



2025-2030 Strategic Business Plan Update

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Our Message to You

Our rapidly changing world brings heightened challenges to water and waste management. Rising temperatures and increased pollution are threatening our waters. Wildfires are commonplace. Annual flooding, like the Duwamish River overtopping, demands constant preparedness. Local salmon runs are the lowest in decades. When I moved to Seattle more than 20 years ago, nobody talked about wildfire smoke impacting our summers or the Duwamish River overtopping its banks. But today, these risks and others are frequent topics of conversation, and they are impacting our daily lives. This is particularly true for the most vulnerable in our city. Simply put - climate change and environmental pollution present major challenges for water, land, and waste management.

I want you to know Seattle Public Utilities is rising to meet these challenges. We are committed to protecting and regenerating our environmental resources, safeguarding and enhancing our built infrastructure, and investing in our communities—particularly in those that are most vulnerable. As we face a changing world, we remain dedicated to delivering life-sustaining services for you.

- We are working 24/7 to ensure the delivery of water, waste, and customer assistance to Seattle residents and businesses;
- We are protecting almost 100,000 acres of mountain watershed against pollution and wildfire to provide safe and reliable drinking water to 1.6 million people;
- We are building massive underground tunnels to reduce sewage overflows into local water bodies by over 89%;
- We are investing in green stormwater infrastructure and urban tree canopy to naturally treat 820 million gallons of polluted stormwater each year;
- We are partnering to clean up contaminated sediment in the Duwamish River, benefitting environmental justice communities like South Park and Georgetown;
- We are forging public-private partnerships to build a more circular economy by preventing food waste from entering landfills and supporting reuse networks; and
- We are moving upstream to reduce waste and pollution by developing new legislation that requires the companies that produce goods and materials to design for less waste and pay for the cost of product recycling or disposal.

SPU's vision is simple: **Community Centered, One Water, Zero Waste**. We are committed to putting you at the center of what we do and being at the forefront of addressing essential service delivery, climate change, environmental pollution, and inequity. This Strategic Business Plan Update is the guiding document to help us get there.

We are honored to partner with you to build a future where waste is reduced, precious water resources are valued, and communities benefit.

Sincerely,

Andrew Lee
General Manager / CEO
Seattle Public Utilities

About Seattle Public Utilities

Every day, SPU delivers essential, life-sustaining water and waste services while protecting public health and our environment to ensure healthy, thriving communities. About 1,450 SPU employees, including our vital front-line workforce, work tirelessly together to deliver reliable and efficient utility services to 1.6 million people in the greater Seattle area. Our services include:



Drinking Water

We deliver safe and clean drinking water from our protected mountain watersheds to your home and work.



Garbage, Recycling, and Composting

We provide collection and disposal services, as well as programs to reduce waste.



Sewer

We protect public health and the environment by taking dirty water out of your home and waterways.



Drainage

We manage stormwater to keep our waterways clean and prevent flooding.



Clean City Programs

We remove litter, graffiti, needles, dumped materials, and other hazards to keep Seattle clean and safe.



Customer Service, Information, and Engagement

We provide information and financial assistance, address any issues, and help our customers and community.

Our Guiding Principles

Guided by our shared values, we work every day to put our customers and communities at the center of all we do. We are committed to working together to uphold our CARES principles:

Customers and Community	<i>We strive to understand and respond to customer and community needs—inside and outside our organization.</i>
Affordability and Accountability	<i>We do our best to ensure utility services are available to everyone regardless of ability to pay, and we responsibly manage and value every ratepayer dollar.</i>
Risk and Resilience	<i>We seek to minimize utility risks, reduce our environmental footprint, and improve our community’s capacity to adapt to change in the face of hardship.</i>
Equity and Empowerment	<i>We work to dismantle institutional racism by building trusting relationships, prioritizing equity and inclusion in decision-making, and creating opportunities for all. This includes listening to and investing in our people—the valued employees of Seattle Public Utilities.</i>
Service and Safety	<i>We focus on delivering high-quality, reliable, and sustainable services and infrastructure that prioritize the health and safety of our employees and our community.</i>

Our Mission

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

Our Vision

Our bold vision reflects SPU's goals for the next 50 years of service, infrastructure investment, and management of water and waste. We will lead with equity and work in partnership with communities and employees to create a just and sustainable future for all people and for our planet. We understand that the actions we take today have the power to transform our employees, community, environment, and economy for generations to come.

COMMUNITY CENTERED

SPU puts YOU at the center of all we do. We put people at the heart of our work and work with them to understand and address their priorities. We seek to better understand and address employee, customer, and community needs, and build the long-lasting, equitable, and inclusive relationships necessary to address these needs. SPU strives to live by this inclusive principle and embed it in all we do.

ONE WATER

Water is essential for life. Our health, wealth, and livelihoods depend on it, and we must protect it for future generations. One Water means we value and carefully manage water in all its forms: through conservation, storage, restoration, and reuse. Whether it is fresh water or wastewater, all water is protected and managed in an integrated and sustainable way, and all people and species have access to healthy waters.

ZERO WASTE

All materials have value, and we strive to waste nothing. We must look at the whole life cycle of materials so we can eliminate waste, prevent pollution, encourage product durability and reusability, conserve natural resources, and ultimately build a circular and inclusive economy. Zero Waste protects health and the environment through the conservation of all resources from production through consumption without burning or pollution to land, water, or air.

Why We're Updating Our Plan

SPU's Strategic Business Plan (SBP) helps us focus our work to better meet the needs of our customers and communities. It builds on our strengths and guides our essential service delivery and comprehensive business strategy. It also provides our customers with a predictable three-year rate path and projections for the subsequent three years.

We update the SBP every three years to allow for future uncertainties and adjustments. This update reinforces commitments made in our original plan, reflects on our progress over the last three years, responds to factors influencing our work, and informs our rate path.

Your Utility, Your Voice

At SPU, we recognize that the heart of our service mission lies in the communities we serve. Guided by customer feedback, we strive to provide clean water, manage waste responsibly, and uphold our commitment to the environment while maintaining accessible services for all. Our engagement and research efforts ensure that your voice directly informs our path forward.

The following complementary research and public engagement activities informed this update:

Voice of the Customer Research: We reviewed 15 research studies commissioned by SPU and others from 2020-2023 to understand the experiences, opinions, and perspectives of residential and commercial customers and SPU employees. These studies captured feedback on a wide range of topics and customer perspectives.

Community Outreach: We engaged communities across Seattle to center and amplify the voices of historically underrepresented groups to ensure we can address the needs of the diverse communities we serve. Seattle Department of Neighborhoods Community Liaisons facilitated focus groups and connected with communities citywide through events and a concise multilingual survey to collect feedback on our services.

Qualitative Research: In our commitment to inclusive engagement, this research prioritized intentional outreach to often underrepresented populations. SPU facilitated a series of online discussion boards to gain a deeper understanding of customer perceptions and insights regarding SPU services.

Online Customer Survey: To better understand the needs of our residential customers, we conducted a scientifically valid online survey. We gathered 1,042 responses and gained critical insights regarding customer opinions, preferences, and knowledge. The survey stands as a new baseline enabling SPU to track and analyze customer trends in the future.

Customer Review Panel and Community Advisory Committees: The Customer Review Panel and Community Advisory Committees play a crucial role in shaping our services. These groups offer regular input on the Strategic Business Plan and assess our ongoing efforts in community engagement and plan implementation to ensure that SPU remains aligned with the communities we serve.

What We Learned

1. Customers are generally satisfied with SPU's services and view them as essential. However, there is an opportunity to fill a gap in awareness of the full range of services provided by SPU.
2. Affordability stands as a top concern for both residential and business customers. Continued outreach and education on available assistance programs are necessary.
3. There is room for continued growth in engaging and communicating with non-native English speakers.


Focus On: Delivering Equitable Essential Services


We deliver the essential services our customers and community rely on every day for healthy living. Our staff works year-round to deliver reliable water, drainage and wastewater, solid waste, and Clean City services. We prioritize community needs, lead with equity, remove barriers, and partner with others to ensure equitable access to these essential services.

Goals

- Provide reliable, quality services that meet requirements and commitments.
- Make equitable investments to improve services for underserved and over-burdened communities.

Strategies and Highlights

Focus On: Delivering Equitable Essential Services	
Strategy	Provide resources and facilities and remove barriers to ensure frontline service delivery staff can be successful.
Initiatives and Investments Highlights	<p> North “One Water” Operations Facility The North Operations Center and Haller Lake facilities are emergency-critical SPU workforce facilities. Located outside of known seismic, flood, and landslide-hazard zones, these facilities have the potential to remain functional and support sustained, in-person operations within 24 hours of an earthquake emergency. Currently, these facilities are out-of-date and do not meet current seismic code requirements. They also require significant updates to meet frontline workforce needs. This investment will replace both facilities with a ‘One Water’ operations complex in North Seattle that supports the Drainage and Wastewater and Water lines of business. This multi-benefit investment addresses a significant need and positions the utility to better support our workforce and customers through more resilient facilities.</p> <p>In-House Water Quality Treatment SPU’s Tolt and Cedar River Treatment Facilities are vital to providing safe, clean drinking water for customers and meeting regulatory requirements. To ensure continuity of service, SPU will take over operations of both facilities when current Design-Build-Operate (DBO) contracts expire in 2025 (Tolt) and 2029 (Cedar River). Taking over operations, maintenance, and management of these facilities is a major undertaking that will expand our internal capabilities and increase resilience.</p>

	<p>Field Engineering Improvements Program</p> <p>To improve the delivery of operable Drainage and Wastewater projects, SPU will hire senior engineers to provide O&M expertise and support to project teams. These engineers will be embedded with frontline crews to better understand and represent their work, provide quick turnaround on design solutions and real-time help to resolve problems in the field, support crews as they respond to emergency or special projects, and represent O&M needs on capital projects.</p>
<p>Strategy</p>	<p>Prioritize and support equitable access to essential services.</p>
<p>Initiatives and Investments Highlights</p>	<p>SPU Support Services for the Unsheltered</p> <p>SPU’s RV Wastewater Pump Out Program protects our water quality and benefits members of Seattle’s unhoused populations who live in RVs with little access to pump-out facilities. Without pump-out facilities, these RVs dump waste in drainage basins, streets, or adjacent properties. SPU’s RV Wastewater Pump Out Program has already reduced RV-related spill responses by 72% since 2019 and is planned to continue. The program’s success allows our Spill Response Team to focus on other environmental compliance priorities like cleaning, business inspections, and spill prevention.</p> <p>SPU’s purple bag program, which collected over 1.5 million pounds of litter from encampments in 2023, will also continue to provide support services for those who are unsheltered.</p> <p> Duwamish Valley Resilience</p> <p>Sea level rise and changing rain patterns are exacerbating flood risk in several Seattle neighborhoods, particularly impacting low-lying areas that have sustained decades of underinvestment and industrial pollution. These risks are especially acute in South Park and Georgetown. SPU’s investment in Duwamish Valley Resilience, in partnership with other City departments, is a comprehensive approach to improving flood mitigation, water quality, and community resilience and creating better health outcomes today and in the future. To support this work, SPU will leverage significant Drainage and Wastewater infrastructure investments and develop external funding partnerships. We are also working in partnership with a community advisory group comprised of representatives from industrial businesses, residential communities, and community-based organizations.</p>

2021-2023 Accomplishments

South Park Flooding Investments and Response: Finished construction of a new pump station and drainage conveyance partnership project serving the South Park neighborhood, installed sewer backup prevention equipment in flood-prone homes, and developed an emergency response plan to address tidal flooding.

Clean City and Unsheltered Services: Removed 3 million pounds of illegally dumped material and 850,000 square feet of illegal graffiti per year. Provided essential services to support unsheltered populations and promote public health, collecting over 400,000 sharps, performing 1,500 RV pump-out services, and removing up to 1.2 million pounds of trash from encampments annually to address health, hygiene, and environmental needs.

Pandemic Service Delivery: Navigated pandemic challenges to successfully provide more than 21 million reliable residential garbage, recycling, and compost pickups and up to 45 billion gallons of clean and safe drinking water per year.

Regulatory Compliance: Met drinking water quality and water pollution regulatory requirements every quarter to ensure public health and safety, environmental protection, a vibrant local economy, and social equity outcomes.

Safety: Implemented a new safety management system for effective incident reporting and management. Updated SPU's Workplace Violence Prevention Program, including situational awareness and de-escalation trainings.

Environmental Justice at SPU

SPU defines environmental justice as removing disparities for communities and employees who are disproportionately affected by underinvestment, pollution, climate change and health risks.

We seek to be a government partner that co-creates environmental solutions and strengthens communities by *centering racial equity*, sharing power, and prioritizing the experiences of those most impacted by SPU policies and practices.

We envision a Seattle where communities can thrive with access to nature, safe water, sustainable waste services, and related jobs.

We commit to:

- Developing **community relationships with** BIPOC and low-income communities so that they are leading and guiding environmental justice decisions that benefit all.
- Protecting and prioritizing **healthy environments and services** for community members and employees. SPU is committed to prioritizing the safety and well-being of frontline employees.
- Investing in a **green economy**, economic justice, access to affordable utilities, multi-benefit investments, and building intergenerational wealth.
- Preparing for **climate resilience** so communities are ready for the impacts of climate change.

Focus On: Stewarding Environment and Health

Communities thrive when the environment is healthy and supported by the equitable stewardship of water, land, and waste resources. Unfortunately, our region’s natural resources are under threat from pollution, diseases, climate change, loss of habitat, ocean acidification, overconsumption, and excessive waste, threatening sustainability, affordability, and our quality of life.

SPU is the Pacific Northwest’s largest utility responsible for managing most forms of pollution, waste, wastewater, litter, illegal dumping, spills, and graffiti. We take this responsibility seriously and are committed to restoring and maintaining a healthy environment. We collaborate with partners to build resilient ecosystems and circular economies and embrace nature-based, science-informed approaches to managing water and land resources.

The success of our work depends on equitable actions and stewardship. We will continue to do our work in beneficial, fair, and just ways, and we will incentivize green technology and innovations to improve human and environmental health outcomes for all.

Goals

- Develop One Water resilience from our watersheds, to cities, to the Sound.
- Advance the zero waste circular economy.

Adapting to a Warmer Planet: SPU’s Climate Resilience Action Plan




Climate change is an urgent challenge. It amplifies environmental risks and vulnerabilities, particularly for communities affected by historic and current inequities and regional salmon recovery efforts. In addition to reducing greenhouse gas emissions, SPU is preparing for the impacts of climate change by increasing system and community resilience. For example, we’re integrating climate guidance into capital project design, operations, and management decisions to help staff understand future climate impacts and better consider adaptation strategies.




Other initiatives and investments in SPU’s Climate Resilience Action Plan focus on resilient workforce facilities, watershed ecosystem stewardship, long-term water supply planning, salmon recovery, and flood mitigation in underinvested areas.



Look for this icon to find climate resilience investments and initiatives throughout this document.

