



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

December 11, 2006

Ordinance 15666

Proposed No. 2006-0454.2

Sponsors Hague

1 AN ORDINANCE authorizing the King County executive
 2 to enter into amendments to King County's agreements for
 3 sewage disposal.

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5

6 **STATEMENT OF FACTS:**

- 7 1. King County provides or will provide sewage treatment and disposal
 8 service to approximately thirty-six cities, special districts and other entities
 9 ("local agencies") in western King County, southern Snohomish county
 10 and northern Pierce county through long-term agreements for sewage
 11 disposal ("basic agreements").
- 12 2. These basic agreements, most of which terminate in 2036, have
 13 provided the security for the King County wastewater treatment system
 14 bonded debt.
- 15 3. King County's preferred term for its wastewater system debt is
 16 approximately thirty-five years. This debt term corresponds to the
 17 projected life of the assets to be financed, allows King County to take

18 advantage of favorable long-term interest rates and minimizes the impact
19 of the debt on the annual sewer rates and sewage treatment capacity
20 charges when compared to shorter-term debt.

21 4. King County is proposing to the local agencies an extension of the
22 basic agreements so that they will remain in full force and effect until July
23 1, 2056. This will allow those agreements to constitute security for thirty-
24 five-year debt as King County finances wastewater system improvements
25 contemplated in its Comprehensive Water Pollution Abatement Plan.

26 Timely conclusion of the extension process is extremely important as King
27 County prepares for major debt issuances in 2007, 2008 and 2009 to
28 finance significant elements of its Comprehensive Water Pollution
29 Abatement Plan. The impact of issuing the debt planned for 2007 and
30 2008 with terms that match the current expiration date of the agreements is
31 twenty-eight cents on the county's monthly sewer rate and three dollars on
32 the monthly capacity charge when compared to thirty-five-year debt.

33 5. King County is also proposing amendments to the basic agreements
34 that will enable out-of cycle rate increases in emergency situations and
35 change the feature of the basic agreements that require the concurrence of
36 all local agencies to make certain types of agreement changes.

37 6. The King County council adopted Ordinance 14913 on May 24, 2004,
38 which authorized the King County executive to execute amendments and
39 extensions to the basic agreements as in subsections 4 and 5 of this
40 statement of facts.

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41 7. Subsequent to the adoption of Ordinance 14913, local agencies, in
42 negotiations and discussions with county staff, requested certain language
43 modifications to the proposed provisions addressing out-of-cycle rate
44 increases and future agreement changes. The local agencies also
45 requested, in negotiations and discussions with county staff, that the
46 principle of "growth pays for 95 percent of growth" be memorialized in
47 the basic agreements. The county council concurs with these
48 modifications and now desires to authorize the executive to execute
49 amendments to the basic agreements that incorporate the modified
50 provisions as well as memorialize the "growth pays for 95 percent of
51 growth" principle.

52 8. The county council also desires to ensure that any future amendments
53 to any of the basic agreements relating to King County's sewage treatment
54 capacity charge are subjected to review by a diverse cross-cut of local
55 agency representatives. The council finds that the regional water quality
56 committee, constituted of elected officials from the city of Seattle,
57 suburban cities and special districts, is the suitable body to conduct such
58 review.

59 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

60 SECTION 1. The executive is authorized to execute amendments to and
61 extensions of King County's agreements for sewage disposal with the cities, special
62 districts and other entities identified in this ordinance, the amendments to substantially
63 incorporate the form of Sections 1, 2 , 3 and 4 and the extensions to substantially

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64 incorporate the form of section 5 of Attachment A tot his ordinance, a sample amendment
65 and extension attached to this ordinance. The amendments and extensions may
66 incorporate any or all of the foregoing sections. The cities, special districts and other
67 entities are as follows:

68 A. Cities: Algona, Auburn, Bellevue, Black Diamond, Bothell, Brier, Carnation,
69 Issaquah, Kent, Kirkland, Lake Forest Park, Mercer Island, Pacific, Redmond, Renton,
70 Seattle and Tukwila;

71 B. Special districts: Alderwood, , Cedar River, Cross Valley, Northeast
72 Sammamish, Skyway, Soos Creek, Lakehaven, Olympic View, Sammamish Plateau, and
73 Woodinville water and sewer districts; Coal Creek and Northshore utility districts;
74 Highlands, Val Vue and Vashon sewer districts; King County Water District No. 90; and
75 Ronald Wastewater Management District; and

76 C. Other entities: Lake Sammamish state park and Muckleshoot Indian Tribe.

77 SECTION 2. Any future amendments to King County's sewage disposal
78 agreements that describe, address or relate to the county's sewage treatment capacity
79 charge, beyond what is authorized by this ordinance or prior actions of the council, shall
80 be subject to review and recommendation by the regional water quality committee in the

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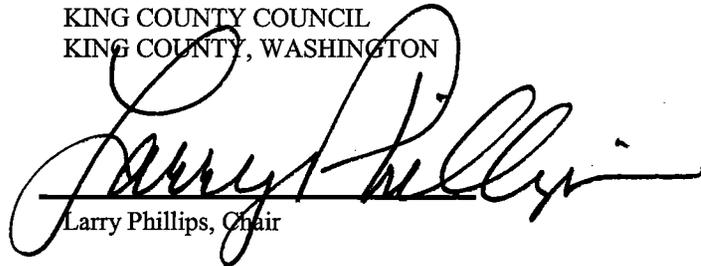
81 same manner and through the same process prescribed in the county charter for regional
82 policies and plans.

