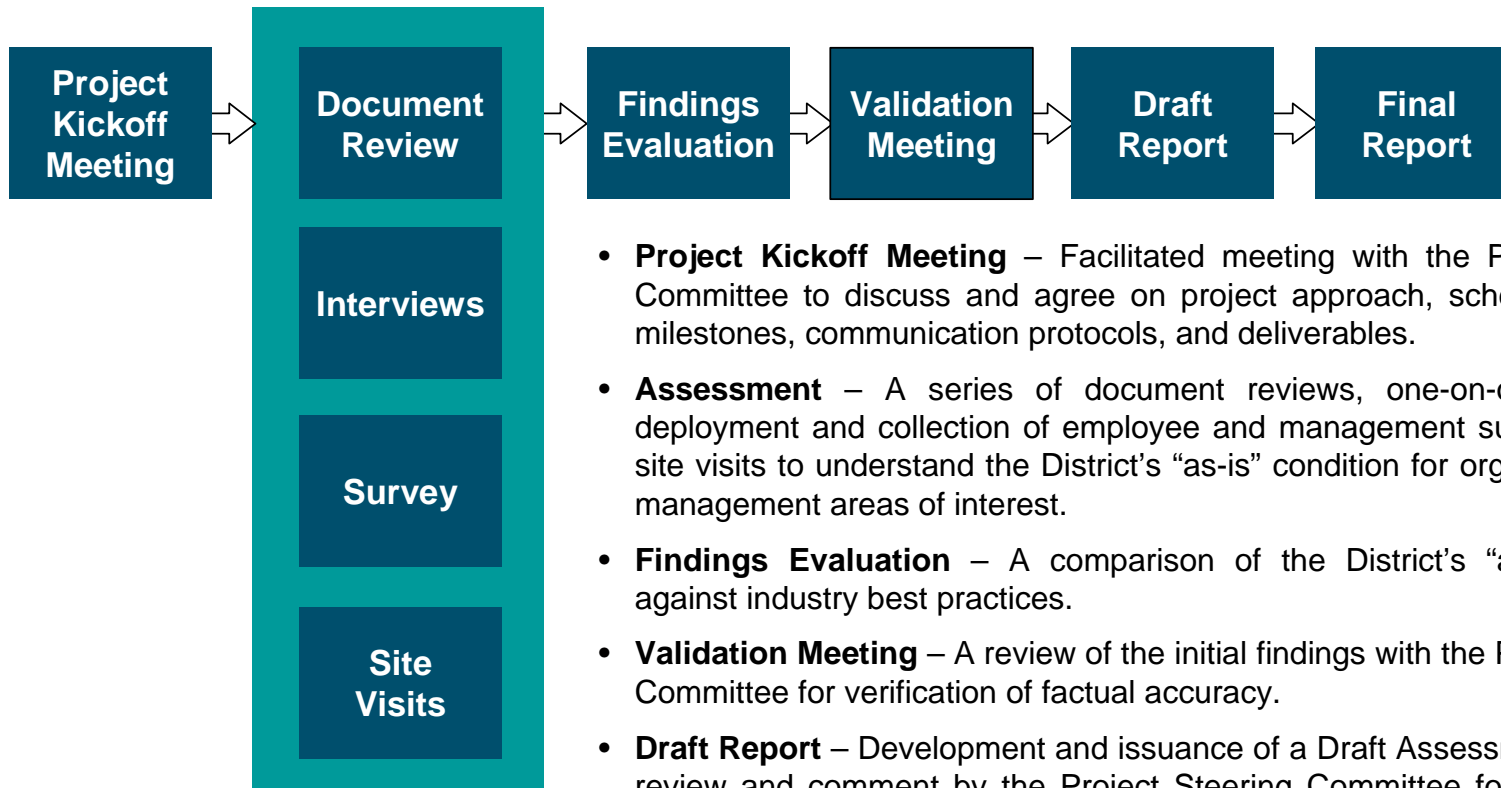

A number of key management processes directly support the Water Supply Chain, including Strategic Planning, Budget Management, Performance Management, and Asset Management.

In addition, several enabling processes should provide effective business support services.

Project Approach

Westin employed the following Project Approach:

```
Project          Document         Findings         Validation       Draft            Final
Kickoff    →     Review      →    Evaluation   →    Meeting      →    Report      →    Report
Meeting

                 Interviews

                 Survey

                 Site
                 Visits
```

- **Project Kickoff Meeting** – Facilitated meeting with the Project Steering Committee to discuss and agree on project approach, schedule, logistics, milestones, communication protocols, and deliverables.

- **Assessment** – A series of document reviews, one-on-one interviews, deployment and collection of employee and management surveys, and on-site visits to understand the District's "as-is" condition for organizational and management areas of interest.

- **Findings Evaluation** – A comparison of the District's "as-is" condition against industry best practices.

- **Validation Meeting** – A review of the initial findings with the Project Steering Committee for verification of factual accuracy.

- **Draft Report** – Development and issuance of a Draft Assessment Report for review and comment by the Project Steering Committee for accuracy and completeness.

- **Final Report** – Final project deliverable describing the "as-is" condition of the District and making a series of prioritized recommendations for continuous improvement.

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Project Approach

Westin reviewed the following District documents:

Executive Management -
- Michael H. Smith Report (10/22/07)
- Management Audit (Oct. 2000)
- LAFCO Water Wastewater and Power Municipal Services Review (Oct. 2007)
- First Annual State of the Staff Report (2/25/05)
- Conference Presentations on Succession Planning (various)
- Conference Presentations on Performance Management (various)

Human Resources -
- EID Board Policies and Administrative Regulations Manual
- Employee Handbook (Draft 4/11/08)
- Organization Charts (2007, 2000)
- Memorandum of Understanding 2005 - 2009
- Employee Code of Conduct Outline
- Personnel Policy Statement
- Personnel Benefits Outline
- Employee Appraisal and Self Appraisal Forms
- 2007 Class Grade Listing
- Nash Classification and Compensation Study (11/28/2007)
- Workforce Planning Statistics
- Injury and Illness Prevention Plan

Facilities Management -
- 2007 – 2011 Capital Improvement Program
- Integrated Regional Water Management Plan (Dec. 2006)
- USEPA Administrative Order (9/30/2003)
- Project Manager Training (3/8/2006)

Finance & Management Services -
- BP 3000 Series District Business Operations
- Budget Workshop and Performance Measures
- Water System Demographics and Statistical Summary
- Recycled Water Demographics and Statistical Summary
- Wastewater Demographics and Statistical Summary
- Recreation Demographics and Statistical Summary
- Fleet Maintenance and Facility Staffing Plan
- Fleet Utilization Study
- Vehicle and Equipment Team (VET) Board Presentation

Strategic Management & Communications -
- Overview Binder
- Strategic Guide and 2008 Action Plan
- Drought Preparedness Plan (Jan. 2008)
- Five-Year Water Management Plan (2005 Update) 03/06
- Urban Water Management Plan Update (2005 Update) 01/06

Environmental Compliance & Water Policy -
- CEQA Procedures
- Annual Performance
- Federal And State Legislation and Grant Funding

Recreation -
- Park Manual
- Recreational Department Procedural Manual
- Sly Park Recreational Master Plan and Environmental Impact Report

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Project Approach

Westin conducted 40 interviews of District personnel:

- George Osborne
- George Wheeldon
- John Fraser
- Tom Cumpston
- David Witter
- Mary Lynn Carlton
- Steve Setoodeh
- Deanne Kloepfer
- Steve Griffin
- Don Pearson
- Michele Weimer
- Brian Mueller
- Dana Strahan
- Victoria Caulfield
- Myron Gonsalves
- Tom McKinney
- John Schlegel
- Lori Grace
- Ray Eide
- Wendy Easton

- Bill George
- Harry Norris
- Matt Heape
- Jerry Foote
- Bob DiNunzio
- Lori Bazinet
- Karen Coleman
- Phil Knapik
- Elizabeth Mansfield
- Mike Bristow
- Guy Barritt
- Mark Price
- John Beall
- Elizabeth Wells
- Steve Lindstrom
- Jason Lawrence
- Tim Sullivan
- Matthew Anderson
- Emil Hickman
- Raymond Moralez

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Project Approach

Westin facilitated an Organizational Survey:

The survey was designed for all management and staff to complete in order to better understand the various individual perspectives within the District. The first 19 questions were identical for both management and staff. The Management Survey included an additional 8 questions to gather additional perspectives. Each question on the survey had an appropriate response score from 0 – 10. A hard-copy survey was mailed to every District employee to complete with a self-addressed stamped envelope for direct mail return to Westin's Rancho Cordova Office. The survey was completely anonymous.

	Total	Management	Employees
Surveys Mailed	303	29	274
Surveys Returned	155	18	137
Percentage Returned	51%	62%	50%

Westin received the completed surveys and tallied the results for each of the questions. Westin calculated the mean, median, and the percentage of answers in the High (scores of 7 – 10), Medium (scores of 4 – 6) and Low (scores of 0 – 3) categories. For each question, Westin also graphed the number of responses for each score.

The results of the Employee and Management Surveys are presented below.

Organizational Survey

Sample Employee Organizational Survey:

Westin
Solutions Through Technology

El Dorado Irrigation District
Employee Questionnaire

This questionnaire was developed by Westin to better understand the various organizational perspectives within the District. This questionnaire is completely anonymous and your responses will be grouped together and reported only along with all other employee responses.

Please circle the number that represents your current, honest assessment of the District. Then, please send the completed survey back to Westin in the self-addressed stamped envelope by April 4th, 2008.

Thank you. We appreciate your time in completing this form.

1. Are the District's strategic goals clearly defined and understood?
0 1 2 3 4 5 6 7 8 9 10
Not understood / Clearly understood

2. Are your job duties and responsibilities clear?
0 1 2 3 4 5 6 7 8 9 10
Unclear / Clearly understood

3. Are timely and appropriate management decisions made?
0 1 2 3 4 5 6 7 8 9 10
Ineffective process / Effective process

4. Are mistakes appropriately handled?
0 1 2 3 4 5 6 7 8 9 10
Punished / Utilized for learning

5. Are employees motivated and enthusiastic?
0 1 2 3 4 5 6 7 8 9 10
Poorly motivated / Highly motivated and extremely enthusiastic

6. Do the employees possess a high level of District pride?
0 1 2 3 4 5 6 7 8 9 10
Low pride / Great pride

7. Are the current Board of Directors effective?
0 1 2 3 4 5 6 7 8 9 10
Very ineffective / Highly effective

8. Has the Board of Directors improved over the past several years?
0 1 2 3 4 5 6 7 8 9 10
Declined / Greatly improved

9. Is compensation fair?
0 1 2 3 4 5 6 7 8 9 10
Unfair / Fair

10. Are problems appropriately handled in a timely fashion?
0 1 2 3 4 5 6 7 8 9 10
Never / Always

11. Is the District's organizational structure aligned for efficiency and effectiveness?
0 1 2 3 4 5 6 7 8 9 10
Inefficient and ineffective / Very effective and efficient

12. Is there a strong partnership between management and employees?
0 1 2 3 4 5 6 7 8 9 10
Adversarian / Partners

13. Has the District's Legal Department services improved over the past several years?
0 1 2 3 4 5 6 7 8 9 10
Declined / Greatly improved

14. Are District operations cost-effective?
0 1 2 3 4 5 6 7 8 9 10
Wasteful / Highly cost effective

15. Is the District's Management Team effective in oversight of day-to-day operations?
0 1 2 3 4 5 6 7 8 9 10
Very ineffective / Highly effective

16. Is the District's Management Team available and approachable?
0 1 2 3 4 5 6 7 8 9 10
Unapproachable / Extremely available

17. Are you properly trained to effectively perform your job duties?
0 1 2 3 4 5 6 7 8 9 10
Definitely no / Extremely well trained

18. Is there a high degree of teamwork within the District?
0 1 2 3 4 5 6 7 8 9 10
No teamwork / High degree of teamwork

19. Do you believe that you will still be a District employee in 3 years?
0 1 2 3 4 5 6 7 8 9 10
Definitely no / Definitely yes

20. What should be done in the foreseeable future to improve the District?

Organizational Survey

Additional Management Survey Questions:

Westin
Solutions Through Technology

20. Are the District's strategic goals being achieved?

| 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

None being achieved — All being achieved

21. Is there a strong level of trust among Senior Management Team members?

| 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

High suspicion — High trust

22. Is there a high degree of respect among team members?

| 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

Lack of respect — Highly respectful

23. Is conflict adequately resolved?

| 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

Denial, avoidance, suppression, or deflection — Acceptance and open "working through" of conflicts

24. Is the District's management team motivated and enthusiastic?

| 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

Poorly motivated — Highly motivated and extremely enthusiastic

25. Does the management team possess a high level of District pride?

| 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

Low pride — Great pride

26. Is the District's Legal Department effective?

| 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

Ineffective — Highly effective

27. Are the District's business processes efficient?

| 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

Very inefficient — Highly efficient

28. What should be done in the foreseeable future to improve the District?

_____
_____
_____
_____
_____

Westin provided the District's management team with 8 additional questions to elicit their specific organizational perspectives.

Organizational Survey Results

1. Are the District's strategic goals clearly defined and understood?

	Employees	Management
Median	4	3
Average	4.0	4.1
% High Scores	18%	28%
% Medium Scores	40%	22%
% Low Scores	42%	**50%**

Legend
High Scores = 7 - 10
Med Scores = 4 - 6
Low Scores = 0 - 3

EID Employee Survey Question 1

EID Manager Survey Question 1
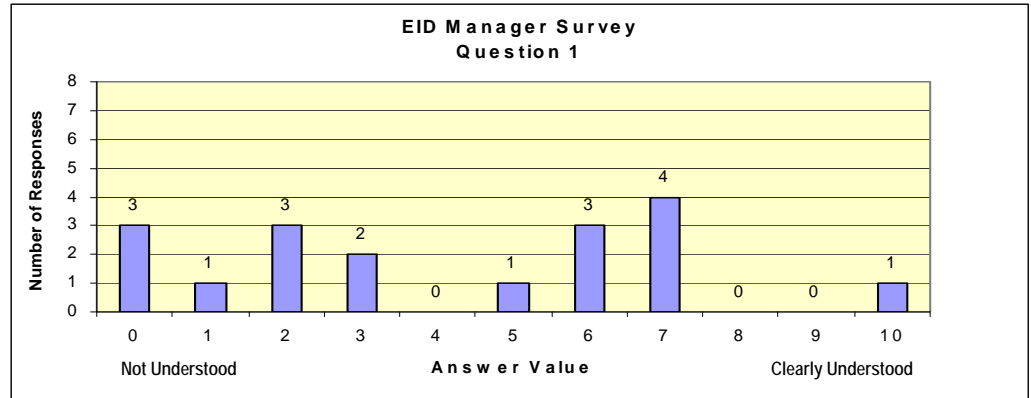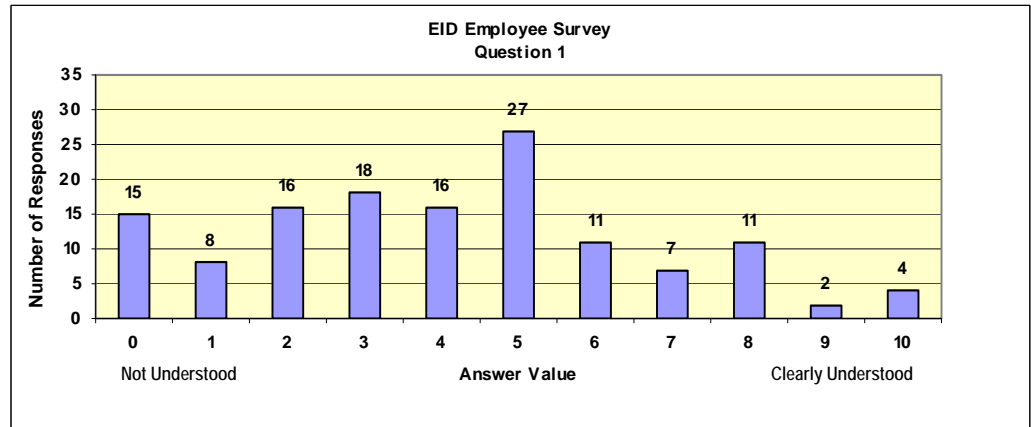
Organizational Survey Results

2. Are your job duties and responsibilities clear?

	Employees	Management
Median	7	9
Average	6.4	7.6
% High Scores	58%	72%
%Medium Scores	22%	11%
% Low Scores	20%	17%

Legend
High Scores = 7 - 10
Med Scores = 4 - 6
Low Scores = 0 - 3

EID Employee Survey Question 2

Answer Value	0	1	2	3	4	5	6	7	8	9	10
Number of Responses	3	5	9	10	8	14	8	21	26	12	21

Unclear — Clearly Understood

EID Manager Survey Question 2

Answer Value	0	1	2	3	4	5	6	7	8	9	10
Number of Responses	1	0	1	1	1	0	1	1	2	2	8

Unclear — Clearly Understood

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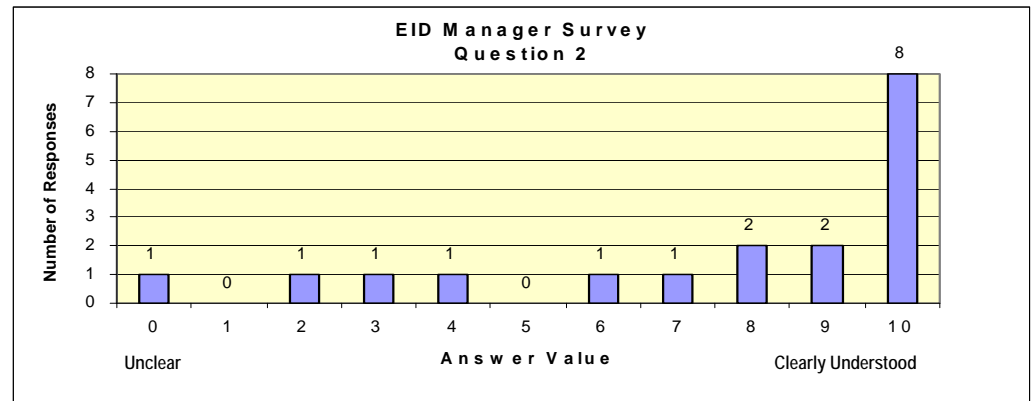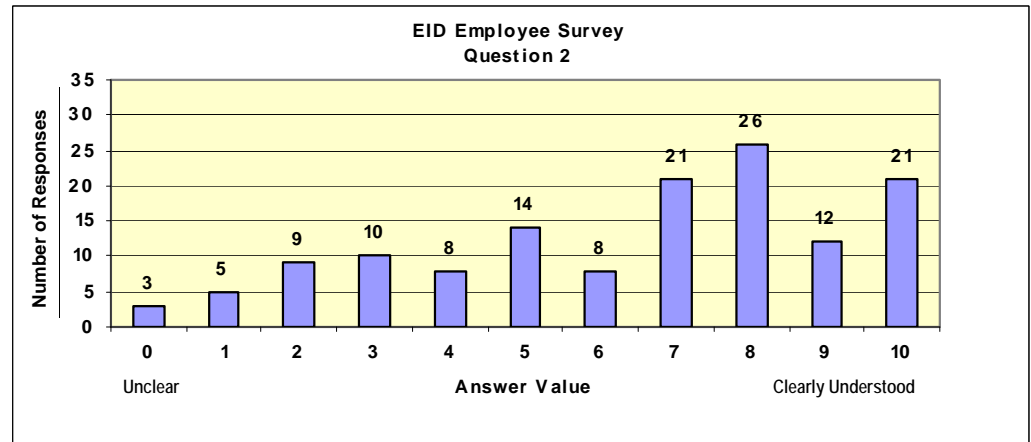
Organizational Survey Results

3. Are timely and appropriate management decisions made?

	Employees	Management
Median	**2**	**5**
Average	**3.3**	**5.0**
% High Scores	**11%**	**39%**
% Medium Scores	**31%**	**33%**
% Low Scores	**58%**	**28%**

Legend
High Scores = 7 - 10
Med Scores = 4 - 6
Low Scores = 0 - 3

EID Employee Survey Question 3

Answer Value	Number of Responses
0	17
1	22
2	29
3	12
4	12
5	16
6	14
7	4
8	7
9	2
10	2

Ineffective Process — Effective Process

EID Manager Survey Question 3

Answer Value	Number of Responses
0	2
1	1
2	1
3	1
4	1
5	3
6	2
7	4
8	2
9	1
10	0

Ineffective Process — Effective Process
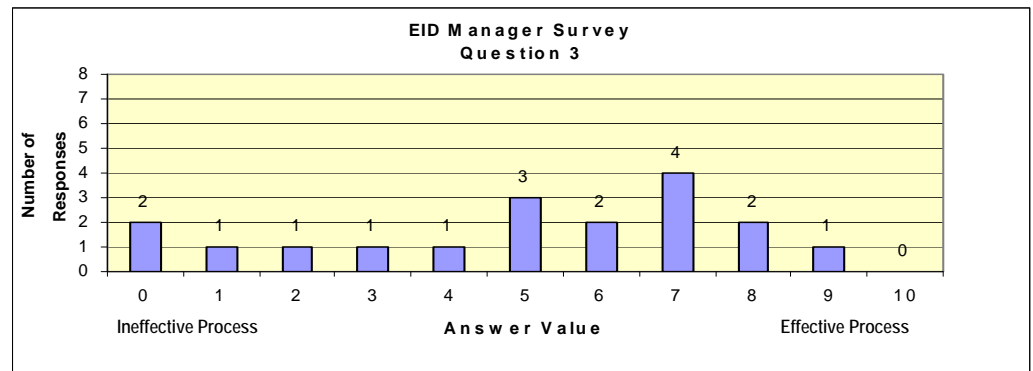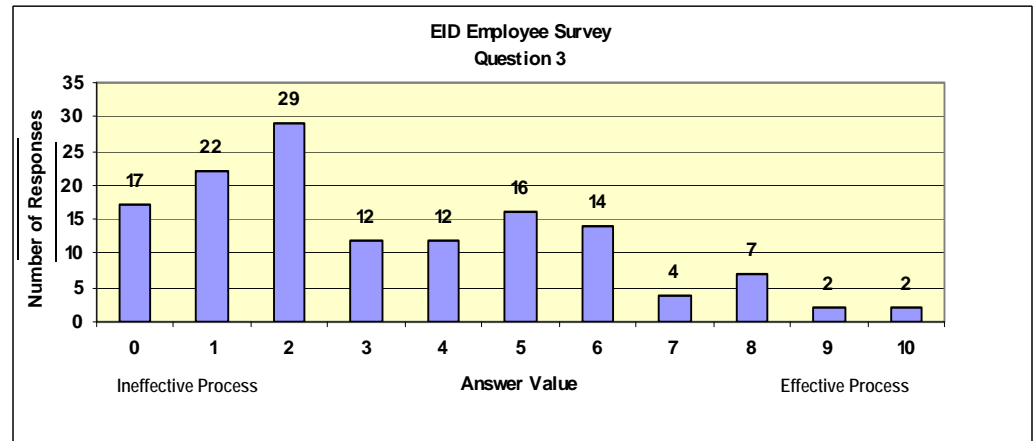
Organizational Survey Results

4. Are mistakes appropriately handled?

	Employees	Management
Median	2	3
Average	3.1	4.0
% High Scores	16%	33%
% Medium Scores	22%	17%
% Low Scores	**62%**	**50%**

Legend
High Scores = 7 - 10
Med Scores = 4 - 6
Low Scores = 0 - 3

EID Employee Survey Question 4

EID Manager Survey Question 4
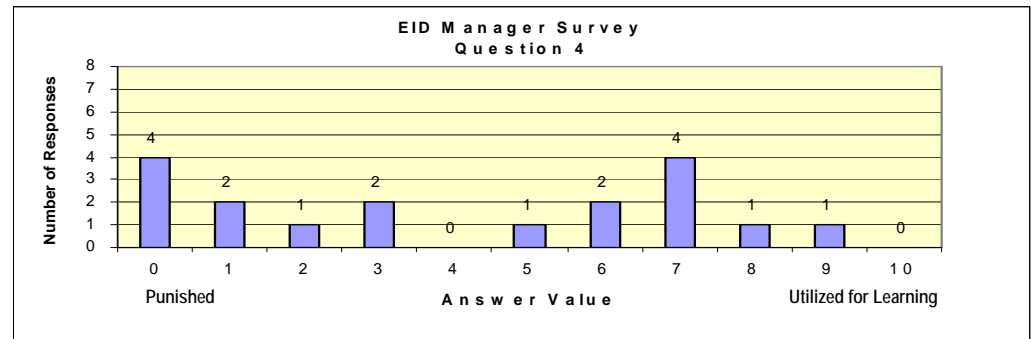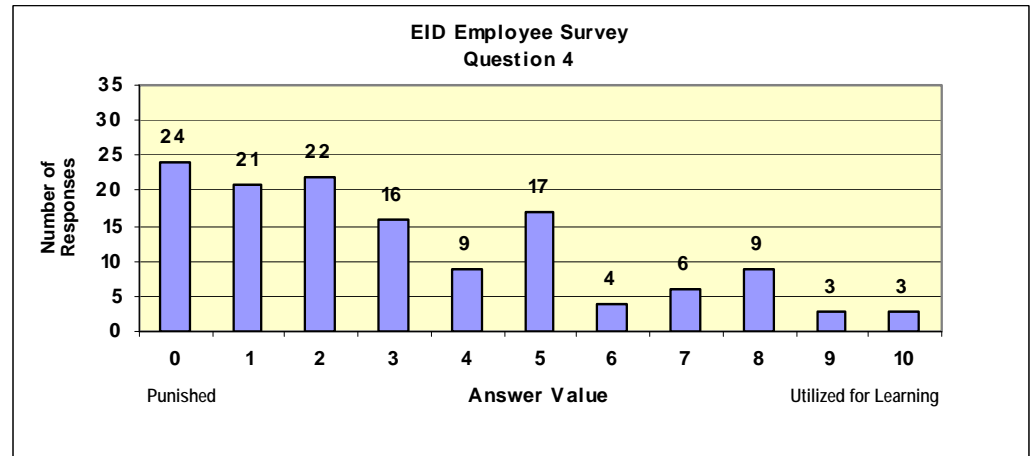
Organizational Survey Results

5. Are employees motivated and enthusiastic?

	Employees	Management
Median	4	7
Average	4.2	6.6
% High Scores	23%	67%
% Medium Scores	34%	22%
% Low Scores	43%	11%

Legend
High Scores = 7 - 10
Med Scores = 4 - 6
Low Scores = 0 - 3

EID Employee Survey Question 3

Number of Responses

Answer Value	Responses
0	17
1	22
2	29
3	12
4	12
5	16
6	14
7	4
8	7
9	2
10	2

Poorly motivated — Answer Value — Highly motivated and extremely enthusiastic

EID Manager Survey Question 5

Number of Responses

Answer Value	Responses
0	2
1	2
2	0
3	0
4	0
5	2
6	2
7	4
8	5
9	3
10	0

Poorly motivated — Answer Value — Highly motivated and extremely enthusiastic
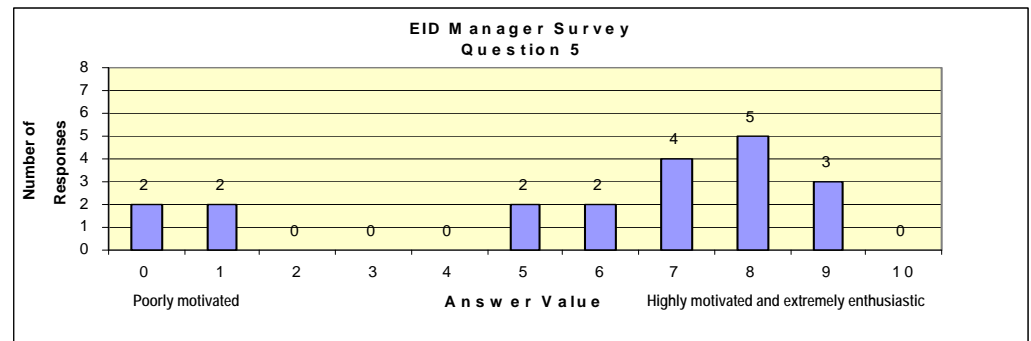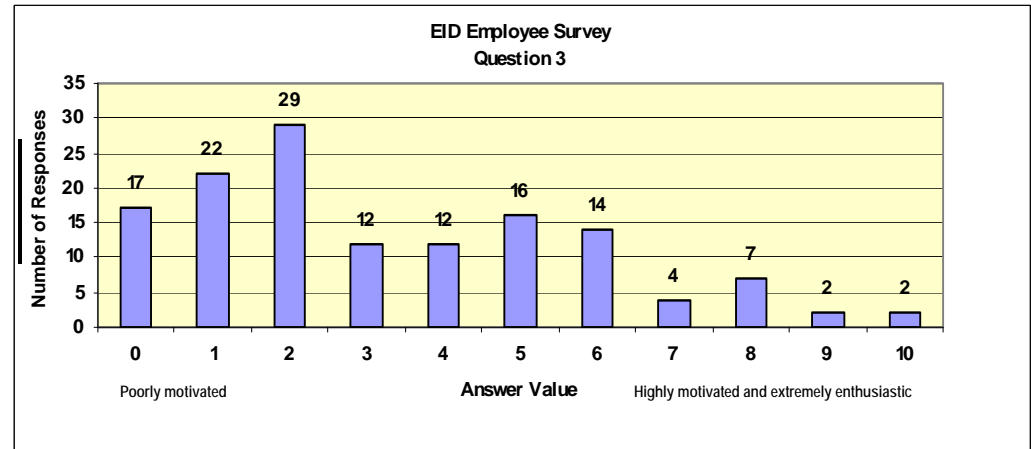
Organizational Survey Results

6. Do the employees possess a high level of District pride?

	Employees	Management
Median	5	7
Average	5.1	7.1
% High Scores	35%	78%
% Medium Scores	36%	11%
% Low Scores	28%	11%

EID Employee Survey Question 6

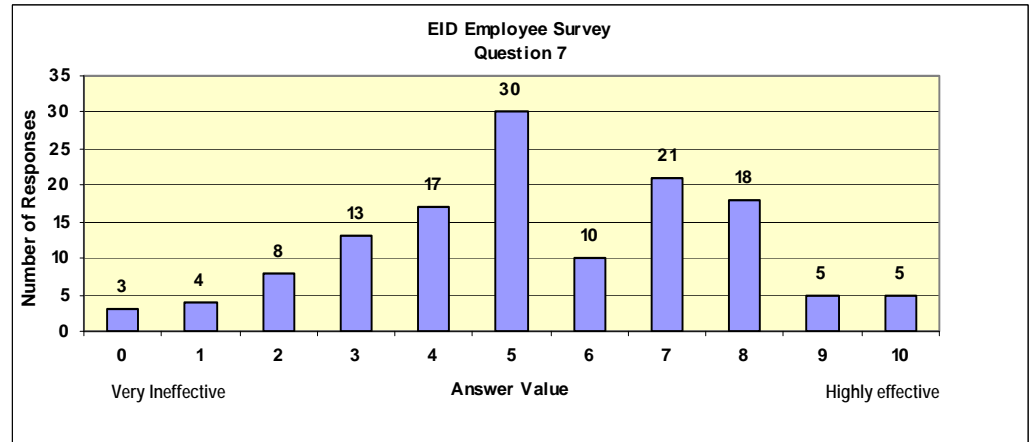EID Manager Survey Question 6
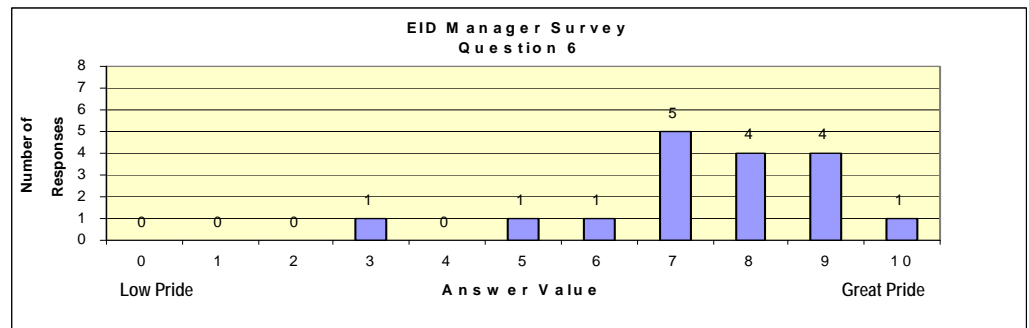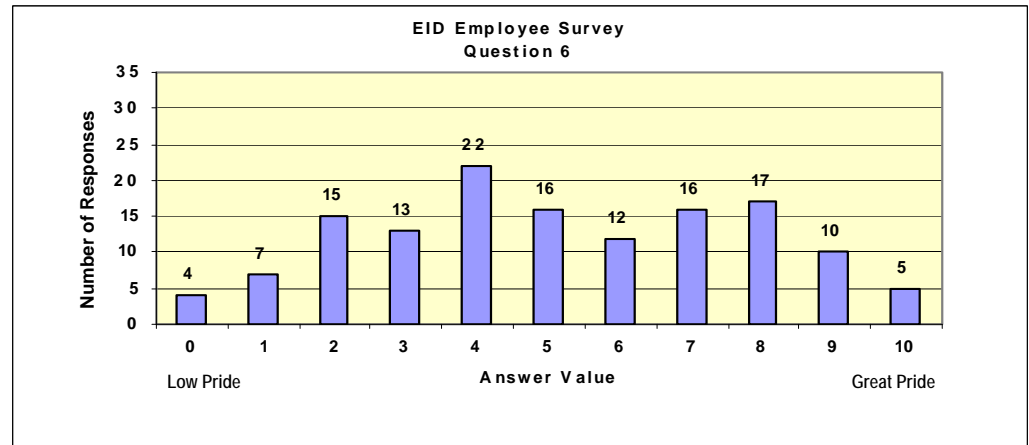
Legend

High Scores = 7 - 10

Med Scores = 4 - 6

Low Scores = 0 - 3

Organizational Survey Results

7. Are the current Board of Directors effective?

	Employees	Management
Median	**5**	**7**
Average	**5.3**	**6.1**
% High Scores	**37%**	**61%**
% Medium Scores	**43%**	**11%**
% Low Scores	**21%**	**28%**

Legend
High Scores = 7 - 10
Med Scores = 4 - 6
Low Scores = 0 - 3

EID Employee Survey
Question 7

EID Manager Survey
Question 7
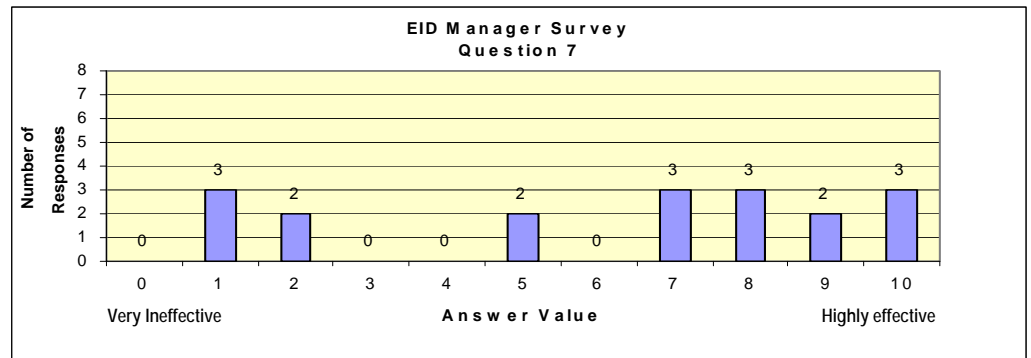
Organizational Survey Results

8. Has the Board of Directors improved over the past several years?

	Employees	Management
Median	6	7
Average	5.3	5.9
% High Scores	39%	53%
% Medium Scores	46%	24%
% Low Scores	15%	24%

Legend

High Scores = 7 - 10

Med Scores = 4 - 6

Low Scores = 0 - 3

EID Employee Survey Question 8

EID Manager Survey Question 8
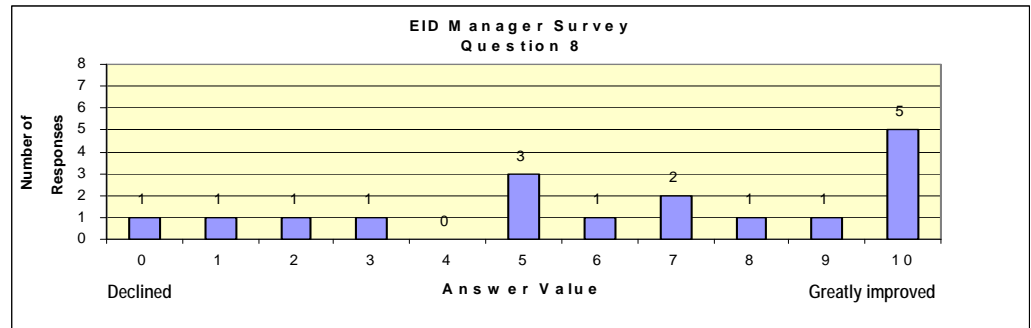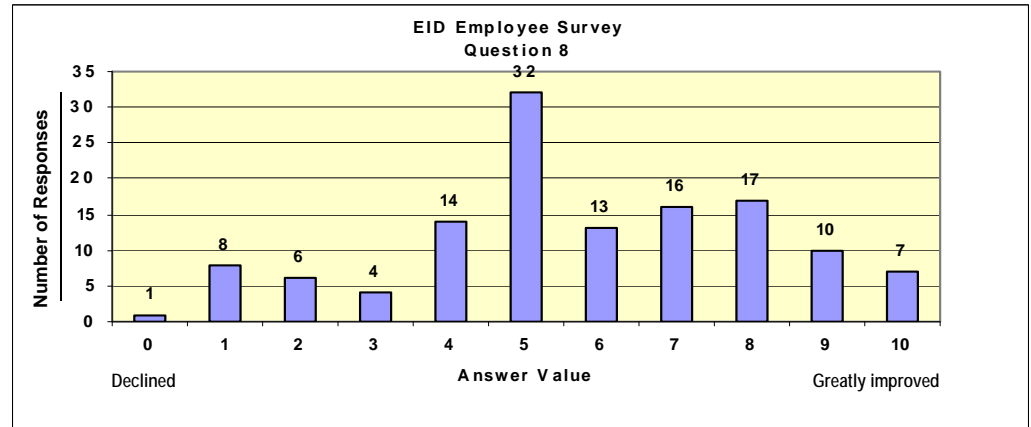
Organizational Survey Results

