



Utilities Rate Setting 2027 & 2028

Public Works Division
September 22, 2026



Our Utilities

- Process 30 million gallons/day of wastewater at RPWRF
- Maintain 1,250 miles of sewer & stormwater piping



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

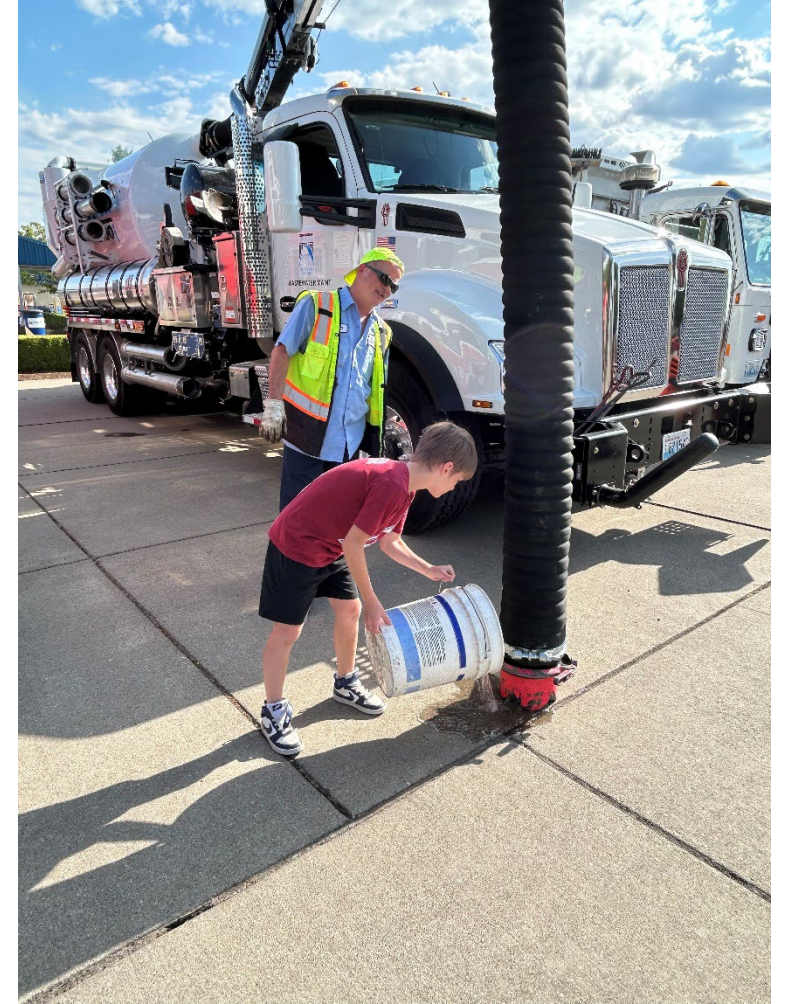


- Deliver up to 150 million gallons/day of clean drinking water
- Maintain 1,000 miles of water mains



Rate Setting for 2027 & 2028

- Rate Ordinances on your agenda:
 - Water
 - Wastewater & Stormwater
 - Water-Wastewater Capital
 - Solid Waste
 - Climate Commitment Act (CCA) compliance funds
- Adopted ordinances:
 - Creation of Micro-unit sewer and capital rates
 - Exemption of the CCA funds from the utility tax