Strategies and Highlights

Focus On: Stewarding Environment and Health	
Strategy	Invest in strategic plans, projects, and programs that advance a holistic One Water approach.
Initiatives and Investments Highlights	 Shape Our Water – Citywide and Focus Area Drainage and Wastewater Planning SPU’s Shape Our Water plan is an integrated citywide plan for the next 50 years of drainage and wastewater investments in Seattle. This initiative will address a gap in resources to develop area plans and engage community in parallel to Shape Our Water in specific, high-priority areas, such as: <ul style="list-style-type: none"> • neighborhoods prioritized for planning and investment by other departments and agencies, • neighborhoods with inadequate sewer or drainage systems that will be experiencing significant growth, and • neighborhoods with a history of underinvestment.
	 Water Supply Planning for the Next 50 Years This initiative renews SPU’s commitment to incorporate climate change, uncertainty, and adaptive management into our water supply planning efforts. 2023-2029 water supply projects like a Climate Change Hydrology Analysis, Supply Alternatives Analysis, and the Cedar Falls Long Range Plan will inform our next Water System Plan to ensure sufficient water for people and fish today and for the next 50 years.
Strategy	Advance nature-based and community-centered climate adaptations and solutions.
Initiatives and Investments Highlights	 Cedar and Tolt Watershed Resilience Climate change and associated threats of reduced snowpack, drought, extreme precipitation events, and wildfires have the potential to impact watershed ecosystems, water supply, and drinking water quality. This initiative aims to increase resilience in Seattle’s municipal watershed by addressing watershed protection, wildfire risk management, forest ecosystem management, monitoring, and continuous improvement.

Strategy	Reduce materials use and prevent water and carbon pollution.
Initiatives and Investments Highlights	 <p>Upstream Legislative Strategies to Reduce Pollution and Waste SPU is working with federal, state, and regional governments to advance ‘upstream’ measures that prevent toxic chemicals, hazardous materials, and excessive waste from ending up in the waste stream and negatively impacting human health and the environment. Examples include supporting legislation that holds producers financially responsible for using toxic chemicals in their products and for hazardous or excessive product disposal, and securing funding to remove toxic chemicals from historic and ongoing sources.</p>
	 <p>2030 Carbon Neutrality and Sustainable Operations SPU aims to be carbon neutral by 2030 and resource efficient in our operations while actively exploring opportunities to generate renewable energy and support other sustainability-related innovations. This initiative includes the development and implementation of renewable energy, green purchasing, and electrification strategies, as well as projects and programs that drive resource conservation in operations.</p>
	 <p>Waste Prevention and Diversion SPU is pursuing opportunities that continue progress made to divert solid waste from disposal and enhance waste prevention. These include:</p> <ul style="list-style-type: none"> • food waste reduction and compliance enforcement to prevent food waste from being landfilled, • Reuse Seattle reusable food service ware initiative, • Waste Prevention Strategic Plan implementation and measurement, and • bolstering the local circular economy through building material reclamation and reuse.

2021-2023 Accomplishments

Shape Our Water Vision Plan: Produced a national award-winning Community Vision that will guide our plan to improve the performance and resilience of our drainage and wastewater systems while optimizing social and environmental benefits for the city. Completed a comprehensive analysis of citywide drainage, wastewater, and receiving water challenges and opportunities, and published an interactive StoryMap explaining how water has shaped our city and how investments in infrastructure can benefit communities and enhance equity.

Ship Canal Water Quality Project Tunneling: Continued Ship Canal Water Quality Project construction with over \$230 million in projects, including the completion of a 2.7-mile, 30-million-gallon storage tunnel to handle current and future impacts of climate change on Seattle’s stormwater systems.

Solid Waste Plan Update: Adopted SPU’s Moving Upstream to Zero Waste plan, which prioritizes waste prevention through the whole lifecycle of materials to eliminate waste and toxins, divert material from

landfills, prevent pollution, reduce carbon emissions, conserve natural resources as early as possible, and invest in the circular economy.

Carbon Emission Inventories: Completed 2019-2021 carbon emissions inventories for SPU operations and set up a process to provide annual emissions reporting. Inventories showed that emissions generated through the utility's day-to-day operations declined from 16.6 thousand metric tons in 2019, to 14.3 thousand metric tons in 2021. Worked with King County as part of the Puget Sound Regional Emissions Analysis to establish a consumption-based emissions inventory for Seattle.

Reuse Seattle: Supported music and entertainment venues, cafes, institutions, and public schools in implementing reusable food service ware through the Reuse Seattle initiative.

Focus On: Empowering Our Customers, Community, and Employees

We partner with customers, community, and staff to identify and refine our utility’s priorities and approaches. Collaboration helps us build a more just, livable, and resilient Seattle. At the heart of this work is SPU’s commitment to equity and empowerment – leading with race and social justice, building trust and relationships, and elevating the voices of customers, community, and employees. We will continue to prioritize environmental justice, focus on diverse community input, and foster better workplace opportunities and culture.

Goals

- Build trusted relationships, partnerships, and allyships with our customers and communities.
- Be an anchor institution that advances equity, addresses environmental justice, and partners to leverage holistic community benefits in all we do.
- Invest in all our employees.

