



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

*Human Resources and Labor Relations
Committee*

*Wednesday, January 11, 2012
11:00 a.m.*

1. Call to order Anthony Griffin
Chair

2. Union presidents Anthony Griffin

Discussion

- Water Services Department hiring, regarding adding CDL requirements to positions that do not have a function of operating CDL equipment or vehicles;

Open discussion

3. *Proposed Committee Name Change to Human Capital Management
Committee* Rick Green

4. Adjournment Anthony Griffin

Follow-up Items from September Committee Meeting

- *Request for DC Water to offer an early-out for Civil Service Employees (response will follow)*
- *General Counsel to review the Personnel Tool Kit regarding internal candidates. Specifically, work detail time not being counted toward experience for vacant and/or promotional positions (Completed: response attached)*



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY | 5000 OVERLOOK AVENUE, SW | WASHINGTON, DC 20032

January 9, 2012

Alethia Nancoo, Chair and
Members of the Governance Committee and
Anthony H. Griffin, Chair and
Members of the Human Resources & Labor Relations Committee
District of Columbia Water and Sewer Authority
5000 Overlook Ave., S.W.
Washington, D.C. 20032

Dear Chair Nancoo & Griffin and
Members of the Governance & HR/Labor Relations Committees:

During FY 2011, there was reorganization of Human Resources to bring our function more in line with other organizations' human resources function. The "best in class" organizations were defining their human resources function as Human Capital Management. The reorganization request was approved in late August 2011, and implemented on September 25, 2011.

This request to amend the name of the Human Resources and Labor Relations Committee to Human Capital Management and Labor Relations is to make the name of this Board committee consistent with the DC Water department name, Human Capital Management. There is a copy of the new human capital management mission statement that was prepared for this reorganization request that has been enclosed, to further explain the function of the Human Capital Management Department.

Please contact me with any questions you may have concerning these responses.

Sincerely,

A handwritten signature in blue ink, appearing to read 'George S. Hawkins', is written over the word 'Sincerely,'.

George S. Hawkins
General Manager

Enclosed

Human Capital Management

The Office of Human Capital Management ensures that DC Water has the workforce necessary, both now and in the future, to accomplish the goals and objectives of DC Water. The Office ensures that the human capital management program is aligned with refining and improving internal business processes in the areas of safety, environmental compliance and remediation, project management, performance, occupational health, contract planning and execution, and human capital management.

The Office forecasts what competencies the DC Water workforce of the future will require to achieve mission success and the anticipated challenges as the Enterprise moves from a "silo-ed" internally focused culture to one that requires more partnerships, results and matrix-management orientation, and integrated performance. The Office provides objective data for organizational results, stakeholder satisfaction, and employee perspectives which are critical in improved management, identifying improvement opportunities and program performance comparison. It builds measures and risk indicators for DC Water Human Capital Management that allows the senior leadership team to make fact-based decisions and identifies risk factors involving their human capital. It oversees development and design of human capital prototype programs such as the Professional Development Corps, Executive Mentoring program, DC Water diversity initiatives and DC Water Leadership Excellence Program designed to improve senior executive leadership at DC Water sites and through focused follow-on leadership/management learning and development activities. The Office provides extensive human resources liaison and advisory services in the area of recruitment and retention strategies, classification, organizational structure, employee and labor relations, performance management and recognition programs.



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY | 5000 OVERLOOK AVENUE, SW | WASHINGTON, DC 20032

January 10, 2012

Ms. Barbara Milton
President, AFGE Local 631
P.O. Box 54585
Washington, DC 20032

Mr. James Ivey
President, AFSCME Local 2091
1724 Kalorama Road, N.W.
Washington, DC 20012

Ms. Michelle Hunter
President, NAGE R3-06
Finance Department
DC Water

Mr. Jonathan Shanks
President, AFGE Local 872
1016 Urell Place N.E.
Washington, DC 20017

Mr. Shawn Henson
President, AFGE Local 2553
P.O. Box 70259
Washington, DC 20024

Dear Ms. Milton:

The Authority considered your request for implementing an “early out” program. This program is only available to civil service employees who have been in a Civil Service Retirement System (CSRS) covered appointment status prior to October 1, 1987.

