

SEATTLE PUBLIC UTILITIES

Director Diana Gale looked back on the four years of Seattle Public Utilities' (SPU) reorganization with a sense of satisfaction, having just received word that SPU had won an American Association of Metropolitan Water Agencies (AMWA) "gold award" for excellence in water systems management. Gale had assumed control of Seattle Public Utilities in 1997, inheriting four formerly separate city agencies. The Water Department, the Department of Solid Waste, the Drainage and Wastewater Utility, and the Department of Engineering Services had merged to create the new organization. The merger was a part of the Mayor's reorganization of city departments for greater efficiency and competitiveness, based on an assessment of how to improve performance, provide integrated customer service, and coordinate environmental management. Combining the four utilities into one new department had reduced staff positions by 100 FTE and base level expenditures by \$5 million.

The new organization had faced the challenge of merging four different sets of operational systems into streamlined and integrated services and bringing together four very different cultures. Gale had spent the previous five years directing the Solid Waste Department, revamping the recycling program into a nationally recognized innovation. The Water Department, by contrast, was known for its staid, conservative "old boy" culture, which she jokingly referred to as "experts doing the work of God." In addition, Gale had inherited a water system in crisis – the previous two or three decades had seen little investment in infrastructure, and most of the system had seen no repair or replacement in the previous 70 years. The utility's governance board was chaired by a city council member absolutely hostile to rate hikes, and rates had not been raised in almost a decade. The mid-1990s had damaged customer loyalty and the public's trust in government's ability to do anything efficiently or well, and Seattle customers were no exception. Government agencies were increasingly being asked to do more with less. The City of Seattle was facing a severe budget crunch, projecting federal budget cuts between \$10 and \$30 million. At the same time, the water supply needs of the city were steadily growing, and new state and federal regulations on water quality were requiring up to a billion dollars in investment. Continuing to ignore the system's increasing supply needs and

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more stringent water quality regulations meant the utility could have been hijacked at any time by privatization efforts or citizen lawsuits on violated regulations.

The AMWA award reflected the success of the merger in terms of overall competitiveness, but Gale knew she couldn't afford to be complacent. While she was proud of the accomplishments of SPU, she knew the future was by no means secure. Just that morning, driving to work, she had heard a radio talk show featuring King County Executive Ron Sims. At one point, he had accused "the water barons" of caring only about profit, not the environment or their customers, and had proceeded to call SPU "the biggest water baron of them all." Pressure on Gale and her executive team to spend more time cultivating regional relationships was growing. Her most politically and strategically-minded executive team member, the Director of Strategic Planning, had just departed to take over the International Water Association. Rumored new Endangered Species Act and Clean Water Act regulations could mean new investment and increased responsibilities for the utilities. Her Directors of Field Operations and Human Resources, the closest to frontline workers, were warning her of mounting staff burnout. She had also heard that most major transformation efforts fail in the fourth year. How could she make sure SPU's transformation stayed on track? What would Gale and her executive management team need to communicate to SPU staff to keep them motivated? In hindsight, what had worked and what could have worked better?

THE POST-MERGER SERVICES OF SEATTLE PUBLIC UTILITIES

Seattle Public Utilities was governed by the Mayor and the Seattle City Council. (See appendix A for organization chart). Within the Seattle City Council, the Energy and Environmental Policy Committee were responsible for making recommendations on legislative matters relating to the City's utilities, including Seattle City Light. This included rate-setting, determining energy resources and conservation goals, guiding the City's environmental stewardship, including salmon recovery programs, and ensuring customer service and regional energy relations. SPU's financial needs were met by customer rate payments and debt issued by the City to cover investments in capital improvement projects. Its budget was part of the City of Seattle's Comprehensive Budget, but its revenues were dedicated to SPU uses and not transferable to other City departments.

Water

SPU's delivered water services to over 1.25 million people in the Puget Sound region. SPU's water customers included Seattle residents, businesses, and 28 wholesale purveyors, including the cities of Renton, Bellevue, Mercer Island, and Redmond. (See Appendix B for map.)

SPU's water transmission and distribution systems relied on several dams, 159 miles of transmission pipelines, 29 pump stations, 16 reservoirs, 16 elevated tanks and standpipes, 1700 miles of distribution pipe and 16,000 valves. Drinking water was treated with chlorine and then treated again at in-town reservoirs before going to homes and businesses. Fluoride was also added to help prevent tooth decay.

Wastewater

Wastewater is used water from toilets, sinks, bathtubs, and washing machines, as well as used water from commercial and industrial facilities, that eventually leaves residences and businesses through the sewer system. SPU provided sewer services to over 170,000 customers in the city of Seattle, parts of Shoreline, and areas south of Seattle. Wastewater in SPU's system was piped through 1,560 miles of sewer pipes and 72 sewer pump stations to one of two regional wastewater treatment facilities. Treated wastewater was then discharged from these plants through outfalls into Puget Sound. SPU also contracted with King County to treat its wastewater.

During periods of heavy rainfall, the combined sewers could overflow, sending sewage and storm water into Puget Sound and Lake Washington, termed a combined sewer overflow (CSO). Strict regulations governed the number of CSOs per year and fine utilities for violations. The City of Seattle had been able to control 65 of 80 overflow locations to the State standard of no more than an average of one overflow per year.

Drainage

SPU's drainage services took care of storm water quantity and quality problems within the Seattle city limits. These services were aimed at alleviating flooding and erosion, preserving and enhancing creek habitat, and reducing contamination of surface water. About 47% of Seattle was covered by houses, pavement, and other impervious surfaces. Most of the rain that fell on wooded areas was absorbed by the soil or slowed by plants and leaves as it slowly worked its way to the creeks. Groundwater recharge maintained creek flows needed to support fish and other wildlife during the summer. Rain that fell on impervious surfaces, or even landscaped areas without a natural accumulation of mulch and leaf litter, ran downhill much more quickly, causing flooding and erosion.

SPU owned, operated, and maintained Seattle's system of storm drains, culverts, ditches, catch basins, and detention systems. Seattle had also developed regulations and education programs, either independently or in response to State and Federal requirements, to control the quantity and quality of storm water runoff. Regulations focused on limiting the direct drainage and water quality impacts of development, construction practices, and industries. Education and creek stewardship programs targeted residential and business practices that could cause indirect sources of pollution and promote protection and restoration of Seattle's creeks.

Solid Waste

In 1995, Seattle residents and business threw out over 765,000 tons of solid waste. 426,000 tons (56%) were disposed of as garbage, and 339,000 tons (44%) were recycled and composted. The city's goal was to recycle 60% of its waste. Seattle had saved more than \$12.4 million in landfill cost since its curbside recycling program had begun in 1987. Seattle Public Utilities' solid waste management ranked in the top three nationally.

