

# SEATTLE PUBLIC UTILITIES'

## AFFORDABILITY AND ACCOUNTABILITY

### STRATEGIC PLAN

2022-2023 UPDATE



**Seattle  
Public  
Utilities**

## SPU Affordability + Accountability Strategic Plan Update 2022-2023

SPU's 2022-2023 Affordability and Accountability (A+A) Strategic Plan focuses on seven (7) primary areas of work:

- Capital Planning and Project Delivery
- Funding and Financial Management
- Regulatory Strategies
- Work Improvements and Efficiencies
- Customer Assistance
- Technology Management
- Service Contract Negotiations

Within these focus areas, SPU's affordability and accountability efforts are grouped into 15 strategies and 55 specific actions that reflect a mix of existing work priorities and new initiatives. Detailed information about strategies and actions for each focus area is provided below.

SPU's affordability and accountability efforts extend beyond specific action plan commitments. As part of this work, SPU is committed to cultivating a work culture that empowers all employees to continuously improve and work to deliver affordability and accountability results (large and small) at all levels across the organization. As such, A+A efforts will hopefully span far beyond what's identified in this plan update and SPU will work to highlight and capture key examples in future accomplishments reporting.

SPU 2022-2023 A+A strategic plan updates seek to advance SPU progress, alignment around, and successful delivery of affordability and accountability efforts, in two important ways: (1) expand the connection of critical, existing work efforts (not just new initiatives) to the A+A framework; and (2) improve resourcing commitments by identifying accountable leadership as well as assigned staff.

*Note: \*\* Denotes an action that is also being reported on as part of another SPU reporting effort (e.g., SBP, Comprehensive Plan Implementation, Mayor Office priority) and is flagged to avoid duplication.*

## 1. Focus Area: Capital Planning and Project Delivery

<b>Strategy 1: <u>Integrate capital planning</u> across LOBs and across other City departments to maximize potential for multiple benefits.</b>	
<b>2022-2023 Actions</b>	<b>Key Milestones</b>
Action 1A. Develop and implement improved program and portfolio management pilot for DWW Fund by bringing Delivery Branch into the work, developing standards, and improving tooling. (1E.)	Complete development of program management chapter for inclusion in PMM, create a resource charter template and have key resources complete the template, develop DWW portfolio re-alignment proposal, complete PPM tooling for program management and resource management, develop capital portfolio reporting transition plan for shifting reporting from DWW LOB to PDEB.
Action 1B. Partner with SDOT to identify opportunities for improved coordination and delivery of capital projects. (1F.)	By 2022 Q4: Develop a list of target coordination projects and agree to priorities. Develop a method to capture and track efficiencies.
<b>Strategy 2: <u>Improve capital project delivery</u> by reducing project costs, accelerating project delivery, and providing multiple community benefits. Focus the stage gate process to provide customer value through streamlined and cost-effective decision making that requires the minimum analysis to support optimal life cycle costs and strategic priorities.</b>	
<b>2022-2023 Actions</b>	<b>Key Milestones</b>
Action 2A. Review and streamline capital project options analyses leading to stage gate 2 to reduce cycle times and project costs. (2D.)	Develop streamlined process, document in project management methodology, execute change management
Action 2B. Better incorporate operational considerations into capital project development and review. (2H.)	By 2022 Q2: Finalize data gathering process. Document problem statement, data gathering, recommended solutions. By 2022 Q4: Get approval to proceed and pilot proposed changes.
Action 2C. Improve Commissioning Process for new Operable Facilities (2I.)	By end of 2022: Conduct surveys, assign lead and core team, determine problem statement, perform root cause analysis. By end of 2023: Develop work plan and initiate.
Action 2D. Evaluate the use of pre-planning costs (via E numbers) (2E.)	

