

# Benchmarking & Workplace Efficiency Study

## Process Overview and Status Update from HDR

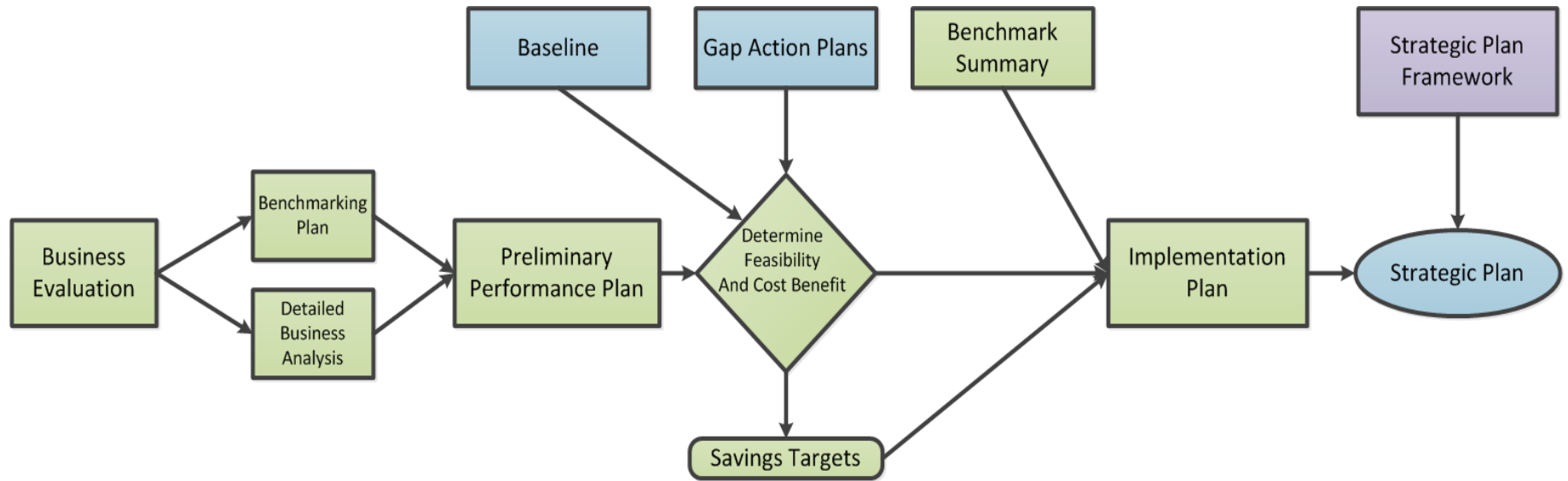
**November 7, 2013**

Seattle  
 Public  
Utilities

# Today's Discussion

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

# Benchmark and Efficiencies Project Process



# Gap Analysis of 144 Business Elements

Current Situation

Target

Gap

Attribute	Score	Business Strategy										Customers								Planning					Engineering												Communication																														
		Vision and Mission	Long Term Goals	Annual Business Plan	Service Levels	Business Results	Business Processes	Performance Metrics	Benchmarking	Regulatory Compliance	Risk Management	Change Management	Customer Information	Billing and Collection	Market Reading	Market Collection	Customer Services and Response	Customer Satisfaction	e-Commercs	Customer Education	Permitting	Customer / Neighbor Complaints	Growth Needs	Stakeholder Information	Long Range Planning	Rate Structure	Regulatory Interface Management	Funding Policy	Funding Plan	Asset Plans	Short-Interval Activities	Long-Interval Activities	Life Cycle Costing	Data Management	Design Specifications	Construction Specifications	Facility Drawings	Flow/Rainfall Monitoring	Hydraulic Modeling	Infiltration/Inflow	System Evaluation and Inspection	System Performance Management	Project Management	Project Prioritization	Project Updates	E-Mail Infrastructure	Web Site	External Communication Plan	Internal Communication Plan	Business Policy Manuals	General Announcements	Strategy Awareness	Enterprise Content Management	Staff Education	Operations Reports	Operations Cost											
Optimizing	100																																																																		
Managed	70																																																																		
Defined Approach	40																																																																		
Initial	20																																																																		
Unaware	10																																																																		
<b>Target Practice Score (1)</b>		70	50	70	80	50	60	70	60	70	60	70	70	70	70	70	70	70	50	70	70	70	50	70	60	60	70	70	70	70	70	70	60	60	60	60	70	50	60	70	70	60	70	60	70	60	70	50	60	70	50	60	70	50													
