

Clerk File No. 309147

# The City of Seattle – Legislative Department

Clerk File sponsored by: *Ben A. Hull*

Clerk File No. 309147

Reappointment and Oath of Office of Jorge Carrasco as Superintendent of Seattle City Light.

Related Legislation File: \_\_\_\_\_

Date Introduced and Referred:	To: (committee):
<i>Feb. 25, 2008</i>	<i>Energy and Technology</i>
Date Re-referred:	To: (committee):
Date Re-referred:	To: (committee):
Date of Final Action:	Disposition:
<i>6-23-08</i>	<i>Confirmed</i>

**Committee Action:**

Date	Recommendation	Vote
<i>6/18</i>	<i>BH, JD</i>	<i>A YE</i>

This file is complete and ready for presentation to Full Council. \_\_\_\_\_

**Full Council Action:**

Date	Decision	Vote
<i>6-23-08</i>	<i>Confirmed</i>	<i>8-0 (Excused: Rasmussen)</i>

*Feb. 21, 2008*  
**Date Filed with City Clerk**  
*Emilia M. Sanchez*  
**By** \_\_\_\_\_

# City of Seattle



## Seattle City Light Superintendent

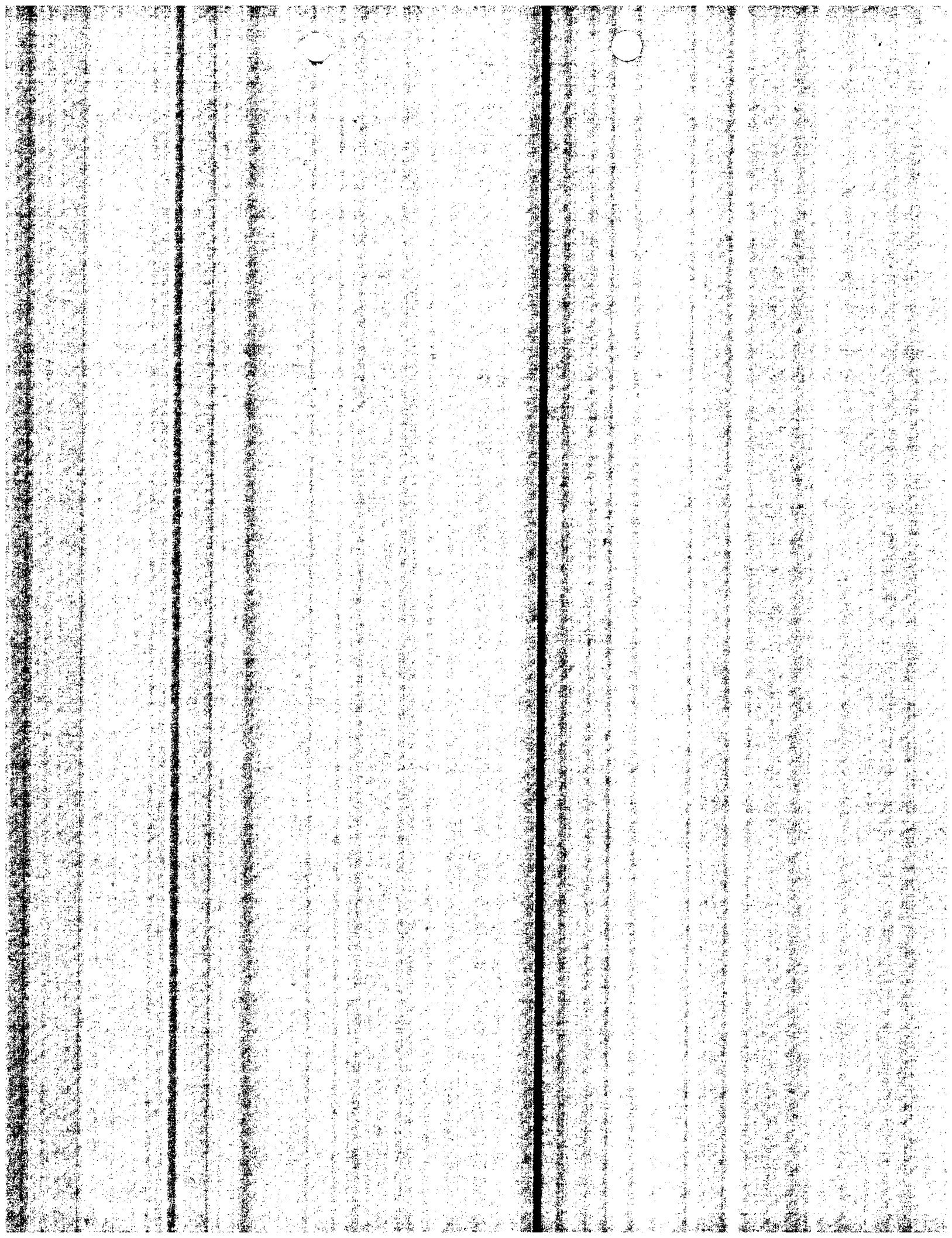
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CITY OF SEATTLE

2008 FEB 11 PM 3:46

CITY CLERK

**Confirmation Packet  
February 11, 2008**

**City Clerk Copy**



# **SECTION**

**A**

# City of Seattle Appointment



## Notice of Appointment


<b>Name:</b> <p style="text-align: center;"><b>Jorge Carrasco</b></p>	<input checked="" type="checkbox"/> <b>Executive</b> <input type="checkbox"/> <b>Legislative</b>
<b>Position:</b> Superintendent Seattle City Light	<b>Date of Appointment:</b> February 5, 2008
<b>Authority (Ord., Res.):</b>	<b>Term of Office:</b> <b>From: Confirmation To: February 2012</b>
<b>Comments:</b>          	
<b>Authorizing Signature:</b> 	<b>Name and Title of Officer Making Appointments:</b> <p style="text-align: center;">Greg Nickels, Mayor</p>
<b>Confirmed by the Following Vote at City Council</b>	
<b>In Favor:</b> <u>8</u>	<b>Against:</b> <u>0</u>
<b>Date:</b> <u>June 23, 2008</u>	
<b>By:</b> <u>Theresa Dunbar</u>	

**City of Seattle  
Oath of Office**

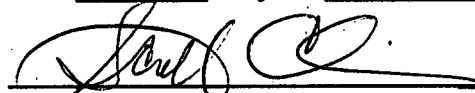
**STATE OF WASHINGTON**

**County of King,**

**I, Jorge Carrasco, confirm that I am the person appointed on February 5, 2008 to the position of Superintendent, Seattle City Light, City of Seattle, in the State of Washington, and that I possess all the qualifications prescribed for said position by the Charter of the City of Seattle; that I will support the Constitution of the United States and the Constitution of the State of Washington; and the Charter and Ordinances of the City of Seattle; and that I will faithfully conduct myself as Superintendent, Seattle City Light.**

  
\_\_\_\_\_  
(Signed)

**Subscribed and sworn to before me  
this 23rd day of June, 2008**

  
\_\_\_\_\_  
Scott Cline, Acting City Clerk

**City of Seattle  
Oath of Office**

**STATE OF WASHINGTON**

**County of King,**

**I, Jorge Carrasco, confirm that I am the person appointed on February 5, 2008 to the position of Superintendent, Seattle City Light, City of Seattle, in the State of Washington, and that I possess all the qualifications prescribed for said position by the Charter of the City of Seattle; that I will support the Constitution of the United States and the Constitution of the State of Washington; and the Charter and Ordinances of the City of Seattle; and that I will faithfully conduct myself as Superintendent, Seattle City Light.**

\_\_\_\_\_  
(Signed)

**Subscribed and sworn to before me  
this \_\_\_\_\_ day of \_\_\_\_\_, 2008**

\_\_\_\_\_  
Judith E. Pippin, City Clerk

# **SECTION**

**B**

# JORGE CARRASCO

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## PROFILE

Chief Executive with extensive experience leading public and private organizations to enhance financial performance, achieve organizational excellence, growth and diversification, and overcome challenges due to economic fluctuations. Proven ability to create a measurable impact on infrastructure and productivity through strong leadership, effective negotiations, and astute financial management. Highly responsive to client/constituent needs.

## EXPERIENCE

### **SEATTLE CITY LIGHT, Seattle, WA**

**2004 – Present**

*Seattle City Light is municipally owned utility serving 379,000 customers.*

#### **Superintendent**

Appointed by the Mayor and Seattle City Council in 2004 to lead significant change at Seattle City Light to make it a high performance organization. Major achievements around financial policy, organizational improvements, customer service and environment include:

- Reduced the utility's debt ratio from 85% to 67%; eliminated all short term debt and reduced long-term debt by \$190 million; no new borrowing since 2003; paid for capital expenditures out of existing cash balances; established a \$25 million cash reserve fund; Moody's outlook upgraded from stable to positive; developed risk management program with enhanced hydro forecasting tools; and reduced rates by an average 8.4% for all customer classes.
- Hired a new executive team and restructured the organization to focus on City Light's business needs and alignment with newly adopted Vision, Mission, Values. In addition, significantly reduced the average number of vacancies at City Light; initiated an aggressive recruiting campaign to hire skilled craft workers; and started a utility-wide effort to increase participation in training and education programs.
- Ensured reliable service by implementing customer service improvement initiatives. City Light launched an Asset Management program to effectively manage the utility's capital assets. Developed 20-year power supply acquisition strategy to ensure delivery of environmentally responsible cost-effective power. Also enhanced City Light's emergency preparedness procedures.
- Supported and expanded City Light's commitment to environmental stewardship. Since 2005, City Light has been zero-net greenhouse gas emissions – the first electric utility in the country to achieve that status. In addition, more acreage has been added for habitat protection along the Skagit River – to the benefit of fish and wildlife.

### **AMERICAN WATER, Voorhees, NJ**

**1996 – 2003**

*American Water is a \$2.2B water resource manager. The company was acquired by RWE/Thames in January 2003.*

#### **President — American Water Services, 1999-2003**

Promoted into role to launch a new subsidiary and lead the company through a period of tremendous growth. Integrated and stabilized all new businesses, including a large number of small units with disparate accounting systems and many underperforming contracts. Appointed new executive team, installed new business and accounting systems, and reduced overhead by 14 percent. In 2003, American Water Services will achieve an operating profit of \$20.7M. Significant achievements include:

- Built a \$424M subsidiary, American Water Services (AWS), providing water, wastewater, and related services in the United States and Canada to cities, industries, and the federal government. The company is today the fourth largest contract operator in the country with 2,200 employees serving 6.1 million customers, including the cities of Seattle, Houston, Detroit, Buffalo, Birmingham, and Miami in the United States, and Toronto and Hamilton in Canada. It ranks second in size in the bio-solids and underground pipe rehabilitation markets. Recently awarded multi-year contracts include operation of water and wastewater facilities for Ft. Leavenworth, Kansas (\$90M); Ft. Rucker,

Alabama (\$55M), Ft. Sill, Oklahoma (\$175M); and Lake Pleasant Water Treatment Plan in Phoenix, Arizona (a design-build-operate project, \$336M).

- Led the integration of three key acquisitions (American Anglian in 1999—annual revenues \$38M; EA2 in 2001—\$8M in profitable revenue with service delivery in five Midwestern states; and Azurix North America in 2001—annual revenues \$133M). In addition, the business grew organically by \$111M in 2002-03. Specifically, the acquisition of Azurix North America added diverse lines of business (contract operations, design-build-operate treatment facilities, bio-solids management, underground rehabilitation, engineering services); increased geographic presence in Southeast, Southwest, and five Canadian provinces; and brought a talent base of over 1,000 employees. The RWE/Thames merger added two product companies, a small services company, and an operations contract that added \$125M in revenue to AWS.

**President—American International Water Services Company, 1998-1999**

Approached by new CEO to transform business from a traditional regulated water company into a water resource manager serving diverse clients in highly competitive markets. Led strategic initiative to respond to major changes affecting the water business and to position the company to respond to competition. The transformation strategy included acquisition of companies involved in the delivery of water and wastewater services and products to cities, industry, and the federal government.

**Vice President, Operations—American Water Works Service Company, 1996-1998**

Recruited to expand the presence of American Water in the West. During two plus years, acquired a wastewater system in Hawaii serving a population of 30,000, developed an integrated water resource plan for the Monterey Peninsula, and consolidated all customer service operations resulting in savings of over \$400,000 and a reduction of nine positions, while improving service and expanding hours of operation.

**EAST BAY MUNICIPAL UTILITY DISTRICT, Oakland, CA**

1991 – 1995

*East Bay M.U.D. is the second largest urban water and wastewater utility in the western U.S. with 1.2 million water customers and 600,000 wastewater customers in Oakland, Berkeley, and the eastern San Francisco Bay area.*

**General Manager**

Hired by new board majority in 1991 to lead District. Significant achievements include:

- Transformed this \$450M organization employing 2,100 into an environmental leader with a Water Supply Management Program recognized as one of the most advanced integrated resource planning strategies of any water utility in the nation. Supplemented with conservation and reclamation efforts, the District's actual drinking water demand in 1995 was lower than in 1986.
- Resolved \$150M in environmental lawsuits and established environmental best practices—clean-up of contamination problems including PCBs in creeks, contaminated soils at reservoir sites, and dumping of spoils on watershed properties.
- Rebuilt emergency financial reserves from less than \$2M in 1991, to over \$34M in 1995. Refinanced high interest rate debt to cut expenses and save ratepayers millions in future interest costs. In 1993, the District cut rates for the first time in its 70-year history.
- Overhauled infrastructure policies and preventive maintenance programs to improve management of capital assets — including increasing total labor hours for preventive maintenance by more than 50% (from less than 20% in 1991 to more than 40% in 1995)— producing an annual net savings of \$1.6M.
- Developed and implemented a \$189M Seismic Improvement Program to retrofit and upgrade the water system — the most advanced seismic program in California water industry history (prompted by the 1989 Loma Prieta Earthquake).

**CITY OF SCOTTSDALE, Scottsdale, AZ**

1988 – 1991

*A progressive, fast-growing community of 135,000 in suburban Phoenix with an annual budget of \$158M and 1,200 employees.*

**City Manager**

Selected by newly-elected City Council majority as City Manager. Significant achievements include:

- In 1988 the City was weathering a weak economy and declining revenues coupled with a significant backlog of infrastructure needs — particularly in the areas of transportation, water and community facilities. By 1991, we had received voter approval for a \$300M bond program to provide critical infrastructure improvements (the most comprehensive bond program ever approved by voters with the highest turnout in the city's history).
- Created and funded Economic Stabilization Reserve totaling over \$10M to smooth fluctuations of local business cycles and to mitigate impact on City finances, and developed economic development and retail incentive policies that brought the Phoenix Open Golf Tournament, Barrett Jackson Car Auction, Neiman Marcus and the Imax Theatre to Scottsdale. Working in cooperation with the Scottsdale Chamber of Commerce and San Francisco Giants' ownership, secured funding for the construction of Scottsdale Stadium, the Spring Season Home of the San Francisco Giants.
- Introduced a new financial planning process in 1989 that included City Economic Trends and a Five Year Forecast of key economic and financial indicators. By establishing Council-approved criteria for reserves, increased capital and operating contingency reserves to an all time high of \$8M (5% of the General Fund Budget). We were recognized by the Government Finance Officers Association with a "Distinguished Budget Presentation Award" for 1989-90 — a first for the city.
- Secured \$146M for a 10-year transportation plan using a .2 cent sales tax approved by voters. The plan included funding for the Interim Outer Loop, the start of construction by the Arizona Department of Transportation on the Pima Freeway, and installation of a totally automated traffic signal system. These initiatives responded to community surveys that ranked transportation as a leading priority.
- Addressed long-standing water supply shortage by negotiating a 100 year water lease with the San Carlos Indian Tribe. Developed City's first Reclamation Project for golf courses using Central Arizona Project water; and implemented the first Comprehensive Water Conservation Program. Protected water supply through an agreement with the Environmental Protection Agency (EPA) and responsible parties for the construction and operation of a Volatile Organic Compounds (VOC) removal plant at no cost to the City.

**CITY OF AUSTIN, Austin, TX**

1974 – 1987

*Austin is a capital city of 435,000 with 9,500 employees and an annual budget totaling \$960M (with regional electric, water and wastewater utilities; two hospitals and a network of clinics; a transit system; and an international airport).*

**City Manager — 1984-1987**

Led the organization during a boom/bust growth cycle when the city's population more than doubled and the entire state of Texas faced an unprecedented economic downturn.

- Saved ratepayers and taxpayers almost \$5.5M in annual interest payments through advance refunding of almost \$1B in debt. Maintained Austin's AA+(AA1) general obligation bond ratings and A+(A1) revenue bond ratings during the economic downturn.
- Led initiative to improve city's ability to manage growth within the city limits and its extraterritorial jurisdiction by amending the city's Charter to mandate compliance with a Comprehensive Plan—first legally mandated development plan approved by any Texas city. Launched "Growth Watch" to ensure strategic response to development and implemented a streamlined 4-step permitting process.
- Instrumental in forging partnership with the Chamber of Commerce and the University of Texas in 1985 that produced incentive packages bringing companies such as SEMATECH and the Microelectronics Computer Consortium (MCC) to Austin, the first consortiums created in this country to compete with the Japanese on microelectronics and chip production technology.

