

Draft Report | January 4, 2019

Strategic Plan Summary

Alameda Municipal Power

Prepared by:



STRATEGIC PLAN

Alameda Municipal Power (AMP or the Utility) provides electric service to the City of Alameda residents and businesses. AMP is the oldest electric utility west of the Mississippi River, having provided electric services for more than 130 years. While the electric industry has changed dramatically in 130 years, the pace of that change has only accelerated in recent years and is expected to continue. Many of these changes are based on shifts in utility business models, price trends in renewable resources, technology adoptions, an uncertain regulatory future, evolving workforce dynamics, and increasing customer expectations. As these trends converge, they drive significant change for utilities in the services offered to customers and operations. This convergence also amplifies the impacts and creates the potential for a fundamental shift in the market and eventually, customer needs.

This current and future business environment for electric utilities provides both challenges and opportunities that require periodic updates in strategic planning. To maintain its competitive position and continually enhance its value to the community, AMP periodically reviews and revises its Strategic Plan and direction. Awareness of these market drivers and trends, as well as a need to understand the potential impacts to AMP and its customers, was the starting point and driver for the Strategic Plan development process. While this is a new Strategic Plan, AMP's Mission remains unchanged and was reinforced as a result of the planning process.

Alameda Municipal Power Mission Statement:

Manage and safely provide reliable, cost effective, and environmentally friendly electric services for a sustainable Alameda

AMP Strategic Planning History and Progression

AMP's current five-year Strategic Plan was originally developed and approved in 2015. The current plan includes six Key Result Areas: Customer Programs and Experience, Workforce, System Resiliency, Technology, Energy Resources, and Financial and Organizational Stability. Across the six Key Result Areas, there are more than 27 measures or goals that are tracked and reported for plan progress. Recognizing that several internal and external factors have significantly changed since the last update in 2015 and that the utility industry continues to increase in complexity, AMP staff felt the necessity to develop a new Strategic Plan rather than an update of the existing plan.

The proposed Strategic Plan starts with a focus on defining a Strategic Destination, or 'stake in the ground' defining where AMP will be in 10 years. The Strategic Plan also focuses efforts on reporting and tracking progress to a more representative and strategic set of approximately 8 to 10 Key Performance Indicators, rather than 27 measures. The new plan includes developing the key Issues AMP must address in addition to the Strategies and Tactics to resolve each Issue and achieve AMP's future goals and objectives. The core elements of the Strategic Plan include:

- Mission Statement: Why the organization exists and its intended purpose; a formal and enduring summary to focus and direct the organization
- Strategic Destination: Statement that provides a snapshot of where the organization should be 5 to 10 years into the future

- **Issues:** A problem, concern, challenge or issue that the organization must address in order to achieve its Strategic Destination
- **Strategies and Tactics:** Strategies are the means by which the Issue is resolved, while Tactics are specific activities that are achievable in approximately 12 to 18 months
- **Key Performance Indicators:** The means by which to measure, track, and report on performance

Figure 1.1 illustrates the overall structure of the plan and summarizes the relationship of the key supporting elements identified to realize the Strategic Destination and implement the plan. While the Mission and Strategic Destination are longer term, more enduring elements of the plan, it gets more detailed with the Strategies and Tactics. These detailed elements are focused on the near term (e.g., one to three years). As there are elements of the plan that focus on the near term, it is best practice to periodically (e.g., every three years) refresh or update any strategic plan based on progress of the plan to date or significant changes in the organization or market.

