

Strategic Business Plan Update:

Customer Outreach Findings Summary

Exhibit 4 - Customer Outreach Report



Overview

Goals: Gather data and insights from customers and employees to inform the 2018-2023 Strategic Business Plan Update. Better understand our relationship with each group.

Methods: Public outreach meetings, online and paper surveys.

Topics:

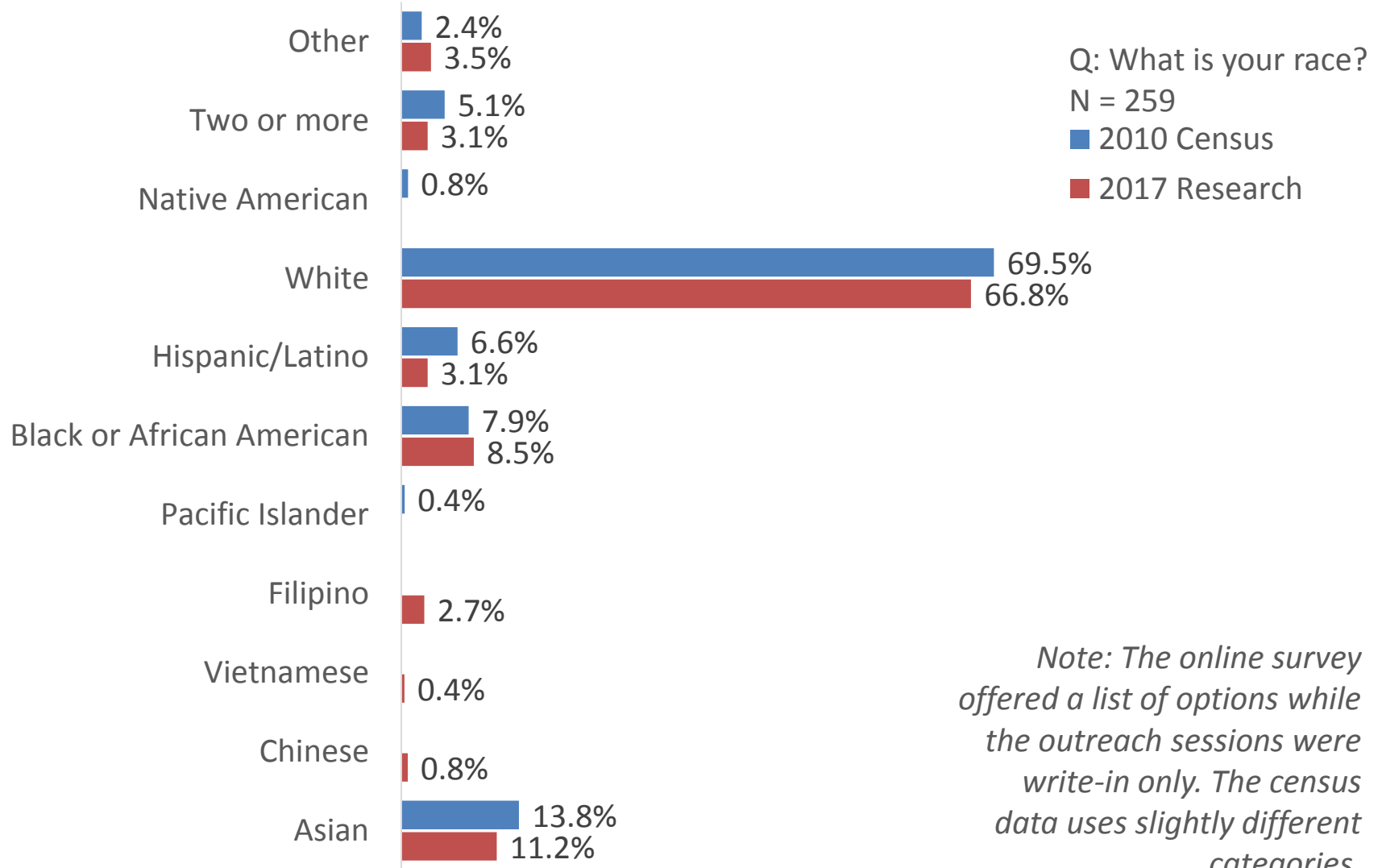
- Background information and SPU's progress
- Relationship benchmarking
- Rate options
- SBP focus area prioritization
- Open-ended question insight

Methodology

- SPU held seven neighborhood outreach sessions and conducted an online survey supported by advertising, social media and public relations in January/February 2017.
- SPU worked with hard-to-reach communities in-language. Languages included Spanish, Tagalog, Somali, Amharic, Mandarin, Cantonese, Vietnamese and Cambodian.
- SPU fielded online and hard-copy surveys with employees during the same period.
- SPU used a combination of multiple-choice questions (aided) and open-ended questions (unaided) to get a complete understanding of customer viewpoints.

