Benchmarking & Workplace Efficiency Study

Process Overview and Status Update from HDR

November 7, 2013

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Today's Discussion

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

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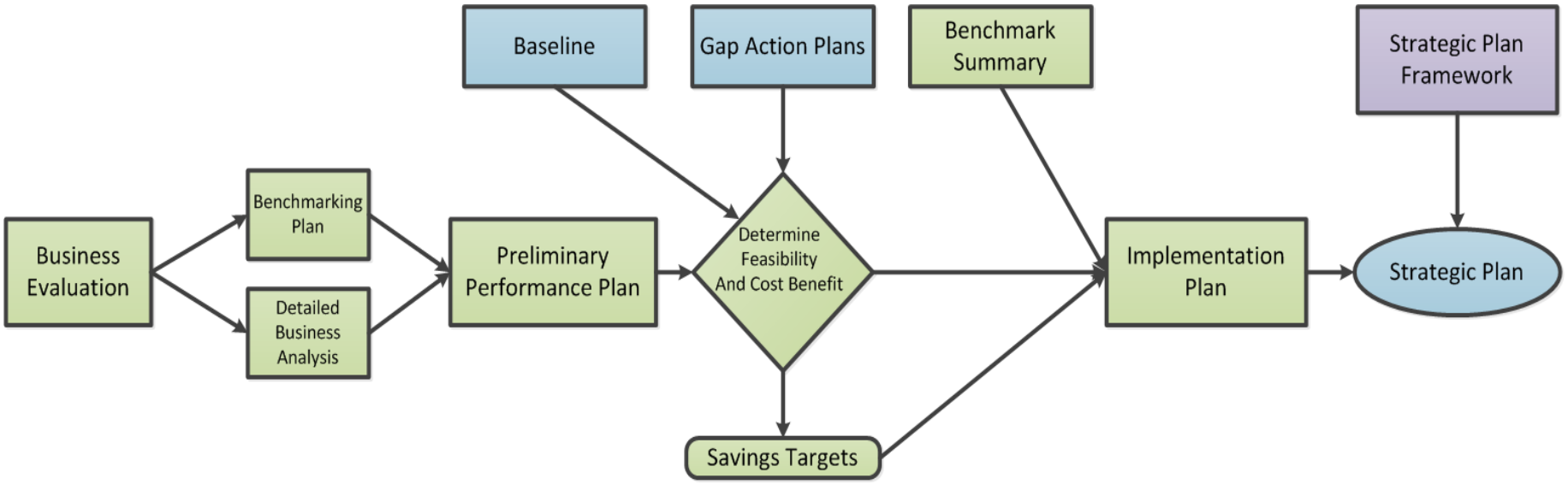
Benchmark and Efficiencies Project Process



