

# BOARD WORKSHOP: UTILITY 2.0 STRATEGIC PLAN

Public Utilities Department

Board of Public Utilities  
April 8, 2019

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## RECOMMENDATION

That the Board of Public Utilities conduct a workshop to review the current status of the Utility 2.0 Strategic Plan 2017-2021.

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## BACKGROUND AND WORKSHOP OVERVIEW

1. **January 14, 2019:** Board Request for workshop on current status of Utility 2.0
2. **Proposed Workshop Outline:**
  - a. Utility 2.0 Strategic Plan Development
  - b. Changes Since Adoption
  - c. Staff Overview of Strategic Plan Objectives
  - d. Proposed Next Steps
3. **Interactive Workshop – Please Ask Questions!**



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## UTILITY 2.0 STRATEGIC PLAN DEVELOPMENT

1. **Strategic Planning** (2015)
  - a. Four Board Special Meetings
  - b. Two Council/Board Workshops
2. **Option 3 Conceptual Approval**
  - a. 10-Year infrastructure, technology and workforce requirements
  - b. Authorization to conduct financial planning, determine revenue needs, complete plan



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## UTILITY 2.0 STRATEGIC PLAN

### Six Focus Areas



Reliability &  
Resiliency



Customer  
Experience



Operational  
Excellence



Affordability



Strong  
Workforce



Sustainability

Utility 2.0

Strategic Plan: 2017-2021



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January 2017



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## RATE-SETTING PROCESS

### 1. Financial Planning (2016)

- a. 10-Year Financial Pro Formas
- b. Cost of Service Studies

### 2. Rate Setting Process (2017-2018)

- a. Option 3 → Modified Option 1
- b. Enhanced Low/Fixed Income Assistance Programs
- c. Agricultural Water Rates Task Force
- d. Annual Rate Reviews

### Five-Year Rate Plan

(system-wide average rate increases)

<b>Electric</b>	January 2019	2.95%
	January 2020	3.0%
	January 2021	3.0%
	January 2022	3.0%
	January 2023	3.0%
<b>Water</b>	July 2018	4.50%
	July 2019	5.75%
	July 2020	5.75%
	July 2021	5.75%
	July 2022	6.50%



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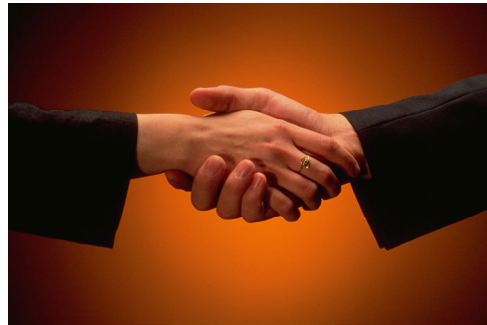
## LEADERSHIP & ORGANIZATIONAL CHANGES

### 1. City & Utility Management

- a. New City Manager
- b. New General Manager

### 2. Operational Efficiencies

- a. From 7 → 4 Executive Managers
- b. Division Redistribution
- c. City Department Integration
  - i. Communications
  - ii. Human Resources



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## PLANNING & POLICY CHANGES

### 1. Organizational Review

- a. Performance Assessment and Financial Expenditure Audit – Baker Tilly
- b. Organizational Assessment – Hometown Connections
- c. Proposed Financial Audit of Rate Plan

### 2. Planning Efforts

- a. Capital Projects
  - i. Reprioritization due to five-year rate plan
- b. 2018 Integrated Resource Plan

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# COMPONENTS OF THE UTILITY 2.0 STRATEGIC PLAN



## Setting the Path

Mission | Vision | Core Values

## Six Goals

Strategic Initiatives  
Key Performance Indicators (KPIs)  
and Targets

## Organization

RPU Organization and Roles of  
Divisions  
Vision Statements

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# SIX STRATEGIC PLAN GOALS

## Reliability & Resiliency

Renew, replace, upgrade, modernize and extend the water and electric system infrastructure to ensure reliability is maintained or improved and that resilience to extreme events is maintained or improved.

## Affordability

Keep water and electricity prices affordable and comply with Fiscal Policy.

## Sustainability

Meet all city goals and state and federal compliance targets related to efficient use of water and electricity, renewable resources, greenhouse gas emissions.

## Customer Experience

Provide world-class customer-centered service in every encounter, every day.

## Operational Excellence

Instill, maintain and grow a culture of learning, innovation and continuous improvement in all internal processes achieving excellence in all our operations.

