Managing Essentials: Resources, Rates, and Regulations

Danielle Purnell
Seattle Public Utilities
Water Is Essential

Thousands have lived without love, not one without water.
- W. H. Auden
We are all bodies of water, connected to one another through the water web. Your body of water is connected to streams, rivers, lakes, tides, waterfalls, toilets and faucets... to present homes, childhood homes and ancestral ones by memory, by the water cycle, by stories... tell your story.

POET JOURDAN KEITH
SEATTLE

POETRY ON BUSES
YOUR BODY OF WATER

Water Utilities Are Essential Service Providers
Three Pillars of Water Equity

1) Ensure all people have access to clean, safe, affordable water service

2) Maximize the community and economic benefits of water infrastructure investment

3) Foster community resilience in the face of a changing climate

- An Equitable Water Future, US Water Alliance 2017
What we invest in matters
Natural Capital
2018 SPU Annual Budget - $1.2B

- Capital Improvement Project (CIP), $295
- Operations & Maintenance (O&M), $873

Financial Capital
Evolution in Utility Management...
Built for a Drip, Not a Downpour

“Cities don’t have the luxury of climate denial and cannot wait for federal leaders to embrace science. The effect of inaction is already at our doorstep.”

– Seattle Mayor
Jenny Durkan
Integrated Approaches

“Look deep into nature, and then you will understand everything better.”
– Albert Einstein

Cities, in love with clean lines, right angles and a sense of order, will train their rivers and creeks to act more grid-like.
Affordability Matters
Growing cost of living and income disparity

Zillow Home Value Index

$767,000

15.4% 1-year change
8.1% 1-year forecast

Zillow Rent Index

$2,592 (Seattle)
$2,244 (Seattle Metro)
$1,452 (United States)

In 2016, the top 20 percent of Seattle households took home 53 percent of the total income earned by city residents, a 3% increase from 2015.

Seattle households

<table>
<thead>
<tr>
<th>Share of 2016 income</th>
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<tr>
<td>TOP EARNING</td>
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<td>20%</td>
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<td>BOTTOM EARNING</td>
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<td>20%</td>
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Note: Each 20% represents 63,825 households
Sources: U.S. Census Bureau

EMILY M. ENG / THE SEATTLE TIMES

City of Seattle
Local Incomes and Self Sufficiency

• More than 50% of Seattle households reported annual incomes of <$50K in 2016.

• A Seattle household of four needs $75K each year to pay for basic living needs, according to a 2017 report.
SPU Bills v. Inflation and Income (1989-2016)

- SPU Bills
- Inflation (CPI)
- Highest Income Quintile
- Lowest Income Quintile
SPU Bill Benchmark


- Atlanta
- SF
- NYC
- Boston
- Seattle
- Baltimore
- Portland
- Everett
- Tacoma
- Milwaukee

Legend:
- Water
- Sewer
- Stormwater
SPU – CIP Spending (1995-2023)
Utility Costs: Impact those who can least afford it

- Low-income
- Fixed-income
- Traditionally underserved communities
SPU Utility Discount Program

- Serves 33,000+ households
- Based on income eligibility
- 50% discount on utility bills
- Auto-enrollment program for affordable housing residents
Emergency Assistance Program

• Customers at risk of water service shutoff

• 50% reduction unpaid bill
SPU Affordability + Accountability Strategy

**Reasonable Rates**
Keeping rates as low as possible for as long as possible.

**Assistance**
Ensuring customers can access utility services without risk of shutoff.

**Responsible Investment**
Calibrating service levels and investments with needs, risks, and maximum value for least cost.

**Performance**
Bringing transparency to how ratepayer money is spent and the value of those investments.
Ten Big Levers

- Budget Building and Management
- Financial Policies and Practices
- Revenue Recovery
- Alternative Financing and Partnerships
- Capital Project Planning and Delivery
- Contracts, Services, Levy Negotiations
- Regulatory Alignment to Benefit
- Process and Staffing Efficiency
- Customer Assistance Programs
- Workforce Development + Opportunities
Partnerships Are Essential
Growing Regulation
Regulatory Approaches

C S O S D W W T P M S 4
Water Funding Has Tanked
Gathering ingredients to make fresh stormwater recipe.
Stormwater is major source of pollutant loading to local water bodies

- **Stormwater from MS4 Outfalls**
  - Annual Total Suspended Solids (TSS) to Receiving Waters: 174,000 Kg TSS/Year

- **Combined Sewer Overflows**
  - Annual Total Suspended Solids (TSS) to Receiving Waters: 584,000 Kg TSS/Year

- **Stormwater from combined system and POTW**
  - Annual Total Suspended Solids (TSS) to Receiving Waters: 514,000 Kg TSS/Year

- **Sewage from combined system and POTW**
  - Annual Total Suspended Solids (TSS) to Receiving Waters: 5,560,000 Kg TSS/Year

Puget Sound, Duwamish Waterway, Lake Washington, Lake Union, Ship Canal, creeks
Centering On What’s Essential...