



# Bureau of Environmental Services Strategic Plan Organizational Assessment Report

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***FINAL***

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## Objective

The purpose of an organizational assessment is to help inform and determine the future direction of an organization. During its organizational assessment, the City of Portland (City) Bureau of Environmental Services (BES or Bureau) gathered key information from its internal and external environments and assessed the alignment of business activities and stakeholder relationships with BES' mission, vision, and values.

This organizational assessment report provides context and key information that will enable those engaged in the BES strategic planning process to frame key issues, identify strategic initiatives, and plan implementation strategies later in the strategic planning process.

## Executive Summary

In early 2016, the BES management team embarked on an inclusive, far-reaching process to update the Bureau's strategic plan. The previous plan established goals and strategies encompassing the 2011-2016 period and was due to expire. In the new strategic plan, BES intends to engage a broader community of internal and external stakeholders, and establish a more direct connection between the strategic plan and the Bureau budget and decision-making processes.

In the first six months of 2016, the Bureau organized a steering committee, selected a project manager, and retained consulting services to guide and assist the Bureau in its strategic planning process.

This organizational assessment summarizes the results of one of the first steps in strategic planning: assessing the current planning environment.

In the final months of 2016, the Bureau engaged in a series of workshops, document reviews, and external research. The results of those efforts are reflected in this report.

Key findings in this report include:

- **Ageing infrastructure.** BES manages assets with a replacement value of over \$13.5 billion, with over \$7 billion of that in a nearly 2,000 mile sanitary and combined sewer pipe system. Of the nearly 2,000 miles of sanitary sewer and combined sewer/stormwater pipes in the system, more than 30 percent are over 80 years old, approaching or beyond average life expectancy<sup>1</sup>.
- **Deferred maintenance.** A concerted focus on construction of the "Big Pipe" Combined Sewer Overflow expansion consumed a considerable share of the Capital Program budget until its completion in 2011. This focus resulted in the deferral of important system maintenance and repairs, which now require an equal focus of concerted attention.
- **Capital investments needed.** The Capital Program is projected to increase from \$104 million to as much as \$140-150 million annually over the next five years to accomplish the required

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<sup>1</sup> Source: BES FY 2017-21 Preliminary Financial Plan, February 2016.

“catch-up” in deferred system maintenance and repairs<sup>2</sup>. Successful expansion of the program will require significant process enhancements and a substantial increase in organizational capacity in the areas of staffing, contracting and project management.

- **“Grey and Green.”** In addition to its core operational responsibilities to managing, improving, and maintaining Portland’s “grey” infrastructure, BES is also a leader in the implementation and stewardship of “green” infrastructure. Key drivers in the “green” areas of responsibility include environmental policy shifts, permit compliance requirements, and responsibilities relating to the Portland Harbor Superfund site.
- **Diversity in staffing and skills.** The Bureau’s staffing requirements and strategies will require an enduring commitment to diversity, equity, and inclusion to better represent and engage with the community, and the continued need to emphasize multiple disciplines (engineering as well as ecology, biology, community engagement, and policy) to creatively address emerging challenges.
- **Communications and relationships.** Communications and relationships, particularly with partner agencies, under-represented and underserved portions of the community, will require increased focus on new and renewed engagement strategies, collaboration with other City and regional agencies, reputation management, community education, and a shift in resources to address these areas.
- **Stable funding based on an assumption of modest rate increases.** The Bureau maintains a strong financial position due to steady, modest increases in sewer rates and prudent fiscal management. Financial projections based on continuation of those assumptions show a strong funding base capable of addressing the Bureau’s critical needs in the coming decade. However, downward pressure on rates persists and could require reconsideration of financial projections in the future.
- **Uncertain regulatory environment.** Increased public environmental focus and recent political changes have created an uncertain legislative and regulatory environment, particularly in the area of environmental policy. BES’ future strategies will require a flexible, resilient organization capable of anticipating and responding to this uncertain environment.

Greater detail on all of these key findings follows in the body of this document, including a prioritized list of key organizational strengths and weaknesses, external opportunities and threats, and key challenges for the Bureau to address in its strategic plan.

A separate Stakeholder Engagement Report will be developed to complement these findings, and will summarize key findings from input provided by internal and external stakeholders.

