SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
Seattle Public Utilities	Vas Duggirala	Akshay Iyengar

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to wastewater services of Seattle Public Utilities; adjusting wastewater rates; and amending Section 21.28.040 of the Seattle Municipal Code to reflect adjusted rates.

Summary and Background of the Legislation:
This ordinance would revise wastewater rates with effective dates of January 1, 2025, 2026, and 2027 to provide the financial resources necessary to achieve objectives laid out in Seattle Public Utilities' 2025-2030 Strategic Business Plan (SBP), regulatory requirements imposed upon the City by State and Federal entities, and financial policy target requirements laid out by City Council Resolution 30612 and Statement of Legislative Intent 13-1-A-1. This legislation proposes three years of rate increases and assistance credit updates. The rate path proposed by this legislation is unchanged from that in the proposed SBP.

2025-2027 Proposed Wastewater Rate Increases

	2025	2026	2027
Wastewater	5.0%	5.0%	5.0%

This legislation does not include rate increases to collect additional revenue as necessitated by treatment rate increases imposed by King County, as these increases are established through a non-legislative process as authorized by SMC 23.33.030. Financial estimates below include only the system rate changes proposed and enacted through this legislation. Full revenue estimates including both system and treatment components are included in Exhibit A.

Incorporated in this legislation is a shift of treatment expense allocation from a split between drainage and wastewater rates to a sole allocation to wastewater, and a partial reverse shift of some capital expense to drainage rates. Because this ordinance only changes the wastewater system rate, revenue and tax estimates below show a projected reduction in revenues for 2025, and only a partial of total estimated increases in 2026 and 2027. Actual total increases to SPU and the General Fund are enumerated in Exhibit A. For a complete projected income statement with projected revenues by line of business, see Table A-1 in Exhibit A – 2025-2027 Drainage and Wastewater Rate Study.

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 ($); General Fund	**2024**	**2025 est.**	**2026 est.**	**2027 est.**	**2028 est.**
	-	-	-	-	-
Expenditure Change ($); Other Funds	**2024**	**2025 est.**	**2026 est.**	**2027 est.**	**2028 est.**
	-	-	-	-	-

Revenue Change ($); General Fund	**2024**	**2025 est.**	**2026 est.**	**2027 est.**	**2028 est.**
	0	(1,928,207)	741,227	359,853	N/A
Revenue Change ($); Other Funds	**2024**	**2025 est.**	**2026 est.**	**2027 est.**	**2028 est.**
	0	(12,045,229)	4,986,923	2,241,267	N/A

Number of Positions	**2024**	**2025 est.**	**2026 est.**	**2027 est.**	**2028 est.**
	-	-	-	-	-
Total FTE Change	**2024**	**2025 est.**	**2026 est.**	**2027 est.**	**2028 est.**
	-	-	-	-	-

3.a. Appropriations

☐ **This legislation adds, changes, or deletes appropriations.**

3.b. Revenues/Reimbursements

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

Anticipated Revenue/Reimbursement Resulting from This Legislation:

Fund Name and Number	Dept	Revenue Source	2024 Revenue	2025 Estimated Revenue
General Fund 00100		Sewer Utility Tax	No change	(1,928,207)
DWF 45010	SPU	Rates	No change	(12,045,229)
		TOTAL		

Revenue/Reimbursement Notes: Revenues are anticipated changes due to legislation.

3.c. Positions

☐ **This legislation adds, changes, or deletes positions.**

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.
This legislation will increase wastewater expenses to various City departments, primarily Parks, but also FAS, Seattle Center, SCL, SPU and other departments which pay stormwater fees through property tax bills. The total estimated expense increases are $250,000 in 2025 and $265,000 in 2026, and $278,000 in 2027. These costs include departments funded by General Funded revenues and those funded by separate revenue sources. Increased costs can be fully absorbed by utility tax revenues included in this legislation.

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.
NA

Please describe any financial costs or other impacts of *not* implementing the legislation.
Not implementing this legislation would hamper SPU's ability to provide drainage and wastewater services to residents, would deny SPU the financial resources necessary to comply with State and Federal regulatory requirements, and may result in a ratings downgrade, which would increase the cost of borrowing.

4. OTHER IMPLICATIONS

a. Please describe how this legislation may affect any departments besides the originating department.
Several City departments incur wastewater costs. Wastewater fees for these departments will increase commensurate with the rate increases proposed in this legislation. The impacted departments include: Seattle Center, The City Budget Office, Seattle City Light, Department of Neighborhoods, Seattle Department of Transportation, Seattle Fire Department, Department of Finance and Administrative Services, Department of Parks and Recreation, Seattle Police Department, Seattle Public Utilities, and Seattle Library.

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 legislation impacts all residential and general service wastewater customers and will increase the cost of living for residents and increase operating expenses for businesses in the retail service area.

Through the rates, this legislation will provide funding assistance for low-income customers to repair and replace failing side sewer lines throughout the city.

This legislation also adjusts low-income credits for residents that are not direct customers of SPU and pay utilities through rent. These customers will continue to receive a 50% credit.

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

iii. What is the Language Access Plan for any communications to the public?

SPU does extensive outreach for the Strategic Business Plan. The rates in this legislation are consistent with the rates outlined in the SBP. SBP outreach includes a significant Ethnic Media component with in-language advertising targeting Spanish, Chinese, Korean, and Somali speakers.

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.

NA

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.

The rates proposal supports the financing of SPU's Strategic Business Plan (SBP). For example, given uncertainty related to climate change, growth, and increasingly stringent regulations, SPU is developing an integrated system plan called 'Shape Our Water.' A part of the SBP, the plan includes a long-term vision and a short-term implementation plan and will guide investments, policies, programs, and projects that will improve the performance and resilience of our drainage and wastewater systems while optimizing social and environmental benefits for the city.

The Ship Canal Water Quality Project (SCWQP) is a partnership with King County that will improve regional water quality by keeping more than 75 million gallons of polluted stormwater and sewage from flowing into the Lake Washington Ship Canal,

Salmon Bay, and Lake Union on average each year. The proposed rates provide resources for this important and required project.

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:
Summary Exhibit A – Seattle Public Utilities 2025-2027 Drainage and Wastewater Rate Study