<b>Current Score (2)</b>		70	50	60	60	50	40	40	50	40	70	40	60	40	50	40	60	50	60	40	40	40	50	40	30	50	50	60	60	30	30	30	50	40	50	40	50	40	40	40	50	40	50	40	50	40	50	50	30	30	40	30	50	50	60	60	50	50	20	30	50	50					
<b>Gap</b>		0	0	10	20	0	20	30	10	30	0	20	10	30	20	30	10	20	10	30	10	30	20	30	40	0	20	0	40	40	40	20	30	20	20	20	20	20	10	30	10	10	50	40	20	20	30	20	10	10	0	10	0	10	50	50	30	20	0	0	0	0	0	0	0	0	
<b>Criticality (3)</b>		3	5	5	5	5	4	5	3	4	5	4	5	5	4	3	2	3	3	3	4	4	2	4	3	3	3	3	4	4	4	3	4	5	5	3	4	2	2	3	5	3	2	3	2	3	2	3	2	3	2	3	2	3	5	4	5	3	3	3							
<b>Weighted Gap (Criticality x Gap)</b>		0	0	50	100	0	80	150	30	120	0	80	40	150	100	120	30	40	30	90	30	120	80	60	160	0	60	0	160	160	160	60	120	100	100	60	30	120	20	20	150	200	60	40	30	20	0	50	0	20	250	200	150	60	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Priority Ranking</b>		3	3	3	2	3	3	1	3	2	3	3	3	1	2	3	3	3	3	2	3	2	3	3	3	3	3	3	1	1	1	3	2	2	2	2	3	3	3	2	3	3	3	1	1	3	3	3	3	3	3	3	3	3	1	1	1	3	3	3							

# 14 Identified Performance Areas

<b>Transform the Workforce</b>	<ul style="list-style-type: none"><li>• Performance Measurements</li><li>• Knowledge Sharing &amp; Transfer</li><li>• Attract, Develop and Retain Talent</li><li>• Appropriate Tools and Technology</li></ul>
<b>Protect Environment &amp; Public Health</b>	<ul style="list-style-type: none"><li>• Long-Range Planning</li><li>• System Performance Management</li></ul>
<b>Operational Excellence</b>	<ul style="list-style-type: none"><li>• Operability &amp; Maintainability</li><li>• Asset Knowledge</li><li>• Asset Maintenance</li><li>• Resource Management</li><li>• Capital Planning Efficiency</li><li>• Procurement</li></ul>
<b>Easy &amp; Engaged Customer Experience</b>	<ul style="list-style-type: none"><li>• Billing &amp; Collection</li><li>• Strategy Awareness and Active Strategic Planning</li></ul>

# 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

## Water Drainage and Wastewater

San Diego

Metro Vancouver

San Francisco

Anchorage

Columbus, OH

## Solid Waste

Metro Vancouver

San Francisco

City of Portland

Metro Portland

King County

# 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

<b>Anchorage</b>	The Excellence Adventure
<b>Cincinnati</b>	From Last Place to Best in Class
<b>Atlanta</b>	To Privatize or Not to Privatize
<b>Metro Nashville</b>	Gain Sharing Reduces Annual Budget by 14%
<b>Columbus DOSD</b>	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**

