INTERIM CONTRACT MANAGEMENT: AN EFFECTIVE BRIDGE TO STABLE LONG-TERM OPERATIONS

Stephen R. Kellogg, Georgine A. Grissop, James L.Taylor, CDM,Inc.

Stephen R. Kellogg, CDM, Inc.
100 Founders Way
Stratford, Connecticut 06614

ABSTRACT

Many water and wastewater utilities in the United States are facing the dilemma of how to deal with senior personnel retirements and associated succession planning. This paper presents three case histories addressing how this problem was handled smoothly and successfully with minimal disruption to operations through the utilization of contract management. Contract management involves temporarily providing experienced senior leadership to a utility on a full time basis until the situation stabilizes.

In the town of Wareham, Massachusetts, the chief operator, assistant chief operator, and maintenance manager were either terminated or resigned. Contract management was used to provide an operations and maintenance (O&M) assistance program for the wastewater plant and pumping stations. An assessment was performed to evaluate possible advantages and risks associated with privatization.

In Rockland, Massachusetts, the utility's long-time contract operator was displaced due to state procurement concerns. When the community and the contractor were unable to agree on an interim solution, an alternative means of providing continuous reliable wastewater treatment services was created utilizing contract management.

In Westfield, Massachusetts, when the long-term plant supervisor retired and a suitable replacement was not readily available from existing staff, a short-term need to sustain routine O&M activities was needed. Contract management provided an opportunity to independently evaluate current O&M practices, assist in identifying and recruiting a permanent replacement, and give additional support and training to existing staff.

In each case, an interim strategy was developed to bridge the utility from a short-term immediate crisis, to a viable long-term solution. The objective was to stabilize operations while preserving long-term options, and reassessing future goals and needs of the utility without committing to a "quick fix" solution.

Interim contract management offered the solution to guiding and retaining personnel through difficult transition situations, and allowed time to evaluate alternatives addressing both immediate needs and preferred long-term solutions.

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KEYWORDS

Contract management, succession planning, transition planning, optimization, employee morale, stable operations

INTRODUCTION

Municipal utilities throughout the country are facing challenges never before seen in the industry. Retirement of utility workers who entered the field during the construction grants era of the early 1970s are severely depleting the workforce, and increasing the competition for fewer workers. Reduced numbers of young people are choosing to enter the utility field, as other professions have somewhat outpaced cash strapped municipalities in offering better and more lucrative career options. As such, utilities have had to look at ways to continue in "business" with less resource and fewer people.

CDM has developed an approach of interim contract operations where temporary or semi-permanent leadership is provided to a utility through full time on-site assistance. This program differs considerably from privatization or contract operations of the utility where complete responsibility is transferred from the utility to the contract operator.

Interim contract operations is model where leadership is the form of an interim public works director, plant superintendent, shift supervisors, maintenance foremen or other key positions which are filled on an interim basis by experienced personnel. While on-site, these personnel have access to subject experts to assist in optimizing and improving utility performance, often times providing savings in excess of the interim operational cost.

Interim contract management can take on many forms. This paper presents three case histories where interim contract management was provided for three separate and distinct reasons. In all three cases operations were stabilized, improvements were implemented and full operations were transitioned back to the utility or its selected contract operator.

CONCEPT

Interim contract management is an effective operational strategy for a utility undergoing any major form of management change or transition. A sudden or impending loss of management through retirement or other means can result in the loss of a utility's institutional knowledge—having a significant adverse effect on a utility's operation and the remaining staff. Interim contract management allows a utility to make a smooth management transition to control the timeframe, and satisfy short-term technical and professional needs without having to enter a longer-term contract operation commitment.

A utility's transitional period can result in various challenges for remaining employees. Options include the employees literally taking over the helm and determining the utility's direction until a long-term management plan is developed and implemented, or maintaining, supplementing, or even replacing existing staff during the transition period. An interim contract manager can play a critical role over a 6- to 18-month period to stabilize the utility and ensure that basic roles and

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functions are performed. Contract management can also help minimize additional staff turnover, which would further compound the problem.

The interim contract manager works closely with the utility owner in developing a short-term resolution to management's needs. The interim manager must be knowledgeable about various management options available, and assist the owner in evaluating the options and determining the solution that best fits the utility's long-term needs. Most importantly, the transition period provides opportunities to objectively evaluate and subsequently enhance utility operations, as well as improve performance and reduce costs.

THREE CASE HISTORIES

This paper will focus on three Massachusetts communities that faced similar transitional challenges for three different reasons. It will also demonstrate the value gained by the utilities employing a strategy involving interim contract management.

Specifically, this paper will describe:

- How the town of Wareham, facing the termination of its chief operator and maintenance manager, and recent resignation of its assistant chief operator and another operator, resolved the situation.
- How the city of Westfield wastewater department, facing the retirement of senior management with no in-house replacement available, transitioned to a new manager.
- How the town of Rockland transitioned to a new contract operator.
- Finally, this paper will describe in detail how the unique challenges each utility faced were successfully met by utilizing interim contract management services.

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In summary the town of Wareham contract management program:

- Developed an operations and maintenance (O&M) assistance program consisting of operations oversight and management services for the wastewater plant and pumping stations.
- Performed an assessment of the possible advantages and risks associated with privatization.
- Implemented a plantwide process control plan.
- Initiated staff training specific to individual needs.

The city of Westfield program:

- Developed an O&M assistance program consisting of operations oversight and management services required for the wastewater plant and pumping stations.
- Provided a top-down competitive utility operations (CUO) evaluation.
- Performed a design evaluation of plant upgrades, and made recommendations for modifications to the sludge disposal and septage handling facility design and staffing requirements.
- Initiated an employee training program by rotating individuals through various aspects from pump station inspections to performing routine lab test procedures.
- Implemented a laboratory quality assurance/quality control program.
- Developed standard operating procedures (SOPs) and checklists for the pumping stations.

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The town of Rockland program:

- Developed a request for proposal (RFP) for a new contract operator.
- Developed an O&M assistance program consisting of operations oversight and management services required for the wastewater plant and pumping stations during the RFP and selection period.
- Established full-time staff by transferring former contract operator staff to become employees of the interim contract management firm.
- Provided assistance in evaluating the contract operations proposals, and provided input on the contract operator services offered.
- Continued routine programs such as the industrial pretreatment program (IPP) and high- flow management strategies.

Although circumstances creating the need for management assistance were different in each of these situations, the results were similar. An effective bridge to long-term stable management was created, resulting in a seamless transition for customers and the utility while retaining remaining key employees.

These three utilities recently benefited from utilizing interim contract management as an effective solution to their short-term leadership needs. Although their challenges varied from termination of senior management, impending retirement of senior management, and short-term transitioning to a new long-term contract operator, all benefited from the interim manager working closely with the utility owner in developing a short-term resolution to the management's needs. They also gained from the interim manager's knowledge about various alternative approaches available in providing assistance to the owner in evaluating these options, and determining the solution that best fits the utility's long-term needs. Most importantly, the transition period provided stability while simultaneously offering opportunities to evaluate and subsequently enhance utility operations, as well as improve performance and reduce costs.

Town of Wareham

The town of Wareham water pollution control facility (WPCF) experienced the termination of the chief operator and maintenance manager in addition to the recent resignation of the assistant chief operator and another operator. None of the remaining staff at the WPCF had the required level of wastewater treatment plant license certification, nor the experience to assume the chief operator's position. The town manager recognized that the institutional knowledge resulting from the loss of three senior managers could create a situation causing significant adverse affects on the remaining staff, as well as a utility's operation if not quickly resolved. Recognizing that the time span for recruiting and hiring new staff would be at least two months, and having a desire to evaluate their options, the town chose to employ interim contract management.

As an existing CDM client, Wareham was undergoing a design upgrade for their wastewater treatment plant. CDM was contacted to see if they could provide a temporary chief operator so that the plant could remain in regulatory compliance. An operations specialist assigned to provide O&M services for the plant upgrade was immediately assigned as interim plant manager. This individual had the appropriate licensing, and was already familiar with the plant design,

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having participated in design reviews and assessing O&M support needs for effective commissioning of the new facilities.

Operations management and process assistance were provided as requested to manage the town's staff. One operations specialist served as chief operator with another served as an operator. Additional operations and instrumentation technician support was provided on an as needed basis. The two certified operators were provided at the plant each day, a chief operator (8 hours per day) and an operator (8 hours per day), to work with the existing staff, (single shift workweek), Monday through Friday. In addition, the chief operator covered the Saturday half-day focusing primarily upon septage receiving operations.

The chief operator's objective was to immediately understand plant operations practices, and establish continuity through the subsequent transfer of this knowledge. Staff size necessitated that the manager be a working supervisor. This assisted in the knowledge assimilation since the manager was often required to work side-by-side with the staff, becoming familiar on a first hand basis with various operations and maintenance tasks.

