

**SUMMARY and FISCAL NOTE\***

<b>Department:</b>	<b>Dept. Contact/Phone:</b>	<b>Executive Contact/Phone:</b>
Seattle Public Utilities	Natasha Papsoueva/4-8317	Aaron Blumenthal/3-2656

*\* 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 Seattle Public Utilities; amending provisions related to adjustments to the wastewater volume charge due to water leaks; and amending Section 21.28.100 of the Seattle Municipal Code.

b. **Summary and background of the Legislation:**

The Seattle Municipal Code allows billing adjustments for wastewater charges related to hidden and underground water leaks. The rationale for this provision is that SPU’s wastewater rates are based on water consumption and the SMC allows limited financial relief when there is no impact to the City wastewater system. However, residential customers who experience non-hidden or underground water leaks are still billed the full wastewater volume charge even when the wastewater system does not capture the leaked water. As a result, customers often contend it is unfair to have to pay wastewater volume charges based on a volume of water that does not ever enter the sewer system. The financial burden of these charges can be significant, particularly for low income customers struggling to pay utility bills.

This proposed legislation would remove the requirement that water leaks must be hidden or underground, making them eligible for adjustments to the wastewater volume charge based on other types of water leaks that do not enter the sewer system. The measure would also authorize the General Manager/CEO of Seattle Public Utilities to adopt rules and eligibility requirements to implement adjustments to wastewater volume charges, which will be accomplished by revising the relevant SPU Director’s Rule.

The impact of the proposed legislation on customer water consumption behavior is expected to be negligible as leaks are not caused intentionally.

**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? \_\_\_ Yes \_\_\_ **x** No

<b>Budget program(s) affected:</b>				
<b>Appropriation change (\$):</b>	<b>General Fund \$</b>		<b>Other \$</b>	
	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>
<b>Estimated Revenue change (\$):</b>	<b>Revenue to General Fund</b>		<b>Revenue to Other Funds</b>	
	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>
	<b>- \$1874*</b>	<b>-\$4224*</b>	<b>-\$15,620*</b>	<b>-\$35,197*</b>
<b>Positions affected:</b>	<b>No. of Positions</b>		<b>Total FTE Change</b>	
	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>

\* assumes 50% growth of wastewater volume charge adjustments as a result of the regulation change in 2017, and 105% growth (over 2017 baseline established prior to policy change) in 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?  
 If the proposed legislation is not implemented, customers will continue to pay full wastewater volume charges for water leaks that do enter the sewer system.

**3.d. Appropriations**

\_\_\_ This legislation adds, changes, or deletes appropriations.

Appropriations Notes:

**3.e. Revenues/Reimbursements**

**x** This legislation adds, changes, or deletes revenues or reimbursements.

**Anticipated Revenue/Reimbursement Resulting from this Legislation:**

<b>Fund Name and Number</b>	<b>Dept</b>	<b>Revenue Source</b>	<b>2017 Revenue</b>	<b>2018 Estimated Revenue</b>
DWW Fund (44010)	SPU	Retail Rate Revenue	<b>-\$15,620.00*</b>	<b>-\$35,197.00*</b>
<b>TOTAL</b>			<b>-\$15,620*</b>	<b>-\$35,197*</b>

\* assumes 50% growth of wastewater volume charge adjustments as a result of the regulation change in 2017, and 105% growth (over 2017 baseline established prior to policy change) in 2018

**Is this change one-time or ongoing?**

This is an ongoing change.

Revenue/Reimbursement Notes:

SPU estimates Drainage and Wastewater Fund revenue reductions of \$15,620 in 2017 and \$35,197 in 2018 because of this proposed legislation. Revenue reduction for 2017 is based on an assumption of 50% growth in the number of wastewater volume charge adjustments as a result of the change. The growth in number of adjustments related to the regulation change for 2018 is anticipated not to exceed 105% over the baseline established in 2017 prior to policy change. Furthermore, the impact of the regulation change on the general fund will cease with the subsequent sewer rate adjustment, since the change in sewer leak adjustment eligibility will become a part of the baseline at the next rate revision.

**4. OTHER IMPLICATIONS**

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

No

**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 will positively impact affordability of utility services for Seattle ratepayers, in particular for lower income customers, who are often disproportionately affected by unanticipated expenses.

- 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

- h. Other Issues:**

**List attachments/exhibits below:**