



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

June 12, 2012

Ordinance 17343

Proposed No. 2012-0144.3

Sponsors McDermott

1 AN ORDINANCE determining the monetary requirements
2 for the disposal of sewage for the fiscal year beginning
3 January 1, 2013, and ending December 31, 2013, setting
4 the sewer rate for the fiscal year beginning January 1, 2013,
5 and ending December 31, 2013, and approving the amount
6 of the sewage treatment capacity charge for 2013, in
7 accordance with RCW 35.58.570; and amending Ordinance
8 12353, Section 2, as amended, and K.C.C. 4A.--.--, and
9 Ordinance 11398, Section 1, as amended, and K.C.C.
10 28.84.055.

11 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

12 SECTION 1. Ordinance 12353, Section 2, as amended, and K.C.C. 4A.--.-- are
13 each hereby amended to read as follows:

14 A. Having determined the monetary requirements for the disposal of sewage, the
15 council hereby adopts a ~~((2012))~~ 2013 sewer rate of ~~((thirty-six dollars and ten))~~ thirty-
16 nine dollars and seventy-nine cents per residential customer equivalent per month. Once
17 a sewer rate ordinance becomes effective, the clerk of the council is directed to deliver a
18 copy of that ordinance to each agency having an agreement for sewage disposal with
19 King County.

20 B. The King County council approves the application of Statement of Financial
21 Accounting Standards No. 71 (FAS 71) to treat pollution remediation obligations as
22 regulatory assets, and establish a rate stabilization reserve for the purpose of leveling
23 rates between years.

24 C. As required for FAS 71 application, amounts are to be placed in the rate
25 stabilization reserve from operating revenues and removed from the calculation of debt
26 service coverage. The reserve balance shall be an amount at least sufficient to maintain a
27 level sewer rate between ~~((2011 and 2012))~~ 2013 and 2014, and shall be used solely for
28 the purposes of: maintaining the level sewer rate in ~~((2012))~~ 2014; and if additional
29 reserve balance is available, moderating future rate increases beyond ~~((2012))~~ 2014. The
30 estimated amount of the reserve, as shown in the financial forecast, Attachment A to
31 ~~((Ordinance 17102))~~ this ordinance, shall be revised in accordance with the ~~((2012))~~ 2013
32 adopted budget and financial plan. If the reserve needs to be reduced to meet debt
33 service coverage requirements for ~~((2011))~~ 2012, the county executive shall notify the
34 council of the change by providing an updated financial forecast.

35 D. The executive shall provide monthly cost reports to the council on Brightwater
36 as outlined in K.C.C. 28.86.165.

37 SECTION 2. Monetary requirements for the disposal of sewage as defined by
38 contract with the component sewer agencies for the fiscal year beginning January 1,
39 2013, and ending December 31, 2013. The council hereby determines the monetary
40 requirements for the disposal of sewage as follows:

41 Administration, operating, maintenance repair and replace (net of other income):
42 \$65,697,551.

43 Establishment and maintenance of necessary working capital reserves:
44 \$22,378,007.

45 Requirements of revenue bond resolutions (not included in above items and net of
46 interest income): \$294,445,033.

47 TOTAL: \$337,764,577.

48 SECTION 3. Ordinance 11398, Section 1, as amended, and K.C.C. 28.84.055 are
49 each hereby amended as follows:

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

53 1. Seven dollars for sewer connections occurring between and including January
54 1, 1994, and December 31, 1997;

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

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

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

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

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

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

67 8. Forty-six dollars and twenty-five cents for sewer connections occurring
68 between and including January 1, 2008, and December 31, 2008;

69 9. Forty-seven dollars and sixty-four cents for sewer connections occurring
70 between and including January 1, 2009, and December 31, 2009;

71 10. Forty-nine dollars and seven cents for sewer connections occurring between
72 and including January 1, 2010, and December 31, 2010;

73 11. Fifty dollars and forty-five cents for sewer connections occurring between
74 and including January 1, 2011, and December 31, 2011; ~~((and))~~

75 12. Fifty-one dollars and ninety-five cents for sewer connections occurring
76 between and including January 1, 2012, and December 31, 2012; and

77 13. Fifty-three dollars and fifty cents for sewer connections occurring between
78 and including January 1, 2013, and December 31, 2013.

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

83 2. In accordance with adopted policy FP- 6 in the Regional Wastewater Services
84 Plan, K.C.C. 28.86.160.C, the council hereby approves the cash balance and reserves as
85 contained in the attached financial plan for ~~((2012))~~ 2013.

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

88 in a single payment, while preserving the option for new ratepayers to finance the
89 capacity charge.
90

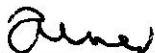
Ordinance 17343 was introduced on 5/14/2012 and passed as amended by the Metropolitan King County Council on 6/11/2012, by the following vote:

Yes: 8 - Mr. Phillips, Mr. von Reichbauer, Mr. Gossett, Ms. Hague, Ms. Patterson, Ms. Lambert, Mr. Ferguson and Mr. McDermott
No: 0
Excused: 1 - Mr. Dunn

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Larry Gossett, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 15 day of JUNE, 2012.



