

REVISED LOCAL WATER DISTRICT MANUAL ON CATEGORIZATION, RE-CATEGORIZATION AND OTHER RELATED MATTERS (LWD-MACRO)

DBM CIRCULAR LETTER NO. 2011-10 NOVEMBER 18, 2011, November 18, 2011

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TO :

THE ADMINISTRATOR, LOCAL WATER UTILITIES ADMINISTRATION; THE GENERAL MANAGERS OF LOCAL WATER DISTRICTS; THE REGIONAL DIRECTORS OF THE DEPARTMENT OF BUDGET AND MANAGEMENT; AND ALL OTHERS CONCERNED

SUBJECT :

REVISED LOCAL WATER DISTRICT MANUAL ON CATEGORIZATION, RE-CATEGORIZATION AND OTHER RELATED MATTERS (LWD-MACRO)

1.0 The Oversight Committee on Local Water Districts (LWDs) composed of the Local Water Utilities Administration (LWUA), Civil Service Commission (CSC), Department of Budget and Management (DBM), and Philippine Association of Water Districts (PAWD) has proposed the revision of the LWD-MaCRO to streamline and rationalize the categorization process.

2.0 The LWD-MaCRO provides a framework for the categorization and re-categorization of LWDs as basis for determining the organizational structure, staffing pattern, position classification and salary grade allocation of positions in every water district. The LWD-MaCRO issued in 1997 is revised herein to be more reflective to the service objective of expanding the reach of LWDs to their constituents while maintaining operational and financial viability.

3.0 The number of LWD categories is reduced from six (6) to four (4). Accordingly, the model organization and staffing are modified to suit the new categorization.

4.0 This Circular Letter is issued to disseminate the revised LWD-MaCRO. The manual contains the criteria and methodology for categorization, as well as the guidelines on how LWDs will transition their respective organizational structure from the existing category to the new one.

5.0 This Circular Letter shall take effect immediately.

(Sgd.) FLORENCIO B. ABAD
Secretary

Revised
Local Water District Manual on Categorization,
Re-Categorization

and Other Related Matters
(LWD-MaCRO)

Department of Budget and Management
CY 2011

- BACKGROUND

In September 1997, local water districts were classified into six (6) categories, namely: SMALL, AVERAGE, MEDIUM, BIG, LARGE, and VERY LARGE water districts using the Local Water District Manual on Categorization/Re-Categorization. The said Manual provided a general framework in determining the Organizational Structure, Staffing Pattern and Position Classification for every category of water district.

The categorization of LWDs took into consideration the resources owned and managed by each LWD like human resources (personnel), physical resources (fixed assets), and financial resources (revenues, investments). The criteria included size of the resources, financial capability in terms of satisfying operating requirements, revenue generation, and scope/ complexity of operations.

The establishment of a standard Organizational Structure and Staffing Pattern (OSSP) was based on the size of the LWD as determined largely by the amount of revenues, fixed assets and net income.

- RATIONALE

The Oversight Committee on Local Water Districts composed of the Local Water Utilities Administration (LWUA), Civil Service Commission (CSC), Department of Budget and Management (DBM) and the Philippine Association of Water Districts (PAWD) has proposed the revision of the Manual to streamline and rationalize the categorization process. Among others, the revision includes the reduction in the number of categories from six to four in order to clearly distinguish each category from the other. Moreover, the number of service connections becomes a significant factor in categorization in line with the LWDs' key service objective of reaching as many clients as possible.

Accordingly, the model organizational structure and staffing pattern is modified following the new set of categories.

- CATEGORIZATION WATER DISTRICTS

- OBJECTIVES OF LOCAL

- To categorize LWDs based on active service connections, assets, financial position and staff productivity;
- To provide guidelines in determining the organizational structure, staffing pattern, position classification and salary grade allocation of positions in an LWD based on its category;
- Streamline the categorization process for easier implementation and better monitoring by oversight agencies;

- BASES FOR CATEGORATION

- LWDs are categorized into four (4), namely: A, B, C and D.
- The categorization is a two-stage process. The initial stage is categorization based on the Number of Active Service Connections in accordance with Table 1 below:

Table 1

SERVICE CONNECTION CATEGORY

Category

Number of Active Service Connections

A

At least 30,000

B

At least 10,000

C

At least 3,000

D

Below 3,000

- The second stage of categorization considers the following factors: Gross Revenues, Total Assets, Net Income before Interest and Depreciation, and Staff Productivity Index. These factors will determine the Point-Rating Category. The points for each factor are shown in Table 2.

