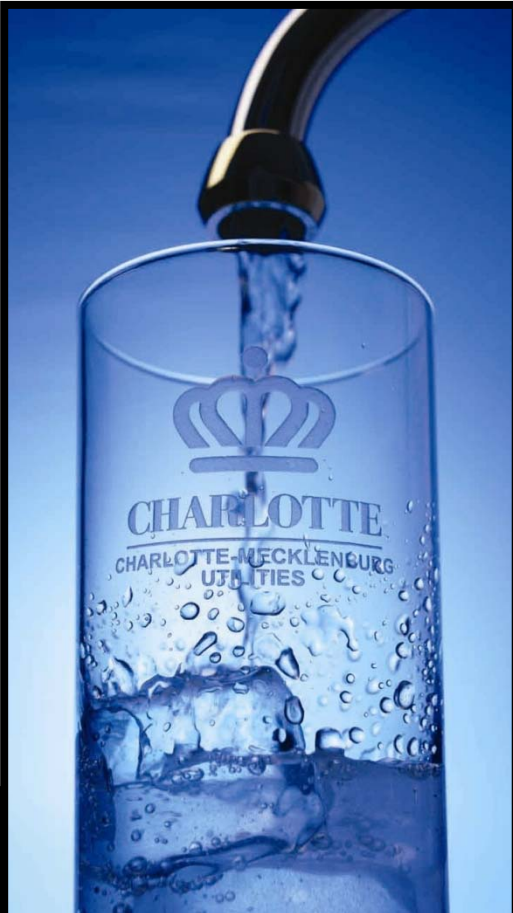


STRATEGIC OPERATING PLAN FY2012 – FY2013



CHARLOTTE-MECKLENBURG UTILITIES

Clean Water for a Healthy Community

Report prepared July 2011.



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Executive Summary

INTRODUCTION

Charlotte-Mecklenburg Utilities Department (CMUD) was established in 1972 when the City of Charlotte and Mecklenburg County combined its water and sewer systems. Today CMUD is the largest public utility in the Carolinas, serving over 248,000 water service accounts and maintaining over 8,000 miles of pipe.

CMUD's 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, CMUD has a citizen Advisory Committee 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 and implementation of the water and sewer rate methodology, and proposed changes in the policy for extending water and sewer service.



CMUD plans for FY2012 through FY2013 to 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

