



REGULAR MEETING OF THE BOARD OF DIRECTORS

October 24, 2012

Desk Packet

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1. Revised Agenda – (see attached)	<u>2</u>
(added - <u>Item No. 8(c)</u>)	<u>4</u>
<p>Resolution No. 2012-21 seeking to amend the TPU Agreement and the SPU Agreement in the near future and anticipate selling bonds to pay for costs associated with these amendments, as well as the cost of the RCFC One-time Redemption Option and capital projects at Cascade's White River Lake Tapps Project.</p>	
2. Process and Timeline for amending the TPU and SPU Agreements	<u>6</u>
3. Covington Water District's intent to withdraw its membership from Cascade	<u>7</u>



REGULAR MEETING OF THE BOARD OF DIRECTORS
AGENDA
BELLEVUE CITY HALL - ROOM 1E-108
October 24, 2012
3:30 PM

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1. CALL TO ORDER	
2. ROLL CALL	
3. PUBLIC COMMENT	
4. EXECUTIVE SESSION	
5. APPROVAL OF AGENDA	
6. CHIEF EXECUTIVE OFFICER'S REPORT	<u>3</u>
7. CONSENT ACTION ITEMS	
a. September 19, 2012 Special Meeting of the Committee of the Whole	<u>25</u>
b. September 26, 2012 Regular Board Meeting Minutes	<u>27</u>
c. Motion to authorize the Chief Executive Office to execute a contract with RNR Consulting, not to exceed \$83,182 to design a Cascade Electronic Document Management System.	<u>31</u>
8. OTHER ACTION ITEMS	
a. Motion to authorize the Chief Executive Officer to execute a contract with CASNE to provide Electrical Engineering and Programming services for the White River/ Lake Tapps Reservoir Project at the Valve House, for an amount not to exceed \$43,006.	<u>33</u>
b. Motion to authorize the Chief Executive Officer to execute a contract with ERS to provide hydraulic system replacement services for the White River/ Lake Tapps Reservoir Project at the Valve House for an amount not to exceed \$45,351.	<u>35</u>
c. Motion to approve Resolution No. 2012-21 to amend the TPU Agreement and the SPU Agreement in the near future and anticipate selling bonds to pay for costs associated with these amendments, as well as the cost of the RCFC One-time Redemption Option and capital projects at Cascade's White River Lake Tapps Project.	added

9.	STAFF PRESENTATION	
10.	COMMITTEE REPORTS	
	a. Executive Committee – <i>no meetings held</i>	
	b. Finance and Management Committee – <i>October 18, 2012 (No packet material)</i>	
	c. Public Affairs Committee – <i>October 9, 2012</i>	<u>37</u>
	d. Resource Management Committee – <i>October 18, 2012 (No packet material)</i>	
11.	NEW BUSINESS	
12.	NEXT REGULAR MEETING – <i>November 28, 2012 – Bellevue City Hall – 3:30pm</i>	
13.	ADJOURN	

NOTE: AS ALLOWED BY STATE LAW, THE BOARD OF DIRECTORS MAY ADD AND TAKE ACTION ON ITEMS NOT LISTED ON THE AGENDA.

Directions to Bellevue City Hall
450 110th Avenue NE, Bellevue, WA 98004
(425) 452-6800

From I-405 north or southbound:
Take NE 4th Street exit
Head West on NE 4th Street
Turn right onto 110th Avenue NE
Proceed ½ block on 110th Avenue NE and turn right into the entrance of Bellevue City Hall's visitor parking lot.

**BE SURE TO HAVE YOUR PARKING VALIDATED AT THE SERVICE FIRST
DESK ON YOUR WAY IN TO THE MEETING**



CASCADE WATER ALLIANCE
RESOLUTION No. 2012-21

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE, A
WASHINGTON MUNICIPAL CORPORATION,

WHEREAS, the Cascade Water Alliance (“Cascade”) is a Washington municipal corporation formed under authority of the Joint Municipal Utilities Authority Act (Chapter 39.106 RCW) to provide water supply to its Members; and

WHEREAS, on September 28, 2005, the Board of Directors of Cascade (“Board”) approved, by Resolution 2005-05, an agreement for the sale of wholesale water between the City of Tacoma Public Utilities (“TPU”) and Cascade and authorizing the chair of the board to sign the agreement for the sale of wholesale water on behalf of Cascade (“the TPU Agreement”) and, by Resolution 2005-06, the 2004 Transmission Supply Plan; and

WHEREAS, by Resolution 2008-16, the Board authorized execution of an amended and restated 50-year declining block water supply agreement between the city of Seattle Public Utilities (“SPU”) and Cascade Water Alliance (“the SPU Agreement”); and

