



Utilities Rate Setting 2027 & 2028

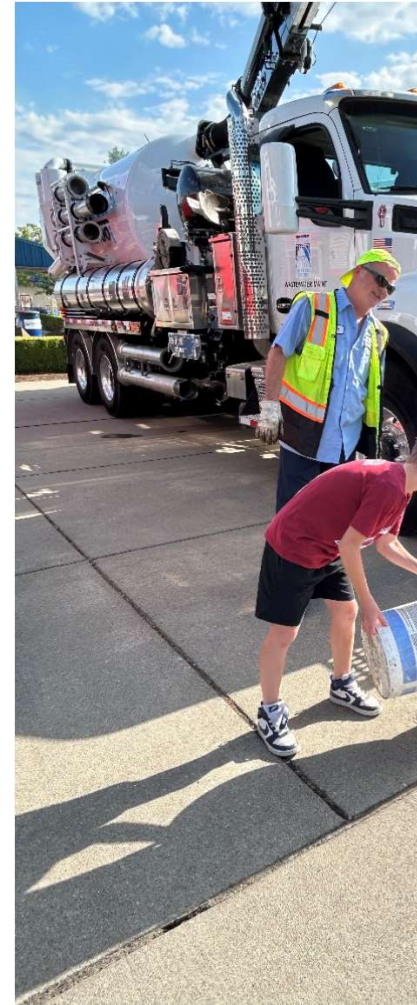
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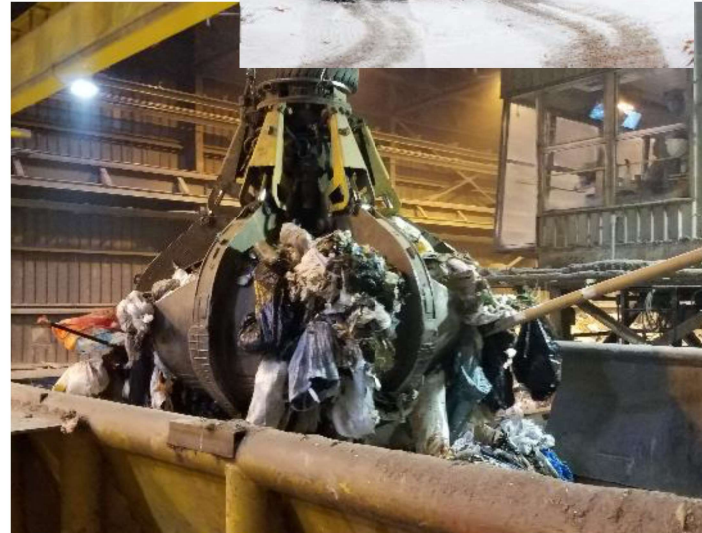
Today's Conversation

- Have approved rates through 2026
- Need to review and adjust rates for 2027 & 2028
- Consistent with the City Budget period
- **Today:**
 - How rates are determined
 - Example Bills



Our Utilities

- Process 30 million gallons/day of wastewater at RPWRF



- Process up to 800 tons of municipal solid waste/day
- Weekly collection for 75,000 Solid Waste customers

- Deliver up to 100 million gallons/day of drinking water
- Maintain 1,000 water mains



How Utilities Work

Revenue generated from users cycles back to serve



- **Separate Accounting Required**

- Every dollar of revenue expense is tracked with No commingling with G Fund.