- Renovated all city wastewater treatment plants to meet more stringent requirements and completed work on 50 year water plan to assure adequate future water resources.
- Worked with Travis County and the State of Texas to implement one of the state's most comprehensive roadway construction programs in the state (using voter approved \$200M in bonds). Established Capital Metro, a new regional transit system.

#### **Other Executive Roles — 1974-1983**

Joined the city as an Administrative Aide in 1974. Held increasingly responsible roles over the next ten years — Administrative Assistant to the City Manager, Capital Budget Officer, Budget Director, Superintendent of Administration with the Electric Utility, Assistant City Manager, Deputy City Manager — before being named City Manager in 1984.

### **EDUCATION**

MBA, St. Edwards University, Austin, TX, 1984

BA in Economics, University of Texas, Austin, TX, 1971

- Magna Cum Laude, Phi Beta Kappa

### **PROFESSIONAL & CIVIC AFFILIATIONS**

#### ***Associations:***

American Water Works Association, 1991-2003

International City/County Management Association, 1974-2003

#### ***Boards of Directors:***

Founding Board Member, Greater Phoenix Economic Council, 1990-1991

American Water Works Association (AWWA) Research Foundation, 1994-1996

California Urban Water Agencies, 1992-1995

Western Urban Water Coalition, 1993-1995

Water Education Foundation, 1994-1995

Water Partnership Council, 2003

Large Public Power Council, 2004-present (Vice Chair 2008-2010)

American Public Power Association, 2004-present

Public Power Council, 2004-present

Founding Member, Columbia Grid, 2006

Nature Conservancy, Seattle Chapter, 2007-present

#### ***Federal Regulatory Oversight:***

Past Member, U.S. Environmental Protection Agency National Drinking Water Council; Advisory Committee to Administrator on safe drinking water policies, 1993-1995; Past Member, NERC Member Representatives Committee, 2007

## **Jorge Carrasco – Accomplishments as Superintendent of City Light, 2004 - 2008**

### **Fiscally Sound Management**

When Superintendent Carrasco was appointed Superintendent of City Light in 2004, the utility's long-term debt was in excess of \$1.5 billion, Standard and Poor's (S&P) bond rating for City Light debt was "A" with a negative outlook, and the utility owed hundreds of millions to the City's General Fund in short-term debt.

In 2008, City Light's long-term debt has been reduced by about \$200 million, its S&P bond rating stands at A+ with a positive outlook, and its short-term debt to the City has been entirely paid off.

Over the same period the Superintendent has established a debt service coverage ratio of 2, a restricted cash reserve fund, and a target for substantially reducing its debt to capital ratio. At the same time, City Light rates have decreased by 12% since 2002.

### **Organizational Stability**

The energy crisis of 2001 threatened Seattle City Light's stability. Budget cuts had decimated the professional staff in some divisions, and in other areas there was insufficient management oversight to coordinate staff initiatives.

Upon Superintendent Carrasco's hiring, he streamlined the Superintendent's office and hired or promoted 26 individuals to reorganized top management slots (58% from outside City Light and 42% internal promotions). The new officers, directors and managers have an average of 12 years of utility experience. The Superintendent has also reduced the time it takes to hire new staff. Before he arrived at City Light, it took an average of 4 months to hire a new employee. By the end of November 2007, the hiring process had been shortened to 75 days.

Over the past few years, City Light, like every other utility in the country has faced a shortage of skilled craft workers. Superintendent Carrasco has devoted time and effort to address this problem, hiring 38 new apprentices in 2007 and 16 new lineworkers, and developing a strategic recruitment plan for skilled labor.

### **Planning for the Future**

Seattle City Light faces an array of challenges over the next several years. They include Boundary Dam relicensing, a new contract structure from the Bonneville Power Administration (BPA), distribution infrastructure in need of rehabilitation, and resource planning.

Superintendent Carrasco is in the process of identifying the potential impacts of each of these issues with a comprehensive strategic plan for the utility. In the meantime, developments in each area are assigned to the appropriate group in the organization and

progress is tracked on a regular basis. As a result, all federal deadlines for the relicensing process have been met.

City Light is playing an active role in the regional dialogue regarding how BPA power should be allocated in the region. Further, the utility has begun an ambitious asset management plan for its distribution system, and is now preparing its second Integrated Resources Plan to define the most efficient and environmentally-sensitive mix of generating resources and encouraging conservation to meet future loads.

### **Improving Customer Service**

Delays in new customer connections and billing difficulties have plagued City Light for the past decade. The Superintendent has tackled these issues by developing reliable metrics to track the time taken to provide new service, monitor the responsiveness of phone operators, and defining the procedures leading to electrical service for new construction.

At the direction of the Superintendent, City Light staff is in the midst of integrating the utility's electrical service requirements with the rest of the City's permit process. With the completion of that work, customers will obtain more certainty early in the design phase regarding City Light requirements.

In an effort to reduce power outages, City Light crews trimmed more than 162 miles of roadside trees in 2007. A billing system upgrade was implemented in late 2006, and the utility continues to survey customers to track perceptions of service improvements and identify problem areas.

Electric markets nationally are on much more stable ground than they were during the energy crisis. But the progress at Seattle City Light is more than just a reflection of improved market conditions. The customer experience is significantly improved, rates are lower, and we look for continued improvement over the next four years.



Gregory J. Nickels  
Mayor of Seattle

February 11, 2008

The Honorable Richard Conlin  
President, Seattle City Council  
600 Fourth Avenue, 2<sup>nd</sup> floor  
Seattle, WA 98104

Dear President Conlin:

I am pleased to transmit to the City Council the confirmation packet for my reappointment of Jorge Carrasco as Superintendent of Seattle City Light (City Light). Mr. Carrasco is a valued and trusted public servant; City Light and the City of Seattle have benefited greatly under his leadership.

My staff has compiled the following information for Jorge Carrasco's reconfirmation:

A. **Appointment**

This section contains Mr. Carrasco's Appointment and Oath of Office forms.

B. **Professional Credits**

This section contains Mr. Carrasco's résumé.

It is easy to forget that the 2001 California energy crisis, combined with drought conditions in the Pacific Northwest and resource decisions exposing City Light to manipulation of power prices by entities like Enron; created a "perfect storm" for our ratepayers. Over \$600 million in debt and a 58% rate increase were necessary to keep the lights on. When I became mayor in 2002, difficult and large budget cuts were required to begin paying off the debt and putting City Light on solid financial footing. When the Council rejected the reconfirmation of the previous superintendent, I felt it was time for a significant change in direction to address these accumulated challenges. Following a national search I selected Jorge Carrasco and gave him direction to focus his efforts in the following four areas: keeping rates affordable and ensuring long term financial stability; ensuring reliable service; delivering high-quality customer service; and preparing the utility workforce for organizational and cultural changes:

Conlin, Richard  
February 11, 2008  
Page 2.

At the same time, the Superintendent has successfully managed City Light through budget and major weather related challenges. In addition, under Mr. Carrasco's leadership, the utility has participated in important conservation measures and initiated the "Twist and Save" campaign, an effort to encourage utility customers to conserve energy. And City Light achieved the Council and my goal of becoming the first major electric utility in the United States to achieve zero net greenhouse gas emissions.

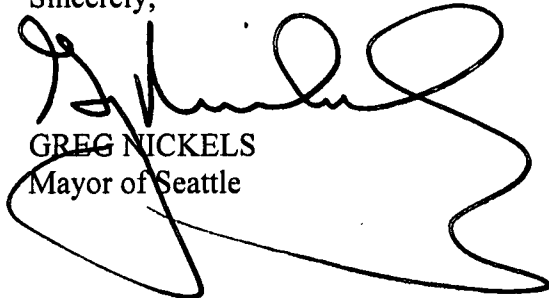
As part of Superintendent Carrasco's efforts to keep rates affordable and ensure long-term financial stability, he and his team have made and continue to make remarkable progress in decreasing the utility's debt. Further, the utility's Standard and Poor's rating was upgraded from A to A+ in September 2006. His team has also clarified and improved the utility's collection procedures, collecting \$15 million in 2005 alone. The result in 2006 was that I was able to propose the largest City Light rate decrease in 35 years. The Council felt confident enough in the Superintendent's direction that you not only adopted the rate cut but also enlarged it.

Mr. Carrasco has put us in position to resume the forward-looking leadership that has characterized Seattle City Light since the days of J.D. Ross. In the next four years we will examine the vision, mission and values of City Light. We will boldly set the direction for City Light's second century of service to the people of Seattle.

Mr. Carrasco has shown outstanding skill and vision in the past 4 years. I believe he has laid a solid foundation for success and stability at City Light. He is an asset to the City of Seattle, the City Council, Mayor, and most importantly, Seattle City Light's customers. I urge you to reconfirm Jorge Carrasco.

If you have any questions, or need additional information, please contact Regina LaBelle, my Legal Counsel at 684-8882.