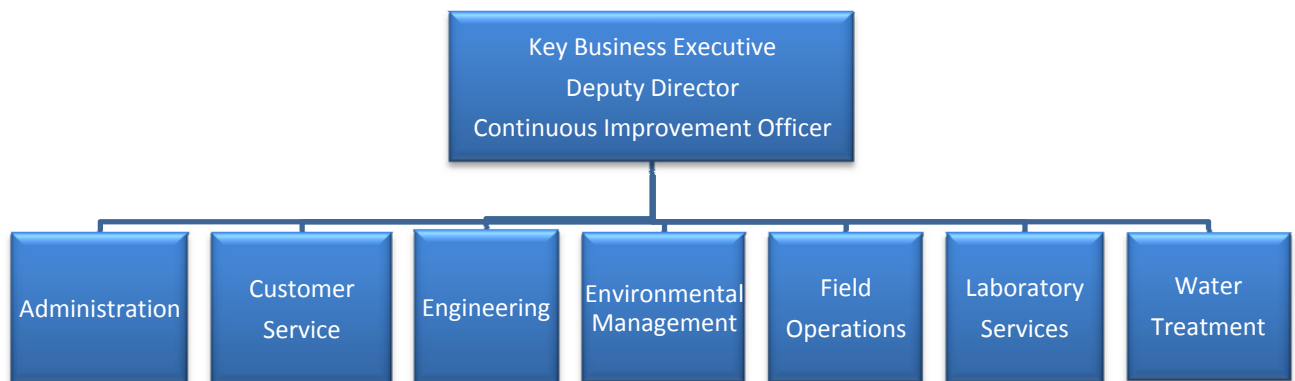
Vision

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

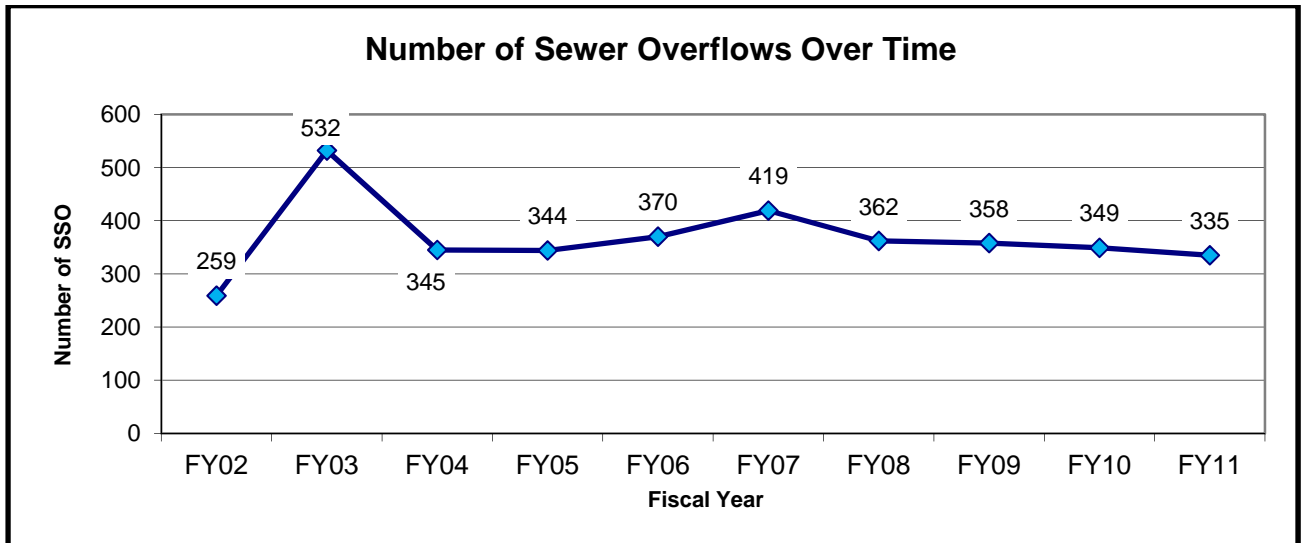


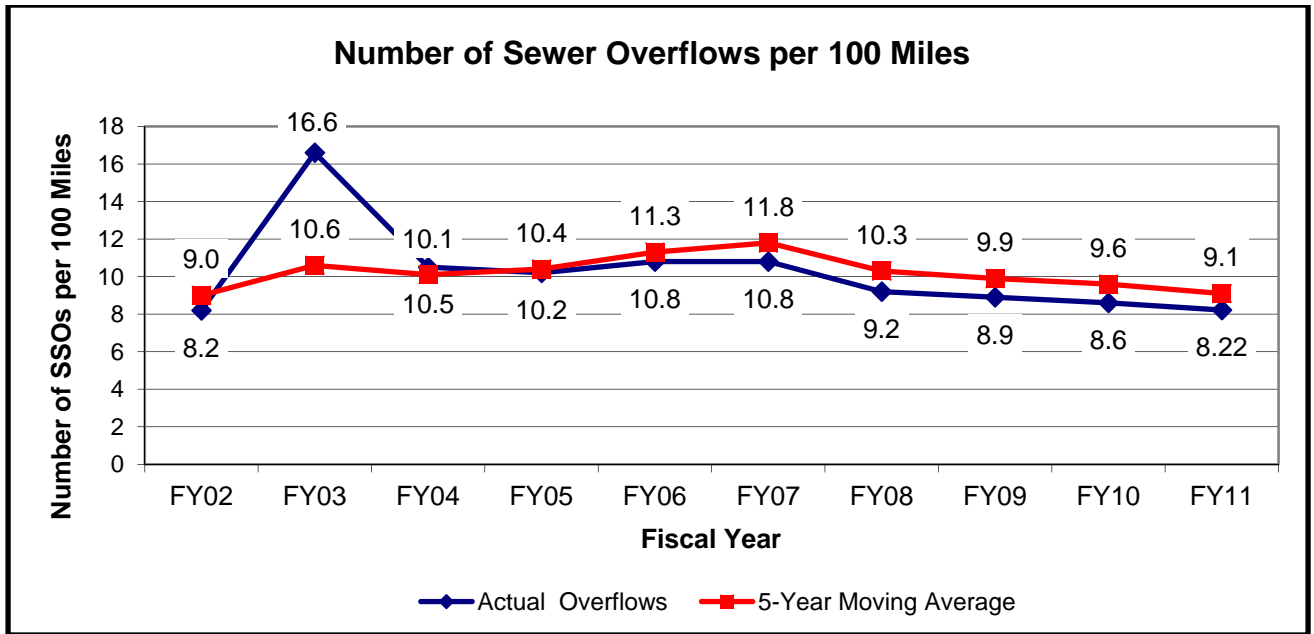
KEY ISSUES AND CHALLENGES

- **Regional Water Supply Management** – At the end of calendar year 2010, the South Carolina vs. North Carolina Water Rights law suit was settled. However, the management of our regional water supply will continue to be a key issue, particularly as unusual bouts of extended drought occur. This will necessitate continued vigilance and partnerships with diverse stakeholders and groups. Participation in the Catawba-Wateree Water Management Group, the Yadkin River Stakeholders Group, and responding to the state’s Water Allocation Study recommendations will be among the necessary actions.
- **Operational Challenges continue to be of concern:**
 - Risk Management – CMUD will undertake a renewed focus on risk, including Emergency Preparedness and Safety, in FY2012. The goal of this focus is to bring more utility wide cohesion and daily awareness to our existing safe practices by applying additional continuous improvement techniques.
 - Deferred maintenance at plants - Less frequent equipment maintenance due to funding constraints increases the risk of equipment failure. This results in higher repair and replacement costs due to deferred maintenance. This has

been a challenge in the most recent past. CMUD is renewing focus on maintenance in FY2012.

- Sanitary Sewer Overflows (SSOs) - SSOs remain a challenge for CMUD. Currently, we remain under an EPA Administrative Order to reduce sewer spills. We are in the anticipated final year of the five-year Order. This formal regulatory order requires CMUD to complete a list of actions within a specified time frame. While all of those actions have been completed on time, SSOs have not decreased to the full extent desired. CMUD ended FY2011 with 8.22 sanitary sewer spills per 100 miles of pipe, an improvement from 8.6 the previous year. However, sewer overflows continue to represent one of our greatest operational challenges. While our system safely collects, treats, and recycles 99.9% of our community's 30 million gallons of wastewater each day, CMUD strives to meet the regulatory goal of zero sewer spills. The charts that follow provide historical sanitary sewer overflow data.



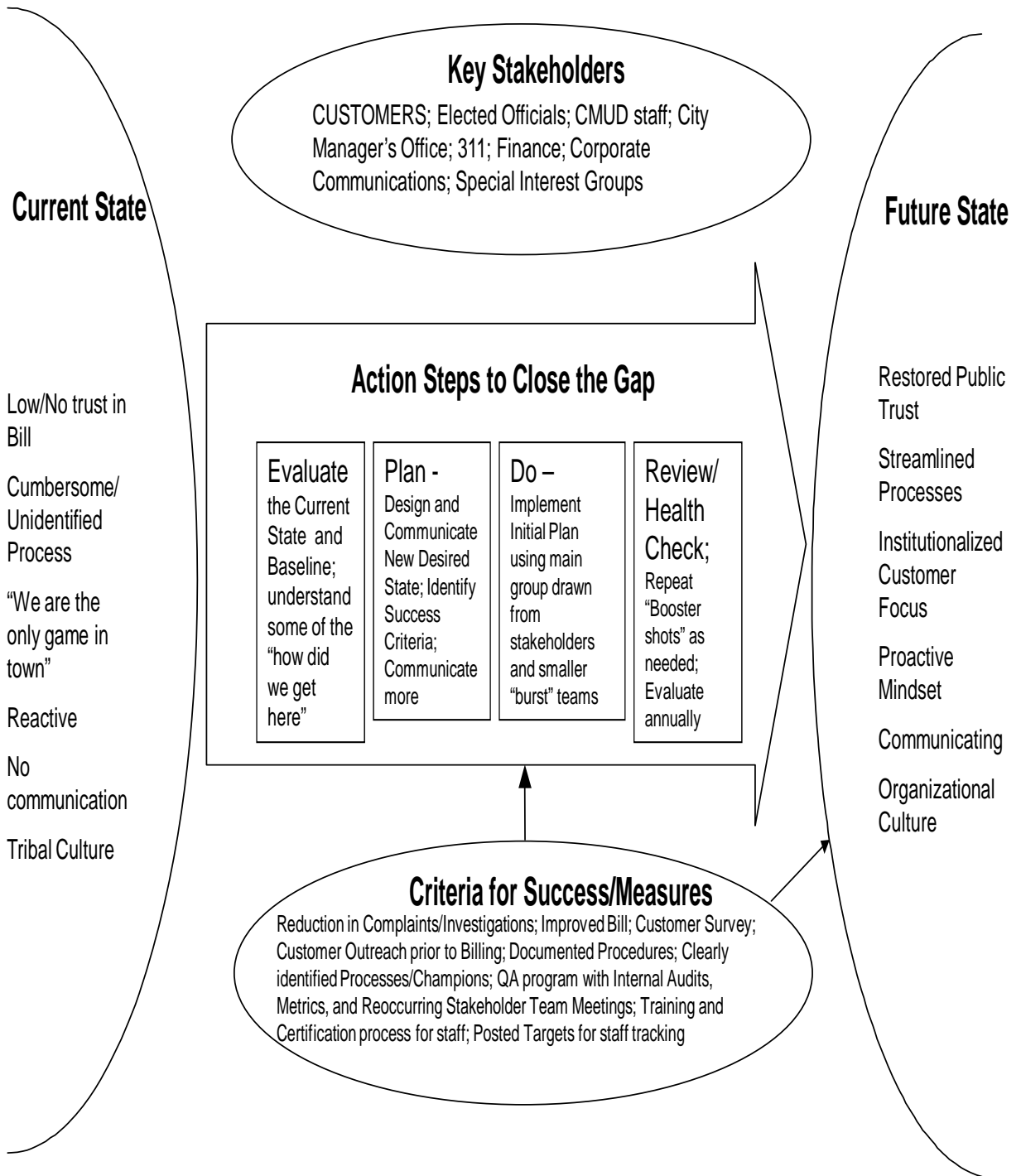


- Water Leak Response - Resources responding to water leaks were diverted to respond to the increasing number of SSOs in FY2011. This caused water leak response time to increase to an average of 30+ days, which was subsequently reduced with the assistance of contractor support. Restoration of some field operations crews in FY2012 is anticipated to provide assistance with response.
- **Continuing Financial Challenges** impacted every aspect of our business. As we anticipated, the economic downturn and reduced water usage due to successful conservation efforts over the last decade impact CMUD’s revenues and operations. CMUD’s fund balance will increase by approximately \$20 million in FY2011. Although CMUD did not meet anticipated revenue projections for FY2011, savings from budgeted expenditures allowed us to maintain our targeted goals for both debt coverage and fund balance expectations. Rainfall in the last two months of the fiscal year and the lack of new housing starts attributed to the lesser revenues. A provisional budget instituted at the beginning of the fiscal year enabled us to hold expenditures at a level to meet our financial goals. For FY2012:
 - CMUD Operating Budget for FY2012 is \$286,530,921(includes debt service and PayGo).
 - The FY2012 Water CIP is \$67,572,575 while the Wastewater CIP is \$50,327,000.
 - The authorized positions for CMUD are 746.25.
 - The *Estimated* Population Served in Mecklenburg County is 788,190.
 - Due in part to continued slow development and far fewer new connections in FY2011, revenue shortfalls occurred in capacity and connection fees. Accordingly, projections for FY2012 and FY2013 will be less than FY2011.

- Operating budget projection for FY2012 is \$62,745,292 and for FY2013 is \$65,176,732. Considerations for projections include:
 - Energy cost escalation, including fuel and electricity, remains a concern area. Recent increases could represent a drag on area growth and a significant area of cost growth.
 - Overtime (line item 012) may be impacted should unfavorable weather patterns, such as prolonged cold snaps, develop. Further, biosolids (198 sludge disposal) can be negatively impacted if springtime wet weather develops and persists outside of normally predicted patterns.
 - Chemicals for water treatment (line item 262) have increased due to a change in the treatment process to meet regulatory requirements.

- Charlotte-Mecklenburg Utilities continues to experience some challenges with service delivery due to the departmental three-year hiring freeze first imposed at the height of the 2007-2008 drought. Water quality and safety will not be compromised, but we will continue to face delays in system repair and maintenance, system protection, and customer requests for service. Operational challenges have also been exacerbated by cost control measures implemented as revenues have been negatively impacted by the slow economy and reduced customer consumption. These challenges are being felt by our customer base as we strive to answer service requests as quickly as we can with our present staffing resources. In order to balance resources and demand, we have revised the rate methodology and rate model, along with restructuring capital planning and debt financing. We are responding to an uncertain economy and changing growth patterns in our service area. We have requested and received an increase in our authorized positions to better respond to these needs while maintaining cost effective fees.

