

City Utilities Strategic Plan

Board Approved: December 5, 2013
Strategic Objectives Updated: January 3, 2017

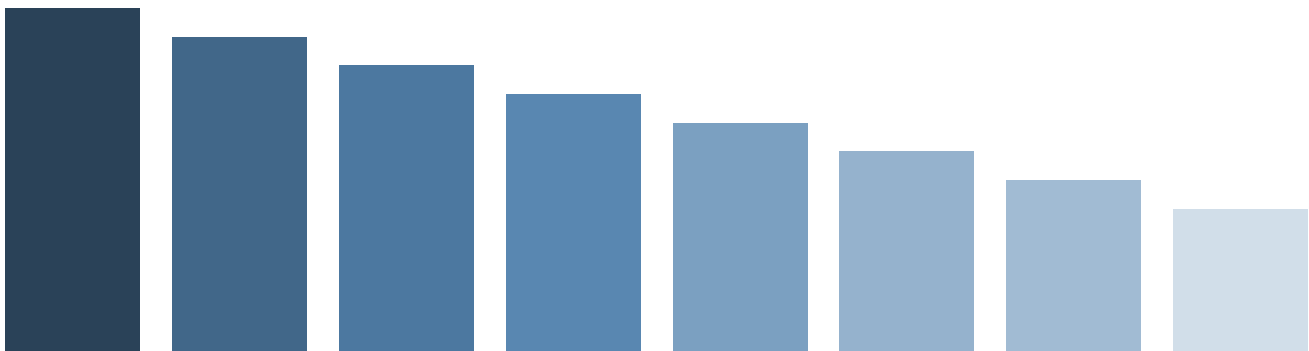


TABLE OF CONTENTS

Purpose 3

Strategic Planning Task Force 4

Strategic Management System 5

Strategic Plan Development Process 9

Key Terms and Definitions 10

City Utilities Strategic Plan 11

Utility Strategies 12

Goal 1: Reliable 13

 Strategy 1.1 13

Goal 2: Affordable 14

 Strategy 2.1 14

 Strategy 2.2 15

Goal 3: Responsible 16

 Strategy 3.1 16

 Strategy 3.2 17

 Strategy 3.3 18

Goal 4: Safety 19

 Strategy 4.1 19

Goal 5: Quality of Life 20

 Strategy 5.1 20

Goal 6: Customer Service 21

 Strategy 6.1 21

Purpose

The purpose of the 2013 Strategic Plan is to create a shared vision throughout the Utility and to align its efforts to achieve the mission and long-term goals. The shared vision enables all employees to understand the **company's** destination – “To be the premier municipal utility in America.” The alignment of Utility resources enables employees to understand the actions required to achieve this standard. These actions are derived from the Operational Objectives contained in this plan which support the Strategies, Long Term Goals and Mission.

The Strategic Plan **will align all the business units' programs and** activities around the vision and mission and enhance efficiency, effectiveness and accountability in all areas of service delivery. The Strategic Plan will assist with:

1. Ensuring decisions are presented in the context of the larger picture captured in the strategic plan;
2. Developing operational objectives;
3. Providing the Board of Public Utilities and management with a communications tool for informing stakeholders about **City Utilities'** purpose, direction and progress; and
4. Promoting forward-thinking.

Strategic Planning Task Force

A Strategic Planning Task Force was formed to improve strategic planning and implementation throughout the organization. The Task Force was directed to develop a framework that integrated strategic objectives, measures, targets and initiatives throughout multiple levels of the organization, while linking strategy to key business processes. The Strategic Planning Task Force consists of:

Pam Armstrong
Cheri Hamlin
Daniel Hedrick
Chris Jones, Chair
Debbie Kreider

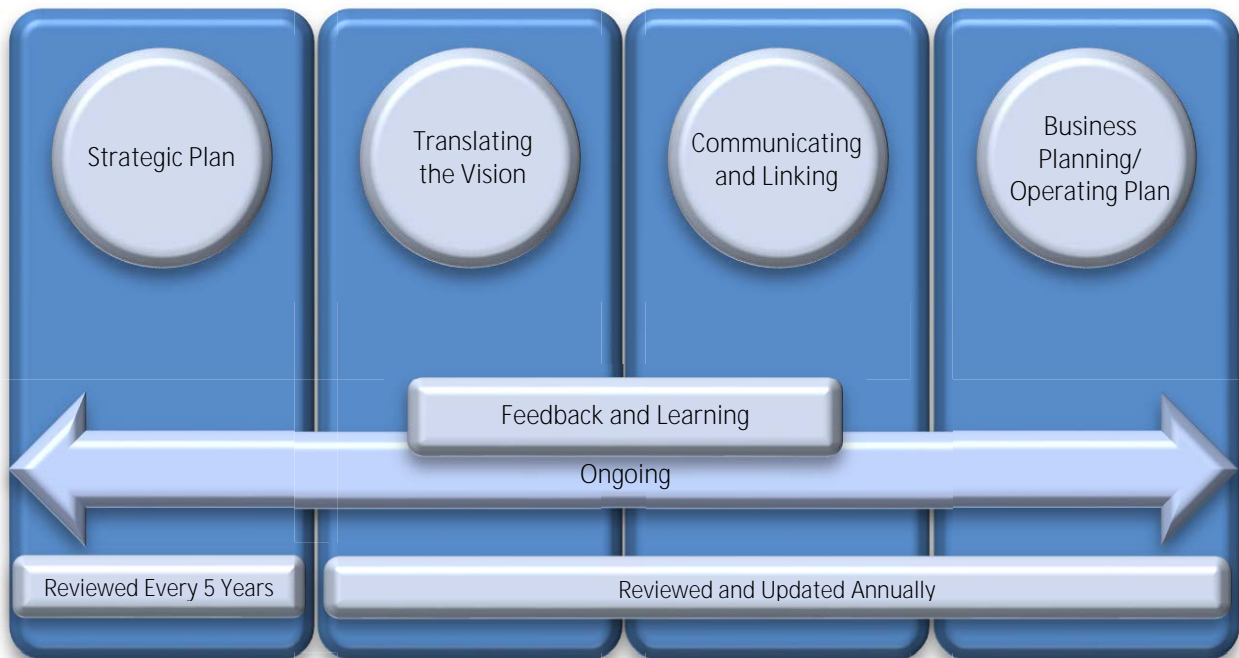
Jay Lohrbach
Leonard Phillips
Darrell Rinehart
Cindy Shipley
Dean Thompson, Advisor

The Task Force began with developing a charter and goals. Once established, the Task Force analyzed previous strategic plans developed by City Utilities and determined the following:

- Key strategies are represented within the 2010 Strategic Business Plan
- Many of the same strategies have appeared in previous plans over the past 20 years
- Gaps exist between objectives and the scorecard measures
- Integration between corporate, business unit level and departmental scorecards varies
- Integration between master planning documents and strategy is not documented
- Employee awareness of the Strategic Business Plan is low

Strategic Management System

The Task Force then developed a Strategic Management System (SMS) based on the work of Robert Kaplan and David Norton to provide a process that would link long-term strategies with short-term actions with measurable results. **City Utilities' Strategic Management System** contains five components:



