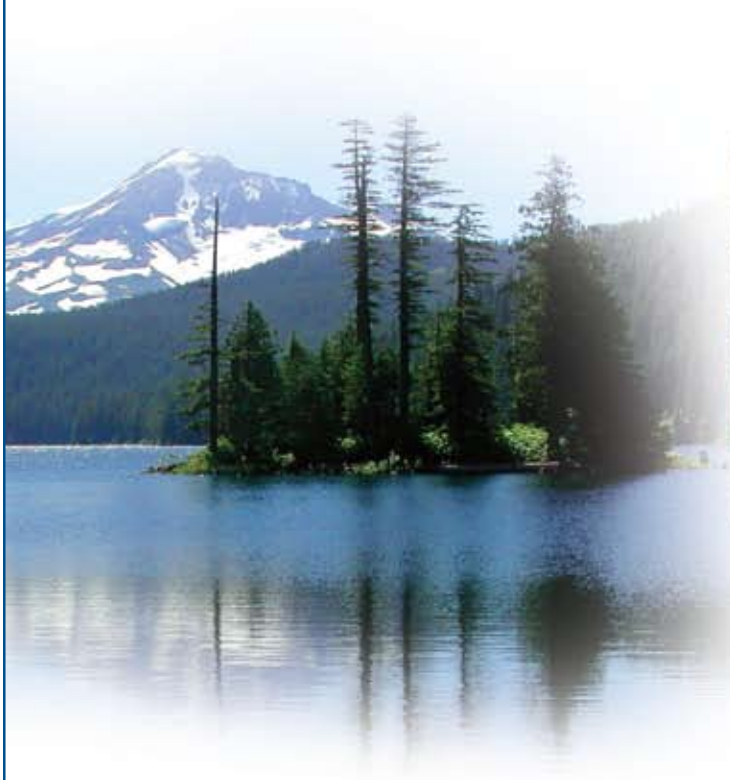
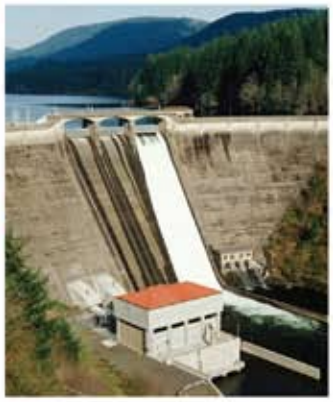
Exhibit A

Portland Water Bureau Strategic Plan

Portland Water Bureau STRATEGIC PLAN 2008–2011





PORTLAND WATER BUREAU

FROM FOREST TO FAUCET

CITY OF PORTLAND, OREGON 1851

Water Bureau Statement of Vision, Mission and Values

Customer Focused, Motivated, Innovative, Professional, Stewardship

VISION

The Portland Water Bureau provides the highest quality water, customer service and stewardship of the critical infrastructure, fiscal, and natural resources entrusted to our care. We enhance public health and safety and contribute to the economic viability and livability of the Portland metropolitan region. We are a recognized leader among water service agencies across the country.

MISSION

- To provide reliable water service to customers in the quantities they desire and at a quality level that meets or exceeds both customer and regulatory standards
- To provide the highest value to customers through excellent business, management, and operational practices, and appropriate application of innovation and technology
- To be responsible stewards of the public's water infrastructure, fiscal and natural resources
- To provide the citizens and the City Council with a water system that supports their community objectives and overall vision for the City of Portland

VALUES

Customers	Keep the needs and desires of our customers in the forefront of our thoughts and actions
Service	Contribute responsively to the welfare of the community
Financial Health	Maintain fiscal integrity, undertake sound financing practices and ensure auditable results
Employees	Recruit, maintain, motivate and retain a highly qualified, diverse and committed workforce; and provide a safe work environment
Partnership	Partner with our community, our customers and regional water interests
Leadership	Focus on goals, results and accountability while promoting human health and development
Responsiveness	React positively, cooperatively, and efficiently
Effectiveness	Make the most appropriate use of resources and infrastructure
Communication	Share information and knowledge openly
Flexibility	Adapt to new, different and changing requirements
Equity	Ensure fair treatment and service to all
Stewardship	Protect the natural environment so its benefits are available to meet today's needs as well as those of future generations

The daily mission of the Portland Water Bureau is to deliver "the best drinking water in the world" to the Portland metropolitan area.

The Water Bureau's Management Team has prepared this strategic plan to accomplish three key goals:

- **to more clearly link the Bureau's mission, vision and values to the work we do every day**
- **to guide the choices we make and the results we deliver**
- **to pledge to our customers an excellent product and excellent service**

The plan defines practical achievable steps to act on these goals over the next three years. The strategies are consistent with direction provided by Randy Leonard, our Commissioner-in-Charge, and are responsive to the extensive input we have received from the Portland community since 2005.

This strategic plan adopts for the first time a set of "key service level indicators." These service levels respond to a global trend for water utilities to provide greater transparency and accountability with a focus on results for customers. The Water Bureau will collect data to measure results, report those results at least annually, and use what we learn to guide management decisions and resource allocations.

