



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Barofsky, Schlossberg, Brown, Carlson, and Morris
FROM: Frank Lawson, CEO & General Manager
DATE: July 29, 2025 (August 5, 2025, Board Meeting)
SUBJECT: EWEB Business Management System & 2025 Organizational Goals Revision(s)
OBJECTIVE: Action

Issue

Management is proposing new 2025 Organizational Goals based on early implementation of a strategic alignment and deployment tool and sustainable business management system.

Background

In December 2024, the Board deliberated and provided guidance and feedback to management on a set of proposed annual goals. The correspondence memorandum for that discussion can be found at [\[Dec Goals Memo\]](#).

At the January 2025 Meeting, the EWEB Board approved the 2025 Organizational Goals as presented, and instructed the General Manager to craft an additional goal addressing Commissioners' interests in assessing results and opportunities of energy efficiency programs designed for the rental stock in EWEB's service territory. The background memorandum for that discussion, and the approved goals, may be found at [\[2025-Jan Goals Memo\]](#).

In February, the Board deliberated and approved amendments and additions to the 2025 Organizational Goals based on feedback presented at the January 2025 Board Meeting. The background information can be found at [\[2025-Feb Goals Memo\]](#). For reference, the 2025 Organizational goals, as approved in February, are as follows.

Existing 2025 Organizational Goals (as approved February 4, 2025)

- Goal 1 Maintain or improve our **ongoing operational efficiency and effectiveness** through Continuous Improvement (CI) using deliberate benchmarking and performance metrics, and with 2025 milestones of Type 2 and Type 3 Projects (including base level drinking water storage, Willamette water source, McKenzie generation projects, EWEB Enterprise Solutions *Season 2*, etc.) in scope, on schedule, and within budget.
- Goal 2 Develop and commence **succession plans** for leadership and vulnerable single-depth positions, and review and refine policies and practices associated with our Dynamic Workforce Model, in support of SD22 Resiliency Policy, specifically workforce resiliency.
- Goal 3 Negotiate and execute **energy supply contract(s) with Bonneville Power Administration (BPA)**, and others as appropriate, consistent with EWEB's strategic initiatives to improve resiliency and optimize energy delivery, ongoing Energy Resource Study efforts, future

business model options, and a published demand-side potential assessment (DSPA) of customer programs/resources.

- Goal 4 Enhance the impact of **EWEB's limited income support programs**, including existing programs such as EWEB Customer Care and new potential payment options such as Pre-Pay, in support of SD23 Diversity, Equity, and Inclusion Policy and rate re-design.
- Goal 5 Consistent with EWEB's initiative to re-design rates, prepare to implement significant **fixed/variable cost adjustments and residential demand charges**.
- Goal 6 Formalize and publish **Operational Asset Management Plans** for at least 3 of the 5 (electric, water, generation, information systems, fleet/facilities) asset groups in preparation for new asset and field work management systems (2026-27), EWEB Enterprise Solutions *Season 3*.
- Goal 7 Improve the effectiveness of **EWEB's environmental and climate change policies** in response to new external standards and practices, including Climate Registry's Electric Power Sector Protocol, and EWEB's progress, status, and outlook.
- Goal 8 Based on updated baseline information, including but not limited to demographic and stock assessments, customer awareness surveys and participation rates, and the results of the Demand Side Potential Assessment, develop and execute plans and actions designed to drive intentional outcomes, endorsed by the Board, of EWEB's **energy efficiency programs within Eugene's rental stock segment**.

At the July 8, 2025, Board Meeting, Commissioners provided feedback on management's introduction of a formal business management system and the impact on the 2025 Annual Goals. Most direction was supportive, with clarifications related to the mapping of existing goals, particularly associated with Goal 8 (above). The background information on this meeting can be found at [\[memo-July2025-org.goals.revisions\]](#)

Board Policy Pertaining to Goal Setting

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 annual goals. Organizational goals will be established annually that represent the General Manager's interpretation of the priorities as defined by the Board (Board Policy BL5). Accordingly, 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 and annual goals, and authorization of annual budgets which are based on assumptions in Long-Term Financial Plans and Capital Improvement Plans.

Discussion

EWEB's Business Management System

A structured business management system is a set of principles and practices that are used to drive sustainable results. Developed to support succession planning and workforce development, an EWEB Business Management System (EBMS) is grounded in our organizational values and shaped by engagement with the Board, customers, and community. It emphasizes *continuous improvement* of core services, strategic deployment to prioritize and align breakthroughs ("*Strategic Compass*"), and resilient *workforce development* as illustrated in the graphic below.

Figure A – Composition of EWEB’s Business Management System (EBMS)



Why change how we plan?

