

August 13, 2021

MEMORANDUM

To: Transportation and Utilities Committee
From: Brian Goodnight, Analyst
Subject: Council Bill 120128: 2022-2024 Drainage Rates
Council Bill 120129: 2022-2024 Wastewater Rates
Council Bill 120130: 2022-2023 Water Rates

On August 18, 2021, the Transportation and Utilities Committee will continue its consideration of three Council Bills (CBs) that would revise Seattle Public Utilities' (SPU's) drainage rates ([CB 120128](#)), wastewater rates ([CB 120129](#)), and retail water rates ([CB 120130](#)). SPU provided a presentation on the proposed bills at the committee's July 21, 2021, meeting. This memorandum provides background information on prior Council actions, describes the proposed rate increases and compares them to the rates adopted in the 2021–2026 Strategic Business Plan, summarizes the impact to customers, and describes potential technical amendments.

Background

SPU operates three distinct utilities: Drainage and Wastewater, Solid Waste, and Water. The Council typically considers rate-setting legislation for one of the utilities each year, with rates being set for a three-year period. Due to the COVID-19 pandemic and its economic impacts, however, in 2020 the Executive did not propose an increase to water rates for 2021 according to the regular schedule. Therefore, the 2020 adopted water rates continued unchanged into 2021. In order to get back on the regular schedule, the Executive has now proposed water rate legislation covering a two-year period (2022–2023) in addition to the regularly scheduled update to drainage and wastewater rates covering a three-year period (2022–2024).

The most recent updates to water rates occurred in November 2017 when the Council passed [Ordinance 125444](#), establishing retail water rates for 2018–2020, and [Ordinance 125445](#), establishing wholesale water rates for 2018–2020. Additionally, the Council revised the wholesale water rate surcharge for one specific subregion, via [Ordinance 125662](#), in September 2018.

In October 2018, the Council passed two ordinances establishing drainage and wastewater rates for 2019–2021: [Ordinance 125686](#) for drainage, and [Ordinance 125685](#) for wastewater. In addition, the Council periodically adjusts the drainage and wastewater rates in response to changes in the King County wastewater treatment rate that the City pays to the County. The Council approved this type of rate change most recently in November 2020 via [Ordinance 126215](#) for drainage and [Ordinance 126216](#) for wastewater.

The Council also recently adopted, via [Resolution 32000](#), an updated Strategic Business Plan (SBP) for SPU covering 2021–2026. The updated SBP contains a new mission and vision for SPU, identifies the department’s focus areas, describes its long-term goals and short-term strategies, and specifies a three-year rate path (2021 to 2023) and a three-year rate forecast (2024 to 2026) for all three of SPU’s distinct utilities.

Retail Water: Proposed 2022–2023 Rates and SBP Comparison

SPU manages and operates a water system that supplies drinking water to retail customers inside and outside of the city boundaries and to wholesale customers, which includes nearby cities, water districts, and the Cascade Water Alliance. CB 120130 would establish retail water rates for residential, general service (e.g., multifamily residential and commercial), and public fire customers. The bill would also revise the low-income assistance credits for qualifying water customers and would create new rate schedules for customers in Burien and Mercer Island to account for new utility taxes in those jurisdictions.

The proposed water rate increases for 2022 and 2023 are shown in Table 1, alongside the endorsed rate increases from the SBP and an updated forecast for increases expected between 2024–2026.

Table 1. Comparison of Proposed Water Rates vs SBP

		Proposed		Forecast			
	2021	2022	2023	2024	2025	2026	6-Year Avg
Water							
Proposed Rates	0.0%	2.6%	3.6%	4.0%	4.7%	3.6%	3.1%
Adopted SBP	0.0%	2.7%	4.7%	3.6%	4.2%	5.5%	3.4%

Note: The proposed legislation would only establish rates for 2022 and 2023. The rates for additional years are included for reference purposes only.

As shown in Table 1, the proposed water rate increases are lower in 2022 and 2023 than the rate increases endorsed in the SBP. Additionally, SPU’s updated forecast predicts that the six-year average rate increase will also be below the average in the SBP. The differences between the adopted SBP and the proposed rate increases are due to the updating of key assumptions in the intervening period.

SPU prepared the SBP and its associated materials during 2020, but the Executive chose to delay the submittal of the plan as a result of the pandemic. Therefore, although the Council adopted the SBP in May 2021, some of the underlying analysis was performed almost a year before the water rate study that is the basis for the current proposal. This detailed rate study (attached as [Exhibit A to the Summary and Fiscal Note](#)) revises several assumptions, determines the level of resources required for the department to meet its financial policies, and calculates the revenue requirement for the retail system.

According to the rate study, the two most impactful updates are related to wholesale revenues and the financing plan for capital projects. The SBP included an assumption that wholesale revenues would decrease as wholesale rates were lowered to account for overpayments in previous years. SPU is currently in discussions with wholesale customers over a variety of topics however, including future rates, and the current rate study assumes a higher level of wholesale revenues than the SBP. Increasing wholesale revenues reduces the amount of revenue required from retail customers, thus lowering retail rate increases.

