

Welcome & SPU Updates

Andrew Lee

Interim CEO and General Manager, SPU



Public Comment

Moderator: Karen Reed



Committee Business

Presenters: Karen Reed, Brian Goodnight, Kate Morrison, Dani Purnell, Natasha Papsoueva



September Evaluation

Highlights

Detailed presentations and expert speakers are highlights

Improvements

- More time for questions and discussions during the meeting
- Increased focus on community-focused activities and visitors during non-SBP update season

Meeting Structure

Quarterly Meetings

- Moving one month forward in 2022 to allow more time to finalize materials and get to the CRP in advance of meetings.
- Each meeting is focused on one area of the SBP.

Other opportunities

- New member orientation, January
- Ship Canal Water Quality Project tour, March
- Community-focused meetings

Seattle Public Utilities Customer Review Panel: Brief History and Mission

DECEMBER 13, 2021

KAREN REED AND BRIAN GOODNIGHT

Customer Review Panel First Established in 2013

- The SPU Customer Review Panel was first formed in 2013 by the Mayor and City Council "to provide feedback and guidance during the new Seattle Public Utilities (SPU) Strategic Planning Process" launched that year leading to submittal and ultimate adoption of the Utility's 2015-2020 Strategic Business Plan.
- The new strategic planning process was intended to mirror an effort launched three years earlier by City Light.
- Like the City Light strategic business plan, the "SPU Strategic Business Plan" was intended "to guide utility investments, service levels, and rate paths for the six year" planning period.
- The Customer Review Panel originally had 9 members.
- ▶ The Panel expired once the 2015-2020 plan was adopted in 2014.

Council re-established the Panel in 2016 for the 2018-2023 SBP Update

- ► The 2015-2020 Strategic Business Plan was structured to be updated in three years.
- In 2016, the City Council re-established a 9-member Customer Review Panel to "secure the input and engagement of SPU's Customers in the formulation of the 2018-2023 Strategic Business Plan."
- ▶ That Panel was to again dissolve upon adoption of the Plan update.

Council made the Panel a permanent committee in 2017

- When the Council adopted the 2018-2023 SPU Strategic Plan Update in 2017, they made the Panel permanent, rather than let it again dissolve.
- Resolution 31760 also requested SPU submit legislation later that same year to formally describe the Panel's composition, appointment and confirmation rules, and any other procedural requirements necessary to deliberate and evaluate the development and implementation of strategic business plan updates.

Resolution 31800 first defined the Panel roles & rules (2017)

- Panel Purpose: "to provide ongoing stakeholder oversight as Seattle Public Utilities (SPU) implements elements of the Strategic Business Plan (Plan) Update and conducts future updates."
- ► Composition: 9 seats, "selected to ensure a balance of viewpoints regarding services and rates that are representative of the views within SPU's customer base, including residential, commercial, low-income housing, nonprofits and the development community"
- Odd # seats: mayor appointment, must be confirmed by Council.
- Even # seats: Council appointment
- Staggered terms.

Panel expanded to 11 positions in 2018 (Resolution 31825)

- Same Panel purpose; 2 additional members.
- ▶ Positions 1-5: 23-month term
- Positions 6-11: 35-month term.
- ▶ Terms deemed to have commenced 8/1/2018; end June 30
- All current members may be reappointed for one additional 3-year term.
- Members remain seated until an appointment for a replacement is made.

Current Panel Make-up

Odd #
positions
appointed
by Mayor;
Even #
appointed
by
Council;

Position #	Name	Term ends June 30 of
1	Tiffany Sevilla	2024
2	Khalid Mohamed	2024
3	Miki Sodos	2024
4	Suzanne Burke	2024
5	Maria McDaniel	2024
6	Gretchen Glaub	2024
7	Bobby Coleman	2022
8	Noel Miller (Chair)	2022
9	Puja Shaw	2022
10	Thy Pham	2022
11	Rodney Schauf (Vice-Chair)	2022

Panel Roles & responsibilities: (Resolution 31800, Section 5)

Section 5.A: Provide Oversight of the Strategic Business Plan Implementation

Section 5.B: Provide input into Plan updates

Section 5.a: Oversight of Plan Implementation

- 1. Review and provide input on the progress of the action plans* and other deliverables related to the Plan.
 - * Now called Strategic Initiatives and Strategic Investments.
 - -- there are 18 of these in the current plan.
- 2. Monitor the 6-year rate Path...gain an understanding of the drivers impacting the revenue requirements that differ from those in the assumed rate path and provide input in support of Plan implementation.

