
Wastewater Treatment Division Productivity Initiative Annual Report 2001

King County Department of
Natural Resources and Parks
September 2002



King County

**Productivity Initiative
Pilot Program Plan

Annual Report 2001**

September 30, 2002

The Wastewater Treatment Division's Productivity Initiative Pilot Program Plan was approved by the Executive and Council in April 2001. The Pilot Program Plan authorized the wastewater program to apply some aspects of a private sector approach to the wastewater program, and to establish specific annual savings targets for a ten-year period. Additional documentable savings achieved above those targets would be eligible for inclusion in an Incentive Fund, to be shared equally between ratepayers and wastewater program employees.

The Pilot Program Plan stipulated that the wastewater program prepare an annual report summarizing the previous year's performance. This document is the wastewater program's annual report for 2001, the first year of the ten-year Productivity Initiative Pilot Program. Enclosed are details on the 2001 savings and how those savings were calculated, documented, and disbursed, as well as background on the Productivity Initiative and the Pilot Program.

I am pleased to report that the wastewater program's productivity efforts in 2001 under the Pilot Program were highly successful.

As this report will indicate, employees in the wastewater treatment program created business plans and took actions that enabled the program to save substantially more than the program's 2001 savings targets. Underexpenditures were below program targets by more than \$9 million. Of that amount, about \$2.75 million qualified and was documented as savings that could be included in the Productivity Incentive Fund. In accordance with the Pilot Program, half of those savings, or \$1.3 million, will be returned to sewer ratepayers in the form of decreased capital costs and stable sewer rates. The remaining half was distributed to wastewater treatment employees in the form of cash payouts and reserved for investments in the program's ability to meet future savings targets.

Not surprisingly, we encountered a number of challenges in this first year as we embarked upon a new program. For example:

**Wastewater Treatment Division
Productivity Annual Report
September 2002**

- A divisionwide reorganization was undertaken in 2001 based on extensive information gathering with employees and a peer review effort. The resulting structure, implemented in January 2002, will better align the organization to make the efficiencies required to meet savings targets.
- Management defined parameters and measurements for the program's Balanced Scorecard, the tool by which we will measure the program's success in becoming competitive with any other public and any privately operated wastewater treatment operator.
- We developed a documentation process in 2001 that will make it easier to track and evaluate specific actions taken by individuals and groups of employees in future years of the program that contribute to operational savings.
- The Pilot Program binds the wastewater program to a year-by-year budget goal for reducing costs based on the 2000 budget, with adjustments to be made for factors that influenced costs which are beyond the control of the program. That initial set of adjustments was carefully tested and refined in 2001 to develop a revised target that would mirror present conditions rather than those that existed when the plan was developed.
- An Incentive Fund Oversight Committee was established to represent the interests of management, represented, and nonrepresented employees in qualifying savings and disbursing funds. Among the Committee's most important initial tasks was developing administrative guidelines for determining payout eligibility.

Even without these first-year challenges, 2001 presented unique conditions that had an impact on our productivity efforts, such as the Nisqually Earthquake, unexpectedly severe drought conditions, and, most notably, sharp increases in energy costs. This report outlines the program's approach to meeting these unexpected conditions in detail.

With the experience of 2001 behind us, we are using the lessons we learned to form new strategies for meeting the program's savings targets for 2002 and beyond. The work force is engaged in business planning, developing training plans, and other activities that will empower wastewater program employees to build on our 2001 success. As directed by the Executive, the program is committed to expanding the scope of the Pilot Plan to include both small and major capital projects in 2003.

In this first year of the Pilot Program, I believe all participants learned a lot, both individually and collectively, about taking on such a challenging venture. I know I have been impressed by the efforts exhibited by our work force to set and achieve savings targets that not only benefit our program but also King County's

**Wastewater Treatment Division
Productivity Annual Report
September 2002**

ratepayers and the community at large. I am pleased to have these good results from 2001 to share with you, and am optimistic about our program's ability to continue meeting its productivity goals.

Sincerely,



Don Theiler
Manager

cc: King County Executive Ron Sims
King County Councilmembers
King County Department Directors
Pam Bissonnette, Director, Department of Natural Resources and
Parks (DNRP)
Maureen Welch, Assistant Director, DNRP
WTD Productivity Initiative Participants