1. Strategic Plan

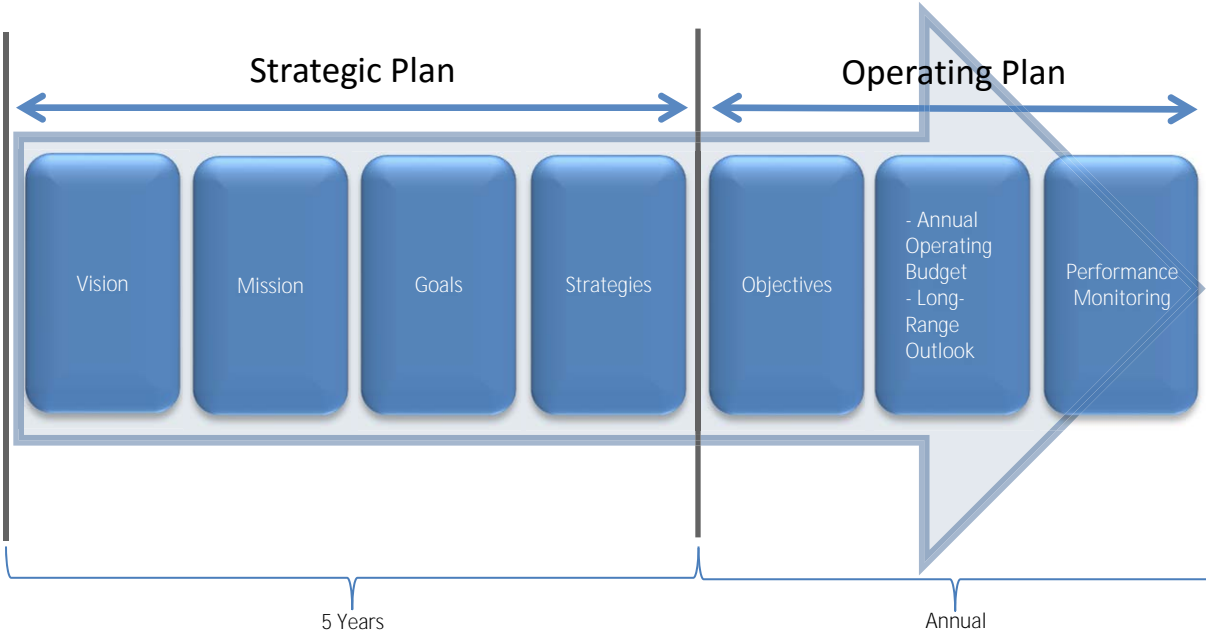
Objective: City Utilities Strategic Plan states our vision and mission and provides long-term goals and strategies for five distinct areas: Reliability, Affordability, Responsibility, Safety, and Quality of life.

Action Items:

- a. Developed by the Board of Public Utilities with input from Executive Committee.
- b. Reviewed every three to five years for reaffirmation of existing vision, mission and long-term goals and strategies.

Timeframe: October / November

Risks: Strategic plan will not be successful unless members of the CU team at all levels take ownership of the Strategic Management System and fully integrate strategy into the culture of the Utility.



2. Translating the Vision

Objective: The process of Translating the Vision helps managers build consensus around **our vision and strategy**. It translates the Utility's strategy into specific operational objectives and measures which are agreed upon by all senior executives.

Action Items:

- Executive Committee develops specific operational objectives for the Utility that tie to the strategies outlined in the Strategic Plan. Timeline for objectives should be on a five-year cycle to coordinate with the Operating Plan.
- Assign responsibility for each objective to an Executive Committee member, or designee.
- Review and ensure corporate scorecard measures link to both Utility strategy and established operational objectives.
- Review and modify goals annually.

Timeframe: November / December

Risks: There are challenges associated with establishing objectives that are specific and clear with a strong consensus between all executives. A risk to successful integration will occur if objectives cannot be linked to operational or strategic scorecards – employees will not understand their role in meeting strategic goals and operational objectives.

3. Communicating and Linking

Objective: This process lets managers communicate the strategy and objectives up and down the organization and links them to departmental and individual implementation plans.

