

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
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Legislation Title: A RESOLUTION relating to Seattle Public Utilities; adopting a 2015-2020 Strategic Business Plan for Seattle Public Utilities and endorsing a six-year rate path required to support the Strategic Business Plan.

Summary of the Legislation: This legislation would adopt a six-year Strategic Business Plan for Seattle Public Utilities (SPU), endorse an average annual rate increase across all lines of business from 2015-2020 of 4.6% required to support the Strategic Business Plan, and request the Executive prepare the 2015-2016 Proposed Operations Budget, 2015-2020 Proposed Capital Budget, and upcoming rate proposals in support of, and consistent with, the Plan. Actual rate changes for each of Seattle Public Utilities' lines of business would be subject to Council approval via passage of rate ordinances. In addition, a Strategic Business Plan review and update would be required every three years. Finally, reporting requirements are established that demonstrate how the utility is reaching its stated Plan goals.

Background:

In 2012, the Council passed a Statement of Legislative Intent directing Seattle Public Utilities to develop a six-year Strategic Business Plan. A subsequent resolution (Resolution 31429) 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 to the Mayor and City Council comments on the Plan concurrent with delivery of the final proposed Plan to Council.

The resultant 2015-2020 Strategic Business Plan contains a six-year rate path for water, drainage, wastewater and solid waste rates that was developed by identifying, evaluating, and recommending priority reductions, efficiencies, and additions to current utility expenditures. The six-year rate path is also based on a series of assumptions about baseline expenditures, such as demand projections and City Central Costs.

This legislation does not have any financial implications.

This legislation has financial implications.

Appropriations Notes: There are no appropriations as a direct result of this legislation. Appropriations related to it will be submitted with the 2015-2016 budget legislation.

Revenue/Reimbursement Notes: There are no revenues/reimbursements as a direct result of this legislation. Revenues related to it will be submitted with the 2015-2016 budget legislation.

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:

Position Notes: This legislation does not create, modify, or abrogate any positions. FTE impacts will be submitted along with the 2015-2016 budget legislation.

Do positions sunset in the future? N/A

Spending/Cash Flow: N/A

Spending/Cash Flow Notes: This legislation does not directly impact spending or cash flow. Spending and cash flow impacts will be submitted along with the 2015-2016 budget legislation.

Other Implications:

- a) **Does the legislation have indirect financial implications, or long-term implications?**
Yes, adoption of the Strategic Business Plan implies a trajectory of rate increases averaging 4.6% per year across all lines of business over the 2015-2020 period, and requests the Executive to prepare the 2015-2016 Proposed Operations Budget, 2015-2020 Capital Budget, and upcoming rate studies in support of, and consistent with, the rate path in the Strategic Business Plan.
- b) **What is the financial cost of not implementing the legislation? N/A**
- c) **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, such as street sweeping and customer service, are done jointly with other departments including SDOT and SCL, but coordination is established and ongoing. Additionally, the efficiency measure included in the Plan of establishing service level agreements for services purchased from other City departments will affect how services provided by the City to Seattle Public Utilities are carried out; SPU will work collaboratively with these departments and CBO staff is aware of these efforts.
- d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives? N/A.**
- e) **Is a public hearing required for this legislation? No.**
- f) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation? No.**

g) Does this legislation affect a piece of property? No.

h) Other Issues: No.

List attachments to the fiscal note below: None.