

**SNOHOMISH COUNTY PUBLIC UTILITY DISTRICT
BOARD OF COMMISSIONERS SPECIAL MEETING
Zoom Online Meeting Platform**

****Special Meeting**
January 25, 2022**

The Board of Commissioners Special Meeting will be held virtually via Zoom Online Meeting platform. Due to the COVID-19 pandemic and Proclamation 20-28.15 issued by Governor Jay Inslee, in-person attendance is not permitted at this time.

CONVENE SPECIAL MEETING – 12:00 p.m. – Virtual Meeting Information

Join Zoom Meeting via Computer:

- Click link:
<https://us06web.zoom.us/j/83240718563?pwd=TUN1a3dxNWc2ZGpBYUoyYjZqN0UvQT09>
- Dial in: (253) 215-8782
- Meeting ID: 832 4071 8563
- Password: 352406

The Board of Commissioners of Public Utility District No. 1 of Snohomish County, Washington, will hold a **SPECIAL MEETING** on **TUESDAY, JANUARY 25, 2022**, via Zoom Online Meeting Platform. The SPECIAL MEETING will convene at 12:00 p.m. for a Strategic Planning Workshop.

ADJOURNMENT

Agendas can be found in their entirety on the Snohomish County Public Utility District No. 1 web page at www.snopud.com. For additional information contact the Commission office at (425) 783.8611.

FOCUS ON THE FUTURE:

Long-term Strategy Workshop

Workshop with the Commission

January 25, 2022

SNOHOMISH
PUD

Energizing Life In Our Communities



Strategy Development Core Team



Laura Lemke

Strategy and
Performance Planning



Kim Johnston

Government Relations,
External Affairs, and
Strategy



Lisa Hunnewell

Business Readiness
and Training



Sarah Bond

Budget and
Financial Planning

Desired Outcomes for Today

Executive Leadership Team (ELT) and Commission agree on draft long-term strategic priorities to form the foundation of the District's 2023 - 2027 Strategic Plan

Agree on next steps in drafting long-term strategy

Today's Outline

- Revisit big picture of strategy development
- Revisit foundational strategy elements
- Develop strategic priorities
 - Our preparation for today
 - Executive Leadership Team's draft strategic priorities
 - Robust Commission discussion and input
- Agreement on
 - District strategic priorities
 - Long-term strategy next steps

District Strategy Development Framework

District Planning Horizon

purpose, mission, vision, anchors *(enduring)*

long-term strategy *(10+ years)*

sets strategic priorities and long-term goals

strategic plan *(5 years)*

sets mid-term objectives, performance indicators, and key initiatives

operating plans *(2 years)*

Specific projects, activities, and budgets

increasing
uncertainty
over time

Long-Term Strategy

Looks out 10-15 years | 5-10 pages | Validated and updated as required

Defines the long-term direction of the District and articulates how we will achieve our Mission, Purpose, Vision and Anchors

Includes:

- Mission, Purpose, Anchors, Values, Vision
- Strategic Priorities & long-term goals
- Sets long-term goal(s) for each priority

2023 - 2027 Strategic Plan

Looks out 5 years | 15-20 pages | Validated and updated on a regular rhythm

Directly supports long-term strategy by defining how we will realize our long-term ambitions and the roadmap to achieve specific objectives

It includes:

- Specific 5-year goals and objectives for each Strategic Priority
- Strategies, key initiatives, and high-level activities to achieve them
- Defines metrics for success
- Assigns responsibility for each initiative

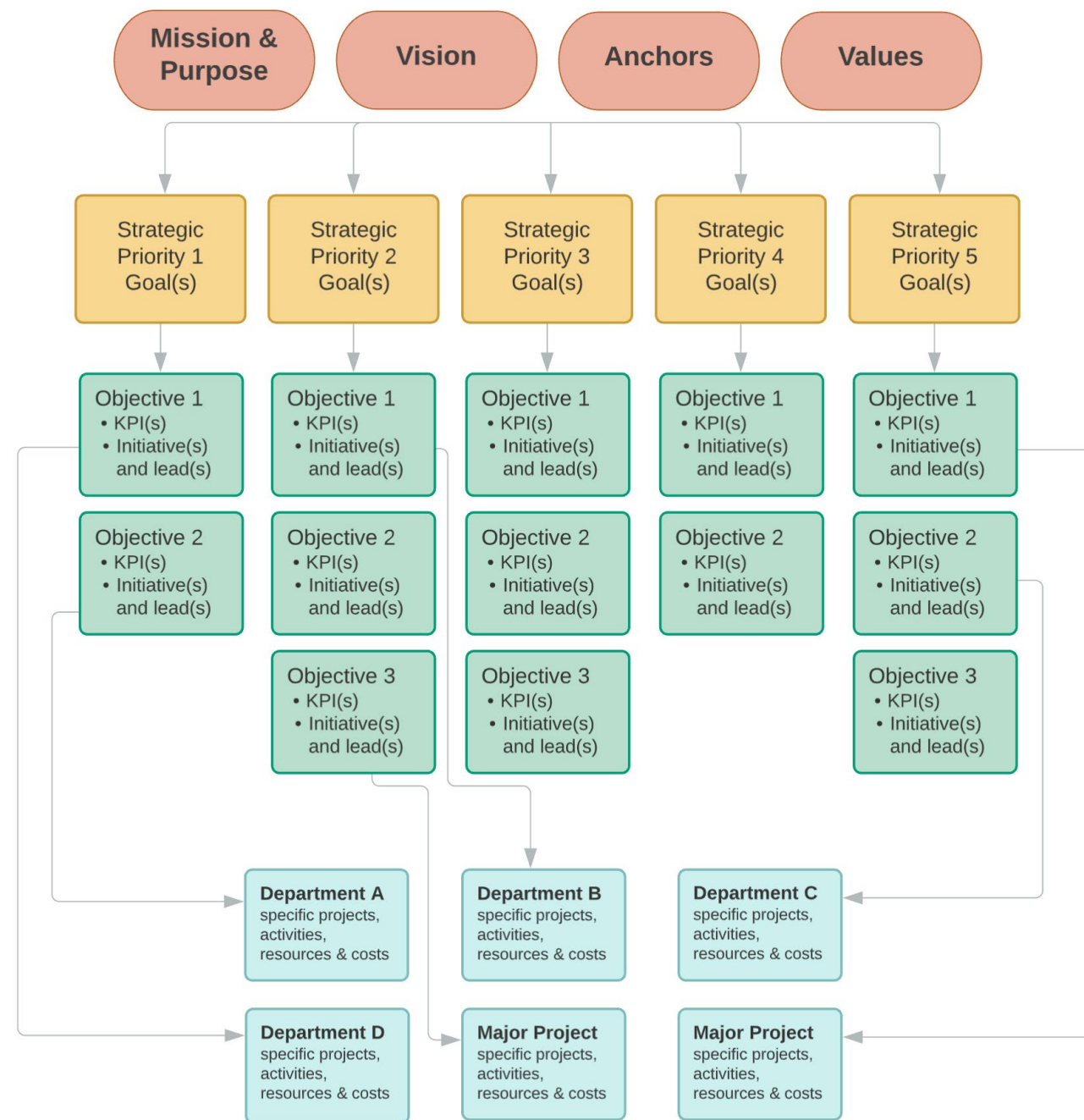
Operating Plans

2 years, rolling | Updated each year

Relates Strategic Plan key initiatives and high-level activities to specific projects, process changes, resource allocation, and spending. Also includes operational tasks not contained in the strategic plan

