

Clerk File No. 310552

The City of Seattle – Legislative Department

Clerk File sponsored by: 

Clerk File No. 310552
Appointment and Oath of Office of Ray Hoffman as
Director, Seattle Public Utilities.

Committee Action:

Date	Recommendation	Vote
5/11/10	PASS	(2-0) MOR, BHT

Related Legislation File: _____

Date Introduced and Referred: 4.5.10	To: (committee): Seattle Public Utilities + Neighborhoods
Date Re-referred:	To: (committee):
Date Re-referred:	To: (committee):
Date of Final Action: 5.17.10	Disposition: Confirmed

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

Full Council Action:

Date	Decision	Vote
5.17.10	Confirmed	7-0 (Excused: Conlin, Burgers)

CF No.310552

Title:Appointment and Oath of Office of Ray Hoffman as Director, Seattle Public Utilities.

Date Filed with City Clerk:20100329

City of Seattle



Seattle Public Utilities Director

**Confirmation Packet
March 29, 2010**

Ray Hoffman



City of Seattle
Office of the Mayor

March 29, 2010

The Honorable Richard Conlin
President, Seattle City Council
Seattle City Hall, 2nd Floor
Seattle, WA 98104

Dear President Conlin:

I am pleased to transmit to the City Council the following confirmation packet for my appointment of Ray Hoffman as the Director of Seattle Public Utilities. The materials in this packet are divided into two sections:

A. Ray Hoffman

This section contains Mr. Hoffman's appointment and oath of office forms, his résumé, and the press release announcing his appointment.

B. Background Check

This section contains the Mayor's Office report on Mr. Hoffman's background check.

Mr. Hoffman began his public service career in 1990 as a supervisor with the City of Seattle's former Solid Waste Utility. Since then he has held numerous positions with Seattle Public Utilities (SPU), including Director of Corporate Policy and most recently, Acting Director. He has been a key player in SPU's negotiations and contracts over the past 10 years; including the settlement with the Muckleshoot Tribe, the long-term contract with the Cascade Water Alliance, and the regional transmission line agreement through the Cedar River Watershed with the Bonneville Power Administration. He has been instrumental in successfully communicating and coordinating with local, state, and federal governments on behalf of the utility. Mr. Hoffman has served as the Acting Director since January of 2009, managing over 1400 employees and an \$800 million budget. As Acting Director, he has shown outstanding leadership while managing the utility's four business funds, and improving customer service procedures. His commitment to recycling and other conservation programs has helped Seattle lead the way in preserving our natural resources and the environment.

Conlin, Honorable Richard
March 29, 2010
Page 2.

Mr. Hoffman holds a PhD Business, Government, and Society from the University of Washington School of Business, a Master of Accounting Science from the University of Illinois, and a Bachelor of Science Accounting from the University of Illinois. He is devoted and knowledgeable about the challenges and opportunities facing the Seattle Public Utilities. In addition to his experience and education, he is a forward thinking leader, with great ability to resolve issues quickly. He is well qualified to lead Seattle Public Utilities.

If you have any questions about the attached materials or need additional information, please contact Carl Marquardt, Counsel to the Mayor at 684-0962.

Sincerely,

A handwritten signature in black ink, consisting of a stylized 'M' followed by a long horizontal line.

Michael McGinn
Mayor of Seattle

Copy: Honorable Members of the Seattle City Council


Section

A

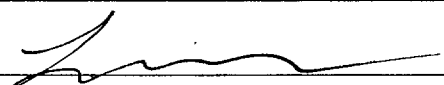
City of Seattle Appointment



Notice of Appointment

Name: Ray Hoffman	<input checked="" type="checkbox"/> Executive <input type="checkbox"/> Legislative
Position: Director Seattle Public Utilities	Date of Appointment: February 16, 2010
Authority (Ord., Res.):	Term of Office: From: Confirmation To: Mayor's discretion
Comments:	
Authorizing Signature: 	Name and Title of Officer Making Appointments: Michael McGinn, Mayor

Confirmed by the Following Vote at City Council

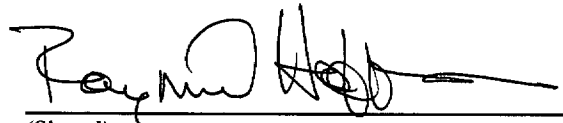
In Favor: 7	Against: 0	Date: 5.17.10
By: 		

**City of Seattle
Oath of Office**

STATE OF WASHINGTON

County of King,

I, Raymond Hoffman, confirm that I am the person appointed on February 16, 2010 to the position of Director, Seattle Public Utilities, 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 Director, Seattle Public Utilities.


(Signed)

Subscribed and sworn to before me
this 17th day of May, 2010


Carol Shenk, City Clerk

RAYMOND HOFFMAN

CAREER OVERVIEW

Twenty five years of increasingly responsible employment in the public policy arena, emphasizing resource conservation and utility issues. Assignments have ranged from research and executive director positions with non-profits to senior level planning and policy formulation on solid waste, water, wastewater, drainage and energy issues for the City of Seattle. Several projects recognized nationally for innovation. Personal attributes include fluency in team or individual situations; proven leadership ability, strong analytical and communication skills; ability to troubleshoot; known as a creative individual who is reliable, honest and outgoing.

