

SPU Customer Review Panel (CRP) Quarterly Reporting Study Session

Seattle Public Utilities
March 7, 2023



City of Seattle

A blue-tinted photograph of the Seattle skyline. In the foreground, the white Ferris wheel at Pike Place Market is prominent. Behind it, a dense cluster of modern high-rise buildings with glass facades rises against a clear blue sky. The water of the waterfront is visible at the bottom.

Welcome Andrew Lee CEO and General Manger, SPU



Public Comment

Andrés Mantilla, BDS Planning



Quarterly Reporting Deep Dive

Natasha & Lauren



Intro of the Quarterly Report

Purpose of reporting

- ✓ Provide accountability for overall SBP implementation.
- ✓ Highlight priority initiatives and investments (currently 18) for each focus area across SPU.
- ✓ Demonstrate SPU's progress towards its goals and objectives.
- ✓ Communicate to staff, external stakeholders, and utility ratepayer accomplishments, positive outcomes and impacts of SPU's work.

Reporting principals

- ✓ Demonstrate results consistently and visibly
- ✓ Increase transparency of progress and results
- ✓ Check and adjust annually
- ✓ Adapt our strategy based on what we're learning
- ✓ Celebrate accomplishments and reflect on lessons learned



What is SPU Reporting On?



Four SBP Focus Areas:

- Delivering Essential Services

*Reported through **quarterly** Service Delivery Metrics*

- Stewarding the Environment and Public Health
- Empowering Our Community and Our Employees
- Strengthening Our Utility's Business Practices

*Reported by status of initiatives and investments, on **quarterly to annual** basis*

SBP Finances and Capital Investments:

- Financial Performance

*Reported **annually** by Rate Path and Affordability metrics*

- Capital Investment

Reported quarterly by CIP Investment portfolio



Initiative & Investment Defined

Initiative

- Policy, Strategy, Planning, Program Work
- Less Significant Expenditure (under \$5M)
- Typically on-going, base budget, reprioritizing
- Fits into **adaptive, flexible milestone reporting**
- Driving **towards broader goals and objectives**
- Report performance **annually**

Investment

- Tangible Infrastructure, Asset, Asset Repair or Service
- **Significant Expenditure** (over \$5M)
- Significant existing, new spending or additional increment
- Fits into **project-based reporting**
- Focused on **project execution**
- Report performance **quarterly**



18 Current Initiatives and Investments

Stewarding Environment and Public Health

Investments

- Ship Canal Water Quality Project
- Climate Justice, Adaptation and Mitigation for Water and Waste
- Green Stormwater Infrastructure

Initiatives

- Shape our Water: A DWW Plan for a Water Resilient Future
- Climate Justice, Adaptation and Mitigation for Water and Waste*
- Waste Diversion
- Waste Prevention

Empowering Customers, Community and Employees

Investments

- Side Sewer Assistance
- SPU Support Services for unsheltered
- Seeds of Resilience impact
- Workforce Facilities Investments

Initiatives

- Customer Affordability Programs
- Race and Social Justice Strategic Plan
- SPU Workforce Development

Strengthening our Utility's Business Practices

Investments

- Water System Seismic Resilience
- Water Asset Management and Opportunity work
- DWW Water Asset Management and opportunity work

Initiatives

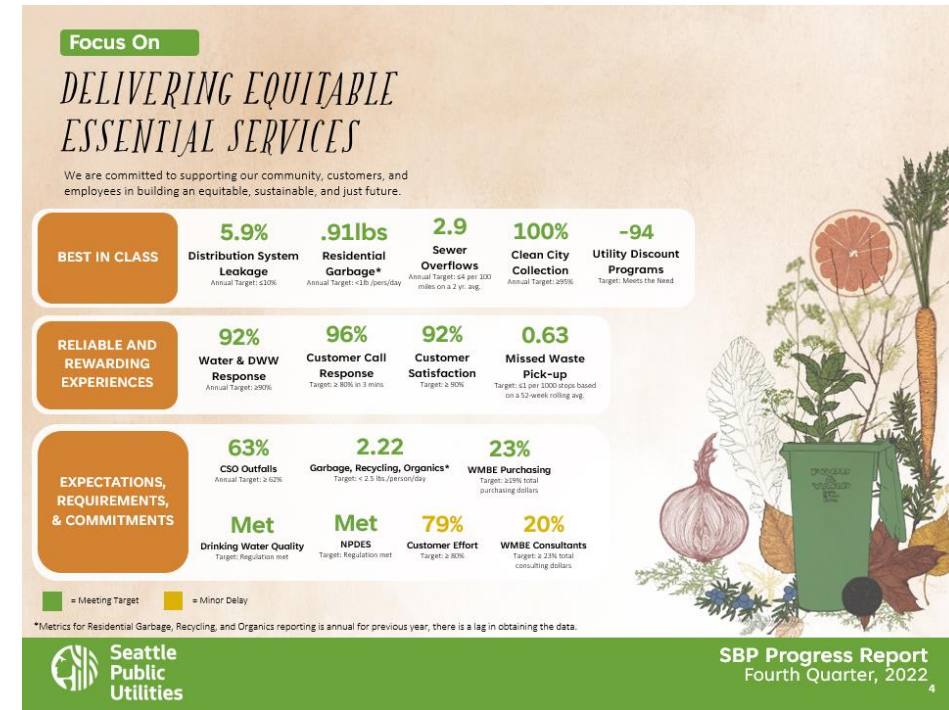
- Accountability and Affordability
- Risk and Resilience Strategic Plan



