CITY OF SEATTLE

RESOLUTION 31429

A RESOLUTION relating to Seattle Public Utilities; describing the goals of Seattle Public Utilities' 2015-2020 Strategic Business Plan and establishing a Customer Review Panel to provide input to the Plan.

WHEREAS, 2013-2014 Seattle City Council Statement of Legislative Intent 27-1-A-1 directs Seattle Public Utilities (SPU) to develop a Strategic Business Plan to guide utility investments, service levels, and rate paths over the next six years; and

WHEREAS, the Mayor and Council desire to have the input and engagement of SPU customers in formulating the Strategic Business Plan; NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE MAYOR CONCURRING, THAT:

Section 1. Primary Goal. The primary goal for the Strategic Business Plan is to set a transparent and integrated direction for all of SPU's business lines that reflects customer values, provides rate predictability for utility customers, and results in best value for customer dollars.

Section 2. Content and Process. To attain the goal described in Section 1 above, the City will take the following approach in specifying the content of the Strategic Business Plan and the process for developing the Plan:

a. Content of the Plan. The Strategic Business Plan will contain a six-year rate path for water, drainage, wastewater, and solid waste rates so that cumulative impacts of rate and service level changes to customers are predictable and transparent. The six-year rate path will be developed by identifying, evaluating, and

recommending priority reductions and additions to current utility expenditures, including (i) potential efficiencies in existing services, (ii) lower-priority existing services that may be reduced or eliminated, and (iii) prioritized new investments to respond to future needs. The impacts of these expenditure changes on services and levels of service will be clearly identified and evaluated. SPU will use this rate path as the basis for preparing future budgets and rate proposals.

b. Process for developing the Plan. The City will use a collaborative process in developing the Plan that will include the input and engagement of SPU customers, SPU staff, the Mayor's Office, and City Council.

Section 3. Customer Review Panel. A Customer Review Panel is established.

Section 4. Panel Composition. The Panel will be composed of nine members drawn from among SPU's customers. Members will be selected to ensure a balance of viewpoints regarding services and rates that are representative of the views within SPU's customer base as a whole. The membership will include representation from both residential and commercial customers.

Section 5. Appointment and Confirmation of Panel Members. The Mayor will appoint five members and the City Council will appoint four members. Panel members will be subject to confirmation by the City Council.

Section 6. Term of Appointment. The Mayor and City Council will seek to empanel the members of the Customer Review Panel by March 1, 2013. The Panel will dissolve upon

Council adoption of the SPU Strategic Business Plan, or on December 31, 2014, whichever is sooner.

Section 7. Purpose, Role and Responsibilities of the Panel. Specific Panel duties include:

a. Gaining a working knowledge of SPU services, financial policies, costs and rates;

b. Reviewing the Plan's assumptions, technical evaluations, policy directions, and action alternatives;

c. Working closely with staff designated by the City Council and the Mayor to understand the issues and concerns of the elected representatives of the City;

d. Providing to the Mayor and City Council comments on the Strategic Business Plan concurrent with delivery of the final proposed Plan to Council;

e. Assisting the Mayor and City Council in engaging customers in discussions of the merits and implications of the Strategic Business Plan.

Section 8. Relationship to Seattle Public Utilities' Ongoing Advisory Committees. Seattle Public Utilities' Creeks, Drainage and Wastewater Advisory Committee, Solid Waste Advisory Committee, and Water System Advisory Committee will continue fulfilling their ongoing roles. The Customer Review Panel will include representation from the Advisory Committees to ensure the Advisory Committees are kept informed of the strategic planning process and have an opportunity to provide input to the planning process.

Section 9. Operating Rules. The Panel will establish its own rules for meeting attendance, quorum, leadership, and other matters necessary for its successful functioning. The expectation is the Panel may meet twice monthly throughout the development of the Strategic Business Plan. Meetings shall be open to the public, except that meetings or portions thereof may be closed if RCW Chapter 42.30 would have allowed it to be closed had the Panel been subject to that law.

