

Efficiency & Competitiveness Study

Cape Fear Public Utility Authority



Presented:

August 10, 2011

Organization and Asset Sustainability Implementation Services

Woolpert



What Are We Here To Do?

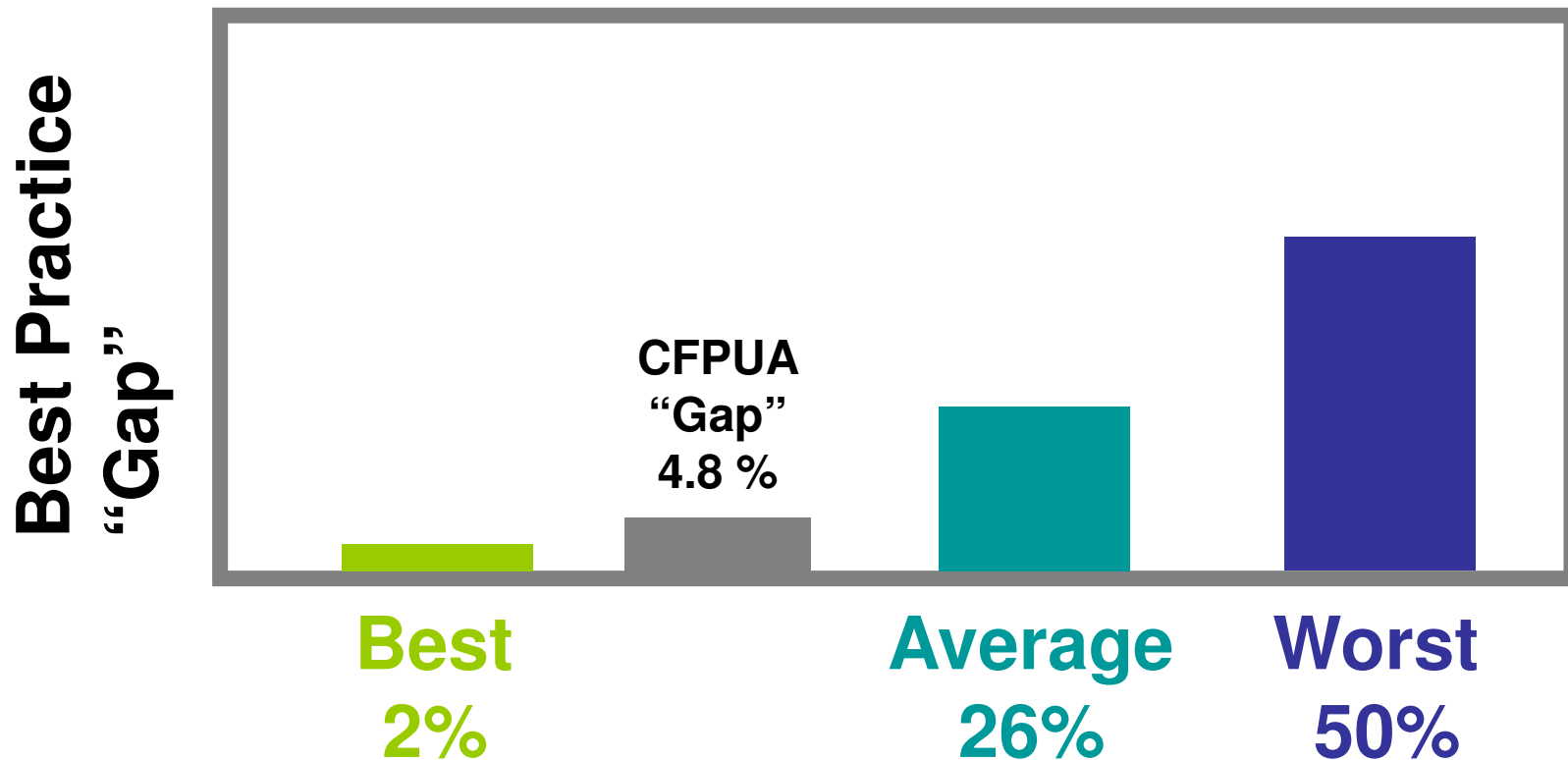
1. Tell you what you're doing right
2. Tell you what you could do better
3. Tell you what you should or should not be doing
4. Help you “reach the next level” of optimized performance
5. Provide you with a “Performance Gap” calculation

This is a “snapshot” in time, does not consider future decisions such as monthly billing and future unfunded mandates...

