



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

June 20, 2016

Ordinance 18305

Proposed No. 2016-0233.1

Sponsors Upthegrove

1 AN ORDINANCE determining the monetary requirements
2 for the disposal of sewage for the fiscal year beginning
3 January 1, 2017, and ending December 31, 2017; setting
4 the sewer rate for the fiscal year beginning January 1, 2017,
5 and ending December 31, 2017, and approving the amount
6 of the sewage treatment capacity charge for 2017, in
7 accordance with RCW 35.58.570; and amending Ordinance
8 12353, Section 2, as amended, and K.C.C. 4A.670.100 and
9 Ordinance 11398, Section 1, as amended, and K.C.C.
10 28.84.055.

11 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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

14 A. Having determined the monetary requirements for the disposal of sewage, the
15 council hereby adopts a ~~((2016))~~ 2017 sewer rate of ~~((forty-two dollars and three))~~ forty-
16 four dollars and twenty-two cents per residential customer equivalent per month. Once a
17 sewer rate ordinance becomes effective, the clerk of the council is directed to deliver a
18 copy of that ordinance to each agency having an agreement for sewage disposal with
19 King County.

20 B. The King County council approves the application of ~~((Statement of Financial~~
21 ~~Accounting Standards No. 71 (FAS 71)))~~ Statement No. 62 of the Governmental
22 Accounting Standards Board (GASB-62) as it pertains to regulatory assets and liabilities
23 to treat pollution remediation obligations and RainWise Program expenditures and
24 strategic planning costs as regulatory assets, recovered ratably over the life of the
25 underlying financing, and establish a rate stabilization reserve for the purpose of leveling
26 rates between years.

27 C. As required for ~~((FAS 71))~~ GASB-62 application, amounts are to be placed in
28 the rate stabilization reserve from operating revenues and removed from the calculation
29 of debt service coverage. The reserve balance shall be an amount at least sufficient to
30 maintain a level sewer rate between ~~((2015))~~ 2017 and ~~((2016))~~ 2018, and shall be used
31 solely for the purposes of: maintaining the level sewer rate in ~~((2016))~~ 2018; and if
32 additional reserve balance is available, moderating future rate increases beyond ~~((2016))~~
33 2018. The estimated amount of the reserve, as shown in the financial forecast,
34 Attachment A to ~~((Ordinance 18064))~~ this ordinance, shall be revised in accordance with
35 the ~~((2015/2016))~~ 2017/2018 adopted biennial budget and financial plan. If the reserve
36 needs to be reduced to meet debt service coverage requirements for ~~((2015))~~ 2016, the
37 county executive shall notify the council of the change by providing an updated financial
38 forecast.

39 SECTION 2. Monetary requirements for the disposal of sewage as defined by
40 contract with the component sewer agencies for the fiscal year beginning January 1,
41 2017, and ending December 31, 2017. The council hereby determines the monetary
42 requirements for the disposal of sewage as follows:

43 Administration, operating, maintenance repair and replacement (net of other
44 income): \$66,064,664.

45 Establishment and maintenance of necessary working capital reserves:
46 \$23,486,458.

47 Requirements of revenue bond resolutions (not included in above items and net of
48 interest income): \$304,476,273.

49 TOTAL: \$394,027,395.

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

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

55 1. Seven dollars for sewer connections occurring between and including January
56 1, 1994, and December 31, 1997;

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

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

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

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

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

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

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

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

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

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

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

79 13. Fifty-three dollars and fifty cents for sewer connections occurring between
80 and including January 1, 2013, and December 31, 2013; ~~((and))~~

81 14. Fifty-five dollars and thirty-five cents for sewer connections occurring
82 between and including January 1, 2014, and December 31, 2014~~((:));~~

83 15. Fifty-seven dollars for sewer connections occurring between and including
84 January 1, 2015, and December 31, 2015~~((:));~~

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

87 17. Sixty dollars and eighty cents for sewer connections occurring between and
88 including January 1, 2017, and December 31, 2017.

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

93 2. In accordance with adopted policy FP- 6 in the Regional Wastewater Services
94 Plan, K.C.C. 28.86.160.C., the council hereby approves the cash balance and reserves as
95 contained in the attached financial plan for ~~((2016))~~ 2017.

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

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

100

Ordinance 18305 was introduced on 5/9/2016 and passed by the Metropolitan King County Council on 6/20/2016, by the following vote:

Yes: 8 - Mr. von Reichbauer, Mr. Gossett, Ms. Lambert, Mr. Dunn,
Mr. McDermott, Mr. Upthegrove, Ms. Kohl-Welles and Ms. Balducci
No: 1 - Mr. Dembowski
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



J. Joseph McDermott, Chair

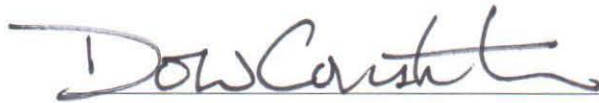
ATTEST:



Anne Noris, Clerk of the Council

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2016 JUN 20 PM 3:54
CLERK
KING COUNTY COUNCIL

APPROVED this 20 day of JUNE, 2016



Dow Constantine, County Executive

Attachments: A. Wastewater Treatment Division Financial Plan for the 2017 Proposed Sewer Rate

Attachment A: Wastewater Treatment Division Financial Plan for the 2017 Proposed Sewer Rate Ordinance 18305

