



Metropolitan Water Pollution Abatement Advisory Committee

King Street Center, 201 S Jackson St, MS: KSC-NR-0508, 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
Midway Sewer District
Muckleshoot Indian Tribe
Northeast Sammamish Sewer and Water District
Northshore Utility District
Olympic View Water and Sewer District
City of Pacific
City of Redmond
City of Renton
Ronald Wastewater District
Sammamish Plateau Water and Sewer District
City of Seattle
Skyway Water and Sewer District
Soos Creek Water and Sewer District
Southwest Suburban Sewer District
City of Tukwila
Valley View Sewer District
Vashon Sewer District
Woodinville Water District

December 11, 2019

The Honorable Dow Constantine
County Executive, King County
401 Fifth Ave., Suite 800
Seattle, WA 98104

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

SUBJECT: Wastewater Treatment Division – Capacity Charge Rate Structure

Dear Executive Constantine and Councilmember Dembowski:

The Metropolitan Water Pollution Abatement Advisory Committee (MWPAAC) appreciates the joint involvement with King County Wastewater Treatment Division (WTD) in the thorough review of the King County Capacity Charge. We would like to express our support for WTD's preferred option for changes to the Capacity Charge.

Since early 2018, MWPAAC members have met regularly with WTD staff and consultants on this issue. During this review period, MWPAAC members suggested using public data from the Census Bureau's American Community Survey (ACS) to form the basis of the equivalence factors for new residential connections. WTD staff took this suggestion seriously and set out to research and improve upon it. MWPAAC appreciates this collaborative effort, and believes that using this high-quality, publicly available dataset to update the residential capacity charge is easily replicable and will save ratepayers money over time. MWPAAC further believes that WTD's preferred option, which also uses American Housing Survey (AHS) data to split Single-Family (SF) homes into categories based on interior living space, makes the charge more equitable.

While we are supportive of the proposed changes, we want to also use this letter to communicate our understanding of how the new system will work. Based on conversations with WTD staff, MWPAAC member agencies understand that:

- Collection of SF category information by cities and districts will only require the applicant (developer) to choose from Small, Medium, or Large on a form. No further verification of square footage information will be required of staff from cities and districts.
- King County WTD will be solely responsible for verifying the accuracy of square footage information, notifying developers or homeowners about corrections, and issuing corrective bills or refunds. These administrative tasks will constitute a new body of work for one FTE.
- King County WTD will not alter the capacity charge collection for a SF home that changes its interior square footage – for instance, when a remodel adds several rooms. This is true both for connections still owing on their capacity charge and those that have already paid it in full.

- Changes to the Capacity Charge rate structure will not result in any changes to the quarterly reporting for payment of the wholesale sewer rate. The use of residential equivalency information in the capacity charge analysis or the recommendations for tiered single family rates does not in any way suggest or infer any precedent as to how sewage disposal charges that are part of our Sewage Disposal Agreements should be structured in the future.

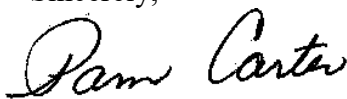
MWPAAC members are aware that some Multi-Family (MF) property developers support a similar split of MF units into categories. They propose that new MF buildings be charged according to the number and type of unit (Studio, 1 Bedroom, 2 Bedroom, etc.). While this system may be more equitable than the current system, the capacity charge rate study did not consider this type of MF disaggregation, for several reasons:

- Local agencies rarely meter and bill individual MF units, making it impossible at this time to collect consistent and accurate data necessary to assess the impact of individual units based on size or number of bedrooms.
- It is unclear how data from the ACS and AHS surveys could be used to set the RCE equivalence factors.
- It is similarly unclear how WTD would use data from the King County Assessor to verify the accuracy of reported information for new MF buildings.

Still, we believe this idea warrants further exploration. The impacts on housing affordability, administrative burden and feasibility need to be evaluated. WTD staff and MWPAAC started into this process with the hope of developing a rate structure that would help make housing more affordable for lower-income members of our communities. We realize that the current proposal does not solve every equity challenge, but believe it is a good balance of improved equity with tolerable increases in administrative burden. We are also recommending more analysis of the commercial (as opposed to the residential) Capacity Charge in the future. The FCS Group study included only a small sample size of commercial connections and did not produce any meaningful findings.

In closing, MWPAAC supports the proposed changes to the Capacity Charge rate structure. We appreciate the lengthy and fruitful collaboration between WTD and MWPAAC on this important issue and look forward to continued collaboration.

Sincerely,



Pamela Carter
MWPAAC Chair

cc: MWPAAC Members
King County Councilmembers
Regional Water Quality Committee Members
Christie True, Director, Department of Natural Resources and Parks (DNRP)
Mark Isaacson, Division Director, Wastewater Treatment Division, DNRP