

**SOUTHWEST SUBURBAN SEWER DISTRICT  
KING COUNTY, WASHINGTON**

**RESOLUTION NO. 2022-12-01**

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF  
SOUTHWEST SUBURBAN SEWER DISTRICT, KING COUNTY,  
WASHINGTON, UPDATING AND AMENDING THE DISTRICT'S  
GENERAL FACILITY CONNECTION CHARGES.**

WHEREAS, RCW 57.08.005(11) authorizes the Board of Commissioners of Southwest Suburban Sewer District, King County, Washington ("District"), to charge property owners seeking to connect to the District's sewer system in addition to the cost of the connection, such reasonable connection charges as the District Board of Commissioners shall determine to be proper in order that those property owners shall bear their equitable share of the cost of the sewer system, including facilities planned for construction within the next ten years which are contained in an adopted comprehensive plan; and

WHEREAS, the District staff and/or its consultants, periodically review the applicable general facility connection charges to determine whether any adjustments should be made to the existing connection charges; and

WHEREAS, the District desires to update and amend its current general facility charges, taking into consideration the cost of its existing general facilities, and the facilities that are planned for construction within the next ten years which are contained in an adopted comprehensive plan; now, therefore,

BE IT RESOLVED by the Board of Commissioners of Southwest Suburban Sewer District, King County, Washington, as follows:

**Section 1. Revised and Updated General Facility Charges.**

Effective January 1, 2023, the general facility connection charges and applicable credits identified in **Exhibit A (November 17<sup>th</sup>, 2022 Memorandum prepared by Katy Isaksen)**, attached hereto and incorporated herein, shall be paid and/or applied when property owners seek to connect to, or increase the demand on, the District's sewer system in accordance with Section 5.48.040 of the District's Code of Regulations.

**Section 2. Effect on Prior Resolutions, Policies and Procedures.**

All prior and existing District resolutions, policies and procedures, relating to the District's sewer general facility connection charges are hereby revised, modified and superseded to be in accordance with the charges and credits set forth herein.

ADOPTED by the Board of Commissioners of Southwest Suburban Sewer District, King County, Washington, at a regular meeting thereof held this 6<sup>th</sup> day of December, 2022.

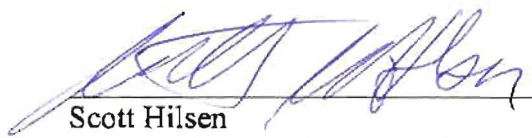
SOUTHWEST SUBURBAN SEWER DISTRICT  
KING COUNTY, WASHINGTON

Individual Commissioners  
Vote on Resolution

In Favor of:  \_\_\_\_\_  
Opposed:  \_\_\_\_\_  
Abstained:  \_\_\_\_\_

  
\_\_\_\_\_  
William A. Tracy  
President and Commissioner

In Favor of:  \_\_\_\_\_  
Opposed:  \_\_\_\_\_  
Abstained:  \_\_\_\_\_

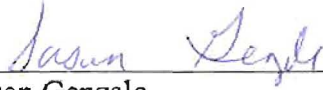
  
\_\_\_\_\_  
Scott Hilsen  
Vice President and Commissioner

In Favor of:  \_\_\_\_\_  
Opposed:  \_\_\_\_\_  
Abstained:  \_\_\_\_\_

  
\_\_\_\_\_  
Susan Genzale  
Secretary and Commissioner

**CERTIFICATE**

I, Scott Hilsen, Secretary of the Board of Commissioners of Southwest Suburban Sewer District, King County, Washington, do hereby certify that the foregoing resolution is a true and correct copy of Resolution No. 2022-12-01 of such Board, duly adopted at a regular meeting thereof held on the 6<sup>th</sup> day of December 6<sup>th</sup>, 2022 signed by the members of such Board in attendance at such meeting and attested by myself in authentication of such adoption.



Susan Genzale  
Secretary of the Board of Commissioners  
Southwest Suburban Sewer District



**MEMORANDUM**

**Date:** November 17, 2022  
**To:** Ron Hall, SWSSD General Manager  
**Cc:** Mesfin Mekonnen, SWSSD Accounting Supervisor  
**From:** Katy Isaksen, KI&A  
**Subject:** 2022 General Facilities Charge Update

The District collects a General Facilities Charge (GFC) from new or upsized connections to the sewer system based on type of residential unit (single- or multi-family) or by the size of the water meter for commercial connections. The GFC represents the equitable share of the cost of the system they are connecting into, including the treatment plants, sewer pump stations and interceptors, and other district facilities serving the customer base. A separate Local Facilities Charge (LFC) addresses the sewer collection lines that customers connect into. The LFC varies by the location of the property and connection. This memo addresses only the GFC portion of connection charges and provides an updated methodology for calculating the GFC. It will need to be updated after the Sewer plan is complete and adopted.

**General Facilities Charge Calculation Update**

RCW 57.08.005 provides guidance for calculating the GFC and has been used for guidance making this calculation using the District's 2021 financial statement, depreciation schedule with original costs, and current customers. The methodology includes determining the fair share of the existing general facilities after deductions for donated facilities such as ULIDs, developer extensions deeded to the District, and capital grants. Interest is allowed for up to 10-years on the existing facilities to reflect the cost to ratepayers of carrying the extra capacity. There is an adjustment for debt principal less unrestricted cash that could be used to pay the debt. The methodology also includes adding an equitable share of future capital improvements for up to ten-years that are contained in an adopted plan, but this element is not yet included as the Sewer Plan is not complete or adopted.

**Proposed 2023 Residential GFC**

Based on this updated methodology, the proposed 2023 residential GFC is \$4,402, which is an increase of \$576 from the current charge of \$3,826 per residential equivalent unit (REU). Multi-family connections are charged on the number of units, and commercial connections by the size of the water meter and the meter equivalents ratio.

<b>Residential GFC</b>	<b>Amount</b>
Existing Facilities Share per REU	\$4,402
Future Facilities Share per REU	wait for CIP
<b>Residential GFC</b>	<b>\$4,402</b>
Current GFC	\$3,826
<i>Difference</i>	\$576

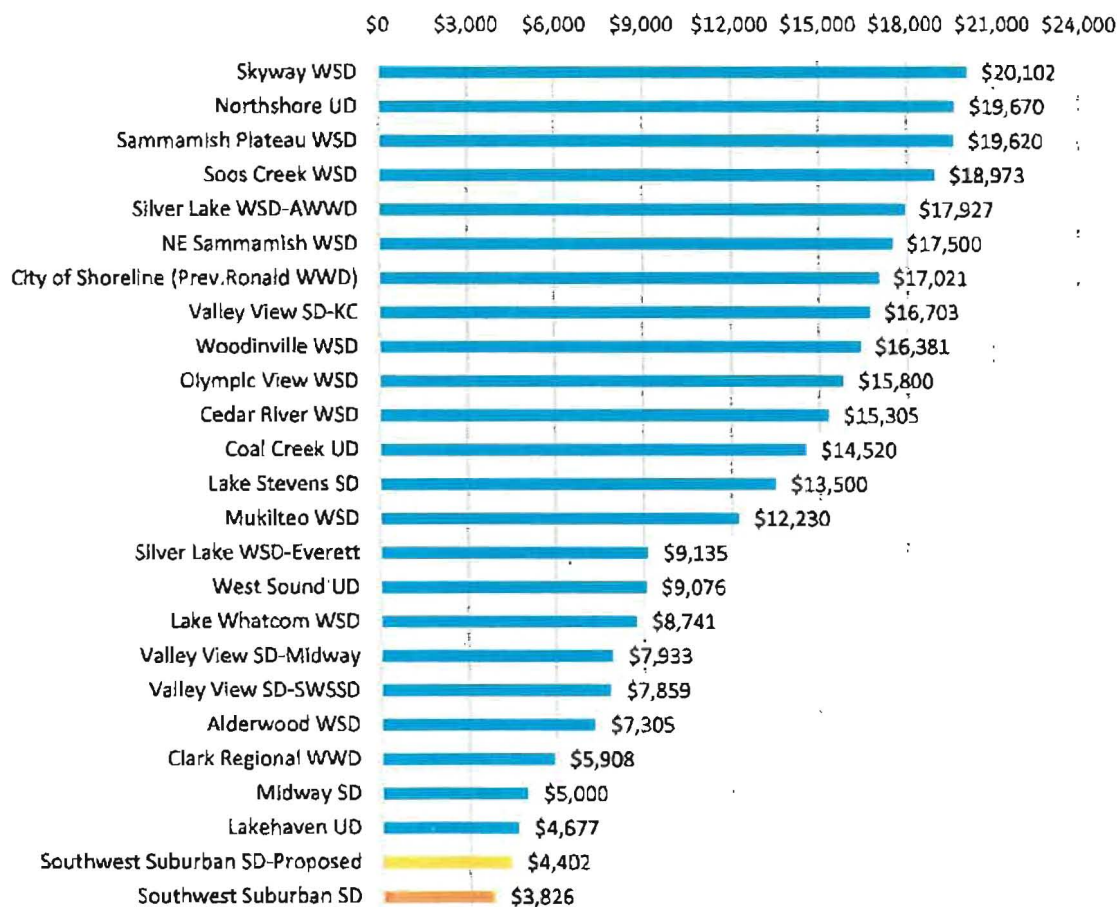
The calculation should be updated each time the Sewer Comp Plan/General Sewer Plan is updated and adopted by the Board to include the 10-year capital improvements and associated growth in REUs.



The following comparison chart uses data from the District’s recent survey that compared 2022 fees, along with separate sewer treatment capacity charges where appropriate for a fair comparison to SWSSD. For SWSSD, the GFC includes general facilities for treatment, interceptors, pump stations and other general facilities. In districts that contract for sewage treatment, the fee for treatment capacity must be added to the GFC set by the District Board, for example the King County capacity charge of \$12,670 is spread over 15 years (at the 2022 rate of \$70.39 per month).

The proposed GFC will not move SWSSD from the lowest rung of the districts surveyed. It is recommended that this proposed GFC be updated as the General Sewer Plan is completed and adopted to include growth’s share of the capital improvements in the plan.

### 2022 Residential Sewer GFC + Treatment Capacity



While it is nice to know how SWSSD compares to other districts, a reminder that the GFC must be calculated to meet this district’s system, financial status, and customer base.



<b>Southwest Suburban Sewer District General Facility Charge Update - Proposed 2023</b>	
<b>Residential GFC</b>	<b>Amount</b>
Existing Facilities Share per REU	\$4,402
Future Facilities Share per REU	wait for CIP
<b>Residential GFC</b>	<b>\$4,402</b>
	Current GFC \$3,826
	<i>Difference</i> \$576

Note that future growth costs are based on the capital improvements in an adopted comp plan. An update is currently underway. This GFC will need to be updated after the comp plan is complete and adopted by the Board.

Connection Type	REU Ratio	GFC
<b>Residential by Dwelling Unit</b>		
Single Family Per Dwelling	1.00	<b>\$4,402</b>
Multi-family Per Unit	0.80	<b>\$3,522</b>
<b>Commercial by Meter Size</b>		
5/8" x 3/4"	1.00	<b>\$4,402</b>
1"	2.50	<b>\$11,005</b>
1 1/2"	5.00	<b>\$22,010</b>
2"	8.00	<b>\$35,216</b>
3"	16.00	<b>\$70,433</b>
4"	25.00	<b>\$110,051</b>
5"	35.00	<b>\$154,072</b>
6"	50.00	<b>\$220,103</b>
8"	80.00	<b>\$352,165</b>



### Multi-family Ratio to Single Family

Built into the fee schedule is an assumption that a multi-family unit uses less system capacity than a single family unit within the district. The GFC schedule currently charges multi-family at 0.63 REU per unit compared to a single family residence at 1.0 REU per unit. The survey of other district charges shows that this is a low ratio, and it has not been reviewed for many years. After a discussion with Cameron Ochiltree, BHC Consultants on the updated sewer plan currently underway, 0.80 REU is recommended for SWSSD based on a detailed water usage study King County recently completed where the average usage for multi-family units was 0.82 REU compared to a medium single family unit at 1.0 REU. The proposed GFC table uses a factor of 0.80 REU per multi-family unit. This updated policy continues to provide a reduction on the GFC for multi-family units. It is also consistent with the neighboring districts of Valley View and Midway at 0.80 REU.