To provide solid waste services to Seattle residents and businesses, SPU relied on a unique blend of city-sponsored and privately provided services. To serve Seattle residents, SPU contracted with eight private companies to provide garbage, recycling, and yard waste collection services, and was able to standardize collection times and systems across the city. Seattle had a national reputation for its success with contracting for the long term (seven years), which minimized rate increases and resulted in better service levels. SPU's household hazardous waste facilities provided residents with a place where they could drop off toxic household products, which were then either given away, sold for reuse, taken to private recyclers, or disposed of at authorized hazardous waste incinerators and landfills. SPU is also responsible for landfill closure and landfill monitoring activities at two landfill sites.

Engineering Services

The Engineering Services Branch provided design, planning, and construction management for each of SPU's four business lines, and administered capital projects for a number of other organizations, including Seattle Transportation (SEATRAN), King County, Seattle City Light, and the Washington State Department of Transportation.

THE URGE TO MERGE

In an April 1996 memo to all city employees, then-Mayor Norman Rice called for the reorganization of the city's departments to respond to budget cuts and regulations, and public demand for performance: "The winds of change we are all feeling are not just a temporary tornado that will be gone in a short time. The winds of change are going to be blowing hard for years and years. So we can't just 'take cover' and hope the storm blows over. We've got to make real changes to make City government stronger for the long haul." In addition to budget pressures, privatization threats were on the minds of utility managers following the deregulation of the electricity industry in California. One-third of water utilities in the United States had already gone private. According to water industry experts, the pendulum of privatization swings back and forth,¹ but for the most part, water systems had remained public. Notable exceptions to this included San Jose, California; St. Louis County, Missouri; and Northern Indiana Water. Two important trends in the water industry were that smaller systems were being consolidated and regionalized, and contract operations and public-private partnerships were becoming increasingly popular.²

Mayor Rice solidly supported merging the utilities, and given his commitment to improved efficiency and meeting the long-term needs of Seattle's growing population, he was willing to take on turf wars in creating a new city department that would house approximately a quarter of the city's personnel. According to one former Council member, however, there were suspicions that the Mayor needed to "do something mayoral" and this was his choice. The merger's most vocal critic, Jane Noland, questioned whether the cost savings were real or imaginary.

The Process

At a retreat in January 1996, the Mayor and his department heads had developed a set of goals and initiatives related to the City's clusters of departments. The three main goals were to (1) create seamless customer service, (2) improve efficiencies in the delivery of services, and (3) create the capacity to respond to cuts in federal and state funding. For the utilities cluster, the initiatives included: rethinking the delivery of utility services and departmental structure; consolidating citywide trash collection; consolidating transportation policy and planning; revisiting the mission of the Solid Waste Utility; and enhancing Seattle Water's revenue generating activities.

The utilities cluster formed project teams to develop the reorganization proposal, with a steering committee to direct the effort. Project teams looked at business processes. Employee focus groups reviewed suggestions and got involved in organizing and streamlining the change work. Their objectives were to focus on customer service, improve service delivery, integrate field operations to minimize costs and disruptions to the community, eliminate redundancy across the utilities, streamline internal processes and span of control, and overall, to better utilize employees, equipment, and facilities.

Alternatives to the merger included improving coordination among existing departments, merging just the water and sewer utilities, merging the Seattle Engineering Department and Water, or integrating the utilities. The Mayor chose the last option, fully integrating the utilities. Seattle's electric utility, Seattle City Light, remained separate for a number of reasons, the main one being that merging all the utilities would have created a 4,000 staff organization that employed half the City's personnel. City Light Superintendent Gary Zarker believed that the way to achieve performance was to hold one person accountable for each line of business, and the new SPU would be organized around functional lines instead. While City Light did not become a part of SPU, SPU became the preferred provider for a number of City Light's services, including all customer service and billing, construction management, and environmental and conservation programs. Interviewed in 2001, former Mayor Rice said if he had to do the merger over again, he would have integrated City Light, because the merger had had such positive budget and management outcomes.

In May 1996, Diana Gale, as Superintendent of Seattle Water, and John Okamoto, Director of Seattle Engineering, proposed a combined organization that would form a new agency, Seattle Public Utilities. The proposal assumed up front that City Light would become part of the new organization in a second phase.

Decisions about the reorganization were made in conjunction with the Mayor, his staff, the Council and its central staff, and utility staff. The Council Budget Committee handled the reorganization process and put together the ordinance that would create Seattle Public Utilities as a new agency in 1997. The ordinance was discussed in Budget Committee meetings throughout August and September, and was unanimously approved September 13, 1996. Over the next three months a flurry of activity took place to prepare the new agency to open its doors January 1, 1997.

Proposed Benefits

Five main benefits to merging were presented to the Council: customer service improvements, performance enhancements, cost savings, new opportunities, and increased accountability. In addition, environmental management and regulatory compliance functions would be centralized in one office to coordinate citywide environmental programs, including City Light's conservation programs. It was hoped that by presenting a unified message on conservation to customers, they would find it simpler and easier to conserve resources. Merging would also result in a significantly greater ability to take advantage of new technologies like geographic information systems (GIS) and other powerful databases for planning and executing services.

MERGING SEATTLE'S PUBLIC UTILITIES

Newly created, SPU's vision was "to bring world-class utility services to our community." Seattle Public Utilities had an annual budget of \$490 million and 1,200 employees (see appendix C for mission, vision and values).

Once the Council had approved the merger, a new executive team was formed. When SPU was created, it organized around "functional lines" rather than lines of business like water or solid waste. This change was significant for changing leaders' roles as well as their titles. The era of utility directors was over. Utility-specific expertise was still valued, but now the top executives of the organization were in charge of departments responsible for functional systems: customer service, field operations, engineering services, resource management, finance administration, and the director's office (see appendix A for organizational chart). The executive team was composed of branch directors for functional lines. Diana Gale chose managers with a reputation for excellence. She had a reputation throughout the City for being able to recognize talent, foster it, and even "poach" it from other departments. The executive team's first goals were to create new systems and put together a strategic business plan to drive the first years of the merged organization.

Strategic Business Plan

The reorganization plan recognized that combining each of the utilities' strengths and keeping employees motivated and efficient would be the greatest challenge. The leadership team involved employees in developing the mission, goals, guiding principles, and symbols for the new organization. The strategic business plan was developed in a series of workshops (see appendix D for plan). A number of cross-functional teams were formed to help implement the plan and to address specific issues that might arise (like safety, customer service, and technical systems). By and large, however, change was happening at a very rapid pace in a diffuse manner; there was little central direction other than leadership team meetings with reports back from the teams. There were no organization-wide retreats, though Gale did monthly workshops with employees.

Culture Shift

Prior to the merger, employees identified very strongly with the utility service they provided, so reorganizing along functional lines was a major shift for many of them. Merging cultures would prove equally difficult, and conflicts over turf and what the new culture would look like were inevitable. Led by Diana Gale, an energetic, strategic manager committed to bottom-line performance, the culture became more like a start-up than a reorganization. The new chair of the governing board, Margaret Pageler, reminisced that "going to work with Diana was a lot like falling in love," as it was all-consuming, exciting, and extremely productive. For some older "lifers," this was quite a shock. For a female non-engineer coming from the more limber part of the organization, taking on the utility culture, especially the water systems culture, was a challenge. The culture of water utilities tended to be conservative, focused on safeguarding public health requirements for safety (prevention of water-borne diseases like cholera and cryptosporidium) and supply (including needs for fire suppression and industrial use). As a result, they were generally risk averse.

