

In the flow

Published by the
Detroit Water and Sewerage Department

SPRING 2011 / Vol. 10, No. 6

"The Mission of the Detroit Water and Sewerage Department is to exceed our customers' expectations through the innovative treatment and transmission of water and wastewater, and the provision of services that promote healthy communities and economic growth."

Best Practices group works on succession planning

The water industry network in southeastern Michigan is facing a crisis — a crisis of knowledge and staffing. The water and sewer workforce hired into the field during the 1970s and 1980s, following the mandates of the Clean Water Act and subsequent revisions, are in the process of retiring or will retire within the next few years. What does that mean for metropolitan Detroit and the operation and maintenance of its water and sewer systems?

The number of area water/sewer industry people soon leaving the workforce will create an expertise and human resources gap that will be difficult to fill. However, DWSD's Water Best Practices Work Group, part of the regional Technical Advisory Committee (TAC), is working on analyzing the problem and proposing solutions. Representatives of wholesale customer communities, along with DWSD officials and consultants, have already drawn some interesting conclusions.

"The exiting personnel, combined with an increasing sophistication of technologies involved in operations, will compound the problem," said Tim Sikma, water and sewer manager for the City of Novi. He added that the work group is involved with the state's Department of Energy, Labor, and Economic Growth (DELEG) and the Michigan Water Environment Association (MWEA) in pooling resources to propose solutions.

"The water and wastewater fields are facing a huge shortage of professionals. The exodus of 'boomers' has already begun," said Jerry Harte, Executive Director of the MWEA, which is a 2,100-member professional development organization for the wastewater profession. "In the next five years, approximately 40 percent of our workforce will be eligible for retirement. We must get the message out regarding career opportunities; about the importance this industry plays in the health and well-being of our society."

"The profession should be particularly appealing for those with an interest in the sciences and the environment. Water-related



careers should offer job security, because the demands for those services will not end," Harte added.

Regional water industry professionals weren't blindsided by the issue. Succession planning, that is, forecasting how to fill vacant water and sewer positions with qualified people, has been a focus of the work group since 2007.

The group is looking at regional personnel and training needs as well as succession planning. The group conducted a survey of regional officials to help understand the various impacts of all the expected workforce changes due to governmental downsizing (due to decreasing regional population) and retirements over the next five years. What the work group got was a snapshot of the potential impact of retirements and reduced staffing.

The survey found that lower levels of service and a loss of institutional knowledge will be the most telling effects of projected retirements and cutbacks. Necessary service decreases could include fewer hours of operation, quarterly billing instead

Continued on page 3

In This Issue

Best Practices group works on succession planning	1
SEMOG proposes steps to bolster utility infrastructure	2

SEMCOG proposes steps to bolster utility infrastructure

Editor's Note: This is the second of a two-part series on a report issued by the Southeast Michigan Council of Governments (SEMCOG) in July 2010. The report examines the regional infrastructure as well as current demographic and economic challenges, and how to create a sustainable infrastructure. Part One, printed in the Winter 2011 issue of In The Flow, looked at challenges; and Part Two, which follows, details SEMCOG's proposed solutions.

In the face of a steadily declining population, tax base, and revenue — as well as accelerated conservation and an emphasis on decreased consumption by area residents — officials with the Southeast Michigan Council of Governments (SEMCOG) say that it's time to take action to keep the regional infrastructure viable.

So, what specific steps can be taken to change the status quo and create a sustainable infrastructure system? The report lists the following proposed actions toward sustainability:

Reduce overall costs, by:

- ♦ Looking at potential cost savings involved with different levels of service/demand for utility and transportation systems.
- ♦ Optimizing the efficiency of the overall infrastructure by having multiple service providers collaborate and coordinate their efforts.
- ♦ Implementing technological innovations that save money.
- ♦ Offering incentives for efficient use of services by consumers.
- ♦ Negotiating new union contracts and cut labor costs through other means, including lower legacy (retirement, benefits) expenses. Create new overall structures for current and future labor costs.
- ♦ Pursuing legislative and regulatory reform while examining how to eliminate compound costs that could be caused by multiple regulations. A list of proposed regulatory reforms should be presented to the state legislature, along with cost savings projections.
- ♦ Exploring alternative standards and performance measures that might be more cost-efficient.

Redesign revenue collection systems, by:

- ♦ Identifying components of a true cost-of-service revenue structure for utilities and transportation, including construction, long-term and seasonal maintenance, replacement, debt service, and legacy costs. Figure in any subsidies. Major service providers should work together and pool resources to implement the process.
- ♦ Identifying and evaluating alternative formulas to pay for investment in infrastructure, considering compatibility with environmental policies for conservation, fiscal sustainability, equity, consistency with true-cost-of-service principles, and desired quality of service. New formulas will be driven by their demonstrated benefits for the region. Officials believe that SEMCOG should facilitate the process by working

with the various service providers, with weigh-in by elected officials and business groups.

- ♦ Seeking commitment to disclosing the true cost of service, and by reflecting the true cost of service in rates and other means of revenue generation. Acknowledge that the current system does not reflect true cost of service.

Institute collaboration among service providers, by:

- ♦ Seeking formal cooperative agreements between service providers.
- ♦ Focusing initial efforts on developing and coordinating asset management programs, as well as technological innovations. Because there is so much interdependence in services among providers, coordinating asset management programs and sharing new technologies would speed efficiency in improving infrastructure.
- ♦ Developing a pilot project to facilitate formal collaboration between government planners and private utilities. A successful pilot project will build acceptance of the collaborative concept.

