

Seattle Public Utilities Customer Review Panel

Monday August 10, 2020, 1:00 – 3:00 pm

Virtual Meeting held via WebEx

Panel Members			
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		
Staff and Others			
Keri Burchard-Juarez	x	Andrew Lee	X
Kathleen Baca		Natasha Papsoueva	X
Alex Chen	X	Ellen Pepin-Cato	
Jeff Fowler	X	Dani Purnell	X
Brian Goodnight		Karen Reed	X
Mami Hara		Karen Sherry	X
Akshay Ivengar	X	Karl Stickel	X
Paula Laschober	X	Jonathan Swift	X

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

Meeting Summary

Welcome: Karen Reed opened the meeting with a roll call of the Panel members and reviewed the virtual meeting protocols. Noel, Suzie, Bobby, Rodney, Puja, Thy, Maria and Laura were in attendance. Dave was not able to attend.

Mami Hara, General Manager/CEO of Seattle Public Utilities (SPU), was not able to participate in the meeting. Keri Burchard- Juarez, Deputy Director for Project Development and Engineering Branch welcomed those in attendance on Mami's behalf and thanked them for joining the virtual meeting. Keri thanked the staff for work preparing for today's meeting.

COVID Update: Keri provided a COVID update for the Panel. Keri is now acting as Incident Commander for SPU. Rotational periods of the command structure are now going to be two weeks in length. SPU feels we have hit a groove and the two-week time frame is better for staff rotating between Incident Command Structure (ICS) positions and their day-to-day SPU jobs. Temperature checks for staff coming into work are being handled within each work group. ICS has a new operational objective, which focuses on how SPU can support employees who need to provide dependent care. Dependent care may be young children or older family members. The City recently announced that those who are able to telework from home should continue to do so through January 8, 2021. SPU is also a part of a City-wide initiative looking into permanent teleworking. The City' goal is to reduce its footprint in the Seattle Municipal Tower by 25%.

Kare Reed reviewed the meeting agenda.

Standing Items: Karen Reed reviewed the agenda and asked if there were any questions. There were none. Karen asked for any corrections or additions to the meeting summary from the May 18, 2020 meeting. There were none. The meeting summary for May 18, 2020 was approved as submitted.

Karen then reviewed the documents outlining the Panel's reconvene plan for the rest of 2020. The document includes the remaining meeting dates and the topics that have been proposed for discussion at each meeting. There were no questions about the document.

2021-2026 Rate Path Options. Paula Laschober, SPU's CFO, updated the Panel on the rate path and COVID impacts to date. Paula began by reviewing the adopted 2018-2023 rate path of a 5.2% average rate increase. She then reviewed the revised rate path which brings it down to 5%. COVID has impacted SPU's financials. Residential consumption is up in all lines-of-business (LOBs) and commercial/general service use is down. Solid Waste is expected to be a wash with increased residential use offsetting commercial and transfer station losses. Water and DWW are estimated to be down by 5% for the year. Past due accounts are growing. SPU's strong cash balances will assist all funds with impacts from bill payment delays and declines in revenue.

Paula reviewed the rate assumptions and economic outlook for the water, drainage and wastewater and solid waste funds. The outlook presented is a worst-case scenario. All funds are predicted to have a decline in demand as well as lower revenue and fees through 2021. Additionally, the Water and Solid Waste Funds may make withdrawals from their rate stability funds. Utility Discount Program (UDP) enrollment is predicted to increase by 8000 households by the end of 2021. UDP enrollment has increased about 13% since February. There is no projected change to the Capital Improvement Project (CIP) accomplishment rate.

The 2021-2026 rate projection revised baseline, including updated King County Wastewater Treatment rate increase, remains at 4.2%.

Q: Have the King County rates incorporated in the rate projection been approved. A: Yes.

