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# Financial Outlook



May 24, 2017

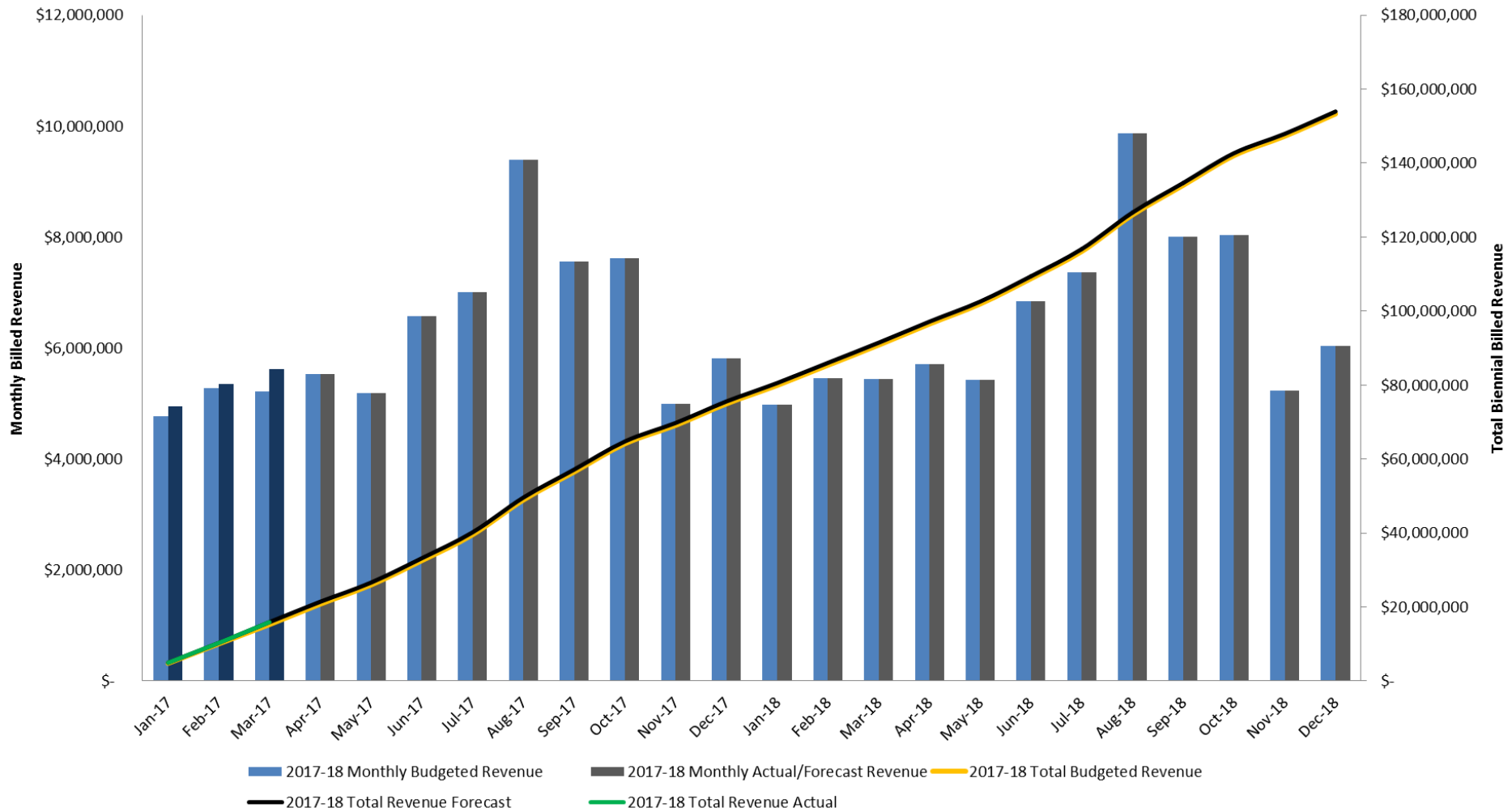
- **Forecast Assumptions**
- **Summary of Outlook**
- **Water Retail Sales and Revenues**
- **Revenue and Expense Summary**
- **Estimated Current Fund Cash**

- **Forecast includes actual revenues and expenses through March 2017.**
- **Water sales and revenue projection based on current demand forecast with updated assumptions as they become known.**
- **Expense projections include savings-to-date adjusted for updated assumptions and shaping of expenditures in future months.**
- **All other revenue and expense projections are based on 2017/2018 budget.**

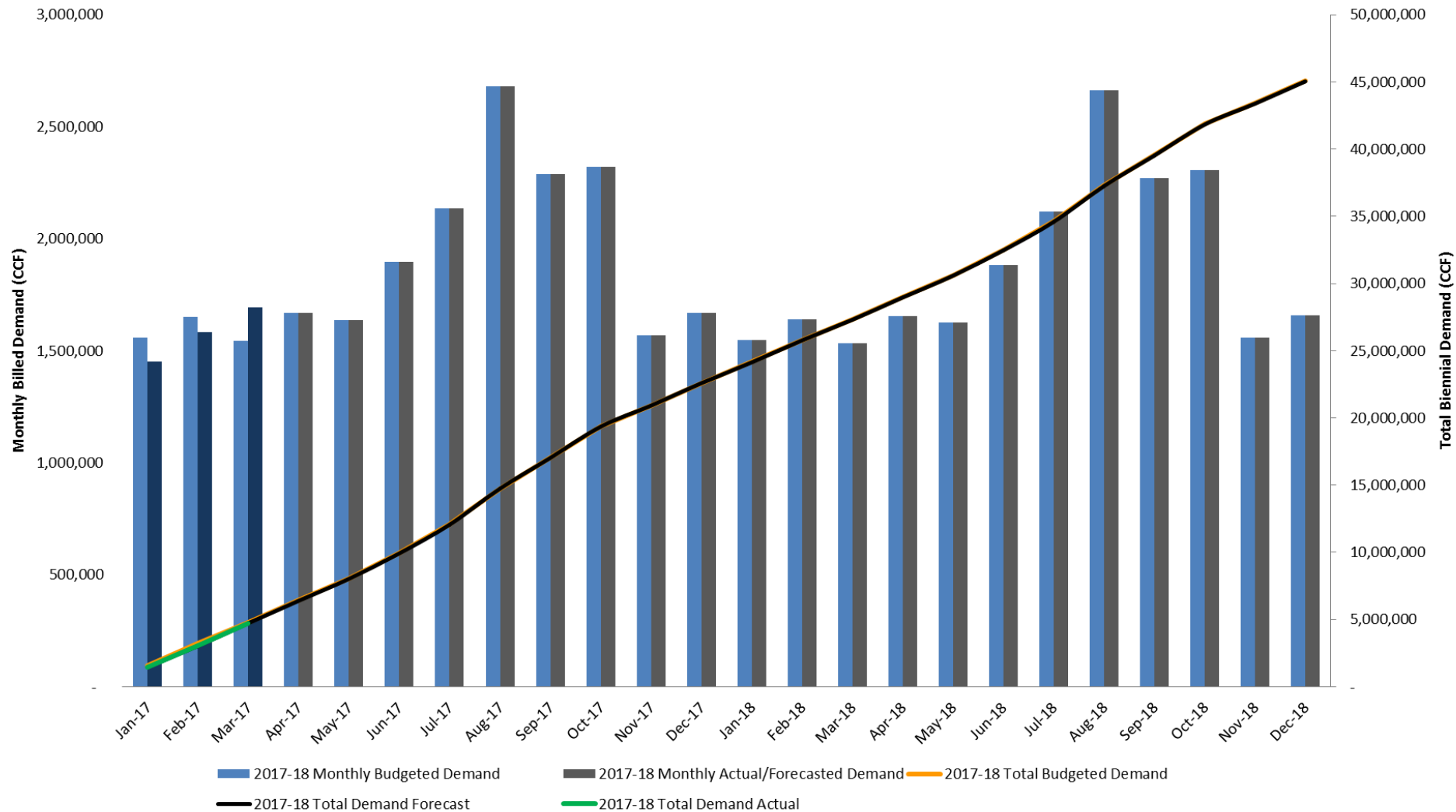
## 2017/2018 Biennium Summary of Financial Outlook

- **Water sales are projected to be \$645,000 higher than budget for the biennium.**
- **Total expenditures are projected to be \$621,000 under budget for the biennium.**
- **Net total revenues less expenditures is expected to be approximately \$1.2 million over budget.**
- **The Current Fund cash balance is expected to decrease \$8.6 million over the biennium.**

# Billed Revenue



# Billed Demands



# 2017/2018 Biennium Forecast vs. Budget

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1. The projection for total revenue has increased \$624,000 primarily due to increased actual retail and wholesale revenues.
2. Expenditures are projected to be \$621,000 lower than budget primarily due to slightly lower than anticipated personnel and supplies expenses.
3. As a result, total revenue less expenditures is forecast to increase \$1.2 million over the biennium.
4. Total capital expenditures are expected to be \$9.4 million lower than budget due to a combination of lagging projects and contingency funds that are not projected to be spent.
5. The current fund cash balance is expected to decrease \$8.6 million over the biennium due to the items mentioned above and the planned appropriation from the operating reserve.

