



REGULAR MEETING OF THE BOARD OF DIRECTORS  
AGENDA  
CASCADE WATER ALLIANCE  
Held at Cascade's Office and Via Zoom  
May 22, 2024  
3:30 PM

	<u>Page</u>
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 ITEMS	
a. Board Meeting Minutes for March 27, 2024.	<u>14</u>
b. Special Board Meeting Minutes for May 8, 2024.	<u>17</u>
c. Motion to adopt Resolution No. 2024-05 amending the 2024 Budget and the 2023 - 2028 Capital Improvement Program (CIP).	<u>43</u>
8. OTHER ACTION ITEMS	
a. Motion to adopt Resolution No. 2024-06 regarding Wholesale Water Supply Contract Negotiations.	<u>46</u>
b. Motion to adopt Resolution No. 2024-07 authorizing a 2024 transfer of \$2,415,413 to the Cascade Water Supply Development Fund.	<u>63</u>
9. STAFF PRESENTATIONS	
10. COMMITTEE REPORTS	
a. Executive Committee – <i>April 10, 2024.</i>	<u>67</u>
b. Finance and Management Committee – <i>April 16, 2024.</i>	<u>68</u>
c. Public Affairs Committee – <i>May 1, 2024.</i>	<u>70</u>
d. Resource Management Committee – <i>April 11, 2024, and May 9, 2024.</i>	<u>72</u>
11. NEW BUSINESS	

12. NEXT REGULAR MEETING – *June 26, 2024 – Cascade’s Office or Via Zoom*  
– *3:30 p.m.*
13. ADJOURN

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



MEMORANDUM

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DATE: May 22, 2024

TO: Penny Sweet, Chair  
Board of Directors

FROM: Ray Hoffman, Chief Executive Officer

SUBJECT: Chief Executive Officer's Report

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**Administration, Finance, and Economics**

- There have been 322 net RCFCs reported through April 2024, with three Member reports not yet received. At this rate, Cascade will not meet 2024 budget expectations.
- Clark Nuber, Cascade's outside auditing firm, conducted a review of the first quarter of Cascade's 2024 financial transactions in May. The results of the reviews will be reported to the Finance and Management Committee.
- Cascade's Wellness program is participating in the Associations of Washington Cities (AWC) Trek Around Town Campaign this May, encouraging employees to increase their steps and providing them with wellness information. The Campaign is part of the wellness committee's ongoing pursuit to meet the Association of Washington Cities Employee Benefits Trust WellCity Award Standard requirements necessary to win the WellCity Award next year.
- TeamLogic, Cascade's IT consultant, along with Comcast completed the switch over to fiber for the Bellevue office in May. The new fiber connection has improved the reliability of Cascade's IT infrastructure.
- Since moving into the new office last April, Cascade has enjoyed abated rent. June will be the first month without abated rent.
- The King County Water and Land Resources Division has hired an appraiser for the Noonan parcel in expectation of making Cascade an offer to purchase the parcel for their goal of the preservation of wildlife, fish, and wetlands. Cascade will evaluate the opportunity of securing the proper permanent and construction easements and selling the property to the County once the appraisal is received.
- The draft preliminary estimates of member charges for the upcoming biennium have been distributed to member staff for review. These draft values reflect the true-ups which were previously presented to member staff and to the Finance and Management Committee, as well as the most recent demand charge calculations. Please note that the general rate increase is conditioned on anticipated Board action regarding water supply, as well as other factors which are not yet finalized for the budget and are subject to change.
- Issaquah has requested a 3-year extension to their temporary water contract, and Cascade staff are in the process of preparing materials associated with that request.

## **Capital Projects and Operations**

- The Lake Tapps Reservoir elevation is 542.80' as of May 13. Cascade intends to raise the lake level to the maximum summer recreational pool level of 543.0' for one day. Cascade will then slowly lower the lake elevation down to between 542.5' and 542.65' and will maintain the lake level at this range until this September.
- Cascade and the United States Army Corps of Engineers (USACE) have executed the 5-Year Temporary Construction Easement. USACE's contractor Kiewit intends to start mobilizing heavy equipment and a site trailer beginning June 1 to prepare for start of construction work for Phase 3 of USACE's Mud Mountain Dam Fish Passage Project.
- Cascade staff met with the Washington State Department of Transportation (WSDOT) on April 29 to discuss relocation of the Bellevue Issaquah Pipeline (BIP) at the Lewis Creek Crossing. For the last couple of years, WSDOT dismissed the concept requested by Cascade to ensure competitive pricing by WSDOT's future design-builder for this utility relocation. Cascade's concept is to place a line item in the bid for BIP relocation work and then reimburse WSDOT for the bid amount. WSDOT's reason for dismissing it is because it does not want to get in between Cascade and WSDOT's contractor. However, at the April 29 meeting, WSDOT stated that it is now rethinking its position and may agree with Cascade's proposal and will get back to Cascade soon for a definitive answer.
- Powerhouse voice and data improvements: Cutover to internet-based phone service for the Powerhouse is now functional along with SCADA alarm system callout (Win 911). This project converts voice and data away from a dedicated copper service that is no longer supported by Lumen.
- Powerhouse electrical improvements: Veolia and their subcontractor completed electrical improvements in the control room to provide additional outlets, remove power cords from service, and replace failed wall switches.
- Valve House electrical improvements: Veolia and their subcontractor toned and decommissioned electrical cables and control routed through the south server rack. Veolia has demolished the south server rack in support of future planned improvements to the Hydraulic Power Unit which operates the 66-inch fixed cone valves.
- Vegetation management: Veolia vegetation management is currently on schedule to support the annual dike inspection program in June as well as the fall flow outage.

## **Water Efficiency**

- The spring series of seven Cascade Gardener classes and two walking tours concluded on May 17. Cascade usually doesn't schedule summer classes but is exploring the possibility of some in-person classes and workshops this summer due to interest in the program.
- Cascade participated in the Kirkland Earth Day event and will be participating in several other events in the coming months.
- Cascade has offered to provide irrigation training for member staff who manage irrigation systems in parks and streetscapes.
- Cascade completed three new podcasts that will be available in the coming months.
- Cascade has completed "how to" videos and other support materials for the proposed turf removal rebate program. Staff will bring a proposal for a program to the Board later this summer.
- At Cascade's direction, Tilth Alliance, a Cascade partner, has incorporated turf removal training into its Soil and Water Stewardship program this year. Tilth has successfully completed one project and has others lined up, which will be undertaken by the soil and water stewards.

- Staff are working on a series of recorded trainings on smart irrigation for homeowner associations and apartment complexes.
- We Need Water promoted National Drinking Water Week and several classes and other events reaching more than 80,000 people during a 28-day period in April/May.

### **Intergovernmental and Communications**

- Cascade is scheduled to meet with Seattle Public Utilities (SPU) and the state Department of Health on May 29 to discuss the results of SPU's most recent round of sampling for PFPrA, an unregulated PFAS substance. Following that meeting, Cascade will report out to Member Staff and discuss messaging and next steps with SPU.
- The Lake Tapps Community Meeting is scheduled to be held in-person on the evening of June 6 at the North Tapps Middle School. Board Chair Penny Sweet will attend as the Board's representative. Other Board members and alternates are invited to attend as well. Please let Cascade staff know if you are planning to attend.
- Cascade's 25<sup>th</sup> Anniversary Celebration Luncheon will be held on June 27 from 11:30 am – 1:30 pm at the Meydenbauer Center in Bellevue. Registration is coming soon. Board Members, Alternates and Member Staff will be receiving an email with instructions on how to register.

### **Attachments**

1. Budget to Actual Expenditure Report through April 30, 2024.
2. Statement of Revenues and Expenditures through April 30, 2024.
3. Statement of Net Position as of April 30, 2024.
4. Contract Status Summary.
5. Monthly Warrants Listing.
6. Monthly Treasurer's Report as of April 30, 2024.

Cascade Water Alliance  
 Budget to Actual Expenditure Report  
 January 1- April 30, 2024  
 33% of the year completed

<b>Administration</b>	<b>Budget</b>	<b>Actual</b>	<b>Balance</b>	<b>% Expended</b>
Salaries	\$ 1,274,112	\$ 566,107	708,005	44.4%
Benefits	287,677	146,853	140,823	51.0%
Wellness program	5,000	82	4,918	1.6%
Prof. Fee (Technical)	167,000	20,653	146,348	12.4%
Prof. Fee (Legal)	597,450	159,766	437,685	26.7%
Prof. Fee (Audit)	86,555	38,082	48,473	44.0%
Prof. Fee (Other)	50,000	780	49,220	1.6%
Seismic Resillency	100,000	0	100,000	0.0%
Meetings Expense	11,000	4,132	6,868	37.6%
Telephone/Internet	45,000	8,350	36,650	18.6%
Office Rent	315,393	32,138	283,256	10.2%
Office Supplies Admin.	15,000	1,067	13,933	7.1%
Equip. and Furniture	10,000	1,770	8,230	17.7%
Bank Fees	600	85	515	14.1%
Dues & Subscriptions	25,000	18,287	6,713	73.1%
Taxes/Licenses	15,000	8,410	6,590	56.1%
Travel	10,000	2,569	7,431	25.7%
Professional Dev.	10,000	1,120	8,880	11.2%
Computer Equipment	15,000	8,491	6,509	56.6%
Software Licenses	45,000	18,583	26,417	41.3%
Postage & Delivery	3,000	441	2,559	14.7%
Printing & Repro.	5,000	1,591	3,409	31.8%
Insurance	180,427	165,875	14,552	91.9%
Contingency	425,000	0	425,000	0.0%
<b>Total</b>	<b>\$ 3,698,214</b>	<b>\$ 1,205,231</b>	<b>\$ 2,492,983</b>	<b>32.6%</b>

<b>Debt Service</b>	<b>Budget</b>	<b>Actual</b>	<b>Balance</b>	<b>% Expended</b>
Bond Debt Service	10,795,666	5,207,821	5,587,846	48.2%
<b>Total</b>	<b>\$ 10,795,666</b>	<b>\$ 5,207,821</b>	<b>\$ 5,587,846</b>	<b>48.2%</b>

<b>Conservation</b>	<b>Budget</b>	<b>Actual</b>	<b>Balance</b>	<b>% Expended</b>
Salaries	\$ 143,077	\$ 37,976	\$ 105,102	26.5%
Benefits	38,176	6,881	31,296	18.0%
Prof. Fee (Technical)	25,000	6,580	18,420	26.3%
Prof. Fee (Legal)	1,000	0	1,000	0.0%
Dues & Subscriptions	5,500	709	4,791	12.9%
Rebate Reimb. Com.	115,000	9,441	105,559	8.2%
Irrigation Audit	15,000	0	15,000	0.0%
Turf Removal Rebates	50,000	0	50,000	0.0%
Comm. and Public I	375,000	148,375	226,625	39.6%
Misc. Serv. and Sup.	38,000	19,966	18,034	52.5%
<b>Total</b>	<b>\$ 805,754</b>	<b>\$ 229,928</b>	<b>\$ 575,826</b>	<b>28.5%</b>

<b>Com. and Intergovern</b>	<b>Budget</b>	<b>Actual</b>	<b>Balance</b>	<b>% Expended</b>
Salaries	\$ 144,968	\$ 54,107	\$ 90,862	37.3%
Benefits	\$ 33,138	9,110	24,028	27.5%
Special Events	35,000	0	35,000	0.0%
Prof. Fee (Other)	165,000	56,750	108,250	34.4%
Sponsorships	30,000	0	30,000	0.0%
Comm. and Public I	260,000	36,795	223,205	14.2%
<b>Total</b>	<b>\$ 668,106</b>	<b>\$ 156,761</b>	<b>\$ 511,345</b>	<b>23.5%</b>



Cascade Water Alliance  
Statement of Revenues and Expenditures  
From 1/1/2024 Through 4/30/2024

Attachment 2

Operating Revenue	
Water sales	\$ 10,666,449
Administrative dues	3,706,551
Conservation program	208,139
Total Operating Revenue	14,581,139
Operating Expenses	
Cost of water sold	5,387,876
Salaries and benefits	1,068,926
Professional services	368,759
Conservation program	9,441
Depreciation and amortization	1,260,336
Communication and public information	174,892
Office expenses	262,601
Operations	656,976
Bank charges	85
Rent	32,138
Maintenance	125,881
Dues and subscriptions	24,194
Miscellaneous	11,363
Total Operating Expenses	9,383,468
Operating Income	5,197,671
Non-Operating Revenue (Expenses)	
Interest income	505,247
Other income	14,327
Interest expense, net of amount capitalized	(1,198,102)
Total Non-Operating Revenue (Expenses)	(678,528)
Capital Contributions	
Regional Capital Facilities Charges	2,178,841
Increase in Net Assets	6,697,984
Net Assets, Beginning of Year	151,475,139
Net Assets, End of Year	\$ 158,173,123



