

# SPU Customer Review Panel (CRP) SBP Foundational Briefing

Seattle Public Utilities  
February 7, 2023



City of Seattle



**Welcome**  
**Andrew Lee**  
CEO and General Manger, SPU



# Public Comment

Andrés Mantilla, BDS Planning



# Three Month Lookahead Calendar

	Date/Time	Type of Meeting	Topics
<b>January</b>	No CRP meetings		
<b>February</b>	Tuesday February 7 <sup>th</sup> 3-5PM	Foundational Briefing <i>In-person or virtual</i>	Briefings on two main lines of business, will include an overview of services, budget, investments, asset management, and challenges <ul style="list-style-type: none"> <li>• Drinking Water</li> <li>• Solid Waste</li> </ul>
	Tuesday February 28 <sup>th</sup> 3-5PM	Foundational Briefing <i>In-person or virtual</i>	Briefings on two main lines of business, will include an overview of services, budget, investments, asset management, and challenges <ul style="list-style-type: none"> <li>• Drainage and Wastewater</li> <li>• SPU Corporate Functions #1 – People - Race and Social Justice at SPU, Human Resources, Customer Assistance and Affordability Initiatives</li> </ul>
<b>March</b>	Tuesday March 7 <sup>th</sup> 5-6PM	Optional Study Session <i>Virtual</i>	Optional study session on SPU’s Strategic Business Plan reporting and metrics
	Monday March 13 <sup>th</sup> 3-5 PM	Quarterly CRP Meeting <i>In-person or virtual</i>	Regular Quarterly Meeting with topics including <ul style="list-style-type: none"> <li>• Potential Charter Updates</li> <li>• SPU Corporate Functions #2 – Environment and Infrastructure – Climate, Resilience, Clean Cities, Project Delivery &amp; Engineering Branch (PDEB) Initiatives</li> <li>• South Park Flooding &amp; Response Update</li> </ul>
	Tuesday March 21 <sup>st</sup> 5-6PM	Optional Study Session <i>Virtual</i>	Presentation by King County Treatment Division <ul style="list-style-type: none"> <li>• Share proposals</li> <li>• Discussion with CRP members</li> </ul>



# Drinking Water Line of Business Overview

Customer Review Panel Meeting  
February 2023

# Agenda

- 1. Drinking Water Overview**
  - Customers
  - System, Infrastructure, Employees
  - Finances and Major Capital Investments
- 2. 2021-2022 SBP Progress**
- 3. Looking Ahead: 2025-2030**

