

# Seattle Public Utilities Drainage & Wastewater Rate Proposal

**Presentation to Seattle Public Utilities  
and Neighborhoods Committee**



**June 9, 2015**

# Drainage & Wastewater System

Toilets, Sinks,  
Showers,  
Washing Machines



Roof  
Runoff



Other Stormwater  
Runoff to Streets



King County  
Treatment Plant

Storm Drain, Ditch, Creeks  
or Receiving Water Body

**Combined System**



# Drainage & Wastewater System

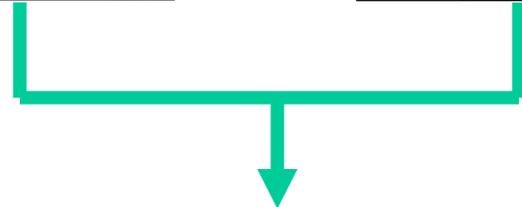
Toilets, Sinks,  
Showers,  
Washing Machines



Roof  
Runoff



Other Stormwater  
Runoff to Streets



**King County  
Treatment Plant**

**Storm Drain, Ditch, Creeks  
or Receiving Water Body**

**Partially Separated System**



# Drainage & Wastewater System

Toilets, Sinks,  
Showers,  
Washing Machines



Roof  
Runoff



Other Stormwater  
Runoff to Streets



King County  
Treatment Plant

Storm Drain, Ditch, Creeks  
or Receiving Water Body

**Fully Separated System**



# Drainage & Wastewater System



**Windermere CSO Storage Project  
(2.05 million gallon storage tank)**

# Drainage & Wastewater System



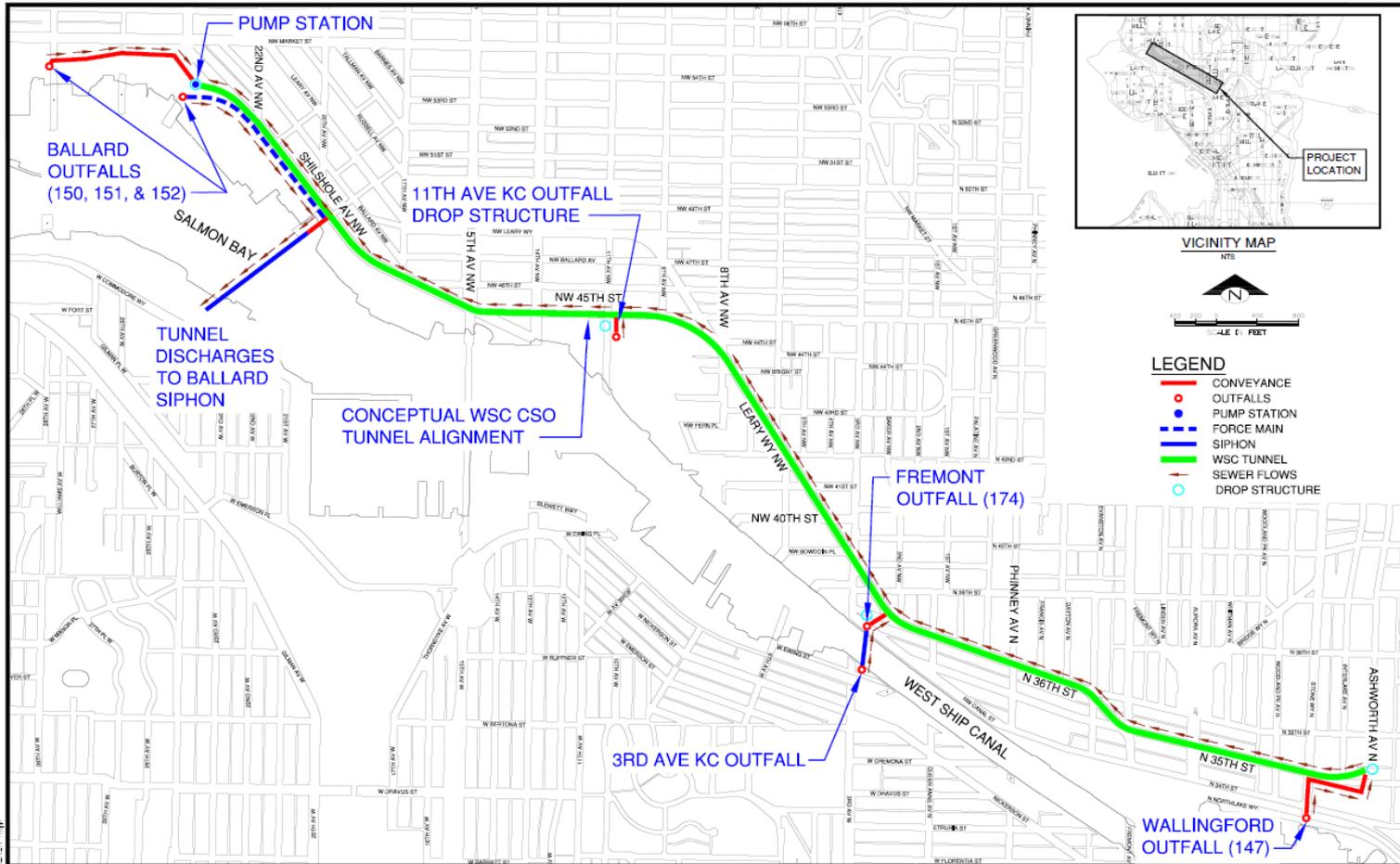
Highpoint



Broadview Green Grid

