

**Summary of Rates & Finance Subcommittee February 4, 2016 meeting
For MWPAAC General Meeting February 24, 2016.**

- 1. Industrial Waste Rates and Code Changes (Joint Topic with Engineering and Planning Subcommittee)** – King County Industrial Waste is proposing to revise the fee structure for their industrial customers to match the broad industrial base, recover their costs, simplify the tracking system for greater efficiency and flexibility to meet future needs, and provide for a more stable revenue stream and predictable customer rates. The customer fee schedule would last for 5 years from the time of issuance, and the local sewer agency would continue to collect the monitoring and administration fees and surcharges. WTD is soliciting feedback from the MWPAAC membership with plans to develop legislation to transmit to the King County Executive. WTD hopes to have new rates in effect by July 2016.
- 2. Update on Cost-Estimating Technical Work Group (joint topic with Engineering and Planning Subcommittee)** – The Cost-Estimating Technical Work Group (TWG), being facilitated by Value Management Strategies (VMS), has completed initial analysis and identification of issues relating to project cost estimating performed by WTD prior to the baseline cost estimate (35% design). VMS will be conducting a series of workshops with WTD staff during the first half of 2016 to develop specific solutions, recommendations, and strategies. TWG realizes that using the term “cost estimate” and assigning it a specific value years or even decades before the scope of the project is defined leads to misperceptions that the original “cost estimate” was inaccurate. They will be developing better methods to convey information to decision-makers about future projects from initial planning to project delivery.
- 3. 2016 Rate Letter Pre-planning** – In response to the County’s accelerated rate setting schedule, the R&F subcommittee began the process of soliciting topics for the 2016 letter. The following topics were tentatively discussed and will be included in the draft letter:

 - a. Modify, but leave, the discussion regarding challenges with the accelerated rate setting schedule.
 - b. Wrap-up discussion of the debt-review committee’s work by including snippets of debt review letter and Pam Elardo’s response.
 - c. Discussion of industrial waste fee work-to-date and anticipated implementation this year.
 - d. Continued discussion of the recovery and resiliency program. Request an update as the program relates to the Cascadia Rising Earthquake Symposium. In addition, request that WTD inform MWPAAC as regulatory issues arise and its planned response to those issues.
 - e. Respond to proposed legislation relating to the WaterWorks Program. Proposed legislation would possibly dilute MWPAAC influence. The subcommittee feels that the proposed legislation is based on an anticipated problem, not a realized issue.
 - f. Budget implications of the CSO reduction program, specifically a cost update on the Ship Canal, Rainier Valley Wet Storage and Georgetown projects.

- g. The Cost of Debt item from the 2015 letter will be eliminated.
- h. The subcommittee consensus was to possibly add a discussion of the contract negotiations.

Questions? Jack Broyles, Jr., Rates & Finance Subcommittee Chair
Woodinville Water District
jbroyles@woodinvillewater.com
425.487.4106

Maria Coe Rates & Finance Subcommittee Vice-Chair
Seattle Public Utilities
Maria.Coe@seattle.gov
206.233.7905