



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

May 8, 2007

Ordinance 15757

Proposed No. 2007-0180.2

Sponsors Phillips

1 AN ORDINANCE establishing rates and charges for the use of
2 the county's metropolitan water pollution abatement facilities
3 by sewage collection entities that do not contract with the
4 county for such service and declaring that the health, safety and
5 welfare of people within the Seattle metropolitan area require
6 that certain entities discharge the sewage they collect to the
7 county's metropolitan water pollution abatement facilities until
8 such time as construction and financing of the capital projects
9 authorized by the regional wastewater services plan are
10 complete.

11

12 **PREAMBLE:**

13 Pursuant to chapters 36.56 and 35.58 of the Revised Code of Washington
14 ("RCW"), the county owns and operates metropolitan water pollution
15 abatement facilities for the conveyance and treatment of sewage and
16 control of combined sewer overflows that include, but are not limited to,
17 wastewater treatment plants, interceptor and trunk sewers, pumping

18 stations, regulator stations, outfall sewers, storm sewers to divert storm
19 water from sanitary sewers, lands for application of biosolids, property
20 rights, and buildings and other structures (collectively the "Sewer System"
21 or the "System"), all in accordance with the comprehensive plan for
22 metropolitan water pollution abatement, including the regional wastewater
23 services plan (the "RWSP") adopted as a supplement to the comprehensive
24 plan as set forth in K.C.C. 28.86.030.

25 Long-term service agreements with participating entities (the
26 "Participants") obligate the county to treat and dispose of sewage collected
27 by the Participants. Sewage disposal charges paid by Participants pay the
28 costs of providing sewage treatment, including costs of maintenance and
29 operation of the System and debt service on sewer revenue bonds issued
30 by the county to finance capital costs of the System. The service
31 agreements with most current Participants expire in 2036. For long-term
32 planning purposes and to provide security for sewer revenue bonds of the
33 county that mature after 2036, the county wishes to establish the terms and
34 conditions upon which service will be provided to Participants and other
35 entities in the absence of a contract, including rates and charges for
36 sewage treatment service in accordance with RCW 35.58.200(4).

37 The county council has evaluated whether, in accordance with RCW
38 35.58.200(3), the health, safety and welfare of people within the
39 metropolitan area of the county require that certain entities serving
40 portions of the metropolitan area that can drain by gravity flow into

41 facilities of the System discharge the sewage collected by such entities to
42 the System until such time as construction and financing of the capital
43 projects authorized by the RWSP are complete.

44 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

45 SECTION 1. Findings. The council hereby finds, as follows:

46 A. The legislature has determined as a matter of policy in chapter 35.58 RCW
47 that metropolitan powers are necessary because certain problems, such as water pollution
48 abatement, cannot be met by the individual cities, counties and districts of a metropolitan
49 area. The legislature declared that the purpose of chapter 35.58 RCW was to grant
50 metropolitan powers to meet common problems, such as water pollution abatement, "in
51 order that the proper growth and development of the metropolitan areas of the state may
52 be assured and the health and welfare of the people residing in them may be secured."

53 B. Consistent with the legislative policy and purpose of chapter 35.58 RCW, it is
54 the policy of the county, as set forth in K.C.C. 28.81.020, to provide water pollution
55 abatement service within King County and to provide water pollution abatement service
56 for such areas adjacent to the county as may, in the judgment of the council, be feasibly
57 served upon such terms, conditions and rates as the council shall determine.

58 C. The county's policy of providing water pollution abatement service on a
59 regional basis promotes the public health and safety of the residents of the entire region
60 by providing service throughout the Seattle, Lake Washington-Cedar River, Lake
61 Sammamish-Sammamish River, and Green-Duwamish River drainage areas within the
62 metropolitan area, thus maximizing the ability of the System to improve sanitary

63 conditions, reduce water pollution, and preserve the fresh and salt water resources of the
64 area for current and future residents of the region.