The Authority currently has 224 employees under the Civil Service Retirement System (CSRS). One hundred thirteen (113) are currently eligible for regular retirement. The criteria for **regular retirement** are:

- 55 years old with 30 years of service (48 employees in the Authority)
- 60 years old with 20 years of service (22 employees in the Authority)
- 62 years old with 5 years of service (43 employees in the Authority)

Criteria for an early optional retirement under CSRS:

- 50 years old with 20 years of service
- Any age with 25 years of service

Letter to Barbara J. Milton
January 10, 2012
Page 2

There are no CSRS employees at DC Water with fewer than 20 years of service. There are only 70 nonunion CSRS employees.

Employees under the Civil Service Retirement System – union breakdown is as follows:

AFSCME Local 2091	59
AFGE Local 631	36
AFGE Local 872	49
AFGE 2553	7
NAGE R3-06	3
TOTAL	100

The Voluntary Early Retirement Authority (VERA) allows agencies that are undergoing substantial restructuring, reshaping, downsizing, transfer of function, or reorganization to temporarily lower the age and service requirements in order to increase the number of employees who are eligible for retirement. This authority encourages more voluntary separations and helps the agency complete the needed organizational change with minimal disruption to the work force.

An agency must request VERA and receive approval from the Office of Personnel Management (OPM) before the agency may offer early retirement to its employees.

There is also a provision of the Civil Service Retirement System (CSRS) that allows an employee who is involuntarily separated from his/her position for reasons not related to conduct or delinquency, and who meets the early retirement age and service provisions to qualify for retirement. This type of retirement is known as the Discontinued Service Retirement (DSR). Some of the reasons an employee may be involuntarily separated are: an agency reorganization results in the elimination of the position or the employee no longer meets the new qualifications for his position and is terminated; or the employee's performance has deteriorated and the employee is no longer effective in the position (this type of retirement would have to be supported by the performance evaluations).

Currently, 111 civil service employees are not eligible for regular retirement. There are 5 employees who would not qualify for the "early out" or discontinued service, because they have less than 25 years of service, or are not age 50 with 20 years of service.

All except one of these remaining CSRS employees will be eligible for early retirement between January 2012 and March 2012. The final employee is not eligible until December 2012.

Letter to Barbara J. Milton

January 10, 2012

Page 3

In both the "early out" and discontinued service programs the employee's annuity is reduced by 2% for every year they are under age 55. In the situation at DC Water, employees and the union president's are requesting an early out program.

In most cases, an early out is offered as a cost saving for financially strapped agencies. There is an immediate financial one-time cost to payout retirees. The savings are realized in future years. The biggest advantage to the employee is to be able to start collecting a retirement check early, albeit reduced by 2% for every year under age 55.

The current total cost of an "early out" for 100% of civil service retirement eligible employees is approximately \$2 million (includes annual leave payout). If essential/hard to fill positions (as identified in the last "early out" in 2006) are excluded the cost would be approximately \$1.3 million. These costs are without an incentive. Costs increase exponentially by adding \$20,000 to \$25,000 per employee.

The pros and cons of offering an "early out" were considered. Aside from granting employees and union presidents' requests, there was no benefit identified for DC Water to offer an "early out" program. The team believes a reduction-in-force would result in qualifying impacted employees for discontinued service retirement and for severance that would amount to one-half their annual incomes (26 weeks/approximately \$25,000 on average, per person). On the downside, a reorganization that results in a reduction-in-force will affect more than civil service employees (see RIF impact)

In addition, it doesn't appear that DC Water would meet the requirements for approval by OPM for an early out program.

Before DC Water makes a request to OPM for VERA, several factors must be considered:

How VERA would assist DC Water in reaching a specific goal?

