

## 10. Assistant General Manager, Clean Water

- **No one position under the General Manager has management oversight over all clean water operations, clean water planning, and Clean Water Enterprise Fund expenditures.**

### **Inadequate Clean Water Representation at the Executive Management Team**

The Department's former Executive Leadership Team consisted of the following seven members:

- The Classification 1172 General Manager who has overall management responsibility for the collective output of the Department's 2,212.37 full-time equivalent (FTE) positions and a FY 2004-2005 operating budget of \$515,489,384. Of this, the General Manager's Office comprises 28.30 FTE positions, with a FY 2004-2005 operating budget of \$9,507,939.
- The Classification 5166 Assistant General Manager, Operations who manages the 1,494.32 FTE positions responsible for the operation of the water, clean water, and power generation systems. This position's incumbent represents approximately 67.5 percent of the Department's positions, spread across its three main operating systems. This position is responsible for a FY 2004-2005 operating budget of \$424,124,474, or approximately 82.3 percent of the Department's total operating budget.
- The Classification 5166 Assistant General Manager, Infrastructure who manages the 334.94 FTE positions implementing the \$3.6 billion Water System Capital Improvement Program. The Infrastructure Division's Program Management Bureau is currently responsible, with assistance from the General Manager's Office, for the Clean Water Master Planning process. The Infrastructure Bureau's FY 2004-2005 operating budget is \$39,133,309.
- The Classification 0955 Assistant General Manager, Business Services who manages the 301.61 FTE positions providing financial, real estate, information technology, and human resources services to the Department as a whole, and customer services to the public. The Business Services' FY 2004-2005 operating budget is \$36,234,864.
- The Classification 0955 Assistant General Manager, Power Policy and Resource Planning who manages the 16.23 FTE positions responsible for power planning and administration, energy efficiency, renewable energy technologies, and power legislation. The FY 2004-2005 operating budget for these functions is \$3,710,283.
- The Classification 0954 Planning Bureau Manager who manages the 36.97 FTE positions responsible for water and clean water planning, and environmental

regulatory compliance. The Planning Bureau's FY 2004-2005 operating budget is \$2,778,515.

- The Classification 1340 Executive Assistant to the General Manager.

Therefore, the clean water system was represented at the Executive Leadership Team by (a) the Assistant General Manager, Operations who is simultaneously charged with representing the power generation and water systems' operations, (b) the Assistant General Manager, Infrastructure who has staff working on the Clean Water Master Plan, and (c) the Planning Bureau Manager who has staff working on clean water environmental regulation compliance and planning. While there is merit in having multiple perspectives within the Department's executive management team on clean water issues, this divided management representation, particularly taking into account the sheer scope of the Classification 5166 Assistant General Manager, Operations' responsibilities, makes it difficult for any one executive management team member to be a strong advocate for clean water policy, program operations, and capital investments. Further, no one position under the General Manager has management oversight over all clean water operations and expenditures. As a result, as noted in Sections 4 and 9:

- There is no integrated business plan for the Clean Water Enterprise which sets annual and long-term business goals and the investment decisions necessary to achieve them. One consequence of this are the significant unmet capital improvement needs related to the clean water system's infrastructure.
- The Clean Water Master Planning process is not being managed by the Clean Water Enterprise Program's experts in clean water operations and planning.
- Management responsibility for compliance with clean water regulations is currently split between the Water Pollution Control Division, the Bureau of Environmental Regulation and Management, and the Planning Bureau. This risks unclear accountabilities.
- After 7.5 years, the Water Pollution Control Division is still not fully integrated into the Department culturally, or in terms of policies and procedures.

## **Leadership Needs of a New Clean Water Enterprise**

In Section 9, the Budget Analyst recommends the establishment of a Clean Water Enterprise which could encompass up to 507.51 FTE positions and an annual operating budget of up to \$154,126,839. As shown in Table 10.1 below, this scope of management responsibility is greater than the management responsibilities of most other former Executive Leadership Team members who reported directly to the General Manager and, therefore, warrants Classification 5166 Assistant General Manager, PUC status.

**Table 10.1****Former Executive Leadership Team Members' Salaries,  
and Staff and Budget Responsibilities**

<b>Job Classification</b>	<b>Minimum Salary</b>	<b>Maximum Salary</b>	<b>No. of Direct Staff (% of Total)</b>	<b>FY 2004-2005 Operating Budget (% of Total)</b>
1172 PUC General Manager	\$164,952	\$216,943 <sup>1</sup>	28.30 (1.3%)	\$9,507,939 (1.8%)
5166 Assistant General Manager, PUC (Assistant General Manager, Operations)	\$121,678	\$147,909	1,494.32 (67.5%)	\$424,124,474 (82.3%)
<b><i>5166 Assistant General Manager, Clean Water</i></b>	<b><i>\$121,678</i></b>	<b><i>\$147,909</i></b>	<b><i>Up to 507.51 (22.9%)</i></b>	<b><i>Up to \$154,126,839 (29.9%)</i></b>
5166 Assistant General Manager, PUC (Assistant General Manager, Infrastructure)	\$121,678	\$147,909	334.94 (15.1%)	\$39,133,309 (7.6%)
0955 Deputy Director V (Assistant General Manager, Business Services)	\$117,032	\$156,861	301.61 (13.6%)	\$36,234,864 (7.0%)
0955 Deputy Director V (Assistant General Manager, Power Policy and Resource Planning)	\$117,032	\$156,861	16.23 (0.7%)	\$3,710,283 (0.7%)
0954 Deputy Director IV (Planning Bureau Manager)	\$109,777	\$147,126	36.97 (1.7%)	\$2,778,515 (0.5%)
1340 Assistant to the General Manager, PUC – Public Relations (Executive Assistant to the General Manager)	\$73,994	\$89,941	0	\$0
<b>TOTAL:</b>			<b>2,212.37</b>	<b>\$515,489,384</b>

Sources: City and County of San Francisco, *Annual Salary Ordinance for Fiscal Year Ending June 30, 2005* and the Public Utilities Commission's Financial Services.

