

## Seattle Public Utilities Customer Review Panel

Friday, March 20, 2020

1 – 4 pm

Virtual Meeting held via Skype

Panel Members			
Suzie Burke	x	Noel Miller	x
Bobby Coleman	x	Thy Pham	
Dave Layton	x	Rodney Schauf	x
Laura Lippman	x	Puja Shaw	x
Maria McDaniel	x		
Staff and Others			
Keri Burchard-Juarez	x	Andrew Lee	x
Kathleen Baca		Natasha Papsoueva	x
Alex Chen	x	Ellen Pepin-Cato	
Jeff Fowler	x	Dani Purnell	x
Brian Goodnight	x	Karen Reed	x
Mami Hara	x	Rick Scott	
Wylie Harper		Karen Sherry	x
Akshay Iyengar	x	Jonathan Swift	X
Paula Laschober	x		

Underlined text indicates action items. ***Bold Italicized text*** indicates follow up items.

### Meeting Summary

**Welcome:** Karen Reed opened the meeting with a roll call of the Panel members. Dave Layton joined the call after the meeting had started and Thy Pham was not able to participate. Karen reviewed the virtual meeting protocols to be followed.

Mami Hara, General Manager/CEO of Seattle Public Utilities (SPU), welcomed those in attendance and thanked them for their time. Mami asked the Panel for their patience as staff work through the technical issues involved with the virtual meeting. She then reviewed the topics the Panel would be hearing about at the meeting. Mami introduced Councilmember Alex Pedersen, Chair, Transportation and Utilities Committee.

Councilmember Pedersen thanked the Panel for their service to the City of Seattle and SPU. One of the themes he has heard since taking office is the issue of affordability. Not just around housing, but in the areas of transportation and utility bills as well. The Councilmember really appreciates the work of the Panel to keep the rate path reasonable and rates low. The Councilmember mentioned that everyday more legislation is being passed regarding COVID and assured the Panel that the City is working hard to find ways to reduce the burdens customers are feeling during this crisis. If anyone has any questions or concerns, please reach out directly to the Councilmember or Toby Thaler of his staff.

**Standing Items:** Karen Reed let the Panel know they would hear a follow-up on the Facilities Action Plans at the next meeting. Karen asked if there were any corrections or additions to the meeting summary from February 26, 2020. One change was made to a Panel comment on page two: the reference to Green Lake will be changed to Lake Washington. The meeting summary for February 26, 2020 was approved as amended.

**COVID Update.** Mami provided the Panel with an update on the City's response. SPU has had to act in a coordinated and consistent way with the City and has had to absorb a lot of unexpected work as well as respond to many additional requests. Much has changed and will continue to change. SPU will keep the Panel updated.

One of the actions being taken is implementing hygiene stations for Seattle's unsheltered population. Sixteen stations are planned to be deployed soon. There is also a plan for four shower trailers.

The City has implemented a hiring freeze and a halt to non-essential spending. SPU will halt planned renovations to the 49<sup>th</sup> floor as well a move consultant work to staff whenever feasible.

Keeping staff safe is a priority. SPU continually looks to new approaches to sharing information. During this time, it is even more important to get the word to people to complete their census information.

Andrew Lee, Deputy Director for the Drainage and Wastewater Line of Business (DWW LOB), continued the COVID update. On March 2, SPU implemented an Incident Command System (ICS) structure for the COVID-19 outbreak. Andrew is acting as Incident Commander for SPU during this time. Ellen Stewart is acting as Deputy Director for Drainage and Wastewater.

The ICS Team (4 chiefs and 3 key liaisons) are now meeting twice per week. SPU has 3 incident objectives:

1. **Preserve continuity of critical or essential operations.** This is our most critical objective. For each LOB (Water, Drainage and Wastewater and Solid Waste), SPU reviewed our critical operations and the staff in those groups performing those functions. Actions include:
  - Analyze operational impacts of 25%, 50%, and 75% workforce reduction for all three LOBs
  - Develop strategies to preserve SPU's ability to perform those critical functions by:
    - Designate staffing 3-deep.
    - Implement social-distancing among staff who are performing critical functions.
  - Create a bench of "ready-to-work" staff and have those staff work from home.
  - Vehicles – allow only one person per vehicle.
  - Identify emergency contractors or "outside-the-region" support staff.
  - Look to mutual aid.

