

**SPU Strategic Business Plan Customer Review Panel  
Draft Meeting Summary  
Tuesday, May 20, 2014**

**Attendance:**

<b>Panel Members</b>			
Suzie Burke	x	Tara Luckie	
David Gault	x	Noel Miller	X (by phone)
Dave Layton	x	Carl Pierce	x
Laura Lippman		Walter Reese	x
Bruce Lorig	x		
<b>Staff and Others<sup>1</sup></b>			
Ray Hoffman, SPU	x	Brian Surratt, Mayor's Office	
Nancy Ahern, SPU	x	Meg Moorehead, City Council Central Staff	X
Martin Baker, SPU	x	Saroja Reddy, City Budget Office	X
Melina Thung, SPU	x	Karen Reed (facilitator)	X
		Diane Clausen, SPU	X

**Review and Approval of Agenda.**

May 20 agenda approved without discussion or changes.

**Review and Approval of Meeting 25 Summary.**

Summary of meeting 25 approved without discussion or changes.

**Panel Information Requests.** SPU staff discussed the response to the information request regarding past budgets.

**Q:** Regarding the comparative budget information, is this consistent with the 7% average annual rate increase for the last decade? **A:** Yes. The 7% is the rate path; the budget information is in response to the Panel request for budget information.

**Special Meeting of CACs.** Recently provided Citizen Advisory Committees with an overview of SBP process. They were particularly interested in the programmatic reductions; also raised rate affordability issues; service equity. Going forward, the CACs will have role in plan implementation.

**Discussion of High Rate Path.** Martin talked about a new version of the high rate path. SPU took seriously the Panel comment that the original high rate path was not very creative – pretty much the same as the medium rate path. So, we created a new high rate path that we believe is within staff capacity to deliver and adds projects that provide value to the customer. The new rate path falls somewhere between 4.8% and 4.9% average annual rate increase.

**Q:** What is “service equity”? **A:** Has global and particular aspect. Broadview and South Park are particular examples of areas that aren’t getting equitable service in the drainage LOB. Global service equity is more directly related to equity over all services, over all customers.

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

**Q:** So do we need to add FTE for service equity? **A:** Have staff devoted to service equity; the additional resources would allow us to move more quickly.

**Q:** Are the projects in the high rat path scalable? **A:** You could; prioritize which is more important.

**Ray Comments:** SPU continues to recommend the 4.6% rate path, as the path that best achieves a balance of improved services and affordable rates. We do not want to over-commit on our delivery of capital projects, which has been a problematic area for us – instead, we want to get a few “good” years under our belts of consistently strong performance in the capital delivery area before we take on lots more work. And, we want to give ourselves the time we need to change the culture to one with greater focus on, and concern for, the bottom line.

**Q:** But is there anything you can do now? **A:** Yes – no shortage of things to do within the 4.6% rate path, and we will make progress in multiple areas. And, we will be more credible if we do more within the baseline rate levels, through efficiencies and other cost cutting. We need to establish this credibility to deliver before we ask more from our customers.

**Panel Comments:** 4.9% looks like a 5% rate increase – 4.6% is more doable. Panel trending towards supporting the medium rate path.

**Review of Preliminary Draft Plan.** Ray described the next steps in the Plan document, and we handed out the current rough draft.

**Comments:** Panel members need time for Plan review – won’t jam Panel to the degree that they are not comfortable with the Plan. At very highest level, have some confidence that the department is well run and will do the right things. But, need to be comfortable that it is saying something the Panel is supportive of.

**Q:** Does this ultimately become a public document? **A:** Yes. Council adopts and the Plan becomes public.

**Q:** Does it represent that you were 4 independent companies not so long ago? And that this is your first unified approach to the future? **A:** Don’t think we spent any time saying this in the Plan; but may want to.

**Q:** When you do the averages are they simple or compounded? **A:** Compounded. Response: Need to note this somewhere in the document. Say something about the total change over time.

**Discussion of Draft Panel Comment Letter.** Karen led a review of the draft Panel letter:

Page 1, intro paragraph. Delete parenthetical about the high rate path. Synch up language with the draft Plan. Work in the fact that this is the first time SPU has done a comprehensive SBP in this manner.

Page 2. Preferred Path: Middle paragraph – reacting negatively to the term “scrubbing” of the costs. Powerful argument: Challenged certain baseline assumptions. Know there were gaps that needed to be filled; found capacity to do these things within the baseline.

Page 3. Efficiencies & Programmatic Reductions. Strengthen the last paragraph regarding alignment. Note the importance of improving project delivery.

Page 3. Strategic Business Plan focus areas. Describe what you will accomplish within each of the four focus areas. Also note that everyone in SPU has had opportunity to weigh in on these focus areas. Have problem with the bottom paragraph – take out the word “all”. The math in the last paragraph is confusing. Say these plans increase the rate from 4.1% to 4.6%. This is just one side – also note the value added, and that the value added exceeds the costs incurred.

Page 4. Street Sweeping. Change “water bodies” to “receiving waters”? Want more info about why we are doing street sweeping – need to work on the wording – likely to become a key component in the consent decree. Only thing in consent decree that is not in the baseline. Hope the EPA will accept this as a component of the consent decree.

Page 4. Environment and Public Health. Want more emphasis on this focus area. Regulatory requirements have been stiffening over time, driving SPU efforts and costs. Federal regulations more stringent; driving utility costs and to focus its activities.

Page 4. Operational Excellence. Don’t indent major headings. In Accelerating Projects, take out the word “simply.” Under Information Technology, note that this is to get information to management to promote efficiency and effectiveness.

Page 4-5. Transforming the workforce. Like the fact that it is top priority. Bullet points on page 5 fall into several categories – very important things. Part of City process; limited ability to affect. Change “difficult union negotiations” to “complex union negotiations.” Also move up union negotiations to first bullet – affects everything else. Regarding succession planning, note that SPU must develop a pipeline for talent. Regarding employee injury – talking about modified return to work, but trying to say in customer-friendly language. Maybe don’t need the “aging” comment?

Page 5. Easy and engaged customer experience. Consider taking out the comments on coordination of outreach. Take this out? It was Laura’s request. Add more of what the customers actually asked for? Keep the customer as the focus.

Page 5-6. Affordability challenges. Cumulative rate is in excess of 30% -- need to note this in the Plan also. Say something like: this is more than we’d like to see, but if we don’t spend the money now we’d face higher costs later. Take out phrase “hopefully mitigated somewhat.”

In paragraph starting with “first,” say unreliable services. In paragraph starting with “second” paragraph, stay with short and vague, and say we support expanding participation in the program.

Page 7. Other issues of note.

- In “Tracking and delivery” change “solid” data collection to “accurate” data collection. Nany request: Can we put in something about working with the CACs going forward?
- In first paragraph, say why rate design and connection charges are important.
- Reduce the write up on EOW garbage collection. Change “should” to “could.”

Page 7. Acknowledgements. Like the word “collaborative.” Change first sentence to read ...”Ray, including his entire team, and the facilitator...”

Page 8. Closing remarks: Stronger and more effective utility for the benefit of SPU’s customers. Include words “achieve operational excellence” words.

**Next Meeting – Tuesday, June 3**

- Review “nearly final” plan in layout mode
- Review and approve final draft letter
- Confirm next steps

**The meeting was adjourned at 4:15.**

**Follow up Items for Staff:**

None