



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

June 16, 2008

Ordinance 16135

Proposed No. 2008-0231.2

Sponsors Gossett

1 AN ORDINANCE determining the monetary requirements
2 for the disposal of sewage for the fiscal year beginning
3 January 1, 2009, and ending December 31, 2009, setting
4 the sewer rate for the fiscal year beginning January 1, 2009,
5 and ending December 31, 2009, and approving the amount
6 of the sewage treatment capacity charge for 2009, in
7 accordance with RCW 35.58.570; and amending Ordinance
8 12353, Section 2, as amended, and K.C.C. 4.90.010, and
9 Ordinance 11398, Section 1, as amended, and K.C.C.
10 28.84.055.

11

12 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

13 SECTION 1. Ordinance 12353, Section 2, as amended, and K.C.C. 4.90.010 are
14 each hereby amended to read as follows:

15 A. Having determined the monetary requirements for the disposal of sewage, the
16 council hereby adopts a ~~((2008))~~ 2009 sewer rate of ~~((twenty seven dollars and ninety five~~
17 ~~cents))~~ thirty one dollars and ninety cents per residential customer equivalent per month.

18 Once a sewer rate ordinance becomes effective, the clerk of the council is directed to
19 deliver a copy of that ordinance to each agency having an agreement for sewage disposal
20 with King County.

21 B. The King County council approves the application of Statement of Financial
22 Accounting Standards No. 71 (FAS 71) to treat pollution remediation obligations and the
23 first year start-up costs after construction on new plants as regulatory assets, and establish
24 a rate stabilization reserve for the purpose of leveling rates between years.

25 C. As required for FAS 71 application, amounts are to be placed in the rate
26 stabilization reserve from ~~((2007))~~ 2008 and 2009 operating revenues and removed from
27 the calculation of debt service coverage for ~~((2007))~~ 2008 and 2009. The reserve balance
28 shall be an amount at least sufficient to maintain a level sewer rate between ~~((2007 and~~
29 ~~2008))~~ 2009 and 2010, and shall be used solely for the purposes of: maintaining the level
30 sewer rate in ~~((2008))~~ 2010; and if additional reserve balance is available, moderating
31 future rate increases beyond the ~~((2007-2008))~~ 2009-2010 period. If the estimated
32 amount of the reserve, as shown in the financial forecast, Attachment A to ~~((Ordinance~~
33 ~~15805))~~ this ordinance, needs to be reduced to meet debt service coverage requirements
34 for ~~((2007 or))~~ 2008, the county executive shall notify the council of the change by
35 providing an updated financial forecast.

36 D. The executive shall provide monthly cost reports to the council on Brightwater
37 as outlined in K.C.C. 28.86.165.

38 SECTION 2. Monetary requirements for the disposal of sewage as defined by
39 contract with the component sewer agencies for the fiscal year beginning January 1,

40 2009, and ending December 31, 2009. The council hereby determines the monetary
41 requirements for the disposal of sewage as follows:

42 Administration, operating, maintenance repair and replace (net of other income):
43 \$60,049,344.

44 Establishment and maintenance of necessary working capital reserves:
45 \$7,387,044

46 Requirements of revenue bond resolutions (not included in above items and net of
47 interest income): \$203,679,416.

48 TOTAL: \$271,115,803.

49 SECTION 3. Ordinance 11398, Section 1, as amended, and K.C.C. 28.84.055 are
50 each hereby amended as follows:

51 A. The amount of the 1994 metropolitan sewage facility capacity charge adopted
52 by K.C.C. 28.84.050.O. shall be seven dollars per month per residential customer or
53 residential customer equivalent for fifteen years.

54 B. The amount of the 1995 metropolitan sewage facility capacity charge adopted
55 by K.C.C. 28.84.050.O. shall be seven dollars per month per residential customer or
56 residential customer equivalent for fifteen years.

57 C. The sewage treatment capacity charge shall be seven dollars per month per
58 residential customer or equivalent for fifteen years for sewer connections occurring
59 between and including January 1, 1996, and December 31, 1996.

60 D. The amount of the sewage treatment capacity charge adopted by K.C.C.
61 28.84.050.O. shall be seven dollars per month per residential customer or equivalent for

62 fifteen years for sewer connections occurring between and including January 1, 1997, and
63 December 31, 1997.