9. Is compensation fair?

	Employees	Management
Median	5	8
Average	4.9	6.0
% High Scores	36%	59%
% Medium Scores	28%	12%
% Low Scores	36%	29%

Legend
High Scores = 7 - 10
Med Scores = 4 - 6
Low Scores = 0 - 3

EID Employee Survey
Question 9

EID Manager Survey
Question 9
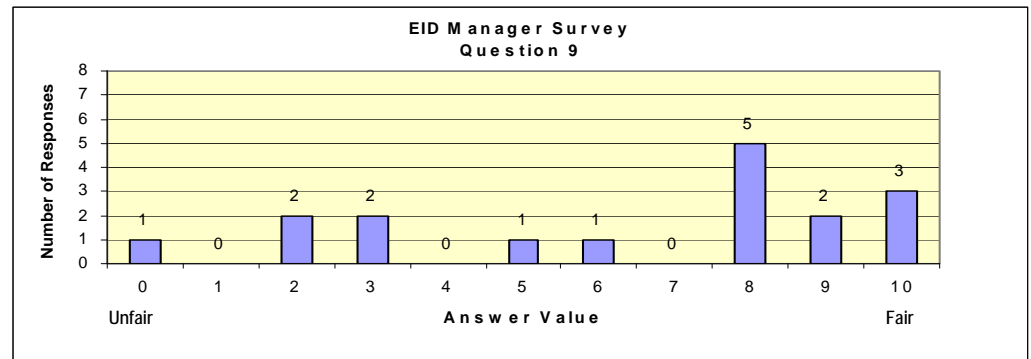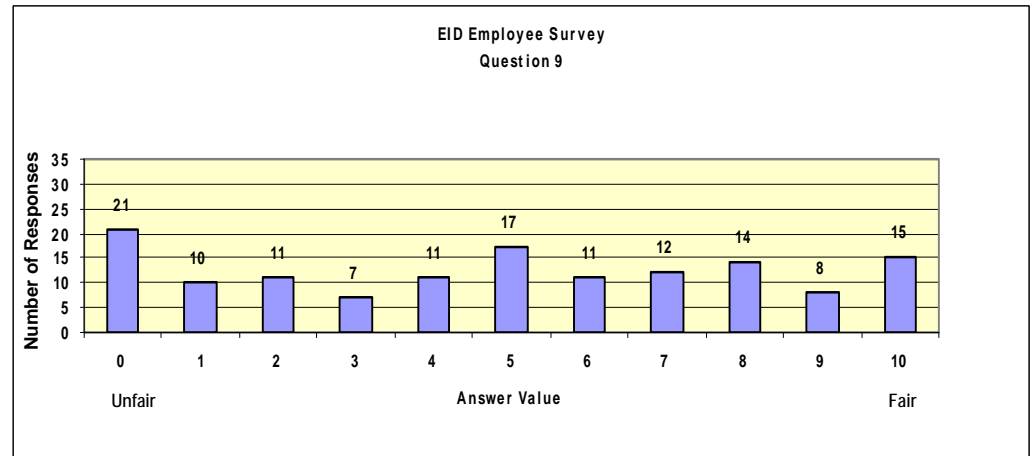
Organizational Survey Results

10. Are problems appropriately handled in a timely fashion?

	Employees	Management
Median	3	5
Average	3.5	5.2
% High Scores	10%	39%
% Medium Scores	35%	39%
% Low Scores	**54%**	22%

Legend

High Scores = 7 - 10

Med Scores = 4 - 6

Low Scores = 0 - 3

EID Employee Survey
Question 10

EID Manager Survey
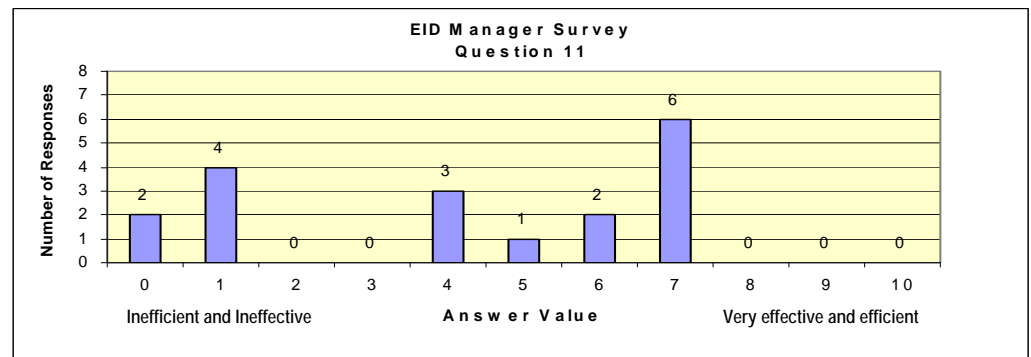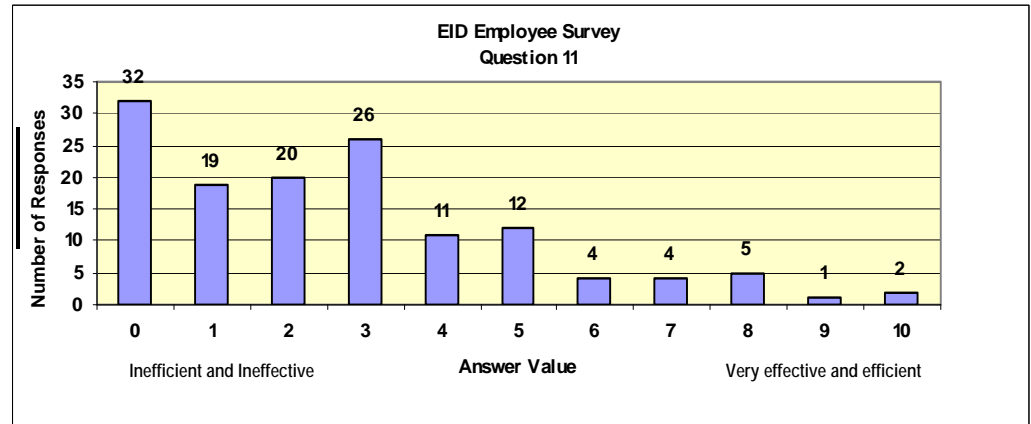Question 10
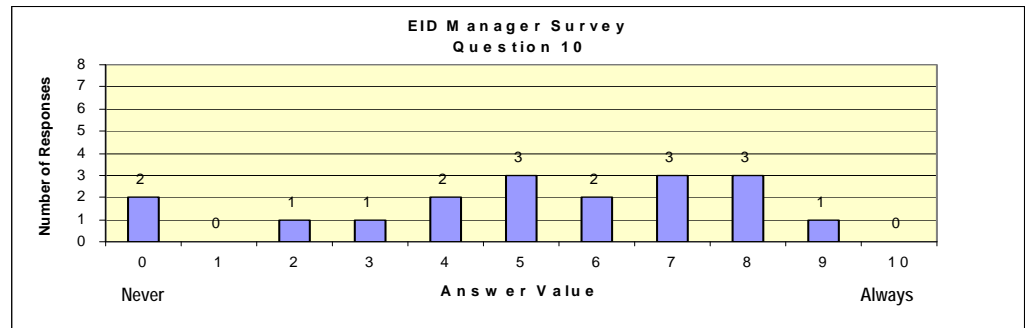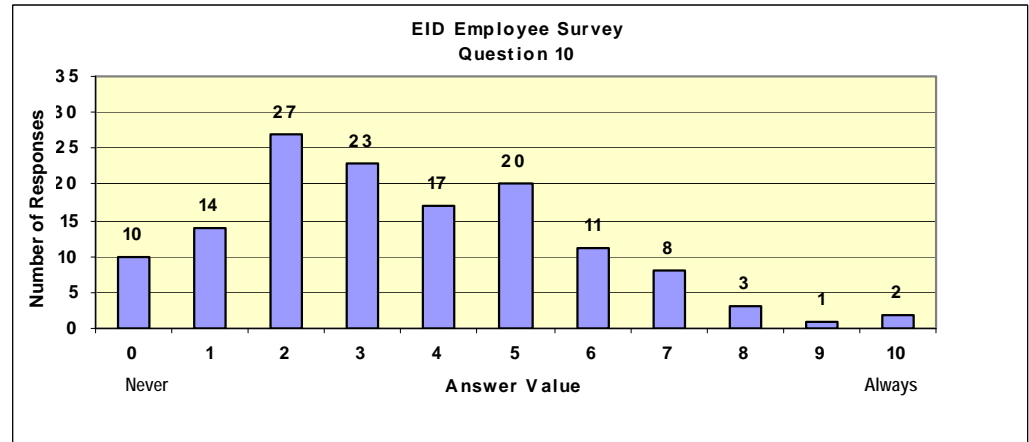
Organizational Survey Results

11. Is the District's organizational structure aligned for efficiency and effectiveness?

	Employees	Management
Median	2	4
Average	2.6	4.2
% High Scores	9%	33%
% Medium Scores	20%	33%
% Low Scores	71%	33%

Legend
High Scores = 7 - 10
Med Scores = 4 - 6
Low Scores = 0 - 3

EID Employee Survey Question 11

Inefficient and Ineffective — Answer Value — Very effective and efficient

Number of Responses: 0→32, 1→19, 2→20, 3→26, 4→11, 5→12, 6→4, 7→4, 8→5, 9→1, 10→2

EID Manager Survey Question 11

Inefficient and Ineffective — Answer Value — Very effective and efficient

Number of Responses: 0→2, 1→4, 2→0, 3→0, 4→3, 5→1, 6→2, 7→6, 8→0, 9→0, 10→0

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Organizational Survey Results

12. Is there a strong partnership between management and employees?

	Employees	Management
Median	3	6
Average	2.9	5.4
% High Scores	11%	44%
% Medium Scores	24%	28%
% Low Scores	65%	28%

Legend

High Scores = 7 - 10

Med Scores = 4 - 6

Low Scores = 0 - 3

EID Employee Survey Question 12

Number of Responses vs Answer Value (Adversaries ... Partners)

0: 18, 1: 30, 2: 18, 3: 23, 4: 14, 5: 14, 6: 4, 7: 11, 8: 1, 9: 1, 10: 2

EID Manager Survey Question 12

Number of Responses vs Answer Value (Adversaries ... Partners)

0: 1, 1: 0, 2: 0, 3: 4, 4: 1, 5: 1, 6: 3, 7: 6, 8: 2, 9: 0, 10: 0
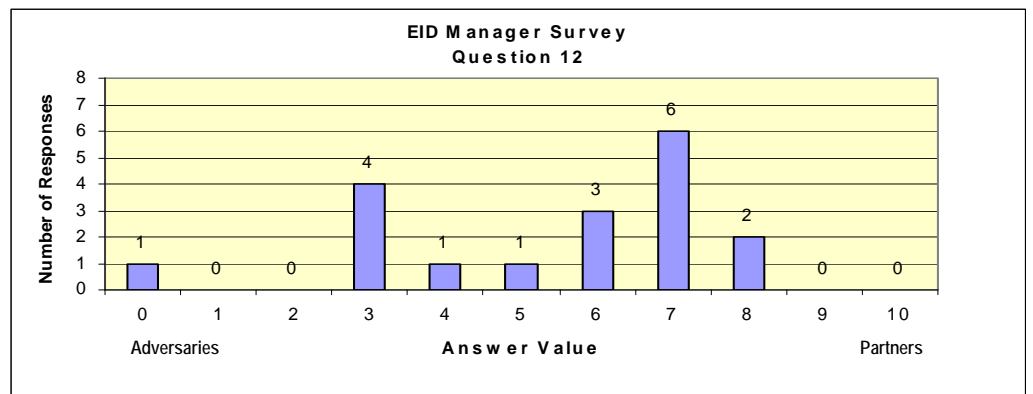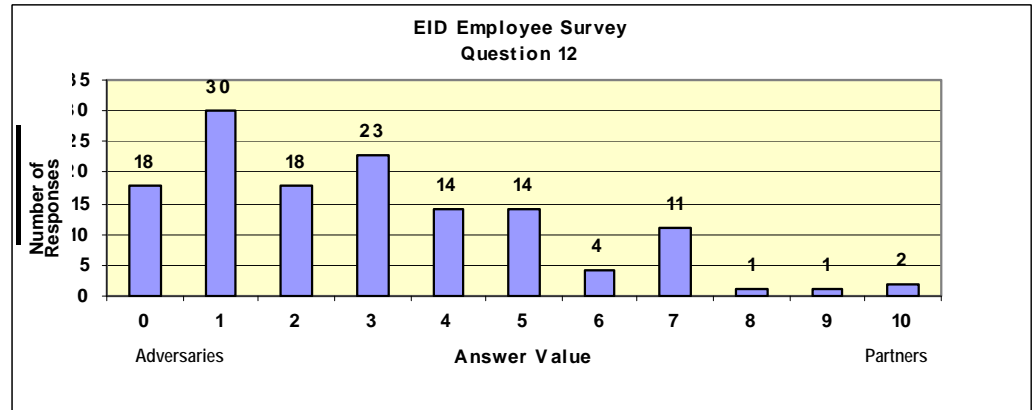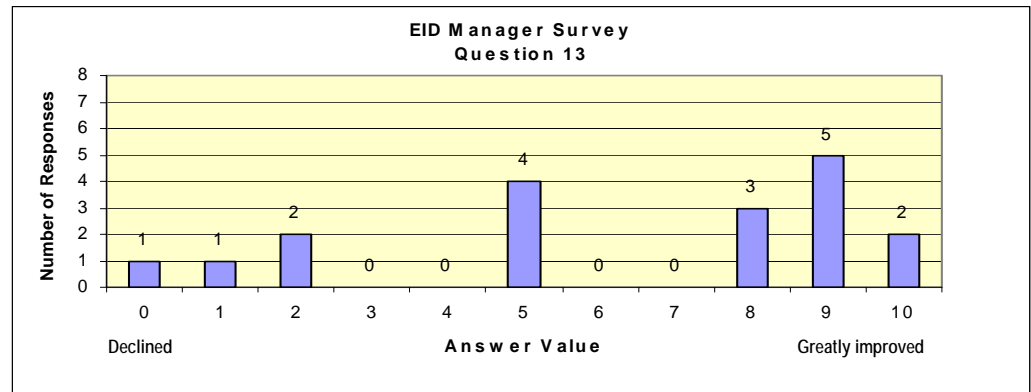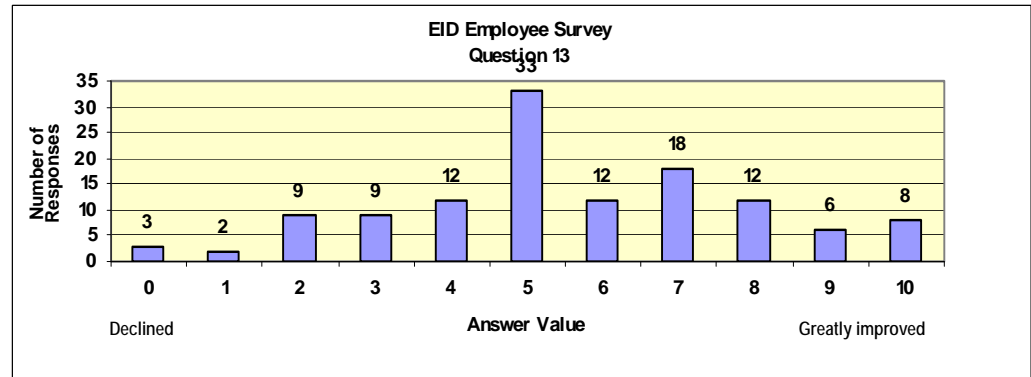
Organizational Survey Results

13. Has the District's Legal Department services improved over the past several years?

	Employees	Management
Median	5	8
Average	4.9	6.3
% High Scores	35%	**56%**
% Medium Scores	46%	22%
% Low Scores	19%	22%

Legend

High Scores = 7 - 10
Med Scores = 4 - 6
Low Scores = 0 - 3

EID Employee Survey Question 13

EID Manager Survey Question 13

Organizational Survey Results

14. Are District operations cost-effective?

	Employees	Management
Median	4	6
Average	3.8	5.7
% High Scores	18%	50%
% Medium Scores	37%	39%
% Low Scores	45%	11%