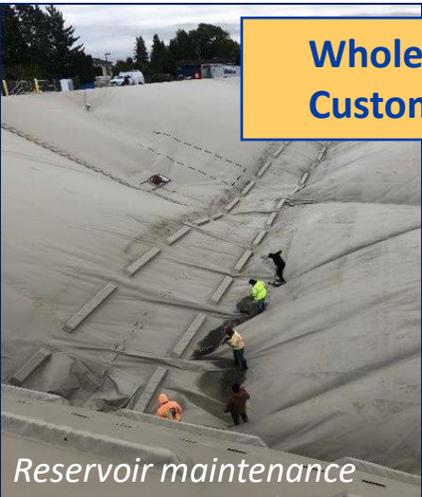


# Providing Water for People and Fish



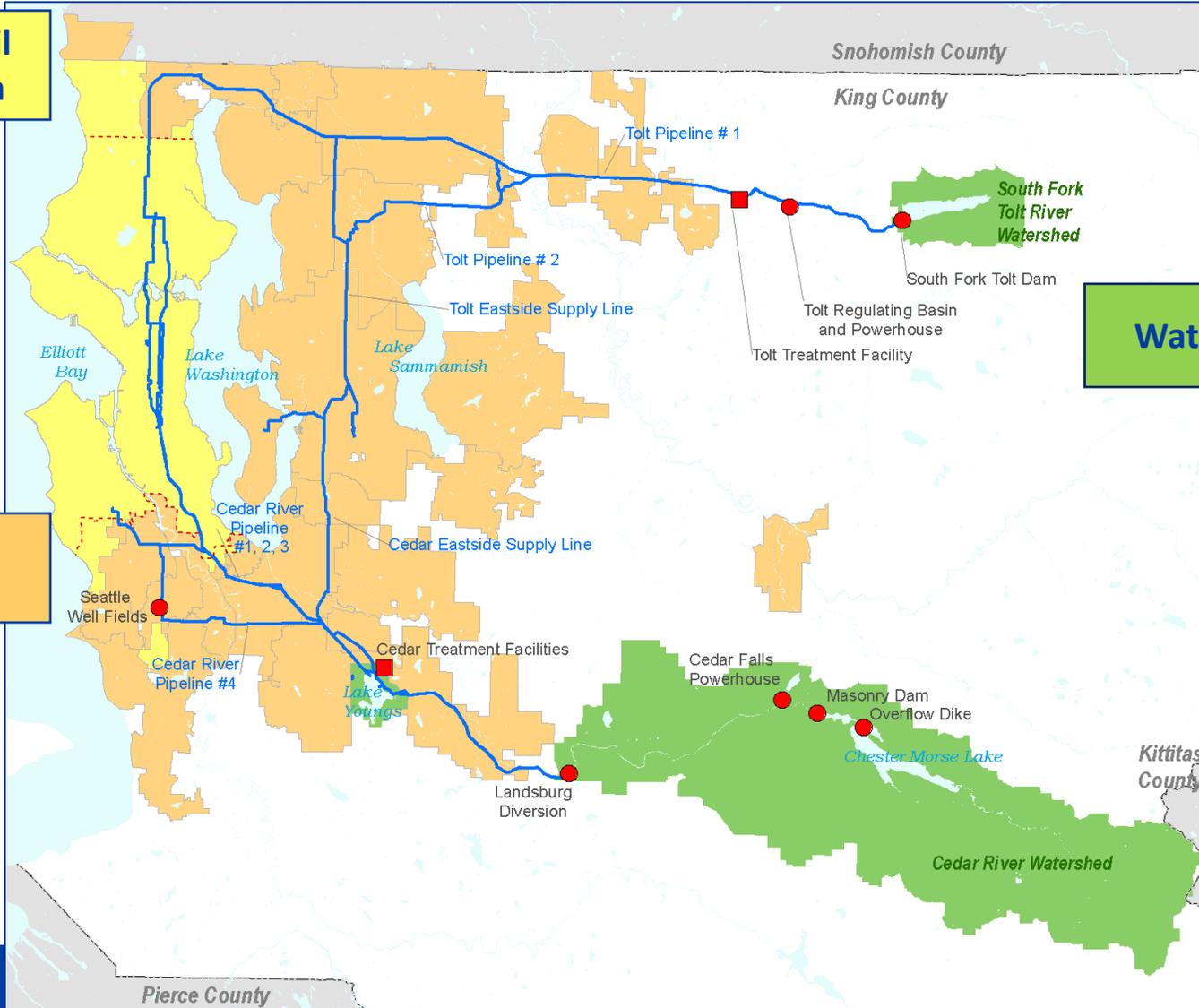
Distribution system work

**Seattle Retail Service Area**



Reservoir maintenance

**Wholesale Customers**

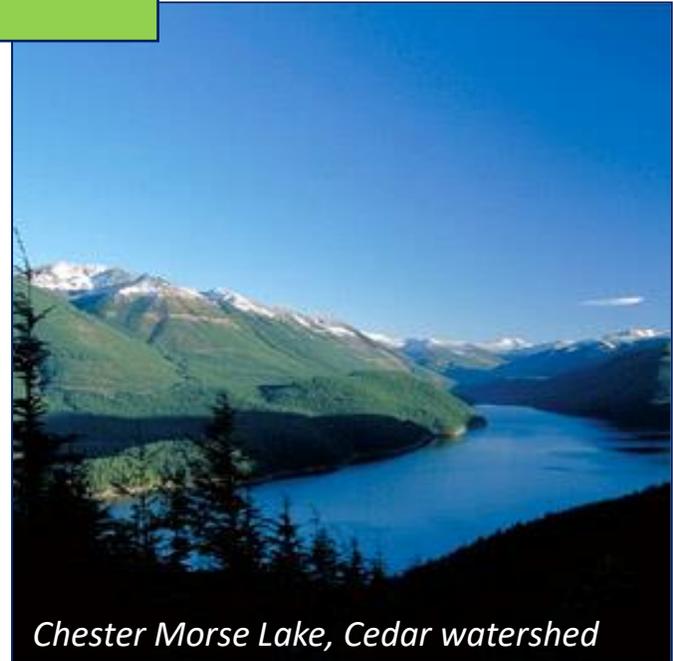


**Watersheds**



Transmission line under I-405

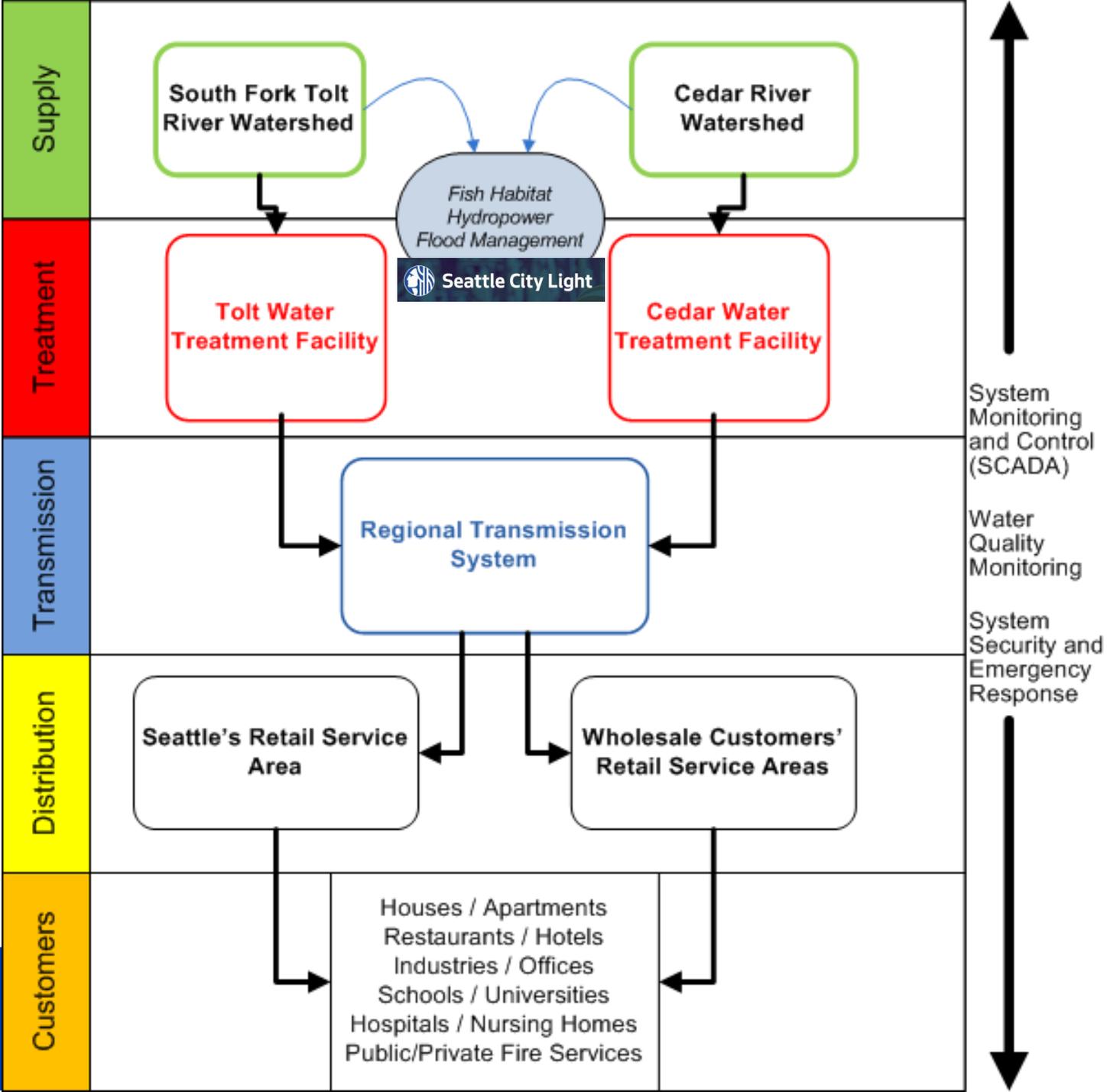
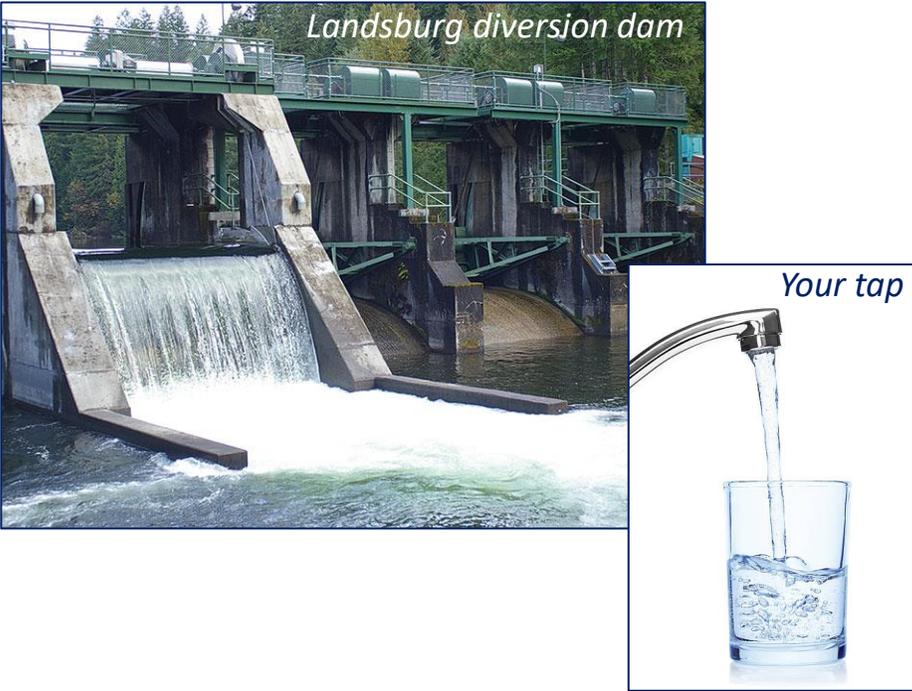
Source: Seattle Times



Chester Morse Lake, Cedar watershed

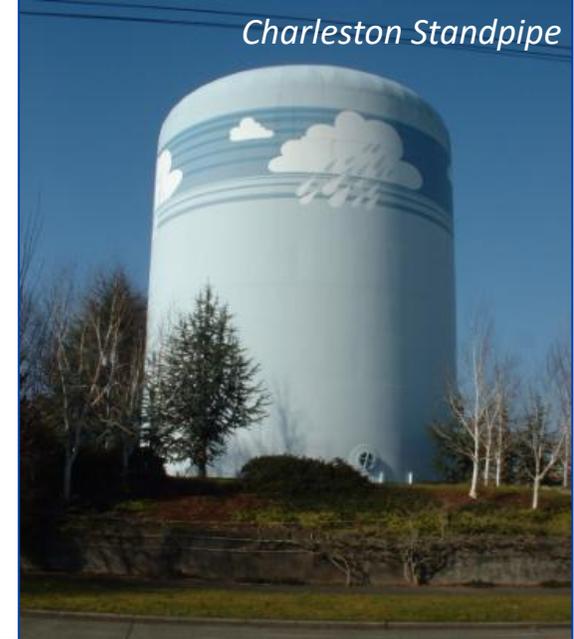


# Drinking Water Process: from Source to Tap



# Drinking Water Infrastructure

- 2 watersheds covering 100,000 acres
- 2 Seattle City Light hydroelectric power generation plants
- 193 miles of transmission pipelines
- 1,680 miles of distribution mains
- 250+ million gallons of treated water storage
- 1 seasonal groundwater well field
- Many pump stations, valves, fire hydrants, water service lines



# Drinking Water Employees - 364 strong



*Water quality laboratory*



*Dam maintenance*



*Water pipe workers*



*Watershed educators*



*Real-time operations*



*Watershed stewardship*



*Biologists*



*Planners, engineers, scientists*



# Drinking Water Service Levels & Goals

## Service Levels

- Provide reliable and high-quality water that meets all regulatory requirements
- Meet all environmental requirements, including instream flow requirements and tribal and agency agreement and permit commitments
- Meet requirements for system pressure and flow
- Limit unplanned water outages
- Respond promptly to customer issues

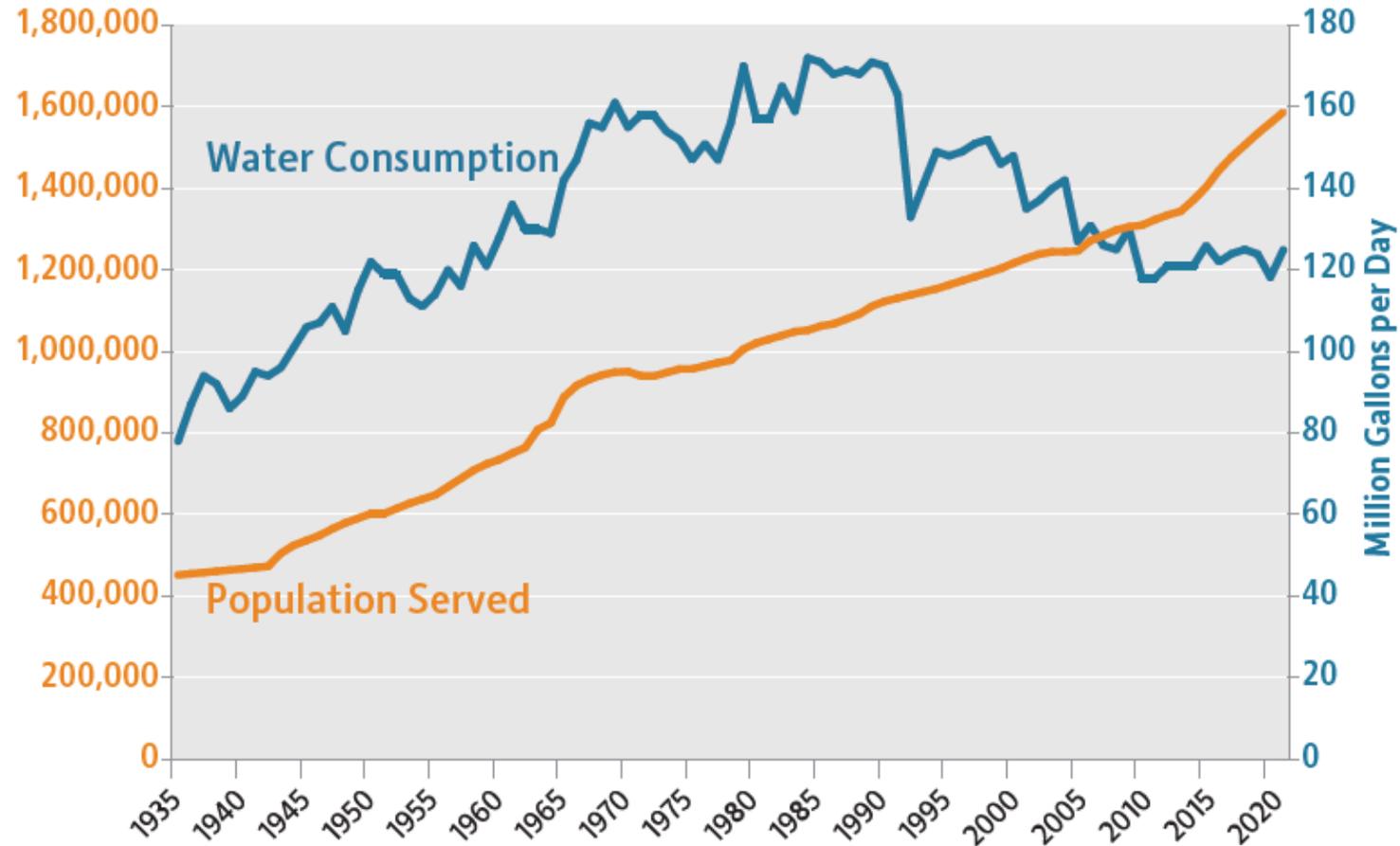
## Line of Business Goals

- Environmental stewardship
- Public health protection
- Community centered
- Affordability and equity
- Resiliency
- Long term asset management
- Long term financial stability

