

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Ronald Wastewater District Assumption Transition Committee of Elected Officials Update
<b>DEPARTMENT:</b>	City Manager's Office
<b>PRESENTED BY:</b>	John Norris, Assistant City Manager
<b>ACTION:</b>	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

**PROBLEM/ISSUE STATEMENT:**

In 2002, the City Council and Ronald Wastewater District (RWD) Board of Commissioners entered into an Interlocal Operating Agreement to unify wastewater (sewer) services with City operations in October 2017 through an assumption process. To move the assumption process forward, the Council and RWD Board agreed to form a joint Council-Board subcommittee on assumption transition. It was agreed that two members of the Council and two members of the RWD Board would serve on the committee, which came to be known as the Committee of Elected Officials (CEO). The first meeting of the CEO occurred on June 5, 2014.

On October 27, 2014, staff provided an initial update on the work of the CEO to the City Council. This staff report will provide a second update of what the CEO has accomplished to date, the remaining assumption transition topics to be covered, and the timeframe for completion of the Assumption Transition Plan. Similar to the October 27 discussion, this topic provides an opportunity for the Council to hear directly from their colleagues serving on the CEO (Councilmember McConnell and Councilmember Roberts) on their thoughts and ideas about how the CEO is doing and the progress made thus far.

**RESOURCE/FINANCIAL IMPACT:**

There is no direct financial impact to continuing to staff and coordinate the Assumption Transition CEO. However, there could be assumption transition issues identified as part of the assumption transition planning process that do have costs associated with them.

**RECOMMENDATION**

Staff recommends that Council discuss the work of the RWD Assumption Transition CEO to date and provide direction to staff on future assumption transition issues.

Approved By:            City Manager **DT**    City Attorney **MK**

## **BACKGROUND**

In 2002, the City Council and RWD Board of Commissioners entered into an Interlocal Operating Agreement (IOA) to unify wastewater (sewer) services with City operations. The Agreement outlines the unification process between the City and the District, which is to occur on October 23, 2017. The City will acquire the sewer utility through an assumption, which means all assets, reserve funds, employees, equipment and any District debt will be assumed by the City and the Ronald Wastewater District will cease to exist as a separate government entity. With a few exceptions the ratepayers of RWD are Shoreline residents.

Procedures for an orderly and predictable transition of the wastewater utility from District to City ownership are outlined in the 2002 agreement. In order to facilitate a smooth consolidation, the City and RWD agreed to a 15-year timeframe for the transition. During that time, RWD has and will continue to operate as a Special Purpose District in Shoreline under the guidance of a franchise agreement with the City.

On October 27, 2014, staff provided an initial update on the work of the CEO to the City Council. This initial update to the Council provided background information on the City's adopted RWD Assumption Ordinance (Ordinance No. 681), the Boundary Review Board processes and decisions regarding the assumption, and a general outline of the assumption transition process. The report also updated Council on the work the CEO had accomplished up until that point, including adoption of group charter and an overview of some of the initial work products of the committee. This staff report can be found on the City's website at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2014/staffreport102714-8b.pdf>.

Also as noted on October 27, all CEO meeting materials and information about the CEO are located on the Assumption Transition Committees webpage on the City's website:

<http://shorelinewa.gov/government/departments/public-works/utilities/ronald-wastewater-assumption/assumption-transition-committees>.

## **DISCUSSION**

The first meeting of the CEO occurred on June 5, 2014, and meetings have been held subsequently on the fourth Thursday of every month. As from the beginning, the CEO continues to be comprised of Councilmember McConnell and Councilmember Roberts from the City and RWD Board President Ransom and RWD Commissioner Atkinson from the District. The most recent CEO meeting occurred on April 23, 2015.

While CEO membership and meetings have stayed constant from the inception of the CEO, there have been some changes at the staff level. As Council is aware, Public Works Director Mark Relph and Administrative Services Director Bob Hartwig have left the employ of the City. Both Mr. Relph and Mr. Hartwig were involved in the assumption transition process and attended CEO meetings as staff. City staff is backfilling their participation in the process with the acting staff in their positions.

As well, the former RWD District Manager left the employ of the District in February of this year. The Board subsequently appointed Accounting Manager Mark Gregg, who has been involved with the transition and has attended CEO meetings since the inception of the CEO, as the Acting District Manager. Mr. Gregg now serves in both the Acting District Manager and Accounting Manager roles at the District, and will continue to do so through the date of assumption. As well, given this change at the District, District Maintenance Manager George Dicks is now participating in the assumption transition process and attending CEO meetings. Although this staff level change has occurred, the committee process continues to move forward in a positive and collaborative way.

### **Updated CEO Charter**

Although the CEO adopted a project Charter at their July 31, 2014 meeting, subsequent to this, there were some concerns expressed by the District Board and their attorney regarding some of the commitments made in the Charter. Thus, the CEO spent some time at the end of 2014 and in January 2015 amending the Charter to address these concerns. Specifically, the updated Charter now qualifies that the CEO cannot bind either the District or the City and that it is advisory in nature. As well, the Charter states that the CEO shall not issue joint communications to third parties without the prior approval of the RWD Board or Council. These qualifiers regarding the work and communication of the CEO were amenable to all members of the CEO and were adopted on January 22, 2015. The updated CEO Charter is attached to this staff report as Attachment A.

### **CEO Work Products**

Since the October 27 update to Council, the CEO has continued to work through the list of policy issues outlined in the project Charter. This began with the Financial Policies discussion, and moved into Communications, Personnel, Budget, etc. Attached to this staff report are work products that the CEO has reviewed and recommended as final drafts. These include the recommended Financial Policies Issue Paper (Attachment B), the recommended Communication Plan (Attachment C), the recommended Personnel Policies Issue Paper (Attachment D), the recommended Budget and CIP Issue Paper (Attachment E), the recommended Facilities Issue Paper (Attachment F) and the recommended Financial Systems Issue Paper (Attachment G). If Council has any questions or direction about the policies included in these work products or the format or content of the work products, staff and the members of the CEO can provide responses to these inquiries.

One item that was shared with Council during the October 27 update was a proposed initial communication letter to RWD and City of Shoreline employees regarding the assumption titled, "Looking ahead to Consolidation of Services." This proposed letter was contemplated in an initial version of the Assumption Communication Plan. However, while working through the CEO process, the RWD Board was not comfortable having this letter sent to their employees at this time. Given this, this official letter was never sent. Instead, the Communication Plan now states that employee communication will be provided by the leadership staff of each entity to their respective employees.

## **CEO Work Delivery Process**

As was noted during the October 27 CEO update to Council, "recommended" work products (recommended transition policies and commitments) are items that have been approved by the CEO for recommendation to the Council and RWD Board. With this said however, the CEO has acknowledged that the approval process for assumption transition content will likely be iterative, and that the RWD Board's and Council's review process of recommended content will likely be different. This staff report serves as the second "package" of content for Council review (but also includes those documents reviewed by the Council in October of last year). Regardless of this iterative review process, both the Council and RWD Board have the authority and autonomy to provide direction to their respective CEO members to bring recommended content back to the CEO for further consideration, amendments, edits, etc.

Ultimately, once all of the policy issues have been discussed and policy direction has been provided by the CEO (with interim direction provided by the RWD Board and City Council along the way), all of the recommended work products will be compiled into a Transition Plan for final CEO recommendation to the Council and RWD Board. This Transition Plan will then serve as the blueprint for assumption implementation tasks that need to occur pre- and post-assumption. The Plan will also serve to meet the commitment made in the IOA to have the City and RWD negotiate in good faith the terms of final transition.

## **NEXT STEPS**

Staff will continue to meet with the CEO and Staff Committees on a monthly basis and continue to work through the identified list of policy issues in the Committee Charter. The CEO is now roughly halfway through project scope list in Section 1.3 of the Charter. However, the items that have been contemplated and are attached for Council review tonight are larger work items than the items that are left to cover. The items from the project scope that have been reviewed and those that still need to be addressed are as follows:

- Financial Policies – *Final Draft*
- Communication – *Final Draft*
- Personnel – *Final Draft*
- Budget & CIP – *Final Draft*
- Facilities – *Final Draft*
- Financial Systems – *Final Draft*
- Asset Management – *Not Yet Started*
- Purchasing and Contracts - *Not Yet Started*
- Equipment - *Not Yet Started*
- Utility Advisory Board – *Not Yet Started*
- Policy and Code Changes for Council and/or Board - *Not Yet Started*
- Interim Opportunities - *Not Yet Started*

As noted above, the final CEO work products will be compiled into the Transition Plan for final CEO recommendation and Council and RWD Board approval. Staff is still planning to have the Transition Plan complete by the end of 2015. This will allow the final 22 months (January 2015-October 2017) prior to assumption on October 23, 2017 to be used for implementation of the recommendations in the Transition Plan.

### **COUNCIL GOAL ADDRESSED**

This agenda item addresses 2015-2017 Council Goal #2, Improve Shoreline's utility, transportation, and environmental infrastructure, and specifically Action Step #4 of this goal: Develop and implement a plan to merge the Ronald Wastewater District into City operations as outlined in the 2002 Interlocal Operating Agreement.

### **RESOURCE/FINANCIAL IMPACT**

There is no direct financial impact to continuing to staff and coordinate the Assumption Transition CEO. However, there could be assumption transition issues identified as part of the assumption transition planning process that do have costs associated with them.

### **RECOMMENDATION**

Staff recommends that Council discuss the work of the RWD Assumption Transition CEO thus far and provide direction to staff on future assumption transition issues.

### **ATTACHMENTS**

Attachment A: Updated RWD Assumption Transition CEO Charter – January 22, 2015  
Attachment B: Financial Policies Issue Paper  
Attachment C: Ronald Assumption Communications Plan  
Attachment D: Personnel Policies Issue Paper  
Attachment E: Budget-CIP Policies Issue Paper  
Attachment F: Facilities Issue Paper  
Attachment G: Financial Systems Issue Paper

# Ronald Wastewater District and City of Shoreline Joint Advisory Committee of Elected Officials for Assumption Transition

## Final Project Charter

January 22, 2015

### Final Project Charter Approval


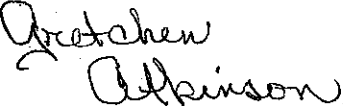

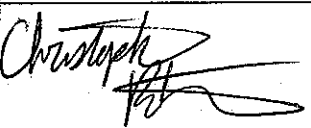
Ronald Wastewater District  
Board of Commissioners:

January 22, 2015

Shoreline City Council:

January 22, 2015

### Members of Joint Advisory Committee:

Name	Title	Signature	Date
Robert Ransom	Ronald Wastewater District Commissioner		01/22/2015
Gretchen Atkinson	Ronald Wastewater District Commissioner		1-22-15
Doris McConnell	Shoreline City Council member		1-22-15
Chris Roberts	Shoreline City Council member		1-22-15

## Table of Contents

1. Project Overview .....	3
1.1. Project Statement.....	3
1.2. Project Objective Statement.....	3
1.3. Project Scope .....	3
2. Project Plan .....	4
2.1. Project Structure and Approach .....	4
2.2. Committee Reporting .....	5
2.3. Initial Appointments and Assignments.....	5
3. Revision History.....	6
4. Attachments.....	6

# 1. Project Overview

## 1.1. Project Statement

The Board of Commissioners of Ronald Wastewater and City of Shoreline City Council have each agreed to create a subcommittee of elected officials to meet together and, plan for the eventual assumption of the District by the City per the 2002 Inter-local Operating Agreement (IOA). The two respective subcommittees when meeting together shall be known as the Advisory Committee of Elected Officials for Assumption Transition ("CEO" or "Advisory Committee"). The CEO is advisory in nature and has no power to take any formal action that would bind either the District or the City. The Advisory Committee will be supported by a separate joint committee of staff members from the District and City ("Staff Committee").

## 1.2. Project Objective Statement

The CEO shall develop, evaluate and recommend to their respective elected bodies a "Transition Plan" (Plan) for the assumption of the District by the City. This Plan shall identify and address all policy issues necessary for the assumption of the District. The CEO shall be in place until the Plan is finalized, or until some other action is taken by either elected body.

## 1.3. Project Scope

1. The Plan shall include a list of the issues and recommended actions to be considered necessary for the assumption of the District. Each issue shall include, but not be limited to:
  - a. Brief description of the issue
  - b. Statement as to why it is being considered
  - c. Specific policy issues needing to be addressed
  - d. Alternatives or options being considered
  - e. Recommendations for policies and/or actions
  - f. Work plan and schedule for addressing each action
2. A preliminary list of issues to consider include (in priority order):
  - a. Financial Policies - debt issuance and all of the transition terms identified in Section 5.6 of the IOA (call of bonded debt, liability and indebtedness assumption, use of cash reserves, maintenance of reserve funds, etc.)
  - b. Communication - with the public and internal to each entity
  - c. Personnel - wages, benefits, job descriptions, policies
  - d. Budget - format, timing, forecasting, rates
  - e. Capital Improvement Program (CIP) - coordination, forecasting
  - f. Facilities
  - g. Financial Systems - accounting, utility billing, IT services
  - h. Asset Management - inventory, GIS



- i. Purchasing and contracts
- j. Equipment - fleet, tools, clothing
- k. Utility Advisory Board – as contemplated in Section 4.7 of the IOA
- l. Policy and Code Changes for Council and/or Board
- m. Interim Opportunities - shared resources (staffing, equipment, facilities, etc.)