The current rate study also updates the capital financing plan for water projects. Cash balances for the Water Fund are at an all-time high and, given the low-interest rate environment, SPU is planning to use some of that cash balance to defease existing high-interest debt. This action, along with the refunding of other bonds, is expected to generate substantial debt service savings in future years.

The proposed rates are also impacted by revised assumptions regarding customer consumption (small increase in system connections, spreading costs among more customers), participation in the Utility Discount Program (continued growth as the economic impacts of the pandemic continue), and an effort to smooth the rate path by increasing revenue collections in early years to ease the impact of predicted cost increases in later years.

Overall, the proposed water rates would increase SPU revenues by almost \$7.0 million in 2022 (relative to 2021) and approximately \$9.1 million in 2023 (relative to 2022). Due to the City's imposition of a utility tax on retail water revenue, approximately \$1.1 million and \$1.4 million of that additional revenue would be paid to the City's General Fund in 2022 and 2023, respectively.

Drainage and Wastewater: Proposed 2022–2024 Rates and SBP Comparison

Drainage and wastewater fees work in tandem to provide SPU sufficient revenue to manage the stormwater and wastewater collection and treatment systems. The systems are physically interconnected in parts of the city through combined pipes that handle both stormwater and wastewater. CB 120128 and CB 120129 would establish drainage and wastewater rates for 2022–2024 and would revise the low-income assistance credits for qualifying utility customers.

The proposed drainage and wastewater rate increases for 2022–2024 are shown in Table 2, alongside the endorsed rate increases from the SBP and an updated forecast for increases expected in 2025 and 2026.

Table 2. Comparison of Proposed Drainage and Wastewater Rates vs SBP

		Proposed			Forecast		
	2021	2022	2023	2024	2025	2026	6-Year Avg
Drainage							
Proposed Rates	7.4%	6.0%	6.2%	6.0%	6.2%	6.2%	6.3%
Adopted SBP	7.4%	8.6%	7.2%	3.9%	6.5%	6.7%	6.7%
Wastewater							
Proposed Rates	7.3%	2.0%	3.9%	2.9%	4.5%	4.5%	4.2%
Adopted SBP	7.3%	3.1%	5.9%	0.5%	7.8%	3.6%	4.7%

Note: The proposed legislation would only establish rates for 2022–2024. The rates for additional years are included for reference purposes only. Additionally, the tables in this memorandum include projections for future increases to King County’s wastewater treatment rate.

As shown in Table 2, the proposed increases for both drainage and wastewater are lower than the rate increases endorsed in the SBP for 2022 and 2023 but are higher than the SBP-endorsed rates for 2024. SPU’s updated forecast for 2025 and 2026, if accurate, would result in the six-year average rate increases being below the averages in the SBP. Similar to the water rate discussion above, the differences between the SBP and the proposed drainage and wastewater rates are largely due to changing assumptions between the time when the SBP analysis was performed and the current analysis.

According to the rate study, the most impactful change to the rate paths came from recognizing the decrease in wastewater system usage that resulted from the pandemic. Similar to water, wastewater rates are volume based and revenues are negatively impacted by decreased consumption. System expenses, however, are largely fixed and do not experience decreases in tandem with decreasing volumes. The rate study projects that wastewater volumes will rebound over time, although slowly, with the recovery stretching into 2027.

Counteracting that decrease in wastewater volumes and contributing to the reduced rate increases for drainage are savings achieved by taking advantage of the low-interest rate environment and a cash balance in excess of internal financial targets. SPU intends to defease and refund existing high-interest debt and use some of its cash balance to increase the cash financing of capital projects. SPU financial policies require that at least 25 percent of the capital improvement plan over a four-year average be funded with cash. The rate study assumes an average of 45 percent cash funding during the next three years, with an additional 25 percent financed with low-interest loans.

Another factor influencing the difference in proposed rates relative to the SBP is a change in the assumption regarding King County wastewater treatment charges, which is the largest operating expense for wastewater and the Drainage and Wastewater Fund. King County has recently modified its approach to instituting treatment rate increases, switching from a biennial cycle to an annual cycle. The rate study incorporates this adjustment and assumes annual

treatment rate increases of 4 -5 percent, rather than the assumptions in the SBP of 10.3 percent increases in 2023 and 2025 and no increases in 2024 and 2026. Please see the Potential Amendments section below for additional information on the treatment rate increases included in the proposed legislation.

Overall, the proposed drainage rates would increase SPU revenues by approximately \$10.1 million in 2022 (relative to 2021), \$10.9 million in 2023 (relative to 2022), and \$11.4 million in 2024 (relative to 2023). Due to the City's imposition of a utility tax on drainage revenue, an average of approximately \$1.2 million of the additional revenue each year would be paid to the City's General Fund.

With respect to wastewater, the proposed rates and changes in demand would increase SPU revenues by approximately \$24.4 million in 2022 (relative to 2021), \$18.8 million in 2023 (relative to 2022), and \$12.9 million in 2024 (relative to 2023). The City's utility tax on wastewater revenues would direct an average of approximately \$2.2 million of the additional revenue each year to the General Fund.