65 D. The county's policy of providing water pollution abatement service on a
66 regional basis promotes the public welfare of the residents of the entire region by
67 providing reliable, high quality sewage disposal service at rates that are reasonable,
68 equitable and predictable. Residential, commercial and industrial development in the
69 region depend on reliable, high quality sewage disposal service – for both domestic and
70 industrial sewage -- at rates that are reasonable, equitable and predictable. The
71 uniformity of rates across the metropolitan area promotes orderly economic development
72 and efficient planning for growth in the region.

73 E. Current Participants have experienced and will continue to experience
74 substantial population growth over the next forty years or more. To provide reliable, high
75 quality water pollution abatement service in time to serve the population growth
76 anticipated by current Participants over the next forty years or more, the RWSP
77 authorizes capital projects to upgrade and expand facilities of the System, which projects
78 are scheduled through 2030.

79 F. The capital projects set forth in the RWSP include sewage treatment facilities
80 that require complex planning and design, are difficult to site, and are expensive and
81 time-consuming to construct. Such facilities also have long useful lives.

82 G. To maintain reliable service and predictable rates for service while
83 undertaking the capital projects included in the RWSP, the county must be able to
84 continue issuing long-term sewer revenue bonds to finance the costs of such projects.
85 This is in accordance with the county's equitable financial policy, set forth at KCC

86 28.86.160.C.2, that the term of the county's borrowings for the System should be
87 structured to match the expected useful life of the assets to be financed.

88 H. To finance current costs of projects that are necessary to serve existing and
89 new customers of the Participants for thirty-five to forty years or more, it is necessary and
90 desirable for the county to be able to issue sewer revenue bonds maturing at least 35
91 years from the date of their issuance, which is later than the 2036 expiration date of the
92 county's current service agreements with the Participants.

93 I. The economic stability of the metropolitan sewerage system depends on a
94 predictable, long-term source of revenue (i) to repay bonds issued for the capital costs of
95 the RWSP and (ii) to pay the operating costs of the System.

96 J. The economic stability of the metropolitan sewerage system would be
97 adversely affected if the county could not rely on sewage collection entities that serve the
98 existing and growing customer base to continue to provide rate revenue while the
99 county's long-term sewer revenue bonds to finance capital costs of the RWSP remain
100 outstanding.

101 K. To provide security for the county's sewer revenue bonds maturing later than
102 2036, it is necessary and desirable for the county to establish sewage disposal rates
103 applicable to sewage collection entities that discharge to the System but are not subject to
104 service contracts.

105 L. The following cities and special districts collect sewage from portions of King
106 County that can drain by gravity flow into facilities currently provided by the System:

107 Cities:

108 Algona

- 109 Auburn
- 110 Bellevue
- 111 Black Diamond
- 112 Bothell
- 113 Issaquah
- 114 Kent
- 115 Kirkland
- 116 Lake Forest Park
- 117 Mercer Island
- 118 Pacific
- 119 Redmond
- 120 Renton
- 121 Seattle
- 122 Tukwila
- 123 Special Districts:
- 124 Cedar River Water-Sewer District
- 125 Coal Creek Utility District
- 126 Highlands Sewer District
- 127 Lakehaven Utility District
- 128 Northeast Sammamish Sewer and Water District
- 129 Northshore Utility District
- 130 Ronald Sewer District
- 131 Sammamish Plateau

- 132 Skyway Water and Sewer District
- 133 Soos Creek Water and Sewer District
- 134 Val-Vue Sewer District
- 135 Vashon Sewer District
- 136 Woodinville Sewer District