Equitable Essential Service Metrics



- ✓ Represents the day-to-day services our customers and community need to live healthy lives.
- ✓ A reflection of regulatory requirements and best practice in the utility industry
- ✓ Metrics were proposed by SBP Core Team and provided by the Lines of Business, CRP then reviewed and approved metrics.
- ✓ Metrics will be adjusted in the next SBP update



Example of metrics reported in Quarterly Report

Equitable Essential Service Metrics

Best In Class

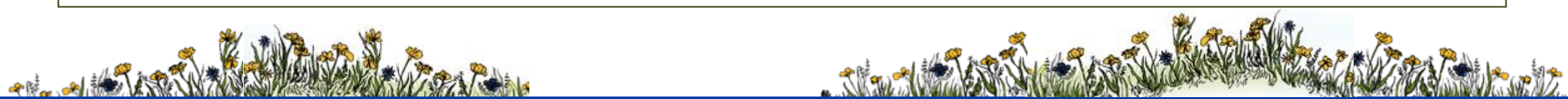
Stay knowledgeable and operate at the top of our field, work to demonstrate leadership in delivery of cost effective and cutting-edge services, programs, partnerships, tools, and customer community choices.

Reliable and Rewarding Experiences

Focus on improved customer service interactions and satisfaction with each individual experience.

Strengthening our Utility's Business Practices

Deliver excellent service and response for our customers, regulators, and community through every contact and in all areas of responsibility, whether it is installing water taps, responding to flooding, complying with environmental and public health regulations, or reporting on SPU performance.



Best in Class

Reduce distribution system leakage as percent of total supply, as defined by WA Department of Health

Minimize residential garbage tonnage transported to landfill for disposal

SPU Clean City Sharps Collection, Illegal Dumping, and Graffiti Abatement programs meeting their targets

Limit sewer overflows to no more than 4 annually per 100 miles of pipe, on a two-year average

Increase number of households enrolled into Utility Discount Program

Reliable and Rewarding Experiences

Priority drinking water,
drainage, and wastewater
problems responded to
within 1 hour

Less than 1 missed waste
pick-up per 1K service stops

80% of customer calls
responded to within 3
minutes

90% overall customer
satisfaction score (based on
SPU Contact Center post call
survey)

Strengthening our Utility's Business Practices

Meet all WA Department of Health drinking water quality regulations

Meet National Pollutant Discharge Elimination System permit requirements for Seattle's drainage and wastewater systems

Limit combined sewer overflows to 1 outfall per year over a 20-year moving average (annual reporting, target achieved by 2030)

Reduce garbage, recyclables, and organics generated per resident per day

80% of customers strongly agreeing that SPU made it easy for them to handle their issue

% of WMBE purchasing and consultant work



Status Definitions



On Track

- ✓ No major known risks or issues
- ✓ Quarterly milestones completed on time
- ✓ KPIs met quarterly target

Minor Delay

- ✓ Minor risks or issues identified
- ✓ KPIs within 75% of quarterly target
- ✓ Minor risks or issues identified

At Risk

- ✓ Quarterly milestone(s) delayed, and mitigation plan(s) needed
- ✓ KPIs are 50 to 75% of target
- ✓ At least one significant risk identified

Off Track

- ✓ Quarterly milestones delayed and executive support needed
- ✓ KPIs are less than 50% of target
- ✓ Plan at risk, executive action required

DELIVERING EQUITABLE ESSENTIAL SERVICES

Essential service delivery represents the day-to-day services our customers and community need to live healthy lives. Our staff work year-round to deliver reliable water, drainage and wastewater, solid waste services, and Clean City services.



