

2019-2021 Drainage and Wastewater Rates

September 11, 2018



Seattle's Drainage and Wastewater System

Seattle has three different types of drainage and wastewater systems:

Purple: Separated

Yellow: Combined

Green: Partially Separated



Separated

Toilets, Sinks,
Showers,
Washing Machines



**King County
Treatment Plant**

Roof
Runoff



**Storm Drain, Ditch, Creeks
or Receiving Water Body**

Other Stormwater
Runoff to Streets



Partially Separated

Toilets, Sinks,
Showers,
Washing Machines



Roof
Runoff



Other Stormwater
Runoff to Streets



King County
Treatment Plant

Storm Drain, Ditch, Creeks
or Receiving Water Body



Combined

Toilets, Sinks,
Showers,
Washing Machines



Roof
Runoff



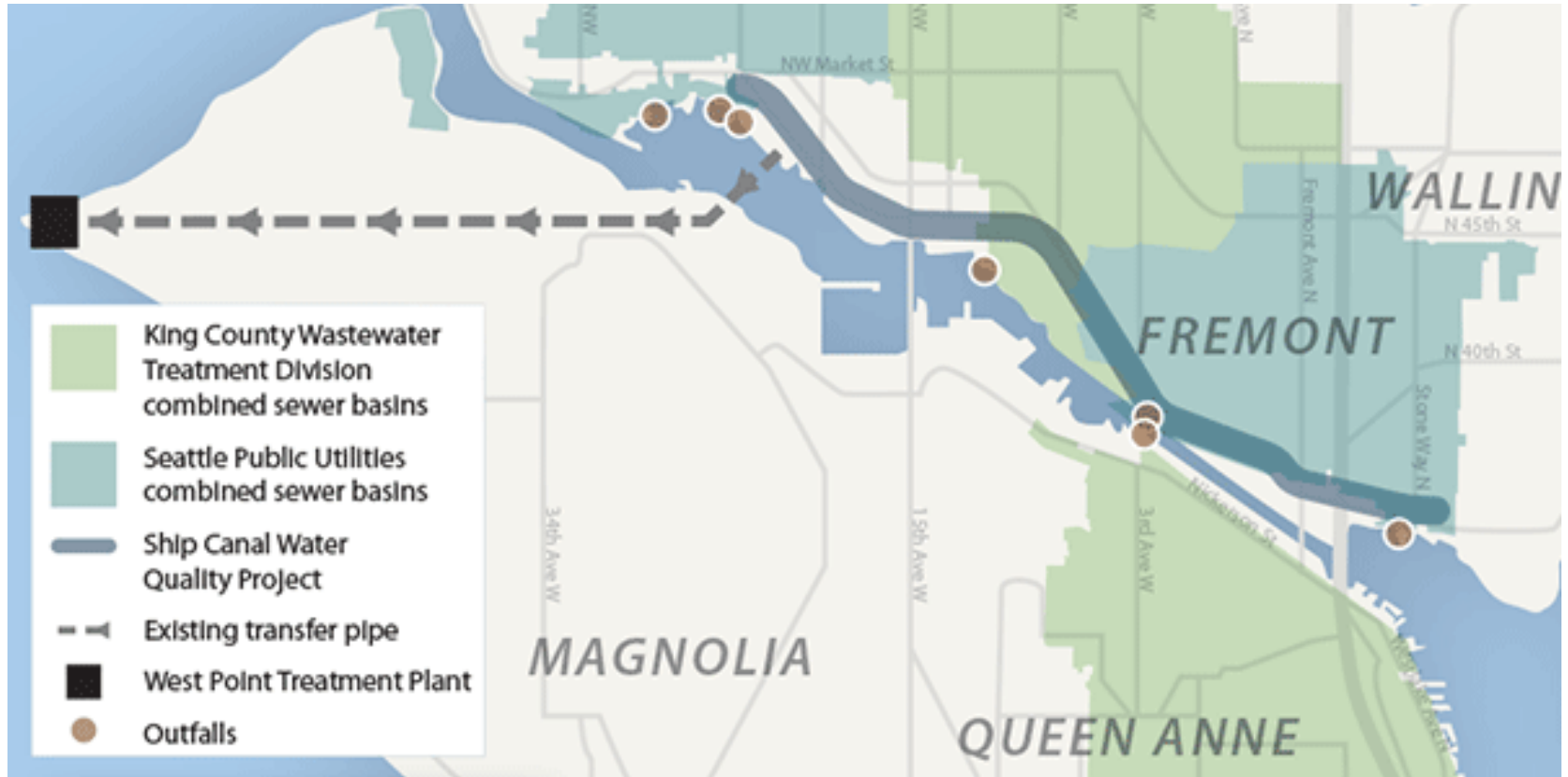
Other Stormwater
Runoff to Streets



King County
Treatment Plant

Storm Drain, Ditch, Creeks
or Receiving Water Body

Drainage & Wastewater System



Lake Washington Ship Canal Water Quality Project 29 million gallon storage tunnel

