
Wastewater Treatment Division Productivity Initiative Annual Report 2002



King County Department of
Natural Resources and Parks
June 2003



King County

Productivity Initiative Pilot Program Plan

Annual Report 2002

June 30, 2003

I'm pleased to provide you with the 2002 Annual Report on the Wastewater Treatment Program's Productivity Initiative Pilot Program Plan, capturing the results of the ten-year Pilot Program's second year.

In 2002, employees in the wastewater treatment program achieved the program's target savings and, as they did in 2001, also took actions that resulted in additional funds for the program's Incentive Fund. This report contains a brief description of the Productivity Pilot Program Plan, details about the program's achievements in 2002, and activities now under way that will position the division well to achieve future productivity results.

Background on the Pilot Program

The Productivity Initiative Pilot Program Plan applies some business practices used in the private sector to King County's wastewater treatment operations. Primary among these is an Incentive Fund, comprised of savings achieved after an established savings target is met, that is shared equally between ratepayers and eligible wastewater program employees. Other practices include preparing annual business plans; reducing hierarchical decision-making to the lowest possible level; meeting the changing needs of the organization by retraining employees for new roles; and studying the practices of successful wastewater utilities elsewhere for implementation in the Wastewater Treatment Division.

The Executive and Council approved the Pilot Program Plan in April 2001 for the wastewater treatment program's operating program. Year-by-year goals were established for reducing costs based on the 2000 budget, as well as a mechanism for adjusting the budget target for factors beyond the control of the program.

A Productivity Incentive Fund Oversight Committee was created to evaluate savings for the Incentive Fund and make a recommendation to the Division Director on distribution of that portion of the Incentive Fund retained by employees. After receiving review and approval of the financial aspects of the recommendation by both King County and Department of Natural Resources and

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Parks Finance staff, the Division Director makes his final recommendation to the Department Director and Executive.

The wastewater program uses a Balanced Scorecard management tool to make decisions on reaching productivity targets. Because the Balanced Scorecard represents all perspectives on the program, decisions must take into account factors that do not necessarily have an immediate “bottom line” impact, such as customer satisfaction and operating within regulatory standards.

2002 Productivity Initiative Results

As a result of actions taken by employees, the wastewater program met its 2002 budget target and, in addition, documented \$1,670,956 in savings that could be claimed for the Incentive Fund.

Of this amount, half (\$835,478) was returned to ratepayers in the form of decreased capital costs and stable sewer rates. This year, the Productivity Incentive Fund Oversight Committee recommended that all funds in the remaining half—the employee portion—be paid out (including administrative costs associated with the payout). That recommendation was subsequently approved, and on June 5, 2003, all WTD employees eligible for a full share of the payout received \$1,253.43.

In addition to the productivity results that can be measured in dollars saved, the Productivity Initiative appears to be contributing to positive changes in the organization’s culture as well. For example, an Employee Survey conducted in 2002 showed improvement in nearly every question about employee satisfaction as compared to the 2001 survey results. The rate of employee retention was higher in 2002 as well. Information flow has improved as multi-discipline teams of employees work together to analyze promising money-saving ideas for their potential costs and benefits.

Other Productivity Activities Now Under Way

In addition to tracking savings in the operating program, WTD management and staff responded to the Executive’s mid-2002 challenge to directly include the capital program in the Incentive Fund. During the past months, WTD has developed two capital program pilot projects: the Asset Management Pilot Project and the Major Capital Pilot Project. The projects are under consideration by the Council and Executive now.

One of the keys to increasing productivity is investing in our work force so that employees are equipped with the skills and abilities they need to respond to the challenge of “becoming the best.” In 2002, the division implemented an aggressive training program that established a target for each WTD employee of

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57.5 hours of training per year, including mandatory training classes for all employees in effective communications and conflict resolution.

In late 2002 and early 2003, teams of WTD employees with expertise in operations, management, maintenance, finance, and administration participated in site visits to 11 peer agencies across the country and western Canada. The data they gathered is being analyzed now to see how practices of “the best of the best” can be applied here.

In conclusion, this second year of the Productivity Initiative Pilot Program Plan has again resulted in a “win-win” situation for both ratepayers and employees. Ratepayers have the assurance that the wastewater program is operating more like a private business. Employees approach their work with an incentive to be as competitive and cost-conscious as possible.

It is my impression that WTD employees are aware of the opportunity the Pilot Program presents to demonstrate how government can respond in new and innovative ways. It is my privilege to work with WTD employees as we embark upon another challenging year in our productivity efforts.

Sincerely,



Don Theiler
Division Director

cc: King County Executive Ron Sims
King County Councilmembers
King County Department Directors
Pam Bissonnette, Director, Department of Natural Resources and
Parks (DNRP)
Maureen Welch, Assistant Director, DNRP
WTD Productivity Initiative Participants

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2002 Financial Results

Year 2002 Productivity Budget Target vs. Actual Expenditures

The Productivity Initiative business planning process had previously identified actions that could be taken to reduce the wastewater program's annual core operating budget, sometimes referred to as "inside the fence." The core elements of the wastewater program comprise about 77 percent of the wastewater operating budget and include wastewater operations, maintenance, biosolids, laboratory, industrial pretreatment, administration, and facility planning. These are the activities over which the wastewater program has direct control. The reductions planned for 2002 totaled \$5.28 million. By subtracting the planned reductions from the inflation-adjusted 2000 baseline budget, a core operating budget target of \$62.006 million was established for 2002.

At year-end, the budget target was further adjusted for cost factors considered beyond the control of the wastewater program. Examples of these cost factors include price changes for the major chemicals utilized in the treatment process, electricity price changes, and odor control costs. (The adjustment was done in accordance with a process detailed in Attachment C-7 of the Productivity Initiative Pilot Plan.) The adjusted budget target was calculated to be \$65.786 million. The increase from \$62.006 million was largely a result of energy price changes realized during the year. The original program target had included \$6.8 million for energy based on the prevailing energy prices of the 2000 baseline budget year. Even with intensive energy conservation and management, resulting in substantially less energy consumption in 2002 than in 2000, more than \$9.644 million was spent on energy during the year.