# 2017/2018 Biennium Forecast vs. Budget

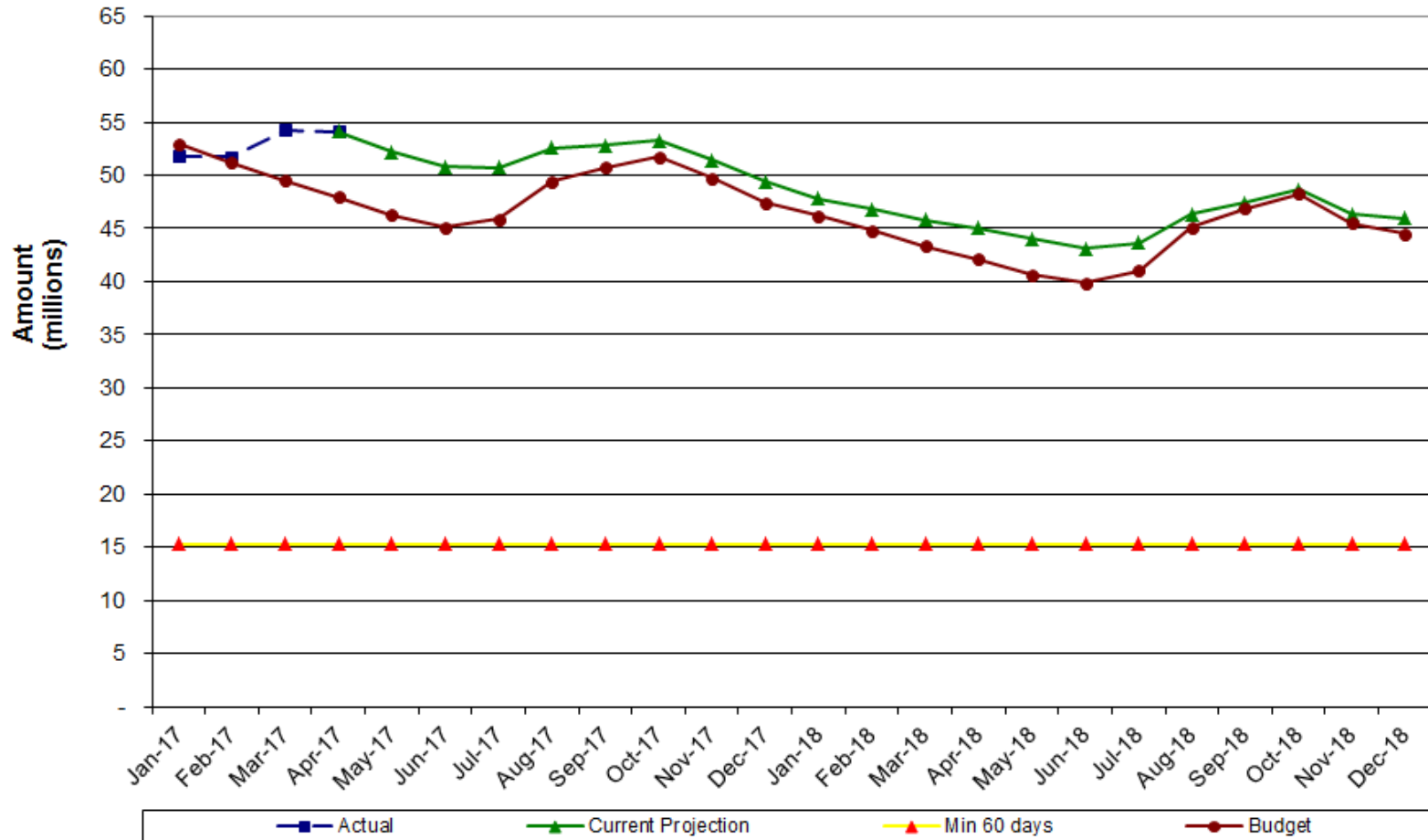
All \$'s in 1000's	2017	2017	2017	2018	2018	2018	Total	Total	Biennium	Biennium
	Budget	Forecast	Difference	Budget	Forecast	Difference	Biennium Budget	Biennium Forecast	Difference \$	Difference %
<b>Revenue</b>										
Residential Water Sales	48,519	48,941	422	50,480	50,480	-	98,999	99,421	422	0%
Pulp Mill Water Sales	6,470	6,247	(223)	6,793	6,793	-	13,263	13,040	(223)	-2%
Wholesale Water Sales	2,118	2,269	151	2,108	2,108	-	4,226	4,377	151	4%
Other Water Sales	17,819	18,114	295	19,006	19,006	-	36,825	37,120	295	1%
Public Fire Protection	3,085	3,039	(46)	3,358	3,358	-	6,443	6,397	(46)	-1%
Other Operating Revenue	3,872	3,851	(21)	3,831	3,831	-	7,703	7,682	(21)	0%
<b>Total Operating Revenue</b>	<b>81,883</b>	<b>82,461</b>	<b>578</b>	<b>85,576</b>	<b>85,576</b>	<b>-</b>	<b>167,459</b>	<b>168,037</b>	<b>578</b>	<b>0%</b>
Non-Operating Revenue (includes BAB's subsidy accrual)	3,090	3,136	46	3,141	3,141	-	6,231	6,277	46	1%
<b>Total Revenue</b>	<b>84,973</b>	<b>85,597</b>	<b>624</b>	<b>88,717</b>	<b>88,717</b>	<b>-</b>	<b>173,690</b>	<b>174,314</b>	<b>624 (1)</b>	
<b>Expenditures</b>										
Personnel Costs	26,709	26,052	(657)	27,813	27,813	-	54,522	53,865	(657)	-1%
Supplies, Other Services & Charges	27,627	27,284	(343)	25,648	25,648	-	53,275	52,932	(343)	-1%
Debt Service	26,506	26,560	54	26,506	26,506	-	53,012	53,066	54	0%
Taxes	11,105	11,430	325	11,638	11,638	-	22,743	23,068	325	1%
<b>Total Expenditures</b>	<b>91,947</b>	<b>91,326</b>	<b>(621)</b>	<b>91,605</b>	<b>91,605</b>	<b>-</b>	<b>183,552</b>	<b>182,931</b>	<b>(621) (2)</b>	
<b>Total Revenue less Total Expenditures</b>	<b>(6,974)</b>	<b>(5,729)</b>	<b>1,245</b>	<b>(2,888)</b>	<b>(2,888)</b>	<b>-</b>	<b>(9,862)</b>	<b>(8,617)</b>	<b>1,245 (3)</b>	<b>-13%</b>
<b>Appropriation from Current Fund</b>	<b>6,974</b>	<b>5,729</b>	<b>(1,245)</b>	<b>2,888</b>	<b>2,888</b>	<b>-</b>	<b>9,862</b>	<b>8,617</b>	<b>(1,245)</b>	
<b>Capital Outlay Financing Detail</b>										
Funded from Bond Funds	20,020	16,975	(3,045)	20,020	16,975	(3,045)	40,040	33,950	(6,090)	-15%
Funded from Capital Reserve Fund	4,005	2,346	(1,659)	4,006	2,347	(1,659)	8,011	4,693	(3,318)	-41%
<b>Total Capital Outlay</b>	<b>24,025</b>	<b>16,975</b>	<b>(3,045)</b>	<b>24,026</b>	<b>16,975</b>	<b>(3,045)</b>	<b>48,051</b>	<b>38,643</b>	<b>(9,408) (4)</b>	
<b>Debt Service Coverage Ratio</b>		1.76x			2.18x			2.18x		
<b>EOY Current Fund (Jan 17 Balance \$54,438)</b>	<b>48,709</b>			<b>45,821</b>			<b>45,821</b>		<b>(8,617) (5)</b>	



# Cash Projection

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**TACOMAWATER**  
**CURRENT FUND CASH PROJECTIONS**  
Actual & Estimated Cash for 2017/2018





**TACOMA POWER**  
TACOMA PUBLIC UTILITIES

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# Financial Outlook

**MAY 24, 2017**

# Tacoma Power Financial Outlook

## **2017/2018 Biennium:**

- Assumptions
- Electric Retail Revenues
- Wholesale Revenues
- Revenue & Expense Details
- Projected Liquidity Balance

