



King County

1200 King County
Courthouse
516 Third Avenue
Seattle, WA 98104

Meeting Agenda Regional Water Quality Committee

Councilmembers:
Claudia Balducci, Chair
Reagan Dunn, Rhonda Lewis

Sound Cities Association: Vice Chair, Laura Mork, Shoreline; Dave Hamilton, Bellevue; Sarah Moore, Burien; Jessica Rossman, Medina

Alternates: Hanan Amer, Auburn; Melissa Stuart, Redmond

Sewer/Water Districts: Chuck Clarke, Woodinville Water District; Lloyd Warren, Sammamish Plateau Water District

Alternate: Ryika Hooshangi, Sammamish Plateau Water

City of Seattle: Joy Hollingsworth, Eddie Lin
Alternate: Rob Saka

Non-Voting Member: John McClellan, Metropolitan Water Pollution Abatement Advisory Committee

Lead Staff: Jenny Giambattista (206-477-0879)
Committee Clerk: Ryleigh Brimhall (206-263-2152)

3:00 PM

Wednesday, June 3, 2026

Hybrid Meeting

Hybrid Meetings: Attend the King County Council committee meetings in person in Council Chambers (Room 1001), 516 3rd Avenue in Seattle, or through remote access. Details on how to attend and/or to provide comment remotely are listed below.

Pursuant to K.C.C. 1.24.035 A. and F., this meeting is also noticed as a meeting of the Metropolitan King County Council, whose agenda is limited to the committee business. In this meeting only the rules and procedures applicable to committees apply and not those applicable to full council meetings.

HOW TO PROVIDE PUBLIC COMMENT: The Regional Water Quality Committee values community input and looks forward to hearing from you on agenda items.

	<p>Sign language and interpreter services can be arranged given sufficient notice (206-848-0355). TTY Number - TTY 711.</p> <p>Council Chambers is equipped with a hearing loop, which provides a wireless signal that is picked up by a hearing aid when it is set to 'T' (Telecoil) setting.</p>	
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The Committee will accept public comment on items on today's agenda in writing. You may do so by submitting your written comments to Committees@kingcounty.gov. If your comments are submitted before 2:00 p.m. on the day of the meeting, your comments will be distributed to the committee members and appropriate staff prior to the meeting.

HOW TO WATCH/LISTEN TO THE MEETING REMOTELY: There are three ways to watch or listen to the meeting:

- 1) Stream online via this link: www.kingcounty.gov/kctv, or input the link web address into your web browser.
- 2) Watch King County TV on Comcast Channel 22 and 322(HD) and Astound Broadband Channels 22 and 711(HD).
- 3) Listen to the meeting by telephone.



Dial: 1 253 215 8782

Webinar ID: 827 1536 1574

To help us manage the meeting, please use the Livestream or King County TV options listed above, if possible, to watch or listen to the meeting.

1. Call to Order
2. Roll Call
3. Approval of Minutes **p.4**
May 6, 2026 Meeting Minutes
4. **Chair's Report**
5. **MWPAAC Report**
6. **Wastewater Treatment Division Report**

To show a PDF of the written materials for an agenda item, click on the agenda item below.

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Discussion and Possible Action

7. [Proposed Ordinance No. 2026-0066](#) **p.7**

AN ORDINANCE updating the capacity charge methodology; and amending Ordinance 13680, Section 16, as amended, and K.C.C. 28.86.160.

Sponsors: Balducci

Andy Micklow, Council staff

Jenny Giambattista, Council staff

Caitlyn Hall, Chief Financial Officer, Wastewater Treatment Division

Andrés Bas Moore, Rates & Financial Planning Supervisor, Wastewater Treatment Division

Luke Slaughterbeck, Senior Financial Analyst, Wastewater Treatment Division

Briefing

8. [Briefing No. 2026-B0069](#) **p.40**

Executive's Proposed 2027 Sewer Rate and Capacity Charge (Proposed Ordinance 2026-0103)

Jenny Giambattista, Council staff

Andy Micklow, Council staff

Caitlyn Hall, Chief Financial Officer, Wastewater Treatment Division

9. [Briefing No. 2026-B0071](#) **p.154**

Briefing Regional Wastewater Services Plan Update Policy Questions Initial Analysis Group 4: Climate Impact and Natural Disaster Resiliency

Darren Greve, Government Relations, Wastewater Treatment Division

Janice Johnson, RWSP Project Manager, Wastewater Treatment Division

Nicole Smith, Climate Adaptation Planning Program Manager, Wastewater Treatment Division

John Abdalkhani, Civil Engineering Supervisor, Wastewater Treatment Division

Heidi Sowell, Climate, Energy and Sustainability Program Supervisor, Wastewater Treatment Division



10. [Briefing No. 2026-B0002](#) **p.226**

Discussion of 2026 Regional Water Quality Committee Work Program

Jenny Giambattista, Council staff

Other Business

Adjournment

	<p>Sign language and interpreter services can be arranged given sufficient notice (206-848-0355). TTY Number - TTY 711.</p> <p>Council Chambers is equipped with a hearing loop, which provides a wireless signal that is picked up by a hearing aid when it is set to 'T' (Telecoil) setting.</p>	
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Meeting Minutes Regional Water Quality Committee

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City of Seattle: Joy Hollingsworth, Eddie Lin
Alternate: Rob Saka

Non-Voting Member: John McClellan, Metropolitan Water
Pollution Abatement Advisory Committee

Lead Staff: Jenny Giambattista (206-477-0879)
Committee Clerk: Marka Steadman (206-477-0887)

3:00 PM

Wednesday, May 6, 2026

Hybrid Meeting

DRAFT MINUTES

1. **Call to Order**

Chair Balducci called the meeting to order at 3:05 p.m.

2. **Roll Call**

Present: 12 - Balducci, Clarke, Dunn, Hamilton, Lewis, Moore, Mork, Rossman, Lin,
Amer, Stuart and Hooshangi

Excused: 3 - Hollingsworth, McClellan and Warren

3. **Approval of Minutes**

Councilmember Dunn moved approval of the April 1, 2026, meeting minutes. There being no objections, the minutes were approved.

4. **Chair's Report**

Chair Balducci commented on the RWQC letter that was sent to the Executive, changes to committee assistant staffing, and the meeting topics.

5. MWPAAAC Report

Maria Coe, Vice Chair, MWPAAAC, commented on the April 29 General meeting topics of the Executive's proposed sewer rate and the letter they will be sending to the King County Council, the capacity charge methodology, and potential next steps following last fall's utility summit, The next general meeting will be May 27.

6. Wastewater Treatment Division Report

Kamuron Gurol, Director, Wastewater Treatment Division, commented on the proposed sewer rate and related activities, the annual process working with rating agencies, the independent third-party review of the WTD capital program, the annual trip to DC for Water Week, membrane replacement at Brightwater, the kickoff of Washington's Water Future process, and the retirement of Deputy Director Bruce Kessler.

Briefing

7. [Briefing No. 2026-B0064](#)

Briefing on Proposed Ordinance 2026-0066 Regarding Capacity Charge Methodology

Chair Balducci provided introductory comments. Andy Micklow, Council staff, and, Caitlyn Hall, Chief Financial Officer, Wastewater Treatment Division, briefed the committee and answered questions from the members. Kamuron Gurol, Director, Wastewater Treatment Division, addressed the committee.

This matter was Presented

8. [Briefing No. 2026-B0062](#)

Executive's Proposed 2027 Sewer Rate and Capacity Charge (Proposed Ordinance 2026-0103)

Kamuron Gurol, Director, Wastewater Treatment Division, briefed the committee and answered questions from the members. A letter from the City of Seattle to the Executive was addressed.

This matter was Presented

9. [Briefing No. 2026-B0061](#)

Proposed Motion 2026-0038 acknowledging receipt of a plan describing the analysis to be completed for the policy questions identified in the Regional Wastewater Services Plan Update scope document as adopted by Regional Water Quality Committee Resolution 2025-02, prepared in accordance with the 2026-2027 Budget Ordinance, Ordinance 20023, Section 115, Proviso P1.

Darren Greve, Government Relations, Wastewater Treatment Division briefed the committee and answered questions from the members. Caitlyn Hall, Chief Financial Officer, Wastewater Treatment Division, also answered questions from the members.

This matter was Presented

10. [Briefing No. 2026-B0063](#)

Briefing Regional Wastewater Services Plan Update Policy Questions Initial Analysis
Group 3: Asset Management and Renewal

Darren Greve, Government Relations, Wastewater Treatment Division, briefed the committee and answered questions from the members.

This matter was Presented

11. [Briefing No. 2026-B0002](#)

Discussion of 2026 Regional Water Quality Committee Work Program

Chair Balducci provided brief comments.

This matter was Deferred

Other Business

Members will be polled regarding availability for a special meeting on August 5th.

Adjournment

The meeting was adjourned at 5:03 p.m.

Approved this _____ day of _____

Clerk's Signature



King County

**Metropolitan King County Council
Regional Water Quality Committee**

STAFF REPORT

Agenda Item:	7	Name:	Jenny Giambattista and Andy Micklow
Proposed No.:	2026-0066	Date:	June 3, 2026

SUBJECT

Proposed Ordinance 2026-0066 would amend King County Code 28.86.160, Financial Policies, to update the methodology that King County uses to calculate the capacity charge for new sewer connections.

SUMMARY

The proposed ordinance would update the methodology that King County uses to calculate the capacity charge for new sewer connections. The purpose of the capacity charge is to ensure that new customers pay the growth costs of expanding the wastewater system. The current methodology for calculating the capacity charge has been in place since 1999. In 2016, the King County Auditor reviewed the capacity charge program and recommended that the methodology be updated to a simpler, more transparent calculation.

Proposed Ordinance 2026-0066 would maintain the principle that growth pays for growth, but would include significant changes compared to the current code. It would strike most of the existing methodology to calculate the capacity charge and would replace it with more broadly defined direction on how the charge is to be calculated. Many of the proposed changes to the methodology are not specifically included in the proposed ordinance language but have been explained through presentations to MWPAAC and RWQC, and in response to questions from Council staff. The staff report identifies policy considerations for the committee, largely related to the level of specificity and guidance for the proposed methodology that is preferred in code.

The Executive's proposed 2027 sewer rate and capacity charge (Proposed Ordinance 2026-0103) assumes a capacity charge based on the methodology in this proposed ordinance. The PAO reports that this ordinance must be adopted prior to adopting the proposed sewer rate and capacity charge.

After the transmittal of this ordinance and the proposed 2027 sewer rate and capacity charge, WTD identified an error in the assumption in the proposed methodology used to calculate the capacity charge. The Executive is requesting an amendment to Proposed Ordinance 2026-0103 to correct the 2027 proposed capacity charge. Because the

assumption is not specified in Proposed Ordinance 2026-0066, the error does not require an amendment to this ordinance.

BACKGROUND

System Development Charges. King County uses the term "capacity charges" to refer to system development charges (SDCs) for the sewer system. SDCs are one-time charges imposed on new and expanded development as a condition of water, sewer, and stormwater service so that such property developments pay their equitable share of the cost of the respective utility system.¹ According to Department of Commerce guidance, SDCs should be calculated and implemented on the core premise that growth should pay for growth. The authority that the RCW grants jurisdictions to impose SDCs is oriented toward recovering an equitable share of the costs of existing and future system facilities from new and expanded development, not to revenue generation.²

The basic SDC calculation determines a cost per unit by dividing eligible system facility costs by the applicable system capacity. Under traditional approaches, the unit cost is usually based on the average potential demand of a single-family residential customer.

There are three common methods used by jurisdictions in developing SDCs: the system buy-in approach, the incremental approach, and the average cost (or combined) approach.

- The *system buy-in approach* requires new or upsized connections to invest at a level similar to the average investment made by existing customers. DOC guidance notes that "this approach is most suitable when existing system facilities have capacity exceeding current customer demands, such as mature systems that are at or near full development and anticipate limited future growth."³
- The *incremental approach* calculates the cost of future system expansion facilities and assigns those costs solely to projected new incremental capacity units. DOC guidance notes that "this approach is most suitable for systems experiencing rapid growth and major system expansion needs."⁴
- The *average cost (or combined) approach* recognizes that the utility invests in system infrastructure to benefit both existing and future customers equally. With the average cost approach, existing assets and planned future capital are divided by the total customer base that the existing and planned infrastructure can serve. DOC guidance notes that "this approach is commonly used in Washington state because it results in generally moderate and stable SDC over time and provides a straightforward and equitable allocation of system costs between existing and new customers."⁵

¹ Washington State Department of Commerce, *Residential Proportional Impact Fees and System Development Charges Guidebook*, 12-1

² *Residential Proportional Impact Fees and System Development Charges Guidebook*, 12-1

³ *Residential Proportional Impact Fees and System Development Charges Guidebook*, 12-6

⁴ *Residential Proportional Impact Fees and System Development Charges Guidebook*, 12-7

⁵ *Residential Proportional Impact Fees and System Development Charges Guidebook*, 12-7

Capacity Charge in State Code. RCW 35.58.570 gives metropolitan municipal corporations that provide sewage services, like King County, the authority to charge SDC. According to RCW 35.58.570.1, the capacity charge shall be based on the cost of the sewage facilities' excess capacity necessary to provide sewerage treatment for new users of the system. RCW 36.94.140 requires that the capacity charge rate be uniform within the same customer classification.

Capacity Charge Billed to New Customers by King County. King County funds wastewater system expansion through a combination of monthly sewer rates paid by all customers and a one-time capacity charge imposed on new connections to the system. The capacity charge is a charge in addition to sewer service billed to customers who connected to the sanitary sewage system on or after February 1, 1990.⁶

As a system development charge, the purpose of the capacity charge is to ensure that new customers pay the growth costs of expanding the wastewater system. Financial Policy 15(1)(b)⁷ states that "New customers shall pay costs associated with the portion of the existing wastewater conveyance and treatment system that serves new customers and costs associated with expanding the system to serve new customers. New customers shall pay these costs through a combination of the monthly sewer rate and the capacity charge. Such charges shall be designed to have growth pay for growth."

The capacity charge is triggered by connection to the sewer system, not an upfront development cost at the time of permitting.⁸ Unless a developer voluntarily pays the capacity charge, it becomes an additional cost that buyers will encounter when purchasing properties with new sewer connections. The capacity charge is billed directly to customers by King County, unlike the wholesale sewer rate. The capacity charge can be paid as a lump-sum up-front with a discount, or as a monthly charge amortized over 15 years. If a buyer purchases property with an outstanding capacity charge, the new buyer becomes responsible for the capacity charge payments.⁹

Existing Capacity Charge Methodology. The capacity charge is calculated, as defined in code,¹⁰ as:

$$\frac{(\text{Total System Costs} - \text{Rate Revenue from Existing Customers}) - \text{Rate Revenue from New Customers}}{\text{Number of New Customers}}$$

Total system costs include the costs to operate, maintain, and expand the wastewater system over the life of the RWSP.

Where King County:

⁶ K.C.C. 28.84.050.O.1

⁷ K.C.C. 28.86.160.C

⁸ State statute does not allow the County to require up-front payment of the capacity charge by the developer.

⁹ Under K.C.C. 28.84.050.O.5, the capacity charge is the responsibility of the current owner. The department shall collect the capacity charge directly from the current legal property owner.

¹⁰ K.C.C. 28.86.160.C FP-15

1. Calculates what new growth will cost by subtracting rate revenue from existing customers¹¹ from the total system costs
2. Subtracts what new customers¹² will already pay in monthly rates
3. Divides the remaining growth cost evenly across all new sewer connections.

Capacity charges are assessed based on the projected volume of domestic water consumption for a given structure type, expressed in Residential Customer Equivalents (RCE).¹³ The 2026 capacity charge is \$77.99 (\$14,038 over 15 years) per residential customer equivalent (RCE) per month and is expected to generate \$104 million in revenue.

Other County Policy Requirements. Under FP-15, the capacity charge cannot exceed the capital cost of facilities needed to serve new customers, at least 95% of projected growth-related capital costs (treatment, conveyance, biosolids capacity) must be allocated to new customers, each new customer should pay the same share regardless of the year they connect, and growth and cost projections must be updated every three years.

Additionally, FP-15 includes update provisions that customer growth and projected costs, including inflation, shall be updated every three years beginning in 2003, and that the County should periodically review the capacity charge to ensure that the actual costs of system expansion to serve new customers are reflected in the charge.

2020 Capacity Charge Rate Structure Update. In 2020, the King County Council adopted Ordinances 19153 and 19156 to restructure the capacity charge to align the amount charged according to size and type of housing as a proxy for the average number of persons accommodated by the housing type. Commercial connections continued to pay based on the number of fixtures, and discounts for low-income housing remained in place. These changes did not impact the methodology used to determine the total costs of growth.

Update to Projected Customer Numbers and Projected Capital Costs. The Regional Wastewater Services Plan (RWSP), covering 2003 through 2030, is the comprehensive plan for regional wastewater services and serves as the basis for projecting customer numbers, capital projects needed to maintain capacity, and financial assumptions for the capacity charge. K.C.C. 28.86.160 currently requires an update of customer numbers and projected capital costs used to calculate the capacity charge every three years. The last capacity charge update occurred in 2024 and covers the capacity charge calculations for 2025 and 2026.

2016 Auditor's Report. In 2016, the King County Auditor's Office reviewed whether current wastewater capacity charge practices ensure that new development pays for the costs of expanding the wastewater system: "does growth pay for growth?" The audit concluded that it is unclear whether growth is paying for growth for three reasons: a

¹¹ K.C.C. 28.86.010.I "Existing customer" means a customer who connects, reconnects, or establishes a new service on sewers tributary to the county's metropolitan sewerage service before January 1, 2003.

¹² K.C.C. 28.86.010.O "New customer" means a customer who connects, reconnects, or establishes a new service on sewers tributary to the county's metropolitan sewage system on or after January 1, 2003...

¹³ K.C.C. 28.84.050.O.3

highly complex financial model, methodology choices that appear inconsistent with policy intent, and ambiguous financial policies.

1. Overly complex computer model: According to the audit, WTD relies on a highly complex capacity charge model that lacks transparency, cannot be independently verified, and is vulnerable to errors. The model's complexity makes it difficult for decision-makers to confirm whether growth is actually paying for growth.
2. Methodology choices appear contrary to policy intent: The audit found two areas where the methodology used does not appear to align with the intent of Council-adopted policies. First, certain modeling assumptions effectively charge new customers interest on growth costs initially paid by existing customers, even though financial policies do not authorize charging interest. At the same time, the model likely underestimated pre-2003 growth costs, shifting costs away from new customers. These two issues have opposing effects on the capacity charge and partially offset each other, making it difficult to determine whether growth is paying the appropriate share of costs.
3. Ambiguous financial policies: Several sections of the County's financial policies are unclear or internally inconsistent. For example, policies requiring each new customer to pay an equal share of growth costs conflict with the current approach, under which customers pay different capacity charge amounts depending on the year they connect. According to the audit, in practice, the policy of growth paying for growth has consistently outweighed the policy that each new customer should pay an equal share. Additionally, one financial policy governing capital cost allocation appears to contain drafting errors that set a minimum of 95%, rather than a maximum, percentage of costs to be allocated to new customers. According to the report, using "minimum" in this section appears contrary to the legislative history. WTD reports that this language mirrors the language in the local contracts.

The audit concludes that without a simpler, more transparent approach, the County risks continued uncertainty and potential misallocation of hundreds of millions of dollars between new and existing customers. Key recommendations include simplifying the capacity charge model, aligning methodology with clarified policy intent, resolving policy ambiguities, and establishing regular independent reviews of the model.

Appendix 1 of the Auditor's Report provides a technical explanation of the computer model used by WTD to calculate the capacity charge, as well as an example of a simpler alternative approach for achieving the policy goal that growth pays for growth. The appendix focuses on the model's structure, methodology, and internal logic, and does not evaluate the accuracy of underlying assumptions or forecasts.

Auditor's Report Follow-up. The Executive concurred with almost all the audit findings and recommendations and noted that the desire for a simpler capacity charge approach is a long-held goal of WTD. In 2019 and 2022, the Auditor released follow-up reports tracking the progress of the seven recommendations. Prior to the transmittal of the proposed ordinance, most of the recommendations had not yet been implemented. The

Auditor's Office reports that it plans to release a formal audit recommendation status report later this year.

Process to Update Capacity Charge Methodology. In 2020, WTD engaged a consultant to develop a new approach that is simpler and reflects current industry standards. In 2021, WTD briefed MWPACC on the consultant's findings in a series of meetings. Later that year, WTD paused work on the capacity charge methodology review. WTD reports that in 2024, it requested that the consultant resume its work on revising the methodology for the capacity charge. WTD engaged with MWPAAC at least eight times over the last several years on the capacity charge methodology update. WTD reports that these discussions did not result in any substantive change to the recommended methodology.

ANALYSIS

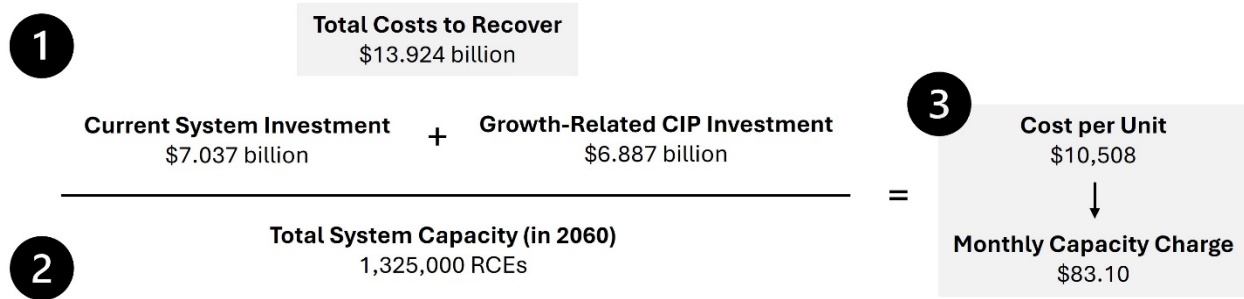
Summary of Proposed Methodology. The proposed approach would calculate the capacity charge using the average cost approach to system development costs, where "eligible system facility costs" are divided by the "applicable system capacity" to derive a residential cost per unit (RCE). Many of the proposed changes to the methodology are not specifically included in the proposed ordinance language but have been explained through presentations to MWPAAC and RWQC, and in response to questions from Council staff.

1. *System facility costs* are not defined in the proposed ordinance, but according to WTD, industry practice defines them as the existing system cost, together with future system costs. Existing system cost is the amount in nominal dollars that WTD has invested in the sewer system infrastructure used to provide service today.¹⁴ Future system costs, also not defined in the proposed ordinance, are based on WTD's Capital Improvement Plan (CIP), preliminary long-range capital project needs, and the identification of the portion of those capital costs attributable to new customers (i.e., growth).
2. WTD then determines the *total system capacity* of the existing and future system, in RCEs. Capacity charge RCEs are based on the amount of biochemical oxygen demand (BOD), or "load", from a single-family home, because loadings are the treatment constraint at each of the three major plants.
3. By dividing the eligible system facility costs by the total system capacity, the *cost per unit* is calculated. The monthly capacity charge is calculated by dividing the cost per unit over 15 years. In calculating the monthly charge, WTD reports that it applies a "discount" rate of 5.14% to the cost per unit to ensure that customers paying over time are not effectively being charged less than customers who pay in a lump sum.

A sample capacity charge calculation is shown in Figure 1 below.

¹⁴ Adjusted to exclude ineligible items like the Vashon Island and Carnation treatment facilities, grant-funded assets, small equipment, and capitalized equipment, and to add allow carrying costs per RCW 35.58.570.

Figure 1.
Sample Capacity Charge Calculation¹⁵



Comparison of Approaches. The proposed approach differs from the existing approach in how the cost assigned to new customers is calculated in several ways. First, the existing approach tried to balance growth costs over the 30-year period. There is no "balance over a period time" in the new methodology. The new approach, consistent with industry-standard methodologies, is based on an existing buy-in component and the costs of adding new capacity for new connections.

The existing approach relies on a complex computer model and WTD's long-term financial forecasts, including assumptions about rate revenues, customer growth, and system costs, to calculate the capacity charge. The proposed approach would calculate the cost per unit by dividing the capital costs of existing facilities (the amount that WTD has invested in the sewer system infrastructure used to provide service today) and the facilities required to serve growth by the total system capacity and applying that unit cost to new connections. The proposed approach would link the capacity charge to system capacity and capital investment in the wastewater system.

Growth cost. According to WTD, growth costs in the current code are the additional capital costs associated with a high-growth capital scenario versus a no-growth capital scenario between 2003 and 2030, as well as a lump-sum amount for excess capacity as of 2003. Growth costs under the proposed methodology are the buy-in costs that reimburse the utility for the existing costs of capacity, as well as the future additional costs the utility will incur to serve additional customers. WTD reports that, because capital projects can address both renewal/replacement and capacity improvement, the engineering and planning section of WTD identifies the portion of each project that will serve future growth. Additionally, the proposed approach is based on an actual list of growth-related projects. As time goes on, WTD will be able to track new capacity charge revenues against capital spending on growth-related projects.

Annual indexing. WTD also reports that, under the proposed methodology, the capacity charge would increase each year only by the Construction Cost Index (CCI). WTD reports that the use of the CCI is new, but the previous methodology used various inflation assumptions in its calculations, and WTD notes that the CCI and the inflation assumptions under the current methodology are conceptually similar. The CCI provision is part of WTD's new methodology, but it is not included in the proposed code changes.

¹⁵ Numbers in Figure 1 are from WTD's presentation on April 1, 2026, to RWQC.

Cost recovery. WTD reports that under the current approach, as allowed by code, WTD allocated only 95% of growth costs to new customers in order to avoid overcharging new connections. As explained by WTD, because the proposed methodology is now more precise, WTD calculated the 2027 capacity charge using 100% of growth costs. Subsequent to transmittal of this ordinance and the proposed 2027 sewer rate and capacity charge ordinance (2027-0103), WTD recognized that five of thirty-four sewer contracts contain a provision setting the amount at 95% and, therefore, charging more than 95% of growth costs would conflict with those contract provisions.

Summary of Proposed Code Changes. The proposed update to the capacity charge methodology would be effectuated through changes to K.C.C. 28.86.160, Financial Policies. The proposed changes are focused on Policy FP-15 (Rates and Capacity Charges). Policies FP-1 through FP-14 and FP-16 through FP-18 are not proposed for amendment other than for technical changes.

The proposed changes to Policy FP-15 are summarized below. A matrix showing the changes by line number is included as Attachment 2 to this staff report.

Growth pays for growth (Lines 163 to 172, Line 230, and Lines 260 to 273). The adopted approach divides the costs of the wastewater system between existing customers and new customers. While most of the language providing guidance on how such costs are to be divided is maintained, the proposed ordinance would delete the language specifying that existing customers are responsible for the "portion of the existing and expanded conveyance and treatment system that serves existing customers," and new customers responsible for the "costs associated with the portion of the existing wastewater conveyance and treatment system that serves new customers and costs associated with expanding the system to serve new customers." This language effectuates the principle of growth pays for growth. This framing language is proposed for deletion, but the principle of growth paying for growth is retained on line 230.

Simplifies the capacity charge formula (Lines 190 to 230). The proposed ordinance would replace the capacity charge formula and definitions (Lines 206 to 226) with an approach that determines the capacity charge by dividing "eligible system facility" costs by the "applicable system capacity." "Eligible system facility costs" and "applicable system capacity" are not currently defined in the proposed ordinance.

Lines 229 to 230 of the proposed ordinance include language that the capacity charge calculation would "continue to be based on an accepted industry approach that produces a transparent charge and aligns with the principle of growth pays for growth." According to information presented to RWQC and MWPAAC, the capacity charge would be calculated using a combined approach to system development charges.¹⁶ A description and comparison of the proposed approach is provided in the Summary of Changes to Proposed Methodology section of this staff report.

¹⁶ Department of Commerce guidance labels the combined approach as the "average cost approach."

The proposed ordinance would not modify the capacity charge rate structure in K.C.C. 28.84.050.O.3. which outlines the amount charged based on the size and type of structure or dwelling unit.

Changes update provisions (Lines 245 to 252). The triennial update requirement (2003 baseline), 2021/2024 transition deferral language, and periodic review requirement would be removed. They would be replaced by a new update cycle in the new capacity charge subsection on lines 194 to 196 of the proposed ordinance. The new requirement would have the Department of Natural Resources and Parks update the capacity charge "inputs and calculation at least every five years or when substantial system capacity investments are completed or updated."¹⁷

Connection to RWSP. The current code requires that the capacity charge be based on "costs, customer growth, and related financial assumptions used for the Regional Wastewater Services Plan" (lines 242 to 244). The proposed ordinance would require that the capacity charge be based on the "planned system capacity and costs provided for in the Regional Wastewater Services Plan adopted by Ordinance 13680" (lines 192 to 193). An update to the RWSP began in 2025, and transmittal to Council is estimated in 2029. When asked if any changes to the capacity charge approach are anticipated with the RWSP update, WTD reports that it "will reexamine capacity charge methodologies when updating calculations every five years. The Financial Policies, including those that govern the capacity charge, are part of the RWSP and will be reviewed per the RWSP Update schedule. There could be possible changes at that time."

Code-related Considerations for Councilmembers. Council staff analysis is ongoing. Council staff have identified a preliminary list of code-related considerations for councilmembers.

Transparency in code. The proposed ordinance would delete the existing specific formula and replace it with broadly defined direction to "determine a cost per unit by dividing eligible system facility costs by the applicable system capacity...based on an accepted industry approach that produces a transparent charge and aligns with the principle of growth pays for growth" (Lines 227 to 230). These terms, along with others, are not defined in the proposed ordinance. How these terms are defined and applied determines how much of the existing and future system costs new connections will pay and the sewer rate because costs not covered by the capacity charge must be paid by sewer rate. Under the proposed ordinance, it is not possible to determine how growth costs are calculated without requesting the information from the division. Additionally, as currently drafted WTD could update assumptions and methods without Council approval.

Councilmembers may wish to consider whether to add details or definitions to the proposed ordinance to provide transparency and consistency in how the capacity charge is calculated.

¹⁷ System development charges are discussed in the Background section of the staff report.

Growth pays for growth framework. The proposed ordinance would also remove the language that frames the principle that growth pays for growth. The existing code (K.C.C. 28.86.160.C.1.b) specifies the costs that existing and new customers should pay and states that "Such rates and charges shall be designed to have growth pay for growth." The proposed ordinance, in striking lines 163-172, retains the principle without the framework. Including principles without the supporting framework in the code could potentially lead to reduced transparency and inconsistent application.

Annual indexing. WTD reports that the 2027 sewer rate forecast relies on the proposed updated capacity charge methodology. The 2027 forecast uses the most recent planning documents and project cost estimates. The capacity charge in the outyears in the 2027 forecast is calculated using a 3.3% construction cost increase. Each year, the capacity charge would be based on actual growth in the Construction Cost Index (CCI).

Between now and the next 5-year update, any increase in the capacity charge would be based on the actual increase in the construction cost index each year, rather than on projected increases in project costs. Increases in growth-related project costs beyond the CCI would need to be covered by the sewer rate between 5-year updates. Councilmembers may wish to consider increasing the frequency of project cost updates to ensure that overages are captured in the capacity charge, or to add back in language that the capacity charge should be reviewed periodically to ensure that the actual costs of system expansion to serve new customers are reflected in the charge.

Reduced scheduled updates and reviews. The proposed ordinance would reduce the required update intervals from three to five years or when substantial system capacity investments are completed or updated (lines 193 to 196). The proposed ordinance does not define the term "substantial system capacity investment," so it is unclear what level of cost increase would cause WTD to update the capacity charge to capture the increased costs.

The proposed ordinance only specifies that the "capacity charge inputs and calculation" be reviewed periodically. It is unclear whether the calculation would include the methodology or only re-running the model to derive a capacity charge cost per unit. WTD reports that DNRP will wholly review the capacity charge methodology at least every five years. According to WTD, there is a high likelihood that the overall methodology will be deemed optimal, with only the inputs eventually changing. Councilmembers may wish to consider increasing the frequency of updates or adding reporting requirements to enable Council oversight of the new approach after it is implemented.

Additionally, the proposed ordinance would also delete language requiring the County to periodically review the capacity charge to ensure that the actual costs of system expansion to serve new customers are reflected in the charge.

Aligning code with new methodology. The proposed methodology represents a different approach to calculating the capacity charge, but the proposed ordinance does not remove all the references to the existing methodology. It leaves some definitions and provisions, such as the distinction between pre- and post-2003 connections, which may not make sense in the context of the existing methodology. These remaining provisions

may confuse the understanding of the proposed methodology. Council may wish to consider removing these provisions.

Additional Considerations for Councilmembers. In addition to the code-related considerations identified above, council staff have also identified the following preliminary policy considerations.

Fiscal implications. The proposed ordinance does not set the capacity charge. As a result, the fiscal note shows no impact on WTD's revenue. The proposed ordinance would change the methodology for determining the capacity charge, which could affect the capacity charge revenue recovery.

Connection to 2027 Capacity Charge and Proposed 2027 Rate Ordinance. The Executive's proposed 2027 sewer rate and capacity charge (Proposed Ordinance 2026-0103) assumes a capacity charge based on the methodology in the proposed ordinance and other assumptions not specified in this ordinance.

After the transmittal of this ordinance (2026-0066) and the proposed 2027 sewer rate and capacity charge (Proposed Ordinance 2026-0103), WTD and Council staff identified an issue with the new approach of charging 100% of growth costs to the capacity charge. The 95% approach is discussed in the Summary of Changes to the Proposed Methodology section. Upon further review, WTD recognized that five of thirty-four sewer contracts contain a provision setting the amount at 95%, rather than as a minimum as specified in code, and therefore charging more than 95% of growth costs would conflict with those contract provisions.

Since Proposed Ordinance 2026-0103, which would adopt the 2027 sewer rate and capacity charge, assumed revenue from a capacity charge with 100% recovery, WTD is now requesting an amendment to 2026-0103 to decrease the capacity charge amount from \$83.10 to \$78.94 for 2027. WTD reports that because only new connections in 2027 would begin paying the amended rate, the fiscal impact would be small in 2027. As new connections are added post-2027, the portion of capacity charge customers paying the amended rate increases, and the difference in revenues between the original proposal and the amended proposal increases as well. WTD reports that the projected impact of a 95% recovery rate over the next 10 years is a \$34 million reduction in total capacity charge revenues, which would need to be compensated for by higher sewer rate revenue of a similar magnitude. The projected impact could change with an amendment to the contracts. WTD anticipates the local sewer agency contracts will need to be amended and extended to align with the updated Regional Wastewater Services Plan.

Because proposed ordinance 2026-0066, the proposed capacity charge methodology ordinance, retains the language that 95% is the minimum, the error would not require an amendment to this ordinance.

Does the Proposed Ordinance Address the 2016 Auditor's Report. Council staff requested that the auditor staff provide a preliminary review of the proposed ordinance to better understand the extent to which the proposed ordinance addresses the concerns raised in the 2016 audit. Auditor staff note that, while the general combined

approach appears to be aligned with industry standards, there are opportunities for clarification in the proposed ordinance. WTD has not yet provided detailed financial calculations that would allow auditor staff to review key assumptions, such as how the current and future assets of the systems are valued or the monthly. As noted earlier, the Auditor intends to release a formal audit recommendation status report later this year.

Review Schedule. The proposed ordinance was referred to the Budget and Fiscal Management Committee (BFM) and the Regional Water Quality Committee as a mandatory dual referral. BFM was relieved of control of the legislation at the May 26, 2026, Full Council meeting, and the item was referred to RWQC.

**Table 2.
Review Schedule**

Action	Committee/Council	Date
Briefing	RWQC	May 6 th
Discussion Only	BFM	May 13 th
Discussion/Possible Action	RWQC	June 3 rd
Final Action	Full Council	June 16 th

INVITED

- Caitlyn Hall, Chief Financial Officer, Wastewater Treatment Division (WTD)
- Andrés Bas Moore, Rates & Financial Planning Supervisor, WTD
- Luke Slaughterbeck, Senior Financial Analyst, WTD

ATTACHMENTS

1. Proposed Ordinance 2026-0066
2. Proposed Code Changes Matrix
3. Transmittal Letter
4. Fiscal Note



KING COUNTY
Signature Report

ATTACHMENT 1
1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Ordinance

Proposed No. 2026-0066.1

Sponsors Balducci

1 AN ORDINANCE updating the capacity charge
2 methodology; and amending Ordinance 13680, Section 16,
3 as amended, and K.C.C. 28.86.160.

4 **STATEMENT OF FACTS:**

5 1. The council, as the legislative body of the metropolitan municipal
6 corporation, has authority to impose a capacity charge under RCW
7 35.38.570.

8 2. The capacity charge is based on the cost of capital facilities necessary
9 to provide wastewater treatment to new users of the system. Revenues
10 collected through the capacity charge must be used for construction of
11 wastewater facilities designed to protect water quality.

12 3. All structures connecting to a local wastewater collection system that
13 conveys wastewater flows to King County's regional wastewater system
14 since February 1, 1990, have been subject to a capacity charge.

15 4. The office of the King County auditor reviewed the methodology in
16 2016 and recommended developing a simpler and more transparent
17 approach to calculating the capacity charge, which would also allow for
18 independent and periodic review.

19 5. The wastewater treatment division ("WTD") engaged a consultant,
20 beginning in 2020, to prepare an updated capacity charge methodology

21 based on current industry-accepted practices and consistent with RCW
22 35.58.570.

23 6. Utility planning documents provide the system capacity and cost data
24 that informs calculation of a capacity charge.

25 7. The initial Clean Water Plan effort was underway in 2020 when WTD
26 initiated the consultant study and was to be the source of planning inputs
27 for the updated charge. When the Clean Water Plan was paused, the
28 methodology update was put on hold as well.

29 8. An update to the Regional Wastewater Services Plan ("RWSP") plan
30 began in 2025 and transmittal to the council is estimated in 2029. Interim
31 planning documents that identify conveyance and treatment plans out to
32 2060 will be used to source the capacity charge calculation inputs until the
33 updated RWSP is complete.

34 9. This ordinance's changes are necessary to update the capacity charge
35 methodology to reflect current industry practice. The capacity charge
36 methodology produces the cost of one Residential Customer Equivalent
37 ("RCE") of capacity in the system. The capacity charge rate structure then
38 determines how much of one RCE is charged to the residential property
39 connecting. This ordinance does not change the capacity charge structure.

40 10. The changes in this ordinance are consistent with the assumptions for
41 developing the executive's proposed 2027 Sewer Rate and Capacity
42 Charge that will be considered for action in spring 2026. The council
43 must adopt the sewer rate by June 30 each year in accordance with the

44 sewer contracts between WTD and local sewer agencies. The capacity
45 charge is historically adopted on the same timeline given the
46 interdependence of the revenue sources.

47 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

48 SECTION 1. Ordinance 13680, Section 16, as amended, and K.C.C. 28.86.160
49 are hereby amended to read as follows:

50 A. Under the King County Charter and RCW 35.58.200, these financial policies
51 are hereby adopted and declared to be the principal financial policies of the
52 comprehensive water pollution abatement plan for King County, adopted by the
53 Municipality of Metropolitan Seattle (Metro) in Resolution No. 23, as amended, and the
54 RWSP, a supplement to the plan.

55 B. Explanatory material.

56 1. Financial forecast and budget. Policies FP-1 through FP-10 are intended to
57 guide the county in the areas of prudent financial forecasting and budget planning and are
58 included to ensure the financial security and bonding capacity for the wastewater system.
59 This set of policies also addresses the county's legal and contractual commitments
60 regarding the use of sewer revenues to pay for sewer expenses.

61 2. Debt financing and borrowing. Policies FP-11 through FP-14 are intended to
62 guide the county in financing the wastewater system capital program. These policies
63 direct that capital costs be spread over time to keep rates more stable for ratepayers by the
64 county issuing bonds. A smaller share of annual capital costs will be funded directly
65 from sewer rates and sewer revenues and capacity charges.

66 3. Collecting revenue. Policies FP-15 through FP-17 are intended to guide King
67 County in establishing annual sewer rates and approving wastewater system capital
68 improvement and operating budgets. Monthly sewer rates, which are the primary source
69 of revenue for the county's regional wastewater system, are to be uniformly assessed on
70 all customers. Customers with new connections to the wastewater system will pay an
71 additional capacity charge. The amount of that charge is set by the council, within the
72 constraints of state law.

73 4. Community treatment systems. Policy FP-18 is intended to guide the county
74 in the financial management of community treatment systems.

75 C. Policies.

76 1. Financial forecast and budget.

77 FP-1: The county shall maintain for the wastewater system a multiyear financial
78 forecast and cash-flow projection of six years or more, estimating service growth,
79 operating expenses, capital needs, reserves and debt service. The financial forecast shall
80 be submitted by the executive with the annual sewer rate ordinance.

81 FP-2: If the operations component of the proposed annual wastewater system
82 budget increases by more than the reasonable cost of the addition of new facilities,
83 increased flows, new programs authorized by the council, and inflation, or if revenues
84 decline below the financial forecast estimate, a feasible alternative spending plan shall be
85 presented, at the next quarterly budget report, to the council by the executive identifying
86 steps to reduce cost increases.

87 FP-3: The executive shall maintain an ongoing program of reviewing business
88 practices and potential cost-effective technologies and strategies for savings and

89 efficiencies; the results shall be reported in the annual budget submittal and in an annual
90 report to the RWQC.

91 FP-4: New technologies or changes in practice that differ significantly from
92 existing technologies or practices shall be reported to the council and RWQC with
93 projected costs prior to implementation and shall also be summarized in the RWSP
94 annual report.

95 FP-5: Significant new capital and operational initiatives proposed by the
96 Executive that are not within the scope of the current RWSP nor included in the RWSP,
97 or are required by new state or federal regulations will be reviewed by the RWQC and
98 approved by the council to ensure due diligence review of potential impacts to major
99 capital projects' schedules, including Brightwater, the bond rating or the sewer rate and
100 capacity charge.

101 FP-6: The county shall maintain for the wastewater system a prudent minimum
102 cash balance for reserves, including, but not limited to, cash flow and potential future
103 liabilities. The cash balance shall be approved by the council in the annual sewer rate
104 ordinance.

105 FP-7: Unless otherwise directed by the council by motion, the King County
106 department of natural resources and parks or its successor agency shall charge a fee that
107 recovers all direct and indirect costs for any services related to the wastewater system
108 provided to other public or private organizations.

109 FP-8: Water quality improvement activities, programs and projects, in addition to
110 those that are functions of sewage treatment, may be eligible for funding assistance from
111 sewer rate revenues after consideration of criteria and limitations suggested by the

112 metropolitan water pollution abatement advisory committee, and, if deemed eligible,
113 shall be limited to one and one half percent of the annual wastewater system operating
114 budget. An annual report on activities, programs and projects funded will be made to the
115 RWQC. Alternative methods of providing a similar level of funding assistance for water
116 quality improvement activities shall be transmitted to the RWQC and the council within
117 seven months of policy adoption.

118 FP-9: The calculation of general government overhead to be charged to the
119 wastewater system shall be based on a methodology that provides for the equitable
120 distribution of overhead costs throughout county government. Estimated overhead
121 charges shall be calculated in a fair and consistent manner, utilizing a methodology that
122 best matches the estimated cost of the services provided to the actual overhead charge.
123 The overall allocation formula and any subsequent modifications will be reported to the
124 RWQC.

125 FP-10: The assets of the wastewater system are pledged to be used for the
126 exclusive benefit of the wastewater system including operating expenses, debt service
127 payments, asset assignment and the capital program associated therewith. The system
128 shall be fully reimbursed for the value associated with any use or transfer of such assets
129 for other county government purposes. The executive shall provide reports to the RWQC
130 pertaining to any significant transfers of assets for other county government purposes in
131 advance of and subsequent to any such transfers.

132 2. Debt financing and borrowing.

133 FP-11: The county shall structure bond covenants to ensure a prudent budget
134 standard.

135 FP-12: King County should structure the term of its borrowings to match the
136 expected useful life of the assets to be funded.

137 FP-13: The wastewater system's capital program shall be financed predominantly
138 by annual staged issues of long-term general obligation or sewer revenue bonds, provided
139 that:

140 All available sources of grants are utilized to offset targeted program costs;
141 Funds available after operations and reserves are provided for shall be used for
142 the capital program; excess funds accumulated in reserves may also be used for capital;

143 Consideration is given to competing demands for use of the county's overall
144 general obligation debt capacity; and

145 Consideration is given to the overall level of debt financing that can be sustained
146 over the long term given the size of the future capital programs, potential impacts on
147 credit ratings, and other relevant factors such as intergenerational rate equity and the
148 types of projects appropriately financed with long-term debt.

149 FP-14: To achieve a better maturity matching of assets and liabilities, thereby
150 reducing interest rate risk, short-term borrowing shall be used to fund a portion of the
151 capital program, provided that:

152 Outstanding short-term, variable rate debt comprises no more than twenty percent
153 of total outstanding revenue bonds and general obligation bonds; and

154 Appropriate liquidity is available to protect the day-to-day operations of the
155 system.

156 3. Rates - sewer rates and capacity charge.

157 FP-15: King County shall charge its customers sewer rates and capacity charges
158 sufficient to cover the costs of constructing and operating its wastewater system.
159 Revenues shall be sufficient to maintain capital assets in sound working condition,
160 providing for maintenance and rehabilitation of facilities so that total system costs are
161 minimized while continuing to provide reliable, high quality service and maintaining high
162 water quality standards.

163 1. ~~((Existing and new sewer customers shall each contribute to the cost of the~~
164 ~~wastewater system as follows:~~

165 a. ~~Existing customers shall pay through the monthly sewer rate for the portion~~
166 ~~of the existing and expanded conveyance and treatment system that serves existing~~
167 ~~customers.~~

168 b. ~~New customers shall pay costs associated with the portion of the existing~~
169 ~~wastewater conveyance and treatment system that serves new customers and costs~~
170 ~~associated with expanding the system to serve new customers. New customers shall pay~~
171 ~~these costs through a combination of the monthly sewer rate and the capacity charge.~~
172 ~~Such rates and charges shall be designed to have growth pay for growth.~~

173 2.)) Sewer rate. King County shall maintain a uniform monthly sewer rate
174 expressed as charges per residential customer equivalent for all customers.

175 a. Sewer rates shall be designed to generate revenue sufficient to cover ~~((, at a~~
176 ~~minimum, all)) the total annual costs of the system ((operation and maintenance and all~~
177 ~~capital costs incurred to serve existing customers)) after adjusting for other revenue~~
178 ~~sources such as capacity charge, industrial waste surcharge, interest earnings, and other~~
179 ~~non-sewer rate revenue.~~

180 b. King County should attempt to adopt a multiyear sewer rate to provide
181 stable costs to sewer customers. If a multiyear rate is established and when permitted
182 upon the retirement by the county of certain outstanding sewer revenue bonds, a rate
183 stabilization reserve account shall be created to ensure that adequate funds are available
184 to sustain the rate through completion of the rate cycle. An annual report on the use of
185 funds from this rate stabilization account shall be provided annually to the RWQC.

186 c. The executive, in consultation with the RWQC, shall propose for council
187 adoption policies to ensure that adequate debt service coverage and emergency reserves
188 are established and periodically reviewed.

189 ~~((3-))~~ 2. Capacity charge.

190 a. The capacity charge shall be set such that each new or expanded connection
191 shall pay an equitable share of the cost of the system, as authorized in RCW 35.58.570.
192 The capacity charge shall be based upon the planned system capacity and costs provided
193 for in the Regional Wastewater Services Plan adopted by Ordinance 13680. The King
194 County department of natural resources and parks should update the capacity charge
195 inputs and calculation at least every five years or when substantial system capacity
196 investments are completed or updated.

197 b. The ~~((amount of the))~~ capacity charge per residential customer equivalent
198 shall be ((a uniform charge)) applied uniformly to each residential customer class
199 structure type based on an estimate of the average persons-per-household occupancy for
200 each such a residential customer class structure type.

201 c. The amount shall be approved annually and shall not exceed the cost of
202 capital facilities necessary to serve new customers. ~~((The methodology that shall be~~

203 applied to set the capacity charge is set forth in FP-15.3.a.)) Capacity charge structure
204 and senior resident, low income, and special purpose housing discount rates are governed
205 by KCC 28.84.050.O.

206 ~~((a.)) d.~~ The capacity charge ~~((shall be based on allocating the total cost of the~~
207 ~~wastewater system (net of grants and other non rate revenues) to existing and new~~
208 ~~customers as prescribed in this subsection. The total system cost includes the costs to~~
209 ~~operate, maintain, and expand the wastewater system over the life of the RWSP. Total~~
210 ~~estimated revenues from the uniform monthly rate from all customers and capacity~~
211 ~~charge payments from new customers, together with estimated non rate revenues, shall~~
212 ~~equal the estimated total system costs. The capacity charge calculation is represented as~~
213 ~~follows:~~

214 Capacity = ~~———— [Total system costs — rate revenue from existing customers] ———— Rate~~
215 ~~revenue from new customers~~

216 Charge

217 ~~—————~~
218 ~~—————~~ Number of new customers

219 where:

220 ~~(1) total system costs (net of grants and other non rate revenues) minus rate~~
221 ~~revenue from existing customers equals costs allocated to new customers.~~

222 ~~(2) costs allocated to new customers minus rate revenue from new customers~~
223 ~~equals the total revenue to be recovered through the capacity charge.~~

224 ~~(3) total capacity charge revenue requirements divided by the total number of~~
225 ~~new customers equals the amount of the capacity charge to be paid by each new~~
226 ~~customer.~~

227 ~~b.)~~ calculation shall determine a cost per unit by dividing eligible system
228 facility costs by the applicable system capacity. This calculation shall continue to be
229 based on an accepted industry approach that produces a transparent charge and aligns
230 with the principle of growth pays for growth.

231 ~~e.~~ The capacity charge may be paid by new customers in a single payment or
232 as a monthly charge at the rate established by the council. The county shall establish a
233 monthly capacity charge by dividing that amount by one hundred eighty (twelve monthly
234 payments per year for fifteen years). ((The executive shall transmit for council adoption
235 an ordinance to adjust the discount rate for lump sum payment. The executive shall also
236 transmit for council adoption an ordinance to adjust the monthly capacity charge to
237 reflect the county's average cost of money if the capacity charge is paid over time.

238 ~~e.)~~ f. King County shall pursue changes in state law to enable the county to
239 require payment of the capacity charge in a single payment.

240 ~~((d. The capacity charge shall be set such that each new customer shall pay an~~
241 ~~equal share of the costs of facilities allocated to new customers, regardless of what year~~
242 ~~the customer connects to the system. The capacity charge shall be based upon the costs,~~
243 ~~customer growth, and related financial assumptions used for the Regional Wastewater~~
244 ~~Services Plan adopted by Ordinance 13680 as such assumptions may be updated.~~
245 ~~Customer growth and projected costs, including inflation, shall be updated every three~~
246 ~~years beginning in 2003. For only the update of customer growth and projected costs~~

247 ~~scheduled for 2021 and anticipated for transmittal to the council with the proposed sewer~~
248 ~~rate in 2022, the update shall be deferred until the next annual sewer and capacity charge~~
249 ~~rate proposal following council approval of the Clean Water Plan as an update to the~~
250 ~~RWSP or 2024, whichever occurs earlier.~~

251 ~~e. The county should periodically review the capacity charge to ensure that the~~
252 ~~actual costs of system expansion to serve new customers are reflected in the charge.)) g.~~
253 All reasonable steps should be taken to coordinate the imposition, collection of and
254 accounting for rates and charges with component agencies to reduce redundant program
255 overhead costs.

256 ~~((f.))~~ h. Existing customers shall pay the monthly capacity charge established
257 at the time they connected to the system as currently enacted by K.C.C. 28.84.055. New
258 customers shall pay the capacity charge established at the time they connect to the
259 system.

260 ~~((g.))~~ i. To ensure that the capacity charge will not exceed the costs of
261 facilities needed to serve new customers, costs assigned and allocated to new customers
262 shall be at a minimum ninety-five percent of the projected capital costs of new and
263 existing treatment, conveyance and biosolids capacity needed to serve new customers.

264 ~~((h.))~~ j. Costs assigned and allocated to existing customers shall include the
265 capital cost of existing and future treatment, conveyance and biosolids capacity used by
266 existing customers, and the capital costs of assessing and reducing infiltration and inflow
267 related to the use of the existing conveyance and treatment capacity.

268 ~~((i-))~~ k. Capital costs of combined sewer overflow control shall be paid by
269 existing and new customers, based on their average proportionate share of total customers
270 over the life of the RWSP.

271 ~~((j-))~~ l. Operations and maintenance costs shall be paid by existing and new
272 customers in the uniform monthly rate, based on their annual proportionate share of total
273 customers.

274 ~~((k-))~~ m. Any costs not allocated in FP-15.3. ~~((f-, g-))~~ h., i. ~~((and))~~, j., k., and l.
275 shall be paid by existing and new customers in the sewer rate.

276 ~~((l-))~~ n. Upon implementation of these explicit policies, the Seattle combined
277 sewer overflow benefit charge shall be discontinued.

278 ~~((4-))~~ 3. Based on an analysis of residential water consumption, as of December
279 13, 1999, King County uses a factor of seven hundred fifty cubic feet per month to
280 convert water consumption of volume-based customers to residential customer
281 equivalents for billing purposes. King County shall periodically review the
282 appropriateness of this factor to ensure that all accounts pay their fair share of the cost of
283 the wastewater system.

284 FP-16: The executive shall prepare and submit to the council a report in support
285 of the proposed monthly sewer rates for the next year, including the following
286 information:

287 Key assumptions: key financial assumptions such as inflation, bond interest rates,
288 investment income, size and timing of bond issues, and the considerations underlying the
289 projection of future growth in residential customer equivalents;

290 Significant financial projections: all key projections, including the annual
291 projection of operating and capital costs, debt service coverage, cash balances, revenue
292 requirements, revenue projections and a discussion of significant factors that impact the
293 degree of uncertainty associated with the projections;

294 Historical data: a discussion of the accuracy of the projections of costs and
295 revenues from previous recent budgets, and

296 Policy options: calculations or analyses, or both, of the effect of certain policy
297 options on the overall revenue requirement. These options should include alternative
298 capital program accomplishment percentages (including a ninety percent, a ninety-five
299 percent and a one hundred percent accomplishment rate), and the rate shall be selected
300 that most accurately matches historical performance in accomplishing the capital program
301 and that shall not negatively impair the bond rating.

302 FP-17: Expenditures from the wastewater revenues to correct water pollution
303 problems caused by septic systems shall occur only if such expenditures financially
304 benefit wastewater system current customers when the additional monthly sewer rate
305 revenues from these added customers are considered.

306 FP-18: The cost of community treatment systems developed and operated in

307 accordance with WWSP-15 would not be subsidized by the remaining ratepayers of the
308 county's wastewater treatment system.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Sarah Perry, Chair

ATTEST:

Melani Hay, Clerk of the Council

APPROVED this ____ day of _____, _____.

Girmay Zahilay, Chair

Attachments: None

Proposed Ordinance 2026-0066 Changes by Line Number

Line Numbers	Change Type	Description	Old Text (struck)	New Text (underlined)
Lines 163 to 172	Deletion	Existing/new customer cost-split language deleted	"Existing and new sewer customers shall each contribute... a. Existing customers shall pay through the monthly sewer rate... b. New customers shall pay costs... growth pay for growth."	N/A
Lines 175 to 179	Replacement	Sewer rate cost coverage standard broadened	...at a minimum, all operation and maintenance and all capital costs incurred to serve existing customers	...the total annual costs of the system after adjusting for other revenue sources such as capacity charge, industrial waste surcharge, interest earnings, and other non-sewer rate revenue
Lines 190 to 196	Insertion	New capacity charge methodology subsection added; update provision added	N/A	The capacity charge shall be set such that each new or expanded connection shall pay an equitable share of the cost of the system, as authorized in RCW 35.58.570. The capacity charge shall be based upon the planned system capacity and costs provided for in the Regional Wastewater Services Plan adopted by Ordinance 13680. The King County department of natural resources and parks should update the capacity charge inputs and calculation at least every five years or when substantial system capacity investments are completed or updated.
Lines 197 to 200	Replacement	Capacity charge per-RCE unit made explicit; "uniform charge" phrasing revised	amount of the... a uniform charge	per residential customer equivalent... applied uniformly
Lines 202 to 205	Replacement	Internal policy reference replaced with cross-reference	The methodology that shall be applied to set the capacity charge is set forth in FP-15.3.a.	Capacity charge rate structure and senior resident, low income, and special purpose housing discount rates are governed by KCC 28.84.050.O.
Lines 206 to 230	Replacement	System cost definition removed and formula replaced with simplified unit-rate approach	...shall be based on allocating the total cost of the wastewater system (net of grants and other non rate revenues) to existing and new customers as prescribed in this subsection. The total system cost includes the costs to	calculation shall determine a cost per unit by dividing eligible system facility costs by the applicable system capacity. This calculation shall continue to be based on an accepted industry approach that produces a transparent

Line Numbers	Change Type	Description	Old Text (struck)	New Text (underlined)
			<p>operate, maintain, and expand the wastewater system over the life of the RWSP. Total estimated revenues from the uniform monthly rate from all customers and capacity charge payments from new customers, together with estimated non rate revenues, shall equal the estimated total system costs. The capacity charge calculation is represented as follows:</p> <p>Capacity Charge = [Total system costs - rate revenue from existing customers - rate revenue from new customers] / Number of new customers (plus sub-parts (1)(2)(3))</p>	<p>charge and aligns with the principle of growth pays for growth.</p>
<p>Lines 234 to 237</p>	<p>Deletion</p>	<p>Executive ordinance-transmittal sentences deleted</p>	<p>The executive shall transmit for council adoption an ordinance to adjust the discount rate for lump sum payment. The executive shall also transmit for council adoption an ordinance to adjust the monthly capacity charge to reflect the county's average cost of money if the capacity charge is paid over time.</p>	<p>N/A</p>
<p>Lines 240 to 250</p>	<p>Deletion</p>	<p>RWSP-based formula and triennial update requirement (2003 baseline; 2021/2024 transition) deleted</p>	<p>The capacity charge shall be set such that each new customer shall pay an equal share of the costs of facilities allocated to new customers, regardless of what year the customer connects to the system. The capacity charge shall be based upon the costs, customer growth, and related financial assumptions used for the Regional Wastewater Services Plan adopted by Ordinance 13680 as such assumptions may be updated. Customer growth and projected costs, including inflation, shall be updated every three years beginning in 2003. For only the update of customer growth and projected costs scheduled for 2021 and anticipated for transmittal to the council with the proposed sewer rate in 2022, the update shall be deferred until the next annual sewer and capacity charge rate proposal following council approval of the Clean Water Plan as an update to the RWSP or 2024, whichever occurs earlier.</p>	<p>N/A</p>

Line Numbers	Change Type	Description	Old Text (struck)	New Text (underlined)
Lines 251 to 252	Deletion	Periodic review provision deleted	The county should periodically review the capacity charge to ensure that the actual costs of system expansion to serve new customers are reflected in the charge.	N/A



Executive Girmay Zahilay

Chinook Building, CNK-EX-0800
 401 Fifth Avenue, Suite 800
 Seattle, WA 98104-2391

March 25, 2026

The Honorable Sarah Perry
 Chair, King County Council
 Room 1200
 COURTHOUSE

Dear Councilmember Perry:

This letter transmits a proposed Ordinance that would, if enacted, update the County's methodology for calculating the capacity charge for new sewer connections to align with current industry standards. Approval of this proposed legislation will ensure the capacity charge continues to implement the principle of growth pays for growth consistent with King County Code 28.86.160 Financial Policy-15 while providing a transparent, simpler calculation for administrative purposes and easier to understand for customers.