Customer Impact

Table 3 shows the impact of the proposed drainage, wastewater, and water rate increases on the monthly bills for a typical residential customer and for a typical small store, such as a convenience store. The table shows the expected monthly bills for those typical customers and provides the dollar and percentage increases from the previous year.

Although the annual percentage increases in Table 3 come close to matching the overall proposed rate increases shown in Tables 1 and 2, the annual increases do not match exactly. The rate increases in the previous tables show the average increase for all customer types and tiers, but do not represent the specific increase that every customer will experience.

Table 3. Monthly Impact of Proposed Rate Increases to Customers

	2021	2022	2023	2024
Drainage				
Residential^a	\$50.00	\$52.72	\$55.97	\$59.34
<i>\$ Change from Prior Year</i>	--	\$2.73	\$3.24	\$3.37
<i>% Change from Prior Year</i>	--	5.5%	6.2%	6.0%
Convenience Store^b	\$120.43	\$128.93	\$136.86	\$145.10
<i>\$ Change from Prior Year</i>	--	\$8.50	\$7.93	\$8.24
<i>% Change from Prior Year</i>	--	7.1%	6.2%	6.0%
Wastewater				
Residential^c	\$71.68	\$73.14	\$76.02	\$78.22
<i>\$ Change from Prior Year</i>	--	\$1.46	\$2.88	\$2.19
<i>% Change from Prior Year</i>	--	2.0%	3.9%	2.9%
Convenience Store^d	\$250.05	\$255.15	\$265.20	\$272.85
<i>\$ Change from Prior Year</i>	--	\$5.10	\$10.05	\$7.65
<i>% Change from Prior Year</i>	--	2.0%	3.9%	2.9%
Water				
Residential^e	\$45.69	\$47.04	\$48.66	
<i>\$ Change from Prior Year</i>	--	\$1.35	\$1.62	
<i>% Change from Prior Year</i>	--	3.0%	3.4%	
Convenience Store^f	\$107.30	\$109.70	\$113.70	
<i>\$ Change from Prior Year</i>	--	\$2.40	\$4.00	
<i>% Change from Prior Year</i>	--	2.2%	3.6%	

a – Typical monthly single-family drainage fee based on 1/12 of annual fee for 5,000–7,999 sq. ft. rate tier

b – Based on 1/12 of annual fee for 8,700 sq. ft. in the “Very Heavy” category

c – Based on monthly wastewater consumption of 4.3 CCF (“hundred cubic feet”; 1 CCF = 748 gallons)

d – Based on monthly wastewater consumption of 15 CCF

e – Based on monthly water consumption of 5 CCF

f – Based on monthly water consumption of 15 CCF

Potential Amendments

CB 120128 (Drainage Rates) and CB 120129 (Wastewater Rates), require amendments to correct errors in the transmitted versions of the bills. Both bills contained similar errors and staff have prepared substitute versions of the bills, attached to this memorandum, for the committee’s consideration on August 18.

The substitute bills would replace incorrect drainage and wastewater rates for 2023 and 2024 with corrected values. In the [Drainage and Wastewater Rate Study](#) accompanying the bills, SPU makes assumptions regarding future increases to King County’s wastewater treatment rate. At this time, King County has only approved a wastewater treatment rate increase for 2022. Therefore, the bills should only include a treatment rate increase for 2022, but not for 2023 and

2024. The bills transmitted by the Executive, however, inadvertently included the treatment rate increase assumptions for 2023 and 2024. The substitute bills would correct those errors.

When King County does adopt treatment rate increases for future years, SPU will need to transmit new legislation amending the City's drainage and wastewater rates at that time.

The substitute bills would also correct an omission in section numbering, as the transmitted bills omit a Section 2.

Attachments:

1. CB 120128 Proposed Substitute
2. CB 120129 Proposed Substitute

cc: Dan Eder, Interim Director
Aly Pennucci, Policy and Budget Manager

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

..title

AN ORDINANCE relating to drainage services of Seattle Public Utilities; adjusting drainage rates to pass through changes to treatment rates charged by King County and meet capital financing requirements; amending Section 21.33.030 of the Seattle Municipal Code to reflect adjusted rates; and amending Section 21.76.040 of the Seattle Municipal Code to adjust credits to low-income customers.

..body

WHEREAS, Seattle Public Utilities has recently completed a rate study incorporating guidance of its adopted 2021-2026 Strategic Business Plan; and

WHEREAS, the Strategic Business Plan Update included increases in the capital and operating requirements of the Drainage and Wastewater Fund in response to federal and state regulatory requirements, as well as environmental and infrastructure concerns, with a resulting increase in revenue requirements; and

WHEREAS, drainage and wastewater rates are calculated in accordance with the financial policies adopted by Council Resolution 30612 and Statement of Legislative Intent 13-1-A-1; and

WHEREAS, Seattle Public Utilities' wastewater and drainage rates are based on the sum of the treatment rate and system rate; and

WHEREAS, the wastewater and drainage treatment rates are designed to pass through treatment expenses paid to King County and Southwest Suburban Sewer District, and any taxes, expenses, or discounts concurrently incurred; and

WHEREAS, the wastewater and drainage system rates are designed to pass through all other expenses, and any taxes or discounts concurrently incurred; and