2. **Protect the public and staff.** Actions taken so far include:
  - Switch to Telework or Alternative Work Arrangements for many staff.
  - Go to virtual meetings (using Microsoft Meeting, Skype, etc.).
  - Cancelling large public gatherings, meetings and programs.
  - Closing down public-facing activities.
  - Provide ample cleaning materials to SPU work locations.
  - Provide guidance on cleaning.
  
3. **Communicate with Employees**
  - Daily communication with employees.
  - Set up COVID19 email address.
  - Established a SharePoint site for employee questions.
  - Post FAQs and answers to people's questions.
  - Creating videos/resources on cleaning.

Andrew also described work SPU is doing outside of the three primary objectives:

- Helping disadvantaged populations: Emergency shelters
- Suspending shut-offs and late/urgent notices.
- Providing longer payment plans for small businesses.

Finally, we are preparing for a potential shelter-in-place order that may come out. If it does, we will shift to essential operations for all staff who are unable to telework.

Another issue SPU is thinking about is recovery after the crisis is over. The economic impacts will be incredible and we are actively thinking about what our role will be.

Q: Where will the 16 hygiene stations be? A: A map is being developed in coordination with Parks, the Seattle Center and the Library. ***We will share locations when they have been determined.*** The bathing stations will be more centrally located in the city core. More information to come.

SPU will continue to provide the Panel with updates at future Panel meetings.

**Recreational Vehicle (RV) Wastewater Pilot:** Chris Wilkerson, DWW Pollution and Source Control Prevention, presented. Chris presented a graph showing the dramatic increase in spills related to RVs. In the eight years since SPU began tracking this issue, reporting has gone up six-fold. Most spills are human waste and require a contractor be hired to do the clean-up. The mission of the RV program is to ensure that every resident of the City, regardless of housing status, has a safe and clean means for disposing of human waste. SPU cannot tackle this problem alone. The City Auditor has identified the need of Outreach teams. SPU partners with SoDo BIA, REACH, St. Vincent DePaul and the City's Navigation Team

The RV Wastewater Pilot utilizes private vendors to pump out blackwater. This is not a controlled study. Since the study began, 48 RV tanks have been pumped successfully, collecting an estimated 2500 gallons of waste. Failed collection (about 1 in 20) is mainly due to clogged or

broken equipment on the RV. Customers using the RV pumping services are asked to participate in a survey about the living conditions of RV dwellers and SPU services. Nearly 10% of RV dwellers admitted to illegally dumping waste in the past. SPU is getting positive feedback from this survey.

The RV Pilot is a General Fund project. Vendors charge the City about \$150 per RV. The goal is to capture 10% of the theoretical waste load. We don't know how many RVs are in need of this service. In 2020, \$180,000 has been allocated for this program. Future plans include deciding if the City should build a permanent RV dump station. Currently RV dwellers have to drive 60 miles round trip to access a dump site.

Comment: I'm on Lake Union and witness dumping into the Lake. There are problems at the boat launches. SPU should reach out to Harbor Patrol. There is a service that is used to pump out boats. Perhaps that can be used to help address this problem. A: Thanks for the suggestion about contacting Harbor Patrol. We will reach out to them.

Q: Where are the boat dumping sites? A: We don't know but will find out.

Comment: Most of the marinas have their own sites. Live-aboards have a service that comes to pump them out.

Comment via Instant Messenger: This is a topic that both the City Council and State Legislature need to address under the local agency stormwater permits.

**Customer Assistance Programs:** Kahreen Tebeau, Corporate Policy Advisor, began the presentation. Kahreen reminded the Panel that Customer Assistance is one of the six focus areas in the Accountability and Affordability Plan. The goal is to identify unmet customer needs.

*Utility Discount Program (UDP):* The UDP Self-Certification Pilot allows for a limited number of households in lower income areas to fast-track the application process by only attesting to qualifying household income information. The Pilot launched in September 2019. Analysis has found the fast-track form, combined with mailing, is eight times more effective in enrolling customer in the program than the previous method. Round two of the Pilot happened in December 2019. 2,668 households were reached as a result. The Pilot was part of the success in meeting the UPD enrollment goal of 34,000 households with 2,104 new enrollees in 2019. At the end of the trial period we will be able to provide data on the impact of self-certification and different marketing methods.

*Customer Assistance COVID Response:* Beginning March 3, the actions below were implemented and will remain in place until the Mayor declares the situation is over:

- Utility shut-offs for non-payment will be suspended for residential and commercial customers.
- Allowing for more flexible payment plans for residential and commercial customers.
- Permitting expedited enrollment into the UPD through March 31. (Residential customers)

- Proactively reaching out to small businesses with delinquent accounts to set up flexible payment plans. (Commercial customers)
- Waiving interest charges on delinquent balances for residential and commercial customers (pending emergency legislation from the Mayor's Office).

