



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

June 10, 2013

Ordinance 17606

Proposed No. 2013-0217.1

Sponsors McDermott and Phillips

1 AN ORDINANCE determining the monetary requirements
2 for the disposal of sewage for the fiscal year beginning
3 January 1, 2014, and ending December 31, 2014, setting
4 the sewer rate for the fiscal year beginning January 1, 2014,
5 and ending December 31, 2014, and approving the amount
6 of the sewage treatment capacity charge for 2014, 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 ((2013)) 2014 sewer rate of thirty-nine dollars and seventy-nine
16 cents per residential customer equivalent per month. Once a sewer rate ordinance
17 becomes effective, the clerk of the council is directed to deliver a copy of that ordinance
18 to each agency having an agreement for sewage disposal with King County.

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

23 C. As required for FAS 71 application, amounts are to be placed in the rate
24 stabilization reserve from operating revenues and removed from the calculation of debt
25 service coverage. The reserve balance shall be an amount at least sufficient to maintain a
26 level sewer rate between 2013 and 2014, and shall be used solely for the purposes of:
27 maintaining the level sewer rate in 2014; and if additional reserve balance is available,
28 moderating future rate increases beyond 2014. The estimated amount of the reserve, as
29 shown in the financial forecast, Attachment A to (~~Ordinance 17343~~) this ordinance,
30 shall be revised in accordance with the (~~2013~~) 2014 adopted budget and financial plan.
31 If the reserve needs to be reduced to meet debt service coverage requirements for (~~2012~~)
32 2013, the county executive shall notify the council of the change by providing an
33 updated financial forecast.

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

36 SECTION 2. Monetary requirements for the disposal of sewage as defined by
37 contract with the component sewer agencies for the fiscal year beginning January 1,
38 2014, and ending December 31, 2014. The council hereby determines the monetary
39 requirements for the disposal of sewage as follows:

40 Administration, operating, maintenance repair and replace (net of other income):
41 \$64,930,132.

42 Establishment and maintenance of necessary working capital reserves:
43 (\$21,812,667).

44 Requirements of revenue bond resolutions (not included in above items and net of
45 interest income): \$296,912,277.

46 TOTAL: \$340,029,742.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

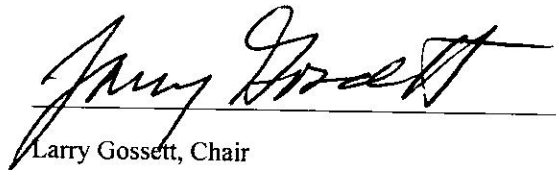
84 2. In accordance with adopted policy FP- 6 in the Regional Wastewater Services
85 Plan, K.C.C. 28.86.160.C, the council hereby approves the cash balance and reserves as
86 contained in the attached financial plan for ~~((2013))~~ 2014.

87 3. In accordance with adopted policy FP- 15.3.c., King County shall pursue
88 changes in state legislation to enable the county to require payment of the capacity charge
89 in a single payment, while preserving the option for new ratepayers to finance the
90 capacity charge.
91

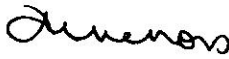
Ordinance 17606 was introduced on 5/6/2013 and passed by the Metropolitan King
County Council on 6/10/2013, by the following vote:

Yes: 7 - Mr. Phillips, Mr. Gossett, Ms. Patterson, Ms. Lambert, Mr.
Dunn, Mr. McDermott and Mr. Dembowski
No: 0
Excused: 2 - Mr. von Reichbauer and Ms. Hague

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

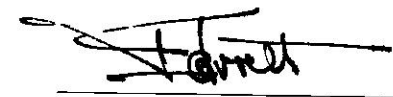

Larry Gossett, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 12 day of June, 2013.



Dow Constantine, County Executive

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CLERK
KING COUNTY COUNCIL

Attachments: A. Wastewater Treatment Division Financial Plan for the 2014 Proposed Sewer Rate

ATTACHMENT A: Wastewater Treatment Division Financial Plan for the 2014 Proposed Sewer Rate

