



TO: Chairman and Board Members
FROM: Mark Foree, General Manager
DATE: October 8, 2013
SUBJECT: Presentation of TMWA Goals and Objectives Results for Fiscal Year 2013

Discussion of Results

Please find attached an at-a-glance summary as well as the detailed measurement results for TMWA's corporate and departmental goals for the 2013 fiscal year.

Customer Satisfaction ended the year with a 93% score (totally or mostly satisfied) for residential customers which is in the "outstanding" range and a 93% score (totally or mostly satisfied) for commercial customers, which is also in the "outstanding" range. TMWA safety goals were challenged this year. The safety incident rate was at 5.3 incidents per 200,000 hours worked which is just into the "needs improvement" range; however, the good news is that most of the injuries were minor with no lost work time. Preventable vehicle accidents had a rate of .77 per 100,000 miles driven, which is over the industry average of .5; all vehicle accidents were also minor, with no injuries.

Expenses in both capital and O&M spending were under budget – capital spending was approximately \$2.1 million (11%) under budget and O & M spending was approximately \$.5 million (1.4%) under budget. In the "efficiency" category which includes tracking the number of accounts per employee and MGD delivered per employee compared to national benchmarks, TMWA's scores were once again between the median and the top quartile for the customer accounts/employee benchmark and in the top quartile for the MGD delivered/employee benchmark. Staff also identified additional energy savings opportunities at the two water treatment plants and submitted a \$33,000 energy efficiency rebate application to NV Energy for completed work on the Highland Canal.

Other summaries highlighting the results of the individual departmental benchmarks are also shown in the table. We met the target for treatment cost per million gallons, and the treatment staff continued to challenge itself by meeting the effluent turbidity total of 0.10 NTU's 100% of the time, which is an "outstanding" rating.

In the Distribution area, we exceeded the goal in Hydro plant availability (99.3% vs. a goal of 95%), and customer outage hours compared to national benchmarks were near the median for outages less than 12 hours in duration and in the top quartile for outages longer than 12 hours.

For Customer Service, we met the service level goal of 80% of calls answered within 35 seconds, with a result of 83.20%; met the average call handle time goal of 4 minutes, 30 seconds with a result of 4 minutes 12 seconds; and, also met the write off to revenue goal (.3% or less) with a .19%. Our customer tours and workshops were also more popular than ever with record attendance.

In the Finance area, we met the goal of updating the 5 year funding plan and also met the goal of maintaining our credit ratings. After years of working on cost containment measures, several additional items were implemented in this area, with the details documented in the attachment.

In the Natural Resources area all goals were met, with continued progress made in the TROA court hearings.

Engineering and New Business goals continue to reflect capital projects completed on time and on budget, as well as meeting new business application goals, with minor exceptions.

Truckee Meadows Water Authority

Corporate Goals and Objectives for FY2013

At a Glance

Customer Satisfaction

Efficiency

Safety

Financial

Departmental

TMWA Goals and Objectives - FY2013

At a Glance

Corporate:

				<u>Fiscal Year Results</u>	<u>Met Goal</u>	<u>AWWA Benchmark / Industry Standard / Comments</u>
<u>Customer Satisfaction</u>	1	Residential Customers Totally or Mostly Satisfied: 71%-81% is good; 82%-86% is Excellent; over 86% Outstanding.		93%	Met	
	2	Commercial Customers Totally or Mostly Satisfied: 77%-87% is Good; 88%-90% is Excellent; over 90% Outstanding.		93%	Met	
	3	Meet the Vertex contract requirement of 80% of calls answered within 35 seconds.		83.20%	Met	
<u>Efficiency</u>	1	Track customer accounts per employee and compare to national benchmark.		614	Met	AWWA Benchmark Top Quartile = 667; Median = 456; Bottom = 333
	2	Track average MGD delivered per employee and compare to national benchmark.		0.41	Met	AWWA Benchmark Top Quartile = 0.33; Median = 0.24; Bottom = 0.15
	3	Analyze costs, benefits and funding opportunities for energy efficiency projects and/or another TMWA site for renewable energy potential and if economical, incorporate in capital budget.	Energy audits performed identified potential cost savings from lighting retrofits. Rebate application has been submitted to NV Energy for Highland Canal upgrades.		Met	
<u>Safety</u>	1	TMWA will maintain a Safety Incident Rate (all medical accidents per 200,000 manhours worked) graded on the following scale: Over 5 is Needs Improvement; 4-5 is Good; Less than 4 is Excellent.		5.3	Needs Improvement	Industry Standard Bureau of Labor Statistics = 4.6 Average Incident Rate for Water Utility Systems
	2	Track preventable vehicle accident rate and compare to industry standard.		0.77	Needs Improvement	Industry Standard Average rating is 0.5 per 100,000 miles driven
<u>Financial</u>	1	Meet all bond covenants.		Yes	Met	
	2	Meet or underspend the Capital and O&M Budget Commitments.	Underspent O&M budget by 1.4%, or \$0.5 million and underspent capital budget by 11.2%, or \$2.1 million.		Met	
	3	Update the 5 Year Funding Plan.	Funding Plan updated and presented to credit rating agencies with a positive outcome.		Met	
	4	Maintain or improve TMWA's credit ratings.	Maintained credit ratings. Current credit ratings are: S&P- AA stable outlook; Moody's AA stable outlook; Fitch AA- stable outlook.		Met	
	5	If refinancing opportunities present themselves, take advantage of them.	No refinancing opportunity was available.		Met	
	6	Continue to work toward merger with Washoe County DWR's water utility as directed by Board. Measure actual financial performance against forecast prepared for purposes of the merger.	Efforts focused on STMGID which has led to initial merger discussions. Will refocus on Washoe County after sufficient progress has been made with STMGID.		Met	
	7	Successful Completion of the Financial Reporting and Accounting conversion from New World System to the new Microsoft Dynamics AX and Eden Payroll Human Resources solution.	The new accounting, human resource/payroll and financial reporting systems were successfully implemented.		Met	
	8	Identify and report on cost containment measures.	FY 2013 financial software conversion to automate internal controls and payroll timekeeping saving about 0.5 FTE; completed final Highland Canal efficiency upgrades and submitted rebate application to NV Energy - approximately \$51,000 in annual savings; used TMWA crews instead of contract crews for hydro flume rehabilitation work.		Met	

TMWA Goals and Objectives - FY2013

At a Glance

Departmental:

Treatment	1	Meet the treatment costs set according to anticipated production.	24,900 MG at a cost of \$319.58/MG	Met	
	2	Meet the benchmark of 0 MCL violations.	0 MCL Violations	Met	
	3	Maintain effluent turbidity 95% of the time at less than: 0.20 NTU is Good; 0.15 NTU is Excellent; 0.10 NTU is Outstanding.	Less than 0.10 NTU 100% of the time	Outstanding	
Distribution			DURATION (hrs) DISRUPTION RATE #SERVICES		AWWA Benchmark Top Quartile = 0.89; Median = 2.83; Bottom = 9.10 Top Quartile = 0.13; Median = 0.98; Bottom = 3.22 Top Quartile = 0 Median = 0; Bottom = 0.20
	1	Track system reliability by calculating outage hours per 1000 customers and compare to national benchmarks.	<4 3.86 378 4-12 1.48 145 >12 0.01 1		
	2	Maintain 95% Hydro plant generation availability based on available River flows.	99.33%	Met	
Customer Service	1	Customer Call Center will average a call handle time of 4 minutes, 30 seconds or less.	4 minutes, 12 seconds	Met	
	2	Achieve a monthly average of 12 non-weather estimates on all meter reads.	10 total (less than 1 per month)	Met	
	3	The fiscal year average for disconnect for nonpayment service orders to active accounts will be 0.4% or less.	0.23%	Met	
	4	The write off to revenue will be 0.30% or less at fiscal year end.	0.19%	Met	
	5	Hold a minimum of 12 public workshops and/or tours with a primary focus on responsible water use and education.	16 public workshops & tours completed	Met	
	6	Achieve 100% backflow testing compliance for all new construction and TMWA-owned devices, as well as 100% continued notification for backflow testing compliance for all existing customers.	100% testing completed, as well as 100% notification completed	Met	
	7	Perform 65 backflow retrofits.	246 retrofits completed	Met	
Natural Resources	1	TROA: Complete Orr Ditch hearings on motion to amend the Orr Ditch Decree and appeal of Nevada State Engineer Order 6035.	Case is fully briefed; awaiting Orr Court to rule or set hearing date.	Met	
	2	TROA: Respond to California Water Resource Board draft order changing CA reservoir permits/licenses.	Briefing schedule: TCID briefs due Sep 2013; TROA parties briefs due Nov 2013; hearing scheduled Jan 2014.	Met	
	3	Continue active role in maintaining adequate water rights inventory, analyze purchase opportunities.	Over 7800 acre feet available in Rule; current price \$7660/acre foot.	Met	
	4	Turn around new business application water rights work within 10 days.	<=4.16 days per new business application.	Met	
	5	Deploy computerized records management system integrating with other TMWA information systems.	In FY13, Documentum software successfully implemented and deployed for all departments to upload and search records. Upgrades from Cityworks due in Aug 2013 required before linking Documentum to GIS systems.	Met	
	O T H E R	Analyze and develop proposals for rate adjustments.	Analyses of FY12 and projected FY13 revenues allowed delay of February 2013 Phase 2 Rate Adjustment; delayed until February 2014.	Met	
Engineering & New Business	1	Continue cooperative coordination with Agencies and complete projects on schedule.	Five (5) Surveys were returned. The responses averaged between 4.25 and 5.0 on a 5 point scale.	Met	
	2	Deliver required in-service dates for major capital projects on/under budget.	Overall in-service dates and capital budget met.	Met	
	3	Continue to measure and report new business turnaround times.	Results: Turnaround for two commercial service projects exceeded goals, but the delays were due to water rights issues created by the owner/applicant and not TMWA.	Met	