Table 2

POINT-RATING CATEGORY

Factors/Points/Definition/Significance

Factors

Points

Definition

Significance

1. Gross Revenues

40

Gross Revenues include all cash receipts collected by the LWD from water bills and other miscellaneous service revenues.

Gross Revenues indicates the capacity of the LWD to generate revenue as well as its collection efficiency. The greater is the Gross Revenue, the greater also is the financial responsibility of the LWD.

2. Total Assets

40

This factor includes value of assets used to carry out its operations.

This is a measure of the amount of investment on physical assets. It is indicative of the commitment to expand and improve its service.

3. Net Income Before Interest and Depreciation

15

This is the remaining amount after deducting operating expenses from operating revenues.

This provides an estimate of the amount available for debt servicing, for expansion/improvement and for reserve build-up.

4. Staff Productivity Index

5

This is the ratio of the total number of active service connections to the total number of permanent and casual employees as of December 31 of a given year.

This ratio indicates the manpower efficiency of the water district.

- From the data on each LWD, the equivalent point rating for each factor is computed using Annexes A to D. The total points earned for all factors determine the Point-Rating Category as indicated in Table 3 below:

Table 3

POINT-RATING CATEGORY Points Earned Category

Points Earned

Category

75 - 100

A

50-74

B

25-49

G

1-24

D

- The resulting Point-Rating Category is compared with the Service Connection Category; whichever is lower, is the FINAL CATEGORY of the LWD.

- PROCEDURE FOR IMPLEMENTATION OF THE NEW CATEGORIZATION

- The LWD shall submit to the LWUA a request for categorization supported by the following information:

1.1 Number of Active Service Connections;

1.2 Gross Revenues;

1.3 Total Assets;

1.4 Net Income Before Interest and Depreciation;

1.5 Number of Personnel (Permanent and Casual);

1.6 Staff Productivity Index; and

1.7 Other data as required by LWUA

- The LWUA shall:

2.1 Verify the data submitted by the LWD;

2.2 Determine the Service Connection Category using Table 1;

2.3 Compute the points earned by the LWD for the Point-Rating Category using Annexes A to D and Table 2;

2.4 Determine the Final Category of the LWD; and

2.5 Issue to the LWD a Certificate of LWD Category, copy furnished the DBM.

- RE-CATEGORIZATION OF LOCAL WATER DISTRICTS

The growth of an LWD's physical and financial resources during the past years may permit the upgrading of its category. Normally, such upgrading entails additional budgetary requirements. Hence, performance review is in order to ensure the LWD's financial viability and long-term sustainability even in its higher category.

- A. OBJECTIVES

- To provide a systematic and rational evaluation of an LWD's request for re-categorization;

- To determine if the LWD will be able to sustain the budgetary requirement for upward categorization without jeopardizing its short-term financial position and long-term obligation to creditors;

- REQUIREMENTS IN THE RE-CATEGORIZATION OF LOCAL WATER DISTRICTS

- Submission of request to and evaluation by LWUA.

- Basic Requirement - An LWD may be eligible for upward categorization after satisfying the following conditions:

2.1 Meeting the required number of points for the category (Part III);

2.2 Must be current or up-to-date in servicing its debt obligations; and

2.3 Upgrading will only be allowed once a year.

- Prognosis of Projected Operation - In addition to the basic requirements, an LWD should be able to show that its financial growth and stability can be sustained in the immediate future. Such long-term sustainability depends to a greater extent to its current state of health as a result of its financial and operational efficiency.

