

S1

5-26-20  
DRAFT ID

Sponsor: Dembowski

[MR]

Proposed No.: 2020-0186

*RDem → Failed 3-6*

1 **STRIKING AMENDMENT TO PROPOSED ORDINANCE 2020-0186, VERSION**

2 **1**

*Dem, Dunn, PVK "eye"*

3 On page 1, beginning on line 6, strike everything through page 6, line 104, and insert:

4 "BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

5 SECTION 1. Ordinance 12353, Section 2, as amended, and K.C.C. 4A.670.100

6 are hereby amended to read as follows:

7 A. Having determined the monetary requirements for the disposal of sewage, the  
8 council hereby adopts a ((2020)) 2021 sewer rate of forty-five dollars and thirty-three cents  
9 per residential customer equivalent per month. Once a sewer rate ordinance becomes  
10 effective, the clerk of the council is directed to deliver a copy of that ordinance to each  
11 agency having an agreement for sewage disposal with King County.

12 B. The King County council approves the application of Statement No. 62 of the  
13 Governmental Accounting Standards Board (GASB-62) as it pertains to regulatory assets  
14 and liabilities to treat pollution remediation obligations and RainWise Program  
15 expenditures and strategic planning costs as regulatory assets, recovered ratably over the  
16 life of the underlying financing, and establish a rate stabilization reserve for the purpose  
17 of leveling rates between years.

18 C. As required for GASB-62 application, amounts are to be placed in the rate

19 stabilization reserve from operating revenues and removed from the calculation of debt  
20 service coverage. The reserve balance shall be an amount at least sufficient to maintain a  
21 level sewer rate between ~~((2019))~~ 2021 and ~~((2020))~~ 2022, and shall be used solely for  
22 the purposes of: maintaining the level sewer rate in ~~((2020))~~ 2021; and if additional  
23 reserve balance is available, moderating future rate increases beyond ~~((2020))~~ 2021. The  
24 estimated amount of the reserve, as shown in the financial forecast, Attachment A to  
25 ~~((Ordinance 18915))~~ this ordinance, shall be revised in accordance with the ~~((2019-~~  
26 ~~2020))~~ 2021-2022 Biennial Budget Ordinance and financial plan. If the reserve needs to  
27 be reduced to meet debt service coverage requirements for ~~((2019))~~ 2020, the county  
28 executive shall notify the council of the change by providing an updated financial  
29 forecast.

30 SECTION 2. Ordinance 18745, Section 2, as amended, is hereby amended to  
31 read as follows:

32 Monetary requirements for the disposal of sewage as defined by contract with the  
33 component sewer agencies for the fiscal year beginning January 1, ~~((2020))~~ 2021, and  
34 ending December 31, ~~((2020))~~ 2021. The council hereby determines the monetary  
35 requirements for the disposal of sewage as follows:

36 Administration, operating, maintenance repair and replacement (net of other  
37 income): ~~((59,013,738))~~ \$57,502,034.

38 Establishment and maintenance of necessary working capital reserves:  
39 ~~((53,990,152))~~ \$74,184,726.

40 Requirements of revenue bond resolutions (not included in above items and net of  
41 interest income): ~~((300,041,257))~~ \$288,362,797.

42 TOTAL: ((~~\$413,045,147~~) \$420,049,558.)

43 SECTION 3. Ordinance 11398, Section 1, as amended, and K.C.C. 28.84.055 are  
44 hereby amended as follows:

45 A. The amount of the metropolitan sewage facility capacity charge adopted by  
46 K.C.C. 28.84.050.O. that is charged monthly for fifteen years per residential customer or  
47 residential customer equivalent shall be:

48 1. Seven dollars for sewer connections occurring between and including January  
49 1, 1994, and December 31, 1997;

50 2. Ten dollars and fifty cents for sewer connections occurring between and  
51 including January 1, 1998, and December 31, 2001;

52 3. Seventeen dollars and twenty cents for sewer connections occurring between  
53 and including January 1, 2002, and December 31, 2002;

54 4. Seventeen dollars and sixty cents for sewer connections occurring between  
55 and including January 1, 2003, and December 31, 2003;

56 5. Eighteen dollars for sewer connections occurring between and including  
57 January 1, 2004, and December 31, 2004;

58 6. Thirty-four dollars and five cents for sewer connections occurring between  
59 and including January 1, 2005, and December 31, 2006;

60 7. Forty-two dollars for sewer connections occurring between and including  
61 January 1, 2007, and December 31, 2007;

62 8. Forty-six dollars and twenty-five cents for sewer connections occurring  
63 between and including January 1, 2008, and December 31, 2008;

64 9. Forty-seven dollars and sixty-four cents for sewer connections occurring

65 between and including January 1, 2009, and December 31, 2009;

66 10. Forty-nine dollars and seven cents for sewer connections occurring between  
67 and including January 1, 2010, and December 31, 2010;

68 11. Fifty dollars and forty-five cents for sewer connections occurring between  
69 and including January 1, 2011, and December 31, 2011;

70 12. Fifty-one dollars and ninety-five cents for sewer connections occurring  
71 between and including January 1, 2012, and December 31, 2012;

72 13. Fifty-three dollars and fifty cents for sewer connections occurring between  
73 and including January 1, 2013, and December 31, 2013;

74 14. Fifty-five dollars and thirty-five cents for sewer connections occurring  
75 between and including January 1, 2014, and December 31, 2014;

76 15. Fifty-seven dollars for sewer connections occurring between and including  
77 January 1, 2015, and December 31, 2015;

78 16. Fifty-eight dollars and seventy cents for sewer connections occurring  
79 between and including January 1, 2016, and December 31, 2016;

80 17. Sixty dollars and eighty cents for sewer connections occurring between and  
81 including January 1, 2017, and December 31, 2017;

82 18. Sixty-two dollars and sixty cents for sewer connections occurring between  
83 and including January 1, 2018, and December 31, 2018;

84 19. Sixty-four dollars and fifty cents for sewer connections occurring between  
85 and including January 1, 2019, and December 31, 2019; ~~((and))~~

86 20. Sixty-six dollars and thirty-five cents for sewer connections occurring  
87 between and including January 1, 2020, and December 31, 2020; and

88           21. Sixty-eight dollars and thirty-four cents for sewer connections occurring  
89           between and including January 1, 2021, and December 31, 2021.

90           B.1. In accordance with adopted policy FP-15.3.d. in the Regional Wastewater  
91           Services Plan, K.C.C. 28.86.160.C., it is the council's intent to base the capacity charge  
92           upon the costs, customer growth and related financial assumptions used in the Regional  
93           Wastewater Services Plan.

94           2. In accordance with adopted policy FP- 6 in the Regional Wastewater Services  
95           Plan, K.C.C. 28.86.160.C., the council hereby approves the cash balance and reserves as  
96           contained in the attached financial plan for ~~((2020))~~ 2021, which is Attachment A to this  
97           ~~((Ø))~~ordinance ((18915)).

98           3. In accordance with adopted policy FP-15.3.c., King County shall pursue  
99           changes in state legislation to enable the county to require payment of the capacity charge  
100           in a single payment, while preserving the option for new ratepayers to finance the  
101           capacity charge.”

102

103           Strike Attachment A, Wastewater Treatment Division Financial Plan Revised May 19,  
104           2020 and insert ttachment A, Wastewater Treatment Division Financial Plan Revised  
105           May 26, 2020

106

107           **EFFECT: Provides for 0% sewer rate increase for 2021; revises Attachment A, the**  
108           **2021 Wastewater Treatment Division Financial Plan accordingly.**

