



Progress Report to Council: First Quarter, 2019

Implementing the 2018-2023 Strategic Business Plan Update

Seattle Public Utilities' mission is to deliver efficient and forward-looking utility services that keep Seattle the best place to live and work for everyone. To keep our pledge to meet community and environmental needs, we:

- maintain and deliver some of the nation's best drinking water;
- help Seattle residents and businesses be recycling leaders; and
- protect local waterways and Puget Sound from sewage overflows and polluted storm water runoff.

We do these things while always keeping in mind that we need to spend our customers' money wisely.

The 2018 - 2023 Strategic Business Plan

Seattle Public Utilities (SPU) worked with customers and employees to update its Strategic Business Plan to guide our work from 2018 through 2023. The Plan Update continues to provide greater rate predictability while making important investments for the future.

The Seattle City Council adopted the Strategic Business Plan Update on November 17, 2017, via Resolution 31760.

Service Level Quarterly Highlights

The Strategic Business Plan includes all the work and services SPU provides to its customers. The Plan's commitment to operational excellence highlights the importance to SPU of monitoring and working to improve and adjust our performance. Table 1 summarizes the utility's performance in 23 service areas, highlights are provided below.

- **DWW and Water Response Time (#2)**. Performance was impacted by traffic congestion due to the Seattle Squeeze, as the utility crews' mobility is decreased by traffic challenges. SPU continues to evaluate operational adjustments that incorporate the ongoing impact of traffic congestion on our response time.
- **Utility Discount Program (#3)**. The Utility Discount Program (UDP) met its first monthly enrollments target in Jan. 2019 but was shy of meeting the overall quarterly target due to the February snowstorm and lowered staffing levels. SPU continues to partner with the Human Services Department (HSD) to achieve a year-end enrollment goal of 32,924. Since March, HSD staff have conducted monthly outreach to the Chinese Information Center and has started training staff at Aging and Disability Services to inform their clients of the UDP program. HSD also visited various Neighborhood Service Centers throughout the month of March to enroll customers on site.
- **Limit Combined Sewer Overflow (#7)**. In 2018, we reported on two items relating to Combined Sewer Overflows (CSO); "Limit CSOs at each outfall to <1 per outfall per year over 20-year moving average" and "# of CSOs per outfall, year to date." We are assessing CSO performance using a new metric for 2019: "% of CSO outfalls meeting the CSO control standard." SPU selected the new metric because it more clearly and accurately portrays how it is meeting the CSO program's regulatory objectives. It focuses on one of the main regulatory drivers for the City's Consent Decree, which is to control each CSO outfall to an average of no more than one CSO per year, assessed over a 20-year time period. The new metric will be reported annually.

- **Runoff Managed using Green Stormwater Infrastructure (#9)**. Reporting for the average annual gallons managed using the Green Stormwater Infrastructure (GSI) is shifting to accounting for the average annual volume managed by the full set of projects and programs catalyzed by SPU's GSI efforts, including projects delivered through SPU capital delivery, incentivized or facilitated through SPU efforts, or required by code for redevelopment. Prior reporting focused only on stormwater management retrofits incentivized through SPU's RainWise program. The new metrics for 2019 will be provided in February 2020 due to the complexity of data collection.
- **Illegal Dumping (#13)**. SPU increased the target for “% of illegal dumping removed within 10 business days for public properties” beginning in 2019 from 90% to 95%. For the first quarter, we exceeded the new reporting target.
- **Collection of Solid Waste Misses (#16 & #18)**. SPU was slightly off target in the first quarter for solid waste missed collections pick up due to ongoing Contractor driver shortages and absenteeism. SW LOB has been working closely with the Contractors on mitigation strategies to improve performance. SPU continues to meet the goal of missing fewer than one solid waste pickup per 1000 stops. * **First quarter reporting** does not include solid waste collection data for the first half of February. As the severe snowstorm ceased solid waste collection services, no missed pick-up services were provided.
- **Purchases and Consulting Contracts with Woman and Minority Business Enterprise Firms (#19)**. SPU has increased our annual 2019 targets for “% of purchases and consulting contracts with Woman and Minority Business Enterprise (WMBE) firms” to 15% for purchasing and 22% for contracting at the request of the Mayor's office. The purchasing target was met for the first quarter, and we achieved 20% WMB utilization for contracting, which is 2% below the established annual target. To increase WMBE utilization, we will be providing ongoing training to employees through WMBE 101, advising Contract Evaluation Committees during contract solicitation, and conducting outreach and engagement early in the contract process.