Cascade Water Alliance  
Statement of Net Position  
As of 4/30/2024

Attachment 3

Assets

Current Assets

Cash and cash equivalents	\$	31,649,220
Accounts receivable		8,121,861
Prepaid expenses		110,101
Total Current Assets		39,881,182

Capital Assets

Equipment and furniture	2,338,652
Seattle water contract	22,267,611
Bellevue Issaquah pipeline	22,276,944
Tacoma water contract	119,740,687
Capital Leases	2,441,089
Less accumulated depreciation and amortization	(64,661,811)
Total Capital Assets	104,403,172

Projects in process and assets not yet in service

Lake Tapps	107,762,418
Tacoma Cascade pipeline	26,539,385
Total Projects in process and assets not yet in service	134,301,803

Restricted cash and cash equivalents

Restricted cash and cash equivalents	21,561,186
Total Assets	300,147,343

Liabilities

Current liabilities

Payables and accrued liabilities	3,218,755
Retroactive water credit	792,388
Accrued interest	510,619
Long-term debt current portion	
Bonds Payable-Current Portion	6,785,000
Other	39,474
Total Long-term debt current portion	6,824,474
Total Current liabilities	11,346,236

Long-term Liabilities

Long-term debt	75,174,474
Tacoma contract	47,680,238
Seattle contract	5,000,000
Bond premium, net of amortization	2,548,545
Total Long-term Liabilities	130,403,257
Total Liabilities	141,749,493

Net Assets

Restricted for debt service	109,539,587
Unrestricted	48,858,263
Total Net Assets	158,397,850

Total Liabilities & Net Assets

Total Liabilities & Net Assets	\$ 300,147,343
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**Consultant and Other Vendor Contract Status Summary**

Attachment 4

Open contracts											
Vendor	Contract number	Contract title	Cascade manager	Effective date	End date	Status date	Percent work completed	Contract amount, including	Amount invoiced	Percent invoiced	Contract balance
Aquatechnex	1	2024 Lake Tapps Aquatic Plant Maintenance Program	P. Anderson	12/29/2023	12/31/2024	5/10/2024	0%	\$ 160,000	\$ -	0%	\$ 160,000
Aspect	1	Water Supply Modeling	R. Hoffman	5/6/2020	N/A	5/10/2024	60%	\$ 24,900	\$ 14,888	60%	\$ 10,012
Aspect	2	Water Resources Services	R. Hoffman	8/17/2018	N/A	5/10/2024	98%	\$ 60,000	\$ 58,251	97%	\$ 1,749
Aspect	3	Climate Change Analysis	R. Hoffman	9/7/2022	12/31/2024	5/10/2024	35%	\$ 150,000	\$ 46,511	31%	\$ 103,489
Ben Bernstein Music	1	Podcast production	M. Brent	1/1/2024	12/31/2024	5/10/2024	8%	\$ 5,000	\$ 325	7%	\$ 4,675
BHC Consulting	1	Planning & Permit Assistance	T. Richmond	1/1/2024	12/31/2024	5/10/2024	15%	\$ 25,000	\$ 2,490	10%	\$ 22,510
Brilliant Marketing	1	We Need Water Social Media Outreach	M. Brent	1/1/2024	12/31/2024	5/10/2024	40%	\$ 49,500	\$ 17,790	36%	\$ 31,710
Clark Nuber	1	Annual Financial Audit and Quarterly AUPs	C. Paulucci	1/1/2024	N/A	5/10/2024	50%	\$ 78,000	\$ 36,900	47%	\$ 41,100
Colehour and Cohen	1	Staffing for classes and events	M. Brent	1/1/2024	12/31/2024	5/10/2024	35%	\$ 110,750	\$ 37,026	33%	\$ 73,724
Confluence Engineering Group, LLC	1	Lake Tapps Supply & BIP Water Quality Advisory Services Project	D. Roberts	12/1/2023	N/A	5/10/2024	30%	\$ 49,000	\$ 14,727	30%	\$ 34,273
David Evans	1	On-call Land Surveyor	H. Chen	11/18/2022	12/31/2025	5/10/2024	30%	\$ 160,000	\$ 46,283	29%	\$ 113,717
David McGrath	1	Irrigation Program Assistance	M. Brent	1/25/2024	12/31/2024	5/10/2024	5%	\$ 18,000	\$ -	0%	\$ 18,000
Environmental Science Assoc (ESA)	1	Aquatic Plant Management	P. Anderson	1/1/2024	12/31/2024	5/10/2024	15%	\$ 49,000	\$ 6,104	12%	\$ 42,896
Environmental Science Assoc (ESA)	2	Development of Cascade's Integrated Aquatic Plant Management Plan	P. Anderson	3/20/2024	N/A	5/10/2024	0%	\$ 44,750	\$ -	0%	\$ 44,750
GeoEngineers	1	Dam Engineering/Hydrology/ Geotechnical Service	H. Chen	1/3/2024	12/31/2026	5/10/2024	8%	\$ 570,000	\$ -	0%	\$ 570,000
Gordon Thomas Honeywell	1	State legislative outreach	A. Bennett	1/1/2024	12/31/2024	5/10/2024	35%	\$ 84,000	\$ 28,000	33%	\$ 56,000
Herrera	1	On-call limnology services	M. Thung	12/1/2022	12/31/2025	5/10/2024	5%	\$ 45,000	\$ -	0%	\$ -
Herrera	2	Water Quality Management Plan	M. Thung	10/9/2023	12/31/2024	5/10/2024	35%	\$ 165,000	\$ 54,696	33%	\$ 110,304
HDR	1	MMD Fish Passage Design Review	H. Chen	12/1/2015	N/A	5/10/2024	99%	\$ 1,068,000	\$ 1,058,300	99%	\$ 9,700
Industrial Fab and Repair	1	Valve house control system improvements	D. Roberts	8/28/2023	5/3/2024	5/10/2024	45%	\$ 88,118	\$ 33,771	38%	\$ 54,347
Jacobs Engineering Group	1	Demand Forecast Model Support Services	M. Thung	8/20/2021	N/A	5/10/2024	5%	\$ 5,000	\$ -	0%	\$ 5,000
Langton Spieth	1	Community relations	A. Bennett	1/1/2024	12/31/2024	5/10/2024	35%	\$ 78,000	\$ 26,000	33%	\$ 52,000
Lake Tapps Construction	1	Dingle Basin Actuators Replacement Project	D. Roberts	10/12/2023	5/25/2024	5/10/2024	15%	\$ 42,838	\$ -	0%	\$ 42,838
Lake Tapps Construction	2	Clearing/Sign Posts/Eco Blocks for Covington Properties	J. Amspacher	11/7/2023	12/15/2023	5/10/2024	100%	\$ 4,908	\$ 4,908	100%	\$ (0)
Lisa Taylor	1	Turf Removal Program Development	M. Brent	4/3/2024	12/31/2024	5/10/2024	10%	\$ 21,500	\$ -	0%	\$ 21,500
Long Building Tech	1	Security Maintenance	H. Chen	6/1/2023	12/31/2024	5/10/2024	35%	\$ 120,000	\$ 36,895	31%	\$ 83,105
Madsen Electric	1	Pipeline Intake and Valve House Battery Charger Inverter Removal and Replacement Project	D. Roberts	12/1/2023	4/27/2024	5/10/2024	0%	\$ 29,090	\$ -	0%	\$ 29,090
Media for International Development	1	WeNeedWater Video Production	A. Bennett	1/1/2023	12/31/2023	5/10/2024	30%	\$ 35,000	\$ 9,500	27%	\$ 25,500
Nature Vision	1	Classroom Water Education	M. Brent	1/1/2024	12/31/2024	5/10/2024	55%	\$ 105,000	\$ 58,436	56%	\$ 46,564
Okamoto Strategies, LLC	1	Capital Projects and Strategic Planning	H. Chen	6/21/2023	6/21/2024	5/10/2024	10%	\$ 25,000	\$ 2,613	10%	\$ 22,388
Pacifica Law	1	Legal Assistance	H. Chen	1/1/2024	12/31/2024	5/10/2024	0%	\$ 25,000	\$ -	0%	\$ 25,000
Parametrix	1	On Call Civ/Mech/Structural Eng	H. Chen	1/1/2023	12/31/2025	5/10/2024	25%	\$ 550,000	\$ 118,907	22%	\$ 431,093
Performance Dimensions	1	Executive Coaching Services	M. Thung	1/1/2024	12/31/2024	5/10/2024	0%	\$ 15,000	\$ -	0%	\$ 15,000
Puget Sound Energy	1	Water Efficiency Rebates	M. Brent	1/1/2024	12/31/2024	5/10/2024	33%	\$ 120,000	\$ 9,441	8%	\$ 110,559
Rainier Stillwater Risk Advisors	1	Trespassing Management	M. Thung	12/14/2023	12/31/2024	5/10/2024	5%	\$ 33,000	\$ -	0%	\$ 33,000
RH2	2	On-Call Electrical Engineering Svcs	H. Chen	1/1/2024	12/31/2024	5/10/2024	20%	\$ 133,750	\$ 24,209	18%	\$ 109,541
RH2	3	Wholesale Master Meter Eval	H. Chen	1/21/2020	3/31/2023	5/10/2024	8%	\$ 24,500	\$ 1,342	5%	\$ 23,158
Robinson Noble	1	Water Audits	E. Cebren	10/3/2019	N/A	5/10/2024	85%	\$ 135,060	\$ 115,183	85%	\$ 19,877
Sammamish Plateau Water	1	GIS support services	H. Chen	12/6/2022	N/A	5/10/2024	33%	\$ 50,000	\$ 24,011	48%	\$ 25,989
Sazan	1	On-call value analysis/engineering	J. Shimada	10/23/2023	10/23/2025	5/10/2024	30%	\$ 250,000	\$ 73,371	29%	\$ 176,629

SC Words & Pictures Inc.	1	Design Services	A. Bennett	1/1/2024	12/31/2024	5/10/2024	0%	\$ 30,000	\$ 2,750	9%	\$ 27,250
Seattle Public Utilities	1	Garden Hotline	M. Brent	1/1/2024	12/31/2024	5/10/2024	33%	\$ 15,825	\$ 3,956	25%	\$ 11,869
SMC Consulting	1	Water Efficiency Consultant	M. Brent	1/1/2024	12/31/2024	5/10/2024	33%	\$ 26,500	\$ 6,255	24%	\$ 20,245
Sustainable Water	1	Teacher Fellows program	M. Brent	1/1/2024	12/31/2024	5/10/2024	33%	\$ 60,000	\$ 22,080	37%	\$ 37,921
Tacoma Pierce County Health Department	1	TappsWise Monitoring at Lake Tapps	A. Bennett	1/1/2024	12/31/2024	5/10/2024	33%	\$ 120,000	\$ 22,691	19%	\$ 97,309
TeamLogic IT	1	Info Technology Consulting	C. Paulucci	1/1/2024	12/31/2024	5/10/2024	33%	\$ 139,500	\$ 30,927	22%	\$ 108,573
TechniArt	1	Conservation Website Order page	M. Brent	1/1/2024	12/31/2024	5/10/2024	33%	\$ 15,900	\$ 2,257	14%	\$ 13,643
Tilth Association	1	Garden Water Efficiency	M. Brent	1/1/2024	12/31/2024	5/10/2024	33%	\$ 45,000	\$ 10,115	22%	\$ 34,885
Transpo Group	1	On-Call GIS Support	H. Chen		12/31/2024	5/10/2024	33%	\$ 49,000	\$ 10,374	21%	\$ 38,626
Upstream PBC	1	HydroForecast-Glacier Climate Change Analysis	M. Thung	11/1/2022	N/A	5/10/2024	33%	\$ 49,900	\$ 40,000	80%	\$ 9,900
Upstream PBC	2	HydroForecast Subscription Service	M. Thung	8/9/2023	10/31/2024	5/10/2024	33%	\$ 24,000	\$ 9,900	41%	\$ 14,100
USGS	1	Joint Funding Agre-Streamgaging	H. Chen	1/1/2024	12/31/2024	5/10/2024	33%	\$ 374,000	\$ 87,418	23%	\$ 286,583
Vanir Construction Management, Inc.	1	On-call Construction Management	J. Shimada	5/1/2021	12/31/2024	5/10/2024	50%	\$ 560,000	\$ 171,729	31%	\$ 388,271
VanNess Feldman	1	General Counsel	R. Hoffman	1/1/2024	12/31/2024	5/10/2024	30%	\$ 630,000	\$ 158,911	25%	\$ 471,090
Veolia	1	White River-Lake Tapps Reservoir Project Operations and Maintenance Agreement \$2,251,944 Fixed, \$225,000 Variable	J. Shimada	1/1/2024	12/31/2024	5/10/2024	33%	\$ 2,476,944	\$ 562,986	23%	\$ 1,913,958
Washington Crane	1	Fish Screen Gantry Crane Repair	D. Roberts	11/9/2022	7/31/2024	5/10/2024	50%	\$ 168,700	\$ 69,347	41%	\$ 99,353
Water Value	1	Climate Study Advisory Services	M. Thung	6/16/2022	12/31/2024	5/10/2024	50%	\$ 22,500	\$ 11,727	52%	\$ 10,773
Winterbauer and Diamond	1	Legal Assistance	R. Hoffman	1/1/2024	12/31/2024	5/10/2024	5%	\$ 20,000	\$ -	0%	\$ 20,000

