



REGULAR MEETING OF THE BOARD OF DIRECTORS

AGENDA

BELLEVUE CITY HALL – ROOM 1E-108

MARCH 26, 2008

3:30 PM

1. CALL TO ORDER
2. ROLL CALL
3. EXECUTIVE SESSION
4. PUBLIC COMMENT – Comments limited to 3 minutes per speaker; 3 speakers on each side of any topic
5. CHIEF EXECUTIVE OFFICER'S REPORT
 - A. March 15, 2008 Cascade Board Retreat Recap
 - B. Staff Reports
 - C. WSDOT SR 900 Contract Timing
6. APPROVAL OF AGENDA
7. CONSENT ACTION ITEMS
 - A. Minutes of the regular Board Meeting held on February 26, 2008
 - B. Treasurer's Report
 - C. Insurance Brokerage Contract
 - D. Advertise for Tacoma Cascade Pipeline Valves
 - E. Toilet Replacement Contact
 - F. Vanir Contract Amendment No. 2
 - G. HDR Engineering, Inc. Contract Amendment No. 3 to Contract 3
 - H. Davis Wright Tremaine Construction Legal Counsel
 - I. Resolution No 2008-05: Auditing Officer and Expenditures Approval Process
 - J. ATTU Property Tacoma-Cascade Pipeline Segment Construction Approach
8. OTHER ACTION ITEMS
 - A. Resolution No. 2008-06: Authorizing Execution of the Lake Tapps Purchase and Sale Agreement
9. COMMITTEE REPORTS
 - A. Executive Committee
 - B. Resource Planning Committee
 - C. Membership Committee
 - D. Finance Committee
 - E. Public Affairs Committee
10. NEW BUSINESS
11. NEXT REGULAR MEETING:
April 23, 2008 — Bellevue City Hall — 3:30 PM
12. ADJOURN

NOTE: AS ALLOWED BY STATE LAW, THE BOARD OF DIRECTORS MAY ADD AND TAKE ACTION ON ITEMS NOT LISTED ON THE AGENDA.

5. Chief Executive Officer's Report

- A. March 15, 2008 Cascade Board Retreat Recap
- B. Staff Reports
- C. WSDOT SR 900 Contract Timing
Tacoma-Cascade Pipeline/Washington State Department of Transportation SR 900 contract timing – verbal update; no packet materials

ATTACHMENTS AND ITEMS FOR APPROVAL OR ADOPTION:

7. CONSENT ACTION ITEMS

- A. Approval of Minutes of the regular Board Meeting held on February 26, 2008
- B. Approval of Treasurer's Report
- C. Approval of Insurance Brokerage Contact

Authorize the Chief Executive Officer to execute a one-year extension of a contract for Broker/Consulting Services between Cascade and Alliant Insurance Services, Inc. in an amount not to exceed \$25,000. Cascade has been pleased with the work performed by Alliant Insurance Services and will need additional insurance with the acquisition of Lake Tapps and the Tacoma-Cascade Pipeline construction process getting underway. The current contract expires March 31, 2008.

Requested Action: Authorize the Chief Executive Officer to execute a one year extension of the Broker/Consulting services Agreement.

- D. Authorization to advertise for Tacoma-Cascade Pipeline Valves

On September 13, 2007 staff provided the Resource Planning Committee its timeline for the purchase of the Tacoma-Cascade Pipeline mainline valves. The mainline valves are a long-lead-time item and will be required on the 1.1 miles of pipeline to be constructed in the WSDOT contract (expected advertisement date of April 14, 2008). The estimated value for the valves is \$420,000. The remainder of the valves will be warehoused and assigned to the winning contractors for each construction contract segment.

Requested Action: Authorize the Chief Executive Officer to advertise for mainline valves.

- E. Approval of Toilet Replacement Contact

Cascade's 2008 toilet replacement program seeks to replace over 1,200 old, high-use toilets at apartment complexes and businesses with 1.6 gallon per flush toilets. This will result in approximately 8 million gallons of annual water savings. In December 2007 Cascade issued a Request for Proposals for a toilet replacement vendor. The only vendor to submit a proposal was Pacific Supply for a \$100,000 contract amount. Cascade and Member Staff have been satisfied with the performance of the vendor and customers are satisfied with the product.

Requested Action: Authorize the Chief Executive Officer to execute a contract with Pacific Supply for low-flow toilet deliveries with a maximum compensation of \$100,000.

