



King County

Dow Constantine

King County Executive
401 Fifth Avenue, Suite 800
Seattle, WA 98104-1818

206-263-9600 Fax 206-296-0194
TTY Relay: 711
www.kingcounty.gov

April 27, 2021

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

Dear Councilmember Balducci:

This letter transmits a proposed ordinance that, if enacted, would set the 2022 monthly wholesale sewer rate and capacity charge. The proposed rate change would increase the monthly sewer rate by four percent from \$47.37 to \$49.27 and increase the capacity charge by three percent from \$68.34 to \$70.39. A technical memorandum enclosed with this letter provides detailed information on the revenues, expenditures, debt service, operations, and capital program that inform the rate development process.

The 2022 sewer rate proposal and the 10-year sewer rate plan respond to a number of significant rate-drivers such as critical asset management planning; Washington State Department of Ecology nutrient permit impacts; Combined Sewer Overflow consent decree cost updates; investments at West Point Treatment Plant; and debt refinancing. These drivers are described in more detail in the enclosed materials.

The 10-year sewer rate plan also includes two low-interest loans from the Washington State Department of Ecology totaling \$94 million to finance the Georgetown Wet Weather Treatment Station and Joint Ship Canal Water Quality projects. In addition, WTD secured its second Water Infrastructure Finance Innovation Act loan of \$96.8 million for the Joint Ship Canal Water Quality project. WTD will continue to pursue bond refinancing opportunities and low-interest loans to fund its capital program.

In March and April 2020, rates briefings were provided to MWPAAC. At the request of the Regional Water Quality Committee, WTD also provided information on the rate process at its March meeting as well as information on the proposed rate at its April meeting. In June 2020, WTD provided briefings with MWPAAC on asset management projects that are of high

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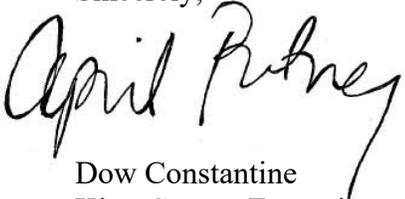
priority in maintaining the regional sewer system, as portions of the regional sewer system are more than 50 years old and need investments in order to continue reliable sewer service for residents.

The proposed legislation furthers the King County Strategic Plan goal of efficient, accountable regional and local government through continued sound financial management. It is consistent with the County's adopted financial policies for the wastewater utility in King County Code 28.86.160. The proposed legislation also supports the Strategic Climate Action Plan by enabling King County to continue its efforts toward sustainability, climate change preparedness, and resiliency.

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 any questions, please contact Mark Isaacson, Division Director of the Wastewater Treatment Division of the Department of Natural Resources and Parks, at 206-477-4601.

Sincerely,

 for
Dow Constantine
King County Executive

Enclosures

cc: King County Councilmembers

ATTN: Carolyn Busch, Chief of Staff

Melani Pedroza, Clerk of the Council

Shannon Braddock, Deputy Chief of Staff, Office of the Executive

Karan Gill, Director, Council Relations, Office of the Executive

Dwight Dively, Director, Office of Performance, Strategy and Budget

Christie True, Director, Department of Natural Resources and Parks (DNRP)

Mark Isaacson, Division Director, Wastewater Treatment Division, DNRP