Legend
High Scores = 7 - 10
Med Scores = 4 - 6
Low Scores = 0 - 3

EID Employee Survey
Question 14

Number of Responses vs Answer Value

13, 7, 19, 20, 16, 21, 12, 11, 10, 2, 1

Wasteful — Highly cost effective

EID Manager Survey
Question 14

Number of Responses vs Answer Value

1, 1, 0, 0, 1, 4, 2, 7, 2, 0, 0

Wasteful — Highly cost effective
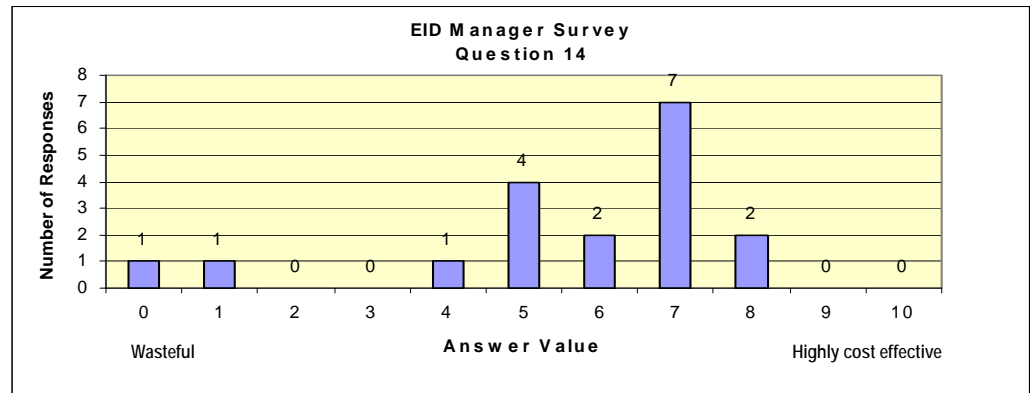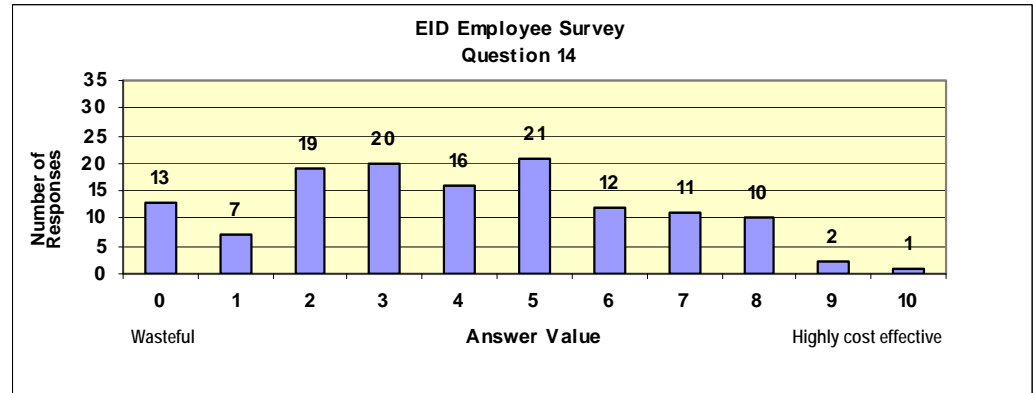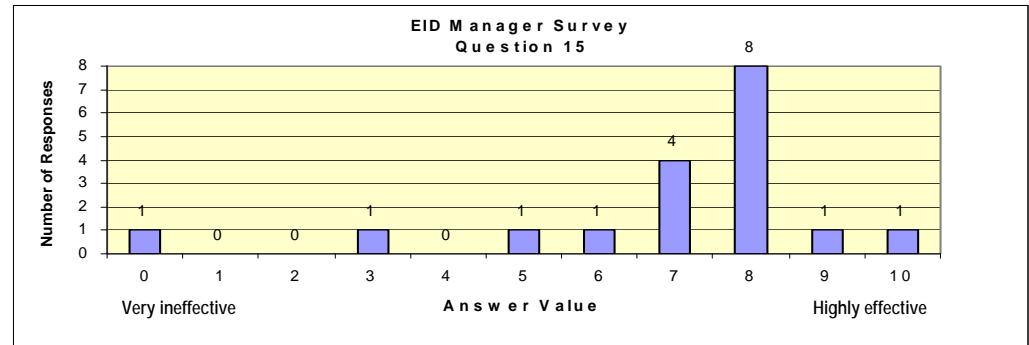
Organizational Survey Results

15. Is the District's Management Team effective in oversight of day-to-day operations?

	Employees	Management
Median	4	8
Average	3.6	6.9
% High Scores	14%	78%
% Medium Scores	38%	11%
% Low Scores	49%	11%

Legend

High Scores = 7 - 10

Med Scores = 4 - 6

Low Scores = 0 - 3

EID Employee Survey Question 15

EID Manager Survey Question 15
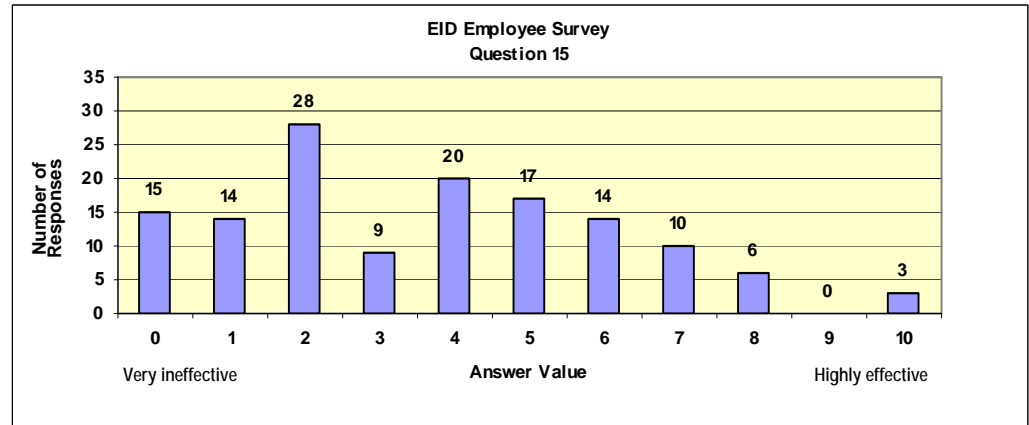
Organizational Survey Results

16. Is the District's Management Team available and approachable?

	Employees	Management
Median	3	7
Average	3.8	6.4
% High Scores	20%	65%
% Medium Scores	30%	29%
% Low Scores	50%	6%

Legend
High Scores = 7 - 10
Med Scores = 4 - 6
Low Scores = 0 - 3

EID Employee Survey
Question 16

EID Manager Survey
Question 16
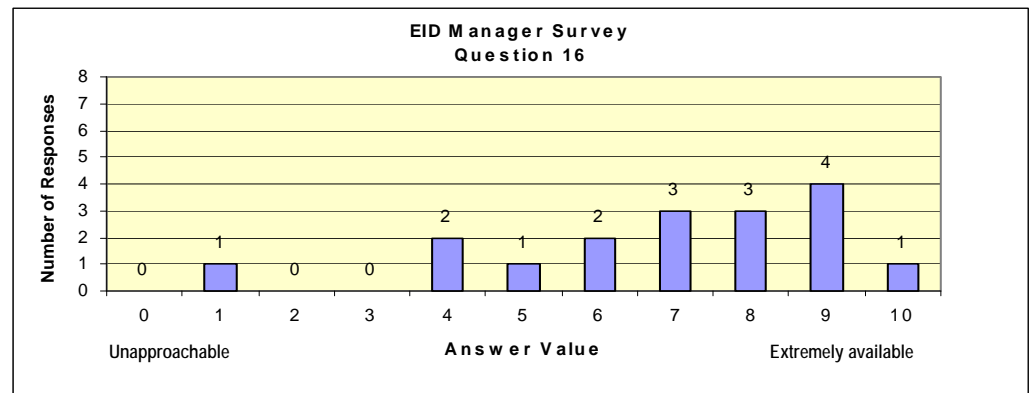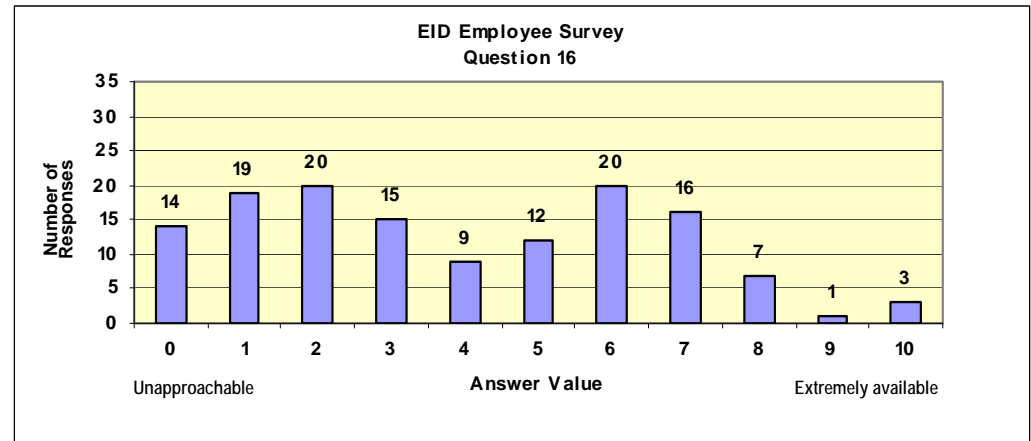
Organizational Survey Results

17. Are you properly trained to effectively perform your job duties?

	Employees	Management
Median	7	9
Average	6.6	8.0
% High Scores	62%	83%
% Medium Scores	22%	11%
% Low Scores	16%	6%

Legend

High Scores = 7 - 10

Med Scores = 4 - 6

Low Scores = 0 - 3

EID Employee Survey Question 17

EID Manager Survey Question 17
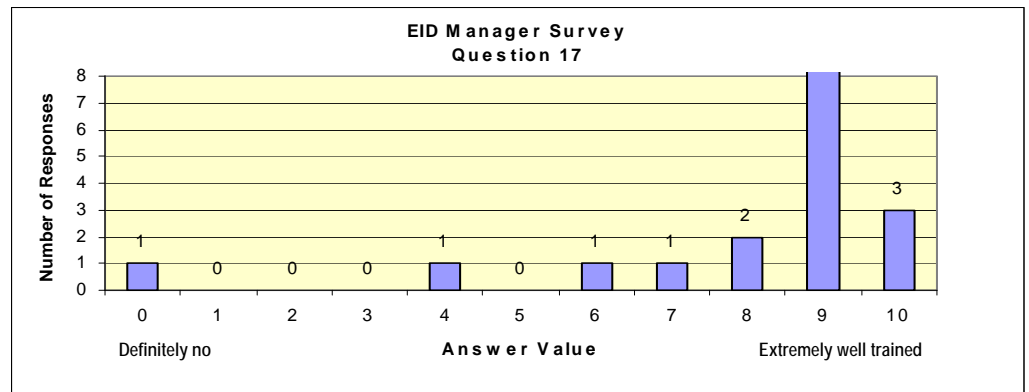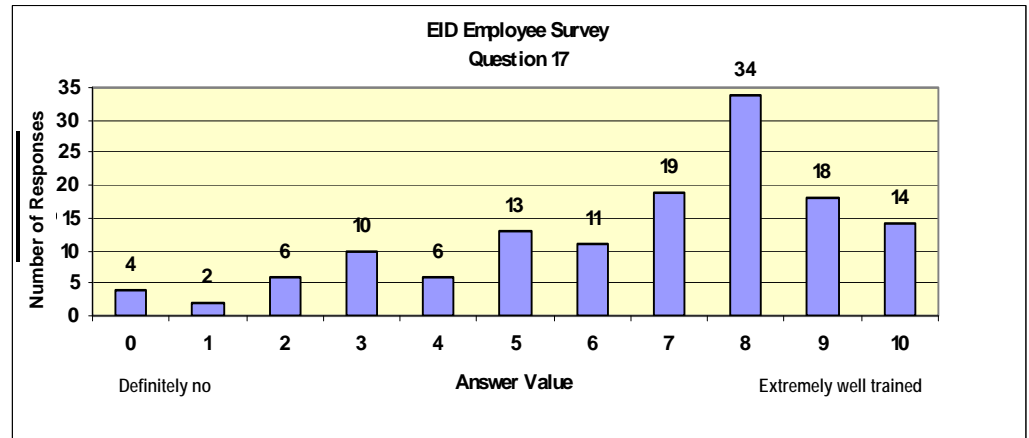
Organizational Survey Results

18. Is there a high degree of teamwork within the District?

	Employees	Management
Median	6	8
Average	5.5	6.7
% High Scores	38%	71%
% Medium Scores	37%	18%
% Low Scores	25%	12%

Legend

High Scores = 7 - 10

Med Scores = 4 - 6

Low Scores = 0 - 3

EID Employee Survey Question 18

Number of Responses

Answer Value	Responses
0	5
1	8
2	9
3	12
4	9
5	23
6	19
7	22
8	12
9	9
10	9

No teamwork — Answer Value — High degree of teamwork

EID Manager Survey Question 18

Number of Responses

Answer Value	Responses
0	0
1	1
2	0
3	1
4	0
5	1
6	2
7	3
8	3
9	5
10	1

No teamwork — Answer Value — High degree of teamwork

Westin

30
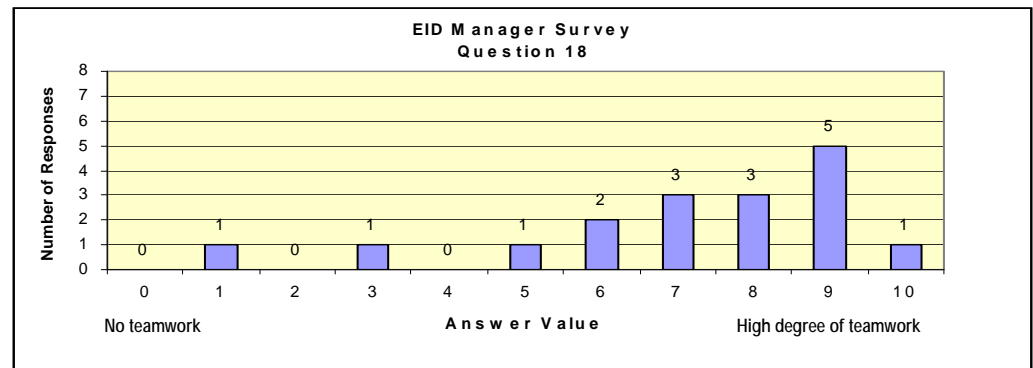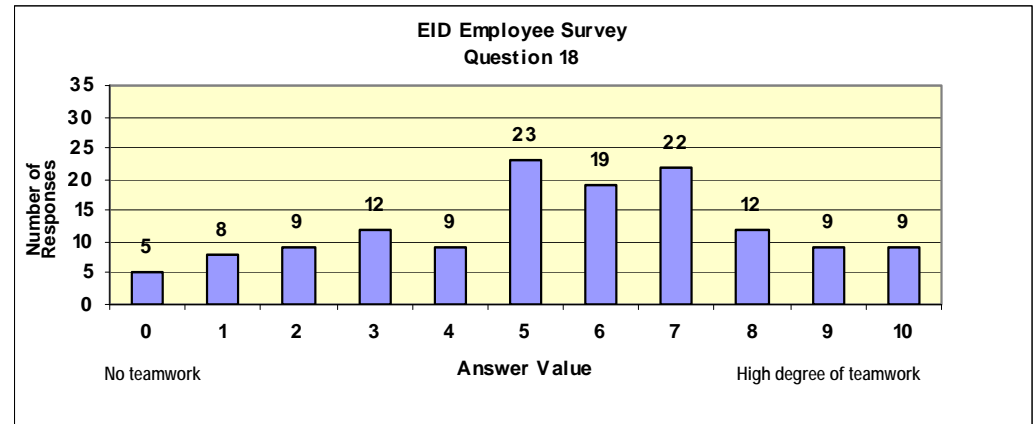
Organizational Survey Results

19. Do you believe that you will still be a District employee in 3 years?

	Employees	Management
Median	8	9
Average	7.0	7.6
% High Scores	64%	72%
% Medium Scores	21%	17%
% Low Scores	15%	11%

Legend
High Scores = 7 - 10
Med Scores = 4 - 6
Low Scores = 0 - 3

EID Employee Survey Question 19

Number of Responses by Answer Value:
- 0 (Definitely no): 7
- 1: 3
- 2: 6
- 3: 4
- 4: 7
- 5: 18
- 6: 3
- 7: 12
- 8: 13
- 9: 13
- 10 (Definitely yes): 35

EID Manager Survey Question 19

Number of Responses by Answer Value:
- 0 (Definitely no): 2
- 1: 0
- 2: 0
- 3: 0
- 4: 0
- 5: 2
- 6: 1
- 7: 1
- 8: 2
- 9: 3
- 10 (Definitely yes): 7
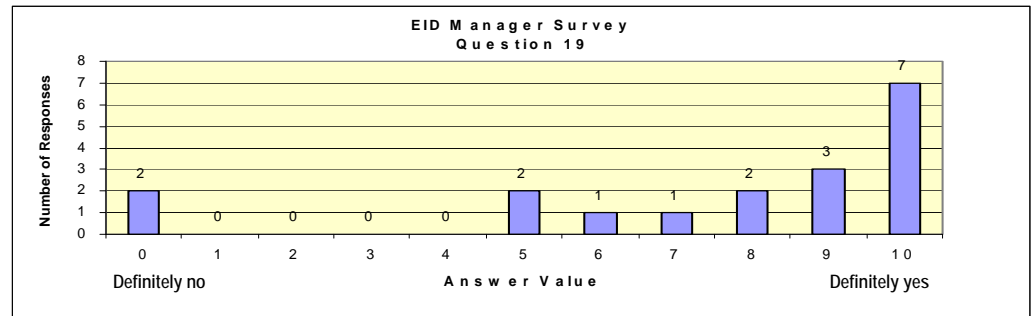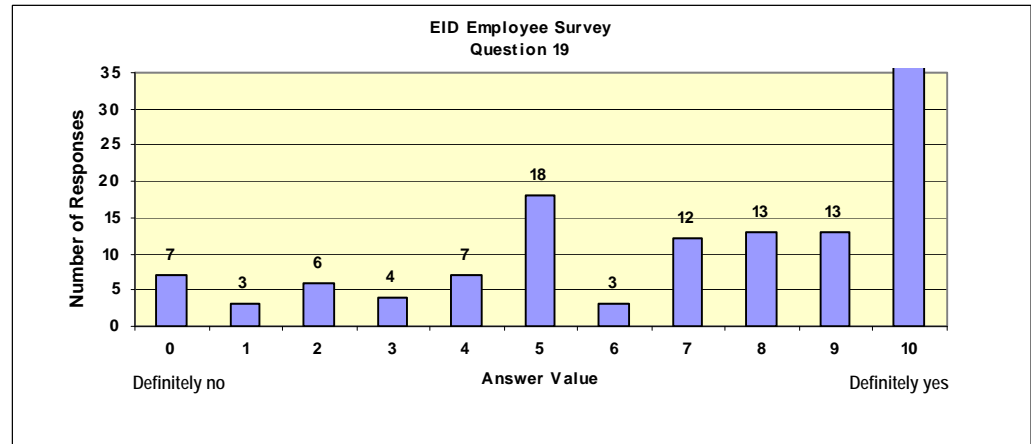
Organizational Survey Results

20. Are the District's strategic goals being achieved?

	Management
Median	**5**
Average	**4.4**
% High Scores	**28%**
% Medium Scores	**28%**
% Low Scores	**44%**

EID Manager Survey
Question 20

Number of Responses: 2, 1, 3, 2, 0, 3, 2, 1, 3, 1, 0 (Answer Values 0–10)

None being achieved — Answer Value — All being achieved
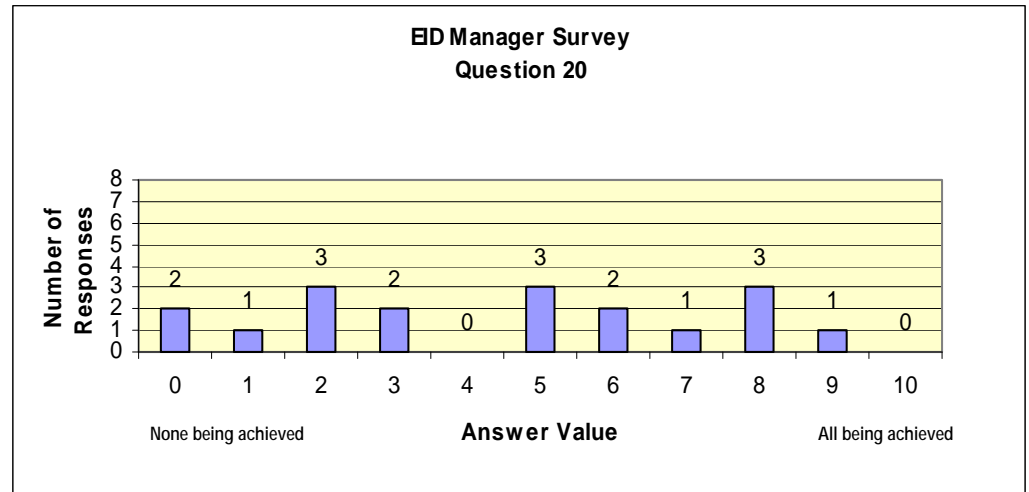
Legend
High Scores = 7 - 10
Med Scores = 4 - 6
Low Scores = 0 - 3

Organizational Survey Results

21. Is there a strong level of trust among Senior Management Team members?

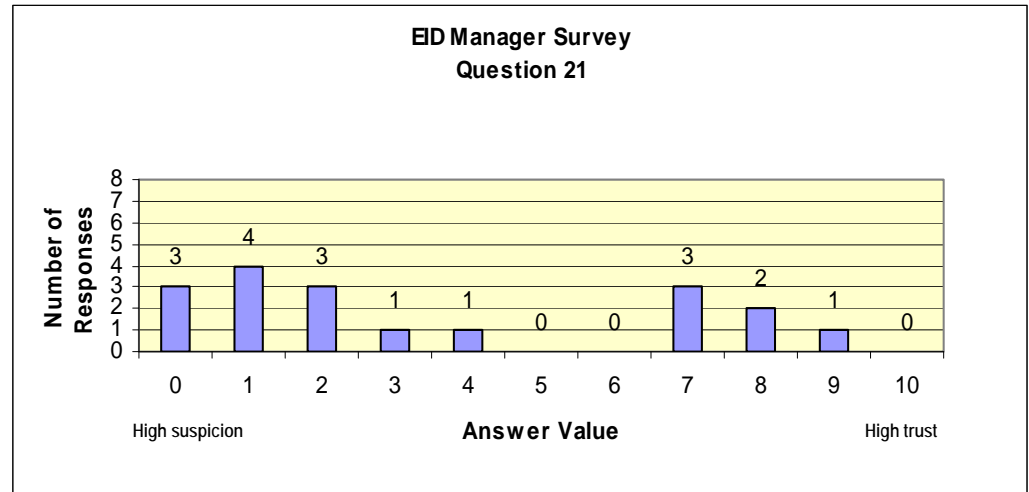|	Management
Median	2
Average	3.5
% High Scores	33%
% Medium Scores	6%
% Low Scores	61%

EID Manager Survey
Question 21

Legend
High Scores = 7 - 10
Med Scores = 4 - 6
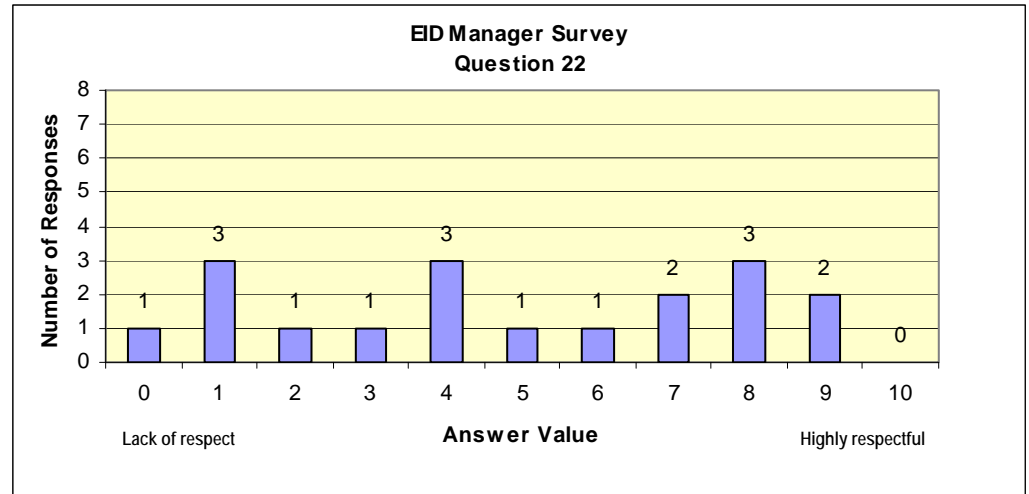Low Scores = 0 - 3

Organizational Survey Results

22. Is there a high degree of respect among team members?

	Management
Median	**4**
Average	**4.8**
% High Scores	**39%**
% Medium Scores	**28%**
% Low Scores	**33%**

EID Manager Survey
Question 22

Legend
High Scores = 7 - 10
Med Scores = 4 - 6
Low Scores = 0 - 3

Organizational Survey Results

23. Is conflict adequately resolved?

	Management
Median	4
Average	4.1
% High Scores	22%
% Medium Scores	33%
% Low Scores	44%

EID Manager Survey
Question 23

Chart: Number of Responses vs. Answer Value

- 0: 1
- 1: 2
- 2: 4
- 3: 1
- 4: 2
- 5: 1
- 6: 3
- 7: 2
- 8: 2
- 9: 0
- 10: 0

Denial, avoidance suppression, or deflection

Acceptance and open "working through" of conflicts

Legend
High Scores = 7 - 10
Med Scores = 4 - 6
Low Scores = 0 - 3

Westin
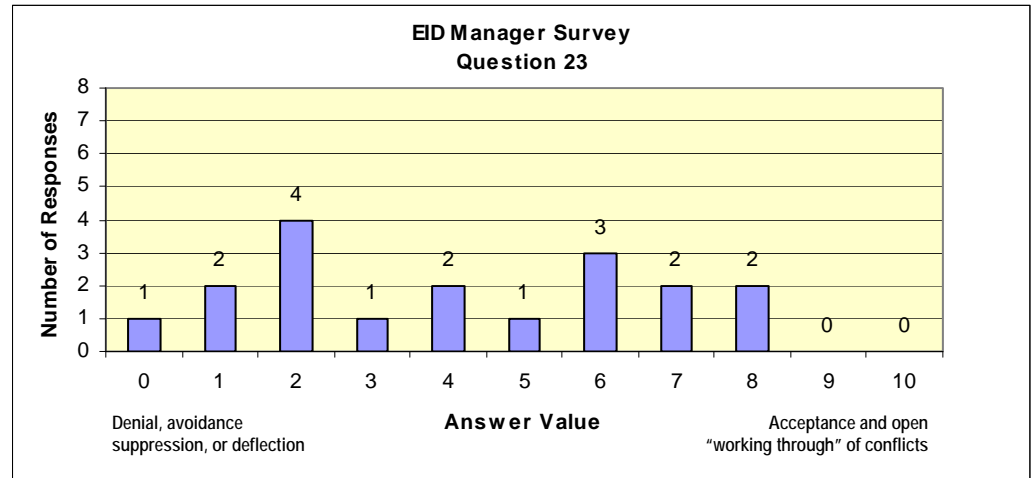
Organizational Survey Results

24. Is the District's management team motivated and enthusiastic?

	Management
Median	7
Average	5.8
% High Scores	56%
% Medium Scores	28%
% Low Scores	17%

**ED Manager Survey
Question 24**

Number of Responses vs Answer Value

Answer Value	0	1	2	3	4	5	6	7	8	9	10
Number of Responses	1	0	0	2	3	1	1	5	4	1	0

Poorly motivated / Highly motivated and extremely enthusiastic
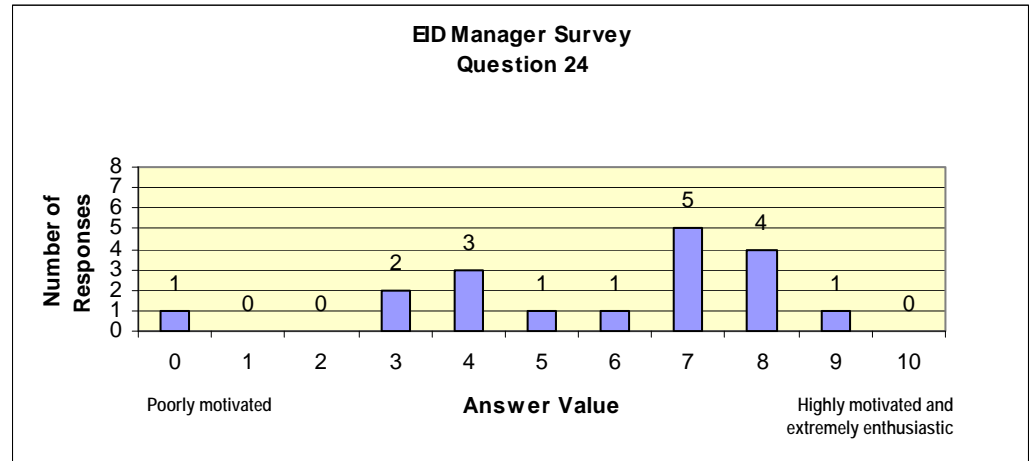
Legend
High Scores = 7 - 10
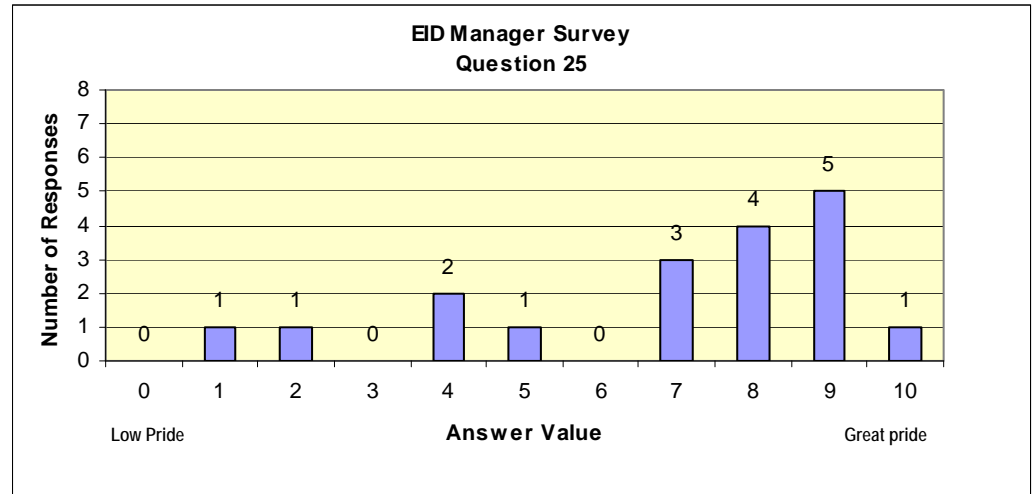Med Scores = 4 - 6
Low Scores = 0 - 3

Organizational Survey Results

25. Does the management team possess a high level of District pride?

	Management
Median	8
Average	6.9
% High Scores	72%
% Medium Scores	17%
% Low Scores	11%

EID Manager Survey Question 25

Legend
High Scores = 7 - 10
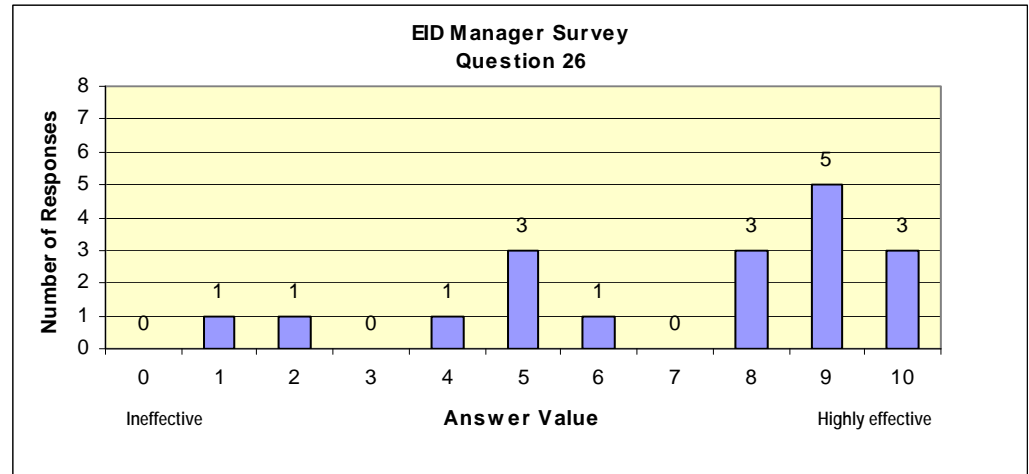Med Scores = 4 - 6
Low Scores = 0 - 3

Organizational Survey Results

26. Is the District's Legal Department effective?

	Management
Median	8
Average	7.1
% High Scores	61%
% Medium Scores	28%
% Low Scores	11%

EID Manager Survey
Question 26

Legend
High Scores = 7 - 10
Med Scores = 4 - 6
Low Scores = 0 - 3

Westin

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Organizational Survey Results

27. Are the District's business processes efficient?

	Management
Median	**5**
Average	**4.3**
% High Scores	**24%**
% Medium Scores	**47%**
% Low Scores	**29%**
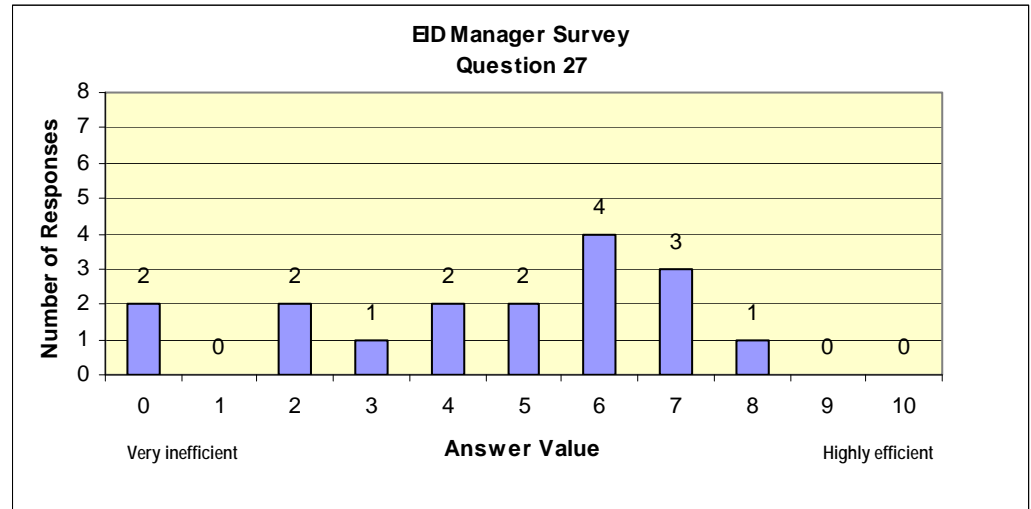
Legend
High Scores = 7 - 10
Med Scores = 4 - 6
Low Scores = 0 - 3

Organizational Survey Results

Areas of Perceived Strength

Employees

1. Still Will Be at EID in 3 years
2. Properly Trained
3. Clear Job Duties and Responsibilities
4. Improved Board of Directors
5. Effective Board of Directors
6. Fair Compensation

Management

1. Properly Trained
2. Effective Management Oversight
   Employees have District Pride
4. Clear Job Duties and Responsibilities
   Still Will Be at EID in 3 years
   Management Team has District Pride

Areas for Perceived Improvement

Employees

1. Organizational Structure
2. Management/Employee Partnership
3. Handling Mistakes
4. Management Decisions
5. Handling Problems

Management

1. Level of Trust
2. Handling Mistakes
   Strategic Goals Understood
4. Strategic Goals Being Achieved

   Conflicts Resolved

Westin

Organizational Assessment

Westin conducted an assessment of the District's organizational structure and the changes that took place over the past several years. We compared the District from 2000 to January 2008.

El Dorado Irrigation District Organization – 2000 As-Is
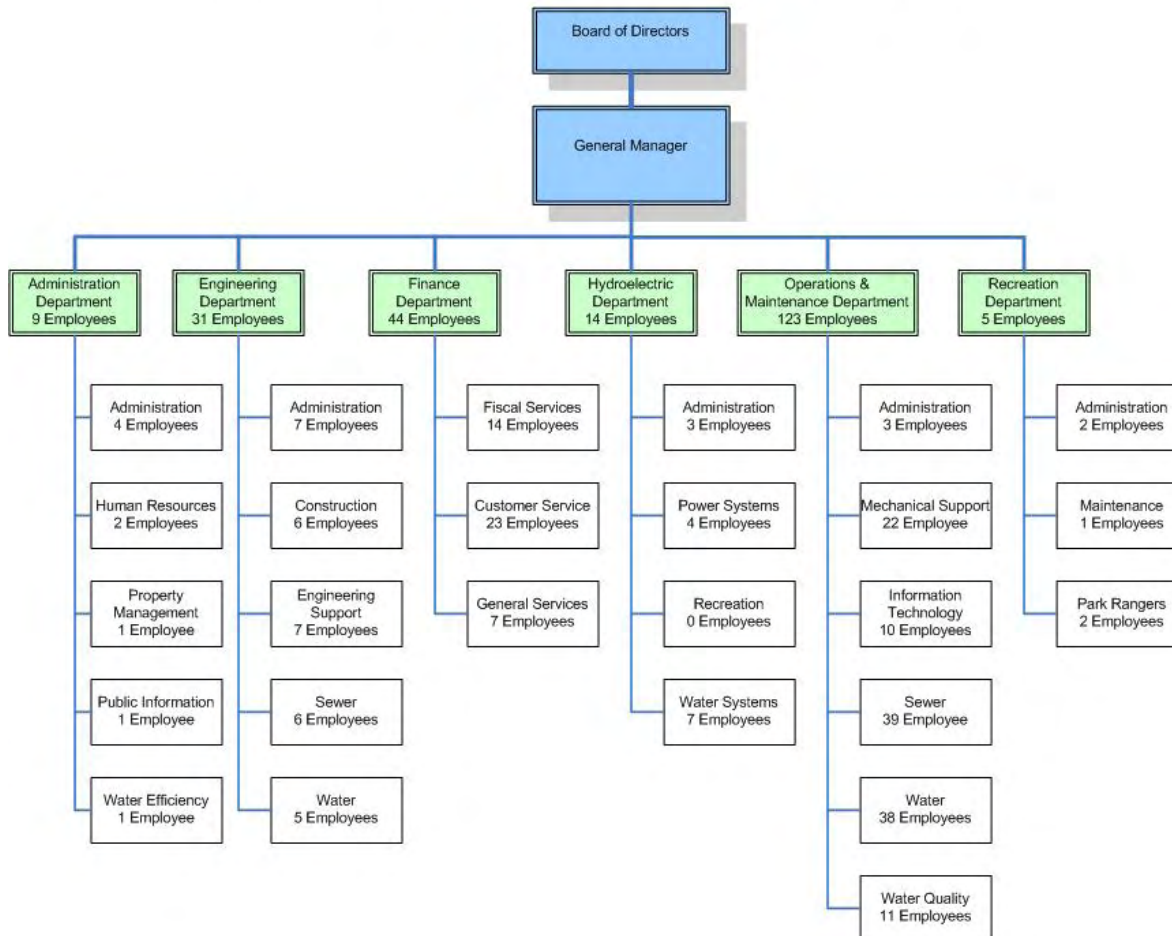
Organizational Assessment

Several organizational changes took place between 2000 and January 2002 as shown below in the organizational chart.

