



Meeting Date: January 30, 2024 **Agenda Type:** Action Items

From: Mark Steelman **Reviewed by:** David Hubbard
Chief Operations Officer Chief Administrative Officer

Submitted by: Mark Steelman **Approved by:** Ryan Kelso
Chief Operations Officer Chief Executive Officer

RECOMMENDED ACTION: Discuss and Consider Approval of the NBU Strategic Plan and Annual Priorities for Fiscal Year 2026 and Fiscal Year 2027

BACKGROUND

In August 2024, the New Braunfels Utilities (NBU) Board of Trustees approved the FY 2025 strategic plan. This plan included a performance measure weighting, with 70% assigned to strategic goals and 30% to annual priorities. Additionally, to achieve full performance measure payout, staff must meet 75% of the strategic goals and 100% of the annual priorities.

Since the board's approval of the 2025 plan, the strategic goals and annual priorities for FY 2026 and FY 2027 have been reevaluated along with changes to how their success is measured. First, we looked at more effectively focusing our team by reducing the number of annual priorities from nine in FY 2025 to four in FY 2026 and three in FY 2027. In addition to streamlining the number of annual priorities, we reviewed how goals and priorities are measured. Following the example of other entities in the utility industry, such as CPS, NBU is recommending the adoption of both leading and lagging indicators for each strategic goal.

A lagging indicator signals completion or success once a specific trigger is reached, either by the end of the fiscal year or at some point leading up to it. The problem with relying solely on lagging indicators, as we currently do, is that they are typically all-or-nothing measures, and we may not know a goal is at risk until it is too late to address it.

A leading indicator, on the other hand, sends an early signal about whether plans or projects are on or off track, giving us time to course-correct before it's too late.

By tracking both leading and lagging indicators, NBU will have clear finish lines for each goal, as well as "mile markers" along the way to ensure we're moving at the right pace to stay on track. These indicators will act as both early warning signs and confirmation points, enabling us to focus on both execution and progress.

To fully implement this approach, we recommend the board approving the updated performance measures for FY 2026 and FY 2027 to reflect the addition of leading indicators in addition the proposed payout

structure set in place in FY 2025. This shift will not only improve accountability but also provide the board with greater transparency and clarity on NBU's progress toward its strategic goals.

FINANCIAL IMPACT

None

LINK TO STRATEGIC PLAN

Customers and Community

People and Culture

Infrastructure and Technology

Financial Excellence

Safety and Security

Stewardship

EXHIBITS

1. Strategic Plan Updates Presentation