

# Benchmarking & Workplace Efficiency Study

**January 29, 2014**

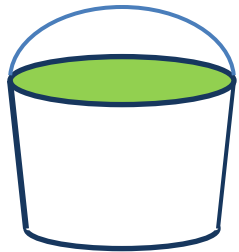
Preliminary Benchmarking Summary from HDR



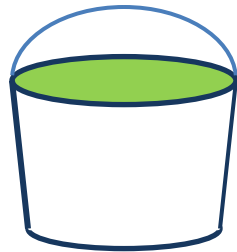
# Today's Discussion

- Project Status
- Experience of Other Utilities
- Summary of Cost Savings
- Next Steps

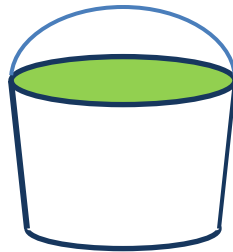
# The goal of the project is to identify opportunities to improve overall efficiency and savings



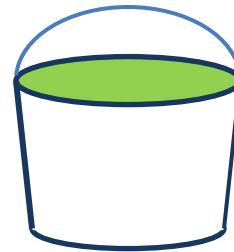
Revenue  
Generation



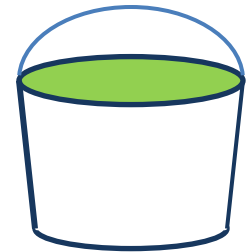
Actual Cost  
Savings



Avoided  
Costs

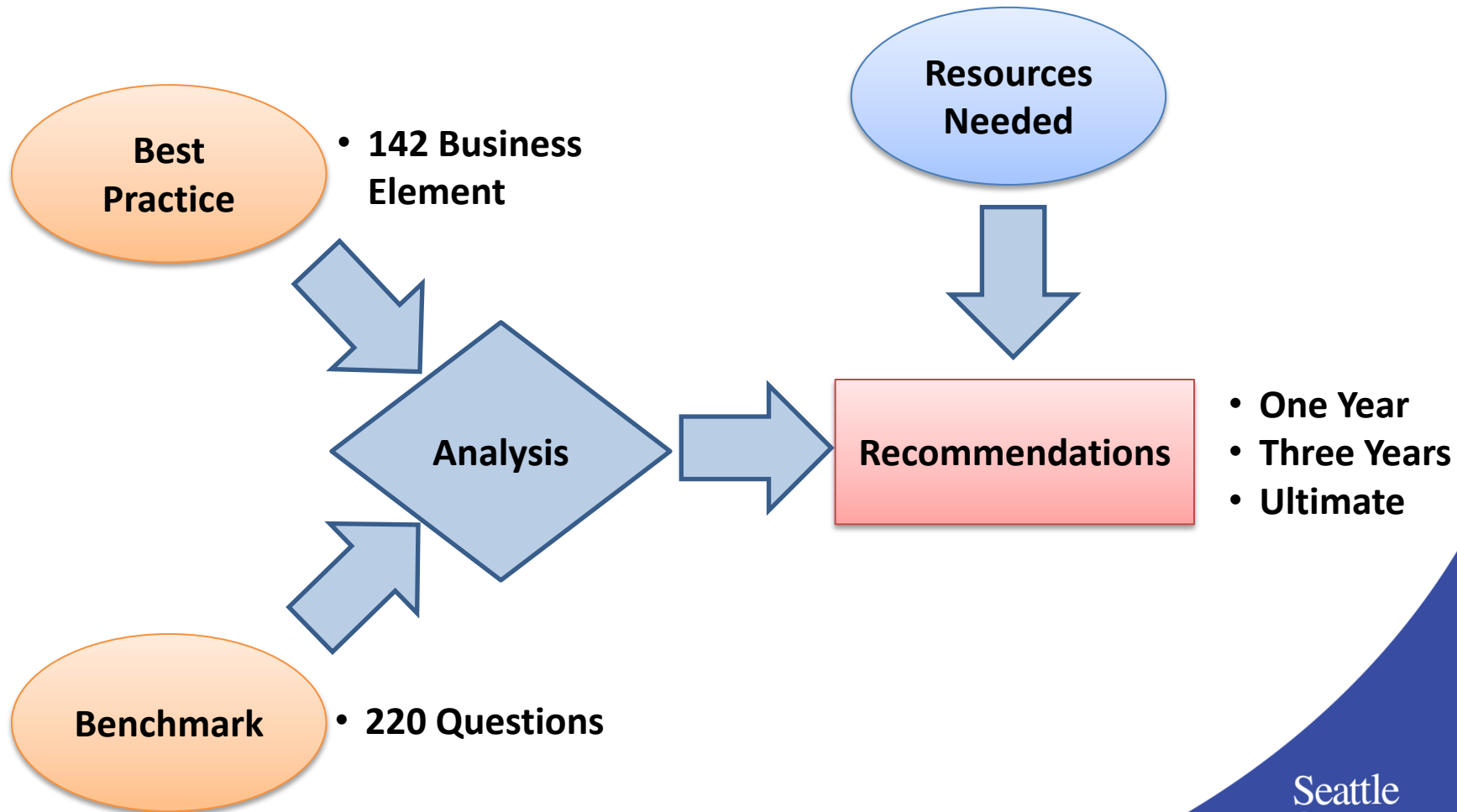


Productivity &  
Efficiency Gains



Systemically  
Constrained

# The Project Process

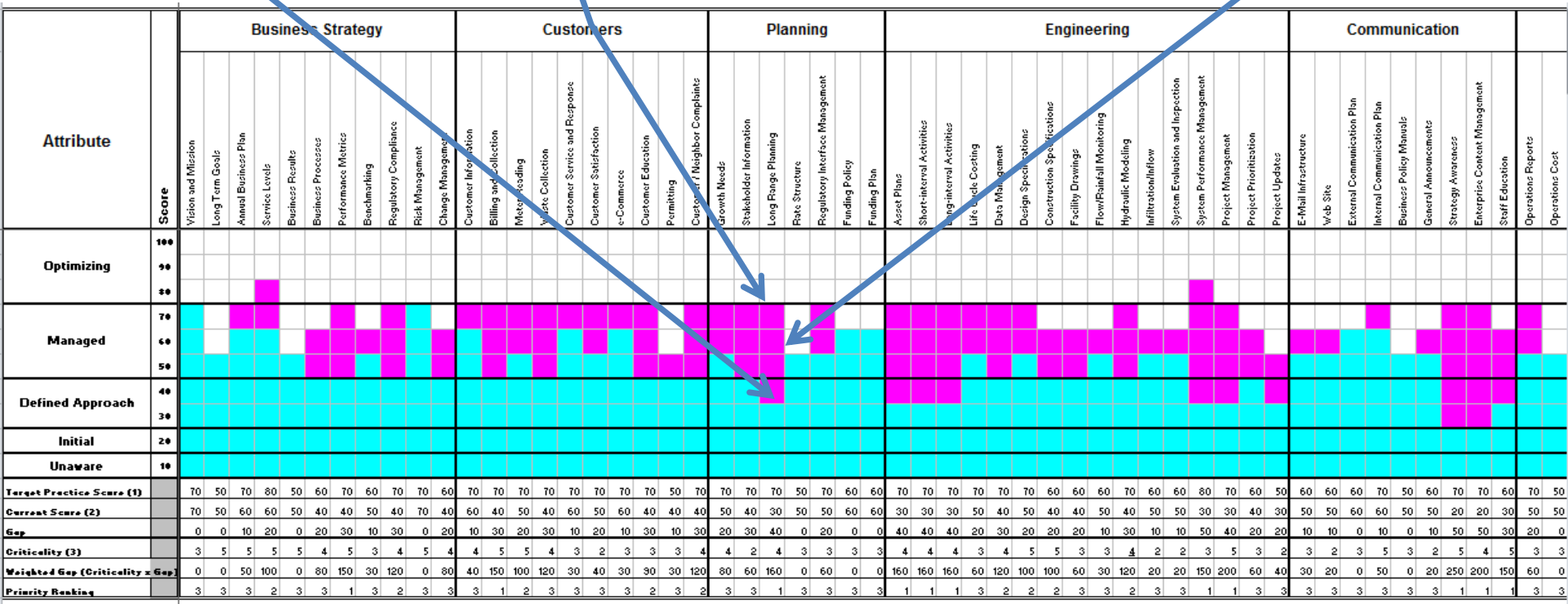


# The Best Practice Evaluation looked at 142 Business Elements

Current Situation

Target

Gap



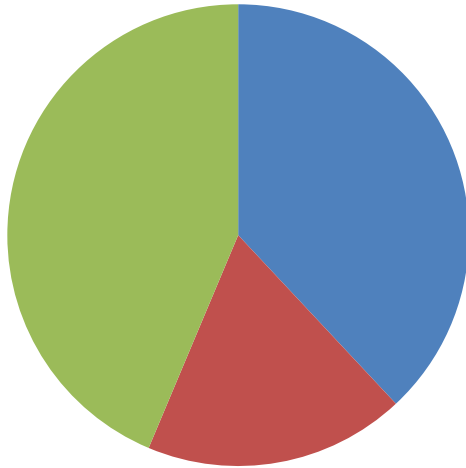
# Benchmarking compared similar utilities across 14 Business Categories

