



City of Palo Alto Utilities (CPAU) 2018 Strategic Plan

Throughout these changing times and evolving markets, CPAU’s Mission remains the same, forming the foundation for the utility’s enduring direction. The purpose of a mission statement is to focus and direct the organization as well as to communicate a shared understanding of the organization’s intended purpose. The 2018 Strategic Plan aligns with and further advances CPAU’s Mission.

City of Palo Alto Utilities’ Mission Statement:

To provide safe, reliable, environmentally sustainable and cost effective services

The Strategic Direction, defining a “stake in the ground” for the next 5-10 years is the first step in providing this “line of sight” from the Mission to day-to-day activities.

STRATEGIC DIRECTION

At CPAU, our people empower tomorrow’s ambitions while caring for today’s needs! We make this possible with our outstanding professional workforce, leading through collaboration and optimizing resources to ensure a sustainable and resilient Palo Alto.

As a department within the City of Palo Alto, CPAU shares the “values” adopted by the City and strives to achieve an organizational culture unique to the department. These values and cultural attributes reflect how we want to work with each other and throughout the City.

City of Palo Alto Values

Quality | Courtesy | Efficiency | Integrity | Innovation

CPAU Organizational Culture

Respect | Teamwork | Accountability | Reliability | Safety

2018-2023 Priority Focus Areas



Priority 1: Workforce Tactical Action Plan

CPAU, along with other utilities providers throughout the state and country, struggles with attracting and retaining a skilled workforce. For Palo Alto, this issue is amplified as the cost of living and/or relocating to the Bay Area is among the highest in the nation. The Workforce focus area reflects the need to improve retention and recruitment efforts to ensure that in the long-term, CPAU has the staff and/or workforce solutions to meet its core service obligations and customers' expectations. The strategies and actions identified are intended to focus on the areas of retention, recruitment, training and work-life balance needs.

Priority 1: Workforce

We must create a vibrant and competitive environment that attracts, retains, and invests in a skilled and engaged workforce.

Strategy 1. Establish CPAU as an organization where employees are proud to work and recruit other strong performers.

Action 1. Support pilot rollout of annual professional/journeyman individual development plans (IDP) and rollout to department training priorities, to develop internal talent. Complete by December 2018.

Action 2. Review and expand training/education and certificate programs that emphasize mastery of trade, profession, or management position and promote development and longevity in areas of expected need. Complete by June 2018.

Action 3. Update Divisional Succession Plans to prepare staff for promotional opportunities and to retain institutional knowledge within the organization (update existing 5-year succession plan). Complete by December 2019.

Action 4. Promote a culture that reinforces City and Department values. Complete by June 2018.

Strategy 2. Create a workplace that attracts and retains skilled employees.

Action 1. Prioritize resolution of collective bargaining issues and finalize an agreement that ensures CPAU will attract and retain high caliber skilled employees that will advance the Department's Mission. Complete by December 2018.

Action 2. Reduce processing time to hire new staff to ensure potential candidates are offered positions in a reasonable time frame. Complete by December 2018.

Action 3. Support CPAU staff communication outreach in recruitment strategy for hiring utilities employees. Complete by December 2018.

Strategy 3. Evaluate and consider alternative workforce solutions to achieve organizational business objectives.

Action 1. Create opportunities to empower and support individual employees and work groups to offer a work-life balance through alternative work schedules or other options. Complete by December 2018.

Action 2. Determine the potential for projects and/or functions to be effectively outsourced while continuing to meet organizational needs and objectives. Complete by December 2019.

Action 3. Consider developing a hybrid workforce of full time employees and non-benefitted staff. Complete by December 2020.

Action 4. Create an internal labor pool from within the City to fill temporary business needs. Complete by June 2019.

Workforce KPIs:

- Reduce employee turnover rates to less than 10% by 2020 (calculated as a three-year rolling average).
- 90% of all CPAU positions filled/staffed on annual basis; while 100% of critically identified positions are filled within 90 days.
- 100% of employees have implemented an individual development plan with updates every two years.
- 100% of personnel have appropriate certification and training

Priority 2: Collaboration Tactical Action Plan

Delivering high quality services to customers is a shared objective across all CPAU services. To do so in an efficient and consistent manner requires an understanding of customer and stakeholder issues along with the ability to effectively communicate and coordinate efforts with customers and throughout the City. The strategies and actions identify projects and/or initiatives requiring a high level of collaboration to effectively implement as well as promote a systematic framework in which to ensure collaboration within CPAU and throughout the City.

