

Seattle Public Utilities Customer Review Panel

Friday, February 14, 2020

11:30 am – 2:30 pm

Seattle Municipal Tower, 4901 (49th Floor)

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	
Alex Chen	x	Ellen Pepin-Cato	
Jeff Fowler	x	Dani Purnell	x
Brian Goodnight	x	Karen Reed	x
Mami Hara	x	Rick Scott	
Wylie Harper		Karen Sherry	x
Akshay Iyengar	x	Jonathan Swift	X
Paula Laschober	x		

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

Meeting Summary

Welcome: Mami Hara, General Manager/CEO of Seattle Public Utilities (SPU), welcomed those in attendance and thanked them for their time.

Standing Items: Karen Reed, Facilitator, reviewed the updated Roadmap showing the upcoming meeting dates and proposed topics. Karen passed out a one-page document listing the proposed strategic initiatives presented by each line of business at the last meeting and those that will be presented today.

Karen asked if there were any corrections or additions to the meeting minutes from January 31, 2020. There were none; the meeting summary for January 31, 2020 was approved as submitted.

Report Out: Draft Mission, Vision, Values: Dani Purnell, Director of Corporate Policy and Government Relations, provided a status update on SPU's revision of its current mission/vision/values statements. SPU is currently looking to refine a new draft mission statement which states: *"To provide essential water and solid waste service that protect and enhance people's lives and the environment now and for future generations."* The draft is an expression of the essential services SPU provides. Leadership does not feel the current mission statement really reflects what we do. SPU is looking to provide a more holistic approach to our business, which is primarily water (all types – drinking, drainage, waste) and waste (garbage).

Over the next few weeks leadership will meet to narrow the vision statement list down to 2-3 statements. Employees will have a chance to vote on which options speak to them. ***A copy of the poll sent to employees will be sent to the Panel.***

Comment: The proposed mission statement seems more vibrant – positive progress is being made.

“Five Questions” Follow-up: Karen Reed asked the Panel for their thoughts on question #2 from the 5 Questions discussion, which was: *On a scale of 1 (extremely dissatisfied) to 5 (very satisfied), how satisfied are you with the overall cost and value of SPU services (drinking water, garbage, recycling, composting, sewer, drainage and flood prevention)?* Karen noted this is a question that could be answered in a variety of ways and it would be helpful to further understand what the Panel’s thoughts were in voting on this question. Panel comments are summarized below:

- There is a lot in this question. That is why there were a lot of answers. People zoned in on one thing. Most people did not realize all these things are within SPU. I give this one a 5 because I know about these multiple areas due to personal travel and participation on the Panel.
- I give this a 3. Drinking water, drainage and flood prevention rate high. However, my experience with solid waste has not been as positive. I would remove solid waste from this question and have it stand alone.
- I give this a 3 because I am zeroing in on cost. We have an affordability issue. Service needs to be balanced with rate payer cost.
- I rate this a 5. I am lucky that I can afford these services. Looking at the question with an equity lens I would give it a 3. Flooding in an issue.
- I give this a 4. My concerns are about cost. Drinking water is well done. Recycling/composting are very confusing for the average person. SPU can do better here.
- This is an interesting question for reasons already given. We don’t pay that much considering what goes into providing these services. In terms of value this is excellent. In thinking about things like side sewers, the cost is astronomical. Customers are told they have a problem and a timeline to get it fixed. What about people that can’t afford to do this? I give this question a 5 on the surface. Some areas are not equitable.
- Why does this have to be one question? I look at it as service value vs. cost. Value – 4.5. For cost, there is not reflection as far as the ability to pay. Combined I give this question a 4.
- The citizens own these systems. We owe them really good value on really up-to-date systems. I am concerned about cost.
- I don’t think it’s an either/or (cost vs. value).

Karen asked the Panel if they had any thoughts about Question 5, community partnerships that SPU could explore? Comments from Panel:

- That issue is related to my work. Treating stormwater has changed dramatically over the years in terms of how SPU responds. There are loopholes for clients that make it hard. That could be improved.

- There is a lack of understanding about how all our waters come together. People need to have information on side sewers.
- People that aren't even considered low income can't afford to buy houses in Seattle.
- Continue doing what you are doing, but maybe in a more robust way. ***I would like to see a list of current groups/partnerships.*** SPU is being asked to increase its level of service all the time. How can customers expect the cost of production to go up at the rate of inflation?
- Regarding RV dump stations – SPU should be reaching out to provide that service. Community colleges have classes on this service so maybe SPU could seek out a partnership there.
- What do ratepayers pay for and what does the general fund pay for? More and more asks of SPU have to do more with the general good, not the ratepayer only.
- Most citizens are not part of a group that is represented by an organization.

Mami appreciated all the Panel comments. SPU has been working hard on the side sewer issue and the Panel will hear more about this at the March 20 meeting.

