

SPU Strategic Business Plan Status Update

**February 25, 2014 Discussion
With the Council SPUN Committee**

Seattle
 Public
Utilities

Structure of Discussion

1. Introduction & Timeline (Customer Panel)
2. Customer Outreach: Status & Content (SPU Director)
3. Assessment of Process To-Date (Customer Panel)

Reminder:

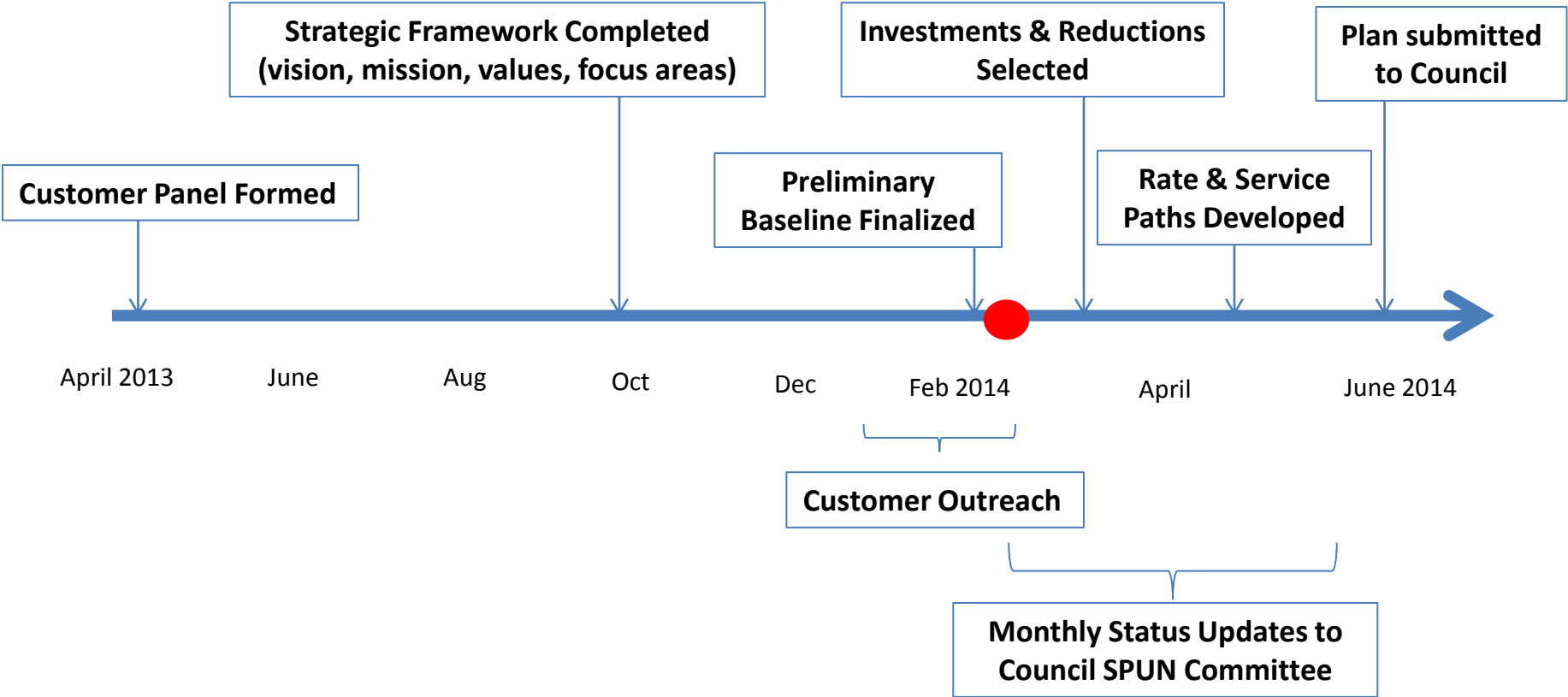
The Purpose of the Strategic Business Plan

Produce a transparent and predictable 6-year service and rate path for all of SPU's lines of business:

- Drinking Water
- Wastewater
- Drainage
- Solid Waste

Nine-member Customer Review Panel meeting twice monthly to provide input on the Plan development