WHEREAS, by Resolution 2012-15 the Board adopted the 2012 Transmission Supply Plan, which includes as part of its long term water portfolio, the continued use of water from under the Block Contract with SPU and delivery of supply contracted from TPU and the potential for extension or expansion of such supplies if mutually agreed upon; and

WHEREAS, by Resolution 2011-17, the Board adopted the Regional Capital Facilities Charge Credit Purchase Program, which authorized a One-time Redemption Option requiring full payment by December 31, 2012 to the four Members who chose to redeem an or all of their outstanding Regional Capital Facilities Charge (RCFC) credits by December 31, 2011; and

WHEREAS, the Board now desires to amend the TPU Agreement and the SPU Agreement in the near future and anticipates selling bonds to pay for costs associated with these amendments, as well as the cost of the RCFC One-time Redemption Option and capital projects at Cascade’s White River Lake Tapps Project.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE, as follows:

Section 1. Direction to Staff.

- A. The Cascade Water Alliance Chief Executive Officer (CEO) is directed to proceed with preparation for an offer for the sale of bonds, anticipated to be awarded before mid-December 2012, in the amount of up to \$48 million with the understanding that the amount may be reduced prior to authorization of the bond sale by the Board by future resolution.
- B. The CEO is directed to prepare a term sheet of the major substantive provisions of an amendment of the SPU Agreement and to present such term sheet to the Board

in November 2012 with a proposed Board resolution authorizing execution by the CEO, in anticipation that the term sheet could be fully executed by both parties prior to the sale of bonds.

- C. The CEO is directed to prepare either (1) a term sheet of the major substantive provisions of an amendment of the SPU Agreement or (2) a draft amendment of the TPU Agreement, and to present such term sheet or draft to the Board in November 2012 with a proposed Board resolution authorizing the CEO to executive the final TPU Agreement in substantially the same form, in anticipation that TPU will receive similar authorization prior to the sale of the bonds.

Section 2. Effect. This Resolution shall be in full force and effect on the date of its adoption.

ADOPTED AND APPROVED by the Board of Directors of the Cascade Water Alliance at a regular meeting thereof, held on the 24th day of October 2012.

CASCADE WATER ALLIANCE

John Marchione, Chair

Attest – Chuck Clarke, Chief Executive Officer

David Knight, Vice Chair

Members

Yes _____

No _____

Jim Haggerton, Secretary/Treasurer

Demand Share

Yes _____%

No _____%

Include in CWAC?

Yes

No

Process and Timeline

Item No. 2
October 24, 2012

			Board Action Target Date
<i>Over-all</i>	1.	<i>Direction to CEO</i>	Resolution October 24, 2012
Tacoma	2.	TERM SHEET between Cascade and Tacoma (Non-binding)	Presentation of non-binding Term Sheet signed by Staff of TPU and Cascade; Resolution authorizing CEO to negotiate final Amendment according to Term Sheet November 8, 2012
	3.	AMENDED AND RESTATED AGREEMENT between Cascade and Tacoma	Resolution authorizing CEO to sign January 2013
	4.	STANDARD WHOLE SALE CONTRACT BETWEEN TACOMA AND CITIES	Reference and/or attach to AMENDED AND RESTATED AGREEMENT
	5.	OPTIONS FOR CITIES SUPPLY OFFERS	Reference, attach or incorporated in to AMENDED AND RESTATED AGREEMENT
	6.	CONFIRMATION OF WATER SUPPLY ASSISTANCE BY CITIES UNDER § 3(a) of the FOUR CITIES AGREEMENT	Only if needed
Seattle	7.	TERM SHEET between Cascade and Seattle (Non-binding)	Presentation of non-binding Term Sheet signed by Staff of SPU and Cascade; Resolution authorizing CEO to negotiate final Amendment according to Term Sheet November 8, 2012
	8.	CONTRACT AMENDMENT between Cascade and Seattle	Resolution authorizing CEO to sign January 2013
Funding	9.	Bond Resolution presentation (information only)	November 8, 2012
	0.	Amendment to the 2012 and 2013 budgets and CIP to add appropriation authority	Resolution amending Resolution 2012-17 November 28, 2012
	11.	Fund transfer revisions to 2011-2012 budget	Combine with 9. November 28, 2012
	12.	BOND OFFER AND SALE	Bond Resolution: Authorizing the Borrowing of Money and the Issuance and Sale of Water System Revenue Bond November 28, 2012

COMMISSIONERS:

Vern Allemann
Jeff Clark
G.D. (Dennis) Holden
David R. Knight
Lloyd Webster

GENERAL MANAGER:

Gwenn Maxfield



October 23, 2012

John Marchione, Chair
Cascade Water Alliance
520 – 112th Ave NE
Bellevue, WA 98004

John,
Dear Mr. Marchione

It is with regret that I attach Resolution # 3944 signaling Covington Water District's intent to withdraw from membership in Cascade Water Alliance (Cascade). Cascade has matured from an upstart organization in 1995 with lofty goals to a dynamic, regional water provider for the growing Eastside population.

