



MEETING OF THE BOARD OF DIRECTORS  
MINUTES  
BELLEVUE CITY HALL  
JUNE 23, 2010

**1. CALL TO ORDER**

At 3:34 p.m. Chair Lloyd Warren called the meeting to order.

**2. ROLL CALL**

Board Members or Alternate Board Members from the City of Bellevue (Degginger), the City of Issaquah (Mullet), the City of Kirkland (Sweet), the City of Redmond (Margeson), Covington Water District (Knight), Sammamish Plateau Water and Sewer District (Warren), and Skyway Water and Sewer District (Ault) were present, constituting a quorum.

**3. EXECUTIVE SESSION**

None.

**4. PUBLIC COMMENT**

None.

**5. APPROVAL OF AGENDA**

**Motion by Mr. Margeson and second by Mr. Knight to approve the revised meeting agenda included in the Desk Packet. Motion carried unanimously (7-0).**

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

A. Staff Reports

1. Finance and Administration.
2. Conservation.
3. Capital Projects Report.
4. Planning.
5. Intergovernmental and Communications.

Chuck Clarke reported on the following items:

- Meetings continue with the City of Tacoma and the City of Seattle to discuss water supply options.
- The Water Quality Forum is reexamining the forum structure to determine how to provide greater assistance to all members (i.e., training sessions throughout the year through social media, rate setting models, etc.).

- A staff retreat will be held July 7-8 at Bellevue City Hall.
- Phil Colburn from Issaquah was recently hired as Cascade's summer intern.
- Since Mr. Clarke's daughter is interning for HDR, he has recused himself from future decisions pertaining to HDR, during her internship.
- New procurement guidelines have been identified. There are significantly lower thresholds listed in the guidelines than other municipalities. All contracts are being reviewed.
- Working on ways to control the milfoil at Lake Tapps, along with identifying proper boundaries about Cascade's legal obligations/requirements for the lake.

## 7. CONSENT ACTION ITEMS

- A. May 26, 2010 Regular Board Meeting Minutes.
- B. June 5, 2010, Board Retreat Meeting Minutes.
- C. Motion to approve payment of warrants, including payroll, for the month of June 2010.
- D. Motion to authorize the Chief Executive Officer ("CEO") to transfer \$10,106.00 to Cascade's GordonDerr trust account to fund Attorney-Client Privileged Real Estate Services as described under the Agreement between GordonDerr and HDR Engineering ("Agreement") in order to pay all invoices outstanding under the Agreement.
- E. Motion to authorize the Chief Executive Officer to execute Amendment No. 1 Contract No. 20100126-00 with FCSG for financial evaluation and analysis related to Cascade's 2010 Transmission & Supply Plan update, increasing the total amount for 2010 by \$20,000, from \$52,510 to \$72,510.
- F. Motion to adopt Resolution 2010-09 to establish a surplus property policy for Cascade Water Alliance.
- G. Motion to approve Resolution No. 2010-10 amending Cascade Water Alliance's 2009 Amended and Restated Bylaws and Section 2.05.230 of the Cascade Water Alliance Code ("CWAC") to make it consistent with RCW 42.30.080, which provides that a special meeting may be called at any time by the presiding officer of the governing body of a public agency or by a majority of the members of the governing body.

### **Motion by Mr. Degginger and second by Mr. Ault to approve Consent Action Items A-G.**

Mr. Margeson corrected Item 7b of the Consent Action Items noting that Mr. Marchione was also in attendance at the Board Retreat.

### **At the question, motion carried unanimously (7-0) to approve the corrected Consent Action Items A-G.**

## 8. OTHER ACTION ITEMS

- A. Motion to approve Resolution 2010-11, (1) approving the operation of the Lake Tapps Water Rights and Supply Project, and (2) directing the Chief Executive Officer to request the Washington State Department of Ecology to approve water right applications for the Project, as set forth in the Proposed Action (Section 5 of the Agenda Memo).

Michael Gagliardo provided a brief summary of the nine comments received pertaining to the Draft Environmental Impact Statement for the Lake Tapps Reservoir Water Rights and Supply Project. All comments were responded to and are included in the EIS.