The plan also recognizes a number of other trends and issues in the water utility business and in the Portland community. Prudent care of our aging infrastructure will require paying greater attention to repair and replacement, and to making risk-based investments in maintenance. Addressing our infrastructure needs will take place in a financial environment challenged by inflation of basic costs and increasing customer sensitivity to rising rates. We've also heard two messages loud and clear from the Portland community that we have always known to be true: our customers value local control and self-determination, and they take great pride in unfiltered Bull Run water. These values have been front and center in the recent controversies over federal requirements affecting our open reservoirs and treatment of our water supply.

I am confident in the Water Bureau's ability to continue to deliver the "best water in the world" and to meet the challenges before us. We will do so guided by the strategies in this plan.

David G. Shaff
Administrator, Portland Water Bureau

History and Context for this Plan

This strategic plan reflects direction that began to be put in place in 2005. In January of that year, the bureau published the current Vision-Mission-Values statement. In September, the bureau held a Budget summit attended by about 140 employees and citizens. Needs identified at the summit included:

- Replace obsolete infrastructure
- Increase maintenance of existing infrastructure
- Improve infrastructure by upgrading facilities, technologies or systems
- Improve training, succession planning and other workforce development activities
- Improve other support systems or resources
- Improve data management systems to better support operations, construction and system planning and development
- Improve or enhance existing approaches, capacity and/or performance to better serve customers
- Expand the use of technology to improve efficiency and effectiveness
- Change current practice to reduce costs without significantly affecting service levels

The bureau also established a citizen/employee budget committee and, beginning in October 2005, prepared the FY 06-07 and FY 07-08 budgets using the committee process. During this period, the bureau's budget was organized into 22 programs to better align with an asset management approach. Since then, the bureau has published program summaries and asset condition reports to increase transparency and accountability about needs, results and expenditures.

Since 2005, a series of plans, agreements and assessments have been completed that help set the stage for this strategic plan:

- 2006 QualServ self assessment and peer review
- 2006 contracts signed with 19 wholesale water customers (5- to 20-year durations)
- 2007 Distribution System Master Plan
- Asset Status and Condition reports, and Asset Management Plans
- 2008 Habitat Conservation Plan for the Bull Run Water Supply
- 2008 Water Management and Conservation Plan (per OWRD Div 86 requirements)

In addition to the vital work we do every day, the bureau has also accomplished a number of water system and service improvements since 2005. These include installing new mains downtown as part of the transit mall project, replacing aging trestles for our water supply conduits, instituting online and credit card options for paying bills, and opening five hydroparks.

The results of all of these efforts created a foundation from which the Water Bureau Management Team developed a series of strategic objectives with associated implementation tactics, as well as a set of key service level indicators. This strategic plan is intended to help guide the bureau during the 2008-2011 time period, and will be updated thereafter.

Strategic Objectives and Related Tactics for the Next Three Years (2008–2011)

STRATEGIC OBJECTIVE:

Provide excellent quality water for our customers

TACTIC: Reorganize and update water quality functions and staffing, including appointment of a Water Quality Manager

TACTIC: Improve distribution system water quality using proactive monitoring and unidirectional flushing

TACTIC: Update Bull Run watershed protection and maintenance procedures and agreements based on the 2007 Bull Run Agreement with the Mt. Hood National Forest

---

STRATEGIC OBJECTIVE:

Improve responsiveness to customer needs and promote engagement of the community

TACTIC: Implement monthly billing to increase convenience for customers and respond to expectations for more manageable total costs (water, sewer and stormwater) per bill

TACTIC: Use a variety of means to collect customer feedback and assess current customer needs. Design and implement customer service improvements to respond to those needs.

TACTIC: Promote community engagement by developing and implementing a bureau-wide public involvement plan, particularly for capital projects

TACTIC: Increase number of maintenance districts to provide better customer service and improved accountability

---

STRATEGIC OBJECTIVE:

Improve maintenance of aging water system infrastructure, including repairs, replacements and upgrades

TACTIC: Continue to implement a risk-based asset management approach to assist in managing operations, construction and capital planning (including business cases and reliability-centered maintenance, RCM) and to thereby improve service effectiveness with the available resources

TACTIC: "Right-size" the construction crews to better match size and skill composition of the crew to the project need

TACTIC: Improve availability and accuracy of key system data, including deployment of the first phase of mobile technology and completion of GIS mapping

---

STRATEGIC OBJECTIVE:

Comply with federal regulations using practical, locally-driven solutions

TACTIC: Pursue an administrative variance and/or legislative alternatives to LT2 requirements for Bull Run treatment and open finished water reservoirs. Complete designs for treatment facilities and obtain state approval of plans for retirement of open reservoirs – to implement if administrative and legislative efforts are not successful.