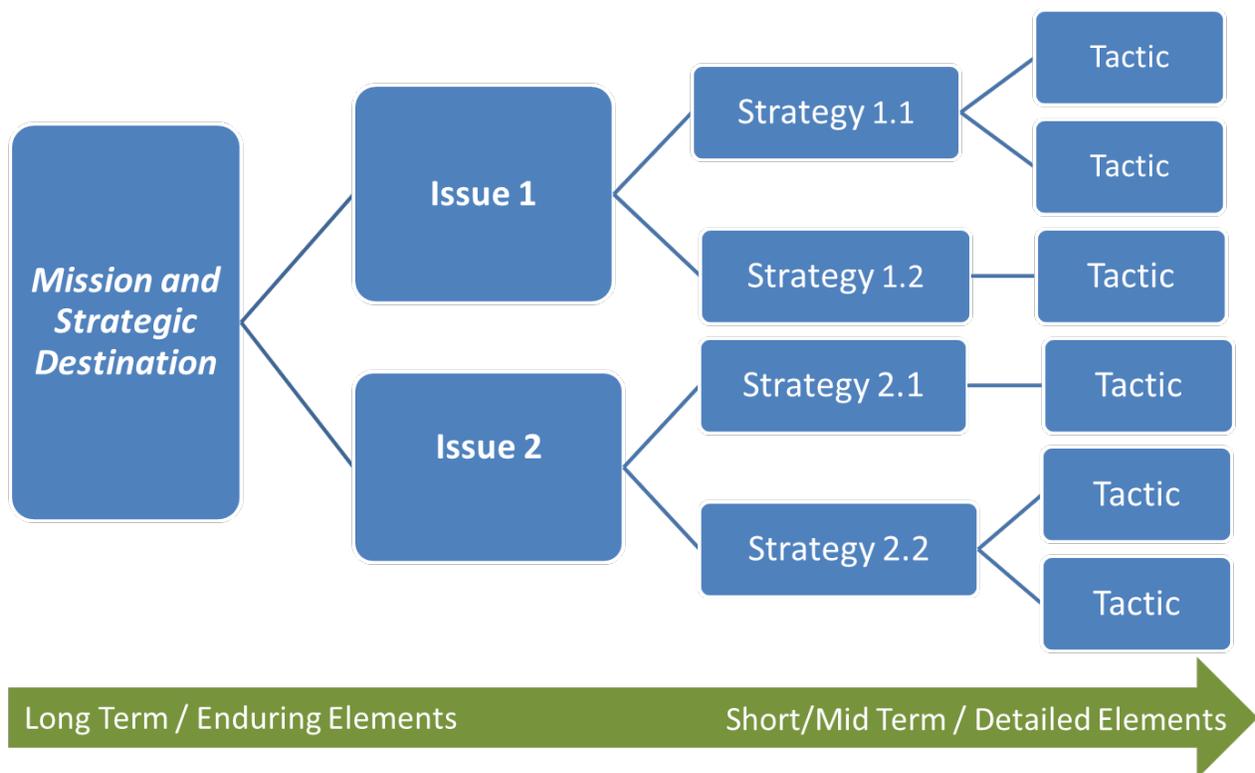


Figure 1.1 Strategic Plan Structure and Elements

Strategic Planning Process

The planning process and development of the AMP Strategic Plan engaged staff and stakeholders to ensure alignment of the plan with the Community and within the organization. Engaging internal and external stakeholders throughout the development of the plan also supports a successful implementation.

Stakeholder Engagement

Extensive internal and external stakeholder engagement ensures community and stakeholder insights are properly reflected and integrated in the plan. AMP’s executive leadership team invited a cross-section of employees to participate as members of the Core Planning Team (CPT) to support the development of this plan. The CPT was critical to the development of the plan and will be a key driver to short- and long-term implementation. The CPT’s role included:

- Driving the development of the updated plan (e.g., Issues, Strategies, Tactics) through participation in four facilitated planning meetings, completing ‘homework’ assignments, and continued involvement to support plan implementation
- Providing periodic communication within work groups to explain the planning process, communicate/discuss the draft elements of the plan, and solicit feedback throughout the process

In addition to the internal AMP CPT being responsible for driving the development of the plan, the stakeholder engagement process included extensive employee feedback through the Schelling Point alignment cycle process, Public Utility Board (PUB) presentations, and four external stakeholder Advisory Panel workshops.