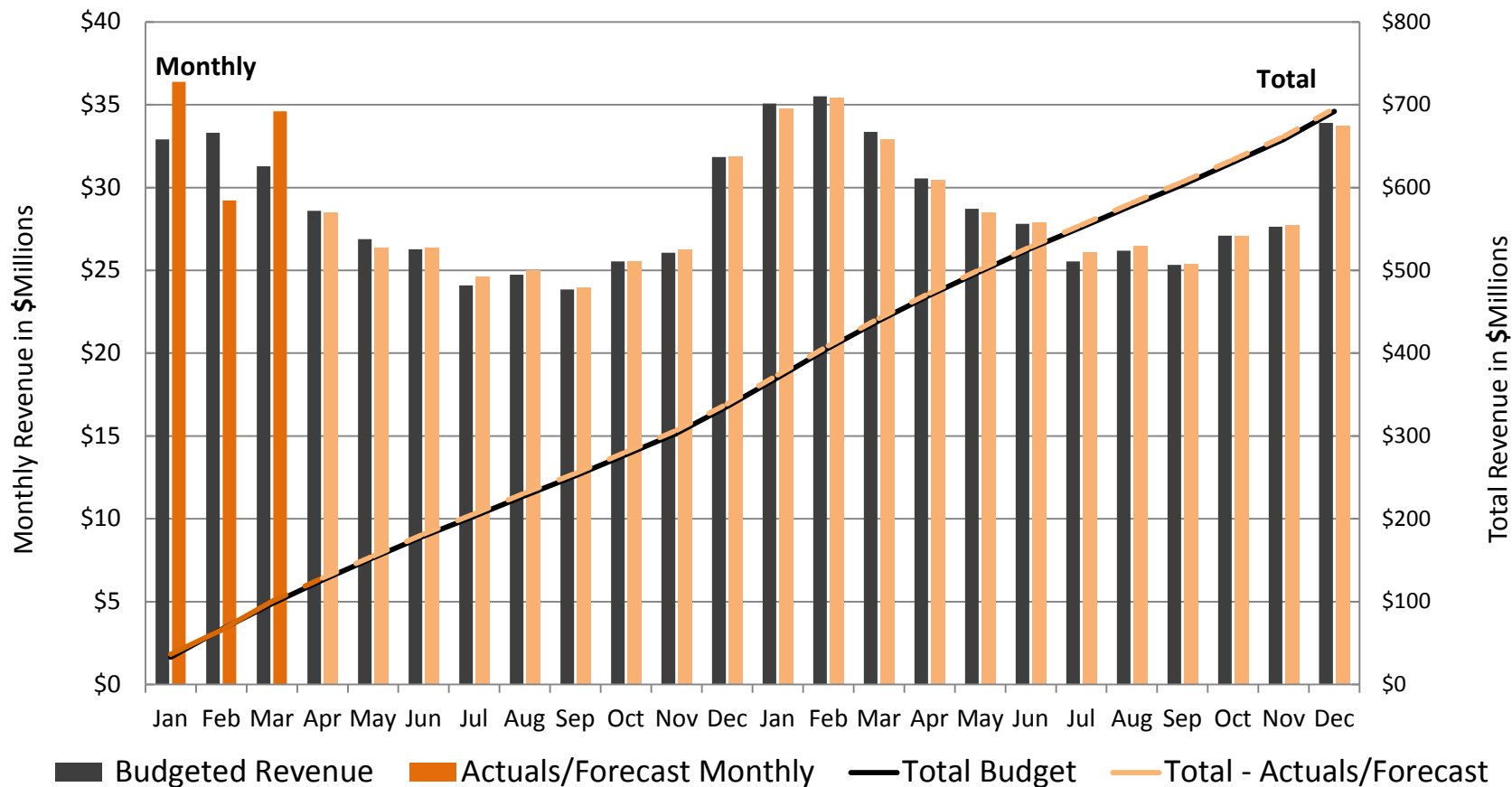
# 2017/2018 Biennium Summary of Assumptions

- Actuals updated through March 2017.
- June 2016 load forecast.
- Wholesale revenue forecast:
  - Expected water conditions for April & May 2017.
  - Adverse water forecast through remainder of biennium.
  - Forward prices updated 04/10/17.
- Capital spending forecast updated on 5/10/2017.

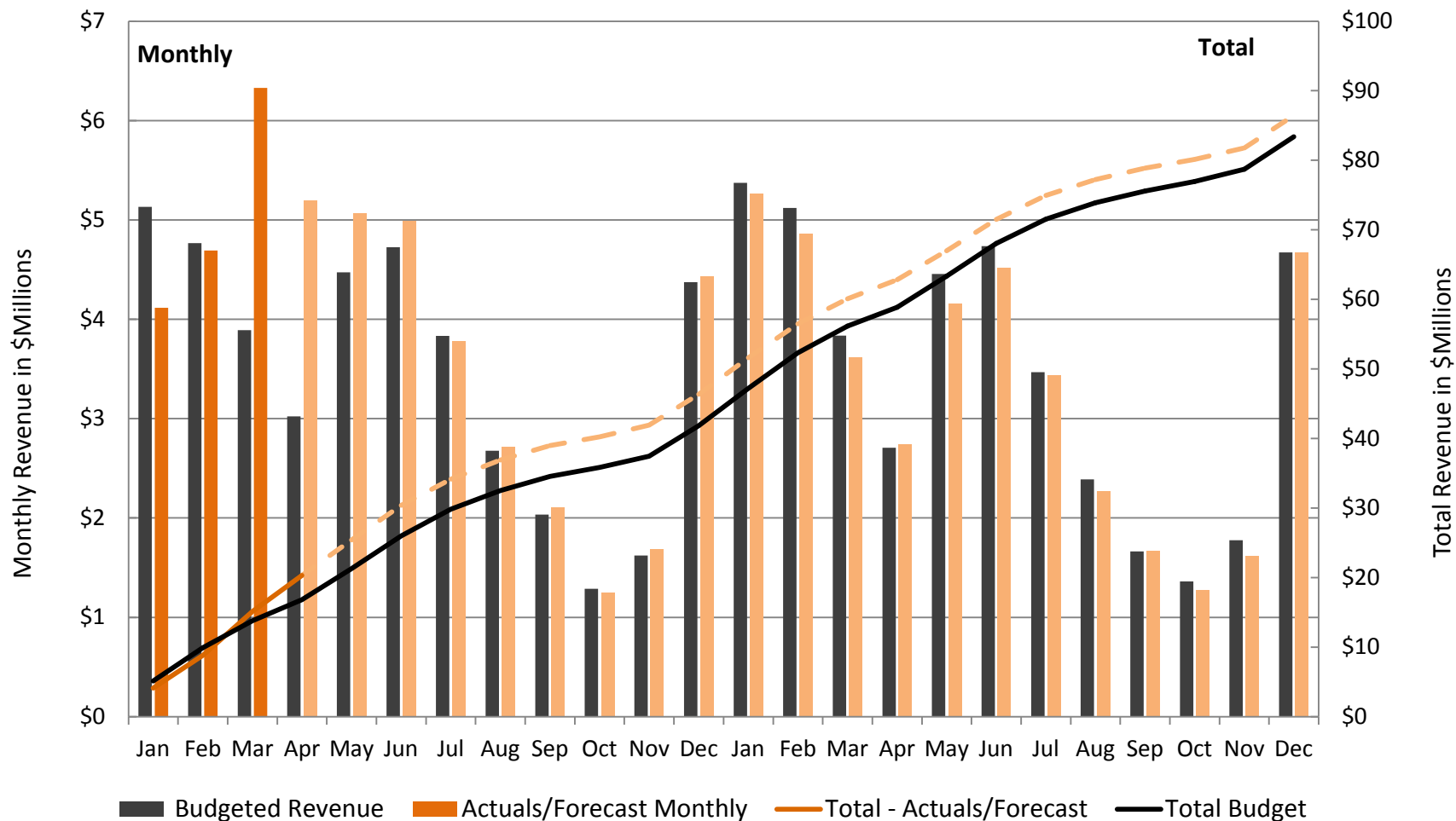
## Changes to Forecasting Practices

- Personnel expenditures assume a 5% vacancy rate.
- O&M expenditures are forecast based on actuals and historical trends.

