



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**June 14, 2011**

**Ordinance 17102**

**Proposed No. 2011-0211.1**

**Sponsors Patterson**

1 AN ORDINANCE determining the monetary requirements  
2 for the disposal of sewage for the fiscal year beginning  
3 January 1, 2012, and ending December 31, 2012, setting  
4 the sewer rate for the fiscal year beginning January 1, 2012,  
5 and ending December 31, 2012, and approving the amount  
6 of the sewage treatment capacity charge for 2012, in  
7 accordance with RCW 35.58.570; and amending Ordinance  
8 12353, Section 2, as amended, and K.C.C. 4.90.010, and  
9 Ordinance 11398, Section 1, as amended, and K.C.C.  
10 28.84.055.

11 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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

14 A. Having determined the monetary requirements for the disposal of sewage, the  
15 council hereby adopts a ((2011)) 2012 sewer rate of thirty-six dollars and ten cents per  
16 residential customer equivalent per month. Once a sewer rate ordinance becomes  
17 effective, the clerk of the council is directed to deliver a copy of that ordinance to each  
18 agency having an agreement for sewage disposal with King County.

19 B. The King County council approves the application of Statement of Financial  
20 Accounting Standards No. 71 (FAS 71) to treat pollution remediation obligations (~~and~~  
21 ~~the first year start up costs after construction on new plants~~) as regulatory assets, and  
22 establish a rate stabilization reserve for the purpose of leveling rates between years.

23 C. As required for FAS 71 application, amounts are to be placed in the rate  
24 stabilization reserve from operating revenues and removed from the calculation of debt  
25 service coverage. The reserve balance shall be an amount at least sufficient to maintain a  
26 level sewer rate between 2011 and 2012, and shall be used solely for the purposes of:  
27 maintaining the level sewer rate in 2012; and if additional reserve balance is available,  
28 moderating future rate increases beyond 2012. ~~((If the))~~ The estimated amount of the  
29 reserve, as shown in the financial forecast, Attachment A to ~~((Ordinance 16858))~~ this  
30 ordinance, shall be revised in accordance with the 2012 adopted budget and financial  
31 plan. If the reserve needs to be reduced to meet debt service coverage requirements for  
32 ~~((2010))~~ 2011, the county executive shall notify the council of the change by providing  
33 an updated financial forecast.

34 D. The executive shall provide monthly cost reports to the council on Brightwater  
35 as outlined in K.C.C. 28.86.165.

36 SECTION 2. Monetary requirements for the disposal of sewage as defined by  
37 contract with the component sewer agencies for the fiscal year beginning January 1,  
38 2012, and ending December 31, 2012. The council hereby determines the monetary  
39 requirements for the disposal of sewage as follows:

40 Administration, operating, maintenance repair and replace (net of other income):  
41 \$65,103,007.

42 Establishment and maintenance of necessary working capital reserves:

43 -\$23,087,057.

44 Requirements of revenue bond resolutions (not included in above items and net of  
45 interest income): \$264,193,203.

46 TOTAL: \$306,209,153.

47 SECTION 3. Ordinance 11398, Section 1, as amended, and K.C.C. 28.84.055 are  
48 each hereby amended as follows:

49 A. ~~((The amount of the 1994 metropolitan sewage facility capacity charge  
50 adopted by K.C.C. 28.84.050.O. shall be seven dollars per month per residential customer  
51 or residential customer equivalent for fifteen years.~~

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

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

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

62 E. ~~The amount of the sewage treatment capacity charge adopted by K.C.C.  
63 28.84.050.O. shall be ten dollars and fifty cents per month per residential customer or~~

64 ~~equivalent for fifteen years for sewer connections occurring between and including~~  
65 ~~January 1, 1998, and December 31, 1998.~~

