Today’s Discussion

• Benchmark/Efficiencies Process
• Project Status
• Experience of Other Utilities
• Observations
• Implementation Process
• Next Steps
Benchmark and Efficiencies
Project Process

1. Business Evaluation
   - Benchmarking Plan
   - Detailed Business Analysis
2. Preliminary Performance Plan
3. Baseline
4. Gap Action Plans
5. Benchmark Summary
6. Determine Feasibility and Cost Benefit
7. Implementation Plan
8. Savings Targets

9. Strategic Plan Framework
10. Strategic Plan
Gap Analysis of 144 Business Elements

Current Situation

Target

Gap
<table>
<thead>
<tr>
<th>14 Identified Performance Areas</th>
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<tbody>
<tr>
<td><strong>Transform the Workforce</strong></td>
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<tr>
<td>• Performance Measurements</td>
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<td>• Knowledge Sharing &amp; Transfer</td>
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<tr>
<td>• Attract, Develop and Retain Talent</td>
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<td>• Appropriate Tools and Technology</td>
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<td><strong>Protect Environment &amp; Public Health</strong></td>
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<td>• Long-Range Planning</td>
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<td>• System Performance Management</td>
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<td><strong>Operational Excellence</strong></td>
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<td>• Operability &amp; Maintainability</td>
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<td>• Asset Knowledge</td>
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<td>• Asset Maintenance</td>
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<td>• Resource Management</td>
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<td>• Capital Planning Efficiency</td>
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<td>• Procurement</td>
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<td><strong>Easy &amp; Engaged Customer Experience</strong></td>
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<td>• Billing &amp; Collection</td>
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<td>• Strategy Awareness and Active Strategic Planning</td>
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</table>
The Study Did Not Address:

- Internal controls related processes/issues,
- Developer services related processes/issues,
- Alternative contracting methods (i.e. Design/Build, GCCM),
- Project delivery related processes
- Solid Waste contractors and collection contracts
- Solid Waste recycling and transfer station operations
Detailed Business Analysis

Analysis

• Started with 144 business Areas
• Drilled down to 14 Key Gap Areas
• 125 SPU staff Involved

Established First Level of Recommendations

• 224 Recommendations

Determined Budget Level Cost Savings

• 88 cost savings recommendations
Benchmarking Process

12 Business Area Categories

- Asset Management
- Business Operations
- Customer Relations
- Engineering
- Information Technology
- Organizational Development
- Project Management
- SCADA
- Solid Waste Operations
- Stormwater Operations
- Wastewater Operations
- Water Operations

150 General Questions
Generated from:

- Previous Benchmarks
- RFP Request
- Staff Requests
### Benchmarking Partners

<table>
<thead>
<tr>
<th>Water Drainage and Wastewater</th>
<th>Solid Waste</th>
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<tbody>
<tr>
<td>San Diego</td>
<td>Metro Vancouver</td>
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<td>Metro Vancouver</td>
<td>San Francisco</td>
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<td>San Francisco</td>
<td>City of Portland</td>
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<td>Anchorage</td>
<td>Metro Portland</td>
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<tr>
<td>Columbus, OH</td>
<td>King County</td>
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Status on Benchmarking and Work Place Efficiencies

- Business Evaluation
- Detailed Analysis of 14 Key Areas
- Benchmarking 8 other utilities
- Defined 88 Areas for Efficiency Improvement

NEXT

- Run cost and organizational analysis
- Roll into Strategic Plan
- Develop Implementation Framework
Experience of Other Utilities

Anchorage  The Excellence Adventure
Cincinnati  From Last Place to Best in Class
Atlanta    To Privatize or Not to Privatize
Metro Nashville  Gain Sharing Reduces Annual Budget by 14%
Columbus DOSD  Enterprise Efficiency for Sustainable Success
Observations…

• Balance cost with level of service
• Focus on core business processes
• Expand use of enterprise technology
• Centralize planning and coordination
• Define clear lines of accountability
• Define the level of risk aversion
• Leverage people in “right” job
• Build on performance control
• Prepare staff for future
Play to Your Strengths

• Community service mindset
• Trusted service provider
• Highly talented workforce
• Market leaders in many areas
  ➢ Conservation, Recycling, Regulatory Planning
• Forward thinking regulatory drive
• Analytical business processes
Understand the Constraints

• Structure for cross-training opportunities
• Outdated job classifications
• Aging workforce
• Infrastructure problems in the City
• City and County charges
• Affordability challenges
• Coordination with other departments
• Accountability
Move Towards Being Both Efficient and Effective

- Efficient
- Effective

- Slow Death (incompetent)
- Fast Death (incompetent)
- Growth (sidetracked)
- Survive (sidetracked)
Align Technology with People, Processes, and Goals
Strategic Level Efficiencies

1. Solid Waste customer and billing services
2. Update levels of service to reflect 3 lines of business
3. Set up level of service agreements between Lines of Business and the Corporate Support Services
4. Create a corporate regulatory interface management strategy with a centralize environmental management system
5. Centralize the Planning Process with specific line of business planning resources and masterplans for all infrastructure
Operational Level Efficiencies

1. Define accountability for each position, include in a job description for standard work
2. Centralize procurement
3. Set up standard asset hierarchy and data detail for use throughout organization
4. Update chart of accounts and move to activity based costing as part of financial system upgrade
5. Fleet maintenance
People Level Efficiencies

1. Create progression path system and training program for all staff
2. Perform a staff skill and competency study and develop a skills management system
3. Cross train field staff
4. Create a Chief Knowledge Officer position for knowledge management and business system analytics
5. Set up apprentice type training programs and build a SPU farm club type system
Technology Level Efficiencies

1. Expand EPMS to guide the entire Capital Program management process
2. Develop document management system, taxonomy, and an enterprise content management strategy
3. Procure new HR software with talent and personnel management system to reduce manual tasks
4. Implement AMI and align infrastructure with City Light
5. Set up cloud computing and mobile technology
Implementation Process

1. Create Strategic management framework
2. Set specific level of service targets
3. Define the costs of meeting the levels of service
4. Tie actions to level of service targets
5. Determine risk and reward of the tactical actions
6. Establish key performance metrics
7. Use teams to implement the actions
8. Continually update the Strategic Plan
The five categories of benchmarking & workplace efficiency

- Revenue Generation
- Actual Cost Savings
- Avoided Costs
- Productivity & Efficiency Gains
- Systemically Constrained
# Moving 88 Recommendations into the Five Buckets

<table>
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<tr>
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<td>Enforce FOG violations and charge violators</td>
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<td>Define Accountability</td>
<td>GSI Inspection Tools</td>
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<td><strong>Operational Excellence</strong></td>
<td>Parking Fee at Cedar River</td>
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<td>Set up Enterprise Content Mngt System</td>
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Leadership Guides Change

- Track Levels of Service
- Manage Baseline Budget
- Implement Actions Plans
- Set Efficiency Gains Targets
- Continually Analyze
- Model the way forward
Systems are Used for Monitoring, Measuring, and Feedback
The Key to Sustainability

- Leadership at all levels
- Clarity in purpose and goals
- Accountability for actions
- Focus on the path
- Unwavering discipline
- Anchor changes in the culture