

# **Guiding Principles Directory Update**

## **Regional Wastewater Treatment Agreement Negotiations**

### **New/Revised Guiding Principles Forwarded to MWPAAC on 6/2/16**

10. Audit Guiding Principles for Contract – Attached
11. **REVISED** Asset Management Guiding Principles - Attached
12. **REVISED** Contracting Out WTD Operational Services - Attached
13. **REVISED** Conveyance Wheeling Guiding Principles – Attached
14. **REVISED** Future Scenarios: Innovation and Emerging Technologies Guiding Principles – Attached
15. **REVISED** Industrial Waste - Attached
16. **REVISED** Infiltration and Inflow (I&I) - Attached
17. **REVISED** Governance - Attached

### **Completed List of Guiding Principles Provided to MWPAAC**

1. Negotiations Guiding Principles
2. Our Waters
3. Reclaimed Water
4. Capital Projects and Planning
5. Service Area Expansion and Contraction
6. Regulatory Requirements and Legislation
7. Local vs. Regional Wastewater Facility Ownership
8. Strategic Financing Guiding Principles
9. Amendments: Previously Proposed Contract Language

## **Audit Guiding Principles for Contract - Tentatively Approved 5/6/16**

1. Audit of individual agencies
  - a. Equitable – perform the same level of audit across all local agencies and WTD.
    - i. Apply the same level of scrutiny to each audit.
    - ii. Select a focus area every three years and audit each agency on that topic.
  - b. Focus on consistency and quality of data – ensure all agencies using same methodology for reporting sewer consumption in the quarterly sewage reports, and new connections for purposes of the capacity charge.
  - c. Agencies to retain reporting data for six years or the Washington State records retention requirements, whichever is greater.
  - d. Audit will not drive the creation of new reports or data.
  - e. Agencies will supply sufficient information to show that the local agency complies with the terms of the contract.
  - f. Agencies to supply timely information (e.g., side sewer permits) to support the reporting of new connections.
  - g. WTD to maintain a current and continuing audit archive with data collected and audit findings.
  - h. Summary of audit findings from all local agency audits will be presented to the Board. Report to include the number of residential customers and RCEs for each local agency and dollars collected from customers.
2. Audit of WTD by Agencies
  - a. In addition to the annual audit of WTD by an independent auditor as required by our bond covenants, the Board may elect to contract for an audit no more frequently than once every 2 years regarding contract compliance issues by an independent third party that is selected by the Board.
  - b. The Board will approve the scope for the audit.
  - c. Cost of the audit will be treated as an operating cost by WTD.
  - d. Audit will consist of existing data or standardized reports. Audit will not drive the creation of new reports or data.
  - e. Audit findings will be presented to the Board.

**PARKING LOT: Revisit audit guiding principles when we have finished the other guiding principles, especially rates.**

**REVISED**  
**Guiding Principles for Asset Management**  
**Tentatively Approved 12/18/15**

**Background and Definition**

Asset management for WTD is defined as delivering wastewater service to customers' requirements (level of service) at the lowest life cycle cost. Lowest life cycle cost is achieved through managing infrastructure assets to maximize useful life through the best approaches for rehabilitating, repairing, and replacing assets.

WTD works through five components in the Asset Management Program:

1. Asset inventory and condition assessment –the current state of our Assets (ownership, location, remaining useful life, value)
2. Level of service – quality, quantity, reliability and environmental standards based on stakeholder needs, regulatory requirements, performance criteria, and resiliency including assessment of costs and risks.
3. Asset Criticality- prioritization and actions based on operational risks and provides maintenance at the most appropriate level of readiness.
4. Life-cycle cost- the lowest cost options that provide the appropriate level of service over time. This is a data-intensive, data-driven process that results in optimal balance of cost and performance through assessing preventative/ predictive/corrective maintenance, run-to-failure, and replacement strategies.
- 5 Financial forecasting –the full economic costs and revenues prescribes long-term capital funding strategies.

**Principles:**

The following principles are intended to assist in the development and utilization of Asset Management as part of the contract. This seeks to achieve regional benefits through the commonly shared goals of managing infrastructure capital assets in the most cost effective manner while operating and maintaining these assets at acceptable levels of service to improve operational and environmental performance.