- F. Vanir Contract Amendment No. 2

Cascade's current contract for the Tacoma-Cascade Pipeline Pre-Construction services associated with Vanir Construction Management, Inc (Vanir) includes a maximum compensation amount of \$1,380,000. The Resource Planning Committee discussed a proposed Amendment 1 from Vanir for \$765,000. This included the scope to: (1) develop six contract packages (rather than the originally anticipated two contract packages) which will reduce the size of the contracts and expedite construction; (2) to evaluate the benefits (i.e.,

cost/schedule implications) of pre-purchase of pipe and valves (the Board authorized Vanir to proceed with development of the pre-purchase strategy for the pipe and valves in may 2007).

The Resource Planning Committee directed staff to further modify the proposed Amendment 1 to add sufficient budget to: (1) provide additional Community Relations Support; and (2) Field Inspection support during the WSDOT SR900 Road Widening and Construction Management Services for the Cross Country Reach B and forward for Board approval to allow the consultant to complete the work associated with the tasks defined above. The full scope of work associated with the proposed Amendment 1 is \$1,436,171.

Requested Action: Authorize the Chief Executive Officer to execute Amendment 1 to Contract 1 with Vanir Construction Management, Inc. for \$1,436,171 through December 31, 2008 with a maximum compensation amount of \$2,816,171.

G. HDR Engineering, Inc. Contract Amendment No. 3 to Contract 3

The proposed Amendment 3 was discussed at the March 13, 2008 Resource Planning Committee meeting. The Resource Planning Committee directed staff to bring forward for Board approval, Amendment 3 to HDR Contract 3 to allow the consultant to complete the work associated with the tasks required by King County and City of Covington as part of the review of Cascade's Franchise Applications and associated Permit Applications.

Cascade's current contract for design of the Central Segment of the TCP with HDR includes a maximum compensation amount of \$3,154,820. Amendment 2, valued at \$700,000, was approved at the February 2008 Board Meeting to allow HDR to continue work associated with the tasks required by King County and City of Covington as part of the review of Cascade's Franchise Applications and associated Permit Applications while the staff discussed the full scope of work associated with the Amendment.

Requested Action: Authorize the Chief Executive Officer to execute Amendment No. 3 to Contract 3 with HDR Engineering for \$1,337,340 through December 31, 2008 with a maximum compensation amount of \$5,192,160.

H. Approval of Davis Wright Tremaine as Construction Legal Counsel

At the March 15, 2008 Board Retreat the Chief Executive Officer was authorized to execute a contract for \$50,000 with Perkins Coie for Special Construction Legal Counsel to assist with the Tacoma-Cascade Pipeline project. Prior to execution of the contract, Perkins Coie was unable to obtain the necessary "conflict waivers" from its other clients and as such, they are not able to work for Cascade.

As a part of the initial search process, Ed Oberg, Chief Executive Officer and Mike Ruark, General Counsel also interviewed attorneys from Davis Wright Tremaine LLP (DWT). DWT is extremely well qualified and they have put forth a strong team to assist Cascade with its construction and contract issues. Ed Oberg and Mike Ruark recommend entering into a contract with DWT for special construction legal counsel.

Requested Action: Authorize the Chief Executive Officer to execute a contract for \$50,000 with Davis Wright Tremaine LLP for Special Construction Legal Counsel.

I. Resolution No. 2008-05: Auditing Officer and Expenditures Approval Process

Resolution No. 2008-05, for the purpose of appointing the Director of Finance as Cascade's Auditing Officer pursuant to RCW 42.24.080 and establishing payment procedures for lawful claims.

The Revised Code of Washington 42.24.080 requires public entities to appoint an Auditing Officer. Cascade's Finance Director is the appropriate position to fulfill those functions. The resolution also revises payment signing authority so that the Chief Executive Officer and the Finance Director are authorized to sign payments approved by the Board. Payments for

\$25,000 or less may be signed by either the Chief Executive Officer or the Finance Director. Payments for any greater amount shall be signed by the Chief Executive Officer and counter-signed by the Finance Director, or in the absence of the Finance Director, counter-signed by the Board Chair or Vice Chair.

Requested Action: Adoption of Resolution 2008-05.

J. ATTU Property Tacoma-Cascade Pipeline Segment Construction Approach

Reach B of the Tacoma-Cascade Pipeline Central Segment is only 3,200 feet long. The easement acquired by Cascade for crossing the ATTU property contains a condition requiring completion of construction of this reach of pipeline no later than March 31, 2009. This tight construction timeframe requires Cascade to initiate splitting off a portion of the Cross Country Reach to provide the greatest likelihood of achieving this construction schedule requirement. In order to meet this construction schedule, Cascade will expedite the design of this portion of the Cross-Country Segment.