Q: How do small businesses find out where to apply? A: SPU will find out more this afternoon. The Mayor issued a press release last week with some information. ***We will send you the presentation from a webinar that is taking place later today.***

Q: When will the Pilot end? A: March 31. We will re-evaluate at that time to see if it should be extended.

Q: Is there an auditing feature? A: Yes.

*Utility Discount Program (UDP) Shut-off Prevention Pilot:* Cathy Thielen, Utility Accounts Service Manager, presented. The goal of the UDP Shut-Off Prevention Pilot is to reduce water shut-offs for customers on the City's Utility Discount Program (UDP) to as close to zero as possible.

In July of 2019, SPU started outreach to UDP customers who were facing possible shut-off and had not accessed the Emergency Assistance Program (EAP) benefits. Instead of shutting off the customer's water, SPU started leaving a door hanger and SPU's contact information. The door hanger advises customers they are eligible for EAP benefits and gives them an additional seven days to contact SPU about emergency assistance. We also started calling customers to provide the same message through multiple avenues of communication.

In November 2019, EAP was expanded with new legislation that now includes:

- Assistance up to 100% of the customer's bill, with a current maximum credit benefit of \$448 annually or \$896 if there are minors in the home.
- Increasing income eligibility from 70% to 80% of the State Median Income (SMI).
- Customers no longer need to have a delinquent bill to access the EAP benefits. Benefits can now be utilized for current bills as well.

SPU will be exploring other communications and messaging tools, such as new bill messaging on urgent and final notices and email. We want to build a predictive model to identify early on customers who are in distress.

*Leak Adjustment Policy* – Aurora Mendoza, Corporate Performance, presented. Water leaks can cost customers hundreds or even thousands of dollars. Because SPU's costs related to volume of water are mostly fixed and because the customer does not receive any value from leaked water, SPU believes returning leak revenue to the impacted customer is appropriate and equitable. SPU's current policy covers only hidden or underground outdoor leaks. The future policy will also include indoor leaks, including unexplained consumption. Water and sewer bills will be adjusted at 100% (up from 50%) except sewer adjustment for commercial customers will be 50% above normal consumption for indoor leaks. Customers are eligible to receive one adjustment per year. Indoor leak adjustments will require proof of repair. This change will not

require a rate increase. Because the financial impact is so small and unpredictable, leak revenue is not included in rate assumptions.

Q: Why 50% commercial when 100% for everyone else? A: SPU pays King County based on water consumptions. When a commercial customer has a leak, SPU incurs a cost. Residential customers have a fixed cost.

Comment: Maybe an exemption of some type, particularly for small business owners, should be looked at. Perhaps set a threshold? A: We will look into that.

*Side Sewer Assistance:* Kevin Burrell, Drainage and Wastewater Planning and Program Management, presented. Side sewers are the pipes that run on private property that connect wastewater and stormwater to SPU mains. They are the responsibility of the property owner for maintenance, repair or replacement from the dwelling to the tee at the main sewer line. Seattle has roughly 5500 miles of sanitary sewer pipe with 4100 miles of the total being side sewers. If not properly maintained, broken side sewers can create voids in streets and sidewalks, and lead to sewage in the right of way, on the customer's property, or in sensitive environmental areas.

Many side sewers in Seattle are aging and reaching the end of their useful life. The cost of repairing a broken side sewer is extremely costly – typically in the 10's of thousands of dollars. Many customers do not have the means to pay for these repairs. SPU has found many customers are unaware they own and need to repair their side sewer. Customer have said they would prefer not to know the condition of their side sewer and would rather wait for something to happen than be proactive with maintenance.

The Side Sewer Assistance Pilot will test options to increase awareness and support customers with upfront costs of repairing or replacing side sewers. In order to support vulnerable customers, such as those who are UPD eligible, SPU is investigating augmenting existing resources, such as grants and loans, that are already offered by the City Office of Housing. SPU is also looking at developing a CCTV or scope rebate (\$200-300) for all customers in an effort to get customer to be more proactive regarding side sewer maintenance. These options (loans, grants, rebates) are estimated to cost \$1M/year. There would be no rate impacts of this program as small adjustments can be made in DWW budgets or by slight modifications of assumptions regarding cash financing of CIP.

SPU also looked at other options, such as utility insurance or SPU taking over side sewers in the right of way. These options were found to be too costly. Initial estimates were between \$50 – \$100M per year.