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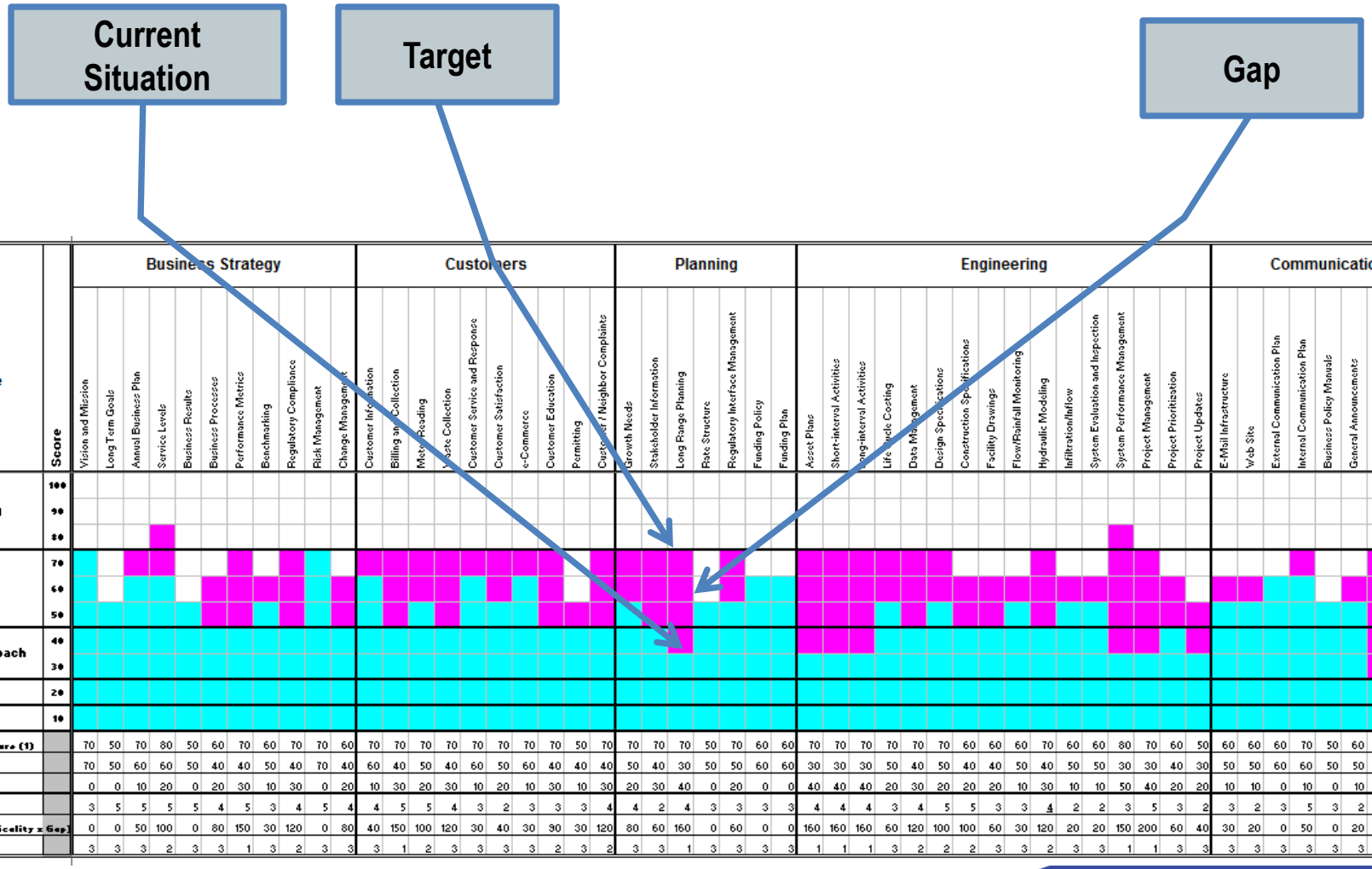
Gap Analysis of 144 Business Elements



| Attribute | Score | Business Strategy | | | | | | | | | | | Customers | | | | | | | | | | Planning | | | | | | | Engineering | | | | | | | | | | | | | | | | | | | | | | | | | Communication | | | | | | | | | | | | | | | | | | |

14 Identified Performance Areas

Transform the Workforce	• Performance Measurements • Knowledge Sharing & Transfer • Attract, Develop and Retain Talent • Appropriate Tools and Technology
Protect Environment & Public Health	• Long-Range Planning • System Performance Management
Operational Excellence	• Operability & Maintainability • Asset Knowledge • Asset Maintenance • Resource Management • Capital Planning Efficiency • Procurement
Easy & Engaged Customer Experience	• Billing & Collection • Strategy Awareness and Active Strategic Planning

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

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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

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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

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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

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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

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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

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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

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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

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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