Payment Authorization Warrants and Wire Transfers 5/22/24

WHOLESALE WATER

WIRE	Seattle Contract Payment 4/24	\$1,469,421.00
WIRE	Seattle Contract Payment 5/24	\$1,469,421.00
		<u>\$2,938,842.00</u>

CONSULTANTS

31455	Herrera	\$12,081.05
31461	Parametrix	\$8,761.50
31465	Transpo Group	\$1,462.50
31469	Aspect Consulting	\$8,602.50
31477	Environmental Science Associates (ESA)	\$1,574.50
31479	Langton/Spieth	\$6,500.00
31482	RH2 Engineering, Inc.	\$5,547.25
31485	Tacoma Pierce County Health Department	\$2,232.22
31492	Clark Nuber P.S.	\$27,000.00
31497	Gordon Thomas Honeywell Govern. Affair	\$7,000.00
31498	Inslee, Best, Doezie & Ryder	\$180.00
31501	Transpo Group	\$2,950.00
31503	Water Value LLC	\$675.00
31504	Jennergy	\$1,270.00
31505	Langton/Spieth	\$6,500.00
31508	Van Ness Feldman, LLP	\$35,293.00
31512	Aspect Consulting	\$9,918.75
31515	Herrera	\$5,176.58
31520	TeamLogic IT of Bellevue, WA	\$8,127.85
31526	SC Words & Pictures, Inc.	\$2,750.00
31530	RH2 Engineering, Inc.	\$12,214.55
31538	Environmental Science Associates (ESA)	\$4,529.25
31539	Gordon Thomas Honeywell Govern. Affair	\$7,000.00
31541	Inslee, Best, Doezie & Ryder	\$292.50
31543	Parametrix	\$5,308.75
31549	State Auditor's Office	\$1,182.35
31550	Tacoma Pierce County Health Department	\$18,128.35
31552	Transpo Group	\$5,961.25
31560	Langton/Spieth	\$6,500.00
31566	TeamLogic IT of Bellevue, WA	\$7,205.00
		<u>\$221,924.70</u>

SALARY, BENEFITS AND EXPENSE REIMBURSEMENTS

	Payroll (March)	\$168,732.62
	Payroll (April)	\$173,130.49
31452	AWC Employee Benefit Trust	\$24,821.99
31467	MissionSquare-107080	\$49,145.90
31468	MissionSquare-304525	\$20,815.80
31474	Alison Bennett	\$336.10
31475	Michael Brent	\$54.55
31476	Paula Anderson	\$99.44
31478	HRA VEBA Trust	\$2,772.00
31522	AWC Employee Benefit Trust	\$23,498.33
31532	MissionSquare-107080	\$51,361.75
31533	MissionSquare-304525	\$21,506.80
31540	HRA VEBA Trust	\$8,150.90
		<u>\$544,426.67</u>

GENERAL

31453	AT&T FirstNet	\$408.40
31456	Lakemont Business Services Inc.	\$402.90
31458	Lumen	\$115.25
31460	Pacific Office Automation	\$281.52
31466	U.S. BANK	\$6,633.45
31470	Bellevue Downtown Association	\$3,000.00
31471	Bellevue Gateway One Equities, LLC	\$8,034.42
31480	Pacific Office Automation	\$62.00
31486	Washington State Department of Rever	\$595.79
31490	CIT	\$1,447.32
31491	City of Seattle	\$21,453.90
31493	CLEARFLY	\$542.36
31494	Code Publishing Co.	\$780.00
31495	Comcast	\$561.62
31496	Covington Water District	\$93.00
31499	City of Issaquah	\$60.00
31500	Puget Sound Energy	\$327.20
31502	Verizon Wireless	\$135.03
31507	Utilities Underground Location Center	\$54.12
31513	AT&T FirstNet	\$408.12
31517	Pacific Office Automation Inc.	\$100.79
31518	Pacific Office Automation	\$281.52
31519	Sound Publishing Inc.	\$2,000.00
31521	U.S. BANK	\$6,242.12
31523	Bellevue Gateway One Equities, LLC	\$19,074.89
31525	Comcast	\$602.73
31535	City of Seattle	\$362.57
31536	CLEARFLY	\$2,532.75
31537	Comcast	\$551.66
31542	Lakemont Business Services Inc.	\$340.00
31544	Puget Sound Energy	\$323.35
31547	spot-on print & design	\$40.46
31548	Staples Advantage	\$507.08
31556	CIT	\$1,447.73
31557	DEPARTMENT OF COMMERCE	\$39,868.42
31558	Ethan Duvall	\$975.00
31561	Lumen	\$115.32
31565	Pacific Office Automation Inc.	\$100.89
31567	U.S. BANK	\$11,711.42
31568	Verizon Wireless	\$135.03
		<u>\$132,710.13</u>

LAKE TAPPS

31457	Linde Gas & Equipment Inc.	\$456.99
31462	Pierce County Budget & Finance	\$7,340.15
31472	Cintas Corporation	\$7.83
31489	Cintas Corporation	\$137.97
31509	Veolia Water North America	\$187,662.01
31516	Linde Gas & Equipment Inc.	\$429.56
31524	Cintas Corporation	\$46.30
31527	US Geological Survey (USGS)	\$87,417.50
31529	Pape Machinery Inc.	\$1,830.42
31555	Cintas Corporation	\$137.97
		<u>\$285,466.70</u>

CONSERVATION

31454	Colehour and Cohen	\$24,205.12
31459	Marianne Binetti	\$1,500.00
31463	Puget Sound Energy	\$2,237.50
31464	Techniart C S D	\$679.87
31473	City of Seattle	\$3,956.25
31481	Puget Sound Energy	\$1,345.47
31483	Tiith Alliance	\$10,114.88
31484	Sustainable Seattle dba Sustainability	\$5,249.00
31487	BRILLIANT MARKETING LLC	\$5,586.25
31506	Nature Vision, Inc.	\$16,510.27
31514	Colehour and Cohen	\$6,141.25
31528	Nita-Jo Rountree	\$300.00
31531	Sustainable Seattle dba Sustainability	\$5,818.00
31534	Ben Bernstein Music	\$325.00
31545	Puget Sound Energy	\$3,114.30
31546	SMC Consulting LLC	\$2,430.00
31551	Techniart C S D	\$423.57
31554	BRILLIANT MARKETING LLC	\$4,325.00
31559	Jennergy	\$1,270.00
31562	Marianne Binetti	\$500.00
31563	Nature Vision, Inc.	\$14,905.89
31564	New Resources Group, Inc.	\$318.66
		<u>\$111,256.28</u>

CONSTRUCTION

31510	HDR	\$17,737.28
31553	Source Electric	\$37,255.87
		<u>\$54,993.15</u>

EQUIPMENT, COMPUTER, AND SOFTWARE

31450	Power Systems West	\$52,204.28
31451	Abila	\$272.67
31488	Catalyst Workplace Activation	\$1,769.58
31511	Abila	\$292.03
		<u>\$54,538.56</u>

DESTROYED AND VOIDED CHECKS:

30482

<b>Total Warrants</b>	\$1,405,316.19
<b>Total Wires</b>	\$2,938,842.00
<b>Total warrants/wire transfers authorized for May 2024</b>	<b>\$4,344,158.19</b>

Approved: \_\_\_\_\_ Date: \_\_\_\_\_  
Edward Cebron, Chief Economist/Treasurer

Approved: \_\_\_\_\_ Date: \_\_\_\_\_  
Mary Lou Pauly, Secretary/Treasurer

**Cascade Water Alliance  
Monthly Treasurer's Report  
April 2024**

	Operating Fund	Construction Fund	Bond Fund	RCFC Fund	Water Supply Development Fund	Rate Stabilization Fund	US Bank Payroll Account	All Funds
<b>Beginning Balances, April 1</b>	<b>\$ 17,603,057</b>	<b>\$ 14,485,915</b>	<b>\$ 9,443,620</b>	<b>\$ -</b>	<b>\$ 10,964,340</b>	<b>\$ 2,303,166</b>	<b>\$ -</b>	<b>\$ 54,800,099</b>
<b>Additions:</b>								
Cash received	\$ 3,011,618	\$ 43,805	\$ 11,207	\$ -	\$ 11,953	\$ 8,118	\$ -	\$ 3,086,701
Transfers from other Cascade funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,329	\$ 178,329
<b>Total additions</b>	<b>\$ 3,011,618</b>	<b>\$ 43,805</b>	<b>\$ 11,207</b>	<b>\$ -</b>	<b>\$ 11,953</b>	<b>\$ 8,118</b>	<b>\$ 178,329</b>	<b>\$ 3,265,030</b>
<b>Subtractions:</b>								
Bank fees, payroll, and bond payments	\$ 1,465	\$ 868	\$ 1,110	\$ -	\$ 895	\$ 161	\$ 178,329	\$ 182,828
Warrants paid	\$ 498,314	\$ 69,942	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 568,256
Wire and other electronic payments	\$ -	\$ 1,604,637	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,604,637
King Co. Investment Pool impairment (realized)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
King Co. Investment Pool impairment (retained)	\$ (158)	\$ (134)	\$ (73)	\$ -	\$ -	\$ (20)	\$ -	\$ (384)
Transfers to other Cascade funds	\$ 178,329	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,329
<b>Total subtractions</b>	<b>\$ 677,951</b>	<b>\$ 1,675,313</b>	<b>\$ 1,037</b>	<b>\$ -</b>	<b>\$ 895</b>	<b>\$ 141</b>	<b>\$ 178,329</b>	<b>\$ 2,533,666</b>
<b>Ending Balances, April 30, 2024</b>	<b>\$ 19,936,724</b>	<b>\$ 12,854,408</b>	<b>\$ 9,453,790</b>	<b>\$ -</b>	<b>\$ 10,975,398</b>	<b>\$ 2,311,143</b>	<b>\$ -</b>	<b>\$ 55,531,463</b>



MEETING MINUTES OF THE  
BOARD OF DIRECTORS  
VIA HYBRID  
MARCH 27, 2024

**1. CALL TO ORDER**

At 3:30 p.m. Chair Sweet called the meeting to order. Board Members confirmed that they received the meeting materials and could hear the speakers clearly.

**2. ROLL CALL**

Board Members Present: City of Bellevue (Hamilton), City of Issaquah (Pauly), City of Kirkland (Sweet), City of Redmond (Birney), City of Tukwila (McLeod), Sammamish Plateau Water & Sewer District (Warren), and Skyway Water and Sewer District (Ault)

Board Alternate Present: City of Redmond (Nuevacamina)

**3. PUBLIC COMMENT**

None.

**4. EXECUTIVE SESSION**

None.

**5. APPROVAL OF AGENDA**

**Motion by Mr. Warren and second by Ms. Birney to approve the meeting agenda as presented. Motion carried unanimously (7-0).**

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

Since Cascade CEO Ray Hoffman is on jury duty, Melina Thung, Chief of Staff, reviewed the Chief Executive Officer's Report that was included in the Board Packet.

**7. CONSENT ITEMS**

A. Board Meeting Minutes for February 28, 2024.

**Motion by Ms. Birney and second by Mr. McLeod to approve Consent Action Item A as presented. Motion carried unanimously (7-0).**

**8. OTHER ACTION ITEMS**

A. Motion to adopt Resolution No. 2024-04 authorizing the Chief Executive Officer to finalize and execute an amendment to the transmission easement agreement, subject to terms consistent with the draft in the Board packet.