137 M. The entities listed in Paragraph L presently discharge most or all of the
138 sewage they collect to the System. None of the entities listed in such paragraph has
139 wastewater treatment facilities sufficient to treat the sewage it discharges to the System.
140 Requiring such entities to continue to discharge sewage to the System until such time as
141 construction and financing of the capital projects authorized by the RWSP are complete
142 promotes uniformity in the quality of sewage treatment throughout the metropolitan
143 area's drainage basin. If sewage collected from any entity designated in Paragraph L
144 were not discharged to the System, such sewage would threaten the public's health and
145 safety associated with the contamination of groundwater and surface water. If sewage
146 collected from the entities designated in Paragraph L were not discharged to the
147 System, the security for the county's sewer revenue bonds would be jeopardized and
148 sewer rates for service by the System could rise sharply, threatening the public welfare.
149 To protect the public health, safety and welfare, it is necessary and desirable for the
150 county to require that those entities listed in Paragraph L discharge to the System all
151 sewage collected from the areas so designated until such time as construction and
152 financing of the capital projects authorized by the RWSP are complete. Such entities
153 that do not contract with the county for sewage treatment service shall be subject to the
154 rates and charges for such service established under section 3 of this ordinance

155 N. The county council hereby finds and determines that the rates and charges
156 established by this ordinance are fair, just and reasonable.

157 O. The county council hereby finds and determines that the rates and charges
158 established by this ordinance, in combination with revenues pursuant to Participant
159 contracts, will produce revenues sufficient to pay the costs of maintenance and operation,
160 debt service required for county debt payable from revenue of the System, and all other
161 charges necessary for the efficient and proper operation of the System.

162 P. In short, the county council hereby finds and determines that the county must
163 continue to issue long-term sewer revenue bonds to finance necessary capital costs of the
164 System as provided in the RWSP and, to secure such revenue bonds so long as they
165 remain outstanding, the county must exercise its authority under RCW 35.58.200 (i) to
166 require certain entities to discharge sewage to the System after 2036 whether or not they
167 have contracts with the county for such service and (ii) to impose rates and charges for
168 such service on entities that do not have contracts with the county for such service.

169 Q. It is the intent of the council that the county executive continue to seek
170 contract renewals and that these service contracts are the preferred means of
171 implementing wastewater treatment service.

172 R. The county council hereby finds and determines that adoption of this
173 ordinance is in the public interest.

174 **SECTION 2. Definitions.** The following capitalized terms used in this ordinance
175 shall have the following meanings:

176 "Agency Customer" means any city, town, water-sewer district or other political
177 subdivision, person, firm or private corporation that collects sewage from customers and

178 disposes of any portion of that sewage into the Metropolitan Sewerage System and is not
179 a Participant.

180 "Comprehensive Plan" means the county's comprehensive water pollution
181 abatement plan authorized by RCW 35.58.200 and defined in K.C.C. 28.82.150 as the
182 Comprehensive Sewage Disposal Plan adopted by Resolution No. 23 of the Metro
183 Council on April 22, 1959, and all amendments thereto, together with any amendments
184 hereafter approved by ordinance of the county, including the RWSP.

185 "Local Sewerage Facilities" means all facilities owned or operated by a
186 Participant or Agency Customer for the local collection of sewage to be delivered to the
187 Metropolitan Sewerage System and all side sewers and connection fittings connected
188 directly to such System that serve customers of such Participant or Agency Customer.

189 "Metropolitan Area" means the area contained within the boundaries of King
190 County as now or hereafter constituted.

191 "Metropolitan Sewerage System" means all of the facilities to be constructed,
192 acquired or used by the county as a part of the Comprehensive Plan. The Metropolitan
193 Sewerage System shall generally include sewage disposal facilities with capacity to
194 receive sewage from natural drainage areas of approximately one thousand acres or more.
195 The Metropolitan Sewerage System shall thus include trunk or interceptor sewers
196 extending to a point within each tributary and natural drainage area where not more than
197 one thousand acres remain to be served beyond the upper terminus of such trunk and
198 interceptor sewer.

199 "Participant" means each city, town, county, water-sewer district, municipal
200 corporation, person, firm or private corporation that disposes of any portion of its sanitary

201 sewage into the Metropolitan Sewerage System and has entered into an agreement with
202 the county providing for such disposal.

203 "Residential Customer" means a single family residence billed by a Participant or
204 Agency Customer for sewerage charges.