Reserves Are Programmed

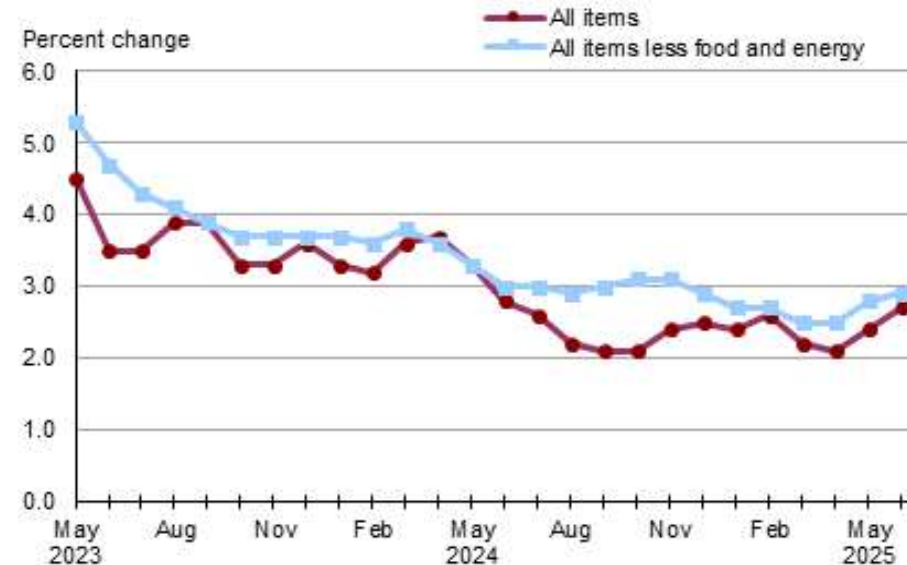
Fund balance used for replacement, rate stabilization debt service.



Rate setting

- Setting rates requires us to examine:
 - Operating expenses
 - Capital costs
 - Debt service (principal & interest)
 - Debt service coverage ratios
 - Appropriate reserve balances
- Then, balance those needs:
 - Affordability for customers
 - Cost of service for classes of customers

Chart 1. Over-the-year percent change in CPI-U, West region, May 2023 to May 2025



Note: The October 2025 data values are not available due to the 2025 lapse in appropriations.
Source: U.S. Bureau of Labor Statistics.



Cost of Service:

Goal to have
each class of
customer cover
their own costs



Overview of Rate Proposals

3.5% increase for water/wastewater/stormwater/water-wastewater

3.25% increase for solid waste



- Commercial Water Consumption Rates – Winter & Summer
- Parks and Schools Water Consumption Changes – Year-round
- Commercial Sewer Base charge – Updated to be based on
- Adjustments to lower Sewer rates for Multi-Family
- Creation of Micro-Unit category
- Solid Waste Cost of Service & Other Changes
 - Rebalance costs between residential cart sizes
 - Rebalance between smaller and larger commercial containers (dumpsters)



Proposed Residential Utility Bill Example

Representative Inside City Monthly Bill – Summer & Winter

**Assumes 10 units (7,480 gallons) of winter usage for the month. This water usage is a sample winter usage (although many customers use much less).*

***Assumes 25 units (18,700 gallons) in the summer; this is the typical median usage in the summer.*

Service	2026	2027
60-gallon Garbage Cart	\$45.20	\$47.23
Wastewater	\$39.79	\$41.19
Water – Base Svc	\$20.07	\$20.77
Cons – Winter*/Summer**	\$5.46 / \$21.03	\$5.65 / \$21.76
Stormwater	\$5.60	\$5.80
Water/Wastewater Capital	\$36.30	\$37.57
WINTER TOTAL	\$152.42	\$158.21
SUMMER TOTAL	\$167.99	\$174.32



Proposed Commercial Utility Bill Example

Commercial Inside City Monthly Bill – Summer & Winter

This example:

- Assumes a 1-inch meter connection
- Assume 3-yard dumpster & 90-gallon recycling cart
- Assumes 15 units (11,220 gallons) of water usage each month)

**Winter rate (8 months)*

***Summer rate (4 months)*

Service	2026 Rates	2027 Proposed Rates	2028 P R
Solid Waste	\$424.69	\$433.47	
Wastewater	\$62.89	\$77.84	
Water	\$41.31* \$41.31**	\$38.42* \$46.01**	
Stormwater	\$36.96	\$38.28	
Water/Wastewater Capital	\$37.35	\$38.66	
WINTER TOTAL	\$603.20	\$626.66	
SUMMER TOTAL	\$603.20	\$634.26	



Proposed Multi-Family Utility Bill Example

Multi-Family City Monthly Bill – Summer & Winter

This example:

- Assumes 36 units
- Assumes a 6-inch meter connection
- Assume 6-yard dumpster
- Assumes 125 units of water usage in the winter
- Assumes 200 units of water in the summer