In 1990, new connections to sewer began paying a capacity charge to fund the capital infrastructure necessary to handle added flow coming into King County's regional wastewater treatment system from growth in the region. The current methodology used to calculate the capacity charge has been in place since the adoption of the Regional Wastewater Services Plan (RWSP) (Ordinance 13680) in 1999.

In 2016, the King County Auditor reviewed the capacity charge program and recommended the charge should be updated to a simpler, more transparent calculation. The Department of Natural Resources and Parks (DNRP) began the process to update the RWSP in 2019, including Financial Policy-15. This planning effort was paused to consider and respond to feedback on the process. In 2024, DNRP reinitiated the planning effort known now as the RWSP update. In the interim, DNRP engaged a consultant, Raftelis, to develop the proposed capacity charge methodology to respond to the Auditor's recommendations and align with current industry standards for connection charges.

The proposed methodology for calculating the capacity charge for new sewer connections in the proposed legislation ensures that each new or expanded connection pays an equitable share of the cost of the system, as authorized in Revised Code of Washington (RCW) 35.58.570. The capacity charge inputs and the calculation are to be updated at least every five years or when substantial system wastewater capacity investments are completed or updated.

DNRP sought input from the Metropolitan Water Pollution Abatement Advisory Committee, an advisory committee consisting of representatives from local sewer agencies served by King County's regional

The Honorable Sarah Perry

March 25, 2025

Page 2

wastewater system, during the consultant study and the resulting consultant recommendation for an updated methodology.

Thank you for your consideration of this proposed Ordinance. This important legislation will help to modernize the capacity charge methodology, making it easier to calculate and more transparent for King County residents.

If your staff have questions, please contact Kamuron Gurol, Division Director, Department of Natural Resources and Parks, at 206-263-5767.

Sincerely,



for

Girmay Zahilay
King County Executive

Enclosure

cc: King County Councilmembers
ATTN: Stephanie Cirkovich, Chief of Staff, King County Council
Melani Hay, Clerk of the Council
Karan Gill, Deputy Executive, Office of the Executive
Jasmin Weaver, Chief of Staff, Office of the Executive
Sierra Howlett Browne, Government Relations Director, Office of the Executive
Garrett Holbrook, Council Relations Manager, Office of the Executive
John Taylor, Director, Department of Natural Resources and Parks

Ordinance/Motion: 20206-XXXX
Title: Capacity Charge Ordinance
Affected Agency and/or Agencies: Wastewater Treatment Division, Department of Natural Resources and Parks
Note Prepared By: Luke Slaughterbeck
Date Prepared: 02/25/2026
Note Reviewed By: Caitlyn Hall Elena Davert, Executive Office
Date Reviewed: 02/26/2026 3/11/2026

Description of request:

This legislation amends the capacity charge calculation methodology contained in K.C.C. 28.86.160 Section 3 and amends Ordinance 13680, Section 16, as amended, and K.C.C. 28.86.160. It removes the existing capacity charge calculation methodology and establishes WTD's ability to use an industry-standard approach when calculating the capacity charge. It does not impact existing capacity charge customers connecting in previous years, whose charges remain at rates established for their year of connection.

Revenue to:

Agency	Fund Code	Revenue Source	2026-27	2028-29	2030-31
Water Quality/WTD	4611	Capacity Charges	0	0	0
TOTAL			0	0	0

Expenditures from:

Agency	Fund Code	Department	2025	2026-2027	2028-2029
Water Quality/WTD	4611	Capacity Charges	0	0	0
TOTAL			0	0	0

Expenditures by Categories

	2025	2026-2027	2028-2029
	0	0	0
TOTAL	0	0	0

Does this legislation require a budget supplemental? No

Notes and Assumptions: This ordinance only updates the methodology itself, and does not establish a new capacity charge for 2027. The 2027 capacity charge will be adopted along with the 2027 sewer rate before July 1, 2026.



King County

**Metropolitan King County Council
Regional Water Quality Committee**

STAFF REPORT

Agenda Item:	8	Name:	Jenny Giambattista and Andy Micklow
Proposed No.:	2026-B0069	Date:	June 3, 2026

SUBJECT

A briefing on the Executive’s proposed 2027 sewer rate and capacity charge (Proposed Ordinance 2026-0103).

SUMMARY

The sewer rate is the primary funding source of the Wastewater Treatment Division (WTD). Proposed Ordinance 2026-0103 would increase the monthly sewer rate effective in 2027 by 12.75% from \$62.66 to \$70.65. This increase is the same as projected in the forecast for the 2026 rate. The 2027 proposed sewer rate is projected to generate \$675.2 million in revenue in 2027.

WTD has extended the sewer rate forecast to 20 years through 2046, and this extended forecast shows the 12.75% annual increase continuing until 2030, followed by increases of 11.25% in 2031 and 2032, followed by lower increases in 2033 and beyond until eventually reaching 0.0% annual increase at the end of the forecast in 2046.

WTD reports that the largest drivers of near-term rate increases are the \$6.2 billion of capital projects with fixed and concurrent deadlines required by the Combined Sewer Overflow modified consent decree.¹

As required by a proviso² in the 2026-2027 adopted Biennial Budget, the Executive has included two additional rate options for Council consideration which could reduce the annual rate increase by 2% to 3% over the next 3 years when compared to the Executive’s proposal. Both options assume capital projects would be deferred. The Executive did not support these options because of concerns³ The Executive did not support these alternative options because of concerns that project deferral could result in operational and legal risk.

The proposed ordinance would also set the capacity charge for new connections to the regional system occurring in 2027 at \$83.10 per Residential Customer Equivalent (RCE)

¹ Ordinance 19801

² Ordinance 20023, Section 115, Proviso P4

per month, a 6.55% increase over the 2026 monthly charge of \$77.99. The capacity charge is expected to generate approximately \$111.3 million in revenue for 2027.

After the transmittal of this ordinance, WTD identified an error in the assumption in the proposed methodology used to calculate the capacity charge. The Executive is requesting an amendment to Proposed Ordinance 2026-0103 to correct the 2027 proposed capacity charge and reduce it from \$83.10 to \$78.94.

The schedule for Council consideration is listed below:

- Transmittal of Sewer Rate— April 23
- Budget and Fiscal Management Committee—Discussion only May 27 and Discussion/Possible Action —June 10
 - Striker Direction —June 3
 - Striker Distribution—June 5
 - Line Amendment Direction—June 8
- Briefing only at Regional Water Quality Committee (RWQC)—May 5 and June 3
- Council consideration/action—16, if needed June 23 as emergency, assuming action by BFM on June 10
- Approval date requirement for sewer rate—June 30 (Prior to July 1)

Links are provided below to the topics discussed in this staff report.

- [Background](#)
 - [Sewer rate](#)
 - [Capacity charge](#)
 - [Combined Sewer Overflows \(CSOs\)](#)
 - [Required transmittal information](#)
 - [Recent Rate Related Legislation and 2026-2027 Budget Requirement](#)
- [Analysis of the proposed sewer rate and 10-year forecast](#)
 - [Comparing 2026 and 2027 10-year forecasts](#)
 - [Second decade forecast](#)
 - [Capital expenditure forecast](#)
 - [Updated approach to developing a capital forecast](#)
 - [Capital expenditures by category](#)
 - [Regulatory projects](#)
 - [CSO costs](#)
 - [Nutrient reduction projects](#)
 - [Other large CIPs](#)
 - [Forecasted capital expenditures versus actual expenditures](#)
 - [Comparison of 2027 10-year capital forecast to prior capital forecast](#)
 - [Capital Improvement Program funding](#)
 - [Operating expenditures](#)
 - [Rate smoothing](#)
 - [Alternative rate scenarios](#)
- [Capacity Charge](#)
- [Rate Letters](#)

BACKGROUND

The regional wastewater system is almost entirely funded by the monthly sewer rate and the capacity charge.

Monthly Sewer Rate Charged to Local Sewer Agencies. The sewer rate is WTD's primary funding source. The monthly sewer rate collected by the County supports all Wastewater Treatment Division (WTD) expenses, including operating costs, debt service, and capital expenses. The County charges a sewer rate to utilities that deliver wastewater to the County for treatment and discharge. The monthly sewer rate charged by WTD is a wholesale rate and is billed to local sewer agencies, not ratepayers. The local utility providers, as direct service providers, set their own rates to recoup the payments required by the County plus their own "local" cost of service. The local agency sends the sewer customers the sewer utility bill.

Single-Family versus Volume-Based (Commercial, Multifamily, Industrial). Since the formation of Metro, and as directed in King County Code⁴ and all 34 local sewer contracts, King County has had a sewer rate structure based on two classes of customers: single-family and volume-based. The fee structure, as specified in the code and contract, relies on a billing unit referred to as "Residential Customer Equivalent (RCE)" to charge the two customer classes and to determine how costs are shared between the classes. One RCE unit is 750 cubic feet of wastewater and represents the assumed wastewater generated by a single-family home in a month, based on flow data from 1989. Single-family homes are charged one RCE. Volume-based customers are converted to an RCE unit by dividing the customer's monthly volume of water use by 750 cubic feet (cf) of wastewater (the "conversion factor"). This results in a usage amount for volume-based customers reported in RCEs.⁵

Using the Number of RCEs to Calculate the Monthly Rate. WTD estimates the total number of RCEs for a given year and then divides the total projected revenue required (from sewer rates) by the number of RCEs to obtain the cost per RCE. King County then charges local sewer agencies the monthly sewer rate for each RCE in their utility.

Customer Affordability to be Considered During RWSP Update. As discussed later in this staff report, WTD is updating the long-term Regional Wastewater Services Plan. The update to the RWSP will address issues related to rate structure, customer affordability, and rate equity.

Historical Sewer Rate. Table 1 depicts the anticipated sewer rates through 2030. Prior to 2021, rates were structured effectively as biennial rates, with rate adjustments in alternating years. In 2021, after engagement with cities and sewer districts through the Metropolitan Pollution Abatement Advisory Committee (MWPAAC), the Executive recommended annual rather than biennial adjustments to sewer rates.

⁴ K.C.C. 28.86.160.C Financial Policy 15

⁵ Industrial users pay an additional fee beyond the monthly sewer rate. These fees help the King County Industrial Waste Program recover the costs associated with monitoring and administering the pretreatment program.

Table 1.⁶
Sewer Rate (2017-2026 Actual; 2027 Proposed; 2028-2030 Projected)

Year(s)	Rate (\$/RCE/ Month)	% Increase
2017	\$44.22	5.20%
2018	\$44.22	0.00%
2019	\$45.33	2.50%
2020	\$45.33	0.00%
2021	\$47.37	4.50%
2022	\$49.27	4.00%
2023	\$52.11	5.75%
2024	\$55.11	5.75%
2025	\$58.28	5.75%
2026	\$62.66	7.50%
2027	\$70.65	12.75%
2028	\$79.66	12.75%
2029	\$89.82	12.75%
2030	\$101.28	12.75%

Capacity Charge Billed to New Customers by King County. Since 1990, a capacity charge has been levied on new connections to the sewer system. The purpose of the capacity charge is to ensure that new customers pay the "growth" costs of expanding the wastewater system.

The capacity charge is a one-time development charge, much like a new development fee or impact fee. State statute⁷ does not allow the County to require up-front payment of the capacity charge by the developer. Unless a developer voluntarily pays the capacity charge, it becomes an additional cost that buyers will encounter when purchasing properties with new sewer connections. It can be paid as a total payment up-front with a discount or as a monthly charge amortized over 15 years. If a buyer purchases property with an outstanding capacity charge, the new buyer becomes responsible for the capacity charge payments. Unlike the wholesale sewer rate, the capacity charge is billed directly to customers by King County.

PO 2026-0066 Would Update the Methodology for Determining the Capacity Charge. In previous years, the capacity charged was determined, as defined in code,⁸ by:

⁶ 2027 Sewer Rate Technical Memo, page 30

⁷ RCW 35.58.570

⁸ K.C.C. 28.86.160.C FP-15

1. Calculating what new growth will cost by subtracting rate revenue from existing customers from the total system costs,
2. Subtracting what new customers will already pay in monthly rates, and then
3. Dividing the remaining growth cost evenly across all new sewer connections.

The proposed approach⁹ would calculate the capacity charge using the average cost approach to system development costs, where *eligible system facility costs* are divided by the *applicable system capacity* to derive a residential cost per unit (RCE). According to WTD, industry practice defines *eligible system facility costs* as the existing system cost plus future system costs. Applicable system capacity means the *total system capacity* of the existing and future system, in RCEs.

By dividing the eligible system facility costs by the total system capacity, the *cost per unit* is calculated. The monthly capacity charge is calculated by dividing the cost per unit over 15 years. In calculating the monthly charge, WTD reports that it applies a "discount" rate of 5.14% to the cost per unit to ensure that customers paying over time are not effectively being charged less than customers who pay in a lump sum.

Combined Sewer Overflows. WTD has been implementing King County's Combined Sewer Overflow (CSO) program for over three decades to control the County's CSO outfalls to the Washington State standard of no more than one untreated CSO discharge per year on a 20-year average. WTD reports it has spent over \$1.1 billion on CSO control since the early 1990s.

In 2013, King County entered into a federal consent decree to complete its CSO control projects in compliance with the federal Clean Water Act by December 31, 2030. In mid-2024, King County, Ecology, and the EPA reached an agreement in principle on the First Material Modification to the 2013 Consent Decree on Combined Sewer Overflow (CSO), which extends the compliance milestones for the remaining CSO control projects and extends the overall compliance schedule from 2030 to 2037. All CSO costs associated with the modified consent decree are now included in the 10-year forecast.

Past CSO Expenditures. Since the 2013 consent decree, the following completed CSO projects have cost an estimated \$538M:

- Ballard Siphon
- North Beach Wet Weather Storage
- Murray Pump Station Upgrade
- Barton Pump Station Upgrade and Green Stormwater Infrastructure
- South Magnolia
- Rainier Valley Storage
- Georgetown Wet Weather Storage

The following additional projects are underway with an estimated \$258M spent to date:

- Ship Canal Water Quality Project
- West Duwamish Wet Weather Storage

⁹ The proposed changes to the capacity change methodology are being considered under Proposed Ordinance 2026-0066.

- Elliot West Wet Weather Treatment Station Upgrade
- Mouth of Duwamish CSO Control Program

Regional Wastewater Services Plan. The Regional Wastewater Services Plan (RWSP) was adopted by Ordinance 13680 in November 1999 to ensure the continuation of high-quality wastewater treatment services through 2030. The RWSP is codified in K.C.C. 28.86.010 and 28.86.040 through 28.86.150. The RWSP outlines programs and projects through 2030 to increase wastewater system capacity and function; gives guidance on recovering and recycling beneficial resources from the wastewater treatment process; and provides direction on protecting and monitoring water quality and meeting permit conditions.

Many of the major projects outlined in the RWSP have been completed as the plan reaches the end of its intended planning period of 2030. WTD has re-launched¹⁰ a planning effort to update the Regional Wastewater Services Plan. This planning effort has the potential to impact future capital and operating expenses.

Required Rate Transmittal Information. The financial policies listed below specify the contextual information that is to accompany the rate transmittal. WTD has prepared a technical memo (Attachment 4) with the required information on revenues, expenditures, debt service, operations, and capital programs that inform the rate. Additionally, as required by Motion 16434, beginning with the 2025 sewer rate forecast, the technical memorandum submitted with the annual sewer rate identifies the cost of activities WTD has undertaken and plans to undertake to address contaminants.

Financial Policy-16¹¹: The executive shall prepare and submit to the council a report in support of the proposed monthly sewer rates for the next year, including the following information:

Key assumptions: key financial assumptions such as inflation, bond interest rates, investment income, size and timing of bond issues, and the considerations underlying the projection of future growth in residential customer equivalents.

Significant financial projections: all key projections, including the annual projection of operating and capital costs, debt service coverage, cash balances, revenue requirements, revenue projections and a discussion of significant factors that impact the degree of uncertainty associated with the projections.

Historical data: a discussion of the accuracy of the projections of costs and revenues from previous recent budgets, and

Policy options: calculations or analyses, or both, of the effect of certain policy options on the overall revenue requirement. These options should include alternative capital program accomplishment rates (including a 90%, a 95%, and a 100% accomplishment rate), and the rate shall be selected that most accurately matches historical

¹⁰ The process to update the RWSP started in 2019 as the Clean Water Plan, which WTD paused at the end of 2021 to consider feedback it had received. The planning process restarted in 2024.

performance in accomplishing the capital program and that shall not negatively impair the bond rating.

Recent Rate Related Legislation and 2026-2027 Budget Requirement. The following section summarizes the recent legislation and 2026-2027 budget language related to the sewer rate.

Capital Forecasting Motion 16410. [Motion 16410](#) (September 2023) was initiated by the Regional Water Quality and adopted by the County Council in 2023. It requests WTD research and identify methodologies for forecasting the long-term costs of its capital improvement needs. This was completed.

Long-term Rate Forecasting Motion 16449. [Motion 16449](#) (October 2023) was initiated by the Regional Water Quality Committee and requests WTD develop a long-term financial and sewer rate forecast. A final report was presented to RWQC in [September 2025](#).

Motion 16900 WTD Sewer Rate and Capital Work Plan to Improve Engagement, Transparency, and Accountability. [Motion 16900](#) (November 2025) requests that WTD implement a work plan to continue to improve engagement, transparency, and accountability in the sewer rate-setting process. The work plan is Attachment A to Motion 16900. WTD provides a monthly status report to RWQC on each task and the latest status report is Attachment 5.

Key Topics in the Work Program Include:

- Develop and implement a process for MWPAAC and RWQC (as requested) to review a limited number of large capital projects selected by MWPAAC that substantively affect the rate.
- Develop public engagement strategy for rate payers in coordination with local contract agencies to explain why wholesale WTD rates are increasing and provide opportunities for public engagement.
- Independent consultant to review WTD's capital program.
- Evaluate regulatory requirements.
- Significant changes in capital project costs.
- Options for multi-year rate predictability.

2026-2027 Adopted Budget Proviso Requesting Rate Options for 2027 Sewer Rate. This proviso encumbers \$1 million until the executive includes an analysis of a range of policy choices resulting in at least two rate options for 2027 in addition to the executive's recommended rate for 2027. The transmitted options are discussed later in the staff report.

Timing of Rate Adoption. By contract with partner cities and sewer districts, the County is to complete its consideration of the sewer rate for the following year by July 1 of each year.

ANALYSIS

Proposed Ordinance 2026-0103 would adopt the 2027 sewer rate and capacity charge. It would increase the monthly sewer rate, effective in 2027, by 12.75%, from \$62.66 to \$70.65. The proposed ordinance would also set the capacity charge for new connections to the regional system occurring in 2027 at \$83.10 per Residential Customer Equivalent (RCE) per month, a 6.6% increase over the 2026 monthly charge of \$77.99

The first part of this analysis section discusses the Sewer Rate and the key assumptions and changes influencing the proposed rate and the forecast. The [Capacity Charge](#) is discussed later in the staff report.

Sewer Rate. This section of the staff report will compare the 2026 and 2027 sewer rate forecasts, capital cost drivers, financing, operating expenses, and alternative rate scenarios.

Comparing 2026 and 2027 10-Year Sewer Rate Forecasts. As shown in Tables 2 and 3, the proposed 2027 rate increase of 12.75% is the same as the prior forecast, even though, as discussed later in the staff report, capital expenditures are increasing relative to the prior forecast. This consistency in the 2027 rate increase with the prior year reflects the Executive's policy decision to maintain the predictability of the prior year's forecast. This is possible because WTD sets its cash revenue (rate) requirements based on a 10-year average over the forecast period, allowing it to adjust the annual rates.

**Table 2.¹²
Proposed 2027 Sewer Rate and Forecast**

	Adopted	Proposed									
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2036	2036
Rate Increase %	7.50%	12.75%	12.75%	12.75%	12.75%	11.25%	11.25%	8.00%	8.00%	8.00%	1.75%
Monthly Sewer Rate	\$62.66	\$70.65	\$79.66	\$89.82	\$101.28	\$112.68	\$125.36	\$135.39	\$146.23	\$157.93	\$160.70
Rate Increase \$	\$4.38	\$7.99	\$9.01	\$10.16	\$11.46	\$11.40	\$12.68	\$10.03	\$10.84	\$11.70	\$2.77
All-In Debt Service Coverage	1.62x	1.60x	1.74x	1.68x	1.60x	1.58x	1.61x	1.49x	1.51x	1.55x	1.55x
		2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Rate Increase %		1.75%	3.75%	3.75%	3.75%	2.25%	2.25%	2.25%	0.50%	0.50%	0.00%
Monthly Sewer Rate		\$163.52	\$169.66	\$176.03	\$182.64	\$186.75	\$190.96	\$195.26	\$196.24	\$197.23	\$197.23
Rate Increase \$		\$2.82	\$6.14	\$6.37	\$6.61	\$4.11	\$4.21	\$4.30	\$0.98	\$0.99	\$0.00
All-In Debt Service Coverage		1.52x	1.54x	1.58x	1.61x	1.60x	1.63x	1.64x	1.66x	1.67x	1.69x

**Table 3.¹³
Adopted 2026 Sewer Rate and Forecast**

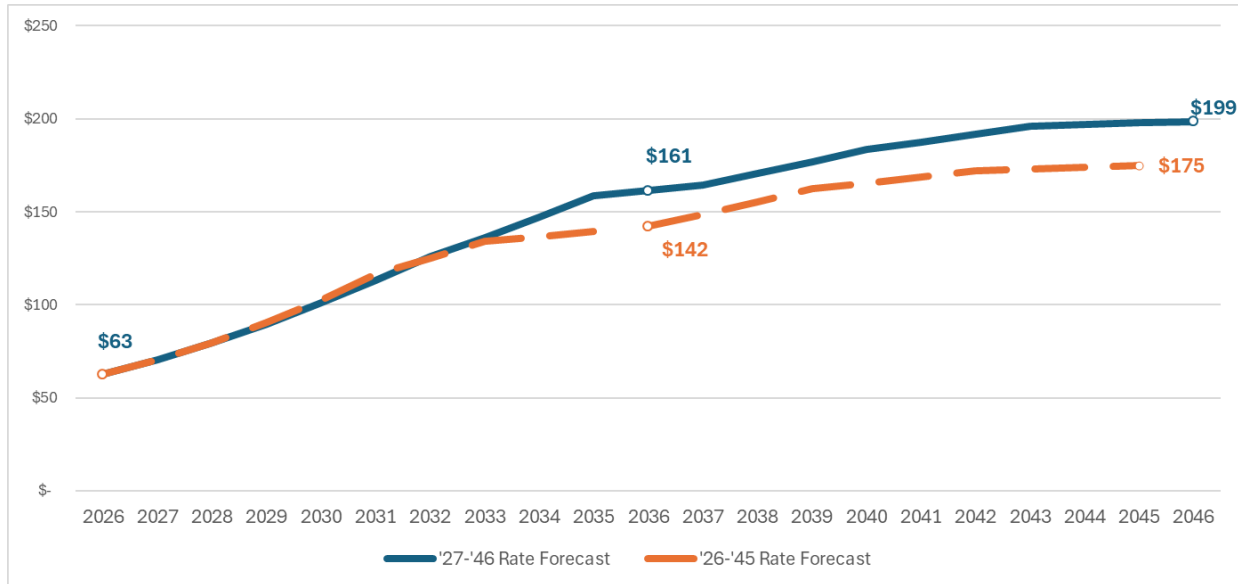
	Adopted	Adopted									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2036
Rate Increase %	5.75%	7.50%	12.75%	12.75%	13.50%	13.50%	13.50%	7.25%	7.25%	2.00%	2.00%
Monthly Sewer Rate	\$58.28	\$62.66	\$70.65	\$79.66	\$90.42	\$102.63	\$116.49	\$124.94	\$134.00	\$136.68	\$139.42
Rate Increase \$	\$3.17	\$4.38	\$7.99	\$9.01	\$10.76	\$12.21	\$13.86	\$8.45	\$9.06	\$2.68	\$2.74
All-In Debt Service Coverage	1.65x	1.48x	1.47x	1.57x	1.50x	1.47x	1.57x	1.59x	1.57x	1.55x	1.53x
		2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Rate Increase %		2.00%	4.50%	4.50%	4.50%	1.75%	1.75%	1.75%	0.50%	0.50%	0.50%
Monthly Sewer Rate		\$142.21	\$148.61	\$155.30	\$162.29	\$165.14	\$168.03	\$170.98	\$171.84	\$172.70	\$173.57
Rate Increase \$		\$2.79	\$6.40	\$6.69	\$6.99	\$2.85	\$2.89	\$2.95	\$0.86	\$0.86	\$0.87
All-In Debt Service Coverage		1.44x	1.55x	1.66x	1.78x	1.83x	1.88x	1.93x	1.95x	1.96x	1.98x

As shown in Figure 1, the 2027 monthly rate forecast begins to increase when compared to the prior 10-year forecast in 2034.

¹² 2027 Sewer Rate Technical Memo, page 6

¹³ 2027 Sewer Rate Technical Memo, page 6

**Figure 1.¹⁴
Comparing 2026 and 2027 Sewer Rate Path**

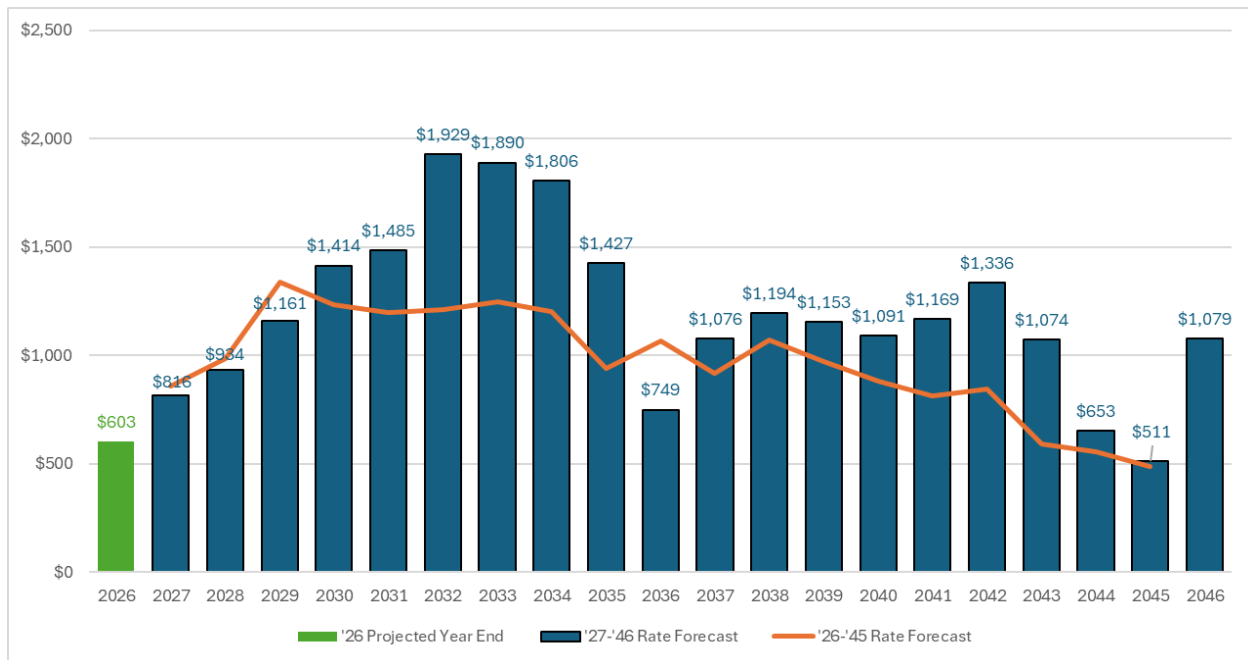


Second Decade Forecast. As shown in Table 2, the 2027 sewer rate forecast extends the forecast period by an additional 10 years. The declining annual rate increases in the second decade of the 2027 forecast reflect a reduction in capital expenditures expected in the second decade compared to the first ten years, including no regulatory expenditures projected beyond 2038, no costs related to contaminants of emerging concern, and no nutrient removal costs beyond the first permit. WTD reports that the forecast for this second decade has significant uncertainty.

Capital Forecast Continues to Project Significant Growth. The projected sewer rate increases over the forecast period are primarily driven by the increasing capital portfolio of projects and the need for cash to fund capital projects and pay new and existing debt services. The 2027-2036 10-year capital forecast is \$14.2 billion and reflects the steep increase in capital expenditures over the forecast period. WTD's capital expenditures are forecast to climb to a peak of \$1.9 billion in 2032. As WTD reports, the CIP projection continues to reflect the challenge of a "stacking" problem of multiple, large projects needing to happen at the same time. This staff report will compare the 2026 and 2027 10-year forecasts, the major CIP projects in the 10-year forecast, forecast uncertainty, and the proposed approach to financing the capital forecast.

¹⁴ Provided by WTD

**Figure 2.
Proposed 2027 Capital Forecast vs. Adopted 2026 Plan**



Comparing 2026 and 2027 10-year capital forecasts. The 2027-2036 total capital forecast is \$14.2 billion, \$2.8 billion higher than the previous 10-year forecast. Revised estimates resulted in higher capital costs, but also a slightly deferred schedule, resulting in a slight decrease in projected expenditures over the next several years and a slight reduction in projected rate increases in the next five years.

WTD provided the following information to explain the \$2.8 billion increase in the forecast¹⁵:

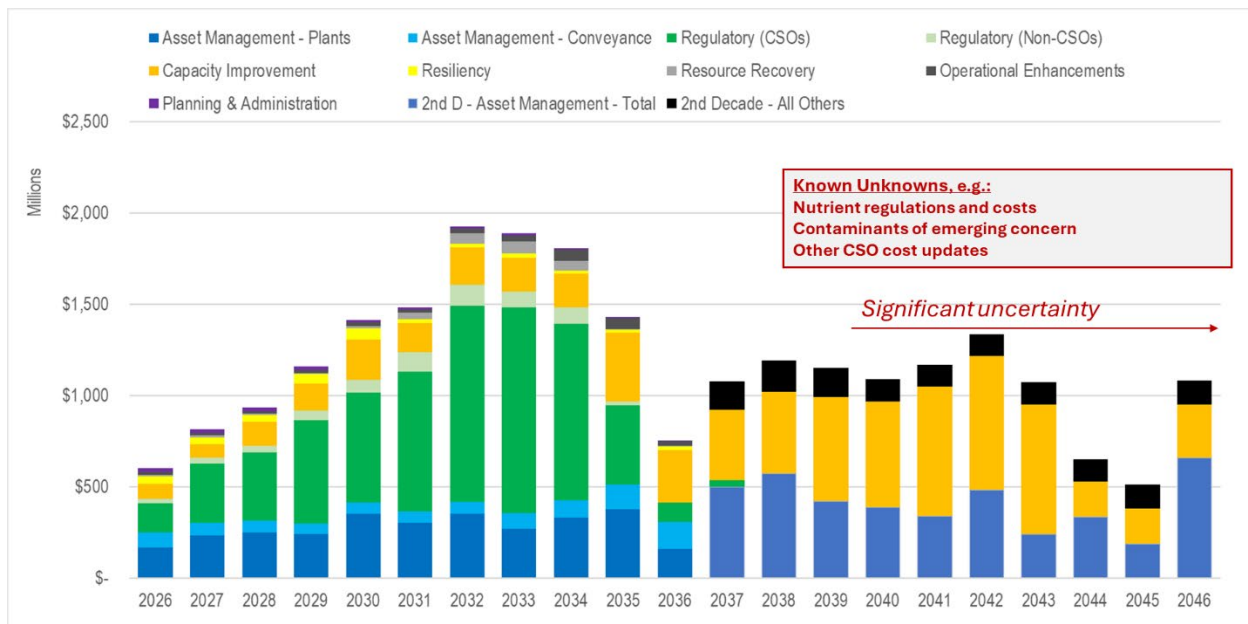
- Increase of \$290 million reflects the effect of 2025 leaving the forecast window and 2036 entering the forecast window.
- Notable regulatory cost increases include:
 - \$320 million increase to the Elliott West Wet Weather Treatment Station
 - \$270 million increase to the East Ship Canal CSO Program
 - Addition of South Magnolia Supplemental Compliance project for an overall increase of \$235 million.
- Other notable project increases include:
 - \$490 million increase to minor asset management programs to address critical small asset replacements that reduce risk, based on past cost data for small asset replacements.

¹⁵ These changes reflect project cost estimates assumed at the time of the 2027 sewer rate proposal development. WTD notes that any additional changes to cost estimates will be reflected in the separate proviso response letter. Those changes have not yet gone through a full governance board review process, and may ultimately not be approved and adopted, therefore the estimates included in the sewer rate process are still the most certain.

- \$460 million increase to the Sammamish Plateau Diversion,
- \$170 million increase to South Plant Electrical Improvements
- \$110 million increase to the Lake Hills Trunk and NW Lake Sammamish Interceptor Upgrade
- \$85 million increase to the Brightwater Aeration Basin No. 4 project, based on an updated Class 10 or Unclassified cost estimate.
- Additional increases in the 10-year forecast reflect cumulative smaller adjustments across individual projects and escalation that occurs when projects are deferred into the second half of the decade to help reduce impacts on near-term rates.

Figure 3 shows that regulatory compliance and asset management projects are the largest categories of projects in the first 10 years of this forecast. The second 10 years of the forecast contain significant uncertainty, largely due to unknown future regulatory requirements.

Figure 3.¹⁶
CIP Components for 2027-2046 Financial Forecast

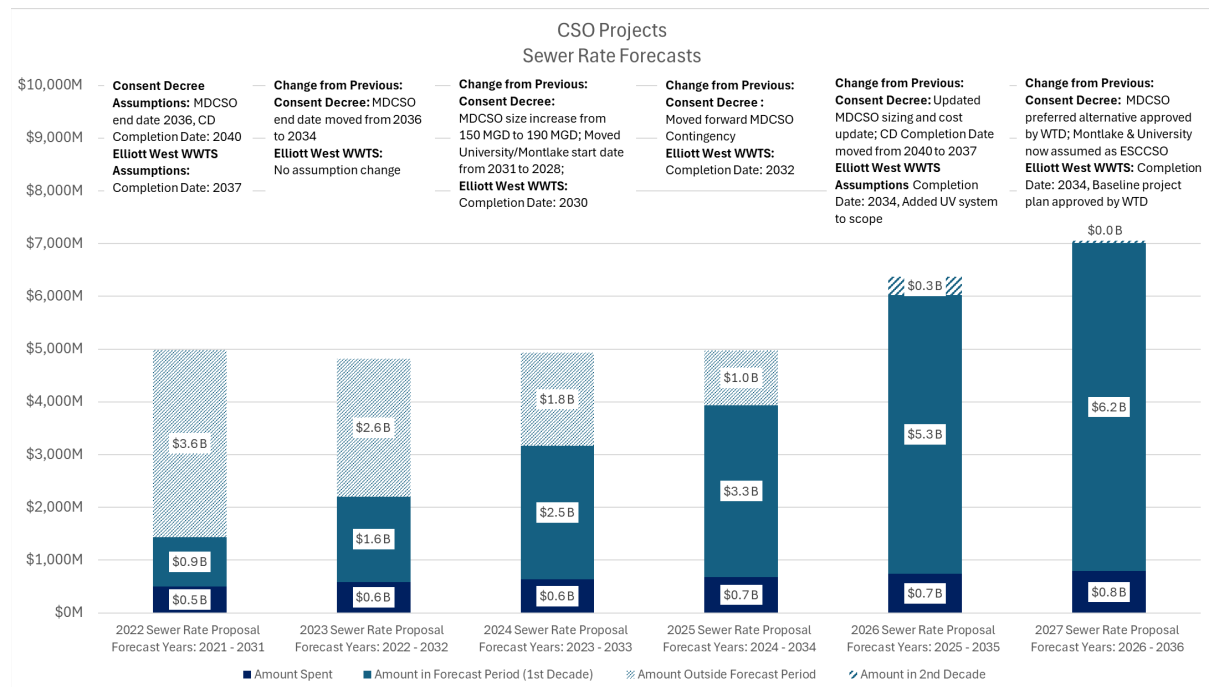


¹⁶ 2027 Sewer Rate Technical Memo, page 17

Regulatory Projects

Modified Combined Sewer Overflow (CSO) Consent Decree Costs. When the Council adopted the Modified Consent Decree in July 2024 (Ordinance 19801), the estimated total cost to complete the remaining projects was \$3.3 billion. The cost to complete the CSO projects assumed for the 10-year 2027 forecast is now \$6.2 billion. Figure 4 shows the increasing CSO costs in the 10-year rate forecasts over the last six rate forecasts. CSO costs have increased in each forecast for several reasons: new cost estimates for the Mouth of Duwamish CSO, the completion date for other CSOs moved from 2040 to 2037, and a new year (2036) replacing a lower-cost year. The 2027 10-year forecast shows CSO costs are now \$900 million higher than in the previous 10-year forecast. WTD received updated cost and schedule estimates for multiple projects (such as the Mouth of the Duwamish CSO control project). These revised estimates resulted in higher capital costs and a slightly deferred schedule.

**Figure 4.¹⁷
Evolving CSO Costs in Rate Forecasts**



In addition to the project costs listed above, the modified Consent Decree requires supplemental compliance activities for projects that were completed but have not brought an outfall into control. WTD currently has supplemental compliance plans for four uncontrolled outfalls. An estimated \$127.1 million (escalated) is forecast in the 2027 Sewer Rate Forecast CIP to bring these outfalls into control by 2037 based on early planning-level estimates.

Expenditure Schedule for CSO. As discussed later in the staff report, the capital expenditure forecast for CSO projects reflects the policy decision to assume that 100%

¹⁷ Prepared by Wastewater Treatment Division

of the costs for regulatory projects will be expended as required by regulation. As such, the project schedule is based on legal obligations to meet the modified consent decree deadlines and avoid penalties. Council staff asked how realistic the spending plan is for the CSO projects. WTD reports that the spending projections are considered realistic based on the current phase of the Program and WTD Capital Project delivery practices at the time the forecast was developed. WTD reports it has resourced the program with internal staff and consultants to meet the schedule.

Nutrient Reduction Projects. According to the Department of Ecology, discharges of excess nutrients, particularly nitrogen, from wastewater treatment facilities are contributing to the existing low oxygen levels in Puget Sound. Since the regulatory framework for nutrients has not been finalized, there is uncertainty about the nutrient investments required in the forecast. The 2027-2036 forecast includes about \$410 million related to nutrient reduction. Depending upon the final regulatory requirements issued by the Department of Ecology, compliance costs may be much greater.

Asset Management Expenditures. The forecast for asset management categories for 2027-2036 is \$3.9 billion. (This includes some of the projects listed above.) As the system continues to age, the scope and cost of Tier 1 projects, the highest priority project, have continued to increase. In the 2027 10-year forecast, WTD intends to address 76% (\$3.8 billion) of Tier 1 asset management projects and 24% (\$1.2 billion) of Tier 1 projects in the second decade.

Other Large CIP Projects. In addition to the regulatory projects described earlier in the staff report, there are over 200 other capital projects in the forecast, including the following five projects over \$200 million:

- Sammamish Plateau Diversion (\$571.3 million)
- Offsite Level Controls and Communication Upgrade. (\$500.1 million)
- West Point (WP) Electrical Improvements (\$397.5 million)
- West Point Digestion Capacity Expansion (\$279.7 million)
- South Plant Electrical Improvements (\$242.4)
- WPTP Critical Gate Refurbishment (\$206.3)

A complete list of all projects in the 10-year forecast is included in Attachment 6. This project list represents a placeholder list of projects until the final list of projects to be funded is selected each year as part of the budget process and the development of the six-year CIP.

Forecast Methodology. With every rate proposal, WTD updates its 10-year forecast of capital expenditures to determine the amount of funding (cash and debt) needed to pay for the CIP and to directly impact the forecast. With the 2027 10-year rate forecast, WTD is continuing the approach it used for the 2026 capital forecast, in which, for purposes of determining revenue requirements for non-regulatory projects, WTD assumes that only 80% of the expenditures will be spent in the projected year. The remaining 20% is carried over into a future year.

Uncertainty in Capital Expenditure Forecasts. The 10-year capital forecast associated with WTD's proposed 2027 sewer rate includes projects and programs at different stages of scope development and with varying degrees of cost uncertainty. WTD uses the

industry standard AACEi¹⁸ classification system to identify the status of a project throughout its lifecycle. The class level ranges can range from planning-level conceptual AACEi Class 10 cost estimates with an anticipated range of -100% to +300% to construction-phase detailed AACEi Class 1 cost estimates with an anticipated range of -10% to +15%. Projects early in the planning process have more uncertainty due to many factors, including staffing capacity to deliver projects, contractor availability, project delays, scoping changes, cost increases, and regulatory decisions. The narrowing of the anticipated cost estimate range over a project's lifecycle is meant to account for the decreasing level of uncertainty as impacts such as inflation, project delays, scope refinements, and macroeconomic effects are realized as projects achieve greater definition through design.

Many of the largest projects in the forecast are at Class 4 or 5, which is still early in the project life cycle. This can contribute a high level of uncertainty to the capital portfolio and may represent a potential for increased costs in the forecast. While individual projects are classified using AACEi, at this time WTD does not have a broader assessment of the level of uncertainty for the overall forecast based on the class status of individual projects in the portfolio. For future forecasts, the Council may wish to request that WTD assess the level of uncertainty in the 10-year forecast based on the class status of the projects in the forecast.

Forecasted Capital Expenditures Versus Actual Expenditures. The capital accomplishment rate is the amount of actual capital spending that occurs in the year compared with the amount of capital spending planned after the expenditure plan is adjusted for schedule risk. The accomplishment rate is an important metric because it shows how accurately WTD predicts capital expenditures and the necessary revenue requirements in a given forecast. As shown in Table 4, WTD has achieved high accomplishment rates in recent years while rapidly increasing its capital program.

Table 4.¹⁹
Historical Accomplishment Rates for the Capital Program (\$ in millions)

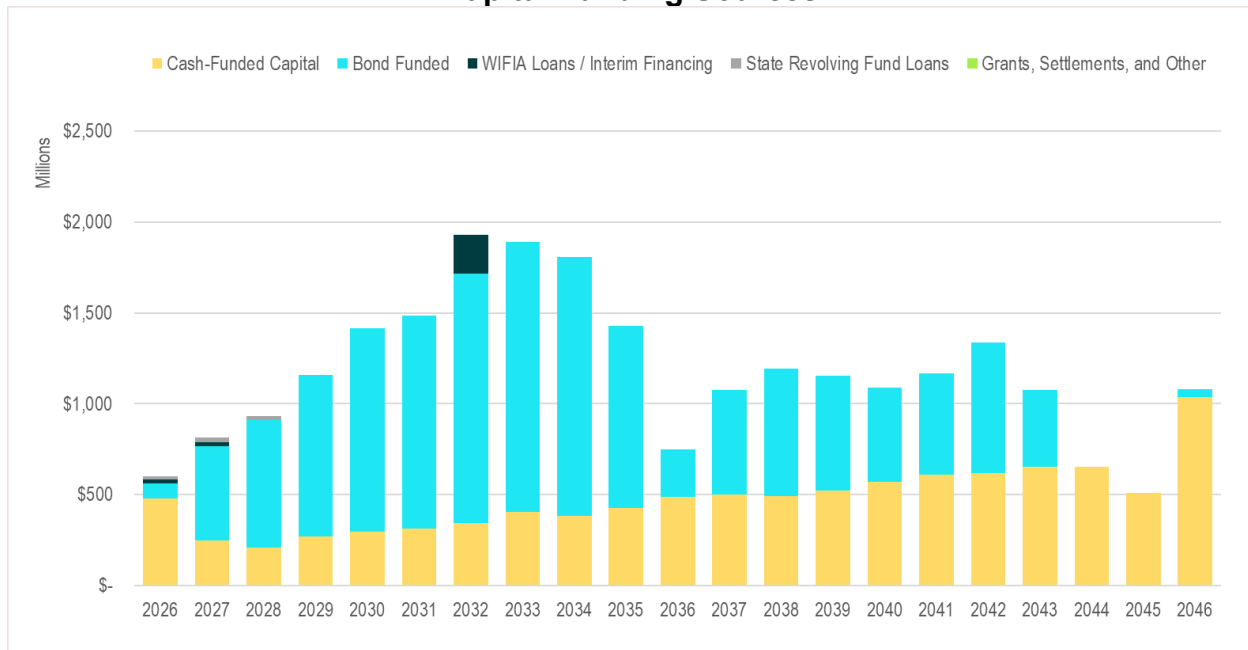
Accomplishment Rate (AR)	2022	2023	2024	2025
Risk and Resource Adjusted CIP	\$283	\$362	\$316	\$462
Actual Annual CIP Spend	\$259	\$361	\$313	\$429
Actual Accomplishment Rate of Adj. CIP	91%	100%	99%	93%

Capital Improvement Program Funding. Two primary sources fund the capital improvement program: 1) cash generated from the sewer rate and capacity charge revenues, and 2) debt financing from revenue bonds or low-interest state and federal loan programs. Figure 5 shows the amount of forecasted cash and debt funding.

¹⁸ Association for the Advancement of Cost Engineering

¹⁹ 2027 Sewer Rate Technical Memo, page 13

Figure 5.²⁰
Capital Funding Sources



Cash Funding. Since 2023, WTD has used an original cost depreciation²¹ method to set cash funding targets for its CIP. With this method, the average annual cash contribution is equivalent to the average annual depreciation over the forecast period. This means that WTD uses the total expected depreciation over the forecast period to determine the total cash contributions required in the next 10 years. Cash-funding requirements are averaged over the next 10 years of the forecast period, allowing WTD to smooth rate increases and produce a more stable rate path. According to WTD, this original depreciation approach reduces near-term rate spikes caused by large CIP investments in a given year because the fiscal impact of the CIP investment is spread over the asset's useful life. A 2022 WTD presentation notes, "this methodology is widely accepted in the industry, reduces the volatility in rate forecasting, and achieves lower rate increases given projected CIP forecasts."

According to the technical memo, the total forecasted depreciation over the next 10 years translates into approximately 27% of the total CIP. WTD reports that the cash funding approach is set for review and reconsideration on a five-year cadence. WTD reports that the next substantive review will occur again in 2027 for 2028 implementation of any potential updates. Additionally, Council staff note that analysis of financial policies for capital financing and debt management, and financial planning and revenue sufficiency, is also set to occur as part of the RWSP Update in 2026, according to the RWSP Charter.

Debt Financing. WTD uses debt financing to provide the remaining funds needed after the use of cash. Debt financing represents 73% of total project funding over the next 10

²⁰ 2027 Sewer Rate Technical Memo, page 18

²¹ Depreciation is an accounting concept calculated by dividing an asset's cost by its estimated useful life, representing how much that asset is expected to wear out or lose value every year. Original cost refers to the actual cost of an asset, rather than the cost adjusted for inflation.

years. The main sources of debt available to WTD include state loans, federal Water Infrastructure Finance and Innovation Act (WIFIA) loans, and revenue bonds. Figure 5 above shows the capital funding forecast and capital funding sources.

Operating Expenditures. Operating expenditures are forecast to account for 32% of the revenue requirements for the sewer rate in 2027. During the 2026 rate process, WTD forecasted 2027 operating expenditures of \$267.7 million. The proposed 2027 rate forecast maintains this projection. Beyond 2027, incremental operating costs are forecast to increase by 4% per year for general and labor costs.

This \$267.7 million in operating expenditures for 2027 reflects all annualized budget adds from the 2026-2027 adopted budget, including inflationary operational costs, additional funding for major maintenance repairs, and additional staffing for operations, capital, and administrative support.

The \$267.7 million in operating expenditure also assumes other expenses for 2027 identified after the budget adoption, such as large nondiscretionary adds related to utilities (primarily electricity), chemicals, biosolids hauling, and multiple labor agreement updates (totaling approximately \$9 million in labor costs). Because these expenses were not included in the 2026-2027 budget, WTD will be requesting additional appropriation authority in a supplemental budget for some or all of these costs while seeking to maintain expenditures below the operating forecast of \$267.7 million.

Rate Smoothing. Over the forecast period, WTD aims to develop a "smooth" sewer rate forecast that provides for fewer steep spikes. According to the technical memo, a smoothed sewer rate forecast allows for the collection of revenues that exceed expenditures in a given year and are less than expenditures in subsequent years to fully fund the utility over the forecast period with less volatility.

Smoothing rates means moving from considering only revenue needs in a particular year to considering them over a longer period to smooth year-to-year increases. The first step in rate smoothing is to set the cash target for each year of the forecast to match the estimated annual depreciation. As shown in Table 5, using only the original cost depreciation method would still result in spikes in the sewer rate during the forecast period. To smooth those spikes, WTD reviews the entire forecast period and, when necessary, creates a gradual trajectory of rate increases by anticipating transferring more cash to the capital fund than the cash-funding target for that year. The same amount is reduced from the transfer in a later year of the forecast. At the end of the 10-year forecast, total cumulative revenues and expenditures²² are balanced.

²² Expenditures include depreciation-based cash transfers to capital

Table 5.²³
2027 Forecast Before and After Rate Smoothing

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	'26-'36
Rev. Req. Pre Smoothing (\$m)	\$759	\$862	\$912	\$1,018	\$1,156	\$1,280	\$1,390	\$1,567	\$1,684	\$1,781	\$1,833	\$14,242
Rate Increase %	7.50%	17.97%	5.63%	12.87%	14.67%	11.32%	8.76%	13.56%	7.52%	5.45%	2.07%	
Rev. Req. Post Smoothing (\$m)	\$759	\$831	\$926	\$1,035	\$1,158	\$1,284	\$1,425	\$1,538	\$1,657	\$1,791	\$1,839	\$14,242
Rate Increase %	7.50%	12.75%	12.75%	12.75%	12.75%	11.50%	11.50%	8.00%	8.00%	8.00%	1.75%	

Table 5 shows the impact of rate smoothing on the sewer rate. The second row of the table shows that even with the original cost depreciation method, the proposed rates would still exhibit steep ups and downs. The smoothed rate is shown in the fourth row. WTD notes that rate smoothing is part science and part art. Part of this is balancing customer impact (avoiding "rate shock") with financial risk. The financial risk comes from collecting revenues below cash-funding target in the first years, expecting to make up for it in the following years. Any stair-stepping more gradual than the current proposal would either incur higher financial risk in the short term or require a higher rate increase peak in the middle of the forecast.

With each new forecast, more information becomes available about the timing of future expenditures. WTD reports that the projected rate path may need to be re-smoothed by making adjustments from the prior forecast.

Alternative Rate Scenarios. The 2026-2027 adopted Biennial Budget includes a proviso²⁴ requiring WTD to provide two alternative scenarios in addition to the Executive's proposed sewer rate, including at least one rate that is 2% lower than the Executive's proposed rate. Each of the proposed scenarios is briefly discussed below.

Scenario 1: Two Percent Below Executive's Proposal. As shown in Figure 6, the Executive achieved the 2% reduction by deferring capital expenditures, with deferrals shown in gray. WTD reports that deferrals in this scenario would impact asset replacement and capacity projects, resulting in increased likelihood of detrimental impacts such as overflows, sinkholes, equipment damage, permit violations, and life-safety risks, as well as introducing additional risk of bond rating downgrades and higher costs of borrowing. This scenario does not achieve long-term rate relief, and the 20-year forecast rate is slightly higher than the proposed rate forecast.

²³ Provided by Wastewater Treatment Division

²⁴ Ordinance 20023, Proviso Section 115 P4

Figure 6.²⁵
Scenario 1: Two Percent Below Executive's Rate Proposal

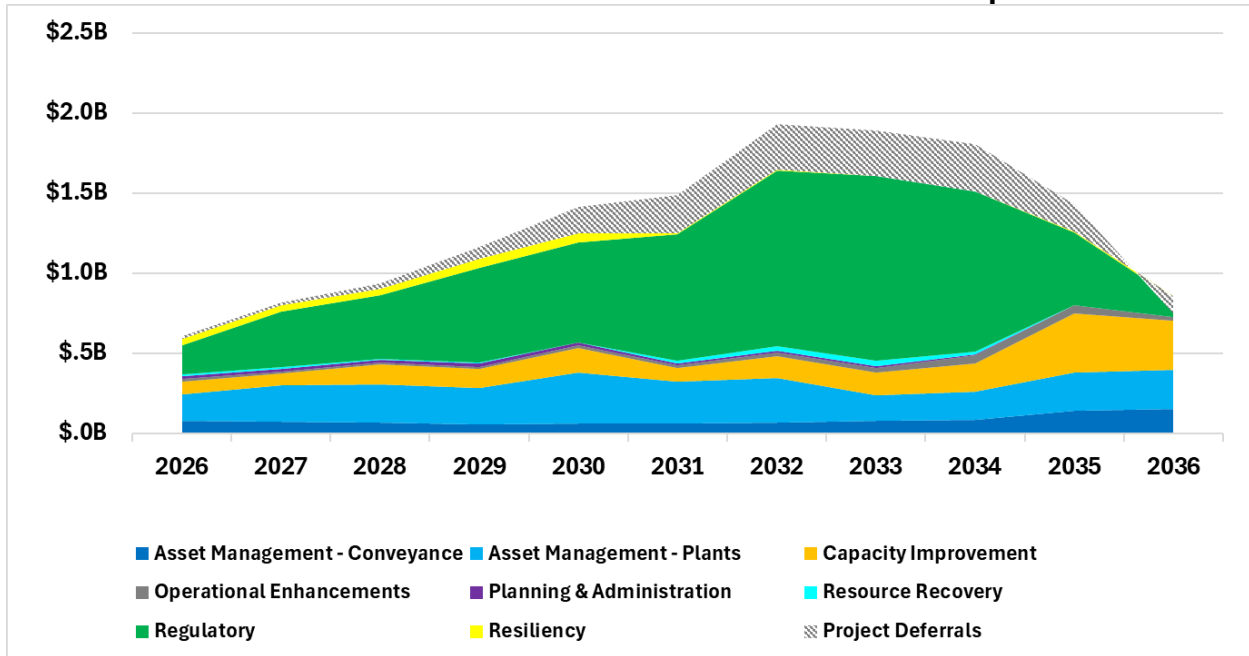


Table 6.²⁶
Scenario 1: Two Percent Below Executive's Rate Proposal and 2027-46 Rate Forecast

	Adopted	Proposed									
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Rate Increase %	7.50%	10.75%	10.75%	10.75%	12.75%	12.75%	10.00%	10.00%	5.75%	5.75%	1.25%
Monthly Sewer Rate	\$62.66	\$69.40	\$76.87	\$85.14	\$96.00	\$108.24	\$119.07	\$130.98	\$138.52	\$146.49	\$148.33
Rate Increase \$	\$4.38	\$6.74	\$7.47	\$8.27	\$10.86	\$12.24	\$10.83	\$11.91	\$7.54	\$7.97	\$1.84
All-In Debt Service Coverage	1.62x	1.58x	1.68x	1.60x	1.54x	1.57x	1.62x	1.56x	1.57x	1.59x	1.56x
		2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Rate Increase %		1.25%	5.25%	5.25%	5.25%	3.25%	3.25%	3.25%	1.50%	1.50%	1.00%
Monthly Sewer Rate		\$150.19	\$158.08	\$166.38	\$175.12	\$180.82	\$186.70	\$192.77	\$195.67	\$198.61	\$200.60
Rate Increase \$		\$1.86	\$7.89	\$8.30	\$8.74	\$5.70	\$5.88	\$6.07	\$2.90	\$2.94	\$1.99
All-In Debt Service Coverage		1.51x	1.54x	1.59x	1.60x	1.59x	1.63x	1.64x	1.66x	1.68x	1.68x

Council staff asked WTD to consider whether the 2% rate reduction could be achieved by applying an 80% approach to regulatory project forecasting, lowering the debt service coverage (DSC) ratio to 1.45, and removing \$100 million of CIP spending from the forecast period. WTD reports this would result in a 1.5% reduction in rates from 2027-2030, and higher increases in the early 2030s. WTD noted that the risks of such a scenario could include the potential or perceived risk of not completing the CSO projects on time, and could worsen the credit position with rating agencies, and deferring any capital projects increases costs because project costs increase with delays.

²⁵ 2027 Sewer Rate Technical Memo, page 32

²⁶ 2027 Sewer Rate Technical Memo, page 33

Scenario 2: Theoretical Regulatory Deadline Extension. The Theoretical Regulatory Deadline Extension Scenario assumes successful renegotiation of the federal and state regulatory consent decree and, as shown in Figure 7, defers \$1.8 billion in planned projects from the first decade of the forecast. This scenario offers near-term rate relief by deferring project costs and results in a higher 20-year forecast rate than the proposed rate forecast. Asset reliability and safety risk, as well as system capacity risk, remain the same as in the proposed scenario, but regulatory compliance projects are no longer assumed to meet established deadlines, with additional potential risks including future borrowing costs and legal risks.

