



SEATTLE CITY COUNCIL

Legislative Summary

CB 118833

Record No.: CB 118833

Type: Ordinance (Ord)

Status: Passed

Version: 1

Ord. no: Ord 125191

In Control: City Clerk

File Created: 10/10/2016

Final Action: 11/28/2016

Title: AN ORDINANCE relating to wastewater and drainage services of Seattle Public Utilities; adjusting wastewater and drainage rates to pass through increased treatment costs charged by King County; amending Sections 21.28.040 and 21.33.030 of the Seattle Municipal Code to reflect the adjusted rates; amending Section 21.76.040 of the Seattle Municipal Code to adjust credits to low-income wastewater and drainage customers; and amending Section 21.33.050 of the Seattle Municipal Code to revise drainage service charge adjustment procedures.

Notes:

Filed with City Clerk: 11/22/2016

Mayor's Signature: 11/22/2016

Sponsors: Burgess

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments:

Drafter: bob.hennessey@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published:

☐ Yes

☐ No

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Mayor	10/26/2016	Mayor's leg transmitted to Council	City Clerk			
	Action Text: The Council Bill (CB) was Mayor's leg transmitted to Council. to the City Clerk Notes:						
1	City Clerk	10/27/2016	sent for review	Council President's Office			
	Action Text: The Council Bill (CB) was sent for review. to the Council President's Office Notes:						
1	Council President's Office	11/01/2016	sent for review	Select Budget Committee			
	Action Text: The Council Bill (CB) was sent for review. to the Select Budget Committee Notes:						

- 1 Full Council 11/07/2016 referred Select Budget Committee
- 1 Select Budget Committee 11/16/2016 pass Pass
- Action Text: The Committee recommends that Full Council pass the Council Bill (CB).
- Notes:
- In Favor: 9 Chair Burgess, Member Bagshaw, Member Harrell, Member Herbold, Member Juarez, Member Johnson, Member González , Member O'Brien, Member Sawant
- Opposed: 0
- 1 Full Council 11/21/2016 passed Pass
- Action Text: The Council Bill (CB) was passed by the following vote, and the President signed the Bill:
- In Favor: 9 Councilmember Bagshaw, Councilmember Burgess, Councilmember González , Council President Harrell, Councilmember Herbold, Councilmember Johnson, Councilmember Juarez, Councilmember O'Brien, Councilmember Sawant
- Opposed: 0
- 1 City Clerk 11/22/2016 submitted for Mayor's signature Mayor
- 1 Mayor 11/28/2016 Signed
- 1 Mayor 11/28/2016 returned City Clerk
- Action Text: The Council Bill (CB) was returned. to the City Clerk
- Notes:
- 1 City Clerk 11/28/2016 attested by City Clerk
- Action Text: The Ordinance (Ord) was attested by City Clerk.
- Notes:
-

CITY OF SEATTLE

ORDINANCE

125191

COUNCIL BILL

118833

AN ORDINANCE relating to wastewater and drainage services of Seattle Public Utilities; adjusting wastewater and drainage rates to pass through increased treatment costs charged by King County; amending Sections 21.28.040 and 21.33.030 of the Seattle Municipal Code to reflect the adjusted rates; amending Section 21.76.040 of the Seattle Municipal Code to adjust credits to low-income wastewater and drainage customers; and amending Section 21.33.050 of the Seattle Municipal Code to revise drainage service charge adjustment procedures.

WHEREAS, Seattle Public Utilities' wastewater and drainage rates are based on the sum of the treatment rate and system rate for each utility and are designed to pass through the wastewater and drainage shares of the rates King County charges for its wastewater treatment services as part of the treatment rate applicable to each utility; and

WHEREAS, Ordinances 1248201 and 124800 established for 2017-2018 Seattle Public Utilities' wastewater volume rate and drainage rates based on the existing King County wastewater treatment charge of \$42.03; and

WHEREAS, King County adopted a new wastewater treatment rate of \$44.22 per residential customer equivalent per month effective January 1, 2017, which is an increase of more than 5 percent over the existing treatment rate; and

WHEREAS, subsections 21.28.040.B.1 and 21.33.030.D.1 of the Seattle Municipal Code allow the treatment rates of each utility to be adjusted by ordinance at any time in response to changes in the King County wastewater rates; and

WHEREAS, Seattle Public Utilities' 2017 and 2018 wastewater and drainage treatment rates will not provide sufficient revenues to pay the increased King County treatment costs; and

WHEREAS, wastewater and drainage credits for qualified low-income customers, not billed directly by Seattle Public Utilities, are based on typical residential bills, and credits for such customers need to be revised to reflect the changes in the wastewater and drainage rates; and

WHEREAS, the billing of adjustments to drainage service charges is currently inconsistent with adjustment practices for wastewater and other Seattle Public Utilities utility charges,

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 1. Subsection 21.28.040.B of the Seattle Municipal Code, which section was last amended by Ordinance 124800, is amended as follows:

21.28.040 Wastewater volume charge

* * *

B. The wastewater volume rate shall be the sum of the treatment rate and the system rate, as follows:

1. Treatment rate. The "treatment rate" shall be the rate required to pay the wastewater share of "treatment cost," which is the cost of wastewater treatment, interception and disposal services, and any associated costs required to meet Drainage and Wastewater Fund financial policies. The treatment rate shall be the amount obtained when (a) the projected wastewater treatment cost is divided by (b) the projected billed wastewater consumption, each for the next calendar year, and the result is multiplied by ~~((1+6.9))~~ 117.8 percent in 2017 and 117.0 percent in 2018 and thereafter to cover the costs of taxes and low-income rate assistance.

The projected treatment cost shall be the treatment cost anticipated for the upcoming calendar year, which may include an adjustment to reflect the difference, whether positive or negative, between the total expected treatment cost for the current year and the total wastewater volume charge revenues attributable to the treatment rate expected for the current year. The treatment rate is designed to pass through cost changes driven by King County and may be adjusted by ordinance at any time in response to such charges.

