



**Signature Report**

**June 15, 2009**

**Ordinance 16554**

**Proposed No.** 2009-0309.2

**Sponsors** Gossett

1 AN ORDINANCE determining the monetary requirements  
2 for the disposal of sewage for the fiscal year beginning  
3 January 1, 2010, and ending December 31, 2010, setting  
4 the sewer rate for the fiscal year beginning January 1, 2010,  
5 and ending December 31, 2010, and approving the amount  
6 of the sewage treatment capacity charge for 2010, in  
7 accordance with RCW 35.58.570; and amending Ordinance  
8 12353, Section 2, as amended, and K.C.C. 4.90.010, and  
9 Ordinance 11398, Section 1, as amended, and K.C.C.  
10 28.84.055.

11

12 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

13 SECTION 1. Ordinance 12353, Section 2, as amended, and K.C.C. 4.90.010 are  
14 each hereby amended to read as follows:

15 A. Having determined the monetary requirements for the disposal of sewage, the  
16 council hereby adopts a ((2009)) 2010 sewer rate of thirty-one dollars and ninety cents per  
17 residential customer equivalent per month. Once a sewer rate ordinance becomes effective,

18 the clerk of the council is directed to deliver a copy of that ordinance to each agency having  
19 an agreement for sewage disposal 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 the  
22 first year start-up costs after construction on new plants as regulatory assets, and establish  
23 a rate stabilization 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 ~~((2008 and 2009))~~ operating revenues and removed from the  
26 calculation of debt service coverage ~~((for 2008 and 2009))~~. The reserve balance shall be  
27 an amount at least sufficient to maintain a level sewer rate between 2009 and 2010, and  
28 shall be used solely for the purposes of: maintaining the level sewer rate in 2010; and if  
29 additional reserve balance is available, moderating future rate increases beyond ~~((the~~  
30 ~~2009-2010 period))~~ 2010. If the estimated amount of the reserve, as shown in the  
31 financial forecast, Attachment A to ~~((Ordinance 16135))~~ this ordinance, needs to be  
32 reduced to meet debt service coverage requirements for ~~((2008))~~ 2009, the county  
33 executive shall notify the council of the change by providing an updated financial  
34 forecast.

35 D. The executive shall provide monthly cost reports to the council on Brightwater  
36 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 2010, and ending December 31, 2010. The council hereby determines the monetary  
40 requirements for the disposal of sewage as follows:

41 Administration, operating, maintenance repair and replace (net of other income):

42 \$63,136,845.

43 Establishment and maintenance of necessary working capital reserves:

44 -\$5,019,241.

45 Requirements of revenue bond resolutions (not included in above items and net of  
46 interest income): \$212,209,152.

47 TOTAL: \$270,326,757.

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 1994 metropolitan sewage facility capacity charge adopted  
51 by K.C.C. 28.84.050.O. shall be seven dollars per month per residential customer or  
52 residential customer equivalent for fifteen years.

53 B. The amount of the 1995 metropolitan sewage facility capacity charge adopted  
54 by K.C.C. 28.84.050.O. shall be seven dollars per month per residential customer or  
55 residential customer equivalent for fifteen years.

56 C. The sewage treatment capacity charge shall be seven dollars per month per  
57 residential customer or equivalent for fifteen years for sewer connections occurring  
58 between and including January 1, 1996, and December 31, 1996.

59 D. The amount of the sewage treatment capacity charge adopted by K.C.C.  
60 28.84.050.O. shall be seven dollars per month per residential customer or equivalent for  
61 fifteen years for sewer connections occurring between and including January 1, 1997, and  
62 December 31, 1997.

63 E. The amount of the sewage treatment capacity charge adopted by K.C.C.  
64 28.84.050.O. shall be ten dollars and fifty cents per month per residential customer or  
65 equivalent for fifteen years for sewer connections occurring between and including  
66 January 1, 1998, and December 31, 1998.

67 F. The amount of the sewage treatment capacity charge adopted by K.C.C.  
68 28.84.050.O. shall be ten dollars and fifty cents per month per residential customer or  
69 equivalent for fifteen years for sewer connections occurring between and including  
70 January 1, 1999, and December 31, 1999.