Participants vs. Seattle Demographics

(Customers Only)



Results

Results

Customers

Reached a total of **453**

- Seven public outreach sessions with 186 participants reflecting Seattle neighborhoods, businesses and ethnic communities
- An online survey with 267 responses

Employees

Reached a total of **923**

- An online survey with 748 responses
- A paper survey with 175 responses
- At least 305 (33%) employees are also customers

Customer Themes

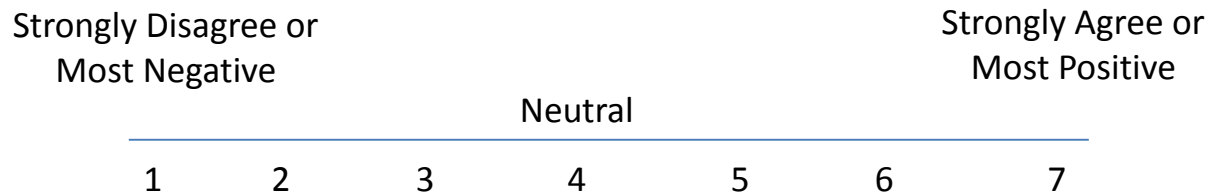
- **Prioritized public health and the environment** based on their values, climate change and comparisons with other regions.
- **Wanted continued investment in high-quality services** to ensure service quality and availability into the future.
- **Wanted reliable infrastructure** that's maintained or replaced as needed.
- **Are concerned about affordability** and are looking for ways for SPU to be more efficient and cut costs.
- Despite the focus on affordability, **customers were largely not upset** with the change in rate path.

Employee Themes

- **Finding efficiencies, being proactive and cost cutting:** Employees mentioned these themes across many of the survey's open-ended questions. These topics were primary reasons for choosing Operational Excellence as their #1 investment.
- **The environment and public health:** Employees are concerned about the environment and the impacts of climate change.
- **Affordability:** Employees are concerned about the continued affordability of SPU utilities.
- **Infrastructure:** Employees are concerned about aging infrastructure.

Measuring Relationships with Brand Equity

Brand equity measures the strength and dimensions of the relationship between an organization and its customers and employees.



Brand equity scores can indicate willingness to trust and support actions and rates.

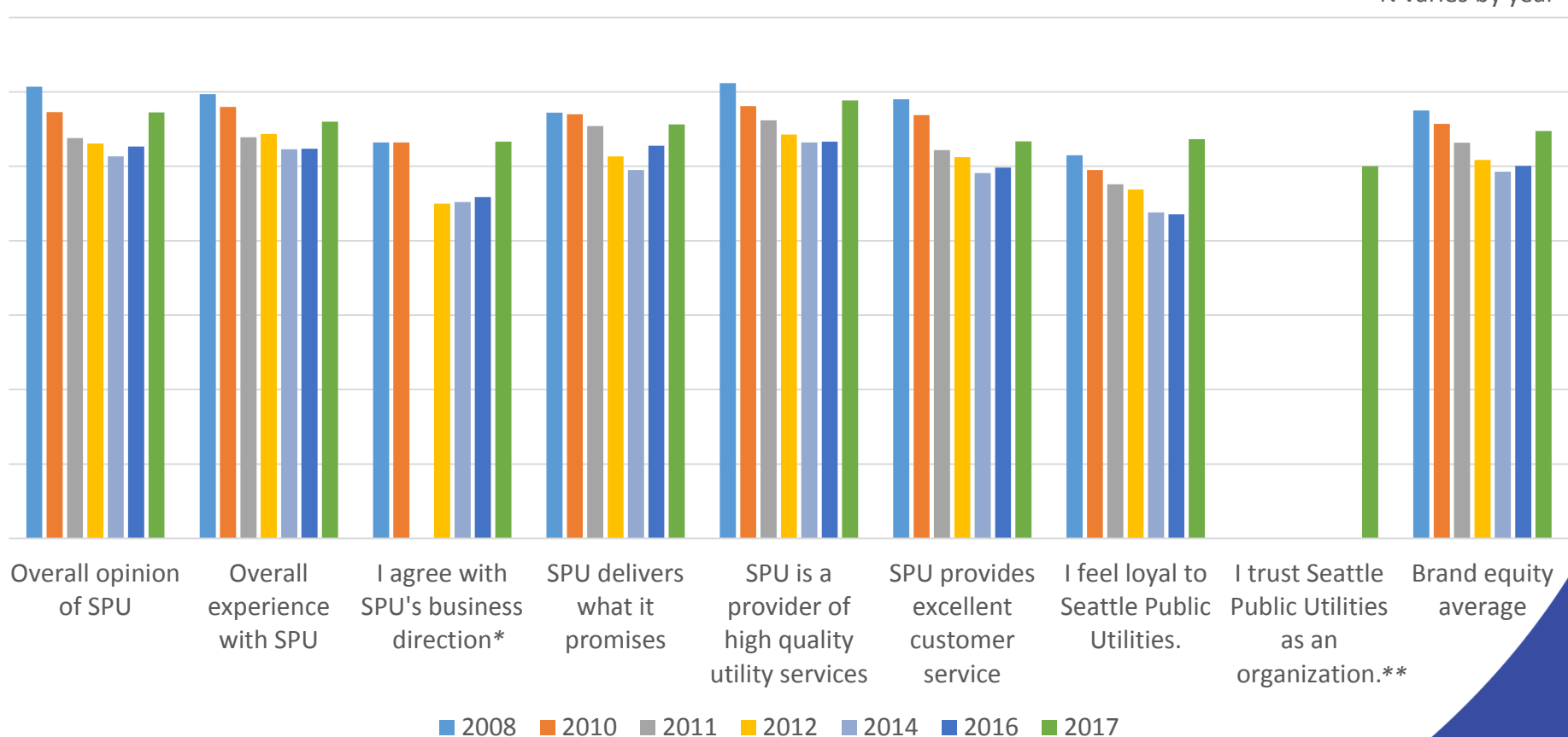
2017 Brand Equity

Scores for both customers and employees indicate a strong relationship.



