

**SPU Customer Review Panel
Special Meeting on Accountability & Affordability
Meeting Summary
Friday, May 10, 2019, 1 – 3 pm
Conference Room 4901**

Panel Members Present	Staff Present	
Noel Miller Dave Layton Bobby Coleman Thy Pham Maria McDaniel	Mami Hara Ken Snipes Keri Burchard-Juarez Andrew Lee Danielle Purnell Jonathan Swift	Kathleen Baca Michael Davis Tanya Treat Joan Kernar Kahreen Tebeau Karen Sherry Karen Reed

Welcome. Jonathan Swift opened the meeting by welcoming and Panel members and thanking them for attending this optional meeting. The purpose of today’s meeting is to present Panel members with information about five of the six practice areas that define Accountability & Affordability (A&A) work. The sixth practice area on budget and finance was covered during the March Panel meeting. SPU will finalize the Accountability & Affordability Report the last week in June. The City Budget Office will review before the report is finalized. The report is due to Council on June 30th.

Q: When is the presentation to Council? **A:** There is no presentation scheduled at this time.

Jonathon reviewed the meeting objectives.

Accountability and Affordability (A&A) Project. Jonathon shared that over the past few months, 16 workshops regarding A&A have taken place. The work was performed by a cross-organization team of over 150 participants. A&A has also been discussed many times at SPU’s Executive Team meeting over the past few months.

Mami thanked the members for attending the meeting and reviewed the six practice areas. The input of the Panel will help SPU finalize the A&A framework, which is one of the three lenses that will guide the strategic plan. The other two lenses area are Risk & Resiliency and Equity & Environment. Mami mentioned that there are several drivers behind A&A, including regulatory compliance (which is becoming very expensive) and income disparity. An EPA utility affordability standard in place for years has stated that not more that 4.5% of household income should be spent on utilities. The team has focused on a comprehensive approach the A&A and how we can change the way we do our work. Today we will share the specific short and long-term goals for each practice area developed. We will also identify the go-first actions in each practice area. SPU has exceeded our rate path expectation, we are at 5.1% rather than 5.2%, and we are always striving to do better.

Karen Reed noted that the Panel has historically placed an emphasis on affordability and the rate path. She asked the Panel if they have been through any operational excellence, “Lean” or other process improvement exercises in their own careers. All member shared that they have been through some sort

of process including TQM, Lean, or process improvement. Takeaways from those efforts mentioned by Panel members include:

- It's the people and how well they work together.
- You need to have a culture where all areas of the organization are listened to, especially operations, which is often undervalued.
- Need to bring in right people for the job.
- Determine what has to be done v. what would be nice to have.
- Need to pause and think about what is being done and how it's being done.
- Do-overs are a waste time.
- Culture change is key.
- Trust and being open and honest is crucial.
- Egos have to be dropped at the door.

Q: Spending no more than 4.5% of household income on utilities is new information. Where does Seattle fall? **A:** We are just under 4.5%.

Comment (Thy): I agree with many things that have been said. In my organization we have been looking at how efficient our processes are, and we have been looking at how job roles fit into priorities and trying to link them up. Hiring was limited during this review process, and we found lots of different ways to structure the work during the exercise. I recently listened to a podcast examining if people are being used optimally in their jobs. I'll forward to the group.

<https://itunes.apple.com/us/podcast/hidden-brain/id1028908750?mt=2&i=1000419061530>

Q: Is there a plan to layer on cost burden metrics from other areas of household expenditure? **A:** We identified many areas based on need and pain and used many different tools. We always got back to what is our current state and where do we want to go.

Q: Are you hiring any outside assistance for this work? **A:** We have a consultant team for Drainage and Wastewater analysis. For A&A we have Jonathan, who has lots of prior experience in this area. What the team has come up with is a good, holistic approach. There is no precedent for what the A&A team is doing.

Andrew Lee, Drainage and Wastewater Deputy Director, mentioned that there has been a lot of change in SPU over the past 4-5 years. New staff have brought a rich amount of experience from other agencies such as Bellevue, Austin, King County, Philadelphia.

