



**Washington Suburban
Sanitary Commission**

WSSC Annual Strategic Performance Report FY 2012

Message from the General Manager/Chief Executive Officer

In 2012, the Washington Suburban Sanitary Commission (WSSC) produced its first Annual Strategic Performance Report for the 2011 fiscal year. As before, the report is designed to communicate to our customers in a transparent and forthright manner, WSSC's yearly progress including our successes and areas for improvement.

WSSC faces ever-increasing challenges as we strive to provide our high-quality product to our customers in an environment that is changing, resource-constrained and requires that WSSC continue to re-examine the way we do business.

In that context, WSSC remains committed to being the world class provider of safe, reliable water and wastewater services that protect the health, safety and quality of life for our community. We know that achieving that vision takes dedication, hard work and maintaining focus on the eight strategic priorities established by WSSC's Commissioners.

As we review our business practices and improve our work processes, we continue to move forward in a customer-oriented, environmentally-conscious manner. Ensuring that we continue to provide the best water and wastewater services to our community also requires that we do so at the lowest cost and most reasonable rates allowing us to continue to maintain and improve our delivery and collection systems.

WSSC's customers were fortunate to experience a mild winter in FY 2012. The weather conditions, combined with our employees' hard work, allowed us to achieve a great accomplishment – exceeding our goals for the replacement and/or rehabilitation of a portion of our aging infrastructure while experiencing a reduction in water main breaks and leaks.

While we performed really well by exceeding our infrastructure targets, we experienced ups and downs with some of our customer service goals, especially in our Call Center. By adjusting work schedules and through creative staffing solutions along with a great effort by our managerial and Call Center staff, we continue to make improvements in customer service. In fact, as of this writing, we are seeing substantial improvements in our Call Center measures in FY 2013.

I hope this FY 2012 Annual Performance Report helps you learn more about WSSC's priorities and the improvements we are making to provide even more effective and efficient service to our community. We welcome your feedback.

Jerry N. Johnson
General Manager/CEO

Performance Legend

- Positive Performance
- Mixed results
- Improvement Needed

WSSC's Overall FY 2012 Performance Summary

Shown below are our eight Strategic Priorities with an indicator summarizing overall FY 2012 performance. Throughout the report you will see examples of the performance objectives and outcomes which were measured in FY 2012. Our performance against individual objectives and measures varied. Not all are presented in this report.





- Infrastructure
- Workforce Management
- Customer Service
- Communications
- Financial Stability
- Procurement
- Security and Safety
- Environmental Stewardship

FINANCIAL STABILITY

Practice sound financial stewardship that ensures delivery of the best quality water and wastewater treatment services to our customers at reasonable cost with affordable rates.

Strategies/Initiatives:

The Bi-County Working Group formed in FY 2011 completed its work in FY 2012 by providing recommendations and identifying strategies that WSSC can employ to reduce the impact of future debt issuance on projected rate increases. We are also proud to have maintained our AAA bond rating thus assuring our community of a low cost of capital.

FINANCIAL STABILITY	FY11	FY12	RESULTS
Financial Management Maintain AAA bond rating.			In FY 2012, we maintained our AAA Bond Rating, a positive indicator of WSSC's overall financial health.
Improve revenue and expenditure forecasting ratios.			In FY 2012, our actual revenues were 5% lower than our projections; however, our overall expenses were 10% lower than projected.

INFRASTRUCTURE

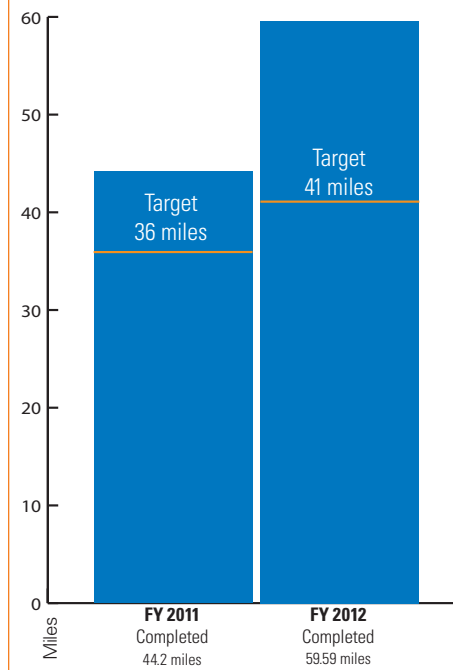
Plan, renew and sustain our infrastructure to meet customer expectations through innovative, cost-effective technology and world class asset management practices.