71 G. The amount of the sewage treatment capacity charge adopted by K.C.C.  
72 28.84.050.O. shall be ten dollars and fifty cents per month per residential customer or  
73 equivalent for fifteen years for sewer connections occurring between and including  
74 January 1, 2000, and December 31, 2000.

75 H. The amount of the sewage treatment capacity charge adopted by K.C.C.  
76 28.84.050.O. shall be ten dollars and fifty cents per month per residential customer or  
77 equivalent for fifteen years for sewer connections occurring between and including  
78 January 1, 2001, and December 31, 2001.

79 I. The amount of the sewage treatment capacity charge adopted by K.C.C.  
80 28.84.050.O. shall be seventeen dollars and twenty cents per month per residential  
81 customer or equivalent for fifteen years for sewer connections occurring between and  
82 including January 1, 2002, and December 31, 2002.

83 J. The amount of the sewage treatment capacity charge adopted by K.C.C.  
84 28.84.050.O. shall be seventeen dollars and sixty cents per month per residential

85 customer or equivalent for fifteen years for sewer connections occurring between and  
86 including January 1, 2003, and December 31, 2003.

87 K. The amount of the sewage treatment capacity charge adopted by K.C.C.  
88 28.84.050.O. shall be eighteen dollars per month per residential customer or equivalent  
89 for fifteen years for sewer connections occurring between and including January 1, 2004,  
90 and December 31, 2004.

91 L. The amount of the sewage treatment capacity charge adopted by K.C.C.  
92 28.84.050.O. shall be thirty-four dollars and five cents per month per residential customer  
93 or equivalent for fifteen years for sewer connections occurring between and including  
94 January 1, 2005, and December 31, 2005.

95 M. The amount of the sewage treatment capacity charge adopted by K.C.C.  
96 28.84.050.O. shall be thirty-four dollars and five cents per month per residential customer  
97 or equivalent for fifteen years for sewer connections occurring between and including  
98 January 1, 2006, and December 31, 2006.

99 N. The amount of the sewage treatment capacity charge adopted by K.C.C.  
100 28.84.050.O. shall be forty-two dollars per month per residential customer or equivalent  
101 for fifteen years for sewer connections occurring between and including January 1, 2007,  
102 and December 31, 2007.

103 O. The amount of the sewage treatment capacity charge adopted by K.C.C.  
104 28.84.050.O. shall be forty-six dollars and twenty-five cents per month per residential  
105 customer or equivalent for fifteen years for sewer connections occurring between and  
106 including January 1, 2008, and December 31, 2008.

107 P. The amount of the sewage treatment capacity charge adopted by K.C.C.  
108 28.84.050.O. shall be forty-seven dollars and sixty-four cents per month per residential  
109 customer or equivalent for fifteen years for sewer connections occurring between and  
110 including January 1, 2009, and December 31, 2009.

111 Q. The amount of the sewage treatment capacity charge adopted by K.C.C.  
112 28.84.050.O. shall be forty-nine dollars and seven cents per month per residential  
113 customer or equivalent for fifteen years for sewer connections occurring between and  
114 including January 1, 2010, and December 31, 2010.

115 In accordance with adopted policy FP-15.3.d. in the Regional Wastewater  
116 Services Plan, K.C.C. 28.86.160.C., it is the council's intent to base the capacity charge  
117 upon the costs, customer growth and related financial assumptions used in the Regional  
118 Wastewater Services Plan.

119 In accordance with adopted policy FP- 6 in the Regional Wastewater Services  
120 Plan, K.C.C. 28.86.160.C, the council hereby approves the cash balance and reserves as  
121 contained in the attached financial plan for ((2009)) 2010.

