



MEETING OF THE BOARD OF DIRECTORS
MINUTES
BELLEVUE CITY HALL
OCTOBER 27, 2010

1. CALL TO ORDER

At 3:32 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/Degginger¹), the City of Issaquah (Traeger), the City of Kirkland (Sweet), the City of Redmond (Marchione), the City of Tukwila (Haggerton), 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. Haggerton and second by Ms. Sweet to approve the revised meeting agenda included in the Desk Packet. Motion carried unanimously (8-0).

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:

- The City of Bellevue Utilities recently won the 2010 Association of Metropolitan Water Agencies Platinum Award for Utility Excellence.

¹ Arrived at 3:54 p.m.
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- There was a recent filing from a private party that wants to protect their potential ability to generate utility from the White River. Updates will be provided as necessary.
- Contract negotiations are ongoing regarding work on the fish screens.
- As of November 1, 2010, the water level of Lake Tapps will be dropped approximately five feet as part of the reservoir's annual wintertime drawdown.

Mr. Marchione reported that Cascade was chosen by the US EPA as the 2010 WaterSense Promotional Partner of the Year for its efforts to educate customers about the national WaterSense labeling program. On behalf of Cascade, Mr. Marchione was presented the award at the annual Water Smart Innovations conference in Las Vegas.

7. CONSENT ACTION ITEMS

- A. September 22, 2010, Regular Board Meeting Minutes.
- B. Motion to approve payment of warrants, including payroll, for the month of October.
- C. Motion to adopt Resolution No. 2010-13 establishing employee awards programs and an annual awards/recognition event for Cascade Water Alliance ("Cascade") employees as components of compensation for services.
- D. Motion to authorize the Chief Executive Officer to increase Cascade's 2010 contract with legal firm GordonDerr by \$170,000 from \$747,000 to \$917,000.
- E. Motion to authorize the Chief Executive Officer to execute Pacific Supply Contract No. 200912 Amendment 1 for high efficiency toilet replacements at Cascade member businesses and apartment complexes. The amendment is necessary to ensure payment for completion of 2010 projects. This amendment will increase the contract maximum budget by an additional \$7,000 from \$70,000 to \$77,000.
- F. Motion to authorize the Chief Executive Officer to increase the 2010 compensation limit to legal firm Davis Wright Tremaine by \$30,000, from \$25,000 to \$55,000.
- G. Motion to authorize the Chief Executive Officer to execute Watershed, LLC Contract No. 20100403 Amendment No. 1 for irrigation system inspections at Cascade member businesses, apartment complexes and homeowner associations. The amendment would allow completion of a revision to the irrigation efficiency program. This amendment will increase the contract maximum budget by an additional \$5,000 from \$24,500 to \$29,500.
- H. Motion to authorize the Chief Executive Officer to execute Portland Energy Conservation, Incorporated Contract No. 20100211 Amendment No. 1 for management and processing of rebates for high efficiency clothes washers for Cascade member households. The amendment is necessary to ensure that adequate funds are available to process rebates from residents in Cascade member areas. This amendment will increase the contract maximum budget by an additional \$50,000 from \$123,730 to \$173,730.

Motion by Ms. Sweet and second by Mr. Ault to approve Consent Action Items A-H. Motion carried unanimously (8-0).

8. OTHER ACTION ITEMS

Scott Hardin explained that *Other Action Items A-B* will provide continuity of Cascade's retirement plan and provide Mr. Clarke the authority to restructure Cascade's retirement plan as long as Cascade's costs without Social Security do not exceed what they would have been with Social Security. Cascade and its employees will seek allowable reimbursement of employer and employee contributions to Social Security back to the allowed reimbursement limit of January 1, 2007. Mr. Clarke clarified that Cascade will return withheld Social Security taxes to employees upon

receipt of Social Security refunds from the IRS. Staff is currently reviewing alternative retirement programs to potentially replace Social Security.

- A. (A) Motion to authorize the Chief Executive Officer (i) retroactive to January 2007, to distribute to individual employee retirement funds the Social Security taxes previously paid on behalf of its employees, upon receipt from the IRS, (ii) retroactive to the August 2010 payroll period, to deposit continuing Cascade matching contributions into employee retirement accounts, up to the maximum annual Social Security wage limit and (iii) to create, modify, and administer employee retirement benefit plans, including employee and employer retirement benefit contributions in lieu of Social Security, up to the maximum annual Social Security wage limit and not to exceed employer retirement plan contribution percentages prior to discontinuance of Social Security in August 2010; and

Motion by Mr. Marchione and second by Mr. Ault to authorize the Chief Executive Officer (i) retroactive to January 2007, to distribute to individual employee retirement funds the Social Security taxes previously paid on behalf of its employees, upon receipt from the IRS, (ii) retroactive to the August 2010 payroll period, to deposit continuing Cascade matching contributions into employee retirement accounts, up to the maximum annual Social Security wage limit and (iii) to create, modify, and administer employee retirement benefit plans, including employee and employer retirement benefit contributions in lieu of Social Security, up to the maximum annual Social Security wage limit and not to exceed employer retirement plan contribution percentages prior to discontinuance of Social Security in August 2010. Motion carried unanimously (8-0).

- (B) Motion to adopt Resolution No. 2010-19 to amend the Cascade Water Alliance Code and HR Manual to allow the actions in (A).

Motion by Mr. Ault and second by Mr. Haggerton to adopt Resolution No. 2010-19 to amend the Cascade Water Alliance Code and HR Manual to allow the actions in (A). Motion carried unanimously (8-0).

