

METROPOLITAN WATER POLLUTION ABATEMENT ADVISORY COMMITTEE

Meeting Summary

Microsoft Teams

Wednesday, January 24, 2024

Start 10 a.m.
Adjourned 11:42 a.m.

1. MWWPAAC Chair's Report – John McClellan

- Welcome and Introductions
- Determine Quorum
- Approval of December Meeting Summary (Action Item)
- Elections: MWWPAAC Chair and Chair of Rates & Finance Subcommittee (Action Item)
- Vacancy for Chair of Comprehensive Engineering and Planning Subcommittee

Chair John McClellan welcomed MWWPAAC members to the meeting.

Olivia Robinson, WTD Government Relations, took attendance by roll call and asked each member agency to confirm the voting member for today. Marla Erickson, WTD Executive Assistant, emailed the voting link to voting members only.

A quorum was in attendance and the December meeting summary was approved as written.

Chair McClellan reported RWQC did not meet in January and will be meeting next on February 7. At that meeting, RWQC will receive a status update on the long-term forecasting methodologies recommendation.

Elections

Maria Coe, MWWPAAC Nominating Committee led the election process. She reported that letters of interest had been received from John McClellan for Chair of MWWPAAC; and two letters of interest for the Rates and Finance Subcommittee Chair from Andy Baker, City of Bellevue and Ana Cortez, City of Carnation. All letters of interest were accepted.

MWWPAAC Chair

Ben Marre, Seattle Public Utilities nominated John McClellan for MWWPAAC Chair. Mary Shustov, Sammamish Plateau Water seconded the nomination.

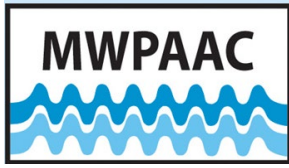
Maria Coe asked for nominations from the floor. There were no additional nominations.

Rates and Finance Subcommittee Chair

Gregg Cato, Alderwood Water and Wastewater District nominated the Andy Baker and Ana Cortez for Rates and Finance Subcommittee Chair. Ben Marre, Seattle Public Utilities seconded the nomination.

Olivia Robinson, WTD Government Relations, asked voting members to open the email link and vote.

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The results of the elections were announced after the WTD Director’s Report. Chair McClellan was reelected as MWWPAAC Chair and Andy Baker, City of Bellevue was reelected Chair of the Rates and Finance Subcommittee.

Results

ANSWER CHOICES	RESPONSES
John McClellan, Alderwood Water and Wastewater District	100.00% 16

ANSWER CHOICES	RESPONSES
Andy Baker, City of Bellevue	87.50% 14
Ana Cortez, City of Carnation	12.50% 2

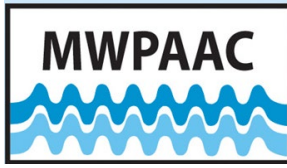
2. **Wastewater Treatment Division Director’s Report – Kamuron Gurol, Division Director, Wastewater Treatment Division (WTD)**

Kamuron Gurol, WTD Director started his report by welcoming back Courtney Black, who is the new WTD Finance & Administration Section Manager.

Kamuron highlighted some 2023 O&M Accomplishments which included:

- At South Plant, an estimated \$8.75-million dollars will be made from the sale of RINs (\$7.66-mil) and Brown Gas (\$1.12-mil) in 2023. The highest volume of biomethane (approx. 2,90-mil therms) ever produced and distributed occurred in 2023.
- West Point completed the refurbishment of IPS pumps #2 and #3 in one dry season. This helped move the project ahead by one year saving money.
- West Point also supported the Power Quality project throughout the year and expects to be online later in 2024.
- Brightwater fire recovery work is going well.
- The Georgetown Wet Weather Treatment Station is online and operational. During a recent storm, it managed 21 MGD, the highest influent to date at that station.
- At Carnation, WTD staff installed the final 2 of 5 Membrane cells.
- WTD staff completed the Richmond Beach Pump Station electrical upgrade and pump replacement, which will help curb the overflow issues at that site.
- At the Kirkland Pump Station, 2 of the 3 pumps have been replaced with a 25% overall reduction in power consumption at the facility.
- For the North Mercer Island Pump station rebuild and Enatai Force main replacement, there was a successful transition to temporary pump station operation and the new force main have been performed.
- Finally, while awaiting the outcome of the pending court case, WTD continues to work on the early actions for the Puget Sound General Nutrients Permit. Right now, WTD’s treatment plants are projected to complete 2023 below the bubbled action level for the permit.

