



TO: Commissioners Schlossberg, Brown, Carlson, Barofsky, and McRae
FROM: Frank Lawson, CEO & General Manager; Rodney Price, Assistant General Manager
DATE: December 7, 2021
SUBJECT: 2022 Organizational Goals Work Session
OBJECTIVE: Discussion and Direction

Issue

The purpose of this work session is to facilitate a discussion that will extract the Board’s priorities for incorporation into the organization’s annual goals that will be presented by Management for the Board’s consideration in January.

Background

Organizational goals will be established annually that represent the General Manager’s interpretation of the priorities as defined by the Board (Board Policy BL5). Board Policy provides that the Board has responsibility for establishing its priorities for the coming year and providing that direction to the General Manager, who will draft new annual goals. The Board shall identify and define those results or conditions that are acceptable and not acceptable to the Board and communicate them in the form of policy, approval of Strategic Plans, Long-Term Financial Plans, Capital Improvement Plans, annual budgets, and annual goals.

Discussion

Annual goals are a mechanism to prioritize and focus the organization’s investments and resources on maintaining critical ongoing “perennial” business fundamentals, addressing discrete gaps or weaknesses, or positioning the utility for strategic success.

EWEB’s Strategic Plan was originally adopted by the Board of Commissioners on August 2, 2017, and recently updated on October 5, 2021. By 2028, the goal of the strategic work is “*to effectively integrate new supply resources, resilient delivery systems (i.e., spines), and flexible customer consumption*”. As further described in the plan, EWEB needs to:

1. Continue to Foster Customer Confidence through *ongoing optimization* of operations, and
2. Strategically position the organization for flexibility by building “*the foundational pieces that facilitate future consumption and operational flexibility*” including advanced metering, the integrated resource plan, modernizing information systems (Customer, Financial), positioning rate design for future products, and making water and electric resiliency investments.

The elements above are near-term (2022-2024) strategic building blocks. To facilitate the translation of the strategic plan to the tactical level, the Board and General Manager will provide annual organizational goals.

Organizational Goal Considerations

As the Board considers organizational priorities, there are some basic characteristics to consider:

- Goals can address “on-going” operational objectives to ensure EWEB is operating within Board and public expectations. Operational deficiencies or gaps can be included as areas of focus for improvement. (Are we operating outside of desired performance metric limits? Does the goal address overall areas of focus, such as customer response, needed to keep Fostering Customer Confidence?)

- Ongoing goals can have a yearly focus in areas such as workforce culture or projects enabling long term resiliency goals.
- For overall workforce alignment, all goals should tie to the strategic plan. (Does the goal help us Position for Flexibility?)
- Goals should be at a level that the Board can influence through existing mechanisms (i.e., budgets and rate approvals, project procurements and contracts, Community influence)
- Goals need to be primarily in EWEB’s control (i.e., carbon reduction goals for our operations vs. other agency’s GHG target goals)
- To help maintain focus, the number of goals should be between 5 and 10 for the year. Including sub-goals, the 2021 list included nine distinct objectives.
- Goal clarity will focus and inspire employee performance.
- All Goals need to align with the Organizational Values, which cannot be compromised for convenience, short term gain or strategic purpose:

SAFE: We value the physical and psychological health and safety of our workforce and the public, the security and integrity of cyber assets and data, and the protection of our customers’ assets, including dams.

RELIABLE: We value the continuous on-demand delivery of drinking water and electricity, and the dependability of our response to our customers.

AFFORDABLE: We value and respect our customer-owners’ financial resources by making wise investments and controlling costs and rates

ENVIRONMENTAL: We value the prudent and sustainable stewardship of the environment and natural resources, including preserving our watershed, and our role in reducing the greenhouse gases (GHGs) contributing to Climate Change.

COMMUNITY: We value our local governance and obligation to serve our community transparently and equitably.

2022 Areas of Opportunity

EWEB’s organizational goals are monitored and reported quarterly using defined performance metrics. While EWEB will achieve most 2021 goals, our quarterly reports also include areas of concern, notably customer responsiveness and workforce capacity. Achieving our resiliency targets, and our goals to align energy supply with consumption, are foundational to our strategy. Strategic milestones include improving the ability to gather and use consumption information and the ability to optimally forecast usage and purchase our power. While some elements of the strategic plan provide fundamental interim goals, other aspects like Community and Environment require additional considerations in the context of organizational priorities.

In order to maintain critical ongoing “perennial” business fundamentals, address discrete gaps or weaknesses, and position the utility for strategic success, the following example goals are offered for Board consideration and discussion.

Sample 2022 Organizational Goals

*Goal- Maintain or improve our “ongoing” Operational performance consistent with Board direction, policies, and organizational values with a focus on **improving customer responsiveness**.*

Goal – Consistent with Board direction, policies and organizational values improve the workforce experience and resiliency by:

- a) Implementing and adjusting our **Dynamic Workforce** model that leverages mobile work options to improve organizational performance, and*
- b) Preparing and implementing the process to secure a new or revised **Contract Bargaining Agreement** for ratification in Q1 2023.*

*Goal - In preparation for changing energy supply characteristics, consumption trends, and new product offerings (e.g., time of use, demand response), develop and approve a new **Multi-Year Rate Design Plan**.*

Goal – Improve our operational resiliency by:

- a) *Water: finalizing a **Willamette Drinking Water Treatment Plan**, including project scope, schedule, and capital spending details, along with 2022-2023 land use and permitting milestones.*
- b) *Electric: finalizing the **Electric Master Plan**, incorporating Asset Strategy for driving equipment replacement, emerging risks, and known strategic initiatives for future system configuration, including capacity and resilience measures (ex.: Wildfire Management, Electrification Impacts & Opportunities, Cascadia Subduction Zone Earthquake).*

*Goal – In support of both business continuity and strategic priorities, develop an ERP Governance Framework and complete an RFP selection process to begin the replacement of the legacy **Customer Information System (CIS)** that will integrate with future operational and financial enterprise software systems.*

*Goal – In collaboration with the Board and the McKenzie Valley Community, using developed guidelines and decision criteria, by year end set the direction to either return the **Leaburg Hydro Electric Project** to a power producing asset or convert it to a storm convivence asset.*

*Goal – By year end, complete a “public draft” of an **Integrated Resource Plan (IRP)** in order to gather feedback during a public comment period in early 2023.*

Monitoring and Reporting

Generally, management works with staff to determine the best tactical milestones, or key process indicators (KPIs) needed to gauge progress and/or determine success. Once final organizational goals are approved, these defined measurement metrics will be developed and the progress toward achievement of these goals will be reported quarterly to the Board and public. Additionally, the General Manager includes organizational goal progress/attainment as part of his annual self-evaluation.

Requested Board Action

No Board Action is required. Management is requesting guidance and feedback on the Sample 2022 Organizational Goals, along with the Board’s priorities for incorporation into the organization’s annual goals that will be presented by Management for the Board’s consideration in January