El Dorado Irrigation District Organization – 2002
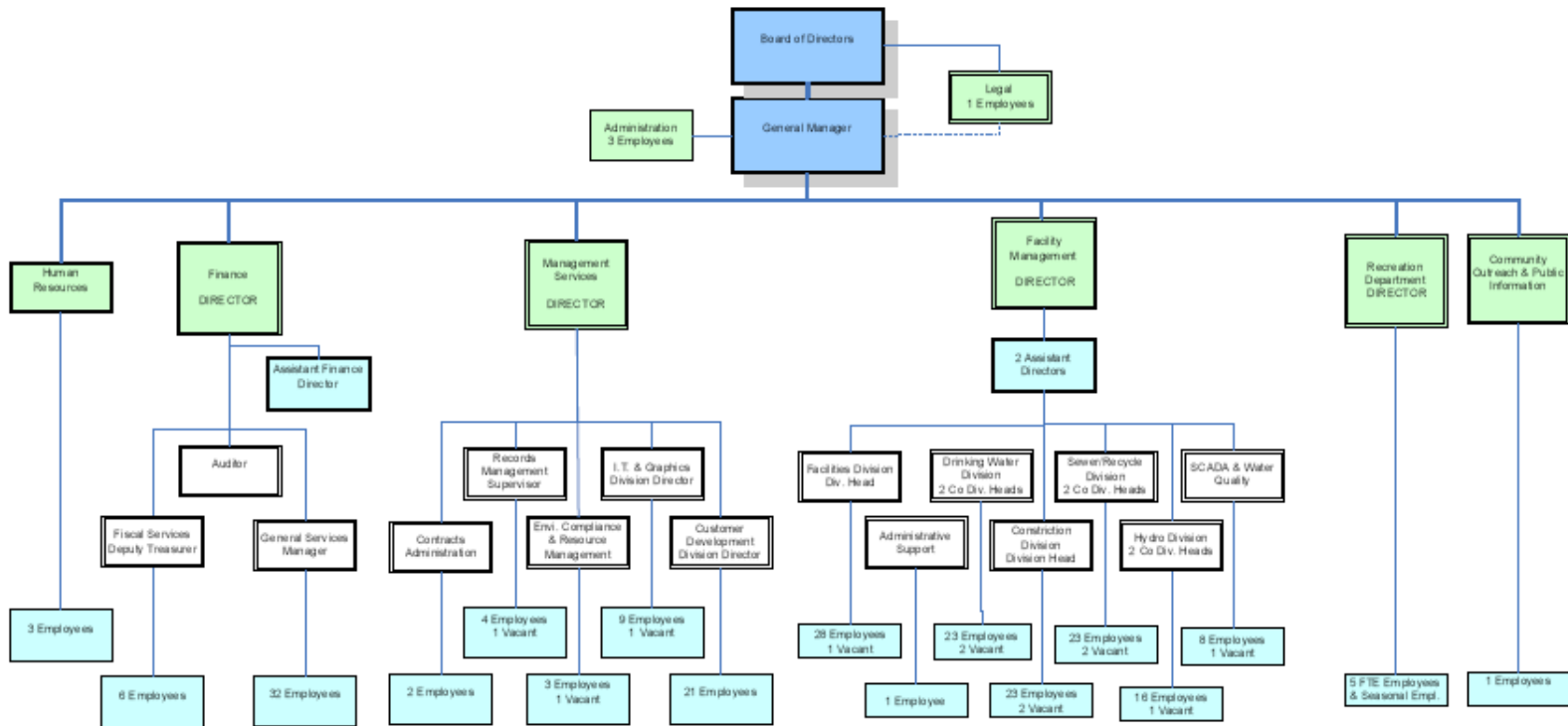
Organizational Assessment

El Dorado Irrigation District Organization - January 2008
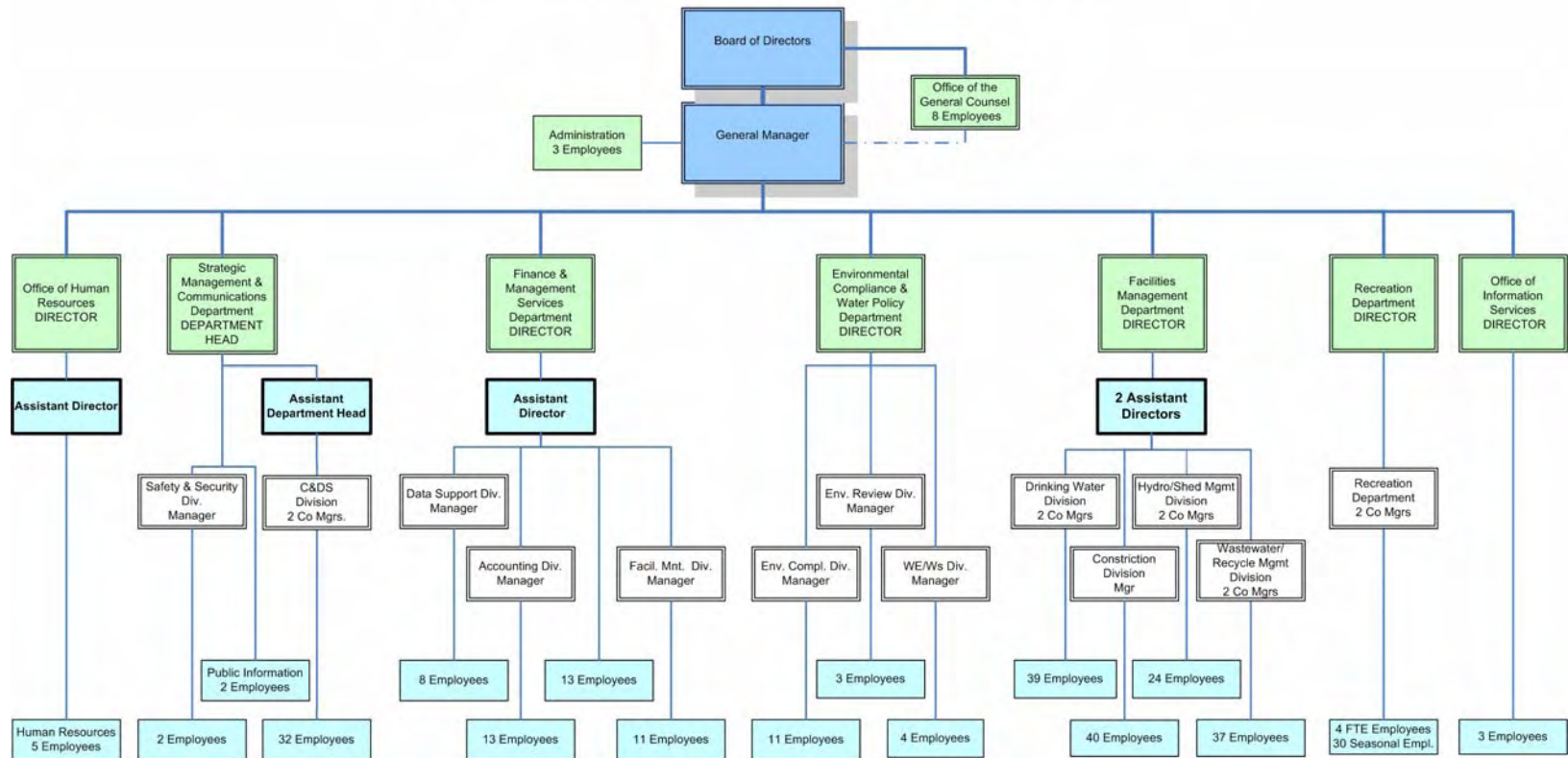
From 2000 to January 2008, several major common business functions within the District have been distributed among the Departments and Divisions, thus hampering effective and efficient work practices. The resulting average span of control is significantly unbalanced.

Organizational Assessment

Management and Employee Growth:

Position	2000	January 2008	% Change
General Manager	1	1	0%
Director	3	6	100%
Senior Management Subtotal	4	7	75%
Assistant Director	0	5	***
Managers	7	10	43%
Co-Managers	0	10	***
Superintendants	5	1	-80%
Supervisors	8	16	100%
Mid-Management Subtotal	20	42	110%
Total District Management	24	49	104%
Hands-on Staff	147	148	1%
Support Staff	56	104	86%
Total Staff	227	301	33%
Total Customers	30,549	37,677	23%

- The District's total staff have grown from 227 to 301 (33%) over the past 7 years.

- The Senior Management Team has grown from 4 to 7 (75%) over the past 7 years.

- The Mid-Management Team has grown from 20 to 42 (110%) over the past 7 years.

- The total Management Team has grown from 24 to 49 (104%) over the past 7 years.

- The District's customers have grown from 30,549 to 37,677 (23%) over the past 7 years.

- The ratio of staff to management between 2000 and 2007 declined from 1:9 to 1:5.

- The District's "Hands-on Staff" have only grown by 1% over the past 7 years.

- "Hands-on Staff" includes employees that physically process water, wastewater or reclaimed water or work on the system infrastructure. It includes water, wastewater and reclaimed water operations, maintenance and construction, plus the lab, SCADA, I&C and meter services personnel.

"Hands-on Staff" purposely does not include office personnel such as HR, engineering, accounting, customer service, Hansen, utility billing, purchasing, safety and security, PIO, GIS, drafting, environmental review, or water conservation. It also does not include fleet mechanics, recreation or hydro/watershed management personnel.

Westin

Organizational Assessment

District New Hires:

Year	Avg. Population	New Hires	% New Hires	Cumulative New Hires
2003	232	47	20.3%	47
2004	272	48	17.6%	95
2005	286	46	16.1%	141
2006	296	31	10.5%	172
2007	301	28	9.3%	200

- The average population of employees has grown significantly over the past 5 years from a total of 232 employees in 2003 to a total of 301 employees in 2007.

- The percentage of new hires as compared to average population has significantly decreased over the past 5 years from over 20% in 2003 to under 10% in 2007.

- During the past 5 years, the District has hired 200 new employees.

Organizational Assessment

District Separations and Terminations:

Year	Avg. Population	Separations	Terminations	Total	Turnover Rate
2003	232	9	15	26	10.4%
2004	272	6	8	14	5.1%
2005	286	26	13	39	13.7%
2006	286	24	10	34	11.5%
2007	301	18	7	25	8.3%
Total	301	83	53	138	46%

- Approximately 46% of the staff have left the District over the past 5 years.
- The number of separations have significantly increased from 2003.
- The number of terminations (including Probation Periods) for the past five years total 53 employees.
- The historical turnover rate for the past five years is greater than 9% annually.

Organizational Assessment

Eligible District Retirements:

Department	Eligible	Year
Directors and Assistant Directors	78%	2012
Office of the GM	35%	2012
Finance and Management Services	36%	2012
Environmental Compliance and Water Policy	12%	2012
SMAC	36%	2012
FM Division Managers	29%	2012
Hydro	30%	2012
Wastewater/Recycled Water	31%	2012
Water	24%	2012
Construction	19%	2012
Recreation	43%	2012

Year	Eligible Employees	Percentage
2008	46	14.6%
2009	61	19.4%
2010	73	23.2%
2011	86	27.3%
2012	91	31.4%

- **Over 30% of the District's workforce is eligible for retirement by the year 2012.**
- **Approximately 80% of the District's Senior Management Team is eligible for retirement within the next 5 years.**
- **Several Departments may face significant retirements (> 30%) over the next 5 years.**

"Eligible for Retirement" is defined in this assessment as those employees age 55 or greater plus five (5) or more years of District service.

Westin

Organizational Assessment

Administrative Leave:

Year	Number of People	Labor $	% of Labor Expenditures
2005	14	$66,657	0.4%
2006	15	$138,309	0.8%
2007	17	$185,976	1.0%
Total	46	$390,942	0.8%

- The District's use of Administrative Leave has significantly increased over the past three years in cost of labor from approximately $66K in 2005 to approximately $186K in 2007.
- Use of Administrative Leave has cost the District a total of $391K over the past three years in paid salary.
- Approximately 5% of the District's workforce has been placed on Administrative Leave in each of the prior three years.
- Use of Administrative Leave for the prior three years added up to a total of 46 employees or as much as 15% of the District's workforce.

Organizational Assessment

Overtime:

Department	2005 Actual	2006 Actual	2007 Actual	2007 Budget	2007 % Expended	2007 % Labor
Office of GM	$32,331	$36,775	$14,370	$15,600	92%	0.8%
Strategic Management and Communications	$165,324	$40,816	$55,133	$47,625	116%	2.6%
Finance	$41,363	$48,369	$92,402	$43,171	214%	3.0%
Environmental Compliance	$17,189	$56,903	$65,526	$40,172	163%	4.7%
Facilities Management	$642,525	$769,148	$838,852	$318,823	263%	9.5%
Recreation	$10,319	$9,606	$11,725	$0	-	1.5%
Total	$909,051	$961,617	$1,078,008	$465,391	232%	6.0%

- The District's overtime costs have steadily increased over the past three years by over 9%.
- The District's actual overtime far exceeds the total budgeted overtime for each of the prior three years. The results for 2007 exceeded the overtime budget by 232%.
- The Facilities Management Department is the largest user of overtime at approximately 7 - 10 full-time equivalent (FTE) employee positions. Finance is the second largest user of overtime.
- Note - This analysis does not include the Administrative Leave costs for all management level personnel, each with an additional 40 – 80 paid hours per year.

Westin

Organizational Assessment

Sick Leave:

Year	Number of Hours	Labor Salaries	% of Total Labor Salaries	Avg. # of Days
2005	15,518	$424,878	2.7%	6.76
2006	16,892	$485,878	2.9%	7.38
2007	16,391	$486,968	2.7%	6.90

- The District's use of Sick Leave for the past three years average approximately 2.8% of the District's total labor salaries.
- The District's use of Sick Leave for the past three years averages a total of 7.01 days of sick leave taken per employee per year.
- The industry average for Sick Leave is approximately 5 days of sick leave taken per employee per year. The industry average for Sick Leave fluctuates by the type of utility surveyed, the total number of utility employees, and the year surveyed.

Assessment Findings

Office of General Counsel:

| Year	Legal Operating Expenditures	% of Operating Expenditures
2001	$1,068,495	4.1%
2002	$1,110,845	4.1%
2003	$743,579	2.6%
2004	$607,130	1.8%
2005	$554,752	1.5%
2006	$611,120	1.5%
2007	$573,450	1.4%

- In October 2002, the District began employing in-house legal services in order to reduce costs and improve its legal services.

- The Legal Department has significantly grown with the addition of an Assistant General Counsel, the shifting of Contract Management Personnel from Administrative Services, and the transfer of Real Property Services/Right-of-Way Agent and a Property Specialist, along with a shared Administrative Assistant.

- The District's General Counsel's operating expenses (excluding legal expenditures for capital projects) have been significantly reduced from 2001 at approximately $1.1M to $573K in 2007.

- 56% of the Senior Management Team surveyed responded positively that the Legal Department has improved over the past several years.

- 61% of the Senior Management Team surveyed responded positively that the Legal Department is effective.

Assessment Findings

CIP Budgeting and Spending

Year	Budget ($M)	Expenditures ($M)	% of Budget
2001	$50.8	$22.2	44%
2002	$52.8	$25.1	48%
2003	$81.2	$31.1	38%
2004	$68.2	$38.0	56%
2005	$89.7	$41.2	46%
2006	$114.6	$50.6	44%
2007	$58.4	$46.8	80%
Total	$515.7	$255.0	49%

- The historical CIP expenditures are significantly below planned CIP budget (as low as 38% of budget).

- Less than 50% of the dollar value of the planned CIP work has been executed from 2001 to 2007.

- The capacity of executing the CIP budget has steadily grown from $22.2M in 2001 to approximately $50M in 2006 and 2007.

- Best practices require that CIP expenditures to CIP budget are greater than 80% each year.
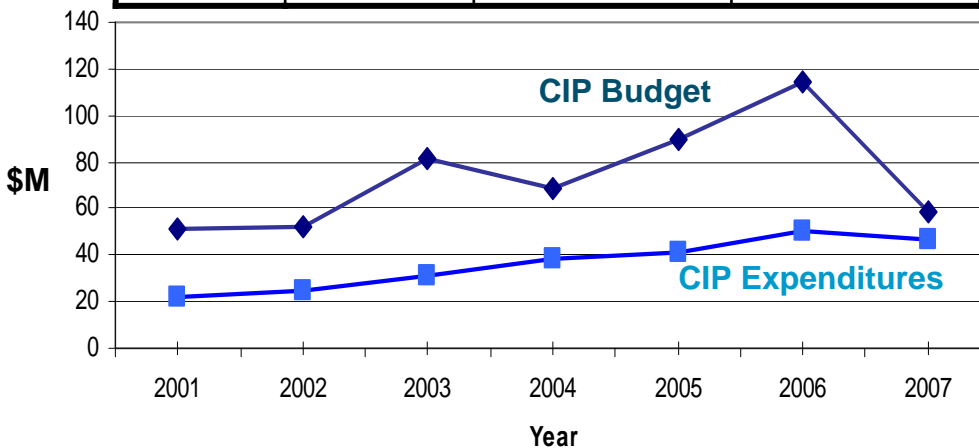
Assessment Findings
1. Strategic Planning

Best Practice:	Current Performance:
• Written three to five-year Strategic Plan document defining the agency's vision, values, strategies, goals and objectives for enterprise-wide improvement. • Strategies are aligned with the Balanced Scorecard methodology from multiple perspectives. • Effective communication of the Strategic Plan to all key stakeholder groups, including the Board of Directors, the management team, and to all employees. • Plan is available on-line for ease of communication to all rate payers and other key stakeholder groups.	• The District has a defined Mission Statement. • No formal Strategic Plan or strategic planning process as part of the annual budget/financial cycle. • Legal Department and SMAC have created departmental strategies. • No formally adopted District-wide Vision Statement. • No formally adopted set of stated District Values.

Initial Recommendations:

- Develop a Three-Year Strategic Plan consisting of defined strategies for improvement based upon the Balanced Scorecard methodology for public sector entities.
- Develop a District-wide Strategy Map for ease of communication to the various stakeholder groups.
- Include a formal Vision Statement defining where the District wishes to be in the future.
- Include a set of balanced strategies, goals and objectives that will achieve the District's mission and vision.
- Include a series of formal value statements for management and staff to adhere to.
- Broadly communicate the Strategic Plan to all key stakeholder groups.