Dow Constantine, County Executive

RECEIVED
2012 JUN 18 PM 3:10
CLERK
KING COUNTY COUNCIL

Attachments: A. Financial Plan for 2013 Amended Proposed Sewer Rate, Revised June 11, 2012

ATTACHMENT A: Wastewater Treatment Division Financial Plan for the 2013 Amended Proposed Sewer Rate, Revised June 11, 2012

	2011	2012	2013	2014	2015	2016	2017	2018
	Unaudited	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
RESIDENTIAL CUSTOMER EQUIVALENTS (RCEs)	707.28	707.28	707.28	709.05	712.59	716.15	721.53	726.94
MONTHLY RATE	\$36.10	\$36.10	\$39.79	\$39.79	\$44.26	\$44.26	\$44.77	\$45.09
% increase		0.0%	10.2%	0.0%	11.2%	0.0%	1.1%	0.7%
BEGINNING OPERATING FUND	61,368	86,886	72,262	50,153	21,486	16,774	13,701	14,248
OPERATING REVENUE:								
Customer Charges	306,407	306,393	337,711	338,555	378,504	380,396	387,650	393,339
Investment Income	1,720	1,060	986	1,015	1,131	4,988	8,562	11,541
Capacity Charge	48,993	43,774	46,338	49,351	54,038	59,638	65,907	72,446
Rate Stabilization *	(25,500)	15,900	22,600	29,100	5,300	3,600		
Other Income	7,927	9,188	9,492	10,968	11,187	11,411	11,639	11,988
TOTAL OPERATING REVENUES	339,247	376,314	417,137	428,989	450,160	460,034	473,758	489,315
OPERATING EXPENSE	(103,862)	(116,620)	(121,528)	(125,857)	(131,742)	(137,012)	(142,492)	(148,192)
DEBT SERVICE REQUIREMENT PARITY DEBT	(167,517)	(197,355)	(222,534)	(227,535)	(234,684)	(240,519)	(248,352)	(256,455)
SUBORDINATE DEBT SERVICE	(12,684)	(15,699)	(16,611)	(16,728)	(23,942)	(26,554)	(29,626)	(33,913)
DEBT SERVICE COVERAGE RATIO PARITY DEBT **	1.41	1.32	1.33	1.33	1.36	1.34	1.33	1.33
DEBT SERVICE COVERAGE RATIO TOTAL PAYMENTS	1.31	1.15	1.15	1.15	1.15	1.15	1.15	1.15
INTER-FUND LOAN REPAYMENTS	(20,300)	(20,090)	(20,030)	(433)	(589)	(527)	(548)	(570)
LIQUIDITY RESERVE CONTRIBUTION	(18)	(1,276)	(491)	(58,436)	(69,203)	(56,423)	(52,741)	(50,186)
TRANSFERS TO CAPITAL	(34,866)	(25,274)	(35,944)					
RATE STABILIZATION RESERVE *	76,500	60,600	38,000	8,900	3,600			
OPERATING LIQUIDITY RESERVE BALANCE	10,386	11,662	12,153	12,586	13,174	13,701	14,248	14,819
OPERATING FUND ENDING BALANCE	86,886	72,262	50,153	21,486	16,774	13,701	14,248	14,819
CONSTRUCTION FUND								
BEGINNING FUND BALANCE	5,000	95,579	5,461	5,381	5,000	5,000	5,000	5,000
REVENUES:								
Parity Bonds	245,000	80,000	55,000	81,699	115,816	104,912	122,985	127,541
Variable Debt Bonds	78,360	15,000	65,000	10,000	10,000	14,558	9,082	9,172
Grants & Loans	8,233	16,085	14,510	784				
Other	2	500	500	500	500	500	500	500
Transfers From Operating Fund	34,866	25,274	35,944	58,436	59,203	56,423	52,741	50,186
TOTAL REVENUES	366,462	136,859	170,954	151,419	185,519	176,393	185,317	187,398
CAPITAL EXPENDITURES	(273,262)	(203,644)	(166,181)	(144,656)	(174,645)	(175,416)	(174,892)	(178,590)
DEBT ISSUANCE COSTS	(1,874)	(554)	(1,425)	(1,684)	(2,366)	(2,171)	(2,505)	(2,597)
BOND SERVICE TRANSACTIONS	11,547	(20,795)	(3,428)	(5,260)	(7,458)	2,246	(7,918)	(8,211)
DEBT SERVICE, CAPITALIZED INTEREST RESERVE	(28,795)	(7,366)	-	-	(1,051)	-	-	-
ADJUSTMENTS	16,481	5,381	-	-	(1,051)	-	-	-
ENDING FUND BALANCE	95,579	5,461	5,381	5,000	5,000	5,000	5,000	5,000
CONSTRUCTION FUND RESERVES								
Bond & Loan Reserves	160,424	181,218	184,646	189,906	198,412	197,217	205,136	213,346
Policy Reserves	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
TOTAL FUND RESERVES	175,424	196,218	199,646	204,906	213,412	212,217	220,136	228,346
CONSTRUCTION FUND BALANCE	271,002	201,679	205,027	209,806	218,413	217,217	225,136	233,346

* This revenue is accounted for as a regulatory asset to be deferred to future years in accordance with FAS-71.

** This includes a Regulatory Asset for a \$53.9 million estimate of Environmental Remediation Liability in accordance with FAS-71 which will be amortized over a 30-year average bond term.