Customer Brand Equity: 2008-2017

N varies by year

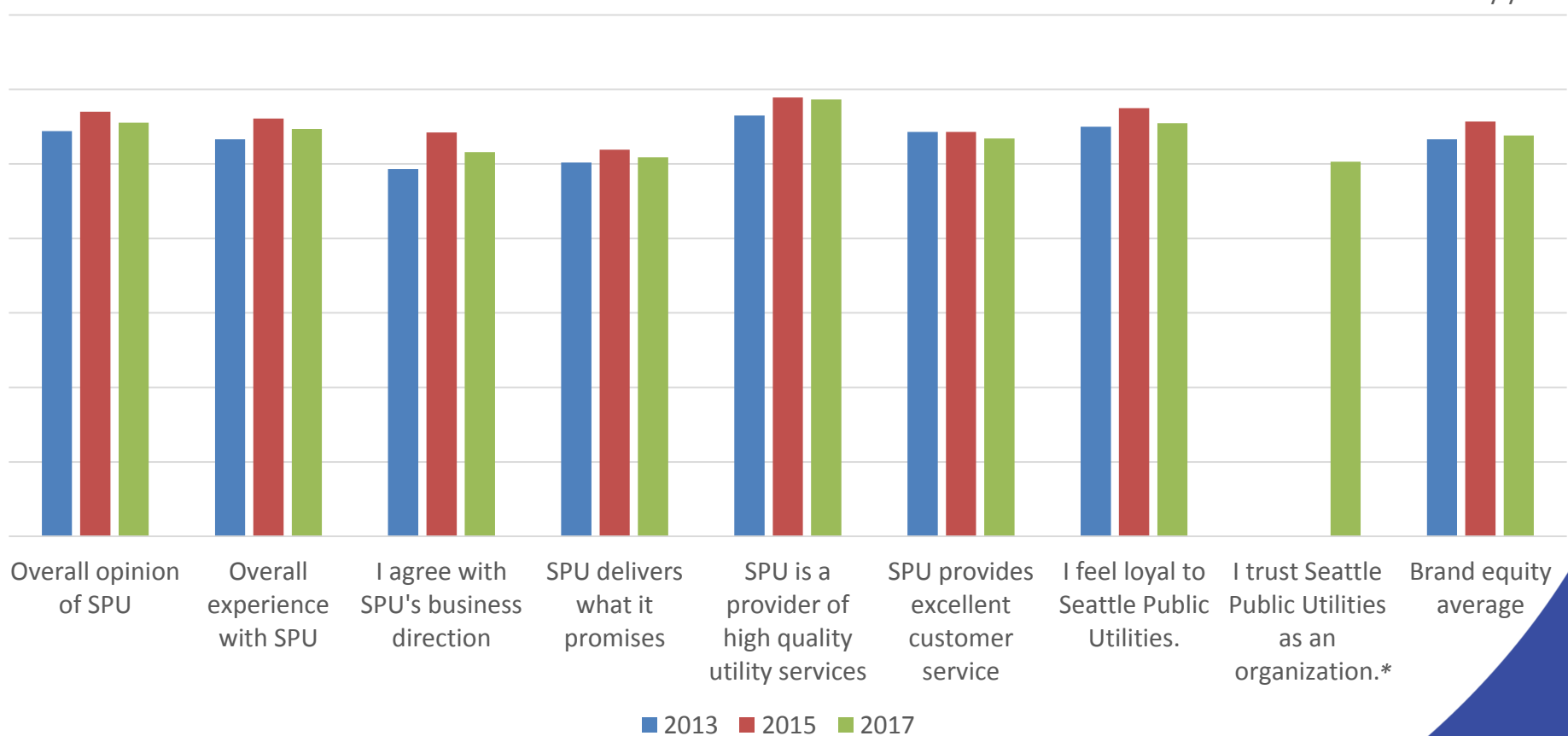


*This question was not asked in 2011.