To do so, plans:

- Flow objectives and initiatives from District to division to team
- Tie activities to budgets and workforce allocations
- Look out two years, updated each year



Foundational Strategy Elements



Creating Clarity

- March 29, 2021 Workshop with Commission
- Established foundational elements to guide strategy development conversations
- Discussions centered on:
 - What is our mission? *What do we do?*
 - What is our purpose? *Why do we do it?*
 - What is our vision? *Who do we aspire to be?*
 - What are our anchors? *How do we succeed?*
 - What are our values? *How do we behave?*

Note:

Our answers to mission and purpose do not replace our existing mission statement

The wording is draft and, as is, intended to guide strategy development, not be used in external materials

Foundational Elements

Mission (what we do)

We deliver **essential utility services**

Purpose (why we do it)

to **help our communities thrive**

Vision (what we want to be)

Be the utility that customers rave about
and empowers our communities to thrive

(in a good way)

In achieving our vision:

- *we will be the best utility that our communities could possibly have;*
- *we will help customers and communities creatively meet the future head on, powering a strong economy and environment for all; and*
- *given the opportunity, our customers will rave about our service and value and would choose us over any other option*

Strategic Anchors (our fundamental strategy)

To be successful now, and tomorrow, we must:

- ✓ be a **powerful partner**
- ✓ provide **exceptional value**
- ✓ deliver **excellent experiences**
- ✓ be our **best TeamPUD**

Values (how we behave)

we have **integrity**,
we are a **team**

Every day we

serve with pride,
rise to challenges,
safeguard what matters

and we choose to

include all,
seek **growth**,
be **bold**

Our Strategic Anchors

To be successful now, and every day, we will:

Be a **POWERFUL PARTNER**

- Proactively anticipate and support community and customer needs
- Advocate for our communities in the places and ways that matter
- Valuable resource for our customers, industry peers, and community partners

Provide **EXCEPTIONAL VALUE**

- Fiscally responsible planning and management
- Community and customer priority driven continual improvement and innovation
- Environmentally sustainable products, services, operations, and stewardship of community assets

Deliver **EXCELLENT EXPERIENCES**

- Reliable, dependable, predictable service
- Transparent, consistent, proactive communication
- Meet our customers where they are, with service options relevant to them

Be our **BEST TeamPUD**

- Invest in our employees and our communities, to hire, develop, and nurture excellence
- Foster a community-centric and inclusive culture with empowered, engaged employees
- Put community and employee safety first

Our Values

The principles and expectations that guide employee conduct at all levels

we have **INTEGRITY**

- We act in good faith
- We are transparent and truthful
- We share credit and shoulder blame

we are a **TEAM**

- We treat each other with respect and kindness
- We put team over self
- We hold each other accountable

Every day we

SERVE with pride

- We are humble
- We make our communities' priorities our own
- We treat everyone with dignity and care

RISE to challenges

- We embrace our responsibilities
- We proactively anticipate and solve problems

SAFEGUARD what matters

- We protect the people we live and work with
- We protect our natural resources

We choose to

INCLUDE ALL

- We seek varying opinions, ideas, and perspectives
- We ensure every person feels valued and welcomed
- We intentionally mentor others and cheer their success

