

13 – Developing an asset management team



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Objectives

- The majority of the asset management “literature” only talks about inanimate objects – tanks, wells, lines, etc.
- The most valuable assets in the operation of a system are the people involved in making the system run – smoothly or otherwise
- Understand the typical job description and earnings of four positions: operator, billing clerk, maintenance and repair, and meter readers
- Understand concepts involved in human resource management and succession planning

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Importance of these positions

- Operator
 - In many cases the operator acts as a general manager and oversees the entire operation
 - At the least, the operator usually has the most intimate knowledge of the system's treatment and distribution workings
 - This includes issues such as working around the system's "quirks," knowing the location of distribution hardware that may not be on a map, etc.
- Billing Clerk (for small municipalities, this may be the Town Clerk)
 - Understands and is able to operate the billing system – can fix things that go wrong
 - Has a unique understanding of the customer base – who pays and who doesn't
 - Typically has the best knowledge of office procedures: collections, deposits, board minutes, vendor payments

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Importance of these positions

- Maintenance and repair
 - Should have a deep understanding of the locations and conditions of system components – especially for the distribution/collection aspects
 - Critical to providing service to customers in times of emergency; i.e., exercising valves to enable partitioning of the system in case of a line break)
- Meter readers
 - Typically the eyes and ears of the water distribution system
 - Hopefully knows where the meters are and can identify problems with the meters – this may not be as accurate a statement if the system is using radio read meters
 - Influences revenues for both water and wastewater utilities
 - For most systems, meters are the system's cash register, but the meter reader operates the cash register and realizes that it may make a mistake

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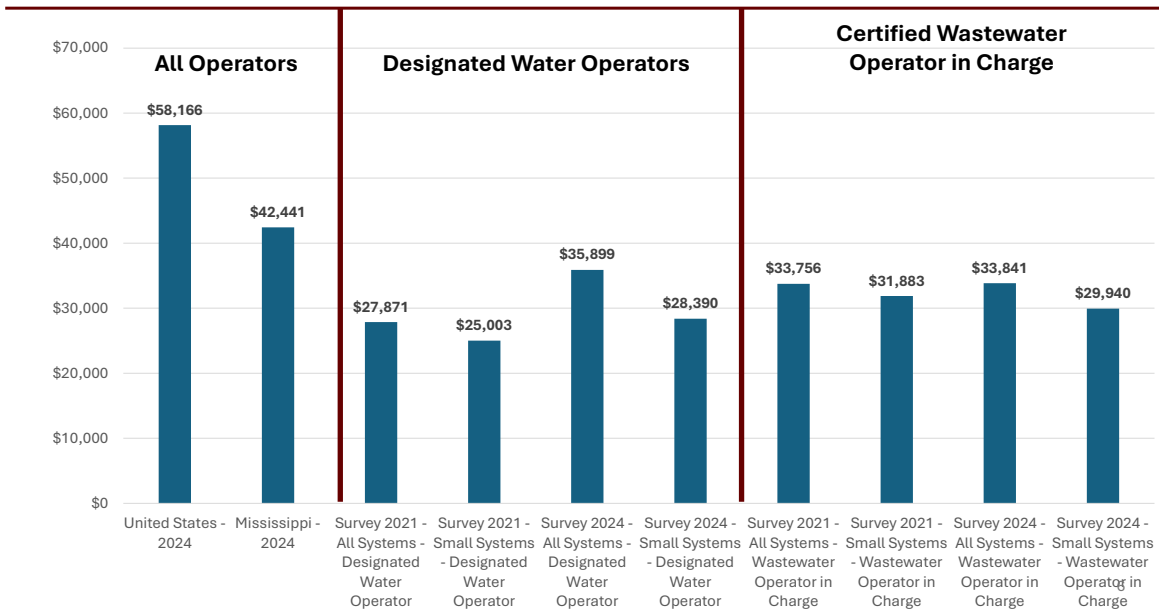
Commonality among these positions

- Each of these functions have different responsibilities and contribute to the system’s operation in different ways – even though multiple roles may be filled by one person
- These roles are filled for each system; the system could not operate without these functions
- The roles are filled by **PEOPLE**
- **PEOPLE** gain the institutional knowledge with experience
- Experience cannot be gained without longevity
- How can the utility attract and retain **desirable** people (whether employees or contractors) to fill these roles

