

**KING COUNTY**

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report**Motion 16410****Proposed No. 2023-0257.2****Sponsors Balducci**

1 A MOTION requesting the wastewater treatment division
2 research and identify methodologies to forecast the long-
3 term costs of its capital improvement needs.

4 WHEREAS, the wastewater treatment division is responsible for construction,
5 operation, and maintenance of the county's regional wastewater conveyance and
6 treatment system, and

7 WHEREAS, the wastewater treatment division protects public health and the
8 environment by collecting and treating wastewater, and

9 WHEREAS, the wastewater treatment system's capital assets are valued at over
10 four billion dollars and include three regional treatment plants, three hundred ninety-
11 seven miles of conveyance lines, forty-eight pump stations, twenty-five regulator
12 stations, five combined sewer overflow treatment plants, four combined sewer overflow
13 storage facilities, thirty-nine combined sewer overflow outfall locations, two small
14 treatment plants, and one community septic system on Vashon, and

15 WHEREAS, the wastewater conveyance and treatment system includes facilities
16 and equipment dating from the 1960s to the present day, and

17 WHEREAS, maintaining the wastewater system, making repairs, replacing aging
18 components of the system, addressing climate change impacts, preserving the Puget
19 Sound environment, meeting current and emerging regulatory requirements, and

20 preparing for future population growth are essential to ensure the wastewater system
21 performs reliably and delivers value for customers now and into the future, and

22 WHEREAS, Section 270 of the King County Charter establishes three regional
23 committees to develop, propose, review and recommend action on regional policies and
24 plans for consideration by the metropolitan county council, and

25 WHEREAS, in accordance with K.C.C. 1.24.065, the regional water quality
26 committee develops, recommends, and reviews countywide policies and plans related to
27 the water pollution control functions including water quality comprehensive and long-
28 range capital improvement plans, and

29 WHEREAS, the regional water quality committee's 2023 work program includes
30 addressing long-term sewer rate projections, and

31 WHEREAS, capital improvements needed for regulatory purposes, growth
32 capacity, and asset management are a primary driver of the increasing sewer rates, and

33 WHEREAS, "asset management" for the wastewater treatment division refers to
34 the planning, design, procurement, refurbishment, or replacement of existing sewer lines,
35 equipment, and structures at the county's wastewater treatment facilities and
36 infrastructure, and

37 WHEREAS, capital assets can range in life expectancy from five to one hundred
38 years and financing for some capital improvement projects can extend up to forty years,
39 and

40 WHEREAS, developing a long-term rate forecast cannot be accomplished without
41 forecasting the long-term costs of capital improvement needs, and

42 WHEREAS, wastewater treatment division's six-year capital improvement
43 program identifies all capital improvements expected to be in process during the six-year
44 plan period and includes, but is not limited to, projects related to asset management,
45 capacity improvements, resiliency, and regulatory requirements, and

46 WHEREAS, the wastewater treatment division forecasts capital improvements
47 over a ten-year period as part of the sewer rate development process, and

48 WHEREAS, the ten-year capital improvement forecast has less certainty and
49 forecasts expected expenditures beyond six years by category rather than by project, and

50 WHEREAS, the wastewater treatment division has begun work to extend its ten-
51 year forecast from ten years to twenty years for asset management, capacity
52 improvements, resiliency, regulatory, and related needs, and

53 WHEREAS, the Regional Wastewater Services Plan was adopted in 1999 to
54 provide policy guidance for the wastewater system through 2030, and

55 WHEREAS, the process to update the Regional Wastewater Services Plan is
56 scheduled to restart in 2023 and will include long-term forecasting for capital investments
57 in the regional wastewater system beyond a twenty-year period and up to fifty years or
58 more, and

59 WHEREAS, developing a method to forecast the long-term costs of the
60 wastewater treatment division's capital improvement needs beyond the next ten years will
61 inform the development of a model to forecast long-term rates and could provide helpful
62 information for decisionmakers to better assess the effect of policy choices, and

63 WHEREAS, developing a forecast of the long-term costs of the wastewater
64 treatment division's capital improvement needs includes inherent uncertainty due to

65 unknown or uncertain future regulatory requirements, uncertainty in the system capacity
66 needed to address future growth, and uncertainty in financial assumptions about inflation,
67 interest rates, and other factors, and the level of uncertainty increases with the length of
68 the forecast period, and

69 WHEREAS, in accordance with Section 270.30 of the King County Charter and
70 K.C.C. 1.24.065, the regional water quality committee developed this motion to be
71 proposed to the King County council;

72 NOW, THEREFORE, BE IT MOVED by the King County council:

73 A. The wastewater treatment division is requested to research and identify
74 methodologies to forecast the long-term costs of its capital improvement needs and to
75 seek comment and an advisory recommendation on the methodologies from the
76 metropolitan water pollution abatement advisory committee. The forecast should
77 include, but not be limited to, the following capital improvement categories: asset
78 management; capacity improvements including projects for population growth and those
79 projects addressing infiltration and inflow; and known and potential regulatory
80 requirements. It is acknowledged that any forecasts beyond the standard six-year capital
81 improvement program will have increasing levels of uncertainty with each year beyond
82 the six-year capital improvement program. The recommended methodologies should
83 allow for forecast periods of up to seventy-five years. Each methodology should allow
84 for changes in various assumptions including but not limited to growth capacity, asset
85 lifespan, and known and projected regulatory requirements such that forecast scenarios
86 can be compared using different assumptions. In completing this work, the wastewater

87 treatment division is encouraged to engage an experienced and independent expert in
88 proven national best practices for successful forecasting methodologies.

89 B. Implementation of long-term forecasting beyond twenty years would inform
90 decision makers as they consider revisions to the county's regional wastewater services
91 plan and should occur during the upcoming process to update to the regional wastewater
92 services plan. Implementation could also occur earlier in consultation with the regional
93 wastewater quality committee. The wastewater treatment division may, with written
94 notice to the chairs of the regional water quality committee and the metropolitan water
95 pollution abatement advisory committee, adopt revisions to the recommended
96 methodologies as needed.

97 C. The wastewater treatment division is requested to provide a status update
98 briefing to the regional water quality committee in September 2023 on the various
99 methodologies under consideration, and by January 2024 to brief the regional water
100 quality committee on a recommended methodology for forecasting the long-term costs of
101 wastewater's capital improvement needs. In presenting the recommended methodology,

102 the wastewater treatment division should report on the options that were considered and
103 why the recommended methodology was selected.

Motion 16410 was introduced on 7/18/2023 and passed by the Metropolitan King County Council on 9/5/2023, by the following vote:

Yes: 9 - Balducci, Dembowski, Dunn, Kohl-Welles, Perry,
McDermott, Upthegrove, von Reichbauer and Zahilay

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

ATTEST:

APPROVED this ____ day of _____, _____.

Attachments: None