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

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

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

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

82 ~~J. The amount of the sewage treatment capacity charge adopted by K.C.C.~~  
83 ~~28.84.050.O. shall be seventeen dollars and sixty cents per month per residential~~  
84 ~~customer or equivalent for fifteen years for sewer connections occurring between and~~  
85 ~~including January 1, 2003, and December 31, 2003.~~

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

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

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

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

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

106           ~~P. The amount of the sewage treatment capacity charge adopted by K.C.C.~~  
107           ~~28.84.050.O. shall be forty seven dollars and sixty four cents per month per residential~~

108 ~~customer or equivalent for fifteen years for sewer connections occurring between and~~  
109 ~~including January 1, 2009, and December 31, 2009.~~

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

114 ~~R. The amount of the sewage treatment capacity charge adopted by K.C.C.~~  
115 ~~28.84.050.O. shall be fifty dollars and forty five cents per month per residential customer~~  
116 ~~or equivalent for fifteen years for sewer connections occurring between and including~~  
117 ~~January 1, 2011, and December 31, 2011.)) The amount of the metropolitan sewage~~  
118 ~~facility capacity charge adopted by K.C.C. 28.84.050.O. that is charged monthly for~~  
119 ~~fifteen years per residential customer or residential customer equivalent shall be:~~

120 ~~1. Seven dollars for sewer connections occurring between and including January~~  
121 ~~1, 1994, and December 31, 1997;~~

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

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

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

128 ~~5. Eighteen dollars for sewer connections occurring between and including~~  
129 ~~January 1, 2004, and December 31, 2004;~~

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

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

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

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

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

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

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

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

148           2. In accordance with adopted policy FP- 6 in the Regional Wastewater Services  
149 Plan, K.C.C. 28.86.160.C, the council hereby approves the cash balance and reserves as  
150 contained in the attached financial plan for ~~((2011))~~ 2012.

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

153 in a single payment, while preserving the option for new ratepayers to finance the  
154 capacity charge.  
155

Ordinance 17102 was introduced on 5/2/2011 and passed by the Metropolitan King County Council on 6/13/2011, by the following vote:

Yes: 8 - Mr. Phillips, Mr. von Reichbauer, Mr. Gossett, Ms. Hague,  
Ms. Patterson, Mr. Ferguson, Mr. Dunn and Mr. McDermott  
No: 0  
Excused: 1 - Ms. Lambert

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON


  
Larry Gossett, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 17 day of JUNE, 2011.