Figure 7.²⁷
Scenario 2: Capital Forecast—Theoretical Regulatory Deadline Extension

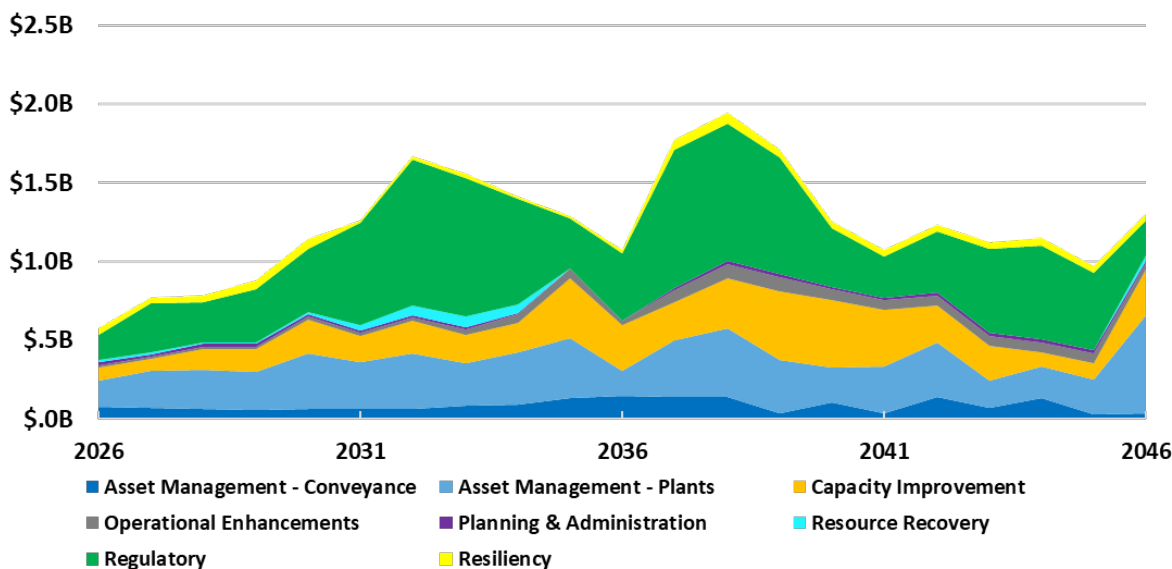


Table 7 shows the Theoretical Regulatory Deadline Extension Rate and associated rate forecast.

Table 7.²⁸
Scenario 2: Theoretical Regulatory Deadline Extension Rate and 2027-46 Rate Forecast

	Adopted	Proposed									
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Rate Increase %	7.50%	9.75%	9.75%	9.75%	11.50%	11.50%	11.50%	8.75%	8.75%	4.00%	4.00%
Monthly Sewer Rate	\$62.66	\$68.77	\$75.48	\$82.84	\$92.37	\$103.00	\$114.85	\$124.90	\$135.83	\$141.27	\$146.93
Rate Increase \$	\$4.38	\$6.11	\$6.71	\$7.36	\$9.53	\$10.63	\$11.85	\$10.05	\$10.93	\$5.44	\$5.66
All-In Debt Service Coverage	1.62x	1.58x	1.69x	1.64x	1.57x	1.57x	1.63x	1.54x	1.60x	1.59x	1.57x
		2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Rate Increase %		6.25%	6.25%	3.75%	3.75%	3.75%	3.75%	2.00%	2.00%	2.00%	1.00%
Monthly Sewer Rate		\$156.12	\$165.88	\$172.11	\$178.57	\$185.27	\$192.22	\$196.07	\$200.00	\$204.00	\$206.04
Rate Increase \$		\$9.19	\$9.76	\$6.23	\$6.46	\$6.70	\$6.95	\$3.85	\$3.93	\$4.00	\$2.04
All-In Debt Service Coverage		1.55x	1.57x	1.59x	1.58x	1.58x	1.61x	1.59x	1.63x	1.66x	1.66x

²⁷ 2027 Sewer Rate Technical Memo, page 33

²⁸ 2027 Sewer Rate Technical Memo, page 34

WTD notes that the theoretical regulatory deadline extension scenario depends on federal and state regulators agreeing to modify further the [CSO consent decree](#), which was recently modified and finalized in 2025 after a six-year negotiation process. Other scenarios may illustrate circumstances under which projects with specific federal or state requirements and/or funding agreements would be deferred. **The scenarios are purely intended to outline potential impacts over time. They do not represent, imply, or establish any plan, commitment, or intent by WTD or the Department of Natural Resources and Parks.**

WTD Sewer Rates versus Regional Agencies. WTD prepared Attachment 7 comparing WTD sewer rates to peer agencies across the region.

Capacity Charge. The amount of the capacity charge is set each year by the Council. See the [Background Section](#) of this staff report for more information on the capacity charge.

Proposed Ordinance 2026-0103 would set the 2027 capacity charge at \$83.10 each month, assuming payment over 15 years. This would reflect a 6.55% increase from \$77.99 in 2026. According to the transmittal, in 2027, the capacity charge is expected to generate \$111.2 million and account for about 13.4% of WTD's revenues.

**Table 8.²⁹
Proposed 2027 Capacity Charge and 2028-2031 Forecast³⁰**

Capacity Charge	Adopted	Proposed	Forecast			
	2026	2027	2028	2029	2030	2031
Monthly Charge	\$77.99	\$83.10	\$85.86	\$88.71	\$91.65	\$94.69
Increase %	2.50%	6.55%	3.32%	3.32%	3.31%	3.32%
Increase \$	\$1.90	\$5.11	\$2.76	\$2.85	\$2.94	\$3.04
Annual Total	\$936	\$997	\$1,030	\$1,065	\$1,100	\$1,136
Total Payments	\$14,038	\$14,958	\$15,455	\$15,968	\$16,497	\$17,044
Upfront Payment*	\$9,870	\$10,508	\$10,857	\$11,217	\$11,589	\$11,974

*Discount Rate of 5.14%

After the transmittal of this ordinance and the capacity charge methodology update (Proposed Ordinance 2026-0066), WTD identified an error in an assumption in the proposed methodology used to calculate the capacity charge. WTD reports that, under the current approach, as permitted by code, it allocated only 95% of growth costs to new customers to avoid overcharging new connections. As explained by WTD, because the proposed methodology is now more precise, WTD calculated the 2027 capacity charge using 100% of growth costs. WTD has since recognized that five of thirty-four sewer contracts contain a provision setting the amount at 95%, and charging more than 95% of growth costs could conflict with those contract provisions.

Since this proposed ordinance assumed revenue from a capacity charge with 100% recovery, WTD is now requesting an amendment to decrease the capacity charge amount

²⁹ 2027 Sewer Rate Technical Memo, page 36

³⁰ As transmitted.

from \$83.10 to \$78.94 for 2027. This would reduce the projected capacity charge revenues in 2027 by \$563,645. WTD reports this change will not impact the near-term sewer rate.

Letters from RWQC, MWPAAC, SCA, and contract cities. The following letters from RWQC, MWPAAC, and contract cities regarding the proposed sewer rate and capacity charge have been received.

- Regional Water Quality Committee April 9, 2026 2027 Sewer Rate and Capacity Charge (Attachment 8)
- Metropolitan Water Pollution Abatement Advisory Committee April 29, 2026 WTD 2027 Rate Recommendation (Attachment 9)
- Sound Cities Association May 22, 2026 (Attachment 10)
- City of Seattle May 5, 2026 Proposed 2027 Sewer Rate and Future Projections (Attachment 11)
- King County Executive May 18, 2026 (Attachment 12)
- City of Bothell May 12, 2026 King County King County 2027 Wastewater Treatment Rates (Attachment 13)

AMENDMENTS

As discussed above, the Executive is requesting an amendment to PO 2026-0103 to decrease the capacity charge amount from \$83.10 to \$78.94 for 2027 to address an error in the calculation of the capacity charge.

INVITED

- Kamuron Gurol, Director, Wastewater Treatment Division
- Caitlyn Hall, Financial Services Manager, Wastewater Treatment Division
- Crystal Fleet, Capital Portfolio Planning and Analysis Unit Manager, Wastewater Treatment Division

ATTACHMENTS

1. Proposed Ordinance 2026-0103 (and its attachments)
2. Transmittal Letter
3. Fiscal Note
4. Technical Memo Proposed 2027 Sewer Rate and Capacity Charge
5. Monthly Status Update on WTD's Rate Work Plan to Improve Engagement, Transparency, and Accountability
6. List of capital projects in 10-year capital spending forecast
7. WTD Sewer Rates versus National Peer Agencies
8. RWQC Letter April 9, 2026 2027 Sewer Rate and Capacity Charge
9. MWPAAC Letter April 29, 2026 WTD 2027 Rate Recommendation
10. Sound Cities Association Letter
11. City of Seattle Letter May 5, 2026 Proposed 2027 Sewer Rate and Future Projections
12. King County Executive Letter May 18, 2026

13. City of Bothell Letter May 12, 2026 King County King County 2027 Wastewater Treatment Rates



KING COUNTY
Signature Report

ATTACHMENT 1
1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Ordinance

Proposed No. 2026-0103.1

Sponsors Dembowski

1 AN ORDINANCE relating to rates and charges for sewage
2 treatment and disposal; and amending Ordinance 12353,
3 Section 2, as amended, and K.C.C. 4A.670.100, Ordinance
4 18745, Section 2, as amended, and Ordinance 11398,
5 Section 1, as amended, and K.C.C. 28.84.055.

6 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

7 SECTION 1. Ordinance 12353, Section 2, as amended, and K.C.C. 4A.670.100
8 are hereby amended to read as follows:

9 A. Having determined the monetary requirements for the disposal of sewage, the
10 council hereby adopts a ~~((2026))~~ 2027 sewer rate of ~~((sixty-two))~~ seventy dollars and
11 ~~((sixty-six))~~ sixty-five cents per residential customer equivalent per month. Once a sewer
12 rate ordinance becomes effective, the clerk of the council is directed to deliver a copy of
13 that ordinance to each agency having an agreement for sewage disposal with King County.

14 B. The King County council approves the application of Statement No. 62 of the
15 Governmental Accounting Standards Board (GASB-62) as it pertains to regulatory assets
16 and liabilities to treat pollution remediation obligations and RainWise Program
17 expenditures and strategic planning costs as regulatory assets, recovered ratably over the
18 life of the underlying financing, and to establish a rate stabilization reserve for the
19 purpose of leveling rates between years.

20 C. As required for GASB-62 application, amounts are to be placed in the rate
21 stabilization reserve from operating revenues and removed from the calculation of debt
22 service coverage. The reserve balance shall be an amount at least sufficient to maintain a
23 level sewer rate between ~~((2026))~~ 2027 and ~~((2027))~~ 2028, and shall be used solely for
24 the purposes of: maintaining the level sewer rate in ~~((2027))~~ 2028; and if additional
25 reserve balance is available, moderating future rate increases beyond ~~((2027))~~ 2028. The
26 estimated amount of the reserve, as shown in the financial forecast, Attachment A to
27 ~~((Ordinance 19942))~~ this ordinance, shall be revised in accordance with the 2026-2027
28 Biennial Budget Ordinance and financial plan. If the reserve needs to be reduced to meet
29 debt service coverage requirements for ~~((2025))~~ 2026, the county executive shall notify
30 the council of the change by providing an updated financial plan.

31 SECTION 2. Ordinance 18745, Section 2, as amended, is hereby amended to
32 read as follows:

33 Monetary requirements for the disposal of sewage as defined by contract with the
34 component sewer agencies for the fiscal year beginning January 1, ~~((2026))~~ 2027, and
35 ending December 31, ~~((2026))~~ 2027. The council hereby determines the monetary
36 requirements for the disposal of sewage as follows:

37 Administration, operating, maintenance repair and replacement (net of other
38 income): ~~(((\$123,844,438))~~ \$133,892,543.

39 Establishment and maintenance of necessary working capital reserves:
40 ~~(((\$107,549,086))~~ \$159,543,545.

41 Requirements of revenue bond resolutions (not included in above items and net of
42 interest income): ~~(((\$360,794,645))~~ \$381,765,400.

43 TOTAL: (~~(\$592,188,168)~~) \$675,201,489.

44 SECTION 3. Ordinance 11398, Section 1, as amended, and K.C.C. 28.84.055 are
45 hereby amended as follows:

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

49 1. Seven dollars for sewer connections occurring between and including January
50 1, 1994, and December 31, 1997;

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

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

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

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

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

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

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

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

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

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

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

73 13. Fifty-three dollars and fifty cents for sewer connections occurring between
74 and including January 1, 2013, and December 31, 2013;

75 14. Fifty-five dollars and thirty-five cents for sewer connections occurring
76 between and including January 1, 2014, and December 31, 2014;

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

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

81 17. Sixty dollars and eighty cents for sewer connections occurring between and
82 including January 1, 2017, and December 31, 2017;

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

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

87 20. Sixty-six dollars and thirty-five cents for sewer connections occurring
88 between and including January 1, 2020, and December 31, 2020;

89 21. Sixty-eight dollars and thirty-four cents for sewer connections occurring
90 between and including January 1, 2021, and December 31, 2021;

91 22. Seventy dollars and thirty-nine cents for sewer connections occurring
92 between and including January 1, 2022, and December 31, 2022;

93 23. Seventy-two dollars and fifty cents for sewer connections occurring between
94 and including January 1, 2023, and December 31, 2023;

95 24. Seventy-four dollars and twenty-three cents for sewer connections occurring
96 between and including January 1, 2024, and December 31, 2024;

97 25. Seventy-six dollars and nine cents for sewer connections occurring between
98 and including January 1, 2025, and December 31, 2025; ~~((and))~~

99 26. Seventy-seven dollars and ninety-nine cents for sewer connections occurring
100 between and including January 1, 2026, and December 31, 2026~~((:)); and~~

101 27. Eighty-three dollars and ten cents for sewer connections occurring between
102 and including January 1, 2027, and December 31, 2027.

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

107 2. In accordance with adopted policy FP- 6 in the Regional Wastewater Services
108 Plan, K.C.C. 28.86.160.C., the council hereby approves the cash balance and reserves as

109 contained in the attached financial plan for ((2026)) 2027, which is Attachment A to
110 ((~~Ordinance 19942~~)) this ordinance.

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

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

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Sarah Perry, Chair

ATTEST:

Melani Pedroza, Clerk of the Council

APPROVED this ____ day of _____, ____.

Girmay Zahilay, County Executive

Attachments: A. Wastewater Treatment Division Financial Plan

King County WTD - Sewer Rate Financial Model		2025	2026
Wastewater Treatment Division		Actual	Budget
Attachment A - Financial Forecast		2025	2026
Operating Financial Forecast - 4611 (\$ '000)			
Monthly Sewer Rate		\$58.28	\$62.66
Rate Increase		5.75%	7.50%
Residential Customer Equivalents (RCEs)		782,424	792,053
Revenue			
Sewer Rate ¹	\$	546,926	\$ 595,561
Capacity Charge		104,386	104,147
Industrial Waste		9,975	10,025
Resource Recovery		9,837	8,184
Other Income		4,224	4,000
Investment Income		30,175	37,198
Use (Transfer to) Rate Stabilization Reserve		-	-
Total - Revenue	\$	705,523	\$ 759,115
Expenditures & Transfers			
O&M Expenses	\$	(218,707)	\$ (249,295)
Existing Debt Service		(274,273)	(304,063)
New Debt Service		-	(11,051)
Debt Retirement/ Defeasance Use of Cash		(99,473)	-
Transfer to Voluntary Reserve		(20,550)	-
Minimum Operating Reserve Contribution		(2,050)	(2,544)
Total - Expenditures & Transfers	\$	(615,052)	\$ (566,953)
Net Cash Flow	\$	90,471	\$ 192,162
Beginning Balance	\$	90,004	\$ 8,766
Net Cash Flow		90,471	192,162
Policy Cash-Funded Capital (Transfer to Capital Fund)		(170,000)	(200,928)
Ending Balance ²	\$	10,475	\$ -
Ending Reserve Balances			
Water Quality Operating Liquidity Reserve	\$	21,871	\$ 24,929
Voluntary Reserve	\$	103,723	\$ 103,723
Rate Stabilization Reserve Account	\$	46,250	\$ 46,250
Debt Service Coverage - Parity Bonds (Senior Lien)		3.59x	3.27x
Debt Service Coverage - All-In Debt Service		1.77x	1.62x
¹ Sewer rate revenue includes a billing adj. of \$270k			
² Difference between 2025 ending balance and 2026 beginning balance driven by reconciliation of			
Capital Funding Forecast - 3611 & 3612 (\$ '000)			
Beginning Balance	\$	218,149	\$ 528,905
WIFIA Proceeds		33,792	20,484
State Loan Proceeds		43,865	18,796
Variable Rate Debt Proceeds		-	16,954
Commercial Paper / Interim Financing		126,000	106,768
Retirement of Interim Financing		(42,300)	(41,072)
Net Bond Proceeds		399,180	-

Debt Reserve Contribution/(Requirement)	-	-
Grants, Settlements, and Other	2,817	-
Capital Expenditures	(428,999)	(603,174)
Ending Balance Before Transfers	\$ 352,505	\$ 47,661
Year-end Transfers from Operating Fund	170,000	200,928
Ending Balance ³	\$ 522,505	\$ 248,589
Ending Reserve Balances		
Capital Liquidity Reserve / Capital Liquidity Threshold	40,000	40,000
Emergency Capital Reserve	15,000	15,000
Revenue Bonds Reserve Account	-	-
State Revolving Fund Reserve Account	219	176

³Difference between 2025 ending balance and 2026 beginning balance driven by reconciliation of

Note: Bond covenants are written to allow that in any given year, use of the Rates Stabilization Re

Unit Conversion

1,000

Check

TRUE

2027	2028	2029	2030	2031
Rate Proposal	Projected	Projected	Projected	Projected
2027	2028	2029	2030	2031

	\$70.65	\$79.66	\$89.82	\$101.28	\$112.68
	12.75%	12.75%	12.75%	12.75%	11.25%
	796,416	801,374	806,340	811,316	816,300
\$	675,201	\$ 766,049	\$ 869,106	\$ 986,041	\$ 1,103,768
	111,253	117,245	122,689	128,147	133,791
	10,076	10,127	10,179	10,231	10,283
	8,430	8,683	8,943	9,211	9,488
	4,013	4,026	4,039	4,053	4,067
	22,229	20,819	21,860	22,811	23,348
	-	-	-	-	-
\$	831,202	\$ 926,949	\$ 1,036,816	\$ 1,160,494	\$ 1,284,745
\$	(267,664)	\$ (283,528)	\$ (299,973)	\$ (317,417)	\$ (333,056)
	(306,539)	(279,271)	(289,773)	(308,606)	(309,115)
	(44,850)	(90,906)	(147,965)	(219,777)	(295,010)
	-	-	-	-	-
	-	-	-	-	-
	(1,837)	(1,586)	(1,644)	(1,744)	(1,564)
\$	(620,890)	\$ (655,293)	\$ (739,356)	\$ (847,545)	\$ (938,746)
\$	210,312	\$ 271,656	\$ 297,460	\$ 312,949	\$ 345,999
\$	-	\$ (0)	\$ -	\$ -	\$ -
	210,312	271,656	297,460	312,949	345,999
	(210,312)	(271,656)	(297,460)	(312,949)	(345,999)
\$	(0)	\$ -	\$ -	\$ -	\$ -
\$	26,766	\$ 28,353	\$ 29,997	\$ 31,742	\$ 33,306
\$	103,723	\$ 103,723	\$ 103,723	\$ 103,723	\$ 103,723
\$	46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250
	2.81x	2.94x	2.85x	2.41x	2.24x
	1.60x	1.74x	1.68x	1.60x	1.58x

cash and accrual, timing of transfers between funds

\$	248,589	\$ 210,312	\$ 271,656	\$ 297,460	\$ 312,949
	20,636	-	-	-	-
	29,141	24,650	-	-	-
	63,708	62,222	110,013	128,580	165,534
	93,853	-	-	-	-
	(97,048)	-	-	-	-
	456,780	636,515	778,925	988,124	1,006,316

	43		43		-		-		65
	-		-		-		-		-
	(815,701)		(933,742)		(1,160,595)		(1,414,163)		(1,484,865)
\$	-	\$	-	\$	-	\$	-	\$	-
	210,312		271,656		297,460		312,949		345,999
\$	210,312	\$	271,656	\$	297,460	\$	312,949	\$	345,999
	40,000		40,000		40,000		40,000		40,000
	15,000		15,000		15,000		15,000		15,000
	-		-		-		-		-
	133		133		133		68		-

cash and accrual, timing of transfers between funds

reserve can be recognized as revenue eligible for inclusion in the bond coverage calculation. In ye

	2032	2033	2034	2035	2036
	Projected 2032	Projected 2033	Projected 2034	Projected 2035	Projected 2036
	\$125.36	\$135.39	\$146.23	\$157.93	\$160.70
	11.25%	8.00%	8.00%	8.00%	1.75%
	821,293	826,296	831,307	836,327	841,356
\$	1,235,488	\$ 1,342,466	\$ 1,458,744	\$ 1,584,974	\$ 1,622,472
	138,655	142,676	146,327	151,548	160,035
	10,335	10,388	10,441	10,494	10,548
	9,772	10,065	10,367	10,678	10,999
	4,082	4,097	4,113	4,129	4,145
	24,439	26,404	25,809	27,264	29,667
	-	-	-	-	-
\$	1,422,771	\$ 1,536,096	\$ 1,655,800	\$ 1,789,087	\$ 1,837,865
\$	(349,475)	\$ (366,713)	\$ (384,811)	\$ (403,813)	\$ (423,765)
	(280,090)	(284,976)	(255,211)	(243,297)	(246,462)
	(388,214)	(498,590)	(588,791)	(650,974)	(664,059)
	-	-	-	-	-
	-	-	-	-	-
	(1,642)	(1,724)	(1,810)	(1,900)	(1,995)
\$	(1,019,420)	\$ (1,152,002)	\$ (1,230,623)	\$ (1,299,985)	\$ (1,336,281)
\$	403,351	\$ 384,094	\$ 425,178	\$ 489,102	\$ 501,584
\$	-	\$ 0	\$ 0	\$ 0	\$ 0
	403,351	384,094	425,178	489,102	501,584
	(403,351)	(384,094)	(425,178)	(489,102)	(501,584)
\$	0	\$ 0	\$ 0	\$ 0	\$ 0
\$	34,947	\$ 36,671	\$ 38,481	\$ 40,381	\$ 42,377
\$	103,723	\$ 103,723	\$ 103,723	\$ 103,723	\$ 103,723
\$	46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250
	2.20x	1.92x	1.85x	1.95x	1.97x
	1.61x	1.49x	1.51x	1.55x	1.55x
\$	345,999	\$ 403,351	\$ 384,094	\$ 425,178	\$ 489,102
	214,327	-	-	-	-
	-	-	-	-	-
	173,415	262,185	221,620	240,414	173,062
	-	-	-	-	-
	(182,601)	(63,800)	-	-	-
	1,377,362	1,288,242	1,200,066	761,342	86,831

68	-	-	-	-
-	-	-	-	-
(1,928,571)	(1,889,978)	(1,805,781)	(1,426,934)	(748,996)
\$ -	\$ -	\$ -	\$ -	\$ -
403,351	384,094	425,178	489,102	501,584
\$ 403,351	\$ 384,094	\$ 425,178	\$ 489,102	\$ 501,584
40,000	40,000	40,000	40,000	40,000
15,000	15,000	15,000	15,000	15,000
-	-	-	-	-
-	-	-	-	-

ears that WTD contributes to this reserve, that portion of revenue is deducted from the revenue basis for calcula

**Executive Girmay Zahilay**

Chinook Building, CNK-EX-0800
401 Fifth Avenue, Suite 800
Seattle, WA 98104-2391

April 23, 2026

The Honorable Sarah Perry
Chair, King County Council
Room 1200
COURTHOUSE

Dear Councilmember Perry:

This letter transmits a proposed Ordinance that would, if enacted, set the 2027 monthly wholesale sewer rate and capacity charge. The proposed Ordinance increases the monthly sewer rate by 12.75 percent, from \$62.66 to \$70.65, and increases the capacity charge by 6.55 percent, from \$77.99 to \$83.10. An enclosed technical memorandum provides detailed information on the revenues, expenditures, debt service, operations, and capital programs that inform the rate development process. The technical memorandum also responds to Ordinance 20023, Section 115, P4, by providing two additional rate options with one option that is two percentage points lower than the proposed rate.

The proposed rate for 2027 is the first in several currently forecasted annual sewer rate increases driven primarily by capital projects needed to meet regulatory requirements, upgrade aging infrastructure, and meet population growth capacity contract obligations. Sufficient revenue is required to continue achieving the Department of Natural Resources and Parks (DNRP) Wastewater Treatment Division (WTD) mission of protecting water quality and human health. Along with maintaining regulatory compliance, the proposed 2027 sewer rate funds the proactive replacement of high-priority critical assets to prevent failure and expansion in support of new homes and businesses. These investments would also underscore the WTD's continued commitment to achieving tangible results for water quality and the environment across Puget Sound.

For the coming rate development period, I have directed staff to work with our partners on affordability strategies which include enhancing efforts to contain capital and operational costs, and to identify best practices in cost containment in collaboration with national associations. In 2026, WTD initiated an independent third-party review of its capital program. The King County Auditor's Office is managing this work which will be underway soon. In addition, we will continue to utilize low-interest loans for WTD capital

projects through the Washington State Revolving Fund, Washington Public Works Trust Fund, and the federal Water Infrastructure Finance and Innovation Act to lessen the financial burden on ratepayers. Using low-interest loans continues the County's prudent financial approach, helps maintain high credit ratings, keeps interest rates low, and produces savings for ratepayers.

WTD has continued to improve transparency in the development of the sewer rate, its capital program, and around the complex decisions ahead to address affordability and maintaining a reliable system. I understand that two Metropolitan Water Pollution Abatement Advisory Committee (MWPAAC) representatives will attend select WTD capital portfolio management meetings this year to further inform MWPAAC on project prioritization decisions. WTD must continue to communicate the capital drivers for the sewer rate increases and engage with our local agency partners and collaborate on sharing information about increases with ratepayers. In addition, WTD has identified options for rate predictability and there will be more discussion with MWPAAC on this topic in summer 2026.

The 2027 sewer rate process builds on changes incorporated into the 2026 rate process, including a 20-year rate forecast. It also incorporates the modified Combined Sewer Overflow (CSO) Consent Decree schedule reflecting an extended 2037 completion date. While these changes are substantive, WTD will continue to work to further improve rate-setting processes and long-term planning approaches. I have directed staff to engage with local, state, and federal partners, including cities, sewer districts, and regulatory agencies, to identify necessary steps for an environmentally protective and financially sustainable rate path. I also invite the Council's continued partnership to work with the Sound Cities Association, MWPAAC, and Regional Water Quality Committee (RWQC) to build on initial steps taken at the November 2025 Regional Utility Rate Summit. We will also incorporate affordability into the planning process for the Regional Wastewater Services Plan Update, including developing metrics and evaluating innovative rate relief approaches for low-income customers.

From January to April 2026, WTD provided monthly rate briefings to MWPAAC. A copy of MWPAAC's letter on the proposed 2027 sewer rate is enclosed. WTD also briefed the RWQC on the proposed 2027 rate and forecast at its meetings in February, March, and April 2026, and provided requested rate briefings to the City of Pacific's Council in March and Seattle Public Utilities' Customer Review Panel in April. A rate briefing is also tentatively scheduled for the City of Bellevue Council on May 12, 2026.

In the last few years, WTD has improved transparency in the rate development process. New efforts will build on longstanding engagement with key local agencies, which will continue for the 2027 sewer rate process and beyond. I recognize the importance of earlier engagement on the rate as our regional partners must also plan for local rate increases to fund their systems. In that vein, we will be working collaboratively with our regional partners and the County Council to develop a multi-year rate option that would provide a longer timeline and further improved engagement and predictability in the rate development process.

The Honorable Sarah Perry
April 23, 2026
Page 3

Thank you for your consideration of this proposed Ordinance. This important legislation will help King County residents by continuing to protect water quality, support safe and reliable infrastructure, and provide a needed system for people and the economy to thrive.

If your staff have questions, please contact Kamuron Gurol, Wastewater Treatment Division Director, Department of Natural Resources and Parks, at 206-549-1190.

Sincerely,



for

Girmay Zahilay
King County Executive

Enclosure

cc: King County Councilmembers
 ATTN: Stephanie Cirkovich, Chief of Staff, King County Council
 Melani Hay, Clerk of the Council
Karan Gill, Deputy Executive, Office of the Executive
Jasmin Weaver, Chief of Staff, Office of the Executive
Sierra Howlett Browne, Director of Government Relations, Office of the Executive
Garrett Holbrook, Council Relations Manager, Office of the Executive
John Taylor, Director, Department Natural Resources and Parks
Kamuron Gurol, Director, Wastewater Treatment Division, DNRP

**Proposed 2027 Sewer Rate and Capacity Charge
and 2027-2046 Financial Forecast**

April 23, 2026



King County

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2027 Sewer Rate Technical Memorandum

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Executive Summary

Key Assumptions for the Proposed 2026 Sewer Rate and 2027-2045 Financial Forecast

The 2027 sewer rate process builds on the substantive changes incorporated into the 2026 rate process, including an extension of the forecast period to 20 years (Council Motion 16449), an updated Combined Sewer Overflow (CSO) consent decree schedule reflecting 2037 completion (see Capital Improvement Program section for greater detail), and updated cost estimates for large CSO projects including the Mouth of the Duwamish Wet Weather Facilities.^{1,2,3}

The 2027 sewer rate process sought to incorporate additional project cost updates while also:

- moderating near-term rate increases;
- responding to 2026/27 budget proviso Section 115 P4 and Sewer Rate and Capital Work Plan requirements of Capital Improvement Program (CIP) scenarios with clear policy choices and tradeoffs;⁴
- balancing to a status quo operating expenditure forecast; and
- maintaining King County Wastewater Treatment Division's (WTD) strong financial policies to minimize debt burden and risk.

A continued challenge for the County's WTD CIP includes the "stacking" problem of multiple concurrent and large capital needs. The three main drivers continue to be high-risk priority asset replacement and renewal investments, meeting contract obligations to serve new growth capacity, and substantial regulatory requirements. These regulatory requirements have fixed and concurrent deadlines for large CSO projects, making up the largest driver of near-term rate increases.

There are also continued significant regulatory "known unknowns," including how nutrient regulations will affect CIP needs, especially since the Puget Sound General Nutrient Permit was recently invalidated by the state Pollution Control Hearings Board (PCHB No. 21-085).⁵ Given the uncertainty, WTD continues to include comparably modest costs for initial optimization-level nutrient reduction in its CIP. WTD and legal counsel will continue to monitor the status of nutrient litigation and regulation and endeavor to anticipate and respond to regulatory requirements and options.

This 2027 sewer rate proposal and forecast prioritize regulatory compliance and positions WTD to proactively replace some of the most critical assets prior to failure and avoid building moratoria driven by insufficient capacity. The proposed scenario limits the rate increase forecast through 2034 as the County continues to better define the affordability challenges in the region, make concerted efforts to contain internal cost growth, and support local and national efforts to address affordability.

Committee Engagement

Throughout 2025, WTD engaged the Metropolitan Water Pollution Abatement Advisory Committee (MWPAAC) on the sewer rate and related topics, including rate-setting methodology, cost estimation methodology, and capital program needs and forecasting. Beginning in January 2026, WTD engaged with MWPAAC and its Rates and Finance Subcommittee to share the preliminary sewer rate forecast for 2027-2046, including multiple potential capital scenarios designed to reduce rate impacts. Details, rationale, and methodology were shared by WTD staff in these forums, including costs and timing of capital investments.

The process to develop the proposed 2027 sewer rate also included providing briefings to the Regional Water Quality Committee (RWQC) beyond the level of engagement provided to RWQC in past years. These included briefings on the preliminary sewer rate forecast in February 2026 and on WTD's proposed sewer rate in March.

In recent years, comments from MPWAAC and RWQC include desire for more predictability in the rate forecast and concern for the higher rate increases after 2026. WTD shares their interest in predictability and their concern for customer affordability. WTD recently shared options for better predictability at MWPAAC and, as part of the Regional

2027 Sewer Rate Technical Memorandum

Wastewater Services Plan (RWSP) update, WTD is working to better characterize local affordability, develop metrics to measure it, and focus on actionable solutions.

Proposed Sewer Rate and Capacity Charge

The proposed 2027 sewer rate is \$70.65, or a 12.75 percent increase over the 2026 rate of \$62.66. The 2027-2046 sewer rate forecast shown in Figure 1 includes smoothed annual increases of 12.75 percent through 2030, followed by increases of 11.25 percent in 2031 and 2032, followed by lower rate increases in 2033 and beyond.⁶ A smoothed sewer rate forecast allows for the collection of revenues that exceed expenditures in a given year and are less than expenditures in subsequent years to fully fund the utility over the forecast period with less volatility. These proposed rate increases enable WTD to fund the projected CIP and sufficiently perform operations and maintenance.

Figure 1 Proposed 2027 Sewer Rate and 2027-2046 Forecast

	Adopted	Proposed	Forecast								
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Rate Increase %	7.50%	12.75%	12.75%	12.75%	12.75%	11.25%	11.25%	8.00%	8.00%	8.00%	1.75%
Monthly Sewer Rate	\$62.66	\$70.65	\$79.66	\$89.82	\$101.28	\$112.68	\$125.36	\$135.39	\$146.23	\$157.93	\$160.70
Rate Increase \$	\$4.38	\$7.99	\$9.01	\$10.16	\$11.46	\$11.40	\$12.68	\$10.03	\$10.84	\$11.70	\$2.77
All-In Debt Service Coverage	1.62x	1.60x	1.74x	1.68x	1.60x	1.58x	1.61x	1.49x	1.51x	1.55x	1.55x

		2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Rate Increase %		1.75%	3.75%	3.75%	3.75%	2.25%	2.25%	2.25%	0.50%	0.50%	0.00%
Monthly Sewer Rate		\$163.52	\$169.66	\$176.03	\$182.64	\$186.75	\$190.96	\$195.26	\$196.24	\$197.23	\$197.23
Rate Increase \$		\$2.82	\$6.14	\$6.37	\$6.61	\$4.11	\$4.21	\$4.30	\$0.98	\$0.99	\$0.00
All-In Debt Service Coverage		1.52x	1.54x	1.58x	1.61x	1.60x	1.63x	1.64x	1.66x	1.67x	1.69x

For reference, the 2026 sewer rate forecast is shown in Figure 2.

Figure 2 Adopted 2026 Sewer Rate and 2026-2045 Forecast

	Adopted	Adopted	Forecast								
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Rate Increase %	5.75%	7.50%	12.75%	12.75%	13.50%	13.50%	13.50%	7.25%	7.25%	2.00%	2.00%
Monthly Sewer Rate	\$58.28	\$62.66	\$70.65	\$79.66	\$90.42	\$102.63	\$116.49	\$124.94	\$134.00	\$136.68	\$139.42
Rate Increase \$	\$3.17	\$4.38	\$7.99	\$9.01	\$10.76	\$12.21	\$13.86	\$8.45	\$9.06	\$2.68	\$2.74
All-In Debt Service Coverage	1.65x	1.48x	1.47x	1.57x	1.50x	1.47x	1.57x	1.59x	1.57x	1.55x	1.53x

		2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Rate Increase %		2.00%	4.50%	4.50%	4.50%	1.75%	1.75%	1.75%	0.50%	0.50%	0.50%
Monthly Sewer Rate		\$142.21	\$148.61	\$155.30	\$162.29	\$165.14	\$168.03	\$170.98	\$171.84	\$172.70	\$173.57
Rate Increase \$		\$2.79	\$6.40	\$6.69	\$6.99	\$2.85	\$2.89	\$2.95	\$0.86	\$0.86	\$0.87
All-In Debt Service Coverage		1.44x	1.55x	1.66x	1.78x	1.83x	1.88x	1.93x	1.95x	1.96x	1.98x

The proposed capacity charge is \$83.10, or a 6.6 percent increase over the 2025 rate of \$77.99. The financial forecast incorporates capacity charge revenue increases as shown in Figure 3.

Figure 3 Proposed 2027 Capacity Charge and 2028-2031 Forecast

	Adopted	Proposed	Forecast			
Capacity Charge	2026	2027	2028	2029	2030	2031
Monthly Charge	\$77.99	\$83.10	\$85.86	\$88.71	\$91.65	\$94.69
Increase %	2.50%	6.55%	3.32%	3.32%	3.31%	3.32%
Increase \$	\$1.90	\$5.11	\$2.76	\$2.85	\$2.94	\$3.04
Annual Total	\$936	\$997	\$1,030	\$1,065	\$1,100	\$1,136
Total Payments	\$14,038	\$14,958	\$15,455	\$15,968	\$16,497	\$17,044
Upfront Payment*	\$9,870	\$10,508	\$10,857	\$11,217	\$11,589	\$11,974

*Discount Rate of 5.14%

Introduction

King County Wastewater Treatment Division

The Wastewater Treatment Division (WTD) of the Department of Natural Resources and Parks (DNRP) is a utility providing wholesale wastewater treatment and major conveyance for 34 local sewer agencies (18 cities, 15 sewer districts, and the Muckleshoot Indian Tribe) in the Puget Sound region. Distributed over a 424-square-mile service area, the King County (County) sewer system collects and treats an average of 182 million gallons of sewage a day from approximately 2 million residents. WTD's service area map can be found in Figure 4.

WTD is responsible for the construction, operation, and maintenance of the County's regional wastewater conveyance and treatment system. The system includes three regional secondary treatment plants (West Point in Seattle, South Plant in Renton, and Brightwater in southern Snohomish County); 400 miles of conveyance lines; 48 pump stations; and 26 regulator stations.⁷ Other WTD facilities include five combined sewer overflow (CSO) treatment plants, four CSO storage facilities, 39 CSO outfall locations, two secondary community-scale treatment plants (Vashon Island and Carnation), and one community septic system on Vashon Island.⁸

Local Sewer Agencies

WTD's service area is comprised of Local Sewer Agencies (LSAs), which include 18 cities and 15 sewer districts in King County, southern Snohomish County, northern Pierce County, and the Muckleshoot Indian Tribe.

LSAs contract directly with WTD for wholesale wastewater treatment services. WTD does not have a direct relationship with individual sewer ratepayers, except for Capacity Charge, High-Strength Surcharge, and Industrial Waste customers.^{9, 10} Engagement with the LSAs is accomplished through the MWPAAC and the Regional Water Quality Committee (RWQC). The sewage disposal contracts with the LSAs specify that the following year's sewer rate must be determined before July 1 of the current year. This provides time for the LSAs to include the WTD rate in preparing budgets and proposing local sewer collection rates for the following year.

The LSA contracts define two customer classes for billing the sewer rate: single-family residential (SFR) and flow-based residential customer equivalents (RCEs). Flow-based RCEs include all other customer classes (commercial, multifamily, and industrial), and one flow-based RCE is equivalent to one SFR. The service contracts specify that each flow-based RCE equals 750 cubic feet per month of water usage. In addition to sewer fees, LSAs are invoiced for their customers' high-strength surcharge and industrial waste compliance and monitoring fees.¹¹ To compensate for seasonal variation in water use, the service contracts provide for a quarterly rolling average to convert reported water use to billed RCEs. A list of the LSAs and their average 2025 reported RCEs is provided in Figure 5.

Financial Forecast

Utilities such as WTD are self-supporting enterprise funds and, therefore, must set fees to recover the cost of providing services.¹² Utility costs include operations, maintenance, debt service, and building new capital infrastructure. Utilities must also account for cash requirements from financial policies, such as funding reserves and how capital projects are funded. The total revenue that must be generated by a utility, in any given year, to cover costs and meet financial policies is referred to as a utility's revenue requirement.

WTD's sewer rate and capacity charge are adopted annually and include development of a longer-term financial forecast. Initiated in response to Council Motion 16449, the rate forecast now extends to 20 years, instead of the previous 10. The proposed 2027 sewer rate and capacity charge are prepared in the context of the utility's revenue requirements over the 20-year financial forecast. This document will cover each element of the financial forecast (Operating Expenditures, Capital Expenditures, Reserves Management, and Revenue).

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Figure 4 System Map

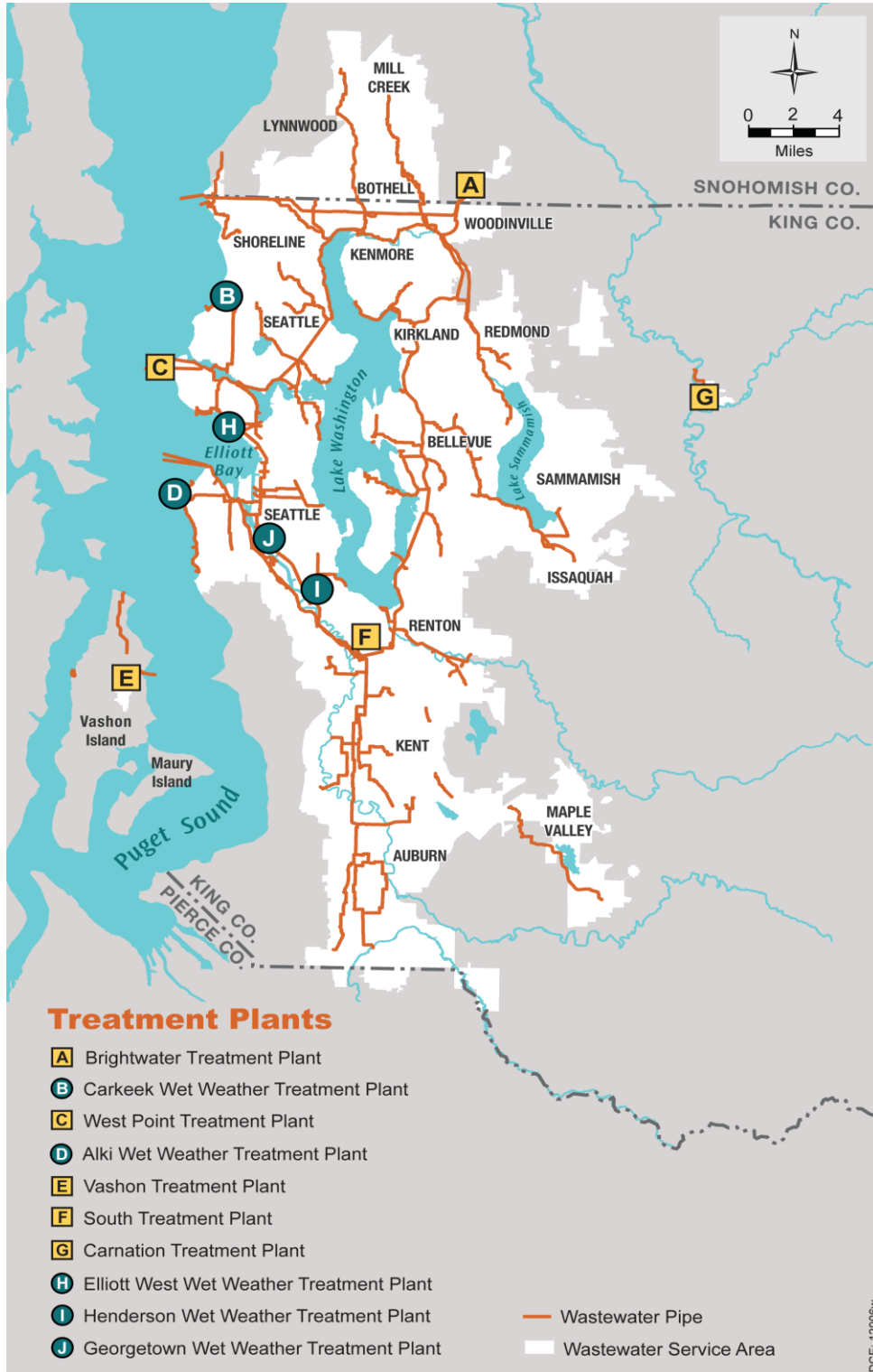


Figure 5 2025 Average Reported Residential Capacity Equivalents by Local Sewer Agency

	<u>Single Family RCEs</u>	<u>Flow-Based RCEs</u>	<u>Total RCEs</u>	<u>Percentage of Total (%)</u>
Local Sewer Agencies - Cities				
Algona	1,019	687	1,706	0.22%
Auburn	13,465	18,859	32,323	4.08%
Bellevue	33,303	34,742	68,045	8.59%
Black Diamond	2,243	155	2,398	0.30%
Bothell	5,201	3,105	8,306	1.05%
Brier	1,577	228	1,806	0.23%
Carnation	1,012	140	1,151	0.15%
Issaquah	7,083	6,353	13,436	1.70%
Kent	13,623	23,270	36,892	4.65%
Kirkland	10,601	5,753	16,354	2.06%
Lake Forest Park	3,611	500	4,111	0.52%
Mercer Island	7,184	1,508	8,692	1.10%
Pacific	1,562	967	2,529	0.32%
Redmond	15,761	19,438	35,199	4.44%
Renton	16,528	15,963	32,491	4.10%
Seattle	156,810	149,372	306,181	38.63%
Shoreline	15,537	5,108	20,644	2.60%
Tukwila	1,077	6,760	7,837	0.99%
Subtotal	307,194	292,905	600,100	75.72%
Local Sewer Agencies - Districts and Tribes				
Alderwood Water & Wastewater District	37,577	17,110	54,687	6.90%
Cedar River Water & Sewer District	4,170	1,356	5,525	0.70%
Coal Creek Utility District	3,419	1,543	4,962	0.63%
Cross Valley Water District	-	435	435	0.05%
Highlands Sewer District	106	1	107	0.01%
Lakehaven Utility District	1,144	9	1,153	0.15%
Muckleshoot Indian Tribe	357	136	493	0.06%
NE Sammamish Sewer & Water District	4,725	115	4,840	0.61%
Northshore Utility District	20,991	10,553	31,544	3.98%
Olympic View Water & Sewer District	215	-	215	0.03%
Sammamish Plateau Water & Sewer District	12,075	4,614	16,689	2.11%
Skyway Water & Sewer District	4,035	1,261	5,296	0.67%
Soos Creek Water & Sewer District	33,473	6,186	39,659	5.00%
Valley View Sewer District	7,161	9,426	16,587	2.09%
Vashon Sewer District	437	470	907	0.11%
Woodinville Water District	3,068	2,955	6,023	0.76%
Subtotal	132,952	56,170	189,121	23.86%
Non-Municipal Participants and Other Customers	-	3,329	3,329	0.42%
Grand Total	440,146	352,404	792,550	100.00%

Operating Expenditures

WTD's 2026 operating budget is the basis for forecasting operating costs for future years. The 2026 sewer rate and financial forecast included budgeted operating expenditures at \$249 million.

Figure 6 shows the 2025 preliminary actuals compared to the adopted budget, along with the 2025 budget with percentage change, year over year. Of note, the County typically budgets on a biennial schedule, while the sewer rate is based on annual requirements. An annualized version of the biennial appropriation is used in rate-setting.

The 2025 operating expenses shown in Figure 6 reflect the existing operating budget as adopted, including the mid-year supplemental budget capturing unspent contractual commitments carried forward from 2024 as well as unplanned major repairs to the West Point access road.

Figure 6 2025-2026 WTD Operating Expenses (\$ '000s)

Expenditure Category	2025 Revised Budget	2025 Unaudited Actuals	2025 Budget to Actuals Variance	2025 % Budget Spent	2026 Budget	% Change 2025 to 2026
Salaries & Benefits	\$89,525	\$82,662	-\$6,863	92.3%	\$97,485	17.9%
Supplies	\$32,882	\$31,565	-\$1,317	96.0%	\$33,999	7.7%
Services	\$51,738	\$50,162	-\$1,576	97.0%	\$54,958	9.6%
WWGP	\$9,368	\$3,327	-\$6,041	35.5%	\$3,739	12.4%
C&E	\$556	\$393	-\$162	70.8%	\$556	41.3%
Intra-governmental	\$52,628	\$50,597	-\$2,031	96.1%	\$58,563	15.7%
Other	\$0	\$0	\$0	n/a	\$0	n/a
Total	\$236,697	\$218,707	-\$17,991	92.4%	\$249,300	14.0%

Operating Forecast

Before the inflation surge that began in 2022, annual growth in WTD operating expenditures averaged nearly four percent per year. Including the recent high inflation years results in an annual average of 5.3 percent between 2014 and 2025. This growth represents a composite of inflation, supporting new facilities that come online, and maintaining an aging and growing system. Figure 7 shows the annual growth in operating expenditures going back to 2014.

Figure 7 Historical Annual Increase in WTD Operating Expenditures

Year	Operating Expenses	Annual Growth
2014	124,201	6.0%
2015	128,926	3.8%
2016	136,321	5.7%
2017	148,199	8.7%
2018	152,589	3.0%
2019	155,785	2.1%
2020	158,660	1.8%
2021	158,628	0.0%
2022	173,870	9.6%
2023	187,593	7.9%
2024	205,478	9.5%
2025	218,707	6.4%
Average		5.3%

WTD Operating Expenditures Forecast

WTD is maintaining the same bottom-line operating expenses for 2027 as was forecast during the 2026 rate process. This assumes all the budget adds from 2026 are maintained, plus large nondiscretionary adds related to utilities (primarily electricity), chemicals, biosolids hauling, and multiple labor agreement updates, totaling approximately \$13 million in unbudgeted labor costs for the 2026/27 biennium based on current estimates. Given the size of the labor agreement costs and WTD's commitment to focus on the highest efficient use of existing resources, additional staff are not proposed at this time. This will be revisited for the 2028 rate process and 2028-29 proposed budget.

Beyond 2027, incremental operating costs are forecast based on general cost and labor cost inflation at four percent. Growth in operating costs is forecast as shown in Figure 36.

WTD is preparing the specific decision packages for submittal in the 2026-2027 supplemental budget process.

Capital Improvement Program

Portfolio Management

Beginning in 2017, WTD focused on developing a more comprehensive and structured approach to managing its capital program. This work included the goal of aligning the mix of projects in WTD's Capital Improvement Plan (CIP) with its strategic initiatives and overall mission. A pilot of this prioritization approach informed the 2019 sewer rate development and, since then, has been used to inform rate and budget-setting processes.

Projects are organized and prioritized within the following categories:

Figure 8 Capital Portfolio Category Descriptions

Category	Description
Asset Management Plants and Conveyance	Maintain level of service through the rehabilitation or replacement of critical assets.
Capacity Improvement	Increase capacity in WTD facilities to accommodate future growth.
Operational Enhancements	Reduce/improve operating costs at treatment plants through the delivery of projects that create efficiencies.
Regulatory	Deliver projects and programs that respond to permit, regulation, and/or consent decree legal deadlines.
Resiliency	Improve the survivability and operability of core assets against natural disasters through the delivery of projects that address known deficiencies.
Resource Recovery	Support the King County Strategic Climate Action Plan (SCAP) initiative through the delivery of projects that reduce energy use or recover valuable resources from wastewater.
Planning and Administration	Incorporate programs and projects that facilitate execution of the overall capital portfolio through a series of planning- and administration-related efforts.

2025 Performance and Accomplishment Rate

The capital accomplishment rate is the amount of actual or forecasted capital spending that occurs in the year compared with the amount of capital spending planned. WTD's capital program accomplishment rate internal performance target

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of 85 percent for annual expenditures is evaluated against the actual spending in recent years to ensure that it remains a valid performance indicator.

The 2025 aggregated projects forecast was \$534 million. Actual spending totaled \$429 million or 80 percent of the forecast.

Drivers for the 80 percent accomplishment rate against WTD’s internal performance target include two large projects with significant underspend in 2025:

- The West Point Primary Effluent and Return Activated Sludge Pipe Restoration/Replacement project is currently under construction and involves multiple work packages that are dependent on dry season work. Because of this seasonal dependency to accommodate operation of the plant, scope needed to be re-phased and an additional work window in 2028 was added to the schedule. The project finished 2025 spending at \$18 million, or 68 percent of the \$26 million forecast.
- The North Mercer Island and Enatai Interceptors project also is currently under construction; however, the project is experiencing a delay in meeting contractual milestones. The external construction contractors are currently repairing defective work on a portion of the newly installed conveyance line, which has delayed progress on the pump station as well as the remaining work under the conveyance contract. King County is monitoring these contractors on daily activities to get the project back on schedule. The project finished 2025 spending at \$18 million, or 75 percent of the \$24 million forecast.

Figure 9 Previous Accomplishment Rate Measurement

Accomplishment Rate (AR)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Capital Improvement Program	\$207	\$211	\$246	\$262	\$247	\$291	\$360	\$386	\$401	\$534
Actual Annual CIP Spend	\$168	\$188	\$231	\$211	\$199	\$201	\$259	\$351	\$313	\$429
Actual Accomplishment Rate	81%	89%	94%	81%	81%	69%	72%	91%	78%	80%

Risk-Adjusted Accomplishment Rates

Since 2022, as part of developing the proposed 2023 sewer rate, WTD has incorporated an assessment of expected staffing resources and schedule risks into its capital spending assumptions. This approach ensures that WTD does not secure funding for work it does not reasonably expect to deliver. By integrating this risk-based analysis, WTD produced portfolio-level capital forecasts that were lower than the sum of project-by-project estimates traditionally used in the sewer rate model. Since adopting this practice, the difference between actual capital spending and the assumptions used in the sewer rate model has narrowed, indicating improved alignment between planned and achievable capital delivery, as shown in Figure 10.

In developing the 2026 sewer rate proposal, the capital program forecast was reviewed to account for schedule risk and the likelihood that some project expenditures may shift into later years. This review resulted in a risk-adjusted forecast of \$462 million. Compared to this adjusted target, 2025 actual spending of \$429 million represents a 93 percent accomplishment rate.

Figure 10 Historical Accomplishment Rates for the Capital Program (\$ in millions)

Accomplishment Rate (AR)	2022	2023	2024	2025
Risk and Resource Adjusted CIP	\$283	\$362	\$316	\$462
Actual Annual CIP Spend	\$259	\$361	\$313	\$429
Actual Accomplishment Rate of Adj. CIP	91%	100%	99%	93%

Estimated CIP Spending for 2027-2046 Financial Forecast

To develop the 20-year financial forecast, WTD estimates spending for active projects and develops conceptual forecasts for future projects and programs. Updates to project and program spending estimates consider changes in scope, risk, and schedule. The capital component of the forecast’s second decade also incorporates long-term forecast methodology developed by a consultant, Raftelis, to support WTD in response to Council Motion 16449 as interim financial estimates until the Regional Wastewater Services Plan Update provides the long-term capital project plan.

While WTD has prepared a 20-year capital forecast for sewer rate planning, the County budgets capital projects on a six-year CIP schedule. The following five projects are the largest individual components of WTD’s six-year CIP.

Mouth of Duwamish Combined Sewer Overflow

The Mouth of Duwamish Combined Sewer Overflow Program (MDCSO) will control five CSO outfalls in the area of the mouth of the Duwamish River.¹³ The outfalls (called Chelan, Hanford #2, Lander, Kingdome, and King Street) are located in the east and west waterways of the Duwamish River on both sides of Harbor Island and along the Seattle shoreline of Elliott Bay in the neighborhoods of SODO and West Seattle. This work fulfills consent decree requirements with the Washington State Environmental Protection Agency (EPA) and Department of Ecology (Ecology).¹⁴ The program team shared the proposed solution to control the five MDCSO outfalls in May 2025 and is currently doing on-the-ground surveys in the area around the planned facilities.

West Point Electrical Improvements

This program will replace approximately 300 electrical assets, relocate an additional nine electrical assets, and coordinate these efforts with other electrical and asset replacement projects at West Point Treatment Plant (WPTP) in Seattle. WPTP was constructed in the early 1960s and underwent a major expansion during the 1991 Secondary Treatment Facilities project. WPTP electrical assets from the Secondary Treatment Facilities project are now more than 25 years old and reaching the end of their life cycle. Additionally, assets installed during earlier WPTP construction are beyond the end of their life cycle and need replacement as soon as possible. Failure to replace these critical assets may result in diminished reliability, interrupted facility operations, and potential National Pollutant Discharge Elimination System (NPDES) permit violations. The program team forecasts that the improvements will be completed by 2033.

Elliott West Wet Weather Treatment Station

The Elliott West Wet Weather Treatment Station (EWWTS) project consists of new and upgraded treatment facilities to treat CSOs prior to discharge through the existing outfall in Elliott Bay. The project will make improvements that will result in full NPDES permit compliance at the EWWTS. Construction is anticipated to begin in 2027 and extend through 2033.

East Ship Canal Wet Weather Facilities

The conceptual project scope anticipates construction of a large storage facility around the University of Washington and Montlake areas to control and bring into compliance the University and Montlake Regulator Stations, the Belvoir Pump Station, and upgrade the Densmore Pump Station. This project is required by the modified 2013 federal consent decree with the U.S. Department of Justice, the EPA, and Ecology. The project recently secured budget appropriation in the 2026-2027 biennial budget to begin planning and preliminary design activities.

West Point Treatment Plant Critical Gate Refurbishment

The project will restore full functionality to critical treatment plant wastewater flow control gates and their support systems at the WPTP in Seattle. Support systems include operators, hydraulics, and controls. Gates and support systems will be renewed or replaced in kind. The first two major projects identified under this program address the WPTP primary effluent gate and the chlorine mix structure gate. These projects are currently forecasted to be completed by 2029 and 2030, respectively.

Other Capital Projects

New projects, along with updated spending forecasts and schedules for the existing capital program, form the basis for developing the CIP for the financial forecast. The updated forecast includes continued deferral of pipeline capacity projects that have neither a population growth driver nor overflows within the last five years, so that capital delivery capacity can be dedicated to higher-priority system investments.

Figure 110 summarizes the capital investment strategy used to develop the proposed sewer rate forecast.

