

SUMMARY and FISCAL NOTE

| Department: | Dept. Contact: | CBO Contact: |
|--------------------------|-----------------------|---------------------|
| Seattle Public Utilities | Michelle Lange | Akshay Iyengar |

1. BILL SUMMARY

Legislation Title: AN ORDINANCE amending Ordinance 127156, which adopted the 2025 Budget, including the 2025-2030 Capital Improvement Program; changing appropriations to Seattle Public Utilities and its budget control levels, and from various funds in the Budget; and creating positions; all by a 3/4 vote of the City Council.

Summary and Background of the Legislation: This legislation is part of a three-ordinance package and directly supports the other two proposed ordinances. One ordinance in this legislative package updates System Development Charges (SDCs) for water, wastewater, and drainage. The second ordinance clarifies SPU’s municipal “latecomer” requirements and establishes municipal assessment water and sewer reimbursement areas. This companion legislation supports these two proposed ordinances by authorizing the budget and positions to carry out the work proposed. Without this authorization of resources, the work necessary to support development cannot be implemented.

Seattle is experiencing a housing affordability crisis. Developers tell Seattle Public Utilities (SPU) that system improvement requirements (e.g. water, drainage, and wastewater mainline extensions) are a financial burden and make some housing, business, and other land development projects unviable. Currently, development in areas with inadequate utility infrastructure face large costs to meet SPU installation requirements. Development in areas with standard infrastructure faces only a small connection charge for water services. This legislative package aims to address this inequity by increasing the water SDC, adding wastewater and drainage SDCs, and using the revenue to help SPU partially fund developer-initiated infrastructure improvements. This combination of charges and reimbursements will make utility-related development costs less variable and will allow developments in areas with subpar infrastructure to be financially feasible.

For projects that SPU cost participates, a municipal latecomer agreement or an assessment reimbursement area will be created. For a period of 20 years, new and increased development that connects to the infrastructure will reimburse SPU a pro-rata share of SPU’s contribution to the system improvements.

SPU expects that by reducing the financial burden of installing infrastructure and making these costs more predictable, more housing will be constructed, more utility infrastructure, and associated SDOT infrastructure improvements will be installed by developers. To manage the increased workload associated with these infrastructure improvements, SPU will add six positions. The positions will manage the engineering, contractual, and administrative aspects of developer-installed mains and latecomer agreements.

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

| Expenditure Change (\$); General Fund | 2025 | 2026 est. | 2027 est. | 2028 est. | 2029 est. |
|--|-----------|-----------|-------------|-------------|-------------|
| | | | | | |
| Expenditure Change (\$); Other Funds | 2025 | 2026 est. | 2027 est. | 2028 est. | 2029 est. |
| | \$950,000 | \$997,500 | \$1,047,375 | \$1,099,743 | \$1,154,731 |

| Revenue Change (\$); General Fund | 2025 | 2026 est. | 2027 est. | 2028 est. | 2029 est. |
|--------------------------------------|------|-----------|-----------|-----------|-----------|
| | | | | | |
| Revenue Change (\$); Other Funds | 2025 | 2026 est. | 2027 est. | 2028 est. | 2029 est. |
| | | | | | |

| Number of Positions | 2025 | 2026 est. | 2027 est. | 2028 est. | 2029 est. |
|---------------------|------|-----------|-----------|-----------|-----------|
| | 6.0 | 0 | 0 | 0 | 0 |
| Total FTE Change | 2025 | 2026 est. | 2027 est. | 2028 est. | 2029 est. |
| | 6.0 | 0 | 0 | 0 | 0 |

3.a. Appropriations

☒ This legislation adds, changes, or deletes appropriations.

| Fund Name and Number | Dept | Budget Control Level Name/Number* | 2025 Appropriation Change | 2026 Estimated Appropriation Change |
|---|------|--|---------------------------------|---|
| Water Fund - 43000 | SPU | BO-SU-N200B-Utility Service and Operations BO-SU-N100B - Leadership and Administration | \$405,000 | \$425,250 |
| Drainage and Wastewater Fund – 44010 | SPU | BO-SU-N200B-Utility Service and Operations BO-SU-N100B - Leadership and Administration | \$545,000 | \$572,250 |
| TOTAL | | | \$950,000 | \$997,500 |

*See budget book to obtain the appropriate Budget Control Level for your department.