Jonathan told the Panel the actions and strategies presented today are preliminary and will most likely change. What is being presented today is a very brief overview of hours and hours of work.

Practice Area: Capital Planning and Design

Presented by Keri Burchard-Juarez, Deputy Director for Project Development & Engineer Branch (PDEB) and Tanya Treat, Engineering & Technical Services Director, PDEB.

The Capital Planning and Design workshop guiding questions were how PDEB could:

- Improve the process of planning & delivering capital projects.
- Better address project portfolio risk while minimizing costs.
- Improve the transparency of project delivery for our customers.

- Provide the most equitable benefits to our communities and neighborhoods.

The workshop reviewed the current state process and asked what's missing and what is wrong. As a result, several process problems and opportunities and process pains and opportunities were identified.

Participants then were led in a value proposition exercise to describe the benefits customer can expect from PDEB's products and services. The information gathered during the exercise led to an initial thought statement of where PDEB wants to go: *Increase the speed of the planning and delivery of capital projects while maximizing community value and multiple benefits.*

Three types of capital recommendations were developed:

- Integrated Capital Planning
- Streamline Capital Delivery
- Improve Transparency

Integrated Capital Planning Strategy 1: Integrate planning across LOBs and across other City departments to maximize potential for multiple benefits. Five actions were developed. The three go-first actions identified are:

- Action A. Incorporate cross-Line ~~of~~ Business (LOB) planning into the development of the capital improvement program and to include identification of projects that can meet multiple infrastructure and community needs in on geographic location.
- Action B. Define and include a focus on proving multiple benefits in the options analysis and/or early stages of planning
- Action C. Develop and use a set of guidelines for applying a community-centered approach into capital planning. (Being community oriented needs to take place at the beginning of the process. A toolkit is being developed to assist with this effort.)

Streamline Capital Delivery Strategy 2: Improve capital and project delivery by reducing the project costs, accelerating project delivery, and providing multiple community benefits. Five actions were developed. The go-first actions identified are:

- Action A: Streamline the approval process to reduce decision cycle times and better align delegation of approval authority (decisions made at the right level).
- Action B. Incorporate reprioritization and elimination of stalled or lower community value projects into capital monitoring. (This is about asking what the purpose of this project is and why is it not moving forward.)
- Action D: Transition to the use of portfolio reserves and/or pooled risk to reduce the total dollar amount of management reserves. (We are holding on to more money than we need to. We have 2 kinds of reserves fund: capital contingency (known unknowns) and management reserves (unknown unknowns). We are proposing to pool management reserves across all projects.

Streamline Capital Deliver Strategy 3: Focus the stage gate process to provide customer value through streamlined and cost-effective decision making that requires the minimum analysis to support optimal life cycle costs and strategic priorities. Two actions were developed. Go-first item:

- Action 1: Review and streamline options analysis in stage gate 2 to reduce cycle times and project costs; reduce the number of iterations and minimize the number of options required to

make decisions. Reduce the number of projects using options analysis and focus analysis on the high risk, high complexity, politically/community sensitive, and high cost project.

Streamline Capital Delivery Strategy 4. Improve the transparency and accountability of project delivery through improved financial data and reporting, and responsive customer service (LOBs as customers). Two actions items were developed, both are go-first items:

- Action A. Make available and use actionable data on a quarterly basis to identify project risks and issues early on so that adjustments can be made in a timely fashion.
- Action B. Improve PPM so that LOBs and management can easily find the information they need. (Use Tableau for this purpose until PPM enhancements are delivered.)

Jonathan asked the Panel if this resonated with them. Members said yes, it made sense. Noel commented that capital delivery is a primary rate driver. It was agreed this topic should be brought back to the full Panel on June 17.

Comment: I didn't see anything about lifecycle cost and trying to minimize that. **A:** We currently have a one size fits all approach and we are now looking a more nuanced approach.

Mami commented that we don't currently analyze the good things we do. We should be itemizing those as well.

Practice Area: Customer Assistance

Presented by Kahreen Tebeau, Senior Policy Advisor, Corporate Policy and Government Relations

The Customer Assistance workshops were three half-day sessions and included Seattle City Light, Human Services and the Performance and Innovation group.