**Trust is a new dimension to brand equity as of 2017.

Employee Brand Equity: 2013-2017

N varies by year

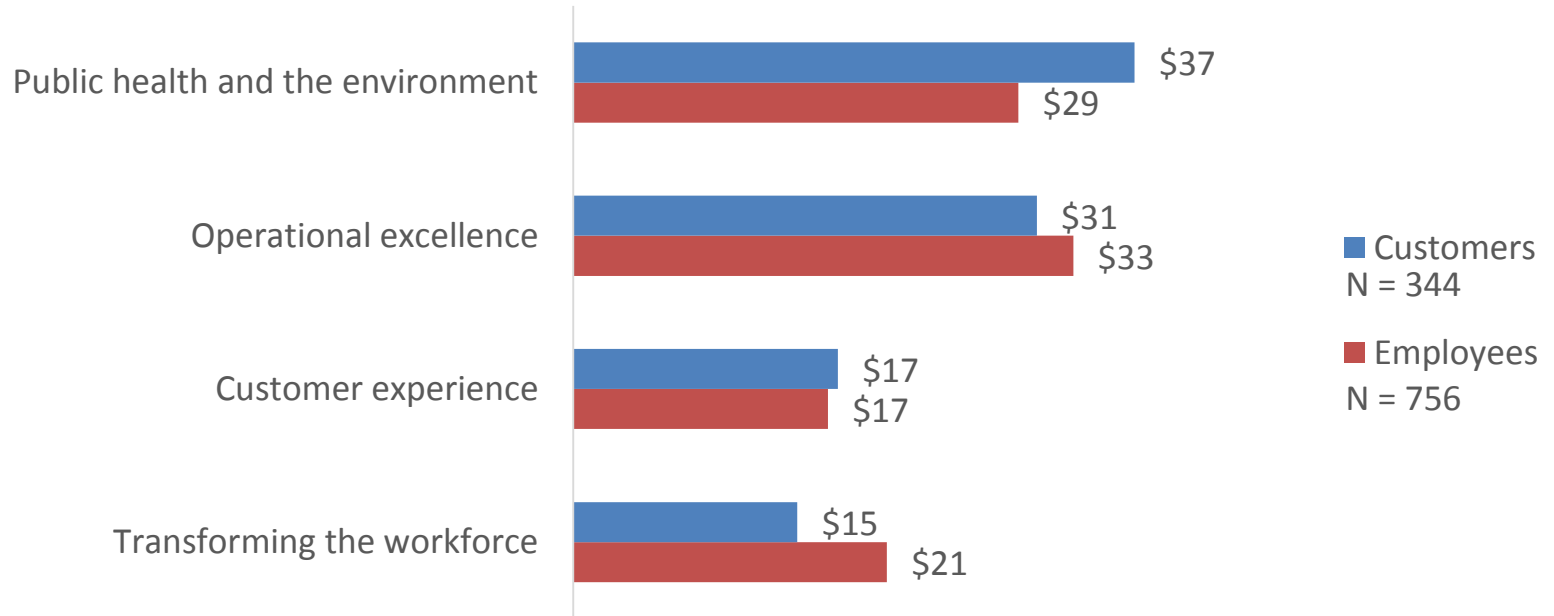


Focus Area Investments

Customers and employees continue to recognize the importance of all four focus areas to SPU's long-term success.

- **Public health and the environment.** Customers appreciate the work SPU has already done and want more of it.
- **Operational excellence.** Employees want to ensure continued, high-quality services.
- **Customer experience.** Some thought customer service was a natural result of high-quality services. Some prioritized equitable services for underserved customers.
- **Transforming the workforce.** Customers understand that good work requires good people.

Focus Area Investments



Customers and employees emphasized Public Health and the Environment and Transforming the Workforce differently.

Q: Please comment about why you spent the money (on the focus areas) the way you did.

Top unaided customer responses:	Count
The environment is key	29
Operational Excellence: Your basic services are most important	27
Public health is key	20

“Having moved here from the east coast and seeing the difference between the Chesapeake Bay and Puget Sound, I appreciate every drop of clean water in the environment.”
- Customer

“I interpret operation excellence as making sure that the systems that deliver services are working as they should. I believe this should be the top priority...”
- Employee

