



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Carlson, Mital, Helgeson, Schlossberg and Brown
FROM: Frank Lawson, General Manager
DATE: January 30, 2019
SUBJECT: Organizational Goals and Performance Measures
OBJECTIVE: Board Action

Issue

Draft goals will be established annually and represent the General Manager's reasonable interpretation of achieving the priorities defined by the Board (Board Policy BL5).

Background

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 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 budget and goals.

EWEB's Strategic Plan was adopted by the Board of Commissioners in 2017, and updated July 10, 2018. The most significant strategic decisions confronting EWEB in the next decade involve sources of supply, including the renewal, replacement, or termination of major electric generating resource contracts and decisions involving the diversification of drinking water sources for purposes of community resiliency and disaster recovery.

Our relationship with our customers and community will impact the execution of our strategic plan. Both utilities require that customers help us understand and potentially adjust consumption patterns in the future. Widespread customer confidence and trust is essential. While this approach is an extension of our previous "*perform while we transform*" strategy, it more clearly focuses "perform" improvements on cost and customer responsiveness through improved efficiency, simplicity, and ease of doing business with us.

Our ongoing performance goals must also support our values, which further define the requirements of how we operate and pursue our strategic objectives. Our values include:

- **SAFETY:** We value the physical and emotional psychological health and safety of our workforce and the public.
- **RELIABILITY:** We value the continuous, on-demand delivery of quality drinking water and electricity.
- **RESPONSIBILITY:** We value the prudent and sustainable stewardship of our customers' financial and natural resources, including our impact on affordability and role in reducing the greenhouse gases (GHGs) contributing to Climate Change.
- **COMMUNITY:** We value our local governance and obligation to transparently serve our community.

Discussion

Consistent with the General Manager's interpretation of the Board's operational and strategic priorities, the following goals are drafted for Board consideration. The existence and fulfillment of these goals is based on forty six (46) Board Policies, over forty (40) "active" Resolutions, along with an approved Strategic Plan, Customer Service Policies, Capital Improvement Plans, annual operating budgets, and other approved documents and Board actions. The 2019 organizational goals shall be as follows:

Utility Operations

Goal #1 – Manage utility operations in a manner consistent with Board direction and by-laws, implementing resolutions and policies established by the Board, including but not limited to approved budgets and financial policies, strategic direction, and organizational values.

Goal #2 – Pursuant to Resolution 1811, execute the Advanced Metering Services (Infrastructure) project in accordance with approved plans and budgets and all applicable EWEB values, policies, and procedures; safely installing 46,000 meters in 2019.

Strategic Direction

Goal #3 – Use Continuous Improvement, Lean Principles, and financial management to improve the customer experience, adding customer self-service capability, avoiding revenue requirement increases through 2020.

Goal #4 – Improve emergency preparedness and recovery by enhancing system resiliency, with a near-term focus on distributed emergency options/resources (water and electric), completing two additional emergency sites and an electric system black-start assessment in 2019.

Explicit Programs

Goal #5 – Community (Limited Income): In 2019, reduce non-pay residential service disruptions (disconnects) by 10% from the 2018 benchmark of 6,300 with continuing progress toward a 50% reduction by 2023 (5-year).

Goal #6 – Pursuant to GP15 Climate Change Policy, execute Resolution 1827 supporting State carbon pricing policy, and achieve conservation/energy efficiency reductions of 9,500 MWh (annual) in combination with smart electrification to equitably and cost-effectively reduce community/regional carbon emissions by 7,500 MTCO_{2e}¹.

Recommendation

Executive Management recommends the consideration and approval of the 2019 Annual Goals as presented.

Requested Board Action

Motion: *"To approve the 2019 organizational goals as presented by the General Manager, and for the status of these goals to be formally reported quarterly to the Board"*

¹ This MTCO_{2e} target may be revised based on establishing benchmarks and definitions used for carbon accounting.