Section 5.b Provide input into Plan updates

- 1. Gain a knowledge of SPU services, financial policies, costs and rates.
- 2. Review Plan assumptions, technical evaluations, policy directions, action alternatives.
- 3. Work closely with staff designated by the City Council and the Mayor to understand the issues and concerns of the City Council and the Mayor
- 4. Provide to the Mayor and City Council comments on the plan concurrent with the Plan delivery for adoption
- 5. Assist the Mayor and City Council in engaging customers in discussions of the merits and implications of the Plan.

Panel Rules (Resolution 31800, Sect. 6)

- The Panel will establish its own rules for meeting attendance, quorum, leadership, and other matters necessary for its successful functioning.
- Expectation to meet at least quarterly.
- Meetings and proceedings are available to the public.
- Panel findings and recommendations available to the public.
- SPU staff and a facilitator will support the Panel.

Panel adopts its own **Charter** to implement its operating rules

- Charter last updated in 2018 by Panel following adoption of Resolution 31825 expanding the number of Panel members from 9 to 11.
- Chair and Two Vice-Chairs selected by Panel.
 - 2-year terms commencing in October
- Every member has 1 vote; no voting by proxy. Simple majority to approve.
- Chair works with facilitator and staff to review and confirm agendas in advance, act as spokesperson for the Panel.
- Copy of charter in meeting packet.

Questions or Comments?

STRATEGIC BUSINESS PLAN

2021-2026







SPU Vision + Mission + CARES Principles

Our Vision - Community Centered, One Water, Zero Waste - reflects the type of utility we want to build with our communities in the long term.

Our Mission captures the core nature of our work – "SPU fosters healthy people, environment, and economy by partnering with our community to equitably manage water and waste resources for today and for future generations."





4 Strategic Focus Areas

Delivering Equitable Essential Services

Stewarding Environment and Public Health

Empowering Our Customers, Community, and Employees

Strengthening Our Utility's Business Practices

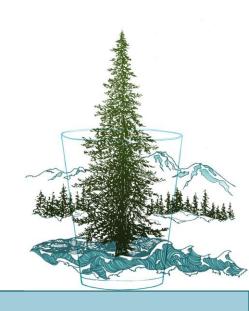




3 Year Rate Path and 3 Year Rate Forecast

PROJECTED 2021-2026 AVERAGE RATE INCREASES

	Rate Path		Rate Forecast				
	2021	2022	2023	2024	2025	2026	Average
Water	0.0%	2.7%	4.7%	3.6%	4.2%	5.5%	3.4%
Wastewater	7.3%	3.1%	5.9%	0.5%	7.8%	3.6%	4.7%
Drainage	7.4%	8.6%	7.2%	3.9%	6.5%	6.7%	6.7%
Solid Waste	2.9%	2.9%	2.2%	2.3%	2.1%	2.1%	2.4%
Combined	4.5%	3.9%	5.0%	2.2%	5.4%	4.2%	4.2%





SBP Update

- The SBP provides a three-year rate path and projections for the subsequent three years.
 - We typically update the plan and adopted rate path on a three-year cycle to allow for future uncertainties and adjustments.
- The current trajectory has us beginning an SBP update next year in 2022, ahead of a 2024-2029 plan.
- We are considering moving the update process forward by one year to begin the update in 2023, with adoption the same year as the start of the plan (2024).
- Rate-path projections would not be impacted by this change. That is, projections will always be consistent with an adopted SBP.



18 Highlighted Initiatives and Investments



- Highlighted Initiatives and Investments are representative examples of how SPU will advance the strategies described in the Strategic Business Plan.
- **Investments** result in tangible infrastructure, asset, asset repair, or service and require more significant investment (over \$5M).
 - Reported on quarterly.
- Initiatives represent policy, planning, and program work and generally require less significant expenditures (under \$5M).
 - Due to complexity and evolving nature of initiative work, we reporting on initiatives **annually**.
- These projects are described in detail in Appendix B of the Strategic Business Plan.







