

**SPU Strategic Business Plan Customer Review Panel  
Draft Meeting Summary for January 13, 2014**

Attending:

<b>Panel Members:</b>			
Suzie Burke	✓	Tara Luckie	✓
Bruce Lorig	✓	Noel Miller	✓
Dave Layton	✓	Carl Pierce	✓
Laura Lippman	✓	Walter Reese	✓
David Gault	✓		
<b>Staff and Others<sup>1</sup>:</b>			
Nancy Ahern	✓	Meg Moorehead	✓
Martin Baker	✓	Karen Reed (facilitator)	✓
Melina Thung	✓	Diane Clausen	✓
Ray Hoffman	✓	Tim Croll	✓
Saroja Reddy	✓	Dave Hilmoe	✓
	✓		✓

**Review and Approval of Agenda.** No questions or comments on the January 13 agenda; *agenda approved.*

**Review and Approval of Meeting 16 Summary.** No questions or comments on the December 11 meeting summary; *meeting summary approved.*

**Panel Issue 1.** Martin described the three schedule options. Council believes Option 2 not feasible; Options 1 and 3 remain on the table. Will come back next time with a schedule proposal.

*Suggestions, observations, questions from Panel:*

**Comment:** SCLs got delayed; not good for Plan. Customers involved in outreach this year will want to see their comments inform the 2015 budget (developed in 2014).

**Comment:** Don't want to give up on Option 1 yet; should be able to come up with recommendations by the end of April. Then, SPU could submit Action Plans for which there is agreement, and get started in 2015.

**Q:** What about finishing in August? **A:** Needs to be July in order to give the Council sufficient time to address in advance of the budget process.

**Comment:** Councilmember Bagshaw is open to having monthly briefings in her committee on the SBP.

**Comment:** We've always been later than what we thought, how do we think we can accomplish Option 1, which allows for no margin of error? **Response:** Will assess over the next couple weeks;

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<sup>1</sup> Only those individuals sitting at the head table or give presentations to the Panel are included on this list. A number of other staff and consultants attended the meeting.

the more we can reach agreement on the major initiatives/efficiencies, the less likely we will lose momentum.

**Comments:** Some concern about Panel's time being wasted if the Plan is not adopted this year; Plan could sit on shelf and gather dust. Consider the 80-20 rule – get most of what you need done, and work from there. Can adopt the baseline, and proviso other stuff (e.g., initiatives and efficiencies).

The facilitator asked for a show of hands as to whether the Panel prefers to complete the plan in 2014 or 2015 – nearly all Panel members indicated their preference to complete the plan this year.

**Panel Issue 2.** Make sure that meeting materials are emailed out three days in advance. Also put years on all deliverables. **Response:** Will do.

**Debrief on Interim Outreach Discussion with Council.** SPU and Panel Chair and Vice Chair met with Councilmember Bagshaw last week; this morning, they briefed the Full Council at its regular briefings meeting regarding the Plan and the interim outreach. Overall, Councilmembers were engaged and asked many questions, including questions about the 4.7% baseline increase, and outreach to the elderly and disabled.

**Presentation & Discussion of Baseline Programmatic Reductions.** Martin and Ray kicked off the programmatic reductions discussion by describing the process SPU took – specifically, staff were asked to identify \$11M in O&M reductions; \$100M in capital reductions. This level of reduction lowers the average annual rate increase by 0.5%. Tier 1 reductions are easier to take; Tier 2 reductions are just a few items, the largest by far being the One Less Truck program. Tier 3 result in difficult service reductions and SPU is not recommending these.

Melina, Tim Croll, and Dave Hilmoie then described the programmatic reductions in more detail.

*Suggestions, observations, questions from Panel:*

**Request:** Would like to see Tier 3 cuts. **Response:** Will get these to the Panel.

**Comment:** Can save money by addressing water quality in more efficient ways. Makes such good sense.

**Q:** What would we be deferring with the water quality cut? **A:** For example, would defer fixing the very small CSOs in favor of stormwater projects that will improve water quality with each storm event.

**Comment:** Have concerns about reducing the non-mandatory habitat and fish passage improvements and water quality projects. How large of a reduction is this? **Response:** Not a cut below what we've actually been spending; instead a cut to what was budgeted. **Further Comment:** Still have concern on the table.

**Comment:** If regulatory leadership has changed, need to be ready to adjust as needed.

**Q:** What is the reduction in the rate of replacement plastic services? **A:** Will get that to you.

**Q:** Does the copper you are putting underground, is it coated? If not, when underground, may develop pinholes. **A:** Is not coated; will look into this.