Figure 11 WTD CIP Investment Strategy

CIP Policy Topic	Basis for Investment Strategy
CSO Consent Decree Cost & Schedule	Maintains project cashflows related to the CSO consent decree to meet 2037 end date. Includes recent cost updates to the Mouth of the Duwamish CSO control program.
Nutrient Removal - Ecology Permit	Includes Nitrogen Reduction Planning, Nutrient Reduction Evaluation Study, and Near-Term Optimization Capital Investments. Includes proactive/multibenefit investment to optimize nitrogen removal at South Plant as comparably modest investments while nutrient regulations are uncertain.
Asset Management (Plants & Conveyance)	Continues sequencing of projects remaining in the current high-risk inventory, then transitions to replacing assets at end of useful life; cost projected to year of replacement
Building for Capacity	Includes conceptual forecasts for projects identified by the Treatment Planning Program and Conveyance System Improvements Program to address plant and conveyance system capacity limitations. Deprioritizes conveyance system projects resulting from inflow and infiltration in the first decade.
Capital Program Staffing	Assumes that a ramp-up of capital delivery continues as WTD continues to hire, onboard, and train additional staff added in previous budget cycles. No additional staffing assumed for 2027.

Capital Expenditure Delivery Capacity Analysis

WTD is preparing for a significant increase in the volume of capital projects it will need to deliver to meet regulatory requirements, address aging infrastructure, and meet the needs of a growing regional population. As the capital program expands, the division is intentionally aligning commitments and funding requests with realistic delivery capacity so that WTD does not secure funding for work that it does not anticipate having resources to deliver.

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Expansion of Full Time Equivalent (FTE) Positions

Between 2021 and 2025, WTD steadily increased the number for FTEs dedicated to capital delivery. This investment has expanded the division's ability to plan, design, and construct projects. During the same period, annual capital expenditures have increased from approximately \$200 million in 2021 to \$429 million in 2025.

Many of the recently added staff are currently assigned to projects in early design phases. As these projects advance to construction, WTD expects a corresponding increase in project throughput and capital spending.

Additional Strategies to Increase Throughput

WTD has implemented several additional strategies to increase delivery capacity. These include:

- Aligned project delivery staff with operational facilities, which reduces onboarding time and improves coordination.
- Expanded consultant support in engineering and program management to support internal staff.
- Bundled discrete scopes of work into larger contract packages to reduce the number of procurements and accelerate delivery.
- Increased use of alternative delivery when appropriate to improve schedule and cost certainty.
- Enhanced contractor outreach to strengthen WTD's position as an owner of choice and encourage competitive bidding.

Mega Project Delivery Considerations

A significant portion of forecasted spending through 2036 is being driven by mega projects with costs exceeding \$1 billion. These projects benefit from economies of scale in staffing, as they typically rely on a relatively small team of internal staff, supported by large consultant teams. Construction costs also represent a larger share of total overall costs when compared to typical projects.

For example, to deliver the Brightwater Treatment Plant, which cost \$900 million, about three percent of the total cost was WTD staff labor and about 13 percent was consultant labor. The remaining costs were land purchases, permitting, and construction.

Pre-Budget Capacity Analysis

The 2026-2027 Biennial budget and six-year CIP form the basis of the WTD capital forecast. To assess delivery capacity, WTD performed two complementary analyses during budget request development.

Model 1: Qualitative Assessment by Project Delivery Managers

WTD delivers projects using a matrixed staffing model. Project teams are composed of cross-functional staff from managerial units organized by functional discipline, such as engineering or construction management. Each discipline is managed by a functional unit manager responsible for assigning staff to cross-functional project teams.

These functional unit managers conducted a qualitative review of staffing based on professional judgement and knowledge of anticipated workloads. Because capital projects vary widely in scope and complexity, this approach focused on understanding the nature of upcoming work and the cross-functional labor required.

Each unit evaluated its current workload and identified available capacity to initiate new projects in 2026. This established a baseline for near-term delivery capacity. Managers then projected staffing needs for 2027 and identified the additional positions needed to deliver the planned work. This resulting staffing gap informed the 2026 FTE request. Division leadership refined this request prior to budget submittal.

Model 2: Quantitative Forecasting Using Project Level Labor Data

WTD also piloted a quantitative resource forecasting model that estimates staffing needs based on the project-level labor forecast included in the 2026–2027 capital budget requests. The model incorporates historical project labor

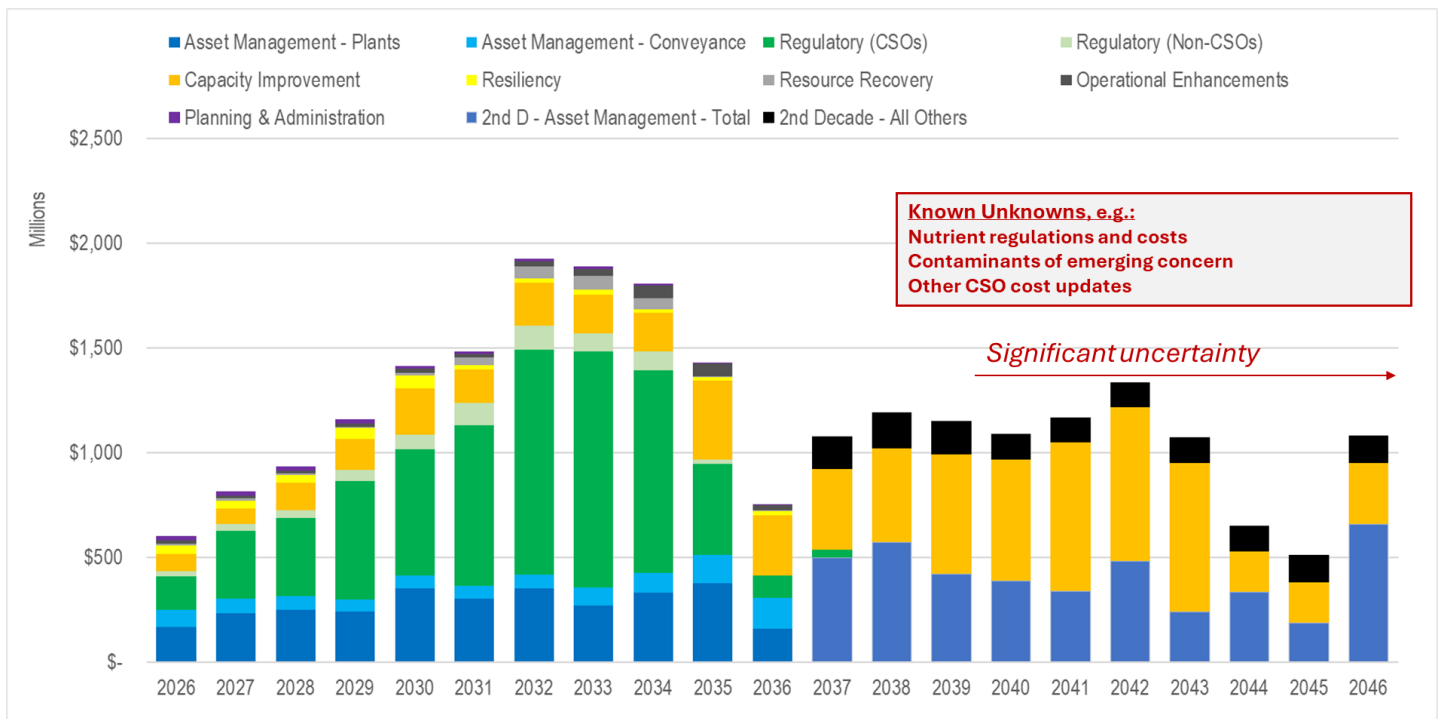
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expenditure data, forecasted labor needs for ongoing projects, and standard labor-hour assumptions to convert hours into FTEs.

The model's results closely aligned with the staffing needs identified through qualitative assessment, validating its results. WTD will continue to refine the model by comparing forecasted labor demand with actual labor data. Over time, WTD anticipates using this tool to help model staff labor demand and capacity.

Figure 12 shows the annual capital investments included in the proposed sewer rate and financial forecast in their respective portfolio categories.

Figure 12 Proposed Capital Investments by Portfolio Category for 20-Year Forecast



Capital Improvement Program Funding

The capital improvement program is funded by two primary sources: 1) cash generated from the sewer rate and capacity charge revenues; and 2) debt financing from revenue bonds or low-interest state and federal loan programs.

Cash Funding

Since 2023, WTD has used an original cost depreciation method for setting cash funding targets for its capital program.¹⁵ This method consists of targeting annual cash funding generated from sewer rate revenue, equivalent to WTD’s annual depreciation (including estimated new depreciation resulting from completion of projects in the CIP that become depreciating assets). The total forecasted depreciation over the next 10 years translates into approximately 27 percent of the total CIP. Cash-funding requirements are averaged over the next 10 years of the forecast period, allowing WTD to smooth rate increases and produce a more stable rate path.

Since the target cash funding is accumulated over the course of the year, a single year-end transfer to the construction fund from the operating fund makes the cash available for funding capital projects in the following year.

Debt Financing

Debt financing is used to provide the remaining funds needed after the use of cash. Debt financing represents 73 percent of total project funding over the next 10 years. The main sources of debt available to WTD include state loans, federal Water Infrastructure Finance and Innovation Act (WIFIA) loans, and revenue bonds.¹⁶

As interest rates began rising in 2022, WTD successfully reduced its reliance on issuing new high-interest revenue bonds in 2022 and 2023. This was possible due to a large bond issuance in 2020 at record-low interest rates, low-cost commercial paper for interim financing, and the availability of state and federal loans at below-market interest rates.

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With reduction in interest rates beginning in the second half of 2024, WTD raised funds again from the bond markets. In 2025, WTD raised \$565.0 million from new bond issuances, including \$400.0 million new money for capital funding and balance \$165.0 million for refunding. WTD also signed Tranche 3 under the WIFIA Master Agreement for \$65.0 million for its Black Diamond Trunk Capacity upgrade project in January 2026.

Figure 13 Capital Funding Sources Figure 13 shows the capital funding forecast and the use of various debt instruments secured to fund the capital program. The higher cash funding shown in 2026 is the result of WTD’s debt issuance in November 2025 to fund capital programs in 2026.

Since state and federal loans work on a reimbursement basis, WTD needs to issue interim debt prior to being reimbursed for the project costs. Once reimbursed, WTD can retire the interim debt, which is then available for future projects that require interim financing. By 2032, WTD plans to draw on its \$255.4 million WIFIA loan to reimburse interim debt. This strategy is beneficial as WTD can use low-interest interim debt during the construction period while remaining eligible for an interest rate reduction, provided the loan remains undrawn, capital expenditure does not exceed 51 percent of total costs, and the State and Local Government Services (SLGS) rate is lower than when the loan agreement was first signed.¹⁷

Figure 13 Capital Funding Sources

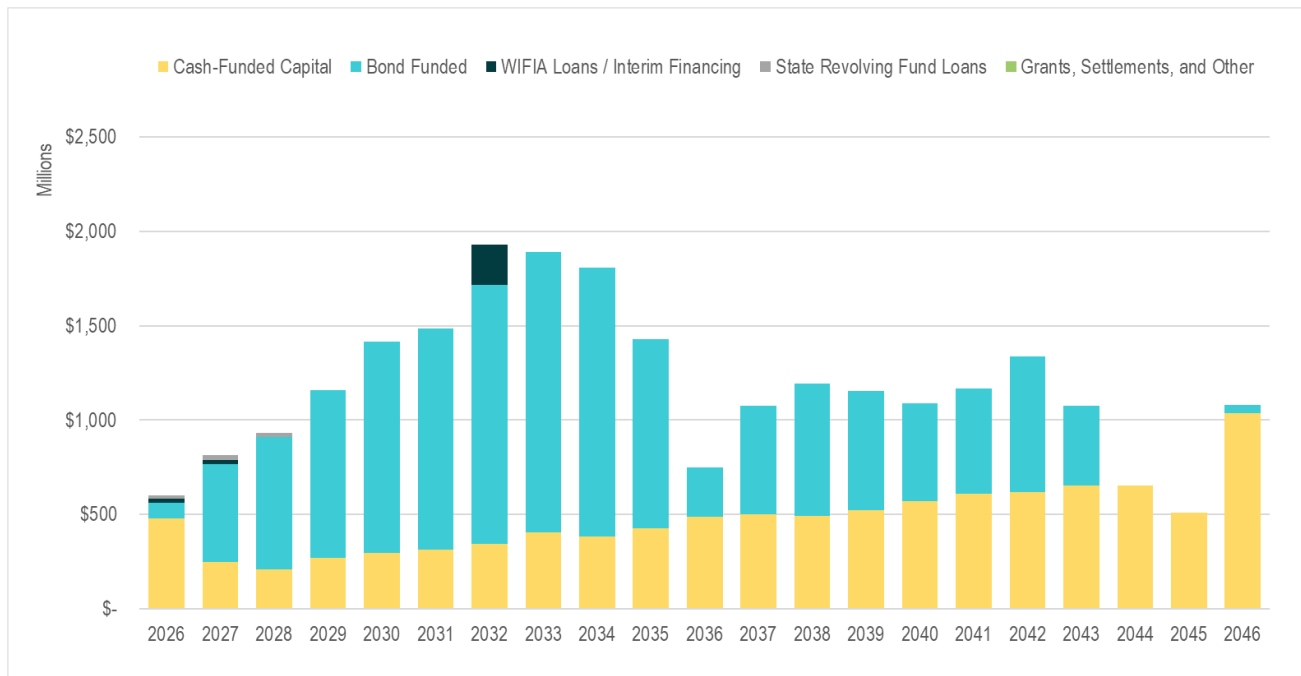


Figure 14 illustrates how, as existing debt is retired, repayment capacity is replaced by new debt issued to fund the capital program.

Figure 15 shows how WTD’s debt-to-asset ratio declines over time, demonstrating the higher cash funding percentage over time and an increase in the total asset base as capital expenditure ramps up.

Figure 14 Existing and New Debt Balances

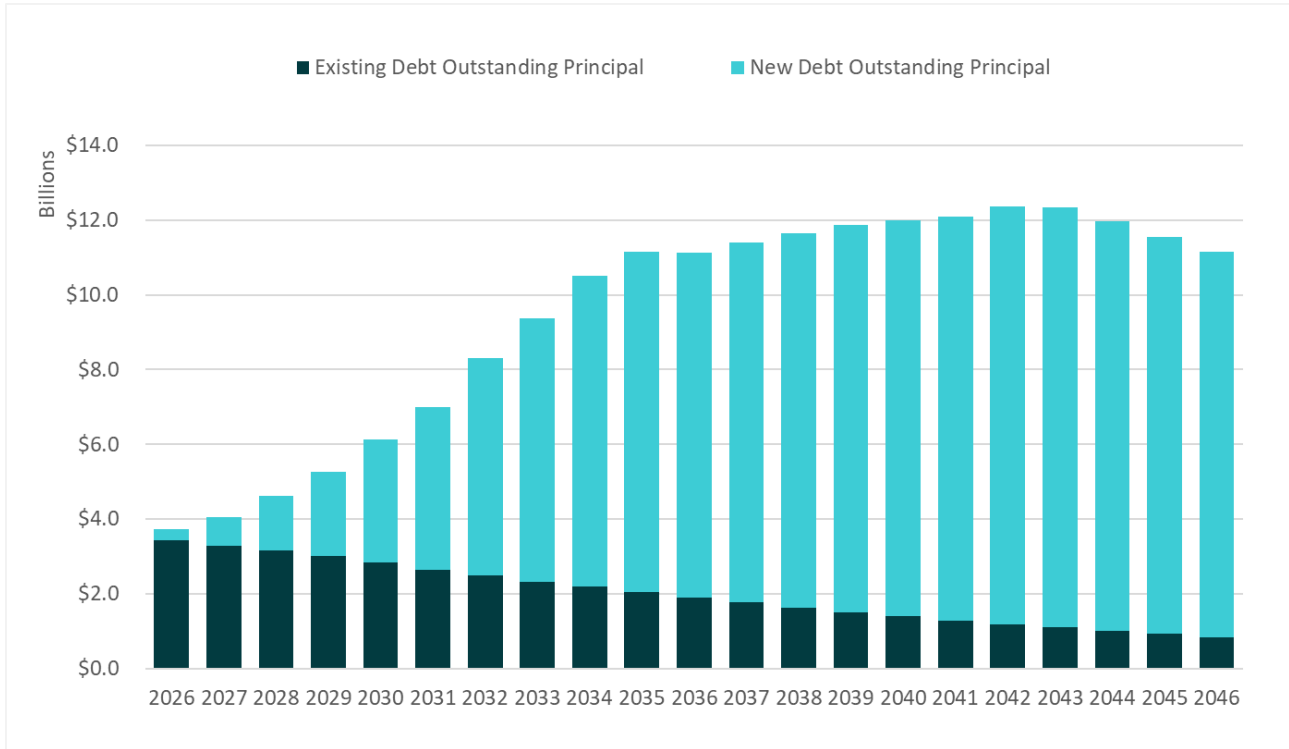
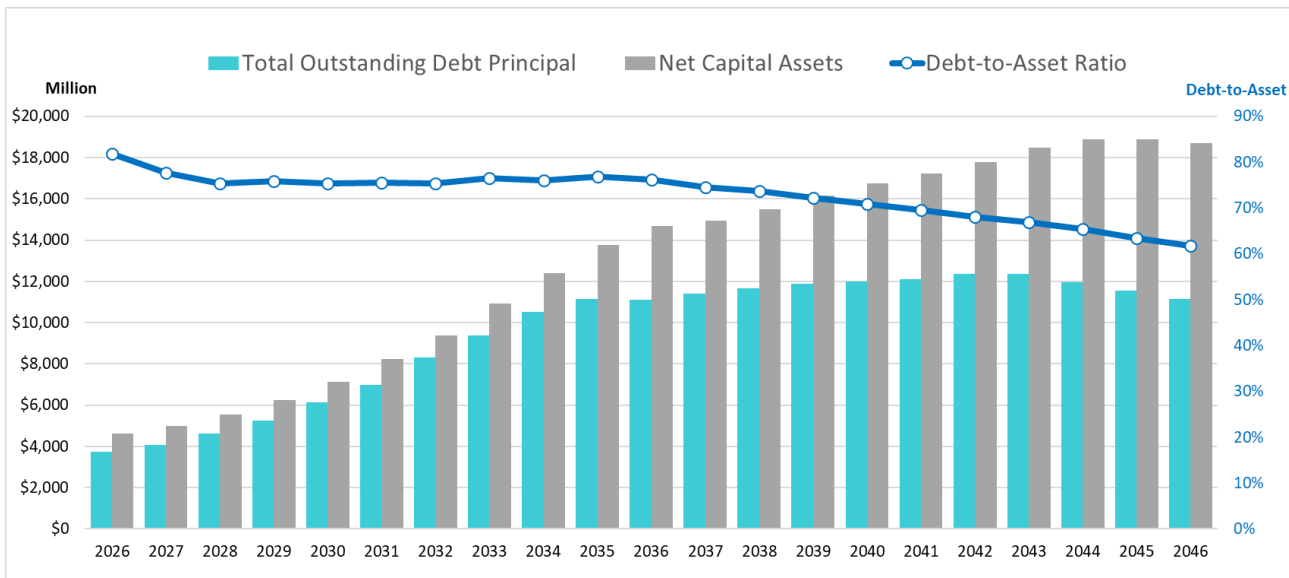


Figure 15 Debt to Asset Balance



State Revolving Fund Loans

Joint Ship Canal Water Quality Project. In 2022, the Joint Ship Canal project was awarded \$3 million in addition to \$23 million awarded in 2021, for a total of \$26 million at a 1.4 percent interest rate. The \$26 million state revolving fund (SRF) loan amendment was approved by Ordinance 19575 in February 2023. It will provide \$12.6 million in total savings

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over a 30-year period due to a low interest rate.¹⁸ WTD drew \$11.4 million from this loan and expects to fund the balance costs via the WIFIA loan as construction progresses over the course of 2026 and 2027.

Multiple SRF Loan Agreements. In 2024, Council approved multiple SRF loan agreements with Ecology to support key wastewater projects. On February 27, 2024, Council approved a \$9.4 million SRF loan at 1.4 percent interest over 30 years for the West Point Passive Weir Emergency Bypass project.¹⁹ On September 24, 2024, Council approved two 20-year SRF loan agreements to fund \$10.2 million for the West Duwamish CSO Control project's design and \$14.9 million for the West Point Treatment Plant Raw Sewage Pump Replacement project at 1.2 percent interest.²⁰ On December 10, 2024, Council approved two additional 20-year SRF loans at 1.2 percent interest, including \$1.1 million for the West Point Treatment Plant Grit Classifier Replacement project and \$8.1 million for the Sammamish Plateau Diversion project.²¹ The \$43.7 million in SRF funding will provide an estimated \$22.6 million in total savings over the life of the loans.

In 2025, Council approved additional \$43.9 million loan at 1.6 percent for West Duwamish CSO Control project's construction.

Water Infrastructure Finance and Innovation Act Loans

Joint Ship Canal Water Quality Project. In January 2021, WTD was awarded a \$96.8 million WIFIA loan at 1.69 percent interest, which will provide an estimated \$32.5 million in total savings over a 35-year period due to a low interest rate. In April 2024, WTD made its first \$9.6 million draw and in December 2025, WTD made an additional \$33.3 million draw, with the final draw to occur by March 2028. WTD plans on drawing from this loan as construction progresses over the course of 2026 and 2027.

WIFIA Master Agreement. In January 2024, the County was awarded its first WIFIA Master Agreement for the King County Wastewater 2024 Improvement Projects in the amount of \$498.3 million. The Master Agreement will finance 11 water quality projects across four separate loan tranches over the eight years of construction. The first loan tranche was signed in conjunction with the Master Agreement in the amount of \$194.1 million at 4.4 percent interest for the group of West Point Treatment Plant projects. In December 2024, WTD signed its second loan tranche in the amount of \$89.9 million at 4.44 percent interest for two projects at South Plant. In January 2026, WTD signed its third tranche in the amount of \$65.0 million at 4.79 percent interest for the Black Diamond Trunk Capacity upgrade project. WTD plans to initially fund these projects with low-cost interim commercial paper and draw from the loans later.²² Although the interest rate is higher than prior WIFIA loan agreements, WTD can apply for an interest rate reduction over the next several years, which would reduce WTD's expected debt service. The subsequent loan tranche (totaling \$149.3 million) is slated to be signed in 2026.

Proposed Legislation to Restore Tax-Exempt Advanced Refunding

Tax-exempt bonds are issued by state and local governments for public infrastructure projects. WTD uses tax-exempt bond financing as its primary source of long-term financing for the capital program. Investors who purchase these bonds are exempt from paying federal income tax on interest earnings, so they are willing to buy the bonds at a lower interest rate than those of conventional bonds, which translates as lower-cost debt to the borrower. Prior to the 2017 federal Tax Cuts and Jobs Act (TCJA), tax-exempt advance refunding bonds could be issued to refund outstanding tax-exempt debt with higher-than-current-market interest rates.²³ The TCJA eliminated tax-exempt advance refunding bonds.

In April 2025, proposed federal legislation, S.1481–LOCAL Infrastructure ACT, the Lifting Our Communities through Advance Liquidity for Infrastructure Act, was introduced in the U.S. House of Representatives. This is the most recent piece of legislation that would restore the tax-exempt status of advance refunding bonds.²⁴ WTD is closely monitoring the viability of this effort as it moves through the legislative process and has prepared a list of potential refunding opportunities should the legislation be enacted.

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The current restriction resulting from the TCJA on issuing tax-exempt advance refunding bonds does not limit the use of cash for advance refunding. In comparison with issuing tax-exempt advance refunding bonds, the ability to take high-interest-rate debt off the books through defeasance is limited by the utility's ability to generate cash from ongoing revenue sources.

The Financial Data Transparency Act of 2022

Former President Biden signed the Financial Data Transparency Act of 2022 (FDTA) into law in December 2022.²⁵ The FDTA sets forth a sequence of regulatory steps to implement structured data requirements for the securities markets, including the municipal bond market, with the goal of providing machine-readable, searchable, comparable (e.g., standardized), structured financial data to investors and others. Along with other federal financial regulatory agencies, the federal Securities and Exchange Commission (SEC) is required to adopt data standards, including municipal market data standards for information submitted to the Municipal Securities Rulemaking Board (MSRB).

The sequence of regulatory steps is expected to take place during 2026, with municipal market data standards adopted by December 2026. Compliance is expected to begin in 2027. WTD is following this development closely with bond counsel and the County's financial advisor.

Defeasance

Defeasance is the process of setting aside funds or assets to repay a debt or obligation, thereby releasing the debtor from further liability. Cash generated from WTD's funding policy (see cash funding section above) can be used to directly fund capital spending or to pay down higher-interest outstanding debt. This accomplishes the same debt-balance outcome as directly cash-funding the CIP, while replacing high-interest-rate debt with lower-interest-rate new debt in the current market. A defeasance transaction usually occurs when interest rates are favorable enough to achieve maximum savings and meet the County's minimum savings threshold of five percent of the par amount of the refunded bond.²⁶ In February 2025, WTD defeased \$92.3 million of bonds and generated \$8.6 million in total savings and \$7.2 million in present-value savings through this mechanism.²⁷

Figure 16 demonstrates how the use of the cash collected from sewer rate revenue for CIP funding can be used for defeasance and accomplish the same debt-balance management goal.

In the no-defeasance scenario, new bonds are issued and added to the debt balance at 60 percent of the annual CIP, while the remaining 40 percent is cash-funded. The sample ending debt balance in this scenario is \$800.

In the defeasance scenario, additional debt is issued to cover the full CIP (rather than 60 percent), which frees the cash from rates to pay down outstanding higher-interest-rate debt. There is an effective exchange of higher-interest-rate debt on the books for lower-interest-rate debt available at current market conditions. The sample ending debt balance in this scenario is also \$800.

Figure 16 Sample Defeasance

Capital Funding No Defeasance					
CIP	100	100	100	100	100
Cash from Sewer Rate Revenue	40	40	40	40	40
New Debt Proceeds	60	60	60	60	60
Total Funding	100	100	100	100	100
Beginning Debt Balance	500	560	620	680	740
Plus New Issuance	60	60	60	60	60
less: Defeasance	-	-	-	-	-
Outstanding Debt Balance Y-E	560	620	680	740	800
Capital Funding 100% Use of Cash for Defeasance					
CIP	100	100	100	100	100
Cash from Sewer Rate Revenue	40	40	40	40	40
New Debt Proceeds	100	100	100	100	100
Total Funding	140	140	140	140	140
Beginning Debt Balance	500	560	620	680	740
Plus New Issuance	100	100	100	100	100
less: Defeasance	(40)	(40)	(40)	(40)	(40)
Outstanding Debt Balance Y-E	560	620	680	740	800

Reserves Management

WTD maintains financial reserves that address minimums required by debt covenants (contracts), working capital targets, management of loan proceeds, and other capital resources, rate increase smoothing, and mitigation of revenue risk. This section describes those reserves and the reserve levels targeted in the financial forecast.

Figure 17 Summary of WTD Reserves²⁸

Reserve Name	Policy Goal or Purpose	Establishment	American Water Works Assoc. Description
Liquidity Reserve	10% of operating expenses (equivalent to 36 "days" of cash) plus \$5 million of ending cash balance in the capital fund. In addition, WTD maintains a \$35 million 'Capital Liquidity Threshold' to manage monthly cash flow fluctuations	In 2012 by Motion 13798	Maintaining adequate operating reserves enhance a system's ability to manage potential risks, provides the ability to manage fluctuations in revenue, and the ability to meet working capital needs
Capital Emergency Reserve	\$15 million for "unanticipated system repairs or equipment replacement in the event of a natural disaster or some unforeseen system failure"	In 2012 by Motion 13798	Even with the most diligent capital planning efforts, utilities must be prepared for unplanned or accelerated capital projects
Rate Stabilization Reserve	Allow WTD to "adopt a multiyear sewer rate to provide stable costs to sewer customers" and "ensure that adequate funds are available to sustain the rate through completion of the rate cycle"	In 1999 by the RWSP adopted by Ordinance 13680	When specifically included in a utility's bond indenture, rate stabilization reserves can be used to help meet debt service coverage requirements during times of revenue shortfalls
Voluntary Operating Reserve	Supports debt service obligations but is not legally or contractually restricted. Improves overall liquidity and financial metrics by increasing current assets.	In 2025 from the released debt service reserve, as per the springing amendment.	
SRF Loans Debt Service Reserve*	Amount equivalent to the average annual debt service of each loan	Loan agreements adopted by individual ordinances	

*Ecology eliminated this provision for loans awarded after 2018

WTD Operating Fund 4611

Unrestricted Operating Balances

The Operating Fund is where WTD's daily expenses, such as most personnel costs, supplies, and other costs associated with operating and maintaining the utility, are funded. Funds exceeding minimum reserve levels in the Operating Fund at year-end are unrestricted and evaluated for optimal use. Some uses for unrestricted funds include potential transfer to the Construction Fund or contribution to defeasance transactions.

Liquidity Reserve

The Liquidity Reserve is targeted to provide sufficient cash balances for variance of revenue and expenditure cycles throughout the year. The working capital target is established as 10 percent of operating expenditures in any given year. As a result, a reserve increase must be funded each year as operating expenditures increase. The proposed 2027-2046 financial forecast includes \$26.8 million in Operating Liquidity Reserve, \$5 million in the Capital Liquidity Reserve, and \$35 million in the Capital Liquidity Threshold for 2027.

Voluntary Operating Reserve

The Washington State Auditor's Office publishes financial ratios for government agencies in its Financial Intelligence Tool (FIT). In mid-2024, the State Auditor began publishing ratios for King County's major enterprise funds for the first time and WTD showed a "concerning" indicator.

One of those indicators is the current ratio (current assets divided by current liabilities), which should be at least 1.0. For 2023, WTD's ratio was 1.05, only slightly above the minimum target. Given the current ratio concerns and the importance ratings agencies place on unrestricted liquidity, WTD is establishing a "voluntary reserve" in Fund 4611. These funds are not legally restricted by bond covenants but using those funds would likely result in negative consequences from bondholders and ratings agencies, including potentially higher future borrowing costs. The voluntary reserve currently consists of \$103 million in the operating fund.

Rate Stabilization Reserve

A Rate Stabilization Reserve (RSR) is unique in that bond covenants are written to allow that, in any given year, use of this reserve can be recognized as revenue eligible for inclusion in the bond coverage calculation. In years that WTD contributes to this reserve from WTD Fund revenues, that portion of revenue is deducted from the revenue basis for calculating bond coverage. This allows WTD to use reserves to manage rate levels without compromising the ability to meet annual bond coverage targets. Funds in the RSR also enhance the liquidity metrics used by the rating agencies when they evaluate WTD's credit quality.²⁹

WTD considers the use of reserve balances in the context of Ordinance 19782, which states that the RSR is for the purpose of smoothing rates between years.³⁰ Use of reserves represents a one-time resource, and excess reserves should be applied to one-time expenditures. There is no planned use of the RSR (\$46.25 million) in the proposed 2027-2036 sewer rate forecast. There has been interest from stakeholders in WTD transitioning to a multiyear rate proposal beginning in 2028. If implemented, the RSR could be used in the event of a revenue shortfall in later years of the rate cycle.

WTD Construction Fund 3611

Unrestricted Construction Fund Balances

WTD's Construction Fund is where capital project costs are charged, loan proceeds are reserved and spent, transfers are received for cash-funded capital from the Operating Fund, and capital reserves, such as the Asset Management Reserve, are maintained. Accumulated reserves above the policy minimum are used to fund projects.

Capital Liquidity Reserve and Threshold

In 2024, WTD established a minimum \$35 million ending balance in the capital fund (Capital Liquidity Threshold) to complement its \$5 million Capital Liquidity Reserve. This change reflects the increase in monthly capital spending since the inception of the policy. The Construction Fund balance is projected to end at the \$40 million liquidity reserve (\$5 million reserve + \$35 million threshold) target in each year of the financial forecast.

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Asset Management Reserve

The Asset Management Reserve is maintained as an emergency reserve and, as such, is not forecast to deviate from the \$15 million balance. This reserve could be an important resource if an asset failure should occur during a period of significant revenue constraint.

Debt Reserve Funds 8921 and 8922

WTD's debt reserve minimums were originally established as a requirement in bond covenants or by the loan-granting agency. However, with 51 percent of bondholders consenting to the "Springing Amendment" through their purchase of parity bonds, WTD is no longer required to maintain an amount equal to the maximum annual debt service on outstanding parity bonds in the Debt Service Reserve Fund (DSRF).^{31, 32, 33} In June 2024, Council approved Ordinance 19785, which not only authorized the issuance of \$1.2 billion in senior lien debt through December 2026, but it also provided the framework for the King County Finance Director to change the definition of reserve requirement. This means the County can create different reserve requirements for different sets of parity bonds, including the bonds themselves. The County could also lower any reserve requirement, even down to zero, in any calendar year, as long as it is less than the maximum annual parity debt service. In 2025, WTD sprung the entire cash portion of the DSRF into a Redemption Account (\$37.0 million) to fund future bond payments, a Voluntary Reserve (\$83.2 million) to act as cash on hand to manage short-term liquidity, and into longer dated investments managed by the County (\$10.6 million).³⁴ A Debt Redemption Account is a restricted account used to accumulate funds designated for the repayment, redemption, or defeasance of outstanding debt obligations. Amounts held in the account may be used to pay scheduled principal and interest or to retire debt prior to maturity in accordance with bond covenants or applicable financial policies. Currently, there are no funds in the DSRF. WTD has still maintained its investments of \$29.6 million in surety bonds.

Ecology had a reserve requirement but eliminated this provision for loans awarded after 2018. Reserves for pre-2018 Ecology loans decreased from \$13.5 million to just \$219,400 after the refunding of a group of loans in 2021 and the repayment of the Denny Way Elliott West Pipeline SRF loan. The current balance is also \$219,400 as of December 31, 2025.

Figure 18 Surety Bond Summary

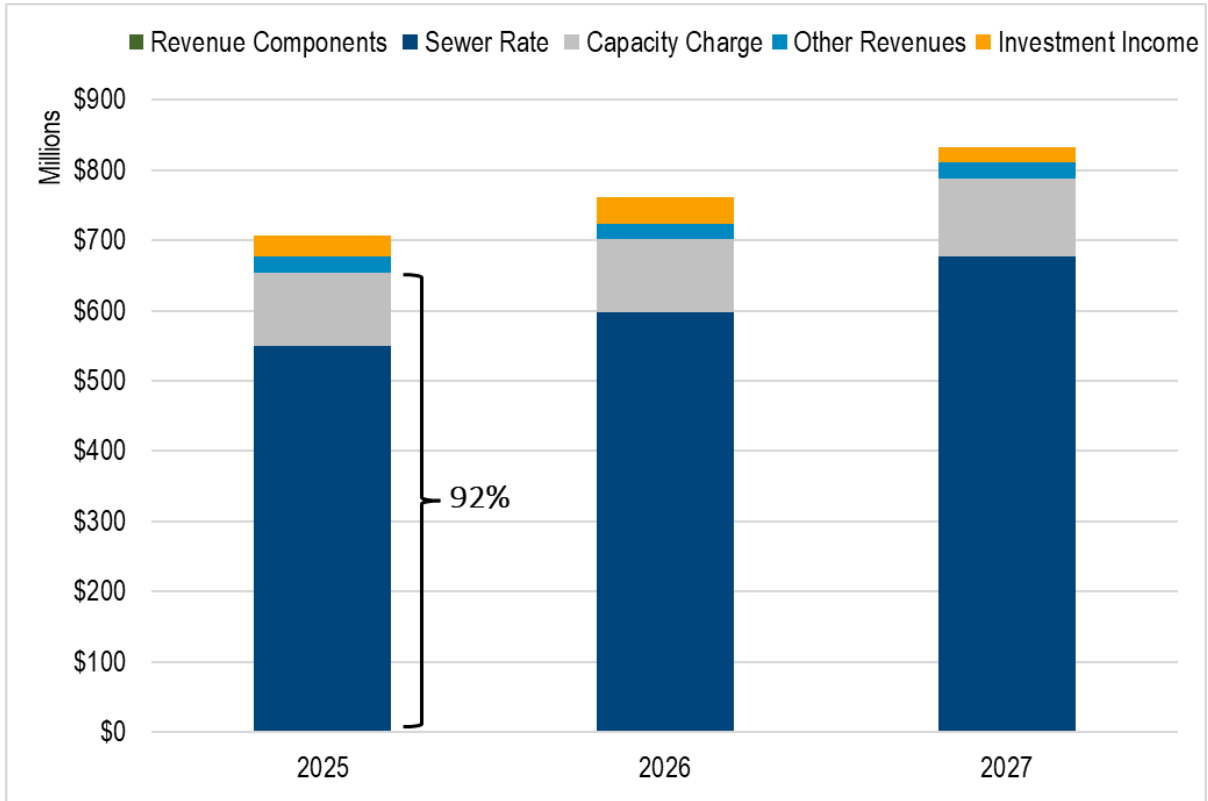
Source	Provider	Amount	Moody's/S&P Rating	Expiration
Surety Bonds	National Public Finance Guaranty Corp.	\$ 5,010,273	A3/A	2035
	Assured Guaranty Municipal Corp.	\$ 4,880,916	A3/AA	2036
	Assured Guaranty Municipal Corp.	\$ 7,189,850	A3/AA	2036
	Assured Guaranty Municipal Corp.	\$ 12,500,001	A3/AA	2047
	Subtotal	\$ 29,581,040		

Revenue

Once WTD's operating and capital obligations have been forecast, the revenue requirement can be calculated. The sewer rate and capacity charge, together, made up 92 percent of total operating revenues for 2025. Figure 19 shows WTD's 2025 revenue and projected 2026 and 2027 revenue by source.

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Figure 19 Operating Revenue Components Sorted by Size



Revenue Requirement

Two tests guide rate setting and determine a utility’s annual revenue requirement: the cash test and the debt service coverage test.

Cash Test

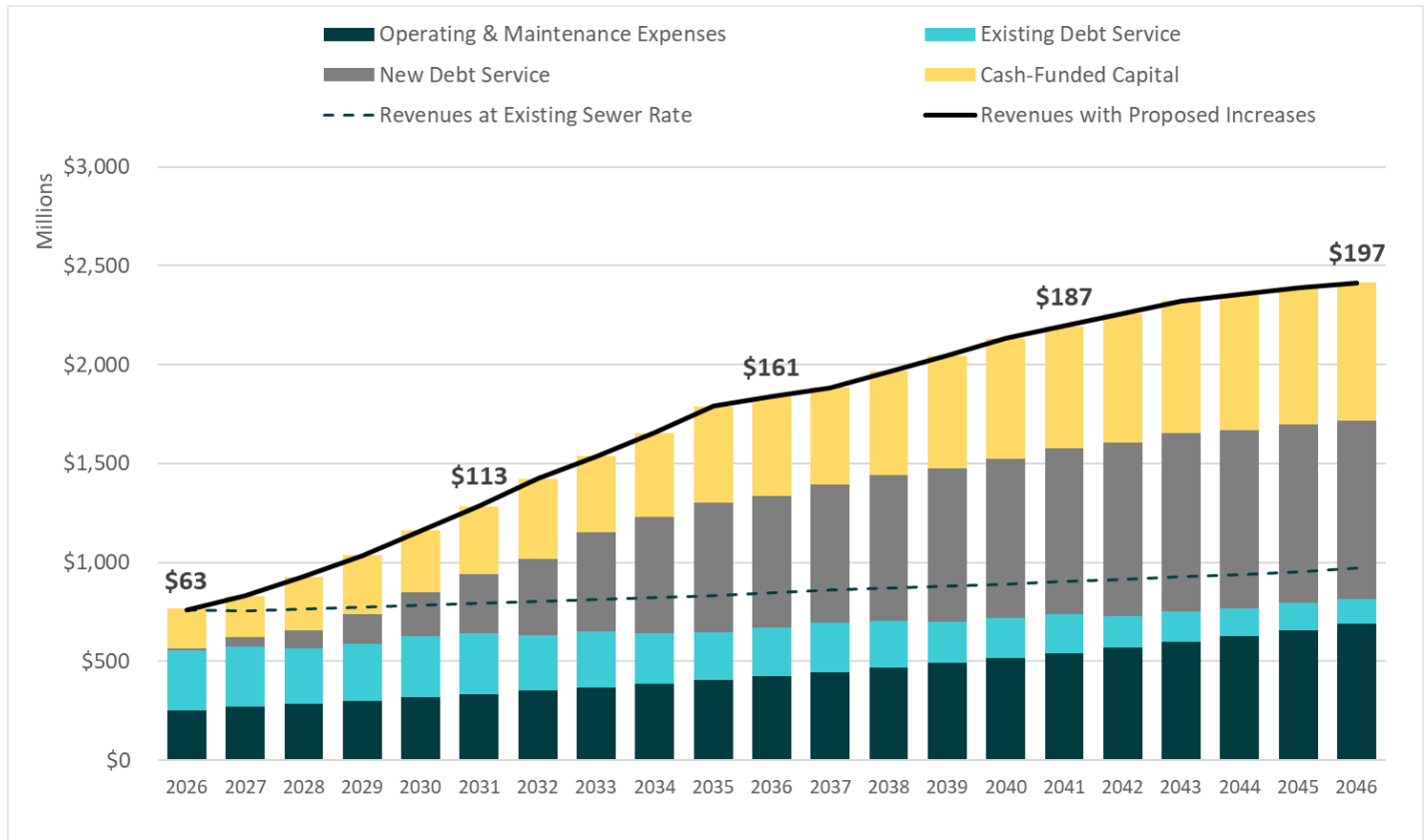
The utility must first ensure that it can support its cash obligations, including operating expenditures, debt service repayment, and any financial policy targets, such as cash to fund the capital program.

King County Code 28.86.160 Financial Policies state:

King County shall charge its customers sewer rates and capacity charges sufficient to cover the costs of constructing and operating its wastewater system. Revenues shall be sufficient to maintain capital assets in sound working condition, providing for maintenance and rehabilitation of facilities so that total system costs are minimized while continuing to provide reliable, high-quality service and maintaining high water quality standards.³⁵

Figure 20 shows the components that make up the total annual revenue requirement, compared with revenue under the existing sewer rate.

Figure 20 2026 - 2046 Sewer Rate Forecast Revenue Requirement



Beginning from the bottom of Figure 20, the first stack (dark blue) in the bar represents the annual operating and maintenance (O&M) expenses with projected inflation and growth. The second stack (teal) shows the debt service obligations for existing outstanding WTD debt. The third stack (gray) represents new debt service repayments generated by funding the capital program in this forecast. The top stack (yellow) represents the policy to cash-fund the capital program from revenue, at an amount based on annual depreciation.

The dashed line shows the forecasted level of revenue generated if the sewer rate were to remain at the current 2026 rate of \$62.66 for all years of the forecast, to demonstrate the utility’s funding gap at the current rate. The solid line at the top of the bars shows the revenue meeting the annual requirement in each year based on the proposed rate forecast.

Figure 21 Proposed 2026 Sewer Rate and 2027-2045 Forecast [also available on page 6]

	Adopted	Proposed									
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Rate Increase %	7.50%	12.75%	12.75%	12.75%	12.75%	11.25%	11.25%	8.00%	8.00%	8.00%	1.75%
Monthly Sewer Rate	\$62.66	\$70.65	\$79.66	\$89.82	\$101.28	\$112.68	\$125.36	\$135.39	\$146.23	\$157.93	\$160.70
Rate Increase \$	\$4.38	\$7.99	\$9.01	\$10.16	\$11.46	\$11.40	\$12.68	\$10.03	\$10.84	\$11.70	\$2.77
All-In Debt Service Coverage	1.62x	1.60x	1.74x	1.68x	1.60x	1.58x	1.61x	1.49x	1.51x	1.55x	1.55x
		2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Rate Increase %		1.75%	3.75%	3.75%	3.75%	2.25%	2.25%	2.25%	0.50%	0.50%	0.00%
Monthly Sewer Rate		\$163.52	\$169.66	\$176.03	\$182.64	\$186.75	\$190.96	\$195.26	\$196.24	\$197.23	\$197.23
Rate Increase \$		\$2.82	\$6.14	\$6.37	\$6.61	\$4.11	\$4.21	\$4.30	\$0.98	\$0.99	\$0.00
All-In Debt Service Coverage		1.52x	1.54x	1.58x	1.61x	1.60x	1.63x	1.64x	1.66x	1.67x	1.69x

Debt Service Coverage Ratio Test

The second revenue requirement test is the debt service coverage ratio (DSC) test. DSC is a financial metric used to assess an entity's ability to generate enough cash to cover its debt service obligations. DSC is calculated by taking free cash flow, cash available after paying for operation and maintenance, and dividing it by current debt obligations. DSC is broadly used in the industry and is of particular interest to rating agencies. MWPAAC recommended WTD maintain a DSC ratio above 1.40 in 2017 and WTD must maintain a DSC above 1.15 per bond Ordinance. The sewer rate proposal and financial forecast produce a DSC ratio of free cash flow to current debt obligations ranging from 1.49 to 1.74. As shown in Figure 22, WTD's historical coverage performance has increased steadily since 2016 and achieved a record-high DSC in 2024. WTD's bond ratings did not change in 2025, although the DSC decreased slightly to 1.86.

Figure 22 History of WTD DSC and Ratings

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
WTD All-in DSC Ratio	1.24x	1.33x	1.30x	1.32x	1.28x	1.33x	1.33x	1.36x	1.41x	1.51x	1.49x	1.58x	1.56x	1.57x	1.72x	1.77x	1.91x	1.86x
S&P Rating	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+
Moody's Rating	Aa3	Aa3	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1

Sewer Rate

Sewer rate revenue is the largest component of WTD operating revenues at 78 percent. Single-Family Residential (SFR) customers make up 56 percent of the sewer rate customer base and are billed at one unit per household, regardless of water use. The remaining 44 percent of residential customer equivalents (RCEs) are comprised of commercial and multifamily customers in a combined rate class. An RCE is a unit used for billing purposes that converts reported water use (as a proxy for sewage flows) to the approximate equivalent of one SFR. As defined in the LSA contracts and King County Code 28.86.160, Financial Policy 15, one RCE is equal to 750 cubic feet of water usage per month.

Billing Structure

In contrast to the retail agencies that read meters and bill customers, either monthly or bimonthly, RCE reporting and billing are performed on a quarterly cycle. As shown in Figure 230, billings for the SFR class in a given quarter are based on RCEs reported in the quarter before the previous one (e.g., Q2 billing is based on Q4 reported).

The commercial and multifamily billing structure includes additional delays because these billings are based on a quarterly rolling average of RCEs, with the intent of minimizing variability of billings to the agencies. Figure 24 shows there is significant seasonal variability to flow, which the quarterly rolling average smooths. There was a significant drop in flow-based RCEs in 2020 as a result of the COVID-19 pandemic, but they have now recovered to pre-pandemic levels.

Figure 23 RCE Reporting to Sewer Rate Billing Lag

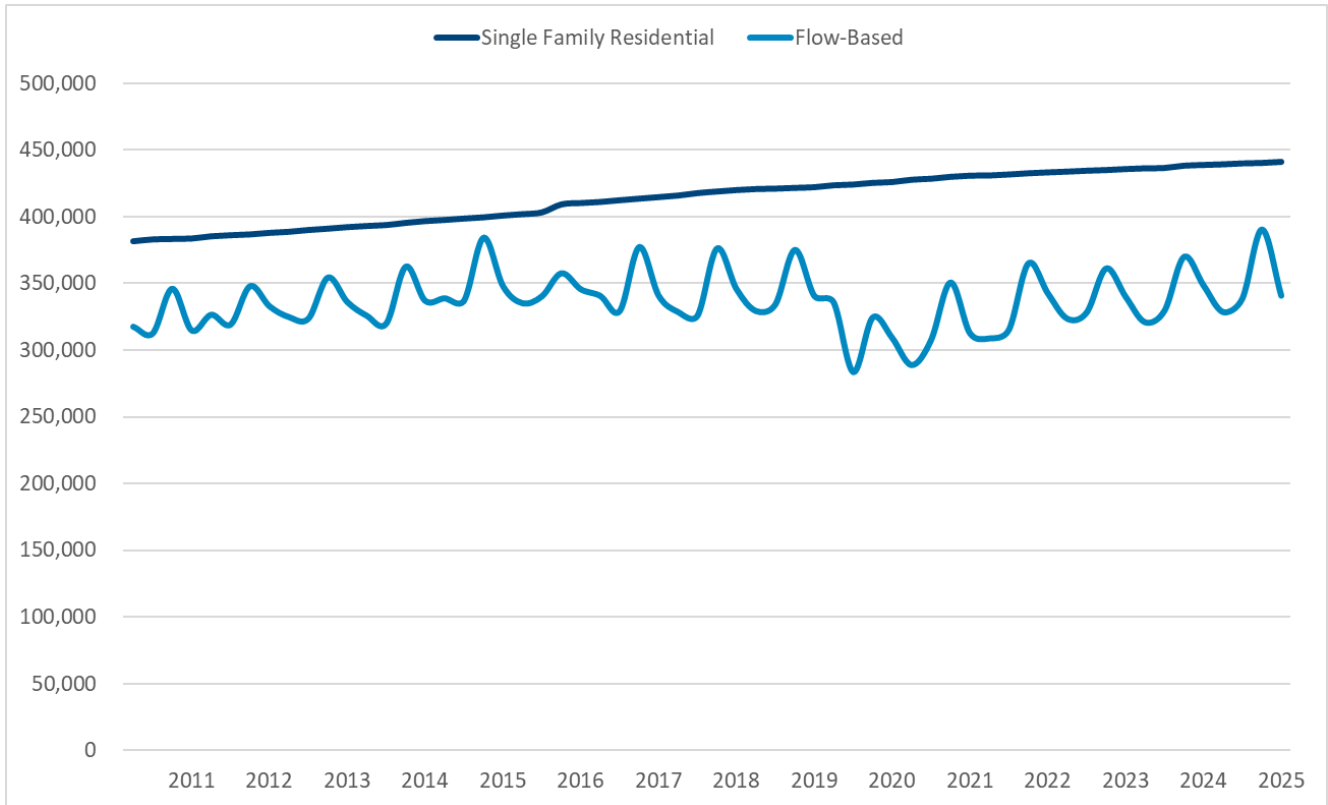
	2024				2025	
	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24	Q2-24
Single Family Residential				Reported		Billed
Commercial / Multi-Family	Four quarter average					Billed

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Figure 24 shows the historical trend in total customers billed since 2011.

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Figure 24 Reported SFRs and Flow-Based RCEs by Quarter (2011-2025)



Historical Sewer Rate Increases

To provide context for the historical rate of growth to the revenue needs of the utility, rate increases since 1990 are provided in Figure 25. Since 1990, the average annual rate increase is 4.7 percent.

Figure 25 Historical Sewer Rate Increases (1990-2026)

Year	Sewer Rate	Percent Increase	Year	Sewer Rate	Percent Increase
1990	\$11.90	-	2009	\$31.90	14.1%
1991	\$13.20	10.9%	2010	\$31.90	0.0%
1992	\$13.80	4.5%	2011	\$36.10	13.2%
1993	\$13.62	-1.3%	2012	\$36.10	0.0%
1994	\$15.90	16.7%	2013	\$39.79	10.2%
1995	\$17.95	12.9%	2014	\$39.79	0.0%
1996	\$19.10	6.4%	2015	\$42.03	5.6%
1997	\$19.10	0.0%	2016	\$42.03	0.0%
1998	\$19.10	0.0%	2017	\$44.22	5.2%
1999	\$19.10	0.0%	2018	\$44.22	0.0%
2000	\$19.50	2.1%	2019	\$45.33	2.5%
2001	\$19.75	1.3%	2020	\$45.33	0.0%
2002	\$23.40	18.5%	2021	\$47.37	4.5%
2003	\$23.40	0.0%	2022	\$49.27	4.0%
2004	\$23.40	0.0%	2023	\$52.11	5.8%
2005	\$25.60	9.4%	2024	\$55.11	5.8%
2006	\$25.60	0.0%	2025	\$58.28	5.8%
2007	\$27.95	9.2%	2026	\$62.66	7.5%
2008	\$27.95	0.0%			
Annual Average Change:				4.7%	
Biennial Average Change:				9.7%	

2027 Sewer Rate Proposal and 2027-2046 Forecast

After determining revenue requirements and revenue generated from other sources, the sewer rate proposal is developed to meet both the cash test and the DSC test. A monthly sewer rate of \$70.65 in 2027, which is a 12.75 percent increase, is proposed in the Ordinance.

While an increase in the rate forecast is proposed, the 2027 proposed rate is the same as the 12.75 percent increase forecasted in the 2026 rate forecast. The 2027 updated rate forecast beyond the 2027 proposed rate includes higher rate increases as shown in Figure 26 and

Figure 27 below. Highlighted changes between rate forecasts include:

1. **Multiple Scenarios**—Per Council Budget Ordinance 20023, Proviso Section 115 P4, WTD is required to provide two alternative scenarios in addition to the Executive’s proposed rate, including at least one that is two percentage points lower than the Executive’s proposed rate. These two scenarios are presented in detail later in this memorandum. Although both achieve some short-term rate relief within the next few years, neither result in a sustained lower rate path compared to the proposed rate.
2. **Updated capital cost estimates and schedule**—WTD received updated cost and schedule estimates for multiple projects (such as the Mouth of the Duwamish CSO control project) mandated by the federal CSO consent decree. These revised estimates resulted in higher capital costs, but also a slightly deferred

schedule, resulting in a slight decrease in projected rate increases in the next five years compared to the 2026 forecast.

3. **Schedule Risk Adjustment**—This is the second year of WTD’s new capital forecasting approach. Previously, WTD applied an 85 percent accomplishment rate, where rates were set to fund 85 percent of the projected capital project expenditures in a given year based on WTD’s experience with how much capital spending could reasonably be accomplished. This had the effect of applying a “haircut” to the forecast, rather than showing the additional 15 percent in future forecast years. WTD now implements a “schedule risk adjustment,” where deferred costs (20 percent of early years) are now shown in future years of the forecast.

Figure 26 Adopted 2026 Sewer Rate and 2026-2045 Forecast

	Adopted	Adopted									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Rate Increase %	5.75%	7.50%	12.75%	12.75%	13.50%	13.50%	13.50%	7.25%	7.25%	2.00%	2.00%
Monthly Sewer Rate	\$58.28	\$62.66	\$70.65	\$79.66	\$90.42	\$102.63	\$116.49	\$124.94	\$134.00	\$136.68	\$139.42
Rate Increase \$	\$3.17	\$4.38	\$7.99	\$9.01	\$10.76	\$12.21	\$13.86	\$8.45	\$9.06	\$2.68	\$2.74
All-In Debt Service Coverage	1.65x	1.48x	1.47x	1.57x	1.50x	1.47x	1.57x	1.59x	1.57x	1.55x	1.53x
		2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Rate Increase %		2.00%	4.50%	4.50%	4.50%	1.75%	1.75%	1.75%	0.50%	0.50%	0.50%
Monthly Sewer Rate		\$142.21	\$148.61	\$155.30	\$162.29	\$165.14	\$168.03	\$170.98	\$171.84	\$172.70	\$173.57
Rate Increase \$		\$2.79	\$6.40	\$6.69	\$6.99	\$2.85	\$2.89	\$2.95	\$0.86	\$0.86	\$0.87
All-In Debt Service Coverage		1.44x	1.55x	1.66x	1.78x	1.83x	1.88x	1.93x	1.95x	1.96x	1.98x

Figure 27 Proposed 2027 Sewer Rate and 2027-2046 Forecast [also available on page 6]

	Adopted	Proposed									
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Rate Increase %	7.50%	12.75%	12.75%	12.75%	12.75%	11.25%	11.25%	8.00%	8.00%	8.00%	1.75%
Monthly Sewer Rate	\$62.66	\$70.65	\$79.66	\$89.82	\$101.28	\$112.68	\$125.36	\$135.39	\$146.23	\$157.93	\$160.70
Rate Increase \$	\$4.38	\$7.99	\$9.01	\$10.16	\$11.46	\$11.40	\$12.68	\$10.03	\$10.84	\$11.70	\$2.77
All-In Debt Service Coverage	1.62x	1.60x	1.74x	1.68x	1.60x	1.58x	1.61x	1.49x	1.51x	1.55x	1.55x
		2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Rate Increase %		1.75%	3.75%	3.75%	3.75%	2.25%	2.25%	2.25%	0.50%	0.50%	0.00%
Monthly Sewer Rate		\$163.52	\$169.66	\$176.03	\$182.64	\$186.75	\$190.96	\$195.26	\$196.24	\$197.23	\$197.23
Rate Increase \$		\$2.82	\$6.14	\$6.37	\$6.61	\$4.11	\$4.21	\$4.30	\$0.98	\$0.99	\$0.00
All-In Debt Service Coverage		1.52x	1.54x	1.58x	1.61x	1.60x	1.63x	1.64x	1.66x	1.67x	1.69x

Legal Disclaimer

The rate forecast above projects approximately \$14 billion over the next decade to meet state and federal regulations, serve the needs of new population growth, and maintain and modernize King County’s aging infrastructure. Investments in this system are essential to protect water quality and public health for decades to come.

The rate forecast proposes significantly higher rates beginning in 2027, and extending for several years. This increase is driven by multiple factors, the largest of which are capital projects required under federal and state clean water regulations.

WTD recognizes that higher sewer rates add to the already high cost of living in the Puget Sound region and have the greatest impact on lower-income households. As stewards of public dollars, WTD is committed to a rate-setting process that is transparent, fact-informed, and thorough, and exploring cost-effective ways to keep rates as affordable as possible for all King County families.

As part of this work, the King County Council requested that WTD develop several rate scenarios outlining the benefits, risks, and other impacts associated with each approach.

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While these scenarios show that deferring some current and planned capital projects may provide short-term rate relief, delaying capital investments can also introduce significant long-term risks that ultimately increase costs and operational challenges exponentially.

The theoretical regulatory deadline extension scenario is dependent on federal and state regulators agreeing to further modify the [CSO consent decree](#), which was recently modified and finalized in 2025 after a six-year negotiation process. Others may illustrate circumstances under which projects with specific federal or state requirements and/or funding agreements would be deferred. **The scenarios are purely intended to outline potential impacts over time. They do not represent, imply, or establish any plan, commitment, or intent by WTD or the Department of Natural Resources and Parks.**

Alternative Scenarios

As part of the 2026-27 budget process, Council developed a proviso requiring the Executive to transmit a proposed sewer rate, plus two additional scenarios, one of which must be two percent lower than the Executive Proposed Rate. WTD has developed the following rate scenarios in addition to the proposed rate:

- The “Council Request Scenario” was required to be at least two percent less than the Executive’s proposed rate.
- The “Theoretical Regulatory Deadline Extension Scenario” represents a hypothetical scenario where WTD has renegotiated its consent decree requirements related to CSOs to allow for a longer implementation period. Successful negotiations with state and federal regulators would be needed to implement a similar scenario.

