

# Strategic Business Plan Process

Getting Started on the 2021-  
2026 Plan



# CRP's Charge

- Monitor implementation of existing plan

## New Plan:

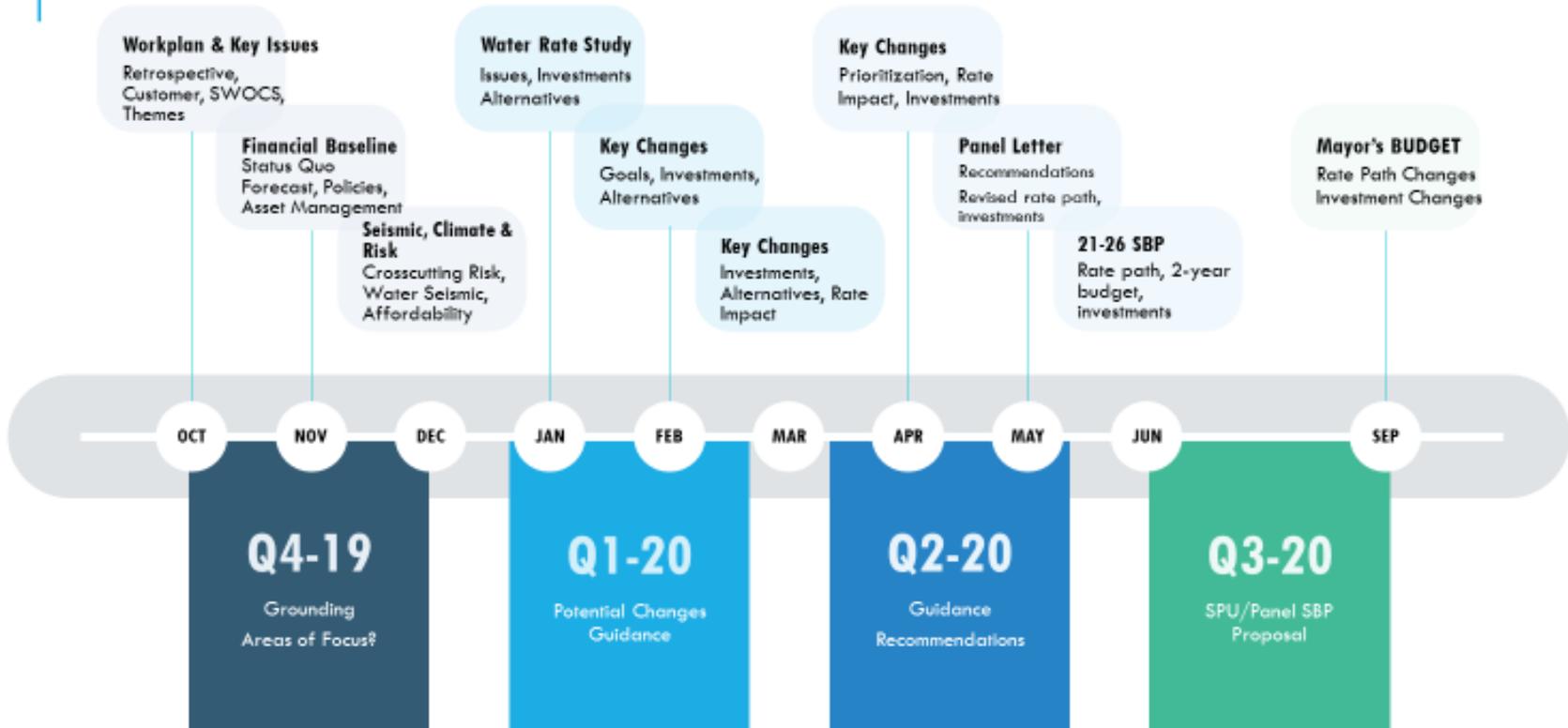
- Advise the Mayor and Council on the new 3-year plan and 3-year projection
- Provide SPU with customer perspective on emerging issues and potential changes to services
- Provide guidance on rate path and help us better communicate with the public

# Looking Ahead

- Build on a foundation of great work
- Important to continue acting on improving affordability
- Face critical challenges over both the short and long term from building seismic resiliency in our water system to preparing the community for the impacts of climate change
- Equitably providing value to our customers
- Sharpening how we do our work for the community
- Experimenting and positioning SPU for the future