Sample size = 100

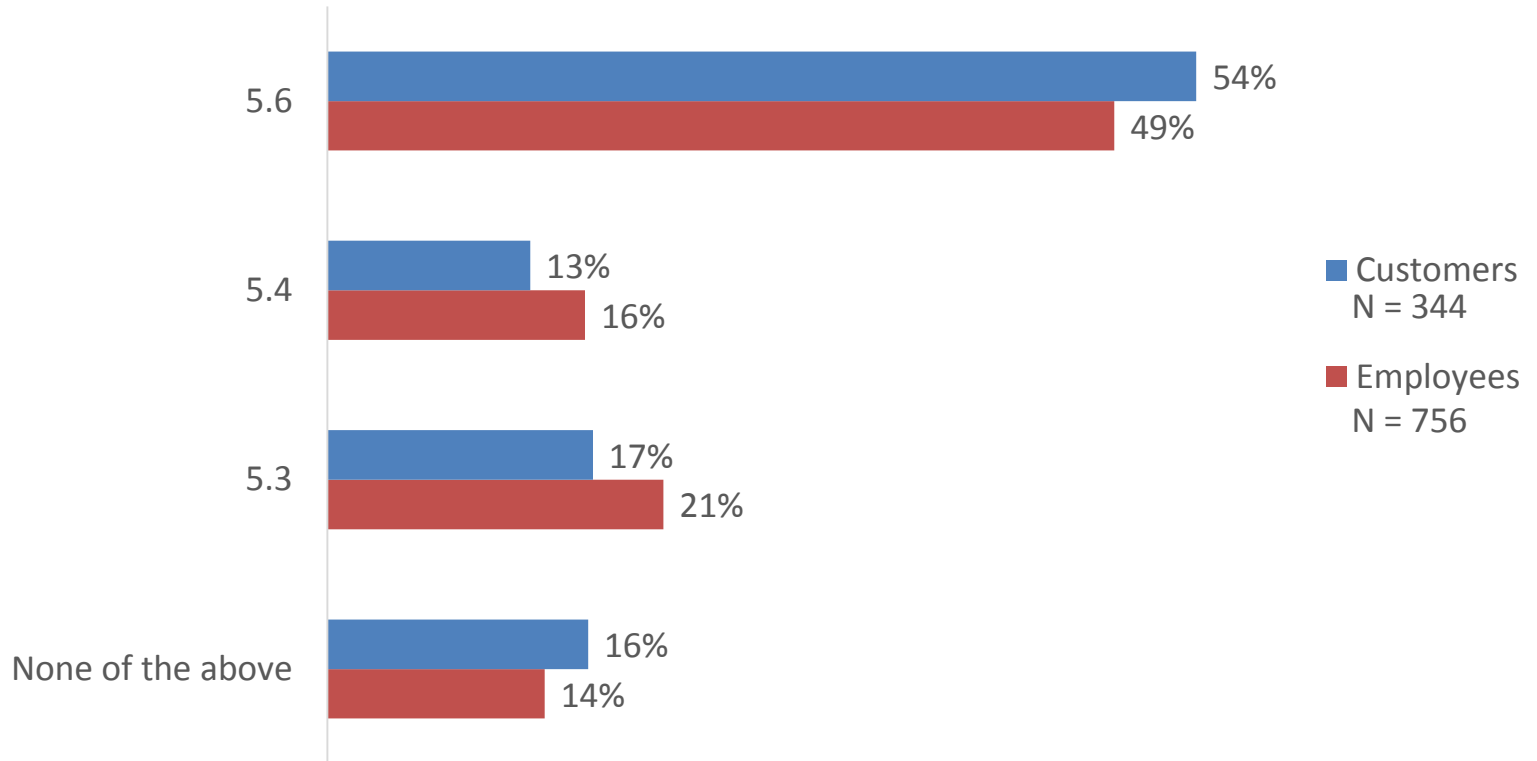
Rate Options

Customers were more likely to choose the 5.6% rate option and commented about protecting health and the environment, ensuring quality services and investing to save money in the future.

A large minority wanted the 5.3% rate option or “None of the above.” There are indications from customers that affordability across income levels is becoming a greater concern.

Although there was a small sampling in this outreach, business customers were over twice as likely to choose either 5.3% or “None of the above.”