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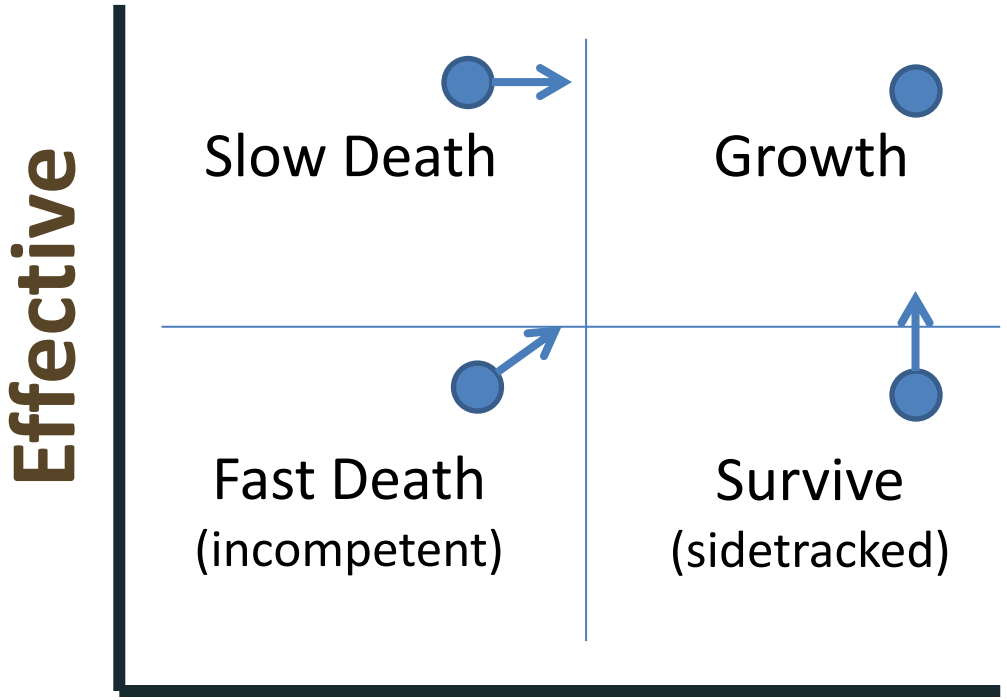
Move Towards Being Both Efficient and Effective



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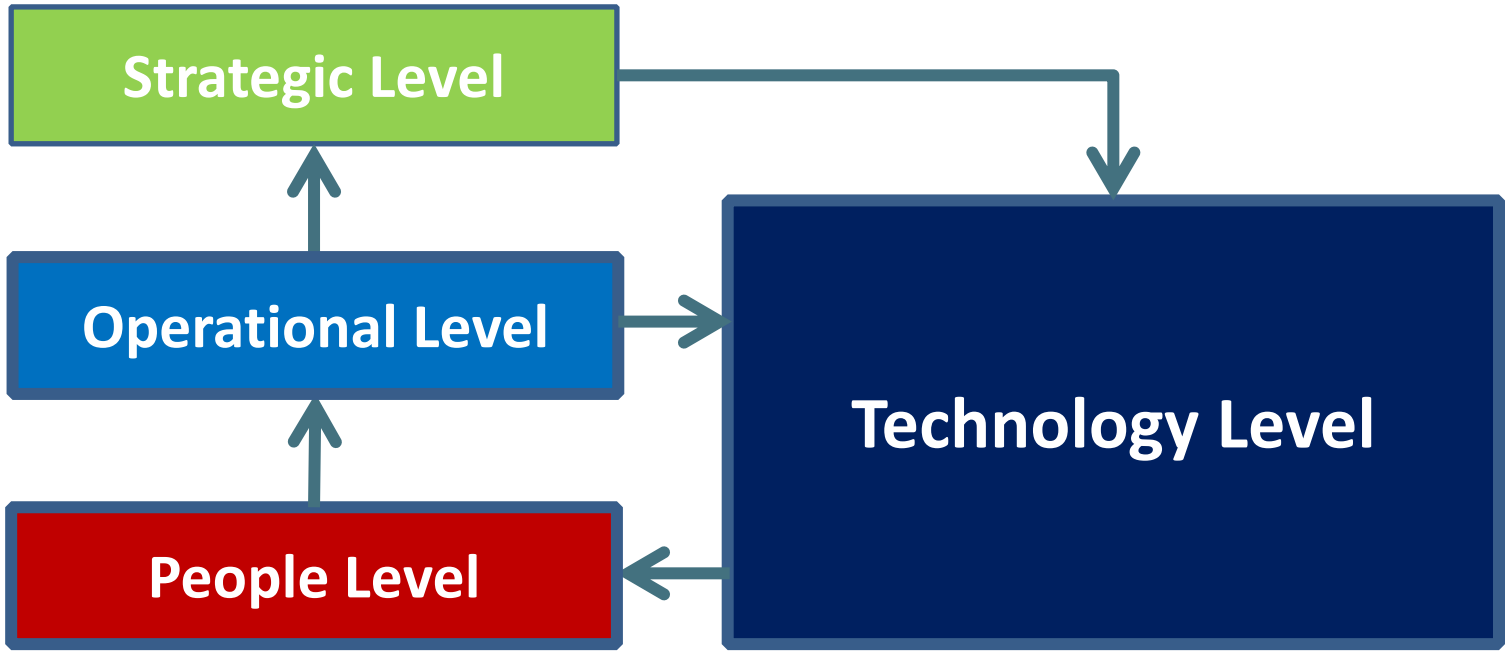
Align Technology with People, Processes, and Goals



