



Agenda Report

18-1422

Agenda Date: 12/4/2018

REPORT TO COUNCIL

SUBJECT

Action on Adoption of Silicon Valley Power's 2018 Strategic Plan

EXECUTIVE SUMMARY

The City's Electric Utility Department, dba Silicon Valley Power (SVP), has grown to become the 4th largest not-for-profit community owned electric utility in California and is a recognized industry leader with a strong history and reputation of providing excellent customer service. The electric industry is rapidly changing and undergoing a fundamental transformation shifting from a centralized resource grid toward an increasing decentralized electrical grid with distributed energy resources with more renewables (e.g. wind, solar), shifting variability in supply, and greater customer choice. To maintain our competitive advantage and respond to these changes, the City initiated the development of a strategic plan to ensure continued growth and actions that support our mission. SVP must focus on offering our customers products and services that are innovative, intuitive and engaging. The development of Silicon Valley Power Strategic Plan establishes a framework that aligns the utility's Mission, Vision, and Values to the specific measureable initiatives that SVP will pursue to achieve its objectives of customer value and community focus. The Strategic Plan will focus on measuring and reporting, and actively managing outcomes. SVP will take advantage of clean energy, emerging technologies while building stronger partnerships with customers to enhance the value of the utility and realize its vision of a sustainable and resilient community.

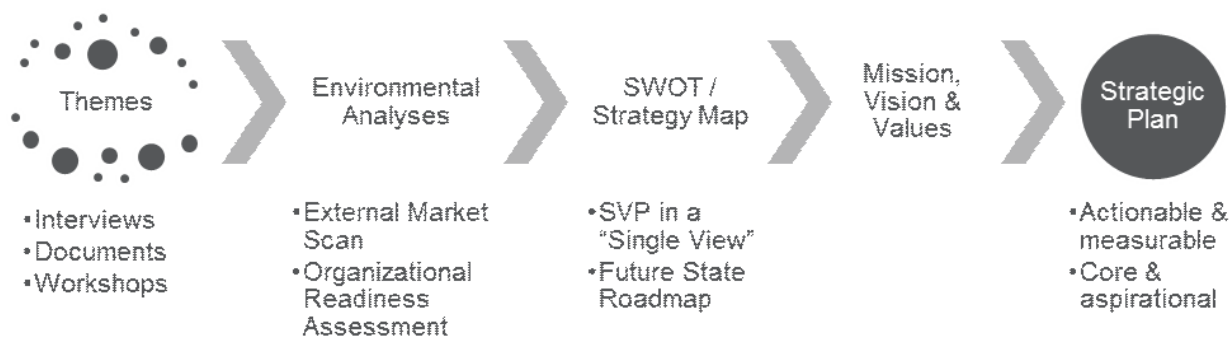
BACKGROUND

Silicon Valley Power (SVP) is the City's municipal electric utility which serves approximately 55,200 customers with a unique customer makeup that consists of both a livable residential community and a hub for the large commercial and industrial enterprises in Silicon Valley. SVP is a full service vertically integrated utility with direct and joint ownership of generation, transmission, and distribution facilities with a diverse resource portfolio and sizable renewable energy components. SVP has been heavily focused in supporting customer growth and retail energy sales that have increased 3.5% annually on average since 2011. In the past few years, strong load growth has resulted from the development of numerous data centers that serve large corporate offices and cloud-related services.

SVP operates in a continuously evolving business environment with increasing regulatory requirements, legislative mandates, infrastructure needs, impact of new technologies, increasing customer loads, distributed generation, and transforming markets. Such circumstances require a clear vision and strategy to maintain a high level of reliable and cost effective service. To that end, on December 19, 2017, Council approved a performance of service agreement with Navigant Consulting Inc., to facilitate the preparation of Silicon Valley Power's 2018 Strategic Plan ("Plan"). This strategic planning effort addresses the challenges and provides direction for the next decade to ensure the long-term sustainability of community-owned public power.