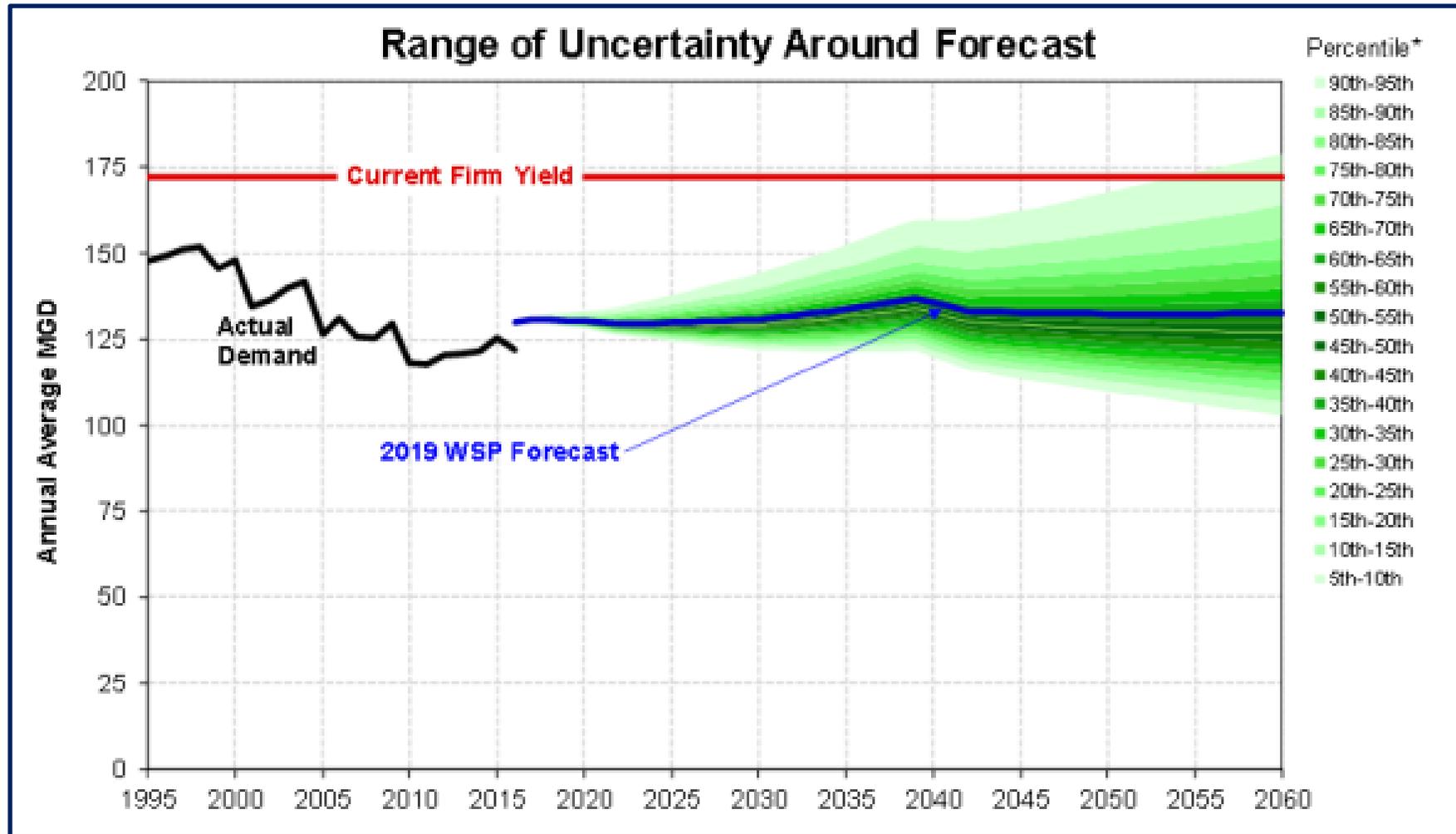


# Increasing Population - Decreasing Water Use

*Our water conservation programs work! We use about as much water as we did in the 1950's despite increasing population growth*

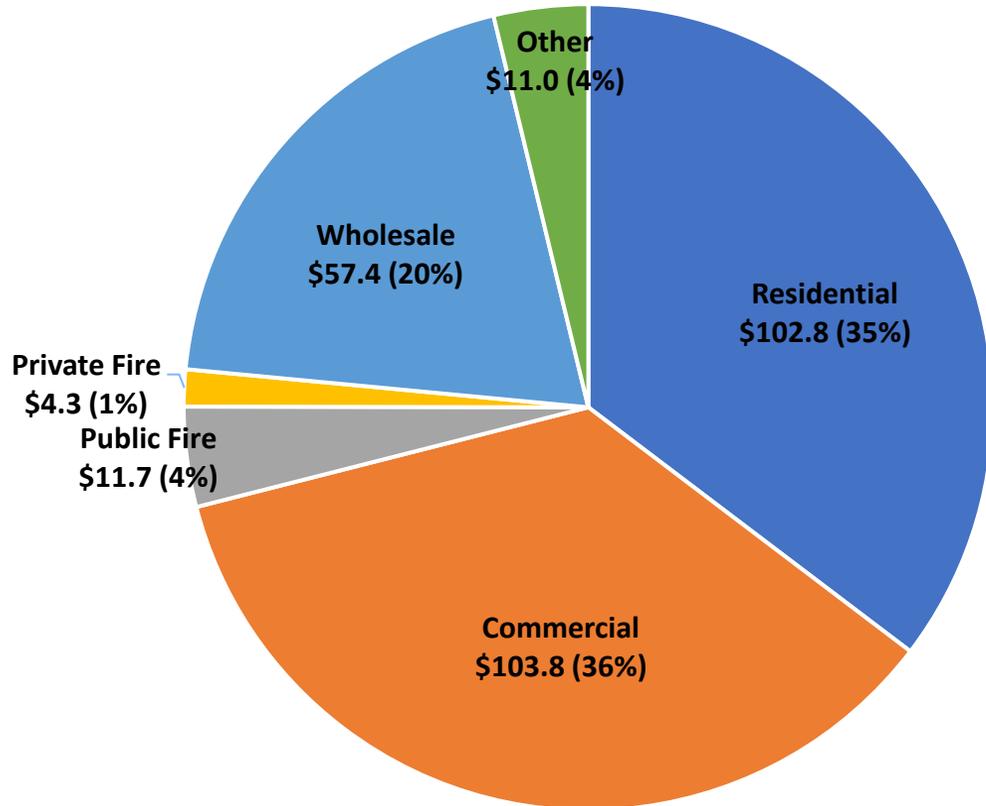


# Supply is Sufficient Beyond 2060

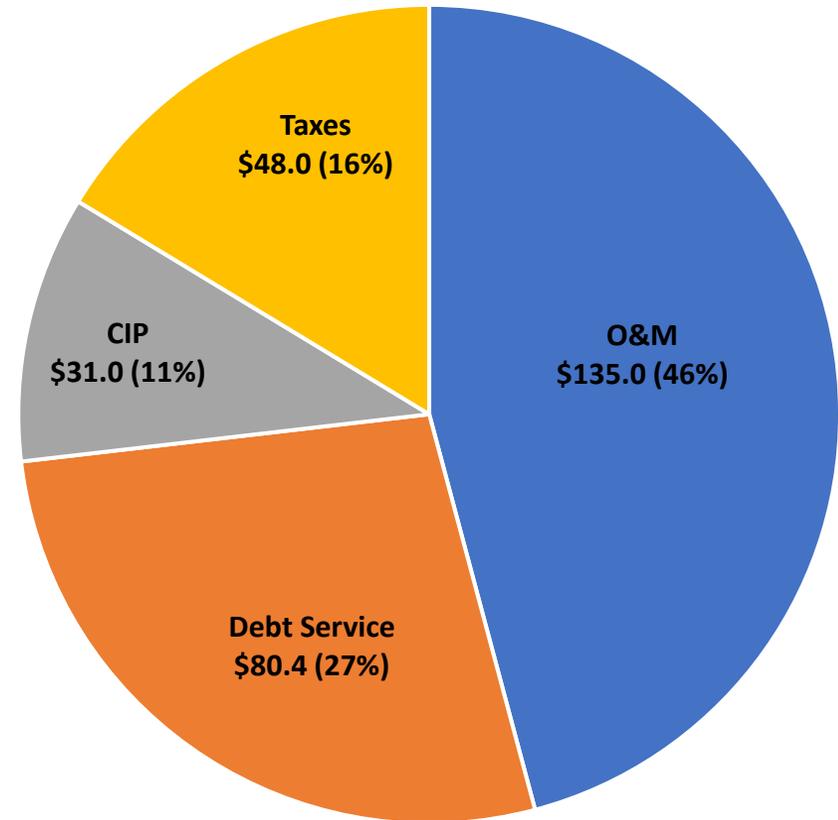


# 2022 Water Revenue & Expenses

## Revenue - \$291 Million



## Expenses - \$294 Million



# Drinking Water Rates

New rates being set 2024-2027

Strategic Business Plan	2021	2022	2023	2024	2025	2026	2021-26
Water	0.0%	2.7%	4.7%	3.6%	4.2%	5.5%	3.4%
Wastewater	7.3%	3.1%	5.9%	0.5%	7.8%	3.6%	4.7%
Drainage	7.4%	8.6%	7.2%	3.9%	6.5%	6.7%	6.7%
Solid Waste	2.9%	2.9%	2.2%	2.3%	2.1%	2.1%	2.4%
<b>Combined</b>	<b>4.5%</b>	<b>3.9%</b>	<b>5.0%</b>	<b>2.2%</b>	<b>5.4%</b>	<b>4.2%</b>	<b>4.2%</b>

