



Seattle
Public
Utilities



SPU Customer Review Panel

Seattle Public Utilities

February 12, 2024



A panoramic view of the Seattle waterfront. In the foreground, the blue water of the harbor is visible. A large white Ferris wheel, the Great Wheel, stands on a pier. To its right is a long, low building with a green roof and yellow walls, labeled 'PIER 56' and 'ELIOTS'. The background is filled with a dense city skyline of various skyscrapers and buildings under a clear blue sky.

Welcome

Andrew Lee

CEO and General Manger, SPU

Public Comment

Andrés Mantilla, BDS Planning



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CRP Business

Andrés Mantilla, BDS Planning



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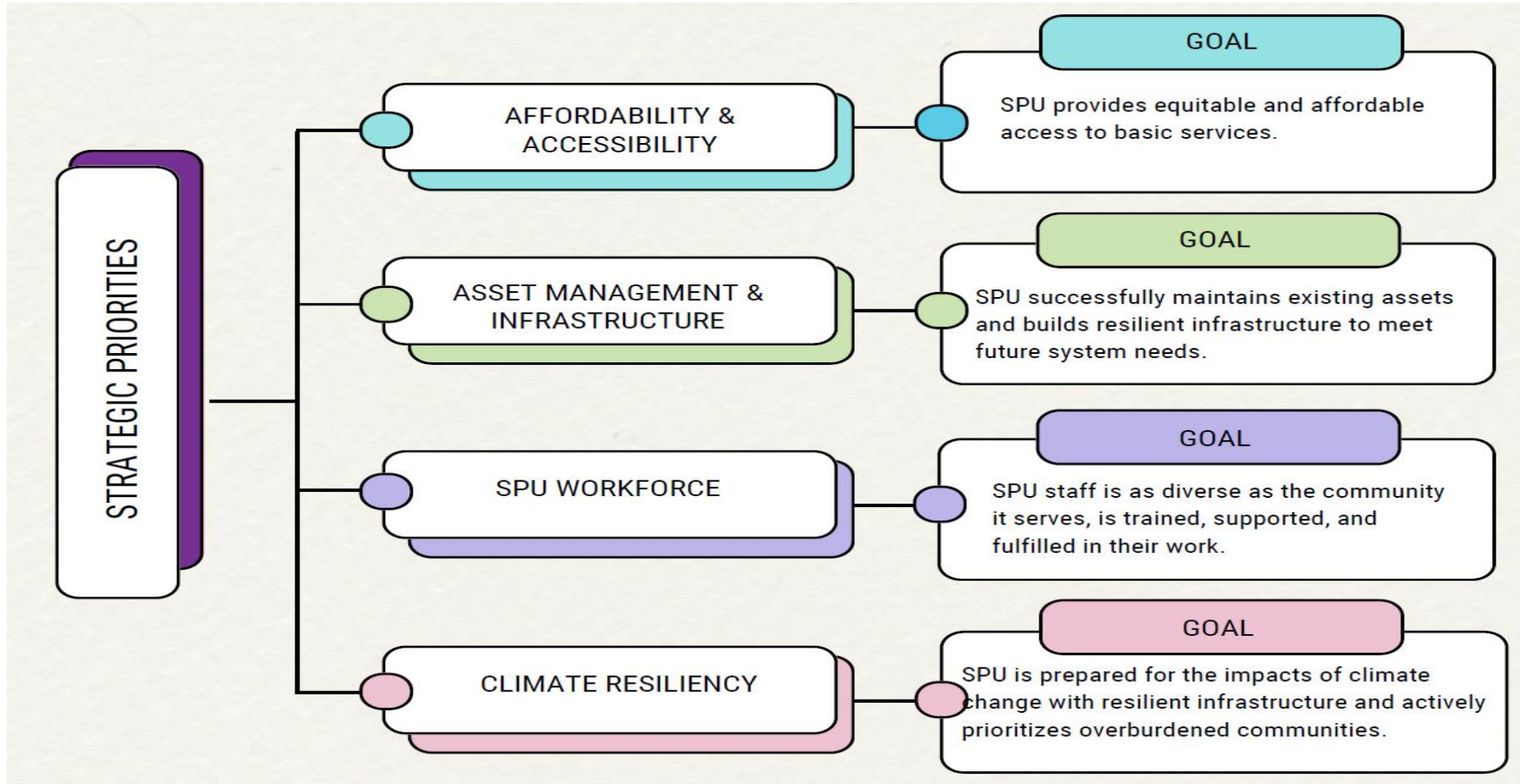
Review and Finalize CRP Letter

