



Effective Utility Management

Louisville MSD Stakeholder Engagement Plan

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advancing the science of water



Louisville MSD Stakeholder Engagement Plan

IWA Conference - Cincinnati, Ohio

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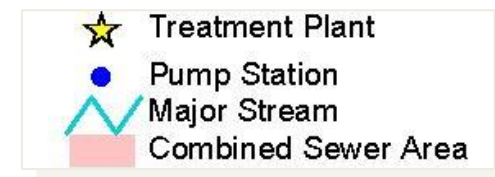
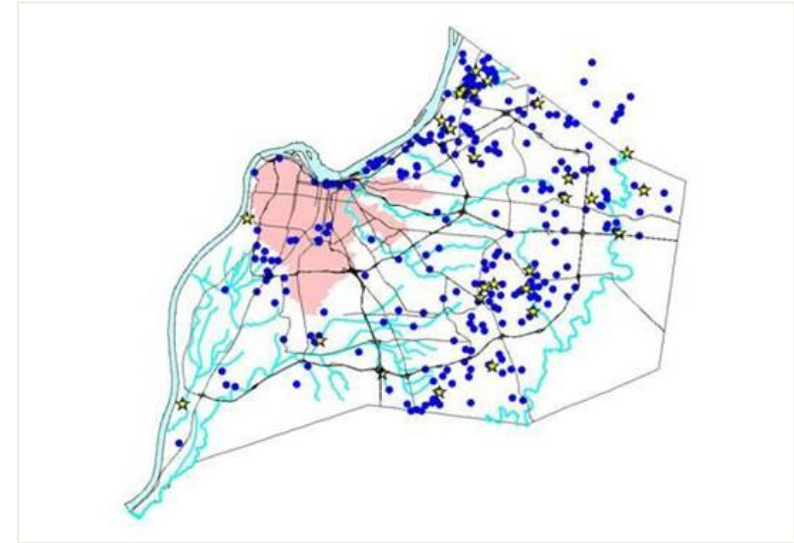
Louisville, Kentucky

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Louisville MSD Stats

- Wastewater, Drainage and Flood Protection
 - Population/Customers: 700,000/230,000
 - 400 square mile service area
 - 5 regional wastewater plants
 - 190 MGD treatment dry weather capacity
 - 300 pump stations
 - 3,200 miles sewer, 790 miles of streams
 - 29 mile flood protection system
-
- FY2015 Revenue: \$260 million
 - Budgets/Employees: OpX \$116M; CapX \$118M; 655 employees
 - \$850 million Consent Decree for CSO/SSO, complete by 2024
 - Average Monthly Wastewater Bill: \$37.00 for 5,000 gallons



Strategic Business Planning

- Louisville MSD embarked on a Strategic Business Plan process in 2012
- Identified a new Vision and Mission
- The Strategic Business Plan Includes:
 - ✓ Core Values
 - ✓ SWOT Analysis
 - ✓ Key constituent groups (stakeholders)
 - ✓ 8 Strategies
 - ✓ Goals and Objectives (Key Performance Metrics)

Louisville MSD Strategic Plan

MSD VISION:

*Achieving Clean, Safe Waterways
for a Healthy and Vibrant
Community*

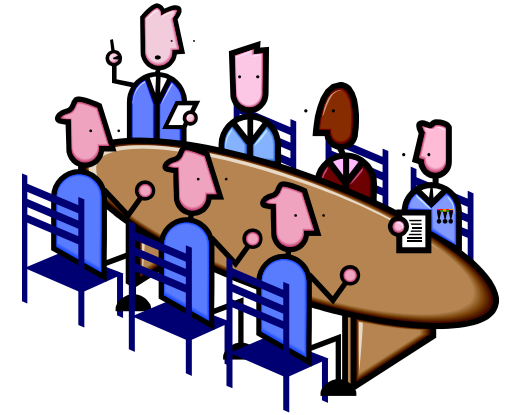
MSD MISSION:

*Providing Exceptional
Wastewater, Drainage and Flood
Protection Services for Our
Community*



MSD Values:

Employees, Customer Service, Public Education, Accountability, Environment, Community



MSD Constituents/Stakeholders:

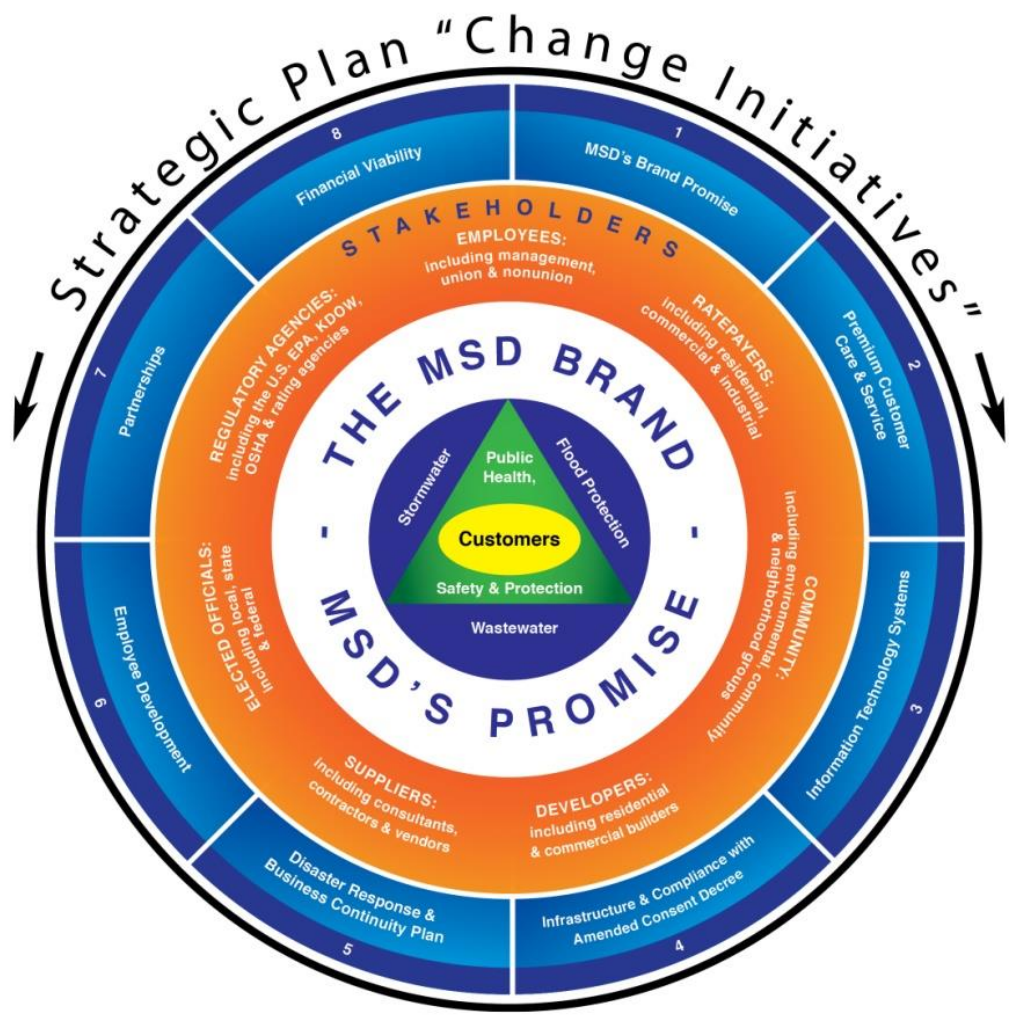
Customers, Employees, Regulatory and Government Agencies, Elected Officials, Community, Suppliers, Developers



MSD Business Strategies

1. Build MSD's Brand Promise
2. Provide Premium Customer Care and Service
3. Improve Information Technology
4. Invest in Infrastructure
5. Develop Disaster Response and Business Continuity Plan
6. Develop and Invest in Employees
7. Implement Partnerships
8. Ensure Financial Viability

MSD Strategy Wheel



Why Effective Utilities Management?

- Water/WW Industry Best Practice
- Benchmarking with similar sized WW utilities
- Part of Louisville's "One Water" Initiative
- Sharing Information and Process across business units
- Promotes holistic thinking, breaks down 'silos'
- Establishes base model for performance (team and employee)
- Promotes accountability
- Provides Reporting Platform for Stakeholders



EUM Resourcing and Development Team

Team Sponsor: Executive Director

Team Members:

Public Relations

Customer Relations

Engineering

Finance

Operations - Metrics

Operations - Treatment

Human Resources

EUM Consulting Resource: CH2M Hill



Louisville MSD adopted the Effective Utilities Management (EUM) Model for Metric and Benchmarking

10 Attributes of High Performing W/WW Utilities:

1. **Product Quality**
2. **Customer Satisfaction**
3. Employee/Leadership Development
4. Operational Optimization
5. **Financial Viability**
6. Infrastructure Reliability
7. Operational Resiliency
8. Community Sustainability
9. Water Resource Adequacy
10. **Stakeholder Engagement**



Attribute 10

Stakeholder Understanding and Support

Challenge:

- How do we “quantify and measure” a “subjective” practice?
- MSD modified the EUM benchmarking tool to quantify stakeholder engagement and make it measurable.