Corporate Goals Results for FY2013 - Customer Satisfaction

Goal 1 Using the results of the Customer Satisfaction Survey TMWA will report the percentage of its residential customers that are totally or mostly satisfied with the overall performance of the Company on the following scale:

- A rating of 71% - 81% equates to a Good Performance
- A rating of 82% - 86% equates to an Excellent Performance
- A rating over 86% equates to an Outstanding Performance

Results: 93%	Met
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Goal 2 Using the results of the Customer Satisfaction Survey TMWA will report the percentage of its commercial customers that are totally or mostly satisfied with the overall performance of the Company on the following scale:

- A rating of 77% - 87% equates to a Good Performance
- A rating of 88% - 90% equates to an Excellent Performance
- A rating over 90% equates to an Outstanding Performance

Results: 93%	Met
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Goal 3 Meet the Vertex revised contract requirement of 80% of calls answered within 35 seconds.

Results: 83.20%	Met
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Corporate Goals Results for FY2013 - Efficiency

- Goal 1** Track customer accounts per employee and compare to national benchmark. Use most recent American Waterworks Association Benchmark Survey.
AWWA Benchmark Top Quartile = 667; Median = 456; Bottom = 333

Results: <i>Customer Accounts (93,944) / Employees (153) = 614</i>	Met
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- Goal 2** Track average MGD delivered per employee and compare to national benchmark. Use most recent American Waterworks Association Benchmark Survey.
AWWA Benchmark Top Quartile = 0.33; Median = 0.24; Bottom = 0.15

Results: <i>MGD (63,200,000) / Employees (153) = .41</i>	Met
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- Goal 3** Analyze costs, benefits and funding opportunities for energy efficiency projects and/or another TMWA site for renewable energy potential and if, economical, incorporate in capital budget.

Results: <i>Energy audits performed at the Chalk Bluff and Glendale Water Treatment Plants identified significant cost savings could be realized from lighting retrofits. Design and implementation of the retrofits is proceeding and are expected to produce annual electrical cost savings of about \$47,000 yielding a 1.1 year payback period. The final "Sure Bet" rebate application has been submitted to NV Energy for the last phase of Highland Canal upgrades work (approx. \$33,000 rebate).</i>	Met
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Corporate Goals Results for FY2013 - Safety

Goal 1 TMWA will maintain a Safety Incident Rate graded on the following scale:

Definition: A safety incident is any incident listed on the OSHA300 log. This excludes incidents that only required first aid treatment.

Manhours by all employees is the sum of hours worked by full time, part time, temporary and seasonal employees during the reporting period.

Industry Standard

Bureau of Labor Statistics: 4.6 Average Incident Rate for Water Utility Systems

- Needs Improvement: Incident rate over 5
- Good Incident rate of 4 - 5
- Excellent: Incident rate of less than 4

Calculation:
$$\frac{\text{Number of incidents} \times 200,000 \text{ manhours}}{\text{Manhours by all employees}}$$

Results:	<i>8 accidents x (200,000/317,643) = 5.3 accidents/200,000 manhours worked.</i>	Needs Improvement
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Goal 2 Track preventable vehicle accident rate and compare to industry standard.

Definition: number of preventable vehicle accidents per 100,000 miles driven. □

Industry Standard: Average rating is 0.5 per 100,000 miles driven.

