

## **SUMMARY and FISCAL NOTE\***

<b>Department:</b>	<b>Dept. Contact/Phone:</b>	<b>CBO Contact/Phone:</b>
Seattle Public Utilities	Vas Duggirala/3-7153	Akshay Iyengar/4-0716

*\* 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 relating to wastewater services of Seattle Public Utilities; adjusting wastewater rates code to automatically pass-through changes to treatment rates charged by external wastewater treatment providers; amending Section 21.28.040 of the Seattle Municipal Code to enable automatic adjustment of treatment rates; and amending Section 21.76.040 of the Seattle Municipal Code to enable automatic adjustment of credits to low-income drainage customers.

**Summary and Background of the Legislation:** Over 99 percent of Seattle’s sewage is conveyed and treated by King County. Pursuant to the City’s contract with King County, the County Council is required to annually set a treatment rate that is passed on to agencies, such as SPU, to recover the cost of sewage treatment. Payment is remitted to the County monthly. This treatment rate must be incorporated into SPU’s drainage and wastewater customer billing. However, the Seattle City Council has no authority over the County’s treatment rate.

This legislation streamlines the process of treatment rate adjustments by making them automatic. A similar mechanism is used for Seattle City Light’s Bonneville Power Administration rate adjustment. Currently, adjustments to the treatment rate needing to be made outside of the three- year system rate cycle for both drainage and wastewater are accomplished through periodic mid-term ‘passthrough’ legislation.

This ordinance would revise the treatment rate adoption mechanism for Seattle’s wastewater rates. Drainage rates would be covered by a companion ordinance. These ordinances would allow SPU to set drainage and wastewater rates to reflect the adopted King County sewage treatment obligation, as well as associated taxes, utility discount program credits, and long-term debt service coverage and cash balance requirements driven largely by capital financing needs. All rate increases, broken out by system and treatment rates, would be published on the SPU website. Ratepayers’ combined SPU utility bills will include the total wastewater rate, inclusive of the system and treatment rates.

### **2. CAPITAL IMPROVEMENT PROGRAM**

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

### **3. SUMMARY OF FINANCIAL IMPLICATIONS**

**Does this legislation amend the Adopted Budget?**           Yes   x   No

**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?**

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

**Are there financial costs or other impacts of *not* implementing the legislation?**

The proposed legislation would increase clerical and financial efficiency of recovering treatment expenses. Not implementing the proposed legislation would continue the status quo.

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

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

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

**b. Is a public hearing required for this legislation?**

No

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

No

**d. Does this legislation affect a piece of property?**

No

**e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?**

This legislation includes increases to the Utility Discount Program to provide rate relief to low-income residents.

**f. Climate Change Implications**

**1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**

No

- 2. 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.**

NA

- 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)?**

NA

**Summary Attachments:**