

## Seattle Public Utilities Customer Review Panel

Wednesday, October 2, 2019

1 pm – 5 pm

Seattle Municipal Tower, 4901 (49<sup>th</sup> Floor)

<b>Panel Members</b>			
Suzie Burke	x	Noel Miller	x
Bobby Coleman	x	Thy Pham	x
Dave Layton		Rodney Schauf	x
Laura Lippman	x	Puja Shaw	x
Maria McDaniel	x	Kyle Stetler	x
<b>Staff and Others Presenting or Participating</b>			
Keri Burchard-Juarez	x	Paula Laschober	x
Kathleen Baca	x	Andrew Lee	x
Aaron Blumenthal		Natasha Papsoueva	X
Alex Clardy		Ellen Pepin-Cato	
Michael Davis		Dani Purnell	x
Jeff Fowler	x	Karen Reed	X
Brian Goodnight		Rick Scott	
Kiersten Grove		Sheryl Shapiro	x
Mami Hara	x	Karen Sherry	x
Wylie Harper	x	Jonathan Swift	X
John Holmes	x		

Underlined text indicates action items. ***Bold Italicized text*** indicates follow up items.

### Meeting Summary - FINAL

**Welcome:** Noel Miller, Chair, welcomed the Panel members. He is looking forward to getting to work on the new plan. Noel reminded the Panel that even though many members participated in the last update, all questions are welcome.

Mami Hara, General Manager/CEO of Seattle Public Utilities (SPU), also welcomed those in attendance. Mami introduced Jeff Fowler, the new Interim Deputy Director for Solid Waste. Mami also announced that Paula Laschober had been appointed as the permanent Chief Financial Officer, and that Ken Snipes recently left SPU to lead the City of Austin's Resource Recovery Department. Until his position is filled, Mami and other E-team members will be handling the areas that were under the Chief Administrative Office function.

Mami discussed the sewer overflow into the Duwamish that took place on September 19. SPU's Spill Response team reached the site within 30 minutes. Testing indicated a blockage was caused by a piece of plywood lodged in a sanitary sewer line. SPU and King County Public Health issued a news release and posted warnings to refrain from water activities in the waterway. The Duwamish was reopened the morning of September 22.

**Standing Items:** Karen Reed asked for a motion to approve the minutes of the June 17, 2019 meeting. A motion was made and seconded. The minutes were approved as submitted.

**Quarterly Report Outs:** Karen Reed reminded that Panel that the quarterly reports are now being presented on an exception basis.

Keri Burchard-Juarez, Deputy Director or Project Delivery and Engineering Branch, introduced the 2019 Quarterly CIP (Capital Improvement Project) update spreadsheet. This report is sent to Council each quarter. This report is being provided so that the Panel is receiving the same information that other audiences receive. A CIP Quarterly Monitoring report on the Ship Canal Water Quality Project (SCWQP) and the South Park Stormwater Program was also included in the packet materials.

Q: What is the status of the Ship Canal Water Quality Project? A: We are on track and have executed a contract with Lane Construction, an Italian company who has done tunneling work in Portland and DC. Pre-work will continue until early 2020 when construction will begin. We are doing a deep dive on the budget now.

SPU is looking closely at the seven unsuccessful higher bids and have asked for input by those companies about why they bid what they did. We want to understand what they were seeing as the risk profile for the project.

Mami mentioned we are monitoring this project very closing both internally and with the Mayor's Office.

Keri told the Panel that the E-Team looking into ways to provide individual Panel members, or a small group of members, an opportunity to take a deeper dive into their areas of interest. Suggestions on how to do this include individual briefings outside of the panel meetings or inviting those interested to SPU standing meetings. Panel members could then report back to each other on what they learned. Topics might include how capital projects are developed, budgeting, metrics and performance management. Karen Sherry will send out an email with more specifics including a list of topics and potential time frame.

Jonathan mentioned we are also looking at reports currently produced by SPU that might be of interest to the panel. ***A list will be developed and sent out to the Panel to determine interest.***

Karen Reed asked if there were any questions about the Strategic Business Plan Q2 progress report. Noel asked about the data reported on Green Stormwater Infrastructure. Natasha Papsoueva, Corporate Performance Director, reminded the Panel that the number reported is a subset of the overall data and only includes the RainWise program. The overall effort to manage 270 million gallons of runoff using Green Stormwater Infrastructure (GSI) is an annual goal which will include data from multiple departments. At the end of the year the total number reported will include all departments, not just the SPU RainWise number. ***SPU will work to figure a better metric for measuring success of GSI programs.***

Mami mentioned that goal period of 270 million gallons is until 2025 and will be a result of both public and private actions. We are working on what to track on an annual basis that will provide better data on how we are doing.

Suzie mentioned a watershed project on 34<sup>th</sup> under Aroura Bridge is an exciting example of GSI projects. This project was also discussed at an earlier meeting.

John Holmes, Interim Finance Division Director, reviewed the Q2 2019 financial update. Overall the utility is healthy. Revenues came in as projected. We are under on the expense side due to underspending on large capital projects and vacancies. We are meeting or exceeding our policy goals.

Suggestions were made about how to make the financial update report more user friendly. The first column "Annual Plan" shows the adopted budget. The third column "Plan-Actual" is what is left of what SPU planned to spend minus what was actually spent. The second column is a year-to-date total of what has been spent. ***We will work on the column titles and other changes to make the tables easier to interpret.***

Q: Does capital expenditures include what was committed or what was paid out? A: What has been paid out.

Q: There was a problem with concrete being put into the Battery Street Tunnel over a sewer line. What is the status of this? A: ***SPU has been working with Washington State Department of Transportation (WSDOT) on this and will report back.***

Q: There have been reports of problems with the new personnel software system. What is status? A: This is our PeopleSoft software. ***We will report back on this.***

Comment: I took a tour of the West Point Treatment facility. They have a labor problem and can't get staff to stay because they can't afford to live in Seattle. A: There is a market problem, but there is also a management component as well. King County created a seniority system workers can select which plant they work at, and the most senior staff are not choosing to serve in Seattle facilities.

The next quarterly updates will be presented in January 2020.

Comment: In order to keep the quarterly report outs short, it would be helpful for Panel member to send questions they have to SPU staff in advance.

**Strategic Business Plan (SBP) Kick-Off:** Mami introduced the next portion of the meeting. This presentation will give the Panel an opportunity to review where SPU is now and where it is heading with the Strategic Business Plan. Mami noted that Panel members have been selected in part to represent different customer sectors; please advise SPU if there are ways to get more engaged with the sector that you represent. There have been a lot of changes over the last 6 years, for example, homelessness is an increasing challenge, and SPU's understanding of its seismic risks has evolved. SPU seeks to re-center the SBP in light of recent changes. This will require experimentation and we might make missteps.

Mami handed the presentation over to Jonathan Swift, who showed the Strategic Business Plan Roadmap. The Roadmap outlines the proposed areas of focus for upcoming Panel meetings.

Strategic Business Plan Deliverables by June 2020:

- Strategic Business Plan (SBP)
- Panel Letter/Recommendations
- 2021-2022 Proposed Budget
- 2021-2026 Rate Path

There will be two new components to the new SBP:

- Adding performance metrics
- Folding other related work into the plan

Q: Where do service levels come in? A: At the Rate Path and Investment levels.

Other changes to SBP work include:

- Financial policies and reserves
- Incorporate enterprise risk into planning (risk and resilience work)
- Additional progress on affordability and accountability

Jonathan asked the Panel what's missing? Any comments?

Comment: More on asset management. That's a big driver for the rate path.

Comment: It's nice to see improving/creating new metrics as a priority.

Q: What about the tax reform issue? A: Utility taxes now shows up on bills.

Q: What about hook-up charges? What's the follow up on this? A: This is System Development Charges. SPU presented the Mayor with a set of recommendations but implementation has been deferred. ***Keri will follow up with more on this topic. Karen Sherry will forward the report to the Panel by email.***

**How are we doing in the current plan?** Jonathan presented a table (the Table) of 20 recommendations made by the Panel in their June 1, 2017 letter to the Council, which confirms:

Complete/Ongoing items: 10

In progress/On Track: 6

Partially Addressed: 2

Not addressed/Deferred: 2

The current rate path for 2018-2023 is 5.0%. A change in Solid Waste rates helped lower the rate path by .2%.

*Recommendations Partially Addressed*

- Analysis of cost impact of City-wide initiatives (#3 on the Table).

Keri mentioned that the Project Development and Engineering Branch has a team that works with other city agencies to come up with the most cost-effective solutions. They made sure all utility costs were included during the Move Seattle reset.

Question: How do you track how well other agencies are doing in working with you and the impact of that collaboration? A: SDOT has a metric quantifying cost savings. SPU tracks whether projects are being slowed down or changes are being requested by other agencies that impact our needs and timing. SPU also compares the costs of projects conducted independently versus in partnership; we find large savings in partnership.

Comment: It seems important to be able to report those savings.