- Asset management is important to WTD and the region for keeping assets productive; making investment decisions to optimize financial resources; addressing aging wastewater infrastructure components; and providing data to support financial needs.
- Asset management requires the support and involvement of WTD's regional partners through the work of the Operating Board in its work reviewing and

advising on the capital program (see Capital Project Guiding Principles) as well as the operations of the wastewater system.

**Role of the Board:**

- Review information and updates on WTD condition assessments;
- Review, advise and recommend changes to existing or proposed levels of service.
- Advise and recommend on project prioritization, design, and implementation based on asset management principles for the projects to be reviewed by the board in accordance with the capital projects guidelines;
- Review and advise regarding financial forecasting through the rate process (should cover this under the board's role in "rate-setting/finance" section).

DRAFT - 6/2/16

REVISED  
**GUIDING PRINCIPLES - TA'd 5/20/16**  
**Contracting Out WTD Operational Services**

When considering the contracting out of work directly or indirectly supporting the operation of WTD facilities a Business Case Evaluation will be prepared and reviewed. The side by side evaluation will fairly compare alternatives against current practices considering a broad array of factors.

**Guiding Principles:**

- WTD will be transparent in airing their desire to consider contracting out work currently performed within the Division and will seek Board input from regional partners before proceeding.
- The regional partners shall participate in the decision-making process to ensure full consideration of a range of options and a robust understanding of the impacts of any decision.

Any decision by the Wastewater Treatment Division to procure goods and services from outside sources may profoundly change operational efficiency and effectiveness. Recognizing this potential the Business Case Analysis should considered a broad array of factors including but not limited to:

- WTD staff resources and expertise
- WTD's ability to secure additional FTEs or resources
- Alignment with regional water quality goals and objectives
- Risk allocation and tolerance
- Performance expectations
- Alignment with WTD's vision, mission, values and goals
- Maturity and operability of the technologies proposed
- Required technical staff capabilities and their availability
- Time and schedule constraints
- Labor relations issues
- Small and disadvantaged business participation opportunities
- Alignment with social and environmental initiatives (sustainability, Equity and Social Justice, carbon neutrality)
- Safety compliance and accident prevention record
- Past work performance of similar scope and complexity
- Conformance with State or federal contracting laws and regulations

**Role of the Board:**

- The board will recommend on WTD's consideration of contracting versus self-performance to achieve program or operational objectives
- Where no FTE change is required, WTD may, at its discretion, bring forth proposals for the Board's review and advice.

**REVISED**  
**Conveyance Wheeling Guiding Principles**  
**Tentatively Approved 2/5/16**

There are times when the region may benefit from utilizing the facilities of a local agency to convey sewage in order for the regional system to meet its obligation. These principles are intended to address conveyance only. When wheeling has met the Board's regional definition, and has been determined to be in the best interest of the regional system in lieu of other system improvements, the Board will consider the following when reviewing a wheeling agreement with a local jurisdiction:

- A. The ability of the local agency to meet the regional level of service (LOS);
- B. The ability of the local agency to maintain and operate facilities in a manner that minimizes any disruption of conveyance;
- C. The local agency's financial ability to maintain the system;
- D. The local agency's capacity to meet the regional needs;
- E. The local agency's wheeling service, combined with deferred facility construction, can be provided at a lower cost versus the immediate construction of a regional facility to meet the needs.

The agreement between WTD and the local agency will include a consistent methodology that ensures the use of wheeling will be cost effective for the local jurisdiction and the regional system.

The Board will advise WTD on final agreement.

