

Date Created:	August 23, 2023
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Sponsors:	
Attachments:	None

1 ..Title

2 A MOTION requesting the wastewater treatment division
3 develop and maintain a long-term financial and sewer rate
4 forecast.

5 ..Body

6 WHEREAS, the wastewater treatment division protects public health and the
7 environment by collecting and treating wastewater, and

8 WHEREAS, King County charges a sewer rate to the contract agencies that
9 deliver, treat and discharge wastewater, and

10 WHEREAS, sewer rate revenue is the wastewater treatment division's primary
11 funding source, and

12 WHEREAS, the monthly sewer rate revenue collected by the county goes to
13 support all wastewater treatment division expenses, including operating costs, debt
14 service, and capital expenses, and

15 WHEREAS, as part of the rate setting process each year, the wastewater treatment
16 division includes a ten-year rate forecast, and

17 WHEREAS, Section 270 of the King County Charter establishes three regional
18 committees to develop, propose, review and recommend action on regional policies and
19 plans for consideration by the metropolitan county council, and

20 WHEREAS, the regional water quality committee's 2023 work program includes
21 addressing long-term sewer rate projections, and

22 WHEREAS, developing a long-term forecast of rates and revenue requirements
23 would inform decision makers about the primary rate drivers and the effect of policy
24 choices on long-term rates, and

25 WHEREAS, the Regional Wastewater Services Plan was adopted in 1999 to
26 provide policy guidance for the wastewater system through 2030, and

27 WHEREAS, the process to update the Regional Wastewater Services Plan is
28 scheduled to restart in 2023 and will include long-term planning for the regional
29 wastewater system beyond a twenty-year period and up to fifty years or more, and

30 WHEREAS, decision makers desire information from the wastewater treatment
31 division that will facilitate informed discussions on the policy decisions related to the
32 update to the Regional Wastewater Services Plan, and

33 WHEREAS, developing a forecast of the long-term sewer rates includes inherent
34 uncertainty due to unknown or uncertain future regulatory requirements, uncertainty in
35 the system capacity needed to address future growth, uncertainty in financial assumptions
36 about inflation, interest rates, and other factors, and the level of uncertainty increases
37 with the length of the forecast period, and

38 WHEREAS, in accordance with Section 270.30 of the King County Charter and
39 K.C.C. 1.24.065, the regional water quality committee developed this motion to be
40 proposed to the King County council;

41 NOW, THEREFORE, BE IT MOVED by the King County council:

42 A. The wastewater treatment division is requested to develop and maintain a
43 long-term financial and sewer rate forecast. The forecast should be based on revenue

44 requirements needed for the operating and capital investment needs of the regional
45 wastewater system. The forecast should allow for periods of up to seventy-five years.

46 B. The wastewater treatment division is requested to seek comments from
47 ratepayers and other stakeholders and advisors, including the metropolitan water
48 pollution abatement advisory committee. Additionally, the wastewater treatment division
49 is requested to seek an advisory recommendation from an independent national expert on
50 the methodology used to develop the forecast and revenue requirements. The expert may
51 also offer observations and insights as to how such information might be best utilized in
52 decision-making.

53 C.1. The revenue requirements should be reported in total and by categories
54 including but not limited to:

55 a. operating expenditures with separate line items for at least the following
56 categories: employee wages; employee benefits; supplies; services; intragovernmental
57 services; and intragovernmental contributions;

58 b. capital expenditures with separate items for at least the following capital
59 portfolio categories: asset management; known and potential regulatory requirements;
60 capacity improvements including projects for population growth; and those projects
61 addressing infiltration and inflow;

62 c. insurance;

63 d. debt service; and

64 e. reserves, with the type of reserves separated into line items.

65 2. The wastewater treatment division may, with written notice to the chairs of
66 the regional water quality committee and the metropolitan water pollution abatement
67 advisory committee, modify categories for reporting revenue requirements.

68 D. The long-term financial and sewer rate forecast should allow for changes in
69 various assumptions including, but not limited to, the following: expected capital
70 expenditures; asset life expectancy, interest rates on debt; capital project accomplishment
71 rates; general and cost of construction inflation rates; percent of debt financing; length of
72 debt; revenue requirements; number of residential customer equivalents; and revenue
73 sources such that forecast scenarios can be compared using different assumptions.

74 E. The wastewater treatment division is requested to develop an executive
75 summary that explains the long-term financial and sewer rate forecast, the drivers behind
76 the rates, and changes from prior years in simple-to-understand terms.

77 F. The wastewater treatment division is requested to provide status update
78 briefings to the regional water quality committee in January 2024, July 2024, and April
79 2025, on the progress in developing a long-term financial and sewer rate forecast. By
80 July 2025, the wastewater treatment division is requested to brief the regional water
81 quality committee on the wastewater treatment division's long-term financial and sewer
82 rate forecast. The July 2025 briefing should include supporting materials explaining the
83 rate models used to generate the forecast in simple-to-understand terms. In presenting the
84 long-term financial and sewer rate forecast in July 2025, the wastewater treatment
85 division should report on the assumptions that were adopted for the forecast and why the
86 assumptions were selected. It is expected that the briefing on the long-term financial and
87 sewer rate forecast will be completed after the wastewater treatment division has

88 developed a methodology to forecast the long-term costs of capital improvement needs as
89 requested by Motion XXXXX (Proposed Motion 2023-0257).

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