

Sewage Disposal Agreement Subcommittee  
Meeting Summary  
March 17, 2014

On March 6, 2014, the Chair and Vice-Chair of the SDA subcommittee sent an email to the MWPAAC mailing list requesting volunteers to serve on a small task force with the purpose of negotiating a new contract for agencies to consider. The Chair and the Vice-Chair received names of potential volunteers and used the objectives and criteria (included in the email and below) to select a task force.

Objectives:

- Launching regional collaboration that is open, transparent and inclusive
- Negotiation representatives who meet the criteria shown below
- Negotiations conducted collaboratively using a small staff negotiating team

Criteria (in no particular order):

- Representatives should reflect geographic diversity
- Representatives are from a mix of small and large cities and utility districts
- Representatives are seen as credible to those involved in regional wastewater issues
- Representatives are balanced based on groupings of percent of RCE count
- Representatives can make the time commitment of 3 hours, twice monthly, for a year
- Representatives will include those that do have a new contract as well as those that do not
- Representatives are good communicators
- Representatives are solutions oriented, constructive and collaborative

The following task force membership was presented at the SDA subcommittee meeting:

Judi Gladstone	Seattle, Vice-Chair of MWPAAC
Alison Bennett	Bellevue, Chair of Sewage Disposal Agreement Subcommittee
Ron Speer	Soos Creek Water and Sewer District, Vice-Chair of SDA Subcommittee
Linda DeBoldt	Redmond
Pat Brodin	Tukwila
Fanny Yee	Northshore Utility District
Lisa Tobin	Sammamish Plateau Water and Sewer District
Dave Christensen	Renton

The subcommittee then discussed and agreed that the process should be transparent and involve as much outreach and communication as possible. The Vice-Chair reiterated that there are no “caucuses” per se in the task force team – each member of the task force will be mindful that the goal is to produce a draft document that all agencies will want to sign.

Finally, the subcommittee worked on identifying the issues it wanted included on the regional issues list to be used by the task force. A copy of that combined list is attached.

Next steps are to schedule the first meeting of the task force in April. The next SDA subcommittee meeting is still to be determined, depending on when the task force meets. King County and Seattle have offered to provide a facilitator for the task force meetings. Rhonda Hilyer has been retained in that capacity.

Submitted by:

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## Sewage Disposal Contract Issues

### Regional Issues

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Category of Issue	Issue
Governance	<ol style="list-style-type: none"> <li>1. Decision-making <ol style="list-style-type: none"> <li>a. Clear role in decision-making and review capability for important agency decisions such as rates, capital investments and program decisions.</li> <li>b. Establishment of an advisory body such as the Water Operating Board</li> </ol> </li> </ol>
Rates & Financial Issues	<ol style="list-style-type: none"> <li>2. Methodology or guidance for determining costs to be included in revenue requirements from wastewater customers, e.g., culver fund, overhead expenditures.</li> </ol>
	<ol style="list-style-type: none"> <li>3. Reclaimed Water <ol style="list-style-type: none"> <li>a. Guidance on costs are paid by wastewater ratepayers v. cost paid by others</li> <li>b. Guidance on methodology and approach to pricing</li> <li>c. To what is the guidance applied, e.g. size of project</li> </ol> </li> </ol>
	<ol style="list-style-type: none"> <li>4. Strategic Financing <ol style="list-style-type: none"> <li>a. Establish clear process for reviewing financial policies that establishes accountability to component agencies, e.g. debt service policy, rate stabilization fund.</li> </ol> </li> </ol>
	<ol style="list-style-type: none"> <li>5. Change in Service Area <ol style="list-style-type: none"> <li>a. Expansion &amp; Contraction <ol style="list-style-type: none"> <li>i. Decentralized</li> <li>ii. Eco-districts</li> <li>iii. Privatization</li> <li>iv. New Service Territory</li> </ol> </li> <li>b. How would decisions be made</li> <li>c. Application of capacity charge</li> <li>d. Stranded costs</li> <li>e. Option to change rate structure to accommodate future scenarios</li> <li>f. Flexibility for contract agencies to adjust flows to KC</li> </ol> </li> </ol>
	<ol style="list-style-type: none"> <li>6. Rate Transparency and Accountability Procedures <ol style="list-style-type: none"> <li>a. Rate assumption review capability, including demand, flow, RCE, projects and capital costs</li> <li>b. True-Up Process which includes periodic course corrections</li> <li>c. External audit function</li> <li>d. Process for RCE conversion factor modifications</li> <li>e. Billing methodology</li> </ol> </li> </ol>
	<ol style="list-style-type: none"> <li>7. Capacity Charge <ol style="list-style-type: none"> <li>a. Alignment of benefits with payment responsibilities</li> <li>b. Calculation methodology</li> <li>c. 95% definition for capacity charge</li> <li>d. Clarity on costs of growth</li> <li>e. Specific cost allocation assignments of existing and future facilities (e.g. RWSP update) that provides clarity on costs of</li> </ol> </li> </ol>

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	growth. f. Charging methodology (flat rate v. fixtures v. water meters)
Other Issues	8. New Technologies a. On-site systems – impacts to contractual obligations b. Heat transfer, reclaimed water, additives 9. Update industrial waste provisions 10. Amendments process

<i>Administrative Clean-up</i>	11. Update definitions to be included in the agreement to clarify intent related to KC code definitions.
	12. Review of all provisions to see if any should be changed.
	13. Consolidation of agreements where appropriate
	14. Develop mechanism for management agreement
	15. "Me too" clause.