In 2020 SPU plans to engage customers and draft an implementation and outreach plan. Full scale implementation would happen in 2023-2026.

Q: The really expensive part is how much it costs when repairs get back to sidewalks and streets. Can the City take responsibility for the sidewalk piece? A: We have talked internally

about where the bulk of the costs lie and recognize your point. We can't speak for other city departments.

Comment: Should it be a requirement that side sewers are scoped before a property can be sold? A: There are other cities that have requirements.

Comment: This is a gigantic issue – you don't want to know because you don't want to have to tell a buyer and then be liable. I can understand why it's such a big problem.

Comment via Instant Messenger (IM): Also, assistance for the replacement of long water service lines in the ROW needs to be considered. Response via IM: Yes, we are looking at a program for long water service lines for about a year from now once the side sewer program is underway.

Karen Reed asked the Panel for a thumbs up or down on the proposed action items presented today. Consensus of "thumbs up" were given to all three: Clean Cities/RV Abatement, Customer Assistance and Side Sewer assistance.

**Rate Path Update:** Paula Laschober, CFO, presented. At the end of the rate path discussion at the February 26, 2020 meeting, SPU was going to bring back analysis and options to use excess cash on hand. The COVID situation has overtaken that analysis. SPU will spend time researching best practices, benchmarking and industry standards and bring this information back to the Panel.

Paula reminded the Panel of the 5.2% and 5.0% rate paths and the major rate assumptions. Paula then reviewed the drivers affecting the rate path. Revised King County treatment rate assumptions (from 4.5% to 9.5% in 2021) was a surprise increase to SPU. Paula described the operating fund balances for each fund and reminded the Panel that SPU can't co-mingle cash from these funds. SPU plans to use the cash to offset larger bond issues for capital financing and as a tool to help smooth rates.

At the previous meeting the Panel asked about typical operating cash levels for other utilities and what is SPU recommending they do with the cash. Utilities tend to be unique in their approach to operating cash, so benchmarking has not been that useful. We will continue to review and present approaches at future Panel meetings. The targets shown vary by fund based on fund-specific needs.

- Water Fund = \$75M and 150 days
- Drainage and Wastewater Fund = \$80M and 80 days
- Solid Waste Fund = \$24M and 45 days

Paula presented the 2021-2026 rate projections, bringing the rate path down to 3.9%. This rate path includes added initiatives from Water, DWW, SW and Facilities. However, this assumes a 4.5 and 4.0 percent increase in King County treatment rates.

A revised 2021-2026 rate projection was presented with a 6-year rate path of 4.3%. This projection includes higher wastewater treatment costs being passed to SPU from King County.

King County is now proposing a treatment rate increase of 9.5% in 2021 and 10% every other year through 2030. The King County treatment rate increase impacts DWW rates.

Andrew Lee told the Panel that King County is supposed to present this type of issue at the Metropolitan Water Pollution Abatement Advisory Committee (MWPAAC). King County surprised all agencies with this substantial increase. MWPAAC is writing a letter to King County to express the agencies' concerns. There is a lot of regional dissatisfaction.

Noel Miller Comments: In a previous conversation, Andrew talked about getting CRP support in expressing concerns about how this increase would impact affordability and SPU rates. The Panel needs to read the memo from King County so that the Panel can provide our thoughts.

Comment: I hope our Councilmember will push back. This is a big gouge. Someone should look into whether or not this is due to CIP spending at the County.

Several members expressed their support of writing a letter from the Panel to King County.

Q: Has something like this ever happened before? A: We have had long term concerns about getting surprised like this. This is a key aspect of contract negotiations we have going with King County. These negotiations are currently on hold.

Q: What is the approach on a rate path projection due to COVID impacts? A: We don't have a lot of data yet. The City is looking possibilities as to how we might move forward.

Comment: The city council will be deluged with problems and finances will be in disarray. Will they even be looking at our rate path and schedule? Should we slow down and wait for more data to come in?

Andrew Lee commented that SPU is actively watching and seeking direction from the City Budget Office and the Mayor's Office. Utilities are less vulnerable, but we still get caught up in the crisis and need to be aware of what is going on elsewhere in the City.

Dani Purnell, Corporate Policy Director, reported that SPU has started to look very closely at consumption, cash flow and payment plans. Currently SPU plans to move forward with completion of the SBP as previously scheduled.

Q: When will we review the strategic plan framework? A: At the next two meetings.

Meeting was adjourned at 3:33 pm.