**REVISED**

**Future Scenarios: Innovation and Emerging Technologies  
Guiding Principles - TENTATIVELY APPROVED 12/18/15**

We all want an effective and efficient system of conveying and treating the region's wastewater. We also want to take advantage of future opportunities and emerging technologies in ways that maintain the financial and operational integrity of the regional system, weighing the short- and long-term costs and benefits for the region as a whole. Examples of future scenarios that bring opportunities and challenges may include system decentralization, eco-districts, zero-discharge systems, innovative raw material extraction, heat recovery, and more. Consider opportunities to conduct studies and pilot programs to further our understanding of technologies and alternative approaches

Therefore, King County and its partner agencies agree to:

1. Encourage innovation and emerging technologies at both the planning and project phases by exploring the availability of new, alternative technologies and improved options for system facilities when facing a significant investment in building, maintaining, replacing, or expanding a facility.
  - a. Undertake a comprehensive evaluation of the new emerging technologies to evaluate operational efficiency, cost savings to our rate payers, and/or a reduction of impacts to the environment
  - b. Ensure that the proposal would result in acceptable risks
  - c. Ensure that the proposal results in a triple bottom line benefit (environmental, social, and financial lifecycle benefits)
2. Evaluate new business models and partnerships to leverage new technologies and innovative approaches
  - a. To improve the wastewater conveyance and treatment system
  - b. To enable other beneficial uses, such as heat capture from conveyance pipes
  - c. To respond to new market conditions
  - d. To reduce capital or operational costs to WTD, to regional partner agencies and to our ratepayers
  - e. To create new revenue sources
3. Consider options to change rate structures (both monthly rate and capacity charge) to accommodate future scenarios. This may necessitate new rate categories, new customer classifications, and King County code changes.
4. Any proposed capital project that results from the evaluation of emerging technologies goes through the capital improvement process. See guiding principles for capital projects.

**The Board Role:**

- When brought forward by WTD or the Board, the Board will review and advise on approaches and new opportunities, including consideration of financial and operational implications of the future scenarios and opportunities in evolving markets
- The Board will recommend whether to move forward with new technology or innovation proposals for capital and operational investments (overlaps with the Capital board role)

DRAFT - 6/2/16



REVISED  
Regional Wastewater Treatment Contract Team

Guiding Principles  
King County Industrial Waste Program  
TENTATIVELY APPROVED - 5/6/16

BACKGROUND

- The purpose of the King County Industrial Waste (KCIW) program is to prevent businesses from discharging industrial and non-domestic wastes that can degrade the wastewater treatment process, harm workers, the public and facilities, or impact water quality.
- KCIW program staff work with companies to make sure the wastewater they generate meets specific criteria prior to discharge to the sanitary sewers.
- Since 1969, the KCIW program has required many industries to pretreat wastewater before discharging it into the sewer.
- The purpose of KCIW fees is to recover costs for administering and implementing the program and for the costs associated with the treatment of high strength waste.
- King County Code authorizes the director of WTD to **recalculate and adjust IW fees** on an annual basis.
- King County periodically reviews and modifies the **fee calculation methodology**. King County will review the fee calculation methodology on a five year basis.

PRINCIPLES

- King County and contract agencies mutually recognize that agencies have industries that generate industrial and high strength wastes, and we strive to ensure that these wastes are managed in an efficient and effective manner to avoid costs and negative environmental impacts.
- King County will manage fees associated with the KCIW program to ensure cost recovery, thereby creating fair and reasonable cost allocation between residential rate payers and commercial/industrial users in the service area.
- Local agencies shall be responsible for providing current information to King County regarding new industrial users and both short and long term changes in industrial wastewater flows, including construction dewatering and other changes in volume and concentrations.
- Industrial waste generators are currently categorized for purposes of assessment and collection of fees. These categories shall be periodically reviewed to ensure they are reasonable and appropriate and shall be modified if necessary.

- Standardized procedures for operating the program shall be developed, used and periodically assessed to maximum efficiency and effectiveness of the program.

**Role of Board:**

- The board will review and approve the fee calculation methodology at least every 5 years, in concert with King County's calculation methodology review process.
- The board will recommend the implementation process when fees change. For example, the board can consider immediate implementation after a new fee amount is calculated, or provide for step increase (or decreases) when there are substantial changes to the costs to affected industries.
- The board will review and recommend methods and timing of billing for KCIW fees.
- The board may advise on other issues related to industrial users that impact the cost (operating and/or capital) or performance of WTD facilities as a result of regulatory/rule changes and matters related to specific industrial users or classes thereof.

