



STRATEGIC PLAN



NEWELL REGIONAL
SERVICES CORPORATION

2016-2021



Dear fellow shareholders

Sometime close to the turn of the century, a dream was conceived by some municipal elected and staff members in the County of Newell region that a common potable water utility was the way to go for the future. A combination of factors including age or failure of existing systems, local officials with foresight, financial prudence and willingness to cooperate as well as provincial officials with the same vision coupled with the available dollars, led to the formation of Newell Regional Services Corporation. By 2016 all the municipalities within the region, including most rural residents, having or soon to have the ability to access water from a regional plant. Most of the dream was becoming reality. It is an ideal time to evaluate the past and present but more importantly to plan for the future. A great time to communicate between all stakeholder municipalities, staff and board members, their views, perceptions and possibilities for future stability as well as growth of NRSC. Hence before you, with the able assistance of our facilitator Tracey Polowich, is our Strategic Plan.

“A true concrete example of regional/provincial cooperation.”

Clarence Amulung
CHAIRMAN

Board of Directors

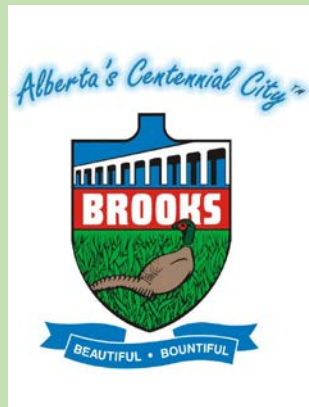
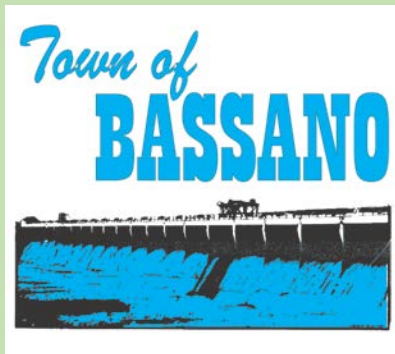
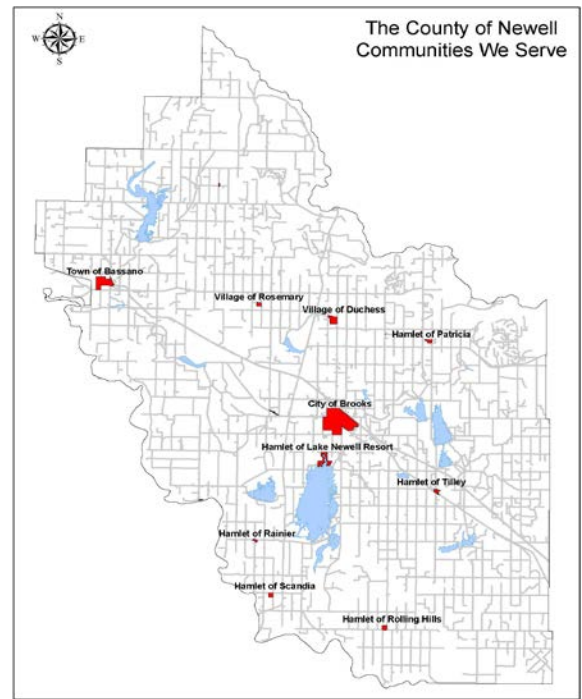


newell
REGIONAL SERVICES CORP.



Back Row L-R: Brian de Jong, Darren Drader, Dan Klein
Front Row L-R: Kevin Jones, Bill Prentice, Don Gibb, Clarence Amulung

Our municipal partners



COUNTY OF
NEWELL



VISION STATEMENT

To guide the organization into the future, the Board has developed a vision statement which includes the organization's vision, mission and core value statements.

Vision

Through regional collaboration and performance, Newell Regional Services Corporation is a well-managed utility service provider instilling the confidence of our stakeholders. We will be receptive to opportunities presented where our strengths can be utilized.

Mission

Recognizing the value of our precious natural, human and financial resources, the Corporation will exceed regulatory requirements in providing affordable and sustainable utility services to our stakeholders.

