

# Seattle Public Utilities 2025-2027 Drainage & Wastewater Rates

Parks, Public Utilities & Technology Committee  
*July 24, 2024*



City of Seattle

# 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			2025-30
	2025	2026	2027	2028	2029	2030	
<b>Water</b>	2.0%	2.0%	6.3%	3.3%	6.5%	3.8%	4.0%
<b>Wastewater*</b>	5.0%	5.0%	5.0%	6.2%	7.0%	5.1%	5.5%
<b>Drainage</b>	5.0%	5.0%	5.1%	6.6%	6.3%	7.2%	5.9%
<b>Solid Waste</b>	2.5%	3.1%	3.4%	3.4%	3.8%	2.5%	3.1%
<b>Combined</b>	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 Proposed SBP

	<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



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# Current Economic Environment

## Increasing operational expenses

- Inflation – particularly with healthcare and labor

## Increasing capital expense

- State and Federal regulatory compliance projects
- Maintenance of aging capital infrastructure
- 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 Adjustment			\$0.73	\$1.63
<b>Total Wastewater Rate</b>	<b>\$18.30</b>	<b>\$19.21</b>	<b>\$20.18</b>	<b>\$21.19</b>
<i>Rate Increase %</i>		5.0%	5.0%	5.0%
<b>Average Bills</b>				
Single-Family	\$79	\$83	\$87	\$92
Multi-Family	\$73	\$77	\$81	\$85
Convenience Store	\$366	\$384	\$404	\$424

# Drainage Rates

	Residential		Multi-Family	Commercial
<b>Drainage</b> <i>(Billed by KC on behalf of SPU)</i>	<u>Lot &lt; 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.	

	Adopted	Proposed	Proposed	Proposed
	2024	2025	2026	2027
<i>Rate Increase %</i>		5.0%	5.0%	5.1%
<b>Average Bills</b>				
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

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