

Agenda

- Background
- Proposed 2025 2027 Rate Path
- Rates & Bills
- DWW Rate Assumptions
- Next Steps



Background: Wastewater Rates

Wastewater (relatively simple)

- Based on water CCF use / month / customer
- Increased use → Increased charges

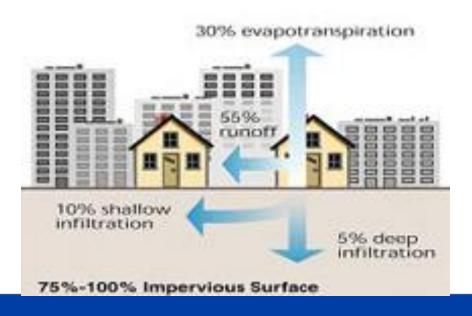


Background: Drainage Rates

Drainage (relatively complex)

- Based on parcel size and run-off contribution
- Increased impervious → Increased run-off → Increased charges







Proposed 3-Year Rate Path and 3-Year Forecast

	RATE PATH		RATE FORECAST				
	2025	2026	2027	2028	2029	2030	2025-30
Water	2.0%	2.0%	6.3%	3.3%	6.5%	3.8%	4.0%
Wastewater*	5.0%	5.0%	5.0%	6.2%	7.0%	5.1%	5.5%
Drainage	5.0%	5.0%	5.1%	6.6%	6.3%	7.2%	5.9%
Solid Waste	2.5%	3.1%	3.4%	3.4%	3.8%	2.5%	3.1%
Combined	3.7%	3.9%	4.9%	5.0%	6.0%	4.6%	4.7%



Approved legislation that is currently in effect

Wastewater rate includes King County Treatment Rate increases in 2025 - 2030.



DWW Rates Comparison (via SBP)

2021-26 Adopted SBP					
	<u>2025</u>	<u> 2026</u>			
Wastewater	7.8%	3.6%			
Drainage	6.5%	6.7%			

2025-2030 Pro	2025 2026 2027			
	<u>2025</u>	<u> 2026</u>	<u>2027</u>	
Wastewater	5.0%	5.0%	5.0%	
Drainage	5.0%	5.0%	5.1%	

2025-2027 Rate Smoothing

- Rates were smoothed for the rate setting period using cash on hand.
 - Cash in excess of financial policy targets from underspending and bond refinancing.
- Looking forward, future rates will be smoothed using any excess cash on hand at time of rate development for 2028-2030 rates

2025-2027 Rate Smoothing

- Rates were smoothed for the rate setting period using cash on hand.
 - Cash in excess of financial policy targets from underspending and bond refinancing.
- Looking forward, future rates will be smoothed using any excess cash on hand at time of rate development for 2028-2030 rates

Current Economic Environment

Increasing operational expenses

Inflation – particularly with healthcare and labor

Increasing capital expense

- State and Federal <u>regulatory compliance</u> projects
- Maintenance of <u>aging capital infrastructure</u>
- Increased interest rates from historical lows

Increasing contractual obligations

 King County Sewer Treatment rates are projected to increase annually from 5.75% to 8.25% by 2030. Inflation
Regulatory
Infrastructure
Interest Rates
Contracts



Wastewater Rates

	Adopted	Proposed	Proposed	Proposed
	2024	2025	2026	2027
System Rate	\$7.67	\$7.10	\$7.34	\$7.45
Treatment Rate	\$10.63	\$12.11	\$12.11	\$12.11
Future King County Treatment Rate Adju	stment		\$0.73	\$1.63
Total Wastewater Rate	\$18.30	\$19.21	\$20.18	\$21.19
Rate Increase %		5.0%	5.0%	5.0%
Average Bills				
Single-Family	\$79	\$83	\$87	\$92
Multi-Family	\$73	\$77	\$81	\$85
Convenience Store	\$366	\$384	\$404	\$424



Drainage Rates

	Residential		Multi-Family	Commercial	
Drainage	Lot < 10k sq. ft. Rate groups with flat rate per parcel	Lot > 10k sq. ft.	General Service		
(Billed by KC on behalf of SPU)		Rate c	lasses based on percent impervious. Billed on actual parcel size.		

	Adopted	Proposed	Proposed	Proposed
	2024	2025	2026	2027
Rate Increase %		5.0%	5.0%	5.1%
Average Bills				
Single-Family	\$59	\$63	\$66	\$69
Multi-Family	\$11	\$12	\$12	\$13
Convenience Store	\$145	\$152	\$160	\$168



Drainage Fee – Small Residential (< 10,000 sqft) Annual Bill/Rate per Parcel

	Max Parcel			
Tier Name	Area SqFt	2025	2026	2027
S1	1,999	\$235.28	\$247.09	\$259.54
S2	3,499	\$447.08	\$469.52	\$493.18
S3	4,499	\$572.64	\$601.39	\$631.68
S4	5,499	\$672.93	\$706.71	\$742.31
S5	6,499	\$764.98	\$803.38	\$843.85
S6	9,999	\$929.48	\$976.13	\$1,025.31

Assumptions

- Interest rate: 5%
- CIP Accomplishment Rate: 80%
- O&M Inflation: 4%
- King County Treatment Rate Growth
- No change to tax rates
- No debt refunding or alternative financing
- "Middle housing" is within small residential drainage



Questions?