Strategic Business Plan Timeline: Through Submittal to Council



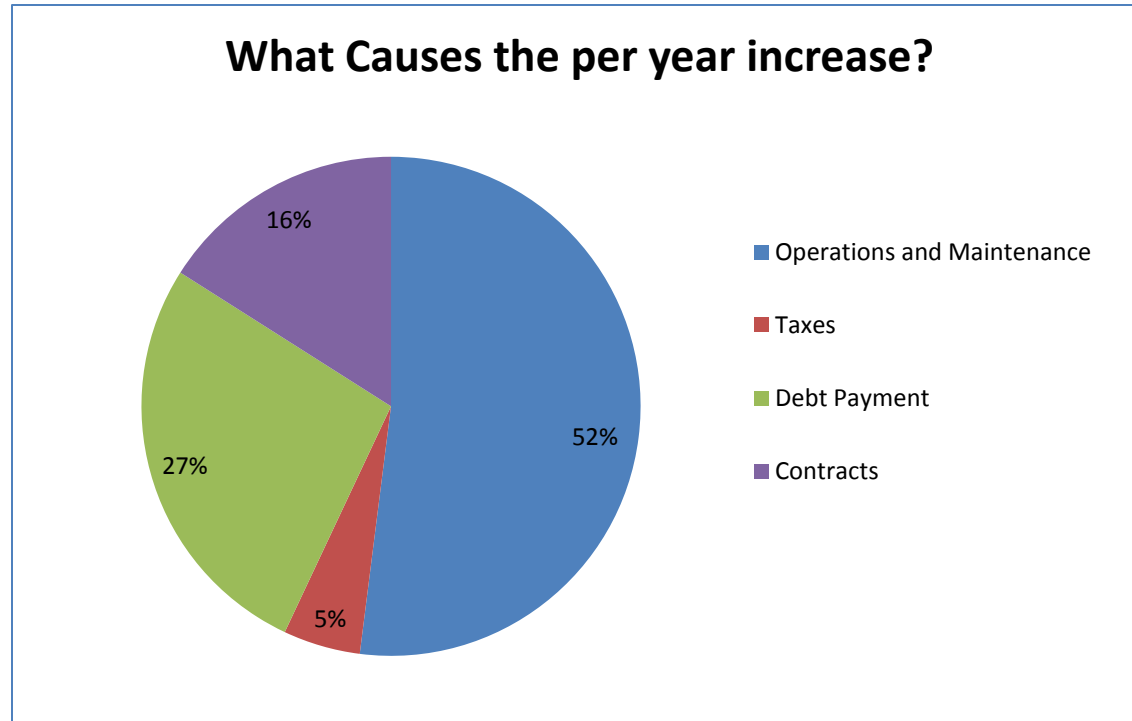
Status of Customer Outreach

- Total of 13 meetings and an on-line survey, completed March 1st
- Meetings include:
 - business community
 - environmental community
 - “all come” meetings in multiple City neighborhoods
 - focus groups of low-income and ESL customers
- Status (as of February 25):
 - 11 meetings held; two remaining
 - Goal for on-line survey responses is 1,000

Content of Customer Outreach: Information Sharing

Provide information to customers on:

- SPU services
- 2015-2020 “baseline rates” (status quo) = 4.7% before money saving actions and before improvements



Content of Customer Outreach: Customer Feedback

- Ask customers to prioritize a set of potential investment options – some examples:
 - Reduce sewer backups citywide through increased cleaning and sewer pipe replacement
 - Prepare for water supply and utility system threats that may occur from climate change
- Ask customers to state their preference on a rate path for 2015-2020:
 - 4.3% average increase per year (status quo services with identified saving possibilities)
 - 4.9% average increase per year (higher level of services and system reliability)
 - “None of the above”
- Getting excellent feedback

Panel Chair/Vice Chair Assessment To-Date

- **Baseline Rate Path:**
 - Needs more complete & understandable explanation
 - Should include specific service examples that customers can relate to
 - Have asked SPU staff to develop this
- **Reductions to Baseline:**
 - Completed initial review of programmatic reductions; sent Mayor & Council One Less Truck letter
 - Heard from independent consultant on potential efficiencies; waiting to hear SPU recommendations
- **Additions to Baseline – Support for *Transform the Workforce*:**
 - Staff training & development cost effective when implemented well
 - Expenditures today are an investment in future increases in productivity & efficiency

Panel Chair/Vice Chair Assessment To-Date

- Utility Taxes:
 - Higher percentage levied as compared with other utilities
 - Do these tax revenues to fund general government need to increase as much as the utility rates?
- Charges to SPU from Other City Departments:
 - Increasing at a higher rate than the six-year baseline rate path
- Looking Forward – Next Panel Meetings:
 - Will provide input on efficiency recommendations
 - Will recommend investments as well as programmatic reductions

Questions?