EXPERIENCE

Acting Director Seattle Public Utilities (Jan 2009 to present)

Responsibilities This position is the managing Director of Seattle Public Utilities, which has an annual \$800 million budget with four distinct business lines and approximately 1,450 employees. Responsibilities include the delivery of drinking water to 1.3 million regional customers in King County and waste water, drainage and solid waste for the City of Seattle Municipality. More specifically:

- Water supply through 26 wholesale water contracts to suburban municipalities and special districts;
- Solid waste, including recycling and composting, collection and disposal services.
- Call Center and customer service for both Seattle Public Utilities and Seattle City Light;
- Maintenance and Operation of water, sewerage, drainage and solid waste facilities within the city of Seattle;
- Design and implementation of large capital projects for all four lines of business;
- Conservation of areas such as the Cedar River and Tolt watersheds for water quality, endangered species and habitat protection purposes;
- Financial management of the Utility, including debt service and rates management for four different utility funds with a total annual budget of \$800 million and revenues of \$600 million;
- Regulatory compliance with federal and state laws affecting utility operations and capital investments;
- Human resources and labor management of the utilities' work force;
- External and internal communications of Utility business with media, customers and stakeholders.

Accomplishments include successful rollout and implementation of new solid waste, recycling and organic collection contracts affecting 150,000 single family households, significantly reducing both capital and operations and maintenance expenditures to address recessionary issues while preserving SPU's core services to its customers, and initiating a long-term strategy to revitalize call center performance.

RAYMOND HOFFMAN

Director – Corporate Policy and Performance – Seattle Public Utilities (2002-2009)

Responsibilities: Responsible for corporate risk management; complex project and program negotiations, external relations; federal and state regulated contaminated sites; valuation, analysis and measurement of utility assets and performance. Managed all external negotiation strategy regarding essential utility policy and was central point of coordination for Council relations for the utility, and federal and state relations. Lead policy advisor to SPU's Director.

Accomplishments include: long-term water supply contract with the Cascade Water Alliance; successful negotiations with the Bonneville Power Administration for a regional transmission line through the Cedar River Watershed, lead staffer on historic long-term settlement with the Muckleshoot Indian Tribe and a comprehensive natural drainage system at Seattle Housing Authorities' 110 acre High Point Development

Advisor to Mayor Paul Schell – Utilities and Environmental Issues (2000-2001)

Responsibilities: Represented the Mayor; troubleshooting with city departments, citizens, businesses, and government agencies; working with city Councilmembers.

Accomplishments include: establishing program that made Seattle City Light the first "No net carbon emissions" utility in the country; adoption of the LEEDS Silver standard to over forty City buildings from 2000-2005; a 30% reduction in pesticides use; creation of the Office of Sustainability and Environment; and development of the Cedar River Habitat Conservation Plan.

Regional Affairs and Negotiations – Seattle Public Utilities (1995 –2000)

Responsibilities: Represented the City on regional governance issues, worked with government agencies at all levels and negotiated utility contracts.

Accomplishments include: Principal policy architect of Seattle's 1% water conservation program which will have saved 9 million gallons of water per day by the end of 2009. Lead negotiator with commercial garbage haulers bringing them under City control from WUTC regulation.

Program Development/Policy Formulation – Waste Reduction and Recycling Supervisor, Strategic Planning – Seattle Solid Waste Utility (1990 - 1994)

Responsibilities: Contract management; tracking, analysis, and drafting of legislation; market development for products/commodities; management of employees; intergovernmental relations; utilities regulatory compliance; public speaking and general troubleshooting.

Accomplishments include: award winning (\$100,000) application to the Ford Foundation for innovative recycling program, Seattle's "Buy Recycled" ordinance which changed City's purchasing policies, nationally distributed educational mathematics video on recycling, collaborative design and construction of Model Conservation Home.

RAYMOND HOFFMAN

Legislative Advocate

Executive Director, Washington Citizens for Recycling (1988 – 1990)

Responsibilities: Fundraising, grantwriting, membership development, staff supervision, volunteer coordination, quarterly newsletters, policy analysis, education, and legislation associated with the promotion of waste reduction and recycling.

Accomplishments included: increasing annual budget by 300%; increasing membership from 500 to 2,500 members; successful negotiations with Rainier Brewery to keep refillable bottles; nationally recognized "Packaging Awards and Booby Prizes"; and integral role in the crafting and passage of the Waste Not Washington Act.

Public Policy Review and Evaluation

Research Director, Municipal League of Seattle/King County (1985 – 1987)

Responsibilities : Development and implementation of regional issues tracking system; writing/editing regional information products (Issue Brief/Issue Watch) designed to promote citizen awareness on public policy issues of local or regional concern; engaging in research, analysis and evaluation of public policy with a non-partisan focus.

Accomplishments include: co-author of "Setting Regional Priorities: Tools for Planning and Choosing Capital Projects"; series of pieces on the troubles with solid waste management in Seattle/King County;

Education

PhD Business, Government and Society from University of Washington Graduate School of Business. Minors in Business Policy, and Social Management of Technology .

Master of Accounting Science from University of Illinois. Arthur Andersen Award for outstanding masters' student in Accounting.

B.S. Accounting (*cum laude*) from University of Illinois.

Personal references available upon request

DECEMBER 18, 4:32 PM

Mayor-elect announces additional cabinet and staff decisions

SEATTLE — Mayor-elect Mike McGinn today announced another round of cabinet and staff decisions. The City of Seattle is comprised of 27 departments, with each director generally selected by the Mayor, subject to council confirmation.

Ray Hoffman will serve as director of Seattle Public Utilities.

“Ray is a strong manager and superb environmental steward,” said McGinn. “Seattle’s drinking water, solid waste, drainage, and wastewater services are in good hands.”

Earlier this year Mayor Greg Nickels named Hoffman acting director of Seattle Public Utilities. His appointment as full director is subject to confirmation by the city council.

Section

B



City of Seattle

Michael Patrick McGinn, Mayor

Personnel Department

Mark M. McDermott, Personnel Director

MEMORANDUM

DATE: March 2, 2010

TO: Carl Marquardt – Legal Counsel – Mayor’s Office

FROM: Pam Inch - Employment Manager, Employment Services - Personnel

SUBJECT: Criminal History Check – Ray Hoffman

A handwritten signature in black ink, appearing to be 'Pam Inch', with a circular flourish at the end.

The Personnel Department has completed the criminal history and background review for Raymond F. Hoffman. There were no findings that would impact the employment eligibility of Mr. Hoffman.

Cc: Personnel recruitment file



Seattle City Council

May 5, 2010

Ray Hoffman, Acting Director, Seattle Public Utilities
Seattle Public Utilities
PO Box 34018
Seattle, WA 98124-4018

RE: City Council Expectations for the Seattle Public Utilities Director

Dear Mr. Hoffman:

This letter has been placed in the Clerk File that contains Mayor McGinn's request for your confirmation as director of the Seattle Public Utilities (SPU). This letter documents the City Council's expectations for your job performance if you are confirmed.

The Council expectations (*listed below*) are intended to enhance the SPU director's accountability to the Legislative Branch. The expectations also provide a basis for Council evaluation of the director if and when he is brought forward for reconfirmation. Council expectations are intended to add to the Mayor's expectations and the director responsibilities established in the City Charter and Seattle Municipal Code.

I. City Council General Expectations for SPU Director

A. Relationship with Council. The director is expected to maintain a constructive working relationship with the Council, as demonstrated by:

1. Prompt and complete responses to Council information inquiries.
2. Pro-active updates on policy development, operational concerns and financial matters of significance, so that the Council is informed of significant changes or controversies before the information reaches the media and/or the Executive submits a request for Council action.
3. Dependable implementation of formal policy direction provided by the Council.
4. Assistance in the research and development of Council policy initiatives.

B. Management Skills. The director is expected to demonstrate strong management skills, with particular focus on the following Council priorities:

1. Public Communication

- a. Conduct inclusive outreach to relevant stakeholders.
- b. Implement a strong ethic of customer service.
- c. Make information available so that the public can track the department's performance in delivering services.

2. Organizational Management

- a. Coordinate productively with other City departments.
- b. Maintain strong working relationships with other governmental entities.
- c. Operate within budget constraints and pro-actively manage expenditures.
- d. Provide a fair and equitable approach to the award of City contracts.

3. Personnel Management

- a. Develop and maintain strong morale among employees.
- b. Provide an inclusive work environment that offers equitable opportunities for all.
- c. Address issues of succession planning and the professional development of existing staff.

4. Service Delivery –including both routine operations and emergent situations

- a. Ensure that on-going day-to-day services are provided effectively and efficiently, and that the department tracks its performance in delivering such services.
- b. Make certain the department is able to deal with localized emergencies or service disruptions and has thoroughly planned how to manage its operations in case of a City-wide emergency.

II. Specific Expectations for SPU Director in 2010 to 2013

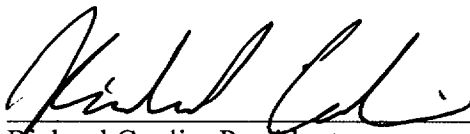
During his initial term, the director is expected to implement (and provide regular progress reports on) the following Council expectations:

- A. Zero Waste Strategy Implementation.** Implement the zero waste strategy outlined in Resolution 30990 and propose additional actions (as needed) to further reduce landfilled waste and achieve City recycling goals.
- B. Transfer Station Rebuilds.** Advance the timely rebuilding of solid waste transfer stations that will meet the City's changing solid waste needs. Work with stakeholders to identify and address neighborhood concerns about the stations.
- C. Reservoir Covering.** Advance the timely covering of in-City water reservoirs, to improve water supply security and provide space for new parks.
- D. Clean Water Act (CWA) Compliance.** Work with the Washington Department of Ecology and the U.S. Environmental Protection Agency to shape a Seattle compliance program that cost-effectively meets regulatory requirements. Establish accountability systems to ensure that SPU CWA requirements are met.

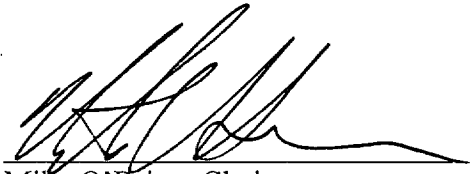
- E. **Call Center Performance.** Reliably meet Call Center performance measures by implementing SPU's plan to improve Call Center performance through measures such as work force management, customer relationship management systems, and redesigning the Call Center organization.
- F. **Financial Management and Rates.** Manage SPU finances to control costs, maintain compliance with Council-approved financial policies, and avoid unnecessary rate increases.
- G. **Race and Social Justice.** Advance the City's Race and Social Justice Initiative.
- H. **Environmental Leadership.** Provide leadership in environmentally conscious utility service, including advancing green storm water infrastructure to manage drainage and combined sewer overflows.

The next SPU director will be leading the utility through many challenges. The Seattle City Council looks forward to working cooperatively with the director to ensure that SPU continues to provide reliable, cost-effective and environmentally responsible utility services.

Sincerely,



Richard Conlin, President
Seattle City Council



Mike O'Brien, Chair
Seattle Public Utilities and
Neighborhoods Committee

Cc: Michael McGinn, Mayor, City of Seattle
Seattle City Council Members

Seattle Public Utilities Director Confirmation Questions and Answers

*Ray Hoffman, Acting Director
Seattle Public Utilities
April 27, 2010*

Question #1: What are your major goals for Seattle Public Utilities (SPU) over the next four years? What do you see as the primary challenges facing SPU during that time?

SPU is a dynamic organization with four major business lines, which provide reliable, efficient, and environmentally conscious utility services to enhance the quality of life and livability in all communities we serve. As a result, there are a number of significant goals that I foresee for the next four years, and from a strategic perspective beyond this time period as well.

Let me start off with a brief mention of four that are addressed in more detail in the following questions and then touch on several others. First, SPU must **provide excellent customer service** to the city's businesses, organized constituencies, residents, and its policy-makers. Such service is rooted in the attitude that whenever SPU provides a product — whether a letter, engineer's report, billing, repair, or end service such as water from the tap — it should fully meet the expectations of the individual customer or group of customers. In other words, product delivery is a *chain* in which every link focuses on the "customer" receiving the service. This approach ensures superior quality and customer satisfaction. As a result, my expectation is that staff will be prepared, easy to reach, show they care, own the issues and the product, and act with a sense of urgency.

The second goal is to **deliver our annual capital program on time and within budget**. Large projects include the completion of the reservoir covering program, the reconstruction of the North and South transfer stations, and the construction of major Combined Sewer Overflow (CSO) storage facilities, to name a few. All projects with total lifecycle costs exceeding \$250,000 must have a business case developed, while those exceeding \$5 million will go through a value engineering process to be conducted by an independent third party.

The third goal is to **more fully integrate what we have learned and continue to learn from the Race and Social Justice Initiative**. In short, making Race & Social Justice part of "the way we do business." Staff has been trained in using and applying the Equity Filter Toolkit and the Inclusive Outreach and Public Engagement Toolkit. I expect all key management and supervisory staff to continue to incorporate them into their work and for SPU to make this an intentional step to inform our decisions and ultimately influence how we do business.

The fourth goal is to assure **both the short and long-term financial health of our enterprise funds**. SPU is prioritizing its work to ensure that we provide the most valuable services to our customers. We are also cutting costs in every part of the department while ensuring that our highest priorities are adequately resourced. In last year's budget process we reduced our 2010 Operating and Maintenance (O&M) budget by \$11M and our Capital Improvement Project (CIP) budget by nearly \$42M. And we're now looking at both 2010 mid-year reductions as well as for 2011-2012. Our goal is to keep future rate increases as low as possible while providing value-added services to our customers.

In addition, there are other significant challenges that SPU faces as well. Among the most significant is the necessary balancing act between **complying with applicable state and federal regulations while striving to keep rates affordable to our customers**. In the last decade, various drinking water requirements have driven over \$400 million in investments. In the next decade, Clean Water Act requirements will drive a similar level of investment in the drainage and wastewater funds. On top of that a substantial amount of funding will be necessary for SPU to meet its CERCLA and MTCA role mandated by regulators in the cleanup of the Duwamish, East waterway, and sediments offshore of Gasworks Park.

Another challenge is **proactively meeting the need for succession planning and SPU's aging workforce**. The current and future state of our workforce will require SPU and the City to be proactive in assessing and implementing development programs that ensure we can continue to provide services to our rate payers and constituents. With an aging workforce and the impending exit of institutional knowledge due to retirements, we have a challenge to ensure the transfer of knowledge from our veteran employees to those employees who are earlier in their career cycle. At the same time, we must ensure that our workforce can respond to emerging challenges created during this economic downturn.

A third challenge is **prioritizing resources among competing needs in a constrained economy**. This is not about "doing more with less." It is about a careful and thorough review to assure ourselves that our staff is working on those services, projects and programs that are critical to our customers. This approach requires us to be open to the possibility that just because we have always done something doesn't mean that we have to continue doing it.

Question #2: How do you define the roles of the Executive and Council with respect to SPU? How will you communicate with Council when there is a difference in opinion between the Executive branch and the Council?

A key benefit of Seattle's strong mayor-council form of government is that the officials setting policy in the Legislative Branch and the Chief Executive responsible for carrying out policy are directly elected by the people. As Director of Seattle Public Utilities, my responsibility is to carry out the policy of the City as expressed by the Mayor and City Council. My role is to provide information, including my best judgments, to assist the Council and Mayor in their deliberations about policy and the execution of that policy in service programs and project delivery. In fulfilling this role, I serve the Executive and Legislative Branches equally by ensuring

that SPU employees and I provide information and assessments that are candid, accurate and complete. I have the same obligation to communicate in that manner with Council as a body (and Council members individually) whether the Executive and Legislative are in agreement or not.

Question 3: How will you foster partnerships with other governments (e.g. local, state, federal) to develop good public policy? How will you work to ensure that Seattle's goals and priorities are reflected in regional projects?

Seattle Public Utilities is a critical regional entity. It is responsible for the region's water supply; a partner in regional and local superfund cleanup sites; and a model provider of solid waste services and zero waste programs. It leads the region with innovative solutions for achieving water quality, including green infrastructure, and evaluation of sustainable systems and materials. We are also stewards of magnificent natural resources that include urban creeks, waterways and ecosystems within the Tolt and Cedar River watersheds.

Our values and our best practices create the foundation for effective partnerships with other City departments, the City Council, and other jurisdictions in the region. These partnerships are aimed at crafting, sustaining and delivering sound public policy and outstanding services that go with those policies. I have several priorities in this regard.

First, SPU must deliver services with a clear and prioritized focus on federal and state standards, City policies, and the best return for ratepayer dollars. Credible performance creates fundamental trust with regulators, customers, constituents and the City Council.

