

Pollie McCloskey

From: Debbie Tarry
Sent: Thursday, November 5, 2020 10:16 AM
To: Pollie McCloskey
Subject: FW: My notes for RWD special budget meeting yesterday

Pollie –

Another Mayor/Dep Mayor item.

Debbie Tarry

City Manager | City of Shoreline

Pronouns – she/her

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From: John Norris <jnorris@shorelinewa.gov>
Sent: Thursday, November 5, 2020 10:04 AM
To: Mark Gregg <mgregg@shorelinewa.gov>; Lance Newkirk <lnewkirk@shorelinewa.gov>; Randy Witt <rwitt@shorelinewa.gov>
Cc: Sara Lane <slane@shorelinewa.gov>; Jesse Peterson <jpeterson@shorelinewa.gov>; Debbie Tarry <dtarry@shorelinewa.gov>; Margaret King <mking@shorelinewa.gov>; Julie Ainsworth-Taylor <jainsworth-taylor@shorelinewa.gov>
Subject: RE: My notes for RWD special budget meeting yesterday

Thanks Mark. These are the types of policy questions that I would want the City Council to ultimately weigh in on, as there are likely a lot of trade-offs in the philosophy of how any rate is set. I think the Council might have a different take on those trade offs and therefore on what the rate should be and how it is structured. In our meeting with the District on Tuesday, Joe Bennett brought up that SPU has a very different philosophy underpinning their connection charge, which is why developers complain about the cost of the GFC here compared to Seattle. The Council would likely want to have the policy discussion of how much should 'growth pay for growth', vs. the rate payers paying some of that cost. The split rate policy question is also a good question, and why split at 4/5 units vs. some other breakpoint. That is why holding until post assumption makes sense to me. It is helpful to know that the current rate is 10 years old, but if that is the case, not sure there is an impact to waiting a little longer to review the rate structure.

From: Mark Gregg <mgregg@shorelinewa.gov>
Sent: Thursday, November 5, 2020 9:22 AM
To: John Norris <jnorris@shorelinewa.gov>; Lance Newkirk <lnewkirk@shorelinewa.gov>; Randy Witt <rwitt@shorelinewa.gov>
Cc: Sara Lane <slane@shorelinewa.gov>; Jesse Peterson <jpeterson@shorelinewa.gov>; Debbie Tarry

<dtarry@shorelinewa.gov>; Margaret King <mking@shorelinewa.gov>; Julie Ainsworth-Taylor <jainsworth-taylor@shorelinewa.gov>

Subject: RE: My notes for RWD special budget meeting yesterday

A couple of things to keep in mind with regard to the RWD current GFC rate:

- 1) It is split between low density and high density development. For projects that are 4 or fewer units, the rate is \$1,257 per unit. For 5 units or higher (high density) the rate is \$2,506 per unit (except for "microhousing" units). So one question is whether the city prefers that split rate structure.
- 2) It has been apx 10 years since the current GFC rates were put in place, and they have not changed in that time. Scott said, in response to a question from one of the commissioners, that the new rates are likely to be higher (and one might think, possibly a lot higher, given the time that has elapse since the last rate adjustment).

Both 1 and 2 are worth keeping in mind when considering a recommendation to the RWD Board.

Brgds

Mark

From: John Norris <jnorris@shorelinewa.gov>

Sent: Thursday, November 5, 2020 8:44 AM

To: Lance Newkirk <lnewkirk@shorelinewa.gov>; Randy Witt <rwitt@shorelinewa.gov>

Cc: Mark Gregg <mgregg@shorelinewa.gov>; Sara Lane <slane@shorelinewa.gov>; Jesse Peterson <jpeterson@shorelinewa.gov>; Debbie Tarry <dtarry@shorelinewa.gov>; Margaret King <mking@shorelinewa.gov>; Julie Ainsworth-Taylor <jainsworth-taylor@shorelinewa.gov>