Requested Action: Authorize the Chief Executive Officer to proceed with the proposed approach for the ATTU Property easement section of the Tacoma-Cascade Pipeline.

8. Other Action Items – require Board approval

A. Resolution No. 2008-06, authorizing execution of an agreement implementing the acquisition of Lake Tapps

Cascade and Puget Sound Energy have negotiated an Asset Purchase Agreement containing the terms and conditions of the sale and purchase of specified White River Project/Lake Tapps Assets. Additional information is in the staff memorandum included in the Board package.

Requested Action: Adoption of Resolution No. 2008-06

9. COMMITTEE REPORTS

A. Executive Committee

No report.

B. Resource Planning Committee

The Resource Planning Committee met on March 13 and discussed the following:

(1) Option to Install Fiber Optics Conduit – On November 14, 2007 a representative of the Eastside Public Agencies Fiber Consortium (Consortium) requested that Cascade consider installing fiber optic conduit along the Tacoma-Cascade Pipeline route. It was the consensus of the Board that Cascade work with the Consortium to assess the potential for installation of fiber optics along the Tacoma-Cascade Pipeline route. The Consortium has chosen not to pursue this option further; in addition, the MWH Americas, Inc. Operations & Maintenance strategy study indicates that the cost of fiber optics (approximately \$500,000 for 4-inch diameter conduit without fiber) is not justified by the benefits that would be gained.

The Resource Planning Committee directed Cascade staff to do further analysis on the installation of fiber optics conduit as part of the Tacoma-Cascade Pipeline project.

(2) Construction of Fish Passage Culverts during the Tacoma-Cascade Pipeline Construction – King County has identified seven culverts along the Central Segment of the Tacoma-Cascade Pipeline route that pose potential concerns. Three of the culverts are in the City of Covington. Four are in unincorporated King County. HDR Engineering, Inc. has opined that the culverts at United Nations Creek and a culvert at an unnamed

Tributary that leads to Soos Creek located at the intersection of SE 240th St. and 156th Avenue SE would not survive construction. Cascade proposes replacing two of the four County culverts during construction with “fish friendly” culverts under the roadway.

The Resource Planning Committee directed Cascade staff to make a formal offer to King County to replace the two culverts Identified above during construction of the Tacoma-Cascade Pipeline.

(3) Strategy for Properties Impacted by Tacoma-Cascade Pipeline Construction – It is likely that certain properties will be significantly impacted by the Tacoma-Cascade Pipeline construction for a lengthy duration. Staff recommends development of a strategy and plan for being a “good neighbor” and being “respectful” of the property owners along the route. A first step in development of this plan could be preparation of a matrix to identify impacted properties by criteria such as duration of impact (i.e., short term [day or two] to long term [months]) and likely levels of impact (i.e., minor noise, minor dust, significant noise, construction traffic, vibration, etc.). The impacts could then be ranked using a scale from virtually no impact to significant impact. This process could be facilitated by conducting a very detailed tour of the pipeline route and systematically identifying all properties that would fall into the impacted categories. For each of the categories Cascade would identify courses of action ranging from (examples only) weekly cleaning, short or long-term alternative housing, shrink wrap house during construction or property acquisition. Staff will work with HDR Engineering, Inc. and Vanir Construction Management, Inc. to develop a proposed scope of work and associated costs for this study.

The Resource Planning Committee directed Cascade staff to develop a strategy for presentation to the Board.

C. Membership Committee

No report.

D. Finance Committee

No report.

E. Public Affairs Committee

The Committee met on March 4, 2008. The focus of the discussions related to 1) implementation of the Lake Tapps acquisition outreach plans; and 2) the Tacoma-Cascade Pipeline Outreach Plan Guiding Principles.

The Committee also directed staff to seek a proposal from Gordon Thomas Honeywell Governmental Affairs for representation of Cascade in Washington DC.

Directions to Bellevue City Hall
450 110th Ave NE
Bellevue, WA 98004
(425) 452-6800

From I-405 north or southbound:

Take NE 4th Street exit

Head west on NE 4th Street

Turn right onto 110th Avenue NE

Proceed ½ block on 110th Avenue NE and turn right into the entrance of Bellevue City Hall's visitor parking lot.

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