- **Customer Service** – Beginning in November 2009, a sharp increase in customer complaints occurred. These complaints were driven largely by high water bills, unsatisfactory customer service and a variety of customer-related issues including suspected meter reading errors and objections to recent rate increases and rate methodology. A City Manager-sponsored *Utilities Customer Service Evaluation Project* began in January 2010 and resulted in a 40 point improvement plan by September 2010 (see BLUEPRINT). Implementation of the 40 Point Improvement Plan began immediately. As of June 2011, over 50% of the identified items from the plan have been instituted as part of a continuous improvement process. In FY2012, the Customer Service Division will be reorganized around the new vision with an emphasis on performance management, quality assurance, and a customer centric culture. A reevaluation of the continuous improvement implementation will occur by the end of FY2013.



BLUEPRINT FOR 40 POINT IMPROVEMENT PLAN



ACCOMPLISHMENTS

Over the past several years, CMUD has experienced numerous accomplishments. Among the most significant of those accomplishments include:

- **Providing safe drinking water and efficient sewer service to our community year after year.** CMUD consistently meets Environmental Protection Agency's *Safe Drinking Water Act* and *Clean Water Act* requirements.
- **Maintaining exemplary financial management.** CMUD AAA bond ratings have saved ratepayers millions of dollars as a result of securing low interest rates.

CMUD's competitive rates result from effective management, strategic use of technology, and managed competition efforts. Over the years, CMUD has maintained some of the lowest rates in the region. Additional recent accomplishments include:

- **Customer Service** - The Evaluation Project initiated by the City Manager was completed by September 2010. A field audit of 9,000 meters was completed in the summer of 2010 as part of the evaluation and has led to an ongoing internal operational audit of meter reading equipment. A benchmark study was completed to evaluate current policies related to delinquency, payment arrangements, account holder requirements and leak adjustment practices. The benchmark study highlighted areas where CMUD led other water service organizations and where CMUD could improve. By FY2011 end, the *40 Point Implementation Project Team*, including CMUD, 311, and Finance staff, implemented many additional customer service improvements such as the 311 Escalation Team, new hardware for field staff, and a comprehensive rate methodology study. The rate methodology study involved citizen input and is expected to help address public concerns about *how* customers are charged for water and sewer service. It defines the next evolution in the rate structure by addressing public concerns about rate equity, environmental and economic sustainability, water conservation, and affordability.
- **Emphasis on Change Management and Continuous Improvement** – With the June 2010 selection of Barry Gullet as Director, a renewed emphasis on change for improvement and efficiency was ushered into CMUD. Two positions (Deputy Director and Continuous Improvement Officer) were quickly filled and charged with this focus on change management and continuous improvement. Staff members were reassigned to

drive the effective utilization of the resources we have and to identify non-value added work and unnecessary handoffs for elimination. This focus will continue.

- A preliminary engineering study has been completed for the McAlpine WWMF Methane to Power project. The study indicates that the project has the potential to provide over 30% of the power demand needed for McAlpine. McAlpine has anaerobic digesters that produce methane gas that can be converted to electric power and thermal heat that can be utilized by the plant. The estimated payback period is 7 years. The proposed project includes a grease receiving station to accept “brown grease” at the treatment plant.
- **Several Awards were earned** for our environmental stewardship and operational efficiency.
 - **ISO 14001 certification** was extended as a corporate certificate to cover Mallard, McDowell, and Biosolids. The process was completed in March with the certificate received by July 2010.
 - All five wastewater treatment plants received 2010 **Peak Performance Awards** from the National Association of Clean Water Agencies. Awards are given in the year following compliance performance. Mallard and McDowell wastewater treatment plants are ranked Platinum for over five years of 100% compliance.
 - **Bond Rating** – CMUD was reviewed by the major bond agencies and **rated AAA** by all three agencies. This is the highest possible ‘credit rating’ our system can achieve, and only a handful of utilities throughout the U.S. have earned this distinction. We continue to focus on effective financial management so that this rating may be maintained.

LINKS TO CORPORATE STRATEGY

CMUD 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

CMUD 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

CMUD 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 CMUD 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 CMUD.

STRATEGIC INITIATIVES

The table below identifies a few of the initiatives CMUD will undertake and how they align with the City’s corporate objectives and/or focus areas. A full listing of CMUD FY2012 initiatives can be found in Appendix A of this report.

	<i>KBU Initiative</i>	<i>Linkage to Corporate Strategy</i>
Serve the Customer	Environmental Stewardship: <ul style="list-style-type: none"> • Reduce sanitary sewer overflows • Meet or exceed Safe Drinking Water Act Requirements • Full compliance with wastewater discharge permit requirements 	Corporate Objective: Safeguard the Environment Focus Area: Environment
Run the Business	Enhance Customer Service: <ul style="list-style-type: none"> • Complete customer service optimization projects • Complete Work and Asset Management implementation for Field Operations, Water Treatment and Environmental Management 	Corporate Objective: Develop Collaborative Solutions
Manage Resources	Prepare for the Future: <ul style="list-style-type: none"> • Incorporate performance measures into business practices • Provide more information and services to customers. 	Corporate Objective: Invest in Infrastructure
Develop Employees	Provide Growth for the Future: <ul style="list-style-type: none"> • Promote, assist, and support City initiatives including Culture Shift • Engage in Citywide efforts for Change Management and Continuous Improvement 	Corporate Objective: Promote Learning and Growth

Service Delivery

SERVICES

CMUD 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, financial management, rate setting, technology, communications, training, revenue recovery and security.

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

Engineering: Provides design and construction of CMUD 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 8,000 miles of water and sewer pipe and more than 245,000 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.

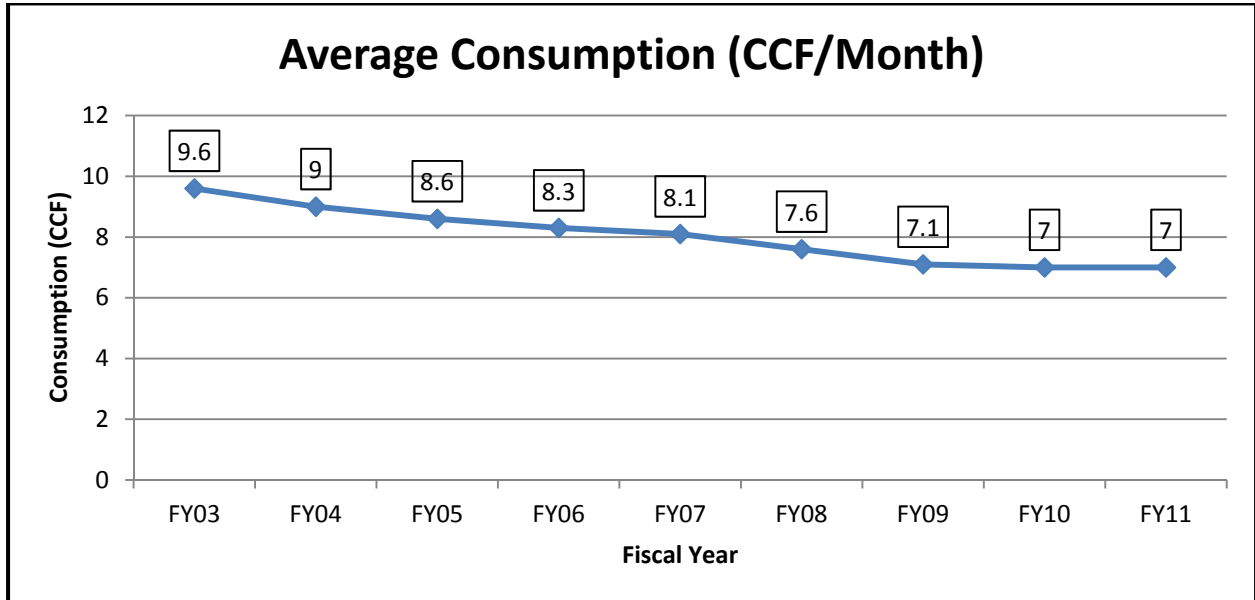
Water Treatment: Provides treatment of water before it is distributed to customers and oversees the backflow prevention program.

