

King County Utility Franchise Program

Water Utilities Fire Suppression Cost Claims Guidelines

A. Introduction

The purpose of this document is to guide water utilities holding franchises in King County (County) rights of way ("Water Utilities") in claiming costs of providing fire suppression facilities and services ("Claims") and to guide Real Estate Services (RES) in considering those claims as credit against franchise compensation.

King County Code 6.27.060.C(2) requires all Water Utilities to provide "fire suppression water facilities and services," as defined in chapter 70A.145 RCW¹, at no expense to the County. Under the Code, the "costs incurred by the [Water Utility] for such fire suppression water facilities and services shall be credited against any franchise compensation[.]"

B. Definitions

The following definitions provided in RCW 70A.145.020 apply to these guidelines:

1. "Fire suppression water facilities" or "facilities":
 - Water supply transmission and distribution facilities
 - Interties
 - Pipes
 - Valves
 - Control systems
 - Lines
 - Storage
 - Pumps
 - Fire hydrants
 - Other facilities, or any part thereof, used or usable for the delivery of water for fire suppression purposes
2. "Fire suppression water services" or "services":
 - Operation and maintenance of fire suppression water facilities
 - The delivery of water for fire suppression purposes

C. Requirements for Creditable Claims

King County will provide an annual credit to each Water Utility against the cost of its franchise compensation for costs incurred by the Water Utility for fire suppression water facilities and services within its franchise area. The credit will be exclusively applied to the franchise compensation required by K.C.C. 6.27.060.B, with no other applications permitted.

For a Claim to be creditable, the costs must meet the following requirements:

1. The costs must be directly related to the expense of providing fire suppression facilities or services.

¹ Formerly chapter 70.315 RCW.

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2. The costs must have been incurred at the time the Claim is submitted, consistent with 6.27.060.C(2).
3. Facilities must be in service at the time that the associated cost is credited.
4. In the event that the Water Utility's service area extends beyond the franchise area, the Claim must be based solely on the proportionate share of fire suppression facilities and services that serve the franchise area.
5. Only facilities or services that are "required by applicable law," as stated in KCC 6.27.060.C(2), are creditable. Facilities or services that go beyond what is required under applicable law may not be creditable.
6. Pursuant to KCC 6.27.060.C(2), water mains, fire hydrants, and other fire suppression water facilities and services that do not meet "County standards" or other applicable laws are not creditable.
7. Fire suppression facilities or services are only creditable if they fall into one of the following categories:
 - a. The actual cost of equipment or infrastructure, including, but not limited to, the related cost of design, engineering, and construction
 - b. Operations, maintenance, and repair costs, including, but not limited to:
 - Salary, Wages, and Benefits
 - Taxes and Insurance
 - Office Costs
 - Professional Services (except for the cost to prepare fire suppression cost claims)
 - Operation Supplies, Licenses, and Permits
 - c. Debt service costs
 - Taxes
 - Interest
 - Costs and fees associated with securing the loan are not compensable
 - d. Depreciation
 - Depreciation cannot be claimed for equipment that has been submitted for credit or for which credit has previously been approved

D. Documentation Requirements

A Water Utility has the burden of providing sufficient documentation to show its Claim is compensable. Sufficient documentation shall include:

1. An itemization of costs showing which expenses are attributable to domestic water conveyances and which are related to fire suppression

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2. A completed worksheet provided by King County showing the itemization of costs
3. Financial or tax statements showing depreciation schedules, if applicable
4. Loan repayment schedules, if applicable
5. Documentation that the system is required to provide fire suppression infrastructure, i.e. fire flow or fire suppression section from the utility's Comprehensive Manage Plan, cite regulations and how the utility meets the requirements, etc.

E. Claiming Fire Suppression Costs

1. Annual costs will be credited to the following year's franchise compensation. (Costs for 2018-2024 will be credited to the franchise compensation for the year they were incurred).
2. Costs for fire suppression facilities and services outside of the franchise area cannot be credited.
3. Either actual equipment costs or depreciation can be credited, **but not both**. However, if depreciation is claimed for equipment, equipment costs that are under utilities capital threshold (consumables) can be credited.
4. Water Utilities must choose whether they will claim credit for equipment costs or depreciation and may choose to change the method used only once during the life of the franchise. If a change is requested, Water Utilities must provide documentation showing what has been claimed in the past, so as not to submit a claim for equipment costs that have already been credited against compensation.
5. Claims for costs incurred prior to 2018 will not be credited.
6. If costs surpass franchise compensation, then the compensation for that particular year will be reduced to zero and cannot be carried over into subsequent years.
7. Water Utilities shall attest that the information they are submitting is true and correct. Water Utilities are responsible for reimbursing the County for false costs, inflated costs or costs that have been previously credited, and associated recovery costs.