Andrés Mantilla, BDS Planning



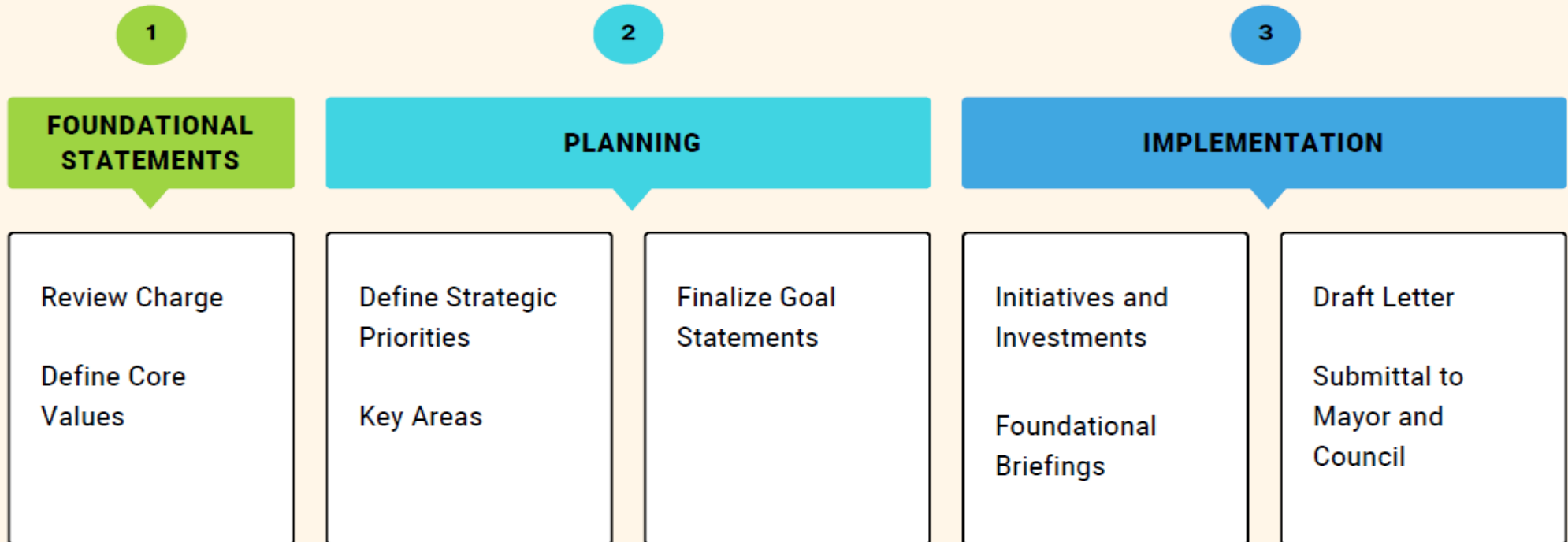
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CRP letter