HISTORY and TRENDS

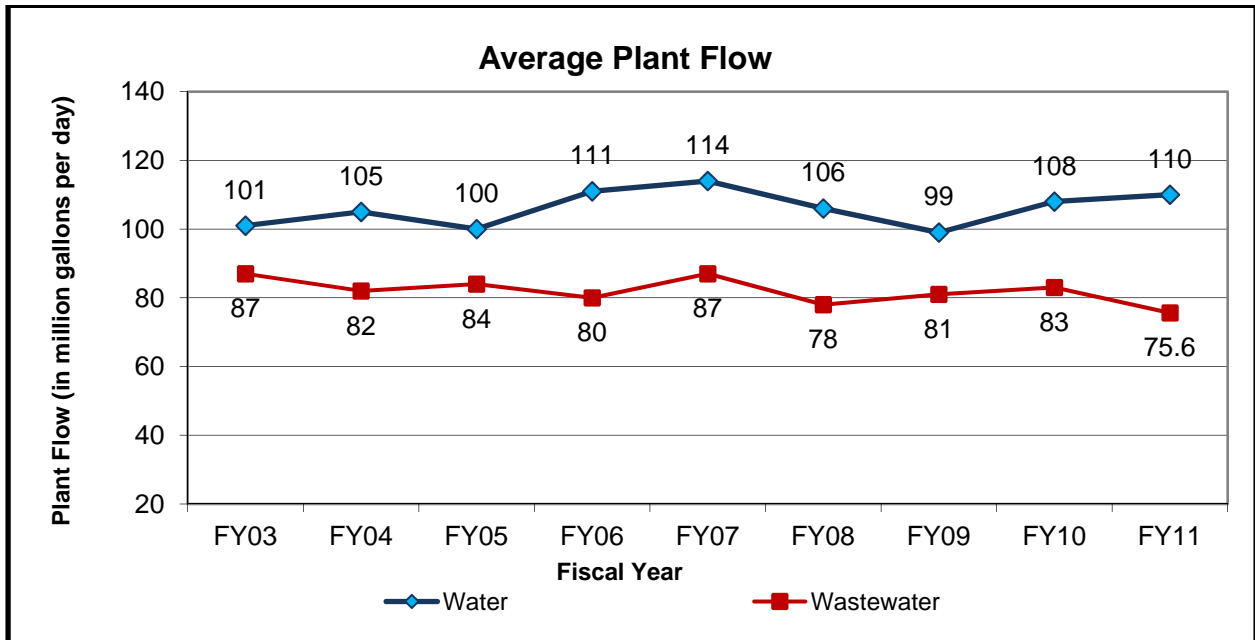
Our customer base and water and wastewater system continued to grow through 2011, although the growth rate has noticeably slowed.

	<i>As of June</i>				
	2007	2008	2009	2010	2011
Water Accounts	237,930	241,637	242,631	245,854	248,257
Wastewater Accounts	219,154	222,887	223,855	226,978	229,002
Water Mains (miles)	3,850	3,929	4,025	4,064	4,094
Wastewater Mains (miles)	3,865	3,942	4,028	4,047	4,073

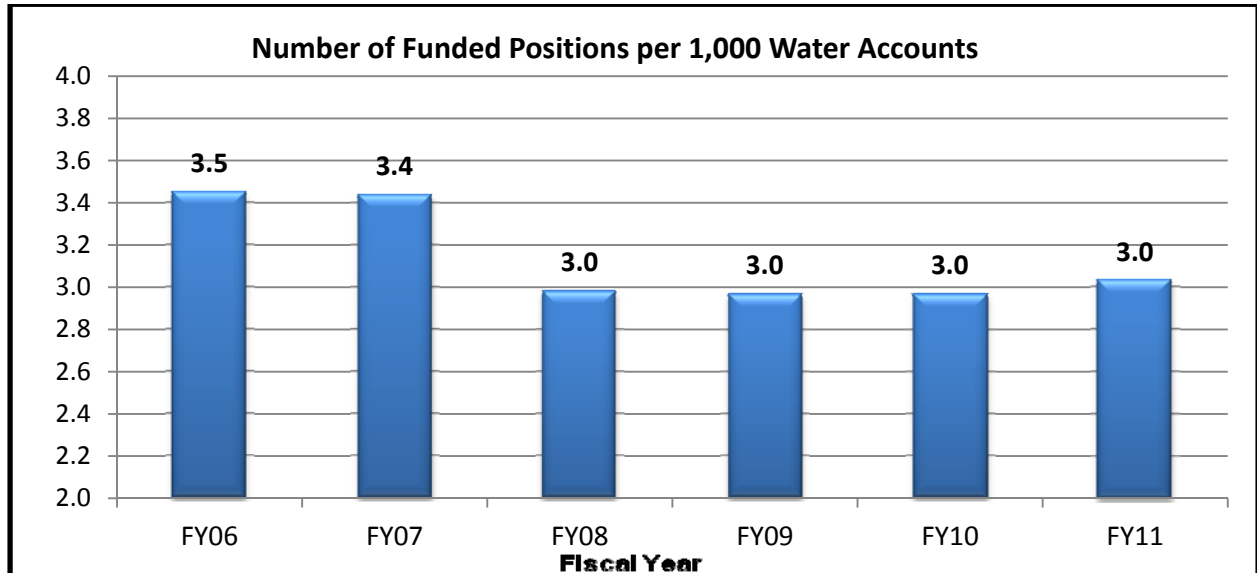
Since FY2004, CMUD had seen a decrease in the average consumption per residential account for consecutive years. Average consumption was nearly flat in FY2011. Following the drought restrictions during FY2008-09, when average consumption declined most notably, residential customers have continued to use less water. This is reflected in the graph below.



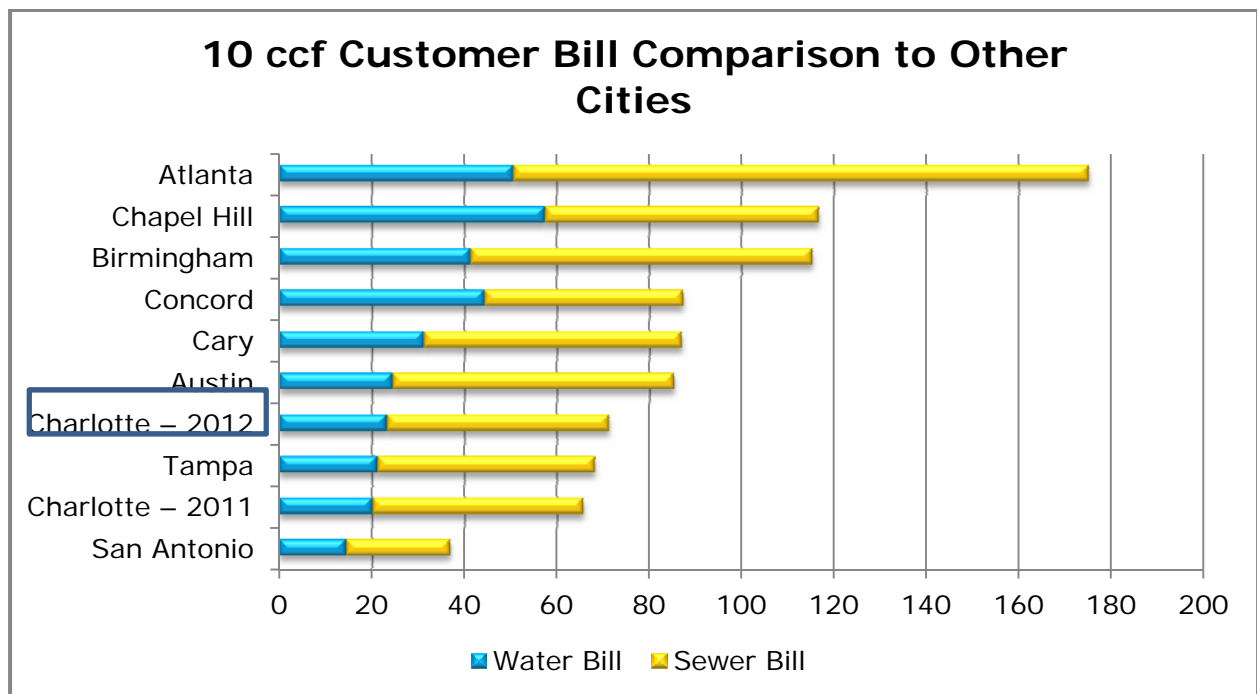
During the first half of FY2011, the water treatment plants saw a 14% increase in average daily pump rates while the wastewater treatment plants flow remained largely unchanged. This is indicative of water being used but not returned to the system, e.g. lawn irrigation. By the end of FY2011, the average plant flow for water increased slightly (by 2%) while wastewater treatment average plant flow had a decrease as shown in the graph below.



