



Strategic Business Plan Update 2018–2023

COMMUNITY-CENTERED, ESSENTIAL UTILITY SERVICES

See the progress we've made and learn what's in store.



SEATTLE PUBLIC UTILITIES

PARTNERING WITH OUR COMMUNITY TO KEEP SEATTLE THE BEST PLACE TO LIVE AND WORK

The Strategic Business Plan (SBP) was put in place in 2015 to help Seattle Public Utilities (SPU) better meet the needs of all customers and communities. It supports our core work of providing high-quality utility services and protecting public health and the environment. It is also designed to create predictable rates and help customers see how their utility dollars sustain and improve their quality of life.

We update the SBP every three years. The 2018-2023 Strategic Business Plan Update (Update) allows us to adjust the work of the Strategic Business Plan and meet changing needs and requirements.

The following summary explains how SPU keeps Seattle the best place to live through our day-to-day work and projects, and what we'll need to change as part of the Update.

“Updating the Strategic Business Plan every 3 years provides essential guidance to SPU to continue to fulfill its Promise to all of its customers.”

– Noel Miller, Customer Review Panel Chair



The all-volunteer Customer Review Panel at work. Members include Suzanne M. Burke, Bobby Coleman, Dave Layton, Laura Lippman, Noel Miller, Rodney Schauf, Puja Shaw, Kyle Stetler, and Jessa Timmer.

THE SPU PROMISE

Everything we do is in the service of keeping our promise to our customers:

- We provide efficient and forward-looking utility services that keep Seattle the best place to live.
- We help customers see how their utility dollars sustain and improve their quality of life.
- We solve problems at the source.
- We foster a culture focused on our customers, safety, innovation, inclusion, and value for money.



SPU's Cedar River Watershed Education Center offers a beautiful, family-friendly, interactive learning experience. Open daily Tuesday through Sunday, 10 a.m. to 4 p.m.

TABLE OF CONTENTS

Letter from SPU’s General Manager pg. 5

Strategic Business Plan Highlights 2015-2017..... pg. 6

SPU Focus Areas Guide Actions that Make a Difference pg. 8

Utility Services Protect Your Health and Our Environment pg. 10

Average Annual Rate Increases 2018-2023 pg. 12

Projected 6-Year Rate Path pg. 14

Investments for a Better Seattle 2018-2023..... pg. 20

Summary of 2018-2023 Investments pg. 23

“I value living in a place that is clean and safe, so it’s important to me that my utility prioritizes clean water, high-quality sewer services, and trash-free spaces.”

– Seattle customer

“It’s nice to be able to point to exactly why we’re here, that we care and want to be cost-effective.”

–Chris Courtney, SPU Account Services Manager

LETTER FROM SPU'S GENERAL MANAGER

Our waterways, hills, forests, mountains, and watersheds shape the character of our city and our shared sense of responsibility for our environment and each other. The stunning natural beauty we share promotes our collective sense of environmental responsibility and openness to finding new ways to make Seattle an even better place to live and work.

As part of this vibrant city, Seattle Public Utilities (SPU) continually strives to be an efficient and forward-looking utility, providing excellent utility services and stewarding our natural resources.

SPU's Strategic Business Plan (SBP) establishes the utility's service goals, investments, and rates for the years ahead. In recent months, with valuable input from customers and employees, we have updated the SBP to include course corrections and enhancements that will keep us on the path to achieving our mission.

Our central purpose in this plan is to balance long-term sustainability and excellent service with affordability. To keep rates as low as possible and provide the very best value to our customers, SPU continues to find ways to cut costs and be more efficient.

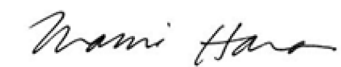
The SBP Update includes important investments that protect public health, support the dedicated staff who provide essential utility services, and enhance the city's natural and built environments.

We are improving utility infrastructure to support reliable and resilient services for a changing city and environment. We are expanding green stormwater facilities in urban villages to manage runoff and improve water quality while adding a sense of place and beauty. We are upgrading aging facilities to improve safety, health, and functionality, and we are strengthening our water system to withstand seismic and climate threats.