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Operator compensation



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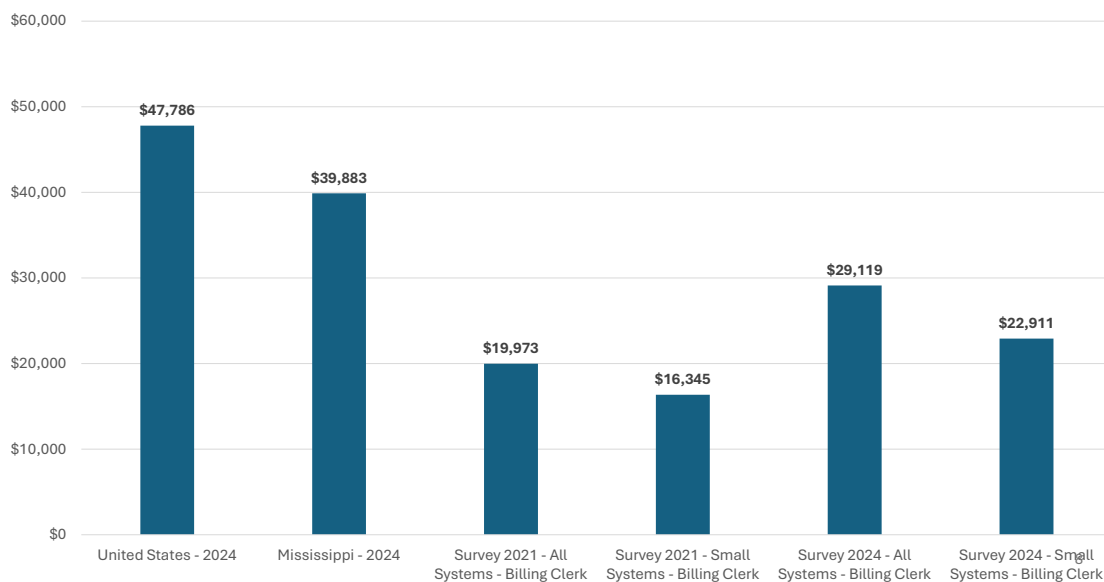
Operator compensation

- Designated Water Operators earned 65.7% of all Mississippi operators 2021 and 84.6% in 2024
- Certified Wastewater Operators in Charge earned 79.5% of all Mississippi operators in 2021 and 78.0% in 2024
- In 2024, designated water operators and wastewater operators in charged earned 61.7% and 56.9% of the national average, respectively
- Pay isn't everything and maybe not the most important thing, but there are a large number of operators retiring and it doesn't seem like an adequate number of new certifications are being issued to take their place. Decreased supply suggests that wages/contractor payments will begin and continue to increase.

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Billing Clerk compensation



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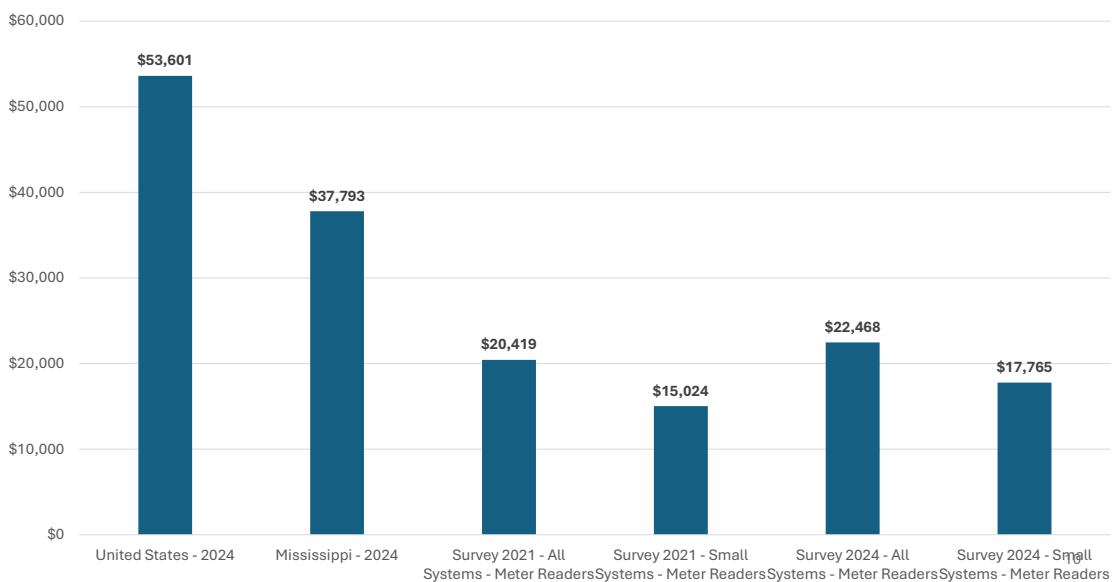
Billing Clerk compensation