Council Request Scenario

The Council Request Scenario accepts higher additional risk of asset failure and some financial risk compared to the proposed rate by deferring \$1.4 billion of asset reliability and system capacity projects out of the first decade of the forecast to slightly mitigate rate increases in the near term. Deferrals in this scenario would impact asset replacement and capacity projects, resulting in increased likelihood of detrimental impacts such as overflows, sinkholes, equipment damage, permit violations, and life-safety risks, as well as introducing additional risk of bond rating downgrades and higher costs of borrowing. This scenario does not achieve long-term rate relief, and the 20-year forecast rate is slightly higher than the proposed rate forecast. Figure 28Error! Reference source not found. shows the 10-year capital forecast for this scenario, with the deferrals shown in gray.

Figure 28 Capital Forecast—Council Requested Rate

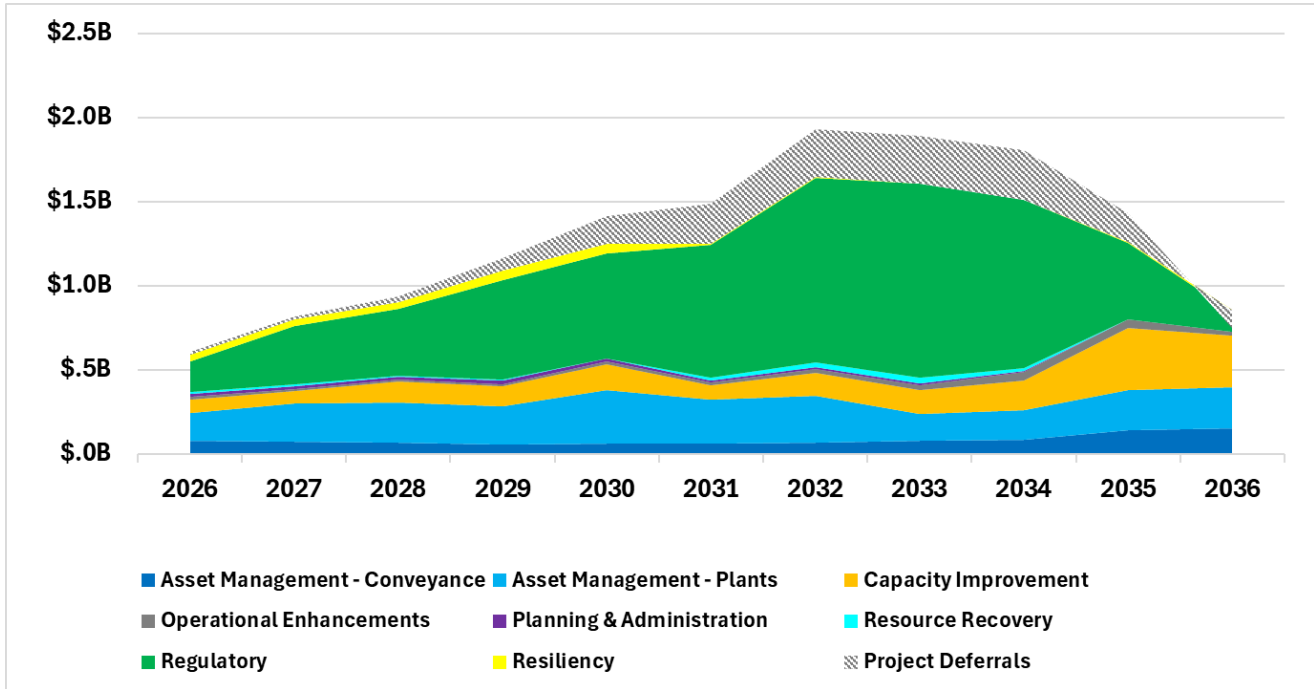


Figure 29 shows the Council Requested Rate and associated rate forecast.

Figure 29 2027 Council Requested Rate and 2027-46 Rate Forecast

	Adopted	Proposed									
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Rate Increase %	7.50%	10.75%	10.75%	10.75%	12.75%	12.75%	10.00%	10.00%	5.75%	5.75%	1.25%
Monthly Sewer Rate	\$62.66	\$69.40	\$76.87	\$85.14	\$96.00	\$108.24	\$119.07	\$130.98	\$138.52	\$146.49	\$148.33
Rate Increase \$	\$4.38	\$6.74	\$7.47	\$8.27	\$10.86	\$12.24	\$10.83	\$11.91	\$7.54	\$7.97	\$1.84
All-In Debt Service Coverage	1.62x	1.58x	1.68x	1.60x	1.54x	1.57x	1.62x	1.56x	1.57x	1.59x	1.56x
		2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Rate Increase %		1.25%	5.25%	5.25%	5.25%	3.25%	3.25%	3.25%	1.50%	1.50%	1.00%
Monthly Sewer Rate		\$150.19	\$158.08	\$166.38	\$175.12	\$180.82	\$186.70	\$192.77	\$195.67	\$198.61	\$200.60
Rate Increase \$		\$1.86	\$7.89	\$8.30	\$8.74	\$5.70	\$5.88	\$6.07	\$2.90	\$2.94	\$1.99
All-In Debt Service Coverage		1.51x	1.54x	1.59x	1.60x	1.59x	1.63x	1.64x	1.66x	1.68x	1.68x

Theoretical Regulatory Deadline Extension Scenario

The Theoretical Regulatory Deadline Extension Scenario assumes successful renegotiation of the federal and state regulatory consent decree, adds compliance and financial risk, and defers \$1.8 billion of planned projects out of the first decade of the forecast. Although this scenario offers some near-term rate relief by deferring project costs, it results in a higher 20-year forecast rate than the proposed rate forecast. Asset reliability and safety risk, as well as system capacity risk remain the same as the proposed scenario, but regulatory compliance projects are no longer assumed to meet established deadlines, with additional potential risks including future borrowing costs, civil contempt sanctions, injunctive relief, and criminal contempt proceedings. **Error! Reference source not found.**30 shows the 10-year capital forecast for this scenario.

Figure 30 Capital Forecast—Theoretical Regulatory Deadline Extension

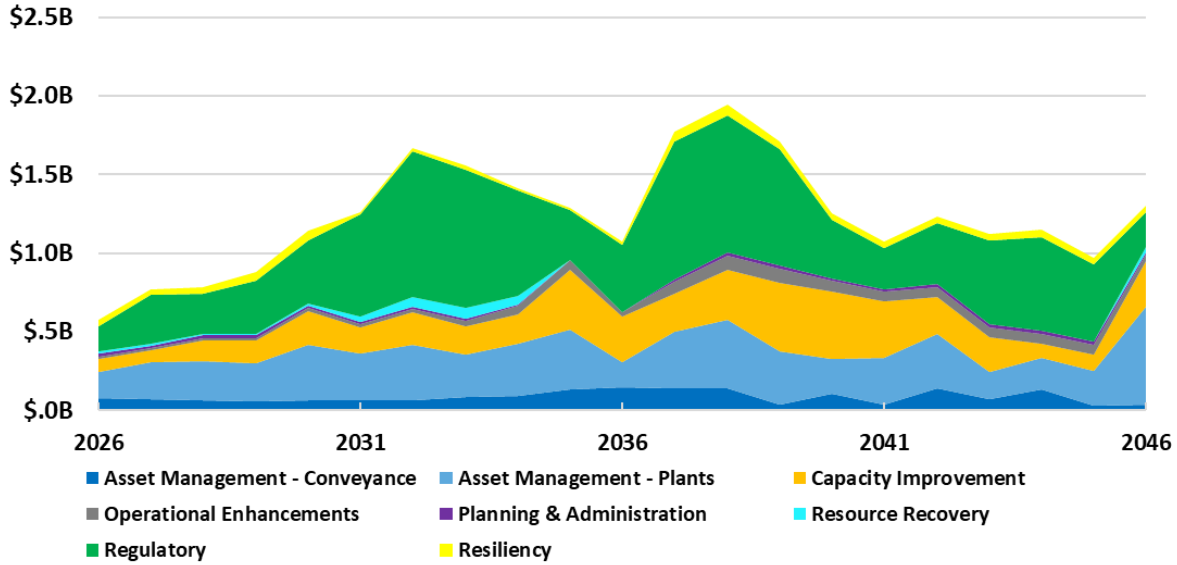


Figure 31 shows the Theoretical Regulatory Deadline Extension Rate and associated rate forecast.

Figure 31 2027 Theoretical Regulatory Deadline Extension Rate and 2027-46 Rate Forecast

	Adopted	Proposed										
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
Rate Increase %	7.50%	9.75%	9.75%	9.75%	11.50%	11.50%	11.50%	8.75%	8.75%	4.00%	4.00%	
Monthly Sewer Rate	\$62.66	\$68.77	\$75.48	\$82.84	\$92.37	\$103.00	\$114.85	\$124.90	\$135.83	\$141.27	\$146.93	
Rate Increase \$	\$4.38	\$6.11	\$6.71	\$7.36	\$9.53	\$10.63	\$11.85	\$10.05	\$10.93	\$5.44	\$5.66	
All-In Debt Service Coverage	1.62x	1.58x	1.69x	1.64x	1.57x	1.57x	1.63x	1.54x	1.60x	1.59x	1.57x	
		2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	
Rate Increase %		6.25%	6.25%	3.75%	3.75%	3.75%	3.75%	2.00%	2.00%	2.00%	1.00%	
Monthly Sewer Rate		\$156.12	\$165.88	\$172.11	\$178.57	\$185.27	\$192.22	\$196.07	\$200.00	\$204.00	\$206.04	
Rate Increase \$		\$9.19	\$9.76	\$6.23	\$6.46	\$6.70	\$6.95	\$3.85	\$3.93	\$4.00	\$2.04	
All-In Debt Service Coverage		1.55x	1.57x	1.59x	1.58x	1.58x	1.61x	1.59x	1.63x	1.66x	1.66x	

Capacity Charge

Since 1990, King County has levied a capacity charge on structures with new connections to the sanitary sewer system.^{36, 37, 38} This charge is paid over 15 years and is in addition to the monthly sewer bill assessed by the LSA. Newly connecting customers are directly billed by King County for the capacity charge. The capacity charge rate is set annually by the County Council and is \$77.99 per month over the 15-year payment period for properties connecting in 2026.

The Revised Code of Washington (RCW) 35.58.570 authorizing the capacity charge states:

- (1) A metropolitan municipal corporation that is engaged in the transmission, treatment, and disposal of sewage may impose a capacity charge on users of the metropolitan municipal corporation's sewage facilities when the user connects, reconnects, or establishes a new service to sewer facilities of a city, county, or special district that discharges into the metropolitan facilities. The capacity charge shall be based upon the cost of the sewage facilities' excess capacity that is necessary to provide sewerage treatment for new users to the system.
- (2) The capacity charge is a *monthly charge* reviewed and approved annually by the metropolitan council.³⁹

Currently, state statute does not allow the County to require up-front payment of the capacity charge, which is the most common industry approach to new development charges, such as impact fees and utility connection charges.⁴⁰ The monthly charge reference is unique to the authorizing language for metropolitan municipal corporations and is not included in RCW authority for city and special-purpose district connection charges that share much of the same language.⁴¹

King County Code 28.86.160 Financial Policies state: “The capacity charge may be paid by new customers in a single payment or as a monthly charge at the rate established by the council...”

Customers may elect to pay the capacity charge in one lump sum or be billed quarterly based on the monthly rate for 15 years. The charge is linked to the property, meaning that the charge transfers between owners of the property until the capacity charge is paid off.

Capacity Charge Rate Structure

In 2020, the County approved updates to the rate structure of the capacity charge.⁴² As of January 1, 2021, the County began using small, medium, and large classes for newly connecting single-family residential properties. The classification differential is based on data that links the home size to average persons per household, and average persons per household to capacity demands from the connecting property.

The RCEs assigned to single-family homes is based on size: small (<1,500 sq. ft. = 0.81 RCE), medium (1,500–2,999 sq. ft. = 1 RCE), and large (>3,000 sq. ft. = 1.16 RCE).

Using persons-per-household data also resulted in an update to RCEs assigned to multifamily units. King County Code provides a permanent classification for accessory dwelling units, such as backyard cottages and basement apartments, set at 0.59 RCE per unit.⁴³

Multifamily structures are billed by unit at 0.81 RCEs for two to four units and 0.64 RCEs for five or more units.

Commercial structures are billed based on fixture counts and/or flows.

A list of historical capacity charge rates from 2003 is provided in Figure 32 below.

Figure 32 Historical Capacity Charge Increases (2003-2026)

Year	Capacity Charge	
	(Monthly)	Percent Increase
2003	\$17.60	
2004	\$18.00	2.3%
2005	\$34.05	89.2%
2006	\$34.05	0.0%
2007	\$42.00	23.3%
2008	\$46.25	10.1%
2009	\$47.64	3.0%
2010	\$49.07	3.0%
2011	\$50.45	2.8%
2012	\$51.95	3.0%
2013	\$53.50	3.0%
2014	\$55.35	3.5%
2015	\$57.00	3.0%
2016	\$58.70	3.0%
2017	\$60.80	3.6%
2018	\$62.60	3.0%
2019	\$64.50	3.0%
2020	\$66.35	2.9%
2021	\$68.34	3.0%
2022	\$70.39	3.0%
2023	\$72.50	3.0%
2024	\$74.23	2.4%
2025	\$76.09	2.5%
2026	\$77.99	2.5%

Capacity Charge Updates

WTD’s regular updates to the underlying assumptions are guided by the King County Code 28.86.160, Financial Policy 15, which states: “Customer growth and projected costs, including inflation, shall be updated every three years beginning in 2003. The county should periodically review the capacity charge to ensure that the actual costs of system expansion to serve new customers are reflected in the charge.”⁴⁴

The 2023 capacity charge update was planned to be a transition from the County’s Regional Wastewater Service Plan (RWSP) to an updated comprehensive plan for the WTD system. The comprehensive plan for the utility serves as the basis for projecting the number of customers, capital projects needed for capacity, and financial assumptions.⁴⁵ The timing of this transition depended on progress of the regional plan update. The plan update was paused in 2021 to consider feedback and because of regulatory uncertainty for the Nutrients and Combined Sewer Overflow consent decree; the update resumed in 2024, concluded in 2025, allowing WTD to propose a new methodology that would take effect in 2027, based on an industry-standard “average cost” approach. The methodology was updated to comply with the 2016 KC Auditor’s report recommending a more transparent model, and aims to:

- Align with Revised Code of Washington (RCW) Requirements, including RCW 35.58.570’s “equitable share” requirement
- Account for current system investments and capacity, and future expanded capacity investments

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- Apply a cost-based approach based on the value of system assets (existing and future)
- Determine cost per Residential Customer Equivalent (RCE) based on existing and future capacity
- Achieve a more transparent and predictable calculation

The updated methodology resulted in a 6.6 percent proposed increase in 2027 and will be indexed to the Construction Cost Index over time. The capacity charge will be re-evaluated as part of the RWSP planning process.

Figure 33 shows the 2027 proposed capacity charge of \$83.10 and projects the charge and related lump-sum elective payment option for the forecast period.

Figure 33 Proposed 2027 Capacity Charge and 2028-2031 Forecast [also available on page 6]

	Adopted	Proposed	Forecast			
Capacity Charge	2026	2027	2028	2029	2030	2031
Monthly Charge	\$77.99	\$83.10	\$85.86	\$88.71	\$91.65	\$94.69
Increase %	2.50%	6.55%	3.32%	3.32%	3.31%	3.32%
Increase \$	\$1.90	\$5.11	\$2.76	\$2.85	\$2.94	\$3.04
Annual Total	\$936	\$997	\$1,030	\$1,065	\$1,100	\$1,136
Total Payments	\$14,038	\$14,958	\$15,455	\$15,968	\$16,497	\$17,044
Upfront Payment*	\$9,870	\$10,508	\$10,857	\$11,217	\$11,589	\$11,974

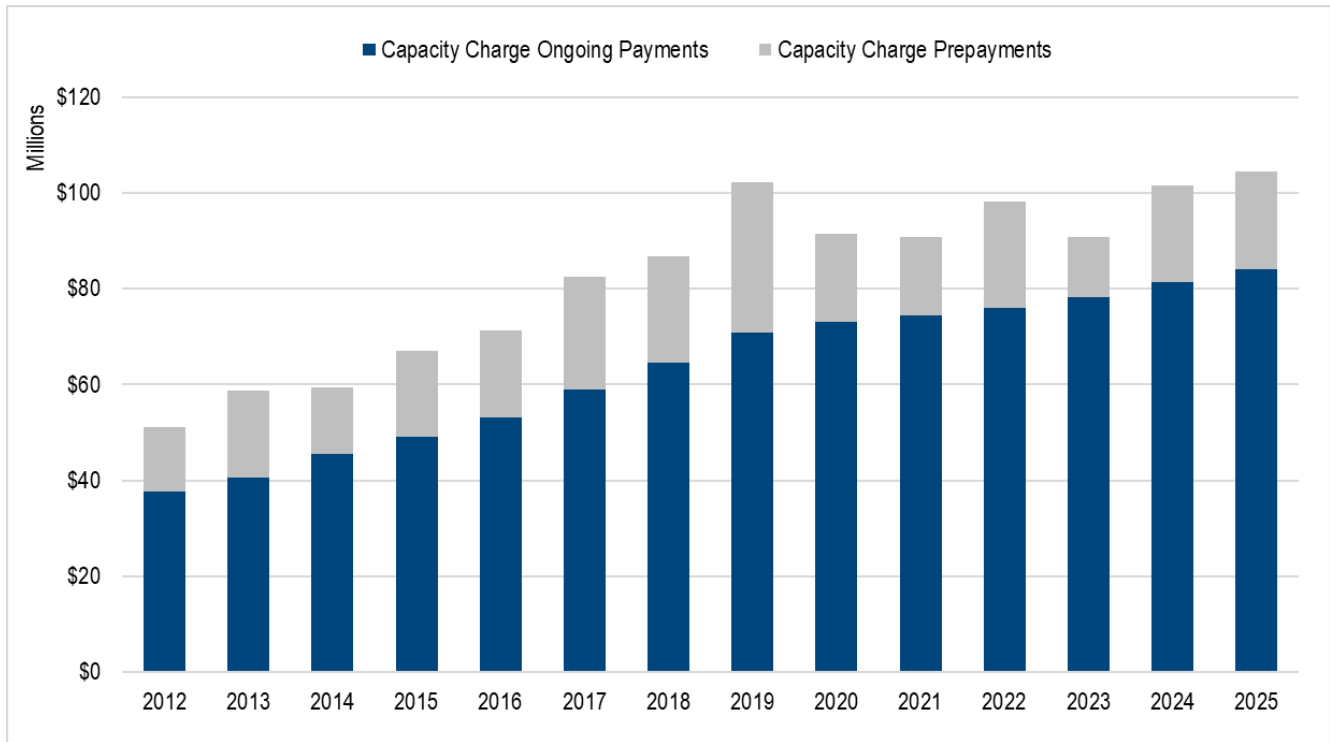
*Discount Rate of 5.14%

Capacity Charge Revenue Forecast

The majority of capacity charge revenue comes from regular capacity charge customer billings, with the rest coming from elective pre-payments. Ongoing payments are stable, while pre-payments vary significantly from year to year and are difficult to forecast.

Figure 34 shows the historical split between ongoing payments and elective pre-payments for the last 13 years (2012-2025). Until 2019, ongoing capacity charge pre-payment revenues grew at an average annual rate of more than nine percent, driven by a regional construction boom that added large numbers of new connections every year. The growth rate slowed significantly during 2020-23, before increasing again in 2024 and 2025. Capacity charge pre-payments have ranged between 14 to 31 percent of total capacity charge revenues, without a clear, discernible pattern from one year to the next. Pre-payments in the global COVID-19 pandemic-impacted years of 2020 and 2021 decreased to levels close to the averages seen before the record-high years of 2017, 2018, and 2019. The full capacity charge revenue forecast can be found in the Appendix.

Figure 34 Historical Capacity Charge Ongoing Payments and Prepayments (2012-2025)⁴⁶



Capacity charge revenues are forecasted based on an analysis of connection growth and the percentage of prepayments in any given year. This results in an overall capacity charge revenue increase of three to seven percent per year throughout the forecast period, as shown in Figure 36.

Other Revenues

Interest earnings

Interest earnings, also known as investment income, is revenue obtained by the County’s Water Quality Fund through investments of its cash balances in the King County Investment Pool (Pool). The Pool pursues a low-risk investment strategy that prioritizes the availability of funds for its participating agencies to meet daily cash-flow requirements. In 2025, WTD cash balances averaged approximately \$793 million throughout the year, which included cash balances for all WTD reserve accounts.

Interest-rate forecasts for the Pool come from King County’s Office of Economic and Financial Analysis. The 2026 interest rate is estimated to be four percent.⁴⁷ Changes to interest rates have a limited impact on WTD revenues, representing less than one percent of total revenue. Any reduction of interest earnings is significantly offset by savings from a lower cost of debt.

High-Strength Surcharge, Septage, Resource Recovery

Other WTD income is generated from more than 25 separate revenue sources. The largest of these sources come from the high-strength surcharge, resource recovery activities (methane sales with renewable identification numbers, or RINs), and septic hauler fees.⁴⁸ The high-strength surcharge recovers the additional operating costs imposed by treating high-strength wastewater and is defined by King County Code.⁴⁹ In 2026, the rate is \$0.4890 per pound of biological oxygen demand, and \$0.5675 per pound of total suspended solids. WTD conservatively assumes that RINs revenue will decrease from over \$7 million in the last few years to \$4 million in 2026, due to the risk of changes to existing regulatory

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framework under a new federal administration. Septic hauler fees had declined by about 25 percent since 2022, from \$4 million to \$3 million, but increased to \$3.6 million in 2025. Per conversations with septic haulers, this is related to the opening of a private facility in Sumner that opened at that time and diverted some of the septage typically treated at WTD facilities. Due to this uncertainty, septage revenues are not forecast to increase. Most of the other revenue components are forecast at three percent annual growth.

Reference and Additional Information

This section contains additional reference information about WTD’s funding strategies, forecast assumptions, historical financial performance, and costs of contaminants of emerging concern.

Supplemental WTD Debt Information

Figure 35 2025 Year-End Outstanding Debt Balances⁵⁰

System Sewer Obligations	Amount Outstanding	Final Maturity	Ratings
Parity Bonds (Senior Lien)	\$2,049,445,000	2055	Aa1/AA+
Parity Lien Obligations (LTGO)	\$641,815,000	2045	Aaa/AAA
Junior Lien Obligations	\$356,610,000	2041	Aa2/AA
Multi-Model LTGO / Sewer Revenue Bonds	\$183,900,000	2050	Aaa/AAA
State SRF and PWB Loans	\$339,900,878	2056	
Total Sewer Obligations	\$3,571,670,878		

Types of WTD Financing

Bonds

Sewer revenue bonds are secured by a pledge of revenue of the sewer system, subject to payment of all operating and maintenance expenses of the sewer system. When revenue bonds are additionally backed by a pledge of the full faith and credit of the issuer (meaning the County’s General Fund revenue and taxing power), the bonds are referred to as limited tax general obligation (LTGO) bonds. Sewer revenue bonds can also be issued at the junior lien, which is subordinate to both senior lien sewer revenue bonds and LTGO bonds.

State Loans

WTD receives loans from Ecology under the SRF Loan Program and from the Washington State Department of Commerce’s Public Works Board.⁵¹ The loans require either semi-annual or annual payments of principal and interest from 2025 through 2056, and bear interest at stated rates from 0.5 percent to 2.7 percent. As of December 31, 2025, the balance due on all state loans is \$339.9 million. State loans are secured by a subordinate lien on the net revenues of the system.⁵²

WIFIA Loans

WIFIA is an established federal loan program administered by the EPA for eligible water and wastewater infrastructure projects. The WIFIA program accelerates investment in the nation's water infrastructure by providing long-term, low-cost supplemental loans for regionally and nationally significant projects at a maturity similar to the U.S. Treasury rates. The WIFIA loans, after draws are made, are secured by a pledge of revenue from the sewer system, subject to payment of all operating and maintenance expenses of the sewer system. As of December 31, 2025, WTD has successfully secured and received five federal WIFIA loan agreements, totaling \$463.5 million.⁵³ These loans bear interest rates ranging from 1.69 percent to 4.79 percent. The most recent WIFIA loan, signed in January 2026, carries an interest rate of 4.79

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percent signed, compared to WTD’s most recent bond interest rate of 4.14 percent issued in November 2025. WIFIA allows an interest rate reset prior to spending 50 percent of the project cost, and WTD is hoping to utilize this on the Tranche 3 loan and lower the interest rate in the future before drawing on the loan.

Commercial Paper

The Commercial Paper (CP) program provides low-cost, flexible, interim financing for WTD capital projects. Its main purpose is to provide interim financing to pay for WTD’s capital projects pending permanent financing from state and federal loans. CP has also been utilized to refund high-interest outstanding debt and serve as a permanent element of WTD’s variable-rate debt portfolio. As of December 31, 2025, WTD has \$183.9 million in outstanding commercial paper debt.

Variable-Rate Debt

King County Code 28.86.160, Financial Policy 14, limits the utility’s variable-rate debt exposure to a maximum amount equal to 20 percent of all outstanding debt and, currently, WTD uses a target of 15 percent in the financial forecast. This limits WTD’s interest rate risk on its outstanding debt, i.e., increased borrowing cost in case of increase in interest rates. Also, typically an investor can sell variable-rate bonds back with just a week’s notice. Variable-rate debt allows WTD to achieve a borrowing cost that historically has been much lower than traditional fixed-rate debt. This type of investment warrants the lowest borrowing cost in any given interest rate environment. Variable-rate debt is issued on the junior lien level, which is subordinate to parity bonds (senior lien sewer revenue bonds) and parity bond lien obligations (LTGO). WTD’s initial variable-rate issuance was its \$100.0 million CP program in 1996. As of December 31, 2025, WTD has expanded its variable-rate portfolio to \$556.6 million.⁵⁴

Forecast Assumptions

Figure 36 summarizes the assumptions used to forecast revenues and expenditures in the 20-year financial forecast (2027-2046).

Figure 36 Forecast Assumptions Used in Financial Forecast

Forecast Assumptions:	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Single-Family Residences RCE Growth	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Multi-Family & Commercial RCE Growth	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Capacity Charge Ongoing Payments	7.2%	5.6%	4.8%	4.7%	4.7%	3.8%	3.0%	2.6%	3.8%	6.1%
Capacity Charge Prepayments	4.2%	3.8%	3.3%	2.8%	2.5%	2.2%	2.0%	1.9%	1.9%	1.6%
General Cost Inflation		4.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Labor Cost Inflation		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Expenditure Growth*		2.0%	2.0%	2.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Capital Cost Escalation	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Revenue Bond Rate (30 Year Term)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Blended Variable Rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Investment Pool Earnings Rate	3.1%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%

*Excludes Joint Ship Canal Close-Out Costs in 2027

2025 Wastewater Treatment Division Financial Performance

Revenue

Figure 37 shows that total RCEs were 0.2 percent higher than projected and related sewer rate revenues were 0.1 percent higher in 2025.

Capacity charge revenues were \$6.2 million higher than previously forecast, due to higher-than-expected elective early payoff activity.

Other operating revenues presented better-than-forecast results, mostly due to increased septage revenues, although high-strength surcharge revenue decreased.

Investment income exceeded the forecast, with interest rates from the King County Investment Pool averaging 4.15 percent in 2025.

Overall, revenues exceeded the 2025 forecast by 1.8 percent, 88 percent of which was driven by investment returns and early payoffs of the capacity charge.

Figure 37 Wastewater Treatment 2025 Forecast vs. Preliminary 2025 Actuals⁵⁵

Wastewater Treatment Division 2025 Financial Performance ('000s)	Forecast 2025	Preliminary 2025	Variance (\$)	Variance (%)
Monthly Sewer Rate	\$58.28	\$58.28	\$0.00	0.0%
Rate Increase	5.75%	5.75%	0.00%	0.0%
Residential Customer Equivalents (RCEs)	780,874	782,424	1,550	0.2%
Revenue				
Sewer Rate*	\$ 546,112	\$ 546,926	\$ 814	0.1%
Capacity Charge	98,149	104,386	6,237	6.4%
Industrial Waste Program	10,258	9,975	(283)	-2.8%
Resource Recovery	9,509	9,837	328	3.5%
Other Income	3,578	4,224	646	18.1%
Investment Income	25,484	30,175	4,691	18.4%
Use (Transfer to) Rate Stabilization Reserve	-	-	-	n.a.
Total - Revenue	\$ 693,090	\$ 705,523	\$ 12,433	1.8%
Expenditures & Transfers				
O&M Expenses	\$ (227,606)	\$ (218,707)	\$ 8,899	-3.9%
Debt Service on Parity Bonds	(139,341)	(135,679)	3,662	-2.6%
Debt Service on Parity Lien Obligations	(87,242)	(87,169)	73	-0.1%
Debt Service on Subordinate Lien	(39,088)	(33,951)	5,137	-13.1%
Debt Retirement/ Defeasance Use of Cash	(97,867)	(116,166)	(18,300)	18.7%
Transfer to Voluntary Operating Reserve	-	(20,550)	(20,550)	n.a.
Minimum Operating Reserve Contribution	(2,940)	(2,050)	890	-30.3%
Total - Expenditures & Transfers	\$ (594,082)	\$ (614,271)	\$ (20,189)	3.4%
Net Cash Flow	\$ 99,008	\$ 91,252	\$ (7,756)	-7.8%
Beginning Balance	\$ 90,004	\$ 90,004	\$ -	0.0%
Net Cash Flow	99,008	91,252	(7,756)	-7.8%
Policy Cash-Funded Capital (Transfer to Capital Fund)	(189,012)	(170,000)	19,012	-10.1%
Ending Balance	\$ -	\$ 11,256	\$ 11,256	n.a.
Ending Reserve Balances				
Water Quality Operating Liquidity Reserve	\$ 22,761	\$ 21,871	\$ (890)	-3.9%
Voluntary Reserve	\$ -	\$ 103,723	\$ 103,723	n.a.
Rate Stabilization Reserve Account	\$ 46,250	\$ 46,250	\$ -	0.0%
Debt Service Coverage on Parity Bonds	3.34x	3.59x	0.25x	7.4%
Debt Service Coverage on Parity Bonds and Parity Lien Obligations	2.05x	2.18x	0.13x	6.3%
Debt Service Coverage on Total Debt Payments	1.75x	1.90x	0.14x	8.2%
*Sewer rate revenue includes a billing adjustment of \$270k				

Expenditures

In 2025, WTD realized operating expenditure savings of \$18 million below the revised budget, and \$8.9 million below the 2026 sewer rate forecast. The largest contributors to underspend were staffing vacancies and delays in the WaterWorks Grant Program, the latter of which was due to a change in the King County budget schedule. The remainder is made up of lower-than-expected purchases of supplies and services. Vacancy savings are those related to supplies and services that are not expected to continue as WTD has aggressively filled vacancies throughout 2025 and into early 2026,

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and prices of the affected supplies and services are projected to increase. WaterWorks savings are designated by ordinance to their specific use and may not be repurposed. This underspend will either be utilized by the grantees over their contract period or could be rolled into future granting cycles.

Debt

On February 26, 2025, WTD issued \$64.0 million in commercial paper and on July 2, 2025, WTD issued \$62.0 million in commercial paper to provide interim funding for its WIFIA and Joint Ship Canal projects. This financing will be redeemed when WTD gets reimbursements from the respective SRF/WIFIA projects, financing for which has already been signed through respective loan agreements.

On July 31, 2025, WTD issued \$200.0 million of Junior Lien Variable Rate Sewer Revenue Bonds, for which liquidity support will be provided by a Standby Purchase Agreement. The proceeds will provide financing for various capital projects.

On October 23, 2025, WTD issued \$101.0 million of Junior Lien Variable Rate Sewer Revenue Bonds, for which liquidity support will be provided by a Standby Purchase Agreement. The issuance refunded RV2020B Variable Rate Sewer Bonds, which were due January 1, 2026.

On November 25, 2025, WTD issued \$264.0 million of Sewer Revenue Bonds at par amount of \$264.0 million, plus a premium of \$24.1 million. The proceeds were used for refunding \$9.5 million of RF2015B, refunding \$78.1 million of RF2016A, and \$200.0 million of new money for financing various capital projects through H1 2026. Refunding RF2015B and RF2016A produced \$4.8 million in total savings and \$4.6 million in present value savings.

Due to the higher net revenue, WTD projects that, despite slightly higher debt, it will comfortably exceed each of its key coverage targets in 2025, namely 1.25 times senior lien debt service and 1.15 times total debt service.

Cash Funding and Defeasance

A new money par issuance of \$85.9 million of senior lien 2024A Sewer Revenue Bonds was sold in August 2024. The net proceeds, in the amount of \$98.1 million, were deposited into the construction fund, freeing up the same amount of operating cash that was subsequently used in February 2025 to defease outstanding high-coupon bonds. This transaction produced \$8.6 million in total savings and \$7.2 million in present value savings.

Net Cash Flow

WTD transferred \$170 million of operating revenue to the capital fund at year-end, in addition to a \$20.5 million transfer to the new Voluntary Operating Reserve from the DSRF. This left an ending fund balance of about \$11 million in unrestricted cash in the operating fund.

Contaminants of Emerging Concern (e.g., PFAS) – Cost Tracking

Per Council Motion 16434: “Beginning with the 2025 sewer rate forecast, the wastewater treatment division shall include in its technical memorandum submitted with the annual sewer rate Ordinance a section identifying the cost of activities it has undertaken and plans to undertake to address contaminants of emerging concern, including PFAS.”⁵⁶

PFAS Costs to Date

Between 2019 and 2021, King County evaluated the use of recycled water from the Brightwater Treatment Plant and its effects on soil, groundwater, and plant tissue. Samples were analyzed for PFAS and other chemicals of emerging concern. PFAS compounds were detected in river water, recycled (reuse) water, soils, and in plants that were grown in this soil and irrigated with either river water or reuse water. These actions total an estimated \$93,750 in costs, to date, for the PFAS-portion of this work.

Between 2021-2022, King County conducted an investigation and published a report on Toxics in King County Wastewater Effluent, Evaluating the Presence of Toxic Elements in the Effluent of Treatment Plants.⁵⁷ This investigation included the sampling of wastewater effluent for PFAS compounds at three County wastewater treatment plants. Estimated out-of-pocket costs connected to this project totaled \$24,990, related specifically to PFAS.

In 2023, King County allocated approximately \$421,000 for a further investigation of PFAS in King County wastewater facilities and landfill leachate, anticipated to be completed by mid-2025. In mid-2024, King County began tracking staff hours associated with PFAS on a regular basis; 2024 data estimates that 300 hours and \$27,300 in costs were spent. About \$30,000 was spent on PFAS testing in 2025.

Costs associated with the Nutrient Reduction Evaluation (total estimate of approximately \$8 million) include hiring an external consultant to conduct analyses of nitrogen removal but also with potential compounds of emerging concern and toxics removal, including PFAS chemicals. To date, an estimated \$63,500 has been spent on work attributable to PFAS chemicals.

Between 2023 and 2025, King County spent approximately \$717,000 to sample monthly for PFAS in influent, effluent, and biosolids from WTD’s three major treatment plants, as well as Cedar Hills Landfill leachate.

Future Costs

WTD incurred costs to comply with Ecology’s draft NPDES permit for the West Point Treatment Plant, which required the County to update its industrial user survey by April 30, 2025, and begin to include requirements for industries to complete PFAS pollution prevention and source reduction evaluations starting in July 2025. The draft permit also requires the County to include best management practices and pollution prevention strategies in its permits to industries beginning in July 2025. The cost estimate for this work is \$1 million over five years.

Other future unknown costs include monitoring for PFAS in stormwater, wastewater treatment plant influent and effluent, biosolids, and industrial waste.

Appendix. Attachment A

Wastewater Treatment Division Attachment A - Financial Forecast	Actual 2025	Budget 2026	Rate Proposal 2027	Projected 2028	Projected 2029	Projected 2030	Projected 2031	Projected 2032	Projected 2033	Projected 2034	Projected 2035	Projected 2036
Operating Financial Forecast - 4611 (\$ '000)												
Monthly Sewer Rate	\$58.28	\$62.66	\$70.65	\$79.66	\$89.82	\$101.28	\$112.68	\$125.36	\$135.39	\$146.23	\$157.93	\$160.70
Rate Increase	5.75%	7.50%	12.75%	12.75%	12.75%	12.75%	11.25%	11.25%	8.00%	8.00%	8.00%	1.75%
Residential Customer Equivalents (RCEs)	782,424	792,053	796,416	801,374	806,340	811,316	816,300	821,293	826,296	831,307	836,327	841,356
Revenue												
Sewer Rate ¹	\$ 546,926	\$ 595,561	\$ 675,201	\$ 766,049	\$ 869,106	\$ 986,041	\$ 1,103,768	\$ 1,235,488	\$ 1,342,466	\$ 1,458,744	\$ 1,584,974	\$ 1,622,472
Capacity Charge	104,386	104,147	111,253	117,245	122,689	128,147	133,791	138,655	142,676	146,327	151,548	160,035
Industrial Waste	9,975	10,025	10,076	10,127	10,179	10,231	10,283	10,335	10,388	10,441	10,494	10,548
Resource Recovery	9,837	8,184	8,430	8,683	8,943	9,211	9,488	9,772	10,065	10,367	10,678	10,999
Other Income	4,224	4,000	4,013	4,026	4,039	4,053	4,067	4,082	4,097	4,113	4,129	4,145
Investment Income	30,175	37,198	22,587	20,891	21,922	22,878	23,418	24,514	26,483	25,890	27,350	29,758
Use (Transfer to) Rate Stabilization Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Total - Revenue	\$ 705,523	\$ 759,115	\$ 831,560	\$ 927,020	\$ 1,036,879	\$ 1,160,560	\$ 1,284,815	\$ 1,422,846	\$ 1,536,176	\$ 1,655,882	\$ 1,789,173	\$ 1,837,957
Expenditures & Transfers												
O&M Expenses	\$ (218,707)	\$ (249,295)	\$ (267,664)	\$ (283,528)	\$ (299,973)	\$ (317,417)	\$ (333,056)	\$ (349,475)	\$ (366,713)	\$ (384,811)	\$ (403,813)	\$ (423,765)
Existing Debt Service	(273,492)	(304,063)	(306,541)	(279,275)	(289,777)	(308,610)	(309,120)	(280,095)	(284,981)	(255,217)	(243,303)	(246,468)
New Debt Service	-	(10,601)	(43,212)	(89,138)	(146,082)	(217,773)	(292,878)	(385,945)	(496,266)	(586,318)	(648,344)	(661,260)
Debt Retirement/ Defeasance Use of Cash	(99,473)	-	-	-	-	-	-	-	-	-	-	-
Transfer to Voluntary Reserve	(20,550)	-	-	-	-	-	-	-	-	-	-	-
Minimum Operating Reserve Contribution	(2,050)	(2,544)	(1,837)	(1,586)	(1,644)	(1,744)	(1,564)	(1,642)	(1,724)	(1,810)	(1,900)	(1,995)
Total - Expenditures & Transfers	\$ (614,271)	\$ (566,504)	\$ (619,254)	\$ (653,528)	\$ (737,477)	\$ (845,545)	\$ (936,618)	\$ (1,017,157)	\$ (1,149,683)	\$ (1,228,155)	\$ (1,297,360)	\$ (1,333,488)
Net Cash Flow	\$ 91,252	\$ 192,611	\$ 212,306	\$ 273,493	\$ 299,402	\$ 315,015	\$ 348,197	\$ 405,689	\$ 386,492	\$ 427,726	\$ 491,813	\$ 504,469
Beginning Balance	\$ 90,004	\$ 8,766	\$ -	\$ (0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flow	91,252	192,611	212,306	273,493	299,402	315,015	348,197	405,689	386,492	427,726	491,813	504,469
Policy Cash-Funded Capital (Transfer to Capital Fund)	(170,000)	(201,377)	(212,306)	(273,493)	(299,402)	(315,015)	(348,197)	(405,689)	(386,492)	(427,726)	(491,813)	(504,469)
Ending Balance ²	\$ 11,256	\$ -	\$ (0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Reserve Balances												
Water Quality Operating Liquidity Reserve	\$ 21,871	\$ 24,929	\$ 26,766	\$ 28,353	\$ 29,997	\$ 31,742	\$ 33,306	\$ 34,947	\$ 36,671	\$ 38,481	\$ 40,381	\$ 42,377
Voluntary Reserve	\$ 103,723	\$ 103,723	\$ 103,723	\$ 103,723	\$ 103,723	\$ 103,723	\$ 103,723	\$ 103,723	\$ 103,723	\$ 103,723	\$ 103,723	\$ 103,723
Rate Stabilization Reserve Account	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250
Debt Service Coverage - Parity Bonds (Senior Lien)	3.59x	3.27x	2.83x	2.97x	2.87x	2.43x	2.25x	2.21x	1.93x	1.86x	1.95x	1.97x
Debt Service Coverage - All-In Debt Service	1.78x	1.62x	1.61x	1.75x	1.69x	1.60x	1.58x	1.61x	1.50x	1.51x	1.55x	1.56x
¹ Sewer rate revenue includes a billing adj. of \$270k												
² Difference between 2025 ending balance and 2026 beginning balance driven by reconciliation of cash and accrual, timing of transfers between funds												
Capital Funding Forecast - 3611 & 3612 (\$ '000)												
Beginning Balance	\$ 218,149	\$ 528,905	\$ 258,478	\$ 212,306	\$ 273,493	\$ 299,402	\$ 315,015	\$ 348,197	\$ 405,689	\$ 386,492	\$ 427,726	\$ 491,813
WIFIA Proceeds	33,792	20,484	20,636	-	-	-	-	214,327	-	-	-	-
State Loan Proceeds	43,865	18,796	29,141	24,650	-	-	-	-	-	-	-	-
Variable Rate Debt Proceeds	-	16,693	62,151	60,842	109,612	128,118	165,208	173,048	261,824	221,233	240,020	172,646
Commercial Paper / Interim Financing	126,000	116,468	108,853	-	-	-	-	-	-	-	-	-
Retirement of Interim Financing	(40,519)	(41,072)	(94,048)	-	-	-	-	(182,601)	(66,800)	-	-	-
Net Bond Proceeds	399,180	-	430,447	635,900	777,490	986,644	1,004,577	1,375,532	1,289,265	1,198,056	759,188	84,536
Debt Reserve Contribution/(Requirement)	-	-	43	43	-	-	65	68	-	-	-	-
Grants, Settlements, and Other	2,817	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditures	(428,999)	(603,174)	(815,701)	(933,742)	(1,160,595)	(1,414,163)	(1,484,865)	(1,928,571)	(1,889,978)	(1,805,781)	(1,426,934)	(748,996)
Ending Balance Before Transfers	\$ 354,286	\$ 57,101	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Year-end Transfers from Operating Fund	170,000	201,377	212,306	273,493	299,402	315,015	348,197	405,689	386,492	427,726	491,813	504,469
Ending Balance ³	\$ 524,286	\$ 258,478	\$ 212,306	\$ 273,493	\$ 299,402	\$ 315,015	\$ 348,197	\$ 405,689	\$ 386,492	\$ 427,726	\$ 491,813	\$ 504,469
Ending Reserve Balances												
Capital Liquidity Reserve / Capital Liquidity Threshold	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Emergency Capital Reserve	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Revenue Bonds Reserve Account	-	-	-	-	-	-	-	-	-	-	-	-
State Revolving Fund Reserve Account	219	176	133	133	133	68	-	-	-	-	-	-
³ Difference between 2025 ending balance and 2026 beginning balance driven by reconciliation of cash and accrual, timing of transfers between funds												

Endnotes

¹ Motion 16449 can be found [here](#).

² The modified consent decree schedule can be found [here](#).

³ More information on WTD's CSO program can be found [here](#).

⁴ WTD's 2026-27 budget book can be found [here](#).

⁵ More information on the case is available [here](#).

⁶ In this context "smoothed annual increases" refers to avoidance of year-to-year volatility in the sewer rate.

⁷ Secondary treatment includes aeration, settling, disinfection, and discharge through an outfall. Secondary treatment in conjunction with primary treatment removes about 85 to 90 percent of suspended solids in wastewater.

⁸ Combined sewer overflows (CSOs) are relief points in sewer systems that carry sewage and stormwater in the same pipe. When heavy rains fill the pipes, CSOs release sewage and stormwater into rivers, lakes, or Puget Sound. They prevent sewage backups into homes and businesses but can harm people and animals living in the water because they carry chemicals and germs.

⁹ "High strength" refers to more concentrated waste. The surcharge covers the additional operating cost of treating this waste at the treatment plant.

¹⁰ The [capacity charge](#) is billed to new connections to the system. The charge is assessed monthly for a term of 15 years from the date the new service is established and is based on the cost of system capacity necessary to serve a new connection.

¹¹ More information on compliance and monitoring fees can be found [here](#).

¹² More information on enterprise funds can be found in the [WA State Administrative and Accounting Manual](#).

¹³ A combined sewer system collects rainwater runoff and domestic wastewater into a single pipe and conveys it to a wastewater treatment plant. During heavy rain events, the amount of runoff can exceed the capacity of the system, resulting in a combined sewer overflow (CSO), where untreated wastewater and stormwater flows into nearby receiving waters. More information on WTD's CSO control program can be found [here](#).

¹⁴ More information on CSO regulations and requirements can be found [here](#).

¹⁵ Depreciation is an accounting concept that divides an asset's cost by its estimated useful life, representing how much that asset is expected to wear out or lose value every year. Original cost refers to the actual cost of an asset, rather than the cost adjusted for inflation.

¹⁶ Debt financing occurs when WTD borrows from investors in the municipal bond capital markets, or financial institutions directly, or avails financing from state and federal agencies.

¹⁷ The State and Local Government Series securities program was established in 1972 to restricted state and local governments from earning arbitrage profits by investing bond proceeds in higher yielding investments. More information is available [here](#).

¹⁸ Ordinance 19575 can be found [here](#).

¹⁹ Ordinance 19739 can be found [here](#).

²⁰ Ordinance 19821 can be found [here](#) and Ordinance 19822 [here](#).

²¹ Ordinance 19876 can be found [here](#) and Ordinance 19874 [here](#).

²² Commercial paper is a commonly used type of unsecured, short-term debt typically used for interim financing purposes with maturities ranging between one and 270 days. WTD can issue up to \$250 million in commercial paper in aggregate for both new money interim financing and refunding purposes per [Ordinance 19955](#).

²³ The Tax Cuts and Jobs Act can be found [here](#).

²⁴ The LOCAL Infrastructure Act - Lifting Our Communities through Advance Liquidity for Infrastructure Act - can be found [here](#).

²⁵ The Financial Data Transparency Act can be found [here](#).

²⁶ Par value is the amount that the issuer agrees to pay the bondholder upon maturity of the bond. It is also used to calculate the interest payments on the bond.

²⁷ "Present-value savings" assists in analyzing the current worth of future savings by taking the time value of money and interest rates into account. This can change based on interest rates and the year savings are realized.

²⁸ The following legislation is available on the King County Council website: [Motion 13798](#), [Ordinance 13680](#), and [Ordinance 19785](#)

²⁹ Liquidity metrics refer to quantitative measures that evaluate an agency's ability to meet its financial obligations by assessing the availability of liquid assets (cash).

³⁰ [Ordinance 19782](#) is available on the King County website.

³¹ [Ordinance 19785](#) is available on the King County website.

³² Parity Bonds are secured by a lien on sewer revenue and hold a priority in payment second only to operating and maintenance expenses.

³³ "Springing" refers to a provision within an Ordinance that activates certain conditions or changes to the current terms or requirements.

³⁴ The remainder of the Voluntary Operating Reserve was funded from the Operating Fund

³⁵ The King County Code Title 28 can be found [here](#).

³⁶ More information on the King County Capacity Charge can be found [here](#).

³⁷ In 1992, voters approved an amendment to the County's charter that authorized the merger of King County with the Municipality of Metropolitan Seattle (Metro), with the phased merger effective in 1994. More information on the merger is available [here](#). As successor to Metro, the County assumed Metro's rights and obligations, including authority to impose the capacity charge.

³⁸ Revised Code of Washington [35.58.350](#)

³⁹ Revised Code of Washington [35.58.570](#)

⁴⁰ A 2015 internal WTD survey of utility connection charges for 18 comparable agencies nationwide included data on when the charge is assessed to new connections for 13 of the 18 agencies. Of the 13, 100 percent required payment at the time of permitting or service application. Only WTD did not require payment as a condition of development through the permitting/service application process.

⁴¹ [RCW 35.92.025](#) for Cities and Towns, and [RCW 57.08.005](#) for Districts.

⁴² More information on the capacity charge review study can be found [here](#).

⁴³ [King County Code 28.84.050 O.3](#).

⁴⁴ The King County Code Title 28 can be found [here](#).

⁴⁵ Information on the RWSP is available [here](#).

⁴⁶ Ongoing payments include penalty fees that have ranged between \$400,000 and \$1.3 million a year.

⁴⁷ The August 2025 forecast is available [here](#).

⁴⁸ A RIN is a serial number assigned to a batch of [biofuel](#) for the purpose of tracking its production, use, and trading.

⁴⁹ The relevant section of the King County Code (KCC 28.84.060 (M) (3)) can be found [here](#).

⁵⁰ Excludes principal payments from January 1, 2026, that had already been transferred to the debt service fund in December 2025.

⁵¹ More information on the Public Works Board can be found [here](#).

⁵² "Subordinate" liens are those that can only be paid after more senior liens are released.

⁵³ Includes the following loan agreements: \$17.7 million for Georgetown Wet Weather Treatment Station, \$96.8 million for Joint Ship Canal, \$194.1 million for Tranche 1 Projects, \$89.9 million for Tranche 2 Projects, and \$65.0 million for Tranche 3 Project.

⁵⁴ Excludes commercial paper used for interim financing and the refunding of the 2013B Sewer Revenue Bonds.

⁵⁵ Audited 2025 financial information will be available in May 2026. Preliminary (unaudited) year-end financial data is presented for comparison to the 2025 forecast from the 2026-2045 Financial Forecast.

⁵⁶ Per- and Polyfluoroalkyl Substances. PFAS are a group of chemicals used to make fluoropolymer coatings and products that are widely used in consumer products. PFAS are a concern because they do not break down in the environment, are able to move through soils and water sources, and build up in fish and wildlife. More information about PFAS can be found [here](#).

⁵⁷ Report submitted as part of Motion 16384 can be found [here](#).

Wastewater Treatment Division (WTD’s) Sewer Rate and Capital Work Plan to Continue to Improve Engagement, Transparency, and Accountability – June 3, 2026, Status Update

Note: Changes from the last month’s update are in bold, blue font.

Major Recommendations from RWQC Letter	Wastewater Treatment Division Tasks	Working Timeline	Status
<p>1. Meaningful and Timely Engagement in Development of Sewer Rate. For the 2027 rate process and on-going, Wastewater Treatment Division (WTD) should implement an updated rate process that includes:</p> <ul style="list-style-type: none"> a. Regular discussions throughout the year with the Metropolitan Water Pollution Abatement Advisory Committee (MWPAAC), Regional Water Quality Committee (RWQC), and King County Council at the relevant level of detail for each body on key factors and assumptions affecting the rate and forecast. This includes transparency on capital improvement program assumptions. b. Time for more in-depth review and understanding of costs, discussion of specific rate scenarios/options, and effects during rate discussions with MWPAAC, RWQC, and other stakeholders, at the relevant level of detail for each body. c. Ensure that the long-term rate forecast methodology requested by Motion 16449 is used to develop scenarios to evaluate options. 	<ul style="list-style-type: none"> • To promote meaningful and timely engagement, WTD will host regular meetings with MWPAAC and/or its subcommittees to review: <ul style="list-style-type: none"> • 10-year Capital Improvement Program. • Project prioritization, including transparency on how decisions are made and policy drivers of capital prioritization. • Timely updates on changes in large project costs that may impact rates as information becomes available. • Expenditure forecast assumptions and impacts to different types of projects across the capital program. • Work with King County Executive's Office to schedule early 'look ahead' presentations on known and potential factors affecting the 2027 rate proposal and forecast. • As part of the 2027 rate proposal, include options for multiple rate scenarios, including those that offer various capital portfolio options. Scenarios should detail tradeoffs and associated risks and benefits. This should include a discussion about the level of service WTD is able to deliver under each option. • The report on long-term forecasting model required by Motion 16449 was presented to RWQC in September 2025. To increase transparency and credibility in the long-term forecasting model, WTD will work with a MWPAAC work group to identify the model details that should be shared and further refined in order to improve understanding of the assumptions, formulas, data sets, and policy implications embedded in the long-term rate model and allow for 	<p>Q4 2025 and ongoing</p> <p>Q1/Q2 2026</p> <p>Q2 2026</p> <p>Q3 2025 and ongoing</p>	<p>Briefings provided on WTD’s capital project prioritization process and key capital projects impacting the rate in Q3/Q4 2025.</p> <p>“Look Ahead” briefings to MWPAAC scheduled for Q4 2025 and Q1 2026. WTD briefed MWPAAC on 1/28/26 on the rate strategy for 2027 and assumptions. WTD provided a preliminary sewer rate and capacity charge briefing to MWPAAC on 2/5/26 and 2/25/26, and a briefing on WTD’s proposed rate on 3/5.</p> <p>WTD presented preliminary scenarios for illustrative purposes to RWQC on 2/4/26 and MWPAAC Rates and Finance Subcommittee on 2/5/26, and as part of WTD’s proposed rate on 3/5/26. Two scenarios, in addition to the Executive’s proposed rate, are included in the Technical Memorandum transmitted to Council with proposed Ordinance 2026-0103.</p> <p>An independent consultant selected by MWPAAC members briefed MWPAAC on 1/28/26 and a video of the presentation can be found here. Further briefings on implementation of the long-term forecasting model will be provided to MWPAAC with an opportunity to suggest any further improvements to align with industry standards.</p>

Wastewater Treatment Division (WTD's) Sewer Rate and Capital Work Plan to Continue to Improve Engagement, Transparency, and Accountability – June 3, 2026, Status Update

Note: Changes from the last month's update are in bold, blue font.

Major Recommendations from RWQC Letter	Wastewater Treatment Division Tasks	Working Timeline	Status
	<p>informed questions. The MWPAAC work group should identify areas of improvement to continue to align with industry best practices to inform suggestions for improvements.</p> <ul style="list-style-type: none"> Work with MWPAAC Executive Board member(s) to develop a process for members to observe WTD Capital Portfolio management staff meetings while not hampering WTD's process and progress. 	Q1/Q2 2026	WTD is engaged with MWPAAC's Executive Board to provide an opportunity to observe the Definition and/or Delivery Board meetings in the Portfolio Management process beginning in Q1 2026. MWPAAC's Executive Board selected two representatives to attend WTD Capital Portfolio management meetings beginning in Q2 2026.
<p>2. Early visibility and transparency on large project planning. Develop mechanisms for MWPAAC and RWQC to engage in the planning and development process for large capital projects prior to decision-making to improve knowledge and confidence.</p>	<ul style="list-style-type: none"> Develop and implement a process for MWPAAC and RWQC (as requested) to review a limited number of large capital projects selected by MWPAAC that substantively affect the rate. These reviews will happen at key phases in the development of these selected projects, including concept definition, alternatives analysis, alternative selection, and final design. Each engagement will create an opportunity to influence outcomes by collaboratively discussing comments and questions with WTD before a decision in each phase identified above is finalized. 	Q1 2026	MWPAAC representatives at WTD Portfolio management meetings will help inform MWPAAC members regarding WTD's process for project prioritization and decisions. The topic of alternatives analysis for selected projects will be revisited at the next MWPAAC Executive Board in Q2 2026.
<p>3. Improve multi-year rate predictability. Develop options and implement a mechanism to improve rate predictability to help partner agencies better plan and lessen large changes in rate proposals, especially for the first three years of the rate. A multi-year rate would provide more time for an in-depth review and understanding of costs and how investments are prioritized, and discussion of options and tradeoffs.</p>	<ul style="list-style-type: none"> Prepare and deliver options for multi-year rate predictability, including options for a multi-year rate commitment. Options should be prepared in discussion with MWPAAC's Executive Board and partner agencies and in coordination with King County Executive's Office and county budget process. Any multi-year option should include a process for WTD to update the rate if there are significant changes that impact the rate forecast. 	Q3 2025 – Q2 2026 (Options identified by end 2025 and multi-year rate implementation by end of Q2 2027 for 2028 and 2029 rates)	WTD began discussions with MWPAAC's Executive Board and King County's budget office in Q3/Q4 2025 on options for rate predictability. MWPAAC received an initial briefing and provided feedback on potential options at its 12/4/25, Rates and Finance Subcommittee meeting. Further discussion of options for rate predictability is planned for MWPAAC's Rates and Finance Subcommittee on June 4, 2026.
<p>4. Evaluate regulatory requirements and develop options to address financial sustainability. Evaluate consent decree and permit deadlines for major projects and investments associated</p>	<ul style="list-style-type: none"> Evaluate the costs/benefits of seeking regulatory changes to improve the environmental and financial sustainability of the regional system. 	Q3 2025 – 2026	WTD's Planning team is coordinating with the King County Prosecuting Attorney's Office and County Executive's Office to

Note: Changes from the last month's update are in bold, blue font.