  
Dow Constantine, County Executive

RECEIVED  
2011 JUN 17 PM 4:13  
CLERK  
KING COUNTY COUNCIL

**Attachments:** A. Wastewater Treatment Division Financial Plan for the 2012 Proposed Sewer Rate



17102 ATTACHMENT A: Wastewater Treatment Division Financial Plan for the 2012 Proposed Sewer Rate

	2010 Preliminary	2011 Forecast	2012 Forecast	2013 Forecast	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast
CUSTOMER EQUIVALENTS (RCES)	704.39	700.87	700.87	700.87	704.37	710.01	715.69	721.41
MONTHLY RATE	\$31.90	\$36.10	\$36.10	\$39.92	\$39.98	\$43.20	\$43.35	\$43.95
% Increase		13.2%	0.0%	10.6%	0.2%	8.0%	0.4%	1.4%
BEGINNING OPERATING FUND	45,462	61,465	79,512	53,628	33,010	12,489	12,989	13,508
OPERATING REVENUE:								
Customer Charges	269,533	303,616	303,616	335,721	337,957	368,067	372,330	380,448
Investment Income	2,944	2,042	1,671	5,041	8,449	12,579	13,250	13,660
Capacity Charge	41,363	39,902	42,694	46,373	50,785	56,059	61,736	67,769
Rate Stabilization *	(15,850)	(17,400)	26,400	21,000	21,000	-	-	-
Other Income	9,736	7,936	8,479	8,636	9,969	10,168	10,372	10,579
TOTAL OPERATING REVENUES	307,725	336,096	382,860	416,770	428,160	446,873	457,688	472,456
OPERATING EXPENSE	(104,654)	(111,116)	(116,276)	(120,101)	(124,893)	(129,889)	(135,084)	(141,999)
DEBT SERVICE REQUIREMENT PARITY DEBT **	(146,492)	(169,854)	(197,347)	(222,698)	(228,000)	(233,480)	(240,910)	(248,868)
SUBORDINATE DEBT SERVICE	(12,127)	(14,339)	(16,449)	(21,524)	(25,153)	(35,229)	(32,690)	(32,608)
DEBT SERVICE COVERAGE RATIO	1.39	1.32	1.35	1.33	1.33	1.36	1.34	1.33
DEBT SERVICE COVERAGE RATIO TOTAL PAYMENTS	1.28	1.15	1.15	1.15	1.15	1.15	1.15	1.15
INTER-FUND LOAN REPAYMENT	(20,447)	(20,275)	(20,165)	(20,146)	-	-	-	-
LIQUIDITY RESERVE CONTRIBUTION	(154)	(646)	(516)	(383)	(479)	(500)	(520)	(692)
TRANSFERS TO CAPITAL	(23,851)	(19,867)	(32,107)	(31,919)	(49,634)	(47,776)	(48,484)	(48,290)
RATE STABILIZATION RESERVE *	51,000	68,400	42,000	21,000	-	-	-	-
OPERATING LIQUIDITY RESERVE BALANCE	10,465	11,112	11,628	12,010	12,489	12,989	13,508	14,200
OPERATING FUND ENDING BALANCE	61,465	79,512	53,628	33,010	12,489	12,989	13,508	14,200
<b>CONSTRUCTION FUND</b>								
BEGINNING FUND BALANCE	5,000	5,000	5,426	6,571	5,000	5,000	5,000	5,000
REVENUES:								
Parity Bonds	300,000	175,000	50,000	91,052	86,314	89,938	116,060	124,954
Variable Debt Bonds	101,986	78,380	70,000	15,000	0	15,000	-	-
Grants & Loans	6,340	5,957	15,217	14,510	784	0	-	-
Other	500	500	500	500	500	500	500	500
Transfers From Operating Fund	23,851	19,867	32,107	31,919	49,634	47,776	48,484	48,290
TOTAL REVENUES	432,677	279,704	167,824	152,981	137,232	153,214	165,044	173,744
CAPITAL EXPENDITURES	(400,427)	(278,682)	(137,352)	(146,868)	(129,949)	(144,500)	(163,200)	(163,200)
DEBT ISSUANCE COSTS	(2,615)	(1,696)	(1,350)	(1,896)	(1,726)	(1,874)	(2,321)	(2,499)
BOND RESERVE TRANSACTIONS	(9,595)	17,490	(20,648)	(5,787)	(5,557)	(5,790)	1,528	(8,044)
DEBT SERVICE, CAPITALIZED INTEREST RESERVE	(29,484)	(29,403)	(7,331)	-	-	-	-	-
ADJUSTMENTS	9,444	13,014	-	-	-	(1,051)	(1,051)	-
ENDING FUND BALANCE	5,000	5,426	6,571	5,000	5,000	5,000	5,000	5,000
CONSTRUCTION FUND RESERVES								
Bond & Loan Reserves	172,286	154,796	175,443	181,230	186,787	193,627	193,150	201,194
Policy Reserves	22,500	15,000	15,000	15,000	15,000	15,000	15,000	15,000
TOTAL FUND RESERVES	194,786	169,796	190,443	196,230	201,787	208,627	208,150	216,194
CONSTRUCTION FUND BALANCE	199,786	175,222	197,014	201,230	206,787	213,627	213,150	221,195

\* This revenue is accounted for as a regulatory asset to be deferred to future years in accordance with FAS-71.

\*\* This includes a Regulatory Asset for a \$50.3 million estimate of Environmental Remediation Liability in accordance with FAS-71 which will be amortized over a 30 year average bond term.