

**SPU Strategic Business Plan Customer Review Panel
Draft Meeting Summary for July 1, 2013**

Attending:

| Panel Members: | | | |
|--------------------------------------|---|--------------------------|---|
| Suzie Burke | ✓ | Tara Luckie | ✓ |
| Bruce Lorig | ✓ | Noel Miller | ✓ |
| Dave Layton | X | Carl Pierce | ✓ |
| Laura Lippman | X | Walter Reese | X |
| David Gault | ✓ | | |
| Staff and Others¹: | | | |
| Ray Hoffman | X | Craig Stampher | ✓ |
| Nancy Ahern | ✓ | Meg Moorehead | ✓ |
| Martin Baker | ✓ | Karen Reed (facilitator) | ✓ |
| Melina Thung | ✓ | Diane Clausen | ✓ |
| Terry Martin | ✓ | Dave Hilmoe | ✓ |
| Tim Croll | ✓ | Mayor Mike McGinn | ✓ |

Welcome and Introductions.

Review and Approval of Agenda. No questions or comments on July 1 agenda; agenda approved.

Review and Approval of Meeting 5 Summary. No questions or comments on the June 10 meeting summary; meeting summary approved.

Presentation of the Roadmap to Delivering the Strategic Business Plan. Karen described the “Setting the Course” diagram and the SBP roadmap, outlining where we are in the process and where we’re going. Also, a visual line of sight diagram was distributed, showing line of sight from the strategic framework to the 2015-2020 revenue requirement.

Summary of the Community Advisory Committee’s Joint Meeting on June 26th. Noel Miller described the discussion about the Strategic Business Plan at the CAC annual joint meeting, held on June 26th. A write-up of the discussion may be available within a couple weeks time. Expect that the CAC’s will be providing additional input as the process proceeds.

Review of “Parking Lot” list and status of information items. Diane reviewed the list of parking lot issues. One of the items discussed is the to-do of setting up Panel meeting after the September meetings. The Panel tentatively selected second and fourth Tuesday afternoons as a possibility. The next step is for SPU staff to do a doodle inquiry of Panel members.

Response to Questions. Dave Hilmoe followed up on the question of magnesium in the drinking water – SPU not seen a link between magnesium and corrosiveness; Karen Reed (of SPU) followed up on the request for additional detail from the employee survey results.

¹ 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.

Continued Presentation and Discussion: SPU's Strategic Framework.

Terry Martin presented the Operational Excellence strategic objectives and SWOC (Strengths, Weaknesses, Opportunities, Challenges) statements, and the lines of business (Dave Hilmoe, Tim Croll, and Nancy Ahern [for Trish Rhay]) weighed in on their perspectives.

Suggestions, observations, questions from Panel and answers from Staff:

Panel Comment: Maybe need to have a SWOC by line of business, at least for the service quality objective in the Operational Excellence focus area. Otherwise, SPU is saying on the one hand they have sound infrastructure, but on the other hand they have underperforming infrastructure.

Q: are we looking at contracting out the other stuff in the solid waste line of business? **A:** Some additional aspects (long-hauling of organics), will likely be contracted out.

Q: Do we have a drinking water leakage rate metric? **A:** Yes – by state law our leakage rate needs to be less than 10% (ours is 6%).

Panel Comment: Consider including the concept of affordability in the Customer focus area as well as the Operational Excellence focus area.

Panel Comment: In the strategic objective area of fiscal integrity, specifically call out improving internal controls, maybe by stating it as a weakness?

Facilitator Comment: Struggle with logical flow – want to go from SWOC to focus areas and strategic objectives.

Q: Meter reading technology? **A:** Have gone with AMR on hard-to-read meters; not for general meter reading.

Panel Comment: SPU's values statements do not include environment – why not? Suggest we consider adding this.

Panel Comment: In the Drainage and Wastewater SWOC, did not see anything about how dependent we are on our customers' actions and activities.

Q: Regarding GSI, how do you ensure it is appropriately maintained? **A:** Will bring this back later on.

Elevator Speeches. Meg Moorehead, Tim Croll, Dave Hilmoe, and Nancy Ahern gave some preliminary “elevator speeches” for SPU's lines of business. Karen Reed (facilitator) and Diane Clausen will work with SPU staff to draft something in writing for the lines of business and for corporate, and will have that available for the next Panel meeting.

Mayor's perspective of the Strategic Business Plan. The Mayor joined the meeting at approximately 3:45. He gave his perspective on SPU and the importance of the Strategic Business Plan in helping elected officials set predictable rate paths and service levels. He commented on the need for reliable, high quality utility services and customer service, and infrastructure investments to ensure reliability and environmental stewardship.

Comments from Panel:

From the Panel's perspective, it is impressive how much interest there is among SPU employees for SPU to work well and for staff to be accountability. Also impressed by SPU's openness to change and outside ideas.

It will be important for Council & Mayor to ensure reasonableness in the goals they set for SPU (e.g., zero waste may not be a reasonable goal).

The utility tax for SCL is capped at 6%; SPU revenues are not capped by state and are much higher than SCL's.

Council's perspective on SPU's SWOC. Meg Moorehead began the discussion of the Council's perspective on SPU's SWOC with the "strengths" portion. Meg raised a question to the Panel, regarding whether they would like to weigh in on an affordability measure, or a "people's financial policy," for SPU to consider when developing rate path options. Time ran out, and this discussion will be continued at the next Panel meeting.

Next meeting (Meeting 7, July 15):

- Finish presentation of Council perspective on SWOC
- Presentation of Baseline Basics
- Discussion of regulatory requirements

Follow up Items for Staff:

1. Track Panel comments on draft Strategic Framework, and consider them during E-Team review of framework (probably sometime in late July/early August):
2. Respond to question: regarding Green Stormwater Infrastructure how do you ensure it is appropriately maintained?
3. SPU staff to send a "doodle" inquiry to Panel members to set up Panel meetings post-September. The current favorite time is second and fourth Tuesday afternoons.
4. Staff will bring back the Community Advisory Committee's observations and interests as these are available.

The meeting was adjourned at 4:35.