



# KING COUNTY

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

## Signature Report

### Ordinance 19106

**Proposed No.** 2020-0186.2

**Sponsors** Kohl-Welles

1 AN ORDINANCE relating to rates and charges for sewage  
 2 treatment and disposal; and amending Ordinance 12353,  
 3 Section 2, as amended, and K.C.C. 4A.670.100, Ordinance  
 4 18745, Section 2, and Ordinance 11398, Section 1, as  
 5 amended, and K.C.C. 28.84.055.

6 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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

8 are hereby amended to read as follows:

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

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

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20 of leveling rates between years.

21 C. As required for GASB-62 application, amounts are to be placed in the rate  
22 stabilization reserve from operating revenues and removed from the calculation of debt  
23 service coverage. The reserve balance shall be an amount at least sufficient to maintain a  
24 level sewer rate between ~~((2019))~~ 2021 and ~~((2020))~~ 2022, and shall be used solely for  
25 the purposes of: maintaining the level sewer rate in ~~((2020))~~ 2021; and if additional  
26 reserve balance is available, moderating future rate increases beyond ~~((2020))~~ 2021. The  
27 estimated amount of the reserve, as shown in the financial forecast, Attachment A to  
28 ~~((Ordinance 18915))~~ this ordinance, shall be revised in accordance with the ~~((2019-~~  
29 ~~2020))~~ 2021-2022 Biennial Budget Ordinance and financial plan. If the reserve needs to  
30 be reduced to meet debt service coverage requirements for ~~((2019))~~ 2020, the county  
31 executive shall notify the council of the change by providing an updated financial  
32 forecast.

33 SECTION 2. Ordinance 18745, Section 2, as amended, is hereby amended to  
34 read as follows:

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

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

41 Establishment and maintenance of necessary working capital reserves:  
42 ~~((53,990,152))~~ \$93,206,863.

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43 Requirements of revenue bond resolutions (not included in above items and net of  
44 interest income): (~~(\$300,041,257)~~) \$288,244,280.

45 TOTAL: (~~(\$413,045,147)~~) \$438,953,178.

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

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

51 1. Seven dollars for sewer connections occurring between and including January  
52 1, 1994, and December 31, 1997;

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

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

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

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

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

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

65 8. Forty-six dollars and twenty-five cents for sewer connections occurring

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66 between and including January 1, 2008, and December 31, 2008;

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

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

69 10. Forty-nine dollars and seven cents for sewer connections occurring between

70 and including January 1, 2010, and December 31, 2010;

71 11. Fifty dollars and forty-five cents for sewer connections occurring between

72 and including January 1, 2011, and December 31, 2011;

73 12. Fifty-one dollars and ninety-five cents for sewer connections occurring

74 between and including January 1, 2012, and December 31, 2012;

75 13. Fifty-three dollars and fifty cents for sewer connections occurring between

76 and including January 1, 2013, and December 31, 2013;

77 14. Fifty-five dollars and thirty-five cents for sewer connections occurring

78 between and including January 1, 2014, and December 31, 2014;

79 15. Fifty-seven dollars for sewer connections occurring between and including

80 January 1, 2015, and December 31, 2015;

81 16. Fifty-eight dollars and seventy cents for sewer connections occurring

82 between and including January 1, 2016, and December 31, 2016;

83 17. Sixty dollars and eighty cents for sewer connections occurring between and

84 including January 1, 2017, and December 31, 2017;

85 18. Sixty-two dollars and sixty cents for sewer connections occurring between

86 and including January 1, 2018, and December 31, 2018;

87 19. Sixty-four dollars and fifty cents for sewer connections occurring between

88 and including January 1, 2019, and December 31, 2019; ((and))

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

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

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

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

101           3. In accordance with adopted policy FP-15.3.c., King County shall pursue  
102 changes in state legislation to enable the county to require payment of the capacity charge

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103 in a single payment, while preserving the option for new ratepayers to finance the  
104 capacity charge.  
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Ordinance 19106 was introduced on 5/12/2020 and passed by the Metropolitan King County Council on 5/26/2020, by the following vote:

Yes: 6 - Ms. Balducci, Ms. Kohl-Welles, Ms. Lambert, Mr. McDermott, Mr. Upthegrove and Mr. Zahilay  
No: 3 - Mr. Dembowski, Mr. Dunn and Mr. von Reichbauer

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

DocuSigned by:  
*Claudia Balducci*  
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Claudia Balducci, Chair

ATTEST:

DocuSigned by:  
*Melani Pedroza*  
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Melani Pedroza, Clerk of the Council

APPROVED this \_\_\_\_\_ day of 6/4/2020, \_\_\_\_\_.

DocuSigned by:  
*Dow Constantine*  
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Dow Constantine, County Executive

**Attachments:** A. Wastewater Treatment Division Financial Plan Revised May 19, 2020

Attachment A Revised 5-19-2020 - Wastewater Treatment Division Financial Plan												
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Unaudited	Forecast										
CUSTOMER EQUIVALENTS (RCEs)	763.44	768.21	772.21	776.22	780.26	784.32	788.39	792.49	796.61	800.76	804.92	809.11
MONTHLY RATE	\$45.33	\$45.33	\$ 47.37	\$ 47.37	\$ 52.23	\$ 52.23	\$ 57.58	\$ 57.58	\$ 65.64	\$ 65.64	\$ 74.83	\$ 74.83
% Increase	2.51%	0.00%	4.5%	0.0%	10.25%	0.0%	10.25%	0.0%	14.00%	0.0%	14.00%	0.0%
BEGINNING OPERATING FUND	\$ 61,509	\$ 61,828	\$ 63,139	\$ 63,562	\$ 64,437	\$ 65,412	\$ 66,563	\$ 97,589	\$ 98,433	\$ 99,312	\$ 80,225	\$ 71,174
OPERATING REVENUE:												
Customer Charges	\$ 415,279	\$ 417,877	\$ 438,953	\$ 441,236	\$ 489,007	\$ 491,550	\$ 544,735	\$ 547,574	\$ 627,456	\$ 630,723	\$ 722,787	\$ 726,551
Capacity Charge	100,385	92,302	95,800	99,086	102,113	106,158	111,264	116,856	121,817	126,007	129,526	133,175
Other Income	19,888	18,481	19,814	18,730	17,662	18,192	18,738	19,300	19,879	20,475	21,089	21,722
Investment Income	9,561	9,214	5,727	5,354	6,781	8,371	9,657	11,586	14,864	16,625	16,840	15,559
Rate Stabilization (a)	-	-	-	-	-	-	(30,000)	-	-	20,000	10,000	-
TOTAL OPERATING REVENUES	\$ 545,113	\$ 537,874	\$ 560,294	\$ 564,406	\$ 615,563	\$ 624,271	\$ 654,394	\$ 695,316	\$ 784,016	\$ 813,829	\$ 900,242	\$ 897,007
OPERATING EXPENSE	(155,785)	(168,886)	(173,116)	(181,872)	(191,617)	(203,127)	(213,388)	(221,835)	(230,618)	(239,749)	(249,243)	(259,113)
DEBT SERVICE PARITY DEBT (incl WIFIA)	(171,321)	(168,317)	(160,989)	(162,596)	(176,137)	(189,192)	(199,877)	(219,968)	(238,909)	(264,379)	(273,574)	(296,414)
DEBT SERVICE PARITY LIEN OBLIGATIONS	(42,672)	(52,381)	(54,376)	(54,311)	(51,985)	(51,910)	(51,898)	(51,807)	(51,717)	(49,884)	(58,369)	(59,980)
SUBORDINATE DEBT SERVICE	(35,901)	(35,594)	(39,955)	(46,027)	(42,474)	(42,919)	(39,899)	(38,543)	(36,576)	(37,028)	(38,587)	(38,026)
DEBT SERVICE COVERAGE PARITY DEBT	2.27	2.19	2.41	2.35	2.41	2.23	2.21	2.15	2.32	2.17	2.38	2.15
DEBT SERVICE COVERAGE TOTAL PAYMENTS	1.56	1.44	1.52	1.45	1.57	1.48	1.51	1.53	1.69	1.63	1.76	1.62
2019 & 2020 Debt Retirements	(84,996)	(95,000)										
AMORTIZATION OF VARIABLE RATE DEBT	(1,975)	(1,875)	(1,973)	(11,178)	(12,295)	(12,961)	(13,659)	(14,399)	(17,518)	(20,169)	(23,353)	(33,141)
LIQUIDITY RESERVE CONTRIBUTION	(320)	(1,310)	(423)	(876)	(974)	(1,151)	(1,026)	(845)	(878)	(913)	(949)	(987)
