



Seattle
Public
Utilities



SPU Customer Review Panel December Quarterly Meeting

Seattle Public Utilities

December 11, 2023



A panoramic view of the Seattle waterfront. In the foreground, the blue water of the harbor is visible. A large white Ferris wheel, the Great Wheel, stands on a pier. To the right, a long, low building with a green roof and yellow walls is labeled 'PIER 56' and has a 'ELIOTT'S' sign. The background is filled with a dense city skyline of various skyscrapers and buildings under a clear blue sky.

Welcome

Andrew Lee

CEO and General Manger, SPU

Public Comment

Andrés Mantilla, BDS Planning



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CRP Business

Andrés Mantilla, BDS Planning



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Mayor's Office & City Council Update

- Budget
- Water Tax

Akshay Iyengar

Brian Goodnight



2025-2030 Strategic Business Plan Seattle Public Utilities

Briefing for Customer Review Panel
December 2023



City of Seattle

Financial Planning

Proposed Investment Recap

- Reviewed proposed investments with SPU Leadership
- Prioritized and adjusted proposals based on need and scope
- Weighed impact on rates of proposed changes
- Examples:
 - North 'One Water' Operations Facility
 - In-House Water Quality Treatment
 - Field Engineering Improvements Program



Prioritization Process

Critical -- These are the “Must-do’s”, including:

- Regulatory requirements
- Necessary to support baseline work
- Responding to O&M needs from Capital work

Smart – this is growth in focused, high need areas:

- Front-line O&M
- Customer Service
- Project Controls & Delivery
- Asset Management
- Human Resources



Priority Investment Examples

Critical Investments

- Tolt and Cedar Treatment Plants
- Arc Flash Safety Investments
- SPU Facility Investments
- Duwamish Outfall Regulatory Work
- Side Sewer Assistance
- HR Technology Investments

Smart Investments

- Field O&M Support & Staff
- Expanded Side Sewer Assistance
- Watershed Recreation Areas
- Asset Management
- Project Delivery & Controls
- Tribal Liaison
- HR staffing



Current Economic Environment

Inflation · Regulatory · Infrastructure · Interest Rates · Contracts

- Increasing operational expenses
 - Inflation – particularly with healthcare and labor
- Increasing capital expense
 - State and Federal regulatory compliance projects
 - Maintenance of aging capital infrastructure
 - Increased interest rates from historical lows
- Increasing contractual obligations
 - King County Sewer Treatment rates are projected to increase annually from 5.75% to 7.0% by 2030.



Adopted Rate Path

	2021	2022	2023	2024	2025	2026	2021-26
Adopted Rate Path	4.5%	3.9%	5.0%	2.2%	5.4%	4.2%	4.2%

- Adopted by Council in Spring 2021
- King County rate increases of 10.25% by 2025
- Managed supply chain and post-COVID cost increases through aggressive financial management with low interest loans and underspending



Rate Path – Option 1

Rate Path

Option 1	2025	2026	2027	2028	2029	2030	2025-30
All Proposed Investments + AMI	4.3%	4.3%	5.5%	4.9%	5.6%	4.6%	4.9%

- All proposed investments (Critical and Smart)
- Automated Metering Infrastructure (AMI)

Bill Impact

Option 1	2024	2030	Growth
Water	\$50.12	\$65.21	\$15.09
Wastewater	\$77.96	\$110.75	\$32.79
Drainage	\$59.34	\$83.90	\$24.56
Solid Waste	\$57.85	\$69.48	\$11.63
All Proposed Investments + AMI	\$245.27	\$329.33	\$84.06



Rate Path – Option 2

Rate Path

Option 2	2025	2026	2027	2028	2029	2030	2025-30
Critical Investments + AMI	4.2%	4.3%	4.9%	4.8%	5.2%	4.5%	4.7%

- Critical Investments Only
- AMI

Bill Impact

Option 2	2024	2030	Growth
Water	\$50.12	\$64.16	\$14.04
Wastewater	\$77.96	\$109.86	\$31.90
Drainage	\$59.34	\$81.70	\$22.36
Solid Waste	\$57.85	\$69.07	\$11.22
Critical Investments + AMI	\$245.27	\$324.79	\$79.52



Rate Path – Option 3

Rate Path

Option 3	2025	2026	2027	2028	2029	2030	2025-30
Critical Investments, No AMI	4.1%	4.3%	4.2%	4.4%	5.2%	4.6%	4.5%

- Critical Investments
- No AMI

Bill Impact

Option 3	2024	2030	Growth
Water	\$50.12	\$62.40	\$12.28
Wastewater	\$77.96	\$108.63	\$30.67
Drainage	\$59.34	\$81.32	\$21.98
Solid Waste	\$57.85	\$69.07	\$11.22
Critical Investments, No AMI	\$245.27	\$321.42	\$76.15