# SBP ROADMAP

Customer Review Panel



# SBP Related Deliverables

## June 2020:

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

# SBP Components

- Focus Areas (p 8) – update and align with related SPU strategies
- Goals (p 8) – revamp and align with focus areas
- Rate path (p 12) – focus on significant changes
- Investments (p 20) – focus on key strategic, customer impact, long-term
- Add performance metrics to plan (new)
- Fold other related work into plan (new)

# Additional Changes to SBP Work

- Financial Policies and Reserves
- Incorporate Enterprise risk into planning (risk and resilience work)
- Additional progress on affordability & accountability

# Discussion:

What's important to you? Guidance?

# CRP Guidance & Work to Date

- June 2018 CRP Letter (see binder)
- 20 recommendations



# Progress to Date

Status	Count
Complete/Ongoing	10
In Progress/On Track	6
Partially Addressed	2
Not Addressed/Deferred	2
<b>Total</b>	<b>20</b>



# Strategic Business Plan Update

Rate proposal and current projections are within SPU's target of 5.2% average annual increases for SBP

<u>SBP</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2018-23</u>
Water	2.0%	2.5%	3.7%	5.0%	4.1%	5.0%	3.7%
Sewer	4.1%	8.1%	9.9%	8.9%	1.3%	2.6%	5.8%
Drainage	10.7%	9.2%	9.7%	9.9%	7.9%	4.7%	8.7%
Solid Waste	3.1%	3.3%	4.0%	3.0%	3.8%	2.8%	3.4%
Combined	4.3%	5.7%	7.0%	6.8%	3.7%	3.6%	<b>5.2%</b>

<u>CURRENT</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2018-23</u>
Water	2.0%	2.5%	3.7%	5.0%	4.1%	5.0%	3.7%
Sewer	4.1%	7.4%	7.4%	7.4%	4.5%	2.4%	5.5%
Drainage	10.7%	8.0%	8.0%	8.0%	8.0%	9.0%	8.6%
Solid Waste*	3.1%	3.3%	3.2%	2.9%	2.9%	3.1%	3.1%
Combined	4.3%	5.3%	5.6%	5.9%	4.6%	4.3%	<b>5.0%</b>

\* Solid waste increases are the annual weighted average of all services including transfer stations and miscellaneous. Rates for customers would increase 3.0% in 2020, 2.9% in 2021, and 2.9% in 2022, effective April 1 of each year.

# 2019 SWOC Assessment Review

SPU Strategic Business Plan Update

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Seattle Public Utilities



City of Seattle

# Purpose of a SWOC Assessment

- **Self assessment** of SPU Strengths, Weakness, Opportunities, Challenges (SWOC) by lines of business and corporate wide.
- Identify key areas for new investment
- Identify key areas for producing savings (not dos)
- Define outcome goals, services levels and metrics
- Tell our story in Strategic Business Plan



# 2019 Approach

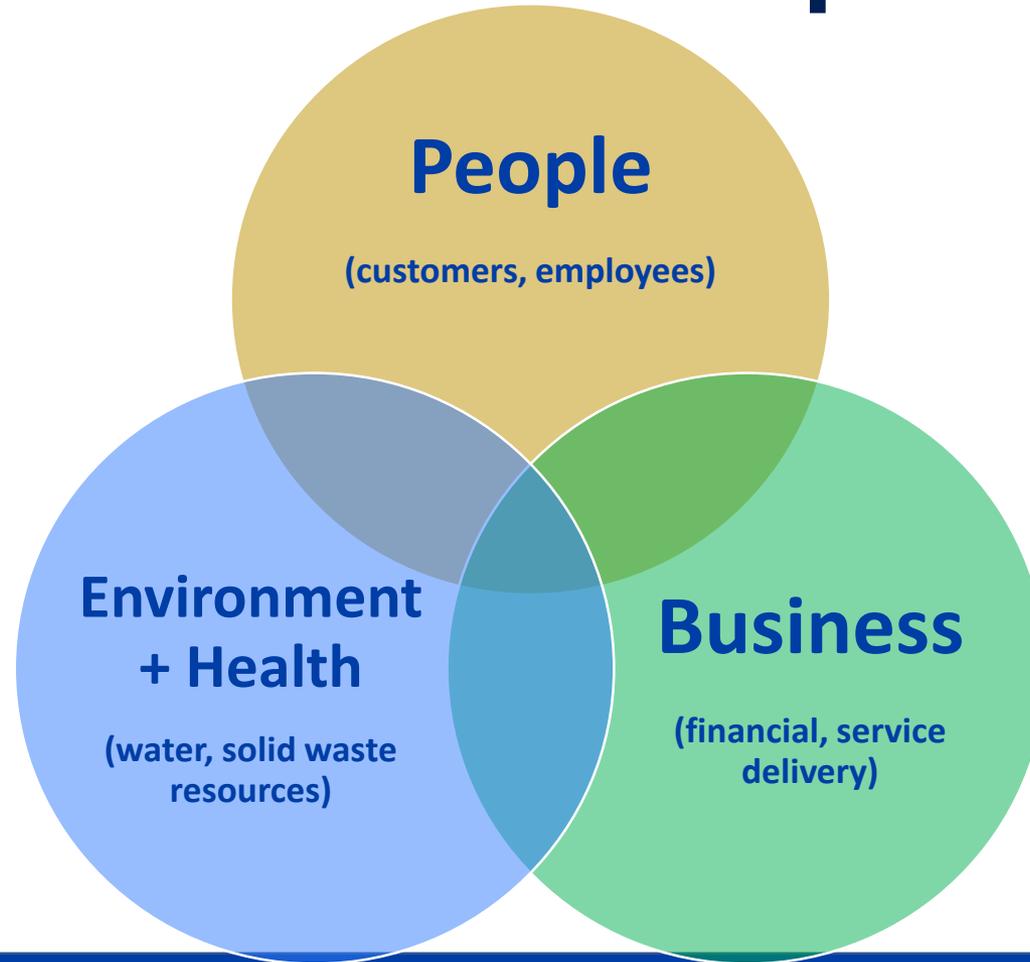
- SPU performed full self-assessments in 2013 and 2016 to inform the SBP
- Rather than do again, start with what we know
- Demonstrate listening, accountability, efficiency
- Review past efforts for validity, key gaps, new info
- Deepen commitment and plan for action

*Start where you are, with what you have. Make something of it and never be satisfied.*

*George Washington Carver*

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# Evaluate from Three Perspectives



# SPU Strengths - 2013, 2016 SWOCs

## CONSISTENT THEMES

- 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

## VARIANCE

- Detail, specificity



# SPU Weaknesses - 2013, 2016 SWOCs

## CONSISTENT THEMES

- 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 w/ demand
- Environment + Health
  - Service equity

## VARIANCE

- Recruitment, Trust/Relationships, Unmet impacts climate, cost and environmental quality



# SPU Opportunities - 2013, 2016 SWOCs

## CONSISTENT THEMES

- 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 inc. tech
- Environment + Health
  - Expand partnerships, leadership, keep working upstream, nature based solutions, climate

## VARIANCE

- Underserved populations, recruitment, alternative financing, value added services, contingency planning, criticality assessment



# SPU Challenges - 2013, 2016 SWOCs

## CONSISTENT THEMES

- 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 rates for certain streams

## VARIANCE

- Population changes and growth, future customers/contracts, technology, weakening recycling markets



# SWOC Self-Assessment Discussion:

What's still valid? What has changed?  
What is missing? What must be addressed?