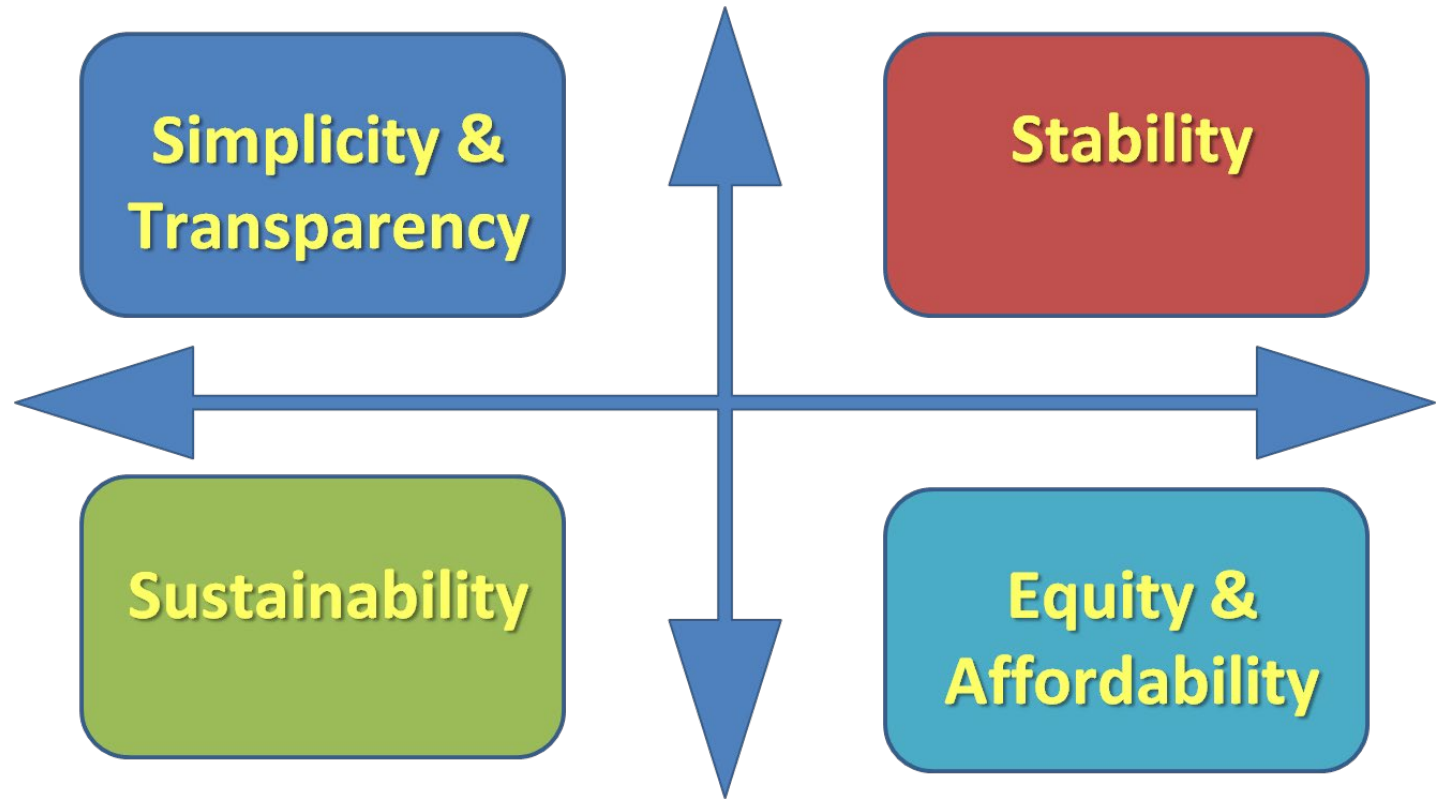
Information Sessions



- PIES Committee – April 13 – Utility Cost Comparisons, Spokane Utility Rate History
- PIES Committee – May 11 – Proposed Utility Rate Setting Schedule
- PIES Committee – July 14 – Utility Rate Setting for 2027 & 2028 (Focus on Water and Wastewater)
- Finance & Administration – July 28 - Utility Rate Setting for 2027 & 2028 (Focus on Solid Waste & CCA Compliance)
- CRSB – August 13 – Utility Rate Setting: Water Consumption & More
- Urban Experience – August 19 – Introduction of Micro-Unit & CC Utility Tax ordinances
- Finance & Administration – August 25—Utility Rate Setting for 2027 & 2028 (Examples of Bills)
- Council meeting – September 9 – Adoption of Micro-Unit and CCA Utility Tax ordinances



Rate Setting Principles



Overview of Rate Proposals

Generally:

- **3.5% increase** for water/wastewater/stormwater/water-wastewater capital
- **3.25% increase** for solid waste

Then, rate design & cost of service change proposals:

- Water Consumption Rates – Commercial plus Parks & Schools
- Sewer Rates – Commercial & Multi-Family Changes
- Solid Waste Cost of Service & Other Changes
 - Rebalance costs between residential cart sizes
 - Rebalance between smaller and larger commercial containers (dumpsters)
 - Manage PUDs like other residential
 - Charge for appliances with refrigerant



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	2028
60-gallon Garbage Cart	\$45.20	\$47.23	\$49.12
Wastewater	\$39.79	\$41.19	\$42.63
Water – Base Svc	\$20.07	\$20.77	\$21.50
Cons – Winter*/Summer**	\$5.46 / \$21.03	\$5.65 / \$21.76	\$5.85 / \$22.52
Stormwater	\$5.60	\$5.80	\$6.00
Water/Wastewater Capital	\$36.30	\$37.57	\$38.88
WINTER TOTAL	\$152.42	\$158.21	\$163.98
SUMMER TOTAL	\$167.99	\$174.32	\$180.65



Commercial Water Rates Proposal

- 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	\$1.01/unit of water	\$1.52/unit of water
Outside City	\$1.50/unit of water	\$2.26/unit of water

- Separating out Parks & Schools to support community greenspace
 - Proposing a **year-round flat rate**
 - Continue to work with these customers to optimize water use

	2027 Year Round Rate
Inside City	\$1.30/unit of water
Outside City	\$1.95/unit of water



Commercial Sewer Rates

- As a class, commercial users have been underpaying for sewer
- Proposing a change in the base rate
- Currently, all commercial customers pay the same base rate for sewer – despite the diversity of use
- Proposal would charge more for customers with larger water meters, more meters & more sewer use.
- Charges are for water use that is discharged to the sewer—not for irrigation or process water
- More than half the commercial customers would only see the overall rate increase of 3.5%
- Of the nearly 5,000 commercial customers, only about 140 have a meter larger than 4 inches

BASE RATE in 2026 is \$39.79

Inside City	2027	2028
5/8"	\$ 41.19	\$ 42.63
3/4"	\$ 41.19	\$ 42.63
1"	\$ 41.19	\$ 42.63
1 1/2"	\$ 67.16	\$ 69.51
2"	\$ 95.19	\$ 98.52
3"	\$ 152.45	\$ 157.79
4"	\$ 209.95	\$ 217.31
6"	\$ 296.64	\$ 307.03
8"	\$ 608.52	\$ 629.83



Multi-family Sewer Rates

- As a class, multi-family uses less sewer capacity than other residential users
- Proposing to adjust their costs downward for sewer
- First unit is charged the same as single family, and additional units are charged less for sewer
- Currently, about \$4 less in-City
- Will increase to \$8 less in 2027 & more than \$12 less in 2028

MULTI-FAMILY RATES			
	2026	2027	2028
Inside			
• Sewer First Unit	\$39.79	\$41.19	\$42.63
• Sewer Add'l Units	\$35.77	\$33.09	\$30.17
Outside			
• Sewer First Unit	\$69.63	\$69.63	\$69.63
• Sewer Add'l Units	\$62.59	\$56.08	\$49.63



Solid Waste Proposed Residential Rates

Smaller carts aren't covering their costs of service so those will increase at a slightly higher rate than larger carts.

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*



Solid Waste Proposed Commercial Examples

Smaller dumpsters aren't covering their costs so charges will increase a little more for smaller units compared to larger ones.