Actual expenditures for the core operating budget were \$60.431 million. This represents an underexpenditure of \$5.355 million for the year. More than \$1.671 million of the underexpenditure was determined to be a result of employee actions, and half of this amount (\$0.836 million) was transferred to the Productivity Incentive Fund.

The target budget, target budget adjustment process, and savings calculations have been reviewed by the Department of Natural Resources and Parks' Finance Section. No material discrepancies were reported.

Accounting for Planned Actions

At year-end the actual reductions achieved by the original actions established in the 2002 business plans to meet the budget reduction target totaled more than \$5.392 million, which was better than the \$5.28 million used in the original target calculation.

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Highlights of the planned actions are as follows:

	\$ Savings
Install high solids centrifuges at West Point	\$232,995
Procure biosolids truck/trailers rather than use contractor-supplied	224,255
Improve grit handling/reduced haul costs	127,793
Energy management at South Plant	537,138
Use reclaimed water instead of potable water	504,400
Reduce positions	856,389
Reduce consultant services	106,680

Additional Savings Attributable to Employee Actions

The year-end adjusted budget target was \$65.786 million while actual expenditures were \$60.431 million. More than \$1.671 million of the \$5.355 million underexpenditure has been attributed to employee actions which have resulted in savings over those originally planned. These savings were in addition to the planned actions that resulted in 2002 reductions of \$5.392 million, as highlighted above.

The additional savings are listed below, followed by a description of each:

		\$ Savings
Salary and Benefits	Manager's Office	\$ 58,300
	Finance and Administration	161,000
	East Section	234,954
	West Section	437,190
	Planning and Compliance	25,700
	Asset Management	24,000
	Environmental Laboratory	29,347
West Point Co-Generation Revenue Increase		388,435
West Point Thickening Polymer Savings		17,525
South Plant Grit Operation Improvements		45,785
Fleet Reductions		76,190
Spare Parts Procurement		2,970
South Plant Digester Blower Cooling Water Savings		34,248
West Point Maintenance	Rebuild Chlorine Valves	15,945
	Sight Glass Refurbishment	575
	Replace HVAC Unit	3,805
West Point Dechlorination System Chemical Savings		14,087
West Point Mixed Liquor Channel Blower Savings		25,075

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South Plant Digester Cleaning Savings		16,825
West Point Overtime Savings		59,000
Total		\$1,670,956

Salary and Benefits Savings

Overall 2002 operating salary and benefits savings due to vacancies were \$1.939 million. After subtracting the budgeted 2 percent salary savings due to normal delays in filling positions, the maximum savings from vacancies eligible to be considered for the Incentive Fund was \$1.224 million.

From this \$1.939 million, each section manager provided statements that outlined how work associated with the vacancies was completed by existing staff. The total of these claimed savings was \$0.970 million. The following is a summary of the vacancies and associated savings:

Manager's Office	A Senior Project Administrator position became vacant midway through the year and the work associated with the position was absorbed by other staff. The savings was calculated at \$58,300.
Finance and Administration	A Management Analyst III position and a Capacity Charge Program position were held open for the full year. A Finance Section supervisory position and a Human Resource supervisory position were held open for part of the year. The work was distributed among others within the section, with the manager assuming most of the supervisory responsibilities while the positions were open. The savings was determined to be \$161,000.
East Section	Process Control: A Process Engineer and a Laboratory Specialist position became open during the year. The work associated with the Process Engineer position was distributed to existing Process Control staff. A contract employee and other laboratory staff performed the work of the vacant Laboratory Specialist position. The total savings after deduction for the contract employee was \$92,500.
	Maintenance: An Electrician, a Lube Specialist, and an Inventory Purchasing Specialist position became vacant during the year. The Electrician position had been loaned to another section and was returned to East Section upon becoming vacant due to a retirement. The position was held vacant after return, with the existing crew continuing to pick up the workload. The work associated with the Lube Specialist position was done by mechanics after the Lube Specialist accepted a position as a mechanic. The Inventory Purchasing Specialist work was completed by other co-workers and some overtime. The overtime was deducted from the savings. The total savings for these positions was \$96,700.
	Buildings and Grounds: A Utility Worker was transferred to another section with the remaining crew taking on the workload.

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	In addition to its normal Buildings and Grounds responsibilities, the crew took on additional landscape work and the diffuser cleaning project. The total savings was calculated at \$45,700.
West Section	Process Control: A Chief Process Laboratory Specialist and a Process Engineer position were vacant during the year. The Process Engineer position was eliminated in the 2003 budget, with the rest of the section picking up the workload on an ongoing basis. It was decided late in the year to replace the Chief Process Laboratory position as the workload became more than the process staff could absorb. The savings during the year was \$134,500 after accounting for work not completed.
	Operations: Two Operations Supervisor positions became vacant during the year. The section chose not to fill the positions while an evaluation of other options that might lead to productivity savings was conducted. During this time the plant used temporary upgrades in these positions until eventually deciding to fill them. Other positions were empty for a period of time and the crews performed the required work without backfilling. Total savings was \$153,100 after upgrade expenses.
	Maintenance: A Master Mechanic position was left vacant throughout the year and the position was cut in the 2003 budget. The savings associated with the position was \$76,800.
	Electrical and Instrumentation: The Electrical and Instrumentation Group developed an Equipment Power Sources book listing all electrical equipment; developed an equipment information database to assist technicians in locating information for maintenance and troubleshooting; and automated the production of engineering print books for maintenance. The labor savings associated with these actions are estimated at one FTE for the year, equal to \$70,000.
Asset Management	Facilities Inspection had four Construction Management positions vacant during portions of the year. The work was absorbed by existing staff in the Facilities group. Savings are calculated at \$24,000.
Planning and Compliance	The Industrial Waste Program had two positions vacant during late 2002. The tasks for these two positions were distributed among other Industrial Waste Investigators and Specialists. The savings was determined to be \$25,700.
Environmental Laboratory	The Environmental Laboratory had seven positions vacant during portions of the year. Some positions were backfilled with temporaries while the work of other positions was performed by other staff members. In some cases, work was deferred and a deduction was taken from the claimed savings. The net savings was calculated at \$29,400 after backfill costs and planned vacancy budget reductions.

West Point Co-Generation

West Point staff increased electrical generation from byproduct digester gas by over 7.4 million KWHs from the previous base year operation. The increased generation was the result of keeping a second engine/generator online throughout the year. Overall, 14.5 million KWHs were generated. Proceeds from the sale of the additional electricity increased revenues by \$388,435.

West Point Thickening Polymer Savings

Optimization of the West Point solids thickening process saved \$17,525 in polymer costs. The optimization involved the use of dams on the gravity belt thickeners, which resulted in a lower polymer dosage.

South Plant Grit Handling Improvements

Several modifications were made to the grit processing and storage systems resulting in a reduction in moisture content of the grit recovered. Grit disposal costs are based on weight, and less moisture translates to lower disposal costs. The modifications consisted of installing flushing lines to the grit classifiers, which eliminated fines settling during low flow conditions and installing drain lines in the storage hoppers. As a result of the modifications, grit disposal costs were reduced by \$45,785.

Fleet Reductions

King County Fleet Administration is responsible for maintenance and replacement of the vehicles used by WTD. Fleet recovers the cost of providing this service through monthly billings based on the number and type of vehicles used by WTD. The cost to the division was lowered by reducing the number of vehicles being used, downsizing from vehicles to carts for in-plant use, and specifying that certain vehicles will not be replaced at the end of their useful life. The division was able to reduce fleet costs for 2002 by \$76,190 through a combination of the above.

Spare Parts Procurement

Normally replacement parts are purchased from the Original Equipment Manufacturer (OEM). In some instances other vendors manufacture equipment replacement parts offering the same or higher level of quality. These parts are generally available at a savings over OEM supplied parts. In 2002 about \$85,000 was saved by seeking out other suppliers for these parts. Most of these savings were capital savings; however, \$2,970 in operating dollars was saved that could be claimed for the Incentive Fund.

Digester Gas Blower Cooling Water at South Plant

The digester gas blowers at South Plant are equipped with water-cooled heat exchangers to cool the gas following compression. The water was previously discharged after passing through the heat exchanges. After some experimentation it was determined that the heat exchangers could be removed from service without damage to downstream piping or the digestion process. This action saved about 14.2 million gallons of water for a savings of \$34,250.

Rebuild Chlorine Valves

The West Point disinfection process utilizes 36 one-ton chlorine cylinders and the connection for each cylinder has two valves. The valves require annual maintenance, and in the past they were replaced each year with new valves. Upon investigation it was determined that the valves could be CAD-plated and rebuilt at considerable savings. The rebuilt valves have been determined to perform as well as new replacement valves, saving \$15,945 annually.

Sight Glass Refurbishment

The oil reservoir sight glasses on the West Point clarifiers and scum skimmers were refurbished by bead blasting rather than replacing them. Savings over incurring replacement costs was \$575.

Replace HVAC Unit In-House

Normally HVAC work at the treatment plant is performed by a contractor. Employees identified an opportunity to save money by doing most of the replacement of a cooling unit in-house and only contracting out a portion of the work. After totaling up all of the installation costs, \$3,805 was saved over the contractor's bid.

Dechlorination System Chemical Savings

A magnetic flow meter and four chemical metering pumps were installed on the sodium bisulfite system to improve the chemical feed control loop. By improving dosage control, the quantity consumed was reduced. The savings over prior operations was calculated to be \$14,087 after amortization of the additional equipment.

Mixed Liquor Channel Blower Electrical Savings

Aeration of the secondary mixed liquor channels at West Point previously utilized three blowers operating at reduced load. Experimentation showed that running

two blowers at a higher loading rate rather than three at a reduced rate would lower the overall energy costs for channel aeration. The partial-year energy savings associated with this change in procedure was \$25,075.

Digester Cleaning Savings

Periodically the digesters at the treatment plants require cleaning to remove accumulated debris, grit, and precipitated minerals (struvite). These materials reduce the active capacity of the digesters and can result in plugging problems. Previously, materials were pumped to trailers and allowed to drain prior to shipment to the landfill. In order to reduce landfill disposal costs by reducing the moisture content, modifications were made to the system to process a portion of the material on a belt press. The portion of the material processed on the belt press was deemed suitable for reuse as biosolids, which resulted in further savings over landfill disposal. Overall savings were calculated at \$16,825 after deduction for a special belt that was purchased for the press.

West Point Overtime Savings

Operations crews have been making every effort to avoid calling in to fill shift crew absences unless absolutely necessary, resulting in overtime savings in 2002 of \$59,000. This practice has made it possible to reduce the 2003 overtime budget by \$50,000.

Productivity Incentive Fund Oversight Committee



Background on the Productivity Incentive Fund Oversight Committee

The 13-member Productivity Incentive Fund Oversight Committee was formed in October 2001. Its role is to:

- develop recommendations on how to document savings
- make a recommendation to the Division Director on how to expend funds in the Incentive Fund
- solicit, help document, investigate, and evaluate cost-saving actions taken by employees
- communicate actions taken by the Committee to employees

Members are selected by their constituents and include four members representing Local 925; two representing Local 117; one representing AFSME Council 2, Local 1652-R; two management representatives; three representing TEA; and one representing nonrepresented employees. Cynthia Hickey is the Committee's facilitator.

In keeping with the Committee's charter, in 2002 three new members replaced members who had served since 2001.

Meetings are held biweekly, and minutes from meetings are e-mailed to all WTD employees and posted on the division's intranet.

