



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**June 2, 2014**

**Ordinance 17825**

**Proposed No. 2014-0168.1**

**Sponsors McDermott**

1 AN ORDINANCE determining the monetary requirements  
2 for the disposal of sewage for the fiscal year beginning  
3 January 1, 2015, and ending December 31, 2015; setting  
4 the sewer rate for the fiscal year beginning January 1, 2015,  
5 and ending December 31, 2015, and approving the amount  
6 of the sewage treatment capacity charge for 2015, in  
7 accordance with RCW 35.58.570; and amending Ordinance  
8 12353, Section 2, as amended, and K.C.C. 4A.670.100 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.670.100

13 are 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 ((2014)) 2015 sewer rate of ((~~thirty-nine dollars and seventy-~~  
16 ~~nine~~)) forty-two dollars and three cents per residential customer equivalent per month.

17 Once a sewer rate ordinance becomes effective, the clerk of the council is directed to  
18 deliver a copy of that ordinance to each agency having an agreement for sewage disposal  
19 with 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 and  
22 RainWise Program expenditures as regulatory assets, and establish a rate stabilization  
23 reserve for the purpose of leveling 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 ~~((2013))~~ 2015 and ~~((2014))~~ 2016, and shall be used solely for  
28 the purposes of: maintaining the level sewer rate in ~~((2014))~~ 2016; and if additional  
29 reserve balance is available, moderating future rate increases beyond ~~((2014))~~ 2016. The  
30 estimated amount of the reserve, as shown in the financial forecast, Attachment A to  
31 ~~((Ordinance 17606))~~ this ordinance, shall be revised in accordance with the ~~((2014))~~ 2015  
32 adopted budget and financial plan. If the reserve needs to be reduced to meet debt  
33 service coverage requirements for ~~((2013))~~ 2014, 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  
36 Brightwater 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 2015, and ending December 31, 2015. 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 \$69,126,693.

43 Establishment and maintenance of necessary working capital reserves:  
44 (\$12,615,608).

45 Requirements of revenue bond resolutions (not included in above items and net of  
46 interest income): \$307,400,794.

47 TOTAL: \$363,911,880.

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;

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

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

79           14. Fifty-five dollars and thirty-five cents for sewer connections occurring  
80 between and including January 1, 2014, and December 31, 2014; and

81           15. Fifty-seven dollars for sewer connections occurring between and including  
82 January 1, 2015, and December 31, 2015.

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

87           B.2. In accordance with adopted policy FP- 6 in the Regional Wastewater  
88 Services Plan, K.C.C. 28.86.160.C, the council hereby approves the cash balance and  
89 reserves as contained in the attached financial plan for ((2014)) 2015.

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

92 in a single payment, while preserving the option for new ratepayers to finance the  
93 capacity charge.

94 10 days prior, official paper

95 Publish: Wednesday, May 21<sup>st</sup>

96 Public Hearing: Renton City Hall, 6/2/14

97

Ordinance 17825 was introduced on 5/5/2014 and passed by the Metropolitan King County Council on 6/2/2014, by the following vote:

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

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON



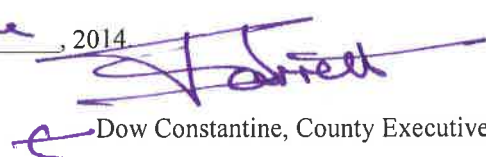
Larry Phillips, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 5<sup>th</sup> day of June, 2014



Dow Constantine, County Executive

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KING COUNTY COUNCIL CLERK

**Attachments:** A. Wastewater Treatment Division Financial Plan for the 2015 Proposed Sewer Rate

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**ATTACHMENT A: Wastewater Treatment Division Financial Plan for the 2015 Proposed Sewer Rate**