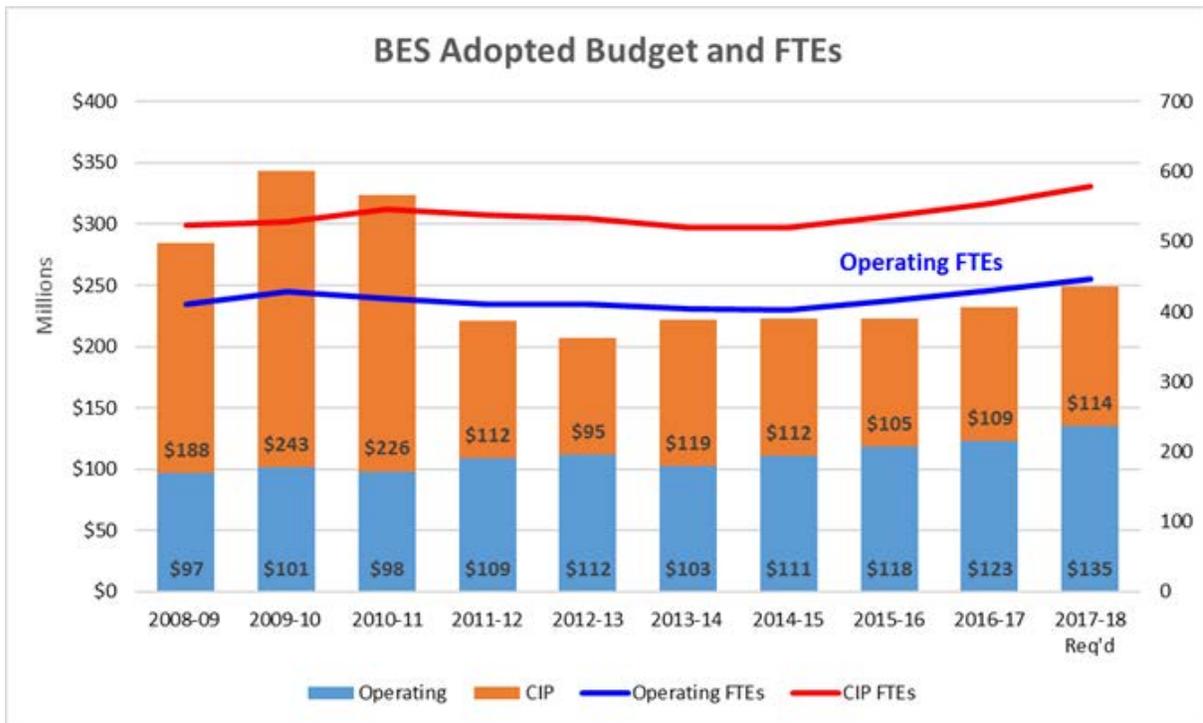
These findings are preliminary and will likely evolve as the strategic planning process continues.

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<sup>2</sup> Source: BES FY 2017-21 Preliminary Financial Plan, February, 2016.

**About BES**

The City of Portland (City) Bureau of Environmental Services is responsible for managing, improving, operating and planning all aspects of the City’s wastewater and stormwater systems. With 554 full-time equivalent employees budgeted in FY2016-17, a base operating budget of \$140 million, and a capital budget of \$109 million, BES is one of the largest bureaus in the City of Portland.<sup>3</sup>



The operating budget represents program expenses only, and excludes utility license fees, cash transfers between funds, debt service, and pension obligation bond payments. Reductions in operating budgets in FY2010-11 and FY2013-14 are consistent with reductions in operating FTE positions in those years. Completion of the CSO Big Pipe project in FY2011-12 results in the 50 percent decline in CIP budget in that year.

**Core responsibilities**

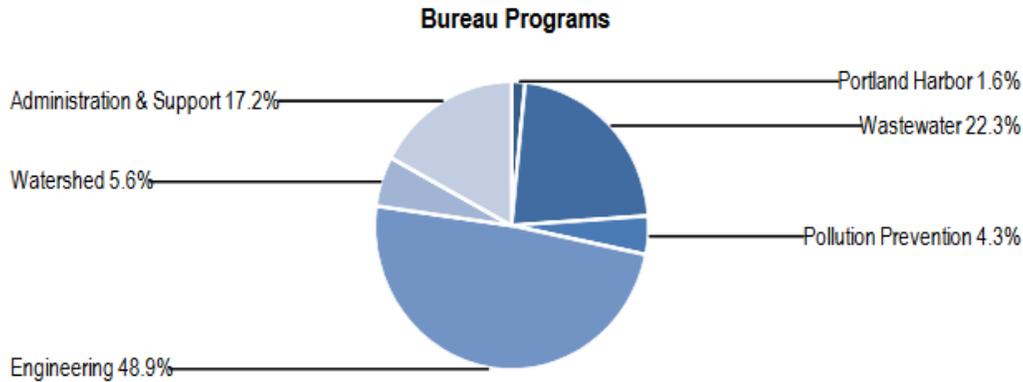
The Bureau operates and maintains sanitary sewer and stormwater collection systems with retail sewer and stormwater charges, wholesale contract revenues from surrounding jurisdictions, and reimbursements for services provided to other bureaus. BES is also the City's lead agency for watershed protection and restoration and recovery of threatened salmon and steelhead species.