Drainage & Wastewater System



Green Stormwater Infrastructure: Venema Natural Drainage System

Drainage & Wastewater System



Pipe Rehab



Stormwater Flooding

Strategic Business Plan Update

Passed	2018	2019	2020	2021	2022	2023	2018-23
Water	2.0%	2.5%	3.7%	5.0%	4.1%	5.0%	3.7%
Wastewater	4.1%	8.1%	9.9%	8.9%	1.3%	2.6%	5.8%
Drainage	10.7%	9.2%	9.7%	9.9%	7.9%	4.7%	8.7%
Solid Waste	3.1%	3.3%	4.0%	3.0%	3.8%	2.8%	3.4%
Combined	4.3%	5.7%	7.0%	6.8%	3.7%	3.6%	5.2%

	Adopted	Proposed Rate Study			Projected Future Rate Study			
Updated	2018	2019	2020	2021	2022	2023	2018-23	
Water	2.0%	2.5%	3.7%	5.0%	4.1%	5.0%	3.7%	
Wastewater	4.1%	7.5%	7.4%	7.3%	4.5%	2.4%	5.5%	↓
Drainage	10.7%	8.0%	8.0%	8.0%	8.0%	9.0%	8.6%	↓
Solid Waste	3.1%	3.3%	4.0%	3.0%	3.8%	2.8%	3.4%	
Combined	4.3%	5.3%	5.8%	5.9%	4.9%	4.3%	5.1%	↓

Wastewater and drainage include the impact of the adopted 2019 and projected 2021 King County treatment increases.

Strategic Business Plan Update

Changes that increase rates

- Higher CIP on CSOs, Shared Cost
- Lower consumption forecast

Changes that decrease rates

- Improved 2017 results – lower spending and higher revenues
- Favorable bond issue in 2017
- Increased use of cash balances
- Lower-than-expected King County wastewater treatment rates
- Updated cost assumptions and reductions or project delays