**Strategy 3. Improve the transparency and accountability of project delivery through improved financial data and reporting, and responsive customer service (LOBs as customers).**

2022-2023 Actions	Key Milestones
Action 3A. Deploy Earned Value Management (EVM) by making available and using actionable data on a quarterly basis to identify project risks and issues early on so that adjustments can be made in a timely fashion.	In 2022: Build earned value rules of credit with CMD for pilot project, ensure deployment of EVM aligns with Action 3B rollout. PPM Training. Develop roles and responsibilities and develop/begin training series. Acquire resources to help with the deployment of EVM.
Action 3B. Improve PPM so that LOBs and management can easily find the information they need.	Training for Go-Live of new cloud version of PPM in Dec 2021. In 2022: Implement training program for new cloud version of PPM. By 2022 Q2: Enhancements to cloud PPM trained and roll out.
Action 3C. Make improvements to CIP reporting for the Customer Review Panel (CRP).	By 2022 Q1: Align improvements with CBO watchlist and other SBP reporting and share with CRP.

## 2. Focus Area: Funding and Financial Management

<b>Strategy 1: Optimize SPU alternative funding, public financing, and financial policy practices and tools.</b>	
<b>2022-2023 Actions</b>	<b>Key Milestones</b>
Action 1A. Evaluate and develop financial policy recommendations for debt write-off/forgiveness in relation to COVID delinquency bubble.	By 2022 Q2: Finish white paper/evaluation with legal review.
Action 1B. Develop strategic expertise and catalogue to monitor, rate, evaluate, and prioritize available alternative funding, financing mechanisms, and partnership opportunities with SPU needs and readiness (which sources for which efforts) and inform the need for improved funding and mechanisms.	By 2022 Q3: Develop shared strategy. By 2022 Q4: Develop, catalogue criteria for rating funding sources and requirements that match SPU needs. By 2023 Q1: Establish priority sources and pursuits for 2023. By 2023 Q4: Develop feedback mechanism to inform and advise on available and needed funding types and practices.
Action 1C. Identify and develop an SPU infrastructure match and readiness review for key funding opportunities such as the Federal Infrastructure Investment Jobs Act (IIJA) \$'s.	By 2022 Q2: Launch an Infrastructure Task Force, work with the OIR IDT to collaborate and identify citywide priorities, provide high level and guidance information to help inform opportunities and decisions, identify priority applications for (IIJA \$'s). Submit IIJA applications when ready.
Action 1D. Develop a SPU funding applications team to write and support pursuit of available funding sources and partnership opportunities.	By 2022 Q1: Hire fund advisor position. By 2022 Q2: Hire consultant support. By 2022 Q3: Develop an alternative funding and funding pursuit dashboard to monitor SPU efforts.
Action 1E. Leverage SPU funding to enhance community benefit of select investments through pursuit of public-private, philanthropic, NGO partnership funding opportunities, and other mechanisms.	Advance and evaluate key opportunities: <ul style="list-style-type: none"> <li>• Pilot GSI CBP3</li> <li>• Stormwater Opportunity Work (SOW) Jobs Corps</li> <li>• Affordable housing \$ - CHIP</li> <li>• Duwamish resilience planning and investments</li> <li>• Circular Economy</li> <li>• Seeds of Resilience</li> </ul> By 2022 Q3: Develop a shared strategy (focus areas/partners/needs).
Action 1F. Streamline and support accounting/financial practices and funding pursuits that create efficiencies in alternative funding and grant management.	By 2022 Q3: Conduct funding oversight needs assessment. By 2022 Q4: Develop work plan. By 2023 Q1: Begin implementation.