The Schelling Point Alignment Cycle process was critical in delivering comprehensive AMP staff and internal feedback to the plan. This process included in-depth interviews to support the development of an internal opinion survey and subsequent online dialogue follow up. This process resulted in identification of key insights into organizational performance, key issues to address, barriers to AMP’s success, goals to be achieved, and the organizational alignment on the overall strategic direction.

Including external stakeholders and the Advisory Panel in the development of the plan provided an opportunity to gain important

community feedback on AMP’s overarching Strategic Destination while supporting targeted insights in developing the supporting plan elements. Providing a mechanism for community engagement and feedback throughout the planning process also helps to ensure future endorsement of the plan.



Figure 1.2 Stakeholder Engagement

Market Trends and Issues

As mentioned previously, one of the key drivers to developing the new Strategic Plan was recognizing that several organizational and market trends have continued their rapid pace of change and in many cases significantly accelerated or changed since the 2015 Plan. The energy industry currently faces many challenges and opportunities, as well as increasing uncertainty related to regulatory, resource

availability, security, technology, sustainability, and clean energy issues. As these trends converge, they drive significant change in the services offered to customers and operations. This convergence also amplifies the impacts and creates the potential for a fundamental shift in the market and eventually, customer needs. To support the development of the Strategic Destination, Issues, and eventual Strategies and Tactics, the planning process included input from stakeholders on the key trends or issues influencing AMP's operations, market, and customers. Highlights of the stakeholder feedback on trends and issues are summarized below from the Schelling Point Opinion Survey/Alignment Cycle and Advisory Panel workshops.

Opinion Survey and Alignment Cycle Results

The Schelling Point process includes an Opinion Survey of AMP staff in addition to a follow up virtual dialogue called an Alignment Cycle. The Alignment Cycle provides more detail and information from survey respondents on their answers or positions. The results of the overall process provide insight into AMP's level of alignment with goals, current state (assumptions), or constraints to success (barriers and unintended consequences). The results showed the organization is aligned with the overall goals of AMP. However, there is less alignment with the perception of AMP's current state and the expected constraints to success. These results are very common for organizations and help inform the Strategic Plan development and Issues identification. The Alignment Cycle and subsequent work by the CPT produced an initial inventory of key issues facing AMP internally and externally. The issues included:

- Workforce and Culture
- Programs and Projects
- Communication and Collaboration (internal/external)
- Workflow and Business Processes
- Business Model and Financial Impacts
- Environment/Environmental Sustainability
- Emerging Industry Trends
- Technology
- Capital Projects/Infrastructure/Services
- Management and Organizational Structure
- Customer Experience

Advisory Panel Insights

One of the important outcomes of the initial Advisory Panel workshops was insight on the electric utility market and customers from external stakeholders and the community. A summary of the issues, opportunities, market trends, and customer desires is included below.

- AMP should not be afraid to “go big” with their strategy or programs
- Workforce Concerns (Attraction/Retention of Staff)
- Identify Innovation Opportunities
- Communicate AMP's Value to the Community

- Technology Impacts and Opportunities (Electric Vehicles, Customer Options, Smart Meters)
- Competitiveness (Rates/Cost Management)
- AMP is perceived as a “Trusted Advisor” by customers; AMP can help customers navigate market options
- System Resiliency
- AMP could be used as an economic development tool
- Electrification of Built Environment and Transportation

The market trends and issues insights from stakeholders were directly integrated into the CPT workshops and the subsequent Issues, Strategies, and Tactics. AMP’s Strategic Destination and Plan will help the Utility navigate these trends while remaining effective, valuable, and cost-effective to customers.

AMP’s Strategic Plan

Throughout these changing times and evolving markets, AMP’s Mission remains the same, forming the foundation for the utility’s enduring direction. The purpose of a Mission Statement is to focus and direct the organization as well as to communicate a shared understanding of the organization’s intended purpose. The AMP Strategic Plan aligns with and further advances AMP’s Mission.