## **Detail - 2013, 2016 SWOCs**



# SPU Strengths - 2013, 2016 SWOCs

		2013 SWOC	2016 SWOC	2019 Assessment Validity/Gap/New Info
People (E+E)	<b>Customers + Community</b>			
	<ul style="list-style-type: none"> <li>- High satisfaction w/service</li> <li>- Recognize and link services to quality of life</li> <li>- High quality outreach/education methods and materials</li> </ul>	X X	X X X	
Business (A+A)	<b>Workforce</b>			
	<ul style="list-style-type: none"> <li>- Strong analytic and technical skills and abilities</li> <li>- Pride, dedication, innovative, engaged, professionalism</li> </ul>	X X	X X	
Business (A+A)	<b>Financial</b>			
	<ul style="list-style-type: none"> <li>- Fiscal strength, rate based, and high bond ratings</li> <li>- Strong rate design (recycling, conservation)</li> <li>- Commitment to asset management principles and practice</li> </ul>	X X X	X X	
Business (A+A)	<b>Service Delivery</b>			
	<ul style="list-style-type: none"> <li>- High quality, reliable services with few outages</li> <li>- Strong emergency management functions</li> </ul>	X X	X	
Environment + Health (R+R)	<b>Water Resources</b>			
	<ul style="list-style-type: none"> <li>- Watershed resources and agreements</li> <li>- Water quality best in US</li> <li>- Regional Conservation savings</li> <li>- Improved storm tracking, analysis, response</li> <li>- Enough drinking water til 2060</li> </ul>	X X X X X		
	<b>Solid Waste Resources</b>			
Environment + Health (R+R)	<ul style="list-style-type: none"> <li>- Good at getting organics out of garbage</li> <li>- Recycling leader</li> <li>- Know the waste stream</li> </ul>	X X X		
	<b>Corporate</b>			
	<ul style="list-style-type: none"> <li>- SPU and community commitment to regulatory compliance and progressive stewardship</li> <li>- Careful management of natural resources to meet needs of (people, fish, env)</li> <li>- National leader in sustainability, conservation</li> <li>- Good relationships with federal, state, local agencies</li> </ul>	X X X X	X X X X	



# SPU Weaknesses - 2013, 2016 SWOCs

		2013 SWOC	2016 SWOC	2019 Assessment Validity/Gap/New Info
People (E+E)	<b>Customers + Community</b>			
	<ul style="list-style-type: none"> <li>- Feeling that bills are too high; affordability</li> <li>- Lack of understanding about services SPU provides (invisibility of work, lingo)</li> <li>- Equity issues with service delivery, language, culture barriers (inc tap water – immigrants)</li> <li>- Lack sufficient customer input to utility</li> </ul>	X X X X	X X	
	<b>Workforce</b>			
	<ul style="list-style-type: none"> <li>- Insufficient succession planning</li> <li>- Employ low number of millenials</li> <li>- Insufficient training and professional development (including soft skills, tech)</li> <li>- Lack of clear expectations, accountability, empowerment (fear of making mistakes)</li> <li>- Union relationships</li> <li>- Trust deficit, silo'ing</li> </ul>	X X X X X X	X X X X	
Business (A+A)	<b>Financial</b>			
	<ul style="list-style-type: none"> <li>- Transparency around where/how/how much money is being spent</li> <li>- Lack of effective prioritization</li> <li>- O&amp;M for new projects not adequately resourced</li> <li>- High % of fixed costs (wlob)</li> <li>- Lack of risk management processes</li> </ul>	X X X X X	X X X	
	<b>Service Delivery</b>			
	<ul style="list-style-type: none"> <li>- Aging Infrastructure, deferred and lack of maintenance (valves, hydrants, metering accuracy)</li> <li>- Lack complete systems, models, full operations (dww, scada)</li> <li>- Lack of systems planning</li> <li>- Technology not keeping pace with needs, customer expectations</li> <li>- Inefficient, inconsistent, excessive business processes and programs</li> <li>- Lack understanding of roles and resources needed to get work done (when need new crew, etc)</li> <li>- Lack of enforcement of some codes, rules, etc (creating underperformance)</li> </ul>	X X X X X X X	X X X X X X X	
Environment + Health (R+R)	<b>Water Resources</b>			
	<ul style="list-style-type: none"> <li>- Insufficient funding for creeks, streams, habitat restoration</li> <li>- Stormwater impacts to receiving water bodies</li> <li>- Neighborhood equity/lack of service/unplanned emergency issues flooding, sewer backups</li> </ul>	X X	X X	
	<b>Solid Waste Resources</b>			
	<ul style="list-style-type: none"> <li>- Historic Landfills not dealt with</li> <li>- Cost of garbage, recycling pickup</li> </ul>	X X		
	<b>Corporate</b>			
	<ul style="list-style-type: none"> <li>- Lack plan to address SPU carbon footprint</li> </ul>		X	