DRAFT - 6/2/16

REVISED

TENTATIVELY FINALIZED 5/20/16

**Guiding Principles for Infiltration and Inflow**

The following principles are intended to assist in the development of contract language regarding Inflow and Infiltration (I/I) between WTD and the local agencies and the role that a Board would have as part of implementation of the contract language.

1. A typical attribute of underground wastewater pipes is the existence of I/I in all portions of the sanitary sewer system, including adjoining connections within the private side sewer portion of businesses and residences, WTD's regional system, and the local agency's collection system. It is also understood that I/I has impacts to both the local and regional systems.
2. Solutions for I/I should address all portions of the system and be evaluated as part of a "one system" perspective:
  - a. Because system studies have shown that the vast majority of I/I (up to 90%) resides within the private portion of the sewer system, WTD and local agencies commit to developing long-term solutions to reduce I/I from the private portion of the system, that may include:
    - i. Code changes
    - ii. Requirement to replace existing, aged side sewers as a condition of reconstruction/significant remodel of an existing residence or business. Inspection and testing of both the structural condition and the water tightness of a side sewer may be allowed to determine need for replacement.
    - iii. Requirement to provide inspection of private side sewers at point of sale of all residential and commercial facilities to ensure structural sufficiency and water tightness of the existing private sewer system associated with that residence or commercial facility.
    - iv. Develop inspection and construction practices and standards to be used by WTD and Contract Agencies for all new construction both of agency owned systems as well as private portions of the system.
  - b. Program/rate incentives/grant funding programs may include:
    - i. Developing a "Private Side Sewer Repair Program" outside of point of sale that includes incentives for property owners to repair/replace their aged side sewer.
    - ii. Leverage WTD/Contract Agency ability to partner to obtain grant funding for such programs.
  - c. I/I removal within the local and regional systems may include the following types of improvements:
    - i. Relining/rehabilitation/replacement of existing main lines.
    - ii. Manhole rehabilitation including improvements to prevent both infiltration from groundwater as well as inflow through the lid.

- iii. Grouting of manholes and main lines.
  - d. All WTD CSI projects should be evaluated to determine if I/I project work could result in a cost effective project. Once the appropriate analysis is completed and cost effectiveness is determined, the I/I project should proceed.
3. The solution for I/I must be cost effective to the region before using regional dollars. Cost effectiveness can be achieved when local agencies participate in a regional project that then provides for a cost effective project.
  4. When a local agency performs I/I work that benefits the regional system, participation by WTD up to the level of the region's benefit would be anticipated.
  5. The I/I program needs to be developed in a way that its implementation will not result in local agencies deciding not to invest in their local I/I programs, waiting for the regional program to solve their issues.
  6. Flow forecasting, especially the I/I element, needs to be reviewed periodically to ensure that there is a validation of forecast numbers through actual flow monitoring. Assumptions made shall be adjusted as we continue to add additional data to our forecasting.
  7. As part of development of I/I projects, adverse impacts that may result from the implementation of the I/I project, i.e., storm drainage, shall be addressed and mitigated as part of the project. Costs associated with this mitigation must be included in the determination of cost effectiveness.
  8. In order to assist the regional effort in determining cost effectiveness for I/I, WTD shall perform flow monitoring down to the mini basin level every other decade as part of their decennial flow monitoring to establish baseline I/I levels and to determine high I/I levels throughout the service area. A mini basin is defined as a service area of approximately 20,000 lineal feet of sewer mains.
  9. An I/I Reduction Program will be developed with the intent to provide funding for long-term removal of I/I in the regional system. The Board will determine as part of capital improvement program which projects provide the best overall benefit to the region.

**Role of the Board:**

1. The Board shall review and make recommendations to the Executive on I/I regional programs that will benefit the regional system as a whole. The Board will review all WTD Capital Projects proposed to resolve capacity issues through I/I reduction for both cost effectiveness and for validation of capacity reduction through I/I.
2. Board shall review and recommend requests by Local Agencies asking for WTD participation for regional benefits in their local I/I removal project to verify level of benefit to regional system.
3. Board shall participate in the development and review of flow forecasting on a regular basis to update flow information as new data can be used to improve forecasting.
4. Board shall adopt best management practices for sewer construction to guide WTD and Local Agencies.

## Operating Board Guiding Principles – Draft Revised 5-31-16

Develop a governance structure that establishes and formalizes a partnership between King county and component agencies to address regional wastewater issues. To achieve this, the following interests are offered to guide discussion about contract terms for a new model for providing input and regional decisions on wastewater treatment services.

### A. Interests in new governance structure

1. Establish partnership between King County and contract holders for guiding regional regulatory and financial decisions related to our regional wastewater treatment system.
2. Provide a formal voice for contract agencies.
3. Increase DNRP efficiency for consulting with contract agencies.
4. Recognize that DNRP and contract holders share the same goals of protecting public health and environmental quality, and assuring regulatory compliance.
5. Achieve the most cost effective solutions for all rate payers.
6. Provide a structure that enables each contract agency to be represented through a manageable (fewer) number of voting members.
7. Clearly define roles for DNRP and contract agencies in planning, establishing policies, deciding on the CIP program, determining budget and rates, developing and approving contract amendments, and directing regional operations.
8. Build in mechanisms for flexibility to deal with future unplanned or unexpected issues.
9. Create a structure that achieves the interests above and includes the following features:
  - a. Composition of Board
    - i. The Board would be comprised of King County and Non-King County members. The Board will include 3 King County members and 7 non-King County members—Seattle, plus 3 other cities, plus 3 districts. The rationale for the 7 non-King County members is as follows:
      - a. Seattle is approximately 40% of the RCEs to the regional system. Seattle would get 1 rep, with 40% of the non-County vote.
      - b. Non-Seattle cities comprise approximately 35% of the RCEs to the regional system. The cities would be divided into three groups, each representing approximately 12% of the non-county vote. The table on page 3 illustrates how this would work.
      - c. The districts comprise approximately 25% of the flow to the regional system. The districts would be divided into three groups, each representing approximately 8% of the non-county vote. The table on page 3 illustrates how this would work.
    - ii. RCE percentages would be updated every six years. Any changes would be reflected in the groupings of district and/or non-Seattle Cities, and amount of % vote of each group.
    - iii. How members are selected
      - a. Each subgroup (King County, Seattle, Non-Seattle Cities, Districts) will be responsible for selecting their representatives
      - b. King County will initiate the process by sending a letter to all jurisdictions asking them to vote by group within a certain timeframe
      - c. The agencies within each subgroup shall notify the County of their selection by letter (either one letter or letters from each agency in the group)
      - d. If any of the three non-Seattle City groups, or any of the three District groups fail to elect a representative, the other two non-Seattle City of District groups get to elect an at large representative and alternate for the 3 year term

- iv. Alternate members selection and role
  - a. Alternatives for each member shall be elected at the same time as members, as part of the same process identified in section iii above. Terms for alternates shall coincide with the term of their member.
- v. Terms of members
  - a. Terms are for three years. A member can serve two successive, three-year terms.
  - b. At the onset of the Board, the Board will randomly select 2 of the 6 non Seattle, non-King County members and alternates to have 3 year terms, 2 of the 6 members and alternates to have 2 year terms, and 2 of the 6 members and alternates to have 1 year terms initially. After that, all terms will be 3 years.

B. Administration

1. Voting

- a. King County's vote adds up to 1.0, non-County board member votes add up to 1.0.
- b. No one jurisdiction/voting member plus King County can either stop something everyone else wants or approve something nobody else wants.
- c. All effort and good faith will be put forth to reach agreement on issues.
- d. The Operating Board should rarely end on an issue in disagreement.
- e. It is still to be determined how to handle when agreement is not reached between the County and contract agencies.
- f. Voting is proposed to work as follows:
  - i. Voting by non-county Board members will take place by a weighted majority vote. A weighted majority vote could be any one of these combinations:
    - A. At least 50% of RCEs and at least 1 district and 1 non-Seattle city (small, medium, or large)
    - B. OR any combination of members that represent 60% or more of RCEs
    - C. OR any 50% or more of the RCEs and 5 of 7 votes

2. Operating procedures of Board

- a. The Board will develop a charter, bylaws and procedures for operating
- b. To be determined:
  - i. Role of Chair and how elected
  - ii. Staffing
  - iii. Reporting
  - iv. Review of Board
    - a. Purpose
    - b. Frequency
    - c. Limitations

3. Determine relationship to, or actions to take related to, existing governance structure

- a. MWPAAC
  - i. The Operating Board will replace MWPAAC
  - ii. King County and the contract agencies will partner in developing legislation reflecting this change.
  - iii. King County and the contract agencies will partner in working in Olympia to successfully pass this legislation.
- b. RWQC – Not addressed at this time.