STEWARDSHIP ENVIRONMENT AND PUBLIC HEALTH

Essential service delivery represents the day-to-day services our customers and community need to live healthy lives. Our staff work year-round to deliver reliable water, drainage and wastewater, solid waste services, and Clean City services.



EMPOWERING OUR CUSTOMERS, COMMUNITY, AND EMPLOYEES

Improving access to utility services, partnering with community organizations to increase livability and local opportunity, and cultivating and promoting a more diverse and dynamic workforce.



STRENGTHENING OUR UTILITY'S BUSINESS PRACTICES

The utility will examine its business practices and assess ways to improve service, be more efficient, and provide value. We will also use the best available science, data, and analysis to inform utility decision-making and performance.



On Track Minor Delay At Risk Off Track

3

Statuses are summarized each quarter and shared as a dashboard in the quarterly report.



How a Status is Determined – Investment

202X SBP Reporting: Investment XX

Status Key: Use this key any where a "status" is requested for an update.			
On Track	Minor Delay	At Risk	Off Track
<ul style="list-style-type: none"> No major known risks or issues Quarterly milestones completed on time KPIs met quarterly target 	<ul style="list-style-type: none"> Minor risks or issues identified KPIs within 75% of quarterly target Minor risks or issues identified 	<ul style="list-style-type: none"> Quarterly milestone(s) delayed, and mitigation plan(s) needed KPIs are 50 to 75% of target At least one significant risk identified 	<ul style="list-style-type: none"> Quarterly milestones delayed and executive support needed KPIs are less than 50% of target Plan at risk, executive action required

202X Performance Targets: Deliverables (List 2-5 deliverables for 2023). What will you produce/accomplish by the end of 2022?	Quarterly Milestones: What do you need to do in each quarter to progress towards completing the 2022 deliverables?			
	Q1 Status	Q2 Status	Q3 Status	Q4 Status
1. Deliverable	✓	✓	✓	✓
2. Deliverable	✓	✓	✓	✓
3. Deliverable	✓	✓	✓	✓
4. Deliverable	✓	✓	✓	✓
5. Deliverable	✓	✓	✓	✓

Key Performance Indicators (KPI): What is your quantifiable measurement to gauge success?		Quarterly Milestones: What was your quarterly deliverable?			
KPI Name:	202X Target:	Q1 Status	Q2 Status	Q3 Status	Q4 Status
1.					
2.					

Annual Spending Target for Scope of Project							Q1 Status	Q2 Status	Q3 Status	Q4 Status
	2021	2022	2023	2024	2025	2026				
CIP (\$)										
O&M (\$)										
FTE On-Hire (if applies)										

Instructions: Indicate the reporting status using the "Status Key" above. In the "update" section for the subsequent quarter, summarize your quarterly performance for each attribute:

- Deliverables
- Milestones
- Key Performance Indicators (if applicable)
- Financial performance
- Mitigation planning - If the quarterly milestone is not met, explain why the milestone was not met and how this risk will be mitigated in the next quarter.

Quarter 1	Reporting Status:
Update:	

Quarter 2	Reporting Status:
Update:	

- At the beginning of the year investment owners plan their yearly performance goals.
- They complete milestones, metrics and annual spending broken down my quarter.
- Each quarter, owners share milestone, metric and financial statuses.
- Based on the update, a status is determined.

How a Status is Determined – Initiatives

2021 -2023 SBP: Initiatives

Summary of Initiative:

Owners:

Notable Dates:

Status Key: Use this key *any where* a “status” is requested for an update.

On Track	Minor Delay	At Risk	Off Track
<ul style="list-style-type: none"> No major known risks or issues Quarterly milestones completed <u>on time</u> KPIs met quarterly target 	<ul style="list-style-type: none"> Minor risks or issues <u>identified</u> KPIs within 75% of quarterly target Minor risks or issues identified 	<ul style="list-style-type: none"> Quarterly milestone(s) <u>delayed</u>, and mitigation plan(s) <u>needed</u> KPIs are 50 to 75% of <u>target</u> At least one significant risk identified 	<ul style="list-style-type: none"> Quarterly milestones <u>delayed</u> and executive support <u>needed</u> KPIs are less than 50% of <u>target</u> Plan at risk, executive action required

What has been delivered:	Notate any adjustments for 2021
2021 •	•

What has been delivered:	Notate any adjustments for 2022
2022 •	

What will you do this year?	Notate any adjustments you expect for 2023
2023 •	

- 2023 -

2021 -2023 SBP: Initiatives

Quarter 2 2023 – Mid Year check in	Reporting Status:
Update:	