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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

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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

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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

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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

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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

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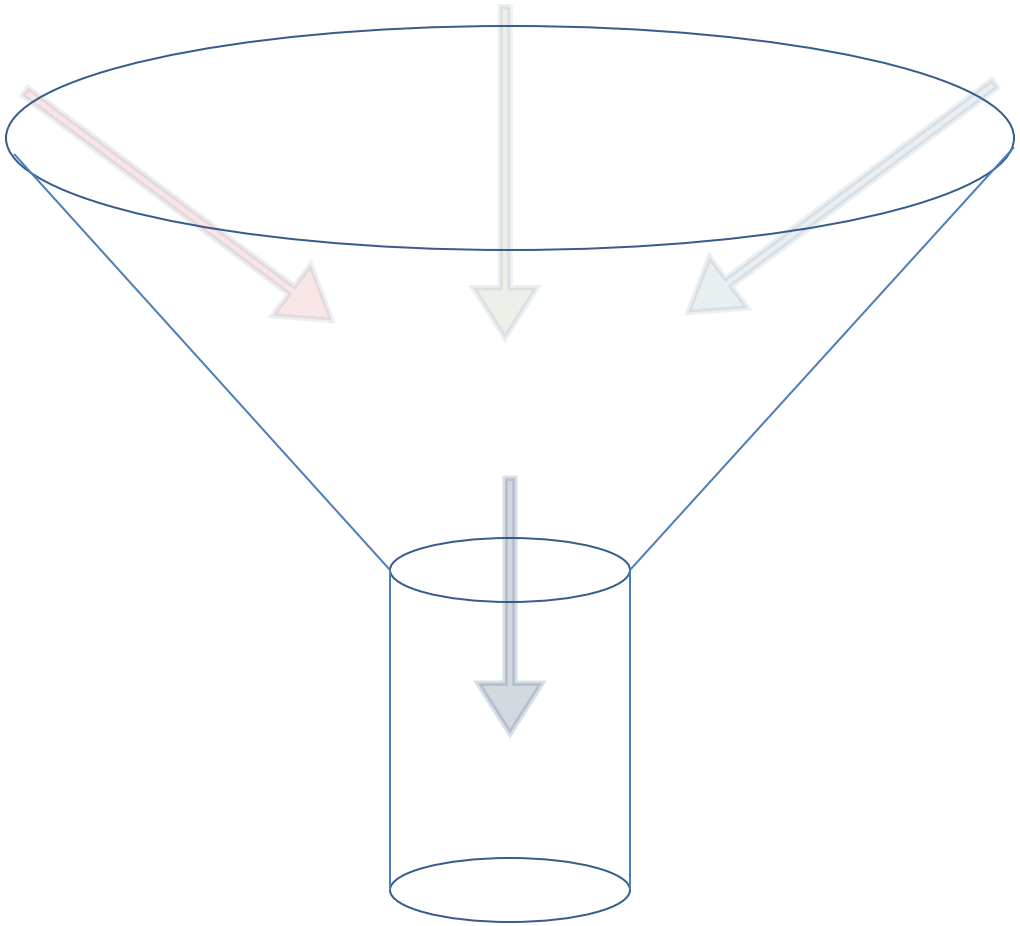
Efficiencies