Table 1. Board Composition – 7 member Scenario

**SEATTLE – 1 REP (40% vote)**

Seattle 40.19%

**CITY LARGE – 1 REP (12% vote)**

Bellevue 8.86%

Kent 4.98%

**CITY MEDIUM – 1 REP(12% vote)**

Auburn 4.12%

Redmond 4.12%

Renton 3.95%

**CITY SMALL – 1 REP (12% vote)**

Kirkland 2.06%

Issaquah 1.49%

Mercer Island 1.19%

Tukwila 1.09%

Bothell 0.96%

Lake Forest Park 0.54%

Pacific 0.35%

Brier 0.24%

Algona 0.18%

Black Diamond 0.14%

Carnation 0.12%

**DISTRICT LARGE – 1 REP (8% vote)**

Alderwood 5.9%

Soos Creek 4.83%

**DISTRICT MEDIUM – 1 REP (8% vote)**

Northshore 4.01%

Ronald 2.67%

Valley View 2.0%

**DISTRICT SMALL – 1 REP (8% vote)**

Sammamish Plateau 1.87%

Cedar River 0.73%

Skyway 0.72%

Woodinville 0.68%

NE Sammamish 0.65%

Coal Creek 0.52%

Lakehaven 0.12%

Vashon 0.12%

Muckleshoot 0.05%

Cross Valley 0.04%

Olympic View 0.03%

Highlands 0.01%

**2015 Raw data, arranged from largest to smallest %**

Seattle	40.19%
Bellevue	8.86%
Alderwood	5.9%
Kent	4.98%
Soos Creek	4.83%
Auburn	4.12%
Redmond	4.12%
Northshore	4.01%
Renton	3.95%
Ronald	2.67%
Kirkland	2.06%
Valley View	2.0%
Sammamish Plateau	1.87%
Issaquah	1.49%
Mercer Island	1.19%
Tukwila	1.09%
Bothell	0.96%
Cedar River	0.73%
Skyway	0.72%
Woodinville	0.68%
NE Sammamish	0.65%
Lake Forest Park	0.54%
Coal Creek	0.52%
Pacific	0.35%
Brier	0.24%
Algona	0.18%
Black Diamond	0.14%
Carnation	0.12%
Lakehaven	0.12%
Vashon	0.12%
Muckleshoot	0.05%
Cross Valley	0.04%
Olympic View	0.03%
Highlands	0.01%



**Board Roles Recommended by Regional Wastewater Treatment Agreement Negotiation Team  
Presented to MWPAAC Sewage Disposal Agreements Advisory Subcommittee – June 2, 2016**

**Board Role Discussion and Matrices Completed to Date:**

1. Asset management
2. Audit
3. Capital Projects and Planning
4. Contracting Out WTD Operational Services
5. Conveyance Wheeling
6. Future Scenarios: Innovation and Emerging Technology
7. Industrial Waste
8. Infiltration and Inflow (I&I)
9. Regulatory Requirements and Legislation
10. Strategic Finance
11. Water Works

**Board Role Definitions:**

1. **Recommends to Executive:** Board-approved action is forwarded directly to Executive for decision or proposal to Council; voting required.\*
2. **Decides:** For those items that WTD has decision authority on and are identified below, WTD will implement the Board’s decision. The contract will specify which items the Board will be eligible to decide. Voting required.
3. **Advises WTD:** The Board provides guidance to WTD; voting required.
4. **Reviews:** The Board receives information and provides feedback; feedback is optional; no voting needed.