General Observations

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CFPUA Is The 5th Best of 80 Agencies Evaluated! This is a very good organization that has overcome some real challenges in its first 3 years of existence...



But Opportunities Do Exist...

- Ideally, you should target gap closure, or “Best in Class” status, in three to five years - we’ll show you how to get there...
- People
 - Leadership development
 - Succession planning
 - Training & cross-training
- Practice
 - Use EMS program to support:
 - Process optimization
 - Documentation (Policies and Procedures)
- Technology
 - Asset Management
 - Automation of plants
 - Mobile technology
 - Systems integration

Leadership Observations

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SWOT Review (Leadership):

- Conducted a SWOT (Strengths, Weaknesses, Opportunities, and Threats) review with management
- Results are accumulated responses from those interviews
- Input from interviews was used to formulate understanding of current situation

Strengths:

- People
 - Experienced, competent staff
 - Able to overcome adversity
 - Good communicators
- Practice
 - Chose best practices from City and County
 - Responsive to customers
 - Maintenance planning team
 - Financial controls in place
- Technology
 - Implementing MAXIMO EAM

Weaknesses:

- People
 - Staff at risk due to current circumstances
 - Lack of succession planning
- Practice
 - Training is first thing to cut during down economy
 - Policy & Procedure documentation not complete
 - Need performance indicators more fully developed
- Technology
 - Data cleanup from billing issue not completed yet

Opportunities:

- People
 - Improved leadership & workforce development
- Practice
 - Greater consistency of services and products
 - More O&M planning, centralized maintenance
 - Business case and risk analysis
 - Continued benchmarking level of service
- Technology
 - Integration of technologies
 - Technologies supporting best practices

Threats:

- People
 - Not having people properly trained to transition into supervisory and management positions as they become vacant
 - Potential for loss of staff due to current stressful situation at CFPUA
- Practice
 - Over controlling business practices (i.e. signature authority)
 - Continued reorganizing / reacting to outside influences should be minimized and the effects carefully analyzed / considered
 - Continued stakeholder education, outreach and coalition building should be encouraged and facilitated
- Technology
 - Need to roll MAXIMO EAM out to all O&M areas

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Observations by O&M Strategy For CFPUA

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How Best Industry O&M Practices Compare to Typical Agencies

TYPICAL

1. Eq. Op's vs. Labor
2. Reactive Maintenance
3. Attended Facilities
4. Work Separated by Craft/
Skill Independent
5. Technology as Risky
6. Organization as Structure
7. Customer as Nuisance
8. Assets as a Cost

BEST PRACTICE

1. Operations and Maintenance United
2. Program-Driven Maintenance
3. Base-Workload and 24-Hour Staffing
4. Work Force Flexibility
5. Technology as Critical
6. Organization Engagement
7. Customer as Advocates
8. Assets as an Investment

CFPUA O&M Opportunity Gap Total of FTEs

Best Practice	Identified Opportunity/Gap
1. Operations and Maintenance United	5.1 FTEs
2. Program-Driven Maintenance	12.8 FTEs
3. Less Attended Facilities	0 FTEs (savings in OT)
4. Work Force Flexibility	5.7 FTE
5. Technology Utilization	0 FTEs (savings in chem & power)
6. Organization Optimization	6 FTEs (avg. of short & long-term)
7. Customer Advocacy	0 FTEs
8. Asset Management	18 FTEs add
TOTAL	11.6 FTEs (29.6 – 18 added = 11.6)

11.6 of 171 = 7% - will require changes over 1 – 5 years

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Observations by Business Strategy For E&S Management, Engineering, HR, and F&A

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Opportunity Model for Industry Best Practices for Business Services

1. Eliminate Old, Outdated Policies & Procedures
2. Routinely Acquire customer Feedback
3. Manage Information Strategically
4. Manage Finances Strategically
5. Utilize Resources Optimally
6. Manage Service Delivery
7. Manage Organization Effectiveness
8. Utilize Technology Strategically

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Business Services Results:

1.	Old Policies & Procedures:	2.0
2.	Customer Feedback:	2.5
3.	Information Management:	3.0
4.	Financial Management:	3.0
5.	Resource Utilization:	2.0
6.	Service Delivery:	3.0
7.	Organization Effectiveness:	2.5
8.	<u>Technology Utilization:</u>	<u>2.5</u>
	Total:	20.5

The summation of the scores using our scale of 1 – 5 where 1 is excellent and 5 is poor performance – scores in red indicate greatest opportunity for improvement, scores in green are strengths
Note: these values are applied to all services within Business Services at the high level in which this assessment was performed

CFPUA EMS Program = High Effective Utility Management Ratings:

1. Product Quality (06,07,B2,B5): 1.5
2. Customer Satisfaction (7,1,2): 3.5
3. Empl & Ldr Development (4,6,2,6,7): 3.5
4. Operational Optimization (1,3,4,2,3,6,7): 2.5
5. Financial Viability (8,2,4): 2.0
6. Infrastructure Stability (1,2,8,2,6): 3.0
7. Operational Resiliency (2,4,6,2,3,5,7): 2.5
8. Community Sustainability (7,1,2,6): 3.0
9. Water Resource Adequacy (5,7,1,2,6,8): 1.0
10. Stakeholder Under/Supt (7,1,2,3,4,6,8): 3.5

The summation of the scores using a scale of 1 – 5 where 1 is excellent and 5 is poor performance – scores in red indicate greatest opportunity for improvement, scores in green indicate areas of current high performance

CFPUA - Business Services (Divisions not including Operations & Maintenance) Calculations

- Previous slide showed score compared to “best in class” performance
- Raw score equates to 4.4 FTEs productivity improvement opportunity

Overall Opportunity/Gap of 4.8%...

O&M Productivity Improvement
+Business Services Divisions Productivity Improvement
4.8% Total Opportunity

Closing that gap =

\$ 430,588 productivity opportunity/gap short-term

\$ 1,321,376 productivity opportunity/gap long-term

CFPUA has achieved efficiency gains through consolidation and management practices – now the remaining changes will take time and resources to achieve...

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Recommendations

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Key “Practices” Recommendations:

- Using the EMS program as a basis, continue the program for systematically reviewing/creating policies and procedures (including SOPs) on a regular basis
- Evaluate the potential for skills training and cross-training along with SOPs to ensure consistent work production and results, include standards for productivity and work quality
- Continue to implement the balanced scorecard for agency and staff by incorporating into agency reporting and individual evaluation processes via the EMS program
- Consider skill-based compensation to go along with skills training so that flexible, valued workers don't have to wait for vacancies to be compensated for their increased value to the organization
- Establish and execute full proactive approach to address any future consent order issues

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Key “Technology” Recommendations:

- Identify functional requirements to fully automate plants for optimized chemical and power consumption
- Develop a plan to ensure optimum fleet management for long-term maintenance/replacement cost control
- Determine permanent new CFPUA facility property and define functional requirements for new building(s) (consider drive-time for crews when selecting location(s) and leverage existing properties (plants and field service locations) if possible)
- Implement GPS and mobile technologies - consider GPS in all vehicles or in primary crew units
- Implement integration of technologies (MAXIMO, GIS, Financial, Billing) to support best practices

Key “People” Recommendations:

- Develop Succession Planning to prevent “brain drain” resulting from retirements/attrition
- Reorganize CFPUA by separating the roles of COO and O&M Director. This would enable the COO to focus more on that role (internally-focused leadership) and move O&M activities (management for that part of the organization) to another role.
- Create and execute Leadership Development program to support succession planning and knowledge retention
- Develop and implement cross-training program with skills-based compensation to encourage development of a highly productive workforce
- Implement reorganization as detailed in report

Conclusions:

What you need to focus on:

1. Succession Planning (people)
2. Strategic Reorganization (people)
3. Optimizing Planned Maintenance (practice)
4. Documenting Policies & Procedures (practice)
5. Improving Customer Feedback (practice)
6. Leveraging Information Management (technology)
7. Maximizing Technology Utilization (technology)

Achieving results will require changes in organization structure, work practices, and technology that will take 1 - 5 years to accomplish...

Focus areas are not in order of priority. Focus areas are based on scores from previous slides which indicate areas of greatest improvement potential

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Questions & Discussion

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