Public Utilities

	Investments Quarterly Reporting	Initiatives Annual Reporting
Stewarding Environment & Public Health	 Ship Canal Water Quality Project Green Stormwater Infrastructure 	 Shape Our Water: A DWW Plan for Water Resilient Future Climate Justice, Adaption, and Mitigation for Water and Waste Waste Diversion Waste Prevention
Empowering Customers, Community, and Employees	 Side Sewer Assistance SPU Support Services for the Unsheltered Workforce Facilities Investments 	 Customer Affordability Programs Seeds of Resilience Impact Investment Proposal Race and Social Justice Strategic Plan SPU Workforce Development
Strengthening Our Utility's Business Practices	 Water System Seismic Resilience Water Asset Management and Opportunity Work DWW Asset Management Work 	 Accountability and Affordability Strategy Plan Risk and Resilience Strategic Plan

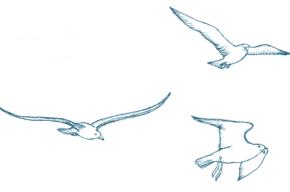
Example Initiative

Shape Our Water: A Drainage and Wastewater Plan for A Water Resilient Future



- SPU is developing an integrated system plan called 'Shape Our Water.'
- The plan includes a long-term vision and a short-term implementation plan and will guide investments, policies, programs, and projects that will improve the performance and resilience of our drainage and wastewater systems while optimizing social and environmental benefits for the city.
- Major milestones include community engagement and the identification of wastewater and drainage challenges and opportunities.





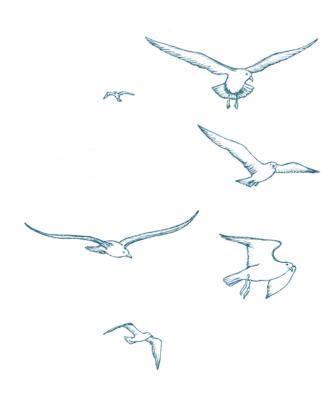


Example Investment

Ship Canal Water Quality Project



- SPU is on track to deliver the **Ship Canal Water Quality Project (SCWQP)**, the largest capital project SPU has implemented, on time and within budget.
- The SCWQP will improve regional water quality by keeping more than 75 million gallons of polluted stormwater (from rain) and sewage from flowing into area waterways.
- Major milestones include the completion of tunneling 2.7-mile storage tunnel.

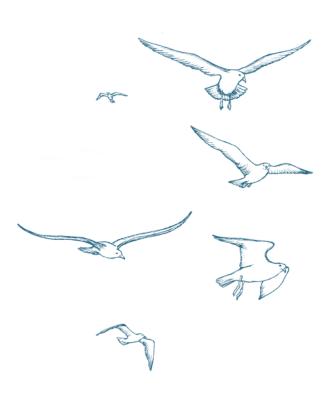




Essential Services



- SPU's **essential service metrics** measure utility performance in meeting the SBP's delivering equitable essential services goal to provide high quality service through three strategies:
 - Strive for best-in-class
 - Provide reliable and rewarding experiences
 - Meet or exceed expectations, requirements, and commitments.





Essential Services

Delivering Equitable Essential Services We are committed to supporting our community, customers, and employees in building an equitable, sustainable, and just future. -4651 .80 lbs 100% 2.32 5.8% Residential Garbage** Sewer Overflows **Utility Discount Program** Clean City Collection Distribution System Leakage **Best In Class** Annual Target: <1lb/pers/day Target: ≥95% Target: ≤4 per100 miles Target: Meet the Need Annual Target: ≤10% 99% 1.0 97% 93% Reliable and Customer call response Missed waste pick-up Rewarding Water & DWW **Customer satisfaction** Target: ≥ 80% in 3 mins response* Target: ≤1 per 1000 stops Target: ≥ 90% Experiences Target: ≥ 90% 62% 2.27 lbs 19% 18% Met 80% Met Expectations, CSO Outfalls **Customer Effort WMBE Purchasing WMBE** consultants **Drinking Water Quality** NPDES*** Garbage, Recycle, Requirements, Annual Target: ≥62% Organics** Target: ≥ 80% Target: ≥ 17% Target: ≥ 22% Target: Regulation Target: Requirements and Commitments Target: < 2.5 met met lbs./person/day



^{*} More details about the performance of these service areas below

^{**}Metrics for Residential Garbage and Garbage, Recycle, Organics reporting is annual, and there is a lag in obtaining the data. Current annual metric available is from 2020.