Results:	<i>5 accidents x (100,000/645,602) = 0.77 accidents/100,000 miles driven.</i>	Needs Improvement
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Corporate Goal Results for FY2013 - Finance

Goal 1 Meet all bond covenants.

Results: <i>All covenants have been complied with and new covenants for Letter of Credit have been complied with.</i>	<i>Met</i>
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Goal 2 Meet or underspend the Capital and O&M Budget Commitments.

Results: <i>Underspent revised O & M budget by 1.4%, or \$0.5 million, and underspent capital budget by 11.2%, or \$2.1 million.</i>	<i>Met</i>
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Goal 3 Update the 5 Year Funding Plan.

Results: <i>Funding Plan updated and presented to credit rating agencies with a positive outcome.</i>	<i>Met</i>
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Goal 4 Maintain or Improve Current Credit Ratings.

Results: <i>Maintained credit ratings. Current credit ratings are S&P - AA \square stable outlook; Moody's AA stable outlook; Fitch AA- stable outlook.</i>	<i>Met</i>
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Goal 5 If refinancing opportunities present themselves, take advantage of them.

Results: <i>No refinancing opportunity was available.</i>	<i>Met</i>
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Corporate Goal Results for FY2013 - Finance (continued)

- Goal 6** Continue to work toward merger with Washoe County DWR's water utility as directed by Board. Measure actual financial performance against forecast prepared for purposes of the merger.

<i>Results: Efforts focused on STMGID and has lead to initial merger discussions. Refocus on Washoe County after sufficient progress has been made with STMGID.</i>	<i>Met</i>
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- Goal 7** Successful Completion of the Financial Reporting and Accounting conversion from New World System to the new Microsoft Dynamics AX and Eden Payroll Human Resources solution.

<i>Results: The new accounting, human resource/payroll and financial reporting systems were successfully implemented</i>	<i>Met</i>
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- Goal 8** Identify and report on cost containment measures.

<i>Results: FY 2013 financial software conversion to automate internal controls and payroll timekeeping saving about 0.5 FTE; completed final Highland Canal efficiency upgrades and submitted rebate application to NV Energy - approximately \$51,000 in annual savings; used TMWA crews instead of contract crews for hydro flume rehabilitation work.</i>	<i>Met</i>
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Departmental Goals Results for FY2013 - Treatment

Goal 1 Meet the treatment costs set according to anticipated production:

If Production is at or near 22,000 MG, TMWA will meet a cost of \$362/MG
 If Production is at or near 23,000 MG, TMWA will meet a cost of \$346/MG
 If Production is at or near 24,000 MG, TMWA will meet a cost of \$332/MG
 If Production is at or near 25,000 MG, TMWA will meet a cost of \$319/MG

Results: <i>24,900 MG at a cost of \$319.58/MG.</i>	<i>Met</i>
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Goal 2 Meet the benchmark of 0 (Zero) MCL violations.

Results: <i>0 (Zero) MCL Violations.</i>	<i>Met</i>
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Goal 3 Maintain effluent turbidity 95% of the time at less than: 0.20 NTU is Good; 0.15 NTU is Excellent; 0.10 NTU is Outstanding.

Results: <i>Less than 0.10 NTU 100% of the time.</i>	<i>Outstanding</i>
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Departmental Goals Results for FY2013 - Distribution

Goal 1 Track system reliability by calculating outage hours per 1000 customers and compare to national benchmarks.

AWWA Benchmark

Top Quartile = 0.89; Median = 2.83; Bottom = 9.10	< 4 hours
Top Quartile = 0.13; Median = 0.98; Bottom = 3.22	4-12 hours
Top Quartile = 0 Median = 0; Bottom = 0.20	> 12 hours

<i>Results:</i>	<i>DURATION (hrs)</i>	<i>DISRUPTION RATE</i>	<i>#SERVICES</i>	
	<i><4</i>	<i>3.86</i>	<i>378</i>	
	<i>4-12</i>	<i>1.48</i>	<i>145</i>	
	<i>>12</i>	<i>0.01</i>	<i>1</i>	
				Met

Goal 2 Maintain 95% Hydro Plant Generation availability when river flow is available for generation (excluding planned maintenance and rehab, weather limitations and catastrophic failures).

<i>Results:</i>	99.33%	Met
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Departmental Goals Results for FY2013 - Customer Service

Goal 1 Customer Call Center will have an average call handle time of 4 minutes, 30 seconds or less per call.

Results: *4 minutes, 12 seconds*

Met

Goal 2 Achieve a monthly average of 12 non-weather estimates on all meter reads.

