

Seattle Public Utilities Customer Review Panel

Monday, March 4, 2019

2 pm – 5 pm

Seattle Municipal Tower, 4901 (49th Floor)

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

Meeting Summary

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	✓	Kiersten Grove		Karen Reed	✓
Kathleen Baca	✓	Mami Hara	✓	Rick Scott	✓
Aaron Blumenthal		Wylie Harper	✓	Sheryl Shapiro	✓
Alex Clardy		Andrew Lee	✓	Karen Sherry	✓
Michael Davis	✓	Natasha Paposueva	✓	Ken Snipes	✓
Cameron Findlay	✓	Ellen Pepin-Cato	✓	Jonathan Swift	✓
Brian Goodnight		Dani Purnell	✓		

Welcome. Mami Hara, General Manager/CEO of Seattle Public Utilities (SPU), convened the meeting and welcomed those in attendance. Mami introduced Andrew Lee, the new Deputy Director for the Drainage and Wastewater Line of Business.

Suzie Burke, on behalf of the Fremont Chamber of Commerce, presented Mami Hara & Seattle Public Utilities with the 2019 Bertha K. Landes Award aka “Big Bertha.”

Review of Agenda; Approval of December 5, 2018 meeting summary. Karen Reed, Facilitator, outlined the goals for the meeting. The Panel unanimously approved the December 5, 2018 meeting summary as submitted.

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

- Updated Who’s Who (red tab),
- Updated SPU org chart (orange tab),
- 4th Quarter Strategic Business Plan Progress Report added (yellow tab),
- Updated Topic/Question Tracker list added (green tab),
- Two one-pagers answering questions from December meeting added (green tab).
 - Solid Waste Missed Pick-Up
 - Water Distribution System Maintenance.

On-line training material. No one on the Panel has taken the on-line training regarding ethics, public records and open public meetings. ***Karen Sherry will resend the link to member in case***

they would like to do so. <http://www.seattle.gov/boards-and-commissions> If anyone is interested in hard copies of these materials, please contact Karen Sherry.

Panel Process: Charter Amendment and Confirmation of Panel Officers. The draft charter amendment, revised to reflect the Panel's decision to have two Co-Vice Chairs, was reviewed. Rodney Schauf and Laura Lippman had been nominated for these positions at the December 5, 2018 meeting. The Panel unanimously approved the amended Charter. The Panel also unanimously approved the election of Rodney and Laura as Co-Vice Chairs.

Major Projects Update:

Ship Canal Water Quality Project (SCWQP)

Keith Ward, SCWQP Executive, presented an update on the project. This is a milestone project for SPU and the largest project the utility has ever undertaken.

In 2013, the City signed a Consent Decree with US Department of Justice, US EPA and Washington Department of Ecology about the CSO issue. The performance requirement is that the City must have less than 1 overflow per outfall per year on a 20-year moving average. This applies to 85 SPU outfall locations and King County outfall locations. In 2018, five outfalls in the SCWQP represented 84% of all overflow volume in the total 85 SPU outfall locations.

This is a shared project with King County, which also has a Consent Decree for their two outfalls in the Ship Canal. Both Consent Decrees require that construction on the project be completed by the end of 2025. SPU is paying 65% of the project costs (\$388M) and King County is paying 35% (\$182M). The current cost estimate of the project is \$570M (70% confidence). SCWQP represents 33% of the Drainage and Wastewater CIP for the next 6 years. The project is currently tracking 14 months ahead of schedule.

The SCWQP will address 5 of Seattle's outfalls and 2 of King County's outfalls. There are 5 locations where overflows will enter the tunnel. Flow can be adjusted based on where the rain is falling. The SCWQP's storage tunnel will be pumped out to King County's West Point Treatment Plant through an existing tunnel.

Question: What are the pipes made out of? **A:** Depends. Some are high density polyethylene pipe and some are concrete.

Ballard is the construction hub and there are 4 other construction sites: East Ballard, Fremont, Wallingford and Queen Anne. There are 5 major construction packages: Ballard Early Work, Storage Tunnel, Pump Station, Ballard Conveyance and Wallingford Conveyance.

The largest construction package, the Storage Tunnel package, begins pre-construction this year. It includes both tunnels, and work in all five neighborhoods.

The remaining packages will connect existing basins to the tunnel, complete the pump station, and bring the system online. The Pump Station is at 50% design. Ballard and Wallingford

Conveyance are just going into the design phase. Nearly all project components will be underground when complete.

Question: Are we getting any outside funding/grants? **A:** We have a \$25M State Revolving Fund loan and we are seeking \$187M in WIFIA (federal Loan- Water Infrastructure Finance and Innovation Act). This is only for SPU's portion of the project.