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Ordinance 15666 was introduced on 10/2/2006 and passed by the Metropolitan King County Council on 12/11/2006, by the following vote:

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

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

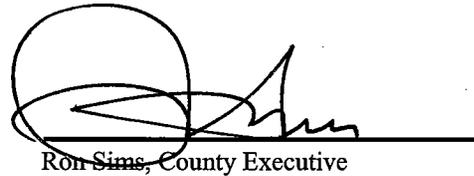

Larry Phillips, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 19 day of December, 2006.


Ron Sims, County Executive

Attachments A. City of ___--King County--Amendment to Agreement for Sewage Disposal

RECEIVED
2006 DEC 19 PM 12: 24
KING COUNTY COUNCIL

CITY OF _____

KING COUNTY

AMENDMENT TO AGREEMENT FOR SEWAGE DISPOSAL

THIS AGREEMENT made as of the _____ day of _____, 2006 between the City of _____, a municipal corporation of the State of Washington (hereinafter referred to as “the City”) and King County, a political subdivision of the State of Washington (hereinafter referred to as “the County”);

WITNESSETH:

WHEREAS, the City and the County have entered into a long term agreement for sewage disposal dated _____ as amended and previously extended (hereinafter referred to as the “Basic Agreement”) and the County has proposed certain changes to, and a second extension of, the Basic Agreement; and

WHEREAS, the extension of of the Basic Agreement will enable the county to obtain the most favorable bond financing terms for necessary improvements to the region’s wastewater treatment system and will therefore result in the lowest possible sewer rates and sewage treatment capacity charges for the system’s ratepayers, and

WHEREAS, the City concurs that said proposed changes and extension are in the best interest of the parties and the citizens of the Metropolitan Area;

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

Section 1. Amendment of Basic Agreement—Section 5.3. Section 5.3 of the Basic Agreement is hereby amended by adding the following new subparagraph d).

“d) An additional charge may be made to recover unforeseen costs to operate and maintain the metropolitan sewerage system or meet debt requirements if the county executive declares and the county council by a supermajority vote (two thirds of members) finds that an

emergency exists and the system cannot be adequately maintained, and debt requirements or debt policies met, without such additional charge. The additional charge shall then be effective no earlier than the first day of the fourth month following the emergency declaration described in this subparagraph 3.d) and shall be billed and collected in the same manner as the monthly rate referenced in subparagraph 3.c). The additional charge described in this paragraph 3.d) may be incorporated into the next rate setting cycle but will otherwise terminate within twelve months of the date approved. The additional charge described in this subparagraph 3.d) shall not be made until and unless it also conforms to the sewage disposal agreements with all remaining Participants.”

Section 2. Amendment of Basic Agreement—Section 5.4. Section 5.4 of the Basic Agreement is hereby amended to read as follows:

“4. The County (-may-) *shall* impose a charge or charges (*hereinafter the capacity charge*) directly on the future customers of a Participant for purposes of paying for capacity in Metropolitan Sewerage Facilities. The proceeds of (-said-) *the capacity charge* shall be used only for capital expenditures or defeasance of outstanding revenue bonds prior to maturity. *The capacity charge shall be set at a level to ensure that, in combination with the monthly sewer rate described in subsection 3 above, 95% of the costs incurred to provide the wastewater conveyance, treatment and biosolids capacity to serve new customers are recovered from new customers.*

The City shall, at the County’s request, provide such information regarding new Residential Customers and Residential Customer Equivalents as may be reasonable and appropriate for purposes of implementing the capacity charge.”

Section 3. Amendment of the Basic Agreement—New Section 23. A new Section 23 is added to the Basic Agreement as follows:

“Section 23. Future Amendments. The City agrees to amend and hereby concurs in any amendment to this agreement which incorporates any changes in the terms for sewage disposal

and payment therefor as may be proposed by the County and agreed to by those Participants that shall represent, in total, not less than 90% of the residential customers and residential customer equivalents then served by the Metropolitan Sewerage System and 90% of the Participants.”

Section 4. Amendment of Basic Agreements with other Participants. If the Basic Agreements with any other Participants are amended or otherwise modified to include terms, conditions, or provisions not included in this amendment, the City shall have the option of incorporating said terms, conditions or provisions into its Basic Agreement. The County shall then expedite and approve any amendments to the Basic Agreement as may be necessary and appropriate for such purpose.

Section 5. Extension of Basic Agreement. The Agreement for Sewage Disposal between the City of _____ and King County dated _____, as amended, is hereby extended for a period of twenty years and shall continue in full force and effect until July 1, 2056. The agreement dated _____, as subsequently amended and extended shall constitute the entire Agreement for Sewage Disposal between the parties.

IN WITNESS WHEREOF, the parties have executed this agreement as of the day and year first written above; said agreement to be effective upon execution.

City of _____

King County

By _____

By _____

Title _____

Title _____

Attest :

Attest:
