

Cascade Water Connections Working Group



Summary Report

December 2010

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INTRODUCTION

Cascade completed its initial Transmission and Supply Plan (TSP) in 2004, outlining a program for Cascade to meet the future water supply needs of its members. As the name of the TSP implies, the plan includes an analysis of current and future water supply sources as well as the means for delivering those supplies. Over the course of five years, even though required by law, the need for an update of the TSP became increasingly apparent, as many factors evolved over that time. The desire for and benefits of greater regional collaboration also emerged. In that context, an updated TSP was initiated in 2009, along with the creation of a Working Group composed of regional stakeholders. The efforts of the group, named the Cascade Water Connections Working Group, are summarized in this report.

BACKGROUND

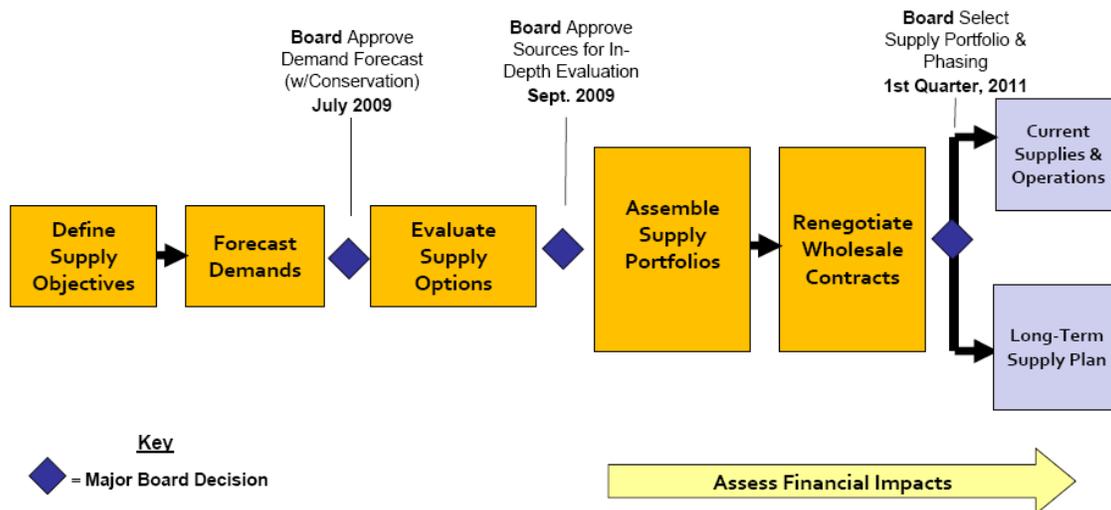
Development of Transmission and Supply Plan

The 2010 TSP is based on several explicit planning objectives. These objectives state that the 2010 Plan should:

- Consider a broad range of supply alternatives and project partnerships to identify a viable portfolio of water sources that can provide Cascade members with secure and reliable supplies through at least 2050
- Consider how investments in supply and infrastructure could serve other regional needs or improve the reliability of supply in the region
- Enable rates to be managed at acceptable levels over the short and long terms
- Provide flexibility to adjust to changing circumstances or new opportunities
- Recognize the declining nature of existing wholesale supply contracts
- Apply clear criteria and rationale for recommended actions and provide a sound basis for communication with all stakeholders in the region

A key feature of the TSP development process was a clearly stated set of milestones, with specific opportunities provided for the Working Group to provide its input at key decision points. A figure describing this approach appears below.

TSP Process and Milestones



Water Demand Projections

A big part of developing a Transmission and Supply Plan is determining how much water demand one is trying to satisfy, and with what assurances, in the face of long-term planning uncertainties. In turn, a significant factor in projecting water demand is determining how much water can be conserved, now and in the future, in order to reduce demand. Other obvious factors include population growth, income growth, plumbing and development codes, the size and type of new dwellings being built in the region (e.g., single family versus multi family) and the rate of formation of new households.

Throughout the development of the TSP, new data continued to suggest that many of these factors were pointing towards both a temporary and permanent softening of water demand. At the same time, conservation goals were being achieved ahead of planned schedules. As a result, the water demand curve remained a dynamic target up until the final adoption of the TSP. Connections Working Group members were kept apprised of these factors throughout their meetings and presented with updated demand curves as they were developed.

