



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

June 13, 2017

Ordinance 18537

Proposed No. 2017-0188.1

Sponsors Upthegrove

1 AN ORDINANCE determining the monetary requirements
2 for the disposal of sewage for the fiscal year beginning
3 January 1, 2018, and ending December 31, 2018; setting
4 the sewer rate for the fiscal year beginning January 1, 2018,
5 and ending December 31, 2018, and approving the amount
6 of the sewage treatment capacity charge for 2018, 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 ((2017)) 2018 sewer rate of forty-four dollars and twenty-two
16 cents per residential customer equivalent per month. Once a sewer rate ordinance
17 becomes effective, the clerk of the council is directed to deliver a copy of that ordinance
18 to each agency having an agreement for sewage disposal with King County.

19 B. The King County council approves the application of Statement No. 62 of the

20 Governmental Accounting Standards Board (GASB-62) as it pertains to regulatory assets
21 and liabilities to treat pollution remediation obligations and ~~((Rain-Wise))~~ RainWise
22 Program expenditures and strategic planning costs as regulatory assets, recovered ratably
23 over the life of the underlying financing, and establish a rate stabilization reserve for the
24 purpose of leveling rates between years.

25 C. As required for GASB-62 application, amounts are to be placed in the rate
26 stabilization reserve from operating revenues and removed from the calculation of debt
27 service coverage. The reserve balance shall be an amount at least sufficient to maintain a
28 level sewer rate between 2017 and 2018, and shall be used solely for the purposes of:
29 maintaining the level sewer rate in 2018; and if additional reserve balance is available,
30 moderating future rate increases beyond 2018. The estimated amount of the reserve, as
31 shown in the financial ~~((forecast))~~ plan, Attachment A to ~~((Ordinance 18305))~~ this
32 ordinance, shall be revised in accordance with the ~~((2017/2018-adopted))~~ 2017-2018
33 ~~((b))~~Biennial ~~((b))~~Budget Ordinance and financial plan. If the reserve needs to be
34 reduced to meet debt service coverage requirements for ~~((2016))~~ 2017, the county
35 executive shall notify the council of the change by providing an updated financial
36 ~~((forecast))~~ 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 2018, and ending December 31, 2018. 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): \$66,269,617.

43 Establishment and maintenance of necessary working capital reserves:

44 \$36,739,235.

45 Requirements of revenue bond resolutions (not included in above items and net of
46 interest income): \$298,547,013.

47 TOTAL: \$401,555,865.

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; ~~((and))~~

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.

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

93 2. In accordance with adopted policy FP- 6 in the Regional Wastewater Services
94 Plan, K.C.C. 28.86.160.C., the council hereby approves the cash balance and reserves as
95 contained in the (~~attached~~) financial plan for (~~2017~~) 2018, which is Attachment A to
96 this ordinance.

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

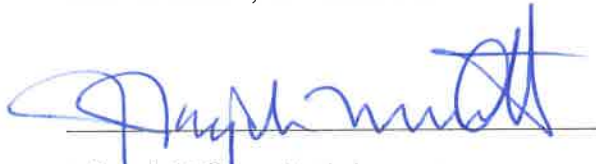
99 in a single payment, while preserving the option for new ratepayers to finance the
100 capacity charge.

101


Ordinance 18537 was introduced on 5/1/2017 and passed by the Metropolitan King
County Council on 6/12/2017, by the following vote:

Yes: 9 - Mr. von Reichbauer, Mr. Gossett, Ms. Lambert, Mr. Dunn,
Mr. McDermott, Mr. Dembowski, Mr. Upthegrove, Ms. Kohl-Welles
and Ms. Balducci
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



J. Joseph McDermott, Chair

ATTEST:


Melani Pedroza, Clerk of the Council

RECEIVED
2017 JUN 16 PM 3:17
CLERK
KING COUNTY COUNCIL

APPROVED this 15 day of JUNE, 2017.


Dow Constantine, County Executive

Attachments: A. Wastewater Treatment Division Financial Plan for the 2018 Proposed Sewer Rate

