



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**June 12, 2018**

**Ordinance 18745**

**Proposed No. 2018-0231.1**

**Sponsors Upthegrove**

1 AN ORDINANCE determining the monetary requirements  
2 for the disposal of sewage for the fiscal year beginning  
3 January 1, 2019, and ending December 31, 2019; setting  
4 the sewer rate for the fiscal year beginning January 1, 2019,  
5 and ending December 31, 2019, and approving the amount  
6 of the sewage treatment capacity charge for 2019, 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 ((2018)) 2019 sewer rate of ((~~forty-four dollars and twenty-two~~))  
16 forty-five dollars and thirty-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 No. 62 of the  
21 Governmental Accounting Standards Board (GASB-62) as it pertains to regulatory assets  
22 and liabilities to treat pollution remediation obligations and RainWise Program  
23 expenditures and strategic planning costs as regulatory assets, recovered ratably over the  
24 life of the underlying financing, and establish a rate stabilization reserve for the purpose  
25 of leveling rates between years.

26 C. As required for GASB-62 application, amounts are to be placed in the rate  
27 stabilization reserve from operating revenues and removed from the calculation of debt  
28 service coverage. The reserve balance shall be an amount at least sufficient to maintain a  
29 level sewer rate between ~~((2017))~~ 2019 and ~~((2018))~~ 2020, and shall be used solely for  
30 the purposes of: maintaining the level sewer rate in ~~((2018))~~ 2019; and if additional  
31 reserve balance is available, moderating future rate increases beyond ~~((2018))~~ 2019. The  
32 estimated amount of the reserve, as shown in the financial plan, Attachment A to  
33 ~~((Ordinance 18537))~~ this ordinance, shall be revised in accordance with the ~~((2017-~~  
34 ~~2018))~~ 2019-2020 Biennial Budget Ordinance and financial plan. If the reserve needs to  
35 be reduced to meet debt service coverage requirements for ~~((2017))~~ 2018, the county  
36 executive shall notify the council of the change by providing an updated financial plan.

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 2019, and ending December 31, 2019. 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): \$69,915,598.

43 Establishment and maintenance of necessary working capital reserves:  
44 \$48,242,930.

45 Requirements of revenue bond resolutions (not included in above items and net of  
46 interest income): \$295,000,850.

47 TOTAL: \$413,159,378.

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;

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;

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

85 17. Sixty dollars and eighty cents for sewer connections occurring between and  
86 including January 1, 2017, and December 31, 2017;~~((and))~~

87 18. Sixty-two dollars and sixty cents for sewer connections occurring between  
88 and including January 1, 2018, and December 31, 2018; and

89           19. Sixty-four dollars and fifty cents for sewer connections occurring between  
90 and including January 1, 2019, and December 31, 2019.

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

95           2. In accordance with adopted policy FP- 6 in the Regional Wastewater Services  
96 Plan, K.C.C. 28.86.160.C., the council hereby approves the cash balance and reserves as  
97 contained in the financial plan for ((2018)) 2019, which is Attachment A to ((~~Ordinance~~  
98 ~~18537~~)) this ordinance.

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

101 in a single payment, while preserving the option for new ratepayers to finance the  
102 capacity charge.  
103

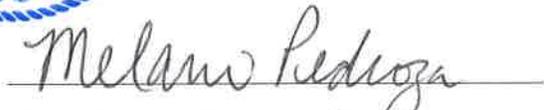
Ordinance 18745 was introduced on 4/30/2018 and passed by the Metropolitan King County Council on 6/11/2018, by the following vote:

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

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON



  
J. Joseph McDermott, Chair

  
Melani Pedroza, Clerk of the Council

APPROVED this 19 day of JUNE, 2018.