Core Values

- ❖ ***Providing quality products***
- ❖ ***Achieving excellence in service provision***
- ❖ ***Developing positive relationships and municipal cooperation***
- ❖ ***Maintaining a safe working environment***
- ❖ ***Developing organizational resources***
- ❖ ***Communicating respectfully with stakeholders for mutual benefit***
- ❖ ***Exercising responsible stewardship of our natural resources***

About our great company

Building on our strong foundation, we are about to embark on a new phase consisting of managing the assets, improving and maintaining cooperation and communication with Shareholders, developing policies and procedures that align strategic directions, and budgeting for the provision of resources to meet planned capacity and regulatory upgrades.



Newell Regional Services Corporation came into existence in December of 2008. The Corporation itself did not have a history that it could build from, rather; had an open book that could be written. The ideals of the Corporation were founded in the early planning stages of a regional water system that resulted from such issues as asset management, environmental and public health compliance to standards and upgrading of existing facilities. A will to consolidate resources with one focus became evident and was supported by member municipalities and the Provincial Government. Financial resources were granted, detailed designs of facilities and transmission mains were implemented, and a 5 year business plan was developed and approved.

Now that construction of a \$55 million pipeline network and water treatment plant facility which provides treated water to the Newell region is complete, the purpose for NRSC will shift to functioning as an operational utility. That is, rather than approving the acquisition of resources and overseeing the construction of the project, the organization will engage in more ongoing operational activities such as policy development, budgeting, risk management, allocation of resources, rate-setting and efficient and effective management of the water utility on behalf of its members.

This change in focus presented a tremendous opportunity for NRSC to plan strategically and ensure the organization transitions effectively to its new role. Recognizing this opportune position, the General Manager took a proactive approach to complete the strategic planning process with the Board and senior management team.

Strategic planning is the combination of two distinctive, yet related concepts- strategy and planning.

Strategy is defined as a set of actions aimed at gaining an advantage or improving position. *Planning* is the process of making decisions concerning the allocation of resources. Therefore, **strategic planning** is a process that establishes priorities and allocates scarce resources in order to improve the Corporation's overall performance and function as an effective utility.

“Our success is a true measure of our most valuable asset of all – people.”

Interesting facts:

32,000m³/day

Water treatment plant capacity

170.32kms

Length of pipelines throughout County

170/week

Water samples and quality testing

96%

Water treatment plant efficiency

6,000km²

Area covered

40,000kms/year

Distanced traveled by operators



Key challenges and opportunities

The following were identified as the key challenges and opportunities the organization will face over the next few years:

- ❖ The NRSC Board is comprised of elected officials appointed by the respective municipal members and can potentially change every four years with the municipal election process. Thus, a solid strategy which incorporates priorities guiding management is fundamental for continuity and sustainability.
- ❖ NRSC is now a steward of a multi-million dollar utility; asset management needs to be considered carefully going forward.
- ❖ Operational efficiency will be vital in ensuring solid financial stewardship and maintaining reasonable utility rates for consumers.
- ❖ The General Manager has plans for retirement in March 2018. Utility Operators require specialized certification. Human resources contribute significantly to the success of NRSC. For all these reasons, recruitment, performance management and succession planning are essential in this key management area.
- ❖ Community engagement and communication have been, and will continue to be, critical – ensuring consumers are educated, involved and informed – to secure trust and confidence in NRSC as the region's utility provider.



Approach

The consultant approached this engagement with an open and objective view, using Thomas E. Plant's *Strategic Planning for Municipalities*¹ publication as a guide. This holistic strategic planning process involves specific inputs – environmental scan, staff/citizen participation, key stakeholder analysis, and outcome measures - processed into outputs – strategic vision statement and strategic priorities.

To this end, the following activities were conducted during the Inputs stage:

- General review of organizational information and relevant industry sector research
- Conduct municipal sustainability assessment with senior administrative staff of NRSC
- Individual interviews with each NRSC employee
- Confidential employee survey submitted by each NRSC employee
- Individual interviews with each NRSC Board member
- Letter to each municipal council requesting input on specific questions and general feedback on the direction for NRSC (Responses were received from County of Newell and Village of Rosemary)
- In-person meetings with each municipal administrator and representative staff (County of Newell declined this opportunity but prepared a comprehensive response to the written request)
- Key Stakeholder Analysis was conducted with the senior administrative staff of NRSC
- SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis was conducted with the senior administrative staff of NRSC
- Annual General Meeting was attended by Consultant



¹ Plant, Thomas E., *Strategic Planning for Municipalities*, Canada, Municipal World Inc., 2008

Key findings

The Key Findings summarized in this section are based on the nine Key Management Areas identified in the Organizational Excellence Framework (see graphic below) and management practices common to high performing organizations around the world.