The Strategic Plan should act as the filter and context for AMP’s resource-, workforce-, technology-, and market-related decision making. The Strategic Plan provides a “line of sight” from the organization’s broader strategy to more day-to-day activities by staff, thus aligning the organization with the plan. The Strategic Destination, defining a “stake in the ground” for the next 10 years, is the first step in providing this “line of sight” from the mission to day-to-day activities. As the planning process was designed to engage staff and stakeholders in its development, the following Strategic Destination was vetted with multiple internal and external stakeholders and meetings.

STRATEGIC DESTINATION

Advancing our tradition of community ownership and sustainability to power the needs of a 21st century Alameda.

Two terms within the Strategic Destination were identified for further definition and context to ensure alignment with stakeholder input:

Sustainability: Managing its triple bottom line (e.g., economic/environmental/social) performance and resiliency while delivering reliable, carbon-neutral power

21st century Alameda: Delivering innovative energy solutions with personalized customer service

The next step in the process identified the critical issues or core challenges that AMP must address to realize the Strategic Destination. These Issues include:

- **Sustainability:** AMP must manage its triple bottom line performance to support a sustainable Alameda.

Sustainability is a core value of the community, thus prominently reflected in AMP's Mission and Strategic Destination. Sustainability at AMP is managing economic, environmental, and social impacts by providing carbon-neutral resources and supporting carbon reduction strategies in transportation and the built environment. AMP strives to further improve its sustainability performance and impact in the community while maintaining its competitive position.

- **Customer Experience:** AMP must increase its value to the community through meaningful programs and services, positive customer interactions, and building and reinforcing its brand.

AMP must continue delivering high quality services to customers and further build its brand in the community. Increasing customer awareness of AMP as a public power utility, meeting evolving customer needs, and further improving customer service and engagement ensures our value in the community.

- **Business Resiliency:** AMP must maintain its competitiveness and financial performance by utilizing its sustainable resources and through operational excellence.

Facing an evolving utility business environment, aging infrastructure needs, and sustainability goals, AMP must maintain its competitive position and remain cost effective. Optimizing AMP's resources, organization, and business processes is fundamental to meeting our customers' needs and maintaining our value in the community.

- **Technology:** AMP must optimize its technology to meet its evolving business environment.

The increasing convergence of technology, utility services, and customer expectations is driving significant change in utility operations and customer services. AMP must embrace technology to further enhance internal operations and improve customer engagement. AMP must update its Technology Roadmap to guide its technology investments, leverage its AMI system to enhance the customer experience, and train staff to adopt and optimize new tools.

- **Workforce:** AMP must attract and retain employees while fostering a collaborative culture and adapting to changing industry trends.

AMP, along with other utilities providers throughout the state and country, struggle with attracting and retaining a skilled workforce. The Workforce Issue helps AMP focus on improving attraction and retention of staff to ensure a long-term workforce to deliver services and meet changing customer needs. In addition, the Issue includes efforts to support a collaborative culture within the organization.

To complete the Strategic Plan, Strategies and Tactics supporting the Issues were identified and developed to complete the Tactical Action Plan. Strategies were developed within each Issue to resolve the key challenge identified, while Tactics include specific activities to implement the Strategy.

Reporting and Tracking Plan Progress

Successful strategic plans include the ability to track the plan's progress and report on performance within the organization and to stakeholders. As an organization tracks performance, it can adjust resources or the plan, to better respond or act on Issue areas that may lag

Advisory Panel Insights and Endorsement:

Throughout the planning process, the Advisory Panel provided feedback and insights on each element in the plan. Integration of that feedback throughout the process led to the Panel's endorsement of the Strategic Destination and Plan elements.

behind desired performance levels, or learn from others that are exceeding expectations. Key Performance Indicators (KPIs) are the primary tool in concisely communicating and reporting on performance to stakeholders.