Despite an increasing customer base, CMUD has successfully managed resources to minimize operating costs. Optimization, competition, and benchmarking help CMUD provide efficient, quality services while minimizing rate increases.



Charlotte-Mecklenburg Utilities consistently ranks among the lowest rates for average residential customers in regional and national surveys. This is a result of efficient service delivery and capital financing strategies. The following graph shows 2011 data unless otherwise noted.



Resource Allocation Summary

	FY2009 Budget	FY2010 Budget	FY2011 Budget	FY2012 Budget	FY2013 Budget
Budget	\$246,702,894	\$ 251,427,753	\$268,734, 053	\$286,530,921	\$295,368,962
Authorized Positions	813.5	816.5*	791.5	746.25	746.25
Water CIP	\$63,076,050	\$111,066,000	\$29,084,000	\$67,572,575	\$52,632,400
Wastewater CIP	\$169,720,000	\$275,470,000	\$83,262,600	\$50,327,000	\$49,678,000

*To reduce expenses, 97 positions were authorized but not funded in FY2010, while there 87 such positions in FY2011. For FY2012 and FY2013, positions have been eliminated for additional savings.

Conclusion

CMUD remains committed to the City's corporate strategy and to providing high-quality, low-cost services to our customers. One primary lesson learned in FY2011 has been the need to shift our focus from a high growth oriented utility to a utility focused on sustaining operations and customer service as growth in our area has dramatically slowed. This lesson learned will impact how we reposition to best respond to customer needs and maintain efficient operations in the future. This strategic operating plan promotes the achievement of organizational goals and objectives as well as continuing CMUD commitment to providing vital basic services to our customers.

Appendix A: Balanced Scorecard

City Strategy Vision Component	City Corporate Objective	Utilities Initiative	Measure:	Target:
Serve the Customer	Safeguard the Environment	(*) Environmental Focus Area Initiative	Continue a leadership role in regional water resources planning and ensure long term availability of water supply	Work with Catawba-Wateree Management Group to complete Phase 2 of Basin-wide Water Plan by June 2012
Serve the Customer	Safeguard the Environment	Environmental Stewardship	Meet or Exceed Safe Drinking Water Act Requirements	Maintain 100% compliance - report quarterly to insure permit compliance and identify preparations needed for future compliance requirements
Serve the Customer	Safeguard the Environment	(*) Environmental Focus Area Initiative	Comply with National Pollutant Discharge Elimination System permit requirements for all five wastewater plants.	Maintain 100% Compliance with NPDES permits. (Current Scorecard Target and has been identified as a FY12 Target under the Environment Focus Area Initiative Part II, C. of the FY2012 City Strategic Focus Area Plan)
Serve the Customer	Safeguard the Environment	(*) Environmental Focus Area Initiative	Lead by Example by Practicing Environmental Stewardship in City Operations and Facilities	Implement the initial construction of the Combined Heat and Power Project for McAlpine (has been identified as a FY12 Target under Environment Focus Area Initiative Part II, E. of the FY2012 City Strategic Focus Area Plan)
Serve the Customer	Safeguard the Environment	Environmental Stewardship	Lead by Example by Practicing Environmental Stewardship in City Operations and Facilities	Reduce Sanitary Sewer Overflows to below 8 per 100 miles of pipe
Serve the Customer	Safeguard the Environment	Environmental Stewardship	Lead by Example by Practicing Environmental Stewardship in City Operations and Facilities	Repair Water Leaks - complete 100% of leak repairs within 90 days
Serve the Customer	Safeguard the Environment	(*) Environmental Focus Area Initiative	Lead by Example by Practicing Environmental Stewardship in City Operations and Facilities	Demonstrate support of the Sustainable Facilities policies by assisting and advocating incorporation of sustainable elements in the CMUD Administration Building Renovations Project: After construction of the renovation project by April 2012, conduct 2 energy conservation training classes by June 30,2012.

City Strategy Vision Component	City Corporate Objective	Utilities Initiative	Measure:	Target:
Run the Business	Optimize Business Processes	Customer Service Improvements	Incorporate performance measures into business practices	Conduct inspections prior to bill issuance based on high consumption on 50% of accounts each quarter (on annual average basis) that meet process criteria of 8 times normal water usage.
Run the Business	Enhance Customer Service	Customer Service Improvements	Provide more information and services to customers.	Implement Phase 1 customer service web portal to include FAQ information, bill viewing, bill payment, and account management functions on website by June 2012.
Run the Business	Enhance Customer Service	Customer Service Improvements	Reorganize divisions to focus on customer needs and system maintenance.	Complete Customer Service re-organization phase 1 (new organization chart and identify management team) by September, 2011. Create performance team for quality assurance in Customer Service Division as part of reorganization and establish performance targets for critical processes by June 1, 2012.
Run the Business	Enhance Customer Service	Customer Service Improvements	Reorganize divisions to focus on customer needs and system maintenance.	Evaluate divisional organizational structure of Utilities; Begin reorganization process of two other divisions by June 2012.
Run the Business	Enhance Customer Service	Customer Service Improvements	Provide more information and services to customers.	Complete evaluation of the Private Line Insurance Warranty Program and make recommendation on how CMUD will proceed by October 1, 2011.
Run the Business	Optimize Business Processes	Prepare for the Future	Reduce Risk Management exposure	Implement initiatives and strategies for safety - (1) SOAR team initiatives: implement utility wide daily safety reminder program by September 2011 with tracking of use by January 2012 (2) Safety Managers initiatives: implement online general safety training modules by November 2011 and track use quarterly.
Run the Business	Optimize Business Processes	Prepare for the Future	Incorporate performance measures into business practices	Complete Sugar Creek ISO Certification process - phase 1 Gap Analysis internal audit by June 30, 2012 and certification by 2014.
Run the Business	Optimize Business Processes	Prepare for the Future	Incorporate performance measures into business practices	Lab Division will become NELAC Certified - beginning with our Metals and Microbiology Sections by June 30, 2012.

