



# 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, July 1, 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](mailto: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](http://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**  
*June 3, 2026 meeting minutes*
4. [Chair's Report](#)
5. [MWPAAC Report](#)
6. [Wastewater Treatment Division Report](#) **p. 8**

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. 2026-0162](#) **p. 27**

AN ORDINANCE relating to the capacity charge methodology; and amending Ordinance 13680, Section 1, as amended, and K.C.C. 28.86.010 and Ordinance 13680, Section 16, as amended, and K.C.C. 28.86.160.

**Sponsors:** Balducci

*Andy Micklow, Council Staff*

*Caitlyn Hall, Chief Financial Officer, Wastewater Treatment Division*

*Contingent upon referral to the Regional Water Quality Committee*

## Briefing

8. [Briefing No. 2026-B0084](#) **p. 50**

Regional Wastewater Services Plan Update Policy Questions Initial Analysis Group 5:  
Finance/Affordability

*Darren Greve, Government Relations, Wastewater Treatment Division*

*Janice Johnson, RWSP Project Manager, Wastewater Treatment Division*

*Caitlyn Hall, Chief Financial Officer, Wastewater Treatment Division*

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

9. [Briefing No. 2026-B0002](#) **p. 105**

Discussion of 2026 Regional Water Quality Committee Work Program

*Jenny Giambattista, Council staff*

## Other Business

## Adjournment



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# King County

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## Meeting Minutes 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)*

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3:00 PM

Wednesday, June 3, 2026

Hybrid Meeting

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### DRAFT MINUTES

1. **Call to Order**

*Chair Balducci called the meeting to order at 3:01 p.m.*

2. **Roll Call**

**Present:** 11 - Balducci, Clarke, Dunn, Hollingsworth, Lewis, Mork, Rossman, Warren, Lin, Amer and Hooshangi

**Excused:** 3 - Hamilton, Moore and McClellan

3. **Approval of Minutes**

*Vice Chair Mork moved approval of May 6, 2026, meeting minutes. There being no objections, the minutes were approved.*

4. **Chair's Report**

*Chair Balducci commented on the meeting topics.*

## 5. MWPAAC Report

*Maria Coe, Vice Chair, MWPAAC, commented on the recent MWPAAC meeting, RWSP working group update, independent consultants on the Capital Projects & Programs, and the upcoming monthly MWPAAC meeting.*

## 6. Wastewater Treatment Division Report

*Kamuron Gurol, Director, Wastewater Treatment Division, commented on letters to Wastewater Treatment Division about the sewer rate, the Sewer Rate & Capital Workplan, and the appointment of a new Deputy Director of Wastewater Treatment Division, Michael Gavin.*

## Discussion and Possible Action

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

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

*Andy Micklow, and Jenny Giambattista, Council staff, briefed the Committee on the legislation and answered questions from the members.*

*Commissioner Warren moved Striking Amendment S1. Councilmember Mork moved Amendment 1 and 2 to S1. The amendments were adopted. Councilmember Mork moved Title Amendment T2. The title amendment was adopted. Title Amendment T1 was not offered.*

*Due to the design of the legislative tracking software used to produce the proceedings, the vote on this item is misreported. The correct vote is:*

*Yes: 9 - Mork, Rossman, Amer (voting as an alternate for Hamilton), Hollingsworth, Lin, Clarke,*

*Warren, Lewis and Balducci*

*No: 2 - Dunn*

*Excused: 1 – Hamilton, Moore*

**A motion was made by Vice Chair Warren that this Ordinance be Recommended Do Pass Substitute. The motion carried by the following vote:**

**Yes:** 7.5 - Balducci, Clarke, Hollingsworth, Lewis, Mork, Rossman, Warren, Lin and Amer

**No:** 2 - Dunn

**Excused:** 2 - Hamilton, McClellan and Moore

## Briefing

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

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

*Chair Balducci provided introductory comments. Jenny Giambattista, Council staff, Caitlyn Hall, Chief Financial Officer, Wastewater Treatment Division, briefed the committee and answered questions from the members. The committee agreed to send a letter from RWQC to King County Council members relating to sewer rates and capacity charges.*

**This matter was Presented**

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

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

*Wastewater Treatment Division employees, including Darren Greve, Government Relations, John Abdalkhani, Civil Engineering Supervisor, Nicole Smith, Climate Adaptation Planning Program Manager, and Heidi Sowell, Climate, Energy and Sustainability Program Supervisor, briefed the committee and answered questions from the members. Caitlyn Hall, Chief Financial Officer, Wastewater Treatment Division, also spoke for this item.*

**This matter was Presented**

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

Discussion of 2026 Regional Water Quality Committee Work Program

*Chair Balducci provided brief comments. She noted the plan for an August 5th meeting and the scheduled tour of Water Treatment Plant at the end of June.*

**This matter was Deferred**

## Other Business

*There was no further business to come before the committee.*

## Adjournment

*The meeting was adjourned at 4:53 p.m.*

Approved this \_\_\_\_\_ day of \_\_\_\_\_

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Clerk's Signature

# WTD Director's Report

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July 2026



South Plant  
Administration  
Building

*King County Councilmember  
Fain's Tour of South Plant*





# *EPA Deputy Administrator Fotouhi's Tour of the Georgetown Wet Weather Treatment Station*

RWQC Meeting Materials

Page 10 of 108

July 1, 2026

# Did someone say feet in the street??



# Thank you

Kamuron Gurol, Director, WTD

Mgalvan@kingcounty.gov



**King County** | Wastewater Treatment

Wastewater Treatment Division (WTD's) Sewer Rate and Capital Work Plan to Continue to Improve Engagement, Transparency, and Accountability – July 1, 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><b>1. Meaningful and Timely Engagement in Development of Sewer Rate.</b> 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"> <li>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.</li> <li>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.</li> <li>c. Ensure that the long-term rate forecast methodology requested by Motion 16449 is used to develop scenarios to evaluate options.</li> </ul>	<ul style="list-style-type: none"> <li>• 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"> <li>• 10-year Capital Improvement Program.</li> <li>• Project prioritization, including transparency on how decisions are made and policy drivers of capital prioritization.</li> <li>• Timely updates on changes in large project costs that may impact rates as information becomes available.</li> <li>• Expenditure forecast assumptions and impacts to different types of projects across the capital program.</li> </ul> </li> <li>• 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.</li> <li>• 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.</li> <li>• 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</li> </ul>	<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. <b>Most recently, MWPAAC received a Capital Projects briefing on June 24, 2026.</b></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 <a href="#">proposed Ordinance 2026-0103</a>.</p> <p>An independent consultant selected by MWPAAC members briefed MWPAAC on 1/28/26 and a video of the presentation can be found <a href="#">here</a>. 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</p>

Wastewater Treatment Division (WTD's) Sewer Rate and Capital Work Plan to Continue to Improve Engagement, Transparency, and Accountability – July 1, 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>embedded in the long-term rate model and allow for 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"> <li>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.</li> </ul>	Q1/Q2 2026	<p>industry standards.</p> <p>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. <b>The two MWPAAC representatives attended an orientation on WTD's governance board structure on June 22 and will attend their first WTD Project Oversight Board on July 7, 2026.</b></p>
<p><b>2. Early visibility and transparency on large project planning.</b> 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"> <li>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.</li> </ul>	Q1 2026	<p>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>
<p><b>3. Improve multi-year rate predictability.</b> 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"> <li>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.</li> </ul>	Q3 2025 – Q2 2026 (Options identified by end 2025 and multi-year rate implementation by end of Q2 2027 for 2028 and 2029 rates)	<p>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. <b>Based on feedback from MWPAAC</b></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>and local agency partners on the options, WTD plans to recommend a two-year rate for 2028-2029 to help with predictability and align with the County's biennial budget. The sewer contracts still require the Council to adopt the rate annually.</p>
<p><b>4. Evaluate regulatory requirements and develop options to address financial sustainability.</b> Evaluate consent decree and permit deadlines for major projects and investments associated 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"> <li>Evaluate the costs/benefits of seeking regulatory changes to improve the environmental and financial sustainability of the regional system.</li> <li>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.</li> </ul>	<p>Q3 2025 – 2026</p> <p>Q3 2025 – 2026</p>	<p>WTD's Planning team is coordinating with the King County Prosecuting Attorney's Office and County Executive's Office to evaluate potential regulatory changes. WTD is exploring options for an environmentally protective and financially sustainable path in preparation for initiating discussions with regulators. <b>WTD met with Washington State Department of Ecology on June 24 and will meet again later this summer.</b></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>

Wastewater Treatment Division (WTD's) Sewer Rate and Capital Work Plan to Continue to Improve Engagement, Transparency, and Accountability – July 1, 2026, Status Update

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Major Recommendations from RWQC Letter	Wastewater Treatment Division Tasks	Working Timeline	Status
<p><b>5. Independent, third-party oversight.</b> 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"> <li>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.</li> </ul>	<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. <b>The selected consultant, <a href="#">PMA Consultants</a>, executed a contract with WTD and received notice to proceed on June 11. The consultant held a kick-off meeting on June 25 with the King County Auditor's Office as the project manager</b></p>
<p><b>6. Regional Utility Affordability Summit.</b> 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"> <li>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.</li> <li>Identify and implement resources to execute follow-up steps agreed upon at the summit.</li> </ul>	<p>Q3 2025 – Q1 2026</p> <p>Q4 2025-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</p>

Wastewater Treatment Division (WTD's) Sewer Rate and Capital Work Plan to Continue to Improve Engagement, Transparency, and Accountability – July 1, 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
	<ul style="list-style-type: none"> <li>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.</li> </ul>	Q1 2026	<p>would shape a second summit. WTD will continue to gather input from interested parties. <b>The Department of Natural Resources and Parks and WTD met with Sound Cities Association on June 16, 2026, regarding a second summit. Discussions are continuing.</b></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 explaining the King County wastewater rate increase for 2027 and the importance of the regional system in protecting public health and the environment. <b>WTD provided information on the adopted 2027 sewer rate to local agency communications staff to help with coordinated messaging to ratepayers.</b></p>

# **Regional Water Quality Committee**

## **Wastewater Treatment Division Capital Project Report**

**July 1, 2026**

**Executive Girmay Zahilay**

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

June 15, 2026

The Honorable Sarah Perry  
Chair, King County Council  
Room 1200  
C O U R T H O U S E

Dear Councilmember Perry:

This is the first letter of notification regarding changes to capital projects in the Wastewater Treatment Division (WTD) of the Department of Natural Resources and Parks (DNRP), pursuant to Ordinance 20023, Section 115, Proviso P2.

WTD has a growing capital program that is required to meet the asset repair and replacement, capacity enhancement, and regulatory compliance needs of the regional wastewater system. As capital projects are developed through preliminary design, alternatives analysis, final design, and construction phases, costs are re-estimated multiple times to reflect scope and design refinements and updated market prices for labor, materials and equipment. The County's budget reflects project cost estimates completed during budget development, and these quarterly updates reflect costs as they are updated throughout the year. More information on factors affecting WTD capital project cost estimates can be found in Appendix A.

Out of 117 projects currently in capital delivery in 2026, six projects meet the criteria outlined in the ordinance for reporting herein. The biennial expenditure for these capital projects represents 11% of WTD's total 2026/27 forecast. These include projects with cost estimates at completion (EAC) that have increased by fifteen or twenty percent from their previous estimate at the time of the most recent adopted budget (or most recent letter of notification), depending on their total estimate at completion, along with an explanation of the project cost increase. Please note that project cost estimates used to develop the 2026/27 budget cycle were completed in early 2025, so today are more than a year old. The proposed 2027 sewer rate and associated forecast reflected some but not all of these project cost updates due to update timing. More information on these projects can be found in Appendix B.

The Honorable Sarah Perry

June 15, 2026

Page 2

I am committed to ensuring strong management of our capital program as a major part of WTD's mission to protect public health and the environment by collecting and cleaning wastewater to ensure a thriving Puget Sound region. Along with a variety of other efforts to ensure capital program efficiency, WTD is collaborating on a third-party review of its capital program by an independent consultant, as managed by the King County Auditor's Office, to ensure we are implementing best practices in capital delivery.

We look forward to continuing to provide these quarterly project cost updates. If you have questions or need more information, please contact Kamuron Gurol, WTD Director, DNRP, at [kgurol@kingcounty.gov](mailto:kgurol@kingcounty.gov) or 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  
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  
John Taylor, Director, Department of Natural Resources and Parks  
Kamuron Gurol, Division Director, Wastewater Treatment Division, DNRP

## Factors Affecting Capital Project Cost Estimates

Project cost estimates reflect a point in time, what we know on that day, and will change as information, conditions, and requirements evolve. All estimates mature as projects advance, incorporating new data, refined assumptions, and improved system understanding. In operating utility systems, this is particularly relevant as even small changes in one part of the system can create multiple, cascading impacts across interconnected assets, driving further scope refinement and cost adjustments.

- **Project cost estimates are updated at key design milestones:** As wastewater projects move from long-range planning through concept development, preliminary design, alternative analysis, final design, and construction, estimates are refined to reflect improved definition, updated assumptions, and emerging system constraints.
- **Association for the Advancement of Cost Engineering (AACE) International standards guide estimate accuracy and expectations:** Infrastructure utilities including WTD use AACE Recommended Practices, including Class 10 for long-range public-sector planning and Classes 5–1 for near-term projects as scope and design become increasingly defined. These classes provide expected accuracy ranges as guidelines, but the unique realities of operating utility systems can result in outcomes outside those recommended classes of cost estimates.
- **System interdependencies and emerging information drive scope clarity:** Operating utility systems are highly interconnected, and as design advances, teams gain clearer insight into how assets interact and how changes cascade across the system. Early needs often expand as investigations uncover hidden conditions, aging assets, technology changes, regulatory shifts, and other system constraints. Scope refinement is expected, and early estimates remain provisional until asset conditions and downstream impacts are fully understood.
- **Market influences affect pricing and estimate reliability:** Material and equipment costs fluctuate, supply chains remain uneven, skilled labor is limited, and contractors are increasingly selective across the utility infrastructure sector. At the same time, fewer firms are bidding on complex public-sector utility work, and high industry demand allows contractors to prioritize lower-risk, higher-margin projects. These conditions reduce competition, increase pricing variability, and widen the gap between early estimates and actual bid prices.
- **Hard choices and aging infrastructure increase scope, risk, and cost exposure:** Operating utilities must balance repairing aging assets with meeting new or revised regulatory mandates, many of which cost significantly more than targeted renewal. Much of the system is already beyond its original design life, and buried assets deteriorate invisibly. Deferred maintenance compounds risk, and repairs often reveal deeper structural or systemwide deficiencies that expand project scope. These combined factors can defer critical needs, compress capital capacity, and increase long-term cost exposure.
- **Actual scope changes occur during permitting and construction:** Excavation, permitting requirements, and system-level discoveries can reveal new needs or eliminate assumed ones, leading to cost adjustments based on risks that materialize, are accepted, or are mitigated.

- **Technology advances and technology obsolescence add unplanned cost:** Infrastructure assets last decades, but software, electronics, and control systems turn over every five to ten years. Product retirements, cybersecurity requirements, and integration challenges create cascading upgrade needs across utility systems.
- **Construction costs have outpaced general inflation across the utility infrastructure sector:** Material volatility, equipment lead times, labor shortages, and reduced competition have driven escalation above Consumer Price Index (CPI), affecting even well-defined projects.
- **The combined effect is a cost environment with greater uncertainty than in past decades:** Volatile markets, fewer bidders, regulatory tradeoffs, aging assets, evolving scope, and technology obsolescence create a reality in which early estimates in operating infrastructure utilities carry wider ranges and change as more information becomes available. This is not unique to WTD; it has been a national and global infrastructure sector phenomenon for more than five years.

Figure 1. **AACE Cost Estimate Classification Development**

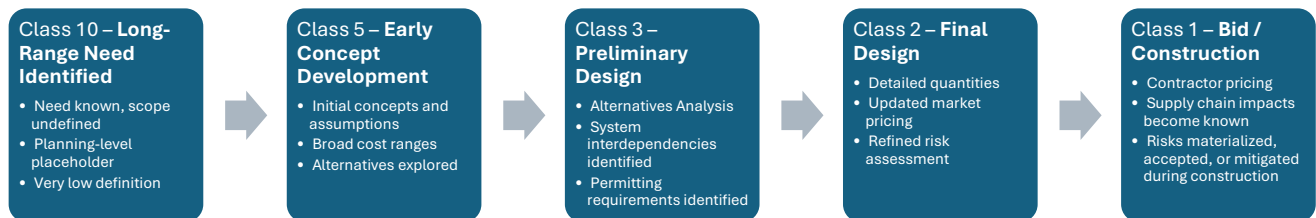


Figure 2. AACE Cost Estimate Classification Matrix

ESTIMATE CLASS	Primary Characteristic	Secondary Characteristic			
	LEVEL OF PROJECT DEFINITION Expressed as % of complete definition	END USAGE Typical purpose of estimate	METHODOLOGY Typical estimating method	EXPECTED ACCURACY RANGE Typical variation in low and high ranges [a]	PREPARATION EFFORT Typical degree of effort relative to least cost index of 1 [b]
Class 5	0% to 2%	Concept Screening	Capacity Factored, Parametric Models, Judgment, or Analogy	L: -20% to -50% H: +30% to +100%	1
Class 4	1% to 15%	Study or Feasibility	Equipment Factored or Parametric Models	L: -15% to -30% H: +20% to +50%	2 to 4
Class 3	10% to 40%	Budget, Authorization, or Control	Semi-Detailed Unit Costs with Assembly Level Line Items	L: -10% to -20% H: +10% to +30%	3 to 10
Class 2	30% to 70%	Control or Bid/Tender	Detailed Unit Cost with Forced Detailed Take-Off	L: -5% to -15% H: +5% to +20%	4 to 20
Class 1	50% to 100%	Check Estimate or Bid/Tender	Detailed Unit Cost with Detailed Take-Off	L: -3% to -10% H: +3% to +15%	5 to 100

- Notes: [a] The state of process technology and availability of applicable reference cost data affect the range markedly. The +/- value represents typical percentage variation of actual costs from the cost estimate after application of contingency (typically at a 50% level of confidence) for given scope.
- [b] If the range index value of "1" represents 0.005% of project costs, then an index value of 100 represents 0.5%. Estimate preparation effort is highly dependent upon the size of the project and the quality of estimating data and tools.

**Projects With Significant Cost Variances**

In the first quarter of 2026, the following projects, either had an identified Estimate at Completion (EAC) of \$50,000,000 or more and showed an increase in their estimate at completion of 15 percent from the forecast associated with the 2026/27 adopted budget, OR, had an identified cost estimate at completion between \$25,000,000 and \$49,999,999, and showed an increase of their EAC of more than twenty percent from the forecast associated with the 2026/27 adopted budget:

Project	Percent EAC Increase	Variance Explanation	Rate Impact	Pending Updates
Elliott West Wet Weather Treatment Station	41%	<p>The prior class 4 estimate in January 2024 was \$492M. The 2026/27 adopted budget included a partial increase to \$567M as some elements of the updated design went through additional vetting internally and with the executive budget team. The update to 30% design (and a class 3 estimate) yielded a \$799M total EAC.</p> <p>The project budget increased from \$492M to \$799M due to engineering refinement and updated market conditions. Engineering refinements included identifying a need to replace all six influent pumps, coordination with Seattle City Light on electrical equipment, replacement of aging equipment, and a new control room. From early 2024 to the development of the Class 3 estimate, general construction costs in the Seattle area increased by roughly 9–10% per ENR’s Building Cost Index. Some key components of this project, particularly electrical systems, have experienced higher cost increases. While escalation is a contributing factor, the majority of the increase reflects refinement of project scope and improved cost certainty from contractor input on construction methods. In addition, current market conditions indicate continued escalation above typical historical levels (used in 2024 estimate), which has been incorporated into the updated estimate.</p>	None. This updated estimate was already included in the 2027 sewer rate forecast and therefore has no impact.	The 60% design update is anticipated in Q2 2026.

Project	Percent EAC Increase	Variance Explanation	Rate Impact	Pending Updates
West Point Electrical Improvements	32%	The project cost increase from \$410M to \$546M (class 3 estimate) is within the class 4 cost range of -30% to + 50%. The cost increase is primarily driven by the expansion of the asset inventory from roughly 300 assets to about 830, largely due to the addition of the network reliability improvements that were incorporated after a major fiber failure in June 2025. Market escalation also increased the costs for medium-voltage gear, fiber systems, and switchgear.	This cost estimate increase was not reflected in the 2027 sewer rate forecast, and will have to be reviewed and prioritized against the rest of the capital portfolio.	An updated estimate is anticipated Q3 2026. This will reflect new information as the first subproject within this program baselines between 30% and 60% design.
Sammamish Plateau Diversion	167%	The current cost estimate of \$712M is based on the 2025 Alternatives Analysis for the recommended alternative, whereas the prior estimate of \$266M was developed seven years earlier. The two estimates are both a class 5, but separated by a period of significant market volatility, including the global pandemic and its lasting impacts on labor availability, material pricing, and supply-chain reliability. In addition, the current estimate reflects a more developed project scope and a substantially higher level of technical definition than what was available during the earlier planning phase.	This update was only partially captured as part of the 2027 sewer rate forecast (\$577M), and will have to be reviewed and prioritized against the rest of the capital portfolio.	A new class estimate is anticipated at 30% design in Q3 2026.
Black Diamond Trunk Capacity Upgrade	19%	Main factors in the EAC increase from \$167M (class 5 estimate) to \$199M (class 3 estimate) include increased construction costs since the 2021 estimate and the inclusion of approximately five years of market escalation, increased pipe sizes, diversion structures, and implementation of General Contractor/Construction Manager (GCCM) Alternative Delivery vs. traditional Design Bid Build. This is a 19% increase which is well within -50% to + 100% range for class 5.	This update was not part of the 2027 sewer rate forecast and will be reviewed and prioritized against the rest of the capital portfolio.	A new cost estimate is anticipated as part of gate 2 in Q3 2026.

Project	Percent EAC Increase	Variance Explanation	Rate Impact	Pending Updates
South Interceptor Rehabilitation	32%	The cost variance from \$42M to \$55M is primarily driven by the significantly higher-than-estimated cost as the contractor determined that the design and operation of the diversion system need to be more complex than originally planned. This increase also resulted in updated project contingency and overhead costs. Both estimates were a class 5.	None. This updated estimate was already included in the 2027 sewer rate forecast and therefore has no impact.	A class 4 cost estimate update is anticipated in Q4 2026 as an alternatives analysis is completed and the progressive design build (PDB) contractor is onboarded.
South Treatment Plant Returned Activated Sludge (RAS) Piping and Component Replacement	232%	The cost estimate increase from \$37M to \$123M is driven by project scope expansion, scope refinements, and changes in delivery method that were not included in the original project charter. The estimate also reflects direct coordination with the contractor for instrumentation and controls, and a material escalation allowance tied to tariffs and current market conditions. Additional project-wide adjustments include revised sales tax, startup and testing costs, and increased WTD labor to support the expanded scope. Both estimates were a class 5.	None. This updated estimate was already included in the 2027 sewer rate forecast and therefore has no impact.	An updated class 4 estimate is anticipated in Q4 2026 as part of gate 2.



**Metropolitan King County Council  
Staff Report**

<b>Committee:</b>	Regional Water Quality Committee		
<b>Agenda Item:</b>	7	<b>Analyst(s):</b>	Jenny Giambattista and Andy Micklow
<b>Proposed No.:</b>	2026-0162	<b>Meeting Date:</b>	July 1, 2026

**OVERVIEW**

**TOPIC:** An ordinance relating to the capacity charge.

**LEGISLATION SUMMARY**

Ordinance 20081, which updated the capacity charge methodology, was adopted by the King County Council on June 9, 2026. There was an error in the title of Ordinance 20081. Proposed Ordinance 2026-0162 corrects the error with a new title.

**KEY ISSUES FROM THE ANALYSIS**

No issues have been identified.

**BACKGROUND & TIMING CONSIDERATIONS**

**Previous Legislation.** Ordinance 20081, which updated the capacity charge methodology, was adopted by the King County Council on June 9, 2026. There was an error in the title of Ordinance 20081.

**ANALYSIS**

No issues have been identified.

Proposed Ordinance 2026-0162 would correct the error with a new title. All other language in sections 1 through 3 of the proposed ordinance is the same as was adopted in Ordinance 20081. The effect of section 4 of the proposed ordinance is that the amendments made by Ordinance 20081 would expire and be replaced by the amendments made by this ordinance.

**INVITED**

- Caitlyn Hall, Chief Financial Officer, Wastewater Treatment Division, Department of Natural Resources and Parks

## ATTACHMENTS

1. Proposed Ordinance 2026-0162



# KING COUNTY

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

## Signature Report

### Ordinance

**Proposed No.** 2026-0162.1

**Sponsors** Balducci

1 AN ORDINANCE relating to the capacity charge  
2 methodology; and amending Ordinance 13680, Section 1,  
3 as amended, and K.C.C. 28.86.010 and Ordinance 13680,  
4 Section 16, as amended, and K.C.C. 28.86.160.

5 STATEMENT OF FACTS:

- 6 1. Ordinance 20081, which updated the capacity charge methodology,  
7 was adopted by the council on June 9, 2026.
- 8 2. There was an error in the title of Ordinance 20081. This ordinance  
9 corrects the error with a new title. All other language in sections 1  
10 through 3 of this ordinance is the same as was adopted in Ordinance 20081.
- 11 3. The effect of section 4 of this ordinance is that the amendments made  
12 by Ordinance 20081 expire and are replaced by the amendments made by  
13 this ordinance.

14 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

15 SECTION 1. Ordinance 13680, Section 1, as amended, and K.C.C. 28.86.010 are  
16 hereby amended to read as follows:

17 The definitions in this section apply throughout this chapter unless the context  
18 clearly requires otherwise.

19           A. "Biosolids" means a primarily organic product produced by wastewater  
20 treatment processes that can be beneficially recycled. The product may contain water,  
21 sand, organic matter, microorganisms, trace metals, and other chemicals.

22           B. "Capacity" and "rated capacity" mean the average wet weather flows that the  
23 treatment plant or conveyance system is designed to handle. Average wet weather flows  
24 are wastewater flows that occur during wet months but not during storms.

25           C. "Capacity charge" means a charge levied on a new customer to recover the  
26 equitable share of the existing wastewater system investments and the costs of future  
27 capital ((costs)) improvements needed to serve new customers.

28           D. "Community treatment system" means a treatment device or drainfield, or  
29 both, that is shared by two or more property owners.

30           E. "Component agencies" means the cities, towns, counties, and sewer districts  
31 that retail wastewater treatment services, that dispose of any portions of their sanitary  
32 sewage into the wastewater system, and that have entered into a contract with the county  
33 for providing for wastewater treatment and the Muckleshoot Indian Tribe, Shorewood  
34 Apartments, Inc., the Washington State Parks and Recreation Commission, and such  
35 other entity that enters into a contract with the county for any combination of wastewater  
36 treatment or disposal.

37           F. "Comprehensive Water Pollution Abatement Plan" means ((a)) the plan  
38 ((developed pursuant to)) required by RCW 35.58.200.

39           G. "CSO" means a combined sewer overflow, which is an overflow from a  
40 combined sewer that is designed to collect both sanitary sewage and stormwater runoff.

41 The overflows occur during storms when flows in the system exceed the capacity of the  
42 wastewater collection system.

43 H. "Eligible wastewater system costs" means at least ninety-five percent of the  
44 sum of existing wastewater system investments and growth-related capital investments.

45 I. "Existing wastewater system investment" means the costs for the functioning  
46 capital improvements of the wastewater system, plus allowable interest costs consistent  
47 with RCW 35.58.570 and less ineligible costs such as grant-funded assets, outstanding  
48 debts, and assets constructed to serve the city of Carnation and the Vashon sewer district.  
49 For the purposes of this subsection, "functioning capital improvements" means the  
50 county's functioning water pollution abatement facilities, together with all lands, property  
51 rights, equipment and accessories necessary for those facilities, and any other functioning  
52 infrastructure.

53 J. "ESA" means the federal Endangered Species Act.

54 ~~((I. "Existing customer" means a customer who connects, reconnects, or~~  
55 ~~establishes a new service on sewers tributary to the county's metropolitan sewerage~~  
56 ~~service before January 1, 2003.~~

57 J)) K. "Growth-related capital improvement investment" means only the portion  
58 of the costs of capital projects required to meet projected growth needs from new  
59 customers. The growth-related portion of a capital project shall be determined by  
60 identifying the current and projected capacity of a capital project and allocating costs  
61 based on the portion of the project that will serve growth.

62 L. "I/I" means inflow/infiltration, which is the total quantity of water from both  
63 inflow and infiltration without distinguishing the source.

64           ~~((K.))~~ M. "Indirect potable use" means discharging reclaimed water to surface or  
65 groundwater and withdrawing water for treatment prior to use as a drinking water source  
66 from another location in the same watershed.

67           ~~((L.))~~ N. "Infiltration" means the water entering a wastewater system, including  
68 sewer service connections, from the ground through such means as, but not limited to,  
69 defective pipes, pipe joints, connections, or maintenance hole walls.

70           ~~((M.))~~ O. "Inflow" means the water discharged into a wastewater system,  
71 including service connections from such sources as, but not limited to, roof leaders,  
72 cellar, yard and area drains, foundation drains, cooling water discharges, drains from  
73 springs and swampy areas, maintenance hole covers, cross-connections from storm  
74 sewers and combined sewers, catch basins, storm waters, surface runoff, street wash  
75 waters, or drainage. "Inflow" does not include, and is distinguished from, infiltration.

76           ~~((N.))~~ P. "Mgd" means million gallons per day, a measure of wastewater  
77 treatment capacity,

78           ~~((O.))~~ Q. "New customer" means a customer who connects, reconnects, or  
79 establishes a new service on sewers tributary to the county's metropolitan sewage system  
80 ~~((on or after January 1, 2003))~~. This includes:

- 81           1. New connections to the existing collection system, including:
- 82               a. flows from new single family and multiple unit residential connections; and
- 83               b. new commercial or industrial connections;
- 84           2. Expansions in activity from existing connections, including:
- 85               a. conversion of residential units (single or multiple) to include additional  
86 customers or equivalents, or both; and

87           b. expansions in commercial or industrial activity;

88           3. Septic to sewer conversions; and

89           4. I/I flows from the new connections and newly constructed conveyance  
90 systems.

91           ~~((P-))~~ R. "Nonpotable use" means using reclaimed water for nondrinking water  
92 applications that may include but are not limited to irrigation, industrial processing,  
93 agricultural uses, and stream augmentation.

94           ~~((Q-))~~ S. "Operational master plan" means a comprehensive plan for an agency  
95 setting forth how the organization will operate now and in the future. An operational  
96 master plan shall include the analysis of alternatives and their life cycle costs to  
97 accomplish defined goals and objectives, performance measures, projected workload,  
98 needed resources, implementation schedules, and general cost estimates. The operational  
99 master plan shall also address how the organization would respond in the future to  
100 changed conditions.

101           ~~((R-))~~ T. "Reclaimed water" means wastewater that is treated to a sufficiently  
102 high level that it can be safely used for intended purposes.

103           ~~((S-))~~ U. "Residential customer equivalent" means the factor in cubic feet of  
104 water used to describe the discharge from a single-family residence. Commercial and  
105 industrial customers are converted to residential customer equivalents based on the  
106 volume of water consumption.

107           ~~((T-))~~ V. "RWQC" means the regional water quality committee, which is a  
108 regional committee as defined by Section 270 of the King County Charter, with powers  
109 and duties to "develop, review and recommend ordinances and motions adopting,

110 repealing, or amending countywide policies and plans relating to the subject matter area  
111 for which a regional committee has been established."

112 ~~((U-))~~ W. "RWSP" means the regional wastewater services plan.

113 ~~((V-))~~ X. "Sewer rate" means the amount in dollars, charged ~~((to a))~~ per  
114 residential customer equivalent each month for use of the wastewater system.

115 ~~((W-))~~ Y. "Shall" and "will" in a policy mean that it is mandatory to carry out the  
116 policy. "Should" in a policy provides noncompulsory guidance and establishes some  
117 discretion in making decisions. "May" in a policy means that it is in the interest of the  
118 county or other named entity to carry out the policy but there is total discretion in making  
119 decisions.

120 ~~((X-))~~ Z. "Substantial wastewater system capacity plans" means major planning  
121 efforts including the Comprehensive Water Pollution Abatement Plan, operational master  
122 plan, RWSP, and the planning documents that identify the conveyance and treatment  
123 planned capacity out to 2060.

124 AA. "Total wastewater system capacity" means the projected capacity of the  
125 wastewater system through 2060, as determined by the substantial wastewater system  
126 capacity plans.

127 BB. "Wastewater revenues" means revenues from the monthly sewer rate,  
128 capacity charge, grants, and other revenues, such as interest income and charges for  
129 services, available for the wastewater system.

130 ~~((Y-))~~ CC. "Wastewater system" means all the county's water pollution abatement  
131 facilities, together with all lands, property rights, equipment and accessories necessary for

132 those facilities, and any other infrastructure, and all operations and programs provided by  
133 the county under chapter 35.58 RCW, including, but not limited to:

- 134 1. Conveyance of influent from component agencies;
- 135 2. Treatment of sewage;
- 136 3. Disposal of treated effluent;
- 137 4. Production and recycling of biosolids;
- 138 5. Regulation of I/I;
- 139 6. Control of combined sewer overflows; and
- 140 7. Production of reclaimed water.

141 ~~(Z.)~~ DD. "Water reuse" means using reclaimed water.

142 SECTION 2. Ordinance 13680, Section 16, as amended, and K.C.C. 28.86.160  
143 are hereby amended to read as follows:

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

149 B. Explanatory material.

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

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

160           3. Collecting revenue. Policies FP-15 through FP-17 are intended to guide King  
161 County in establishing annual sewer rates and approving wastewater system capital  
162 improvement and operating budgets. Monthly sewer rates, which are the primary source  
163 of revenue for the county's regional wastewater system, are to be uniformly assessed on  
164 all ~~((customers))~~ component agencies. Customers with new connections to the  
165 wastewater system will pay an additional capacity charge. The amount of that charge is  
166 set by the council, within the constraints of state law.

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

169           C. Policies.

170           1. Financial forecast and budget.

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

175           FP-2: If the operations component of the proposed annual wastewater system  
176 budget increases by more than the reasonable cost of the addition of new facilities,  
177 increased flows, new programs authorized by the council, and inflation, or if revenues

178 decline below the financial forecast estimate, a feasible alternative spending plan shall be  
179 presented, at the next quarterly budget report, to the council by the executive identifying  
180 steps to reduce cost increases.

181           FP-3: The executive shall maintain an ongoing program of reviewing business  
182 practices and potential cost-effective technologies and strategies for savings and  
183 efficiencies; the results shall be reported in the annual budget submittal and in an annual  
184 report to the RWQC.

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

189           FP-5: Significant new capital and operational initiatives proposed by the  
190 ~~((E))~~executive that are not within the scope of the current RWSP nor included in the  
191 RWSP, or are required by new state or federal regulations will be reviewed by the  
192 RWQC and approved by the council to ensure due diligence review of potential impacts  
193 to major capital projects' schedules, including Brightwater, the bond rating or the sewer  
194 rate and capacity charge.

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

199           FP-7: Unless otherwise directed by the council by motion, the King County  
200 department of natural resources and parks or its successor agency shall charge a fee that

201 recovers all direct and indirect costs for any services related to the wastewater system  
202 provided to other public or private organizations.

203           FP-8: Water quality improvement activities, programs, and projects, in addition  
204 to those that are functions of sewage treatment, may be eligible for funding assistance  
205 from sewer rate revenues after consideration of criteria and limitations suggested by the  
206 metropolitan water pollution abatement advisory committee, and, if deemed eligible,  
207 shall be limited to one and one half percent of the annual wastewater system operating  
208 budget. An annual report on activities, programs, and projects funded will be made to the  
209 RWQC. Alternative methods of providing a similar level of funding assistance for water  
210 quality improvement activities shall be transmitted to the RWQC and the council within  
211 seven months of policy adoption.

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

219           FP-10: The assets of the wastewater system are pledged to be used for the  
220 exclusive benefit of the wastewater system including operating expenses, debt service  
221 payments, asset assignment and the capital program associated therewith. The system  
222 shall be fully reimbursed for the value associated with any use or transfer of such assets  
223 for other county government purposes. The executive shall provide reports to the RWQC

224 pertaining to any significant transfers of assets for other county government purposes in  
225 advance of and subsequent to any such transfers.

226           2. Debt financing and borrowing.

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

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

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

234           All available sources of grants are utilized to offset targeted program costs;

235           Funds available after operations and reserves are provided for shall be used for  
236 the capital program; excess funds accumulated in reserves may also be used for capital;

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

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

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

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

248 Appropriate liquidity is available to protect the day-to-day operations of the  
249 system.

250 3. Rates - sewer rates and capacity charge.

251 FP-15: King County shall charge ~~((its customers))~~ sewer rates and capacity  
252 charges sufficient to cover the costs of constructing and operating its wastewater system.  
253 Revenues shall be sufficient to maintain capital assets in sound working condition,  
254 providing for maintenance and rehabilitation of facilities so that total wastewater system  
255 costs are minimized while continuing to provide reliable, high quality service and  
256 maintaining high water quality standards.

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

259 a. ~~Existing customers shall pay through the monthly sewer rate for the portion  
260 of the existing and expanded conveyance and treatment system that serves existing  
261 customers.~~

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

267 2.)) Sewer rate. King County shall maintain a uniform monthly sewer rate  
268 expressed as charges per residential customer equivalent for all ~~((customers))~~ component

269 agencies. Based on an analysis of residential water consumption, as of December 13,  
270 1999, King County uses a factor of seven hundred fifty cubic feet per month to convert  
271 water consumption of volume-based customers of component agencies to residential  
272 customer equivalents for billing purposes. King County shall periodically review the  
273 appropriateness of this factor to ensure that all component agencies pay their fair share of  
274 the cost of the wastewater system.

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

280           b. King County should attempt to adopt a multiyear sewer rate to provide  
281 stable costs to ~~((sewer customers))~~ component agencies. If a multiyear rate is established  
282 and when permitted upon the retirement by the county of certain outstanding sewer  
283 revenue bonds, a rate stabilization reserve account shall be created to ensure that  
284 adequate funds are available to sustain the rate through completion of the rate cycle. An  
285 annual report on the use of funds from this rate stabilization account shall be provided  
286 annually to the RWQC.

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

290           ~~((3-))~~ 2. Capacity charge. ~~((The amount of the capacity charge shall be a~~  
291 ~~uniform charge applied to each residential customer class structure type based on an~~

292 ~~estimate of the average persons per household occupancy for each such a residential~~  
293 ~~customer class structure type. The amount shall be approved annually and shall not~~  
294 ~~exceed the cost of capital facilities necessary to serve new customers. The methodology~~  
295 ~~that shall be applied to set the capacity charge is set forth in FP 15.3.a.)~~ The capacity  
296 charge shall be applied uniformly to customers based on the type of residential structure  
297 or nonresidential structure and its projected impact on the regional wastewater system.

298 a. ~~((The capacity charge shall be based on allocating the total cost of the~~  
299 ~~wastewater system (net of grants and other non rate revenues) to existing and new~~  
300 ~~customers as prescribed in this subsection. The total system cost includes the costs to~~  
301 ~~operate, maintain, and expand the wastewater system over the life of the RWSP. Total~~  
302 ~~estimated revenues from the uniform monthly rate from all customers and capacity~~  
303 ~~charge payments from new customers, together with estimated non rate revenues, shall~~  
304 ~~equal the estimated total system costs. The capacity charge calculation is represented as~~  
305 ~~follows:~~

$$\begin{array}{l} \text{306} \quad \text{Capacity} = \frac{\text{[Total system costs — rate revenue}} \\ \text{307} \quad \text{from existing customers] — Rate revenue from new customers}}{\text{Charge —}} \\ \text{308} \quad \text{Charge —} \\ \text{309} \quad \text{_____} \\ \text{310} \quad \text{_____} \\ \text{311} \quad \text{Number of new customers} \end{array}$$

311 where:

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

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

316           ~~(3) total capacity charge revenue requirements divided by the total number of~~  
317 ~~new customers equals the amount of the capacity charge to be paid by each new~~  
318 ~~customer.))~~The capacity charge shall be set such that each new or expanded connection  
319 shall pay an equitable share of the cost of the wastewater system, as authorized in RCW  
320 35.58.570. The capacity charge shall be approved annually by council.

321           b. ~~((The capacity charge may be paid by new customers in a single payment~~  
322 ~~or as a monthly charge at the rate established by the council. The county shall establish a~~  
323 ~~monthly capacity charge by dividing that amount by one hundred eighty (twelve monthly~~  
324 ~~payments per year for fifteen years). The executive shall transmit for council adoption an~~  
325 ~~ordinance to adjust the discount rate for lump sum payment. The executive shall also~~  
326 ~~transmit for council adoption an ordinance to adjust the monthly capacity charge to~~  
327 ~~reflect the county's average cost of money if the capacity charge is paid over time.))~~ New  
328 customers shall pay the capacity charge established at the time they connect to the  
329 system. Existing customers shall pay the monthly capacity charge established at the time  
330 they connected to the system as currently enacted by K.C.C. 28.84.055. New customers  
331 may pay the capacity charge in a single payment or over fifteen years as a monthly  
332 charge at a frequency established in K.C.C chapter 28.84. A customer may choose to pay  
333 any remaining capacity charge amount in full before the fifteen-year expiration and shall  
334 be discounted as established in the K.C.C chapter 28.84.

335           c. King County shall pursue changes in state law to enable the county to  
336 require payment of the capacity charge in a single payment.

337           d. The capacity charge shall be ~~((set such that each new customer shall pay an~~  
338 ~~equal share of the costs of facilities allocated to new customers, regardless of what year~~

339 ~~the customer connects to the system. The capacity charge shall be based upon the costs,~~  
340 ~~customer growth and related financial assumptions used for the Regional Wastewater~~  
341 ~~Services Plan adopted by Ordinance 13680 as such assumptions may be updated.~~  
342 ~~Customer growth and projected costs, including inflation, shall be updated every three~~  
343 ~~years beginning in 2003. For only the update of customer growth and projected costs~~  
344 ~~scheduled for 2021 and anticipated for transmittal to the council with the proposed sewer~~  
345 ~~rate in 2022, the update shall be deferred until the next annual sewer and capacity charge~~  
346 ~~rate proposal following council approval of the Clean Water Plan as an update to the~~  
347 ~~RWSP or 2024, whichever occurs earlier)) determined by dividing eligible wastewater~~  
348 ~~system costs by the total wastewater system capacity to derive a cost-per-unit value.~~

349 e. The capacity charge shall be adjusted annually for inflation using the  
350 Engineering News-Record Construction Cost Index for Seattle.

351 f. The capacity charge and capacity charge inputs, including, but not limited to,  
352 project costs and projected system capacity, shall be updated every three years beginning  
353 in 2026 and with updates to substantial wastewater system capacity plans.

354 g. The capacity charge methodology should be periodically reviewed to ensure  
355 that the methodology continues to be based on an accepted industry approach that  
356 produces a transparent charge and aligns with the principle of growth pays for growth;  
357 meaning that new customers pay through the capacity charge for growth-related capital  
358 improvement investment and an equitable share of existing wastewater system  
359 investments.

360 ~~((e. The county should periodically review the capacity charge to ensure that~~  
361 ~~the actual costs of system expansion to serve new customers are reflected in the charge.))~~

362           h. All reasonable steps should be taken to coordinate the imposition, collection  
363 of<sub>2</sub> and accounting for rates and charges with component agencies to reduce redundant  
364 program overhead costs.

365           ~~((f. Existing customers shall pay the monthly capacity charge established at the  
366 time they connected to the system as currently enacted by K.C.C. 28.84.055. New  
367 customers shall pay the capacity charge established at the time they connect to the  
368 system.~~

369           ~~g. To ensure that the capacity charge will not exceed the costs of facilities  
370 needed to serve new customers, costs assigned and allocated to new customers shall be at  
371 a minimum ninety five percent of the projected capital costs of new and existing  
372 treatment, conveyance and biosolids capacity needed to serve new customers.~~

373           ~~h. Costs assigned and allocated to existing customers shall include the capital  
374 cost of existing and future treatment, conveyance and biosolids capacity used by existing  
375 customers, and the capital costs of assessing and reducing infiltration and inflow related  
376 to the use of the existing conveyance and treatment capacity.~~

377           ~~i. Capital costs of combined sewer overflow control shall be paid by existing  
378 and new customers based on their average proportionate share of total customers over the  
379 life of the RWSP.~~

380           ~~j. Operations and maintenance costs shall be paid by existing and new  
381 customers in the uniform monthly rate based on their annual proportionate share of total  
382 customers.~~

383           ~~k. Any costs not allocated in FP 15.3. f., g., h., i. and j. shall be paid by  
384 existing and new customers in the sewer rate.))~~

385           ((4)i. Upon implementation of these explicit policies, the Seattle combined  
386 sewer overflow benefit charge shall be discontinued.

387           (~~4. Based on an analysis of residential water consumption, as of December 13,~~  
388 ~~1999, King County uses a factor of seven hundred fifty cubic feet per month to convert~~  
389 ~~water consumption of volume based customers to residential customer equivalents for~~  
390 ~~billing purposes. King County shall periodically review the appropriateness of this factor~~  
391 ~~to ensure that all accounts pay their fair share of the cost of the wastewater system.))~~

392           FP-16: The executive shall prepare and submit to the council a report in support  
393 of the proposed monthly sewer rates and capacity charge for the next year, including the  
394 following information:

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

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

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

404           Policy options: calculations or analyses, or both, of the effect of certain policy  
405 options on the overall revenue requirement. These options should include alternative  
406 capital program accomplishment percentages (including a ninety percent, a ninety-five  
407 percent, and a one hundred percent accomplishment rate), and the rate shall be selected

408 that most accurately matches historical performance in accomplishing the capital program  
409 and that shall not negatively impair the bond rating.

410 Capacity charge: capacity charge methodology description which describes the  
411 methodology used to determine the capacity charge. The description shall include the  
412 following information: assumptions and a description of the calculations made to  
413 determine growth-related capital improvement investment costs; assumptions and a  
414 description of the calculations used to determine the share of existing system investments  
415 to be allocated to new customers; types of costs that are included and excluded as eligible  
416 wastewater system costs; any adjustments made to costs in past and future years to  
417 calculate eligible wastewater system costs; adjustments made to the resulting cost-per-  
418 unit value to account for a fifteen-year payment schedule; and adjustments to the total  
419 amount due when the customer elects to pay off the customer's remaining balance.

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

424 FP-18: The cost of community treatment systems developed and operated in  
425 accordance with WWSP-15 would not be subsidized by the remaining ratepayers of the  
426 county's wastewater treatment system.

427 SECTION 3. The wastewater treatment division shall review this ordinance upon  
428 completion of the King County auditor's audit recommendation status report on the 2016  
429 report titled Wastewater Capacity Charge: Unclear Whether Growth is Paying for  
430 Growth. The review shall consider all findings in the status report and analyze the use of

431 "residential customer equivalent" for clarity, as it applies to the capacity charge in the  
432 King County Code. The wastewater treatment division shall prepare a report with any  
433 recommended changes, along with an ordinance implementing those changes. The  
434 executive should electronically file the report and an ordinance required by this section  
435 no later than twelve months after the transmittal of the audit recommendation status  
436 report to the council, with the clerk of the council, who shall retain an electronic copy and  
437 provide an electronic copy to all councilmembers, the council chief of staff, and the lead  
438 staff for the budget and fiscal management committee or its successor and the lead staff

439 for the regional water quality committee or its successor.

440 SECTION 4. Ordinance 20081, Sections 1, 2, and 3, are hereby expired.

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

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Sarah Perry, Chair

ATTEST:

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Melani Hay, Clerk of the Council

APPROVED this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

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Girmay Zahilay, Chair

**Attachments:** None

# Regional Wastewater Services Plan (RWSP) Update: Affordability Metrics & Rate Relief Approaches

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Presented to the Regional Water Quality Committee  
July 1, 2026

# Step 1 Policy Analysis Schedule

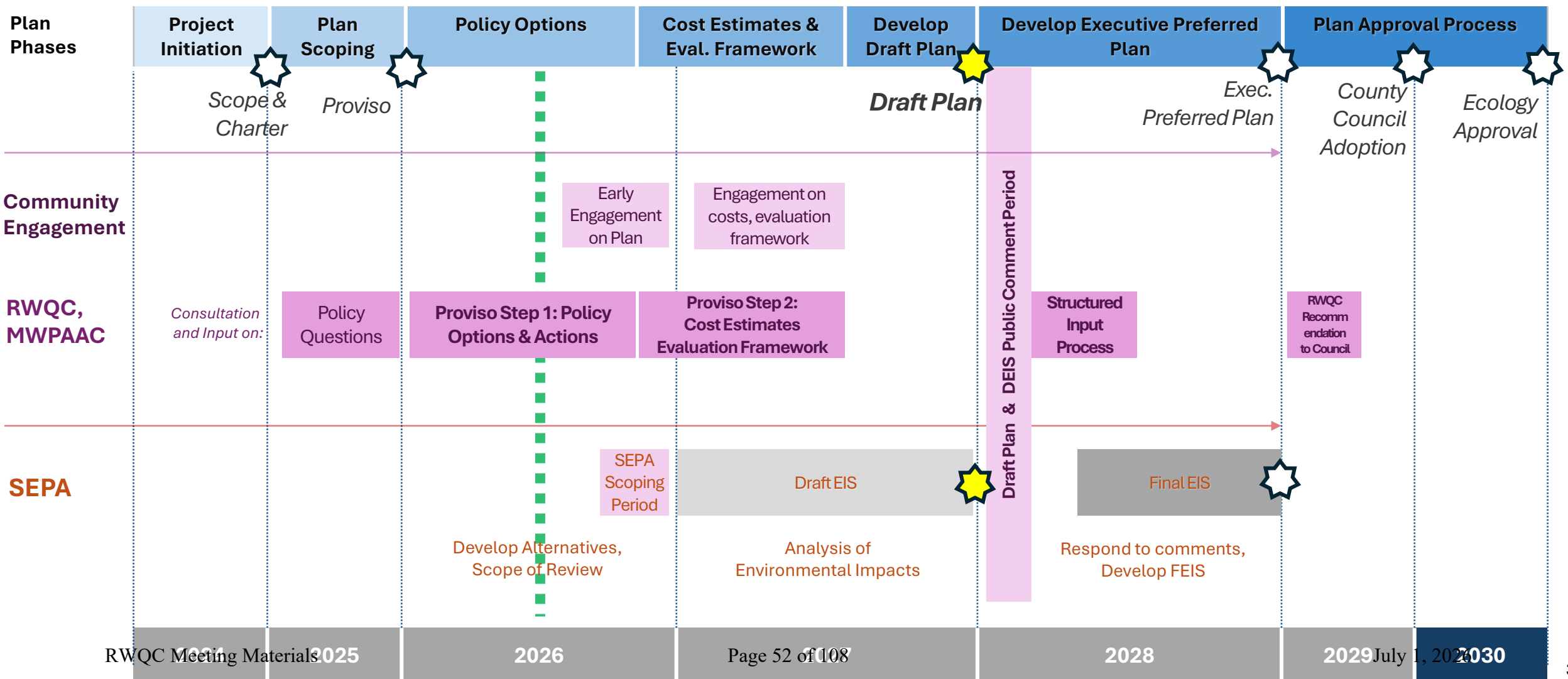
## 11 “Groups” of Policy Analyses for RWQC:

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
<b>July</b>	<b>Group #5: Affordability Metrics &amp; Rate Relief Approaches</b>
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

WE ARE HERE



# RWSP Scoping Document "Major Policy Questions"

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1. How will WTD measure customer affordability for contract agencies and ratepayers?
2. What other rate relief approaches should WTD implement to improve affordability for those who may struggle to pay their sewer bill?

# Part 1

## Affordability Metrics

# What do we mean by Affordability ?

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- **System Affordability (or Financial Capability):** Gauges community ability to fund future investments. Used for Clean Water Act schedule negotiations and/or NPDES permit needs.
- **Household Affordability:** Gauges individual customer's ability to pay their sewer bills while also meeting other essential living expenses.

# Problem Statement

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## Measurement:

- Financial burden varies widely across households and communities with different economic conditions.
- There is no industry consensus on a single metric to measure affordability of utility bills—a combination of measurements is needed.

# Affordability – Existing Policies in Code and/or Practice

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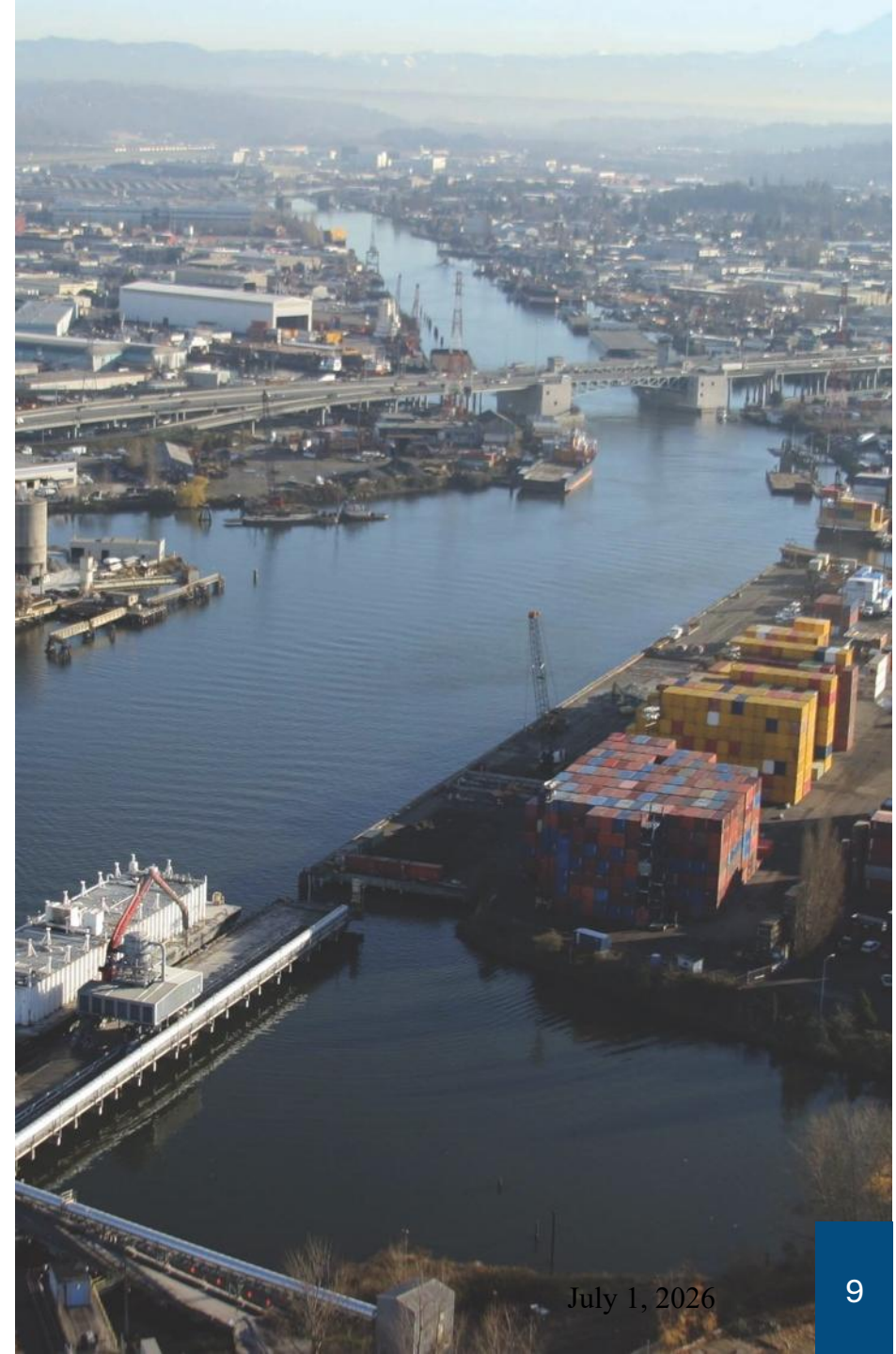
**Neither King County Code nor WTD’s contracts with LSAs include policies explicitly directing WTD’s measurement of rate affordability**

Relevant Laws, Policies, and Plans	Description
RCW 36.94.140	State law (and federal case law) includes restrictions on utilities that ensure a uniform rate for the same class of customers, and customer classification needs to follow cost-of-service principles except for low-income assistance.
LSA Contracts (Sewage Disposal Agreements)	The LSA contracts (section 5) dictate a uniform rate structure and the allowed uses of wastewater rate revenue. This language prevents WTD from offering rate relief approaches without contractual changes.

# Why WTD Assesses Affordability

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- Ongoing priority and consideration in rate-setting
  - **WTD will pilot an initial affordability framework in the upcoming rate cycle**
  - Regional, Executive, and partner agency priority in addition to workplan item for WTD
- Supports EPA/Ecology regulatory negotiations
  - Clean Water Act allows financial capability to influence compliance schedules
  - Framework used: **Financial Capability Assessment (FCA) Guidance**
  - Most FCA metrics gauge community ability to fund compliance, not household affordability



# Importance of Metrics

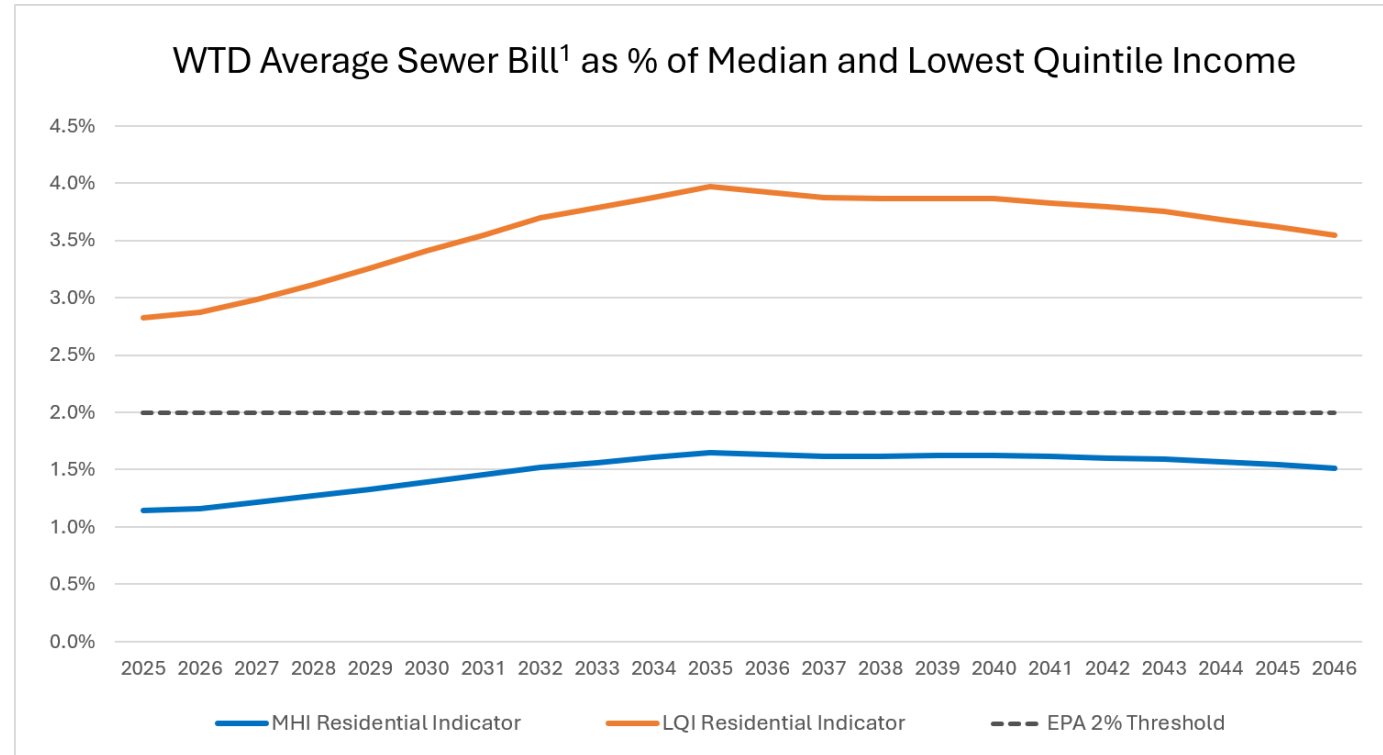
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- WTD typically uses the metrics endorsed by EPA and Ecology and included in their financial capability assessment guidance. These are must-do metrics for specific uses.
- We have calculated other metrics as part of the supplementary analysis in the FCAs. We will continue to explore these and other potential metrics for the RWSP.
- As we move into more explicit affordability goals for the annual sewer rate process, we will need to determine the **appropriate mix of current and new/supplementary metrics**
  - Reflect the conditions of the region
  - Create a sustainable rate path.



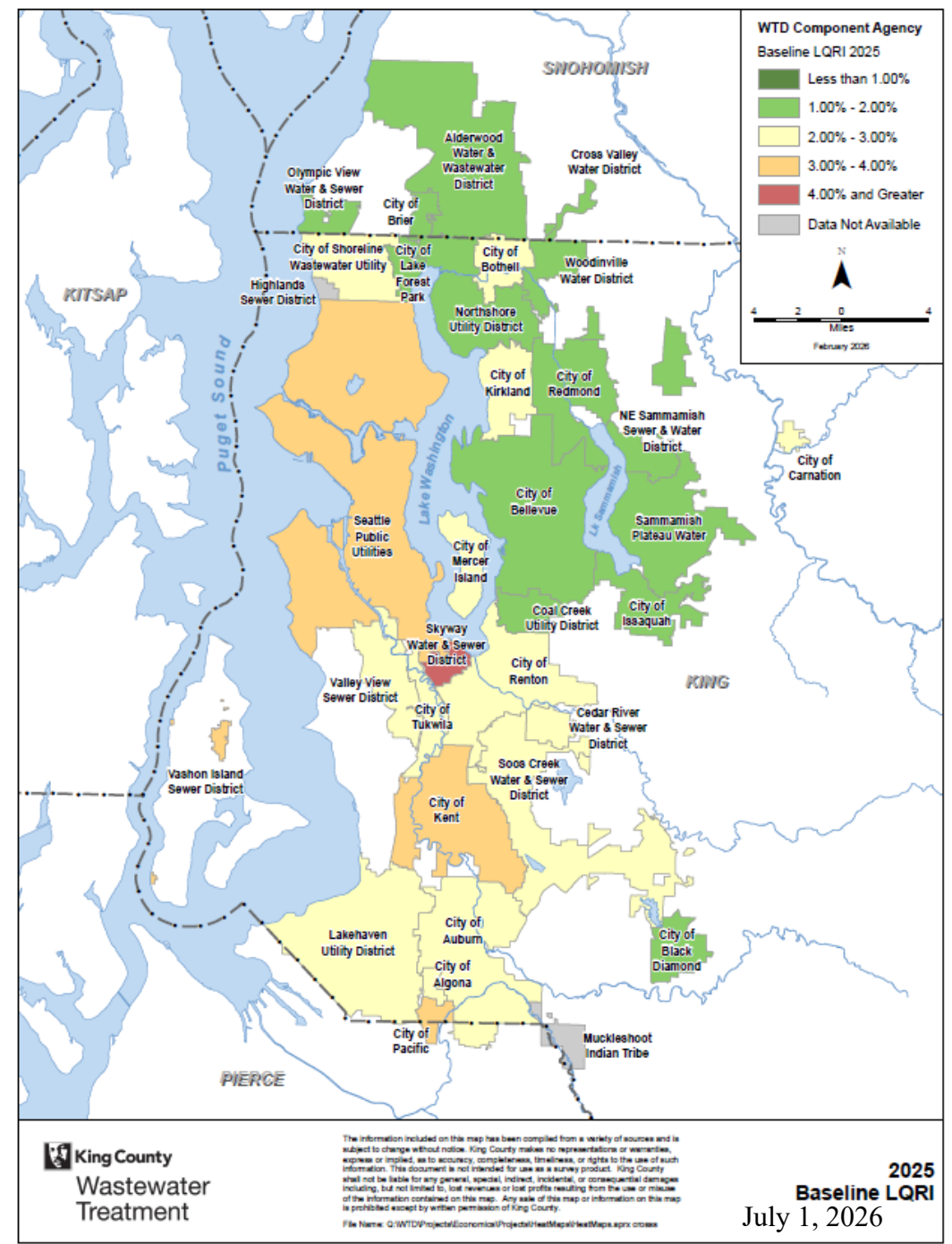
# FCA Overview

- EPA’s required method; multiple revisions since 2020. Final version published in 2023
  - In March 2026, EPA opened a public comment period to gather feedback on the existing FCA with a focus on low-income indicators and cost-of-living adjustments, among others
  - Combines weighted metrics into one overall score that represents low/medium/high impact rating
- **Higher impact can justify extended schedules (not reduce obligations)**
- WTD incorporates local sewer agency data and costs when possible/applicable



<sup>1</sup>Includes sewer treatment, local collection, stormwater, and utility taxes. Assumes single-family home usage of 430cf for Seattle and 600cf for others

