2021-2026 SPU Strategic Business Plan Reporting - update

Customer Review Panel
August 10, 2020
Purpose of SBP Reporting

• Provide accountability for overall SBP implementation.

• Highlight priority initiatives and investments (currently 19) for each focus area across SPU.

• Demonstrate SPU’s progress towards its goals and objectives.

• Communicate to staff, external stakeholders, and utility ratepayers accomplishments, positive outcomes and impacts of SPU’s work.
SBP Reporting Principles

• Demonstrate results consistently and visibly

• Increase transparency of progress and results

• Check and adjust annually

• Adapt our strategy based on what we’re learning

• Celebrate accomplishments and reflect on lessons learned
# Definitions: Initiatives & Investments

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Important Policy, Strategy, Planning, Program Work</td>
<td>• Result in Tangible Infrastructure, Asset, Asset Repair or Service</td>
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<tr>
<td>• Less Significant Expenditure</td>
<td>• Significant Expenditure (over $5M)</td>
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<td>• Most likely within on-going, base budget, reprioritizing</td>
<td>• Significant existing, new spending or additional increment</td>
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<td>• Fits with more adaptive, flexible milestone reporting</td>
<td>• Fits well with qtly project-based reporting</td>
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<td>• Focus = movement towards broader goals and objectives</td>
<td>• Focus = project execution</td>
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<tr>
<td>• Report performance and adjust annually</td>
<td>• Report performance quarterly, adjust annually</td>
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What SPU is reporting on

Four SBP Focus Areas:

Delivering Essential Services – reported by quarterly Service Delivery Metrics
Stewarding the Environment and Public Health
Empowering Our Community and Our Employees
Strengthening Our Utility's Business Practices

SBP Rates and Financial Management

Rate Path: reported annually by Rate Path and Affordability metrics
Capital Investment: reported quarterly by CIP Investment portfolio
Our progress since April, 2020

• **Finalize the list of Initiatives and Investments internally:**

  • Initiative and Investments table is finalized with 19 priority initiatives and investments that will be reported on for new 2021-2026 SBP.

  • Initiative and Investments templates developed to provide more granular detail on the scope and commitments (13 Investment and 8 Initiative templates).

  • Appendix providing description to initiatives and investments completed.
## Initiatives and Investments

<table>
<thead>
<tr>
<th>Stewarding the Environment and Public Health</th>
<th>Empowering Our Community and Our Employees</th>
<th>Strengthening Our Utility’s Business Practices</th>
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<tr>
<td><strong>Initiatives:</strong></td>
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<tr>
<td>• Climate Change Mitigation, Adaptation, and Justice</td>
<td>• Customer Assistance Programs</td>
<td>• Workforce Development</td>
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<tr>
<td>• DWW Plan for the Future</td>
<td>• Race and Social Justice (RSJ) Strategic Plan</td>
<td>• Accountability and Affordability Strategy</td>
</tr>
<tr>
<td>• Waste Diversion</td>
<td></td>
<td>• Risk and Resilience Strategy</td>
</tr>
<tr>
<td>• Waste Prevention</td>
<td></td>
<td>• Technology Strategic Plan</td>
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<tr>
<td><strong>Investments:</strong></td>
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<td><strong>Investments:</strong></td>
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<tr>
<td>• Grow Green Stormwater Infrastructure</td>
<td>• Blue-Green Jobs Strategy</td>
<td>• DWW Asset Management and Opportunity Work</td>
</tr>
<tr>
<td>• Ship Canal Water Quality Project</td>
<td>• Side Sewer Assistance</td>
<td>• Water Asset Management and Opportunity Work</td>
</tr>
<tr>
<td></td>
<td>• SPU Support Services for the Unsheltered</td>
<td>• Water Seismic Resilience</td>
</tr>
<tr>
<td></td>
<td>• Workforce Facilities Investments</td>
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</table>
INVESTMENT TITLE: SideSewer Assistance Pilot and Implementation