^{***} National Pollution Discharge Elimination System permits requirements for Seattle's Drainage and Wastewater systems

Supporting Appendices



Appendix A - Accountability and Performance Reporting

Appendix B - Highlighted Initiative and Investment Details

Appendix C - Community Research and Outreach Report

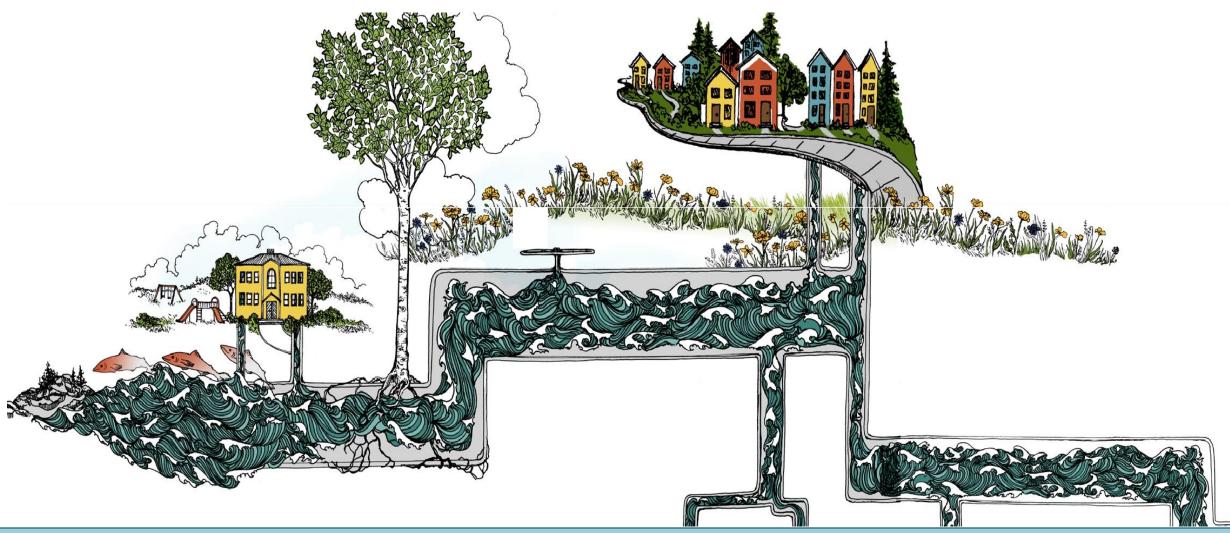
<u>Appendix D - SPU Financial Forecast</u>

Appendix E - Accountability and Affordability Strategy

Appendix F - Risk and Resilience Strategic Plan

Appendix G - CRP Letter to the Mayor

Questions?







Performance Reporting Overview

- SBP Data Highlight
 - Best in Class
- Quarterly Reporting:
 - Essential Service Metrics & Focus Area Progress
 - Capital Improvement Projects
 - Financials





SBP Data Highlight: Best in Class

- SPU's definition
 of *Best In Class* includes actions such as:
 - Stay knowledgeable and operate at the top of our field
 - Demonstrate leadership in costeffective, equitable, and cutting-edge mechanisms
 - Aligns with our core values and focus areas of the SBP

UDP Focus

- The Utility Discount Program (UDP) provides a good example for showcasing work to define and document best in class.
 - Empowering Customers, Community, and Employees SBP focus area

Example: Utility Discount Program

- This year, the target for net enrollments was to 'meet the need' of the customers.
- Overall, UDP enrollment experienced huge growth and subsequent contraction over the course of the pandemic.
- The economic impacts of the pandemic combined with the self-certification process resulted in over 17,000 new households enrolled in the UDP between March 2020 and September 2021. However, the volume of incoming applications decreased from a peak in April 2020 of more than 3,800 applications per month, to about 500-800 per month since April 2021.
- This decrease in total program enrollment can be attributed to a major reduction in incoming applications, along with thousands of terminations of enrollees who either moved out of the service area or were due to recertify their eligibility and were not responsive to providing the necessary information to maintain enrollment (after multiple and multi-modal requests and reminders).

STRATEGIC BUSINESS PLAN

SBP Q3 2021 Performance





2021 SBP Quarterly Reporting Highlights





Delivering Equitable Essential Services Metrics

- Services in *Strive for Best In Class* category continue to meet or exceed targets each quarter, including UDP and Clean City Services
- Most of the services within the other two categories are also meeting their targets

Stewarding Environment and Public Health

Both Ship Canal Water Quality Project and Green Stormwater Infrastructure have met their targets and milestones each quarter.

Empowering our Customers, Community and Employees

 SPU Support Services for the Unsheltered has surpassed their targets each quarter for trash and sharps removal from Unsanctioned Homeless Encampments

Strengthening our Utility's Business Practices

• The three investment projects in Water Asset Management and Opportunity Work have consistently met or exceeded their targets each quarter.



Q3 Focus Area Performance Summary

Delivering Equitable Essential Services

Best-in Class: 100
Experiences: 100

Expectations:

Strengthening Our Utility's Business Practices

Investments:



Water System Seismic Resilience – At Risk

DWW Asset Management and Opportunity Work – Minor Delay

Water Asset Management and Opportunity Work – On Track

Stewarding Environment and Public Health

Investments:



100%

Ship Canal Water Quality Project - On Track Green Stormwater Infrastructure - On Track

Empowering our Customers, Community, and Employees

Investments:



Side Sewer Assistance Pilot and Implementation- Minor Delay SPU Support Services for the Unsheltered – On Track DWW RV Mobile Pump Out Program – On Track Workforce Facilities Investments – Minor Delay



Delivering Essential Services

Service Metrics

Target Met

Best In Class	Q1	Q2	Q3
Distribution System Leakage	✓	✓	✓
Utility Discount Program	✓	✓	✓
Residential Garbage	✓	✓	✓
Clean City Collection	✓	✓	✓
Sewer Overflows	✓	✓	✓
Reliable and Rewarding Experiences			
Water and DWW Response	✓	✓	✓
Missed Waste Pickup			✓
Customer Call Response	✓	✓	✓
Customer Satisfaction	✓	✓	✓
Expectations, Requirements, and Commitment	ts		
CSO Outfalls		✓	✓
Garbage, Recycle, Organics	✓	✓	✓
Customer Effort	✓		✓
WMBE Purchasing	✓	✓	✓
WMBE Consultants	✓		
Drinking Water Quality	✓	✓	✓
NPDES	✓	✓	✓



There are three Categories in this Focus Area:

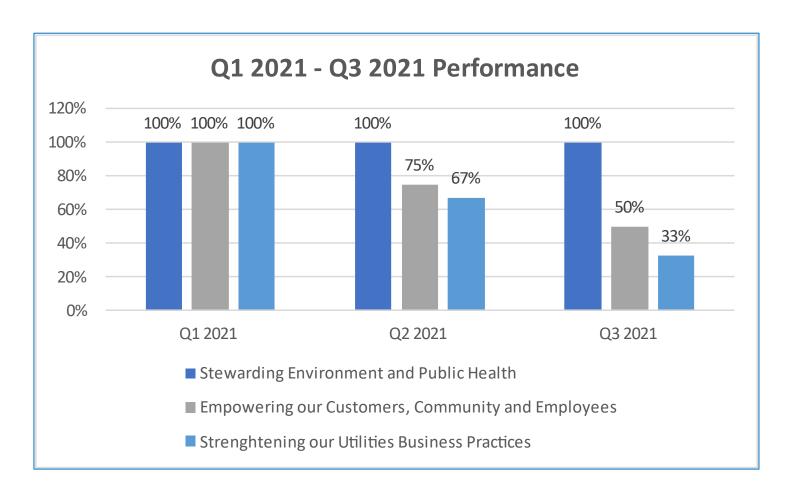
- Strive for *Best in Class*
- Provide Reliable and Rewarding Experiences
- Meet or Exceed *Expectations*, Requirements, and Commitments





SBP Investment Focus Areas

Represents the performance of 9 investments across three focus areas



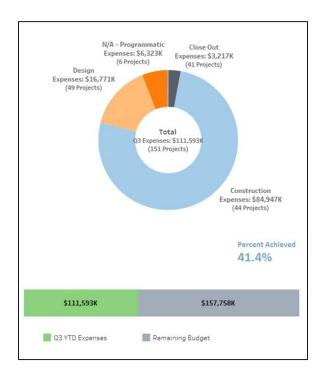
- Stewarding Environment and Public Health has performed well.
- Minor delays in Side Sewer
 Assistance Pilot and
 Workforce Facilities NOC
 have impacted performance
 for Empowering our
 Customers, Community, and
 Employees Investments
- Two of the three investments in Strengthening Our Utility's Business Practices have faced delays in Q2 and Q3.





Q3 2021 PDEB CIP Spending

YTD Q3 2021 PDEB CIP Spending



Upcoming Construction Bids

- **C117001** CP Improvements 2019 Package: Advertise December 2021
- C115120 Tolt Early Warning System: "Other Project Components" - Advertise March 2022
- C312060 Broadview Drainage Improvements: Advertise November 2021
- C600229 Airlift Pump Station 38
 Conversion: Advertise November 2021
- C600299 Watermain Rehab Package #4: Advertise March 2022
- C600491 Melrose and I-5 Sewer Lining Crossing: Advertise Q1 2022
- C600555 Sewer Repair Contract: Advertise Q1/Q2 2022



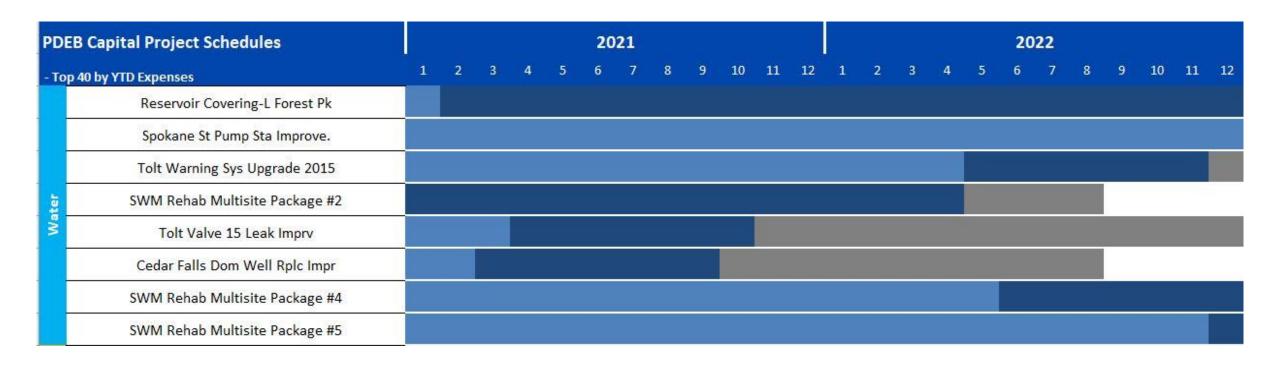
Q3 2021 PDEB CIP Spending

Key Updates

- C416010/C416015 Madison Bus Rapid Transit Project: This SDOT project has been awarded. SPU is updating standard DWW facilities and replacing watermain along Madison St.
- C413013/C416005 SR 520 Montlake Phase: WSDOT project is under construction. SPU engagement continued with replacement of the 12" watermain in Montlake Boulevard NE. Sound Transit 2: Sound Transit removed debris from large diameter SPU drains in the Northgate area.
- C315502/C315506 SCWQP Tunnel Effluent Pump Station & Ballard Conveyance: A combined 90% design was completed. The project is working towards a 100% design deliverable in late February 2022.
- C315503 SCWQP Storage Tunnel: In construction. All 5 drop shafts have been excavated. Two Tunnel Boring Machines (TBMs) began mining in late summer 2021.
- C315507 SCWQP Wallingford Conveyance: 100% design deliverable completed in May 2021.
- C113007 Lake Forest Park Reservoir Covering: Currently in construction. Delays occurred due to COVID impacts on material shipping, manufacturing, and delivery. East cell will be complete Q4 2021.
- C114074 430 Pipeline Improvements: Pre-construction meeting planned for December and NTP in Jan. 2022.
- C117045 Watermain Rehab Package #3: Construction contract awarded Aug 2021.
- C115120 Tolt Early Warning System: First phase began Emergency Contracting. The second phase captures community-driven scope and will complete construction fourth quarter 2022.
- C312051 Pearl Street DWW Improvements: Project is in construction and below ground storage tank structure is being backfilled.
- C308011 South Park Pump Station: Project is midway through construction with major underground assets in the ground.
- C314057 South Park Roadway and Drainage Improvements: The project construction NTP in Q4 with a planned 18 months of construction.
- C316056 Longfellow Natural Drainage Systems: Project bidding delayed with the fish window construction requirement, the construction NTP has shifted from Q3 2021 to Q2 2022.