Given the Connections Working Group's regional diversity, the group was helpful in reviewing and providing feedback on the appropriateness of reduced demand curves as well as strategies for meeting that demand. Key issues considered by the group included the timing of development of Lake Tapps as a resource, the ramifications of building transmission lines that would interconnect water resources and utilities in the region, and the relative contribution to the supply portfolio of smaller alternative water sources that have yet to be developed.

Another dynamic element were ongoing negotiations between Cascade and the water utilities owned by Seattle and Tacoma related to Cascade purchasing temporary and permanent water supplies from those utilities. Generally, the softening of water demand for those utilities meant more water was potentially available in the near term for sale to Cascade.

Taken together, all of these interrelated and dynamic factors presented a challenging environment in which the TSP was developed and the Connections Working Group was called upon to provide its insights and feedback. Fortunately, the design of the Working Group had three features that served Cascade and the Connections Working Group well throughout the process. The first feature was that meetings were scheduled as needed, based on the milestones in the TSP development process. Instead of meeting at regular but arbitrary intervals, the group met whenever there was sufficient progress in the developmental steps of the TSP's preparation to present new information and issues for the Working Group's consideration and input. The second feature, and a hallmark noted by all of the group's members, was the exceptional degree of transparency and disclosure by Cascade and its technical team throughout the process. There were no "off-limit" questions, and any backup data or documents that members of the group thought were relevant were promptly made available. Thus, whatever information or issues that the group wanted to "drill down" into was accommodated and incorporated into the group's

agenda. The third feature was Cascade's decision to use a neutral facilitator to conduct the meetings, develop agendas, prepare meeting summaries and generally administer the Working Group throughout the process. By using an independent facilitator, Cascade was able to demonstrate its commitment to the transparency of the process, the independence of the Working Group and its trust in the collective wisdom offered by the group. Because of the unique vantage point of the neutral facilitator, Appendix A contains a brief set of observations by the facilitator about the Working Group process.

FORMATION OF WORKING GROUP

Purpose and Objectives

The Cascade Water Connections Working Group was convened to assist the Cascade Water Alliance in evaluating the Transmission and Supply Plan (TSP) to ensure that community, stakeholder and purveyor values and input were included in the supply and demand planning process. The Cascade Water Alliance sought the valuable participation and feedback of the members of the Connections Working Group in this planning effort. Members of the Connections Working Group were asked to provide input to Cascade staff at various milestones in the TSP supply and demand planning process. Specifically, the working group members were requested to review the draft list of water supply and transmission projects developed by the consultant team and suggest modifications if appropriate; provide feedback on the consultant team's evaluation of water demands and supply options; and summarize discussions at the conclusion of the process in the form of a comprehensive, written report to be presented to the Cascade Board of Directors.

The Mission Statement and Principles of Participation that follow are the ones that were presented to the Connections Working Group at its formation. Where the process ultimately did not strictly follow this plan, it has been modified as noted.

Mission Statement

The mission of the Cascade Water Connections Working Group is to assist the Cascade Water Alliance staff in evaluating the Transmission and Supply Plan (TSP) and to ensure that community, stakeholder and purveyor values and input are included in the planning process.

Principles of Participation

Role of Committee Members

The Cascade Water Alliance (Cascade) is asking participants of the Cascade Water Connections to assist Cascade and its planning consultants to review components of the TSP during its development. Working group members are being asked to:

- Become knowledgeable about regional water issues, including water supply resources, transmission facilities and regional water needs.
- Become familiar with Cascade and its role in regional water planning and water supply.
- Become familiar with Cascade's member agencies and water districts and the services they provide.
- Provide input to Cascade staff at various milestones in the TSP supply and demand planning process. Specifically, it is requested that working group members:
 - Provide feedback to the consultant team's evaluation of water demands and supply options.

- Review the draft list of water supply and transmission projects developed by the consultant team and suggest modifications if appropriate.
- Finalize feedback and forward in a comprehensive report to the Cascade Board of Directors.

Representation

Participants are being sought based upon several qualities:

- Willingness to work cooperatively with other working group members.
- Commitment to consistently attend the working group meetings.
- Ability to present the perspective of an organization or constituency.

Working group members are encouraged to report back to his or her respective constituency, when appropriate, to inform them about the working group's discussions and the progress of the TSP development. Meeting minutes will be prepared to facilitate this effort. Cascade staff and consultants will be available to assist in this communication process, if desired.

