



Quarterly Progress Report to Council
2015-2020 Strategic Business Plan Implementation

At Seattle Public Utilities, our mission is to deliver efficient and forward-looking utility services that keep Seattle the best place to live. We pledge to meet community and environmental needs by:

- Maintaining some of the nation's best drinking water
- Preventing sewer backups, flooding, and landslides
- Helping Seattle residents and businesses be recycling leaders
- Protecting local waterways and the Puget Sound from sewage overflows and polluted stormwater runoff

We do this while always keeping in mind that we need to spend customers' money wisely.

We are also making sure that as Seattle grows, it's even better for future generations. A place where:

- Less garbage is shipped to the landfill
- The drinking water is protected
- Utility infrastructure is well-built and maintained
- And where salmon thrive in healthy waterways

This Utility works with the end in mind: keeping Seattle an amazing place for everyone to live and work.

2015-2020 Strategic Business Plan. Seattle Public Utilities worked with customers during 2013 and 2014 to develop a Strategic Business Plan to guide our work from 2015-2020. The Plan grew out of the Utility's efforts to provide greater rate predictability, while still making important investments for the future. The plan will ensure reliable utility services in a growing city to all neighborhoods and communities.

The Plan guides all day-to-day and new project work, how we are organized, and how we measure results. It focuses on meeting our mission through attention to the following four focus areas:

- Improving how we work to deliver consistent, high quality services
- Better protecting your health and the environment
- Making it easier to get help and find answers
- Enhancing our services by continually updating employee skills

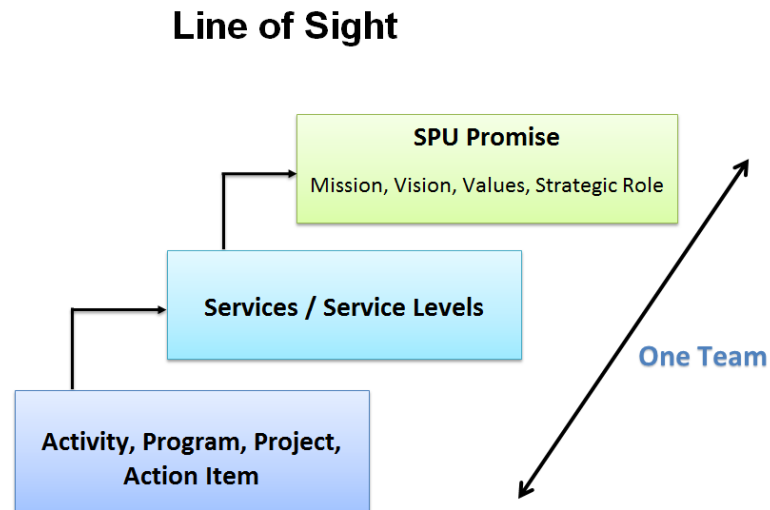
Monitoring our Performance. This quarterly report to Council contains status reports on two sets of items included in the Strategic Business Plan:

- The Strategic Business Plan includes all of the work done by the utility, as represented in the plan's description of the services we provide to our customers, and the levels at which we provide these services. A summary of our current performance on these services begins on page 3. This section of the progress report also includes the status of SPU's commitment to stay within a 4.6% average annual rate path increase, and our progress on meeting the targeted dollar savings from efficiencies.
- Seattle Public Utilities will track and report our progress on the action items identified in the plan. The action items are the new tasks we will perform to improve our services and increase efficiency. A summary of the progress year-to-date begins on page 5, grouped by the Strategic Business Plan focus areas. In addition, we identify which service(s) these action items will improve.

