

Marine Stormwater Utility Rates for 2018

Commission Review
November 14, 2017

Overview

- **Goals:** Assess and rehabilitate Stormwater Infrastructure to protect Puget Sound
- **Current rates and revenue**
- **Budget, forecast and rates**
- **2018 Proposed Rate structure**

Highlights

- Marine Stormwater Utility formed in 2014 to protect water quality of the Puget Sound
 - Won AAPA Comprehensive Environmental Management Award
 - Tenant fees about 15% lower compared to City's Utility fees
- Will meet 2017 goal on system assessment to obtain baseline conditions
 - A dozen urgent repairs completed preventing safety & operational hazard
- Investments in the stormwater system
 - Green Stormwater Infrastructure such as oyster shell barrels & rain garden
 - Installation of tide gates
- Tenants expressed positive feedback on our efforts

Highlights of work accomplished

Utility Goals

TARGETS & SCHEDULE						
Metric	Baseline 2016	2017	2018	2019	2020	2021
Assess stormwater infrastructure (% pipes)	15%	30%	75%	100%	100%	100%
Rehabilitate stormwater infrastructure (% pipes)	6%	12%	18%	24%	30%	33%

Century Agenda Goals for Maritime Stormwater

Assessment Process

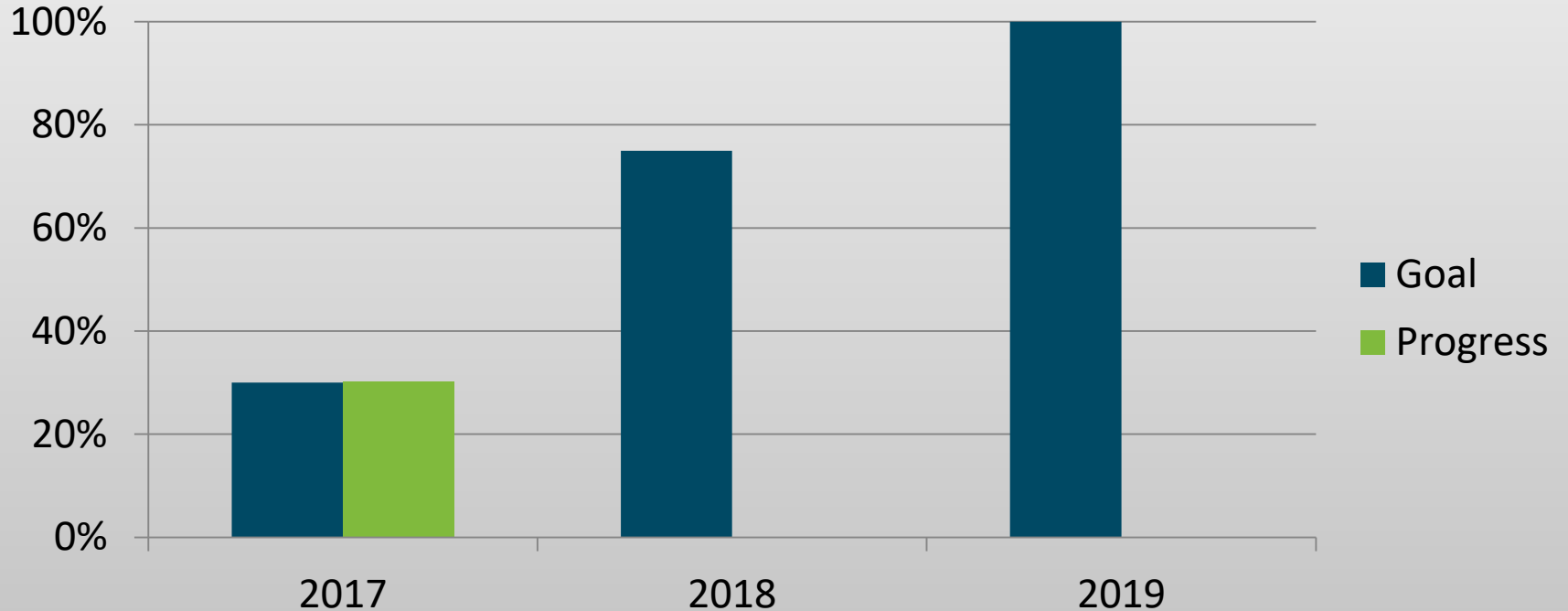


- 78 total miles of stormwater pipes to be assessed
- Utility crew (MM staff) cleans and videos pipes using Utility assets
- Assessment data available via GIS maps



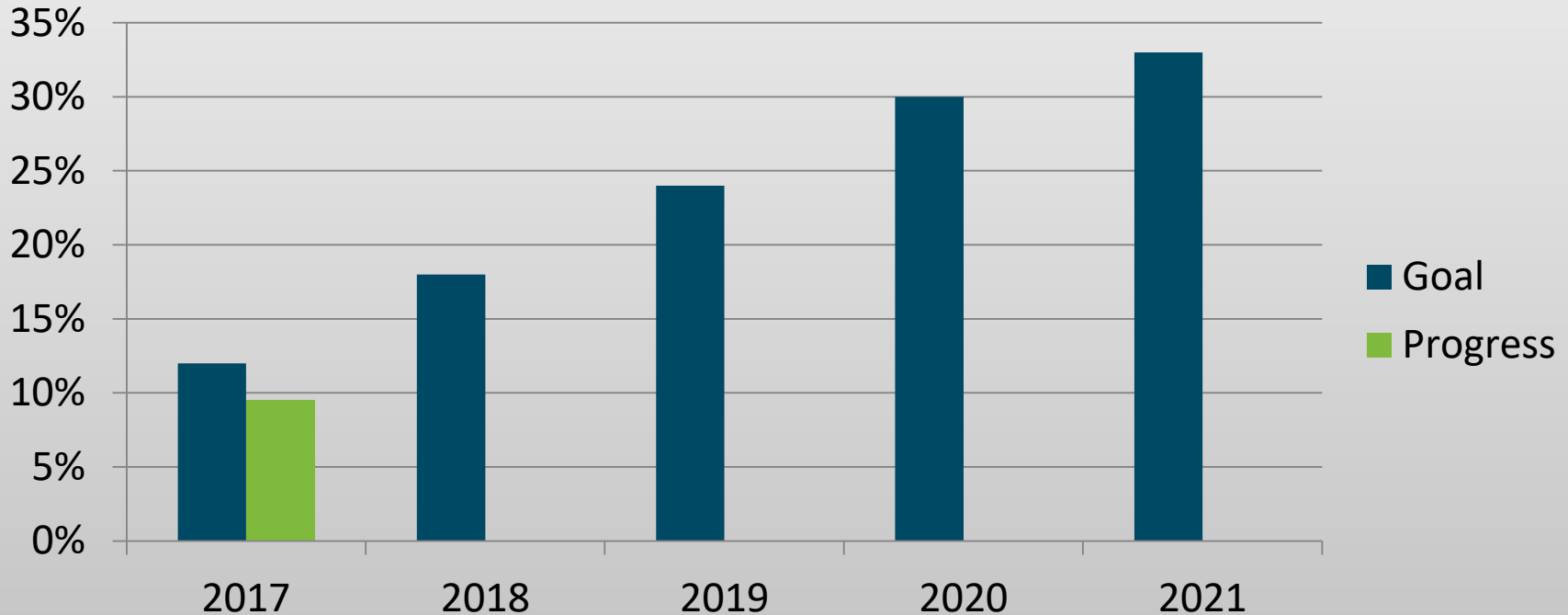
Equipment and labor to obtain data

Assessment Goals & Progress



Progress ahead of schedule

Rehabilitation Goals & Progress



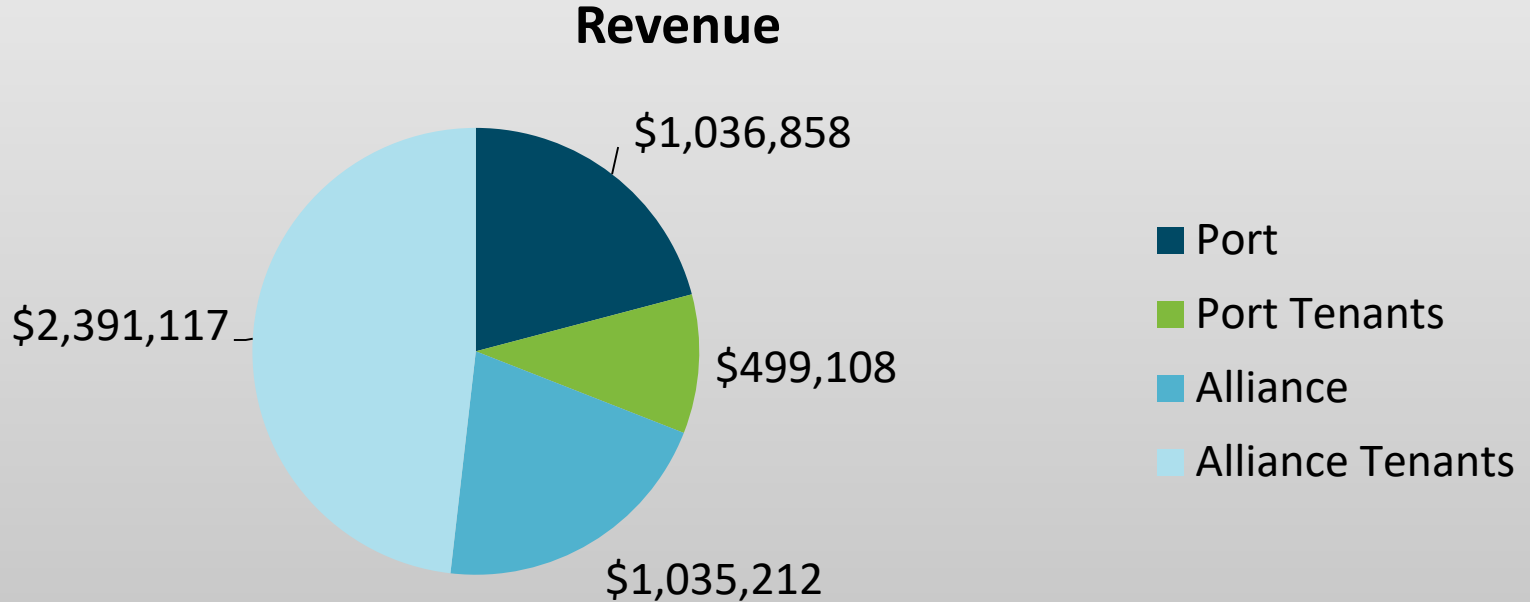
Century Agenda goal of 75% rehabilitation by 2035

Current Rates

Stormwater Rate Category	City Rates		Port Rates	
	2016	2017	2016	2017
Undeveloped (0 - 15% Impervious)				
Regular Impact	\$31.24	\$34.76	\$29.17	\$30.34
Low Impact	\$18.57	\$20.67	\$17.08	\$17.76
Light (16 - 35% Impervious)				
Regular Impact	\$48.52	\$53.54	\$45.11	\$46.91
Low Impact	\$38.31	\$42.26	\$35.48	\$36.90
Medium (36 – 65% Impervious)				
Regular Impact	\$70.67	\$77.60	\$65.52	\$68.14
Low Impact	\$57.21	\$62.86	\$52.71	\$54.81
Heavy (66 – 85% Impervious)	\$93.56	\$102.48	\$87.91	\$91.42
Very Heavy (86 – 100% Impervious)	\$112.38	\$122.94	\$103.98	\$108.14

2015-2017 rates approved by Commission in 2014.

Revenue Summary



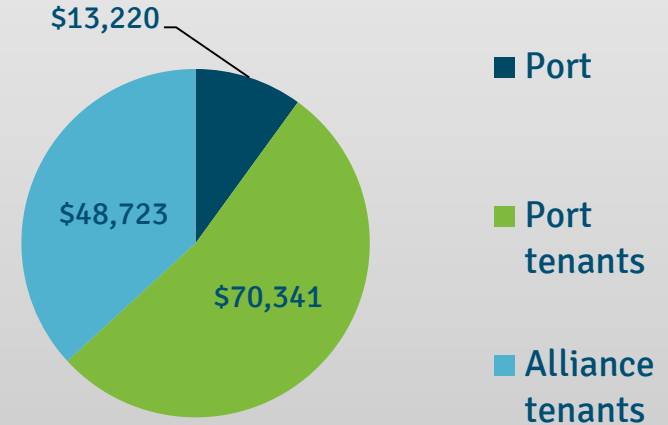
Total revenue breakdown for all facilities

Revenue Example – T106



- Alliance – 0 sq ft.
- Port – 122,088 sq ft.
- Alliance tenants – 450,557 sq ft.
- Port tenants – 650,619 sq ft.

Revenue



- T106 total area of 1,223,264 sq ft.
- T106 total fee of \$132,284

Revenue breakdown for a facility

Capital Budget Summary

\$'s in 000's

Commission Authorized/Underway

Pending 2016/2017 Authorization

T18 Stormwater outfalls renew/replace

Portwide Stormwater Sys Renewal

Pending Future Authorization

SWU Contingency

Small Capital Projects

	2018	2019	2020	2021	2022	2018-2022
Commission Authorized/Underway	-	-	-	-	-	-
Pending 2016/2017 Authorization	1,550	1,500	1,942	500	500	5,992
<i>T18 Stormwater outfalls renew/replace</i>	<i>1,050</i>	<i>1,000</i>	<i>1,442</i>	-	-	<i>3,492</i>
<i>Portwide Stormwater Sys Renewal</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>2,500</i>
Pending Future Authorization	-	-	500	1,500	1,500	3,500
<i>SWU Contingency</i>	-	-	<i>500</i>	<i>1,500</i>	<i>1,500</i>	<i>3,500</i>
Small Capital Projects	150	150	150	150	150	750
	1,700	1,650	2,592	2,150	2,150	10,242

System Improvements start in 2018

Maintenance Budget Summary

- 2017 Assessments of 30% - \$1.8 million
 - Terminal 18
 - Terminal 5
 - Fishermen's Terminal
 - Terminal 30, 46 and 91 for specific needs
- 2018 Assessments of 45% - \$2.7 million
 - Terminal 30
 - Terminal 46
 - Terminal 25
 - Terminal 5 (completion)
 - Terminal 115
 - Terminal 104

50% more assessment in 2018 than 2017

10-year Forecast

Port of Seattle																								
Stormwater Utility																								
Ten Year Forecast																								
10/16/2017																								
	Actual	Budget	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast												
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027												
Operating revenues	4,751	4,955	5,333	5,707	6,106	6,534	6,991	7,480	8,004	8,564	9,164	9,805												
Org Direct	540	1,056	892	930	1,178	1,150	1,182	1,214	1,248	1,282	1,318	1,356												
Maintenance	1,032	1,847	2,708	2,789	1,946	2,004	2,064	2,126	2,190	2,256	2,324	2,394												
Environmental Services	99	113	92	115	36	37	39	40	41	43	44	46												
Environmental Reserve	0	0	267	367	367	0	0	0	0	0	0	0												
Other Direct	5	1	3	3	3	3	3	3	3	3	4	4												
Corp Direct	26	45	57	59	61	63	65	68	70	72	74	77												
Operating & Maint. Expense	1,702	3,060	4,019	4,262	3,591	3,258	3,353	3,451	3,553	3,657	3,764	3,876												
Income From Operations "IFO"	3,049	1,895	1,315	1,444	2,516	3,276	3,638	4,030	4,451	4,908	5,400	5,929												
Divisional Allocations	0	573	1,006	1,031	1,056	1,083	1,110	1,138	1,166	1,195	1,225	1,256												
Corporate Allocations	0	359	577	592	607	622	637	653	670	686	703	721												
Other-Placeholder	0	0	0	0	0	0	0	0	0	0	0	0												
Total Allocated Expenses	0	932	1,583	1,622	1,663	1,705	1,747	1,791	1,836	1,882	1,929	1,977												
Net Operating Income "NOI"	3,049	963	(268)	(178)	853	1,571	1,891	2,239	2,616	3,026	3,471	3,953												
Total Depreciation Expense	879	967	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221												
Net Income	2,169	(4)	(1,489)	(1,399)	(368)	351	670	1,018	1,395	1,805	2,250	2,732												
CapEx		1,407	1,700	1,650	2,592	2,150	2,150	2,150	2,650	2,650	2,650	2,650												
Cash Surplus (Deficit)		(444)	(1,968)	(1,828)	(1,739)	(579)	(259)	89	(34)	376	821	1,303												
Fund Balance Start			4,219	2,251	423	(1,317)	(1,895)	(2,155)	(2,066)	(2,100)	(1,724)	(903)												
Fund Balance End		4,219	2,251	423	(1,317)	(1,895)	(2,155)	(2,066)	(2,100)	(1,724)	(903)	400												

