AUSTIN WATER 2020

A Strategic Plan

Austin WATER

austinwater.org

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DIRECTOR'S MESSAGE

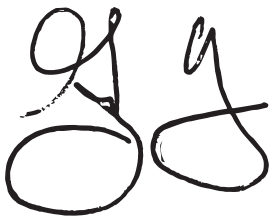
Building on a century of experience providing safe, reliable, high-quality, sustainable and affordable water and wastewater services, Austin Water is dedicated to meeting the challenges that lie ahead. We have set an overall strategic direction that will help us continue to be an industry leader and improve our operations and resiliency.

Our mission and values are important as a public utility dedicated to providing the best water and wastewater services to our community. It is also important to us that our strategic business plan and initiatives align with the Six Strategic Outcomes the City of Austin has chosen to pursue as part of its Austin Strategic Direction 2023. The six outcomes are: Economic Opportunity and Affordability, Mobility, Safety, Health and Environment, Culture and Lifelong Learning, and Government That Works for All. Austin Water strives to serve our community in a way that helps Austin achieve success in all of these outcomes.

This Strategic Plan outlines goals and objectives that look to the future, support the City of Austin's Strategic Direction, and incorporates Effective Utility Management (EUM) strategies to help guide us as we look to the future and meet the challenges ahead. As part of this strategic planning, we have identified four EUM focus areas to guide us in the right direction - Stakeholder Understanding and Support with an emphasis on Affordability, Customer Satisfaction, Employee and Leadership Development, and Infrastructure Stability. We believe the focus on these areas will allow Austin Water to continue to improve and reach our full potential.

In the years ahead we will continue to track and evaluate the effectiveness of this plan's objectives and goals and work to make any necessary improvements. This plan will allow us to adapt to changing conditions, while maintaining high levels of service for our customers.

Sincerely,



Greg Meszaros, Director

INTRODUCTION TO OUR STRATEGIC PLAN

Plan Overview

Welcome to Austin Water 2020: A Strategic Plan!

This document incorporates the core deliverables from the City of Austin Business Planning process: Austin Water's Mission, Goals, and Key Performance Indicators. Building on that solid foundation, we then describe our Strategic Initiatives, Effective Utility Management program, and Engagement activities.

Austin Water 2020 is designed to give stakeholders, customers, and employees an overview of Austin Water's annual operational goals. In addition, it presents strategic initiatives and improvement efforts that will dramatically transform Austin Water operations in the years to come.

Our Planning Process

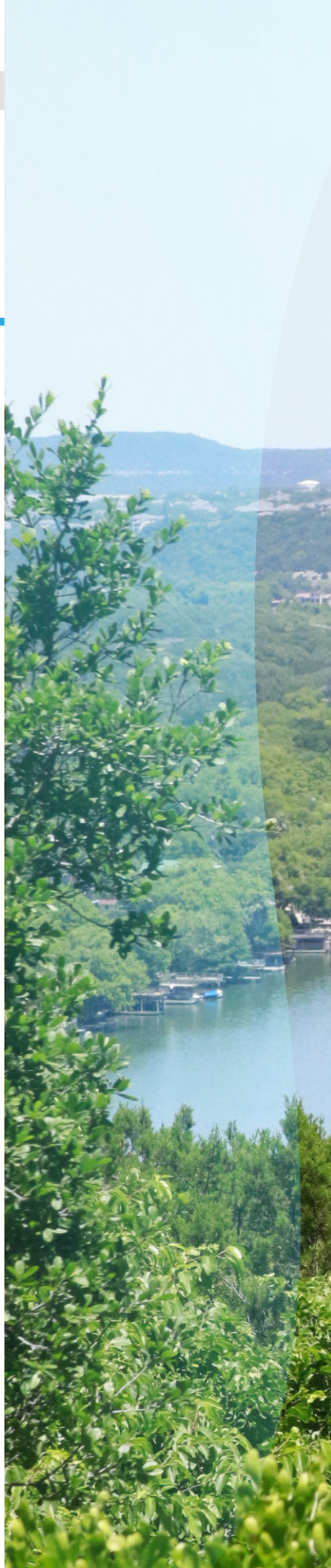
Austin Water actively participates in the City of Austin's Business Planning process each year. Business Planning allows Austin Water to map out business operations for the upcoming fiscal year and identify any needed changes. It also provides the foundation for developing the department's budget.

Austin Water's Executive Team is intensely involved in Business Planning. It starts with a review of the Mission and Goals of the organization. It continues with a review of the Key Performance Indicators, the most significant performance measures that indicate whether Austin Water is achieving its goals. The Executive Team also ensures that our Business Planning results align with the City's Six Strategic Outcomes.

Each program within Austin Water completes a Program Area Workshop to evaluate activities, performance measures, and organizational alignment. Workshop results are reported back to the Executive Team.

All Business Planning deliverables are reviewed and approved by Austin Water's Executive Team as a whole, before submittal to the City's Budget Office. This collaborative approach ensures that multiple perspectives are reflected in the annual Business Plan.

In recent years, Austin Water has aspired to go above and beyond the City of Austin's requirements. For example, two recent enhancements were aligning our mission and goals with the Effective Utility Management framework, and strengthening the connections between capital and operational planning.



AUSTIN WATER MISSION & GOALS

The mission of Austin Water is to provide safe, reliable, high-quality, sustainable and affordable water services to our customers so that all community needs for water are met.

