

**SPU Strategic Business Plan Customer Review Panel  
Draft Meeting Summary for August 6, 2013**

Attending:

<b>Panel Members:</b>			
Suzie Burke	✓	Tara Luckie	✓
Bruce Lorig	X	Noel Miller	✓
Dave Layton	✓	Carl Pierce	✓
Laura Lippman	✓	Walter Reese	✓
David Gault	✓		
<b>Staff and Others<sup>1</sup>:</b>			
Councilmember Jean Godden	✓	Craig Stampher	✓
Nancy Ahern	✓	Meg Moorehead	✓
Martin Baker	✓	Karen Reed (facilitator)	✓
Melina Thung	✓	Diane Clausen	✓
Ray Hoffman	X	Tim Croll	✓
Joe LePla (consultant)	✓	Dave Hilmoe	✓

**Review and Approval of Agenda.** No questions or comments on the revised August 6 agenda; agenda approved.

**Review and Approval of Meeting 7 Summary.** No questions or comments on the July 15 meeting summary; meeting summary approved.

**Councilmember Godden** addressed the Panel, thanking them for their hard work; encouraging the Panel to ask tough questions and represent SPU's ratepayers.

**Review of "Parking Lot" list and status of information items.** Staff discussed the answers to three Panel questions:

- Why there is no fixed charge on the wastewater rate
- Costs of the north transfer station and the south transfer station
- Wage and benefit requirements in the recycling contracts

Suggestions, observations, questions from Panel:

**Q:** What is the original estimate for South Transfer Station? What did the City Council pass? **A:** Can give a cost estimate history for South Transfer Station.

**Q:** No site cleanup? **A:** There is a little bit; included in the total project cost

**Q:** Water retention? What are we doing to improve water retention on our site? **A:** Meeting stormwater code

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<sup>1</sup> 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.

**Facilitator:** Can come back around on the question of delivering capital projects on time and in budget

**Q:** Who else contracts with the recycling company? **A:** Lots of others; not exclusive City of Seattle.

**Continuing Presentation and Discussion of Baseline, Part 1.** Melina went through a powerpoint that reminded everyone of the definition of “baseline,” described the general cost buckets for each line of business, and gave some specifics around discretionary (or value-added) costs. Then, Dave Hilmoie and Tim Croll went over the line of business service levels.

*Suggestions, observations, questions from Panel:*

**Comment:** Discretionary costs are small percentage of total O&M costs

**Q:** Clean City is fully compensated outside of utility rates? **A:** Funded by tonnage tax; SPU also levied this tax; pay 70% of the tonnage tax

**Q:** Is the tonnage tax in the “tax” portion of the stacked bar? **A:** Need to check

**Q:** Rules of thumb? **A:** water - \$1M = 0.6% rate; WW = 0.5%; drainage \$1M = 1.15%; solid waste \$1M = 0.95%. Will also show this as dollars on the bill

**Facilitator Q:** Any particular discretionary activities that raise questions/issues? **Panel A:** Inter-relationships between pockets of money – e.g., lots of expenditures on non-rate activities. Are these truly discretionary, or is it core? How are you billed; how do taxes work? Also, what are the programs provided, instead of the activity examples?

**Q:** Graffiti – how does the cleanup work? **A:** for private property graffiti, owner is responsible; for public property for which SPU is responsible, we respond to calls and we have rangers that look for graffiti

**Q:** Any sense for how much we are investing on drinking water conservation? **A:** We will get that number.

**Q from CBO:** Can we provide cost of providing these service levels? **A:** Some of them, yes. Can do cost/risk tradeoff and orders of magnitude.

*Facilitator decision to hold on remaining discussion of service levels (drainage & wastewater; solid waste)*

**Presentation and Discussion: SPU Executive Team’s edits to the Strategic Framework.** Nancy and Martin went over the document with E-Team changes to the Strategic Framework, based on feedback received from the Panel. Nancy described how SPU’s Executive Team developed the initial framework, and what information they drew upon (customers, staff, etc.)

Nancy reviewed the changes in the SWOC.

Suggestions, observations, questions from Panel:

**Q:** is capital project delivery a weakness or a challenge? **A:** It is a combination of both; some issues are internal (weakness); others are maybe external (challenge). **Comment:** Maybe list it under both? **A:** Can do that, way it is now reflects our estimation of our own weakness.