Table of Contents

Table of Contents	5
2001 Financial Results.....	6
Year 2001 Productivity Budget Target vs. Actual Expenditures	6
Accounting for Planned Actions	6
Reconfigure biosolids haul contract.....	7
Improve grit handling	7
Improve utilization of reused water	7
Conveyance budget reductions	8
Administration budget reductions.....	8
Underexpenditures from Adjusted Budget Target	8
Additional Savings Attributable to Employee Actions	8
Salary Savings.....	9
Sewage Rerouted to West Point Treatment Plant for Treatment.....	11
Electrical Power Generation at South Plant.....	11
Operation of a Second Co-gen Unit at West Point Treatment Plant	11
Energy Conservation and Management at South Plant.....	11
Reduced Use of Liquid Oxygen at West Point Treatment Plant	12
Extreme Reductions in Plant Heating and Lighting at South Plant	12
Installation of High Solids Centrifuges at West Point Treatment Plant.....	12
Eliminating Digester Gas Blower Cooling Water at South Plant	12
Productivity Incentive Fund Oversight Committee	13
Addressing the Operating vs. Capital Payout Eligibility Issue	14
2001 Incentive Fund	17
Distribution	17
2001 Total Productivity Incentive Fund	18
Administrative Guidelines/Payout Eligibility Criteria	19
About the Productivity Initiative.....	21
Goals, Vision, and Guiding Principles	21
Balanced Scorecard.....	23
Special Acknowledgements	24

2001 Financial Results

Year 2001 Productivity Budget Target vs. Actual Expenditures

The Productivity Initiative business planning process had previously identified actions that could be taken to reduce the Wastewater Program's annual core operating budget, sometimes referred to as "inside the fence." The core elements of the wastewater program comprise about 77 percent of the budget and include wastewater operations, maintenance, biosolids, laboratory, industrial pretreatment, administration, capital design and construction, and facility planning. These are the activities over which the Wastewater Treatment Division has direct control. The reductions planned for 2001 totaled \$2.501 million. Subtracting the planned reductions from the inflation-adjusted 2000 baseline budget, a core operating budget target of \$62.983 million was established for 2001.

At year-end, the budget target was further adjusted for cost factors considered beyond the control of the wastewater program. Examples of these cost factors include price changes for the major chemicals utilized in the treatment process, electricity price changes, and odor control costs. (The adjustment was done in accordance with a process detailed in Attachment C-7 of the Productivity Initiative Pilot Plan.) The adjusted budget target was computed to be \$78.030 million. The increase from \$62.983 million was largely a result of the price volatility that occurred in energy prices throughout the year. The original program target had included \$6.8 million for energy based on the prevailing energy prices of the Year 2000 baseline budget year. Even with intensive energy conservation and management—resulting in substantially less energy consumption in 2001 than in 2000—over \$18 million was spent on energy during the year.

Actual expenditures for the core operating budget were \$68.898 million. This represents an underexpenditure of \$9.132 million for the year. More than \$2.762 million of the underexpenditure was determined to be a result of employee actions, and half of this amount (\$1.381 million) was transferred to the Productivity Incentive Fund.

The target budget, target budget adjustment process, and savings calculations have been reviewed by both the HDR Inc. management consulting group and the Department of Natural Resources and Parks' Finance Section. No material discrepancies were reported by either reviewing party.

Accounting for Planned Actions

At year-end the actual reductions achieved by the original planned actions totaled more than \$2.593 million, exceeding the original estimates of \$2.501 million by \$0.092 million. Below is a list of the actions, the planned reductions,

**Wastewater Treatment Division
Productivity Annual Report
September 2002**

and the actual reductions achieved in 2001. Additional description of each of the actions follows.

Description of Actions	Planned Reductions	Actual Reductions
Reconfigure biosolids haul contract	\$384,000	\$364,000
Improve grit handling	\$91,000	\$113,000
Improve utilization of reuse water	\$197,000	\$411,000
Conveyance budget reductions	\$406,000	\$395,000
Administration budget reductions	\$1,423,000	\$1,310,000
Total	\$2,501,000	\$2,593,000

Reconfigure biosolids haul contract

In the past, WTD contracted with a private firm to provide equipment and drivers to haul biosolids from the treatment plants to the point of application. In late 2000, a new haul contract was implemented with the provision that WTD would provide the trucks and trailers necessary to haul the biosolids. The trucks and trailers procured by WTD were more efficient and capable of carrying more weight per trip. The resulting efficiencies have produced a 2001 reduction in the operating expense for hauling of \$861,000. This reduction was partially offset by the cost of the vehicles, for a net savings of \$364,000.

Improve grit handling

An additional benefit of the new biosolids haul contract was that haul charges for hauling grit and screenings from the plants to solid waste were included in the contract at no charge. Under the previous contract WTD was charged about \$200 per trip. During 2001, 386 loads were hauled at no charge, for an operating savings of \$78,000.

In addition, South Plant utilized improved grit and screenings processing equipment designed to produce drier material for shipment. Based on process studies, the units have reduced the quantity of grit and screenings by 355 wet tons. The haul and tipping fee savings due to the drier material were \$35,000.