I see SPU as a community-centered utility committed to equitable service for all customers. As the city grows and changes SPU strives to listen to and collaborate with customers, steering toward a sustainable future. Our collaborative approach was used in developing this SBP Update. We truly appreciate the input we received from residents and businesses across the City—especially from traditionally hard-to-reach communities, including those who speak English as a second language.

Our team gives many thanks to the hard-working, independent Customer Review Panel for their many hours of service and guidance. Many thanks as well to the Community Advisory Committee members who volunteered their valuable time and insights, and to SPU employees who, in partnership with our customers, work every day to keep Seattle a truly amazing place to live.

Sincerely,



Mami Hara, General Manager
Seattle Public Utilities



STRATEGIC BUSINESS PLAN HIGHLIGHTS 2015-2017

IMPROVING SERVICES, FINDING EFFICIENCIES, AND MAKING RATES PREDICTABLE

The Strategic Business Plan has helped us improve services, increase efficiencies, and make rates more predictable. We worked closely with our employees, elected officials, and customers to create the 2015-2020 SBP as well as this Update.

We've successfully turned the SBP's goals into actions:

- The SBP is shaping our culture through continuous improvement, greater employee engagement, and by encouraging us to create more value with each customer dollar.
- Despite unanticipated cost and revenue pressures, we held the 2015-2017 average annual rate increases to 4.2%.
- We're on track or have completed nearly all of our 2015-2017 action plans. These plans improve systems or services where they are most needed.

We've found many ways to save money and work smarter:

- In 2015-2016, we saved \$1.96 million by improving the way we work.
- A few examples include:
- We repurposed vacant positions to do higher priority work.
 - We streamlined our stormwater system inspection program, reducing the time it takes to complete an inspection by 45% from 72 days to 40.
 - We improved our approach to cleaning sewer pipes, increasing the amount of pipes cleaned from 343 miles in 2014 to 569 miles in 2016, a 66% improvement.



The Rain Wise program is just one of the ways SPU and residents are reducing sewer backups and flooding.



Every day our 1,400 employees deliver reliable services to your home or business.

We've partnered with customers to meet our utility goals and challenges:

- We achieved a nation-leading 58% recycling rate.
- We've conducted 500 youth education programs to help us support water conservation.
- We continued to offer a toilet rebate program, resulting in 3,500 new super-efficient toilets throughout the City and 53,000 gallons of water saved per year.
- We've partnered with homeowners around the City to keep storm drains clear and free of pollutants.

“Access to the free recycling service is pretty amazing. It’s reducing your overall costs and it’s dependable. It’s nice to know you just put it on the curb and it’s gone each week.”

– A Seattle business customer

SPU is helping customers in flood-prone neighborhoods. For example, we are continuing work on several large projects in the South Park and Broadview neighborhoods to reduce sewer backups and flooding.

“I appreciate SPU’s efforts to clean up illegal dumping around our City. The City feels safer to me when it’s clean.”

– Seattle customer

SPU FOCUS AREAS GUIDE ACTIONS THAT MAKE A DIFFERENCE

The Strategic Business Plan’s four focus areas help SPU determine where to invest its time and money for the most effective customer outcomes. The focus areas impact every job in every part of our organization. Here are some of the current projects that are making a difference for our customers:

OPERATIONAL EXCELLENCE

We provide reliable, affordable, efficient, and high-quality services to all customers.

Example action plan:

Emergency, disaster, and seismic vulnerability planning

The Continuity of Operations Plan has been updated to help ensure that major service disruptions like an earthquake are dealt with as quickly as possible.

SPU IS A COMMUNITY-CENTERED UTILITY WORKING TO MAKE SEATTLE THE BEST PLACE TO LIVE FOR EVERYONE:

Our six primary goals:

- Achieving excellence in core service delivery
- Increasing affordability and accountability
- Improving investment value
- Enhancing public health and environment
- Ensuring equity and inclusion
- Expanding impact through strong partnerships

PUBLIC HEALTH AND THE ENVIRONMENT

We provide essential services promoting a healthy, greener, resilient, and thriving community.

Example action plan:

Expanded street sweeping to reduce waterway pollution

SPU swept 20,000 miles of streets and removed 140 tons of pollutants in 2016, a 40% increase from 2014. Our specialized street sweepers pick up very fine pollution particles, keeping them out of creeks and streams.



SPU cleans 20,000 miles of Seattle streets every year.