<sup>3</sup> Source: City of Portland 2016-17 Approved Budget.

The Bureau is comprised of six major functional program areas: Business Services, Director's Office, Engineering Services, Pollution Prevention Services, Wastewater Services, and Watershed Services; each group is described below.

- The Business Services Group provides services and support to other groups within the Bureau as well as to BES's rate paying customers. The Business Services Group often provides the connection between BES and central City services (accounting/payroll and financial services, human resources, information technology, procurement, etc.)
- The Office of the Director provides policy direction, coordinates activities of the Bureau's five operating groups, and assures timely and appropriate response to the public, ratepayers, and regulatory agencies. The Director's Office functions as a liaison between BES and the Commissioner's Office and City Council, among other stakeholders.
- Engineering Services serves the community by managing the analysis, planning, design and construction of capital projects to protect, expand and improve our system's infrastructure to protect public health and watersheds.
- Pollution Prevention Services (PPS) protects the environmental assets, employees, and citizens of Portland. PPS manages the Bureau's regulatory compliance and enforcement programs related to City, state, and federal regulations. PPS also provides cost-effective technical and analytical services in support of BES decisions, the public, and other bureaus and agencies.
- The Wastewater Services Group is responsible for the critical infrastructure that collects and reclaims wastewater and stormwater. The group monitors, operates and maintains two wastewater treatment plants, 98 pump stations and step systems, 3,040 miles of pipe, 2,506 stormwater water quality facilities, and 360 properties.
- Watershed Services leads planning, scientific, and stewardship efforts to implement Bureau and City investments in natural and built systems that protect and improve watersheds and public health. Watershed Services ensures the City's compliance with state and federal fish, wildlife and environmental regulations.

For the purposes of budgeting, the Bureau is divided up slightly differently into the categories shown below, with percentage of overall FY 2016-17 adopted budget:



### *Customers*

BES serves a population<sup>4</sup> of approximately 625,000, with over 181,000 separate accounts, primarily residential households in the Portland, Oregon area. BES also serves seven neighboring jurisdictions through contracted services.

### *Revenues*

Unlike most City bureaus, who rely heavily on the General Fund for operating revenues, BES obtains most of its operating revenue from fees collected from ratepayers. In the 2016-17 budget, retail customers account for approximately 91 percent of \$349 million in total annual operating revenue, of which about 53 percent comes from residential customers and 47 percent from commercial customers. Wholesale revenues account for only about 1 percent of operating revenue. The balance of operating revenues comes from System Development Charges, sewer tap fees, building plan review fees, line and branch charges, and other miscellaneous revenues.

Bond proceeds provide an additional \$171 million in total revenue. The balance of annual revenues come from interagency agreements with other federal, state, and local agencies (\$2.7 million) and miscellaneous sources.

### *Key partners and stakeholders*

As identified by the BES strategic planning Committee, BES' key partners and stakeholders in ensuring fulfillment of its mission and delivery of quality service include:

- BES employees
- Community and customer groups

<sup>4</sup> Source: <https://www.pdx.edu/prc/annual-population-estimates>

- Environmental and conservation groups
- Business and industry groups
- State and federal regulators
- Education organizations
- Other City agencies and bureaus

Stakeholder engagement is a critical and significant ongoing effort as part of the strategic planning process. The stakeholder engagement plan includes a list of engaged parties, and results of those engagement steps will be forthcoming in separately available documents.

