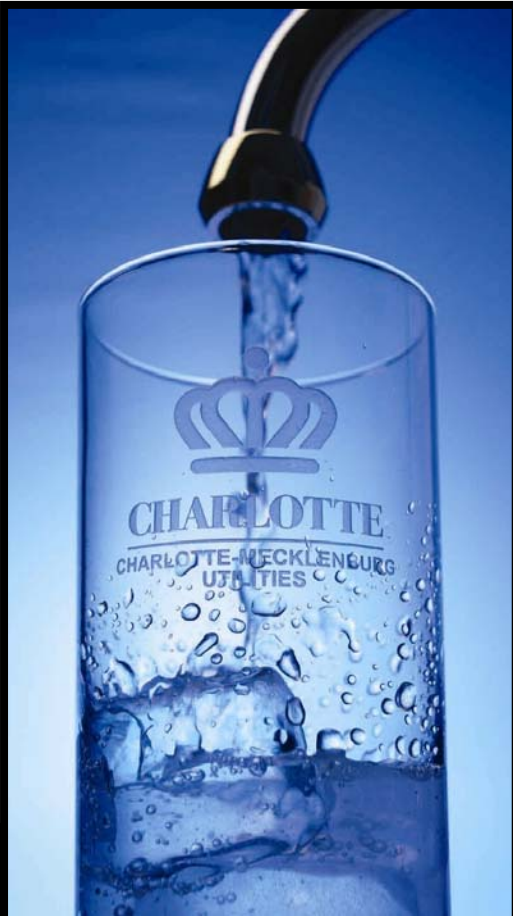


# STRATEGIC OPERATING PLAN FY2008 – FY2009



CHARLOTTE-MECKLENBURG UTILITIES

*Clean Water for a Healthy Community*



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## Executive Summary

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### INTRODUCTION

Charlotte-Mecklenburg Utilities (Utilities) was established in 1972 when the City of Charlotte and Mecklenburg County combined its water and sewer systems. Today Utilities is the largest public utility in the Carolinas, serving over 241,000 customers and maintaining 7,700 miles of pipe.

Utilities' core business is to provide safe drinking water and safely transport and treat wastewater for the Charlotte-Mecklenburg community. In addition to seven internal divisions that contribute to carrying out the organization's objectives, Utilities has a citizen Advisory Committee which is comprised of seven members representing neighborhoods, civil engineers, water-sewer contractors, financial experts, real estate developers, and Mecklenburg towns. The Advisory Committee is charged with reviewing: Capital Improvement Programs, proposed changes in the water and sewer rate methodology, and proposed changes in the policy for extending water and sewer service.



Utilities plans for FY2009 contain new actions designed to further align our priorities with our vision and mission and the goals and objectives of the City.