In June 2021, Puget Sound Energy (PSE) issued an All-Sources RFP for renewable power generation and shortly afterwards Cascade was contacted by several companies interested in using Cascade-owned parcels for their distributed energy battery storage projects. Cascade issued a Request for Information (RFI) to the companies interested in the parcels in January 2022. After reviewing the RFIs with our engineers, Cascade determined that installation of the batteries on Cascade's parcels was not feasible due to the uncertainty of the final footprint of Cascade's future water treatment facilities. One of the parties, BrightNight, submitted a proposal to install their batteries on a parcel adjacent to Cascade and requested a transmission easement through a Cascade-owned parcel to PSE's nearby substation. Additional details of the requested easement were discussed.

BrightNight is hoping to finalize an agreement with Cascade before signing a Power Purchase Agreement with Puget Sound Energy in April. The amendment to the 56-year, non-exclusive transmission easement agreement is substantially completed with a few provisions to be negotiated and finalized. The agreement protects Cascade's current and planned future uses of its parcels and the rights of other easement holders such as PSE.

The Finance and Management Committee discussed the easement and were supportive.

**Motion by Ms. Birney and second by Ms. Pauly to adopt Resolution No. 2024-04 authorizing the Chief Executive Officer to finalize and execute an amendment to the transmission easement agreement, subject to terms consistent with the draft in the Board packet. Motion carried unanimously (7-0).**

## **9. STAFF PRESENTATIONS**

### **A. Water Supply Contract Proposals Update**

Chuck Clarke, Lead Contracts Negotiator, and Ed Cebon, Chief Economist/Treasurer, briefed the Board on the contract negotiations with Seattle Public Utilities and Tacoma Public Utilities. Since the briefings began, Tacoma has improved the terms of their offer. Seattle's offer has not changed and subsequently negotiations have ceased.

## **10. COMMITTEE REPORTS**

- A. Executive Committee – No meeting held.**
- B. Finance & Management Committee – Meeting held March 19, 2024. Meeting recap included in the Board Packet.**
- C. Public Affairs Committee – Meeting held March 6, 2024. Meeting recap included in the Board Packet.**
- D. Resource & Management Committee – No meeting held.**

## **11. NEW BUSINESS**

None.

**12. NEXT REGULAR MEETING**

The next regularly scheduled Board meeting will be held on April 24, 2024 at 3:30 p.m.

**13. ADJOURN**

The meeting was adjourned at 5:12 p.m.

APPROVED BY:

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Penny Sweet, Chair

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Angela Birney, Vice-Chair





## Minutes of the Special Meeting of the Board Water Supply Contracts Question and Answer Session

May 8, 2024

3:00 pm – 5:00 pm

Held at Cascade’s Office and Via Zoom

Time	Agenda Item	Board Action
3:00 pm	<p><b>Call to Order, Roll Call, and Approval of Agenda</b>            Penny Sweet, Board Chair</p> <p><u>Board Members Present:</u> City of Kirkland (Sweet), City of Tukwila (McLeod), City of Issaquah (Pauly), City of Bellevue (Hamilton), Sammamish Plateau Water &amp; Sewer District (Warren), and Skyway Water and Sewer District (Ault)</p> <p><u>Board Member Absent:</u> City of Redmond (Birney)</p> <p><u>Board Alternates Present:</u> City of Redmond (Nuevacamina), Sammamish Plateau Water &amp; Sewer District (Hooshangi)</p>	
	<p><b>Water Supply Contract Proposals</b></p> <ul style="list-style-type: none"> <li>• Brief recap of supply proposals</li> <li>• 2024 supply timeline</li> <li>• Summary of feedback from members’ councils &amp; boards</li> <li>• Summary of recent member staff questions</li> <li>• Plan for implementing Tacoma option, including anticipated rates</li> </ul> <p><u>Recap:</u> Cascade staff provided a brief recap of the supply proposals and updated the Board on the status of discussions with Seattle. Staff also provided information regarding the transmission project work plan, budget and rate assumptions, timeline and staffing assumptions. A copy of the presentation is attached.</p>	Presentation & Discussion
	<p><b>Announcement of Next Board Meeting – May 22, 2024, at 3:30 p.m. held at Cascade’s office and via Zoom</b>            Penny Sweet, Board Chair</p>	
5:00 pm	<p><b>Adjourn</b></p>	



# Water Supply Contracts Question and Answer Session

May 8, 2024

# Briefing Objective & Agenda

## Objective

To present a brief recap of Seattle's and Tacoma's water supply proposals, provide additional information, and answer remaining questions so that the Board is prepared to give Cascade staff direction at its May Board meeting on which option to pursue.

## Agenda

1. Brief recap of supply proposals
2. 2024 supply timeline
3. Summary of feedback from members' councils & boards
4. Summary of recent member staff questions
5. Plan for implementing Tacoma option, including anticipated rates
6. Open questions & discussion

# Recap of Supply Proposals

- Seattle's and Tacoma's proposals are both more cost-effective than developing Lake Tapps by 2042.
- Tacoma's proposal offers greater benefits than Seattle's:
  - ❖ 25-year **guaranteed** supply through 2064 vs. 10-year guaranteed extension through 2049 plus two five-year **conditional** extensions through 2054 and 2059 and **conditional** 40-year contracts for **individual** members through 2099.
  - ❖ Significantly more financial benefit, including more moderate rate increases.
  - ❖ First step towards a regional water system and improved resiliency (climate change, surface earthquakes, localized droughts, etc.).
- Tacoma's proposal requires building infrastructure to connect to their system.
  - ❖ Potential to only build central pipe to connect Seattle and Tacoma, then pay Seattle to wheel Tacoma water to Cascade's members (not yet explored).
- Seattle has declined Cascade's latest counter-proposal.



# 2024 Supply Timeline (Estimated)

	May	June	July	Aug	Sept	Oct	Nov
Regular Board Meetings - Contract Updates as Needed							
Executive Committee Meeting with Mayor Harrell	5/13						
Board Direction on Contract for SEPA and Direction to CEO to Develop Contract	5/22						
SEPA Checklist Determination and Comment Period							
Contract Development							
Board Authorization for Contract							
2025-26 Budget & Rates (assuming Tacoma Direction)							



# Feedback from Members' Councils & Boards

- Strongly support using available regional supply instead of building out Lake Tapps.
- Lake Tapps remains a good insurance policy, even if never developed.
- Need to understand the future decision points for developing Lake Tapps.
- Tacoma seems to be a good, willing partner.
- Very interested in a regionalized water system that improves resiliency in the Puget Sound.
- Collective actions to reduce peak demand makes sense.
- Need to understand how infrastructure for Tacoma option will be funded and rate impacts on members and their customers. Need to keep costs as low as possible.

# Member Staff's Recent Questions

## Common Themes:

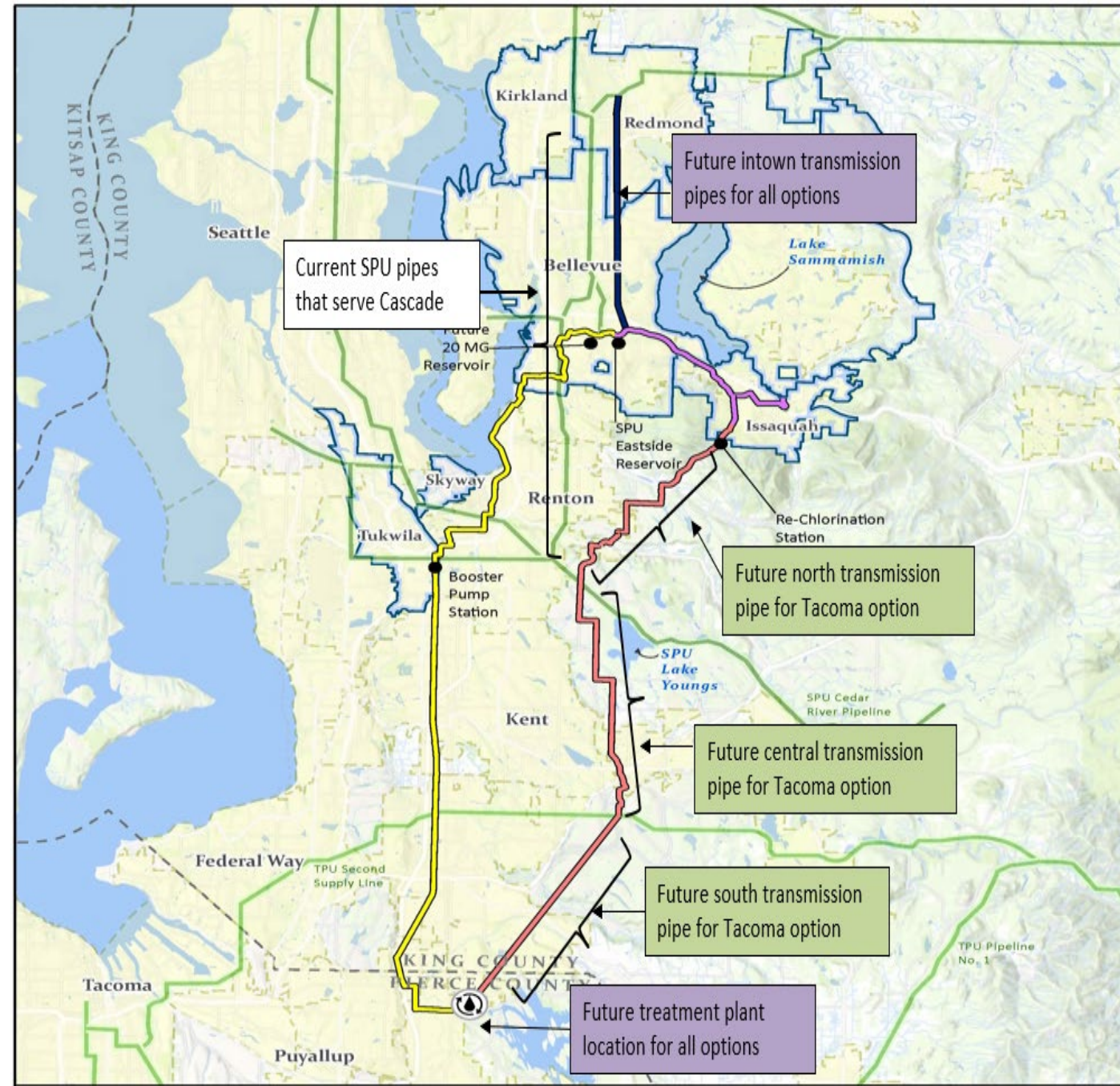
- Sensitivity analyses :
  - ❖ Has Cascade done a sensitivity analysis for the projected rate path for each option?
  - ❖ If construction costs exceed estimates, what is the break even point with Seattle's proposal?
- If Cascade can wheel Tacoma water through Seattle's pipe:
  - ❖ What impacts does this have on infrastructure requirements?
  - ❖ What would the financials look like?
- What happens if Cascade's actual demand greatly exceeds its current projected demand?

# Implementation Plan for Tacoma Option



## Implementation Overview

- Implementation plan assumes no wheeling for conservative planning.
- Project cost projections are consistent with estimates previously shown.
- While Cascade has not implemented a project of this magnitude, the CEO and several Cascade staff have.
- New Project Team will be organizationally dedicated to delivering the Water Supply projects.
  - ❖ Availability of existing staffing assessed prior to identifying new resources.