Major Recommendations from RWQC Letter	Wastewater Treatment Division Tasks	Working Timeline	Status
<p>with multiple and concurrent requirements and identify options to address financial sustainability while optimizing water quality benefits and maintaining permit compliance.</p>	<ul style="list-style-type: none"> Coordinate on outreach plan with local agency partners, to state and federal government. The outreach plan should address regulatory issues and funding availability from state and federal agencies. 	<p>Q3 2025 – 2026</p>	<p>evaluate potential regulatory changes. WTD is exploring options for an environmentally protective and financially sustainable path in preparation for initiating discussions with regulators.</p> <p>WTD is initiating outreach with its local agency partners on a federal/state outreach strategy. WTD and Seattle Public Utilities (SPU) coordinated on delegation meetings as part of Water Week (April 12 – 18, 2026) in Washington, D.C. Additionally, WTD is coordinating with City of Bellevue on key messages in advance of the city's D.C. trip in June 2026. WTD shared information with local agency government relations on EPA's comment period for the Financial Capability Assessment guidance which closed May 26.</p>
<p>5. Independent, third-party oversight. Provide for independent third-party review for WTD's capital program, including <i>mega</i> capital projects such as the Mouth of Duwamish Combined Sewer Overflow Program.</p>	<ul style="list-style-type: none"> Develop a proposal in coordination with MWPAAC's Executive Board for review by the Executive's Office to procure an independent consultant to review WTD's capital program, including large capital projects. 	<p>Q4 2025 – Q2 2026</p>	<p>WTD provided an opportunity for MWPAAC's Executive Board to review the scope of work to procure an independent third-party consultant. The King County Auditor's Office has agreed to serve as the Project Representative. MWPAAC has selected a representative from its Executive Board to participate in the consultant proposal and interview process. The advertisement for the independent consultant contract opened on 2/10/26 and closed on 3/11/26. A consultant, PMA Consultants, has been selected; the contract is in negotiations with notice to proceed anticipated for July 2026.</p>

Note: Changes from the last month's update are in bold, blue font.

Major Recommendations from RWQC Letter	Wastewater Treatment Division Tasks	Working Timeline	Status
<p>6. Regional Utility Affordability Summit. In partnership with local municipal leaders, prepare a multi-jurisdictional summit to address affordability and access to essential utilities.</p>	<ul style="list-style-type: none"> Work with RWQC, Sound Cities Association, Seattle, and sewer districts to bring a wastewater perspective to the development and planning of the regional utility affordability summit. Identify and implement resources to execute follow-up steps agreed upon at the summit. Develop public engagement strategy for rate payers in coordination with local contract agencies to explain why wholesale WTD rates are increasing and provide opportunities for public engagement. 	<p>Q3 2025 – Q1 2026</p> <p>Q4 2025-Q1 2026</p> <p>Q1 2026</p>	<p>The Regional Utility Rate Summit was held in SeaTac on November 14, 2025, with approximately 150 attendees. WTD participated in the Staff Committee and Steering Committee for planning the Summit and as a participant presenting at the Summit.</p> <p>Follow-up will be coordinated with participants, including a potential second summit in 2026. Sound Cities Association (SCA) and County staff participated in a discussion with MWPAAC at its April 28 General Meeting to solicit input on next steps. WTD and SCA staff met in May to consider this initial input and how it would shape a second summit. WTD will continue to gather input from interested parties.</p> <p>WTD held two sessions in January 2026 with local agency public information officers and similar staff to gather feedback. The sessions included discussion of what local agencies are hearing from customers, more information on current outreach efforts, and ideas for coordination with WTD on rate messages. This feedback will inform WTD's communications strategy development in Q1/Q2 2026. WTD hosted a virtual meeting local agency public information staff on 4/28/26 and shared a communications tool kit for the proposed 2027 sewer rate. WTD's Director also participated in an interview with Bellevue TV regarding utility rates. In response to comments received, WTD will develop a bill stuffer or something similar that local sewer agencies can send to customers</p>

Wastewater Treatment Division (WTD's) Sewer Rate and Capital Work Plan to Continue to Improve Engagement, Transparency, and Accountability – June 3, 2026, Status Update

Note: Changes from the last month's update are in bold, blue font.

Major Recommendations from RWQC Letter	Wastewater Treatment Division Tasks	Working Timeline	Status
			<p>explaining the King County wastewater rate increase for 2027 and the importance of the regional system in protecting public health and the environment.</p>

Capital Spending Forecast_2027 Proposal**CIP**

Asset Management - Conveyance	\$ 927,662,868
Asset Management - Plants	3,021,207,691
Capacity Improvement	2,044,336,734
Operational Enhancements	301,352,361
Planning & Administration	137,809,723
Resource Recovery	271,023,881
Regulatory	7,139,647,190
Resiliency	344,237,542
Total - CIP	\$ 14,187,277,990

CIP - Capital Spending Forecast_2027 Proposal

2026-2036

Asset Management - Conveyance	\$ 927,662,868
Bellevue Interceptor Rehabilitation	\$ 40,474,049
BWO West North Creek Force Main Rehabilitation	164,860,479
Cathodic Protection Program	5,203,493
Conveyance System H2S Corrosion Rehabilitation	1,904,222
Coordinate with WSDOT on I-405N	2,591,052
Division Wide Force Main Inspection Access Program	117,528,710
East North Creek Force Main Structural Lining or Replacement	50,495,851
ESI Section 10 Rehabilitation	11,154,533
ESI Section 13 Rehabilitation Phase II	30,458,203
ESI Section 2 Rehabilitation Phase III	5,905,898
Interbay Force Main & Odor Control	59,880,700
Issaquah Interceptor Rehabilitation	1,526,392
Juanita Interceptor Rehabilitation	7,015,731
Kenmore Interceptor Landfall Structure Rehabilitation	1,204,242
Lake Hills Boulevard Siphon Replacement	8,821,831
M Street Trunk Rehabilitation	63,687,692
Murray Forcemain Rehabilitation	6,036,519
Murray West Force Main Rehabilitation	9,679,758
Odor / Corrosion Control	105,516,775
Pipeline Replacement	79,821,099
Redmond Interceptor Rehabilitation	590,704
South Interceptor Rehabilitation	49,965,249
SPC Yarrow Bay PS Overflow Pipe Rehabilitation	7,912,892
SPO Eastgate Interceptor Rehabilitation Phase IV	27,958,800
SPO Heathfield Force Main Rehabilitation	15,203,231
SPO Kent Cross Valley and May Creek Interceptors Rehabilitation	29,579,575
Vashon WWTP Outfall Upgrade	22,685,189
Asset Management - Plants	\$ 3,021,207,691
Alki Primary Treatment Tanks and Alki Influent Screening Roof Replacements	\$ 1,011,722
Biosolids Agricultural Equipment	1,186,561
Biosolids Forestry Equipment	3,134,145
Biosolids Site Development	10,530,819
Biosolids Transportation	9,402,855
Brightwater Chemical Pipe System Replacement	1,196,768
Brightwater Neuros NX-300 Blower Replacement	17,889,043
Brightwater Operations Center Roof & HVAC Replacement	29,250,314
Chinook Research Vessel Replacement	1,102,100
Division Wide Offsite Level Controls and Communication Upgrade	500,480,766
Division Wide VFD Replacement Program	18,535,401

Division-Wide UPS Replacement Program	31,363,483
Electrical / I&C	128,872,501
Generator Power Systems Lifecycle Management Program	15,896,773
Hidden Lake PS Raw Sewage Pump Replacement	25,465,768
HVAC Replacements and Refurbishments	14,382,917
Kenmore PS and Storage Facility Upgrade	420,841
Lab Camp	18,628,178
Lake Ballinger PS Upgrade	1,559,769
Lakeland Hills PS Facility Replacement	116,710,773
Matthews Park PS Odor Control Replacement	30,114,016
Mechanical Upgrade & Replacement	195,778,181
Membrane Lifecycle Replacement Program Brightwater and Carnation	4,000,051
Murray PS Raw Sewage Pump Upgrade	24,676,342
Offsite Standby Generator Retrofit with Load Bank Connections	14,517,785
Ovation Evergreen Control Systems Lifecycle Management Program	11,460,378
PIMS Replacement	250,391
Roof Replacements for WTD Facilities	1,184,328
Small Generator Replacement at Various Offsite Stations	16,044,909
South Plant Barscreen Upgrade	13,634,186
South Plant Biogas Scrubbing System Upgrade	100,751,381
South Plant C2, C3 LP and C3 HP Piping Replacement	636,732
South Plant Chemical ORT System and Dewatering Carbon Scrubber Improvements	4,580,116
South Plant Electrical Improvements	242,350,297
South Plant Flow Control Structures (#1-4) Component Replacement	7,483,416
South Plant Influent Gates & Actuators Replacement	8,679,326
South Plant Raw Sewage Pump #3 Replacement	22,442,036
South Plant Santler Building Redevelopment	55,112,728
South Plant Screening Dewatering Units Replacement	16,725,575
South Plant Secondary Odor Control Storage System Improvements	5,295,112
South Plant Water Tower Lead Abatement	12,823,709
SP Biogas and Heat Systems Improvements	31,775,301
SP DAFT Tank Rehabilitation	65,087,836
SPO Medina - Wilburton Siphons Odor Control	747,190
STP Aeration Tank Rehabilitation	6,925,219
STP Mixed Sludge Line Replacement	22,693,263
STP RAS Piping and Component Replacement	116,559,956
STP Septage Receiving	1,055,883
Structures / Site Improvement	133,824,914
Vashon TP Clarifier 1 & 2 Refurbishment (Standalone)	590,818
West Point Electrical Improvements	397,495,900
West Point EPS Isolation Gate Rehabilitation	14,142,355
West Point IPS / EPS Pump Refurbishment Program	44,162,932
West Point Primary Sediment Tank Corrosion Protection	280,561
West Point Propane System Improvements	16,246,461
West Point Secondary Clarifier Mechanism Refurbishment	2,041,989
West Point Sodium Hypochlorite System	8,919,899
WLRD Environmental Lab MCC Replacement	3,207,962
WPO Alki Bar Screen Replacement	9,622,010
WPO Denny Way Regulator Station Back-up Power	206,493
WPO Murray PS Upgrade	11,599,600
WPO North Beach Pump Station Upgrade	59,643,468
WPTP C1/C2 Pipeline Replacement	1,760,039
WPTP Cathodic Protection System Upgrade	699,006
WPTP Centrifuge, Centrate and SR lines Replacement	3,941,302
WPTP Co-Gen Replacement	8,212,383
WPTP Cogeneration Refurbishment	2,521,121
WPTP Critical Gate Refurbishment Program	206,273,960
WPTP CW Pipeline Replacement	817,823

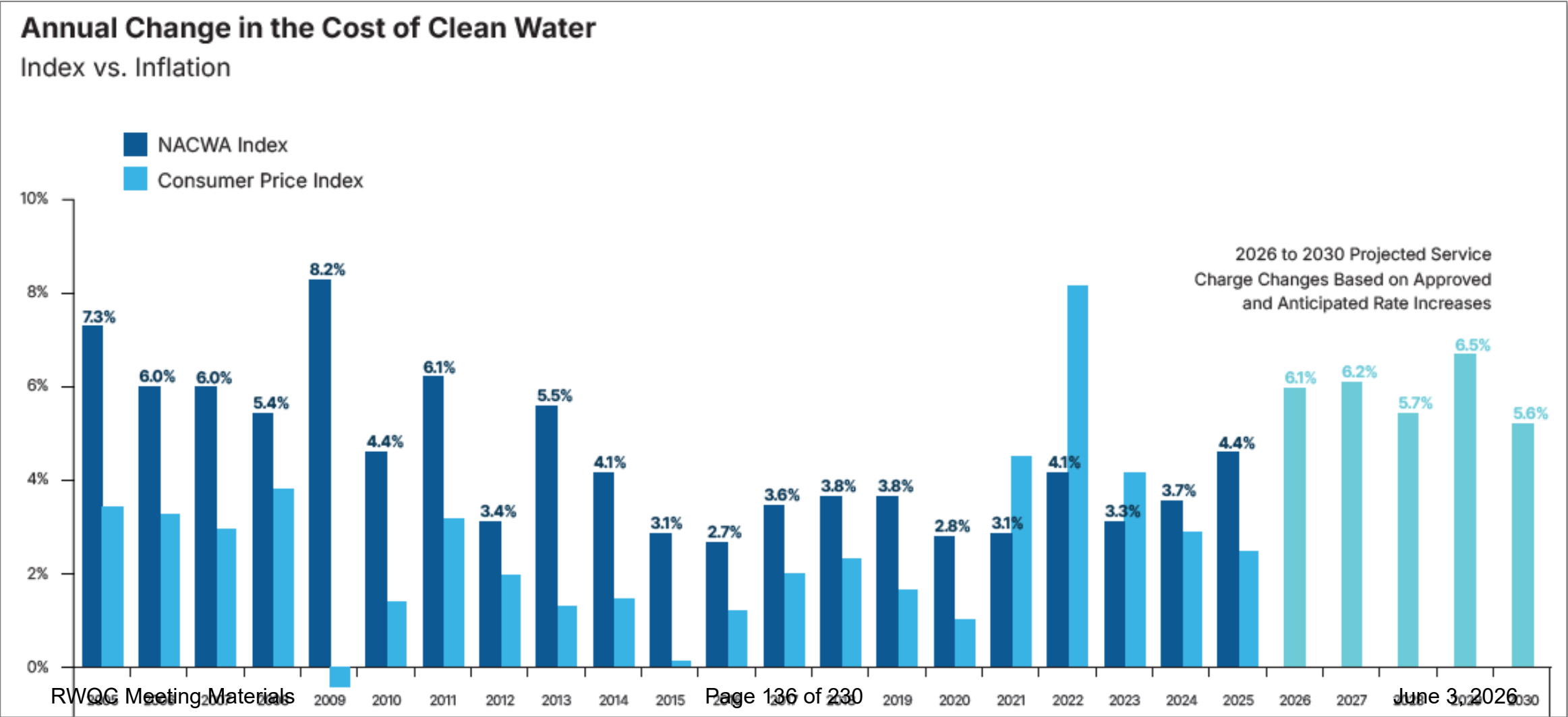
WPTP GBT Replacement	4,602,578
WPTP Grit Classifier Replacement	3,035,518
WPTP Heat Loop Refurbishment	4,878,528
WPTP Instrument & Service Air Replacement	17,417,554
WPTP LSG Piping Replacement	1,094,929
WPTP OGADS System Replacement	3,849,554
WPTP Oxygen Generation System Refurbishment	10,545,327
WPTP PE and RAS Pipe Restoration/Replacement	28,427,638
WPTP Sand filter Replacement	209,046
WTD CMMS Upgrade	1,069,378
WTD Offsite Facilities Security Upgrade Project	24,324,059
WTD Ovation Control Systems Upgrades	1,784,251
WTD Roofing Program 2024-2028	10,099,001
WTD Standby Generator Fuel Storage ATG (Automatic Tank Gauging) Upgrade Program	640,937
Yarrow Bay PS Permanent Emergency Backup Generator	2,611,258
Capacity Improvement	\$ 2,044,336,734
Black Diamond Payments	\$ 3,495,890
Black Diamond Trunk Capacity Upgrade	166,751,012
Boeing Creek Trunk Replacement and Parallel	2,403,239
Brightwater Aeration Basin No. 4	183,953,428
Brightwater Aeration Basin No. 5	39,344,765
Brightwater Centrifuge No. 3	9,476,474
Brightwater Digester Capacity	4,514,753
Brightwater Grit Removal Expansion (Placeholder)	2,533,148
Brightwater Membrane 9 & 10 Cassettes	4,725,267
Brightwater Primary Clarifier Expansion (Placeholder)	2,138,641
BW Basins & Cassettes (11 & 12)	33,289,245
Coal Creek Siphon & Trunk Parallel	141,473,967
East Section Permanent Flow Monitors	5,072,631
Garrison Creek Interceptor Upgrade	29,117,201
Lake Hills and NW Lake Sammamish Interceptor Upgrade	257,945,324
Medina Pump Station Upgrade	43,618,526
Medina Trunk Replacement	512,936
North Mercer Island & Enatai Interceptors Upgrade	22,857,902
Richmond Beach Edmonds Interceptor Parallel	17,751,524
Richmond Beach Force Main Parallel	872,764
Richmond Beach PS Upgrade	44,417,415
Sammamish Plateau Diversion	571,310,325
Sammamish Plateau Interim Capacity	1,030,000
Soos Creek Cascade Relief Interceptor No. 2 Upgrade	15,956,384
South Park Conveyance Rerouting to Rainier Vista Interceptor	17,275,136
South Plant Digester Capacity	36,948,164
South Plant ETS Expansion (Placeholder)	2,851,522
South Plant Primary and Secondary Clarifier Upgrade	30,049,191
SPC North Lake Sammamish Flow Diversion	5,760,074
STP Secondary Sedimentation Tanks Retrofit	15,553,023
Treatment Planning Program	33,899,636
Tukwila Freeway Crossing Replacement	3,153,362
West Point Digestion Capacity Expansion	279,719,294
West Point Secondary Clarifier Capacity Expansion	14,269,973
WPTP OGADS Replacement	294,600
Operational Enhancements	\$ 301,352,361
Alki Permanent Standby Generator	\$ 11,895,589
Brightwater Biogas Conditioning	7,927,593
Brightwater Influent Pump Station Optimization	14,394,540
Carkeek CSO Dechlorination System Modifications	2,306,946

Lake Union HVAC Improvements	114,294
Process Replacement/Improvement	123,435,521
SPO Black Diamond PS RSP Rehabilitation	20,091,640
Sunset/Heathfield RSP Replacement	91,768,273
Technology Assessment and Innovation Project	23,229,239
West Point Additional IPS Pump	459,217
West Point Digester Mixing System Improvements	653,436
West Point Sludge Blend Tank Mixing System	789,078
WPTP GBT Foul Air System Improvement	4,286,995
Planning & Administration	\$ 137,809,723
Capital Project Oversight	\$ 3,634,397
Regional Wastewater Services Plan (RWSP) Update	\$ 28,532,468
RWSP Conveyance System Improvements	\$ 61,226,159
RWSP Local Systems I/I Control	\$ 7,437,817
Water Quality Capital Outlay	\$ 8,405,811
WTD Capital Project Formulation	\$ 21,901,398
WTD Capital Projects Closeout	6,671,673
Resource Recovery	\$ 271,023,881
Brightwater Digester Circulation Pump Replacement	\$ 1,399,046
Brightwater Digester Gas Optimization	32,371,786
Brightwater Odor Control Optimization	558,661
Brightwater Space Heating - Heat Pump Installation	10,464,293
BW Reclaimed Water Storage	65,882,133
Class A Loop Biosolids Facility	99,471,315
Loop Biosolids Compost Pilot at SP	13,234
Reclaimed Water Planning & Infrastructure	15,141,478
Sewer Heat Recovery, Renewable energy projects - Long term planning	727,725
South Plant Digester Circulation Pump Replacement	3,583,071
West Point Digester Circulation Pump Replacement	2,195,898
West Point Digester Gas Optimization - Phase 2	12,030,723
West Point Solar PV installation Over Primary Clarifiers	9,544,106
WP Biogas Utilization Improvement Program	12,081,156
WTD Electric Vehicle Charging Stations	4,083,266
WTD Solar Program	1,475,991
Regulatory	\$ 7,139,647,190
Comp Planning & Reporting	\$ 74,903,645
CSO Control & Improvement	30,099,377
CSO Supplemental Compliance and Corrective Action	126,770,297
East Ship Canal Wet Weather Facilities	1,809,662,125
Elliott West CSO Compliance	3,661,857
Elliott West Wet Weather Treatment Station	775,326,596
Georgetown Wet Weather Treatment Station	565,779
Joint Ship Canal WQ CSO Control	51,580,182
Lower Duwamish Waterway Superfund	71,353,836
Mitigation Site Maintenance and Monitoring	25,414,041
Mouth of the Duwamish - Chelan Storage Parent	806,617,981
Mouth of the Duwamish - Wet Weather Treatment Station and Conveyance Parent	2,575,314,905
Mouth of the Duwamish Facility Plan	2,800,000
Nitrogen Removal Optimization Mid-term Capital – Sidestream Treatment	130,491,663
Nitrogen Removal Optimization: Near-term Capital Program	21,621,398
PSNGP Nutrient Reduction Strategy	11,139,870
Sediment Management Plan	52,807,582
STP Aeration Tank Foam Wasting Control	47,391,097
STP Secondary Aeration Modified Ludzak Ettinger Retrofit	197,531,697
Water Quality Improvement Alternatives	47,915

West Duwamish Wet Weather Storage	85,843,024
WP Power Quality Improvements	12,181
WP Power Reliability Improvements	2,971,230
WPO South Magnolia Supplemental Compliance	235,718,912
Resiliency	\$ 344,237,542
30th Avenue PS Structural Retrofits	\$ 492,735
63rd Avenue PS flood Protection Upgrade	2,135,703
63rd Avenue PS Liquefaction Retrofits	981,223
Climate Adaptation Planning Program	21,079,053
Duwamish PS Structural Retrofits	6,520,030
Henderson PS Liquefaction Retrofit	104,334
Interbay Pump Station Structural Retrofits	6,868,229
Interurban PS Liquefaction Retrofit	1,554,045
Matthews Park PS Flood Protection Upgrade	4,260,669
Matthews Park PS Structural Retrofits	17,091,203
Murray PS Flood Protection Upgrade	3,238,394
South Mercer PS Landslide Protection Upgrade	459,857
South Plant Digester Equipment Building Structural Retrofits	3,117,742
South Plant Effluent Pump Station Structural Retrofits	6,866,899
South Plant Santler Building Structural Retrofits	2,036,697
SPTP Influent Pump Station Seismic Upgrades	25,392,583
Sweylocken PS Structural Retrofits	214,804
W. Marginal Way PS Structural Retrofits	123,184
West Point Maintenance/Effluent Pump Station Structural Retrofits	24,607,599
West Point Primary Sedimentation Area Roof Structure	11,113,466
Woodinville PS Flood Protection Upgrade	494,050
WP Life Safety Capital Improvements Program	3,880,463
WPTP Admin/Ops Center Seismic Upgrades	33,816,424
WPTP Passive Weir for Emergency Bypass	1,942,897
WPTP Raw Sewage Pump Replacement	147,634,118
WTD Resiliency Rollup	15,155,102
York PS Flood Protection Upgrade	3,056,039
Total - CIP - Capital Spending Forecast_2027 Proposal	\$ 14,187,277,990

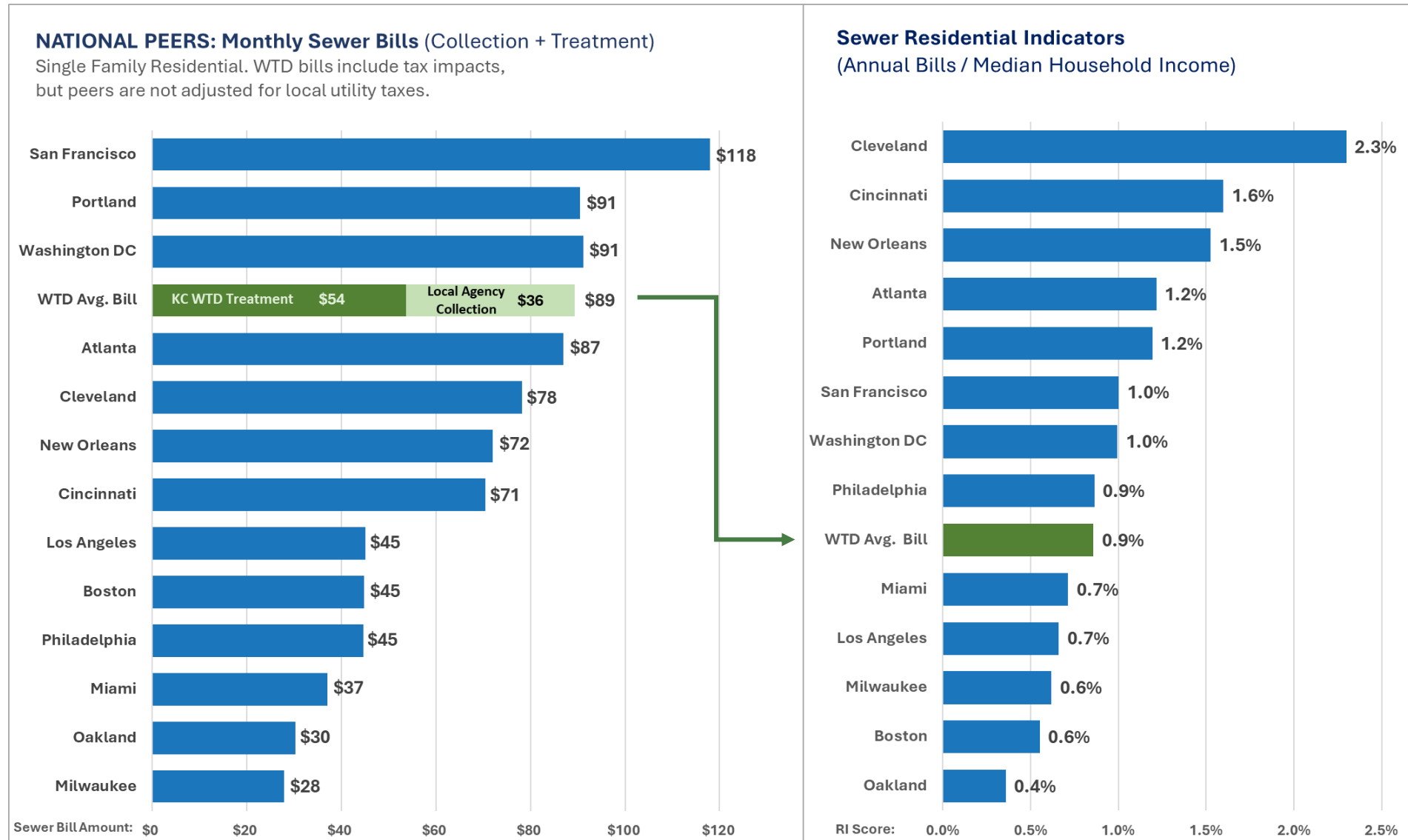
2025 NACWA Cost of Clean Water Index

In the last 20 years, sewer rates across the country have increased significantly faster than inflation, except for the years immediately after the Covid-19 pandemic. In the next 5 years, annual rate increases are projected at 6% on average



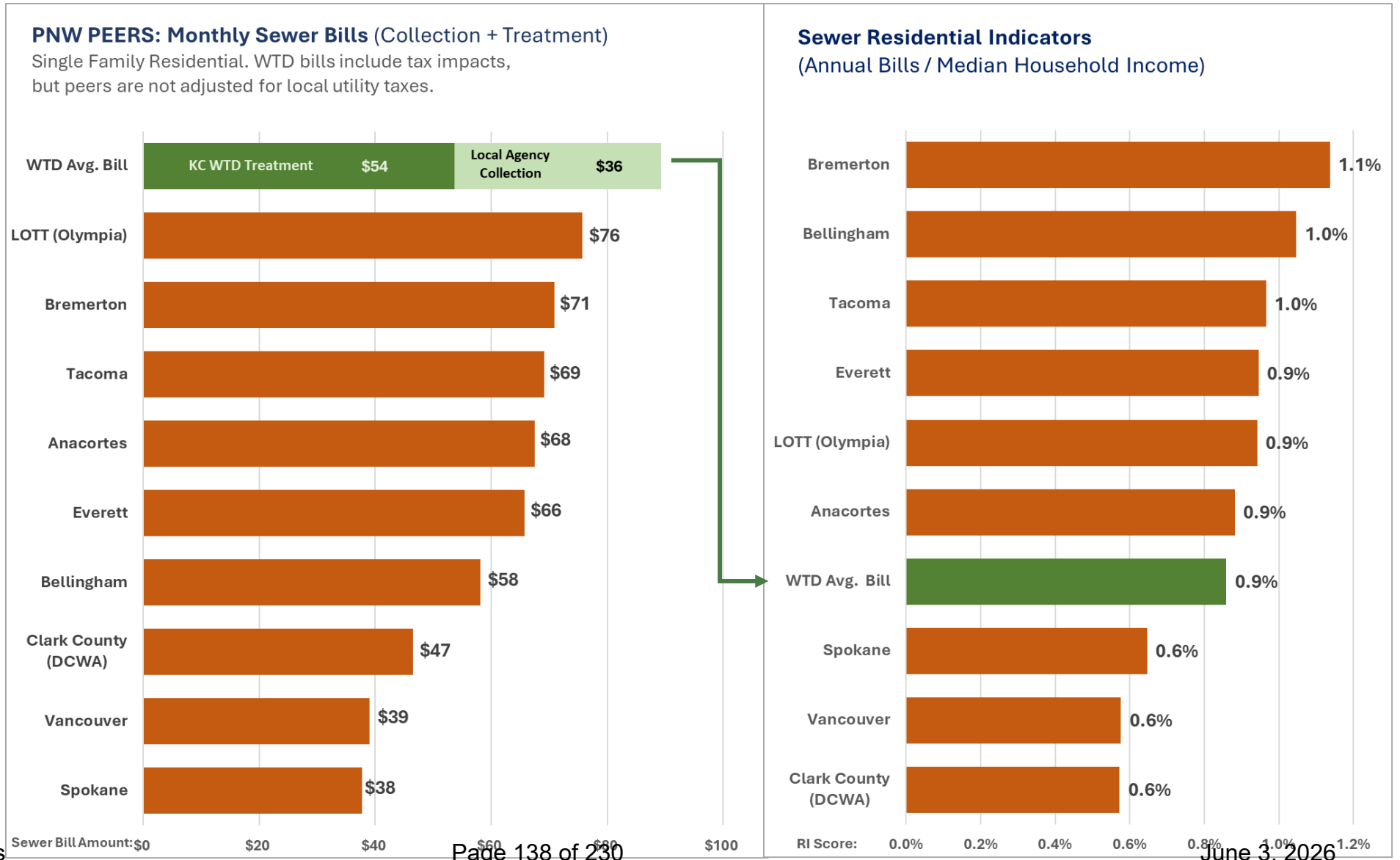
WTD Sewer Rates vs National Peer Agencies

- Sewer rates among WTD peers vary widely
- Differences in rates across agencies are influenced by a range of local conditions: system complexity, size, and age, local costs, timing of regulation compliance, discharge type, etc.
- In dollar terms, WTD is among those with the highest rates
- Relative to local incomes, WTD's rates are below the peer average
- Sewer rates as a percentage of household income is a more accurate way to compare rate affordability between agencies when there are significant cost of living differences



WTD Sewer Rates vs Regional Agencies

- Bill comparisons without accounting for local context can be misleading
- For example: high sewer bills could be caused by higher costs of living and offset by higher local wages
- In dollar terms, WTD has the highest sewer rate in the region
- Relative to local incomes, WTD's rates are below the region's average



Selected Peer Agencies Sewer Bill Increases

WTD is not alone in experiencing large rate increases. Los Angeles, Philadelphia, and San Francisco are all going through multiple years of double digit increases in their sewer rates

National Peer	Historical				Forecast		
	2022	2023	2024	2025	2026	2027	2028
Atlanta	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Boston	1.7%	0.3%	-19.0%	0.2%			
Cincinnati	0.0%	3.0%	3.0%	3.8%			
Cleveland				4.2%	4.2%		
Los Angeles	0.0%	0.0%	22.1%	19.8%	19.5%	8.7%	8.6%
Miami				6.0%			
Milwaukee	1.6%	3.0%	1.9%	4.0%			
New Orleans				0.0%			
Oakland				0.6%	7.7%	8.4%	
Philadelphia	11.4%	3.2%	15.9%	11.6%	6.2%		
Portland	8.3%	5.4%	-1.9%	8.5%			
San Francisco	8.5%	5.3%	5.4%	5.3%	11.0%	10.3%	
Washington DC	8.5%	9.7%	7.1%	-1.6%	3.5%	2.8%	3.4%

250% increases between 2002 and 2012 due to CSOs and now ~30% of their funding comes from sales tax

In 2024 Boston separated sewer and stormwater bills

Due to the Covid-19 pandemic, Los Angeles didn't increase rates between 2020 and 2023



King County

**Metropolitan King County Council
Regional Water Quality Committee**

April 9, 2026

The Honorable Girmay Zahilay
King County Executive
401 5th Ave., Suite 800
Seattle, WA 98104

RE: 2027 Sewer Rate and Capacity Charge

Dear Executive Zahilay,

At the April 1, 2026 Regional Water Quality Committee (RWQC) meeting, committee members discussed the 2027 sewer rate and capacity charge you will be transmitting for consideration and adoption by the King County Council. On behalf of the members of the RWQC, thank you for the opportunity to review WTD's rate in development and for the opportunity to provide comments to help inform your recommendation to the Council.

As you know, for the last several years, the sewer rate trajectory has included double-digit increases projected out for the foreseeable future. WTD's presentation at the April RWQC meeting included a department recommendation and alternative scenarios presented which continue this trajectory.

As a committee, RWQC views these increases from a ratepayer perspective. The projected increases significantly affect the affordability of living in our region, and we are deeply concerned the proposed rate trajectory is unsustainable. Our ratepayers are already facing increases across the board in their monthly expenses, including local sewer rates, other utility bills, housing, fuel, and food. Additionally, we recognize that the county's significant wastewater rate increases impact the ability of local sewer utilities to fund their system needs as they are concerned about compounding rate increases to fund both the regional and local system.

The RWQC acknowledges and appreciates the work that WTD has done thus far to implement the division's work plan for improving engagement and transparency in the rate process. However, many of the action items are still in the early stages of implementation. We are eager to see more progress in the coming months in:

- pursuing state regulatory flexibility with a focus on what matters most for improving water quality

The Honorable Girmay Zahilay

April 9, 2026

Page 2

- implementing a multi-year rate to improve predictability for local utilities and the ratepaying public;
- improving transparency in the capital planning process; and
- advancing the independent review of the capital program, with a goal of ensuring that planned projects are delivered within promised timelines.

In addition, RWQC strongly encourages you to advocate for state and federal support for the types of investments needed to create and maintain a modern, effective and efficient system that will protect the water quality in King County and the central Puget Sound.

RWQC values the expert advisory review of the Metropolitan Water Pollution Abatement Advisory Committee (MWPAAC) and looks to MWPAAC to identify policy issues for RWQC and Council consideration. RWQC supports the MWPAAC letter calling for transformational change and concurs with its specific recommendations. In short, we can't keep doing the same thing and expect better results.

Regarding your upcoming rate proposal, you have a difficult decision to make. We agree with MWPAAC that a forecast of this magnitude warrants an extended review period to allow policymakers and regional partners sufficient time to evaluate alternatives, understand tradeoffs, and reach informed policy decisions.

Sincerely,



Claudia Balducci, Chair
Regional Water Quality Committee

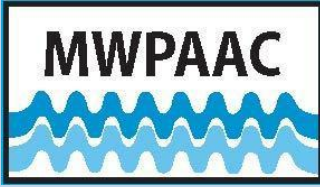


Laura Mork (Apr 10, 2026 11:38:46 PDT)

Laura Mork, Vice Chair
Regional Water Quality Committee

CC: Regional Water Quality Committee Members

Jenny Giambattista
Andy Micklow
Garrett Holbrook
Jeannie Macnab
Blake Trask
Kamuron Gurol



Metropolitan Water Pollution Abatement Advisory Committee

King Street Center
201 S Jackson St, MS: KSC-NR-6200
Seattle, WA 98104

MEMBERS:

- Alderwood Water and Wastewater District*
- City of Algona*
- City of Auburn*
- City of Bellevue*
- City of Black Diamond*
- City of Bothell*
- City of Brier*
- City of Carnation*
- Cedar River Water and Sewer District*
- Coal Creek Utility District*
- Cross Valley Water District*
- Highlands Sewer District*
- City of Issaquah*
- City of Kent*
- City of Kirkland*
- City of Lake Forest Park*
- Lakehaven Water and Sewer District*
- City of Mercer Island*
- Muckleshoot Indian Tribe*
- Northeast Sammamish Sewer and Water District*
- Northshore Utility District*
- Olympic View Water and Sewer District*
- City of Pacific*
- City of Redmond*
- City of Renton*
- Sammamish Plateau Water and Sewer District*
- City of Seattle*
- City of Shoreline*
- Skyway Water and Sewer District*
- Soos Creek Water and Sewer District*
- City of Tukwila*
- Valley View Sewer District*
- Vashon Sewer District*
- Woodinville Water District*

April 29, 2026

The Honorable Sarah Perry
Chair, King County Council
516 Third Avenue, Room 1200
Seattle, WA 98104

Subject: Wastewater Treatment Division 2027 Rate Recommendation

Dear Councilmember Perry:

The Metropolitan Water Pollution Abatement Advisory Committee (MWWPAAC) champions a financially sustainable regional wastewater treatment system. We embrace our role to advise the county on wastewater treatment matters, including the county’s recommended rate. MWWPAAC remains concerned with the current trajectory for substantial sewer rate increases. Faced with considering such impactful increases, the annual rate process does not provide the necessary look ahead to adequately inform decision makers.

We appreciate that the rate trajectory is driven by Wastewater Treatment Division (WTD)’s substantial capital program, and that large rate increases are also needed over the next ten years to satisfy costly regulatory requirements. However, the current annual rate setting process does not allow adequate time to fully understand the planning information for the capital program. Nor does it allow sufficient time to evaluate the assumed risks and long-term financial implications of the recommended rate forecast.

The rate recommendation and alternative scenarios presented to MWWPAAC all include double-digit rate increases over the next several years. A forecast this significant demands a longer period of review to fully understand and discuss options before choosing a path forward. MWWPAAC requests that WTD develop and conduct a longer review process, ideally in place of the annual rate setting process, to better inform and build support for the next decade of rate increases.

As highlighted during the recent Rate Summit, year-over-year rate increases of this magnitude are a significant contributor to affordability challenges for families across the region. These increases also severely constrain our individual member utilities’ ability to fund our own systems’ needs, creating compounding financial pressure on local jurisdictions and ratepayers alike. We all share the responsibility of ensuring that wastewater services remain reliable, compliant, and affordable well into the future. We must work collaboratively toward solutions that seek a balance between affordability, regulatory compliance, and long-term system sustainability.

The Honorable Sarah Perry

April 29, 2026

Page 2

MWPAAC members deeply appreciate the opportunity to engage with WTD in discussions about the system's financial outlook. We share the concerns expressed by the Regional Water Quality Committee that the process would benefit from a clearer structure and stronger policy direction, which should include:


- a thorough assessment of long-term asset renewal and replacement needs of the regional utility - this would provide for broad policy direction for a multi-year system reinvestment strategy to promote financial sustainability;
- regional policy guidance to define wastewater rate affordability goals, which can be used as benchmarks to consider future rate adjustments – this guidance should recognize that rate affordability and system sustainability are at odds;
- strategic and ongoing collaboration, a partnership, with regulators to develop financially sustainable strategies to comply with clear, measurable, and effective environmental outcomes; and
- a long-term financial management plan that provides for the immediate funding needs for the system and plans for long-term system reinvestment - the long-term financial plan should be designed to provide deeper evaluation and risk assessment of capital program and rate scenarios to create meaningful choices for policymakers.

MWPAAC is dedicated to partnering constructively in this work. We welcome continued opportunities to:

- participate in facilitated workshops focused on project prioritization and sequencing;
- provide jurisdictional perspectives on affordability impacts and cumulative utility burdens;
- engage early in the development of alternative scenarios to help test assumptions and identify workable trade-offs; and
- collaborate on communicating the financial strategy and its implications to our shared constituents.

Our goal is to ensure that the rate path reflects clear policy choices, rigorous analysis, and broad confidence among partner jurisdictions. We need to step off the annual hamster wheel and open the curtain on a longer view. We are asking for transformational change - with strengthening collaboration and leadership, we can achieve this.

Sincerely,

Signed by:

4ED96DE8E6FC467...
John McClellan
MWPAAC Chair

cc: The Honorable Girmay Zahilay, County Executive, King County
King County Councilmembers
MWPAAC members
Regional Water Quality Committee members
John Taylor, Director, Department of Natural Resources and Parks (DNRP)
Kamuron Gurol, Director, Wastewater Treatment Division (WTD), DNRP

**2026 Board of Directors****President**

Armondo Pavone
Mayor
City of Renton

May 22, 2026

ATTN: Metropolitan King County Council

Vice President

Troy Linnell
Mayor
City of Algona

Dear Chair Sarah Perry and King County Councilmembers,

On behalf of the Sound Cities Association (SCA), we are writing regarding Proposed Ordinance 2026-0103 2027 Proposed Sewer Rate and Capacity Charge. SCA is alarmed by the lack of affordability of the sewer rates proposed for 2027 and forecasted in the near-term. Ratepayers are facing the compounding impacts of multiple years of double-digit sewer rate increases and sharp rate increases from other utilities. This trend is unsustainable.

Treasurer

Thomas McLeod
Mayor
City of Tukwila

The 2027 proposed monthly sewer rate of \$70.65 is a 12.75% increase over the current monthly sewer rate of \$62.66. Currently, monthly sewer rates are projected to double by 2032 and triple over the course of the forecasting period. Because cities and sewer districts levy their own rate increases to address local system needs, we request that rate examinations not be siloed; local increases as well as increases to other utilities' rates, especially by the County, need to be annually factored into sewer rate discussions. Along these lines, due to shared affordability concerns, the SCA Public Issues Committee will also be discussing the solid waste rate at a future meeting.

Secretary

Lynne Robinson
Councilmember
City of Bellevue

Further, King County must also establish a more structured and ongoing engagement process with cities throughout the rate-setting cycle. Cities are on the front lines where ratepayers are impacted. Early, consistent collaboration is necessary to fully understand local constraints and avoid unintended affordability consequences. Without this level of engagement, it will be increasingly difficult to support this latest proposal or any future rate proposals of this magnitude.

Immediate Past President

Angela Birney
Mayor
City of Redmond

There is an urgent need for a second affordability summit in 2026 to reassess initiatives that increase costs without clear benefits. With decisions looming that could add billions in expenses, like nutrient removal plans for Puget Sound, we must consider households struggling with essentials like food and healthcare. The key finding of the first Regional Utility Rate Summit is that a significant majority of the rate increases are caused by regulatory requirements. Pausing or rolling back these requirements should be the purpose of the second summit.

PIC Chair

Lydia Assefa-Dawson
Councilmember
City of Federal Way

We are committed to the health of Puget Sound and the people living around it. We understand the importance of building and maintaining dependable, adaptable, and sustainable infrastructure to ensure the system continues to protect public and environmental health and acknowledge that rate increases may be necessary to do so. However, rate increases must be balanced with ratepayers' ability to pay—both today and in the future.

City Manager Representative

Scott MacColl
City Manager
City of Sammamish

Amy McHenry
Mayor
City of Duvall

Tola Marts
Deputy Council President
City of Issaquah

Dana Ralph
Mayor
City of Kent

Tom French
Mayor
City of Lake Forest Park

Sean Kelly
Mayor
City of Maple Valley

Annette Ademasu
Councilmember
City of Shoreline

Executive Director

Robert Feldstein

To address these concerns, we support the recommendations proposed in letters by the Metropolitan Water Pollution Abatement Advisory Committee (MWPAAC) and Regional Water Quality Committee (RWQC). We therefore request the Wastewater Treatment Division (WTD):

Sound Cities Association
6300 Southcenter Blvd., Suite 206
Tukwila, WA 98188
(206) 433-7168
SCA@SoundCities.org
www.SoundCities.org

- Continue the work on the Sewer Rate and Capital Work Plan, including third-party capital program review and work towards multi-year rate options.
- Ensure future rate conversations include a focus on a longer-range view beyond the current 10- to 20-year window.
- Continue to consider and present information on the needs of the system and whether rates have kept up with those needs.
- Articulate steps WTD has taken to find savings across its categories of expenditure and then communicate the amount of those savings.
- Provide clear reporting on how WTD has aligned with its adopted policies and the quantifiable impact on rates for each affecting policy. While we appreciate the inclusion of multiple rate scenarios in this year's process, exact policy levers available to affect sewer rates remain unclear, as does how policy choices made thus far have contributed to rate growth.
- Work with the RWQC to determine policies regarding rate affordability for future cycles.
- Collaborate with regulators to develop a data-informed regulatory approach to achieve meaningful environmental outcomes. Alternative pathways and the feasibility of a pause on regulatory capital projects should be considered to provide relief from the stacking of expensive projects.
- Advocate for increased state and federal investment, including grants or low-interest funding, to support local sewer agencies and reduce the reliance on ratepayers and comply with federal regulatory mandates.
- Continue collaboration on the planning of the second affordability summit.

Thank you for your increased transparency during this year's sewer rate development process and for your continued partnership. We look forward to continuing to collaborate on ways to address the growing affordability crisis for our ratepayers.

Sincerely, on behalf of the Sound Cities Association Board of Directors,



Armondo Pavone
 President, Sound Cities Association
 Mayor, City of Renton

Cc: Girmay Zahilay, King County Executive
 John Taylor, Director, Department of Natural Resources and Parks
 Kamuron Gurol, Director, Wastewater Treatment Division
 Sharman Herrin, Government Relations, Wastewater Treatment Division
 Regional Water Quality Committee Members



City of Seattle

May 5, 2026

Councilmember Sarah Perry
Chair, King County Council

Councilmember Claudia Balducci
Chair, Regional Water Quality Committee

Re: Proposed 2027 King County Sewer Rate and future projections

Dear Council Chair Perry and Regional Water Quality Committee Chair Balducci,

We are writing to express the City of Seattle's serious concerns about King County's proposed sewer rate increase of 12.75% for 2027 and the projected double-digit rate increases through 2032. If enacted, these increases would more than double the monthly wastewater treatment bill in the next five years, from \$62.66 to \$125.36. This cost significantly adds to the affordability challenge already facing households and local businesses in our region. More needs to be done to reduce these proposed increases.

We know you share our concern that the proposed sewer treatment rate adds to our regional affordability problems and we appreciate the County's leadership in bringing the region together for this discussion. We particularly want to acknowledge Councilmember Balducci's leadership on the Regional Water Quality Committee to champion affordability, transparency, and accountability and look forward to supporting this ongoing effort.

We urge the King County Council to address both the rate for 2027 and the proposed rate path and projected rate increases through 2032. Recognizing there are costly demands on the system, we believe the County Council should support a 2027 rate of no more than 10.75%, at least 2% below the proposal of 12.75%. This number is in line with the 2026-27 King County Budget Proviso that required the Wastewater Treatment Division to provide rate options, including one that is at least 2% less than the Executive proposed rate. We recognize that this rate would not meet all the system asset and capacity needs beyond 2027. We also acknowledge that even a 10.75% rate increase would heavily impact ratepayers, who are already facing significant affordability challenges.

Our priority is to make Seattle an affordable city for people of all income levels and for local businesses to thrive. Utility costs are an important part of our affordability agenda. The proposed 2027 regional sewer system rate and rate path place an unsustainable burden on our ratepayers, and this increase is only one of many rising costs impacting our region. The County's proposed rate also impacts Seattle's ability to invest in our own sewer system. With Seattle's commitment to three-year rate paths for our residents and utilities, we end up absorbing the County's rate increases, forcing us to delay meeting our own planned infrastructure needs. The compounded rate forecast will make this an ongoing issue.

As a public utility owner, the City of Seattle understands the complexities and challenges that King County must manage to operate and maintain the regional sewer treatment system. We face the same challenges of navigating costly regulatory requirements, rising construction costs, and investing in aging infrastructure and growth. In Seattle, we require Strategic Business Plans from our utilities, which provide predictable rate commitments and strategic planning over a 6-year period, with rates locked in every 3 years. This approach helps Seattle provide predictable rate path and commitment for our residents and utilities. We urge King County to require a similar type of planning and prioritization for the Wastewater Treatment Division before approving large rate increases. Until this type of planning is completed, we strongly recommend that annual rate increases be carefully constrained to what is necessary and realistically can be accomplished for the coming year.

The City of Seattle also strongly encourages King County to develop and implement a proactive strategy for regulation-driven projects. Regulatory requirements are driving much of the rate increases and we recommend continued discussion of the rate impacts of regulation-driven projects and rate affordability with the three regulatory agencies. We appreciate our partnership with King County on this work and are committed to continuing to work closely with you on the timing and substance of these conversations. Environmental stewardship is a core value of the communities we serve, and we must work hard to achieve the best value for our customers.

We strongly support the sound advice from the Metropolitan Water Pollution Abatement Advisory Committee (MWPAAC). Our region needs transformational change in the ways sewer treatment rates are set. We concur that a forecast of this magnitude needs extended review to allow sufficient time to evaluate alternatives, understand tradeoffs, and reach informed policy decisions.

As elected officials with members on the Regional Water Quality Committee (RWQC), we also want to emphasize the points in the RWQC letter to Executive Zahilay. We support more substantive, timely progress toward pursuing state regulatory flexibility to address water quality needs, implementing a multi-year rate to improve rate predictability, improving transparency in the capital planning process, and advancing the independent review of the capital program with a goal of ensuring projects are prioritized and delivered on time and within budget.

In addition, Seattle appreciates our partnership with King County and the work of the Wastewater Treatment Division to improve transparency and collaboration with member agencies. Our agencies have a productive relationship that has provided more efficient, cost-effective solutions for our

ratepayers. More strategic, collaborative planning will further enhance the value for our region. We look forward to working together on these issues and on regional affordability.

Sincerely,



Katie Wilson
Mayor, City of Seattle



Joy Hollingsworth
Council President, Seattle City Council



Eddie Lin
Councilmember, Seattle City Council



Alexis Mercedes Rinck
Councilmember, Seattle City Council



Maritza Rivera
Councilmember, Seattle City Council



Rob Saka
Councilmember, Seattle City Council



Dan Strauss
Councilmember, Seattle City Council



Dionne Foster
Councilmember, Seattle City Council

CC: Girmay Zahilay, King County Executive
John Taylor, Director, King County Department of Natural Resources and Parks
Kamuron Gurol, Director, King County Wastewater Treatment Division
Andrew Lee, CEO/General Manager, Seattle Public Utilities

**Executive Girmay Zahilay**

Chinook Building, CNK-EX-0800
401 Fifth Avenue, Suite 800
Seattle, WA 98104-2391

May 18, 2026

The Honorable Sarah Perry
Chair, King County Council
Room 1200
COURTHOUSE

Dear Chair Perry and Councilmembers,

I write regarding my sewer rate and capacity charge recommendation for 2027 in proposed Ordinance 2026-0103, and in response to a recent letter from the City of Seattle. I intend to offer responses to other rate comment letters in the coming weeks, as well.

My commitment to improving affordability for ratepaying households is strong. There is much we can do working with cities, sewer districts, regulators and others to create a sustainable rate path. However, I must express deep concern with the City of Seattle's call for a 2027 rate that is substantially lower than we need, and I want the Council to have the information it needs regarding potential consequences of adopting an insufficient rate.

I did not recommend a 12.75% rate increase lightly. Adopting a rate two percent lower than recommended would offer minimal, short-term rate reduction while increasing risks to communities, the environment, King County's legal standing and possibly our utility bond ratings. Because the Wastewater Treatment Division (WTD) must prioritize projects tied to legally binding requirements, deficient funding for 2027 would require WTD to delay upgrades to aging infrastructure. This would endanger reliability, force higher costs on future generations, and increase the chance of disruptions to service and impacts to public health and the environment.

I want to be clear that the single largest driver of proposed rate increases is a regulatory requirement to build facilities in the City of Seattle to reduce combined sewer overflows, which arise because of Seattle's combined sewer system. For years, some jurisdictions have raised the possibility of Seattle taking on a larger share of these costs, which would

The Honorable Sarah Perry

May 18, 2026

Page 2

have an immediate and significant impact on reducing the rate for other cities and sewer districts. As we move forward, this should be part of the larger regional discussion of sewer rates that is currently playing out as we continue our work on the Regional Wastewater Services Plan.

King County staff are pursuing multiple efforts to develop a more sustainable, affordable rate path, and we are working hard to contain costs in a rapidly changing environment. WTD implements robust capital planning processes, employing a rigorous portfolio management process for capital projects. In addition to our prioritization and governance structure, WTD utilizes a data-informed schedule risk adjustment factor in rate setting to right-size our forecasted spending and sewer rate proposal. This ensures annual rate increases are carefully constrained to what is necessary and can realistically be accomplished for the coming year. WTD is also collaborating with an independent review by a third-party consultant overseen by the King County's legislative branch to identify further improvements to capital planning and delivery programs.

For decades, King County has worked alongside local cities, sewer districts, Tribes, and regulators to protect Puget Sound and provide essential infrastructure for our communities and economy. We cannot, on our watch, endanger our frontline workers or community members by failing to replace aging infrastructure. We cannot fall short in providing enough capacity for our growing region. We cannot disregard federal and state regulations, a federal consent decree, or other legal commitments without adding to risk and consequence. The 12.75% rate proposal allows King County to honor our immediate and ongoing commitments while we make strong efforts toward a more sustainable long-term financial path. The 10.75% (or lower) recommendation does not.

I am grateful to serve alongside the County Council to honor our commitment to our workers, our communities, and to a healthy Puget Sound. I look forward to working together to chart a path toward sustainable rates for local households. Thank you for your consideration.

The Honorable Sarah Perry

May 18, 2026

Page 3

Sincerely,



Girmay Zahilay

King County Executive

Enclosure

cc: King County Councilmembers

ATTN: Stephanie Cirkovich, Chief of Staff, King County Council

Melani Hay, Clerk of the Council

Karan Gill, Deputy Executive, Office of the Executive

Jasmin Weaver, Chief of Staff, Office of the Executive

Hyeok Kim, Chief Operating Officer, Office of the Executive

Sierra Howlett Browne, Director of Government Relations, Office of the Executive

Garrett Holbrook, Council Relations Manager, Office of the Executive

Mo McBroom, Interim Director, King County Department of Natural Resources and
Parks

Kamuron Gurol, Director, King County Wastewater Treatment Division

Andrew Lee, CEO/General Manager, Seattle Public Utilities

Katie Wilson, Mayor, City of Seattle

Joy Hollingsworth, Council President, Seattle City Council

Eddie Lin, Councilmember, Seattle City Council

Alexis Mercedes Rinck, Councilmember, Seattle City Council

Maritza Rivera, Councilmember, Seattle City Council

Rob Saka, Councilmember, Seattle City Council

Dan Strauss, Councilmember, Seattle City Council

Dionne Foster, Councilmember, Seattle City Council



City of Bothell

May 12, 2026

Metropolitan King County Council
 Email clerk.council@kingcounty.gov

Subject: King County 2027 Wastewater Treatment Rates

Dear Chair Perry and King County Council:

As a city that operates a utility within the King County Wastewater service area, Bothell is extremely concerned about impacts to rate-payer affordability and equity from the proposed 2027 wastewater treatment rate increases. The Wastewater Treatment Division is currently scoping for the King County Regional Wastewater Service Plan (RWSP) to address long-range planning that will influence future rates. Bothell requests that the RWSP scoping include an evaluation of more equitable sewer treatment charges for regional jurisdictions.

The current rate forecast includes 12.75 percent annual rate increase for 2027-2030 and an 11.25 percent annual rate increase for 2031 and 2032. These increases will double current rates by 2032. Much of the forecasted increase can be attributed to projects that are essential to accommodating current customers and future regional growth. However, \$3.4 billion of the total \$11.4 billion capital plan is associated with construction of a new combined sewer overflow (CSO) storage facility at the mouth of the Duwamish River that will be used to store high sewer flows resulting from stormwater draining directly into Seattle sewer mains. The CSO project cost is responsible for much of the rate increase without consideration that Bothell, along with many other jurisdictions, will not contribute flow to this facility.

While we understand that the CSO project must move forward to meet consent decree requirements, Bothell ratepayers should not have to pay for this expensive project that addresses excess combined sewer flow from another agency. Bothell, along with other contract agencies, performs proactive sewer restoration activities to reduce this sort of inflow and infiltration (I/I) at the source. The proposed treatment rate increases would negatively impact our ability to complete additional I/I mitigation projects and reduce sewer flow from Bothell.

Scoping for the King County RWSP update should include equitable rate structure alternatives. Jurisdictions with combined sewer, high I/I, and excess flow to treatment/CSO facilities should pay more than jurisdictions with low I/I. One option that should be considered is to charge

18415 – 101st Ave. NE
 Bothell, WA 98011
 425-806-6100
 bothellwa.gov

Metropolitan King County Council

May 12, 2026

Page 2 of 2

jurisdictions for actual/metered sewer flow and their proportionate share of necessary capital improvements – excluding CSO projects that benefit only specific jurisdictions. Such an evaluation would enable King County to consider a more equitable rate structure for all partner jurisdictions.

We appreciate your consideration and would welcome the opportunity to speak with you and/or the Metropolitan King County Council on this matter.

Sincerely on behalf of the Bothell City Council,

A handwritten signature in black ink, appearing to read 'Mason Thompson', with a long horizontal flourish extending to the right.

