

Seattle Public Utilities Customer Review Panel

Monday, June 17, 2019

1 pm – 4 pm

Seattle Municipal Tower, 4901 (49th Floor)

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

Meeting Summary - FINAL

Meeting attendance:					
Panel Members					
Suzie Burke	✓	Maria McDaniel	✓	Puja Shaw	✓
Bobby Coleman	✓	Noel Miller	✓	Kyle Stetler	
Dave Layton		Thy Pham	✓	Jessa Timmer	
Laura Lippman	✓	Rodney Schauf	✓		
Staff and Others Presenting or Participating					
Keri Burchard-Juarez	✓	Mami Hara	✓	Karen Reed	✓
Kathleen Baca	✓	John Holmes	✓	Rick Scott	✓
Aaron Blumenthal		Andrew Lee	✓	Sheryl Shapiro	✓
Alex Clardy		Paula Laschober	✓	Karen Sherry	✓
Michael Davis	✓	Natasha Papsoueva	✓	Ken Snipes	✓
Brian Goodnight	✓	Ellen Pepin-Cato		Jonathan Swift	✓
Kiersten Grove		Dani Purnell			

Welcome. Mami Hara, General Manager/CEO of Seattle Public Utilities (SPU), convened the meeting and welcomed those in attendance. Mami introduced John Holmes, the Interim Finance Director and Paula Laschober, Interim Chief Financial Officer. Mami also welcomed Leigh Barreca, who works with Seattle City Light's Customer Review Panel and attended the meeting as an observer.

Review of Agenda; Approval of December 5, 2018 meeting summary. Karen Reed, Facilitator, let the Panel know the Jessa Timmer has submitted her resignation due to other job responsibilities. Karen then the review the meeting agenda for the day. The Panel unanimously approved the March 4, 2019 meeting summary as submitted. The Panel unanimously approved the May 10, 2019 special meeting summary, as amended.

Communication to Panel. Karen Reed reviewed the documents that have been updated in the Panel Members' binders since the last meeting. They include:

- Updated Who's Who (red tab),
- Updated SPU org chart (orange tab),
- 1st Quarter Strategic Business Plan Progress Report added (yellow tab),
- Updated Topic/Question Tracker list added (green tab),
- Approved December 5, 2018 meeting summary added (tab 2)

There will be additional follow-up with the Panel about the topic/question tracker before the next meeting.

Major Projects Update – Keri Burchard-Juarez, Deputy Director, Project Delivery & Engineering Branch

Keri presented a list of SPU's top 10 projects. Keri will review two projects from this list on a quarterly basis.

Taylor Creek Culvert: The Taylor Creek culvert at Rainer Avenue South is the number one fish-passage barrier in the City that blocks access to a majority of spawning and rearing habitat in upper Taylor Creek to all species of salmonids. SPU is currently doing a lot of outreach for this project. Budget for this project is \$23.8M.

Q: How have townhalls advertised? A: ***We will get back to you and let you know.***

Q: Has the timeline expanded on this project? Mami answered that it had, but the project was also conceived over 20 years ago. Since Keri's group has taken it on, they have done a good job of keeping it on track. They have really focused on the public art aspect of the project.

South Park Drainage Conveyance: This is a partnership between SPU and SDOT to share costs and resources designing the drainage and street improvements to reduce the chronic flooding and drainage issues in South Park. The project is supported in part with funding from a King County Flood Control District Grant. Outreach for this project will ramp up later this year. This outreach will include going door-to-door to affected businesses and residents as well as attending upcoming festivals. Budget for this project is \$31.2M.

Q: ***Can we get paper on the rest of the major capital projects so they can be reviewed by the Panel sooner?*** A: ***Yes.***

Q4-2018 Strategic Business Plan Update – Natasha Papsoueva, Corporate Performance

Performance Indicator Highlights from Q1: There are some changes to how we are reporting. Some of our targets are more aggressive.

- **Illegal Dumping Clean Up**: SPU's goal has changed to 95% of reported issues cleaned up within 10 business days (up from 90%). We are currently meeting this goal at 100%.
- **Combined Sewer Overflows (CSOs)** are now being reported as a percentage of CSO outfalls meeting the CSO control standard. The new metric was selected because it more clearly and accurately portrays how SPU is meeting the CSO program's regulatory objectives. The new metric will be reported annually.
- **WMBE contract goals** have been increased for both purchasing and consultant contracts. We achieved our goal in purchasing for Q1 (15% of purchases with WMBE firms). We did not quite meet our goal for consultant contracts. (22% of consultant contracts with WMBE firms.) Q1 for consultant contracts was 20%.

- **Utility Discount Program (UDP).** We are still shy of the UDP goal. We continue to use outreach programs to reach additional customers.
- **Solid Waste Pick-Ups.** The goal of picking up 95% or greater of misses within one business day was not met in Q1, 2019. Actual percentage misses picked up within one business day was 93.7%
- **Green Stormwater Infrastructure (GSI)** metric is shifting to account for the average annual volume managed by the full set of GSI projects and programs. Prior reporting (including the reporting in Q1, 2019) focused only on stormwater management retrofits incentivized through the RainWise program.

