TO:       HONORABLE CITY COUNCIL
FROM:     CITY MANAGER          DEPARTMENT: UTILITIES
DATE:     APRIL 25, 2005        CMR:192:05

SUBJECT: UTILITIES STRATEGIC PLAN PERFORMANCE REPORT,
          JANUARY 2004 THROUGH JUNE 2004

This is an informational report and no Council action is required.

BACKGROUND
On May 21, 2001, the City Council approved the Utilities Strategic Plan Implementation
Plan (CMR:223:01) and directed staff to make periodic progress reports on the
performance of the Utilities in meeting the objectives of the strategic plan. Staff
committed to update the Utilities Advisory Commission (UAC) and City Council twice
per year. This report is report #7.

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The attached October 13, 2004 report, covering January 2004 through June 2004,
provides key accomplishments and activities as well as key performance measures for
each of the strategic objectives. The report also includes discussion of the development of
an overall “balanced scorecard” approach to measuring and reporting the Utilities Department’s progress in achieving the Strategic Plan Objectives, and application of this measurement methodology to identify and implement action plans to improve shortcomings.

**BOARD/COMMISSION REVIEW AND RECOMMENDATIONS**
The Utilities Strategic Plan performance report was discussed at the October 13, 2004 UAC meeting. Comments were generally positive and indicated that the Commission felt that staff is moving in the right direction. Key commission questions and comments are summarized below with staff responses.

1. **Does measure of reliability “Duration of Outages” include or exclude storm outages?**

   Storm-related outages are excluded from this measure. There are many variables that impact the duration of outages during a storm such as how hard the area was hit, how many outages were present at one time, available equipment and available staffing at the time. In order for the measure to be comparable, storm-related outages are excluded.

2. **Does measure “Accelerated CIP Spending” measure spending the money or getting the work done?**

   The measure “Accelerated CIP Spending” measures the ability to accelerate or decelerate spending, and in that sense it is a measure of the ability to locally control utility capital projects. Here in Palo Alto, the City has the ability to accelerate, slow down, change priorities based on what the community says. This measure is designed to reflect and monitor our ability to do that.

3. **Under financial measures, instead of total utility bill comparison with neighboring utilities, CPAU should be comparing individual utility bills for electric, gas and water to be more aware of issues specific to individual service.**

   This will be taken into account with the updated Utility Strategic Plan.

4. **Under the safety measure, it appears that most of the injuries are back-related. Is due consideration being given to employees’ age and physical condition?**
Data indicates that main share of back injuries happens to young staff who are trying to use force rather than technique. The Utilities Department is educating them on the proper techniques to use. The Department also has a very active and progressive program for new equipment providing extensive training on how and when to use equipment instead of force.

5. Would workers comp be a valid measurement to use in the area of safety?

The Department measures workers comp separately but it is not reported as part of the performance measures in the Strategic Plan. The trends in this area are down. The Department does, however, monitor it very closely and work with our Risk Management, look at every accident in detail and work at getting our people off worker’s comp and back to work.

**RESOURCE IMPACT**

This report has no direct resource impact.

**POLICY IMPLICATIONS**

This report supports the existing Council-approved Utilities Strategic Plan (CMR 432:02) and Utilities Strategic Implementation Plan (CMR:223:01).

**ATTACHMENTS**

B: Minutes from UAC Meeting October 13, 2004

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