



King County

Shannon Braddock

King County Executive

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April 24, 2025

The Honorable Girmay Zahilay
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember Zahilay:

This letter transmits a proposed Ordinance that, if enacted, would set the 2026 monthly wholesale sewer rate and capacity charge. The proposed Ordinance would increase the monthly sewer rate by 7.5 percent, from \$58.28 to \$62.66, and increase the capacity charge by 2.5 percent, from \$76.09 to \$77.99. A technical memorandum enclosed with this letter provides detailed information on the revenues, expenditures, debt service, operations, and capital programs that inform the rate development process.

The 2026 sewer rate proposal expands the previous 10-year forecast to 20 years, as required by Motion 16449; as prior forecasts projected to 10 years. This sewer rate also reflects the completion of negotiations with the Washington State Department of Ecology, U.S. Environmental Protection Agency, and the U.S. Department of Justice on a modified Consent Decree for Combined Sewer Overflow (CSO) projects. While negotiations were under way, previous financial forecasts assumed a completion date of 2040. The modified consent decree sets the completion date at 2037, resulting in the University of Washington and Montlake CSO control project schedules being moved forward, with funding required sooner in this year's forecast. Additionally, the largest project, the Mouth of the Duwamish CSO program, has made progress toward a selected alternative with an updated cost estimate. The project cost estimate at completion has increased from \$1.9 billion to \$3.4 billion due to refined program definition and scope, market conditions and cost escalation, and improved cost validation and risk management.

The Department of Natural Resources and Parks (DNRP) recognizes that cost increases due to regulatory requirements and the current market conditions will have financial impacts on ratepayers. To address this, DNRP will continue to utilize low-interest loans through the Washington State Revolving Fund, Washington Public Works Trust Fund, and the federal

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Water Infrastructure Finance and Innovation Act. These loans are in addition to DNRP's prudent approach to cash funding and bond issuances to pay for the capital program. While these financial options help reduce longer-term rate projections, DNRP will continue to explore new sources and tools to lessen the financial burden on ratepayers.

From January to April 2025, DNRP staff held monthly rate discussions with and provided briefings to the Metropolitan Water Pollution Abatement Advisory Committee (MWPAAC). MWPAAC's letter on the proposed sewer rate is enclosed. At the request of the Regional Water Quality Committee (RWQC), DNRP's Wastewater Treatment Division provided information on the proposed rate and forecast for discussion at RWQC's meetings in March and April 2025.

Thank you for your consideration of this proposed Ordinance. This important legislation will help King County residents by continuing to protect water quality in the region through the maintenance and repair of the County's wastewater assets.

If your staff have questions, please contact Kamuron Gurol, Division Director of the Wastewater Treatment Division, Department of Natural Resources and Parks, at 206-549-1190.

Sincerely,



for

Shannon Braddock
King County Executive

Enclosure

cc: King County Councilmembers
 ATTN: Stephanie Cirkovich, Chief of Staff, King County Council
 Melani Hay, Clerk of the Council
Karan Gill, Deputy Executive, Chief of Staff, Office of the Executive
Penny Lipsou, Council Relations Director, Office of the Executive
John Taylor, Director, Department of Natural Resources and Parks (DNRP)
Kamuron Gurol, Division Director, Wastewater Treatment Division, DNRP