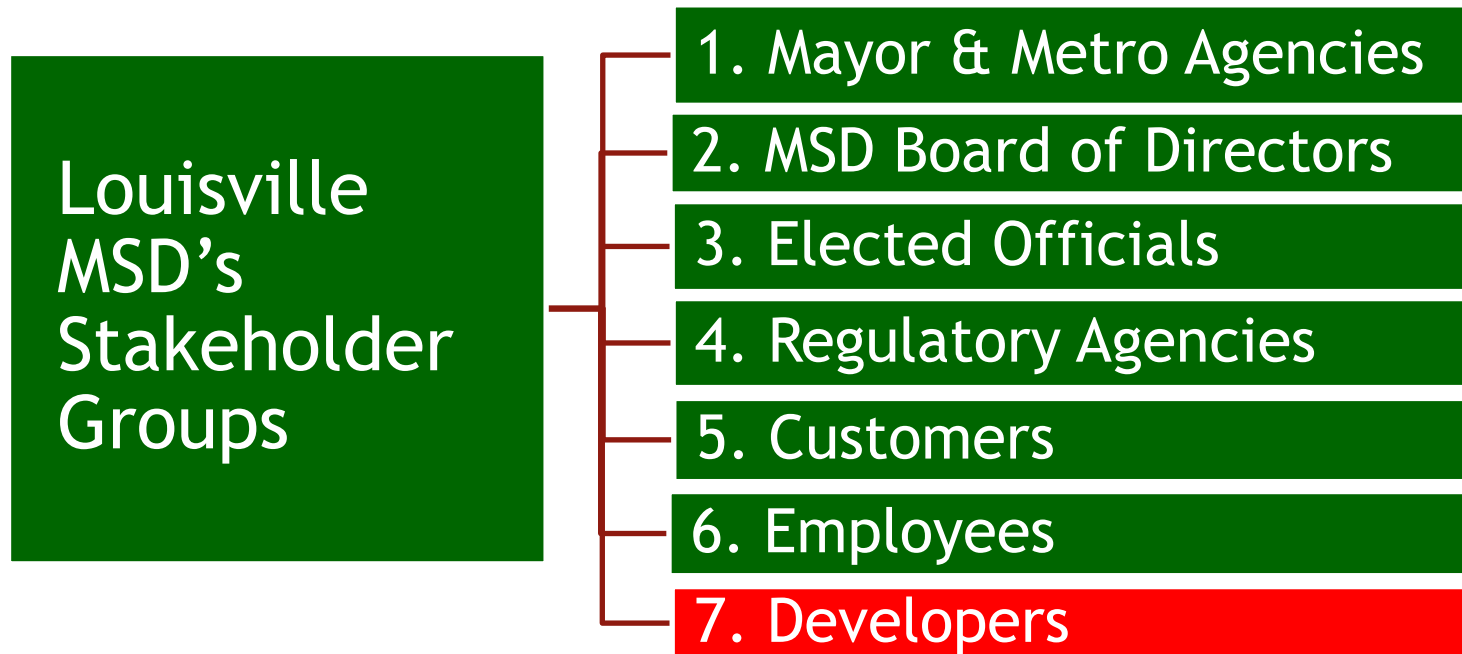
Stakeholder Engagement Elements:

1. Stakeholder Identification
2. Degree of Implementation
3. Level of Performance
4. Performance Assessment (2 Dimensional)
5. Implementation



Attribute 10 -Step 1

Identify MSD's Primary Stakeholder Groups



Attribute 10 - Step 2

Establish Degree of Implementation Criteria

- Level 1** - No stakeholder engagement plan in place, with only informal, ad-hoc or informal communication taking place.
- Level 2** - Stakeholder engagement plan created, while informal, ad-hoc, or issue specific communication persist.
- Level 3** - Stakeholder engagement plan in place and some structured engagement consistent with the plan is implemented.
- Level 4** - Stakeholder engagement plan in place with reasonable capacity for structured engagement consistent with the plan being implemented.
- Level 5** - Stakeholder engagement plan in place with strong capacity for structured engagement consistent with the plan being implemented.