Subject: RE: My notes for RWD special budget meeting yesterday

Thanks Lance; that makes sense to me. Regardless of how Gretchen/the District got here, we definitely pushed back on the GFC Study being a driver for a delayed assumption date, and I think the District heard that. If they are budgeting for a GFC study and plan to proceed, not sure they can finish that work before April 30th, and then we are the place of the District handing this off to the City. If Scott is going to project manage this study (i.e., manage the contract with the consultant performing the study if his firm isn't doing this themselves), then I guess we could continue to have Scott work on this under a contract with the City post assumption, as I know we are planning to extend a bridge contract to him.

With this said, I don't think that it makes sense to start this work now. I think the City would likely have different starting assumptions on the underlying philosophy of the GFC, and so I would be concerned that this work may not be valuable if started by the District. If you feel differently, happy to hear your thoughts. If you and Randy concur that it doesn't make sense for the District to start this work now, then I think that we should be working with the District to try to get them to hold on this. Thanks.

John

From: Lance Newkirk <lnewkirk@shorelinewa.gov>

Sent: Thursday, November 5, 2020 8:32 AM

To: John Norris <jnorris@shorelinewa.gov>; Randy Witt <rwitt@shorelinewa.gov>

Cc: Mark Gregg <mgregg@shorelinewa.gov>; Sara Lane <slane@shorelinewa.gov>; Jesse Peterson <jpeterson@shorelinewa.gov>; Debbie Tarry <dtarry@shorelinewa.gov>; Margaret King <mking@shorelinewa.gov>; Julie Ainsworth-Taylor <jainsworth-taylor@shorelinewa.gov>

Subject: Re: My notes for RWD special budget meeting yesterday

John,

In response to your question about GFC charges, I don't recall any conversation where a city representative stated we needed to perform a GFC rate review. As I recall, the GFC discussion was District led and in the context of how to deliver all of the capital projects on the CIP list. The only connection to the City here that I see is the fact that Jesse and I sat down with Scott prior to District budget deliberations and identified capital needs that the "city" would like to see added to the capital programming discussion as part of the budget process. Maybe this effort has led Gretchen to conclude that the GFC rate review is city driven.

Mark - do you recall anything differently?

Lance

Lance Newkirk | Utility and Operations Manager

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stewardship of our public infrastructure and natural environment.*



From: John Norris <jnorris@shorelinewa.gov>

Sent: Wednesday, November 4, 2020 6:01 PM

To: Randy Witt <rwitt@shorelinewa.gov>

Cc: Lance Newkirk <lnewkirk@shorelinewa.gov>; Mark Gregg <mgregg@shorelinewa.gov>; Sara Lane <slane@shorelinewa.gov>; Jesse Peterson <jpeterson@shorelinewa.gov>; Debbie Tarry <dtarry@shorelinewa.gov>; Margaret King <mking@shorelinewa.gov>; Julie Ainsworth-Taylor <jainsworth-taylor@shorelinewa.gov>

Subject: RE: My notes for RWD special budget meeting yesterday

Randy,

Thanks for your update on the Board meeting last night; this is helpful. While I wish the Board would be moving forward with a larger rate increase, \$2.50 is still a significant increase and hopefully will provide funding to complete some of the identified CIP list. I also wanted to provide an update on discussion that Debbie and I had with Wes, Gretchen, Joe, Douglas and Scott yesterday regarding the assumption plan and work tasks. Here are some of the highlights:

- I think we are on the same page with the District generally about assumption, although Gretchen asked to have the assumption date moved back to June 22, 2021 (the date the current agreements expire). The reason she stated was the GFC study, so the fact that they budgeted for that is interesting. Debbie and I pushed back on moving the assumption date back however, and stated that we want to keep the April 30th assumption date. We stated that the Council wants to get this done ASAP and that we feel 6 months gives us enough time to complete the work plan tasks and go through the dissolution process at Superior Court. I think the rest of the group accepted this and was comfortable with the April 30th date. (More on GFC study below)

- We also explained that we are currently working on the joint press release about the assumption, and hope to issue that next week. The press release will also identify the target assumption date of April 30.
- We had a long discussion about the Olympic View letter we received about the Sewer Comprehensive Plan, and it sounds like Duncan will be working with Olympic View on an agreement for service in Sno County. We explained that it made sense that this agreement could be completed prior to assumption, and Joe agreed, and also stated that he felt Olympic View would likely be motivated to complete this quickly. I also stated that we could potentially support this work if helpful, but would need to check with our attorneys. We didn't venture too far into the topic about next steps, but everyone agreed that there was work to do to sort this out with Olympic View. Margaret/Julie – this may be something that Duncan will reach out to us on.
- This discussion then turned into a discussion of completing the sewer comprehensive plan, which Scott seemed to hedge a little on the timing, although the Board members seemed to state that their expectation would be that it should be completed (the initial version) by the end of the year. Scott stated that the plan will need to be updated to remove Point Wells (which was the point of the Olympic view letter) and that some of the boundary issues (given the Olympic View decision) may need to be addressed to amend the maps and other exhibits in the plan.
- We talked about when a natural 'break point' would be to hand off the comp plan to the City. I explained that if the Board adopted the initial plan, then the City could potentially take the plan and complete it after external agency review and the 90 day comment period. I also explained that the City viewed the time and cost investment made by the District (and City staff) in the plan as significant, and that since the current plan is now 10 years old, getting to a final plan, even if the final step and adoption is completed by the City Council, is in the utility's and the City's interest. I think that they appreciated this commitment and that we would 'see the work through' if they can't get everything done (i.e., external agency review and final adoption) by April 30, which is likely.
- I did ask if the District felt it was critical to conduct the GFC study pre-assumption, and Gretchen explained that this "was at the request of the City". I explained that while that may have been the case, if it meant moving the assumption date back to June 22, we would rather the District not start the GFC study. Not exactly sure where this request came from (Randy, Lance?), but I think that this may be something to manage going forward. Clearly, determining where the 'break point' should be in all this work (comp plan, GFC study, etc.) will be critical in the coming months.
- We also discussed about the process for the City assumption ordinance and the joint petition, and the District agreed that it made sense to send the draft joint petition to Joe once that is ready to go. I said that it would be our hope that they would have the joint petition completed and signed by both Debbie (as authorized by Council) and Wes (as authorized by the full board) by the end of this year so that we can submit to Court in January. They all felt that this was a reasonable timeline.

Please let me know if you have any questions about this. Thanks!

John

From: Randy Witt <rwitt@shorelinewa.gov>

Sent: Wednesday, November 4, 2020 10:02 AM

To: John Norris <jnorris@shorelinewa.gov>

Cc: Lance Newkirk <lnewkirk@shorelinewa.gov>; Mark Gregg <mgregg@shorelinewa.gov>; Sara Lane <slane@shorelinewa.gov>

Subject: My notes for RWD special budget meeting yesterday

John, my quick highlights from RWD board meeting on their budget yesterday (as Lance is in negotiations today I thought I'd send this your direction). Lance and Mark were in attendance and may have more to add. (p.s. Mark is great in walking the board through the budget and keeping them on point!!)

- Settled on a \$2.50 rate increase for consideration at their hearing (next week)
- Going to allocate \$15,000 for a GFC study. They seem interested in coordinating with the City on this. I did not hear definition on what this means to them.
- They accepted the CIP list, although there was discussion on leaving/omitting Storm Creek - may come up again later in their decision next week
- There are a number of budget items to adjust - Edmonds treatment plant costs, Apple tree lane girder pumps, GFC cost, adjustment of expenditures they may occur later than originally budgeted. Mark is making these.
- Bob Ransom asked about the utility advisory committee

Randy