Service Area	# of Customers	2025				
		Sewer & Stormwater Monthly Bills (w taxes)	Median Household Income	MHI RI	Lowest Quintile Income	LQRI
Alderwood Water & Wastewater District	54,502	\$105	\$129,445	1.0%	\$67,519	1.9%
City of Algona	1,659	\$105	\$91,876	1.4%	\$60,344	2.1%
City of Auburn	31,430	\$117	\$94,427	1.5%	\$52,231	2.7%
City of Bellevue	66,330	\$114	\$161,300	0.9%	\$69,115	2.0%
City of Black Diamond	2,465	\$114	\$147,069	0.9%	\$89,808	1.5%
City of Bothell	8,707	\$125	\$130,654	1.2%	\$58,172	2.6%
City of Brier	1,806	\$89	\$144,995	0.7%	\$78,249	1.4%
City of Carnation	942	\$154	\$171,369	1.1%	\$75,125	2.5%
Cedar River Water & Sewer District	5,511	\$118	\$115,870	1.2%	\$66,363	2.1%
Coal Creek Utility District	4,942	\$114	\$174,098	0.8%	\$71,089	1.9%
Cross Valley Water District	418	\$120	\$162,425	0.9%	\$72,789	2.0%
Highlands Sewer District	N/A	N/A	N/A	N/A	N/A	N/A
City of Issaquah	13,371	\$109	\$145,356	0.9%	\$70,259	1.9%
City of Kent	37,334	\$117	\$86,230	1.6%	\$45,294	3.1%
City of Kirkland	16,265	\$131	\$172,537	0.9%	\$71,630	2.2%
City of Lake Forest Park	4,066	\$117	\$142,418	1.0%	\$73,898	1.9%
Lakehaven Utility District	1,152	\$145	\$126,324	1.4%	\$66,308	2.6%
City of Mercer Island	8,655	\$157	\$192,862	1.0%	\$91,442	2.1%
Muckleshoot Indian Tribe	N/A	N/A	N/A	N/A	N/A	N/A
NE Sammamish Sewer & Water District	4,845	\$131	\$232,071	0.7%	\$125,694	1.3%
Northshore Utility District	31,452	\$99	\$137,364	0.9%	\$65,547	1.8%
Olympic View Water & Sewer District	215	\$110	\$149,519	0.9%	\$73,429	1.8%
City of Pacific	2,533	\$143	\$92,116	1.9%	\$46,963	3.6%
City of Redmond	34,833	\$91	\$166,710	0.7%	\$71,323	1.5%
City of Renton	32,229	\$116	\$103,037	1.4%	\$50,453	2.8%
City of Shoreline Wastewater Utility	20,408	\$122	\$119,777	1.2%	\$51,262	2.9%
Sammamish Plateau Water	16,626	\$144	\$204,927	0.8%	\$100,056	1.7%
Seattle Public Utilities	303,784	\$139	\$121,984	1.4%	\$47,852	3.5%
Skyway Water & Sewer District	5,247	\$148	\$95,286	1.9%	\$40,056	4.4%
Soos Creek Water & Sewer District	39,537	\$114	\$121,299	1.1%	\$62,378	2.2%
City of Tukwila	7,629	\$111	\$85,950	1.5%	\$55,919	2.4%
Valley View Sewer District	16,921	\$96	\$81,765	1.4%	\$42,963	2.7%
Vashon Island Sewer District	653	\$102	\$106,204	1.1%	\$31,811	3.8%
Woodinville Water District	5,988	\$110	\$151,611	0.9%	\$77,519	1.9%
<b>WTD Weighted Average</b>		<b>\$123</b>	<b>\$129,557</b>	<b>1.1%</b>	<b>\$53,814</b>	<b>2.8%</b>



King County  
Wastewater  
Treatment

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File Name: Q:\WTD\Project\Economic\Project\HeatMap\HeatMaps.aprx.cxxx

2025  
Baseline LQRI  
July 1, 2026

## EPA FCA Guidance

- Residential Indicator
- Financial Capability Indicators
- Lowest Quintile *Poverty* Indicator
- Supplemental Metrics and Analysis

## Ecology Adjustments

- Lowest Quintile *Residential* Indicator (Ecology)
- Cost of Living Adjustments (for Poverty Indicators benchmarks)

- Affordability Ratio at 20<sup>th</sup> Percentile
- Hours Worked at Minimum Wage
- Poverty Income Residential Indicator
- CAP Participant Residential Indicator
- After Rent Burden

# Affordability Metrics Comparison (1 of 2): *Traditional FCA Metrics*

Metric	What It Measures & Distinctive Features	Key Inputs / Method	Benchmarks / Thresholds	System or Household Affordability?
<b>Residential Indicator (RI)</b>	Wastewater cost as % of MHI; only household-focused metric in FCA	Annual wastewater bill; MHI	<1% low, 1–2% mid, >2% high	Household
<b>Financial Capability Indicator (FCI)</b>	Broad indicator of utility financial health	Debt (2), socioeconomic (2), tax-based (2)	<1.5 weak, 1.5–2.5 mid-range, >2.5 strong	System
<b>Lowest Quintile Poverty Indicator (LQPI)</b>	Provides context on community poverty & vulnerability	Six factors including income, SNAP, vacancies, etc.	National vs agency comparisons	System

# Affordability Metrics Comparison (2 of 2): *Emerging Household-Level Metrics*

Metric	What It Measures	Key Inputs / Method	Benchmarks / Thresholds	System or Household Affordability?
<b>Lowest Quintile Residential Indicator (LQRI)</b>	Cost burden for lowest 20th percentile households; highlights disproportionate impacts	Cost burden ratio	No established thresholds	Household
<b>Affordability Ratio (AR / AR20)</b>	“One-water” cost as % of disposable income; AR20 applies to lowest-income households	Disposable income minus taxes, housing, groceries, etc.	≤10% of disposable income	Household
<b>Hours Worked (Minimum Wage)</b>	Hours needed to pay monthly “one-water” bill; highlights burden on low-wage workers	Local minimum wage; monthly bill	≤8 hours/month	Household

# Policy Issues, Challenges & Opportunities (Metrics)

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- Median Household Income (MHI) Doesn't Show Full Burden
  - Focus on typical household obscures affordability issues at lower incomes
- Cost of Living Varies Widely
  - High local cost of living means national/statewide comparisons miss local burdens
- Regional + Local Costs Matter
  - WTD has limited visibility on local rate forecasts
- Data Gaps Limit Precision
  - Additional data could strengthen WTD's affordability analysis

# Summary on Metrics

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- WTD currently uses the various FCA metrics (with some supplementary measures) for certain critical regulatory activities.
- Regional interest to include affordability metrics in sewer rate and long-term planning process, so need better metrics.
- **No one metric can reflect the conditions of the region, and there is no industry consensus**
- **Develop a suite of metrics and supplementary analysis.**

# Part 2

## Rate Relief Approaches

# Rate Relief Policy Question

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“What other rate relief approaches should WTD implement to improve affordability for those who may struggle to pay their sewer bill?”

# Problem Statement

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## Rate Relief:

- Wastewater conveyance and treatment is a critical service that households rely on; high wastewater rates can place a significant burden on lower income households.
- Because WTD is a regional wholesale provider, WTD rate increases impact all households, but WTD does not have a direct billing relationship to offer customer assistance programs (CAPs) or other forms of direct relief.
- Current contracts with LSAs and state law require a uniform rate structure and stipulate the allowed uses of wastewater rate revenue.
- State and federal law require utilities to charge uniform, nondiscriminatory rates for customers within the same class, with limited exceptions—one exception being low-income households.

# Rate Structure Reminders

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- WTD is a wholesaler—it does not have a direct relationship with residents outside of the capacity charge
  - Need local agency partner - Customer Affordability Programs
- State and federal law require utilities to charge uniform, nondiscriminatory rates for the same class of customer with limited exceptions
  - Utilities may establish different customer classes based on reasonable distinctions, such as differences in cost (i.e., customer classes that cost the utility more to serve) or differences in kind (i.e., high-strength industrial dischargers)
  - “Any county, city ...public utility district or other municipal corporation providing utility services may provide such services at reduced rates for low-income senior citizens or other low-income citizens” RCW 74.38.070.
- Utility rates are a fee for service (not a tax), cannot force some customer classes to subsidize other classes outside of low-income assistance.

# Rate Relief Approaches (1 of 2)

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*Note: All currently drafted approaches assume WTD will continue internal cost containment measures and move towards greater predictability.*

- 1) Status Quo:** Maintain prudent financial stewardship of rate payer funds through cost containment, project prioritization, and best-available financing.
- 2) Apply Affordability Metrics:** Measure current rate path against benchmarks of affordability to inform key decision-making, mitigation efforts, and future planning.
- 3) LSA Partnership:** Partner with local sewer agencies to share customer affordability data and increase use of their customer assistance programs (CAPs).

# Rate Relief Approaches (2 of 2)

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- 4) **CAP Requirement:** Require all LSAs to offer Customer Assistance Programs (CAPs) via contracts.
- 5) **Low-Income Rate Class:** Add low-income as a customer class at a lower rate than other RCEs.
- 6) **Tax-Funding Alternatives:** Fund all or part of the sewer rate through property taxes, which are more progressive than the current structure.
- 7) **Regulate Multifamily landlords to prevent inflated pass-through increases:** This approach would strengthen renter/tenant protections against sewer rate overbilling (i.e. limit pass-through increases to no more than the LSA sewer bill increases from year to year).

# Rate Relief Approaches – *Low-income rate class*

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This approach presents specific challenges.

Requirements to implement include:

- Amend contracts
- Council must approve and adopt new customer classification
- Uniform adoption across LSAs/contracts
- Uniform qualifications for low-income across LSAs
- Every jurisdiction must have their own covenants for low-income rate to ensure that savings are passed on to customer
- **Non-low-income RCEs will still pay more** to offset/subsidize

# Residential Customer Equivalent (RCE) Discussion

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- The 750cf SF RCE conversion factor is mis calibrated and ‘hard-wired’ in the contracts decades ago
- This miscalibration shifts some of the cost burden from commercial/industrial/multifamily housing to single-family residences
- It is an important item that will be addressed in the Rate Structure discussions and policy analysis taking place in November
- A more accurate, up to date conversion factor would improve fairness among customer classes but it would not help, and may worsen, affordability for those who struggle to pay the most
  - Proviso report from 2021 presented to MWPAAC and RWQC demonstrated the potential cost rebalancing between agencies

# Interrelationship with other parts of RWSP

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- Alternative rate structures (such as an entirely flow-based charge, I/I surcharge, CSO surcharge, Low Income Class, etc.) that may impact affordability will be examined in greater detail in November as part of the **rate structure** topic.

# Questions:

1. Questions on range of Affordability Metrics?
2. Are there additional or modified Rate Relief policy approaches we should consider?



## Wastewater Treatment Division

### Executive summary

#### RWSP Update – Group #5, Policy Memo #8: Finance/Affordability

This executive summary provides a synopsis of the policy questions, problem statement, challenges and the options to address the two Finance/Affordability questions listed below.

### Policy questions

1. How will the Wastewater Treatment Division (WTD) measure customer affordability for contract agencies and ratepayers?
2. What other rate relief approaches should WTD implement to improve affordability for those who may struggle to pay their sewer bill?

### Problem statement

#### Measuring Affordability

When describing how to measure sewer service affordability, it is important to distinguish between “System Affordability” and “Household Affordability”. System Affordability (or Financial Capability) reflects a community’s ability to fund future investments and is used for Clean Water Act schedule negotiations and/or NPDES permitting. Household Affordability reflects an individual customer’s ability to pay their sewer bills while also covering other essential living expenses.

Households and communities in WTD’s service area span a wide range of economic conditions, from high-wealth neighborhoods to those with a high incidence of poverty. As a result, no single metric aggregated or averaged across the entire service area can fairly define when rates exceed ratepayers’ ability to pay. Furthermore, there is no industry consensus on a single metric to measure affordability of utility bills, and neither King County Code nor WTD’s contracts with local sewer agencies (LSAs) include policies explicitly directing WTD’s measurement of rate affordability.

A combination of quantitative and qualitative data and measurements is needed to fully understand and communicate the financial burden of wastewater bills. The challenge is to present a set of measures that supports a clear, objective narrative about the prevalence, magnitude, and distribution of affordability issues at both the “System” and “Household” levels.

### Rate Relief Approaches

Wastewater conveyance and treatment is a critical service that households rely on, and high wastewater rates can place a significant burden on lower income households. Because WTD is a regional wholesale provider, WTD rate increases impact all households, but WTD does not have a direct billing relationship to offer customer assistance programs (CAPs) or other forms of direct relief. Additionally, current contracts with LSAs require a uniform rate structure and stipulate the allowed uses of wastewater rate revenue. This language currently prevents WTD from offering rate relief approaches without contractual changes. Lastly, state and federal law require utilities to charge uniform, nondiscriminatory rates for customers within the same class, with limited exceptions—one exception being low-income households.

### **Policy issues, challenges, and opportunities**

In the absence of large federal grants or a permanent nationwide water assistance program (such as the low income household water assistance program (LIHWAP) during Covid), the burden falls onto individual utilities to figure out how to ensure everybody can pay their sewer bills. As regulated monopolies, utilities' ongoing expenses and future investments are not optional—they are driven by the need to meet regulations, maintain levels of service to all customers, and plan for future growth. Rates represent the cost of providing the service to each customer. This means that there is an inherent trade-off between maintaining a “utility’s sustainability” and “household affordability”. In this “policy trilemma” (Doyle 2020), utilities are in a constant balancing act between infrastructure investment, rate affordability, and fiscal sustainability (borrowing levels).<sup>1</sup>

### **Affordability Metrics Options**

The range of possible metrics to measure affordability includes:

1. Residential Indicator (RI) – sewer bill as percentage of median household income (MHI)
2. Financial Capability Indicator (FCI) – utility and community’s collective ability to manage financial burden of compliance
3. Poverty Indicator – measures prevalence of poverty in the service area
4. Lowest Quintile Residential Income (LQRI) – sewer bill as percentage of lowest quintile income

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<sup>1</sup> Doyle, M.W., Patterson, L., Smull, E., & Warren, S. (2020). Growing Options for Shrinking Cities. *Journal American Water Works Association*, 112(12), 56-66. <https://doi.org/10.1002/awwa.1634>

5. AR<sub>20</sub> – calculates cost of water and sewer service as percentage of household disposable income for the lowest quintile
6. Hours Worked at Minimum Wage – number of hours worked at the local minimum wage to pay for water and sewer service

During the “Step 2” analysis for this topic, WTD will identify a suite of recommended metrics that will be used to measure affordability.

### Rate Relief Policy Approaches

The range of rate relief policy approaches include:

1. Status Quo – uniform rate structure and ongoing cost containment efforts.
  - a. **Outcome:** Rate affordability is assessed to negotiate regulatory compliance, contextualize capital spending scenarios, and provide awareness to decision makers.
2. Apply Affordability Metrics – benchmarking with recommended mitigation actions.
  - a. **Outcome:** An affordability framework with common goals and language between WTD and partners; actions/mitigation may be more focused on partnership, predictability, and leverage of existing LSA CAPs than limits to annual rate increases.
3. Local Service Agency (LSA) Partnerships – data sharing, working regionally towards better/standardized Customer Assistance Program (CAP) eligibility and enrollment.
  - a. **Outcome:** Barriers to eligibility and enrollment in LSA CAPs may be lowered or removed. Without a requirement, progress in improving assistance to the most vulnerable populations may be slow and uneven.
4. Customer Assistance Program (CAP) Requirement – all LSAs required to have a CAP for sewer rate low-income customers.
  - a. **Outcome:** CAP enrollment and eligibility are standardized and universally accessible across the WTD service area; improvement in enrollment in the populations that could most use the assistance.
5. Low-Income Rate Class – institute new rate class at the wholesale level and eligibility requirements for those most in need of assistance.
  - a. **Outcome:** Rates subsidized regionally rather than the administration of assistance at the local level; would de facto raise the sewer rate for everyone who is not part of the low-income rate class, as well as those low-income households that do not enroll.
6. Tax-Funding Alternatives – investigate property tax options in place of, or as a supplement to, the fee for service structure.
  - a. **Outcome:** Progressive distribution of costs helping to alleviate burden on those most affected by increases to the wastewater service revenue

requirement. This approach has legal and local tax structure feasibility challenges.

7. Regulate multifamily landlords to prevent inflated pass-through increases/charges and strengthen renter/tenant protections against sewer rate overbilling.
  - a. **Outcome:** Increases associated with the sewer rate cannot be inappropriately inflated for tenants who are historically some of the most vulnerable communities.

### **Relationship to other RWSP topics**

Costs for the various policy options across the RWSP topics will serve as the foundation for the three conceptual approaches (i.e. Stay the Course, Strategic Enhancement, Transformative) in the Draft RWSP Update. Costs for these conceptual approaches will need to consider affordability and rate relief options.

Alternative rate structures (such as flow-based charges, infiltration/inflow surcharges, combined sewer overflow surcharges, etc.) will be examined in more detail later this year and may influence both affordability and rate relief options.

## **RWSP Update - Finance/Affordability**

### **Group #5, Policy Memo #8**

#### **A. Policy Questions**

This memo is focused on the policy questions related to the Affordability topic of the Regional Wastewater Services Plan (RWSP) Update. The two policy questions explored in this memo are:

1. How will WTD measure customer affordability for contract agencies and ratepayers?
2. What other rate relief approaches should WTD implement to improve affordability for those who may struggle to pay their sewer bill?

#### **B. Problem Statement**

Measuring Affordability: Assessing the affordability of a wastewater bill is inherently subjective, complex, and context dependent. When describing how to measure sewer service affordability, it is important to distinguish between “System Affordability” and “Household Affordability”. System Affordability (or Financial Capability) reflects a community’s ability to fund future investments and is used for Clean Water Act schedule negotiations and NPDES permitting. Household Affordability, in contrast, reflects an individual customer’s ability to pay their sewer bills while also covering other essential living expenses.