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Assessment Findings
2. Organizational Structure

Best Practice:	Current Performance:
• Employ a flexible, efficient, flat organization with effective spans of control. • Establish clear accountability and lines of authority for effective and efficient decision making. • Concentrate similar functions. • Align core functional areas for effective supervision, efficient work flow, efficient use of staff, cross training, and personal development.	• Extensive organizational changes occurred over the past 5 years. • The General Manager has 8 current direct reports. • Work functions are inappropriately distributed among Departments. • The span of control varies greatly between Departments, management levels, and between engineering and operations. • Information technology (IT) personnel are scattered throughout the organization (GIS, Hansen CMMS, Great Plains, SCADA, Help Desk). • Engineering expertise is split across two Departments and divided among three Divisions within Facilities Management. • SMAC has a collection of disparate services including PIO, Safety and Security, Construction Inspection, GIS, Drafting, Meter Services, USA Locate, Residential/Commercial Development and Customer Services. • Finance Department includes Hansen support and a Fleet Maintenance Division with mechanics, painter, welders, and hazardous materials. • Environmental Compliance and Water Policy Department includes the Lab Section. • Facilities Management is organized by services. Core skill sets are split among Divisions. No one individual is responsible for overseeing District-wide engineering, maintenance or asset management.

Initial Recommendations:

• Re-align major core functional areas within Departments such as engineering, maintenance, construction, instrumentation and control and information technology.
• Flatten the organizational hierarchy to reduce management-to-staff ratios where appropriate.
• Eliminate one-to-one reporting hierarchies and level the span of control among managers.
• Re-align the Lab, Hansen, SCADA, Meter Services, Customer Services, GIS, and Fleet Maintenance into the appropriate Departments.

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Assessment Findings
3. Organizational Culture

Best Practice:	Current Performance:
• High degree of emphasis and alignment with mission, vision and quality of services. • Highly adaptive and open to changing conditions. • Team culture focused on delivering expected results. • Effective coordination and information sharing across Departments. • Employees are motivated and dedicated to the success of the whole enterprise. • Manager and employee relations are harmonious. • Employees have a strong sense of ownership and personal pride in the organization. • Conflict and differences are well managed. • Creative and inspiring atmosphere with high value on professionalism and achievement.	• High sense of overall District pride among both management and staff personnel • Apparent distrust among the District's management team. • Lack of an effective partnership between management and represented employees. • Employees are apparently concerned about repercussions for making inadvertent mistakes. • Perception that the District's management team is not generally available and approachable. • Many employees surveyed feel they are under-motivated. • Limited cross-functional teams exist within the District. • General feeling among staff that administrative policies have been inconsistently applied across Departments. • Departments have been free to interpret administrative policies. • No formal written policy for on-call personnel.

Initial Recommendations:

• Need to develop and effectively communicate new strategies for increased employee/management relations in order to instill a sense of collaboration and teamwork within the Senior Management team and across the District.
• Employ strategic planning workshops with active staff participation.
• Create Continuous Improvement Teams (CIT) for the development of cross-functional teams to solve District-wide issues.
• Ensure that all administrative policies are fairly employed and the results of administrative decisions are adequately communicated.
• Improve the quality of management and staff communications by increasing the frequency of face-to-face communication by the employee's direct supervisor.

Assessment Findings
4. Resource Management

Best Practice:	Current Performance:
• Effective assignment and management of labor resources across a wide range of operations and maintenance activities. • Consistent application of management policies across the organization. • Consistent measure of performance within all job classifications. • Consistent and effective performance review process across organization. • Ability to financially reward top performers in each job classification. • Effectively use training to correct unintended behaviors. • Ability to correctly discipline intentional bad behaviors.	• The Administrative Regulations were adopted in 2006 to synthesize prior policies, rules and practices. • The Employee Handbook is still in draft format. • A large percentage of employees are at the top of their pay scale. • A total of 46 employees were placed on Administrative Leave during the past 3 years. • A total of 53 employees were terminated over the past 5 years, including those that did not pass the probationary period. • There is an apparent lack of a formal review process in determining retention of employees at the conclusion of the probationary period. • Staff work different schedules (5-8's, 4-10s, 24 hour shifts). • Apparent history of late performance reviews past the employee's anniversary date.

Initial Recommendations:

- Establish a competitive District vision to promote growth and continuity within the District.
- Establish a formal leadership training program and a formal training program for new managers and supervisors.
- Enhance the District's Performance Review process, management reviews, and signature cycles.
- Formalize staff position job descriptions to identify qualifications, responsibility, accountability and annual review criteria. Each position should have clearly defined 'key performance results', measures and expectations.
- There should be a formal review of probationary performance.
- Eliminate the 24-hour shifts.

Assessment Findings
5. Knowledge Management

Best Practice:	Current Performance:
• Capture and share business and operational knowledge to support a continual learning process. • Establish a formal enterprise-wide succession plan. • Establish a clearly identified career path for all job classifications. • Ensure the effective and efficient development of new knowledge. • Ensure that knowledge is effectively secured so that it can be easily accessible to the entire organization. • Keep the body of knowledge up to date.	• 31% of the workforce will be eligible for retirement by 2012. • BP 3070 incorporates by reference the State of California Local Government Records Retention Program, which was adopted by the Board of Directors on January 6, 2003. • The District does not have a formal enterprise-wide document management program. • There has been discussions and presentations for development of a formal Succession Plan, but no such plan exists. • A formal Career Development Plan for a majority of employees is not defined.

Initial Recommendations:

- Identify and implement near-term succession plan for each Department.
- Formulate a strategic policy for the development and application of knowledge.
- Implement an Electronic Document Management System with integrated documents, records, and forms management and for accessing operator manuals, manufacturers' cut sheets, plant drawings, and regulatory reports.
- Identify employees to move into key positions and begin to transfer knowledge from employees planning to retire.
- Implement an Operations Knowledge Management System for capturing the knowledge of experienced operators regarding alternative actions appropriate to different plant conditions.
- Identify career paths for all job classifications.

Assessment Findings
6. Work Management

Best Practice:	Current Performance:
• Formal SOPs are provided for all regulatory activities. • Work is efficiently planned and scheduled through a planner/scheduler. • Work is managed through work orders tracking labor, material and service costs to assets. • Use of GIS for efficient routing of field personnel. • Effective use of mobile technologies. • Integration of customer service and field maintenance to activate maintenance work orders and to automate crew dispatching. • Defined service levels and monitoring of actual performance against desired target levels. • Efficient purchasing procedures are in place.	• Limited, defined formal "as-is" and "to-be" business processes exist across the District. • Limited training of new managers and supervisors. • Data communications and reliable high-speed links to remote sites are insufficient to manage the current IT demands. • Limited planned preventive maintenance. • Insufficient performance measures to adequately monitor work performance against desired levels of service. • All work is not effectively tracked for performance monitoring. • Several missing or out-dated SOPs. • Current purchasing processes appear inefficient. Recently revised purchasing limits in AR.

Initial Recommendations:

- Deploy work management applications to field maintenance personnel as well as to field engineers and inspectors.
- Plan and schedule proactive maintenance activities to increase efficient use of resources.
- Integrate closed circuit TV (CCTV) inspection data systems, as well as other pipeline test data, with GIS-enabled field maintenance applications.
- Supporting applications for Asset Management and GIS needs should be reviewed and improved to meet the current District business needs.
- Track all labor, materials and supplies against specified assets.

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Assessment Findings
7. Information Management

Best Practice:	Current Performance:
• Updated, forward-looking Information System Master Plan that provides a road map for all IT purchases. • Integrated set of core applications and databases. • Improved financial management through delivery of more accurate and timely information regarding CIP management, work management and asset management. • Computerized Maintenance Management System (CMMS) linked with GIS and Customer Information System (CIS) enabling efficient routing of critical information to field crews. • Electronic document management enabling automated routing of notification forms as well as ease of access to project records and drawings.	• Conducting an IT Master Planning study. • GIS base map efforts are lagging as-built entry into the database. Effective use of GIS is lagging other similar agencies. • Hansen CMMS resides within Finance. Hansen CMMS is not efficiently deployed or adequately supported. Hansen CMMS lacks reporting capability to effectively aid field end users. Finance is using clerical entry of information in lieu of field entry by maintenance staff. Business processes are inefficient and ineffective. • Great Plains Financial Information System (FIS) is currently being deployed as a replacement for the HTE system. Full deployment is impacted due to inadequate system planning and staff training. • No formal enterprise-wide document management application. • No formal District-wide CIP management application. • No formal Laboratory Information Management (LIMs) application. • No formal performance reporting or business intelligence application.

Initial Recommendations:

• The District needs to successfully deploy, implement and integrate its IT applications and streamline data entry and reporting for greater efficiency and improved data management and quality.

• GIS should be driven by engineering with increased accountability to operations and residential/commercial development engineering.

• CMMS and GIS should be field accessible and integrated into the work management business processes and CIS.

• Prioritize, plan, budget and implement the resulting recommendations contained in the IT Master Plan.

Assessment Findings
8. Communications

Best Practice:	Current Performance:
• Efficient and effective use of multi-media communication channels. • Extensive use of wireless technologies for field staff. • Ease of access to agency intranet site by all employees. • Regular face-to-face meetings with all direct line supervisors. • Routine site visits to field facilities by executive and mid-level management staff.	• The District currently publishes and posts a bi-monthly District newsletter. • The District currently maintains a Web site – newsletter, Consumer Confidence Report, Board of Directors meetings, agendas, master plans, recreation resource site are available to the general public. • The District's Facility Management Status Report of Jan. 18, 2008 echoes the issue of network communications problems between District office and remote sites, impacting work efficiency and system reliability. • The District conducts monthly Department Head/Assistant Department Head meetings. • Information Exchange Team (IET) meetings are conducted after the every Board meeting and open to all staff. • Many staff were provided with Blackberries for remote e-mail and phone access.

Initial Recommendations:

• Ensure that executive management team is periodically meeting with remote plant and field staff.
• Improve ease of access to agency intranet site for all field employees.
• Ensure Board meetings are broadcasted to all available employees.
• Increase the frequency of periodic face-to-face meetings of all direct line supervisors.

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Assessment Findings
9. Fleet Operations and Management

Best Practice:	Current Performance:
• Fleet Manager to manage the operations and maintenance of all District vehicles. • Manager to be empowered to establish fleet vehicle allocations to departments based on personnel and duties requiring mobility. • Fleet is established as a true internal service fund. • Cost of repairs and shop overhead is applied to service job order. • Use a fleet management software program to track vehicle repair and maintenance records. • Monitor and track vehicle operational costs to determine vehicle replacement schedule.	• Fleet Operations is funded as an overhead service to the District • The District has a Fleet Maintenance Division Manager but does not employ an enterprise-wide Fleet Manager position. • There is no current Fleet Management Policy governing fleet expenses, maintenance or capital funding distribution among the divisions utilizing District vehicles and equipment. • Hansen is used to track maintenance of vehicles. Total cost is not captured for reporting or analysis. • Not all fuel consumption is tracked and reported by each vehicle. • Divisions currently do not fund operations, maintenance, and capital expenses of fleet or rolling stock.

Initial Recommendations:

• Establish accounting and budget for Fleet Maintenance as a Cost Center rather than a General Fund department, allocating cost of maintenance to each department based on actual maintenance costs and department over-head based on job orders charged to vehicles

• Designate a Fleet Manager to manage operations and management of all vehicles for the District. Manager to be empowered to establish fleet vehicle allocations to departments based on personnel and duties requiring mobility.

• Report on the performance of vehicle utilization, vehicle condition, shop performance, and replacement and retirement of vehicles.

• Install, train and implement software to track and monitor vehicle maintenance and repair records, work orders, inventory, and associated costs. Provide a terminals in the shop area for mechanics to review, record and complete job orders.

Assessment Findings
10. Training

Best Practice:	Current Performance:
• Full compliance to all OSHA required annual safety training required across all Departments. • Each department/division within the organization budgets for training in safety, skills enhancement, technical and managerial improvement. • Formal cross-training of personnel for succession planning, career development and job advancement. • Compliance to budgeted training vs. actual training is a key performance indicator for all departments/divisions within the organization. • Minimum standards of qualifications, certifications and experience are established within the job descriptions of all the organization.	• Training programs appear to be adequately supported by management. • Working with Folsom Lake College for ops training program. • Policies support certification credit hours and time/travel. • No financial incentive to gain higher certification, however it is a component of advancement in classification. • No formal plan of cross-training. Cross-training varies in deployment, effectiveness and support across the organization. • Not presently incorporating internships or co-op students within the organization. • Have formal course for new orientation training. • Have formal Operator in Training (OIT) Program • Conducted in-house Project Management training in 2006. • No leadership development training program. • No new supervisor or manager training program. • No formal customer relationship training. • No formal training on the Employee Handbook.

Initial Recommendations:

- Develop formal Safety Training and training records management program for uniform training, compliance to OSHA required annual training topics and uniform application of training program to all divisions within the District.
- Each department/division within the organization formulates an annual training program, a budgeted line item for each, and specific key performance indicators for compliance.
- Implement a new manager and supervisor training program.
- Implement a leadership development training program.
- Ensure that confined space, electrical safety and other critical safety training is executed.

Assessment Findings
11. Classification and Compensation

Best Practice:	Current Performance:
• Fully supported Classification and Compensation Study by independent firm. • Selection and buy-in of comparable agencies. • Fully developed classifications based on job duties and requirements. • Compensations based on industry standards and job classifications. • Efficient and effective performance review process.	• Compensation Study performed by Nash (11/07). • The recommendations within the Compensation Study were not implemented. • No recent Classification Study. • Current District practice is to offer the same salary range for each level of supervisor positions and up (AR4107). Accordingly, a majority of District employees are at their top step of their salary range. This "Equal Pay Policy" is inconsistent with industry standard and limits the District's ability to financially incentivize top performers or motivate weaker performers. • Pay increases in FY-08 did not align with the recommendations contained in the 2007 Nash Compensation Study. • Performance review process is scheduled to be performed on employee's anniversary. Current process requires 5 signatures for ultimate approval of each review, including the General Manager.

Initial Recommendations:

- Conduct a new classification and compensation study. Develop appropriate classifications for the District and implement compensation recommendations.
- Eliminate existing policy of equal compensation to all management classifications.
- Implement a salary structure to adequately reward top performers and motivate weaker performers.
- Enhance the Performance Review process. Eliminate the reviews on anniversaries and switch to a focal process. Reduce the number of required signatures. Reduce the 25 available scoring levels to 5.

Assessment Findings
12. Asset Management

Best Practice:	Current Performance:
• Manage all assets through the full life cycle from procurement through disposal. • Ensure asset registry is complete and updated as new assets are placed into service and old ones disposed of. • Capture all labor, material and service costs to assets and align with GL within Finance. • Prioritize maintenance based on asset criticality. • Perform 100% of all planned preventive maintenance activities on schedule. • Employ dedicated staff to perform all scheduled preventive maintenance activities, site visits, inspections and testing. • Establish a long-range estimate of future repair and rehabilitation cost of all major asset classes.	• No formal Asset Management Plan • No designated single point of accountability for asset management (Asset Manager). • Employing straight line depreciation of asset value. • No long term (>5 years) financing plan for future R&R needs. • No formal reserve policy. • Asset replacement value is not known. • CIP actual expenditures to planned averages less than 50% over the past 5 years. • No formal condition assessment program for all asset classes. • Limited formal preventive maintenance programs. • Limited predictive maintenance program. • No formal asset criticality analysis.

Initial Recommendations:

- Initiate a condition monitoring and data collection program focused on the above ground rotating equipment assets within Hansen CMMS and log data into the inspection record screens within Hansen of all condition data collected. Data to include vibration, motor performance data, infrared thermography (temperature readings), oil analysis and flow performance where applicable.
- Develop standards of measure/evaluation for condition monitoring and data collection. Train applicable staff in use of instruments and methods. Monitor and report results. Trend performance over time and establish minimum performance standards to trigger corrective action.
- Include condition assessment data in the evaluation of repair and rehabilitation decisions and the CIP prioritization process.

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Assessment Findings
13. Performance Management

Best Practice:	Current Performance:
• Formal performance management program tied to the agency's mission, strategies, and financial plan. • Series of meaningful performance measures aligned with multiple business perspectives (customer, financial, innovation, and learning and growth). • Motivates performance to desired levels of service. • Quickly enables managers and staff to monitor performance against desired targets. • Tracks in-process and outcome measures. • Provides trending of historical performance. • Metrics are monitored monthly by management. • Metrics are effectively and efficiently communicated to all key stakeholders.	• No formal enterprise-wide performance management program. • Limited performance measures throughout the District. • Limited historic trending of performance. • Limited activity-based costing processes. • The District is not an AWWA QualServe Benchmarking participant. • No business intelligence or decision support software applications. • Not a performance-based management culture.

Initial Recommendations:

- Implement a formal performance management program with defined accountabilities and desired levels of service.
- Create top-tier performance measures tied to the new Strategic Plan to monitor progress towards desired services levels.
- Implement a hierarchy of plant and water system operational and maintenance measures to drive continuous improvement, resulting in performance improvements (such as proactive to reactive work ratio, planned work ratio, and total work backlog).
- Implement a hierarchy of in-process and outcome measures to monitor support functions such as HR, Finance, Legal, Purchasing, Utility Billing, Environmental Compliance, Safety and Security, Fleet, Development Services, and Payment Processing.
- Establish a reporting program that trends the actual level of performance against the desired level of performance over time.
- Effectively communicate performance against goals to all key stakeholders.
- Analyze results for potential corrective actions to continuously improve performance.

Assessment Findings
14. Capital Improvement Project Planning & Budgeting

Best Practice:	Current Performance:
• The CIP Planning Program supports a short-term (typically 5-year prioritized plan of projects) and a long-term plan (typically extending 20+ years). • Utilize project portfolio management applications to support prioritization for CIP budgeting. • The CIP prioritization methodology includes data related to life cycle cost analysis, net present value, and asset replacement costs. • Project priority of all Rehabilitation and Replacement (R&R) is based on established decision models including condition of assets, level of service, and remaining useful service life.	• Conducted Project Manager training class in 2006. • Rolling 5-year CIP updated annually. • Project managers receive bi-weekly project reports. • Facilitate monthly project progress meetings. • Utilize Microsoft Project for project scheduling. • Limited and outdated design standards. • The Great Plains implementation is expected to include a CIP Management module. • CIP budget is not leveled – from $114M in 2006 to $58M in 2007. • The current level of CIP Project Engineers does not support the volume of projects planned and approved for construction.

Initial Recommendations:

- Determine the long-term future R&R needs of the District through implementation of an effective asset management program.
- Standardize in-house project tracking and budget management practices for managing CIP projects and implement an integrated suite of CIP budgeting, engineering, and construction applications.
- Continue efforts to fully staff the Project Engineering vacancies to meet the current level of projects funded and scheduled.
- Employ outside resources to supplement project engineering and project management when the requisite project backlog exceeds in-house staff capacity.
- Document future CIP business processes based on best practices for asset management, CIP budgeting, construction project portfolio management, construction project planning and scheduling, and construction project inspection.
- Develop an economic decision model to analyze current available data of assets to deliver option alternatives for major repair, rehabilitation or replacement of assets, based on remaining service life, net present value, replacement cost, life-cycle cost, level of service, performance, criticality and risk.

