

**Summary of Rates & Finance Subcommittee February 3, 2022, meeting
For MWPAAC General Meeting February 23, 2022**

1. Preliminary 2023 Rate-setting Policy Direction and Operational and Capital Investments

Presenters: Heidi Popochock – Financial & Administration Section Manager, Courtney Black – Rates, Capital, & Debt Management Unit Supervisor, Crystal Fleet – Capital Portfolio Planning & Analysis Unit Manager, & Phillip Kwon – Accounting & Operating Budget Administrator/

WTD reviewed the 2022 – 2031 adopted sewer rate plan, a discussion of the transition to a 2023 – 2032 sewer rate plan, identification of new operating costs (also discussed in the January R&F meeting), New capital costs (also identified in the January R&F meeting) with a preliminary analysis of rate sensitivity to those costs, and a discussion of next steps in the rate setting process. Some relevant points follow:

- A review of the adopted 2022 – 2031 rate plan shows increases in each year ranging between 5.5 % in the early years to 9% per year in the out years.
- A description of how WTD moves to a new 10-year rate outlook and the factors which are driving changes to the rates:
 - Increasing inflationary pressures
 - Supply chain shortages and business slowdowns
 - Labor shortages
 - General Nutrient Permit
 - Capital project milestones
 - New capital needs identified by the asset management process
 - West Point power quality improvement project
- New operating costs including
 - General Wage Increases
 - Long term lease on needed additional space
 - Addition of new employees for asset management needs
 - Increases in general fund overhead
 - Increasing regulation
 - Increased system demand relating to growth
- New capital costs including:
 - West Point Power Quality
 - Tier 1 asset management priorities
 - Flows and Loads study and CSI plan interim projects
 - Near term minor capital expense needs
 - CSO projects included in 10-year forecast.
- A (very) preliminary rate sensitivity comparison between existing rate schedule and a rate schedule with new needs

- Next Step Discussion – A calendar of milestones that will occur before final rate adoption.

A detailed handout of the presentation is available and is highly recommended to obtain better context of the meeting.

The next R&F meeting will be held on March 3, 2022, and will include discussion of the rate response letter. Please attend this teleconference meeting.

Questions?

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