# SPU Opportunities - 2013, 2016 SWOCs

		2013 SWOC	2016 SWOC	2019 Assessment Validity/Gap/New Info
People (E+E)	<b>Customers + Community</b>			
	<ul style="list-style-type: none"> <li>- Explore additional ways to help low income pay bills</li> <li>- Expand efforts to meet the needs of historically underserved populations</li> <li>- Increase knowledge about SPU services, benefits, value, regulatory cost drivers</li> <li>- Continue to build Customer Centric/Voice of the Customer culture, transcreation</li> </ul>	X X	X X X X	
	<b>Workforce</b>			
	<ul style="list-style-type: none"> <li>- Improve workforce and workclass flexibility, adaptability, diversity and strength</li> <li>- Improve employee safety practices and programs</li> <li>- Cultivate environmental focus/image to be employer of choice</li> <li>- Continue building One-Team practices</li> <li>- Push decision making down to lower levels</li> </ul>	X    X	X X X X	
Business (A+A)	<b>Financial</b>			
	<ul style="list-style-type: none"> <li>- Balance rate pressures and affordability for customers</li> <li>- Maximize alternative financing (grants, loans)</li> <li>- More transparency, accountability</li> <li>- Sell landfills (Kent)</li> </ul>	X  X X	X X	
	<b>Service Delivery</b>			
	<ul style="list-style-type: none"> <li>- Improve use of technology to meet customer/staff communication expectations</li> <li>- Strengthen partnerships with departments, governmental and NGOs</li> <li>- Expand use of data to make informed decisions</li> <li>- Strengthen continuous improvement culture and business practice</li> <li>- Look at value added services (insurance, side sewer, etc)</li> <li>- Focus on critical asset improvements (cathodic, fireflow, backbone, morse lake)</li> </ul>	X X  X X X	X X X X	
Environment + Health (R+R)	<b>Water Resources</b>			
	<ul style="list-style-type: none"> <li>- Partner with others distributed utilities, off-gridding, decentralized green systems</li> <li>- Partner with others where joint water missions</li> </ul>	X	X X	
	<b>Solid Waste Resources</b>			
	<ul style="list-style-type: none"> <li>- Take advantage of spring boards for more product stewardship</li> <li>- Strong waste prevention and recycling ethic</li> <li>- One less truck – Solid Waste</li> </ul>	X X X	X X	
	<b>Corporate</b>			
	<ul style="list-style-type: none"> <li>- Strengthen and expand relationships with customers, partners to meet environmental goals</li> <li>- Develop contingency planning to ensure resiliency</li> <li>- Be a leader in climate change and environmental protection</li> <li>- Less idling trucks</li> </ul>	X  X X	X X X	



# SPU Challenges - 2013, 2016 SWOCs

		2013 SWOC	2016 SWOC	2019 Assessment Validity/Gap/New Info
People (E+E)	<b>Customers + Community</b>			
	<ul style="list-style-type: none"> <li>- Eroding trust in government</li> <li>- Concern about punitive approach to ensuring customer compliance (recycling)</li> <li>- New residents not part of Seattle's environmental ethos</li> </ul>	X	X X X	
	<b>Workforce</b>			
	<ul style="list-style-type: none"> <li>- High % of workforce eligible to retire</li> <li>- Recruiting and retaining a workforce that responds to the demands of a growing and changing city</li> <li>- Union resistance to productivity and efficiency improvements, number of unions</li> </ul>	X	X X	
Business (A+A)	<b>Financial</b>			
	<ul style="list-style-type: none"> <li>- Ability and willingness to pay</li> <li>- Aging infrastructure needing rehab or replacement that exceeds funding</li> <li>- Funding, staffing required to move, repair, restore infrastructure associated with Transportation projects</li> <li>- Mandates, regulatory requirements and other costs outside of SPU control driving rates and using resources</li> <li>- Limited competition for contracted services (solid waste)</li> <li>- Potential for losing wholesale customers</li> <li>- In 2028 landfilling will become more expensive</li> <li>- King County pricing for waste water treatment</li> <li>- Pressure to privatize</li> </ul>	X X X X X X X X	X X X X X	
	<b>Service Delivery</b>			
	<ul style="list-style-type: none"> <li>- Ability to maintain service levels as population grows, changes (mixed use, traffic)</li> <li>- Ability to respond effectively to emergencies (including seismic events, floods)</li> <li>- Shiny thing syndrome (elected, internal)</li> <li>- SCL impacts on SPU service delivery</li> <li>- Rapid pace of changing technology</li> <li>- Metering program</li> </ul>	X X X X X	X X	
Environment + Health (R+R)	<b>Water Resources</b>			
	<ul style="list-style-type: none"> <li>- Keeping up with evolving water quality regulations and mandates</li> <li>- Ability to adapt to climate change impacts (drought, excess water, slr)</li> <li>- Recycled water, decentralized system capital costs – certifications</li> </ul>	X X X	X X	
	<b>Solid Waste Resources</b>			
	<ul style="list-style-type: none"> <li>- Multi-family, commercial, self haul recycling are lower</li> <li>- Weak recycling markets for certain materials and difficulty of siting recovery facilities</li> <li>- Waste stream contamination</li> <li>- Changes towards non-recyclable packaging</li> <li>- Continued, growing demand for clean city services</li> </ul>	X X X	X X X X	
	<b>Corporate</b>			



# Project Delivery and Engineering Branch

Keri Burchard-Juarez, Deputy Director



# Current Issues

- *Transparent, real-time capital project reporting to internal and external customers*
  - *CIP Map*
  - *Tableau Dashboards*
  - *CA PPM upgrade*
  
- *Data Tracking/Analysis*



# Looking Ahead

*Use data to evaluate and improve performance*

- *Reduce capital project delivery soft costs*
- *Reduce execution time for capital projects*



# Customer Service



# Current Issues

- *Utility Customer Service Portal*
- *Meter Reading Accuracy*



# Looking Ahead

*Evaluate and Modify:*

- *Utility Discount Program*
- *Emergency Assistance Program*
- *Shutoff notification process*

# Solid Waste Line of Business

Jeff Fowler, Deputy Director



# Current Issues

- The Comprehensive Solid Waste Management Plan Amendment will be finalized by the end of the second quarter of 2020.
- Construction to begin on the South Recycling Center in 2020.
- Bag Out! Plastic bags to be removed from curbside recycling starting January 2020. Expansion of plastic bag drop-off sites to occur throughout 2020.



# Looking Ahead

- Extended Producer Responsibility – Federal Legislation currently being developed for 2020.
- Incentivize customers to reduce waste.
- Continue work to reduce/eliminate single use (i.e. straws and plastic bags)



# Clean City

## Current Issues

- Potential exposure to hazards during collection and cleanups
- Evolving environment and request that require the development and implementation of new programs

## Looking Ahead

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



# Drainage & Wastewater Line of Business

Andrew Lee, Deputy Director



# Current Issues

- Balancing regulatory priorities & costs
- Systems repair & renewal
- Homelessness
- Resiliency



# DWW Looking Ahead

- 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



# Water Line of Business

Rick Scott, Deputy Director

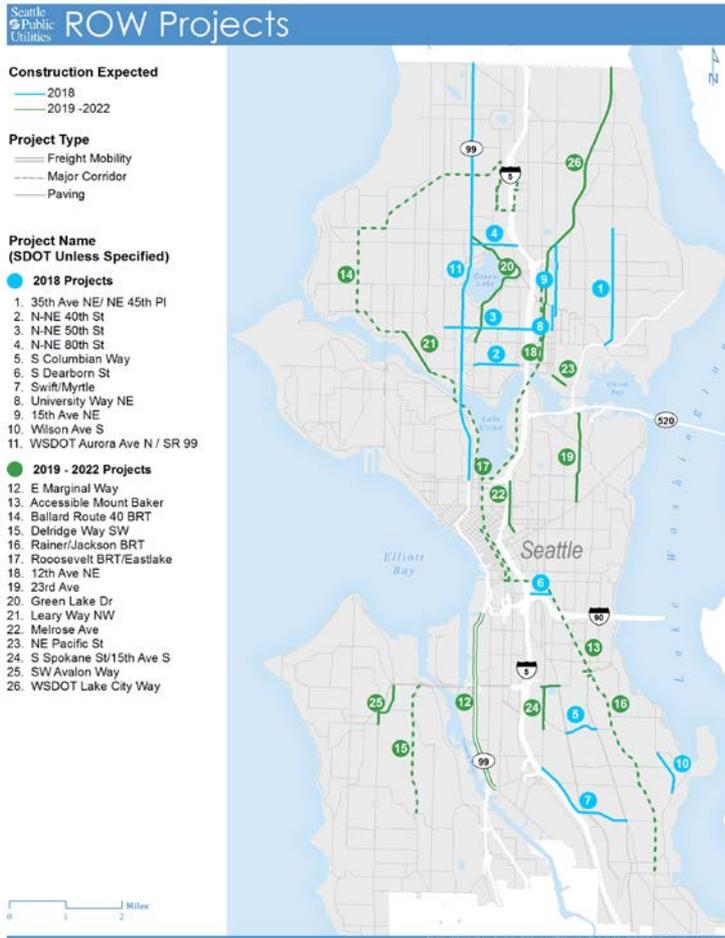


# Current Issues

- Move Seattle capital planning
- Staffing for operations and maintenance divisions
- Deferred maintenance