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Kamuron reported on WTD's cold weather response. WTD plant staff responded with immediacy, strategically, and with professionalism to unprecedented low temperatures for sustained periods. Temps this low had not been seen in 30 years. King County's system, while it did sustain some water breaks, held up amazingly well – in part due to WTD staff's attention to detail. The system has recovered from the breaks and is running at normal capacity. Georgetown had unforeseen issues but is also up and running at 80% (60MGD of 72MGD capacity).

Kamuron reported, DNR's longtime Director, Christie True, is retiring next month. DNR began a nationwide search for her replacement. Two finalists moved forward, Mo McBroom, who currently serves as DNR's Deputy Director, and John Taylor, who currently leads King County's Department of Local Services. WTD has worked with both of the candidates in the past and they are excellent successors. We will let you know when a final selection has been made. (Addendum – In February, John Taylor was appointed as the new DNR Director.)

Kamuron reported on the state legislative session. The 2024 State Legislative session is firmly underway with a short session this year. There are fewer bills being introduced that impact WTD, which staff are following to ensure that decisions made in Olympia do not adversely impact ratepayers. The most important bill for WTD this session is SB 6163, which is an updated version of the Biosolids bill that was active last year. This bill is much improved from the previous version. The focus of the bill now would require King County to begin testing biosolids for PFAS on an ongoing basis, as part of permit requirements, which is something King County supports. Current estimates put the cost of testing at \$10,000 annually. On a broader level, King County is part of a coalition working with the University of Washington on a budget proviso that would look into how to optimize a mobile method to detect PFAS in consumer products. This is a big step in addressing PFAS through source control. WTD will continue to keep members informed on what bills we are following this session.

Q: What does the PFAS mobile method look like?

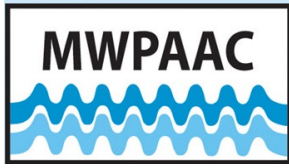
A: It's modeled as a handheld instrument that can be pointed at the consumer product to determine if it has PFAS in it.

3. Review of Adopted 2024-2033 Sewer Rate and Preliminary 2025 Rate-setting Policy Direction, Andres Bas Moore, Rates Modeling Supervisor, WTD; and Crystal Fleet, Capital Portfolio Planning and Analysis Unit Manager, WTD

Andres Bas Moore, Rates Modeling Supervisor presented on the Review of Adopted 2024-2033 Sewer Rate and Preliminary 2025 Rate-setting Policy Direction. The full presentation can be found [here](#). The briefing provided the following updates:

- 2025 Sewer Rate Goals and Schedule
- 2024 Adopted Sewer Rate and Financial Forecast
- Assumptions/Practices
- Capital Delivery Strategies

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Question & Answers:

Q: Is there a historical variance year from year?

A: The proposal has been the same in the last few years, except for the one year during Covid, there was a change. That was more an exception than the rule.

Q: We are experiencing unprecedented times as it relates to inflation. For assumptions that were included in the 2022 and 2023 packets, inflation has been higher than in those forecasts. Will WTD be able to adjust or will WTD need to re-baseline to catch up?

A: Re-baselining will be happening in 2025.

Q: The line for growth – that is not referring to volume or customer growth – that is an increase of scope of service with operating function, correct?

A: That is correct. It is level of service growth. Regulatory requirements are imbedded in that amount.

Q: Cash funding will be 30% versus the 40%. Member asked if there are any thoughts or reflections from the MWWPAAC group?

A: Chair McClellan asked Andy Baker, R&F Chair to weight in as it has been discussed a couple of times. This is an area where we hope the future work that will be coming out of the second RWQC motion will help inform the long-term implication of the cash funding percentage. We don't have a financial tool to fully capture the impact right now.

Q: Thanks for the presentation, it was very informative.