Strategies/Initiatives:

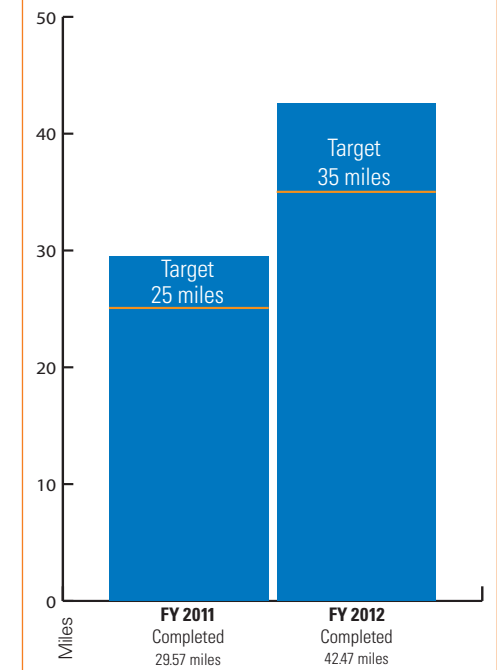
A mild winter contributed to our ability to exceed water and sewer infrastructure replacement/rehabilitation targets. WSSC is aggressively implementing our Asset Management Program and has developed a number of Asset Management Plans that are now in use and serve as models for developing other plans. The Asset Management Plans are a critical tool for making even better investment decisions that sustain long-term service delivery.

INFRASTRUCTURE	FY11	FY12	RESULTS
Water Operations			
Increase the number of water main miles reconstructed.	🟢	🟢	We exceeded our FY 2012 target of 41 miles by 45% completing 59.59 miles of water main.
Reduce the number of water main breaks and leaks per 100 miles of pipeline.	🟢	🟢	We bettered our FY 2012 goal of no more than 36 water main breaks and leaks per 100 miles of pipe by 29%. There were 25.49 water main breaks and leaks per 100 miles of pipeline.
Wastewater Operations			
Increase the number of sewer miles reconstructed or rehabilitated.	🟢	🟢	We exceeded our FY 2012 target of 35 miles of sewer line reconstructed or rehabilitated by 21% completing 42.47 miles of sewer.
Reduce the number of Sewer System Overflows (SSOs) per 100 miles of pipeline.	🟢	🟡	We just missed, by 3%, our FY 2012 annual goal of incurring no more than 3 SSOs per 100 miles of pipeline by experiencing 3.09 SSOs per 100 miles.
Reduce the number of basement backups per 100 miles of pipeline.	🔴	🔴	Although there was some improvement, we missed our FY 2012 annual target of 16 Basement Backups per 100 miles of pipeline by 5%. There were 16.81 backups per 100 miles as compared to the 18.61 backups last fiscal year.
IT Operations			
Increase IT system reliability.	🟡	🟢	In FY 2012, we maintained and improved our IT infrastructure through system upgrades and timely completion of key projects, resulting in better customer service to both ratepayers and our internal business units.

Water Main Mileage Reconstructed



Sewer Main Reconstructed Rehabilitated



SECURITY AND SAFETY

Protect our people, our business, and our community through proactive planning, emergency preparedness and utilization of effective risk management.

Strategies/Initiatives:

We are in the process of updating our Vulnerability Assessment (VA) to make sure we are protecting our facilities and distribution system from natural or man-made disasters. We have stepped up our training efforts to reduce the incidence of injuries to employees, most of which are the result of slips, trips, or falls. We are aggressively pursuing driver training and education to decrease preventable vehicular accidents which negatively impact employee health and safety.











SECURITY AND SAFETY	FY11	FY12	RESULTS
Employee and Public Safety			
Improve employee health and safety.	🟢	🟡	Employee preventable accidents increased from 106 in FY 2011 to 112 in FY 2012 – an increase of 6%.

PROCUREMENT

Ensure operational efficiency and reliable service to customers and all stakeholders through transparent, equitable, and responsible procurement practices which enhance the community we serve.

Strategies/Initiatives:

In FY 2012, we continued implementation of the new MBE and SLBE Programs to ensure that all segments of our supplier community have a genuine opportunity to participate in WSSC funded contracts. Commissioners approved in FY 2013 new procurement regulations to improve our procurement process. We are initiating a complete transformation of our organization's supply chain designed to drive down WSSC's costs of doing business. We have also developed and implemented a smart phone application that allows suppliers to receive notice of WSSC solicitations for all of our contracting needs.