Comment: Please provide information regarding programs/action taken regarding “transforming the workforce.” (# 13 on the Table.) A: We have more work to do on Apprenticeships. **Mami suggested saving this for a bigger discussion.**

Comment: Focus more attention and analysis on the impact of rates on commercial customers. (#17 on the Table.) A: We have been thinking through how to do better with commercial/small business outreach.

Comment: A small business welcome packet would be useful. A: The Office of Economic Development (OED) is in the process of producing something like this. Rather than a packet it’s going to be a website. **Keri will get more information from OED about the site.**

#### *Recommendations not addressed*

- Index utility tax collections to a fixed amount rather than grow at same rate that utility revenues are increasing. (#6 on the Table.)

#### *Recommendations deferred*

- Diaper and pet waste composting. (#18 on the Table.)

Question: Where is our recycling going now? A: Our contracts were very well written so none of our haulers are dumping our recycling. It’s all going to a market, not a landfill.

Dani Purnell, Corporate Policy Director, gave the Panel a presentation of the 2013 and 2016 SWOC (Strengths, Weakness, Opportunities, Challenges) exercises and how they compared. For 2019 SPU plans to use the information already gathered. SPU is asking the questions: Is this information still true today? Are there key gaps?

In reviewing past SWOC information, SPU looked at it from three perspectives:

- People (Customers, Employees)
- Business (Financial, Service Delivery)
- Environment & Health (Water, Solid Waste Resources)

The staff’s assessment is that not much had changed between the 2013 and 2016 SWOCs. The similarities staff identified are as follows:

### *Consistent Themes for SPU Strengths*

#### People

- Customers highly satisfied and see high quality service connected to quality of life.
- Workforce: Competent and dedicated

#### Business

- Financial: Fiscal strength, rate based, high bond ratings
- Service Delivery: High quality, reliable

#### Environment + Health

- Seattle as national leader and careful steward with strong commitments and relationships

### *Consistent Themes for SPU Weaknesses*

#### People

- Customers: Concern about high bills and visibility/understanding of work
- Workforce: Succession planning, development, expectations

#### Business

- Financial: Improve prioritization, fixed costs, O&M new resources
- Service Delivery: Aging/incomplete systems, process & staff inefficiency, pacing with demand

#### Environment & Health

- Service Equity

### *SPU Consistent Themes Opportunities*

#### People

Customers: Build Voice of Customer culture and increase knowledge about SPU.

- Workforce: Improve flexibility, adaptability, diversity

#### Business

- Financial: Balance rate pressures and affordability
- Service Delivery: Strengthen partnerships and continuous improvement culture, including technology

#### Environment and Health

- Expand partnerships, leadership, keep working upstream, nature-based solutions, climate

### *Consistent Themes SPU Challenges*

#### People

- Customers: Eroding trust in government
- Workforce: Retirement/Recruitment tension

#### Business

- Financial: Affordability/ability to pay, looming and mounting demands
- Service Delivery: Big event emergency response

#### Environment & Health

- Regulatory demand, climate adaptation, lower recycling rate for certain streams

Dani asked if there are any comments/questions.

Comment: The different opinions around strengths and weaknesses and understanding of work might be due to a difference in understanding in the breadth of the work.

Q: What type of surveying was involved and who was surveyed? A: There were 15 informal interviews with business customers and non-profits. We asked what they knew about SPU and what did they think of our messaging. We will use this information to better target our messaging and to round out our communication strategy. Kathleen Baca, Community Affairs Director, will come back to talk about the communications work.

Comment: Small businesses can be contacted better. This is a weakness.

Comment: For surveys it's always good to ask who is being surveyed and who is in the pool.

Comment: SPU needs to think about how to engage differently due to technology.

Q: The spreadsheets reference recent studies. The Panel has not had an opportunity to talk about other studies other than Accountability and Affordability. A: ***We will do this at future meetings.***

Comment: Would like to have presentations emailed prior to meeting. This gives the Panel time to digest the material.

Comment: Need to make sure there is room for innovation in the updated Plan.

### **Key SPU Issues – Current and Anticipated.**

*Project Delivery and Engineering Branch (PDEB), presented by Keri Burchard-Juarez, Deputy Director*

Current issues - PDEB

- Transparent, real-time capital project reporting to internal and external customers (CIP maps so that you can search for a project by name or location). ***Panel members can be involved in user testing if interested.***
- Data tracking/analysis (Tableau for tracking our internal progress.)

Looking Ahead - PDEB

- Use data to evaluate and improve performance
  - Reduce capital project delivery soft costs
  - Reduce executive time for capital projects

*Customer Service, presented by Keri Burchard-Juarez*

Current Issues – Customer Service

- Utility Customer Service Portal--first phase scheduled to launch at the end of January 2020,

- Meter reading accuracy—the number of bills based on estimated meter reads is low, but we still want to decrease the number of estimated reads.

#### Looking Ahead – Customer Service

- Evaluate and modify:
  - Utility Discount Program
  - Emergency Assistance Program
  - Shutoff notification process

Q: Is SPU having the same issues with estimated reads as Seattle City Light? A: No.

Q: Is providing financial assistance for side sewer repairs on the list? A: No. It's in year two of the Accountability and Affordability Plan.

Comment: Let's try to tie the Emergency Assistance Program (EAP) with shut-offs so we can predict if customers are at risk and be proactive in providing assistance.

#### *Solid Waste, presented by Jeff Fowler, Deputy Director*

##### Current Issues – Solid Waste

- Finalizing the Comprehensive Solid Waste Management Plan Amendments
- Construction set to begin on the South Recycling Center in 2020
- Bag Out! Plastic bags to be removed from curbside recycling in January 2020. SPU will identify more plastic bag drop-off locations so they don't end up in the garbage.

##### Looking Ahead – Solid Waste

- Extended Producer Responsibility
- Incentivize customers to reduce waste
- Continue work to reduce/eliminate single use items (straws, plastic bags)

*Clean City* – This program is not a part of our rate path, but it is a big concern to customers and SPU plays a large role.

##### Current Issues

- Potential exposure to hazards during collection and clean-up
- Evolving environment and requests that require the development and implementation of new programs.

##### Looking Ahead

- Long-term role of SPU in Clean City program
- Creation of joint King County/Seattle homeless service merger

#### *Drainage and Wastewater (DWW), presented by Andrew Lee, Deputy Director*

##### Current Issues - DWW

- Balancing regulatory priorities and costs. Regulations drive much of our work and cost a lot.
- System repair and renewal

- Homelessness. This issue impacts SPU crews. Our waste and water systems were not designed for a migratory population.
- Resiliency – SPU needs to plan and design systems for greater resilience.

#### Looking Ahead - DWW

- Wastewater contract with King County and potentially divergent futures.
- Nutrients and upcoming general permit
- Producer responsibility approach for stormwater and wastewater
- Non-regulatory driven priorities continue to be under funded and under resourced.

Comment: We are paying for Brightwater in our sewer charges. We should renegotiate this with King County. A: Our current contract did not pin King County down for growth pays for growth. We want the new contract to correct this.

#### *Water, presented by Wylie Harper, Drinking Water Quality Division Director*

##### Current Issues - Water

- Move Seattle capital planning. SDOT project schedules are often behind schedule or delayed making CIP planning difficult. However, sometime Move Seattle does allow us opportunities to replace infrastructure while the street is open, reducing overall costs.
- Staffing for operations and maintenance divisions. SPU often has a hard time getting interested and qualified candidates. We also have a high number of staff retiring.
- Deferred maintenance – SPU has a backlog for valve inspections, hydrant maintenance and service renewals.

Q: With major street projects would service lines be replaced? A: Yes, when possible.

##### Looking Ahead - Water

- Seismic study – recommended capital projects. SPU currently perform options analysis on seismic projects incorporating life cycle of cost, risk and priority of facility.
- Climate change – SPU's efforts are focused on water supply modeling and watershed wildfire planning.
- Fish issues – Sockeye populations are trending down. We are looking at what is impacting this population.

Jonathan offered an opportunity for discussion and questions.

Comment: Regarding affordability, would like to see a more comprehensive approach to UDP. It's one size fits all right now.

Q: What do RV users currently do with their waste? A: They are supposed to use the dumping stations located in Federal Way and Shoreline. There is currently not a dumping station in Seattle.

Q: How do your software systems (Maximo and others) interface with each other so we know we are doing the right thing at the right time. Maximo has the capacity to provide a wide variety of reports; not clear new software is needed for additional transparency.

Comment: We need to know more about asset management. People aren't aware of the depth and complexity (for example wildfires in the watershed).

Q: Incentivizing the customer to reduce waste – how is this being developed? Where can we go? Where are we today?

Jonathan asked the Panel what went well and what would they change from the meeting.

What went well:

- presentations were good
- food was good

What could be changed:

- provide materials in advance
- plan for more discussion time
- would like to break into small groups with report outs
- explain One Water/One Resource
- spell out acronyms

Meeting adjourned at 3:17 pm.