

## Asset Management at Seattle Public Utilities

### *Asset Management at Seattle Public Utilities*



October 2007



Seattle  
Public  
Utilities

### *SPU Context*

- **Seattle Public Utilities**
  - ◆ A department of the City of Seattle
  - ◆ Four utilities (Water, Wastewater, Drainage, Solid Waste)
- **\$4.5 billion in utility assets**
  - ◆ 1,830 mile water system serving 1.3 million retail and wholesale customers
  - ◆ 1,560 mile drainage and wastewater system
  - ◆ 800,000 tons of solid waste per year
  - ◆ 3,000 - 5,000 customer calls per day
  - ◆ \$416 million annual revenues
  - ◆ 1,400 employees



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## Asset Management at Seattle Public Utilities

### *Good International Asset Management Practice Teaches Us*

- Focus on Customers
- Clarity of Processes
- Staff “get” Business Objectives
- Sound Financial Management of Assets
- Measurement of Results

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### *In Specific, our Exchanges with Australia and New Zealand Have Taught Us That We*

- Need More Focus on Risk Management
- Should Create Organizational Simplicity
- Should Get Better With Forward Planning
  - Including OPEX Planning
- Need Better System Modeling
- Need More Use of KPIs
- Should Create Transparency
- Should Encourage Innovation and that
- Communications is Critical



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## *SPU's Definition of Asset Management*

**Meeting agreed customer and environmental service levels while minimizing life cycle costs.**



## *Currently our Efforts to Become an Organization Operating Based on Asset Management Principles can be Clustered into Ten Areas:*

1. customer and environmental service levels
2. risk assessment and quantification
3. life cycle costs
4. triple bottom line
5. asset data and data systems
6. Strategic Asset Management Plans (**SAMPs**)
7. Clarify **Roles & Responsibilities**
8. Asset Management Committee (**AMC**)
9. Track and Measure Results (e.g., via AMAs)
10. benchmarking



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Risk Categories include:

- ◆ Asset and service reliability
- ◆ Environment and public health
- ◆ Financial
- ◆ Legal
- ◆ Public Trust
- ◆ Regulatory
- ◆ Safety
- ◆ Security
- ◆ Workforce

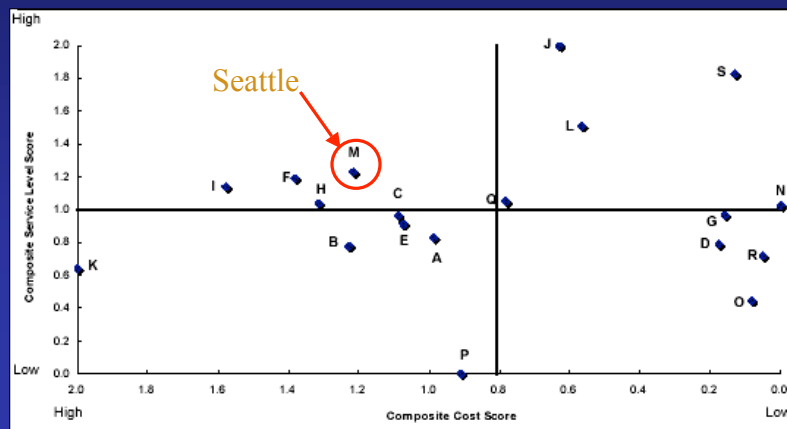
Likelihood	RISK SIGNATURE LEVEL DETERMINANT				
	Consequence				
	Insignificant	Minor	Moderate	Major	Extreme
Almost certain	M	M	H	C	C
Likely	M	M	H	C	C
Possible	L	M	M	H	H
Unlikely	L	L	M	H	H
Rare	L	L	M	M	M



## Benchmarking

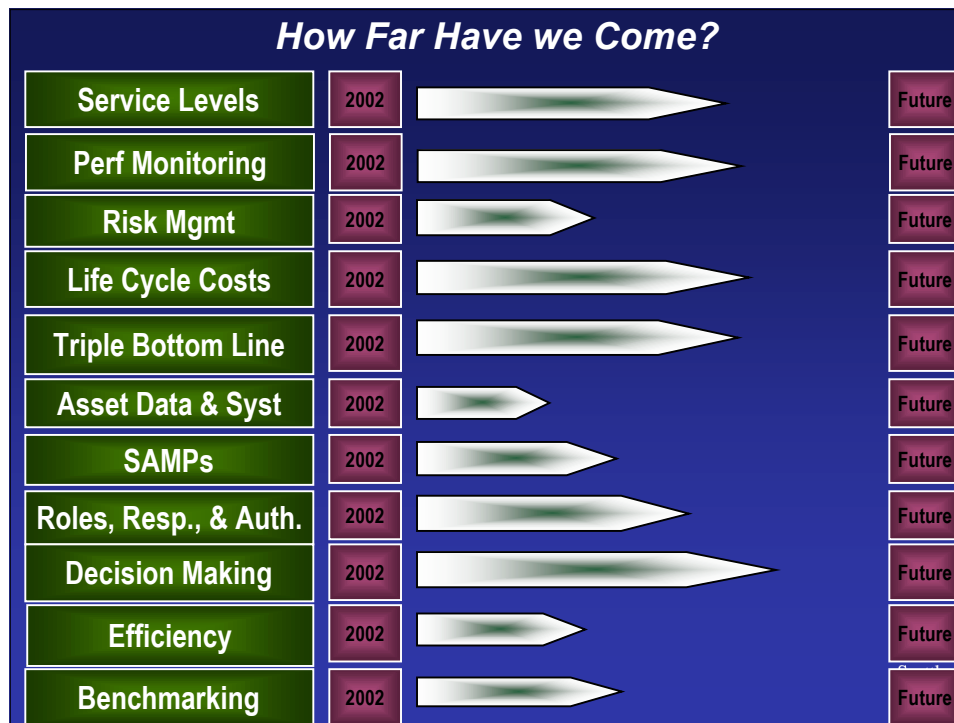
Assess our performance relative to others through benchmarking

Water Services Association of Australia  
Civil Maintenance Benchmarking Results



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### **SPU Results to date**

- We are on a path to permanently change the organizational culture at SPU.
- We are becoming a truly customer centric organization.
- We are clarifying roles and responsibilities
- We understand the importance of transparency in how we make decisions, and the
- Importance of holding ourselves accountable.