## Green Stormwater Infrastructure

# Drainage & Wastewater System



## Joint West Ship Canal Project

# Strategic Business Plan Update

**Rate proposal and current projections support SBP promise to customers to stay within 4.6% average annual increase**

<u>SBP</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2015-20</u>
Water	0.0%	5.2%	5.2%	4.1%	4.4%	2.6%	3.6%
Wastewater	0.8%	3.9%	1.8%	2.8%	7.2%	8.1%	4.1%
Drainage	9.8%	10.1%	8.1%	7.8%	8.1%	8.0%	8.6%
Solid Waste	4.2%	3.5%	6.0%	4.0%	2.9%	2.4%	3.8%
Combined	2.7%	5.0%	4.7%	4.2%	5.5%	5.2%	<b>4.6%</b>

	<b>Adopted</b>	<b>Decrease</b>	<b>Increase</b>				
<u>CURRENT</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2015-20</u>
Water	0.0%	1.7%	2.7%	4.5%	4.6%	5.2%	3.1%
Wastewater	0.8%	<b>3.6%</b>	<b>4.6%</b>	<b>2.0%</b>	7.7%	4.5%	4.1%
Drainage	9.8%	<b>9.9%</b>	<b>10.0%</b>	<b>7.6%</b>	11.2%	7.7%	9.4%
Solid Waste	5.1%	3.8%	3.0%	3.6%	5.0%	2.7%	3.9%
Combined	2.9%	4.1%	4.5%	3.9%	6.7%	5.4%	<b>4.6%</b>

Wastewater and drainage include the impact of estimated King County treatment increases in 2017 and 2018.

# Strategic Business Plan Update

## Changes that increase rates

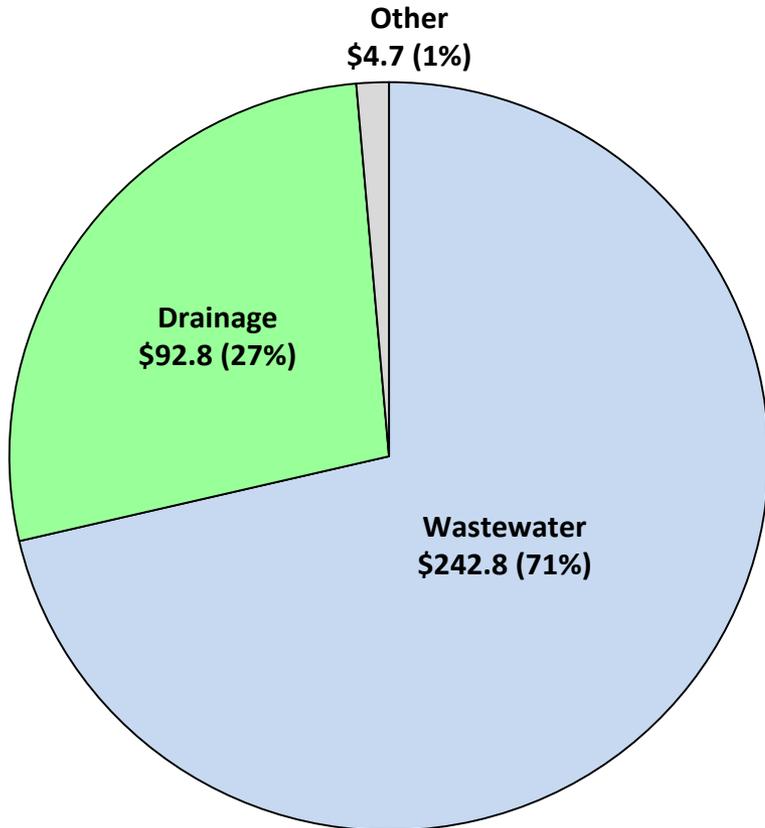
- Loss of Port of Seattle drainage fees beginning in 2016
- Higher CIP forecast
- More gradual reductions in cash balance
- Updated King County estimated treatment rates