**\*PLACEHOLDER: When board doesn’t reach consensus on an item recommended to executive, the board shall provide a recommendation package showing both opinions and rationale.**

Board Role Matrix:	1. Recommends to Executive	2. Decides	3. Advises WTD	4. Reviews	5. Set in Contract
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<b>Asset Management, TA'd 3/18/16</b>	<b>1. Recommends to Executive</b>	<b>2. Decides</b>	<b>3. Advises WTD</b>	<b>4. Reviews</b>	<b>5. Set in contract</b>
Review information and updates on WTD condition assessments;				Board	
Review, advise and recommend changes to existing or proposed levels of service.			Board		

<b>Audit, TA'd 5/6/16</b>	<b>1. Recommends to Executive</b>	<b>2. Decides</b>	<b>3. Advises WTD</b>	<b>4. Reviews</b>	<b>5. Set in contract</b>
Select focus area for agency audits.			Board		
Audit of individual agencies (GPs 3/4/16) Summary of audit findings from all local agency audits will be presented to the Board.				Board	
Audit of WTD by Agencies (GPs 3/4/16) Determine when an audit by an independent third party regarding contract compliance issues will be conducted, no more frequently than once every 2 years.		Board			
Select independent third party for audit of WTD regarding compliance issues.		Board			
Audit of WTD by Agencies (GPs 3/4/16) Approval for the scope for the audit of WTD regarding contract compliance issues.		Board			
Audit of WTD by Agencies (GPs 3/4/16) Audit findings will be presented to the Board.				Board	

## Capital Planning and Projects - TA'd 4/29/16

<b>A. Strategic Planning (Large, long-range planning documents such as RWSP, CSI, CSO, reclaimed water, I&amp;I, asset management)</b>	<b>1. Recommends to Executive</b>	<b>2. Decides</b>	<b>3. Advises WTD Board</b>	<b>4. Reviews</b>	<b>5. Set in contract</b>
1. Data used to support strategic planning, including planning assumptions (objective, benefits, costs, timing, demand projections) and data collection					
2. Prepare needs assessment				<b>Board</b>	
3. Develop plan alternatives, including potential funding sources and potential joint project opportunities where appropriate			<b>Board</b>		
4. Recommend preferred alternatives and prioritized project list	<b>Board</b>				
5. Prepare plan report and financial plan including cost-share opportunities and/or joint projects, where appropriate	<b>Board</b>				

<b>B. Capital projects – RWSP projects, Major Capital Improvement Projects plus other projects selected by the board</b>	<b>1. Recommends to Executive</b>	<b>2. Decides</b>	<b>3. Advises WTD</b>	<b>4. Reviews</b>	<b>5. Set in contract</b>
1. Select which projects** go through this level of review		<b>Board</b>			
2. Provide alternatives for WTD to analyze in addition to any alternatives proposed by WTD, Executive, or County Council 2a. requires no additional budget 2b. requires additional budget	<b>2b. Board</b>	<b>2a. board</b>			
3. 3. Analysis of alternatives  3a. For joint projects, consideration of equity between agencies in Capital Projects Guiding Principles #10 and 11 dated 1/16/15  3 b. For recycled water projects consideration of impact on retail	<b>3 Board</b>  <b>3a. Board</b>  <b>3b. Board</b>				

<b>B. Capital projects – RWSP projects, Major Capital Improvement Projects plus other projects selected by the board</b>	<b>1. Recommends to Executive</b>	<b>2. Decides</b>	<b>3. Advises WTD</b>	<b>4. Reviews</b>	<b>5. Set in contract</b>
and wholesale water utilities, determination of funding splits on projects, and pricing where applicable as referenced in Reclaimed Water Guiding Principles #A3 and B, dated 10/8/14 -					
4. Selection of preferred alternatives	<b>Board</b>				
5. Design of preferred alternative				<b>Board</b>	
6. Independent value engineering...yes/no?			<b>Board</b>		
7. Implementation (construction phase)				<b>Board</b>	
8. Discussion and potential reconsideration based on changes in cost and scope (change review board)			<b>Board</b>		

\*\*Major capital projects are currently defined as major capital improvement projects as opposed to Project Work Requests (PWR) which are used for small capital projects, generally less than \$1 million. Over time, this \$1 million threshold may change based on WTD’s definition of PRWs.