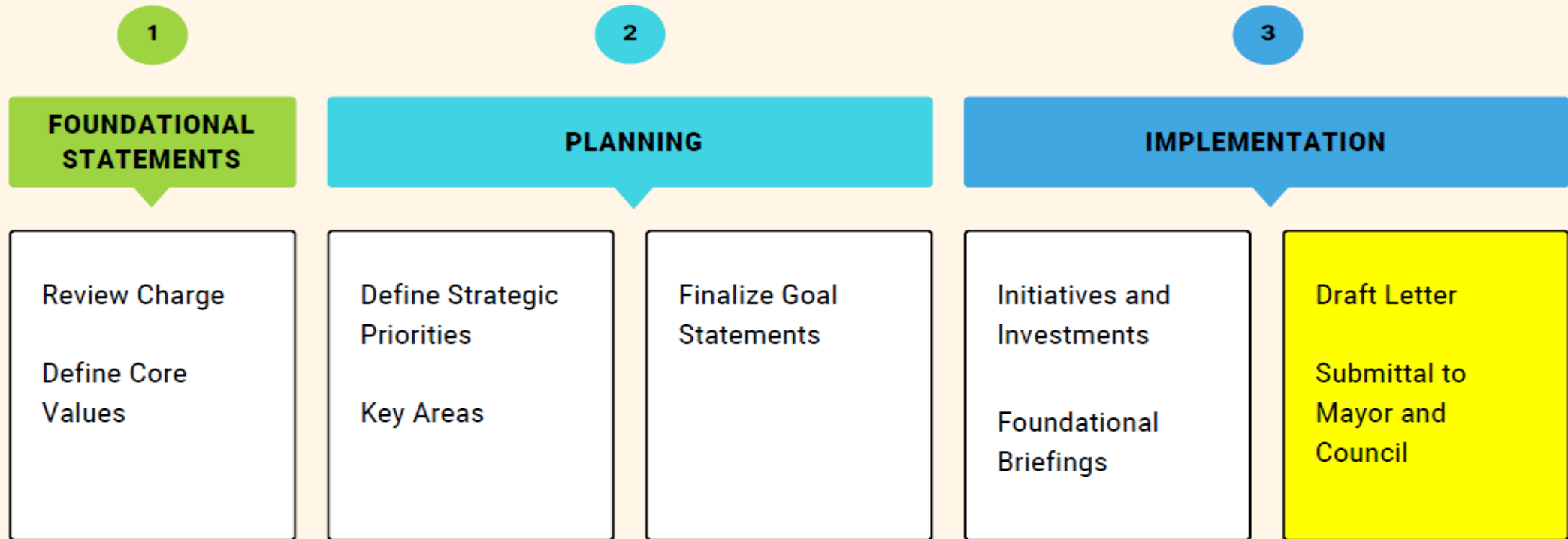
CRP letter

Process Overview



CRP letter

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CRP letter

Introduction

The Customer Review Panel (CRP) is pleased to submit our comments on Seattle Public Utilities' (SPU) 2025 - 2030 Strategic Business Plan (SBP). This letter fulfills the CRP duties as described in Resolution 31800. The CRP has held 18 meetings over 19 months to prepare this letter. We have worked diligently and effectively with SPU staff to understand projects, initiatives, and investments as well as to learn about financial and broader economic considerations that impact rates and SPU's work.



CRP letter

Process

This year, to better organize our comments and to reflect the values of the collective group more accurately, the CRP embarked on a multi-month strategic framework discussion where we centered our core values and strategic priorities; understood key issues; articulated goals and desired investments. Our hope is that this level of organization better highlights critical needs and where the CRP thinks SPU should emphasize its investments. Beyond this letter, we look forward to continuing to work with SPU staff to use this framework to inform future SBP updates and quarterly reporting to the CRP, Mayor's Office, and City Council.

Core Values

In 2021-2022, in partnership with SPU and the Department of Neighborhoods (DON), the CRP engaged in a broad membership recruitment effort. This resulted in a group of community members that includes small business owners, multi-family and single-family residential ratepayers, retired experts, and those with an interest in community issues and SPU's work with the unhoused. In 2022, we worked together to develop a set of core values for the new group of CRP volunteers. These core values help us align under a common understanding of what guides our work. They are:

- **Learning** - We embrace a sense of learning, curiosity and mutual growth.
- **Connection to Community** - We center our connection to our communities and lived experience.
- **Impact** - We center impact to ratepayers, our neighbors and all Seattleites.
- **Equity & Sustainable Development** - We embrace equity and sustainable development as key north stars in our work.
- **Representation** - We understand that representation matters and assume good intentions from one another.
- **Responsiveness** - We commit to be responsive to one another and to the current context in which our work is taking place.
- **Trust** - We commit to building trust with one another as a critical avenue to grow relationships and best serve our communities.



CRP letter

Strategic Priority Areas

Using our core values as a guide, the CRP defined four strategic priority areas for investment and focus. The following act as a guide for the rest of our letter and represents where the CRP thinks that SPU should put disproportionate focus, resources, and interest as part of the SBP update. The recommendations below do not reflect everything that SPU does or should do, nor does it diminish important investments and programs that are underway. For each strategic priority area, the CRP defined a goal statement that represents an aspirational future state to guide SPU in their work. The CRP strategic priority areas are:

Affordability and Accessibility - SPU provides equitable and affordable access to basic services.

Asset Management and Infrastructure - SPU successfully maintains existing assets and builds resilient infrastructure to meet future system needs.

SPU Workforce - SPU staff is as diverse as the community it serves, is trained, supported, and fulfilled in their work.

Climate Resiliency - SPU is prepared for the impacts of climate change with resilient infrastructure and actively prioritizes overburdened communities.