Sincerely,



GREG NICKELS  
Mayor of Seattle

cc Honorable Members of the Seattle City Council



**Bruce Harrell**  
Seattle City Councilmember

## Summary and Expectations

Our office began its evaluation of Superintendent Carrasco by examining the criteria in which this position should be measured. In **Tab 11** you will see a description of the City Council's 2004 Goals and Expectations for the Superintendent. In addition to the poll our office conducted, we examined a 2007 Employee Survey and reviewed the Seattle City Light Advisory Committee/Board Annual Reports which reviewed the utility's performance and described its future challenges. At every opportunity, our office engaged and encouraged public participation and feedback regarding the Superintendent and welcomed any volunteers to assist with the process. After all group meetings and discussions, our office drafted memoranda to capture the general tone and substance of the discussions and assured all employees that unlawful retaliatory acts for their feedback would not be condoned (**Tab 5**).

While conducting our review, we were simultaneously examining the Superintendent's willingness to provide information per our request; access to the utility's employees; willingness to provide access to the utility's senior team members; and response to factual inquiries and criticisms during the confirmation process. *In short, Superintendent Carrasco exemplified professional and strong leadership in these categories. The utility provided no barriers to access and to the contrary, encouraged a thorough and comprehensive process.*

After due consideration of the arguments for and against the reconfirmation of Mr. Jorge Carrasco, *I am recommending to the Energy and Technology Committee that he be reconfirmed for another four years. The financial performance and customer service components of the utility and vast majority of feedback overwhelmingly support this recommendation.* My recommendation is based on, among other things,

- A review of the utility's annual and quarterly financial statements including City Light's income statement analysis;
- A review of the 2007 City Light employee survey;
- Four large group sessions with City Light employees to discuss their concerns, issues, and opinions;
- One large structured meeting and several informal meetings with customer groups or their representatives and union leaders;
- A formal public comment session held in Council Chambers;
- Interaction of City Light employees with the aid of ten volunteer facilitators and hundreds of City Light employees and managers who have provided information to our office;
- Written testimonials supporting confirmation from vested stakeholders; and
- Research conducted by Legislative Assistant Michael Jerrett over the course of the last 13 weeks including, but not limited to polling, reviewing editorial opinions,

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email: [bruce.harrell@seattle.gov](mailto:bruce.harrell@seattle.gov)  
<http://www.seattle.gov/council/harrell/>

gaining Advisory Committee feedback and conducting telephone interviews with interested parties.

While I recommend reconfirmation, it is not without some concerns regarding the future of the utility or the Superintendent's leadership. My discussions with its employees and my review of the performance of City Light suggest that there are several areas in which the utility's senior management could improve. I have described these areas below as a means to memorialize my concerns and evaluate the Superintendent for future performance in the event he is confirmed.

My concerns begin with examining some of the tasks that the Council set for Mr. Carrasco in 2004 which have not been fully addressed. While there may be some justification for delaying implementation of some tasks, the fact that they are still wanting is, in and of itself, a concern that weighed heavily on my decision. However, I am convinced that there were acceptable reasons for the failure to complete them before the end of his first term. However, I think the time has come to bring closure to these tasks and I have described specific timelines for completion of specific tasks or improvement in practices which should be useful to assist the Superintendent in understanding the Council's expectation.

#### **Comprehensive Strategic Plan**

As the largest City department by budget, having a large and aging capital stock, City Light's management cannot hope to face the challenges of the future without a clear sense of the terrain and a plan for navigating it. The Council that confirmed Superintendent Carrasco four years ago recognized that and charged him with producing a strategic plan that would frame the issues for the policy makers. That has not yet been completed and I believe it should be finished. I am requesting that City Light map its course by way of a Comprehensive Strategic Plan, to be completed by the end of August 2008. The plan should, at a minimum, address the following:

1. Capital improvement needs for both the generation and distribution systems;
2. Human Resource Needs and succession planning;
3. Compliance with I-937 and what it implies for future resource acquisition, and how the policy makers should be engaged;
4. How to address federal Carbon Cap & Trade legislation (e.g., Warner-Lieberman Bill) should such legislation pass;
5. Regional Power Transmission needs and the impact on City Light; and,
6. The financial and rate implications of these and other issues.

#### **Five Year Conservation Plan**

In a time of growing population and subsequent increased energy use it is imperative that City Light develop and complete a five year conservation plan by the end of August 2008. We are moving into a time where increased demand for electricity is provoking the exploration of alternative forms of energy. It is understood that a majority of City Light's power is hydroelectric, which is a renewable source. However, it is also unpredictable. Given the unpredictable nature of hydroelectric power and the research and development costs of exploring alternative forms of energy it makes sense to develop a fluid five year conservation

plan. Focusing on conservation will help reduce the risk of distribution shortfalls that occur as a result of a reduced snow-pack.

### **Risk Management**

The perceived failure of risk management at City Light is arguably the reason Superintendent Carrasco is the Superintendent, and addressing the deficiencies in risk was a top priority for the Council that confirmed him in 2004. While City Light has recently submitted a risk management policy that addresses many of the issues, improvements are still necessary. These should be completed by the end of **August, 2008**. The submitted risk management policy was well received by the Energy and Technology Committee and appears to provide a legitimate policy document in which to address this concern.

### **Improvement of Internal Communications**

The Seattle City Light Employee Survey of 2007 showed that employees throughout the utility were not satisfied with communications between the upper and lower levels of employment. More specifically, only 24% of the 1,250 employees who responded believed that communications are favorable. Furthermore, there is a perceived disconnect between the Executive Team and the rest of City Light. The survey showed that 67% of the Executive Team believed that communication between the levels is effective, while only 19% of the employee base believed that to be true. An employee poll conducted by my office and the Reconfirmation Process Facilitator Group validated the perception of this disconnect between the levels of employment and confirm that they still exist a year later.

It is for the above reasons that I believe City Light needs to recognize the need for improved communications within the utility and be willing to address this issue openly in its communications. This may be measured by a Council driven survey of City Light Employees to be conducted by the end of **July 2009**.

### **Improvement of Employee Morale**

Through meetings with City Light employees and the poll conducted by my office, we have found that there are issues with employee morale at City Light. While some of these issues might have preceded the arrival of Superintendent Carrasco, we can be fairly certain that the morale of an employee has a direct affect on their job performance, and that an organization that consists of employees with high morale is an organization with exceptional customer service. It is for these reasons that evidence of improved employee morale should be documented. As with Improvement of Internal Communications, this may be measured by a Council driven survey of City Light Employees that is to be conducted by the end of **July 2009**.

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email: [bruce.harrell@seattle.gov](mailto:bruce.harrell@seattle.gov)  
<http://www.seattle.gov/council/harrell/>



# Seattle City Council

Bruce A. Harrell, Councilmember

## MEMORANDUM

**Date:** April 17, 2008  
**To:** Members of the Energy and Technology Committee  
**From:** Councilmember Bruce Harrell  
**Subject:** April 14<sup>th</sup>, 2008, Information Gathering Session with Seattle City Light Employees in the Bertha Knight Landes Room @ 5:30 p.m. -7:30 p.m.

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### A Narrative Chronology

On April 14, 2008, Councilmember Bruce Harrell, Chair of the Energy and Technology Committee, held the first of four scheduled "Information Gathering Sessions" with Seattle City Light (City Light or SCL) employees. The purpose of the sessions is to provide an informal setting where Councilmember Harrell can engage City Light employees in meaningful discussion with respect to the reconfirmation of City Light Superintendent Jorge Carrasco.

While approximately 30 employees attended, it is estimated that half of the attendees are in various management positions. The tone of the session was predominantly positive. Many of the City Light managers spoke to the organizational changes as a work in progress. They see the changes as necessary to steer the organization in the right direction.

The session started at 5:30 p.m., as scheduled. The session began with the following questions from Councilmember Harrell:

"In your opinion, has Superintendent Carrasco promoted a culture that produces good morale?"

"In your opinion, has *any* Superintendent at City Light promoted a culture that produces good morale?"

After the discussion began, one employee rose to deliver a statement. As per his written testimony, it was stated that Superintendent Carrasco disdains City Light Employees. He went on to describe how Mr. Carrasco hired "a myriad of consultants" with the rationale that the current Seattle City Light workforce, "lacks the needed skills." The employee – who was later joined by other employees – stated that talented people who are already employed by the Utility should be promoted to fill these key positions. The same employee went on to complain that Mr. Carrasco is dishonest and he accused officers and directors of covering up for him. Furthermore, he claims this created a hostile work environment. Finally, the employee stated that the Superintendent "lacks direction/does not know what he is doing." This employee used a fair amount of time to convey his thoughts and continued to provide reasons for *not reconfirming* Superintendent Carrasco.

The next employee to speak with disregard to the questions that were posed by Councilmember Harrell stated how he would be very *unhappy* "if management exploits this occasion, as they have done in the past, to harass and punish employees for criticizing the Superintendent."