# Transmission Project Work Plan

2025	2026	2027-2028	2029-2030	2031-2032	2033-2034	2035-2036	2037-2038	2039-2040	2041-2042
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Begin Construction

Begin using Tacoma Water

## Projects

<b>Overall TCP System</b>	■Planning	☑Planning ■Franchise & ROW	Franchise & ROW		Franchise & ROW		☑Planning			
<b>Central Segment</b>	■Planning	☑Planning	☑Presdesign ☑30% Design	☑Final Design ■Begin Constr.	Construction	☑Construction Complete	Schedule float	Schedule float	Schedule float	
<b>North Segment</b>	■Planning	☑Planning	☑Predesign	☑30% Design ☑60% Design	☑Final Design	■Begin Constr.	Construction	☑Construction Complete	Schedule float	
<b>Parallel BIP</b>	■Planning	☑Planning							☑Predesign	☑30% Design ☑60% Design
<b>Booster Pump Station</b>	■Planning	☑Planning							☑Predesign ☑30% Design	☑Final Design ■Begin Constr.
<b>Storage / Facilities</b>	■Planning	☑Planning								☑Predesign
<b>Eastside Connections</b>	■Planning	☑Planning								☑Predesign
<b>BKR Bellevue</b>	■Planning	☑Planning								
<b>BKR Kirkland/Redmond</b>	■Planning	☑Planning								
<b>BKR Kirkland/Redmond</b>	■Planning	☑Planning								
<b>Wheeling</b>	■Planning	☑Planning	Legislation (if needed)							



# Transmission Project Work Plan

2039-2040    2041-2042    2043-2044    2045-2046    2047-2048    2049-2050    2051-2052    2053-2054    2055-2056    2057-2058

Begin using  
Tacoma Water

## Projects

<b>Overall TCP System</b>				☑️Planning					☑️Planning	
<b>Central Segment</b>	Schedule float									
<b>North Segment</b>	Schedule float									
<b>Parallel BIP</b>	☑️Presdesign	☑️30% Design ☑️60% Design	☑️Final Design ▪️Begin Constr.	☑️Construction Complete						
<b>Booster Pump Station</b>	☑️Presdesign ☑️30% Design	☑️Final Design ▪️Begin Constr.	☑️Construction Complete							
<b>Storage / Facilities</b>		☑️Presdesign	☑️30% Design ☑️60% Design	☑️Final Design ▪️Begin Constr.	☑️Construction Complete					
<b>Eastside Connections</b>		☑️Presdesign	☑️30% Design ☑️60% Design	☑️Final Design ▪️Begin Constr.	☑️Construction Complete					
<b>BKR Bellevue</b>			☑️Presdesign ☑️30% Design ☑️60% Design	☑️Final Design ▪️Begin Constr.	☑️Construction Complete					
<b>BKR Kirkland/Redmond</b>				☑️Presdesign	☑️30% Design ☑️60% Design	☑️Final Design ▪️Begin Constr.	☑️Construction Complete			
<b>BKR Kirkland/Redmond North</b>					☑️Presdesign	☑️30% Design ☑️60% Design	☑️Final Design ▪️Begin Constr.	☑️Construction Complete		
<b>Wheeling</b>										



# Resources

	2025	2026	2027-2028	2029-2030	2031-2032	2033-2034	2035-2036	2037-2038	2039-2040	2041-2042
				Begin Construction						Begin using Tacoma Water

## Projects

<b>Overall TCP System</b>	■Planning	<input checked="" type="checkbox"/> Planning ■Franchise & ROW	Franchise & ROW		Franchise & ROW		<input checked="" type="checkbox"/> Planning			
<b>Central Segment</b>	■Planning	<input checked="" type="checkbox"/> Planning	<input checked="" type="checkbox"/> Presdesign <input checked="" type="checkbox"/> 30% Design	<input checked="" type="checkbox"/> Final Design ■Begin Constr.	Construction	<input checked="" type="checkbox"/> Construction Complete	<i>Schedule float</i>	<i>Schedule float</i>	<i>Schedule float</i>	
<b>North Segment</b>	■Planning	<input checked="" type="checkbox"/> Planning	<input checked="" type="checkbox"/> Predesign	<input checked="" type="checkbox"/> 30% Design <input checked="" type="checkbox"/> 60% Design	<input checked="" type="checkbox"/> Final Design	■Begin Constr.	Construction	<input checked="" type="checkbox"/> Construction Complete	<i>Schedule float</i>	

Planning Manager

Project Director

Support Engineer

Design Section Manager

Program Section Manager

Govt Relations & Communications

Project Controls

Admin & Support

Construction Manager

# Budget & Rate Assumptions

## Key Policies:

- 5-year rate smoothing
- Maximum leverage of 80% of assets

## Key Assumptions:

- Inflation:
  - ❖ General inflation: 3.0% per year
  - ❖ Construction: 3.5% per year
  - ❖ Wholesale rates: 3.0% per year
- Project Costs:
  - ❖ Include industry standard contingency assumptions (varies by type)
  - ❖ Account for anticipated construction inflation
  - ❖ 2025: 100% Operating
  - ❖ 2026: 50% Operating, 50% Capital
  - ❖ 2027 and beyond: 100% Capital



# Rate Plan Development

## Evaluate Financial Needs

- “Raw” rate path would require a 5% rate increase in 2025 to meet all our key financial metrics

## Adjust Funding Plan

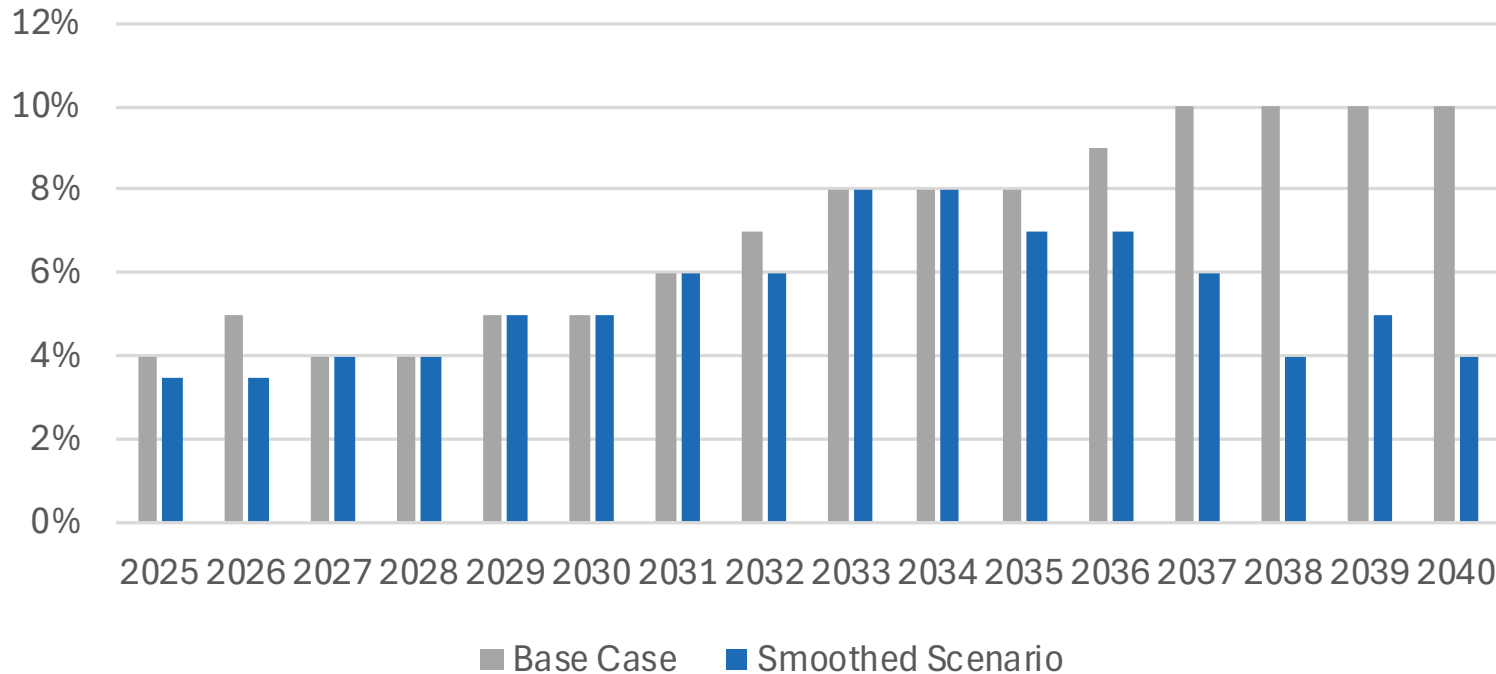
- Reduced planned WSDF transfer (capital & operating) to mitigate short-term rate impact
- Plan for use of WSDF beginning in 2028 for Transmission Project
- Delay first debt issuance until 2030

## Develop Smoothed Rate Plan

- 5-Year Smoothing Policy gradually builds rate capacity:
  - 2025: 3.5%
  - 2026: 3.5%
  - 2027: 4%
  - 2028: 4%
  - 2029: 5%
- Strong metrics by 2030 for planned bond issuance

# Smoothed Rate Forecast

Annual Rate Adjustment: Smoothed TPU vs. Base Case



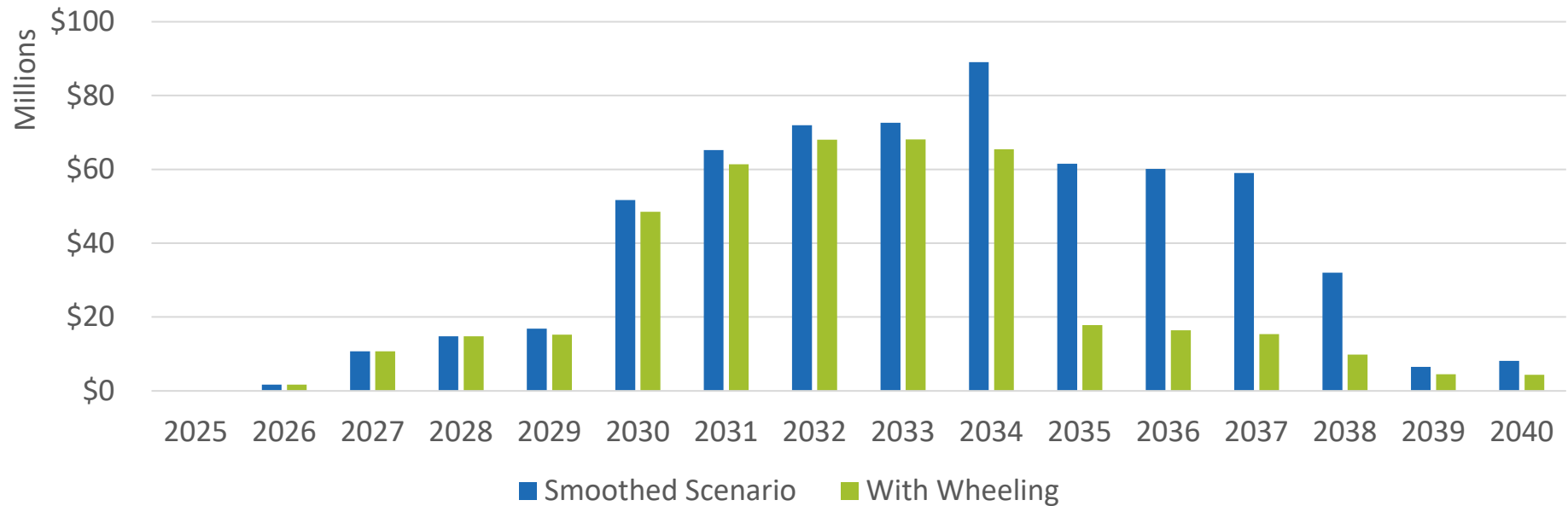
**Base Case (Lake Tapps 2042)**

- Smoothed Base Scenario presented in Spring 2023
- Reflects inflation impacts and other economic conditions

**Smoothed TPU**

- Meets policy requirements for rate smoothing
- Balances use of RCFC, WSDF, rates, and debt to fund Transmission Projects