64 E. The amount of the sewage treatment capacity charge adopted by K.C.C.
65 28.84.050.O. shall be ten dollars fifty cents per month per residential customer or
66 equivalent for fifteen years for sewer connections occurring between and including
67 January 1, 1998, and December 31, 1998.

68 F. The amount of the sewage treatment capacity charge adopted by K.C.C.
69 28.84.050.O. shall be ten dollars fifty cents per month per residential customer or
70 equivalent for fifteen years for sewer connections occurring between and including
71 January 1, 1999, and December 31, 1999.

72 G. The amount of the sewage treatment capacity charge adopted by K.C.C.
73 28.84.050.O. shall be ten dollars fifty cents per month per residential customer or
74 equivalent for fifteen years for sewer connections occurring between and including
75 January 1, 2000, and December 31, 2000.

76 H. The amount of the sewage treatment capacity charge adopted by K.C.C.
77 28.84.050.O. shall be ten dollars fifty cents per month per residential customer or
78 equivalent for fifteen years for sewer connections occurring between and including
79 January 1, 2001, and December 31, 2001.

80 I. The amount of the sewage treatment capacity charge adopted by K.C.C.
81 28.84.050.O. shall be seventeen dollars and twenty cents per month per residential
82 customer or equivalent for fifteen years for sewer connections occurring between and
83 including January 1, 2002, and December 31, 2002.

84 J. The amount of the sewage treatment capacity charge adopted by K.C.C.
85 28.84.050.O. shall be seventeen dollars and sixty cents per month per residential
86 customer or equivalent for fifteen years for sewer connections occurring between and
87 including January 1, 2003, and December 31, 2003.

88 K. The amount of the sewage treatment capacity charge adopted by K.C.C.
89 28.84.050.O. shall be eighteen dollars per month per residential customer or equivalent
90 for fifteen years for sewer connections occurring between and including January 1, 2004,
91 and December 31, 2004.

92 L. The amount of the sewage treatment capacity charge adopted by K.C.C.
93 28.84.050.O. shall be thirty-four dollars and five cents per month per residential customer
94 or equivalent for fifteen years for sewer connections occurring between and including
95 January 1, 2005, and December 31, 2005.

96 M. The amount of the sewage treatment capacity charge adopted by K.C.C.
97 28.84.050.O. shall be thirty-four dollars and five cents per month per residential customer
98 or equivalent for fifteen years for sewer connections occurring between and including
99 January 1, 2006, and December 31, 2006.

100 N. The amount of the sewage treatment capacity charge adopted by K.C.C.
101 28.84.050.O. shall be forty-two dollars per month per residential customer or equivalent
102 for fifteen years for sewer connections occurring between and including January 1, 2007,
103 and December 31, 2007.

104 O. The amount of the sewage treatment capacity charge adopted by K.C.C.
105 28.84.050.O. shall be forty-six dollars and twenty-five cents per month per residential

106 customer or equivalent for fifteen years for sewer connections occurring between and
107 including January 1, 2008, and December 31, 2008.

108 P. The amount of the sewage treatment capacity charge adopted by K.C.C.
109 28.84.050.O. shall be forty-seven dollars and sixty four cents per month per residential
110 customer or equivalent for fifteen years for sewer connections occurring between and
111 including January 1, 2009, and December 31, 2009.

112 In accordance with adopted policy FP-15.3.d. in the Regional Wastewater
113 Services Plan, K.C.C. 28.86.160.C., it is the council's intent to base the capacity charge
114 upon the costs, customer growth and related financial assumptions used in the Regional
115 Wastewater Services Plan.

116 In accordance with adopted policy FP- 6 in the Regional Wastewater Services
117 Plan, K.C.C. 28.86.160.C, the council hereby approves the cash balance and reserves as
118 contained in the attached financial plan for ((2008)) 2009.

119 In accordance with adopted policy FP- 15.3.c., King County shall pursue changes
120 in state legislation to enable the county to require payment of the capacity charge in a
121 single payment, while preserving the option for new ratepayers to finance the capacity
122 charge.

