



**KING COUNTY**  
**Signature Report**

ATTACHMENT 1

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Motion 16449**

**Proposed No. 2023-0308.1**

**Sponsors** Balducci

1           A MOTION requesting the wastewater treatment division  
2           develop and maintain a long-term financial and sewer rate  
3           forecast.  
4           WHEREAS, the wastewater treatment division protects public health and the  
5           environment by collecting and treating wastewater, and  
6           WHEREAS, King County charges a sewer rate to the contract agencies that  
7           deliver, treat and discharge wastewater, and  
8           WHEREAS, sewer rate revenue is the wastewater treatment division's primary  
9           funding source, and  
10          WHEREAS, the monthly sewer rate revenue collected by the county goes to  
11          support all wastewater treatment division expenses, including operating costs, debt  
12          service, and capital expenses, and  
13          WHEREAS, as part of the rate setting process each year, the wastewater treatment  
14          division includes a ten-year rate forecast, and  
15          WHEREAS, Section 270 of the King County Charter establishes three regional  
16          committees to develop, propose, review and recommend action on regional policies and  
17          plans for consideration by the metropolitan county council, and  
18          WHEREAS, the regional water quality committee's 2023 work program includes  
19          addressing long-term sewer rate projections, and

20           WHEREAS, developing a long-term forecast of rates and revenue requirements  
21    would inform decision makers about the primary rate drivers and the effect of policy  
22    choices on long-term rates, and

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

25           WHEREAS, the process to update the Regional Wastewater Services Plan is  
26    scheduled to restart in 2023 and will include long-term planning for the regional  
27    wastewater system beyond a twenty-year period and up to fifty years or more, and

28           WHEREAS, decision makers desire information from the wastewater treatment  
29    division that will facilitate informed discussions on the policy decisions related to the  
30    update to the Regional Wastewater Services Plan, and

31           WHEREAS, developing a forecast of the long-term sewer rates includes inherent  
32    uncertainty due to unknown or uncertain future regulatory requirements, uncertainty in  
33    the system capacity needed to address future growth, uncertainty in financial assumptions  
34    about inflation, interest rates, and other factors, and the level of uncertainty increases  
35    with the length of the forecast period, and

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

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

40           A. The wastewater treatment division is requested to develop and maintain a  
41    long-term financial and sewer rate forecast. The forecast should be based on revenue

42 requirements needed for the operating and capital investment needs of the regional  
43 wastewater system. The forecast should allow for periods of up to seventy-five years.

44           B. The wastewater treatment division is requested to seek comments from  
45 ratepayers and other stakeholders and advisors, including the metropolitan water  
46 pollution abatement advisory committee. Additionally, the wastewater treatment division  
47 is requested to seek an advisory recommendation from an independent national expert on  
48 the methodology used to develop the forecast and revenue requirements. The expert may  
49 also offer observations and insights as to how such information might be best utilized in  
50 decision-making.

51           C.1. The revenue requirements should be reported in total and by categories  
52 including but not limited to:

53           a. operating expenditures with separate line items for at least the following  
54 categories: employee wages; employee benefits; supplies; services; intragovernmental  
55 services; and intragovernmental contributions;

56           b. capital expenditures with separate items for at least the following capital  
57 portfolio categories: asset management; known and potential regulatory requirements;  
58 capacity improvements including projects for population growth; and those projects  
59 addressing infiltration and inflow;

60           c. insurance;

61           d. debt service; and

62           e. reserves, with the type of reserves separated into line items.

63           2. The wastewater treatment division may, with written notice to the chairs of  
64       the regional water quality committee and the metropolitan water pollution abatement  
65       advisory committee, modify categories for reporting revenue requirements.

66           D. The long-term financial and sewer rate forecast should allow for changes in  
67       various assumptions including, but not limited to, the following: expected capital  
68       expenditures; asset life expectancy, interest rates on debt; capital project accomplishment  
69       rates; general and cost of construction inflation rates; percent of debt financing; length of  
70       debt; revenue requirements; number of residential customer equivalents; and revenue  
71       sources such that forecast scenarios can be compared using different assumptions.

72           E. The wastewater treatment division is requested to develop an executive  
73       summary that explains the long-term financial and sewer rate forecast, the drivers behind  
74       the rates, and changes from prior years in simple-to-understand terms.

75           F. The wastewater treatment division is requested to provide status update  
76       briefings to the regional water quality committee in January 2024, July 2024, and April  
77       2025, on the progress in developing a long-term financial and sewer rate forecast. By  
78       July 2025, the wastewater treatment division is requested to brief the regional water  
79       quality committee on the wastewater treatment division's long-term financial and sewer  
80       rate forecast. The July 2025 briefing should include supporting materials explaining the  
81       rate models used to generate the forecast in simple-to-understand terms. In presenting the  
82       long-term financial and sewer rate forecast in July 2025, the wastewater treatment  
83       division should report on the assumptions that were adopted for the forecast and why the  
84       assumptions were selected. It is expected that the briefing on the long-term financial and  
85       sewer rate forecast will be completed after the wastewater treatment division has

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86 developed a methodology to forecast the long-term costs of capital improvement needs as  
87 requested by Motion XXXXX (Proposed Motion 2023-0257).

Motion 16449 was introduced on 9/5/2023 and passed by the Metropolitan King County Council on 10/24/2023, by the following vote:

Yes: 8 - Balducci, Dembowski, Dunn, Perry, McDermott,  
Upthegrove, von Reichbauer and Zahilay  
Excused: 1 - Kohl-Welles

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

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ATTEST:

Melani Pedroza, Clerk of the Council

APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

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Shannon Braddock, County Executive

**Attachments:** None