When Covington first joined Cascade, its water resources were inadequate to meet its fast-growing needs, and it was coming out of a building moratorium. Covington joined Cascade **and** formed a partnership with the Regional Water Supply System (RWSS) to prevent such an isolated problem in the future. The RWSS and related infrastructure bringing water from the Howard Hansen Dam storage is complete, and the District is drawing water on a daily basis from the partnership project. Covington's share of the RWSS, combined with our independent supply, is projected to meet our needs well beyond 2060.

Covington believes a regional approach is optimal for water supply and conservation; we now know there are several options to "regional." The RWSS is also a regional project, and our share of the water right meets our projected growth for decades to come. We are very supportive of Cascade and have greatly appreciated Cascade's leadership and the regional relationships formed as a member. I personally have enjoyed and benefitted from working with you and all Cascade members.

Thank you for your review and attention to Covington's withdrawal notice. I trust the Board will respond in a timely manner so both entities can proceed with what they do best – ensure the delivery of safe drinking water.

Sincerely,

A handwritten signature in blue ink, appearing to read "David R. Knight".

David R. Knight, President
Board of Commissioners

cc: Chuck Clark, CEO, Cascade Water Alliance
Gwenn Maxfield, General Manager

VISION OF TOMORROW | ACTION TODAY

18631 SE 300th Place, Covington, WA 98042 (253) 631-0565

**COVINGTON WATER DISTRICT
KING COUNTY, WASHINGTON
RESOLUTION NO. 3944**

A RESOLUTION of the Board of Commissioners to withdraw membership in Cascade Water Alliance.

WHEREAS, between 1994 and 1997 Covington Water District (District) experienced a shortage of water supply severe enough to cause a building moratorium within the District's service area;

WHEREAS, Cascade Water Alliance (Cascade) was formed as a regional consortium of water utilities to provide for water supply to members choosing to combine their political and financial assets for such purpose;

WHEREAS, on October 7, 1998 the District Board of Commissioners (Board) adopted Resolution No. 1972 authorizing membership in Cascade as a means of ensuring water supply for future growth needs;

WHEREAS, on January 6, 2003 the Board adopted Resolution No. 3203 which authorized signing of the Cascade Interlocal Agreement;

WHEREAS, the District also became a partner with the Cities of Tacoma and Kent and Lakehaven Utility District in the Regional Water Supply System (RWSS) on December 19, 2002 for the purposes of developing water supply for the immediate and future water needs of its customers;

WHEREAS, the rate of District customer growth as well as water demand per connection has decreased the past several years to the point that water supply from RWSS and District wells will meet growth projections past the year 2060 and likely into 2100;

WHEREAS, the District continues to support regional water supply efforts, and also must balance the costs of preserving its future options for water supply with current and future benefits;

WHEREAS, the cost of Cascade membership for administrative purposes only for the next 45 to 80 years does not materially benefit its customers;

WHEREAS, Cascade has provided a range of buy-out costs which consider revenue lost and stranded costs; and

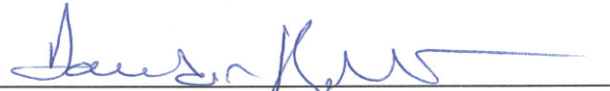
WHEREAS, the range of buy-out costs reflect Covington's allocable share of costs or obligations due pursuant to the terms of the Interlocal Agreement; now, therefore,

BE IT RESOLVED, by the Board of Commissioners of Covington Water District, King County, as follows:

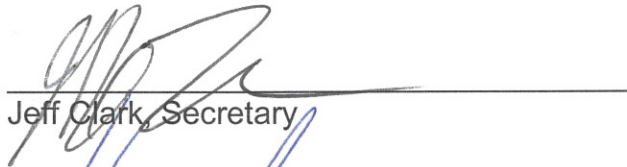
1. The District confirms its intent to withdraw its membership from Cascade.
2. Authorizes the General Manager to provide data and documentation to Cascade necessary to complete the withdrawal.

Adopted at a special meeting of the Board of Water Commissioners on the 23rd day of October, 2012.

Covington Water District
Board of Commissioners



David R. Knight, President



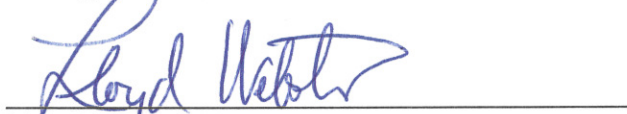
Jeff Clark, Secretary



Vern Allemand

Excused

George D. Holden



Lloyd Webster