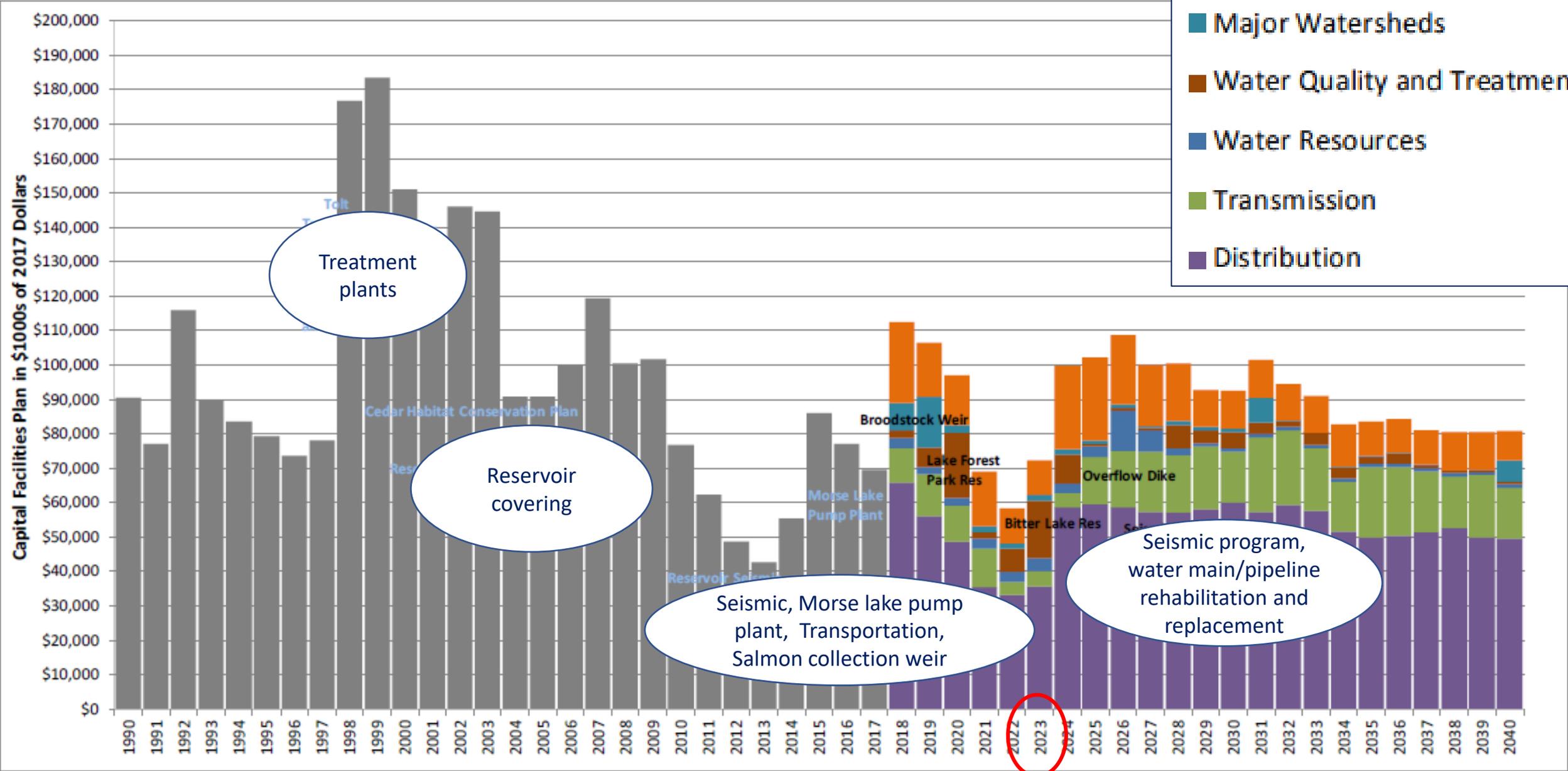
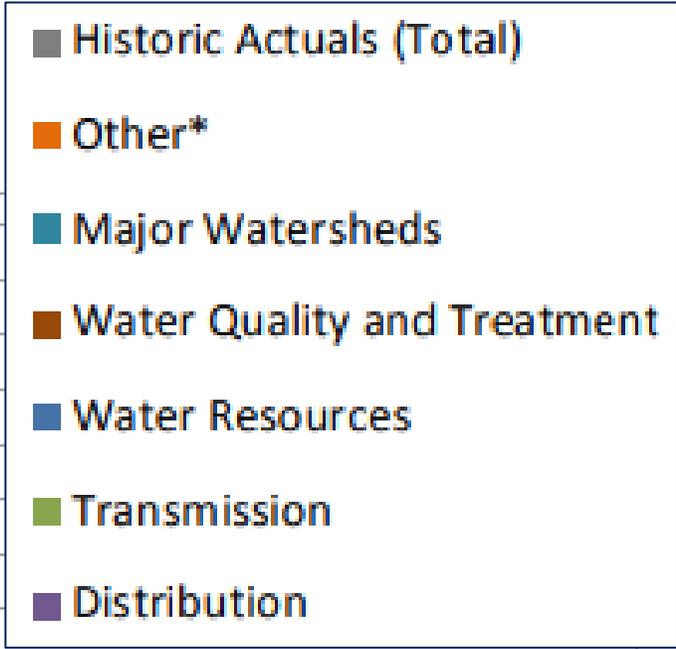
  

Updated	2021	2022	2023	2024	2025	2026	2021-26
Water	0.0%	2.6%	3.6%	3.0%	4.2%	4.2%	2.9%
Wastewater	7.3%	2.0%	4.8%	3.8%	3.6%	6.3%	4.6%
Drainage	7.4%	6.1%	6.1%	6.1%	3.3%	8.8%	6.3%
Solid Waste*	2.9%	2.9%	2.0%	2.3%	2.5%	2.3%	2.5%
<b>Combined</b>	<b>4.5%</b>	<b>3.1%</b>	<b>4.0%</b>	<b>3.6%</b>	<b>3.4%</b>	<b>5.3%</b>	<b>4.0%</b>

	Approved Rate Legislation
	Updated Projections

# Historic and Proposed Capital Spending



# Agenda

1. Drinking Water Overview
2. 2021-2022 SBP Progress
  - Metrics
  - Initiatives
3. Looking Ahead: 2025-2030



# 2021-2026 SBP Progress: Metrics

Metric	Target	Actual <i>(2021 - 2022)</i>
Limit distribution system leakage as a percent of total supply, as defined by WA Department of Health	≤ 10%	5.9% <i>3-yr average 2020-2022</i>
Priority drinking water, drainage, and wastewater problems responded to within sixty minutes	≥ 90%	95% <i>(drinking water only)</i>
Meet WA Department of Health drinking water quality regulations	Meet regulations	Met regulations



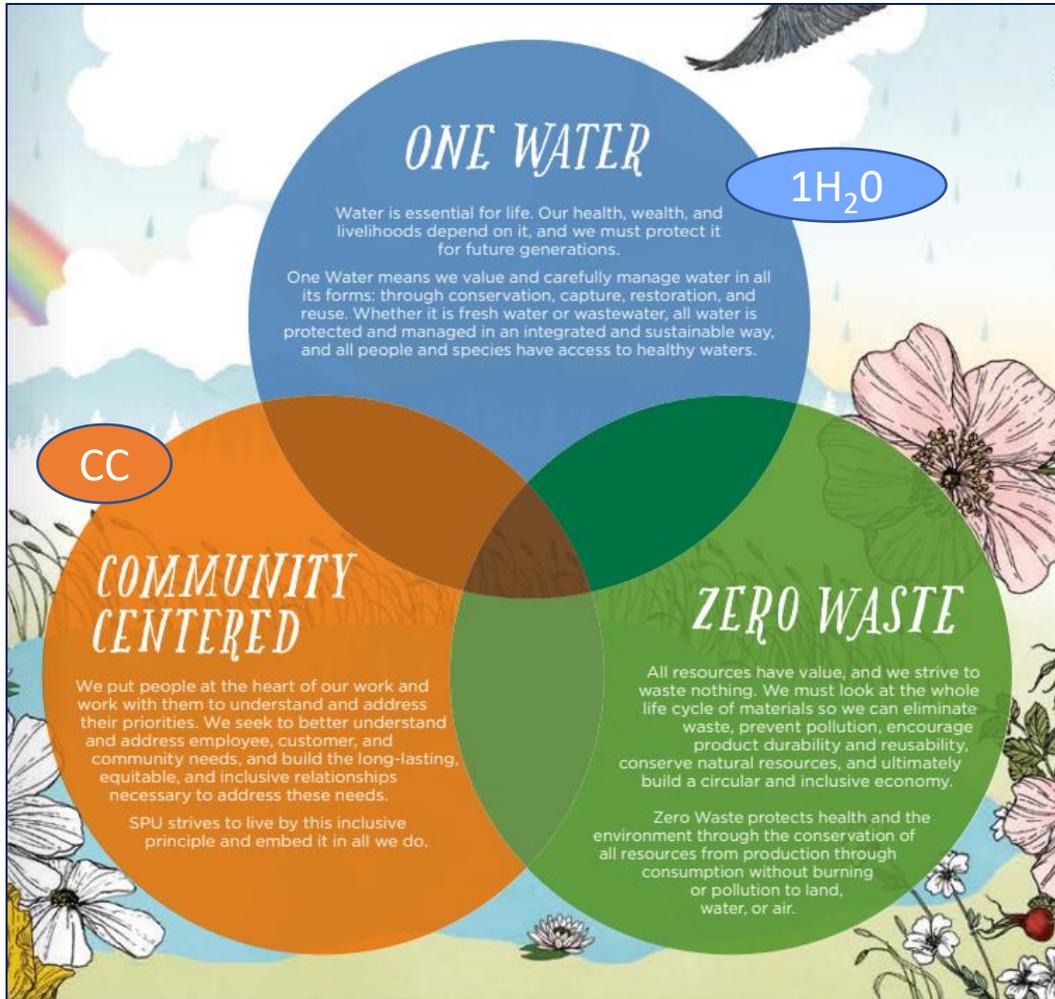
# 2021-2026 SBP Progress: Initiatives

Initiative and Purpose	Status	Progress
<b>Seismic Resilience</b> Increase the resilience of Seattle’s water system to earthquakes	On Track	Implementing the seismic plan close to schedule. Projects on reservoirs, tanks, transmission pipelines and seismic standards underway.
<b>Asset Management</b> Partner on construction opportunities	On Track	All projects are being assessed for water asset replacement. 13 opportunities completed/underway.
<b>Asset Management</b> Hydrant and valve maintenance	Targets not met	Met hydrant goals in 2021. 2022 work affected by staffing and supply chain issues. Valve maintenance has not occurred.
<b>Asset Management</b> Water main replacement	Delayed	2021 work delayed due to COVID. 2022- 0.5 miles replaced. About 7 miles of water main are planned to be replaced 2023 - 2025.
<b>Asset Management</b> Replace 650 water service lines per year	Close	2021 – 696 replaced. 2022- 454 replaced. Staffing issues.
<b>Asset Management</b> Capital projects on 2 tanks underway	On Track	Trenton and Magnolia tanks – options analysis done, in design.
<b>Asset Management</b> Cathodic protection	Delayed	Annual maintenance and testing of existing CP systems was performed as planned. New cathodic protection project is being constructed in 2023, but behind original schedule.