Using the Organizational Excellence Framework as the foundation, the key findings resulting from the information gathering and environmental scan phase of this project have been sorted into nine key management areas. The Organizational Excellence Framework is a platform for long-term organizational success that integrates the best of global quality management system frameworks.

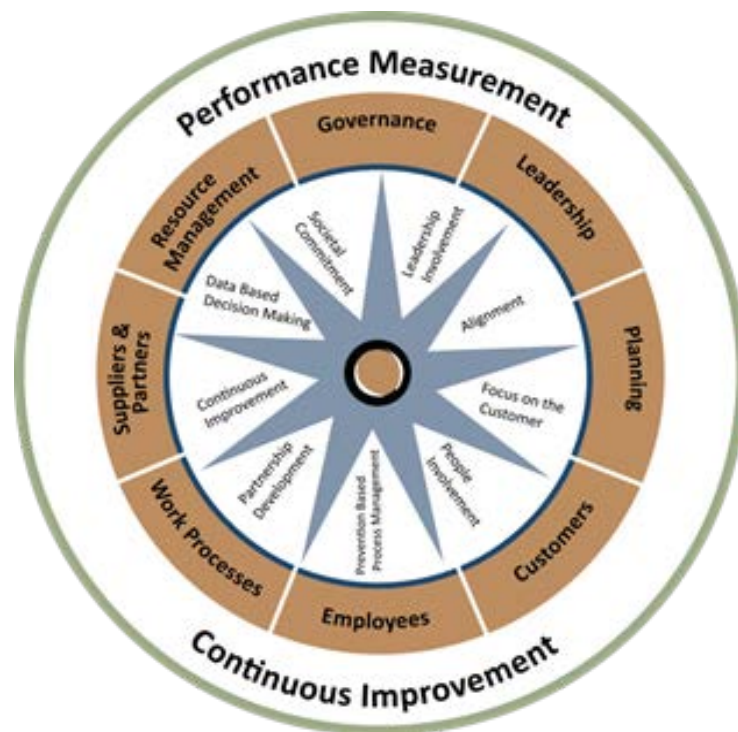
The Principles and Key Management Areas shown in the graphic cover all aspects of the organization, and over 20 years of research has validated the positive relationship between implementing best management practices in these areas and improving organizational performance.

The principles (inner circle) indicate the extent to which a culture of excellence exists within the organization. A preliminary assessment of the principles was conducted by the General Manager and the results were relatively good in all principle areas. One principle where gaps were identified was with Data Based Decision Making. This principle involves making decisions based on performance measurement findings. As the organization moves forward with a greater focus on operational activities, there will be a greater opportunity to establish performance measures and use this foundation for good business decision making.

Each Key Management Area (middle ring) is comprised of a collection of best management practices. It is these practices which were considered when conducting the environmental scan and preliminary information gathering with the organization.

While this approach not only identifies the strengths of the organization and the gaps that currently exist, the OEF provides detailed implementation guidelines that support improvements in the desired key management areas. In addition, the organization will then have a benchmark on which to measure future development. By conducting a similar assessment of the organization at a future date (ie: one or two years from now), the organization will be able to quickly and easily demonstrate where improvements

have been experienced and where further attention may be required.



The Governance, Leadership, Planning, and Customers Key Management Areas show strength for NRSC, while the Key Management Areas of Suppliers & Partners, Employees, Work Processes, and Performance Measures were those identified with opportunities for improvement.

Several good ideas have been identified in each of the nine key management areas for NRSC to focus on as the organization moves to an ongoing utility business operation.