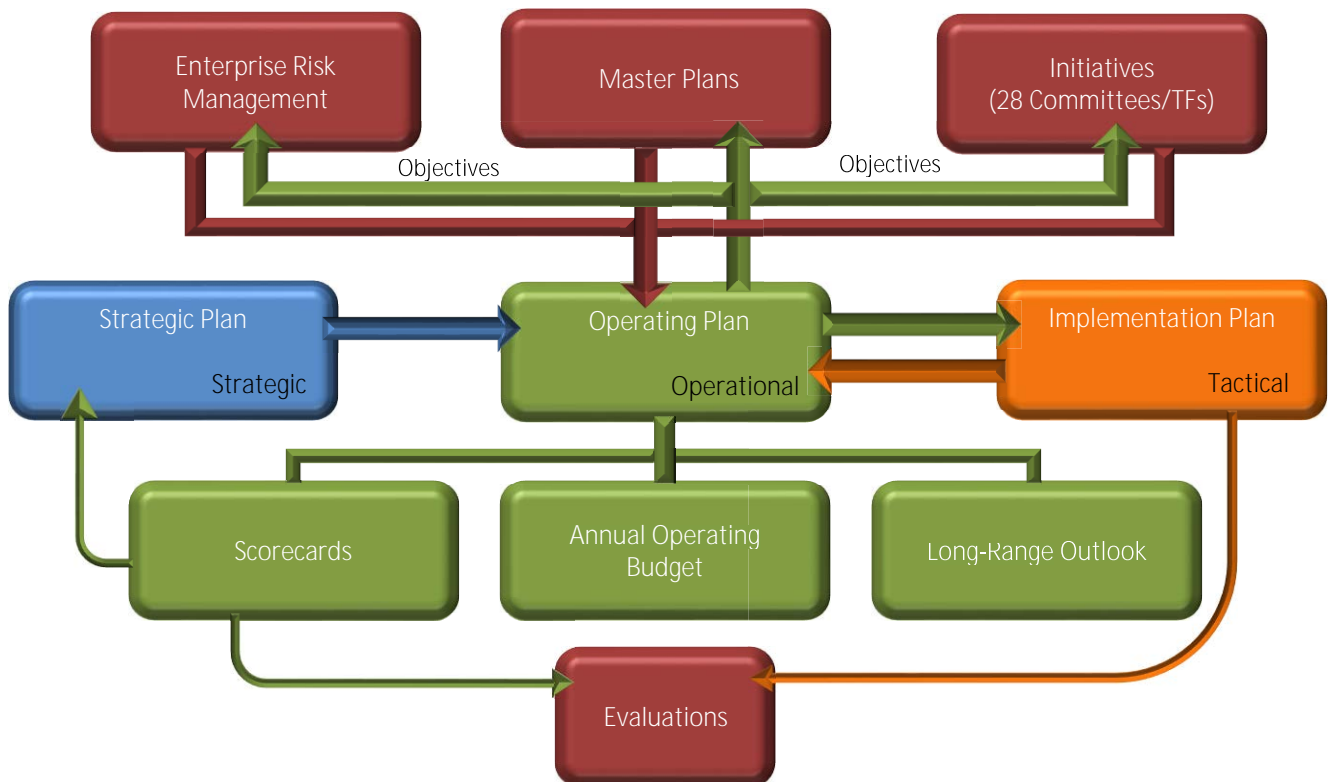
Action Items:

- a. Executive Committee shares operational objectives with Management Committee, Project Steering Committee, and Category Manager Committee members.
- b. Develop a formal communication plan to assist the integration of the Strategic Plan into the culture of the Utility. Over the next few years, a staged approach is recommended:
 - i. Stage I – Executive Committee and Directors
 - ii. Stage II – Project Managers
 - iii. Stage III – All supervisors and employees

Timeframe: December / January for sharing operational objectives. Other communication items should be on-going throughout the year.

Risks: Employee buy-in, incorrect measures, too much focus on short-term results and not long-term strategy. Process needs to allow flexibility to adapt to significant change in market conditions, customer expectations, or political pressures.

Integrated Planning



4. Business Planning/Operating Plan

Objective: This process allows the Utility to integrate the Strategic Plan and operational objectives into the financial plan.