Baseline

Gap Action Plans



Strategic Plan

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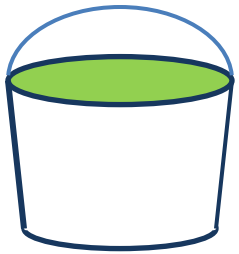
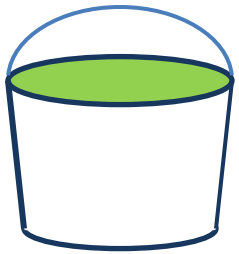
The five categories of benchmarking & workplace efficiency

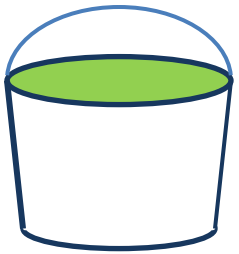
Revenue Generation



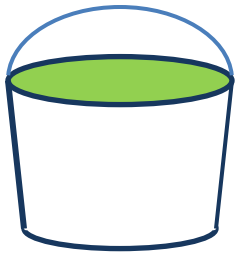
Actual Cost Savings



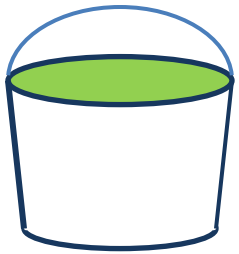
Avoided Costs



Productivity & Efficiency Gains



Systemically Constrained



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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			

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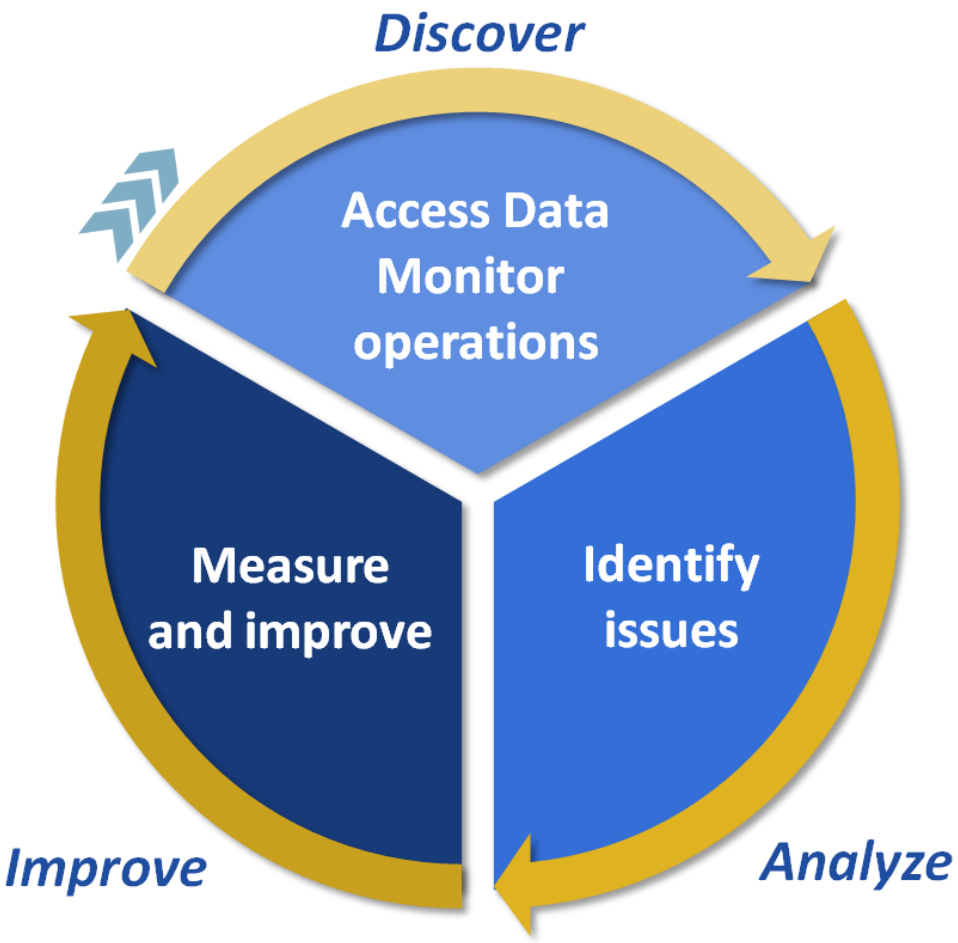
Leadership Guides Change