Priority 2: Collaboration

We must collaborate with internal teams and external stakeholders to achieve our shared objectives of enhanced communication, coordination, education and delivery of services.

Strategy 1. Increasing communication through active listening and engagement with the community enhances customer satisfaction and community trust and will help us deliver programs and content based on community desires.

Action 1. Establish a routine practice of involving stakeholders on strategic projects and initiatives to support customer satisfaction, customer choice, and program outcomes. Ongoing.

Action 2. Proactively communicate about capital improvement projects to mitigate the impacts of construction, while maximizing public support and the allocated financial resources. Ongoing.

Action 3. Identify and develop proactive strategies and customer education that allows CPAU to support customer needs for Distributed Energy Resources (DER), including storage, solar, EVs, energy efficiency. Ongoing with DER plan timeline; phase 1 to be complete by December 2018.

Action 4. Partner with community stakeholders to facilitate large scale residential building electrification (beyond rebate scale). No timeline; beginning conversations and research now.

Action 5. Enhance customer service through deployment of technology such as upgraded online bill payment and account access system and advanced metering infrastructure (AMI). Ongoing with Utilities technology roadmap.

Action 6. Build customer support for programs and understanding of how we provide cost-effective services. Ongoing.

Action 7. Create interdepartmental work groups to identify and resolve ongoing workflow and priorities involving permitting, procurement and legal. Ongoing.

Strategy 2. Strengthening coordination and integration across City departments aligns Utilities and City goals while improving performance and efficiency

Action 1. Enhance current coordination of scheduling, synchronization and communication of capital improvement, maintenance, operations projects and other Utilities programs and services with other departments to improve implementation and efficiency. Ongoing.

Action 2. Explore opportunities to improve City processes, policies and information sharing that allows the community to easily understand and implement DER opportunities such as EVs, solar, storage, energy efficiency, and building electrification. Ongoing with DER timeline; phase 1 to be complete by December 2018.

Action 3. Share information and opportunities across departments to expand outreach about CPAU employment. Ongoing.

Action 4. Promote regular interdepartmental information sharing throughout the City to assist employees understand City (and common) goals. Ongoing.

Priority 2: Collaboration

We must collaborate with internal teams and external stakeholders to achieve our shared objectives of enhanced communication, coordination, education and delivery of services.

Strategy 3. Fostering a culture of cooperative work within Utilities improves productivity and awareness, and understanding of our common goals.

Action 1. Support the implementation of the Utilities technology roadmap with comprehensive communication of: technological advancements and the department's short-term and long-term goals; how these advancements reflect customer and operational needs; how projects are prioritized; and how decisions are made. Ongoing with timeline of Utilities technology roadmap; full implementation scheduled for completion by December 2022.

Action 2. *Strengthen existing tools for intradepartmental communication to ensure transparency and informed staff who understand the Strategic Plan and other key CPAU issues and how they directly relate to the work of our employees. Ongoing; some tasks by April 2018 with completion of the Strategic Plan.*

Action 3. *Collaborate with staff involved in deployment of advanced metering infrastructure (AMI) and develop a comprehensive outreach plan to communicate AMI and supporting technologies, impact to staffing resources, staff responsibilities, and how the customer engagement platform operates. Ongoing with timeline of Utilities technology roadmap; AMI full deployment scheduled to be complete by October 2018.*

Action 4. *Support upgrade of MUA by communicating the customer and utility operational benefits and functionalities. Ongoing with timeline of MUA; phase 1 complete by July 2018.*

Action 5. Establish intradepartmental team to evaluate and determine best practices for an outage management system (OMS), including communication across divisions to reduce restoration time and provide customers with more real-time outage information. Integrate with Technology S3, A4. Complete by June 2019.

Action 6. *Support the workforce priorities by aligning organizational values and reiterating employee roles within the framework of the Utilities Strategic Plan. Ongoing.*

Strategy 4. Collaborating with government, trade, and regional agencies enhances our sphere of influence, allows us to identify common ground, and leverage economies of scale.