Open communication and active participation was encouraged. Each weekday morning, meetings were held before the start of the work day. The day's activities were discussed and safety concerns addressed. Many of the changes initiated during the interim period were the result of staff input.

Individualized staff training was also provided. The staff was encouraged to broaden their capabilities, and take advantage of professional improvement opportunities. The supervisor assessed and trained the town wastewater workers to the extent possible during the operating day. Due to the small size of the crew, training was informal, one-on-one, and tailored to the specific needs of the individual. For example, time was spent mentoring operators preparing for certification exams. The plant chemist was trained in process control and regulatory reporting. The monthly operations report was turned into a spreadsheet, and the plant chemist was trained in the use of the software to update it as required. A plantwide process control strategy was implemented.

During the interim period, the town wanted to evaluate various management options. An assessment was performed to determine potential advantages and risks associated with privatization. The town was furnished with a firm budget for future operations using town staff, and an estimate of a budget involving privatization. The union worked with the town in encouraging the continued utilization of town employees. The final outcome was a recommendation to continue to operate wastewater facilities using town employees.

Wareham was provided assistance during the replacement supervisor hiring process. In addition, a transition period was provided with the new supervisor, during which the knowledge of the plant operations and maintenance was transferred to the new superintendent. Additional support was available on an as needed basis until the new superintendent was fully comfortable with the position.

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City of Westfield

The city of Westfield's chief operator was soon to retire and an in-house replacement was not available. As with Wareham, the utility knowledge resulting from the loss of the senior manager created a similar situation that could cause significant adverse affects on the remaining staff, as well as the utility operations if not quickly resolved. In addition, wastewater plant improvements were under construction. To evaluate options before making a long-term commitment while providing interim leadership, the city chose to employ interim contract management.

The extent of additional professional services to be provided was evaluated following an initial assessment of plant operations. Westfield was provided an O&M assistance program consisting of basic operations oversight, management services required for the wastewater plant to operate under DEP requirements, and training to all operations staff on proper practices and procedures.

This assistance was provided on a monthly basis as requested to manage the city staff resources. A chief operator and a laboratory specialist/assistant chief operator were provided, with additional support from senior technical advisors to continue process optimization efforts. Two certified operators were provided at the plant each day, a chief operator (5 hours per day) and a laboratory technician/assistant chief operator (3 hours per day), to provide oversight and direction to the staff for a total of 8 hours per day, (single shift workweek), Monday through Friday.

The assistant chief operator also provided laboratory specialist functions to assist the staff perform laboratory functions on a daily basis. Senior operations engineering staff assisted the staff operators address wastewater process and work practice related issues. The operations staff assessed and trained the city wastewater workers to the extent possible during the operating day.

A weekly report was provided to city management regarding plant operations, and possible actions to improve performance and lower overall wastewater treatment costs.
The city also benefited from a design evaluation of concurrent plant upgrades. Based on the evaluation, recommendations were made for modifications to the sludge disposal and septage handling facility design, as well as staffing requirements.

A preliminary analysis of the plant operations was provided to identify means to improved efficiency and lower operating costs. The overall staff work, and work practices were reviewed and actions were specified to optimize plant operations. In addition, the laboratory technician improved the laboratory QA/QC program, bringing it into regulatory compliance.

During the interim period, the city was provided a cost analysis study to determine whether it was more cost effective to have the utility contract operated over the long term. A functional analysis was provided to identify possible process approaches that would reduce costs of treatment at the facility. Operational approaches were analyzed, maintenance practices were evaluated and the process operations (power, chemicals, and supplies) were assessed to determine means to lower operating costs. The functional analysis provided the city with a "target list" of actions to reduce operating costs. It also provided a final assessment of existing

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plant staff capabilities to operate the plant, assuming a new chief operator was installed at the plant.

Determining the most cost-effective, long term, operations approach ensured that the city obtained an independent and objective analysis for substantiation of a final operations management decision. The city was furnished with a firm budget for future operations using city staff, and an estimate of a budget for privatization. The employees and union were part of this process and make considerable work practice adjustments to become more competitive. The final outcome was a recommendation to operate the city's wastewater facilities using city employees.

Town of Rockland

The town of Rockland was transitioning to a new contract operator. In addition, the chief operator and the sewer superintendent's position had become vacant. The remaining employees were willing to stay on under some arrangement if the employment conditions were comparable. The Town administrator sought emergency assistance to maintain wastewater services to the community.