Section 10. Staff Support. The Executive will provide logistical and staff support to the Panel, including a facilitator to assist the Panel with meetings, information requests, and interactions with City staff and elected officials.

Adopted by the City Council the ____ day of _____, 2013, and signed by me in open session in authentication of its adoption this_____ day of _____, 2013.

_____

President _____of the City Council

THE MAYOR CONCURRING:

_____

Michael McGinn, Mayor

Filed by me this ____ day of _____, 2013.

_____

Monica Martinez Simmons, City Clerk

(Seal)

Form revised: December 6, 2011

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Seattle Public Utilities	Diane Clausen/4-8151	Calvin Chow/4-4652

Legislation Title:
A RESOLUTION relating to Seattle Public Utilities; establishing a customer review panel for Seattle Public Utilities' 2015-2020 Strategic Business Plan and defining its composition and role.

Summary of the Legislation:
The resolution would establish a Customer Review Panel to oversee development of Seattle Public Utilities' 2015-2020 Strategic Plan.

Background:
The City's 2013-2014 adopted budget contains a proviso directing SPU to develop a Strategic Plan by the end of 2013 covering each of its lines of business to guide utility investments, service levels, and rate paths over the next six years. The primary purpose of the plan is to improve rate predictability and transparency for SPU's water, drainage and wastewater and solid waste utility customers and to identify potential operating efficiencies. The Panel would be made up of nine members representing the breadth of SPU's customers. The Mayor would appoint five panel members and City Council would appoint four. All panel members would be confirmed by the City Council. The panel will meet throughout the strategic plan's development.

Please check one of the following:

___ **This legislation does not have any financial implications.**

_X_ **This legislation has financial implications.**

Appropriations Notes:

The budget proviso directs $100,000 of SPU's Other Operating BCL to pay solely for consulting services "to identify cost efficiencies at SPU in support of a strategic plan that sets long-term rate growth policy…." SPU intends to hire a consultant to facilitate and otherwise support the customer review panel and will pay these costs using existing budget resources. Using a similar panel which assisted Seattle City Light develop its Strategic Plan as a guide, SPU envisions approximately 32, three- hour panel meetings. Accounting for added consultant preparation time, SPU expects total consultant costs for the panel would be in the range of $75,000-$125,000.

Other Implications:

a) **Does the legislation have indirect financial implications, or long-term implications?**
The Customer Review Panel formed pursuant to this legislation would consult with SPU in drafting its strategic business plan and provide comments upon its completion. The strategic plan and attendant utility rate revenue would be subject to council and executive approval.

b) **What is the financial cost of not implementing the legislation?**
None

c) **Does this legislation affect any departments besides the originating department?**
No

d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**
Seattle Public Utilities could develop a Strategic Plan without a customer review panel by the end of 2013 but the plan would lack crucial customer involvement to guide utility investments, service levels, and rate paths.

e) **Is a public hearing required for this legislation?**
No

f) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
No

g) **Does this legislation affect a piece of property?**
No

h) **Other Issues:**

List attachments to the fiscal note below:

City of Seattle
Office of the Mayor

January 29, 2013

Honorable Sally J. Clark
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Clark:

I am pleased to transmit the attached proposed Resolution which would establish a Customer Review Panel to engage Seattle Public Utilities in the development of a Strategic Business Plan.

During the 2013-2014 budget process, the City Council approved a Statement of Legislative Intent directing Seattle Public Utilities to develop a Strategic Business Plan to guide utility investments, service levels, and rate paths over the next six years. One critical step in developing this Plan is the timely and thoughtful input of utility customers. To ensure this occurs, the attached resolution would establish a Customer Review Panel to advise the Mayor and Council during development and adoption of the Plan.

Approving this legislation will allow the Mayor and Council to move forward on selecting, appointment, and confirming Panel members. If you have any questions, please feel free to contact Diane Clausen, Project Manager for the Strategic Business Plan, at 684-8151.

Sincerely,

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

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