Currently, the County uses some general obligation bonds that are secured by the property tax base in King County. This enables the County to acquire lower interest bonds which keeps rates lower. The County will continue looking for methods such as this to obtain lower interests in borrowing, but future costs and rates shown here do not assume the use of general obligation bonds.

Collecting Revenue

King County’s monthly charges are its primary means of funding the costs of constructing, maintaining, and operating the County’s regional wastewater system. In keeping with current practices and contracts, the plan proposes to pay for ongoing costs and the added costs from new facilities using the same revenue sources it currently employs—monthly rates and capacity charges. A secondary means of funding the costs is from collecting a capacity charge from new connections.

Monthly Rates

King County is a wastewater wholesaler; that is, the County sells capacity in its regional system to local sewer agencies. It charges local agencies each month based on the total number of households and commercial customers in their districts. This monthly charge is the County’s primary means of funding the costs for constructing, operating, and maintaining the existing wastewater system (generating over 95 percent of actual annual revenues). The local agencies, in turn, bill each customer in their service area.

The breakdown on how the monthly rate of $19.10 per customer is used, both by expenditure and program type, is shown in Figures 9 and 10.

The proposed facilities in the Executive’s plan create additional capital, operation, and maintenance costs, increasing the amount to be recovered from the rates. Figure 11 shows projected future monthly rates. The shape of this line is affected by two additional factors—population and debt retirement. Over the next decade, the rate increases steadily as we add new facilities to accommodate growth, and at the same time, make payments on existing debt. At 2015, the line drops as we pay off a large share of that debt and the line continues to decline as the population grows and we have more customers to share the costs of the system.

The average monthly rate necessary to support the plan over the period 1999-2015 is $19.92 in today’s dollars. Because of the debt retirement and growth of customers noted above, the average monthly rate needed over the period 1999-2030 would be $18.97 in today’s dollars. However, just as the price of a home, groceries, and other consumables goes up with inflation, so will the monthly sewer bill. Figure 12 shows what rates may be when inflation is included, assuming a 3 percent inflation rate (actual inflation rates may vary over time).

King County’s Wastewater Treatment Division has implemented a number of programs that have resulted in cost savings and lower rates for our ratepayers. Presently, the Division is undertaking a number of benchmarking studies with similar wastewater utilities on the West Coast to identify ways to become more efficient while still delivering high quality services. King County will continue to evaluate opportunities to increase efficiencies as this plan is implemented.