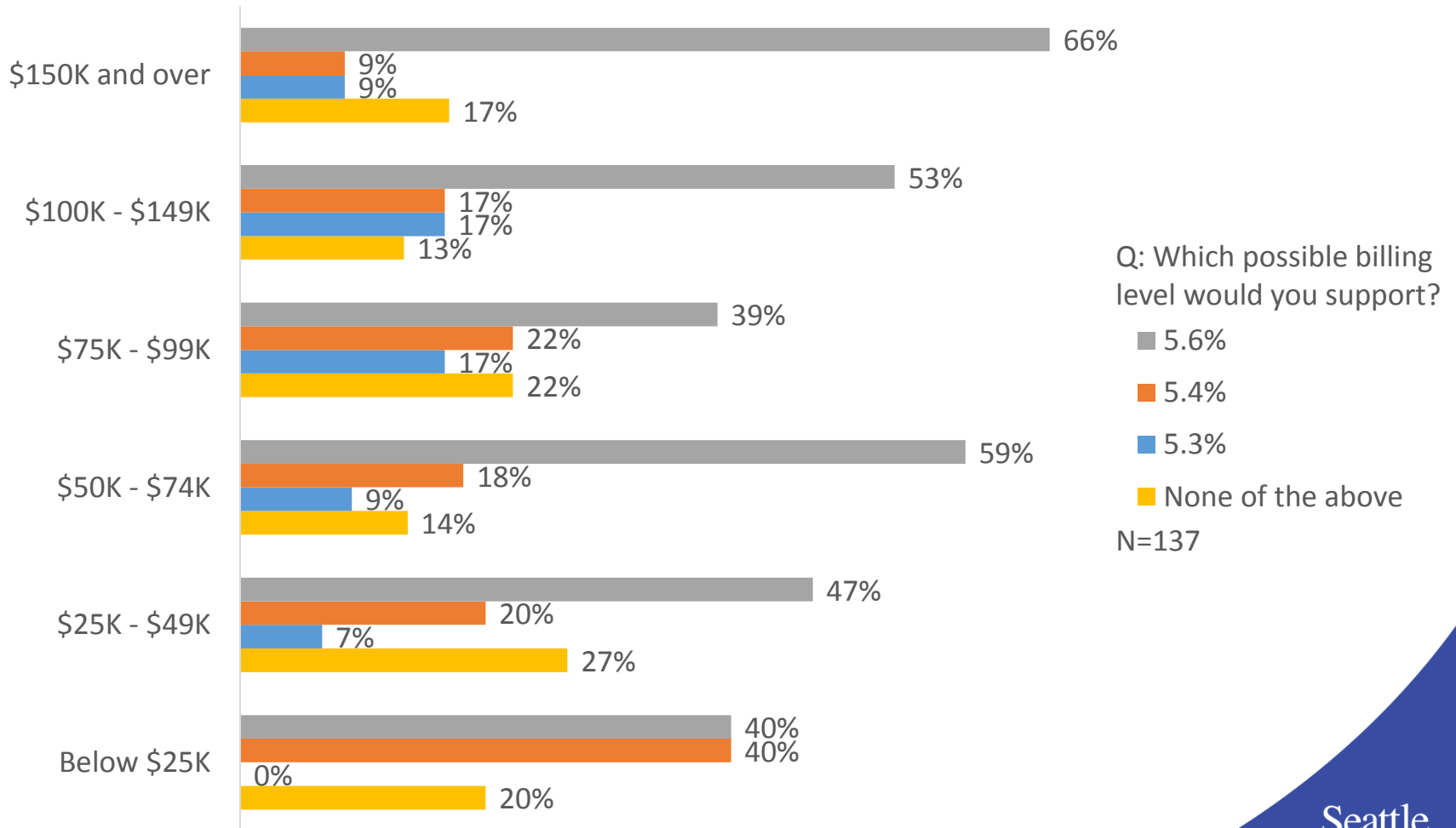
Rate Selection



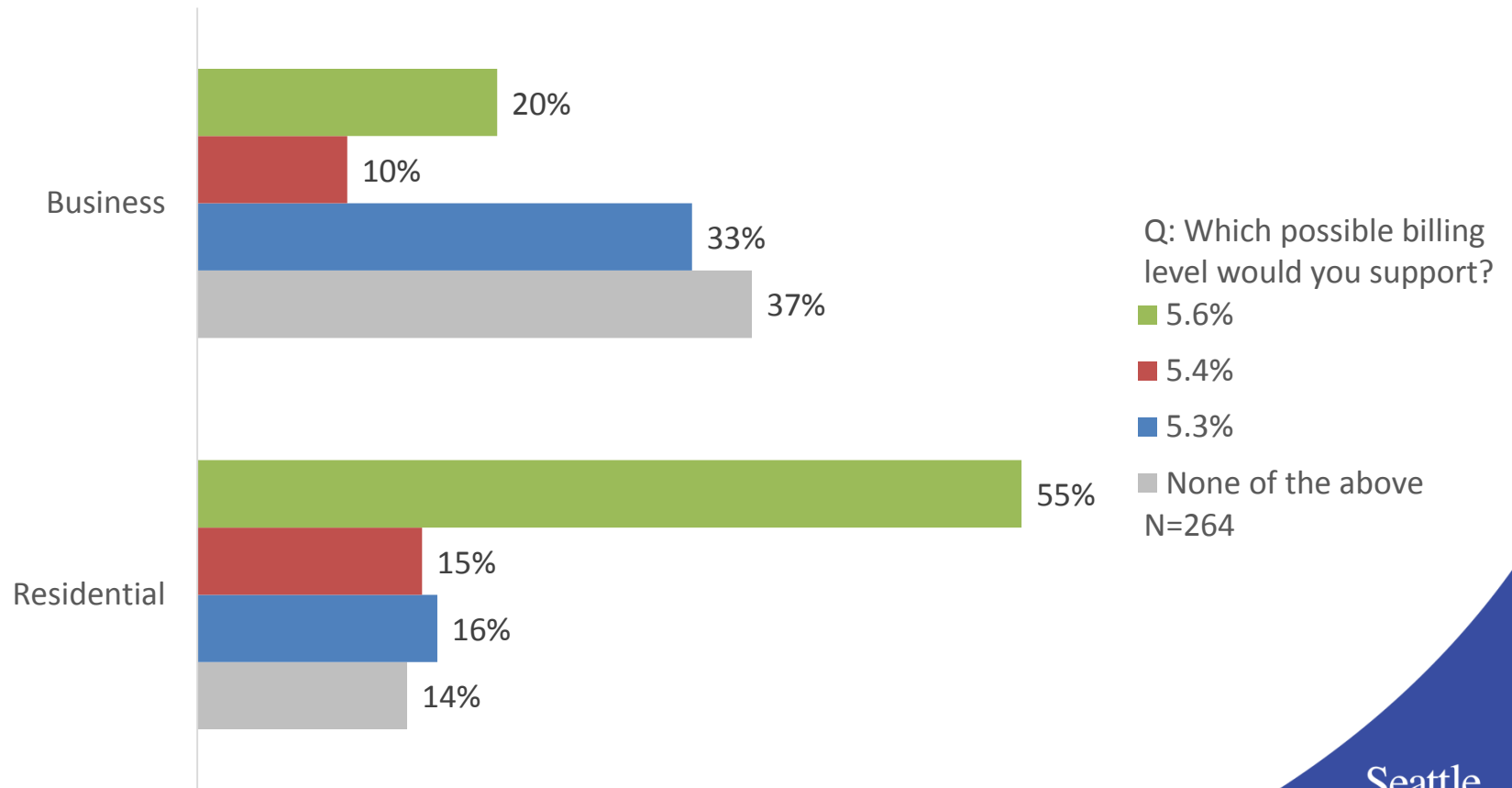
Customers and employees made similar rate choices and had similar reasons for their selections.

Household Income and Rate Options

(Customers Only)



Business Customers Are More Rate Sensitive



Q: Why did you choose this (rate option) response?

Top unaided customer responses:	Count
Affordability	25
The higher rate has a big impact for just a little bit more	17
I understand quality services require investment	15

“The difference per household is small; the difference in what SPU can do is big!”

- Customer

“A \$60+ increase (no matter what choice you pick) is worrisome since the city is already getting so expensive to live in.”

- Employee

Sample size = 100

Q: What concerns or ideas do you have about the future of your utility services?

Top unaided customer responses:	Count
Affordability	27
Concerns about infrastructure and its future	14
Climate change/protecting the environment	13

“I am very worried about not being able to pay my ever-increasing utility bills. I am not low income but my salary is stagnant. My family uses less water than last year but the bills are more.”