# 2017/2018 Electric Retail Revenues



# 2017/2018 Wholesale Revenues



# 2017/2018 Biennium Forecast vs. Budget

## Revenues Over Budget: \$7.1 million

1. Retail Revenues: forecast \$3.3 million over budget
  - Cooler than anticipated weather increased expected heating loads
2. Wholesale Revenues: forecast \$3.1 million over budget
  - Higher precipitation in first quarter

## Expenses Under Budget: \$33.7 million

3. Personnel expenses: forecast \$10.7 million under budget
  - 5% vacancy rate forecast for the budget is \$10 million.
4. Supplies, Other Services and Charges: forecast \$10.3 million under budget
  - \$5.5 million from actual underspending in first quarter
  - \$4.8 million from forecast underspending based on historical trends
5. Capital expenses funded from the Current Fund: forecast \$12.2 million under budget
  - Underspending on Current Funded capital projects through March

## Net Revenue:

6. Total revenues less expenses net to \$40.7 million

# 2017/2018 Biennium Forecast vs. Budget

as of March 31, 2017

## 2017/2018 Biennium Adjusted Estimates Comparison to Budget

Description: Includes Adverse Water for 2017, Adverse Water for 2018

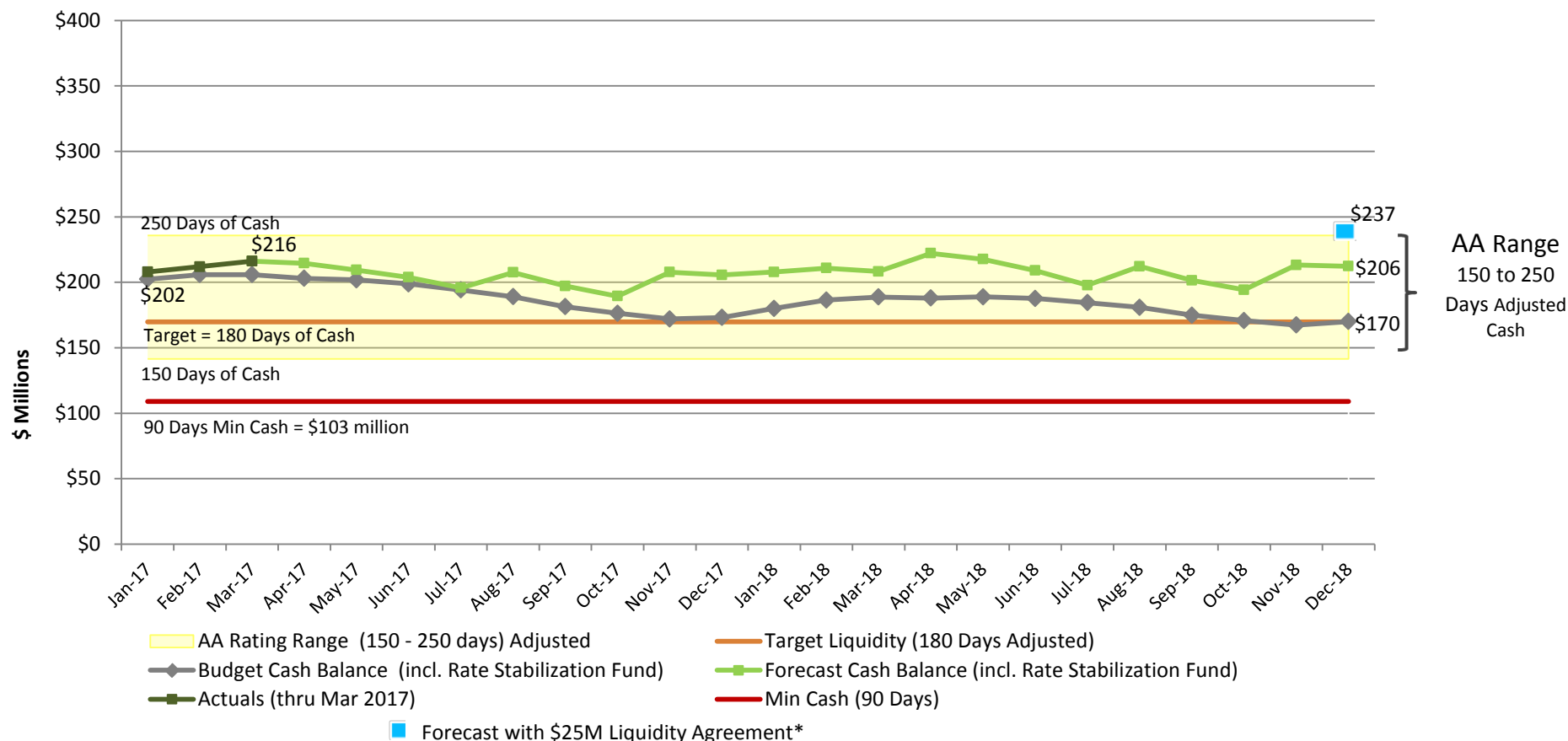
All \$'s in 1000's

	2017 Budget	2017 Actual / Forecast	2017 Diff.	2018 Budget	2018 Forecast	2018 Diff.	Total Biennium Budget	Total Biennium Forecast	Biennium Diff.	Biennium Diff. (%)
<b>Revenue</b>										
Retail Sales	\$335,395	\$338,798	\$3,403	\$356,722	\$356,605	(\$117)	\$692,117	\$695,403	\$3,286 (1)	0%
Bulk Power (wholesale) Sales	\$41,834	\$46,356	\$4,522	\$41,557	\$40,089	(\$1,467)	\$83,390	\$86,445	\$3,055 (2)	4%
Other Electric Revenue	\$17,626	\$18,106	\$479	\$17,868	\$17,868	\$0	\$35,495	\$35,974	\$479	1%
Telecommunications Revenue	\$28,167	\$27,638	(\$529)	\$33,133	\$33,133	\$0	\$61,300	\$60,771	(\$529)	-1%
<b>Total Operating Revenue</b>	<b>\$423,022</b>	<b>\$430,898</b>	<b>\$7,875</b>	<b>\$449,279</b>	<b>\$447,695</b>	<b>(\$1,584)</b>	<b>\$872,301</b>	<b>\$878,593</b>	<b>\$6,291</b>	<b>1%</b>
Other Income	\$6,520	\$7,095	\$575	\$6,402	\$6,595	\$193	\$12,922	\$13,690	\$768	6%
<b>Total Revenue</b>	<b>\$429,543</b>	<b>\$437,992</b>	<b>\$8,450</b>	<b>\$455,681</b>	<b>\$454,291</b>	<b>(\$1,391)</b>	<b>\$885,224</b>	<b>\$892,283</b>	<b>\$7,059</b>	<b>1%</b>
<b>Expenses</b>										
Purchased Power & RECs	\$152,770	\$152,704	(\$66)	\$154,307	\$154,307	\$0	\$307,077	\$307,011	(\$66)	0%
Personnel Costs	\$100,228	\$94,512	(\$5,716)	\$100,228	\$95,228	(\$5,000)	\$200,457	\$189,741	(\$10,716) (3)	-5%
Supplies, Other Services & Charges	\$79,920	\$72,323	(\$7,597)	\$79,920	\$77,189	(\$2,731)	\$159,840	\$149,511	(\$10,329) (4)	-6%
Capital Outlay funded from Current Fund	\$40,915	\$31,899	(\$9,016)	\$40,915	\$37,696	(\$3,219)	\$81,830	\$69,594	(\$12,236) (5)	-15%
Debt Service	\$33,494	\$32,543	(\$951)	\$33,501	\$33,501	\$0	\$66,995	\$66,044	(\$951)	-1%
Taxes	\$52,191	\$52,926	\$735	\$54,992	\$54,882	(\$109)	\$107,183	\$107,808	\$626	1%
<b>Total Expenses</b>	<b>\$459,519</b>	<b>\$436,907</b>	<b>(\$22,612)</b>	<b>\$463,863</b>	<b>\$452,803</b>	<b>(\$11,060)</b>	<b>\$923,382</b>	<b>\$889,710</b>	<b>(\$33,672)</b>	<b>-4%</b>
<b>Total Revenues less Expenses</b>	<b>(\$29,976)</b>	<b>\$1,086</b>	<b>\$31,062</b>	<b>(\$8,182)</b>	<b>\$1,488</b>	<b>\$9,669</b>	<b>(\$38,158)</b>	<b>\$2,573</b>	<b>\$40,731 (6)</b>	
<b>Appropriation from Current Fund</b>	<b>\$29,976</b>	<b>\$4,536</b>	<b>(\$25,440)</b>	<b>\$8,182</b>	<b>(\$1,488)</b>	<b>(\$9,669)</b>	<b>\$38,158</b>	<b>\$3,048</b>	<b>(\$35,110)</b>	
<b>Capital Outlay Financing Detail</b>										
Funded From Current Fund	\$40,915	\$31,899	(\$9,016)	\$40,915	\$37,696	(\$3,219)	\$81,830	\$69,594	(\$12,236)	-18%
Funded From Bond Fund	\$54,322	\$48,486	(\$5,836)	\$54,322	\$57,541	\$3,219	\$108,644	\$106,028	(\$2,616)	-2%
<b>Total Capital Outlay</b>	<b>\$95,237</b>	<b>\$80,385</b>	<b>(\$14,852)</b>	<b>\$95,237</b>	<b>\$95,237</b>	<b>\$0</b>	<b>\$190,474</b>	<b>\$175,622</b>	<b>(\$14,852)</b>	<b>-8%</b>
<b>Adjusted Ratios</b>										
Debt Service Coverage Ratio	2.31	1.33	2.01	0.69	1.98	2.17	0.19			
Days Liquidity	236.39	173.66	212.77	39.10	164.01	215.63	51.62			
EOY Rate Stabilization Fund Balance	\$48,000	\$48,000	\$48,000	\$0	\$48,000	\$48,000	\$0			
EOY Current Fund Balance	\$160,239	\$120,177	\$150,330	\$30,152	\$111,995	\$157,785	\$45,789			
<b>Total Liquidity</b>	<b>\$208,239</b>	<b>\$168,177</b>	<b>\$198,330</b>		<b>\$159,995</b>	<b>\$205,785</b>				