2. System rate. The “system rate” shall be the rate required to pay the cost of carrying and discharging all wastewater and any wastewater-funded share of stormwater into the City sewerage system, as presently maintained and operated and as may be added to, improved, and extended.

3. The wastewater volume rate per CCF shall be in accordance with the following schedule:

	Effective Jan. 1, 2015	Effective Jan. 1, 2016	Effective Jan. 1, 2017	Effective Jan. 1, 2018
Treatment Rate	\$7.69	\$7.69	(((\$7.69)) \$8.34	(((\$7.69)) \$8.34
System Rate	\$4.15	\$4.58	\$4.59	\$4.74
Wastewater Volume Rate	\$11.84	\$12.27	(((\$12.28)) \$12.93	(((\$12.43)) \$13.08

* * *

Section 2. Subsection 21.33.030.D of the Seattle Municipal Code, which section was last amended by Ordinance 124801, is amended as follows:

21.33.030 Drainage service charges and drainage rates – Schedule – Exemptions

* * *

D. Drainage rates used in the calculation of drainage service charges shall be the sum of the treatment rate and the system rate, as follows:

1 1. Treatment rate. The "treatment rate" shall be the rate required to pay the
2 drainage share of "treatment cost" which is the cost of wastewater treatment, interception and
3 disposal service, and any associated costs necessary to meet Drainage and Wastewater Fund
4 policies. The treatment rate shall be the amount obtained when (a) the projected drainage
5 treatment cost for each rate category is divided by (b) the projected number of billing units in
6 each rate category and the result is multiplied by 118 percent to cover the costs of taxes, low
7 income rate assistance, and other allowances. The projected treatment cost shall be the treatment
8 cost anticipated for the upcoming calendar year, which may include an adjustment to reflect the
9 difference, whether positive or negative, between the drainage share of expected total treatment
10 cost for the current year and the total drainage service charge revenues attributable to the
11 treatment rate expected for the current year. The treatment rate is designed to pass through cost
12 changes driven by King County and may be adjusted by ordinance at any time in response to
13 such charges.

14 2. System rate. The "system rate" shall be the rate required to fund the expense
15 associated with operating, maintaining, and constructing the City's surface and stormwater
16 management system, including any share of combined sanitary and stormwater system expense
17 assigned to drainage.

18 3. The rate categories and the corresponding annual drainage rates are as follows:

19 ((Effective January 1, 2015

Rate Category	Treatment Rate	System Rate	Total Drainage Rate	Billing Unit
Small Residential				

Rate Category		Treatment Rate	System Rate	Total Drainage Rate	Billing Unit
	Under 3000 sq. ft.	\$18.90	\$179.93	\$198.83	per parcel
	3000-4999 sq. ft.	\$24.79	\$233.27	\$258.06	per parcel
	5000-6999 sq. ft.	\$33.73	\$316.67	\$350.40	per parcel
	7000-9999 sq. ft.	\$42.65	\$400.90	\$443.55	per parcel
General Service/Large Residential					
Undeveloped	(0-15% impervious)				
	Regular	\$2.85	\$25.40	\$28.25	per 1000-Sq Ft
	Low Impact	\$1.66	\$14.88	\$16.54	per 1000-Sq Ft
Light	(16-35% impervious)	-	-		
	Regular	\$4.27	\$39.41	\$43.69	per 1000-Sq Ft
	Low Impact	\$3.35	\$31.01	\$34.36	per 1000-Sq Ft
Moderate	(36-65% impervious)				
	Regular	\$6.09	\$57.36	\$63.45	per 1000-Sq Ft
	Low Impact	\$4.92	\$46.12	\$51.04	per 1000-Sq Ft

Rate Category		Treatment Rate	System Rate	Total Drainage Rate	Billing Unit
Heavy	(66-85% impervious)	\$8.10	\$77.03	\$85.12	per 1000-Sq Ft
Very Heavy	(86-100% impervious)	\$9.53	\$91.16	\$100.69	per 1000-Sq Ft))

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Effective January 1, 2016

Rate Category		Treatment Rate	System Rate	Total Drainage Rate	Billing Unit
Small Residential					
	Under 2000 sq. ft.	\$12.37	\$111.44	\$123.81	per parcel
	2000-2999 sq. ft	\$18.90	\$188.03	\$206.93	per parcel
	3000-4999 sq. ft	\$24.79	\$261.84	\$286.63	per parcel
	5000-6999 sq. ft	\$33.73	\$356.30	\$390.03	per parcel
	7000-9999 sq. ft.	\$42.65	\$448.75	\$491.40	per parcel
General Service/Large Residential					
Undeveloped	(0-15% impervious)				
	Regular	\$2.85	\$28.39	\$31.24	per 1000 Sq Ft

Rate Category		Treatment Rate	System Rate	Total Drainage Rate	Billing Unit
Light	Low Impact	\$1.66	\$16.91	\$18.57	per 1000 Sq Ft
	(16-35% impervious)				
	Regular	\$4.27	\$44.25	\$48.52	per 1000 Sq Ft
Moderate	Low Impact	\$3.35	\$34.96	\$38.31	per 1000 Sq Ft
	(36-65% impervious)				
	Regular	\$6.09	\$64.58	\$70.67	per 1000 Sq Ft
Heavy	Low Impact	\$4.92	\$52.29	\$57.21	per 1000 Sq Ft
	(66-85% impervious)	\$8.10	\$85.46	\$93.56	per 1000 Sq Ft
	Very Heavy	\$9.53	\$102.85	\$112.38	per 1000 Sq Ft
Very Heavy	(86-100% impervious)				