	2012	2013		2014		2015		2016		2017		2018		2019	
	Unaudited	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
RESIDENTIAL CUSTOMER EQUIVALENTS (RCEs)															
MONTHLY RATE	708.89	710.52	712.86	718.37	721.47	724.57	727.88								
% Increase	\$36.10	\$39.79	\$39.79	\$42.73	\$44.51	\$45.16	\$45.90								
		10.2%	0.0%	1.8%	4.2%	1.5%	1.9%								
BEGINNING OPERATING FUND	86,900	74,063	58,500	23,544	13,737	14,287	14,858								
OPERATING REVENUE:															
Customer Charges	307,167	339,261	340,279	360,389	385,334	382,626	400,821								
Investment Income	1,757	1,734	1,295	2,063	4,702	7,480	10,038								
Capacity Charge	50,957	46,652	50,569	61,378	67,501	73,691	79,197								
Rate Stabilization *	13,900	16,250	22,165	13,850	10,335	11,988	12,348								
Other Income	11,003	9,492	10,988	11,187	11,639	11,988	12,348								
TOTAL OPERATING REVENUES	384,784	413,389	425,278	442,042	485,175	485,765	502,403								
OPERATING EXPENSE	(114,630)	(121,504)	(126,467)	(132,090)	(142,868)	(148,583)	(155,842)								
DEBT SERVICE REQUIREMENT PARITY DEBT	(195,392)	(218,083)	(220,988)	(226,369)	(241,048)	(248,913)	(256,901)								
SUBORDINATE DEBT SERVICE	(14,166)	(16,941)	(18,855)	(21,328)	(25,478)	(28,357)	(31,292)								
DEBT SERVICE COVERAGE RATIO PARITY DEBT **	1.38	1.33	1.35	1.37	1.35	1.35	1.35								
DEBT SERVICE COVERAGE RATIO TOTAL PAYMENTS	1.29	1.15	1.15	1.15	1.15	1.15	1.15								
INTER-FUND LOAN REPAYMENTS	(20,135)	(20,398)	(301)	(301)	(301)	(301)	(301)								
LIQUIDITY RESERVE CONTRIBUTION	(1,064)	(687)	(496)	(582)	(549)	(571)	(706)								
TRANSFERS TO CAPITAL	(39,397)	(34,838)	(58,159)	(61,392)	(58,931)	(59,039)	(57,562)								
RATE STABILIZATION RESERVE *	62,600	46,350	24,185	10,335	13,737	14,287	15,584								
OPERATING FUND ENDING BALANCE	11,463	12,150	12,647	13,209	14,287	14,858	15,584								
	74,063	58,500	36,832	23,544	14,287	14,287	15,584								
CONSTRUCTION FUND															
BEGINNING FUND BALANCE	91,648	102,493	43,504	5,020	5,000	5,000	5,000								
REVENUES:															
Parity Bonds	80,000	50,000	30,000	106,135	118,194	120,502	121,315								
Variable Debt Bonds	100,000	0	22,157	6,512	7,280	7,009	6,472								
Grants & Loans	15,992	42,123	3,284	0	0	0	0								
Other	500	500	500	500	500	500	500								
Transfers From Operating Fund	39,397	34,838	58,159	61,392	58,931	58,039	57,562								
TOTAL REVENUES	235,888	127,461	114,100	180,539	184,905	187,050	185,850								
CAPITAL EXPENDITURES	(192,367)	(183,425)	(148,737)	(169,526)	(174,892)	(176,590)	(175,323)								
DEBT ISSUANCE COSTS	(748)	(1,000)	(711)	(2,155)	(2,400)	(2,445)	(2,458)								
BOND SERVICE TRANSACTIONS	(20,480)	(2,888)	(1,822)	(6,612)	(7,608)	(8,009)	(8,063)								
DEBT SERVICE, CAPITALIZED INTEREST RESERVE	(7,366)	0	(1,313)	(2,266)	(4)	(5)	(5)								
ADJUSTMENTS	(4,084)	973	(1,313)	(2,266)	(4)	(5)	(5)								
ENDING FUND BALANCE	102,493	43,504	5,020	5,000	5,000	5,000	5,000								
CONSTRUCTION FUND RESERVES															
Bond & Loan Reserves	180,831	183,757	186,892	195,770	199,618	207,632	215,700								
Policy Reserves	15,000	15,000	15,000	15,000	15,000	15,000	15,000								
TOTAL FUND RESERVES	195,831	198,757	201,892	210,770	214,618	222,632	230,700								
CONSTRUCTION FUND BALANCE	285,324	242,291	208,313	215,770	219,619	227,633	235,701								

* 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 \$64.1 million estimate of Environmental Remediation Liability in accordance with FAS-71 which will be amortized over a 30-year average bond term.