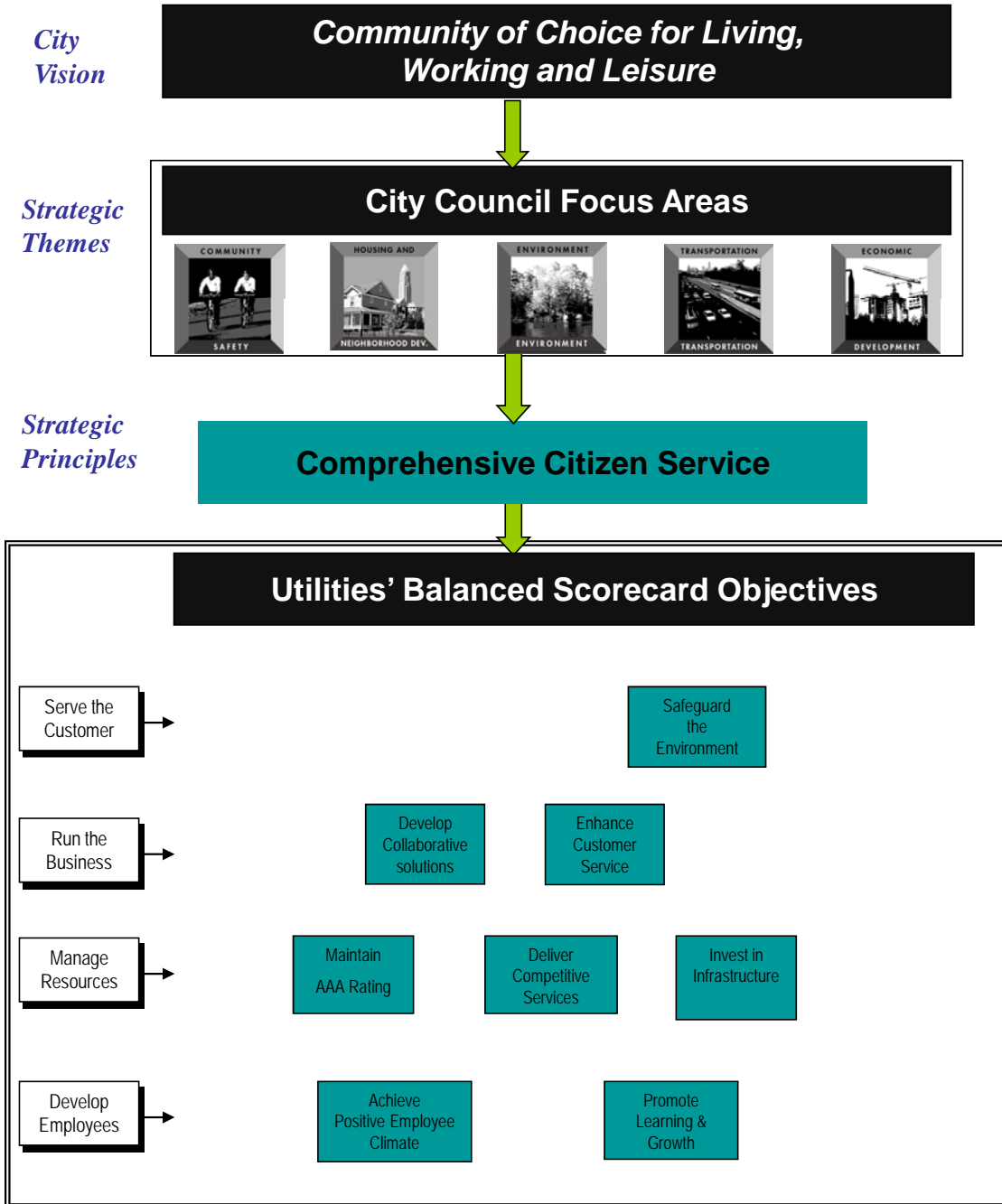
City Strategy Vision Component	City Corporate Objective	Utilities Initiative	Measure:	Target:
Run the Business	Develop Collaborative Solutions	Prepare for the Future	Incorporate performance measures into business practices	Work and Asset Management efficiency - Implement Cityworks for Field Operations by October 2011. Implement Cityworks for Water Treatment and Environmental Management by June 30, 2012.
Run the Business	Enhance Customer Service	Customer Service Improvements	Provide more information and services to customers.	Communicate the implementation of the new Rate Methodology and new rates in Advantage to customers. Conduct communication rollout phase 1 between May and November 2011 and full implementation rollout (including sewer usage cap based on each customer's average winter consumption) in phase 2 by June 2012.
Run the Business	Optimize Business Processes	Prepare for the Future	Provide more information and services to customers.	Pipeline Improvements - Provide more information to Internal Customers by completing Pipeline content migration to SharePoint by: June 30, 2012.
Run the Business	Enhance Customer Service	Customer Service Improvements	Support and participate in City Manager's Customer Service Evaluation	(40 Point Plan) Build knowledge base for Meter Technology Master Plan RFP - Field Pilot Itron 100W Data Logging ERT, by June 2011; Field Pilot Badger Orion data logging ERT by October / November 2011. Based on pilot data, develop RFP scope by June 30, 2012.
Run the Business	Enhance Customer Service	Customer Service Improvements	Support and participate in City Manager's Customer Service Evaluation	(40 Point Plan) (to support Customer Service reorganization) Complete Service Suite expansion by December 2011.
Manage Resources	Invest in Infrastructure	Prepare for the Future	Lead by Example by Practicing Environmental Stewardship in City Operations and Facilities	Prepare for DNC 2012 Convention. Complete infrastructure evaluation and emergency preparedness for the DNC 2012 Convention by April 2012.
Manage Resources	Invest in Infrastructure	Prepare for the Future	Provide more information and services to customers.	GIS Foundation Project: Complete GIS data conversion to provide complete water and sewer system mapping. Complete Initial Field Data Gathering and Data Conversion by December 2011.
Manage Resources	Invest in Infrastructure	Prepare for the Future	Incorporate performance measures into business practices	Develop methodology to track unbilled water use by June 30, 2012.

City Strategy Vision Component	City Corporate Objective	Utilities Initiative	Measure:	Target:
Manage Resources	Maintain AAA Rating	Prepare for the Future	Maintain Fund balance ratio of 100% of operating fund budget, debt to PayGo capital funding mix of 60/40 and debt coverage ratio of 1.8.	Meet Fund balance ratio, capital funding mix and coverage ratio for next bond agency ratings expected in FY2013.
Develop Employees	Achieve Positive Employee Climate	Wellness	Encourage Wellness: Of employees that enroll, take actions to ensure that at least 70% elect the wellness medical plan	Conduct at least 2 Wellness Sessions encouraging participation prior to open enrollment.
Develop Employees	Achieve Positive Employee Climate	Wellness	Encourage Wellness: Of employees that enroll, take actions to maintain over 60% of employees in the wellness medical plan throughout the plan year	Provide at least 6 monthly reminders on Wellness during FY 2012.
Develop Employees	Promote Learning and Growth	Prepare for the Future	Promote, assist, and support City initiatives including Culture Shift, DNC, ERP, Risk Management Task Force, Council Business Agenda, and Annexation.	Participate effectively – poll chairs/project leads and obtain a minimum 75% rating of effectiveness in the support, facilitation, and collaborative problem solving efforts as somewhat satisfied or very satisfied.
Develop Employees	Promote Learning and Growth	Prepare for the Future	Engage in Citywide efforts for Change Management and Continuous Improvement	Conduct at least 2 unique Utilities wide training sessions on Cultural Shift and Continuous Improvement by February 2012 which includes specific continuous improvement steps and involves at least 40% of the staff attending each session.



Charlotte-Mecklenburg Utilities Strategy

FY 2012 – FY2013



Appendix C: Measure Validation Forms

<u>Utilities</u> Serve the Customer Measure Validation		
Corporate Objective:	Safeguard the Environment	
KBU Initiative:	(*) Environmental Focus Area Initiative	
Measure:	Continue a leadership role in regional water resources planning and ensure long term availability of water supply	
Units of Measure:	Date	Frequency of Update: Quarterly
Measurement Intent:	Work with Catawba-Wateree Management Group to complete Phase 2 of Basin-wide Water Plan by June 2012	
Measurement Formula:	Achievement of completion by date	
Data Elements and Sources:	Ongoing meetings with Group	
Source For and Approach to Setting Targets:	KBE and regional stakeholders	
Data Contact:	Barry Gullet	
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

<u>Utilities</u> Serve the Customer Measure Validation		
Corporate Objective:	Safeguard the Environment	
KBU Initiative:		
Measure:	Meet or Exceed Safe Drinking Water Act Requirements	
Units of Measure:	Percent	Frequency of Update: Quarterly
Measurement Intent:	Maintain 100% compliance - report quarterly to insure permit compliance and identify preparations needed for future compliance requirements	
Measurement Formula:	Compliant Months/Months	
Data Elements and Sources:	Monthly reporting to state and compliance monitoring	
Source For and Approach to Setting Targets:	Ensure utility is meeting or exceeding regulatory requirements for treating and distributing drinking water	
Data Contact:	John Huber	
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

<u>Utilities</u> Serve the Customer Measure Validation		
Corporate Objective:	Safeguard the Environment	
KBU Initiative:	(*) Environmental Focus Area Initiative	
Measure:	Comply with National Pollutant Discharge Elimination System permit requirements for all five wastewater plants.	
Units of Measure:	Percent	Frequency of Update: Quarterly
Measurement Intent:	Maintain 100% Compliance with NPDES permits. (Has been identified as a FY12 Target under the Environment Focus Area Initiative Part II, C. of the FY2012 City Strategic Focus Area Plan)	
Measurement Formula:	Compliant Samples/Samples	
Data Elements and Sources:	Monthly reporting to state and compliance monitoring	
Source For and Approach to Setting Targets:	Ensure utility is meeting or exceeding regulatory requirements for treating and discharging treated wastewater	
Data Contact:	Jackie Jarrell	
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

<u>Utilities</u> Serve the Customer Measure Validation		
Corporate Objective:	Safeguard the Environment	
KBU Initiative:	(*) Environmental Focus Area Initiative	
Measure:	Lead by Example by Practicing Environmental Stewardship in City Operations and Facilities	
Units of Measure:	Date	Frequency of Update: Quarterly
Measurement Intent:	Implement the initial construction of the Combined Heat and Power Project for McAlpine (has been identified as a FY12 Target under Environment Focus Area Initiative Part II, E. of the FY2012 City Strategic Focus Area Plan)	
Measurement Formula:	Achievement of initial construction by date	
Data Elements and Sources:	Periodic update from Environmental Management Division	
Source For and Approach to Setting Targets:	City Strategic Focus Area Plan	
Data Contact:	Jackie Jarrell/Travis Hunnicutt	
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

<u>Utilities</u> Serve the Customer Measure Validation		
Corporate Objective:	Safeguard the Environment	
KBU Initiative:	Environmental Stewardship	
Measure:	Lead by Example by Practicing Environmental Stewardship in City Operations and Facilities	
Units of Measure:	Number of spills	Frequency of Update: Monthly
Measurement Intent:	Reduce Sanitary Sewer Overflows to below 8 per 100 miles of pipe	
Measurement Formula:	Number of spills per 100 miles maintained	
Data Elements and Sources:	Work order Management System	
Source For and Approach to Setting Targets:	Reduction goal consistent with EPA Administrative Order	
Data Contact:	Angela Lee/Keith Shirley	
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