Discussion Process

Working group members agree to abide by the following discussion process:

- All perspectives are valued.
- One person speaks at a time.
- The preferred deliberation process is collaborative problem solving.
- In cases of non-consensus, alternative perspectives will be documented.
- Working group members treat each other with respect.
- A neutral third-party of Katz & Associates, Inc. will facilitate the meetings.

Meeting Attendance

For the process to work effectively, full participation of members will be essential. Working group members are asked to commit to attend meetings consistently. If a working group member becomes unavailable to attend a meeting, he or she may send an alternate to monitor that meeting. The alternate should be briefed by the working group member regarding the status of prior discussions and decisions, and should be able to faithfully represent the perspectives of the member for which they are serving as an alternate. Active participation by the alternate is permissible if the alternate does not impede the progress of the working group.

Support

A neutral third-party facilitator of Katz & Associates, Inc. will conduct all working group meetings. The role of the facilitator is to ensure all perspectives are heard through a collaborative discussion process. Cascade staff and consultants will provide technical and logistical support, including making presentations, answering questions, coordinating meetings and documenting meeting content. Meeting discussions may be audio taped to aid in the preparation of meeting summaries.

Meeting Agendas

Working group participation in establishment of agendas and matters of discussion will be encouraged. Cascade staff and the facilitator will be responsible for preparing the agendas in collaboration with working group members. At the conclusion of each meeting, staff and working group members will recommend items for inclusion in the next agenda and any action items requiring additional research. Agendas will be distributed by e-mail in advance of each meeting.

Timeline

The draft TSP will need to be completed by September 2010, and finalized by December 2010 [The draft TSP is actually being completed in 2011]. The working group will meet to review information, provide input and suggested modifications, if any, prior to key milestone points in the TSP process. To ensure consistency during this schedule, it will be important for the working group to address items presented at each meeting as fully as possible. Lengthy discussions on items for which a majority consensus cannot be reached should be limited.

Work Product

The working group will be asked to summarize its discussions at the conclusion of this process in the form of a written report. The written report will be prepared by the facilitator, in collaboration with working group members. A draft summary report will be presented to the working group for review and comment. It is suggested the report document the following:

- The scope and content of the working group's discussion.
- Feedback to Cascade staff regarding specific input related to supply options and regional water and transmission issues.
- Individual opinions and observations that may not be reflected in the main body of the report.

The working group's feedback will be presented to the Cascade Board at the conclusion of the working group's deliberations. This feedback will be a part of the overall background, research and technical findings that staff provides to the Cascade Board for their consideration and ultimate policy decision.

Roster of Members

Twenty-nine individuals participated in the Working Group as representatives of regional water planners and regulators, government, regulatory agencies, Tribes, the business community, local planning groups/downtown associations, employers, environmental groups, developers, academia, good government interests, and ratepayers. The full roster of Cascade Water Connections Working Group members is presented in Table 1.

Table 1: Connections Working Group Roster of Members

| Name | Organization |
|----------------------|--|
| Walt Canter | East King County Regional Water Association |
| Andrew Dunn | Washington State Department of Ecology |
| Ryan Harris | King County - Roads |
| Steve Hirschey | King County DNRP |
| Mark Howe | Microsoft |
| Bob James | Washington State Department of Health |
| Michael Johnson | Redmond Chamber of Commerce |
| Joan Kersnar | Seattle Public Utilities |
| John Kirner | Tacoma Water |
| Leslie Lloyd | Bellevue Downtown Association |
| Ralph Mason | Lake Tapps Community Council |
| Tim McDowd | Kirkland Neighborhood |
| Linda McCrea | Tacoma Water |
| Dave Monthie | King County DNRP |
| Meg Moorehead | Seattle City Council Staff |
| Beth Mountsier | King County Council's Physical Environment Committee |
| Bob Pancoast | East King County Regional Water Association |
| Paul Reitenbach | King County DDES |
| Lydia Reynolds-Jones | King County - Roads |
| Anna Rising | Kirkland Neighborhood |
| Ron Sheadel | Cedar River Water & Sewer District |
| Denise Smith | League of Women Voters |
| Sharon Steinbis | Sammamish Community |
| Sheila Strehle | Seattle Public Utilities |
| Dr. Leon Stucki | Lake Tapps Community Council |
| Jeannie Summerhays | Washington State Department of Ecology |
| Skip Swenson | Cascade Land Conservancy |
| Sue VanRuff | Maple Valley Chamber of Commerce |
| Don Wright | South King County Regional Water Association |

