



MEETING OF THE BOARD OF DIRECTORS  
MINUTES  
BELLEVUE CITY HALL  
SEPTEMBER 24, 2008

**1. CALL TO ORDER**

At 3:31 p.m. Chair Lloyd Warren called the meeting to order.

**2. ROLL CALL**

Board Members from the City of Bellevue (Degginger), Covington Water District (Knight), the City of Issaquah (Kappler), the City of Kirkland (Burleigh), the City of Redmond (Marchione), Sammamish Plateau Water and Sewer District (Warren), Skyway Water and Sewer District (Ault), and the City of Tukwila (Haggerton) were present, constituting a quorum.

**3. EXECUTIVE SESSION**

At 3:32 p.m. Chair Warren announced that there would be two executive sessions. Executive Session #1 was to consider the selection of sites or acquisition of real estate by easement or purchase. The meeting was closed because public knowledge of this discussion would cause a likelihood of increase in the price. The executive session was expected to take approximately 10 minutes unless the time was extended by further notice. Anyone other than the Board Members, Alternate Board Members, Cascade staff and Member staff were asked to leave the meeting room. The Executive Session adjourned at 3:42 p.m. (The Regular Meeting reconvened at 3:43 p.m.)

**4. PUBLIC COMMENT**

No members of the audience in attendance commented.

**5. CHIEF EXECUTIVE OFFICER'S REPORT**

Mr. Oberg distributed a revised agenda, which noted the following changes to the agenda:

- Move Consent Action Item, 7E, to Other Action Items, 8F.
- Add the following Other Action Items, 8A-8E:
  - a) Ratification of Steward Purchase and Sale Agreement ("PSA") and Waiver of Feasibility Contingency.
  - b) Exercise option to acquire Pipeline Easement over ATTU Property for Tacoma Cascade Pipeline.
  - c) Exercise option to acquire Pipeline Easement over Lakeside Property for Tacoma Cascade Pipeline.
  - d) Extend Option to Acquire Pipeline Easement over BPA Property for Tacoma Cascade Pipeline.
  - e) Ratify the Wakefield Pipeline Easement Option Agreement for Tacoma Cascade Pipeline.

Mr. Oberg also reported on the following items:

- A. Staff Reports (Further information was included in the Board packet.)
  - 1. Finance and Administration
  - 2. Conservation
  - 3. Tacoma Cascade Pipeline
  - 4. Planning
  - 5. Intergovernmental and Communications
- B. Seattle Public Utilities Supplemental Water Purchase Update – A brief update was provided regarding this agreement. The agreement is expected to be presented to the Seattle City Council in October 2008.
- C. 2007 Audit Results – The annual financial audit is complete and an unqualified audit opinion has been issued. An exit conference was held with representatives of Clark Nuber and Board Officers. There were several areas for improvement noted in the audit. These areas are being addressed. Of most significant note, Clark Nuber suggested a quarterly review and meeting with the Officers.

Mr. Oberg reported that the State Auditors are conducting a legal compliance audit as well as an overall review of Clark Nuber's audit report.

## **6. APPROVAL OF AGENDA**

**Motion by Vice-Chair Burleigh and second by Mr. Marchione to approve the revised agenda with the changes to move Consent Action Item, 7E, to Other Action Items, 8F; and to add Other Action Items, 8A-8E.**

Board Member Kappler suggested moving the proposed Other Action Items 8A-8F to Consent Action Items. The revised agenda will reflect Consent Action Items 7A-7J.

**At the question, motion carried unanimously (8-0).**

## **7. CONSENT ACTION ITEMS**

- A. Approve August 27, 2008 Regular Board Meeting Minutes.
- B. Approve payment of warrants, including payroll, for the month of September 2008.
- C. Motion to execute an amendment to the Vanir Construction Management, Inc. contract extending the contract termination date from September 30, 2008 to December 31, 2008.
- D. Motion to execute an amendment to the Hainline and Associates contract extending the contract termination date from December 31, 2008 to June 30, 2009.
- E. Ratification of Stewart Purchase and Sale Agreement ("PSA") and Waiver of Feasibility Contingency.
- F. Exercise option to acquire Pipeline Easement over ATTU Property for Tacoma Cascade Pipeline.
- G. Exercise option to acquire Pipeline Easement over Lakeside Property for Tacoma Cascade Pipeline.
- H. Extend option to acquire Pipeline Easement over BPA Property for Tacoma Cascade Pipeline.
- I. Ratify the Wakefield Pipeline Easement Option Agreement for Tacoma Cascade Pipeline.

- J. Motion to reject all bids for the Tacoma Cascade Pipeline Central Segment Reach B Pipe.

**Motion by Vice-Chair Burleigh and second by Mr. Marchione to approve Consent Action Items A-J. Motion carried unanimously (8-0).**

## **8. OTHER ACTION ITEMS**

None.

## **9. STAFF PRESENTATION**

### **A. 2009 Budget and Member Rates**

Mr. Oberg noted that the approach for the 2009 Budget is very different than in past years. The approach is from a broad level versus a detailed line-item level. Mr. Oberg noted that the CIP will be a major expenditure over the next 10-20 years. The Budget is scheduled for adoption at the October Board Meeting.

Mr. Oberg noted that, for all Board Meeting action items, there is an agenda memorandum. A fiscal impact section will also be included for each agenda memorandum. This will help keep Board Members informed about the fiscal impact of all Board actions.