205 **SECTION 3. Rates and Charges.** Each Participant shall make payments to the
206 county as provided in its contract with the county. Each Agency Customer shall pay to
207 the county a monthly sewage disposal charge, commencing with the first month in which
208 (i) sewage is collected and delivered by such Agency Customer to the county and (ii) no
209 contract with the county governs the collection and delivery of such sewage, determined
210 as follows:

211 1. Quarterly Reports.

212 (a) For the quarterly periods ending March 31, June 30, September 30 and
213 December 31 of each year, every Agency Customer shall submit a written report to the
214 county setting forth (i) the number of Residential Customers billed by such Agency
215 Customer for local sewerage charges as of the last day of the quarter, (ii) the total number
216 of all customers billed by such Agency Customer as of such day, and (iii) the total water
217 consumption during such quarter for all customers billed by such Agency Customer other
218 than Residential Customers. The quarterly water consumption report shall be taken from
219 water meter records and may be adjusted to exclude water which does not enter the
220 sanitary facilities of a customer. Where actual sewage flow from an individual customer
221 is metered, the metered sewage flows shall be reported in lieu of adjusted water
222 consumption. The total quarterly water consumption report in cubic feet shall be divided
223 by 2,250 to determine the number of Residential Customer equivalents represented by

224 each Agency Customer's customers other than single family residences. The county shall
225 maintain permanent records of the quarterly customer reports from each Agency
226 Customer.

227 (b) An Agency Customer's first quarterly report shall cover the first quarterly
228 period following the date when sewage is first delivered to the county and shall be
229 submitted within thirty days following the end of the quarter. Succeeding reports shall be
230 made for each quarterly period thereafter and shall be submitted within thirty (30) days
231 following the end of the quarter.

232 2. Residential Customers and Residential Customer Equivalents.

233 (a) To form a basis for determining the monthly sewage disposal charge to be
234 paid by each Agency Customer during any particular quarterly period, the county shall
235 ascertain the number of Residential Customers and Residential Customer equivalents of
236 each Agency Customer. This determination shall be made by taking the sum of the actual
237 number of Residential Customers reported as of the last day of the next to the last
238 preceding quarter and the average number of Residential Customer Equivalents per
239 quarter reported for the four quarters ending with said next to the last preceding quarter,
240 adjusted for each Agency Customer to eliminate any Residential Customers or
241 Residential Customer equivalents whose sewage is delivered to a governmental agency
242 other than the county or to a Participant or Agency Customer for disposal outside of the
243 Metropolitan Area.

244 (b) For the initial period until the Agency Customer shall have submitted six
245 consecutive quarterly reports, the basic reported number of Residential Customers and
246 Residential Customer equivalents of the Agency Customer shall be determined as

247 provided in this subparagraph 2(b). On or before the tenth day of each month beginning
248 with the month prior to the month in which sewage from the Agency Customer is first
249 delivered to the county, the Agency Customer shall submit a written statement of the
250 number of Residential Customers and Residential Customer equivalents estimated to be
251 billed by the Agency Customer during the next succeeding month. For the purpose of
252 determining the basic reported number of Residential Customers or Residential Customer
253 equivalents of the Agency Customer for such next succeeding month, the county may at
254 its discretion adopt either such estimate or the actual number of Residential Customers
255 and Residential Customer equivalents reported by the Agency Customer as of the last day
256 of the next to the last preceding reported quarter. After the Agency Customer shall have
257 furnished six consecutive quarterly reports the basic reported number of Residential
258 Customers and Residential Customer equivalents of the Agency Customer shall be
259 determined as provided in the immediately preceding subparagraph 2(a).

260 (c) If the Agency Customer shall fail to submit the required monthly and/or
261 quarterly reports when due, the county may make its own estimate of the number of
262 Residential Customers and Residential Customer equivalents of the Agency Customer
263 and such estimate shall constitute the reported number for the purpose of determining
264 sewage disposal charges.