KPIs are a metric or measurable value that demonstrates how effectively the organization is achieving its Issues and Strategic Destination. The Strategic Plan includes 11 KPIs for periodic (e.g., biannual) reporting to governing bodies and stakeholders on the plan performance. These KPIs may also be applied and tailored throughout the organization to align AMP departments, work groups, and individual contributors with the Strategic Plan. As some of the KPIs identified are dependent on new strategic initiatives by the Utility, or include a near-term completion date, they may require refinement or updating as completed or as the strategic initiatives are scheduled/completed (e.g. technology or system implementations). The KPIs are included below.

Issue 1: Sustainability

- Achieve 100% carbon-neutral energy portfolio by 2020 and maintain in the future while able to maintain competitive position
- AMP is in top three of similarly sized public utilities in California for percent of residential customers receiving electric vehicle and energy efficiency rebates

Issue 2: Customer Experience

- Increase awareness of customer programs and brand by 5 percent year over year
- Maintain 90 percent top-two scores on customer satisfaction survey

Issue 3: Business Resiliency

- 100 percent of critical assets included and accurate in asset management inventory by 2021
- Maintain rates at 15 percent or more below PG&E and 10 percent or more below local CCAs
- Document and streamline 100 percent of critical processes by 2021

Issue 4: Technology

- Increase the number of customers accessing information in AMP Account Management Tool by 5 percent year over year
- Effectively train 100 percent of staff in applicable technologies for their position by 2020

Issue 5: Workforce

- Improve employee satisfaction survey top-two scores by 5 percent year over year
- Increase number of qualified applicants for critical open positions by 25 percent by 2020

Tactical Action Plan

The Tactical Action Plan summarizing the Strategies and Tactics for each Issue is included below.



Sustainability

AMP must manage its triple bottom line performance to support a sustainable Alameda.

Strategy 1: AMP will support opportunities in the electrification of the transportation system and buildings to reduce greenhouse gas (GHG) emissions.

T1: Promote electrification (Electric Vehicle Plan)

T2: Promote energy efficiency and building electrification

Strategy 2: AMP will deliver and maintain 100 percent carbon-neutral energy resources by 2020 and beyond.

T1: Integrated Resource Plan

T2: Distributed Energy Resources Plan

T3: Evaluate local solar resources



Customer Experience

AMP must increase its value to the community through meaningful programs and services, positive customer interactions, and building and reinforcing its brand.

Strategy 1: AMP will define and promote our brand to improve awareness and value of the community-owned utility (community, organization, and beyond).

T1: Develop a branding plan

T2: Work with the City and economic development to promote brand

T3: Begin planning for AMP's 135th anniversary

Strategy 2: AMP will build a culture where employees value the principles of public power/customer service and consistently promote them with stakeholders to support branding and improve customer satisfaction.

T1. Reinforce commitment to public power/customer service across the organization

Strategy 3: AMP will maximize opportunities to meet customer needs and improve engagement.

T1: Build and launch "Business Center" approach to reach out to small/medium business customers (SMB)

T2: Collaborate and coordinate with City of Alameda to identify opportunities and provide resources that enhance customer engagement or services



Business Resiliency

AMP must maintain its competitiveness and financial performance by utilizing its sustainable resources and through operational excellence.

Strategy 1: AMP will develop an asset management plan to guide efficient capital and maintenance expenditures which improve system operations and resiliency.

T1: Inventory infrastructure assets and assess status of each

T2: Develop, prioritize, and propose infrastructure maintenance programs based on currently available key infrastructure asset information for implementation in Fiscal Year (FY) 2021 and begin reporting of infrastructure status

Strategy 2: AMP will develop financial planning processes that provide fiscal stability and clearly communicate service priorities with their associated costs.

T1: Include a longer-term outlook of the Capital Improvement Plan (CIP) in the annual budget

T2: Improve rate design to reflect AMP's Strategic Plan

Strategy 3: AMP will document standard operating procedures for priority processes to ensure quality, efficiency, and knowledge transfer.

T1: Inventory, perform gap analysis, and prioritize operating procedures

Strategy 4: AMP will implement a succession plan to ensure continuity of operations.

