

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	Executive Contact/Phone:
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** 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 wastewater and drainage services of Seattle Public Utilities; adjusting wastewater and drainage rates; amending Sections 21.28.040 and 21.33.030 of the Seattle Municipal Code to reflect the adjusted rates; and amending Section 21.76.040 of the Seattle Municipal Code to adjust credits to low-income wastewater and drainage customers.

b. Summary and background of the Legislation:

The proposed legislation would adjust drainage and wastewater rates for all ratepayers effective January 1, 2018, and, correspondingly adjust low-income rate assistance credits for all eligible customers to moderate projected increases in utility rates. Council will consider a new drainage and wastewater rate study in 2018 for implementation in 2019.

Seattle Public Utilities (SPU's) 2017 Strategic Business Plan Update (the Plan Update) projects combined annual rate increases of 8.2 percent and 9.5 percent in 2019 and 2020 respectively across all lines of business. Seattleites have not experienced year-over-year rate increases of that magnitude since the mid-2000s. One technique to maintain stable and predictable bills is rate smoothing; increasing rates early in the rate cycle and decreasing them in "out years" to balance the trajectory of increases. In the context of the Plan Update, rate smoothing would require changing drainage and wastewater rates one year earlier than scheduled—currently drainage and wastewater rates are set through 2018.

This ordinance increases drainage and wastewater rate revenues by \$15 million in 2018; a 3.7 percent increase over the currently adopted rates. Since adding new revenues to 2018 reduces future revenue requirements, rate smoothing decreases SPU's combined average annual rate increase in 2019 by 1.6 percentage points and in 2020 by 2.3 percentage points respectively.

2. CAPITAL IMPROVEMENT PROGRAM

- a. Does this legislation create, fund, or amend a CIP Project?** ___ Yes ___X_ No

3. SUMMARY OF FINANCIAL IMPLICATIONS

- a. Does this legislation amend the Adopted Budget?** _X_ Yes ___ No

Budget program(s) affected:				
Appropriation change (\$):	General Fund \$		Other \$	
	2017	2018	2017	2018
Estimated Revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2017	2018	2017	2018
		2,128,740		
Positions affected:	No. of Positions		Total FTE Change	
	2017	2018	2017	2018

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?
 No.

c. Is there financial cost or other impacts of *not* implementing the legislation?
 This legislation is required to move the rate path for the DWF within the guidelines being established with SPU’s 2017 Strategic Business Plan update.

3.d. Appropriations

 This legislation adds, changes, or deletes appropriations.

Fund Name and number	Dept	Budget Control Level Name/##*	2017 Appropriation Change	2018 Estimated Appropriation Change
TOTAL				

Appropriations Notes:

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
Drainage and Wastewater Fund - 44010	SPU	Drainage and Wastewater Rates		14,712,610
TOTAL				14,712,610

Is this change one-time or ongoing?

Rates set through this legislation will remain in effect until changed again through future legislation.

Revenue/Reimbursement Notes:

This legislation is projected to increase DWF revenues by 3.7% (\$14.7 million) over the adopted 2018 financial plan. This includes a \$3.7 million increase in drainage revenues and a \$11 million increase in wastewater revenues.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?
 Other City departments incur drainage and wastewater charges. These charges will increase in accordance with this legislation.

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 sewer customers, and at the same time adjusts credits for residential 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).

There are no major programmatic changes associated with this legislation.

h. Other Issues:

None.

List attachments/exhibits below:

None.