

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO 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

Legislation Title:

AN ORDINANCE relating to the City Light and Seattle Public Utilities Departments; temporarily removing the charge of interest on delinquent utility consumption and utilization accounts; superseding several sections under Title 21 that authorize and require the collection of interest on delinquent utility consumption and utilization accounts; and ratifying and confirming certain prior acts.

Summary and background of the Legislation:

The COVID-19 outbreak caused severe negative effects to the national economy and regional economy, particularly for small businesses and workers in sectors that cannot work remotely. In response, both the State of Washington and the City declared an emergency and took several steps to provide economic assistance to vulnerable people and businesses. One such measure is to provide utility bill relief to struggling ratepayers.

In March of 2020, the City approved legislation temporarily suspending requirements for interest charges and late payment fees for all residential customers, non-profit organizations and businesses with taxable gross receipts of less than \$5 million. That waiver was subsequently extended multiple times, the most recent of which lasting until January 1, 2022. This proposed ordinance would continue the extension until June 30, 2023. It is expected to be the final extension as the two utilities move toward the resumption of normal business operations.

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?

Yes. Both utilities pay City taxes on revenues, so this legislation will also proportionately reduce 2022 revenue for the City General Fund by an estimated \$360,000 (SCL) + \$328,000

(SPU) = \$688,000. Neither utility assumed these (higher) amounts in their revenue expectations as part of the 2022 budget, so this does not reflect a reduction to the Adopted General Fund Budget.

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

None that are not described in this fiscal note.

3.a. Appropriations

 This legislation adds, changes, or deletes appropriations.

3.b. Revenues/Reimbursements

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

Anticipated Revenue/Reimbursement Resulting from This Legislation:

This table shows the anticipated reduction to revenue as a result of this legislation:

Fund Name and Number	Dept	Revenue Source	2022 Revenue	2023 Estimated Revenue
Light - 41000	SCL	Interest and Late Fees	-\$6,000,000	-\$3,000,000
SPU – Water 43000	SPU	Interest and Late Fees	-\$1,100,000	-\$580,000
SPU – Drainage & Wastewater 45000	SPU	Interest and Late Fees	-\$1,100,000	-\$535,000
SPU – Solid Waste 45010	SPU	Interest and Late Fees	-\$505,000	-\$252,000
TOTAL			-\$8,705,000	-\$4,367,000

Is this change one-time or ongoing?

This change is temporary. This final extension will sunset on June 30, 2023.

Revenue/Reimbursement Notes:

The significant revenue reductions represent an estimate of the expected late fees and interest fees given the current high balance of overdue account balances. Neither utility incorporated these higher late fees and interest charges in their revenue plans for either 2022 or 2023. In addition to the revenue reduction directly attributable to interest charges and late fees, this policy change will increase revenue risk for both utilities and the general fund through tax revenue. Both utilities will monitor to assess risk and fiscal impacts.

3.c. Positions

 This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?**
Both utilities pay City taxes on revenues, and this legislation will also proportionately reduce revenue for the City General Fund.
- 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 should have a positive impact on locally-owned businesses, non-profits, and on disadvantaged communities. Language access provision can be developed to lower barriers to access for non-English speakers.
- 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.**
No.
- 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.

Summary Attachments: None.