17825

	2013 Unaudited	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast
CUSTOMER EQUIVALENTS (RCES)	718.16	721.25	724.35	727.46	730.61	733.75	736.90	741.47
MONTHLY RATE	\$39.79	\$39.79	\$42.03	\$42.03	\$44.75	\$45.57	\$46.47	\$47.36
% Increase	10.2%	0.0%	5.6%	0.0%	6.5%	1.8%	2.0%	1.9%
BEGINNING OPERATING FUND	74,094	63,951	44,183	33,100	14,139	14,705	15,293	16,016
OPERATING REVENUE:								
Customer Charges	342,850	344,382	365,333	366,904	392,316	401,200	410,947	421,377
Investment Income	2,333	1,424	1,734	2,027	5,222	8,010	10,997	13,639
Capacity Charge	58,649	49,239	54,484	60,252	66,270	72,590	79,506	85,982
Rate Stabilization *	10,350	20,750	11,900	19,600	0	0	0	0
Other Income	9,608	11,048	11,387	11,711	11,945	12,304	12,673	13,053
TOTAL OPERATING REVENUES	423,790	426,842	444,837	460,493	475,753	494,103	514,123	534,051
OPERATING EXPENSE	(117,011)	(126,834)	(134,997)	(141,394)	(147,050)	(152,931)	(160,164)	(167,291)
DEBT SERVICE REQUIREMENT PARITY DEBT	(216,023)	(219,294)	(223,152)	(228,048)	(238,154)	(247,833)	(258,671)	(270,395)
SUBORDINATE DEBT SERVICE	(14,601)	(19,726)	(22,176)	(26,564)	(29,061)	(32,138)	(35,136)	(36,399)
DEBT SERVICE COVERAGE RATIO PARITY DEBT **	1.42	1.37	1.39	1.40	1.38	1.38	1.37	1.36
DEBT SERVICE COVERAGE RATIO TOTAL PAYMENTS	1.33	1.15	1.15	1.15	1.15	1.15	1.15	1.15
INTER-FUND LOAN REPAYMENTS	(20,336)	0	0	0	0	0	0	0
LIQUIDITY RESERVE CONTRIBUTION	(207)	(982)	(816)	(640)	(566)	(588)	(723)	(713)
TRANSFERS TO CAPITAL	(55,612)	(60,006)	(63,696)	(63,847)	(60,922)	(60,612)	(59,429)	(59,254)
RATE STABILIZATION RESERVE *	52,250	31,500	19,600	0	0	0	0	0
OPERATING LIQUIDITY RESERVE BALANCE	11,701	12,683	13,500	14,139	14,705	15,293	16,016	16,729
OPERATING FUND ENDING BALANCE	63,951	44,183	33,100	14,139	14,705	15,293	16,016	16,729
<b>CONSTRUCTION FUND</b>								
BEGINNING FUND BALANCE	107,282	98,145	31,408	9,601	5,000	5,000	5,001	5,001
REVENUES:								
Parity Bonds	50,000	0	50,000	58,887	139,727	133,958	150,148	161,971
Variable Debt Bonds	0	0	15,000	0	0	20,198	10,842	11,727
Grants & Loans	19,857	22,918	20,000	47,500	0	0	0	0
Other	10,197	500	6,500	500	500	500	500	500
Transfers From Operating Fund	55,612	60,006	63,696	63,847	60,922	60,612	59,429	59,254
TOTAL REVENUES	135,666	83,423	155,196	170,735	201,149	215,268	220,919	233,452
CAPITAL EXPENDITURES	(163,482)	(148,309)	(170,183)	(177,447)	(187,100)	(201,576)	(206,074)	(218,250)
DEBT ISSUANCE COSTS	(322)	0	(1,075)	(1,178)	(2,795)	(2,780)	(3,057)	(3,298)
BOND RESERVE TRANSACTIONS	(2,991)	(0)	(3,632)	6,022	(10,151)	(9,732)	(10,908)	(11,767)
ADJUSTMENTS	21,992	(1,851)	(2,113)	(2,733)	(1,104)	(1,179)	(879)	(137)
ENDING FUND BALANCE	98,145	31,408	9,601	5,000	5,000	5,001	5,001	5,001
CONSTRUCTION FUND RESERVES								
Bond & Loan Reserves	183,822	185,673	191,417	188,129	199,384	210,295	222,082	233,986
Policy Reserves	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
TOTAL FUND RESERVES	198,822	200,673	206,417	203,129	214,384	225,295	237,082	248,986
CONSTRUCTION FUND BALANCE	296,967	232,081	216,019	208,129	219,384	230,295	242,083	253,987

\* This revenue is accounted for as a regulatory asset to be deferred to future years in accordance with the Statement of Financial Accounting Standards No. 71 (FAS-71).

\*\* This includes a Regulatory Asset for a \$57.9M estimate of Environmental Remediation Liability in accordance with FAS-71 (amortized over a 30-year average bond term).