	2016 Unaudited	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	
OPERATIONS									
CUSTOMER EQUIVALENTS (RCEs)	756.43	757.61	762.16	766.35	771.10	775.88	780.69	785.53	
MONTHLY RATE	\$42.03	\$44.22	\$44.22	\$45.85	\$45.85	\$ 46.64	\$ 47.79	\$ 48.71	
% Increase	0.0%	5.2%	0.0%	3.7%	0.0%	1.74%	2.46%	1.9%	
BEGINNING OPERATING FUND	\$ 59,143	\$ 59,906	\$ 61,440	\$ 61,775	\$ 62,396	\$ 63,042	\$ 63,713	\$ 64,412	
OPERATING REVENUE:									
Customer Charges	\$ 381,513	\$ 402,018	\$ 404,416	\$ 421,612	\$ 424,216	\$ 434,256	\$ 447,716	\$ 459,155	
Capacity Charge	70,771	70,366	75,623	81,204	87,187	93,513	100,266	104,868	
Other Income	11,670	13,027	13,357	13,758	14,170	14,595	15,033	15,484	
Investment Income	3,904	5,041	5,641	7,378	9,419	11,070	12,878	14,355	
Rate Stabilization	-	-	-	-	-	-	-	-	
TOTAL OPERATING REVENUES	\$ 467,858	\$ 490,453	\$ 499,036	\$ 523,951	\$ 534,992	\$ 553,435	\$ 575,893	\$ 593,863	
OPERATING EXPENSE									
DEBT SERVICE REQUIREMENT PARITY DEBT	(160,957)	(156,776)	(158,726)	(168,746)	(179,838)	(190,339)	(201,768)	(212,617)	
DEBT SERVICE REQUIREMENT PARITY LIEN OBLIGATIONS	(54,019)	(54,236)	(54,188)	(54,124)	(53,554)	(53,488)	(53,436)	(53,366)	
SUBORDINATE DEBT SERVICE	(21,290)	(49,457)	(53,858)	(53,638)	(52,708)	(51,806)	(52,816)	(50,648)	
DEBT SERVICE COVERAGE RATIO PARITY DEBT	2.06	2.16	2.17	2.15	2.04	1.99	1.95	1.90	
DEBT SERVICE COVERAGE RATIO TOTAL PAYMENTS	1.40	1.30	1.29	1.31	1.28	1.28	1.28	1.28	
AMORTIZATION OF VARIABLE RATE DEBT	-	(920)	(1,571)	(1,659)	(1,748)	(1,839)	(11,037)	(12,825)	
LIQUIDITY RESERVE CONTRIBUTION	(764)	(1,533)	(335)	(621)	(646)	(672)	(699)	(726)	
TRANSFERS TO CAPITAL	(82,631)	(94,570)	(92,776)	(100,402)	(93,222)	(93,624)	(85,845)	(86,451)	
RATE STABILIZATION RESERVE	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	
OPERATING LIQUIDITY RESERVE BALANCE	13,656	15,190	15,525	16,146	16,792	17,463	18,162	18,888	
OPERATING FUND ENDING BALANCE	\$ 59,906	\$ 61,440	\$ 61,775	\$ 62,396	\$ 63,042	\$ 63,713	\$ 64,412	\$ 65,138	
CONSTRUCTION FUND									
BEGINNING FUND BALANCE	\$ 89,302	\$ 87,323	\$ 44,787	\$ 12,617	\$ 5,000	\$ 5,000	\$ 5,001	\$ 5,000	
REVENUES:									
Parity Bonds	42,595	-	-	113,816	152,668	144,526	157,293	149,355	
Variable Debt Bonds (new money only)	-	-	41,883	-	-	-	-	30,409	
Interim Debt	-	-	1,571	1,659	1,748	1,839	11,037	12,825	
Grants & Loans	39,151	42,783	16,074	-	-	-	-	-	
Brightwater Settlement & Other	-	500	500	500	500	500	500	500	
Transfers From Operating Fund	82,631	94,570	92,776	100,402	93,222	93,624	85,845	86,451	
TOTAL REVENUES	\$ 164,377	\$ 137,853	\$ 152,804	\$ 216,376	\$ 248,138	\$ 240,489	\$ 254,675	\$ 279,540	
CAPITAL EXPENDITURES									
DEBT ISSUANCE COSTS	(123)	-	(209)	(2,276)	(3,053)	(2,891)	(3,146)	(3,139)	
BOND RESERVE TRANSACTIONS	-	10,000	10,000	1,239	(11,091)	(10,500)	(11,427)	(10,850)	
ADJUSTMENTS	1,296	(6,528)	(2,316)	(1,668)	(1,237)	(748)	197	0	
ENDING FUND BALANCE	\$ 87,323	\$ 44,787	\$ 12,617	\$ 5,000	\$ 5,000	\$ 5,001	\$ 5,000	\$ 5,001	
CONSTRUCTION FUND RESERVES									
Bond & Loan Reserves	\$ 170,843	\$ 162,897	\$ 155,213	\$ 155,642	\$ 167,970	\$ 179,218	\$ 190,448	\$ 201,298	
Policy Reserves	144,578	144,578	144,578	144,578	144,578	144,578	144,578	144,578	
TOTAL FUND RESERVES	\$ 315,421	\$ 307,475	\$ 299,791	\$ 300,220	\$ 312,548	\$ 323,796	\$ 335,026	\$ 345,876	
CONSTRUCTION FUND BALANCE	\$ 402,744	\$ 352,262	\$ 312,408	\$ 305,220	\$ 317,548	\$ 328,797	\$ 340,026	\$ 350,877	
	Cash funding ratio	49%	51%	48%	45%	40%	41%	36%	33%
	2018-2023 average	40%							