# 2017/2018 Projected Liquidity Balance

as of 3/31/2017



\* \$25 million Key Bank Liquidity Agreement can be increased to \$50 million with 90 day notice.



# Financial Outlook

1<sup>st</sup> Quarter 2017

# Summary of Assumptions

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- Projections include actual revenue and expense through April 2017
- \$3M Volume incentive allowance payment in July
  - Conservative value; likely \$2.5M
  - May intermodal volumes 17% lower than April
- Budgeted railcar line haul volumes and rates from June forward
  - Grand Alliance now The Alliance, moving intermodal traffic to Seattle
  - Assessing the financial impact for Q2 Financial Outlook

# Summary of Financial Situation

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- Traffic analysis

Quarter	2016		2017		%	
	Intermodal	Commercial	Intermodal	Commercial	Intermodal	Commercial
1	59,355	11,625	61,604	12,211	4%	5%
2						
3						
4						
Total	59,355	11,625	61,604	12,211	4%	5%

- Intermodal:

- Year over year: NIM **8%**, PCT **-23%**, WUT **28%**
    - Up **4%** from biennium budgeted volumes

- Commercial:

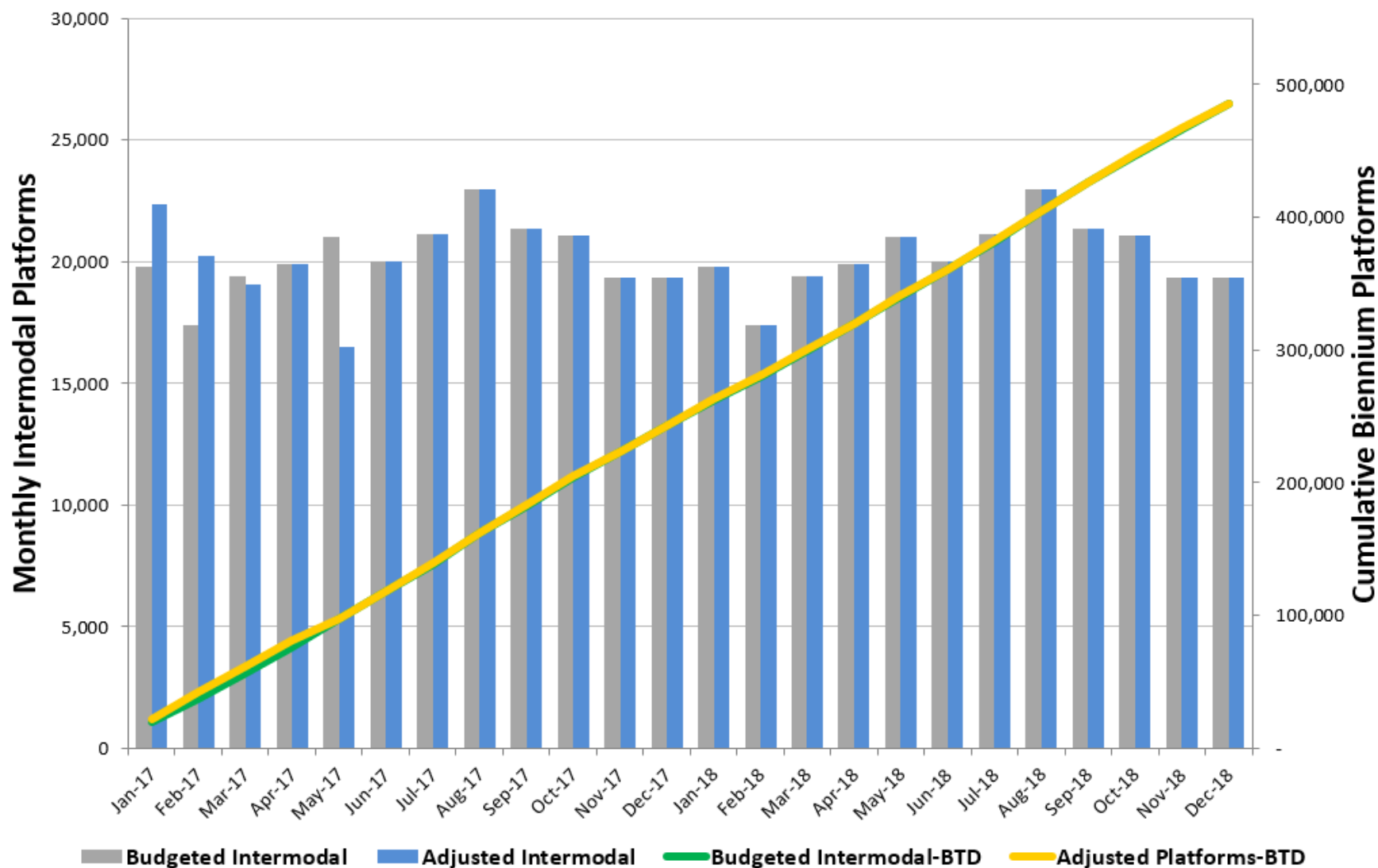
- Year over year: US Oil **-19%**, Targa Sound **53%**, AWC **-11%**
    - Up **5%** from biennium budgeted volumes

- Cash is projected above the 60 days of budget threshold

# Intermodal Volumes

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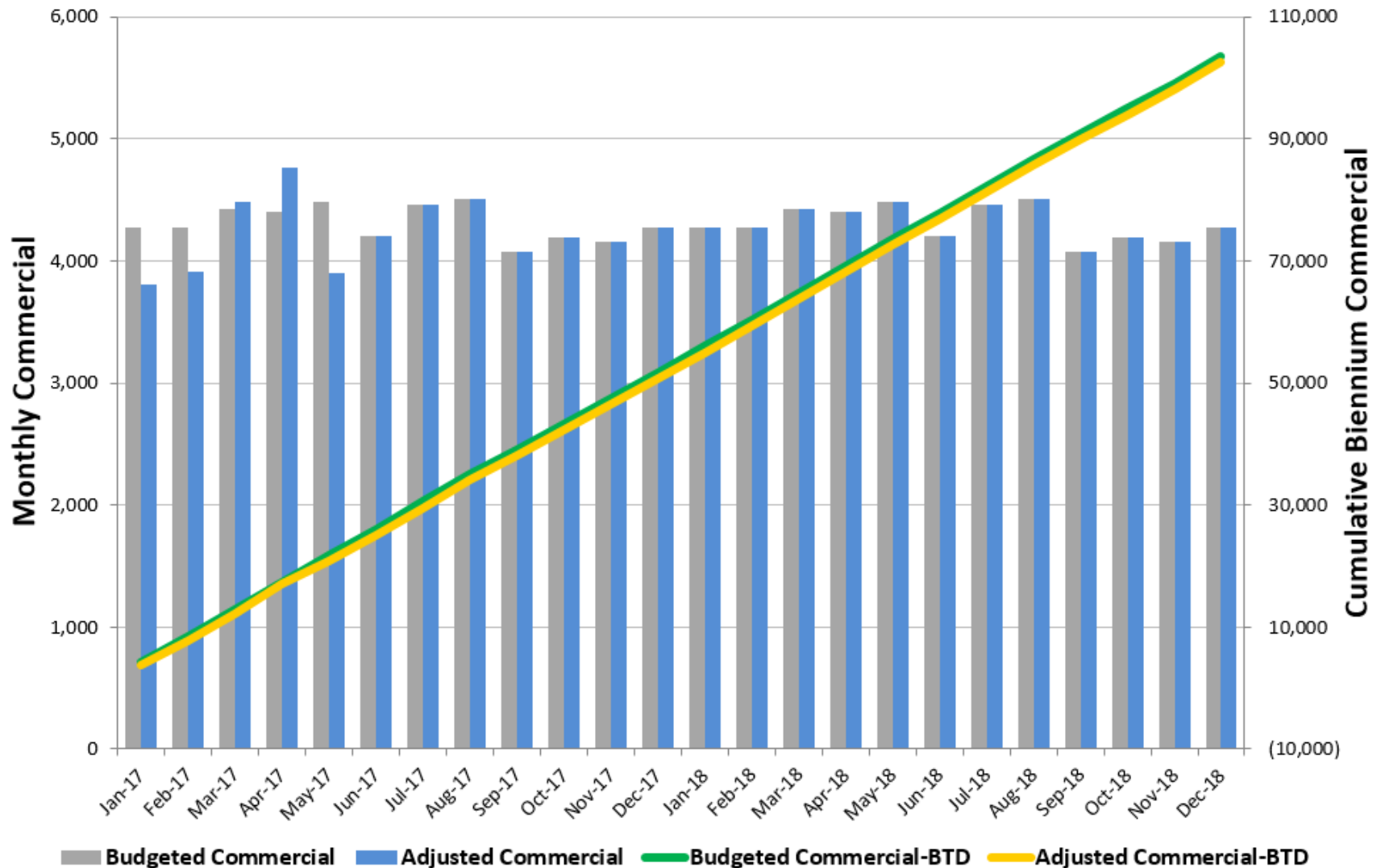
5/18/2017



