

**SPU Strategic Business Plan Customer Review Panel
Draft Meeting Summary for November 13, 2013**

Attending:

Panel Members:			
Suzie Burke	✓	Tara Luckie	✓
Bruce Lorig	✓	Noel Miller	✓
Dave Layton	✓	Carl Pierce	✓
Laura Lippman	✓	Walter Reese	✓
David Gault	✓		
Staff and Others¹:			
Nancy Ahern	✓	Meg Moorehead	✓
Martin Baker	✓	Karen Reed (facilitator)	✓
Melina Thung	✓	Diane Clausen	✓
Ray Hoffman	✓	Karen Reed (SPU)	✓
Craig Stampher	✓	Kim Collier	✓
Scott Bash (HDR)	✓	Elizabeth Lowell (HDR)	✓
Joe LePla (Green Rubino)	✓		

Review and Approval of Agenda. No questions or comments on the November 13 agenda; *agenda approved.*

Review and Approval of Meeting 13 Summary. No questions or comments on the October 23 meeting summary; *meeting summary approved.*

Benchmarking and Efficiencies: Status Report from HDR Consulting on Scope, Progress. Ray introduced Scott Bash and Elizabeth Lowell from HDR, our benchmarking/efficiencies consultant. This presentation was a status report on this effort.

Suggestions, observations, questions from Panel:

Comment: Did not ask HDR to look into certain areas being addressed in other ways, including (a) internal controls (already assessed; working through identified improvements); (b) project delivery (will hear from Vladimir Khazak on this topic next time); (c) developer services (new structure/processes already under development); long-term contracts (no scope for changes in the near-term); (d) solid waste recycling/transfer station operations (facilities already updated).

Q: Did you review wastewater and water contracts? **A:** No; these are long-term contracts with little or no scope for change in the near-term.

Q: Can you say more about benchmarking process? **A:** Contact other utilities; gather information. Utilities answer questions because they are interested in the information also. Send list of questions; follow up with phone calls; physically visit the utilities.

¹ Only those individuals sitting at the head table or give presentations to the Panel are included on this list. A number of other staff and consultants attended the meeting.

Q: Has HDR done benchmarking work for any of the utilities identified in this benchmarking analysis? **A:** Some of them. Need to find utilities that are applicable.

Q: Who picked the benchmarked utilities? **A:** combination of SPU and HDR. Picked utilities that are comparable.

Q: Why isn't Portland on the water/wastewater side? **A:** Has been benchmarked before with SPU; already have this data.

Q: What is an example of risk aversion? **A:** e.g., condition assessment of water line – if I don't repair, what's the risk? Balance of taking risks associated with a line break, and the cost of repairing the line before it breaks. SPU has a robust risk model.

Q: Did you compare span of control to other agencies? **A:** To a certain degree; haven't looked at number of supervisors per employee; but have looked at crew sizes.

Q: Do other organizations have to pay taxes? **A:** Some do; some don't. Most don't. **Comment:** Have to adjust for that when compare with other cities. Want to look at cost and level of service.

Q: Regarding strategic efficiencies, don't really see these as money savings ideas, just ways to do something better? **A:** Yes, but expect these efficiencies to free up staff to do other things or lower total number of staff. **Q:** So real money savings? **A:** Yes.

Comment: Many of the strategic efficiencies ideas get to SPU organizational changes.

Q: Centralize procurement – what does this mean? **A:** Have more procurement activities within SPU.

Q: How is fleet maintenance done now? **A:** In concert with SPU staff and Finance & Administrative Services staff. One issue is downtime with vector trucks; get into queue with police and fire vehicles.

Comments: Also need to think about Citywide perspective, as well as SPU perspective. Always a tension between centralization and decentralization.

Q: Is cross training of field staff a union issue? **A:** Yes, it would be. But it is also an opportunity.

Comment: Not every customer would be enthused to have real-time data of water usage. Also concern about moving to wireless systems. Also there is a payback issue.

Q: Timeframe for getting benchmarking/efficiency report finished? **A:** Final recommendation by end of December. Then SPU will figure out what they want to move forward; take this to Panel.

Q: Some recommendations will have up-front costs? **A:** Yes, will have implementation costs and timeline. Will also identify dependencies and business interactions, and overall savings.

Comments: Interested in aging workforce; what others are doing. “Constraints” bucket – would like to hear about other utilities who don’t have these constraints.

Comments: Would like information on rates of return on privatized utilities. May be beyond the scope. Are looking a financial health of utility. Depends in part on what community wants.

