

Rates and Finance Subcommittee – Special Meeting

March 10, 2022

MWPAAC Chair John McClellan, Alderwood, and Rates and Finance Subcommittee Chair, Jack Broyles, Woodinville, led the meeting. MWPAAC Vice Chair Maria Coe, Seattle, was lead writer on the draft letter with support from Rates and Finance Subcommittee Vice Chair Gregg Cato, Alderwood.

King County WTD has not received a copy of the draft letter shared during the meeting.

Kamuron Gurol provided a brief overview of the March 7 meeting with Executive Constantine. He noted that the Executive wanted more information on how King County's Asset Management program compared to other agencies' programs. He also was interested in what the member agencies thought about the 5.75% proposal.

Broyles noted that the letter begins with stating MWPAAC's support for the 5.75% rate increase. He noted that MWPAAC asked for a smoother rate plan last year and that has occurred and is part of the reason for supporting the rate increase. He also noted that MWPAAC is supportive of the pause in the Clean Water Plan.

Broyles briefly discussed the sub headers of the letter and areas where MWPAAC may want more information in the future.

Andrew Baker, Bellevue, noted in the Teams Chat that he would *"request that we add to the Consent Decree Negotiations section a specific request that the sensitivity analysis include sensitivity around future construction cost escalation rates."*

Broyles noted that there are reasons the discussions around the Consent Decree cannot be discussed right now.

Broyles moved onto addressing wanting clarity around spending on SCAP. Bob Elwell, Auburn, expressed a concern about funds being spent on "luxury items." The committee discussed that "luxury" might be the wrong word. Elwell then added that an example of what he was thinking is WaterWorks, which is popular, but questioned if money need to be spent on it when there are concerns about what rate payers are paying. (WTD note: WaterWorks is a Council appropriation.)

Susan Saffery, Seattle, wanted to add clarifying language to ensure the letter is addressing that spending should be related to Wastewater.

Jay Krauss, Sammamish Plateau, stated that he was not sure that the letter should say that MWPAAC "supports" the rate. He noted that Sammamish Plateau would like more information detailing the WTD spending around SCAP, ESJ, and other programs. Mary Shustov from Sammamish Plateau seconded this concern in a comment in the Teams chat. There was discussion about addressing these programs and WTD spending on them in future MWPAAC meetings.

Krauss added that there were concerning items in the Clean Water Plan – even before the work was halted.

Shustov added in the chat that she would like *“explain an example of what “the need to perform alternative analysis for the projects at plants” would be/mean.”* This can be addressed in future presentations to MWPAAC.

Baker stated in the chat that *“it would be helpful to understand, of the growth-related capacity improvements, to what extent those will be paid for by the capacity charge rather than being a rate driver.”* Courtney Black, WTD, noted that there is a MWPAAC taskforce delving further into the Capacity Charge, along with a consultant.

Lisa Tobin, Auburn, noted in the chat, *“During R&F last week, Courtney suggested that the 40% cash funding policy may be revisited. Do we want to encourage WTD to keep the 40% cash, or allow a higher debt percentage.”* Shustov added in the chat, *“Please leave at 40% :) (It was hard - won to achieve that).”* Broyles and McClellan noted that the 40% cash funding could be a future MWPAAC discussion item.

Broyles and McClellan noted that the comments from today will be incorporated into the letter. They reminded the committee of the process and that the letter with their edits would be sent to MWPAAC with the agenda on March 16. There will be further discussion on the letter on March 23 and it will be voted on it that day.