

ORDINANCE No. 121327

*WALK-ON*  
*11/10/03*

COUNCIL BILL No. 114958

The City of

AN ORDINANCE relating to wastewater services of Seattle Public Utilities; amending Seattle Municipal Code Chapter 21.28 to adjust wastewater rates; and amending Seattle Municipal Code Section 21.76.040 to adjust credits to low-income wastewater customers.

Honorable President:

Your Committee on \_\_\_\_\_

to which was referred the within Council report that we have considered the same

COMPTROLLER FILE No. \_\_\_\_\_

Introduced: <i>NOV 10 2003</i>	By: <i>PAGELER</i>
Referred: <i>NOV 10 2003</i>	To: <i>BUDGET</i>
Referred:	To:
Referred:	To:
Reported: <i>11-24-03</i>	Second Reading:
Third Reading: <i>11-24-03</i>	Signed: <i>11-24-03</i>
Presented to Mayor: <i>11-25-03</i>	Approved: <i>12/5/03</i>
Returned to City Clerk: <i>12/5/03</i>	Published: <i>Full 6pp</i>
Vetoed by Mayor:	Veto Published:
Passed over Veto:	Veto Sustained:

*PAID JC RC*  
*11-24-03 Passed*





1 WHEREAS, credits for qualified low-income customers not billed directly by SPU are based on  
2 typical residential bills, and credits for such customers need to be revised to reflect  
3 changes in wastewater rates; and

4 WHEREAS, automatic adjustments of wastewater rates and credits for qualified low-income  
5 customers to reflect changes in King County treatment costs will enable SPU to focus  
6 management attention on the costs of those wastewater services under the City's direct  
7 control; and

8 WHEREAS, it is desirable to limit fluctuations in wastewater rates by adopting rates for a three  
9 year period for the portion of wastewater costs under the City's direct control; NOW,  
10 THEREFORE,

11 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

12 Section 1. Effective January 1, 2004, Seattle Municipal Code Subsection 21.28.005.Q is  
13 amended as follows:

14 \* \* \*

15 Q. "Wastewater volume charge" means the dollar charge equal to the wastewater volume  
16 rate multiplied by the measured volume of ((measured)) water from all sources consumed on the  
17 premises plus any applicable franchise fees, in accordance with this chapter.

18 \* \* \*

19 Section 2. Effective January 1, 2004, Seattle Municipal Code Section 21.28.040 is  
20 amended as follows:

21 **SMC 21.28.040 Wastewater volume charge.**

22 A. There is hereby imposed upon all premises for which Seattle Public Utilities provides  
23 wastewater services and on which water is consumed a wastewater volume charge for wastewater  
24 services. ~~((The volume charge shall be the amount obtained when the wastewater volume rate is~~  
25 ~~multiplied by the volume of water consumed on the premises, whatever the source of such water.~~



1 ~~Wastewater shall be metered water consumption. However, every premises shall pay at the~~  
2 ~~minimum a wastewater volume charge equal to one (1) CCF (hundred cubic feet) per month to~~  
3 ~~cover billing and general administrative costs.)~~ The wastewater volume charge shall be  
4 calculated in accordance with this SMC Chapter 21.28 and shall be based on the measured  
5 volume of water from all sources consumed on the premises, except that there shall be a  
6 minimum wastewater volume charge for one (1) CCF per month to cover billing and general  
7 administrative costs. The following premises shall be exempt from the wastewater volume  
8 charge ((imposed by this section)):

9  
10 1. Premises which are not connected and not required under SMC Section 21.16.040  
11 (Section 3 of Ordinance 97016) to be connected to the public sewer system;

12  
13 2. Premises, the owner, agent, lessee, or occupant of which has not been notified in  
14 accordance with SMC Section 21.16.040 (Section 4 of Ordinance 97016) to connect to the public  
15 sewer system.