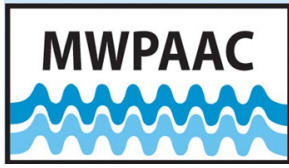
- Regarding slide 6, the focus is on a percent increase which is applied to a monthly rate. We, member agencies, focus increases on RCE that many of us have questions about its calibration.
- When looking at the forward view, it looks like we should be doing something in before the seven percent hits.
- The other thing, we never seem to get information on what was anticipated, actuals, and whether the revenue requirements were met. Help us understanding.
- With respect to the rate strategy, he has faith in assumptions and focuses on the numbers, but the numbers keep coming back to him. He looked at the numbers in December in response to questions raised at the November meeting. That response included some data, that captured flow RCEs and single family RCEs. His one takeaway, a single family RCE charge is a fixed charge with no variability. The flow RCE is a variable revenue source. In years, when the flow and associated RCEs is down, it sure seems like the single family RCE bears the brunt of the costs. Are we hitting the mark with assumptions, can RCEs be recalibrated, and can an adjustment be made with single family and flow RCEs?

A: The RCE rates are in the contracts. To move on that request, would require a change in all the contracts. During COVID, WTD looked very deeply at the variable revenue in an effort to look at reserve allocation. Reserves are in place to address that issue.

Follow-up Q: He understands fixed based costs. Is there an approach to catch flow at a more fixed method? Agencies would have to be willing to open the contract to re-evaluate the RCE and re-calibrate it.

Q: Does WTD have to seek State Design Review Committee approval.

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A: Yes, each project has a designated owner that brings the required experience to the table for the approval of that project.

Q: How many CIP cost updates are included as part of the annual update? Is each project re-costed? What is the approach? What is the assumption for the 10+ cost escalation?

A: Estimates are updated at regular gates for the most part as projects move along. WTD forecasts at those intervals. As projects get near term, WTD will run through a formulation program and come up with a conceptual approach and cost estimating at that time.

Follow-up Q: For things that are close enough with a stage gate, are those are getting re-costed but things out to 2030 haven't been or won't be re-costed until closer to the project start.

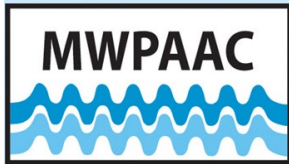
A: No, those estimates are not being re-costed. No assumptions have been made for those longer-term projects.

Kamuron Gurol, WTD Director offered some comments regarding CIP cash-funding. Last year, WTD had a higher cash-funding percentage and a lower percentage was put forward in response to rate affordability. It was discussed with MWWPAAC to lower the percentage for 2024 and 10-year path. With forecasting, WTD's goal is to land in the place predicted in the forecast for each year. There's lots of other approaches as suggested, however he reminded members of the process and the context in which WTD is working in. MWWPAAC's voice is valuable and the policy guidance is helpful along with other policy guidance that is received. WTD appreciates MWWPAAC weighing in on the recommended rate. Consumers also care about the results and affordability.

4. Update on Long-term Capital Needs Methodology Recommendation and Development of a Long-term Financial and Sewer Rate Forecast, Andres Bas Moore, Rates Modeling Supervisor, WTD

Ann Grothe, Portfolio Development Supervisor, reported there isn't an update today for the long-term capital needs methodology, which responds to the first motion (Motion 16410), but an update will be provided at the upcoming MWWPAAC subcommittees on February 1. For the second motion (Motion 16449), a MWWPAAC work group will be formed. Composition of this group has not been determined, but discussion will begin shortly. Andres Bas Moore, Rates Modeling Supervisor noted work on the second motion, long-term financial and sewer rate forecast, occurs right after the first motion is completed. There are milestones established per the motion – first progress update in July 2024; second or last progress update in April 2025; the recommendation is presented to RWQC in July 2025.

Chair McClellan asked when does MWWPAAC need to figure out the advisory group composition. Olivia Robinson, WTD Government Relations responded that it is a topic at the upcoming Executive Board Retreat.



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ADVISORY COMMITTEE**

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5. New Business/Future Topics, John McClellan, MWWPAAC Chair

Chair McClellan asked members for any new business or future topics. No new topics were proposed.

6. General Announcements and Meeting Adjournment

None.

The meeting was adjourned at 11:42 a.m.