



King County

**Metropolitan King County Council
Regional Water Quality Committee**

June 11, 2024

The Honorable Dave Upthegrove
Chair, King County Council
King County Courthouse
516 3rd Ave.
Seattle, WA 98104

RE: Proposed Ordinance 2024-0146 2025 Proposed Sewer Rate and Capacity Charge

Dear Chair Upthegrove,

Over the last 17 months, the Regional Water Quality Committee (RWQC) and the Metropolitan Water Pollution Abatement Advisory Committee (MWPAAC) have worked collaboratively to address the complex and often competing challenges facing our regional wastewater system. As chair and vice chair of the Regional Water Quality Committee, we would like to offer the RWQC's support and concurrence with the attached letter of the MWPAAC dated April 24, 2024 on the proposed 2025 sewer rate and capacity charge.

The RWQC appreciates that the proposed 2025 sewer rate increase of 5.75 percent is the same increase projected in the rate forecast that accompanied the 2024 proposal. The predictability of the proposed rate allows King County's contract partners to more accurately budget and communicate their agencies' rate increases to ratepayer. However, the RWQC shares MWPAAC's concerns with the significant projected growth of the sewer rate over the 10-year forecast period.

The projected rate increases are particularly concerning because the regional wastewater system does not have a current roadmap to guide our region through the challenges of aging infrastructure, growing population, changing climate, increasing regulatory demands, and rate affordability. Without a comprehensive plan, there is also no way for King County to share projected costs beyond the 10-year forecast period with contract agencies. With the many complex issues facing our system, the need for a comprehensive plan and long-term forecasting methodology that addresses the financial needs of the system has never been greater. Without such a plan and long-term forecast, it will be difficult for the Council to evaluate rate forecasts and how affordability goals are balanced with needed capital expenditures.

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In 2023, the Council adopted motions 16410 and 16449, developed by RWQC, requesting WTD develop a long-term forecast for capital needs and a long-term rate forecast. This work is currently underway. Additionally, the Wastewater Treatment Division (WTD) has begun to engage both MWPAAC and RWQC in a process to update the Regional Wastewater Services Plan which has served as a foundational guide for the operation and development of the wastewater system for the last 25 years. We look forward to continuing to partner with WTD, MWPAAC, and other stakeholders in the development of these important plans.

Sincerely,

Claudia Balducci

Claudia Balducci (Jun 11, 2024 13:00 PDT)

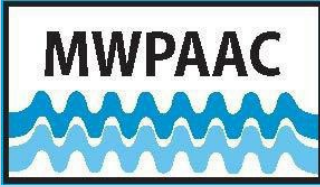
Claudia Balducci, Chair
Regional Water Quality Committee

Conrad Lee

Conrad Lee (Jun 11, 2024 13:05 PDT)

Conrad Lee, Vice Chair
Regional Water Quality Committee
Sound Cities Association Caucus
Chair

cc: King County Councilmembers
John Taylor, Director, Department of Natural Resources and Parks (DNRP)
Kamuron Gurol, Director, Wastewater Treatment Division
Karan Gill, Chief of Staff, Office of the Executive
Penny Lipsou, Director of Council Relations, Office of the Executive
Sharman Herrin, Government Relations Administrator, Wastewater Treatment Division
Katherine Taylor, Government Relations Administrator, DNRP
Tom Goff, Director, Local and Regional Affairs, King County Council



Metropolitan Water Pollution Abatement Advisory Committee

King Street Center, 201 S Jackson St, MS: KSC-NR-5504, Seattle, WA 98104
206-477-4435

MEMBERS:

- Alderwood Water and Wastewater District*
- City of Algona*
- City of Auburn*
- City of Bellevue*
- City of Black Diamond*
- City of Bothell*
- City of Brier*
- City of Carnation*
- Cedar River Water and Sewer District*
- Coal Creek Utility District*
- Cross Valley Water District*
- Highlands Sewer District*
- City of Issaquah*
- City of Kent*
- City of Kirkland*
- City of Lake Forest Park*
- Lakehaven Water and Sewer District*
- City of Mercer Island*
- Muckleshoot Indian Tribe*
- Northeast Sammamish Sewer and Water District*
- Northshore Utility District*
- Olympic View Water and Sewer District*
- City of Pacific*
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- City of Renton*
- Sammamish Plateau Water and Sewer District*
- City of Seattle*
- City of Shoreline*
- Skyway Water and Sewer District*
- Soos Creek Water and Sewer District*
- City of Tukwila*
- Valley View Sewer District*
- Vashon Sewer District*
- Woodinville Water District*

April 24, 2024

The Honorable Dave Upthegrove
Chair, King County Council
516 Third Ave., Room 1200
Seattle, WA 98104

SUBJECT: Wastewater Treatment Division 2025 Rate Recommendation

Dear Councilmember Upthegrove:

The Metropolitan Water Pollution Abatement Advisory Committee (MWWPAAC) is pleased to offer this letter to accompany the 2025 sewer rate proposal. The King County Council approves this rate on an annual basis, and MWWPAAC represents the 34 agencies (cities, special purpose districts and one tribal nation) that pay it. For many MWWPAAC agencies, the sewer treatment charges paid to King County are the largest single expenditure in our respective budgets, and thus the largest impact on each agency’s rate-making.

MWWPAAC supports the proposed 2025 sewer rate increase of 5.75 percent. We are pleased that this is the same increase projected in the rate forecast that accompanied the 2024 rate proposal. The consistency and predictability of the proposed rate allows member agencies to more accurately budget and communicate our own agencies’ rate increases to our ratepayers. However, **we continue to be concerned with the growth and affordability of the sewer rate over the long term**, shown in the 2025 – 2034 rate forecast.

Long-Term Capital and Rate Forecasting

Helping our agencies better understand system needs versus affordability over the long term, we are broadly supportive of the actions of the Regional Water Quality Committee (RWQC) over the past year.

Over the past few months, Wastewater Treatment Division (WTD) staff and consultants engaged in a process to create a methodology for long-term capital forecasting, satisfying a RWQC motion. MWWPAAC participated as a close observer of this work and are generally satisfied with the final report and its recommendations.

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A long-term capital forecast will supply MWPAAC and RWQC with a more complete picture of the system needs, allowing a more effective evaluation of rates forecasted in the near-term. This will also help us to assess the usage of debt vs. cash funding, a continuing concern to MWPAAC members. Another concern of MWPAAC is how rate affordability goals in the short term are balanced with the funding of non-discretionary expenditures over the long term. Put another way, we don't wish to front load affordability now at the expense of causing non-affordable rates in the future.

System Planning


The Clean Water Plan process to update the Regional Wastewater Services Plan (RWSP) was paused in November 2021. MWPAAC is eager to see the system planning effort restart in 2024, with appropriate focus and specific goals. With the many complex issues facing WTD, the need for a comprehensive analysis of the system has perhaps never been greater. It's important that the RWSP update process allows for meaningful participation from MWPAAC member agencies during plan development. To that end, MWPAAC is ready to form a System Planning subcommittee to support this important work. Our work planning over the next several years will prioritize system planning discussions with County staff.

Sewage Agreement

MWPAAC members anticipate revisiting Sewage Agreement discussions in 2025, prior to renegotiating the agreement. Understanding that negotiations will take significant time, and that parts may depend on the RWSP update, it would be prudent to begin reviewing work previously done in preparation for contract negotiations. Many current MWPAAC agency representatives were not present for the contract review work that took place from 2015 to 2019.

In closing, we wish to acknowledge the continuing positive relationship between MWPAAC and WTD. Recently, each year has brought improved communications, increased transparency, and closer collaboration. We are grateful for this constructive partnership, and we hope that, together with our RWQC colleagues, we can work together to make substantial progress on these regional issues.

Sincerely,

DocuSigned by:

4ED96DE8E6FC467...
John McClellan
MWPAAC Chair

e-cc: King County Councilmembers
MWPAAC Members
The Honorable Dow Constantine, County Executive, King County
John Taylor, Director, Department of Natural Resources and Parks (DNRP)
Kamuron Gurol, Division Director, Wastewater Treatment Division, DNRP











RWQC Letter to KCC


Final Audit Report

2024-06-11


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