Stakeholder Engagement. As we implement the plan and report on the status of our work, we will engage with our stakeholders. Some of our specific actions are the following:

- **Customers.** In 2015, we will meet with at least ten nonprofits to update them on our progress in implementing the Strategic Business Plan. We will partner with three community-based organizations to update them on our progress, and also discuss opportunities for customers to learn more about SPU's programs and services. We will leverage opportunities at community meetings and other events to increase customer awareness of SPU's services. And we will provide regular updates on these efforts to SPU's Community Advisory Committees (CAC's), and will invite CAC members to assist us with this work.
- **Employees.** Employees are our greatest asset. Their feedback helped inform the Strategic Business Plan development process and we continue to provide employees with ongoing updates. Our plan in 2015 is to work with SPU's leadership to create clear line of sight between each employee's day-to-day work and the services we provide our customers (see diagram below). And, we will continue our discussions with employees on how to solve problems at the source, keeping our values and vision top of mind.
- **Labor Unions.** SPU senior management and labor representatives meet each month to share information and discuss issues. SPU has been and will continue to provide monthly updates to the labor representatives on our progress in implementing the Strategic Business Plan.

Line of Sight. Also as we implement the plan and communicate our progress, we will emphasize with our employees the "line-of-sight" between the work they do and the services we provide our customers. The visual below represents this line-of-sight concept by showing how SPU's promise to its customers flows into our services and service levels, and to individual employee actions and results.



Some of the ways we will do this is to ask employees the following questions:

- How does what I do help to deliver the Promise and its mission to be efficient and forward-looking, while keeping Seattle the best place to live?
- How does it align with our strategic approach, which is to solve problems at the source?
- When solving problems at the source calls for a One Team solution, how will I break down silos and collaborate?
- Is what I do in keeping with our values, which include customer focus, safety, innovation, inclusion and value for money?

Service Level Status Report

The Strategic Business Plan includes all of the work done by the utility, as represented by the services we provide to our customers and the levels at which we provide these services.

The next two pages provide a summary of SPU’s performance in meeting our service levels. This section of the progress report also includes the status of SPU’s commitment to stay within a 4.6% average annual rate path increase, and our progress on meeting the targeted dollar savings from efficiencies.

Focus Area: Making it Easier to Get Help and Find Answers

SPU Services	Service Levels	Current Period Performance	YTD performance	Year-End Projection
Effective customer service	Customers rank their satisfaction with SPU services at least 5 on a scale of 1-7			
	% of customer issues resolved in first phone call (target TBD)			
	% of customer bills that do not require adjustment (target TBD)			
	Respond to 90% of priority drinking water, drainage, and wastewater problems within one hour			
	Increase households enrolled in the Utility Discount Program from 17,079 in January 2015 to 19,600 by year-end			

Focus Area: Better Protecting Your Health and Our Environment

SPU Services	Service Levels	Current Period Performance	YTD performance	Year-End Projection
Mountain fresh drinking water	Maintain 100% compliance with Department of Health regulations			
	Provide instream water for fish and meet other tribal, regional, state, and federal commitments			
Safe sewage transport to King County treatment plants; drainage that reduces flooding & pollution	Limit sanitary sewer overflows to no more than 4 per 100 miles of pipe per year			
	Limit combined sewer overflows to waterbodies to 1 per outfall per year			
	Remove 100 tons of pollutants from roads during 2015			
Planning for the future	To support the Citywide goal of 700 million gallons of runoff managed using Green Stormwater Infrastructure by 2025, SPU has a 2015 target of managing 8 million gallons of stormwater via RainWise rain gardens and cisterns			
	Achieve goals for water conservation			
Effective recycling and composting	Increase solid waste recycling to 60% by December 2015 and 70% by 2022			
Efficient graffiti removal	Clean up graffiti on SPU property and SDOT structures within targeted times (10 business days for SDOT structures; 6 business days for SPU property)			