New Financial Structure

SPU's budget was a part of the City of Seattle's comprehensive budget, but its revenues were not fungible to other city budget lines. Each of the City's four rate-funded utilities (Seattle City Light, Water, Drainage and Wastewater, and Solid Waste) flowed through an enterprise fund. Each utility was financed and operated as a business-like enterprise, which required periodic determination of revenues earned, expenses incurred, and net income. SPU maintained separate enterprise funds for each of its business lines. These included funds for Water, Drainage and Wastewater and Solid Waste, as well as a fourth fund, Engineering Services, through which expenses and revenues for the engineering services provided to SPU's enterprise funds and to external customers such as Seattle Transportation (SEATRAN) and King County/Metro were tracked. The fund structure was restructured over two years from entirely separate funds, with different categories to simplify its administration. The new fund structure was implemented in.

1999 and met all the legal requirements of the existing funds (See appendices E and F for fund and utility financial data).

According to Dwight Dively, City Finance Manager, the merger had "no real effect" on bond ratings. The rating agencies approved of the merger, because it would improve efficiency and lower costs, but their focus was on the underlying strength of the utilities, which was virtually unchanged by the merger. "Each utility continued to have its own funds, its own rates, and its own financial policies. Thus, the merger made little difference in the overall fiscal assessment of each utility." (See appendix G for bond rating history).

OUTCOMES OF THE MERGER: BIG WINS

Integrated Customer Service Functions

According to Seattle City Council President Margaret Pageler, prior to the birth of Seattle Public Utilities, citizens were the "de facto coordinators of city services." If customers had flooding problems, they had to call the water department, the drainage and sewer people, and coordinate their own work scheduling, obviously a major headache. Citizen headaches were then passed on to the City Council and Mayor, who were also being pressured by citizens with environmental concerns. One of the first measurable successes of the merger was one-stop customer service for Seattle citizens. Customers now called one number to set up their city services, to answer billing questions, and make adjustments to service including electric services from Seattle City Light.

More Efficient Delivery of Shared Overhead Functions

The four utilities came together as one in order to eliminate service duplications across the city. Each organization had been self-contained with its own administration, human resources, information technology, and communications departments and procedures. As a result, services and strategic planning and management were fragmented. By combining overhead functions like safety, human resources, finance, information systems, accounting, and communications, SPU was able to reduce costs by more than 10% without a reduction in service levels. While approximately 100 full time staff were laid off, the impact of layoffs was minimized as much as possible with a hiring freeze, reassignment, early retirement, and retraining programs (see appendix H for personnel reductions).

Integrating Environmental Planning, Program Development and Communication

The merger made possible integrated campaigns aimed at preserving the environment. For example, a "Green Lawns Program" advanced water conservation, water quality, and waste reduction through a coordinated campaign. It was communicated more effectively and cost less than three separate efforts. SPU was also able to present a more coherent and trustworthy face when dealing with environmental restoration efforts, and when negotiating habitat conservation.

Privatization Fended Off

Among the main achievements of merging the utilities was that it fended off privatization challenges. It did this by being pro-active and taking advantage of public-private partnerships when they would both meet a utility's objectives and result in good outcomes for customers. According to Scott Haskins, Director of Resource Planning, SPU "was lucky in having 'the right people at the right time,' elected officials who were open to merging, and who served as good advisors and partners."

Seattle was a nationally recognized leader in many aspects of utility management, including the Design-Build-Operate (DBO) methodology. The DBO approach combined public sector ownership and financing with privately supplied design, construction, and operation over a designated period of time (in the Tolt watershed, 20 years). The approach combined a streamlined planning and building process and unique ways of allocating risk to utilities and implementers, and had saved SPU \$70 million over the conventional approach to plan development and operation. Within the City of Seattle, SPU was a recognized model for many of their processes, receiving public recognition for having the "best organizational development plan," the "best set of performance measures," and the "best relationship with labor unions" in the City.

Achieving Rate Stability

Much of Seattle's water infrastructure in 1997 was over 70 years old, and systems had reached the point of needing constant repair. At the same time, the Council had been unwilling to raise rates for a decade. The new SPU was facing necessary infrastructure investments projected to cost as much as \$1 billion in water alone, or \$1.5 billion in water plus sewer improvements, including two huge \$70-100 million dollar treatment facilities, and a second supply pipeline. Persuading the Council that rate increases were necessary was crucial, and Diana Gale and her team succeeded. Rate increases were approved for eight years of 10% annual increases to bring the Utilities up to date. In year seven, the first major treatment facility was finished and the second begun, and SPU was completing the fifth of six pipeline phases.

The principals that guided SPU in setting rates were revenue certainty and stability, ease of understanding, and fairness. Efficient use and conservation was promoted by a pricing structure that rewarded conservation and penalized waste. The revenue base required was as calculated generally meeting supply (good quality and maintaining infrastructure) and debt service coverage, with reserves for emergencies and fluctuations. Compared nationally, Seattle Public Utilities charged lower commercial rates, and slightly higher residential rates.

Improved Relations with Regulators

Prior to Gale's arrival, the utility had taken an adversarial stance toward regulators, and had racked up numerous violations. At the time of the reorganization, pending regulations under the

Endangered Species Act (ESA), the Federal Clean Water Act, and State Health regulations on covering open reservoirs could have resulted in over a billion dollars in investment. SPU recognized that taking a resistant stance towards regulators or appearing to ignore environmental needs would open it up to lawsuits and privatization. Gale sponsored a series of workshops with regulators and SPU to discuss each issue, which went far in building relationships. Strong, amicable personal relationships avoided many conflicts and made possible many compromises that benefited SPU and its ratepayers greatly, from gaining time for compliance to alternatives to expensive, unnecessary steps. This approach paid off: by taking a cooperative stance, SPU was able to avoid noncompliance sanctions and get longer terms to comply. It was also able to negotiate a Seattle Amendment to federal regulation. Because Seattle's source water was so pure, federal filtration requirements appeared to be an avoidable expense. In anticipation of, and in response to, stricter drinking water regulations, SPU would build ozonation facilities on the Tolt and Cedar watersheds. The Seattle Amendment saved SPU \$150 million, and when the state required open reservoirs to be covered, SPU was able to bargain for a 25 year window to cover its open reservoirs.

Stable Land ownership

Another important win for SPU was gaining secure, stable access to its water sources. Most of SPU's water came from two watersheds and reservoirs in wild, uninhabited areas of the Cascade Mountains. SPU's water supplies relied on the accumulation of snowfall in the mountains from late fall until spring. This snowpack slowly melted through the spring and early summer, replenishing the mountain reservoirs and providing the region water through the dry summer. SPU's water supplies met or exceeded all current drinking water regulations. Because the quality of its source water was so good, SPU, like Tacoma, Portland and San Francisco, had one of the few unfiltered drinking water systems in the country.