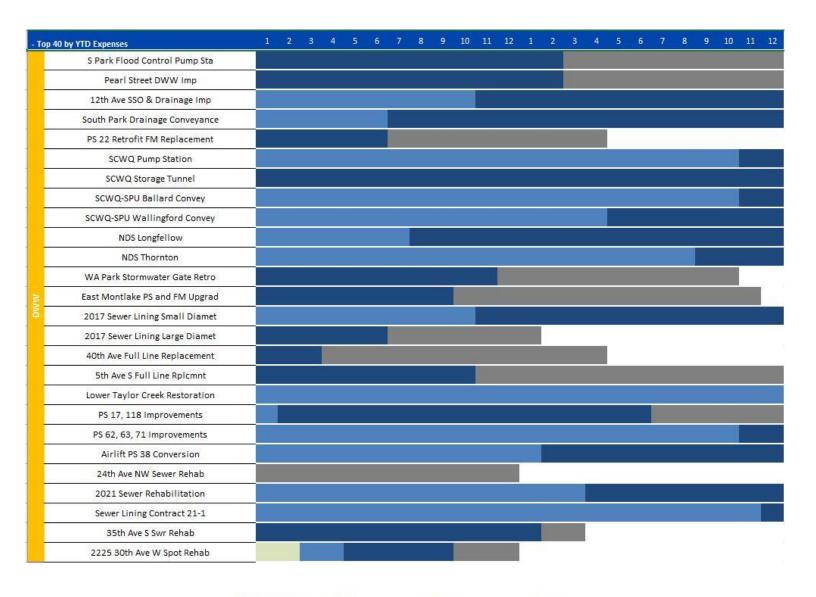
2021-2022 Capital Project Schedule - Water







2021-2022 Capital Project Schedule -DWW



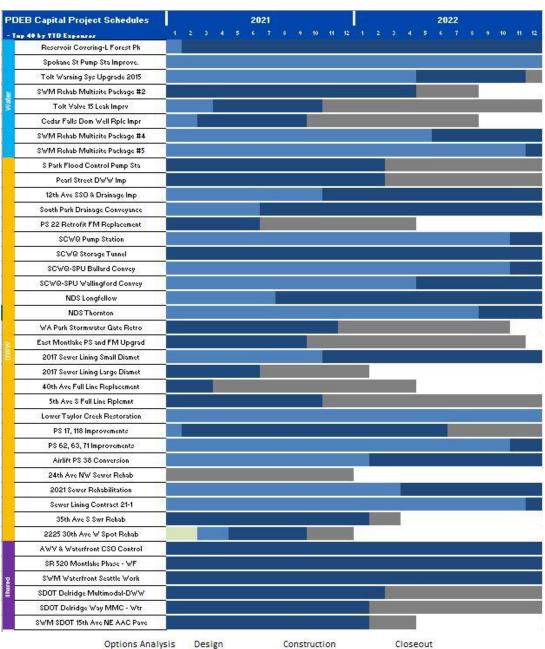
2021-2022 Capital Project Schedule - Shared Services and SW







