

September 9, 2025

MEMORANDUM

To: Parks, Public Utilities, and Technology Committee
From: Brian Goodnight, Analyst
Subject: Council Bill 121051: 2026–2028 Solid Waste Rates

On September 10, 2025, the Parks, Public Utilities, and Technology Committee (Committee) will continue its consideration of [Council Bill \(CB\) 121051](#) that would establish Seattle Public Utilities' (SPU's) solid waste rates for 2026–2028. SPU briefed the committee on the proposed bill at the committee's August 13, 2025, meeting.

This memorandum provides relevant background information, compares the proposed rate increases to the rates adopted in the 2025–2030 Strategic Business Plan, describes rate drivers and highlights, and summarizes the impact to customers.

Background

SPU operates three distinct utilities: drainage and wastewater, water, and solid waste, which is the subject of the proposed legislation. The solid waste system provides for the collection, processing, and disposal of garbage, recyclables, and organics from residents and businesses within the city. Contractors provide collection services and deliver the garbage and organics to SPU transfer stations, where SPU staff facilitates the transfer of the materials to either a disposal site or to organics processing facilities. Collection contractors deliver recyclables directly to a recycling facility in SODO for processing. SPU's solid waste utility also oversees the City's Clean City program, partners with King County on hazardous waste disposal, and maintains and rehabilitates historic landfill sites.

The Council typically considers rate-setting legislation for one of SPU's three utilities each year, with rates being set for a three-year period. The most recent update to solid waste rates occurred in October 2022, via [ORD 126689](#), which established rates for 2023–2025.

The Council also typically adopts an updated Strategic Business Plan (SBP) for SPU every three years. The SBP process is an opportunity for SPU to re-evaluate its priorities and project its operating and capital program requirements for the following six years for all three of its utilities. The updates also offer the Council an opportunity to determine whether it agrees with SPU's proposed direction and rate path or wants to make adjustments. In September 2024, Council adopted [RES 32136](#) that approved an updated SBP covering 2025–2030.

Proposed 2026–2028 Rates and SBP Comparison

The proposed legislation would establish solid waste rates for 2026 through 2028, including collection rates for residential and commercial garbage and organics service, special service fees and charges (e.g., extra bundle charges), and transfer station rates for self-haul customers. The bill would also revise the low-income assistance credits for qualifying customers. Recycling service costs are covered by garbage rates rather than being assessed separately, and therefore there are no recycling rates to adjust with this bill. The proposed solid waste rate increases for 2026–2028 are shown in Table 1, alongside an updated forecast for 2029 and 2030 and the endorsed rate increases from the SBP.

Table 1. Comparison of Proposed Solid Waste Rates vs 2024 SBP

	Adopted	Proposed				Forecast	
	2025	2026	2027	2028	2029	2030	6-Year Avg
Proposed Rates	2.5%	3.2%	3.5%	3.5%	3.4%	2.6%	3.1%
2024 SBP	2.5%	3.1%	3.4%	3.4%	3.8%	2.5%	3.1%

Note: The proposed legislation would only establish rates for 2026–2028. The forecasted rates for 2029 and 2030 are included for reference purposes only. Blue shading indicates previously approved rates.

As shown in Table 1, the proposed solid waste rate increases are one-tenth of a percentage point higher in each year than the adopted SBP rates. Overall, however, after accounting for the updated forecasts for 2029 and 2030, the six-year average rate increase would be the same as the average rate in the SBP, 3.1 percent.

The variations between the SBP rates and the proposed rates are the result of SPU staff performing a detailed solid waste rate study (attached as [Exhibit A](#) to the Summary and Fiscal Note) that determines the solid waste system revenue requirement for the studied time period, updates the demand forecast for services, incorporates new services or initiatives, and ensures that the department's financial policies for the Solid Waste Fund are met.

Rate Drivers and Highlights

For this rate study period, the proposed rates were influenced by solid waste demand gradually returning to pre-pandemic levels, expectations of cost increases associated with two major contract renewals that are forthcoming (the recycling processing contract in 2027 and the long-haul disposal contract in 2028), and the opportunity to retire outstanding debt which would result in interest savings.

Special Item Pickup Service

One highlight of the solid waste rate proposal is the inclusion of a new special item pickup service to be rolled out over the next two years. In April 2026, SPU intends to offer customers the ability to, once per year, dispose of one special items box (two cubic feet or smaller, 60 pounds or less) that includes electronics and small appliances and one battery bag (household batteries that fit in a gallon-size plastic bag). Beginning in April 2027, customers would also be allowed the special pickup of one large electronic item (greater than two cubic feet), such as televisions or computers, and one bulky item, such as large furniture or appliances.

SPU currently offers an on-call special item pickup service¹, but usage of the service is low. To receive a special item pickup, customers must submit a request online or by phone, schedule the timing of the pickup, and pay a fee for each type of item. For example, SPU charges \$5 per pickup for small propane canisters and bags of household batteries, and \$30 per item for large furniture, appliances, and large televisions.

SPU's goals for the new special item pickup structure are to improve awareness of the services, divert items from the landfill, and enforce existing e-waste and battery disposal bans. The costs for implementing this service are impactful to the proposed solid waste rates, however. Once the special item pickup service is fully operational, SPU estimates it will cost approximately \$4.8 million per year. Forgoing the inclusion of the new service would reduce the average solid waste rate increase in 2027 from 3.5 percent to 2.9 percent, and would reduce the increase in 2028 from 3.5 percent to 2.8 percent.

Other Highlights

A few additional notable elements of the rate study are:

- Consistent with past practice, CB 121051 would amend [SMC 21.76.040](#) to increase the Utility Discount Program (UDP) rate credit amounts for customers not billed directly by SPU to keep pace with the proposed solid waste rate increases. Participants in the UDP that are billed directly for their solid waste services receive a 50 percent discount on their SPU bills. Customers that pay for solid waste services indirectly through their rent receive a rate credit on their Seattle City Light bills. More broadly, the rate study assumes increased enrollment in the program of four to five percent per year. While it is difficult to tell whether these growth estimates are appropriate, the Executive is currently pursuing efforts to increase enrollment in the UDP based on a study performed in response to [RES 32139](#).
- Consistent with the previous rate study and solid waste rate setting cycle, SPU is proposing to fund its entire solid waste capital program with cash rather than issuing additional debt. This is possible due to the relatively small size of the capital program, the amount of revenue projected to be raised in order to meet financial policies, and the available cash on hand. Total capital spending planned for the rate period is \$55.4 million.
- The new binding financial policy constraint for the Solid Waste Fund will be a positive net income. The binding constraint is the financial target for the fund that requires the most revenue to fulfill. Between 2015–2025, the binding constraint for solid waste was debt service coverage. As stated above, SPU intends to continue funding its solid waste capital program with cash and SPU has also been redeeming outstanding debt, reducing its need to focus on debt service coverage ratios. In 2024 and 2025, the utility redeemed \$86.6 million in outstanding debt and SPU hopes to redeem an additional \$29.3 million over the next three years.

¹ <https://www.seattle.gov/utilities/special-items>

Overall, the proposed solid waste rates would increase Solid Waste Fund revenues by approximately \$6.9 million in 2026 (relative to 2025), approximately \$12.3 million in 2027 (relative to 2026), and approximately \$10.4 million in 2028 (relative to 2027). Due to the City's imposition of a utility tax on solid waste revenues, the City's General Fund would receive additional revenues totaling approximately \$5.5 million during the three-year period.

Customer Impact

Table 2 shows the impact of the proposed solid waste rate increases on the monthly bills for a typical single-family residential customer, a multi-family residential customer such as an apartment building, and a commercial customer such as a coffee shop or medium-sized restaurant. The table also shows the impact to self-haul customers disposing of garbage at transfer stations. The information for this table is largely drawn from Table 1-1 of SPU's solid waste rate study.

Please note that the annual percentage increases shown in the table for each customer type do not match the overall proposed rate increases shown in Table 1. The overall proposed rate increases are influenced by an April 1 effective date for the rates (resulting in the revised rates only applying for a portion of each calendar year) and by the relative impact that each customer type has on the solid waste system's costs.

Table 2. Impact of Proposed Rate Increases to Customers

	2025	2026	2027	2028
Single-Family Residential ^a	\$59.35	\$61.30	\$63.30	\$65.40
\$ Change from Prior Year	--	\$1.95	\$2.00	\$2.10
% Change from Prior Year	--	3.3%	3.3%	3.3%
Multi-Family Residential ^b	\$457.17	\$472.24	\$487.58	\$503.62
\$ Change from Prior Year	--	\$15.07	\$15.34	\$16.04
% Change from Prior Year	--	3.3%	3.2%	3.3%
Commercial ^c	\$603.99	\$623.71	\$644.35	\$655.63
\$ Change from Prior Year	--	\$19.72	\$20.64	\$11.28
% Change from Prior Year	--	3.3%	3.3%	1.8%
Self-Haul ^d	\$165.00	\$174.00	\$183.00	\$193.00
\$ Change from Prior Year	--	\$9.00	\$9.00	\$10.00
% Change from Prior Year	--	5.5%	5.2%	5.5%

a – 32-gallon garbage, 96-gallon yard waste, 96-gallon recycling

b – Typical 15-unit building, including 2-cubic yard detached garbage, 96-gallon food waste, 2-cubic yard recycling

c – Typical busy coffee shop or medium-sized restaurant: 3-cubic yard detached garbage, optional recycling

d – Amounts shown are costs per ton

Next Steps

The Committee is scheduled to discuss and possibly vote on CB 121051 at its meeting on September 10. If the Committee votes to recommend passage of the bill at that time, the City Council could consider the legislation at its meeting on September 16, at the earliest.

cc: Ben Noble, Director
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