Move Seattle Levy Update- Bill Benzer (Project Delivery & Engineering), Jon Ford (Water Line of Business), Shannon Kelleher (Drainage and Wastewater Line of Business).

As a reminder, the Move Seattle Levy lasts for 9 years, and is projected to generate \$930M, which does not include funding for Utilities projects required when the street projects are undertaken. SPU has budgeted approximately \$200M for levy-related projects.

Under SPU's Right-of-Way program, SDOT and SPU negotiate a memorandum of agreement for work on levy projects initiated by SDOT. So far 17 projects have been analyzed and scopes have been sent to SDOT for implementation. Over 30 miles of pipe video has been inspected.

There are currently 12 projects in the initiation/planning stage.

SDOT's reset of Move Seattle will impact SPU. These impacts include affecting where SPU's money is spent. There are no changes to the anticipated overall budget, however there may be challenges in meeting SDOT's new design schedules.

Spending is divided into 3 phases: planning, initiation and design/construction. We are one third of the way through the levy and spending is on-track.

Other projects that will generate relocation/reconstruction work for SPU include Sound Transit 3, Viaduct demolition, Seattle City Light transmission line projects and King County Metro Rapid Ride.

Question: Has there been any cost reimbursement for damage by WSDOT to the SPU watermain? **A:** Yes, we received \$26M from WSDOT for damage to SPU watermains caused by their tunnel project.

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

Performance Indicator Highlights from Q4:

- Problem Response Time (responding to high priority problems within 1 hour) is up to 95%. SPU's goal is to respond to 90% of problems within 1 hour.
- Road Pollutant Removal exceeded 2018 goal at 145 tons of pollutants removed. Goal was 140 tons.
- Illegal Dumping Clean Up time has improved. Goal is to have 80% of reported issued cleaned up within 10 business day. Clean up within 10 days was 98% at the end of 2018.
- WMBE contract goals were met for both purchasing and consultant contracts.
- We did not meet the UDP enrollment goal, but we are close.

- We are still monitoring missed solid waste pick-ups. The goal of picking up 95% or greater of misses within one business day was met in Q4, 2018, but the target was not met for 2018 as a whole.

Action Plan Highlights, Q4 2018.

- Green Fleet monitoring is in monitor status. We expect to catch up in Q1 2019.

Council Deliverables:

- All deliverables are on-track.

Question: When did the utility tax information start showing up on the bills? **A:** It hasn't yet. That will probably happen in 2020, **but we will check on that and report back.**

Question: Why is it taking so long to get this information on the bills? **A:** A new billing system was implemented in 2016, which required extensive work by both SPU and Seattle City Light. The system is currently undergoing an upgrade. Putting tax information on the bills is part of that upgrade.

Question: What's the big picture regarding recycling? **A:** We are still moving materials. We have started to ship to Vietnam and other parts of the world.

Question: Regarding sanitary sewer overflows (SSO), is the target based on a rolling average similar to CSOs. **A:** Yes, a 2-year rolling average.

Question: Are the WMBE goals an evolving target? **A:** SBP targets will align with the SPU 2018 Plan and Goals, which are more aggressive.

Question: Is the South Operation Center project complete? **A:** No. There are some additional changes still being worked on. The majority of the scope has been completed.

Question: I don't recall sewer repairs being in conjunction with the City of Tacoma. **A:** We partnered with Tacoma so we could rent their equipment until we can purchase our own.

Question: Do we ever make the CSO outflow target of 1 per year over a 20-year rolling average? **A:** We use model data until we have 20 years of data. After that we will use post-construction average.

Question: Will missed solid waste pick-up be impacted by the snow? **A:** Yes.

Question: Anything new on pet waste? **A:** No. We are still talking to Minneapolis. They are not sure they will continue with the investment.

Question: Have we determined whether renters are a factor in not meeting the Utility Discount Program (UDP) goal? **A:** We have noticed a leakage out of the system with renters and homeowners leaving the city. We have no way of connecting with these people when they leave. City Light and the Human Service Department also play a key role in the UDP. We are

working on an approach to reach people that haven't enrolled. We are also working on a tiered system.

Q4-2018 Financial Status – Cameron Findlay

2018 was the first full year of the City's new financial system. 2018 numbers are almost finalized. The adopted rate path is 5/2% and we remain at 5.1%.

Water Fund Highlights: We had increased revenue due to weather. Our expenditures decreased, but those costs didn't go away, they have just been moved out to later years. One item to note is the Cascade Water Alliance is paying SPU \$12M as part of a contract renegotiation in 2013. Another \$6M will be paid in 2024. We do not have final numbers, but we expect to meet all 4 water financial policies for water.

