![King County logo]

King County

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Legislation Text

File #: 2023-0257, **Version:** 2

A MOTION requesting the wastewater treatment division research and identify methodologies to forecast the long-term costs of its capital improvement needs.

WHEREAS, the wastewater treatment division is responsible for construction, operation, and maintenance of the county's regional wastewater conveyance and treatment system, and

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

WHEREAS, the wastewater treatment system's capital assets are valued at over four billion dollars and include three regional treatment plants, three hundred ninety-seven miles of conveyance lines, forty-eight pump stations, twenty-five regulator stations, five combined sewer overflow treatment plants, four combined sewer overflow storage facilities, thirty-nine combined sewer overflow outfall locations, two small treatment plants, and one community septic system on Vashon, and

WHEREAS, the wastewater conveyance and treatment system includes facilities and equipment dating from the 1960s to the present day, and

WHEREAS, maintaining the wastewater system, making repairs, replacing aging components of the system, addressing climate change impacts, preserving the Puget Sound environment, meeting current and emerging regulatory requirements, and preparing for future population growth are essential to ensure the wastewater system performs reliably and delivers value for customers now and into the future, and

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

WHEREAS, in accordance with K.C.C. 1.24.065, the regional water quality committee develops, recommends, and reviews countywide policies and plans related to the water pollution control functions including water quality comprehensive and long-range capital improvement plans, and

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

WHEREAS, capital improvements needed for regulatory purposes, growth capacity, and asset management are a primary driver of the increasing sewer rates, and

WHEREAS, "asset management" for the wastewater treatment division refers to the planning, design, procurement, refurbishment, or replacement of existing sewer lines, equipment, and structures at the county's wastewater treatment facilities and infrastructure, and

WHEREAS, capital assets can range in life expectancy from five to one hundred years and financing for some capital improvement projects can extend up to forty years, and

WHEREAS, developing a long-term rate forecast cannot be accomplished without forecasting the long-term costs of capital improvement needs, and

WHEREAS, wastewater treatment division's six-year capital improvement program identifies all capital improvements expected to be in process during the six-year plan period and includes, but is not limited to, projects related to asset management, capacity improvements, resiliency, and regulatory requirements, and

WHEREAS, the wastewater treatment division forecasts capital improvements over a ten-year period as part of the sewer rate development process, and

WHEREAS, the ten-year capital improvement forecast has less certainty and forecasts expected expenditures beyond six years by category rather than by project, and

WHEREAS, the wastewater treatment division has begun work to extend its ten-year forecast from ten years to twenty years for asset management, capacity improvements, resiliency, regulatory, and related needs, 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 forecasting for capital investments in the regional wastewater system beyond a twenty-year period and up to fifty years or more, and

WHEREAS, developing a method to forecast the long-term costs of the wastewater treatment division's capital improvement needs beyond the next ten years will inform the development of a model to forecast long-term rates and could provide helpful information for decisionmakers to better assess the effect of policy choices, and

WHEREAS, developing a forecast of the long-term costs of the wastewater treatment division's capital improvement needs includes inherent uncertainty due to unknown or uncertain future regulatory requirements, uncertainty in the system capacity needed to address future growth, and 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 research and identify methodologies to forecast the long-term costs of its capital improvement needs and to seek comment and an advisory recommendation on the methodologies from the metropolitan water pollution abatement advisory committee. The forecast should include, but not be limited to, the following capital improvement categories: asset management; capacity improvements including projects for population growth and those projects addressing infiltration and inflow; and known and potential regulatory requirements. It is acknowledged that any forecasts beyond the standard six-year capital improvement program will have increasing levels of uncertainty with each year beyond the six-

year capital improvement program. The recommended methodologies should allow for forecast periods of up to seventy-five years. Each methodology should allow for changes in various assumptions including but not limited to growth capacity, asset lifespan, and known and projected regulatory requirements such that forecast scenarios can be compared using different assumptions. In completing this work, the wastewater treatment division is encouraged to engage an experienced and independent expert in proven national best practices for successful forecasting methodologies.

B. Implementation of long-term forecasting beyond twenty years would inform decision makers as they consider revisions to the county's regional wastewater services plan and should occur during the upcoming process to update to the regional wastewater services plan. Implementation could also occur earlier in consultation with the regional wastewater quality committee. 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, adopt revisions to the recommended methodologies as needed.

C. The wastewater treatment division is requested to provide a status update briefing to the regional water quality committee in September 2023 on the various methodologies under consideration, and by January 2024 to brief the regional water quality committee on a recommended methodology for forecasting the long-term costs of wastewater's capital improvement needs. In presenting the recommended methodology, the wastewater treatment division should report on the options that were considered and why the recommended methodology was selected.