T1: Identify key positions and positions that could likely become vacant in the next five years and identify strategies for filling them (i.e., Retirement Risk Assessments completed every 3-5 years)

Strategy 5: AMP will perform an organizational assessment to align our organizational structure with customer and market needs.

T1: Identify the organizational structure for the utility of the future

T2: Perform gap analysis and develop implementation plan



Technology

AMP must optimize its technology to meet its evolving business environment.

Strategy 1: AMP will update its Technology Roadmap to guide our technology-related investments and decisions.

T1: Review and update current Technology Roadmap

Strategy 2: AMP will leverage its AMI system to enhance the customer experience, operations, financial forecasting, and marketing.

T1: Launch customer portal to provide information to customers

T2: Integrate and leverage AMI data and analytics to enhance financial forecasting, rate making, and marketing

T3: Leverage AMI data management to create partnerships with residential and commercial customers that facilitate local GHG reduction projects (e.g. vehicle-to-grid, microgrids, optimize local clean generation, etc.).

Strategy 3: AMP will develop a training plan that supports effective technology adoption, improves utilization, and enables an adaptable workforce.

T1: Develop needs assessment and define current and near-term training needs (e.g., three years)

T2: Develop and implement training activities



Workforce

AMP must attract and retain employees while fostering a collaborative culture and adapting to changing industry trends.

Strategy 1: AMP will develop a talent outreach plan that highlights the benefits and opportunities of working at AMP to increase the talent pool for positions and ensure needed staffing levels.

T1: Develop a pipeline to attract talent (professional organizations, trade organizations, trade schools, universities, etc.)

T2: Collaborate with Customer Experience Issue, Strategy 1, Tactic 1 Branding, to develop language to attract staff that showcases AMP's opportunities in the electric industry, sustainability, and climate action

Strategy 2: AMP will design a training and career development model to enhance employee job satisfaction.

T1: Develop a career development map (a.k.a. career ladders) so that employees are aware of career progression options and associated skill development requirements

T2: Develop a centralized AMP training opportunities plan

Progress To-Date

Issue	Key Performance Indicator	Frequency of Review	2019	2020	2021	2022
Sustainability	Achieve 100 percent carbon-neutral energy portfolio by 2020 and maintain in the future while able to maintain competitive position	Annually	X%			
	AMP is in top three of similarly sized public utilities in California for percent of residential customers receiving EV and energy efficiency rebates	Annually	X place			
Customer Experience	Increase awareness of customer programs and brand by 5 percent year over year	Annually	X%			
	Maintain 90 percent top-two scores on customer satisfaction survey	Every 2 years	X%			
Business Resiliency	100 percent of critical assets included and accurate in asset management inventory by 2021	Annually	X%			
	Maintain rates at 15 percent or more below PG&E and 10 percent or more below local CCAs	Bi-annually	X%			
	Document and streamline 100 percent of critical processes by 2021	Annually	X%			
Technology	Increase the number of customers accessing information in AMP Account Management Tool by 5 percent year over year	Annually	X%			
	Effectively train 100 percent of staff in applicable technologies for position by 2020	Annually	X%			
Workforce	Improve employee satisfaction survey top-two scores by 5 percent year over year	Annually	X%			
	Increase number of qualified applicants for critical open positions by 25 percent by 2020	Annually	X%			



Sustainability

KPIs:

- Achieve 100 percent carbon-neutral energy portfolio by 2020 and maintain in the future while able to maintain competitive position
2019: __ XX% 2020: __ XX%
- AMP is in top three of similarly sized public utilities in California for percent of residential customers receiving EV and energy efficiency rebates
2019: __ X place 2020: __ X place



Customer Experience

KPIs:

- Increase awareness of customer programs and brand by 5 percent year over year
2019: __ XX% 2020: __ XX%
- Maintain 90 percent top-two scores on customer satisfaction survey
2019: __ XX% 2020: __ XX%



Business Resiliency

KPIs:

- 100 percent of critical assets included and accurate in asset management inventory by 2021
2019: __ XX% 2020: __ XX%
- Maintain rates at 15 percent or more below PG&E and 10 percent or more below local CCAs
2019: __ XX% 2020: __ XX%
- Document and streamline 100 percent of critical processes by 2021
2019: __ XX% 2020: __ XX%



Technology

KPIs

- Increase the number of customers accessing information in AMP Account Management Tool by 5 percent year over year
2019: __ XX% 2020: __ XX%
- Effectively train 100 percent of staff in applicable technologies for position by 2020
2019: __ XX% 2020: __ XX%



Workforce

KPIs

- Improve employee satisfaction survey top-two scores by 5 percent year over year
2019: __ XX% 2020: __ XX%
- Increase number of qualified applicants for critical open positions by 25 percent by 2020
2019: __ XX% 2020: __ XX%

AMP's Strategic Plan, FY 2020-25

January 28, 2019

Overview

- Summary of changes based on November 2018 PUB meeting Feedback
- Key Performance Indicators (KPIs)
- Next Steps

Changes

Feedback Item:	How Currently Addressed in Plan or Modifications to Address in Plan:
1. Perpetual commitment to carbon-neutral resources	Sustainability Issue and Strategy 2: Carbon neutral power. <i>Strategy updated to include perpetual commitment while maintaining competitive position.</i>
2. Consider incentivizing EV rates	Sustainability Issue and Strategy 1: Supporting opportunities in electrification of transportation and buildings. <i>Currently includes a tactic to promote EVs, and includes intent to develop EV rates.</i>
3. Maintain perspective and consideration of cost competitiveness, affordability of rates	Business Resiliency Issue definition and Strategy 2: Develop financial planning processes that provides fiscal stability and clearly communicates service priorities with their associated costs. <i>Issue definition includes maintaining competitiveness in its definition and Strategy 2 includes tools to ensure and maintain cost competitiveness; KPIs also include tracking rates.</i>