# Agenda

1. **Drinking Water Overview**
2. **2021-2022 SBP Progress**
3. **Looking Ahead: 2025-2030**
  - **Voices of the Community**
  - **Challenges and Opportunities**
  - **Priorities**





# GUIDING PRINCIPLES

Our shared values guide all we do. To be community-centered and act in service to our customer-owners, we collaborate to uphold SPU CARES principles:



- C** CUSTOMERS AND COMMUNITY  
We strive to understand and respond to customer and community needs—inside and outside our organization.
- A** AFFORDABILITY AND ACCOUNTABILITY  
We do our best to ensure that utility services are available to everyone regardless of ability to pay and we responsibly manage and leverage every ratepayer dollar.
- R** RISK AND RESILIENCE  
We seek to minimize utility risks, reduce our environmental footprint, and improve our community's capacity to adapt to change and persevere in the face of hardship.
- E** EQUITY AND EMPOWERMENT  
We work to dismantle institutional racism by building trusting relationships, prioritizing equity and inclusion in decision-making, and creating opportunities for all. This includes listening to and investing in our people—the valued employees of Seattle Public Utilities.
- S** SERVICE AND SAFETY  
We focus on delivering high quality, reliable, and sustainable services and infrastructure that prioritize the health and safety of our employees and our community.



# Voice of the Community

- **Employees**
  - Work Plan areas: Culture and People
- **Tribes**
  - Watershed access and use
  - Sockeye Mitigation Hatchery
  - Natural resource protection
  - South Fork Dam energy re-licensing
- **Environmental Justice Communities**
  - Racial Equity Toolkit
  - Education and Outreach Programs



*Muckleshoot Indian Tribe touring the Cedar River Sockeye Hatchery*

# Voice of the Community: School Program Focus

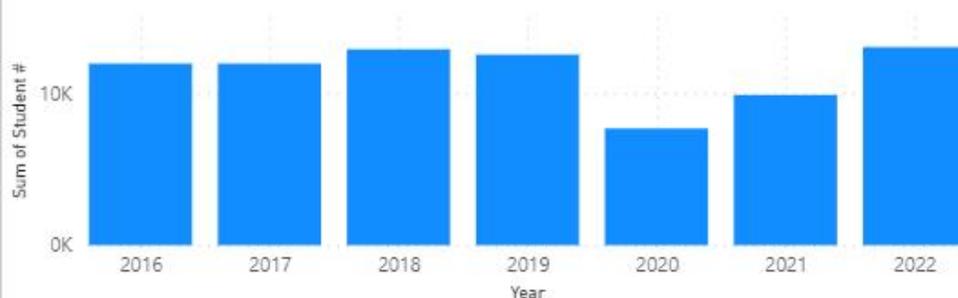
## Water Conservation Youth Education Dashboard

Includes program data from January 2016 - November 2022. Data for 2022 does not represent a complete year.

### Number of presentations each year

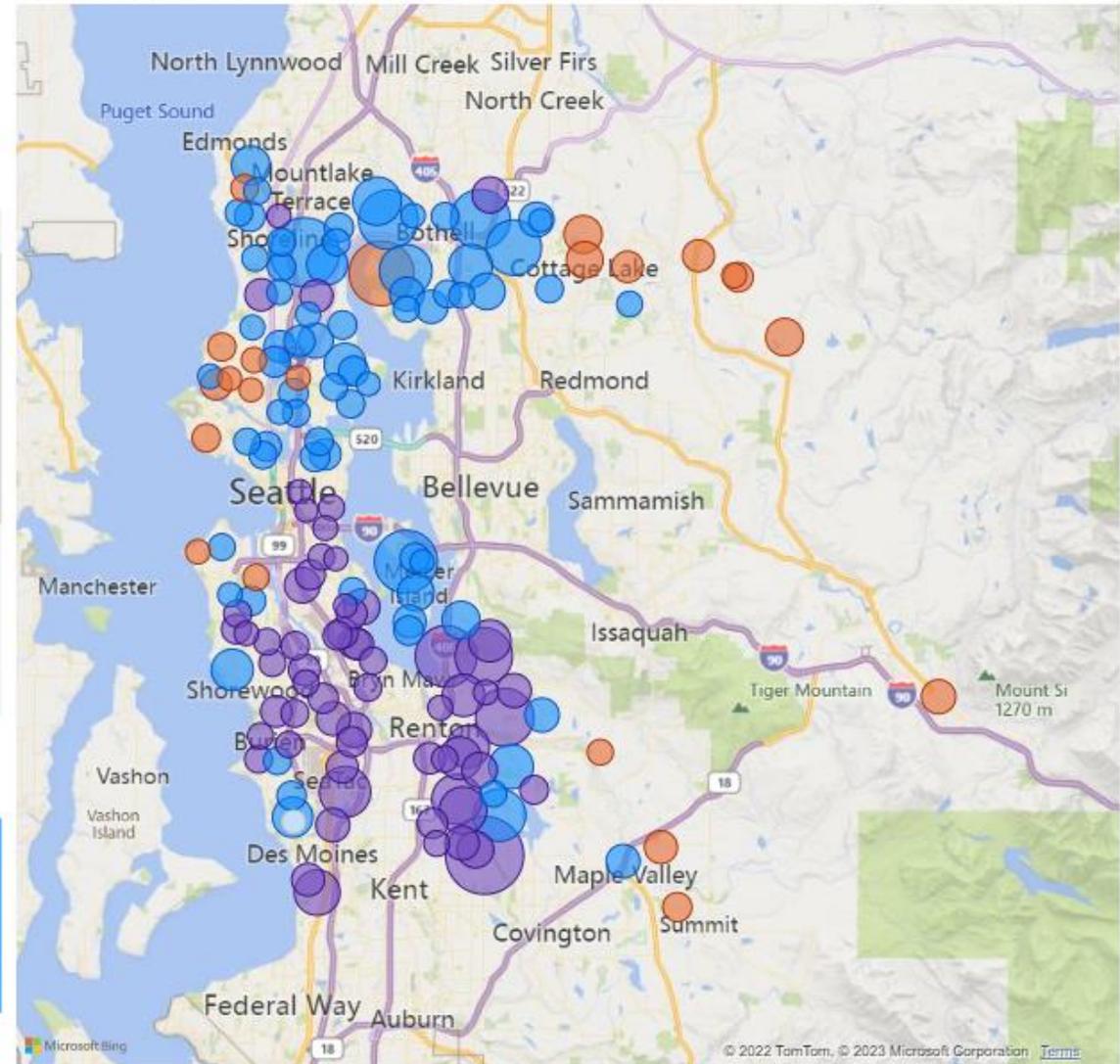
SWP Member	2016	2017	2018	2019	2020	2021	2022	Total
Cedar River Water and Sewer District	7	3	2	8	5	7	2	34
City of Bothell	8	16	9	11	16	25	18	103
City of Duval	10	16	12	4	13	15	18	88
City of Mercer Island	7	10	7	4	3	2	4	37
City of North Bend							24	24
City of Renton	35	32	28	31	29	63	56	274
Coal Creek Utility District	16	8	10	17	14		8	73
Highline Water District	39	29	37	28	3	27	59	222
North City Water District	39	34	26	28	4	10	18	159
Northshore Utility District	52	68	52	62	35	37	50	356
Olympic View Water and Sewer District	10	5	8	14	1	6	7	51
Outside SWP service area	18	4		6				28
Seattle Public Utilities	83	75	120	98	115	121	149	761
<b>Total</b>	<b>493</b>	<b>496</b>	<b>522</b>	<b>525</b>	<b>348</b>	<b>447</b>	<b>594</b>	<b>3425</b>

### Number of students served each year



### Location of presentations

Proportion BIPOC Students (Blank) ● < 33% ● > 66% ● 33-66%



# Challenges and Opportunities

- **Affordability – inflation, increasing requirements**
- **Staffing and work loads**
- **Aging infrastructure and seismic risk**
- **Climate Change – wildfire and water supply**
- **Water Treatment – DBO contracts ending**
- **Advanced Metering Infrastructure**
- **On-site non-potable water use**
- **Construction opportunity projects where streets are opened for other reasons**

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1H<sub>2</sub>O

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# Priority: Building Culture & Supporting People



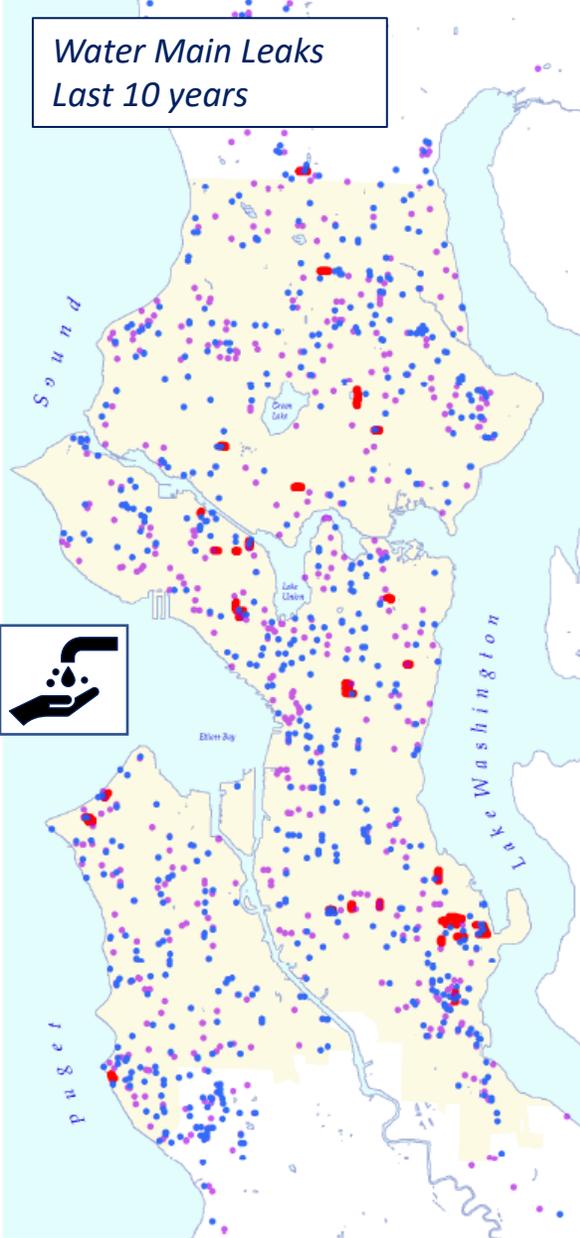
## Applicable Vision and Principles

- Community Centered
- Customers and Community
- Equity and Empowerment
- Service and Safety

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Water Main Leaks  
Last 10 years



