

**SUMMARY and FISCAL NOTE**

<b>Department:</b>	<b>Dept. Contact:</b>	<b>CBO Contact:</b>
Seattle Public Utilities	Vas Duggirala	Akshay Iyengar

**1. BILL SUMMARY**

**Legislation Title:** AN ORDINANCE relating to drainage services of Seattle Public Utilities; adjusting drainage rates; and amending Sections 21.33.010, 21.33.030, 21.33.040, 21.33.050, and 21.33.090 of the Seattle Municipal Code to reflect adjusted rates.

**Summary and Background of the Legislation:**

This ordinance would revise drainage rates with effective dates of January 1, 2025, 2026, and 2027 to provide the financial resources necessary to achieve the objectives laid out in Seattle Public Utilities’ 2025-2030 Strategic Business Plan (SBP), regulatory requirements imposed upon the City by State and Federal entities, and financial policy target requirements laid out by City Council Resolution 30612 and Statement of Legislative Intent 13-1-A-1. This legislation proposes three years of rate increases and assistance credit updates. The rate path proposed by this legislation is unchanged from that in the proposed SBP.

**2025-2027 Proposed Drainage Rate Increases**

	2025	2026	2027
Drainage	5.0%	5.0%	5.1%

Incorporated in this legislation is a shift of treatment expense allocation from a split between drainage and wastewater rates to a sole allocation to wastewater, and a partial reverse shift of some capital expense to drainage rates. This legislation increases the drainage system rate. Please see Exhibit A – 2025-2027 Drainage and Wastewater Rate Study for more information.

**2. CAPITAL IMPROVEMENT PROGRAM**

Does this legislation create, fund, or amend a CIP Project?  Yes  No

**3. SUMMARY OF FINANCIAL IMPLICATIONS**

Does this legislation have financial impacts to the City?  Yes  No

<b>Expenditure Change (\$);</b>	<b>2024</b>	<b>2025 est.</b>	<b>2026 est.</b>	<b>2027 est.</b>	<b>2028 est.</b>
<b>General Fund</b>	-	-	-	-	-
<b>Expenditure Change (\$);</b>	<b>2024</b>	<b>2025 est.</b>	<b>2026 est.</b>	<b>2027 est.</b>	<b>2028 est.</b>
<b>Other Funds</b>	-	-	-	-	-

<b>Revenue Change (\$); General Fund</b>	<b>2024</b>	<b>2025 est.</b>	<b>2026 est.</b>	<b>2027 est.</b>	<b>2028 est.</b>
	0	\$1,167,837	\$1,231,384	\$1,301,414	N/A
<b>Revenue Change (\$); Other Funds</b>	<b>2024</b>	<b>2025 est.</b>	<b>2026 est.</b>	<b>2027 est.</b>	<b>2028 est.</b>
	0	\$9,864,696	\$10,402,954	\$10,965,129	N/A

<b>Number of Positions</b>	<b>2024</b>	<b>2025 est.</b>	<b>2026 est.</b>	<b>2027 est.</b>	<b>2028 est.</b>
	-	-	-	-	-
<b>Total FTE Change</b>	<b>2024</b>	<b>2025 est.</b>	<b>2026 est.</b>	<b>2027 est.</b>	<b>2028 est.</b>
	-	-	-	-	-

**3.a. Appropriations**

This legislation adds, changes, or deletes appropriations.

**3.b. Revenues/Reimbursements**

This legislation adds, changes, or deletes revenues or reimbursements.

**Anticipated Revenue/Reimbursement Resulting from This Legislation:**

<b>Fund Name and Number</b>	<b>Dept</b>	<b>Revenue Source</b>	<b>2024 Revenue</b>	<b>2025 Estimated Revenue</b>
General Fund		Drainage Utility Tax	No change	1,167,837
DWF 45010	SPU	Rates	No change	9,864,696
<b>TOTAL</b>				

**Revenue/Reimbursement Notes:** 2025 revenues are estimates. Revenues are anticipated changes due to legislation.

**3.c. Positions**

This legislation adds, changes, or deletes positions.

**3.d. Other Impacts**

**Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.**

Drainage fees incurred by City departments are estimated to increase a total average of \$683,000 each year. Departments affected include, by order of magnitude, Department of Parks & Recreation, Seattle Public Utilities, Seattle City Light, Department of Finance and Administrative Services, Seattle Center, Seattle Department of Transportation, Seattle Public

Libraries, Seattle Fire Department, Seattle Police Department, Department of Neighborhoods, and others.

**If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.**

N/A

**Please describe any financial costs or other impacts of *not* implementing the legislation.**

Not implementing this legislation would hamper SPU's ability to provide drainage and wastewater services to residents, would deny SPU the financial resources necessary to comply with State and Federal regulatory requirements, and may result in a ratings downgrade, which would increase the cost of borrowing.

#### **4. OTHER IMPLICATIONS**

**a. Please describe how this legislation may affect any departments besides the originating department.**

Several City departments incur drainage costs. Drainage fees for these departments will increase commensurate with the rate increases proposed in this legislation. The impacted departments include Seattle Center, City Budget Office, Seattle City Light, Department of Neighborhoods, Seattle Department of Transportation, Seattle Fire Department, Department of Finance and Administrative Services, Department of Parks and Recreation, Seattle Police Department, Seattle Public Utilities, and Seattle Library.

**b. Does this legislation affect a piece of property? If yes, please attach a map and explain any impacts on the property. Please attach any Environmental Impact Statements, Determinations of Non-Significance, or other reports generated for this property.**

No

**c. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.**

**i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.**

This legislation impacts all residential and general service wastewater customers and will increase the cost of living for residents and increase operating expenses for businesses in the retail service area.

Through the rates, this legislation will provide funding assistance for low-income customers to repair and replace failing side sewer lines throughout the city.

This legislation also adjusts low-income credits for residents that are not direct customers of SPU and pay utilities through rent. These customers will continue to receive a 50% credit.

- ii. **Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.**
- iii. **What is the Language Access Plan for any communications to the public?**  
SPU does extensive outreach for the Strategic Business Plan. The rates in this legislation are consistent with the rates outlined in the SBP. SBP outreach includes a significant Ethnic Media component with in-language advertising targeting Spanish, Chinese, Korean, and Somali speakers.

**d. Climate Change Implications**

- i. **Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.**

N/A

- ii. **Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle’s resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**

The rates proposal supports the financing of SPU’s Strategic Business Plan (SBP). For example, given uncertainty related to climate change, growth, and increasingly stringent regulations, SPU is developing an integrated system plan called ‘Shape Our Water.’ A part of the SBP, the plan includes a long-term vision and a short-term implementation plan and will guide investments, policies, programs, and projects that will improve the performance and resilience of our drainage and wastewater systems while optimizing social and environmental benefits for the city.

The Ship Canal Water Quality Project (SCWQP) is a partnership with King County that will improve regional water quality by keeping more than 75 million gallons of polluted stormwater and sewage from flowing into the Lake Washington Ship Canal, Salmon Bay, and Lake Union on average each year. The proposed rates provide resources for this important and required project.

**5. CHECKLIST**

- Is a public hearing required?**
- Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required?**

**If this legislation changes spending and/or revenues for a fund, have you reviewed the relevant fund policies and determined that this legislation complies?**  
Yes

**Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?**

## **6. ATTACHMENTS**

### **Summary Attachments:**

Summary Exhibit A – Seattle Public Utilities 2025-2027 Drainage and Wastewater Rate Study