Below we have detailed specific key issues and investments that we believe require the most investment and focus over the next three years.

CRP letter

Affordability and Accessibility

Affordable and equitable access to basic services is critical to the vibrancy of Seattle's communities, residents, and ratepayers. During our review process of current SPU programs and initiatives, the CRP focused on key issues pertaining to increasing equitable access to basic services and understanding the need for clean and accessible water for Seattle's unhoused community. We also focused on service impacts to small businesses and residential property owners including the cost of maintaining and improving critical infrastructure such as side sewers. The CRP was eager to learn more about the Side Sewer Assistance Program and was particularly interested in how SPU could expand its zero interest programs to assist more home and business owners.

The CRP participated in several thoughtful conversations on expanding services and partnerships while minimizing the impact on utility rates. Using our core values to guide the conversation, the CRP was able to center conversations around impacted ratepayers leading with equity and sustainability. We applaud SPU for their efforts to work with customers impacted by COVID-19 to avoid going into arrears by developing payment plans. The CRP believes that SPU should continue its work in expanding programs like the Utility Discount Program (UDP) and the Emergency Assistance Program (EAP). In addition, SPU should continue to proactively seek out additional community partnerships with the goal of growing accessibility and maintaining affordability through the Alternative Funding and Finance initiative.

The CRP also understands the growing demand and need for clean city and support services for the unhoused and urges the Mayor and Council to prioritize additional general fund resources to meet the community need.

Finally, the CRP encourages the Council to continue its conversations on ways to reduce or eliminate the water utility tax.



CRP letter

Asset Management and Infrastructure

The CRP recognizes the need for a sustainable, well preserved, and functioning asset management and infrastructure program. The CRP believes that increased investments in preservation of assets and building redundancies throughout the system will better prepare SPU in the case of a seismic event or another major emergency. The CRP acknowledges that SPU has an increasing list of deferred maintenance projects and mission-critical aging infrastructure that should be modernized or replaced. We agree with SPU's definition of "critical need" to mean infrastructure investments to meet health and environmental regulatory requirements, those that are necessary to support baseline work, and those responding to operation and maintenance needs listed in the SPU's most recent Capital Improvements Program Budget (CIP).

To support these growing needs, the CRP welcomes continued work in the Duwamish Valley with SPU's focus on combined sewer overflow prevention and coastline management. Recent rainfalls and sea level rises, particularly in South Park, have meant historic king tide levels resulting in damage to homes, businesses and altering the lives of hundreds of residents. The CRP also prioritizes continued investments in the water asset management and seismic resiliency program.

The CRP had robust discussions about the Automated Metering Infrastructure (AMI). Panel members strongly agreed with the importance of pursuing AMI technology to modernize and replace aging metering assets and achieving SPU's carbon reduction commitments. A majority of members of the CRP, however, felt planning for this investment should continue but implementation could be shifted to later years in favor of more urgent infrastructure needs. This shift would keep the proposed rate path slightly lower in an unsure economy and may benefit from future technologies that could lower the cost of the AMI transition and implementation. We look forward to continuing our conversations around the AMI program, particularly plans for the re-deployment of the meter reader workforce and technological advancements.

CRP letter

SPU Workforce

AA well supported and fully staffed SPU is critical in advancing the needed work for the utility. With increases in retirements and shifts in the ability to retain and recruit workers, the CRP is interested in seeing an ongoing effort to fill essential vacancies and critical front-line functions. Workforce recruitment programs should expand to include more robust training and apprenticeship partnerships with clear pathways to good paying jobs and well-defined career ladders. The CRP is strongly in support of pay equity and increased employee wellness programs at SPU as well as the provision of adequate facilities for all staff. As part of this update, the CRP supports continued work in the SPU employee life cycle initiatives and pay equity work. The CRP also believes that investments in the North One Water facility and field engineering staffing improvements will provide more robust working conditions as well as sustainable and predictable staffing levels.

Following the CRPs core value of equity, panel members support SPU's efforts to grow the diversity of its staff and encourage the agency to continue to grow in how it tracks and collects demographic data. In particular, the CRP is interested in SPU further disaggregating its employment data by race, ethnicity, management, and front-line workers.