2021-2022 Capital Project Schedule





Water Fund 2021 Q3 Financial Results

	2021 Annual				2024 Thurston Court and a su			
(\$ in millions)					2021 Through September			
	Annual Plan to Spend	Annual Spent to Date	Annual Remaining to Spend	% Annual Remaining to Spend	YTD Planned to Spend	YTD Spent	YTD Variance	% YTD Under Spend
Expenditures								
Operating**	\$262	\$274	(\$12)	(5%)	\$214	\$274	(\$60)	(28%)
Capital	\$117	\$46	\$71	61%	\$44	\$46	(\$2)	(5%)
Total Expenditures	\$379	\$320	\$59	16%	\$258	\$320	(\$62)	(24%)
	Annual Planned Revenue	Annual Received to Date	Annual Remaining to Receive	% Annual Remaining to Receive	YTD Planned Revenue	YTD Received	YTD Variance	% YTD Revenue Under Recovery
Operating Revenue								
Retail Customer Rev.	\$208	\$160	\$48	23%	\$158	\$160	(\$2)	(1%)
Wholesale Customer Rev.	\$56	\$45	\$11	20%	\$46	\$45	\$1	2%
Other Revenue	\$12	\$12	\$0	0%	\$9	\$12	(\$3)	(33%)
Total Operating Revenues	\$276	\$217	\$59	21%	\$213	\$217	(\$4)	(2%)

^{*}Negative number means over-spend in the case of expenses, and over-recovery in the case of revenue.

^{**}O&M YTD overspent due to bond defeasance of \$79M, which is addressed in the 3Q supplemental.

Drainage and Wastewater Fund 2021 Q3 Financial Results

	2021 Annual				2021 Through September				
(\$ in millions)	Annual Plan to Spend	Annual Spent to Date	Annual Remaining to Spend	% Annual Remaining to Spend	YTD Planned to Spend	YTD Spent	YTD Variance	% YTD Under Spend	
Expenditures									
Operating	\$465	\$398	\$67	14%	\$435	\$398	\$37	9%	
Capital	\$278	\$130	\$148	53%	\$181	\$130	\$51	28%	
Total	\$743	\$528	\$215	29%	\$616	\$528	\$88	14%	
	Annual Planned Revenue	Annual Received to Date	Annual Remaining to Receive	% Annual Remaining to Receive	YTD Planned Revenue	YTD Received	YTD Variance	% YTD Revenue Under Recovery	
Operating Revenue									
Wastewater Revenue	\$315	\$237	\$78	25%	\$236	\$237	(\$1)	(0%)	
Drainage Revenue	\$165	\$124	\$41	25%	\$124	\$124	\$0	0%	
Other Revenue	\$6	\$6	\$0	0%	\$5	\$6	(\$1)	(20%)	
Total	\$486	\$367	\$119	24%	\$365	\$367	(\$2)	(1%)	

^{*}Negative number means over-spend in the case of expenses, and over-recovery in the case of revenue.



^{**}O&M YTD overspent due to bond defeasance of \$51M, which is addressed in the 3Q supplemental.

Solid Waste Fund 2021 Q3 Financial Results

	2021 Annual				2021 Through September			
(\$ in millions)	Annual Plan to Spend	Annual Spent to Date	Annual Remaining to Spend	% Annual Remaining to Spend	YTD Planned to Spend	YTD Spent	YTD Variance	% YTD Under Spend
Expenditures								
Operating	\$217	\$146	\$71	33%	\$165	\$146	\$19	12%
Capital	\$25	\$12	\$13	52%	\$5	\$12	(\$7)	(140%)
Total	\$242	\$158	\$84	35%	\$170	\$158	\$12	7%
	Annual Planned Revenue	Annual Received to Date	Annual Remaining to Receive	% Annual Remaining to Receive	YTD Planned Revenue	YTD Received	YTD Variance	% YTD Revenue Under Recovery
Operating Revenue								
Residential	\$145	\$116	\$29	20%	\$115	\$116	(\$1)	(1%)
Commercial	\$58	\$48	\$10	17%	\$44	\$48	(\$4)	(9%)
Other Revenue	\$18	\$18	\$0	0%	\$15	\$18	(\$3)	0%
Total	\$221	\$182	\$39	18%	\$174	\$182	(\$8)	(5%)

^{*}Negative number means over-spend in the case of expenses, and over-recovery in the case of revenue.



SBP Focus: Delivering Essential Equitable Services

Providing Essential Services in the Time of COVID - SPU Frontline Discussion

Presenters: Bruce Bentley, Jeremi Watkins



Closing & Wrap Up

December Evaluation

• Linked on your agenda

Upcoming Meetings

- January 25, 2022 New
 Member Orientation Part 2
- March 14, 2022 Next quarterly CRP meeting