- For example, the goal could be direct savings by the voluntary reduction of a specific number of positions.
- Or, the goal could be a voluntary reduction of employees in positions with obsolete skills and the establishment of new positions with different skills.
- DC Water should plan for VERA as soon as it appears that there is a need for early retirement.
- DC Water should allow sufficient time for key matters such as developing activity or sub-agency policy on the coverage and application of the OPM authority, preparing HCM staff, counseling employees, holding retirement seminars, computing annuities for those considering retirement, etc.

Letter to Barbara J. Milton

January 10, 2012

Page 4

- To obtain approval for an early out program, DC Water will have to submit to OPM a detailed summary of the personnel and/or budgetary situation that will result in an excess of personnel because of substantial delayering, reorganization, reduction-in-force, transfer of function, or other workforce restructuring or reshaping. The request for VERA must be consistent with DC Water's human capital goals.

DC Water has decided to wait until such time that there is a merger or reorganization, and if it results in reduction-in-force procedures for some positions, then allow CSRS qualified employees to apply for discontinued service retirement. Employees who are not covered by CSRS can still take advantage of DC Water's severance pay program.

Sincerely,

A handwritten signature in cursive script that reads "Katrina J. Wiggins".

Katrina J. Wiggins
Assistant General Manager
Support Services



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY | 5000 OVERLOOK AVENUE, SW | WASHINGTON, DC 20032

MEMORANDUM

TO: Human Resources and Labor Relations Committee
Anthony Griffin, Principal (Committee Chairperson)
Kathleen Boucher, Alternate, (Committee Vice Chairperson)
Alan Roth, Principal
F. Alexis Robertson, Principal
Howard Croft, Alternate

FROM: Randy Hayman, General Counsel

A handwritten signature in black ink, appearing to read "R.H.", positioned to the right of the "FROM:" line.

DATE: October 6, 2011

RE: Recruitment of Internal Candidates Who Have Been Temporarily Promoted

During the September 14, 2011, Human Resources Committee Meeting, Ms. Barbara Milton, President, AFGE 631, alleged that the Authority had violated the Working Conditions Agreement (the "WCA") by failing to properly consider internal applicants for vacant positions that were recruited. Ms. Milton specifically alleged that although the WCA required preference be given to internal candidates when they are deemed to be equally qualified to an external candidate, the Authority had failed to properly credit this preference to internal applicants being considered to fill vacancies. Ms. Milton further alleged that as a result of an instruction on page 6 in the Staffing Strategy Toolkit, which instructs managers not to consider service in temporary promotions as experience, the Authority had failed to assess and credit any preference to internal candidates that had been temporarily promoted.

Ms. Milton referred to Article 21 of the WCA during the September 14, 2011, meeting to support her position. She also provided the committee members with a copy of this Article for their reference. A review of Article 21 of the WCA provides limited support for only one of Ms. Milton's positions articulated during the HR Committee Meeting. Article 21, Section A(2) states, "Internal applicants shall be given preference over external applicants provided the internal applicants are equally qualified candidates to perform the job". This language clearly supports Ms. Milton's assertion that internal candidates deemed to be equally qualified with an external candidate should be given preference.

However, the WCA is completely silent on the issue of crediting preference for service during temporary promotions. Article 28 of the WCA, entitled "Temporary Assignments," does not in any way address the issue of credit for temporary assignments. Therefore, Ms. Milton's assertion that the Staffing Strategy Toolkit is being used to improperly deny internal candidates credit for service during temporary promotions is without merit.

Despite, Ms. Milton's assertion that her position on temporary service experience was supported by the Collective Bargaining Agreement, there can be no dispute on interpretation of the language of the

pertinent provisions. Article 21 and Article 28 are both silent on this issue. Thus, my review of this issue confirms that the Authority has not violated the Working Conditions Agreement through its treatment of internal candidates that have been temporarily promoted, but who do not receive credit for that experience when being considered to fill a posted vacancy at DC Water.