

Levels of Service Strategic Sharing Group: Understanding Key Challenges and Gaps

Meeting Date October 1, 2020 from 1:00 p.m. – 2:30 p.m. EDT Facilitator Jenessa Doherty, Canadian Water Network

This meeting marked the first of the Strategic Sharing Group – **Advancing Levels of Service in the Context of Uncertainty**. The objective of this meeting was to gain a basic understanding of the challenges and gaps in this space through a structured sharing of responses to key, high-level questions posed by CWN (see <u>meeting agenda</u>).

This meeting focused on identifying how utilities and municipalities define levels of service and what strategies are used to help prioritize levels of service for water, wastewater and stormwater. Participants shared knowledge and approaches they have used to advance corporate, customer and technical levels of service.

Municipal Consortium Project Manager, Jenessa Doherty, started the meeting with a brief introduction of Canadian Water Network, the Municipal Water Consortium, the structure and purpose of strategic sharing groups, the overarching objectives, goals, rules of engagement, and the anticipated outputs of the levels of service Strategic Sharing Group.

Following this introduction, Strategic Sharing Group members participated in a roundtable discussion on their approaches to defining levels of service and challenges and gaps experienced in this space.

The meeting wrapped up with a brief overview of next steps for Canadian Water Network and the preferred topic areas for future meetings.

Below is a list of the specific themes that emerged from the group discussion.

Developing and Communicating Customer Levels of Service

 Including: public consultation, effective internal and public messaging, and considerations for different types of customers (e.g. residential, local municipalities, businesses)

Moving Levels of Service Forward and Generating Public and Council Buy-in

 Including: addressing sustainability and resiliency, setting appropriate level of service targets, considering short/medium/long-term financial planning when developing level of service targets, and meeting regulatory requirements

Effective Use and Collection of Data to Inform Level of Service Development

 Including: data collection, data repositories, and using data to inform levels of service



Summary of Municipal/Utility Priorities & Challenges Defining Levels of Service

• There is no universal definition of technical, corporate or customer levels of service among participating municipalities/utilities. Many municipalities/utilities participating in this Strategic Sharing Group are at different stages of levels of service development; some are in the initial stages of defining customer, corporate and asset levels of service, while others have made extensive progress in one or two of these areas and are looking to advance in others.

Customer Consultation, Public Engagement, and Messaging

- Most participating municipalities/utilities on the call indicated that meaningfully engaging with customers to build valuable and relatable customer levels of service is an ongoing challenge. Some municipalities/utilities have engaged in customer satisfaction surveys; however, for many, survey results did not reveal the deeper needs of the utility's diverse customer base, which includes residential, business and sometimes even municipal customers. Participants on the call were interested in learning about new ways to effectively communicate with customers in a way that informs levels of service targets that better reflect the needs of the customer.
- Developing the right messaging within and across the utility as well as among council
 and the public in an effort to generate buy-in and support has also been a challenge for
 many municipalities/utilities on the call. Participants expressed interest in exploring
 strategies to generate effective messaging.
- One municipality expressed their approach to developing levels of service as a customercentric "business change" initiative where the objective is to generate organizational change by creating a deeper connection between the utility and the customer. Many participants indicated a desire to learn more about this strategy.

Corporate and Technical Levels of Service

- Many participating municipalities/utilities are in the mature stages in their development
 of corporate and asset levels of service. Those in Ontario are bound by O. Reg. 588/17,
 which requires each municipality to create an asset management plan for current and
 proposed levels of service with strict guidelines and deadlines for core and overall
 municipal infrastructure assets.
- Many participants stressed the importance of developing and establishing levels of service that prioritize sustainability and resiliency. As municipalities/utilities continue to

build asset management plans, proposed level of service targets and performance indicators will largely focus on advancing climate adaptation, sustainability and system resiliency – areas that are currently missing or in their infancy in many municipal/utility plans.

• Some municipalities/utilities are developing levels of service as a starting point to help inform their asset management plans moving forward.

Financing Levels of Service

• Most municipalities/utilities are experiencing challenges in reconciling the cost of establishing, maintaining or upgrading levels of service with council and the public. It was agreed that generating buy-in would be crucial in moving levels of service forward. The group was interested in exploring strategies and initiatives to i) identify the short-, medium- and long-term financial implications of committing to and sustaining a level of service, and ii) the messaging required to justify this investment to council and the public.

Data Collection and Organization

Many participating municipalities have the ability and resources to collect significant
amounts of data but expressed challenges in determining how to use this data to inform
their levels of service. Questions related to what data is useful, how to use it, and where
to store data are areas that participants on the call would like to explore in more detail.