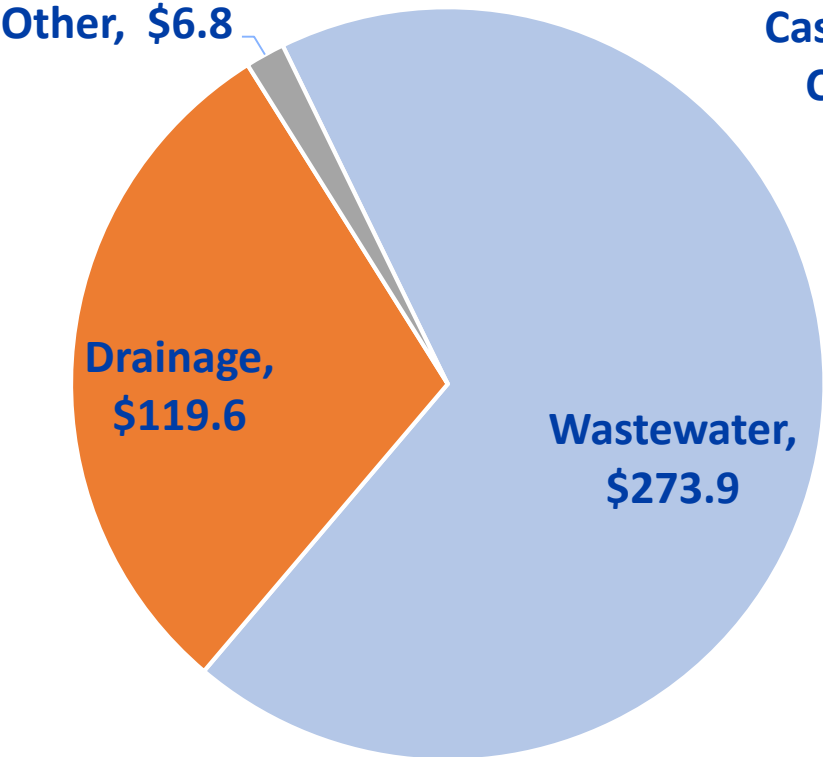


2017 DWF Revenue & Expenses

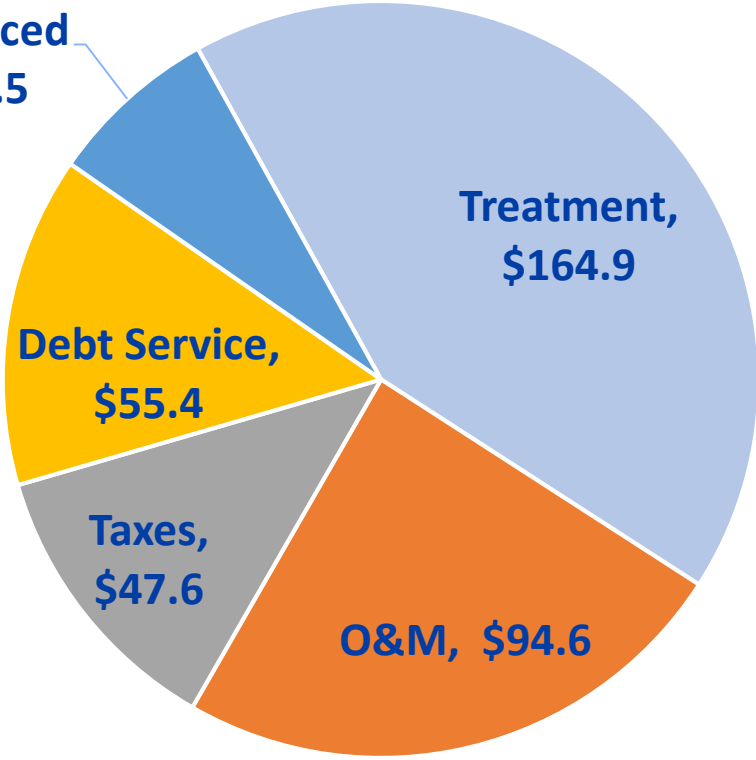
Operating Revenue

(\$ in millions)