Second, SPU must have the perspective that its investments create wealth for the community at large. This wealth comes in the form of a better human and natural environment and with services delivered efficiently and effectively for ratepayers. Fundamentally, this means the quality of life the community members experience from our clean water and improved infrastructure (whether natural or human made), as well as their feeling of cohesion and participation. For example, we cannot achieve zero waste goals without the public's engagement and participation. Ultimately, Seattle Public Utilities is a steward of this quality of life and the community's effort to maintain and increase its wealth.

Numerous regional forums exist where SPU's interests can be advanced, its values demonstrated, and collaborative skill applied. These include:

1. The King County Regional Water Quality Committee. There are significant financial and environmental interests that play out in this forum. SPU's goal is to support the City's efforts and leadership in this committee by providing thorough financial analysis and timely briefings as well as participating skillfully in the staff support committees.
2. The Water Operating Board. This forum is critical to our relationship with SPU's 24 wholesale customers and its ability to have a coordinated response to regional water supply challenges. These challenges include monitoring and maintaining safe drinking

water, managing through drought conditions, and achieving a fair allocation of the systems costs.

3. Contaminated sediment sites. These are high risk negotiations for the City. We have built an effective interdepartmental team with significant expertise in this difficult field.
4. The City's long-term collaborative relationship with King County, the Washington Department of Ecology and the Environmental Protection Agency to address requirements of the federal Clean Water Act for the combined sewer system. This program, shared by the City and King County, is perhaps SPU's greatest infrastructure delivery challenge for the next 15 years.
5. Zero waste and water conservation. SPU continues its work with business interests that are critical to achieving zero waste policies and water conservation. Restaurants, the construction industry, our service collectors, landscaping businesses, architects and many others are fundamental to achieving our demand management goals and policies.
6. Water Resource Inventory Areas (WRIAs). SPU works with community members, scientists, businesses, environmentalists and dozens of local governments on salmon habitat protection and restoration projects in the Cedar-Lake Washington and Green-Duwamish River basins.

Question #4: How will you foster partnerships with other City Departments? Where do you see opportunities for better collaboration?

I believe that the strongest and most effective partnerships arise when all City departments embrace the fact that we have a common mission. That is, we are all here to serve the public. I believe that SPU is more effective when it recognizes the interdependencies between itself and other City departments.

Within the City family, SPU issues and interests have the greatest intersection with the issues and interests of the Seattle Department of Transportation and the Parks and Recreation Department — with SDOT because much of our infrastructure is situated in streets and the rights of way and with Parks because of reciprocal use of each other's properties, utility services and shared environmental concerns for creeks, conservation, green infrastructure and the like.

Creating an effective working relationship between the agencies is critical to our mutual success. Joint Executive Teams (or JETs) have been established between SPU and these departments to provide a direct forum for maintaining on-going communications, jointly identifying, managing and resolving critical issues, and identifying and increasing beneficial collaborative opportunities.

Issues actively managed by the SDOT-SPU JET and JET members include: Protection of SPU infrastructure during road repaving and/or SDOT capital projects, development of agreements related to use and maintenance of green infrastructure for meeting drainage requirements in the right-of-way, coordination of budgets for priority CIP projects involving both departments, development of cooperative storm response protocols, management of the impact from new

drainage code on SDOT projects, and development of an approach to permanent restoration of utility street cuts.

Issues actively managed by the Parks-SPU JET and JET members include: agreements and coordination of park development above SPU reservoir properties, coordination of water restoration and sediment remediation efforts, resolution of utility issues and services within Park lands, coordination of stormwater projects and CSO program, and coordination of initiatives to improve water conservation and National Pollutant Discharge Elimination System (NPDES) compliance on Parks properties.

Opportunities for better collaboration exist with other departments, including: the Department of Planning and Development and the timing and role utility infrastructure plays in the permitting process; Human Services Department as our service provider for the Low Income Rate Assistance (LIRA) program; and Seattle City Light as our partner in the joint billing system and joint call center. Each of these partnerships is ongoing and in each case the benefits of better collaboration will result in an improved outcome for the customer.

Question #5: How do you approach customer service? As Acting Director, what improvements have you initiated in the area of customer service? How do you expect those improvements to be reflected in SPU's customer service performance in the coming year?

I approach customer service by thinking about how the entire utility conducts its business. Outstanding customer service is based on an attitude that I expect of all SPU employees, whether they are dealing with internal or external customers. Customer service is about directly delivering **quality** programs and services as well as **how** we provide those services. My expectation is staff will be prepared, easy to reach, show they care, own the issue and act with a sense of urgency. I model this, I am "hands on" in working with employees and dealing with customers.

Likewise, senior management at SPU is consciously maintaining a culture of outstanding customer service, whether in the form of taking a meter reading, preparing a customer billing, answering a phone call, designing a project or responding to a water line break. I regularly talk with customers to learn how we are doing and take actions to continuously improve our business practices and service delivery.

The area of major focus in customer service at SPU this past year has been to revitalize the City's call center. SPU manages a high volume, one-stop contact center providing services to SPU and City Light customers and responding to more than 700,000 calls each year. Direct revitalization efforts include technology and business process improvements. I am committed to providing resources, supporting technology improvements and hiring an experienced and knowledgeable expert in call center management as the director. I have partnered with labor to engage our employees in development of these improvements and regularly monitor performance and directly communicate with staff to recognize their performance improvements.

This past year, SPU implemented one of the largest solid waste service changes with new contracts and new services. We accomplished this with customer engagement to shape a program to inform all of our customers and work closely with multiple community groups to reach customers in their first language.

As a proactive measure to improve how we work with immigrant and refugee communities, I supported SPU's Hispanic and Latino employees in conducting an employee workshop on improving service delivery to these communities.

Additionally, SPU has worked proactively with quick-serve food restaurants to implement the City's 100 percent composting/recycling mandate for food service ware. We are helping businesses take actions to comply with our requirements and they are helping us shape a program that works for businesses.

Question #6: As Acting Director, how have you involved residents and neighborhoods in SPU projects? How do you reach out to constituencies that are not usually represented in your department's discussions? What changes, if any, do you anticipate making in the next four years?

As a conscientious employee of the public, I respect and value the diversity of the community members that SPU serves and recognize SPU's responsibility to communicate and engage in ways that work best for them. In recent years, the utility has made a concerted effort to better understand and partner with our diverse communities to design more culturally appropriate and effective outreach. These principles, in addition to the Inclusive Outreach and Public Engagement Toolkit, guide us in achieving ratepayer equity:

- Researching carefully about how community members can be engaged to design programs and projects, mapping how citizen input will be used and communicating these intentions with citizens.
- Asking citizens, including diverse communities, how best to interact so outreach is convenient, culturally appropriate, and informative and allows people to provide advice about SPU programs and projects. SPU also looks for ways to use standing neighborhood meetings to share and receive information to avoid "meeting burnout."
- Translating materials and providing interpreters at events and meetings that reflect the languages of the host community to ensure culturally competent translation versus "straight bat" translation.
- Using a variety of community-recommended methods to reach "non-mainstream" culturally diverse and/or economically challenged communities, such as going door-to-door with bi-lingual staff or interpreters, hosting small dinner gatherings where free idea exchange can occur in a non-institutional environment, engaging the community in long-term planning that creates strong and trusting relationships between City staff and the community members and helps identify critical neighborhood concerns, needs and preferences. Specific examples include:

- SPU worked with the South Transfer Station Citizen Advisory Group, which is made up of representatives of the South Park neighborhood, transfer station users, local businesses and the environmental community for about three years to help SPU plan the new transfer station.
- SPU, in partnership with King County, the U.S. Environmental Protection Agency the State Department of Ecology, worked with community members in South Park and Georgetown over many months to work through the design for cleanup of Slip 4, one of the early action areas of the Lower Duwamish Waterway Superfund site. We started this process before any pen was put to paper on alternative designs. Aided by relationships within the community (Duwamish River Cleanup Coalition, ECOSS, local church, etc.), neighborhood residents gathered with us on a regular basis to discuss the community vision and their needs. Together, we then proceeded to review design sketches, discuss cleanup goals, and exchange questions and answers about how the cleanup would integrate best with neighborhood plans for open space, access to the waterway and other neighborhood amenities. The end result was a community that supported the 100% design approved by EPA.
- SPU conducted bi-lingual door-to-door outreach with multiple agencies when contamination was discovered in a residential area of South Park, including a Public Health staff member who could provide on-the-spot health risk information to homeowners.

SPU is making Race & Social Justice part of “the way we do business.” Staff has been trained in using and applying the Equity Filter Toolkit and the Inclusive Outreach and Public Engagement Toolkit. In the next four years, I expect all key management and supervisory staff will be even more conversant with these tools and incorporate them into their work. My intention is to grow capacity in this area and make this an intentional step to inform our decisions and ultimately influence how we do business.

Finally, SPU has demonstrated a strong commitment to contracting equity programs for Women and Minority Business Enterprises (WMBE) which we also refer to as Historically Underutilized Businesses (HUB). Our WMBE/HUB Team has set up HUB Action Teams (HAT) in three of our six Branches, consisting of both branch staff and RSJI Change Team members. These teams help their branches find ways to meet the City’s WMBE aspirational goals in contracting and goods and services. We plan to have HAT teams in all branches by next year.

Question #7: As Director, how would you set priorities among competing infrastructure needs – how would you choose whether to maintain existing facilities or build new facilities? How would you determine the appropriate size of the capital program?

SPU is responsible for 1,800 miles of water pipeline, 1,400 miles of combined and sanitary sewers, 67 pump stations, 460 miles of storm drains, two transfer stations and increasing areas of green infrastructure. This piped backbone infrastructure evolved over the past 100+ years of Seattle's development. Some major investments in new infrastructure – such as the Cedar and Tolt Treatment Facilities and the burying of our drinking water reservoirs have been made within the past decade.

In setting priorities among competing infrastructure needs, I consider a number of factors. In some cases, such as the burying of Seattle's reservoirs, investment in new infrastructure is driven by regulatory mandates. While SPU has less discretion in making these investments, our decisions still demand wise use of ratepayer funds in project design and construction.

SPU has several important tools in setting priorities among competing infrastructure needs in order to determine the best use of rate payer funds. We start with the biennial Strategic Business Plan and then create comprehensive plans for each line of business (Water, Drainage, Sewer, and Solid Waste). These comprehensive plans outline policy objectives, set levels of service, help determine future changes in business needs (e.g. population growth, climate change, etc.), and aid in determining a proposed list of future CIP projects. The lines of business then develop initial project portfolios reflecting the supply and demand analysis of each comprehensive plan.

Once a potential project has been placed in the CIP portfolio, it is prioritized. This prioritization is based on weighting factors such as the likelihood of failure, and perceived impacts on public health, safety, existing infrastructure, and level of service. Other weighting factors are also used which are more specific to a particular line of business.

The prioritization methodology is an area I am particularly interested in strengthening over the next year given increasingly limited resources. Currently, we depend too much on the judgment of knowledgeable staff versus utilizing a method that reflects more transparently the key factors leading to the priority of a project. I think generally we get it right, but we can do better in explaining why a certain priority has developed.