WORKFORCE DEVELOPMENT

We have a high-performing, engaged workforce focused on customer and community-centered outcomes.

Example action plan:

Employee health and safety

During 2015, we initiated process improvements to maximize employee safety and wellness and reduce the impacts of on-the-job illnesses/injuries.

In 2016 these efforts resulted in an 8% reduction in new claims. SPU’s Occupational Safety and Health Administration (OSHA) recordable rate of 5.9 reported injuries per 200,000 hours worked was below the industry standard of 7.1. SPU also saw an 18% reduction in time-loss wages and a 31.5% increase in modified duty work days, meaning employees were out of the office less.



Seattle Public Utilities customer service representatives handle 600,000 calls every year.

CUSTOMER EXPERIENCE

We deliver essential utility services focused on customer access, equity, and ease of use.

Example action plan:

Ensuring all communities enjoy equal access and have the ability to use our services

In 2015, we began working with several hard-to-reach Seattle communities to establish community partnerships. These communities participated in the 2017 customer outreach sessions by recruiting customers to participate and providing facilitation.

“Our job is to keep pollutants out of our waterways every day to make them safer for swimming and salmon.”

- Shelly Basketfield,
SPU Street Sweeping Program Manager

UTILITY SERVICES PROTECT YOUR HEALTH AND OUR ENVIRONMENT

SPU is owned by the public so every dollar spent and every action taken by our 1,400 employees is for the benefit of our 1.4 million customers. We focus on meeting customer needs for quality, service equity, affordability, resiliency, and protection of public health and the environment.

We will continue to provide these reliable core services in the face of a growing population, increasing regulations, and climate change.

MOUNTAIN-FRESH DRINKING WATER

Seattle has one of the highest-quality water systems in the country. Our drinking water is safer than most bottled water because it comes from clean, protected mountain sources. It's also monitored and tested every day for purity and taste. We are preparing for the future and taking actions necessary to ensure a safe and adequate water supply through 2050 and beyond.

SAFE SEWAGE TRANSPORT

SPU protects Seattle families, businesses, and neighborhoods by safely transporting sewage to King County treatment plants. Our goal is to significantly reduce the number of sewage backups and untreated sewage overflows that enter the Duwamish River, Lake Washington, and the Puget Sound by 2025.



Seattle's fresh clear mountain water is among the best source water in the world.

“Please continue to plan and prepare for the impacts of climate change.”

– Seattle customer



Collecting compostable organics at Seattle's Pike Place Market.

DRAINAGE THAT REDUCES FLOODING AND POLLUTION

During storms, SPU's 85,000 storm drains and 1,428 miles of drainage and sewer pipes carry rainwater away to protect our City from flooding and severe weather. The Update includes projects that increase maintenance and capacity. It also calls for managing more than 700 million gallons of stormwater runoff annually through natural rain gardens and other green drainage systems by 2025.

DEPENDABLE GARBAGE PICKUP AND WASTE REDUCTION

SPU collects garbage, recycling, and food and yard waste throughout the City. We know how important dependable service is, and that's why the average customer experiences just one missed pickup every 10 years. SPU is working with businesses to minimize waste through reduced packaging and improved solutions for litter and illegal dumping.

Working to restore a flood plain on Thornton Creek.



“I would like to see the number of combined sewer overflows reduced to help protect our environment.”

– Seattle customer

AVERAGE ANNUAL RATE INCREASES 2018-2023

MAKING NECESSARY INVESTMENTS WHILE FINDING SAVINGS

Your utility bill pays for essential services. It also pays for all the capital projects and day-to-day management of operations that go into making sure our services are always there when you need them.

HOW WE DETERMINED RATES FOR 2018-2023

We took the same three-step approach to determine rates for 2018-2023 as we did for the 2015-2020 period:

- Current levels of operations. We started with what the Utility would cost to run if our levels of service remained the same.
- Savings. We then looked for ways to cut costs.
- New investments. Lastly, we identified new investments to improve services and maintain our systems for future generations.

The Strategic Business Plan (SBP) is helping us find ongoing cost savings and efficiencies while maintaining high-quality services. However, despite our best efforts, the cost to provide current services for the 2018-2023 period is higher than the 2015-2020 period. This is due to events that weren't anticipated when we created the SBP in 2014.