Affordability researchers generally agree that the financial burden of wastewater rates cannot be captured by a single metric because it depends on interrelated factors such as employment, income, cost of living, and access to financial assistance. Furthermore, communities in WTD’s service area span a wide range of economic conditions, from high-wealth neighborhoods to those with a high incidence of poverty. As a result, no single metric aggregated or averaged across the entire service area can fairly define when rates exceed ratepayers’ ability to pay. Instead, a mix of quantitative and qualitative data is needed to fully understand and communicate the financial burden of wastewater bills. The challenge is to present a set of measures that supports a clear, objective narrative about the prevalence, magnitude, and distribution of affordability issues.

Rate Relief and Customer Assistance Approaches: Wastewater conveyance and treatment is a critical service that households rely on, and high wastewater rates can place a significant burden on lower income households. Because WTD is a regional wholesale provider, WTD rate increases impact all households, but WTD does not have a direct billing

relationship to offer customer assistance programs or some other forms of direct relief. Additionally, current contracts with local sewer agencies require a uniform rate structure and stipulate the allowed uses of wastewater rate revenue. This language prevents WTD from offering rate relief approaches without contractual changes. Lastly, state and federal law require utilities to charge uniform, nondiscriminatory rates for customers within the same class, with limited exceptions—one exception being low-income persons.

## **C. Contextual and Baseline Information**

### **i. What is known about the topic and current conditions**

This section of the policy memo is divided into two parts; part 1 is focused on affordability metrics background information and part 2 is focused on rate relief background information.

#### *Measuring Affordability*

WTD is mindful of the impact of rates on local households and businesses and strives to keep rates as low as possible while remaining financially prudent and meeting its regulatory obligations. For specific metrics, WTD needs to assess the affordability of its rates to inform regulatory processes with the U.S. Environmental Protection Agency (EPA) and the Washington State Department of Ecology (Ecology). The Clean Water Act allows regulators to consider a community's ability to fund compliance measures when negotiating details such as implementation schedules. The metrics described in this section have been used in the past as part of discussions related to CSO control and are anticipated to be used as part of negotiations with Ecology related to new nutrient regulations. Both EPA and Ecology use the same basic framework, described in this section.

Financial Capability Assessment: The backbone of the required regulatory methodology is EPA's financial capability assessment (FCA). This framework has evolved in recent years, even while WTD has been working to apply it. For example, the County entered CSO Consent Decree negotiations in 2019, and WTD's preparation of the related FCA submission fell under four different versions: 2020 Proposed, 2021 "pre-published" (later retracted), 2022 Proposed, and 2023 Final Guidance.

EPA has stated that the FCA "is not a methodology for defining water affordability" but rather is intended to standardize what EPA will consider when determining a community's financial capability to meet Clean Water Act requirements and to assist states in assessing the degree of economic and social impact of potential water quality standards decisions. The FCA calculates a set of metrics, assigns them various weights, and combines metrics

into a final determination of low, medium, or high impact. A finding of medium or high impact can open the door to some regulatory relief, such as adjusted compliance schedules, though this does not dismiss regulated entities from their obligations.

Residential Indicator: Within EPA’s FCA framework, the only measure that focuses on the cost of regulatory compliance and its effect on ratepayers is the Residential Indicator (RI). The RI expresses average annual wastewater costs per customer as a percentage of median household income (MHI). It answers the question, *for the average home in our service area, how much of the household income goes toward wastewater bills?* The impact of these household costs is considered low when the RI is less than 1.0%, mid-range when it is between 1.0% and 2.0%, and high when it is greater than 2.0%.

In both EPA’s and Ecology’s methods, the RI is the sole metric that focuses on the cost impact on ratepayers at the household level. Yet it accounts for only one-quarter of the overall assessment of a community’s ability to fund Clean Water Act compliance. The remaining three-fourths come from the Financial Capability Indicator, which is explained below. As a result, even RI values exceeding 100% could still yield a “low impact” determination.

Financial Capability Indicator: Whereas the RI assesses household affordability—the main topic of this policy memo—it is worth discussing the Financial Capability Indicator (FCI) as the FCA framework weighs it heavily. This metric investigates the utility and community’s collective ability to manage the financial burden of compliance. The FCI includes six parameters representing different aspects of the community’s underlying financial strength. Two parameters address existing WTD debt obligations, two consider socio-economic conditions in the region, and two relate to property tax data. Ecology released its own FCA guidance that made small adjustments to EPA’s approach, including using Washington’s statewide MHI rather than the national figure when calculating the FCI.<sup>2</sup>

Poverty Indicator: The FCA also includes a benchmarking analysis related to the prevalence of poverty in the service area. The Poverty Indicator, or PI, combines six measurements of poverty prevalence in the service area into a single metric. The calculations that go into the PI are upper limit of lowest quintile household income, percentage of population with income under 200% of the federal poverty level, percentage of population receiving food stamp/SNAP benefits, percentage of housing units that are vacant, trend in household growth, and unemployment rate. These calculations are compared to national benchmarks and rated as indicating low, mid-range, or high impact.

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<sup>2</sup> [Final Treatment Plant Financial Capability Assessment Guidance Puget Sound Nutrient General Permit](#)

Ecology's 2024 guidance includes a similar adjustment for the PI as it does for the FCI, it replaces national comparisons with state comparisons.

In the final step of the FCA process, depending on the PI score, the final FCA score may be adjusted up or down, resulting in EPA's overall assessment of the impact on the service area community.

Lowest Quintile Residential Indicator (WA Department of Ecology): Ecology's 2024 FCA guidance includes a new metric: the Lowest Quintile Residential Indicator, or LQRI. The LQRI measures costs per household as a percentage of household income at the lowest quintile (bottom 20th percentile) income. This complements the calculation of RI (which is based on MHI) by acknowledging the reality that increasing costs will have a larger impact on low-income customers than on customers at the MHI level.

Ecology has indicated that the LQRI score will not be assigned a weight and incorporated into the overall FCA score but will instead be considered independently. The reason is that there is a lack of data, science, and consensus around what LQRI thresholds would result in low, average, or high impacts for communities.

Supplemental Analysis: The FCA also allows permittees to present their case using evidence produced by their own internal financial planning tools and service area research.

#### *Rate Relief Approaches*

Rate relief approaches could be broadly separated into two categories: universal or targeted. A universal approach means trying to lower the average sewer rate for everyone—in other words, lowering the total revenue requirement of the utility. This can be achieved by lowering costs or increasing non-rate revenue. WTD is always trying to optimize its costs, apply for grants and loans, and keep its other fees up to date. Those efforts do not require new policy direction and are not the focus of the rate relief policy question. The only potential new area of analysis is tax-funding alternatives that are separate from the sewer rate. Other than that, this policy question mostly focuses on targeted rate relief approaches—how to lower the rate that is paid by households or businesses struggling to afford their sewer bills.

#### *Customer Assistance Programs*

WTD has done extensive research to better understand the options for rate-relief and to evaluate the effectiveness of the customer assistance programs (CAPs) currently in use. At best, these programs can offer relief to a segment of the intended households; at worst they can be a costly way to redistribute burdens between low-income households. These

are some of the common limitations that WTD has identified among CAPs within its service area, offered by our local sewer agency (LSA) partners:

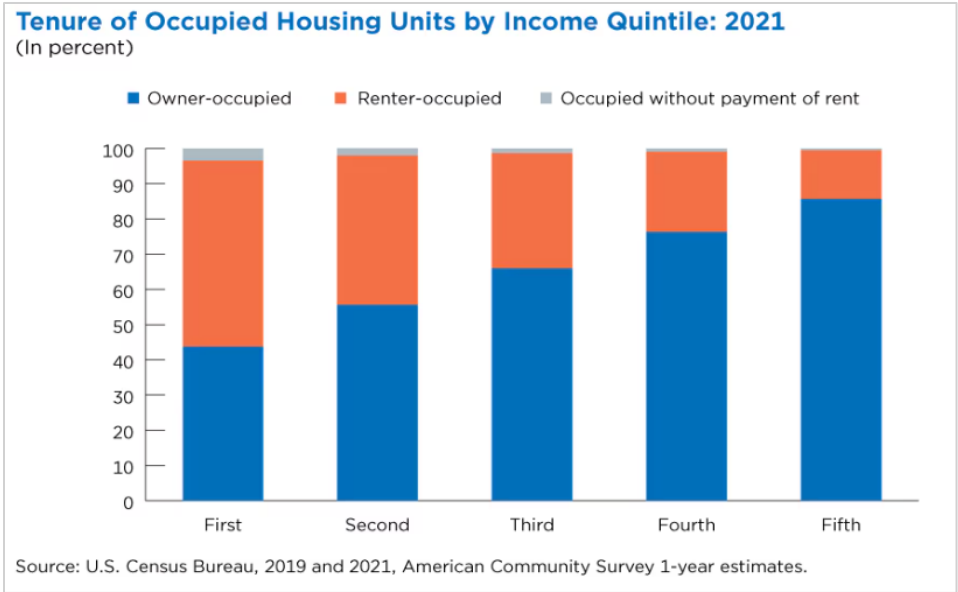
- Most LSAs have a CAP, but the amount of assistance and criteria to qualify vary.
  - A majority of them are only available to seniors and individuals with disabilities.
  - Almost all specifically exclude WTD’s wastewater treatment charge from their discount.
- With few exceptions, agencies are unable to offer assistance to multifamily residential households since they have billing relationships with landlords but not with the low-income households.
- CAPs tend to have low subscription rates (beneficiaries as a share of eligible households) and high administrative costs.
  - If there is no external funding, these are funded by higher rates for all, including low-income households that do not participate in the program.
- As independent cities and special purpose districts, the LSAs do not share resources. Smaller, less well-funded agencies must fund CAPs from rates paid by their own constituents. In other words, there are no cross-subsidies between agencies.

There are also significant barriers related to “hard-to-reach” customers, i.e., renters and households living in multifamily buildings. Multifamily buildings do not meter water use at the unit level. Rather, utility accounts are held by landlords who pass the cost through either rent or a separate allocated billing to residents. Lower income households are more likely to rent than own a home. Programs that do not reach multifamily renters are excluding a large portion of the lowest-income households. Figure 1 below shows that in King County almost 45% of households live in multi-family units and Figure 2 shows that most households in the lowest quintile of income are renters.

**Types of structure (Table B25024) [View table](#)**

Column	King County			
Single unit	53.6%	±0.9%	554,024	±9,495.6
Multi-unit	44.9%	±1.3%	463,945	±13,424
Mobile home	1.4% <sup>†</sup>	±0.2%	14,180	±1,998
Boat, RV, van, etc.	0.1% <sup>†</sup>	±0.1%	1,373	±904

*Figure 1. 2024 Housing Type Distribution in King County*



*Figure 2. 2021 Housing Ownership by Income (National)*

The FCA also includes a requirement (“Financial Alternatives Analysis”) to submit information on the utility’s rate structure and customer assistance programs, with the intent to assess whether utilities are making the most of these tools to lessen the impact on their most vulnerable customers.

**ii. Current policies in policies in code, contract, or in practice**

*Measuring Affordability:* Neither King County Code nor WTD’s contracts with LSAs include policies explicitly directing WTD’s measurement of rate affordability.

*Rate Relief Approaches*

<b>Relevant Policies</b>	<b>Description</b>
RCW 36.94.140	State law (and federal case law) includes restrictions on utilities that ensure a uniform rate for the same class of customers, and customer classification needs to follow cost-of-service principles except for low-income assistance.
LSA Contracts (Sewage Disposal Agreements)	The LSA contracts (section 5) dictate a uniform rate structure and the allowed uses of wastewater rate revenue. This language prevents WTD from offering rate relief approaches without contractual changes.

*Customer Assistance Programs*

The primary policy driver for WTD’s work on rate affordability and customer assistance programs in the past was the 2016 – 2022 Equity and Social Justice Strategic Plan. This plan led to a capacity charge rate structure study and a capacity charge low-income customer affordability study.

Unlike the wholesale sewer rate, the capacity charge is billed directly to customers by WTD. As the program administrator and billing agency, WTD has tried to maximize the affordability tools it can offer. These tools allow for some temporary relief but are not equivalent to a permanent CAP:

- Flexible payment plans, up to a full year to pay the balance due through monthly payments
- Payment deferral for low-income seniors and disabled individuals until they sell their property

Based on the findings from the consultant-led Low-Income Customer Affordability Study, in 2019 WTD implemented some marginal improvements to its existing affordability tools: extended payment plans, no interest or late fees on property liens, and expanded affordable housing eligibility.

As a result of the Capacity Charge Rate Study, in 2021 WTD implemented a discounted capacity charge for eligible low-income housing. This promotes affordable housing construction but does not translate into direct assistance to individual households.

WTD’s capacity charge needs to be consistent with state law, which means it needs to be uniform for the same customer class and reflect a property owner’s equitable share of the cost of the system (RCW 36.94.140 and RCW 35.58.570). Unlike the sewer rate, there is no explicit exemption for low-income persons.

**iii. The system “must-dos”**

WTD is not currently required by law or regulation to measure the affordability of its rates or to provide rate relief for those in need. However, certain Clean Water Act regulatory processes may trigger the need for a Financial Capability Assessment (FCA), as occurred during WTD’s CSO Consent Decree negotiations.

Ecology’s 2021 Puget Sound Nutrient General Permit (PSNGP) required several dischargers, including WTD, to complete an FCA as part of a nutrient reduction evaluation—a conceptual planning effort to assess potential nitrogen treatment alternatives. Ecology released FCA guidance for this work in 2024, but the PSNGP was subsequently invalidated. Ecology has indicated it intends to move forward with many PSNGP elements, including nutrient reduction evaluations and FCA requirements, through its NPDES permitting process. Ecology has indicated the FCA results will be considered in future nutrient permitting to develop feasible compliance schedules and cannot be used to lessen regulatory standards. The scope of and timeline for implementing these regulations remains highly uncertain.

**iv. Current and Budgeted Expenditures**

WTD is limited in terms of current dedicated budget in service of affordability metrics or rate relief measures. As a wholesaler, it does not have the direct customer relationship to offer assistance on the sewer rate at the present time, though the policy options section of this memo will explore some potential changes to that model. The primary budgeted expenditures related to affordability are WTD finance staff resources. A portion of our utility rates and capital finance team’s time is dedicated to affordability issues, and a portion of our customer assistance, accounts receivable, and capacity charge teams’ time is dedicated to connecting folks to advice and assistance for payment options on the capacity charge. Based on staff labor, benefits, and overhead costs, this could equate to about \$300K annually in terms of budgeted expenditures associated with affordability efforts.

**v. Summary of Data**

The National Coalition for Legislation on Water Affordability defined water affordability as:

The cost of provision that does not impede people from meeting other basic needs or human rights. There is, however, currently no one generally accepted definition of

water affordability. It varies depending on the purpose of the water affordability assessment. Affordability researchers generally agree that no one single metric can or should be used in measuring water affordability, rather, a variety of quantitative and qualitative data should be considered.<sup>3</sup> (Schneemann, 2019)

Additionally, in December 2024, the United States Environmental Protection Agency (EPA) wrote in its *Water Affordability Needs Assessment Report to Congress* that:

One widely used qualitative definition of water affordability is the ability of a household to pay for basic water services necessary for drinking, cooking, cleaning, and sanitation without experiencing undue hardship (Patterson & Doyle, 2021; Raucher et al., 2019). The United Nations definition of water affordability further characterizes “undue hardship” by describing water affordability as **“essential water and sanitation services available at a price that does not prevent access, nor interfere with other essential expenditures such as food, healthcare, housing, clothing, and education”** (United Nations Human Rights Council, 2015). Legal definitions of “undue hardship” refer to the imposition of “significant difficulty or expense” as a result of a lack of adequate accommodation (Cornell Law School, 2024). These definitions also note that while people may successfully pay water bills, they may still be facing undue hardship related to other categories of necessary spending. Therefore, simply examining the rates of customer nonpayment may provide an incomplete view of undue hardship.<sup>4</sup>

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<sup>3</sup> Schneemann, M. (2019). *Defining & measuring water affordability: A literature review*. Illinois-Indiana Sea Grant. <https://iiseagrant.org/publications/water-affordability-method-literature-review/>

<sup>4</sup> US EPA. [Water Affordability Needs Assessment Report to Congress](#) (2024). 14.