Another employee stated that she was critical of management practices and mentioned her boss was sitting across the aisle.



Seattle City Council  
Bruce A. Harrell, Councilmember

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April 17, 2008  
Page Two

The rest of the session was mostly positive. There were comments of praise from employees in positions of management. The tone of this session was greatly in favor of Superintendent Carrasco. Many employees stated they were in favor of the direction of the utility. While the testimonies of a few employees who expressed passionate concerns regarding Carrasco's leadership may have taken a lot of time, there were many more people in attendance who offered positive testimony on behalf of Superintendent Carrasco. The session was significant, in that it provided Councilmember Harrell the opportunity to hear three main themes of City Light employees: (1) positive opinions of the Superintendent and his direction of the Utility; (2) negative criticism from the rank and file of the Department; and, (3) sagging Department morale. Having stated that, I believe *there does appear* to be a difference of opinion between upper and lower levels of employment at City Light. It would be easy to speculate that upper management has a favorable opinion of Superintendent Carrasco – especially when they may have a stake in his tenure. We can also assume that upper management holds a favorable opinion of the direction of the Utility, especially when they may be in a better position to receive communications that explain what is occurring. For these reasons, it becomes clear that there may be a communication gap at SCL -- as a handful of employees in the rank and file feel they are out of the loop.



**Seattle City Council**  
**Bruce A. Harrell, Councilmember**

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**MEMORANDUM**

**Date:** April 17, 2008  
**To:** Members of the Energy and Technology Committee  
**From:** Councilmember Bruce Harrell  
**Subject:** April 17, 2008, Brown Bag Session with City Light Employees  
Seattle Municipal Tower, Room 1600 at 12:00 p.m. -1:30 p.m.

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**A Narrative Chronology**

On April 17, 2008, Councilmember Bruce Harrell, Chair of the Energy and Technology Committee, held the second of four scheduled "Information Gathering Sessions" with City Light Employees. The session began in the Seattle Municipal Tower, Conference Room 1600, and quickly became so crowded that it had to be moved to a larger room on the same floor. Even in this much larger room, it was standing room only with an estimated 80 employees in attendance. There were many more "rank and file" employees in attendance, which created more of a "charged" atmosphere than the previous session. This resulted in more people speaking out in a negative manner about Superintendent Carrasco. There were several comments of praise as well, but not as many as in the earlier information session. As noted, while there were several negative comments during this session, there were only a small minority of those in attendance that spoke out or even agreed with the negative statements. While an exact number of people that spoke were not counted, my staff estimated that it was less than one-fourth of those in attendance.

Councilmember Harrell started out by asking the following questions:

"In your opinion, has Superintendent Carrasco promoted a culture that produces good morale?"

"In your opinion, has *any* Superintendent at City Light promoted a culture that produces good morale?"

The first people to speak were employees who spoke at the previous session, and again they brought up the subject of Superintendent Carrasco's honesty and whether he created a culture of intimidation. The difference with this meeting is that they were not alone in expressing their concerns with Superintendent Carrasco's management style. Several issues were raised, but the two main themes of the meeting were (1) a culture of fear and (2) complaints of a disconnect between people from the executive team and the rank and file. Several people spoke out with regard to their desire to have access to managers and executives – some even going so far as to state that Superintendent Carrasco should be walking the floor in order to engage workers. Employees complained of not having access to not just the Superintendent, but also of not having access to directors and members of the executive staff.

The discussion also focused on how employees feel they cannot be critical of management in any way, because they fear retaliation. Several people agreed with this notion, but no one was specific on what they meant by retaliation.

Employees complained about the lack of upward mobility, stating that consultants have been hired in key positions over employees who have been with the Utility for years. To add an element to this complaint,





**Seattle City Council**  
**Bruce A. Harrell, Councilmember**

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**MEMORANDUM**

**Date:** May 1<sup>st</sup>, 2008  
**To:** Members of the Energy and Technology Committee  
**From:** Councilmember Bruce Harrell  
**Subject:** April 30<sup>th</sup>, 2008 Information Gathering Session with Cross Section of Ratepayers in Bertha Knight Landes Room at 5:30 p.m. – 7:30 p.m.

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**A Narrative Chronology**

**Attendees:**

Rod Kauffman—BOMA  
Jim Harmon—SABEY  
Bob Witty—VECA Electric  
Chris Heimgartner—SCL  
Kelly Enright—SCL  
Sung Yang—SCL

Chuck Goolsbee—digital.forest  
Brian Westerlund—VECA Electric  
Brad Elliot—Microsoft  
John Sasser—Sabey  
Ash Awad—McKinstry  
Mike Hansen—Sabey

Steve Leahy—Seattle Chamber  
Susan Hartman—SCL  
Ryan Bayne—Downtown Seattle Assoc.  
Joe McWilliams—Port of Seattle

On April 30, 2008, Councilmember Bruce Harrell, Chair of the Energy and Technology Committee, held an information gathering session with a cross section of City Light ratepayers. This effort involves outreach to engage ratepayers in an informal setting in order to gain their perspective on how they view the performance of City Light (the “Utility”) under the guidance of Superintendent Jorge Carrasco. As the reconfirmation process for Superintendent Carrasco progressed, Councilmember Harrell conducted two informal information gathering sessions with City Light Employees, with two more sessions scheduled at the North and South Service Centers. The information gleaned from these sessions will be valuable in the helping decide on whether Carrasco is confirmed or not. In addition to these informal sessions, there will be a formal Public Comment Session on May 13, 2008, where the general public and employees are welcome to share their comments on the reconfirmation issue.

In order to engage and invite ratepayers to this session, approximately forty phone calls were made extending an invitation to attend and about twenty people attended. The Sabey Corporation was well represented with three in attendance, City Light had at least four representatives, and VECA Electric had two representatives. The setting for this session was informal and took on the feel of a discussion, where the ratepayers spoke, and the Councilmember listened and engaged in discussion.

Councilmember Harrell started the session by summarizing the thorough nature of the process and described what had been done in terms of outreach so far. Everyone in the room introduced themselves and who they were representing. In order to get the discussion started and to add context, Councilmember Harrell posed fourteen questions to the group. The tone of this session was extremely positive in nature, in that there were basically no negative comments.



**Seattle City Council**  
**Bruce A. Harrell, Councilmember**

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May 1, 2008  
Page Two

Those in attendance were supportive of Superintendent Carrasco, noting that as customers have noticed the "culture change" from an organization of "entitlement" to that of a "performance organization." They commented on how they are encouraged by the direction the Utility is moving. Following will be specific information that describes examples of how the Utility is moving in a positive direction into a performance organization.

Rod Kauffman, President of Building Owners and Managers Association of Seattle (BOMA) started off by describing how he polled twenty business leaders and not one of them was opposed to the reconfirmation of Superintendent Carrasco. In fact, several in attendance spoke of how they are impressed by Superintendent Carrasco and the leadership team that he has assembled. Several attendees stated that they have enjoyed their dealings with the Superintendent, and one stated that he is as good as anybody they have dealt with in the City in the last 30 years.

In regards to new construction, it was stated that City Light employees are more pro-active in how they appear at job sites as they advocate and consult on employing fixtures and/or appliances that are energy efficient. In addition, it was stated that there was a period of approximately ten years when City Light was committed to efforts of energy conservation. However, in the recent past (before the tenure of Superintendent Carrasco began) it seemed as though the conservation department was impeded by bureaucracy. Under Superintendent Carrasco's leadership, the conservation department is more businesslike and professional. In simple terms, those in attendance were extremely encouraged by the direction of customer service. They went on to state that under Superintendent Carrasco, they witnessed a "180 degree turn" with regard to the level and quality of service they now receive.

It was stated that a change in leadership at this juncture could potentially provoke the Utility to revert back to less effective methods of conducting operations. Attendees went on to state, Superintendent Carrasco is the right person to lead the Utility for the next four years.

The attendees noted that City Light is in a better financial state today than it was when Superintendent Carrasco took over, and the short term debt has been paid down to \$300 million. The long term debt has been reduced from 1.7 to 1.2 billion, with all capital improvement work being funded by rates with no borrowing. In addition to the previous statements of improved elements, those in attendance also stated that rates have been lowered – however, this was done by the City Council, and not Superintendent Carrasco. Finally, the debt to capitalization ratio has improved from 85% to 67%; progress is being made on asset management of systems; key management vacancies have been filled; financial rating of the Utility has improved; and, there is a noticeable sense of stability at the Utility.



May 1, 2008  
Page Three

Joe McWilliams, Managing Director of the Real Estate Division with the Port of Seattle, states that Seattle City Light is a reliable utility with an aging infrastructure that is going through major changes. These are the pending challenges that City Light faces. He goes on to share his opinion that Superintendent Carrasco does not dodge tough questions and speaks candidly and clearly.

