Structure of Discussion

1. Introduction & Timeline (Customer Panel)

2. Customer Outreach: Status & Content (SPU Director)

3. Assessment of Process To-Date (Customer Panel)
Reminder:
The Purpose of the Strategic Business Plan

Produce a transparent and predictable 6-year service and rate path for all of SPU’s lines of business:

• Drinking Water
• Wastewater
• Drainage
• Solid Waste

Nine-member Customer Review Panel meeting twice monthly to provide input on the Plan development
Strategic Business Plan Timeline: Through Submittal to Council

- **Customer Panel Formed**
  - April 2013

- **Strategic Framework Completed (vision, mission, values, focus areas)**
  - June

- **Preliminary Baseline Finalized**
  - Aug

- **Investments & Reductions Selected**
  - Oct

- **Rate & Service Paths Developed**
  - Dec

- **Plan submitted to Council**
  - Feb 2014

- **Customer Outreach**
  - April

- **Monthly Status Updates to Council SPUN Committee**
  - June 2014
Status of Customer Outreach

• Total of 13 meetings and an on-line survey, completed March 1\textsuperscript{st}

• Meetings include:
  o business community
  o environmental community
  o “all come” meetings in multiple City neighborhoods
  o focus groups of low-income and ESL customers

• Status (as of February 25):
  o 11 meetings held; two remaining
  o Goal for on-line survey responses is 1,000
Content of Customer Outreach: Information Sharing

Provide information to customers on:

- SPU services
- 2015-2020 “baseline rates” (status quo) = 4.7% before money saving actions and before improvements

![Pie chart showing the causes of per year increase]

- Operations and Maintenance: 52%
- Taxes: 16%
- Debt Payment: 27%
- Contracts: 5%

What Causes the per year increase?
Content of Customer Outreach: Customer Feedback

• Ask customers to prioritize a set of potential investment options – some examples:
  o Reduce sewer backups citywide through increased cleaning and sewer pipe replacement
  o Prepare for water supply and utility system threats that may occur from climate change

• Ask customers to state their preference on a rate path for 2015-2020:
  o 4.3% average increase per year (status quo services with identified saving possibilities)
  o 4.9% average increase per year (higher level of services and system reliability)
  o “None of the above”

• Getting excellent feedback
Panel Chair/Vice Chair Assessment To-Date

• **Baseline Rate Path:**
  o Needs more complete & understandable explanation
  o Should include specific service examples that customers can relate to
  o Have asked SPU staff to develop this

• **Reductions to Baseline:**
  o Completed initial review of programmatic reductions; sent Mayor & Council One Less Truck letter
  o Heard from independent consultant on potential efficiencies; waiting to hear SPU recommendations

• **Additions to Baseline – Support for *Transform the Workforce*:**
  o Staff training & development cost effective when implemented well
  o Expenditures today are an investment in future increases in productivity & efficiency
Panel Chair/Vice Chair Assessment To-Date

• Utility Taxes:
  o Higher percentage levied as compared with other utilities
  o Do these tax revenues to fund general government need to increase as much as the utility rates?

• Charges to SPU from Other City Departments:
  o Increasing at a higher rate than the six-year baseline rate path

• Looking Forward – Next Panel Meetings:
  o Will provide input on efficiency recommendations
  o Will recommend investments as well as programmatic reductions
Questions?