This higher cost of our basic services is a result of several drivers including:

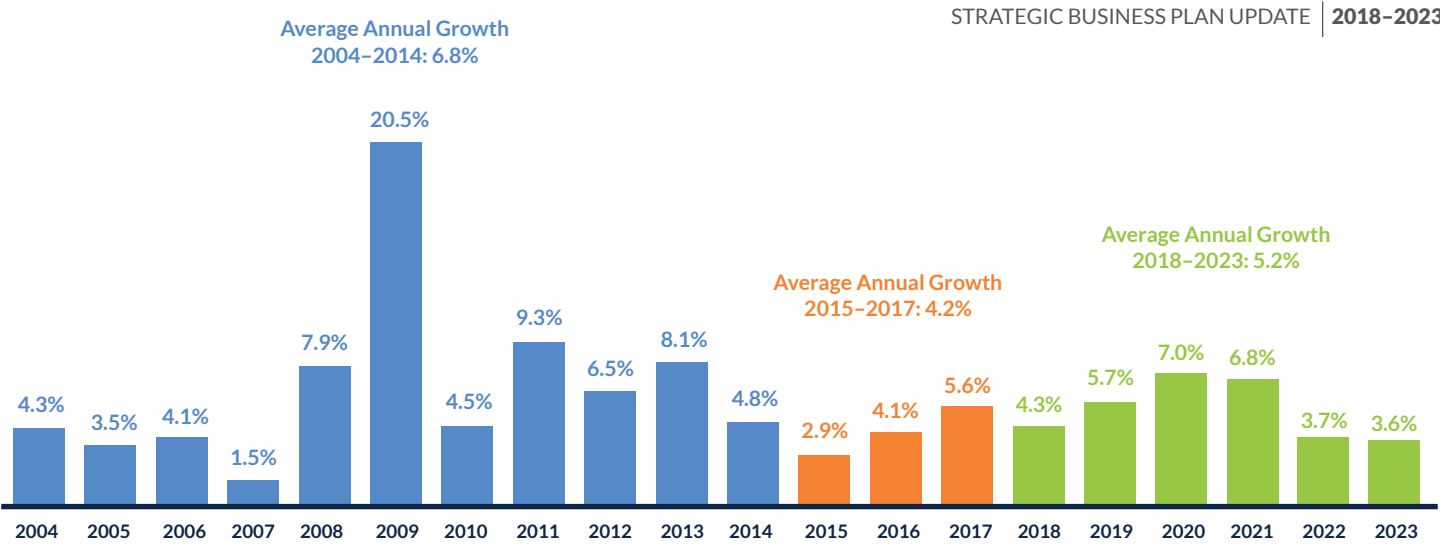
- Moving up project timelines for a large sewer overflow project to make sure we comply with federal regulations.
- Responding to increased levels of illegal dumping, litter, and graffiti.
- Losing the Port of Seattle as a drainage customer, resulting in less revenue.
- Increasing investments in transportation projects citywide, requiring related SPU infrastructure work such as underground pipes.

WHY DO AVERAGE RATES INCREASE EVERY YEAR?

As costs increase, so must our rates. The average annual rate to maintain baseline operations in 2018-2023 is 5.3%, about half of which is inflation. This is our new starting point.

“I wish the rate increases were lower. I worry about households that can't afford them.”

- Seattle customer



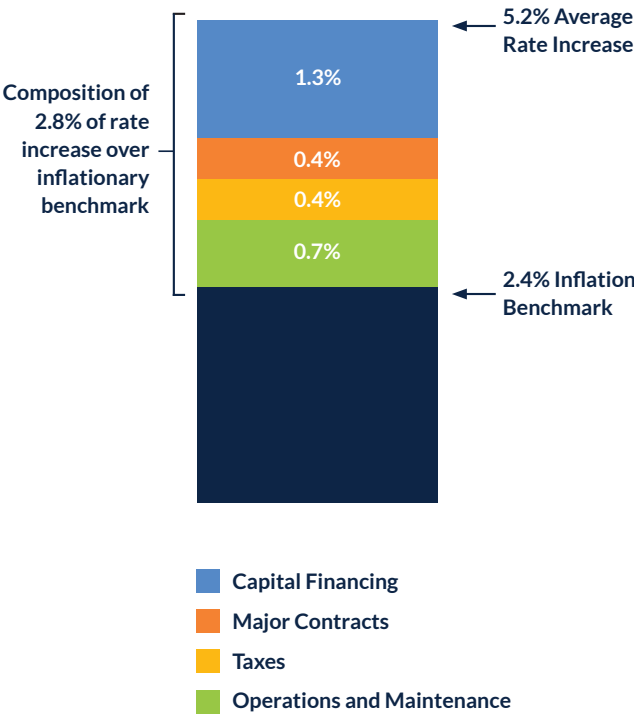
The average annual growth in actual and projected rate increases since the SBP began in 2015 are significantly lower than in the previous decade.