Transmission Project Capital Needs, 2024\$

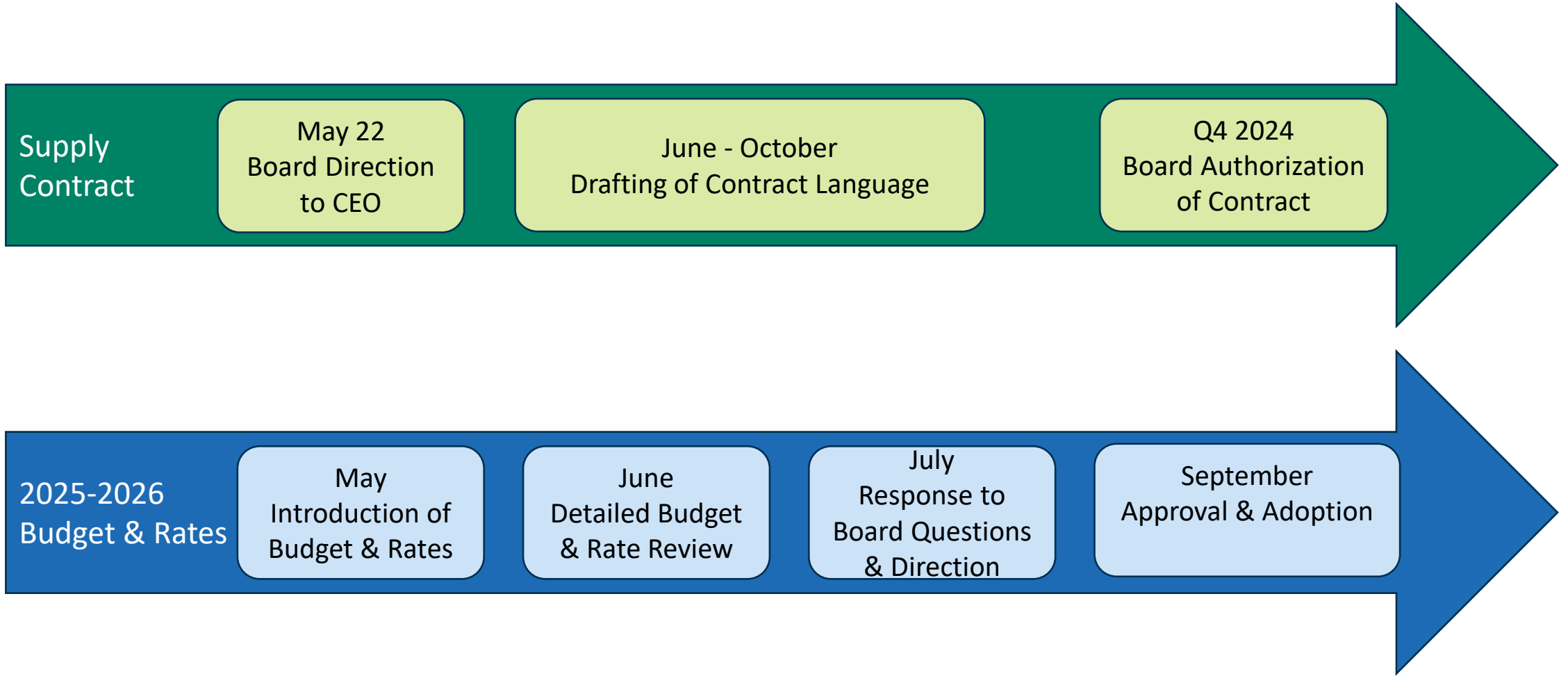


*Reduced Capital Needs from 2025-2040: \$200 Million*



# Open Questions and Discussion

# Next Steps



# Reference Slides



# Decade-Level Water Supply Project Plan

	2025-2029	2030-2039	2040-2049	2050-2059	2060-2069	2070-2079	2080-2089	2090-2099
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Begin using Tacoma Water

Begin using Lake Tapps

## Projects

<b>Overall TCP System</b>	<input checked="" type="checkbox"/> Planning <input checked="" type="checkbox"/> Franchise & ROW	<input checked="" type="checkbox"/> Planning <input checked="" type="checkbox"/> Franchise & ROW	<input checked="" type="checkbox"/> Decadal Planning	<input checked="" type="checkbox"/> Decadal Planning	<input checked="" type="checkbox"/> Decadal Planning	<input checked="" type="checkbox"/> Decadal Planning	<input checked="" type="checkbox"/> Decadal Planning	<input checked="" type="checkbox"/> Decadal Planning
<b>Central Segment</b>	<input checked="" type="checkbox"/> Planning <input checked="" type="checkbox"/> Design	<input checked="" type="checkbox"/> Construction						
<b>North Segment</b>	<input checked="" type="checkbox"/> Planning <input checked="" type="checkbox"/> Design	<input checked="" type="checkbox"/> Design <input checked="" type="checkbox"/> Construction						
<b>Parallel BIP</b>	<input checked="" type="checkbox"/> Planning		<input checked="" type="checkbox"/> Design <input checked="" type="checkbox"/> Construction					
<b>Booster Pump Station</b>	<input checked="" type="checkbox"/> Planning		<input checked="" type="checkbox"/> Design <input checked="" type="checkbox"/> Construction					
<b>Storage / Facilities</b>	<input checked="" type="checkbox"/> Planning		<input checked="" type="checkbox"/> Design <input checked="" type="checkbox"/> Construction					
<b>Eastside Connections</b>	<input checked="" type="checkbox"/> Planning		<input checked="" type="checkbox"/> Design <input checked="" type="checkbox"/> Construction					
<b>BKR Bellevue</b>	<input checked="" type="checkbox"/> Planning		<input checked="" type="checkbox"/> Design <input checked="" type="checkbox"/> Construction					
<b>BKR Kirkland/Redmond</b>	<input checked="" type="checkbox"/> Planning		<input checked="" type="checkbox"/> Design	<input checked="" type="checkbox"/> Construction				
<b>BKR Kirkland/Redmond</b>	<input checked="" type="checkbox"/> Planning		<input checked="" type="checkbox"/> Design	<input checked="" type="checkbox"/> Construction				
<b>South Segment</b>				<input checked="" type="checkbox"/> Design	<input checked="" type="checkbox"/> Construction			
<b>Lake Tapps Phase 1</b>				<input checked="" type="checkbox"/> Design	<input checked="" type="checkbox"/> Construction			
<b>Lake Tapps Phase 2</b>							<input checked="" type="checkbox"/> Design <input checked="" type="checkbox"/> Construction	

# 2025-2026 Planning Work

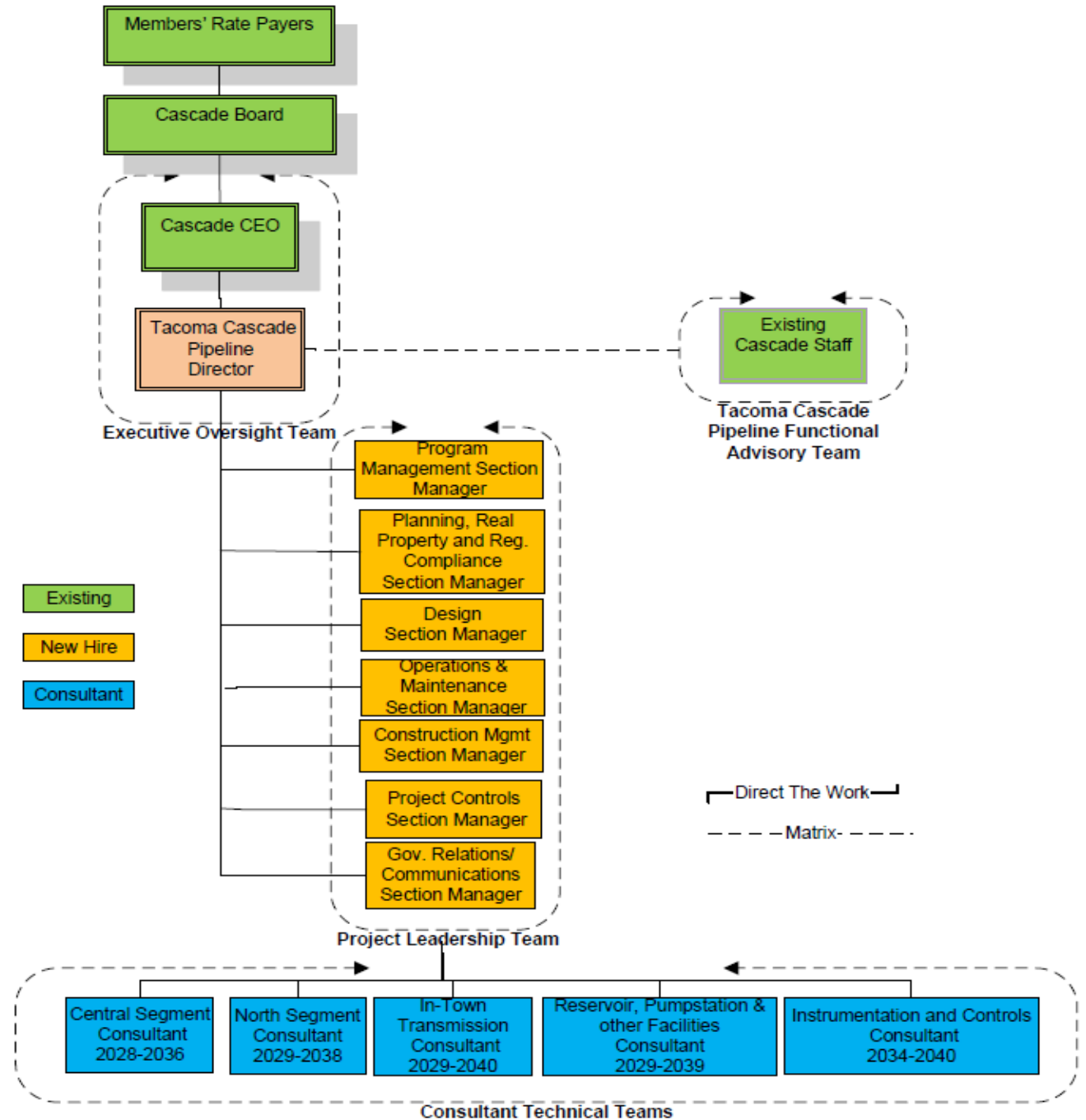


- Stand up project delivery organization (new staff and consultants) based on major functions:
  - Program management
  - Planning, real property, environmental review, regulatory compliance, GIS
  - Design
  - Operations and maintenance
  - Construction management
  - Project controls
  - Government relations, communications, and outreach
- Perform optimization planning and studies on project requirements and finalize major infrastructure capacity, sizing and alignment
- Establish baseline project performance (scope, budget and schedule) and financial requirements by end of 2026



# Organizational Structure (Draft)

- Draft organizational structure once fully staffed with new positions and consultants. (Staffing will ramp up over time.)
- 2025-2026 budget proposal will include resources needed for the next biennium.
- Most critical near-term position: Pipeline Director.



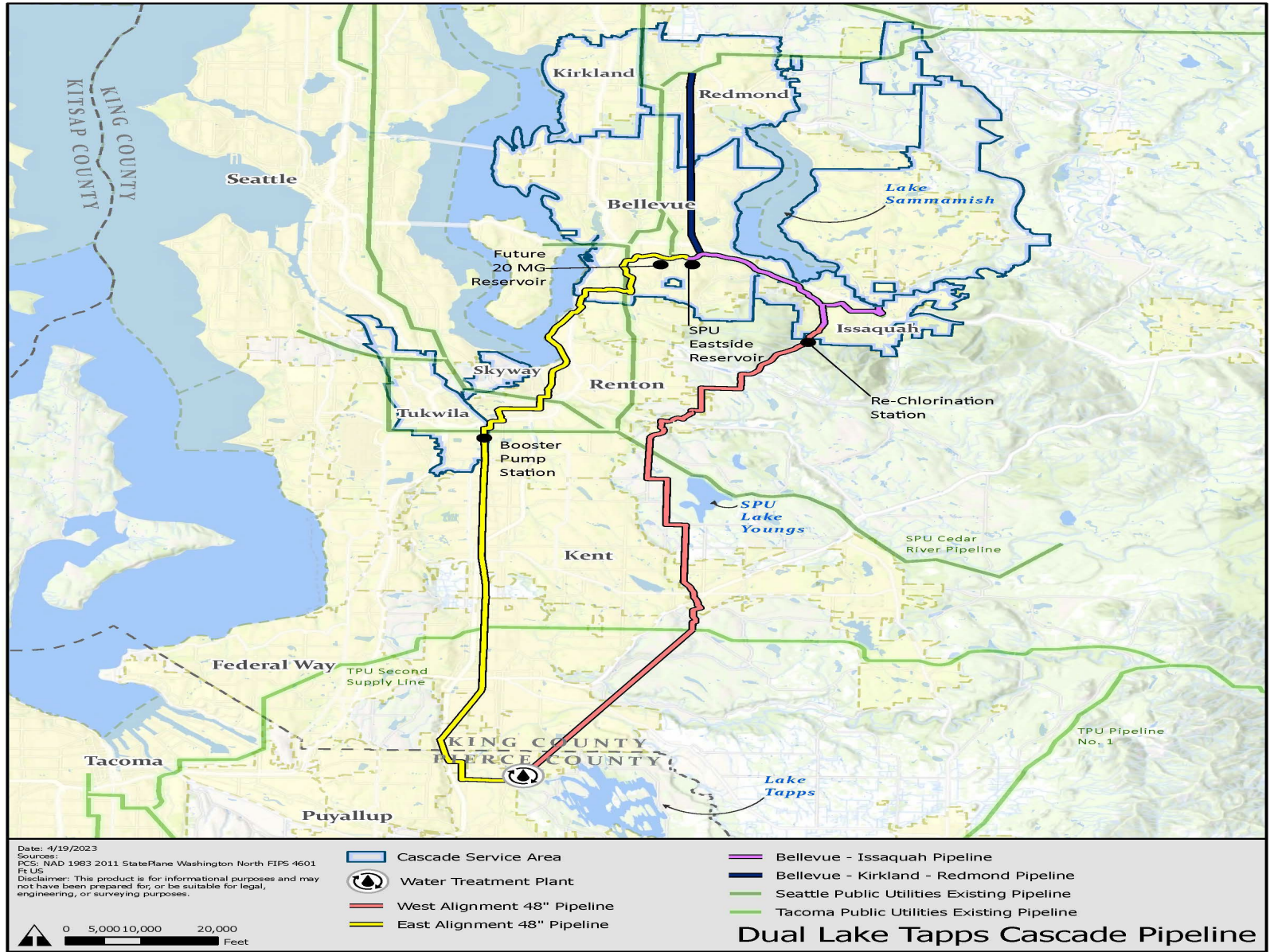
# 2025-2026 Planning Work Continued



- Optimization planning and studies (overlay with Transmission & Supply Plan development):
  - Single vs. multiple pipelines
  - Single vs. multiple corridors
  - Phasing of Lake Tapps Reservoir treatment plant development
  - Storage and pumping elements
- Pursue wheeling option



# Potential Supply System

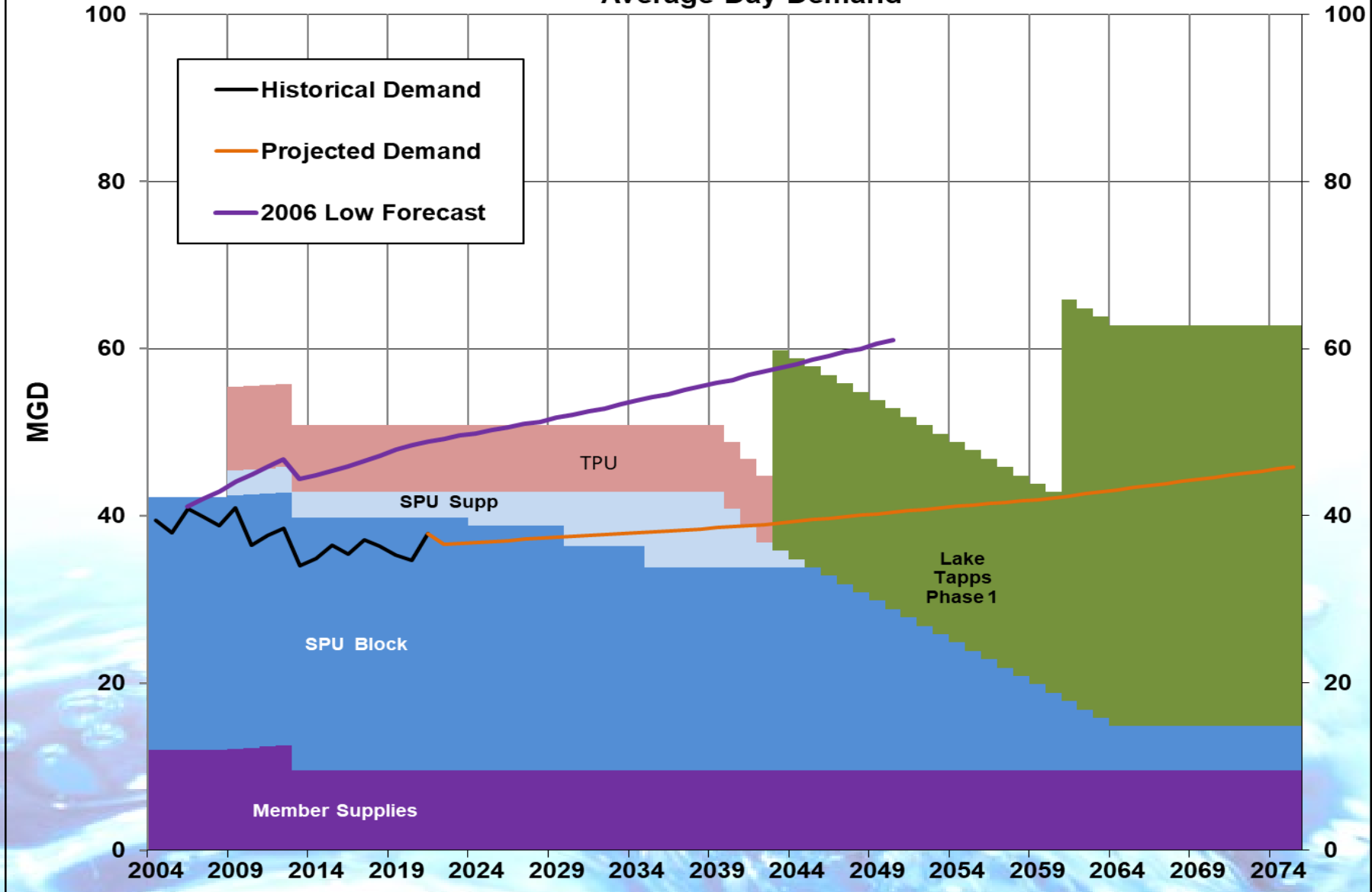




# Cascade Supply & Demand Forecast

## Base Scenario: Lake Tapps 2042

### Average Day Demand





# Budget & Rate Assumptions

## Operating vs. Capital:

- ❖ 2025: 100% Operating
- ❖ 2026: 50% Operating, 50% Capital
- ❖ 2027 and beyond: 100% Capital

## Contingency & Risk Reserves:

- ❖ Soft Cost Contingency: +10% of Soft Cost (inclusive of Cascade Staff Resources)
- ❖ Hard Cost Contingency : +25% of Hard Cost
- ❖ Project Risk Reserve: +30% of Total Cost (inclusive of Soft Cost, Hard Cost, Contingencies)

## **AGENDA MEMORANDUM**

### **SUBJECT**

Motion to adopt Resolution No. 2024-05 amending the 2024 Budget and the 2023 - 2028 Capital Improvement Program (CIP).

### **BACKGROUND**

The Cascade Board of Directors has established a two-year fiscal biennium budget that consists of two consecutive annual budgets, which together are referred to as “the biennial budget.” Funds within the biennial budget appropriates funds for two consecutive but non-transferrable years.

The bulk of the work on Phase 3 of the US Army Corps of Engineers’ (USACE) Mud Mountain Dam Fish Passage Project (MMD FPP) was budgeted for 2023 (\$3M) but the project was delayed last year. This month Cascade received a funding request from the USACE and now believes the bulk of the project work to occur later this year.

The attached resolution increases the CIP budget for 2024 by \$1.8M. This proposed amendment is a timing adjustment. It does not exceed CIP budgets overall, or for the 2023-2024 biennium, and does not affect member rates.

The Finance and Management Committee recommended the resolution for the consent agenda.

### **PROCUREMENT PROCESS**

Not applicable.

### **FISCAL IMPACT**

The resolution increases the construction budget by \$1,800,000 to cover the USACE project being delayed to 2024. The 2023 CIP budget was underspent by \$3.9M due mainly to the delay in the USACE project.

### **OPTIONS**

1. Adopt Resolution No. 2024-05 amending the 2024 Budget and the 2023 - 2028 Capital Improvement Program.
2. Do not adopt Resolution No. 2024-05 and provide alternate directions to staff.

### **RECOMMENDED ACTION**

Adopt Resolution No. 2024-05 amending the 2024 Budget and the 2023 – 2028 Capital Improvement Program.

### **ATTACHMENTS**

1. Proposed Resolution Number 2024-05.



A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,  
A WASHINGTON MUNICIPAL CORPORATION, REGARDING  
AMENDMENT TO THE ADOPTED 2024 BUDGET

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;

WHEREAS, by Resolution 2010-08, the Cascade Board of Directors (“Board”) established a two-year fiscal biennium budget that will consist of the adopted two consecutive annual budgets, which together shall be referred to as “the biennial budget” which will appropriate funds for two consecutive but non-transferrable years;

WHEREAS, by Resolution No. 2022-15 the Board approved the 2023-2024 Budget and 2023-2028 Capital Improvement Program; and

WHEREAS, the Board now desires to amend the 2024 Budget to increase appropriation authority to the Construction fund to account for the delay in the USACE project delay.

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

**Section 1. 2024 Budget**

The Adopted 2024 Budget is amended as follows:

<i><b>Fund</b></i>	<i><b>2024 appropriation authority as adopted 9-28-22</b></i>	<i><b>2024 appropriation authority as amended 4-24-24</b></i>
Operating	\$54,246,578	\$54,246,578
Water Supply Development Fund	\$11,370,104	\$11,370,104
Rate Stabilization	\$2,290,715	\$2,290,715
Construction	\$24,298,926	<b>\$26,098,926</b>
Bond	\$23,170,942	\$23,170,942
<b>Total</b>	<b>\$115,377,264</b>	<b>\$117,177,264</b>

**Section 2. 2024 – 2028 Capital Improvement Program**

The Capital Improvement Program is amended as follows:

Project	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2024-2028 Total
301-Upper Conveyance	\$2,075,000	\$50,000	\$50,000	\$500,000	\$2,000,000	\$4,675,000
303-Lower Conveyance	\$1,000,000	\$2,500,000	\$3,000,000	\$1,500,000	\$100,000	\$8,100,000
304-Lake Tapps Reservoir	\$0	\$0	\$1,200,000	\$600,000	\$0	\$1,800,000
305-SCADA and Security	\$0	\$0	\$0	\$0	\$0	\$0
306-Facilities	\$200,000	\$0	\$0	\$100,000	\$100,000	\$400,000
307-Equipment	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$375,000
310-Bellevue-Issaquah Pipeline(BIP)	\$130,000	\$550,000	\$550,000	\$0	\$0	\$1,230,000
324-IT Infrastructure	\$35,000	\$25,000	\$35,000	\$25,000	\$35,000	\$155,000
<b>Subtotal - Projects</b>	<b>\$3,515,000</b>	<b>\$3,200,000</b>	<b>\$4,910,000</b>	<b>\$2,800,000</b>	<b>\$2,310,000</b>	<b>\$16,735,000</b>
315-Capital Risk	\$500,000	\$500,000	\$600,000	\$600,000	\$600,000	\$2,800,000
309-Tacoma Agreement	\$6,216,872	\$6,341,209	\$6,468,033	\$6,597,394	\$6,729,342	\$32,352,850
322-Seattle Agreement	\$5,000,000	\$0	\$0	\$0	\$0	\$5,000,000
<b>Grand Total</b>	<b>\$15,231,872</b>	<b>\$10,041,209</b>	<b>\$11,978,033</b>	<b>\$9,997,394</b>	<b>\$9,639,342</b>	<b>\$56,887,850</b>

**Section 3. 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 meeting thereof, held on the 22nd day of May 2024.

CASCADE WATER ALLIANCE

\_\_\_\_\_  
Penny Sweet, Chair

\_\_\_\_\_  
Attest – Ray Hoffman, Chief Executive Officer

\_\_\_\_\_  
Angela Birney, Vice Chair

\_\_\_\_\_  
Mary Lou Pauly, Secretary/Treasurer

Members  
Yes \_\_\_\_\_  
No \_\_\_\_\_

Demand Share  
Yes \_\_\_\_\_ %  
No \_\_\_\_\_ %

Include in CWAC?  
 Yes  
 No

## AGENDA MEMORANDUM

### **SUBJECT**

Motion to adopt Resolution No. 2024-06 regarding Wholesale Water Supply Contract Negotiations.

### **BACKGROUND**

Cascade's current contract with Seattle Public Utilities (Seattle) for drinking water is a declining block agreement for 33.3 million gallons per day (MGD) for average use and 63 MGD for peak use through 2039. Starting in 2039, the block of water begins to decline annually until reaching 5.3 MGD by 2064. The block agreement ends December 31, 2063, with the exception that Cascade can continue to purchase 5.3 MGD for its Members.

In 2009, Cascade purchased the White River-Lake Tapps Reservoir system as a source of future drinking water supply. Cascade's *Base Case* scenario assumes the Lake Tapps Reservoir will need to be in service by 2042 to replace declining Seattle supply. The estimated cost to develop the Reservoir is about \$2 billion. Cascade needs 20 years to plan, conduct environmental review, secure permits and property rights, design, and construct the transmission pipes, treatment plant, and other facilities and assets.

Based on Seattle's, Tacoma's, and Everett's current water system plans, water supply in the region should be ample through at least 2060. Cascade's business model calls for the use of available regional water to "bridge" demand until the Lake Tapps Reservoir is developed. Given this, coupled with the 20 years needed to develop the Lake Tapps Reservoir, in July 2021, Cascade's Board of Directors directed staff to pursue two potential supply contracts with Seattle and Tacoma, with the following objectives:

1. A 20-year (or longer) extension of contract supply sufficient to defer development of the Lake Tapps Reservoir,
2. Reasonable and predictable costs,
3. Net economic and/or rate benefit versus developing Lake Tapps Reservoir,
4. Flexibility in contract term and/or quantity to allow for future variation in supply and demand,
5. Possible further extensions if mutually beneficial given supply/demand status, and
6. Possible partnership opportunities for assets of regional significance.