Goals

- Strengthen customer value and stakeholder understanding and support
- Protect the water supply and promote community sustainability
- Protect the public health and safety by providing high-quality water services
- Maintain strong financial viability to ensure balanced cost structure
- Ensure infrastructure stability and operational optimization

Austin WATER

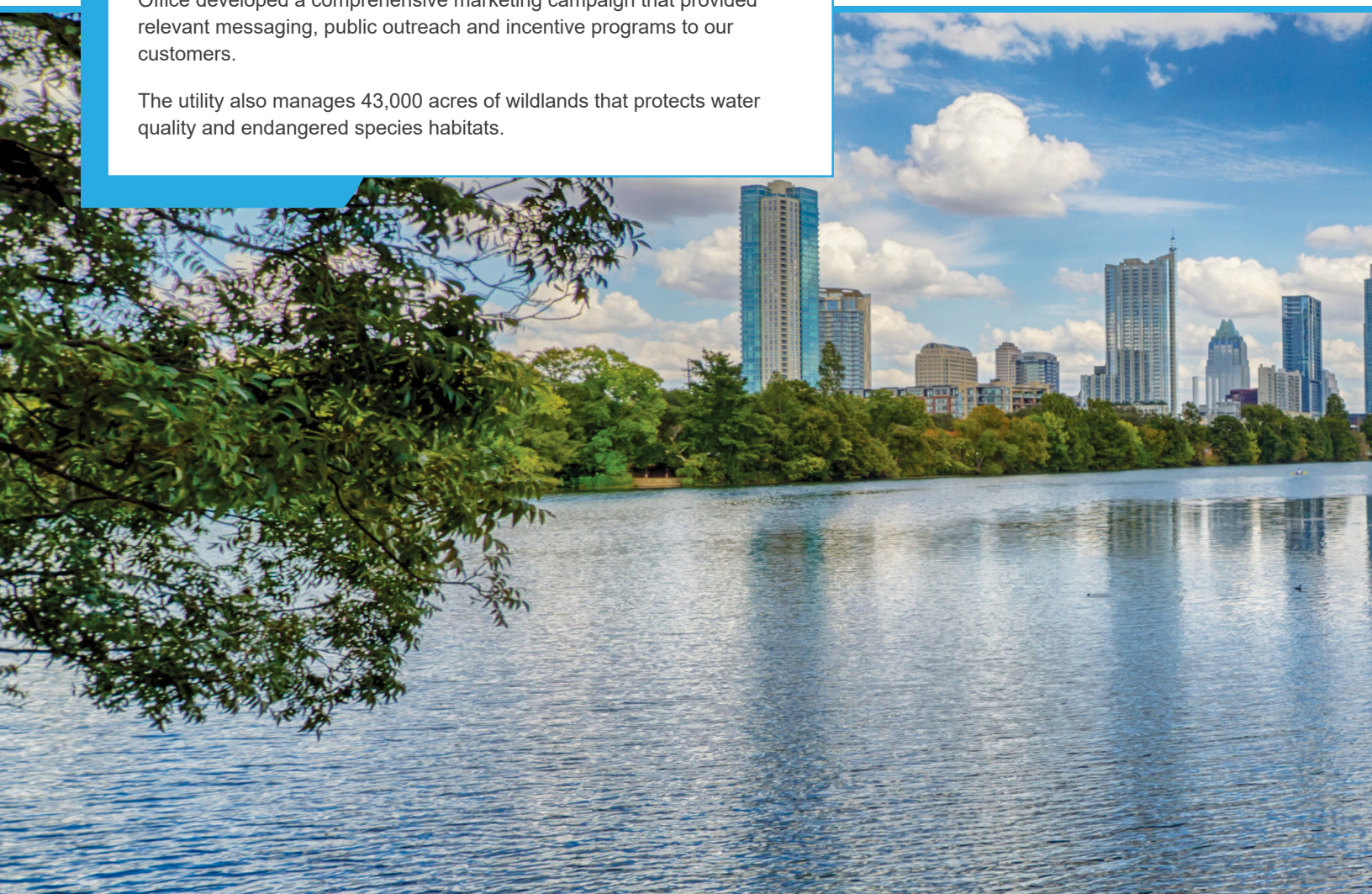
UTILITY OVERVIEW

Austin Water provides safe, reliable, high quality, sustainable and affordable water services that have met the community's needs for over 100 years. Austin Water serves over 1,000,000 people in the Austin metropolitan area, both retail and wholesale, across more than 548 square miles. The utility draws water from the Colorado River into three regional water treatment plants, Water Treatment Plant 4, Davis, and Ullrich, which have a combined capacity of 335 million gallons per day.

Austin Water has two wastewater treatment plants, Walnut Creek and South Austin Regional, that can receive up to 150 million gallons per day of sewage to treat. Wastewater is cleaned into high quality effluent that is safely returned to the Colorado River to augment environmental flows. More than a billion gallons of this high quality effluent was reclaimed in FY 2016-17 for outdoor irrigation, industrial cooling, manufacturing and other uses.

Austin Water's award-winning Water Conservation Division successfully guided customers through a historic drought. Our Public Information Office developed a comprehensive marketing campaign that provided relevant messaging, public outreach and incentive programs to our customers.

The utility also manages 43,000 acres of wildlands that protects water quality and endangered species habitats.



EFFECTIVE UTILITY MANAGEMENT

What Is EUM?

Effective Utility Management: A Primer for Water and Wastewater Utilities is the fundamental resource that Austin Water is using to innovate and improve performance across the organization.

Effective Utility Management (EUM) is a framework written by experienced utility professionals across the nation that helps water utilities respond to the challenges they face. It identifies Ten Attributes of Effectively Managed Utilities. These ten attributes help management maintain a balanced approach to all aspects of utility operations, while at the same time zeroing in on areas that are ripe for improvement.

EUM at Austin Water

Austin Water has pursued organizational improvement for many years and those efforts have evolved over time. In 2015, managers began to understand the value of the EUM framework.
They recommended the deployment of EUM to focus and enhance existing improvement efforts – across the utility.

EFFECTIVE UTILITY MANAGEMENT

In 2016, Austin Water introduced EUM concepts to the entire supervisory and management team at a Leadership Summit and conducted an EUM Workshop with division managers.