<sup>1</sup> The new incumbent of the General Manager position agreed to a voluntary \$36,000 or 15 percent give-back on an annual base salary of \$240,000 approved by the Public Utilities Commission which is greater than the salary levels specified in the Annual Salary Ordinance. The resulting salary of \$204,000 falls within the Classification 1172 PUC General Manager salary range.

## **Congruence with Other Initiatives and Organizational Structures**

The Budget Analyst recommends that an Assistant General Manager, Clean Water position be established as a direct report to the General Manager. This recommendation is congruent with:

- The Commission's stated policy preference that the Department be structured by business enterprise.
- The *Draft Interim Phase II Report* on the Water Pollution Control Division prepared by Red Oak Consulting (August 10, 2004). This report identified a number of deficiencies related to the lack of an executive management team member solely responsible for clean water. These deficiencies include (a) no one manager being directly responsible for managing all clean water operations and planning to ensure the clean water system's long-term sustainability, and (b) clean water not being fully integrated into the Department in terms of clear lines of responsibility, formal and informal communications, integration of policies and procedures, and support from Business Services. To remedy this, Red Oak Consulting recommended the creation of an Assistant General Manager, Clean Water position so that an experienced clean water professional can be responsible for Clean Water Enterprise operations and planning.
- The organizational structure of the most similar Bay Area public utility. The East Bay Municipal Utility District, which is responsible for both water and waste water services, has a Director of Wastewater position responsible for the following: wastewater treatment; wastewater plant operations and maintenance; engineering, design, and construction management for wastewater facilities; laboratory services; related environmental services; and related financial management and administrative support services.

## **Implementation**

In order to establish a new Assistant General Manager, Clean Water position reporting directly to the General Manager, the General Manager should, subject to Department of Human Resources approval:

- Establish a new Classification 5166 Assistant General Manager, PUC position for the Assistant General Manager, Clean Water, at an annual salary cost of between \$121,678 and \$147,909, plus mandatory fringe benefits. This position should be a direct report to the General Manager to ensure sufficiently senior representation of the Clean Water Enterprise within the Department.
- Conduct an extensive internal and external recruitment process for the new Assistant General Manager, Clean Water position to ensure the selection of a highly qualified

industry specialist with the necessary level of management experience. The successful candidate will need to possess a range of skills in order to evaluate policy proposals and operational options from technical, policy, regulatory, financial, and management perspectives.

The Budget Analyst is cognizant that the Public Utilities Commission's recently appointed General Manager is actively looking at reorganizing the Department, with the ultimate goal of reorganizing the Department into its business lines. To achieve that, the General Manager has appointed new senior personnel, including a Deputy General Manager, to assist her to coordinate across the existing divisions on key issues. During this transition period, the General Manager does not support the flat organizational structure being recommended by the Budget Analyst, whereby an Assistant General Manager, Clean Water would report directly to the General Manager. However, the General Manager has indicated that she is prepared to examine a flatter management structure in the medium term. Therefore, if the Board of Supervisors approves the Budget Analyst's recommendations, the Budget Analyst would assess, in the medium term, the Department's progress towards the recommended organizational structure. While the Budget Analyst acknowledges that, in the short-term, the Department's budget will be accommodating senior personnel to manage the transition period, the Budget Analyst will be reviewing their justification in the medium term.

## **Conclusion**

There is inadequate clean water representation at the executive management team because no one executive management team member has a holistic view of clean water or has responsibility for all clean water operations, planning, and financial management.

As explained in Section 9, the consolidation of clean water functions would result in a new Clean Water Enterprise of up to 507.51 FTE positions and an annual operating budget of up to \$154,126,839. An organization of this scope would justify management by a Classification 5166 Assistant General Manager, PUC position. This position should ultimately be a direct report to the General Manager.

An Assistant General Manager, Clean Water should be an highly qualified industry specialist with a high level of policy, regulatory, financial, and management skills.

## **Recommendations**

The Public Utilities Commission General Manager should:

- 10.1 Establish a new Classification 5166 Assistant General Manager, PUC position for the new Assistant General Manager, Clean Water. This position should be a direct report to the General Manager.
- 10.2 Conduct an extensive internal and external recruitment process for the new Assistant General Manager, Clean Water position to ensure the selection of a

highly qualified industry specialist with the necessary level of management experience.

## **Costs and Benefits**

The costs of the above recommendations include (a) the annual salary for the new Classification 5166 Assistant General Manager, PUC position for the Assistant General Manager, Clean Water of between \$121,678 and \$147,909, plus mandatory fringe benefits, for a total cost of up to \$184,147 annually, and (b) the estimated one-time cost of up to \$50,000 for an extensive internal and external recruitment process.

The benefits of implementing these recommendations include improved clean water representation at the executive management team and an appropriate level of top management for the new Clean Water Enterprise.