1 WHEREAS, discount program credits for qualified customers indirectly billed for services need
2 to be updated to reflect changes to rates; NOW, THEREFORE,

3 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

4 Section 1. Subsection 21.33.030.D of the Seattle Municipal Code, which section was last
5 amended by Ordinance 126215, is amended as follows:

6 **21.33.030 Drainage service charges and drainage rates—Schedule—Exemptions**

7 * * *

8 D. Drainage rates used in the calculation of drainage service charges shall be the sum of
9 the treatment rate and the system rate, as follows:

10 1. Treatment rate. The “treatment rate” shall be the rate required to pay the
11 drainage share of “treatment cost” which is the cost of wastewater treatment, interception and
12 disposal service, and any associated costs necessary to meet Drainage and Wastewater Fund
13 policies. The treatment rate shall be the amount obtained when (a) the projected drainage
14 treatment cost for each rate category is divided by (b) the projected number of billing units in
15 each rate category and the result is multiplied by (~~(+17.4 percent)~~) 1.189507 in 2022, 1.190301
16 in 2023, and 1.190379 in 2024 to cover the costs of taxes, low income rate assistance, and other
17 allowances. The projected treatment cost shall be the treatment cost anticipated for the upcoming
18 calendar year, which may include an adjustment to reflect the difference, whether positive or
19 negative, between the drainage share of expected total treatment cost for the current year and the
20 total drainage service charge revenues attributable to the treatment rate expected for the current
21 year. The treatment rate is designed to pass through cost changes driven by King County and
22 may be adjusted by ordinance at any time in response to such charges.

2. System rate. The “system rate” shall be the rate required to fund the expense associated with operating, maintaining, and constructing the City’s surface and stormwater management system, including any share of combined sanitary and stormwater system expense assigned to drainage.

3. ~~((The rate categories and the corresponding annual drainage rates))~~ Annual drainage treatment rates and dates effective are as follows:

~~((Effective January 1, 2020~~

Rate Category	Treatment Rate	System Rate	Total Drainage Rate	Billing Unit
Small Residential				
Under 2,000 sq. ft.	\$12.88	\$170.59	\$183.47	per parcel
2,000 - 2,999 sq. ft.	\$22.29	\$276.46	\$298.75	per parcel
3,000 - 4,999 sq. ft.	\$30.74	\$383.52	\$414.26	per parcel
5,000 - 6,999 sq. ft.	\$41.85	\$516.42	\$558.27	per parcel
7,000 - 9,999 sq. ft.	\$53.16	\$651.93	\$705.09	per parcel
General Service/Large Residential				
Undeveloped (0 - 15% impervious)				
Regular	\$3.50	\$42.55	\$46.05	per 1,000 sq. ft.
Low Impact	\$2.06	\$25.34	\$27.40	per 1,000 sq. ft.
Light (16 - 35% impervious)				
Regular	\$5.25	\$63.50	\$68.75	per 1,000 sq. ft.
Low Impact	\$4.10	\$49.75	\$53.85	per 1,000 sq. ft.
Moderate (36 - 65% impervious)				
Regular	\$7.49	\$90.37	\$97.86	per 1,000 sq. ft.
Low Impact	\$6.06	\$73.15	\$79.21	per 1,000 sq. ft.
Heavy (66 - 85% impervious)				
Regular	\$9.93	\$119.57	\$129.50	per 1,000 sq. ft.
Very Heavy (86 - 100% impervious)				
Regular	\$11.87	\$142.73	\$154.60	per 1,000 sq. ft.

1 Effective January 1, 2021

Rate Category	Treatment Rate	System Rate	Total Drainage Rate	Billing Unit
Small Residential				
Under 2,000 sq. ft.	\$10.97	\$184.60	\$195.57	per parcel
2,000–2,999 sq. ft.	\$21.36	\$299.22	\$320.58	per parcel
3,000–4,999 sq. ft.	\$30.16	\$415.09	\$445.25	per parcel
5,000–6,999 sq. ft.	\$41.00	\$558.94	\$599.94	per parcel
7,000–9,999 sq. ft.	\$52.09	\$705.60	\$757.69	per parcel
General Service/Large Residential				
Undeveloped (0–15% impervious)				
Regular	\$3.44	\$46.05	\$49.49	per 1,000 sq. ft.
Low Impact	\$2.02	\$27.43	\$29.45	per 1,000 sq. ft.
Light (16–35% impervious)				
Regular	\$5.19	\$68.73	\$73.92	per 1,000 sq. ft.
Low Impact	\$4.02	\$53.85	\$57.87	per 1,000 sq. ft.
Moderate (36–65% impervious)				
Regular	\$7.34	\$97.81	\$105.15	per 1,000 sq. ft.
Low Impact	\$5.82	\$79.18	\$85.00	per 1,000 sq. ft.
Heavy (66–85% impervious)	\$9.75	\$129.42	\$139.17	per 1,000 sq. ft.
Very Heavy (86–100% impervious)	\$11.62	\$154.49	\$165.81	per 1,000 sq. ft.))