Dumpster Size	2026 Rate	2027 Proposed	2028 Proposed
1 Yard	\$134.03	\$142.07	\$150.6
2 Yard	\$268.02	\$278.74	\$289.89
4 Yard	\$536.1	\$546.82	\$552.29
6 Yard	\$804.12	\$820.20	\$828.40
Roll Off	\$190.97	\$200.52	\$210.54



WTE Tipping Fee, Appliances, PUD's

- **WTE Tipping Fee** increase of **5%** for both **2027** and **2028** (Self-haul, Special handling)
- **\$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
- Several **PUDs** receive a **10% discount** on service, providing a significant gap in covering cost of service
 - Propose **eliminating discount**



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
 - Would be a pass-through to the customer, without applying the utility tax



Understanding the Risks

- **Loss of Revenue**

- Homes lost in Old Trails Fire expected to result in \$1 M in annual lost revenue

- **Personnel costs**

- Labor negotiations are ongoing with Local 270 & M&P
- Employee health insurance costs haven't been finalized

- **Managing regulatory compliance**

- PFAS, PCBs, more
- Upriver Dam relicensing
- Mandatory organics collection by 2030
- CCA compliance costs

- **The Pace of Infrastructure Investment**

- Capital plans allow for moderate growth
- Asset Management needs are growing

- **The Pace of Inflation**

- The cost of raw materials, fuel, trucks, chemicals and energy are very volatile
- Fleet repair costs are unsustainable
- Service contracts expiring (SMaRT Center, Barr Tech, etc.)



Meeting the Principles

Simplicity & Transparency

- Provides predictability through multi-year rate setting
- Smooths annual increases over time

Sustainability

- Supports water conservation & organics diversion
- Retains discount for low indoor water use
- Supports community greenspace, encouraging individual properties to reduce turf
- Supports community education on recycling, waste management and water use
- Manages disposal of appliances with refrigerant

Stability

- Manages financial risk & supports appropriate reserves
- Continues investment in utility systems, trucks & equipment
- Supports system resiliency
- Meets CCA financial obligation
- Manages debt repayment

Equity & Affordability

- Adds Micro-Unit Sewer & Capital rates
- Maintains discounts for vulnerable citizens
- Addresses cost of service concerns
- Manages PUDs like other residential for solid waste
- Limits annual increases for all utilities
- Supports neighborhood cleanup program



What's Next

- September/October 2026
 - Present remaining rate ordinances at Finance in September
 - Council approval of rates for 2027 & 2028 to follow
 - Final action expected on October 14





Questions?

Managing Costs

Savings, both one-time & recurring

Non-rate revenue growth

Decisions that smooth costs over time and provide greater predictability for ratepayers

Making key investments that reduce costs over time



Examples

Savings (Recurring):

New Contract for **Solid Waste Container Repairs** – Saves \$250,000 annually

Updating **Oil Change intervals** for Garbage Trucks – Saves \$100,000 annually

WTE Team completed changes on **Ammonia System** for greater efficiency – Saves more than \$350,000 annually

Switch Downtown Garbage Collections to Days - \$20,000 annually & more efficient

Re-organized **Water Conservation Team** – \$30,000 annually

Savings (One-time):

Use **City employees instead of contracting out when appropriate.**

Example: non-critical water main upsize to be done by City Water and Streets staff - Savings of \$100,000 expected

Bought **AMI meter radios** in bulk for 3 years of installations, getting a better price – Savings of \$40,000

Re-worked some plans for remodeling the N Foothills Water Facility – Savings of \$100,000



Examples

Non-rate revenue growth:

Power Purchase Agreements - \$40 million more than forecasted over 15 years (Earnings going up annually)

Decisions that smooth costs over time or avoid costs:

Created a sinking fund for RPWRF membrane replacement – Smooths out the cost over 10 years

RNG Fuel v Diesel – Estimated 2026 avoided cost of \$2.6 million

Riverfront Park pipe-lining project – Preserves 1 million gallons of daily capacity at RPWRF for future growth

Re-prioritized projects in **the Capital Plan** to reduce annual expenses and smooth costs over time

Postponed \$2M headworks project at RPWRF to a time with a smaller capital project list

Eliminated plan for a third compressor for **RNG at Solid Waste**, avoids \$650,000 cost



Examples

Key Investments that reduce costs over time

Replaced Big Belly units - \$215,000 upfront cost that will **save \$100,000 annually**

Future Investment Possibilities to reduce costs, earn income

Working with Finance to refinance 2014 Revenue Bonds – potential to free **up to \$500,000/year**

Replace use of potable water at RPWRF with process water – reduce water consumption & save money

Consider UV light for disinfection at RPWRF – reduce chlorine costs

Biogas capture at RPWRF – Tax credits, income stream

E-waste pilot – Diverts e-waste from the garbage stream & could generate some revenue

On-site chlorine generator – reduce gas purchases; approx. savings **\$100K annually**



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 Proposed Rates
Solid Waste	\$424.69	\$433.47	\$438.32
Wastewater	\$62.89	\$77.84	\$91.13
Water	\$41.31* \$41.31**	\$38.42* \$46.01**	\$39.76** \$47.62**
Stormwater	\$36.96	\$38.28	\$39.60
Water/Wastewater Capital	\$37.35	\$38.66	\$40.01
WINTER TOTAL	\$603.20	\$626.66	\$648.82
SUMMER TOTAL	\$603.20	\$634.26	\$656.68



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 Proposed Rates
Solid Waste	\$804.12	\$820.20	\$828.40
Wastewater	\$1,291.74	\$1,199.39	\$1,098.46
Water	\$318.87* \$413.22**	\$293.84* \$471.03**	\$304.12** \$487.51**
Stormwater	\$138.60	\$143.45	\$148.47
Water/Wastewater Capital	\$1,306.80	\$1,305.14	\$1,352.30
WINTER TOTAL	\$3,860.30	\$3,762.02	\$3,720.87
SUMMER TOTAL	\$3,954.48	\$3,939.20	\$3,915.14



Proposed Micro-Unit Utility Bill Example

Multi-Family Micro-Unit City Monthly Bill – Summer & Winter

This example:

- *Assumes 36 units*
- *Assumes a 6-inch meter connection*
- *Assume 6-yard dumpster*
- *Assumes 75 units of water usage in the winter*
- *Assumes 100 units of water in the summer*

**Winter rate*

***Summer rate*

Service	2026 Rates	2027 Proposed Rates	2028 Proposed Rates
Solid Waste	\$804.12	\$820.20	\$828.40
Wastewater	\$1,291.74	\$719.63	\$659.07
Water	\$255.97* \$287.42**	\$243.22* \$319.15**	\$252.70* \$411.86**
Stormwater	\$138.60	\$143.45	\$148.47
Water/Wastewater Capital	\$1,306.80	\$783.08	\$811.38
WINTER TOTAL	\$3,797.23	\$2,709.58	\$2,700.02
SUMMER TOTAL	\$3,828.68	\$2,785.51	\$2,859.18



Spokane Utility Rate History

**Included rate increases approved in 2024 for 2026 and an additional 0.5% in 2025 to accommodate a utility tax increase of 0.5%.*

Year	Water Rate Change	Wastewater Rate Change	Solid Waste Rate Change
2010	3.75%	15.0%	1.5%
2011	3.75%	15.0%	1.5%
2012	4.5%	13.7%	4.3%
2013	3.5%	3.5%	0.0%
2014	2.9%	2.9%	2.9%
2015	2.9%	2.9%	2.9%
2016	2.9%	2.9%	2.9%
2017	2.9%	2.9%	2.9%
2018	2.9%	2.9%	2.9%
2019	2.9%	2.9%	2.9%
2020	2.9%	2.9%	2.9%
2021	2.9%	2.9%	2.9%
2022	2.9%	2.9%	2.9%
2023	2.9%	2.9%	2.9%
2024	Overall, 2.9% increase. Water, WW, Stormwater, W/WW Capital flat; Solid Waste up 10%		
2025	Overall, 4.88% increase. Water base - 0.74%, Water use – varied; Solid Waste, WW, Stormwater – 7 %; Water/WW capital – 4%		
2026*	5.4%	5.4%	7.5%