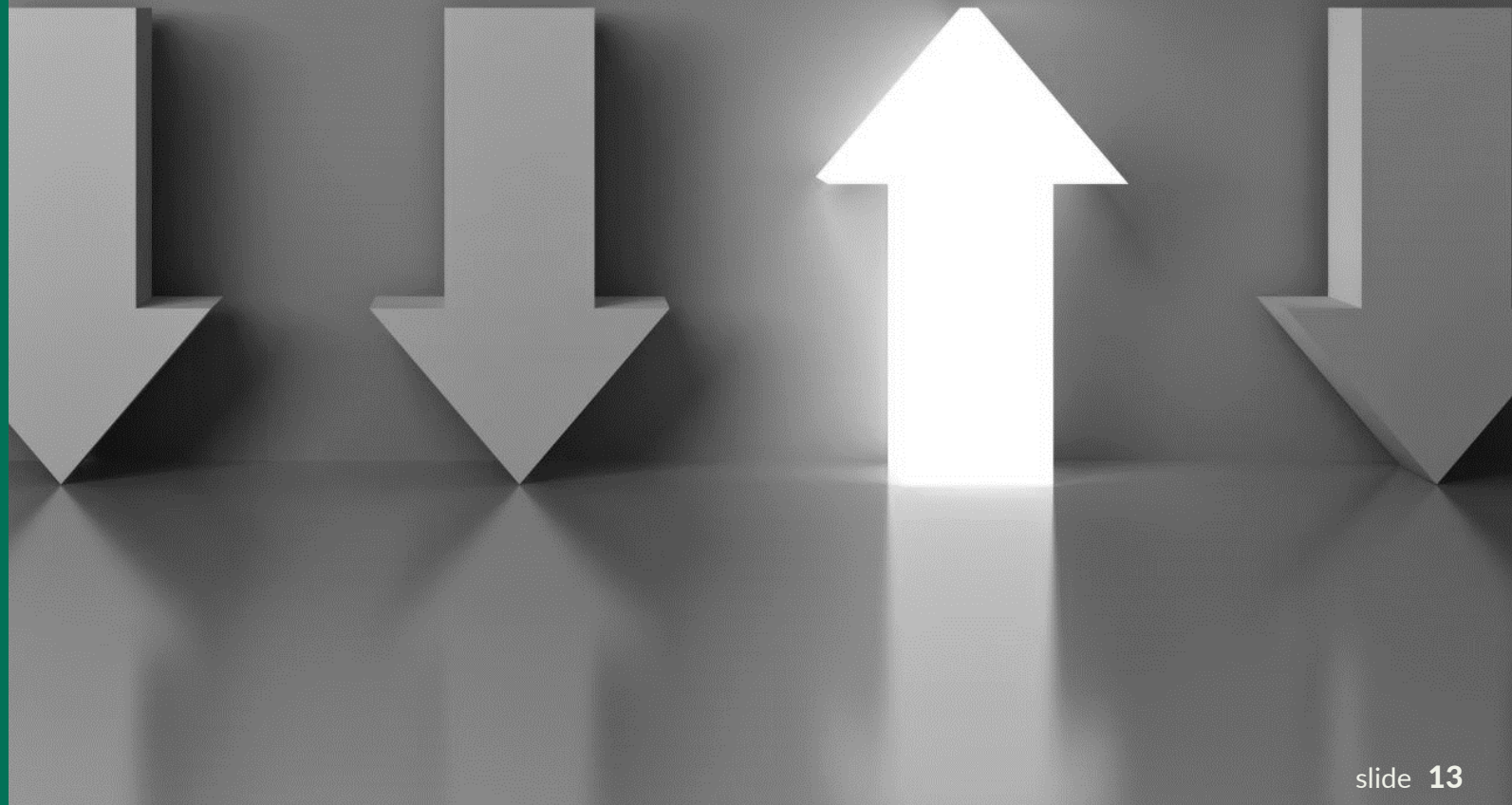
SEEK GROWTH

- We are curious and seek out new ideas and approaches
- We try new approaches and alter, adjust, or abandon ideas as appropriate

BE BOLD

- We embrace change and take appropriate action
- We speak up, irrespective of tenure or position

Setting Strategic Priorities



Prioritizing Challenges & Opportunities

Prioritizing Challenges & Opportunities

To focus development of long-term strategic priorities, we began by identifying our critical long-term opportunities and challenges

Critical strategic challenges and opportunities are:

- **driven by the effects of external forces** on our communities and our operating environment
- **could have a major impact on the course and direction of our business** and/or our ability to successfully deliver on our anchors
- responding to them will **require a significant, coordinated organizational response from District leadership**

Our Prioritization Process

To identify our critical long-term challenges and opportunities we:

- Began with 2040 scenario workshop insights
- Added Commissioner thoughts from early 2021 interviews and March 2021 workshop
- Added ELT thoughts
- Identified overlapping themes and discussed the scale of potential impacts
- Narrowed down to the critical strategic opportunities and threats

2040 Scenario Workshop Insights

Customer & Community

Increasingly varied customer and community needs and expectations.

Increasing social discord and distrust of government

Workforce & Technology

Attracting and retaining good employees in an increasingly competitive market for skilled labor

The accelerating pace of technological adoption driving external expectations / needs

System Demand & Load

Increasing electric peak loads (seasonal and time of day) and more intense spot loads

Increasing year-round and/or seasonal water demand

Electrification: Opportunities for revenue or service expansion

Customer desire for self-sufficiency results in move off our system - we become utility of last resort

Mutually-beneficial opportunities of customer- or community-owned generation, storage, and micro-grids

Business Continuity

Impacts of changing weather patterns, heat waves, wildfires and smoke, and more frequent storms

Risks associated with high-impact, low-frequency events (natural disasters, pandemics, etc.)

Supply chain interruptions and/or competition for materials.

Ever more sophisticated cyber threats and attacks

Operating Environment

Intensifying pressure to maintain electric system reliability and power quality

Difficult to permit, site, and construct new G/D/T resources in a timely manner

Increasing operating and capital costs in the face of revenue challenges and customer expectations.

Numerous opportunities to offer new services & products and will need to decide which to pursue

Conflicting and ever-shifting regulatory requirements

Regulations and/or economic conditions may make traditional revenue recovery difficult

Supply Side

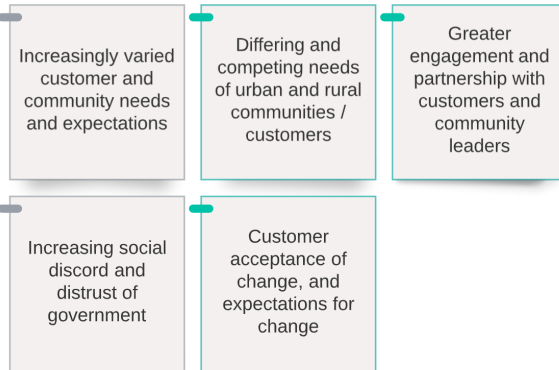
Local and regional droughts create increasingly frequent water shortages and competition for water resources