## Changes that decrease rates

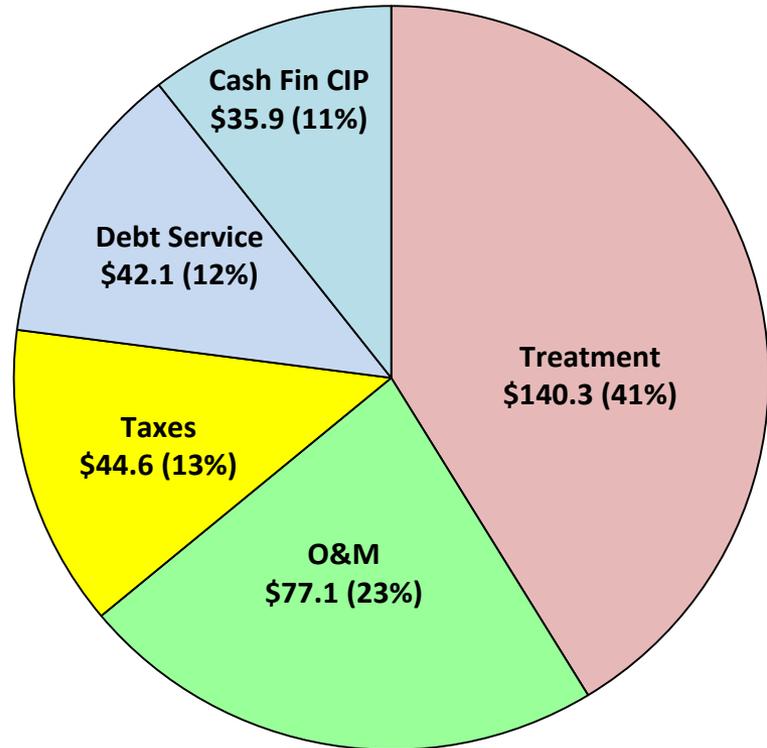
- Improved consumption forecast for 2015-2020
- Improved 2014 results
- Net O&M decrease
- More favorable bond assumptions

# 2014 DWF Revenue and Expenses

## Operating Revenue

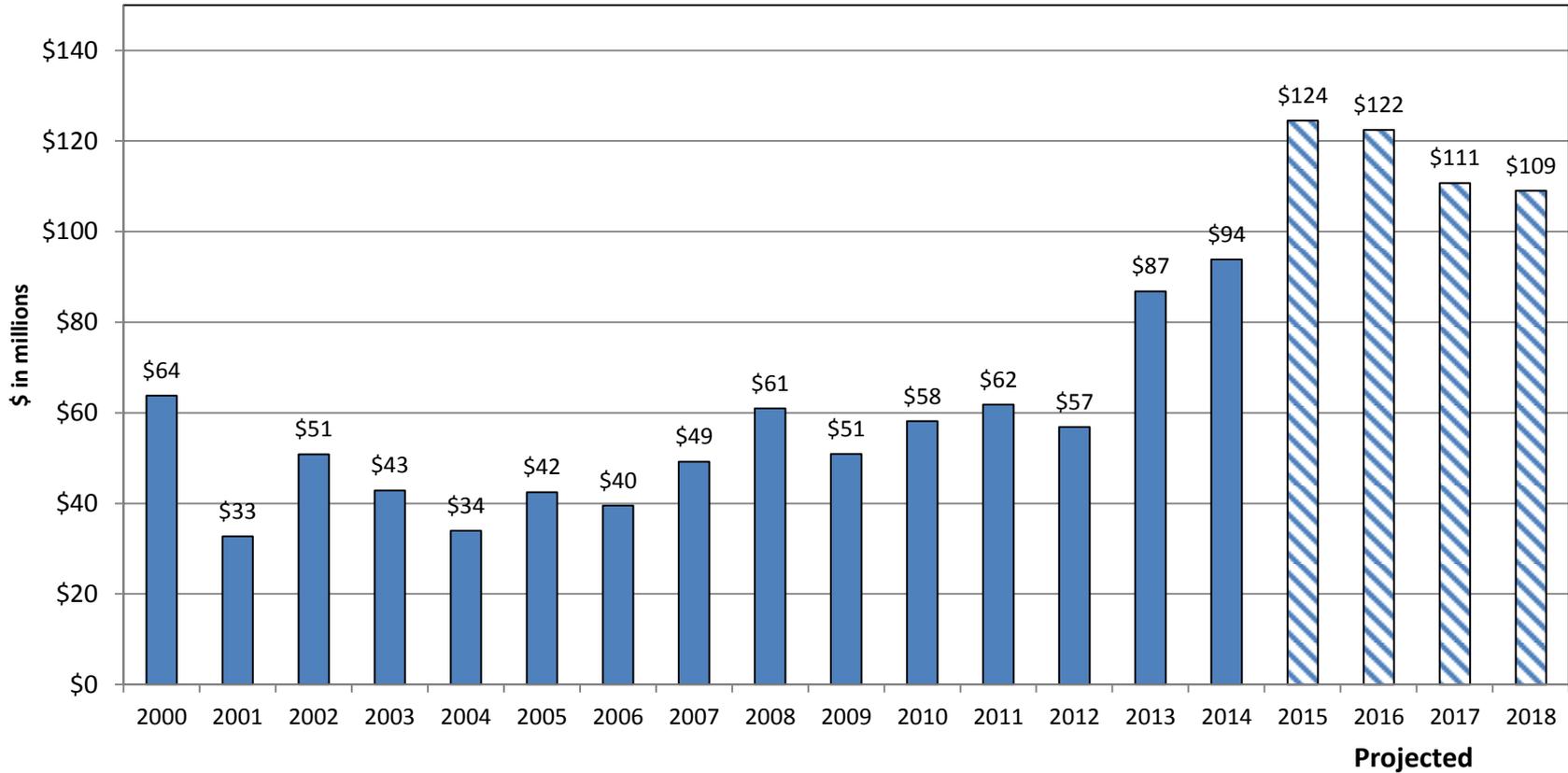


## Operating Expense

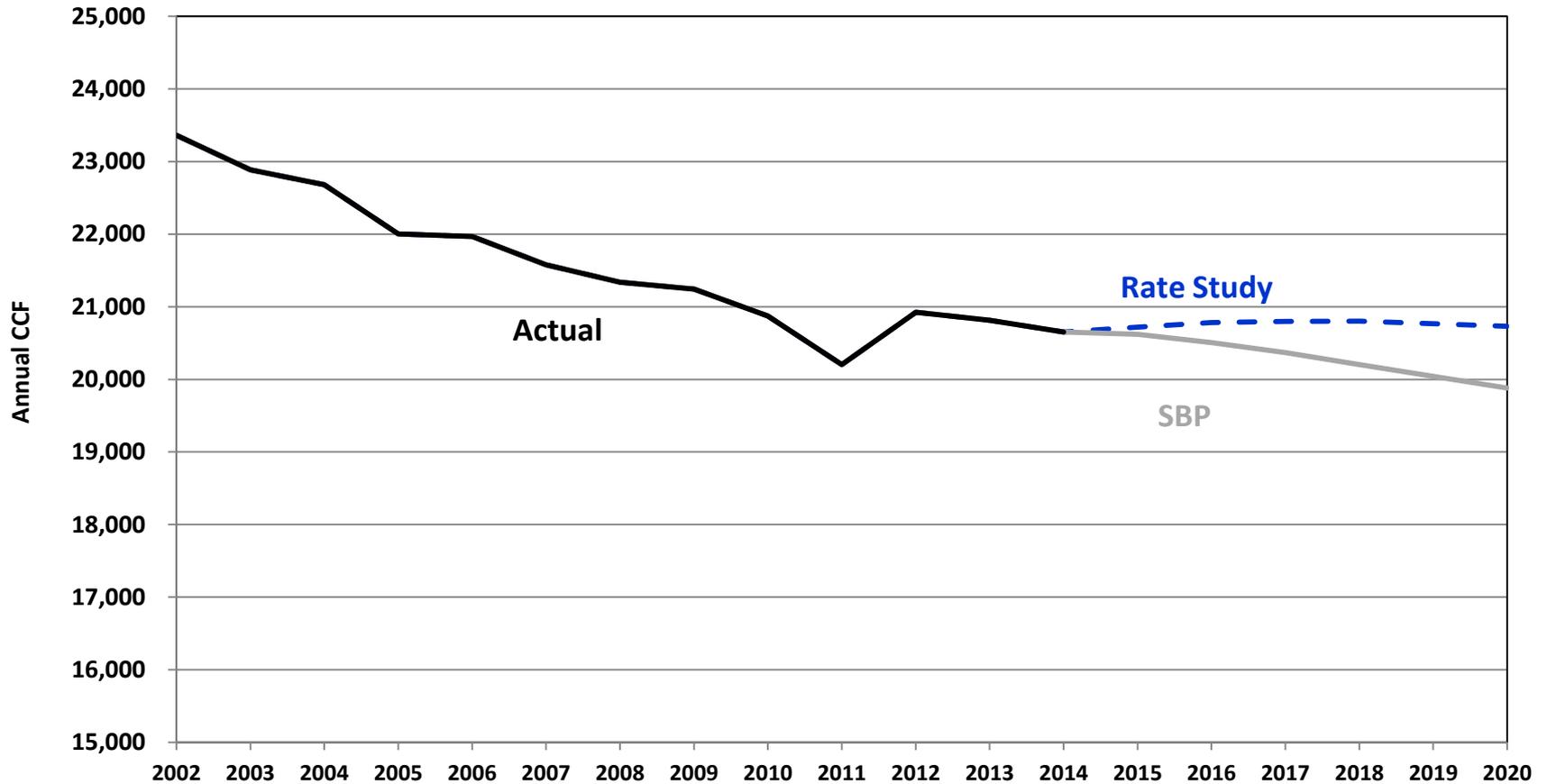


# Drainage & Wastewater Annual CIP

Joint West Ship Canal,  
DWW facility and  
transportation projects



# 2002-2020 Total Billed Sewer Consumption



# Rate Structure

	Residential	Multi-Family	Commercial
<b>Wastewater</b> <i>(Billed on SPU combined bill)</i>	No rate classes - uniform rate per ccf (1 ccf = 748 gallons)		
<b>Drainage</b> <i>(Billed by KC on behalf of SPU)</i>	<u>Lot &lt; 10k sq. ft.</u> Rate groups with flat rate per parcel	Lot > 10k sq. ft.	General Service Rate classes based on percent impervious. Billed on actual parcel size.