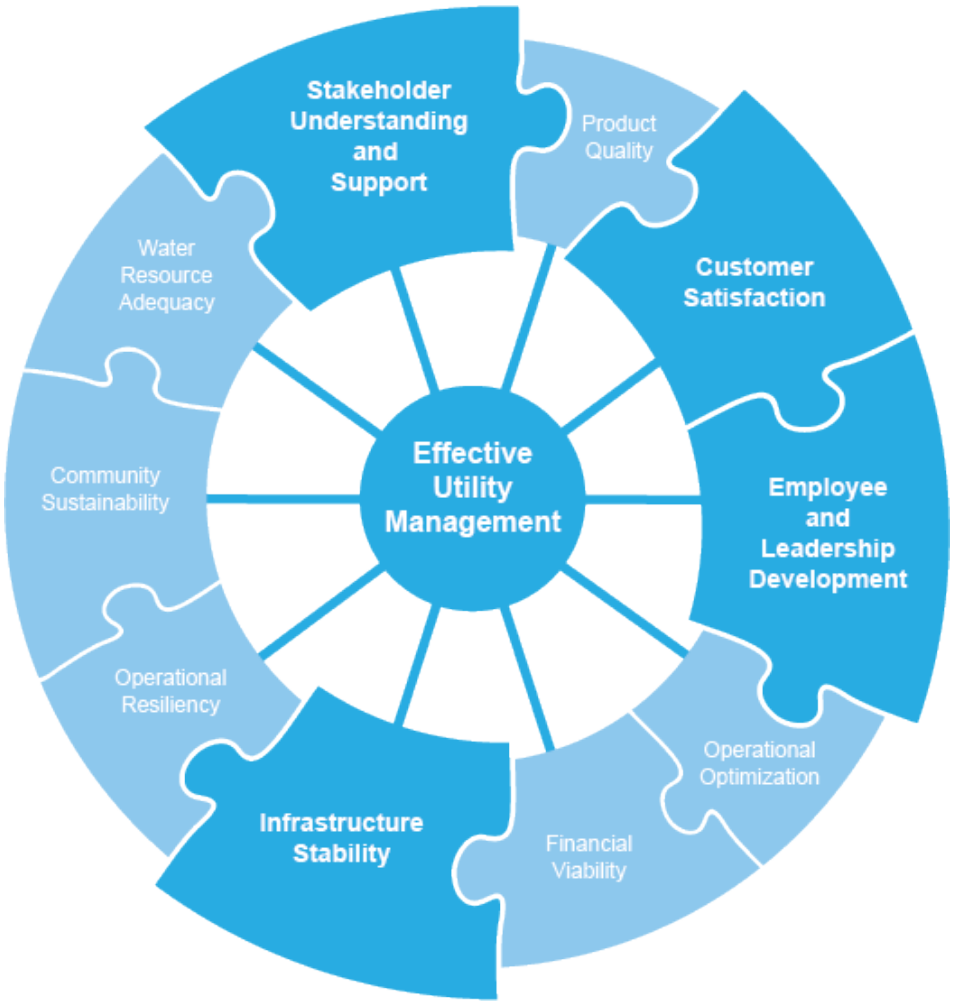
Next, the Executive Team conducted a rigorous self-assessment to identify which of the Ten Attributes would become the focus of Austin Water's EUM effort. The Executive Team systematically assessed Austin Water's performance in each of the Ten Attributes, as well as the importance of the attributes.

Through extensive dialogue, a consensus emerged that Austin Water would focus its energies on improving in four areas:

- Customer Satisfaction
- Employee & Leadership Development
- Infrastructure Stability
- Stakeholder Understanding & Support, including Affordability

These four areas became known as Austin Water's Focus Four Attributes. In 2017, cross-utility teams were chartered to improve performance in these attributes over the next three to five years. Teams were challenged to develop Action Plans and Right Now Scorecards to guide their work.

Now in year two of EUM deployment, the Focus Four teams report their progress on a weekly and monthly basis to executives. An Engagement Team was created to support communication efforts of the Focus Four teams.



EFFECTIVE UTILITY MANAGEMENT

Customer Satisfaction

Definition

Provides reliable, responsive and affordable services in line with explicit, customer-accepted service levels. Receives timely customer feedback to maintain responsiveness to customer needs and emergencies.

Initial focuses and actions

- Training all 1,200 employees in customer service principles
- Seeking improvements to our phone system
- Developing new ways to obtain customer feedback

Performance Measures

- Raising the scores on the JD Power customer satisfaction index
- Improving our performance on the City of Austin Customer Satisfaction survey

Liz Carpenter Splash Pad

EFFECTIVE UTILITY MANAGEMENT

Employee & Leadership Development

How is Employee & Leadership Development defined?

Recruits and retains a workforce that is competent, motivated, adaptive and safe-working. Establishes a participatory, collaborative organization dedicated to continual learning and improvement. Ensures employee institutional knowledge is retained and improved upon over time. Provides a focus on and emphasizes opportunities for professional and leadership development and strives to create an integrated and well-coordinated senior leadership team.

What are we doing to improve?

- Ensuring that Safety, Ethics & Inclusion are core values at the center of all workforce programs
- Strengthening professional development and leadership competencies through Austin Water programs & initiatives
- Community Outreach and Inclusiveness in Recruiting, Retention, Employee & Leadership Development, & Knowledge Transfer

How will we measure success?

- Reducing the staff vacancy rate
- Increasing the completion rate of required safety training
- Improving scores on the City of Austin employee survey in Overall Satisfaction and in the categories of Safety & Ethics

EFFECTIVE UTILITY MANAGEMENT

Infrastructure Stability

Definition

Understands the condition of and costs associated with critical infrastructure assets. Maintains and enhances the condition of all assets over the long-term at the lowest possible life-cycle cost and acceptable risk consistent with customer, community and regulator-supported service levels, and consistent with anticipated growth and system reliability goals. Assures asset repair, rehabilitation, and replacement efforts are coordinated within the community to minimize disruptions and other negative consequences.

Initial focuses and actions

- Completing a comprehensive inventory of all assets
- Assessing the condition and criticality of all assets
- Identifying opportunities to achieve maintenance excellence

Performance Measures

- Completing the inventory and condition assessment for 100 percent of critical assets
- Completing preventative maintenance work orders on time

EFFECTIVE UTILITY MANAGEMENT

Stakeholder Understanding & Support, including Affordability

Definition

Engenders understanding and support from oversight bodies, community and watershed interests, and regulatory bodies for service levels, rate structures, operating budgets, capital improvement programs, and risk management decisions. Actively involves stakeholders in the decisions that will affect them.

Initial focuses and actions

- Working to improve affordability for customers through a **4.8% retail rate reduction** in 2018
- Reallocating costs through a rigorous cost of service study
- Proactively communicating with policymakers about our rate structure, budget and capital improvements
- Strong debt management through the use of capital recovery fees for debt defeasances

Performance Measures

- Keeping the average residential bill at or below 1.5 percent of Austin Median Household Income
- Conducting an Affordability Benchmark Study to improve affordability metrics

Ullrich Water Treatment Plant

EFFECTIVE UTILITY MANAGEMENT

Engagement

How is Engagement defined?

The Engagement Team, led by our Public Information Office, was created to support the communication efforts of the Focus Four EUM attributes. The team is charged with improving communication, coordination and collaboration across the utility.

What are we doing to improve?

- Traditional communication plan elements such as the *Employee News* and bulletin board posters
- Austin Water events and activities
- Executive Team site visits across the utility, covering all work groups
- Development of a Monthly Performance Dashboard
- Digital informational displays at Austin Water facilities

How will we measure success?

- Regular communication through the weekly eNews
- Scheduling, tracking and completion of events and site visits
- Completion, launch and maintenance of the Monthly Performance Dashboard
- Schedule, track and full implementation of digital displays

Ullrich Water Treatment Plant

STRATEGIC INITIATIVES

Advanced Metering Infrastructure

In January 2016, Austin Water launched its Advanced Metering Infrastructure (AMI) Steering Committee, charged with the responsibility of evaluating, recommending and directing actions to implement AMI for our service area. Austin Water is utilizing various technologies and innovative methods in managing the utility's infrastructure and continues to monitor several AMI pilot programs in leak management as well as meter data management systems to find the best quality AMI meter and data analytics software for the utility and its customers.

Even though all water meters are still being manually read for billing purposes, Austin Water has been conducting several AMI pilot projects to study how AMI will change the behavior of utility customers and how to use AMI to improve Austin Water's customer services. The ability to try these new technologies in a low-risk situation and identify some of the issues that need to be addressed before Austin Water can transition to AMI meters is invaluable.

Through these initial pilot programs, Austin Water has gained experience and knowledge in working with AMI meter installation, communication, and data management. At the same time, we are tracking and learning from the experiences of other utilities as they also explore AMI meter programs.

In 2018, Austin Water engaged a consultant to provide services for AMI program management, and guide the utility on developing a business case for meter upgrades.

Austin Water seeks innovative solutions to better serve our customers and protect our water supply. There are several strategic initiatives that will help us continue to provide superior service and ensure a reliable, high quality water supply for the future.

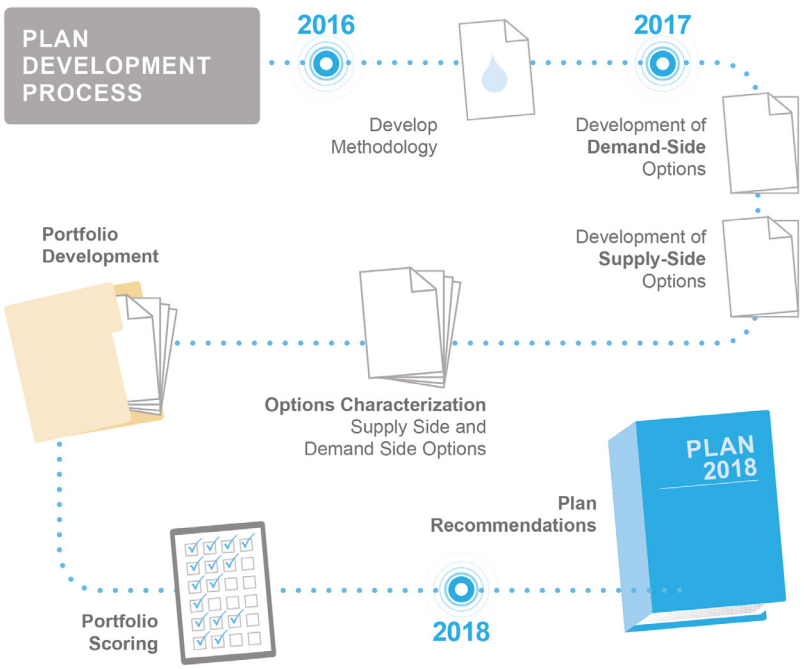
STRATEGIC INITIATIVES

Water Forward – Austin's Integrated Water Resource Plan

Austin is one of the fastest growing cities in the country. With a rapidly growing city and a changing climate, Austin Water is working with other city departments, a Council-appointed citizen Task Force, and the community to develop a water plan for the next century.

The Integrated Water Resource Plan will provide a mid- and long-term evaluation of, and plan for, water supply and demand management options for the City of Austin in a regional water supply context. Through public outreach and coordination of efforts between City departments and the Water Forward Task Force, Water Forward offers a holistic and inclusive approach to water resource planning. The plan embraces an innovative and integrated water management process with the goal of ensuring a diversified, sustainable and resilient water future with strong emphasis on water conservation.

Below is Water Forward's timeline. Public input has been gathered throughout the process. We anticipate presenting draft plan recommendations to City Council later this year. The plan is projected to be finalized in 2018 with updates every five years.



STRATEGIC INITIATIVES

Innovative Water Strategies

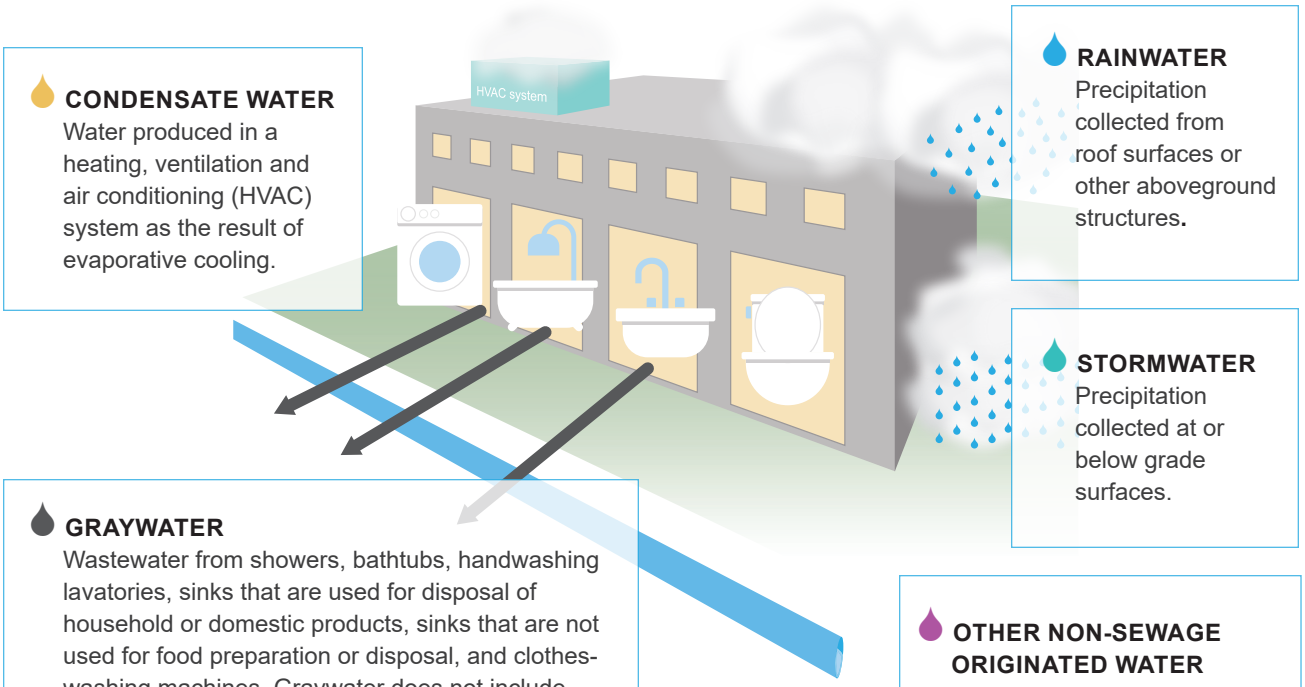
In an effort to maintain a sustainable water supply for future generations, Austin Water is committed to reducing its water demands through conservation programs and to promote efficient and resilient water systems that will help mitigate the effects of future droughts.

Onsite water reuse systems, sometimes referred to as water recycling systems, when properly designed and operated, make efficient and safe use of water that would otherwise be diverted to a treatment plant or water body.

Austin Water created an Innovative Water Strategies Steering Committee to develop a guiding process and framework for the evaluation and implementation of innovative decentralized water and wastewater systems.

The Steering Committee has also taken first steps to provide residential and multi-family/commercial customers with guidance on onsite water reuse systems for non-potable applications by developing a Homeowner's Guide to Single Family Residential Onsite Water Reuse. A Multi-Family/Commercial Guide is also in the works. These guidance documents aim to provide customers with a resource to navigate through regulatory, permitting, design and operations for onsite water reuse. Information will also be available for rebates and incentives for these types of uses.

Austin Water is partnering with the City's Development Services Department to pilot on-site reuse in a planned new development center.



STRATEGIC INITIATIVES

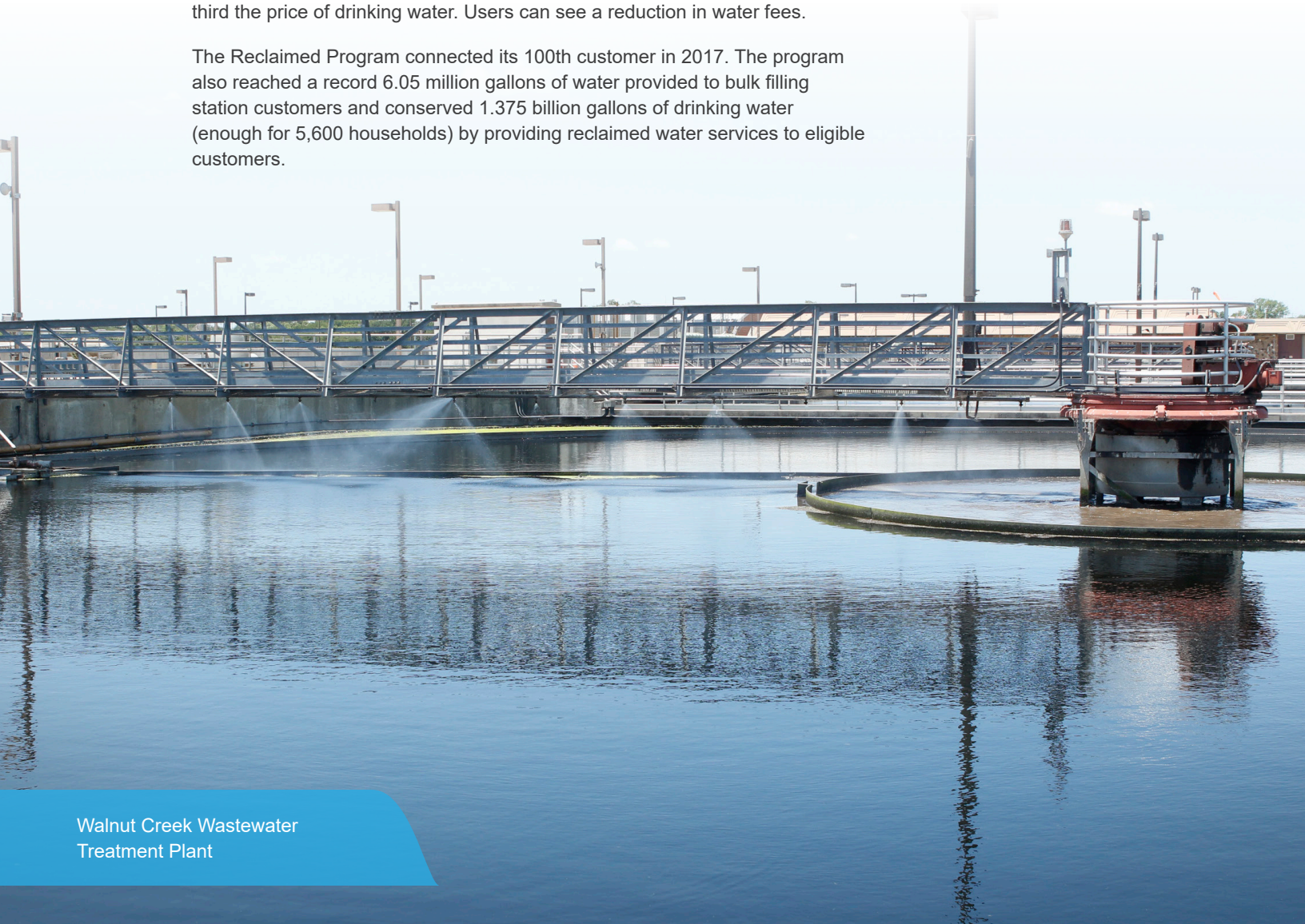
Reclaimed Water Program

More than 50 miles of reclaimed water runs in specially colored purple pipes beneath Austin streets and that number is continuing to grow. Reclaimed water is recycled from wastewater generated by homes and businesses and treated for non-potable uses which include irrigation, cooling towers, and virtually any use not requiring higher-quality drinking water. Such uses may include irrigation, cooling towers, industrial uses and toilet flushing.

