



City of Seattle

May 21, 2025

Girmay Zahilay
Chair, King County Council

Claudia Balducci
Chair, Regional Water Quality Committee

Re: 2026 King County Sewer Rate and future projections

Dear King County Council Chair Zahilay and Regional Water Quality Committee Chair Balducci,

We are writing to express the City of Seattle's general support for the 2026 sewer rate and share our concerns about the rate forecast for 2027 and beyond.

As the cost of living in the Central Puget Sound region continues to outpace the national average, as utility bills grow even faster, and as income disparity continues to grow, many utility customers struggle to pay their bills. King County's wastewater charges make up 63% of Seattle customers' wastewater bills and we, like King County, face rate pressure from aging and vulnerable infrastructure, regulatory compliance, climate change, and uncertain funding from state and federal sources, and anticipated cuts to the federal assistance programs.

In April, the Wastewater Treatment Division (WTD) forecast a rate hike of 12.75% for 2027, a sharp increase from the 7% increase predicted only last year. The new forecast envisions double digit increases through 2031 and does not fully reflect new regulations anticipated from the State of Washington, including nutrients and other contaminants. These rate increases are not sustainable, and we encourage the County, in partnership with its customers, to address the financial challenges.

In the interest of providing constructive and specific feedback on the rate proposal and forecast, our recommendations add more detail to those in the Metropolitan Water Pollution Abatement Advisory Committee's (MWPAAC) March 26, 2025 letter to then-Executive Constantine. Our recommendations are intended to improve rate predictability, transparency, and accountability.

- **Establish a practice whereby the King County Council** approves rates for a three-year period that is first reviewed and discussed by MWPAAC and RWQC. Significant upward

annual rate projections, when accompanied by little notice, put a significant burden on WTD member agencies, who must then pass these charges onto our customers, even after we set our own rates based on the previous projection. For example, Seattle Public Utilities' (SPU's) adopted 2025-2030 Strategic Business Plan rate path, adopted in September 2024, calls out an overall annual increase of 5.5% for sewer service based in part on King County's rate projection from 2023. King County's revised rates for 2025 will increase SPU's sewer average annual rate to 8.3% over the same six-year period.

King County's financial policy 28.86.160 FP-15 (2) b, adopted in 2006, states that King County should attempt to adopt a multiyear sewer rate to provide stable costs to sewer customers and discusses a rate stabilization fund. We think it's time for King County to implement this policy.

Setting a rate for three years forces discipline through rigorous analysis of planning, revenue and spending. We recommend that WTD starts a three-year planning process now so that in early 2026, King County could adopt a 2027-2029 rate.

SPU uses a three-year rate period in their strategic business plan and adopts three-year rates for each of its three utilities, drinking water, drainage and wastewater, and solid waste. This approach has enhanced transparency, provided rate predictability, and strengthened accountability.

- **Bolster MWPAAC and RWQC's role in rate scenarios and rate setting.** We recommend MWPAAC and RWQC have greater oversight roles and much earlier input into the development of the proposed rate and rate forecast. WTD's current process—bringing an annual draft proposed rate to MWPAAC and RWQC in March and April with Executive transmittal to Council in late April or early May for a decision in June—does not allow member agencies time for meaningful review and input. For example, MWPAAC does not currently have an opportunity to review and confirm project prioritization and investment options or time to advise RWQC.

Clearer roles and a new, more timely and comprehensive process will give regional partners more time to understand and more thoroughly review WTD's large capital program and allow for regional consideration of investment options and improve rate predictability. We think it will help build a stronger partnership between WTD and the member agencies. While we would like to see member agencies have an even stronger role in rates, we recognize the constraints of the current wastewater contract and the

County charter. Until changes are made that allow for more substantive input, we believe the stronger and clearer roles will be a significant improvement.

- **Continue long-term rate forecasting work.** We appreciate RWQC's leadership and WTD's work to improve long-term rate forecasting. We want to continue this work and ensure the information is used in a practical and timely way to inform rate forecast scenarios, as well as programmatic tradeoffs, capital investments, and options that should be considered by WTD, MWPAAC, and RWQC.
- **Establish third-party oversight of the capital program, reporting to MWPAAC and RWQC.** King County WTD has tremendous fiscal responsibility to carefully steward the \$11B in capital projects projected over the next decade. Member agencies who pay for the system need much improved and regular insight into WTD's portfolio management. Oversight of the entire portfolio, as well as understanding individual projects, is needed good governance. A report from a third-party oversight consultant to MWPAAC and RWQC would enhance and build support among policy experts and elected officials.

A focused look at the entire CIP would include:

- What is the prioritization within budget areas? (e.g., what is needed for asset management, regulatory requirements, and local policy implementation?)
 - Are we doing the right projects at the right time? Is there a clear and well-considered balance of risk and consequence across investment areas?
 - What options are there across investments? What must we do now? What is nice to have, but can wait, or even not be built at all?
 - What is the process for determining what the region can afford and negotiating the CIP down towards that level? How are member agencies and customers appropriately involved in these discussions to provide meaningful input?
 - Are we budgeting the entire capital portfolio in the best way? Nearly all the \$11B is in the planning phase. Is it appropriate to be stacking so many reserve dollars and uncertainties? How can we better consider the best timing for these investments?
 - How will WTD provide the member agencies and other stakeholders with portfolio options and allow them to weigh in on the importance of certain investments that are not "must dos", as well as discuss the timing for investments that are clearly necessary or required?
- **Develop and implement a proactive strategy for regulation-driven projects.** Regulatory requirements for water quality are driving much of the rate increases. Seattle supports discussing the rate impacts of regulation-driven projects and rate affordability with the

regulatory agencies. We appreciate our partnership with WTD on this work and would like to continue to work closely with King County on the timing and substance of these conversations. Environmental stewardship is a core value of the communities we serve, and we must work hard to achieve the best value for our customers.

Thank you for your consideration of our recommendations. We value our partnership with King County. We will continue to work collaboratively and productively with WTD and MWPAAC to create rates that our region can afford while protecting public health and the environment.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce Harrell".

Bruce Harrell
Mayor, City of Seattle

A handwritten signature in black ink, appearing to read "Joy Hollingsworth".

Joy Hollingsworth
Councilmember, City of Seattle

A handwritten signature in black ink, appearing to read "Robert E. Kettle".

Robert Kettle
Councilmember, City of Seattle

Cc:

Shannon Braddock, Interim King County Executive
John Taylor, Director, Department of Natural Resources and Parks
Kamuron Gurol, Director, King County Wastewater Treatment Division
Andrew Lee, General Manager, Seattle Public Utilities