2 For small residential parcels, per parcel:

Small Residential Parcels	Jan 1, 2021	Jan 1, 2022	Jan 1, 2023	Jan 1, 2024
Under 2,000 sq. ft.	\$10.97	\$12.83	\$13.92 \$12.83	\$14.73 \$12.83
2,000–2,999 sq. ft.	\$21.36	\$22.45	\$24.36 \$22.45	\$25.77 \$22.45
3,000–4,999 sq. ft.	\$30.16	\$31.47	\$34.15 \$31.47	\$36.12 \$31.47
5,000–7,999 sq. ft.	\$41.00	\$43.00	\$46.66 \$43.00	\$49.36 \$43.00
8,000–9,999 sq. ft.	\$52.09	\$54.43	\$59.07 \$54.43	\$62.48 \$54.43

1 For general service and large residential parcels, per 1,000 sq. ft.:

	<u>Jan 1, 2021</u>	<u>Jan 1, 2022</u>	<u>Jan 1, 2023</u>	<u>Jan 1, 2024</u>
<u>Undeveloped (0% to 15% impervious)</u>	<u>\$3.44</u>	<u>\$3.65</u>	\$3.96 <u>\$3.65</u>	\$4.19 <u>\$3.65</u>
<u>Undeveloped (Low Impact)</u>	<u>\$2.02</u>	<u>\$2.09</u>	\$2.27 <u>\$2.09</u>	\$2.40 <u>\$2.09</u>
<u>Light (16% to 35% impervious)</u>	<u>\$5.19</u>	<u>\$5.44</u>	\$5.91 <u>\$5.44</u>	\$6.25 <u>\$5.44</u>
<u>Light (Low Impact)</u>	<u>\$4.02</u>	<u>\$4.22</u>	\$4.58 <u>\$4.22</u>	\$4.84 <u>\$4.22</u>
<u>Moderate (36% to 65% impervious)</u>	<u>\$7.34</u>	<u>\$7.74</u>	\$8.40 <u>\$7.74</u>	\$8.89 <u>\$7.74</u>
<u>Moderate (Low Impact)</u>	<u>\$5.82</u>	<u>\$6.24</u>	\$6.78 <u>\$6.24</u>	\$7.17 <u>\$6.24</u>
<u>Heavy (66% to 85% impervious)</u>	<u>\$9.75</u>	<u>\$10.25</u>	\$11.12 <u>\$10.25</u>	\$11.76 <u>\$10.25</u>
<u>Very Heavy (86% to 100% impervious)</u>	<u>\$11.62</u>	<u>\$12.23</u>	\$13.28 <u>\$12.23</u>	\$14.04 <u>\$12.23</u>

2 4. Annual drainage system rates are as follows:

3 For small residential parcels, per parcel:

	<u>Jan 1, 2021</u>	<u>Jan 1, 2022</u>	<u>Jan 1, 2023</u>	<u>Jan 1, 2024</u>
<u>Under 2,000 sq. ft.</u>	<u>\$184.60</u>	<u>\$191.38</u>	<u>\$202.85</u>	<u>\$215.11</u>
<u>2,000–2,999 sq. ft.</u>	<u>\$299.22</u>	<u>\$314.68</u>	<u>\$333.50</u>	<u>\$353.65</u>
<u>3,000–4,999 sq. ft.</u>	<u>\$415.09</u>	<u>\$434.44</u>	<u>\$460.41</u>	<u>\$488.24</u>
<u>5,000–7,999 sq. ft.</u>	<u>\$558.94</u>	<u>\$589.67</u>	<u>\$624.92</u>	<u>\$662.69</u>
<u>8,000–9,999 sq. ft.</u>	<u>\$705.60</u>	<u>\$743.56</u>	<u>\$788.00</u>	<u>\$835.63</u>

4 For general service and large residential parcels, per 1,000 sq. ft.:

	<u>Jan 1, 2021</u>	<u>Jan 1, 2022</u>	<u>Jan 1, 2023</u>	<u>Jan 1, 2024</u>
<u>Undeveloped (0% to 15% impervious)</u>	<u>\$46.05</u>	<u>\$50.03</u>	<u>\$53.03</u>	<u>\$56.23</u>
<u>Undeveloped (Low Impact)</u>	<u>\$27.43</u>	<u>\$29.02</u>	<u>\$30.75</u>	<u>\$32.61</u>
<u>Light (16% to 35% impervious)</u>	<u>\$68.73</u>	<u>\$74.22</u>	<u>\$78.65</u>	<u>\$83.40</u>
<u>Light (Low Impact)</u>	<u>\$53.85</u>	<u>\$57.70</u>	<u>\$61.15</u>	<u>\$64.85</u>
<u>Moderate (36% to 65% impervious)</u>	<u>\$97.81</u>	<u>\$105.13</u>	<u>\$111.41</u>	<u>\$118.14</u>
<u>Moderate (Low Impact)</u>	<u>\$79.18</u>	<u>\$84.96</u>	<u>\$90.03</u>	<u>\$95.47</u>

