M E M O R A N D U M

EUGENE WATER & ELECTRIC BOARD

TO:	Commissioners Carlson, Barofsky, Brown, McRae and Schlossberg
FROM:	Frank Lawson, CEO & General Manager
DATE:	November 29, 2023 (December 7, 2023, Board Meeting)
SUBJECT:	2024 Organizational Goals – Initial Themes (Priorities)
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 June 6, 2023. By 2028, the goal of the strategic work is to increase the organization's resiliency and "*to effectively integrate new supply resources, resilient delivery systems (i.e., spines), and flexible customer consumption*". Creating operational and consumption flexibility tools, including demand response capabilities, will improve our ability to negotiate and manage supply contracts, integrate clean-energy resources, develop backup and emergency systems, and respond to unanticipated events. The objective of this phase is to build resilient foundational pieces that facilitate ongoing organizational effectiveness. 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 ongoing organizational effectiveness*" 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 opportunities 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 operational effectiveness, the strategic plan, or a specific Board policy.
- 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.

2023 Areas of Opportunity

EWEB's organizational goals are monitored and reported quarterly using defined performance metrics. While EWEB will achieve most 2023 goals, there are areas of opportunity, including improving cyber security, and meeting specific compliance obligations. Achieving our resiliency targets, and our goals to align energy supply with consumption, are foundational to our strategy.

Potential 2023 Organizational "Themes"
The following business priorities are consistent with EWEB's operational and strategic objectives.

EWEB's Business Priorities

Business Continuity - Compliant with regulations, statutes, policies and values, maintain/improve the operational performance of the organization

Energy Delivery Optimization - Effectively synchronize supply, delivery, and consumption in order to create long-term value for customers

Resiliency - Reduce the likelihood, magnitude, and duration of sudden or gradual disruptive events through risk mitigation, emergency preparedness and response, and recovery strategies

---

In order to achieve these business priorities, maintain critical ongoing "perennial" business fundamentals, address discrete gaps or weaknesses, and position the utility for strategic success, the following "themes" are offered for Board consideration and discussion. "Themes" are not stated goals but identify specific opportunities or outcomes for consideration in the goals development process.

Themes for Discussion (December Board Meeting)

1. ***EWEB Enterprise Solutions (EES)*** – *Develop and cultivate an information system and the processes/culture that will enable the continuous modernization and improvement of financial, human, asset, work, and relationship management and support of the evolving customer services needed to optimize product delivery.*
2. ***Energy Resource Planning*** – *Begin pursuing the "Actions" identified/adopted in the 2023 Integrated Resource Plan*
3. ***Organizational Performance*** – *Begin incorporating aspects of recently adopted Board policies*
4. ***Rate Design*** – *Develop and launch a comprehensive rate design plan that will facilitate customer behavior that is beneficial to the participant, organization, and community.*
5. ***Expanded Financial Opportunities*** – *Create and begin executing a process to evaluate/leverage non-rate/bond financing options (state/federal grants, special loan programs) to fund specific organizational priorities.*

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 potential 2024 organizational "Themes", 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.