

**RWQC October 4, 2023
Agenda Item #8
Improvements to Facilitate RWQC Review of Rate Development Policies**

Discussion Topics

October 4, 2023 RWQC: Committee discusses goals and options below and provides direction on whether staff should work with Chair to develop any of the options for further review by the RWQC. Chair will seek input from MWPAAC, WTD, and members in developing any of the selected options.

RWQC Goals:

- 1) Opportunities to review and provide input on major policy issues impacting the development of the sewer rate. (See Options #1 and #6)
- 2) Policies that promote stable rates for sewer customers. (See Option #2)
- 3) Well defined roles and work plans for MWPAAC and RWQC to avoid duplicative work. (See Option #3)
- 4) Consistent method to provide input to the Council on the rate proposal. (See Option # 4)
- 5) Increase information on the long-term policy impacts of rate proposals. (See Option #5; already addressed.)

Options for Discussion:

Option 1: A motion to be developed by RWQC requesting the Executive prioritize development of the update to the Regional Wastewater Services Plan (RWSP). This addresses **Goal 1** by providing an opportunity for RWQC to weigh in on major countywide policies impacting rates. **Timeline for RWQC:** December 6, 2023 RWQC Meeting.

Option 2: A motion to be developed by RWQC requesting the Executive transmit to **Council** along with the annual sewer rate ordinance, a motion identifying a rate the Executive intends to propose for year two notwithstanding unforeseen events. The motion identifying the year two rate could specify the intent that WTD operate within the projected year two rate unless there are specific unforeseen events. The year two rate would then subsequently be adopted by ordinance, presumably with less review time required since it would have been reviewed as part of the year one rate. This proposed option is not intended to return to the practice of previous years when a two-year rate was achieved by adopting an increase in year one and then adopting a zero rate increase in year two.

This could address **Goal 1** if it results in less time dedicated to rate adoption and increases the capacity of WTD and stakeholders to support the development of policies such as the update to the Regional Wastewater Services Plan. This also appears consistent with **Goal 2** and with FP 15(2)(b) which states, “King County should attempt to

adopt a multiyear sewer rate to provide stable costs to sewer customers.” **Timeline for RWQC:** November 1, 2023 RWQC Meeting.

Option 3: To support role clarity between MWPAAC and RWQC, a resolution or a letter acknowledging that the specific responsibilities of MWPAAC are not defined in RCW and requesting certain rate review activities from MWPAAC. The resolution or letter could request MWPAAC be actively engaged in the technical review of the rate, identify policy issues for RWQC AND Council consideration, and make rate recommendation to Council, with copy of recommendations transmitted to RWQC. The resolution or letter could also identify the RWQC role as review for consistency with adopted RWSP policies and makes policy recommendations to Council. This addresses **Goal 3**. **Timeline for RWQC:** February 7, 2024 RWQC Meeting.

Option 4: Add to the work program now, as a place holder for 2024 work program, an item to develop a resolution summarizing RWQC’s policy review of the 2025 proposed rate. This is intended to address **Goal 4** and provide a consistent method .for RWQC to provide policy input on the proposed rate. **Timeline for RWQC:** Can be acted upon now.

Option 5: Both long term capital needs of the regional wastewater system and long-term rate forecasts have already been requested in Motions 2023-0257 and 2023-0308. The information requested by these motions will allow the RWQC and MWPAAC to better review the long-term policy impacts of rate proposals addressing **Goal 5**. **Timeline for RWQC:** Completed.

Option 6: Add to the work program now, as a place holder for 2024 work program, WTD to brief RWQC in January or February prior to the year 1 rate on the major **policy** goals and factors that are projected to influence the development of the year 1 rate. This Addresses **Goal 1** by making RWQC aware of any major policy issues early in the rate development process. **Timeline for RWQC:** Can be acted upon now.

Authority:

King County Charter Section 270 Regional Committees.

270.30 Powers and Duties.

Each regional committee shall develop, propose, review and recommend action on ordinances and motions adopting, repealing, or amending transit, water quality or other regional countywide policies and plans within the subject matter area of the committee. The subject matter area of the regional policies committee shall consist of those countywide plans and policies included in the committee's work program by a majority of the members present and voting, with no fewer than three and one-half affirmative votes.

King County Code 1.24.065 Rule 7: Regional committees.

K. Role of regional committees.

1. A regional committee shall focus on planning and policy setting in program areas where it has been determined that regional service or facility planning is required and in area where it is agreed the opportunity and need for the planning exist. A regional committee is not responsible for routine review and recommendation on operational and administrative matters such as contracts, budgets, appropriations, and fares and rates, formerly performed by the council of metropolitan Seattle. A regional committee may, however, deal with policies to develop fares and rates within the committee's subject matter area.

3. The regional water quality committee shall develop, review and recommend countywide policies and plans related to the water pollution control functions formerly provided by the municipality of metropolitan Seattle. Plans and policies that must be assigned to the committee include, but are not limited to, water quality comprehensive and long-range capital improvement plans, service area and extension policies, rate policies, and the facility siting policy and major facilities siting process.

RCW MWPAAC

RCW 35.58.210 Metropolitan water pollution abatement advisory committee.