Schedule of Meetings

As mentioned in the Background section, both the TSP development process and the opportunities for the Working Group to provide its input were based on a step-by-step set of milestones (See Figure 1). Consequently, there were several Working Group meetings in the beginning of the process (latter half of 2009) as several milestones were being achieved in relatively rapid succession. In 2010, the technical effort to develop and refine alternative portfolios of supply options involved an intensive and time-consuming process of analysis and iterative development. This resulted in meetings that were still milestone driven but spaced much farther apart. The resulting schedule of meetings of the Working Group is shown in Table 2.

Table 2: Meeting Schedule

| Mtg # | Date and Time | Location | Topic |
|-------|--|--|--|
| 1 | Tuesday, June 30, 2009 8 a.m. to 12 p.m. | Bellevue City Hall, Room 1E-108 | Introductions Overview of Cascade and background on regional water resources |
| 2 | Thursday, August 13, 2009 9 a.m. to 12 p.m. | Bellevue City Hall, Room 1E-108 | Supply alternatives Screening criteria |
| 3 | Thursday, September 10, 2009 8 a.m. to 11:30 a.m. | Kirkland City Hall, Peter Kirk Room | Short list of supply alternatives |
| 4 | Friday, December 11, 2009 8 a.m. to 11:30 a.m. | Bellevue City Hall, Room 1E-108 | Short list of supply alternatives (continued) SEPA process |
| 5 | Thursday, April 15, 2010 8 a.m. to 11:30 a.m. | Bellevue City Hall, Room 1E-108 | Initial supply portfolio alternatives |
| 6 | Friday, November 12, 2010 8 a.m. to 11:30 a.m. | Bellevue City Hall, Room 1E-108 | Final water demand projections and supply portfolio alternatives |

SUMMARY OF MEETINGS

A total of six meetings of the Connections Working Group was held from June 2009 to November 2010. Figure X, which outlines the steps in the TSP's development, provided the framework for identifying the appropriate points in the process where the Working Group's insights and feedback were needed to evaluate and modify, at Cascade's discretion the work accomplished to that point and review the planning for the next step in the TSP. Below is a brief summary of each meeting's purpose and outcomes.

Meeting 1 – June 30, 2009

The purpose of the first meeting was to clarify the group's mission, present an overview of the Cascade Water Alliance for those who were unfamiliar, and provide background information on regional water resources and the steps that would be followed in preparing a Transmission and Supply Plan, including the initial development of a water demand forecast. The group had many questions about the assumptions used in developing a forecast and requested more details be provided about the demand forecast sensitivities, scope and data sources. Staff agreed to provide this information before the next meeting.

Meeting 2 – August 13, 2009

The second meeting delved more deeply into the methods for developing water demand forecasts, introduced the water supply options that would be evaluated in the TSP, and presented an initial ranking of those options based on evaluation criteria developed by the technical team. Working Group members requested more detailed information on the supply options and discussed the significance and weighting of the evaluation criteria. Following that discussion, the group was asked to participate in an exercise to develop its own weighting of the criteria, similar to the exercise that was used by the Cascade Board and staff to develop theirs. Cascade staff indicated the group's weighting of the criteria would be used to perform an evaluation and ranking of the supply options and then compared to Cascade's rankings at the next meeting.

Meeting 3 – September 10, 2009

The third meeting focused in more detail on how the Cascade water supply option rankings were determined and compared them to the rankings that were produced by applying the criteria weighting developed by the Connections Working Group. The group observed that while some minor shifts in the supply option rankings occurred depending in which weightings were used, the top ranked supply options remained at the top and the bottom ranked options remained at the bottom. The group was also presented with alternative ways of evaluating the supply options in which financial factors were reduced or removed. This analysis produced rankings similar to the other two. The group then considered staff recommendations for eliminating the lowest ranked supply options from further consideration. Since the practical effect of this screening process was only to eliminate from consideration a small number of projects at the very bottom of the list, the group concluded the resulting list of options for inclusion in the next phase of the TSP evaluation was appropriate.