<p>Action 1G. Advocate for new or additional Federal, State, and Regional infrastructure funding, financing mechanisms, and improved grant/loan funding practices.</p>	<p>Prioritize:</p> <ul style="list-style-type: none"> <li>• Federal/State appropriations for key programs and projects, including MTCA/RAG and stormwater, salmon recovery, toxics, SRF, stormwater and CSO funding, utility services for affordable housing</li> <li>• Seismic funding strategy and outreach</li> <li>• Flood control district funding for climate adaptation, Duwamish River, multi-benefit, shoreline, environmental justice/impacted communities, and urban flooding</li> <li>• Funding for LIHWAP</li> <li>• Final support for salmon recovery projects</li> <li>• Broader support for disadvantaged, environmentally impacted communities.</li> </ul>
<p><b>Strategy 2: Optimize the SPU budget and rates to be driven by strategy, priority, and customer needs.</b></p>	
<p><b>2022-2023 Actions</b></p>	<p><b>Key Milestones</b></p>
<p>Action 2A. Design rate models which provide input to the affordability dashboard.</p>	<p>Review of how proposed rates measure against the affordability metrics approved by E-team.</p>
<p>Action 2B. Develop a standard integrated enterprise approach to budget prioritization, process improvements and efficiencies.</p>	<p>Standardize budget process within the utility, both at the division and E-team levels.</p>
<p>Action 2C. Improve linkages between the budget and rate study updates with SBP and LOB comprehensive plan updates and priorities.</p>	<p>Establish a clear schedule and sequencing linkage between updates.</p>
<p>Action 2D. Complete development of updated rate models and affordability dashboard plug-in</p>	<p>By 2023: Evaluate a “life-line” option in base rates for water bills.</p>
<p><b>Strategy 3: Enhance financial and performance monitoring to better inform budgeting and financial planning and spending transparency to ratepayers.</b></p>	
<p><b>2022-2023 Actions</b></p>	<p><b>Key Milestones</b></p>
<p>Action 3A. Annually report on rate forecast performance and projections to the CRP.</p>	<p>Report on annual performance to the CRP.</p>
<p>Action 3B. Report on O&amp;M and CIP performance internally and externally.</p>	<p>Report on monthly and quarterly basis.</p>

**3. Focus Area: Regulatory Strategies**

**Strategy 1: Prioritize and align SPU regulatory strategies towards meeting community needs, focusing on the region’s most beneficial environmental and public health outcomes, and optimizing cost-effective regulatory action.**

2022-2023 Actions	Key Milestones
Action 1A. Advance cleanup of the Lower Duwamish Waterway and the East Waterway by working with community stakeholders to meet their interests in environmental justice and health and advocating for City interests.**	Work to ensure a fair cost allocation share for Seattle in the Lower Duwamish Waterway cleanup and make progress to advance the City’s interests in the East Waterway Proposed (cleanup) Plan and funding.
Action 1B. Advance reclaimed water opportunities throughout region, with focus on robust planning and innovation.	Continue negotiations with King County Water Treatment Division. In 2022: Participate in development of non-potable reuse rulemaking with Washington State Department of Health. In 2023: Identify one or more non-potable reuse pilot opportunities and develop implementation plan(s).

**Strategy 2: Move from Prescriptive to Performance regulations and regulatory efficiencies to reduce or avoid costs, share or reduce risk, and/or enhance community outcomes.**

2022-2023 Actions	Key Milestones
Action 2A. Make significant progress re-negotiating Seattle’s Combined Sewer Overflow Consent Decree with EPA and Ecology that is more adaptable to changing conditions.**	Advance Seattle’s interests in rate relief by extending project schedule milestones. Expand portfolio of solutions beyond brick-and-mortar solutions to include programmatic measures that provide community benefits (e.g. Green Stormwater Infrastructure). By 2022 Q2: Develop and negotiate approaches for wastewater permit and Consent Decree. By 2022 Q4: Achieve agreement in concept.
Action 2B. Collaborate with other city and local agencies to develop a list of regulations where there are potential efficiencies and opportunities to move from prescriptive to performance-based approaches.	By 2022 Q3: Develop a phased work plan. By 2022 Q4: Convene key stakeholders to begin opportunities assessment (including ADA ramps, fee in-lieu).