Biennium Recommended 18305	2015	2016	2017	2018	2019	2020	2021	2022
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
CUSTOMER EQUIVALENTS (RCEs)	736.09	740.50	744.94	748.67	752.79	757.45	762.15	766.88
MONTHLY RATE	\$42.03	\$42.03	\$44.22	\$44.22	\$46.53	\$46.53	\$ 47.73	\$ 48.97
% Increase	5.6%	0.0%	5.2%	0.0%	5.2%	0.0%	2.6%	2.6%
BEGINNING OPERATING FUND	\$ 59,120	\$ 59,120	\$ 61,028	\$ 60,993	\$ 58,980	\$ 55,989	\$ 48,738	\$ 46,397
OPERATING REVENUE:								
Customer Charges	\$ 371,252	\$ 373,480	\$ 395,329	\$ 397,305	\$ 420,327	\$ 422,940	\$ 436,537	\$ 450,637
Capacity Charge	66,405	66,202	70,366	75,623	81,204	87,187	93,513	100,266
Other Income	12,230	10,656	11,000	11,330	11,670	12,020	12,381	12,752
Investment Income	2,764	2,512	2,596	3,519	5,441	7,780	9,392	11,422
Rate Stabilization	(12,000)	-	-	2,500	3,600	7,885	3,000	9,365
TOTAL OPERATING REVENUES	\$ 440,651	\$ 452,850	\$ 479,291	\$ 490,277	\$ 522,242	\$ 537,811	\$ 554,823	\$ 584,441
OPERATING EXPENSE	(128,700)	(147,783)	(147,431)	(152,301)	(158,393)	(164,729)	(171,318)	(178,171)
DEBT SERVICE REQUIREMENT PARITY DEBT	(167,694)	(162,435)	(165,266)	(169,657)	(179,260)	(190,334)	(198,703)	(209,970)
DEBT SERVICE REQUIREMENT PARITY LIEN OBLIGATIONS	(41,209)	(54,017)	(54,236)	(54,188)	(54,124)	(53,554)	(53,488)	(53,436)
SUBORDINATE DEBT SERVICE	(18,169)	(38,164)	(47,518)	(53,035)	(52,430)	(51,500)	(51,930)	(53,491)
DEBT SERVICE COVERAGE RATIO PARITY DEBT	1.86	1.88	2.01	1.99	2.03	1.96	1.93	1.93
DEBT SERVICE COVERAGE RATIO TOTAL PAYMENTS	1.37	1.20	1.24	1.22	1.27	1.26	1.26	1.28
AMORTIZATION OF VARIABLE RATE DEBT	-	-	(920)	(1,647)	(1,739)	(1,832)	(2,288)	(11,510)
LIQUIDITY RESERVE CONTRIBUTION	(450)	(1,908)	35	(487)	(609)	(634)	(659)	(685)
TRANSFERS TO CAPITAL	(85,109)	(60,335)	(76,328)	(71,750)	(87,827)	(86,938)	(88,287)	(88,635)
RATE STABILIZATION RESERVE	\$ 46,250	\$ 46,250	\$ 46,250	\$ 43,750	\$ 40,150	\$ 32,265	\$ 29,265	\$ 19,900
OPERATING LIQUIDITY RESERVE BALANCE	12,870	14,778	14,743	15,230	15,839	16,473	17,132	17,817
OPERATING FUND ENDING BALANCE	\$ 59,120	\$ 61,028	\$ 60,993	\$ 58,980	\$ 55,989	\$ 48,738	\$ 46,397	\$ 37,717
CONSTRUCTION FUND								
BEGINNING FUND BALANCE	\$ 36,287	\$ 87,323	\$ 62,834	\$ 5,001	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
REVENUES:								
Parity Bonds	71,900	35,615	-	60,976	134,183	152,668	118,422	151,653
Variable Debt Bonds (new money only)	-	-	-	47,297	-	-	20,405	-
Interim Debt			920	1,647	1,739	1,832	2,288	11,510
Grants & Loans	32,330	58,917	18,523	-	-	-	-	-
Other	500	500	500	500	500	500	500	500
Transfers From Operating Fund	85,109	60,335	76,328	71,750	87,827	86,938	88,287	88,635
TOTAL REVENUES	\$ 189,839	\$ 155,367	\$ 96,271	\$ 182,170	\$ 224,249	\$ 241,938	\$ 229,902	\$ 252,297
CAPITAL EXPENDITURES	(152,800)	(175,975)	(162,832)	(184,242)	(219,912)	(226,811)	(218,105)	(237,917)
DEBT ISSUANCE COSTS	(646)	(712)	-	(1,456)	(2,684)	(3,053)	(2,470)	(3,033)
BOND RESERVE TRANSACTIONS	3,076	(2,251)	10,000	5,570	(240)	(11,091)	(8,603)	(11,017)
ADJUSTMENTS	11,567	(917)	(1,272)	(2,043)	(1,413)	(982)	(723)	(330)
ENDING FUND BALANCE	\$ 87,323	\$ 62,834	\$ 5,001	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
CONSTRUCTION FUND RESERVES								
Bond & Loan Reserves	\$ 173,918	\$ 175,801	\$ 167,073	\$ 163,564	\$ 165,218	\$ 177,291	\$ 186,617	\$ 197,964
Policy Reserves	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
TOTAL FUND RESERVES	\$ 188,918	\$ 190,801	\$ 182,073	\$ 178,564	\$ 180,218	\$ 192,291	\$ 201,617	\$ 212,964
CONSTRUCTION FUND BALANCE	\$ 276,242	\$ 253,635	\$ 187,074	\$ 183,564	\$ 185,218	\$ 197,291	\$ 206,617	\$ 217,964