CRP letter

Climate Resiliency

Making proactive improvements to critical systems affected by climate change is one of the most impactful investments that SPU can make. The CRP particularly leaned into priorities that can help alleviate burdens on the system and that are innovative and future-thinking. In this plan, the CRP supports the continued work in the Duwamish Valley to adequately protect this community from flooding. The CRP also urges increases in SPU's sustainability of operations and a maintained focus on its efforts to meet the 2030 Carbon Neutrality goals. Impactful community programs such as Seeds of Resilience and Waste Free Community grants should continue and be an ongoing focus for the department as important spaces where community conversations occur on the impact of climate change and how waste can be reduced. Finally, the CRP supports SPU's new initiatives and investments related in the Cedar and Tolt watersheds, expanded planning for a sustainable water supply, asset management and waste prevention efforts.

CRP letter

Rate Path

The CRP appreciates SPU's efforts to forgo increases during COVID-19 as Seattleites were dealing with economic and health uncertainties. We are also grateful for the thoughtfulness of SPU staff in bringing forward different rate path options in a time of increasing operational and capital expenses, shifts in inflation and a changing regulatory environment. In addition, interest rates have increased dramatically, and SPU faces a challenging backlog of deferred maintenance needs. The CRP endorses SPU's approach to baseline, critical and smart investments and we agree with how staff have prioritized investments. Finally, the CRP is acutely aware of King County's projected annual 6.5 % wastewater rate increases which have been factored into the SBP overall rate path. Approximately, 56% percent of SPU's wastewater rate goes to pay for King County wastewater treatment. As the CRP described in its letter to Executive Dow Constantine in Spring 2023, "...we continue to be concerned about the anticipated series of larger proposed rate hikes." The CRP renews its call for King County to a) commit to a multi-year rate path; b) engage in more robust, transparent capital project planning, delivery, and staffing; c) participate in thoughtful engagement with impacted stakeholders; d) pursue strategic financing; e) increase its advocacy and prioritization for federal and state dollars; and f) be open to the calls for a new governance model that more appropriately represents Seattle's interests and allows SPU to advocate on behalf of its customers.

Given all of this, the CRP supports an average annual rate path increase of 4.7% with a delay of AMI implementation and a focus on fully funding all critical and smart investments listed in the SPU Strategic Business Plan update.



CRP letter

Conclusion

The CRP appreciates the opportunity to highlight its priorities and perspective. We approached this SBP update with intentionality, curiosity, passion, and a sense of civic pride to meet our charge to represent Seattle ratepayers. By detailing the CRP priorities in a more organized and thoughtful manner, our panel members hope that tracking and reporting on key investments and initiatives will be streamlined and speak to these priorities. The need for critical investments, affordable rates and innovative programs is clear. By targeting investment in areas of affordability and accessibility, asset management and infrastructure, solidifying its workforce, and funding proactive climate resiliency efforts, SPU can continue to be a leading utility in the nation.

The CRP would like to acknowledge the hard work and dedication of SPU staff in working with our panel members through this process. We appreciate the thoughtful conversations and provision of information that has allowed the CRP to meet its charge. Our panel looks forward to continued partnership, work and collaboration with SPU leading with respect, trust, and common interest in the betterment of Seattle.



CRP letter

Recipients

1st Letter to Mayor Harrell with Director Andrew Lee cc'd

2nd Letter to Council address to Committee Chair Councilmember Joy Hollingsworth with CCs to:

Council Chair Sara Nelson

Councilmember Robert Kettle

Councilmember Cathy Moore

Councilmember Tammy J. Morales

Councilmember Maritza Rivera

Councilmember Rob Saka

Councilmember Dan Strauss

Seattle Public Utilities Director Andrew Lee



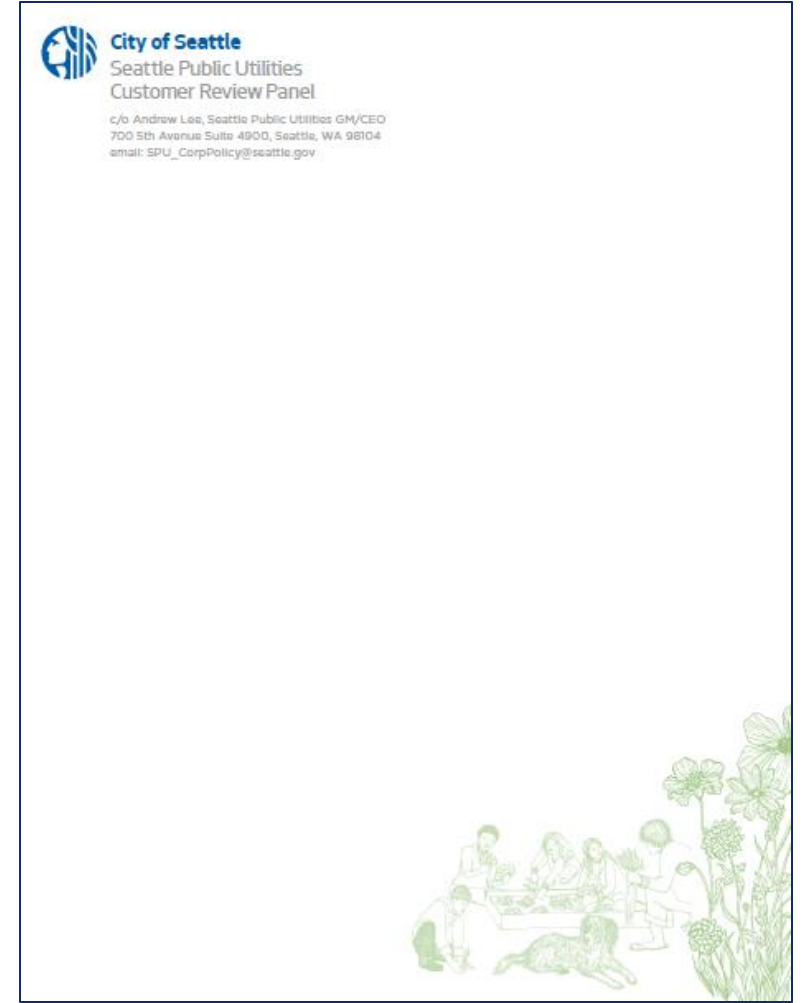
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Discussion Questions

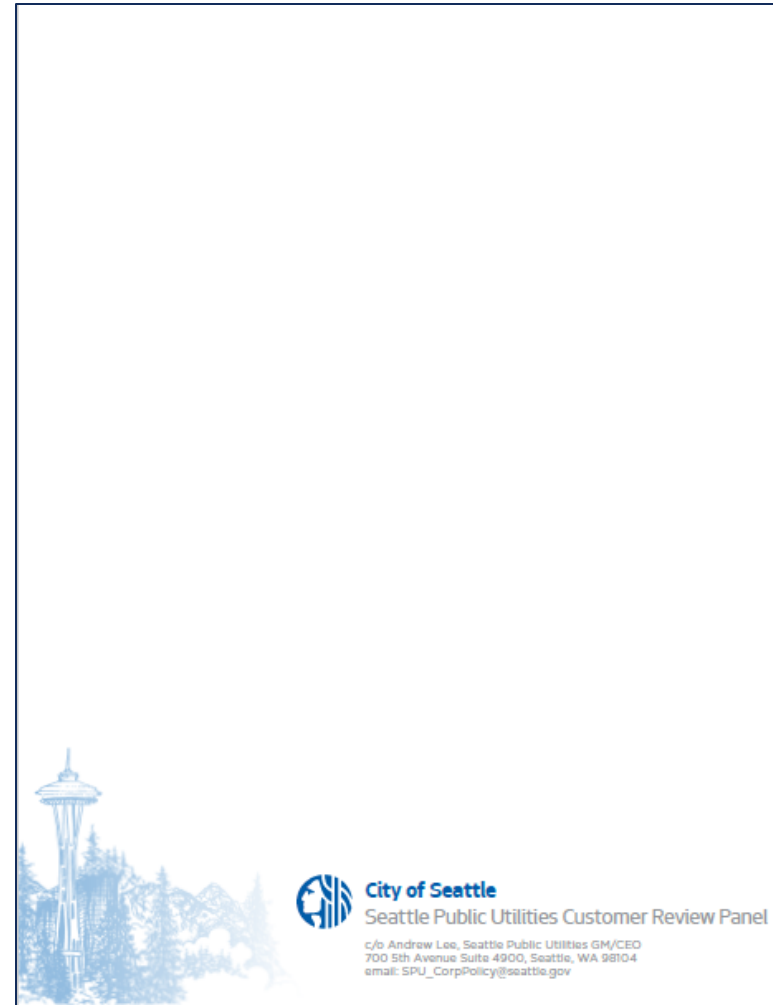
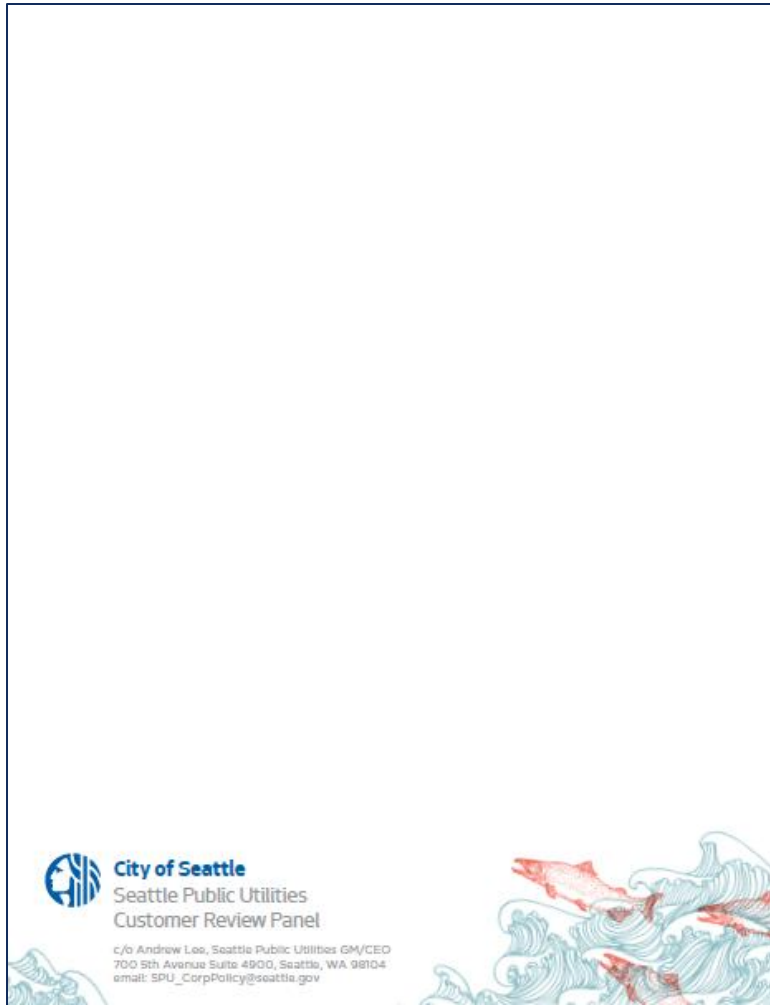
- 1) Does this letter accurately reflect CRP priorities and conversations?**
- 2) Are there any gaps in themes that are not covered in our letter?**