16  
17 B. ~~((There is hereby imposed upon all premises served by the Seattle Public Utilities and on~~  
18 ~~which water is consumed, a City wastewater volume rate per CCF of metered flow per month.~~

19 ~~The minimum monthly wastewater volume charge shall be equal to the wastewater volume rate~~  
20 ~~for one (1) CCF regardless of actual metered flow.~~

21 1. ~~Effective January 1, 2002, the wastewater volume rate shall be Five Dollars and~~  
22 ~~Nineteen Cents (\$5.19) per CCF for all premises except master-metered premises within an~~  
23 ~~eligible project (as defined by Seattle Municipal Code Section 21.04.280) that has received~~  
24 ~~funding from Seattle Public Utilities for sewer improvements. Effective January 1, 2002, the~~  
25 ~~wastewater volume rate shall be Eight Dollars and Fifty three Cents(\$8.53)(Note 1) per CCF for~~



1 ~~premises that are mastered-metered for water and located within an eligible project (as defined by~~  
2 ~~Seattle Municipal Code Section 21.04.280) that has received funding from Seattle Public~~  
3 ~~Utilities for public infrastructure (as defined by Seattle Municipal Code Section 21.04.280) for~~  
4 ~~sewer purposes. Effective January 1, 2003, master metered premises within an eligible project (as~~  
5 ~~defined in Seattle Municipal Code Section 21.04.280) that has received funding from Seattle~~  
6 ~~Public Utilities for sewer improvements under Seattle Municipal Code Section 21.16.270 B~~  
7 ~~shall pay wastewater volume rates in accordance with the following schedule:~~

9       ~~Effective Date Rate per CCF January 1, 2003 \$8.87~~

10       ~~Effective January 1, 2003, all other premises shall pay wastewater volume rates in~~  
11 ~~accordance with the following schedule:~~

12       ~~Effective Date Rate per CCF January 1, 2003 \$5.53~~

13  
14 ~~2. For so long as any franchise fee imposed by the City of Shoreline on The City of Seattle's~~  
15 ~~operation of its sewer system in the City of Shoreline, premises within the City of Shoreline will~~  
16 ~~be charged a City of Shoreline franchise charge of Two Dollars and Thirty one Cents (\$2.31) per~~  
17 ~~month.)) The wastewater volume rate shall be the sum of the treatment rate, system rate and~~  
18 ~~MMRD surcharge, as follows:~~

19  
20       1.     Treatment rate: The "treatment rate" shall be the rate required to pay the cost of  
21 wastewater treatment, interception and disposal services provided by King County ("treatment  
22 cost"). Effective January 1, 2004, the treatment rate shall be \$4.22 per CCF. Seattle Public  
23 Utilities shall calculate annually a new treatment rate. The new treatment rate shall be the  
24 amount obtained when (a) the projected treatment cost is divided by the projected billed  
25 wastewater consumption, each for the next calendar year and each as specified in the most recent  
26



1 ordinance passed by City Council for the purpose of calculating the new treatment rate, and (b)  
2 the result is multiplied by one hundred and fourteen percent (114%) to cover the costs of taxes  
3 and low income rate assistance. The projected treatment cost shall be the treatment cost  
4 anticipated for the upcoming calendar year, which projected treatment cost may include an  
5 adjustment to reflect the difference, whether positive or negative, between the total treatment cost  
6 expected to be paid by Seattle Public Utilities in the current year and the total wastewater volume  
7 charge revenues attributable to the treatment rate expected for the current year. Each new  
8 treatment rate calculated in accordance with this Subsection B.1 shall be effective on each  
9 January 1, commencing January 1, 2005, unless otherwise directed by City Council in the most  
10 recent treatment rate resolution.

11  
12  
13 2. System rate: The "system rate" shall be the rate required to pay the cost of  
14 carrying and discharging all wastewater and stormwater into the City sewerage system, as  
15 presently maintained and operated and as may be added to, improved and extended. The system  
16 rate shall be in accordance with the following schedule:

<u>Effective Date</u>	<u>Rate per CCF</u>
<u>January 1, 2004</u>	<u>\$1.68</u>
<u>January 1, 2005</u>	<u>\$1.84</u>
<u>January 1, 2006</u>	<u>\$2.02</u>

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23 3. MMRD Surcharge: Master metered premises within an eligible project (as  
24 defined in Seattle Municipal Code Section 21.04.280) that have received funding from Seattle  
25 Public Utilities for sewer improvements under Seattle Municipal Code Section 21.16.270 B shall  
26 pay a volume rate for sewer improvements of \$3.34 per CCF.  
27  
28



1 C. For so long as any franchise fee is imposed by the City of Shoreline on The City of  
2 Seattle's operation of its sewer system in the City of Shoreline, the wastewater volume charge  
3 imposed on premises within the City of Shoreline shall include a City of Shoreline franchise  
4 charge of Two Dollars and Thirty-one Cents (\$2.31) per month.

5  
6 Section 3. Paragraph 1 of Subsection A of Seattle Municipal Code 21.76.040 is amended  
7 as follows:

8 **21.76.40 Utility low income rate assistance.**

9 A. Drainage, Wastewater, and Water.

10 \* \* \*

11 1. Wastewater. Eligible recipients billed directly by Seattle Public Utilities for  
12 wastewater services and residing in single-family dwellings shall receive a credit equal to 0.5  
13 times the current billing. Eligible recipients not billed directly by Seattle Public Utilities for  
14 wastewater services shall receive the following credits based on dwelling type:

15

Effective Date	Single-family and duplex	Multifamily dwelling
<del>((January 1, 2002</del>	<del>\$15.57 per month</del>	<del>\$7.79 per month))</del>
January 1, 2003	\$16.58 per month	\$8.29 per month

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January 1, 2004      \$15.34 per month      \$10.62 per month

At the time of a change to the wastewater volume charge described in SMC 21.28.040, the Director of Seattle Public Utilities shall calculate new credits based on dwelling type for eligible recipients not billed directly by Seattle Public Utilities. The credit for Single-family and duplex customers shall be 0.5 times the wastewater volume charge multiplied by 5.2 CCF, which is typical single family residential sewer billed consumption. The credit for Multifamily dwelling customers shall be 0.5 times the wastewater volume charge multiplied by 3.6 CCF, which is typical multifamily sewer billed consumption.

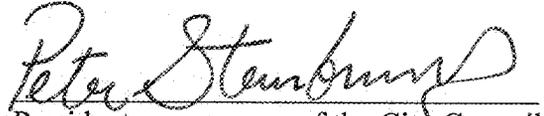


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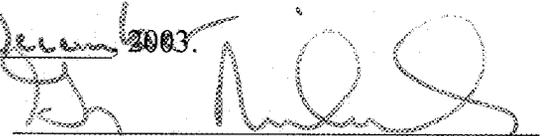
Section 4. The provisions of this ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as to any person or circumstance, then such provision or provisions shall be null and severed from the rest of this ordinance with respect to the particular person or circumstance. The offending provision with respect to all other persons and all other circumstances, as well as all other provisions of this ordinance, shall remain valid and enforceable.

Section 5. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

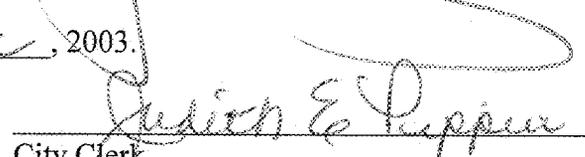
Passed by the City Council the 24<sup>th</sup> day of November 2003, and signed by me in open session in authentication of its passage this 24<sup>th</sup> day of November, 2003.

  
\_\_\_\_\_  
President \_\_\_\_\_ of the City Council

Approved by me this 2 day of December 2003.

  
\_\_\_\_\_  
Gregory J. Nickels, Mayor

Filed by me this 5 day of Dec, 2003.

  
\_\_\_\_\_  
City Clerk

(Seal)



**2004 BUDGET LEGISLATION FISCAL NOTE**

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Seattle Public Utilities	Ben Noble (Central Staff) / 684-8160	Cameron Keyes / 684-8048

Legislation Title: AN ORDINANCE relating to wastewater services of Seattle Public Utilities; amending Seattle Municipal Code Chapter 21.28 to adjust wastewater rates; and amending Seattle Municipal Code Section 21.76.040 to adjust credits to low-income wastewater customers

• **Summary of the Legislation:**

This ordinance divides wastewater rates into two components: (1) the 'system charge', which reflects SPU-specific costs; and (2) the 'treatment charge', which reflects the treatment costs imposed by King County. The legislation sets rates for the 'system charge' for 2004, 2005 and 2006. The legislation sets the 'treatment charge' for only 2004, but establishes a 'pass-through' mechanism that will allow changes in the 2005 and 2006 King County treatment costs (if any occur) to be passed directly through to SPU's rate payers. The net rate increase for 2004 is 6.7%. The total impact for 2005 and 2006 will depend on changes in King County rates, but if these changes match SPU's current projections, a total increase of between 8% and 9% will be likely in both 2005 and 2006.