PROCUREMENT	FY11	FY12	RESULTS
Procurement and SLMBE Improve Minority Business Enterprise (MBE) Payments Percentage.			In FY 2012, the Commission spent \$102.3 million (28%) in total contract payments with MBE firms as compared to \$66.9 million (27%) in FY 2011. The FY 2012 level of spending was \$35.4 million more than FY 2011.
Improve Minority Business Enterprise (MBE) Awards Percentage.			In FY 2012, the Commission awarded \$129 million (18%) to MBE/WBE firms as opposed to \$133 million (29%) in FY 2011. WSSC's total contract award dollars of \$703 million increased in comparison to the \$427.5 million total contract award dollars for FY 2011.
Improve procurement process cycle time and enhance procurement practices.			In FY 2012, we prepared and finalized WSSC Procurement Regulations to reflect best in class processes. We also continued employee training sessions (16) for WSSC staff, completed Contract Compliance Review Sessions (14) and conducted four education/outreach sessions that attracted over 335 new suppliers to WSSC.
Increase new registrants in WSSC's Centralized Bidders Registration System (CBR).			In FY 2012, we exceeded our target of 336 new registrants in the Centralized Bidders Registration (CBR) System by 1,200 or 456%.
Increase new Minority Business Enterprise (SLMBE) registrants.			In FY 2012, we exceeded our target of 192 new SLMBE registrants by 32 or 17%.

MBE Spending









FY 2011 Total WSSC Spend: \$249.2 million
 MBE Spend: \$66.9 million or 27%
 FY 2012 Total WSSC Spend: \$365.7 million
 MBE Spend: \$102.3 million or 28%

CUSTOMER SERVICE

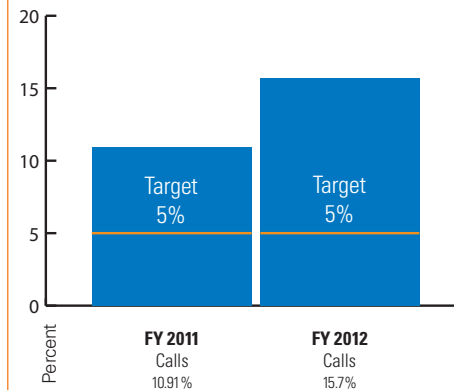
Ensure customer confidence through the delivery of timely, high-quality products and services to internal and external customers.

Strategies/Initiatives:

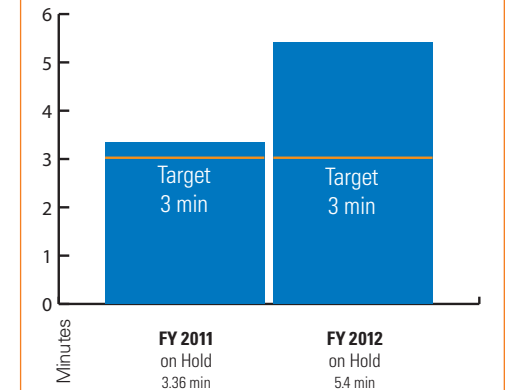
We revisited our staffing schedules at our Customer Call Center and implemented an Interactive Voice Response System (IVR) to improve customer service. Our smart phone application allows customers to pay their bill from their smart phone and report emergencies to us for follow up action. The application also notifies suppliers of our contracting needs.

CUSTOMER SERVICE	FY11	FY12	RESULTS
Customer Relations and Customer Satisfaction Maintain high quality drinking water standards.			In FY 2012, our water filtration plants met or exceeded federal and state Safe Drinking Water Act requirements 100% of the time.
Improve the abandoned call rate in our Call Center (callers that disconnect before speaking with a customer service agent in our Call Center).			In FY 2012, our monthly average abandoned call rate was 15.7%, exceeding our goal of 5%. We are seeing a significant reduction to the abandoned call percentage in FY 2013.
Improve our customers' "wait time" in Queue in our Call Center.			In FY 2012, the length of time a caller was on hold before speaking to a representative averaged 5.4 minutes, exceeding our goal of 3 minutes. It took nearly twice the amount of time as targeted to answer our phones.
Improve our customers' "wait time" in the Bill Pay Queue in our Call Center.			In FY 2012, our wait time in our Call Center Bill Pay Queue averaged 42 seconds. This performance was better than our goal of 60 seconds by 30%.

Abandoned Call Rate



Wait Time in Call Center







COMMUNICATIONS AND STAKEHOLDER RELATIONSHIPS

Proactively communicate and maintain strategic partnerships and community relationships with key stakeholders and jurisdictions in support of our mission.