Under our current evaluation, projects that are given top priority include those mandated by regulatory or legal compliance, such as the burying of water reservoirs or projects minimizing combined sewer overflows, or those that address imminent or actual infrastructure failure, or represent human health risks. A high priority may also be given to "externally driven" projects undertaken in response to mandates from the Mayor or Council, or to another agency such as SDOT, WSDOT, or Sound Transit.

Before any project in excess of \$250,000 in lifecycle cost is approved, staff must produce a business case that reflects a full triple bottom line-based economic analysis. Cost effectiveness analysis is performed for mandated projects and benefit/cost analysis is performed on discretionary projects. Financial, social, and environmental costs and benefits are included in this analysis. An earnest attempt is also made to evaluate social and environmental costs and

benefits that cannot be easily quantified. Every project with a life cycle value of \$1 million or more is presented to me and my Deputy Directors for final decision. Projects less than this life cycle value are brought through the Director level for the line of business.

Several options are typically considered in business case development. These include a “do nothing” option, often a “maintenance-only” option, and several options involving an increased level of capital investment. The economic analysis which results from the business case process often determines whether maintaining existing facilities, repairing and improving existing facilities, or building new facilities is in the best interest of SPU’s ratepayers.

SPU has been completing business cases on capital projects in excess of \$250,000 since 2003, and we currently have over 300 unique examples of these on file. These business cases have increased transparency around decision-making, kept executives well-informed of infrastructure and policy-related issues, and brought high value to SPU’s customers. If confirmed I would continue to endorse this highly successful business case process.

The appropriate size of the capital program varies in each line of business. The size of the Water Fund’s capital program has grown steadily in recent decades, largely in response to regulatory drivers and legal agreements such as the Cedar River Habitat Conservation Plan and the Muckleshoot settlement agreement. My focus in the coming years will be to help drive the water CIP in a downward trend as the era of major investments is largely complete.

In contrast, the Solid Waste fund capital program has only recently experienced an increase in order to deliver on the necessary rebuild of the North and South Recycling and Disposal Stations. After those projects are delivered, the Solid Waste CIP should decrease.

The Drainage and Wastewater Fund poses the greatest challenge in terms of managing its appropriate size and balancing competing needs. Regulatory requirements regarding combined sewer overflows are making demands on the fund at the expense of other worthy projects to address flooding, wastewater capacity, and general system maintenance. My approach to dealing with these trade-offs is to make asset-management based choices within a total CIP amount that rates will allow. I would anticipate continued pressure on the D&WW CIP into the near future without any notable decline.

Question #8: How does SPU address sustainable decision-making (e.g., asset management, returning the highest value on investments, addressing social and environmental benefits)? If you are confirmed as Director, would you change SPU’s approach?

SPU addresses sustainable decision-making by applying asset management principles throughout the business, most notably in the business case process and through educating its employees continuously about its methods. SPU’s asset management process has been set up such that any capital decision in excess of a \$250,000 lifecycle cost is required to undergo business case development. I and my Deputy Directors review all business cases equal to \$1 million in life cycle cost value. Fundamental to this business case process is a comprehensive

triple bottom line analysis which is ultimately fully vetted with both the Executive Team and me.

These business cases have been designed to deliver the highest return on investment to SPU's ratepayers not just in financial terms but also in much harder to measure social and environmental terms. As a result of this process SPU is often considered to be at the forefront of triple bottom line economic analysis throughout North America and the world. In addition to triple bottom line-based economic analysis, SPU also has been applying the recently developed Race and Social Justice filter to many business cases of late. Ultimately, these methods give us the ability to measure SPU investments for affecting overall wealth-- or quality of life -- of the community and even region.

If confirmed as Director I would not change SPU's current approach to this decision-making process because I believe strongly this system has provided and continues to provide the best value, by any measure of sustainability, to SPU's customers. I have during my acting tenure, improved our asset management procedures and methods to be more efficient and effective, and I would plan to continue to do so. As a point of interest, our improvements over 2009 and 2010 have been responsive to state audit observations made in 2008. We welcomed the suggestions from the audit and have already incorporate many of them into our business practices.

Question #9: Ratepayers – both residential and commercial—are facing serious financial challenges in the current recession. What opportunities do you see to control the growth of costs at SPU and to minimize the financial burden on ratepayers?

SPU is prioritizing its work to ensure that we provide the most valuable services to our customers. We are also cutting costs in every part of the department while ensuring that our highest priorities are adequately resourced. In last year's budget process, we reduced our 2010 O&M budget by \$11M and our CIP budget by nearly \$42M. And we're now looking at both 2010 mid-year reductions as well as cuts for 2011-2012. Our goal is to keep future rate increases as low as possible while providing value-added services to our customers.

In addition to prioritizing our work and cutting expenditures, we are also constantly evaluating the way we deliver our services and looking for ways to improve our efficiency and effectiveness.

- First, we use asset management principles in our decision making to ensure that we meet customer expectations while fully considering the financial, environmental, and social impacts of those choices. This triple-bottom line approach helps ensure that we are delivering quality service to all our communities with the least cost to the ratepayer, today and into the future.
- Second, we regularly analyze our performance and look for opportunities to improve our service delivery. We have a number of defined service levels and performance metrics which are reported out to the Executive Team and reviewed monthly. And we

have many more lower-level metrics, including cost-per-unit metrics that the divisions in SPU monitor.

- Third, we regularly benchmark ourselves against other like utilities in the U.S. and around the world to identify whether we are at, below, or above standards for best management practices.
- Fourth, we are following up on the recommendations made by the State Auditor in our 2009 performance audit to reduce costs and increase our effectiveness.