To offset the unanticipated costs affecting baseline operations and to keep rates as low as possible, we identified \$164 million in savings for 2018-2023. This includes reprioritizing large capital projects, finding lower-cost alternatives to existing projects, and reducing support for programs that have relatively small impacts on customers. These savings reduce rates by an average of 0.5% per year.

Lastly, we identified investments and requirements that will cost \$229 million to improve services and maintain the high quality of life in Seattle today and for future generations.

The final average annual rate increase for the Update period will be 5.2%.

5.3%	CURRENT BASELINE OPERATIONS (2.4% is inflation)
(0.5%)	MINUS SAVINGS
0.4%	PLUS NEW INVESTMENTS
5.2%	TOTAL AVERAGE ANNUAL RATE INCREASE



Nearly half of the 2018-2023 average annual rate increase is inflation. The rest of the rate increase is driven by higher costs for operations, capital financing, taxes, and major contracts such as payments to King County for wastewater treatment and the solid waste collection and disposal services.

“I am willing to invest in the future by paying higher rates to ensure our utilities remain high quality.”

- Seattle customer

PROJECTED 6-YEAR RATE PATH

2018-2023 Rate Path	2018	2019	2020	2021	2022	2023	Average 2018-23
Water	2.0%	2.5%	3.7%	5.0%	4.1%	5.0%	3.7%
Sewer	4.1%	8.1%	9.9%	8.9%	1.3%	2.6%	5.8%
Drainage	10.7%	9.2%	9.7%	9.9%	7.9%	4.7%	8.7%
Garbage	3.1%	3.3%	4.0%	3.0%	3.8%	2.8%	3.4%
Combined	4.3%	5.7%	7.0%	6.8%	3.7%	3.6%	5.2%



SPU's Graffiti Rangers help keep Seattle's public property clean.



SPU customers were key to achieving a 58% recycling rate, one of the highest in the nation.

The table below shows typical bills expressed as monthly charges. Actual SPU bills are bi-monthly for drinking water, sewer, garbage, and recycling, and twice yearly for drainage fees paid with property taxes. During the Update period, a typical one-month bill for an average residential customer is projected to be:

Typical Monthly Residential Bill for a Single Family House	2017	2018	2019	2020	2021	2022	2023
% increase		4.5%	6.1%	7.2%	6.9%	4.0%	3.7%
Water	\$41.13	\$42.31	\$43.73	\$45.67	\$47.98	\$49.95	\$52.45
Sewer	\$55.60	\$57.93	\$62.61	\$68.80	\$74.91	\$75.85	\$77.83
Drainage	\$36.04	\$40.07	\$43.75	\$48.01	\$52.77	\$56.96	\$59.66
Garbage	\$48.10	\$48.78	\$50.46	\$52.60	\$54.28	\$56.45	\$58.14
Combined	\$180.87	\$189.09	\$200.55	\$215.08	\$229.93	\$239.21	\$248.08

Totals may vary due to rounding.

Typical Monthly Residential Bill for an Apartment	2017	2018	2019	2020	2021	2022	2023
% increase		3.6%	5.7%	7.1%	6.9%	2.9%	3.3%
Water	\$23.68	\$23.95	\$24.34	\$25.01	\$26.26	\$27.34	\$28.70
Sewer	\$51.72	\$53.89	\$58.24	\$64.00	\$69.68	\$70.56	\$72.40
Drainage	\$6.84	\$7.51	\$8.19	\$8.99	\$9.88	\$10.67	\$11.18
Garbage	\$24.27	\$25.04	\$25.91	\$27.00	\$27.86	\$28.97	\$29.83
Combined	\$106.51	\$110.38	\$116.68	\$125.00	\$133.68	\$137.54	\$142.11

Totals may vary due to rounding.