Solid Waste Line of Business – Services, Issues and Options: Jeff Fowler, Interim Deputy for the Solid Waste Line of Business (SWLOB) presented. Jeff began with an overview of several areas that have previously come before the Panel.

Q: How are the recycling numbers being measured? My business is approaching the 70% goal.

A: Commercial customers receive a letter each year asking them to document how they address their recycling. SPU proactively reaches out to those who compost food waste on-site. We gather and document that information and include it in commercial recycling rate reported in the annual report.

Q: Does SPU tell the businesses why they are collecting this data? A: Yes, we tell them it is specifically to determine the recycling rate. ***Staff will share the letter that is sent out with the Panel.***

Q: You mentioned an education center when you gave the SW overview. What is this? A: It's a viewing room at the North Transfer Station with displays that the public can go and see the process. It is one of the community rooms. It is about solid waste education, not broader SPU information.

Comment: Senior citizens do not know how to properly get rid of items. Going to senior centers to provide this information would be valuable.

Q: What caused the decrease in the solid waste rates? A: Several things: favorable contract negotiations, higher cash balances, Utility Discount Program enrollment shift are some of the factors.

Solid Waste has two draft 2021-2026 Strategic Priorities.

1. **Increase Focus on Waste Prevention (WP):** SPU would like to focus on increasing waste prevention, which is essentially not buying certain types of items in the first place. Just

because you can recycle an item is no longer good enough. Behaviors need to change about purchasing these types of items in the first place. WP is a key strategy for SPU and particularly important as we face challenges with changing recycling markets and issues around the proliferation of single-use plastics. It's also the most effective way for us to combat climate change within the materials management field. In addition to climate change, WP benefits customers in other areas such as:

- Utility costs and savings
- Affordability
- Leveraging partnerships
- Markets
- Resiliency

The major action over the next two years involve completing a strategic waste prevention plan and expanding existing programs. SPU cannot fully predict 2023-26 staff and funding needs until the WP strategic plan is completed. Our intent is to use existing resources more efficiently based on strategic plan recommendations. SPU anticipates additional funding will be necessary to fully fund the recommendations, but anticipate being able to accomplish this without a rate impact given the overall solid waste budget. 2023-26 estimates are not official proposals at this time and would be subject to future review and evaluation.

2. Continue Efforts to Divert Waste: It is critical for SPU to continue its focus on waste diversion. Examples of continued efforts include:

- Supporting Extended Producer Responsibility (EPR)
- Targeting Contamination and Improving the Quality of Recyclables
- Expanding Programs for Food Rescue and Diversion – Food is nearly 30% of what is going to the landfill. SPU plans to deepen collaborative research and evaluation as well as initiate pilots to address the following goals:
 - Increase successful redistribution of healthy surplus food to those in need.
 - Increase communication between donors and recipient organizations.
 - Test different approaches for sorting, storing, and moving surplus food.
 - Gather baseline data to better define challenges and opportunities.

All activities are with existing staff and within the current baseline.

- Expanding Opportunities for Self-Haul and Construction Waste and Salvage – There are currently unequal levels of service when comparing the North and South Transfer Stations. There are many opportunities to increase recycling and reuse at the facilities, as a high percentage of recyclable and reusable materials can be found in the self-haul waste stream. SPU will open the South Recycling Center and monitor diverted tons before and after opening. In addition to traditional recyclables, SPU will accept batteries, oil, bicycles, sharps, metal, reusable household items, and building materials.

Capital costs and O&M costs for the South Recycling Center are already in the baseline and there is no rate increase due to these activities.

Q: Regarding Waste Prevention, you are adding an FTE and just a little more funding? A: We are reallocating positions in the next couple of years. There is not a large cost associated with

either of these strategic priorities. In the out years, there might be a need for an FTE or other financial impacts, but we don't yet know what those might be. This is just a heads up that there may be a financial ask later. We are trying our best to give an answer about what might be needed 4 years in the future, but we just don't know.

Comment: It's realistic to put money in the out years as a placeholder. A: Yes. And to be clear, this is a 3-year rate path with a 3-year projection. It is not a 6-year rate path.

Q: How well does this timeline align with vendor contracts? A: Collection contracts are up in 2028.

Comment: SPU looks at incentives and disincentives very well. Business like to be recognized. This might be an opportunity to find success in some programs.

To give the staff some preliminary feedback, Karen asked the Panel for a thumbs-up or down on the Waste Prevention strategic priority. It received a thumbs up from all Panel members.

Regarding waste diversion, there is no funding chart because the cost is minor.

Comment: The Fremont Chamber has already figured out who will receive leftover food from their events.

Mami noted that SPU is working to create a program to link together those with excess food and those who need it. Amazon is helping SPU design an approach and logistics for the program.

Q: What will happen with the old transfer station in the south end? A: It will become a recycling center.