Action Items:

- a. Fund projects and initiatives that tie directly to the organization objectives established in the Translating the Vision phase.
- b. Link business unit and departmental scorecards to corporate scorecard.
- c. Align master plan and operating plan assumptions.
- d. Include information about the Utility and operational objectives in the CU Operating Plan document.

Timeframe: April / May

Risks: assumptions change, departmental turf protection and allocation of resources.

5. Feedback and Learning

Objective: This process allows the Utility, departments, or employees to monitor short-term results from a strategic standpoint, versus a financial standpoint. Periodic measures allow the Utility to modify strategies or goals if measures indicate a change is needed.

Action Items:

- a. Review scorecards and measures (quarterly)
- b. Performance evaluations tie to scorecards (annually)
 - i. Stage I – Executive Committee and Directors
 - ii. Stage II – Project managers
 - iii. Stage III – All supervisors and employees

Timeframe: On-going throughout the year.

Risks: Employee buy-in, incorrect measures, too much focus of short-term results and not long-term strategy.

Strategic Plan Development Process

In Phase 1 of the Strategic Management System, the Strategic Planning Task Force reviewed the Vision and Mission and determined not to make changes at that time. Focus then shifted to developing proposed long-term goals and strategies, which was then reviewed by the Executive Committee, Board of Public Utilities and Management Committee through Strategic Planning Workshops.

The first Strategic Planning Workshop was held with the Executive Committee, where attention focused on understanding the Strengths, Weaknesses, Opportunities and Threats (SWOT) and the Political, Economic, Social, Technological, Legal and Environmental (PESTLE) aspects of the Utility and developing strategies to minimize or improve upon those areas. The insight gained in this workshop aided the **Executive Committee's** evaluation of the Goals and Strategies developed by the Strategic Planning Task Force. These workshops were also conducted for the Board of Public Utilities and a combined session of the Task Force and Management Committee. Once all sessions were complete, the Task Force revised the Plan based on the results of the workshops and developed proposed objectives for each Strategy.

The Executive Committee completed final revisions of the Strategic Plan, and presented it for approval to the Board of Public Utilities on December 5, 2013, for implementation. Once approval is received, the Strategic Planning Task Force will move to the next phase of the **Strategic Management Process of "Translating the Vision."**

The Strategic Plan will be reviewed every three years to ensure CU maintains alignment with the goals and strategies. A full review of the vision, mission, goals and strategies will be conducted every five years.

Following is the City Utilities Strategic Plan.

Key Terms and Definitions

Business Plan: Translates strategy into specific operational objectives and measures that tie to the Strategic Plan

Goal: The business outcome you want to achieve

Implementation Plan / Actions: Specific actions taken by individuals and departments to achieve objectives

Mission: A specific task with which a person or a group is charged

Objective: Specific steps you must take to implement your strategy

Premier: First in position, rank, or importance

Purpose: The reason for which something exists or is done, made, used, etc.

Responsible: Accountable for issues/items within one's power, control or management

Strategic Plan: Serve as a framework for decisions. States our vision, mission and provides utility long-term goals and strategies. Provides basis for Business Plan development

Strategy: Broad approaches taken in order to achieve the goal

Tactics: Resources that will be used in order to achieve the objective

Vision: Picture of company in the future that provides the inspiration and framework for all strategic planning

City Utilities Strategic Plan

Vision

To be the **premier** municipal utility in America.

Mission

To **responsibly** serve our customers and community beyond their expectations.

Long-Term Goals

1. Provide **reliable** broadband, electric, natural gas, transit and water services to our customers.
2. Provide **affordable** pricing and excellent value for our services.
3. Serve our customers in ways that are ethically, fiscally and environmentally **responsible**.
4. Promote the **safety** of our customers, employees and the public.
5. Enhance the **quality of life** in our community.
6. Provide exceptional **customer service**.