- MODEL ORGANIZATIONAL STRUCTURE

- CATEGORY A WATER DISTRICT

- Office of the Board of Directors

- Office of the General Manager

2.1 Corporate Planning Department

2.1.1 Planning and Monitoring Division

2.1.2 Management Information Services Division

2.2 Internal Audit Department

2.2.1 Management Audit Division

2.2.2 Operations Audit Division

2.3 Legal Department

2.3.1 Investigation and Litigation Division

2.3.2 Legal Services Division

2.4 Community Relations and External Affairs Department

2.4.1 Public Information Division

2.4.2 Community Relations Division

Administration Group

- Office of the Assistant General Manager for Administration

3.1 Human Resource Department

3.1.1 Manpower Planning and Recruitment Division

3.1.2 Personnel Welfare Division

3.1.3 Training and Development Division

3.2 General Services Department

3.2.1 Building and Grounds Maintenance Division

3.2.2 Transport Operations and Equipment Maintenance Division

3.2.3 Water Meter Maintenance Division

3.3 Property and Materials Management Department

3.3.1 Procurement Division

3.3.2 Materials and Equipment Quality Control Division

3.3.3 Property and Warehousing Division

3.4 Information and Communications Technology Department

3.4.1 Systems Development Division

3.4.2 Systems Application Division

3.4.3 Geographical Information System (GIS) Division

Finance Group

- Office of the Assistant General Manager for Finance

4.1 Accounting Department

4.1.1 General Accounting Division

4.1.2 Payroll and Subsidiary Division

4.2 Financial Management Department

4.2.1 Treasury Division

4.2.2 Budget Division

4.3 Commercial Department Services

4.3.1 Billings Division

4.3.2 Accounts Division

4.3.3 New Service Connection Division

4.3.4 Customer Care Division

Operations Group

- Office of the Assistant General Manager for Operations

5.1 Production Department

5.1.1 Water Production Division

5.1.2 Water Quality Division

5.1.3 Electro-Mechanical Division

5.2 Pipelines and Appurtenances Maintenance Department

5.2.1 Water Distribution Division

5.2.2 Restoration Division

5.2.3 Pipelines and Leakage Control Division

5.2.4 Non-Revenue Water Management Division

5.3 Sewerage and Sanitation Department

5.3.1 Sewerage Division

5.3.2 Sanitation Division

Technical Services Group

- Office of the Assistant General Manager for Technical Services

6.1 Engineering Department

6.1.1 Planning Division

6.1.2 Design Division

6.2 Construction Department

6.2.1 Mainlines Expansion and Rehabilitation Division

6.2.2 General Improvement and Civil Works Division

6.3 Environment and Water Resources Department

6.3.1 Watershed and Environmental Management Division

6.3.2 Water Resources Management Division

- CATEGORY B WATER DISTRICT

- Office of the Board of Directors

- Office of the General Manager

2.1 Management Services Division

- Administrative and Human Resource Department

3.1 Human Resource Division

3.1.1 Personnel Section

3.1.2 Training Section

3.2 Administrative Services Division

- 3.2.1 Procurement Section
- 3.2.2 Records Section

3.3 General Services Division

- 3.3.1 Property and Supply Management Section
- 3.3.2 Building, Grounds, and Facilities Management Section
- 3.3.3 Transport Operations and Maintenance Section

- Finance Services Department

4.1 Accounting Division

- 4.1.1 General Accounting Section
- 4.1.2 Cost Accounting Section

4.2 Cash Management Division

4.3 Budget Division

- Commercial Services Department

5.1 Customer Accounts Division

- 5.1.1 Meter Reading Section
- 5.1.2 Billing Section

5.2 Customer Services Division

- 5.2.1 Servicing Section
- 5.2.2 Disconnection/ Reopening Section
- 5.2.3 Investigation Section

- Engineering and Operations Department

6.1 Water Resources Division

- 6.1.1 Quality Control/ Assurance Section
- 6.1.2 Water Generation and Distribution Section
- 6.1.3 Environmental and Watershed Section

6.2 Construction and Maintenance Division

- 6.2.1 Construction Section
- 6.2.2 Maintenance Section

6.3 Planning and Design Division

- 6.3.1 Planning Section
- 6.3.2 Design Section

- CATEGORY C WATER DISTRICT

- Office of the Board of Directors

- Office of the General Manager

2.1 Administrative and General Services Division

- 2.1.1 Human Resource Section
- 2.1.2 Property and Supplies Management Section
- 2.1.3 General Services Section

2.2 Finance and Commercial Division

- 2.2.1 Accounting and Budget Section
- 2.2.2 Billing and Commercial Section
- 2.2.3 Cash Management and Collection Section

2.3 Engineering and Construction Division

- 2.3.1 Repair and Maintenance Section
- 2.3.2 Engineering and Construction Section

