

# Strategic Business Plan Process

Presentation to the Customer Review Panel  
September 28, 2016

# Development of 2015-2020 Strategic Business Plan

# The Challenge

- Four lines of businesses (LOBs)
- Lots of rate pressures and different rate setting periods for each LOB; lack of predictable rate increases
- Lack of transparency on what customers receive for their dollars

## SEWER

### COMMITTED TO HEALTH & SAFETY

We are responsible for safely transporting wastewater from toilets, sinks, showers and washing machines to King County treatment plants.

## GARBAGE & RECYCLING

### KEEPING SEATTLE REALLY GREEN

Seattle is a national leader in recycling and reducing landfills to keep the Pacific Northwest one of the best places to live, proving that it is indeed easy being green.

## DRINKING WATER

### WHAT'S ON TAP?

The pristine and protected Cedar River and Tolt River Watersheds provide us with plenty of safe and delicious water—some of the best in the world.

## DRAINAGE

### WHAT'S SO IMPORTANT ABOUT DRAINAGE ANYWAY?

SPU is responsible for protecting you and your home or business from potential flooding, and is working hard to reduce major sources of pollution to our waterways.

# The Response

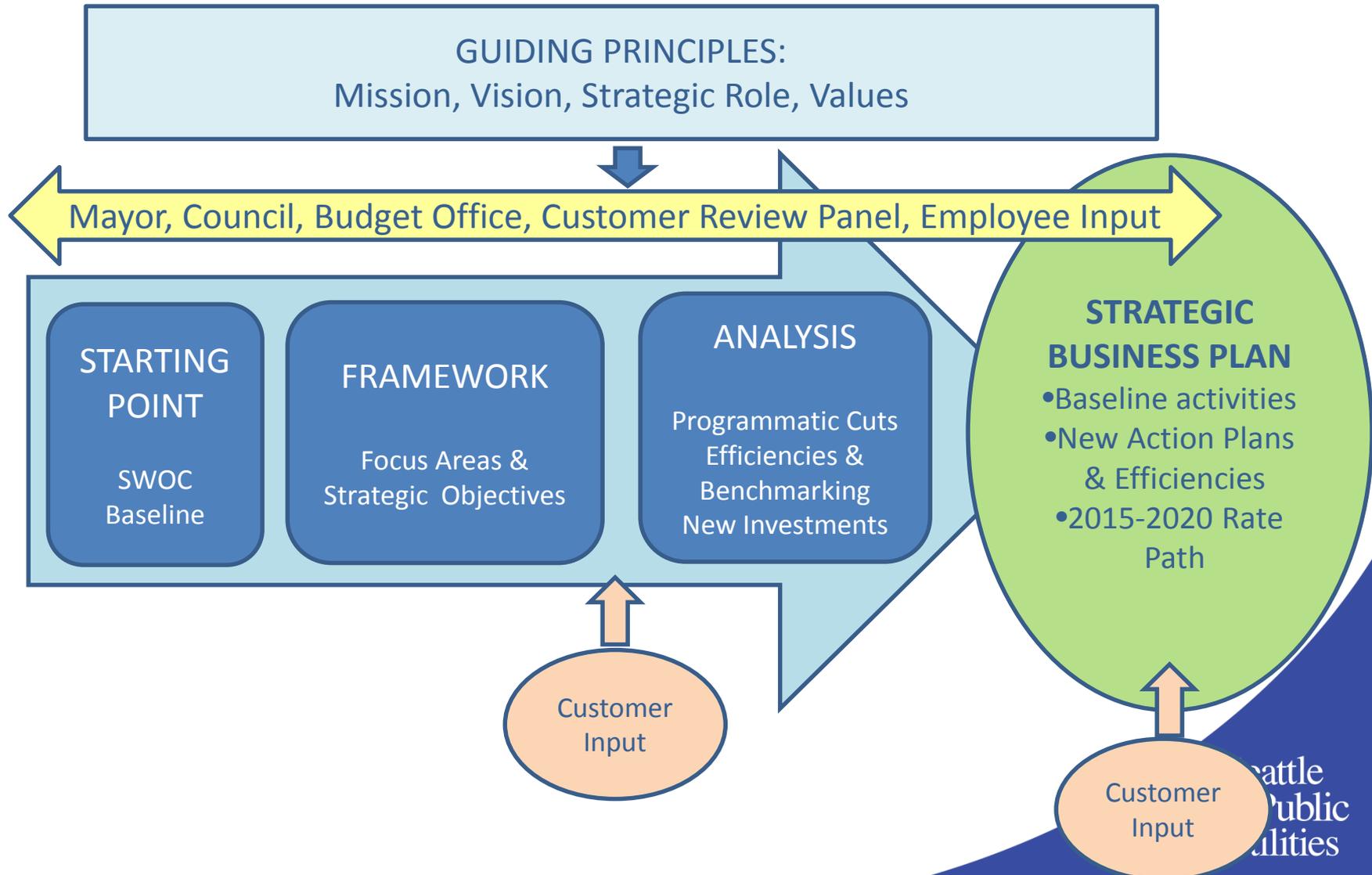
- A transparent six-year business plan (2015-2020) and predictable rate path for all lines of business
  - Maintain current service levels
  - Identify specific new investments
  - Commit to efficiencies and savings
  - Tie these investments and savings to a specific six-year rate path
- Create customer review panel for input, advice
- Engage employees, customers and policy makers throughout

# The Response: Key Benefits

- Transparency for customers, policy makers, staff
- Increased focus on policy issues and service levels
- Engagement of employees, customers and policy makers
- Accountability
- Rate predictability
- Much easier budget process



# The Six-Year Planning Process



# Guiding Principles (“Promise”)

## **Mission:**

Providing efficient and forward-looking utility services that keep Seattle the best place to live

