

SUMMARY KEY MESSAGES

Preliminary DRAFT Wastewater Treatment Division 2018 Financial Performance (as of February 1, 2019)

Overview

- Based on current data, King County Wastewater Treatment Division (WTD) 2018 financial performance is positive.
- Preliminary debt service coverage of 1.44x exceeded expectation
- West Point Insurance claim finalized at approximately \$23 million
 - Requesting approximately \$1.2 million from FEMA for damages not covered by insurance.
 - Preparing projects for submission to FEMA for a mitigation grant.
- Brightwater Judgment of \$145 million was used to retire \$136 million in existing bonds and issued \$124.4 million of new bonds. The two transactions reduced future debt payments through 2032 by \$19.9 million with a present value benefit of \$14.9 million.

Revenues

- Residential Customer Equivalents (RCEs) on track at 760,571
- Projected sewer rate revenues on track at \$403.6 million
- Projected (Preliminary) capacity charge revenues are \$88.6 million, approximately \$11.0 million more than anticipated. Increase was in regular billings with upfront payments slightly down from the previous year.

Expenditures

- Projected operating expenses are in line with last year's projection of \$159.6 million
- Capital spending approximately 90% of 2018 adopted budget, plus supplemental requests with spending estimated at \$220.1 million
- Projected total debt service is \$248.7 million, approximately \$4.4 million less than anticipated.
- WTD anticipates that 2018 numbers will be finalized by the end of February with no significant change to the underlying positive performance of the Utility.