

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

**BOARD OF DIRECTORS**

**STRATEGIC PLANNING COMMITTEE**

**THURSDAY, JANUARY 23, 2014**

**9:30 a.m.**

**MEETING MINUTES**

**Present Board Members Present D.C. Water Staff**

Robert Mallett, Chair George S. Hawkins, General Manager

Bradford Seamon Randy Hayman, General Counsel

David Lake Ernest Jolly, Strategic Planning Chief

James Patteson Linda R. Manley, Board Secretary

Dawn Hawkins-Nixon

**I. Call to Order**

Chair Mallett called the meeting to order at 9:32 a.m. He informed the Committee that the presentation would be led by Ernest Jolly, D.C. Water’s Strategic Planning Chief, and General Manager Hawkins. They will provide an update on activity since last spring. There has been a lot of work done and the update will indicate where D.C. Water is right now and what will be expected from this time.

**II. Presentation on the Strategic Plan Implementation**

Mr. Hawkins stated that D.C. Water is in the process of changing from a Strategic Plan to a Strategic Management Program so that the plan becomes a reality for the Enterprise and part of the ongoing management. The Board focus on the Plan is parallel to staff focus, implementation, budgeting, and the rest. He noted that he would present the first part of the update, the background and where D.C. Water is today, and Mr. Jolly would explain how it was developed and what the Committee and Board should expect to see unfolding within the next months and years.

The Board’s Strategic Planning Retreat was held in February 2012. Mr. Hawkins stated that the retreat was very successful because before the retreat there was a lot of preparation that went into identifying what the retreat was going to be about. The Board was committed to pushing the Plan and starting the conversation with the ambit of what is potential for the organization. It was not a plan that had a set of lofty goals and was completely disconnected from the Enterprise. It was impressive the degree to which the committees each took up issues that were relevant to them in a short period of time. They started building the Plan from the vision to the goals, to the initiatives, with each committee delegating time from their committee work. The Plan is ambitious, and sets goals that are quite a stretch for the Enterprise but also connected back to the implementation, budgeting, and analysis of the team, right down to the goal champions and initiative champions. A goal champion has been identified for each of the nine goals of the Plan. For the 45 initiatives there are initiative champions for each. Mr. Lake asked if the Plan is fully implemented. Mr. Hawkins replied that it has been and will continue to progress. The Board will determine how often it wants to review and revise the goals as opposed to just implementing them. Mr. Hawkins stated that D.C. Water is now at the reporting point. He noted that between objectives, initiatives and milestones is where Mr. Jolly has been spending most of his time, working with the initiative and goal champions.

Mr. Mallett asked if D.C. Water uses the goals and initiatives when evaluating senior and mid-level employees as part of their everyday goals. Mr. Hawkins stated that strategic planning goals for executive management are utilized. Mr. Jolly indicated that during the recent training sessions in December, they encouraged all of the goal champions to integrate individual performance goals and departmental goals.

Mr. Patteson stated that Fairfax has reformatted their Strategic Plan because they like the plan developed by D.C. Water and feel it is a very good communication tool in that it connects the left side being the Board with the right side being the staff. They have used this as a model.

Mr. Seamon indicated that they also use a piece of D.C. Water’s Strategic Plan.

Mr. Jolly stated that one of the things that will move the Authority to the next level in the implementation phase is a documented, systematic approach. An organization this large with the kind of diverse talents that exist must have a game book that lays out the intended process with plenty of opportunities to innovate. The implementation guide is that game book and it has been done in draft form and seven training sessions have been conducted so far with the senior management team. All of the input received from the sessions has been captured and that will be put on the intranet ultimately and shared with the entire organization just as has been done with Blue Horizon 2020

Mr. Jolly stated that part of Chair Mallett’s charge to management was to ensure that employees’ “real” work is connected to the requirements of the Plan and that they are recognized for their contributions as well. The whole process runs from the Board, through senior management, down to departments, and through individuals. The articulated purpose and how it is tied together have been spelled out. Information Technology partnered with the Strategic Planning team and its consultants in finding a Cloud based management and reporting tool to support goal and initiative champions in carrying out their responsibilities.

Mr. Jolly indicated that planning is an ongoing process that is required if the Plan is going to be kept alive. As conditions, opportunities, and the marketplace change, there has to be a way to update the Plan. In the reports the Board will receive, accountabilities will be described across the entire organization for execution and modification. He noted that they have focused on balancing specificity of process without stifling innovation and initiative.

Mr. Jolly indicated that the Chief Financial Officer and his office have been fantastic partners. The Plan and process must be fully integrated with execution around the budget in terms of how to make sure that as plans are made for initiatives and execution of milestones, it is done in sync with the budget process. In the current budget cycle people must be very focused on the initiatives, the goals, and the objectives when putting together their 2016 budget and determining the resources required implementing them. When the management team reviews the budget and the Strategic Plan together, it will be prepared to invest a certain amount of money, instead of fighting for the money separate and apart from.

Mr. Jolly stated that built into the Plan is the ability to modify the initiatives and make adjustments. Goal 3 and 9 spell out the overarching accountabilities for both performance metrics and also how the Committee and Board will be engaged in seeking approval of modifications.

Mr. Hawkins pointed out that the planning phase flow chart and the execution phase flow chart were changed. In the planning phase the Board is at the top. In the execution phase it is flipped upside down and the Board is at the bottom and the initiative champions are at the top. This will focus attention on the initiative champions in the execution phase because that is where the action is. It flows down to the Board about what is going on and if there are any modifications.

Mr. Jolly said that staff will make sure that the ongoing reporting and updating to specific committees for each of the goals get aligned and reported as a part of the committee reports. He indicated that with the exception of the Strategic Planning Committee, they would never ask any committee to meet for the sole purpose of the Strategic Plan updates. Those updates will be provided as part of the ongoing Board committee meetings. He reported that Ms. Manley, Board Secretary, has been instrumental in communicating to him the proper procedures for reporting to the Board and that she has been a great partner. The individual committees have been addressing the Strategic Plan goals and will continue to do so as part of their regular work.

The General Manager’s Dashboard will evolve to be called the General Manager’s Strategic Plan Dashboard and will include the key operational performance metrics in addition to the measures and targets associated with the objectives that are more long term and the status on milestones which are very short term. The reporting tool will provide a platform to communicate across the organization in terms of success, shortcomings, missed targets, and so forth. It will provide a graphic presentation. It is cloud based and what you see is alive and real.

Chair Mallett stated that they often see the financial dashboard which is very useful and helpful. He wanted to know if each major functional area will have a dashboard that at a glance provide the status of different things. Mr. Hawkins replied that there will be various levels of dashboards going down for each initiative and tracking how they are doing and how they roll up to goals. The challenge is to determine what information the Committees should see. It has been surprisingly difficult to determine which metrics are the most impactful ones and this is ongoing. There will be dashboards for each initiative that roll up to goals and to a smaller set of indicators.

Mr. Lake asked when and how the Board would be kept up to date on where everything is. The metrics or dashboard will be one way but that is not being tracked yet. He asked if it will be in the monthly General Manager’s Report. Mr. Hawkins stated that their intention is to modify the monthly General Manager’s Report so that this will be part of it. The Board and its Committees will be asked to approve the changes. It will be one report with measures, not different reports with measures. Mr. Jolly said that the intent with the General Manager’s Report is to show the status associated with the milestones that support the initiatives, the key operational metrics that show what the last quarter looked like and then the long term measures and targets associated with the objectives.

Mr. Jolly concluded by noting that they are asking the Strategic Planning Committee to reconvene in July. At that time they will already have begun to share recommendations on performance metrics and they will have done the beta testing and determined when they become operational to the organization if they are giving meaningful data in a way that can be understood. They will come back to the Committee in July to give that update and ask for the Committee members’ support in getting the entire Board’s support.

Mr. Lake asked about the initiative champions being at the forefront whether when they have to make proposed modifications, if there is a documented process that they work through? Mr. Jolly replied yes, and that it is documented in the online system called “My Strategic Plan.”

Mr. Lake stated that people always want the people they work for to see the good things they are doing. Is there a process for them to report what is not working? Mr. Hawkins and Mr. Jolly stated yes.

Mr. Patteson recommended that it be specified at committee meetings and board meetings that something is responsive to a strategic goal.

Mr. Lake wanted to know how the budget will be communicated in terms of the Strategic Plan to the Board. Mr. Lake said that he just wants to see the relationship, not quantitatively but to understand if there are active goals D.C. Water is trying to achieve, then he wants to see how that is expressed in the budget in terms of “these items support that goal.” If there are goals that are not being achieved or pursued, and there is not much money in the budget in that area, that would be a Board discussion. Mr. Jolly said that he will collaborate with the CFO to see if they can come up with a way to do it.

Ms. Hawkins-Nixon asked if the performance metrics are being developed based on industry typical metrics or are they being developed from scratch? Mr. Jolly said that they look to see if there is an industry standard and is it applicable to D.C. Water as opposed to industry.

Mr. Mallett thanked Mr. Jolly and his team for the presentation and their hard work. He then adjourned the meeting.