Risk of losing existing supply resources

Need to integrate new and emerging generation and storage resources

Adding Commissioner Thoughts *(from interviews and meetings)*

Customer & Community



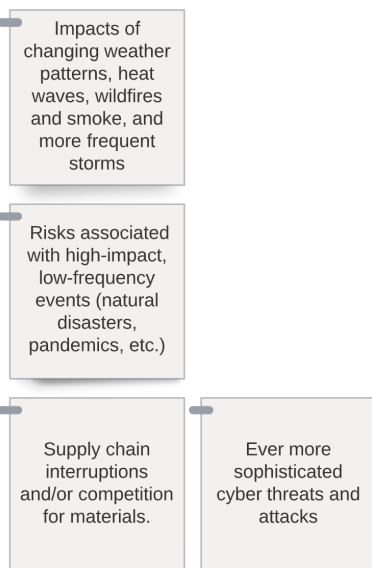
Workforce & Technology



System Demand & Load



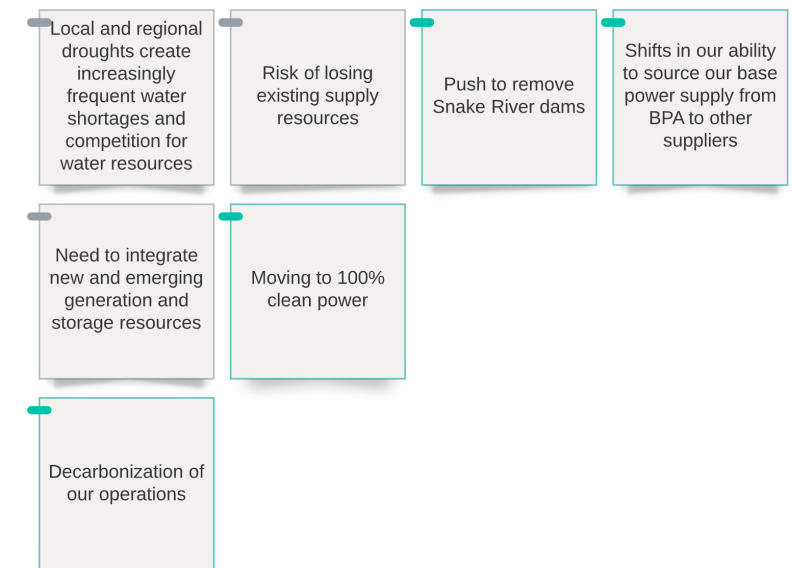
Business Continuity



Operating Environment



Supply Side



Adding ELT Thoughts *(via review and discussion)*

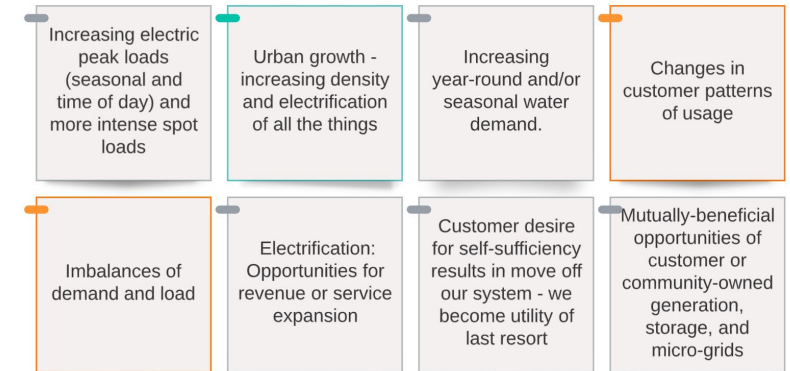
Customer & Community



Workforce & Technology



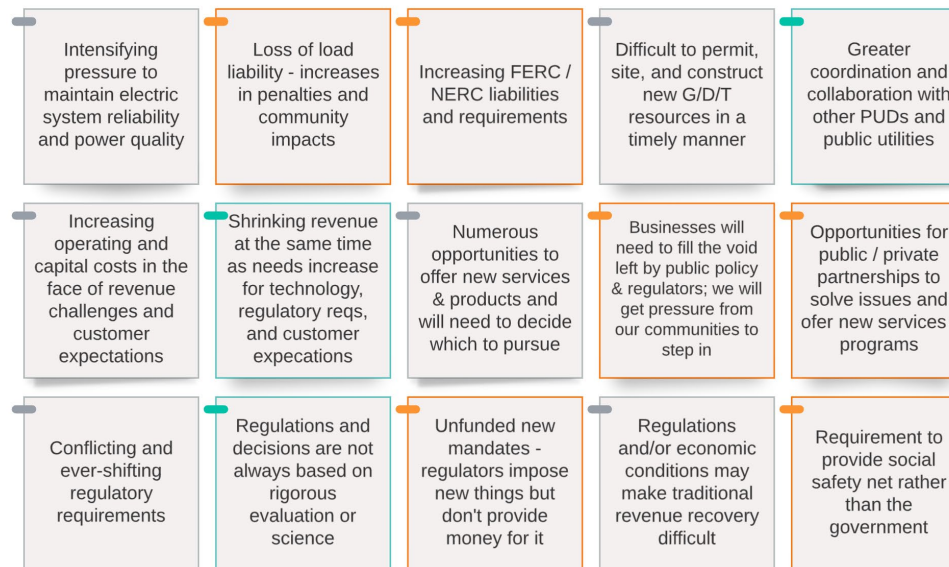
System Demand & Load



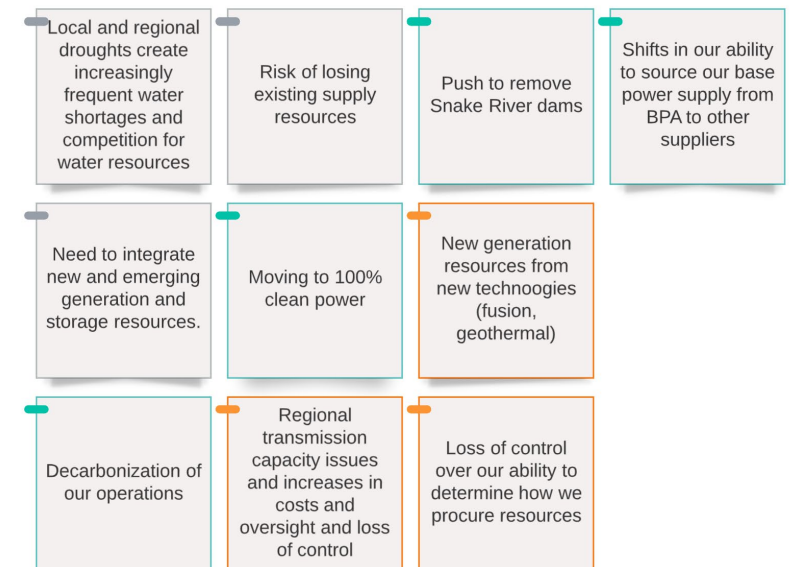
Business Continuity



Operating Environment

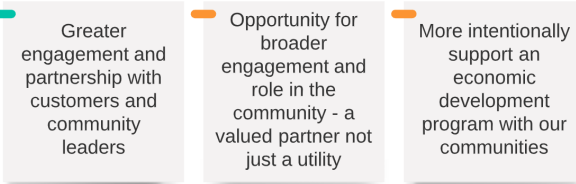


Supply Side

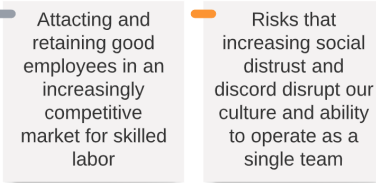


Grouping & Prioritizing

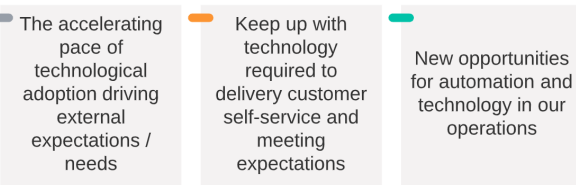
Opportunity to **better support our communities in meeting the future head on** and helping ensure stable economic growth for businesses and residents



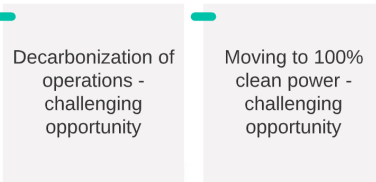
An **increasingly competitive labor market in a discordant society** will make attracting and retaining good employees both more important and more challenging



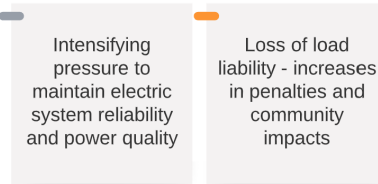
The accelerating pace of **technological change and adoption** by our customers, communities, partners, and industry will impact all aspects of our operations



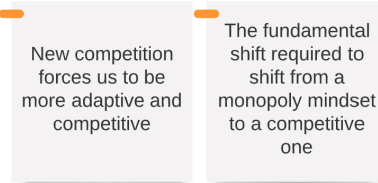
Regulatory requirements to **decarbonize all aspects of District operations**



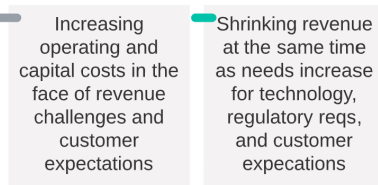
Intensifying pressure, customer and regulatory, to **maintain electric system reliability and power quality**