### *System size*

BES manages assets with a replacement value of over \$13.5 billion, with over \$7 billion of that in a nearly 2,000-mile sanitary and combined sewer pipe system. The asset inventory includes<sup>5</sup>:

- |                                      |                                  |
|--------------------------------------|----------------------------------|
| • 2 Wastewater Treatment Plants      | • 412 water quality facilities   |
| • 99 pump stations (82 owned by BES) | • 368 miles of stormwater pipe   |
| • 1,003 miles of sanitary sewers     | • 95 miles of stormwater ditches |
| • 911 miles of combined sewers       | • 75 miles of culverts           |
| • 40,682 sewer access structures     | • 8,624 stormwater sumps         |
| • 670 miles of sewer laterals        | • 9,158 storm access structures  |
| • 1,989 green street facilities      |                                  |

BES also protects, regulates and manages a stormwater drainage network comprised of manmade and natural systems on private and public property and rights-of-way. This includes private and natural assets, such as the thousands of private property flow control and pollution reduction facilities along with hundreds of acres of wetlands and other natural areas and hundreds of miles of streams and rivers.

### **Previous Strategic Plan**

BES created a strategic plan in 2011 to guide the organization’s decision-making and operations through 2016. That plan focused on balancing three key areas:

- The Bureau’s responsibilities to operate and maintain its existing infrastructure
- Planning for future needs
- Keeping sewer rates affordable

The plan outlined six key priorities for 2011-16:

- Protect, rehabilitate, and maintain our existing infrastructure for long-term reliability.
- Responsibly manage ratepayer funds to provide services that address community needs now and in the future.
- Invest in new natural and built systems to protect public health and improve watershed health.

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<sup>5</sup> Source: BES Condition Assessment and Asset Reinvestment Strategy.

- Cultivate leadership and excellence in our workforce.
- Build and expand partnerships to better meet our mission and vision.

The plan also established five guiding principles to put into practice in carrying out the plan’s objectives:

- Accountability
- Stewardship
- Community partnership
- Environmental leadership
- Equity

### **BES History**

Since the City’s founding in 1843, several key events have shaped the evolution of the system and the organization. The history timeline diagram illustrated in the appendix, using information generated by the BES strategic planning steering committee in October 2016, highlight the events that most significantly affect the current environment in which BES currently operates.

### **Current Environment**

#### *System Condition*

- Of the nearly 2,000 miles of sanitary sewer and combined sewer/stormwater pipes in the system, more than 30 percent are over 80 years old, approaching or beyond average life expectancy.<sup>6</sup>
- Over 60 percent of BES’ budget is allocated to system maintenance and reliability enhancements.<sup>7</sup>
- The Combined Sewer Overflow (CSO, or “Big Pipe”) construction project was completed in 2011. Since that time, BES has shifted its capital priorities and resources into:<sup>8</sup>
  - CSO repairs and maintenance
  - Addressing deficiencies in the stormwater system
  - Addressing other unmet/deferred maintenance needs
  - Improving watershed health
  - Meeting regulatory requirements
- The BES Combined and Sanitary System Plan, completed in 2012, assessed the condition of the Bureau’s combined and sanitary system assets, utilizing a triple-bottom line assessment (economic, environmental, social factors) approach. Risks are related either to capacity or structural pipe condition risk.

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<sup>6</sup> Source: BES FY 2017-21 Preliminary Financial Plan, February 2016.

<sup>7</sup> Source: City of Portland FY2016-17 Approved Budget.

<sup>8</sup> Source: BES FY 2017-21 Preliminary Financial Plan, February, 2016.

- The greatest level of deficiencies was found on Portland’s east side, which is also where the bulk of the assets lie, particularly the older system assets.
- The most significant risk in the combined sewer area is predicted in the east side Willamette CSO service area and in the northwest neighborhoods.
- The most significant risk in the sanitary sewer area is predicted in the west side sanitary sewer service area.
- The greatest number of underserved properties exists in the southeast sanitary sewer service area.
- Analysis of the stormwater element of the 2012 BES Systems Plan was started in 2013. The methodology used to initiate the Stormwater System Plan will supplement the combined and sanitary elements of the 2012 BES System Plan and integrate the asset management approach with the watershed health goals defined by the 2005 Portland Watershed Management Plan. The Stormwater System Plan will enable Environmental Services to set priorities through a systematic and consistent analysis of the risks of failure to meet stormwater levels of service. Notable aspects of the Stormwater System Plan include:
  - To comprehensively address stormwater risk on a citywide scale means taking a broader, planning-scale look at stormwater-related risks across the whole city to determine where to focus investments on specific problems, analysis, and solutions where they are needed most.
  - A complete analysis of the stormwater system includes addressing issues that stem from public property and rights of way as well as private property, private streets and privately managed rights of way, and areas without a stormwater system. It includes evaluating the stormwater system as a network of natural and manmade systems.
  - The SWSP will conduct risk assessment of multiple service categories, including system deficiencies that impede community development, disruption of the hydrologic cycle, habitat degradation, landslide hazards, localized nuisance flooding, water quality degradation and risks to surface water from existing sanitary sewer infrastructure.
  - A major effort in the initial phases of SWSP includes identifying data gaps and laying the groundwork for developing an asset inventory and subsequent conditions assessment for stormwater assets.