2.4 Production and Water Quality Division

- 2.4.1 Water Resources Section
- 2.4.2 Water Quality Section

- CATEGORY D WATER DISTRICT

- Office of the Board of Directors
- Office of the General Manager

2.1 Every major function or activity may be allowed a section:

- 2.1.1 Administrative Section
- 2.1.2 Finance Services Section
- 2.1.3 Commercial Services Section
- 2.1.4 Operations/Technical Section

2.2 Positions under the General manager shall be on "straight listing" only.

- GENERAL GUIDELINES ON ORGANIZATIONAL STRUCTURE

- A Category A LWD is allowed a maximum of four (4) Groups as the primary functional grouping, each headed by an Assistant General Manager. However, for LWDs with less than 50,000 service connections, only two groups are allowed.
- A Category B LWD is allowed a maximum of four (4) Departments as the primary functional grouping, each headed by a Department Manager
- A Category C LWD is allowed a maximum of four (4) Divisions as the primary functional grouping, each headed by a Division Manager.
- A Category D LWD is allowed a maximum of four (4) Sections as the primary functional grouping, each headed by a Senior level or participating supervisory position. The LWD may opt to have its positions below the General Manager as straight listed only.
- When found necessary and justified, LWDs in a lower category may create units and/or positions found only in the model OSSP of a higher LWD category, provided that their respective organizational hierarchy is maintained.

In no case," however, shall creation of additional units and/or positions be allowed in excess of what are provided in any of the models. Requests for approval of additional units and/or positions which are not found in the model OSSP of their respective category shall be submitted to the DBM Regional Office concerned.

- The model organizational structure for each category is shown in Annex E.

- GENERAL GUIDELINES ON STAFFING PATTERN

- The Staff Productivity Index of one (1) position for every one hundred (100) service connections for category D, and one hundred twenty (120) service connections for Categories A to C, shall be strictly observed in the determination of the total number of positions in an LWD.

- Positions in an LWD shall be limited to the classes of positions enumerated in the Index of Occupation Service (IOS) prescribed for each category. When deemed necessary and justified, new classes of positions may be added to the IOS upon approval of the DBM Central Office.

- The levels of positions authorized for each category shall be the maximum. However, LWDs may opt to adopt a leaner organizational structure with lower level positions and/or with two or more groups, departments, divisions or sections merged into one.

- In the case of Category A LWD, the position authorized after the Division Manager A at SG-24 shall be considered as the assistant of the Division Manager. Thereafter, Sections may be created for each functional activity under the Division to be headed by a Senior level or participating supervisory position, which shall have under its supervision at least two (2) Journeyman and two (2) Junior level positions.

- In the case of Category B LWD, a unit or functional activity under the Division Manager shall be a Section to be headed by a position at SG-20 or SG-19. Where there is no sufficient number of functional activities or positions to warrant the creation of a Section, positions under the Division shall be on "straight listing" only.

- For Category C LWD, a unit or functional activity under the Division Manager shall be headed by a position at SG-18, SG-17, or SG-16. Alternatively, the LWD may opt to have the positions after the Division Manager on straight listing" only.

- For Category D LWD, positions after the General Manager shall be on "straight listing" only; or, each functional activity shall be a section, to be headed by a position at SG-16, SG-15 or SG-14.

- For a newly formed LWD, positions after the General Manager shall be on "straight listing" only and each functional activity shall be headed by a position at SG-12.

- The model organizational structure and staffing pattern for each category are shown in Annex E.

- REPRESENTATION AND TRANSPORTATION ALLOWANCES (RATA)

- The Governing Boards of LWDs may authorize the following personnel to collect monthly commutable RATA payable from the approved budgets of their respective offices at rates not exceeding the authorized RATA for equivalent positions; as follows:

LWD

Category

EQUIVALENT RANKS OF LOCAL WATER DISTRICT

OFFICIALS TO NATIONAL GOVERNMENT OFFICIALS ENTITLED TO RATA

Bureau
Director,
SG -28

Assistant
Bureau
Director, SG-27

Bureau Regional
Director, SG -26

Assistant
Bureau Regional Director,
SG-25

Division Chief,
SG-24

Category A General Manager SG-28 Assistant General Manager, SG - 27 Department Manager A, SG -26
Division Manager A, SG-24

Category B General Manager B, SG - 27 Department Manager B, SG -25 Division Manager B, SG-23

Category C General Manager C, SG-26 Division Manager C, SG-22

Category D General Manager D, SG-24

In the case of the position of General Manager of Davao City Water District (DCWD) and Metro Cebu Water District (MCWD) which shall be allocated to SG-29, the rates of their RATA shall be equivalent to Department Assistant Secretary, SG-29.