Assessment Findings
15. Regulatory Compliance

Best Practice:	Current Performance:
• Fully developed specifications and standards included into the District ordinances, with accountability, consequences and enforcement. • Aggressive water conservation and compliance program. • 100% compliance to reporting schedule of deliverables to local, state and federal agencies. • 0% tolerance of violations to regulatory compliance reporting.	• Engineering reviews all SSO incident reports to the State. • Compliance reporting to SSMP and CMOM requirements. • Hansen is the sole capacity, management, operating and maintenance (CMOM) reporting repository of maintenance activities for the sewer collection system.

Initial Recommendations:

- Develop document management standards and systems within the department for records management, storage, retrieval and disposal.
- Create a calendar of all regulatory activities with defined accountabilities.
- Implement a modern Electronic Document Management System, commonly utilized within high performing water/wastewater agencies, for use in developing regulatory compliance applications (including incident and risk management applications).
- Utilize electronic records management to track recorded compliance data, track past compliance reports, and schedule future compliance report submissions.

Assessment Findings
16. Water Supply Management

Best Practice:	Current Performance:
• Fully developed department vision and mission statements. • Understood department goals, policies and procedures. • Staff held accountable at all levels. • Job related training available to staff at all levels. • Performance Measures used to gauge the effectiveness of a department's operations. • Design standards reviewed and updated yearly.	• Integrated Regional Water Management Plan (Dec. 2006). • Five-Year Water Management Plan (2005 Update) 03/06. • Urban Water Management Plan Update (2005 Update) 01/06. • Design standards dated July 1999. • SCADA data not currently linked or associated to the hydraulic flow model. • Some of the water distribution piping remains undocumented in the older sections of the District's supply network. • No SCADA Master Plan.

Initial Recommendations:

- Review and update design standards as necessary to current-day standards.
- Link flow data from the meter readings from customer meters, plant master meters and construction meters with reservoir fluctuations and system flow meters to calibrate the water hydraulic flow model.
- Mapping and collecting infrastructure data relating to the water distribution system will improve the accuracy and results obtained from the hydraulic model.
- Establish policy to review operating deficiencies within the water supply operations and review on a periodic basis (i.e. 24 months) all active SOP's.
- Continue to include data gathered from the older sections of the District's water distribution system and include these updates in the GIS mapping effort.

Assessment Findings
17. Recycled Water Management

Best Practice:	Current Performance:
• Fully developed department vision and mission. • Understood goals, policies and procedures. • Staff held accountable at all levels. • Job related training available to staff at all levels. • Performance measures used to gauge the effectiveness of a departments operations. • Design standards reviewed and updated yearly. • Update Master Plans on a regular basis.	• Draft Recycled Water Master Plan Completed in December 2002. • Design standards dated July 1999. • Not enough recycled water storage to serve demand in peak season.

Initial Recommendations:

• Review and update design standards as necessary.
• Continue to evaluate additional seasonal storage to eliminate need to fill recycled system with potable water.
• Review and establish as controlled documents SOP's for the operations of the recycled water distribution and operations.
• Establish policy to review operating deficiencies within the recycled water operations and review on a periodic basis (i.e. 24 months) all active SOP's.

Assessment Findings
18. Wastewater Management

Best Practice:	Current Performance:
• Fully developed department vision and mission. • Understood goals, policies and procedures. • Staff held accountable at all levels. • Job related training available to staff at all levels. • Performance measures used to gauge the effectiveness of a departments operations. • Design standards reviewed and updated yearly. • Update Master Plans on a regular basis.	• Wastewater Corrective Action Plan completed in November 1998. • 2025 Wastewater Master Plan completed in November 2001. • 3 formal enforcement actions and 50 violations linked to formal enforcement actions at the Deer Creek Wastewater Treatment Plant. • Design standards dated July 1999. • Successfully worked with Regional Board during permit renewal process.

Initial Recommendations:
• Review and update design standards as necessary. • Review and establish as controlled documents SOP's for the operations of the District's wastewater treatment plants. • Establish policy to review operating deficiencies within the wastewater operations and review on a periodic basis (i.e. 24 months) all active SOP's.

Assessment Findings
19. Project 184 Management

Best Practice:	Current Performance:
• Fully developed department vision and mission. • Understood goals, policies and procedures. • Staff held accountable at all levels. • Job related training available to staff at all levels. • Performance measures used to gauge the effectiveness of a departments operations.	• Staff are apparently aware of Department's vision and goals. • Daily work orders completed and entered into Hansen. • Sense of strong internal communications. • Job descriptions are generic. • Training includes safety and snow conditions. • Lacking opportunities for formal technical training.

Initial Recommendations:

- Develop job classifications specific to the job duties within the Hydro/Watershed Management Division.
- Develop a formal training program specific to the Department.
- Review and establish as controlled documents SOP's for the operations of Project 184.
- Establish policy to review operating deficiencies within the Project 184 operations and review on a periodic basis (i.e. 24 months) all active SOP's.

Summary of Assessment Results

Noted District Successes:

- High level of District pride,
- Capital planning and water system infrastructure to meet growth demands,
- Regional recycled water leader,
- Hired new General Manager,
- Reduced the Legal Department's operating expenditures,
- Obtained grant funding of $14.6M within the past three years,
- Competitive total compensation package for District employees,
- Increased water industry participation and recognition,
- Advancing Automated Meter Reading (AMR) for water and recycled water,
- Employing field GPS tools to assist in mapping District assets into the GIS,
- District's financial ratings upgraded by national firms,
- Employees feel that they are adequately trained for their positions, and
- Many recent or new improvement initiatives underway.

Summary of Assessment Results

Recent or On-Going District Initiatives:

- Reactivated standing Board Committees,
- New Administration Regulations adopted in 2006,
- Draft Employee Handbook,
- Updating the Five-Year Financing Plan (2008 – 2012),
- New program to attract engineers,
- Fleet Management Study and implementation,
- Implementing Headquarters Master Plan,
- Eliminated equal pay practice for new hires,
- RFQ for Integrated Water Resources Master Plan and WW Master Plan,
- Beginning a valve exercising program,
- Rate Study for water, wastewater and recycled water,
- Adopted Drought Preparedness Plan and developing an Implementation Plan,
- Updating the Emergency Response Plan,
- Developing an Information Technology Master Plan,
- Implementing Great Plains financial information system (FIS), and
- Participating in helping to finance water rights application.

Summary of Assessment Results

Noted Areas for Improvement:

- Strategic visioning and planning,
- Organizational alignment,
- Collaborative culture,
- Defined business processes,
- Total life cycle asset management,
- Preventive and predictive maintenance,
- Long-term financial planning,
- Reserve policies,
- Classification and Compensation Study,
- Integrated information systems,
- Knowledge and data management,
- Document management,
- Succession planning,
- Formal training and career development program, and
- Performance management program.

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Summary of Assessment Results

Organizational Management:

Areas of Success:
- ✓ Employee benefits
- ✓ Use of reward and recognition programs
- ✓ New-hire orientation
- ✓ Written employee policies

Areas for Improvement:
- – Use of Administrative Leave
- – Employee performance review process
- – Implementation of a Classification and Compensation Study

Areas Requiring New Initiative:
- o Succession planning
- o Knowledge management
- o Document management
- o Formal career development and training
- o Leadership development for managers and supervisors
- o Five-year resource staffing plan

Summary of Assessment Results

Financial Management:

Areas of Success:
- ✓ Formal investment policy
- ✓ Control of fiscal year budget to expenditures

Areas for Improvement:
- – Managing CIP budget to expenditures
- – Use of CIP budget and scheduling management tools
- – CIP project manager training

Areas Requiring New Initiative:
- o Formal financial reserve policy
- o Asset replacement valuation
- o Use of activity based costing

Summary of Assessment Results

Asset Management:
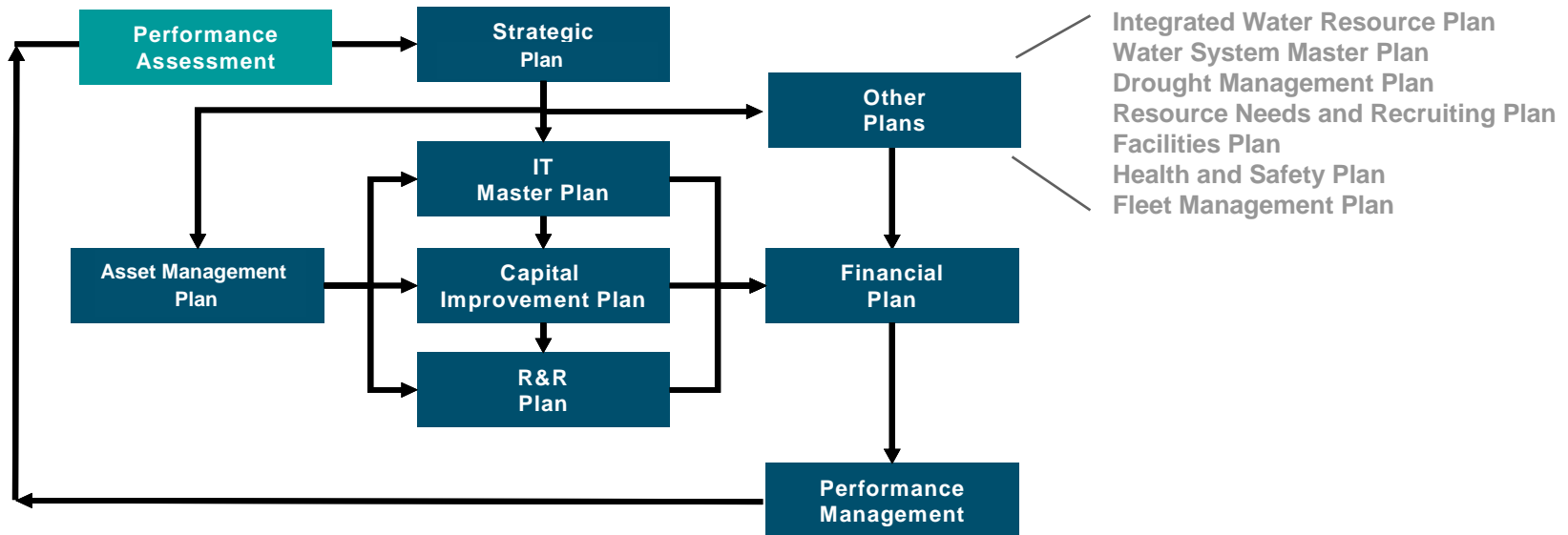
Areas Requiring Improvement:

- Asset inventory
- Preventive maintenance
- Predictive maintenance
- Hydraulic modeling
- Design standards
- Condition assessment
- Asset valuation model
- Performance management

Areas Requiring New Initiative:

o Development of an Life Cycle Asset Management Plan
o Enterprise-wide asset criticality analysis
o Defined level of service model
o Asset management accountability and analysis
o Future repair and rehabilitation financial forecast

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Summary of Recommendations

Continuous Utility Improvement Building Blocks:

Integrated Water Resource Plan
Water System Master Plan
Drought Management Plan
Resource Needs and Recruiting Plan
Facilities Plan
Health and Safety Plan
Fleet Management Plan

Westin's model for continuous utility improvement requires a combination of specific "Building Blocks" for sustainable success. This Management and Organization Assessment is just the beginning. As noted above, the District requires the development of a Strategic Plan in order to provide a roadmap for all key stakeholder classes. Other missing elements include the development and implementation of an enterprise-wide Asset Management Plan, an IT Master Plan and a Asset Repair and Rehabilitation (R&R) Plan. A District-wide Performance Management Program is also needed to monitor organizational performance against the District's stated mission, vision, defined strategies for improvement and desired target levels of service.

Summary of Recommendations

Summary of Recommendations	Level of Importance	Level of Urgency
1. Develop a Strategic Plan and associated performance management culture that defines a common vision, District values, strategies, goals, objectives and target levels of service to fulfill the District's stated mission and to provide a roadmap for continuous organizational improvement.	H	H
2. Realign the organizational structure for improved business efficiency. Flatten the management structure and level the span of control for improved accountability and decision making. Realign the engineers, maintenance personnel, inspectors, drafting, GIS, Hansen, and IT into more cohesive functional areas. Cross-train employees to promote organizational growth and to reduce impact of vacancies, overtime and stand-by.	H	H
3. Create an atmosphere of trust and increased employee-management relations by employing consistent application of Administrative Regulations (AR) and stated District policies including: classification and compensation, promotions, use of administrative leave, out-of-class pay, and normal work schedules. Train the managers, supervisors and employees on the AR and distribute (or make available) the Employee Handbook to all employees. Enhance the District's Performance Appraisal program.	H	H
4. Develop a formal asset management program with defined goals, business processes, performance measures and accountabilities. Implement a formal, programmatic preventive maintenance program for all asset classes.	H	M
5. Optimize use of the District's information technologies for improved business efficiency and reduced transactional costs including Supervisory Control and Data Acquisition (SCADA) System, Hansen Computerized Maintenance Management System (CMMS), ESRI Geographic Information System (GIS), and Great Plains Financial Information System (FIS). Implement a Laboratory Information System (LIMs), Document Management System (DMS) and Capital Improvement Program (CIP) Management System. Increase the use of mobile solutions.	H	M
6. Develop and implement a comprehensive plan for knowledge management, document management and succession planning.	M	H

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Summary of Recommendations

Recommendation 1. Develop a Strategic Plan and associated performance management culture that defines a common vision, values, strategies, goals, objectives and target levels of service to fulfill the District's stated mission and to provide a roadmap for continuous organizational improvement.

A. Develop a Three-Year Strategic Plan that crosses all departments. Define a Steering Committee to oversee the Plan's development and include working sessions with managers and select staff to gain a broad perspective and to promote inclusion and buy-in. Model the Strategic Plan around the Balanced Scorecard or other similar approach. Define appropriate strategies, goals and detailed objectives.

B. Develop a list of District values by employing a cross-functional team of managers and staff.

C. Define the accountability for each requisite action. Develop the cost and resource requirement for each objective. Prioritize each goal and objective based on its urgency and importance.

D. Develop an appropriate performance management program that includes a hierarchy of meaningful performance measures and target levels of performance. Define the accountability for each measure, its frequency of measure, source of data, and historic performance if available.

E. Develop an effective and efficient performance reporting process that tracks actual performance to desired target levels.

Summary of Recommendations

Recommendation 2. Realign the organizational structure for improved business efficiency. Flatten the management structure and level the span of control for improved accountability and decision making. Realign the engineers, maintenance personnel, inspectors, drafting, GIS, Hansen, and IT into more cohesive functional areas. Cross-train employees to promote organizational growth and to reduce impact of vacancies, overtime and stand-by.

A. Develop a new District-wide organizational structure that is more aligned with utilities of similar size and complexity.

B. Considering reducing the number of direct reports to the General Manager.

C. Consider moving the Hansen Division and Fleet Maintenance Division into the Facilities Management Department under a new maintenance division.

D. Consider moving the Laboratory Section from Environmental Compliance & Water Policy into the Facilities Management Department.

E. Consider moving Inspection Services Section and GIS/Drafting Section to a new engineering division within Facilities Management Department.

F. Consider moving the Meter Services Section and Customer Services into the Finance Department.

G. Consider the creation of a central administration department including safety and security, HR, PIO, Information Services and other related services.

H. Align common engineering functions within the Facilities Management Department. Develop a new, centralized maintenance division including the alignment of common maintenance and construction functions. Align common I&C functions.

I. Populate the organizational structure and communicate new roles and responsibilities. Train managers, supervisors and employees as appropriate.

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Summary of Recommendations

Recommendation 3. Create an atmosphere of trust and increased employee-management relations by employing consistent application of Administrative Regulations (AR) and stated District policies including: classification and compensation, promotions, use of administrative leave, out-of-class pay, and normal work schedules. Train the managers, supervisors and employees on the AR and distribute (or make available) the Employee Handbook to all employees. Enhance the District's Performance Appraisal program.

A. Train all managers and supervisors on the ARs.
B. Publish and train all employees on the Employee Handbook.
C. Revise the classification and compensation study based on the new organizational structure and implement recommendations consistently across all departments.
D. Consider modifying alternate work schedules like 4-10's, and 24-hour shifts.
E. Enhance the District's Performance Appraisal program. Perform all appraisals at a set time of year. Evaluate the use of on-line performance appraisal systems. Implement the ability to customize the form to better align with the specific job duties. Reduce the 25-point scoring system to a maximum of five performance levels. Reduce the requisite number of signatures needed to complete the form. Train managers, supervisors and employees as appropriate.

Summary of Recommendations

Recommendation 4. Develop a formal asset management program with defined goals, business processes, performance measures and accountabilities. Implement a formal, programmatic preventive maintenance program for all asset classes.

- A. Develop an enterprise-wide Life Cycle Asset Management Program.
- B. Develop a complete asset registry of all District assets.
- C. Identify the criticality of all assets.
- D. Develop a formal condition assessment program aligned with industry best practices.
- E. Develop and implement best practice preventive and predictive maintenance programs. Document standard maintenance procedures.
- F. Establish the replacement value of District assets.
- G. Establish the remaining useful life of District assets based on age and existing condition.
- H. Develop a model for determining the renewal and rehabilitation costs of assets at the end of their useful life. Include the forecast into long-term financial reserve and rate models.
- I. Develop appropriate asset performance measures.
- J. Train appropriate employees on industry best practices.

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Summary of Recommendations

Recommendation 5. Optimize use of the District's information technologies for improved business efficiency and reduced transactional costs including Supervisory Control and Data Acquisition (SCADA) System, Hansen Computerized Maintenance Management System (CMMS), ESRI Geographic Information System (GIS), and Great Plains Financial Information System (FIS). Implement a Laboratory Information System (LIMs), Document Management System (DMS) and Capital Improvement Program (CIP) Management System. Increase the use of mobile solutions.

A. Review and prioritize the recommendations contained within the new Information System Master Plan document (under development).
B. Train appropriate employees on industry best practices.

Summary of Recommendations

Recommendation 6. Develop and implement a comprehensive plan for knowledge management, document management and succession planning.

A. Analyze existing knowledge management processes within the District and identify required improvements.

B. Define accountabilities for knowledge management, document management and succession planning programs.

C. Develop a system-orientated Knowledge Management Program based on best industry practices.

D. Prioritize and secure existing District knowledge based on its criticality and risk.

E. Utilize information technology to optimize the location and access to existing knowledge.

F. Implement an Electronic Document Management System with integrated documents, records, and forms management and for accessing operator manuals, manufacturers' cut sheets, plant drawings, and regulatory reports.

G. Develop a District-wide succession plan aligned with industry best practices. Identify employees to move into key positions and begin to transfer knowledge from employees planning to retire.

H. Ensure the effective and efficient development of new knowledge.

I. Train appropriate employees on industry best practices.