“At SPU, our goal is to ensure a clean and safe water supply now and into the future.”
– Wylie Harper Director, Drinking Water Quality Lab

Releasing salmon fry in Lake Washington.



Typical Monthly Bill for a Small Business (Convenience Store)	2017	2018	2019	2020	2021	2022	2023
% increase		3.9%	5.2%	6.3%	5.8%	3.6%	3.3%
Water	\$99.80	\$101.55	\$103.85	\$107.30	\$112.67	\$117.29	\$123.16
Sewer	\$258.60	\$269.45	\$291.20	\$320.00	\$348.40	\$352.80	\$362.00
Drainage	\$89.25	\$97.90	\$106.89	\$117.29	\$128.93	\$139.16	\$145.77
Garbage	\$481.42	\$496.53	\$513.61	\$535.26	\$552.19	\$574.33	\$591.33
Combined	\$929.07	\$965.43	\$1,015.55	\$1,079.85	\$1,142.18	\$1,183.58	\$1,222.25

Totals may vary due to rounding.



Discover the wonders of Puget Sound along Alki Beach.

“I think that protecting the environment we live in and the water coming to us is the highest reason we have city utilities.”
– Seattle customer

Enjoying a summer day in Seattle.



THE SHIP CANAL WATER QUALITY PROJECT

This 2.7 mile drainage and wastewater tunnel project, constructed in partnership with King County, is a major driver for SPU's capital expenditures for the next eight years. The project is mandated by the Environmental Protection Agency and the Washington State Department of Ecology through consent decrees to Seattle and King County. When completed the tunnel will be able to keep more than 50 million gallons of raw sewage and polluted runoff from overflowing into the Ship Canal, Salmon Bay and Lake Union each year.



FINDING AFFORDABLE SOLUTIONS

SPU encourages customers to reduce their costs by conserving water and switching to smaller garbage bin sizes through recycling and composting more. We also offer up to a 50% discount on utility bills for qualifying low-income customers.

“We have assisted nearly 33,000 customers with the discount program, surpassing the mayor’s goal to enroll 28,000 by 2018.”

– Tracey Rowland, SPU Utility Discount Program Manager

COMMUNITY OUTREACH

SPU customers attended seven workshops and participated in an online survey to help the Utility update the Strategic Business Plan.



“I want more transparent billing and easier access to online services and account management.”

– Seattle customer

INVESTMENTS FOR A BETTER SEATTLE 2018-2023

SPU’s services strive to protect public health and safety, promote environmental sustainability, and foster social equity. SPU also works hard to make sure our services are accessible and affordable to all customers. As Seattle’s population continues to grow, our services play an increasingly important role in our city’s livability.

The investments in this Update help ensure we continue to meet regulations to protect public health and the environment, protect and maintain our infrastructure, and invest in the employees who deliver on our promise each and every day.

Regulatory compliance and public health protection:

- Deliver sewer capacity projects to accommodate larger wastewater flows, avoid backups, and reduce sewage overflows.
- Repair sewer pipes using trenchless technology to reduce the likelihood of structural failure and sewer backups.
- Rehabilitate or replace aging drainage and sewer pipes, pump stations, and mains to prevent sewer overflows and backups.
- Replace or repair combined sewer overflow outfalls to prevent sewer overflows and backups into homes and private property.

Environmental sustainability:

- Deliver green stormwater infrastructure projects with a focus on urban villages to slow, capture, and clean polluted runoff before it harms our lakes, rivers, and streams.
- Build electrical charging stations to support our reduction of fossil fuels.

Infrastructure reliability:

- Increase hydrant maintenance to ensure hydrants function reliably during fire emergencies.
- Increase valve maintenance in the water system to limit the number of customers affected during a main break.
- Replace infrastructure when transit work necessitates digging up roadways to improve service levels, reduce risk of structural failure, and avoid future costs.
- Expand the security program to conduct more security checks on SPU’s facilities and sites and more quickly respond to alarms due to vandalism, illegal trespassing, and other criminal activities.

Workforce investments:

- Renovate and build additional space to address deficient work space conditions for field crews, equipment, tools, and supplies and to improve operational efficiencies.
- Expand and improve the apprenticeship program to ensure SPU recruits and retains the best field talent to deliver essential utility services.



Rain gardens are one of many green infrastructure projects around Seattle.

“Updating the SBP keeps us on track to meet our service reliability, public health, and environmental goals.”

– Mami Hara, General Manager of SPU



SUMMARY OF 2018-2023 INVESTMENTS

The following table shows the action plans we will invest in as part of the Strategic Business Plan Update.

Investment	Description	6-Year Cost
Apprenticeship Program	Expand and enhance SPU’s apprenticeship program to recruit and retain the best and most diverse talent by providing more training and creating career pathways into and up in the organization.	\$1.6M O&M
Diaper and Pet Waste Feasibility Study	Evaluate the feasibility of composting diapers and pet waste.	\$300K O&M
Facilities Improvements	Purchase property, reconstruct existing facilities, and construct new facilities to address deficient work space conditions for field crews, equipment, and administrative staff: North Operations Complex (\$21.6M); South Operations Complex (\$42.7M); Cedar Falls (\$78.7M); and Seattle Municipal Tower (\$1.3M).	\$78.7M CIP
Green Fleet	Fund the infrastructure needed to implement a fleet of electric vehicles to reduce SPU’s use of fossil fuels and support the City’s Drive Clean Seattle Fleet initiative.	\$6.5M CIP
Green Stormwater Infrastructure Pilot	Expand green stormwater infrastructure projects with a focus on urban villages to support livability while addressing stormwater management needs.	\$424K O&M \$35M CIP
Pump Stations, Force Mains and Combined Sewer Overflow Outfalls	Rehabilitate or replace assets at SPU’s 68 sewer pump stations and their associated force mains to help prevent sewer overflows and backups. Rehabilitate and replace SPU’s 86 CSO outfalls to help prevent sewer backups.	\$18.5M CIP
Security Monitoring	Add a dedicated security monitoring center to provide SPU with real-time monitoring of security video and add a security position to respond to an increasing number of incidents, improve response time to alarms, and perform more security checks.	\$800K O&M
Sewer Rehabilitation	Increase repair, rehabilitation, and replacement of SPU’s aging wastewater and drainage pipes, based on criticality and condition assessments, to support SPU’s goals of preventing sewer overflows and meeting regulatory requirements.	\$25.9M CIP
Sewer Repairs	Increase sewer spot repairs utilizing trenchless technology, an efficient and cost-effective approach to address certain sewer system problems, to support meeting SPU’s regulatory requirements and reduce the likelihood of structural failures and sewer back-ups.	\$1.6M O&M \$5.7M CIP
Technology Portfolio Management	Add a position to manage SPU’s information technology portfolio and governance system, to enable SPU to better partner with the Information Technology Department to develop, manage and track SPU’s suite of technology projects.	\$900K O&M
Water Distribution System Maintenance	Expand maintenance of approximately 60,000 water valves and 19,000 fire hydrants will better ensure that valves and hydrants operate reliably when needed, particularly during emergencies.	\$3.2M O&M
Water Opportunity Transportation Projects	Take advantage of street openings driven by transportation projects by initiating water infrastructure projects to improve service levels, reduce risk, reduce future costs, and provide service where there currently is none.	\$49.4M CIP

O&M = Operations & Maintenance; CIP = Capital Improvement Program



Cedar Falls in the Cedar River Watershed.

SEATTLE PUBLIC UTILITIES 700 FIFTH AVENUE, SUITE 4900
P.O. BOX 34018 SEATTLE, WA 98124-4018

(206) 684-3000

www.seattle.gov/util/

Facebook: SeattlePublicUtilities

Twitter: @SeattleSPU

Youtube: SeattlePublicUtilities

For interpretation services please call 206-684-3000.

如需要口譯服務，請撥電話號碼 206-684-3000.

통역 서비스를 원하시면 206-684-3000 으로 전화하세요.

Wixii turjubaan afka ah ku saabsan, Fadlan la soo xariir taleefoonka: 206-684-3000.

Para servicios de interpretación por favor llame al 206-684-3000.

Para sa serbisyo ng tagapagpaliwanag, tumawag sa 206-684-3000.

Về dịch vụ phiên dịch xin gọi 206-684-3000.



**Seattle
Public
Utilities**