# Priority: Aging Infrastructure and Seismic Risk



*Installing earthquake resistant pipe*

## Applicable Vision and Principles

- One Water
- Customers and Community
- Affordability and Accountability
- Risk and Resilience
- Service and Safety

1H<sub>2</sub>O



# Priority: Climate Change Adaptation



## Applicable Vision and Principles

- One Water
- Community Centered
- Customers and Community
- Affordability and Accountability
- Risk and Resilience
- Service and Safety

1H<sub>2</sub>O

CC

# Priority: South Fork Tolt Dam Energy Re-licensing (FERC)



## Applicable Vision and Principles

- One Water
- Community Centered
- Customers and Community
- Affordability and Accountability
- Risk and Resilience
- Service and Safety

1H<sub>2</sub>O

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# Priority: Treatment Plant Operation and Maintenance



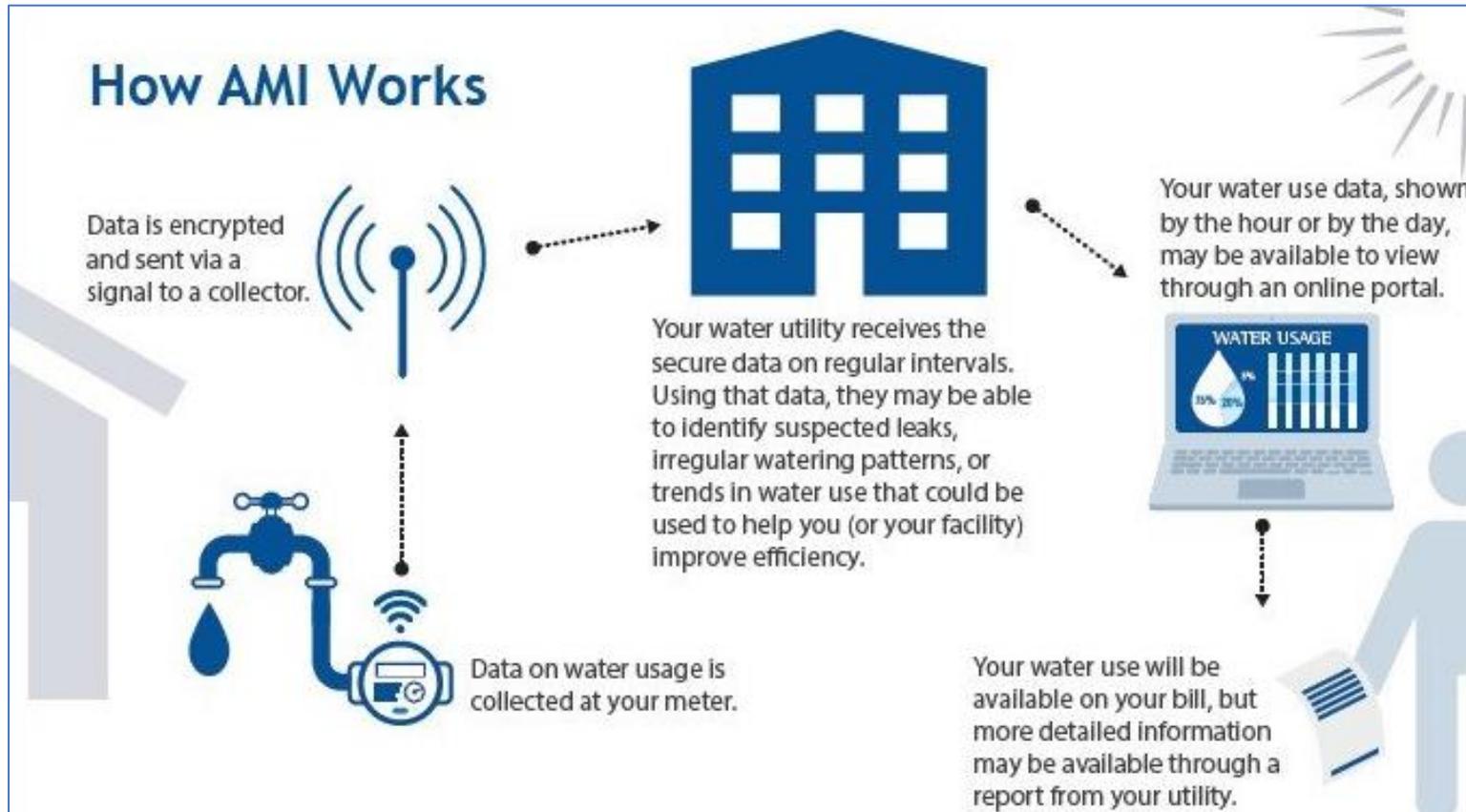
## Applicable Vision and Principles

- One Water
- Affordability and Accountability
- Risk and Resilience
- Service and Safety

1H<sub>2</sub>O



# Priority: Advanced Meter Infrastructure (AMI)



## Applicable Vision and Principles

- One Water
- Community Centered
- Customers and Community
- Affordability and Accountability
- Risk and Resilience
- Service and Safety

1H<sub>2</sub>O

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**CLEARLY  
WONDERFUL  
WATER**



**Questions?**



**City of Seattle**

# Solid Waste Line of Business Overview

Customer Review Panel Meeting

February 2023

FOOD & YARD

Seattle  
Public  
Utilities

(206) 684-3000

RECYCLE

Seattle  
Public  
Utilities

(206) 684-3000

GARBAGE

Seattle  
Public  
Utilities

(206) 684-3000

# Agenda

- 1. Services SWLOB Provides**
  - Waste Collection, Transfer, Processing, and Disposal
  - Manage Closed Landfills
  - Operate Hazardous Waste Facilities
- 2. Solid Waste Financials**
- 3. Continuous Improvement**



# SOLID WASTE SYSTEM

**Residential  
Accounts  
165,000**



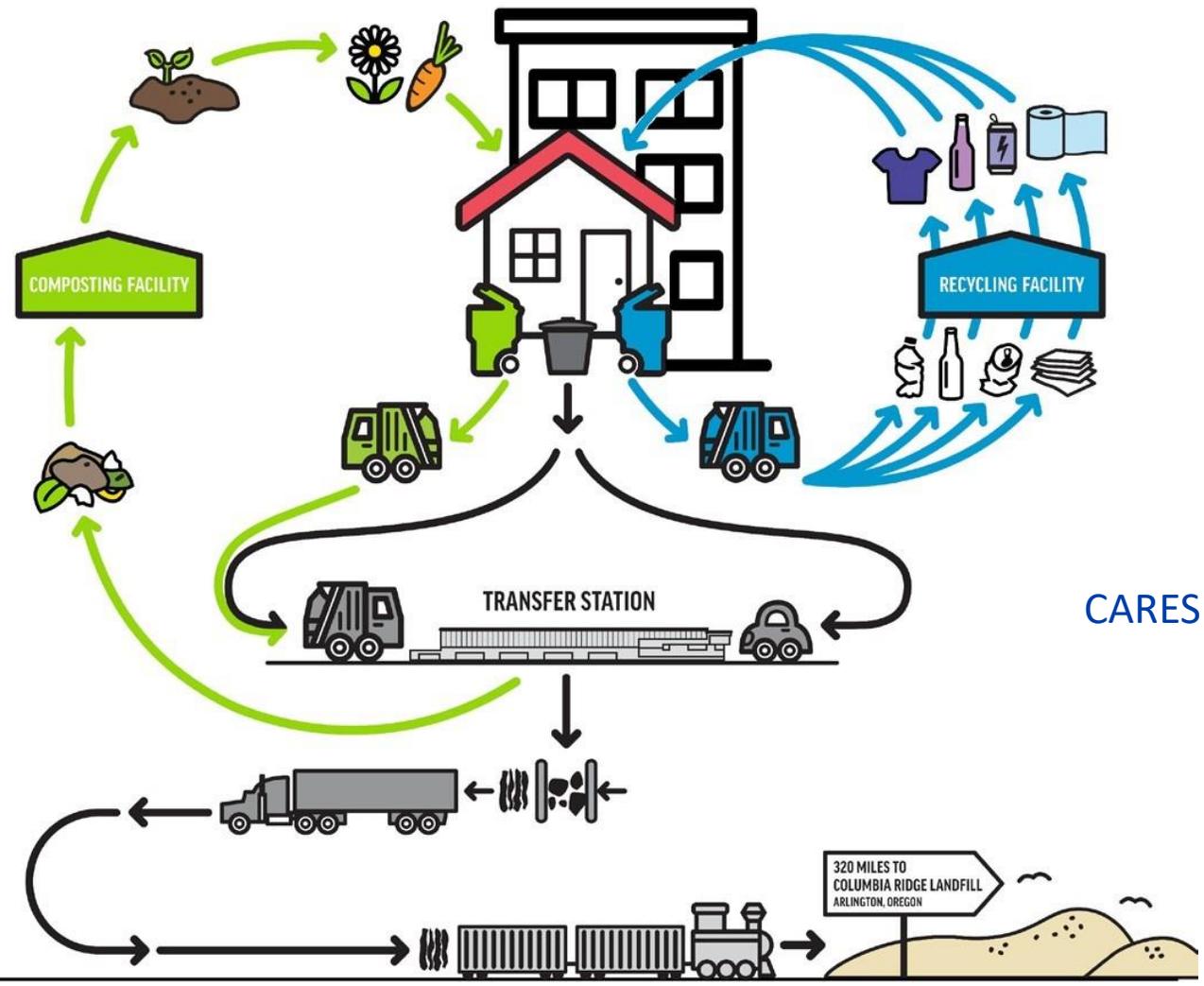
**Multifamily  
Accounts\*  
7,000**

**Commercial  
Accounts\*  
8,000**



\*Account can represent thousands of people.

# SOLID WASTE SYSTEM



### What's in the Recycling Cart

100% of glass and metals are recycled in the Northwest.