A Customer Assistance Toolkit was presented which categorized three types of customer needs:

1. Financial
2. Informational
3. Technical/Operational

All components of the tool kit interact and when you tweak one aspect it effects all the other parts. The workgroup took an inventory of the current state of what directly touches customers and impacts affordability. Questions asked included: What are the pain points? How can we do better? How can we innovate in ways that aren't driven by complaints? Examples included:

- \$25,000 water bill
- \$100,000 side sewer replacement
- Shutoff notifications in English only
- Inability to transfer credits between utility accounts

Six strategies were developed around Customer Service:

1. Empower customers (and employees) by providing tools for them to take charge.
2. Proactively solve problems, before they compound and snowball.
3. Help particularly vulnerable households with long-term needs.
4. Help people in short-term financial crisis.
5. Help customers avoid catastrophic bills when it's reasonable to do so.
6. Hold ourselves accountable by measuring, monitoring, evaluating and communicating our efforts.

Customer Needs Toolkit Go-first actions: Financial

- Water Shutoff Prevention Pilot – Conduct an eight-month (4 billing cycles) pilot with UDP customers to evaluate policies and best practices to assist customers upstream of shut-offs.
- Eligibility Threshold Alignment – Work to optimize alignment of eligibility criteria and thresholds of UDP and EAP as part of City-wide Affordability Portal work. City affordable housing eligibility criteria in the 2019 Anti-Displacement Executive Order (2019-02) is 60% of area median income.
- One-time Billing Adjustments and Waivers – Finalize policy that will allow SPU management greater flexibility in making adjustments and granting waivers for exceptional circumstances resulting in catastrophically high bills.
- Financing to Support Private Utility Infrastructure Repair Costs – Work with partners to explore low or zero interest financing options (including loans or insurance) for homeowners in need of repairing expensive, privately owned side sewer or water service infrastructure.
- Transferring UDP Credits from SCL to SPU – Analyze legal and technical barriers and options to address transfer of credits for single family renters between City Light and Seattle Public Utility account holders for the premise.

Customer Needs Toolkit Go-first actions: Informational

- Landlord – Tenant Notification Improvements – Analyze possibility of creating greater transparency on bill payment status and shutoff status for landlords and tenants.
- Affordability Measures and Calculations – Develop a set of metrics and measures to evaluate affordability issues using work emerging from SPU DWW line of business and national context. Use the work to inform understanding of impacts, approaches, and targeted assistance.

The DWW measures expected in July/August. The group looking forward to getting those numbers.

Customer Needs Toolkit Go -first Actions: Technical/Operational

- Online Application – Create easy to access, online and mobile-friendly application for UDP and EAP programs.
- Targeted Enrollment and Auto-Enrollment – Finalize UDP marketing and outreach plan and conduct targeted enrollment and auto-enrollment efforts.
- Utility Self Service Portal – Work with City Light to create customer self-service portal capabilities and enhancements.
- Assistance Program Data and Analysis Tools – Develop a simple model and data tools to allow for more nimble assessment, evaluation, and optimization of various assistance approaches and tradeoffs.

Comment: Regarding the call center, are there any incentives offered to motivate employees to make suggestions/recommendation about what they are hearing from customers? **A:** There are no incentives offered. The calls are recorded, and themes are identified and talking points are developed.

Q: How can you tell if the customer is getting what they needed from the call? **A:** We have a survey at the end of call that tries to answer that question. We have staff who listen to calls to find ways we can do better. It is hard data to gather.

Q: Is there a complaint line? **Comment:** Shy members of the community will not complain. **A:** We have various avenue to receive complaints, but it still won't need every need. One way we try to meet customer expectations is by developing community relationships.

Michael Davis, Environmental Justice & Service Equity Division Director, mentioned that community partnerships come into play here and act as a conduit between the customer and SPU. SPU has been building on this for a while.

Jonathan wrapped up this focus area by asking if it should be brought back in June. Panel members agreed it should.

Practice Area: Regulatory Alignment

Presented by Joan Kersnar, Drinking Water Planning Manager, Water Line of Business.