For years, ownership of SPU's watershed lands resembled a patchwork quilt with alternating plots owned by the City, the US Forest Service, the Weyerhaeuser Company, and others. Two separate land exchange deals, one with the US Forest Service for Cedar River lands (in 1996) and the other with Weyerhaeuser for Tolt River lands (in 1997), gave SPU more control and certainty in the management of its water supply. SPU then owned 99.9 % of the land within the Cedar River Watershed and approximately 70% of the land within the Tolt.

The "Environmental" Utility

In the Pacific Northwest, citizens cared deeply about environmental issues and preserving the region's quality of life. The listing of salmon species in the Endangered Species Act (ESA) only underscored the importance of the issue of salmon habitat. Environmentalists and Native American tribes were powerful influences on city, state, and federal policy. According to Margaret Pageler, "Diana Gale recognized that to blunder on the fish issue would mean certain death to any major project SPU would care to undertake." Both she and the City Council

recognized that a profound shift would be necessary, not only for SPU's survival but also to steward the region's resources for the next generations.

SPU planned to save \$60 million over 10 years with an ambitious conservation plan. The plan called for no net increase in system growth, despite projections that Seattle would experience some of the most rapid population and economic growth in the nation in the coming decade, adding up to a quarter of a million new residents per year. In her 2000 performance evaluation, Diana Gale wrote, "It is a major shift in cultural identity for a utility to see itself as a community organization. Utility functions have historically been silent services carried on by experts. For the experts and engineers in SPU to realize that they have a community responsibility and a need to be 'environmental' has taken nearly two years of effort on my part. I do believe that after this past year the majority of SPU staff sees themselves as 'the environmental utility' and as having a responsibility for customers."

OUTCOMES OF THE MERGER: LOSSES AND CHALLENGES

Change Fatigue

After four years of fast-paced change, SPU employees were complaining that they felt overwhelmed. It was not that SPU staff were not open to change: in a July 1999 employee opinion survey conducted by an outside firm, 77 percent believed that change was necessary for SPU to succeed. Almost 80 percent said they were constantly learning new skills on the job. In leadership training workshops, participants complained of feeling "out of breath," both overwhelmed with the demands of constantly doing more with less, as well as being confused about some of the changes in organizational culture. The message from SPU's future leaders was, "I don't feel I'm a part of setting priorities and understanding the impacts of more work," and they emphasized the need for more ownership and more shared responsibility for decision-making. In a workshop on conflict management, one supervisor spoke up to say she was starting to feel like she had lost her integrity, "I keep promising them that after the next project's done, it will all calm down and we'll have time to catch up, but it never does. I feel like I'm lying to my people." The head of Human Resources said, "If you ask a frontline worker what he thinks of the coming strategic changes, he'll say he's already going 110 miles per hour and he's running as fast as he can."

The executive team was not entirely unaware of the burnout factor, and decided that the message for the coming year would be to reassure workers that no additional initiatives would be added. In a retreat, Gale wondered aloud: "Maybe we've been managing at too fuzzy a level. We have a really concrete workforce – 'What's expected? Do you want me to do it? When do you want it?'"

Workforce Succession Planning

SPU was facing two main problems with its future workforce: capturing the institutional memory of its aging workers, and meeting the challenges of changing technology that required new skill sets. The average employee was 48 years old with 20 years of on-the-job experience. The utilities workforce had changed, with far fewer workers skilled in the trades and different rules governing the workplace. As more workers retired, capturing the knowledge and experience they have accumulated would be difficult.

Technological advances held enormous potential, but represented a major shift in job skill sets and work culture. Traditionally, when a water main broke, a technician would look up a paper card in "the vault" for records on that area. Information on system breaks, materials, and decisions on whether to repair or replace were mostly safeguarded in the memories of workers. SPU planned to rely heavily on efficiency improvements through better technology. In one future case scenario of a water main break, a frontline worker would be able to call up the history of that pipe integrated with other data systems from her truck and understand the history of the pipe, what it would cost to replace or repair the damaged piece, how long it would take to fix it, and the type and number of personnel required. From there, she would be able to schedule the repair, order materials, and notify citizens, and record-keeping would be integrated in the system.

SPU started a Leadership Development Program for approximately 90 employees per year. The program was designed to support and encourage the future leaders of the organization, who participated in 40 hours of workshop training as well as one-on-one career coaching. The five-year target was to have 30 to 50 percent of the workforce participate in the program.

Management Systems

In preparation for updating the strategic business plan for 2002-2005, and to explore improving evaluation of the organization, an outside consultant was hired to interview branch directors and reported back a series of strong concerns about weak management systems and a lack of coherence in processes. These interviews revealed that a number of systems were not functioning as well as they could. The efficiency and effectiveness of Operations & Maintenance work planning and management was largely unknown. Financial systems did not fully support user needs for rolling up data or managing departments. The Director of the Budget Office said that "strategic business processes (like annual budgeting) catch people by surprise, and as a result they're not done very well." There were concerns that a lack of internal cooperation stalled work processes, and that externally, meeting regulations was not made easier by current systems. Overall, there was lack of intentionality, and fragmentation within the organizational structure.

SPU's executive team planned to take a closer look at its performance and systems, and possibly toward a pendulum swing back from functional lines to a stronger focus on core

business lines. The team was focusing on performance indicators, and looking at adopting a combination of industry benchmarking and a "balanced scorecard" of evaluation. In a session reviewing the performance measures of the prior two years, it was pointed out that only five of the then-current performance measures were measures of efficiency. A presentation just that day had compared the efficiency of private and public utilities, and revealed that nationwide, the labor productivity of public utilities was about half that of private utilities. The average public utility treated 39 million gallons per 1000 hours of labor, and the average private utility could treat 79 million gallons per 1000 hours of labor. The executive team's frustration with the current monitoring and evaluation systems was growing. In a discussion on benchmarking, Gale cautioned her colleagues that while measures did not need be quantitative, they did need to provide a sense of where the organization stood, and she did not have a sense of SPU from its performance measures (see appendix I for performance report).

Customer Service

While overall regional needs drove strategic planning, customer service demands were supposed to drive operations, with frontline staff deciding how to provide services. The SPU Field Operations Director admitted that "while this *should* be true, customer service in fact functions more like a black hole than a filter and coordinator." SPU measured customer service satisfaction aggressively through regular telephone and written customer surveys. But employees and even Branch Directors sometimes still tended to think of customer service as "the Call Center's job" rather than a function of every department and staff member. SPU planned to roll out a new customer service campaign, "Solutions Start With Me" beginning in March 2001.