- Customer

“I'm concerned about the lack of maintenance and replacement of the existing infrastructure. We are strapping future ratepayers with an enormous, long-term (150+ years) O&M nightmare...”

- Employee

Sample size = 100

Q: Are there ways you think Seattle Public Utilities can save money?

Top unaided customer responses:	Count
Reduce labor costs/unions/admin salaries	18
Be more efficient/accountable, cut costs	16
Invest in technology and equipment that will save \$\$	15

“As with all government agencies, a hard look at the current practices, perhaps by impartial (not invested insiders) entities, to see if there are things that could be cut or made more efficient.”

- Customer

“We have too much process. Process takes time, and time is money, especially in the lifecycle of capital projects. Decrease the process!”

- Employee

Sample size = 100

Thank you! Questions?

APPENDIX:

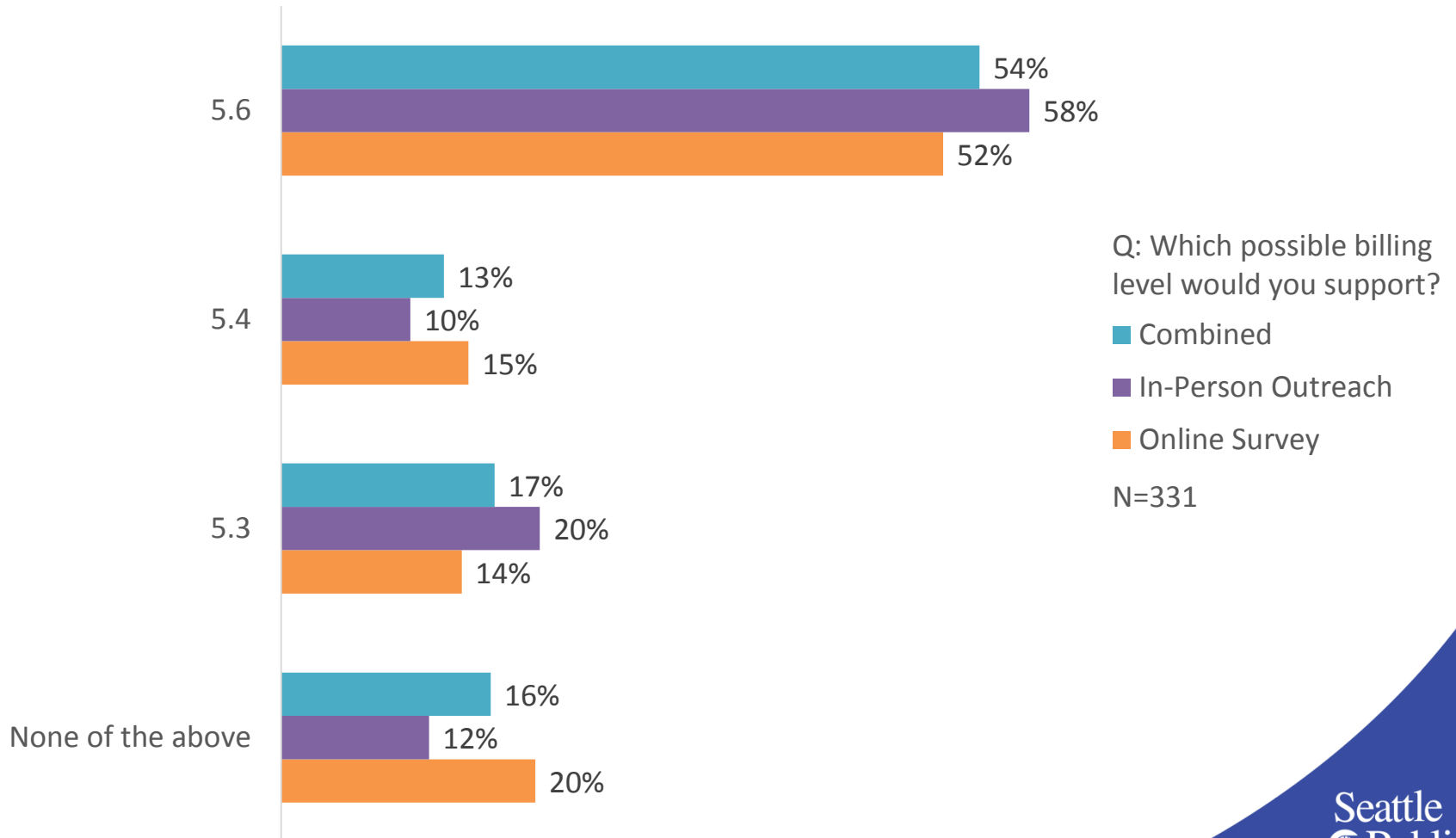
2014-2017 Focus Area Investment

(Customers Only)



Rate Option Summary

(Customers Only)



Top Ten Customer Responses

The following are in-depth, unaided customer responses to open-ended questions based on a random analysis of 100 responses each.

Unaided responses provide insight on how customers think about their utilities, how they talk about SPU and what is top-of-mind for them.

Q: Do you have any questions or comments about this 2015-2016 progress report?

Top unaided customer responses:	Count
No questions	30
Please prioritize our environment/climate change	15
Keep up the good work	11

“Helping our city to be adaptive and resilient to the effects of climate change should be the number one priority. SPU should take the lead...”