  
Dow Constantine, County Executive

RECEIVED  
2018 JUN 19 PM 2:05  
CLERK  
KING COUNTY COUNCIL

**Attachments:** A. Wastewater Treatment Division Financial Plan for the 2019 Proposed Sewer Rate

	2017 Unaudited	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast
CUSTOMER EQUIVALENTS (RCEs)	757.24	761.79	765.98	770.73	775.50	780.31	785.15	790.02
MONTHLY RATE	\$44.22	\$44.22	\$45.33	\$45.33	\$ 47.37	\$ 47.37	\$ 48.45	\$ 49.56
% Increase	5.21%	0.00%	2.51%	0.01%	4.50%	0.00%	2.27%	2.3%
BEGINNING OPERATING FUND	\$ 59,882	\$ 61,055	\$ 62,212	\$ 62,800	\$ 63,250	\$ 63,930	\$ 50,414	\$ 31,492
OPERATING REVENUE:								
Customer Charges	\$ 401,650	\$ 404,234	\$ 416,660	\$ 413,277	\$ 440,852	\$ 443,606	\$ 456,493	\$ 469,816
Capacity Charge	82,630	75,623	81,204	87,187	93,513	100,266	104,868	109,614
Other Income	17,014	13,957	14,381	14,819	15,270	14,595	15,033	15,484
Investment Income	5,966	7,221	8,158	6,925	9,765	11,261	12,079	12,988
Rate Stabilization	-	-	-	-	-	14,400	19,850	-
TOTAL OPERATING REVENUES	\$ 507,280	\$ 501,035	\$ 520,403	\$ 528,207	\$ 559,401	\$ 584,128	\$ 608,324	\$ 607,904
OPERATING EXPENSE	(148,052)	(159,620)	(165,500)	(170,000)	(176,800)	(185,640)	(194,922)	(207,468)
DEBT SERVICE PARITY DEBT (incl WIFIA)	(159,580)	(164,423)	(172,188)	(169,270)	(176,719)	(189,757)	(201,226)	(211,367)
DEBT SERVICE PARITY LIEN OBLIGATIONS	(53,995)	(50,215)	(42,672)	(50,238)	(52,408)	(52,343)	(50,017)	(49,942)
SUBORDINATE DEBT SERVICE	(26,263)	(53,080)	(52,069)	(51,800)	(50,897)	(52,700)	(49,152)	(48,381)
DEBT SERVICE COVERAGE PARITY DEBT	2.25	2.08	2.06	2.12	2.17	2.10	2.05	1.89
DEBT SERVICE COVERAGE TOTAL PAYMENTS	1.50	1.28	1.33	1.32	1.37	1.35	1.38	1.29
AMORTIZATION OF VARIABLE RATE DEBT	(920)	(1,685)	(1,779)	(1,875)	(1,973)	(1,178)	(12,295)	(12,961)
LIQUIDITY RESERVE CONTRIBUTION	(1,173)	(1,157)	(588)	(450)	(680)	(884)	(928)	(1,255)
TRANSFERS TO CAPITAL	(74,533)	(87,681)	(98,155)	(95,042)	(109,627)	(100,847)	(109,078)	(84,735)
RATE STABILIZATION RESERVE	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 31,850	\$ 12,000	\$ 12,000
OPERATING LIQUIDITY RESERVE BALANCE	14,805	15,962	16,550	17,000	17,680	18,564	19,492	20,747
OPERATING FUND ENDING BALANCE	\$ 61,055	\$ 62,212	\$ 62,800	\$ 63,250	\$ 63,930	\$ 50,414	\$ 31,492	\$ 32,747
<b>CONSTRUCTION FUND</b>								
BEGINNING FUND BALANCE	\$ 92,978	\$ 77,445	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,001	\$ 5,001	\$ 5,000
REVENUES:								
Parity Bonds	-	-	-	15,552	164,637	179,294	157,886	139,595
Variable Debt Bonds (new money only)	50,000	-	-	-	-	-	-	-
Interim Debt	-	-	-	-	-	11,178	12,295	12,961
SRF Loans & WIFIA Parity Debt, 2020	26,471	28,190	-	134,500	-	-	-	-
Other (Brightwater, 2013-2020)	500	19,779	112,576	14,084	500	500	500	500
Transfers From Operating Fund	74,533	87,681	98,155	95,042	109,627	100,847	109,078	84,735
TOTAL REVENUES	\$ 151,504	\$ 135,650	\$ 210,731	\$ 259,177	\$ 274,764	\$ 291,819	\$ 279,760	\$ 237,790
CAPITAL EXPENDITURES	(192,197)	(208,020)	(219,708)	(263,490)	(267,466)	(275,666)	(265,134)	(225,617)
DEBT ISSUANCE COSTS	(250)	(500)	-	(311)	(3,293)	(3,586)	(3,158)	(2,792)
BCND RESERVE TRANSACTIONS	10,000	-	7,811	2,930	(6,285)	(13,026)	(11,470)	(10,141)
ADJUSTMENTS	15,927	425	1,167	1,694	2,281	459	0	761
ENDING FUND BALANCE	\$ 77,445	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,001	\$ 5,001	\$ 5,000	\$ 5,001
<b>CONSTRUCTION FUND RESERVES</b>								
Parity Reserve Account	150,491	150,491	142,680	139,750	146,035	159,061	170,530	180,672
SRF Reserve Account	11,612	12,873	13,485	13,666	13,358	12,899	12,899	12,137
Asset Management & Brightwater Settlement	159,939	140,660	28,584	15,000	15,000	15,000	15,000	15,000
TOTAL FUND RESERVES	\$ 322,042	\$ 304,024	\$ 184,749	\$ 168,416	\$ 174,394	\$ 186,960	\$ 198,429	\$ 207,809
CONSTRUCTION FUND BALANCE	\$ 399,487	\$ 309,023	\$ 189,749	\$ 173,416	\$ 179,395	\$ 191,961	\$ 203,430	\$ 212,811