### VISION AND MISSION

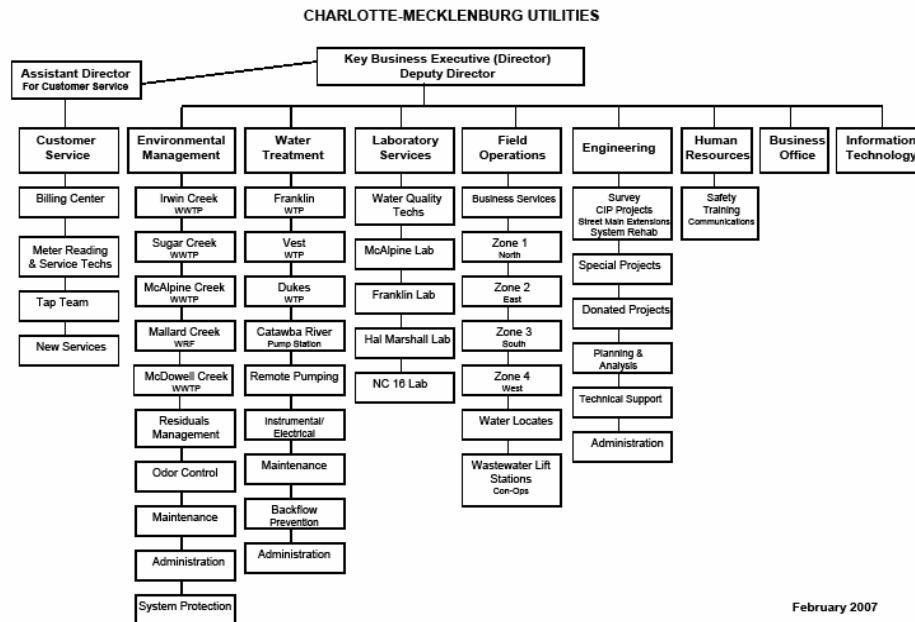
#### Vision

We will be the recognized leader in the region, state, and nation by contributing to the health, safety, and economic well-being of our customers; in protecting and conserving our natural resource and environment; and in providing for the growth and development of our employees.

#### Mission

We are committed to customer satisfaction and confidence by providing responsive services, reasonable rates, system capacity, and effective communication. We provide safe and sufficient drinking water by protecting, treating, and distributing drinking water. We protect the environment by collecting and treating wastewater, reusing residuals beneficially, and regulating system discharges. We accomplish our mission through well-trained employees dedicated to customer service.

## ORGANIZATION CHART



## KEY ISSUES AND CHALLENGES

- Drought-** Continued management and enforcement of water restrictions will be a key challenge in FY2009. While mandatory conservation restrictions are necessary to protect the regional water supply, the restrictions will continue to negatively impact Utilities' revenues. Constant evaluation, and recalibration when appropriate, of drought management will be important in FY2009.
- Intervention in the South Carolina vs. North Carolina Water Rights Law Suit-** South Carolina filed a suit in the United States Supreme Court against North Carolina seeking an equitable apportionment between the two states regarding the flow of the Catawba River into South Carolina. Utilities will continue to be involved; the outcome of this suit will have significant ramifications for all parties involved.
- Rising Costs-** Rising costs in the areas of natural gas, electricity, and chemicals will continue to be a challenge for our water and wastewater treatment plants. While chemicals are becoming more costly, the need for greater amounts of chemicals will be required to meet increasingly stringent permit requirements. Similar to other businesses and departments, Utilities will also be challenged by the rising cost of fuel. We will continue to evaluate opportunities for gained efficiencies in the area of fuel conservation.

## Strategy and Planning

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### ACCOMPLISHMENTS

Over the past several years, Utilities has experienced numerous accomplishments. Highlights of those accomplishments include:

- Providing safe drinking water to our community year after year. Utilities consistently meets Environmental Protection Agency's *Safe Drinking Water Act* requirements.
- Maintaining exemplary financial management. Utilities AAA and Aa1 bond ratings have saved ratepayers millions of dollars as a result of securing low interest rates.
- Having competitive rates as a result of effective management, use of technology, and managed competition efforts. Over the years, Utilities has maintained some of the lowest rates in the region.

### LINKS TO CORPORATE STRATEGY

Utilities has reviewed and updated its Balanced Scorecard initiatives to maintain alignment with the goals of City Council and the mission and vision of our organization.

Serve the  
Customer

#### The Customer Perspective

Utilities is committed to customer satisfaction and confidence by safeguarding the environment and providing responsive services, reasonable rates, system capacity, and effective communication.

Run the  
Business

#### The Internal Process Perspective

Utilities continues to leverage technology and collaborate with other business units in efforts to optimize business processes with the ultimate goal of enhancing customer service.

Manage  
Resources

#### The Financial Perspective

Sound financial management is a responsibility Utilities takes seriously, as we owe it to our ratepayers who support our operation. Effective management and a comprehensive Capital Investment Program contribute to our excellent bond ratings.

Develop  
Employees

#### The Learning and Growth Perspective

Hiring and retaining competent staff is vital to our success. Employee training and development continues to be a high priority for Utilities.

## STRATEGIC INITIATIVES

The table below identifies a few of the initiatives Utilities will undertake and how they align with the City's corporate objectives and/or focus areas. A full listing of Utilities FY2008-FY2009 initiatives can be found in Appendix A of this report.

