



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**June 15, 2015**

**Ordinance 18064**

**Proposed No. 2015-0164.1**

**Sponsors McDermott**

1 AN ORDINANCE determining the monetary requirements  
2 for the disposal of sewage for the fiscal year beginning  
3 January 1, 2016, and ending December 31, 2016; setting  
4 the sewer rate for the fiscal year beginning January 1, 2016,  
5 and ending December 31, 2016, and approving the amount  
6 of the sewage treatment capacity charge for 2016, 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 ((2015)) 2016 sewer rate of ((~~thirty-nine dollars and seventy-~~  
16 ~~nine~~)) forty-two dollars and three cents per residential customer equivalent per month.

17 Once a sewer rate ordinance becomes effective, the clerk of the council is directed to  
18 deliver a copy of that ordinance to each agency having an agreement for sewage disposal  
19 with King County.

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

24 C. As required for FAS 71 application, amounts are to be placed in the rate  
25 stabilization reserve from operating revenues and removed from the calculation of debt  
26 service coverage. The reserve balance shall be an amount at least sufficient to maintain a  
27 level sewer rate between ~~((2013))~~ 2015 and ~~((2014))~~ 2016, and it shall be used solely for  
28 the purposes of: maintaining the level sewer rate in ~~((2014))~~ 2016; and if additional  
29 reserve balance is available, moderating future rate increases beyond ~~((2014))~~ 2016. The  
30 estimated amount of the reserve, as shown in the financial forecast, Attachment A to  
31 ~~((Ordinance 17825))~~ this ordinance, shall be revised in accordance with the 2015/2016  
32 adopted biennial budget and financial plan. If the reserve needs to be reduced to meet  
33 debt service coverage requirements for ~~((2014))~~ 2015, the county executive shall notify  
34 the council of the change by providing an updated financial forecast.

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

37 SECTION 2. Monetary requirements for the disposal of sewage as defined by  
38 contract with the component sewer agencies for the fiscal year beginning January 1,  
39 2016, and ending December 31, 2016. The council hereby determines the monetary  
40 requirements for the disposal of sewage as follows:

41 Administration, operating, maintenance repair and replacement (net of other  
42 income): \$71,460,453.

43 Establishment and maintenance of necessary working capital reserves:  
44 (\$8,846,887).

45 Requirements of revenue bond resolutions (not included in above items and net of  
46 interest income): \$303,844,323.

47 TOTAL: \$366,457,889.

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

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

53 1. Seven dollars for sewer connections occurring between and including January  
54 1, 1994, and December 31, 1997;

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

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

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

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

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

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

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

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

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

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

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

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

79           14. Fifty-five dollars and thirty-five cents for sewer connections occurring  
80 between and including January 1, 2014, and December 31, 2014~~((-))~~;

81           15. Fifty-seven dollars for sewer connections occurring between and including  
82 January 1, 2015, and December 31, 2015; and

83           16. Fifty-eight dollars and seventy cents for sewer connections occurring  
84 between and including January 1, 2016, and December 31, 2016.

85           B.1. In accordance with adopted policy FP-15.3.d. in the Regional Wastewater  
86 Services Plan, K.C.C. 28.86.160.C., it is the council's intent to base the capacity charge

87 upon the costs, customer growth and related financial assumptions used in the Regional  
88 Wastewater Services Plan.

89           2. In accordance with adopted policy FP- 6 in the Regional Wastewater Services  
90 Plan, K.C.C. 28.86.160.C., the council hereby approves the cash balance and reserves as  
91 contained in the attached financial plan for ((2015)) 2016.

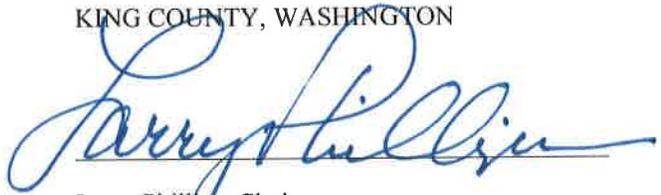
92           3. In accordance with adopted policy FP-15.3.c., King County shall pursue  
93 changes in state legislation to enable the county to require payment of the capacity charge

94 in a single payment, while preserving the option for new ratepayers to finance the  
95 capacity charge.  
96

Ordinance 18064 was introduced on 5/4/2015 and passed by the Metropolitan King County Council on 6/15/2015, by the following vote:

Yes: 8 - Mr. Phillips, Mr. Gossett, Ms. Hague, Ms. Lambert, Mr. Dunn, Mr. McDermott, Mr. Dembowski and Mr. Upthegrove  
No: 0  
Excused: 1 - Mr. von Reichbauer

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON



Larry Phillips, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 16 day of JUNE, 2015.