Table 1. Service Level Performance - First Quarter 2019

#	Performance Metrics	Reporting Frequency	Target	2019 Performance
Focus Area: Customer Experience - Making it easier to get help and find answers				
1	Customers rank their satisfaction with SPU services is at least 5 on a scale of 1-7. (Last measured in 2015.)	Every 4 Years	≥5	5.9
2	% of priority drinking water, drainage, and wastewater problems responded to within one hour. (YTD)	Quarterly	≥90%	81%
3	# of households enrolled in the Utility Discount Program. - Change since January 1 - 2019 year end goal: 32,924	Quarterly	N/A 32,924	+ 109 32,033
Focus Area: Health and Environment - Protecting your health and our environment				
4	Compliance with all Department of Health regulations.	Quarterly	Yes	Yes
5	Meet tribal, regional, state and federal commitments for instream water for fish. This includes implementing a beneficial instream flow regime that provides high quality fish habitat for salmon and steelhead and reduces the risks of stranding juvenile fish or dewatering fish redds (nests).	Quarterly	Meet commitments for the quarter	Yes
6	Limit sewer overflows to no more than 4 annually per 100 miles of pipe, on a two-year average. - # of total sewer overflows in the current biennium - # of sewer overflows that count towards the Consent Decree threshold - # of sewer overflows in the current biennium per 100 miles of sewer pipe	Quarterly	N/A	26
			<114	20
			<4	0.7
7	% of CSO outfalls meeting the CSO control standard.	Annually (April)	100% by 2030	61%
8	# tons of pollutants removed from roads during 2019. (YTD)	Quarterly	≥140 tons/year	42
9	# gallons of runoff water managed using Green Stormwater Infrastructure. (In millions of gallons) (YTD)	Annually (February '20)	270M gallons by year-end	13.7*
10	Keep the total average annual retail water use of Saving Water Partnership members under 110 million gallons per day (MGD) through 2028.	Annually (April)	<110 MGD	96.5
11	% of solid waste being recycled or composted.	Annually (July)	≥70% by 2022	56.9%
12	% of graffiti removed within 10 business day for SDOT structures and 6 business days for SPU property. (YTD)	Quarterly	≥90%	98%
13	% of illegal dumping removed within 10 business days for public property. (YTD)	Quarterly	≥95%	100%
Focus Area: Operational Excellence - Improving how we work to deliver consistent, high quality services				
14	Meet obligations in wholesale customer contracts for pressure, flow, and unplanned transmission system outages.	Quarterly	Meet commitments	Yes
15	No critical services (e.g., hospitals) are inaccessible due to flooding, except during extreme storm events (events exceeding a 100-year, 24-hour design storm event).	Quarterly	All critical services accessible	Yes
16	Provide reliable solid waste pickup with only one missed pickup for each 1,000 stops.	Quarterly	≤1	0.8
17	Limit late container deliveries to a maximum of two per 100 deliveries.	Quarterly	≤2	0.9
18	Collect at least 95% of missed Residential and Multifamily solid waste pickups within one business day. (YTD)	Quarterly	≥95%	93.7%
19	% of purchases and consulting contracts with WMBE firms. (YTD)	Quarterly	Annual Consulting ≥22%	20%
		Quarterly	Annual Purchasing ≥15%	17%
Focus Area: Financial Health				
20	Stay within the overall 5.2% endorsed rate path through 2023.	Quarterly	≤5.2%	Yes
21	The Water Fund is meeting its financial policy guidelines.	Quarterly	Yes	Yes
22	The Drainage & Wastewater Fund is meeting its financial policy guidelines.	Quarterly	Yes	Yes
23	The Solid Waste Fund is meeting its financial policy guidelines.	Quarterly	Yes	Yes

* First quarter performance currently captures only GSI managed by the RainWise program. Performance results against the annual target for the entire GSI program will be reported in Feb. 2020.