75% of cardboard is recycled in the Northwest

CARES: Resilience, Services & Safety



# CONTINUOUS SOLID WASTE SYSTEM IMPROVEMENTS



Education & Technical Assistance

Multifamily  
Commercial  
Residential



CARES: Customer, Community, Equity, Empowerment

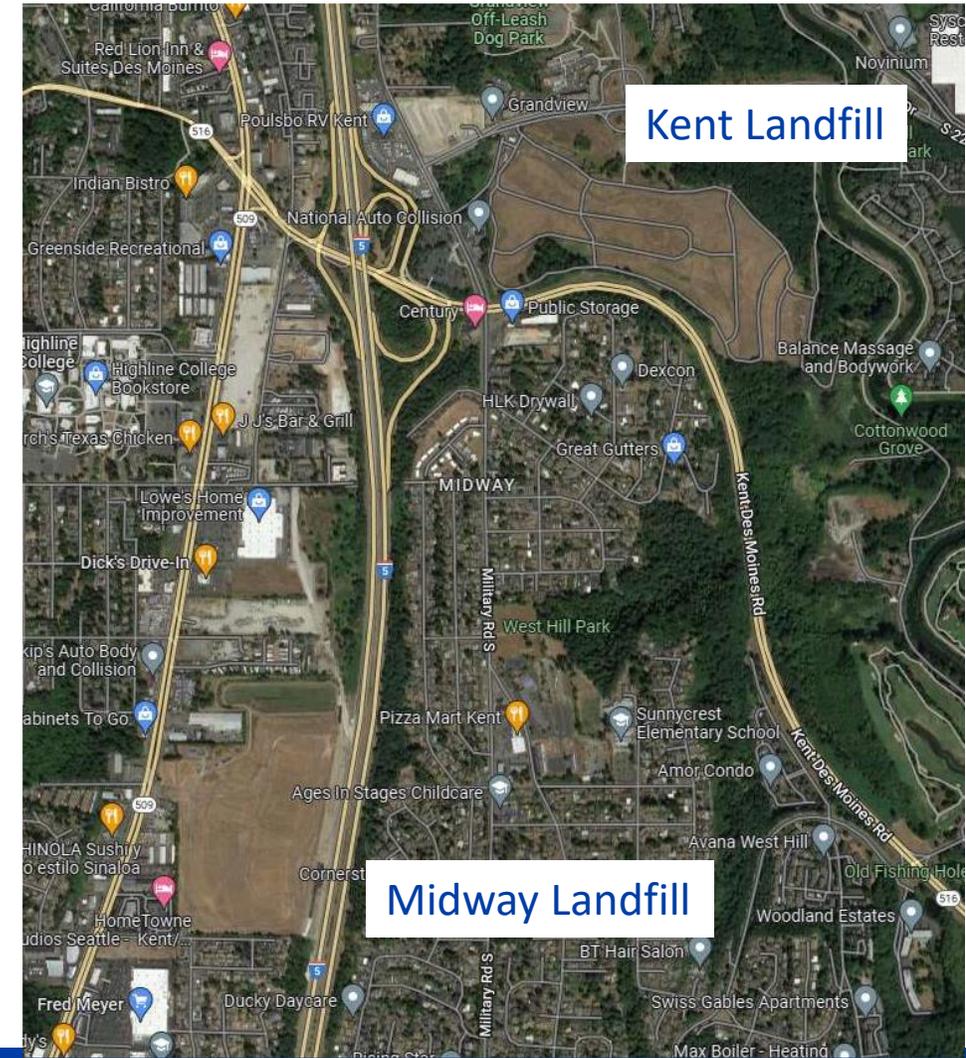


# MANAGE CLOSED LANDFILLS

The Landfill team is stationed at Kent Landfill and monitors, maintains and manages Midway, Kent Highlands and the South Park landfill.

Their mission is to protect public health and reduce environmental risks. All three sites are under separate Consent Decrees.

CARES: Safety



# COLLECTION OF HAZARDOUS WASTE

- SPU Solid Waste operates two facilities to collect household hazardous waste as part of the Regional Hazardous Waste Management Program (HWMP)
- Services are reimbursed by the program.



CARES: Customer, Accountability, Service and Safety

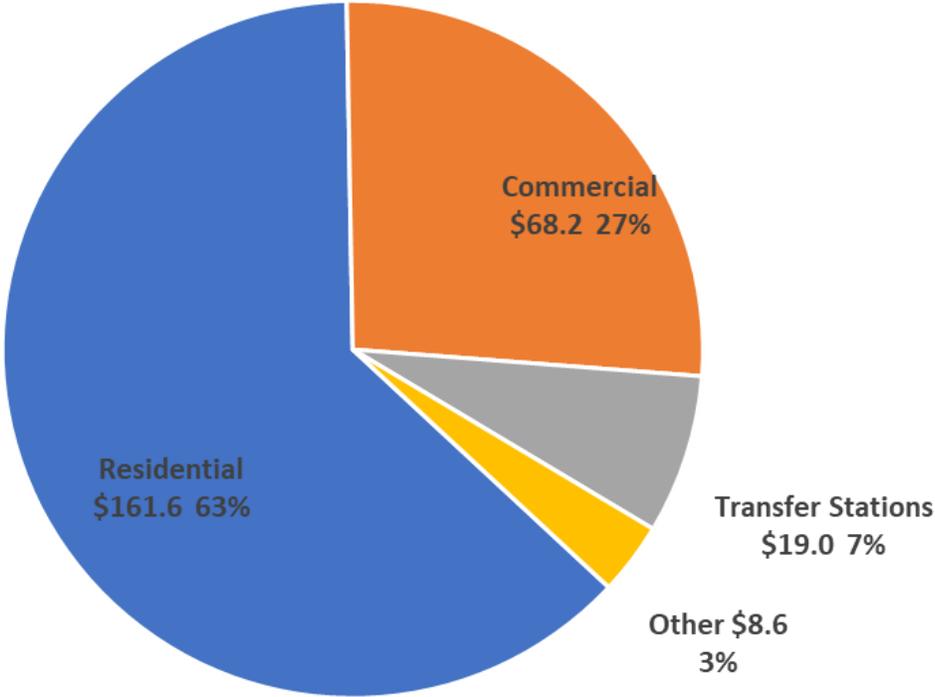
# Agenda

1. Services we Provide
2. Solid Waste Financials
  - Revenue and Expenses
  - Financial Goals
  - Solid Waste Rates
  - Debt Restructuring
3. Continuous Improvement

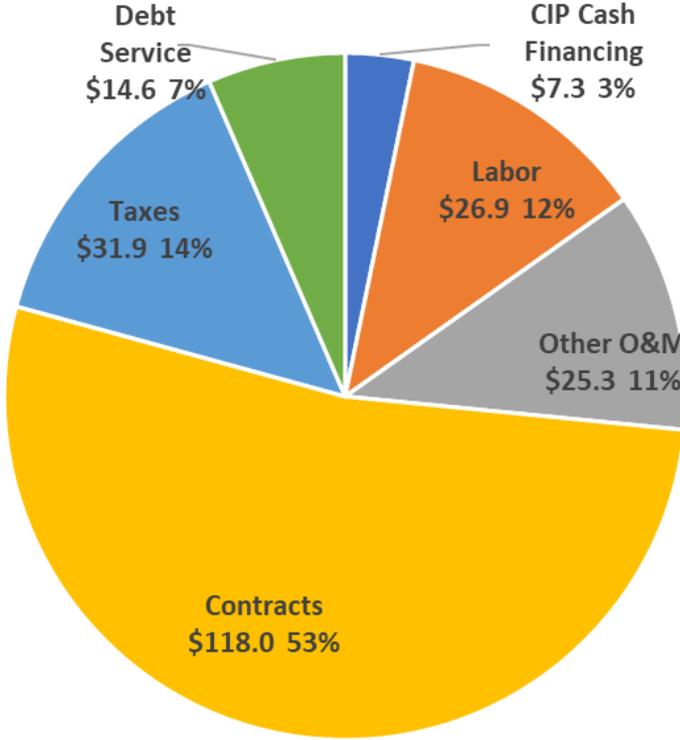


# 2022 Solid Waste Revenue & Expenses \*

Revenue \$257.4 Million



Expenses \$224.1 Million



\* Reported numbers are likely to change slightly. The FY22 year-end financial entries are in process. FY22 will officially close before the end of February.



# Solid Waste Fund Financial Goals

Financial Policy	2022 Target	2022 Projection
Net Income	>\$0	\$28.6M
Debt Service Coverage	1.7	2.3
Year-End Cash Balance (45 Days Operating)	\$22.8M	\$141.2M

CARES: Accountability & Resiliency



# SW Rate Increase Adopted for 2023-2025

## SOLID WASTE RATE INCREASE SUMMARY

	2021	2022	2023	2024	2025	2026	AVG
SOLID WASTE RATE PATH in SBP	2.9%	2.9%	2.0%	2.4%	2.0%	2.1%	2.4%
<b>SOLID WASTE RATE STUDY PROPOSAL</b>	<b>2.9%</b>	<b>2.9%</b>	<b>2.0%</b>	<b>2.3%</b>	<b>2.5%</b>	<b>2.3%</b>	<b>2.5%</b>
Solid Waste Collection Service	2.9%	2.9%	1.5%	2.6%	2.6%	2.2%	
Solid Waste Transfer Stations	2.9%	2.9%	5.1%	0.0%	0.0%	0.0%	

## OVERALL SPU RATE PATH SUMMARY

	2021	2022	2023	2024	2025	2026	2021-26
2021-2026 SBP	4.5%	3.9%	5.0%	2.2%	5.4%	4.2%	4.2%
<b>2023-2025 SW RATE STUDY</b>	<b>4.5%</b>	<b>3.1%</b>	<b>4.0%</b>	<b>3.6%</b>	<b>3.4%</b>	<b>5.3%</b>	<b>4.0%</b>