**4 Solid Waste Utilities**

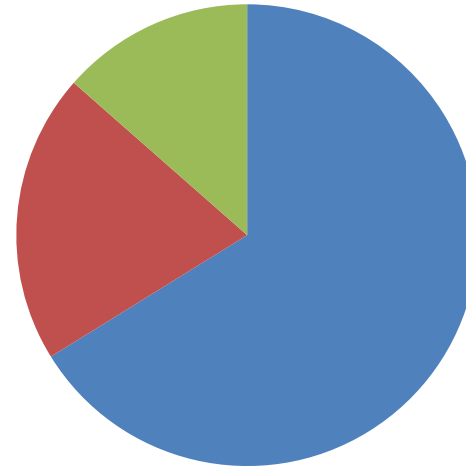
**4 Water, Wastewater, and Drainage Utilities**

# SPU Industry Comparison

Best Practice



Benchmark



- Neutral
- Lag
- Lead

# SPU Industry Comparison

Leads	Lags
<ul style="list-style-type: none"><li>• Robust Triple Bottom Line evaluations, environmental sustainability and conservation programs</li><li>• Strong stakeholder outreach and engagement</li><li>• Material inventory and handling</li><li>• Customer service response</li><li>• Regulatory compliance and reporting</li></ul>	<ul style="list-style-type: none"><li>• Operating Expenses are higher than average for all three LOBs</li><li>• IT Plans can be used to improve capital forecasting and O&amp;M strategies</li><li>• Training, leadership development, performance management, and right-skilling to transform the workforce</li><li>• Stronger Asset Management Programs can improve asset life cycle costs</li></ul>



# Initiatives & Actions from Benchmark Partners: Water, Wastewater, & Drainage

- Utilize reliability analysis and RCM
- Establish MOU/Agreements for control of city-wide services
- Align org around LOB, with strong, centralized corporate support
- Develop middle-management leadership
  - Supervisor training, mentorship programs, and EIT programs
- Succession planning with 5-year projections
- Strategic Plan implementation
  - At very high level – Assistant Director
- Technology planning

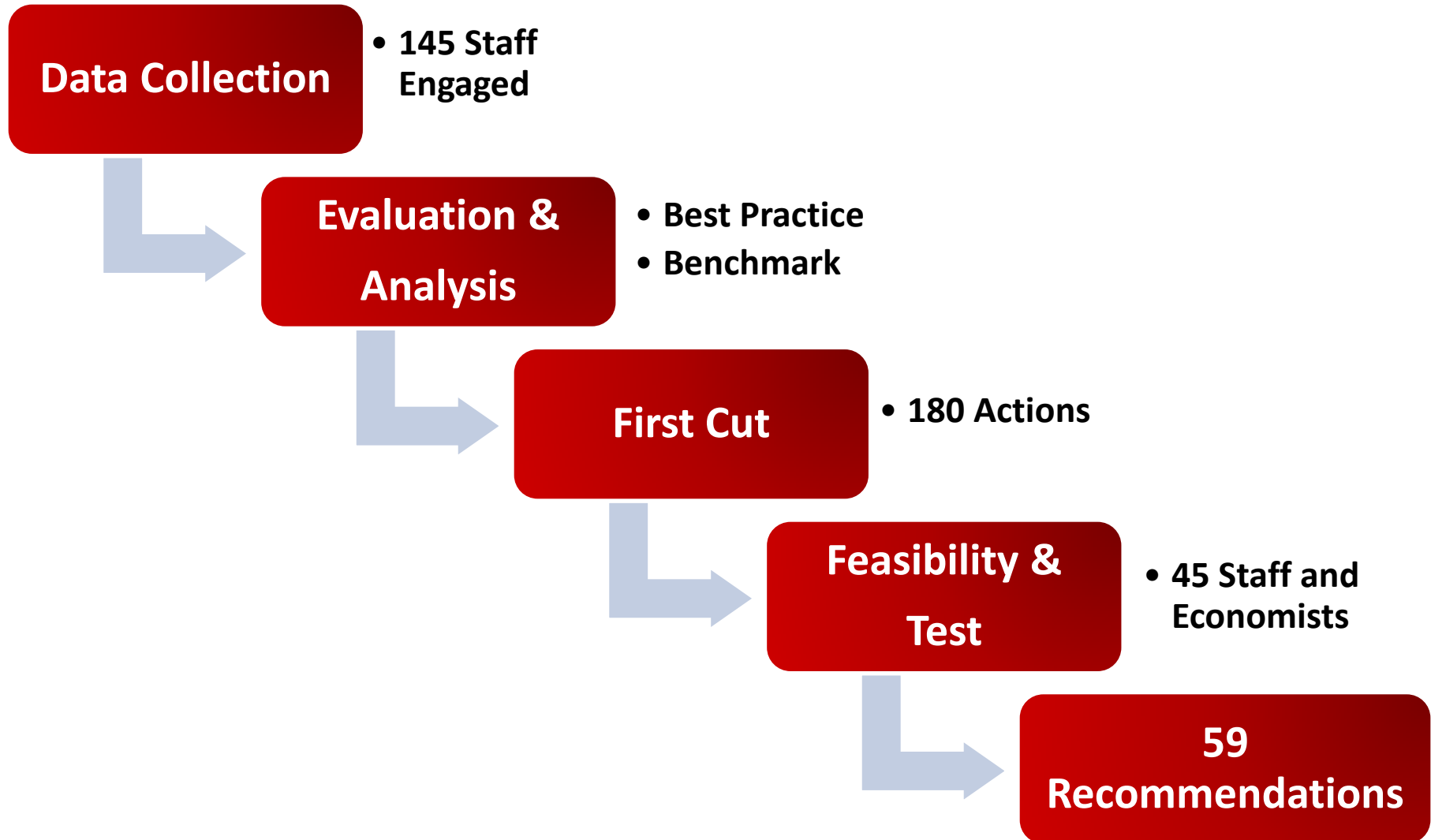
# Initiatives & Actions from Benchmark Partners: Solid Waste