The total yearly savings were \$113,000.

Improve utilization of reused water

Utilization of reused water in plant process water systems was expanded during the year, avoiding the purchase of about 285 million gallons of potable water, for a gross savings of \$604,000. Operating expenses for producing reused water include chemicals, electricity, and labor and materials. These expenses totaled \$193,000, for a net savings of \$411,000.

**Wastewater Treatment Division
Productivity Annual Report
September 2002**

Conveyance budget reductions

Budget reductions, primarily in the areas of reduced supplies and services expenses, were taken for 2001. The reductions totaled \$395,000.

Administration budget reductions

The administration business plan identified budget reductions in a number of areas. They included reduced supplies, services, consultant and library expenses, salary savings, and elimination of budgeted contingencies. The planned reductions totaled \$1,384,000. Actual reductions for the year totaled \$1,310,000.

Underexpenditures from Adjusted Budget Target

The year-end adjusted budget target was \$78.030 million while actual expenditures were \$68.898 million. More than \$2.762 million of the \$9.132 million underexpenditure has been attributed to employee actions. The balance of the underexpenditures is primarily the result of the dry weather experienced during most of 2001, and salary and benefits budget variances due to unfilled positions.

The volume of wastewater pumped to and treated at the treatment plants during 2001 was about 15 percent lower than in recent prior wet years. During a normal rainfall year the volume of wastewater to be pumped and treated is higher due to the combined sewer flows as well as inflow and infiltration in local collection and conveyance systems. The additional volumes to be processed add to the energy and chemical costs of the division. The effect of the dry weather on the underexpenditures was magnified by the extreme volatility in energy prices throughout the year.

Salary and benefits budget variances were attributed to both employee actions explained in the following section and delays in filling open positions due to King County hiring policies implemented in 2001. Employees were not credited with savings attributed to delays in filling positions unless specific actions were identified to compensate for the unfilled positions.

Additional Savings Attributable to Employee Actions

As previously mentioned, \$2.762 million of the 2001 core budget underexpenditure has been attributed to employee actions, and half of this amount was transferred to the Productivity Incentive Fund. These savings were in addition to the planned actions that resulted in 2001 budget reductions of \$2.501 million, which were discussed above.

The additional savings are listed here, followed by a description of each:

**Wastewater Treatment Division
Productivity Annual Report
September 2002**

Salary and benefits savings	
West Operations	\$ 400,000
East Operations	267,000
Technology Assessment & Resource Recovery	175,000
Environmental Laboratory	116,000
Finance and Administration	100,000
Design, Construction & Asset Management	<u>62,000</u>
Subtotal	\$ 1,120,000
Rerouting sewage to West Point Treatment Plant	\$ 550,000
Electrical power generation at South Plant	\$ 345,000
Operation of a second co-gen unit at West Point (revenue)	\$ 213,000
Energy conservation at South Plant	\$ 199,000
Reduced use of liquid oxygen at West Point	\$ 136,000
Extreme reductions in plant heating and lighting at South Plant during periods of high energy cost	\$ 118,000
Installation of high solids centrifuges at West Point	\$ 65,000
Eliminating digester gas blower cooling water at South Plant	\$ 18,000
Total Savings	<u>\$ 2,762,000</u>

Salary Savings

West Operations Section (including Maintenance):

Shift Crews: The shift crews were staffed at 10 employees per shift in 2000. A decision was made to reduce the staffing to nine beginning in 2001. During the year, shift crews operated at the lower level and maintained the plant's operation, without incident. The savings from shift crew reductions was \$248,200.

Process Control: The Process Control Section operated without a Process Lab Specialist position throughout the year. The workload was reallocated to existing staff. Savings were calculated at \$43,600.

**Wastewater Treatment Division
Productivity Annual Report
September 2002**

Offsite: Offsite was budgeted at eight FTEs and operated with seven throughout the year. The work was reallocated to allow all tasks to be completed with the reduced staffing. The savings were \$62,050.

Administration: An employee retired during the year and others absorbed the duties. The savings were \$45,704.

Total savings for West Operations were \$400,000.

East Operations Section (including Maintenance)

Shift Crews: Three of the shift crews intentionally operated with six operators instead of seven for three months. Other crew members absorbed the work. The savings were \$51,164.

Day Operations and Buildings & Grounds: Salary savings from vacancies after adjustments were \$61,652. The crews were able to accomplish most of the tasks expected while working at lower than historical staffing levels. Adjustments were made to the savings for tasks not completed.

Process Control: An employee who retired was replaced with a part-time temporary employee. All work was completed and additional work was performed in response to the energy crisis. Savings were \$19,126.

