

10/14/20 DRAFT

Delivering the Essentials

Every day, Seattle Public Utilities delivers essential water and waste management services to 1.5 million people in the greater Seattle area. People, community, and the environment depend on us and we are honored to do this work.

The challenges of 2020—coronavirus, climate change, pollution, racial injustice, and unaffordability—remind us that as a community, we need to care for each other and work together to shape our future.

While we deliver high-quality drinking water, drainage and wastewater, and solid waste services, we are also looking for opportunities to build on our legacy as a public utility. Maintaining our focus on innovation, leadership, and strong partnerships will help us shape our Community Centered, One Water, Zero Waste future.

The 2021-2026 Strategic Business Plan focuses our priorities, guides essential service delivery, and maximizes the benefit of every dollar. Our strategies around pollution and climate change are designed to contribute to a more just economy and sustainable future.

The plan reflects guiding principles that are at the center of our work ethic: understanding and responding to customers and community, ensuring affordability and accountability, addressing risk and resilience, enhancing equity and empowerment, and delivering service and safety.

Seattle Public Utilities employees are proud to serve our region.

[SIDEBAR OR CALL OUT]

OUR MISSION: Seattle Public Utilities fosters healthy people, environment and economy by partnering with our community to equitably manage water and waste resources for today and for future generations.

OUR VISION: COMMUNITY Centered, ONE Water, ZERO Waste

[END SIDEBAR]

The plan focuses our work in four areas:

[DESIGN NOTE: Strategies within each of the four priority areas will be highlighted with compelling visuals and illustrative cutlines]

1. Delivering essential services
 - Provide high-quality services: We're here 24/7, providing safe tap water, reducing waste and litter, managing wastewater and stormwater, and responding to customers.
2. Stewarding environment and health
 - Develop One Water resilience: We protect water sources by cultivating healthy, adaptable watersheds and ecosystems and by using integrated and equitable water management strategies.
 - Advance Zero Waste: We support and advance policies and practices that create circular economy and reduce Seattle waste and carbon pollution as rapidly as possible.
 - Highlighted strategies: Green Infrastructure and Food Rescue.
3. Empowering our customers, community and employees
 - Remove barriers to access: We support and uplift residents and businesses by ensuring equitable access to services, information, and educational materials to help everyone steward our precious resources.
 - Partner with community to maximize the benefits of SPU investments: We are improving our investment strategies in ways that help SPU contribute to economic opportunity, enhance livability, and build sustainability.
 - Invest in our employees: We are cultivating a dynamic and diverse work culture that prioritizes racial equity and attracts, inspires, and invests in existing and future employees—our most valuable resource.
 - Highlighted strategies: Side Sewer Repair Pilot, South Park Resilience District, Race and Social Justice Strategic Plan, Investing in SPU Facilities.
4. Strengthening our utility's business practices
 - Be an adaptive, learning organization: We are focused on continuous improvement and deepening our culture of safety, excellence, and innovation.
 - Enhance ratepayer affordability: We are focused on financial sustainability and careful use of our resources to help us manage costs for our ratepayers.
 - Manage assets and risk optimally: We are investing in operations, infrastructure and technologies that carefully manage SPU risks, resilience, and effectiveness.
 - Highlighted strategies: Smart Street Sweeping, Seismic Resilience Funding Collaboration, and Asset Management Programs.

The plan will guide our actions and help prioritize our investments over the next six years within a predictable rate path that allows SPU to continue to provide residents with reliable, quality service and deepen commitments to community and the environment.

Rate Path Update

SPU has been working to reduce costs and rate increases over time. The growth in the cost to provide services for the 2021-2026 period is projected to be lower than in the 2018-2023 period. This is due in part to:

- Improving capital investment planning to better reflect experience,
- Using cash balances to smooth rate changes,
- Negotiating lower solid waste contract rates, and
- Reducing the cost of borrowing money.

At the same time, several factors are increasing costs including:

- Higher than expected increases King County wastewater treatment charges to cities,
- Funding for large capital projects required for state and federal regulatory compliance,
- Targeted funding increases to address deferred maintenance of aging capital assets, and
- Further efforts to reduce the amount of pollutants entering our natural waters.

The following table describes the projected three-year rate path and projected three-year rate forecast for a six-year period, by line of business and combined.

Projected 2021-2026 Average Rate Increases

	Rate Path			Rate Forecast			Average
	2021	2022	2023	2024	2025	2026	
Water	0.0%	2.7%	4.7%	3.6%	4.2%	5.5%	3.4%
Sewer	7.3%	3.1%	5.9%	0.5%	7.8%	3.6%	4.7%
Drainage	7.4%	8.6%	7.2%	3.9%	6.5%	6.7%	6.7%
Solid Waste	2.9%	2.9%	2.2%	2.3%	2.1%	2.1%	2.4%
Combined	4.5%	3.9%	5.0%	2.2%	5.4%	4.2%	4.2%

July 2020, Preliminary Rate Projection

Rate Impact to Customers

Our website provides tables to explain the projected rate path by showing typical monthly bills for several different types of customers. [\[Add URL.\]](#)

[CALL OUT OR SIDEBAR: Assistance for Customers with Lower Incomes]

There are several ways lower-income customers can find help with their SPU bill:

- Conservation programs help customers lower their usage and bills through more efficient appliances and home improvements.
- The Utility Discount Program provides ongoing bill assistance to the lowest income families.
- The Emergency Assistance Program provides a credit of up to \$448 toward one bill per year for low-income households (or two bills per year, for low-income households with children).
- Community members can donate to SPU's new customer assistance fund.

Learn more about Delivering the Essentials: The 2021-2026 Strategic Business Plan at [\[INSERT URL.\]](#)

Due to the coronavirus pandemic, SPU's 2021-2026 Strategic Business Plan and associated rate path recommendations have not been transmitted to the Mayor or City Council. Updates will be made to the plan to reflect current economic conditions, prior to formal submission. The current plan framework and priorities are already guiding SPU's work. The rate paths previously approved by City Council remain in effect.