If a metropolitan municipal corporation shall be authorized to perform the function of metropolitan water pollution abatement, the metropolitan council shall, prior to the effective date of the assumption of such function, cause a metropolitan water pollution abatement advisory committee to be formed by notifying the legislative body of each component city and county which operates a sewer system to appoint one person to serve on such advisory committee and the board of commissioners of each water-sewer district which operates a sewer system, any portion of which lies within the metropolitan area, to appoint one person to serve on such committee. The metropolitan water pollution abatement advisory committee shall meet at the time and place provided in the notice and elect a chair. The members of such committee shall serve at the pleasure of the appointing bodies and shall receive no compensation other than reimbursement for

expenses actually incurred in the performance of their duties. The function of such advisory committee shall be to advise the metropolitan council in matters relating to the performance of the water pollution abatement function. [2011 c 124 § 1; 2009 c 549 § 2103; 1999 c 153 § 33; 1974 ex.s. c 70 § 7; 1965 c 7 § 35.58.210. Prior: 1957 c 213 § 21.]

Role of MWPAAC under KCC

KCC 28.82.510: Metropolitan water pollution abatement advisory committee. Metropolitan Water Pollution Abatement Advisory Committee shall mean the advisory committee to the metropolitan King County council as now or hereafter constituted pursuant to RCW 35.58.210.

KCC 28.86.060.C.CP-1: To protect public health and water quality, King County shall plan, design and construct county wastewater facilities to avoid sanitary sewer overflows.

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2. Parameters developed by the wastewater treatment division in consultation with the metropolitan water pollution abatement advisory committee shall be used to guide project scheduling and prioritization for separated wastewater system projects

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KCC 28.86.160 - role of MWPAAC under RWSP

KCC 28.66.160.C. FP-8: Water quality improvement activities, programs and projects, in addition to those that are functions of sewage treatment, may be eligible for funding assistance from sewer rate revenues after consideration of criteria and limitations suggested by the metropolitan water pollution abatement advisory committee, and, if deemed eligible, shall be limited to one and one half percent of the annual wastewater system operating budget. An annual report on activities, programs and projects funded will be made to the RWQC. Alternative methods of providing a similar level of funding assistance for water quality improvement activities shall be transmitted to the RWQC and the council within seven months of policy adoption.

RCW on June 30 annual rate adoption deadline. RCW 35.58.410

Budget—Expenditures—Revenue estimates—Requirements for a county assuming the powers of a metropolitan municipal corporation.

(1) On or before the third Monday in June of each year, each metropolitan municipal corporation shall adopt a budget for the following calendar year. Such budget shall include a separate section for each authorized metropolitan function. Expenditures shall be segregated as to operation and maintenance expenses and capital and betterment outlays. Administrative and other expense general to the corporation shall be allocated between the authorized metropolitan functions. The budget shall contain an estimate of all revenues to be collected during the following budget year, including any surplus funds remaining unexpended from the preceding year. The metropolitan council shall not be required to confine capital or betterment expenditures made from bond proceeds or emergency expenditures to items provided in the budget. The affirmative

vote of three-fourths of all members of the metropolitan council shall be required to authorize emergency expenditures.

(2) Subsection (1) of this section shall not apply to a county that has assumed the rights, powers, functions, and obligations of a metropolitan municipal corporation under chapter [36.56](#) RCW. This subsection (2) shall apply only to each county that has assumed the rights, powers, functions, and obligations of a metropolitan municipal corporation under chapter [36.56](#) RCW.

Each county that has assumed the rights, powers, functions, and obligations of a metropolitan municipal corporation under chapter [36.56](#) RCW shall, on or before the third Monday in June of each year, prepare an estimate of all revenues to be collected during the following calendar year, including any surplus funds remaining unexpended from the preceding year for each authorized metropolitan function.

By June 30 of each year, the county shall adopt the rate for sewage disposal that will be charged to component cities and water-sewer districts during the following budget year.

As long as any general obligation indebtedness remains outstanding that was issued by the metropolitan municipal corporation prior to the assumption by the county, the county shall continue to impose the taxes authorized by RCW [82.14.045](#) and * [35.58.273](#)(4) at the maximum rates and on all of the taxable events authorized by law. If, despite the continued imposition of those taxes, the estimate of revenues made on or before the third Monday in June shows that estimated revenues will be insufficient to make all debt service payments falling due in the following calendar year on all general obligation indebtedness issued by the metropolitan municipal corporation prior to the assumption by the county of the rights, powers, functions, and obligations of the metropolitan municipal corporation, the remaining amount required to make the debt service payments shall be designated as "supplemental income" and shall be obtained from component cities and component counties as provided under RCW [35.58.420](#).

The county shall prepare and adopt a budget each year in accordance with applicable general law or county charter. If supplemental income has been designated under this subsection, the supplemental income shall be reflected in the budget that is adopted. If during the budget year the actual tax revenues from the taxes imposed under the authority of RCW [82.14.045](#) and * [35.58.273](#)(4) exceed the estimates upon which the supplemental income was based, the difference shall be refunded to the component cities and component counties in proportion to their payments promptly after the end of the budget year. A county that has assumed the rights, powers, functions, and obligations of a metropolitan municipal corporation under chapter [36.56](#) RCW shall not be required to confine capital or betterment expenditures for authorized metropolitan functions from bond proceeds or emergency expenditures to items provided in the budget.