East Maintenance: Two mechanic positions were held vacant all year. All work was completed and there was no increase in backlog. The savings were \$135,000.

Total savings for East Operations were \$267,000.

Technology Assessment and Resource Recovery

Two Planner positions were eliminated. The FTE reduction became possible because of reorganization within WTD and reallocation of tasks to other positions. The savings were \$175,000.

Environmental Laboratory

The Client Services Supervisor position was eliminated. The functions and direct subordinates were spread among three existing positions. The savings were \$116,000.

Finance and Administration

A Management Analyst III and Finance Section Supervisor vacancy were held open. Existing Finance staff completed the majority of work assignments for those positions through extended work hours. The savings were \$100,000.

Design, Construction & Asset Management

An employee was temporarily assigned to fill a position left vacant in another section due to a retirement. The workload was absorbed by a supervisory employee during the temporary assignment. All job responsibilities were met. The savings were \$62,000.

Sewage Rerouted to West Point Treatment Plant for Treatment

The dry weather experienced during the first three quarters of 2001 presented an opportunity for a partial diversion of flows that were budgeted to be treated at South Plant to West Point Treatment Plant for treatment. Electricity, which is a major component of the cost of treatment at both plants, was at the time available at a much lower cost at West Point. All totaled, about 2.7 billion gallons of sewage was rerouted to the West Point Treatment Plant where it received full treatment. Calculations show this strategy to have saved more than \$550,000 using the marginal cost of electricity for treatment at each of the plants.

Electrical Power Generation at South Plant

The volatility in wholesale energy markets during the first half of the year saw the price of purchased power at South Plant exceed the cost to generate power onsite utilizing leased diesel-fueled engine/generator sets. Three portable generators and a diesel-fired boiler were rented and connected to supply power and heat to a portion of the plant process. The units were operated for the most part whenever the price to generate electricity and heat was lower than the price to purchase power. At one point about 30 percent of the plant's electrical requirements were being generated with these units. The costs and savings associated with this strategy were closely tracked and resulted in savings of \$345,000.

Operation of a Second Co-gen Unit at West Point Treatment Plant

West Point staff was able to increase electrical generation from byproduct digester gas by keeping a second engine/generator online during most of the year. This resulted in a year-over-year generation increase of 4.5 million kWh, which was sold to Seattle City Light. Proceeds from the sale of the additional electricity increased revenues by \$213,000 above what was anticipated.

Energy Conservation and Management at South Plant

Energy management activities at South Plant intensified during the latter half of 2000 as the wholesale cost of energy began to rise rapidly. South Plant staff, in conjunction with a representative from Puget Sound Energy, identified numerous ideas with potential cost savings of \$267,000 (at \$.04/kWh). Ideas that could be implemented without plant modifications were carried out and planning was started for those ideas requiring modifications. Puget Sound Energy offered grants to partially finance the modifications. Working rapidly, South Plant was able to achieve savings of about 5,000,000 kWh during the year. The savings for 2001 was \$199,000 at the base rate of \$.04/kWh.

Reduced Use of Liquid Oxygen at West Point Treatment Plant

Purchased liquid oxygen is used whenever onsite oxygen generation is not sufficient to meet the needs of the process at West Point Treatment Plant. A special effort to improve the reliability and output of the onsite oxygen production facilities has resulted in a substantial reduction in liquid oxygen expense. Ongoing savings are \$136,000 per year.

Extreme Reductions in Plant Heating and Lighting at South Plant

Volatility in the energy market resulted in substantial swings in the price of electricity used at South Plant. Plant employees responded by taking extreme measures to reduce electrical expense. These measures at various times involved turning off *all* heat to processing and people-occupied spaces and *all* plant lighting other than essential lighting. To the greatest extent possible, these measures were continued until electrical prices stabilized at more reasonable rates. It is not known exactly how much electricity was saved over the course of the year; however, conservative estimates put the quantity at 500,000 kWh. At the average variable price paid during the year, this would result in savings of at least \$118,000.

Installation of High Solids Centrifuges at West Point Treatment Plant

The West Point Treatment Plant has undertaken the conversion of the biosolids dewatering process from conventional centrifuges to high solids centrifuges. The high solids centrifuges are capable of producing much drier biosolids for shipment, resulting in reduced hauling and application costs. Comparing the performance of the two types of centrifuges during the year formed the basis to compute the cost savings. If all biosolids had been processed by the high solids centrifuges, the savings in haul and application costs would have been \$413,000. The high solids centrifuges use more polymer and electricity. The additional processing costs would have been \$255,000 over the conventional centrifuges, for an annualized savings of \$158,000. However, the high solids centrifuges processed only 59 percent of the biosolids during the year as the installation of the units progressed, resulting in a yearly savings of \$85,000. The total savings after amortization of the applicable capital cost expense was \$65,000.