DWW Fund Highlights: Expenditures in O&M and CIP are both under budget due to project timing, pauses and delays in hiring. Consumption was 3% under forecast, leading to revenues about 1% under. We expect to meet all financial policies for DWW.

SW Fund: Revenues are up about 1%. Expenditures were down due to contract savings and vacancy savings. One item to note is that the international recycling market has recently stabilized. The Chinese ban on recycling imports is expected to cost SPU about \$1M in 2018. We expect to meet all financial policies for SW.

Question: Has there been a change in the drinking water costs? **A:** No changes in rate since they were adopted.

Framing the Next Step Strategic Business Plan, Advancing SPU as a Community-Centered Utility:

Mami introduced this topic stating that being community centered will be the heart of the strategic business plan update approach. The foundations will be Risk & Resiliency, Accountability and Affordability, and Equity and Empowerment. As we develop the next strategic business plan, we need to understand how these frameworks mesh together. The EPA now requires a risk and resiliency plan. SPU had already started to build a utility-wide plan. Today the panel will get an introduction to Risk & Resiliency (RR) and Accountability & Affordability (AA). Equity and Empowerment will be presented in June, along with more in-depth presentations about RR & AA.

Question: We worry about the new EPA given the current administration. Does SPU see anything filtering down? **A:** In a couple of years it will be a different organization, but currently at the staff level, people are still committed and working hard to keep the basic structure together.

Risk and Resiliency (RR):

Guillemette Regan, Risk and Quality Assurance Division Director, presented an update on RR. Resiliency is the ability to adapt and bounce back. SPU want systems in place to be aware of

shocks. A status report was delivered to Council in August 2018. A final report is due to the on June 30, 2019.

SPU has been working on a RR toolkit analysis of the 7 focus areas for long term resiliency (Climate Change, Disasters, Economy and Affordability, Marketplace, Regional and City Investments priorities, Workforce and Technical Advancements). Questions being asked include: How is the community disproportionately impacted? What does this mean about how we should respond? Each focus area has multiple subsets and we are looking at all of these items.

SPU adopted an operational risk framework in 2004 and we are looking at it again now. We are making sure RR is being built into current work plans and investments.

Next steps: submit report to council, finalize planning manual and work with SPU branches/divisions to improve resiliency efforts.

Accountability & Affordability

Jonathan Swift, Corporate Policy, presented. The presentation covered 3 topics: overview of planned work, sharing some initial findings and next steps.

Many City of Seattle costs are unaffordable to customers. We have lots of increasing needs and costs. Do our customers know our value? It's not always clear.

SPU has a report due to Council on June 30, 2019.

There are 6 practice areas that define the work: Regulatory alignment, Partnerships, Efficiencies & Improvement, Customer Assistance, Financial planning & prioritization and Capital Projects P/D. These areas group and overlap very quickly.

One of the focus areas is Finance, Budget & Monitoring. One of the preliminary findings includes the need to review SPU financial policies and provide options focused on risk, affordability and investment.

Another practice area is Regulatory Alignment. Preliminary finding in this area include developing and using a common set of regulatory principles and practice across SPU and developing and Enterprise Influence Strategy and resources plan for the industries and organization we will focus on.

Next steps include submitting a report to the City Council, taking action on implementation plan and to integrate Affordability & Accountability into the SBP.

Question: We want to do all of this as it's good business. Will there be a definition of affordability? **A:** we haven't settled on that yet. We will probably have a range of definitions.

Question: Taxes – why are they being put off again? That seems like a place to address efficiency. It's disappointing some of these things haven't happened.

Question: Will there be a rate design committee? **A:** We haven't gone through the full process. Essential services should be accessible to everyone in the community. Additional cost of service programs effects higher tiered customers.

Wylie Harper suggested we have a ***briefing on rate structure and its history at the next panel meeting.***

Comment: We have to look at driving costs for those who can afford it. How does this blend into affordability? The rate structure has been set – but is it still the right thing to do?

Question: Will the June report be on only 2 practice areas? **A:** No, it will be on all 6.

In order for the Panel member to weigh in on the Accountability and Affordability report to Council, ***Mami suggested scheduling an ad-hoc meeting before the next CRP meeting on June 17. Staff will follow-up with at time and date.***

Question/Comment: It seems disjointed the way the process is being managed – past SBP and current. We approved X amount of dollars in the past, but never said how we would pay for the work.

Mami responded that we want to work with the Panel to make sure they are getting what they need.

Question: where does the Panel come in after the reports are submitted? **A:** In the real work. Looking at the investment options.

Question: Is there going to be a SWOC? It would be helpful to outline the planning process and role of the panel and how we engage. **A:** ***We will provide more information at the next meeting.***

Meeting Adjourned 4:40 pm.