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2 Effective January 1, 2017

Rate Category		Treatment Rate	System Rate	Total Drainage Rate	Billing Unit
Small Residential					
	Under 2000 sq. ft.	(((\$12.37)) <u>\$13.68</u>	\$126.78	(((\$139.15)) <u>\$140.46</u>	per parcel

Rate Category		Treatment Rate	System Rate	Total Drainage Rate	Billing Unit
	2000-2999 sq. ft	(((\$18.90)) <u>\$20.79</u>	\$210.68	(((\$229.58)) <u>\$231.47</u>	per parcel
	3000-4999 sq. ft	(((\$24.79)) <u>\$30.21</u>	\$288.84	(((\$313.63)) <u>\$319.05</u>	per parcel
	5000-6999 sq. ft	(((\$33.73)) <u>\$41.20</u>	\$391.25	(((\$424.98)) <u>\$432.45</u>	per parcel
	7000-9999 sq. ft.	(((\$42.65)) <u>\$52.04</u>	\$491.94	(((\$534.59)) <u>\$543.98</u>	per parcel
General Service/Large Residential					
Undeveloped	(0-15% impervious)				
	Regular	(((\$2.85)) <u>\$3.37</u>	\$31.39	(((\$34.24)) <u>\$34.76</u>	per 1000 Sq Ft
	Low Impact	(((\$1.66)) <u>\$1.98</u>	\$18.69	(((\$20.35)) <u>\$20.67</u>	per 1000 Sq Ft
Light	(16-35% impervious)				
	Regular	(((\$4.27)) <u>\$5.17</u>	\$48.37	(((\$52.64)) <u>\$53.54</u>	per 1000 Sq Ft
	Low Impact	(((\$3.35)) <u>\$4.07</u>	\$38.19	(((\$41.54)) <u>\$42.26</u>	per 1000 Sq Ft
Moderate	(36-65% impervious)				
	Regular	(((\$6.09)) <u>\$7.48</u>	\$70.12	(((\$76.12)) <u>\$77.60</u>	per 1000 Sq Ft
	Low Impact	(((\$4.92)) <u>\$6.05</u>	\$56.81	(((\$61.73)) <u>\$62.86</u>	per 1000 Sq Ft

Rate Category		Treatment Rate	System Rate	Total Drainage Rate	Billing Unit
Heavy	(66-85% impervious)	((\$8.10) <u>\$9.87</u>)	\$92.61	((\$100.71) <u>\$102.48</u>)	per 1000 Sq Ft
Very Heavy	(86-100% impervious)	((\$9.53) <u>\$11.83</u>)	\$111.11	((\$120.64) <u>\$122.94</u>)	per 1000 Sq Ft

Effective January 1, 2018

Rate Category		Treatment Rate	System Rate	Total Drainage Rate	Billing Unit
Small Residential					
	Under 2000 sq. ft.	((\$12.37) <u>\$13.75</u>)	\$141.28	((\$153.65) <u>\$155.03</u>)	per parcel
	2000-2999 sq. ft.	((\$18.90) <u>\$20.90</u>)	\$231.22	((\$250.12) <u>\$252.12</u>)	per parcel
	3000-4999 sq. ft.	((\$24.79) <u>\$30.38</u>)	\$315.40	((\$340.19) <u>\$345.78</u>)	per parcel
	5000-6999 sq. ft.	((\$33.73) <u>\$41.43</u>)	\$425.42	((\$459.15) <u>\$466.85</u>)	per parcel
	7000-9999 sq. ft.	((\$42.65) <u>\$52.33</u>)	\$533.98	((\$576.63) <u>\$586.31</u>)	per parcel
General Service/Large Residential					
Undeveloped	(0-15% impervious)				
	Regular	((\$2.85) <u>\$3.39</u>)	\$34.26	((\$37.11) <u>\$37.65</u>)	per 1000 Sq Ft

Rate Category		Treatment Rate	System Rate	Total Drainage Rate	Billing Unit
	Low Impact	(((\$1.66)) <u>\$1.99</u>	\$20.40	(((\$22.06)) <u>\$22.39</u>	per 1000 Sq Ft
Light	(16-35% impervious)				
	Regular	(((\$4.27)) <u>\$5.20</u>	\$52.31	(((\$56.58)) <u>\$57.51</u>	per 1000 Sq Ft
	Low Impact	(((\$3.35)) <u>\$4.09</u>	\$41.29	(((\$44.64)) <u>\$45.38</u>	per 1000 Sq Ft
Moderate	(36-65% impervious)				
	Regular	(((\$6.09)) <u>\$7.52</u>	\$75.44	(((\$81.53)) <u>\$82.96</u>	per 1000 Sq Ft
	Low Impact	(((\$4.92)) <u>\$6.09</u>	\$61.17	(((\$66.09)) <u>\$67.26</u>	per 1000 Sq Ft
Heavy	(66-85% impervious)	(((\$8.10)) <u>\$9.92</u>	\$99.37	(((\$107.47)) <u>\$109.29</u>	per 1000 Sq Ft
Very Heavy	(86-100% impervious)	(((\$9.53)) <u>\$11.89</u>	\$119.03	(((\$128.56)) <u>\$130.92</u>	per 1000 Sq Ft

4. SPU shall provide a 10 percent reduction in the drainage service charge for parcels containing new or remodeled commercial buildings that, after July 27, 2003, install and utilize rainwater harvesting systems that meet the performance requirement that the systems are sized to use the amount of rain that falls on the roofs of such buildings during a one year, 24-hour storm event. A system that involves indoor uses of rainwater must be permitted by Seattle-King County Department of Health to qualify for the rate reduction. A system that

relies solely on the capture and indoor use of rainwater shall qualify for the drainage service charge reduction only if the system is sized to meet the performance requirement stated above. Qualifying for the drainage service charge reduction does not relieve the property owner from the obligation to comply with applicable stormwater and drainage code requirements for the buildings and site.