In the following comparison table, a value of 1.00 means that there is no differentiation between a new single family unit and a new multi-family unit.

District	Multi-Family Factor to Residential GFC
Alderwood	1.00
Clark Regional	1.00
Lake Stevens	1.00
Lake Whatcom	1.00
Lakehaven	1.00
Mukilteo	1.00
NE Sammamish	1.00
Northshore	1.00
Sammamish Plateau	1.00
Silver Lake	1.00
Skyway	1.00
Soos Creek	1.00
West Sound	1.00
Woodinville	1.00
Shoreline (prev. Ronald)	0.81
Midway	0.80
Valley View	0.80
<b>SWSSD - Proposed</b>	<b>0.80</b>
Olympic View	0.75
Coal Creek	0.70
Cedar River	0.64
<b>SWSSD - Existing</b>	<b>0.63</b>

King County: 1<sup>st</sup> unit @ 1.0, 2-4 units @ 0.81, 5+ units @ 0.63



**GFC Calculation details**

This GFC calculation is an updated methodology to calculate the pro-rata share of existing facilities per residential equivalent unit (REU) using the District's 2021 Financial Statement and depreciation schedule. The statute (RCW 57.08.005) in Washington State law also allows an equitable share of the cost of future facilities that are contained in an adopted plan. The GFC calculation should be updated after the General Sewer Plan/Sewer Comp Plan is complete and adopted by the Board.

**BEFORE CIP/FUTURE GROWTH PROJECTS**

<b>SWSSD GENERAL FACILITIES CHARGE CALCULATION</b>		
<b>EXISTING COST BASIS</b>	<b>DEC. 2021</b>	<b>Description</b>
Utility Plant-in-Service	\$ 173,661,526	Financial statement original cost
Less: Developer Extensions	\$ (5,835,968)	Depreciation schedule
Less: ULIDs	\$ (9,640,073)	Depreciation schedule
Less: Property Deeded to District	\$ (2,173,834)	Depreciation schedule
Less: ULID 55 for Secondary Treatment Upgrade*	\$ (9,609,125)	GFC Grant History
Less: Capital Grants	\$ (19,829,152)	GFC Grant History
Add: Construction Work In Progress	\$ 320,276	Financial statement
Add: Interest on Existing Plant	\$ 20,317,623	Statute allows up to 10-years
Less: Net Debt Principal Outstanding	\$ (20,583,629)	Debt principal less unrestricted cash
<b>Total Existing Cost Basis</b>	<b>\$ 126,627,645</b>	Sum of above lines
<b>2021 Year End Equivalent Customers</b>	<b>29,285</b>	REUs from contract customer calc
Existing Cost Per Equivalent Customer	\$ 4,324	per REU
Average Effective Tax Rate	1.81%	Dept. of Revenue reporting
<b>Existing Cost Per Equivalent Customer with tax</b>	<b>\$ 4,402</b>	<b>per REU</b>

\*SWSSD funded the secondary treatment upgrade through a District-wide ULID (not part of ULIDs above)

Current GFC	\$ 3,826	per REU
Difference (\$)	\$ 576	per REU
Difference (%)	15%	

**DEBT PRINCIPAL NET OF UNRESTRICTED CASH**

<b>Outstanding Debt Principal</b>	<b>Principal</b>	<b>2021 Financial Statement</b>
Public Works Trust Fund Loans	\$ 1,844,971	
Revenue Bonds	\$ 25,695,680	
<b>Subtotal Principal Outstanding</b>	<b>\$ 27,540,651</b>	

<b>Unrestricted Cash</b>	<b>Unrestricted</b>	<b>2021 Financial Statement</b>
Maintenance fund	\$ 5,906,183	
Construction fund, unrestricted	\$ 1,050,839	
<b>Subtotal Unrestricted Cash</b>	<b>\$ 6,957,022</b>	

**Net Debt Principal Outstanding** \$ 20,583,629 Net of unrestricted cash