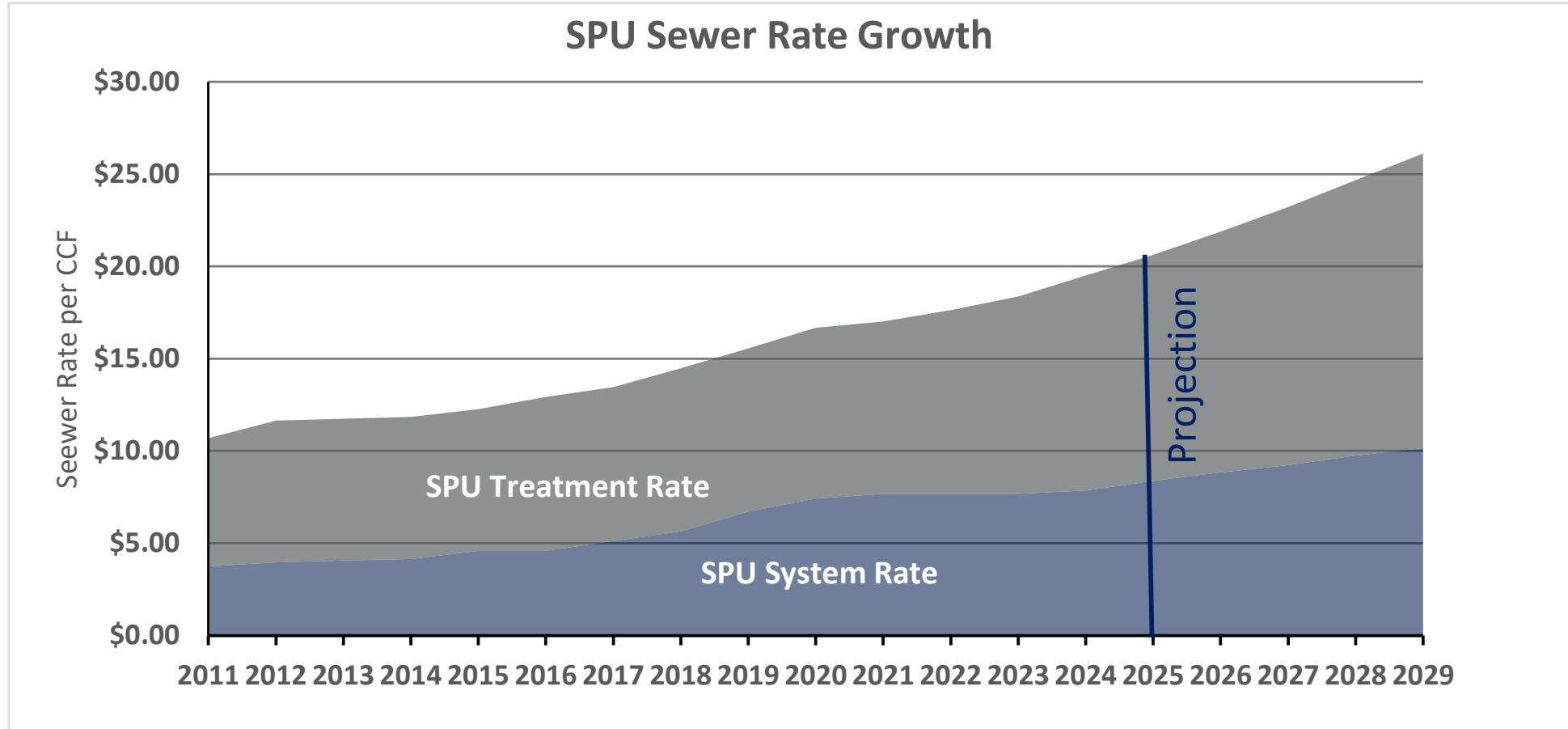


Rate Path Summary

	2025-30 Average Growth	2030 Combined Bill
Option 1 - Critical & Smart Investments + AMI	4.9%	\$329.33
Option 2 - Critical Investments + AMI	4.7%	\$324.79
Option 3 - Critical Investments, No AMI	4.5%	\$321.42