122 In accordance with adopted policy FP- 15.3.c, King County shall pursue changes  
123 in state legislation to enable the county to require payment of the capacity charge in a  
124

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125 single payment, while preserving the option for new ratepayers to finance the capacity  
126 charge.  
127

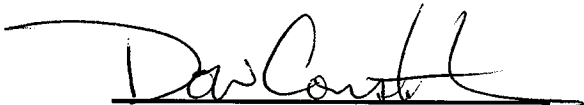
Ordinance 16554 was introduced on 5/11/2009 and passed by the Metropolitan King County Council on 6/15/2009, by the following vote:

Yes: 6 - Mr. Constantine, Mr. Ferguson, Ms. Hague, Mr. Gossett, Mr. Phillips and Ms. Patterson

No: 0

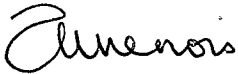
Excused: 3 - Ms. Lambert, Mr. von Reichbauer and Mr. Dunn

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON



Dow Constantine, Chair

ATTEST:



Anne Noris, Clerk of the Council

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KING COUNTY COUNCIL

APPROVED this 16<sup>th</sup> day of June, 2009.



Kurt Triplett, County Executive

- Attachments**
- A. Wastewater Treatment Division Financial Plan for the 2010 Proposed Sewer Rate,
  - B. King County Wastewater Treatment Division General Assumptions for 2010 Sewer Rate Proposal Forecast

### ATTACHMENT A: Wastewater Treatment Division Financial Plan for the 2010 Proposed Sewer Rate

	2008	2009		2010		2011		2012		2013		2014		2015	
		Unaudited	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
<b>CUSTOMER EQUIVALENTS (RCEs)</b>															
MONTHLY RATE	706.85	705.08	694.50	691.03	694.49	699.35	704.59	710.93							
	\$27.95	\$31.90	\$31.90	\$36.31	\$39.99	\$43.52	\$44.02	\$44.43							
<b>BEGINNING OPERATING FUND</b>	32,307	29,568	42,123	32,586	22,679	12,792	13,348	13,918							
<b>OPERATING REVENUE:</b>															
Customer Charges	237,001	269,904	265,856	301,072	333,265	365,222	372,209	379,049							
Investment Income	3,748	2,529	5,754	5,437	7,611	9,957	10,681	10,954							
Capacity Charge	34,993	34,070	37,255	39,881	42,850	46,780	51,488	57,197							
Rate Stabilization	3,000	(12,000)	10,150	10,800	10,800	-	-	-							
Other Income	9,722	9,889	9,466	9,655	9,848	10,045	10,246	10,451							
<b>TOTAL OPERATING REVENUES</b>	288,464	304,392	328,480	366,845	404,375	432,005	444,624	457,652							
<b>OPERATING EXPENSE</b>	(98,179)	(103,730)	(109,858)	(118,793)	(127,923)	(133,476)	(139,179)	(145,126)							
<b>DEBT SERVICE REQUIREMENT PARITY DEBT</b>	(134,331)	(147,499)	(156,476)	(180,594)	(203,916)	(222,670)	(228,429)	(234,342)							
<b>SUBORDINATED DEBT SERVICE</b>	(21,687)	(17,341)	(21,072)	(22,747)	(24,569)	(24,809)	(24,948)	(25,072)							
<b>DEBT SERVICE COVERAGE RATIO PARITY DEBT</b>	1.42	1.36	1.40	1.37	1.36	1.34	1.34	1.33							
<b>DEBT SERVICE COVERAGE RATIO TOTAL PAYMENTS</b>	1.22	1.15	1.15	1.15	1.15	1.15	1.15	1.15							
<b>KC POOL LOAN REPAYMENT</b>	0	(21,332)	(20,798)	(20,633)	(20,506)	(20,111)	(20,111)	(20,111)							
<b>LIQUIDITY RESERVE CONTRIBUTION</b>	(261)	(555)	(613)	(894)	(913)	(555)	(570)	(595)							
<b>TRANSFERS TO CAPITAL</b>	(34,006)	(13,936)	(19,664)	(23,184)	(26,547)	(30,384)	(51,497)	(52,516)							
<b>RATE STABILIZATION RESERVE</b>	19,750	31,750	21,600	10,800	12,792	13,348	13,918	14,513							
<b>OPERATING LIQUIDITY RESERVE BALANCE</b>	9,818	10,373	10,986	11,879	12,792	13,348	13,918	14,513							
<b>OPERATING FUND ENDING BALANCE</b>	29,568	42,123	32,586	22,679	12,792	13,348	13,918	14,513							
<b>CONSTRUCTION FUND</b>															
<b>BEGINNING FUND BALANCE</b>	26,714	5,000	101,457	9,540	5,000	5,000	5,000	5,000							
<b>REVENUES:</b>															
Parity Bonds	350,000	550,000	175,000	120,945	109,153	105,948	86,703	86,573							
Variable Debt Bonds	96,363	103,888	12,038	16,471	23,700	7,795	4,389	3,822							
Grants & Loans	20,256	17,936	3,775	0	0	0	0	0							
Other	318	500	500	500	500	500	500	500							
Transfers From Operating Fund	34,006	13,936	19,664	23,184	26,547	30,384	51,497	52,516							
<b>TOTAL REVENUES</b>	500,943	686,259	210,977	161,100	159,900	144,627	143,089	143,411							
<b>CAPITAL EXPENDITURES</b>	(473,420)	(523,546)	(301,075)	(170,517)	(149,991)	(135,204)	(135,387)	(135,730)							
<b>DEBT ISSUANCE COSTS</b>	(2,611)	(7,330)	(3,367)	(2,501)	(2,302)	(2,158)	(1,756)	(1,751)							
<b>BOND RESERVE TRANSACTIONS</b>	(43,059)	(44,946)	9,449	7,381	(7,606)	(7,265)	(5,945)	(5,936)							
<b>ADJUSTMENTS</b>	(3,568)	(13,980)	(7,901)	0	0	0	0	0							
<b>ENDING FUND BALANCE</b>	5,000	101,457	9,540	5,000	5,000	5,000	5,000	5,000							
<b>CONSTRUCTION FUND RESERVES</b>															
Bond & Loan Reserves	118,614	163,560	154,111	146,730	154,336	161,600	167,545	173,481							
Policy Reserves	19,500	21,000	22,500	22,500	22,500	22,500	22,500	22,500							
<b>TOTAL FUND RESERVES</b>	138,114	184,560	176,611	169,230	176,836	184,100	190,045	195,981							
<b>CONSTRUCTION FUND BALANCE</b>	143,114	286,017	186,151	174,233	181,841	189,105	195,051	200,981							



