

Recommendations from the SPU Customer Review Panel

Presentation to the Civil Rights, Utilities, Economic Development, and
Arts Committee

July 11, 2017

Presenters: Noel Miller, Chair of Panel, and Rodney Schauf, Member

Overall, the Panel supports the Plan as submitted with some exceptions and concerns

- **The Panel supports the strategic planning effort and appreciates the City's engagement in this important work**
 - Strategic Planning process is important and should be continued
 - Staff has done excellent analytical work in support of this effort and in response to our questions





- We greatly value having Council and CBO Staff engaged with us at the table throughout our deliberations
- We thank the CREUDA Committee and the Mayor for engaging with us on the Plan as it was developed
- The Panel's entire comments are provided in our June 1, 2017 letter

The Plan supports investment in repair and replacement of aging infrastructure, and meeting federal mandates

- Plan continues level of effort established in 2015 Plan for addressing aging infrastructure and the Consent Decree for sewer overflow reduction-- Both of these items are key drivers of the rate path increase



Exceptions

The Panel would like to see the following changes to the Plan:

1. Drainage and wastewater rates should be re-opened for 2018 to facilitate additional rate smoothing in 2019-2020.
 - A 9.5% overall rate hike in 2020 is simply too much and can and should be mitigated.

Overall Rate Path as proposed in Plan and with additional DWW rate smoothing

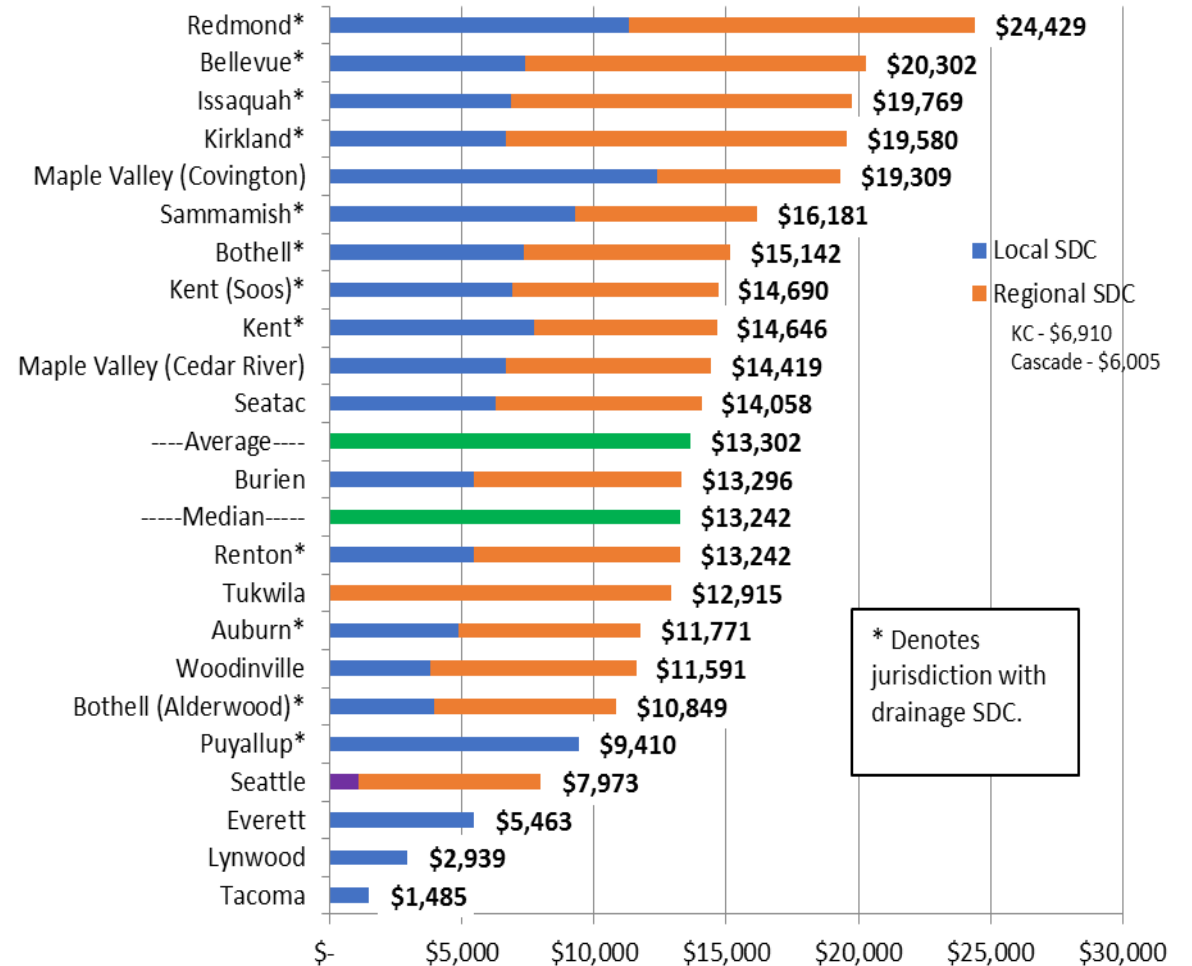
	2018	2019	2020	2021	2022	2023	2018-2023 avg.
With water rate smoothing alone	3.2%	8.2%	9.5%	4.1%	3.7%	4.2%	5.5%
With addition of wastewater and drainage rate smoothing	4.7%	6.3%	8.3%	5.8%	3.7%	4.5%	5.5%

Exceptions

2. There should be a stronger commitment to deploying system development/connection charges in the water, sewer and drainage lines of business.

- The City lags far behind regional peer utilities in using this revenue tool.
- It is not used at all in drainage and wastewater, and very minimally for water.
- The more growth pays for growth, the more rate impacts on current residents and businesses can be mitigated.

Comparing Water System Development Charges



Concerns

Overall, the rate path is higher than we would like to see.



- More needs to be done to control the cost of doing business as part of the City
 - Citywide initiatives have cost impact that must be carefully considered
 - Citywide initiative can disrupt the Utility's ability to meet its rate path commitments
 - Move Seattle ballot initiative
 - Cap growth of collection of Utility taxes--rather than grow at rate of utility bills.

Concerns

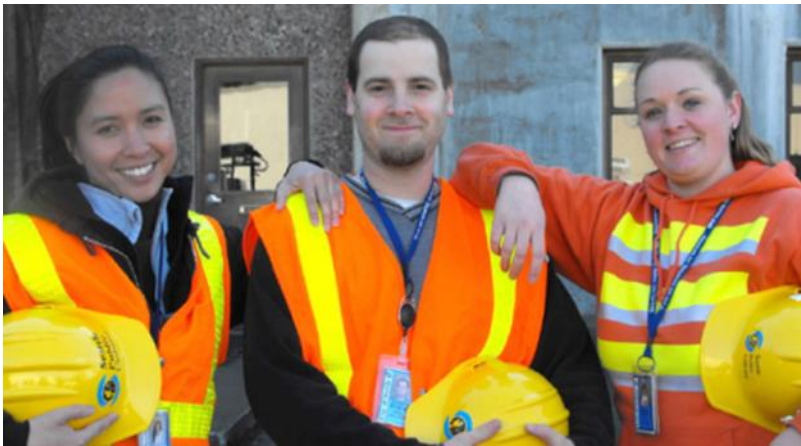


Overall, the rate path is higher than we would like to see.

- The Utility needs to deepen its commitment to find, implement and track new efficiencies and new savings
- More effort to compare SPU rates to peer utilities may help
- System development charges/connection charges can help reduce rate path

Concerns

- Transparency
 - Utility bills should include more information about utility tax rates and how those revenues are used



- Transforming the workforce must remain a priority
 - Only 1 action plan
 - The workforce is fundamental to the Utility's ability to deliver on this plan

A request

- The Panel would like to remain engaged in oversight and development, and implementation of the Strategic Plan on an ongoing basis—rather than be reconvened every 3 years.
 - Request that the Panel meet at least 2 times a year with SPU
 - All Panel members willing to engage



Comments or Questions?

Thank you.