# Commercial Volumes

22

5/18/2017



- 1. Increase in both intermodal and commercial volumes**
- 2. Locomotive servicing strong in Q1**
- 3. \$400K loan reimbursement from previous biennium**
- 4. Volume allowance likely to be \$2.5M to match budget for 2017**

# 2017/2018 Biennium Forecast vs. Budget

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All \$'s in 1,000s  
5/18/2017

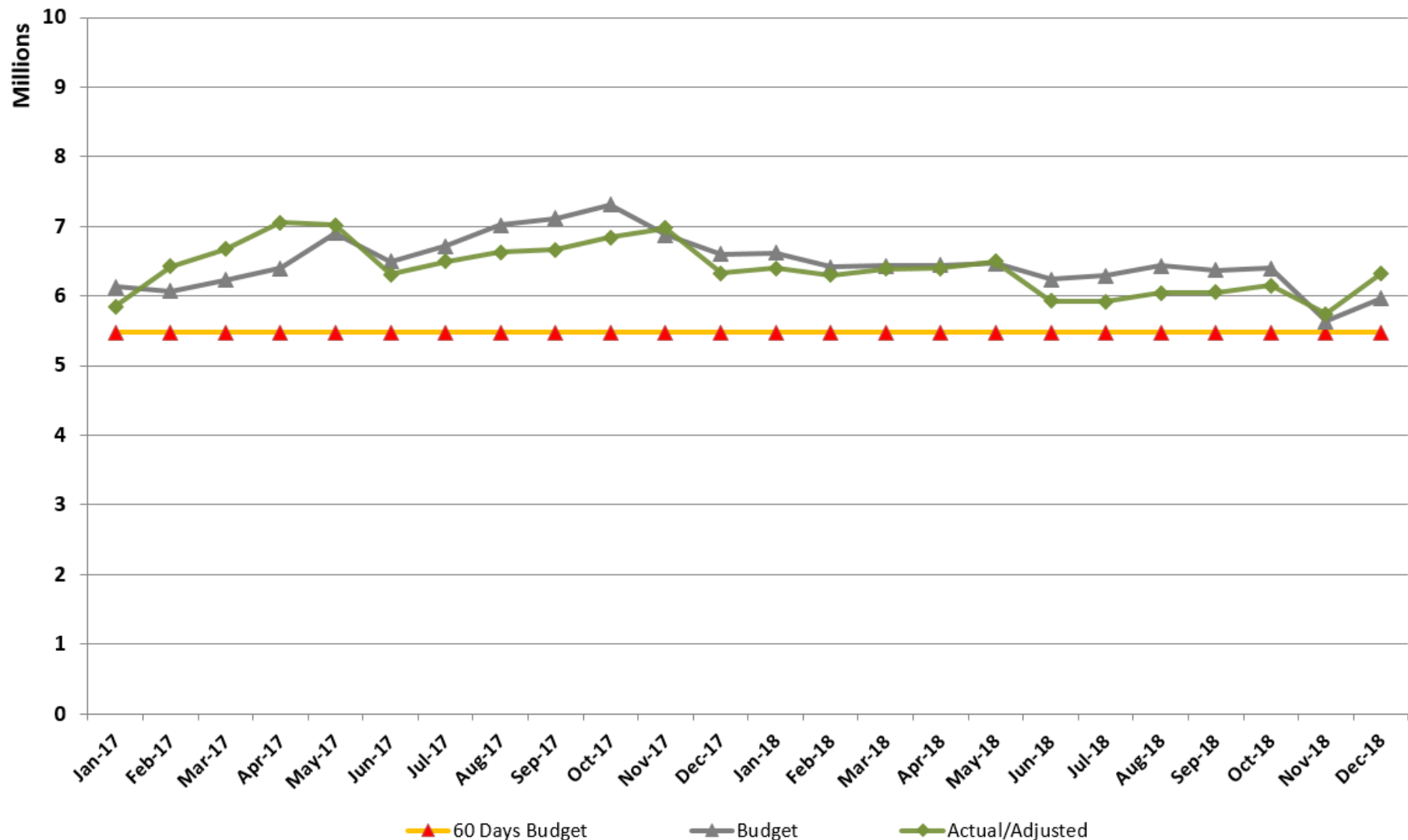
	2017 Budget	2017 Actual	2017 Difference	2018 Budget	2018 Forecast	2018 Difference	Budget Biennium	Adjusted Forecast	Biennium Difference	Biennium Diff. (%)	
<b>Revenue</b>											
Switching Revenue	\$ 28,735	\$ 29,666	\$ 931	\$ 28,993	\$ 29,533	\$ 540	\$ 57,728	\$ 59,199	\$ 1,471	3%	(1)
Demurrage Fees	1,150	1,166	16	1,150	1,150	-	2,300	2,316	16	1%	
Locomotive Servicing	1,865	2,124	259	1,865	1,865	-	3,729	3,989	259	7%	(2)
Other	261	241	(20)	261	261	-	522	502	(20)	-4%	
<b>Total Operating Revenue</b>	<b>\$32,011</b>	<b>\$33,197</b>	<b>\$ 1,186</b>	<b>\$32,268</b>	<b>\$ 32,808</b>	<b>\$ 540</b>	<b>\$64,279</b>	<b>\$66,005</b>	<b>\$ 1,726</b>	<b>3%</b>	
Interest	102	95	(7)	102	96	(6)	204	191	(13)	-6%	
Rent & Misc Income	1,080	1,019	(61)	1,080	1,080	-	2,160	2,099	(61)	-3%	
<b>Total Revenue &amp; Avail Funds</b>	<b>\$ 33,193</b>	<b>\$ 34,312</b>	<b>1,119</b>	<b>\$ 33,450</b>	<b>\$ 33,984</b>	<b>\$ 534</b>	<b>\$66,643</b>	<b>\$68,296</b>	<b>\$ 1,653</b>	<b>2%</b>	
<b>Expenditures</b>											
Personnel Costs	\$ 15,500	\$ 15,862	\$ 362	\$ 16,044	\$ 16,005	\$ (39)	\$ 31,544	\$ 31,867	\$ 323	1%	
Supplies, Other Services	8,862	8,947	85	8,843	8,738	(105)	17,705	17,686	(20)	0%	
Current Fund Capital Outlay	1,664	1,276	(387)	2,635	2,635	-	4,299	3,911	(387)	-9%	(3)
Debt Service	895	842	(54)	905	905	(0)	1,800	1,746	(54)	-3%	
Incentive Allowance	2,500	3,000	500	2,500	2,500	-	5,000	5,500	500	10%	(4)
Taxes	3,136	3,193	57	3,160	3,211	51	6,296	6,404	108	2%	
<b>Total Expenditures</b>	<b>\$ 32,556</b>	<b>\$ 33,121</b>	<b>\$ 564</b>	<b>\$ 34,087</b>	<b>\$ 33,994</b>	<b>\$ (93)</b>	<b>\$66,643</b>	<b>\$67,114</b>	<b>\$ 471</b>	<b>1%</b>	
<b>Total Revenues Less Expenditures</b>	<b>\$ 637</b>	<b>\$ 1,191</b>	<b>\$ 555</b>	<b>\$ (637)</b>	<b>\$ (10)</b>	<b>\$ 627</b>	<b>\$ (0)</b>	<b>\$ 1,182</b>	<b>\$ 1,182</b>		
<b>Appropriation from Current Fund</b>	<b>\$ (637)</b>	<b>\$ (364)</b>	<b>\$ 272</b>	<b>\$ 637</b>	<b>\$ 10</b>	<b>\$ (627)</b>	<b>\$ -</b>	<b>\$ (364)</b>	<b>\$ (364)</b>		
<b>Capital Outlay Financing Detail</b>											
Funded from Current Fund	\$ 1,664	\$ 1,276	\$ (387)	\$ 2,635	\$ 2,635	\$ -	\$ 4,299	\$ 3,911	\$ (387)	-9%	
Grants, Transfers & Pledges	-	36	36	400	400	-	400	436	36	9%	
Funded from New Debt	311	711	399	650	650	-	961	1,361	399	42%	
<b>Total Capital Outlay</b>	<b>\$ 1,975</b>	<b>\$ 2,023</b>	<b>\$ 48</b>	<b>\$ 3,685</b>	<b>\$ 3,685</b>	<b>\$ -</b>	<b>\$ 5,660</b>	<b>\$ 5,708</b>	<b>\$ 48</b>	<b>1%</b>	
<b>Starting Cash Balance</b>	<b>\$ 5,963</b>	<b>\$ 5,963</b>	<b>-</b>	<b>\$ 6,600</b>	<b>\$ 6,327</b>	<b>(272)</b>	<b>\$ 5,963</b>	<b>\$ 5,963</b>	<b>0%</b>	<b>0%</b>	
<b>EOY Current Fund Balance</b>	<b>\$ 6,600</b>	<b>\$ 6,327</b>	<b>(272)</b>	<b>\$ 5,963</b>	<b>\$ 6,318</b>	<b>355</b>	<b>\$ 5,963</b>	<b>\$ 6,318</b>	<b>6%</b>	<b>6%</b>	