**Strategy 3: Work upstream to build circular economy, address negative externalities, and end pollution before it starts to reduce long-term cleanup and solid waste costs.**

2022-2023 Actions	Key Milestones
Action 3A. Advocacy and coalition building for Extended Producer Responsibility for Packaging & Paper and Batteries.	State Legislation in 2022-23 and beyond
Action 3B. Advocacy and coalition building for Right to Repair.	State Legislation in 2022-23 and beyond
Action 3C. Advocacy and coalition building to reduce toxic tire chemicals (6-PPD).	Through 2022: Work with UW and other local jurisdictions on a fate and transport study and develop regulatory strategy for potential legislation in 2023.
Action 3D. Explore opportunities for toxins-reduction advocacy approaches with Seattle environmental justice communities.	By 2022 Q3: Hire Environmental Justice Advisor. By 2022 Q4: Begin work plan with HWMP. Through 2023: Community outreach.



**4. Focus Area: Work Improvements and Efficiencies**

<b>Strategy 1: <u>Develop a culture of continuous improvement</u> to enhance value to our customers and improve efficiency and performance.</b>	
<b>2022-2023 Actions</b>	<b>Key Milestones</b>
Action 1A. Roll out Simplify Work training to build skills and introduce continuous improvement (CI) concepts and tools across the utility.	Plan approved by E-team, core team set, consultant scope in progress. In 2022 Q2: Launch training.
Action 1B. Identify high impact improvements that require consultant support to implement through CI Scope of Work.	By 2022 Q4: Identify high impact improvements to be implemented with consultant support.
Action 1C. Initiate CI Community of Practice.	By 2022 Q2: Begin coordinating with Simplify Work alumni.
Action 1D. Pilot “What’s the Big Idea” to empower staff-led innovations and improvements.	In 2022 Q1: Launch pilot. In 2022 Q2: Distribute awards.

5. Focus Area: Customer Assistance\*\*

Strategy 1: <u>Identify and deliver customer affordability assistance efforts to best meet community need.</u>	
2022-2023 Actions	Key Milestones
Action 1A. Develop, refine, and utilize affordability metrics to inform customer affordability assessments, reporting, and program design.	Share metrics with long-range and program planners to inform approaches such as anti-displacement or outreach and service access. By 2022 Q1: Report measures in A+A accomplishments report. In 2022: Begin reporting to CRP annually and with rate studies. Compare affordability metrics for UDP customers vs. the overall customer base.
Action 1B. Collect data on customer needs and best practices, and implement pilot approaches to prevent water-shutoffs (especially in light of COVID-era delinquencies).	In 2022 Q1: Respond to Mayor’s Office Executive Orders. Develop approaches to repayment of COVID-era delinquencies. By 2022 Q4: Evaluate pay plan efficacy during COVID. Resume shut-off prevention pilot. 2023: Evaluate opportunities for response improvement in eviction and bankruptcy situations to provide a safety net against homelessness.
Action 1C. Explore ways to support the affordability of side-sewer and other costly private infrastructure repair costs for homeowners.**	In 2022: Pilot low-income assistance. In 2023: Begin to evaluate Phase 2 – Expansion.
Action 1D. Explore a Promise Pay pilot to create increased flexibility in customer delinquency repayment.	By 2022 Q2: Develop recommendation.
Action 1E. Advocate for Federal and State arrearage and low-income assistance money and mechanisms	Advocate for permanent Federal LIHWAP funding that benefits low-income customers. In 2022 Q1: Advocate for State utility arrearage \$’s.
Action 1F. Explore flexible billing options that improve customer affordability.	By 2023: Begin exploring options, including increased monthly billing, single family residential tenant billing.
Action 1G. Explore alternative options for improving the administration of UDP.	By 2022 Q3: Develop strategy for exploring alternative options, including whether a third party should administer.