City Utilities Strategic Plan

Utility Strategies

Goal 1: Reliable

- 1.1 *Secure and deliver electric, natural gas, water, broadband and transit services to meet current and future customer demand in a reliable and efficient manner.*

Goal 2: Affordable

- 2.1 *Offer utility services at competitive, fair and stable prices.*
- 2.2 *Offer transit services at fares that are affordable yet responsible.*

Goal 3: Responsible

- 3.1 *Transact business fairly, honestly, and in a manner which meets the highest legal and ethical standards.*
- 3.2 *Recruit and retain a qualified, productive, diverse and talented workforce.*
- 3.3 *Promote environmental awareness and stewardship.*

Goal 4: Safety

- 4.1 *Promote a safe environment emphasizing the importance of accident avoidance and injury prevention, and operate in compliance with applicable laws, rules and regulations.*

Goal 5: Quality of Life

- 5.1 *Promote an enhanced quality of life through community involvement and economic development.*

Goal 6: Customer Service

- 6.1 *Maintain a highly qualified workforce that is responsive to our customers' utility-related needs and provide convenient methods for doing business with the Utility.*

City Utilities Strategic Plan

Goal 1: Reliable

*Provide **reliable** broadband, electric, natural gas, transit and water services to our customers.*

Strategy 1.1

Secure and deliver electric, natural gas, water, broadband and transit services to meet current and future customer demand in a reliable and efficient manner.

Purpose

Infrastructure and resource planning surrounding the services of City Utilities continues to be paramount to the success of our mission. Our assets must be positioned to support customer expectations while remaining flexible to the increasing demands of regulatory and market driven influences.

Objectives

1. Maintain flexibility of supply to respond to changes in demand, market, and regulations.
2. Maintain infrastructure to optimize asset life cycle and utilization.
3. Deliver service to our customers that exceeds industry standards related to reliability and quality.
4. Maintain programs to replace aging infrastructure that will improve the **reliability and integrity of CU's utility delivery systems.**
5. **Evaluate and utilize advanced technologies to enhance reliability. (new 2017)**

City Utilities Strategic Plan

Goal 2: Affordable

*Provide **affordable** pricing and excellent value for our services.*

Strategy 2.1

Offer utility services at competitive, fair and stable prices.

Purpose

City Utilities will manage operational costs in order to offer reliable utility services at competitive, fair and stable prices. City Utilities will always strive to remain customer focused, while continuing to be competitive in the marketplace. The balancing of receipts with operational costs and reserves is a vital component to the success of City Utilities. City Utilities will emphasize a sense of financial responsibility with all of its employees so they may understand and actively participate in the management of costs.

Objectives

1. Maintain income levels to provide adequate cash flows for debt service payments, system growth, and asset replacement.
2. Maintain adequate cash balances and reserves to provide for continued operations and maintenance.
3. Maintain credit ratings that provide the ability to obtain debt at competitive interest rates.
4. Strive to align income and expenses by business unit while preserving the flexibility to address utility priorities. (new 2017)
5. Emphasize a sense of responsibility with employees by reinforcing the requirement to control cost and operate efficiently. (new 2017)

City Utilities Strategic Plan

Goal 2: Affordable

*Provide **affordable** pricing and excellent value for our services.*

Strategy 2.2

Offer transit services at fares that are affordable yet responsible.

Purpose

City Utilities will provide safe, reliable and efficient transit services at the service and price level that the community and passengers are willing to support. Transit fares will be offered at a price consistent with fares in similar cities with a target of achieving a farebox recovery consistent with industry standards. The Transit subsidy borne by Utility customers will be disclosed in a transparent manner.

Objectives

1. Establish a fare structure that is affordable, understandable and streamlined.
2. Improve farebox recovery to be closer to industry standards.
3. Develop a methodology to communicate transit funding to the public.
4. Seek operating funding assistance from federal and state grant programs.

City Utilities Strategic Plan

Goal 3: Responsible

*Serve our customers in ways that are ethically, fiscally and environmentally **responsible**.*

Strategy 3.1

Transact business fairly, honestly, and in a manner which meets the highest legal and ethical standards.