## Two components to wastewater and drainage rates:

System rate (funds SPU costs): Adjusted through rate study process

Treatment rate (funds KC treatment): Adjusted through passthrough process

# Wastewater Rate

<u>Ordinance</u>	<u>2015</u> <sup>1</sup>	<u>Proposed</u> <u>2016</u>	<u>Proposed</u> <u>2017</u>	<u>Proposed</u> <u>2018</u>
Rate per CCF	\$11.84	\$12.27	\$12.28	\$12.43
Typical Monthly Residential Bill <sup>2</sup>	\$50.91	\$52.76	\$52.80	\$53.45

## Bill based on metered water usage with adjustments for water not entering sewer system

### Residential

Winter - based on actual usage

Summer - lower of actual summer or average winter use

### Commercial

Actual usage at all times of year

Submeters may be installed to measure non-sewer water use

<sup>1</sup> King County increased treatment rates by 5.6% in 2015; however SPU did not required a passthrough of this increase due to a higher consumption forecast

<sup>2</sup> Based on 4.3 ccf per household per month

# Drainage Rates – Residential < 10,000 sq. ft.

Rate Tiers – Flat rate per tier  
2015 annual bill



0 - 2999 sq. ft. **\$199**



7000 - 9999 sq. ft. **\$444**



3000 – 4999 sq. ft. **\$258**



5000 - 6999 sq. ft. **\$350**

# Drainage Rates – Residential > 10,000 sq. ft.

Based on percent impervious and actual property size  
2015 annual bill for three 15,000 square foot parcels



**\$516**



**\$952**



**\$1,277**

# Drainage Rates – Commercial

Based on percent impervious and actual property size  
2015 annual bill for three 100,000 square foot parcels