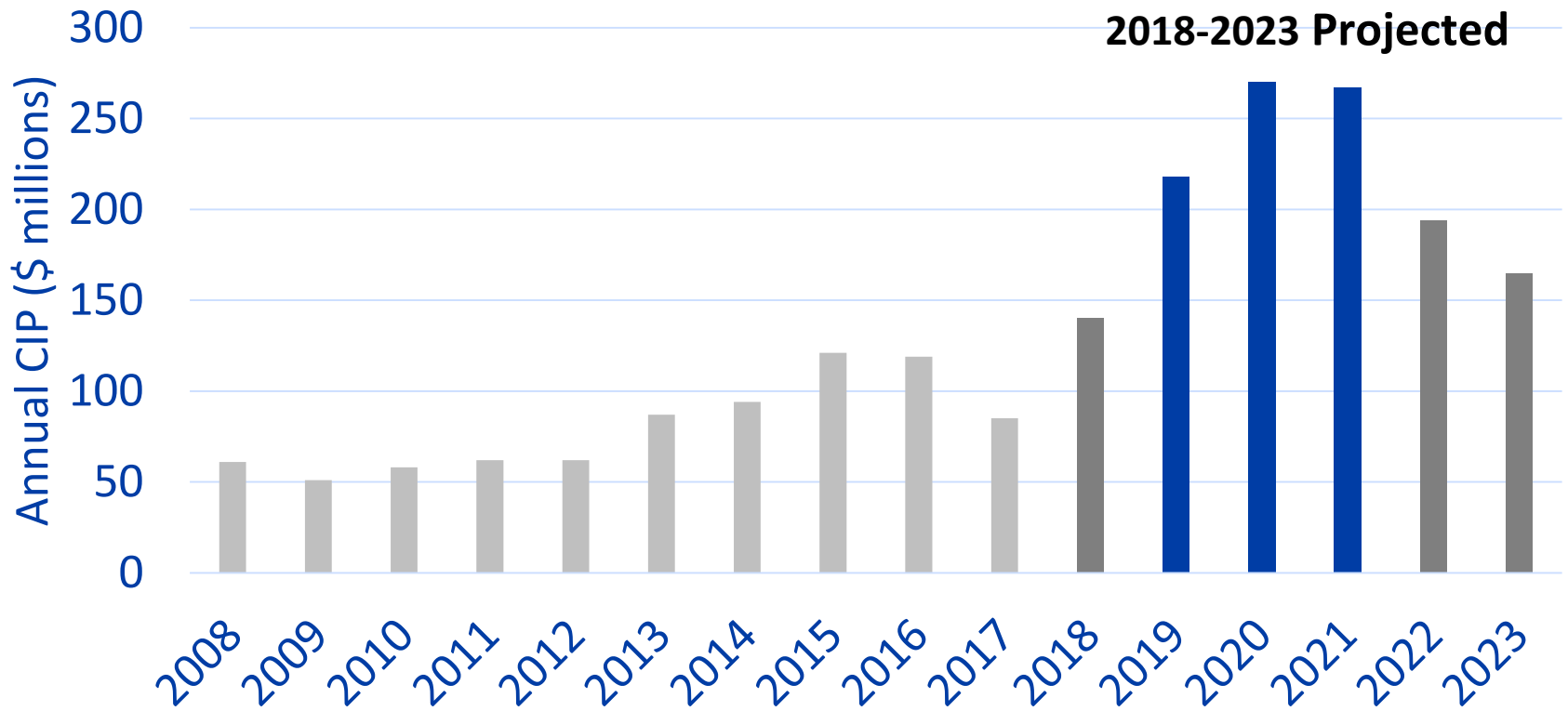
Expenditures



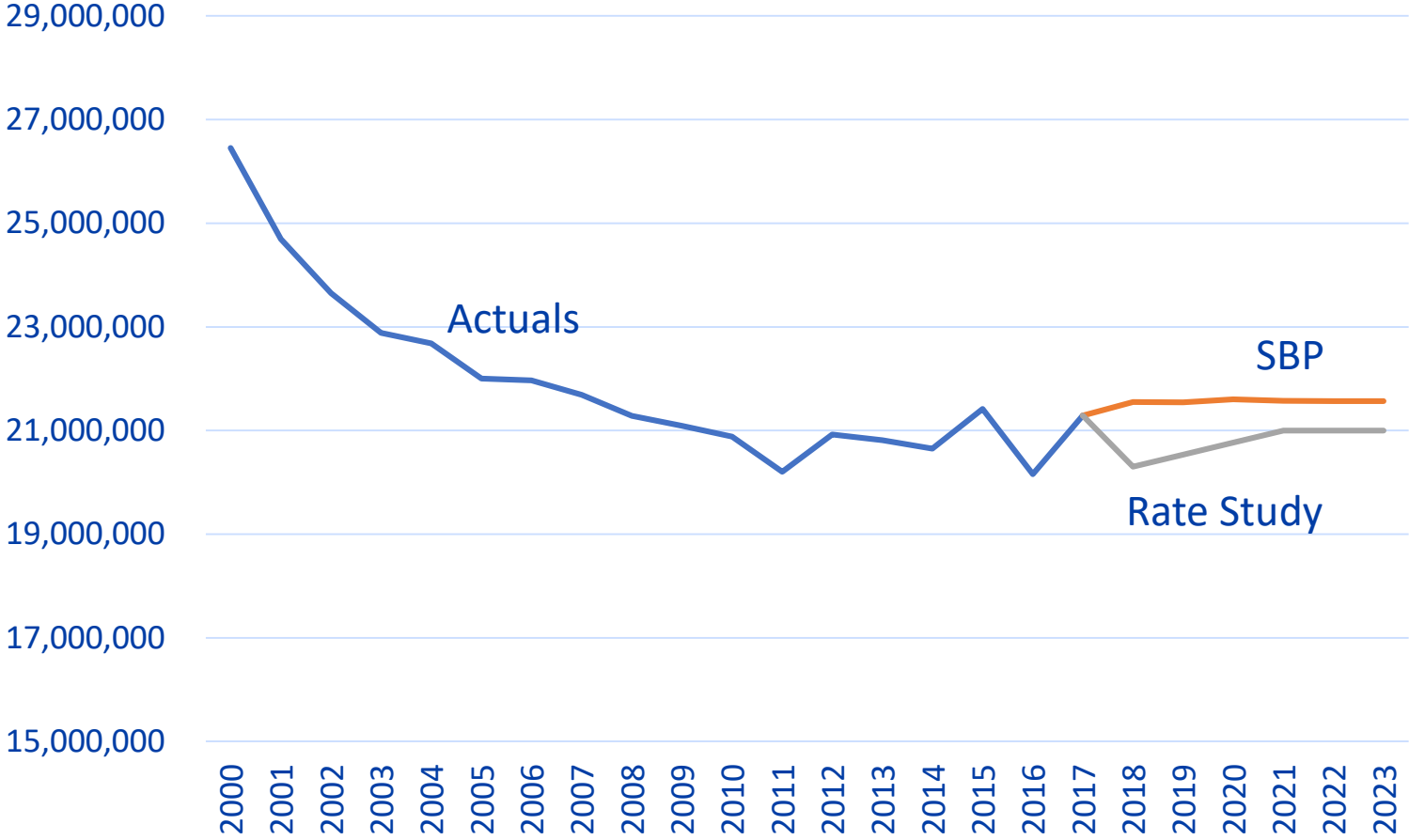
Cash Financed CIP, \$28.5



Drainage & Wastewater CIP



Total Billed Sewer Consumption



Rate Structure

	Residential	Multi-Family	Commercial
Wastewater <i>(Billed on SPU combined bill)</i>	No rate classes - uniform rate per ccf (1 ccf = 748 gallons)		
Drainage <i>(Billed by KC on behalf of SPU)</i>	<u>Lot < 10k sq. ft.</u> Rate groups with flat rate per parcel	Lot > 10k sq. ft.	General Service Rate classes based on percent impervious. Billed on actual parcel size.

Two components to wastewater and drainage rates:

System rate (funds SPU costs): Adjusted through rate study process

Treatment rate (funds KC treatment): Adjusted through passthrough process



Wastewater Rate

	<u>2018</u>	<u>Proposed 2019</u>	<u>Proposed 2020</u>	<u>Proposed 2021</u>
<u>Ordinance</u>				
Rate per CCF	\$13.46	\$14.48	\$15.55	\$16.68
Typical Monthly Single-Family Bill	\$57.88	\$62.26	\$66.87	\$71.72

Bill based on metered water usage with adjustments for water not entering sewer system