	<u>Jan 1, 2021</u>	<u>Jan 1, 2022</u>	<u>Jan 1, 2023</u>	<u>Jan 1, 2024</u>
<u>Heavy (66% to 85% impervious)</u>	<u>\$129.42</u>	<u>\$138.87</u>	<u>\$147.17</u>	<u>\$156.07</u>
<u>Very Heavy (86% to 100% impervious)</u>	<u>\$154.49</u>	<u>\$165.60</u>	<u>\$175.49</u>	<u>\$186.10</u>

1 ~~((4. SPU shall provide a ten percent reduction in the drainage service charge for~~
2 ~~parcels containing new or remodeled commercial buildings that, after July 27, 2003, install and~~
3 ~~utilize rainwater harvesting systems that meet the performance requirement that the systems are~~
4 ~~sized to use the amount of rain that falls on the roofs of such buildings during a one year, 24-~~
5 ~~hour storm event. A system that involves indoor uses of rainwater must be permitted by Seattle-~~
6 ~~King County Department of Health to qualify for the rate reduction. A system that relies solely~~
7 ~~on the capture and indoor use of rainwater shall qualify for the drainage service charge reduction~~
8 ~~only if the system is sized to meet the performance requirement stated above. Qualifying for the~~
9 ~~drainage service charge reduction does not relieve the property owner from the obligation to~~
10 ~~comply with applicable stormwater and drainage code requirements for the buildings and site.))~~

11 5. SPU shall provide a ten percent reduction in the drainage service charge for
12 parcels containing new or remodeled commercial buildings that, after July 27, 2003, install and
13 utilize rainwater harvesting systems that meet the performance requirement that the systems are
14 sized to use the amount of rain that falls on the roofs of such buildings during a one year, 24-
15 hour storm event. A system that involves indoor uses of rainwater must be permitted by Seattle-
16 King County Department of Health to qualify for the rate reduction. A system that relies solely
17 on the capture and indoor use of rainwater shall qualify for the drainage service charge reduction
18 only if the system is sized to meet the performance requirement stated above. Qualifying for the
19 drainage service charge reduction does not relieve the property owner from the obligation to
20 comply with applicable stormwater and drainage code requirements for the buildings and site.

1 ((5. Effective November 7, 2008, open space properties or parcels shall be
2 charged only for the area of impervious surface and at the rate under which the parcel is
3 classified using the total parcel acreage.))

4 6. Effective November 7, 2008, open space properties or parcels shall be charged
5 only for the area of impervious surface and at the rate under which the parcel is classified using
6 the total parcel acreage.

7 * * *

8 Section 2~~3~~. Subsection 21.76.040.A of the Seattle Municipal Code, which section was
9 last amended by Ordinance 126216, is amended as follows:

10 **21.76.040 Rate discounts**

11 A. Drainage, wastewater, and water. Certified low-income residential utility customers
12 (“Certified customers”) will receive rate discounts (or credits) in the following amounts:

13 1. Wastewater. Certified customers billed directly for Seattle Public Utilities
14 wastewater services will receive a rate discount equal to 0.5 times the total current wastewater
15 volume charge. Certified customers who pay for wastewater services indirectly through rent shall
16 receive the following rate credits based on dwelling type and consistent with Section 21.76.050:

Effective date	Single-family and duplex dwellings	Multifamily dwellings
January 1, 2020	\$33.43 per month	\$23.32 per month
January 1, 2021	\$35.85 per month	\$25.01 per month

17 At the time of a change to the wastewater volume charge described in Section
18 21.28.040, the Director of Seattle Public Utilities shall calculate new credits for certified
19 customers who pay for wastewater services indirectly through rent. The rate credit for single-
20 family and duplex customers shall be 0.5 times the wastewater volume charge multiplied by 430
21 cubic feet (4.3 CCF), which is typical single-family residential sewer billed consumption. The

rate credit for multifamily dwelling customers shall be 0.5 times the wastewater volume charge multiplied by 3.0 CCF, which is typical multifamily sewer billed consumption.

2. Drainage. Certified customers ((residing inside The City of Seattle)) shall receive the following rate credits for drainage services based on dwelling type:

(Effective Date	Single-Family	Duplex	Multifamily
January 1, 2020	\$23.24 per month	\$11.62 per month	\$2.49 per month
January 1, 2021	\$25.00 per month	\$12.50 per month	\$2.68 per month))

	<u>Effective Jan 1, 2021</u>	<u>Effective Jan 1, 2022</u>	<u>Effective Jan 1, 2023</u>	<u>Effective Jan 1, 2024</u>
<u>Single-Family</u>	<u>\$25.00</u>	<u>\$26.36</u>	\$27.98 <u>\$27.83</u>	\$29.67 <u>\$29.40</u>
<u>Duplex</u>	<u>\$12.50</u>	<u>\$13.18</u>	\$13.99 <u>\$13.92</u>	\$14.83 <u>\$14.70</u>
<u>Multifamily</u>	<u>\$2.68</u>	<u>\$2.82</u>	\$2.99 <u>\$2.98</u>	\$3.17 <u>\$3.15</u>

3. Water. Certified customers billed directly for Seattle Public Utilities water services shall receive a rate discount equal to 0.5 times the total current commodity and base service charges. Certified customers who pay for water services indirectly through their rent shall receive the following rate credits based on dwelling type and consistent with Section 21.76.050:

Effective date	Single-family and duplex dwellings	Multifamily dwellings
January 1, 2017	\$20.56 per month	\$12.38 per month
January 1, 2018	\$21.15 per month	\$12.38 per month
January 1, 2019	\$21.86 per month	\$12.38 per month
January 1, 2020	\$22.85 per month	\$12.50 per month

* * *

Section 34. This ordinance does not affect any existing right acquired or liability or obligation incurred under the sections amended or repealed in this ordinance or under any rule or order adopted under those sections, nor does it affect any proceeding instituted under those sections.