Mason Thompson

Mayor

cc: Girmay Zahilay, King County Executive, kcexec@kingcounty.gov
John Taylor, Director, Department of Natural Resources and Parks, jtaylor@kingcounty.gov
Kamuron Gurol, Director, Wastewater Treatment Division, kgurol@kingcounty.gov

Regional Wastewater Services Plan (RWSP) Update: Climate Impact Preparedness & Natural Hazard Resiliency

Presented to the Regional Water Quality Committee
June 3, 2026

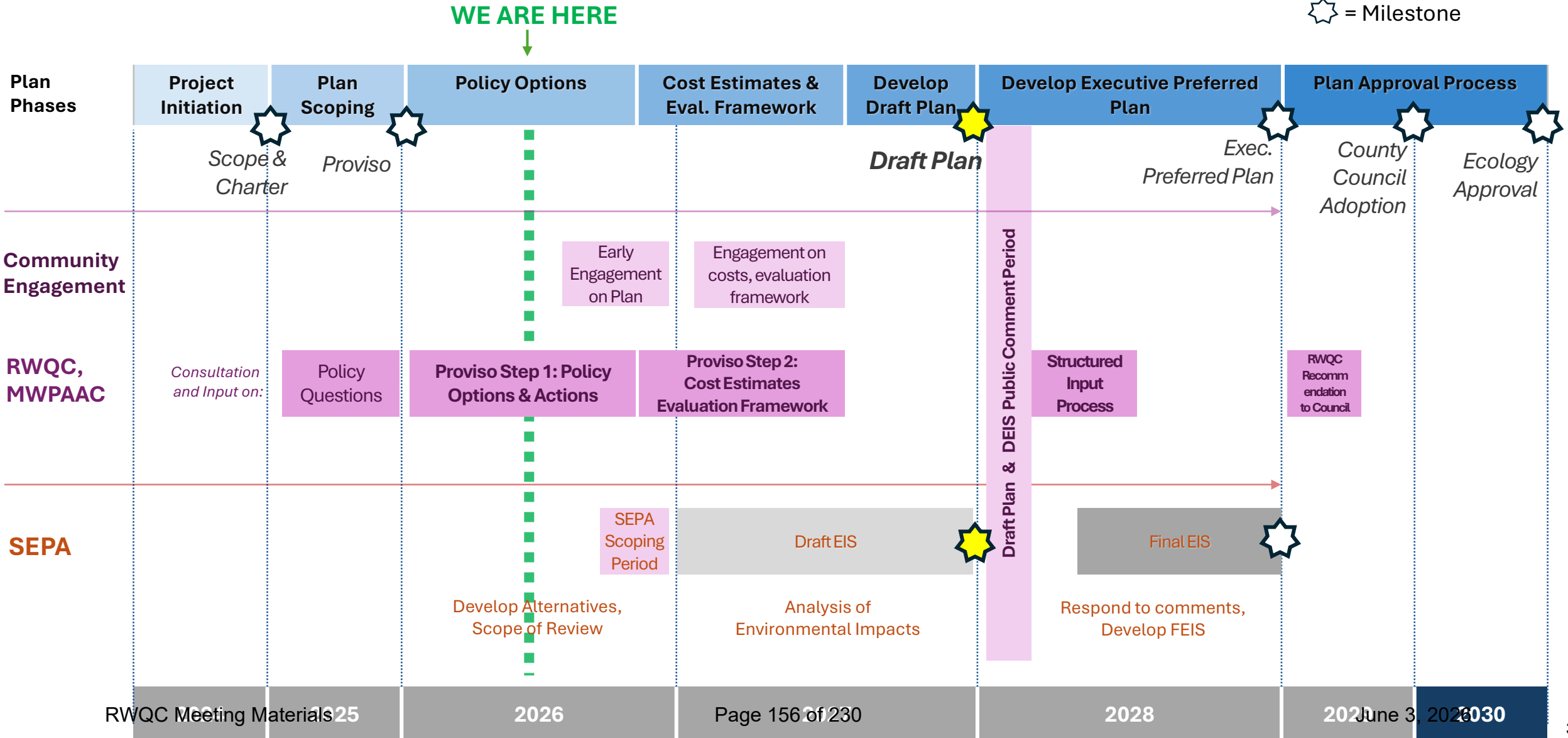
Policy Analysis Schedule

11 “Groups” of Policy Analyses with policy options for RWQC:

March	Group #1: Separated System Conveyance
April	Group #2: Pollution Source Control & Legacy Pollution
May	Group #3: Asset Renewal & Replacement
June	Group #4: Climate Impact Preparedness & Natural Hazard Resiliency
July	Group #5: Affordability Metrics & Rate Relief Approaches
August	Group #6: Combined System Management
September	Group #7: Treatment
October	Group #8: Resource Recovery
Nov / Dec	Group #9: Finance/Rate Structure
Throughout	Group #10: Equity & Social Justice
Throughout	Group #11: Relationship to Contracts

RWSP Update Timeline (tentative, as of April 2026)

☆ = Milestone



RWSP Scoping Document: “Major Policy Questions” (1/2)

- What level of resiliency should WTD plan for regarding **seismic and other natural hazards** to avoid or minimize risks? What level of risk tolerance should WTD accept? How can these considerations be best informed by the long-term capital motion work in progress? *What level of redundancy of critical systems should WTD have?*

RWSP Scoping Document: “Major Policy Questions” (2/2)

- Should existing wastewater policy language (KCC 28.86) be revised to specifically call out **planning for future climate conditions** in addition to population growth and other environmental factors?
- How should WTD **prepare and adapt to climate impacts** (e.g., precipitation/storm intensities, sea level rise, river flooding, etc.) in line with the Strategic Climate Action Plan? What level of climate impact risk tolerance should WTD plan for to avoid or minimize risks to the system?
- How much should WTD **reduce energy use and greenhouse gas emissions?**

Relationship to Other RWSP Topics

The following RWSP topics provide an opportunity to increase resiliency, adapt to climate change, and reduce energy and greenhouse gas emissions:

- Separated System Conveyance
- Asset Renewal and Replacement
- Combined System Management
- Treatment
- Resource Recovery

Scope of Climate Topics

Natural Hazard Resiliency

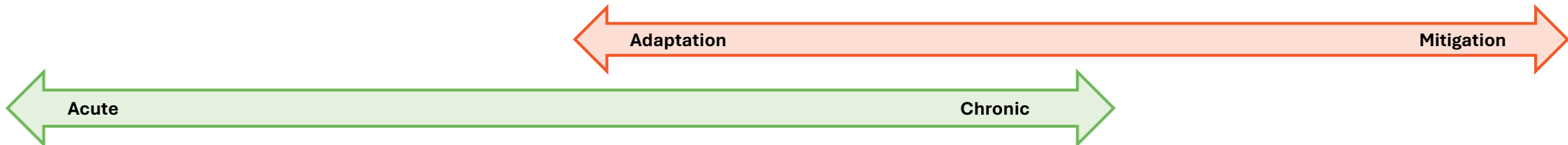
The act of **reducing the impact and susceptibility of hazards** on our wastewater system, people, property, and the environment.

Climate Preparedness

The process of **adjusting to and preparing for the effects of climate change** to reduce or avoid disruption of wastewater services, regulatory violations or other risks.

Climate Change Mitigation

The act of **reducing the amount greenhouse gases (GHG)** being released into the atmosphere, which lessens the impacts of climate change in the future.



King County Policies

King County Code (K.C.C. 28.86) does **NOT** explicitly have wastewater specific policies for:

- Natural hazard resiliency
- Climate preparedness
- Climate change mitigation
 - KC 28.86.090 does call for the beneficial use of methane (GHG) produced at the treatment plants for energy and other purposes
 - KC 28.86.140 requires that WTD address the adverse environmental impacts caused by the project

King County does have policies in other sections of code that apply to WTD and that will be covered later in the specific topic sections.

King County's Strategic Climate Action Plan and Comprehensive Plan are WTD's primary policy drivers on climate preparedness and climate mitigation.

Natural Hazard Resiliency

Problem Statement – Natural Hazard Resiliency

- Natural hazards have a profound impact on both the health of the wastewater treatment system and the health of King County more broadly.
- Potential hazards include: earthquakes (most prominent), landslides, flooding, wildfires, and more.
- These disasters could cause significant disruptions to the wastewater system, with **long downtimes** in the most impacted portions of the system.
- Implementation of a significant portion of the natural hazard resiliency recommendations had to be shifted to future years due to competing priorities, creating higher near-term recovery risk.

Range of Policy Options – Natural Hazards

Policy Question: What level of resiliency should WTD plan for regarding seismic and other natural hazards to avoid or minimize risks? What level of risk tolerance should WTD accept? What level of redundancy of critical systems should WTD have?

Policy Option #1

Retrofit, replace, or relocate infrastructure based on current practices and prioritization for seismic and flooding hazards

**Goals/
Outcomes:** **Return to service as resources allow**

Policy Option #2

Proactively retrofit, replace, or upgrade critical facilities as recommended by new studies based on vulnerability/risk exposure at current sites

Return to service faster

Policy Option #3

Aggressively replace, upgrade, or relocate any facility that is susceptible to failure caused by earthquakes, flooding, and landslides based on monitoring data and/or new studies.

Return to service fastest

Climate Preparedness



Problem Statement – Climate Preparedness

- Increasing impacts from climate hazards today and over time put pressure on the wastewater system's ability to perform as designed, perform consistently, and withstand and recover.
- WTD considers exposure to some climate hazards on a project-by-project basis. Constructed investments tend to be on the highest risk projects and related to sea level rise and/or heavy rainfall.
- As a result, WTD doesn't typically make asset renewal & replacement, conveyance or other non-CSO projects climate-ready or consider additional climate hazards.

Range of Policy Options – Climate Preparedness

Policy Question: How should WTD prepare and adapt to climate impacts (e.g., precipitation/storm intensities, sea level rise, river flooding, etc.) in line with the Strategic Climate Action Plan? What level of climate impact risk tolerance should WTD plan for to avoid or minimize risks to the system?

Policy Option #1

Maintain focus on highest climate risks for highest risk project types and follow regulatory rules

Policy Option #2

Reduce climate risks further by expanding use of future climate data for extended useful life of facility or asset in broader set of projects

Policy Option #3

Reduce climate risks furthest by aggressively relocating or retrofitting existing facilities

**Goals/
Outcomes:**

**Highest risk of
climate impacts**

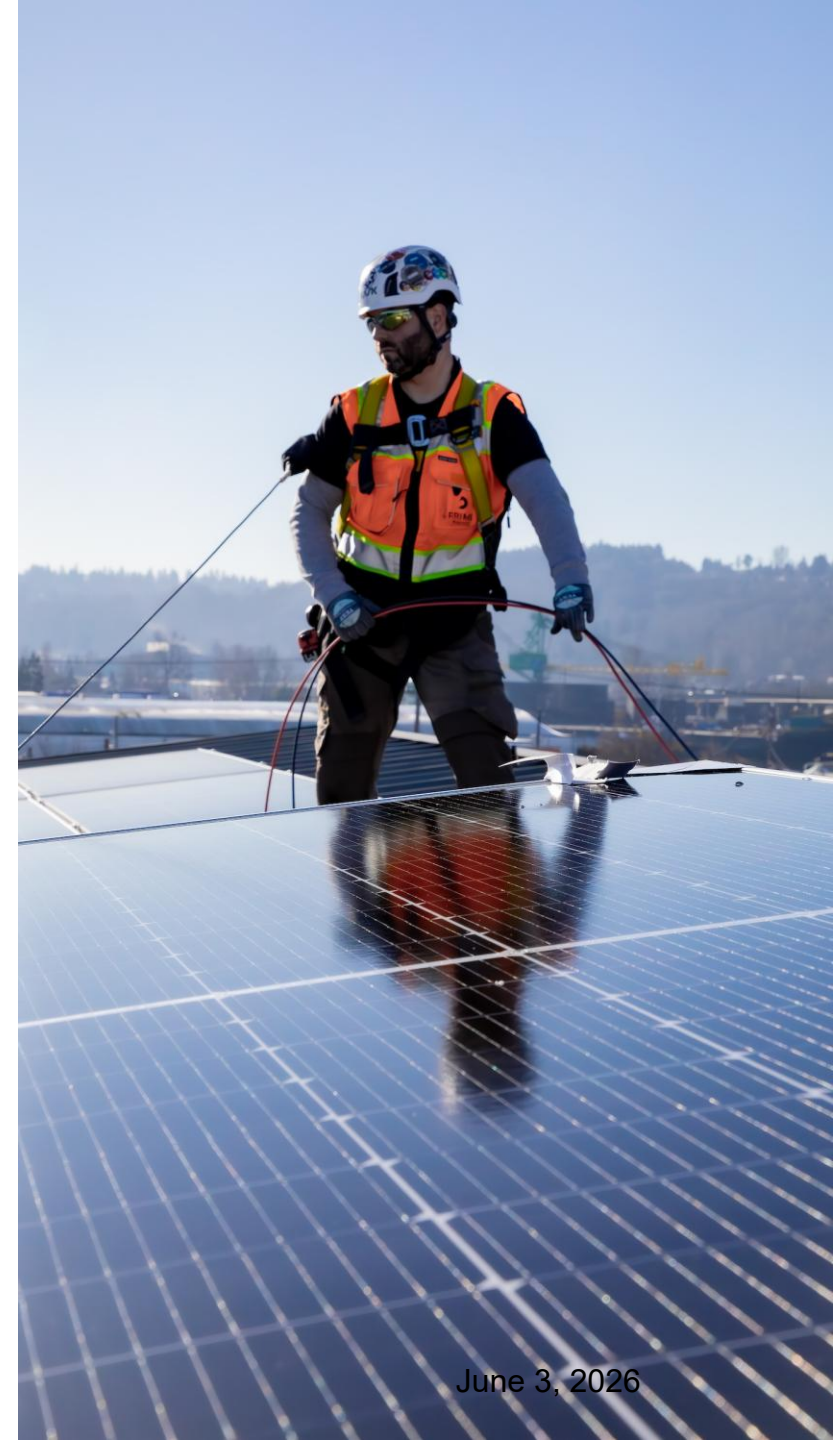
**Medium risk of climate
impacts**

**Lowest risk of climate
impacts**

Climate Change Mitigation

Problem Statement – Climate Mitigation

- WTD is King County Government's largest operational energy user and is one of the County's largest emitters of greenhouse gases (GHGs).
- Reducing GHG emissions is critical to minimize climate change's most severe impacts, and to protecting residents, the economy, and the natural environment.
- The benefits of climate change mitigation are indirect and not always easily identifiable.
- Climate change mitigation projects are often left under- or unfunded, due to resources being prioritized for the maintenance and building of new critical wastewater infrastructure.



Range of Policy Options – GHG Emissions

Policy Question: How much should WTD reduce energy use and **reduce greenhouse gas emissions?**

Policy Option #1

Maintain current implementation of SCAP requirements to reduce GHG emissions and add reference to SCAP in wastewater policy language (KCC 28.86)

**Goals/
Outcomes:**

**Meet SCAP GHG
reduction
requirements**

Policy Option #2

**Add additional GHG
reduction targets** for O&M and capital projects and for the elimination of fossil fuels.

**Reduce GHG
emissions beyond
requirements**

Policy Option #3

**Establish
requirements to
achieve net zero** emissions across all areas (embodied, fugitive and direct).

**Completely
account for and
address GHG
emissions**

Range of Policy Options – Energy Reduction

Policy Question: How much should WTD **reduce energy use** and reduce greenhouse gas emissions?

Policy Option #1

Maintain existing approach to energy efficiency and solar implementation based on project-level, cost-effective decisions.

Policy Option #2

Strategically scale up energy efficiency improvements and solar deployment to meet aggressive SCAP targets, requiring substantial additional investment.

Policy Option #3

Transform WTD facilities into net-zero or net-positive energy systems by prioritizing deep energy efficiency with expanded on-site renewable energy generation.

**Goals/
Outcomes:** Continue opportunistic energy savings

Meet SCAP energy reduction requirements

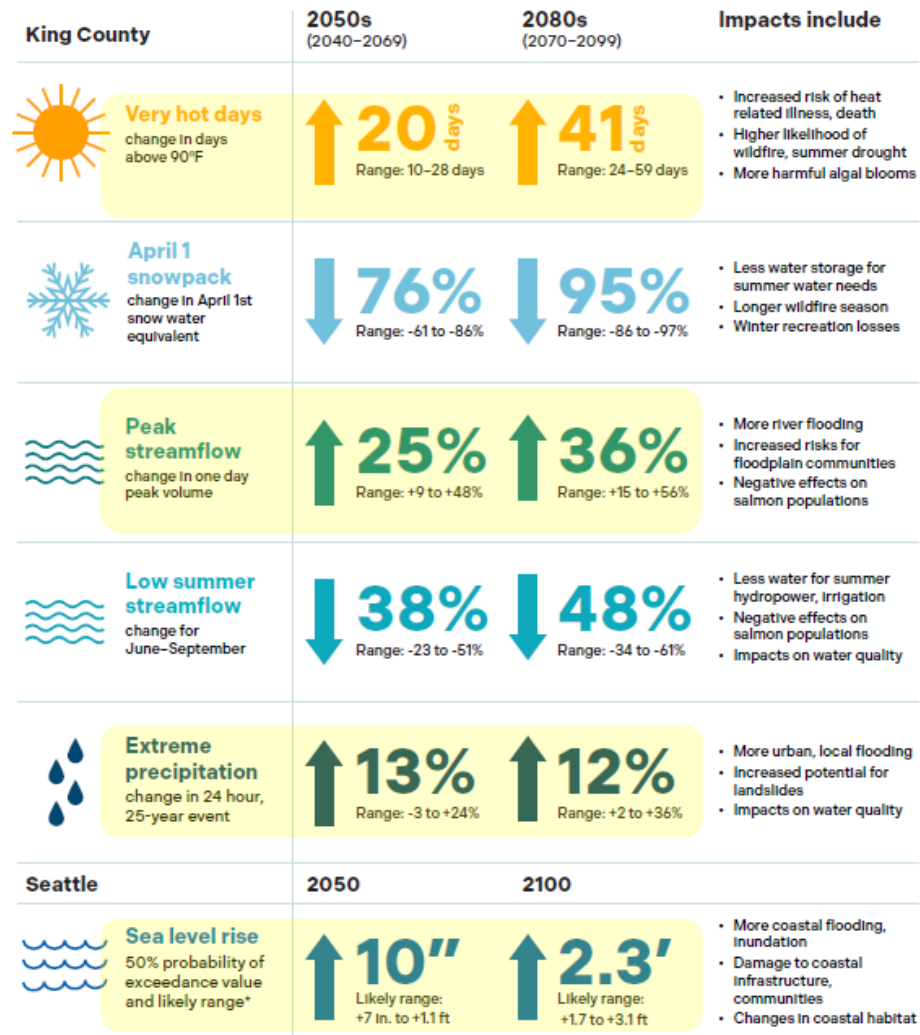
Achieve net-zero/positive energy wastewater facilities

Questions:

1. Questions on range of policy options?
2. Are there additional or modified policy options we should consider?

Figure 25. Projected Impacts of Climate Change in King County¹³

Projected changes in very hot days, snowpack, peak streamflow, summer streamflow, extreme precipitation, and sea level rise in King County under a high greenhouse gas emissions scenario. Changes are relative to 1980–2009 unless noted otherwise.



*Change in sea level rise relative to 1991–2009 average.

Sources: Climate Mapping for a Resilient Washington | Climate Impacts Group; UW Climate Impacts Group Interactive Sea Level Rise Data Visualizations (Miller et al. 2018)

What Are the Projected Climate Changes?

Rainfall:

Projections show increases in rainfall intensity, but natural variability makes change of impacts and timing uncertain.

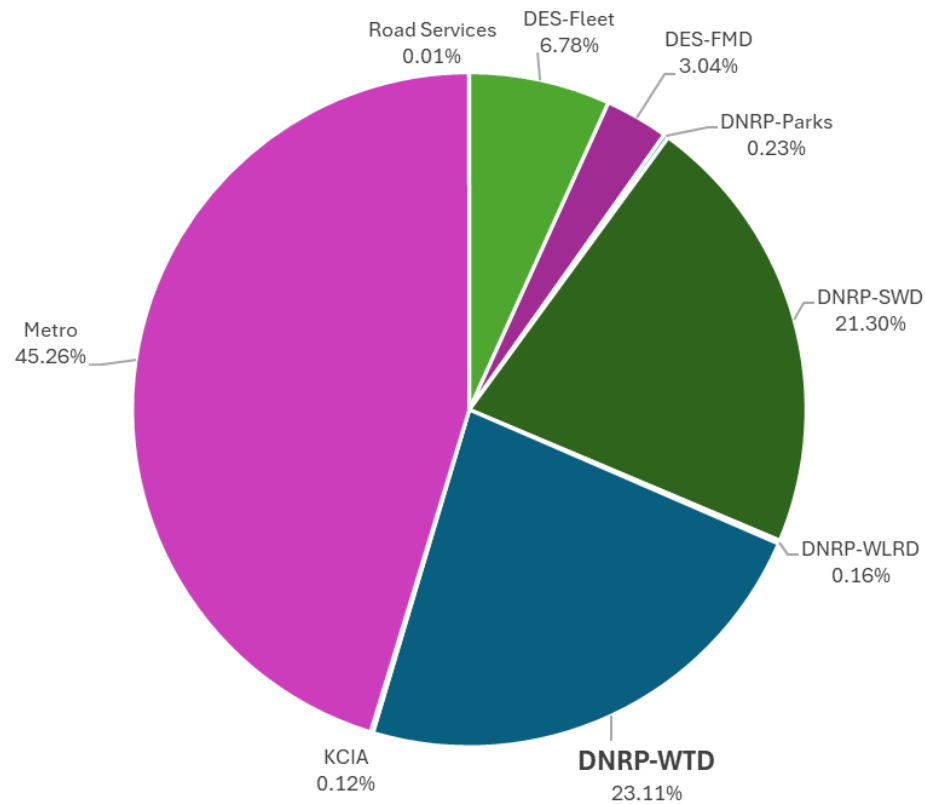
Flooding:

Sea level and river flows are projected to increase causing increased coastal and river flooding in winter.

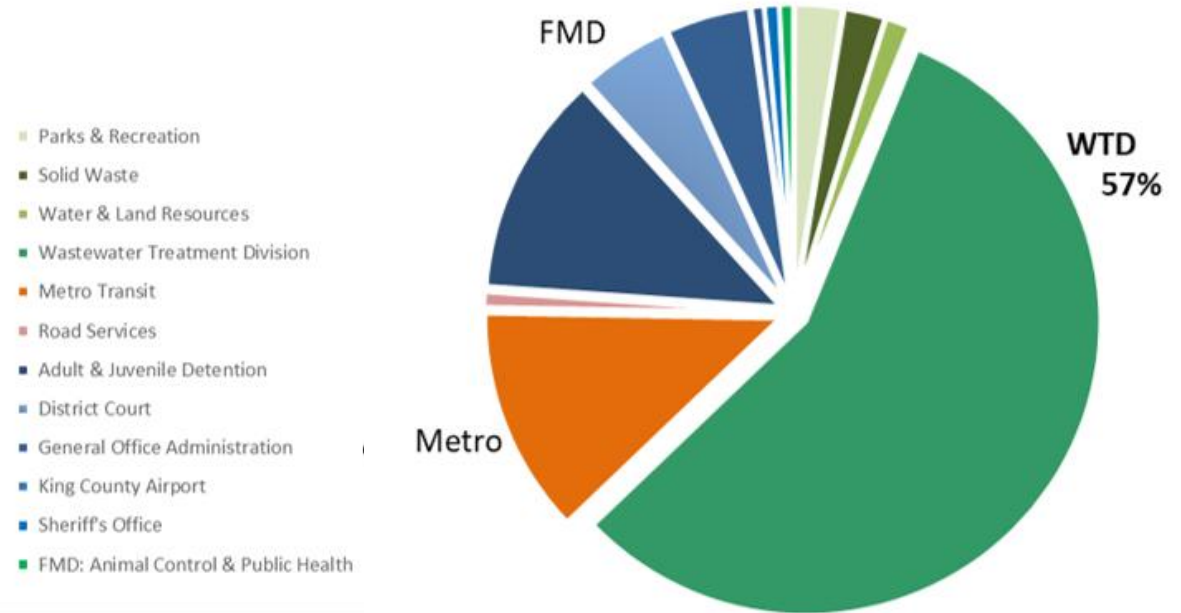
Other climate hazards such as extreme temperatures, wind, extreme weather, wildfires, smoke and drought are also projected to be changing.

WTD's GHG Emissions and Energy Use

King County Government GHG Emissions by Division
(2022)



King County Government Energy Use by Division





Wastewater Treatment Division

Executive summary

RWSP Update – Group #4, Policy Memo #5: Climate Impact Preparedness and Natural Hazard Resiliency

This executive summary provides a synopsis of the policy questions, problem statement, issues, challenges, and the options developed for the Natural Hazard Resiliency portion of the RWSP Update.

Policy questions

1. What level of resiliency should WTD plan for regarding seismic and other natural hazards to avoid or minimize risks? What level of risk tolerance should WTD accept? How can these considerations be best informed by the long-term capital motion work in progress?
2. What level of redundancy of critical systems should WTD have? (Nexus with the Asset Renewal and Replacement work)

Problem statement

Natural hazards such as earthquakes (most prominent), landslides, and flooding could cause significant disruptions to the wastewater system. Much of WTD's infrastructure is aging and was built to codes that don't reflect today's building standards for natural hazards. Because these natural hazards are infrequent and unpredictable, it can be easy to deprioritize natural hazard resilience projects that require substantial capital investment. However, delaying these upgrades increases the time needed to restore normal operations when a major event does occur.

The long-term capital motion work was integrated into the sewer rate model and informs the sewer rate forecast. The sewer rate forecast includes natural hazard resiliency projects; however, implementation of a significant portion of the natural hazard resiliency recommendations had to be shifted to future years due to competing priorities, creating higher near-term recovery risk.

Policy issues, challenges, and opportunities

Many of WTD's assets were constructed to older seismic standards. Although these assets still have significant remaining useful life, they are not adequately prepared for today's natural hazard risks.

When wastewater projects are being completed for other reasons, like capacity improvements or asset renewal and replacement, there is an opportunity to include natural hazard resiliency upgrades at the same time.

Policy options

WTD is considering options for different levels of natural hazard resiliency and redundancy for the regional system. Increased levels of resiliency generally reduce risk and downtimes following a natural disaster but will increase costs. The long-term capital motion work, incorporated into the sewer rate model, assumes an average of about \$30 million per year for resiliency projects. Adding redundancy to critical systems improves resiliency but similarly increases capital costs. The three policy options summarized below answer the question by offering decision makers varying levels of resiliency and redundancy relative to risk and cost impacts.

For natural hazard resiliency, the policy options include:

- a. Retrofit, replace, or relocate infrastructure based on WTD's current practices and prioritization for natural hazards (seismic/flooding, etc.). This option prioritizes lower costs and lower impacts on the sewer rate with the tradeoff of higher risk.

Outcomes: Higher risk. Return to service as resources allow; longer downtimes following natural disasters.

- b. Proactively retrofit, replace, or upgrade critical facilities based on new studies and/or vulnerability/risk exposure assessments at current sites. This option seeks to balance level of resiliency and risk with costs.

Outcomes: Low/medium risk. Return to service more quickly.

- c. Aggressively replace, upgrade, or relocate assets and projects that are susceptible to failure caused by earthquakes, flooding, and landslides based on innovative monitoring technology and new studies to measure risk and vulnerability. By choosing this option the region prioritizes resiliency to natural hazards and is willing to trade increased costs for significantly lower risk.

Outcomes: Lower risk. Faster return to service following natural disasters.

Relationship to other RWSP topics

Natural Hazard Resiliency relates to other RWSP topics as follows:

Asset Renewal and Replacement (Asset R&R): Natural Hazard Resiliency and Asset Renewal and Replacement efforts both relate to risk tolerance and seek to reduce service disruptions and ensure the wastewater system remains reliable during and after major hazard events and

everyday conditions. The policy choice for Asset R&R will affect the chosen level of resiliency and vice versa.

Climate Preparedness: Natural Hazard Resiliency and Climate Preparedness are closely linked, with the former addressing sudden disruptive events and the latter preparing for long-term climate shifts (e.g. sea level rise, frequent regular occurring weather events, etc.). Together, they help ensure infrastructure remains reliable under both immediate and evolving conditions.

RWSP Update - Climate Impact Preparedness and Natural Hazard Resiliency

Group #4 Policy, Memo #5

A. Policy Question

This memo is focused on one of the policy questions related to the Climate Impact Preparedness and Natural Hazard Resiliency topic of the Regional Wastewater Services Plan (RWSP) Update. The policy questions explored in this memo are related to Natural Hazard Resiliency:

- i. What level of resiliency should WTD plan for regarding seismic and other natural hazards to avoid or minimize risks? What level of risk tolerance should WTD accept? How can these considerations be best informed by the long-term capital motion work in progress?

A second question was considered in the context of Natural Hazard Resiliency. This policy question is:

- ii. What level of redundancy of critical systems should WTD have?

B. Problem Statement

Natural hazards have a profound impact on both the health of the wastewater treatment system, and the health of King County more broadly. Some kinds of disasters could cause significant disruptions to the wastewater system, with long downtimes in the most impacted portions. Much of WTD's infrastructure is aging and was built to codes that don't reflect today's building standards for natural hazards.

King County is at risk for a substantial number of potential natural hazards. Among the most prominent is earthquakes. There are three major earthquake risks identified by the County: a full Cascadia Subduction Zone quake, which would have an estimated magnitude of 9.0; a South Whidbey Island Fault quake, which would have an estimated magnitude of 7.4; and a Seattle Fault quake, which would have an estimated magnitude of 7.2. Any of these scenarios would cause substantial risk to wastewater infrastructure across the county – risks which the County has mapped specifically in its 2018 wastewater disaster resiliency planning process.

There are numerous other hazards across the county which also pose serious risks to infrastructure, including flooding and heavy rainfall, tsunamis, tornadoes, high winds, snowstorms, and hail and freezing rain. Each hazard can present different risks to infrastructure depending on where and how it occurs, and therefore protecting against these hazards requires replacement, retrofit or similar upgrades to wastewater infrastructure. Because these natural hazards are infrequent and unpredictable, it can be

easy to deprioritize natural hazard resilience projects that require substantial capital investment in favor of other, more costly, projects. However, delaying these upgrades increases the time needed to restore normal operations when a major event does occur.

Over the long run, proactive investment is the most cost-effective way to prevent (to the greatest extent possible) damages to and assure continued operation of County facilities after significant natural hazards.

C. Contextual and Baseline Information

i. What is known about the topic and current conditions

Natural Hazards and Resiliency

A natural hazard describes extreme physical events that arise from the Earth’s natural processes, posing a threat to people, property, and the environment. These phenomena are a persistent feature of our planet’s dynamic systems, arising from the interaction of internal and external forces like plate tectonics, weather patterns, and the water cycle. Understanding these processes is a foundational step in minimizing their potential for harm to infrastructure, economic activity, and human life.

Resiliency is the ability of individuals, communities, and social, economic, and environmental systems to withstand and adapt to disruptions while maintaining their core identities, functions, and structures. A resilient facility for the purposes of the RWSP Update is one built to withstand, or recover quickly from, natural hazards, as well as to perform to its intended design standard throughout its useful life in a changing climate.

Table 1. Types of Hazards¹

Seismic/Liquefaction Scenarios	Natural Hazards
Cascadia Subduction Zone (CSZ) <ul style="list-style-type: none"> • Magnitude 9.0 • Approximately 500-year recurrence interval 	Extreme Weather <ul style="list-style-type: none"> • Windstorms, lightning, tornadoes/funnel clouds • Significant snowfall, ice, and/or freezing rain
Seattle Fault (SF) <ul style="list-style-type: none"> • Magnitude 7.2 • Approximately 5,000- to 6,000-year recurrence interval 	Flooding <ul style="list-style-type: none"> • Riverine, urban, and mechanical flooding
South Whidbey Island Fault (SWIF)	Landslides

¹ Source: [WTD Resiliency Study, 2018](#)

<ul style="list-style-type: none"> • Magnitude 7.4 • Approximately 4,000- to 5,000-year recurrence interval 	<ul style="list-style-type: none"> • Focus on landslides caused by earthquakes.
	<p>Tsunami (SF)</p> <ul style="list-style-type: none"> • Focus on tsunami caused by 7.2 degree magnitude Seattle fault earthquake.

Hazard Mitigation Plan

King County most recently updated its Hazard Mitigation Plan for the period 2025-2030. This plan assesses natural and human-caused hazards that can impact our region and develops strategies to reduce risk and build resilience.

In 2018, WTD issued a wastewater-specific, multi-part hazard mitigation-focused plan entitled “Recommendations to Enhance the Resiliency and Recovery of King County’s Regional Wastewater Treatment Facilities”² and “Preparedness and Recovery Recommendations.”³ The plan comprehensively assessed the risk to the county’s various wastewater assets from natural hazards, considering risk under two frameworks – consequence of failure on system performance, and probability of failure – vulnerability to hazard, and assessing assets on four criticality factors, including life safety, public health, consequential damage, and environmental. It also detailed strategies to handle them, prioritizing strategies by their usefulness. It also incorporated information about Equity and Social Justice. This plan is scheduled to be updated with an addendum in 2028. The three policy approaches outlined in Section F of this memo align with this ongoing resiliency work.

ii. Current policies in code, contract, or in practice

King County Code (K.C.C.) does not explicitly have wastewater specific policies relating to vertical or horizontal seismic resiliency, landslides, or flooding, but does follow policies in other parts of code or state-standard for projects, recommending some level of hazard resiliency.

² [Recommendations to Enhance the Resiliency and Recovery of King County’s Regional Wastewater Treatment Facilities](#)
³ [Preparedness and Recovery Recommendations](#)

Table 2. Current policies

Relevant Policies in K.C.C.	Description
IBC (2021)	The International Building Code (IBC) is a set of regulations that governs the design, construction, and maintenance of buildings to ensure safety, accessibility, and sustainability.
Local Municipal Codes	Each jurisdiction may have its own addition to codes for vertical seismic resiliency.
Resiliency Plan (2018)	Describes how to further evaluate and replace or retrofit portion of the conveyance system identified as susceptible to damage during major earthquakes.
FEMA	100-year floodplain
WAC 365-190-120	Geographically hazardous areas
IWUIC 2021/WAC 21-55	International Wildland Urban Interface Code

Seismic Vertical (i.e., buildings)

King County’s new projects are currently subject to the International Building Code (IBC) code as adopted by the permitting jurisdiction for buildings as it relates to public utility facilities. The latest version of this code mandates strict seismic provisions for public utilities, generally assigning them to Risk Category IV (Essential Facilities) to ensure functionality after a major earthquake. Beyond structural integrity, IBC requires seismic certification for equipment supports, suspended ceilings, and piping systems to ensure they do not fail.

Seismic Horizontal (i.e., pipes)

King County follows the currently accepted best design and operation practices for the design of its conveyance system. There are no specific codes or enforced standards (like the vertical facilities above) for seismic resiliency of conveyance systems. There are best management practices being developed that at a future point may develop into standards.

Landslide and Flooding

WTD considers 100-year and 500-year FEMA flood plain maps in identification of potential facilities that may be at risk for flooding. The flooding assessment also included potential for mechanical flooding due to equipment failure as well as ravine type flooding.

The landslide assessment in the 2018 report was mostly focused on the potential damage to WTD’s facilities for landslides caused by earthquakes. For non-seismically induced landslides, WTD follows IBC, local and state codes such as WAC 365-190-120.

Other Hazards

Currently, there are no requirements regarding wildfires, internet outages, or cybersecurity at our facilities in the resiliency plan.

iii. The system “must-dos”

All wastewater infrastructure projects must comply with federal, state, and local codes, and other requirements such as IBC, as they are applicable. Additionally, the design should adhere to common design practices and evaluate projects for application of recommended best practices. The challenge is that much of WTD’s infrastructure is aging and was built to codes that don’t reflect today’s building standards for natural hazards.

iv. Current and Budgeted Expenditures

Figure 1 below shows the 20-year capital forecast. It is informed by the long-term capital motion work that was integrated into the sewer rate model. The yellow bar in Figure 1 shows the capital spending on the Resiliency category (that covers both Natural Hazards and Climate Preparedness) in the first decade. Resiliency costs are grouped with other costs and shown in black for the second decade.

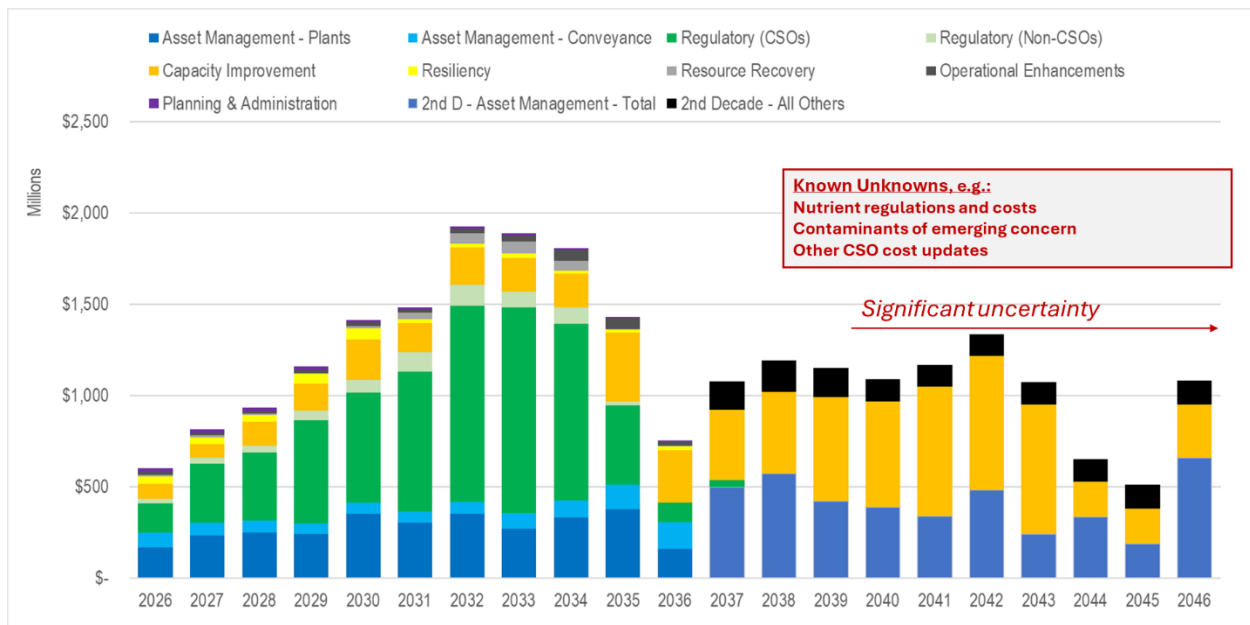


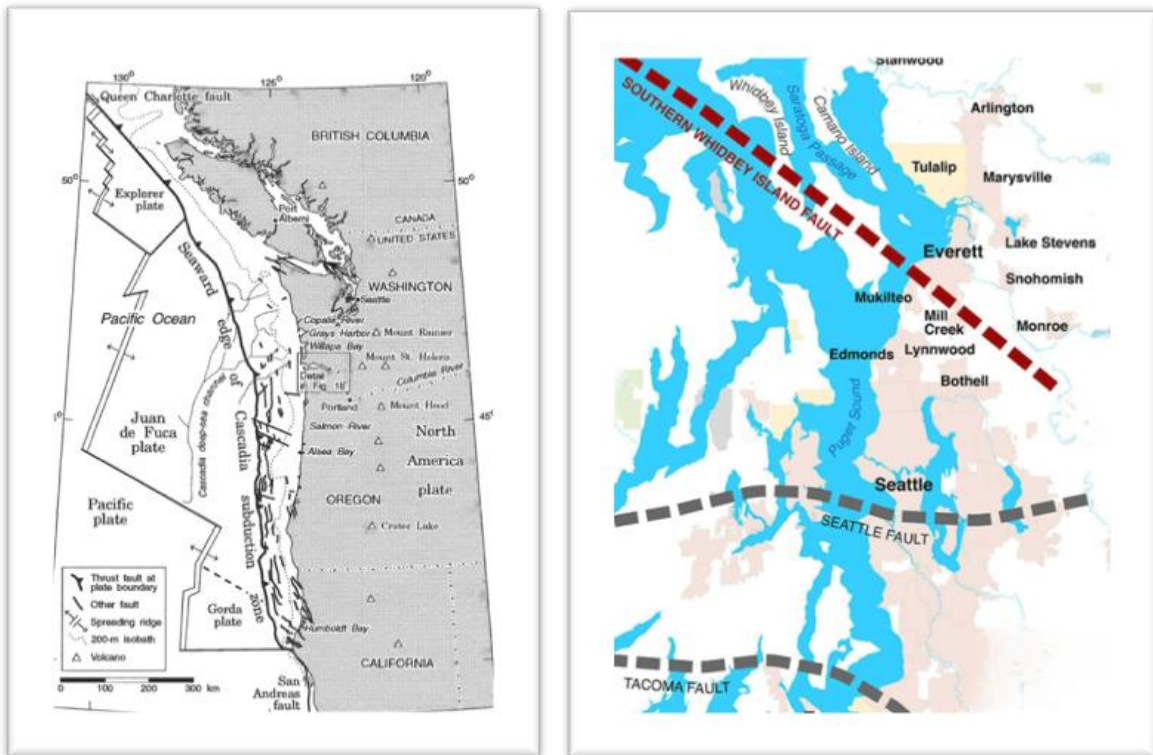
Figure 1. 20 -Year Capital Forecast

In the near future, our capital program is more focused towards our Asset Management portfolio categories to maintain the level of service of our system, Capacity Improvements

to meet increased demand, and Regulatory to meet our time sensitive regulatory commitments. Current expenditures on the Resiliency category average about \$30 million per year over the first decade and are based on the 2018 resiliency plan and 2017 AECOM report recommendations. WTD’s long-term financial plan assumes similar levels of investment in resiliency projects as current expenditure levels.

v. Summary of science/data

The following Figures 2 and 3 show known earthquake faults that would affect WTD’s service area:



Figures 2 and 3. Known major faults - Cascadia Subduction Zone, Seattle fault & South Whidbey Island Fault

River flooding occurs when heavy rainfall and snowmelt generate flows that exceeds a river's capacity, inundating adjacent areas with high-velocity water that leads to flooded facilities and could lead to structural damage. Tsunami could also lead to facility flooding in shoreline areas. Mechanical flooding of a facility could occur due to component damage or failure. Figure 4 is a map of the 100-year and 500-year floodplains as well as tsunamis.

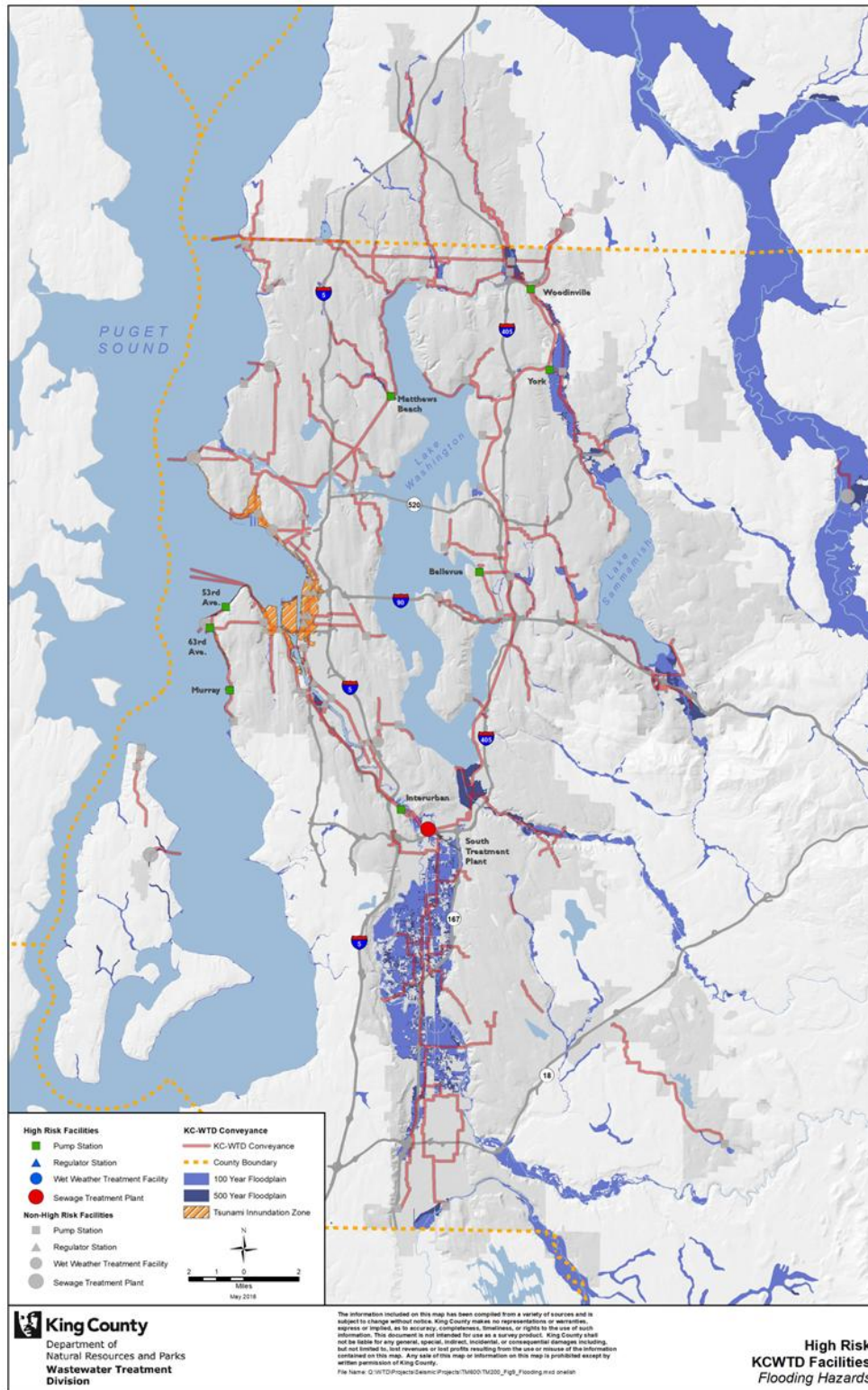


Figure 4. 100- year and 500-year Floodplains and Tsunami Map

D. Example Practices from Other Jurisdictions/Industry

Orange County Sanitation District (OC San)

Located southeast of Los Angeles, OC San provides wastewater collection, treatment, and disposal services for ~2.6 million people. This region is susceptible to seismic hazards from multiple faults, including the San Andreas fault, which has the potential for earthquake damage and service disruptions to affect their multi-billion-dollar wastewater infrastructure.

In 2017, OC San completed a resiliency study to evaluate OC San's treatment facilities for potential seismic hazards, and to develop mitigation strategies to improve resiliency.⁴ This study evaluated seismic risks relating to liquefaction and lateral spread, and prioritized mitigation recommendations to prepare the wastewater system and become more resiliency to natural hazards.

E. Policy Issues, Challenges, and Opportunities

1. Long useful life of wastewater infrastructure

Many of our assets are aging and were constructed based on historic code requirements for seismic resiliency. As such, these assets may still have a significant useful life remaining but are inadequately prepared to withstand natural hazard events. These assets can be retrofitted to be more resilient to natural hazards at a high monetary cost, which would avoid the deferred cost of repair when these events occur. Underbuilding today means that future generations will face higher risk of asset failure due to natural hazards.

2. Uncertainty in hazard frequency or magnitude

Unlike predictable needs in our wastewater system, natural hazards are unpredictable in frequency and magnitude. This means that to be prepared for hazard events, we must prepare for the unknown, based on uncertainties in timing or scale.

3. Cost considerations for natural hazard resiliency investments

The cost of upgrading resiliency in our wastewater assets, particularly retrofitting or relocating for seismic and hazard-prone areas, would require significant capital outlay.

4. Opportunity to conduct natural hazard resiliency upgrades when implementing asset renewal and replacement or other asset improvements

When wastewater projects are being completed for other reasons, like capacity improvements or asset renewal and replacement projects, there is an opportunity to

⁴ Source: [WaterWorld April 2021 Issue](#)

include natural hazard resiliency upgrades at the same time. This saves money by bundling the project with other necessary work, reducing contract procurement and construction costs.

F. Range of policy options with associated actions and considerations (including qualitative description of costs)

The policy options presented below describe potential choices and Natural Hazards-related actions that would be implemented to address the following policy questions:

- What level of resiliency should WTD plan for regarding seismic and other natural hazards to avoid or minimize risks? What level of risk tolerance should WTD accept? How can these considerations be best informed by the long-term capital motion work in progress?

A second question was considered in the context of Natural Hazard Resiliency. This policy question is:

- What level of redundancy of critical systems should WTD have?

The policy options include:

1. **Retrofit, replace, or relocate** infrastructure based on current practices and prioritization for seismic and flooding hazards;
2. **Proactively retrofit, replace, or upgrade** based on new studies or assessments based on vulnerability/risk exposure at current sites; and
3. **Aggressively replace, upgrade, or relocate** assets and projects that are susceptible to failure caused by earthquakes, flooding, and landslides based on innovative monitoring technology and new studies to measure risk and vulnerability.

Summary of Policy Options – Natural Hazard Resiliency

	Description	Goals/outcomes	Tradeoffs
#1	Retrofit, replace, or relocate infrastructure based on current recommendations and portfolio prioritization for natural hazards.	Infrastructure damaged from natural hazards return to our standard level of service, as resources allow.	<ul style="list-style-type: none"> • Lower costs / low impact on ratepayers • High risk tolerance • Long downtimes from natural hazards • Higher risk of negative economic impact • Highest risk of displacement and highest risk of negatively affecting people who cannot willingly relocate
#2	Proactively retrofit, replace, or upgrade based on new studies or assessments based on vulnerability/risk exposure at current sites.	Infrastructure damaged from natural hazards return to our standard level of service faster, compared to current practice.	<ul style="list-style-type: none"> • Higher costs / increased impact on rate payers • Medium risk tolerance • Medium downtimes from natural hazards • Medium risk of displacement and medium risk of negatively affecting people who cannot willingly relocate
#3	Aggressively replace, upgrade, or relocate assets and projects that are susceptible to failure caused by earthquakes, flooding, and landslides based on innovative monitoring technology and new studies to measure risk and vulnerability.	Infrastructure damaged from natural hazards return to our standard level of service fastest, compared to current practice.	<ul style="list-style-type: none"> • Highest costs / highest impact on rate payers • Low risk tolerance • Short downtimes from natural hazards • Lowest risk of displacement and lowest risk of negatively affecting people who cannot willingly relocate

G. Interested and affected parties WTD will engage to gather input

MWPAAC and the component agencies that WTD provides sewerage services to are one of the audiences that need to be engaged on the climate and natural hazards resiliency policy options. Additional engagement with tribes, community-based organizations (CBOs), and environmental non-governmental organizations (NGOs), businesses, industries, and the general public may be conducted during implementation planning.

H. Rate structure considerations (if applicable)

There are no known rate structure considerations for this policy question.

I. Relationship to contracts

There are no known contract implications for this policy question.

J. Equity and Social Justice (ESJ) impacts

There are three key ESJ impacts and risks to consider for natural hazard resiliency: the risk of negative economic impact, the risk of displacement from long-term infrastructure damage, and the unequal opportunity to willingly relocate away after a natural hazard event has occurred.

Long downtimes associated with natural hazard events can affect the economy due to road closures and other critical lifelines becoming damaged, inhibiting “business as usual” activities. For wastewater, these effects will be worse in areas of King County with aging assets that have not been upgraded to withstand natural hazards.

Studies demonstrate that economically and socially vulnerable groups can take longer to recover from disasters and suffer from lasting consequences, including facing persistent health and education costs in the face of reconstruction and recovery.⁵ Additionally, disaster response measures, like buyouts and relocations, can unintentionally target marginalized communities.

K. Summary of how MWPAAC/RWQC input was addressed

This section will be added into the policy memo as “Step 1” memos are finalized.

L. Planning-level cost estimates

This section will be added into the policy memo as the “Step 2” analysis later.

M. Evaluation of outcomes: identify impacts and outcomes of each option

This section will be added into the policy memo as the “Step 2” analysis later.

⁵ Source: [The World Bank; Natural disasters, poverty and inequality](#)

Appendix A: Policy options and actions

	Description	Natural Hazard Resiliency Actions
#1	<p>Retrofit, replace, or relocate infrastructure based on current recommendations and portfolio prioritization for natural hazards.</p>	<ul style="list-style-type: none"> ● Seismic Vertical – Continue to retrofit or replace facilities based on existing periodization ranking approach and existing CIP. ● Seismic Horizontal – Further evaluate and preplace or retrofit portions of conveyance system identified as susceptible to damage during major earthquakes under 2018 Resiliency Plan; replace or retrofit portions of conveyance system damaged after an earthquake ● Landslides and Flooding – Retrofit or relocate at-risk facilities identified in the Resiliency Report AECOM study the PfM ranking system. Additional Flooding programmatic studies of plants and offsite facilities will be done per resiliency report.
#2	<p>Proactively retrofit, replace, or upgrade based on new studies or assessments based on vulnerability/risk exposure at current sites.</p>	<ul style="list-style-type: none"> ● Seismic Vertical – Develop program to upgrade all critical (> 20 MGD) facilities within 20 years, as well as any that do not meet current International Building Code (IBC) risk category IV standards. ● Seismic Horizontal – Study and complete targeted retrofits or replacements of very high to moderately liquefaction susceptibility zones in the next decade. ● Seismic Horizontal – Develop design standards for our new interceptors. ● Seismic Horizontal – Assess facility vulnerability to liquefaction to determine the likelihood of failure. Mitigate liquefaction if failure could result in blocking sewage flow. ● Landslides and Flooding – Study to determine most flood and landslide prone major facilities. Flood proof, relocate, replace or retrofit landslide all flooding prone major facilities in the next ten years. ● Landslides and Flooding – Mandate that new WTD projects must consider landslide or flood-prone areas in in the planning phase and add the resilience scope and cost to the project.

	Description	Natural Hazard Resiliency Actions
		<ul style="list-style-type: none"> ● Other Hazards – New resiliency plan evaluating risk exposure in relationship to Fire and Cyberattacks/ outage. Add the recommended actions to the resiliency portfolio.
#3	<p>Aggressively replace, upgrade, or relocate assets and projects that are susceptible to failure caused by earthquakes, flooding, and landslides based on innovative monitoring technology and new studies to measure risk and vulnerability.</p>	<ul style="list-style-type: none"> ● Seismic Vertical – Adopt aggressive (10-year) program to upgrade and replace critical facilities meeting stricter IBC requirements for Risk Category IV continuous operation after a major seismic event. ● Seismic Vertical – Purchase and install above-ground monitoring technology (motion sensors) to assess motions and stresses across facilities. ● Seismic Horizontal – More detailed study of the entire conveyance system. Replacing and retrofitting all pipes susceptible to failure after an earthquake. ● Seismic Horizontal – Construct pipeline Seismic Monitoring System (fiber-optic sensors) to rapidly identify damaged areas of system. Procure contract to repair section(s) of pipe after major earthquakes. ● Landslides and Flooding – Develop a 10-year program to relocate, replace or retrofit all projects and facilities susceptible to flooding and landslide damage.



Wastewater Treatment Division

Executive summary

RWSP Update – Group #4, Policy Memo #6: Climate Impact Preparedness and Natural Hazard Resiliency

This executive summary provides a synopsis of the policy questions, problem statement, issues, challenges, and the options developed for the Climate Impact Preparedness and Natural Hazard Resiliency.

Policy questions

1. Should existing wastewater policy language (K.C.C. 28.86) be revised to specifically call out planning for future climate conditions in addition to population growth and other environmental factors?
2. How should WTD prepare and adapt to climate impacts (e.g., precipitation/storm intensities, sea level rise, river flooding, etc.) in line with the Strategic Climate Action Plan? What level of climate impact risk tolerance should WTD plan for to avoid or minimize risks to the system?

Problem statement

King County's regional wastewater system faces increasing risks today and over time from climate change including risks to operations, regulatory compliance, worker safety and emergency repairs and response that may affect water quality and public health. For example, heavier and more intense rainfall events are projected to increase flows in the conveyance system and treatment plants, potentially exceeding design capacity and increasing the frequency of secondary treatment bypassing and sewer overflows. Decisions and investments made today on facility design and capacity will determine how well the system performs under future climate conditions.

WTD considers exposure to some climate hazards on a project-by-project basis. Constructed investments tend to only be on the highest risk projects and related to sea level rise and/or heavy precipitation. Current practice does not reflect making asset renewal/replacement, conveyance and other non-Combined Sewer Overflow (CSO) projects climate-resilient.

Policy issues, challenges, and opportunities

Absence of climate preparedness language in K.C.C. 28.86: There is a gap between this wastewater code and existing County climate policy (in the Strategic Climate Action Plan and

the King County Comprehensive Plan) leading to inconsistent planning and design for climate change.

Long useful life of wastewater infrastructure: Wastewater facilities often operate for 50 to 100 years. Design decisions made today will determine whether infrastructure can perform reliably under future climate conditions and continue to protect water quality and public health.

Cost considerations: While using climate projections in design can increase upfront costs, it reduces long-term risks and expenses and is more cost-effective than retrofitting or replacing facilities later.

Opportunity to strengthen wastewater utility leadership: Major wastewater utilities around the country are investing in preparing for climate change. There is an opportunity for WTD to learn from these tested approaches, standardize our processes and expand our leadership on climate preparedness in the wastewater sector.

Uncertainty management: There are varying levels of uncertainty for different climate hazard projections and for different scenarios of multiple hazards occurring at the same time. That uncertainty may drive technical approaches and investment timing. WTD regularly works through uncertainty today to responsibly steward the wastewater system.

Policy options

Policy question #1: *Should existing wastewater policy language (K.C.C. 28.86) be revised to specifically call out planning for future climate conditions in addition to population growth and other environmental factors?*

- a. WTD recommends that the answer to this question is ‘yes’, K.C.C. 28.86 should be revised to broadly reference planning for future climate conditions. This will provide wastewater-specific policy direction for WTD to adapt to climate impacts.

Policy question #2: *How should WTD prepare and adapt to climate impacts (e.g., precipitation/storm intensities, sea level rise, river flooding, etc.) in line with the Strategic Climate Action Plan? What level of climate impact risk tolerance should WTD plan for to avoid or minimize risks to the system?*

The following three policy options represent a range of approaches to managing climate risk at WTD facilities, from maintaining the current approach to aggressively protecting all at-risk facilities; each offers a unique tradeoff between the level of climate risk and cost, with upfront costs increasing as risk is lowered:

- a. Maintain focus on highest climate risks for highest risk project, i.e. regulatory, and follow federal, state and county rules.

Outcomes: High risk of climate impacts; much of the system remains vulnerable to increased rainfall/storm intensity, sea level rise and river flooding.

- b. Reduce climate risks further by expanding use of future climate data for extended useful life of facility or asset in broader set of projects

Outcomes: Medium risk of climate impacts; greater percentage of WTD's facilities are made climate-ready.

- c. Reduce climate risks furthest by aggressively relocating or retrofitting existing facilities

Outcomes: Low risk of climate impacts; all facilities vulnerable to increased rainfall/storm intensity, sea level rise and river flooding are made climate-ready.

Relationship to other RWSP topics

Preparing for the impacts of climate change is a foundational part of the Regional Wastewater Services Plan (RWSP) Update and is essential for sustaining the regional wastewater system into the future. As such, this category relates to many RWSP topics as described below.

Climate preparedness supports a facility's ability to withstand, recover, and adapt to multiple climate hazards. It aligns closely with:

Asset renewal and replacement: Climate preparedness measures can be most cost effectively incorporated when facilities are already undergoing planned renewal or replacement.

Natural hazards resiliency: Climate preparedness measures address the projected increase in the frequency and intensity of some natural hazards (e.g. increased rainfall/storm intensity and flooding) due to climate change.

Energy production: Alternative sources of power such as solar and renewable sources can be important to keeping the system running when primary sources are taken down by high winds, flooding or other climate hazards.