Eliminating Digester Gas Blower Cooling Water at South Plant

The digester gas blowers at South Plant are equipped with water-cooled heat exchangers to cool the gas following compression. The water was discharged to the drain after passing through the heat exchangers. After some experimentation, it was determined that the heat exchangers could be removed from service without damage to downstream piping or the digestion process. This action saved about 7.8 million gallons of water for a savings of \$18,000.

Productivity Incentive Fund Oversight Committee

At the foundation of the Productivity Initiative is the principle that employees perform best when given incentives to identify, initiate, and follow through on actions that will save costs and increase productivity. A key component of the Productivity Initiative is the opportunity for employees to identify and implement savings, to be divided between ratepayers and employees. The savings earmarked for employees go into the Productivity Incentive Fund.

In keeping with the Pilot Program Plan and union agreements, savings that accrued in the year 2001 beyond the target savings, and that were clearly the result of employee actions, would be split equally between the ratepayers and the employees. Union agreement stipulated that a minimum of 25 percent of any of the employee portion of Incentive Fund savings must be paid out in the form of a cash payout.

A Productivity Incentive Fund Oversight Committee (IFOC) was formed at the end of 2001 and charged with the making recommendations to the division manager concerning what savings actually qualified for the Incentive Fund and the distribution and use of the fund. IFOC membership was outlined in the labor agreements with Local 925 and Local 117 and attempted to create a cross section of employees in the division. Membership was set at four representatives from Local 925, two from Local 117, one from AFSCME (Council 2, Local 1652-R), two management representatives, and four members representing nonrepresented employees.

Mark Isaacson capably facilitated the Committee from its inception in fall 2001 until May 2002, with invaluable support from Susan Lowe and Byron Burris. Other staff from WTD's Human Resources unit and Finance and Administration Section also lent their expertise. The IFOC team charter and meeting notes are kept on WTD's Productivity Initiative Web site:
<http://dnr-metrokc.gov/wtd/Manager/Productivity/teams.htm>

The first year of the Productivity Initiative, 2001, was an extremely challenging year for the IFOC. Not only was it the first time this work was ever done, but the energy crisis and the unexpected complexity of the savings calculations added additional work. The Committee members worked very hard to make their recommendations credible and supportive of the entire wastewater program.

The three major products of the Committee were:

- Determining what savings qualified for the Incentive Fund;
- A recommendation to the Division Manager on how the 2001 fund should be distributed; and
- Creation of administrative guidelines for the Incentive Fund, including eligibility criteria. (See *About the Productivity Initiative*.)

**Wastewater Treatment Division
Productivity Annual Report
September 2002**

On June 6, 2002, the Committee made its 2001 Incentive Fund recommendation to the Division Manager, as follows:

- Extend the payout from the 2001 Incentive Fund to both operating- and capital-funded employees.
- Use 40 percent of the total Incentive Fund as a payout to operating-funded employees.
- Set aside a rainy day fund of \$400,000.
- From the remainder of the Incentive Fund:
 - Pay a matching (amount per employee) payout to capital-funded employees.
 - Pay administrative costs associated with the payout (estimated at about 5 percent).
 - Place the remainder in a flexible fund for future investments.
- Urge management and labor to clarify the issue of eligibility for participation in the Incentive Fund and remedy any misunderstandings as soon as possible.

Based on a review of the recommendation by Department of Natural Resources and Parks Finance staff and others, the Division Manager concurred with all but about \$100,000 of the savings the Committee “claimed” for the Incentive Fund. In keeping with the Pilot Program Plan, an independent review (by HDR, Inc.) was obtained. On June 17, 2002, Committee members and the Division Manager met with the County Executive to present their findings. The County Executive approved the recommendation pending approval by the County Finance Office, which was received a few weeks later.

Addressing the Operating vs. Capital Payout Eligibility Issue

A particularly difficult issue for the Committee was the inclusion of employees that were funded from the capital budget, as opposed to the operating budget. The 2001 savings came from operating savings, not capital. Since many employees are funded by both budgets to varying degrees and because capital-funded staff was involved with saving money in the operating budget, it became almost impossible to clearly draw a line between the two groups. The Committee wrestled with the issue for many weeks and came to consensus on who should be eligible. The decision was shared with all the WTD employees in the form of a letter in the July 15, 2002 *Productivity Pipeline*, WTD’s Productivity Initiative newsletter (printed below).

**Wastewater Treatment Division
Productivity Annual Report
September 2002**

Dear Fellow Wastewater Employees:

When the Productivity Incentive Fund Oversight Committee started the process of examining our 2001 budget results to see if we had met our targets, we expected hard work.

