

King County 2027 Sewer Rate and Capacity Charge Proposal

Regional Water Quality Committee Meeting
May 6, 2026 (revised)

Key Takeaways

- Executive's 2027 rate proposal maintains:
 - **12.75%** rate increase forecast last year
 - Regulatory **compliance**
 - **High priority investments** in asset renewal and replacement and capacity projects
- Alternative scenarios that shift project timing were considered
 - Deferred asset renewal/replacement and capacity projects would add **risk with modest, near-term rate reductions** and higher long-term costs
- Review of regulatory requirements
 - Combined Sewer Overflow (CSO) consent decree, National Pollutant Discharge Elimination System (NPDES) permit, nutrient regulations
 - Evaluating tools under Clean Water Act, meeting with regulators
 - Requires **successful negotiations**, process may take some time
- WTD continuing to undertake variety of **cost containment** efforts

Sewer Rate and Capital Work Plan

- **Third-party independent review** of WTD's capital program to begin Q3 2026, King County Auditor's Office is project manager
- **Incorporating affordability** policy options and metrics into Regional Wastewater Services Plan Update
- **Advocating for federal support** for investments in Puget Sound
- Building on 2025 Utility Rate Summit and **collaborating with RWQC members** to develop next steps

Sewer Rate and Capital Work Plan continued

- **Two MWPAAC representatives will attend select WTD capital portfolio management meetings**
- **Provided rate briefings** for MWPAAC, City of Pacific, Seattle Public Utilities' Customer Review Panel, and City of Bellevue (scheduled)
- **Multi-year rate proposal for 2028-2029 will provide a longer timeline and further improved engagement and predictability** in the rate development process



King County

Wastewater
Treatment

Aligning 2027 capacity charge amount with sewer contracts

- Current Code sets capacity charge at a *minimum* of 95% growth costs
- Existing capacity charge methodology recovers 95% of costs; proposed methodology is more precise and would recover 100% of costs
- Proposed sewer rate and capacity charge ordinance assumes 100% cost recovery
- Five sewer contracts set the capacity charge at 95% of growth costs (no *minimum* language)
- Amendment needed to revise capacity charge rate ordinance to 95%
- Proposed sewer rate for 2027 does not change; 20-year rate forecast updated
- Contract amendment needed in future to set at 100% if that is preferred direction

Capacity Charge - *Revised*

	Adopted	Proposed	Forecast			
Capacity Charge	2026	2027	2028	2029	2030	2031
Monthly Charge	\$77.99	\$78.94	\$81.56	\$84.27	\$87.07	\$89.96
Increase %	2.50%	1.22%	3.32%	3.32%	3.32%	3.32%
Increase \$	\$1.90	\$0.95	\$2.62	\$2.71	\$2.80	\$2.89
Annual Total	\$936	\$947	\$979	\$1,011	\$1,045	\$1,080
Total Payments	\$14,038	\$14,209	\$14,681	\$15,169	\$15,673	\$16,193
Upfront Payment*	\$9,870	\$9,983	\$10,314	\$10,657	\$11,011	\$11,376

*Discount Rate of 5.14%

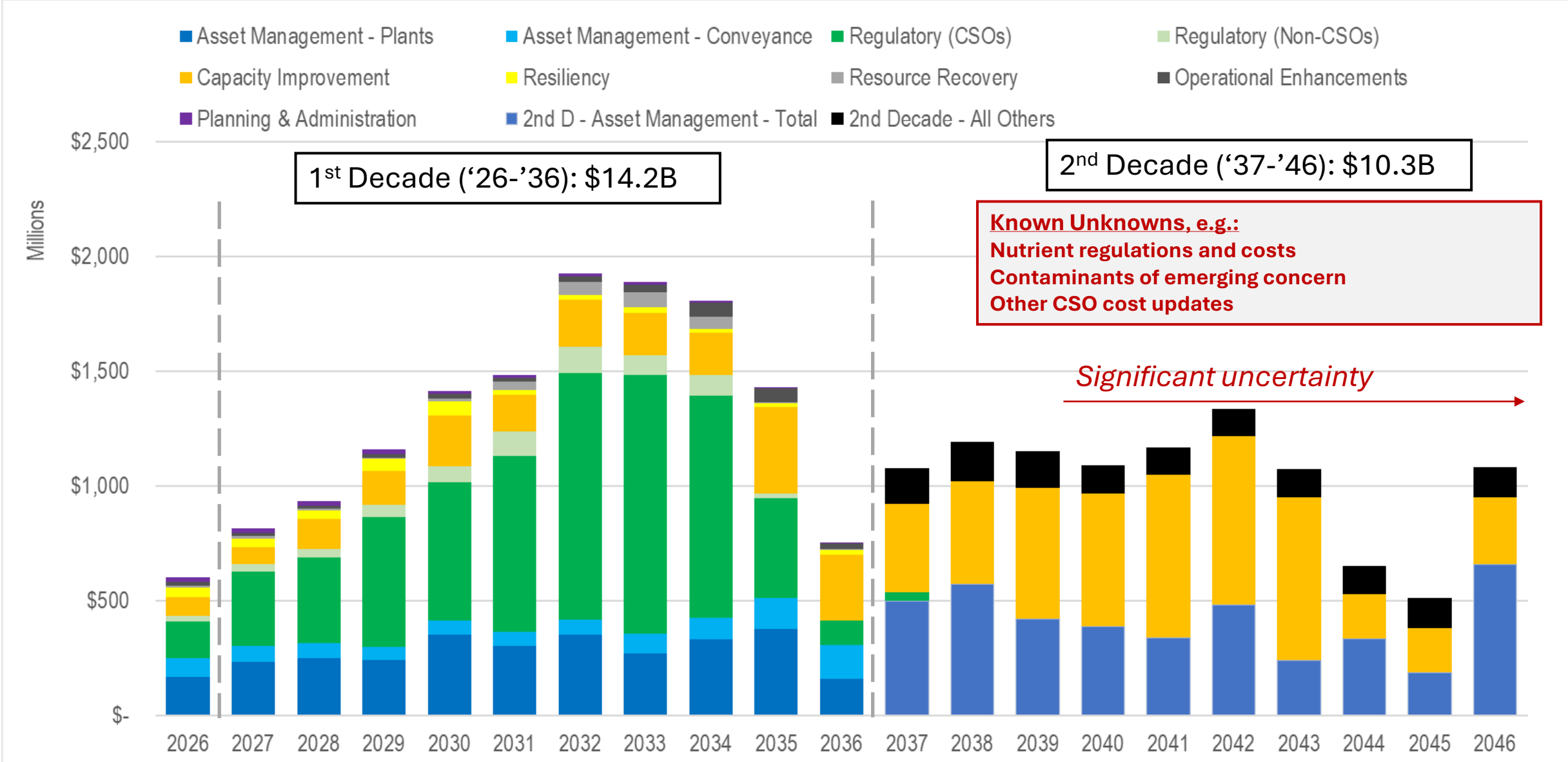
- WTD's rate consultant (Raftelis) recommended the proposed capacity charge methodology based on an industry standard approach for 2027
 - *However, can only recover 95% of costs per contract*
- Legislation (Proposed Ordinance 2026-0066) to implement the updated methodology is pending at King County Council
- New methodology allows for indexing capacity charge to Construction Cost Index (CCI)
- Will update after RWSP process results in new capital plans

