



KING COUNTY
Signature Report

ATTACHMENT 1
1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Motion 16449

Proposed No. 2023-0308.1

Sponsors Balducci

1 A MOTION requesting the wastewater treatment division
2 develop and maintain a long-term financial and sewer rate
3 forecast.

4 WHEREAS, the wastewater treatment division protects public health and the
5 environment by collecting and treating wastewater, and

6 WHEREAS, King County charges a sewer rate to the contract agencies that
7 deliver, treat and discharge wastewater, and

8 WHEREAS, sewer rate revenue is the wastewater treatment division's primary
9 funding source, and

10 WHEREAS, the monthly sewer rate revenue collected by the county goes to
11 support all wastewater treatment division expenses, including operating costs, debt
12 service, and capital expenses, and

13 WHEREAS, as part of the rate setting process each year, the wastewater treatment
14 division includes a ten-year rate forecast, and

15 WHEREAS, Section 270 of the King County Charter establishes three regional
16 committees to develop, propose, review and recommend action on regional policies and
17 plans for consideration by the metropolitan county council, and

18 WHEREAS, the regional water quality committee's 2023 work program includes
19 addressing long-term sewer rate projections, and

20 WHEREAS, developing a long-term forecast of rates and revenue requirements
21 would inform decision makers about the primary rate drivers and the effect of policy
22 choices on long-term rates, and

23 WHEREAS, the Regional Wastewater Services Plan was adopted in 1999 to
24 provide policy guidance for the wastewater system through 2030, and

25 WHEREAS, the process to update the Regional Wastewater Services Plan is
26 scheduled to restart in 2023 and will include long-term planning for the regional
27 wastewater system beyond a twenty-year period and up to fifty years or more, and

28 WHEREAS, decision makers desire information from the wastewater treatment
29 division that will facilitate informed discussions on the policy decisions related to the
30 update to the Regional Wastewater Services Plan, and

31 WHEREAS, developing a forecast of the long-term sewer rates includes inherent
32 uncertainty due to unknown or uncertain future regulatory requirements, uncertainty in
33 the system capacity needed to address future growth, uncertainty in financial assumptions
34 about inflation, interest rates, and other factors, and the level of uncertainty increases
35 with the length of the forecast period, and

36 WHEREAS, in accordance with Section 270.30 of the King County Charter and
37 K.C.C. 1.24.065, the regional water quality committee developed this motion to be
38 proposed to the King County council;

39 NOW, THEREFORE, BE IT MOVED by the King County council:

40 A. The wastewater treatment division is requested to develop and maintain a
41 long-term financial and sewer rate forecast. The forecast should be based on revenue

42 requirements needed for the operating and capital investment needs of the regional
43 wastewater system. The forecast should allow for periods of up to seventy-five years.

44 B. The wastewater treatment division is requested to seek comments from
45 ratepayers and other stakeholders and advisors, including the metropolitan water
46 pollution abatement advisory committee. Additionally, the wastewater treatment division
47 is requested to seek an advisory recommendation from an independent national expert on
48 the methodology used to develop the forecast and revenue requirements. The expert may
49 also offer observations and insights as to how such information might be best utilized in
50 decision-making.

51 C.1. The revenue requirements should be reported in total and by categories
52 including but not limited to:

53 a. operating expenditures with separate line items for at least the following
54 categories: employee wages; employee benefits; supplies; services; intragovernmental
55 services; and intragovernmental contributions;

56 b. capital expenditures with separate items for at least the following capital
57 portfolio categories: asset management; known and potential regulatory requirements;
58 capacity improvements including projects for population growth; and those projects
59 addressing infiltration and inflow;

60 c. insurance;

61 d. debt service; and

62 e. reserves, with the type of reserves separated into line items.

63 2. The wastewater treatment division may, with written notice to the chairs of
64 the regional water quality committee and the metropolitan water pollution abatement
65 advisory committee, modify categories for reporting revenue requirements.

66 D. The long-term financial and sewer rate forecast should allow for changes in
67 various assumptions including, but not limited to, the following: expected capital
68 expenditures; asset life expectancy, interest rates on debt; capital project accomplishment
69 rates; general and cost of construction inflation rates; percent of debt financing; length of
70 debt; revenue requirements; number of residential customer equivalents; and revenue
71 sources such that forecast scenarios can be compared using different assumptions.

72 E. The wastewater treatment division is requested to develop an executive
73 summary that explains the long-term financial and sewer rate forecast, the drivers behind
74 the rates, and changes from prior years in simple-to-understand terms.

75 F. The wastewater treatment division is requested to provide status update
76 briefings to the regional water quality committee in January 2024, July 2024, and April
77 2025, on the progress in developing a long-term financial and sewer rate forecast. By
78 July 2025, the wastewater treatment division is requested to brief the regional water
79 quality committee on the wastewater treatment division's long-term financial and sewer
80 rate forecast. The July 2025 briefing should include supporting materials explaining the
81 rate models used to generate the forecast in simple-to-understand terms. In presenting the
82 long-term financial and sewer rate forecast in July 2025, the wastewater treatment
83 division should report on the assumptions that were adopted for the forecast and why the
84 assumptions were selected. It is expected that the briefing on the long-term financial and
85 sewer rate forecast will be completed after the wastewater treatment division has

- 86 developed a methodology to forecast the long-term costs of capital improvement needs as
87 requested by Motion XXXXX (Proposed Motion 2023-0257).

Motion 16449 was introduced on 9/5/2023 and passed by the Metropolitan King County Council on 10/24/2023, by the following vote:

Yes: 8 - Balducci, Dembowski, Dunn, Perry, McDermott,
Upthegrove, von Reichbauer and Zahilay
Excused: 1 - Kohl-Welles

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

ATTEST:

APPROVED this ____ day of _____, ____.

Attachments: None