Seattle Public Utilities
2025-2027 Drainage & Wastewater Rates

Parks, Public Utilities & Technology Committee

July 24, 2024

City of Seattle

Agenda

- Background
- Proposed 2025 – 2027 Rate Path
- Rates & Bills
- DWW Rate Assumptions
- Next Steps

Background: Wastewater Rates

Wastewater (relatively simple)

- Based on water CCF use / month / customer
- Increased use → Increased charges

Background: Drainage Rates

Drainage (relatively complex)

- Based on parcel size and run-off contribution
- Increased impervious → Increased run-off → Increased charges

City of Seattle

Proposed 3-Year Rate Path and 3-Year Forecast

	RATE PATH			RATE FORECAST			
	2025	2026	2027	2028	2029	2030	2025-30
Water	2.0%	2.0%	6.3%	3.3%	6.5%	3.8%	4.0%
Wastewater*	5.0%	5.0%	5.0%	6.2%	7.0%	5.1%	5.5%
Drainage	5.0%	5.0%	5.1%	6.6%	6.3%	7.2%	5.9%
Solid Waste	2.5%	3.1%	3.4%	3.4%	3.8%	2.5%	3.1%
Combined	3.7%	3.9%	4.9%	5.0%	6.0%	4.6%	**4.7%**

Approved legislation that is currently in effect

* Wastewater rate includes King County Treatment Rate increases in 2025 - 2030.

DWW Rates Comparison (via SBP)

2021-26 Adopted SBP		
	2025	2026
Wastewater	7.8%	3.6%
Drainage	6.5%	6.7%

2025-2030 Proposed SBP			
	2025	2026	2027
Wastewater	5.0%	5.0%	5.0%
Drainage	5.0%	5.0%	5.1%

2025-2027 Rate Smoothing

- Rates were smoothed for the rate setting period using cash on hand.
  - Cash in excess of financial policy targets from underspending and bond refinancing.
- Looking forward, future rates will be smoothed using any excess cash on hand at time of rate development for 2028-2030 rates

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Current Economic Environment

Increasing operational expenses

- Inflation – particularly with healthcare and labor

Increasing capital expense

- State and Federal regulatory compliance projects
- Maintenance of aging capital infrastructure
- Increased interest rates from historical lows

Increasing contractual obligations

- King County Sewer Treatment rates are projected to increase annually from 5.75% to 8.25% by 2030.

Inflation
Regulatory
Infrastructure
Interest Rates
Contracts

Wastewater Rates

	Adopted 2024	Proposed 2025	Proposed 2026	Proposed 2027
System Rate	$7.67	$7.10	$7.34	$7.45
Treatment Rate	$10.63	$12.11	$12.11	$12.11
Future King County Treatment Rate Adjustment			$0.73	$1.63
Total Wastewater Rate	**$18.30**	**$19.21**	**$20.18**	**$21.19**
Rate Increase %		*5.0%*	*5.0%*	*5.0%*
Average Bills				
Single-Family	$79	$83	$87	$92
Multi-Family	$73	$77	$81	$85
Convenience Store	$366	$384	$404	$424

Drainage Rates

	Residential		Multi-Family	Commercial
Drainage *(Billed by KC on behalf of SPU)*	<u>Lot < 10k sq. ft.</u> Rate groups with flat rate per parcel	Lot > 10k sq. ft.	General Service	
		Rate classes based on percent impervious. Billed on actual parcel size.		

	Adopted 2024	Proposed 2025	Proposed 2026	Proposed 2027
Rate Increase %		*5.0%*	*5.0%*	*5.1%*
Average Bills				
Single-Family	$59	$63	$66	$69
Multi-Family	$11	$12	$12	$13
Convenience Store	$145	$152	$160	$168

Drainage Fee – Small Residential (< 10,000 sqft) Annual Bill/Rate per Parcel

Tier Name	Max Parcel Area SqFt	2025	2026	2027
S1	1,999	$235.28	$247.09	$259.54
S2	3,499	$447.08	$469.52	$493.18
S3	4,499	$572.64	$601.39	$631.68
S4	5,499	$672.93	$706.71	$742.31
S5	6,499	$764.98	$803.38	$843.85
S6	9,999	$929.48	$976.13	$1,025.31

Assumptions

- Interest rate: 5%
- CIP Accomplishment Rate: 80%
- O&M Inflation: 4%
- King County Treatment Rate Growth
- No change to tax rates
- No debt refunding or alternative financing
- “Middle housing” is within small residential drainage

Questions?