Strategies and Highlights

Focus On: Empowering Our Customers, Community, and Employees	
Strategy	Provide utility assistance that makes a difference.
Initiatives and Investments Highlights	<p>Customer Affordability Programs</p> <p>SPU will continue to improve programs, procedures, and policies that help keep our services affordable for lower-income customers, help customers pay their bills on time, and prevent water shutoffs related to nonpayment. As part of this work, SPU is partnering with Seattle City Light on a holistic evaluation of our utility bill assistance programs to inform future program improvements.</p>
	<p>Side Sewer Assistance Program</p> <p>SPU’s pilot Side Sewer Assistance Program, launched in 2022, provides no-interest loans to low-income homeowners in need of urgent side sewer repairs. We are also developing incentives for side sewer preventative maintenance services such as inspection and cleaning. This initiative will scale up the Side Sewer Assistance Program and focus on improving system capacity issues by lining or repairing leaky side sewers.</p>

Strategy	Empower and support customers to make sustainable behavioral changes.
Initiatives and Investments Highlights	<p>Advanced Metering Infrastructure Planning</p> <p>SPU is in the planning and readiness phase of an Advanced Metering Infrastructure (AMI) project. When implemented, SPU’s AMI investment will replace the manual meter reading system with an electronic wirelessly transmitting system. AMI will enable automated meter reading, reduce carbon emissions, improve billing accuracy, enable customers to detect water leaks, and promote conservation by providing customers with real time visibility into their daily water consumption.</p>
Strategy	Lead with race and social justice in delivering equitable engagement, capacity building, investment outcomes, and opportunities.
Initiatives and Investments Highlights	<p> Seeds of Resilience Impact Investment Fund</p> <p>This investment aims to advance equity, economic growth, and environmentally sustainable waste and water management activities in the private and nonprofit sectors. The program identifies SPU business needs and engages with business and nonprofit partners to help us generate desired outcomes, center equity in the design of the project, and measure outcomes.</p> <hr/> <p>Equity in Contracting</p> <p>By engaging women- and minority-owned businesses (WMBE) firms to learn about barriers to entry for City contracting opportunities, this initiative aims to develop strategies to improve access to opportunities for WMBE firms and enhance the overall experience of doing business with the City.</p>
Strategy	Foster a more equitable workplace, work culture, and better work opportunities.
Initiatives and Investments Highlights	<p>Employee Life Cycle Initiatives</p> <p>To create a workplace culture that promotes equity and inclusion, SPU is examining the employee life cycle from when an employee first applies through their departure from SPU. Initiatives and policy development include employee onboarding experience, workforce development, succession planning, and the offboarding experience. The initiatives will build on the successes SPU has had in creating a diverse workforce and creating professional growth opportunities through training, mentorship, and career advancement.</p>

2021-2023 Accomplishments

Pandemic Customer Affordability Assistance: Dispersed nearly \$5 million in Federal and State pandemic assistance funds and took innovative steps to avoid shutoffs and provide flexible payment plans to customers having difficulties paying utility bills.

Employee Survey: Engaged SPU employees through an annual survey to gather feedback and provide a strategy to improve SPU’s work environment. The 2023 survey had a 67% response rate, with an overall 68% favorability rating and increased overall supervisor and team scores. Results show SPU staff placing increasing importance on diversity, equity, and inclusion.

Record Hiring and Diversity Improvements: Restarted the SPU apprenticeship program and made improvements in workforce recruitment, learning and development, and employee retention. Processed up to 600 hires, internships, promotions and temporary-to-regular position changes each year, and increased promotions of BIPOC employees by 150% (from 21 to 51) between 2020 and 2023.

Seeds of Resilience Innovation Investments: Identified multiple projects to build water resiliency, encourage a circular economy, and grow blue-green job opportunities for BIPOC communities. Projects included installing a new water bottle refill station in downtown Seattle and training formerly incarcerated people to deconstruct houses for reuse of materials.

Women- and Minority-Owned Business Enterprise Contracting/Procurement Results: Increased equity in SPU contracting to exceed participation levels of 23% (purchasing) and 25% (consulting) contract dollars and become a model of success for the City.


Focus On: Strengthening Our Utility’s Business Practices


Our customers expect their faucets to flow, toilets to flush, and garbage to be picked up. These services are delivered under increasingly complex and costly regulations and via aging infrastructure that must be resilient in the face of earthquakes, climate change, and other challenges. SPU continues to examine its business practices and assess ways to improve service, be more efficient, provide value, and enhance affordability and accountability. We use the best available science, data, and analysis to inform utility decision-making and performance.

Goals

- Enhance ratepayer affordability and utility accountability.
- Manage assets and risks optimally.
- Foster a culture of shared leadership, continuous improvement, and innovation.

Strategies and Highlights

Focus On: Strengthening Our Utility’s Business Practices	
Strategy	Deliver on high-impact affordability and accountability commitments.
Initiatives and Investments Highlights	Alternative Funding and Financing SPU works to keep rates affordable through the pursuit of alternative funding and financing sources, strategic partnerships with agencies and funders, and coordination with other City departments. SPU will continue to develop and refine structures and strategies to ensure that this work is robust, impactful, and efficient.
Strategy	Address aging, undersized, and at-risk facilities and infrastructure to ensure continuous service delivery.
Initiatives and Investments Highlights	 Drainage and Wastewater Asset Management Program A significant amount of SPU’s sewer pipes need to be replaced or rehabilitated due to age. Pipe relining (a type of rehabilitation) is a more affordable and sustainable way to reduce system risks and improve resiliency and can be up to 10 times less expensive than full pipeline replacement. SPU will develop an in-house pipe relining team as another cost-effective option to respond to urgent needs.

