



SEATTLE CITY COUNCIL
CENTRAL STAFF

Seattle Public Utilities (SPU) 2025–2030 Strategic Business Plan

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PARKS, PUBLIC UTILITIES, AND TECHNOLOGY COMMITTEE

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Summary (1/2)

- **SPU engages in a planning process every 3 years**
- **Business plans cover a 6-year timeframe**
- **Opportunity for SPU to re-evaluate its priorities and project its operating and capital program requirements**
- **Chance for Council to determine whether it agrees with SPU's proposed direction**

Summary (2/2)

- **Proposed Strategic Business Plan (Proposed SBP) contains SPU's:**
 - Mission and vision
 - Focus areas
 - Long-term goals
 - Short-term strategies
 - Accomplishments from 2021 to 2023
 - Initiatives and investments
- **SPU conducted a review of recent research studies, performed community outreach through summer and fall of 2023, moderated online discussions groups, and fielded a residential survey in November and December**
- **SPU also worked extensively with its Customer Review Panel**

Proposed Rate Path & Forecast (1/2)

Line of Business	2025	2026	2027	2028	2029	2030	6-Year Average
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%

Note: The cells shaded in blue show rate increases that the Council has already adopted legislatively.

Proposed Rate Path & Forecast (2/2)

- **Proposed SBP's cost to customers:**
 - Typical single-family house – 2025: \$256/month; 2030: \$325/month
 - Typical multifamily unit – 2025: \$147/month; 2030: \$187/month
- **To decrease the combined average annual rate from 4.7% to 4.6% would take:**
 - \$44 million reduction in capital spending, or
 - \$27 million reduction in operations and maintenance spending
- **Similar spending increases would be possible if the rate were increased from 4.7% to 4.8%**

Note: These amounts are illustrative of magnitude, but rate impacts vary depending on the line of business and year of spending changes.

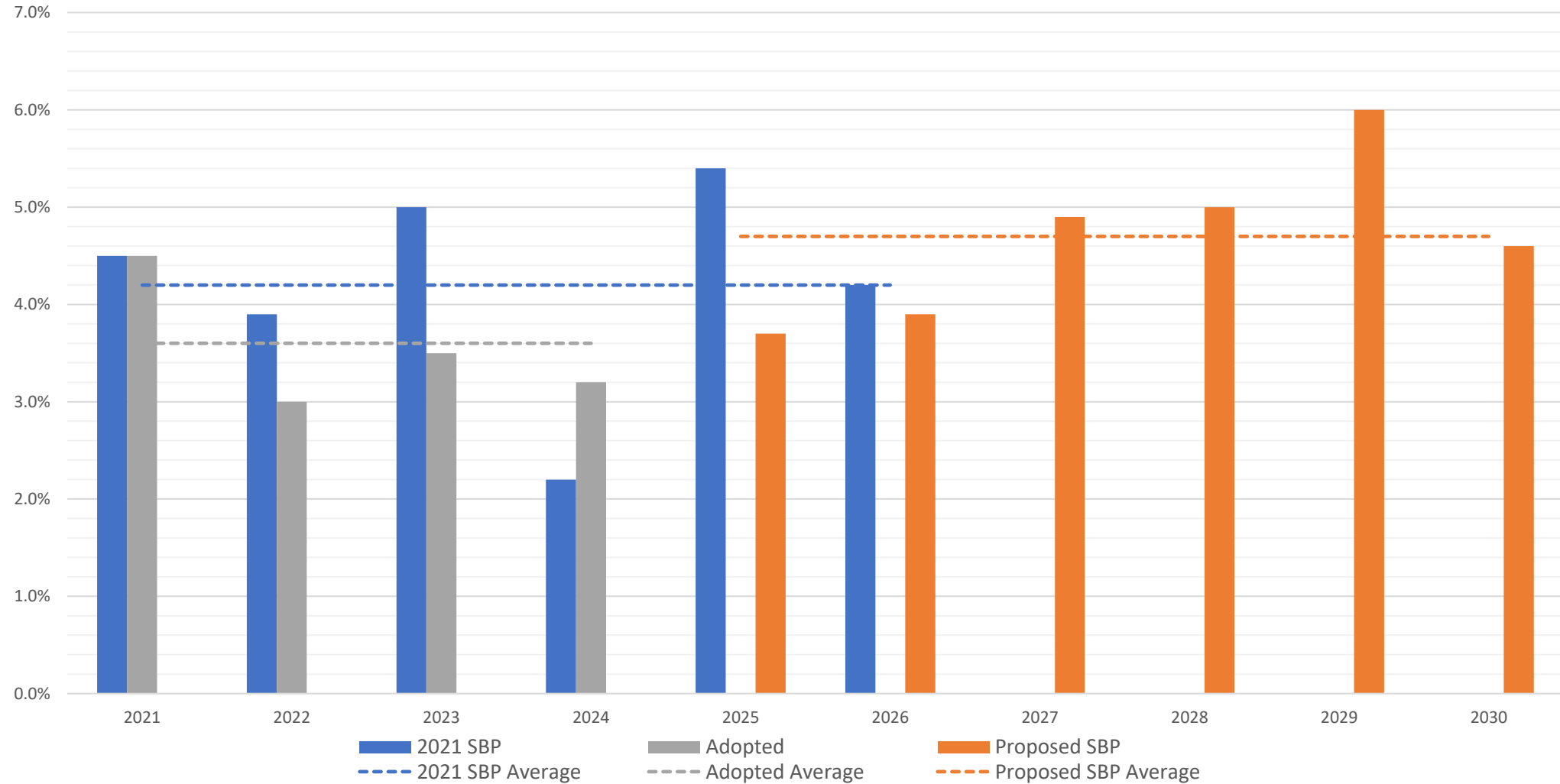
Equity & Customer Assistance (1/2)

