2013 - 2014 Seattle City Council Green Sheet

Approved

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31	3	A	1

Budget Action Title: DO NOT PASS C.B. 117522 - the SPU-proposed solid waste rate ordinance

Councilmembers: Bagshaw; Conlin; Godden

Staff Analyst: Meg Moorehead

Council Bill or Resolution: C.B. 117522

Budget Committee Vote:

Date	Result	SB	BH	TR	RC	TB	NL	JG	SC	MO
11/07/2012	**Pass 8- 1-Absent**	**Y**	**Y**	**-**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**

Budget Action description:

This green sheet recommends that C.B. 117522 – the Seattle Public Utilities (SPU)-proposed solid waste rate ordinance not be passed.

The SPU-proposed rate ordinance was re-referred to the Budget Committee together with Libraries, Utilities and Center (LUC) Committee recommendations for changes to rates and associated budget expenditures. The LUC Committee recommended that the SPU-proposed solid waste rate ordinance not be passed. The Committee did not support the SPU-proposed two-step rate adoption process in which a four-year rate covering most solid waste costs would be adopted with the 2013-2014 budget and further rate changes to cover inflation on solid waste collection, processing and disposal contracts would be made each April through a “pass-through” mechanism. To provide greater transparency and predictability for ratepayers, the Committee instead recommended that a four-year rate be adopted with 3% per year contract inflation assumed, which is reflected in a replacement bill – C.B. 117645. If the 3% inflation assumption is correct, no further rate changes would be needed during the four-year rate period. But to ensure that financial policies are met during a crucial period for issuing bonds to rebuild City transfer stations, Council would consider a rate increase for 2015 and 2016 mid-way through the rate period if a review finds that financial policies will not be met. If the review finds that financial policies could be met with lower rates, a rate reduction would be considered. A reserve account, called a rate stabilization account, would be used to deposit revenues and cash in excess of the rate assumptions. Use of this account will enhance the Solid Waste Fund’s ability to meet financial targets across the longer rate cycle by using revenues and cash set aside in years with strong performance to address shortfalls in years with leaner financial performance.