123 SECTION 4. A. The county executive shall semiannually update the council on
124 the progress of contract negotiations with the sewer service providers. The update shall
125 be accomplished through a status report that shall, at a minimum, include the following:

- 126 1. An update of the status of negotiations with each component agency;
127 2. An identification of issues in contention with each component agency;

128 3. An identification of agencies with which the executive branch feels the
129 county is at an impasse; and

130 4. For those agencies at an impasse, a detailed summary of the issue causing the
131 impasse.

132 B. The report shall be filed in the form of thirteen copies with the clerk of the
133 council who will keep a copy and forward a copy to each councilmember as well as the
134 lead staff to the operating budget, fiscal management and select issues committee, or its
135 successor, the lead staff to the growth management and natural resources committee, or
136 its successor, and the lead staff to the regional water quality committee, or its successor.

137 C. The report shall be transmitted by March 31 and September 30 of each year
138 until such time as all the component agency contracts have been extended. The executive
139 shall notify the council when all the component agency contracts have been extended by
140 filing thirteen copies of the notice with the clerk of the council who will keep a copy and
141 forward a copy to each councilmember as well as the lead staff to the operating budget,
142 fiscal management and select issues committee, or its successor, the lead staff to the
143


144 growth management and natural resources committee, or its successor, and the lead staff
145 to the regional water quality committee, or its successor.

146

Ordinance 16135 was introduced on 5/12/2008 and passed by the Metropolitan King County Council on 6/16/2008, by the following vote:

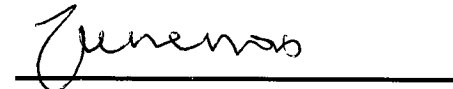
Yes: 9 - Ms. Patterson, Mr. Dunn, Mr. Constantine, Ms. Lambert, Mr. von Reichbauer, Mr. Ferguson, Mr. Gossett, Mr. Phillips and Ms. Hague
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Julia Patterson, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 17 day of June, 2008.



Ron Sims, County Executive

Attachments A. Wastewater Treatment Enterprise 2009 Sewer Rate Finance Plan, Dated June 4, 2008, B. General Assumptions 2009 Rate Forecast