265 3. Monthly Sewage Disposal Charge. The monthly sewage disposal charge
266 payable to the county shall be determined as follows:

267 (a) Prior to July 1st of each year the county shall determine its total monetary
268 requirements for the disposal of sewage during the next succeeding calendar year. Such
269 requirements shall include the cost of administration, operation, maintenance, repair and

270 replacement of the Metropolitan Sewerage System, establishment and maintenance of
271 necessary working capital and reserves and the requirements of any resolution providing
272 for the issuance of revenue bonds of the county to finance the acquisition, construction or
273 use of sewerage facilities, and general administrative overhead costs.

274 (b) To determine the monthly rate per Residential Customer or Residential
275 Customer equivalent to be used during said next succeeding calendar year, the total
276 monetary requirements for the disposal of sewage as determined in subparagraph 3(a) of
277 this section shall be divided by twelve and the resulting quotient shall be divided by the
278 total number of Residential Customers and Residential Customer equivalents of all
279 Agency Customers for the October-December quarter proceeding said July 1st. The
280 county council shall establish this monthly rate by ordinance no later than July 1 of each
281 year.

282 (c) Each Agency Customer shall pay the county monthly sewage disposal
283 charge determined by multiplying the monthly rate by the number of Residential
284 Customers and Residential Customer equivalents of the Agency Customer. The county
285 may by separate ordinance impose additional charges for sewage or wastes of unusual
286 quality or composition requiring special treatment by the county and for quantities of
287 storm or ground waters entering those Local Sewerage Facilities that are constructed after
288 January 1, 1961 in excess of the minimum standard established by the general rules and
289 regulations of the county.

290 (d) The county may by separate ordinance impose an additional charge on
291 Agency Customers to recover unforeseen costs to operate and maintain the Metropolitan
292 Sewerage System or meet debt requirements.

293 4. Capacity Charges. The county shall impose capacity charges directly on the
294 future customers of an Agency Customer for purposes of paying for capacity in
295 Metropolitan Sewage Facilities in accordance with the provisions of K.C.C. 28.84.050.O,
296 as amended. The Agency Customer shall, at the county's request, provide such _____
297 information regarding new Residential Customers and Residential Customer equivalents
298 as may be reasonable and appropriate for purposes of implementing capacity charges.

299 5. Billing. A statement of the amount of the monthly sewage disposal charge
300 shall be submitted by the county to each Agency Customer on or before the first day of
301 each month and payment of such charge shall be due on the last day of such month. If
302 any charge or portion thereof due to the county shall remain unpaid for fifteen days
303 following its due date, the Agency Customer shall be charged with and pay to the county
304 interest on the amount unpaid from its due date until paid at the rate of six percent per
305 annum, and the county may, upon failure to pay such amount, enforce payment by any
306 remedy available at law or equity.

307 6. Security Deposit. The Agency Customer shall (i) deposit as security with the
308 county an amount equal to the county's estimate of sewage disposal charges for one year
309 for such Agency Customer, (ii) provide a letter of credit in an amount equal to the
310 county's estimate of sewage disposal charges for one year for such Agency Customer, or
311 (iii) enter into an agreement with the county requiring the Agency Customer (A) to
312 establish, maintain and collect rates and charges for sewer service that produce revenue
313 sufficient to pay all costs of maintenance and operation of the Agency Customer's sewer
314 system, including the rates and charges established by this ordinance, and to pay debt
315 service on any revenue bonds of the Agency Customer secured by a pledge of such

316 revenue; (B) to recognize that the sewage disposal charges payable to the county under
317 this ordinance constitute a cost of maintenance and operation of the Agency Customer's
318 sewer system, and (C) in the issuance of its sewer revenue bonds, the Agency Customer
319 shall provide that expenses of maintenance and operation of its sewer system shall be
320 paid before payment of principal and interest of such bonds.

321 7. Amendments. The provisions of this section 3 are subject to amendment at
322 any time and from time to time, in accordance with laws and regulations applicable to
323 utility rates and charges.