CRP letterhead design options



CRP letterhead design options



Updates on SBP Drafting

Brian Brooke



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SBP framework and content

- GM's Letter
- About SPU
- SPU Overview
- Guiding Principles
- Your Utility, Your Voice
- Mission/Vision
- Keeping Rates Affordable
- Customer Rights and Assistance
- Customer Review Panel Description
- Artwork
- Focus Areas Descriptions
- 2020-23 Accomplishments
- Rate Path and Projections
- Rate Impact
- Appendices
 - Highlighted Initiatives and Investments
 - Financial Forecast
 - Accountability and Affordability
 - Risk and Resiliency
 - Community Research and Outreach
 - Customer Review Panel Letter

SBP Adoption Process – Major Milestones

1. Mayor's Office (Q1 2024)

- MO selects rate choice
- Finalize SBP Documents
- CRP letter transmitted to MO
- MO briefing – full plan

2. Council Hearings (Q1-Q2 2024)

- Transmit SBP to Council
- CRP letter transmitted to Council
- Public Notification
- Council Briefings and Hearings

SBP Adoption Process – Major Milestones

3. Production (Q3-Q4 2024)

- Full SBP design, printing
- Internal communications
- Revise SBP reporting
- Support materials:
 - EJ poetry and training
 - Outreach materials: coloring pages, how you can help, careers
 - Swag refresh

4. Lessons Learned (Q4 2024)

- Inform 2028-33 update (in 2027)
- Input E-team, Core team, CRP
- Elemental review:
 - Futuring, accomplishments review
 - Revisioning content: framework, priority initiatives
 - Rate making
 - External outreach, research
 - CRP briefings and engagement
 - Internal communications and engagement
 - Adoption process

Closing & Adjourn

Andrés Mantilla, BDS Planning



City of Seattle