Figure 3 below ranks (from highest to lowest) the combined monthly sewer bill for WTD’s 34 local service agencies; WTD’s portion of the sewer bill is shown in dark green next to the local service agencies’ portion of the bill.<sup>5</sup>

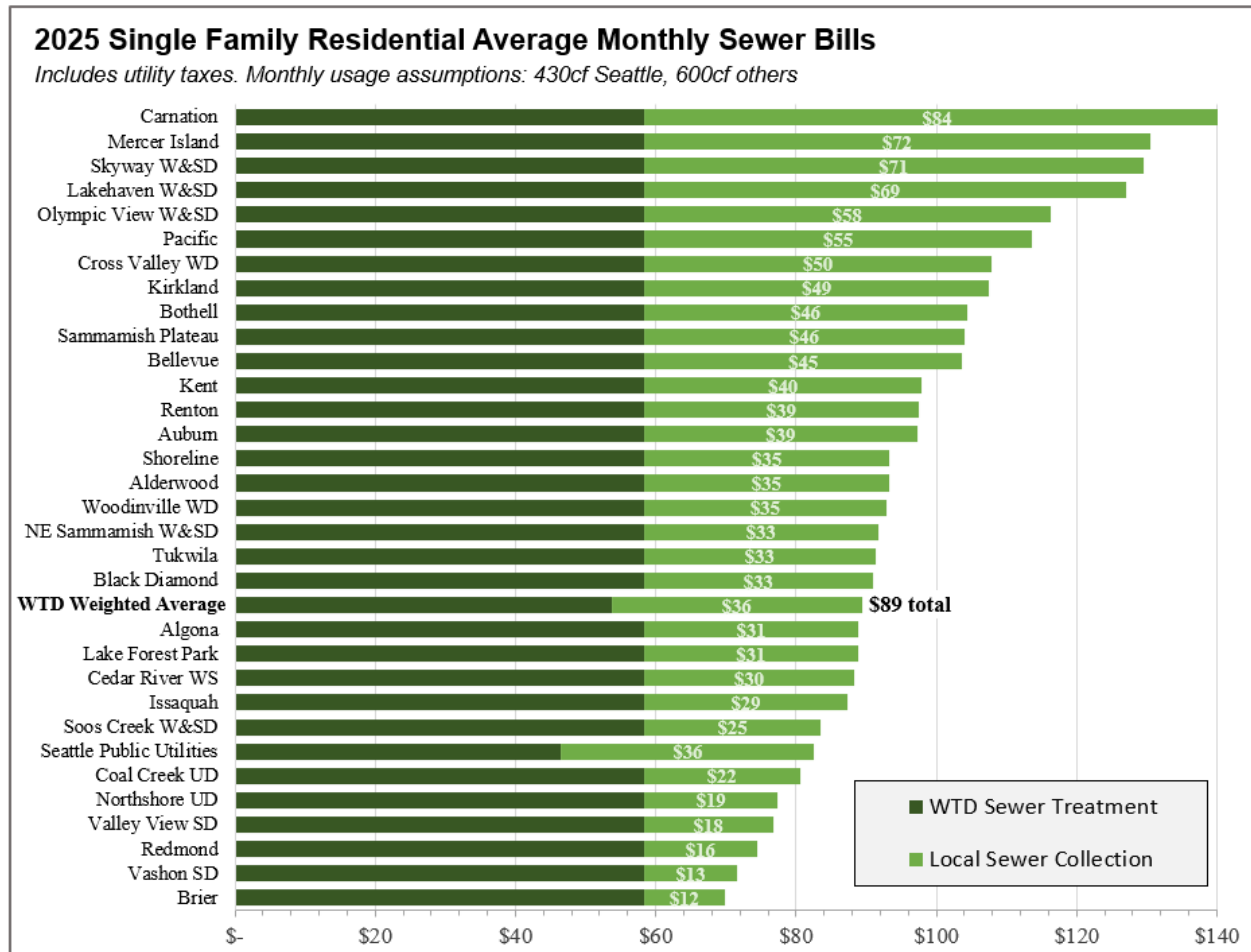


Figure 3. 2025 Single Family Residential Average Monthly Sewer Bills

<sup>5</sup> Seattle Public Utilities charges single-family homes on a volumetric basis, instead of using a direct pass-through of WTD’s fixed treatment rate per single-family home. This blended charge per 100 cubic feet effectively lowers the treatment rate portion paid by the average Seattle single-family home, as shown in the chart



Figure 5 below shows the Lowest Quintile Residential Indicator (LQRI) individually calculated for each service area, using the average bill from Figure 1 and the local incomes. As described above, the LQRI metric is equal to the annual sewer bill (inclusive of collection, treatment, taxes, and stormwater) divided by the lowest 20% of household income.

Service Area	# of Customers	2025				
		Sewer & Stormwater Monthly Bills (w taxes)	Median Household Income	MHI RI	Lowest Quintile Income	LQRI
Alderwood Water & Wastewater District	54,502	\$105	\$129,445	1.0%	\$67,519	1.9%
City of Algona	1,659	\$105	\$91,876	1.4%	\$60,344	2.1%
City of Auburn	31,430	\$117	\$94,427	1.5%	\$52,231	2.7%
City of Bellevue	66,330	\$114	\$161,300	0.9%	\$69,115	2.0%
City of Black Diamond	2,465	\$114	\$147,069	0.9%	\$89,808	1.5%
City of Bothell	8,707	\$125	\$130,654	1.2%	\$58,172	2.6%
City of Brier	1,806	\$89	\$144,995	0.7%	\$78,249	1.4%
City of Carnation	942	\$154	\$171,369	1.1%	\$75,125	2.5%
Cedar River Water & Sewer District	5,511	\$118	\$115,870	1.2%	\$66,363	2.1%
Coal Creek Utility District	4,942	\$114	\$174,098	0.8%	\$71,089	1.9%
Cross Valley Water District	418	\$120	\$162,425	0.9%	\$72,789	2.0%
Highlands Sewer District	N/A	N/A	N/A	N/A	N/A	N/A
City of Issaquah	13,371	\$109	\$145,356	0.9%	\$70,259	1.9%
City of Kent	37,334	\$117	\$86,230	1.6%	\$45,294	3.1%
City of Kirkland	16,265	\$131	\$172,537	0.9%	\$71,630	2.2%
City of Lake Forest Park	4,066	\$117	\$142,418	1.0%	\$73,898	1.9%
Lakehaven Utility District	1,152	\$145	\$126,324	1.4%	\$66,308	2.6%
City of Mercer Island	8,655	\$157	\$192,862	1.0%	\$91,442	2.1%
Muckleshoot Indian Tribe	N/A	N/A	N/A	N/A	N/A	N/A
NE Sammamish Sewer & Water District	4,845	\$131	\$232,071	0.7%	\$125,694	1.3%
Northshore Utility District	31,452	\$99	\$137,364	0.9%	\$65,547	1.8%
Olympic View Water & Sewer District	215	\$110	\$149,519	0.9%	\$73,429	1.8%
City of Pacific	2,533	\$143	\$92,116	1.9%	\$46,963	3.6%
City of Redmond	34,833	\$91	\$166,710	0.7%	\$71,323	1.5%
City of Renton	32,229	\$116	\$103,037	1.4%	\$50,453	2.8%
City of Shoreline Wastewater Utility	20,408	\$122	\$119,777	1.2%	\$51,262	2.9%
Sammamish Plateau Water	16,626	\$144	\$204,927	0.8%	\$100,056	1.7%
Seattle Public Utilities	303,784	\$139	\$121,984	1.4%	\$47,852	3.5%
Skyway Water & Sewer District	5,247	\$148	\$95,286	1.9%	\$40,056	4.4%
Soos Creek Water & Sewer District	39,537	\$114	\$121,299	1.1%	\$62,378	2.2%
City of Tukwila	7,629	\$111	\$85,950	1.5%	\$55,919	2.4%
Valley View Sewer District	16,921	\$96	\$81,765	1.4%	\$42,963	2.7%
Vashon Island Sewer District	653	\$102	\$106,204	1.1%	\$31,811	3.8%
Woodinville Water District	5,988	\$110	\$151,611	0.9%	\$77,549	1.7%
<b>WTD Weighted Average</b>		<b>\$123</b>	<b>\$129,557</b>	<b>1.1%</b>	<b>\$53,814</b>	<b>2.8%</b>

Figure 5. Lowest Quintile Residential Indicator (LQRI) Table Format

Figure 6 maps the LQRI information geographically, by local sewer agency.

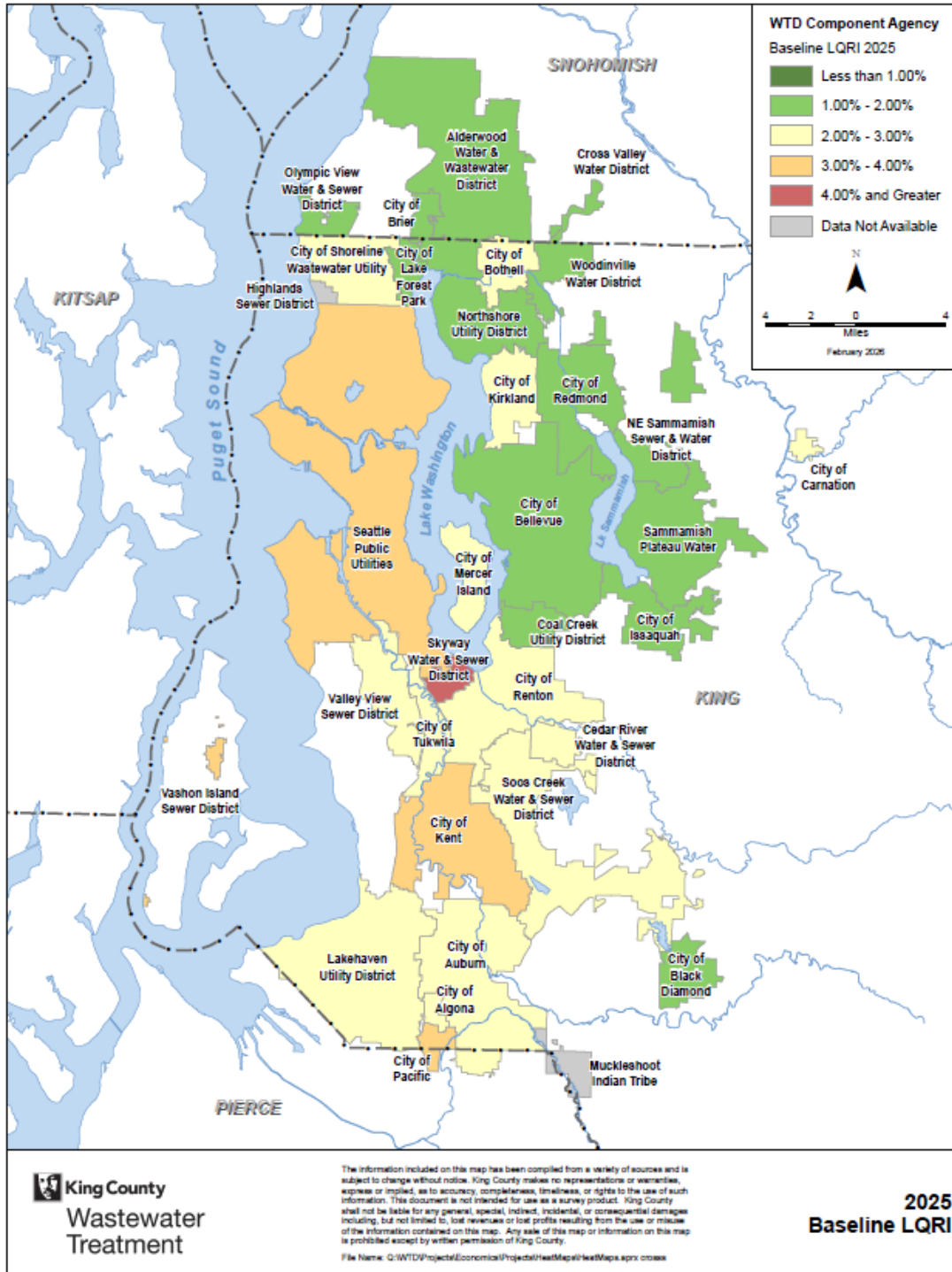


Figure 6. Lowest Quintile Residential Indicator (LQRI) Map Format

Figure 7 below shows a 20-year forecast for both WTD’s sewer bill as a percentage of median household income (MHI) and the LQRI. EPA set 2% as the threshold of “high impact” for the MHI Residential Indicator. Higher impact can justify extended schedules, not reduced regulatory obligations.

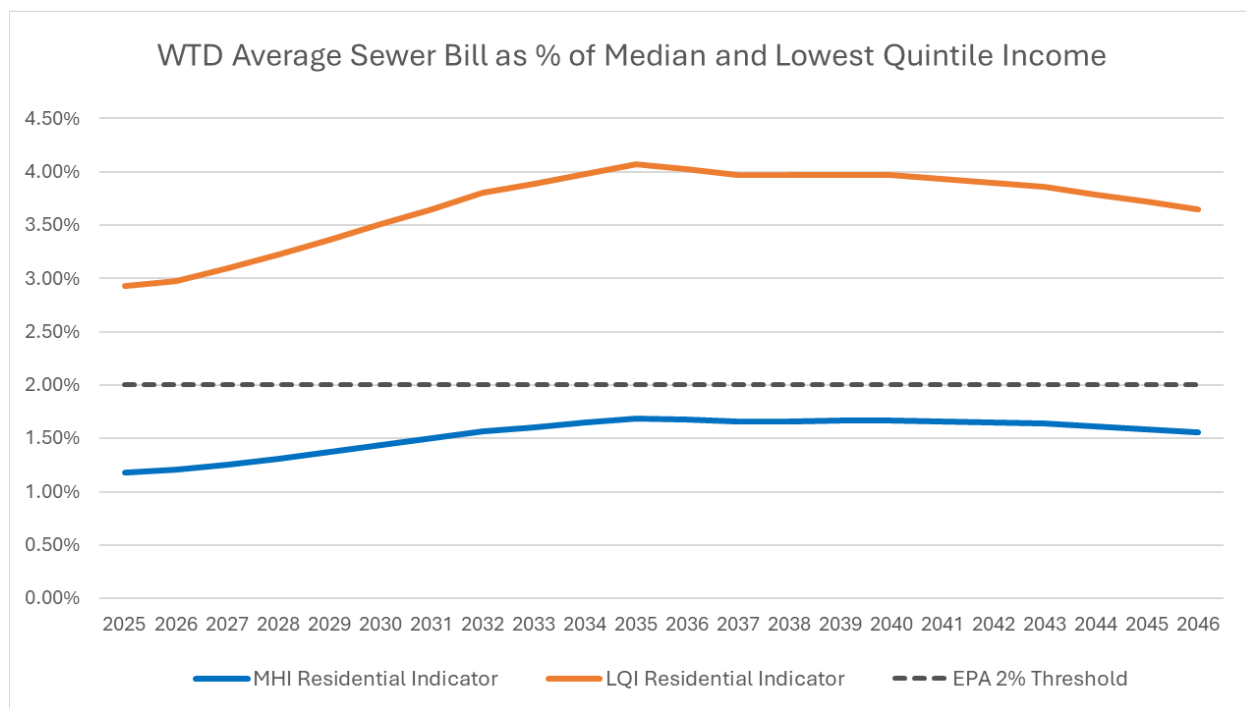


Figure 7. WTD Average Sewer Bill as % of Median and Lowest Quintile Income

In light of shared awareness and growing concern about affordability issues in the water and wastewater sectors as well as limitations in the FCA framework, additional metrics that better reflect the affordability of wastewater bills at the household level are gaining recognition. Professor Manuel P. Teodoro, a professor of public affairs at University of Wisconsin-Madison highly regarded for his contributions to wastewater utility management and finance, has introduced two approaches.

**Affordability Ratio:** The first of these is an affordability metric that incorporates local cost of living (see discussion below). The Affordability Ratio (AR) calculates the costs of water and sewer service as a percentage of household disposable income. For the baseline AR, household disposable income is calculated by subtracting local costs such as taxes, housing, health care, food, and home energy from the census bureau’s household income for the same area. Dr. Teodoro’s rule of thumb is that paying for water and sewer services should not require more than 10% of disposable household income.

When this metric is calculated using disposable income at the lowest quintile, the ratio is called the AR at the 20th percentile (abbreviated as AR<sub>20</sub>). Calculating AR<sub>20</sub> is especially useful for measuring utility affordability for vulnerable populations.

Hours Worked at Minimum Wage: Another innovative affordability metric is the Hours Worked metric, which estimates the number of hours that must be worked at a given wage to pay for monthly water and sewer service. Dr. Teodoro’s rule of thumb is that paying for water and sewer services should not require more than eight hours of work per month. Customizing this calculation to examine Hours Worked at Minimum Wage is valuable because it highlights the burden on minimum wage workers, a group highly susceptible to economic hardship and instability. In this way, eight hours worked at minimum wage may represent a ceiling on the maximum monthly water and wastewater bill that is affordable for the region’s most vulnerable working families.