Detailed Summary of Introduction and Participant Responses

Part 1: Welcome and Group Structure Review Meeting Objectives

- Review and agree to terms of participation, objectives of the group, structure/mode of communication and other rules of engagement.
- Identify how participating municipalities/utilities define levels of service.
- Obtain a high-level overview of municipal/utility challenges and gaps in the levels of service space.

Terms of Participation

- Meetings are considered private and confidential. If there is content that participants are not comfortable sharing with the broader CLG, please flag it for CWN staff.
- All participants are expected to actively participate and share their municipality/utility's experience on discussion topics.

Structure of Levels of Service Strategic Sharing Group

- CWN will facilitate all meetings on the Microsoft Teams platform providing each municipality/utility with the opportunity to share insights and specific experiences as they relate to the meeting topic.
- All meetings will follow the meeting agenda, which will be distributed one week in advance.
- CWN will explore and invite leading experts to share their knowledge as necessary.

Timelines and Commitments

- CWN proposes the Levels of Service Strategic Sharing Group will continue for the duration of one year at which time the need and direction of the group will be re-evaluated.
- The group will meet once every two months for 90 minutes with all meeting resources and agenda being sent one week in advance.
- Draft meeting captures will be sent approximately one week following each meeting and participants will have a one-week window for editing.
- Final meeting captures and all resources will be available in the Members Area of the website approximately 2 weeks following each meeting.

Part 2: Round-table Introductions to Municipal/Utility Definitions of 'Levels of Service', Strategies for Prioritization, and Challenges/Gaps

Each participating municipality/utility provided a high-level summary of how they define levels of service, what strategy is used to identify and prioritize levels of service, what areas they are leading in, and what challenges or gaps they are currently experiencing. Municipal/Utility responses are summarized in the table below.

Halifax Water: Water I Wastewater I Stormwater Utility (Service Area: 403,131)		
Cathie O'Toole, General Manager		
Jammie Hannam, Director, Er	ngineering & Information Services	
How does your municipality/utility define levels of service (LoS)?	 Defined by top down approach to corporate objectives. Mission and vision statement is established by corporate balanced scorecard which outlines 8 'critical success factors' with aligned measures and targets (e.g. water quality, service excellence, environmental stewardship). 	
	 Executive team has been looking extensively at LoS over the last few months (corporate balanced scorecard, customer LoS, technical LoS). 	
What strategy is currently used to identify and prioritize levels of service?	 Developing asset management plans by finding LoS. This discussion is driven by long range financial planning and integrated resource planning. 	
	 Launching a customer portal in December, so having clear LoS will be key for communicating with customers and managing expectations. 	
	• Embedded within the culture of the utility and is embraced by all levels within the organization. There is top-down corporate support from executive and board.	
In what area is your utility leading?	• Strength of the corporate balanced scorecard is that it is a corporate tool developed with input from all staff, shared with all staff and tied to a corporate reward system when goals are achieved.	
	• Doing well at tracking against regulatory compliance.	
What is your utility's biggest challenge and what	• Struggle to identify and establish a customer LoS. Halifax Water does customer satisfaction surveys; however, the	

do you hope to learn from this group?	difficulty lies in really defining what the customer would like and reaching out to them in an effective manner.		
	 Identifying meaningful tactical LoS and the appropriate metrics that can effectively measure what they are doing. 		
City of O	ttawa: Water I Wastewater I Stormwater		
	(Service Area: 934,243)		
Michael Lewis, Program Man	ager, Capital Planning and Strategic Asset Management		
	• 3 LoS defined in the City's Strategic Asset Management Plan:		
How does your	 customer: the level of service that the organization commits to provide for the customer. 		
municipality/utility define levels of service (LoS)?	 asset: the established level of service that the asset is expected to provide. 		
	 corporate: The key corporate performance expectations, based upon core values and mission statements. 		
What strategy is currently used to identify and prioritize levels of service?	• Looking at current levels of service right now. O.Reg.588/17, the provincial regulatory requirement, has provided a due date of July 2021 for all Ontario municipalities to develop an AMP for core assets (water, wastewater, stormwater, roads and bridges). Remaining asset portfolio is due July 2023. Target LoS are due July 2024.		
	 Taking a service perspective with AMP – not just looking at it from a linear perspective but looking at the whole service. 		
In what area is your utility leading?	Overall asset maturity is good.		
	 Meeting the expectations of the customer is an ongoing challenge. 		
What is your utility's biggest challenge and what do you hope to learn from this group?	 Engaging in public consultation and getting feedback in a manner that is not only effective and valuable but is applicable to the AMP. Expecting push-back from the public and concerned with how to reconcile the fact that there may be some dissonance between what the customer wants and what council is pursuing. 		



