

**Summary of Rates & Finance Subcommittee November 7, 2019 meeting
For MWPAAC General Meeting on December 11, 2019**

Before the meeting began, attendees recognized the contributions of Tom Lienesch, Economist at King County WTD. He was involved in many major initiatives with MWPAAC and attendees thanked him for his service, his expertise, and for always being helpful. Mr. Lienesch will retire from WTD in late November.

1. Capacity Charge Rate Structure – Preferred Option

Presenter: David Clark – King County Wastewater Treatment Division

Mr. Clark made a brief presentation about King County's preferred option for changes to the Capacity Charge rate structure. After highlighting recent stakeholder outreach efforts and the response from the recent survey, Mr. Clark shared the County's preferred option: Option 2. This option disaggregates Single-Family households into three categories based on interior square footage / living space. It also relies on relative household size estimates from the American Community Survey to set the RCE values for Single-Family, Multi-Family structures, Accessory Dwelling Units (ADUs), and Micro units. There are no proposed changes to the rate structure for commercial connections.

The changes to the capacity charge are proposed to become active in January 2021. WTD anticipates this will require one full-time equivalent for the division to handle the additional administrative burden. Component agencies would only be asked to require the developer to select of "Small / Medium / Large" on a capacity charge application form for a Single-Family household. Also, WTD proposes to not alter the Capacity Charge category for customers who add living space to Single-Family homes during the capacity charge collection period.

Mr. Clark then presented the general timeline for adoption and implementation of the changes:

- Q4 2019: King County Executive reviews proposal
- Q1 2020: Legislation is transmitted to the King County Council for potential adoption in Q1 20
- Q1 2021: Revised Capacity Charge becomes effective for new connections

Attendees then asked questions:

- Why would WTD choose not to adjust the Capacity Charge for remodeled / enlarged Single-Family homes? **Mr. Clark answered that the administrative cost of doing so would outweigh the benefit.**
- Would there be any change to how component agencies report Single-Family connections and RCEs each quarter? **Mr. Clark answered that the quarterly reporting process for payment of the wholesale sewer rate would be unchanged.**

Finally, Kevin Wallace, a local multi-family housing developer, shared some comments related to the Capacity Charge. Mr. Wallace expressed a desire for multi-family housing to be disaggregated by unit type (studio, 1-bedroom, 2-bedroom, etc.). He stated that data about multi-family unit types should be available at the time of construction and that this type of disaggregation would relieve the cost burden for renters of small units. Further, he shared that his own data collection suggests that multi-family units are using significantly less water than what is assumed by King County WTD.

WTD staff and members of the subcommittee thanked Mr. Wallace for his comments and mentioned that such changes are not in the current proposal but may be considered in the future.

2. Discuss MWPAAC Letter on Capacity Charge Rate Structure

Presenter: Gregg Cato, Rates & Finance Subcommittee Vice-Chair

Mr. Cato asked attendees for input on the letter to be drafted for consideration at the December 11 MWPAAC General Meeting. Comments were received, and Mr. Cato said he would draft the letter soon for distribution in advance of the December 5, 2019 Rates & Finance Subcommittee meeting.

3. King County Omnibus

Presenter: Heidi Popochock, Financial Services Manager, WTD

Ms. Popochock spoke from a handout titled "Summary of 2019/2020 Supplemental Appropriation Requests" which outlined the omnibus bills related to WTD during the King County 2019-2020 biennial budget. After summarizing the contents of two previously approved omnibus bills, she outlined the items in Proposed Ordinance 2019-0400, which is currently being reviewed the Budget and Fiscal Management Committee. The ordinance is expected to be adopted by the King County Council in late November or early December.

Ms. Popochock answered questions from attendees relating to the projects and costs listed and the source of funding for the additional spending.

Please obtain the handout for this presentation as it contains much more complete data than this summary.

The next Rates and Finance Subcommittee meeting will be held on December 5, 2019. Please attend!

Questions?

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