

**2018-2023 SBP Update
Reduction Option Template**

Cost Reduction: Sanitary Sewer Capacity #9	Owner: Ben Marre
Focus Area: Operational Excellence	Sponsor: Madeline Goddard
Risk Level: HIGH	Rate Path Option: 5.3

1. Short summary of the cost reduction (suitable for using with Customer Review Panel and other members of the public, plus additional specifics required for clarity of action).

This reduction option is not a reduction to the baseline, rather it scales back Action Plan 6, Sanitary Sewer Capacity. It will decrease Action Plan 6 from \$37.0 million to \$11.4 million in 2018-2023. These dollars are funding solutions that will increase capacity in the drainage and wastewater system to reduce wastewater backups/sewer overflows. This reduction will delay projects construction phases to start no earlier than 2020, and significantly reducing program spending in outer years 2022 and 2023 (\$9 million per year).

2. What are the impacts or risks of this cost reduction? How will you mitigate these risks?

- Delayed response to resolving sewer infrastructure issues, capacity backups and/or system failures due to capacity. These result in sewage leaving the system into homes or out on the streets.
- Increased risk of sewer overflows due to capacity constraints not being resolved.
- Increased risk of violating National Pollutant Discharge Elimination System (NPDES) permit requirements and incurring additional fines through the Consent Decree.
- Increasing risk of the regulators requiring more prescriptive regulatory requirements if SPU is unable to maintain 4 sewer overflows per 100 miles of pipe.

There are no mitigation approaches for these risks.

3. Implementation plan and timeline.

The proposed reductions are for the 2018-2023 period. The upcoming completion of the *wastewater system analysis* will identify and prioritize areas of need within the wastewater system and guide future capital investment to the greatest needs.

4. Budget and FTE changes

Changes (relative to baseline)

	2018	2019	2020	2021	2022	2023
O&M (Non- Labor) Budget Change						
CIP Budget Change	(1,034,000)	(3,250,000)	(3,350,000)	-	(9,000,000)	(9,000,000)
FTE Change						

5. Identify possible race and social justice implications for this reduction. How will it impact service equity and how will you resolve this impact?

Wastewater capacity problems can occur in areas where development and infrastructure have not historically been aligned, developed jointly or managed well. Also, minority communities and underserved areas can lie at lower elevations, where other types of system flooding exacerbate wastewater problems. Delaying capital

solutions to capacity constrained wastewater projects increases the likelihood that underserved communities will continue to endure these conditions and experience backups more often.

There is little the program can do to minimize or mitigate these impacts, other than building necessary capital solutions as soon as funding is available.

6. Describe your plan for evaluating the impacts of this reduction. Include any metrics you have.

Comparing metrics on multiple parameters will help SPU decision-makers affect future funding levels. Any of the following changes in metrics could help inform that discussion:

- Increases to reported sewer overflows due to capacity (especially if the total sewer overflows reported comes close to our NPDES permit maximum).
- Increases to the number of claims related to capacity.
- Increases to the number of claims related to capacity for which SPU pays.