# Biennium Cash Projection

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5/18/2017






















































# Performance Metrics Update

1st Quarter 2017

# Performance Metrics Summary

Quarter 1, 2017 Performance Metrics Report Tacoma Public Utilities		
 TACOMA POWER TACOMA PUBLIC UTILITIES	 TACOMA WATER TACOMA PUBLIC UTILITIES	 TACOMA RAIL TACOMA PUBLIC UTILITIES
Financial Performance: Power	Water	Rail
1 <i>Debt Service Coverage</i> 	1 <i>Debt Service Coverage</i> 	1 <i>Debt Service Coverage</i>  
2 <i>Liquidity - Days Cash on Hand</i> 	2 <i>Liquidity - Days Cash on Hand</i> 	2 <i>Liquidity - Days Cash on Hand</i> 
3 <i>Budget Performance</i> 	3 <i>Budget Performance</i> 	3 <i>Budget Performance</i>  
Operational Excellence: Power	Water	Rail
4 <i>Residential Bill Comparison</i> 	4 <i>Residential Bill Comparison</i> 	4 <i>Railroad Tariffs Comparison</i> 
5 <i>O&amp;M Cost per Customer</i> 	5 <i>O&amp;M Cost per Account</i> 	5 <i>Operating Ratio</i> 
6 <i>Outage Duration</i> 	6 <i>Unplanned Service Disruptions</i> 	6 <i>Revenue Moves per Shift</i> 
7 <i>Outage Frequency</i> 	7 <i>Distribution System Leakage</i> 	7 <i>On-Time Switching</i> 
8 <i>Non-Carbon Power Resources</i> 	8 <i>Regulatory Compliance</i> 	8a <i>Diesel Conversion</i> 
9 <i>Power Conservation</i> 	9 <i>Water Conservation</i> 	8b <i>Storm Water Remediation</i> 
Commitment to Cust & Employees: Power	Water	Rail
10 <i>Customer Satisfaction</i> 	10 <i>Customer Satisfaction</i> 	10 <i>Customer Satisfaction</i> 
11 <i>Employee Satisfaction</i>  	11 <i>Employee Satisfaction</i>  	11 <i>Employee Satisfaction</i>  
12 <i>Employee Safety</i> 	12 <i>Employee Safety</i> 	12 <i>Employee Safety</i> 
13 <i>Call Center Responsiveness</i>  	13 <i>Call Center Responsiveness</i>  	
	14 <i>Technical Service Complaints</i> 	

# Performance Metrics Highlights

## Some Highlights:

- ❖ Financial Metrics – Starting in solid territory
  - Status change - Rail Debt Service Coverage
  - Status change - Rail Debt Budget Performance
  
- ❖ Operational Metrics – Mostly green status
  - O&M per Account and Customer (Water and Power)
  - Water Conservation

# Performance Metrics Highlights

## Highlights (continued):

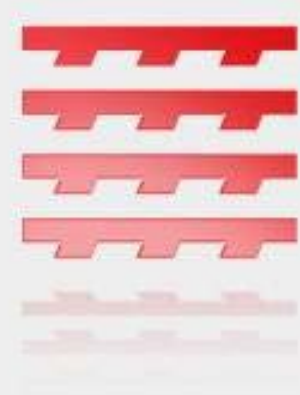
### ❖ Customer and Employee Metrics

- Customer and Employee Satisfaction – same status
- Call Center (80% answered in 60 seconds) – challenges in Q1
- Technical Service Complaints (water)
- Employee Safety (TPU-wide)

Further Questions?

# PROJECT UPDATE

## Facilities Construction Contract and TPU Auditorium Remodel



# FACILITIES CONSTRUCTION SPECIFICATION

## SCOPE:

- PROPOSAL A – GENERAL FACILITIES CONSTRUCTION
- PROPOSAL B – AUDITORIUM RENOVATION

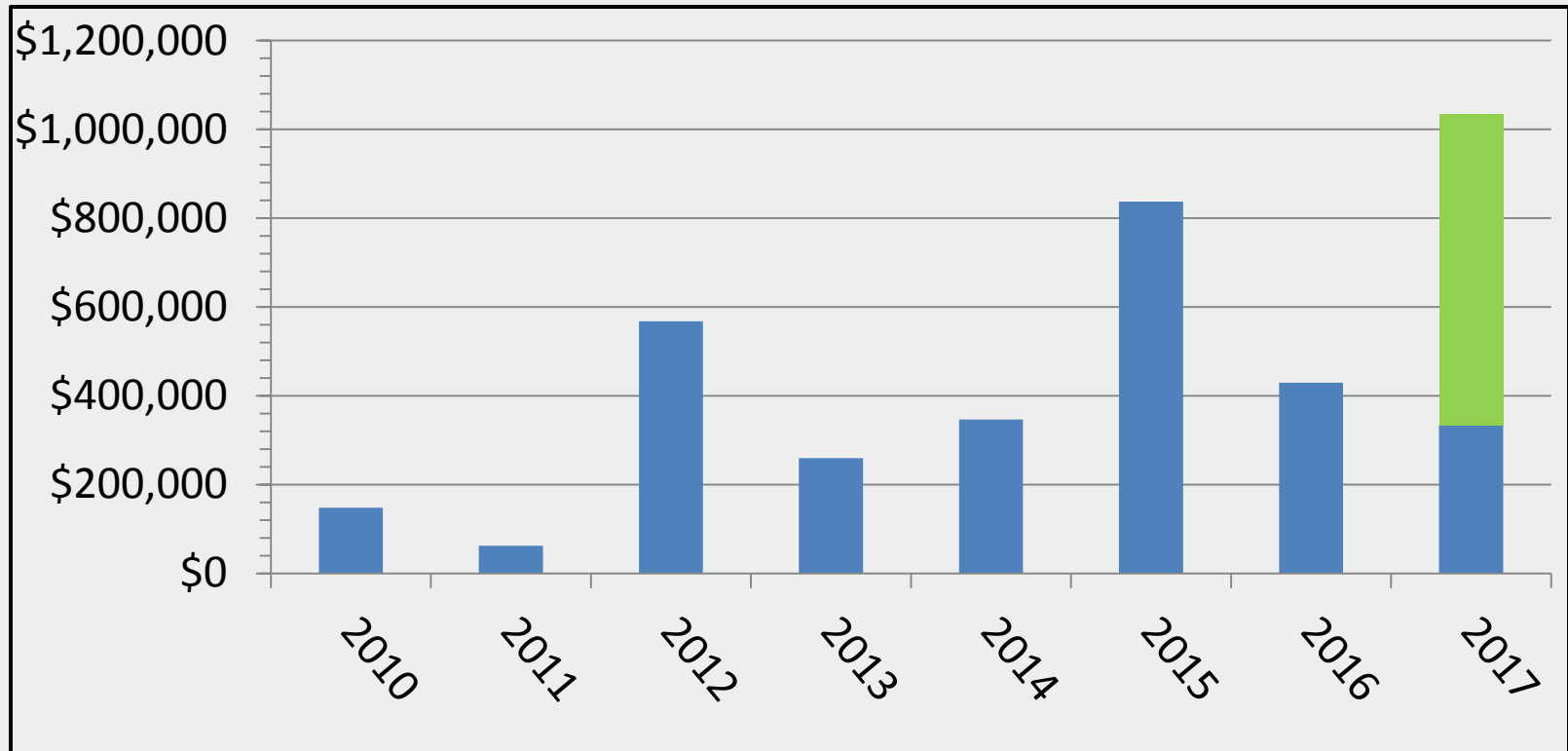
## BIDDING SCHEDULE:

- |                    |               |
|--------------------|---------------|
| • PRE-BID MEETING: | MAY 9, 2017   |
| • BID OPENING:     | MAY 30, 2017  |
| • PUB MEETING:     | JUNE 14, 2017 |

- |                          |               |
|--------------------------|---------------|
| ESTIMATED CONTRACT COST: | \$2M-\$2.2M   |
| • PROPOSAL A:            | \$1.3M-\$1.5M |
| • PROPOSAL B:            | \$700,000     |

# FACILITIES CONSTRUCTION CONTRACT

## SPENDING HISTORY





# PROPOSAL A: GENERAL FACILITIES CONSTRUCTION

## PAST PROJECTS

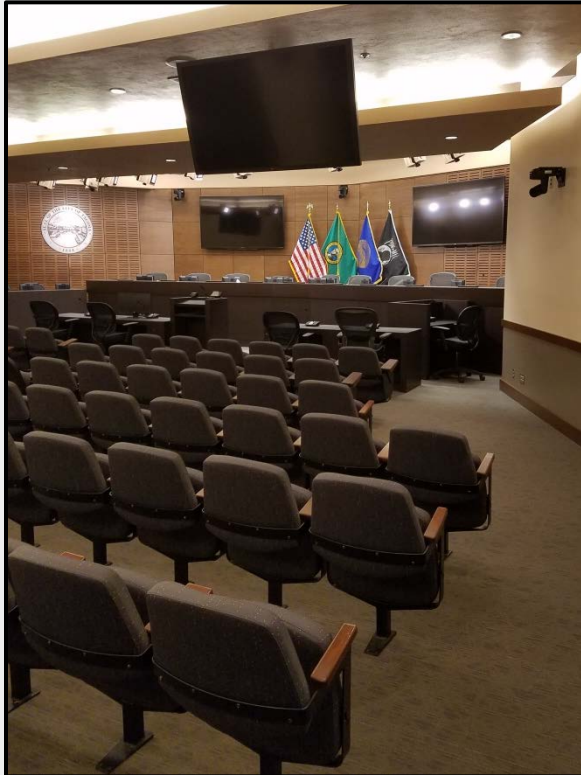


## POTENTIAL PROJECTS

- PAY BOX EXPANSION
- OFFICE RENOVATIONS
- RESTROOM RENOVATIONS
- ADA IMPROVEMENTS
- TPU OFF CAMPUS FACILITY IMPROVEMENTS
- HYDRO PROJECT RESIDENCE IMPROVEMENTS

# PROPOSAL B: AUDITORIUM REMODEL

## COUNCIL CHAMBERS REVIEW



# PROPOSAL B: AUDITORIUM REMODEL

BEFORE



AFTER



# UTILITY TECHNOLOGY PROFESSIONAL SERVICES CONTRACT STUDY SESSION OVERVIEW

PREPARED FOR:  
PUBLIC UTILITY BOARD

BY:  
JOHN LAWRENCE & TONY LANDRITH





# **PRESENTATION AGENDA**

- **2017/2018 IT Technology Portfolio Background**
- **Utility Technology Professional Services RFP**
- **Project Management Office Objectives**
- **Budgetary Impact**

# 17/18 UTILITY TECHNOLOGY PORTFOLIO BACKGROUND

## Background

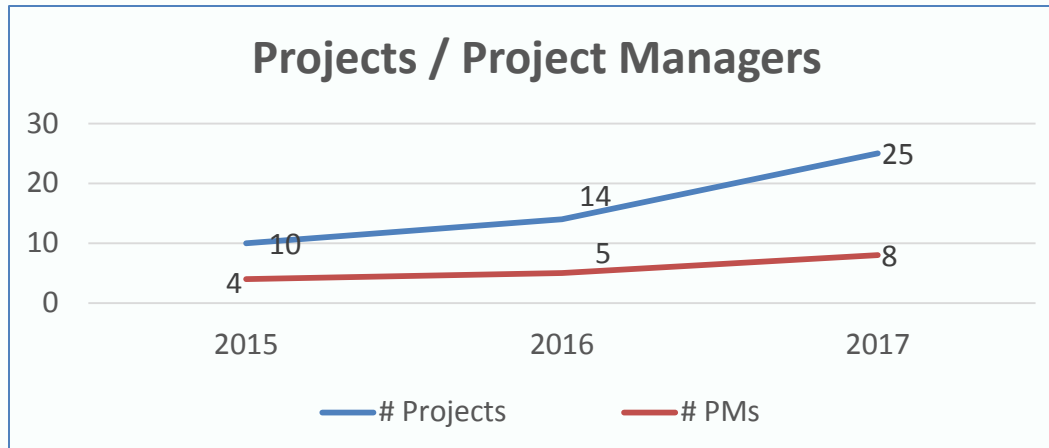
- Technology portfolio accomplishes key TPU initiatives; performance improvements, enhanced customer experience and modernized platforms
- During 17/18 budget planning, analysis identified need for staff augmentation beyond current staffing levels to complete a large portfolio
- TPU is executing a balanced strategy toward technology initiatives, aligned with Gartner's Best Practice investment categories

## Professional Services Contracts Overview

- Leveraged two separate competitive RFP solicitations
  - **2014 RFP; one Professional Service Contract**
    - Single project role in RFP, existing bench contract, expires 2018
      - » RadGov, Inc.: \$ 240,000
  - **2017 RFP; two Professional Service Contracts**
    - Multiple project roles in RFP, 2 vendors selected for staffing options
      - » MW Partners, Inc.: \$ 1,900,000
      - » KRE Consulting, Inc.: \$ 1,100,000

# PROJECT MANAGEMENT OFFICE OBJECTIVES

## Objective #1: Align Project Manager/project ratio

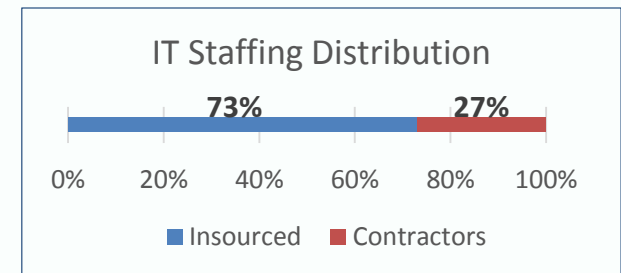


### # of Projects per Project Manager

- Size, Complexity, Risk
- Organizational maturity
- **3:1 ratio** (Projects:PM) is typical
- 2016 – 1 Contract PM
- 2017 – 4 Contract PMs\*

### Portfolio Challenges

- 25 Projects
- Multiple functional/technical domains
- Multiple business domains
- **18 months remaining** on portfolio timeline



Representative metric, IT staffing distribution

Statistics from Gartner, IT Key Metrics Data (2017)

# PROJECT MANAGEMENT OFFICE OBJECTIVES

## CONT.

### Objective #2: Temporarily Resource PMO

- Professional Services contracts will provide:
  - Expertise across the multiple technical domain areas
    - Foundational Technology Platforms: Communications, Computing
    - Business Enabling Platforms: Workforce Mgmt., Asset Mgmt.
    - Customer Experience and Digital Solutions
    - Integration, Analytics & Cybersecurity
  - Additional resources to assist with the system documentation associated with technology initiatives
  - Contributions toward the ongoing maturity development of the UTS Project Management Office.
  - TPU the ability to bring on potentially 10 additional contract resources as required



# BUDGETARY IMPACT

## Budgetary Impact

- **Total Contract Amounts - \$3.24M**
  - MW Partners, Inc.      \$ 1,900,000
  - KRE Consulting, Inc.    \$ 1,100,000
  - RadGov, Inc.            \$ 240,000
- **Allocation of Services Between Capital & O&M Funding**
  - Capital:            60%
  - O&M:              40%
- **Fulfilling our commitment to complete the 17/18 Utility Technology Portfolio with funding previously authorized by the PUB**