



SUMMARY KEY MESSAGES

Preliminary DRAFT Wastewater Treatment Division 2019 Financial Performance (as of January 30, 2020)

Overview

- Based on current data, King County Wastewater Treatment Division (WTD) 2019 financial performance is positive.
- Preliminary debt service coverage of 1.51x exceeded expectation
- Utilized \$96 million to retire \$87.1 million of high-interest existing debt, while \$94 million of new bonds at lower rates were issued to fund the capital program. The two transactions reduced future debt payments through 2032 by \$21.5 million with a present value benefit of \$17.3 million.
- EPA invited WTD to apply for a \$90 million low-cost Water Infrastructure Finance and Innovation Act (WIFIA) loan for its portion of the Ship Canal Water Quality Project.
- WTD submitted a Federal Emergency Management Agency (FEMA) Hazard Mitigation Assistance grant for approximately \$2.5M for the West Point Treatment Plant Administration and Operations Center Seismic Upgrades. WTD recently finalized its submission to our state pass-through entity, the Washington Military Department, who will review the application and submitted it to the national level in January.

Revenues

- Residential Customer Equivalents (RCEs) on track at 763,900
- Projected sewer rate revenues on track at \$416 million
- Preliminary capacity charge revenues are almost \$100 million, approximately \$11.5 million more than anticipated. Upfront payments increased by \$8 million while recurring billings increased by \$3.5 million.

Expenditures

- Expenditures were in line with 2019 projections of \$156 million
- Capital spending approximately 62% of 2019 adopted budget, plus supplemental requests with spending estimated at \$212 million

- Projected total debt service is \$249.5 million, approximately \$4.1 million less than anticipated.
- WTD anticipates that 2019 numbers will be finalized by the end of February with no significant change to the underlying positive performance of the Utility.