Bob Witty, VECA Electric, states the change in customer service, in terms of how calls are returned in a timely manner, is indeed exceptional. In the past, one had to be aggressive to get a meeting or site visit—it was run like a monopoly with little regard for customer service. Superintendent Carrasco's leadership has improved this aspect of City Light's performance.

Jim Harmon, SABEY Corporation, states that Superintendent Carrasco cared enough to understand their business, even personally visiting their site.

#### **Challenges and Areas that need Attention**

- Re-establishing the historic culture of City Light—employee pride and high level of customer service.
- Weathering the storm of change. It was agreed by all in attendance that during organizational change employees will often become disgruntled; however, when they get through the changes they often see that the changes have been good for the organization. Seeing this through will be a major challenge, but progress is already evident.
- Instituting better use of the web.
- Replacement of a large number of employees eligible for retirement.
- Expanding capacity and infrastructure.
- Issues with Superintendent Carrasco management style.

#### **What can be taken from this Session**

Although City Light still has issues that need to be addressed, major ratepayers are of the opinion that City Light is headed in the right direction. In addition, customer service is vastly improved. This is encouraging, because City Light *is a service*. The fact that customers are satisfied with the service they are receiving shows that workers care about the quality of service they are providing. This is interesting, because we have heard from some employees that believe the Utility did not emphasize the importance of customer service. Contrary to that belief, it appears that the Utility is providing the “heavy hitter” customers with a high level of service.





# Seattle City Council

Bruce A. Harrell, Councilmember

## MEMORANDUM

**Date:** May 15, 2008  
**To:** Members of the Energy and Technology Committee  
**From:** Councilmember Bruce Harrell  
**Subject:** Reconfirmation Public Comment Session —  
May 13, 2008 at 5:00 p.m., Council Chambers

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### A Narrative Chronology

On Tuesday, May 13<sup>th</sup>, 2008, Councilmember Bruce Harrell, Chair of the Energy and Technology Committee, held the scheduled official public comment session for the proposed reconfirmation of Seattle City Light Superintendent, Jorge Carrasco. The next chance for the public to weigh in on the reconfirmation process will be the actual reconfirmation hearing at City Hall. The hearing that will take place during on Wednesday, June 18, 2008, at the Energy and Technology Committee meeting at 2:00 p.m.

Joining Councilmember Harrell were Councilmembers Richard Conlin, Jean Godden, Richard McIver, Tim Burgess, and Sally Clark. The hearing was attended by approximately forty people with seventeen of those providing testimony.

Councilmember Harrell started the session by welcoming all in attendance and then stating that if one is apprehensive to testify because of a fear of retaliation that laws exist to protect people from such measures. He stated that if anyone believes they have been subject to retaliation because of their comments, that they should contact our office or pursue their legal remedies.

The predominant tone of those providing testimony was that they were in support of reconfirming Superintendent Carrasco. Specifically, there were four employees that testified in favor of reconfirmation and four that were not. In addition, there were eleven leaders from the business community that were supportive of reconfirmation.

Several of the business leaders that testified stated that they were supportive of reconfirming Mr. Carrasco, citing he has done what the Mayor and Council asked of him and that City Light is on the road to recovery. A government relations representative from the Greater Seattle Chamber of Commerce (GSCoC) stated that "City Light is in significantly better condition" since the arrival of Mr. Carrasco, and that "much of the utility's progress" can be directly attributed to his "leadership and effectiveness in building an experienced and capable management team." As stated previously, all of the representatives from the business community testified in support of the reconfirmation of Mr. Carrasco.

Testimony was also provided by former City Light Superintendent Randy Hardy. Former Superintendent Hardy supported reconfirmation by citing Mr. Carrasco's key role in settling



**Seattle City Council**  
**Bruce A. Harrell, Councilmember**

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May 15, 2008  
Page Two

disputes in the power industry, the financial turnaround at City Light, and noted that in order to see greater improvement at the Utility, continuity of leadership was necessary. Representatives from VECA Electric, Sabey, and BOMA testified in support of reconfirming Mr. Carrasco, citing the evident turnaround, stabilized financial situation, and vastly improved customer service.

In addition to representatives from the business community voicing their support of Mr. Carrasco, four employees also supported reconfirmation. They attributed a diverse workforce to Mr. Carrasco's leadership. Another employee supports reconfirmation, citing the Utility's recent success to Mr. Carrasco, as well as improved safety.

As stated earlier, there were four City Light employees who did not support reconfirmation. Their reasons for not supporting reconfirmation range from the following:

- fearing to criticize methods of operation (as they fear retaliation),
- dishonesty,
- lack of focus on the importance of customer service,
- the use of consultants, and
- lack of communication between the ranks.

These employees were members of a union, but did not speak on the union's behalf. Last, given the fact that the public comment session had been highly publicized for months, it should be noted that only four employees testified against confirmation.



## Seattle City Council

Bruce A. Harrell, Councilmember

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### MEMORANDUM

**Date:** May 14, 2008  
**To:** Members of the Energy and Technology Committee  
**From:** Councilmember Bruce Harrell  
**Subject:** May 14<sup>th</sup> Information Gathering Session at City Light's South Service Center

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#### A Narrative Chronology

On May 14, 2008, Councilmember Bruce Harrell, Chair of the Energy and Technology Committee, held the third of four scheduled "Information Gathering Sessions" with City Light Employees. The meeting was a noon "brown bag" session held at City Light's South Service Center. An initial head count tallied over forty people in attendance. Councilmember Harrell started the meeting by sharing his background and commitment to a fair and thorough reconfirmation process. He requested that people speak whether their opinions or comments are positive or negative. He went on to say that if anyone believes they are the victim of retaliation for their comments that they contact his office.

The overall snapshot of this session was mixed with criticism and praise. It had a constructive tone and many were there to simply explain their concerns, but still confirm the Superintendent. The theme of the day, from both sides of the argument, was poor communication between upper levels of management and rank and file. In addition, there were complaints of a lack of resources for different departments to perform their jobs to the best of their ability. There were others in attendance that spoke of how Superintendent Carrasco has the Utility moving in the right direction and that organizational restructuring is often a difficult thing to go through. In addition, there was strong criticism of hiring practices and how City Council had budgeted for positions in certain areas, but often positions were filled in other departments at the expense of the department that the position funding was allocated. As has been the case throughout the evaluation process, there seemed to be a clear difference of opinion on the issues between management and workers. Following are the details of the meeting.

Councilmember Harrell started the discussion by asking the following questions:

- 1) In your opinion, has Superintendent Carrasco promoted a culture that produces good morale?
- 2) In your opinion, has *any* Superintendent at City Light promoted a culture that produces good morale?
- 3) In your opinion, has a culture of providing excellent customer service improved or declined within the last four years?
- 4) In your opinion, under Superintendent Carrasco are you able to freely state your opinion (positive or negative) regarding management and operations?



- 5) Under the leadership structure of Superintendent Carrasco, are you empowered to make decisions at your level?
- 6) Are you confident that Superintendent Carrasco provides competent leadership that produces sound business and technical decisions that will allow City Light to be nationally recognized as a top Public Utility?
- 7) If you could improve one element at City Light, what would it be?

The first person to speak addressed the first question regarding morale. She stated that she had previously worked for the Parks Department where morale was very low and that she has been working with the Utility for the last four years. She went on to state that morale has gotten worse in the four years that she has been with the Utility. It should be noted that this employee was part of the field labor force. I believe that this is significant, because there seems to be a clear difference of opinion between management and workers. When asked why she believed morale was poor, she stated that it was the style of leadership used by the upper levels; she went on to say that they lead by fear and intimidation, which cultivates a culture of mistrust.

The next person to speak stated that they were a 20-year employee of the Utility and that they see that there is a definite disconnect between leadership and workers.

Councilmember Harrell asked more questions about the issue of morale and followed up by asking if leadership is capable of improving the morale situation. The answer to that question was "no." Councilmember Harrell then asked if people believe that Mr. Carrasco is the root of the morale problem. Approximately twelve people raised their hands stating that they believe Mr. Carrasco is the root of the problem. It must be noted that there are approximately 500 employees at this facility. Additionally, around forty were in attendance and only a smaller amount provided negative comments.

Another person stated that the Carrasco administration started out as being adversarial with little interest of the knowledge held by long time employees. He went on to state that the Carrasco administration is not interested in their knowledge, but instead counted on new management hires to make decisions. While it must be acknowledged that there were several critical comments by people in attendance, the comments followed the themes that have already been covered. Following is an account of people in attendance that had positive criticism to offer.

A majority of the comments during this session were critical of certain elements of the management style of the Executive Team. However, there were those in attendance who were of the opinion that City Light Management under Superintendent Carrasco's leadership had the Utility moving in the right direction. It must be noted that employees that have this opinion are in management, but today, there were rank and file employees that shared the same opinion.



