CRP Questions

1. Increasing sewer rates sooner (2018) to cover costs in 2019-2020.

SPU Answer:
This option would have the effect of smoothing out the rates. The overall rate path average would likely remain unchanged and bills may see a small decrease. It would be very challenging at this point for SPU to complete a Drainage and Wastewater Rate study in time for a 2018 action

The only possible option available at this point is to adjust DWW rates a certain percentage for 2018, such as an additional 3% and put forward an ordinance for Mayor and Council approval. The change in rates is reflected in the table below. It is a $4.11 difference in the 2023 typical monthly residential bill.

2018-2023 CURRENT	2018	2019	2020	2021	2022	2023	Average 2018-23
Water	1.4%	5.4%	5.6%	5.6%	6.0%	5.9%	5.0%
Wastewater	1.2%	15.5%	10.3%	1.6%	2.9%	5.4%	6.0%
Drainage	7.9%	15.6%	15.7%	6.2%	3.6%	6.0%	9.1%
Solid Waste	3.1%	3.3%	4.5%	2.6%	3.3%	3.1%	3.3%
Combined	2.8%	10.0%	8.8%	3.6%	3.8%	5.1%	5.6%

2018 3% surcharge for Drainage & Wastewater

2018-2023 CURRENT	2018	2019	2020	2021	2022	2023	Average 2018-23
Water	1.4%	5.4%	5.6%	5.6%	6.0%	5.9%	5.0%
Wastewater	4.2%	11.7%	10.8%	1.5%	3.0%	5.4%	6.0%
Drainage	10.7%	13.5%	12.4%	7.7%	3.5%	6.0%	8.9%
Solid Waste	3.1%	3.3%	4.5%	2.6%	3.3%	3.1%	3.3%
Combined	4.3%	8.4%	8.4%	3.8%	3.9%	5.1%	5.6%

2. Having SDOT loan SPU money to cover Move Seattle projects in those 2 years.

SPU Answer:
If SPU were to receive a loan it would be a loan from the City since most of SDOT's funding comes from Federal Grants, levy money or other money with significant restrictions on spending. The loan from the City cash pool would require interest and principal back that would have a similar net effect to the financials as a bond.

3. 40 year bonds

SPU Answer:
SPU considered 40 year bonds based on the panel's inquiry. After working with our financial advisors, now is not the right time to consider 40 year bonds.

Here are the specific reasons why 40 year bonds don't make sense as this time.

- Market beyond 30 years is not robust and therefore unpredictable.
  - Difficult to plan for when approaching market.
  - May have to pay to get investors interested.
- Trade off of 10 more years of debt service outweighs benefits.
  - Increases debt burden as we are not amortizing debt as quickly.
  - Mismatch with assets to debt because principal isn't paid off as quickly.