



Executive Girmay Zahilay

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401 Fifth Avenue, Suite 800
Seattle, WA 98104-2391

April 23, 2026

The Honorable Sarah Perry
Chair, King County Council
Room 1200
COURTHOUSE

Dear Councilmember Perry:

This letter transmits a proposed Ordinance that would, if enacted, set the 2027 monthly wholesale sewer rate and capacity charge. The proposed Ordinance increases the monthly sewer rate by 12.75 percent, from \$62.66 to \$70.65, and increases the capacity charge by 6.55 percent, from \$77.99 to \$83.10. An enclosed technical memorandum provides detailed information on the revenues, expenditures, debt service, operations, and capital programs that inform the rate development process. The technical memorandum also responds to Ordinance 20023, Section 115, P4, by providing two additional rate options with one option that is two percentage points lower than the proposed rate.

The proposed rate for 2027 is the first in several currently forecasted annual sewer rate increases driven primarily by capital projects needed to meet regulatory requirements, upgrade aging infrastructure, and meet population growth capacity contract obligations. Sufficient revenue is required to continue achieving the Department of Natural Resources and Parks (DNRP) Wastewater Treatment Division (WTD) mission of protecting water quality and human health. Along with maintaining regulatory compliance, the proposed 2027 sewer rate funds the proactive replacement of high-priority critical assets to prevent failure and expansion in support of new homes and businesses. These investments would also underscore the WTD's continued commitment to achieving tangible results for water quality and the environment across Puget Sound.

For the coming rate development period, I have directed staff to work with our partners on affordability strategies which include enhancing efforts to contain capital and operational costs, and to identify best practices in cost containment in collaboration with national associations. In 2026, WTD initiated an independent third-party review of its capital program. The King County Auditor's Office is managing this work which will be underway soon. In addition, we will continue to utilize low-interest loans for WTD capital

projects through the Washington State Revolving Fund, Washington Public Works Trust Fund, and the federal Water Infrastructure Finance and Innovation Act to lessen the financial burden on ratepayers. Using low-interest loans continues the County's prudent financial approach, helps maintain high credit ratings, keeps interest rates low, and produces savings for ratepayers.

WTD has continued to improve transparency in the development of the sewer rate, its capital program, and around the complex decisions ahead to address affordability and maintaining a reliable system. I understand that two Metropolitan Water Pollution Abatement Advisory Committee (MWPAAC) representatives will attend select WTD capital portfolio management meetings this year to further inform MWPAAC on project prioritization decisions. WTD must continue to communicate the capital drivers for the sewer rate increases and engage with our local agency partners and collaborate on sharing information about increases with ratepayers. In addition, WTD has identified options for rate predictability and there will be more discussion with MWPAAC on this topic in summer 2026.

The 2027 sewer rate process builds on changes incorporated into the 2026 rate process, including a 20-year rate forecast. It also incorporates the modified Combined Sewer Overflow (CSO) Consent Decree schedule reflecting an extended 2037 completion date. While these changes are substantive, WTD will continue to work to further improve rate-setting processes and long-term planning approaches. I have directed staff to engage with local, state, and federal partners, including cities, sewer districts, and regulatory agencies, to identify necessary steps for an environmentally protective and financially sustainable rate path. I also invite the Council's continued partnership to work with the Sound Cities Association, MWPAAC, and Regional Water Quality Committee (RWQC) to build on initial steps taken at the November 2025 Regional Utility Rate Summit. We will also incorporate affordability into the planning process for the Regional Wastewater Services Plan Update, including developing metrics and evaluating innovative rate relief approaches for low-income customers.

From January to April 2026, WTD provided monthly rate briefings to MWPAAC. A copy of MWPAAC's letter on the proposed 2027 sewer rate is enclosed. WTD also briefed the RWQC on the proposed 2027 rate and forecast at its meetings in February, March, and April 2026, and provided requested rate briefings to the City of Pacific's Council in March and Seattle Public Utilities' Customer Review Panel in April. A rate briefing is also tentatively scheduled for the City of Bellevue Council on May 12, 2026.

In the last few years, WTD has improved transparency in the rate development process. New efforts will build on longstanding engagement with key local agencies, which will continue for the 2027 sewer rate process and beyond. I recognize the importance of earlier engagement on the rate as our regional partners must also plan for local rate increases to fund their systems. In that vein, we will be working collaboratively with our regional partners and the County Council to develop a multi-year rate option that would provide a longer timeline and further improved engagement and predictability in the rate development process.

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Thank you for your consideration of this proposed Ordinance. This important legislation will help King County residents by continuing to protect water quality, support safe and reliable infrastructure, and provide a needed system for people and the economy to thrive.

If your staff have questions, please contact Kamuron Gurol, Wastewater Treatment Division Director, Department of Natural Resources and Parks, at 206-549-1190.

Sincerely,



for

Girmay Zahilay
King County Executive

Enclosure

cc: King County Councilmembers

ATTN: Stephanie Cirkovich, Chief of Staff, King County Council

Melani Hay, Clerk of the Council

Karan Gill, Deputy Executive, Office of the Executive

Jasmin Weaver, Chief of Staff, Office of the Executive

Sierra Howlett Browne, Director of Government Relations, Office of the Executive

Garrett Holbrook, Council Relations Manager, Office of the Executive

John Taylor, Director, Department Natural Resources and Parks

Kamuron Gurol, Director, Wastewater Treatment Division, DNRP