Results: *10 total (less than 1 per month)*

Met

Goal 3 The fiscal year average for disconnect for non-payment service orders to active accounts will be .40% or less.

Results: *0.23%*

Met

Goal 4 The write off to revenue will be 0.30% or less at fiscal year end.

Results: *0.19%*

Met

Goal 5 Hold a minimum of 12 public workshops and/or tours with a primary focus on responsible water use and education.

Results: *16 public workshops and tours completed.*

Met

Departmental Goal Results for FY2011 - Customer Service (continued)

Goal 6 Achieve 100% backflow testing compliance for all new construction and TMWA-owned devices, as well as 100% continued notification for backflow testing compliance for all existing customers.

<i>Results: 100% testing completed, as well as 100% notification completed.</i>	<i>Met</i>
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Goal 7 Perform 65 backflow retrofits.

<i>Results: 246 retrofits completed.</i>	<i>Met</i>
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Departmental Goals Results for FY2013 - Natural Resources

Goal 1 TROA: Orr Ditch Court hearings on motion to amend the Orr Ditch Decree and appeal of Nevada State Engineer Order 6035.

Results: <i>Case is fully briefed; awaiting Orr Court to rule or set hearing date.</i>	Met
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Goal 2 TROA: Respond to California Water Resource Board draft order changing CA reservoir permits/licenses.

Results: <i>Briefing schedule: TCID briefs due Sep 2013; TROA parties briefs due Nov 2013; hearing scheduled Jan 2014.</i>	Met
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Goal 3 Continue active role in maintaining adequate water rights inventory, analyze purchase opportunities.

Results: <i>Over 7800 acre feet available in Rule; current price \$7660/acre foot.</i>	Met
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Goal 4 Turn around new business application water rights work within 10 days.

Results: <i><=4.16 days per new business application.</i>	Met
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Goal 5 Deploy computerized records management system integrating with other TWMA information systems.

Results: <i>In FY13, Documentum software successfully implemented and deployed for all departments to upload and search records. Upgrades from Cityworks due in Aug 2013 required before linking Documentum to GIS systems.</i>	Met
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Other: Analyze and develop proposals for rate adjustments.

Results: <i>Analyses of FY12 and projected FY13 revenues allowed delay of February 2013 Phase 2 Rate Adjustment; delayed until February 2014.</i>	Met
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Departmental Goals Results for FY2013 - Engineering and New Business

Goal 1 Continue cooperative coordination with Agencies and complete projects on schedule.

Survey the satisfaction of the appropriate coordinators at the City of Reno, City of Sparks, Regional Transportation Commission, NVEnergy and Washoe County with TMWA's Street & Highway Program.

<p>Results: <i>Five (5) Surveys were returned. The responses averaged between 4.25 and 5.0 on a 5 point scale. □ The outstanding scores are in the areas of: "Did TMWA keep you informed about the progress of the projects?" and "Did TMWA solicit, listen to, and resolve the concerns?"</i></p>	Met
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Goal 2 Deliver required in-service dates for major capital projects on/under budget.

<u>Project</u>	<u>Budget</u>	<u>Actual Exp.</u>	<u>In-Service Met?</u>	<u>Comments</u>	Met
Burks Ave RCB et al	\$ 2,200,000	\$ 2,238,962	yes	2% over budget	
Pump/PRV Station Rehabs	\$ 2,000,000	\$ 1,170,494	1 exception	Daniel Webster PS delayed by pump deliveries	
Glendale Lab & Paving	\$ 1,250,000	\$ 729,994	yes		
St & Hwy Main Repl.	\$ 5,500,000	\$ 4,006,618	yes		
Note: Budget reflects mid-year amendments approved by the Board.					

Goal 3 Continue to measure and report new business turnaround times and maintain communication with builders and developer associations.

<u>Project Category</u>	<u># Projects</u>	<u><=30 days</u>	<u><=60 days</u>	<u><=90 days</u>
<i>Comm w/Main</i>		75%	100%	
<i>Main Only</i>		100%		
<i>Subdivision</i>		75%	100%	

➔ **Note: # of calendar days from application complete to first red-line review complete.**

Results:				Met
<u>Project Category</u>	<u># Projects</u>	<u>Average Turnaround</u>	<u>Turnaround for two commercial service projects exceeded goals, but the delays were due to water rights issues created by the owner/applicant and not TMWA.</u>	
Comm w/Main	6	18 days		
Comm Services	46	13 days		
Subdivision	9	18 days		