Focus Area: Improving How We Work to Deliver Consistent, High Quality Services

SPU Services	Service Levels	Current Period Performance	YTD performance	Year-End Projection
Mountain fresh drinking water	Limit yearly drinking water outages of more than 4 hours to less than 4% of retail customers			
	Meet obligations in wholesale customer contracts for pressure, flow, and unplanned transmission system outages			
Drainage that reduces flooding & pollution	No critical services (e.g., hospitals) are inaccessible due to flooding, except during extreme storm events (events exceeding a 100-year, 24-hour design storm event)			
Dependable solid waste pickup	Provide reliable solid waste pickup with only one missed pickup for each 1,000 stops			
	Limit late container deliveries to a maximum of two per 100 deliveries			
	Collect at least 95% of missed solid waste pickups within one business day following notification by customers			
All services	Stay within the overall 4.6% rate path through 2020			
	Meet the aspirational goals for WMBE usage in purchasing and consulting contracts			

NOTE: The Workforce Focus Area is not specifically represented here, but it indirectly affects all services levels.

**Tracking Finances in More Detail:
The 2015-2020 Rate Path, Efficiency Savings, and Consultant Expenditures**

Rate Path. The Strategic Business Plan committed SPU to a rate path through 2020 with a 4.6% average annual increase, as shown in the table below. However, actual rate increases will continue to be adopted by Ordinance through the formal rate study process.

As rate studies are delivered to the Council, SPU will include in this quarterly report the current rate path estimates for each line of business, as well as the impacts on the overall 4.6% average annual rate increase.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<i>Average</i> <u>2015-20</u>
<i>SBP</i>							
<i>Water</i>	0.0%	5.2%	5.2%	4.1%	4.4%	2.6%	3.6%
<i>Wastewater</i>	0.8%	3.9%	1.8%	2.8%	7.2%	8.1%	4.1%
<i>Drainage</i>	9.8%	10.1%	8.1%	7.8%	8.1%	8.0%	8.6%
<i>Solid Waste *</i>	4.2%	3.5%	6.0%	4.0%	2.9%	2.4%	3.8%
<i>Combined</i>	2.7%	5.0%	4.7%	4.2%	5.5%	5.2%	4.6%

* Solid Waste bill path represents average increase assuming new rates are effective April 1 of each year.

Current Projection: TBD

Efficiency Savings. In the SBP, SPU committed to efficiency savings of \$8.7 million by 2020. Of this amount, \$7.4 comes from salary savings. The 2015 efficiency savings target is \$1.9 million, all of which comes from salary savings. It is important to note that the \$1.9 million in salary savings has already been removed from SPU’s budget and rates, so the quarterly reports will focus on how we achieve these savings and still meet the action plan and baseline commitments in the SBP.

Position Count and Consultant Expenditures

In Resolution 31534 adopting the 2015-2020 Strategic Business Plan, Council requested that SPU establish a 2014 baseline for consultant expenditures and establish a means of tracking these expenditures during the course of the SBP. Additionally, Council asked that SPU track the number of positions within the department. The intent of these requests is to ensure SPU is not supplanting staff work with consultants. This information will be provided in the quarterly reports.

Action Item Status Report:

How Are We Doing on the Tasks to Improve Services and Efficiency?

The remaining pages provide a summary of the progress year-to-date on the action item commitments in the Strategic Business Plan. The action items are the new tasks we will perform to improve our services and increase efficiency. These action items are grouped by the Strategic Business Plan focus areas. In addition, we identify which service(s) these Action Items will improve.

Focus Area: Making it Easier to Get Help and Find Answers

- 2020 Goal: We will achieve internal and external customer expectations
- Strategic Objectives: In 2015-16, begin or continue work to meet the following objectives:
 - Make SPU transparent to customers and constituents
 - Minimize customer effort required to interact with SPU
 - Ensure equitable access for all customers
- Specific 2015 expected accomplishments are as follows:

SPU Service	2015 Expected Accomplishments	Year-to-date Status
Effective Customer Service	<i>Web presence.</i> Initiate the development of a web strategic plan to guide SPU’s efforts and investments to improve our external and internal web sites.	
	<i>Development services.</i> Make the development services determination process more consistent and clearer.	
	<i>Service equity.</i> Conduct three customer engagement sessions on Strategic Business Plan implementation so that we fulfill the promise we made to customers to inform them of our progress in implementing the plan, and to identify opportunities for ongoing relationships.	