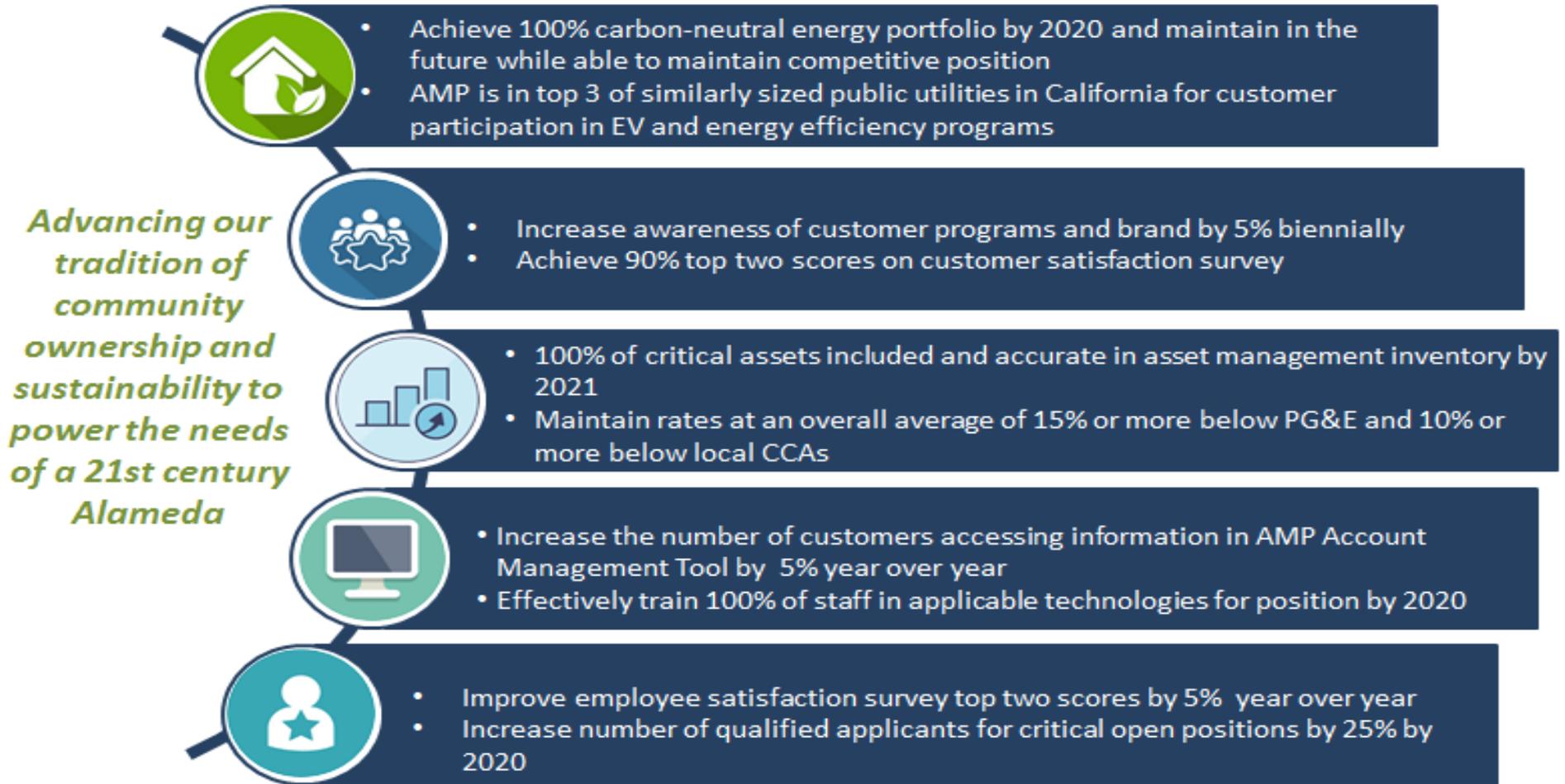
Changes

Feedback Item:	How Currently Addressed in Plan or Modifications to Address in Plan:
<p>4. Include opportunities and commitment to collaborate with the City</p>	<p>Customer Experience Issue, Strategy 3: AMP will maximize opportunities to meet customer needs and improve engagement.</p> <p><i>Add Tactic 2: Collaborate and coordinate with City of Alameda to identify opportunities and provide resources that enhance customer engagement or services</i></p>
<p>5. Recommendation to add a tactic in Technology for AMI data facilitating partnerships with customers</p>	<p>Technology Issue, Strategy 2: Leverage AMI system to enhance the customer experience, operations, financial forecasting, and marketing .</p> <p><i>Add Tactic 3: Leverage AMI Data management to create partnerships with residential and commercial customers that facilitate local GHG reduction projects (e.g. vehicle to grid, microgrids, optimize local clean generation, etc.).</i></p>

Changes

Feedback Item:	How Currently Addressed in Plan or Modifications to Address in Plan:
<p>6. Recommend adding language in the Workforce talent outreach Strategy to highlight opportunities to contribute to GHG remission reduction goals / CAP</p>	<p>Workforce Issue, Strategy 1: Develop a talent outreach plan that highlights the benefits and opportunities of working at AMP.....</p> <p><i>Add Tactic 2 to Strategy 1: Collaborate with Customer Experience Issue, Strategy 1, Tactic 1 Branding, to develop language to attract staff that showcases AMP’s opportunities in the electric industry, sustainability, and climate action (GHG emission reductions).</i></p>
<p>7. Recommend adding a tactic to develop training program that supports adoption of DER and NetZero infrastructure</p>	<p>Sustainability Issue, Strategy 2, Tactic 2: DER Plan.</p> <p><i>Expand Tactic 2, and add a task to research and develop a training and/or education program for AMP to facilitate future adoption and integration of DER and NetZero development.</i></p>

Key Performance Indicators



Recommendation

By *motion*, accept the five-year, 2020 through 2025, Alameda Municipal Power Strategic Plan

Next Steps

- Redesign General Manager's report and Strategic Plan Reporting
- Shift focus to implementation
- Roll out to AMP staff
- Roll out to Community