	 <p>Water Asset Management and Seismic Program SPU owns and operates a regional water system of assets including dams, treatment plants, transmission and distributions pipes, storage tanks, pump stations, and more. Many assets are aging. This initiative continues critical investments in repair, rehabilitation, and replacement of these assets. This initiative also includes continued implementation of SPU’s strategy to increase SPU’s resilience against earthquakes.</p>
<p>Strategy</p>	<p>Support a culture of continuous improvement and innovation.</p>
<p>Initiatives and Investments Highlights</p>	<p>Strategic Technology Plan With the growth of technologies across industries, SPU is developing a strategic plan to improve aspects of technology including data management, business processes, and governance. Our goal is to provide the most sustainable, accessible, efficient, and valuable services for our customers and employees. This plan will develop a guide for our future to align with changing business plans and goals in how technology is operated, maintained, and decided upon within SPU’s technology portfolio.</p>

2021-2023 Accomplishments

Alternative funding and financing: Successfully pursued and leveraged a wide variety of alternative funding and financing sources such as Federal and State appropriations, King County Flood Control district funding, philanthropic support, and Water Infrastructure Finance and Innovation Act and State Revolving Fund loans (including over \$340M in low-interest loans for the Ship Canal Water Quality Program, which results in a net \$260M savings to ratepayers vs. traditional bond funding).

Big ideas: Provided \$70,000 to fund 10 employee proposals to improve SPU service delivery, including field operation QR codes for information access, field staff multi-media training materials, and a hands-on exhibit for community outreach.

Asset management: Managed SPU’s extensive infrastructure system, including rehabilitating 8 wastewater pump stations and 8 drainage facilities, lining 19 miles of sewer pipe, and completing nearly 1400 sewer pipe work orders to reduce system risks and improve resiliency.

Covid financial management: Worked through the complexities of pandemic funding and finances, including a roughly 400% increase in customer payment delinquencies between 2020 and 2022, while maintaining a positive financial outlook, bond ratings, and financial policies.

Capital project delivery results: Increased the speed and efficiency of planning and delivering capital improvement projects, such as the Ship Canal Water Quality Project Tunnel, while maximizing community value.

About Rates

A key element of our strategic business plan is balancing forward-looking improvements with the thoughtful use of ratepayer revenue.

SPU's rates are structured to collect only the amount of revenue needed to support business operations and financial obligations while responding to regulatory requirements and preparing for future challenges.

Customers pay for essential services, infrastructure, and day-to-day operations through their utility rates. Our rates assume that the current level of operations and maintenance, as well as efforts to improve and find efficiencies in that work, will continue and that SPU is also responding to the needs of the future.

Keeping Rates Affordable

As a responsible steward of ratepayer dollars, SPU works diligently to reduce costs, increase productivity and efficiency, invest in assets that have multiple benefits, and remove barriers to service access. This includes leveraging alternative sources of funding and financing, identifying efficiencies in capital project delivery, and managing infrastructure assets in a way that balances short- and long-term risk with cost and public benefit.

Factors Impacting Rates

To deliver value, enhance affordability, and demonstrate accountability, SPU develops rates by evaluating operating costs, capital investment needs, long-term risks, debt repayment, service demands, financial policies, and anticipated revenue associated with service delivery.

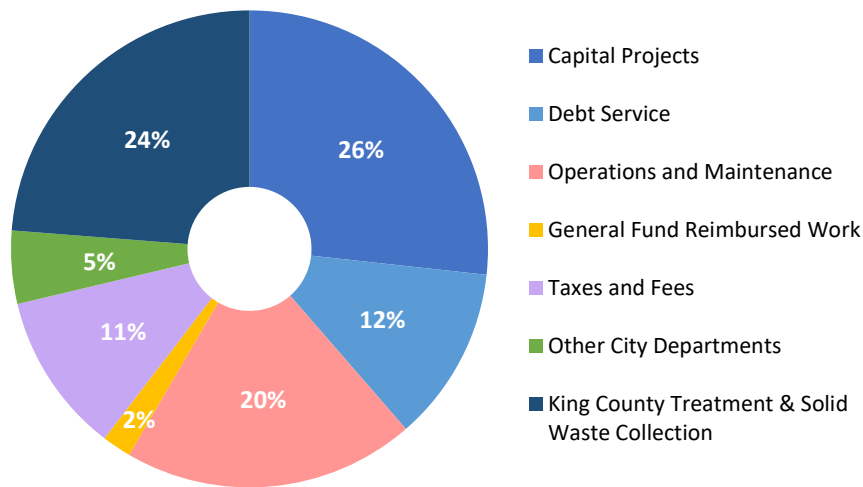
We aim to limit the increase in the cost of services by:

- replacing aged infrastructure to avoid costly failures,
- implementing continuous improvement and innovation initiatives to reduce waste,
- automating processes and introducing new technology to increase efficiencies,
- improving capital infrastructure planning to better reflect probable investments,
- using cash balances to smooth rate changes,
- negotiating lower solid waste contract rates, and
- reducing the cost of borrowing money.