**ATTACHMENT B**  
**King County Wastewater Treatment Division**  
**General Assumptions for 2010 Sewer Rate Proposal Forecast**

	2008 Actual	2009	2010	2011	2012	2013	2014
<b>Sewer Rate</b>							
RCE Rate	\$27.95	\$31.90	\$31.90	\$36.31	\$39.99	\$43.52	\$44.02
Rate Stabilization Use (000's)	3,000	(12,000)	10,150	10,800	10,800	-	-
Total RCEs	706,846	705,079	694,503	691,030	694,485	699,347	704,592
RCE Growth Rates	0.5%	-0.2%	-1.5%	-0.5%	0.5%	0.7%	0.8%
<b>Capacity Charge Rate</b>							
Rate	\$46.25	\$47.64	\$49.07	\$50.54	\$52.05	\$53.62	\$55.22
New Connections	11,300	7,500	6,000	6,000	7,500	9,000	10,500
<b>Expenses (000's)</b>							
Operating Expense	98,179	103,730	109,858	118,793	127,923	133,476	139,179
Capital Expense	473,420	523,546	301,075	170,517	149,991	135,204	135,387
CIP Accomplishment Rate Brightwater	102%	95%	95%	95%	100%		
CIP Accomplishment Rate Non-Brightwater	78%	85%	85%	85%	85%	85%	85%
<b>Interest Rate &amp; Debt</b>							
Bond Interest Rate	5.32%	5.53%	6.00%	6.25%	6.25%	6.25%	6.25%
Years Bond Outstanding	40	30	40	40	40	40	40
Variable Debt Interest Rate	2.90%	2.50%	2.50%	2.75%	3.00%	3.00%	3.00%
Investment Interest Rate	3.20%	1.79%	1.45%	1.65%	2.30%	2.85%	3.15%
<b>Reserve Balances (000's)</b>							
Liquidity Reserve	14,818	15,373	15,986	16,879	17,792	18,348	18,918
Rate Stabilization Reserve Balance	19,750	31,750	21,600	10,800	-	-	-
Bond Reserve	110,268	155,213	145,765	138,383	145,989	153,254	159,199