Our strategic priorities

By placing emphasis on the priorities below, the organization will be further establishing a solid business foundation on which to build. The development of philosophies based on input from each municipal partner and administration, setting rate structure based on these philosophies, formalizing key work processes, and developing strong human resource management and partner relationships will provide a sustainable model with continuity through council terms. The Board is open to considering new business opportunities which leverage the strengths of NRSC and meet criteria for return on investment and align with the vision of the organization.

The ideas which will have the most significant impact strategically and those which most effectively address the issues cited at the onset of the engagement are:

- ❖ ***developing a closer relationship with the municipal partners***
- ❖ ***ensuring solid succession plans are in place for the key personnel planning to retire within the next 5 years***
- ❖ ***gaining consensus on philosophies for asset management and full cost accounting and incorporating these philosophies into the rate structure and long term restricted surplus strategies***
- ❖ ***tightening the design and documentation of key work processes and establishing performance measures which align with the strategic direction and drive efficiency and effectiveness***
- ❖ ***completing the emergency management plan, specifically addressing the risk of service interruption***
- ❖ ***establishing communication practices that promotes the sharing of relevant information with key stakeholders and encourages involvement of the key stakeholders to achieve overall organizational goals and objectives***
- ❖ ***considering new business opportunities***

Outcome measures

Newell Regional Services Corporation will measure the success of implementation of their strategic plan by reviewing specific outcome measures on a regular basis. Following are the measures the Board will review for each of the strategic priorities:

1. *Develop a closer relationship with the municipal partners*

- Compliance with legislated standards (quality of product)
- Municipal partner satisfaction
 - Mutually agreed upon communication expectations
 - (ie: notification of relevant events; service impact)
 - Regular meetings (annual/bi-annual/quarterly)
 - Mutually agreed upon performance measures (ie: financial, response to customers, safety record, service activity records, rate stability, risk management)
 - Development of an issue resolution process

2. *Ensure solid succession plans are in place for the key personnel planning to retire within the next 5 years*

- Development of succession plan (each position)
- Development of transition plan and timeline (GM position; including training requirements)
- Retention measures

3. *Gain consensus on philosophies for asset management and full cost accounting and incorporate these philosophies into the rate structure and long term restricted surplus strategies*

- Complete implementation of asset management system
- Decide on assumptions to be adopted for full cost accounting
- Positive cashflow and/or debt management plan (could implement debt to equity ratio)
- Actual asset maintenance and replacement compared to forecast

4. *Tighten the design and documentation of key work processes and establish performance measures which align with the strategic direction and drive efficiency and effectiveness*

- Create documentation of key work processes
- Monitor key work processes (non-conformity, inefficiency)
- Review key work processes regularly



Outcome measures

continued

5. ***Complete the emergency management plan, specifically addressing the risk of service interruption***
 - Emergency management plan updated and in place
 - Understanding the role of NRSC and inter-relations with other stakeholders
 - Regular review and update of EMP
6. ***Establish communication practices that promote the sharing of relevant information, encourage involvement of the employees and the public to achieve overall organizational goals and objectives***
 - Develop communication policy
 - Monitor compliance to communication policy
7. ***Consider new business opportunities***
 - Presentation of business case for any new opportunity
 - Demonstration of benefits to the corporation/region
 - Potentially, other financial measures to evaluate opportunities



Summary

One of the keys to success for any organization is strategic business planning. At the critical transition from a construction-oriented mission to effectively managing the ongoing operations of a utility, the Board and Senior Management of Newell Regional Services Corporation has taken a long-term view of its goals and operations to establish an explicit vision, mission and core values which will guide the utility's objectives, measurement efforts, operations, and investments.

The strategic priorities identified and supported by the Board address one of the biggest barriers identified to attaining the vision – confidence and trust. The strategic priorities are designed to take advantage of the organization's strengths and opportunities and achievement of each priority will move the organization closer to its vision.

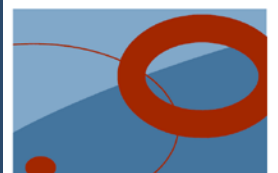
Newell Regional Services Corporation has clearly charted the path from today to the future and keeping a check on the outcome measures at annual, or more frequent intervals, will ensure the organization stays on track.



Newell Regional Services Corporation

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