Strategies/Initiatives:

We completed our Customer Survey and have begun implementing many of the recommendations of the survey. We are developing new messaging techniques/tools to improve our communications with our community. Our new messaging efforts have resulted in a more up-to-date website with more timely information for our customers. We are moving forward with the development and operations of a Water Quality Unit and we are developing a new on-line tool to communicate to our community the WSSC work that is taking place in neighborhoods.





COMMUNICATIONS AND STAKEHOLDER RELATIONSHIPS	FY11	FY12	RESULTS
Customer Communication and Stakeholder Relationships Increase effectiveness of communications with customers.			We completed a Customer Survey in FY 2012. One result is our change to adjusting the design and content of our public communications and/or tools, and informing stakeholders of work taking place in neighborhoods.
Increase involvement and partnering in our community.			We increased involvement and partnering, promoting WSSC involvement and opportunities in business, the community and environmental education, by conducting 228 outreach events in FY 2012 – 30% more than our 176 events in FY 2011.

ENVIRONMENTAL STEWARDSHIP

Promote safe and responsible stewardship of our water, air, and land using efficient and effective business practices and technology.

Strategies/Initiatives:

We will finish up our waste stream audit in FY 2013 and receive recommendations on ways to reduce materials disposed of in landfills. In FY 2012, we initiated a study of our watershed to examine best management practices to preserve and improve this source of drinking water as well as develop long term management strategies to keep this vital resource properly maintained and secure. We are moving forward to increase the use of alternative energy sources such as solar power and anaerobic digestion which will help reduce dependence on fossil fuel generated power and help us reduce our carbon footprint.

ENVIRONMENTAL STEWARDSHIP	FY11	FY12	RESULTS
Land and Water Conservation and Restoration Maintain compliance at our wastewater treatment plants.			In FY 2012 we maintained 100% compliance with our effluent discharge permits at all of our seven wastewater treatment plants. All of our wastewater treatment plants received Platinum, Gold or Silver Peak Performance Awards for outstanding compliance records and environmental effort for calendar year 2011.
Energy and Natural Resource Conservation Increase use of alternative energy sources.			In FY 2012, 24.7% of our energy usage was from wind - short of our target of 33%. However, this translates into about 26,568 tons of CO2 reductions which are equivalent to removing approximately 4,276 passenger vehicles from the road for one year.





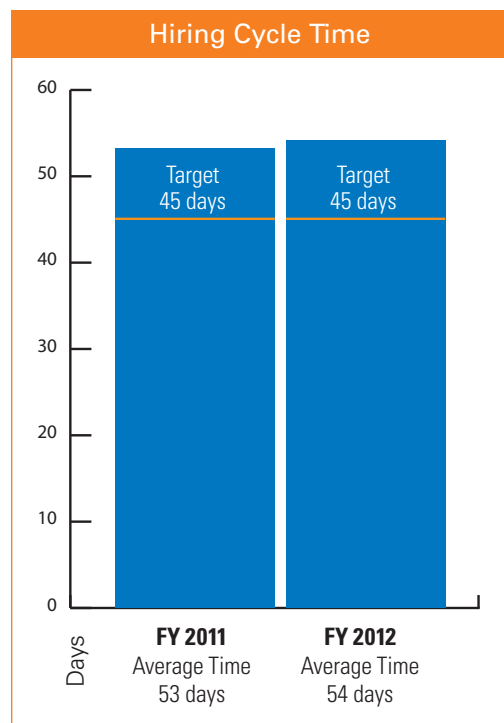
WORKFORCE MANAGEMENT

Sustain a high-performing workplace that attracts and retains diverse, flexible, and knowledgeable employees focused on service excellence.

Strategies/Initiatives:

We continue to address the challenge of an aging workforce, with 75% of our current workforce eligible for full or early retirement within the next five years. As a result of our Succession Program employees are in the development pipeline for several of our critical positions. We successfully implemented an enhanced summer internship program in FY 2012 by expanding the candidate pool and range of developmental experiences for college students. We expect this program to broaden young people's interest in environmental stewardship and attract them to careers with WSSC and the water industry. We concluded the development of a web-based applicant tracking tool scheduled for deployment early in FY 2013. The deployment of this tool is expected to improve WSSC's hiring cycle time. The establishment of a full service staffing group will also enhance our ability to source and fill vacancies more quickly resulting in reducing hiring cycle time.

WORKFORCE MANAGEMENT	FY11	FY12	RESULTS
Our People and Our Workplace Improve WSSC hiring cycle time.			In FY 2012, the average time to recruit and hire new talent was 54 workdays. This average cycle time of 54 workdays is 20% longer than our targeted 45 workdays.



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