

SPU Strategic Business Plan Customer Review Panel- **DRAFT**

Meeting Summary for January 31, 2017

Panel Members		Staff and Others		Staff and Others	
Suzie Burke	✓	Mami Hara	✓	Karen Sherry	✓
Dave Layton	X	Melina Thung	✓	Cameron Findlay	✓
Bobby Coleman	✓	Susan Sanchez	✓	Miles Mayhew	✓
Laura Lippman	✓	Sherri Crawford	✓	Karen Reed, SPU	✓
Noel Miller	✓	Henry Chen	✓	Michael Davis	✓
Rodney Schauf	✓	Rick Scott	✓	Aaron Blumenthal	X
Puja Shaw	✓	Ken Snipes	X	Peter Lindsay	✓
Kyle Stetler	✓	Madeline Goddard	✓	Karen Reed, Facilitator	✓
Jessa Timmer	✓	Brian Medford	✓		

Welcome and Introductions

Mami Hara welcomed Councilmember Lisa Herbold and Ben Noble, Central Budget Office Director to the Panel meeting.

Councilmember Herbold thanked the members for time, commitment, and service to this important role for the City and stressed the importance of transparency to our customers. She noted she has been briefed on the Panel’s concerns about the utility tax and the costs to SPU resulting from the Move Seattle measure. She welcomed the opportunity to return to future Panel meetings and for the Panel to engage with the Council committee.

She noted her current interests as Chair of the Council committee overseeing SPU are to ensure the Utility Shut-Off program is accessible to those who have had a shut-off or have been notified of a shut-off, and removing barriers to residents qualifying for the Utility Discount Program (UDP), specifically Medicaid subsidies counting as income.

Ben Noble welcomed the Panel and expressed his appreciate for their time and service. He noted the important role of the Panel in balancing service and affordability.

Questions for CM Herbold and Ben Noble:

Q: What are your thoughts on low income assistance? A: CM Herbold: We are working to implement changes in increase the number of residents that are eligible for UDP, specifically, changing the definition of income from gross to net. We have surpassed 2015’s enrollment, but there is still room to continue to improve.

Q: Regard the Utility tax on water, the high taxes on utilities can make it less affordable for low income residents. City Light has a 6% cap, can we look at doing the same for the utilities? A:

While it is an objectively high tax rate, the dollars to general fund which includes fire hydrants. CM Herbold indicated she is willing to look at this issue.

Q: Can we hear more about generating revenue by increasing the development capital connection charges? For those projects involving affordable housing, there could be a reduction in the charges similar to UDP. A: Ben Noble indicated that the goal of the charge was to cover the minimal cost of the connection. He observed that there is a trade-off between connection charges and housing affordability. CM Herbold indicated an opportunity to look at the current policies and to think about tradeoffs.

Q: Regarding the conservation conundrum, residents and businesses have been conserving, but have not gotten paid back. Is there an opportunity to review the third rate during the summer? A: CM Herbold indicated she is open to looking at it.

Q: Does the Panel have input on the interplay of taxes and the rate path? A: Ben Noble stated that the City's taxing authority comes from the state and the City cannot implement new taxes without state approval.

Rate Path Options, Part 2

Cameron Findlay, SPU, reviewed the January 25 Rate Path Options presentation, provided responses to some of the unanswered questions from January 25 and provided a deeper dive into the baseline and baseline increments.

Questions:

Q: Why is central costs inflation almost as high as health care inflation? A: There are several new initiatives that are impacting this inflation rate including increased audit services for SPU. The population of Seattle is growing which corresponds with growing City services.

Q: Is the cost associated with the Duwamish clean up in the Operations and Maintenance (O&M) regulations? A: No, those costs are in the capital budget.

Q: Is the noise tracking for the North Transfer Station automated? A: Yes, there is a certain decibel range we should stay within, this requires staff time to analyze the results.

Q: Is the chloroform testing rule a state or a federal rule? What about lead testing? A: State, it increases our sampling requirements by 180 tests a month. There is no new rule related lead (Flint) yet.

Q: Are the disposal cost saving (disposing of less waste through waste reduction efforts) included in the overall costs? A: Yes.

Q: What is the current recycling rate? A: Our current rate is 59%.

Q: What is a dewatering facility? A: Sewer comes in with a lot of water, dewatering removes 90% of the water from the solids.

Q: What grounds are SPU maintaining? A: SPU is accountable for maintaining the grounds of our facilities as well as Thornton Creek, GSI facilities, tension ponds, and the Watershed Education Center.

Q: Thinking of how Seattle is growing, how does the dewatering facility impact the cost of new solid waste? A: Over the next three or four years we believe we will break even. We can't dewater all the waste currently, and increasing our dewatering capability will help to mitigate costs of additional waste.

Q: What is the incremental increase for the Operations Complex? A: Costs at the existing site are less expensive than the upcoming facility.

Q: Are there plans to close Charles Street? A: No. The City has other plans for Charles Street.

Q: What are the staffing implications of the Summit Reimplementation? A: It will require additional accounting and contracting staff to use the various modules. Summit will provide more financial control for the Utility.

Q: What does DBO stand for? A: Design, Build, Operate.

Q: Under Water Distribution, are there plans for any seismic relay projects? A: No. The biggest part of Water Distribution projects are new taps, new street restoration, and work to retrofit one or two standing water tanks.

Q: Is SPU recovering all the costs for development related to water taps? A: Yes, we recover that it takes to install the new tap(s).

Q: Where is the budget for the planned reservoir covering projects? A: In the Water quality treatment budget.

Q: Are costs associated with the South Transfer Station Phase II related to regulatory requirements? What is the purpose of Phase II? A: No, not related to regulatory requirements. When we completed the Solid Waste masterplan, we kept the old south building and are determining exactly what exactly goes on that site.

Unanswered Questions

Q: Are the King County wastewater contract costs deleted from the total in calculating what Utility Tax is paid on?

Q: How does the inflation on wastewater and solid waste contracts compare to other such contracts nationally?

Q: Why isn't the landfill operations consulting in the baseline? What's new?

Q: Can you break out the costs of ADA from energy efficiency compliance?

Q: How much (%) does diaper and pet waste add towards the 70% recycling goal?

Q: What is being provided with the construction and demolition sorting pilot—people are required to comply with the regulations. Are you proposing to take this requirement on for them?

Q: What can be done to have greater assurance that staff reallocation estimates will be realized?

Q: Baseline CIP for DWW – is there an error in the 2015-2023 chart—it shows no transportation costs in 2015 and 2016

Q: What assumptions will be made for UDP enrollment over the SBP time period?

Q: How many connections (accounts) does SPU have? How many of these are residential?

Q: What is the estimate of how many of these are eligible for UDP?

Q: Can we see some apples-to-apples cost comparisons on prices of utilities in major cities—a selective sample benchmark.

Q: Please forward/bring a copy of the rate design committee’s consultant report that included benchmarking of costs / rates in other utilities.

Q: Can you show the average increase Utility costs for a restaurant?

Logistic/Next Steps

Meeting adjourned at 4:00pm

Next meeting is February 22 from 1:30-4:30 at SMT.