Seattle City Council  
Bruce A. Harrell, Councilmember

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Those who spoke out in a favorable manner stated how Mr. Carrasco had provoked change and that before his arrival the Utility seemed to be stagnant. One employee went on to state that it was not the case any longer. This employee did add that the only thing he could fault Mr. Carrasco for was the lack of job security felt by employees. It was suggested by an employee that this problem can be greatly reduced by better communications from management that explain why certain changes are taking place and which departments are going to be impacted, as well as *how they will be impacted*. Uncertainty creates a great deal of tension and when one is not sure if their job is going to be taken away, the potential for low morale is prevalent.

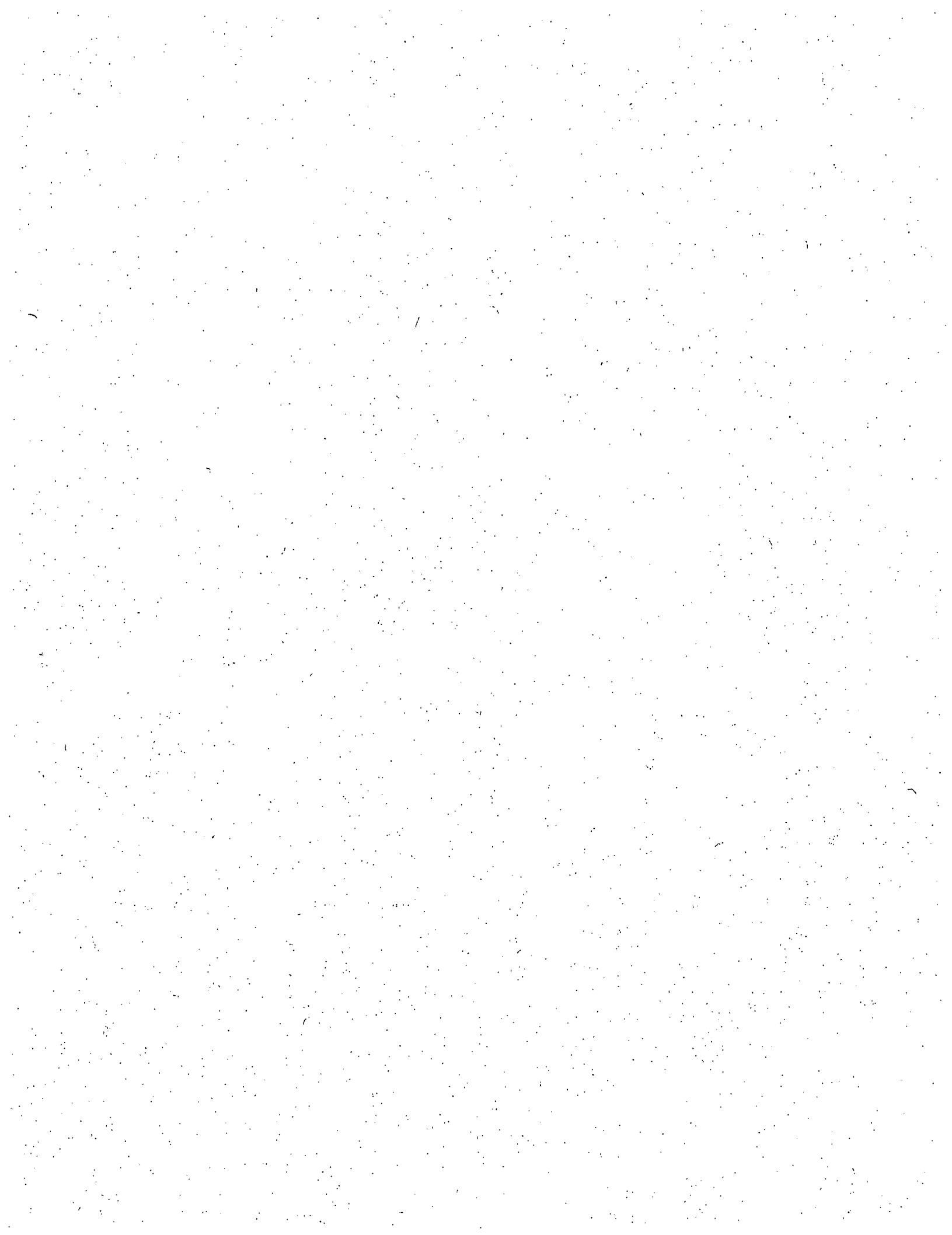
An employee in a position of management -- who had actually been promoted under Mr. Carrasco -- gave some specific examples of why he believes the Utility is moving in the right direction under Mr. Carrasco. The first element that he brought up was that Mr. Carrasco is much more visible and engaging than former Superintendent Zarker. He continued stating that when Mr. Carrasco took his position, the organization was viewed as top heavy and he downsized upper management. This was particularly interesting because one of the main criticisms of employees is that *currently* the Utility is top-heavy. The same employee stated that he admired how Mr. Carrasco has the ability and courage to make tough decisions, that managers are empowered to make decisions, and from a management standpoint he felt the communications from the Superintendent and Executive levels are good. Councilmember Harrell asked if people in the room agreed with these comments and to show their preference with a raise of hands. About twenty people agreed and approximately ten disagreed. Others did not know.

The issue of "pockets"<sup>1</sup> came up and provoked a great deal of discussion. The basic complaint was coming from the engineering department. It was stated that the engineering department is understaffed and they are unable to perform their duties at the highest level possible because of a lack of resources (people and funding). It was alleged that one of the major problems is that when a new position for their department is approved, the allocated funding is used to fill a position in another department. It was evident that this is the cause of a great deal of frustration. It should be noted that City Light leadership has stated they share the same frustration over acquiring new talent and that there are reasons why it is difficult to fill these positions.

On balance, the tone of this session -- while critical -- was productive. It brought to the surface the issue of poor communication between the different levels at the Utility. Some in attendance stated that the situation is improving, but that efforts still need to be made. The information gained from this session will be very useful for Council to formulate directives to improve the problems that were discussed. While it is evident that City Light has problems among the ranks, they do not seem insurmountable.

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<sup>1</sup> A pocket is essentially a position that has funding allocated in the budget as approved by City Council.





**Seattle City Council**  
**Bruce A. Harrell, Councilmember**

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**MEMORANDUM**

**Date:** May 19, 2008  
**To:** Members of the Energy and Technology Committee  
**From:** Councilmember Bruce Harrell  
**Subject:** May 16, 2008, Information Gathering Session with City Light Employees at the North Service Center

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**A Narrative Chronology**

On May 16, 2008, Councilmember Bruce Harrell, Chair of the Energy and Technology Committee, held the fourth scheduled "Information Gathering Session" with City Light Employees. The meeting was a noon "brown bag" session held at City Light's North Service Center. There were approximately twenty people in attendance. Most, if not all of the people that spoke, were supportive of reconfirming Superintendent Carrasco.

Councilmember Harrell started the meeting by talking about the thorough nature of the reconfirmation process and the intent to engage employees and rate payers to gather information that will assist in the decision on whether to confirm Mr. Carrasco. Again, Councilmember Harrell created a forum that encouraged people to speak in support of or non-support of Mr. Carrasco. In addition, discussion was provoked by asking the six questions that have been used at previous meetings.

The first employee to speak was a 29-year veteran who stated that Mr. Carrasco began his tenure as a "change agent" and that some of the changes were beneficial and others were not. He went on to discuss the present and growing problem of acquiring and retaining a talented workforce and that there is a nation-wide shortage of line-workers that is not the fault of Mr. Carrasco and his officers. This person asked the question: What is the Utility going to do in order to compete with other utilities in the area for the most talented people?<sup>1</sup> This employee was critical of the claim that on-the-job accidents are down, stating the decrease is a result of a smaller work force, meaning fewer opportunities for injuries to occur. He shared his opinion of how upper management (new managers) show arrogance to longtime employees by not listening to their suggestions and opinions regarding operations and management. Following is a brief description of issues, suggestions, and positive opinions that were raised.

An issue that was raised at this meeting is whether Mr. Carrasco has claimed credit for elements that were imbedded before his tenure and for financial improvements that were the result of Council action. Employees who engaged in discussion at this meeting stated that they have

May 19, 2008

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<sup>1</sup> That, along with a better interorganization communication strategy seems to be a challenge that the utility will continue to face in the coming years.



always taken great pride in providing exemplary customer service, which was the case preceding Mr. Carrasco and will continue after Mr. Carrasco. It was mentioned that customer service *did improve* at the North Service Center as key positions were filled and workers were able to perform their duties in a more efficient manner.