### *Regulatory Environment<sup>9</sup>*

In addition to CSO requirements, several key regulatory mandates also strongly influence BES’ operational priorities:

- **Clean Water Act requirements:** The Clean Water Act (CWA) establishes the basic structure for regulating discharges of pollutants into the waters of the United States and regulating water quality standards for surface waters. The National Pollutant Discharge Elimination System

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<sup>9</sup> Source: BES FY 2017-21 Preliminary Financial Plan, February, 2016.

(NPDES) permit program, created in 1972 via the CWA, helps address water pollution by regulating point source discharges to waters of the United States. The City’s active NPDES permits and requirements under the CWA include:

- Columbia Boulevard NPDES Wastewater Discharge Permit. The City discharges wastewater from the Columbia Boulevard Wastewater Treatment Plant to the Columbia River and is a point source discharger into waters of the United States. The permit covers both the Columbia Boulevard Wastewater Treatment Plant and the City’s sanitary and combined collection systems.
  - Tryon Creek NPDES Wastewater Discharge Permit. The City discharges wastewater from the Tryon Creek Wastewater Treatment Plant into the Willamette River, which constitutes a discharge into waters of the United States.
  - NPDES Municipal Separate Storm Sewer System (MS4) Discharge Permit. As an MS4 operator, the City is required to develop, implement, and enforce a stormwater management plan (SWMP). The SWMP describes how the City will reduce the discharge of pollutants from its storm system and addresses these key program areas: Construction Site Runoff Control, Illicit Discharge Detection and Elimination, Industrial and Commercial Pollution Prevention, Operation and Maintenance, Post-Construction Runoff Control, Public Education and Outreach, Public Involvement, Program Effectiveness, and Total Maximum Daily Loads. The Port of Portland is a co-permittee with the City under the MS4 NPDES permit.
  - Willamette River, Columbia Slough and Tualatin Basin Total Maximum Daily Load (TMDL) requirements. The City is identified as a designated management agency for these TMDLs, which is a federal, state or local governmental agency that has legal authority of a sector or source contributing pollutants. The City has a TMDL Implementation Plan, which identifies management strategies that are used to reduce TMDL pollutants from non-point sources in order to restore and protect water quality in the Willamette River and local tributaries.
- **Safe Drinking Water Act (SDWA) requirements:** Water Pollution Control Facilities (WPCF) Underground Injection Control (UIC) permits are issued under the authority of the SDWA. In Oregon, the Environmental Protection Agency has delegated the regulation of UICs to Oregon Department of Environmental Quality. Oregon regulates all groundwater as a potential source of drinking water.
    - **WPCF UIC permits:** The City owns and operates over 9000 UICs used for stormwater management through discharges to the subsurface. Under the permit the City is required to implement a management plan that demonstrates that stormwater discharges to the subsurface are protective of groundwater. Under the first UIC permit all non-compliant UICs were identified and a series of corrective actions were implemented.
  - **Endangered Species Act Requirements** regulate habitat protection and species recovery programs.