## **2. Project Plan**

### **2.1. Project Structure and Approach**

1. The CEO:
  - a. Shall be comprised of two District Commissioners and two City Council members appointed from their respective elected bodies.
  - b. At the completion of the Plan, the CEO shall submit a final Plan to each elected body for review and adoption.
  - c. The CEO shall rotate one member at each meeting to act as the Chair of the Committee with the responsibility to facilitate the discussion.
  - d. The CEO shall confirm and set the agenda of each meeting.
2. Staff Committee:
  - a. There shall be a staff committee ("Staff Committee") responsible for supporting the CEO, and will discuss, review, and prepare the materials for each CEO meeting. This Staff Committee will include:
    - i. City Manager
    - ii. District General Manager
    - iii. Assistant City Manager
    - iv. Public Works Director
    - v. District Accounting Manager
    - vi. Public Works Operations & Utilities Manager
  - b. The Staff Committee may invite other staff from either entity to participate as necessary.
  - c. The Staff Committee will provide policy recommendations to the CEO for their consideration and direction.
3. Project Manager:
  - a. There shall be a single Project Manager (PM), who will coordinate the activities and distribute information of the CEO and the Staff Committees.
  - b. The PM shall be responsible for developing summary notes from each CEO and Staff Committee meeting.
    - i. Draft notes from each CEO meeting shall be included in the next agenda material for the following CEO meeting.
    - ii. Draft notes from each Staff Committee meeting shall be included in the next agenda material for the following Staff Committee meeting.
    - iii. The CEO shall review, modify and approve summary notes at each CEO meeting.

- iv. The Staff Committee shall review, modify, and approve summary notes at each Staff Committee meeting.
- c. The PM shall be responsible for preparing and maintaining a project schedule.
- 4. Communications Plan:
  - a. The Staff Committee shall propose a Communication Plan (CP) for the CEO to review and approve.
    - i. The CP shall include a specific work plan to communicate the CEO's purpose, scope, progress and recommendations to the public.
    - ii. The CP shall address external interests as well as internal interests of both entities.
    - iii. The PM shall coordinate and distribute information to be shared for each respective web page and other external communications.
  - b. The CEO shall not issue joint communications to third parties without the prior approval of the District's Board of Commissioners and the Shoreline City Council.
  - c. Draft proposals, position papers or policy papers shall be clearly marked as "draft" until formally approved by the District's Board of Commissioners and the Shoreline City Council.
- 5. Meeting schedule:
  - a. The CEO shall meet on the 4th Thursday of each month from 9:00 am to 10:30 am in Conference Room 104 of Shoreline City Hall, or unless modified by consensus of the CEO. The Committee meetings will be noticed as open public meetings.
  - b. The Staff Committee shall meet once a month, at least one week prior to the CEO meeting, or unless modified by either the City Manager or General Manager.

## **2.2. Committee Reporting**

The CEO members shall periodically report to their respective elected bodies as each entity deems appropriate.

## **2.3. Initial Appointments and Assignments**

- 1. Ronald Wastewater District Elected Representatives: Robert Ransom and Gretchen Atkinson
- 2. Shoreline City Council Representatives: Doris McConnell and Chris Roberts
- 3. Project Manager: City of Shoreline Assistant City Manager

### 3. Revision History

*Document all changes and updates to the Charter throughout the project process*

<b>Date</b>	<b>Version</b>	<b>Name</b>	<b>Description Change</b>
12/18/14	2	CEO Approved Amendments	Amendments to Project Statement and Communications Plan Sections

### 4. Attachments

- 2002 Inter-local Operation Agreement between the City of Shoreline and the Ronald Wastewater District

## **Ronald Wastewater District Assumption Transition Financial Policies Issue Paper**

### **Brief description of the issue**

As per the Interlocal Operating Agreement, the following financial policy and debt topics are to be addressed during the assumption transition period: call of bonded debt, liability and indebtedness assumption, use of cash reserves, and maintenance of reserve funds. The City also feels that financial policies should be in place at the City prior to assumption to address how capital needs and operation and maintenance needs of the City's new sewer utility are financed. The City currently has financial and debt policies for the City's various funds and the new sewer fund should be added to these policies.

### **Statement as to why it is being considered**

Currently, RWD has no outstanding debt; all prior bond and Public Works Trust Fund debt has been retired. Thus, there is no current issue with calling bonded debt prior to assumption or assumption of outstanding liabilities that the City would take on. However, there are four main issues that should be addressed in this section of the Transition Plan:

- The RWD policy prior to assumption regarding the use of District cash and the maintenance of reserves;
- The RWD policy prior to assumption regarding any new District debt;
- The City's financial and debt policies for the new sewer utility after assumption occurs; and
- The policy regarding expenditures related to assumption (i.e., costs that might be incurred to move assumption forward)?

The Financial Policy Agreements below provide direction on these four policy issue areas:

### **Financial Policy Agreements**

#### **District Cash Reserve Levels -**

- The cash reserve level at the time of assumption will be approximately 90 days of operating expenses, with a minimum of 60 day operating expenses. 30 days of operating expenses for the utility is roughly \$1.1 million.
- The District will manage current cash reserve levels prior to assumption while maintaining current operations and implementing the identified capital improvement program.

#### **District Interim Debt Policy -**

- Although the District does not have any debt or any current plans to issue debt for implementation of their capital improvement program or other operational needs, if the District is interested in issuing debt prior to assumption, the District will discuss the potential issuance of debt with the CEO prior to taking formal Board action to issue any debt. This includes both issuing bond debt and taking on loans, such as Public Works Trust Fund loans.

### City Sewer Utility Debt and Financial Policies -

- Prior to assumption, the City will review and adopt debt and financial policies for the new sewer utility. These debt and financial policies will be based on the financial analysis conducted as part of the District's Comprehensive Plan update.
- City financial policies for the sewer utility will include (but are not limited to) policies on cash reserve levels, debt policies ('pay as you go' or debt finance), fund management policies (combined or separate operations and capital funds), depreciation policies, bill non-payment policies, and rate and capital period policies.
- The City will review industry financial policy metrics to confirm that the City's adopted debt and financial policies meet industry standards.

### Hydraulic Analysis/Comprehensive Plan -

- An update to RWD's hydraulic analysis may be completed by RWD prior to assumption, if appropriate, for the utility's entire service area or those areas of utility's service area that experience a major change in land use designation/zoning (i.e., light rail station subareas, etc.). The updated hydraulic analysis will be based on future projected growth in those areas. Accompanying the analysis would be a capital program proposal for those areas based on the hydraulic analysis.
- Post assumption, the City will likely conduct a full hydraulic analysis of the utility's entire service area and use this analysis to update the utility's Sewer Comprehensive Plan, which will include a capital program proposal based on the hydraulic analysis and Comprehensive Plan policies. The City will also likely conduct a cost of service analysis and a rate study for the sewer utility. These items will likely be included in the City's Citywide Comprehensive Planning Process.
- The potential hydraulic analysis conducted by the District could be an Interim Opportunity that is supported by City.

