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Sponsors:	
Attachments:	<b>None</b>

1 ..Title

2           A MOTION requesting the wastewater treatment division  
3           develop and maintain a long-term financial and sewer rate  
4           forecast.

5 ..Body

6           WHEREAS, the wastewater treatment division protects public health and the  
7           environment by collecting and treating wastewater, and

8           WHEREAS, King County charges a sewer rate to the contract agencies that  
9           deliver, treat and discharge wastewater, and

10          WHEREAS, sewer rate revenue is the wastewater treatment division's primary  
11          funding source, and

12          WHEREAS, the monthly sewer rate revenue collected by the county goes to  
13          support all wastewater treatment division expenses, including operating costs, debt  
14          service, and capital expenses, and

15          WHEREAS, as part of the rate setting process each year, the wastewater treatment  
16          division includes a ten-year rate forecast, and

17          WHEREAS, Section 270 of the King County Charter establishes three regional  
18          committees to develop, propose, review and recommend action on regional policies and  
19          plans for consideration by the metropolitan county council, and

20          WHEREAS, the regional water quality committee's 2023 work program includes  
21          addressing long-term sewer rate projections, and

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

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

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

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

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

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

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

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

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

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

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

54 1. operating expenditures with separate line items for at least the following  
55 categories: employeewages, employeebenefits, supplies, services, intragovernmental  
56 services, and intragovernmental contributions;

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

61 3. insurance

62 4. debt service; and

63 5. reserves, with the type of reserves separated into line items.

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

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

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

77 F. The wastewater treatment division is requested to provide status update  
78 briefings to the regional water quality committee in January 2024, July 2024, and April  
79 2025 on the progress in developing a long term financial and sewer rate forecast. By July  
80 2025, the wastewater treatment division is requested to brief the regional water quality  
81 committee on the wastewater treatment division's long- term financial and sewer rate  
82 forecast.. The July 2025 briefing should include supporting materials explaining the rate  
83 models used to generate the forecast in simple-to -understand terms. In presenting the  
84 long-term financial and sewer rate forecast in July 2025, the wastewater treatment  
85 division should report on the assumptions that were adopted for the forecast and why the  
86 assumptions were selected. It is expected that the briefing on the long-term financial and  
87 sewer rate forecast will be completed after the wastewater treatment division has  
88 developed a methodology to forecast the long-term costs of capital improvement needs as  
89 requested by Proposed Motion 2023-0257.