5. Effective ~~((on the effective date of this ordinance))~~ November 7, 2008, open space properties or parcels shall be charged only for the area of impervious surface and at the rate under which the parcel is classified using the total parcel acreage.

* * *

Section 3. Subsection 21.76.040.A of the Seattle Municipal Code, which section was last amended by Ordinance 125050, is amended as follows:

21.76.040 Rate discounts

A. Drainage, wastewater, and water. Certified low-income residential utility customers ("Certified customers") will receive rate discounts (or credits) in the following amounts:

1. Wastewater. Certified customers billed directly for Seattle Public Utilities wastewater services will receive a rate discount equal to 0.5 times the total current wastewater volume charge. Certified customers who pay for wastewater services indirectly through rent shall receive the following rate credits based on dwelling type and consistent with Section 21.76.050:

Effective date	Single-family and duplex dwellings	Multifamily dwellings
January 1, 2016	\$26.38 per month	\$18.41 per month
January 1, 2017	\$((26.40)) 27.80 per month	\$((18.42)) 19.40 per month
January 1, 2018	\$((26.72)) 28.12 per month	\$((18.65)) 19.62 per month

At the time of a change to the wastewater volume charge described in Section 21.28.040, the Director of Seattle Public Utilities shall calculate new credits for certified customers who pay for wastewater services indirectly through rent. The rate credit for single-

family and duplex customers shall be 0.5 times the wastewater volume charge multiplied by 430 cubic feet (4.3 CCF), which is typical single-family residential sewer billed consumption. The rate credit for multifamily dwelling customers shall be 0.5 times the wastewater volume charge multiplied by 3.0 CCF, which is typical multifamily sewer billed consumption.

2. Drainage. Certified customers residing inside The City of Seattle shall receive the following rate credits for drainage services based on dwelling type:

	Effective January 1, 2016	Effective January 1, 2017	Effective January 1, 2018
Single-family	\$16.25 per month	\$((17.71))18.02 per month	\$((19.13))19.45 per month
Duplex	\$8.13 per month	\$((8.85))9.01 per month	\$((9.57))9.73 per month
Multifamily	\$1.74 per month	\$((1.89))1.93 per month	\$((2.05))2.08 per month

3. Water. Certified customers billed directly for Seattle Public Utilities water services shall receive a rate discount equal to 0.5 times the total current commodity and base service charges. Certified customers who pay for water services indirectly through their rent shall receive the following rate credits based on dwelling type and consistent with Section 21.76.050:

Effective Date	Single-family and duplex dwellings	Multifamily dwellings
January 1, 2016	\$19.84 per month	\$12.38 per month
January 1, 2017	\$20.56 per month	\$12.38 per month

* * *

Section 4. Subsections 21.33.050.D and E of the Seattle Municipal Code, which section was last amended by Ordinance 124833, are amended as follows:

21.33.050 Drainage service charges – Adjustments.

* * *

((D. Applications for adjustment must be filed within 90 days of the billing date, except for the low-income credit, which shall be administered as defined in Seattle Municipal Code Section 21.76.030. Applications received after 90 days of the billing date shall be effective for subsequent years only.))

1 ~~((E.))~~ D. If the Utility grants an adjustment which reduces the charge ~~((for the current~~
2 ~~year))~~, the applicant shall receive an adjusted bill or be refunded the amount overpaid. If the
3 Utility determines that an adjustment should be made which increases the charge due for the
4 current year, the applicant shall receive a supplemental bill that will be due within 45 days of the
5 date of issue. Applicants for rate adjustments shall be notified in writing of the Utility's decision.

6 Section 5. This ordinance does not affect any existing right acquired or liability or
7 obligation incurred under the sections amended or repealed in this ordinance or under any rule or
8 order adopted under those sections, nor does it affect any proceeding instituted under those
9 sections.

10 Section 6. The provisions of this ordinance are declared to be separate and severable. If
11 a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having
12 run, finds any provision of this ordinance to be invalid or unenforceable as to any person or
13 circumstance, then such provision or provisions shall be null and severed from the rest of this
14 ordinance with respect to the particular person or circumstance. The offending provision with
15 respect to all other persons and all other circumstances, as well as all other provisions of this
16 ordinance, shall remain valid and enforceable.

17 Section 7. Section 1 of this ordinance shall take effect January 1, 2017.
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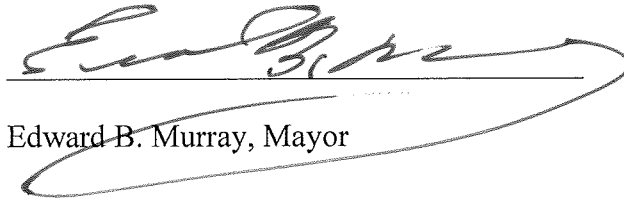
Section 8. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the 21st day of November, 2016,
and signed by me in open session in authentication of its passage this 21st day of
November, 2016.



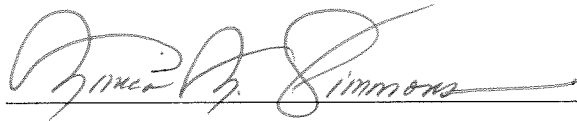
President _____ of the City Council

Approved by me this 28th day of November, 2016.



Edward B. Murray, Mayor

Filed by me this 28th day of NOVEMBER, 2016.



Monica Martinez Simmons, City Clerk

(Seal)

SUMMARY and FISCAL NOTE*

Department:	Contact Person/Phone:	Executive Contact/Phone:
Seattle Public Utilities	Maria Coe/3-7905	Aaron Blumenthal/3-2656

** 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 drainage and wastewater services of Seattle Public Utilities; adjusting wastewater and drainage rates to pass through increased treatment costs charged by King County; amending Sections 21.28.040 and 21.33.030 of the Seattle Municipal Code to reflect the adjusted rates; amending Section 21.76.040 of the Seattle Municipal Code to adjust credits to low-income drainage and wastewater customers; and amending Section 21.33.050 of the Seattle Municipal Code to revise drainage service charge adjustment procedures.

Summary and background of the Legislation: This ordinance would revise the 2017 and 2018 wastewater treatment rate from \$7.69 per CCF (hundred cubic feet) to \$8.34 per CCF and revise the 2017 and 2018 drainage treatment rates. The proposed increases are due to an increase in the rate King County charges the City for treating Seattle's wastewater. This change will result in an increase to the typical monthly residential wastewater bill of \$1.72 per month and \$0.62 per month for the typical monthly residential drainage bill. The ordinance would also increase the applicable wastewater and drainage credits for low-income customers.

The wastewater rate Seattle Public Utilities (SPU) charges its customers is the sum of the treatment rate, the system rate and, where applicable, the Master Metered Residential Development surcharge, as established in Ordinance 121327. The treatment rate is the projected cost of treatment, including cash adjustments, divided by the projected billed consumption and adjusted to account for taxes and low-income credits. The system rate is the rate required to pay all other costs of the wastewater system. A more complete analysis of King County's wastewater treatment rate increase is contained in Exhibit A, attached hereto.

The drainage rate Seattle Public Utilities charges its customers is the sum of the treatment rate and the system rate. The drainage treatment rate is a portion of the projected cost of treatment divided by the projected billing units, adjusted to account for taxes and low-income credits. The system rate is the rate required to pay all other drainage costs.

In November 2015, the City Council approved Ordinances 124800 and 124801, setting the wastewater and drainage rates for 2017-18. Under this structure, the wastewater and drainage treatment rates may be adjusted by ordinance at any time to pass through rate changes adopted by King County.

In June 2016, the King County Council adopted a 2017 wastewater treatment rate of \$44.22 per residential customer equivalent per month, an increase from the 2015 rate of \$42.03. The

wastewater treatment rate would not be increased in 2018. The new 2017 wastewater treatment rate established in this ordinance is based on a projected treatment cost of \$151,665,552, a multiplier of 117.8% to cover the costs of taxes and low-income rate assistance, and projected billed wastewater consumption of 21,429,078 CCF. The 2017 drainage treatment rates proposed in this ordinance are based on a projected treatment cost of \$9,782,487, a multiplier of 118% to cover the costs of taxes and low income rate assistance, and projected drainage billing units. With this treatment rate increase, the applicable wastewater and drainage credits to low-income customers are also increased.

3. SUMMARY OF FINANCIAL IMPLICATIONS

 x This legislation has direct financial implications.

3.a. Appropriations

 x This legislation adds, changes, or deletes appropriations.

Appropriations Notes: Appropriations consistent with the rate legislation are being considered in the 2017-2018 Proposed Budget.

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	2017 Estimated Revenue
Drainage and Wastewater Fund 44010	SPU	Wastewater Utility Services	\$13,872,407
Drainage and Wastewater Fund 44010	SPU	Drainage Utility Services	\$2,083,122
TOTAL			\$15,955,529

Revenue/Reimbursement Notes:

The 2017 revenues are the additional wastewater and drainage revenues resulting from the increase in SPU's treatment rates. These revenues are used to pay the additional tax and rate credit expenses.

4. OTHER IMPLICATIONS

a) Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?

No.

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

The Drainage & Wastewater Fund would not fully recover the cost of its business operations and meet its financial policy targets. This could result in a downgrade in the Fund's bond ratings and increase the cost of borrowing.

c) Does this legislation affect any departments besides the originating department?

Several City departments incur drainage and wastewater fees. The fees for these departments will increase commensurate with the rate increases proposed in this legislation. The impacts will be included in the 2017-2018 Proposed Budget. The impacted departments include: 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.

d) Is a public hearing required for this legislation?

No.

e) Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

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) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

This legislation impacts all residential and general service drainage customers, and at the same time adjusts credits for residential customers who qualify for the Utility Discount Program.

i) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.

n/a

j) Other Issues:

None

List attachments/exhibits below: Summary Exhibit A – SPU Analysis of King County Passthrough Rates

Analysis
Seattle Public Utilities
2017-18 Wastewater/Drainage Treatment Rate

Background

Seattle Public Utilities (SPU) wastewater customers pay a single fee per one hundred cubic feet (CCF) of wastewater discharged into the City's wastewater system. This fee is the sum of two components, a treatment rate and a system rate. The treatment rate is based on the projected cost of treating wastewater at King County¹-owned treatment facilities. The system rate is the rate required to pay all other costs of the wastewater system. It is set through a formal rate process.

In addition, beginning in 2008, SPU's drainage rates share in the recovery of combined system costs, which include a portion of the King County treatment costs. This sharing of costs was initiated by incrementally phasing in one-sixth of the allocation of these costs between 2008 and 2014. Thus, drainage rates are now also comprised of a treatment component and a system component.

In June 2016, the King County Council increased by 5.2% the rate charged to entities using the County's wastewater treatment facilities, effective January 1, 2017. King County projects no additional rate increase for 2018.

Wastewater Treatment Rate Method of Calculation

Payments to King County² for wastewater treatment are the single largest component of both wastewater and total Drainage and Wastewater Fund (DWF) operating expense. The inability to fully recover this expense through the wastewater rate can seriously impact DWF financial performance. To mitigate this risk the Council approved a process to adjust the wastewater treatment rate when there is a change in the underlying cost drivers. The formula for this adjustment is defined in Section 21.28.040 B of the Seattle Municipal Code, allowing for the treatment rate to be adopted at any time by ordinance. The formula is as follows:

Projected wastewater treatment expense/Projected annual wastewater volumes

X

A multiplier to recover revenue reductions and revenue taxes

The projected treatment expense includes an adjustment for cash lags in the full recovery of the treatment expense in years in which there is a rate increase. The treatment expense excludes the portion of budgeted treatment expense associated with the County's High Strength Industrial and Contaminated Stormwater Surcharges. These expenses are recovered directly from applicable customers and not through the wastewater direct service rate.

¹In addition, less than 3% of SPU's customers are served by the Southwest Suburban Sewer District for wastewater treatment. These treatment costs are also included in this analysis.

² King County treats over 99% of the City's sewage. The Southwest Suburban Sewer District treats the balance.

In contrast to this method of setting the system rate, the treatment rate is proposed by the King County Executive via rate studies and adopted by the County Council. The system rate recovers all other operating expense, including operations and maintenance expense, capital financing expense (debt service and cash), related revenue taxes, and is set to ensure that financial policy targets are met.

2017 and 2018 Wastewater Rate

The 5.2% increase in the King County treatment rate results in an increase in the 2017 and 2018 wastewater treatment rate from \$7.69 per one hundred cubic feet (CCF) to \$8.34 per CCF. This includes a multiplier to account for the impact of taxes and low income credits. Seattle Public Utilities' Strategic Business Plan assumed the King County treatment rate based on the County's published projections for planning purposes. Since these were projections, the adopted 2016-2018 wastewater rates assumed a treatment rate of \$7.69 per CCF, which was based on the adopted 2015 King County treatment rate of \$42.03. Through 2018, the adopted treatment rate is 2.3% lower than what was anticipated in the Strategic Business Plan.

Table 1
2017 and 2018 Revised Wastewater Rate, per CCF

		Revised		Revised
	2017	2017	2018	2018
Treatment Rate	\$7.69	\$8.34	\$7.69	\$8.34
System Rate	\$4.59	\$4.59	\$4.74	\$4.74
Total Rate	\$12.28	\$12.93	\$12.43	\$13.08

SPU staff conducted an analysis using financial and forecasting models to project the wastewater treatment expense, the wastewater treatment volume, and the cash lags to support calculation of the treatment rate. Table 2 and Table 3 present the calculation of the 2017 and 2018 treatment rates using the formula described above.

Table 2
2017 SPU Wastewater Treatment Rate Calculation

2017 Treatment Expense (including cash adjustment)	\$151,665,552
Projected Wastewater Volume in CCF	21,429,078
Unadjusted Treatment Rate per CCF	\$7.08
Multiplier	117.8%
Treatment Rate	\$8.34

Table 3
2018 SPU Wastewater Treatment Rate Calculation

2018 Treatment Expense (including cash adjustment)	\$151,519,294
Projected Wastewater Volume in CCF	21,251,879
Unadjusted Treatment Rate per CCF	\$7.13
Multiplier	117.0%
Treatment Rate	\$8.34

Drainage Treatment Rate Method of Calculation

The drainage "treatment rate" is the rate required to pay the drainage share of "treatment cost" which includes a portion of the cost of King County wastewater treatment. The treatment rate is the amount obtained when the projected drainage treatment cost for each rate category is divided by the projected number of billing units in each rate category. The resulting figure is multiplied by 118% to cover the costs of taxes and low income rate assistance. The projected treatment cost is the treatment cost anticipated for the upcoming calendar year, which may include an adjustment to reflect the difference, whether positive or negative, between the drainage share of expected total treatment cost for the current year and the total drainage service charge revenues attributable to the treatment rate expected for the current year. The drainage treatment rate is designed to pass through cost changes driven by King County and may be adjusted by ordinance at any time in response to such changes pursuant to Section 21.33.030 D. In both the 2017 and 2018, drainage rates will increase approximately 1.7% compared with the rates adopted by Council in November 2015 as a result of the treatment rate increase. Tables 4 and 5 show the detailed calculation for the treatment rate increase on all tiers.

Summary Ex A – SPU Analysis of King County Passthrough Rates
V1

Table 4
Seattle Public Utilities
King County Treatment Rate
2017 Passthrough to Drainage Rates

(a)		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)		(l)	(m)	(n)	
Customer Class		Increase(Note 1)			Percent of 2017 Cost	Projected 2017 Treatment Expense	Revenue Leads/Lags	Net Cash Treatment Expense	Multiplier	Total Treatment Cost	Projected Billing Units per Rate Category		Adjusted Treatment Rate	System Rate	Adjusted Total Rate	
		Treatment Rate	System Rate	Total Rate												
1							(Note 2)			(h)*(i)			(j)/(k)		(l)+(m)	
2	<u>Small Residential</u>															
3		Under 2000 sq. ft.	\$12.37	\$126.78	\$139.15	1.4%	\$133,536	n/a	\$133,536	118.0%	\$157,573	11,520	Parcels	\$13.68	\$126.78	\$140.46
4		2000-2999 sq. ft	\$18.90	\$210.68	\$229.58	1.1%	\$110,857	n/a	\$110,857	118.0%	\$130,811	6,293	Parcels	\$20.79	\$210.68	\$231.47
5		3000-4999 sq. ft	\$24.79	\$288.84	\$313.63	11.4%	\$1,113,949	n/a	\$1,113,949	118.0%	\$1,314,460	43,509	Parcels	\$30.21	\$288.84	\$319.05
6		5000-7999 sq. ft	\$33.73	\$391.25	\$424.98	18.2%	\$1,775,749	n/a	\$1,775,749	118.0%	\$2,095,384	50,862	Parcels	\$41.20	\$391.25	\$432.45
7		8000-9999 sq. ft.	\$42.65	\$491.94	\$534.59	12.2%	\$1,192,089	n/a	\$1,192,089	118.0%	\$1,406,666	27,030	Parcels	\$52.04	\$491.94	\$543.98
8																
9	<u>General Service/Large Residential</u>															
10	Undeveloped	(0-15% impervious)														
11		Regular	\$2.85	\$31.39	\$34.24	2.3%	\$223,507	n/a	\$223,507	118.0%	\$263,738	78,311	Thousand Sq Ft	\$3.37	\$31.39	\$34.76
12		Low Impact	\$1.66	\$18.69	\$20.35	2.7%	\$264,615	n/a	\$264,615	118.0%	\$312,246	157,432	Thousand Sq Ft	\$1.98	\$18.69	\$20.67
13																
14	Light	(16-35% impervious)														
15		Regular	\$4.27	\$48.37	\$52.64	4.8%	\$466,296	n/a	\$466,296	118.0%	\$550,229	106,446	Thousand Sq Ft	\$5.17	\$48.37	\$53.54
16		Low Impact	\$3.35	\$38.19	\$41.54	1.2%	\$119,305	n/a	\$119,305	118.0%	\$140,780	34,599	Thousand Sq Ft	\$4.07	\$38.19	\$42.26
17																
18	Moderate	(36-65% impervious)														
19		Regular	\$6.09	\$70.12	\$76.21	9.9%	\$972,792	n/a	\$972,792	118.0%	\$1,147,895	153,505	Thousand Sq Ft	\$7.48	\$70.12	\$77.60
20		Low Impact	\$4.92	\$56.81	\$61.73	0.6%	\$61,610	n/a	\$61,610	118.0%	\$72,700	12,009	Thousand Sq Ft	\$6.05	\$56.81	\$62.86
21	Heavy	(66-85% impervious)	\$8.10	\$92.61	\$100.71	11.1%	\$1,086,324	n/a	\$1,086,324	118.0%	\$1,281,862	129,929	Thousand Sq Ft	\$9.87	\$92.61	\$102.48
22	Very Heavy	(86-100% impervious)	\$9.53	\$111.11	\$120.64	23.1%	\$2,261,856	n/a	\$2,261,856	118.0%	\$2,668,991	225,653	Thousand Sq Ft	\$11.83	\$111.11	\$122.94
23	Total					100.0%	\$9,782,487									

(1) Council , passed November 2015

(2) Revenue leads and lags are factored into the calculation of the wastewater treatment rate. These leads and lags relate to revenues billed in December and collected in January.

When there is a rate increase assumes one month cash collected at prior year rate and 11 months at current year rate. Lags and leads can be quite significant for wastewater revenues which are billed on a monthly or bi-monthly basis. They do not currently have a significant impact on drainage rates as bills go out bi-annually, in April and October, and most revenues related to the current billing year are collected prior to year end. Leads and lags may become a more significant factor in drainage rate calculation if billing is moved to CCSS and

Summary Ex A – SPU Analysis of King County Passthrough Rates
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Table 5
Seattle Public Utilities
King County Treatment Rate
2018 Passthrough to Drainage Rates

(a)		(b)			(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)		(l)	(m)	(n)
Customer Class		Increase(Note 1)			Percent of 2018 Cost	Projected 2018 Treatment Expense	Revenue Leads/Lags	Net Cash Treatment Expense	Multiplier	Total Treatment Cost	Projected Billing Units per Rate Category		Adjusted Treatment Rate	System Rate	Adjusted Total Rate		
		Treatment Rate	System Rate	Total Rate													
1								(Note 2)				(h)*(i)			(j)/(k)		(l)+(m)
2	<u>Small Residential</u>																
3		Under 2000 sq. ft.	\$12.37	\$141.28	\$153.65	1.4%	\$134,339	n/a	\$134,339	118.0%	\$158,453	11,520	Parcels	\$13.75	\$141.28	\$155.03	
4		2000-2999 sq. ft	\$18.90	\$231.22	\$250.12	1.1%	\$111,523	n/a	\$111,523	118.0%	\$131,542	6,293	Parcels	\$20.90	\$231.22	\$252.12	
5		3000-4999 sq. ft	\$24.79	\$315.40	\$340.19	11.4%	\$1,120,644	n/a	\$1,120,644	118.0%	\$1,321,804	43,509	Parcels	\$30.38	\$315.40	\$345.78	
6		5000-7999 sq. ft	\$33.73	\$425.42	\$459.15	18.2%	\$1,786,422	n/a	\$1,786,422	118.0%	\$2,107,091	50,862	Parcels	\$41.43	\$425.42	\$466.85	
7		8000-9999 sq. ft.	\$42.65	\$533.98	\$576.63	12.2%	\$1,199,254	n/a	\$1,199,254	118.0%	\$1,414,525	27,030	Parcels	\$52.33	\$533.98	\$586.31	
8																	
9	<u>General Service/Large Residential</u>																
10	Undeveloped	(0-15% impervious)															
11		Regular	\$2.85	\$34.26	\$37.11	2.3%	\$224,850	n/a	\$224,850	118.0%	\$265,212	78,311	Thousand Sq Ft	\$3.39	\$34.26	\$37.65	
12		Low Impact	\$1.66	\$20.40	\$22.06	2.7%	\$266,206	n/a	\$266,206	118.0%	\$313,991	157,432	Thousand Sq Ft	\$1.99	\$20.40	\$22.39	
13																	
14	Light	(16-35% impervious)															
15		Regular	\$4.27	\$52.31	\$56.58	4.8%	\$469,098	n/a	\$469,098	118.0%	\$553,303	106,446	Thousand Sq Ft	\$5.20	\$52.31	\$57.51	
16		Low Impact	\$3.35	\$41.29	\$44.64	1.2%	\$120,023	n/a	\$120,023	118.0%	\$141,567	34,599	Thousand Sq Ft	\$4.09	\$41.29	\$45.38	
17																	
18	Moderate	(36-65% impervious)															
19		Regular	\$6.09	\$75.44	\$81.53	9.9%	\$978,639	n/a	\$978,639	118.0%	\$1,154,309	153,505	Thousand Sq Ft	\$7.52	\$75.44	\$82.96	
20		Low Impact	\$4.92	\$61.17	\$66.09	0.6%	\$61,981	n/a	\$61,981	118.0%	\$73,106	12,009	Thousand Sq Ft	\$6.09	\$61.17	\$67.26	
21	Heavy	(66-85% impervious)	\$8.10	\$99.37	\$107.47	11.1%	\$1,092,853	n/a	\$1,092,853	118.0%	\$1,289,025	129,929	Thousand Sq Ft	\$9.92	\$99.37	\$109.29	
22	Very Heavy	(86-100% impervious)	\$9.53	\$119.03	\$128.56	23.1%	\$2,275,451	n/a	\$2,275,451	118.0%	\$2,683,903	225,653	Thousand Sq Ft	\$11.89	\$119.03	\$130.92	
23	Total					100.0%	\$9,841,283										

(1) Council , passed November 2015

(2) Revenue leads and lags are factored into the calculation of the wastewater treatment rate. These leads and lags relate to revenues billed in December and collected in January. When there is a rate increase assumes one month cash collected at prior year rate and 11 months at current year rate. Lags and leads can be quite significant for wastewater revenues which are billed on a monthly or bi-monthly basis. They do not currently have a significant impact on drainage rates as bills go out bi-annually, in April and October, and most revenues related to the current billing year are collected prior to year end. Leads and lags may become a more significant factor in drainage rate calculation if billing is moved to CCSS and bills are issued monthly or bimonthly.

STATE OF WASHINGTON -- KING COUNTY

--SS.

344221

No. 125190,91,92,93,94,95,96

CITY OF SEATTLE, CLERKS OFFICE

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 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

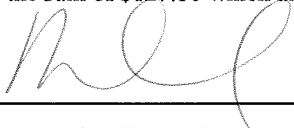
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:TITLE ONLY ORDINANCES

was published on

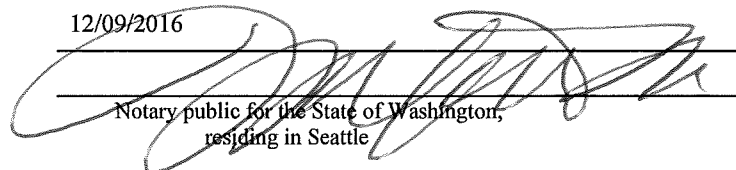
12/09/16

The amount of the fee charged for the foregoing publication is the sum of \$127.60 which amount has been paid in full.

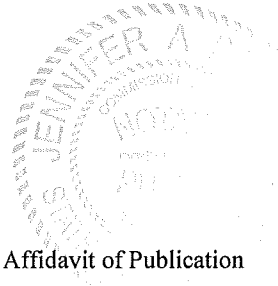


Subscribed and sworn to before me on

12/09/2016



Notary public for the State of Washington,
residing in Seattle


Affidavit of Publication

State of Washington, King County

City of Seattle

Title Only Ordinances

The full text of the following legislation, passed by the City Council on November 21, 2016, and published below by title only, will be mailed upon request, or can be accessed at <https://seattle.legistar.com/Legislation.aspx>. For information on upcoming meetings of the Seattle City Council, please visit <http://www.seattle.gov/council/calendar>.

Contact: Office of the City Clerk at (206) 684-8344.

Ordinance 125190

AN ORDINANCE relating to the Firefighters' Pension Fund established under chapter 41.16 RCW; amending Ordinance 117216 as last amended by Ordinance 124640 to change the date by which full funding of the Actuarial Account will be achieved.

Ordinance 125191

AN ORDINANCE relating to wastewater and drainage services of Seattle Public Utilities; adjusting wastewater and drainage rates to pass through increased treatment costs charged by King County; amending Sections 21.28.040 and 21.33.030 of the Seattle Municipal Code to reflect the adjusted rates; amending Section 21.76.040 of the Seattle Municipal Code to adjust credits to low-income wastewater and drainage customers; and amending Section 21.33.050 of the Seattle Municipal Code to revise drainage service charge adjustment procedures.

Ordinance 125192

AN ORDINANCE relating to public outreach and engagement; creating a Community Involvement Commission to advise and make recommendations to the Mayor and City Council; amending Sections 3.35.010, 3.35.030, and 3.35.050 of the Seattle Municipal Code; and adding a new Chapter 3.62, consisting of Sections 3.62.010, 3.62.020, 3.62.030, 3.62.040, 3.62.050, and 3.62.060, to the Seattle Municipal Code.

Ordinance 125193

AN ORDINANCE relating to pet licensing; adjusting and simplifying cat and dog license fees; and amending Section 9.26.020 of the Seattle Municipal Code.

Ordinance 125194

AN ORDINANCE increasing the fee for marijuana business licenses; amending Section 6.500.080 of the Seattle Municipal Code.

Ordinance 125195

AN ORDINANCE relating to the levy of property taxes; fixing the rates and/or amounts of taxes to be levied, and levying the same upon all taxable property, both real and personal, in The City of Seattle, to finance the departments and activities of City government and to provide for the general obligation bond interest and redemption requirements for the year beginning on the first day of January 2017; ratifying and confirming certain prior acts; and, by a vote of a majority plus one of the Seattle City Council, finding a substantial need to use, and providing for the use of, 101 percent as the regular property tax limit factor.

Ordinance 125196

AN ORDINANCE relating to the Animal Fee Ordinance; adjusting spaying and neutering fees at the Seattle Animal Shelter Spay and Neuter Clinic; and amending Section 9.26.060 of the Seattle Municipal Code.

Date of publication in the Seattle Daily Journal of Commerce, December 9, 2016.

12/9(344221)