2002 Oversight Committee Accomplishments

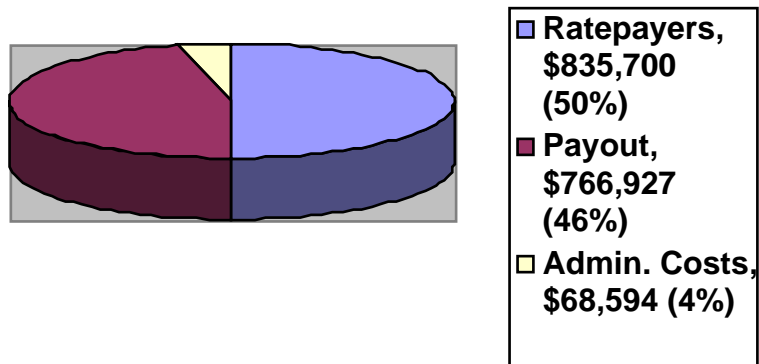
- Refined guidelines for eligibility based on problems and situations encountered in the 2001 payout.
- Used what it learned in 2001 to improve methodology of assessing 2002 savings.
- Sought legal interpretations on exactly how funds set aside for investment purposes could be used.
- Sought suggestions for saving money and proposals for using investment funds from the work force.
- Clarified the process for retaining and recruiting new members and for tenure on the Committee.
- Monitored the financial status of the Incentive Fund throughout the year.

Committee's Recommendation for 2002 Incentive Fund Distribution

- No additional funds from the 2002 productivity savings be designated for the Rainy Day Fund portion of the Incentive Fund.
- No additional funds from the 2002 productivity savings be designated for the "flexible fund" portion of the Incentive Fund that is set aside for future investment purposes.
- All 2002 contributions to the Incentive Fund (100%) be paid out in the form of cash payouts (as well as used to pay administrative costs, such as FICA, associated with making the payout).



Distribution of 2002 Ratepayer/Incentive Fund Contributions



2002 Payout Eligibility Criteria

Definitions

- *Savings Year.* The calendar year for which an annual Incentive Fund is calculated.
- *Payout Year.* The year following the savings year when a payout can be made from the Incentive Fund.
- *Payout.* The action of distributing money from the Incentive Fund to eligible employees.

Eligible Employees

- “Eligible employees” includes any regular full-time, regular part-time, term-limited temporary, part-time (temporary) employee, or Administrative Intern of the Wastewater Treatment Division or Wastewater Program whose position is within the boundaries of the Wastewater Program, provided that:
 - The employee actively worked during the savings year.
 - The employee must have worked at least 520 consecutive hours for the WTP/ WTD to establish initial eligibility, and worked without a break in service (terminated) after meeting the 520-hour threshold to maintain their eligibility.
 - The employee was not discharged at any time during the savings year for cause or performance.
 - An employee who leaves WTD after the savings year and before the payout is still eligible for the payout.
 - The Division Director and Assistant Division Director are not eligible for payout from the Incentive Fund.
 - GIS analysts working for WTD must meet all of the following criteria before being eligible for the Incentive Fund:
 1. They must be a member of the TEA bargaining unit in WTD;
 2. Ninety percent or more of their work must be exclusive to WTD;
 3. Their assigned work area must be at WTD facilities and/or WTD designated staff offices; and
 4. They are supervised by a WTD employee.

Individual Prorated Share Calculation

- An eligible employee’s share of the Incentive Fund shall be determined by the number of hours that an employee was compensated in the savings year after working the initial 520 hours required to establish eligibility.
- Compensated hours shall be prorated to the percentage of full-time, defined as 2,080 hours.
- No employee shall receive more than 100% or “one” share.

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- For the purposes of calculating “compensated hours during the savings year,” the savings year shall be defined as the hours/days corresponding to the biweekly periods paid during the savings year. (This may include hours worked/compensated for prior years but paid in the savings year, and exclude hours compensated in the savings year, paid in the following year.)
- Full time employees who have no unpaid leave (except military leave) in the savings year shall be considered for a full share if they have at least 1,976 compensated hours (95% of 2,080 hours.)

Compensated Hours

Compensated hours shall include the following hours worked for the Wastewater Program:

- Regular hours
- Holiday pay
- Vacation pay
- Sick leave pay
- Comp time used
- Paid administrative leave
- Executive leave used
- Benefit time
- Paid military leave
- Jury duty
- Bereavement leave
- Unpaid military leave - compensated if the employee was actively working in the savings year and meets other eligibility criteria.
- Any other time reporting code that may be developed and considered eligible for inclusion in the calculation of compensated hours by the Productivity Incentive Fund Oversight Committee.

Not Included in Compensated Hours

- First 520 hours of compensated time for a newly hired employee
- Overtime pay
- Unpaid leave
- Benefit time buy-downs
- Benefit time cash-outs
- Comp time buy-downs
- Vacation buy-downs
- Vacation cash-outs
- Sick leave payoffs
- Unpaid leave due to personal medical condition
- Unpaid leave due to family medical condition

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- Any other time reporting code that may be developed and considered ineligible for inclusion in the calculation of compensated hours by the Productivity Incentive Fund Oversight Committee.

Distribution Amount Calculation

Upon determination of each eligible employee's prorated share of the portion of the Incentive Fund identified for employee payout, the dollars in the fund will be divided by the total number of shares payable to employees to determine the share amount. The distribution to each employee will then be based on his/her prorated amount of the share amount.

Example: Three employees worked during the savings payout year...

A has a total of 2,080 compensated hours for a prorated share of 100% or 1.

B has a total of 1,040 compensated hours for a prorated share of 50% or .5.

C has a total of 520 compensated hours for a prorated share of 25% or .25.

Total shares to disburse = 1.75

Total dollars in the fund = \$500.00

500 [divided by] 1.75 = \$285.72 = share amount

A receives 100% of share or	\$285.71
B receives 50% of share or	\$142.86
C receives 25% of share or	\$71.43

Total disbursed: \$500.00

About the Productivity Initiative

Goals, Vision, and Guiding Principles

“Change requires a temporary surrender of security”

Goals

- To be recognized as the best publicly owned and operated wastewater treatment system in the nation by 2005.
- To be competitive with any privatized wastewater operation in the nation by 2010.

Five-Year Vision

- **Productivity.** We are nationally recognized for our productivity and actively share our experience with others in our industry.
- **Quality.** We maintain and improve treatment, effluent, and biosolids quality. We have no violations and no unpermitted overflows or bypasses.
- **Efficiency.** We hold the portion of the sewer rate dedicated to ongoing operations to less than or equal to current levels (after adjusting for inflation). We use the most efficient contracting techniques and management systems to minimize capital improvement costs. We continually improve the way we use resources and eliminate barriers to efficiency.
- **Safety.** We operate the safest wastewater treatment system in the nation.
- **Collaboration.** We work efficiently across all functional areas in the division and department. We have excellent support systems, and work collaboratively with support services from other King County departments.
- **Clarity of purpose.** We have clearly established our goals and how to achieve them. We are clear about roles and responsibilities to achieve our goals.
- **Customer service.** Customers value the service we provide. We are responsive to customer concerns and needs.
- **Work place.** Business teams have clear work plans and are actively pursuing those plans. Staff is knowledgeable about the “big picture” and our customers’ interests. Creativity is encouraged. Turnover is minimal. Management works collaboratively with unions and nonrepresented employees.
- **Employee satisfaction.** We have a high level of employee involvement in all areas of our operation. Employees feel they are doing productive work and are rewarded and recognized. Employees take pride and ownership in a job well done. Everyone is heard and no one fears retribution for speaking openly.

Guiding Principles

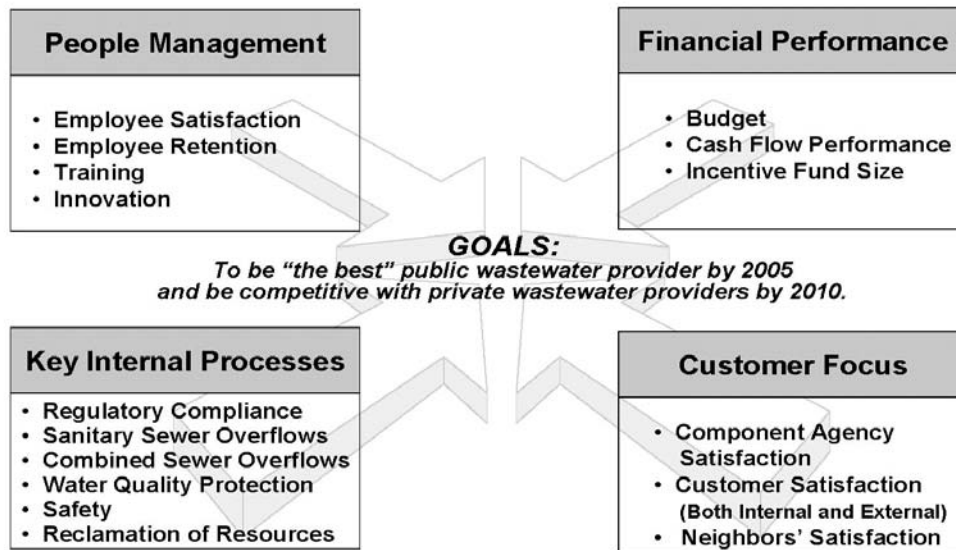
These principles guide our actions in striving for these goals and achieving this vision:

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- Accept no compromises in our commitment to protect the environment.
- Recognize that job responsibilities may change and provide necessary training so there are no layoffs.
- Identify two-way communication as essential.
- Promote humor and have fun.
- Listen and respond to one another and our customers with respect, focusing on business and not personality.
- Speak out without fear of retribution.
- Clearly define roles and responsibilities.
- Integrate all parts of the wastewater treatment program into the whole.
- Involve stakeholders and staff in decisions that will affect them.
- Clearly define areas that are not included in the productivity project's scope.
- Identify and track services that are not core wastewater business activities.
- Establish measurable and independently verifiable goals.
- Seek partnerships with groups affected by our actions.
- Establish a good working relationship with the Executive's Office on the productivity project.
- Be willing to take risks and think differently.
- Be willing to admit mistakes and change course if needed.
- Practice continuous process improvement.
- Build on existing strengths within the organization.
- Look for and make ongoing productivity improvements.
- Seek early successes in productivity project activities.
- Uphold commitment to safety without compromise.
- Exercise patience; recognize that improving productivity will take time and effort.
- Ensure management is visibly committed to the productivity project.
- Share savings with employees and ratepayers.
- Respect union agreements.
- Celebrate our successes.

Balanced Scorecard

King County Wastewater Treatment Program Balanced Scorecard



Web site: dnr-web.metrokc.gov/wtd/Manager/Productivity/bsc1.html
11/2001

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Key Internal Processes

Compliance w/Regulatory Standards

Peak Performance Awards

Compliance with NPDES permit limits
(Goal: 100%)

Compliance with NPDES Reporting Requirements
(Goal: 100%)

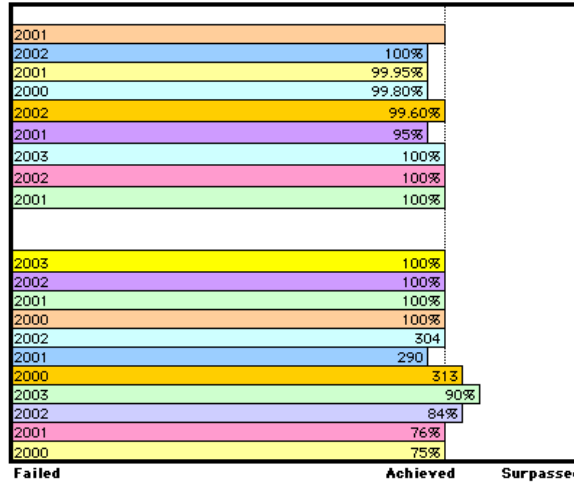
Compliance with Air Permit Standards
(Goal: 100%)

Degree of Reclamation of Resources

Biosolids
(Goal: 100%)

Water Reclamation
(Goal: 300mg/year)

Digester Gas
(Goal: 75% gas used for recovery)



Nearness to Goal

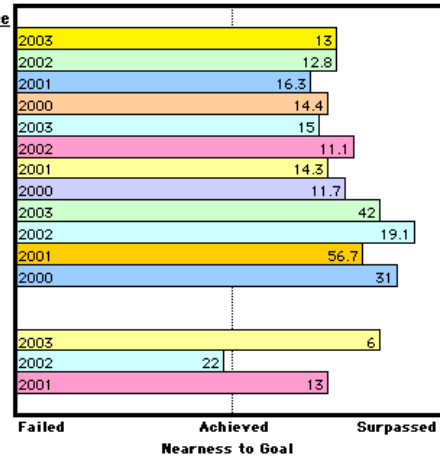
Performance Nondegradation Guarantee

BOD
(Goal: 24 mg/l)