**Facilitator Q:** Does this look about right, or does the Panel have major concerns with the SWOC?

**Council staff Comment:** What would this mean in terms of funding path? **A:** In terms of funding path, this will come out more in the baseline prioritization, the efficiencies, and the action planning initiatives

**Q:** Achieving appropriate balance between core services and policy objectives – what does this mean? **A:** cost-benefit tradeoffs. Agreed to add “cost” to the list of tradeoffs

**Comment:** Re: engagement; mean a lot more than that – e.g., use your services efficiently.

**Comment:** Minimize effort? Still seems negative? Change to “make it easy for everyone to interact with SPU?”

**Comment:** Put “affordability” in goal of environmental focus area. **Response:** added “affordability” in Operational Excellence focus area; in Environmental focus area, added cost effective, and within utility service and resource levels.

**Comment:** in Workforce, left out aging workforce. **Response** – that’s what succession planning. **Comment:** Doesn’t get at it.

**Facilitator Q:** Degree of unhappiness with Focus Areas/Strategic Objectives? **Comment:** aging working, or *evolving workforce* – language could be better.

**Facilitator Q:** Any comments on Promise statements? **Comment:** Like that we are working with our employees

**Presentation and Discussion: Rough Draft of Interim Outreach Plan.** Michael Davis talked about the early outreach SPU staff have been doing to see who is interested in participating in Strategic Business Plan outreach.

Suggestions, observations, questions from Panel:

**Comment:** Need to spend more time with Community Advisory Committees. **A:** In fall, will work with advisory groups to get their understanding and their support.

**Q:** Just trying to get minority/ethnic groups? **A:** No. But we are trying to ensure we get to the populations that are generally under-represented.

**Facilitator Q:** Would it be helpful if the Panel offered suggestions for who to reach out to? **A:** Yes, definitely. Will send out email to request Panel input.

Joe LePla described SPU's current thinking on the interim outreach, to occur in October-November. In addition to meeting with groups, we will have a web presence to get customer input. In the meetings, we will give participants some simple context, and ask them what their interests are in terms of investments or cost savings.

Suggestions, observations, questions from Panel:

**Q:** Will we be able to do this? **A:** We hope so. But, it is a high bar. **Comment:** Maybe we can ask what you are willing to pay more for.

**Comment:** Business organizations understand the workforce issues. And, always ask customers about interactions with staff and services.

**Facilitator Q:** What's the plan of getting at cost savings, in addition to new investments? **A:** Set the context – remind participants that these investments cost money.

**Council staff suggestion:** Maybe also ask: if you have to give something up, what would you give up?

**Comment:** One hour is very ambitious.

**Facilitator:** When we email about possible groups, will also ask what additional thoughts you have on the content of the meetings.

**Q:** focus groups? **A:** depends on the group.

**Comment:** Could do Meg's open-ended version (what would you add; what would you give up) maybe more successfully.

**Comment:** How about stepping into the 21<sup>st</sup> century, and do some web work, facebook page, public service announcements. **A:** Will definitely do a web presence; tweeting; etc. Also will bring together different interests to get valuable conversations going.

**Discussion of SPU's Regulatory World.** *Did not get to this agenda item.*

**Proposed Agenda for Meeting 9:**

- Review of Input from Customer Advisory Committees
- Baseline, Part 2 (including rate affordability)
- Draft Ideas for September 17 Council Briefing
- Further discussion of proposed interim outreach approach

The meeting was adjourned at 4:30.

### **Follow up Items for Staff:**

1. Develop a cost estimate history for South Transfer Station.
2. More broadly discuss how SPU can improve on delivering capital projects on time and in budget
3. Check if the solid waste tonnage tax in the “tax” portion of the stacked bar?
4. Show “rules of thumb” also as dollar impacts on monthly bills (Rules of thumb: water - \$1M = 0.6% rate; WW = 0.5%; drainage \$1M = 1.15%; solid waste \$1M = 0.95%).
5. Provide additional information on inter-relationships between pockets of money – e.g., how are non-rate activities billed? Are they truly self-sufficient? Should they be considered core or discretionary? And, can you provide a list of discretionary services that better describes the service provided?
6. To the degree we can, provide the magnitude of the costs/risks associated with drinking water service levels, including water conservation.
7. Further suggestions on strategic framework:
  - Place capital project delivery in the weakness and the challenge categories (instead of just the weakness category)
  - Add “and costs” to the OpEx SWOC statement “Achieving appropriate balance between core services and policy objectives *and costs*”
  - Note that “customer engagement” means a lot more than that – e.g., use your services efficiently.
  - Change “minimize customer effort” to “make it easy for everyone to interact with SPU?”
  - Acknowledge elephant in the room by mentioning *evolving workforce* in workforce strategic objectives.
8. Interim Outreach:
  - In fall, will work with advisory groups to get their understanding and their support for the outreach work.
  - Email Panel to ask for (a) suggestions for who to contact regarding interim outreach; (b) additional thoughts on the content of the interim outreach meetings.