**\$1,672**

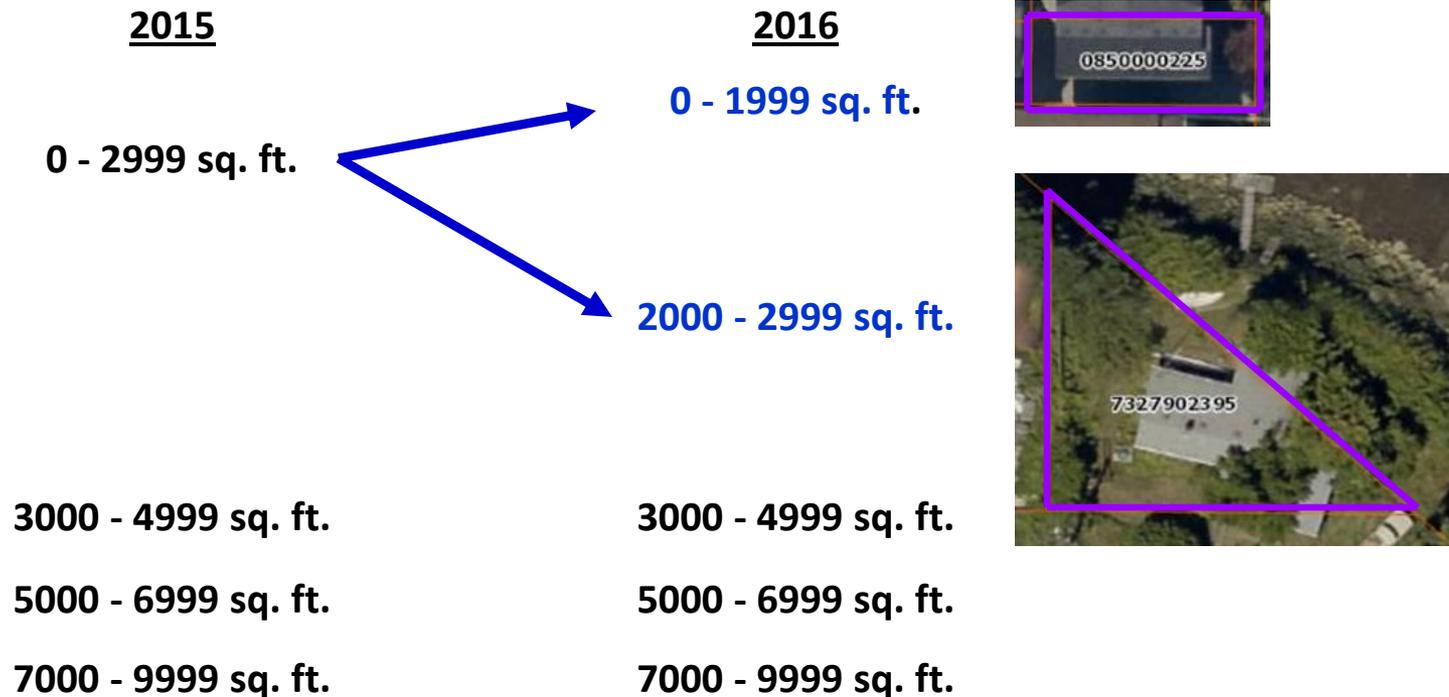


**\$6,368**



**\$10,132**

# Proposed Small Residential Drainage Rate Design Change

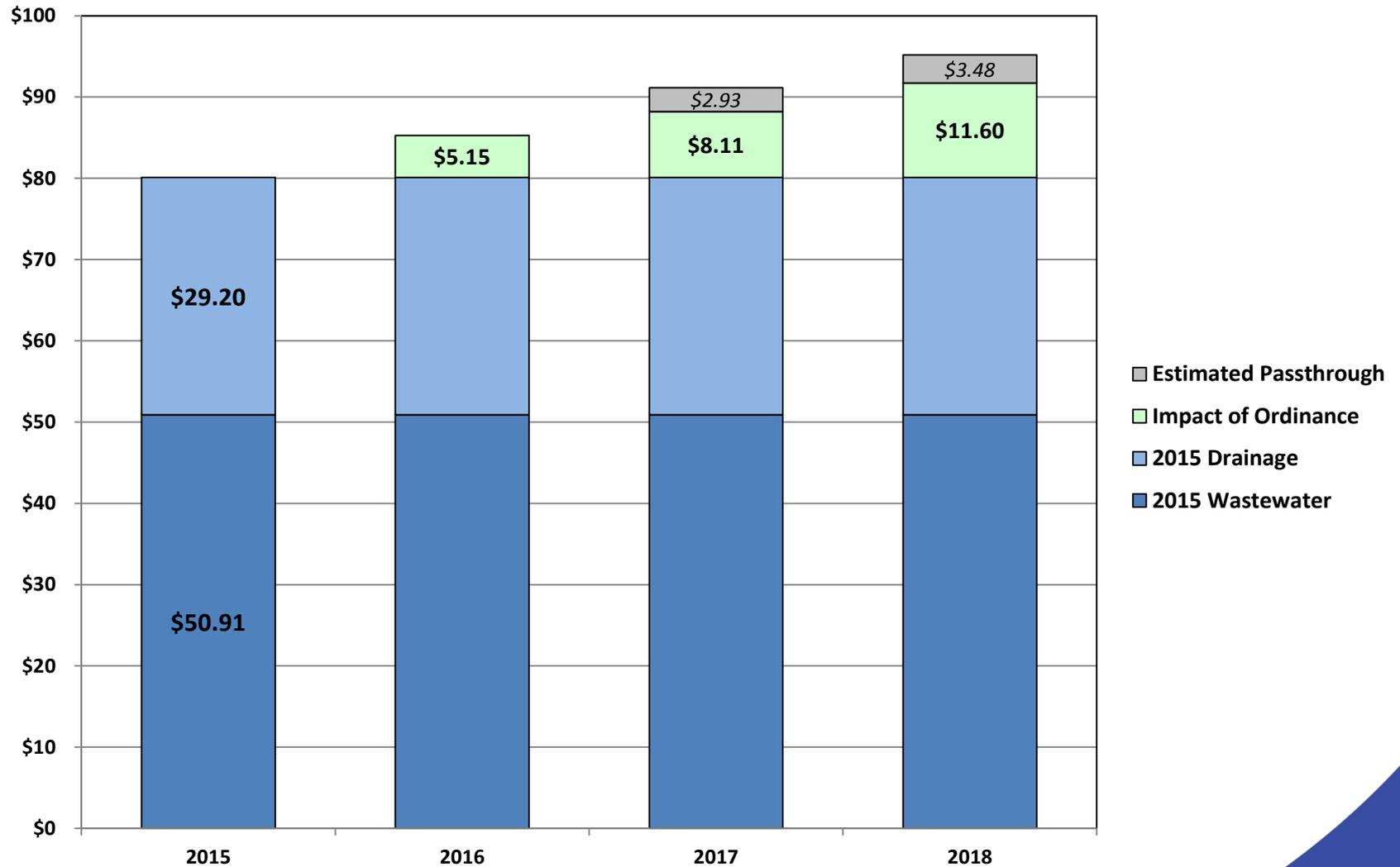


- Split the current small residential 0-2,999 sq. ft. rate tier into two tiers
- Minimizes lot size and percent impervious variances between properties
- Results in greater customer equity so bills more accurately reflect property characteristics and impact to system