TSS
(Goal: 24 mg/l)

Fecal Coliform
(Goal: 175 colonies/100mls)

Safety
Lost-time Accidents
(Goal: Less than 22)



Nearness to Goal

Key Internal Processes			
WWP Objectives	Measurement	Target	Current Results
WWP Facilities and programs meet or exceed (do better than) all regulatory standards.	Compliance with regulatory standards:		
	Association of Metropolitan Sewerage Agencies Peak Performance Awards	Platinum Award (Gold Award for 5 consecutive years)	2001: WP-Silver; SP - Gold 2000: WP-Gold; SP -Gold
	Percent compliance with NPDES permit limits (exceedances/samples of BOD, SS, chlorine, pH)	100 % compliance (current target for large plants, 5 yr target for Vashon)	YR 2002: 100% large plants; 98.54% Vashon YR2001: 99.95% large plants; 98.26% Vashon YR 2000: 99.8% large plants
	Percent compliance with NPDES reporting requirements	100% compliance	YR 2002: 99.6% YR 2001: 99.7%
	Percent compliance with air permit standards	100% compliance	2003: 100% 2002: 100% 2001: 100%

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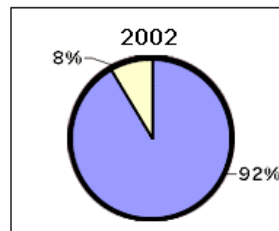
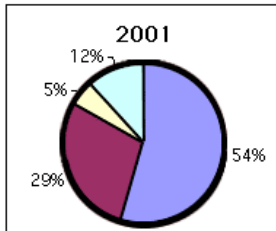
Reduce number of sediment monitoring sites failing state sediment standards	Number of monitoring sites that fail state sediment standards	Reduce by 2 by 2007	
No wet weather SSOs from the WWP's facilities	Number of wet weather Sanitary Sewer Overflows	zero	2002: 0 2001: 0
No increase in the number of SSOs due to mechanical breakdowns (including power failure)	Number of SSOs due to mechanical breakdowns (including power failures)	7 per year for West Point-South Plant systems (average of last 5 to 10 years). To be readjusted to add Vashon in 5 years.	2003: WP/SP System 5 2002: WP/SP System 6; Vashon 2 2001: WP/SP system: 13 2000: WP/SP 0
Reduce number of CSOs to meet state standard of no more than 1 CSO event per year per overflow point.	Combined Sewer Overflows as % of total flow	Current target: 3% of total annual flow to West Point System. 2005 target 2.5% 2030 target 0.5%	June 2001-May 2002: 2% June 2000-May 2001: 0.63% (drought year)
WW facilities continue to operate effectively with no increase in concentrations of BOD, suspended solids, or fecal coliforms.	Performance nondegradation guarantee	BOD = 24 mg/l; SS = 24 mg/l; Fecal Coliform = 175 colonies/100mls (averages at West Point & South Plant)	2003 BOD=13 TSS=15 FC=42 2002 BOD=12.8 TSS=11.1 FC=19.1 2001 BOD=16.3 TSS=14.3 FC=56.7 2000 BOD=14.4 TSS=11.7 FC=31
	Safety		
No increase in the number of lost-time accidents to employees and contractors.	Lost-time accidents (three-year annual average)	Not more than 22 accidents in 2001, followed by reductions.	2003: 6 2002: 21 2001: 13
Employee satisfaction with safety programs, policies, and practices of the WWP increases.	Employee satisfaction with workplace safety. (as measured by ee survey)	4	2002: 3.80 2001: 3.69
	Degree of Reclamation of Resources		
Continue reclaiming 100% of KC biosolids.	Biosolids	100% beneficially used	2003: 100% 2002: 100% 2001: 100% 2000: 100%
Increase production and use of reclaimed water within King County service area.	Water Reclamation	Current target: 300 mg/yr Increase use to 600 mg/yr by 2007	2002: 304.2 mg 2000: 313 mg
Increase percent of gas recovered from WW plants to maximum amount economically feasible.	Digester Gas	Current target: 75% of gas produced is used for recovery. 2007 target: 85%	2003: 90% 2002: 84% 2001: 76% 2000: 75%

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Financial Performance

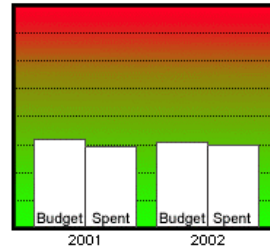
Incentive Fund Distribution

■ Employee Payouts ■ Flex Fund
■ Rainy Day Fund ■ Admin Costs



Budget

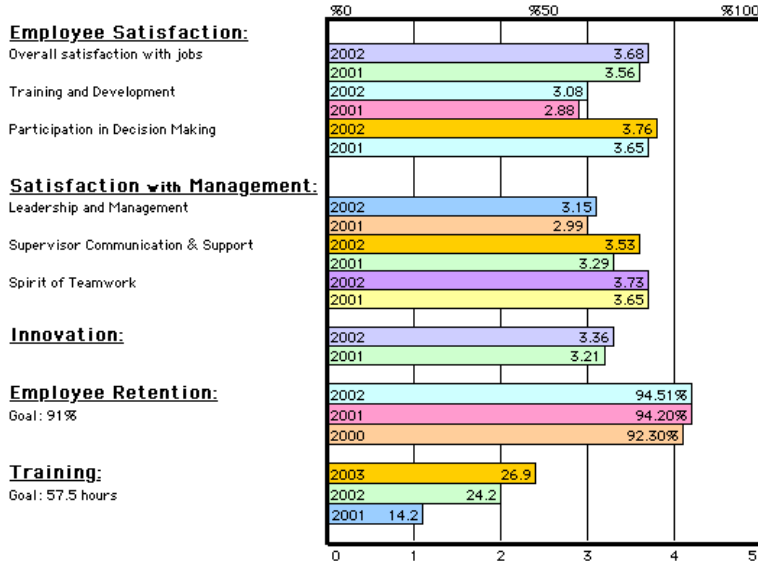
\$100 Million
\$90 Million
\$80 Million
\$70 Million
\$60 Million
\$50 Million
\$40 Million
\$30 Million



Financial Performance			
WWP Objectives	Measurement	Target	Current Results
Meet or under expend each year's budget.	Budget: expenditures by quarter for Wastewater Program	2003 target \$63,354,000 2002 Target: \$61.05 million; adjusted to \$65,786,000 2001 Target: \$61.42 million	2002: \$60.43 2001: \$58.75 million
Hold the portion of the sewer rate dedicated to ongoing operations to less than or equal to current levels (after inflation).	Cash flow	2001 budget: Debt Service coverage: 1.25	2002: 1.77 2001: 1.30
Save \$67 million over the next ten years, as measured against the year 2000 baseline.	Size of Distributions to Incentive Fund	Annual contribution is made each year.	2002 \$835,700 - Total contribution \$766,927 - Employee Payouts \$38,773 - Admin Costs 2001 \$1,381,000-total contribution broken down as follows: \$552,400 - 40% to eligible operating employees \$400,000 - Rainy Day Fund \$70,000 - Estimated admin costs

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People Management



People Management		
WWP Measurement	Target	Current Results
Employee satisfaction:	From employee survey	
Overall satisfaction with jobs	4	2002: 3.68 2001: 3.56
Satisfaction with training and development	4	2002: 3.08 2001: 2.88
Satisfaction with participation and involvement in decision making	4	2002: 3.76 2001: 3.65
Satisfaction with management practices:		
Leadership and management	4	2002: 3.15 2001: 2.99
Supervisor communication and support	4	2002: 3.53 2001: 3.29
Spirit of teamwork	4	2002: 3.73 2001: 3.65
Employee retention:	91% (public sector average)	2002: 94.51% 2001: 94.2% 2000: 92.3%
Training:	57.5 hrs per employee	2002: 24.2 hrs/employee (tracking not complete)
Innovation:	4	2002: 3.36 2001: 3.21
Employee rating of whether the Division is open to new ideas		

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Customer Focus

Stakeholder Satisfaction

Percentage Response

Quality of Service

Value of Overall Service

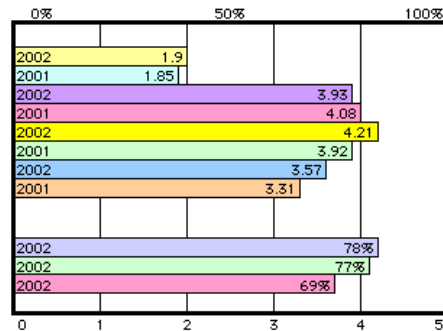
Satisfaction with Customer Service

Neighbors' Satisfaction

Magnolia Residents (Goal 75%)

Magnolia Businesses (Goal 75%)

Renton Businesses (Goal 75%)



Customer Focus		
Measurement	Target	Results
Stakeholder Satisfaction Measured by component agency survey		2001 42% of the agencies
% response	90% of the agencies representing at least 0% of rate base	2002: 45% representing 70% rate base 2001: 42%
-Quality of service	4	2002: 3.93 2001: 4.08
Value of overall service	4	2002: 4.21 2001: 3.92
-Satisfaction w/customer service -	4	2002: 3.57 2001: 3.31
Percent of neighbors surveyed who consider the wastewater facility in their area to be a good neighbor	75%	2002 survey: 78% of Magnolia residents 77% of Magnolia businesses 69% of Renton Businesses

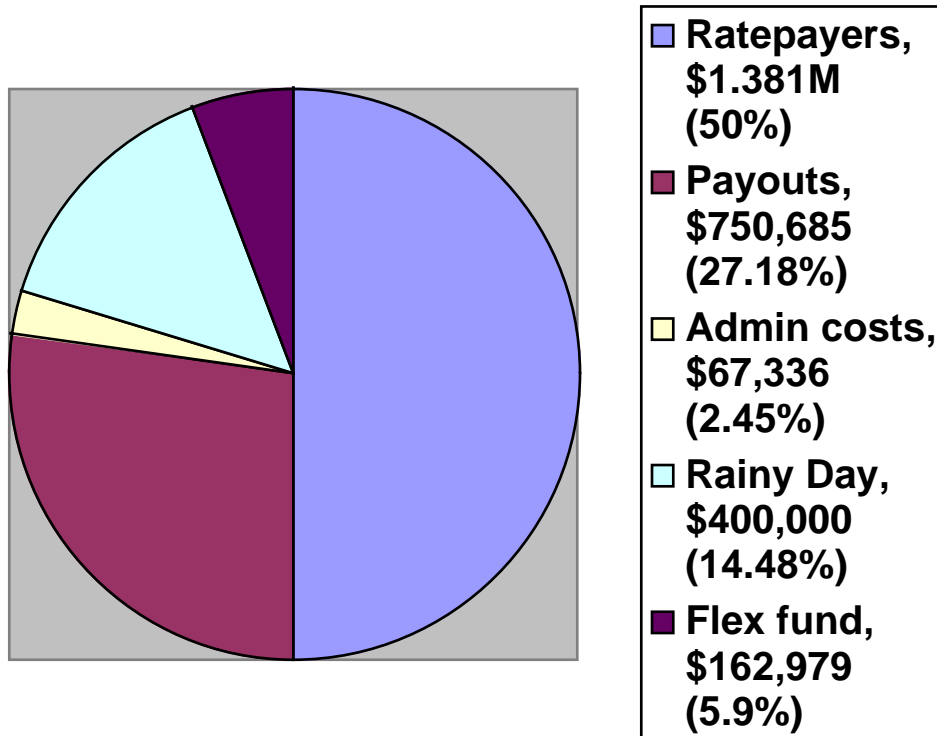
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Comparison of 2001 and 2002 Productivity Initiative Results