Though reclaimed water is not used in the drinking water supply, it meets over 90% of the criteria for drinking water. This water is clear with no noticeable odor, and is harmless to humans through normal contact. Austin's reclaimed water has passed all state and federal laws for non-potable use.

Reclaimed water is less expensive to use or treat, and can be as little as one-third the price of drinking water. Users can see a reduction in water fees.

The Reclaimed Program connected its 100th customer in 2017. The program also reached a record 6.05 million gallons of water provided to bulk filling station customers and conserved 1.375 billion gallons of drinking water (enough for 5,600 households) by providing reclaimed water services to eligible customers.



Walnut Creek Wastewater Treatment Plant

STRATEGIC INITIATIVES

Environmental Protection

Austin Water provides a wide array of environmental services that helps to protect our water supply, water quality and endangered species.

Water Conservation

Lowering water use ensures clean water for future generations, reduces the electricity required for water and wastewater services, and decreases the need and expense for water infrastructure. Austin Water's conservation has been ranked number one in the state of Texas among large utilities. The utility provides rebates, tools and programs to help customers save water and money.

Wildland Conservation

Austin Water manages 43,000 acres of wildlands that provide benefits to our entire community. They are not parks, but rather public lands held in trust for a specific purpose based on the mission of the program under which they are managed. Those managed under the Balcones Canyonlands Preserve Program conserve habitat for eight endangered species and 27 species of concern. Those managed under the Water Quality Protection Lands Program optimize the quantity and quality of water recharging the Barton Spring segment of the Edwards Aquifer.

Special Services Division

The Special Services Division includes: Cross Connection Control/Water Protection, Industrial Waste Control/Pretreatment, Lake Water Protection, Liquid Waste Haulers, Waste Management, and Water Wells. Our aim is promoting consistent compliance to help customers protect health and safety, reduce pollutants and minimize waste.

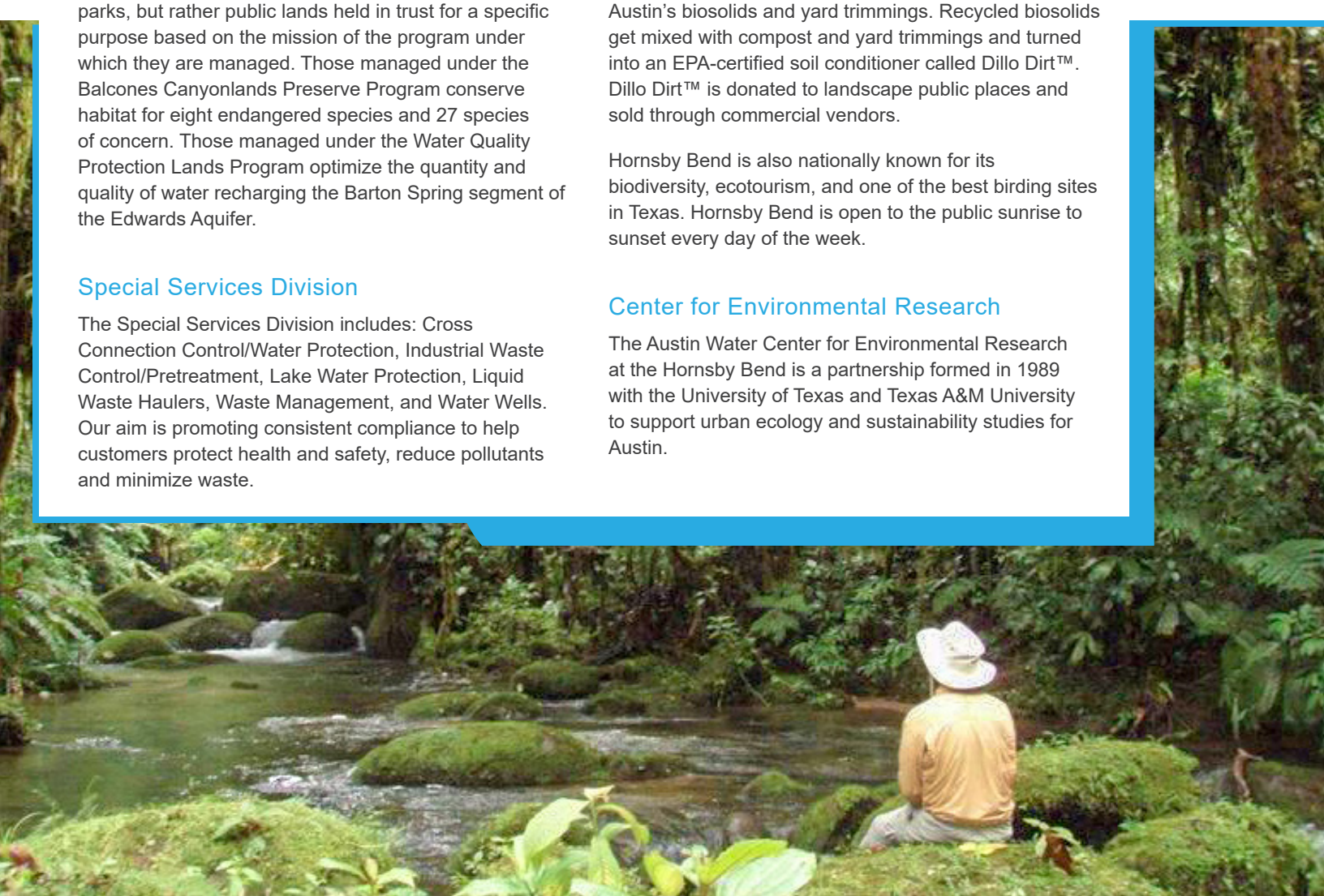
Hornsby Bend

The Hornsby Bend Biosolids Management Plant plays a key role in sustaining Austin's environment by recycling Austin's biosolids and yard trimmings. Recycled biosolids get mixed with compost and yard trimmings and turned into an EPA-certified soil conditioner called Dillo Dirt™. Dillo Dirt™ is donated to landscape public places and sold through commercial vendors.