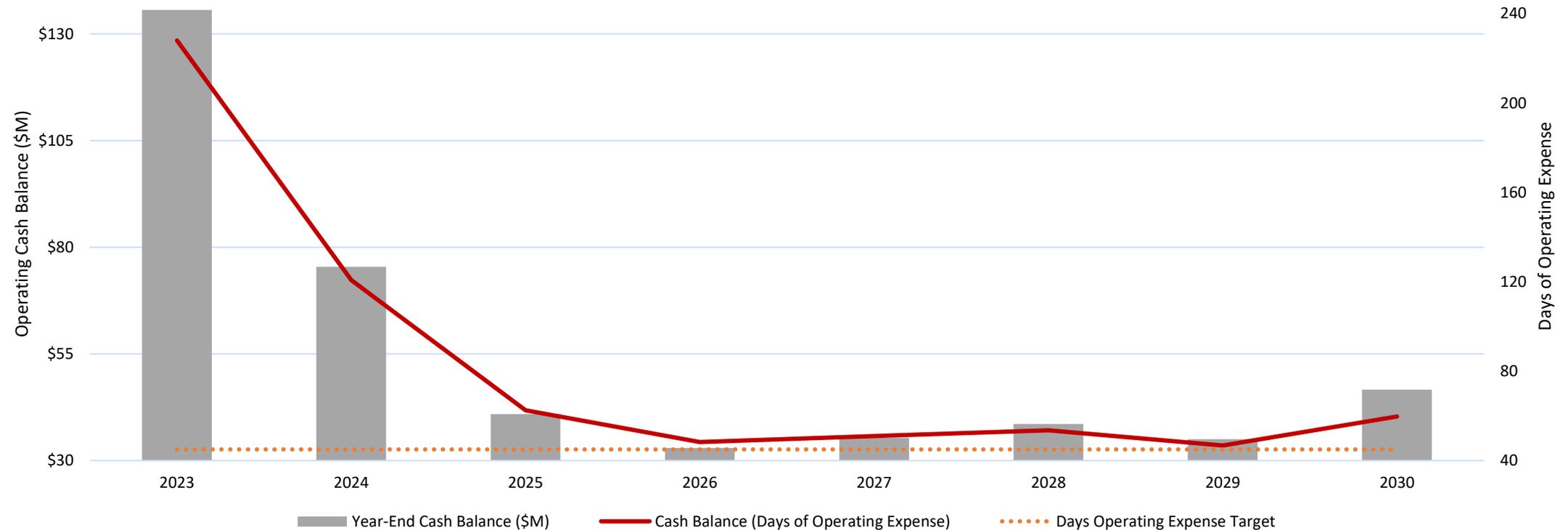
CARES: Affordability



# Debt Restructuring

**Plan:** Use \$131 million available from cash balances to redeem or defease debt service by 2030.

**Results:** Reduce the SWF's existing 2023-2041 debt service from \$215 million to \$47 million.



CARES: Affordability & Equity



# Agenda

- 1. Services We Provide**
- 2. Solid Waste Financials**
- 3. Continuous Improvement**
  - **Challenges and Opportunities**
  - **Voice of the Community**
  - **Solid Waste Capital Improvements**
  - **Diverting Waste from Landfill Priorities**
  - **Waste Prevention Priorities**
  - **Policy and Legislation**
  - **Historical Perspective**



# Challenges and Opportunities

★ Current SBP Initiative

- Increase our service resiliency
  - Regional Mutual Aid Agreements
- Reduce our carbon footprint
- 63% of residential garbage is recoverable
- Shifting the paradigm from diversion to prevention and diversion



CARES: Accountability, Resilience, Service & Safety

# Voice of the Community

- **Solid Waste Advisory Committee (SWAC)**
- **2022 Solid Waste Plan Update:**
  - **Engaged community through SPU's EJSE team and Community-based Organization Partners**
  - **Public Comment period held in spring 2022**
- **Recently conducted customer surveys:**
  - **Residential Customer Satisfaction Survey**
  - **Self-haul Transfer Station Customer Feedback**



CARES: Customers, Community, Equity & Empowerment

# Solid Waste Capital Improvements

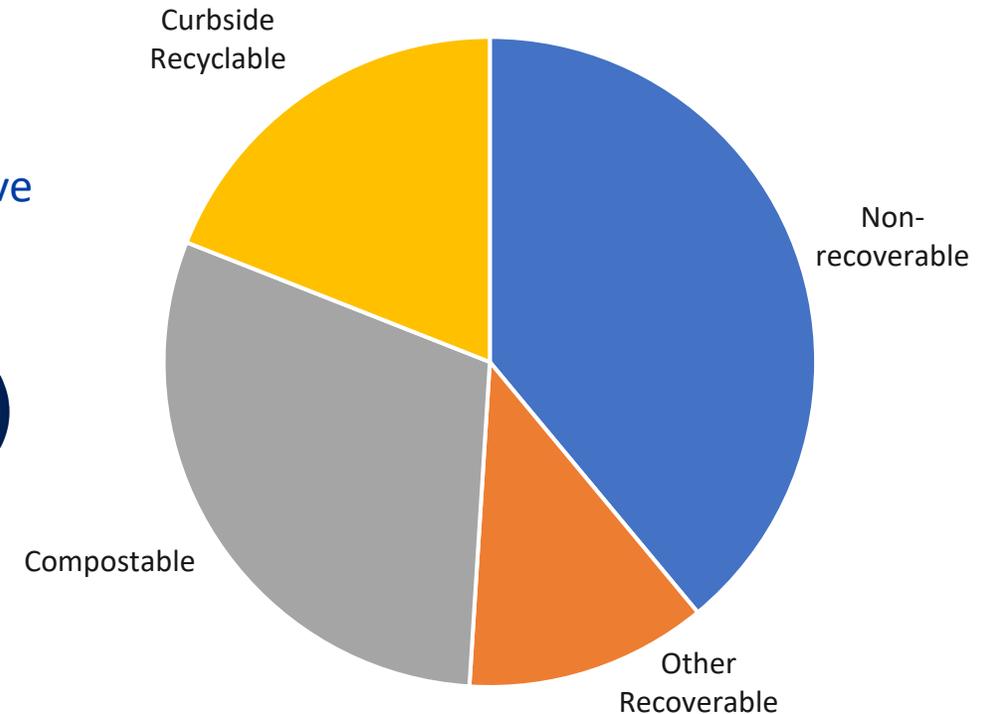
- **Redevelopment of the old South Transfer Station property**
  - Phase 1: Bring site up to meet Ecology Consent Decree requirements
  - Phase 2: Redevelop site to enhance our ability to manage materials
- **New compactors at both stations**
- **Tipping floor topping replacement at South Transfer**
- **Drainage improvements at both stations to meet regulatory requirements**
- **2022 Solid Waste Plan Update**

CARES: Community, Accountability, Resilience, Safety

# Diverting Waste from Landfill

- Continued Outreach, Education, and Technical Assistance on Recycling and Composting and Associated Rules
- **City Wide Food Action Plan**  Current SBP Initiative
- Extended Producer Responsibility (EPR)
- Incentivize Deconstruction over Demolition

2021 Residential Disposal



CARES: Community, Accountability, Risk, Equity, Empowerment



# Waste Prevention Priorities "ZERO WASTE"

- Waste Prevention Strategic Plan
- Residential and Commercial Outreach, Education, and Technical Assistance
- Reduce Consumption of Single-use Items
- Waste-Free Community Grants
- Natural Yard Care
- Repair and Reuse

★ Current SBP Initiative

★ Current SBP Initiative



CARES: Accountability, Risk, Equity & Empowerment



# Policy and Legislation

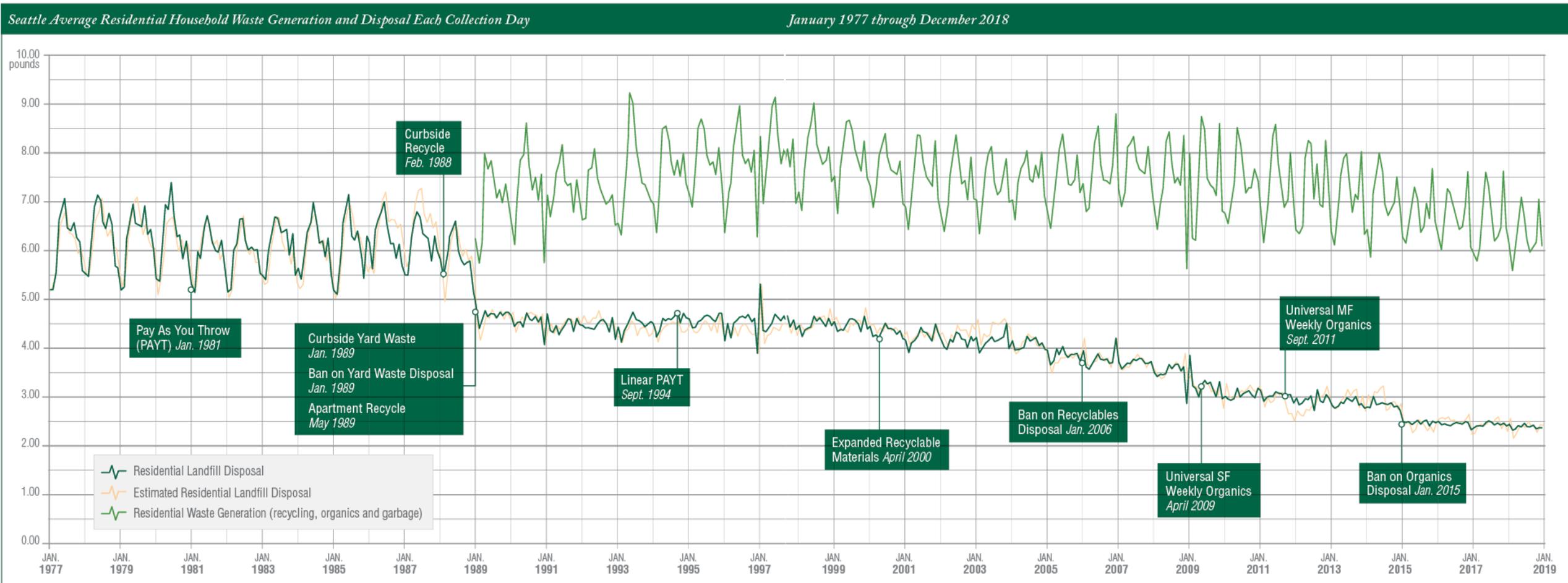
## Key Bills Pending in Washington State Legislature:

- **Washington Recycling & Packaging Act (WRAP)** – Extended Producer Responsibility (EPR) bill focusing on reuse and recycling of packaging and paper products.
- **EPR for Batteries** – Focus on producer-funded stewardship program for the collection, transport, and processing of single-use and rechargeable batteries.
- **Right to Repair** – Making it easier to repair digital electronic products

CARES: Resilience, Risk, Equity, and Service



# Impact of SEATTLE's incentives, policies, and programs



# Solid Waste Targets

## Current SBP

- Keep collection misses to  $\leq 1$  per 1,000 lifts per month, or maintain a 52-week average of less than 1 miss per 1,000 stops
- Minimize residential garbage tonnage to landfill for disposal to  $< 1$  pound per person per day
- Reduce residential garbage, recyclables, and organics tonnage generated to  $< 2.5$  pounds per person per day

CARES: Accountability



# How Do We Propose to Measure Success?

- Developing a consumption-based greenhouse gas inventory of SW emissions with our regional partners.
- New targets around waste generation and landfill disposal.
- Metrics to better understand the materials in the waste stream.
- Food waste prevention.
- Environmental, social, and economic impacts of avoided waste.
- Cost savings and job creation through waste prevention.



Questions?



# CRP Discussion

Andrés Mantilla, BDS Planning



# Closing Remarks

SEATTLE  
CITY HALL



City of Seattle