### Assumption Costs -

- Prior to any direct assumption costs being incurred, these costs will be discussed by the CEO.

### Accounting Treatment –

- The Accounting Manager with RWD and the Administrative Services Director and/or the Financial Accounting Manager with the City shall meet prior to the assumption to discuss the proper accounting treatment associated with the assets and liabilities related to the assumption. Ultimately, the accounting treatment will be in accordance with generally accepted accounting practices (GAAP) as applicable to governments, as promulgated by the Governmental Accounting Standards Board (GASB).

## Ronald Wastewater District and City of Shoreline

### RONALD ASSUMPTION COMMUNICATIONS PLAN

#### 1. Communications Plan Purpose

The purpose of this Communications Plan is to provide a strategic approach to communicating with Ronald Wastewater District Board of Commissioners and Shoreline City Council; staffs of both the District and the City; ratepayers and residents; and partners of the District and the City during the assumption process, which includes planning, transition, and post assumption phases.

#### 2. Project Overview

Assumption will occur as outlined in the 2002 Interlocal Operating Agreement and the Transition Plan currently being developed by the Committee of Elected Officials (CEO).

The assumption process can be broken into three separate phases, each requiring different messages for the different stakeholders. The three phases for assumption are:

- a. **Planning Phase** - During the planning phase, the CEO, with support from a staff committee, will develop the Transition Plan for the assumption of the District by the City. Communication during this phase will primarily be focused internally, but will also have external components. The Planning Phase will be complete when the Transition Plan has been completed. It is anticipated that this will occur by the end of 2015.
- b. **Transition Phase** - Once the Board and Council have accepted the Transition Plan, District and City staff will implement it. Communications during this phase will be focused both internally and externally. The Transition Phase will be complete upon assumption of the District by the City. As per the 2002 Interlocal Operating Agreement, this will take place on October 23, 2017, unless the assumption date changes by mutual agreement between the Board and City Council.
- c. **Post Assumption Phase** - After the assumption has occurred, the City will begin rebranding the wastewater utility and complete the assumption process. Communication during this phase will focus primarily on external stakeholders.

#### 3. Communications Objectives

This Communications Plan provides a guide for communicating assumption information to stakeholders. The activities and tools listed in this plan are intended to help meet the following communications objectives:

- Inform stakeholders of the progress, status, and key policy discussions throughout the assumption process.
- Build trust by providing timely and accurate information.
- Acknowledge the input on issues and concerns received from stakeholders and provide responses in a clear and timely manner.

#### 4. Key Audiences/Stakeholders

In order for the assumption process to be successful, the District and the City must ensure their respective stakeholders are informed in a clear, timely, and transparent manner. The following are the primary stakeholders that will need to be targeted:

**a. Internal**

- i. District Board of Commissioners and City Council**
- ii. District and City Employees**

**b. External**

- i. District Ratepayers/City Residents**
- ii. District and City Partners (contractors and consultants, other utilities, WASWD, etc.)**

**5. Key Messages and Communication Methods**

Key messages agreed to by the CEO will represent a unified voice for the District and the City. Stakeholders will be looking for clear, transparent, and timely messages through each of the three phases of the assumption process.

- a. Planning Phase** - Messages will primarily focus on keeping stakeholders informed about the planning process. CEO meeting materials will be made available online and the City and District will keep ratepayers and residents informed about how and when to provide input when the Transition Plan is considered by the Board and the Council.

**i. Internal**

- 1. Board of Commissioners and City Council** - Members of the CEO will keep their colleagues on the Board of Commissioners and the City Council informed about the work of the CEO and the planning process. This will be done through regular reports of Councilmembers and Commissioners at Council and Board meetings.
- 2. District Employees** - The RWD General Manager will communicate with RWD staff as he and the RWD Board deem appropriate regarding the planning for the consolidation of the two organizations.

Key messages to RWD staff could include:

- The CEO, with support from the staff committee, is working on developing a Transition Plan that will guide both the District and the City through the assumption process.
- Integration of District employees into City operations will be an integral part of the Transition Plan.
- Your contributions to the District are valued and will continue to be valued when you become City employees.

- 3. City Employees** - The City Manager will provide City employees with ongoing updates regarding the transition planning process. Key messages could include:

- The CEO, with support from the staff committee, is working on developing a Transition Plan that will guide both the District and the City through the assumption process.
- No City employee will lose their job as a result of the assumption and integration of District employees into the City.

## ii. External

**1. Ratepayers and residents** - Through *Currents* and the District's website and other communications, and by making CEO meeting materials available online, ratepayers and residents will be kept informed about assumption planning. Key messages could include:

- A committee of elected officials from both the District and the City, with support from their respective staff, is working to develop a transition plan to guide the assumption process.

## 2. Partners

- Elected officials from both the District and the City, with support from District and City staff, are developing a transition plan to ensure the assumption occurs smoothly.

**b. Transition Phase** - Communicating with District and City staff will be most critical during this phase of the assumption process. The Project Manager and support staff at both the District and the City will need to anticipate and provide answers to staff questions in a clear and timely manner.

## i. Internal

**1. Board of Commissioners and City Council** - It will be the responsibility of the City Manager, General Manager, and members of the CEO to work together to ensure any issues that arise during the transition phase are communicated to the Council and Board. There will be an expectation that the City Manager, General Manager, and the CEO meet and/or communicate on a regular basis and provide the Council and Board with consistent information about transition activities and issues.

**2. District Employees** - The RWD Board and City Council may draft a communication letter which will be reviewed by the CEO and sent by the RWD Board or General Manager to RWD employees regarding the upcoming consolidation of the two organizations. As with all content reviewed and recommended by the CEO, the communication letter will undergo a final review and approval by the RWD Board of Commissioners prior to it being sent to employees. Subsequent to this, the General Manager of the District will continue to communicate with RWD employees about the transition and the progress of the merger of the two organizations.

The City's HR Department will also create a personalized transition plan for each District employee that will be transitioning to City employment. Six months to a year before the assumption date, HR staff will meet with each District employee to go over their individualized transition plan. Key messages could include:

- The City's Human Resources Department is available to address any questions or concerns District staff may have regarding the process of transitioning to City employment, including issues related to benefits or concerns about positions and titles.



- If District staff have any concerns/questions about the transition of District operations into City operations, they are encouraged to bring them up immediately so they can be addressed.