Hornsby Bend is also nationally known for its biodiversity, ecotourism, and one of the best birding sites in Texas. Hornsby Bend is open to the public sunrise to sunset every day of the week.

Center for Environmental Research

The Austin Water Center for Environmental Research at the Hornsby Bend is a partnership formed in 1989 with the University of Texas and Texas A&M University to support urban ecology and sustainability studies for Austin.



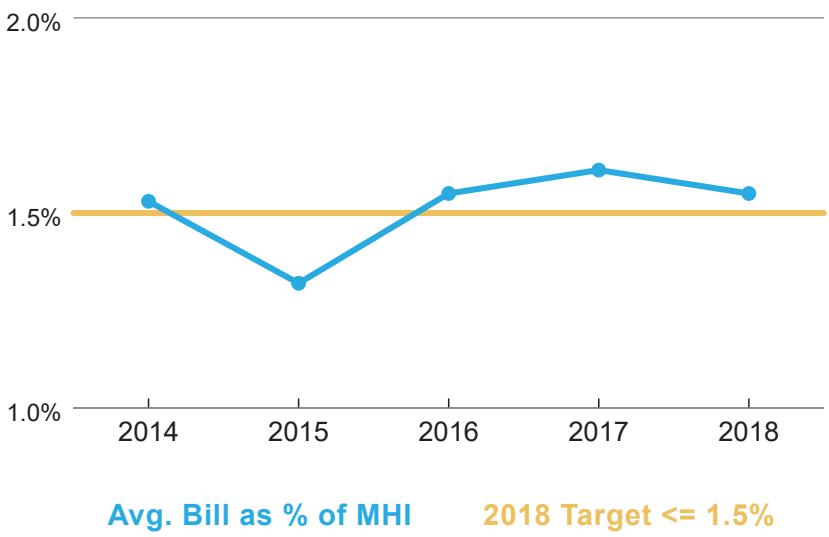
KEY PERFORMANCE INDICATORS

Goal 1

Strengthen customer satisfaction and stakeholder understanding and support.

Key Indicator

- 2018 Target of **Annual Residential Bill** at or below 1.5 percent of Austin Median Household Income (MHI)

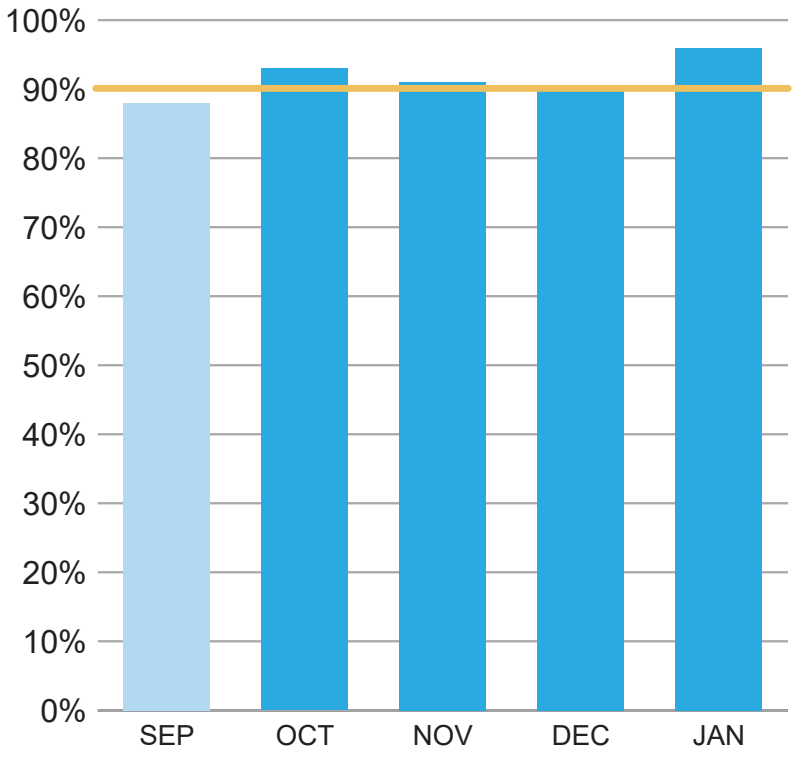


Goal 2

Protect the water supply and promote community sustainability.

