



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown  
FROM: Roger Gray, General Manager  
DATE: December 22, 2015  
SUBJECT: 2016 Organizational Key Performance Indicators (KPIs)  
OBJECTIVE: Share draft 2016 Organizational KPIs for feedback

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## **Issue**

Need to establish 2016 EWEB Key Performance Indicators.

## **Background**

Each year, the General Manager presents the organizational priorities along with the Key Performance Indicators that EWEB will focus on for the coming year.

## **Discussion**

The 2015 format has been in place for the past two years. A few updates have been proposed for 2016, primarily to update and consolidate the existing categories.

Management is seeking feedback from the Board on the proposed changes to the 2016 Organizational Dashboard. Please note that some of the goals may be further refined to better reflect EWEB's strategic initiatives for 2016. The final draft of the Organizational Goals & KPI will be brought back to the Board in February for approval.

## **TBL Assessment**

The balanced scorecard approach takes into account the three legs of the TBL model.

## **Recommendation**

Provide any feedback on changes proposed.

## **Requested Board Action**

None at this time. Final draft will be submitted for approval at the February Board meeting.

Please contact Anne Kah or Erin Erben if you have questions or comments.

**PROPOSED EWEB ORGANIZATIONAL PERFORMANCE DASHBOARD - CY2016**

Customer & Stakeholder Perspective									
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Expected Finish	Comments	Sources
<b>PERFORM</b>									
Customer Engagement & Satisfaction					LR		Ongoing		Public Affairs 2015 Operational Plan
Customer Service and Energy Management Services Operations					MF		Ongoing		CS&EMS 2015 Operational Plan
Environmental Stewardship					SN		Ongoing		Environmental 2015 Operating Plan
<del>Product Delivery – Conservation, DR, &amp; EE</del>					<del>MF</del>		Ongoing		<del>CS&amp;EMS 2015 Operational Plan</del>
Product Delivery – Electric Service					TS		Ongoing		Electric 2015 Operational Plan
Product Delivery - Water					BT		Ongoing		Water 2015 Operational Plan
Water Reliability Initiative: Emergency/Provisional, and Alternative Water Source (AWS)					BT		Ongoing		Water 2015 Operational Plan
<b>Financial Perspective</b>									
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Expected Finish	Comments	Sources

PERFORM									
Budget Adherence – Electric Utility					SF				Electric Financial Statements
Budget Adherence – Water Utility					SF				Water Financial Statements
<del>Sale of Smith Creek</del> Risk Management					<del>DC</del> SF				<del>Asset sales plan</del>
Management of Real Property					SN		Ongoing		Property 2015 Operational Plan
<del>Sale of Surplus Riverfront Property (~ 17 acres; does not include HQ)</del>					RG		Ongoing		<del>MOU with City of Eugene</del>
Financial Contribution of Trading Operations					DC		Ongoing		Power Operations 2015 Operational Plan
<del>Financial Health Recovery Plan Implementation</del>					SF		In progress		<del>2016 Budget</del>
Financial Metrics – Electric Utility (Reserves, DSC, etc.)					SF		In progress		Electric Utility Financial Statements
Financial Metrics – Water Utility (Reserves, DSC, etc.)					SF		In progress		Water Utility Financial Statements
Operational, Continuous Improvement and Efficiency Perspective									
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Expected Finish	Comments	Sources
PERFORM									
AMI/MDM Projects					EE		Opt-in phase thru 2017		I.S. 2015 Operational Plan

Capital Improvement Program Implementation					MD		Ongoing	Includes approval of electric master plan	Engineering 2015 Operational Plan
Carmen-Smith Relicensing Project					MM		Ongoing		Generation 2015 Operational Plan
Generation Asset Efficacy					MM		Ongoing		Generation 2015 Operational Plan
IS Project Execution					EE		Ongoing		I.S. 2015 Project Plan & 2015 Division Goals
<del>Work Asset Management Project (WAM) business stabilization and phase II planning.</del>					EE		In progress		<del>Roger Gray initiated a 6-month WAM Business Stabilization effort in Q1 due to concerns with roll-out of new system.</del>
Regulatory Compliance and Self Reporting					SF		Ongoing		ER/IC Operational Plan
<del>Vehicle Safety and Property Preservation</del>					MM		Ongoing		<del>Generation 2015 Operational Plan</del>
People/Cultural Perspective									
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Expected Finish	Comments	Sources
PERFORM									

<b>Employee Engagement</b>					LK		Ongoing		Human Resources 2015 Operational Plan Public Affairs 2015 Operational Plan
<b>Employee Safety, Health, &amp; Wellness</b>					LK		Ongoing		Human Resources 2015 Operational Plan
<b>Workforce Composition</b> EWEB CULTURE					LK		Ongoing	Discrete metrics Includes: <ul style="list-style-type: none"> <li>EWEB U &amp; other training</li> <li>WBT</li> <li>Engagement survey &amp; action plans</li> <li>Health &amp; Wellness Programming</li> <li>Safety &amp; Disability Mgmt</li> <li>Performance management</li> <li>Employee Relations Issues</li> <li>Grievances</li> </ul>	Human Resources 2015 Operational Plan Public Affairs 2015 Operational Plan
<b>Workforce Performance</b> COMPETITIVE EMPLOYMENT PRACTICES & PROGRAMS					LK		Ongoing	Market-based compensation packages CBA ratification or management implementation. If no ratification, labor dispute resolution process	Human Resources 2015 Operational Plan
<b>TRANSFORM</b>									
	<b>Q1 Status</b>	<b>Q2 Status</b>	<b>Q3 Status</b>	<b>Q4 Status</b>	<b>Owner</b>	<b>Trend</b>	<b>Expected Finish</b>	<b>Comments</b>	<b>Sources</b>
<b>Financial Position</b> Close LTFP shortfalls within next three years through cost mitigation strategies					SF		On-going process	Includes continuous process improvement initiatives	

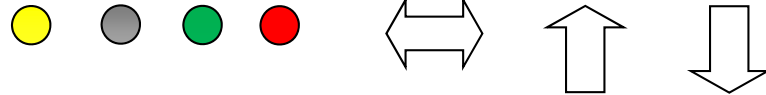
<p><b>Change Management (NEW)</b>  Implement formal change management methodology at EWEB and use for IS project deployment in addition to other major initiatives</p>					EE				
<p><b>Strategic Workforce Planning</b>  Develop and implement a long-term workforce planning methodology and project plan</p>					LK				

Red Light = Significant actual or projected miss in cost, scope or schedule. Issues that will likely cause material impacts.

Yellow Light = Potential or minor miss with respect to cost, scope or schedule. No major impacts in spite of miss.

Gray Light = too early to tell; metrics in process of being defined or collected.

Green Light = Completed or projected to complete with respect to cost, scope or schedule. Results exceed or expected to exceed objective.





# MEMORANDUM

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TO: Commissioners Mital, Simpson, Helgeson, Manning, and Brown  
FROM: Mike McCann, Generation and Fleet Services Manager; Sue Fahey, Financial Services Manager; Gary Lentsch, Fleet Services Supervisor  
DATE: December 23, 2015  
SUBJECT: NAPA Contract for Fleet Services Parts Room Management

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## Issue

An internal review of EWEB's Fleet Services Department identified over 3,800 separate inventory and consumable items within the fleet system that are not currently part of EWEB's warehouse inventory tracking system. Separately, Management has been looking for opportunities to increase productivity and efficiency on the fleet shop service floor in order to meet increased workload without adding staff. Management evaluated a number of options for managing the fleet inventory while increasing staff productivity. The preferred alternative is to outsource parts room operation and inventory control to a third party. Management has engaged in negotiation with NAPA Integrated Business Solutions (IBS) for operation of the Fleet Services parts room based on an existing cooperative contract through National Joint Powers Alliance (NJPA).

## Background

It is essential for the utility to have safe and reliable transportation and equipment in order to meet the needs of our customers while ensuring the safety of employees. EWEB's Fleet Services provides the management and maintenance of over 350 vehicles, power-operated equipment and trailers that make up the EWEB fleet. With such a wide variety of vehicles and equipment in service, having a robust parts inventory is critical to keeping the fleet operational and safe.

Earlier this year, as part of EWEB's efforts to address utility-wide inventory control, Management completed an inventory and parts management assessment for Fleet Services. Several of the items identified through this effort include:

- Managing the inventory investment. The most critical element in maintaining an effective parts room is having someone available to manage the parts to:
  - Maintain appropriate inventory.
  - The type, size, and number of inventory items needed changes frequently as fleet vehicles and equipment changes.
  - Additional resources are needed to handle warranties, returns, and defective merchandise, and the associated paperwork.
- Transaction costs. A large percentage of inventory purchases are currently made using purchasing cards. Applying charges to the appropriate work order requires significant management to reconcile purchases to specific vehicles.
- Shop floor productivity. Removing a mechanic from the shop floor to conduct parts room duties uses staff resources inefficiently.

## Discussion

Management evaluated a number of different options for addressing inventory and productivity issues that ranged from adding additional internal staff to hiring a third-party to manage the parts room and inventory control. During this evaluation process several opportunities to improve the effectiveness of fleet operations through better parts room management were identified:

- Reduce transactional costs through centralized billing across multiple vendors
- Increase on-demand parts availability
- Eliminate obsolete parts and shrinkage costs through efficient parts room management
- Reduce the carrying cost of parts inventory ownership
- Reduce vehicle and equipment downtime by increasing mechanic availability
- Reduce overtime hours and cost in Fleet Services

Upon evaluating the options, Management determined that outsourcing parts room operation in Fleet Services to a third-party vendor would meet all of the objectives identified at the lowest total cost to the utility. Management subsequently researched the options for this type of service and found it to be available to EWEB through an existing cooperative agreement for government agencies, through the NJPA. The supplier / vendor for the competitively-bid contract is NAPA Auto Parts, Integrated Business Solutions (IBS) – General Parts Company (NJPA Contract #061015-GPC).

The NJPA contract was formally solicited, evaluated, and awarded in the summer of 2015. The NJPA was established by the Minnesota State legislature under Minnesota Statute §123A.21 as a Joint Service Cooperative. The primary purpose of the service cooperatives is identified to meet needs of member government agencies which could be better provided by a service cooperative than by the agencies by themselves. EWEB is a member of the NJPA. Cooperative contracts are exempt from Board Approval, however as a courtesy this agreement is brought to the Board's attention as a correspondence memo.

NAPA IBS has more than 380 active vendor-managed parts partnership locations with cities, counties, utilities and other organizations across the country. Other northwest utilities such as Portland General Electric, Bonneville Power Administration and Idaho Power have been utilizing the NAPA IBS program for their fleet parts needs for many years, and they remain pleased with the arrangement. EWEB Management feels that the NAPA IBS program will provide some key value-added assistance to EWEB's fleet operation and that outsourcing parts room operations will help the Fleet Services Department better comply with EWEB's policies and procedures regarding inventory control and purchase card use.

Management subsequently negotiated a site-specific agreement with NAPA IBS for the operation of EWEB's Fleet Services parts room. In accordance with the contract, NAPA will establish an on-site store at EWEB's fleet facility. The on-site store will be staffed by full-time NAPA employees. Upon initiation of the contract, all of the Fleet Services' current inventory will be sold to NAPA at fair market value. NAPA will stock frequently used parts at the EWEB location and will order other parts from its external warehouses, as needed. NAPA will also procure the parts that NAPA does not stock, including specialty parts, on EWEB's behalf as necessary and required. Warranties, returns, and defective merchandise will be credited back to EWEB immediately. In compliance with EWEB Information Services policies, parts disbursement tracking will be supported by NAPA. They will enter data directly into EWEB's fleet management system database (FleetFocus) through an interface that enables daily uploads of NAPA procurement transactions.



The total dollar value of the contract is \$3,000,000 (\$600,000/year for 5 years), which includes parts, labor and operational costs associated with the program. These costs are already within the Fleet Services operational budget, and no additional funds are needed for implementation of the program. A cost/benefit analysis of program implementation found the IBS program to be the least costly of the identified options. Utilization of the IBS program is expected to save EWEB approximately \$50,000 annually.

### **Requested Board Action**

No Board Action is required. The correspondence is as a courtesy to the Board for their information. Operation of the NAPA IBS system at EWEB is expected to begin February 1, 2016.

If there are any questions or if more information is needed, please contact Mike McCann, (541) 685-7379 ([mike.mccann@eweb.org](mailto:mike.mccann@eweb.org)), or Sue Fahey, (541) 685-7688 ([susan.fahey@eweb.org](mailto:susan.fahey@eweb.org)).