3. **City Employees** - The RWD Board and City Council may draft a communication letter which will be reviewed by the CEO and sent by the City Council or City Manager to City employees regarding the upcoming consolidation of the two organizations. As with all content reviewed and recommended by the CEO, the communication letter will undergo a final review and approval by the City Council prior to it being sent to employees. Subsequent to this, the City Manager will continue to communicate with City staff about the transition and the progress of the merger of the two organizations.

While the Public Works and Administrative Services Departments will be the departments primarily impacted by the assumption and the integration of District employees into the City, all departments will need to be included in communication efforts and participate in discussions. Key messages could include:

- District employees will soon be a part of the City; they should be welcomed into the organization and staff should help foster a cohesive team environment once these new employees start working for the City.
- If City staff have any concerns/questions about the transition of District operations into City operations, they are encouraged to bring them up immediately so they can be addressed.

## ii. External

1. **Ratepayers and Residents** - *Currents* and the District's website and other communications will be used to communicate to ratepayers and residents about the transition. Ensuring the same quality service continues during the transition period is key to a smooth transition.
  - Both the City and the District are committed to continuing to provide ratepayers with the great service they have enjoyed for years with the District.
  - During the transition phase, the District is still the primary point of contact if ratepayers have any issues regarding their wastewater service, wastewater bill, etc.
2. **Partners** - At the beginning of the Transition Phase, the District and the City will jointly communicate with District partners about the assumption and what to expect from the City after the assumption date. Key messages could include:
  - During the transition phase, the District is still the primary point of contact if partners have any issues or concerns regarding operations and/or administration.

- Any questions about the utility after the assumption date will be answered by the City.

c. **Post Assumption Phase** - The City will rebrand the wastewater utility and ensure ratepayers know that the City operates the utility and that all questions and concerns regarding the utility should be directed to the City.

i. **Internal**

1. **City Council** - The City Manager and City staff will provide Council updates on wastewater operations and post assumption issues via the City Manager's weekly report and through periodic updates to Council at Council meetings.

2. **City Employees** - Key messages could include:

- We are all City employees now and part of the Shoreline family.
- Any issues or concerns should immediately be brought up with direct supervisors or with the Human Resources Department.

ii. **External**

1. **Ratepayers** - Key messages could include:

- The City is now the wastewater utility provider for all of Shoreline and a few areas outside of Shoreline.
- Questions and concerns regarding wastewater service should be directed to the wastewater utility, which is now housed in the City's Public Works Department.

2. **Partners** - Key messages could include:

- The City of Shoreline is now the wastewater utility provider for all of Shoreline and a few areas outside of Shoreline.

## **Ronald Wastewater District Assumption Transition Personnel Policies Issues Paper**

### **Brief description of the issue**

As per state law and the 2002 Interlocal Operating Agreement (IOA) between RWD and the City, the transfer of RWD employees to the City as part of the assumption process must be handled fairly and appropriately. In fact, the IOA states, "the parties agree that a fair and equitable transition of the employees of the District at the time of assumption by the City is critical to maintain the efficient operations of the wastewater services." Given this, the CEO Project Charter clearly states that personnel issues are to be considered as part of the Assumption Transition Plan.

### **Statement as to why it is being considered**

RWD staff are critical to the continuing operation of the wastewater utility. The 2002 IOA also states, "in addition with compliance with RCW 35.13A.090, the City agrees to the following protections for employees of the District at the time of the transfer of the utility system." The IOA goes on to explain these protections in Sections 3.7.1 through 3.7.11 of the IOA. These protections and sections of the IOA are not all reiterated here, but will be followed by the City and RWD as the assumption transition occurs. The following Policy Agreements further outline the commitments that the City and RWD make regarding personnel issues, in addition to the protections provided for in Section 3.7 of the IOA.

### **Personnel Policy Agreements**

#### Employee Communication -

- The RWD Board and City Council may draft a communication letter which will be reviewed by the CEO and sent by the RWD Board or General Manager and the City Council or City Manager to their respective employees regarding the upcoming consolidation of the two organizations. As with all content reviewed and recommended by the CEO, the communication letter will undergo a final review and approval by the RWD Board and City Council prior to it being sent to their respective employees. The communication letter would likely be sent in the transition phase of the assumption process; i.e., once the transition plan for assumption has been approved, as outlined in the Assumption Communications Plan.
- Subsequent to this, the City Manager and General Manager will continue to communicate with RWD and City employees regarding the ongoing transition and merger of the two organizations, as outlined in the Assumption Communications Plan.

#### Wastewater Utility Job Classification/Compensation Review -

- The City intends to review the current job descriptions and pay scales for RWD employees. The review of these job classifications would be conducted by City Human Resource staff.
- The City also intends to have a third party vendor hired by the City as part of the City's planned 2015 compensation and classification survey review the job classifications for RWD employees.
- Based on this review, the City will determine a range placement within the City of Shoreline's salary table for these job classifications.

- City staff will identify the impact of the job placement on each employee and determine the appropriate step placement within City of Shoreline salary ranges.
- As per Section 3.7.2 of the IOA, the City agrees not to reduce the salary of a District transferred employee, but reserves the right to freeze a District transferred employee's rate of compensation within a job classification until the City's rate of compensation is equal to or exceeds the transferred employee's rate of compensation.
- City staff will also determine the next step increase date based on the initial step placement and market impact.
- The job classification and review will likely be completed over the course of 2015 as part of the Citywide compensation and classification review, as noted above.
- Results of the job classification review will be communicated as part of the Personalized Employee Transition Process (see below).

#### Benefits/Employee Handbook Reconciliation -

- The City will identify and review the differences in the benefits package and the employee handbook/policies for RWD employees and City employees. This information will be shared with the CEO for their input.
- Communication with RWD employees regarding their benefits will be conducted as part of the Personalized Employee Transition Process (see below).

#### Leave Disposition

- The City and RWD agree to follow Section 3.7.4 of the IOA regarding Service Credit Dates. This section of the IOA states, "*Service credit for City purposes will be calculated based upon the initial full-time employment date of the transferred employee with Ronald Wastewater District.*" The City and RWD agree that this section means that all service credit gained while the employee was employed with RWD will be honored as City service credit.
- The City and RWD agree to follow the sick and vacation leave procedures outlined in Section 3.7.10 and 3.7.11 of the IOA.
- Section 3.7.10 of the IOA regarding Sick Leave Cash Out states, "*District agrees that at the time of transfer it shall pay off any accrued sick leave owed to transferred District employees, based on the District sick leave policy then in effect.*" The City and RWD agree that this section of the IOA means that RWD will cash out all of their employees' sick leave according to their policy in effect at the time of the cash out, which would happen prior to assumption. Sick leave balances will be cashed out to a zero balance. Any sick leave not cashed out by RWD, given RWD's policy at the time of the cash out, will not carry over to the City. RWD employees will begin their employment at the City with a sick leave balance of zero, and will begin accruing sick leave hours as any City employee would based on the City's sick leave accrual policy and their service credit.
- The City and RWD intends to further review Section 3.7.10 of the IOA and the City and RWD's understanding of this section to see if it makes sense to provide RWD employees with the option to carry over some sick leave when they are transferred to the City, which would be determined by the employee. Further review of this section and determination of whether it should be amended (or whether a policy could be created to provide for this amendment) in order to provide this option to RWD employees would be conducted in the transition (implementation) phase of the assumption process.