On track Monitor

Action Items and Council Deliverables – Improving Services

This section summarizes the utility’s progress on the 11 Action Items and 11 Council Deliverables that support the 2018-2023 Strategic Business Plan Update. Some of the names and overall goals of action items have been modified from their original presentation in the 2018-2023 Strategic Business Plan Update to more clearly and accurately describe the Action Items.

Table 2 and Table 3 present the overall goals of each Action Item and Council Deliverable, as well as our 2019 deliverables for each, and our progress in the First Quarter. Table 4 presents Action Items deferred, and City Council Deliverables completed and closed in 2018-2019.

Quarterly Performance Legend				
 ON TRACK	 MINOR DELAY	 AT RISK	 OFF TRACK	 COMPLETE
<ul style="list-style-type: none"> ➤ Quarterly milestones completed on time ➤ No major known risks or issues 	<ul style="list-style-type: none"> ➤ At least 1 quarterly milestone delayed but within reasonable tolerance ➤ Minor risks or issues identified 	<ul style="list-style-type: none"> ➤ Quarterly milestone(s) delayed, and mitigation plan(s) needed ➤ At least one significant risk identified 	<ul style="list-style-type: none"> ➤ Quarterly milestones delayed and executive support needed ➤ Plan at risk, requiring executive action 	<ul style="list-style-type: none"> ➤ Action Plan or Council Deliverable is complete

Table 2. Progress on Action Items

2018-2023 Action Items Overall Goals	2019 Deliverables and First Quarter Progress	Quarterly Performance
<p>1. 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.</p>	<p>2019 Deliverables:</p> <ul style="list-style-type: none"> • Onboard the Water Apprenticeship Advisor. • Recruit, hire, and onboard the Drainage and Wastewater (DWW) Apprenticeship Advisor. • Begin DWW lesson plan development. • Complete 50 percent of Water lesson plans. • Complete Water On-the-job training skill block updates. • Complete the recruitment and hiring strategy for Water apprentices. <p>In the First Quarter, we onboarded the Water LOB’s Apprenticeship Advisor and began development of five SPU job/task specific lesson plans; four for the Water LOB and one for the DWW LOB. All curriculum is developed in collaboration with front line field staff and professional curriculum writers to ensure lesson plans reflect SPU’s work processes and meet appropriate academic rigor.</p>	

2018-2023 Action Items Overall Goals	2019 Deliverables and First Quarter Progress	Quarterly Performance
<p>2. Facilities Improvements Purchase property, reconstruct existing facilities, and construct new facilities to address deficient workspace conditions for field crews, equipment, and administrative staff: North Operations Complex; South Operations Complex; Cedar Falls; and Seattle Municipal Tower.</p>	<p>2019 Deliverables:</p> <ul style="list-style-type: none"> Complete ITD feasibility study for Haller Lake. Complete the Stage Gate 1 process for Cedar Falls buildings/facilities assessment. Complete repairs at Cedar Falls due to winter storm damage. Cedar Falls headquarters opening celebration. Release SMT 31 and scope options for SMT 48 of the Seattle Municipal Tower. Complete an options analysis for the South Operations Center. <p>In the First Quarter</p> <ul style="list-style-type: none"> Haller Lake: We continued to coordinate with SDOT and FAS to launch a feasibility study and brief stakeholders on planned space development. South Operations Center: The DWW All-City and South District surface water crews continued refining utilization of the space to improve their operational efficiency. Crews also completed installation of an inline tide flex valve at the property line to protect the property from high tides. SPU began meeting with FAS and consultants with the goal of completing facility scoping in the second quarter. SMT: 31st floor was released to IT Department on March 22 after SPU staff were relocated to SMT 53rd floor for better operational alignment. We also began a tenant improvement project for SMT 48th floor. Cedar Falls: Work experienced some minor delays due to the February snowstorm. The grand opening of the Cedar Falls facility is delayed to this summer due to damages from the February snowstorm. Damages to the facility are being assessed for repairs. 	
<p>3. 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.</p>	<p>2019 Deliverables:</p> <ul style="list-style-type: none"> Finalize Vehicle Reduction Plan and implement 2019 vehicle reductions. Perform Electric Vehicle Supply Equipment (EVSE) assessments and install EVSE at four locations; review existing green fleet policies. <p>In the First Quarter, we submitted the proposed vehicle reduction plan to FAS per Executive Order 2018-05. We also installed four electric vehicle charging stations at SPU's South Operations Center.</p>	
<p>4. Green Stormwater Infrastructure Expansion Continue to develop and implement GSI projects in the Longfellow, Piper's, and Thornton Creek watersheds, as well as urban villages, decreasing the polluted runoff entering Seattle's waterways while providing substantial environmental and community benefits.</p>	<p>2019 Deliverables:</p> <ul style="list-style-type: none"> Implement Green Stormwater Infrastructure (GSI) in Urban Villages Program by engaging with staff, interdepartmental contacts, and developers to identify and evaluate potential GSI partnership projects in urban villages. Implement Natural Drainage Systems (NDS) capital projects (Thornton Phase 1: 30th Ave NE). <p>In the First Quarter, we completed GSI project problem definition studies for Bitter Lake and Crown Hill as part of the Urban Village Program. Implementation of the NDS in Thornton Phase 1 is under construction and on budget.</p>	