However, several factors can increase costs and offsetting savings. These include inflation, regulatory compliance, aging infrastructure, increased interest rates, and increasing contractual obligations.

Chart 1 (see next page) explains what drives SPU's projected rate path by showing expenses by category.

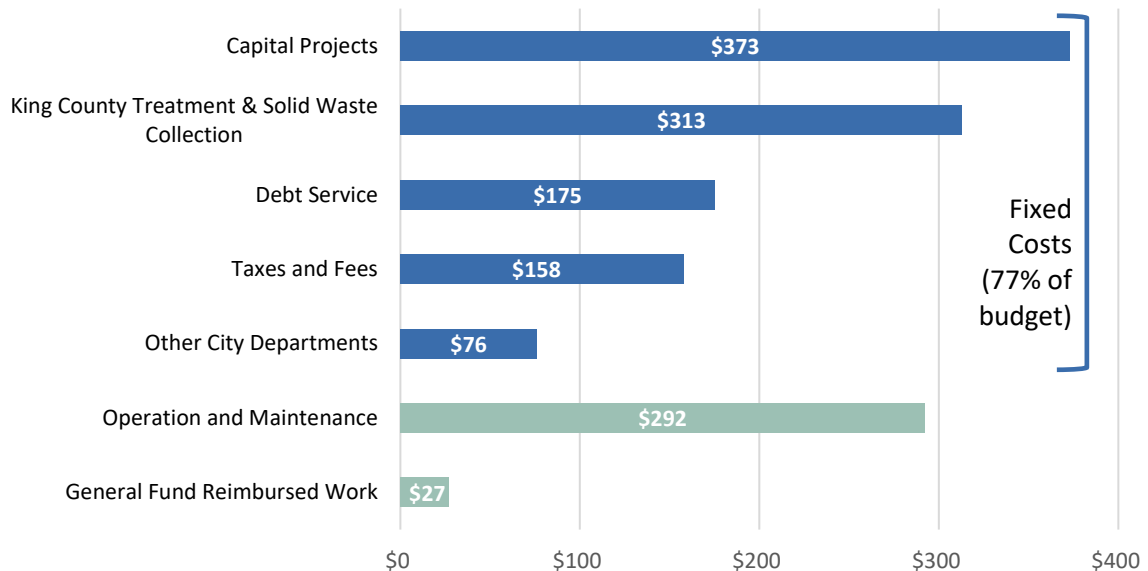
Chart 1: SPU Expenses by Category (2025, percentages)



Capital costs and related debt service account for 39 percent of the budget. Major service contracts, including King County wastewater treatment, account for 24 percent; and taxes, fees, and costs paid by SPU to other City departments make up 16 percent. Utility operations, which include work required to deliver essential services, work on behalf of the City’s General Fund, and work that is reimbursed by other departments, make up 22 percent.

Chart 2 further explains expenses by showing costs for 2023. The total 2023 annual budget is \$1.4 billion. Fixed (non-discretionary) costs and capital improvement program (CIP) costs make up 77 percent of the budget (or \$1.1 billion for 2023).

Chart 2: SPU Expenses by Category (2023, \$ millions)



Three-year Rate Path and Projection

SPU’s six-year rate path is updated every three years. The projected average annual rate increase for 2025-2030 is 4.7 percent, up from 4.2 percent in 2021-2026.

The rise in the annual rate increase is based on several factors:

- Higher than expected increases in King County wastewater treatment charges to Seattle;
- Increasing operational expenses due to inflation; and
- Increasing capital expenses related to state and federal regulatory compliance, aging infrastructure, and increased interest rates.

Table 1 describes the projected three-year rate path and projected three-year rate forecast for the six-year period, by line of business and combined.

Table 1: 2025-2030 Average Rate Increases

	Rate Path			Rate Forecast			Average
	2025	2026	2027	2028	2029	2030	
Water	2.0%	2.0%	6.3%	3.3%	6.5%	3.8%	4.0%
Sewer	5.0%	5.0%	5.0%	6.2%	7.0%	5.1%	5.5%
Drainage	5.0%	5.0%	5.1%	6.6%	6.3%	7.2%	5.9%
Solid Waste	2.5%	3.1%	3.4%	3.4%	3.8%	2.5%	3.1%
Combined	3.7%	3.9%	4.9%	5.0%	6.0%	4.6%	4.7%

Understanding King County Wastewater Rate Increases

Seattle and 33 other regional utilities send their wastewater to King County’s regional wastewater system for treatment, before it flows out to Puget Sound. Major capital projects related to renewing and replacing old infrastructure and complying with environmental regulations have resulted in significant cost increases for King County Wastewater. King County’s sewer treatment rates are projected to increase annually from 5.75% to 7.0% by 2030. Because King County relies on revenues from local sewer agencies to finance its operations, SPU and 33 other regional utilities are facing substantial sewer fee rate increases. SPU is working to minimize the impact of rate increases on customers while ensuring our region fulfills its environmental responsibilities and keeps our local waters clean.

Bill Impact

Tables 2-4 show typical monthly costs for several different types of customers. (SPU bills customers every two months.)