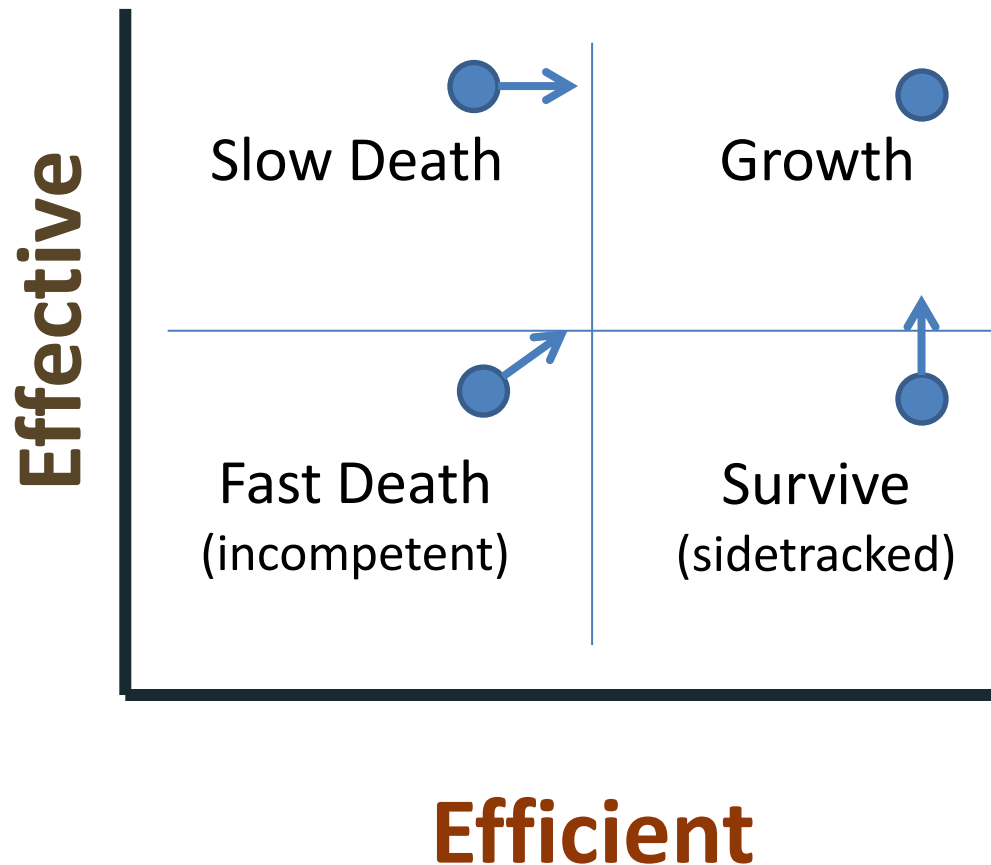
# Play to Your Strengths

- 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

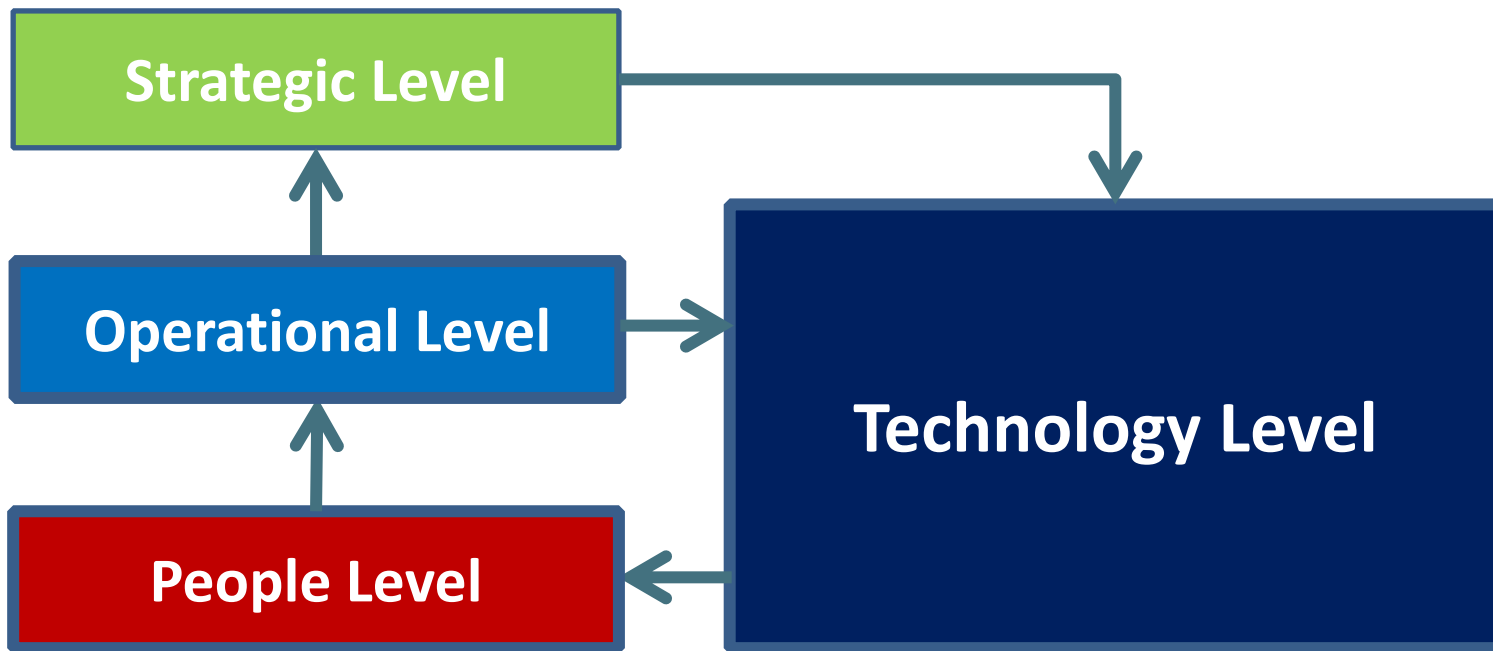
# Understand the Constraints

- 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



# 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 centralized 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