## **Vision:**

Our customers will see how their utility dollars sustain and improve their quality of life

## **Strategic Role:**

Solving problems at the source

## **Values:**

Customer focus, Safety, Innovation, Inclusion, Value for money

# Framework: Focus Areas

<b>Initial wording</b>	<b><i>Final wording</i></b>
<b>Create an easy &amp; engaged customer experience</b>	<b><i>Making it easier to get help and find answers</i></b>
<b>Transform the workforce</b>	<b><i>Enhancing our services by continually updating employee skills</i></b>
<b>Protect Environment &amp; public health</b>	<b><i>Better protecting your health and our environment</i></b>
<b>Achieve operational excellence</b>	<b><i>Improving how we work to deliver consistent, high quality services</i></b>

# The Analysis

1. Defining the **baseline** rate path
2. Identifying **programmatic reductions**
3. Identifying **efficiencies** and **benchmarking** with other utilities (consultant)
4. Identifying and prioritizing **gap action plans**
5. Calculating the **proposed rate path**

# Customer and Employee Input

- Customer Review Panel
  - Met 28 times over 15 months
  - Partner with SPU staff, Mayor's Office and Council staff during Plan development
  - Comment letter to the Mayor and City Council
- Community outreach
  - 14 outreach sessions, some multi-lingual
  - *Phase 1: Before we made decisions:* What's important to you? What level of rates can you support?
  - On-line customer survey
  - *Phase 2: After we submitted the Plan:* What do you think about the proposed Plan?
- Employee in-reach, including two surveys

# The Results

**Baseline Starting Point = +4.6% per year**

The cost of maintaining existing service levels plus meet firm regulatory requirements

## Action Plan Investments

Investments to increase current levels of service, and/or organization strength and effectiveness  
*Increase Baseline by 0.5%*

## Efficiencies & Programmatic Reductions

Decreases to costs through efficiency measures and reductions in lower priority services/programs  
*Reduce Baseline by 0.5%*

**Balancing Costs & Services to Rate Packages = +4.6% per year**



# Six-Year Rate Path

							Average
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2015-20</u>
Water	0.0%	5.2%	5.2%	4.1%	4.4%	2.6%	<b>3.6%</b>
Wastewater	0.8%	3.9%	1.8%	2.8%	7.2%	8.1%	<b>4.1%</b>
Drainage	9.8%	10.1%	8.1%	7.8%	8.1%	8.0%	<b>8.6%</b>
Solid Waste	4.2%	3.5%	6.0%	4.0%	2.9%	2.4%	<b>3.8%</b>
Combined	<b>2.7%</b>	<b>5.0%</b>	<b>4.7%</b>	<b>4.2%</b>	<b>5.5%</b>	<b>5.2%</b>	<b>4.6%</b>

# Main Commitments

## Meet our Promise to our customers:

- Remain within a 4.6% average annual rate path.
- Continue to meet service levels.
- Follow through on action items to address gaps and increase efficiencies.

Update the SBP every three years.

# 2018-2023 Update of the Strategic Business Plan

# What's Changing for 2018-2023?

- Update the baseline budget and baseline rate path, including updating approved gap action plans.
- Identify new investments.
- Identify savings/efficiencies.
- Propose an updated rate path.
- Tell the SPU and LOB stories.

# Current State Overview

## *What we've done so far...*

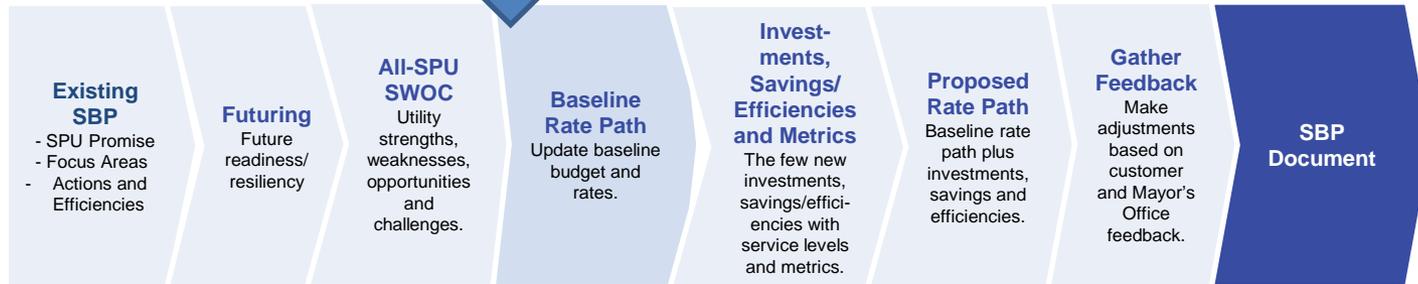
- Completed six customer focus groups
- Created an employee engagement plan
- Made adjustments to the baseline budget
- Held “futuring” workshop
- Developed LOB and SPU-Wide SWOC

## *What's next...*

- Implement ongoing customer engagement
- Implement employee engagement
- Identify service levels and metrics
- Identify top new investments
- Identify cost savings/efficiencies
- Develop rate path  
*(baseline and proposed)*

# Updating The Strategic Business Plan

## THE STEPS:



### Employee Engagement:

Report outs, workshops and outreach to all employees.

### Customer Engagement:

Customer focus groups

Customer Review Panel input related to each step, discussions, Panel recommendations

Community meetings, online surveys

CRP comments to Mayor and Council

\*Note: Several of these steps will occur simultaneously

# Customer Review Panel's Role

- Voice of the Customer
- Partner with staff during Update
  - SPU
  - Mayor's Office
  - City Council
- Offer advice, comments and insight
- Provide comments to Mayor's Office and City Council