



propose, review and recommend action on regional policies and plans for consideration by the metropolitan county council, and

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

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

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

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

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

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

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

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

A. The wastewater treatment division is requested to develop and maintain a long-term financial and sewer rate forecast. The forecast should be based on revenue requirements needed for the operating and capital investment needs of the regional wastewater system. The forecast should allow for periods of up to seventy-

five years.

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

C.1. The revenue requirements should be reported in total and by categories including but not limited to:

- a. operating expenditures with separate line items for at least the following categories: employee wages; employee benefits; supplies; services; intragovernmental services; and intragovernmental contributions;
- b. capital expenditures with separate items for at least the following capital portfolio categories: asset management; known and potential regulatory requirements; capacity improvements including projects for population growth; and those projects addressing infiltration and inflow;
- c. insurance;
- d. debt service; and
- e. reserves, with the type of reserves separated into line items.

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

D. The long-term financial and sewer rate forecast should allow for changes in various assumptions including, but not limited to, the following: expected capital expenditures; asset life expectancy, interest rates on debt; capital project accomplishment rates; general and cost of construction inflation rates; percent of debt financing; length of debt; revenue requirements; number of residential customer equivalents; and revenue

sources such that forecast scenarios can be compared using different assumptions.

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

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