



MEETING OF THE BOARD OF DIRECTORS

MINUTES

BELLEVUE CITY HALL

MARCH 25, 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 (Degginger¹/Davidson), 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 3:31 p.m. Chair Warren announced that there would be Executive Sessions to discuss, (1) with Cascade's legal counsel, matters relating to litigation or potential litigation to which Cascade is, or is likely to become, a party; and (2) to consider the selection of a site or the acquisition of real estate by lease or purchase. The sessions were closed because public knowledge of the discussions would be likely to result in adverse legal or financial consequences to Cascade. The Executive Sessions were expected to take approximately 30 minutes unless the time was extended by further notice.

At 3:50 p.m., the Executive Session was extended for 20 minutes.

At 4:10 p.m., the Executive Session was extended for 10 minutes.

The Executive Session adjourned at 4:19 p.m. (The Regular Meeting reconvened at 4:20 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 during Executive Session.
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Mr. Clarke explained that all contracts are being evaluated to ensure all scopes, budgets, and dates are accurate. He also suggested evaluating the budget cycle to determine if multi-year budgeting and rate setting should be considered.

6. APPROVAL OF AGENDA

Motion by Vice-Chair Burleigh and second by Mr. Haggerton to approve the proposed revised agenda that was included in the Desk Packet. Motion carried unanimously (8-0).

7. CONSENT ACTION ITEMS

- A. Motion to approve February 25, 2009 Regular Board Meeting Minutes.
- B. Motion to approve payment of warrants, including payroll, for the month of March 2009.
- C. Motion authorizing execution of Amendment 2 to HDR Engineering Contract No. 5 decreasing the contract by \$1,965,654.
- D. Motion to (i) ratify the First Amendment to BPA Pipeline Easement Option Agreement; and (ii) authorize exercise of option to acquire pipeline easement over BPA property for the Tacoma Cascade Pipeline (TCP).
- E. Motion authorizing execution of a consultant agreement with Jane Malbon not to exceed \$40,000 to initiate Focus Groups, and a consultant agreement with Evan/McDonough Company to do telephone surveys in an amount not to exceed \$40,000 to support the planning process.
- F. Motion to approve Resolution No. 2009-02 establishing policies and procedures regarding the distribution of Cascade funds for event sponsorship.
- G. Motion authorizing the addition of a Cascade Management Assistant staff position, to be hired in lieu of the Engineering Projects Manager staff position.
- H. Motion to approve Resolution No. 2009-03 authorizing the Cascade Water Alliance Chief Executive Officer (CEO), in consultation with legal counsel, to establish, as he/she deems necessary, one or more "Attorney-Client Privilege Groups."
- I. Motion authorizing execution of a consultant contract amendment with AECOM for Lake Tapps Operations Assessment extending the phase 1 completion date to April 30, 2009.
- J. Motion to authorize Cascade to acquire the Noonan property for the Central Segment of the Tacoma Cascade Pipeline.

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

8. OTHER ACTION ITEMS

- A. Motion authorizing the Chief Executive Officer to execute Amendment No. 1 to HDR Engineering, Inc.

Mr. Clarke explained the reason for the change in the HDR Engineering, Inc. contract, which includes more work that will be conducted with Lake Tapps, as well as contract term alignment.

Motion by Vice-Chair Burleigh and second by Mr. Ault to authorize the Chief Executive Officer to execute Amendment No. 1 to HDR Engineering, Inc. Contract No. 7 for preparation of the Lake Tapps Environmental Impact Statement increasing the maximum compensation amount by \$499,803 to a total of \$1,139,803 and extend the completion date to December 31, 2009. Motion carried unanimously (8-0).

9. STAFF PRESENTATION

A. 2010 Financial Forecast and Budget Preparation Plan

Mr. Hardin discussed the following information:

- Cascade is financially healthy.
- Budgeting is in sync with demand and supply planning.
- Planning process still in progress upon adoption of 2010 budget.
- Member rates and RCFC are dependent on planning.
- Multi-year rate-setting and budgeting?

Mr. Hardin further clarified that the current fund balances in Cascade's five funds totaled \$40.3 million, as of February 28, 2009.

A summary of this year's budget process was reviewed. Mr. Hardin explained that the budget adoption is planned for September, rather than October, to allow Cascade members more time to plan their own budgets. Some factors that will shape the 2010 budget and financial forecast include:

- Planning process costs.
- Lower RCFC revenues.
- Lower growth/decline in water demand.
- Stable operating budget.

Mr. Hardin added that the current planning process is not expected to have a significant impact on the capital improvement plan. However, the long-term finance and rates forecast depends on the TSP update. Further information was included in the Desk Packet.

There was a general discussion regarding member rates, in particular rates regarding development of Lake Tapps.

During the planning and budgeting process, Mr. Clarke noted that specific policy decisions will need to be considered (i.e., where should RCFC be set).

B. Long-Term Planning Process Update

Mr. Clarke called attention to the Draft Statement of Planning Objectives for the TSP, which was included in the Desk Packet. Board members are encouraged to provide comments regarding these planning objectives to Mr. Knight.

Mr. Clarke discussed the downward trend for water demand. This is evident across various regions (i.e., Seattle and Tacoma).

Mr. Clarke explained the three-stage supply evaluation as well as the initial supply screening criteria.

10. COMMITTEE REPORTS

- A. Audit Committee – No meetings held.
- B. Executive Committee – No meetings held.
- C. Public Affairs Committee – The March 3, 2009 meeting recap was included in the Board Packet.

Mr. Degginger reported that the 2009 SB 5910 is still awaiting floor action.

- D. Resource Management Committee – No meetings held.

11. NEW BUSINESS

None.

12. NEXT REGULAR MEETING

The next regular Board meeting will be held April 22, 2009 at 3:30 p.m.

13. ADJOURN

The meeting was adjourned at 5:19 p.m.

APPROVED BY:

Lloyd Warren, Chair

Mary-Alyce Burleigh, Vice Chair