- **SPU has a variety of customer assistance programs to help address the disproportionate impact that utility bills may have on low-income customers, including Utility Discount Program (UDP) and Emergency Assistance Program (EAP)**
- **Continuing transition away from pandemic-era assistance modifications and reverting to pre-pandemic collection practices**
 - March 2020: 4,500 delinquent accounts, totaling \$2.1 million in overdue bills
 - March 2021: 8,200 delinquent accounts, totaling \$7 million
 - February 2024: 16,500 delinquent accounts, totaling \$11 million
- **SPU and Seattle City Light are partnering on an evaluation of the available utility bill assistance programs to inform future updates**

Equity & Customer Assistance (2/2)

- **Side Sewer Assistance Program**
 - Zero-interest loans to homeowners in need of urgent side sewer repairs; intending to expand to offer incentives for preventative maintenance services, such as inspection and cleaning
- **Equity in Contracting**
 - Engage WMBE firms to better understand the barriers to entry and inequitable access to City contracts, and to implement solutions to improve opportunities
- **Seeds of Resilience Impact Investment Fund**
 - Provides grants to support private sector projects that have a business nexus with SPU to build water resilience or reduce waste and center equity in their design

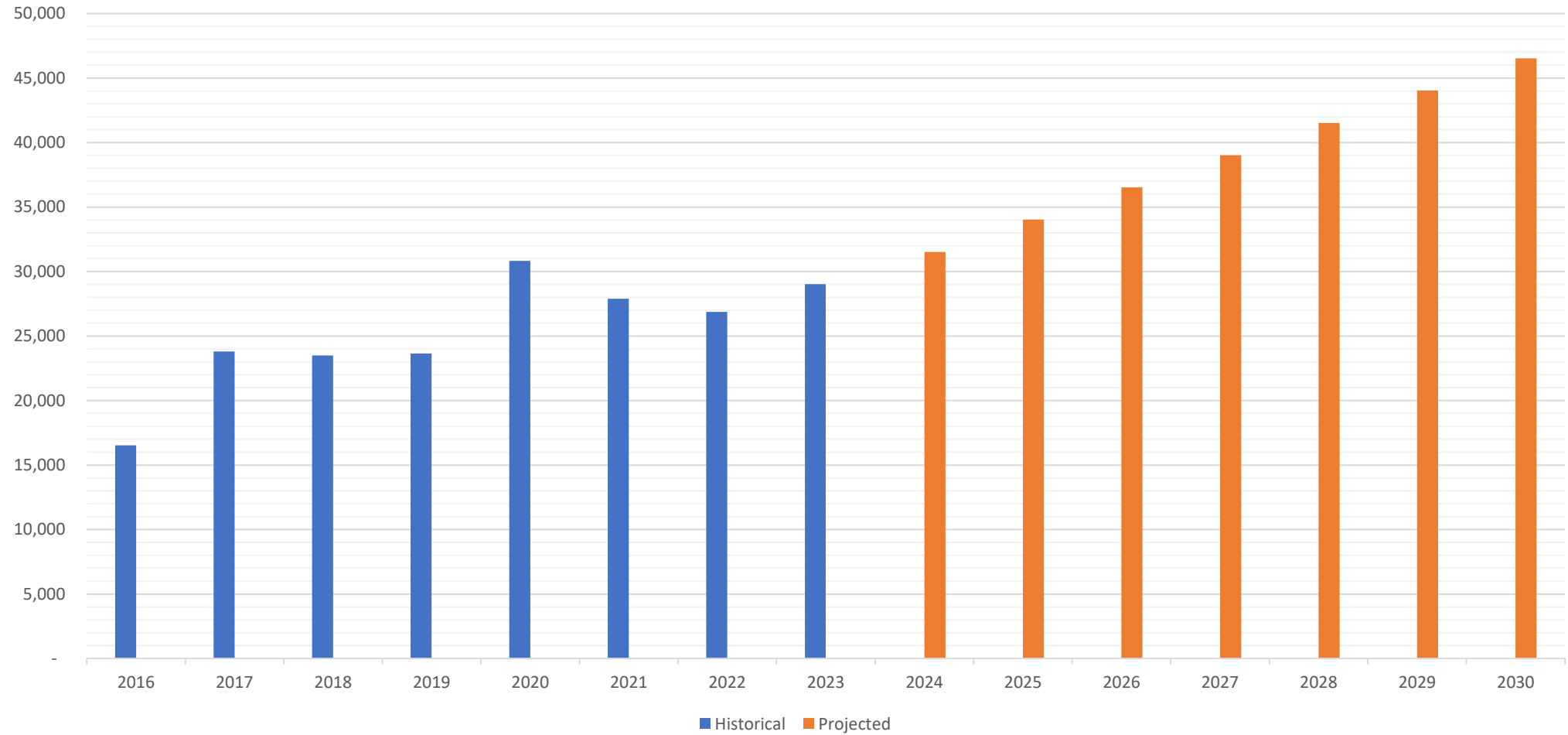
Combined Annual Rates



1. UDP Enrollment Assumptions (1/4)

- **Utility Discount Program (UDP) provides a credit on the utility bills of qualifying customers – 50% credit on SPU bills, 60% credit on City Light bills**
- **In 2023, about 29,000 SPU customers were enrolled, and SPU provided \$26.6 million in credits to those customers**
- **Except for an enrollment spike in 2020 due to the pandemic and relaxed enrollment requirements, UDP enrollment since 2017 has grown only moderately**

UDP Enrollment



1. UDP Enrollment Assumptions (3/4)

- **Proposed SBP assumes an increase of 2,500 customers per year**
- **This level of growth would result in about 46,500 customers enrolled in the program in 2030**
- **SPU estimates UDP credits in 2025 will total \$35 million, increasing by \$2.8 million annually, bringing the credit total in 2030 to \$49 million**
- **Participation assumptions impact rates because the standard rates need to be set at a higher level to account for the revenue reduction associated with the credits**
- **Overestimating UDP enrollment would put upward pressure on the proposed rate path**