2018-2023 Action Items Overall Goals	2019 Deliverables and First Quarter Progress	Quarterly Performance
<p>5. Pump Stations, Force Mains, and Combined Sewer Overflow Outfalls</p> <p>A) Rehabilitate or replace assets at SPU's sewer pump stations and their associated for mains to help prevent sewer overflows and backups.</p> <p>B) Rehabilitate and replace SPU's Combine Sewer Overflow outfalls to help prevent sewer backups.</p>	<p>2019 Deliverables:</p> <ul style="list-style-type: none"> Achieve substantial completion for pump stations (PS) 2, 72, 73 Improvements, PS Ventilation Upgrades, force main (FM) 43. Replacement, and Outfall 171 Repair (A). Achieve 90% design for PS 17, 118 Improvements (A). Achieve 60% design for Airlift PS 38 Conversion Project and Airlift PS 56 Conversion Project (A). Complete assessment of 18 Combine Sewer Overflow (CSO) outfalls (B). <p>In the First Quarter</p> <ul style="list-style-type: none"> Outfalls: We are on track to complete the assessment of 18 CSO outfalls in 2019 with the completion of outfall 151 and 171 thus far. We also initiated contracting to get divers on board for underwater assessment. The following projects in construction are on track <ul style="list-style-type: none"> PS 17 and 118 replacement projects have achieved 30% design Ventilation Improvements PS 72, 73, 2 FM 43 Emergency Replacement Airlift PS 38: The conversion project experienced some minor delays due to engineering resources being re-prioritized to other ongoing projects. Additional modeling effort was required to increase certainty of sewer flowrates to use as the design basis for the project. The project is expected to return to its target course in the second quarter. PS 56: Work experienced some minor delays due to due to complex and extended negotiation with contractors. The project is expected to return to its target course in the second quarter. 	
<p>6. Security Monitoring</p> <p>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.</p>	<p>2019 Deliverables:</p> <ul style="list-style-type: none"> Build out equipment at location. Permanently staff the position. <p>In the First Quarter, the scheduled moves of the Operations Response Center were set and coordinated to coincide with the buildout of workstations. The monitoring center is temporary staffed with Operations Response Center staff.</p>	
<p>7. Sewer Rehabilitation</p> <p>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.</p>	<p>2019 Deliverables:</p> <ul style="list-style-type: none"> Complete 160 spot rehabilitation work orders by crews. Complete four miles of sewer rehabilitation by contract. <p>In the First Quarter, crews completed 42 sewer rehabilitation repairs and 1.15 miles of sewer pipes were rehabilitated using construction contractors.</p>	
<p>8. Sewer Lining</p> <p>Increase sewer lining by 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 backups.</p>	<p>2019 Deliverables:</p> <ul style="list-style-type: none"> Be ready to begin field work in Q4 2019 – install first liner. Have crew operational in the field by the end of the year. <p>In the First Quarter, we held monthly workshops with core team from DWW LOB and PDEB with consultant support. We continued to develop the Cured-In-Place Pipe program and the procurement of equipment and materials. We also continued to develop an interagency support with the cities of Portland, Oregon and Tacoma.</p>	
<p>9. Technology Services</p> <p>Collaborate with the Information Technology Department (ITD) to design and implement processes that better ensure ITD's services meet SPU's priority business needs.</p>	<p>2019 Deliverables:</p> <ul style="list-style-type: none"> Track and manage the 2019 Tech CIP Portfolio and develop the 2020 Tech CIP Portfolio. Work with IT Department (ITD) to develop a process to identify and priority O&M work, as well as implement this process for 2020. Complete Tech Issues Gap Analysis report and develop plan to address gaps. Design and implement new monthly reports and annual work plan. <p>In the First Quarter, we completed the 2019 Technology CIP spending plan and continued to develop an approach to collaborate with ITD to improve reports and annual work plan.</p>	