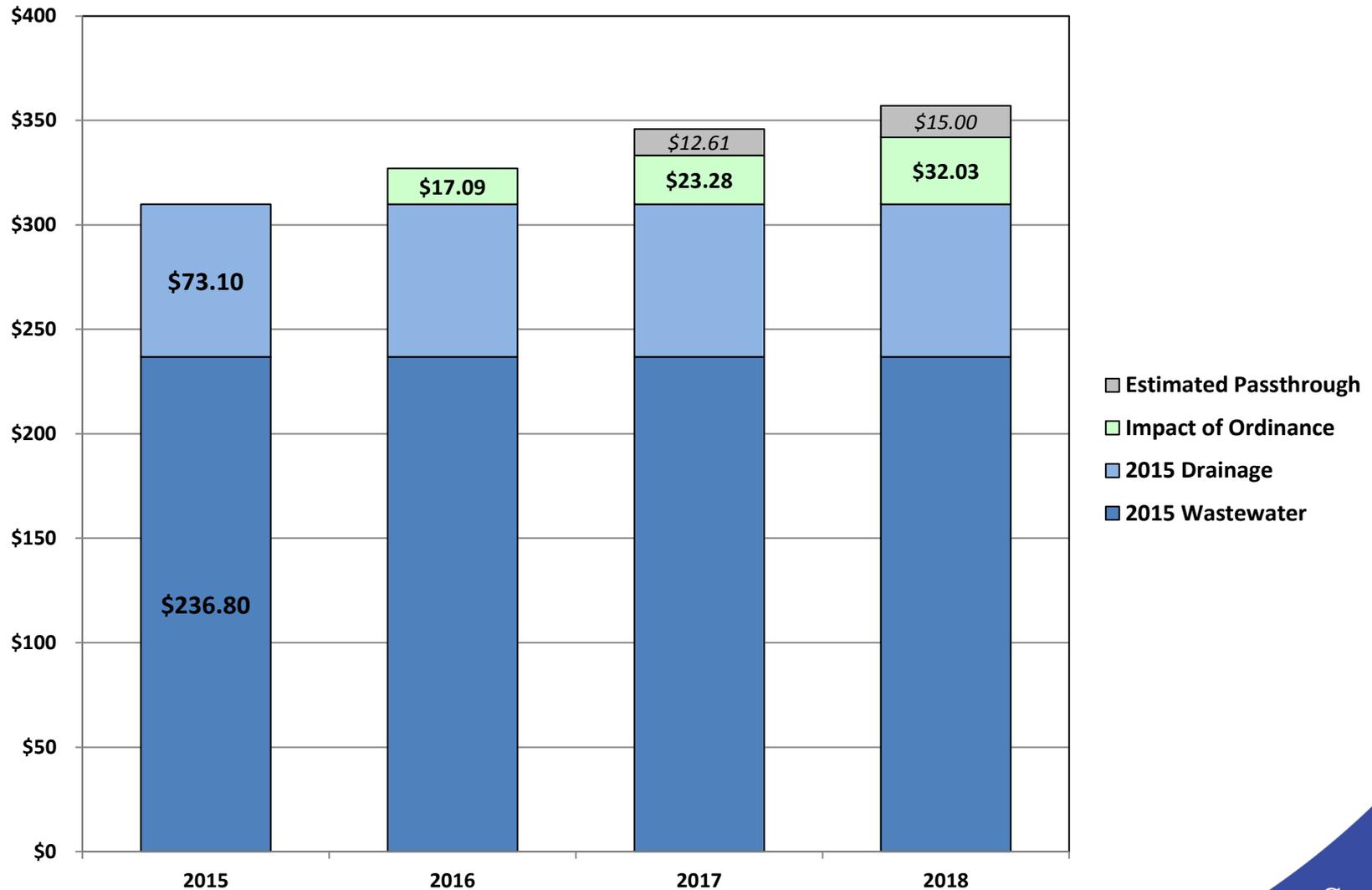
# Drainage Fee – Small Residential Annual Bill/Rate per Parcel

Parcel Size	2015	2016	2017	2018
<b>0 - 1999 sq. ft.</b>	\$198.83	<b>\$123.81</b>	<b>\$139.15</b>	<b>\$153.65</b>
<b>2000 - 2999 sq. ft.</b>	\$198.83	<b>\$206.93</b>	<b>\$229.58</b>	<b>\$250.12</b>
<b>3000 - 4999 sq. ft.</b>	\$258.06	<b>\$286.63</b>	<b>\$313.63</b>	<b>\$340.19</b>
<b>5000 - 6999 sq. ft.</b>	\$350.40	<b>\$390.03</b>	<b>\$424.98</b>	<b>\$459.15</b>
<b>7000 - 9999 sq. ft.</b>	\$443.55	<b>\$491.40</b>	<b>\$534.59</b>	<b>\$576.63</b>