- Wages and contractor payments for billing clerks increased 45.8% for all systems and 40.2% for small systems between 2021 and 2024
- Billing clerk compensation for 2024 is 73.0% of the MS average for all systems and 57.4% of the MS average for small systems (MSU survey)
 - These numbers fall to 60.9% and 47.9% when comparing to the US average
- Longevity in this job classification is very important
- Consider increasing compensation or adding benefits

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Meter Reader compensation



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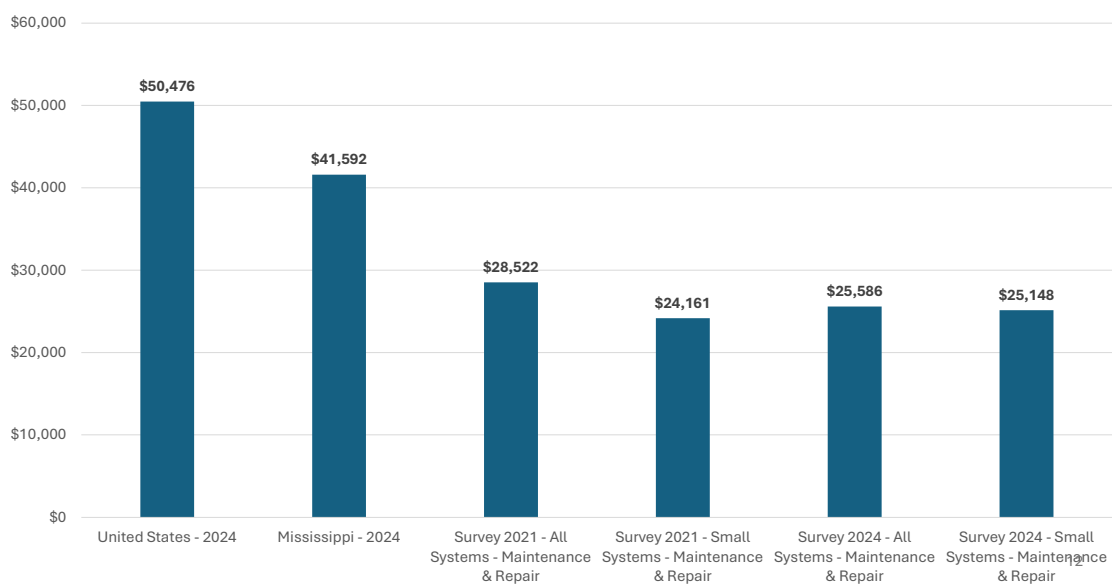
Meter Reader compensation

- Wages and contractor payments for meter readers increased 10.0% for all systems and 18.2% for small systems between 2021 and 2024
- Billing clerk compensation for 2024 is 59.5% of the MS average for all systems and 47.0% of the MS average for small systems (MSU survey)
 - These numbers fall to 41.9% and 33.1% when comparing to the US average
- Compensation is not the only determinant of employee retention
- Consider increasing compensation (particularly for contractors) or adding benefits to increase longevity
- Also look at relations between the office personnel and meter readers and also at the way customers view meter readers

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Maintenance & Repair



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Maintenance and Repair compensation

- Wages and contractor payments for maintenance and repair workers decreased 10.3% for all systems and increased 4.1% for small systems between 2021 and 2024 (the decrease is likely due to the composition of systems in the survey)
- Maintenance and repair compensation for 2024 is 61.5% of the MS average for all systems and 60.5% of the MS average for small systems (MSU survey)
 - These numbers fall to 50.7% and 33.1% when comparing to the US average
- These workers are semi-skilled workers and this type of worker is in higher demand than before, especially in Mississippi
- Benefits for employees and consideration of working conditions (including timing of work, buffer with customers, etc.) for contractors should help to enhance longevity

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Succession Planning

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Succession planning is a critical part of asset management



Employees are a water or wastewater utility's greatest assets

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Are you ready for people to leave?

There are many reasons that people will leave

- Retirement
- Finding a different (either better or worse) job
- Family Medical Leave Act
- Personal circumstances
- To pursue further education
- Health



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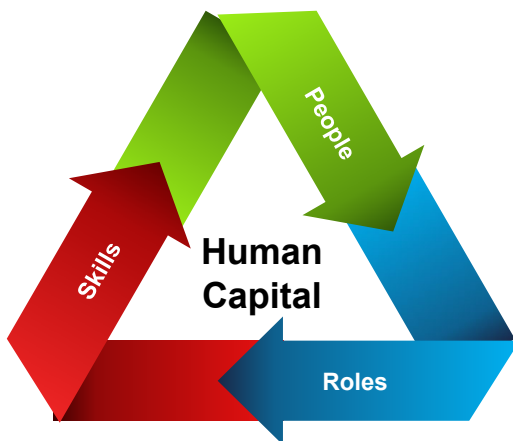
Questions for managers, operators, and boards

- Examine your current workforce
 - Do you want these workers to stay or leave?
- What issues exist that would cause workers to leave?
 - Level of pay
 - Opportunity for advancement or additional job challenges
 - Workplace environment (management style, collegiality with co-workers, the utility's relationship with customers)
 - "Perks" or benefits of the job (fringe benefits, training)
- How can problems with these issues be rectified?

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Concept of succession planning



The idea behind succession planning is to increase the human capital of your workers to continue the mission of the utility

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Components of succession planning

Strategic Planning

- Organization
- Mission
- Resources

Workforce Planning

- Data
- Profiles
- Projections

Human Capital Investment

- Reskilling
- Retraining
- Recruiting

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Succession planning

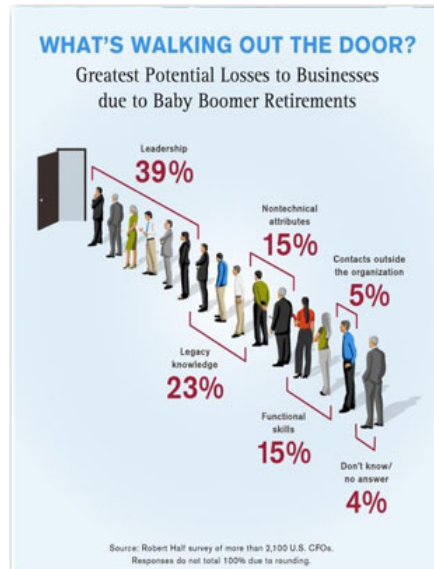
Succession planning is nothing more than preparing to “pass the torch” without the flame going out!



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Baby boomer retirements are of great concern



Baby Boomer Retirements Lead to:

- Workforce gaps
- Job knowledge walking out the door

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Current state of *YOUR* workforce

What Knowledge, Skills, and Abilities do you have today?

Employee Profile

- Age and years of Service
- Competencies and skills
- Knowledge

Community Demographics (your customers)

- Population
- Businesses
- Tourism

Workforce Breakdown

- Managers
- Operators
- Distribution staff
- Maintenance

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Current state of *YOUR* workforce

What Knowledge, Skills, and Abilities do you have today?

Think about:

- Local demographic changes
- Environmental changes
- Political changes
- Technological changes
- Regulatory changes



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Who will be working for/with you?

Matures

- *Duty, honor, country*
- *Dedication, sacrifice*
- *Conformity, blending – WE First!*
- *Patience*
- *Hard, hard times; then prosperity*
- *National pride*
- *Doing a good job is most important*
- *Age = Seniority*

Baby Boomers

- *Work ethic = Worth ethic²*
- *Workaholic; competitive*
- *Success is visible – trophies, plaques, lifestyle elements*
- *Optimistic*
- *Consumers*
- *Defined by their job*
- *Personal development*

Generation X

- *Came of age when the traditional world leaders were struggling*
- *This company never promised you anything!*
- *No common heroes*
- *First to develop ease/comfort with technology*
- *Suspicious of Boomer values*
- *Learned to fend for themselves*
- *Self-reliant*
- *Cynical and pessimistic*

Millennials

- *Optimistic*
- *Individualistic yet group oriented*
- *Busy*
- *Entrepreneurial*
- *Acknowledge/admire **select** authorities*
- *Think that Matures are cool*
- *Ambitious yet clueless*