1 Section ~~4~~5. The provisions of this ordinance are declared to be separate and severable. If
2 a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having
3 run, finds any provision of this ordinance to be invalid or unenforceable as to any person or
4 circumstance, then such provision or provisions shall be null and severed from the rest of this
5 ordinance with respect to the particular person or circumstance. The offending provision with
6 respect to all other persons and all other circumstances, as well as all other provisions of this
7 ordinance, shall remain valid and enforceable.

1 Section 56. This ordinance shall take effect and be in force 30 days after its approval by
2 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
3 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

4 Passed by the City Council the _____ day of _____, 2021,
5 and signed by me in open session in authentication of its passage this _____ day of
6 _____, 2021.

7 _____
8 President _____ of the City Council

9 Approved / returned unsigned / vetoed this _____ day of _____, 2021.

10 _____
11 Jenny A. Durkan, Mayor

12 Filed by me this _____ day of _____, 2021.

13 _____
14 Monica Martinez Simmons, City Clerk

15 (Seal)

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

..title

AN ORDINANCE relating to wastewater services of Seattle Public Utilities; adjusting wastewater rates to pass through changes to treatment rates charged by King County; amending Section 21.28.040 of the Seattle Municipal Code to reflect adjusted rates; and amending Section 21.76.040 of the Seattle Municipal Code to adjust credits to low-income customers.

..body

WHEREAS, Seattle Public Utilities has recently completed a rate study incorporating guidance of its adopted 2021-2026 Strategic Business Plan; and

WHEREAS, the Strategic Business Plan Update included increases in the capital and operating requirements of the Drainage and Wastewater Fund in response to federal and state regulatory requirements, as well as environmental and infrastructure concerns, with a resulting increase in revenue requirements; and

WHEREAS, drainage and wastewater rates are calculated in accordance with the financial policies adopted by Council Resolution 30612 and Statement of Legislative Intent 13-1-A-1; and

WHEREAS, Seattle Public Utilities’ wastewater and drainage rates are based on the sum of the treatment rate and system rate; and

WHEREAS, the wastewater and drainage treatment rates are designed to pass through treatment expenses paid to King County and Southwest Suburban Sewer District, and any taxes, expenses, or discounts concurrently incurred; and

WHEREAS, the wastewater and drainage system rates are designed to pass through all other expenses, and any taxes or discounts concurrently incurred; and

1 WHEREAS, discount program credits for qualified customers indirectly billed for services need
2 to be updated to reflect changes to rates; NOW, THEREFORE,

3 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

4 Section 1. Subsection 21.28.040.B of the Seattle Municipal Code, which section was last
5 amended by Ordinance 126216, is amended as follows:

6 **21.28.040 Wastewater volume charge**

7 * * *

8 B. The wastewater volume rate shall be the sum of the treatment rate and the system rate,
9 as follows:

10 1. Treatment rate. The “treatment rate” shall be the rate required to pay the
11 wastewater share of “treatment cost,” which is the cost of wastewater treatment, interception and
12 disposal services, and any associated costs required to meet Drainage and Wastewater Fund
13 financial policies. The treatment rate shall be the amount obtained when (a) the projected
14 wastewater treatment cost is divided by (b) the projected billed wastewater consumption, each
15 for the next calendar year, and the result is multiplied by (~~118.7 percent in 2020 and 116.4~~
16 ~~percent in 2021~~) 1.180797 in 2022, 1.184033 in 2023, and 1.184530 in 2024 and thereafter to
17 cover the costs of taxes and low-income rate assistance. The projected treatment cost shall be the
18 treatment cost anticipated for the upcoming calendar year, which may include an adjustment to
19 reflect the difference, whether positive or negative, between the total expected treatment cost for
20 the current year and the total wastewater volume charge revenues attributable to the treatment
21 rate expected for the current year. The treatment rate is designed to pass through cost changes
22 driven by King County and may be adjusted by ordinance at any time in response to such
23 charges.

2. System rate. The “system rate” shall be the rate required to pay the cost of carrying and discharging all wastewater and any wastewater-funded share of stormwater into the City sewerage system, as presently maintained and operated and as may be added to, improved, and extended.

