



Regional rates

Under the regional wastewater treatment system established by voters in 1958, local jurisdictions and sewer agencies no longer operate their own individual treatment plants. Instead, they contract with King County's Wastewater Treatment Division (WTD) to collect and treat wastewater at a regional treatment plant in Seattle or Renton, and beginning in 2011, at Brightwater north of Woodinville. King County charges each agency a monthly rate for this service. In turn, the local agencies bill each of their customers a monthly rate that covers the County's sewage collection and treatment charge as well as the costs they incur in managing, maintaining and operating their local sewer systems.

How rates are set

Each year, the King County Executive reviews the monthly wholesale sewer rate and sends a proposal for the following year to the King County Council for further review and adoption. The County Council must adopt the sewer rate for the following year by June 30. The County's regional wastewater utility runs on only revenues from the rates it charges its component agencies. The wastewater utility does not use any tax money for wastewater collection, treatment and reclamation.

The 2011 rate

In June 2010, the King County Council adopted a monthly wholesale sewer rate increase of \$4.20, raising the current rate of \$31.90 to \$36.10. They also adopted a monthly capacity charge rate of \$50.45, which represents an increase of \$1.38 over the current rate of \$49.07. These new rates will take effect on Jan. 1, 2011.

The County Council adopted the rate with the intent of maintaining it through 2012 to help ensure rate stability and predictability for wastewater customers. The County Council will need to vote on a 2012 sewer rate in June 2011.

The 2011 adopted rate provides the revenue to cover the County's costs to operate, maintain and improve the regional system to ensure compliance with state and federal environmental laws. It protects the division's strong bond rating so it can obtain favorable interest rates on money borrowed to make capital improvements. It also ensures continued funding for programs to recycle resources, reduce pollution and regulate the disposal of industrial waste to keep dangerous substances out of the environment.

The adopted sewer and capacity charge rate adhere to the county's financial policies for the wastewater utility and reflect the County's commitment to building and operating a system that protects public health and the environment.

Efforts to minimize increases

Given the current state of our regional economy, WTD recognizes the significance of the rate increases. Like the ratepayers it serves, the division is also watching its budget and making efforts to "do its best with less".

2011 proposed sewer rate and capacity charge

WTD is curbing costs and increasing efficiencies by reprioritizing less critical projects and maintaining year 2000 staffing levels despite the addition of several new facilities.

Actions taken to mitigate rate increases include:

- Reduction of capital and operating expenditures while protecting the public health and environment. Between 2009 and 2014, the Wastewater Treatment Division (WTD) will reduce planned capital spending by over \$42 million by reprioritizing project schedules and requesting funding only for projects with a critical need to proceed during this time frame.
- Operating new treatment plants with no net increase in full-time employees, combined with savings and efficiencies identified by employees, will enable WTD to lower planned operating costs by \$5.8 million in 2011 and \$8 million in 2012. Additional savings will continue when Brightwater opens, at which time King County will be running three regional wastewater plants with the same number of employees it took to run two plants just a decade ago.
- Additional reductions and efficiencies include chemical reductions at the treatment plants; reduced water quality monitoring; increasing efficiencies in digester cleaning and disposal; implementation of a new IT equipment replacement plan; reduced travel; reduced number of vehicles in WTD's fleet; and decentralizing billing processes for sewer, septage and industrial waste customers.
- The division will also move toward more prudent borrowing practices faster than had previously been assumed and discontinue capitalizing bond interest beginning with the 2011 bond sale. The practice had been used in prior years to better manage rate patterns during periods of heavy borrowing. More conservative financing will enable us to better manage the sewer rate increases between now and 2016 when our level of borrowing declines.

Infrastructure to support jobs and growth – today and in the future

In addition to providing infrastructure for long-term growth and economic development, the projects the division is building today support the creation of jobs, which is especially important in an economic recovery. For every \$10 million invested in construction, the division creates 165 jobs with a payroll of \$3.8 million. With the planned construction spending of \$151 million in 2011, the division expects to create nearly 2,500 full- and part-time jobs in private industry with a payroll of more than \$57 million.

Our finances

The sewer rate and capacity charge levied by King County provides the revenues necessary to operate, maintain and expand the regional sewer system so it keeps pace with growth and meets regulatory requirements. The capacity charge covers the cost of new projects and system expansions to serve population growth.

In 2011, the county projects an operating budget of \$113 million and capital program budget of \$210 million.

How does Brightwater impact sewer rates?

King County funds its major infrastructure investments by borrowing bonds.

About 53 percent of King County's 2010 sewer rate goes toward debt service on bonds borrowed over the past two decades to pay for many large and complex projects, including the West Point

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secondary upgrade, the Denny Way and Martin Luther King Combined Sewer Overflow projects and dozens of others. These facilities are now operating and serving the ratepayers, who benefit from the infrastructure that protects public health, the environment, and our quality of life.

In 2008, the division began significant borrowing to cover the cost of Brightwater construction and several other projects to add new capacity to our system – it's the biggest expansion of the regional system in nearly 50 years.

While it is true that a significant portion of the proposed \$4.20 rate increase in 2011 is to cover debt service on the money borrowed for Brightwater and other projects undertaken in the past decade, in the long run the cost of the project will actually be covered through the revenues from the rates and a capacity charge paid by newly connecting customers.

As the share of total revenue we collect from our capacity charge customers grows in coming years, Brightwater's impact to the sewer rate increases will subside.

A regional system

Since 1958, the wastewater treatment utility now operated by King County has provided wholesale wastewater treatment services to the central Puget Sound region. Today, King County treats an average of 200 million gallons of wastewater each day for about 1.5 million people in King, Snohomish and Pierce counties at its regional wastewater treatment plants in Seattle and Renton, and starting in 2011, at the Brightwater plant north of Woodinville.

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