\*\*Major projects are projects over \$1 million and that threshold may change in the future.

\*\*“Other projects” that go through this process could include those that meet one or more of the following criteria:

- Significant community impacts
- Regional implications
- Large dollar value

**C. For small projects, the Board or WTD will identify which projects and which aspects of the project will be reviewed by the board**

<b>Contracting Out WTD Operational Services, TA'd 5/20/16</b>	<b>1. Recommends to Executive</b>	<b>2. Decides</b>	<b>3. Advises WTD</b>	<b>4. Reviews</b>	<b>5. Set in contract</b>
The Board will recommend on WTD's consideration of contracting versus self-performance to achieve program or operational objectives.	Board				
Where no FTE change is required, WTD may, at its discretion, bring forth proposals for the Board's review and advice.				Board	

<b>Conveyance Wheeling, TA'd 2/5/16</b>	<b>1. Recommends to Executive</b>	<b>2. Decides</b>	<b>3. Advises WTD</b>	<b>4. Reviews</b>	<b>5. Set in contract</b>
Wheeling agreement development			Board		

<b>Future Scenarios: Innovation and Emerging Technology – TA'd 2/5/16</b>	<b>1. Recommends to Executive</b>	<b>2. Decides</b>	<b>3. Advises WTD</b>	<b>4. Reviews</b>	<b>5. Set in contract</b>
When brought forward by WTD or the Board, the Board will review approaches and new opportunities, including consideration of financial and operational implications of the future scenarios and opportunities in evolving markets				Board	

<b>Industrial Waste - TA'd 5/6/16</b>	<b>1. Recommends to Executive</b>	<b>2. Decides</b>	<b>3. Advises WTD</b>	<b>4. Reviews</b>	<b>5. Set in contract</b>
Fee calculation methodology		Board			
Fee	Board				
Implementation of new or updated fees, billing strategy, methods, and timing of billing for KCIW fees or policy considerations			Board		
Guidelines for qualifying industries or industry categories and classifications			Board		
Regulatory/rule changes and specific industrial users.				Board	

<b>Infiltration and Inflow, TA'd 5/20/16</b>	<b>1. Recommends to Executive</b>	<b>2. Decides</b>	<b>3. Advises WTD</b>	<b>4. Reviews</b>	<b>5. Set in contract</b>
Review and determine those I/I regional programs that will benefit the regional system as a whole. The Board will review all WTD Capital Projects proposed to resolve capacity issues through I/I reduction for both cost effectiveness and for validation of capacity reduction through I/I.	Board				
Review and recommend requests by Local Agencies asking for WTD participation for regional benefits in their local I/I removal project to verify level of benefit to regional system.	Board				
Development and review of flow forecasting on a regular basis to update flow information as new data can be used to improve forecasting and support planning.				Board	
Adoption of best management practices for sewer construction to guide WTD and Local Agencies.		Board			

<b>Regulatory Requirements and Legislative Issues - TA'd 2/5/16</b>	<b>1. Recommends to Executive</b>	<b>2. Decides</b>	<b>3. Advises WTD</b>	<b>4. Reviews</b>	<b>5. Set in contract</b>
Proposed, new or enhanced regulatory or legislative actions that impact our local or regional systems				Board	
The acquisition or renewing of permits and their requirements			Board		

<b>Strategic Financing - TA'd 3/18/16</b>	<b>1. Recommends to Executive</b>	<b>2. Decides</b>	<b>3. Advises WTD</b>	<b>4. Reviews</b>	<b>5. Set in contract</b>
Updates to financial policies			Board		

<b>WaterWorks, TA'd 3/4/16</b>	<b>1. Recommends to Executive</b>	<b>2. Decides</b>	<b>3. Advises WTD</b>	<b>4. Reviews</b>	<b>5. Set in contract</b>
Define purpose, criteria and process for full program					Set in contract
Scoring guidelines and focus areas for annual grant spending	Board				
Set up-to amount					Set in contract
Surplus					Set in contract