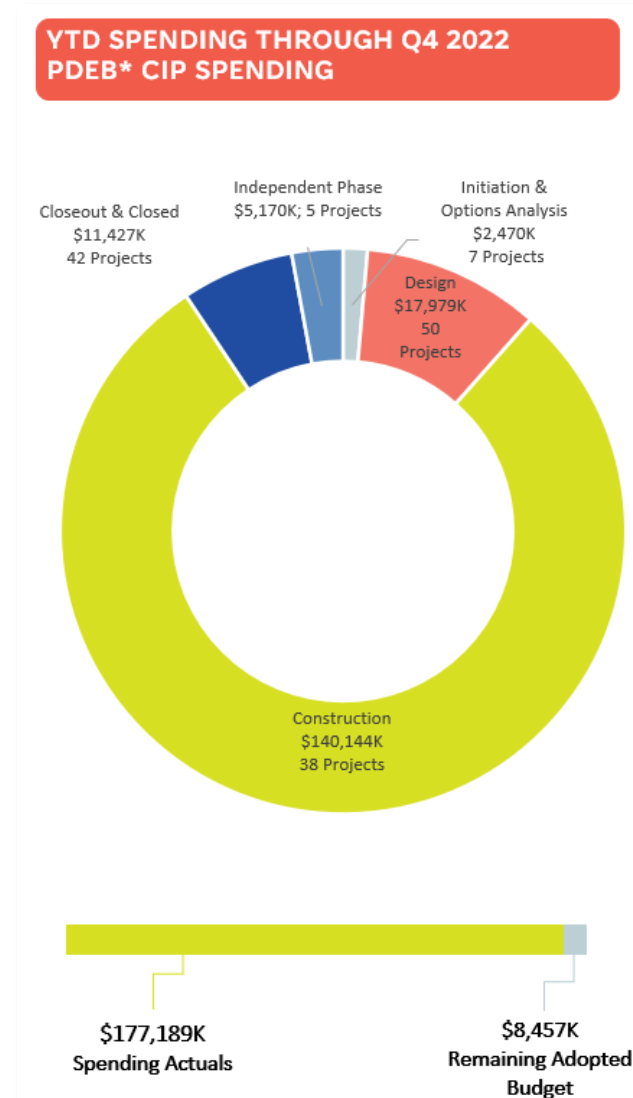
Quarter 4 2023 – End of Year	Reporting Status:
Update:	

- At the beginning of the year initiative owners will:
 - Notate any delays and how they will mitigate issues the following year
 - Provide yearly milestones
- Check-ins are done twice, in the middle of the year as a status check and at the end of the year for reporting.

Capital Investment

Addressed in quarterly Report:

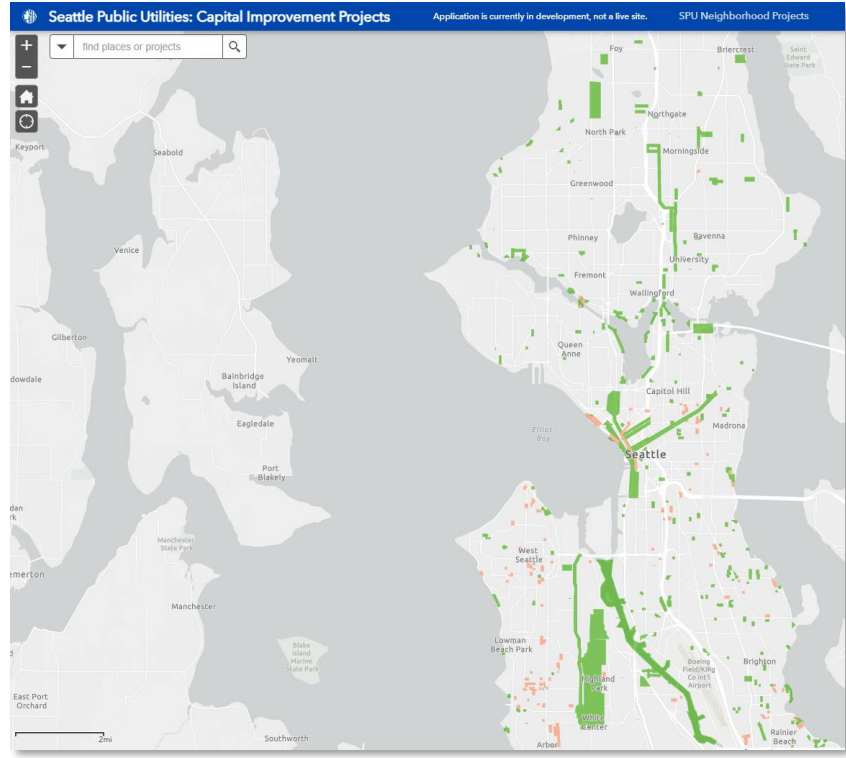
- ✓ Year to date spending
- ✓ Key updates on major projects and LOB projects
- ✓ Upcoming construction and consultant bids
- ✓ Capital project schedule
- ✓ Phase progress on agreed upon number of SPU Capital Improvement Projects