- Section 3.7.11 of the IOA regarding Vacation Cash Out states, "*The Parties agree that District employees transferred to the city shall not carry over more vacation accrual than allowed by City vacation leave policy then in effect, and the District shall pay off vacation in excess of the leave's accrual limit upon transfer.*"
- The City and RWD agree that this section means that that RWD employees will carry over their accrued vacation hours to the City as long as those hours are fewer than or equal to what is allowed by the City, which is two years' worth of accumulation. If more hours have been accrued, RWD will cash out the hours in excess of the City's vacation leave policy.
- The City and RWD also agree that employees will accrue vacation according to RWD policies in effect prior to assumption for the first 12 months after the assumption so that the City and RWD are in compliance with RCW 35.13A.090. That means that the amount of vacation RWD would have granted an employee on their anniversary date is what the City will grant the employee on their anniversary date. Beginning in the 13th month of employment after assumption, employees will accrue vacation according to City policies for years of service and vacation accrual. It also means vacation accruals will be granted in monthly increments. The City's vacation accrual schedule is as follows:

<u>Time</u>	<u>Days</u>	<u>Hours/month</u>
Zero to 12 months	12 days of vacation	8.0 hours
After 1 year employment	13 days of vacation	8.6 hours
After 2 years employment	14 days of vacation	9.3 hours
After 3 years employment	15 days of vacation	10.0 hours
After 4 years employment	16 days of vacation	10.6 hours
After 5 years employment	17 days of vacation	11.3 hours
After 8 years employment	18 days of vacation	12.0 hours
After 10 years employment	19 days of vacation	12.6 hours
After 12 years employment	20 days of vacation	13.3 hours
After 15 years employment	23 days of vacation	15.3 hours

- Immediately following the assumption, RWD employees will receive holidays according to City policy in effect at the time of assumption. The following 10 holidays are currently granted to regular City employees as the normal workday off with full pay:

New Years Day	January 1st
Martin Luther King's Birthday	3rd Monday in January
President's Day	3rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4th
Labor Day	1st Monday in September
Veteran's Day	November 11th
Thanksgiving	4th Thursday in November
Day after Thanksgiving	Day after Thanksgiving
Christmas	December 25th

- Immediately following the assumption, all other forms of leave provided by the City to employees shall be governed by City policy. This leave includes:

Management Leave
Donated Leave
Family Leave
Medical Leave
Bereavement Leave
Court and Jury Duty Leave
Military Leave (Military Training)
Leave of Active Duty Military Service
Leave of Absence without Pay
Spousal Military Deployment Leave
Leave for Victims of Domestic Violence and Their Family Members
Exigency Leave

- RWD and the City agree to communicate with RWD employees regarding their leave disposition as part of the Personalized Employee Transition Process (see below).

#### Wastewater Utility Organizational Chart -

- The City agrees to review the current RWD organizational chart and identify how the wastewater utility will be organized within the City's structure and organization.
- RWD agrees to work with City staff to help determine RWD staff strengths and skill sets so as best to align current work functions with future work functions in the City's wastewater utility.
- This task will be conducted in the transition phase of the assumption process, with dissemination of the new organizational chart and work structure to RWD employees as part of the Personalized Employee Transition Process (see below).

#### Personalized Employee Transition Process -

- City staff agrees to package all of the personnel-related information (job classification/compensation, benefits, sick/vacation leave disposition, organizational chart structure, new work location, City employment policies, etc.) for each RWD transferred employee and create a Personalized Employee Transition packet with the information applicable to them.
- This packet of information will be provided at a personalized employee transition meeting prior to the assumption of the District in October 2017.
- The City and RWD agree to provide ongoing communication and support to RWD employees leading up to assumption as needed and as coordinated by the City and RWD.

## **Ronald Wastewater District Assumption Transition Budget/CIP Policies Issue Paper**

### **Brief description of the issue**

As per the CEO Project Charter, RWD's Budget (format, timing, forecasting, rates) and Capital Improvement Plan (CIP), are two issues to consider as part of the Assumption Transition Plan.

### **Statement as to why it is being considered**

The City feels that the CEO should discuss how the RWD budget and CIP documents could be developed so that they most easily align with the City's future management of the utility's operating and capital budget. Given that RWD and the City both have budgets and CIP documents for their respective organizations, staff can review current budget documents for formatting and timing practices and look at budget and CIP methodology regarding how these documents are assembled.

Any recommendations that are proposed in the Assumption Transition Plan and agreed to by the RWD Board for implementation during the transition phase (pre-assumption) could be implemented with the 2017 RWD budget. As well, as the District's final pre-assumption year (2017) will be a partial budget year (District budget January 1 through October 22; City budget October 23 through December 31), the City and RWD will need to coordinate on that year's budget.

### **Budget/CIP Policy Agreements**

- The City and RWD agree that prior to assumption, the City and RWD will partner on the annual budget processes for their respective 2017 and 2018 budgets so that the operating and capital budgeting for the wastewater utility post-assumption (beginning with the 2018 budget) is already attuned to the City's budget process.
- The City and RWD agree to coordinate on the general budget calendar for the 2017 budget.
- The City and RWD agree for the 2017 budget, which will be developed in the summer and fall of 2016, to coordinate the partial budget year, as RWD's 2017 budget will run from January 1 through October 22, 2017, and the City's wastewater utility fund budget will run from October 23 through December 31, 2017.
- The City and RWD agree to align their Capital Improvement Program schedules for the wastewater utility. Wastewater capital projects planned to begin on or after Oct 23, 2017 will be included in the City of Shoreline's CIP. Wastewater projects planned to begin before Oct 23, 2017 will be included in RWD's CIP.

- The City agrees to provide the City's budget development software for RWD's use for their 2017 budget so that RWD staff can become familiar with how budget development is conducted at the City.
- RWD and the City agree to work together on the use of the City's budget development methodology and systems for RWD's 2017 budget, including the use of base budgeting, development of performance measures, planning for capital asset maintenance and replacement, preparing content for a letter of transmittal, preparing revenue and expense/expenditure forecasts and assumptions, analysis of personnel costs, and analysis of fund and working capital balances, among other areas.
- RWD agrees to partner with the City on the development of a fund summary sheet for the wastewater utility.
- RWD agrees to have their 2017 budget align with the financial policies agreed to by the CEO as part of the Financial Policies section of the RWD Assumption Transition Plan.
- RWD agrees to consider having RWD staff present their 2016 and 2017 budgets to both the CEO and the full City Council.