Q: How many different O&M activities are you benchmarking? **A:** Looking at about 150 total; maybe 80% are O&M. One of these is street sweeping.

Q: Regarding affordability, what low income subsidies do other utilities have? **A:** Lots of examples; in the benchmarking questions, we are asking “what is your bill as a % of median income?”

Q: What happens in the future; when circumstances change – do you review/update on a continual basis? **A:** For SBP to be effective, we need to recognize that what we thing will happen won’t happen in exactly that way. We want to keep it a living document, adjusting as circumstances change. SCL is doing updates every two years. Tracking progress on action plans on a monthly basis.

Preview of Action Plans. Ray kicked off this “sneak preview.” Action Plans help us move from where we are now, to where we want to be in 2020. Some are strategic; some are operational. Some require additional resources; some generate cost savings; some can be done within existing resources. Created by several staff teams throughout SPU.

Questions and Comments from Panel and Staff:

Q: Did the teams involve all levels of the utility? **A:** In some cases, yes. For example, the safety Action Plan involved front line safety staff.

Q: To what extent are you looking at staff vs consultant usage? **A:** This is an important issue; not really addressed in the workforce action plans. In the talent management strategy action plan, though, we will have a better understanding of skills needed and where they are in the utility.

Q: What is the wellness program? What do the employees say about addressing the problem of recidivism on injuries? **A:** We can get into the details when we discuss the Action Plans in more depth -- can have the team come talk about process and goals and constraints.

Comment: Good idea to change culture/accountability. Would like to see the cost of implementing the action plan; as well as the current L&I costs and the projected reductions in these costs associated with the Action Plan.

Q: Regarding technology, how much independence does SPU have – is it sufficiently independent to warrant an IT strategic plan? **A:** SPU technology independence varies by type/use of software. On the billing system, we are 50/50 with SCL. On the financial system, it is a Citywide system. Other systems are SPU-centric systems (e.g., Maximo, our workforce system).

Comment: The information Action Plan sounds like a great internship for someone in the library of science at the U.W.

Comment: Need an asset manager for facilities.

Follow up on Interim Outreach – Revised Approach. Karen Reed (SPU) introduced this topic. Just getting ready to do the pilots for this outreach; will learn from this, take the month of December to refine; launch in January. Joe LePla went through the current draft of the powerpoint.

Questions and Comments from Panel and Staff:

Comment on regulations/other side: Delete this slide. Too confusing; does not clearly tie in with the rest of the slides.

Q: Is there an interest in daylighting the tax issue? **A:** Yes.

Comment: delete the words “lower-priority” in the phrase “lower priority programs to reduce or eliminate.”

Comment: On the focus area slide, why do we need to say we will work smart and save money – shouldn’t we always be doing that? Maybe change to “finding” ways to save money rather than “working to” save money

Q: Put sheet in the same order as on the slide? **A:** Could do this; may want to change them up

Q: Only getting at the upside of the equation? What about the other side? What about the save on the bill side? **A:** Could still get at this question in the table discussion.

Q: What makes a person want to come back in the spring? **A:** They are part of the process; will keep them informed; important to hear back from them now that they are educated. Will want to come back and suggest the option they want approved.

Comment: This does not talk about the baseline; that won’t come until part 2. Worried that this will result in sticker shock later in the process.

Comment: Did good job trying to develop a tool for a wide variety of audiences.

Proposed Agenda for Meeting 15:

- Update on Piloting Interim Outreach
- Update on 2014 Budget
- Update on Baseline (2015-2020)
- Action Plan Discussion: One Less Truck/Every Other Week Garbage
- Presentation: Improving Capital Planning at SPU

The meeting was adjourned at 2:00.

Follow up Items for Staff:

1. Benchmarking/efficiencies.
 - a. Would like to learn what others are doing in regards to succession planning.
 - b. If possible, would like information on rates of return in privatized utilities.

2. Safety/wellness action plan: Would like to see the cost of implementing the action plan; as well as the current L&I costs and the projected reductions in these costs associated with the Action Plan.

3. Suggestions on the Interim Outreach slides:
 - a. Delete the words “lower-priority” in the phrase “lower priority programs to reduce or eliminate”
 - b. Delete the “dollar bill” slide that says many of SPU’s costs are for regulatory requirements
 - c. On the focus area slide, change the phrase from “working to” save money, to “finding ways to” save money.

4. Suggestions on Interim Outreach discussion tables. During the interim outreach discussions, try to get at the question of savings on the bill.