Project Information

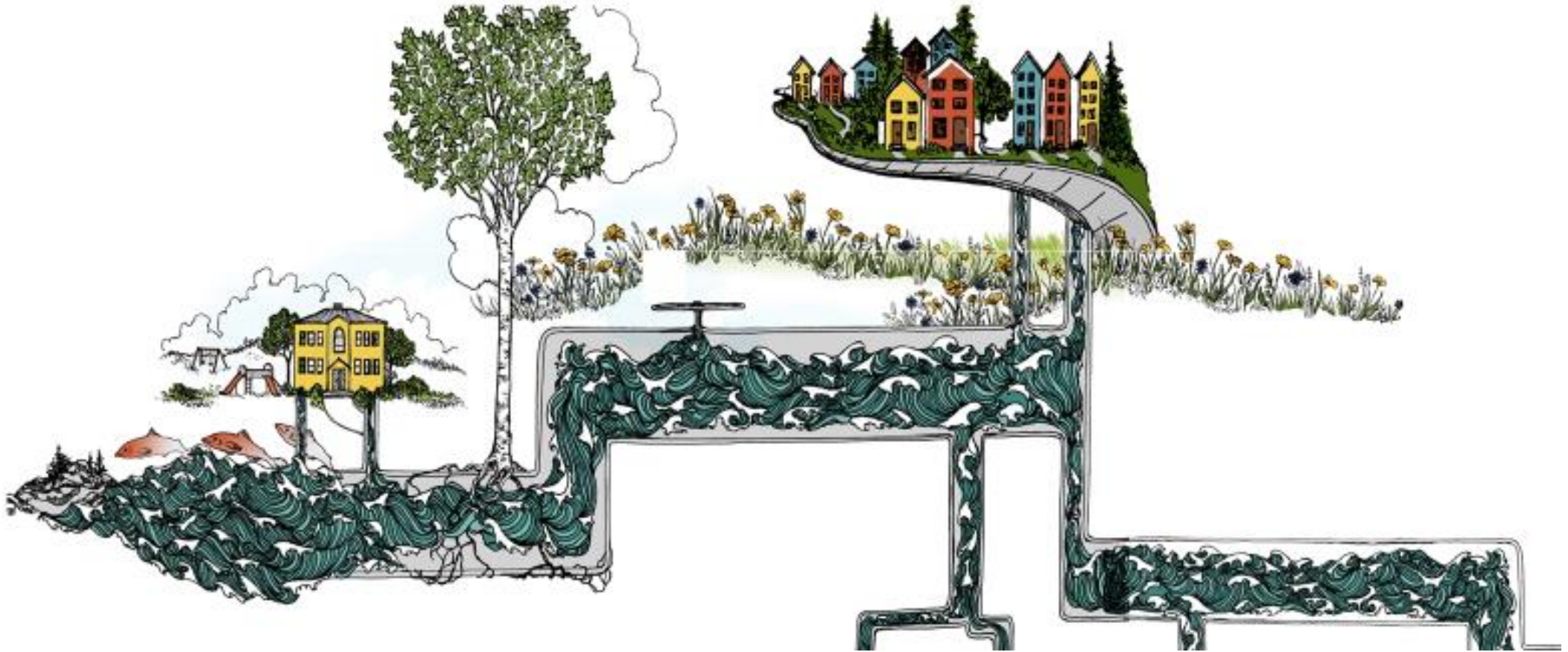
Active PDEB Capital Project Schedules		2022												2023											
* Top 40 By YTD Expenses		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
Water	Tolt Pipeline #1 Rehab	█																							
	430 Pipeline Improvements	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	Tolt Warning Sys Upgrade 2015	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	CP Improvements 2019 Package	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	South Park WM Replacement	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	Reservoir Covering-L Forest Pk	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	WM Rehab Multisite Package #2	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	SW Spokane St Rehab	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	Spokane St Pump Sta Imprv	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	Reservoir Covering-Bitter LK	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
DWW	Tolt Res Log Boom Improvement	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	SCWQ Storage Tunnel	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	South Park Drainage Conveyance	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	Longfellow NDS	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	2017 Spot Sewer Contract 1	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	S Park Flood Control Pump Sta	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	SCWQ Water Quality	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	2017 Sewer Lining Small Diamet	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	12th Ave SSO & Drainage Imp	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	PS 17, 118 Improvements	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
Shared	Pearl Street DWW Imp	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	South Thornton NDS	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	Airlift PS 38 Conversion	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	LDW Middle Reach	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	SCWQ Pump Station	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	35th Ave S Swr Rehab	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	Spot Sewer Rehab Contract 21-1	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	Melrose I-5 Sewer Crossing	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	Small Landslide Projects	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
	E Harrison E Mercer Sp Swr Rpr	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	