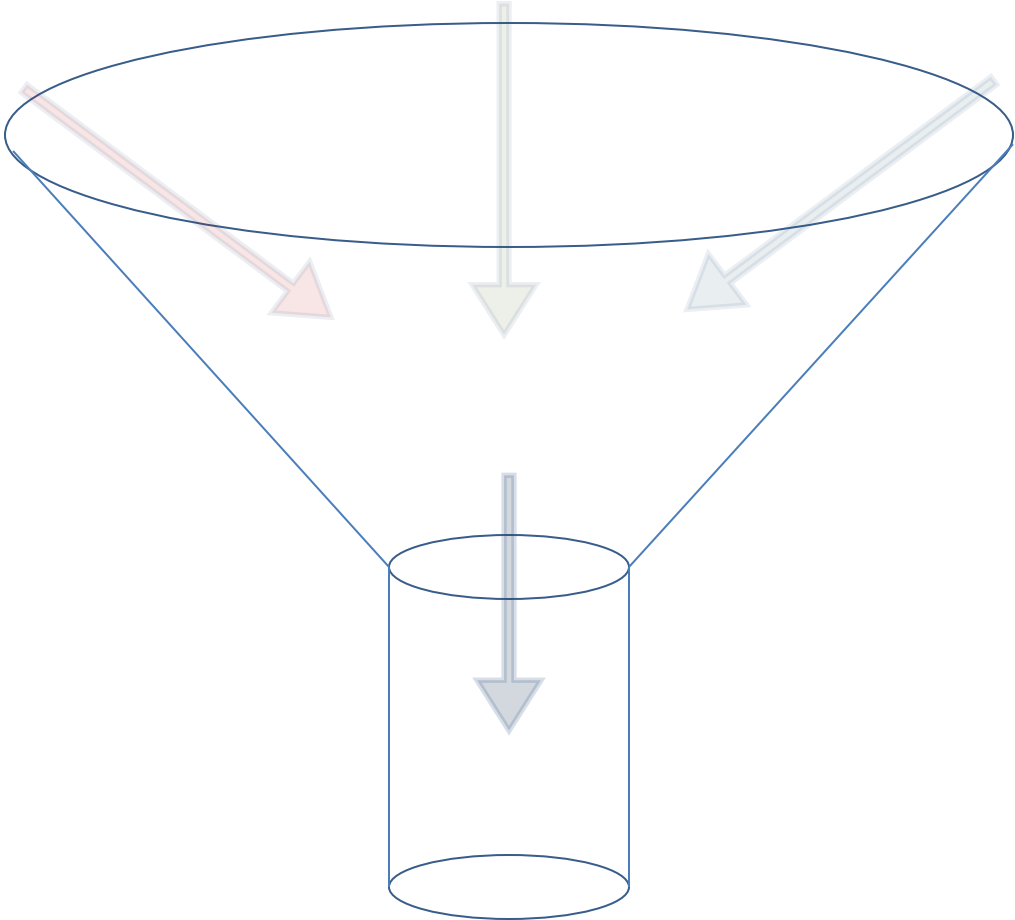
# Implementation Process

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

# Efficiencies

**Baseline**

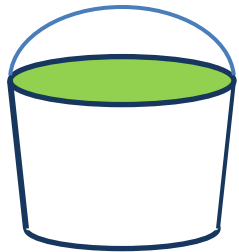
**Gap Action Plans**



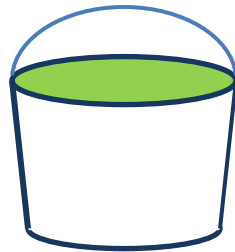
**Strategic Plan**

# The five categories of benchmarking & workplace efficiency

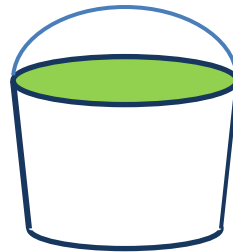
Revenue  
Generation



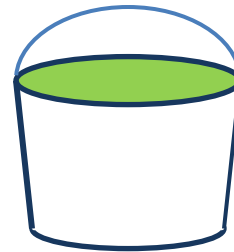
Actual Cost  
Savings



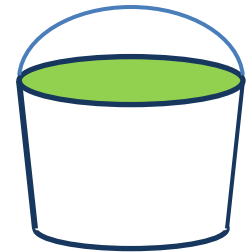
Avoided  
Costs



Productivity &  
Efficiency Gains



Systemically  
