Lompoc City Council Agenda Item

City Council Meeting Date: August 5, 2014

TO: Patrick Wiemiller, City Administrator

FROM: Gabriel Garcia, Human Resources Manager
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SUBJECT: Amendment No. 1 to the Memorandum of Understanding (MOU) between the City of Lompoc and the International Brotherhood of Electrical Workers Local 1245 (IBEW) and Related Changes to the City of Lompoc Classification and Compensation Plan; Adoption of Resolution No. 5939(14)

Recommendation:

Staff recommends the City Council:

1) Amend the MOU between the City and IBEW that addresses the training and compensation associated with implementation of 12-kV Rubber Gloving certification requirements for Lead Electrical Line Workers and Electrical Line Workers (12-kV Gloving); and

2) Amend the Classification and Compensation Plan to increase specific classification wages by 10% as a result of impacts associated with implementation of the 12-kV Gloving certification requirements; and

3) Amend current Electrical Line Worker and Lead Electrical Line Worker job specifications; and

4) Create 12-kV Electrical Line Worker and 12-kV Lead Electrical Line Worker job specifications to meet the requirements of the Amendment No. 1 to the MOU between the City and IBEW; and

5) Adopt Resolution No. 5939(14) approving Amendment No 1 to the MOU between the City and the IBEW, effective July 1, 2013, through December 31, 2014 (attached); or

6) Provide alternate direction.

Background:

The City's Electric Division is committed to the City of Lompoc Charter of Excellence in Customer Service (The Charter of Excellence). The Charter of Excellence states: "The City of Lompoc is dedicated to providing the best service to the citizens of Lompoc." Economic development, customer service, public safety, efficiency, and reliable electric service are Electric Division and City Council goals. The Charter of Excellence lists several guarantees to demonstrate the level of commitment the City is resolved to provide, specifically: "We will seek innovative ways to overcome barriers to efficiency, productivity, and achieve mutually agreeable outcomes;" "We will train staff to provide quality customer service and accomplish professional objectives;" and "We will employ the most up to date technological resources when economically and practically feasible."

A 12-kV Gloving program, if implemented, will enable the Electric Division to streamline system design, construction, operations, and maintenance of the City's electrical distribution system. It will improve customer service and reliability, reduce system outages, allow for more efficiency in scheduling work (reducing scheduled overtime for instance); and will reduce electrical service outages and service restoration time to commercial and residential customers who are vital to achieving our Economic Development core mission and our competitiveness with other municipalities.

Therefore, staff and the IBEW have worked together to develop methods and mechanisms for implementation of a 12-kV Gloving certification requirement for Electrical Line Workers and Lead Electrical Line Workers. The resulting product includes a specific 12-kV Gloving program that will become a part of the MOU, two new job specifications and changes to current job specifications, and a 10% increase in base wages for related and impacted job classifications.

Discussion:

Live-line work entails repairing or maintaining electrical distribution system equipment while the equipment is energized. In August 2001, changes to the California State Safety Orders increased the allowable voltage level for which Electrical Line Workers could use rubber gloves, from 5-kV to 25-kV. The American Public Power Association (APPA) and the IBEW have since developed rubber gloving insolate and isolate procedures to be used to perform live-line 12-kV work (12-kV Gloving). Rubber gloves protect Electrical Line Workers from exposure to the live parts being worked on. Rubber insulated material such as blankets are also used when working on energized equipment with rubber gloves.

Many municipally-owned electric utilities have trained and certified their employees to perform Live-line work on 12-kV equipment using rubber gloves. Due to the complexity and inherent risks, many Northern California Power Agency (NCPA) members (of which

the City is a member) offer incentives to employees between 6% and 10% for employment of 12-kV Gloving, namely: the Cities of Alameda, Gridley, Healdsburg, Lodi, Redding, and Ukiah. PG&E also offers a 12% 12-kV Gloving incentive to its employees.

The additional compensation costs related to providing live-line work on 12-kV equipment is anticipated to be offset in other areas such as the additional revenue from utility billings as interruptions of service to customers is reduced. Additional cost savings are further discussed in the Fiscal Impact section below.

Currently, Electric Division employees perform distribution system repairs and maintenance on energized 4-kV equipment, but not on energized 12-kV equipment due to lack of a program and related training and certification. Electric Division employees schedule and implement system outages in order to perform 12-kV distribution system repairs and maintenance. The decision of when a scheduled outage is planned takes into account staffing resources and customer needs. For instance, outages planned for commercial sections of the Electric Utility's service territory may not be scheduled during regular business hours.