We knew we would have to work through some difficult philosophical questions, such as making a distinction between someone doing their job well and someone taking an independent action that resulted in a cost savings. We knew we would face tough analytical questions, too, such as how to amortize existing facilities that employees modified and used to create savings in 2001.

And we knew our final recommendation would be held up to scrutiny, first by the Division Manager, then by independent reviews and audits, and finally by our own co-workers.

But we hadn't counted on having to wrestle with what was ultimately the hardest question we faced: Who should receive a payout?

The understanding of some Committee members, particularly those members representing Local 925 and Local 117, was that only employees with a "significant impact" on the operating budget would receive shares of any payout to employees. The Committee was told that, in discussions between management and union business representatives on this issue, a proposed guideline for determining participation in the Incentive Fund had been proposed, specifically that an employee charge at least 25 percent of their time to the operating budget.

Yet others of us could recall hearing that all wastewater employees were eligible for the Incentive Fund. The Pilot Program documents, including the authorizing ordinance, as well as other internal communications about the Productivity Initiative over the past year, stated participation was open to all wastewater program employees.

The Committee discussed the situation at great length and expressed many points of view. Some Committee members felt that only employees covered by a union contract should be included and that only operating employees were directly responsible for the savings. Others pointed out that cost savings resulting from capital investments or improvements were included in the Incentive Fund, but that under the 25-percent guideline the capital-funded employees responsible for these savings would not be included in the payout.

**Wastewater Treatment Division
Productivity Annual Report
September 2002**

Some members expressed concern that support of the Productivity Initiative would be eroded by dividing employees into “haves” and “have nots.” Some pointed out that contracts for Local 925 and Local 117 included their members in benefiting from any payouts that would come about as a result of future capital savings.

Some members noted that charging to operating was somewhat arbitrary, and to establish a 25-percent threshold would push more costs to the operations side of the budget and diminish operations savings in years to come. Others worried about the difficulties in administering a two-tiered payout system.

These issues and many others regarding the payout were discussed at three different meetings, spanning about six weeks. Committee members listened to their fellow Committee members, shared feedback from the employees they represent, and sifted through their own perceptions and reactions.

In the final analysis, at the June 6, 2002 meeting, Committee members decided to do what they believed was best for the entire organization and the organization’s future. The Committee unanimously agreed to recommend a 40-percent payout to the approximately 550 employees who are funded by the operating budget, including those capital-funded employees who charge at least 25 percent of their time to the operating budget. From the remaining 60 percent of the fund, the Committee decided to extend the same payout to the approximately 150 capital-funded employees who charge less than 25 percent of their time to the operating budget.

Committee members also made a recommendation to management that management and labor immediately begin working to clarify this situation so that next year’s process isn’t hampered by this issue.

We understand that not everyone is happy with this decision, but from the Committee’s point of view, every wastewater program employee needs to be a part of the Productivity Initiative for it to be successful. In this case the Committee decided that the good of the organization outweighed all other considerations. We believe we acted in the best interest of our collective future.

(signed)
Members, Productivity Incentive Fund Oversight Committee

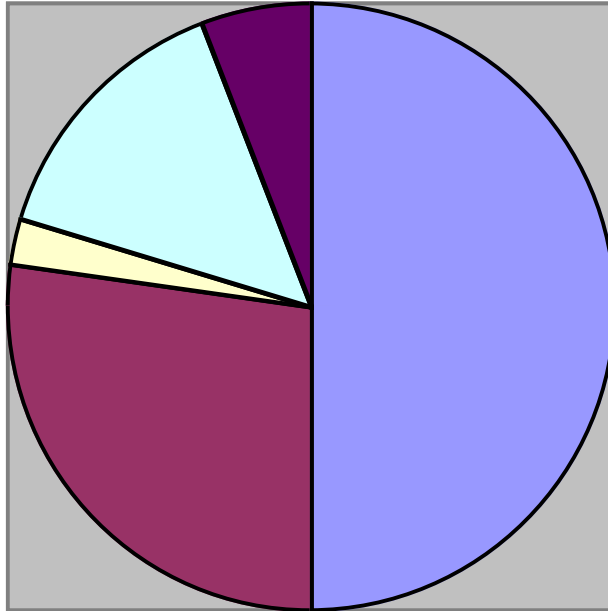
2001 Incentive Fund

Distribution

The total approved 2001 Incentive Fund was \$2.762 million, divided equally between ratepayers and employees. Here's how the employees' \$1.381 million share was distributed:

- \$750,685, or 54.36%, was distributed in payout checks to employees. A full share of the payout was \$1,267.90 and was paid out to employees in their August 15 paychecks.
- \$67,336, or 4.9%, was used to pay the administrative costs of issuing the payout checks, specifically payroll taxes and the employer's PERS contribution.
- \$400,000, or 28.96%, was set aside in a "rainy day" fund.
- The remaining \$162,979, or 11.8%, was placed in a flexible fund which can be used for business investment purposes that are not normally a part of WTD's budget.