Employees at the North Service Center stated that if Mr. Carrasco is reconfirmed that he must show a significant effort to improve relations with workers that are not in a position of management<sup>2</sup> along with the recurring theme of acquiring and retaining a talented workforce. Regarding talent acquisition and retention, one issue that was discussed is that some believe that City Light should not be “lumped” together with other city departments. Currently, if one is classified as a senior economist at City Light, they are subject to the same rate of pay as a Senior Economist in any city department. It has been suggested that City Light employees be treated much like employees of the Seattle Police Department. They would still be a department of the city but different in how the department is classified. For example, a City Light Senior Economist would be classified as an “Electrical Utility Senior Economist” therefore making them exempt from the general pay structure of other city departments.

Several employees engaged in discussion and a fair amount of the discussion was critical of management. However, when Councilmember Harrell asked them if they thought these problems were grounds for not confirming Mr. Carrasco, a majority of them felt that Carrasco should remain as Superintendent. The tone of this meeting was critical, but supportive.

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<sup>2</sup> This issue of communications between the different levels of employment seems to be one of the more significant factors of why employees have low morale. It comes up at almost all of the information gathering sessions as well as in private conversations with members of the facilitator group.



Gregory J. Nickels  
Mayor of Seattle

February 2, 2004

The Honorable Jan Drago  
The Honorable Jean Godden  
Seattle City Council  
City Hall, 2<sup>nd</sup> Floor

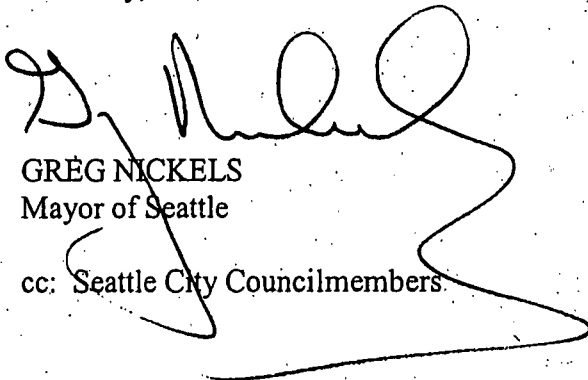
Dear Council President Drago and Councilmember Godden:

I am writing to acknowledge receipt of your letter dated today concerning the appointment of Jorge Carrasco as Superintendent of Seattle City Light and your desire to ensure a clear understanding of Council priorities related to the future administration of City Light and your goals and expectations for Mr. Carrasco should you confirm his appointment. I appreciate and welcome Council's input on this matter.

The Council and I share the goals and priorities outlined in your letter attachment entitled "Seattle City Council Goals and Expectations." These issues and the recommendations identified in the City Light Advisory Board's Report released this week will be addressed in developing Mr. Carrasco's performance agreement. [REDACTED] I expect to complete his performance agreement within 30 days of confirmation.

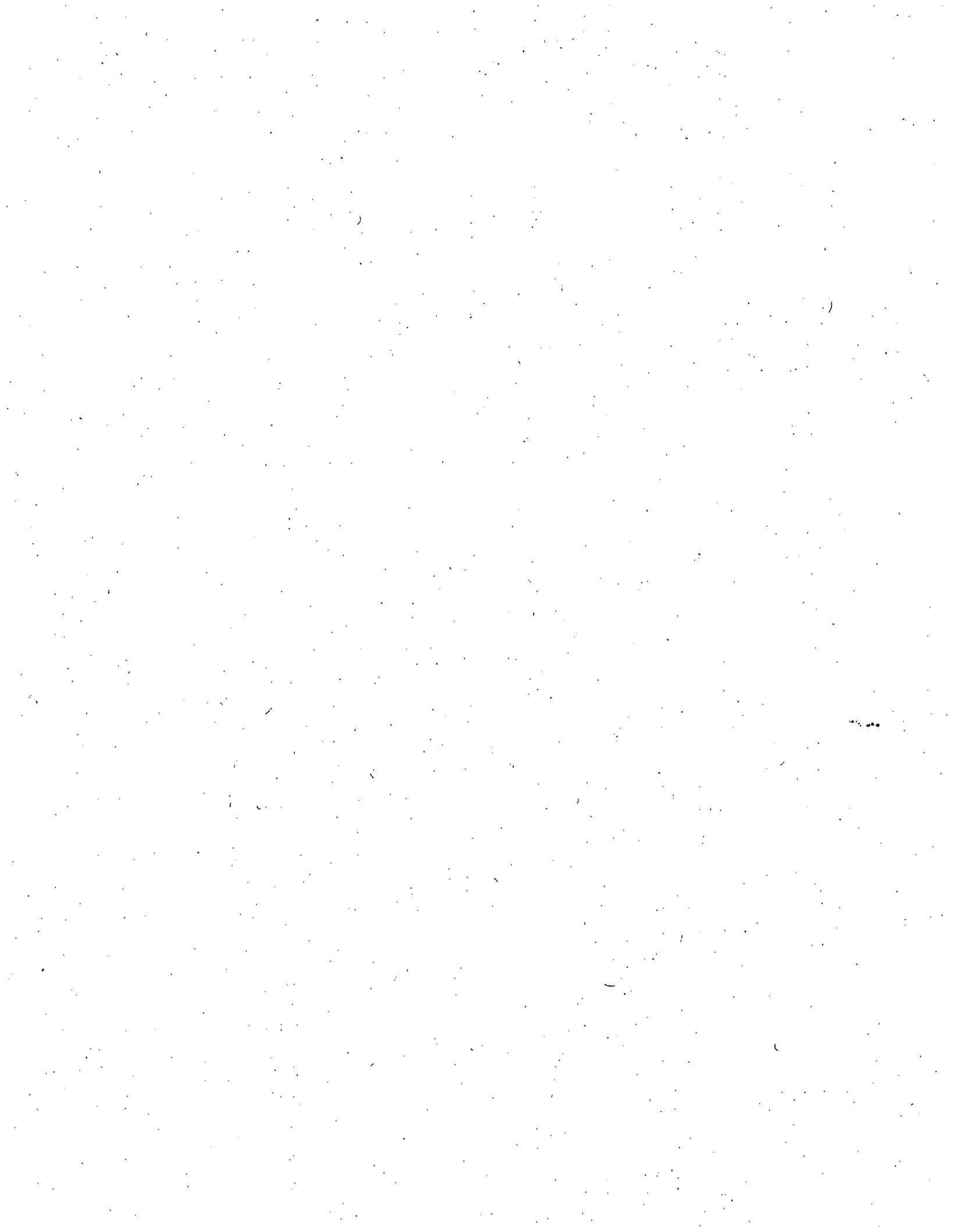
I applaud the Council for undertaking a fair and rigorous confirmation process and look forward to working with you to make Seattle City Light the finest public electric utility in the nation. I am confident that Jorge Carrasco will help us move City Light in the right direction.

Sincerely,



GREG NICKELS  
Mayor of Seattle

cc: Seattle City Councilmembers



**SEATTLE CITY COUNCIL  
GOALS AND EXPECTATIONS  
FOR CITY LIGHT SUPERINTENDENT**

*The members of the City Council fully expect that the new superintendent will continue to meet established policy goals such as maintaining programs and services for income-eligible customers including seniors and people with disabilities, commitments to no-net greenhouse gas emissions and to salmon recovery and habitat restoration, and ensuring that women and minorities are trained, hired, promoted and fully included at all levels. The Council also expects that the result of meeting the goals outlined below will be affordable, stable rates for all residents.*

**Commitment to the Community**

- **Customer Service:** Minimize distribution costs to serve customers, meet system load growth, and maintain reliability at levels comparable to other utilities in the Northwest. Explore new strategies to enhance service and provide greater convenience to customers.
- **Environmental Stewardship:** Develop the maximum amount of cost-effective renewable resources and conservation. Monitor and explore technological developments such as distributed generation and efficiency improvements.
- **Communication:** Provide open, honest, and timely information to the Council for informed decisions. Improve the quality, clarity, and level of communication with the Council and the public.
- **Regional Leadership:** Continue active participation in regional issues and increase City Light's presence in ongoing dialogues about the future of the Bonneville Power Administration and regional transmission organizations.

**Commitment to City Light**

- **Competitive Strategy:** Reduce operating costs, pay down debt, and build up cash reserves. Increase cash funding for capital expenditures to average of peer utilities. Strengthen integrated resource planning capabilities at City Light.
- **Risk Management:** Strengthen risk management by modifying the organizational structure to manage power related risks. Develop a risk metric and explore use of financial hedges to minimize these risks. Expand risk management practices to all parts of the utility.
- **Workforce:** Evaluate the current organizational structure and utility talent. Increase the level and range of electric utility expertise within City Light management and create a culture within City Light that promotes accountability and transparency.
- **Strategic Plan:** Develop both a five and ten year strategic plan for City Light that focuses on cost-effectiveness, diversity in resources, customer service, workforce succession, technology enhancement and rate stabilization.