Recycled water use: Recycled water use can provide beneficial uses that lessen climate impacts to river flows, groundwater and other water supplies.

Climate adaptation also relates to system capacity management, performance and compliance as the region prepares for more water in the system as heavy rainfall increases, including:

- Combined system management
- Separated system conveyance
- Inflow and infiltration control
- Treatment

RWSP Update - Climate Impact Preparedness and Natural Hazard Resiliency

Group #4, Policy Memo #6

A. Policy Questions

This memo is focused on two of the policy questions related to the Climate Impact Preparedness and Natural Hazard Resiliency topic of the Regional Wastewater Services Plan (RWSP) Update. The policy questions explored in this memo are related to Climate Impact Preparedness:

- i. Should existing wastewater policy language (K.C.C. 28.86) be revised to specifically call out planning for future climate conditions in addition to population growth and other environmental factors?
- ii. How should WTD prepare and adapt to climate impacts (e.g., precipitation/storm intensities, sea level rise, river flooding, etc.) in line with the Strategic Climate Action Plan? What level of climate impact risk tolerance should WTD plan for to avoid or minimize risks to the system?

B. Problem Statement

King County's regional wastewater system faces increasing risks over time from climate change. Heavier and more intense rainfall events are projected to increase flows in the conveyance system and treatment plants, potentially exceeding design capacity and increasing the frequency of secondary treatment bypassing and sewer overflows. Sea level rise and worsening river flooding threaten low-lying facilities with inundation and operational disruptions. Rising temperatures, more frequent wildfire smoke events, and stronger windstorms pose additional risks to power reliability, equipment function, treatment processes, and worker safety. These impacts affect the wastewater system's ability to perform as designed, perform consistently and withstand and recover.

These climate impacts are particularly significant for wastewater infrastructure because facilities are designed to operate for 50 to 100 years. Decisions made today about facility design and capacity will determine how well the system performs under future climate conditions. Currently, WTD's wastewater policies in King County Code (KCC) 28.86 do not explicitly address planning for future climate conditions, and although some climate hazards are sometimes considered, there is no standardized approach to incorporating climate projections into the design, construction, and management of wastewater facilities.

C. Contextual and Baseline Information

i. What is known about the topic and current conditions

Climate Change and the Wastewater System

WTD's regional wastewater system currently operates reliably under existing conditions but has vulnerabilities to natural hazards that climate change is projected to amplify over time. Climate hazards may emerge gradually, such as sea level rise, or as sudden extreme events that increase in intensity over decades, such as heavy rainfall. Future climate conditions will be different from the historical conditions under which the regional wastewater system was built.

In 2025, WTD chartered the Climate Adaptation Planning Program to address the need for long term, systemwide climate preparedness planning. This program covers the entire wastewater service area and will identify ways to minimize or avoid climate risks, standardize how capital projects plan and design for projected climate hazards, and inform investments including type, cost, sequence, and timing. The WTD Climate Adaptation Planning Program will develop the agency's first long-term climate adaptation plan to strategically guide investments. This work will also finalize internal sea level rise guidance for capital project teams.

WTD is already experiencing climate change impacts to the system. WTD considers exposure to climate hazards and ways to avoid or minimize risks in capital project planning on a project-by-project basis.

Capacity Management

WTD's conveyance and treatment plants are largely designed based on historical rainfall data. As rainfall patterns shift to have greater intensity, facilities designed for historical conditions may not provide the intended level of service over their extended useful life. For example, King County, EPA, Ecology, and the U.S. Department of Justice successfully negotiated the 2025 modification to King County's CSO consent decree due to changed conditions, which included new climate predictions for heavy rainfall.

Flood Risk Management

Many WTD facilities are located in low lying and waterfront areas due to the water dependent and gravity flow nature of wastewater conveyance and treatment. One example of climate change influenced impacts already seen today is the blocked access to the Carnation Treatment Plant and effluent monitoring station during recent Winter 2025 flooding. An operator remained on site so that this event did not impact operations.

Current King County Comprehensive Plan policies encourage siting new critical public facilities outside the 500-year floodplain, with an exception for water dependent facilities such as wastewater treatment plants and associated conveyance infrastructure. Federal and state regulations allow building in the 100-year floodplain under certain conditions and WTD has facilities in these areas.

Other Climate Hazards

WTD’s facilities are largely designed with historical hazard data such as for temperatures and wildfire risk. Damage from fallen trees on facilities and landslides along conveyance pipes are already occurring today and are expected to increase in frequency in the future.

WTD currently addresses some of these hazards on a project-by-project basis when facilities undergo planned upgrades and project budgets can absorb costs.

ii. Current policies in code, contract, or in practice

King County Code Chapter 28.86 Wastewater Treatment does not include any policies that explicitly address climate preparedness or planning for future climate conditions. Capacity and infrastructure planning policies in K.C.C. 28.86 are based on population growth and historical environmental conditions. The primary policy drivers for WTD’s current climate preparedness activities are the King County Strategic Climate Action Plan and the King County Comprehensive Plan.

Table 1. Current policies

Relevant Policies in K.C.C.	Description
KCC 18.25 Strategic Climate Action Plan	Requires development and update of the King County Strategic Climate Action Plan (SCAP). King County Code is revised to reflect significant SCAP actions.
2025 SCAP PREP 42	Develop a wastewater climate adaptation investment plan.
2025 SCAP PREP 43	Implement measures to minimize climate impacts in the design and construction of large wastewater capital projects.
KC Comprehensive Plan E-221	Requires taking actions that equitably reduce climate change vulnerabilities.
KC Comprehensive Plan E-222	Requires King County plan and prepare for likely impacts of climate change on County owned facilities.

KC Comprehensive Plan E-224	Requires integrating estimates of magnitude and timing of climate change impacts into capital projects and implementing operations and maintenance programs that consider life cycle costs and climate change impacts in asset management.
KC Comprehensive Plan E-225	Requires integrating projected climate change impacts into emergency management planning and programs.
KC Comprehensive Plan F-431(g) and F-478	Requires analysis of potential climate change impacts when siting a new or expanded essential public facility and identification of options to reduce impacts. Provides an exception for wastewater treatment facilities due to their water dependence.
KC Comprehensive Plan F-433	Encourages consideration of potential climate change impacts for existing essential public facilities such as wastewater facilities and identification of options to reduce impacts including relocation. Provides an exception for wastewater treatment facilities due to their water dependence.
King County Green Building Ordinance 19402	Requires all KC owned capital projects use a third-party sustainability certification or the WTD Sustainability Scorecard, which include climate preparedness credit for assessing climate risk and implementing risk management strategies.

Capacity management policies and codes relevant to the combined system, separated system and treatment plant planning can be found in the policy memos for those topics.

The Strategic Climate Action Plan is King County's five-year roadmap to address climate change and is the primary driver for current climate preparedness activities at WTD. The 2025 SCAP includes commitments for WTD to develop a long-term wastewater climate adaptation investment plan (PREP 42) and to implement measures to minimize climate impacts in the design and construction of large wastewater capital projects (PREP 43). WTD is the lead agency for both of these commitments.

The 2024 King County Comprehensive Plan updated and strengthened climate related policies to align with new state planning requirements. The Environment Section (E-221 through E-225) establishes requirements for County departments to plan and prepare for climate change impacts on County owned facilities, integrate climate projections into capital projects and asset management, and prioritize equity in investment decisions. The Services, Facilities and Utilities Section (F-431(g), F-433, F-477, F-478) addresses facility siting and flood hazard considerations, encouraging new critical public facilities to be sited

outside the 500-year floodplain while recognizing the water dependent nature of wastewater treatment facilities.

While these policies provide direction for climate preparedness activities, they exist outside of K.C.C. 28.86 and are not specific to wastewater system planning.

iii. The system “must-dos”

The integration of climate change projections and risk reduction measures into state and local practices, policies and codes is an evolving area.

WTD must comply with its NPDES permits for the West Point, South Plant, and Brightwater treatment plants, which establish effluent limits, treatment standards, and reporting requirements. As climate change increases rainfall intensity and frequency, maintaining permit compliance will require the system to manage higher wet weather flows without exceeding permitted discharge limits or experiencing unauthorized overflows. WTD's NPDES permits do not explicitly require the use of future climate projections in facility design or capacity planning.

WTD must meet combined sewer overflow control requirements under its West Point NPDES permit, which limits CSO frequency to no more than one untreated discharge per outfall per year on a long-term average basis. Increasing rainfall intensity will affect the ability of CSO control facilities to maintain compliance over time.

WTD must comply with state and federal requirements to avoid sanitary sewer overflows in the separated system. Increasing rainfall and associated inflow and infiltration could increase the risk of overflows if separated conveyance capacity is not designed to account for changing conditions.

iv. Current and budgeted expenditures

As part of the 2026/2027 Biennial Budget process, WTD secured about \$4.7M in appropriation for climate preparedness planning and no capital projects.

The first long-term wastewater climate adaptation plan is under development and is expected to include a list of conceptual capital projects and costs as early as the 2029 forecast.

v. Summary of science/data

WTD’s climate preparedness planning is informed by regional climate science, including global and regional climate models, local projections, and probabilities of future conditions. The following summarizes the key climate science relevant to each policy sub-topics.

Heavy Precipitation and Capacity

Climate projections show increases in heavy rainfall intensity for the Puget Sound region. However, natural variability makes the specific magnitude and timing of rainfall change uncertain. WTD has conducted studies on the implications of changing rainfall for CSO compliance, which showed most (29 of 39) CSOs trending out of compliance towards the end of the century without additional measures. Further study is needed to understand the implications of intense rainfall changes for the separated conveyance system and for treatment plant capacity. Research indicates that rainfall intensity increases for shorter duration events, such as those used in WTD's CSO and separated conveyance planning, are expected to be larger than the increases shown for 24-hour, 25-year storms in the 2025 SCAP (13% by the 2050s and 12% by the 2080s per Figure 25). This means the climate projections most relevant to WTD's design standards may reflect greater changes than the regional averages presented in the SCAP. More information on the effects of heavy rainfall on the wastewater system can be found at:

- [Modeling Future Climate Change Scenarios in the combined system report](#)

Sea Level Rise and Flooding

Sea level and river flows are projected to increase, causing increased coastal and river flooding (See Figure 1). WTD has completed climate hazard studies on sea level rise to inform facility planning. Results show that most combined system facilities assessed (over 70%) are vulnerable to sea level rise under end of century scenarios (based on the 2100 50% and 1% probability sea level rise projections), with most coastal facilities expected to experience operational impacts sooner. These assets are part of an interconnected system where impacts on one asset will lead to impacts on other assets including wastewater treatment. WTD has also completed studies on river flooding vulnerability under historic conditions that identified roughly a dozen major facilities with high or moderate-to-high risk, primarily pump stations in or near mapped floodplains. These same and possibly other facilities will be vulnerable under future conditions. Future work is needed to fill data gaps related to changes in groundwater levels due to sea level rise and changes to river flooding. More information on the effects of sea level rise can be found at:

- [Sea Level Rise Impacts on King County Facilities report](#)
- [WA Coastal Storm Modeling System web tool](#). Use the Hazard Exposure web tool to explore coastal flooding in terms of sea level rise, storm size and likelihood.

Other Climate Hazards

Climate projections for the Pacific Northwest indicate increasing frequency and intensity of extreme heat and cold events, more wildfires and smoke, increased extreme weather such as windstorms, and increased drought (see Figure 1). Recent events including the

June 2021 Pacific Northwest Heat Dome (34 heat-related deaths in King County), record wildfire smoke in 2021, and the November 2024 bomb cyclone demonstrate that these hazards are already affecting the region. By the 2080s, very hot days above 90°F in King County are projected to increase by 41 days. The 2018 Recommendations to Enhance Resiliency and Recovery of King County's Regional Wastewater Treatment Facilities Study identified seven WTD facilities at high risk from extreme weather under historic conditions, including the West Point, South, and Brightwater treatment plants, but did not assess wildfire smoke, extreme heat, or drought. The 2025 King County Regional Hazard Mitigation Plan identifies water and wastewater systems as vulnerable to multi-day power loss during heat events and to wildfire impacts on pump stations in forested watersheds. Under future climate conditions, these risks are projected to increase. More information on the likely effects of other climate change hazards can be found at:

- [Climate Mapping for a Resilient Washington](#). Select King County, the climate hazard and the time period of interest for a visualization of data shared in the table below.

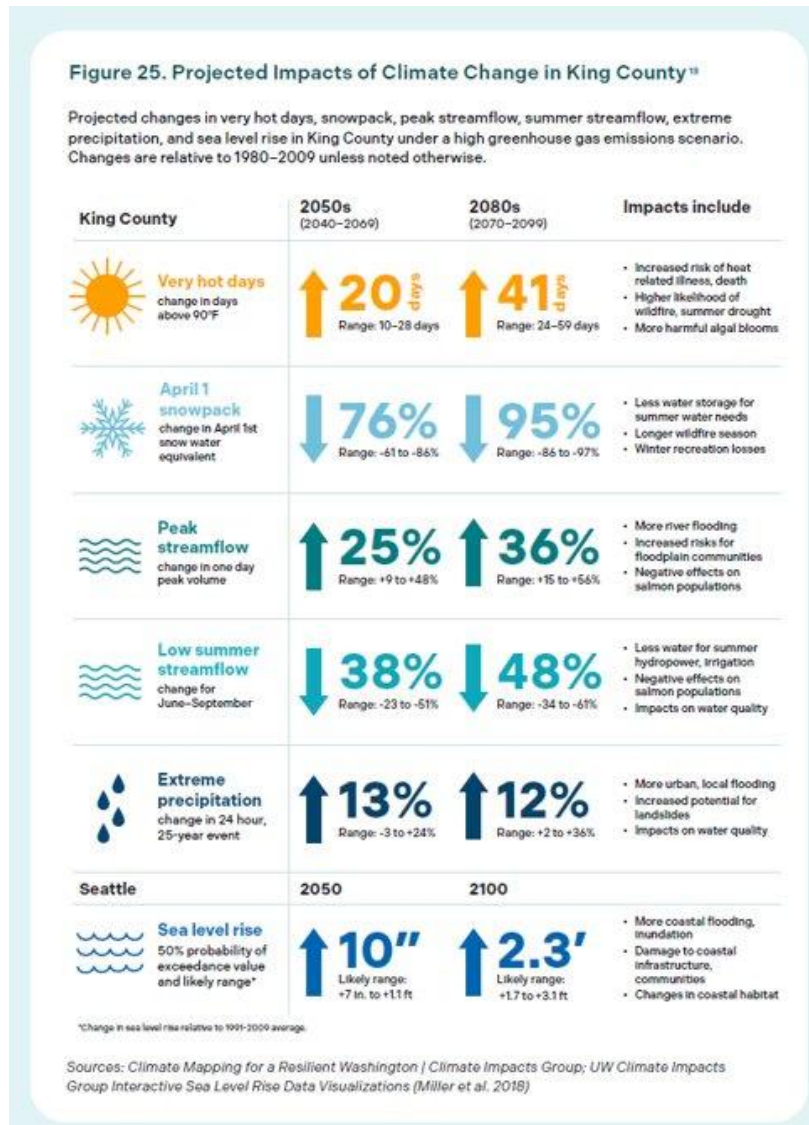


Figure 1. Projected Impacts of Climate Change in King County (excerpt from 2025 SCAP)

D. Example Practices from Other Jurisdictions/Industry

New York City Department of Environmental Protection [Multi Hazard Design Guidelines](#)

New York City has developed one of the most comprehensive climate preparedness programs for wastewater infrastructure in the United States. The NYC Climate Resiliency Design Guidelines provide step-by-step instructions for incorporating forward looking climate data into the design of city facilities. The guidelines address increasing heat, increasing precipitation, and sea level rise, and they use the extended useful life of each asset to determine the appropriate planning horizon. Different standards apply based on the criticality and size of a capital project, with critical facilities required to maintain operations during and after extreme events. These guidelines will be required by local law

for all City-funded capital projects beginning in 2027. A design guidelines approach is also being taken by Boston, Philadelphia and other cities. A guidelines approach could be applied to any of the policy options.

LOTT Clean Water Alliance, Washington Joint [Sea Level Rise Planning](#)

The LOTT Clean Water Alliance (serving Lacey, Olympia, Tumwater, and Thurston County in Washington State) developed a Sea Level Rise Response Plan in 2018 through a joint planning effort with the City of Olympia, and Port of Olympia. This collaborative approach ensured a coordinated strategy for protecting downtown Olympia and the Port peninsula from sea level rise impacts. The plan identifies needed actions, estimated costs, implementation schedules, and responsibilities across all partner agencies.

In addition, the Olympia Sea Level Rise Response Collaborative was established by an interlocal agreement between the City of Olympia, the Port of Olympia and LOTT in 2021. The members are working together to coordinate sea level rise response as envisioned in the Sea Level Rise Response Plan. The Collaborative is made up of an executive committee of elected officials representing the three initial member organizations, and a staff-level technical work group. Other governmental and non-profit organizations may join the Collaborative over time.

E. Policy Issues, Challenges, and Opportunities

1. Absence of climate preparedness language in K.C.C. 28.86

Current wastewater policy language does not reference future climate conditions. There is a gap between this wastewater code and existing County climate policy (Strategic Climate Action Plan and Comprehensive Plan).

2. Long useful life of wastewater infrastructure

Wastewater facilities often operate for 50 to 100 years. Design decisions made today will determine whether infrastructure can perform reliably under future climate conditions and continue to protect water quality and public health.

3. Cost considerations for climate preparedness investments

Incorporating climate projections into facility design may increase upfront capital costs but can reduce long-term costs associated with emergency repairs, operational disruptions, regulatory noncompliance, and premature asset replacement. Also, retrofitting or replacing existing facilities is more expensive than incorporating climate projections during design of new facilities or major upgrades. According to the National

Institute of Building Sciences, one dollar invested in natural hazards risk reduction can save approximately \$13 in losses.

4. Uncertainty management

Climate science provides a range of possible future conditions rather than a single prediction. This uncertainty complicates decisions about how much capacity or protection to build into long lived infrastructure. In addition, there is uncertainty around the compound impacts of multiple hazards occurring at the same time. That uncertainty may drive technical approaches and investment timing. WTD regularly works through uncertainty today to responsibly steward the wastewater system.

5. Opportunity to strengthen wastewater utility leadership

Major wastewater utilities around the country are investing in preparing for climate change. Several of these utilities such as in New York and San Francisco adopted climate preparedness policies and required design guidelines for large projects. There is an opportunity for WTD to learn from these tested approaches, standardize our processes and expand our leadership on climate preparedness in the wastewater sector.

F. Range of policy options with associated actions and considerations (including qualitative description of costs)

- Policy question: Should existing wastewater policy language (KCC 28.86) be revised to specifically call out planning for future climate conditions in addition to population growth and other environmental factors?

WTD recommends that the answer to this question is yes, K.C.C. 28.86 should be revised to broadly reference planning for future climate conditions. This will provide wastewater-specific policy direction for WTD to adapt to climate impacts.

- Policy question: How should WTD prepare and adapt to climate impacts (e.g., precipitation/storm intensities, sea level rise, river flooding, etc.) in line with the Strategic Climate Action Plan? What level of climate impact risk tolerance should WTD plan for to avoid or minimize risks to the system?

Answers to these questions are based on four variables: 1) which climate hazards to plan for (risk assessment), 2) which assets to protect (priority selection), 3) what level of protection/certainty to maintain levels of service (preparedness standard) and 4) what investment timeline (prioritization and triggers).

The following three policy options presenting a range of approaches to address these variables and managing climate risk at WTD facilities, from maintaining the current approach to aggressively protecting all at-risk facilities; these options offer decision makers distinctly different approaches to climate preparedness and risk relative to the costs:

1. Maintain focus on highest climate risks for highest risk project, i.e. regulatory, and follow federal, state and county rules.
2. Reduce climate risks further by expanding use of future climate data for extended useful life of facility or asset in broader set of projects
3. Reduce climate risks furthest by aggressively relocating or retrofitting existing facilities

Summary of Policy Options – Climate Preparedness

#	Description	Goals/outcomes	Tradeoffs
1	Maintain focus on highest climate risks for highest risk project , i.e. regulatory, and follow federal, state and county rules.	<ul style="list-style-type: none"> • Incremental improvements to combined system to prepare for sea level rise and heavy rainfall as budgets allow. • Other portions of the system have very limited improvements to prepare for heavy rainfall, river flooding and other climate hazards. 	<ul style="list-style-type: none"> • Highest risk of climate impacts on performance and repairs • Risk of under designed or failing to prepare • Lower costs today and higher cost later
2	Reduce climate risks further by expanding use of future climate data for extended useful life of facility or asset in broader set of projects	<ul style="list-style-type: none"> • Systematic improvements to new, upgraded and replaced facilities using protective future climate informed data and going beyond current laws 	<ul style="list-style-type: none"> • Lower risk of climate impacts on performance and repairs • Higher costs today for lower costs later
3	Reduce climate risks furthest by aggressively relocating or retrofitting existing facilities	<ul style="list-style-type: none"> • Systematic improvements to develop new relocation or major retrofit projects using more protective future climate informed data and going beyond current laws 	<ul style="list-style-type: none"> • Lowest risk of climate impacts on performance and repair • Risk of maladapted infrastructure that increases vulnerability • Highest costs today for lower costs later

G. Interested and affected parties WTD will engage to gather input

MWPAAC and the component agencies that WTD provides sewerage services to are one of the audiences that need to be engaged on the climate adaptation policy options. Additional engagement with tribes, community-based organizations (CBOs), and environmental non-governmental organizations (NGOs), businesses, industries, and the general public may be conducted during implementation planning.

H. Rate structure considerations (if applicable)

There are no known rate structure considerations for this policy question.

I. Relationship to contracts

According to the current sewer contracts, WTD must accept all sewage and waste delivered for treatment and disposal from the component agencies. Climate change is expected to increase flows from local systems due to increased infiltration due to heavier rainfall. The sewer contracts also state that the contracts may be modified from time to time through changes to King County Code.

Policy options do not propose changes to sewer contracts. However, policy choices made on the topic of inflow and infiltration may affect sewer contracts and affect (positively or negatively) capacity management in the regional system related to heavy rainfall due to climate change.

J. Equity and Social Justice (ESJ) impacts

Climate change impacts are not distributed equally across communities served by King County's regional wastewater system. Many WTD facilities are located in areas with environmental justice concerns, including the Duwamish Valley, where low lying wastewater infrastructure and the communities it serves face overlapping risks from flooding, sea level rise, and extreme heat. Climate related disruptions to wastewater service, such as sewer overflows from increased rainfall or facility flooding from sea level rise, can disproportionately affect communities that already experience higher environmental burdens and have fewer resources to respond. Also, decisions about how WTD plans for and invests in climate preparedness have the potential to affect both the reliability and cost of wastewater services.

Climate preparedness policy options 1, 2 and 3 each reduce climate related risks to the regional wastewater system to varying degrees which in turn continues protection of community public health and the environment.

Through policy option 1, ESJ considerations will be further integrated into the evaluation and prioritization of climate preparedness investments proposed by WTD's Climate Adaptation Planning Program consistent with the equity goals of the SCAP and King County Comprehensive Plan.

Policy options 2 and 3 propose increased and accelerated investment in climate risk reduction measures which is assumed to result in a higher level of protection for communities from potential sewer backups and for employees from multiple climate hazards during their work.

K. Planning-level cost estimates

This section will be added into the policy memo as the "Step 2" analysis later.

L. Evaluation of outcomes: identify impacts and outcomes of each option

This section will be added into the policy memo as the "Step 2" analysis later.

Appendix A: Policy options and actions

	Description	Climate Preparedness Resiliency Actions
#1	<p>Maintain focus on highest climate risks for highest risk project, i.e. regulatory, and follow federal, state and county rules. Results in limited action for other climate hazards</p>	<ul style="list-style-type: none"> • Capacity Management – Design projects to existing rainfall conditions, and increase confidence in compliance under more extreme rainfall conditions for regulatory driven projects • Flood Management – Site new critical facilities outside mapped flood zones and above 2 feet of sea level rise when technically feasible • Other Climate Hazards Management – Design climate hazard protections into facilities on a project-by-project basis, when project budgets allow and as prioritized in capital improvement plans
#2	<p>Reduce climate risks further by expanding:</p> <ul style="list-style-type: none"> • Use of protective future climate informed data for extended useful life of facility or asset • Scope of broader set of existing projects <p>Establish new or adjust existing wastewater policies to plan for:</p> <ul style="list-style-type: none"> • Increasing heavy rainfall • More extreme flooding <p>And/or, more generally, future climate conditions</p>	<ul style="list-style-type: none"> • Capacity Management – Ensure new, upgraded and replaced facilities and assets are able to handle increased flows from increased rainfall for the assets’ extended useful life to reduce public health and regulatory risk • Flood Management – Ensure new, upgraded and replaced critical facilities are flood resistant using climate change informed flood elevations for likely impacts over the extended useful life • Other Climate Hazards Management – Ensure new, upgraded and replaced facilities and assets are able to handle future climate conditions.

	Description	Climate Preparedness Resiliency Actions
#3	<p>Reduce climate risks furthest by aggressively expanding:</p> <ul style="list-style-type: none"> • Use of more protective future climate informed data for extended useful life of facility asset • Development of new relocation or major retrofit projects for existing facilities <p>Establish new or adjust existing wastewater policies to plan for:</p> <ul style="list-style-type: none"> • Increasing heavy rainfall • More extreme flooding <p>And/or. More generally, future climate conditions</p>	<ul style="list-style-type: none"> • Capacity Management - None • Flood Management – Proactively relocate existing at-risk facilities outside the 500-year floodplain and use more protective climate informed flood elevations to protect facilities for extended useful life • Other Climate Hazards Management – Proactively upgrade facilities, systems and assets to handle future climate conditions. For example, extreme temperature, extreme weather and wind, increased wildfires and smoke, and other climate hazards



Wastewater Treatment Division

Executive summary

RWSP Update – Group #4, Policy Memo #7: Climate Impact Preparedness and Natural Hazard Resiliency

This executive summary provides a synopsis of the policy questions, problem statement, issues, challenges, and the options developed for the Climate Impact Preparedness and Natural Hazard Resiliency topic.

Policy question

1. How much should the Wastewater Treatment Division (WTD) reduce energy use and reduce greenhouse gas (GHG) emissions?

Problem statement

WTD is King County Government's largest operational energy user and is one of the County's largest emitters of greenhouse gases (GHGs). Reducing energy use and GHG emissions is critical to slowing climate change, minimizing its most severe impacts, and protecting residents, the economy, and the natural environment. Although WTD acknowledges the importance of this work and has made strong commitments to these efforts, climate change mitigation projects and efforts are often left under- or unfunded, due to resources being prioritized for the maintenance and building of new critical wastewater infrastructure.

Policy issues, challenges, and opportunities

The benefits of climate change mitigation are not always easy to identify, nor do they always directly correlate to changes in WTD's operation. While certain actions, such as installing solar power, have direct benefits to WTD's system, other actions have indirect benefits that can make it harder to demonstrate the tangible impact of WTD's efforts.

New technologies that do not rely on fossil fuels often require higher upfront investment, which can be challenging amid competing priorities like regulatory obligations, asset renewal and replacement, and capacity needs. However, these technologies can substantially reduce energy use and GHG emissions and are an important part of effective climate mitigation

The cost of not doing this climate work now will make the future costs to WTD's system much greater as our region experiences more climate impacts. WTD can do its part to mitigate

climate change, but it will take a collective effort to make progress in climate goals to reduce the climate impacts our region will face.

Policy options

WTD is assessing how much to reduce energy use and GHG emissions by considering a full spectrum of policy options. These range from maintaining current commitments to pursuing deeper reductions that would achieve ambitious net-zero emissions. More detail for the policy options that answer the questions are described below.

Policy question: *How much should WTD reduce energy use and reduce GHG emissions?*

For energy use reduction, the policy options include:

- a. Maintain the existing approach to energy efficiency and solar implementation based on project-level, cost-effective decisions, consistent with current Strategic Climate Action Plan (SCAP) alignment.

Outcomes: Marginally reduce the energy consumption and costs of WTD operations

- b. Strategically scale up energy efficiency improvements and solar deployment to meet aggressive SCAP targets, requiring substantial additional investment.

Outcomes: Further reduce the energy consumption and costs of WTD operations

- c. Transform WTD facilities into net-zero or net-positive energy systems by prioritizing deep energy efficiency and expanding on-site renewable energy generation.

Outcomes: Drastically reduce reliance on the energy grid and eliminate energy costs for WTD operations

For GHG emissions reduction, the policy options include:

- a. Maintain current implementation of SCAP requirements to reduce GHG emissions and add reference to SCAP in wastewater policy language (KCC 28.86).

Outcomes: Emissions reductions equivalent to the amount required by the 2025 SCAP

- b. Add additional GHG reduction targets for WTD's O&M and capital projects and for the elimination of fossil fuels.

Outcomes: Emissions reductions beyond what is required by the 2025 SCAP

- c. Establish requirements to achieve net zero emissions across all areas (embodied, fugitive, and direct).

Outcomes: Completely eliminate WTD's direct, fugitive and embodied emissions

Climate Change Mitigation Relationship to other RWSP topics

Climate Change Mitigation intersects with many RWSP topics as described below.

Asset Renewal and Replacement (R&R): Asset R&R investments provide an opportunity to replace equipment with alternatives that mitigate climate change, such as eliminating fossil fuel use of a particular system.

Resource Recovery: Reducing energy use cuts emissions, while recovering energy from wastewater creates a renewable energy source. Together, they lower WTD's overall climate impact.

Treatment: The process, technology, and strategic choices made regarding how WTD treats wastewater will affect the amount of energy it uses and GHGs it emits. These decisions could incorporate climate change mitigation as an evaluation factor to reduce WTD's impact on the climate.

Combined System Management and Separated System Conveyance: Much like the treatment category, how WTD chooses to build these systems can impact the climate through emissions, both during construction and operations. Thoughtfully incorporating climate concerns into new development or rehabilitation of these systems can support WTD's climate change mitigation efforts.

RWSP Update - Climate Impact Preparedness and Natural Hazard Resiliency

Group #4, Policy Memo #7

A. Policy Question

This memo is focused on the group of policy questions related to the Climate Impact Preparedness and Natural Hazard Resiliency topic of the Regional Wastewater Services Plan (RWSP) Update. The specific policy question explored in this memo below is related to Climate Mitigation:

- i. How much should the Wastewater Treatment Division (WTD) reduce energy use and reduce greenhouse gas (GHG) emissions?

B. Problem Statement

WTD is King County Government's largest operational energy user and is one of County's largest emitters of greenhouse gases (GHGs). Reducing energy use and GHG emissions is critical to slowing climate change, minimizing its most severe impacts, and protecting residents, the economy, and the natural environment. Although WTD acknowledges the importance of this work and has made strong commitments to these efforts, climate change mitigation projects are often left under- or unfunded, due to resources being prioritized for the maintenance and building of new critical wastewater infrastructure.

C. Contextual and Baseline Information

i. What is known about the topic and current conditions

Climate change mitigation is the act of reducing the amount of greenhouse gases (GHGs) released into the atmosphere. These efforts in wastewater systems involve reducing emissions from two main sources: the construction of infrastructure and the ongoing operation of wastewater facilities. Construction-related emissions come largely from embodied carbon in materials and equipment, while operational emissions include both direct emissions from fuel and energy use and fugitive emissions released unintentionally during treatment processes. WTD is King County Government's largest operational energy user and is one of County's largest emitters of greenhouse gases (GHGs).

Figure 1. King County Government GHG Emissions by Division (2022)

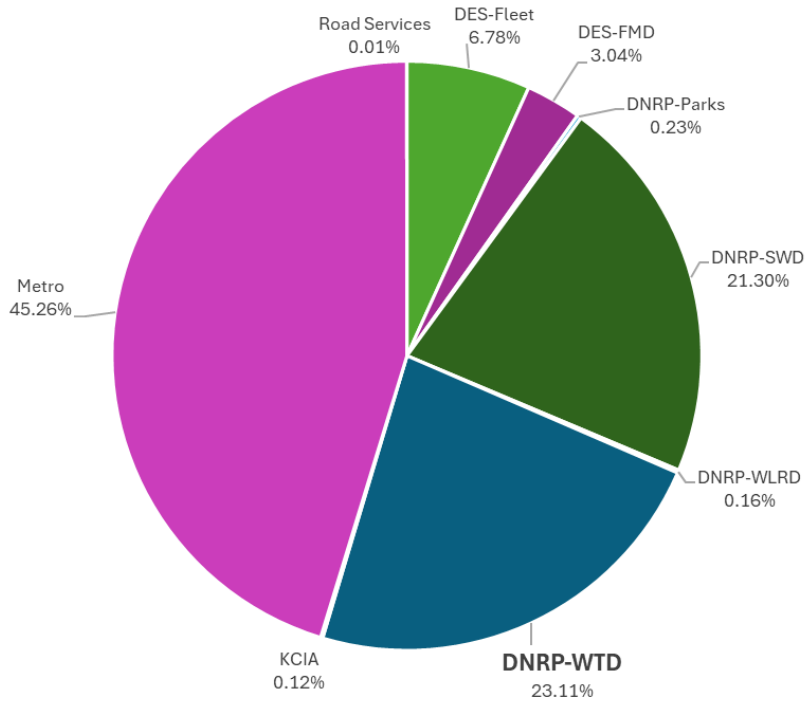
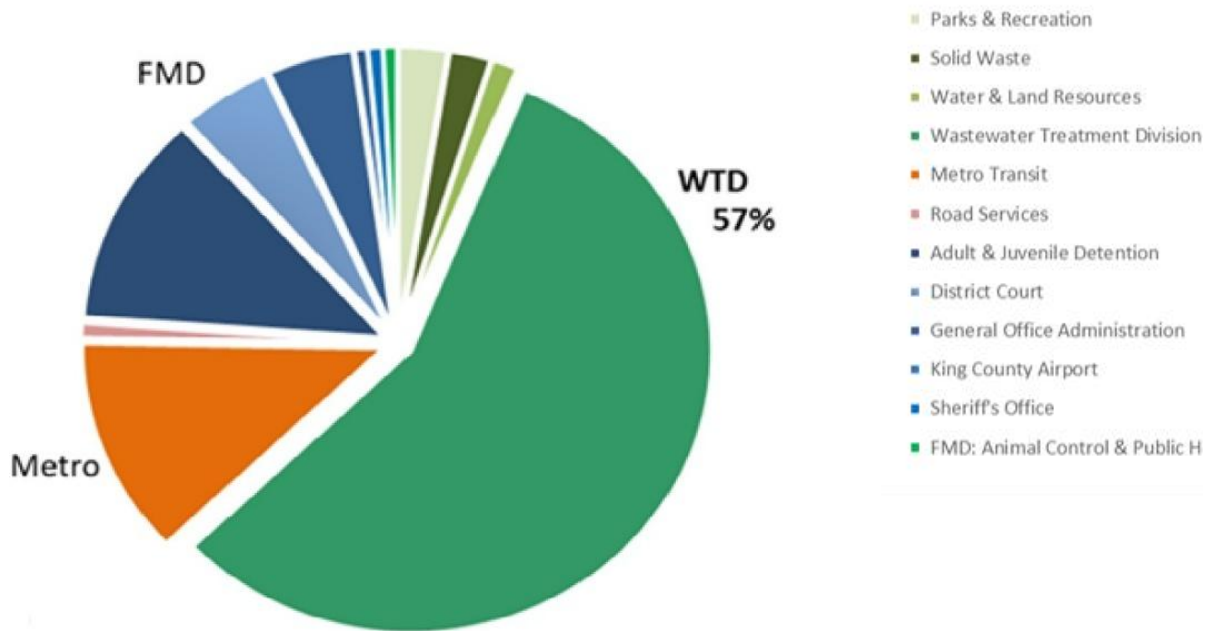


Figure 2. King County Government Energy Use by Division (2022)



In 2024, WTD’s gross emissions amounted to 63,915 MTCO₂e, which equates to annual emissions from 15,218 gasoline-powered passenger vehicles. Facility energy use amounted to 14% of these emissions; transportation fuel accounted for another 10%, while fugitive emissions were 75% of emissions. To account for its operational and fugitive GHG emissions, WTD uses offsets, renewable electricity, and its renewable natural gas (RNG) supply to create a net regional climate benefit.

Mitigation efforts include moving away from burning fossil fuels toward renewable energy, like solar; reducing the amount of energy consumed through more efficient technology; and reducing the amount of embodied carbon in WTD’s construction materials.

Note: Other renewable technologies derived from WTD’s waste products (i.e. biogas, sewer heat recovery) are covered in the Resource Recovery section of the RWSP.

ii. Current policies in code, contract, or in practice

Table 1. Current policies

Relevant Plans and Policies in K.C.C.	Description
2025 SCAP GHG PM 19	Reduce operational greenhouse gas emissions.
2025 SCAP GHG PM 23	Reduce energy use in County-owned buildings and facilities.
2025 SCAP GHG PM 24	Reduce Fossil Fuel Use in County-owned facilities.
2025 SCAP GHG PM 27 and 28	Reduce GHG Emissions from County Fleets and increase County zero-emission fleets.
2025 SCAP GHG 67	Reduce embodied carbon of materials used in capital projects.
2025 SCAP GHG 74	Update and accelerate carbon reduction approaches for WTD.
2025 SCAP GHG 76	Optimize biogas and reduce fugitive methane at wastewater facilities.
2025 SCAP GHG 77	Purchase greenhouse gas-neutral electricity and pursue cost-effective renewable power for King County facilities.
2025 SCAP GHG 78	Accelerate installations of solar electricity systems at County facilities.

King County Code 2.93.060	Sets considerations and analysis requirements for greater energy efficiency as well as reductions in greenhouse gas emissions in capital improvement projects.
King County Comprehensive Plan Chapter 5	Reducing energy use and greenhouse gas emissions associated with new construction, additions, retrofits, and remodels in all buildings.

* Note: Other renewable technologies (i.e. biogas, sewer heat recovery) are covered in the Resource Recovery section of the RWSP.

iii. The system “must-dos”

The King County Strategic Climate Action Plan (SCAP) is the primary policy driver for climate mitigation efforts at WTD. Adopted by King County Council, the 2025 SCAP is both a long-term plan and five-year roadmap for County climate action, integrating climate change into all areas of County services, operations and work with agency partners and communities. It builds off the significant progress King County has made in several areas and sets a bold course to cut greenhouse gas emissions. The Greenhouse Gas Section of the SCAP includes over 15 requirements and commitments that directly guide WTD climate mitigation decisions. Commitments cover the following topics: energy use (efficiency and reduction), waste diversion, fossil fuel reduction, compost, sustainable materials, optimizing biogas, renewable energy, tree planting, a zero-emission fleet, and alternative fuels. Beyond the SCAP, the Environment Chapter of the King County Comprehensive Plan has commitments to reduce energy use and greenhouse gas emissions associated with new construction, additions, retrofits, and remodels in all buildings.

For energy considerations, WTD must adhere to the 2021 Washington State Energy Code (WSEC), which requires project elements such as improved building envelope performance and high efficiency HVAC systems. King County Code 2.93.060 sets considerations and analysis requirements for greater energy efficiency as well as reductions in greenhouse gas emissions in capital improvement projects.

Additionally, as required in the King County Sustainability Infrastructure Scorecard, WTD must also meet the equivalent energy performance of the stringent energy code in the County, regardless of the project’s location. As of 2026, the most stringent energy code in King County is the 2021 Seattle Energy Code. The Seattle Energy Code, limits fossil fuel use, calls for high-efficiency electrical systems, and has renewable energy requirements.

iv. Current and budgeted expenditures

Currently, much of the work WTD does within the climate change mitigation space is low to no cost and occurs opportunistically. An example would be when selecting a new Heating,

Ventilation, and Air Conditioning (HVAC) system, WTD selects the more energy efficient one and ensures that the setpoints will derive the most energy reductions. This makes it challenging to extract costs specific to this work, since they are intertwined with other project decisions and costs.

Many greenhouse gas and energy reduction measures are delivered through broader rehabilitation, replacement, or process improvement projects where the incremental climate-related cost is not separately tracked. As a result, total expenditures in this area are often distributed across multiple capital and operating budgets rather than captured in a single program line item.

v. Summary of science/data

Climate science indicates that avoiding the most severe climate impacts requires rapid and sustained greenhouse gas reductions this decade, followed by continued progress over time. Because wastewater treatment can be a significant source of greenhouse gas emissions, and infrastructure assets often remain in service for decades, near-term capital decisions can either continue current emissions trends or create long-term reductions.

For wastewater utilities, emissions are often concentrated in a limited number of sources, allowing targeted actions to deliver significant benefits. For WTD, 2024 gross emissions were approximately 63,915 MTCO₂e, with fugitive and process emissions representing roughly 75 percent, facility energy use 14 percent, and transportation fuels 10 percent. This suggests the greatest reduction opportunities are likely to come from reducing fugitive methane and process emissions, while energy efficiency, renewable energy, fleet transition, and other operational improvements remain important supporting strategies.

Sector experience also indicates that many efficiency measures can reduce lifecycle cost through lower utility and fuel expenses, particularly for continuously operated and high-power systems such as aeration, pumping, odor control, ventilation, and heating/cooling equipment. New facilities, major rehabilitation projects and equipment replacement cycles can provide cost-effective opportunities to incorporate lower-emission technologies.

Greenhouse gas inventories are valuable planning tools but contain uncertainty, particularly for fugitive emissions, process emissions, and changing electricity emission factors. For that reason, best practice generally supports prioritizing direct, measurable emissions reductions and periodic target review based on updated data, technology performance, and regulatory factors.

D. Example Practices from Other Jurisdictions/Industry

City of Gresham Wastewater Treatment Plant

The City of Gresham Wastewater Treatment Plant achieved net-zero energy consumption and is the first wastewater treatment plant in the Pacific Northwest to generate the same amount of electricity as it consumes on-site over a year. The 20 million gallons per day (mgd) plant achieved this through the energy-efficiency investments and the use of two, 395-kilowatt co-generation engines fueled by biogas produced from the anaerobic digestion of wastewater solids, a 420-kilowatt ground mount solar electric system, and increased production of biogas from the co-digestion of fats, oils and grease received from area restaurants and food processors.

Strongford (UK) Wastewater Treatment Plant, a Net Zero Hub

This wastewater treatment plant has been identified as a hub of innovation for reducing greenhouse gases. Beyond installing renewables, transitioning to electric vehicles and reducing operational emissions by traditional means, they are piloting new processes and technologies, like the recovery of cellulose, which mainly comes from toilet paper. They also developed and installed a new passive photocatalytic cover that covers the activated sludge. This converts the nitrous oxide from the wastewater treatment process to harmless nitrogen and oxygen gas as it passes through the permeable cover, thus reducing the plant's fugitive emissions.

E. Policy Issues, Challenges, and Opportunities

- i. The benefits of climate change mitigation are not always easy to identify, nor do they always directly correlate to changes in WTD's operations.

GHGs are emitted into the atmosphere, and therefore, their reductions have regional and global impacts. While certain actions, such as installing solar power, have direct benefits to WTD's system, other actions will only have indirect benefits, which are difficult to connect the action to the benefit. The indirect nature of this relationship can make it challenging to show the effects WTD's actions are having on climate change, which can make it seem like less of a tangible benefit to the system. It also requires that other organizations, governments and individuals make progress in climate goals in order to reduce the climate impacts the planet will face.

- ii. Technology and equipment are becoming increasingly more energy efficient and can improve WTD's processes.

Advancements in technology and equipment are both an opportunity and a challenge. These allow for reductions in WTD's energy use and GHG emissions, but there is sometimes an added cost, not just for the equipment, but also for converting our current

systems to this new technology. There are often challenges in getting buy-in from facility staff, who have limited capacity to learn a new system or a new piece of equipment. In the long run, many of these new technologies will help WTD operate more energy efficiently and more effectively, as much of the equipment requires less maintenance and is more durable. The obstacle stems from that transition period to something more innovative.

- iii. The cost of not doing this climate work now will make the future costs to WTD's system much greater.

The more GHGs are emitted into the atmosphere, the more climate impacts this region will see. This will have greater impacts on WTD's system and require more costly upgrades and investments. Society can lessen those climate hazards by investing in climate mitigation in the present. The cost of not doing more now will not just affect the budgets but will cost the health of the community and the environment.

F. Range of policy options with associated actions and considerations (including qualitative description of costs)

The policy options presented below describe potential choices and mitigation-related actions that would be implemented to address the following policy questions:

- i. How much should WTD reduce energy use and reduce greenhouse gas emissions?

For **energy use reduction**, the policy options include:

1. Maintain the existing approach to energy efficiency and solar implementation based on project-level, cost-effective decisions, consistent with the current SCAP alignment.
2. Strategically scale up energy efficiency improvements and solar deployment to meet aggressive SCAP targets, requiring substantial additional investment.
3. Transform WTD facilities into net-zero or net-positive energy systems by prioritizing deep energy efficiency and expanding on-site renewable energy generation.

For **greenhouse gas emissions reduction** and renewable energy, the policy options include:

1. Maintain current implementation of SCAP requirements to reduce GHG emissions and add reference to SCAP in wastewater policy language (KCC 28.86).
2. Add additional GHG reduction targets for Operations and Maintenance (O&M) and capital projects and for the elimination of fossil fuels.
3. Establish requirements to achieve net zero emissions across all areas (embodied, fugitive, and direct).

Summary of Policy Options – Reducing GHG Emissions

	Description	Goals/outcomes	Tradeoffs
#1	Maintain current implementation of SCAP requirements to reduce GHG emissions and add reference to SCAP in wastewater policy language (KCC 28.86).	Meet GHG emissions reduction requirements within King County's Strategic Climate Action Plan.	<ul style="list-style-type: none"> • Costs will increase as more GHG emissions are addressed and reduced. • Mitigating for WTD's GHG emissions also reduces its contribution to the climate crisis and lessens the climate impacts that its system and the community will face in the future. • The more WTD invests in this work now, the less it will cost in the future to adapt to higher climate impacts.
#2	Add additional GHG reduction targets for O&M and capital projects and for the elimination of fossil fuels.	Reduce WTD's GHG emissions beyond current requirements and improve upon mitigation efforts.	
#3	Establish requirements to achieve net zero emissions across all areas (embodied, fugitive and direct).	Completely account for and address all of WTD's GHG emissions and eliminate WTD's contribution to climate change impacts.	

Summary of Policy Options – Energy Reduction and Renewable Energy

	Description	Goals/outcomes	Tradeoffs
#1	Maintain the existing approach to energy efficiency (EE) and solar implementation based on project-level, cost-effective decisions, consistent with current SCAP alignment.	Continue opportunistic energy savings	<ul style="list-style-type: none"> • Lowest capital cost and minimal change to current practices • Not expected to meet SCAP targets • Slower progress on energy cost reduction, emissions, operational reliability, and resiliency
#2	Strategically scale up energy efficiency improvements and solar deployment to meet aggressive SCAP targets, requiring substantial additional investment.	Meet SCAP energy reduction and solar installation requirements	<ul style="list-style-type: none"> • Significant increase in capital investment • Increased project complexity and coordination requirements • Achieves SCAP targets • Reduces long-term energy cost exposure, emissions • Improves operational reliability and resiliency
#3	Transform WTD facilities into net-zero or net-positive energy systems by prioritizing deep energy efficiency and expanding on-site renewable energy generation.	Achieve net-zero or net-positive energy wastewater facilities.	<ul style="list-style-type: none"> • Highest capital cost and potential impacts to project scope • Requires new standards, culture change, and sustained investment • Maximizes long-term cost stability, emissions reduction, operational reliability and resiliency

G. Interested and affected parties WTD will engage to gather input

MWPAAC and the component agencies that WTD provides sewerage services to are one of the audiences that need to be engaged on the climate mitigation policy options. Additional engagement with tribes, community-based organizations (CBOs), and environmental non-governmental organizations (NGOs), businesses, industries, and the general public may be conducted during implementation planning.

H. Rate structure considerations (if applicable)

There are no known rate structure considerations for this policy question.

I. Relationship to contracts

There are no known contract implications for this policy question.

J. Equity and Social Justice (ESJ) impacts

The impacts of climate change are already being felt, and not all communities have the same ability to adapt and recover. Long-standing social, economic, and environmental disparities mean that some groups are at higher risk, facing greater exposure to climate hazards and more barriers to resilience. In King County, frontline communities—including Black, Indigenous, and People of Color (BIPOC), immigrant and refugee populations, people with low incomes, individuals with preexisting health conditions, unsheltered populations, and outdoor workers—experience the earliest and most severe climate impacts. Without strong climate action, like those of policy options 2 and 3, these communities will face even worse consequences due to our inaction.

Socially vulnerable communities will also be more sensitive to any further rise in the rate. The more aggressive policy options will have a bigger impact on the rate, and therefore, have a bigger impact on these communities. If these policies are selected, special attention should be paid to keeping the cost burden from impacting the communities that are already facing the largest burdens due to climate change.

K. Summary of how MWPAAC/RWQC input was addressed

This section will be added into the policy memo as “Step 1” memos are finalized.

L. Planning-level cost estimates

This section will be added into the policy memo as the “Step 2” analysis later.

M. Evaluation of outcomes: identify impacts and outcomes of each option

This section will be added into the policy memo as the “Step 2” analysis later.

Appendix A: Policy options and actions

Reducing GHG Emissions

	Description	Climate Mitigation Actions
#1	Maintain current implementation of SCAP requirements to reduce GHG emissions and add reference to SCAP in wastewater policy language (KCC 28.86).	<ul style="list-style-type: none"> • Emissions – Reduce GHG emissions and fossil fuel use from operations and capital projects when a low- to no- cost opportunity arises.
#2	Add additional GHG reduction targets for O&M and capital projects and for the elimination of fossil fuels.	<ul style="list-style-type: none"> • Emissions – Identify opportunities in operations and capital projects with the highest GHG emissions and pursue targeted actions to minimize these emissions. Eliminate fossil fuel use.
#3	Establish requirements to achieve net zero emissions across all areas (embodied, fugitive and direct).	<ul style="list-style-type: none"> • Emissions – Achieve net-zero emissions in all areas (embodied, fugitive and direct).

Energy Reduction and Renewable Energy

	Description	Climate Mitigation Actions
#1	Maintain the existing approach to energy efficiency (EE) and solar implementation based on project-level, cost-effective decisions, consistent with current SCAP alignment.	<ul style="list-style-type: none"> • Energy Use Reduction – Incorporate energy efficiency into capital project designs and operations when cost-effective • Renewable Energy – Install solar production to meet code or when a project's budget allows
#2	Strategically scale up energy efficiency improvements and solar deployment to meet aggressive SCAP targets, requiring substantial additional investment.	<ul style="list-style-type: none"> • Energy Use Reduction – Systematically prioritize and implement energy efficiency improvements in capital & O&M • Renewable Energy – Expand solar deployment where feasible • Decision/Implementation – Incorporate EE based on impact vs. cost-effectiveness
#3	Transform WTD facilities into net-zero or net-positive energy systems by prioritizing deep energy efficiency and expanding on-site renewable energy generation.	<ul style="list-style-type: none"> • Energy Use Reduction – Implement deep EE improvements & establish energy performance expectations across facilities • Renewable Energy – Maximize on-site renewable energy generation to offset facility energy use • Decision/Implementation – Integrate EE as a standard requirement in capital projects and operations

RWQC Work Program for 2026 June 3, 2026

The suggested agenda topics are based on the latest information available and are subject to change based on the availability of presenters and committee priorities. This work program will stay marked as “draft” to reflect that the committee will adjust the schedule throughout the year to accommodate any necessary changes.

RWSP Policy Analysis and RWQC

WTD is currently working on a multi-year plan to update the Regional Wastewater Services Plan. On January 16, 2025, the King County Council adopted the RWSP Update scope document to guide the update process. The scope document identifies policy questions to be analyzed as part of the RWSP Update. RWQC will have the opportunity to review the policy analysis both before and after the Draft RWSP is released.

Pre-Draft RWSP Update. Beginning in March 2026, the Wastewater Treatment Division (WTD) plans to present the initial analysis of selected policy questions from the RWSP Update scope document. WTD refers to this stage of the analysis for these policy questions as Step 1. Related policy questions will be grouped together. The intent of the initial Step 1 briefings is for members to receive information on each policy question and identify any gaps in the information or options presented by WTD. WTD’s initial analysis of the policy questions will provide a framework for the committee for future discussions on these policy questions. WTD expects the options presented at these initial briefings and any additional RWQC-identified options to be included in the Draft RWSP Update. WTD will accept feedback and suggestions on each group of policy questions during the month the analysis is presented to RWQC.

Beginning in Q4 2026 and continuing through Q3 2027, WTD intends to present cost information to RWQC on a rolling basis for the options related to each policy question. WTD refers to this cost information as Step 2. With this cost information, RWQC will have the opportunity to revisit any options it requested for analysis for inclusion in the DRAFT RWSP Update . All requested analysis and cost information for the policy questions is anticipated to be completed by Q3 2027.

After the DRAFT RWSP Update released. The Draft RWSP Update is scheduled for completion at the end of 2027. and RWQC will have another opportunity at this time to make comments to the Executive on the Draft RWSP Update The Executive will then develop the final Proposed Plan and transmit it to Council by the end of 2028 for Council adoption in 2029, at which time RWQC will have the opportunity to review and amend the plan.

MONTHLY MEETING SCHEDULE

January 7, 2026

- ✓ Regional Wastewater Services Plan Update: Update on RWSP Policy Analysis as Required by Proviso. This briefing will present the proposed schedule and grouping of policy questions.
- ✓ 2026 RWQC Work Program.

February 4, 2026

- ✓ An Overview of Water Quality in Puget Sound. Presentation by the Water and Land Resources Division, DNRP (40 minutes).
- ✓ Wastewater Treatment Division's Preliminary 2027 Sewer Rate and Capacity Charge, Including Rate Options (60 minutes).

March 4, 2026

- ✓ Proviso Response and Regional Wastewater Services Plan Update Policy Questions Initial Analysis Group 1: Separated System Conveyance (future conveyance capacity of the system, including Inflow and Infiltration and population growth.) (60 minutes)
- ✓ WTD's 2027 Sewer Rate and Capacity Charge Recommendations and Options (35 minutes).
- ✓ WTD Initial Presentation Prior to Ordinance Transmittal on Proposed Capacity Charge Code Changes (5 minutes).

March 26, 2026 9-11 am. Optional Site Visit to South Plant to tour capital projects and compost pilot. This is not a RWQC meeting.

April 1, 2026

- ✓ Proviso Response and Regional Wastewater Services Plan Update Policy Questions Initial Analysis Group 2: Source Control and Legacy Pollution (55 minutes).
- ✓ WTD's 2027 Sewer Rate and Capacity Charge Recommendations and Options (Consider letter to Executive.) (20 minutes).
- ✓ If transmitted and time available, Proposed Capacity Charge Code Changes. (20 minutes)

May 6, 2026

- ✓ Executive's Proposed 2027 Sewer Rate and Capacity Charge (35 minutes).
- ✓ Proviso Response on RWSP Policy Questions. (10 minutes)
- ✓ Regional Wastewater Services Plan Update Policy Questions Initial Analysis Group 3: Asset Renewal and Replacement (40 minutes).
- ✓ Proposed Ordinance 2026-0066. Capacity Charge Code Changes. (20 minutes)

June 3, 2026

- Proposed Ordinance 2026-0066 on Capacity Charge Code Changes (30 minutes).
- Regional Wastewater Services Plan Update: Policy Questions Initial Analysis Group 4: Climate Impact and Natural Disaster Resiliency (50 minutes).
- Executive's Proposed 2027 Sewer Rate and Capacity Charge (If comment letter to King County Council is requested, approve.) (15 minutes).

June 25, 2026 Optional Visit to South Plant Treatment**July 1, 2026**

- Regional Wastewater Services Plan Update Policy Questions Initial Analysis Group 5: Finance/Affordability (60 minutes).
- Regional Wastewater Services Plan Vision Final Vision (15 minutes).
- Regional Stormwater Solutions (30 minutes).
- Capital Project Cost Update per proviso (Written).

August 5, 2026 (This is considered a special meeting due to Council Recess)

- Regional Wastewater Services Plan Update Policy Questions Initial Analysis Group 6: Combined System Management. (Combined Sewer Overflow policies) (70 minutes).

September 3, 2026

- Regional Wastewater Services Plan Update Policy Questions Initial Analysis Group 7: Level of Treatment (50 minutes).
- Briefing by Edward Cebon, WTD Financial Planning Review. Tentative, pending speaker confirmation. (40 minutes)
- Capital Project Cost Update per proviso (Written).

September Optional Site Visit to Brightwater. Date TDB.**October 1, 2026**

- Regional Wastewater Services Plan Update Policy Questions Initial Analysis Group 8: Resource Recovery (60 minutes).
- Proviso Response Implementation Plan for Expanding Eligibility Requirements for WTD's Payment Plan Program. Transmittal Due April 3, 2026. (15 minutes).
- Update on Puget Sound Nutrient Issue (30 minutes).

November 5, 2026

- Regional Wastewater Services Plan Update ---Costing Information on Group 1: Separated System Conveyance (future conveyance capacity of the system, including Inflow and Infiltration and population growth) (45 minutes).
- Regional Wastewater Services Plan Update Policy Questions Initial Analysis Group 9: Rate structure/Robinswood questions (45 minutes)

DRAFT

December 3, 2026

- Regional Wastewater Services Plan Update ---Costing Information on Group 2: Source Control and Legacy Pollution (60 minutes).
- Capital Project Cost Update per proviso (Written).
- PFAS Annual Update (20 minutes).

Note for RWSP Update—Policy Analysis. Remaining costing information for Policy Questions Groups #3-9 will provided in Q1 and Q2 in 2027.

Monthly Written Report on Status Update for Motion 16900:

Committee requests monthly status report include status update on key tasks in Motion 16900, (WTD's sewer rate and capital work plan to improve engagement, transparency, and accountability) including:

- Develop and implement a process for MWPAAC and RWQC (as requested) to review a limited number of large capital projects selected by MWPAAC that substantively affect the rate.
- Develop public engagement strategy for rate payers in coordination with local contract agencies to explain why wholesale WTD rates are increasing and provide opportunities for public engagement.
- Independent consultant to review WTD's capital program.
- Evaluate regulatory requirements.
- Significant changes in capital project costs.
- Options for multi-year rate predictability.