

**SPU Strategic Business Plan Customer Review Panel  
Draft Meeting Summary for April 29, 2013**

Attending:

<b>Panel Members:</b>			
Suzie Burke	✓	Tara Luckie	✓
Bob Ho	x	Noel Miller	✓
Dave Layton	✓	Carl Pierce	✓
Laura Lippman	✓	Walter Reese	✓
Bruce Lorig	✓		
<b>Staff and Others<sup>1</sup>:</b>			
Ray Hoffman	✓	Craig Stampher	✓
Nancy Ahern	✓	Meg Moorehead	✓
Mitch Baker	✓	Councilmember Jean Godden	✓
Melina Thung	✓	Ethan Raup	✓
Diane Clausen	✓	Karen Reed (facilitator)	✓

**Welcome and Introductions.** Councilmember Godden, Ethan Raup and Ray Hoffman each spoke, thanking the Customer Review Panel members for their service and noting the importance of the Strategic Business Plan. Panel members introduced themselves. All staff and others in the room also introduced themselves.

**Goals of SBP; role of Panel.** Ray Hoffman, SPU Director, provided an overview of the goals of the Strategic Business plan and the role of the Panel in this project, noting Council resolution 31429 and a process diagram showing the various parties that will be involved in the project.

**Panel Organization; Facilitator's Report.** Karen Reed, facilitator, reviewed proposed ground rules. The Panel agreed to add a ground rule on minimizing the use of smart phones and email during meetings ("be present"); the proposed ground rules are otherwise fine. Karen will revise the ground rules and bring them to the next meeting. Karen will present a draft Panel Charter for consideration at the next Panel meeting. She summarized a report on Panel Member's interests, developed after meeting with each Panel member prior to today's meeting.

**Presentation – SPU Overview.** Ray Hoffman and Nancy Ahern presented an overview of a typical SPU bill, SPU's history, lines of business, departmental structure, as well as the mission, vision and values of the Department. Panel members had a number of questions, summarized (with responses) below:

- A drainage rates designed to consider pollutant runoff on golf courses? Answer: no, only the amount of impervious surface is considered.

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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.

- Doe the utility refinance its debt? Answer: Yes, working with City's debt manager on a case-by-case basis; periodic refinancing have saved the utility and ratepayers millions of dollars.
- Why does SPU pay a City Utility tax? Answer: The City levies a utility tax upon SPU's rate revenues, which is passed along to SPU customers. The revenues generated by these taxes are remitted to the City's General Fund. The City utility tax rates imposed on SPU utilities are 15.54% for water; 12% for wastewater; 11.5% for drainage; 11.5% for solid waste. The maximum rate chargeable on electricity is capped by state law at 6% of the size of the bill.
- Does the utility have an issue knowing where all its assets are—given that most are underground pipes? Answer: The utility's information remains incomplete. We find illicit pipe connections into the system. Maps are often inaccurate, for both old and new infrastructure.
- How will you replace the combined drainage and wastewater system, given all the private side sewers attached? Answer: One solution to combined systems is to add storage to hold flows after storm events. Other solutions include capturing rainwater before it enters the system (green stormwater, rain gardens). Side sewers are an interesting issue, though: very expensive to fix; some utilities have created pooled insurance programs for rate payers to cover this expense.
- How similar is SPU's organizational structure to other utilities? Answer: SPU's structure is unusual. Many utilities are structured to combine water & wastewater. Fewer utilities combine water, wastewater, and drainage. Very few include these plus solid waste. SPU is also structured relatively uniquely – more frequently, the utilities are set up by line of business, whereas SPU's structure is more organizationally aligned, with BUDs (Business Unit Directors) taking the line of business perspective. SPU's approach has some associated efficiencies, with central services (finance, information technology, human resources) shared across all lines of business.
- What is Customer Service's relationship with Seattle City Light (SCL)? Answer: we take the phone calls for SPU and SCL. SCL owns the billing system, and produces bills for SCL and SPU. SPU pays SCU for bills and SCL pays SPU for customer center.
- Given the differences in our structure from utilities, then can overhead be compared and how will benchmarking work? Answer: This is just a starter response: some benchmarking can be done regardless of structure – e.g. inspection & cleaning of catch basins, inspection and cleaning of sewer pipes, average call handle time, average speed of answer of calls. Overhead comparisons are more challenging – some crude comparisons can be made by looking at number of overhead staff per customer or per unit of demand and similar measures.

The Panel provided a number of additional comments, questions and suggestions:

- Would like to see percentage of the utility's budget by major categories, including salary and benefits.
- Would like to have more discussion around efficiencies, with staff ideas and consultant ideas aired and pros and cons discussed.
- Are there certain things that are off the table for deliberation? Answer: SPU cannot decline to meet state and federal regulatory requirements, but we do have some flexibility in how we meet these requirements. The Department plans to bring forward discussions on labor issues, contracts: these are not fully within the Department's control but can be changed through negotiation with unions.

**Draft Workplan.** Diane Clausen provided an overview of the components involved in the strategic business planning process and the order in which SPU proposes to bring those forward to the Panel, and noted the matrix identifying proposed agenda items for the first several Panel meetings: this will be adjusted as necessary to accommodate the interests of the Panel.

In response to a question, it was noted that meeting dates after September will be confirmed later. Thus far, we have not been able to identify a single date of each month or week that will work for everyone all the time.

**Follow up Items for Staff:**

- Staff will develop a couple of field trip options, dates and times for interested Panel members.
- Staff will confirm the meeting dates after June 10 based on information provided by panel today. Meetings after September will be confirmed later.
- Staff will send materials for Meeting 2 out electronically in advance of the next meeting.
- Staff will also forward by email an index of existing online documents that can provide interested panel members with links to additional background information.

The meeting was adjourned at 4:25.