<u>Utilities</u> Serve the Customer Measure Validation		
Corporate Objective:	Safeguard the Environment	
KBU Initiative:	Environmental Stewardship	
Measure:	Lead by Example by Practicing Environmental Stewardship in City Operations and Facilities	
Units of Measure:	Percent	Frequency of Update: Quarterly
Measurement Intent:	Repair Water Leaks - complete 100% of leak repairs within 90 days	
Measurement Formula:	Difference between the "create date" and the "completion date" for emergency, priority, and minor water leak categories	
Data Elements and Sources:	Work order Management System	
Source For and Approach to Setting Targets:	Target established based on system maintenance standards and resources available	
Data Contact:	Angela Lee	
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

Utilities Serve the Customer Measure Validation		
Corporate Objective:	Safeguard the Environment	
KBU Initiative:	(*) Environmental Focus Area Initiative	
Measure:	Lead by Example by Practicing Environmental Stewardship in City Operations and Facilities	
Units of Measure:	Classes	Frequency of Update: Quarterly
Measurement Intent:	Demonstrate support of the Sustainable Facilities policies by assisting and advocating incorporation of sustainable elements in the CMUD Administration Building Renovations Project: After construction of the renovation project by April 2012, conduct 2 energy conservation training classes by June 30,2012.	
Measurement Formula:	Classes conducted	
Data Elements and Sources:	Staff attendance sheets	
Source For and Approach to Setting Targets:	Sustainable Facilities policies	
Data Contact:	Barry Shearin/Julie McLelland	
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

Utilities Run the Business Measure Validation		
Corporate Objective:	Optimize Business Processes	
KBU Initiative:	Customer Service Improvements	
Measure:	Incorporate performance measures into business practices	
Units of Measure:	Inspections	Frequency of Update: Quarterly
Measurement Intent:	Conduct inspections prior to bill issuance based on high consumption on 50% of accounts each quarter (on annual average basis) that meet process criteria of 8 times normal water usage.	
Measurement Formula:	Quarterly accounts meeting criteria/total qualified accounts	
Data Elements and Sources:	Service order data	
Source For and Approach to Setting Targets:	Developing customer service performance metrics for quality assurance	
Data Contact:	Steve Miller	
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

<u>Utilities</u> Run the Business Measure Validation		
Corporate Objective:		Enhance Customer Service
KBU Initiative:		Customer Service Improvements
Measure:		Provide more information and services to customers.
Units of Measure:	Implementation	Frequency of Update: Quarterly
Measurement Intent:	Implement Phase 1 customer service web portal to include FAQ information, bill viewing, bill payment, and account management functions on website by June 2012.	
Measurement Formula:	None required	
Data Elements and Sources:	IT and Finance contacts	
Source For and Approach to Setting Targets:	Developing customer service improvements as an extension to the 40 point Plan	
Data Contact:	Kim Eagle/Doug Groce/Cam Coley	
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

<u>Utilities</u> Run the Business Measure Validation		
Corporate Objective:		Enhance Customer Service
KBU Initiative:		Customer Service Improvements
Measure:		Reorganize divisions to focus on customer needs and system maintenance.
Units of Measure:	Completion	Frequency of Update: Quarterly
Measurement Intent:	Complete Customer Service re-organization phase 1 (new organization chart and identify management team) by September, 2011. Create performance team for quality assurance in Customer Service Division as part of reorganization and establish performance targets for critical processes by June 1, 2012.	
Measurement Formula:	None required	
Data Elements and Sources:	Human Resources and Customer Service staff	
Source For and Approach to Setting Targets:	Developing customer service improvements as an extension to the 40 point Plan	
Data Contact:	Steve Miller/Bab Westall	
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

<u>Utilities</u> Run the Business Measure Validation		
Corporate Objective:	Enhance Customer Service	
KBU Initiative:	Customer Service Improvements	
Measure:	Reorganize divisions to focus on customer needs and system maintenance.	
Units of Measure:	Initiation	Frequency of Update: Quarterly
Measurement Intent:	Evaluate divisional organizational structure of Utilities; Begin reorganization process of two other divisions by June 2012.	
Measurement Formula:	None required	
Data Elements and Sources:	Human Resources and Admin staff	
Source For and Approach to Setting Targets:	City Culture shift and CMUD repositioning	
Data Contact:	Kim Eagle/Bab Westall	
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

<u>Utilities</u> Run the Business Measure Validation		
Corporate Objective:	Enhance Customer Service	
KBU Initiative:	Customer Service Improvements	
Measure:	Provide more information and services to customers.	
Units of Measure:	Completion	Frequency of Update: Monthly
Measurement Intent:	Complete evaluation of the Private Line Insurance Warranty Program and make recommendation on how CMUD will proceed by October 1, 2011.	
Measurement Formula:	None required	
Data Elements and Sources:	CMUD Staff	
Source For and Approach to Setting Targets:	Developing customer service improvements as an extension to the 40 point Plan	
Data Contact:	Steve Miller	
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

<u>Utilities</u> Run the Business Measure Validation		
Corporate Objective:	Optimize Business Processes	
KBU Initiative:	Prepare for the Future	
Measure:	Reduce Risk Management exposure	
Units of Measure:	Implementation	Frequency of Update: Quarterly
Measurement Intent:	Implement initiatives and strategies for safety - (1) SOAR team initiatives: implement utility wide daily safety reminder program by September 2011 with tracking of use by January 2012 (2) Safety Managers initiatives: implement online general safety training modules by November 2011 and track use quarterly.	
Measurement Formula:	None required	
Data Elements and Sources:	SOAR safety team, Safety Managers, and staff	
Source For and Approach to Setting Targets:	Safety and Risk management needs	
Data Contact:	Regina Cousar/Bab Westall	
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

<u>Utilities</u> Run the Business Measure Validation		
Corporate Objective:	Optimize Business Processes	
KBU Initiative:	Prepare for the Future	
Measure:	Incorporate performance measures into business practices	
Units of Measure:	Completion	Frequency of Update: Quarterly
Measurement Intent:	Complete Sugar Creek ISO Certification process - phase 1 Gap Analysis internal audit by June 30, 2012 and certification by 2014.	
Measurement Formula:	None required	
Data Elements and Sources:	Environmental Management Division staff and Continuous Improvement Team members	
Source For and Approach to Setting Targets:	Continuous Improvement initiatives	
Data Contact:	Jackie Jarrell	
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

<u>Utilities</u> Run the Business Measure Validation		
Corporate Objective:		Optimize Business Processes
KBU Initiative:		Prepare for the Future
Measure:		Incorporate performance measures into business practices
Units of Measure:	Completion	Frequency of Update: Quarterly
Measurement Intent:		Lab Division will become NELAC Certified - beginning with our Metals and Microbiology Sections by June 30, 2012.
Measurement Formula:		None required
Data Elements and Sources:		Lab Services Division staff and Continuous Improvement Team members
Source For and Approach to Setting Targets:		Continuous Improvement initiatives
Data Contact:		Myra Zabec
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

<u>Utilities</u> Run the Business Measure Validation		
Corporate Objective:		Develop Collaborative Solutions
KBU Initiative:		Prepare for the Future
Measure:		Incorporate performance measures into business practices
Units of Measure:	Completion	Frequency of Update: Quarterly
Measurement Intent:		Work and Asset Management efficiency - Implement Cityworks for Field Operations by October 2011. Implement Cityworks for Water Treatment and Environmental Management by June 30, 2012.
Measurement Formula:		None required
Data Elements and Sources:		Technology staff
Source For and Approach to Setting Targets:		Technology needs assessments
Data Contact:		Doug Groce/Shawn Coffman
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

<u>Utilities</u> Run the Business Measure Validation		
Corporate Objective:	Enhance Customer Service	
KBU Initiative:	Customer Service Improvements	
Measure:	Provide more information and services to customers.	
Units of Measure:	Completion	Frequency of Update: Quarterly
Measurement Intent:	Communicate the implementation of the new Rate Methodology and new rates in Advantage to customers. Conduct communication rollout phase 1 between May and November 2011 and full implementation rollout (including sewer usage cap based on each customer's average winter consumption) in phase 2 by June 2012.	
Measurement Formula:	None required	
Data Elements and Sources:	Corporate Communications, CMUD Communications staff, and Admin staff	
Source For and Approach to Setting Targets:	Developing customer service improvements as an extension to the 40 point Plan	
Data Contact:	Kim Eagle/Mickey Hicks/Vic Simpson	
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