It is estimated that the City can reduce scheduled outages by at least 50% or approximately 11,000 customer hours annually through the employment of 12-kV Gloving. A 12-kV Gloving program will enable the Electric Division to reduce overtime by an estimated 507 hours/year; work more efficiently (redirect about 2,540 regular time work hours performed by Line Workers) by reducing pre/post outage preparatory/restoration work; allow faster service restoration time; more efficiently schedule projects to maximize productivity; and improve system reliability and availability. As mentioned above, it should be noted as much as 50% of scheduled work will still require outages due to safety concerns, the complexity of work and other factors. Currently, estimated lost revenues during planned scheduled outages range between $85 to $26,300 per year (using the wide range of 10 to 300 customers per outage). Allowing 12-kV Gloving could provide up to $13,000 in additional rate revenue per year currently lost during planned outages.

Fiscal Impact:

The implementation of a 12-kV Gloving program will result in a variety of new costs, cost reductions and revenue enhancements, both one-time and ongoing, for the City's Electric Division. It will also result in a variety of cost reductions and economic enhancements to the Electric Division's customers. Following are the primary fiscal impacts resulting from the implementation of a 12-kV Gloving program.

Estimated one-time implementation costs such as training and the purchase of gloves, and other personal protective equipment (such as insulated blankets) will be necessary to start the program. Existing appropriations are available in budgeted training and

safety equipment program accounts for anticipated startup costs. In anticipation of implementation of the 12-kV Gloving program, trainings for pole top and aerial rescue, budgeted at $19,500 for FY 2013-14 has been deferred until FY 2014-15. The two trainings are planned to be combined with training for the 12-kV Gloving program without a need to modify the original budgeted appropriation. Training for the 12-kV Gloving program would have otherwise cost $15,000 without combining it with the pole top and aerial rescue training.

Most of the Electric Division's safety equipment used in distribution system maintenance is already currently rated for work on 12-kV lines. As such, any incremental safety equipment costs related directly to the new 12-kV Gloving program will be negligible.

Estimated ongoing costs, primarily employee compensation changes, can be offset by a variety of cost savings and revenue enhancement measures. This can be accomplished while providing a higher level of customer service and enhancing the City's advantages in the Economic Development arena without any incremental additional costs to the City's electric customers. As mentioned above, an estimated reduction of 50% of after-hours scheduling of incidents is estimated to reduce scheduled overtime by approximately 507 hours a year. This reduction is estimated to save approximately $30,000 in overtime and related benefit costs annually. In addition to the direct savings from avoided overtime, the Electric Division estimates the opportunity savings from redirecting incident planning, staging, and implementation could be as much as $184,000 in annual savings related to regular-time resources. These regular hours can be redirected to higher-value work such as customer-paid line extensions, completion of additional 4-kV to 12-kV or underground conversions, and other distribution system improvements, reconstruction, or repair work.

The ongoing program to eliminate all 4-kV distribution systems in the City would become more efficient with the introduction of the 12-kV Gloving program and the full conversion could be completed sooner. Elimination of the remaining 4-kV distribution system (estimated now to be 25% of the entire system) will reduce line losses resulting in the delivery of more of the energy purchased by the City. Estimated annual energy savings upon completion of the conversion project is about $40,000 per year.

The elimination of the remaining 4-kV distribution systems will provide other efficiency benefits to the City such as standardization of design, materials, and construction of the distribution system. In February 2014, the Electric Division estimated the completion of the 4-kV to 12-kV conversion to take an additional four years based on expenditure levels of $100,000 per year using existing construction methods. The Electric Division estimates the availability of a 12-kV Gloving program will reduce the completion timeframe to two years.

Since the 4-kV conversion program was budgeted as an independent construction program in 1990, the Electric Division has expended an average of $80,000 annually in

materials on conversion projects. Once the remaining projects related to the 4-kV conversion are completed, this appropriation can cease. Overall reduction in expenditures or corresponding savings from reduced line losses will exceed $120,000 annually without estimating other savings such as reduction in inventory as materials now needed for 4-kV systems will no longer be stocked.

In acknowledgement of the additional costs to implement the 12-kV Gloving program, the Electric Division has recommended the permanent discontinuance of certain existing appropriations. Significant reductions of appropriations are available from the deregistration of the City with the North American Electric Reliability Corporation (NERC) for Federal Energy Regulatory Commission Electrical System reliability compliance standard obligations. The recommended reduction of appropriations includes the following:

Account	**Account Name**	**FY 2013-15 Appropriation**
52000-53313	Professional Services – NERC Compliance	$50,000.00
52500-53313	Professional Services – NERC Compliance	24,000.00
52500-53313	Professional Services – NERC Compliance Software	20,000.00
52500-53313	Professional Services – NERC Compliance Other	16,000.00

The above estimated cost savings and revenue enhancements will result in total net annual cost reductions and revenue enhancements of approximately $275,000 offsetting the anticipated additional Electric Division compensation cost increases of $149,162.

Conclusion:

Staff recommends the implementation of the 12-kV Gloving program, related job specification updates, and proposed compensation changes as a means to safely create a more efficient work product and improve customer service along with overall reliability at no additional cost to our customers.

Respectfully submitted,

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Gabriel Garcia, Human Resources Manager

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

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Patrick Wiemiller, City Administrator

Attachment: Resolution No. 5939(14)