Proposed rate structure for 10-year cost recovery

10-year Forecast Key Points

- Recommend 7.75% rate increase in 2018
- Placeholder of 7% annually between 2019 to 2027 for positive cash balance
- Different alternatives considered various capital spending levels while holding expenses steady
- High short-term investments on maintenance and capital may lead to significant annual deficit and negative cash balance by 2020 without 7.75%
 - Recover costs to prevent negative funds
 - Build a financially prudent model for long-term operations

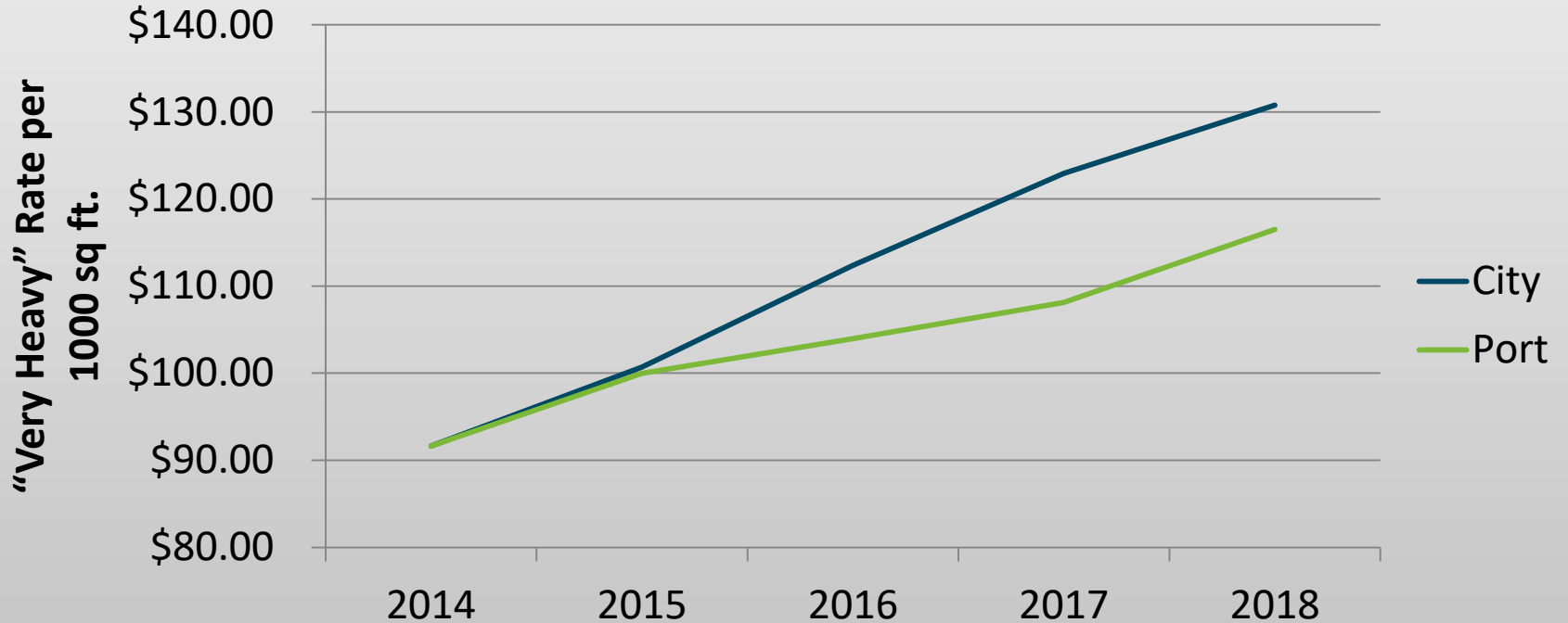
Cost recovery based on 10-year forecast - no profit generated