Workshop participants look at four guiding questions around regulatory alignment:

- Flexibility to reduce costs and risks?
- Influence regulations?
- Highest benefit/cost to the community?
- Intended impact?

The regulatory array involves four areas:

- Human Health & Safety
- Environmentally Quality
- Social Equity
- Vibrant Local Economy

This workgroup looked at the regulatory lifecycle and where SPU can be of influence. SPU is not only regulated but is a regulator as well. There are four main trends in regulatory practice:

- Adaptive – shift from “regulate and forget” to a responsive, iterative approach
- Outcome/Performance based – focus on results and performance rather than form
- Prototype/Pilot – test new approaches on limited scale
- Risk Weighted -shift from one size fits all to data-driven, segmented approach

There are two types of regulation.

- Prescriptive, demands specific solutions be implemented and focuses on in-puts & activity.
- Performance, encouraged flexibility and innovation and focuses on outputs and outcomes.

Joan described a regulatory case study – Cross Connection Control – Practical Implementation of Premise Isolation. The problem – how do you keep cross connections systems from being contaminated by poor quality water? Actions/Approach and Observations/Learning of the study were discussed.

The workshop identified two draft strategies:

Strategy 1: Prioritize and align SPU resources towards meeting the needs of the community, improving impact and “least cost” regulatory action. This strategy has three actions. The go-first action is:

- Develop a common SPU federal and state legislative agenda that focuses efforts on improving the four community outcomes of protecting the environment, public health, social equity, and the local economy.

Strategy 2: Move from prescriptive to performance-based regulations to reduce or avoid costs, share or reduce risk, and/or enhance community outcomes. This strategy has three actions. The two go-first actions are:

- Build adaptive practices into the CSO Consent Decree.
- Collaborate with other City agencies to develop a list of regulations/potential efficiencies.

Q: Is SPU working with national organizations? **A:** Yes, we are active in several.

The Panel also thought this focus area should be brought back in June. Mami commented that regulatory issues are a big driver of our costs. It is hard to find the right way to talk about it.

Practice Area: Partnerships

Presented by Jonathan Swift, Senior Policy Advisor, Corporate Policy and Government Relations

The Partnerships workshop included over 40 staff, including participants from the City's central budget office. They worked with four guiding questions. How do we:

- Reduce costs, share risks, and improve outcomes in the community?
- Generate multiple benefits?
- Better partner to improve service and shape policies?
- Identify and engage?

Four types of partnerships were identified:

- Strategic alliances (partnerships between non-competitors)
- "Co-opetition" (going into a venture with a competitor)
- Joint Venture (new business)
- Buyer/Supplier (assure reliable supplies)

SPU has many buyer/supplies partnerships. Examples of other types of SPU partnerships include:

- Agreement with King County Wastewater Treatment Division to treat 99% of the City's sewage.
- Call/Contact Center with SCL reimbursement
- Payments to HSD for low income program costs.

An example of a partnership that resulted in utility infrastructure being built by a developer was discussed. The Data 1 project involved stormwater runoff from the Aurora Bridge being diverted to create a water feature and green space of a new private sector building. This project treats 160,000 gallons of runoff annually. The cost for the developer was about 1/5 of what it would have cost SPU to build.

Q: Is the runoff going into a combined system? **A:** It's going into Lake Union.

Q: Why is it 1/5 of the costs? **A:** Public delivery always costs so much more because of all the requirements we must meet. The private sector doesn't have to go through all those steps.

The Partnerships workshop developed a strategy with four actions.

Strategy: Develop a SPU culture across all branches that nurtures innovation, support extending existing partnerships, and encourages developing new partnerships. The two go-first actions are:

- Identify and remove equity and process barriers to partnering.
- Create a community of practice to share and learn from each other and build capacity within SPU.

The Panel agreed this should also come back in June.

Comment: SDOT, WSDOT and ST weren't listed on the partnership slide and should be. Response: Yes, when SDOT gets a project it can drive our investments. For example, we need to take advantage of the streets being open.

In the interest of time, the practice area of Efficiencies will be presented at the June meeting.

Comment: This meeting has the best discussion of operational excellence we have had so far. We need to continue this type of discussion.

The meeting adjourned at 3 P.M.