DISCUSSION

SVP staff has developed a Plan (Attachment 1) for the utility with the assistance of Navigant Consulting Inc. The Plan stakeholder/customer outreach process that was launched in the spring of 2018 broadly engaged with the community, large customers, local businesses, City Council, City executive leadership, and employees to determine the strategic direction of SVP. Much of this outreach and interaction occurred through many structured Navigant Consulting interviews and meetings at the beginning of the planning process to gather the “themes” informing the Plan. Throughout the entire process, core SVP employee teams were brought together to help develop and provide feedback on the components of the Plan, and communicated the progress along the way. In addition to looking closely at SVP and current operations, specific attention was spent to examine industry trends to understand how SVP needs to change to prepare for the future.



A Strategy Map was developed as a tool that describes key business objectives and strategy delivery requirements on a single page. Strategy Maps provide a visual depiction of what an organization wishes to accomplish and how it aims to deliver on its goals. During the planning process, SVP set new Vision and Mission statements and core organization values which support SVP’s core commitment to financial strength, which is central to the successful adoption of this Plan.

Vision: Innovating creative energy solutions for a resilient and sustainable community

Mission: We are dedicated to our community, customers, and employees. We provide safe, reliable, affordable, and sustainable energy services with exceptional customer focus

Value to Customers and Stakeholders

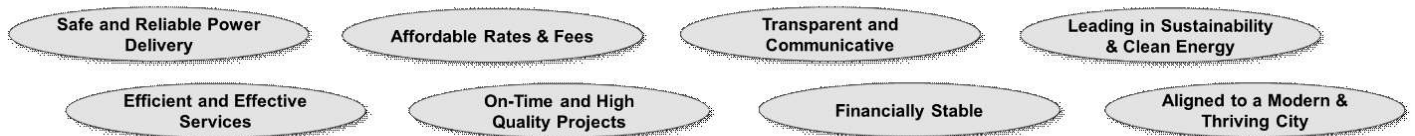
Performance Perspective

What are our most important outcomes?

- Consistently Strong Credit Rating
- Strong Financial Performance
- Routine Contribution to General Fund
- Well-Designed Rates and Charges
- Increased Operational Excellence
- Improved Customer Experience
- High Levels of Safety and Reliability
- New Products and Services
- Continued Attractiveness for Large Customers
- Demonstrated Community and Stakeholder Partnership
- Continued Dedication to Sustainability
- Engaged and Thriving Employees

Customer / Stakeholder Perspective

How should we appear to stakeholders / customers?



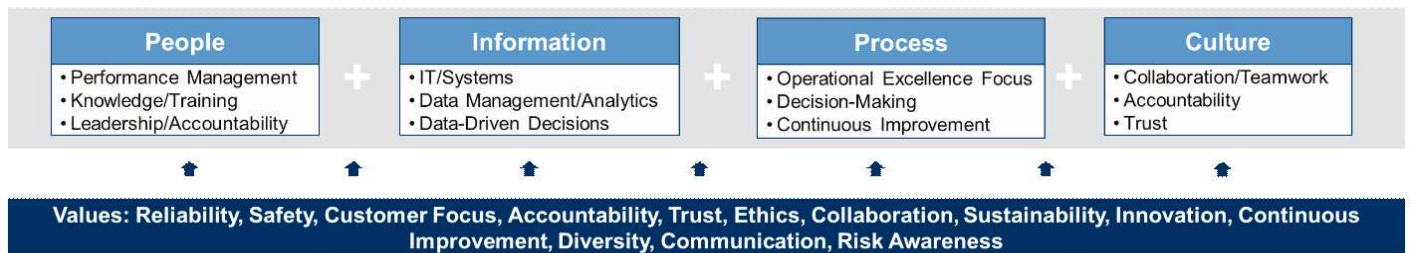
Internal Perspective

At what do we need to excel to fulfill stakeholder / customer expectations?



Capacity, Learning, and Growth Perspective

How will we sustain our ability to improve?



After forming a clear picture of our Customer/Stakeholder Perspective and Performance Perspectives, Staff developed the Internal Perspective which captures critical organizational objectives as illustrated in the Strategy Map. Over thirty strategic initiatives have been developed in each of the four Internal Perspective areas - Utility Performance Excellence, Customers Engagement & Satisfaction, Progress & Innovation Focus, and Community & Environmental Stewardship. These strategic initiatives are those issues that SVP must focus on to maintain its excellence primarily in the first five years of the planning horizon. The strategic areas are summarized as:

- **Utility Performance Excellence** - The Effective Business Process Management Initiative will evaluate, enhance, and document critical business processes and implement the improved processes. Then, maintain continuous improvement through periodic review protocols with data from utility benchmarking partners. Working with City partners, SVP is moving forward on improved service delivery with a unified Capital Projects Management System and Prevailing Wage Program with cloud-based tracking software. SVP is also preparing a Project Delivery Manual which will be a practical guide to describe the overall process with fundamental management principles, detailed guidelines, standard operating procedures and related responsibilities.
- **Customer Engagement and Satisfaction** - This initiative acknowledges the need to routinely and fully communicate with stakeholders/customers and collect their feedback on the opportunities and challenges facing their utility. The upcoming Customer Portal Initiative aims to enhance methods of customer engagement with a convenient way 24/7 access current and detailed information to track energy uses, schedule customer alerts and online bill payment.
- **Progress & Innovation Focus** - This strategic area requires targeted and dedicated staff resources to filter and vet creative project ideas and emerging technologies on a regular basis, to eliminate concepts or approve concepts and generate actionable plans, represents a newly formed initiative that has been long needed within SVP. The planned five year Technology Strategic Plan initiative will enable a cross-cutting team to develop a comprehensive plan and roadmap focusing on utility technology deployments that will improve day-to-day operations and enable the integration of emerging technology on the grid.
- **Community and Environmental Stewardship** - This initiative focuses on SVP's leadership Smart City Planning and alignment with broader community goals related to energy, sustainability, and the City's Climate Action Plan. The 2018 Integrated Resource Plan is a major milestone as a comprehensive plan for developing a portfolio of power supply resources to meet the environmental regulations, achieve high reliability, and maintain low priced electricity service to customers through 2030. SVP is leveraging a California Energy Commission Grant in developing an Electric Vehicle Blueprint Initiative that will evaluate the City's EV charging infrastructure and future needs of the whole community.

The Implementation Roadmap envisions an aggressive sequence of actions that will help us achieve our strategic vision. The most critical actions to achieve our objectives were prioritized, with a focus given to considering the key interdependencies between each of the proposed initiatives, the benefits potential, alignment to our Mission, Vision, and Values, implementation risks, time to achieve benefits, and other factors.

The goal of stakeholder engagement and public outreach is to create a consistent communication channel to allow SVP to deliver and receive information from our many stakeholder groups. The

Communication Plan incorporates touchpoints to build near term awareness while tracking performance and communicating accomplishments. Engaging with our stakeholders is particularly important in the near-term to build awareness of the plan. Communication activities will include social media, newsletters, web page, and recurring updates to the City Manager and City Council including semi-annual City Council progress reports.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment (CEQA Guideline 15061 (b)(3)). The Silicon Valley Power 2018 Strategic Plan does not include the potential for a significant environmental effect and therefore is not subject to CEQA.

FISCAL IMPACT

There is no fiscal impact associated with the approval of the 2018 Strategic Plan. Implementation of certain elements of the Strategic Plan will require funding that will be appropriated through the normal budget process.

COORDINATION

This report has been coordinated with the Finance Department and City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Adopt Silicon Valley Power's 2018 Strategic Plan

Reviewed by: John C. Roukema, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Silicon Valley Power 2018 Strategic Plan