Mr. Gagliardo explained that the Department of Ecology posted the EIS and Report of Examination for final comments. In particular, Cascade provided comments regarding adaptive management. There has been some confusion regarding this issue because the Ecology has changed their position several times on whether or not the adaptive management section should be included in the EIS.

**Motion by Mr. Degginger and second by Mr. Margeson to approve Resolution 2010-11, (1) approving the operation of the Lake Tapps Water Rights and Supply Project, and (2) directing the Chief Executive Officer to request the Washington State Department of Ecology to approve water right applications for the Project, as set forth in the Proposed Action. Motion carried unanimously (7-0).**

- B. Motion authorizing the Chief Executive Officer to execute a contract with HDR, Inc., to provide services to plan and implement fish recovery operations associated with the planned 2010 Lake Tapps flow line outage, in an amount not to exceed \$50,000 and not to extend beyond November 30, 2010.

Mr. Clarke altered the suggested motion so the Director of Finance & Administration would be authorized to execute the HDR, Inc. contract, rather than the Chief Executive Officer.

Scott Hardin explained that Cascade is planning an outage of the Lake Tapps flow line, between the diversion dam and Lake Tapps, starting on August 23, 2010. In order to conduct the outage, Cascade must secure a permit from the United States Fish & Wildlife Services. The permit application must include the signature of a qualified Fish Biologist, who acts as a lead on the permit application.

**Motion by Mr. Margeson and second by Ms. Sweet to authorize the Director of Finance & Administration to execute a contract with HDR, Inc., to provide services to plan and implement fish recovery operations associated with the planned 2010 Lake Tapps flow line outage, in an amount not to exceed \$50,000 and not to extend beyond November 30, 2010.**

## **9. STAFF PRESENTATION**

- A. 2011-12 Preliminary Budget and Rates

Mr. Hardin provided a summary of Cascade's first biennial budget. Items discussed included:

- Summary of Key Points: Budget
- Summary of Key Points: Rates
- 2011-2012 Budget Development

The combined 2011-2012 Cascade financial structure summary was reviewed. There are five funds that comprise the operating and capital budgets, which include:

- Operating Fund
- Rate Stabilization Fund
- Construction Fund
- RCFC Fund
- Bond Fund

In addition, Mr. Hardin reviewed the following:

- Expenditure Budgets
- Operating Expenditures
- Operating Budget Drivers: Reductions
- Operating Budget Drivers: Additions
- Capital Improvement Program
- Watch List
- Three Forecast Scenarios
- Rate Forecast History
- CERU Growth, Actual & Projected
- Average Cost per ccf: Short-Term (2010-2030)
- Average Cost per ccf: Long-Term (2010-2080)

Overall, member charges are expected to increase an average of 7.0% in 2011. Mr. Hardin discussed the effects on the customer's monthly bill from the rate increase for 2011 and 2012. Staff is currently resolving pending issues with member staff and refining estimates and assumptions. The final 2011-2012 Budget and Rates & Charges will be presented at the September Board meeting for adoption.

B. Board governance topics from Board Retreat on June 5, 2010

Chair Warren discussed the Standing Committees and Committee of the Whole. The goal is to confirm committee chairs of each committee, identify official committee members, and develop a work plan. In addition, the Board must determine the best way to use the Executive Committee.

## 10. COMMITTEE REPORTS

- A. Audit Committee – No meetings held.
- B. Executive Committee – No meetings held.
- C. Public Affairs Committee – June 1, 2010 recap included in Board packet.
- D. Resource Management Committee – No meetings held.

## 11. NEW BUSINESS

None.

## 12. NEXT REGULAR MEETING

There will be an Executive Session tentatively scheduled July 15 at 3:00 p.m. at Bellevue City Hall. In addition, a Special Meeting will be held July 28, 2010 at 3:30 p.m. at Lake Tapps Community Club House, 20818 Island Parkway East, Lake Tapps.

**13. ADJOURN**

The meeting was adjourned at 5:22 p.m.

APPROVED BY:

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Lloyd Warren, Chair

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John Marchione, Vice-Chair