- Outsource billing for “one-off” services
- Charge for extra waste set-out prior to pick-up via third-party seller
- Utilize surcharges to discourage contamination at transfer stations and recover cost to sort
- Establish KPIs for education and outreach campaigns
- Every-other-week garbage collection successful but results in temporary dip in customer satisfaction
  - No perceived loss in service is critical

# Overall Observations...

- **Balance cost with level of service**
- **Focus on core business processes**
- **Expand use of enterprise technology**
- **Define clear lines of accountability**
- **Define the level of risk aversion**
- **Leverage people in “right” job**
- **Build on performance control**
- **Prepare staff for future**

# The development of cost saving recommendations



# Summary of Savings

Focus Area	Investment (\$000s)	Savings O&M (\$000s/yr)	Savings CIP (\$000s/yr)
Easy & Engaged Customer Experience	\$0	\$600-720	\$30-40
Transform the Workforce	\$700-950	\$2,700-3200	\$0
Protect Environmental & Public Health	\$90-110	\$200-250	\$1,300-1,500
Operational Excellence	\$2,500-3,200	\$4,500-5,400	\$4,000-4,500
<b>TOTALS</b>	<b>\$3,290-4,260</b>	<b>\$8,000-9,570</b>	<b>\$5,330-6,040</b>

# Easy & Engaged Customer Experience

O&M	\$600 – 720
CIP	\$30 - 40
Invest	\$0

- Update the external SPU website
- **Outsource portions of the Solid Waste billing and customer services to the existing contractors**

# Transform the Workforce

O&M	\$2,700 – 3,200
CIP	\$0
Invest	\$700 - 950

- Centralize all field work and scheduling around the Planner/Scheduling
- **Reduce field crew size**
- **Procure new human resources (HR) information system software**
- Entry level staff apprentice training programs
- New Performance Review Process
- Set points of responsibility for mission critical business processes
- Create progression path system

# Protect Environment & Public Health

O&M	\$200 – 250
CIP	\$1,300 – 1,500
Invest	\$90 - 110

- **Update and Improve use of Construction Specifications**
- **Create a strategic regulatory interface management strategy**
- **Set up a Corporate Business Planning function linked with LOB Planning Divisions**

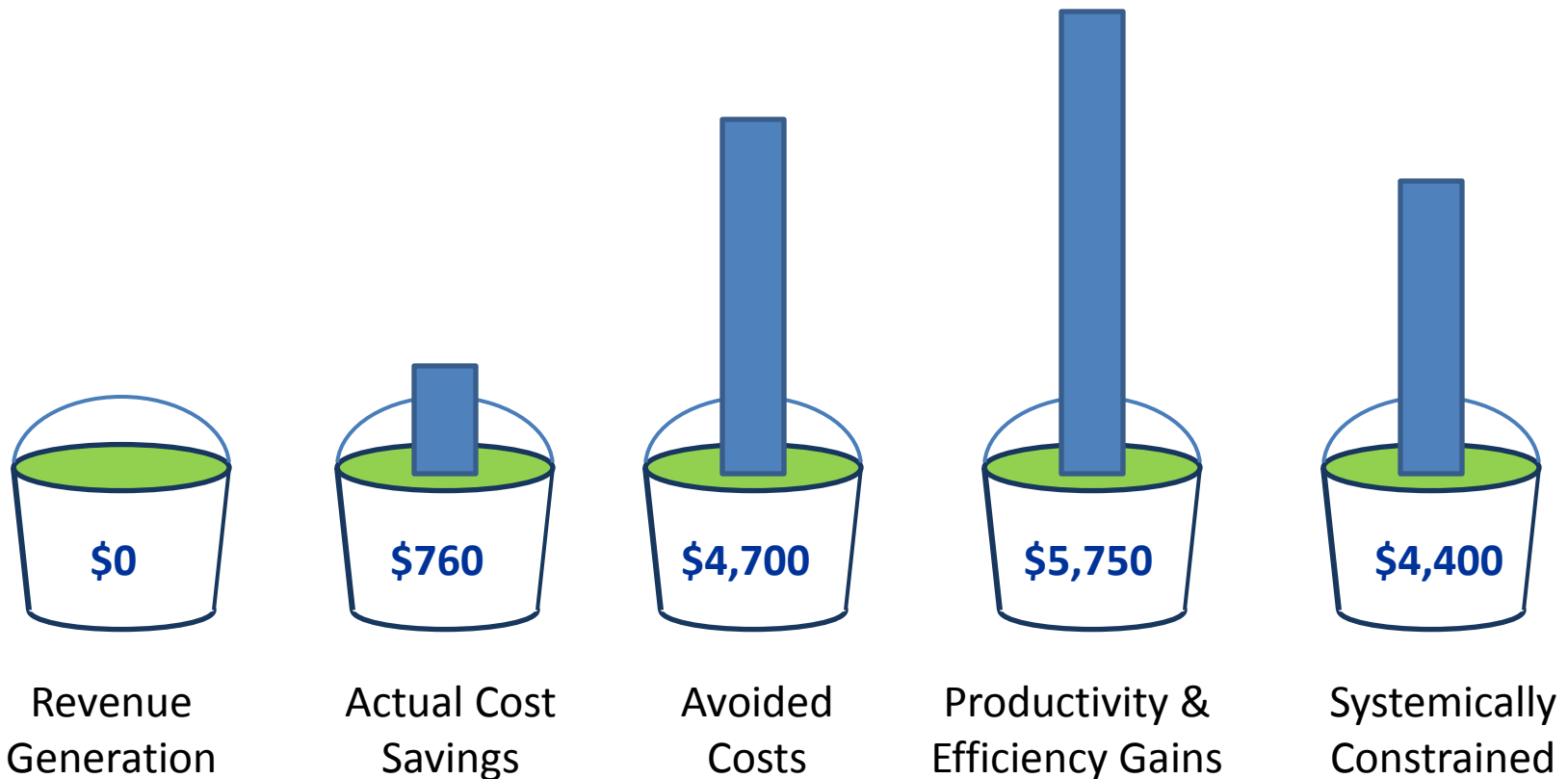


# Operational Excellence

O&M	\$4,500 – 5,400
CIP	\$4,000 – 4,500
Invest	\$2,500 – 3,200

- **Develop an enterprise content management strategy**
- **Reliability Analysis function within Corporate Asset Management**
- **Update and formalize the Enterprise Asset Management Program**
- **Align the SPU organization around three lines of business (LOB)**
- **Outsource / maintenance of SPU fleet**
- **Reduce SPU IT Costs from DoIT**

# The five categories of benchmarking & workplace efficiency



# Summary of Savings (O&M)

	Revenue Generation	Actual Cost Savings	Avoided Costs	Productivity & Efficiency Gains	Systemically Constrained
Easy & Engaged Customer	\$0	\$113	\$0	\$0	\$599
Transform the Workforce	\$0	\$0	\$881	\$464	\$1,922
Environment & Public Health	\$0	\$54	\$189	\$0	\$0
Operational Excellence	\$0	\$0	\$954	\$3,178	\$1,312

# Next Steps

- **Fully evaluate the Initiatives**
- **Communicate goals across staff**
- **Clarify staff's purpose and goals**
- **Build a strategy management process**
- **Set accountability for actions**
- **Anchor changes in the culture**
- **Maintain unwavering discipline**

# QUESTIONS