Purpose

City Utilities will strive to keep our customers and community informed and educated about their Utility. We will operate with the highest legal and ethical standards.

Objectives

1. Keep customers highly satisfied and informed by providing the community with information to improve its overall understanding of the Utility through various media, including social media. (revised 2017)
2. Comply with applicable regulations and laws through appropriate policies, procedures, and controls.
3. Secure sensitive utility information and data. (new 2017)

City Utilities Strategic Plan

Goal 3: Responsible

*Serve our customers in ways that are ethically, fiscally and environmentally **responsible**.*

Strategy 3.2

Recruit and retain a qualified, productive, diverse and talented workforce.

Purpose

City Utilities depends on the talent and expertise of its workforce. Recruiting and retaining talented and loyal employees ensures the delivery of exceptional service. We value the unique talents of each of our employees and vow to treat each individual with the utmost respect.

Objectives

1. Recruit candidates who possess the skills, experience, and abilities to fill positions within the Utility and provide an environment for employees to be successful.
2. Attract and retain a talented and diverse workforce by offering a competitive compensation and benefit package while continuing to foster a welcoming company culture. (revised 2017)
3. Identify and foster the next generation of leaders through mentoring, professional development and educational opportunities. (revised 2017)
4. Educate and inform employees to keep them current on issues related to the Utility. (new 2017)

City Utilities Strategic Plan

Goal 3: Responsible

*Serve our customers in ways that are ethically, fiscally and environmentally **responsible**.*

Strategy 3.3

Promote environmental awareness and stewardship.

Purpose

City Utilities will promote environmental awareness and stewardship appropriate to meet the needs of our customers. City Utilities will operate in compliance with environmental laws and regulations affecting the utility.

Objectives

1. Encourage conservation and the efficient use of electricity, natural gas, and water.
2. Comply with applicable environmental regulations and laws through appropriate policies, procedures and controls.
3. Promote sound environmental policy development at federal, state and local levels.
4. Ensure environmental awareness and compliance are part of the CU culture and an integral part of all CU activities. (new 2017)

City Utilities Strategic Plan

Goal 4: Safety

*Promote the **safety** of our customers, employees and the public.*

Strategy 4.1

Promote a safe environment emphasizing the importance of accident avoidance and injury prevention, and operate in compliance with applicable laws, rules and regulations.

Purpose

Our employees are our most valuable resource in providing exceptional service to our customers. We will design, operate, and maintain all Utility systems in accordance with applicable state and federal laws and regulations to promote the safety of our employees and customers and the safe delivery of services.

Objectives

1. Enact and maintain programs and procedures that provide safe work practices.
2. Provide a safe and healthy workplace.
3. Ensure all operating areas meet or exceed all applicable local, state, and federal safety rules and regulations.
4. Ensure that safety is an integral part of all CU operations.
5. Promote public safety awareness. (new 2017)

City Utilities Strategic Plan

Goal 5: Quality of Life

*Enhance the **quality of life** in our community.*

Strategy 5.1

Promote an enhanced quality of life through community involvement and economic development.

Purpose

City Utilities will work with local and regional agencies to be responsive to community needs and promote economic growth to optimize the utilization of Utility resources.

Objectives

1. Collaborate with community partners to promote economic development through the attraction, retention and growth of businesses and jobs in our community.
2. Encourage employees to be personally involved in community activities.
3. Promote programs that assist customers in need with their utility bills.

City Utilities Strategic Plan

Goal 6: Customer Service

*Provide exceptional **customer service**.*

Strategy 6.1

Maintain a highly qualified workforce that is responsive to our customers' utility-related needs and provide convenient methods for transacting business with the Utility.

Purpose

Exceptional customer service ensures our customers the convenience and ease they want when transacting business with the Utility.

Objectives

1. Build positive relations when interacting with customers.
2. Offer customers convenient methods to obtain, manage, and pay for utility services.
3. Ensure a culture of customer service by emphasizing our commitment to the community throughout the Utility. (new 2017)