**Winter rate*

***Summer rate*

Service	2026 Rates	2027 Proposed Rates	2028 P R
Solid Waste	\$804.12	\$820.20	
Wastewater	\$1,291.74	\$1,199.39	\$
Water	\$318.87* \$413.22**	\$293.84* \$471.03**	\$ \$
Stormwater	\$138.60	\$143.45	
Water/Wastewater Capital	\$1,306.80	\$1,305.14	\$
WINTER TOTAL	\$3,860.30	\$3,762.02	\$
SUMMER TOTAL	\$3,954.48	\$3,939.20	\$



Additional customer costs – CCA

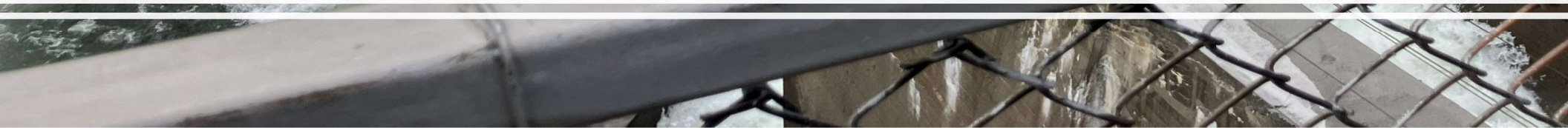
Collect \$3 million in 2027 and 2028 to meet anticipated compliance costs with the Climate Commitment Act

- Proposal:
 - Spread the cost over the residential and commercial customer base.
 - \$2.75 per month for residential customers
 - \$9 per month for commercial customers
 - Separate line item on the bill
 - Propose it as a pass through to the customer, without applying the utility tax
 - *Separate ordinance approved through Council agenda process*





Questions?



Solid Waste Proposed Residential Rates

Cart Size	Total Active Carts	2026 Rate	2027 Proposed	2028 Proposed
30-gallon	29,783	\$24.96	\$25.96	\$27.00
60-gallon	36,013	\$45.20	\$47.23	\$49.12
90-gallon	9,257	\$66.01	\$68.16	\$70.37
Clean Green*	40,690	\$19.37	\$20.24	\$21.15

**Voluntary Service*

Providing Value & Diverting Organics



WTE Tipping Fee, Appliances, PUD's

- **WTE Tipping Fee** increase of **5%** for both **2027** and **2028**
- **\$30 Appliance fee** for appliances with **refrigerant extraction**
 - Increased costs for processing appliances and decreased recycling revenue
 - Practice is consistent with Spokane County and most transfer stations within the state.
 - Does **not apply** to **ranges, ovens, microwaves, and other appliances** that do not contain refrigerant



Utility Cost Comparison State*

	Spokane	Seattle	Portland	Tacoma
Local Utility Tax Rates	21.5% for all services	Water – 15.54%; Stormwater - 11.5%; Sewer - 12%; Solid Waste - 14.2%	5% for all services	8% for all services
Water	\$23.93	\$67.91	\$90.08	\$70.49
Wastewater	\$39.79	\$86.77 -161.44	\$108.32	\$67.30 - \$90.76
Stormwater/ Drainage	\$5.60	\$81.34	\$27.31	\$36.43
Water/WW Capital	\$36.30			
Solid Waste & Recycling	\$45.20	\$89.85	\$48.85**	\$59.98
MONTHLY	\$150.82	\$325.57- \$400.54	\$274.56	\$234.20 - \$257.66
ANNUALLY	\$1,809.84	\$3,906.84 - \$4,806.48	\$3,294.72	\$2,810.40 - \$3,091.92

*Example is family of four residential

*Charges are for residents for

*Water cost to be 50 gallons—or 8 units

*Sewer charges Tacoma list and 8 units

*Example is gallon cart possible de

options of requires a add'l cost; that cost. *

every other yard.



Commercial Water Rates

- Proposing a **seasonal rate** approach
 - Summer rates would apply consistently with SMC – June through September
 - Winter rates would apply the rest of the year

	2027 Winter	2027 Summer
Inside City	\$1.00/unit of water	\$1.51/unit of water
Outside City	\$1.50/unit of water	\$2.25/unit of water

- Separating out Parks & Schools to support community greenspace
 - Need to finalize that proposal
 - Continue to work with these customers to optimize water use