	2001	2002
Operating budget target	\$62,283,000	\$62,006,000
Adjusted budget target	\$78,030,000	\$65,786,000
Actual expenditures	\$62,898,000	\$60,431,000
Underexpenditures	\$9,132,000	\$5,355,000
Documented savings for Incentive Fund	\$2,762,000	\$1,670,956
Ratepayer share (50%)	\$1,381,000	\$835,478
Employee share (50%)	\$1,381,000	\$835,478
Total payout to employees	\$750,685	\$766,884
Payout per employee (full share)	\$1,260	\$1,253
Administrative costs	\$67,336	\$68,594
Contribution to Rainy Day Fund	\$400,000	0
Contribution to Flexible Fund (future investments)	\$162,979	0

Distribution of 2001 Incentive Fund Contributions

(Includes both ratepayer portion and employee portion)



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Incentive Fund Financial Status

Fourth Quarter 2002

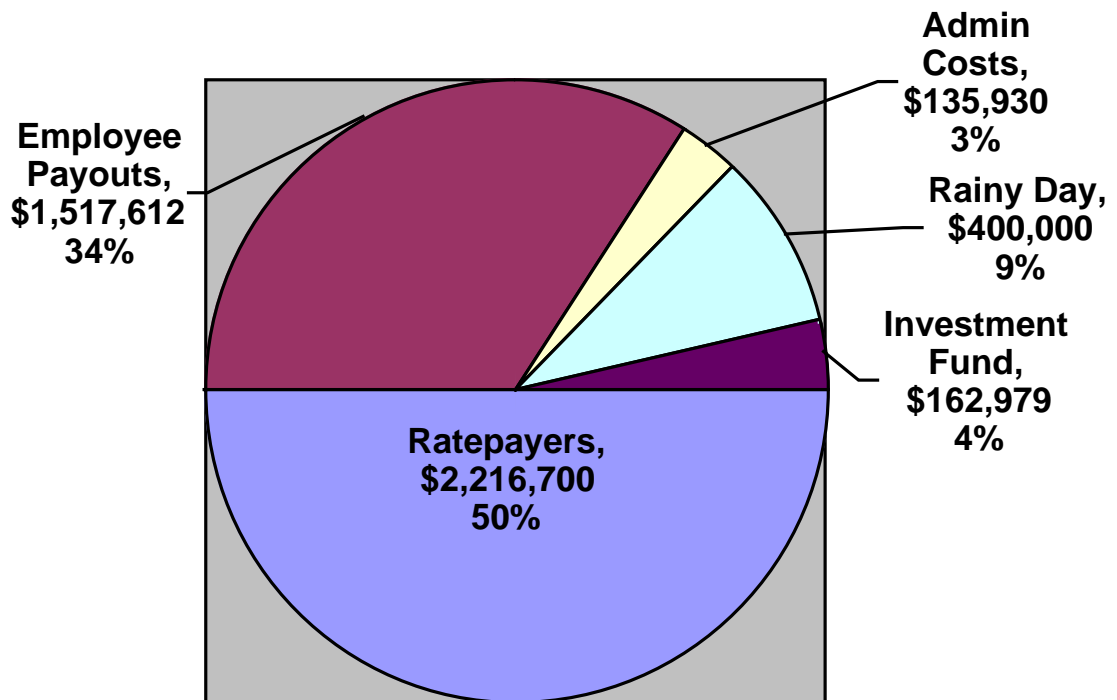
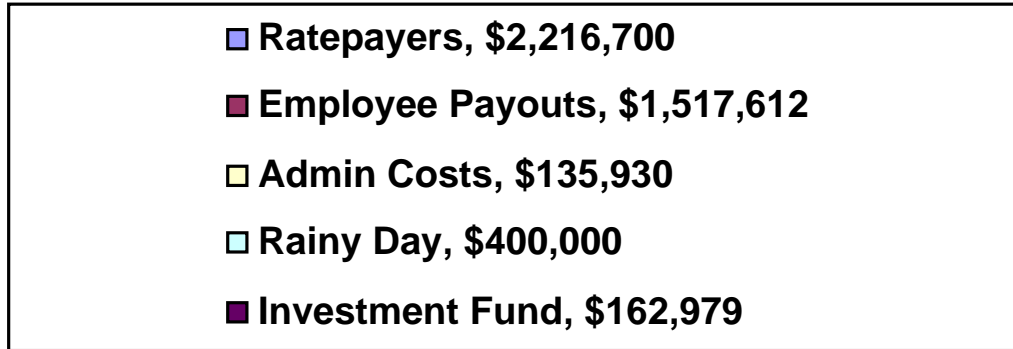
<i>Fund 3617</i> <i>Bond Acct No. 163</i>	October 2002	November 2002	December 2002	Total
Beginning Balance: Cash	802,654.19	804,864.79	806,808.12	
Interest	2,210.60	1,943.33	3,387.68	7,541.61
2001 Payout to TEA Employees			(223,147.21)	(223,147.21)
Ending Balance	804,864.79	806,808.12	587,048.59	

First Quarter 2003

<i>Fund 3617</i> <i>Bond Acct No. 163</i>	March 2003
Beginning Balance: Cash	587,048.59
Interest	3,725.82
Ending Balance	590,774.41

**Wastewater Treatment Division
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Total Productivity Incentive Fund Activity to Date (2001-2002)



Acknowledgements

Byron Burris, Manager's Office

Dave White, DNRP Finance

Incentive Fund Committee Members

Allen Alston, Local 925

Lida Anderson, Local 117

Chris Boyle, Local 925

Roger Browne, TEA

Patti Cole-Tindall, Non-reps.

Dick Finger, Management Team

Denise Healy, Local 1652-R

Jim Laremore, Local 925

Rob LaRock, Local 117

Leon Maday, TEA

Nancy Robbins, Local 117

Laurie Slaughter, Local 925

Laura Wharton, TEA

Cynthia Hickey, Facilitator

Susan Lowe, Communications

Payout Preparation

Frank Alexander

Tim Aratani

Dennis Barnes

Brent Bills

Byron Burris

Jana Buss

Nick Carnevali

Diane Fjarlie

Cynthia Hickey

Joanne Kimura

Edie Lackland

Donna Nord

Kristin Painter

Elizabeth Milestone

Nancy Robbins

Steve Tull

Kevin Yokoyama