2001 Total Productivity Incentive Fund



- Ratepayers,
\$1.381M (50%)
- Payouts,
\$750,685
(27.18%)
- Admin costs,
\$67,336 (2.45%)
- Rainy Day,
\$400,000
(14.48%)
- Flex fund,
\$162,979 (5.9%)

Administrative Guidelines/Payout Eligibility Criteria

Note: The full text of the Productivity Incentive Fund Oversight Committee's Administrative Guidelines is available at <http://dnr-web.metrokc.gov/wtd/Manager/Productivity/teams.htm>

Eligible Employees

- "Eligible employees" includes any regular full-time, regular part-time, term-limited temporary, part-time (temporary) employee, or Administrative Intern of the Wastewater Treatment Division or Wastewater Program whose position is within the boundaries of the Wastewater Program, provided that:
- The employee actively worked during any portion of the savings year.
- The employee must have worked at least 520 consecutive hours for the WTP WTD in the payout year to establish initial eligibility, and worked without a break in service after meeting the 520-hour threshold to be considered eligible in subsequent payout years.
- The employee was not discharged at any time during the payout year or prior to the payout for cause or performance.
- The Manager and Assistant Division Manager are not eligible for payout from the Incentive Fund.

Individual Prorated Share Calculation

- An eligible employee's share of the Incentive Fund shall be determined by the number of hours that an employee was compensated in the savings year.
- Compensated hours shall be prorated to the percentage of full-time, defined as 2,080 hours.
- No employee shall be prorated to receive more than 100% or "one" share.
- For the purposes of calculating "compensated hours during the payout year", the payout year shall be defined as the hours/days corresponding to the biweekly periods paid during the payout year. (This may include hours worked/compensated for prior years but paid in the payout year, and exclude hours compensated in the payout year, paid in the following year).

Compensated Hours

Compensated hours shall include the following hours worked for the Wastewater Program:

- Regular hours
- Holiday pay
- Vacation pay
- Sick leave pay
- Comp time used
- Paid administrative leave
- Executive leave used
- Benefit time
- Paid military leave

**Wastewater Treatment Division
Productivity Annual Report
September 2002**

- Jury duty
 - Bereavement leave
 - Unpaid military leave - compensated if the employee was actively working in the savings payout year and meets other eligibility criteria.
 - Any other time reporting code that may be developed and considered eligible for inclusion in the calculation of compensated hours by the Productivity Incentive Fund Oversight Committee.
-
- Not Included in Compensated Hours
 - First 520 hours of compensated time for a newly hired employee
 - Overtime pay
 - Unpaid leave
 - Benefit time buydowns
 - Benefit time cashouts
 - Comp time buydowns
 - Vacation buydowns
 - Vacation cashouts
 - Sick leave payoffs
 - Unpaid leave due to personal medical condition
 - Unpaid leave due to family medical condition
 - Any other time reporting code that may be developed and considered ineligible for inclusion in the calculation of compensated hours by the Productivity Incentive Fund Oversight Committee.

Distribution Amount Calculation

Upon determination of each eligible employee's prorated share of the Incentive Fund, the dollars in the fund will be divided by the total number of shares due payable to employees to determine the share amount. The distribution to each employee will then be based on his/her prorated amount of the share amount.

Example: Three employees worked during the savings payout year...

A has a total of 2,080 compensated hours for a prorated share of 100% or 1.

B has a total of 1,040 compensated hours for a prorated share of 50% or .5.

C has a total of 520 compensated hours for a prorated share of 25% or .25.

Total shares to disburse = 1.75

Total dollars in the fund = \$500

500 [divided by] 1.75 = \$285.72 = share amount

A receives 100% of share or \$285.71

B receives 50% of share or \$142.86

C receives 25% of share or \$71.43

Total disbursed: \$500.00

About the Productivity Initiative

Goals, Vision, and Guiding Principles

“Change requires a temporary surrender of security”

Goals

- To be recognized as the best publicly owned and operated wastewater treatment system in the nation by 2005.
- To be competitive with any privatized wastewater operation in the nation by 2010.