Executive's Proposed 2027 Rate and 10-Year Forecast - *Revised*

	Adopted	Proposed									
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Rate Increase %	7.50%	12.75%	12.75%	12.75%	12.75%	11.50%	11.50%	8.00%	8.00%	8.00%	1.75%
Monthly Sewer Rate	\$62.66	\$70.65	\$79.66	\$89.82	\$101.28	\$112.93	\$125.92	\$136.00	\$146.88	\$158.64	\$161.42
Rate Increase \$	\$4.38	\$7.99	\$9.01	\$10.16	\$11.46	\$11.65	\$12.99	\$10.08	\$10.88	\$11.76	\$2.78
All-In Debt Service Coverage	1.62x	1.60x	1.73x	1.68x	1.59x	1.57x	1.61x	1.49x	1.51x	1.55x	1.55x
		2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Rate Increase %		1.75%	3.75%	3.75%	3.75%	2.25%	2.25%	2.25%	0.50%	0.50%	0.25%
Monthly Sewer Rate		\$164.25	\$170.41	\$176.81	\$183.45	\$187.58	\$191.81	\$196.13	\$197.12	\$198.11	\$198.61
Rate Increase \$		\$2.83	\$6.16	\$6.40	\$6.64	\$4.13	\$4.23	\$4.32	\$0.99	\$0.99	\$0.50
All-In Debt Service Coverage		1.52x	1.54x	1.58x	1.61x	1.60x	1.63x	1.64x	1.66x	1.67x	1.69x

- Maintains the same rate for 2027 as forecasted last year: 12.75% increase to \$70.65 monthly
- Prioritizes regulatory compliance and critical, high-risk asset management projects, and assumes deferral of low-to-mid risk projects
 - Assumes completion of Combined Sewer Overflow (CSO) Consent Decree projects by 2037
 - Provides operational and staffing funding to support prioritized capital projects and ongoing operational and maintenance costs
- Continues the cash-funding approach based on depreciation with an average 27% cash funding of the Capital Improvement Program over 10-year forecast period

20-Year Rate Capital Forecast by Portfolio Category



2027 Sewer Rate Process Calendar

Agency	Date	Briefing
Executive Budget Office	1/29/2026	2027 WTD Preliminary Sewer Rate Proposal
Regional Water Quality Committee (RWQC)	2/4/2026	2027 WTD Preliminary Sewer Rate Proposal
MWPAAC Rates & Finance (R&F) Subcommittee	2/5/2026	2027 WTD Preliminary Sewer Rate Proposal
MWPAAC General meeting	2/25/2026	2027 WTD Preliminary Sewer Rate Proposal
Executive Team	2/26/2026	2027 WTD Sewer Rate Proposal
RWQC	3/4/2026	2027 WTD Sewer Rate Proposal
MWPAAC R&F	3/5/2026	2027 WTD Sewer Rate Proposal
Executive	3/19/2026	2027 WTD Sewer Rate Proposal
MWPAAC General Meeting	3/25/2026	2027 WTD Sewer Rate Proposal
Executive	3/26/2026	Tech Memo due to the Executive
RWQC	4/1/2026	Discussion on potential letter on sewer rate
County Council	4/23/2026	Executive transmitted 2027 Rate Proposal to Council
MWPAAC General Meeting	4/29/2026	Action on potential letter to KC Council
RWQC	5/6/2026	Briefing
RWQC	6/4/2026	Briefing
Budget and Fiscal Management (BFM) Committee	May 2026	Tentatively on May 13 and May 27 BFM agendas
County Council Approval Required by	7/1/2026	