Attachment A - Wastewater Treatment Division												
Financial Plan												
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Unaudited	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
CUSTOMER EQUIVALENTS (RCEs)	763,444	768,221	772,211	776,222	780,266	784,332	788,399	792,469	796,611	800,766	804,922	809,111
MONTHLY RATE	\$45.33	\$45.33	\$45.33	\$45.33	\$45.33	\$45.33	\$45.33	\$45.33	\$45.33	\$45.33	\$45.33	\$45.33
% Increase	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BEGINNING OPERATING FUND	\$ 61,509	\$ 61,828	\$ 63,139	\$ 63,562	\$ 64,437	\$ 65,412	\$ 66,563	\$ 67,589	\$ 68,433	\$ 69,312	\$ 70,225	\$ 71,174
OPERATING REVENUE:												
Customer Charges	\$ 415,279	\$ 417,877	\$ 420,050	\$ 421,233	\$ 422,312	\$ 423,397	\$ 424,487	\$ 425,581	\$ 426,679	\$ 427,781	\$ 428,887	\$ 429,997
Capacity Charge	100,385	92,302	95,800	99,086	102,113	104,958	107,624	110,114	112,439	114,607	116,629	118,507
Other Income	19,888	18,481	18,730	18,730	17,662	16,192	14,738	13,300	11,879	10,467	9,055	7,643
Investment Income	9,561	9,214	5,608	5,068	6,793	8,379	9,600	11,496	14,724	16,468	18,162	19,906
Rate Stabilization (a)	-	-	-	-	-	-	(30,000)	-	20,000	-	-	-
TOTAL OPERATING REVENUES	\$ 545,113	\$ 537,874	\$ 541,272	\$ 544,117	\$ 548,178	\$ 552,177	\$ 556,219	\$ 560,261	\$ 564,303	\$ 568,345	\$ 572,387	\$ 576,429
OPERATING EXPENSE	(155,785)	(168,896)	(173,116)	(181,872)	(191,617)	(203,127)	(213,389)	(221,835)	(229,618)	(236,749)	(243,243)	(249,113)
DEBT SERVICE PARITY DEBT (incl WIFIA)	(171,321)	(168,317)	(160,989)	(162,596)	(177,361)	(190,256)	(200,464)	(220,027)	(238,338)	(263,240)	(271,727)	(283,816)
DEBT SERVICE PARITY LIEN OBLIGATIONS	(42,672)	(52,381)	(54,376)	(54,376)	(51,985)	(51,910)	(51,898)	(51,807)	(51,717)	(49,884)	(58,869)	(69,980)
SUBORDINATE DEBT SERVICE	(35,901)	(35,584)	(39,955)	(46,027)	(42,474)	(42,919)	(39,899)	(38,543)	(36,576)	(36,970)	(38,477)	(37,851)
DEBT SERVICE COVERAGE PARITY DEBT	2.27	2.19	2.29	2.35	2.41	2.23	2.24	2.19	2.36	2.21	2.43	2.20
DEBT SERVICE COVERAGE TOTAL PAYMENTS	1.56	1.44	1.44	1.45	1.57	1.49	1.53	1.55	1.72	1.66	1.79	1.65
2019 & 2020 Debt Retirements	(84,996)	(95,000)	(1,973)	(11,178)	(12,295)	(12,961)	(13,659)	(14,399)	(17,518)	(20,146)	(23,307)	(33,066)
AMORTIZATION OF VARIABLE RATE DEBT	(1,975)	(1,875)	(423)	(876)	(974)	(1,151)	(1,026)	(845)	(878)	(913)	(949)	(987)
LIQUIDITY RESERVE CONTRIBUTION	(320)	(1,310)	(110,133)	(106,799)	(142,173)	(124,515)	(138,171)	(154,851)	(216,348)	(210,745)	(267,718)	(220,614)
TRANSFERS TO CAPITAL	(52,755)	(14,683)	(14,683)	(46,250)	(46,250)	(46,250)	(76,250)	(76,250)	(76,250)	(56,250)	(46,250)	(46,250)
RATE STABILIZATION RESERVE	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250
OPERATING FUND ENDING BALANCE	\$ 61,828	\$ 63,139	\$ 63,562	\$ 64,437	\$ 65,412	\$ 66,563	\$ 67,589	\$ 68,433	\$ 69,312	\$ 70,225	\$ 71,174	\$ 72,161