Mr. Hardin reported that no major budget adjustments have occurred since the Budget was described to the member staff and Board during the summer. There have been some refinements but the framework is essentially the same. The total 2009 spending is anticipated to be approximately \$120 million. Mr. Hardin noted that approximately \$93.3 million is for the Capital Improvement Program, while \$26.7 million is for Operations.

Mr. Hardin summarized the operating and Capital Improvement Program plans. The 2009 operating Budget is projected to be \$6.6 million higher than the 2008 Budget, due to:

- Increased water costs from Seattle and Tacoma.
- Lake Tapps operation and maintenance.
- Regional system planning costs.

These cost increases will be partially offset by net operating cost savings of \$200,000.

The change in member charges was reviewed. The average change in charges is 8.3%. Mr. Hardin noted that the variances will smooth out over time, particularly when the adjustment for the new water surcharge is phased out.

Based on a question from Board Member Degginger, there was a brief discussion regarding the options for expanding the conservation program. Mr. Oberg explained that there is a contingency item within the operating budget and that there is sufficient money available to expand the conservation program, should the Board choose to do so. He added that the Budget can be revised and amended at a later date if necessary. Staff will make a presentation on alternatives to expand the conservation program, at the October 22<sup>nd</sup> Board Meeting.

Further information was included in the Board and Desk packets.

For budgetary purposes, the Lake Tapps acquisition is assumed to occur on April 1, 2009.

Mr. Oberg again advised the Board that the 2009 Budget will be included on the October 22<sup>nd</sup> Board Agenda for action. No questions were raised or issues noted by the Board, other than Board Member Degginger's request for additional information regarding the conservation program.

**B. Outreach Materials, Graphic Design and Web Design**

Ms. Kraft summarized the 2008-2009 Comprehensive and Integrated Communications and Outreach Plan. The Plan includes intergovernmental, community, and communications activities. Further information was included in the Board and Desk packets.

Some of the outreach materials discussed included:

- "Leave-behind" item to help create a graphic identity for the Cascade Water Alliance.
- PowerPoint materials, which have been shared at various community events.
- Newsletter.
- Community report.
- One-page informational materials.

Ms. Kraft noted that the Outreach Plan will be updated quarterly. Overall, the goal of the outreach materials is to allow Cascade to more efficiently and effectively execute the intergovernmental, community outreach, and communications activities.

Alex Howard and Karen Skeens, Ad Ventures Marketing, Inc. reviewed the concept of the revised website design. Ms. Skeens demonstrated some of the web pages. The key objective is to make the website accessible and easy to navigate.

**C. Water Supply/Transmission Planning Process**

Mr. Gagliardo summarized the plan to work towards the required 2010 update to Cascade's 2004 Transmission and Supply Plan. A schedule for the consultant selection and the structure for conducting the planning process was reviewed. Mr. Gagliardo noted that three separate RFQs will be issued to select consultants to assist in the following areas:

- Technical/environmental
- Finance/rate activities
- Public outreach.

A diagram of the long-term planning process structure was reviewed. In addition, further information was included in the Board packet.

**D. Lake Tapps Operations Assessment**

Mr. Gagliardo explained that a RFQ was issued to select a consultant that will conduct a review and evaluation of Puget's documents (such as operations manuals and emergency action plans) and work with Cascade to develop all of the appropriate related materials that Cascade will need when Cascade acquires the White River/Lake Tapps Project. Further information was included in the Board packet.

A consultant recommendation is anticipated at the October Board meeting.

**10. COMMITTEE REPORTS**

- A. Audit Committee – No report.
- B. Executive Committee – No report.

- C. Public Affairs Committee – Meeting recap was included with the September Board packet.
- D. Resource Management Committee – Meeting recap was included with the Desk packet.

## **11. NEW BUSINESS**

None.

## **12. NEXT REGULAR MEETING**

The next regular Board Meeting will be held October 22, 2008 at 3:30 p.m.

## **13. EXECUTIVE SESSION**

At 4:38 p.m. Chair Warren announced that there would be Executive Session #2 to evaluate the qualifications of applicants for public employment. The executive session was expected to take approximately 30 minutes unless the time was extended by further notice. Anyone other than the Board Members and Alternative Board Members were asked to step out of the room.

The Board reconvened to regular session at 5:10 pm. The Board discussed the Cascade CEO recruitment process and provided the following direction:

- 1) Three interview panels will participate in the CEO interview process. The panels will be:
  - a) Board representatives; b) Cascade staff; and c) Member representatives to be designated by each Board Member.
- 2) Representing the Board will be: Lloyd Warren, Mary Alyce-Burleigh, Grant Degginger and John Marchione.
- 3) A reception with all of the CEO candidates to be interviewed will be held on Sunday evening (approximately 5:00 p.m. to 6:30 p.m.; exact time to be determined), at a location to be determined.
- 4) Interviews will be held in Bellevue City Hall on Monday, October 13 from 9:00 a.m. to 5:00 p.m.
- 5) An executive session to consider the qualifications of applicants for public employment will be held on Tuesday, October 14, 8:30 a.m. to 9:00 a.m. in the Cascade Office large conference room.

## **14. ADJOURN**

The meeting was adjourned at 5:25 p.m.

APPROVED BY:

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Lloyd Warren, Chair

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Mary-Alyce Burleigh, Vice Chair