Comment: Lots of groups ask about food rescue. That's a good program.

Karen asked for thumbs-up or down from the Panel on waste diversion. All gave a thumbs-up.

Drainage & Wastewater Line of Business (DWWLOB) - Services, Issues, Options: Ben Marre, Drainage and Wastewater Planning and Program Management Division Director, began with an overview of several areas that have previously come before the Panel.

Comment: On the GSI graph, a category of projects initiated by partners should be added.

Q: Why hasn't the target for street sweeping been increased? A: ***We will follow up on this.***

Q: What is the cost of cleaning up pollutants in the GSI program? A: We continue to study this. We don't have the numbers yet.

Corinne DeLeon continued the presentation by reviewing the current DWW Action Plans previously presented to the Panel.

Q: On the Green Infrastructure in Urban Villages Program map, it would be good to know what projects are represented by the stars. A: ***We will send an email with that answer.***

Expansion of Sewer Rehabilitation Work. Julie Crittenden, DWW System Management Division, presented this revised 2018-2023 Action Plan (AP). This AP increased investment in the repair, rehabilitation and replacement of Seattle's aging sewer pipes, helping to prevent sewer overflows and meet regulatory requirements.

Q: Why is emergency funding going up (as shown on the recommended scenario slide)? A: That graph shows inflation over time. There is no increase.

Q: Where are the 10-20 year pipe replacements located? Who is impacted? A: The pipes are distributed throughout the city. The city is divided into management areas. Capital Hill, Queen Anne and downtown have the highest risk pipes.

Q: What's not going to happen in order to absorb the additional dollars? A: Our hope is that the 6-year projection will be lower than the previously charted rate path.

Comment: It doesn't feel like there is an option to say no. It's better to be proactive. It would be good to see what you save if you do these repairs vs. not doing them. A: We are saving money for ratepayers by making these investments because the cost of an emergency project is about double the normal cost.

Q: Are you keeping abreast of methods and how programs are advancing? A: Yes, we are trying to stay ahead of that.

Karen asked for a thumbs-up or down from the Panel. All members gave a thumbs-up.

Wastewater Pump Stations, Force Mains and CSO Outfall Rehabilitation. Corinne DeLeon presented this 2018-2023 Action Plan with increased funding for 2021-2026

- *Pump Station and Force Main Program.* This action plan will continue in the next strategic business plan. The current funding levels is not enough to replace airlifts at a desirable replacement rate. In addition, some larger more complex force main replacements will need additional funding in the later years (2023-2026). Therefore, we anticipate this action plan will ask for increased funding in the amount of \$26.54M in the next SBP update. In addition to the 6-year CIP discussed in the SBP, SPU has performed long term investment projections for this asset class which shows we are making sustainable levels of investment to prevent a bow wave of deferred maintenance activities in the future.
- *Outfall Program.* This action plan will continue in the next strategic business plan. Funding levels will need to increase by \$3M for outfalls in order to replace or repair 2 outfalls a year, which is anticipated to address deficient outfalls moving forward.

Q: Is there some debt service involved to smooth out capital need? A: Yes, we take projects on a 6-year cycle to review and smooth out. 25% cash financing/75% debt financing.

Q: Will the \$1M each year for outfalls eventually roll into the baseline? A: Yes.

Karen asked for a thumbs-up or down from the Panel. All Panel members gave a thumbs-up.

Expansion of Drainage Rehabilitation Work – Draft 2021-2026 Strategic Priority. Corinne presented this new priority for DWW. The objective of this initiative is to increase the rate of rehabilitation of SPUs aging drainage infrastructure assets helping to prevent flooding, improve water quality, and reduce impacts to our customers. The condition of these large asset classes is unknown and current spending is less than \$3M/year. This capital work will be guided by a Drainage Program Review, asset management planning, and program strategy development that is part of SPU's baseline work for 2020-2021. The action plan would increase staffing by \$2M annually between 2024 and 2026 and add 1.5 FTEs.

Andrew Lee, Deputy Director for DWW, provided some background on drainage. When the consent decree was signed in 2012, money was spent on wastewater. Drainage infrastructure was neglected because it is generally younger. We don't have much information on the long-term need. This strategic plan is a placeholder to start looking into drainage issues.

Q: These numbers are new to the committee. Are you asking for an additional \$2M/year? A: Yes, but understand that is a placeholder for future funding needs. We still need to do the plan.

Q: These are huge numbers (all the DWW APs). What does this mean to the average person on their bill? A: ***We can look into this.***

Comment: We should be forward thinking and ask if there are other areas that have been neglected because we have to focus elsewhere. Are there some things we can anticipate? What will we save by doing this now?

Karen ask for thumbs-up or down. All Panel members gave a thumbs-up.

Karen then reviewed the topics for the February 26 meeting. The meeting was adjourned at 2:30.