2018 Proposed Rates

Stormwater Rate Category	City 2018	Port 2018
Undeveloped (0 - 15% Impervious)		
Regular Impact	\$37.60	\$32.69
Low Impact	\$22.37	\$19.14
Light (16 - 35% Impervious)		
Regular Impact	\$57.44	\$50.55
Low Impact	\$45.33	\$39.76
Medium (36 - 65% Impervious)		
Regular Impact	\$82.86	\$73.42
Low Impact	\$67.18	\$59.06
Heavy (66 - 85% Impervious)		
Regular Impact	\$109.16	\$98.51
Very Heavy (86 - 100% Impervious)		
Regular Impact	\$130.77	\$116.52

Rate proposal based on Steering Committee recommendation

Rate Trends



Rate comparison between City and Port

Tenant Communication



Maritime Stormwater Utility Updates

On November 14, 2017, the Port of Seattle Commission approved a utility rate increase of 7.75%, effective January 1, 2018. Future rates have not been determined and will be subject to review and approval by the Port Commission. The 2017 and 2018 fees are shown in the table below.

STORMWATER RATE CATEGORY	2017	2018
Undeveloped (0 – 15% Impervious Coverage)		
Regular	\$30.34	\$32.69
Low Impact	\$17.76	\$19.14
Light (16 – 35% Impervious Coverage)		
Regular	\$46.01	\$50.55
Low Impact	\$36.90	\$39.76
Medium (36 – 65% Impervious Coverage)		
Regular	\$66.14	\$73.42
Low Impact	\$54.81	\$59.06
Heavy (66 – 85% Impervious Coverage)		
Regular	\$91.42	\$98.51
Very Heavy (86 – 100% Impervious Coverage)	\$108.14	\$116.52

STORMWATER UTILITY BY THE NUMBERS

999.6 acres of drainage area
78 miles/411,900 ft of stormwater pipe
2,720 catch basins
1,066 manholes
195 outfalls
3,455 drains, filters, vaults, etc.
207* tenants (Port & NWSA) *as of 07/2017

GATHERING INFORMATION FOR ASSESSMENTS

These pictures show the assessment process.



- (1) First, the utility crew sets up their equipment and...
- (2) Clean the pipes with high pressure water.
- (3) Collecting the water and debris via vacuum truck.
- (4) A camera enters the pipe and takes video for the pipe's length, examining conditions, such as fractures or breaks.
- (5) The operator, situated in the cockpit, assigns a condition score.

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URGENT REPAIRS

These three pictures show the assessment video



(6) Identifying a major break in the pipe. The score for this break is 90. Photo (7) shows the actual break located and dug up by Port maintenance crews. Photo (8) shows the repaired segment of pipe prior to backfill. The good news is that the Port's assessment process found an infrastructure problem before it became a safety issue and worked with Terminal operators to repair it.

ASSESSMENT - EXPLAINED

Assessment means obtaining a full closed caption video (CCTV) of the inside of the pipe using specialized truck and software. This provides a structural score for the integrity of the pipe and a maintenance score for the cleanliness of the pipe. The Utility plans to complete assessments of all 78 miles of pipe by the end of 2019.

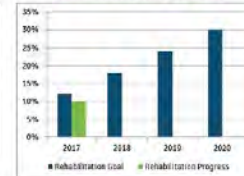
REHABILITATION - EXPLAINED

Rehabilitation considers the scores from assessment and the timeframe of when the pipe was last cleaned. A rehabilitated pipe is considered "like new" condition. The Port's Century Agenda goal for stormwater is a stormwater system rehabilitation of 75% by 2035.

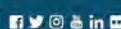
Assessment Goals & Progress



Rehabilitation Goals & Progress



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Bill insert to be sent out with December bills