Regional Relations

In the interview Diana Gale heard on her radio, Ron Sims, King County Executive, had made his ambitions for the water realm clear, with statements like, "The area's water barons are going to have to open to competition," and, "Water will be a defining issue in the early part of this decade." His comments set the tone for the coming debate: "Challenges over water in the next few years will not be pretty." Popularly known as "a government in search of a mission," King County had a reputation for attempting to encroach on the City's territory. According to former Mayor Rice, "He who controls water controls the city."

SPU would need to carefully manage its relations with purveyors and municipalities and its public image with ratepayers. In a contemporary national survey, attitudes of utility managers and ratepayers were measured. The results exactly contradicted each other. The public believed that the utilities' top priorities were making money and their public image. Quality of water and quality of service ranked a distant third and fourth, followed only then by caring about their customers and the environment. Only 17 percent of those polled thought utilities cared about their customers. In contrast, 69 percent of utility managers believed their main focus was on customer service and fewer than 10 percent believed their focus was making money³.

Leadership

SPU's Director of Strategic Planning departed February 1, 2001 to head up the International Water Association in London, and Diana Gale announced that she was planning to spend more of her time in the coming year in the field and on strategic political alliances. But Gale could not foster the relationships SPU needs single-handedly. The outgoing Director of Strategic Planning stressed that in the future, "The executive team needs to take on the macro-management of the organization as well as day to day management of their departments."

In the July 1999 employee opinion survey, fewer than half (42%) of SPU employees agreed with the statement that SPU treated its employees with respect and cited management's failure to do what they say, be truthful and "walk the talk." Managers' were faulted by over half (69%) of those surveyed for not being open and accessible and failing to communicate effectively. When employees were asked what would make SPU a better place to work, they responded that their top priorities would be improved management, increased opportunities for advancement, and a review of hiring practices. In addition, they believed SPU should provide more training opportunities and do a better job of performance management, requiring that employees be more accountable and dismissing ineffective employees. The message to the executive team was clear: they needed to facilitate communication and teamwork and emphasize clear goals.

THE NEXT ROUND OF CHANGE: A NEW ERA

Margaret Pageler saw SPU as moving into a whole new round of change, driven by regulations and new ways of conceptualizing water systems as integrated ecosystems, from rainfall to tap water to wastewater and drainage to the environment. For example, flood control had always been the primary goal of drainage systems. With new federal regulations, drainage systems included a new set of tasks like surface water management and maintaining natural stream cycles. This meant rethinking system overflows (CSOs), upgrades to drainage systems, landslide prevention, and special retention systems to mimic cyclical stream flows. Conflicts between growth and the environment would be sharpened, and the utilities would be caught between responding to citizens and regulators. As SPU matured as a coherent organization and grew its way out of the crisis Diana Gale stepped into, the assets of the organization would need long-term, life-cycle based management. New federal regulations had been a key factor in encouraging utilities to conceive of the resources they managed in radically new ways. "Geographically-based management" was the new buzzword, and meant holistic management of watersheds from source to outflow, and taking a new look at the cycle of water from clean to dirty to clean again.

Planning the Next Two Years

When asked how the transformation efforts were faring, SPU's head of leadership development answered: "To answer that, we need to know where we are. Do we know where we stand? Quite simply, we don't." The executive team would be meeting to design its strategic business plan for the coming years and to revise its strategic goals and objectives. Two weeks later, a second day's retreat would take a closer look at the strategic initiatives and operationalizing the strategic business plan.

To prepare her team for the upcoming meetings, Gale presented a short "state of the union" address which painted a picture of storm clouds on the horizon. Relations with King County were strained, and the current City Council had proven unable to take on long-term, serious planning for the region, and was suffering from getting caught up in short-term scandals and political solutions. All in all, this had left SPU vulnerable to hostile takeovers from King County, suburbs, and municipalities. Gale reminded the executive team that 800,000 of their customers were suburban and 700,000 lived within the City of Seattle.

Internally, in order to respond to this threat, SPU would need to be "stable in its systems, nimble in its thinking, and sensitive to its customers, which include all stakeholders – our ratepayers, the Council, water purveyors, and the suburbs." She cited a need to strengthen and value strategic thinking in the organization, rather than just project management. She hinted that she needed to spend more time in the field connecting with employees and more of her energy on fostering good political relationships throughout the region. This would require a stronger executive team to take on tough internal issues, and to take on building regional relationships.

She outlined her five top priorities: revising the strategic business plan for the next two years, developing a new framework for thinking about water and water resources more holistically, integrating residential and commercial solid waste systems, developing a systems approach to managing the utility's assets, and strengthening the customer service ethic. She asked her team to think about the gaps between SPU's strengths and the threats on the horizon and to consider what new opportunities might be available. For the upcoming retreat, she asked them to carefully study the current strategic business plan's goals and strategies and prepare remarks on how to revise the plan, what to eliminate or add, and action steps and initiatives for quickly bringing the plan on line.

Notes

¹The Changing Water Utility, p.206.

² Contract operations revenue projected to grow from around \$700 million in 1996 to \$2.1 billion nationally by the end of 2001 (EMA figures).

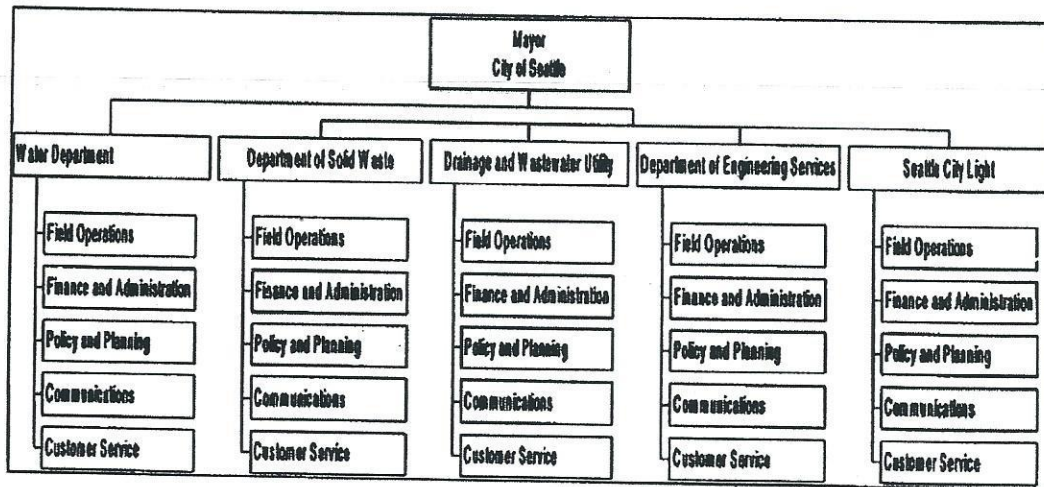
³ Consumer Attitude Survey on Water Quality Issues, American Water Works Association (AWWA).