### *Fiscal/financial planning issues<sup>10</sup>*

- Bond Covenants commit the Bureau to operate the sewer system in a safe, sound, efficient, and economic manner.
- Projected Sewer Usage is anticipated to decrease about 1 percent per single-family residential account, and 0.75 percent for multi-family residential and commercial accounts, over the next five years. Extra Strength Charges increased 17 percent in FY2015-16 and are expected to increase again in FY2016-17.
- Annual revenues are estimated to increase approximately \$10 million per year over the next five years through the combination of new accounts, rate increases (assumed at less than 3% per year), and conservation.
- The Rate Stabilization Fund (RSF) balance increased to \$77 million in FY2015-16, up from a low of \$4.9 million in FY2012-13, and is expected to extend above \$100 million in the current FY2016-17. Previously, the peak balance of \$76 million occurred in FY2007-08. The RSF balance will be used in future years to smooth and reduce future rate increases.
- The Capital Program budget authorization was \$104 million in FY2015-16, but only about \$75 million was expended. The unexpended balance represents a deferral of necessary planned improvements that will need to be accomplished in coming fiscal years. The FY2016-17 Capital Program budget is \$109 million.
- The Capital Program is projected to increase to as much as \$140-150 million annually over the next five years to accomplish the required “catch-up” in deferred system maintenance and repairs. Successful expansion of the program will require significant process enhancements and a substantial increase in organizational capacity in the areas of staffing, contracting and project management.
- The Debt Service Reserve balance was \$58.8 million in FY2015-16. It is expected to increase to approximately \$68 million after the next bond sale in FY2017-18.

### **Comparison to Similar Cities**

strategic plans of cities of similar size, scope, and capacity were reviewed to obtain insight as to the issues and priorities those organizations are addressing in coming years. Cities were selected of similar population size (approximately one-half to double Portland’s population) which had public wastewater utilities and which had strategic plans readily available.

As the strategic planning process proceeds, BES will expand this list to include local utilities recognized as providing exemplary leadership and service to obtain meaningful comparative benchmarks of its operations and objectives.

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<sup>10</sup> Source: BES FY 2017-21 Preliminary Financial Plan, February, 2016.

The list of cities and key characteristics are given in the following table. Summaries of issues and priorities follow in the table below.<sup>11</sup>

City	2015 Pop. (US Size Rank)	2010-15 Change?	Size (Sq Mi)	Density (pop/sq mi)	Region	Accounts	System Capacity, Treated MGD*	Org. Scope
<b>Portland</b>	632,309 (26)	8.3%	133	4,375	Pacific NW	239,519	Cap: 236 Treat: 71.36	Water, Wastewater, Stormwater
<b>Seattle, WA</b>	684,451 (18)	12.5%	84	7,251	Pacific NW	172,532	n/a	Water, Wastewater, Stormwater, Solid Waste
<b>Charlotte, NC</b>	827,097 (17)	13.08%	298	2,778	Southeast	n/a	n/a	Water & Wastewater
<b>Las Vegas, NV</b>	623,747 (28)	6.9%	136	4,298	West	207,274	Cap: 102 Treat: 46.00	Water, Wastewater, Stormwater
<b>Memphis, TN</b>	655,770 (24)	1.4%	315	2,053	South	n/a	n/a	Public Works
<b>Oklahoma City, OK</b>	631,346 (27)	8.9%	606	1,041	Central	n/a	n/a	Wastewater, Stormwater, Solid waste
<b>Sacramento, CA</b>	490,712 (35)	5.2%	98	4,764	West	76,624	n/a	Energy, Water, Wastewater, Stormwater, Solid Waste, Telecomms

#### Strategic Planning Summaries of Comparable Cities' Wastewater Utilities

Agency / Planning Horizon	Organizational Scope	Relevant Key Planning Issues/Objectives
<b>Seattle Public Utilities</b> <b>2015-2020</b>	Drinking water, wastewater, stormwater	<ul style="list-style-type: none"> <li>• Create predictable billing rates while controlling costs.</li> <li>• Find new ways to be more efficient.</li> <li>• Ensure continued high quality, reliable services.</li> <li>• Meet federal and state regulatory mandates.</li> <li>• Develop more effective ways to communicate and partner with customers, neighborhoods, and communities.</li> </ul>
<b>Charlotte Water</b> <b>Charlotte, NC</b>	Drinking water, wastewater	<ul style="list-style-type: none"> <li>• Reduce Sanitary Sewer Overflow</li> </ul>

<sup>11</sup> City size data from [https://en.wikipedia.org/wiki/List\\_of\\_United\\_States\\_cities\\_by\\_population](https://en.wikipedia.org/wiki/List_of_United_States_cities_by_population). Sewer/customer information obtained from individual city websites.