And, we have bottom line results! Reduced capital expenditure, O&M expenditure, and lower rate increases than anticipated.

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### Financial Results to Date

- ◆ Capital Budget Reductions  
From our 2002 estimates of 2005 and 2006 combined capital spending, our current projections have decreased by 18% (about \$60M)
- ◆ O&M Budget Reductions  
Relative to our 03/04 budget projection, our 03/04 actuals were reduced by 6% (about \$16M) and our 05/06 projection is reduced by 3% (about \$7M)
- ◆ Increasing cash contribution to capital investments

Fund	2003	2004	2005 Projection
WF	19%	30%	22%
DWF	5%	15%	15%
SWF	6%	48%	30%

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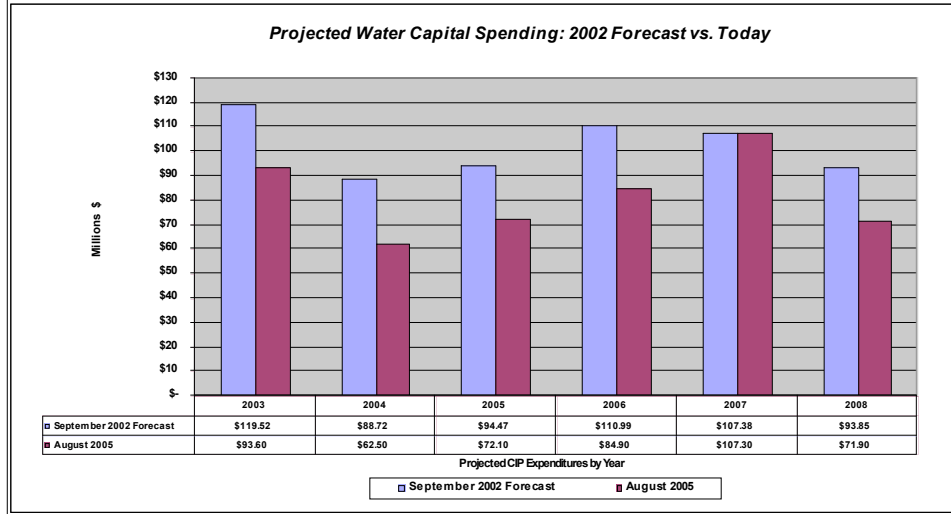
### SPU Results to date

**Seattle Public Utilities' Forecast for a Typical Residential Bill:  
2002 vs. 2004**

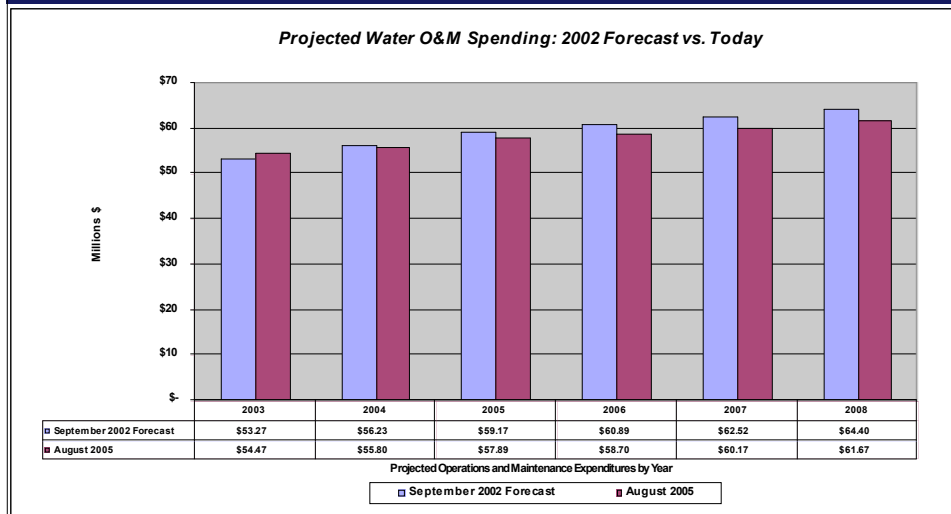


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## SPU Water Fund Results to Date



## SPU Water Fund Results to Date



## Asset Management at Seattle Public Utilities

### *On the Horizon for SPU*

- Continued work on SAMPs, Maintenance Strategies, Key Performance Indicators
- Continued focus on TBL Decisionmaking with the AMC and Line of Business AMCs
- More work on roles clarification and documentation of accountability and authority
- New emphasis on efficient project implementation, and removal of barriers to project management
- Focus on facilities asset management and master planning for SPU facilities
- Issuance of a report to customers on Service Levels
- New Strategies for obtaining input from customers – all customers regardless of how loud their voice is
- Development of a Framework and enhanced Strategy for Performance Management at SPU
- Continued emphasis on data quality and integrated data systems
- Continued involvement with industry benchmarking

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Questions or looking for more information?

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**Thank you!!**

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