<u>Utilities</u> Run the Business Measure Validation		
Corporate Objective:	Optimize Business Processes	
KBU Initiative:	Prepare for the Future	
Measure:	Provide more information and services to customers.	
Units of Measure:	Completion	Frequency of Update: Monthly
Measurement Intent:	Pipeline Improvements - Provide more information to Internal Customers by completing Pipeline content migration to SharePoint by: June 30, 2012.	
Measurement Formula:	None required	
Data Elements and Sources:	Technology staff, Communications staff, and Continuous Improvement team	
Source For and Approach to Setting Targets:	Technology needs assessments	
Data Contact:	Doug Groce/Regina Cousar/Vic Simpson	
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

<u>Utilities</u> Run the Business Measure Validation		
Corporate Objective:	Enhance Customer Service	
KBU Initiative:	Customer Service Improvements	
Measure:	Support and participate in City Manager's Customer Service Evaluation	
Units of Measure:	Completion	Frequency of Update: Quarterly
Measurement Intent:	(40 Point Plan) Build knowledge base for Meter Technology Master Plan RFP - Field Pilot Itron 100W Data Logging ERT, by June 2011; Field Pilot Badger Orion data logging ERT by October / November 2011. Based on pilot data, develop RFP scope by June 30, 2012.	
Measurement Formula:	None required	
Data Elements and Sources:	Technology staff, Customer Service staff, and Continuous Improvement team	
Source For and Approach to Setting Targets:	40 point plan	
Data Contact:	Regina Cousar/Doug Groce/Steve Miller	
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

<u>Utilities</u> Run the Business Measure Validation		
Corporate Objective:	Enhance Customer Service	
KBU Initiative:	Customer Service Improvements	
Measure:	Support and participate in City Manager's Customer Service Evaluation	
Units of Measure:	Completion	Frequency of Update: Quarterly
Measurement Intent:	(40 Point Plan) (to support Customer Service reorganization) Complete Service Suite expansion by December 2011.	
Measurement Formula:	None required	
Data Elements and Sources:	Technology staff, Customer Service staff	
Source For and Approach to Setting Targets:	40 point plan	
Data Contact:	Doug Groce/Steve Miller	
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

<u>Utilities</u> Manage Resources Measure Validation		
Corporate Objective:		Invest in infrastructure
KBU Initiative:		Prepare for the Future
Measure: Lead by example by practicing Environmental Stewardship in City Operations and Facilities		
Units of Measure:	Completion	Frequency of Update: Quarterly
Measurement Intent: Prepare for DNC 2012 Convention. Complete infrastructure evaluation and emergency preparedness for the DNC 2012 Convention by April 2012.		
Measurement Formula: Completed infrastructure evaluation and emergency preparedness plan.		
Data Elements and Sources: Emergency Preparedness staff, Engineering staff, and other staff as needed		
Source For and Approach to Setting Targets: DNC 2012		
Data Contact: Barry Gullet/Barry Shearin/Patti Lamb		
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

<u>Utilities</u> Manage Resources Measure Validation		
Corporate Objective:		Invest in Infrastructure
		Prepare for the Future
Measure: Provide more information and services to customers		
Units of Measure:	Percent	Frequency of Update: Quarterly
Measurement Intent: GIS Foundation Project: Complete GIS data conversion to provide complete water and sewer system mapping. Complete Initial Field Data Gathering and Data Conversion by December 2011.		
Measurement Formula: % of data conversion completed		
Data Elements and Sources: Technology staff and Engineering staff		
Source For and Approach to Setting Targets: Technology needs assessments		
Data Contact: Doug Groce/Barry Shearin		
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

<u>Utilities</u> Manage Resources Measure Validation		
Corporate Objective:		Invest in Infrastructure
KBU Initiative:		Prepare for the Future
Measure:		Incorporate performance measures into business practices
Units of Measure:	Completion	Frequency of Update: Quarterly
Measurement Intent:		Develop methodology to track unbilled water use by June 30, 2012.
Measurement Formula:		None required
Data Elements and Sources:		Water Treatment staff, Engineering staff, and Admin staff
Source For and Approach to Setting Targets:		Capacity Assurance and water master planning
Data Contact:		John Huber/Barry Shearin/Mickey Hicks
Target Setting Responsibility:	Accountability for Meeting Target:	Tracking/Reporting Responsibility:
Utilities Leadership Team and FY12 BSC Development Team	Utilities	Staff

<u>Utilities</u> Manage Resources Measure Validation		
Corporate Objective:		Maintain AAA Rating
KBU Initiative:		Prepare for the Future
Measure:		Maintain Fund balance ratio of 100% of operating fund budget, debt to PayGo capital funding mix of 60/40 and debt coverage ratio of 1.8.
Units of Measure:	Ratio	Frequency of Update: Quarterly
Measurement Intent:		Meet Fund balance ratio, capital funding mix and coverage ratio for next bond agency ratings during FY2012.
Measurement Formula:		Debt/PayGo
Data Elements and Sources:		Bond rating agency and Admin staff
Source For and Approach to Setting Targets:		Rate Methodology and Rate Model
Data Contact:		Kim Eagle/Mickey Hicks
Target Setting Responsibility:	Accountability for Meeting Target:	Tracking/Reporting Responsibility:
Utilities Leadership Team and FY12 BSC Development Team	Utilities	Staff

Utilities Develop Employees Measure Validation		
Corporate Objective:	Promote Learning and Growth	
KBU Initiative:	Prepare for the Future	
Measure:	Promote, assist, and support City initiatives including Culture Shift, DNC, ERP, Risk Management Task Force, Council Business Agenda, and Annexation.	
Units of Measure:	Percentage	Frequency of Update: Every six months
Measurement Intent:	Participate effectively – poll chairs/project leads and obtain a minimum 75% rating of effectiveness in the support, facilitation, and collaborative problem solving efforts as somewhat satisfied or very satisfied.	
Measurement Formula:	None required	
Data Elements and Sources:	Chairs and leads of city teams	
Source For and Approach to Setting Targets:	Survey of leads	
Data Contact:	All Leadership Team Members participate on teams/ Polling by Regina Cousar	
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

Utilities Develop Employees Measure Validation		
Corporate Objective:	Promote Learning and Growth	
KBU Initiative:	Prepare for the Future	
Measure:	Engage in Citywide efforts for Change Management and Continuous Improvement	
Units of Measure:	Number of training sessions	Frequency of Update: Quarterly
Measurement Intent:	Conduct at least 2 unique Utilities wide training sessions on Cultural Shift and Continuous Improvement by February 2012 which includes specific continuous improvement steps and involves at least 40% of the staff attending each session.	
Measurement Formula:	Staff attending/total staff available to attend	
Data Elements and Sources:	PeopleSoft, Plateau, and other Human Resource information	
Source For and Approach to Setting Targets:	Employee development	
Data Contact:	Regina Cousar, Lucy Basaldua	
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

Utilities Develop Employees Measure Validation		
Corporate Objective: Achieve Positive Employee Climate		
KBU Initiative: Wellness		
Measure: Encourage Wellness: Of employees that enroll, take actions to maintain over 60% of employees in the wellness medical plan throughout the plan year		
Units of Measure: Percentage	Frequency of Update: Quarterly	
Measurement Intent: To encourage wellness and decrease cost of employee insurance, provide at least 6 monthly reminders on Wellness during FY 2012.		
Measurement Formula: Number enrolled in wellness plan/Total number		
Data Elements and Sources: PeopleSoft, Plateau, and other Human Resource information		
Source For and Approach to Setting Targets: Employee development		
Data Contact: Wellness Team/Carolyn Ross		
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff

Utilities Develop Employees Measure Validation		
Corporate Objective: Achieve Positive Employee Climate		
KBU Initiative: Wellness		
Measure: Encourage Wellness: Of employees that enroll, take actions to ensure that at least 70% elect the wellness medical plan		
Units of Measure: number of employees in wellness plan	Frequency of Update: Quarterly	
Measurement Intent: To encourage wellness, conduct at least 2 Wellness Sessions encouraging participation prior to open enrollment.		
Measurement Formula: Number enrolled in wellness plan/Total number		
Data Elements and Sources: PeopleSoft, Plateau, and other Human Resource information		
Source For and Approach to Setting Targets: Employee development		
Data Contact: Wellness Team/Carolyn Ross		
Target Setting Responsibility: Utilities Leadership Team and FY12 BSC Development Team	Accountability for Meeting Target: Utilities	Tracking/Reporting Responsibility: Staff