Dow Constantine, County Executive

**Attachments:** A. Wastewater Treatment Division Financial Plan for the 2016 Proposed Sewer Rate

# ATTACHMENT A: Wastewater Treatment Division Financial Plan for the 2016 Proposed Sewer Rate

18064	2013	2014	2015	2016	2017	2018	2019	2020	2021
OPERATIONS	Audited	Unaudited	Forecast						
Customer Equivalents (Residential Customer Equivalents)	718,16	725.84	730.92	735.31	739.72	743.42	747.51	752.14	756.81
Monthly Rate	\$39.79	\$39.79	\$42.03	\$42.03	\$43.33	\$43.33	\$44.14	\$45.09	\$ 47.41
% Increase	10.2%	0.0%	5.6%	0.0%	3.1%	0.0%	1.9%	2.2%	5.2%
OPERATING FUND BEGINNING BALANCE	\$ 74,094	\$ 64,278	\$ 46,653	\$ 47,754	\$ 48,244	\$ 47,400	\$ 37,894	\$ 27,140	\$ 16,411
Operating Revenues									
Customer Charges	\$ 342,850	\$ 346,591	\$ 368,649	\$ 370,861	\$ 384,626	\$ 386,549	\$ 395,913	\$ 406,933	\$ 430,578
Capacity Charge	58,660	59,533	59,355	63,035	66,943	71,093	75,501	80,182	85,154
Other Income	10,126	12,443	10,489	10,656	11,000	11,330	11,670	12,020	12,381
Investment Income	2,682	2,357	1,826	2,739	3,980	5,471	8,653	11,347	13,614
Rate Stabilization Transactions	10,350	18,000	0	150	1,375	10,004	11,361	11,361	0
Total Operating Revenues	\$ 424,668	\$ 438,924	\$ 440,319	\$ 447,441	\$ 467,924	\$ 484,448	\$ 503,097	\$ 521,842	\$ 541,726
Operating Expense	(117,183)	(124,030)	(135,043)	(141,440)	(146,752)	(151,730)	(157,799)	(164,111)	(170,676)
Debt Service Requirement: Parity Debt	(172,959)	(175,463)	(170,861)	(169,483)	(177,624)	(184,235)	(194,666)	(206,192)	(217,853)
Debt Service Requirement: Parity Lien Obligations	(43,988)	(43,756)	(41,217)	(54,025)	(54,247)	(54,199)	(54,133)	(53,564)	(53,499)
Debt Service: Subordinate Debt	(15,039)	(16,592)	(35,670)	(42,575)	(47,409)	(51,012)	(51,459)	(51,316)	(51,302)
Debt Service Coverage Ratio: Parity Debt	1.78	1.79	1.79	1.81	1.81	1.81	1.77	1.73	1.70
Debt Service Coverage Ratio: Total Debt	1.33	1.34	1.23	1.15	1.15	1.15	1.15	1.15	1.15
Inter-fund Loan Payments	(20,158)	0	0	0	0	0	0	0	0
Liquidity Reserve Contributions	(534)	(375)	(1,101)	(640)	(531)	(498)	(607)	(631)	(656)
Transfers to Capital	(54,806)	(78,708)	(70,058)	(54,476)	(53,827)	(55,375)	(56,768)	(58,217)	(59,891)
Rate Stabilization Reserve Balance	\$ 52,250	\$ 34,250	\$ 34,250	\$ 34,100	\$ 32,725	\$ 22,721	\$ 11,361	0	0
Operating Liquidity Reserve Balance	12,028	12,403	13,504	14,144	14,675	15,173	15,780	16,411	17,068
OPERATING FUND ENDING BALANCE	\$ 64,278	\$ 46,653	\$ 47,754	\$ 48,244	\$ 47,400	\$ 37,894	\$ 27,140	\$ 16,411	\$ 17,068
<b>CONSTRUCTION FUND</b>									
CONSTRUCTION FUND BEGINNING BALANCE	\$ 107,282	\$ 98,200	\$ 45,881	\$ 22,938	\$ 22,139	\$ 5,145	\$ 5,000	\$ 5,000	\$ 5,000
Revenues:									
Parity Bonds	50,000	0	50,000	80,648	112,023	92,529	143,620	160,351	158,563
Variable Debt Bonds	0	0	0	0	0	63,384	19,500	14,591	12,739
Grants & Loans	19,773	27,618	23,782	32,000	15,500	0	0	0	0
Other	5,928	0	500	500	500	500	500	500	500
Transfers From Operating Fund	54,806	78,708	70,058	54,476	53,827	55,375	56,768	58,217	59,891
Total Revenues	\$ 130,507	\$ 106,326	\$ 144,340	\$ 167,624	\$ 181,851	\$ 211,788	\$ 220,387	\$ 233,659	\$ 231,693
Capital Expenditures	(144,931)	(155,427)	(162,533)	(167,238)	(187,100)	(201,576)	(206,074)	(218,250)	(216,750)
Debt Issuance Costs	(322)	0	(1,000)	(1,613)	(2,240)	(2,167)	(2,970)	(3,280)	(3,235)
Bond Reserve Transactions	(2,990)	1,453	(3,070)	1,375	(8,138)	(6,631)	(10,434)	(11,649)	(11,519)
Adjustments	8,654	(4,671)	(680)	(947)	(1,366)	(1,558)	(910)	(479)	(190)
CONSTRUCTION FUND ENDING BALANCE	\$ 98,200	\$ 45,881	\$ 22,938	\$ 22,139	\$ 5,145	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Construction Fund Reserve Balances									
Bond & Loan Reserves	\$ 183,822	\$ 182,618	\$ 180,065	\$ 179,637	\$ 189,141	\$ 197,330	\$ 208,674	\$ 220,802	\$ 232,512
Policy Reserves	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,001
Total Construction Fund Reserves	\$ 198,822	\$ 197,618	\$ 195,065	\$ 194,637	\$ 204,141	\$ 212,330	\$ 223,674	\$ 235,802	\$ 247,513
CONSTRUCTION FUND ENDING BALANCE	\$ 297,022	\$ 243,499	\$ 218,002	\$ 216,775	\$ 209,286	\$ 217,330	\$ 228,674	\$ 240,802	\$ 252,513