## **Ronald Wastewater District Assumption Transition Facilities Issue Paper**

### **Brief description of the issue and statement as to why it is being considered**

The CEO, in discussions with staff, provided direction that the 'facilities' as defined in the context of this issue paper, are not the physical infrastructure of the sewer system itself (mains, pump stations, etc.) but rather the land and buildings that RWD uses to house staff and equipment needed to operate and maintain the sewer system. To this end, the focus of this issue paper is where the utility staff and equipment should be located and housed at the time of the assumption. This issue is being considered as RWD staff and the equipment they use, along with the City, must plan for where the staff and equipment will be located at the time of assumption.

### **Policy Assumptions**

- The CEO will not make recommendations about the ultimate disposition of RWD's land and buildings. Any discussion of facility disposition will happen post assumption under the purview of the City Council.
- If a physical transition of staff and equipment is contemplated, this transition should occur prior to the assumption of the District to the degree that it can. With this stated, there may be constraints on physically relocating some staff or equipment.
- The City's North Maintenance Facility (formerly the Brugger's Bog Maintenance Facility) will be redeveloped by the City in the near term so that the City's Street Maintenance Crew and Surface Water Utility can begin operating out of that facility. This has been identified as a 2015-2017 City Council Goal: "Redevelop City capital facilities (North Maintenance Facility and Shoreline Police Station at City Hall) to better meet community needs". Ultimately, it is assumed that RWD Maintenance staff and equipment will also be located at this site.

### **Options for Facility Location**

Staff looked at multiple options for where it made the most sense for RWD staff and equipment to be located and housed at the time of assumption. In looking at this issue, staff broke RWD staff and equipment into two categories:

- RWD Administrative staff/equipment
- RWD Maintenance staff/equipment

There are seven (7) administrative positions and seven (7) maintenance positions that are employed at RWD that will be transitioning to the City upon assumption. The eight administrative positions utilize typical office and information technology equipment to perform their work functions. The seven maintenance positions utilize vehicles and other heavy equipment, in addition to some administrative equipment, to perform their work functions. A full accounting of all equipment will be reviewed in the Equipment Issue Paper.

### Criteria by which options are analyzed:

In reviewing options for staff/equipment location, the following criteria were used to weigh these options:

1. Co-location of like staff positions for maximized business operation effectiveness and organizational/cultural synergy
2. Co-location of equipment for maximized efficiency and cost-effectiveness
3. Transaction costs (i.e. moving staff and equipment) should be minimized and implementation should be viable
4. Facility should be ready and able to receive appropriate staff

RWD Administrative Staff/Equipment Options and Recommendation:

Two options were looked at for RWD Administrative staff:

1. RWD Administrative staff stay at RWD Offices
2. RWD Administrative staff move to Shoreline City Hall

Staff recommend that RWD Administrative Staff move to Shoreline City Hall (Option 2), as Criteria 1, 2 and 4 are all achieved by moving RWD Administrative staff and equipment to City Hall. While there is a transactional cost (Criteria 3) to make this move, this cost is very worthwhile in order to achieve Criteria 1 and 2, which are essential to a well run utility.

RWD Maintenance Staff/Equipment Options:

There are multiple options for where RWD Maintenance staff and equipment are located prior to transitioning to the North Maintenance Facility (NMF), and these options bring greater levels of trade-offs than the options for the RWD Administrative staff.

The options are as follows:

1. RWD Maintenance staff and Shoreline Street Maintenance staff move to the redeveloped NMF at assumption (end of 2017) (NMF redevelopment occurs pre-assumption)
2. RWD Maintenance staff stay at RWD Office and Shoreline Street Maintenance stay at Hamlin Yard at assumption while NMF is being redeveloped; both RWD Maintenance and Shoreline Street Maintenance move to NMF upon development post assumption
3. RWD Maintenance staff stay at RWD Offices and Shoreline Street Maintenance staff moves to RWD Offices to co-locate with them at assumption while NMF is being financed and ultimately redeveloped; both RWD Maintenance and Shoreline Street Maintenance move to NMF upon development post assumption
4. Shoreline Parks Maintenance staff moves to RWD Offices and RWD Maintenance moves to Hamlin Yard to co-locate with Shoreline Street Maintenance; both RWD Maintenance and Shoreline Street Maintenance move to NMF upon development post assumption; Shoreline Parks Maintenance potentially moves back to Hamlin Yard

RWD Maintenance Options Analysis -

1. Option 1 meets criteria 1, 2 and 4, but there is a high transaction cost (Criteria 3) involved in this option as the redevelopment of the NMF prior to assumption would need to be fast tracked. While redevelopment of the North Maintenance Facility is currently a City project, the timing of the redevelopment and staff and equipment transition prior to assumption is challenging. It is possible that redevelopment could be conducted in phases, facilitating a quicker transition.

2. Option 2 ultimately meets Criteria 1, 2 and 4, but Criteria 1 and 2 would not be met initially until redevelopment is completed.
3. Option 3 meets Criteria 1 and 2, but there is a high transaction cost to moving the Shoreline Street Maintenance staff to RWD offices. As well, there is a large question as to whether this option meets Criteria 4, as it is not likely that the Street Maintenance Crew and their equipment and materials would be able to fit on the RWD site. This option would also not be a long term solution, so the cost and organizational anxiety of this type of move is not worth the duration of how long this solution would likely be employed, as the ultimate solution remains both RWD and Shoreline Street Maintenance staff moving to the NMF.
4. Option 4 also meets Criteria 1 and 2, but there is a much higher transaction cost to moving two work crews than one crew proposed in Option 3. This option might also be very unpopular with existing City Parks staff, especially given that the Parks staff might ultimately move back to Hamlin Yard once the NMF is operational and RWD and Streets Maintenance are operating out of that facility.

RWD Maintenance Staff and Equipment Recommendation:

Given this analysis, staff's recommendation for the location of RWD staff and equipment is contingent on the timing of the North Maintenance Facility redevelopment.

Specifically:

- **Priority 1** - If the North Maintenance Facility can be redeveloped by January 1, 2018, staff recommends Option 1. This would mean that at assumption (October 2017), RWD Maintenance staff may still be in transition to the NMF and may still be operating out of the RWD Offices for a couple of months.
- **Priority 2** - If the North Maintenance Facility cannot be redeveloped for a reasonable amount of time, staff recommends Option 2. This would mean that from assumption (October 2017) until the NMF is redeveloped, RWD Maintenance Staff would operate out of the RWD Offices without co-location of other maintenance staff or equipment. City and utility management staff would make sure that proper staff management, coordination and organizational connectivity is in place.
- **Not Recommended** - Option 3 and 4.

