

**CITY OF SEATTLE**  
**RESOLUTION 31534**

1  
2  
3 A RESOLUTION relating to Seattle Public Utilities; adopting a 2015-2020 Strategic Business  
4 Plan for Seattle Public Utilities and endorsing a six-year rate path required to support the  
5 Strategic Business Plan.

6 WHEREAS, the 2013-2014 Seattle City Council Statement of Legislative Intent 27-1-A-1  
7 directed Seattle Public Utilities (SPU) to develop a Strategic Business Plan to guide  
8 utility investments, service levels, and rate paths over the next six years; and

9 WHEREAS, Resolution 31429, adopted by the Council on March 4, 2013, described the goals of  
10 SPU's 2015-2020 Strategic Business Plan (the Plan) and established a Customer Review  
11 Panel to provide input to the Plan; and

12 WHEREAS, the primary goal for the Plan is to set a transparent and integrated direction for all  
13 of SPU's business lines that reflects customer values, provides rate predictability for  
14 utility customers, and results in best value for customer dollars; and

15 WHEREAS, a Customer Review Panel was created in April 2013, composed of nine members  
16 from among SPU's customers, five appointed by the Mayor and four appointed by the  
17 Council, and each member confirmed by the Council; and

18 WHEREAS, the Customer Review Panel has been meeting since April 2013 to review the Plan's  
19 assumptions and policy directions, provide suggestions and feedback during Plan  
20 development, and ultimately provide to the Mayor and City Council comments on the  
21 Plan concurrent with delivery of the final proposed Plan to Council; and

22 WHEREAS, the strategic planning process included extensive employee in-reach and public  
23 outreach, including stakeholder meetings, public meetings, non-English speaking  
24 outreach, online surveys, advertising, and direct mail; and

25 WHEREAS, the resulting 2015-2020 Strategic Business Plan contains a six-year rate path for  
26 water, drainage, wastewater and solid waste rates that was developed by identifying, evaluating,  
27 and recommending reductions and priority additions to current utility expenditures; and

28 WHEREAS, the City Council has reviewed the 2015-2020 Strategic Business Plan, the  
associated six-year rate path, the recommendation of the Customer Review Panel, and the  
results of the public outreach; NOW, THEREFORE,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE  
MAYOR CONCURRING, THAT:**

1 Section 1. The City Council adopts Seattle Public Utilities' proposed 2015-2020  
2 Strategic Business Plan (the Plan), a copy of which is attached as Attachment A and incorporated  
3 by reference, with the following amendments:

4 A. The Plan's labor efficiency target will be \$6.4 million per year in savings by 2020. No  
5 labor efficiency target for number of positions will be set. SPU is requested to establish the 2014  
6 baseline of funding spent on consultants and contracts for outside labor and establish a means of  
7 tracking these expenditures during the course of the Plan. Both the number of positions and  
8 consultant spending will be tracked and reported to evaluate progress toward the labor efficiency  
9 goal.

10 B. Spending in the Plan's Energy Management & Carbon Neutrality Action Plan will be  
11 for emission-reduction measures and offsets in the City of Seattle if possible, or King County  
12 first and Washington State second if no options are available within the City limits, instead of  
13 carbon offsets outside Washington State. A deadline for achieving carbon neutrality should be  
14 removed from the Plan.

15 C. The SPU Director, before reallocating any more positions to SPU human resource  
16 functions in 2018, is requested to consult with the Seattle Department of Human Resources  
17 Director and consider any changes made to human resource functions citywide in assessing the  
18 need for additional SPU human resource positions. This consultation and assessment should be  
19 addressed in the 3-year Plan update. It is the Council's expectation that the departments will  
20 work together to ensure efficient and effective human resource functions.

21 D. The Plan's rate revenue requirement and rate path will be reduced by \$1.5 million per  
22 year to reflect the lower interest associated with 2014 solid waste and drainage/wastewater bond  
23 sales and bond refunding.

24 Section 2. To achieve the goals of the Plan, an average annual system rate increase of  
25 4.6% percent is anticipated over the period of 2015-2020 across all lines of business.

1 Section 3. The City Council requests that absent justifiable circumstances, the Executive  
2 submit budgets for 2015 through 2020 that are in support of, and consistent with the Plan and do  
3 not result in rates higher than the Plan's rate path as amended by this resolution.

4 Section 4. The City Council requests that the Executive submit rates for 2015 through  
5 2020 that are in support of, and consistent with the Plan and are no higher than the Plan's  
6 average annual rate path as amended by this resolution and shown in the lower right corner of the  
7 table below:

8 Projected 6-year	2015	2016	2017	2018	2019	2020	2015-20
9 Rate Path							Average
10 Drinking Water	0.0%	5.2%	5.2%	4.1%	4.4%	2.6%	3.6%
11 Sewer	0.8%	3.7%	2.3%	3.8%	6.1%	7.9%	4.1%
12 Drainage	9.8%	10.2%	8.2%	8.2%	8.1%	8.4%	8.8%
13 Garbage and	4.5%	4.7%	5.1%	3.8%	2.9%	2.4%	3.9%
14 Recycling							
15 Combined	2.7%	5.3%	4.7%	4.6%	5.1%	5.2%	4.6%

16  
17 Section 5. Actual rate changes for each of Seattle Public Utilities' lines of business are  
18 subject to approval by the Council via passage of rate ordinances.

19 Section 6. Seattle Public Utilities will complete an overall review and update the  
20 Strategic Business Plan every three years, adding three years to the Strategic Business Plan and  
21 re-evaluating the subsequent six-year rate path. The next complete review and adjustment of the  
22 Strategic Plan will be finalized in 2017 and will encompass the years 2018-2023.

23  
24 Section 7. By March 31, 2015, Seattle Public Utilities will propose a reporting  
25 framework to the Council to track progress in achieving the goals of the Plan, including  
26 efficiency initiatives, programmatic reductions, and action plan goals. The proposal should  
27 include milestones and deliverables.

1  
2 Adopted by the City Council the \_\_\_\_ day of \_\_\_\_\_, 2014, and signed  
3 by me in open session in authentication of its adoption this \_\_\_\_ day  
4 of \_\_\_\_\_, 2014.

5 \_\_\_\_\_  
6 President \_\_\_\_\_ of the City Council

7  
8 THE MAYOR CONCURRING:  
9

10 \_\_\_\_\_  
11 Edward B. Murray, Mayor

12  
13 Filed by me this \_\_\_\_ day of \_\_\_\_\_, 2014.

14  
15 \_\_\_\_\_  
16 Monica Martinez Simmons, City Clerk

17  
18 (Seal)  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

1	<b>Attachment A:</b>	<b>Seattle Public Utilities 2015-2020 Strategic Business Plan</b>
2	<b>Exhibit 1:</b>	<b>Customer Review Panel Comment Letter</b>
3	<b>Exhibit 2:</b>	<b>Frequently Asked Questions</b>
4	<b>Exhibit 3:</b>	<b>Seattle Public Utilities Financial Forecast Overview and 2015- 2020 Financial Baseline</b>
5	<b>Exhibit 4:</b>	<b>Action Plans</b>
6	<b>Exhibit 5:</b>	<b>Benchmarking and Workplace Efficiency Study (See Booklet)</b>
7	<b>Exhibit 6:</b>	<b>Efficiency Savings from Efficiency Initiatives and Programmatic Reductions</b>
8	<b>Exhibit 7:</b>	<b>Customer Outreach Report</b>
9	<b>Exhibit 8:</b>	<b>Seattle Public Utilities Promise</b>

10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

