

SUMMARY and FISCAL NOTE*

| Department: | Dept. Contact/Phone: | CBO Contact/Phone: |
|--------------------------|---------------------------------|---------------------------|
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** 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: A RESOLUTION relating to Seattle Public Utilities; adopting a 2021-2026 Strategic Business Plan for Seattle Public Utilities; and endorsing a three-year rate path and a subsequent, three-year rate forecast to support the Strategic Business Plan Update.

Summary and background of the Legislation:

This legislation adopts a six-year Strategic Business Plan (the Plan) for Seattle Public Utilities (SPU) for the years 2021-2026. It also endorses an average annual rate increase of 4.2 percent, across all lines of business, to support the Plan.

In 2012, the Council passed a Statement of Legislative Intent directing Seattle Public Utilities to develop a six-year Strategic Business Plan.

Resolution 31429 subsequently clarified the primary goal of the Plan, which is to set a transparent and integrated direction for all of SPU’s business lines that reflects customer values, provides rate predictability for utility customers, and results in best value for customer dollars. This resolution also established a nine-member Customer Review Panel to provide input to the Plan during its development and provide the Mayor and City Council comments on the Plan concurrent with delivery of the final proposed Plan to Council.

The Strategic Business Plan process provides a forum for discussion between the Utility, elected officials, and customer stakeholders and increases transparency and accountability for decision-making within the Utility. This plan incorporates community and utility feedback as part of the programming and direction for the future of SPU.

The 2021-2026 rate path for water, drainage, wastewater and solid waste rates is shown below.

| | <u>Rate Path</u> | | | <u>Rate Forecast</u> | | | Average |
|-----------------|-------------------------|-------------|-------------|-----------------------------|-------------|-------------|----------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | |
| Water | 0.0% | 2.7% | 4.7% | 3.6% | 4.2% | 5.5% | 3.4% |
| Sewer | 7.3% | 3.1% | 5.9% | 0.5% | 7.8% | 3.6% | 4.7% |
| Drainage | 7.4% | 8.6% | 7.2% | 3.9% | 6.5% | 6.7% | 6.7% |
| Solid Waste | 2.9% | 2.9% | 2.2% | 2.3% | 2.1% | 2.1% | 2.4% |
| Combined | 4.5% | 3.9% | 5.0% | 2.2% | 5.4% | 4.2% | 4.2% |

**Note: The combined totals are weighted averages by line of business.*

There are no revenues or reimbursements as a direct result of this legislation, nor does it directly impact spending or cash flow. Revenues, spending, and cash flow related to the Plan were adopted with the 2021 Budget legislation and expected rate study legislation.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? Yes No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? Yes No

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?

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

No.

4. OTHER IMPLICATIONS

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

This legislation does not directly affect any other department. Certain projects contained in the Plan are completed in conjunction with other departments including SDOT and SCL, but coordination is already established and ongoing.

b. Is a public hearing required for this legislation?

No.

c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

d. Does this legislation affect a piece of property?

No.

- e. 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?**

In developing the Plan, SPU used an equity lens with regard to its programming and capital projects planning. Based on feedback, SPU took an extensive look at affordability within the Plan, and what that means within the various communities of color in the service area.

f. Climate Change Implications

- 1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**

Please see the Plan document for a complete list of goals, strategies and highlighted investments and initiatives. During the 6-year period, SPU is continuing to electrify its fleets and facilities as part of the City's green fleets and buildings initiatives, both of which help to reduce carbon emissions. SPU is also working to assess carbon emissions associated with solid waste consumption and reduce consumption through waste prevention and diversion programs.

- 2. 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.**

Please see the Plan document for a complete list of goals, strategies and highlighted investments and initiatives. This legislation will increase Seattle's resiliency through investments in One Water resiliency such as green infrastructure and sea level rise adaptation and increased seismic retrofits on various assets, such as such as water pipes that deliver water from the Utility's watersheds to its customers.

- 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)?**

Please see the Plan document for a complete list of programming and goals.

List attachments/exhibits below:

Summary Exhibit A - Seattle Public Utilities' Fiscal Health Memo to CBO, January 11, 2021