# Current Issues - Move Seattle



# Current Issues - O&M Staffing



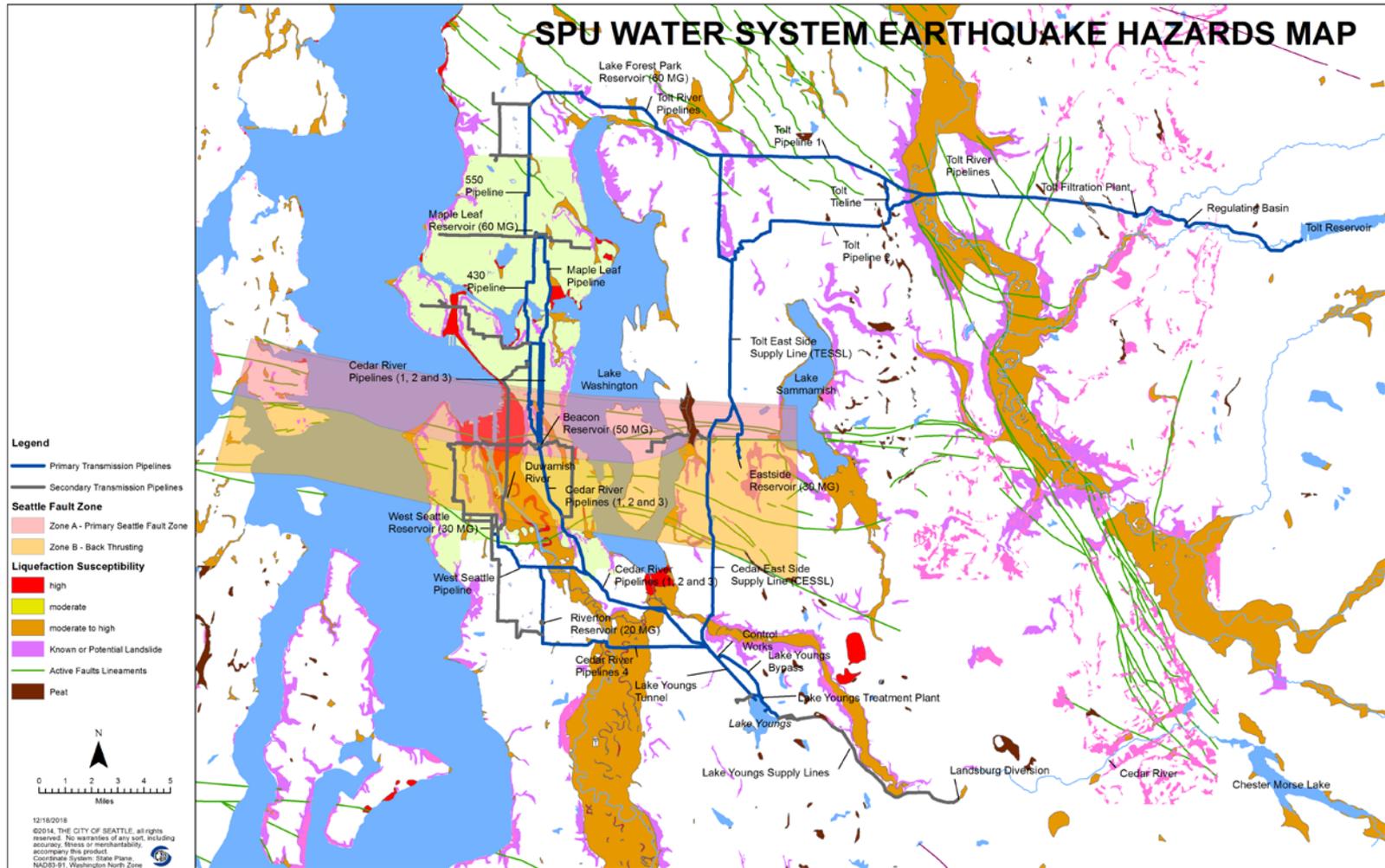
# Current Issues - Deferred Maintenance



# Looking Ahead (2021-2026)

- *Seismic study – recommended capital projects*
- *Climate change – water supply, wildfires*
- *Fish issues*

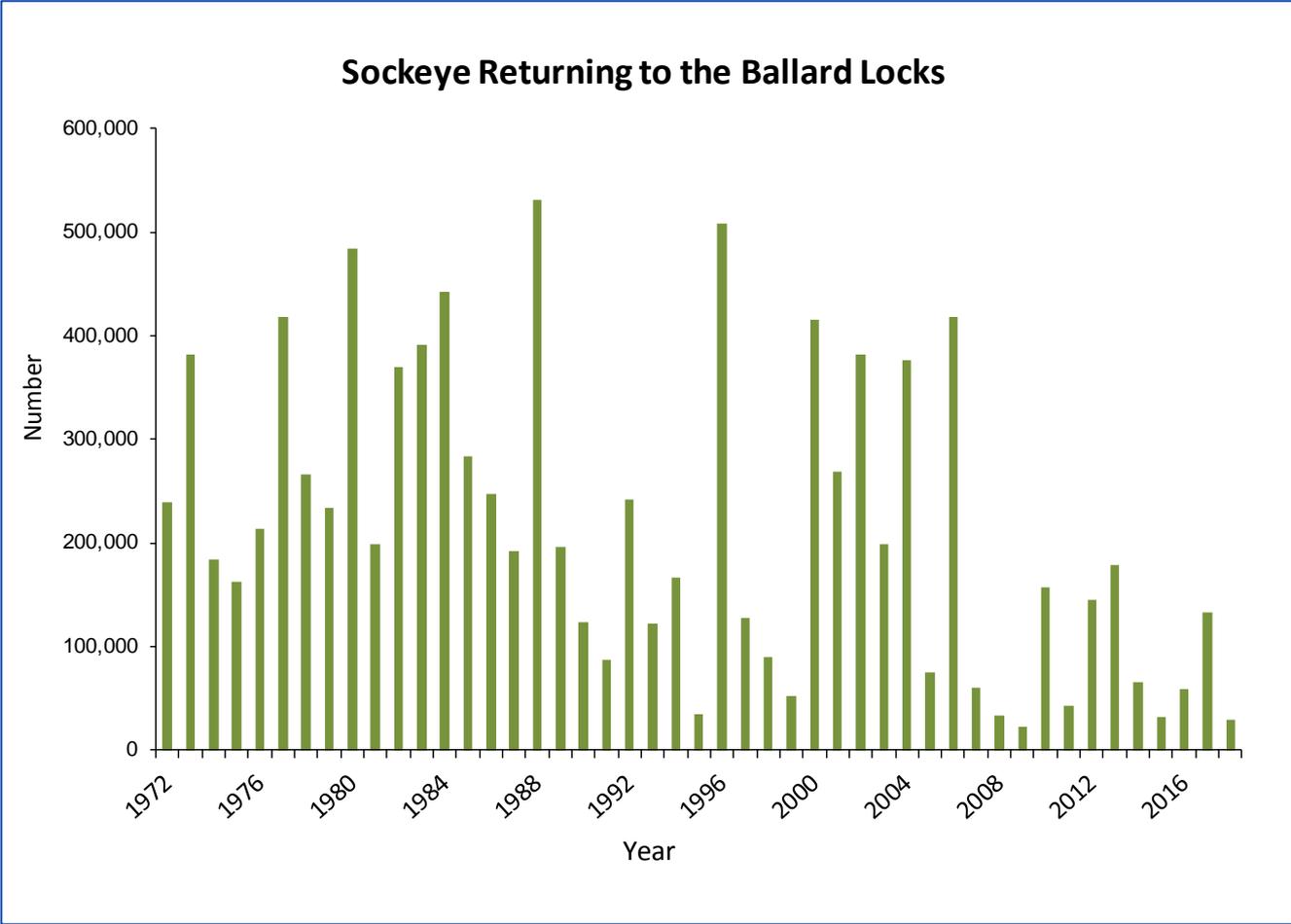
# Looking Ahead - Seismic Upgrades



# Looking Ahead - Climate Change



# Looking Ahead - Fish Issues



# Discussion



# Plus/Delta & Next Steps



# Thank you!