- Track Levels of Service
- Manage Baseline Budget
- Implement Actions Plans
- Set Efficiency Gains Targets
- Continually Analyze
- Model the way forward

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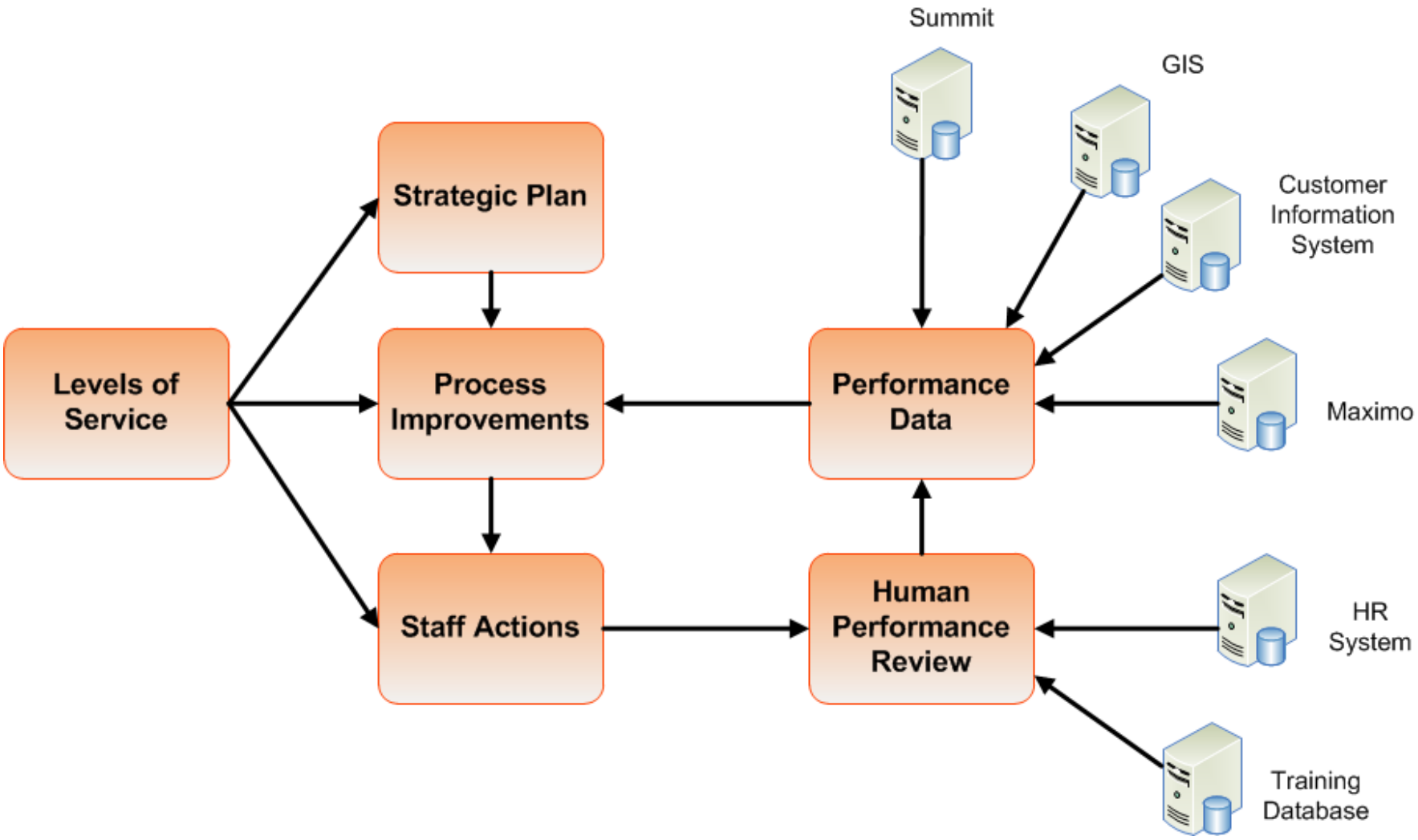
Systems are Used for Monitoring, Measuring, and Feedback



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**

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