3. The wastewater volume rate per CCF shall be in accordance with the following schedule:

	((Effective Jan. 1, 2020	Effective Jan. 1, 2021
Treatment Rate	\$8.84	\$9.25
System Rate	\$6.71	\$7.42
Wastewater Volume Rate	\$15.55	\$16.67))

	<u>Effective Jan 1, 2021</u>	<u>Effective Jan 1, 2022</u>	<u>Effective Jan 1, 2023</u>	<u>Effective Jan 1, 2024</u>
<u>Treatment Rate</u>	<u>\$9.25</u>	<u>\$9.34</u>	\$10.01 <u>\$9.34</u>	\$10.52 <u>\$9.34</u>
<u>System Rate</u>	<u>\$7.42</u>	<u>\$7.67</u>	<u>\$7.67</u>	<u>\$7.67</u>
<u>Wastewater Volume Rate</u>	<u>\$16.67</u>	<u>\$17.01</u>	\$17.68 <u>\$17.01</u>	\$18.19 <u>\$17.01</u>

* * *

Section ~~2~~3. Subsection 21.76.040.A of the Seattle Municipal Code, which section was last amended by Ordinance 126216, is amended as follows:

21.76.040 Rate discounts

A. Drainage, wastewater, and water. ~~((Certified low income residential utility customers (“Certified customers”)))~~ Certified customers will receive rate discounts (or credits) in the following amounts:

1. Wastewater. Certified customers billed directly for Seattle Public Utilities wastewater services will receive a rate discount equal to 0.5 times the total current wastewater

1 volume charge. Certified customers who pay for wastewater services indirectly through rent shall
 2 receive the following rate credits based on dwelling type and consistent with Section 21.76.050:

(Effective date	Single-family and duplex dwellings	Multifamily dwellings
January 1, 2020	\$33.43 per month	\$23.32 per month
January 1, 2021	\$35.85 per month	\$25.01 per month))

	<u>Effective Jan 1, 2021</u>	<u>Effective Jan 1, 2022</u>	<u>Effective Jan 1, 2023</u>	<u>Effective Jan 1, 2024</u>
<u>Single-Family</u>	<u>\$35.85</u>	<u>\$36.57</u>	\$38.01 <u>\$36.57</u>	\$39.11 <u>\$36.57</u>
<u>Duplex</u>	<u>\$35.85</u>	<u>\$36.57</u>	\$38.01 <u>\$36.57</u>	\$39.11 <u>\$36.57</u>
Multi-Family <u>Multifamily</u>	<u>\$25.01</u>	<u>\$25.52</u>	\$26.52 <u>\$25.52</u>	\$27.29 <u>\$25.52</u>

4 At the time of a change to the wastewater volume charge described in Section
 5 21.28.040, the Director of Seattle Public Utilities shall calculate new credits for certified
 6 customers who pay for wastewater services indirectly through rent. The rate credit for single-
 7 family and duplex customers shall be 0.5 times the wastewater volume charge multiplied by 430
 8 cubic feet (4.3 CCF), which is typical single-family residential sewer billed consumption. The
 9 rate credit for multifamily dwelling customers shall be 0.5 times the wastewater volume charge
 10 multiplied by 3.0 CCF, which is typical multifamily sewer billed consumption.

11 2. Drainage. Certified customers residing inside The City of Seattle shall receive
 12 the following rate credits for drainage services based on dwelling type:

Effective Date	Single-Family	Duplex	Multifamily
January 1, 2020	\$23.24 per month	\$11.62 per month	\$2.49 per month
January 1, 2021	\$25.00 per month	\$12.50 per month	\$2.68 per month

13 3. Water. Certified customers billed directly for Seattle Public Utilities water
 14 services shall receive a rate discount equal to 0.5 times the total current commodity and base

1 service charges. Certified customers who pay for water services indirectly through their rent shall
2 receive the following rate credits based on dwelling type and consistent with Section 21.76.050:

Effective date	Single-family and duplex dwellings	Multifamily dwellings
January 1, 2017	\$20.56 per month	\$12.38 per month
January 1, 2018	\$21.15 per month	\$12.38 per month
January 1, 2019	\$21.86 per month	\$12.38 per month
January 1, 2020	\$22.85 per month	\$12.50 per month

3 * * *

4 Section 34. This ordinance does not affect any existing right acquired or liability or
5 obligation incurred under the sections amended or repealed in this ordinance or under any rule or
6 order adopted under those sections, nor does it affect any proceeding instituted under those
7 sections.

8 Section 45. The provisions of this ordinance are declared to be separate and severable. If
9 a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having
10 run, finds any provision of this ordinance to be invalid or unenforceable as to any person or
11 circumstance, then such provision or provisions shall be null and severed from the rest of this
12 ordinance with respect to the particular person or circumstance. The offending provision with
13 respect to all other persons and all other circumstances, as well as all other provisions of this
14 ordinance, shall remain valid and enforceable.

1 Section 56. This ordinance shall take effect and be in force 30 days after its approval by
2 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
3 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

4 Passed by the City Council the _____ day of _____, 2021,
5 and signed by me in open session in authentication of its passage this _____ day of
6 _____, 2021.

7 _____
8 President _____ of the City Council

9 Approved / returned unsigned / vetoed this _____ day of _____, 2021.

10 _____
11 Jenny A. Durkan, Mayor

12 Filed by me this _____ day of _____, 2021.

13 _____
14 Monica Martinez Simmons, City Clerk

15 (Seal)