Constrained

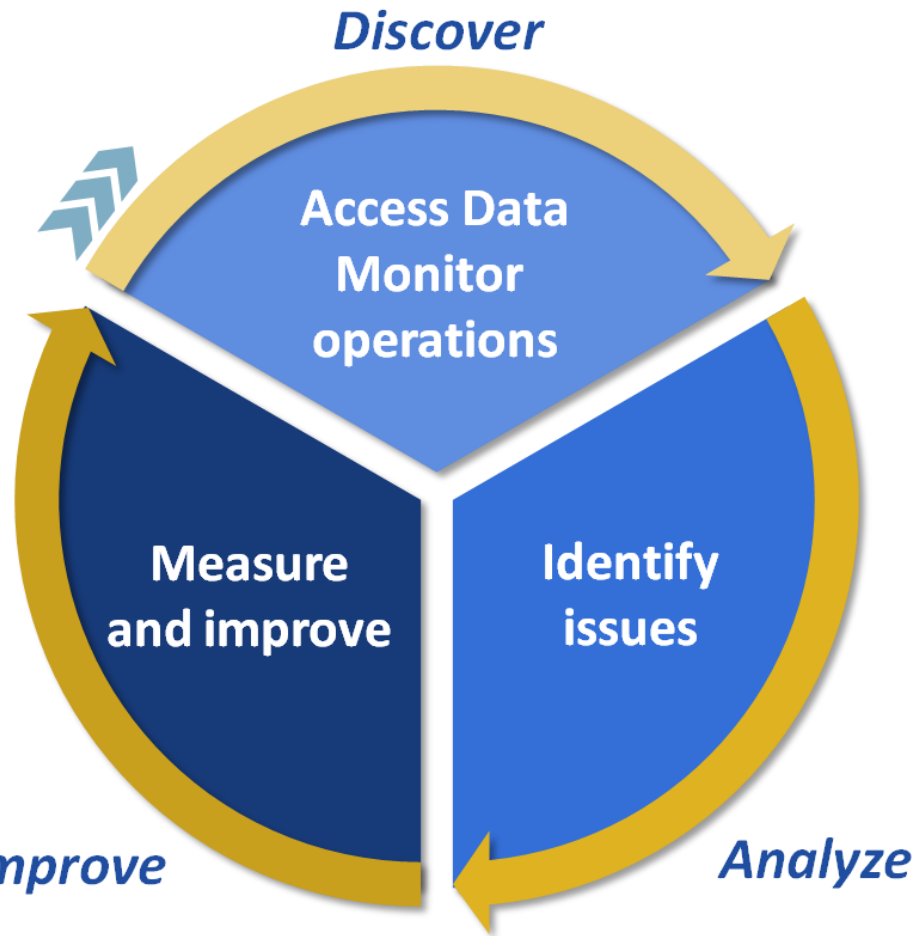


# Moving 88 Recommendations into the Five Buckets

	Revenue Generation	Actual Cost Savings	Avoided Costs	Productivity & Efficiency Gains	Systemically Constrained
Transform the Workforce			Define Accountability	Set up Enterprise Content Mngt System	
Protect Environment & Public Health	Enforce FOG violations and charge violators			GSI Inspection Tools	
Operational Excellence	Parking Fee at Cedar River			Set up Enterprise Content Mngt System	Outsource Fleet Maintenance
Easy & Engaged Customer Experience		Solid Waste Billing			

