

SUMMARY and FISCAL NOTE*

Department:	Contact Person/Phone:	Executive Contact/Phone:
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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE related to Seattle Public Utilities; authorizing the Director of Seattle Public Utilities to enter into an Interlocal Agreement with the Port of Seattle to serve as an operating agreement between Seattle Public Utilities and the Port of Seattle Drainage Utility including code modifications to exclude all Port-owned properties from the requirement to pay City stormwater and drainage fees; terminating the 1997 stormwater credit from the City to the Port; accepting a settlement payment from the Port of Seattle; containing details related to ownership and maintenance of infrastructure, authorities and responsibilities, system interconnections, access, coordination and dispute resolution; amending Section 21.33.030 of the Seattle Municipal Code; and ratifying and confirming certain prior acts.

Summary and background of the Legislation: On January 1, 2015 the Port of Seattle established a stormwater utility pursuant state law. This legislation would authorize the SPU director to enter into an interlocal agreement to serve as an operating agreement between Seattle Public Utilities and the Port of Seattle. In addition, the City and the Port are permittees under the Phase I Municipal Stormwater Permit, and have a duty to coordinate stormwater-related policies, programs and projects within physically interconnected municipal separate storm sewer systems. These requirements are also addressed in part through the ILA.

Under the agreement, the Port will pay a \$3.99 million settlement to SPU, which is the equivalent of what the Port drainage fees would have been in 2015. The agreement also includes termination of \$100,000 drainage credit from the City to the Port, as well as notice that the City will charge the Port a utility tax. The agreement includes details about the ownership and maintenance of drainage infrastructure, City authorities and responsibilities, City connections to the Port drainage system, property access, coordination and dispute resolution.

3. SUMMARY OF FINANCIAL IMPLICATIONS

X This legislation has direct financial implications.

Budget program(s) affected:				
Estimated \$ Appropriation change:	General Fund \$		Other \$	
	2016	2017	2016	2017
Estimated \$ Revenue change:	Revenue to General Fund		Revenue to Other Funds	
	2016	2017	2016	2017
			\$3,990,000	

Positions affected:	No. of Positions		Total FTE Change	
	2016	2017	2016	2017
Other departments affected:				

3.b. Revenues/Reimbursements

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

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2016 Revenue	2017 Estimated Revenue
DWF 44010	SPU	One-time settlement from Port	\$3,990,000	N/A
TOTAL			\$3.99 M	

Revenue/Reimbursement Notes:

- When the Port approached the utility in 2014 about ceasing to be SPU drainage customers, the parties made a settlement whereby the Port would pay SPU equivalent to the 2015 drainage payment. This was because rates were set through 2015 and funds had thus already allocated the \$3.9M in drainage revenue from the Port. Rates in 2016-2018 period were set exclusive of the Port.
- The ILA includes termination of an annual \$100,000 stormwater credit from SPU to the Port.
- The loss of the Port as an SPU drainage customer will not result in a tax revenue loss for the General Fund. The CBO amended City code through the budget in 2015 in order to charge a drainage utility tax to the Port.

4. OTHER IMPLICATIONS

a) Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?

The Port was SPU’s second largest drainage customer after the City itself, contributing 4.2% of the SPU’s total drainage revenue. When SPU’s Strategic Business Plan was developed, the utility did not anticipate the Port’s formation of its own drainage utility. During the ILA negotiation, the Port and SPU identified certain drainage facilities that serve the City and would likely need to become part of the City’s system to maintain. In addition, the Port has expressed concern over certain areas where the City drains to their infrastructure. Over the long-term, SPU and the Port may need to discuss disconnecting these areas.

b) Is there financial cost or other impacts of not implementing the legislation?

Failure to enact this legislation would mean SPU and the Port would not have an operating agreement, leading to confusion and legal disputes related to the two utilities. In addition, without an ILA, SPU would have no means to secure the \$3.99 million settlement.

c) Does this legislation affect any departments besides the originating department?

- The City will need to directly charge the Port the drainage utility tax.
- Parks has a small amount drainage that flows into the Port system that will be affected by the agreement. SPU is coordinating with Parks.

d) Is a public hearing required for this legislation?

No

e) Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

No.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No

g) Does this legislation affect a piece of property?

No

h) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

None likely. This legislation is related to drainage runoff and infrastructure. The water quality aspects of the drainage are regulated through the NPDES permit and other work such as source control in the Duwamish.

i) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.

Not applicable.

j) Other Issues:

List attachments/exhibits below: