



TO: Commissioners Schlossberg, Brown, Carlson, Barofsky, and McRae
FROM: Frank Lawson, CEO & General Manager; Rodney Price, Assistant General Manager
DATE: November 28, 2022 (December 6, 2022, Board Meeting)
SUBJECT: 2023 Organizational Goals
OBJECTIVE: Discussion and Direction

Issue

The purpose of this discussion is to 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 6, 2022. 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, between 23-25, 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 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.
- 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 focus, the number of goals should be between 4 and 6 for a particular year.
- 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, including the following:

SAFE: We value the safety, physical and psychological wellness, of our workforce and the public, the security and integrity of cyber assets and data, and the protection of our customers' assets.

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/CULTURE: We value a culture of intentional actions and outcomes, continuous improvement, diverse perspectives, that is trustworthy, respectful, equitable, and inclusive to employees and community members. We are dedicated to our public service, professions, local governance, and commitment to serve our community honestly and with integrity.

2022 Areas of Opportunity

EWEB's organizational goals are monitored and reported quarterly using defined performance metrics. While EWEB will achieve most 2022 goals, our quarterly reports also include areas of opportunity, notably continuing to recruit, retain, and motivate the workforce, and develop a cohesive/holistic approach to managing data across the utility. 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.

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.

Potential 2023 Organizational Goals

1. **Operational Performance:** *Maintain or improve our ongoing **operational performance** with a focus on developing and launching a data management plan (including advanced metering and consumption).*
2. **Workforce and Culture:** *Build and inspire a **workforce** to fulfill ongoing business obligations and strategic initiatives by evolving our Dynamic Workforce Model (mobile/hybrid work opportunities), finalizing a new Collective Bargaining Agreement with IBEW-represented employees, using the results of a comprehensive employee survey to assess workforce engagement and change competency, and working with the Board to develop and deploy policies supporting the principles of diversity, equity, and inclusion (DEI).*

3. **EWEB Enterprise Solutions (EES):** *In support of the EWEB Enterprise Solutions (EES) Strategy, prepare to replace aging customer and financial information systems with **SAP for Utilities** by creating and implementing a staffing plan for deployment and on-going support, cleansing legacy data, defining SAP cloud architecture, and mapping existing processes to the new applications minimizing customization.*
4. **Integrated Resource Planning:** *Use stakeholder outreach and a series of iterative analysis to test future scenarios, finalizing the modeling results and Action Plan inclusive of EWEB's 2023 Integrated Resource Plan (IRP) endorsed by the Board. Prepare for the next IRP that will analyze Bonneville Power Administration product, service, and contract alternatives.*
5. **Willamette Drinking Water Treatment Plant:** *Progress toward the 2025-2028 construction of a second drinking water treatment facility on the Willamette River by performing preliminary design verification and value engineering, completing the property annexation and initiation of plan/code amendments, completing the initial surveying and environmental investigations to support design and permitting efforts, and initiating the federal permitting process for the river intake and treatment plant facilities.*

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