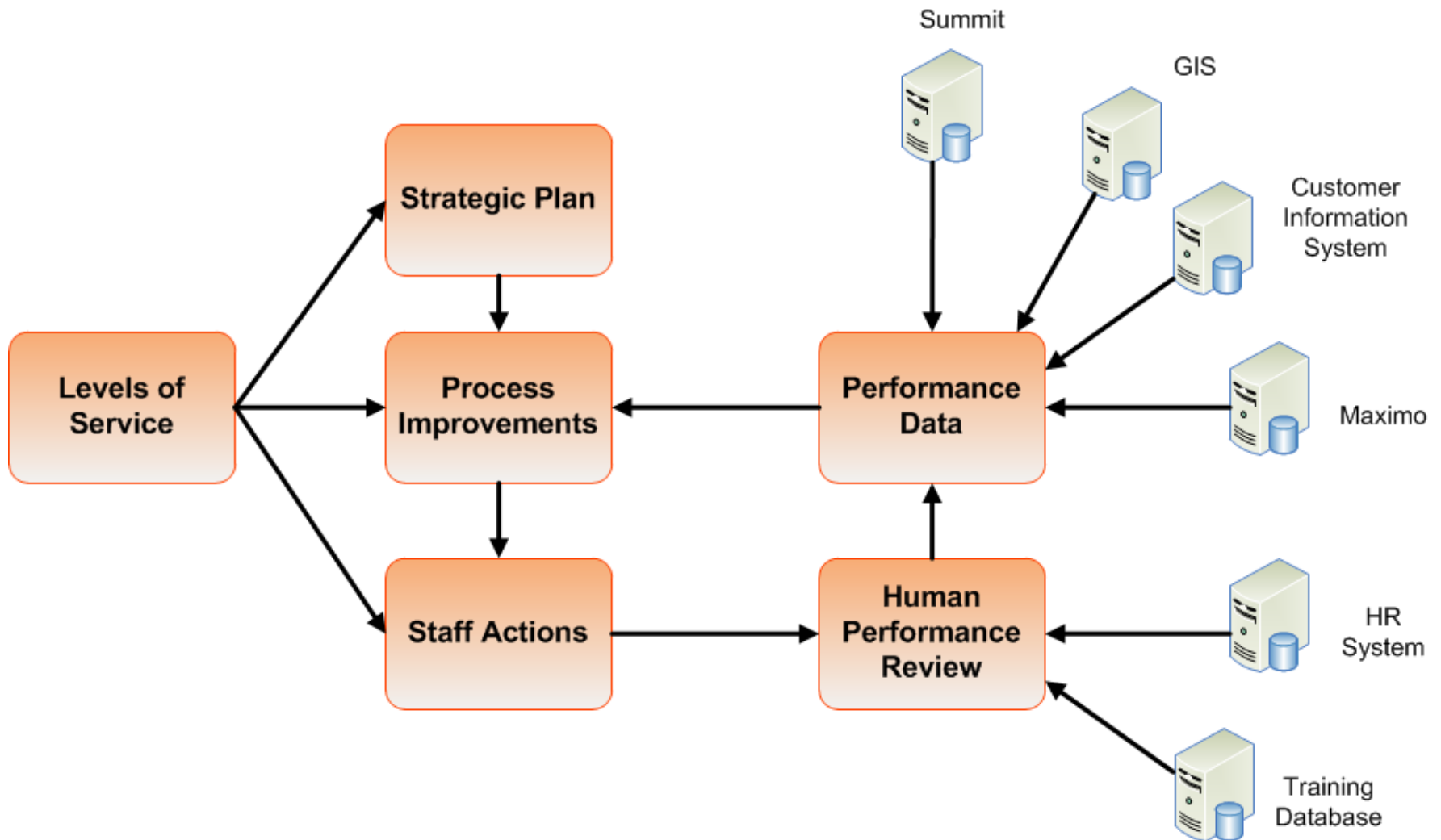


# Leadership Guides Change



- 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**