Action 1. *Continue to work with industry/trade/regional groups (NCPA, League of Cities, CMUA, BAWSCA, E Source etc.) to collaborate on shared objectives. Ongoing.*

Action 2. Coordinate on regional utility programs to streamline processes, achieve mutual objectives, and realize greater impacts. Ongoing; some tasks can be completed by December 2019.

Action 3. *Communicate our public awareness efforts and resources with government agencies (DOE, EPA, CEC, etc.) to improve public and stakeholder awareness of utility issues, programs, and shared goals. Ongoing.*

Action 4. Collaborate with educational institutions and companies to attract local candidates for CPAU positions. Ongoing; some tasks can be completed by December 2019.

Collaboration KPIs:

- Maintain 85% or higher "excellent" or "good" performance ratings in annual customer satisfaction survey.
- Maintain 50% or higher level of customer awareness for customers affected by CPAU's key programs, incentives, and /or initiatives.
- Maintain 60% or higher level of agreement regarding employees who feel they contributed and/or were involved with CPAU projects or decisions that directly affect their roles or work.

Priority 3: Technology Tactical Action Plan

The increasing convergence of technology, utility services, and customer expectations is driving significant change in the utility markets. CPAU must embrace technology to further enhance internal operations and improve efficiency in this changing market. Customer adoption of new technology applications is also dramatically changing utility – customer interactions and demand for services. The Technology Priority includes implementing the technology roadmap to effectively guide CPAU’s customer and operational technology investments and programs. Additional Technology strategies include advanced metering infrastructure (AMI) deployment, enhancing customer interaction, improving field operations, and training employees to ensure effective use of existing and new tools.

Priority 3: Technology

We must invest in and utilize technology to enhance the customer experience and maximize operational efficiency.

Strategy 1. Finalize and implement technology road map to clearly identify CPAU’s short-term and long-term goals, reflect customer and operational needs, prioritize projects and guide decisions.

Action 1. Identify, align and prioritize customer-focused and operational technologies to improve customer satisfaction and operational efficiency. Ongoing.

Action 2. Implement technology road map including project prioritization, 10-year timeline, and co-dependencies. 2018 through 2022.

Strategy 2. Deploy AMI to increase reliability, enhance customer service, and improve response time.

Action 1. Finalize Business Case including cost and benefit analysis, scenarios, and staffing impacts. Complete by June 2018.

Action 2. Develop AMI and meter data management (MDM) System Requirements to identify functional and system requirements. Complete by June 2019.

Action 3. Evaluate Multi-Agency AMI/MDM with NCPA to pool resources, share ideas and increase purchasing power. Complete by June 2019.

Action 4. Proof of Concept Phase to deploy 2,000-5,000 meters, install all network infrastructure, establish system integrations, develop future state business processes, provide testing and training, and pilot customer engagement. Complete by September 2021.

Action 5. Citywide AMI/MDM Deployment of 73,000 electric, gas and water meters. Complete by September 2022.

Strategy 3. Invest in technology infrastructure to enhance customer engagement and satisfaction.

Action 1. Upgrade Utilities customer portal, My Utilities Account (MUA 2.0), to provide customers with additional 24/7 self-services and customer information to better manage their consumption and choices. Complete by September 2018.

Action 2. Leverage City’s mobile app (Palo Alto 311) to provide residents, businesses and visitors more access to City services and information. Complete by December 2019.

Action 3. Implement a Street Work Notification customer portal for long-term construction projects that may result in traffic, parking or other impacts to neighborhoods. Complete by December 2019.

Action 4. Evaluate and upgrade Outage Management System (OMS) to reduce restoration time and provide customers near real-time outage information. Complete by June 2019.

Priority 3: Technology

We must invest in and utilize technology to enhance the customer experience and maximize operational efficiency.

Strategy 4. Implement technologies to improve response time, security and operational efficiency.

Action 1. Deploy Mobile/Field Technologies (devices and software) to reduce operational costs and improve service delivery. Complete by December 2018.

Action 2. Upgrade Customer Information/Billing System (CIS) to improve responsiveness and ensure customer data is accurate and secure. Complete by September 2020.

Action 3. Maintain Supervisory Control and Data Acquisition (SCADA) system to ensure a safe, reliable, and efficient distribution system. Ongoing.