1. UDP Enrollment Assumptions (4/4)

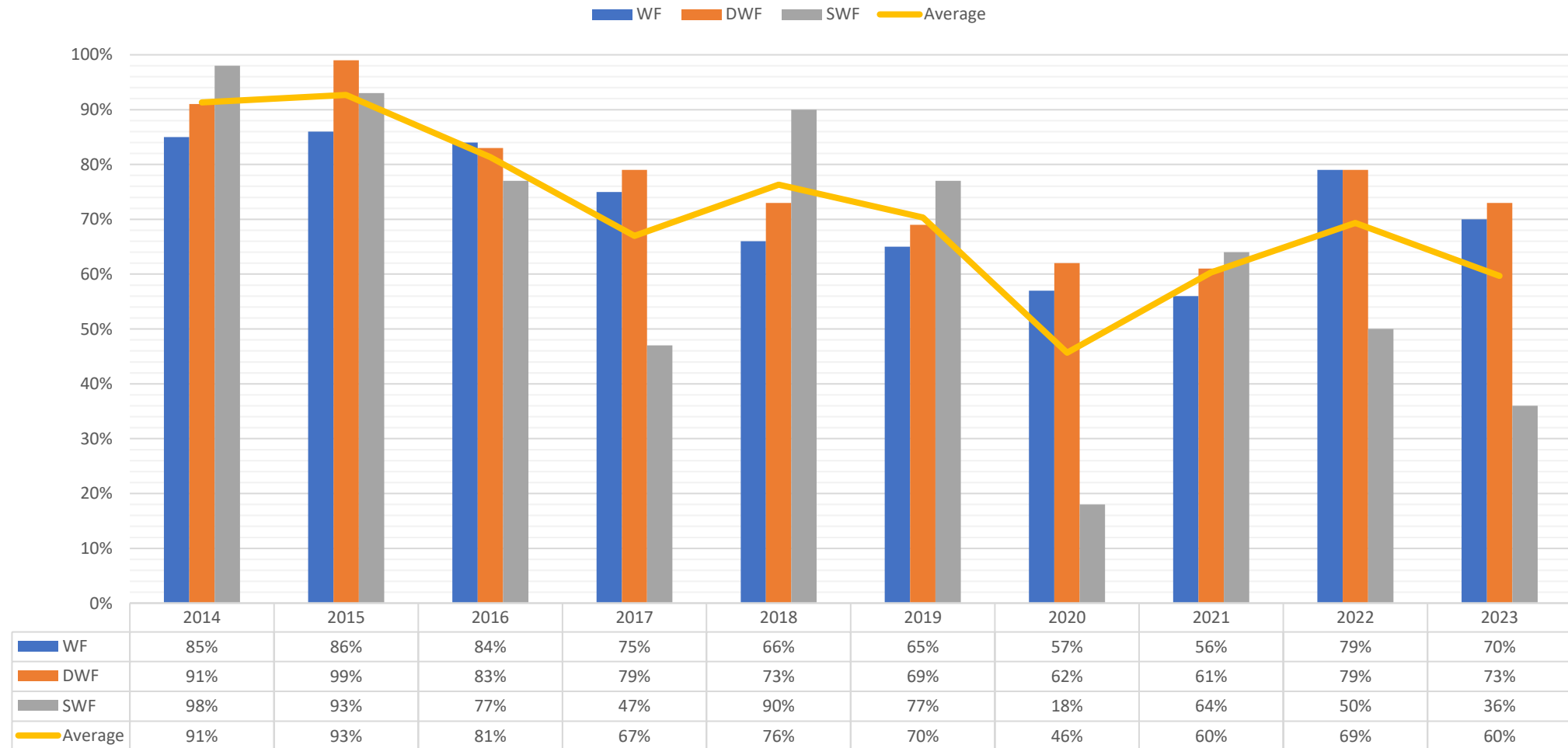
Options:

- a. No change – leave the UDP assumptions at the levels in the Proposed SBP
- b. Request that SPU explore the financial and rate impacts of differing levels of UDP enrollment over the six-year SBP planning period

2. CIP Accomplishment Rate (1/4)

- **Capital Improvement Program (CIP) accomplishment rate describes the percentage of budgeted capital resources that are expended in the year in which they are planned to be spent**
- **Historically, SPU assumed a 100% accomplishment rate**
- **In 2018 SBP, at the request of Council, the rate was lowered to 97.5%**
- **In 2021 SBP, SPU lowered the rate for all three of its funds further, to between 85% and 90%**

CIP Accomplishment Rates



2. CIP Accomplishment Rate (3/4)

- **Proposed SBP includes the following accomplishment rates:**
 - Water Fund: 80%
 - Drainage and Wastewater Fund: 80% (except Ship Canal Project: 95%)
 - Solid Waste Fund: 80%
- **The lower rate is appropriate if SPU continues to deliver capital projects at or below 80% of budgeted levels over the next six years**
- **The risk is that the SBP may no longer provide an accurate projection of what future rate increases will need to be to support SPU's activities**

2. CIP Accomplishment Rate (4/4)

Options:

- a. No change – leave the CIP accomplishment rates at the levels in the Proposed SBP
- b. Adjust the CIP accomplishment rates contained in the Proposed SBP and adjust the included rate path accordingly
- c. Request SPU to perform an evaluation of its capital project delivery processes and report back to Council with its results, with the goal of increasing its CIP accomplishment rate or right-sizing its capital budgeting

Questions?