Appendices

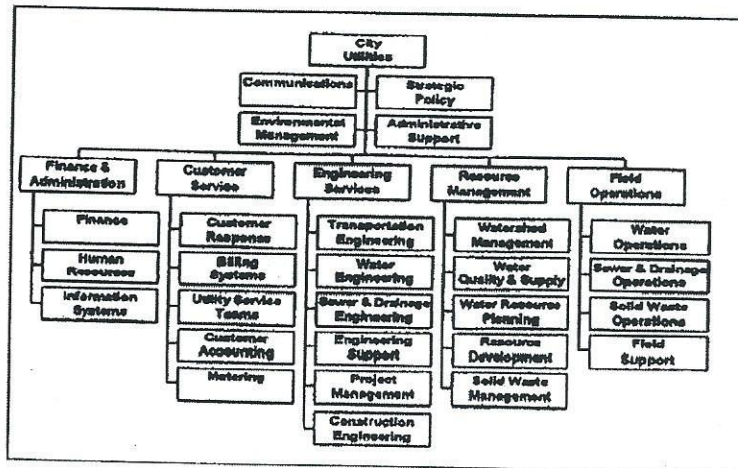
- A. SPU Organizational Chart**
- B. SPU Service Area Map**
- C. Mission, Vision, Goals**
- D. Strategic Business Plan**
- E. Financials: Information by Funds**
- F. Financials: Historical Balance Sheets for Seattle's Utilities**
- G. Bond Rating History**
- H. Reorganization Personnel Reductions**
- I. Performance Measures**
- J. Timeline of Reorganization**

Appendix A: SPU Organizational Chart

Pre-Merger



Post Merger – Seattle Public Utilities and Seattle City Light



Seattle City Light

(shared customer service and billing systems with SPU)

Exhibit 1-2: Seattle Public Utilities Service Area

Legend:

- Supply/Transmission Line** (Solid line)
- Proposed or Future Transmission Line** (Dashed line)
- Order River Water Chain** (Dotted line)
- Watershed Outflow** (Thick solid line)
- Watershed Boundary** (Thin solid line)
- Urban Growth Boundary** (Dashed line)
- Service Area 2011 Map** (Shaded area)
- Water Outflows** (Thick solid line)
- Water Wastewater Outflows** (Thick solid line)
- Industrial Wastewater Outflows** (Thick solid line)
- Potential Watershed Outflows** (Thick solid line)
- Current Service Area** (Shaded area)
- Watershed Area** (Shaded area)
- Proposed Boundary** (Dashed line)

Scale: 1 inch = 1 mile

North Arrow: Points North

Map Title: Seattle Public Utilities Service Area

Map Date: 2011

Map Author: Seattle Public Utilities

Map Contact: Seattle Public Utilities, 2200 4th Avenue, Seattle, WA 98101

Appendix C: Mission, Vision, Goals

Vision

"We bring world-class utility services to our community."

Mission Statement

We provide our customers with a reliable water supply and essential sewer, drainage, solid waste and engineering services that safeguard public health, maintain the City's infrastructure, and protect, conserve, and enhance the region's environmental resources.

Values

On behalf of our customers and our colleagues, we model and promote:

Respect - We hold each other in high regard for our dedication, expertise, creativity, and teamwork.

Diversity - We appreciate our diverse backgrounds and cultures, and value each other's contributions.

Trust - We work to earn the confidence of our co-workers so that they can rely on our integrity, ability, and judgement.

Humor - We like laughter that contributes to a positive and healthy environment.

Energy - We are invigorated by the work we do and demonstrate our enthusiasm to others.

Appendix D: Strategic Business Plan

Strategic Area	Goal	Results we achieve:	Measures of our performance
Services, Assets & Infrastructure	<i>Provide reliable infrastructure and high quality, cost-effective utility services for: drinking water, solid waste collection and disposal, and storm and waste water removal.</i>	Maintenance programs minimize future costs and service disruptions, provide clean, reliable drinking water, and protect private as well as public property. Projects are accomplished with quality, and are on time and within budget. Solid waste collection and transfer and disposal services are integrated into a well-coordinated system that makes the most efficient use of resources. Public health and safety is ensured Systems are well-designed and constructed to accommodate future needs for adequate drinking water, storm water, and waste water.	Reliability Responsiveness Quality Capital Improvement Program
Customer Service	<i>Provide exceptional customer service.</i>	Customers' needs are anticipated and responded to in a timely manner. Services are accessible. Customers are satisfied Businesses, neighborhoods, and citizens are well-informed of utility construction projects and disruptions are minimized.	Responsiveness Quality Satisfaction
Employees	<i>Create a high-performance workplace with a diverse and inspired workforce.</i>	A competent, skilled, and competitive workforce The work environment is safe and safe work practices are expected. Outstanding performance is recognized and rewarded, with teams and individuals feeling valued. Input and opinions of employees at all levels of the organization are actively sought to inform decision-making. Employees understand how their job contributes to the vision, mission and goals of the department.	Satisfaction Diversity Safety

Appendix D continued: Strategic Business Plan

Environment	<i>Protect, sustain, and enhance environmental quality, both locally and regionally.</i>	Our everyday business activities demonstrate responsible environmental practices. All projects are managed with a priority concern for the protection and sustainability of the environment. Those habitats that are threatened and for which we are responsible are restored and preserved, with particular emphasis on recovery of salmon populations. The public is environmentally aware and encouraged to become responsible stewards and wise users of our resources through cost-effective re-use, recycling, water conservation, and other responsible practices. Long-term positive relations are built and maintained with regional partners and we work in cooperation with regulatory and permitting agencies to implement utility projects.	Conservation Stewardship Key Initiatives
Community	<i>Provide meaningful contributions to the community and increase confidence in local government.</i>	Communications about our services and activities are clear and timely. Integrated and innovative solutions to common issues are created in partnership with communities and organizations. There is: Citizens and organizations feel involved and heard in decision-making through collaborative processes. Integrated community education and outreach programs consistent with our goals are developed and supported. Policies and programs are designed with consideration for the economic development and social and environmental well-being of all communities.	Outreach Responsiveness Key Initiatives
Financial & Organizational Performance	<i>Maintain financial strength and continually improve organizational performance for public benefit.</i>	Managers have the information they need for managing resources. Quality solutions that are cost-conscious are developed and implemented. Plans, systems, and tools are in place to improve financial and organizational performance, manage risk, and act strategically. Financial targets that preserve and protect the ratepayers' investment over the long-term and support City policies are met. Rates are competitive and predictable, reflecting our financial, environmental, and customer satisfaction goals Business processes are reviewed and revised to take advantage of changes in technology and reflect customer needs.	Financial Performance Efficiency Key Initiatives

Appendix E: Statements of Revenues and Expenses by Fund 1995-1999

Solid Waste Fund

	1995	1996	1997	1998	1999
Operating Revenues	\$76,070,518	\$77,349,623	\$80,413,680	\$81,451,385	\$83,909,088
Operating Expenses	\$74,697,321	\$75,857,491	\$77,522,960	\$79,124,967	\$82,934,482
Net Operating Revenues	\$1,373,197	\$1,492,132	\$2,890,720	\$2,326,518	\$974,606
Other Revenues (Expenses)	(\$3,325,847)	(\$2,827,443)	(\$2,512,511)	(\$1,610,417)	(\$72,165)
Net Revenues	(\$1,952,650)	(\$1,335,311)	\$378,209	\$716,101	\$902,441
Accumulated Net Revenues (Beginning of Year)	(\$2,117,534)	(\$4,068,686)	(\$5,403,997)	(\$5,025,788)	(\$4,309,687)
Accumulated Net Revenues (End of Year)	(\$4,070,184)	(\$5,403,997)	(\$5,025,788)	(\$4,309,687)	(\$3,407,246)

Drainage and Wastewater Fund

	1995	1996	1997	1998	1999
Operating Revenues	\$114,457,794	\$121,151,483	\$119,383,778	\$120,708,449	\$125,652,171
Operating Expenses	\$111,098,637	\$117,532,254	\$117,355,001	\$118,023,541	\$122,662,469
Net Operating Revenues	\$3,359,157	\$3,619,229	\$2,008,777	\$2,682,908	\$2,989,702
Other Revenues (Expenses)	(\$1,183,468)	(\$1,370,109)	\$2,220,389	(\$672,169)	(\$3,011,953)
Net Revenues	\$2,175,689	\$2,249,120	\$4,229,166	\$2,010,739	(\$22,251)
Accumulated Net Revenues (Beginning of Year)	\$5,786,390	\$7,777,677		\$14,255,963	\$16,266,702
Accumulated Net Revenues (End of Year)	\$7,962,069	\$10,026,797	\$4,229,166	\$16,266,702	\$16,244,451

Water Fund

	1995	1996	1997	1998	1999
Operating Revenues	\$65,400,593	\$68,940,665	\$71,956,380	\$82,847,278	\$86,254,777
Operating Expenses	\$57,324,192	\$57,926,885	\$63,557,879	\$69,846,456	\$73,866,997
Net Operating Revenues	\$8,076,401	\$11,013,780	\$8,398,481	\$13,000,822	\$12,387,780
Other Revenues (Expenses)	(\$7,158,088)	(\$9,689,174)	(\$10,843,604)	(\$12,609,684)	(\$15,800,209)
Net Revenues	\$918,313	\$1,324,606	(\$2,445,123)	\$391,158	(\$3,412,429)
Accumulated Net Revenues (Beginning of Year)	\$90,340,209	\$90,966,109	\$92,290,715	\$89,845,592	\$90,236,750
Accumulated Net Revenues (End of Year)	\$91,258,522	\$92,290,715	\$89,845,592	\$90,236,750	\$86,824,321

Appendix F: Balance Sheets by Fund 1995-1999

Gold Waste Fund

	1995	1996	1997	1998	1999
ASSETS					
Utility Plant, net at cost	\$10,144,194	\$9,484,123	\$8,681,059	\$9,317,143	\$13,938,365
Current Assets	\$10,457,204	\$9,246,117	\$12,121,240	\$11,339,267	\$18,503,694
Deferred Charges and Other	\$77,380,361	\$72,745,808	\$62,109,834	\$60,478,660	\$51,183,171
TOTAL ASSETS	\$97,981,759	\$91,456,748	\$82,912,133	\$81,135,070	\$83,625,230
LIABILITIES					
Equity	(\$3,632,193)	(\$4,966,006)	(\$4,567,797)	(\$3,871,696)	(\$2,999,256)
Revenue Bonds	\$44,178,543	\$42,040,997	\$39,741,322	\$37,276,313	\$38,453,507
Other Long-term Liabilities	\$41,507,731	\$39,945,501	\$33,079,469	\$31,456,066	\$30,316,524
Current Liabilities	\$15,929,675	\$14,436,256	\$14,679,139	\$16,274,367	\$17,824,454
TOTAL LIABILITIES	\$97,981,759	\$91,456,748	\$82,912,133	\$81,135,070	\$83,625,230

Drainage and Wastewater Fund

	1995	1996	1997	1998	1999
ASSETS					
Utility Plant, net at cost	\$250,536,337	\$267,077,305	\$281,488,428	\$301,825,828	\$331,032,624
Restricted Funds	\$25,541,119	\$11,259,743	\$5,638,576	\$18,007,701	\$48,642,137
Current Assets	\$34,187,225	\$42,368,267	\$32,550,426	\$31,408,186	\$28,100,451
Deferred Charges and Other	\$5,777,073	\$4,653,860	\$3,616,025	\$4,844,890	\$3,018,710
TOTAL ASSETS	\$316,041,754	\$325,360,195	\$323,293,455	\$356,086,605	\$410,793,922
LIABILITIES					
Equity	\$230,805,475	\$238,727,441	\$245,842,246	\$257,176,798	\$253,911,858
Revenue Bonds	\$81,757,496	\$60,010,854	\$58,148,995	\$79,307,179	\$131,034,870
Other Long-term Liabilities	\$7,082,539	\$801,836	\$1,552,444	\$1,279,673	\$2,180,397
Current Liabilities	\$16,626,246	\$25,820,264	\$17,749,770	\$18,322,965	\$23,666,997
TOTAL LIABILITIES	\$316,041,754	\$325,360,195	\$323,293,455	\$356,086,605	\$410,793,922

Water Fund

	1995	1996	1997	1998	1999
ASSETS					
Utility Plant, net at cost	\$407,773,225	\$431,802,809	\$470,230,062	\$551,577,287	\$653,481,356
Nonoperating Properties	\$4,190,658	\$600,971	\$600,971	\$600,971	\$0
Rate Stabilization Fund (Deposits with City Treasurer)	\$5,800,000	\$5,800,000	\$5,800,000	\$0	\$0
Construction Fund	\$28,556,193	\$5,669,415	\$27,954,977	\$20,818,289	\$136,268,728
Current Assets	\$25,845,906	\$22,684,583	\$23,037,614	\$26,227,924	\$23,150,424
Deferred Charges and Other	\$24,359,017	\$30,364,350	\$23,948,544	\$26,060,978	\$24,944,359
TOTAL ASSETS	\$496,524,999	\$496,922,127	\$551,572,168	\$629,085,449	\$837,844,865
LIABILITIES					
Equity	\$210,654,585	\$218,312,992	\$220,568,947	\$226,236,857	\$230,281,732
Revenue Bonds	\$259,081,259	\$251,385,781	\$294,590,830	\$363,083,397	\$559,502,043
Other Long-term Liabilities	\$5,812,438	\$5,497,571	\$7,829,403	\$5,789,134	\$6,693,674
Current Liabilities	\$20,976,707	\$21,725,783	\$28,582,988	\$33,976,061	\$41,367,416
TOTAL LIABILITIES	\$496,524,999	\$496,922,127	\$551,572,168	\$629,085,449	\$837,844,865