324 **SECTION 4. Conditions of Service for Agency Customers.** Agency
325 Customers are subject to all rules and regulations of the System relating to sewage
326 disposal, including but not limited to the provisions of K.C.C. chapters 28.82 and 28.84.
327 Any Participant whose contract with the county for sewage disposal services terminates
328 shall become an Agency Customer subject to the rates and charges established under
329 section 3 of this ordinance. Any other entity wishing to discharge sewage to the System
330 shall apply to the Director of the County's Department of Natural Resources and Parks
331 regarding service. The provision of service to any applicant shall be subject to approval
332 by the county council on terms and conditions to be established by the county council.

333 **SECTION 5. Declaration regarding Public Health, Safety and Welfare.** The
334 county council hereby finds that the following cities and special districts collect sewage
335 from portions of the Metropolitan Area that can drain by gravity flow into facilities
336 currently provided by the System:

337 Cities:

338 Algona

- 339 Auburn
- 340 Bellevue
- 341 Black Diamond
- 342 Bothell
- 343 Issaquah
- 344 Kent
- 345 Kirkland
- 346 Lake Forest Park
- 347 Mercer Island
- 348 Pacific
- 349 Redmond
- 350 Renton
- 351 Seattle
- 352 Tukwila
- 353 Special Districts:
- 354 Cedar River Water-Sewer District
- 355 Coal Creek Utility District
- 356 Highlands Sewer District
- 357 Lakehaven Utility District
- 358 Northeast Sammamish Sewer and Water District
- 359 Northshore Utility District
- 360 Ronald Sewer District
- 361 Sammamish Plateau

- 362 Skyway Water and Sewer District
- 363 Soos Creek Water and Sewer District
- 364 Val-Vue Sewer District
- 365 Vashon Sewer District
- 366 Woodinville Sewer District

367 Based on the findings set forth in section 1 of this ordinance, the county council
368 hereby declares that the public health, safety and welfare of people within the
369 Metropolitan Area require that the above-referenced entities discharge to the System all
370 sewage collected from the areas designated above until such time as construction and
371 financing of the capital projects authorized by the RWSP are complete. Such entities
372 shall contract with the county for sewage treatment service or be subject to the rates and
373 charges for such service established under section 3 of this ordinance.

374 **SECTION 6. Severability.** If any one or more of the provisions of this ordinance
375 is held to be invalid for any reason, such invalidity shall not affect or invalidate any other
376 provision of this ordinance, but this ordinance shall be construed and enforced as if such
377 invalid provision had not been contained herein; provided, however, that any provision
378 held to be invalid for any reason shall be deemed to be in effect to the extent permitted by
379 law.

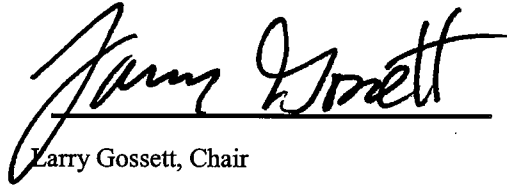
380 SECTION 7. Effective date. This ordinance shall be effective ten days after its
381 enactment, in accordance with Article II of the county charter.

382

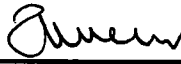
Ordinance 15757 was introduced on 3/12/2007 and passed as amended by the Metropolitan King County Council on 5/7/2007, by the following vote:

Yes: 9 - Mr. Gossett, Ms. Patterson, Ms. Lambert, Mr. von Reichbauer, Mr. Dunn, Mr. Ferguson, Mr. Phillips, Ms. Hague and Mr. Constantine
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

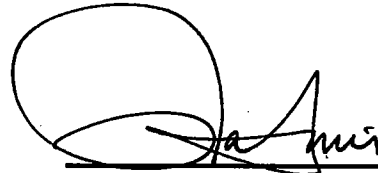

Larry Gossett, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 17 day of May, 2007.



Ron Sims, County Executive

Attachments None

RECEIVED
2007 MAY 18 PM 1:12
CLERK
KING COUNTY COUNCIL