Using a structured and repeatable approach to business management responds to real and rising challenges. Customers continue to ask EWEB to maintain a strong focus on affordability, even as we face increasing operational complexity. EWEB already has a strong planning culture, but as the utility landscape becomes more dynamic, the pace of change increases and risks evolve, we need a more integrated, transparent, and focused approach to organization-wide planning to ensure resources are used where they provide the most community value.

An Introduction to the Strategic Compass

Throughout this year, EWEB leadership has been actively prioritizing and aligning the organization's endeavors. A central tool in this process is the *Strategic Compass*, which is being developed and refined to improve strategic focus and execution. One key component of the Strategic Compass is the *X-Matrix*, a visual framework that demonstrates the connections between the following:

- EWEB's Mission and Vision
- EWEB's highest-level Strategic Business Priorities
- 5-Year Themes to make progress on our strategic business priorities
- Annual Strategic Goals to make progress on our 5-year themes

Applying the EWEB Strategic Compass ensures that our actions are aligned with our mission and vision, as identified in our strategic plan, and that our near-term outcomes build toward our long-term goals. In support of our strategy, leadership's application of the process has identified three strategic business priorities:

- 1) Maintain and/or improve business operations
- 2) Optimize energy delivery
- 3) Improve organizational resiliency

Pursuing these three business priorities has yielded several specific fulfillment pathways, or *5-year Deployment Themes*. Given that Deployment Themes can have multiple benefits, and impact multiple

business priorities, the Strategic Compass identifies the most impactful 5-year themes needed to make progress towards the business priorities. These themes are shown in the upper section of the Strategic Compass X-Matrix below.

Figure B – Strategic Compass X-Matrix Showing Relationship Between Mission & Vision, Business Priorities, and 5-Year Deployment Themes

●			Implement a system to prioritize and align the allocation of limited resources across the organization based on intentional "core", risk-based, and strategic outcomes.
●		●	Based on customer feedback, focus Continuous Improvement (CI) efforts on areas that improve customer trust and satisfaction , initially focused on affordability and outage management .
●	●	●	Modernize enterprise systems & strategic use of data to improve business insights on customer attributes and utilization of our assets.
	●	●	Ensure EWEB has power supply resources that meet anticipated demand and regional grid obligations.
	●		Drive consumer participation in products/programs that optimize the use and delivery of energy.
		●	Mitigate drinking water single-source vulnerability .
●		●	Focus business continuity and resiliency efforts on mitigating highest probability most consequential risks (potential disruptions).
<i>Maintain /Improve Business Operations</i> – achieve and sustain the ongoing efficient and effective delivery of our products and services in a volatile operating environment.	<i>Optimize Energy Delivery</i> - effectively and efficiently align the supply, delivery, and consumption of energy in order to create long term value for customers.	<i>Improve Resiliency</i> - reduce the likelihood, magnitude, and duration of sudden or gradual disruptive events through risk mitigation, emergency preparedness and response, and recovery strategies on our business operations and on the delivery of our products and services.	
	●	●	Vision - Our vision is to be a local utility that inspires our customer-owners to invest in and rely on us.
●			Mission - Our mission is to enhance our community's vitality by delivering drinking water and electricity consistent with the values of our Community, including the people with whom we serve, conduct business with, collaborate, influence, or impact in the fulfillment of our mission.

Following the development of the 5-year Deployment Themes, or the categories of work needed to achieve the Business Priorities, strategic work is further segmented into Annual Strategic Goals. These annual goals form the building blocks for prioritizing, aligning, resourcing (budget and personnel), and measuring (KPIs, metrics, and milestones) the organization's efforts. They also support effective

collaboration within the organization and with the board and public. In 2025, EWEB will advance our 5-year Deployment Themes (and thereby our Business Priorities) by executing the 2025 Annual Goals, as appearing on the top section of the X-Matrix in *Figure C* below.

Example of “Connecting the Dots” (i.e., how near-term actions relate to longer-term strategic outcomes)

The X-Matrix helps “connect the dots” as to how the near-term work relates to longer-term strategic goals. As an interpretive example, using the Level 1 (Highest Corporate Strategic View) X-Matrix tool in *Figure B* highlights that to support EWEB’s business priority – from the strategic plan – to Optimize Energy Delivery, over the next five (5) years we will need to: 1) modernize enterprise systems and strategic use of data, 2) ensure that EWEB has power supply resources that meet anticipated demand, and 3) drive consumer participate in products/programs that optimize the use and delivery of energy. These are 5-Year Deployment Themes.

The Annual Goals supporting these three 5-Year Deployment Themes are identified in *Figure C* below. For example, to support the 5-year theme to ensure EWEB has power supply resources that meet anticipated demand, in 2025 EWEB will: 1) implement the 2023 Energy Resource Action Plan and complete and begin implementing 2025 Energy Resource Plan, 2) execute "Provider of Choice" (post-2028) Energy Supply Contract with BPA, 3) evaluate and prepare for opportunities to influence consumption behavior, and 4) begin implementation of EWEB's 5-year Rate Design Plan. Each of these has tactics and deliverables with target outcomes or milestones in 2025 that will be used to monitor progress and will be reported to the Board.

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Figure C – The expanded Strategic Compass X-Matrix details the Annual Strategic Goals and their direct connection to 5-Year Deployment Themes and actionable Tactics & Deliverables.

●	●						As part of an overarching Business Management System , implement EWEB's Strategic Compass (X-Matrix) to engage staff and prioritize and align work based on 1-5 year priorities.
●	●						Evaluate & manage budgets and spending based on prioritized outcome(s) with rates impacts near levels of inflation .
	●	●					Enhance outage prevention, response and communication .
		●		●		●	Execute EWEB Enterprise Solutions (EES) " Season 2 ", with a focus on foundational finance & budgeting functionality, and stabilizing & improving basic customer experience.
		●				●	Prepare the organization for EWEB Enterprise Solutions (EES) " Season 3 ", with a focus on asset utilization, field service management, and workforce experience.
			●	●		●	Implement 2023 Energy Resource Action Plan . Complete and begin implementing 2025 Energy Resource Plan (Energy Resource Study + Action Plan).
			●	●			Execute "Provider of Choice" (post-2028) Energy Supply Contract with BPA .
	●	●		●			Continue AMI Deployment within urban service territory.
	●			●			Assess and enhance the impact of EWEB's existing programs supporting limited income and tenant customer segments .
			●	●			Evaluate and prepare for opportunities to influence consumption behavior .
			●	●			Begin implementation of EWEB's 5-year Rate Design Plan .
	●				●	●	Second Drinking Water Source : Progress towards 2026 completion of compliance and regulatory design prerequisites and re-evaluate and establish the criteria and conditions for ongoing pursuit of a water treatment plant on the Willamette River.
	●					●	Focus infrastructure resiliency work on major projects identified in existing 2015 Water Master Plan and Electric Capital Plan .
●	●					●	Begin Business Impact Analysis on the resiliency of five EWEB business functions to prioritize future mitigation efforts.
	●					●	Improve workforce resiliency and effectiveness through delivery of updated Human Resources and Business Continuity programs.
	●					●	Implement Wildfire Mitigation Plan .
	●					●	Refine EWEB's approach to a formalized Cyber Security program.
						●	Determine the future of the McKenzie Valley Service Territory .
Implement a system to prioritize and align the allocation of limited resources across the organization based on intentional "core", risk-based, and strategic outcomes.	Based on customer feedback, focus Continuous Improvement (CI) efforts on areas that improve customer trust and satisfaction , initially focused on affordability and outage management .	Modernize enterprise systems & strategic use of data to improve business insights on customer attributes and utilization of our assets.	Ensure EWEB has power supply resources that meet anticipated demand and regional grid obligations.	Drive consumer participation in products/programs that optimize the use and delivery of energy.	Mitigate drinking water single-source vulnerability.	Focus business continuity and resiliency efforts on mitigating highest probability most consequential risks / potential disruptions.	 The diagram illustrates the Strategic Compass X-Matrix. At the center is a blue compass rose with an upward-pointing arrow and the text "Level 2". To the left, a blue circle with the number "3" is labeled "5-Year Themes". To the right, a blue circle with the number "5" is labeled "2025 Tactics & Deliverables". Above the compass rose, a blue circle with the number "4" is labeled "2025 Annual Strategic Goals". Arrows point from the 5-Year Themes and 2025 Tactics & Deliverables towards the 2025 Annual Strategic Goals, and a curved arrow points from the 2025 Annual Strategic Goals back towards the 5-Year Themes.

As a result of translating the organization's strategy into Business Priorities and 5-year Deployment Themes, the Amended 2025 Annual Goals—presented here for Commissioner discussion and guidance—are as follows:

Table 1 – Amended 2025 Annual Organizational Goals

Goal No.	Proposed Revised 2025 Annual Goals	Feb. 2025 Goal Reference
1	As part of an overarching Business Management System, implement EWEB's Strategic Compass (X-Matrix) to engage staff and prioritize and align work based on 1-5 year priorities.	2
2	Evaluate & manage budgets and spending based on prioritized outcome(s) with rates impacts near levels of inflation.	*
3	Enhance outage prevention, response and communication.	1
4	Execute EWEB Enterprise Solutions (EES) "Season 2", with a focus on foundational finance & budgeting functionality, and stabilizing & improving basic customer experience.	1
5	Prepare the organization for EWEB Enterprise Solutions (EES) "Season 3", with a focus on asset utilization, field service management, and workforce experience.	6
6	Implement 2023 Energy Resource Action Plan. Complete and begin implementing 2025 Energy Resource Plan (Energy Resource Study + Action Plan).	3, 7, 8
7	Execute "Provider of Choice" (post-2028) Energy Supply Contract with BPA.	3
8	Continue AMI Deployment within urban service territory.	1
9	Assess and enhance the impact of EWEB's existing programs supporting limited income and tenant customer segments.	3, 4
10	Evaluate and prepare for opportunities to influence consumption behavior.	3
11	Begin implementation of EWEB's 5-year Rate Design Plan.	5
12	Second Drinking Water Source: Progress towards 2026 completion of compliance and regulatory design prerequisites and re-evaluate and establish the criteria and conditions for ongoing pursuit of a water treatment plant on the Willamette River.	1
13	Focus infrastructure resiliency work on major projects identified in existing 2015 Water Master Plan and Electric Capital Plan.	*
14	Begin Business Impact Analysis on the resiliency of five EWEB business functions to prioritize future mitigation efforts.	2
15	Improve workforce resiliency and effectiveness through delivery of updated Human Resources and Business Continuity programs.	2
16	Implement Wildfire Mitigation Plan.	*
17	Refine EWEB's approach to a formalized Cyber Security program.	*
18	Determine the future of the McKenzie Valley Service Territory.	Emerging

* Reflects in-process work that was not captured in the Board-approved February 2025 Annual Goals.

Management Reporting

When implementing a Strategic Compass approach, most annual goals will represent strategic breakthroughs. However, significant EWEB resources, including financial and staff, support EWEB's delivery of core services, which includes the foundation of everything we must do related to EWEB's obligation to serve, legal requirements, Board directed policy requirements, and maintaining the "flow" of drinking water, electricity, information, money, and supplies. As long as EWEB performs core work satisfactorily, applying continuous improvement, the organization creates the ability to pursue strategic endeavors.

The more efficiently and effectively core work is accomplished, the more resources become available for strategic and risk-based work. Tracking core work is required by Board policy and necessary to ensure the organization is performing well operationally, which is a prerequisite of strategic pursuits. The following describes management's reporting plan to the Board.

Policy-Driven Reporting

As required by Board Policy, EWEB Management will report on the quarterly performance of the organization within a reasonable timeframe (Policy BL5) including financial controls, major projects or plans (e.g. Source Protection Plan), budget adherence, contracts, significant litigation (often confidential attorney-client privileged), and community investment. Board Policy EL1 Financial Controls states that throughout the year, staff will provide the Board with quarterly financial reports that compare actual results with budget. Additionally, staff will provide the Board with quarterly updates for all current year major projects on the Capital Improvement Plans. EL2 Purchasing Controls requires quarterly reporting of exempt contracts over \$150,000 and contracts above \$40,000 that are not approved by the Board or exempted by Oregon Public Contracting Code and claims reports.

Operational Performance Reporting

One of EWEB's business priorities is to achieve and sustain the ongoing efficient and effective delivery of our products and services. Recognizing this is an essential part of fulfilling our mission, management will present the following information to the Board on a quarterly basis.

- ❖ **Financial Results** including consumption and revenue trends, unaudited financial statements, status of established Board metrics, and budget adherence.
- ❖ **Safety/Wellness** including exposure, time loss, and proactive measures.
- ❖ **Electric Operations** including water forecasts, generation performance, system reliability, active compliance response. Industry benchmarks will be made where appropriate (e.g. American Public Power Association)
- ❖ **Water Quality & Delivery** including watershed conditions, filtration performance, and reliability including pipe breaks and boil notices, and taste/odor issues. Industry benchmarks will be made where appropriate (e.g. American Water Works Association)
- ❖ **Customer Responsiveness** including time-to-answer or respond to inquiries and customer building & renovation project response.
- ❖ **Customer Program Effectiveness** including participation and delivery including segmented information on limited income support, energy efficiency investments and results, and environmental programs. Future consumption program participation metrics (e.g. Time-of-Day pricing programs) will be tracked.
- ❖ **Workforce** status including recruiting times, leave utilization, and turnover. Annually, workforce demographics will be updated and presented.

Recommendation

To better align with the organizational priorities, improve transparency and continuity, Management is recommending the Board approve the amended 2025 Annual Goals, as described in Table 1 above, based on EWEB leadership's application of the *Strategic Compass* and as part of an overarching EWEB Business Management System.

Requested Board Action

Approval of the motion “...move to approve the revised 2025 Annual Goals as presented by management.”