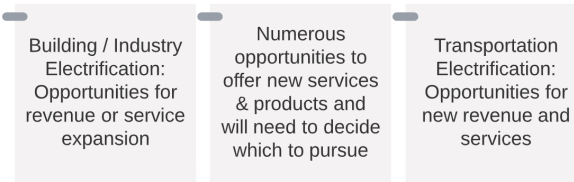
The emergence of **new entrants into our traditionally non-competitive market**



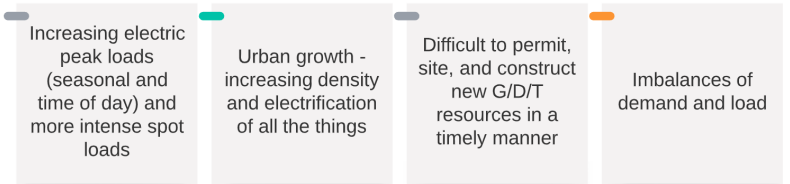
Growing operating, maintenance, and capital costs driven by a multitude of factors



Electrification of transportation, buildings, industry, and infrastructure driven by community decarbonization



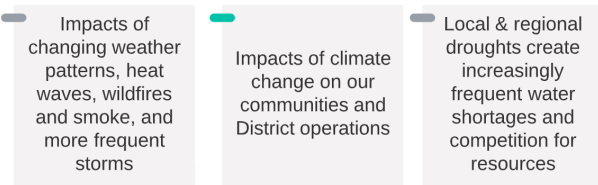
Shifts in load patterns and growth trends, including increasing hourly and seasonal peak loads, more intense spot loads, and increasingly dense urban areas



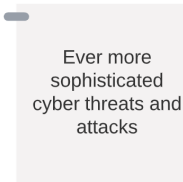
Supply-side resource challenges created by new regulations, risks to existing resources, integration of new resources, new competition, and transmission constraints



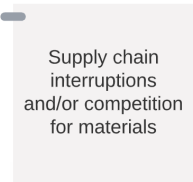
Increasingly severe and disruptive climate change impacts on our communities and operations (weather patterns, heat waves, wildfires and smoke, and more frequent storms)



Ever more **sophisticated cyber threats and attacks** in conjunction with significant regulations and related penalties



Sustained or intermittent supply chain issues caused by disruption or competition for materials



Critical Challenges & Opportunities

Customer & Community

- Opportunity to **better support our communities in meeting the future head on** and helping ensure stable economic growth for businesses and residents
- **Intensifying pressure**, customer and regulatory, to **maintain electric system reliability and power quality**

Operating Environment

- Regulatory requirements to **decarbonize all aspects of District operations**
- The **accelerating pace of technological change and adoption** by our customers, communities, partners, and industry will impact all aspects of our operations
- An **increasingly competitive labor market in a discordant society** makes attracting and retaining good employees both more important and more challenging
- The emergence of **new entrants into our traditionally non-competitive market**
- **Growing operating, maintenance, and capital costs** driven by a multitude of factors

System Demand, Load, and Supply

- **Shifts in load patterns and growth trends** including increasing hourly and seasonal peak loads, more intense spot loads, and increasingly dense urban areas
- **Electrification of transportation, buildings, industry, and infrastructure** driven by community decarbonization and regulations
- **Supply-side resource challenges** created by new regulations, risks to existing resources, integration of new resources, new competition, and transmission constraints

Business Continuity

- **Increasingly severe and disruptive climate change impacts** on our communities and operations (weather patterns, heat waves, wildfires and smoke, and more frequent storms)
- Ever more **sophisticated cyber threats and attacks** and related regulations and penalties
- **Sustained or intermittent supply chain issues** caused by disruption or competition for materials

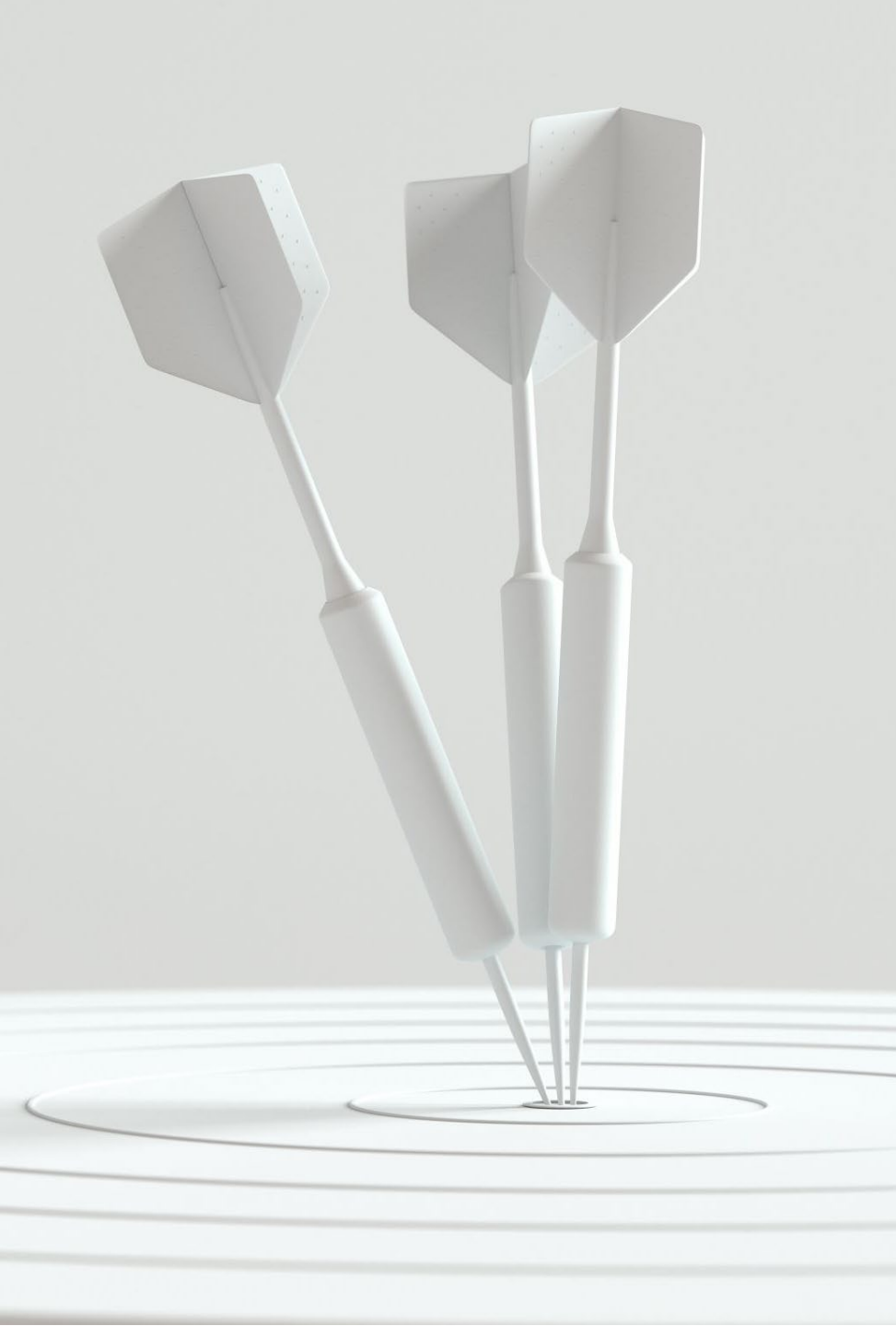
Moving from Critical Challenges & Opportunities to Strategic Priorities



What are Strategic Priorities?

Strategic priorities should:

- articulate the most important areas of focus for the planning horizon
- influence the overall direction of a company
- directly support an organization's purpose, mission, vision, and strategy
- reinforce one another and tell a cohesive story about the whole organization
- focus on how to capture value going forward, balancing innovation and change with running the business



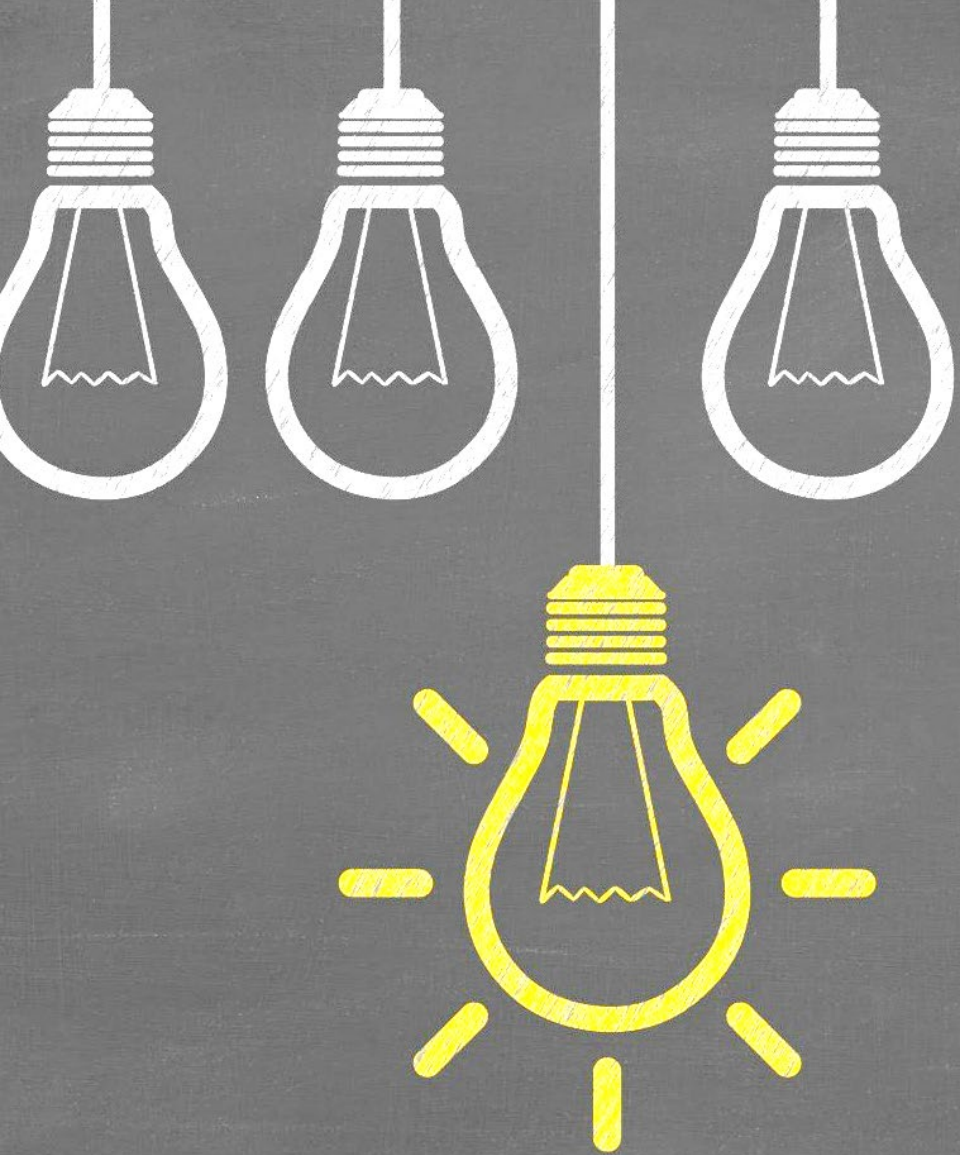
Best Practices

- Limit priorities to a handful
- Pull toward the future
- Make the hard calls
- Address critical vulnerabilities
- Banish fuzzy language
- Align leadership

[Turning Strategy Into Results \(mit.edu\)](https://mitsloanstrategy.mit.edu/)

Donald Sull, Stefano Turconi, Charles Sull, and James Yoder | September 28, 2017

Preparing for today



Identifying Potential Priorities

- We facilitated ELT brainstorming and discussions
- We framed conversations in context of the critical opportunities and challenges and our mission, purpose, vision, and anchors
- We tried to identify what is most important in the mid-term (*5 years*) to be successful long-term (*10+ years*)
- We challenged ourselves to decide what we **SHOULD** focus on out of all the things we **COULD** focus on

Discussion, Debate, Agreement

How fast is that coming at us?
How quickly do we need to move?

What role do we want to play in that space?

We're already doing that really well; do we need to prioritize it?

Is that just a repeat of one of our anchors?

How do we balance doing that with maintaining our core business?

Is that in competition or conflict with one of our core values?

Are we trying to capture everything? Or just what we need to focus on?

What do we mean by those words?

On a scale of 1-10, how much focus should we put on that?

Is that an objective? Or a priority?

Isn't that part of everything we do and every decision we make?

Do those words resonate with you?