	<i>KBU Initiative</i>	<i>Linkage to Corporate Strategy</i>
Serve the Customer	<b>Environmental Stewardship:</b> <ul style="list-style-type: none"> <li>Reduce sanitary sewer overflows</li> <li>Meet or exceed Safe Drinking Water Act Requirements</li> <li>Full compliance with wastewater discharge permit requirements</li> </ul>	<b>Corporate Objective:</b> Safeguard the Environment <b>Focus Area:</b> Environment
Run the Business	<b>Prepare for the Future:</b> <ul style="list-style-type: none"> <li>Develop the business case, obtain approvals, and kickoff pilot</li> </ul>	<b>Corporate Objective:</b> Optimize Business Processes
Manage Resources	<b>Maintain Financial Stability:</b> <ul style="list-style-type: none"> <li>Conduct study of current rate methodology</li> </ul>	<b>Corporate Objective:</b> Maintain AAA Rating
Develop Employees	<b>Plan for the Future:</b> <ul style="list-style-type: none"> <li>Conduct career planning workshops</li> </ul>	<b>Corporate Objective:</b> Promote Learning and Growth

## Service Delivery

### SERVICES

Utilities is organized around seven service areas. These areas and the services they provide are described briefly below.

**Administration:** Provides departmental level functions such as key business decisions, human resources, budget, technology, communications, training, and security.

**Customer Service:** Oversees new connections, service availability and customer account management including bill inquiries, meter reading, leak investigation, and revenue recovery.

**Engineering:** Provides design and construction of Utilities facilities, water and sewer main rehabilitation and extensions, donated projects, and surveying.

**Environmental Management:** Manages the treatment of wastewater before it is discharged back into the environment and protects our system by regulating industrial/commercial wastewater discharges, and oil and grease reduction.

**Field Operations:** Maintains more than 7,700 miles of water and sewer pipe and more than 241,000 service connections.

**Laboratory Services:** Provides testing of water, wastewater, and industrial users for compliance and manages water quality issues relating to taste, color, and odor.

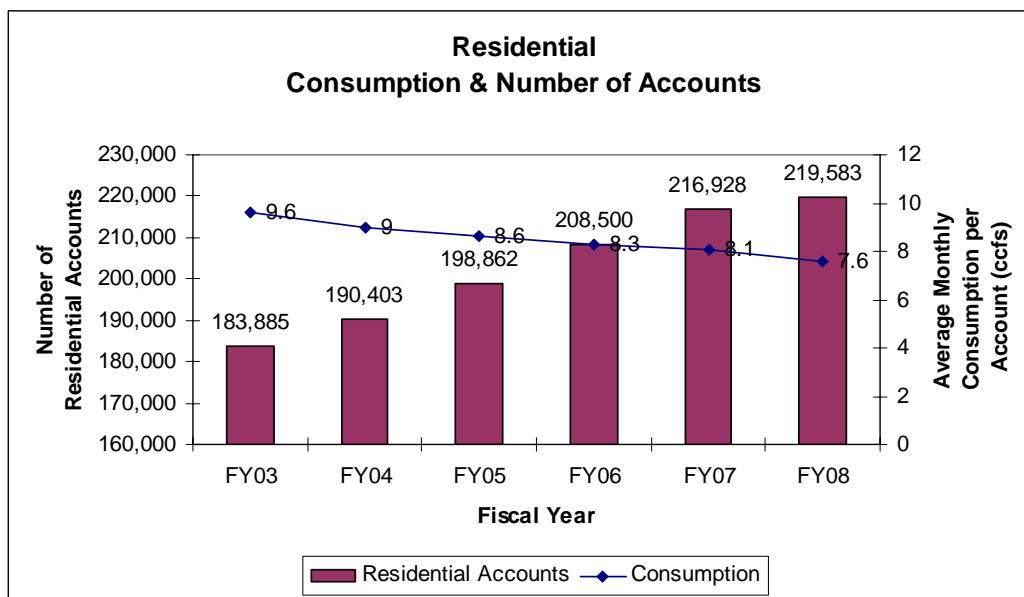
**Water Treatment:** Provides treatment of water before it is distributed to customers and oversees the backflow prevention program.