TRANSFERS TO CAPITAL	(52,755)	(14,693)	(129,155)	(107,089)	(140,080)	(122,250)	(131,403)	(147,557)	(207,387)	(201,111)	(256,167)	(208,192)
RATE STABILIZATION RESERVE	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 76,250	\$ 76,250	\$ 76,250	\$ 56,250	\$ 46,250	\$ 46,250
OPERATING LIQUIDITY RESERVE BALANCE	15,578	16,889	17,312	18,187	19,162	20,313	21,339	22,183	23,062	23,975	24,924	25,911
OPERATING FUND ENDING BALANCE	\$ 61,828	\$ 63,139	\$ 63,562	\$ 64,437	\$ 65,412	\$ 66,563	\$ 97,589	\$ 98,433	\$ 99,312	\$ 80,225	\$ 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	\$ 144,654	\$ 31,580	\$ 5,060	\$ 5,058	\$ 5,057	\$ 5,060	\$ 5,000	\$ 5,000	\$ 5,000
REVENUES:												
Parity Bonds	128,720	202,041	-	0	169,552	200,787	164,230	235,587	365,717	392,446	299,204	278,942
Parity Bonds - GT & SC WIFIA Loan	-	-	-	52,412	82,088	-	-	96,499	-	-	-	-
Variable Debt Bonds (new money only)	-	-	-	-	-	-	-	-	-	31,592	45,784	27,705
Interim Debt	-	53,277	48,652	26,614	20,270	24,169	20,501	26,901	17,518	20,169	23,353	33,141
SRF Loans	13,997	51,357	380	-	-	-	-	0	-	-	-	-
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	129,155	107,089	140,080	122,250	131,403	147,557	207,387	201,111	256,167	208,192
TOTAL REVENUES	\$ 203,251	\$ 322,818	\$ 178,687	\$ 186,615	\$ 412,490	\$ 347,706	\$ 316,634	\$ 507,045	\$ 591,122	\$ 645,817	\$ 625,008	\$ 548,480
CAPITAL EXPENDITURES	(212,206)	(221,260)	(271,838)	(298,544)	(338,722)	(331,392)	(305,911)	(408,914)	(560,489)	(612,878)	(599,331)	(525,770)
Retirement of Interim Debt					(82,088)			(73,803)				
DEBT ISSUANCE COSTS	(501)	(4,041)	0	0	(3,391)	(4,016)	(3,285)	(4,712)	(7,314)	(8,007)	(6,213)	(5,717)
BOND RESERVE TRANSACTIONS	-	3,003	4,365	(1,604)	(14,809)	(13,061)	(10,683)	(19,975)	(23,790)	(25,529)	(19,464)	(18,146)
ADJUSTMENTS	(31,576)	(181)	308	459	0	761	3,244	362	412	596	0	1,153
ENDING FUND BALANCE	\$ 132,794	\$ 233,132	\$ 144,654	\$ 31,580	\$ 5,060	\$ 5,058	\$ 5,057	\$ 5,060	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
CONSTRUCTION FUND RESERVES												
Parity Reserve Account	141,812	138,809	134,444	136,048	150,856	163,918	174,601	194,577	218,367	243,896	263,360	281,505
SRF Reserve Account	13,485	13,666	13,358	12,899	12,899	12,137	8,893	8,531	8,120	7,523	7,523	6,370
Asset Management	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
TOTAL FUND RESERVES	\$ 170,297	\$ 167,475	\$ 162,802	\$ 163,947	\$ 178,755	\$ 191,055	\$ 198,494	\$ 218,108	\$ 241,487	\$ 266,420	\$ 285,883	\$ 302,876
CONSTRUCTION FUND BALANCE	\$ 303,090	\$ 400,607	\$ 307,456	\$ 195,527	\$ 183,815	\$ 196,113	\$ 203,552	\$ 223,167	\$ 246,487	\$ 271,419	\$ 290,883	\$ 307,876

(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.