- TRANSITORY PROVISION

Upon approval of the new category of an LWD under this Manual, the LWD may opt to retain its existing organizational structure and staffing pattern (OSSP) for the first three years. Thereafter, the LWD shall submit to the DBM Regional Office concerned proposal for modification of its OSSP in accordance with the models under this Manual.

An LWD that qualified to a higher category has the option to adopt a leaner OSSP by merging the basic organizational units and/or using lower level positions. An LWD classified to a lower category shall adopt the model OSSP for its new category, provided, that excess, redundant or inappropriate positions with incumbents shall be declared "coterminous with the incumbent" (CTI), to be abolished once vacated.

See DBM CIRCULAR LETTER NO. 2011-10 NOVEMBER 18, 2011 ANNEX "A": EQUIVALENT POINT RATINGS "I. GROSS REVENUES = 40 POINTS" : 108 OG No. 17, 1897 (April 23, 2012)

See DBM CIRCULAR LETTER NO. 2011-10 NOVEMBER 18, 2011 ANNEX "B": EQUIVALENT POINT RATINGS "II. TOTAL ASSETS = 40 POINTS" : 108 OG No. 17, 1898 (April 23, 2012)

See DBM CIRCULAR LETTER NO. 2011-10 NOVEMBER 18, 2011 ANNEX "C": EQUIVALENT POINT RATINGS "III. NET INCOME BEFORE INTEREST & DEPRECIATION = 15 POINTS" : 108 OG No. 17, 1899 (April 23, 2012)

See DBM CIRCULAR LETTER NO. 2011-10 NOVEMBER 18, 2011 ANNEX "D": EQUIVALENT POINT RATINGS "IV. STAFF PRODUCTIVITY INDEX" = 5 POINTS" : 108 OG No. 17, 1899 (April 23, 2012)

See DBM CIRCULAR LETTER NO. 2011-10 NOVEMBER 18, 2011 ANNEX "E": MODEL ORGANIZATIONAL STRUCTURE STAFFING PATTERN FOR KEY POSITIONS "CATEGORY A": 108 OG No. 17, 1901-1906 (April 23, 2012)

See DBM CIRCULAR LETTER NO. 2011-10 NOVEMBER 18, 2011 : MODEL ORGANIZATIONAL STRUCTURE STAFFING PATTERN FOR KEY POSITIONS "CATEGORY B": 108 OG No. 17, 1907-1910 (April 23, 2012)

See DBM CIRCULAR LETTER NO. 2011-10 NOVEMBER 18, 2011 : MODEL ORGANIZATIONAL STRUCTURE STAFFING PATTERN FOR KEY POSITIONS "CATEGORY C": 108 OG No. 17, 1911-1912 (April 23, 2012)

See DBM CIRCULAR LETTER NO. 2011-10 NOVEMBER 18, 2011 : MODEL ORGANIZATIONAL STRUCTURE STAFFING PATTERN FOR KEY POSITIONS "CATEGORY D": 108 OG No. 17, 1913 (April 23, 2012)

See DBM CIRCULAR LETTER NO. 2011-10 NOVEMBER 18, 2011 : INDEX OF OCCUPATIONAL SERVICES CATEGORY A WATER DISTRICT: 108 OG No. 17, 1914-1929 (April 23, 2012)

See DBM CIRCULAR LETTER NO. 2011-10 NOVEMBER 18, 2011 : INDEX OF OCCUPATIONAL SERVICES CATEGORY B WATER DISTRICT: 108 OG No. 17, 1930-1942 (April 23, 2012)

See DBM CIRCULAR LETTER NO. 2011-10 NOVEMBER 18, 2011 : INDEX OF OCCUPATIONAL SERVICES CATEGORY C WATER DISTRICT: 108 OG No. 17, 1943-1949 (April 23, 2012)

See DBM CIRCULAR LETTER NO. 2011-10 NOVEMBER 18, 2011 : INDEX OF OCCUPATIONAL SERVICES CATEGORY D WATER DISTRICT: 108 OG No. 17, 1950-1953 (April 23, 2012)

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