Project charting shared in each quarterly report

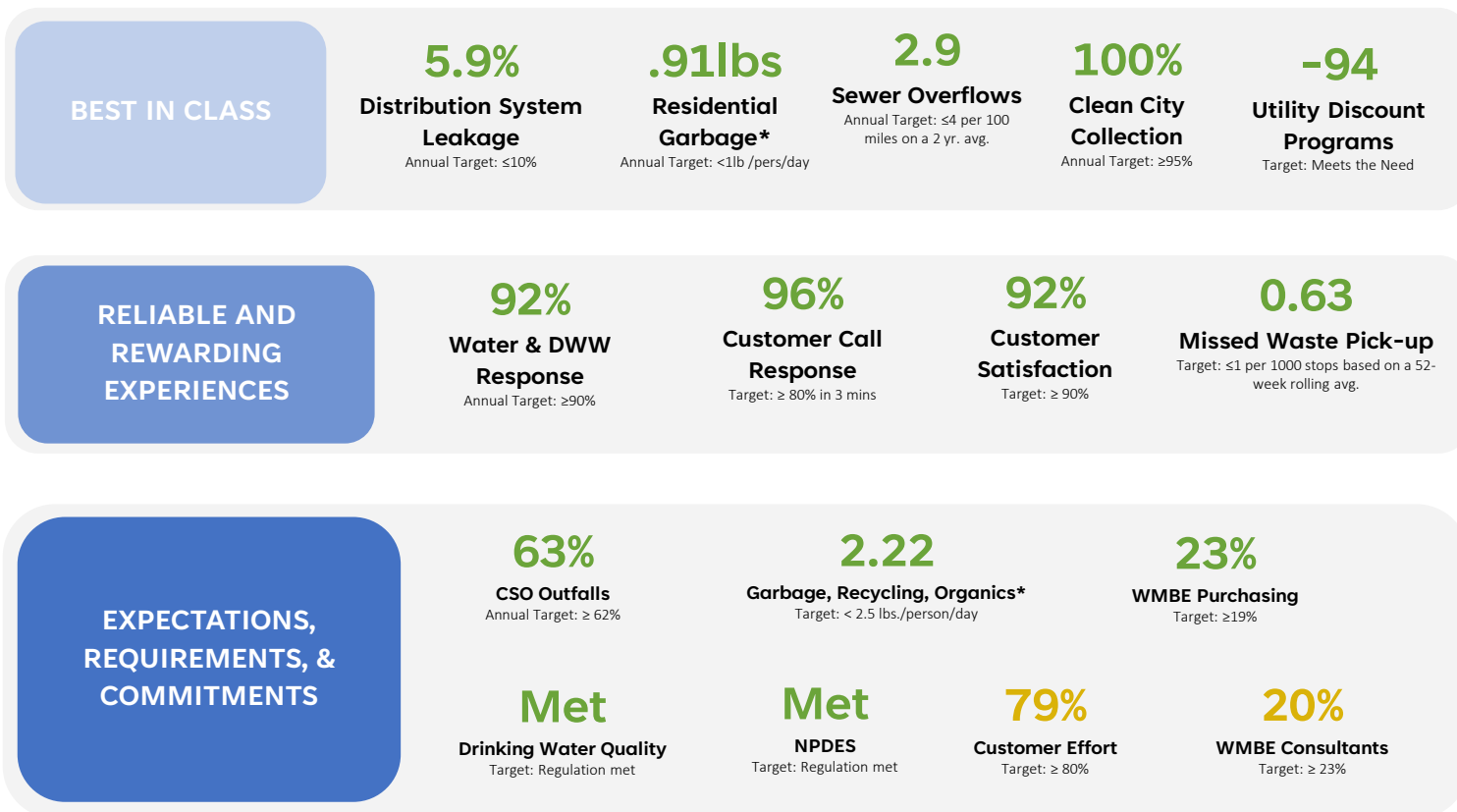


Project status map
Not yet active

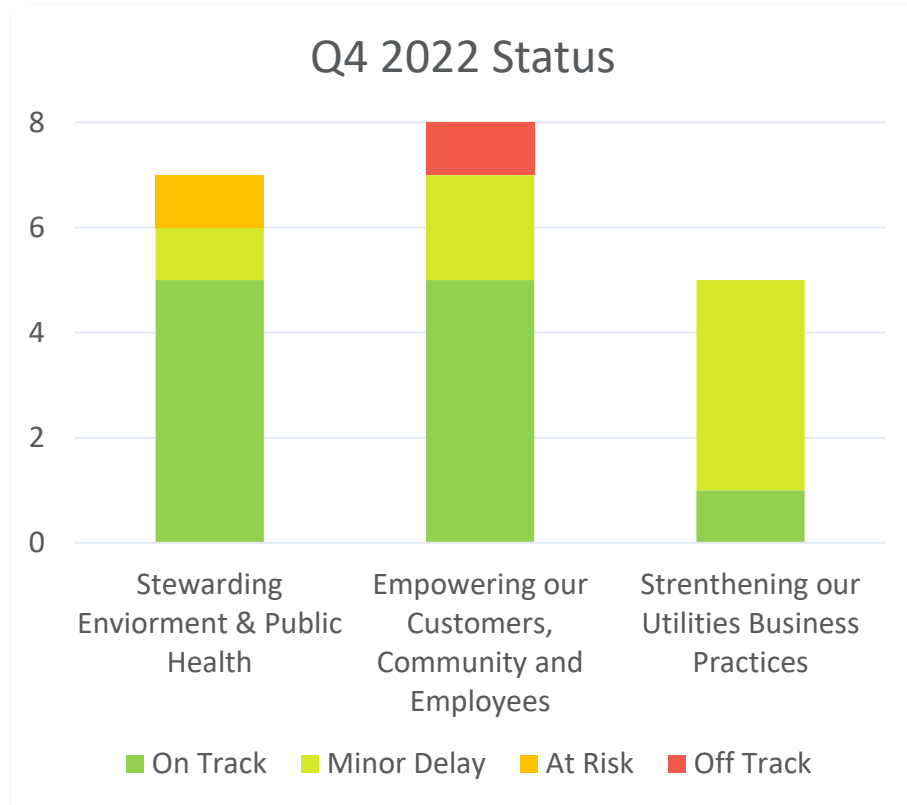
Q4 2022 Performance Results



Q4 Equitable Essential Service Metrics



Q4 2022 Initiative and Investment Update



- The chart is a consolidation of Initiatives and Investments; 89% are either “on track” or “minor delay”.
- On track or minor delay projects typically have adequate staffing and deliverables are planned with the ability to pivot based on uncontrollable environmental impacts.
- 1 initiative and 1 investment are at risk and off track
 - Ship Canal Water Quality project is considered “At Risk” due to unforeseen environmental circumstances and labor issues.
 - The Workforce Development investment is off track due to staffing issues and Covid priorities. This will need to be refreshed in 2023.

2022 Year End Financials

Water Fund

(\$ in millions)

	2022 Annual			
	Annual Plan to Spend	Annual Spend to Date	Annual Variance	% Annual Variance
Expenditures				
Operating	\$285	\$283	\$2	1%
Capital	\$94	\$74	\$20	21%
Total Expenditures	\$379	\$357	\$22	6%
	Annual Planned Revenue	Annual Received to Date	Annual Variance	% Annual Variance
Operating Revenue				
Retail Customer Rev.	\$219	\$222	-\$3	-1%
Wholesale Customer Rev.	\$55	\$56	-\$1	-2%
Other Revenue	\$13	\$13	\$0	1%
Total Operating Revenue	\$287	\$291	-\$4	-1%

**Negative number means over-spend in the case of expenses, and over-recovery in the case of revenue.*

Drainage and Wastewater Fund

(\$ in millions)

	2022 Annual			
	Annual Plan to Spend	Annual Spend to Date	Annual Variance	% Annual Variance
Expenditures				
Operating	\$461	\$448	\$13	3%
Capital	\$214	\$168	\$46	22%
Total Expenditures	\$675	\$616	\$59	9%
	Annual Planned Revenue	Annual Received to Date	Annual Variance	% Annual Variance
Operating Revenue				
Wastewater Revenue	\$333	\$338	(\$5)	-1%
Drainage Revenue	\$177	\$175	\$2	1%
Other Revenue	\$6	\$6	\$0	0%
Total Operating Revenue	\$516	\$519	(\$3)	-1%