Figure 8 shows data for AR<sub>20</sub> and hours worked at minimum wage by agency.

AR <sub>20</sub> and Hours Worked (2025 Rates)			
Service Area	# of Customers	AR <sub>20</sub>	Hours Worked
Alderwood Water & Wastewater District	54,502	13%	8.9
City of Algona	1,659	29%	9.4
City of Auburn	31,430	100%	10.4
City of Bellevue	66,330	15%	11.7
City of Black Diamond	2,465	6%	10.5
City of Bothell	8,707	52%	11.3
City of Brier	1,806	6%	7.9
City of Carnation	942	13%	13.9
Cedar River Water & Sewer District	5,511	16%	10.2
Coal Creek Utility District	4,942	11%	9.9
Cross Valley Water District	418	12%	11.3
City of Issaquah	13,371	13%	10.8
City of Kent	37,334	100%	11.4
City of Kirkland	16,265	13%	11.8
City of Lake Forest Park	4,066	10%	9.9
Lakehaven Utility District	1,152	18%	11.0
City of Mercer Island	8,655	8%	14.6
NE Sammamish Sewer & Water District	4,845	3%	11.3
Northshore Utility District	31,452	15%	8.9
Olympic View Water & Sewer District	215	10%	9.9
City of Pacific	2,533	100%	13.1
City of Redmond	34,833	9%	8.0
City of Renton	32,229	100%	7.7
City of Shoreline Wastewater Utility	20,408	100%	11.7
Sammamish Plateau Water	16,626	5%	12.1
Seattle Public Utilities	303,784	100%	9.2
Skyway Water & Sewer District	5,247	100%	13.9
Soos Creek Water & Sewer District	39,537	23%	9.9
City of Tukwila	7,629	82%	6.9
Valley View Sewer District	16,921	100%	9.1
Vashon Island Sewer District	653	100%	8.7
Woodinville Water District	5,988	10%	11.6
<b>WTD Weighted Average</b>		<b>100%</b>	<b>9.8</b>

Figure 8. AR<sub>20</sub> and Hours Worked

## D. Example Practices from Other Jurisdictions/Industry

Lessons can be drawn from peer agencies on best practices for rate relief approaches. The following section attempts to summarize them.

Seattle Public Utilities provides a unique solution to assistance to multifamily renters by partnership with Seattle City Light. Also, its rate structure is mostly volume based, which allows customers to lower their sewer bills by reducing water consumption (although not all households are able to reduce their essential water use).

### Utility Discount Program

If your household income is at or below 70% of the state median income, enroll in the Utility Discount Program to receive an ongoing 50% bill discount on your water, sewer, and solid waste services from Seattle Public Utilities plus a 60% discount on Seattle City Light electricity bills. Learn more about the [Utility Discount Program](#).

In December of 2023, the City of Kirkland updated its code to establish a “universal low-income relief program” that no longer includes age or disability requirements. It also incorporates utility discounts in the form of rebates for those who rent multifamily residential units.

The City of Kirkland offers reduced water, sewer and garbage rates for qualifying low income residential customers. To qualify, applicants must live within Kirkland City Limits and have an annual income at or below [80% AMI for King County](#).

### Sewer:

Reduced sewer rates are 75% of the sewer base charge. Normal rates apply to usage above the basic rate.

In 2017, the City of Philadelphia launched a new Tiered Assistance Program (TAP) for residential customers who meet low-income or “special hardship” criteria. In short, the program is a type of CAP that provides variable discounts to households’ water and sewer bills depending on their poverty level (based on income and household size)

## Assistance Programs Eligibility Guidelines



Below is an overview of the Water Revenue Bureau's (WRB) income-based assistance and benefits. When you provide a completed application, along with all required documentation, WRB uses the application to determine and enroll you in the program that is most beneficial to you.

<b>Tiered Assistance Program (TAP)</b>	<b>Is your household income greater than 150% of FPL?</b>	<b>Senior Citizen Discount</b>
If your household income is equal to or less than 150% of the <b>Federal Poverty Level (FPL)</b> , your monthly water bill payment could be fixed at between 2% and 3% of household income.	<b>Special Hardship Claims:</b> If your household has special circumstances (such as the loss of a job or death of a primary wage earner), your monthly water bill payment could be fixed at 4% of household income. For more information, see <b>Attachment C</b> .	Seniors 65 or older may be eligible for monthly bills discounted by 25% if household income is less than \$38,800 per year.

Household Income to Federal Poverty Level Percentage	Bill as percentage of Household Income
<b>Below 50%</b>	<b>2%</b>
<b>Above 50% and at or below 100%</b>	<b>2.5%</b>
<b>Above 100% and at or below 150%</b>	<b>3%</b>
<b>Above 150% (Special Hardship)</b>	<b>4%</b>

In addition to those mentioned above, Atlanta has a 1% sales and use tax that supports water and sewer upgrades and reduces rates, and Chicago's program covers most of its rates with property tax.

## E. Policy Issues, Challenges, and Opportunities

### *Measuring Affordability*

#### 1. Use of median income

Median income can be a useful benchmark for identifying "typical" income in a given area. However, affordability metrics centered on a typical household inherently obscure the hardships faced by more economically vulnerable residents. WTD's service area—including LSAs, census tracts, zip codes, and neighborhoods—contains households across a wide income spectrum. For example, in King County, the upper bound of the lowest quintile income in 2024 was \$51,349, and the median household income was \$124,700. Understanding rate affordability requires disaggregating income data and examining impacts on households with incomes below the median. Ecology has signaled support for regulated entities assessing impacts on more vulnerable households, through both the introduction of the LQRI and allowance of supplemental analysis in its most recent FCA guidance.

## 2. Cost of living

Using national baselines can overstate communities' economic resilience when the analysis ignores localized cost-of-living pressures. Ecology's FCA guidance improves on EPA's by using a statewide, rather than national, benchmark for FCI and LQPI. But these comparisons can still mask significant disparities. For example, King County's cost of living is dramatically higher than that of Yakima County, despite identical poverty thresholds. Some federal agencies already adjust incomes for regional price differences, recognizing that buying power varies widely across states and metro areas. Other metrics readily available at the census tract level can serve as meaningful proxies for cost of living. For example, median rent can be a meaningful benchmark that correlates with other essential expenses, making it a practical basis for adjusting income and poverty measures for apples-to-apples comparison. WTD would need to develop methods for making those adjustments in a consistent and defensible manner.

## 3. Combined impacts of regional and local costs

Because WTD is a wholesale wastewater treatment provider, its regional treatment costs do not capture the full cost of clean water services borne by local sewer agency customers, who must also fund local collection systems and stormwater management. As a result, affordability metrics generally need to include these local costs. WTD can draw on current and historical LSA residential rate data, but its insight into future rate increases is limited and inconsistent.

## 4. Data availability

WTD's goal of developing a complete and nuanced understanding of local affordability challenges is constrained by practical data limitations. No single dataset provides fully detailed, accurate, and sufficiently disaggregated information for WTD's affordability analyses. Even so, WTD has access to several high-quality, relevant data sources through public datasets and established partnerships, including census-tract-level American Community Survey data and billing information reported by LSAs.

### *Rate Relief – Policy Issues, Challenges and Opportunities*

1. WTD is a wholesaler; it does not have a direct relationship with residents outside of the capacity charge and is therefore limited in its ability to provide customer assistance programs (CAPs). Policy options in the following section will explore possibilities to leverage local agency partner CAPs or modify existing legal conditions to allow support to be directed to those who most need it.

2. State and federal law require utilities to charge uniform, nondiscriminatory rates for the same class of customer with limited exceptions.
  - a. Utilities may establish different customer classes based on reasonable distinctions, such as differences in cost (i.e., customer classes that cost the utility more to serve) or differences in kind (i.e., high-strength industrial dischargers)
  - b. An additional exception exists for a low-income customer class, “Any county, city ...public utility district or other municipal corporation providing utility services may provide such services at reduced rates for low-income senior citizens or other low-income citizens” RCW 74.38.070.
3. Utility rates are a fee for service (not a tax), and utilities cannot force some customer classes to subsidize other classes outside of low-income assistance.
4. Current terms of local sewer agency contracts. Establishing new customer classes, different fee structures, or some other rate relief efforts would require changes to existing contracts, and uniform adoption across all contracts.

#### **F. Affordability Metrics and Rate Relief Policy Approaches**

- Policy question: *How will WTD measure customer affordability for contract agencies and ratepayers?*

The range of possible metrics to measure affordability, as described in more detail in Section C.v. of this memo, is shown below. During the “Step 2” analysis for this topic, WTD will use these to identify a suite of recommended metrics to measure affordability, rather than a range of policy options.

1. Residential Indicator (RI) – sewer bill as percentage of median household income (MHI)
2. Financial Capability Indicator (FCI) – utility and community’s collective ability to manage financial burden of compliance
3. Poverty Indicator – measures prevalence of poverty in the service area
4. Lowest Quintile Residential Income (LQRI) – sewer bill as percentage of lowest quintile income
5. AR<sub>20</sub> – calculates cost of water and sewer service as percentage of household disposable income for the lowest quintile
6. Hours Worked at Minimum Wage – number of hours worked at any given wage to pay for water and sewer service

- Policy question: *What other rate relief approaches should WTD implement to improve affordability for those who may struggle to pay their sewer bill?*

The range of rate relief approaches that WTD could implement to answer this question:

1. **Status Quo** – uniform rate structure and ongoing cost containment efforts.
2. **Apply Affordability Metrics** – benchmarking with recommended mitigation actions.
3. **LSA Partnership** – data sharing, working regionally towards better CAP enrollment.
4. **CAP Requirement** – all LSAs required to have a CAP for sewer rate customers.
5. **Low-Income Rate Class** – institute new rate class and eligibility requirements for those most in need of assistance.
6. **Tax-Funding Alternatives** – investigate property tax options in place of the fee for service structure.
7. **Regulate multifamily landlords to prevent inflated pass-through increases/charges and strengthen renters’/tenant protections against sewer rate over billing.**

### Summary of Rate Relief Approaches

	Description	Goals/outcomes	Tradeoffs
#1	<p>Status Quo: Maintain prudent financial stewardship of rate payer funds through cost containment, project prioritization, and best-available financing.</p>	<p>Maintain current practices to assess rate affordability, limit annual rate increases, and strengthen protections for vulnerable customers.</p>	<p>This approach would continue WTD’s current practice of proactively using rate smoothing, project deferral, seeking lower interest financing, etc. to manage rate shocks, but with no special affordability metrics for the general sewer rate. It would continue WTD’s capacity charge relief efforts including the payment plan program.</p>
#2	<p>Apply Affordability Metrics: Measure current rate path against benchmarks of affordability to inform key decision-making, mitigation efforts, and future planning.</p>	<p>An affordability framework with common goals and language between WTD and partners is established. Initial mitigation efforts and triggers can be discussed and paired with other rate relief efforts.</p>	<p>Setting fixed thresholds/triggers/goals is challenging as no one metric perfectly encapsulates the experiences of those struggling to pay their bills in the region. If/when WTD’s rate exceeds thresholds, which would be largely driven by regulatory requirements without immediate off ramps, there may be dissatisfaction from interested parties that the subsequent actions/mitigation work might be more focused on partnership, predictability, and leverage of existing LSA CAPs than actual rate reduction.</p>

	Description	Goals/outcomes	Tradeoffs
#3	LSA Partnership: Partner with local sewer agencies to share customer affordability data and increase use of their customer assistance programs (CAPs).	Barriers to enrollment in LSA CAPS regionally are lowered/removed. WTD and LSA partners can engage in decision making with confidence in shared data.	This approach would focus on increasing collaboration with LSAs to share best practices on CAPs, minimize administrative costs, and help in expanding enrollment in the programs. It would not require CAPs as part of the LSA contracts. Without a requirement, it may be challenging to realize meaningful improvement in enrollment in the populations that could most use the assistance.
#4	CAP Requirement: Require all LSAs to offer CAPs via contracts.	CAP enrollment and eligibility are standardized and universally accessible across the WTD service area.	This approach builds on approach #3 by requiring all LSAs to have a CAP in their service contract, as well as standardizing the eligibility requirements of those programs. Renegotiating contracts is a significant lift and not all LSA partners may agree.
#5	Low-Income Rate Class: Add low-income as a customer class at a lower rate than other RCEs.	Rates are subsidized regionally rather than the administration of assistance sitting at the local level.	Would require council adoption, then standardization of low-income requirements across all LSA contracts, as well as local covenants to ensure that low-income rates pass through to actual residents, as opposed to individual agencies or landlords. Would de facto raise the sewer rate for everyone who is not

	Description	Goals/outcomes	Tradeoffs
			part of the low-income rate class. Low-income households that do not sign up would end up paying the higher rate.
#6	Tax-Funding Alternatives: Fund all or part of the sewer rate through property taxes, which are more progressive than the current structure.	A more progressive distribution of costs is achieved, helping to alleviate burden on those most affected by increases to the revenue requirement.	Although this approach would be more progressive, there are significant legal and practical feasibility challenges. It would require significant changes to both LSA contracts and local tax structure. Thus, it is not recommended as practical.
#7	Regulate Multifamily landlords to prevent inflated pass through increases/charges: This approach would limit the pass-through increases to tenants to no more than the LSA sewer bill increases from year to year.	Tenant protections are improved – historically some of the most vulnerable communities. Bill increases associated with the sewer rate cannot be inappropriately inflated.	These type of tenant improvement laws are outside of WTD’s current purview and would require significant legal counsel and work with the State Legislature and Governor’s Office to implement. More data is required to understand the prevalence and nature of this phenomenon.

### **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 affordability metrics and rate relief approaches. 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**

Several of the rate relief approaches described above would have impacts on the rate structure. Establishing rate-setting policies that rates cannot exceed a benchmark (approach #2) would have obvious limitations on rate growth.

Policy approach #5, Low Income Rate Class, would have a major impact on WTD's rate structure. LSAs with a higher percentage of low-income households would pay less, and LSAs with a lower percentage of low-income households would pay more. The exact implications of policy approach #6, Tax Funding Alternatives, would depend on further definition of the tax-funding structure, but a full replacement of the sewer rate would shift the burden from low-income households to households living in higher valued properties.

Similarly, changes to WTD's rate structure could have indirect impacts on affordability, such as updating the RCE equivalency factor, implementing I/I surcharges, or moving to a fully volumetric rate design.

### **I. Relationship to contracts**

Many of the rate relief approaches discussed would require changes to the sewer rate contracts, such as the requirement and standardization of CAPs, or the addition of a low-income customer class. Adoption of these measures would require universal adoption across LSA contracts. The sewer contracts also state that the contracts may be modified from time to time through changes to King County Code.

### **J. Equity and Social Justice (ESJ) impacts**

To be identified and analyzed as policy approaches are finalized. Different rate relief approaches have varying impact on the progressiveness of cost structure and equitability of rate burdens on the service area.

### **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.

## **RWQC Work Program for 2026 June 1, 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.
- ✓ Wastewater Treatment Division's Preliminary 2027 Sewer Rate and Capacity Charge, Including Rate Options.

### 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.)
- ✓ WTD's 2027 Sewer Rate and Capacity Charge Recommendations and Options.
- ✓ WTD Initial Presentation Prior to Ordinance Transmittal on Proposed Capacity Charge Code Changes.

**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.
- ✓ WTD's 2027 Sewer Rate and Capacity Charge Recommendations and Options
- ✓ If transmitted and time available, Proposed Capacity Charge Code Changes.

### May 6, 2026

- ✓ Executive's Proposed 2027 Sewer Rate and Capacity Charge.
- ✓ Proviso Response on RWSP Policy Questions.
- ✓ Regional Wastewater Services Plan Update Policy Questions Initial Analysis Group 3: Asset Renewal and Replacement.
- ✓ Proposed Ordinance 2026-0066. Capacity Charge Code Changes.

**June 3, 2026**

- ✓ Proposed Ordinance 2026-0066 on Capacity Charge Code Changes.
- ✓ Regional Wastewater Services Plan Update: Policy Questions Initial Analysis Group 4: Climate Impact and Natural Disaster Resiliency.
- ✓ Executive's Proposed 2027 Sewer Rate and Capacity Charge.

**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.
- 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).
- Briefing by Edward Cebron, WTD Financial Planning Review. (40 minutes)

**September 3, 2026**

- Regional Wastewater Services Plan Update Policy Questions Initial Analysis Group 7: Level of Treatment (50 minutes).
- Regional Wastewater Services Plan Vision

**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).
- Update on Puget Sound Nutrient Issue (30 minutes).
- Capital Project Cost Update per proviso (Written).

**November 5, 2026**

- Regional Wastewater Services Plan Update Policy Questions Initial Analysis Group 9: Rate structure/Robinswood questions (70 minutes)

**December 3, 2026**

- Stormwater Update
- 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 #1-9 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.