

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
Seattle Public Utilities	Vas Duggirala/3-7153	Akshay Iyengar/4-0716

** 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 wastewater services of Seattle Public Utilities; adjusting wastewater rates to pass through changes to treatment rates charged by King County; amending Sections 21.28.040 of the Seattle Municipal Code to reflect the adjusted rates; and amending Section 21.76.040 of the Seattle Municipal Code to adjust credits to low-income wastewater customers.

Summary and background of the Legislation:

King County last spring approved an ordinance authorizing a 4.5% increase to the treatment rate charged to customers, including SPU. The higher rate is effective January 1, 2021. This ordinance would modify the treatment portion of SPU wastewater rates that customers pay to cover wastewater treatment expenses.

SPU is proposing a 2021 wastewater treatment rate of \$16.68/CCF which incorporates the County's treatment rate increase. The proposed treatment rate matches that in the 2019-2021 Drainage and Wastewater Rate Study and is a 7.3% increase over the 2020 wastewater rate of \$15.55/CCF. Currently adopted rates do not include any treatment adjustment, only a 4.6% increase to \$16.26/CCF to cover growing system costs. This legislation would allow SPU to collect enough revenue to cover the increase in treatment expense.

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? __X__ Yes ___ No

Appropriation change (\$):	General Fund \$		Other \$	
	2021	2022	2021	2022
Estimated revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2021	2022	2021	2022
	+\$942,835	+\$1,024,522	+\$7,856,959	+\$8,537,683

Positions affected:			Total FTE Change	
	2021	2022	2021	2022

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.

Is there financial cost or other impacts of *not* implementing the legislation?

Not implementing this legislation would hinder the Drainage and Wastewater Fund from fully recovering wastewater treatment costs, the balance of which would need to be funded by decreasing liquidity. The reduction to expected revenue would lower the Fund's expected Debt Service Coverage ratio, which along with reduced liquidity, could lower the Fund's debt ratings and increase the cost of borrowing as the Fund manages through a period of increased capital investment and debt stress to fulfill Consent Decree obligations.

3.b. Revenues/Reimbursements

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

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2021 Estimated Revenue	2022 Estimated Revenue
00100 General Fund	SPU	Utility Tax (Wastewater)	\$942,835	\$1,024,522
45010	SPU	Wastewater Revenue	\$7,856,959	\$8,537,683
TOTAL			\$8,799,794	\$9,562,205

Is this change one-time or ongoing?

One-time. SPU expects to submit wastewater rates for 2022, 2023, and 2024 in mid-2021.

Revenue/Reimbursement Notes:

Modifications to wastewater rates and discounts authorized by this legislation are expected to increase Drainage and Wastewater Fund revenues by +\$7,856,959 to pay for increased treatment expense and taxes incurred on the additional revenue. Utility Tax paid by the Drainage and Wastewater Fund to the General Fund would increase +\$942,835 on the higher revenue level, with the remainder of the additional revenue paid to wastewater treatment providers and State taxes.

4. OTHER IMPLICATIONS

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

Several City departments incur wastewater expense. The impacted departments include, but are not limited to: Seattle Center, the City Budget Office, Seattle City Light, the Department of Neighborhoods, the Seattle Department of Transportation, the Seattle Fire Department, the

Department of Finance and Administrative Services, the Department of Parks and Recreation, the Seattle Police Department, Seattle Public Utilities, and the Seattle Public Library.

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? What is the Language Access plan for any communications to the public?

This legislation will increase the cost of living and operating a business in Seattle, and would have a disproportionately high impact on customers who use more water including large families and restaurants, and on lower income customers as the same utility bill is a higher percentage of their income than for higher income customers. SPU is in a long-term process of addressing affordability issues through the Accountability and Affordability Strategic Plan and the Strategic Business Plan.

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).

No.

List attachments/exhibits below: