



INFORMATIONAL MEMORANDUM

To: Transportation and Infrastructure Services Committee
From: Hari Ponnekanti, Public Works Director/ City Engineer
By: Griffin Lerner, Public Works Analyst
CC: Mayor Ekberg
Date: September 30, 2022
Subject: Public Works Water, Sewer, and Surface Water Rates Discussion

ISSUE

Review proposed utility rates in advance of eventual adoption of Public Works Fee Schedule Resolution for 2023 and 2024.

BACKGROUND

The City's Public Works Department manages three utility funds – Water, Sewer, and Surface Water. The Water and Sewer Utilities serve approximately 60% of the property owners in the City, while the Surface Water Utility serves all properties within City limits. Utility rates provide the bulk of the revenue that supports the operations of the water, sewer, and surface water operations in the City of Tukwila. These rates are reviewed biennially as a part of the City's budget and Capital Improvement process. The City's Budget, Capital Improvement Program and Comprehensive Plan all reference or include the policies that govern rate development. Here are a few examples of the City's policies, as taken from the Capital Facilities Element (Chapter 14) of the Comprehensive Plan:

- Utility rates and charges shall be structured to ensure adequate infrastructure development, in addition to compliance with operation, maintenance, and federal and State requirements
- Rate increases shall be small, applied frequently, and staggered to avoid an overly burdensome increase and undue impact in any given year
- Each enterprise fund shall be reviewed at least biennially, and shall have a rate structure adequate to meet its operations and maintenance and long-term capital requirements
- Rate increases of external agencies (i.e., King County secondary wastewater treatment fees) shall be passed through to the users of the utility

Annual rate increases allow the City to keep pace with inflation and fixed cost increases, and to implement the City's long-term strategic goals for maintenance, improvement, and replacement of capital infrastructure. Without regularly occurring and sufficient rate increases, the City's ability to address infrastructure needs would be compromised. In addition, the policies reinforce the importance of maintaining adequate fund reserve levels.

The City has adopted Comprehensive Plans for Water, Sewer and Surface Water that analyze each fund for revenue requirements and prioritize capital improvement projects. The City is currently finalizing the Water and Sewer Comprehensive Plans and Surface Water is scheduled to conclude in 2023. Council adopts the comprehensive plans approximately every ten years and those adopted plans inform rate studies. Rate recommendations are informed not only through identifying needed capital projects but by examining trends in charges from suppliers, consumption patterns, and regulatory and operating needs. Recommended rates are the product of a complex set of intertwined inputs, some of which are fixed and outside of the City's control. Setting a rate higher or lower than what is suggested through the fund modeling, could mean that the assumptions or inputs may also need to change.

The Capital Improvement Program, which is one factor in establishing rate recommendations, is also used to advantageously position the City for grants. A thorough list of capital projects is needed, as granting agencies require that all projects must be listed in the City’s adopted Capital Improvement Program in order to be eligible for grants. Grant funding for Water and Sewer are normally rare and difficult to obtain, but the City has been very successful in obtaining grants for Surface Water projects.

The City’s current and proposed utility fees compare well in the region. With the proposed increases, the City still ranks in the mid-range if not lower, even without taking into account the corresponding increases that will occur in the other cities. The magnitudes of the proposed rate increases are also reasonable; as smaller rate increases more frequently helps the City avoid the need to implement more significant, catch-up increases in the future.

Exhibit A shows Cascade Water Alliance’s proposed increases in 2023 and 2024.

Exhibit B is a rate matrix of all proposed utility rate increases for residential customers.

Exhibit C is King County Ordinance No 19447, providing sewage treatment costs for 2023.

Exhibit D-1 to D-3 shows a comparison of adjoining cities and their water rates along with the Water Model from the Proposed 2023-2028 CIP.

The overall estimated additional monthly cost of the proposed City rate increases across all three utilities (Water, Sewer and Surface Water) is \$4.73, with an additional \$2.84 due to a King County passthrough. Further, the proposed rate increases are all below the recent inflation threshold of 9.5%.

WATER

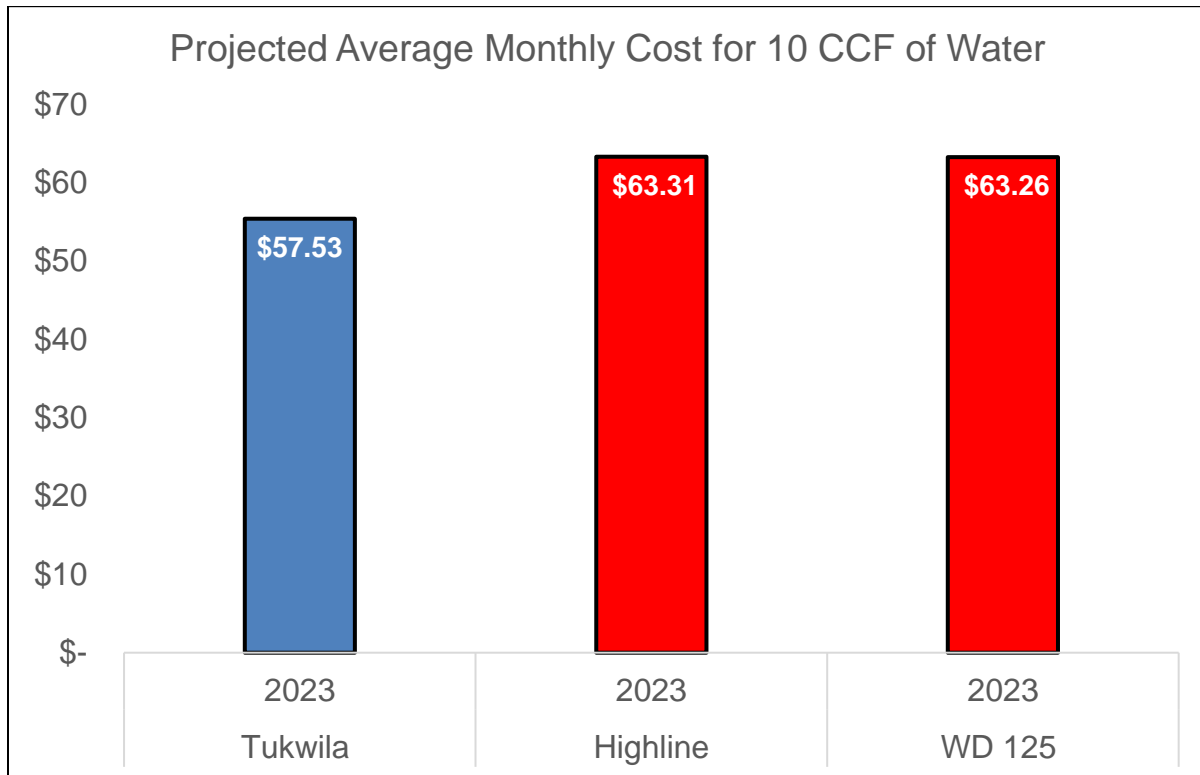
Public Works analyzed the operational and capital needs of the Water Enterprise Fund in determining the proposed fees. In addition, the City needs to account for Cascade Water Alliance’s (CWA) wholesale water rates that are set to increase by 2.2% in 2023 and 2.2% in 2024 (Exhibit A). A small increase is being proposed to the base rates on residential, multi-family and commercial/ industrial customers as well as increases to water consumption fees in winter only. Fire Protection service charges are flat fees every month and will be increased in in 2023 & 2024.

Tukwila’s residential water rates currently rank between 26 and 30 out of 30 (depending on pipe size) in regional jurisdictions, and as rates will increase across the board, the estimate is that Tukwila will continue to be lower as our neighboring cities. Even with the proposed water rate increases over the next six years as shown in the Water model, the water fund shows a drawdown nearly in 2023 through 2025 and is at risk of not meeting the 20% reserve policy in the future. More competitive water rates will allow the City to complete more capital projects annually, purchase a new reservoir, and combat depreciating infrastructure.

TABLE 1 - WATER RATES PROPOSED FOR 2023 and 2024

CATEGORY	Current 2022 Charges	Proposed 2023 Charges	Proposed 2024 Charges
Single Family	\$20.00	21.00	\$22.00
Multi-Family (each condo, apt, or dwelling unit)	\$20.00	21.00	\$21.50
Commercial/Industrial Base Charges	\$52.00 & \$708.00	\$56.00 & \$740.00	\$60.00 & \$770.00
Single Family Consumption Charges per 1 CCF	\$3.00 & \$4.18	\$3.39 & \$4.18	\$3.83 & \$4.18
Multi-Family Consumption Charges per 1 CCF	\$3.62 & \$5.02	\$4.08 & \$5.02	\$4.56 & \$5.02
Commercial/Industrial Consumption per 1 CCF	\$5.44 & \$7.38	\$6.15 & \$7.38	\$6.95 & \$7.38
Fire Protection Service Charges	\$10.50 to \$300.00	\$11.00 to \$315.00	\$11.25 to \$325.00

Even with the proposed rate increases, Water provided by the City is still the cheapest source of water within city limits. For instance, a gallon of water costs less than half a penny and filling the average bathtub will cost a Tukwila consumer roughly 14 cents. Further, Highline Water District and Water District 125, the two other main water providers to Tukwila residents, project to cost an average of almost \$6.00 more monthly per residential household in 2023.



The proposed rate increases would cost the average residential an additional \$2.82 monthly, or another 26 cents per 748 gallons of water.

SEWER

King County Ordinance No. 19447 adopted a 5.75% rate increase in the King County sewage disposal fees for 2023. The King County sewer rate will increase from \$49.27 to \$52.11 per residential customer equivalent per month in 2023. There will likely be another rate increase by King County of 5.75% in 2024. Exhibit C is King County Ordinance No. 19447 for the 2023 rates.

Tukwila’s sewer base rate will increase at a smaller rate of 3.3% annually in 2023 and 2024 in accordance with the rate model that analyzes the City’s operational and capital needs. The City’s sewer rate will increase to \$31.00 per residential connection and \$57.02 for up to 750 cubic feet or fraction thereof for commercial/industrial customers in 2023. This results in a net increase of 4.54%. Exhibit D-2 shows a comparison of adjoining cities and their residential sewer rates, along with the Sewer Model from the Proposed 2023-2028 CIP.

The proposed rate increases would cost the average resident \$3.84 monthly, with \$2.84 of that due to King County’s rate increase.

TABLE 2 – SEWER RATES PROPOSED FOR 2023 and 2024

Cost Driver	Current 2022 Sewer Rate	Proposed 2023 Sewer Rate	Proposed 2024 Sewer Rate
King County Sewage	\$49.27	\$52.11	\$54.72
City of Tukwila	\$30.00	\$31.00	\$32.00
Total	\$79.27	\$83.11	\$86.72

SURFACE WATER

Tukwila’s surface water base rate is scheduled for an increase in 2023 and 2024. The City’s surface water rate will increase from \$204.00 to \$215.00 in 2023 and from \$215.00 to \$226.00 in 2024 per residential parcel, per year. Commercial rates will range from \$257.38 to \$2,157.44 per 4,356 square foot for all other parcels in 2023 and \$270.25 to \$2,265.31 in 2024.

Exhibit D-3 shows a comparison of surface water fees with other cities in the region along with the Surface Water Model from the Proposed 2023-2028 CIP. The City’s proposed residential rates for 2023 and 2024 are well below the 2022 average rate of \$262.86.

If Council were not to adopt the proposed rate increases, the City would either have to eliminate surface water capital projects, reduce staff allocation, or reduce reserves. Doing so would mean that the City would fall behind on its infrastructure needs or would need to increase the rate more substantially in subsequent years.

Surface water fees are processed by King County and collected with property taxes. The proposed increases would cost the average resident an extra \$0.91 monthly.

TABLE 3 – SURFACE WATER RATES PROPOSED FOR 2023 and 2024

CATEGORY	Current 2022 SWM Rate	Proposed 2023 SWM Rate	Proposed 2024 SWM Rate
Residential	Flat rate of \$204.00	Flat rate of \$215.00	Flat rate of \$226.00

RECOMMENDATION

Council is being asked to provide guidance on the City’s 2023 and 2024 Water, Sewer, and Surface Water proposed rate increases in anticipation of the Public Works Fee Schedule Resolution and consider this item at the October 10, 2022 Committee of the Whole meeting.

- Attachments:** Exhibit A Cascade Water Alliance Summary of Forecasted Member Payments
 Exhibit B Rate Matrix
 Exhibit C King County Ordinance No. 19447 for 2023
 Exhibit D-1 through D-3 Comparison of Utility Rates with Adjoining Cities with 2023 CIP Models



Proposed 2023-2024 Member Charge Revenue Increase

Breakdown of Proposed Revenue Increase	2023	2023	2024	2024
	Dollars	Percent	Dollars	Percent
Total Revenue Increase	\$959,038	2.20%	\$980,138	2.20%
Seattle Water	\$988,400	2.27%	\$909,263	2.04%
<i>Increase</i>	\$512,349	1.18%	\$909,263	2.04%
<i>True-up</i>	\$476,051	1.09%	-	
Operating Expenses*	\$682,937	1.57%	\$273,587	0.61%
Administration*	\$34,835	0.08%	(\$69,620)	-0.16%
Miscellaneous (Conservation, R&R)	\$108,973	0.25%	\$73,928	0.17%
Increased Debt Service from Rates	(\$576,347)	-1.32%	\$1,595,528	3.58%
Contribution to WSDF	-	0.00%	\$445,517	1.00%
Change in Miscellaneous Revenues	(\$32,129)	-0.07%	(\$28,620)	-0.06%
Rate Smoothing	(\$247,631)	-0.57%	(\$2,219,445)	-4.98%

*Expenses are adjusted to exclude irregular expenses funded through reserve accumulation and related used of reserves.

- Annual 2.2% average increases are as projected last budget cycle and below inflation
- Seattle costs a major rate driver
- Rate smoothing mitigates impacts
- Starting in 2024, rates support funding for Water Supply Development Fund (WSDF)

City of Tukwila Proposed Utility Rate Increases
Monthly Fees for Residential Customers

Exhibit B

WATER RATES PER CCF	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
City of Tukwila Water average cost monthly increase per household	+5% \$ 3.17 \$ -	+0% \$ 3.17 \$ -	+5% \$ 3.17 \$ -	+5% \$ 3.17 \$ -	+5% \$ 3.17 \$ -	+0% \$ 3.17 \$ -	+1% \$ 3.23 \$ 0.42	+5% \$ 3.39 \$ 1.12	+7% \$ 3.65 \$ 1.82	+7% \$ 3.95 \$ 2.05	+5% \$ 4.15 \$ 1.41	+5% \$ 4.35 \$ 1.40	+4% \$ 4.52 \$ 1.22	+4% \$ 4.70 \$ 1.27
Commercial average cost	\$ 4.92	\$ 5.17	\$ 5.41	\$ 5.70	\$ 5.70	\$ 5.70	\$ 5.81	\$ 6.09	\$ 6.56	\$ 7.09	\$ 7.45	\$ 7.82	\$ 8.13	\$ 8.46
Multifamily average cost	\$ 3.64	\$ 3.64	\$ 3.73	\$ 3.83	\$ 3.83	\$ 3.83	\$ 3.90	\$ 4.09	\$ 4.39	\$ 4.71	\$ 4.95	\$ 5.20	\$ 5.40	\$ 5.62
City of Tukwila Minimum Monthly charge per meter/each dwelling unit	15.00 to 16.00 \$1.00	16	16.00 to 17.00 \$1.00	17.00 to 18.00 \$1.00	18.00 to 19.00 \$1.00	19	19	19.00 to 20.00 \$1.00	20.00 to 21.00 \$1.00	21.00 to 21.50 \$0.50	21.50 to 22.00 \$0.50	22	22 to 22.50 \$0.50	22.50 to 23 \$0.50
Monthly Residential Increase	\$ 1.00	\$ -	\$ 1.00	\$ 1.00	\$ 1.00	\$ -	\$ 1.42	\$ 2.12	\$ 2.82	\$ 2.55	\$ 1.91	\$ 1.40	\$ 1.72	\$ 1.77

RESIDENTIAL SEWER RATES	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
King County Sewer Treatment (Monthly Flat Rate) increase	+5.6% 39.79 to 42.03 \$2.24	0% \$42.03	+5.21% 42.03 to 44.22 \$2.19	0% \$44.22	+2.51% 44.22 to 45.33 \$1.11	0% \$45.33	+4.50% 45.33 to 47.37 \$2.04	4% 47.37 to 49.27 \$1.90	+5.75% 49.27 to 52.11 \$2.84	5.75% 52.11 to 55.11 \$3.00	5.75% 55.11 to 58.28 \$3.17	5.75% 58.28 to 61.64 \$3.36	5.75% 61.64 to 65.19 \$3.55	+9% 65.19 to 71.06 \$5.87
City of Tukwila Sewer (Monthly Flat Rate)	+10% \$26.50 to \$29 \$2.50	0% \$29.00	0% \$29.00	+3.5% \$29 to \$30 \$1.00	0% \$30.00	0% \$30.00	0% \$30.00	0% \$30.00	3% \$31.00 \$1.00	3% \$32.00 \$1.00	3% \$33.00 \$1.00	3% \$34.00 \$1.00	3% \$35.00 \$1.00	3% \$36.00 \$1.00
Monthly Sewer Bill (Residential)	\$71.03	\$71.03	\$73.22	\$74.22	\$75.33	\$75.33	\$77.37	\$79.27	\$83.11	\$86.97	\$88.44	\$92.22	\$96.72	\$101.43
Monthly Residential Increase	\$4.74	\$0.00	\$2.19	\$1.00	\$1.11	\$0.00	\$2.04	\$1.90	\$3.84	\$4.00	\$4.17	\$4.36	\$4.55	\$6.87

Commercial Sewer Rate Increases	+15.6%	+5%	+5.21%	+3.5%	0%	+0.0%	0%	+0.0%	+5.75%	+5.5%	+5.5%	+5.5%	+5.5%	+5.5%
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RESIDENTIAL SURFACE WATER	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
City of Tukwila Surface Water Annual Charge (billed Jan & July)	+20% \$118 to \$142	+15% \$142 to \$163	+5% \$163 to \$171	+3% \$171 to \$176	+5% \$176 to \$185	+3% \$185 to \$190	+2% \$190 to \$194	+5% \$194 to \$204	+5% \$204 to \$215	+5% \$215 to \$226	+5% \$226 to \$235	+5% \$235 to \$246	3% \$246 to \$258	5%
Annual Charge divided monthly	\$9.83 to \$11.83	11.83 to 13.58	13.58 to 14.25	14.25 to 14.67	14.67 to 15.42	15.42 to 15.83	15.83 to 16.17	16.17 to 17.00	17.00 to 17.92	17.33 to 18.17	18.17 to 18.67	18.67 to 19.58	19.58 to 20.50	20.50 to 21.50
Monthly Increase	\$2.00	\$1.75	\$0.67	\$0.42	\$0.75	\$0.41	\$0.34	\$0.66	\$0.92	\$0.84	\$0.50	\$0.91	\$0.92	\$1.00

Commercial Surface Water - Same Incre	+20%	+15%	+5%	+3%	+5%	+3%	+2%	+4%	+5%	+5%	+5%	+5%	3%	5%
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Total Monthly Residential Increase	\$7.74	\$1.75	\$3.86	\$2.42	\$2.86	\$0.41	\$3.80	\$4.68	\$7.58	\$7.39	\$6.58	\$6.67	\$7.19	\$9.64
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KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

Ordinance 19447

Proposed No. 2022-0172.1

Sponsors McDermott

1 AN ORDINANCE relating to rates and charges for sewage
 2 treatment and disposal; and amending Ordinance 12353,
 3 Section 2, as amended, and K.C.C. 4A.670.100, Ordinance
 4 18745, Section 2, and Ordinance 11398, Section 1, as
 5 amended, and K.C.C. 28.84.055.

6 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

7 SECTION 1. Ordinance 12353, Section 2, as amended, and K.C.C. 4A.670.100
 8 are hereby amended to read as follows:

9 A. Having determined the monetary requirements for the disposal of sewage, the
 10 council hereby adopts a ((2022)) 2023 sewer rate of ((~~forty-nine~~)) fifty-two dollars and
 11 ((~~twenty-seven~~)) eleven cents per residential customer equivalent per month. Once a sewer
 12 rate ordinance becomes effective, the clerk of the council is directed to deliver a copy of
 13 that ordinance to each agency having an agreement for sewage disposal with King County.

14 B. The King County council approves the application of Statement No. 62 of the
 15 Governmental Accounting Standards Board (GASB-62) as it pertains to regulatory assets
 16 and liabilities to treat pollution remediation obligations and RainWise Program
 17 expenditures and strategic planning costs as regulatory assets, recovered ratably over the
 18 life of the underlying financing, and to establish a rate stabilization reserve for the
 19 purpose of leveling rates between years.

Ordinance 19447

20 C. As required for GASB-62 application, amounts are to be placed in the rate
21 stabilization reserve from operating revenues and removed from the calculation of debt
22 service coverage. The reserve balance shall be an amount at least sufficient to maintain a
23 level sewer rate between ~~((2021))~~ 2023 and ~~((2022))~~ 2024, and shall be used solely for
24 the purposes of: maintaining the level sewer rate in ~~((2022))~~ 2024; and if additional
25 reserve balance is available, moderating future rate increases beyond ~~((2022))~~ 2024. The
26 estimated amount of the reserve, as shown in the financial forecast, Attachment A to
27 ~~((Ordinance 19294))~~ this ordinance, shall be revised in accordance with the ~~((2021-~~
28 ~~2022))~~ 2023-2024 Biennial Budget Ordinance and financial plan. If the reserve needs to
29 be reduced to meet debt service coverage requirements for ~~((2021))~~ 2022, the county
30 executive shall notify the council of the change by providing an updated financial plan.

31 SECTION 2. Ordinance 18745, Section 2, as amended, is hereby amended to
32 read as follows:

33 Monetary requirements for the disposal of sewage as defined by contract with the
34 component sewer agencies for the fiscal year beginning January 1, ~~((2022))~~ 2023, and
35 ending December 31, ~~((2022))~~ 2023. The council hereby determines the monetary
36 requirements for the disposal of sewage as follows:

37 Administration, operating, maintenance repair and replacement (net of other
38 income): ~~((\$64,625,987))~~ \$73,541,834.

39 Establishment and maintenance of necessary working capital reserves:
40 ~~((\$73,964,094))~~ \$112,291,106.

41 Requirements of revenue bond resolutions (not included in above items and net of
42 interest income): ~~((\$295,026,970))~~ \$289,269,486.

Ordinance 19447

43 TOTAL: ((~~\$433,617,051~~)) \$475,102,427.

44 SECTION 3. Ordinance 11398, Section 1, as amended, and K.C.C. 28.84.055 are
45 hereby amended as follows:

46 A. The amount of the metropolitan sewage facility capacity charge adopted by
47 K.C.C. 28.84.050.O. that is charged monthly for fifteen years per residential customer or
48 residential customer equivalent shall be:

49 1. Seven dollars for sewer connections occurring between and including January
50 1, 1994, and December 31, 1997;

51 2. Ten dollars and fifty cents for sewer connections occurring between and
52 including January 1, 1998, and December 31, 2001;

53 3. Seventeen dollars and twenty cents for sewer connections occurring between
54 and including January 1, 2002, and December 31, 2002;

55 4. Seventeen dollars and sixty cents for sewer connections occurring between
56 and including January 1, 2003, and December 31, 2003;

57 5. Eighteen dollars for sewer connections occurring between and including
58 January 1, 2004, and December 31, 2004;

59 6. Thirty-four dollars and five cents for sewer connections occurring between
60 and including January 1, 2005, and December 31, 2006;

61 7. Forty-two dollars for sewer connections occurring between and including
62 January 1, 2007, and December 31, 2007;

63 8. Forty-six dollars and twenty-five cents for sewer connections occurring
64 between and including January 1, 2008, and December 31, 2008;

Ordinance 19447

65 9. Forty-seven dollars and sixty-four cents for sewer connections occurring
66 between and including January 1, 2009, and December 31, 2009;

67 10. Forty-nine dollars and seven cents for sewer connections occurring between
68 and including January 1, 2010, and December 31, 2010;

69 11. Fifty dollars and forty-five cents for sewer connections occurring between
70 and including January 1, 2011, and December 31, 2011;

71 12. Fifty-one dollars and ninety-five cents for sewer connections occurring
72 between and including January 1, 2012, and December 31, 2012;

73 13. Fifty-three dollars and fifty cents for sewer connections occurring between
74 and including January 1, 2013, and December 31, 2013;

75 14. Fifty-five dollars and thirty-five cents for sewer connections occurring
76 between and including January 1, 2014, and December 31, 2014;

77 15. Fifty-seven dollars for sewer connections occurring between and including
78 January 1, 2015, and December 31, 2015;

79 16. Fifty-eight dollars and seventy cents for sewer connections occurring
80 between and including January 1, 2016, and December 31, 2016;

81 17. Sixty dollars and eighty cents for sewer connections occurring between and
82 including January 1, 2017, and December 31, 2017;

83 18. Sixty-two dollars and sixty cents for sewer connections occurring between
84 and including January 1, 2018, and December 31, 2018;

85 19. Sixty-four dollars and fifty cents for sewer connections occurring between
86 and including January 1, 2019, and December 31, 2019;

Ordinance 19447

87 20. Sixty-six dollars and thirty-five cents for sewer connections occurring
88 between and including January 1, 2020, and December 31, 2020

89 21. Sixty-eight dollars and thirty-four cents for sewer connections occurring
90 between and including January 1, 2021, and December 31, 2021; ~~((and))~~

91 22. Seventy dollars and thirty-nine cents for sewer connections occurring
92 between and including January 1, 2022, and December 31, 2022; and

93 23. Seventy-two dollars and fifty cents for sewer connections occurring between
94 and including January 1, 2023, and December 31, 2023.

95 B.1. In accordance with adopted policy FP-15.3.d. in the Regional Wastewater
96 Services Plan, K.C.C. 28.86.160.C., it is the council's intent to base the capacity charge
97 upon the costs, customer growth and related financial assumptions used in the Regional
98 Wastewater Services Plan.

99 2. In accordance with adopted policy FP- 6 in the Regional Wastewater Services
100 Plan, K.C.C. 28.86.160.C., the council hereby approves the cash balance and reserves as
101 contained in the attached financial plan for ~~((2022))~~ 2023, which is Attachment A to
102 ~~((Ordinance 19294))~~ this ordinance.

103 3. In accordance with adopted policy FP-15.3.c., King County shall pursue
104 changes in state legislation to enable the county to require payment of the capacity charge

Ordinance 19447

105 in a single payment, while preserving the option for new ratepayers to finance the
106 capacity charge.

Ordinance 19447 was introduced on 5/3/2022 and passed by the Metropolitan King County Council on 6/7/2022, by the following vote:

Yes: 7 - Balducci, Dembowski, Kohl-Welles, Perry, McDermott, Upthegrove and Zahilay
No: 2 - Dunn and von Reichbauer

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

DocuSigned by:

Claudia Balducci

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Claudia Balducci, Chair

ATTEST:

DocuSigned by:

Melani Pedroza

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Melani Pedroza, Clerk of the Council

APPROVED this ____ day of 6/21/2022, ____.

DocuSigned by:

Dow Constantine

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Dow Constantine, County Executive

Attachments: A. Wastewater Treatment Division Financial Plan

Wastewater Treatment Division Financial Plan

Attachment A

King County Wastewater Treatment Division Financial Plan	Adopted 2022	Rate Proposal 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029	Projected 2030	Projected 2031	Projected 2032
Operating Financial Plan - 4611 (\$ '000)											
Monthly Sewer Rate	\$49.27	\$52.11	\$55.11	\$58.28	\$61.64	\$65.19	\$71.06	\$77.46	\$84.44	\$92.04	\$100.33
Rate Increase	4.00%	5.75%	5.75%	5.75%	5.75%	5.75%	9.00%	9.00%	9.00%	9.00%	9.00%
Residential Customer Equivalents (RCEs)	747,046	759,775	776,344	785,391	790,314	795,245	800,185	805,134	810,091	815,057	820,033
Revenue											
Sewer Rate	\$ 441,683	\$ 475,102	\$ 513,412	\$ 549,271	\$ 584,579	\$ 622,104	\$ 682,334	\$ 748,388	\$ 820,849	\$ 900,215	\$ 987,286
Capacity Charge	93,600	96,408	99,300	104,265	109,479	114,953	120,700	126,735	133,072	139,726	146,712
Industrial Waste	10,285	10,339	10,393	10,447	10,502	10,558	10,613	10,669	10,726	10,782	10,839
Resource Recovery	8,784	8,837	8,892	2,979	3,068	3,160	3,255	3,353	3,454	3,557	3,664
Other Income	4,356	4,371	4,387	4,404	4,421	4,439	4,457	4,475	4,495	4,514	4,535
Investment Income	5,109	5,830	7,467	8,323	8,662	10,222	12,581	15,202	17,975	19,349	21,054
Use (Transfer to) Rate Stabilization Reserve	-	-	-	-	-	-	-	-	-	-	-
Total - Revenue	\$ 563,817	\$ 600,888	\$ 643,851	\$ 679,690	\$ 720,712	\$ 765,436	\$ 833,940	\$ 908,823	\$ 990,570	\$ 1,078,143	\$ 1,174,090
Expenditures & Transfers											
O&M Expenses	\$ (175,490)	\$ (193,327)	\$ (198,878)	\$ (210,585)	\$ (220,869)	\$ (231,399)	\$ (242,439)	\$ (254,016)	\$ (266,155)	\$ (278,885)	\$ (292,234)
Existing Debt Service	(248,233)	(248,467)	(258,573)	(256,809)	(255,770)	(253,050)	(253,742)	(250,545)	(258,896)	(258,035)	(266,209)
New Debt Service	(2,078)	(8,221)	(13,890)	(29,866)	(46,287)	(66,885)	(95,293)	(129,780)	(168,389)	(210,746)	(249,850)
Debt Retirement/ Defeasance Use of Cash	-	-	-	-	-	-	-	-	-	-	-
Minimum Operating Reserve Contribution	(1,977)	(1,784)	(555)	(1,171)	(1,028)	(1,053)	(1,104)	(1,158)	(1,214)	(1,273)	(1,335)
Total - Expenditures & Transfers	\$ (427,778)	\$ (451,799)	\$ (471,896)	\$ (498,431)	\$ (523,955)	\$ (552,387)	\$ (592,579)	\$ (635,499)	\$ (694,654)	\$ (748,939)	\$ (809,628)
Net Cash Flow	\$ 136,039	\$ 149,089	\$ 171,955	\$ 181,259	\$ 196,756	\$ 213,048	\$ 241,362	\$ 273,324	\$ 295,916	\$ 329,204	\$ 364,461
Beginning Balance	\$ 73,154	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flow	136,039	149,089	171,955	181,259	196,756	213,048	241,362	273,324	295,916	329,204	364,461
Policy Cash-Funded Capital (Transfer to Capital Fund) ¹	(209,193)	(149,089)	(171,955)	(181,259)	(196,756)	(213,048)	(241,362)	(273,324)	(295,916)	(329,204)	(364,461)
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Reserve Balances											
Water Quality Operating Liquidity Reserve	\$ 17,549	\$ 19,333	\$ 19,888	\$ 21,059	\$ 22,087	\$ 23,140	\$ 24,244	\$ 25,402	\$ 26,616	\$ 27,889	\$ 29,223
Rate Stabilization Reserve Account	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250	\$ 46,250
Debt Service Coverage - Parity Bonds (Senior Lien)	2.68x	2.62x	2.73x	2.82x	2.74x	2.67x	2.56x	2.76x	2.51x	2.38x	2.33x
Debt Service Coverage - All-In Debt Service	1.55x	1.59x	1.63x	1.64x	1.65x	1.67x	1.69x	1.72x	1.70x	1.70x	1.71x
¹ Includes target 40% capital funding from rates, plus excess transfer from the operating reserve in 2022											
Capital Funding Plan - 3611 & 3612 (\$ '000)											
Beginning Balance	\$ 233,909	\$ 212,035	\$ 219,396	\$ 171,955	\$ 181,259	\$ 196,756	\$ 213,048	\$ 241,362	\$ 273,324	\$ 295,916	\$ 329,204
WIFIA Proceeds	-	134,500	-	-	96,845	-	-	-	-	-	-
State Loan Proceeds	34,974	58,848	15,848	-	-	-	-	-	-	-	-
Variable Rate Debt Proceeds	-	-	8,841	19,233	27,034	33,070	45,277	61,283	74,802	82,822	91,412
Commercial Paper / Interim Financing	48,650	49,446	23,627	9,202	-	-	-	-	-	-	-
Retirement of Interim Financing	(34,304)	(82,556)	(15,848)	-	(77,418)	-	-	-	-	-	-
Net Bond Proceeds	-	-	73,838	180,122	200,783	272,839	374,982	449,299	501,237	548,775	487,154
Debt Reserve Contribution/(Requirement)	-	5,147	-	-	-	-	-	-	-	-	-
Grants, Settlements, and Other	2,612	-	-	-	-	-	-	-	-	-	-
Capital Expenditures	(282,999)	(307,113)	(325,702)	(380,513)	(428,502)	(502,666)	(633,308)	(751,943)	(849,363)	(927,513)	(907,770)
Ending Balance Before Transfers	\$ 2,842	\$ 70,307	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Year-end Transfers from Operating Fund	209,193	149,089	171,955	181,259	196,756	213,048	241,362	273,324	295,916	329,204	364,461
Ending Balance	\$ 212,035	\$ 219,396	\$ 171,955	\$ 181,259	\$ 196,756	\$ 213,048	\$ 241,362	\$ 273,324	\$ 295,916	\$ 329,204	\$ 364,461
Ending Reserve Balances											
Capital Liquidity Reserve	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Emergency Capital Reserve	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Revenue Bonds Reserve Account	124,076	129,209	134,398	146,525	164,665	183,782	209,675	240,899	275,886	314,240	348,766
State Revolving Fund Reserve Account	981	981	219	219	176	133	133	133	68	-	-

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 claudia.balducci@kingcounty.gov
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Melani Pedroza
 melani.pedroza@kingcounty.gov
 Clerk of the Council
 King County Council
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Dow Constantine Dow.Constantine@kingcounty.gov Security Level: Email, Account Authentication (None)	 <p>DocuSigned by: Dow Constantine 4FBCAB8196AE4C6...</p>	<p>Sent: 6/14/2022 5:59:52 AM Viewed: 6/21/2022 11:21:51 AM Signed: 6/21/2022 11:22:04 AM</p>

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kwiggins@kingcounty.gov
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Browsers:	Final release versions of Internet Explorer® 6.0 or above (Windows only); Mozilla Firefox 2.0 or above (Windows and Mac); Safari™ 3.0 or above (Mac only)
PDF Reader:	Acrobat® or similar software may be required to view and print PDF files
Screen Resolution:	800 x 600 minimum

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Exhibit D-1

Residential Water Rate Comparison as of September 2022										
2022 Ranking	CITY	City Base Rate (3/4")	City Base Rate (1")	Summer Rates Per CCF	Winter Rates per CCF	Winter Consumption Assume 10 CCF	Summer Consumption Assume 10 CCF2	Average Cost per 10 ccf	Average total cost 2022 with 1 inch meter	Average total cost 2022 with 3/4 inch meter
1	WATER DISTRICT 119 (Duvall)	\$ 45.00	\$ 48.00	4.34/8.70	2.90/5.81	36.73	55.04	\$ 42.83	\$ 90.83	\$ 87.83
2	MERCER ISLAND	20.43	51.07	4.85/13.25	4.85/13.25	65.25	65.25	\$ 65.25	\$ 116.32	\$ 85.68
3	SKYWAY (CWA)	22.06	51.90	4.90/9.97	4.90/9.97	63.30	63.30	\$ 63.30	\$ 115.20	\$ 85.36
4	DUVALL	29.59	29.59	4.41/9.47	4.41/9.47	50.40	50.40	\$ 50.40	\$ 79.99	\$ 79.99
5	ISSAQUAH	17.62	38.27	2.28/23.56	2.28/23.56	61.82	61.82	\$ 61.82	\$ 100.09	\$ 79.44
6	BELLEVUE	27.06	47.88	4.24/10.10	4.24/10.10	49.26	49.26	\$ 49.26	\$ 97.14	\$ 76.32
7	SEATTLE	19.00	19.60	5.71/11.80	5.56	55.60	\$ 57.10	\$ 56.10	\$ 75.70	\$ 75.10
8	WOODINVILLE	29.85	150.10	0/9.21	0/7.92	41.76	52.08	\$ 45.20	\$ 195.30	\$ 75.05
9	COVINGTON WATER DISTRICT	28.33	38.58	2.80/8.50	2.80/5.90	38.35	43.15	\$ 39.95	\$ 78.53	\$ 68.28
10	COAL CREEK UTILITY	21.96	37.48	3.62/8.62	3.62/8.62	44.88	44.88	\$ 44.88	\$ 82.36	\$ 66.83
11	KIRKLAND	21.79	21.79	5.22	5.22	41.76	41.76	\$ 41.76	\$ 63.55	\$ 63.55
12	LYNNWOOD	28.25	28.25	3.24/4.88	3.24/4.88	32.40	32.40	32.40	60.65	60.65
13	TACOMA	37.45	60.08	2.207/2.756	2.21	22.07	24.83	\$ 22.99	\$ 83.07	\$ 60.44
14	CEDAR RIVER WATER DIST	19.17	24.38	2.92/8.90	2.92/8.90	40.00	40.00	\$ 40.00	\$ 64.38	\$ 59.17
15	REDMOND (CWA)	15.15	19.23	1.86/3.71/7	1.86/3.71/7	42.70	42.70	\$ 42.70	\$ 61.93	\$ 57.85
16	SAMMAMISH PLATEAU	34.23	73.48	2.16/8.56	2.16/8.56	23.48	23.48	\$ 23.48	\$ 96.96	\$ 57.71
17	KENT	25.34	39.99	2.65/5.21	2.65/5.21	31.62	31.62	\$ 31.62	\$ 71.61	\$ 56.96
18	KING COUNTY WD #20	25.25	37.88	2.78/3.56	2.78/3.56	31.70	31.70	\$ 31.70	\$ 69.58	\$ 56.95
19	HIGHLINE WATER DISTRICT	16.07	28.60	3.96/4.69	3.96	39.60	43.25	\$ 40.82	\$ 69.42	\$ 56.89
20	AUBURN	18.24	18.24	3.62/5.02	3.62/5.02	38.60	38.60	\$ 38.60	\$ 56.84	\$ 56.84
21	BOTHELL	16.57	34.26	3.24/8.97	3.24/8.97	40.10	40.10	\$ 40.10	\$ 74.36	\$ 56.67
22	KING COUNTY WD #125	15.51	41.17	4.08	4.08/4.82	40.80	40.80	\$ 40.80	\$ 81.97	\$ 56.31
23	NE SAMMAMISH	22.30	38.26	3.10	3.10	32.84	32.84	\$ 32.84	\$ 71.10	\$ 55.14
24	ALGONA	34.79	34.79	3.32	3.32	19.92	19.92	\$ 19.92	\$ 54.71	\$ 54.71
25	NORTHSHORE	15.10	15.10	3.45/5.45	3.45/5.45	39.50	39.50	\$ 39.50	\$ 54.60	\$ 54.60
26	TUKWILA 2022	20.00	20.00	4.18	3.00	30.00	41.80	33.93	53.93	53.93
27	ALDERWOOD WATER DIST	23.82	37.81	2.66/3.89	2.66/3.89	26.60	26.60	26.60	64.41	50.42
28	RENTON	18.68	37.03	2.69/4.57	2.69/4.57	31.55	31.55	\$ 31.55	\$ 68.58	\$ 50.23
29	SOOS CREEK	16.35	22.00	2.17/6.99	2.17/5.83	32.10	36.35	\$ 33.52	\$ 55.52	\$ 49.87
30	LAKEHAVEN (FEDERAL WAY)	19.85	30.59	1.75/4.90	1.75/4.90	20.64	20.64	\$ 20.64	\$ 51.23	\$ 40.49
Average										\$ 62.97

ATTACHMENT D
City of Tukwila
WATER ENTERPRISE FUND
2023 - 2028 Analysis in 000's

REVENUES	2019 Actual	2020 Actual	2021 Actual	2022 Budget	2022 Estimate	2023	2024	2025	2026	2027	2028	Total
Monthly Water Charges ⁽¹⁾	+5% Commercial	+5% Commercial	+2%	+5%		+7.5%	+7.5%	+5%	+5%	+4%	+4%	
Cascade Water Alliance (CWA)	2,707	2,753	2,688	3,356	2,805	2,763	2,769	3,012	3,071	3,141	3,211	17,967
Regular City Water	4,030	3,397	4,067	3,488	4,288	4,862	5,428	5,594	5,966	6,145	6,329	34,323
Subtotal Water	6,737	6,150	6,755	6,844	7,093	7,625	8,197	8,606	9,037	9,000	9,000	51,464
Other Miscellaneous Revenue	352	105	50	83	92	130	135	140	145	150	150	850
Interlocal Ags\PWTF\Grants/Bonds	0	0	0	1,900	0	0	1,437	1,563	3,000	6,600	1,225	13,825
Water Connection Fees ⁽²⁾	37	78	68	20	45	20	20	20	20	20	20	120
Total Revenues	7,126	6,333	6,873	8,847	7,230	7,775	9,789	10,329	12,202	15,770	10,395	66,259
EXPENDITURES												
CWA Purchased Water ⁽³⁾	2,707	2,753	2,688	3,356	2,805	2,763	2,769	3,012	3,071	3,141	3,211	17,967
Water Operations & Maintenance	2,345	2,263	2,440	2,520	2,150	2,425	2,528	2,579	2,630	2,683	2,736	15,581
Debt Service ⁽⁴⁾	146	145	144	129	129	128	128	147	147	200	200	950
Debt Service/Costs for PW Shops	340	197	182	358	358	1,038	698	1,058	1,057	1,058	1,058	5,967
Interfund Utility Tax ⁽⁵⁾ 10%	677	617	677	693	709	775	833	875	918	915	915	5,231
Engineering Labor ⁽⁷⁾	63	39	75	119	77	80	82	84	86	88	90	510
Subtotal	6,278	6,014	6,206	7,175	6,228	7,209	7,038	7,754	7,909	8,085	8,210	46,206
Water Capital - CIP Program	265	138	332	2,455	3,300	1,997	2,825	3,275	3,600	5,455	2,600	19,752
Total Expenditures	6,543	6,152	6,538	9,630	9,528	9,206	9,863	11,029	11,509	13,540	10,810	65,958
FUND BALANCE												
Change in Fund Balance ^(a)	583	181	335	(783)	(2,299)	(1,431)	(75)	(700)	692	2,230	(415)	(415)
Beginning Balance	6,058	5,787	6,639	6,987	6,987	4,690	3,259	3,184	2,484	3,177	5,407	5,407
Ending Balance	6,641	6,639	6,987	6,204	4,690	3,259	3,184	2,484	3,177	5,407	4,991	4,991
Fund Balance:												
Reserved ^(b) 20% of revenue	1,435	1,302	1,267	1,375	1,375	1,389	1,555	1,670	1,753	1,840	1,834	1,834
Unreserved	5,206	5,337	5,720	4,830	3,315	1,869	1,629	814	1,423	3,566	3,157	3,157
Ending Balance	6,641	6,639	6,987	6,204	4,690	3,259	3,184	2,484	3,177	5,407	4,991	4,991

^(a) Revenues in excess of (less than) expenditures

^(b) Annual reserve balance requirement equals 20% of the prior year operating revenues.

ATTACHMENT D-1

NOTES TO WATER ENTERPRISE FUND

- 1) Rates reflect increases of 7.5% in 2023, 7.5% in 2024, and 5%/4% in 2025 through 2028. These rate increases are essential to sustain our reserve balance and cover any possible increases from Cascade Water Alliance (CWA). We will continue to review the annual rate model to confirm that the proposed increases are necessary.

Future water purchased at additional costs will be passed on to ratepayers. We have identified Cascade Water Alliance’s revenues and expenditures to better reflect the actual water charges and the respective increases. CWA has proposed rate increases of 2.2% in 2023 and 2.2% in 2024.

- 2) Connection fees are estimated for the Allentown/Foster Point and Duwamish projects.
- 3) Cascade Water Alliance is split out to identify the actual costs of purchased water. CWA has scheduled increases in their six-year planning model that will affect our water rates.
- 4) Debt schedule includes Public Works Trust Fund (PWTF) loans and Bonds.

Water Debt Service includes:	<u>Expires</u>	<u>2023</u>	<u>2024</u>
2004 PWTF Allentown (26%)	7/1/24	\$ 81,431.74	\$ 81,028.63
2006 Bond Allentown (26%)	12/31/26	<u>46,388.75</u>	<u>46,648.51</u>
Subtotal		\$127,820.49	\$127,677.14
2018 Public Works Shops (17%)	12/31/38	260,559.00	260,856.50
2019 Public Works Shops (17%)	12/31/39	<u>63,245.27</u>	<u>63,189.17</u>
Total		<u>\$323,804.27</u>	<u>\$324,045.67</u>

- 5) An Interfund Utility Tax was approved in October 2009 for the water, sewer, and surface water utilities. Gross revenues are currently taxed 10% through December 31, 2027.
- 6) The Working Capital Reserve Fund’s policy was updated in 2012 per Resolution No. 1774 to maintain an adequate fund balance in each of the enterprise funds. For the Enterprise Funds, the unrestricted fund balance shall equal or exceed 20% of the previous year’s revenue, exclusive of significant non-operating, non-recurring revenues.
- 7) The Senior Water/Sewer Engineer’s salary and benefits are split evenly between the water department and the sewer department. For 2023 and 2024, Technology staff will continue to charge at 22% for the GIS Coordinator and 10% for the Information Systems Project Analyst.

Water Enterprise Fund

The City’s Enterprise Funds account for utility operations that are self-supported through user charges. The utilities are financed and operated like a private business enterprise which requires periodic determination of revenues earned; expenses incurred, and net income for capital maintenance, public policy, management control and accountability. The Water Fund accounts for operations and capital improvements to provide water to a portion of City residents. King County Water District 125 and Highline Water District also supply water to City residents.

City of Tukwila
CAPITAL IMPROVEMENT PROGRAM
 for
 2023 - 2028

WATER ENTERPRISE FUND
401

CIP Page #	PROJECT TITLE	2023	2024	2025	2026	2027	2028	TOTAL	**Other Sources	After Six Years
57	S 152nd Street Waterline Extension & Replacer	1,880	0	0	0	0	0	1,880	0	0
58	Water Reservoir and Pump Station	0	750	1,000	3,000	4,600	0	9,350	9,350	7,000
59	Update GIS Water System Inventory	67	0	0	50	105	0	222	0	0
61	Smart Water Meters Upgrade	0	1,250	1,000	0	0	0	2,250	1250	0
62	S 149th St & S 150th St Watermain Replaceme	0	575	925	0	0	0	1,500	0	0
63	Annual Water Repair	0	100	200	400	500	0	1,200	0	1,500
64	Large Water Meters Replacement	50	150	150	150	100	100	700	0	200
65	Baker Blvd Water Main Replacement	0	0	0	0	150	2,500	2,650	1,225	0
	Strander Blvd Waterline Upgrade	0	0	0	0	0	0	0	0	3,450
	Allentown Phase III - Water Revitalization	0	0	0	0	0	0	0	0	1,650
	57th Ave S Waterline Replacement	0	0	0	0	0	0	0	0	975
	Southcenter Blvd Water Main Replacement	0	0	0	0	0	0	0	0	2,500
	S 140th St Waterline Replacement	0	0	0	0	0	0	0	0	1,225
	S 180th & W Valley Loop/Renton Turnover	0	0	0	0	0	0	0	0	2,550
	Foster Area Water Upgrade	0	0	0	0	0	0	0	0	2,750
	West Valley Hwy East Side Water Looping	0	0	0	0	0	0	0	0	2,200
	58th Ave S Water Main Replacement	0	0	0	0	0	0	0	0	1,450
	West Valley Deep Water Main Replacement	0	0	0	0	0	0	0	0	1,350
	65th Ave S Water Main Replacement	0	0	0	0	0	0	0	0	3,150
	49th Ave S Water Main Replacement	0	0	0	0	0	0	0	0	2,000
	S 180th St Water Main Replacement	0	0	0	0	0	0	0	0	1,232
	Evans Black Dr Water Main Replacement	0	0	0	0	0	0	0	0	780
	S 112 St Water Looping	0	0	0	0	0	0	0	0	1,140
	S 153rd St Water Main Replacement	0	0	0	0	0	0	0	0	350
	Corporate Dr S Water Main Replacement	0	0	0	0	0	0	0	0	560
	Ryan Hill Watermain Improvements	0	0	0	0	0	0	0	0	4,650
	Crystal Springs Intertie with Highline WD - 500 i	0	0	0	0	0	0	0	0	325
Grand Total		1,997	2,825	3,275	3,600	5,455	2,600	19,752	11,825	39,692

** Denotes other funding sources, grants, or mitigation.

Changes from 2021 to 2023 CIP:

Additions
 S 149th St & S 150th St Watermain Replacement
 Large Water Meters Replacement
 Smart Water Meters Upgrade
 Annual Water Repair

Deleted:

Water Comp Plan Completed
 Macadam Road completed

Project sheets scheduled beyond 2028
 can be found in the City's website under
 Public Works Capital Improvement Program.

Residential Sewer Rate Comparison as of September 2022

2022 Ranking	CITY	2022 City Charge	2023 King County Sewer	2022 total
1	MERCER ISLAND	\$ 78.66	\$ 52.11	\$ 130.77
2	DUVALL	\$ 77.86	\$ 52.11	\$ 129.97
3	SEATTLE (Typical)	\$ 73.14	\$ 52.11	\$ 125.25
4	SKYWAY	\$ 58.64	\$ 52.11	\$ 110.75
5	TACOMA	\$ 52.26	\$ 52.11	\$ 104.37
6	MIDWAY SEWER DISTRICT	\$ 48.35	\$ 52.11	\$ 100.46
7	LYNNWOOD	\$ 47.93	\$ 52.11	\$ 100.04
8	LAKEHAVEN	\$ 46.39	\$ 52.11	\$ 98.50
9	SAMMAMISH PLATEAU	\$ 39.29	\$ 52.11	\$ 91.40
10	SOUTHWEST Suburban Sewer	\$ 38.75	\$ 52.11	\$ 90.86
11	NE SAMMAMISH	\$ 30.86	\$ 52.11	\$ 82.97
12	RENTON	\$ 30.51	\$ 52.11	\$ 82.62
13	TUKWILA 2022	\$ 30.00	\$ 52.11	\$ 82.11
14	WOODINVILLE	\$ 28.80	\$ 52.11	\$ 80.91
15	BELLEVUE	\$ 23.80	\$ 52.11	\$ 80.90
16	CEDAR RIVER W & S	\$ 27.02	\$ 52.11	\$ 79.13
17	KENT	\$ 26.31	\$ 52.11	\$ 78.42
18	AUBURN	\$ 25.99	\$ 52.11	\$ 78.10
19	COAL CREEK	\$ 22.24	\$ 52.11	\$ 74.35
20	BLACK DIAMOND	\$ 21.78	\$ 52.11	\$ 73.89
21	SOOS CREEK	\$ 21.22	\$ 52.11	\$ 73.33
22	ALDERWOOD	\$ 20.64	\$ 52.11	\$ 72.75
23	ISSAQUAH	\$ 19.89	\$ 52.11	\$ 72.00
24	REDMOND	\$ 19.86	\$ 52.11	\$ 71.97
25	LAKE FOREST PARK	\$ 19.02	\$ 52.11	\$ 71.13
26	ALGONA	\$ 17.67	\$ 52.11	\$ 69.78
27	KIRKLAND	\$ 16.47	\$ 52.11	\$ 68.58
28	VALLEY VIEW SEWER	\$ 16.07	\$ 52.11	\$ 68.18
29	NORTHSHORE	\$ 13.97	\$ 52.11	\$ 63.97
Average				\$ 86.46

ATTACHMENT E
City of Tukwila
SEWER ENTERPRISE FUND
2023 - 2028 Analysis in 000's

REVENUES	2019	2020	2021	2022	2022	2023	2024	2025	2026	2027	2028	Total
	Actual	Actual	Actual	Budget	Estimate							
Monthly Sewer Charges	KC	0%	KC	0%		KC	KC +5%	KC +5%	KC +5%	KC +5%	KC +5%	
	+5.75%; city		+4.5%			+3%	+3%	+3%	+3%	+3%	+5%	
King County Metro Sewer ⁽¹⁾	4,840	4,658	4,173	5,225	4,690	5,526	5,830	6,151	6,489	6,846	7,188	38,029
Regular City Sewer ⁽²⁾	4,927	3,477	4,937	4,730	4,800	5,085	5,238	5,395	5,557	5,723	6,010	33,007
Subtotal Sewer Revenue	9,767	8,135	9,110	9,955	9,490	10,611	11,068	11,545	12,045	12,569	13,197	71,036
Other Misc. Revenue	976	467	312	305	504	300	300	1,300	300	300	300	3,321
Grant/Bonds/PWTF	0	0	0	0	0	0	0	0	0	0	0	0
Sewer Connection Fees ⁽³⁾	150	143	163	25	106	0	100	100	100	100	100	594
Total Revenues	10,893	8,745	9,585	10,285	10,100	10,911	11,468	12,945	12,445	12,969	13,597	74,951
EXPENDITURES												
Sewer Operations & Maintenance												
King County Metro Sewer ⁽⁴⁾	4,840	4,658	4,173	5,225	4,690	5,526	5,830	6,151	6,489	6,846	7,188	38,083
Regular City Sewer ⁽⁵⁾	1,330	1,435	1,382	1,660	1,611	1,769	1,828	1,883	1,939	1,998	2,057	12,072
Debt Service ⁽⁶⁾	356	355	352	352	352	348	347	154	154	42	42	2,059
Debt Service/Costs for PW Shops	80	95	103	200	1,200	606	200	671	671	671	671	3,651
Interfund Utility Tax ⁽⁷⁾ 10%	1,006	844	942	1,021	999	1,091	1,137	1,285	1,235	1,287	1,350	7,709
Engineering Labor ⁽⁹⁾	93	91	436	478	664	701	754	777	800	824	845	4,610
Subtotal	7,705	7,478	7,388	8,936	9,516	10,041	10,096	10,920	11,288	11,667	12,153	68,184
Sewer Capital - CIP Program	416	418	2,011	2,865	2,000	2,592	3,325	2,725	2,725	3,075	1,975	18,243
Total Expenditures	8,121	7,896	9,399	11,801	11,516	12,633	13,421	13,645	14,013	14,742	14,128	86,427
FUND BALANCE												
Change in Fund Balance ^(a)	2,772	849	186	(1,516)	(1,416)	(1,722)	(1,953)	(699)	(1,567)	(1,773)	(530)	(8,688)
Beginning Balance	8,651	12,269	12,646	12,832	13,158	11,742	10,020	8,067	7,368	5,801	4,028	12,646
Ending Balance	11,423	13,118	12,832	11,316	11,742	10,020	8,067	7,368	5,801	4,028	3,497	3,958
Fund Balance:												
Reserved ^(b) 20% of revenue	2,076	2,179	1,982	1,917	1,917	2,057	2,182	2,294	2,589	2,489	2,594	2,589
Unreserved	9,347	10,939	10,850	9,399	9,825	7,963	5,885	5,074	3,211	1,538	904	3,211
Ending Balance	11,423	12,646	13,158	11,316	11,742	10,020	8,067	7,368	5,801	4,028	3,497	5,801

^(a) Revenues in excess of (less than) expenditures

^(b) Annual reserve balance requirement equals 20% of the prior year operating revenues.

ATTACHMENT E-1

NOTES TO SEWER ENTERPRISE FUND

- 1) King County Metro sewer and Tukwila’s sewer have been split out to present the revenues separately. Metro increases will be passed through to the sewer ratepayers. King County Metro sewer fees will increase 5.75% in 2023 per KC Ordinance No. 19447 and we have factored in potential King County increases for 2024 through 2028.
- 2) 3 percent increases are proposed for Tukwila sewer in 2023 and 2024. We will continue with the annual rate model review to confirm that the proposed increases are necessary.
- 3) Sewer connection fees for Allentown Phase I and Allentown/Foster Point Phase II.
- 4) King County Metro Sewer treatment fees are passed through to ratepayers.
- 5) City’s basic operation and maintenance costs.
- 6) Includes the Public Works Trust Fund (PWTF) Loan and the 2006 Bond for the Allentown/Foster Point Phase II Sewer Improvement Project.

Sewer Debt Service includes:	<u>Expires</u>	<u>2023</u>	<u>2024</u>
2004 PWTF Allentown (62%)	7/1/24	\$194,183.39	\$193,222.08
2006 Bond Allentown (62%)	12/31/26	110,619.33	111,238.76
2013 PWTF CBD Sewer Rehab	12/31/33	<u>43,233.72</u>	<u>43,027.85</u>
Subtotal		\$351,672.31	\$351,543.63
2018 Public Works Shops (10%)	12/31/38	145,606.50	145,772.75
2019 Public Works Shops (10%)	12/31/39	<u>35,342.95</u>	<u>35,311.60</u>
	Total	<u>\$528,985.89</u>	<u>\$528,573.04</u>

- 7) An Interfund Utility Tax was approved in October 2009 for the water, sewer, and surface water utilities. Gross revenues are currently taxed 10% through December 31, 2027.
- 8) The Working Capital Reserve Fund’s policy was updated in 2012 per Resolution No. 1774 to maintain an adequate fund balance in each of the enterprise funds. For the Enterprise Funds, the unrestricted fund balance shall equal or exceed 20% of the previous year’s revenue, exclusive of significant non-operating, non-recurring revenues.
- 9) The Senior Water/Sewer Engineer’s salary and benefits are split evenly between the water department and the sewer department. For 2023 and 2024, Technology staff will continue to charge at 22% for the GIS Coordinator and 10% for the Information Systems Project Analyst to assist with the GIS Inventory of the sewer fund. The Sewer fund is also splitting a GIS Technician position with the Surface Water fund.

Sewer Enterprise Fund

The City’s Enterprise Funds account for utility operations that are self-supported through user charges. The utilities are financed and operated like a private business enterprise which requires periodic determination of revenues earned; expenses incurred, and net income for capital maintenance, public policy, management control and accountability. The Sewer Fund accounts for operations and capital improvements to provide sanitary sewer to a portion of City residents. Valley View Sewer District also provides sewer in the City.

City of Tukwila
CAPITAL IMPROVEMENT PROGRAM
for
2023 - 2028

SEWER ENTERPRISE FUND
402

Page #	PROJECT TITLE	2023	2024	2025	2026	2027	2028	TOTAL	*Other Sources	After Six Years
68	Annual Sewer Repair Program	1,050	1,100	1,050	1,100	800	850	5,950	0	6,450
69	GIS Sewer System Inventory	67	0	0	0	0	0	67	0	0
70	Sewer Lift Station No. 5 Rebuild	1,300	1,250	0	0	0	0	2,550	0	0
71	Sewer Lift Station No. 3 Upgrade	0	600	300	0	0	0	900	0	910
72	Abandon Sewer Lift Station No. 9	150	350	300	0	0	0	800	0	0
73	Southcenter Blvd Sewer Upgrade	0	0	300	900	900	0	2,100	0	0
74	Lift Stations Generators Load Bank Testing	25	25	25	25	25	25	150	0	0
75	Sewer Repair at 14438 59th Ave S	0	0	750	0	0	0	750	0	0
76	Future Sewer Lift Station No. 7	0	0	0	700	1,350	1,100	3,150	0	0
	Ryan Hill - Sewer Revitalization	0	0	0	0	0	0	0	0	1,900
	Sewer Lift Station No. 12	0	0	0	0	0	0	0	0	3,650
	APW Sewer connection to KC Metro	0	0	0	0	0	0	0	0	650
	Allentown Phase III - Sewer Revitalization	0	0	0	0	0	0	0	0	1,900
	MLK Way Sewer Improvements	0	0	0	0	0	0	0	0	1,000
	Valley View West Hill Sewer Transfer Area	0	0	0	0	0	0	0	0	0
Grand Total		2,592	3,325	2,725	2,725	3,075	1,975	16,417	0	15,460

** Denotes other funding sources, grants, or mitigation.

Changes from 2021 to 2023 CIP:

Combined Annual Sewer Repair and CBD Rehab
Added Lift Station No. 5 Rebuild
Added Lift Station No. 3 Upgrade
Added MLK Way & 47th Ave S Sewer Improvements

Project sheets scheduled beyond 2028
can be found in the City's website under
Public Works Capital Improvement Program.

Deleted:

CBD Sanitary Sewer Rehabilitation
Sewer Lift Station No. 2 Upgrades
Sewer Comprehensive Plan
Sewer Replacement at 14025 Interurban Ave S

Sewer Lift Station Locations

Lift Station No. 1 - Master Telemetry Panel	600 Minkler Blvd. - Shops
Lift Station No. 2 - Backup Dialer	1105 Andover Pk W (at Minkler Blvd)
Lift Station No. 3	550 Minkler Blvd
Lift Station No. 4	6790 Todd Blvd - Southcenter South
Lift Station No. 5	6830 Fort Dent Way (entrance to Park)
Lift Station No. 6	6820 Fort Dent Way (only serves Park)
Lift Station No. 7 - Abandoned in 2011	was at 14601 Interurban - replaced by gravity sewer
Lift Station No. 8	13359 56th Ave S - Foster Point (new in 2007)
Lift Station No. 9	12638 Interurban - Suburban Propane
Lift Station No. 10	12218 51st Pl S - Allentown (new in 2007)
Lift Station No. 11	18799 Southcenter Pkwy (new in 2012)
Lift Station No. 12	255 Andover Park W - Key Bank parking lot at mall
Lift Station No. 13	Future - Tukwila Pkwy & Andover Park W

**SINGLE FAMILY SURFACE WATER
RATES
as of September 2022**

City ranking	CITY	2022 Yearly Rate
1	Seattle (Mid 6,000 SF)	\$ 632.67
2	Bellevue (1/3 acre)	\$ 448.65
3	Sammamish	\$ 396.00
4	Tacoma (typical)	\$ 337.80
5	Newcastle	\$ 330.09
6	Shoreline	\$ 313.24
7	King County	\$ 289.00
8	Duvall	\$ 265.80
9	Mercer Island	\$ 238.86
10	Issaquah	\$ 214.74
11	Tukwila 2022	\$ 204.00
12	Redmond	\$ 198.72
13	Auburn	\$ 190.56
14	Renton	\$ 189.12
15	Algona	\$ 186.00
16	Burien	\$ 184.94
17	Lynnwood	\$ 172.08
18	Kent	\$ 161.76
19	Federal Way	\$ 153.18
20	SeaTac	\$ 149.91
Average		\$262.86

ATTACHMENT F
City of Tukwila
SURFACE WATER ENTERPRISE FUND
2023 - 2028 Analysis in 000's

REVENUES	2019 Actual	2020 Actual	2021 Actual	2022 Budget	2022 Estimate	2023	2024	2025	2026	2027	2028	Total
	+5%	+3%	+2%	+5%	+5%	+5%	+5%	+5%	+5%	+3%	+5%	
Annual Billings (Current) ⁽¹⁾	6,739	6,971	7,021	7,350	7,390	7,760	8,147	8,555	8,983	9,252	9,715	52,411
Other Revenues	71	2	8	50	18	60	65	70	70	75	75	490
Grants/Bond Proceeds ⁽²⁾	310	1,069	1,540	3,109	625	3,944	3,164	8,746	3,495	215	4,666	24,230
Total Revenues	7,120	8,042	8,569	10,509	8,033	11,764	11,376	17,371	12,548	9,542	14,456	77,056
EXPENDITURES												
Operations & Maintenance	2,823	2,299	2,434	2,262	2,587	2,376	2,485	2,560	2,636	2,715	2,797	15,569
Debt Service ⁽³⁾	301	300	288	285	285	283	282	22	22	-	-	891
Debt Service/Costs for PW Shops	189	235	255	495	495	1,441	971	1,463	1,463	1,463	1,463	8,264
Interfund Utility Tax ⁽⁴⁾ 10%	676	692	702	740	738	776	815	855	898	925	971	5,241
Engineering Labor ⁽⁶⁾	148	673	724	708	836	855	896	997	1,026	1,057	1,089	5,920
Subtotal	4,137	4,199	4,403	4,490	4,941	5,731	5,449	5,897	6,046	6,161	6,320	35,603
SSWM Capital - CIP Program	917	3,433	3,507	7,300	3,051	7,316	6,305	12,995	7,340	1,965	6,673	42,594
Total Expenditures	5,054	7,632	7,910	11,790	7,992	13,047	11,754	18,892	13,386	8,126	12,993	78,197
FUND BALANCE												
Change in Fund Balance ^(a)	2,066	410	659	(1,281)	41	(1,283)	(377)	(1,521)	(838)	1,416	1,462	(1,141)
Beginning Balance	2,709	4,775	5,185	5,903	5,903	5,944	4,661	4,283	2,762	1,924	3,341	5,944
Ending Balance	4,775	5,185	5,903	4,622	5,944	4,661	4,283	2,762	1,924	3,341	4,803	4,803

Fund Balance:												
Reserved ^(b) 20% of revenue	1,362	1,395	1,406	1,410	1,482	1,564	1,642	1,725	1,811	1,865	1,958	1,958
Unreserved	3,413	3,790	4,497	3,212	4,462	3,097	2,641	1,037	114	1,475	2,845	2,845
Ending Balance	4,775	5,185	5,903	4,622	5,944	4,661	4,283	2,762	1,924	3,341	4,803	4,803

^(a) Revenues in excess of (less than) expenditures

^(b) Annual reserve balance requirement equals 20% of the prior year operating revenues.

ATTACHMENT F-1

NOTES TO SURFACE WATER ENTERPRISE FUND

- 1) Reflects proposed rate increases of 5% in 2023 through 2028, excluding a 3% increase in 2027. We will continue with the annual rate model review to confirm that the proposed Surface Water rate increases are necessary.

The National Pollution Discharge Elimination System (NPDES) permit required by the State Department of Ecology is having a significant impact on the Surface Water fund.

- 2) Potential grants and/or bond revenue. Included is the estimated Department of Ecology grant for NPDES and King County Flood Control District Opportunity grants as well as significant grant funding for the Nelsen Side Channel, the Storm Quality Retrofit Project, S 131st PI Drainage Improvements, the Gilliam Creek Fish Barrier Removal Project and the Chinook Wind Project.
- 3) Debt schedule includes PWTF loans and the 2006 Allentown Bond.

Debt Service includes:	<u>Expires</u>	<u>2023</u>	<u>2024</u>
2004 PWTF Cascade View Const.	7/01/24	\$ 224,365.58	\$ 223,254.86
2004 PWTF Allentown (12%)	7/01/24	37,956.00	37,398.00
2006 Bond Allentown (12%)	12/31/26	<u>21,410.19</u>	<u>21,530.08</u>
Subtotal		\$283,359.65	\$282,182.76
2018 Public Works Shops (23%)		360,185.00	360,596.00
2019 Public Works Shops (23%)	12/31/38	<u>134,427.00</u>	<u>134,350.00</u>
	Total	<u>\$ 777,971.00</u>	<u>\$ 777,130.00</u>

- 4) An Interfund Utility Tax was approved in October 2009 for the water, sewer, and surface water utilities. Gross revenues are currently taxed 10% through December 31, 2027.
- 5) The Working Capital Reserve Fund's policy was updated in 2012 per Resolution No. 1774 to maintain an adequate fund balance in each of the enterprise funds. For the Enterprise Funds, the unrestricted fund balance shall equal or exceed 20% of the previous year's revenue, exclusive of significant non-operating, non-recurring revenues.
- 6) Cost of engineering to support capital projects, NPDES, and operation efforts in-house. For 2023 and 2024, Technology staff will continue to charge 22% for the GIS Coordinator and 10% for the Information Systems Project Analyst to assist with the GIS Inventory of the Surface Water fund. The Surface Water Fund is also hiring a GIS Field Technician (split with Sewer) and another NPDES Inspector.

Surface Water Enterprise Fund

The City's Enterprise Funds account for utility operations that are self-supported through user charges. The utilities are financed and operated like a private business enterprise which requires periodic determination of revenues earned; expenses incurred, and net income for capital maintenance, public policy, management control and accountability. The Surface Water Enterprise Fund accounts for operations and capital improvements for the City's storm drainage and surface water management function. Surface Water projects are required to meet Federal, State and local mandates. The largest contributor to the surface water enterprise fund is the City of Tukwila.

City of Tukwila
CAPITAL IMPROVEMENT PROGRAM
 for
 2023 - 2028

SURFACE WATER
412 Fund

CIP Page	PROJECT TITLE	2023	2024	2025	2026	2027	2028	TOTAL	**Other Sources	After Six Years
79	Annual Small Drainage Program	900	900	970	970	970	970	5,680	0	673
80	Storm Water Quality Retrofit Program	1,620	100	100	2,200	100	100	4,220	3,095	115
81	NPDES Program	60	60	60	60	65	65	370	150	65
82	Regional Surface Water Partnerships	75	75	75	75	100	100	500	87	100
83	Green the Green Program	185	180	105	160	80	188	898	319	200
84	Gilliam Creek Fish Barrier Removal	600	650	8,500	0	0	0	9,750	8,050	0
85	Tukwila 205 Levee Certification	650	650	650	650	650	650	3,900	900	0
86	Nelsen Side Channel	600	300	1,825	0	0	0	2,725	1,932	0
87	Surface Water Comprehensive Plan	165	0	0	0	0	0	165	0	400
88	S 131st PI Drainage Improvements	671	2,400	0	0	0	0	3,071	1,960	0
89	Chinook Wind Public Access	422	0	0	0	0	0	422	126	0
90	Chinook Wind Extension	150	150	50	1,060	0	0	1,410	650	0
91	Surface Water GIS Inventory	47	0	0	0	0	0	47	0	0
92	Northwest Gilliam Storm Drainage System	100	840	0	0	0	0	940	0	1,100
93	Duwamish Rvrbk Stabilization at S 104th St	150	0	0	200	0	0	350	0	6,700
94	Duwamish Hill Preserve	370	0	600	0	0	4,600	5,570	5,000	
95	Soils Reclamation/Decant Facility	551	0	0	1,550	0	0	2,101	1,468	1,375
96	Tukwila Pkwy/Gilliam Creek Outfalls	0	0	60	415	0	0	475	0	0
97	S 146th St Pipe & 35th Ave S Drainage	0	0	0	0	0	0	0	0	1,066
	S 143rd Street Storm Drainage System	0	0	0	0	0	0	0	0	1,096
	TUC Surface Water Conveyance	0	0	0	0	0	0	0	0	541
Grand Total		7,316	6,305	12,995	7,340	1,965	6,673	42,594	23,737	13,431

** Denotes other funding sources, grants, or mitigation.

Project sheets scheduled beyond 2028
 can be found in the City's website under
 Public Works Capital Improvement Program.

Changes from 2021 to 2023 CIP:

Additions

- Duwamish Hill Preserve Phase III
- Duwamish Rvrbk Stabilization at S 104th St
- Chinook Wind Extension
- Consolidated multiple items into Regional Partnerships

Deletions

- Riverton Creek Flap Gate Removal
- East Marginal Wy S Stormwater Outfalls

Surface Water Lift Station Locations

Storm Lift Station No. 15	5910 S 180th St - Mizuki Grill
Storm Lift Station No. 16	7420 S 180th St (underpass)
Storm Lift Station No. 17	530 Strander Blvd - Bicentennial Park
Storm Lift Station No. 18	4225 S 122nd St - Allentown
Storm Lift Station No. 19	Fort Dent Park (Parks Dept.)