	 Getting buy-in from council and committee on what AMP is and what it can do for the City. Establishing target LoS in future. 	
York Region: Water I Wastewater (Service Area: 1,109,909) Anna Hantzis, Senior Project Manager – Corporate Asset Management Michael Latimer, Policy Research and Initiatives Advisor – Corporate Asset Management		
How does your municipality/utility define levels of service (LoS)?	N/A	
What strategy is currently used to identify and prioritize levels of service?	• York Region has developed a 16-step LoS development worksheet/guide to engage customers in the development of LoS. This guide was influenced by O.Reg.588/17 and the IPWEA document 'Engaging Customers in the Development of Levels of Service'.	
	This 16-step document came out of a need for the Region to connect all the people in the organization and the work they are doing on a daily basis to meet legislation and regulatory requirements.	
In what area is your utility leading?	• Completed Corporate AMP in 2018, which met provincial O.Reg.588/17 requirements for core LoS 3 years ahead of deadline. The Corporate AMP aligns all service areas across the Region.	
	 The Region is now ahead of schedule in exploring frameworks for target/proposed LoS and the cost and sustainability of delivering services today and into tomorrow. 	
What is your utility's biggest challenge and what do you hope to learn from this group?	 Many factors influence and challenge the sustainability of LoS, including COVID-19, which introduces an unforeseen element that needs to be considered. 	
	• Difficult to define who customers are. As a tier-2 regional municipality, they have three different types of customers; internal, local municipalities, and residents, who can often have different and competing expectations.	
	 The different areas of York Region have different densities, which makes service delivery challenging when taking a regional approach. 	

	• Identifying the cost implication when committing to an LoS and ensuring the assets, equipment and sustaining efforts required to maintain a specific LoS are acknowledged and controlled for.	
City of Ha	milton: Water I Wastewater I Stormwater	
	(Service Area: 536, 917)	
Andrew Grice, Director		
How does your municipality/utility define levels of service (LoS)?	N/A	
What strategy is currently used to identify and prioritize levels of service?	• City of Hamilton is very data-rich. They have picked LoS targets, but they are mostly arbitrary and done in isolation, not as a broader team or in consultation with the public. They have done a lot of public surveys, but it seems that customers are content as long as water comes out of their tap and wastewater is taken away. This gives the impression that even customers aren't exactly sure of what they want or what they can realistically expect.	
In what area is your utility leading?	 They have access to a lot of great data. Looking for strategies to better use this data to inform LoS. Very strong in asset management on the linear side. 	
What is your utility's biggest challenge and what do you hope to learn from this group?	 Struggle to get council buy-in in determining what LoS they can expect as a city and for the customers. Capital investment rate as part of overall asset value is behind; however, this isn't a priority for customers or council, so it's hard to push this priority forward. The City of Hamilton is interested to hear from other municipalities that are further ahead in terms of investments and getting council buy-in for proper investment (e.g. investment in staff, maintenance, capital investment program). Struggle with vertical asset management and how to approach this. 	

City of Kitchener: Water I Wastewater I Stormwater		
Pullam Director Capitany 8, 9	(Service Area: 233, 220)	
Bu Lam, Director Sanitary & S	enance and Operations for the Sanitary and Stormwater Utilities	
	Management and Business Solutions	
Jason Willter, Director Asset		
	• Levels of Service are broken down into corporate, customer,	
How does your	and technical LoS.	
municipality/utility define levels of service (LoS)?	• Started off looking at corporate and technical LoS to ensure the framework meets business objectives and sustainability/resiliency expectations.	
	Strong focus on climate adaptation and reduction of climate mitigation barriers.	
What strategy is currently used to identify and prioritize levels of service?	 Use data collected from operations and maintenance to determine whether to maintain existing condition of asset or look to better the asset (e.g. preventative maintenance, replacement, standard maintenance). Strategically examine how/if current operational abilities can be tweaked to ensure short, medium, and long term effectiveness. 	
In what area is your utility leading?	Asset management and data.	
What is your utility's biggest challenge and what do you hope to learn from this group?	 City of Kitchener is one of the fastest growing communities in Canada, so they are experiencing the pressure of growth combined with aging infrastructure, regulatory pressures and corporate initiatives that influence stormwater and sanitation services – all of which highlight the limitation on resources. They are being asked to do more with fewer resources. Looking to share knowledge/resources on further developing and identifying appropriate levels of service that satisfy the public requirement/needs, while still garnering council support. 	