TACTIC: Implement Bull Run Habitat Conservation Plan as adopted by City Council and approved by the National Marine Fisheries Service

---

STRATEGIC OBJECTIVE:

Employ efficient and effective management practices

TACTIC: Create a key service level indicators "dashboard" for use by the bureau's Management Team. Assign staff to collect trend data for each indicator. Evaluate trends quarterly and make necessary adjustment decisions.

TACTIC: Implement financial policies to manage water rate volatility and control mid-year cost increases

TACTIC: Complete exchange of 2,500 acres with USFS in Bull Run watershed to better align the bureau's land ownership in the Bull Run Watershed Management Unit with our water supply mission

TACTIC: Maintain and improve partnerships with key City bureaus (Parks, PDOT and BES) to encourage upfront collaboration, especially on infrastructure planning

TACTIC: Modernize and improve tools for exchanging information among employees (e.g., intranet, Filenet, Synergen)

STRATEGIC OBJECTIVE:

Continue to invest in recruiting, retaining and developing a knowledgeable, multi-skilled and culturally-competent workforce

TACTIC: Provide targeted training, mentoring and coaching on leadership, supervision and management, communication, and customer service skills and expectations

TACTIC: Develop and implement knowledge transfer strategies for key system areas and functions

TACTIC: Identify critical positions likely to become vacant through retirements and other turnover, and develop effective recruitment and succession strategies

TACTIC: Implement Diversity Development Action Plan to increase employee engagement and workplace excellence

TACTIC: Implement Affirmative Action Plan to increase diversity of the bureau's workforce and contracting pool, including active outreach and programs to overcome barriers

---

STRATEGIC OBJECTIVE:

Continue to incorporate sustainability into the bureau's everyday work

TACTIC: Implement new rate structure to respond to community values supporting water conservation

TACTIC: Implement Sustainability Action Plan and update annually

TACTIC: Develop and implement a carbon emissions mitigation strategy. Continue to make improvements in energy-efficient operation and design. Increase both use and generation of renewable energy.

STRATEGIC OBJECTIVE:

Increase flexibility and preparedness to meet future challenges

TACTIC: Complete updated long-term water supply planning. Evaluate future supply as compared to anticipated demands, impacts of global climate change, and state and federal regulations. Define the roles that Bull Run, groundwater and water conservation will play in our supply future.

TACTIC: Establish principles to guide future decisions about wholesale contracts for both existing and potential new customers

TACTIC: Estimate costs and define priorities for future infrastructure investments (based on analysis of asset status and condition, and definition of desired service levels)

TACTIC: Enhance security throughout the water system. Modernize security practices and infrastructure.

TACTIC: Continue to improve emergency preparedness, including participation in regional and state cooperative programs

TACTIC: Continue to participate in national/regional partnerships on Climate Change to share information and create better decision support tools

---

Key Service Level Indicators

These indicators were selected with four purposes in mind. The first is to pledge a level of service to our customers, for whom we will track progress and report results. The second is to help maintain focus on delivering results on the strategic objectives and tactics described in the plan. The third is as a management tool to help allocate resources and to enable course corrections, both mid-year and over the three-year term of the plan. The fourth purpose is to measure our service in comparison to other similar utilities recognized for achieving "best practice."

CATEGORY	SERVICE LEVEL INDICATOR
Water Quality	• 100% compliance with state and federal water quality regulations
Customer Service	• 75% give High or Very High rating on Auditor's SEA survey • Respond to customer inquiry or request within 5 business days • Answer 80% of calls within 60 seconds • Fewer than 7 complaints per 1000 customers per year • No more than 5% of customers out of water for more than 8 hours a year • No customer out of water more than 3 times per year • Complete 90% of service installs within 15 days • At least one working hydrant within 500 feet of service connection • Maintain minimum pressure of 20 pounds per square inch (psi) during normal demands • Complete mandatory projects on schedule
Financial Health	• Maintain AA1 bond rating for revenue bonds • Meet or exceed planned debt service coverage of 1.90 on First Lien Bonds and 1.75 on both First and Second Lien Bonds

CATEGORY	SERVICE LEVEL INDICATOR
Infrastructure Management	• Achieve continuous improvement in maintaining assets by completing two steps per year in the progression of maintenance "best practice" • Meet at least 80% of standards established for inspection, testing, repair and replacement of assets that are identified as medium, high or extreme risk • 80% of infrastructure projects meet at least one of a defined set of investment criteria (e.g., total life cycle cost, cost-benefit ratio, cost-risk reduction ratio)
Workforce and Workplace Excellence	• 50% of employees report they are fully engaged in and enthusiastic about their work • Maintain OSHA SHARP certification • 60% of promotional vacancies are filled with internal candidates • Workforce diversity mirrors diversity in the Portland community
Conservation and Sustainability	• Per capita residential water use in retail service area remains steady or declines • Technical assistance results in a median 25% water savings by participating industrial and commercial customers • Bureau's carbon emissions are reduced from 2007 levels • Percentage of energy generated from renewable sources increases from 2007 levels