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Analyze the workforce gaps

Workforce Demand Desired State

- ✓ Knowledge
- ✓ Skills
- ✓ Competencies
- ✓ Positions Needed
- ✓ Technologies Needed

Workforce Supply Current State

- ✓ Knowledge
- ✓ Skills
- ✓ Competencies
- ✓ Age/Years of service

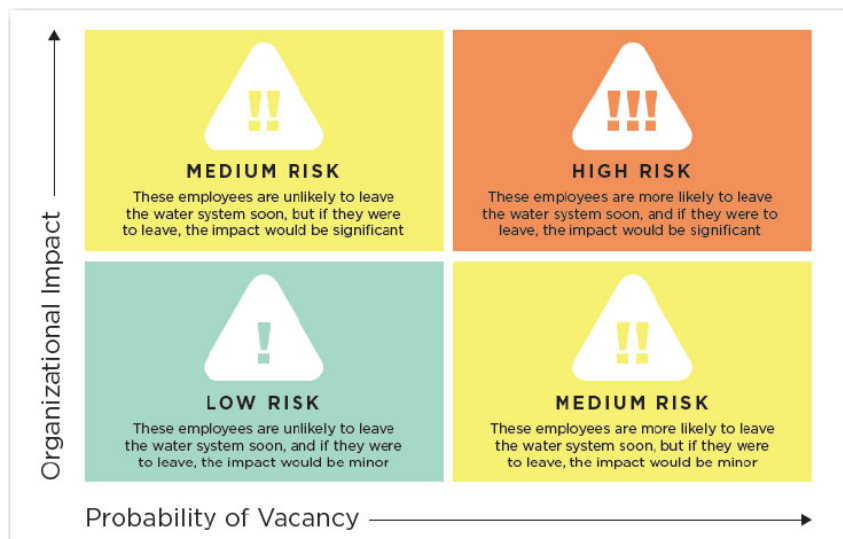
Your Human Resource Gap

- ✓ Identify what is missing
- ✓ Succession Plan is formed to fill the gap

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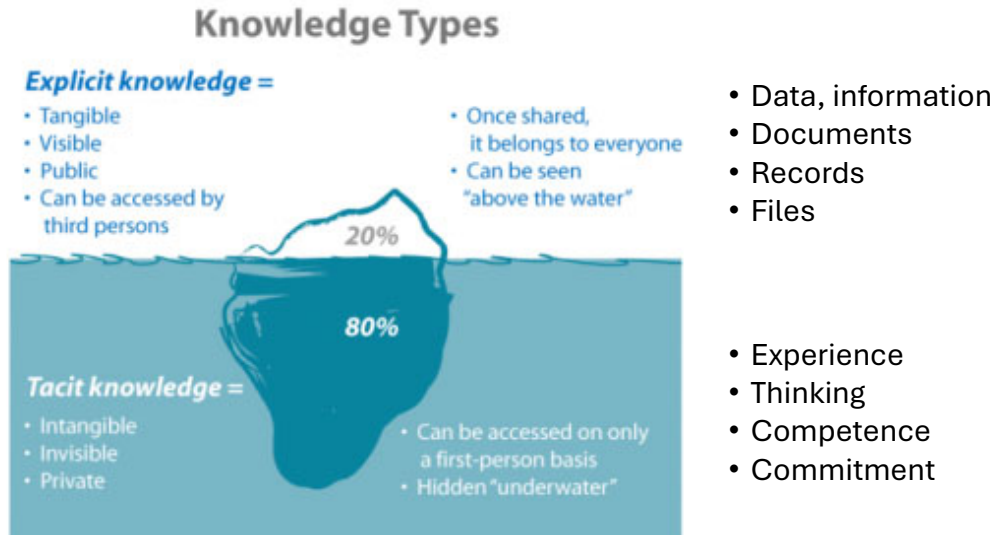
Human capital criticality



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Types of knowledge



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Incorporating workers/contractors in the asset mgt plan

Treat them like other assets

- Identify them
- Determine their level of service
- Determine their criticalness to the system's operations
- Develop a compensation/benefits/working conditions plan that will entice them to stay with the organization – if desired
 - Include an advancement/higher compensation plan in the asset management plan as part of the working conditions plan
- Realize that this compensation will be self-funded – funded from rate revenues

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