Action 4. Integrate with new GIS (ESRI) to ensure accurate infrastructure information for customer service and infrastructure improvements. Complete by June 2019.

Action 5. Ensure that CPAU systems keep pace with customer adoption of new technologies to enhance the customer experience and choice. Ongoing.

Strategy 5. Ensure and empower employees with current technologies to perform work efficiently.

Action 1. Streamline business processes to facilitate adoption of new technological solutions that improve performance in targeted priority functions. Complete by December 2018.

Action 2. Implement continuous education and evaluation of new technology applications and related utility trends to ensure CPAU maintains an effective, competitive, and optimal use of technology applications. Ongoing.

Action 3. Train employees to adopt and maximize utilization of new technologies. Ongoing.

Technology KPIs:

- Increase the number of MUA registered users by 10% per year and utilization by 5% per year (e.g., paying bill, reviewing consumption, etc.).
- Provide 50% of field support staff with paperless work order and maintenance documentation tools by December 2018 and 90% by December 2019.
- 100% of staff affected by new or upgraded technology receive / attend applicable training.

Priority 4: Financial Efficiency and Resource Optimization Tactical Action Plan

Facing an evolving utility business environment, aging infrastructure needs, and sustainability objectives, CPAU must maintain a competitive position in the market. Remaining financially sustainable and competitive in the market while optimizing our resources is key to maintaining and enhancing our value to customers. Strategies in this Priority focus on proactively replacing and managing CPAU's infrastructure, continuously improving financial processes, enhancing infrastructure maintenance programs, defining CPAU's role in community resiliency, and achieving sustainable energy resource and water supply plans.

Priority 4: Financial Efficiency and Resource Optimization

We must manage our finances optimally and use resources efficiently to meet our customers' service priorities.

Strategy 1. Establish a proactive infrastructure replacement program, based on planned replacement before failure to support reliability and resiliency.

Action 1. Initiate a program to update data in the utility asset management system to establish infrastructure replacement programs and support maintenance plans. Complete by December 2018.

Action 2. Develop, prioritize, and propose planned infrastructure replacement programs based on currently available key asset information for implementation in Fiscal Year (FY) 2020 and begin reporting of planned infrastructure replacement status. Complete by September 2018.

Action 3. Establish a system of regular reporting on planned replacement progress, including management reports appropriate to every level of the organization. First report by September 2018.

Action 4. Develop a plan to fill data gaps and ensure data accuracy identified in A1 and implement collection process. Complete by September 2019.

Action 5. Use updated data in comprehensive asset management system and database to improve planned replacement programs and status reporting. Start implementation in July 2020.

Strategy 2. Develop financial planning processes that provide stability and clear communication of service priorities and the cost of achieving those priorities.

Action 1. For FY 2019 budget process, collaborate between Rates, Administration, and Water-Gas-Wastewater Engineering to pilot an infrastructure budget development process for one utility (Water, Gas, or Wastewater Collection) that coordinates Capital Improvement Project (CIP) budget development with planning for funding sources and reserves management. Complete by March 2018.

Action 2. Starting with the FY 2020 budget process, implement an integrated and replicable CIP budgeting process with Administration, Rates, and Water-Gas-Wastewater Engineering to develop a CIP reserve and an annual CIP contribution amount for one utility. Complete by September 2018.

Action 3. For FY 2021 budget process, expand and apply the integrated CIP budgeting process to at least one other utility (Electric, Water, Gas, or Wastewater Collection) with remaining funds in FY 2022. Complete by September 2019.

Action 4. In 2019, update benchmark study for one utility. Begin a process of regular benchmarking of one utility per year going forward. Complete by December 2019.

Strategy 3. Enhance planned maintenance programs for all utilities through clearly defined maintenance plans, improved management reporting, and developing innovative ways to ensure efficient completion of all maintenance.

Action 1. Develop an inventory of existing maintenance programs and a reporting framework to monitor progress. Identify areas where planned maintenance is not being completed and areas where more data is needed to design maintenance plans. Complete by December 2018.

Action 2. Identify and evaluate asset data requirements and accuracy to develop and monitor proactive maintenance programs and identify any data gaps. Complete by December 2018.

Action 3. Identify staffing, software, and other resources required to implement and monitor maintenance programs, identify gaps in existing resources, identify alternative ways to implement the programs and the costs and benefits of different approaches. Complete by September 2018.

