

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:-	Executive Contact/Phone:
Seattle Public Utilities	Paul Hanna / 4-7752	Aaron Blumenthal / 3-2656

** 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

a. Legislation Title:

AN ORDINANCE relating to rates and charges for water services of Seattle Public Utilities; authorizing withdrawals from the Water Fund Revenue Stabilization Subfund; revising water rates and charges, and credits to low income customers; and amending Seattle Municipal Code Sections 21.04.430, 21.04.440, and 21.76.040.

b. Summary and background of the Legislation:

This ordinance would revise retail water rates for residential, general service, private fire and public fire customers and adjust low-income assistance credits for water customers. It would increase rates to meet financial policy targets and requirements driven by spending decisions.

2. CAPITAL IMPROVEMENT PROGRAM

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

3. SUMMARY OF FINANCIAL IMPLICATIONS

a. Does this legislation amend the Adopted Budget? Yes No

Budget program(s) affected:				
	General Fund \$		Other \$	
Appropriation change (\$):	2017	2018	2017	2018
	\$0	\$0	\$0	\$0
	Revenue to General Fund		Revenue to Other Funds	
Estimated Revenue change (\$):	2017	2018	2017	2018
	\$0	\$904,862	\$0	\$5,822,793
	No. of Positions		Total FTE Change	
Positions affected:	2017	2018	2017	2018
	0	0	0	0

b. Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

The proposed rate revisions will change rates over the 3-year term of 2018-2020. The increase to SPU revenue, in addition to the above, is approximately \$11,649,468 in 2019

and \$19,155,641 in 2020. The Water Fund pays taxes on revenue to the General Fund, which will increase revenue to the General Fund by \$1,810,327 in 2019 and \$2,976,787 in 2020.

c. Is there financial cost or other impacts of *not* implementing the legislation?

The Water Fund would not fully recover the cost of its business operations and meet financial policy targets. This could result in a downgrade in the Fund’s bond ratings and increase the cost of borrowing.

3.e. 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	2017 Revenue	2018 Estimated Revenue
43000 – Water Fund	SPU	Water Sales	\$0	\$5,822,793
TOTAL				

Is this change one-time or ongoing?

This legislation is part of the normal process for reviewing and updating retail water rates. This is typically done every three years.

Revenue/Reimbursement Notes:

Under Seattle Municipal Code, SPU’s Water Fund must pay the City a 15.54 percent tax on retail water rates revenue. This means that of the additional estimated \$5.8 million this legislation generates for SPU, approximately \$0.9 million would be paid to the City through utility taxes.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

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

In addition, the City of Seattle General Fund receives a bill for public fire service, which is sometimes called hydrant service. This bill will increase from \$8,427,315 in 2017 to \$9,535,231 in 2018, \$9,819,044 in 2019, and \$10,183,580 in 2020.

b. Is a public hearing required for this legislation?

No

- c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**

No

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

No

- e. Does this legislation affect a piece of property?**

No

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

This legislation impacts all residential and general service retail water customers, and at the same time adjusts credits for customers who qualify for the Utility Discount Program.

- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**

N/A

- h. Other Issues:**

None

List attachments/exhibits below:

Attachment 1 – 2018-2020 Water Rate Study