Strategic Plan Action Item Highlights, Q1 2019.

- Nine are on-track. Two (Facilities Improvements and Pump Stations, FMs and CSO Outfalls) are in monitor status. External circumstances put these off track, but we expect to catch up in Q2.

Council Deliverables:

- All deliverables are on-track.
- Diaper & Pet Waste Feasibility Study will be rolled into the Solid Waste Comprehensive plan. It will not be reported on going forward.

Q: The GSI number just includes RainWise, correct? A: Yes. The goal of 270 million gallons is for multiple programs. This is the year end goal.

Comment: You need a better way of describing the number you are reporting as it is only a capturing one program.

Q: What is the total GSI goal? A: 270 million gallons by 2025.

Comment: Somethings aren't measurable yet. A: We try hard to find a measurable goal. We use modeling at times.

Comment: ***We need to devote more time to GSI and put in on an upcoming agenda.***

Response: Yes, there are good things happening and we'd like you to know about them.

Q: Are the performance indicators just for the Review Panel? A: No, they are used for multiple audiences, such as the Mayor's Office, Council and internal SPU staff.

Q: How do you get the exact number for UDP? Why don't you just put a percentage in there?

A: The number is provided by Human Services, who administers the program (SCL and SPU provide funding and policy as well). Modeling is used to get a number. We prefer to report this as a number. Numbers reflect the individual utility household accounts – we don't want the individuals to turn into percentages.

Q: Regarding System Development Charges (SDCs), what is the next step? Are they on track?

A: After a lot of work, many issue papers and consultation with the Mayor's Office, we are recommending holding off on implementation at this time. The Mayor's Office is looking at broader housing and development. We will share the report when it has been approved.

Panel Comment: SDCs were recently discussed at the Water System Advisory Committee. The majority opinion was that if the development is for profit, developers need to pay. Criteria needs to be developed to determine what is for profit.

Panel Comment: Affordable housing in Washington is moving toward mixed income communities. Many low-income developments have other uses in them.

Mami: We have done a lot of research on this issue and we are part of a bigger picture, as has been pointed out. This is a large issue that everyone cares a lot about.

Q4-2018 Financial Status – John Holmes

John reminded the Panel the adopted annual rate target in the Strategic Plan over the 6-year planning period combined for all lines of business is 5.2%. We are currently at 5.1%.

On the operating side the numbers reflect higher vacancies than planned and delayed contractual spending.

On the capital side Q1 is typically slow, we tend to spend later in the year

Water Fund Highlights:

Revenue Drivers

- Summer weather

Expenditure Drivers

- Vacancies continue to reduce spending
- Delays in contracts and debt service but expected to catch up
- Capital spending lags in the early part of the year and will likely catch up

All Water financial policy projections are on target.

Drainage and Wastewater Fund Highlights:

Revenue Drivers

- Population growth

Expenditure Drivers

- Vacancies continue to reduce spending
- Delays in contracts and debt service but expected to catch up
- Capital spending lags in the early part of the year and will likely catch up

All Drainage and Wastewater financial policy projections are on target.

Solid Waste Fund:

Revenue Drivers

- Construction market

Expenditure Drivers

- Vacancies continue to reduce spending
- Contracts and debt service expected to catch up
- Capital spending on target

All Solid Waste financial policy projections are on target.

Upcoming financial issues:

- The solid waste rates study is in process. Rates should come down a bit to close to the level of inflation.
- 2020 proposed budget has been transmitted to the Mayor's Office

Q: How is the snowpack? A: Inflows are higher than in 2015, but lower than historical averages. We have 6 feet more water than we did in 2015. Supply for fish and people is good for now, but we'll keep you updated.

BREAK

Accountability and Affordability (A+A) Framework – Jonathan Swift

After a short break Jonathan Swift updated the Panel on the Accountability and Affordability plan recommendations. Accountability and Affordability addresses two of the four focus areas in the current Strategic Business Plan, specifically:

- *Customer Experience:* we deliver essential utility services focused on customer access, equity and ease of use.
- *Operational Excellence:* we provide reliable, affordable, efficient and high-quality services to all customers.

Pages 5 – 8 of the draft A+A plan list the proposed "Go First" Action Items under each of the six component "practice areas".

- *Regulatory Alignment* – we have lots of excellent practice and experience to make Seattle more affordable.
- *Partnerships* – how much value are we getting out the hundreds of millions of dollars available?

- *Capital Project Planning and Delivery* – how can we increase the speed and efficiency of planning and delivering of capital improvement projects while maximizing community value?
- *Efficiency & Improvement* – how are we sustaining the Utility operations and assets and how can we do better?
- *Customer Experience* – focus on our customer programs
- *Finance* – how are we planning and how are we managing our reserves?

As a reminder, the A+A work was done by a cross-organizational work team with over 150 participants. Twenty workshops were held and SPU's Executive Team also participated to many additional work sessions. The Plan includes 12 strategies and 47 actions. Seven actions are currently underway and another 23 will be within the next two years. Of these 30 actions, some are smaller, some are much bigger. Some just won't work out. SPU's intention is to report on the progress of the Plan every six months in conjunction with the updates on the 2018-2023 SBP implementation progress.

Q: How many of the 150 participants were line staff? A: There were line staff involved, but we could have done better in this area.

With this plan, we are not starting from scratch. We are already doing a lot of things and there is a lot of great work we can build on.

Tanya Treat spoke to the Capital Planning and Delivery Practice Area. In this area the focus will be on the speed and efficiency of planning capital projects. We want to spend the money the best way we can. This area has 3 main strategies and 16 actions. One example is Action 2D: review and streamline capital project options analysis leading to stage-gate 2, in order to reduce cycle times and project costs.

Jonathan reviewed sample actions in the Customer Assistance Focus Area. There are nine total actions in this area. Action 1D will explore ways to support the affordability of side-sewer and other costly private infrastructure repair costs for homeowners. Not all customer assistance actions are low income. Action 2D will explore how to expand access to the emergency assistance program. Many people don't use this program. We plan to change our outreach practices to engage more customers.

Efficiency & Improvement was one of the hardest strategies. SPU's Executive Team recently toured Seattle Children's Hospital's surgery center. It is considerate to be one of the leanest operations in the US. To get us going in this practice area, SPU's Drainage and Wastewater Line of Business is going to create a center of excellence from which others in the utility may learn.

The next steps in the process are to formally submit the A+A Plan to Council on June 30. **We will make sure Panel members receive a copy of the final report once it is transmitted.** We will then begin to implement the “Go First” Action Items. We will follow up and make adjustments every six months. Finally, we will integrate this work into the upcoming 2021-2026 Strategic Business Plan (SBP).

Q: Are you going to use the example of Children’s to develop your own improvements? A: we do have a propensity for using the “lean” process but will also borrow from other tools as well.

Q: How are you going to coordinate with the City’s IT Department? A: This is a deep question. We have found the new IT Director desires to be very efficient and shows a desire to streamline practices. He has been very responsive to our needs.

Q: Will there be a briefing to Council? A: Probably, but it has not been scheduled yet. **We will let the Panel know when it has been scheduled.**

2019 Next Panel Meetings – Dates and Proposed Agenda Items

Jonathan presented. He noted as a reminder that SPU and the Panel are working on an update to the current SBP. We are not doing a full new SBP. The Utility’s intention is to leave the current focus areas and goals intact and build them out further. SPU plans to use a similar model to what was used for the last update. Currently SPU sees the Panel as having two missions: reviewing status of the current plan and beginning work on reviewing and providing input on the SBP update. The proposed meeting agenda and topics in your packet is a first attempt to integrate these two missions.

Going forward we will be emailing the SBP update, financial status update and project review briefings well in advance of the meetings so that you can ask questions in advance. We will aim for very brief presentations focusing on Q&A in the meetings in order to free up more time on agendas for other briefings.

Noel Miller encouraged the Panel Members to review the current SBP and re-read the letter from the Panel to the Council about the current SBP prior to the next Panel meeting.

Jonathan reviewed the proposed meeting schedule and content for the next three to four meetings. **It was suggested that we consider adding a meeting in December given the quantity of material that will need to be reviewed by the Panel.**

Q: How does Risk and Resiliency (RR) and Environment and Equity (EE) fit into the schedule? A: RR is much more developed and will be brought up as it applies to each focus area. There is more work to do for EE. We will be going through listening sessions and building equity framework with staff this summer. SPU has many different groups invested with differing

approaches. We plan to hold a large workshop where these different agendas will be blended into one approach. We will report on progress.

Q: How are we integrating EE? A: Like RR, it will be incorporated into each focus area. Each part will have its own action plan. A+A, RR and EE will be rolled up into SBP.

Q: Is SPU using an outside consultant for any of this work? A: No, not for the SBP. We do have an outside trainer. The listening sessions will be done internally and we will use the consultant to help us package everything up.

Q: Do you have a budget for this work? A: We have a training budget and a budget for the consultant. There are no grants.

Q: What is the outreach feedback survey (listed in the content table for the January 2020 meeting)? A: It's a concept right now.

Comment: You should go out to the public with a survey.

Sheryl Shapiro invited the Panel members to attend two field trips that have been arranged for CAC members. The first is in July to the Water Quality Lab. The second is to the West Point facility in August. ***Karen Sherry will email details to the Panel.***

The Panel then discussed transportation projects and coordinating with other City departments as well as WSDOT. There was frustration about lack of communication between City departments and between the City and State agencies involved in major projects. Keri mentioned that while things are improving, there is still room to do better. SPU is sharing information earlier with other agencies and we are working hard to make sure we have the right people at the table early in the process. The City Budget Office now holds a monthly meeting with major capital departments. SPU is also part of the Mayor's Capital Cabinet where City departments can raise emergent issues. These venues have helped bring City departments to the table earlier.

The meeting adjourned at 3:40 pm.