Residential

Winter - based on actual usage

Summer - lower of actual summer or average winter use

Commercial

Actual usage at all times of year

Submeters may be installed to measure non-sewer water use



Drainage Rates – Residential < 10,000 sq. ft.

Flat rate per parcel per tier, 2019 annual bill



0 - 1999 sq. ft. **\$170**



2000 - 2999 sq. ft. **\$277**



3000 – 4999 sq. ft. **\$383**



5000 - 6999 sq. ft. **\$517**



7000 - 9999 sq. ft. **\$653**

Drainage Rates - General Service

Large Residential (>10,000 sq ft)

- Based on percent impervious and actual property size
 - More pervious space results in less impact to the system and a lower bill
- **Example:** 2019 annual bill for two 15,000 square feet residential parcels



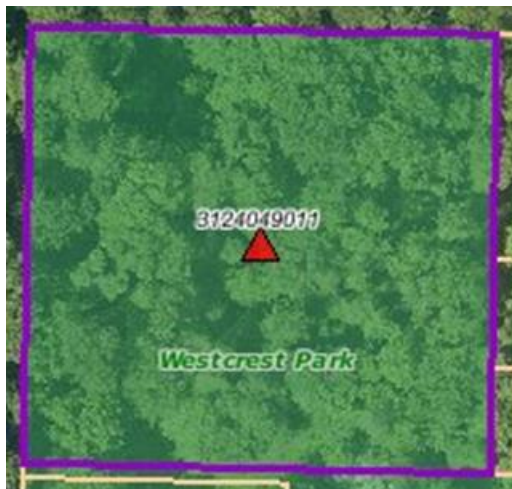
\$1,359



\$1,798

Drainage Rates - General Service Commercial

- Based on percent impervious and actual property size
 - More pervious space results in less impact to the system and a lower bill
- **Example:** 2019 annual bill for three 100,000 square feet commercial parcels



