KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

Motion

Proposed No. 2023-0257.2   **Sponsors** Balducci

1   A MOTION requesting the wastewater treatment division

2   research and identify methodologies to forecast the long-

3   term costs of its capital improvement needs.

4   WHEREAS, the wastewater treatment division is responsible for construction,

5 operation, and maintenance of the county's regional wastewater conveyance and

6 treatment system, and

7   WHEREAS, the wastewater treatment division protects public health and the

8 environment by collecting and treating wastewater, and

9   WHEREAS, the wastewater treatment system's capital assets are valued at over

10 four billion dollars and include three regional treatment plants, three hundred ninety-

11 seven miles of conveyance lines, forty-eight pump stations, twenty-five regulator

12 stations, five combined sewer overflow treatment plants, four combined sewer overflow

13 storage facilities, thirty-nine combined sewer overflow outfall locations, two small

14 treatment plants, and one community septic system on Vashon, and

15   WHEREAS, the wastewater conveyance and treatment system includes facilities

16 and equipment dating from the 1960s to the present day, and

17   WHEREAS, maintaining the wastewater system, making repairs, replacing aging

18 components of the system, addressing climate change impacts, preserving the Puget

19 Sound environment, meeting current and emerging regulatory requirements, and

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20   preparing for future population growth are essential to ensure the wastewater system

21   performs reliably and delivers value for customers now and into the future, and

22   WHEREAS, Section 270 of the King County Charter establishes three regional

23   committees to develop, propose, review and recommend action on regional policies and

24   plans for consideration by the metropolitan county council, and

25   WHEREAS, in accordance with K.C.C. 1.24.065, the regional water quality

26   committee develops, recommends, and reviews countywide policies and plans related to

27   the water pollution control functions including water quality comprehensive and long-

28   range capital improvement plans, and

29   WHEREAS, the regional water quality committee's 2023 work program includes

30   addressing long-term sewer rate projections, and

31   WHEREAS, capital improvements needed for regulatory purposes, growth

32   capacity, and asset management are a primary driver of the increasing sewer rates, and

33   WHEREAS, "asset management" for the wastewater treatment division refers to

34   the planning, design, procurement, refurbishment, or replacement of existing sewer lines,

35   equipment, and structures at the county's wastewater treatment facilities and

36   infrastructure, and

37   WHEREAS, capital assets can range in life expectancy from five to one hundred

38   years and financing for some capital improvement projects can extend up to forty years,

39   and

40   WHEREAS, developing a long-term rate forecast cannot be accomplished without

41   forecasting the long-term costs of capital improvement needs, and

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42   WHEREAS, wastewater treatment division's six-year capital improvement

43 program identifies all capital improvements expected to be in process during the six-year

44 plan period and includes, but is not limited to, projects related to asset management,

45 capacity improvements, resiliency, and regulatory requirements, and

46   WHEREAS, the wastewater treatment division forecasts capital improvements

47 over a ten-year period as part of the sewer rate development process, and

48   WHEREAS, the ten-year capital improvement forecast has less certainty and

49 forecasts expected expenditures beyond six years by category rather than by project, and

50   WHEREAS, the wastewater treatment division has begun work to extend its ten-

51 year forecast from ten years to twenty years for asset management, capacity

52 improvements, resiliency, regulatory, and related needs, and

53   WHEREAS, the Regional Wastewater Services Plan was adopted in 1999 to

54 provide policy guidance for the wastewater system through 2030, and

55   WHEREAS, the process to update the Regional Wastewater Services Plan is

56 scheduled to restart in 2023 and will include long-term forecasting for capital investments

57 in the regional wastewater system beyond a twenty-year period and up to fifty years or

58 more, and

59   WHEREAS, developing a method to forecast the long-term costs of the

60 wastewater treatment division's capital improvement needs beyond the next ten years will

61 inform the development of a model to forecast long-term rates and could provide helpful

62 information for decisionmakers to better assess the effect of policy choices, and

63   WHEREAS, developing a forecast of the long-term costs of the wastewater

64 treatment division's capital improvement needs includes inherent uncertainty due to

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65   unknown or uncertain future regulatory requirements, uncertainty in the system capacity

66   needed to address future growth, and uncertainty in financial assumptions about inflation,

67   interest rates, and other factors, and the level of uncertainty increases with the length of

68   the forecast period, and

69   WHEREAS, in accordance with Section 270.30 of the King County Charter and

70   K.C.C. 1.24.065, the regional water quality committee developed this motion to be

71   proposed to the King County council;

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

73   A. The wastewater treatment division is requested to research and identify

74   methodologies to forecast the long-term costs of its capital improvement needs and to

75   seek comment and an advisory recommendation on the methodologies from the

76   metropolitan water pollution abatement advisory committee. The forecast should

77   include, but not be limited to, the following capital improvement categories: asset

78   management; capacity improvements including projects for population growth and those

79   projects addressing infiltration and inflow; and known and potential regulatory

80   requirements. It is acknowledged that any forecasts beyond the standard six-year capital

81   improvement program will have increasing levels of uncertainty with each year beyond

82   the six-year capital improvement program. The recommended methodologies should

83   allow for forecast periods of up to seventy-five years. Each methodology should allow

84   for changes in various assumptions including but not limited to growth capacity, asset

85   lifespan, and known and projected regulatory requirements such that forecast scenarios

86   can be compared using different assumptions. In completing this work, the wastewater

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87   treatment division is encouraged to engage an experienced and independent expert in

88   proven national best practices for successful forecasting methodologies.

89   B. Implementation of long-term forecasting beyond twenty years would inform

90   decision makers as they consider revisions to the county's regional wastewater services

91   plan and should occur during the upcoming process to update to the regional wastewater

92   services plan. Implementation could also occur earlier in consultation with the regional

93   wastewater quality committee. The wastewater treatment division may, with written

94   notice to the chairs of the regional water quality committee and the metropolitan water

95   pollution abatement advisory committee, adopt revisions to the recommended

96   methodologies as needed.

97   C. The wastewater treatment division is requested to provide a status update

98   briefing to the regional water quality committee in September 2023 on the various

99   methodologies under consideration, and by January 2024 to brief the regional water

100   quality committee on a recommended methodology for forecasting the long-term costs of

101   wastewater's capital improvement needs. In presenting the recommended methodology,

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102   the wastewater treatment division should report on the options that were considered and

103   why the recommended methodology was selected.

                                              KING COUNTY COUNCIL
                                              KING COUNTY, WASHINGTON

                                              _____

                                              Dave Upthegrove, Chair

ATTEST:

_____

Melani Pedroza, Clerk of the Council

APPROVED this _____ day of _____, _____.

                                              _____

                                              Dow Constantine, County Executive

Attachments: None