**Draft work for
Commission
discussion, feedback,
and input**

Draft Framework

The draft work we are sharing today:

- Is intended to capture the spirit and essence of the draft priorities
- Is rough draft language, intended to check for alignment and agreement
- Does not include specific goals, objectives, initiatives, or projects for the priorities

What we are asking of you:

- Ask questions
- Share your thoughts
- Reflect on whether the draft language captures the right ideas and intentions
- Give us feedback on whether we have identified the right strategic priorities

Draft Strategic Priorities

Our strategic priorities are:

- Actively seek ways to help our communities thrive
- Ensure the resiliency, reliability, and quality of our electric and water services
- Increase the environmental sustainability of our business
- Enhance and evolve customer experiences
- Develop the culture and capabilities needed for the future

Actively seek ways to help our communities thrive

What we mean by this:

- Be a more robust community partner
- Bolster authentic and meaningful relationships with regional leaders and community stakeholders
- Make responsible resource investments that support the vitality and success of our communities
- Encourage and support service and volunteerism by our employees in our communities
- Appropriately support economic development in our communities
- Partner with our communities to support their sustainability values, goals, and efforts

Ensure the resiliency, reliability, and quality of our electric and water services

What we mean by this:

- Ability to forecast, prepare for, respond to, and recover from cyber threats, weather extremes, storms, natural disasters, sabotage, etc.
- Ensure that we have the capacity to meet the energy and water demands of the future (staff, skills, infrastructure, supply, technology)
- Cultivate a resource portfolio that is cost-effective and reliable and holistically responsive to the requirements of the future
- Actively engage in and influence the conversation and regulations around electrification of our communities
- Ensure financial health and long-term stability through risk management, adequate reserves, and planning

Increase the environmental sustainability of our business

What we mean by this:

- Advocate for regulations and timelines that balance environmental and societal benefits with operational risks and costs
- Include all aspects of our operations, infrastructure, and resource portfolio
- Actively work to identify, minimize, and mitigate our adverse impacts
- Reduce our contributions to climate change
- Balance achieving aggressive goals with financial prudence and ensuring service levels
- Understand our communities' evolving priorities

Enhance and evolve customer experiences

What we mean by this:

- Proactively assess emerging trends to anticipate future customer and community needs and desires
- Ensure we are hearing and responding to what customers want, need, expect, and value
- Meet our customers where they are by using the channels, technology platforms, and times they prefer
- Understand customer segments and offer relevant and targeted programs and services
- Focus on customer-centric design in internal practices, policies, and procedures to deliver excellent external experiences
- Ensure equitable access to power and water for all customers through appropriate rates, fees, programs, services, and partnerships

Develop the culture and capabilities needed for the future

What we mean by this:

- Craft an employee experience that people want to be a part of
- Create a culture of health, safety, and well-being where employees feel welcomed, valued, and included
- Attract, develop, and retain employees that embody our values and the diversity of our communities
- Choose and support leaders who foster employee growth and resiliency
- Ensure employees have the knowledge, skills, abilities, and technology required for the future
- Foster operational excellence and a mindset of continual improvement and learning

Draft Strategic Priorities

Our strategic priorities are:

- Actively seek ways to help our communities thrive
- Ensure the resiliency, reliability, and quality of our electric and water services
- Increase the environmental sustainability of our business
- Enhance and evolve customer experiences
- Develop the culture and capabilities needed for the future



Discussion & Input

Questions to consider:

- What questions do you have for the ELT or the Strategy Core Team?
- Do these draft strategic priorities resonate with you? Why? Why not?
- Do they reflect your thoughts about the things most critical to our success?
- Do you feel that these priorities adequately address the critical opportunities & challenges?
- Does the draft language capture the right ideas and intentions?

STRATEGIC ANCHORS *(how we will succeed)*

To be successful now, and every day, we must:

be a
**powerful
partner**

provide
**exceptional
value**

deliver
**excellent
experiences**

be our
**best
TeamPUD**

Actively seek ways to
help our communities
thrive

Increase the
environmental
sustainability of our
business

Ensure the resiliency,
reliability, and quality of
our electric and water
services

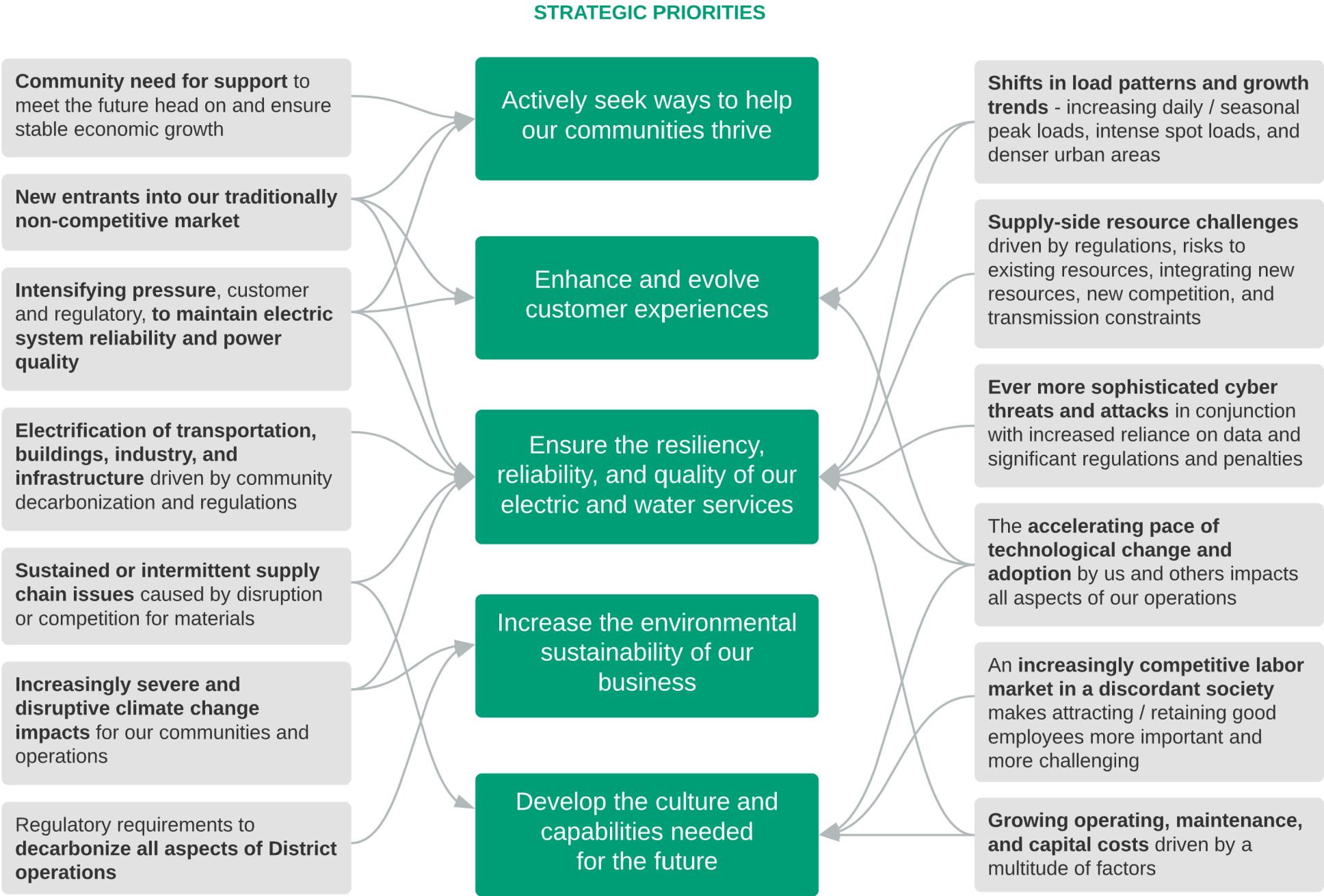
Enhance and evolve
customer experiences

Develop the culture and
capabilities needed
for the future

STRATEGIC PRIORITIES *(most critical to our success in the coming years)*

How do the draft priorities relate to our anchors?

