

METROPOLITAN WATER POLLUTION ABATEMENT ADVISORY COMMITTEE

Meeting Summary

Skype Meeting

Wednesday, April 29, 2020

10 a.m. – 12 p.m.

1. MWWPAAC Chair's Report – Pam Carter

- Welcome and Introductions
- Determine Quorum
- Approval of March Meeting Summary (action item)
- Regional Water Quality Committee Update
- April Subcommittee Reports

Olivia Robinson, WTD Government Relations, took roll call. A quorum was in attendance.

Pam Carter, Chair, reviewed one revision to the draft MWWPAAC March Meeting Summary. The March meeting summary was approved as revised.

Pam reported the Regional Water Quality Committee (RWQC) is not currently meeting and that the King County Council has canceled regional committee meetings. There will not be a meeting until potentially July. Therefore, RWQC members have not been able to react to the rate proposal. Sharman Herrin, WTD Government Relations, shared that WTD has offered briefings to members that sit on RWQC and those briefings are starting this week so that members have an understanding and background on the rate proposal.

Jack Broyles, Rates & Finance Chair (R&F), summarized the April subcommittee report – the April Rates & Finance meeting was dedicated to the rate proposal and rate letter which will be discussed today.

Gary Schimek, Engineering & Planning (E&P) Vice Chair, provided a summary of the March E&P meeting.

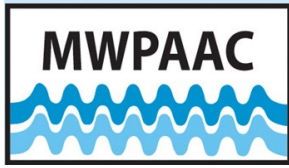
2. Wastewater Treatment Division Director's Report – Mark Isaacson, Division Director, Wastewater Treatment Division (WTD)

Mark Isaacson, WTD Division Director, began his report by sharing that he really missed the meetings together at the Tukwila Community Center and that he appreciates everyone joining via Skype. He also wanted to express his sincere sympathy for anyone who has been affected by the virus (COVID-19). There's been a lot of sadness in the community and he wanted to acknowledge that. Some staff have been affected and it is a very tragic consequence. This is really hard on all of us.

Mark shared his report will cover a couple of items – how the utility is responding to the COVID crisis and the rate proposal.

Mark reported construction projects continue – none have stopped or had any delays. A month ago WTD required safety plan updates from all contractors and we've gotten all of those and have conducted inspections. All contractors are complying well – this effort is to protect our workers and contractors. At our plants, our staff remain very healthy. Sick call ins remain low. Most administrative

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staff are working from home. WTD has been using Personal Protective Equipment (PPE) for decades – we’ve added some additional components such as face masks for helmets and face masks/respirators when two are working in close contact. WTD is monitoring the supply of chemicals (hypochlorite, polymer and caustic) which have not been interrupted. WTD is also participating in a study, which uses samples of our influent to identify if there is any of the virus – almost a given it is in the wastewater stream. The study is looking to see if there is viable DNA in the wastewater stream. That’s where WTD is with the COVID-19 response.

Mark reported that WTD has begun the work on transition plans. All of operations and maintenance are working on a regular basis with some shift changes, etc. Operations has done a lot of interesting work on social distancing. WTD Management Team is starting to look at downtown staff. We’ll have to work on a transitional plan - who would report back, what criteria, etc. We don’t have anything specific on that right now.

Mark reported WTD is doing contingency planning related to the West Seattle Bridge at the request of the Office of Emergency Management should it collapse. WTD has a 96-inch sewer line from the South Plant that goes right under the bridge as well as others. Mark will keep MWWPAAC posted.

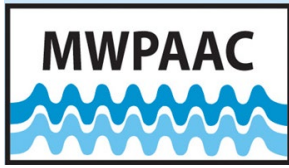
Mark briefly reported on the Rate Proposal that is before MWWPAAC noting that the rate proposal is important work we do with MWWPAAC and that he takes the issue very seriously. He has heard the concerns. Hiedi Popochock, WTD’s Finance Manager, and her team have developed various scenarios. WTD is doing our best to respond to requests and provide information. Mark recognized the sensitivity of our ratepayers related to the rate proposal.

3. Clean Water Plan Update, Steve Tolzman, Clean Water Plan Project Manager, WTD

Steve Tolzman, Clean Water Plan Project Manager provided an update on the Clean Water Plan to include:

- Clean Water Plan Activities – recent and current activities (bolded items)
- Existing Conditions Report
- Key Decision Areas
- SEPA Scoping – May 20 through June 19, 2020
- MWWPAAC Clean Water Plan Technical Advisory Taskforce
 - Steve paused for a brief report out from Gary Schimek, City of Redmond, on the April 23 meeting. Gary introduced task force members. All have commonality of policy and technical backgrounds and sincere value to add to this process. There is a commitment from all agencies to fully support this effort. There is a two-hour meeting every quarter and homework from each meeting – so we’ll be rolling up our sleeves. Looked at decision areas and potential actions. Next meeting focusing on SEPA and deep dive on other topics, treatment plants, conveyance, resiliency, and capacity. MWWPAAC members can reach out to any task force member at any time. The task force has also committed to provide a brief summary of the work being done. If there are other items members would like to hear from the task force, please let Steve know.

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- Recent and upcoming regional engagement activities
 - March 24 – Advisory Group Meeting – includes two MWWPAAC representatives
 - March 25 – Webinar: Wastewater Treatment: Realities and Reinvestment – 250 people participated in the webinar.
 - No joint meeting planned between the advisory group and task force. One is more technical and the other advisory.

4. 2020 WTD Sewer Rate, Hiedi Popochock, Financial Services Manager, WTD

Hiedi Popochock, Financial Services Manager, provided a brief review of the Adopted 2020 Rate Plan. The Adopted 2020 Rate Plan projected a 4.5 percent increase for a two-year rate. The proposal today has a one-year 4.5 percent rate increase with a zero percent increase as a placeholder for 2022. A one-year rate plan will allow WTD to collect more information on COVID-19 impacts. As WTD continues to monitor the economy, it is unknown at this time how it will impact the utility. The one-year rate plan would also allow WTD to work with MWWPAAC over the next year on asset management. The 4.5 percent rate increase in 2021 would maintain the current service level for operations and fund existing capital program commitments. Hiedi reviewed what is included and not included in the rate plan.

Hiedi reviewed the rolling average and why 2021 is most at risk (not billed until next year due to billing methodology). In addition, static residential customer equivalents (RCEs) versus commercial/industrial billing of water usage will have an impact. Hiedi shared billing is based on the average number of RCEs for four quarters. WTD will see the downturn in revenues based on change on water consumption patterns more in 2021. Depending on how the economy recovers, it could result in an additional downturn but we don't know that right now. Hiedi and Courtney Black, Capital Projects Financial Advisor, responded to questions regarding scenarios, different levels of consumption, policy regarding residential/commercial cost of service, and utility affordability for residential customers.

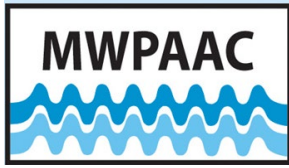
Hiedi reviewed the Proposed 2021 Rate Plan. Starting in 2023, the rate increase is 10.25 percent and includes costs for currently unfunded priority asset management projects but does not include cost increases anticipated for combined sewer overflow (CSO) projects or the costs to comply with nutrient removal requirements in development by the Department of Ecology. Hiedi reviewed the line graph on page 3 that illustrates CIP spending and rate increases and how rate increases are smoothed over 10 years.

Pam Carter, Chair, reminded members this is the time to ask questions or share concerns as the next item on the agenda will be review of the rate recommendation letter.

Action item: WTD to provide a copy of the table with assumptions behind the rate proposal and Issue Paper.

5. Discussion and Vote on MWWPAAC Rates Letter, Jack Broyles and Gregg Cato, Rates and Finance Chair and Vice Chair

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Gregg Cato, Rates & Finance Vice Chair, reviewed the draft MWWPAAC Rates Recommendation letter to the King County Council. Gregg shared there was a lack of support from member agencies for WTD's Rate Proposal and noted we are in unusual times (due to the pandemic) and the rate proposal should reflect that. Gregg highlighted some of MWWPAAC's concerns/comments:

- Appreciate a year-by-year rate approach – members support continuing that in the future.
- Affordability – concern the rate projections may undo some of that work.
- Hard to think about agency rate increases – hard to justify on top of a King County rate increase.
- Request that WTD be creative as possible to keep 2021 rate proposal low –consider a 1, 2 or 3 percent.
- Desire to continue to work with WTD – not a severance of relationship – MWWPAAC is frank in the recommendation letter.

Gregg reviewed the addendum portion of the recommendation letter. The new rate proposal was received on April 22 and instead of editing the letter, the Executive Board decided to write an addendum to the letter, as they didn't have time to check in with MWWPAAC members. Pam Carter, Chair, shared that Gregg was not willing to speak on behalf of members without seeking their input. Jack Broyles, Rates & Finance Chair, shared the process is a bit unorthodox because of the time crunch. The R&F subcommittee and Executive Board have spent a lot of time on the letter and would like to finalize today.

A motion was made to amend the Rate Recommendation Letter and move the addendum portion of the letter before the paragraph that starts "As always". The motion carried.

Ron Speer, Soos Creek Water and Sewer District, shared concern over the zero percent increase recommendation and noted he thinks MWWPAAC will regret it.

Maria Coe, City of Seattle, noted that once the Rate Proposal goes to Council – the Council is the next body with the ability to modify the proposal.

Pam Carter, Chair, asked for a vote on the approval of the Rate Recommendation Letter as amended. Olivia Robinson, WTD Government Relations, took a roll-call vote. The letter was approved.

Maria Coe, City of Seattle, thanked Gregg Cato for spearheading the efforts on the rate recommendation letters.

6. General Announcements

Olivia Robinson, WTD Government Relations, shared the July field trip to the Georgetown Wet Weather Treatment Station, is up in the air at this point. WTD will be making a decision in June.

The meeting was adjourned at 11:55 a.m.

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