Five-Year Vision

- **Productivity.** We are nationally recognized for our productivity and actively share our experience with others in our industry.
- **Quality.** We maintain and improve treatment, effluent, and biosolids quality. We have no violations and no unpermitted overflows or bypasses.
- **Efficiency.** We hold the portion of the sewer rate dedicated to ongoing operations to less than or equal to current levels (after adjusting for inflation). We use the most efficient contracting techniques and management systems to minimize capital improvement costs. We continually improve the way we use resources and eliminate barriers to efficiency.
- **Safety.** We operate the safest wastewater treatment system in the nation.
- **Collaboration.** We work efficiently across all functional areas in the division and department. We have excellent support systems, and work collaboratively with support services from other King County departments.
- **Clarity of purpose.** We have clearly established our goals and how to achieve them. We are clear about roles and responsibilities to achieve our goals.
- **Customer service.** Customers value the service we provide. We are responsive to customer concerns and needs.
- **Work place.** Business teams have clear work plans and are actively pursuing those plans. Staff is knowledgeable about the “big picture” and our customers’ interests. Creativity is encouraged. Turnover is minimal. Management works collaboratively with unions and nonrepresented employees.
- **Employee satisfaction.** We have a high level of employee involvement in all areas of our operation. Employees feel they are doing productive work and are rewarded and recognized. Employees take pride and ownership in a job well done. Everyone is heard and no one fears retribution for speaking openly.

Guiding Principles

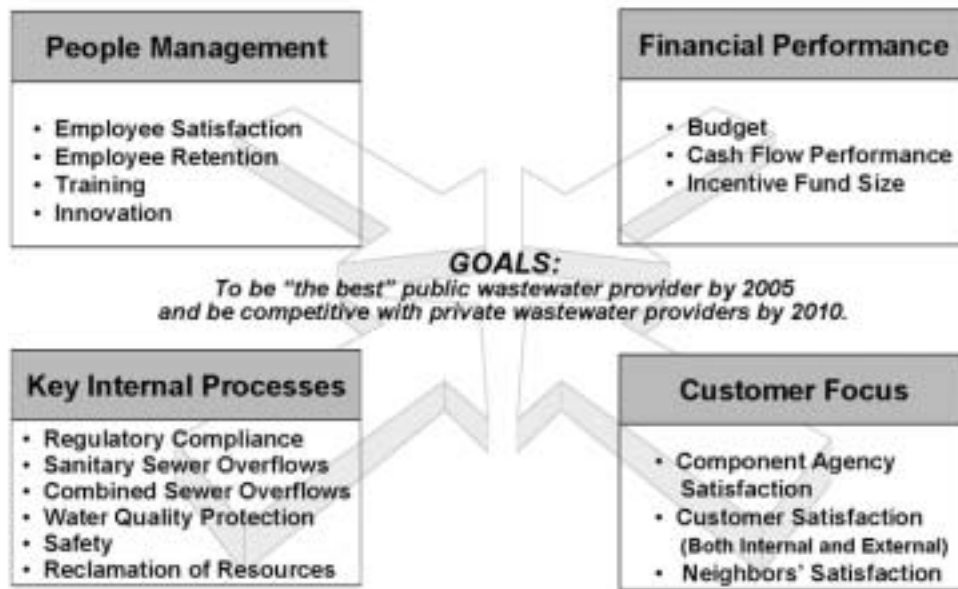
These principles guide our actions in striving for these goals and achieving this vision:

Wastewater Treatment Division Productivity Annual Report September 2002

- Accept no compromises in our commitment to protect the environment.
- Recognize that job responsibilities may change and provide necessary training so there are no layoffs.
- Identify two-way communication as essential.
- Promote humor and have fun.
- Listen and respond to one another and our customers with respect, focusing on business and not personality.
- Speak out without fear of retribution.
- Clearly define roles and responsibilities.
- Integrate all parts of the wastewater treatment program into the whole.
- Involve stakeholders and staff in decisions that will affect them.
- Clearly define areas that are not included in the productivity project's scope.
- Identify and track services that are not core wastewater business activities.
- Establish measurable and independently verifiable goals.
- Seek partnerships with groups affected by our actions.
- Establish a good working relationship with the Executive's Office on the productivity project.
- Be willing to take risks and think differently.
- Be willing to admit mistakes and change course if needed.
- Practice continuous process improvement.
- Build on existing strengths within the organization.
- Look for and make ongoing productivity improvements.
- Seek early successes in productivity project activities.
- Uphold commitment to safety without compromise.
- Exercise patience; recognize that improving productivity will take time and effort.
- Ensure management is visibly committed to the productivity project.
- Share savings with employees and ratepayers.
- Respect union agreements.
- Celebrate our successes.

Balanced Scorecard

King County Wastewater Treatment Program
Balanced Scorecard



Web site: dtr-web.metrokc.gov/td/Manager/Productivity/bsc1.html
11/2001

Special Acknowledgements

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