

DRAFT
Summary of Rates & Finance Subcommittee June 6, 2020 meeting
For MWPAAC General Meeting on June 24, 2020

1. Lessons Learned & Input for Future Rate Development

Moderator: Sharman Herrin – WTD Government Relations Manager

Ms. Herrin spoke briefly (no handout) about what WTD learned while proposing and ultimately having 2021 rates adopted. She indicated that WTD wanted to have a de-briefing discussion with MWPAAC member agencies to determine what went well and what didn't. It was WTD's desire to have the discussion while the process is still fresh and memories less faded. After her presentation, a "Q&A" session occurred:

- Members indicated that the process was not satisfactory. There was consensus that the information brought to MWPAAC was not timely and was also not sufficiently complete. Members agreed that rates are developed over a several months – one-year time frame and WTD did not provide sufficient notice of a material upward rate projection. Members were uncomfortable with having to commit to supporting (or not) rates that had not been vetted to elected officials.

- Members requested that the committee be informed of relevant rate drivers each rate setting period. Examples: WTD's current estimate of costs related to the Clean Water Plan, Asset Management replacements, and nutrient issues. Members requested this information, even if is speculative or worst-case scenario. In addition, members indicated a desire to be included in the information stream as the information is developed, allowing for a discussion with local agency management and elected officials.

Members also requested updates on "small and medium" CIP projects that are driving rates, presentation of WTD's financial plan, and regulations that will have material rate effects. In addition to previously mentioned timing to management and elected officials, early presentation of "mundane and boring" data would allow local agencies to lobby State & Federal agencies for financial aid or provide relevant input on pending regulations.

WTD Finance indicated that WTD's capital plan is one of (or the) principal tasks that must be completed prior to the establishment of proposed service rates. If this data was presented earlier in the year (i.e. in the autumn), it would likely undergo material changes prior to the delivery of proposed rates in February or March. She indicated it would likely omit the most meaningful and expensive parts of the CIP as the status of in-process projects at year-end help determine what capital outlays will be in the following year. Members again stressed that some info is better than no info and requested the County provide more information sooner in the process.

In summary, members requested information on the anticipated effects of nutrient regulations, major rate driving factors related to asset management, data received timely in order to allow a response from elected officials, a 10-year financial plan, presented in-full, data on capital rate drivers in the collection and treatment systems independently, and what critical infrastructure needs are driving rates.

The next Rates and Finance Subcommittee meeting will be held on August 6, 2020. Please attend this teleconference meeting.

Questions?

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