**HISTORY and TRENDS**

Our customer base and water and wastewater system continue to grow.

	As of June			
	2005	2006	2007	2008
Water Accounts	223,559	232,545	237,930	241,637
Wastewater Accounts	196,906	205,569	219,154	222,887
Water Mains (miles)	3,450	3,528	3,850	3,929
Wastewater Mains (miles)	3,369	3,433	3,865	3,942

Utilities has seen a continual decrease in the average consumption per residential account for the past six years. The reduction in consumption is a result of an integrated approach of education, incentives, awareness, and community outreach programs to encourage water conservation. FY2008, the mandatory conservation restrictions further contributed to the trend in declining water usage.



## Resource Allocation Summary

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	FY2007 Budget	FY2008 Budget	FY2009 Budget
Budget	\$207,849,943	\$252,737,905	\$246,702,894
Authorized Positions	818.5	819.5	813.5
Water CIP	\$28,273,000	\$104,675,000	\$63,076,050
Wastewater CIP	\$49,450,000	\$139,810,000	\$169,720,000

## Conclusion

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Utilities remains committed to the City's corporate strategy and to providing high-quality, low-cost services to our customers. This strategic operating plan promotes the achievement of organizational goals and objectives as well as continuing Utilities commitment to providing vital basic services to our customers.



# Appendix A: Balanced Scorecard

Reporting Period: July 1, 2008 to June 30, 2009

Corporate Objective	KBU Initiative (* indicates Focus Area Initiative)	Measure (\$ indicates incentive pay measure)	FY08 Actual	Lead or Lag	Target	Comments/Explanation
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Serve the Customer	Safeguard the Environment	*Environmental Stewardship	Meet or exceed compliance with Safe Drinking Water Act requirements	100%	Lag	100%	
			Comply with National Pollutant Discharge Elimination System permit requirements for all five wastewater plants	Not met	Lead	100%	
			Reduce sanitary sewer overflows	9.2 per 100 miles	Lead	10 per 100 miles	Reduce sanitary sewer overflows to below 10 per 100 miles of pipe
			Improve water leak repair time	2.88 days	Lead	10 days	Average repair time of 10 days under normal condition and 5 days when in Stage II drought our higher
				99%		95%	Repair 95% of all leaks within 4 weeks
			Continue a leadership role in the Catawba-Wateree Water Management Group to enhance regional supply planning & collaborative drought response	New Measure	Lead	See comments	Lead group with Utilities staff as chair of the Water Management Group and actively involved in committee work in 2008
			Further City initiative of adopting sound environmental practices in facilities	New Measure	Lead	See comments	Achieve the City's first Leadership in Energy and Environmental Design (LEED) certification at the Utilities Environmental Services Facility from the U.S. Green Building Council
			Improve the public's perception of Utilities performance as an environmental steward	20%	Lag	2% over previous (22%)	Achieve overall rating of above average or higher on UNCC community survey
			Develop an environmental certification program for Utilities' locations	New Measure	Lead	June 2009	
Run the Business	B1. Enhance Customer Service	Customer Service	Develop and provide customer service training to all Utilities employees	New Measure	Lead	June 30, 2009	
			Interview employees at touch point areas to evaluate improvement in the area of customer service	New Measure	Lag	Quarterly Interviews	Touch point areas include, but not excluded to: City Manager's Office, CharMeck 311, Utilities' Administrative Support
			Increase billing of metered accounts on actual readings	99.5%	Lead	99.5%	
			(\$ Increase number of customer service cards returned; and	1,358	Lag	7% over prior year (1,453)	
			Maintain a rating of good or higher on responses	95%		92%	