Q1 Financial Update: Paula introduced Karl Stickel, SPU's new Finance Director. Karl has been with the City for 15 years and has worked for both the City Budget Office and most recently the Office of Economic Development. COVID has impacted SPU's spending and revenues in Q1 2020, but it is nothing that the Utility can't handle. Operating costs in the Water fund are lower due to contract spending delays. Capital is underspent due to transportation project delays. Water operating revenues are down due to lower consumption by retail and wholesale customers. Residential consumption and revenue are up.

Drainage and Wastewater (DWW) operating and capital are underspent year to date. On the revenue side, residential usage is up 10% and commercial usage is down 15-20%. If businesses do not reopen or those that are open close down again, there could be a 6% reduction in year-end

revenue. SPU is tracking this closely.

For the Solid Waste Fund, O&M is underspent due to Solid Waste Contract savings from lower negotiated costs. Capital is underspent due to delayed spending on planning for new Solid Waste facilities. Commercial revenue and consumption are down but offset by higher Residential consumption and revenue.

CIP Update: Keri Burchard-Juarez, Deputy Director for Project Delivery and Engineering Branch updated the Panel on Q2 2020. All CIP projects are moving forward as expected. Contractors have been maintaining the required health and safety standards on-site. Only one COVID exposure has been reported and it was handled appropriately by the contractor. The Q2 accomplishment rate is at 70% due to slow-downs related to COVID. The expected accomplishment rate by the of the year is expected to be 86.8%. This rate could still be impacted by SDOT funding cuts/delays.

Q: Are there any emergency projects? A: Yes, we typically have a couple at any given time. Currently there some sewer line and water line emergency repairs in progress.

SBP Q1 Update: Natasha Papsoueva, Director of Corporate Performance, provided the Panel with a Q1 2020 update. Service level performance was solid in Q1. Nineteen service level indicators were meeting or exceeding targets. Four have not met their targets. Six Action Plans are on track and four are facing delays. The Q2 update will show COVID impacts.

Panel Discussion: CRP/SBP Process Review: Noel Miller, Panel Chair, led the Panel in a discussion about the overall Panel process. Panel members commented on what went well and what could be done differently. A copy of Council Resolution 31800 was provided to the Panel as a reminder of their purpose and roles and responsibilities.

Karen called on Panel members for their thought on what went well and what could be done differently. Comment are below:

- We processed an enormous amount of material and information and did a lot of work. It felt like there was a lot to digest. No interaction between Panel, Council and Mayor due to their very busy schedules. How much of the Panel's work is going to be heard?
- We know a lot more than when we started. There were a lot of meetings and that was a bit hard. There is a lack of connections between the Council and Mayor and the Panel. Rate are turning out better than expected. What do the Council and Mayor want to see?
- What is engaging customers going to look like going forward? Prefer in-person meetings but understand need to meet virtually. There is a lot of material to digest and I feel like I am always reading the material up to the day of the meeting. Thanks to the staff for the detailed updates.
- On-line meetings are exhausting. Going from 1- 4 straight is not good. Ending 15 minutes earlier would be helpful to give us time between other meetings on our schedules.
- Would like a better understanding of Mayor and Council points of view and concerns. We heard from them last time but not much this time. Material coming out of the Panel needs to be more accessible to the community. Keep virtual meetings to 2 hours max.

- Concerned that the budget is voted on in November but Panel letter won't be delivered until January. We need to be forward thinking in our letter. If we reduce meetings we might lose track of what we are doing. Maybe shorter meetings, but more frequent. Council did not participate as they have in the past due to lots of changes. In person meetings are better than online. Looking forward to continuing the process.
- Appreciate the follow up on Panel questions/comments from SPU staff. We could separate those topics that might not require as much discussion from those that do. Materials are for consumption purposes only and may not need to be presented.
- Would like to reach out to committee chair once letter has been finalized and meet with Councilmember and staff in person.
- Regarding meeting frequency, during SBP review periods, meeting quarterly is appropriate. During the SBP updates meetings should be twice/month for 2 hours.
- Can we ask Councilmember Pederson to come to the September meeting to tell the Panel what he'd like to see from us?