SPU recognizes the impact of rate increases on our customers and communities. We take affordability seriously and work hard to minimize impact by keeping increases as low as possible, ensuring rates are predictable, and providing financial assistance for those who need it.

Table 2: Typical Monthly Costs for Single Family Home

	2025	2026	2027	2028	2029	2030
Water	\$50	\$51	\$54	\$56	\$60	\$62
Sewer	\$83	\$87	\$92	\$97	\$104	\$109
Drainage*	\$63	\$66	\$69	\$74	\$78	\$84
Solid Waste	\$60	\$62	\$64	\$66	\$68	\$70
Combined	\$256	\$266	\$279	\$293	\$310	\$325
Monthly Change	\$11	\$10	\$13	\$14	\$17	\$15

Table 3: Typical Monthly Costs for Multifamily Unit (Apartment Building)

	2025	2026	2027	2028	2029	2030
Water	\$28	\$28	\$30	\$31	\$33	\$34
Sewer	\$77	\$81	\$85	\$90	\$96	\$101
Drainage*	\$12	\$12	\$13	\$14	\$15	\$16
Solid Waste	\$30	\$31	\$32	\$34	\$35	\$36
Combined	\$147	\$153	\$160	\$169	\$179	\$187
Monthly Change	\$5	\$6	\$8	\$8	\$10	\$8

Table 4: Typical Monthly Costs for a Convenience Store

	2025	2026	2027	2028	2029	2030
Water	\$122	\$125	\$133	\$137	\$146	\$152
Sewer	\$384	\$404	\$424	\$450	\$482	\$506
Drainage*	\$152	\$160	\$168	\$179	\$191	\$204
Solid Waste	\$604	\$623	\$644	\$666	\$692	\$709
Combined	\$1,263	\$1,312	\$1,369	\$1,433	\$1,510	\$1,571
Monthly Change	\$44	\$49	\$58	\$64	\$77	\$61

* Drainage charges are billed to customers on their King County property tax statements.

Residential and commercial customers each account for approximately 95 percent of the rate revenue across all three utility funds. The remaining 5 percent comes from wholesale customers, including other cities and districts.

Where the Money Goes

Chart 3 shows how the monthly costs are spent across utility expense areas, for a typical single family home customer paying \$256 per month through bi-monthly utility bills plus the drainage assessment on their annual property tax bill.

Chart 3: Typical Customer Costs Breakout (2025)



\$60.15	\$80.30	\$37.57	\$77.98
CAPITAL FINANCING	OPERATIONS & MAINTENANCE	TAXES & FEES	KING COUNTY TREATMENT/ SOLID WASTE COLLECTIONS
23%	31%	15%	30%

Customer Financial Assistance

Our customers should have access to essential services regardless of their financial situation. This is why our affordability and accountability commitments are so important. Through this work, we aim to keep rate increases as low as possible and reduce potential hardship for our customers. We also offer bill assistance and programs to help customers save money, including:

- **Conservation and education programs** that help customers understand how their usage affects their bills and identify ways to potentially reduce them;
- The **Utility Discount Program**, which provides ongoing bill assistance to income-qualified customers;
- The **Emergency Assistance Program**, which provides credits to reduce past-due balances for income-qualified customers facing financial hardship;
- **Payment plans** that provide customers with flexibility in payments timed to fit their needs; and
- SPU's **Community Donation Fund**, which allows for voluntary contributions to help those in need.

SPU has been actively promoting these programs to ensure people know help is available when needed. To ensure we are meeting community needs, we are working with other City departments and community partners to remove barriers and improve the effectiveness of our affordability programs. To date we have:

- Worked proactively with low-income customers and small businesses;
- Increased Utility Discount Program enrollment through a self-certification pilot;
- Improved the Emergency Assistance Program and shut-off prevention and notification; and
- Created more flexible payment arrangements.

Reduce Consumption, Reduce Costs

Customers who decrease their water usage or reduce their waste can save money on their bills. For instance, customers might reduce costs by taking shorter showers and switching to smaller garbage bins by recycling and composting more. We also offer rebates for installing cisterns and rain gardens that capture rainwater for irrigation, prevent pollution from entering our waterways, and contribute to flood prevention.

Customer Review Panel

SPU's Customer Review Panel provides advice and recommendations on the utility's strategic plan and rates to the Mayor and City Council. The panel includes representatives from private, public, and nonprofit sectors, utility experts, business leaders, and community representatives. The panel regularly met with SPU leaders and provided valuable input that shaped this plan update.

Panel

Suzanne M. Burke

Bobby Coleman

Ebony Rose Frazier

Gretchen Glaub

Raj Kumar

Noel Miller, Chair

Maria McDaniel

Amanda Richer, Vice-Chair

Robin Schwartz

Tiffany Sevilla

Miki Sodos

Supporting Documents and Appendices

The 2025-2030 Strategic Business Plan Update and supporting materials are available at:
seattle.gov/utilities/about/plans/strategic-business-plan.

Appendices

- A. 2025-2030 Highlighted Initiatives and Investments Detail
- B. Community Research and Outreach Summary
- C. Financial Forecast
- D. Affordability and Accountability Overview
- E. Customer Review Panel Letter