- Customer

“I would like to see more opportunities for cross-training, temporary assignments, job shadowing, etc.”

- Employee

Sample size = 100

Please comment about why you spent the money the way you did. (Focus Areas)

Top 10 unaided responses	Count
The environment is key	29
Operational Excellence: Your basic services are most important	27
Public health is key	20
Happy customers will come from focusing on other areas. Customer service isn't a priority	13
We need to plan for the future/invest in infrastructure	10
Investing in employees comes back to us. You need good people.	9
Other	9
Your staff is well paid. You have enough people. Unions are inefficient	8
It's all important	7
Operational excellence drives the other three areas	6

N = 100
29

“Having moved here from the east coast and seeing the difference between the Chesapeake Bay and Puget Sound, I appreciate every drop of clean water in the environment.”

“We are facing a rapidly changing world due to the effects of climate change. We need to help people prepare for increasing weather emergencies as well as sea level rise. This needs to be the highest priority of SPU.”

“What I care most about is the quality of service you provide.”

“Customer experience third because if employees have job satisfaction then it will show via customer service.”

Q: Why did you choose this response? (Rate Options)

Top 10 unaided responses	Count
Affordability. It's already too expensive. My income isn't going up	25
The higher rate has a big impact for just a little bit more	17
I understand quality services require investment	15
Spend a little now to save a lot in the future	12
Just be more efficient/Plan better	11
Some of these services aren't needed	10
We need to keep the systems running	9
Density is impacting SPU (revenue, services, etc.)	6
The rates go up every year no matter what	5
Additional questions	5

N = 100

30

“These are all too high. The average salary increase is around 3%. If you raise rates at almost double what people are earning, it makes it less and less affordable.”

“I suppose \$5 more per month to accomplish all of the items on the list isn't too bad.”

“You will get lots of feedback from this survey with people complaining about the price of things. Well, guess what. I'd love for the world to get cheaper, but if you want quality services, you must pay for it. I'm willing to invest.”

Q: What concerns or ideas do you have about the future of your utility services?

Top 10 unaided responses	Count
Affordability/Billing structure	27
Specific comments or ideas about services	17
Concerns about infrastructure and it's future	14
Climate change/Protecting the environment	13
Drainage, overflows, runoff in our waterways	13
Keep up the good work, clean water, etc.	10
Preparing for emergencies/earthquakes	8
More frequent pick-ups	8
Sorting solid waste is confusing	7
Package reduction, reducing waste throughout the city	7

N = 100

“I am very worried about not being able to pay my ever-increasing utility bills. I am not low income but my salary is stagnant. My family uses less water than last year but the bills are more.”

“My top concern is preparing for climate change.”

“I know a lot of the Seattle's infrastructure is from the New Deal and the mid-century. I don't know how long these systems were designed to last but I suspect they are nearing the end of their operational life span.”

Q: Are there improvements you'd like to see Seattle Public Utilities make?

Top 10 unaided responses	Count
Specific comments or ideas about services	22
Be more efficient/accountable. Cut costs	17
Adjust billing structure	11
Better communication/education/access	10
Improve drainage and overflows	9
Can't think of anything	8
Protect the environment	8
Improve our infrastructure	7
Keep up the good work	6
I'm excited about pet waste and diaper programs	5

N = 100

“Provide more options for container sizes and/or frequency of pickup.”

“I would like to see SPU look at streamlining their costs and what sort of savings they can make by cutting administrative costs. This is not a money-making endeavor, it is a public utility and our wages are stagnant, no one is getting a 5% raise.”

“I actually would like billing monthly instead of every other month. It would be easier to plan for bills if they were monthly.”

“Expanding rain wise program and investing in education of the public about SPU programs.”

Q: Are there ways you think Seattle Public Utilities can save money?

Top 10 unaided responses	Count
Don't know	21
Reduce labor costs/unions/admin salaries	18
Specific suggestion	17
Be more efficient/accountable. Cut costs	16
Invest in technology and equipment that will save \$	15
Administrative/fiscal ideas	14
Encourage conservation	7
Reduce pick-up schedule/ consolidate	6
Adjust billing structure	5
Set new requirements/fees for developers	4

N = 100

“Offer \$1 off bills that are autopay and fully electronic. Go paperless and save everyone \$\$.”

“Not have a different truck for every kind of recycle, yard waste, garbage.”

“As with all government agencies, a hard look at the current practices, perhaps by impartial (not invested insiders) entities, to see if there are things that could be cut or made more efficient.”

“Is there room for automation?”

Q: Do you have any questions or comments about this 2015-2016 progress report?

Top 10 unaided responses	Count
No questions	30
Please prioritize our environment/ climate change	15
Clarifying question	15
Keep up the good work	11
Specific comments or ideas about services	10
Affordability, controlling costs, finding efficiencies	8
Why isn't everything on track?	8
I like the increased street sweeping/want more	5
Website is hard to use	4
I want to view my data in real time/get more details about it	4

N = 100

“Helping our city to be adaptive and resilient to the effects of climate change should be the number one priority. SPU should take the lead...”

“In what neighborhoods were the pipes replaced? Are schools in all neighborhoods prioritized? How do you choose which neighborhoods to begin in?”

“Thank you for being so progressive and proactive!”