Chair Warren commented that *Other Action Items B-D* will help align Cascade's policies so appropriate actions can be taken without limitations.

- B. Motion to adopt Resolution No. 2010-20 authorizing amendment of Cascade Water Alliance's 2009 Amended and Restated Bylaws and Sections 2.05.320 and 2.05.330 of the Cascade Water Alliance Code ("CWAC") to modify the membership, duties, and authorities of the Board's Executive Committee and three Standing Committees.

Motion by Ms. Sweet and second by Mr. Degginger to adopt Resolution No. 2010-20 authorizing amendment of Cascade Water Alliance's 2009 Amended and Restated Bylaws and Sections 2.05.320 and 2.05.330 of the Cascade Water Alliance Code ("CWAC") to modify the membership, duties, and authorities of the Board's Executive Committee and three Standing Committees. Motion carried unanimously (8-0).

- C. Motion to adopt Resolution No. 2010-21 authorizing the establishment of a Special Committee of the Board to be known as the Lake Tapps Municipal Advisory Group to initially be comprised of the elected Mayors of each of the Cities of Auburn, Bonney Lake, Buckley, and Sumner and three members of the Board for the purposes set forth in the *2010 Lake Tapps Area Water Resources Agreement Among the Cities of Auburn, Bonney Lake, Buckley, and Sumner and Cascade Water Alliance*.

Motion by Mr. Haggerton and second by Mr. Marchione to approve the appointment of Cascade Board Members and/or alternates as Chairpersons and Members of the Cascade Water Alliance Board of Directors Executive Committee, Finance and Management Committee, Resource Management Committee, Public Affairs Committee, Lake Tapps Municipal Advisory Group, and the Lake Tapps Management Team. Motion carried unanimously (8-0).

- D. Motion to approve the appointment of Cascade Board Members and/or alternates as Chairpersons and Members of the Cascade Water Alliance Board of Directors Executive Committee, Finance and Management Committee, Resource Management Committee, Public Affairs Committee, Lake Tapps Municipal Advisory Group, and the Lake Tapps Management Team.

Motion by Ms. Sweet and second by Mr. Marchione to approve the appointment of Cascade Board Members and/or alternates as set forth below:

Resource Management Committee

Chair: David Knight

Members: John Traeger, Jon Ault

Alternates: Don Davidson, Jeff Clark

Public Affairs Committee

Chair: Grant Degginger

Member: John Marchione

Alternates: Mark Mullet, Doreen Marchione, Robert Brady, Joyce Clark

Finance and Management Committee:

Chair: Jim Haggerton

Members: Penny Sweet, Lloyd Warren

Alternates: Hank Margeson, Verna Seal

The Cascade Water Alliance Board of Directors Executive Committee and the Lake Tapps Municipal Advisory Group will be comprised of the Board Chair, Vice Chair, and the Chair of the Public Affairs Committee.

The Public Affairs Committee will address the structure and membership of the Lake Tapps Management Team and return the recommendation to the Board for approval.

At the question, motion carried unanimously (8-0) to approve the committee assignments set forth above.

- E. Motion to adopt Resolution No. 2010-22 authorizing amendment of Section 5.60.060 of the Cascade Water Alliance Code ("CWAC) to modify the formal bid process.

Motion by Ms. Sweet and second by Mr. Marchione to adopt Resolution No. 2010-22 authorizing amendment of Section 5.60.060 of the Cascade Water Alliance Code ("CWAC) to modify the formal bid process. Motion carried unanimously (8-0).

9. STAFF PRESENTATION

- A. Outage report

Joe Mickelson provided a PowerPoint presentation from the recent outage at Lake Tapps to inspect the flume. He noted that the material in the flume and basin far exceeded projections and expectations. Before and after pictures were shown of the sediment removal.

Mr. Mickelson explained that a road was created inside the Wolslegal Basin for trucks to remove the sediment. There was more than 162,000 cubic yards of material that was removed from the Wolslegal Basin with over 100,000 fish captured. It was a collaborative effort between staff and the tribes to remove the fish and sediment.

Mr. Mickelson noted that repairs are underway to the wood flume, concrete expansion joints in the floor of the concrete flume, seals in the wall, and leaks in the pipes. Upgrades are also being made to the fish screen. In addition, staff is surveying the basin to determine the appropriate levels/timing for future sediment removal.

10. COMMITTEE REPORTS

- A. Executive Committee – No meetings held.
- B. Finance and Management Committee – Meeting held October 21, 2010.

Mr. Haggerton reported that Cascade received a relatively glowing audit report from Clark Nuber. The audit reported a “Material Weakness” related to the characterization of pending tribal payments. The payments, still contingent on specific contingent events, were disclosed in the financial statements in a footnote rather than more properly as a liability on the balance sheet. Staff will prepare an explanatory memo regarding this finding.

The Finance and Management Committee suggests that the Board conduct a full committee discussion about revision to member cost allocation methods.

- C. Public Affairs Committee – October 12, 2010 recap included in Board packet.
- D. Resource Management Committee – October 14, 2010 recap included in Board packet.

11. NEW BUSINESS

Chair Warren invited Board Members to the November 4, 2010, Bonney Lake Chamber of Commerce after hours event, sponsored by Cascade. The social will be held at the Lake Tapps Powerhouse and Office.

12. NEXT REGULAR MEETING

The next regular Board meeting will be held November 17, 2010 at 3:30 p.m.

13. ADJOURN

The meeting was adjourned at 4:56 p.m.

APPROVED BY:

Lloyd Warren, Chair

John Marchione, Vice-Chair