



MEETING OF THE BOARD OF DIRECTORS
MINUTES
BELLEVUE CITY HALL
MAY 27, 2009

1. CALL TO ORDER

At 3:30 p.m. Chair Lloyd Warren called the meeting to order.

2. ROLL CALL

Board Members or Alternate Board Members from the City of Bellevue (Davidson), Covington Water District (Knight), the City of Issaquah (Kappler¹), the City of Kirkland (Burleigh), the City of Redmond (McCormick), 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 an Executive Session to discuss, with Cascade's legal counsel, matters relating to litigation or potential litigation to which Cascade is, or is likely to become, a party. The meeting was closed because public knowledge of the discussion would be likely to result in adverse legal or financial consequences to Cascade. The Executive Session was expected to take approximately 30 minutes unless the time was extended by further notice.

At 4:00 p.m., the Executive Session was extended for 15 minutes.

At 4:15 p.m., the Executive Session was extended for 5 minutes.

The Executive Session adjourned at 4:21 p.m.

4. PUBLIC COMMENT

No members of the audience in attendance commented.

5. CHIEF EXECUTIVE OFFICER'S REPORT

A. Staff Reports

1. Finance and Administration
2. Conservation
3. Tacoma Cascade Pipeline
4. Planning
5. Intergovernmental and Communications

¹ Arrived at 3:31 p.m.

Mr. Clarke noted that there will be a staff retreat in July to discuss the future work plans and vision of Cascade. He also provided an update on the supply and demand planning process. The preliminary demand numbers, expected later in the week, will help frame supply alternative discussions. King County, Tacoma, and Seattle are being contacted to determine water supply alternatives for the next 50 years.

Mr. Clarke will be working with the EPA on a Policy Guidance Committee as a representative of the Association of Metropolitan Water Agencies (AMWA).

6. APPROVAL OF AGENDA

Motion by Vice-Chair Burleigh and second by Mr. Haggerton to approve the agenda. Motion carried unanimously (8-0).

7. CONSENT ACTION ITEMS

- A. April 22, 2009 Regular Board Meeting Minutes.
- B. May 5, 2009 Special Board Meeting Minutes.
- C. Motion to approve payment of warrants, including payroll, for the month of May 2009.
- D. Motion to approve Resolution No. 2009-05 (1) rescinding that portion of Resolution 99-5 adopting Bylaws, and rescinding Resolution No. 2002-04, by which the Board of Directors adopted Cascade Water Alliance's Amended and Restated Bylaws, dated November 13, 2002; and (2) adopting the 2009 Amended and Restated Bylaws.
- E. Motion to approve Resolution No. 2009-06, (1) rescinding Resolution No. 2001-04 by which the Board of Directors adopted Cascade Water Alliance's current SEPA Policies and Procedures; and (2) adopting revised SEPA Policies and Procedures.
- F. Motion authorizing execution of Amendment No. 2 to HDR Engineering, Inc. Contract No. 8, increasing the maximum compensation amount by \$361,171, to a total of \$865,000 for the third phase of the engineering/environmental activities associated with the preparation of Cascade's 2010 Transmission and Supply Plan.

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

8. OTHER ACTION ITEMS

None.

9. STAFF PRESENTATION

- A. Strategic Planning Process Communications and Outreach Plan

Ms. Kraft reviewed the Executive Summary, matrix and timeline currently under development for the Strategic Planning Process Communications and Outreach Plan. This information was included in the Desk Packet. Some of the current efforts include:

- Branding
- Infrastructure
- Newsletters

- Media
- Community Relations
- 10th Anniversary
- Legislature

Ms. Kraft noted that progress is being made on the Franchise agreement.

The goal of the Strategic Planning Process Communications and Outreach Plan is to have outreach sustained, targeted and consistent. Ms. Kraft summarized some of the communication tools being used to reach stakeholders.

B. King County Franchise Negotiations

Ms. Kraft explained that King County requires a Franchise agreement to grant Cascade the rights and authority to construct, operate, and maintain water transmission and delivery pipelines and systems as part of its transmission in, over, along and under county roads and rights of way located in King County. Cascade has been in discussions with the county for several years, and a final document is being negotiated. Some of the key elements of the agreement include:

- Financial security for the County.
- Process for determining the future location of the pipeline.
- The scope of the County's authority to modify the Franchise during its term.
- Scope of insurance and indemnity requirements.
- Term of Franchise.
- Scope of County's authority.
- Process for addressing defaults.

Some of the ongoing or unresolved issues include:

- Ensuring pre-notification from the County before they adopt new ordinances or regulations.
- Relative liability.
- Scope of the facilities covered by the Franchise.
- Scope of Cascade's authority to assign the Franchise to a successor entity.
- Narrowing the scope of the County's relocation authority.
- Determining when certain obligations under the Franchise end.

10. COMMITTEE REPORTS

- A. Audit Committee – No meetings held.
- B. Executive Committee – No meetings held.
- C. Public Affairs Committee – The May 5, 2009 meeting recap was included in the Board Packet.
- D. Resource Management Committee – The May 21, 2009 meeting recap was included in the Desk Packet.

Mr. Gagliardo provided a recap of the recent Resource Management Committee meeting. The Committee discussed the baseline demand forecast conservation savings for 2008-2060. The

current adopted program for 2008-2013 provides a conservation savings of 3.6% of 2008 demand or 1.45 MGD by 2013. Mr. Gagliardo also summarized other items discussed in the baseline demand forecast, which included:

- Supply contingency for current members.
- Other regional needs beyond Cascade members.

Mr. Gagliardo reviewed the demand forecast schedule. The results of the baseline demand forecast will be discussed at the next Resource Management Committee meeting.

The proposed approach for a conservation supply alternative is to continue to expand current programs. The incremental analysis includes:

- Pricing approaches.
- Mandatory landscape practices.
- Mandatory equipment installation.

Mr. Gagliardo summarized some of the policy issues, which include:

- Ability to mandate (require local ordinance or State law).
- Increase development/remodel costs.
- Enforcement.
- Legal challenges.

11. NEW BUSINESS

None.

12. NEXT REGULAR MEETING

The next regular Board meeting will be held June 24, 2009 at 3:30 p.m.

13. ADJOURN

The meeting was adjourned at 5:17 p.m.

APPROVED BY:

Lloyd Warren, Chair

Mary-Alyce Burleigh, Vice Chair