

## SUMMARY and FISCAL NOTE

<b>Department:</b>	<b>Dept. Contact:</b>	<b>CBO Contact:</b>
Seattle Public Utilities	Paula Laschober	Akshay Iyengar

### 1. BILL SUMMARY

**Legislation Title:** A RESOLUTION relating to Seattle Public Utilities; adopting a 2025–2030 Strategic Business Plan for Seattle Public Utilities; and endorsing a three-year (2025–2027) rate path and a subsequent, three-year (2028–2030) rate forecast to support the Strategic Business Plan Update.

**Summary and background of the Legislation:**

This legislation adopts a six-year Strategic Business Plan (the Plan) for Seattle Public Utilities (SPU) for the years 2025-2030. It also endorses an average annual rate increase of 4.7 percent, across all lines of business, to support the Plan.

In 2012, the Council passed a Statement of Legislative Intent directing Seattle Public Utilities to develop a six-year Strategic Business Plan. A subsequent resolution, Resolution 31429, clarified the primary goal of the Plan, which is to set a transparent and integrated direction for all of SPU’s business lines that reflects customer values, provides customer rate predictability, and results in best value for customer dollars. This resolution also established a nine-member Customer Review Panel to provide input to the Plan during its development and provide to the Mayor and City Council comments on the Plan concurrent with delivery of the final proposed Plan to Council.

The Strategic Business Plan process provides a forum for discussion between SPU, the City Council, and customers. It also provides more transparency and accountability for decision-making within the Utility. This Plan incorporates community and utility feedback as part of the programming and direction for the future of SPU.

The 2025-2030 rate path for water, drainage, wastewater, and solid waste rates is shown below.

	<u>Rate Path</u>			<u>Rate Forecast</u>			<b>Average</b>
	2025	2026	2027	2028	2029	2030	
Water	2.0%	2.0%	6.3%	3.3%	6.5%	3.8%	<b>4.0%</b>
Sewer	5.0%	5.0%	5.0%	6.2%	7.0%	5.1%	<b>5.5%</b>
Drainage	5.0%	5.0%	5.1%	6.6%	6.3%	7.2%	<b>5.9%</b>
Solid Waste	2.5%	3.1%	3.4%	3.4%	3.8%	2.5%	<b>3.1%</b>
<b>Combined</b>	<b>3.7%</b>	<b>3.9%</b>	<b>4.9%</b>	<b>5.0%</b>	<b>6.0%</b>	<b>4.6%</b>	<b>4.7%</b>

\*Note: The combined totals are weighted averages by line of business.

## 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

The legislation adopts a six-year plan and endorses a rate path. Rates for each line of business will continue to be adopted by separate ordinance on a three-year cycle.

### 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.

None

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. SPU would revert to the endorsed 2021-2026 Strategic Business Plan and would continue to have rates adopted for each line of business on a three-year cycle.

## 4. OTHER IMPLICATIONS

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

This legislation does not directly affect any other department. Certain projects contained in the Plan are completed in conjunction with other departments, including the Seattle Department of Transportation (SDOT), but coordination is already established and ongoing.

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.

N/A

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 sets forth SPU's three-year adopted rate path and three-year forecasted rates for all its lines of business. SPU's rates impact low-income, vulnerable, and historically disadvantaged households in Seattle. The utility has programs and practices to address rate affordability (through alternative funding pursuit, refinancing, and other efficiencies) and provide financial assistance to low-income customers in addition to conservation measures to reduce billable consumption. SPU's Strategic Business Plan commits the utility to continue to address improvements to low-income financial assistance programs and address utility service access disparities among its customers and communities.

- ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.**

The impact of rates and service inequities are acknowledged and mapped in the City's racial equity mapping. SPU's Strategic Business Plan sets department-wide goals, strategies, and commitments to ensure it is continuing to address these issues through a variety of techniques including, but not limited to, low-income financial assistance, capital investment prioritization, hiring opportunities, and outreach. Additionally, each of the Plan's highlighted initiatives and investments have assessed RSJ, climate and/or affordability impacts. This information can be found in Appendix A of the Plan.

- iii. What is the Language Access Plan for any communications to the public?**

The Department of Neighborhoods and SPU reached out to 13 disadvantaged communities in the Summer/Fall of 2023 regarding the utility's services and plans. Additionally, SPU ensured that its residential survey conducted in Fall of 2023 was reflective of the community we serve. All materials used were translated into the City's top-tier languages. This information informs SPU's planning and continued commitment to affordability. Concurrent with the Council's adoption process for this plan, SPU will provide public notification of the rate proposal and hearing schedule. We will use ethnic media outlets to ensure that information is available to these populations and provide a translation of the Strategic Business Plan's executive summary. Once adopted, the Strategic Business Plan will also be translated into the top-tier languages.

#### **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.**

SPU's Strategic Business Plan identifies department goals and high-level commitments to reduce carbon emissions zero waste and circular economy initiatives as well as its overall operations and energy use.

- 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 Plan identifies high-level commitments to reduce citywide carbon emissions through zero waste and circular economy initiatives. It also identifies department goals to address operational emissions. Commitments include working to address Duwamish Valley water resilience, climate-adaptive water supply planning and watershed resilience investments, and climate informed planning and sizing of operational facility and infrastructure investments.

- e. **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)? What mechanisms will be used to measure progress towards meeting those goals?**

The SPU Strategic Business Plan highlights initiatives and investments described in Appendix A, including their impacts to RSJ, climate, and affordability issues. Progress on these initiatives and investments will be reported on a quarterly basis.

## 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?**  
N/A
- 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 – SPU Financial Summary Report

Summary Exhibit B – Executive Summary