Even with these efforts to manage costs, there are some cost drivers that are outside our control. Examples of include stormwater and wastewater regulatory compliance and sediment clean-up costs. While we cannot avoid these costs, through our use of asset management principles, we seek to negotiate effective responses to our regulators that achieve state and federal standards and goals, while minimizing costs to our ratepayers.

Finally, at the Council's request, SPU completed two utility bill affordability studies in recent years. Through these studies we've learned that there is no universally agreed upon definition of affordability and no straightforward affordability measure that can be applied to utility bills. Whether SPU's bills are affordable is a hard question to answer and depends upon the individual or the particular population of people. Compared to other household expenditures such as cable and cell phone bills, our utility bills might be seen as affordable to the general community. However, they may not be affordable to our most disadvantaged populations. For that reason, the City continues to offer one of the most comprehensive and generous rate-assistance programs in the country. SPU and Seattle City Light, via the Human Services Department (HSD), offer two programs that provide our customers with utility bill assistance: a program for low-income seniors and people with disabilities, and a program for low-income households. Through the two programs, qualified applicants can receive a 50% rate discount on their SPU combined utility bill and an approximate 60% discount on their SCL bills. We are also currently working with Seattle City Light and HSD to streamline these programs and make them more accessible to all eligible customers.

Question #10: SPU's employees are your partners in providing day-to-day services and managing new programs and projects. What will be your approach to working with and developing SPU's work force?

During my tenure as Acting Director, I have focused on being visible and accessible to SPU employees. Prior to my appointment to Acting Director, SPU had established programs that were intended to improve interaction with all supervisors. To ensure that we maintained successful working relationships with leadership, it was important to continue to provide our leaders with direct communication and guidance from me and the entire SPU executive team. Maintaining standing meetings with both the Leadership Team, which is comprised of the direct reports of the executive team, and the Leadership Forum, which includes all supervisors, has allowed direct, two-way communication with all leaders of people in SPU. We improved these meetings by including learning activities that create an interactive and creative environment.

In addition to these existing approaches, I established a process through which I visit different employee workgroups in their work areas so that I have direct interaction with front-line employees and they have access to the Director. These visits have been invaluable to me and have provided me with the opportunity to receive input and ideas related to our culture and our services. Finally, I established open office hours on a monthly basis as a requirement of me and all my Deputy Directors. During these office hours, employees have dedicated time with members of the SPU Executive Team to share their ideas about SPU programs and services with the ultimate intention of improving service delivery to our rate payers.

With respect to developing SPU's workforce, my desire, and our desire as an organization, is to maintain development programs that were already in place and establish an employee development strategy that supports each of our employees through his/her career cycle as an SPU employee. This strategy and associated programs should provide training and mentoring to the younger workforce, the appropriate support to experienced new hires who come with a wealth of skills but who are new to the City and SPU, and ongoing skills development and leadership training to our veteran employees who have given years of service to the community. During these difficult budget times, we will have to be intentional about maintaining as many programs as possible while we evolve development strategies for emerging workforce challenges.

SPU has a history of offering successful leadership development programs that have benefited most of our existing formal leaders. My hope is to reinvigorate some of these programs and continue offering in one form or another. We also encourage employee participation in city-wide training and development opportunities so that SPU employees can learn while developing relationships with employees in other departments.

Development also includes ensuring employees remain clear about our expectations and aligned to our values. SPU has a clear Workplace Expectations framework in place that presents to all employees (including supervisors) our values and expectations. In order to improve on what we have, we will rollout a 'refreshed' Workplace Expectations tool and implement an employee communications campaign showcasing SPU values.

SPU has developed programs specifically designed to develop our workforce across the department and focused on specific areas of our business. Some examples:

- Supervisory Academy: ongoing supervising training program that gives supervisors the skills that they need to be successful performance coaches and mentors, while being able to handle all the challenges of correcting performance and behavioral of employees that are not meeting expectations.
- Apprenticeship programs: two successful apprenticeship programs for Water Pipe Workers and Drainage and Wastewater Collection Workers that are role models for organizations around the country.
- Crew Chief Development: this program is focuses on developing the leadership skills required (in the Field especially) and the technical fresher that graduating apprentices

and aspiring leaders in the Field need in order to be better prepared for this challenging supervisory role.

- Race and Social Justice Initiative: SPU is a leader in the offering and delivery of RSJI related trainings while periodically supporting smaller departments with facilitating these trainings. For example, we will offer a specialized training for key SPU employees so that we build capacity in the application of the RSJI Equity Filter.

The current and future state of our workforce will require SPU and the City to be proactive in assessing and implementing development programs that ensure we can continue to provide services to our rate payers and constituents. With an aged workforce and the impending exit of institutional knowledge due to retirements, we have a challenge to ensure the transfer of knowledge from our veteran employees to those employees who are earlier in the career life cycle. At the same time, we must ensure our workforce can respond to emerging challenges created during this economic downturn.

Some examples of emerging workforce development opportunities:

- Expanded "journey level" training programs in field operations
- Supervisors Academy, which provides skills to help manage change, have difficult conversations related to behavior and performance management
- Redesigned performance management processes and tools to ensure consistent and effective performance management
- Development of core leadership competencies for all supervisors

In the future, SPU will need to evolve the workforce and our culture so that we can continue to provide the best value to rate payers for the services we provide. In addition to a desire to deploy six sigma methodologies to improve workforce effectiveness, we will need to develop a multi-skilled workforce capable of working across lines of business which will require the support of elected officials and labor to make that possible. With obvious budget constraints, we will require more productivity from our staff, and ultimately, lower costs. SPU will continue to prioritize our work by focusing on those efforts that will do most to increase value to the rate commitment to workforce development.