\$2,563

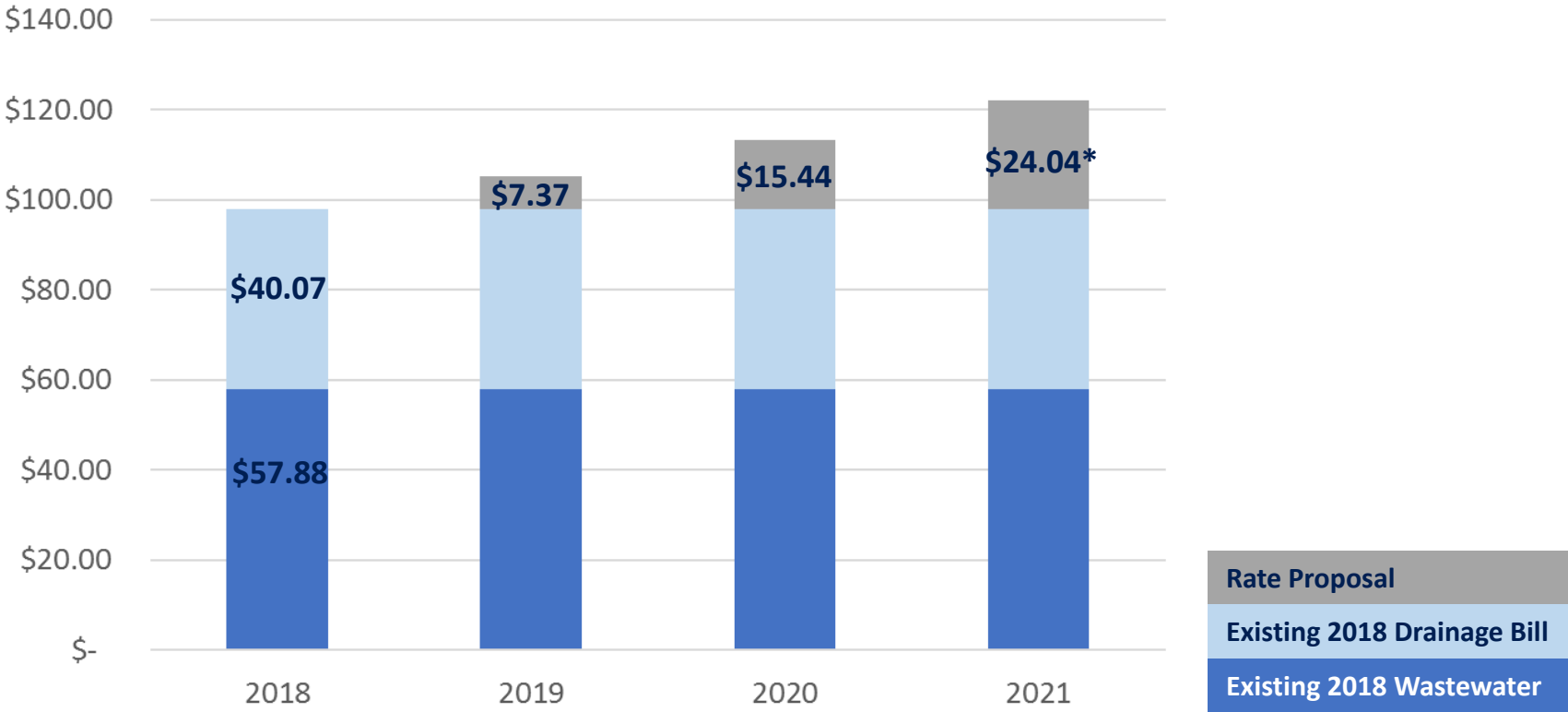


\$9,090



\$14,399

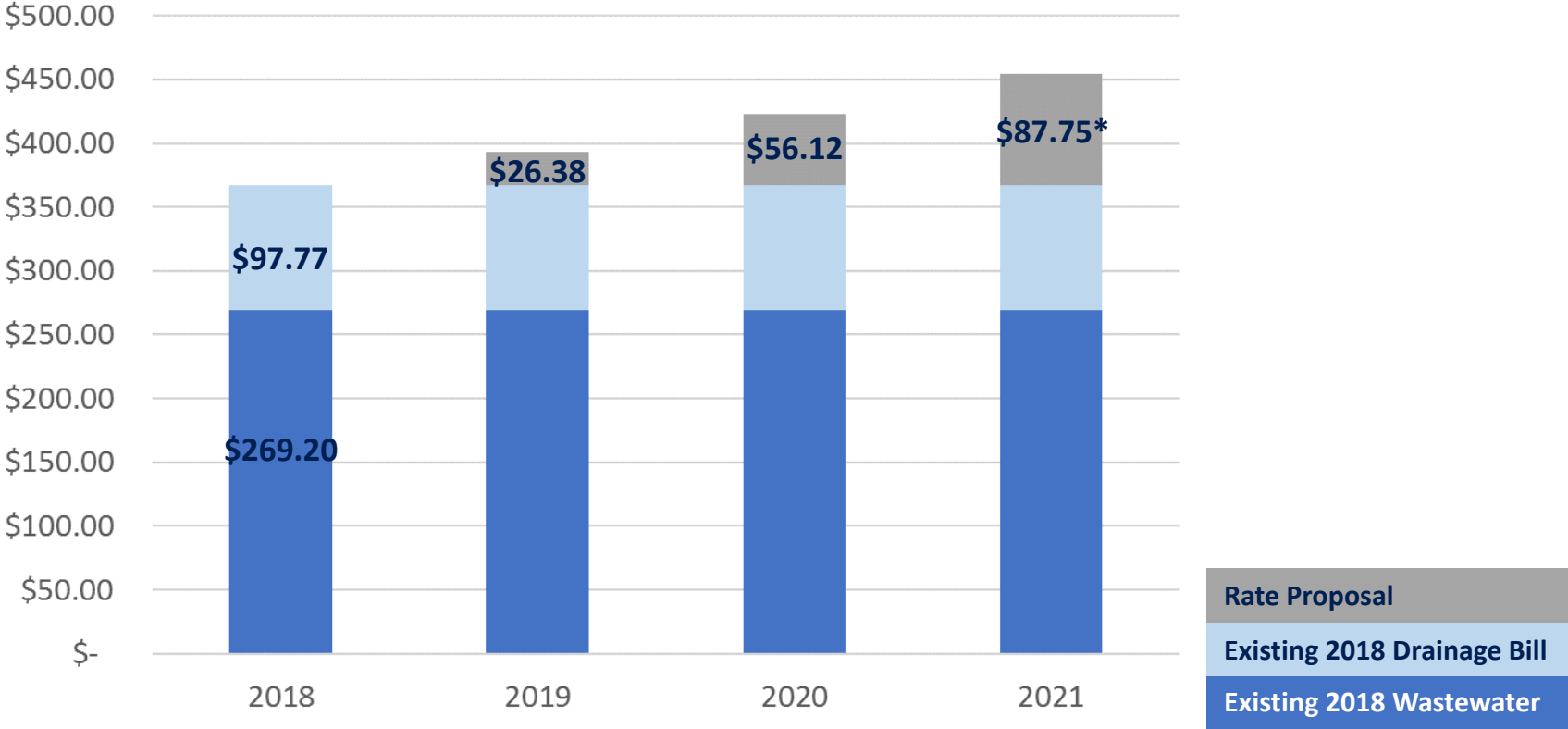
Typical Monthly Bill Impact Single Family



Typical monthly bills, based on 4.3 CCF/month and 5,000 sq ft. lot size

*Bill estimate includes an assumed increase in wastewater treatment costs not included in ordinance, which is estimated to be \$2.01 in 2021.