How do the draft priorities relate to critical challenges & opportunities?



Next Steps



Strategy Development Plan (2022 calendar)

January

February

March

April

May

June

July

August

September - December

External
Stakeholders

Today's Workshop

Feedback on draft priorities, goals, and objectives

Commission

Workshop:
**Long-term
Strategic
Priorities**
(Jan 25)

Briefing:
Feedback
on Draft
**Long-Term
Strategy**
(Mar 8)

Long-term Strategy
Revise and set
associated goals.
Draft document.
(5-10 pages)

Strategic Plan
Set objectives.
Align current initiatives.
Identify gaps.

Feedback
from
Senior
Leadership
Team
(SLT)

Feedback
from SLT,
Subject
Matter
Experts,
Leads

Workshops
Recommend
strategy, KPIs,
needs, and new
initiatives.

Employee
Feedback

Strategic Plan
Discussion & decisions
based on workshop outputs.
Draft document.
(15-20 pages)

Strategic Plan
Revise, format,
finalize

Workshop:
**Draft
Strategic
Plan**
(late Jun)

Briefing:
Review
**Strategic
Plan**
(Aug 2)

Approve
**Strategic
Plan**
(Aug 16)

Communicate Strategy & Strategic Plan
to All Employees & Stakeholders

**Operational Planning for
2023-2024**
(continues into 2023)

ELT

Staff

Strategy Development Plan (2022 calendar)

January February March April May June July August September - December

External Stakeholders

Commission

ELT

Staff

Long-Term Strategy

Incorporate Commission input and feedback.
Articulate goal(s) for each priority.
Solicit feedback from Senior Leadership Team.
Draft long-term strategy document.

Feedback on draft priorities, goals, and objectives

Long-term Strategy

Revise and set associated goals.
Draft document.

(5-10 pages)

Feedback from Senior Leadership Team (SLT)

Strategic Plan

Set objectives.
Align current initiatives.
Identify gaps.

Feedback from SLT, Subject Matter Experts, Leads

Workshops

Recommend strategy, KPIs, needs, and new initiatives.

Strategic Plan

Discussion & decisions based on workshop outputs.
Draft document.

(15-20 pages)

Employee Feedback

Workshop: Draft Strategic Plan
(late Jun)

Strategic Plan

Revise, format, finalize

Briefing: Review Strategic Plan
(Aug 2)

Approve Strategic Plan
(Aug 16)

Communicate Strategy & Strategic Plan to All Employees & Stakeholders

Operational Planning for 2023-2024
(continues into 2023)

Strategy Development Plan (2022 calendar)

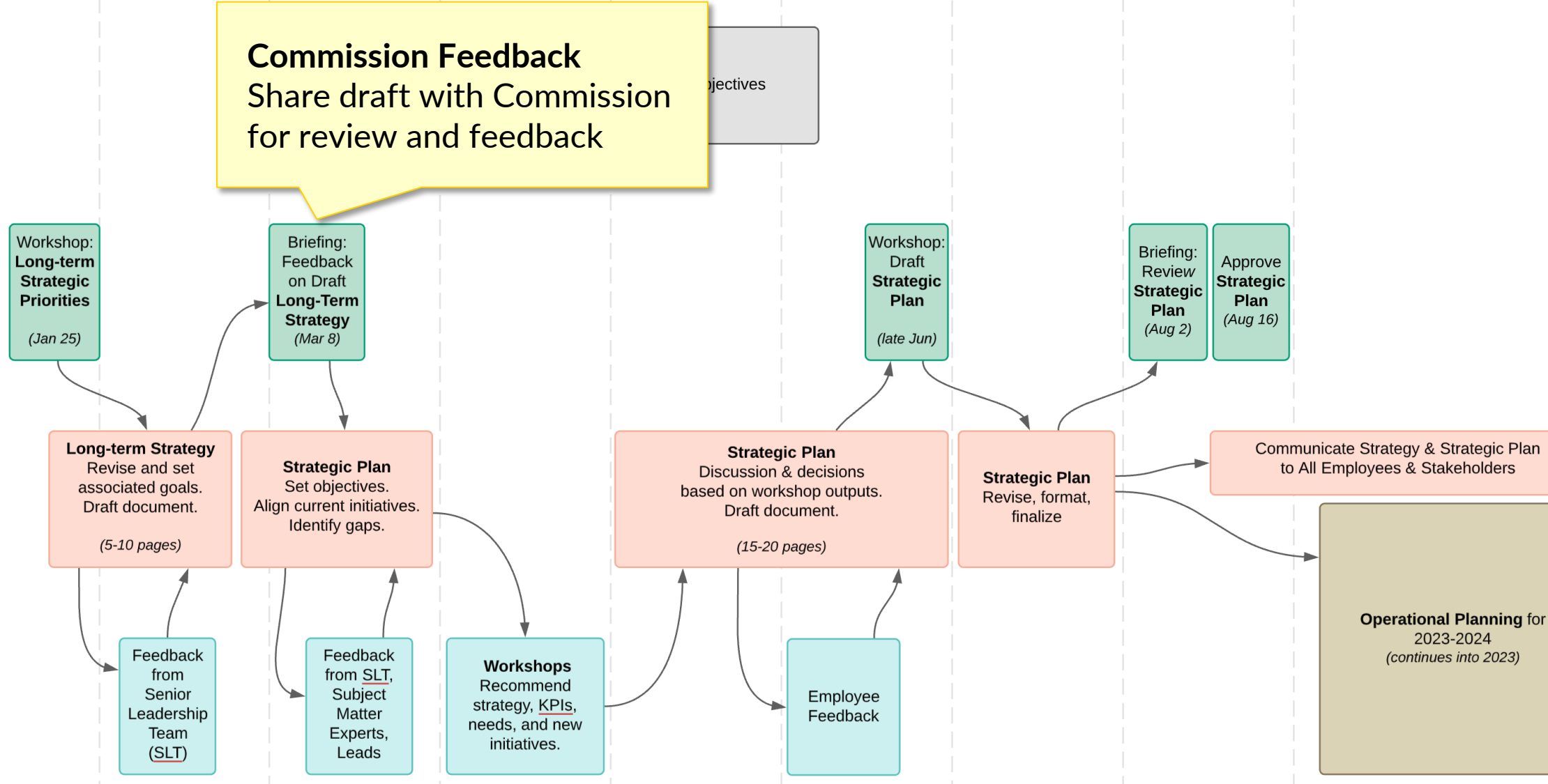
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External Stakeholders

Commission

ELT

Staff



Strategy Development Plan (2022 calendar)

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External Stakeholders

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