Strategic Planning Summaries of Comparable Cities' Wastewater Utilities

Agency / Planning Horizon	Organizational Scope	Relevant Key Planning Issues/Objectives
<b>2017-2021</b>	(Stormwater is in Engineering Services)	<ul style="list-style-type: none"> <li>• Meet all applicable requirements of the Safe Drinking Water Act and Clean Water Act.</li> <li>• Maintain AAA and Aa1 rating by balancing bond and pay-as-you-go funding.</li> <li>• Meet mitigation requirements through local rather than state-level restoration efforts 100 percent of the time when streams are negatively impacted by City projects.</li> </ul>
<b>Las Vegas, NV Period: 2015-2035</b>	Wastewater, Transportation, Engineering	<ul style="list-style-type: none"> <li>• <b>Wastewater Treatment Discharge Permit Compliance:</b> Keep the percentage of compliance with the National Pollutant Discharge Elimination System (NPDES) permit requirements at 100 percent for January 2017.</li> <li>• <b>Energy utilized for wastewater treatment from Renewable Sources:</b> Increase the percentage of renewable energy that is generated and utilized by the Water Pollution Control Facility for wastewater treatment purposes from 16 percent as of March 2016, to 30 percent by June 2017.</li> </ul>
<b>Memphis, TN Public Works Period: 2015-2019</b>	Streets, bridges, storm drains and sewers	<ul style="list-style-type: none"> <li>• Complete conversion to zero-based budgeting</li> <li>• Implement performance management throughout city government</li> <li>• Implement KPIs throughout city government</li> <li>• Review all fines, fees, and collections in order to increase revenues</li> <li>• Complete facilities and space study</li> <li>• Define core services for Solid Waste</li> <li>• Review joint service opportunities with Shelby County, MHA, MLGW and others</li> </ul>
<b>Oklahoma City Utilities Dept. 2016-2019</b>	Wastewater, stormwater, solid waste	<ul style="list-style-type: none"> <li>• Lift Station Program:               <ul style="list-style-type: none"> <li>○ Percent of lift station maintenance work orders completed on schedule</li> </ul> </li> <li>• Wastewater Treatment Program:               <ul style="list-style-type: none"> <li>○ Percent of wastewater treatment plant tests in compliance with federal or state discharge permits</li> </ul> </li> <li>• Laboratory &amp; System Quality Program:               <ul style="list-style-type: none"> <li>○ Percent of water and wastewater samples analyzed and reported on time</li> </ul> </li> <li>• Water Treatment Program:               <ul style="list-style-type: none"> <li>○ Percent of days without water use restrictions due to water treatment limitations at water treatment plants</li> </ul> </li> </ul>
<b>Sacramento, CA 2015-2035</b>	Drinking water, wastewater, stormwater	<ul style="list-style-type: none"> <li>• <b>High-Quality Infrastructure and Services.</b> Provide and maintain efficient, high-quality public infrastructure facilities and services throughout the city.</li> <li>• <b>Adequate and Reliable Sewer and Wastewater Facilities.</b> Provide adequate and reliable sewer and wastewater facilities that collect, treat, and safely dispose of wastewater.</li> </ul>

Strategic Planning Summaries of Comparable Cities' Wastewater Utilities

Agency / Planning Horizon	Organizational Scope	Relevant Key Planning Issues/Objectives
		<ul style="list-style-type: none"> <li>• <b>Adequate Stormwater Drainage.</b> Provide adequate stormwater drainage facilities and services that are environmentally sensitive, accommodate growth, and protect residents and property.</li> </ul>

*Common issues*

The tables above show that many cities share similar challenges on their strategic planning horizons. Common issues and themes from the comparison cities include:

- Keeping up with infrastructure maintenance is a challenge nationwide
- Local sewer and stormwater management agencies are putting greater focus on environmental regulations and permit compliance (primarily focused on water quality)
- Agencies increasingly focus on performance management and monitoring
- Maintaining good communications and community relations remains a key focus of local agencies, along with ensuring good customer service and customer satisfaction
- Agencies nationwide struggle to balance revenue sufficiency to meet needs versus minimizing rates and fees
- Stormwater management continues to rise in importance as a focus of local agencies

**Strengths, Weaknesses, Opportunities, Threats**

The Bureau conducted an in-depth examination of key organizational strengths and weaknesses, as well as top-priority external opportunities and threats (together abbreviated as “SWOT”), through a series of steps, including:

- Review of findings from a previous SWOT exercise conducted at the start of the 2016-17 budget process, by Division and Group Managers
- Summary and review of findings from the BES 2020 process (BES 2020 was a previous initiative to document legacy knowledge from a retiring workforce)
- Strategic planning workshops, and steering committee meetings devoted to this topic
- Internal and external stakeholder input