2018-2023 Action Items Overall Goals	2019 Deliverables and First Quarter Progress	Quarterly Performance
<p>10. Water Distribution System Maintenance Expand maintenance of approximately 60,000 water valves and 19,000 fire hydrants to better ensure that valves and hydrants operate reliably when needed, particularly during emergencies.</p>	<p>2019 Deliverables:</p> <ul style="list-style-type: none"> • Hire four staff. • Initiate purchase request for one hydrant and one valve truck. • Create 2020 Resource Plan to plan for new staff utilization and backlog completion. • Complete at least 30 lower priority hydrant maintenance work orders and 10 out of service hydrant work orders per month. <p>In the First Quarter, SPU met the targets for completed work order for low priority hydrant maintenance and out of service hydrants. We also began the process for four lateral Journey Level hires. SPU teams continue to collaborate on the development of milestones that ensure priorities and responsibilities are aligned.</p>	
<p>11. Water and Drainage & Wastewater Opportunity 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.</p>	<p>2019 Deliverables:</p> <ul style="list-style-type: none"> • Address each potential opportunity project through the ROW coordination program process to determine recommended course of action. • When a project is identified, start implementation. <p>In the First Quarter, we addressed five projects and began three more assessments to be completed during the next quarter. We will continue to conduct ongoing assessments for projects that are identified.</p>	