Waterworks & Grant & RR Carryforward	\$ 4,989	\$ 4,989	\$ 4,989	\$ 4,989	\$ 4,989	\$ 4,989	\$ 4,989	\$ 4,989	\$ 4,989	\$ 4,989	\$ 4,989	\$ 4,989
<b>CONSTRUCTION FUND</b>												
BEGINNING FUND BALANCE	\$ 173,825	\$ 132,794	\$ 233,132	\$ 125,632	\$ 12,269	\$ 5,092	\$ 5,094	\$ 5,128	\$ 5,000	\$ 5,037	\$ 5,004	\$ 5,058
REVENUES:												
Partly Bonds	128,720	202,041	-	0	188,362	198,361	156,870	227,473	356,029	383,717	288,320	267,395
Partly Bonds - GT & SC WIFIA Loan	-	-	-	52,412	82,088	-	-	96,499	-	29,926	44,284	25,856
Variable Debt Bonds (new money only)	-	-	-	-	-	-	-	-	17,518	20,146	23,307	33,066
Interim Debt	-	53,277	48,652	26,614	20,270	24,169	20,501	26,901	-	-	-	-
SRF Loans	13,997	51,357	380	-	500	500	500	500	500	500	500	500
Insurance Settlements: Other	7,779	1,450	500	500	500	500	500	500	500	500	500	500
Transfers From Operating Fund	52,755	14,693	110,133	106,799	142,173	124,515	138,171	154,851	216,348	210,745	267,718	220,614
TOTAL REVENUES	\$ 203,251	\$ 322,818	\$ 159,665	\$ 186,325	\$ 433,393	\$ 347,544	\$ 316,042	\$ 506,225	\$ 590,395	\$ 645,033	\$ 624,129	\$ 547,430
CAPITAL EXPENDITURES	(212,206)	(221,260)	(271,938)	(298,544)	(338,722)	(331,392)	(305,911)	(408,914)	(560,489)	(612,878)	(699,331)	(825,770)
Retirement of Interim Debt	(501)	(4,041)	0	0	(82,088)	(3,967)	(3,137)	(4,549)	(7,121)	(7,824)	(5,986)	(5,477)
DEBT ISSUANCE COSTS	(31,576)	3,003	4,365	(1,604)	(16,032)	(12,904)	(10,205)	(19,447)	(23,160)	(24,961)	(18,756)	(17,394)
BOND RESERVE TRANSACTIONS	-	-	308	459	0	761	3,244	382	412	596	0	1,153
ADJUSTMENTS	(31,576)	(181)	-	-	-	-	-	-	-	-	-	-
ENDING FUND BALANCE	\$ 132,794	\$ 233,132	\$ 125,632	\$ 12,269	\$ 5,092	\$ 5,094	\$ 5,128	\$ 5,000	\$ 5,037	\$ 5,004	\$ 5,058	\$ 5,000
CONSTRUCTION FUND RESERVES	141,812	138,809	134,444	136,048	152,080	164,984	175,188	194,636	217,796	242,757	261,513	278,907
Partly Reserve Account	13,485	13,686	13,358	12,899	12,899	12,137	8,893	8,531	8,120	7,523	7,523	6,370
SRF Reserve Account	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Asset Management	\$ 170,297	\$ 167,475	\$ 162,802	\$ 163,947	\$ 179,979	\$ 182,121	\$ 189,081	\$ 218,167	\$ 240,916	\$ 265,281	\$ 284,036	\$ 300,277
TOTAL FUND RESERVES	\$ 303,090	\$ 400,697	\$ 288,434	\$ 176,215	\$ 185,031	\$ 197,215	\$ 204,209	\$ 223,167	\$ 245,953	\$ 270,284	\$ 289,095	\$ 305,278
CONSTRUCTION FUND BALANCE												

(a) Bond covenants are written to allow that in any given year, use of the Rates Stabilization Reserve can be recognized as revenue eligible for inclusion in the bond coverage calculation. In years that WTD contributes to this reserve, that portion of revenue is deducted from the revenue basis for calculating bond coverage. This allows WTD to use reserves to smooth rate increases and otherwise manage rate levels without compromising the ability to meet annual bond coverage targets.