Communication
Collaboration
Consensus

Strategically invest and disinvest to make efficient use of infrastructure, by:

- ♦ Focusing economic development primarily in areas where quality infrastructure capacity already exists, and where master plans and development plans call for utilization.
- ♦ Working collaboratively to determine locations where infrastructure will likely continue to be underutilized, and implement actions that lower costs. Actions could include downgrading, downsizing, or decommissioning. Available fiscal resources are inadequate for maintaining the existing system. Accordingly, strategically investing limited resources could result in seldom-used parts of the infrastructure being decommissioned.

Continued on page 3

Best Practices group works on succession planning

Continued from page 1

of monthly billing, less frequent hydrant and valve inspections, postponements on meter replacement and other capital improvements, and various program eliminations.

“The MWEA has been approached by several universities for input on course tracks in the planning stage that would prepare students for careers related to ‘all things water,’” Harte said.

The work group has made some preliminary recommendations on tackling the succession issue. They include:

Increase public awareness

— Share information about the importance of the water industry and the professional careers that support it. The Water Best Practices Work Group plans to work with the Public Education Work Group to create and post videos on YouTube (an Internet video posting site) showing water utility employees talking about their jobs, and also plans to place articles in publications about local water treatment roles and their impact on quality of life. The efforts are designed to raise awareness about, and respect for, the water profession, and attract talented people to fill open positions.

Training collaboration — Share training opportunities and co-develop training across municipalities and jurisdictions. Local officials should also be encouraged to pursue and participate in local, state, and federal processes and programs to increase existing utility workforce skills and enhance training.

Regionalize succession planning — Co-design position descriptions across jurisdictions. Collectively document and clarify the critical and unique nature of the roles needed for successful and safe management of water and wastewater.

In addition, the work group believes that using information from the Southeast Michigan Council of Governments’ (SEMCOG) report, “Creating a Sustainable Infrastructure System in Southeast Michigan (July 2010),” may help the public understand the current infrastructure crisis and the potential impacts of decreased service.



What the survey said

Key survey results (15 of 86 TAC member communities participated) include:

- In the next five years, 38 percent of the water/sewer workforce is expected to retire.
- The two biggest impacts will be a decreased level of service and a loss of institutional knowledge.
- It will take an average of three months to fill any position vacancies.
- Each new hire will require an average of 53 hours of training.
- Forty-three percent of water/sewer utilities do not have current employees who are qualified and eager to fill projected supervisor position vacancies.
- Top hiring issue: the existing workforce lacks required technological skills to progress.
- Top difficulty in training and succession planning: allotting funding and time for training.

Manage infrastructure based on a holistic view of needs and outcomes, by:

- ◆ Convening regional leaders and establishing targeted outcomes based on a comprehensive view of needs, with an emphasis on sustainability.
- ◆ Addressing options for revenue reform for the infrastructure as a whole: the water system, sewers, roads, and energy supply. Look at factors such as sufficiency to fund services, fiscal sustainability, economic viability, and competitiveness. Stress inter-relationships and compatibility. SEMCOG could coordinate this approach with utilities, other service providers, and government and business leaders.

Develop an agenda for specific legislative and regulatory reforms, by:

- ◆ Evolving existing policies and programs to reward good infrastructure management. Systems for allocating state and federal resources should give more money to organizations/entities that aggressively implement management or best-practices programs.
- ◆ Defining reasonable risk thresholds and change regulatory restrictions on risk.
- ◆ Allowing for restructuring of public debt when redesigning revenue collection systems. Reduce debt service requirements to match reduced revenue streams.
- ◆ Removing any legal constraints that might impede collaboration between government and the private sector.

Continued on page 4

Detroit Water and Sewerage Department
Public Affairs Division
735 Randolph Street, Suite 1001
Detroit, Michigan 48226



SEMOG proposes steps

Continued from page 3

- ♦ Enabling more options for funding infrastructure.
- ♦ Ceasing unfunded mandates. Outcomes mandated bystate or federal law must have funding means.

Provide information to regional leaders and the general public on the benefits and impacts of levels of infrastructure investment, by:

- ♦ Educating local officials on true-cost-of-service principles and the benefits of applying them. Disclose the effects of various levels of infrastructure investment, both short- and long-term.
- ♦ Working continuously with the media in an effort to communicate the choices we have for managing infrastructure, and the pros and cons of those choices.

- ♦ Developing communications tools for local governments, utilities, and transportation providers to educate the public on true cost of service, how revenue is used, cost-cutting actions, how consumers can reduce peak demand, and consequences of inaction. Tools can include brochures, fact sheets, newsletters, mailers, cable TV programming, and social media.



DETROIT WATER AND SEWERAGE DEPARTMENT
Darryl Latimer, *Deputy Director*

BOARD OF WATER COMMISSIONERS
Mary E. Blackmon, *President*
Marilynn E. Gosling, *Vice President*
Hilliard L. Hampton
Derrick B. Sanders
James F. Thrower
Carla Walker-Miller
William G. Westrick

Submit questions and comments regarding
In the Flow to:
Detroit Water and Sewerage Department
Public Affairs Division
735 Randolph Street, Suite 1001 • Detroit, MI 48226
Telephone: (313) 964-9460
E-Mail: public.affairs@dwsd.org
Mary Sevakis, *Manager of Public Affairs*
Linda Philson, *Managing Editor* • S.R. Boland, *Editor*
Kimberly Mitchell, *Graphic Designer*

CITY OF DETROIT
Dave Bing, *Mayor*

DETROIT CITY COUNCIL
Charles Pugh, *President*
Gary Brown, *President Pro Tem*
Saunteel Jenkins • Kenneth V. Cockrel Jr.
Brenda Jones • Andre Spivey • James Tate
Kwame Kenyatta • JoAnn Watson

Janice M. Winfrey, *City Clerk*

For more information visit our Web site at www.dwsd.org