After creating an expansive list in each of the four areas, the steering committee prioritized the key items of focus to inform its identification of strategic priorities. Those priorities are represented in the tables below.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• High quality service delivery: committed, quality, reputable subject matter experts who believe we are doing important work</li> <li>• Efficient, functional systems and management</li> <li>• Data-driven/asset management approach</li> <li>• Innovative approaches to improve in key areas such as watershed health, stormwater management</li> <li>• Stable funding and resources, based on assumed annual rate increase of &lt; 3 percent</li> </ul>	<ul style="list-style-type: none"> <li>• Silos: conflicting priorities and poor awareness of priorities across work groups</li> <li>• Lack of internal coordination within Bureau and across the City</li> <li>• Reactive: We develop strategies to fit the budget, instead of budgeting resources to accomplish strategic goals</li> <li>• Lack of long-range system planning for key assets</li> <li>• System resiliency and response</li> <li>• A culture and bureaucracy that sometimes stifles self-improvement, innovation, and change</li> <li>• Innovation for its own sake, not strategic or aligned with priorities</li> <li>• Deferred maintenance on aging infrastructure</li> <li>• Difficulty communicating effectively internally and externally regarding the BES' role, priorities, structure, and complexity of the work</li> <li>• Lack of diversity across job classes, especially at the management level</li> <li>• Equity and diversity literacy when working internally and with the public.</li> <li>• Consistent leadership training, cross-training, professional development, and career mentoring</li> </ul>

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• More resilient infrastructure—improve the built system</li> <li>• Improve collaboration and coordination across work units</li> <li>• Communicate, practice transparency, and improve public perception by improving understanding of services provided</li> <li>• Update strategic plan and use it to drive Bureau’s priorities</li> <li>• Improve customer service by reviewing service delivery strategies, documenting and streamlining business processes, leveraging new technology, and realigning priorities</li> <li>• Potential to free up staff and budget resources via improved accountability, more efficient systems and processes, aligned with Bureau priorities</li> <li>• Retirements and turnover are an opportunity to promote diversity and equity and welcome new approaches and perspectives</li> <li>• New partnerships and strengthening existing partnerships</li> <li>• City-wide and regional projects</li> <li>• Leverage new local political climate for greater City coordination</li> </ul>	<ul style="list-style-type: none"> <li>• Aging infrastructure/systems</li> <li>• Partnerships weakened by lack of coordination and partners’ funding problems</li> <li>• Natural disaster and climate change</li> <li>• Political changes, legislation and lawsuits</li> <li>• Growing population/demand on the system</li> <li>• Recession/weakening economy, overall rising cost of living</li> <li>• Public distrust or confusion</li> </ul>

## Appendix: Organizational Assessment Process

This organizational assessment is the result of several simultaneous efforts:

### *Review of documents*

BES consultants Innovative Growth Solutions and Catalysis analyzed key documents including:

- 2011-2016 Strategic Plan
- 2015-16 and 2016-17 City Budget
- BES Capital Improvement Plan (FY2015-16)
- BES Five-Year Financial Plan (2015)
- Five-Year Risk Plan
- Combined Sewer Overflow and the Capacity, Management, Operation, and Maintenance Program Report
- BES System Plan (2012)
- BES Condition Assessment and Asset Reinvestment Strategy
- BES Equity Plan
- BES 2020 Summaries

### *Meetings and workshops of the Strategic Planning Steering Committee*

The BES strategic planning steering committee consisted of eighteen BES staff drawn from a cross-section of work groups at both staff and management levels. The steering committee conducted a series of facilitated discussions and workshops on key issues. Consultants guided committee members in preparatory research and input-gathering on a series of topics, including Bureau history; key issues and challenges; and the SWOT.

Consultants also engaged with other BES staff to obtain in-depth data or background, particularly on technical issues, and conducted independent online research.

After gathering the data, consultants engaged in discussions with the steering committee on key topics and provided early drafts and summaries for inclusion in this report.

### *Organizational assessment benefits*

BES will use this report as a reference for identifying key initiatives and the gaps between where BES aspires to be in 10 years and where BES is presently. The extent to which the organizational assessment is used as BES progresses with its strategic planning efforts depends on the goals and outcomes identified and the extent to which those goals and outcomes relate to the areas covered in the organizational assessment.

## BES Key Internal Events



## BES Key External Events