Attribute 10 - Step 2

Assess and Measure Degree of Implementation

DRAFT - STAKEHOLDER ENGAGEMENT STRATEGY 10.2.1

Degree of Implementation: Score 1-5

Category	Divisions	1 (worst)	2	3	4	5 (best)	Weight	Score	Net Score
Developers	<i>Homebuilders</i>	No stakeholder engagement plan in place, with only informal, ad-hoc or informal communication taking place	Stakholder engagement plan created, while informal, ad-hoc, or issue specific communication persist	Stakeholder engagement plan in place and some structured engagment consistent with the plan is implemented	Stakeholder engagement plan in place with reasonable capacity for structured engagement consistent with the plan being implemented	Stakeholder engagement plan in place with strong capacity for structured engagement consistent with the plan being implemented	5%	3	0.15
	<i>Commercial Builders</i>	No stakeholder engagement plan in place, with only informal, ad-hoc or informal communication taking place	Stakholder engagement plan created, while informal, ad-hoc, or issue specific communication persist	Stakeholder engagement plan in place and some structured engagment consistent with the plan is implemented	Stakeholder engagement plan in place with reasonable capacity for structured engagement consistent with the plan being implemented	Stakeholder engagement plan in place with strong capacity for structured engagement consistent with the plan being implemented	5%	1	0.05
Average Implementation Score									0.2

Attribute 10 - Step 3

Establish Level of Performance Criteria

Level 1 - MSD attends less than 50% of monthly meetings.

Level 2 - MSD attends 50% - 65% of monthly meetings.

Level 3 - MSD attends more than 65% but less than 80% of monthly meetings.

Level 4 - MSD attends 80% - 90% of monthly meetings.

Level 5 - MSD attends more than 90% of monthly meetings.



Attribute 10 - Step 3

Assess and Measure Level of Performance

DRAFT - STAKEHOLDER ENGAGEMENT STRATEGY 10.2.1 - LEVEL OF PERFORMANCE ACHIEVED AXIS									
							Level of Performance: Score 1-5		
Developers	Homebuilders	MSD attends less than 50% of monthly meetings	MSD attends 50% - 65% of monthly meetings	MSD attends more than 65% but less than 80% of monthly meetings	MSD attends 80% - 90% of monthly meetings	MSD attends more than 90% of monthly meetings	5%	4	0.2
		Commercial Builders	All ad hoc meetings initiated by developers	Less than 15% ad hoc meetings initiated by MSD or Louisville Forward	Between 15% and 30% ad hoc meetings initiated by MSD or Louisville Forward	Between 30% and 50% ad hoc meetings initiated by MSD or Louisville Forward	More than 50% ad hoc meetings initiated by MSD or Louisville Forward	5%	1
							Average Performance Score		0.25



Attribute 10 - Step 4

Overall Performance Assessment

Level of Performance: Score 1-5

Degree of Implementation: Score 1-5

Attribute 10: Stakeholder Understanding and Support					
Practice Area 2: Stakeholder Engagement Plan					
Performance Measure 1: Degree of Success in Developing an					
To be successful in both the near-term and the long-term, utility goals and activities need to be aligned with stakeholder values. The methods for identifying and incorporating stakeholder values into decision-making vary based on such factors as [...]	Level of Performance: Score 1-5				
	Stakeholders have limited to no understanding of utility operations [...]	Some legitimate and relevant stakeholders (identified in engagement plan) have limited understanding [...]	The majority of legitimate and relevant stakeholders (identified in engagement plan) have a complete or near complete understanding [...]	The full range of legitimate stakeholders (identified in engagement plan) has complete or near complete understanding [...]	Complete or near complete understanding [...] and the capability to formally incorporate these into decision making
No stakeholder engagement plan in place, with only informal, ad-hoc, or issue-specific communication taking place.	Rating 1x1=1				Rating 5x1=5
Stakeholder engagement plan created, while informal, ad-hoc, or issue-specific communication persist.	FY12 Baseline (2)				
Stakeholder engagement plan [...] and some structured engagement consistent with the plan is implemented.			FY15 (9)		
Stakeholder plan in place, with reasonable capacity for engagement in support of the plan in place [...]			FY16 (12)	FY18 Target (16)	
Stakeholder plan in place, with strong capacity for engagement in support of the plan in place [...]	Rating 1x5=5				Rating 5x5=25

Continuous Improvement

Attribute 10 - Step 5 Implementation

- Communicate with Stakeholders
- Engage with Stakeholders (work the plan)
- Track Progress (quarterly, semi-annually, annually)
- Establish Goals/Targets 3-5 years
- Revisit Performance and Goals & Targets Annually
- Report and Communicate to Governing Body



Effective Utilities Management (EUM)

An effective tool for:

- ✓ *Determining strategic areas of focus*
- ✓ *Determining priority areas to improve*
- ✓ *Establishing a baseline of performance*
- ✓ *Determining future performance objectives*
- ✓ *Measuring Progress*
- ✓ *Benchmarking with other W/WW utilities*
- ✓ *Building collaboration across business units of utility*
- ✓ *Reporting progress to governing body (Mayor, Board, Stakeholders)*





Thank You !

Comments or questions, please
contact:

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For more information visit:

www.waterrf.org

Special Thanks to the Water Research Foundation and CH2M Hill for assistance with development of the EUM model at Louisville MSD