King County Treatment Rate



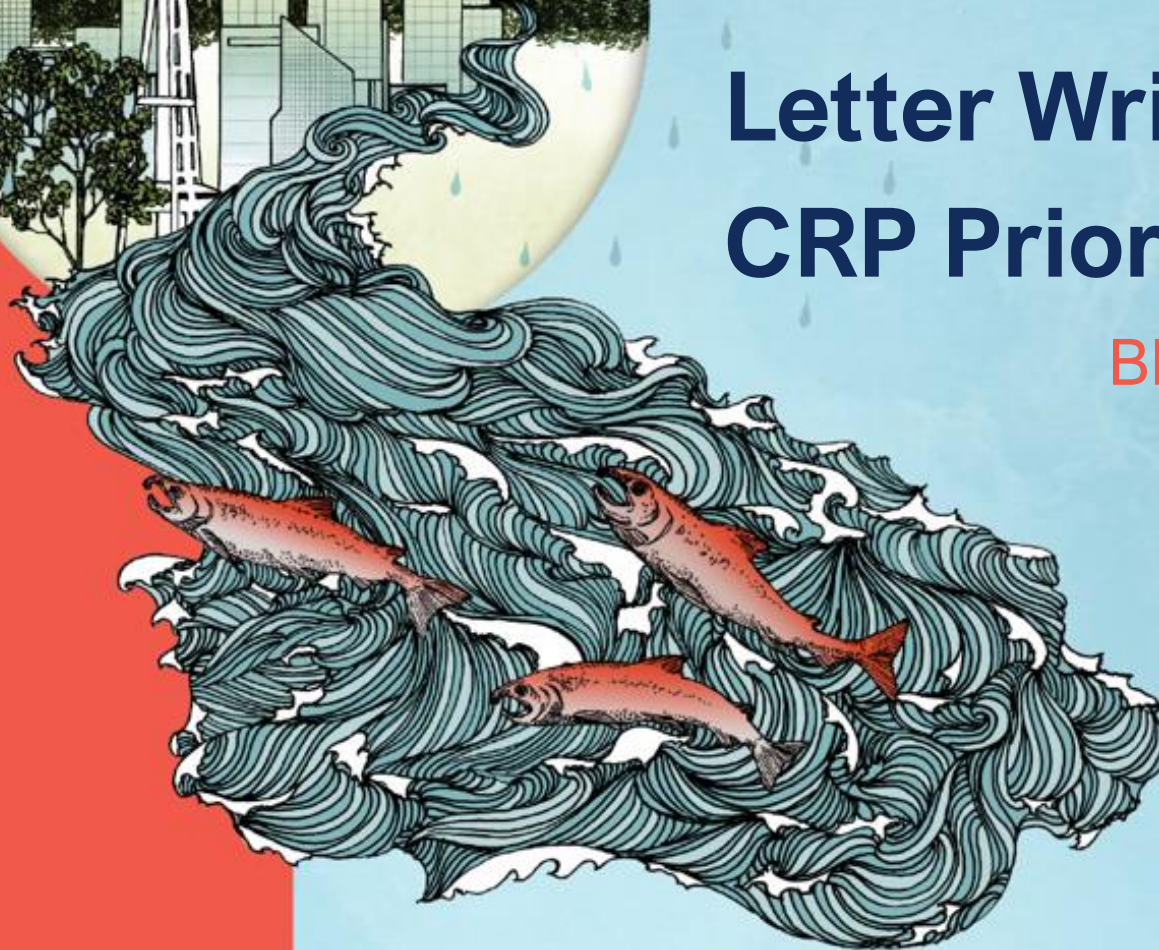


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Letter Writing Process & CRP Priorities

BDS Planning



Hold for BDS Slides



SBP Initiatives & Investments with CRP Strategic Priorities

CRP Strategic Priorities				
Policy & Advocacy				
	Affordability & Accessibility	Asset Management & Infrastructure	SPU Workforce	Climate Resiliency
CRP Priorities	<ul style="list-style-type: none"> • North 'One Water' Operations Facility** • Side Sewer Assistance ** • Customer Affordability Programs ** • Alternative Funding and Financing ** • Cedar and Tolt Watershed Resilience 	<ul style="list-style-type: none"> • North 'One Water' Operations Facility ** • DWW Asset Management Program ** • Duwamish Valley Resilience ** • Field Engineering Improvements Program • Water Supply and System Planning • Cedar and Tolt Watershed Resilience 	<ul style="list-style-type: none"> • North 'One Water' Operations Facility ** • Field Engineering Improvements Program 	<ul style="list-style-type: none"> • Duwamish Valley Resilience ** • 2030 Carbon Neutrality and Sustainable Operations ** • Seeds of Resilience and Waste Free Communities Grant Investments ** • Cedar and Tolt Watershed Resilience • Water Asset Management and Seismic Program
Need More Info	<ul style="list-style-type: none"> • SPU Clean City and Support Services for Unsheltered ** • In-house Water Quality Treatment 	<ul style="list-style-type: none"> • Water Asset Management and Seismic Program ** • In-house Water Quality Treatment • Automated Metering Infrastructure (AMI) 	<ul style="list-style-type: none"> • Equity in Contracting ** • Employee Life Cycle Initiatives ** 	<ul style="list-style-type: none"> • Shape Our Water ** • Seeds of Resilience and Waste Free Communities Grant Investments **
Uncategorized	<ul style="list-style-type: none"> • Strategic Technology Plan 			

Closing & Adjourn

Andrés Mantilla, BDS Planning



City of Seattle