Table 3. Progress on City Council Deliverables

2018-2023 Council Amendment Scope	2019 Deliverables and First Quarter Progress	Quarterly Performance
<p>1. Customer Review Panel Maintain continuous stakeholder engagement as SPU implements the six-year Strategic Business Plan and conducts future Plan updates.</p>	<p>2019 Deliverables:</p> <ul style="list-style-type: none"> Provide quarterly status reports and hold quarterly meetings with the Customer Review Panel (CRP) to review and provide input on the progress of the 2018 - 2023 SBP Update action plans and deliverables. In Q3, hold workshops and planning sessions with CRP to begin developing the 2021 - 2026 SBP Update. <p>In the First Quarter, the CRP met in March 2019 to review the 4th Quarter 2018 SBP action plans and deliverables. Panel members requested an ad hoc meeting to hear more about the Accountability & Affordability plan to provide input prior to the delivery of the final report to Council at the end of June.</p>	
<p>2. CIP Accomplishment Rate Adjust the baseline capital improvement program accomplishment rate from 100% to 97.5%.</p>	<p>2019 Deliverables:</p> <ul style="list-style-type: none"> Make sure the CIP spending remains within the limits set in the SBP of a 97.5% accomplishment rate and the funding levels approved in the SBP. Evaluate and adjust as needed. <p>In the First Quarter, we continue conducting monthly monitoring to stay within the rate path and make necessary adjustments as needed.</p>	
<p>3. System Development Charges Propose a set of recommendations to establish new sewer and drainage system development charges and change the method of calculating the water connection charge.</p>	<p>2019 Deliverables:</p> <ul style="list-style-type: none"> Conduct analysis and preset Policy Board issues to SPU E-Team. Present recommendations to the Mayor's office. Conduct customer outreach. Submit the recommendations to City Council by Q2. <p>In the First Quarter, we provided a policy briefing to the Mayor's Office and have been working on the recommendations due by Q2.</p>	
<p>4. Accountability & Affordability Prepare a strategic plan for affordability and accountability.</p>	<p>2019 Deliverable:</p> <ul style="list-style-type: none"> Develop an affordability and accountability framework by June 30, 2019. <p>In the First Quarter, eight workshops were conducted to help inform the affordability and accountability framework, and draft report materials were developed. Initial recommendations were reviewed and revised with SPU leadership and the CRP. We are on track to deliver our final report to Council by June 30, 2019.</p>	
<p>5. Risk & Resiliency Prepare a risk and resiliency management assessment to identify and evaluate potential impact and disruption to SPU's business and investment strategies. The assessment may include the following: climate change; disaster preparedness; economic growth and cost of living trends, market trends for utility services, regional and City investment priorities, and workforce availability and capabilities. Submit a status report on the assessment by August 1, 2018. Submit the final draft to Council by June 30, 2019.</p>	<p>2019 Deliverable:</p> <ul style="list-style-type: none"> Submit the final draft risk and resiliency management assessment to Council by June 30, 2019. <p>In the First Quarter, we reviewed feedback from key stakeholders, and we are on track to deliver our final report to Council by June 30, 2019.</p>	
<p>6. Efficiency Report Conduct a thorough review of utility business practices identifying changes in operation and project delivery processes that result in at least 0.1 percentage point decrease to the 5.2 percent combined average annual rate increase.</p>	<p>2019 Deliverable:</p> <ul style="list-style-type: none"> Complete and submit the Efficiency Report to Council by June 30. <p>In the First Quarter, the first efficiency workshop with SPU leadership to explore possible areas that will drive efficiencies was scheduled for April 3rd. Input from the workshop will be incorporated into the efficiency report.</p>	

Table 4. Completed, Closed, Deferred Action Items and City Council Deliverables

2018-2023 Action Item	2018 – 19 Action Items Deferred	Quarterly Performance
<p>1. Diaper & Pet Waste Feasibility Study Evaluate the feasibility of composting diapers and pet waste.</p>	<p>The feasibility of composting diapers and pet waste will be addressed as part of the next Solid Waste Comprehensive Plan. We will not be reporting on this Action Item in 2019.</p>	<p>✓</p>
2018-2023 Council Amendment Scope	2018 – 19 Deliverables and Completion Date	Quarterly Performance
<p>1. Water Tap Fees Adjust water tap fees to reflect current costs of service. Updated fees shall be implemented by SPU via Director's Rule no later than April 1, 2018.</p>	<p>This Council Deliverable was completed and closed in Q3 2018. The Director's rule went into effect on October 1, 2018.</p>	<p>✓</p>
<p>2. Water Connection Charges Update the water connection charge to ensure that SPU is charging the appropriate amount related to connecting to the water system and consistent with the SMC. Updated charges shall be implemented by SPU via Director's Rule no later than April 1, 2018.</p>	<p>This Council Deliverable was completed and closed in Q3 2018. The Director's rule went into effect on October 1, 2018.</p>	<p>✓</p>
<p>3. Utility Taxes Evaluate the transparency of utility billing information including the portion of a customer's bill attributable to state and local utility taxes, and specific state and local tax rates. Provide recommendations to the City Council addressing the Customer Review Panel's letter no later than April 15, 2018.</p>	<p>This Council Deliverable was completed and closed in Q3 2018.</p>	<p>✓</p>
<p>4. CIP Cost Review Report to the Council Committee with scoping recommendations, timelines, and an estimate of the cost to engage one or more consultants to do an independent cost estimate for all discrete non-relocation-related CIP projects with an estimated total cost of no less than \$60 million.</p>	<p>This Council Deliverable was completed and closed in Q3 2018. We will continue to conduct independent cost estimates for all discrete non-relocation-related CIP projects with an estimated total cost of no less than \$60 million; there are no additional projects of this size during this planning period.</p>	<p>✓</p>