Key Indicator

- Respond to 90% of **emergency water leaks** within 3 hours



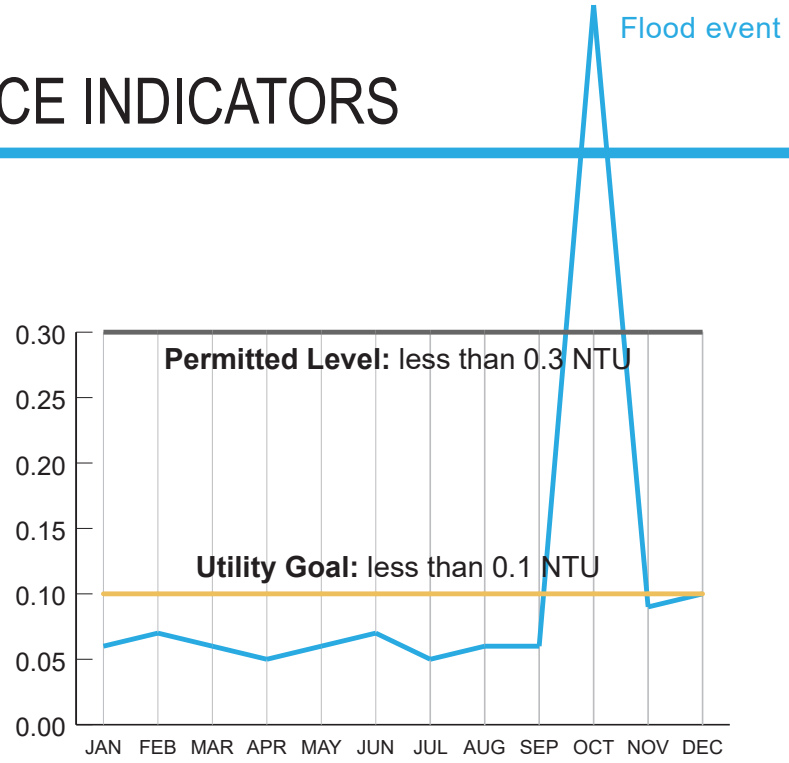
KEY PERFORMANCE INDICATORS

Goal 3

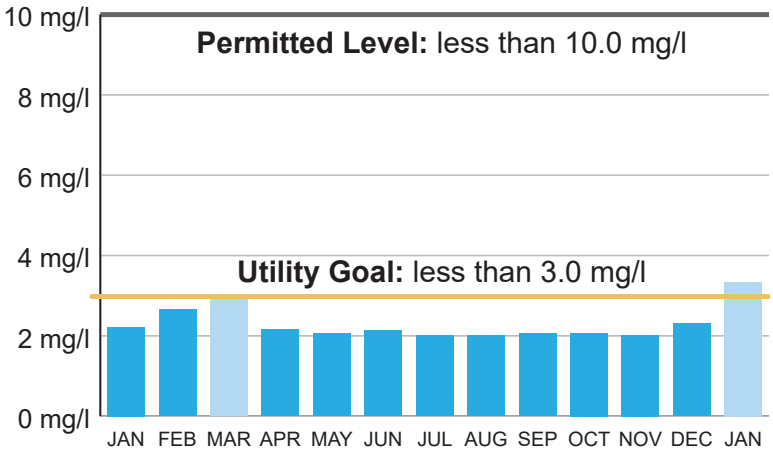
Protect the public health and safety by providing high-quality water services.

Key Indicators

- **Clarity of Water**
  Ensure providing high quality potable water by keeping treated drinking water turbidity level at 0.10 Nephelometric Turbidity Unit (NTU) or less



- **Wastewater Quality**
  Ensure stream water quality by keeping the Carbonaceous Biological Oxygen Demand (CBOD) concentration from our wastewater treatment plants discharges at 3.0 mg/L or less



Goal 4

Maintain strong financial viability to ensure a balanced cost structure.

Key Indicator

- Ensure continued strong financial position by maintaining **S&P Bond Rating**

AA
Current

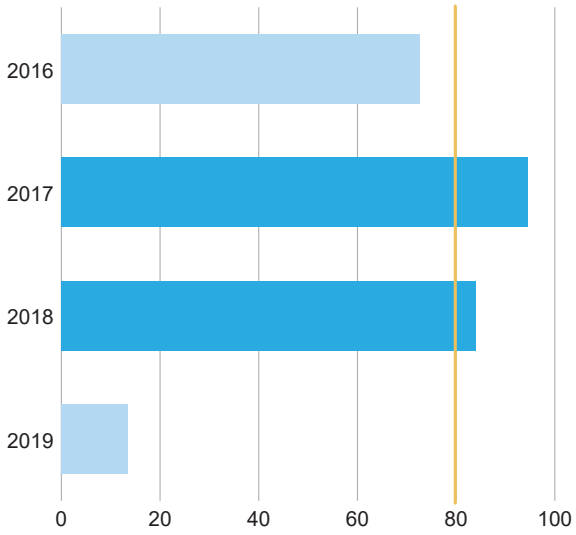
KEY PERFORMANCE INDICATORS

Goal 5

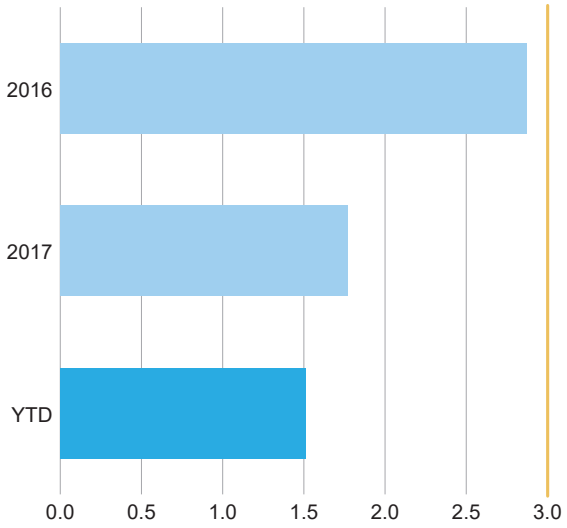
Ensure infrastructure stability and operational optimization.

Key Indicators

- Reduce operational risks by successfully completing at least 80% of the **Austin Water Capital Improvements Program** budget on identified priority infrastructure needs annually



- Reduce the number and volume of **Sanitary Sewer Overflows** by keeping the number of reportable wastewater overflows per 100 miles of sewer lines below 3



OUR LEADERSHIP TEAM

Greg Meszaros
Austin Water Director

- Responsible for leading a team of 1,100+ employees dedicated to providing high quality drinking water, wastewater and reclaimed water services to over 1 million people in the Austin metropolitan area.

Daryl Slusher
Assistant Director, Environmental Affairs and Conservation

- Water Conservation, Wildlands, drinking water quality protection, Intergovernmental Relations, Public Information Office

David Anders
Assistant Director, Financial Services

- Financial Management, Budget and Accounting, Supply Chain Management, and Customer Services

Denise Avery
Chief Administrative Officer

- Executive Administrative Team, Records and Information Management Services

Chris Chen, P.E.
Assistant Director, Engineering Services

- Engineering and Supervisory Control And Data Acquisition (SCADA) functions that support the utility's water, wastewater, and reclaimed water operations

Anna Bryan-Borja, CIA, CFE
Chief Support Services Officer

- Security Management, Facility Management, Internal Audit, Emergency Management, and Effective Utility Management initiative

Enrique "Rick" Coronado, P.E.
Assistant Director, Operations & Maintenance

- Water Production, Storage and Distribution, Wastewater Collection, Treatment and Recycling

Sherri Hampton, SPHR & SCP
Human Capital & Risk Management

- Human Resources and Safety & Certification Training in the Human Capital & Risk Management Program

Kevin R. Critendon, P.E., PMP
Assistant Director, Water Resources Management

- Asset Management Program, Capital Improvement Program Development and Administration, Utility Maps and Records, Water Resources Planning

Teri Pennington, MBA
Chief Information Officer

- Information Systems, IT System Architecture, Geographic Information Systems (GIS) Services

Austin WATER

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Presented by: Office of the Director
Produced by: Public Information Office