City of Thunder Bay: Water I Wastewater I Stormwater

(Service Area: 107, 910)

Michelle Warywoda, Director of Environment, Infrastructure and Operations Lindsay Menard, Process Engineer

How does your municipality/utility define levels of service (LoS)?
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 For the City of Thunder Bay, the levels of service for water and wastewater is very basic. The focus for water is on water quality (ie. BWAs, PBWAs and Do not drink orders) and fire protection (ie. fire flow coverage) and effluent quality (ie. meeting regulatory compliance objectives and targets) and CSO monitoring for wastewater.

What strategy is currently used to identify and prioritize levels of service?

• As part of the development of the City's asset management plan to meet the criteria in the new O. Reg. 588/17 the levels of service are being defined and have been kept at a very high level. The city tracks many other LOS through benchmarking initiatives (ie, MBN, NWWBI) - we have lots of data to work with, but have not defined the next tier of the LOS we want to communicate to council/public. We are hoping to learn how to move our LOS forward from this sharing group.

In what area is your utility leading?

- The City of Thunder Bay has financial plans in place to ensure the sustainability of wastewater systems. This plan is a provincial requirement for drinking water, but Thunder Bay has done this for wastewater as well.
- To support these financial plans, the City has completed 20year capital asset planning for vertical and linear assets, which they re-visit every 5 years.

What is your utility's biggest challenge and what do you hope to learn from this group?

• Defining customer levels of service is a challenge. Overall customer feedback is positive, but the City of Thunder Bay would like to drill down to identify what other things customers would like to see.

EPCOR Services: Water I Wastewater I Stormwater

(Service Area: 934, 546)

Susan Ancel, Director One Water Planning

Heather Zarski, Planning Specialist, One Water Planning

How does your municipality/utility define levels of service (LoS)?

• Utility operates as an independent entity under a performance-based rates (PBR) process. Performance measures and targets are set by EPCOR over a 5-year rate filing

	process. Penalties are paid if the utility does not hit these targets and performance standards.	
	• The performance-based standards and performance measures go hand-in-hand with LoS (reliability, water quality, customer satisfaction, financial sustainability).	
What strategy is currently used to identify and prioritize levels of service?	 Integrated Resource Planning (IRP) approach is used as opposed to traditional Asset Management Planning approach – the benefit of this is that it is not just about the health of the asset, it pulls in important information about the customer and operations perspective. Water IRP goes to council next week – focus is on reliability and resilience. This will help EPCOR deal with aging infrastructure, growth, and adapting to climate change. EPCOR has developed a lot of PBR and KPI metrics for how to develop and maintain infrastructure Currently building sanitary IRP. 	
In what area is your utility leading?	 Just completed a Stormwater Integrated Resource Plan. EPCOR's approach to stormwater is changing the conversation in defining what levels of service means for stormwater. The utility is starting to approach stormwater design and solutions based on the risk level that the customer faces. Moving ahead with crossing the public/private divide with respect to flood-proofing and challenging the paradigms that 	
	typically stop this kind of planning from progressing.	
	 Would like to see a Canadian-focused version of <u>OfWat</u> in the U.K who has made some great progress on developing performance measures. 	
What is your utility's biggest challenge and what do you hope to learn from this group?	 Guidance for reliability and resilience is missing as part of their IRP and it is something EPCOR is interested in exploring with other municipalities in this group. 	

City of Calgary: Water I Wastewater I Stormwater		
(Service Area: 1, 488, 841) Shannon Abbott, Manager, Customer and Strategic Services, Water Resources		
Meaghan McClurg, Program I		
How does your	N/A	
municipality/utility define levels of service (LoS)?		
reversion service (200).		
	 City of Calgary has a 5-year program/roadmap. They are currently exploring areas related to maturity of LoS: where they are now, where they want to get to and what it looks like. They are paying close attention to the mindset and behaviour of people at the utility and how this changes year-over year. Have attempted levels of service in the past and have been unsuccessful because it was treated as a technical exercise. This time, they are trying to do things differently and embrace LoS as a customer-centric "business change" initiative and levels of services being a commitment to customers. The fact that it is led by the customer and strategic services department has helped to position it differently. 	
What strategy is currently used to identify and prioritize levels of service?	• Learning a lot as they go and are taking it slow by picking one measure for each line of service (water, wastewater, stormwater) and piloting this measure (as opposed to picking a number of different measures and implanting them all simultaneously). They are adopting a change initiative and want to be able to demonstrate to the utility what this organizational change looks and feels like really about focusing on a change initiative and bringing the whole organization along on the journey.	
	 Have a business plan and budget for 2019-2022 and have identified five customer levels of service for each service line, each with critical success factors. 	
	• Trying to bring all the different departments together to paint a picture of what levels of service within the organization as a whole looks like.	
In what area is your utility leading?	Customer engagement. Have a roadmap of building towards a future where the utility works with the customers instead of	