RECEIVED
2008 JUN 18 PM 2:13
CLERK
KING COUNTY COUNCIL

ATTACHMENT A: WASTEWATER TREATMENT ENTERPRISE 2009 SEWER RATE FINANCIAL PLAN, Dated June 4, 2008

	2007		2008		2009		2010		2011		2012		2013	
	Unaudited	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
CUSTOMER EQUIVALENTS (RCEs)		703.00	706.52	706.52	708.28	710.05	713.60	718.60						
MONTHLY RATE		\$27.95	\$27.95	\$31.90	\$31.90	\$35.46	\$38.85	\$41.79						
Capacity Charge	\$	42.00	46.25	47.64	49.07	50.54	52.05	53.62						
BEGINNING OPERATING FUND		23,168	32,316	29,800	36,737	31,199	21,912	12,644						
OPERATING REVENUE:														
Customer Charges		235,915	236,965	270,454	271,130	302,121	332,643	360,354						
Investment Income		5,557	5,334	12,854	11,288	8,681	8,873	8,871						
Capacity Charge		27,117	32,767	34,794	38,881	43,719	48,835	54,111						
Rate Stabilization		(8,250)	3,000	(6,700)	6,100	10,175	10,175	-						
Other Income		7,982	7,722	8,031	8,352	8,686	9,034	9,395						
TOTAL OPERATING REVENUES		268,321	285,788	319,433	335,752	373,382	409,559	432,731						
OPERATING EXPENSE		(95,655)	(100,500)	(102,874)	(108,489)	(117,370)	(126,444)	(131,937)						
DEBT SERVICE REQUIREMENT PARITY DEBT		(124,651)	(136,457)	(156,814)	(163,668)	(187,021)	(210,138)	(225,380)						
SUBORDINATED DEBT SERVICE		(21,090)	(18,940)	(21,373)	(22,805)	(23,568)	(23,818)	(23,885)						
DEBT SERVICE COVERAGE RATIO PARITY DEBT		1.39	1.36	1.38	1.39	1.37	1.35	1.33						
DEBT SERVICE COVERAGE RATIO TOTAL PAYMENTS		1.18	1.15	1.15	1.15	1.15	1.15	1.15						
LIQUIDITY RESERVE CONTRIBUTION		(898)	(485)	(237)	(561)	(888)	(907)	(549)						
TRANSFERS TO CAPITAL		(26,027)	(29,406)	(38,133)	(40,227)	(44,535)	(48,253)	(50,979)						
RATE STABILIZATION RESERVE		22,750	19,750	26,450	20,350	10,175	0	0						
OPERATING LIQUIDITY RESERVE BALANCE		9,566	10,050	10,287	10,849	11,737	12,644	13,194						
OPERATING FUND ENDING BALANCE		32,316	29,800	36,737	31,199	21,912	12,644	13,194						
CONSTRUCTION FUND														
BEGINNING FUND BALANCE		33,500	26,715	5,427	5,987	6,728	5,002	4,997						
REVENUES:														
Parity Bonds		250,000	415,812	438,922	304,669	112,485	108,866	72,163						
Variable Debt Bonds		50,000	35,337	70,022	25,528	24,622	8,814	2,767						
Grants & Loans		7,108	5,751	10,069	1,205	0	0	0						
Other		563	500	500	500	500	500	500						
Transfers From Operating Fund		26,027	29,406	38,133	40,227	44,535	48,253	50,979						
TOTAL REVENUES		333,699	486,807	557,646	372,130	182,142	166,433	126,409						
CAPITAL EXPENDITURES		(341,642)	(457,442)	(487,253)	(344,944)	(188,779)	(156,751)	(120,000)						
DEBT ISSUANCE COSTS		(1,957)	(8,191)	(8,436)	(5,888)	(2,373)	(2,221)	(1,457)						
BOND RESERVE TRANSACTIONS		0	(38,619)	(45,700)	(7,260)	7,323	(7,465)	(4,948)						
AMOUNTS TO ASSET MANAGEMENT RESERVE		0	0	0	0	0	0	0						
ADJUSTMENTS		3,115	(3,843)	(15,696)	(13,296)	(39)	0	0						
ENDING FUND BALANCE		26,715	5,427	5,987	6,728	5,002	4,997	5,001						
CONSTRUCTION FUND RESERVES														
Bond & Loan Reserves		73,547	112,166	158,204	166,155	158,871	166,336	171,284						
Policy Reserves		18,000	19,500	21,000	22,500	22,500	22,500	22,500						
TOTAL FUND RESERVES		91,547	131,666	179,204	188,655	181,371	188,836	193,784						
CONSTRUCTION FUND BALANCE		118,261	137,093	185,191	195,383	186,373	193,833	198,785						

ATTACHMENT B

General Assumptions 2009 Rate Forecast

16135

2007 Actual 2008 2009 2010 2011 2012 2013

Sewer Rate

RCE Rate	\$27.95	\$27.95	\$30.20	\$33.32	\$37.73	\$40.57	\$41.56
Rate Stabilization Use (000's)	(8,250)	5,250	9,500	8,000	-	-	-
Total RCEs	703,000	706,515	706,515	708,281	710,052	713,602	718,597
RCE Growth Rates	1.7%	0.5%	0.0%	0.2%	0.2%	0.5%	0.7%

Capacity Charge Rate

Rate	\$42.00	\$46.25	\$47.64	\$49.07	\$50.54	\$52.05	\$53.62
New Connections	12,400	9,800	9,000	9,200	9,600	10,000	10,200

Expenses (000's)

Operating Expense	95,655	100,500	102,874	106,989	115,810	124,821	130,249
Capital Expense	341,642	457,442	487,253	344,944	188,779	156,751	120,000
CIP Accomplishment Rate Brightwater	95%	95%	95%	95%	95%	95%	95%
CIP Accomplishment Rate Non-Brightwater	88%	85%	85%	85%	85%	85%	85%

Interest Rate & Debt

Bond Interest Rate	4.85%	5.65%	6.00%	6.00%	6.25%	6.25%	6.25%
Years Bond Outstanding	40	40	40	40	40	40	40
Variable Debt Interest Rate	4.37%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Investment Interest Rate	4.90%	3.30%	2.80%	2.70%	2.60%	2.60%	2.60%

Reserve Balances (000's)

Liquidity Reserve	14,566	15,050	15,287	15,699	16,581	17,482	18,025
Rate Stabilization Reserve Balance	22,750	17,500	8,000	-	-	-	-
Bond Reserve	67,209	108,581	153,650	152,069	151,368	158,785	163,734