Action 4. Establish a system of regular reporting on maintenance progress, including management reports appropriate to every level of the organization. Provide first report by September 2018.

Action 5. As additional asset data becomes available from data collection efforts identified in S1 A1 and S1 A4, update and improve applicable maintenance plans. Implementation to be determined.

Priority 4: Financial Efficiency and Resource Optimization

We must manage our finances optimally and use resources efficiently to meet our customers' service priorities.

Strategy 4. Achieve a sustainable and resilient energy and water supply to meet community needs.

Action 1. Work with other City Departments to establish an implementation plan through FY 2020 to achieve the City's carbon reduction and water management goals while assessing utility operational risks and mitigations associated with electrification. Complete by June 2018.

Action 2. Establish and implement a Distributed Energy Resources plan to ensure local generation (e.g. solar), storage, electric vehicles (EVs), and controllable loads (like heat pump water heaters) are integrated into the distribution system in a way that benefits both the customer and the broader community. Complete by December 2018.

Action 3. Evaluate recycled water, groundwater, and other non-potable water sources and integrate the results and outcomes with water supply plans. Complete by December 2018.

Action 4. Incorporate a review of the changing competitive landscape (such as low-cost local solar and storage, the rise of Community Choice Aggregators, and the potential for competition and Direct Access) into routine electric supply planning processes. Complete by December 2020.

Action 5. Adopt and implement for the Electric utility an integrated resource plan for 2018 through 2030. Complete by December 2018.

Strategy 5. Engage stakeholders and define CPAU's role in supporting and facilitating community resiliency.

Action 1. Engage in community outreach to identify what aspects of resiliency are important to the community for each utility to support development of a resiliency work plan. Complete by December 2018.

Action 2. Define minimum emergency service commitments and targeted full system recovery times in case of a major disaster(s) and communicate general guidance on recovery times to the public. Implementation to be determined and dependent on A1.

Action 3. Develop an outreach and education program to facilitate individual customer resiliency efforts. Implementation dependent on A1.

Action 4. Identify high priority issues that could interfere with emergency service commitments and recovery times and develop a plan to improve resiliency in these areas. Implementation dependent on A1.

Action 5. Complete evaluation of redundant/backup transmission service to CPAU and communicate to stakeholders. Complete by December 2018.

Financial Efficiency and Resource Optimization KPIs:

- Identify/catalog 90% of critical assets or components in asset management system by 2022
- Complete 80% of critical component planned replacement annually; and 90% critical component planned maintenance annually
- Maintain below average residential and commercial utility bills as compared to surrounding utilities and communities.
- Maintain historical differential for electric utility rates compared to Pacific Gas and Electric

UTILITIES STRATEGIC PLAN 2018

Mission: To provide safe, reliable, environmentally sustainable and cost effective services

Strategic Direction:

At CPAU, our people empower tomorrow's ambitions while caring for today's needs!

We make this possible with our outstanding professional workforce, leading through collaboration and optimizing resources to ensure a sustainable and resilient Palo Alto.



- S1.1. Establish CPAU as an employee-oriented organization.
- S1.2. Attract and retain skilled employees.
- S1.3. Evaluate and develop alternative workforce solutions.



- S2.1. Enhance communication with the community.
- S2.2. Foster a culture of cooperative work.
- S2.3. Strengthen coordination and integration across City departments.
- S2.4. Increase partner collaboration.



- S3.1. Execute technology roadmap.
- S3.2. Deploy Advanced Metering Infrastructure.
- S3.3. Invest in customer technology infrastructure.
- S3.4. Implement utility operations technologies.
- S3.5. Empower employees with current technologies.



- S4.1. Promote a replacement before failure policy.
- S4.2. Balance customer rates and service with infrastructure improvements and maintenance.
- S4.3. Enhance utility-wide planned maintenance.
- S4.4. Create a sustainable and resilient energy and water supply.
- S4.5. Support community's resiliency goals.

2018 Utilities Strategic Plan Core Planning Team Members

Special thanks to the Core Planning Team members for their participation in this Strategic Plan update! - Ed Shikada, Utilities General Manager and Assistant City Manager

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Please contact any of these team members for more information about the Strategic Plan, including how you can get involved.