FY2009 Contractor Conversion Proposal

August 13, 2008 HR Committee Presentation

Workload Issues

- Doubling of budget in FY09
- Future significant increases in:
  - Asset Management
  - Quality Assurance/ Quality Control
  - Land Management
  - Contract Management
  - Begin Planning phase

Workload Issues

- $460M in construction starts in FY09:
  - Compartment B and C Buildouts
  - C-111 Spreader Canal
  - Lakeside Ranch STA
  - Acme Basin B
  - O&M Capital

Workload Issues

- Addition of SAP budget module and the need to transition to internal support
- Finalize transition of projects to SAP Project Systems
- Transition to a new Electronic Recruitment System
- Design of a new lab facility

Cost Savings/Efficiency Improvements

FY08 annualized savings: $5.6M

- Training 46% reduction
- Conferences 40% reduction
- Travel 21% reduction
- Fleet budget 24% reduction
- Energy efficiency savings -3%
- Recaptured $2.2M in contract dollars by replacing contractors with FTEs
- Internalized CERP outreach provided $1.2M annual savings

Cost Savings / Efficiency Improvements

FY09 baseline reductions: $2.2M

- **Travel/Training 30% additional reduction**
- **Rent/Lease Equipment 38% reduction**
- **Field Equipment 26% reduction**
- **Conferences/Memberships/Other 27% reduction**

An Additional Cost Savings Opportunity

- Replace 23.5 FTEs currently contracted with internal staff for long-term ongoing functions:
  - SCADA Installation & Maintenance - 10
  - Permit Required Monitoring - 8
  - Water Use Permit Review - 2
  - Business Systems Support & Maintenance Transition – 3
  - Administrative Support – 0.5

Additional Needs Identified

- 3 FTE's for:
  - Water Use permit compliance – 2
  - Public Records support – 1

- Total "Needs" 26.5 FTE
- Identified Redirections 6.5 FTE
- Requested Addition 20.0 FTE

Estimated Savings

Contractor cost	$4.1M
Est. FTE additional cost	- $1.8M
Start-up Equipment	- $0.4M
3-Mo. Transition	- $0.5M
Est. Year 1 Savings	$1.4M

- Future year savings estimated at $2.3M due to non-recurring start-up and transition costs

Staff Recommendation

- Approve FTE conversion cost savings proposal and direct staff to submit a package to the Governor's Office as part of the proposed FY 2009 budget.