**Negative number means over-spend in the case of expenses, and over-recovery in the case of revenue.*



2022 Year End Financials

Solid Waste Fund

(\$ in millions)

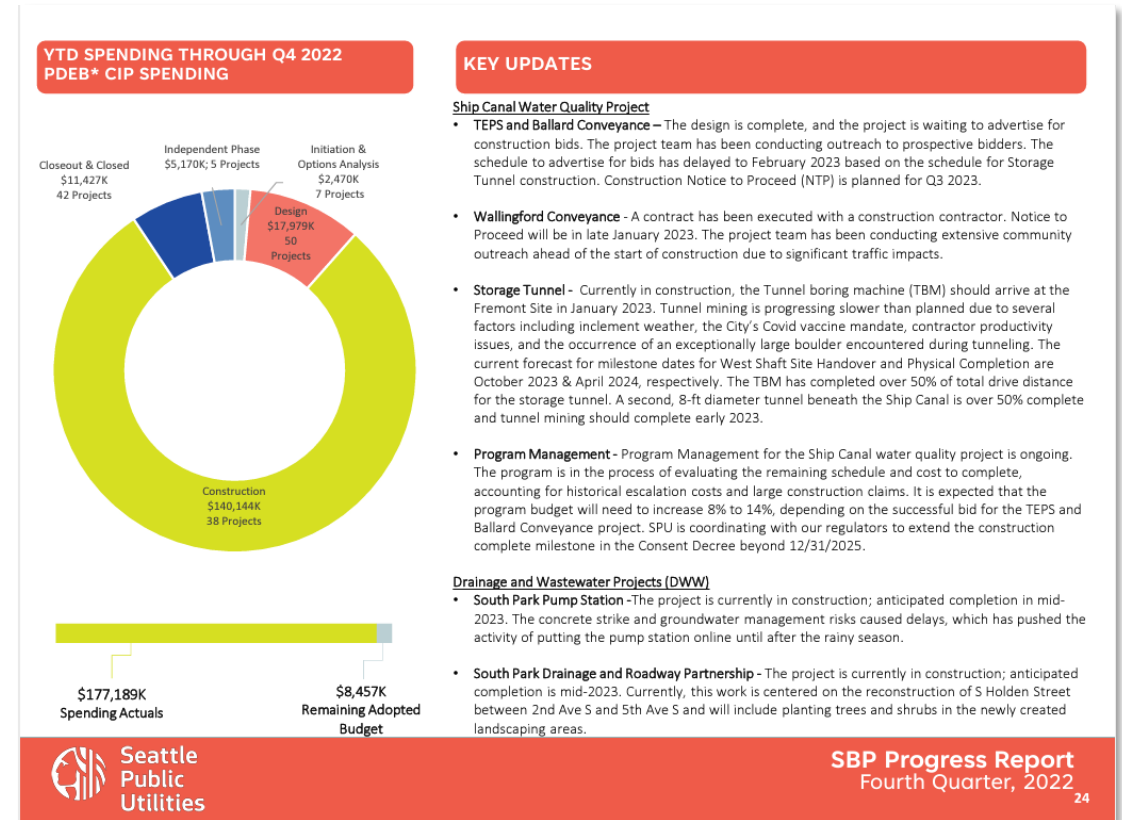
	2022 Annual			
	Annual Plan to Spend	Annual Spend to Date	Annual Variance	% Annual Variance
Expenditures				
Operating	\$225	\$217	\$8	4%
Capital	\$15	\$7	\$8	51%
Total Expenditures	\$240	\$224	\$16	7%
	Annual Planned Revenue	Annual Received to Date	Annual Variance	% Annual Variance
Operating Revenue				
Residential Revenue	\$162	\$161	\$1	1%
Commercial Revenue	\$67	\$68	(\$1)	-2%
Other Revenue	\$26	\$27	(\$1)	-5%
Total Operating Revenue	\$254	\$256	(\$2)	-1%

**Negative number means over-spend in the case of expenses, and over-recovery in the case of revenue.*



Reporting Look Ahead

- Improvements to CIP section – *Planned for 2023*
- Refreshing the look and layout
- Bringing in CRP proposed metrics, investments and initiatives



Closing Remarks

SEATTLE
CITY HALL



City of Seattle