**Strategy 2: Increase access to and participation in existing affordability programs.**

2022-2023 Actions	Key Milestones
Action 2A. Obtain conclusive analysis of the legal barriers and options available for allowing transfer of a customer’s SPU UDP credits at SCL to SPU to prevent a water shut-off action.	By 2022 Q4: Complete evaluation. In 2023: Implement any changes based on evaluation.
Action 2B. Execute a contract and monitoring with Byrd Barr for administration of Federal LIHWAP Assistance money	By 2022 Q1: Have contract in place in place. Execute contract when ready.
Action 2C. Work with Lake City Collective and Neighborhood House to increase Community Benefit Organization (CBO) involvement with helping shutoff-prevention and connect SPU customers to assistance.	Continue work as part of USWA equity network. In 2022 Q2: Develop a delinquency heat map and an outreach pilot for low-income customer assistance.
Action 2D. Improve monitoring and use of predictive analytics to track and predict the efficacy of SPU assistance programs and approaches, design for enhancements to improve participation (including pay arrangements, UDP, donation).	Identify targeted programs and approaches. Develop a clear approach in 3 key areas.
Action 2E. Explore and implement options and best practices for improving customer donation program contributions and flexibility.	Work with communications to improve customer outreach. By 2022 Q2: Evaluate opportunities with NGO’s and philanthropy.
Action 2F. Expand UDP marketing and enrollments, including evaluating audit findings and changes to self-certification approaches.	In 2022: Evaluate whether to proceed with another self-certification pilot. Tie UDP marketing and enrollment work to affordability metrics.

## 6. Focus Area: Technology Management

<b>Strategy 1: <u>Develop a Strategic Technology Plan</u> to leverage technology investments to maximize customer value.</b>	
<b>2022-2023 Actions</b>	<b>Key Milestones</b>
Action 1A. Develop application roadmaps to improve efficiency and timeliness of technology investments, planning, and budgeting associated with technology portfolio.	By 2022 Q4: Award Strategic Technology Plan RFP. By 2023 Q4: Deliver roadmaps for key SPU technology systems and applications.
Action 1B. Redesign technology governance and portfolio performance monitoring to improve overall tech project delivery.	By 2022 Q2: Implement a new technology governance and Tech CIP dashboard.
<b>Strategy 2: <u>Improve access to self-service utility services</u> through technology solutions.</b>	
<b>2022-2023 Actions</b>	<b>Key Milestones</b>
Action 2A. Improve customer access to utility service options through existing and future applications (Portal, etc.).	By 2022 Q2: Implement Utility Assistance Portal (joint project with SCL). By 2022 Q4: Fully implement Utility Customer Self-Service Portal.
Action 2B. Introduce new technology solutions to improve customer engagement in SPU's programs and initiatives.	By 2022 Q3: Evaluate options for a customer relationship management platform to support various SPU programs and initiatives.
Action 2C. Launch Online Application for UDP and EAP.	By 2022 Q1: Online and operational.

**7. Focus Area: Service Contract Negotiations**

<b>Strategy 1. Make advancements in key service contract negotiations and strategy to provide Seattle ratepayers with long-term savings, benefits, and service stability.</b>	
<b>2022-2023 Actions</b>	<b>Key Milestones</b>
Action 1A. Renegotiate Full and Partial Water Contracts with Seattle’s wholesale water supply customers.**	Advance mutual principles and interests; protect regional water system against stranded costs; and update terms and conditions to ensure mutual understanding and clarity, and to reflect modern business operations.
Action 1B. Advance contract discussions with the Cascade Water Alliance (CWA).**	Ensure fair compensation to the Seattle regional water system, promote investment in highest value and lowest cost water supply sources, and advocate for the lowest regional water rates.
Action 1C. Advance the work of the Governance Statement of Legislative Intent (SLI) to explore governance options for King County’s regional wastewater system.**	Make progress to ensure equitable costs and benefits for Seattle ratepayers, identify ways for Seattle to have a voice in governance of the regional wastewater system. In 2022: Substantial completion of the SLI work plan.