Revised Date: 5/26/20
Branch/Division: Drainage & Wastewater
Executive Sponsor: Andrew Lee
Project Manager/Lead: Kevin Burrell

Funding Type:
- [ ] Currently funded with continued funding for 2021-2026
- [ ] Currently funded with increased funding for 2021-2026
- [x] New Investment

Part 1. Summary of the Investment & Issue

Side sewers are an important component of Seattle’s collective sewerage system. SPU maintains approximately 1,400 miles of sewer mainlines whereas customers are responsible for roughly 4,100 miles of pipe. Poorly maintained side sewers can lead to problems for our customers and for SPU. Unfortunately, many side sewers in Seattle are coming to the end of their useful life and most customers are unaware that they own and need to maintain them.

Each year more than 3,000 side sewer permits (those not associated with development) are issued to customers to make repairs on private property and in the right of way. Costs can range from several thousand dollars to many tens of thousands of dollars, especially when street and sidewalk restoration is required. Our research suggests that customers will ignore their side sewer until they experience a backup or it completely fails, and they will likely fix what is needed – instead of repairing or replacing the entire pipe. We also know that some customers do not have the wealth or income to pay up front or finance the costs to maintain, repair or replace their side sewers.

The status quo is neither a benefit to the customer in terms of total life-cycle costs nor is it a benefit to the long-term capacity and operation of SPU’s systems. SPU uses staff time and resources responding to hundreds of emergency calls from customers each year only to find that nearly 9 out of 10 times the issue stems from the side sewer. Emergency repair situations also puts SPU customers at a disadvantage. Our research indicates that most customers do not understand the permitting and repair process and they are left to make significant financial decisions under duress. They most likely will opt for the least expensive fix, as opposed to the solution that will cost less over the full life of the asset.

Part 2. Targeted Commitments and Performance Measures

DWW is developing a business case with several programmatic options that will help alleviate side sewer repair costs for customers. We will also use Human Centered Design to test and prototype program designs and collect feedback through outreach, focus groups and customer interviews. Using the preferred alternative(s), we will develop an implementation plan with strategies and tactics to pilot the program starting in 2021. In 2022, program design adjustments will be made based on customer surveys or interviews. The initiative would be complete with a full-scale program moving forward by the end of 2023. The program would continue in 2024 and beyond.
Initiative/Priority Title: Accountability and Affordability Strategy

Initiative/Priority description: The strategy outlines a holistic approach to deliver essential utility services, keep rate increases lower, focus corporate culture on continuous improvement and make investments that deliver multiple benefits to the community. The initiative includes a series of actions that improve how SPU delivers service including capital planning and delivery, budgeting and financial management, customer assistance, continuous improvement, developing and growing partnerships, and managing regulatory relationships.

2021-2023 Commitments:

• Complete the implementation of 47 actions identified in the Accountability and Affordability Plan. Note: some of these actions will be modified or enhanced to help meet the broader goals outlined in the plan.

Branch/LOB Owner: Corporate Policy and Government Relations

Funding: Continued Funding

Reporting frequency: Annually

<table>
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<tr>
<th>Major Deliverables</th>
<th>Timing of Major Deliverables</th>
<th>Timing of Public Engagement</th>
<th>Timing of Briefing</th>
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<tbody>
<tr>
<td>Implementation of 47 actions across six practice areas</td>
<td>End of 2023</td>
<td>N/A</td>
<td>Annually</td>
</tr>
<tr>
<td>Update and revisions of actions by practice area</td>
<td>Q1 2021</td>
<td>N/A</td>
<td>Annually</td>
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</table>
Our progress since April, 2020

• Develop service level metrics:
  • Draft for Delivering Essential Services metrics is finalized for leadership review.
  • Proposed metrics will be presented to CRP in September, 2020.
Next Steps

- Review proposed Delivering Essential Services metrics with CRP
- Present proposed SPU CIP quarterly report to CRP

Questions?