

DRAFT
Summary of Rates & Finance Subcommittee March 1, 2018 meeting
For MWPAAC General Meeting on March 28, 2018

1. Capacity Charge affordability study

Presenter: Alison Saperstein – Wastewater Treatment Division Project Manager

- Ms. Saperstein gave a presentation of WTD's efforts to date to develop a low-income discount to WTD's capacity charge. Current charge is \$62.60 per month and County code is very restrictive on what can receive a discount. In general, discounts are authorized for low income, multifamily, 400 sq. foot or less units. Code was designed not to benefit low income but was developed to recognize that these types of housing units place smaller demands on the system. WTD believes that the current code does not allow WTD to meet its equity and social justice policy. WTD will seek the input of MPWAAC members. WTD wants to understand:
 - How many customers are low income and what metric will be used?
 - Identify a range of programs and help MWPAAC agencies select the most useful.
 - Apply program evaluation metrics
 - Share, gather feedback, additional analysis
 - Inform decision makers
- WTD has identified three draft objectives:
 - Assist those most in need – How to identify?
 - Increase flexibility for customers with temporary hardships
 - Align with County's intent to encourage affordable housing development
- A meeting participant suggested public health could also be an objective.
- Going forward – WTD will gather data, identify a range of program options, identify metrics, share data, gather feedback.

2. West Point Treatment Plant – Quarterly Progress Report

Presenter: Tim Aratani – Wastewater Treatment Division Finance Director

Mr. Aratani discussed the on-going recovery efforts at West Point. The restoration is complete with the exception of locker rooms and doors. There remains a boiler issue. Total cost estimate is \$25.8 million. A new estimate is expected in two weeks. WTD doesn't expect that number to change. WTD has received \$12.5 million from insurance. WTD expects the majority of costs to be covered by insurance. Another payment is expected in March. WTD will apply for FEMA funds to cover costs not covered by insurance. FM Global, the insurance carrier for first \$25 million will not cover non-restoration costs. FEMA will cover some post-restoration costs, which will be incurred to help ensure this issue doesn't happen again in the future.

3. **2019 Rate Recommendation Letter**

The Rates & Finance subcommittee held a discussion to determine relevant issues for inclusion in the 2019 rate letter. The following items were discussed:

- Importance of continuing debt reduction commitment (reducing debt through increased cash financing and moderate rate increases)
- Consider offering thoughts on where proceeds from tunneling lawsuit should go – such as to cash fund capital, and not to rate stabilization fund
- Mention interests for the systemwide plan
 - prospects for future costs; uncertainty; MWPAAC's interests in keeping an eye on this – how to address uncertainty with the long view
 - Would MWPAAC want to recommend waiting on a rate increase until systemwide plan is done or suggesting an increase/ceiling that the systemwide plan fits into?
 - MWPAAC involvement in systemwide plan
- Legal commitments – are they negotiable?
- How do we stack nationally on these issues – are we ahead of the curve, something to monitor, frame
- Re-emphasize smoothing out rates (Boiling the frog slowly)
- Does MWPAAC want to say anything about schedule? Propose July date? Understanding that it is also in the contract.
- Anything to say about projections on WTD's share of Duwamish cleanup (it was noted that we don't know when a decision will be made on allocation – it has been delayed)
- Recognize/support the recouping of West Point repair costs through insurance
- Appreciation of Tim and how he works with MWPAAC
- Support idea of prudently planning for succession (and potential bump in operations budget for this)+

The 2019 rate recommendation letter will be drafted by the Subcommittee Chair and Vice-Chair and will be presented to the MWPAAC general membership for approval at the March 28 General Meeting.

Questions?

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