Given these priorities, staff recommends that the City Council evaluate the process for moving forward with NMF redevelopment in 2015 as part of the 2016 budget process as contemplated in the Council's 2015-2017 Goals.

## Ronald Wastewater District Assumption Transition Financial Systems Issue Paper

### Brief description of the issue

The Ronald Wastewater District (RWD) utilizes financial accounting and utility billing software, along with outsourced billing and collection services, to manage and operate the sewer utility. These systems must be transitioned to the City prior to assumption so that utility bills can be generated and all utility revenues are tracked into the City's financial accounting system.

### Statement as to why it is being considered

Financial system policies are being considered so that the City and RWD can actively manage the financial system transition prior the assumption of the District by the City. This includes integrating the District utility billing, permitting system, and any other financial system into the City's financial accounting system.

### Current RWD Systems

RWD currently utilizes the following systems and services to provide financial accounting and utility billing services:

- **Financial Accounting and Utility Billing System: Springbrook Version 7.15** - software that serves as both financial accounting system and utility billing system; manages 16,600 customer accounts; also serves as payroll system for staff.
- **Permitting and Asset Management System: Paradox Database** - older database software used as permit tracking and asset management system; is not integrated with Springbrook - when permitting generates a bill, it is manually entered into Springbrook
- **Billing Vendor: Databar** - contracted vendor that issues utility bills (paper bill); 93% of accounts paper-based
- **Online Utility Bill Payment Vendor: Doxo** - contract vendor that provides electronic utility billing service; 7% of accounts online-based
- **Utility Bill Payment Vendor: Retail Lockbox** - contracted vendor that provides payment collection service

### Options for Financial Accounting System Transition

1. **SunGard One Solution** - The City currently utilizes SunGard Public Sector, IFAS 7.9 as its financial accounting system. SunGard Public Sector has just made available its upgraded system called One Solution, which has a utility billing module that is a part of it. IFAS 7.9 does not currently have a utility billing module.

This option will utilize SunGard One Solution for the City's financial accounting system and utility billing system. City would need to transition from the current IFAS system to One Solution. Financial data and utility accounts from Springbrook would need to be transferred to One Solution. City and RWD staff would need to be trained on One Solution.

2. **Springbrook/IFAS Interface** - This option would utilize Springbrook's Utility Billing Module and have it interface with the City's current IFAS 7.9 system. This option presupposes that the City is not interested in upgrading its financial accounting system prior to assumption.

As Springbrook would be integrated with IFAS, a software program would need to be written so that the two systems interface seamlessly. Creating this integration program would need to be completed by a consultant; the cost is unknown. Also included in this option is transferring over the financial data now housed in the District's Springbrook system; utility accounts and prior bills would not be transferred, as the system itself would still be intact.

Staff is aware of other jurisdictions (City of Kirkland, for instance) that have integrated Springbrook's utility billing module with SunGard's IFAS 7.9 product.

3. **Financial Accounting/Utility Billing RFP** - This option would be for the City, with RWD Interim General Manager coordination/support, to conduct a Request for Proposals for a new financial accounting and utility billing software. Data and account transfer and staff training (City and RWD staff) would need to occur. The City would also need to purchase a whole new system. The cost of this is unknown, and would also.
4. **Stand Alone Systems** - A fallback option is to continue to run two standalone financial accounting systems, Springbrook for RWD and IFAS 7.9 for the City (with utility billing staying with the RWD Springbrook system). The systems would then need to be manually integrated so that the financial accounting for the new sewer fund can be tracked in the City financial statements and reports. This would entail a lot of staff work and coordination.

### Financial Accounting System Transition Recommendation

- It is recommended that Option 3 is utilized, starting January 1, 2018, with use of Option 4 from assumption (October 22, 2017) through December 31, 2017.
- The City will be conducting a financial accounting system assessment in the first six (6) months of 2016, which may include an RFP for system replacement. Once a new system is identified, the City could conduct a 2016 budget amendment to provide the resources needed to begin the transition to a new financial system in 2016 (as staff would not know the cost of this project when the 2016 budget is developed in summer/fall of 2015, this upgrade would not be budgeted for in the adopted 2016 budget).
- Implementation of the new financial accounting system would be conducted in the latter half of 2016 and all of 2017. RWD staff would be involved in the implementation of the system, which would include configuration and training.
- Stand alone financial accounting systems would be utilized for October, November and December 2017 until the beginning of 2018 when the new financial accounting system would come online. RWD's Springbrook Utility Billing System would also be used to issue bills during this timeframe.
- If the implementation of the new billing system is not completed by January 1, 2018, staff will continue to utilize Option 4 until implementation is complete.

- The new financial accounting system would be integrated with Cityworks (Asset Management System) and the new permit system that the City will implement in 2016 (see below).
- SunGard One Solution will be encouraged to submit a proposal in response to the City's RFP in 2016.

### **Permitting/Asset Management System Transition Recommendation**

#### **Asset Management**

- The paradox permitting/asset management system is an old legacy system and the RWD Board and staff have acknowledged that it must be replaced. They are looking at transitioning out of the system prior to the assumption of the District.
- As the City has implement Azteca Cityworks as its Asset Management system, the District is interested in implementing Cityworks for the utility's asset management system prior to assumption. The RWD Board is looking at a transition to Cityworks in 2015.

#### **Permitting**

- In 2015, the City is conducting an assessment of its current permitting software, Infor Public Sector Hansen. Hansen 7, the City's current version, is out of date and needs to be upgraded or replaced with a new permitting system. The assessment and RFP process for a new permitting system will be conducted in 2015. This process will begin in the spring of 2015, and RWD staff will participate so that the utility's needs will be incorporated into the project. The goal of the assessment project is to have the next permitting software product identified by the summer of 2015.
- The City will then implement its new permit system software in 2016. RWD will explore implementing the same permit software system as what the City selects in 2016.

### **Billing System Transition Recommendation**

- It is recommended that Administrative Services and Public Works Department staff, with RWD Interim General Manager coordination/support, conduct an analysis in 2016 to determine how utility billing issuance, collection and payment be handled for the sewer utility post assumption.
- City and RWD staff will analyze whether the City should continue to utilize Databar, Doxo and Retail Lockbox as billing vendors or move to another system.
- City and RWD staff will analyze which functions should be brought in-house and which should continue to be provided by vendor services, if any.
- City and RWD staff will also analyze whether the City should accept over the counter credit card payments for ratepayers paying their utility bills
- City and RWD staff will analyze how the billing system can be managed to accommodate future utility billing.