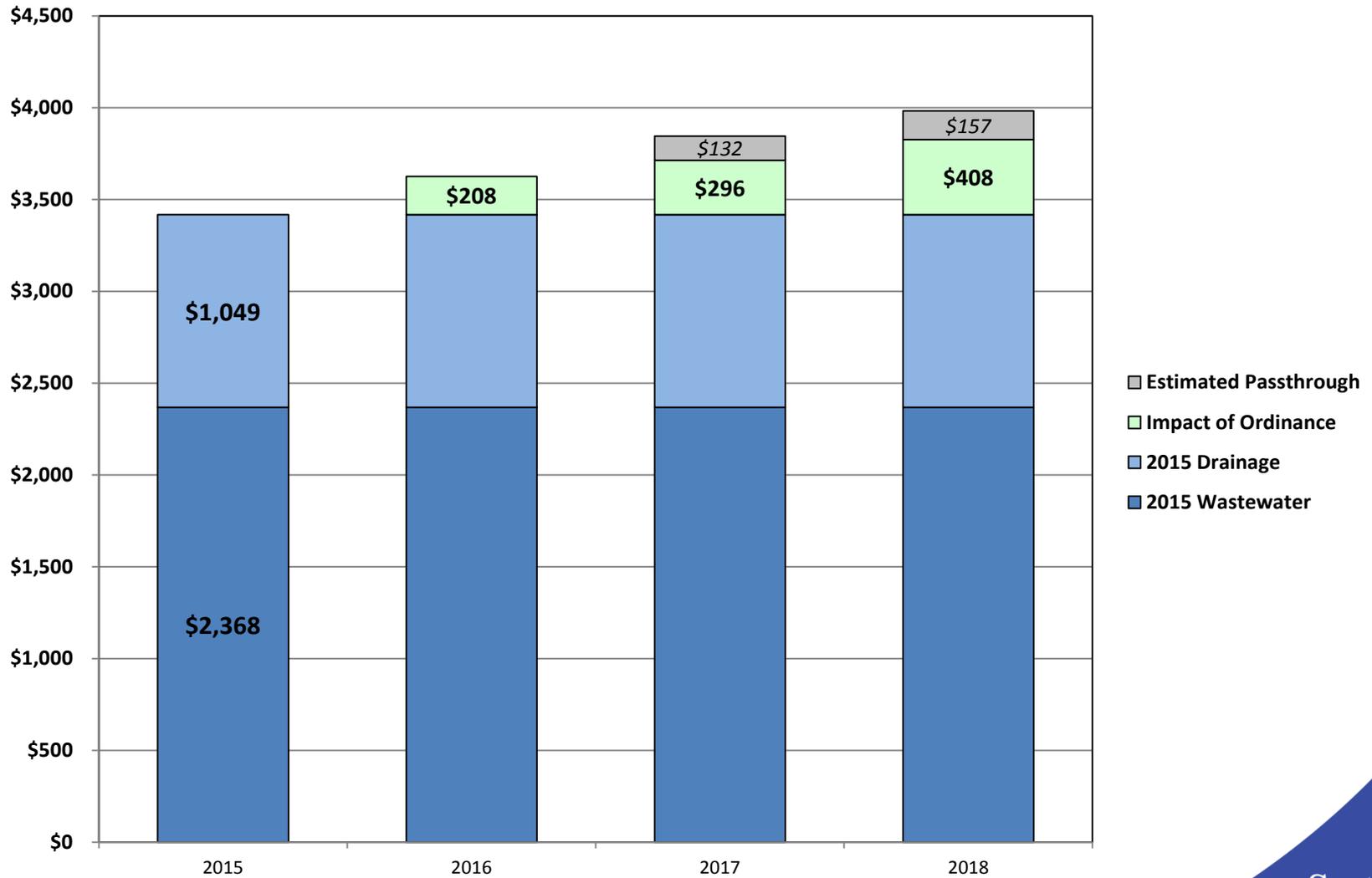
# Monthly Bill Impacts – Typical Residential



# Monthly Bill Impacts – Convenience Store



# Monthly Bill Impacts – Supermarket



# Financial Performance

Parameter	Policy	2014 Actual	2015 Estimated	2016 Proposed	2017 Proposed	2018 Proposed
Net Income	Generally Positive	\$22.0	\$13.5	\$16.5	\$13.9	\$13.4
Debt Service Coverage	1.80 times	2.67	2.24	2.31	2.12	2.02
Year-End Cash Balance	45 Days Operating Expense	\$99.0	\$66.0	\$52.5	\$49.0	\$37.5
	<i>Target</i>	\$28.2	\$29.9	\$30.9	\$31.9	\$32.9
Cash Financing of CIP	25% minimum (4 yr avg)	32%	35%	33%	29%	27%
Debt to Asset Ratio	<=70%	59%	57%	60%	63%	67%
Variable Rate Debt	<= 15% of total debt	0%	0%	0%	0%	0%

**All financial targets met or exceeded for rate period**

# Summary of Rate Proposal

- **Within SBP overall 4.6% average annual rate increase target.**
- **Reflect recent changes in O&M and CIP while maintaining SBP service levels**
- **Reflect latest demand forecasts**
- **Meets or exceeds all financial policies each year.**