			Reduce the number of calls to the Billing Center	5.15%	Lag	5%	
	B2. Optimize Business Processes	Prepare for the Future	Complete the Water Master Plan	New Measure	Lead	August 2008	
			Maintain the schedule established for critical action items in Wastewater Treatment Capacity Study	New Measure	Lead	Maintain schedule	
			Add additional field computing devices	17	Lead		
			Initiate the City-wide Work and Asset Management implementation	New Measure	Stretch	March 2009	Develop business case; obtain approvals; kick-off pilot
Manage Resources	Maintain AAA Rating	Maintain Financial Strength	Conduct a study of the current rate methodology including the examination of rate stabilization mechanisms and utilization of a drought surcharge	New Measure	Lead	June 2009	
Develop Employees	E1.Promote Learning & Growth	Plan for the Future	Conduct career planning workshops	New Measure	Lead	7	
	E2. Achieve Positive Employee Climate	Plan for the Future	Expand the workforce planning program to two new areas	New Measure	Lead	June 30, 2009	
			Conduct training on setting Performance Review and Development (PRD) targets	New Measure	Lead	June 2009	
			(\$) Conduct annual PRDs in a timely manner	90%	Lead	See comments	90% within 30 days
		Promote Healthy Lifestyle for Employees	(\$)	1. Obtain participation from employees in Exercise 101 sessions 2. Obtain employee participation in an approved physical event or activity	New Measure	Lead	20% (151)  20% (151)

## Appendix B: KBU Link to Corporate Scorecard



# Charlotte-Mecklenburg Utilities Strategy FY 2008-2009

*City  
Vision*

**Community of Choice for Living,  
Working and Leisure**

*Strategic  
Themes*

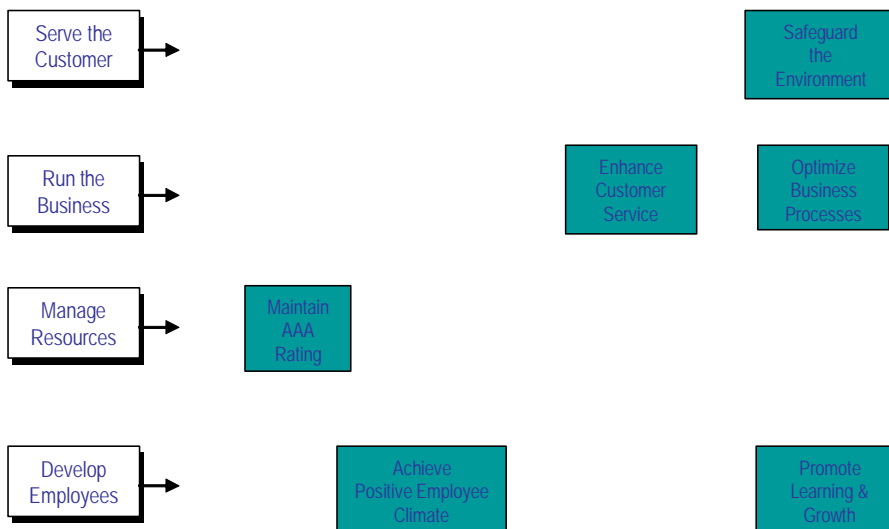
**City Council Focus Areas**



*Strategic  
Principles*

**Comprehensive Citizen Service**

**Utilities' Balanced Scorecard Objectives**



## Appendix C: Measure Validation Forms

<u>Utilities</u> Customer Service Cards Measure Validation Incentive Target		
<b>Corporate Objective:</b> Enhance Customer Service <b>KBU Initiative:</b> Prepare for the future		
<b>Measure:</b> Increase number of customer service cards returned (7% over prior year actual, FY2009 at least 1,453) and maintain a rating of "very good" or higher on 92% or more of the responses		
<b>Units of Measure:</b> Number of cards returned and percent "good" or higher	<b>Frequency of Update:</b> Monthly	
<b>Measurement Intent:</b> To increase customer feedback		
<b>Measurement Formula:</b> Number of cards returned with "very good" rating/ total number of cards returned		
<b>Data Elements and Sources:</b> Customer Service cards returned and customer service card spreadsheet		
<b>Source For and Approach to Setting Targets:</b> Esther Wilkinson		
<b>Data Contact:</b> Esther Wilkinson		
<b>Target Setting Responsibility:</b> Management Team	<b>Accountability for Meeting Target:</b> Utilities	<b>Tracking/Reporting Responsibility:</b> Mickey Hicks

<u>Utilities</u> Annual Reviews Measure Validation Incentive Target		
<b>Corporate Objective:</b> Achieve a Positive Employee Climate <b>KBU Initiative:</b> Prepare for the future		
<b>Measure:</b> Conduct annual reviews in a timely manner (90% within 30 days and 95% within 60 days)		
<b>Units of Measure:</b> Percent	<b>Frequency of Update:</b> Monthly	
<b>Measurement Intent:</b> To monitor the timeliness of annual reviews as well as encourage punctuality of annual reviews		
<b>Measurement Formula:</b> (Provides a detailed formula for the calculation of a numerical value for the measure) (total number of reviews due in the 30 or 60 day period/ total number conducted) – 100%		
<b>Data Elements and Sources:</b> Spreadsheets		
<b>Source For and Approach to Setting Targets:</b> (Identifies the report, document, system or individual from which the information will be obtained) Administrative Officers		
<b>Data Contact:</b> (Name the person responsible for this measure) Administrative Officers		
<b>Target Setting Responsibility:</b> Management Team	<b>Accountability for Meeting Target:</b> Utilities	<b>Tracking/Reporting Responsibility:</b> Administrative Officers

<b>Utilities Wellness Initiatives Measure Validation</b>		
<b>Corporate Objective:</b> Achieve Positive Employee Climate <b>KBU Initiative:</b> Support Physical Activity		
<b>Measure:</b> Promote healthy alternatives for employees through physical activities program.		
<b>Units of Measure:</b> 20% of participation from employees in Exercise 101 sessions.  20% of employees participate in a physical activity program with Utilities providing different activity programs throughout the year to promote physical activity.	<b>Frequency of Update:</b> Will record quarterly employee participation of physical activity.	
<b>Measurement Intent:</b> (Describe the measure and the reasoning behind its selection an indicator of progress against this strategic objective) Promote healthier employees by way of physical activity and education to promote healthier lifestyle changes. Consistent with Citywide wellness goals and healthy lifestyles for our employees.		
<b>Measurement Formula:</b> (Provides a detailed formula for the calculation of a numerical value for the measure) Tracking of # of minutes per timed activity, i.e. walking, swimming, running, etc. and activity waiver form for team activities.		
<b>Data Elements and Sources:</b> (The data elements required to calculate this measure and the source systems, databases, documents, etc. of those data elements) Wellness Ambassador will coordinate with Administrative Officers attendance in the Exercise 101 sessions. Wellness Ambassador will maintain participation database.		
<b>Source For and Approach to Setting Targets:</b> (Identifies the report, document, system or individual from which the information will be obtained) Wellness Ambassadors		
<b>Data Contact:</b> (Name the person responsible for this measure) Renea Steele		
<b>Target Setting Responsibility:</b> Wellness Ambassadors	<b>Accountability for Meeting Target:</b> Utilities Department	<b>Tracking/Reporting Responsibility:</b> Renea Steele

<b>Utilities Fuel Initiative Measure Validation Incentive Target</b>		
<b>Corporate Objective:</b> Safeguard the Environment <b>KBU Initiative:</b> Environmental Stewardship		
<b>Measure:</b> Reduce fuel consumption		
<b>Units of Measure:</b> Gallons purchased through Fuelman	<b>Frequency of Update:</b> Monthly updates from billing records	
<b>Measurement Intent:</b> Promote fuel conservation strategies throughout the department to reduce expenses and promote sustainable operations.		
<b>Measurement Formula:</b> Total number of gallons purchased through Fuelman as compared to total number of gallons purchased through Fuelman of previous month/year.		
<b>Data Elements and Sources:</b> Use billing information provided by Fuelman		
<b>Source For and Approach to Setting Targets:</b> Management Team discussion of overall organization objective		
<b>Data Contact:</b> Monica Croskey		
<b>Target Setting Responsibility:</b> Management Team	<b>Accountability for Meeting Target:</b> Utilities Department	<b>Tracking/Reporting Responsibility:</b> Monica Croskey