

**Summary of Rates & Finance Subcommittee December 3, 2020 meeting  
For the MWPAAC General Meeting on December 9, 2020**

**1. Adopted 2021-2022 Biennial Budget & 2022 Rate-Setting Goals**

Presenters: Hiedi Popochock, Financial Services Manager, Wastewater Treatment Division (WTD); Phillip Kwon, Accounting and Operating Budget Administrator, WTD; Crystal Fleet, Capital Portfolio Planning and Analysis Unit Manager, WTD

As part of WTD's efforts to detail the process for rate setting, Ms. Popochok and Ms. Fleet presented the fifth in a series of presentations on WTD's rate development process. This meeting's topic focused on the recently adopted 2021-2022 WTD Budget and the Goals for the 2022 rate process. The presenters followed a detailed presentation which was sent to attendees. This meeting summary should be read alongside this presentation for a complete understanding of the issues. The highlights of their presentation were:

- Operating Budget. The adopted 2021 operating budget represents an overall 2% increase over the 2020 year-end forecast. Ms. Popochok added details about each operating budget category
  - Salaries & Benefits
  - Supplies
  - Services
  - Intra-governmental

She ended with a list of key takeaways. Of note, the adopted budget does not include COVID-19 revenue impacts of savings from permanent teleworking. These assumptions will be included in the mid-biennial budget amendments in late 2021.

- Portfolio Prioritization to Budget Request. Ms. Fleet introduced the capital budget portion with a brief discussion of the process in which capital needs have been identified, prioritized, balanced, and reprioritized over the past 1+ years.
- WTD Capital Program Budget. The 2021-2022 capital budget is \$540 million. The largest area of spending is in the Regulatory category. A helpful chart showed the Inception-to-Date appropriation, 2021-2022 Budget amount, and Estimate at Completion for each capital budget category.
- 2021-2022 Capital Budget Construction Highlights. Ms. Fleet highlighted four projects that will be under construction during 2021-2022, including West Point upgrades, electrical upgrades at the Richmond Beach pump station, and replacement of aging infrastructure in North Mercer Island.
- WTD Goals for 2022 Sewer Rate Development. Ms. Popochok shared the 5 major goals for the 2022 sewer rate.

The presenters took questions throughout. The questions were related to the Northern Diversion project and its impacts on a MWPAAC local agency, rate goals, and the timing of when assumed COVID impacts would be applied to the WTD budget.

**The next Rates and Finance Subcommittee meeting will be held on January 7, 2021. WTD will continue its series on rate development; the topic will be Rates 101. Please attend this teleconference meeting.**

Questions?

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