

The Seattle Times

Winner of Nine Pulitzer Prizes

Local News

Originally published Tuesday, January 21, 2014 at 8:45 PM

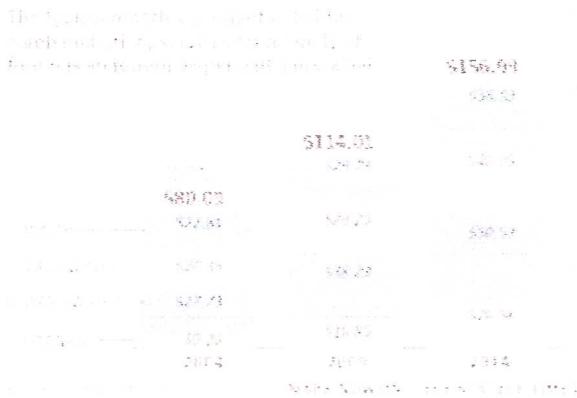
Seattle Public Utilities seeks steep rate hikes

Seattle Public Utilities says an almost 5 percent increase in rates for water, sewer, garbage and stormwater collection for each of the next six years is necessary to maintain its current level of services. It wants to hear from the public about its rate proposal and priorities.

By Lynn Thompson

Seattle Times staff reporter

Steadily climbing bills



Officials at Seattle Public Utilities say they will need to raise rates for residential garbage, water, sewer and stormwater collection about 30 percent over the next six years to maintain current service levels. The average bimonthly household utility bill would increase about \$16 each year — going from \$325 in 2015 to \$422 in 2020.

The utility will hold public meetings starting next month to get feedback on whether it should reduce some current operations or planned capital projects and recommend lower rates or smaller increases, or add to its work plan and raise rates even more.

“This is the start of a conversation we want to have with customers,” said utility director Ray Hoffman. “Some customers want us to focus on operational excellence and an easy customer experience. Some want to protect the environment and public health. We want to get a feel for what matters most to our customers.”

The decision to raise rates ultimately will be made by the City Council in the fall.

Hoffman said the biggest drivers of the potential rate increases include the city’s costs for King County wastewater treatment (about \$150 million a year), solid-waste collection and disposal (about \$80 million per year), and projects already under way, including a new \$92.4 million North Transfer Station for garbage and recycling.

The city also is under a settlement agreement with the U.S. Environmental Protection Agency and state Department of Ecology to reduce sewage overflow into Puget Sound and Lake Washington, projects estimated to cost \$500 million through 2025, Hoffman said.

In the past, the utility has introduced separate rate proposals for its different lines of business. Last year, the City Council asked the utility to develop a six-year plan that incorporated all anticipated increases.

“Resetting rates every year wasn’t customer friendly,” said City Councilmember Jean Godden, former chairwoman of the council’s Utilities Committee.

She said that as rates were raised over the past two years, the council heard concerns from residents that their bills were going up significantly faster than inflation.

Over the past decade, the utility's rates have gone up 96 percent, while the rate of inflation in the Seattle-Tacoma area has risen 25.6 percent.

Seattle has higher utility rates than several of its neighbors. The typical combined monthly bill in Seattle in 2012 was \$139. It was \$126 in Tacoma, \$126 in Portland and \$127 in Bellevue, according to figures provided by Seattle Public Utilities.

Hoffman said that about half the potential 4.7 percent annual increase is inflation in operations and maintenance. About 28 percent is for debt payments for capital projects over the next six years, including upgrades to drainage in South Park and Broadview to address chronic flooding.

About 7 percent of the increase would pay for utility taxes that go into the city's general fund.

The utility is considering switching residents to every-other-week garbage collection. That would save between \$5 million and \$6 million annually in costs but wouldn't necessarily translate into lower rates. Customers who kept the same-size garbage cans could see slight reductions in their bills, said Andy Ryan, SPU spokesman.

The utility has commissioned an efficiency study to compare its business practices with similarly sized utilities. The results will be presented to a Customer Advisory Panel, which will make a recommendation on rates to the mayor and City Council in summer.

The panel is made up of some business and industrial customers, residential customers, a representative of low-income residents, a University of Washington economist and a former suburban utility manager.

Seattle Times news researcher Gene Balk contributed to this report.

Lynn Thompson: lthompson@seattletimes.com or 206-464-8305. On Twitter @lthompsontimes