Meeting 4 – December 11, 2009

At the fourth meeting, an updated and refined demand forecast was presented. The primary meeting topic was a presentation of five combinations of different supply options that had been developed as alternative portfolios designed to meet that demand. Each portfolio presented the supply options phased in over the 50-year TSP planning horizon to show how supply would increase over time to meet the upward slope of the demand curve. Variations included how much water might be negotiated in purchase agreements with Seattle and Tacoma, when or if Lake Tapps was brought on line as a resource, and the inclusion or exclusion of additional resources such as reclaimed water. Given that a financial analysis of the portfolios was still under development and no ranking of the portfolios had been performed, the group's discussion centered primarily on clarifying the differences between the portfolios and making suggestions regarding the phasing of supply options.

Meeting 5 – April 15, 2010

The group was provided with an updated status on the securing of water rights for Lake Tapps and the negotiations with Seattle and Tacoma for additional water purchases in the future, both of which figure prominently in the viability and characteristics of the various supply portfolios. The group was then presented with the three portfolio alternatives that had been selected for continued evaluation. All three of those portfolios included Lake Tapps as a source, but varied as to when it was assumed Lake Tapps would begin supplying water, ranging from 2030 to 2060. The portfolios were compared to each other in terms of their relative strengths, looking at their benefits, drawbacks, risks and financial impacts. Risk was evaluated in a number of contexts, including the potential for impacts from seismic events, climate change, construction challenges, and ability to adapt to evolving demands. Key differences among the portfolios in terms of risk were highlighted, along with the potential for mitigating those risks. The Working Group asked a number of questions about how the risks were evaluated and how uncertainty was handled for factors such as cost, competition for resources, climate change and how much water might be available from Tacoma and Seattle in the final analysis. Cascade staff indicated they would come back to the Working Group when factors such as these and the securing of water rights for Lake Tapps were closer to being concluded so that a more definitive analysis of cost and risk could be provided. In the meantime, the general conclusion was that the portfolios that secured more water from Tacoma and Seattle and assumed a later date for Lake Tapps to begin supplying water had the least risk.

Meeting 6 – November 12, 2010

For the final meeting of the Connections Working Group, the Cascade technical team recapped how all of the original TSP planning objectives had been met and presented the adopted demand forecast for the TSP based on the best and latest available data. They also presented their conclusion that not only are all three of the supply portfolios presented at the last meeting viable, but that by sharing regional supplies, risk is reduced and costs are deferred. The remaining steps in finalizing the TSP for adoption by the Cascade Board were outlined, including the Board selecting an approved supply portfolio and receiving a report about the work of the Connections Working Group. To that end, a proposed outline for the report was presented by the group's facilitator and accepted by

the group. The facilitator then prepared a Working Group Report based on that outline, which was reviewed and commented on by the Working Group. In terms of the group's conclusions, members volunteered a number of lessons learned that were particularly focused on the process used to involve them in the development of the TSP. These conclusions are summarized in the next section, along with observations from the neutral facilitator.

CONCLUSIONS

The purpose of the Connections Working Group, as reflected in its mission statement, was primarily to serve as a sounding board for the technical team as it developed the Transmission and Supply Plan. The Working Group's feedback was provided incrementally at each milestone of the Plan's development and helped steer the direction of the TSP as it proceeded. As such, the Working Group did not develop final recommendations per se. However, members vocalized throughout the process and punctuated at the last meeting their belief that the working group had been an effective tool for vetting the Plan's development in the region. Specific observations about the working group approach included the following:

- Useful to do again
- Good model
- Good transparency with presenting research and options
- Graphics in handouts and presentations were strong and informative
- Chuck Clarke and Lloyd Warren did not actively participate; sometimes it was confusing what their involvement was [Response: Mr. Clarke was debriefed after every meeting and was shown everything]
- Milestone based meeting schedule was effective
- Summary report will be helpful in capturing conclusions from group
- Group was used to identify any red flags
- First experience with an "affirmation committee," meaning the group was used to evaluate and provide feedback on the technical work of the team preparing the TSP.
- Cascade responded to a new environment; used regional approach and collaboration to be successful
- It was a useful exploration of a broad regional tool
- It was useful to bring people from diverse backgrounds together and put them in "Cascade's chair;" everyone came together in conclusion
- Excellent process in which all group members were invited to come and give input; good opportunity for the state to observe and participate as well
- Cascade responded well to dynamic shifts in planning context, opportunities and constraints
- Made overall planning process more complete