Appropriations Notes: The estimated appropriation charge assumes the full year costs, but actual costs will likely be less in 2025 as SPU hires the positions and implements the changes for 2025. For 2026, expenditures assume the full year of costs, plus inflation.

3.b. Revenues/Reimbursements

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

Revenue Notes: See companion legislation for projected revenue increases resulting from the enactment of those bills.

3.c. Positions

☒ This legislation adds, changes, or deletes positions.

Total Regular Positions Created, Modified, or Abrogated through This Legislation, Including FTE Impact:

| Position # for Existing Positions | Position Title & Department* | Fund Name & Number | Program & BCL | PT/FT | 2025 Positions | 2025 FTE | Does it sunset? (If yes, explain below in Position Notes) |
|-----------------------------------|-------------------------------|--|---|-------|----------------|----------|---|
| 98746 | Capital Projects Coordinator | Water Fund – 43000 Drainage and Wastewater Fund – 44010 | BO-SU-N200B-Utility Service and Operations PO-SU-N206B-Engineering | FT | 4 | 4.0 | No |
| 53310 | Civil Engineering Spec, Assoc | Drainage and Wastewater Fund – 44010 | BO-SU-N200B-Utility Service and Operations PO-SU-N206B-Engineering | FT | 1 | 1.0 | |

| Position # for Existing Positions | Position Title & Department* | Fund Name & Number | Program & BCL | PT/FT | 2025 Positions | 2025 FTE | Does it sunset? (If yes, explain below in Position Notes) |
|-----------------------------------|------------------------------|--|---|-------|----------------|------------|---|
| 16171 | Real Proper Agent, Sr | Water Fund – 43000 Drainage and Wastewater Fund – 44010 | BO-SU-N100B - Leadership and Administration PO-SU-N104B - Pooled Benefits Indirect Costs | FT | 1 | 1.0 | |
| TOTAL | | | | | | 6.0 | |

* List each position separately.

Position Notes: The positions will manage the engineering, contractual, and administrative aspects of developer-installed mains.

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.

No.

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.

Please describe any financial costs or other impacts of *not* implementing the legislation.

There are no direct financial costs of not implementing this or the accompanying legislation in this package of council bills. This legislation is proposed to help alleviate some development costs and, in the long term, improve housing development and availability; not implementing this legislation will preclude the City from collecting additional revenue from other development-related sources such as REET, MHA, and construction sales tax that this package may generate.

4. OTHER IMPLICATIONS

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

None.

- 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.**

No.

- 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 package of legislation will help to lessen the financial burden of water and sewer mainline extensions, helping more housing, business, and other land development projects throughout the city to be financially feasible in more locations. SPU's commitment to cost share on mainline extensions is also expected to help smaller developers access capital and to help families who own property be able to afford to add additional housing units to their land. The parameters of the cost sharing program are designed to ensure that the costs of the program do not exceed the increased revenue from SDCs, such that homeowners and other utility customers will not see an increase to their utility rates.

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

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

- 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.**

Currently, utility main line extension requirements make some projects infeasible. By reducing barriers to new development in Seattle, we make it possible for more people to live in urban growth areas in new, more efficient buildings near transit, reducing their carbon footprints.

Utility main line extension requirements also often trigger SDOT ROW improvements, so making it easier to develop in areas with inadequate water, drainage, and sewer infrastructure could also accelerate the construction of sidewalks, curb ramps, and other multimodal transportation networks in those areas.

- 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.**

In many of the annexed areas of Seattle, formal drainage infrastructure does not exist. These areas, in particular, will benefit from drainage mainline infrastructure to mitigate local flooding which will be exacerbated due to climate change.

Additionally, areas with a combined sewer system will continue to be separated in to separate wastewater and drainage mains, reducing combined sewer overflows.

- 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?**

This three-ordinance package is part of an initiative to address the inequity of utility costs for development. The program's success will be measured by several measures. The first is the revenue collected through the System Development Charge (SDC). The second step of the initiative is SPU partially funding privately installed utility mains or constructing mainline extensions within municipal reimbursement areas. Success will be measured by improvement in the rates of projects moving forward that are required to install utility infrastructure. Success will also be measured in miles of mains installed through the program and the number of city blocks that are served by standard utility infrastructure.

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?
Yes
- ☐ 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: None.