Noel suggested SPU produce a plan summary similar to what Seattle City Light produces. It gives the plan highlights in four pages. Customer don't have time to read a 30-40 page plan and a 20 page Panel letter. ***Please send out SCL summary to the Panel for their thoughts.***

Panel thought on the summary:

- As long as the summary show why rates are the way they are it will be helpful.
- It should show why rates are going up and make it easy to figure out. Customers should not have to hunt for that information.
- The summary should include a link to the full report.
- Use language other people use (not SPU talk).
- Call it a customer summary, not an executive summary.

Final Panel thoughts on process:

- Support quarterly updates as presentations, but they don't have to be project by project. High level summaries are fine.
- Recommend SPU update their mission/vision/values every third plan cycle.

Employee/Workforce Development Strategy. Robin Harris, SPU Human Resources Director, presented to the Panel. Robin began by reviewing what is workforce planning and why it is important. Data shows that our workforce is changing and it is important to keep employees as it may be harder to recruit in the future.

Retirement data shows that each year more employees are eligible to retire, however only about 10% of those eligible actually retire. The majority of SPU's workforce (42% of employees and 63% of managers) are Gen X. These employees are looking for growth opportunities and will go elsewhere if that is not available.

Robin reviewed the current state of SPU's workforce development plan. Current focus areas include a Skills and Knowledge Transfer program, forecasting workforce needs, recruitment,

performance management and a Tuition Assistance Program. SPU has a goal of 70 days from posting a job to hiring for the position. This goal was being met and exceeded until COVID. Robin also reviewed the focus areas for the future state of workforce development (2021-2023). Focus areas include internal trainings, recruitment, mentorship, performance management, succession planning, race and social justice and the Tuition Assistance Program. By 2023 SPU will finalize the overall Workforce Planning Program that will include an on-line and paper manual covering the future state focus areas.

Q: What is E3? A: It is a performance model used by the rest of the city. Not all departments adopted it, but all will use it within the next 3 years, including SPU.

Q: How will workforce planning incorporate Race and Social Justice (RSJ) efforts? How do you transform the workforce to better represent the people actually being served? A: The interplay between RSJ and workforce development is a challenge for many organizations. 7% of our population is diverse and many employers are looking for talent within that pool. We are looking to our community partners for assistance in this area.

Green New Deal Executive Order. Ann Grodnik-Nagle, Policy Advisor and Francine Johnson, Greenhouse Gas Mitigation Lead, presented to the Panel. The Federal Green New Deal (GND) is a congressional resolution to reduce greenhouse gas emissions, as well as economic inequality and racial injustice. It focuses on creating new green jobs and training via a transition to clean energy, electrified transportation and energy conservation. Mayor Durkan's GND Executive Order (EO) is mainly focused on greenhouse gas emissions reductions and contains three direct actions. The timeline for implementation of the EO has been pushed back a year due to COVID. GND is a city-wide team made up of seven departments including SPU. SPU is working to identify options to reduce greenhouse gas emissions, electrify municipal buildings, engage the community during the clean energy transition and determine how to measure progress. The team has not yet met but plans to meet this fall.

Q: Is SPU continuing to do more energy efficient projects to reduce consumption? A: Yes. We are doing building tune-up projects.

Future Reporting Overview. Natasha Papsoueva, Corporate Performance Division Director, presented to the Panel. She began by reviewing the purpose of SBP reporting and the SPB reporting principles. The 2021-2026 SBP will report on initiative and investments. An initiative is defined as important policy, strategy, planning or program work while an investment results in a tangible infrastructure, asset, asset repair or service. Currently there are 8 initiatives and 13 investments. SPU will be reporting on four Focus Areas, the rate path, and capital investments. Reporting periods will be quarterly or annually. Initiative and Investment templates have been developed to provide more detail on the scope and commitments of each initiative or investment. ***These will be emailed to the Panel before the next meeting.*** Proposed metrics will be presented at an upcoming Panel meeting.

Karen Reed reminded the Panel that the next meeting is Monday, September 14. The meeting was then adjourned.