

Committee Business:

- The motion to approve the meeting guidelines was approved.
- The motion to approve the MWPAAC letter of response on the Reclaimed Water Feasibility Study was approved with changes.
- The review of the proposed changes to the Capacity Charge ordinance was referred to the Finance subcommittee.
- The Committee asked WTD to transmit a copy of the local agency survey to County Council for their review.
- A possible MWPAAC workplan item would be the task of assisting in the design of questions for the local agency survey.

WTD Directors Report:

- Sharman Herrin was introduced as the new WTD Government Relations Administrator.
- King County Council adopted a two-year sewer rate and capacity charge rate. The rates will be reviewed next year. The MWPAAC letter on their finance recommendations was received by the Executive and Council.
- The motion to adopt the MWPAAC charter will be transmitted to the County Council for action.
- A letter was sent to the MWPAAC and E&P Chairs detailing the level of MWPAAC participation in the development of the Reclaimed Water Comprehensive Plan.
- The County will continue to move forward with the County's efforts on negotiating contracts. The County is willing to talk to agencies and move forward with negotiations given the willingness of individual agencies to enter into negotiations. MWPAAC is not empowered to negotiate contracts on behalf of the agencies.

WTD Director's Report Questions and Answers:

- What was the effect of the decision of 12% over a two-year period? We went through Council discussions in the month of May; Council wanted a multi-year rate; the parameters are still the same; capitalized financing; we went through a lot of back-and-forth discussions.
- I thought we had an alternative as to what the rate would be? The last change we made assumed a borrowing rate of 5.5%, we are now going to borrow at 5%, and as a result we lowered the interest rate assumptions.
- Comment: Going to a two-year rate at 12%, we are looking at 6%; I think it's a good deal.
- The ordinance and how it was written, that the sewer rate is set and then later in the body of the ordinance, it talks about a reserve fund. Is it officially a one-year rate and then the Council has to come back to approve that rate? The primary reason was the uncertainty of the economy, the Council is going to have to come

back and adopt it. We recognize revenue for debt service coverage. The Council has to take a rate action every year; it's a requirement of state law and the contracts we have with each agency.

Local Agency Survey:

- The local agency survey was rewritten this year based on input received from staff and E&P members.
- Surveys were sent to the 34 local agencies' Public Works Directors or General Managers, and MWPAAC representatives were sent a copy. A total of 13 surveys were returned.
- Suggestions were provided on improving the collection of surveys; sending surveys via registered mail; e-mailing the survey; providing a separate survey to the MWPAAC representative and Public Works Director/General Manager; asking the MWPAAC representative to ensure that their agency's survey is completed.

Capacity Charge:

- Since 2006, the Capacity Charge program staff has gone out to meet with each agency. They continue to work with developers, real estate and escrow companies and there has been a significant improvement on escrow requests. This goes to the issue of informing potential homebuyers about the capacity charge so that they look at specific ways to include it with their mortgage. The capacity charge disclosure is put on the purchase and sale agreements.
- The Regional Water Quality Committee is currently reviewing information on the Capacity Charge.
- Comment: The Suburban Cities Association feels that it's unfair for homebuyers to be faced with a \$20K bill. There was suggestion that three or four building entities meet to discuss the issue.
- The capacity charge does not pay for the debt service; there is somewhat of a subsidy. It's 15 years then the ratepayers will get the advantage? No, it will start paying the rate back in 2016. You're right at the front end, the rate is subsidizing the capacity charge.
- How will it affect residents in Snohomish County, how does it go about assessing capacity charge? We've served Snohomish since the 1960's. It's a state statute that designates the capacity charge not the County.
- Is the County doing anything on septic conversions? The agency will tell us, frequently part of the research will tell us, when the home is built, and then we will contact the sewer district and ask. We do the same type of notification for septic, most of the agencies are really good. The customer is expected to fill out a form. If the person reads that form, they'll see my phone number is on the form. We also send out a customer letter with a Q&A and then we give them three phone numbers to call.
- Comment: RWQC has included that in their program planning as part of their work program for 2008.
- Is it currently on the legislative agenda? It's a standing item; each year involves an assessment of what we can do. We got a response within 36 hours and it

- It was mentioned that the districts could provide support; would that be enough to take on the MBA in front of the legislators? That is what we attempted to do in the 1980's. We fought a formidable fight but still didn't win.
- Based on Snohomish County paying 100% of the growth, what would that do against the total of the Brightwater costs? What portion of the Brightwater costs is being paid by Snohomish County? I don't have them available but I will get them to you.

Low-Income Housing:

- The County currently does not have provisions for low-income discounts, but is currently researching low-income discounts and whether or not they should be expanded.
- The County offers discounts for low-income family housing of 360 square feet; they are entitled to a 50% break on RCE.
- The existing code is for low-income housing. You can't extend it to single-family residences.
- Will it make the costs go up? I hate to see the redistribution of wealth in so many places; the connection charge goes with a structure not a person. An elderly person doesn't have to buy a new house; they can buy an old house. It doesn't seem to me that age should be a measure. It doesn't seem fair to me that a person who has to pay less pays more. It should be a rate subsidy. It's not a road I would go down.
- The capacity charge applies to new housing? Yes, we need to look at the units, not the people. One of the things that we are finding --- related to topic --- having a capacity charge that is a percentage. We are building multi-family units that are bigger than single-family homes. We may want to do a meter based on size.
- The finance committee could meet and discuss it and see if we want to vet it or not.

Capacity Charge:

- Updates to the Capacity Charge code include correcting spelling, inserting definitions, and codifying policies. These are administrative changes, not policy changes. It will then be transmitted to Council for approval.
- The updated code will be posted to the MWPAAC website for member review.