

Input from Chair, Vice-Chairs for Consideration by Panel at May 18 Meeting¹

Overall statement re: endorsement of Plan, rate path, contents

- Support the 6-year rate path which was reduced from 5.2% to **4.2%**
- Cash has been used to reduce the rate path going forward, from unspent capital funds built up in the last 3 years. Question whether this will create a bow-wave of rate increases in the future for capital projects? Does the rate path really reflect a “bending of the cost curve” down or simply expenditure of funds held in reserve due to under expenditure in recent years? Remains important to bend cost curve down, find efficiencies.

Strategic Plan process overview

- Applaud efforts to renew the Vision, Mission and Values of SPU
- The Utility has been extremely responsive to the Panel’s requests for information.
- Disappointed that there was no time scheduled to meet with the City Council Utility committee
- Applaud the work done up front with Accountability & Affordability and Risk & Resiliency Plans
- Concern that current planning process needs to be adjusted to move away from quarterly (too disjointed) and then semi-monthly meetings in run up to delivery of plan (too great a burden on panel members’ time); will work with SPU to develop revised approach. (Similarly, use of **skype** for meetings indefinitely is not likely sustainable).

Overview of Review Panel structure, role, process in reviewing the plan

- Appreciate that the Panel has become a permanent advisory body to the Mayor, City Council and SPU
- Received timely and complete quarterly updates since the last plan was approved

Comment on public outreach included in plan development

- Targeted outreach engagement efforts to businesses, specific under-represented communities and on-line customer survey was helpful
- Helpful to use historic survey data from multiple sources for baseline. Expanded survey (beyond the 5 questions) may be needed going forward as the City demographics shift.
- Pandemic has demonstrated that many in our community lack good online access necessary to participate in online outreach efforts.
- Citizen Advisory Committees remain valuable to provide greater level of detailed feedback on issues important to SPU

¹ Two corrections made to the version shared with Panel on Tuesday May 12 are highlighted in yellow above.

Progress of SPU since last Plan

- Asset Management program is progressing
- Progress on the CSO Consent Decree order, both capital and O & M
- Rate path reduction positive
- Seismic vulnerability assessment completed for water system
- Concern about lack of progress on facilities and continued backlog of hydrants, pumps and valve replacements—we are not catching up

Assessment of SPU's current situation, challenges, opportunities

Challenges:

- Aging infrastructure needs replacement at an ever increasing rate per asset management planning.
- Higher level of or additional services required to mitigate human made impacts to the environment
- Complying with other important regulatory requirements
- King County wastewater rate increases
- Climate change adaptation
- Responding and adapting to COVID-19 pandemic has created new uncertainty, and set back some progress (for example, use of plastic bags has returned). COVID creates financial stress for SPU and its customers which may impact the rate path and the ability of the Utility to deliver on the promises in the plan.
- Substandard O & M facilities
- Lack of explanation of how the utility plans to catch up/get back on schedule for missed targets in the 2018/2023 plan
- General Fund pressure due to COVID may impact important initiatives—e.g. unsheltered response.

Comments on Strategic Plan priorities and strategic initiatives

OVERALL PRIORITIES/GOALS:

- Capital project delivery process improvements
- Continued asset management program updates to assist with long term capital replacement cost projections
- Further development of climate change adaptation planning
- Identify the North and South Operations Centers as priority projects, assign a strong project leader as these are essential facilities
- Need continued development and implementation of affordability and accountability and workforce development initiatives. The panel has long supported workforce development as a priority—hope that COVID financial stress does not reduce commitment to these efforts.
- Efficiency of operations should remain a focus.
- Applaud work on metrics—these need continued refinement.
- The Panel looks forward to future briefings on the progress of implementing both the Affordability and Accountability and Risk and Resiliency plans
- Seismic resiliency of infrastructure-- would like to see some detail on implementation

WATER LOB:

- On-going seismic retrofitting of water distribution system important.
- Water shed protection, restoration and sustainability due to the effects of climate change

DRAINAGE & WASTEWATER:

- Further analysis needed of GSI projects to find out what works and what does not from a long-term O & M perspective—life-cycle cost, efficacy, where most/least suitable
- Provide updates to Panel on Consent Decree renegotiations
- Hope to go beyond a pilot project on side sewer replacement financial assistance after learning from the results of this initial work.
- South Park Resiliency District has high importance due to flooding vulnerability and RSJ needs
- On-going street sweeping is important to reduce water quality concerns--impact of protected bicycle lanes?
- DWW planning is in the early stages and could result in significant new identified infrastructure costs going forward. One example: stream culvert replacement—seems likely that fish-passage culverts will remain an unfunded mandate of sizeable expense; many old culverts need replacement regardless.
- Support the RV wastewater collection pilot project: this basic service should be provided inside the City of Seattle. It is not available now. Access is important to reduce illegal dumping and respond to homelessness. Disappointed that this is not likely to be funded due to general fund budget challenges.

SOLID WASTE:

- Support reuse and packaging reduction efforts
- Updates on the South Recycling Center needed (unclear on cost, schedule, life-cycle for project. Assume cost is in the current rate path?)
- Support incentivizing efforts to reduce food waste

CORPORATE:

- Supporting workforce development needs to remain a priority. There has been extensive turnover in management--leadership training, building strong corporate culture important going forward. Would be unfortunate if staff training, succession planning, building corporate culture efforts are cut due to COVID budget stresses. The focus on these issues was lost after publication of the first SBP when the City centralized HR—several initiatives were simply set aside. Panel would like to see an update on what the current challenges and response strategies are in this area.
- Panel looks forward to being involved on development of service level metrics
- Develop further affordability strategies for low income customers – e.g., scaling UDP payments with income. The approach here may need to be reconsidered with COVID.
- Updates on Green New Deal Executive Order needed, with particular focus on any rate impacts resulting from these efforts.
- Continued customer education and empowerment
- Caution on acquiring new project management software—consider cost, interface with existing programs. Too many customers are ill-prepared to interface with more complex technology
- Important to collaborate with King County on wastewater shared initiatives

- Need for long term facilities planning that considers sea level rise impacts

Comments on baseline spending

- Ship Canal CSO project—remains critical to deliver on time and on budget
- Other major efforts that are currently underway should have strong oversight:
 - South Park Resiliency District investments
 - Water Seismic investment
 - Facility improvements

Comments on Strategic Plan 6-year rate path

- Pleased to see effort to reduce rate path from last plan (with caveat noted above that this seems to largely be a result of the Utility not delivering capital projects as anticipated and now spending accumulated funds in order to lower rates, concern about how this may impact future rate trajectory)
- Understand that rate path will continue to trend high than inflation due to ongoing infrastructure repair/replacement needs, regulatory challenges. Important that discretionary Mayoral/Council initiative investments do not make it more difficult to reduce costs over time.

Other points of interest/concern/suggestions from Panel for action by City or SPU

COVID uncertainty makes multi-year planning very difficult, but it remains important to attempt to provide certainty on rates and programs to customers.

Points of interest not to be included in Panel letter

- Provide an executive summary and an intro letter from GM/CEO in Plan
- Would like to see reporting going forward (quarterly? Semi-annually?) on workforce development
- Would like an updated org chart