Appendix G: Seattle Public Utilities Bond Ratings

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
<i>Drainage & Wastewater Fund</i>										
<i>Moody's</i>	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2
<i>S&P</i>	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-
<i>Solid Waste Fund</i>										
<i>Moody's</i>	A2	A2	A2	A2	A2	A2	A2	A1*	A1	A1
<i>S&P</i>	A	A	A	A	A	A	A	A+	A+	A+
<i>Water Fund</i>										
<i>Moody's</i>	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2
<i>S&P</i>	AA	AA	AA	AA	AA	AA	AA	AA	AA	AA

* "The upgrade was based on a number of factors, including the system's user fee base, stable waste flows, trend of strong financial operations, and modest debt position." (Moody's, July 1999)

Appendix H: Reorganization Personnel Reductions

Personnel Reductions

DIVISION/OFFICE	CURRENT	PROPOSED	REDUCTIONS
	FTEs	FTEs	
Directors' Offices	16.0	8.0	8.0
Communications	19.5	13.5	6.0
Strategic Policy	15.5	14.5	1.0
Environmental Management	5.5	5.5	0.0
Finance & Administration	178.0	148.0	30.0
Customer Service	137.0	134.0	3.0
Engineering Services	232.0	210.0	22.0
Resource Management	213.5	204.5	9.0
Field Operations	358.0	353.0	5.0
ESTIMATED TOTAL	1,175.0	1,091.0	84.0

Appendix I: Performance Management Framework

Managing for Results 1999-2000 Performance Measures

Customer Service	1999		2000	
	Baseline	Target	Actual	Target
Customer Response				
Percentage of call Center calls answered within target time of 60 seconds				
Percentage of customers indicating a rating of "satisfied" or "very satisfied" with Call Center services as gauged by a targeted survey				
Metering				
Percentage of accurate reads collected on first attempt		95 % or more	96.9%	95 % or more
Percentage of meter re-reads required by billing period annualized over one calendar year		3 % or less		2 % or less
Utility Service Teams				
Percentage of SW customer calls answered with no more than 30 seconds average wait time				
Percentage of time a customer is contacted and/or a water sample is taken to assess water quality issues the same day the customer contacts work unit				
Director's Office	1999		2000	
	Baseline	Target	Actual	Target
Communications				
Percentage of required CIP utility projects that have a communication plan prepared using City guidelines				
Strategic Policy				
Satisfaction rating by department heads and elected officials of the ESA team's policy development in support of the City's response to the Endangered Species Act				3
Field Operations	1999		2000	
	Baseline	Target	Actual	Target
Drainage & Wastewater Ops				
Percentage of planned sewer trenchless CIP budget expended by year end				
Percentage of previously identified mainline repairs completed prior to system failure (Mainline is not able to carry flow through pipe due to structural damage.)				
Percentage of sewer and drainage mainline backups that are caused by scheduled maintenance not completed				
Percentage of the total number of catch basins that are inspected each year				
Solid Waste Operations				
Seattle King County Health Inspection report: Satisfactory rating on monthly inspection reports (North)				
Seattle King County Health Inspection report: Satisfactory rating on monthly inspection reports (South)				
Water Operations				
Average number of days to install new water service	53	28	53	
Number of water system main or transmission pipeline leaks/breaks on average per month	25	25	24	25
Number of water system service leaks/breaks on average per month	102	125 or less	96	125 or less
Percentage of unplanned water outage incidents for which service is restored in 8 hours or less	95%	95%	98%	95%

Appendix I continued: Performance Management Framework

	1999		2000	
	Baseline	Target	Actual	Target
Finance & Administration				
<i>Finance</i>				
Maintain or improve bond ratings: DWP		AA-/Aa2	AA-/Aa2	AA-/Aa2
Maintain or improve bond ratings: SWP		A+/A2	A+/A1	A+/A1
Maintain or improve bond ratings: WP		AA/Aa2	AA/Aa2	AA/Aa2
<i>Human Resources</i>				
Average number of days taken to fill vacancies		110	106	90
Lost work day case incidence rates (LWCIR) (SPU)	4.2	4.2	5.2	4.7
Number of accidents per hours worked (ORIR) (SPU)	7.7	7.7	9.6	9
Percentage of employees who rate their overall level of satisfaction as good or better	61%		61%	
<i>Information Technology</i>				
Percentage of Information Technology problems solved within 24 hours			81%	
Percentage of total time servers are available			98.7%	
	1999		2000	
	Baseline	Target	Actual	Target
Resource Management				
<i>Admin-Resource Management</i>				
Percentage of SPU issues in Neighborhood plans that SPU has action plans to address (not including CIP projects)				
<i>Community Services</i>				
Gallon per day (GPD) savings from commercial process improvements		250,000 gpd	201,221 gpd	250,000 gpd
Number of citizens participating in SPU environmental partnership programs: Total	40,807		40,807	50,000
Number of repeat collection misses in solid waste	1 in 5,600	1 in 5,600	1 in 5,200	1 in 10,000
Number of single collection misses in solid waste	1 in 800	1 in 800	1 in 820	1 in 1,000
<i>Resource Development</i>				
Percentage of annual SPU CIP plan completed by fund: DWWP				
Percentage of annual SPU CIP plan completed by fund: SWP				
Percentage of annual SPU CIP plan completed by fund: WP				
Percentage of reported drainage problems in the Spot Drainage Program that are resolved during the prior 12 months and within a year of receiving the complaint				
<i>Resource Planning</i>				
City-wide annual recycling percentage rate				
Number of adult salmonid & steelhead populations in urban creeks and assessment of these numbers to determine status of restoration efforts				
Number of dry weather overflows at monitored CSO sites per year				
Number of regulatory violations, fines and releases to the environment				
Number of wet weather overflows at controlled and monitored CSO sites (average - on an annual basis)				
Per capita water usage as measured by "Customer Billed" data, normalized for weather and demographic factors	IC	108 gpd	IC	LI
Percentage of regulated facilities visited by qualified environmental staff for routine compliance checks				
Pounds of disposed hazardous waste (operational only)				
<i>Water Quality & Supply</i>				
Number of acute water quality public health incidents per year				
Number of nonacute or administrative regulatory actions per year		2 or less		2 or less
Number of SPU-caused instream flow non-compliance incidents on the Cedar and South Fork Tolt Rivers per year		3 or less		2 or less
Taste and Odor (T&O) Flavor Rating Assessment (FRA) for Cedar water: 6 or less				
Taste and Odor (T&O) Flavor Rating Assessment (FRA) for Tolt water: 4 or less				98 %
<i>Watershed Management</i>				
Number of culverts removed that block fish passage				2

Appendix J: Timeline of Re-Organization

1997 HIGHLIGHTS

- Operations begin.
- SPU and SEATLAN merge inventory. SPU provides warehousing and inventory services internally and to SEATLAN.
- All-Utility Service Center opens for business on 1st floor of Municipal Building and Customer Service Reps move into new Call Center space in the Key Tower.
- Seattle, State and Federal Officials sign conceptual agreement for Habitat Conservation Plan.
- Strategic Business Plan rolled out to the Department.
- Toit Watershed land exchange finalized.

1998 HIGHLIGHTS

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