

## **MAKING TRANSITION AND CHANGE EASIER THROUGH INTERIM CONTRACT MANAGEMENT**

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### **KEYWORDS**

“Brain drain,” competitive utility operations (CUO), interim contract management, knowledge assimilation, operations management transition, operations and maintenance (O&M) assistance program, privatization.

### **OVERVIEW**

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 1970's are severely depleting the workforce, and increasing 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 a model where leadership is in the form of an interim public works director, plant superintendent, shift supervisors, maintenance foremen, or other key positions 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 interim management 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 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.
- This paper will describe in detail how the unique challenges each utility faced were successfully met by utilizing interim contract management services.

In summary, the Town of Wareham:

- 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 plant-wide process control plan.
- Initiated staff training specific to individual needs.

The City of Westfield:

- 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 the 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.

The Town of Rockland:

- 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 transitioning former contract operator staff to employees of the interim management contractor's 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.

The three New England utilities recently benefited from interim contract management as an effective solution to their short-term management 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 2 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, 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 and 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 plant wide 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.

### **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, and to provide 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 Department of Environmental Protection 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 quality assurance/quality control 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 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, as well as a budget estimate for privatization. The employees and union were part of this process and made 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 an 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 mechanic 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.

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

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's George W. Burke Jr. Award for 2004 by the New England Water Environment Association.\*

## **SUMMARY/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, and 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 its 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 in Table 1:

**Table 1 – Summary of Case Histories**

Utility	Challenge	Resolution
Town of Wareham	Loss of three supervisors and one operator with no internal replacement available for chief operator	<ul style="list-style-type: none"> <li>• Provided a supervisor and supplemental staff</li> <li>• Assisted in hiring new plant superintendent</li> <li>• Provided an evaluation of longer term alternatives</li> </ul>
City of Westfield	Impending retirement of superintendent with no internal replacement available	<ul style="list-style-type: none"> <li>• Provided a supervisor and supplemental staff</li> <li>• Improved laboratory QA/QC program</li> <li>• Implemented a sludge copper study</li> <li>• Provided design modifications to plant upgrade</li> <li>• Provided a privatization option evaluation</li> <li>• Assisted in hiring new plant superintendent</li> </ul>
Town of Rockland	Transition to new contract operator	<ul style="list-style-type: none"> <li>• Provided a supervisor and supplemental staff</li> <li>• Assisted in hiring new plant superintendent</li> <li>• Assisted in developing an RFP</li> <li>• Assisted in contract operator evaluation and selection</li> </ul>

\*"The George W. Burke Award is given in recognition of documented and illustrated evidence of an active and effective safety program in municipal or industrial wastewater facility, as evidenced by an application submitted to and reviewed by the NEWEA Safety Committee in the spring of the year."

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