Focus Area: Better Protecting Your Health and Our Environment

- 2020 Goal: We will provide utility services in a way that makes Seattle cleaner, greener and healthier
- Strategic Objectives: In 2015-16, begin or continue work to meet the following objectives:
 - Anticipate and adapt to changing circumstances
 - Effectively partner with regulators, stakeholders, public and private entities to achieve environmental mandates and stewardship goals
 - Conserve, protect, and restore environmental resources, within approved utility service and resource levels
- Specific 2015 expected accomplishments are as follows:

SPU Service	2015 Expected Accomplishments	Year-to-date Status
Planning for the future	<i>Climate change.</i> Examine potential climate change adaptation strategies based on the results of an ongoing climate change analysis.	
	<i>Decentralized green systems.</i> Complete a strategy report to respond to “green” decentralized services alternatives, like rain capture.	
	<i>Energy management & carbon neutrality.</i> Complete a greenhouse gas emissions inventory for SPU, and establish a neutrality target.	

Focus Area: Enhancing Our Services by Continually Updating Employee Skills

- 2020 Goal: We will have a high-performing, engaged workforce focused on customer outcomes
- Strategic Objectives: In 2015-16, begin or continue work to meet the following objectives:
 - Improve workplace safety
 - Develop and deploy effective system, tools, and processes to support performance management
- Specific 2015 expected accomplishments are as follows:

SPU Service	2015 Expected Accomplishments	Year-to-date Status
All	<i>Absence and disability management.</i> Develop a Wellness Program proposal.	
	<i>Employee performance management.</i> Develop a project plan for employee performance management redesign in collaboration with the Seattle Department of Human Resources.	

Focus Area: Improving How We Work to Deliver Consistent, High Quality Services

- 2020 Goal: We will increase value delivered to customers
- Strategic Objectives: In 2015-16, begin or continue work to meet the following objectives:
 - Provide reliable, equitable, high quality utility services to all customers
 - Maintain fiscal strength by and ensure development and implementation of sound financial practices and internal controls
- Specific 2015 expected accomplishments are as follows:

SPU Service	2015 Expected Accomplishments	Year-to-date Status
Ready for emergencies	<i>Emergencies and Disasters.</i> Develop a draft SPU-wide emergency response plan, last updated in 2009, using the state-wide standard for Comprehensive Emergency Management Plans.	
Mountain fresh drinking water	<i>Valves.</i> Complete a Strategic Asset Management Plan for water main valves to ensure critical valves operate reliably when needed, such as during water system emergency response operations.	
	<i>Seismic vulnerability.</i> Initiate a seismic vulnerability study to reflect new understanding of Seattle’s seismicity and lessons learned by other water utilities since previous study was completed in 1990.	
Safe sewage transport; flooding & pollution reduction	<i>Sewer inspection and rehabilitation.</i> Develop a work plan that combines new rapid assessment (acoustical) technology with existing CCTV technology to maximize crew efficiency and increase sewer pipe inspections by 6%.	
	<i>Sewer cleaning.</i> Inspect or clean 45% of total sewer pipe, and complete all preventive maintenance work close to targeted due dates.	
	<i>Broadview & South Park drainage and wastewater projects.</i> In South Park, begin sewer improvement project construction at 14 th and Concord. For Broadview, complete project planning for the drainage basins in the western and eastern sections of the area.	
Planning for the future	<i>System development charges.</i> Draft the legislation, policies, and procedures for a new water system development charge.	
All	<i>Equity toolkit.</i> Apply SPU’s Equity Planning Toolkit to selected services or programs within two SPU Branches.	
	<i>Billing meters.</i> Optimize the schedule for testing and replacing SPU’s wholesale and large retail meters to ensure accuracy of customer bills in a cost-effective manner.	
	<i>Revenue recovery.</i> Increase accessibility and transparency of Director’s Rules for non-rate revenues; develop policies and procedures to ensure equitable, predictable charges; develop pricing methodology for developer services.	