	for them. Hoping this will drive change and create a more customer-centric mentality.		
What is your utility's biggest challenge and what do you hope to learn from this group?	Not as performance-driven as they'd like (performance measures, baseline measures, how to create a story for staff to see how work contributes to outcomes for customers. Would like to learn more from others in the group.		
City of Vancouver: Wastewater Distribution/Collection I Stormwater (Service Area: 631, 486) Andrea Becker, Manager, Drinking Water Brandon Hilldebrandt, Asset Manager Sushmitha Karunakaran, Civil Engineer I			
How does your municipality/utility define levels of service (LoS)?	N/A		
What strategy is currently used to identify and prioritize levels of service?	 Have used technical and customer levels of service concepts in the past with varying levels of success. Currently focusing on trying to define customer levels of service measures that are more relatable to customers so they can get more valuable feedback pertaining to what the customer expectations are so they can prioritize what customers value then tying it back to technical LoS. Trying to use this to make better decisions so they can speak to council to determine how to improve customer experience and what the cost will be. 		
In what area is your utility leading?	 Data and metrics. Engineering department is engaging in development of departmental Asset Management strategy. They are working together across asset groups to dive deeper into LoS. Drinking water utilities across Metro Vancouver Region have initiated a LoS initiative under a common set of LoS measures. This is to ensure that when collaboration across departments occurs, everyone is on the same page and common language is being used. 		
What is your utility's biggest challenge and what	Challenge is making the connection with customer levels of service and how it is incorporated into decision-making and		

do you hope to learn from this group?	investment planning getting appropriate feedback from public.	
	 Once customer LoS are set, how to communicate this in an effective way to the customer to get feedback to better set targets. Targets right now are a bit arbitrary. Incorporating equity and resilience to setting LoS targets. 	

Part 3: Wrap-up and Discussion of Topics of Priority

Participants discussed interest in the following areas moving forward:

- Fully exploring the process of developing customer levels of service (LoS) is a top priority
 for discussion among participating municipalities. This includes all forms of customers –
 developers, businesses, municipal customers and residential customers.
- Moving away from setting arbitrary LoS standards, which can be costly, and instead diving
 deeper into understanding how to develop an appropriate level of service including key
 considerations for a municipality's local context.
- Frameworks for defining LoS How frameworks, including KPIs and benchmarks, are used with staff to drive performance and what evaluation methods and standards they are compared against.
- Many municipalities have a wealth of data; however, strategies for sifting through everything to find the meaningful data required to inform and support decisions around framing levels of service. Specifically looking at: how data is being collected and what data base is it being stored in.
- Financing Levels of Service: Finding tools to create a business case for investing in levels of service in order to generate buy-in among council and the public. Maintaining or increasing levels of service may exceed budgets by significant amounts, which will be difficult to accept if the messaging is not right. How can we present the need for maintaining, scaling-up or clawing back levels of service while simultaneously justifying the financial/funding expenditures?

Attendees

Name	Title	Municipality/Utility
Shannon Abbot	Water Utility Manager	City of Calgary
Meaghan McClurg	Program Lead (Service Levels)	City of Calgary
Andrew Grice	Director, Hamilton Water	City of Hamilton
Jason Winter	Director, Asset Management and Business Solutions	City of Kitchener
Bu Lam	Director, Sanitary & Stormwater Utilities	City of Kitchener
Leah Walter	Manager, Maintenance and Operations for the Sanitary and Stormwater Utilities	City of Kitchener
Michael Lewis	Program Manager, Capital Planning and Strategic Asset Management	City of Ottawa
Michelle Warywoda	Director – Environment, Infrastructure and Operations	City of Thunder Bay
Kerri Marshall	General Manager, Infrastructure and Operations	City of Thunder Bay
Lindsay Menard	Process Engineer	City of Thunder Bay
Andrea Becker	Manager, Drinking Water	City of Vancouver
Sushmitha Karunakaran	Civil Engineer I (EIT)	City of Vancouver
Paul Hilldebrandt	Asset Manager	City of Vancouver
Carl Yates	CWN Board Chair	CWN
Susan Ancel	Director One Water Planning	EPCOR
Heather Zarski	Planning Specialist	EPCOR
Jamie Hannam	Director, Engineering & Information Services	Halifax Water
Cathie O'Toole	General Manager	Halifax Water
Michael Latimer	Research and Initiatives Advisor, Corporate Asset Management	York Region
Anna Hantzis	Senior Project Manager, Corporate Asset Management	York Region