Going forward, Council will approve an ordinance in the fourth quarter of each year that will set forecast wastewater volumes and treatment costs for the following year. These forecasts will be used to calculate any necessary change in the 'treatment charge'. It is this sense, that change in King County costs will be 'passed-through' to rate payers. The legislation also provides an opportunity for the new treatment rate to reflect an adjustment to reflect any over- or under-collection of revenues that occurred in the previous year.

The specific rate path approved in this legislation is summarized as follows:

Rate Components	2004	% Diff.	2005	% Diff.	2006	% Diff.
'System Charge'	\$1.68/CCF		\$1.84/CCF		\$2.02/CCF	
'Treatment Charge'	\$4.22/CCF		TBD (by Formula)		TBD (by Formula)	
<b>Total Rate</b>	<b>\$5.90/CCF</b>	<b>~6.7%</b>	<b>TBD</b>	<b>~3%+KC</b>	<b>TBD</b>	<b>~3%+KC</b>

• **Background:** (Include brief description of the purpose and context of legislation and include record of previous legislation and funding history, if applicable):

The need for a 2004 rate increase was identified in the fall of 2002 when Seattle Public Utilities (SPU) proposed its 2003 budget. The City Council approved a rate increase in 2003, but asked SPU to identify any possible revisions to its financial policies for the



Drainage and Wastewater Fund (DWF) prior to submitting any requests for a 2004 rate increase. In July of 2003, the Mayor proposed a revision to the financial policies for the Drainage and Wastewater Fund. The rate increase imposed by this ordinance is consistent with SPU's new financial policies and also reflects revised demand estimates. In addition, the rate increase is also driven by significant shift in the allocation of internal costs. This shift, which was partially directed by SPU's outside financial auditor, reflects the fact that SPU's personnel are spending an increasing amount of time in addressing wastewater (and drainage) issue.

The Executive's wastewater rate proposal addressed only 2004 rates, but the proposal was modified by Council to include the King County 'pass-through'. This change allowed the proposal to be extended to three years.

- *Please check one of the following:*

This legislation does not have any financial implications. (Stop here and delete the remainder of this document prior to saving and printing.)

This legislation has financial implications. (Please complete all relevant sections that follow.)

Anticipated Revenue/Reimbursement (in \$1,000s):

Fund Name and Number	Department	Revenue Source	2003 Revenue	2004 Revenue	2005 Revenue (Estimated)	2006 Revenue (Estimated)
Drainage & Wastewater Fund - 44010	SPU	Wastewater Rates		\$129,555	\$139,514	\$149,792

There will also be an impact on General Subfund revenues due to implied changes in the Utility tax revenues collected from the Wastewater Utility. These impacts have been captured as part of the green sheet process in Council's on-going budget deliberations.

- What is the financial cost of not implementing this legislation?

The Drainage and Wastewater Fund (DWF) would not fully recover the cost of its business operations.

- What are the possible alternatives to the legislation that could achieve the same or similar objectives?



Ben Noble  
SPU Wastewater Rates  
November 9, 2003  
Version #1

Not raising the rates at this time would result in DWF failing to recover the cost of its operations and to meet its financial policies. In developing these rates, SPU has already made significant cuts to DWF's budget.

- Is the legislation subject to public hearing requirements? *(If yes, what public hearings have been held to date)*

No

- Other Issues *(including long-term implications of the legislation):*



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STATE OF WASHINGTON – KING COUNTY

--SS.

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166341  
City of Seattle, Clerk's Office

No. ORDINANCE IN FULL

**Affidavit of Publication**

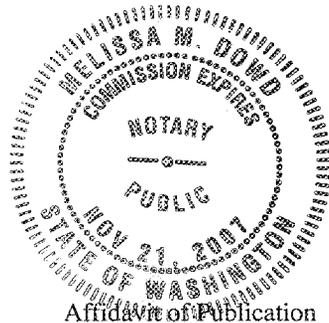
The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12<sup>th</sup> day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:121327 ORD IN FULL

was published on

12/16/2003



*James P. Patry*

Subscribed and sworn to before me on

12/16/2003

*Melissa Dowd*

Notary public for the State of Washington,  
residing in Seattle