## Strong Workforce

Attract, retain, train, educate and promote employees ensuring that a high level of employee performance, productivity and engagement is achieved

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## REVIEWING THE OBJECTIVES – READY TO UPDATE

Objective Status



	Completed or On Track	In Process	Delayed	Eliminated
1 - Reliability & Resiliency	14	19	4	4
2 - Affordability	11	3	6	1
3 - Sustainability	8	5	7	0
4 - Customer Experience	12	7	1	1
5 - Operational Excellence	16	5	3	6
6 - Strong Workforce	3	7	2	11
Total Objectives by Status	64	46	23	23



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## OBJECTIVES COMPLETED AND ON TRACK

40%



**COMPLETED  
OR  
ON TRACK**

### NEXT STEPS:

1. Ready for the next stage of the project
2. Ongoing implementation
3. Transition ongoing efforts to performance indicators



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## OBJECTIVES IN PROCESS

30%



IN  
PROCESS

### NEXT STEPS:

1. These projects are underway
2. Rewording to reflect current project awareness/knowledge
3. Deadlines should be updated

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## OBJECTIVES DELAYED

15%



DELAYED

### NEXT STEPS:

1. Projects are still on the books but are delayed for an unknown time
2. Reviewing to align with current funding, goals and staffing

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## OBJECTIVES ELIMINATED

15%



ELIMINATED

### NEXT STEPS:

1. Projects were not included in the adopted rate plan, transferred to other departments in the City, or technology/direction changes
2. Review to determine if the same purpose can be accomplished in a different way

## PROPOSED NEXT STEPS

### 1. Staff Detailed Review of Objectives/KPIs

- a. Reflect current status and funding
- b. Incorporate goals/recommendations from audits

### 2. Schedule Half-Day Workshop in Six Months

- a. Comprehensive review of strategies/objectives
- b. KPIs from all divisions
- c. Invite participation of city department directors



# Questions & Discussion

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# Supplemental Slides

## Utility 2.0 Strategic Plan Strategies

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## RELIABILITY & RESILIENCY

Renew, replace, upgrade, modernize and extend the water and electric system infrastructure to ensure reliability is maintained or improved and that resilience to extreme events is maintained or improved.

- Strategy 1.1 Develop and maintain electric and water supply facilities to fully implement our integrated resource plans.
- Strategy 1.2 Develop and maintain electric and water transmission facilities to fully implement our infrastructure master plans.
- Strategy 1.3 Develop and maintain electric distribution and grid edge and water distribution and network edge facilities to fully implement our infrastructure master plans.
- Strategy 1.4 Develop and maintain an active Emergency Preparedness Program to plan for and manage Utility functions during extreme events and allow for efficient and effective recovery following extreme events.



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## AFFORDABILITY

Keep water and electricity prices affordable and comply with Fiscal Policy.

- Strategy 2.1 Develop and implement revenues, rates, and rate structure to meet Utility 2.0 objectives through 2025.
- Strategy 2.2 Maintain financial reserves and debt obligations in accordance with Fiscal Policy and 10-year financial pro-forma.
- Strategy 2.3 Actively manage expenditures and exercise cash control to maintain targets in Fiscal and Reserve Policies and adopted biennial budget and capital improvement program.
- Strategy 2.4 Competitiveness – Manage all aspects of our financial operations to maintain competitive rates across all classes of water and electric service.
- Strategy 2.5 Additional Revenues - Monetize passive assets to continue existing revenue streams and add new revenue streams to make up for losses from lower commodity use and other financial impacts.



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## SUSTAINABILITY

Meet all city goals and state and federal compliance targets related to efficient use of water and electricity, renewable resources, greenhouse gas (GHG) emissions.

- Strategy 3.1 Manage utility operations to meet compliance targets and City goals.
- Strategy 3.2 Develop and implement resource conservation and efficiency programs to meet compliance targets.
- Strategy 3.3 Develop and maintain renewable water and power resources to meet compliance targets and fully implement our integrated resource plans.



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## CUSTOMER EXPERIENCE

Provide world-class customer-centered service in every encounter, every day.

- Strategy 4.1 Consistently deliver exceptional customer transaction experiences to maintain results to meet or surpass applicable objectives and KPI measures.
- Strategy 4.2 Non-Transactional contacts – Implement and maintain customer contact strategies to meet or surpass applicable objects and KPI measures.
- Strategy 4.3 Maintain quality service in all aspects of service operations that meets or surpasses our customers' expectations.



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## OPERATIONAL EXCELLENCE

Instill, maintain and grow a culture of learning, innovation and continuous improvement in all internal processes achieving excellence in all our operations.

- Strategy 5.1 Implement legislative and regulatory advocacy and intervention actions to positively impact legislation and regulations at all levels of government.
- Strategy 5.2 Maximize the use of technology to improve utility operations across the enterprise.
- Strategy 5.3 Develop and implement process improvements to enhance effective and efficient operations across the enterprise.
- Strategy 5.4 Develop and maintain regulatory and risk management programs to maintain compliance targets and internal policy requirements.
- Strategy 5.5 Implement and maintain meter-to-cash activities to meet or surpass our customers' expectations.
- Strategy 5.6 Implement leading practices in system operations and maintenance to deliver excellence in all aspects of utility operations.



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## STRONG WORKFORCE

Attract, retain, train, educate and promote employees ensuring that a high level of employee safety, performance, productivity and engagement is achieved.

- Strategy 6.1 Safety – Provide tools, training and programs to ensure our employees have the necessary knowledge, skills and support to work safely.
- Strategy 6.2 Training - Provide training and educational opportunities that promote continuous learning within the organization.
- Strategy 6.3 Organization – Develop and implement programs and practices that promote a culture of employee engagement, performance and productivity.



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