**Comment:** Process seems backwards. Have a budget which we are cutting. Don't really know what the remaining budget is. Instead, start with what you need and set your budgets in this way.

**Further Comment:** Council faces this problem all the time. One way to address this is to look at CIP accomplishment rate. Another is to do what SPU has done, which is look at individual projects and adjust as needed.

**Comment:** Water main CIP cut may be too deep. **Response:** Very comfortable with this level of water main replacement through 2020. Also, compare our break rates (8 per mile) with others and with our historical break rate – so far, has been low and stable. When an individual pipe begins to break frequently, we replace.

**Comment:** If my neighbor asks me “what are they doing to lower the bill”? I would say very little. Except for One Less Truck, really nothing much got cut. Nothing is unreasonable; but not a super-painful exercise.

**Comment:** Would like to get this boiled down to 15 items (or so), so that it makes sense.

**Comment:** SPU is the expert; understand the utility is comfortable with these cuts. There needs to be more work on presentation (e.g., work on 3-4 localized flooding projects).

**Q:** What about Climate Change and flooding? **A:** Rain tends to fall in a certain way (drizzle) not high intensity, short duration storms – these overwhelm our system. Have an Action Plan to study this.

**Panel Discussion & Possible Recommendation: One Less Truck.** Noel suggested that the Panel discuss the One Less Truck Program by the Strategic Plan focus areas. Then, decide how this information should be communicated to Council.

#### Comments on Easy & Engaged Customer Experience.

- Great to have info from the pilot.
- Will *not* create easy and engaged customer experience.
- Concerns about odors in summer months. Concerns about raccoons, rats, etc.
- Concerns about service equity – underserved populations were the ones most affected in the pilot. Hard on families; they already have overflowing cans.
- Bill reduced by 10-11%, not commensurate with reduction in service.
- For customers who want to upsize can, will need to go through that process, and with an upsize will pay more – without any increase in the amount of waste they dispose.
- Will not see a rate reduction – rates will go up by less than they otherwise would.
- If you need to send someone out for an extra pickup, won't save on truck trips.
- End up with peak load problem? Is there a contingency plan for that? Now, if you put out excess garbage you pay \$10 for the extra. Maybe consider giving a few freebie extras to customers.
- Probably an evolution. People will adjust. Other major jurisdictions in the area do this already.

- Supportive of Strategic Objective Easy & Engaged Customer Experience? Absent a mitigation program, majority of Panel says this will not support an easy & engaged customer experience. (8 voted the program not supportive; 1 voted the program supportive)

Comments on Transform the Workforce: No effect on this.

Comments on Protect Environmental & Public Health.

- Reduces truck miles travelled; creates less pollution.
- Slight reduction in landfilled materials.
- Might be more waste in with the recycling.
- Might be more self-haul.
- Potential environmental/public health issues with over-flowing cans.
- Potential “sharing” by putting your waste into your neighbor’s container.
- Over time, the issues would be less and less, and overall this is a positive with respect to this focus area.
- Supportive of Strategic Objective Protect Environmental & Public Health? 4 Panel members say it is supportive; 2 said not supportive; 3 were neutral as to whether EOW supported or detracted from this objective.

Comments on Operational Excellence.

- Overall it’s a plus; but negative for underserved communities.
- People can be educated to do what’s right for the environment. Side effect is that people will learn how to recycle garbage better. Kids will lead the way.
- Tradeoff between frequency and payment. But only have one flavor of service. EOW is a service reduction; are you getting enough environmental benefits and cost benefits?
- Have to hold garbage for two weeks since I can’t pay the \$19 for weekly; will affect the face of SPU in terms of haves and have-nots.
- Have you looked at extending the hours of pickup? Rather than 7:00-5:00, change to 7:00-6:00? [Response: Theoretically, might be an approach – have not approached it this way. Also, there are potential safety issues of having drivers on shift for that long.]
- Helps affordability.
- Does nothing for fiscal strength/integrity.
- Supportive of Operational Excellence? Majority (5) says it is negative; 1 says it is positive; 3 say it is neutral.

Overall Panel Vote & Next Steps: On balance, considering all the categories, what is the Panel’s opinion for whether the City should pursue EOW during the strategic planning period? 5 say not to pursue in planning period; 3 say neutral; 1 says pursue. Facilitator will write up results in form of email for Panel Chair to send to the Mayor and Council.

**Proposed Agenda for Meeting 18:**

- Baseline reductions: efficiencies and revenue opportunities
- Benchmarking results

The meeting was adjourned at 4:35.

Follow up Items for Staff: Provide Tier 3 cuts to the Panel; Get back to the Panel with the rate of replacement of plastic services.