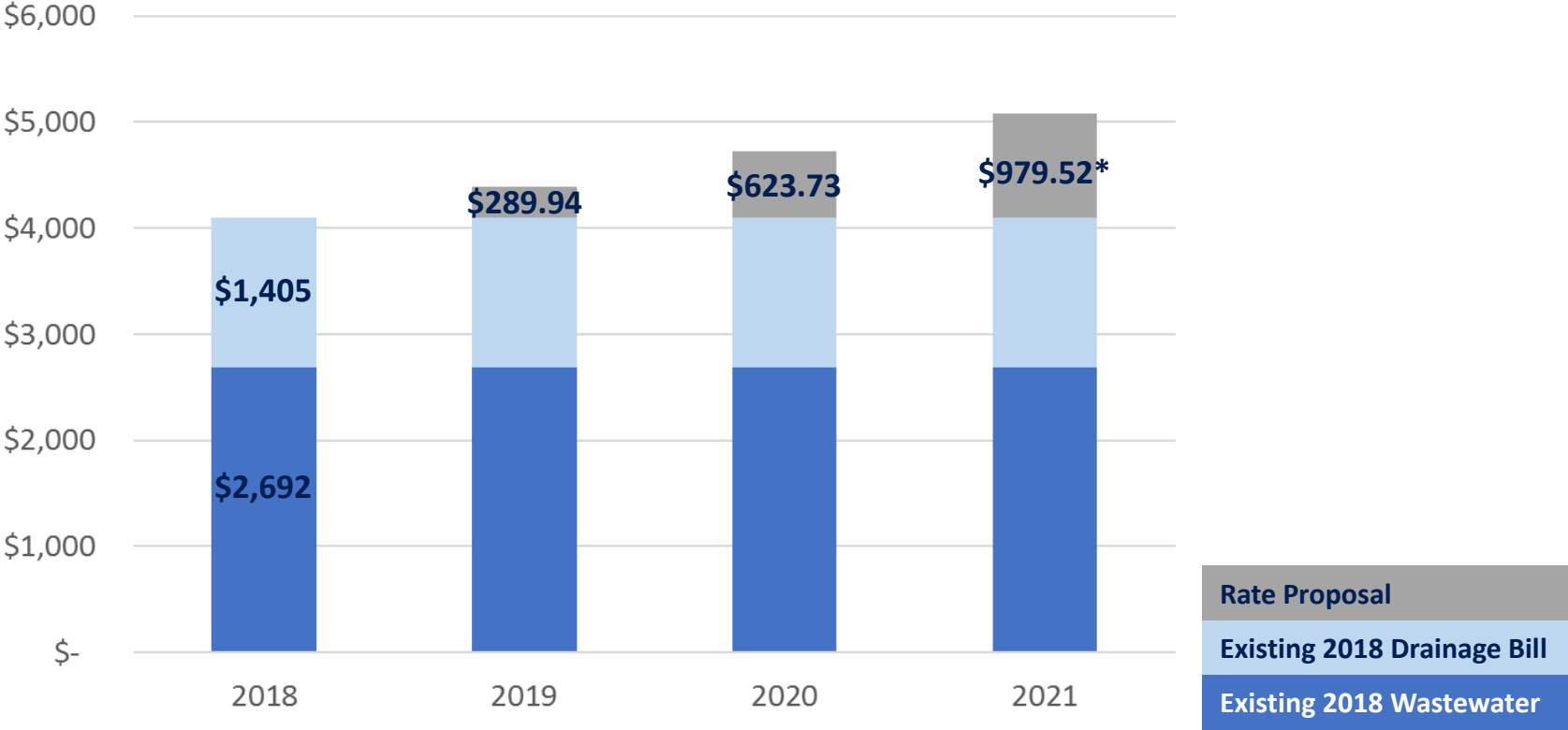
Typical Monthly Bill Impact Small Store



Monthly bills, based on 20 CCF/month and 8,700 sq ft. very heavy impervious lot size

*Bill estimate includes an assumed increase in wastewater treatment costs not included in ordinance, which is estimated to be \$13.48 in 2021.

Typical Monthly Bill Impact Supermarket



Monthly bills, based on 200 CCF/month and 125,000 sq ft. very heavy impervious lot size

*Bill estimate includes an assumed increase in wastewater treatment costs not included in ordinance, which is estimated to be \$91.29 in 2021.

Financial Policies

All financial targets met or exceeded for rate period

Policy	Target	Actuals	Projected	Proposed		
		2017	2018	2019	2020	2021
Net Income	Generally Positive	\$30.7	\$18.6	\$30.2	\$42.8	\$50.3
Debt Service Coverage	1.80x (adopted) 2.0x (internal)	2.71	2.05	2.41	2.25	2.18
Cash Balance Year End	45 Days Operating Expense*	\$164.5	\$168.0	\$138.7	\$92.2	\$77.2
Cash Financing of CIP	25% 4-year Average	30%	14%	30%	33%	21%
Debt-to-Asset Ratio	<= 70%	65%	57%	62%	64%	65%
Variable Rate Debt	<= 15%of total debt	0%	0%	0%	0%	0%

* This is SPU's internal target based on feedback from rating agencies and City financial advisors. Estimated to be \$49 million in 2021



Summary of Rate Proposal

- Within SBP overall 5.2% average annual rate increase target
- Reflects recent changes in O&M and CIP
- Reflects latest demand forecast
- Meets all financial policies each year