The Town was interested in protecting their most important asset, a dedicated and knowledgeable operations staff as part of this process. Years of service at the plant for existing staff ranged for 5 to 18 years. By retaining most of the existing staff, the Town maintained a depth and continuity of utility operations that they would not be able to do if they totally re-staffed. Most of the existing staff were retained and hired during the interim operations period as full time employees with benefits commensurate with their previous insurance and pension benefits.

An O&M assistance program was provided by CDM consisting of operations oversight and management services required for wastewater plant and pumping station operations. Concurrently, an RFP was developed for procurement of a long term contract operator. In addition to the retained staff, a chief operator and an operations mechanics were provided full time. Additional operations, electrical and instrumentation technician support was provided on an as needed basis. The services provided also included developing an RFP for a new contract operator. Staff needs were assessed and prioritized and positions and responsibilities were evaluated. It was stipulated in the RFP that existing staff be considered first for facility staffing, and that their benefits be equal to or better than their current benefits.

Each week day morning meetings were held before the start of the work day. Operations activities were discussed. Open communication was encouraged and active involvement in the resolution of day to day problems was solicited. Many of the changes initiated during the interim period were the result of staff input.

In addition to developing the RFP, assistance was provided in the evaluation of the contract operations proposals, conducting the interviews with the prospective contract operators and assessing their scope of services proposed.

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Routine programs such as the IPP and high-flow management strategies were continued. A monthly report was provided to the sewer commission and Town management summarizing the utility operations.

Most notable, during the interim contract operations period the plant staff continued an exemplary safety record of 3,246 days without a lost-time injury. The staff was recognized for a continuance of this performance with a 90 day safety recognition award and luncheon. Most importantly, in recognition of their safety record, the plant was awarded the Water Environment Federation-George W. Burke Jr. Award for 2004 by the New England Water Environment Association.

Conclusions

Loss of key management personnel in a utility can result in significant challenges for on-going operations and remaining employees. The uncertainties faced by the remaining staff must be immediately addressed and a clear course of action charted. Open communication and active participation must be established among all stakeholders to maintain morale, and stem further staff attrition.

The most important benefit realized by the client was stemming the "brain drain," and the resultant adverse affects that it could have on remaining staff and the utility's operation. The contract manager must draw from all available resources, assimilate a knowledge base, document and transfer key management and operational information. Staff involvement and input during the interim period is critical to knowledge assimilation, retention and transfer.

Through interim contract management, a utility is provided the time and assistance necessary to thoroughly evaluate all management options available, and determine the solution that best fits the utility's long-term needs. The transition period also provides an opportunity to evaluate and subsequently enhance utility operations, improve performance, and reduce costs.

Interim contract management not only stabilizes utility operation, but staff as well. Change creates an atmosphere of uncertainty. The transition period, if not handled properly, will often result in further staff attrition. Staff attrition bears the tangible costs of rehiring and training, the intangible cost of additional workload on remaining staff, and a potential decline in morale. The importance of responsiveness, open communication, and participation cannot be overemphasized. Follow-through is essential. Staff commitment and dedication during the transition period should be recognized and rewarded.

Ultimately, interim contract management provides a successful resolution to short-term management transition by employing a strategy that addresses the needs of both the owner and staff, while evaluating longer-term alternatives. Although circumstances creating the need for interim contract management assistance may differ, the outcome is an effective bridge to long-term stable management resulting in an effective transition for customers and the utility.

This paper has presented how interim contract management can be an effective tool in managing a utility through change associated with loss of key personnel. Results of the three case histories presented are summarized below in Table 1.

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Table 1- Contract management case history summary

Utility	Challenge	Resolution
Town of Wareham	Loss of three supervisors and one operator with no internal replacement available for chief operator	• Provided a supervisor and supplemental staff • Assisted in hiring new plant superintendent • Provided an evaluation of longer term alternatives
City of Westfield	Impending retirement of superintendent with no internal replacement available	• Provided a supervisor and supplemental staff • Improved laboratory QA/QC program • Implemented a sludge copper study • Provided design modifications to plant upgrade • Provided a privatization option evaluation • Assisted in hiring new plant superintendent
Town of Rockland	Transition to new contract operator	• Provided a supervisor and supplemental staff • Assisted in hiring new plant superintendent • Assisted in developing an RFP • Assisted in contract operator evaluation and selection

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