### ***Benefits of Tacoma's Proposal***

After more than two years of discussions, Seattle and Tacoma both offered terms that would allow Cascade to cost-effectively defer developing the Lake Tapps Reservoir. Cascade thoroughly analyzed both proposals, presented the information to the Board on multiple occasions, responded to questions from the Board and member staff, and received Board feedback. In addition, both Seattle and Tacoma presented their proposals directly to the Board.

Tacoma's proposal meets the objectives listed above and provides greater benefits than Seattle's, as described below. A summary of both proposals is provided in Attachment A.

- Longer Supply Certainty. Tacoma offered Cascade a 25-year guaranteed supply of water, through 2064. Seattle offered Cascade a 10-year guaranteed block extension

through 2049 and two five-year conditional block extensions through 2054 and 2059, respectively. If conditions are not met, the first of those could be secured by Cascade by paying a rate premium of 25%, providing an assured 15 years. Seattle also offered individual Cascade Members (not Cascade as an organization), 40-year contracts through 2099. For the five-year extensions and 40-year contracts, the conditions are based on conservative supply and demand projections. In addition, for the 40-year contracts, the earlier extensions must be realized, Seattle must secure new supplies through intertie access by 2044, and the Members would face a 25% rate premium compared to other wholesale customers. Regardless of whether a Member chooses to sign a 40-year contract, Members will still be legally responsible for maintaining the Lake Tapps Reservoir system unless it is sold or otherwise transferred to another entity.

- Cost Effectiveness. Tacoma's proposal provides more financial benefit than a 10-year, 15-year, or 20-year extension with Seattle in terms of total cost (net present value), unit cost, rate increases, and debt. Seattle's proposal is more cost-effective than Tacoma's only under the unlikely scenario in which individual Members sign contracts with Seattle through 2099.
- Reduced Construction Risk. The financial analysis includes the cost to develop the Lake Tapps Reservoir for both the Tacoma proposal and Seattle extension options. Contracting with Tacoma allows Cascade to phase development over time by building two-thirds of the transmission pipelines in the 2030s and building the remaining pipelines and the treatment plant two decades later. A 10, 15, or 20-year extension with Seattle requires building the transmission pipelines and treatment plant concurrently within a compressed period of time, greatly increasing construction risk. A phased construction approach with the Tacoma option also enables Cascade to increase rates more moderately.
- Regionalism and Resiliency. Projections show that the tri-county area will continue to have an ample supply of water decades into the future. The challenge is that these systems are currently not connected. Cascade and Tacoma have a strong interest in partnering with each other and with other utilities to plan for the region's future today -- before a regional solution is needed. A contract with Tacoma would be a first step toward creating a regional water system in which water can move to where it is needed, similar to the electricity industry. Such a system would increase resiliency for Puget Sound water utilities. If and when the Lake Tapps Reservoir is developed, it could be an important part of the regional system. Maximizing the region's water supply and water rights can also defer the need for individual utilities to find new, expensive sources of supply to meet their customers' demand.
- Flexibility. Tacoma's proposal, with its longer term guaranteed supply, ability to phase construction, and opportunity to partner on a regionalized water system, also provides Cascade with flexibility. The future is uncertain, and Cascade needs to be able to adapt to changing circumstances, such as significant changes in regional supply and demand.

Resolution 2024-06, directs Cascade staff to:

- a. Negotiate the terms of a water supply contract consistent with the six objectives outline by the Board in July 2021,

- b. Commence drafting of the contract documents with Tacoma consistent with the term sheet that's attached to the Resolution,
- c. Continue open communications with Seattle,
- d. Provide regular status updates to the Board, and
- e. Provide briefing and presentation of contract documents for Board authorization, preferably by the fourth quarter 2024.

### **PROCUREMENT PROCESS**

Not applicable.

### **FISCAL IMPACT**

Contracting with Tacoma is more cost-effective than developing the Lake Tapps Reservoir by 2042. In terms of net present value, it is an estimated savings of \$298M. The extended capital development schedule also reduces rate pressure and financial risk throughout the multi-decade supply development period. Finally, by reducing initial capital expenditures, the Tacoma option also provides a more favorable near-term rate profile. Longer-term rates are also moderated by the separation of capital development into “generations” of projects, which also helps to meet generational equity objectives. (See Attachment B.)

The near-term budget and rates impact of this proposed action will be included in Cascade’s proposed 2025-2026 operations and maintenance budget, 2025-2026 rates, and 2025-2030 capital budget for Board review and approval. The budget proposals will include additional staffing needs to build the infrastructure needed to connect to Tacoma’s pipeline.

Consistent with Cascade code, staff will embark on developing a project funding plan that considers various forms of debt and assistance, establishes a funding strategy for the initial projects, and evaluates cost and schedule risks. The funding plan will be developed in 2025 and provided to the Board for review, consideration, and ultimate adoption as the financial plan for project implementation.

### **OPTIONS**

- 1. Adopt Resolution No. 2024-06, Regarding Wholesale Water Supply Contract Negotiations.
- 2. Do not adopt Resolution No. 2024-06 and provide alternative direction to Cascade.

### **RECOMMENDED ACTION**

Adopt Resolution No. 2024-06.

### **ATTACHMENTS**

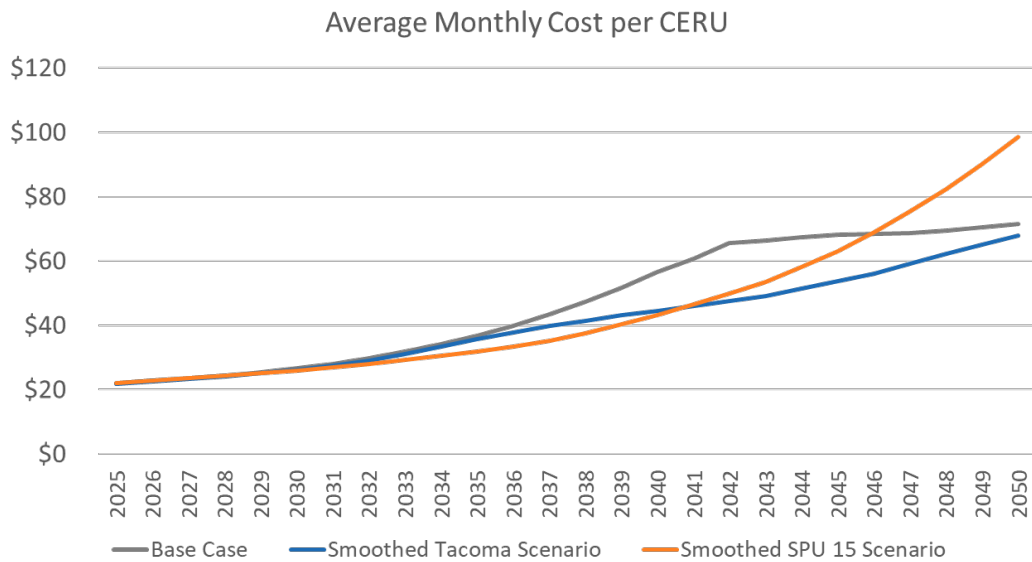
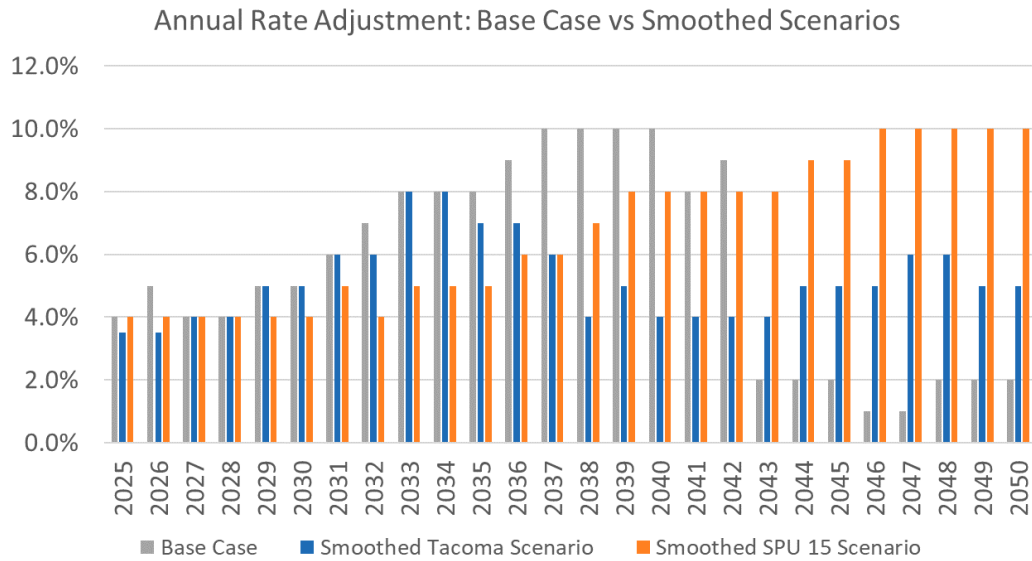
- A. Summary of Seattle’s and Tacoma’s Proposals
- B. Projected Smoothed Rate Paths and CERUs
- C. Resolution No. 2024-06, Regarding Wholesale Water Supply Contract Negotiations.
- D. Potential Wholesale Water Supply Contract with Tacoma Public Utilities (“Draft Term Sheet”)



## SUMMARY OF SEATTLE'S AND TACOMA'S PROPOSALS

	Seattle Proposal	Tacoma Proposal
<b>Terms, Capacity, &amp; Payments</b>	<ul style="list-style-type: none"> <li>▪ 10-year <u>guaranteed</u> block extension <ul style="list-style-type: none"> <li>○ 2040-2049</li> <li>○ 33.3 MGD average and 63 MGD peak through 2049, then declines annually</li> <li>○ Annual payments increase from 2024 to 2034 plus additional lump sum payments of \$14M (in 2023 dollars)</li> </ul> </li> <li>▪ 5-year <u>conditional</u> block extensions: <ul style="list-style-type: none"> <li>○ Specific supply and demand conditions must be met</li> <li>○ 1<sup>st</sup> extension: 2050-2054; if conditions <u>not</u> met, can extend by paying 25% rate premium</li> <li>○ 2<sup>nd</sup> extension: 2055-2059</li> <li>○ 33.3 MGD average and 63 MGD peak</li> </ul> </li> <li>▪ 40-year <u>conditional</u> contracts: <ul style="list-style-type: none"> <li>○ Only offered to individual Cascade Members, not Cascade as an organization</li> <li>○ 2060-2099</li> <li>○ Conditions: both 5-year extensions occur, supply and demand conditions met, Seattle secures an intertie for more supply</li> <li>○ Members pay a 25% rate premium</li> <li>○ No limit on water use</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ 25-year guaranteed contract (2040-2064)</li> <li>▪ 24 MGD average and 35 MGD peak through 2064</li> <li>▪ 12 MGD average and 17.5 MGD peak potentially available from 2065-2084 (Tacoma is open to increasing the supply amounts and to a permanent supply)</li> <li>▪ Rates roughly 20% below Seattle; payments largely based on water used</li> </ul>
<b>Financials</b>	<ul style="list-style-type: none"> <li>▪ 10-year guaranteed extension plus two five-year conditional extensions (20 years total): <ul style="list-style-type: none"> <li>○ \$132M savings versus developing Lake Tapps Reservoir by 2042</li> <li>○ Major rate spike in 2050s during Lake Tapps Reservoir construction</li> </ul> </li> <li>▪ 40-year conditional contracts: <ul style="list-style-type: none"> <li>○ \$467M savings versus developing Lake Tapps Reservoir by 2042; \$907M savings if Lake Tapps Reservoir development is avoided</li> <li>○ No major rate spikes but steady upward trend</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ \$298M savings versus developing Lake Tapps Reservoir by 2042</li> <li>▪ Moderate rate increases spread out over more time</li> </ul>
<b>Capital Needs Prior to Lake Tapps</b>	None	Central and North transmission pipelines in service by ~2040 and later used for Lake Tapps Reservoir delivery; intown transmission to be constructed later
<b>Capital Needs for Lake Tapps Supply</b>	<ul style="list-style-type: none"> <li>▪ 10-year extension: Treatment plant, transmission pipelines in service by 2050</li> <li>▪ 10-year plus two 5-year extensions: Treatment plant, transmission pipelines in service by 2060</li> <li>▪ 40-year contracts: None if Lake Tapps Reservoir development is avoided</li> </ul>	Treatment plant and South transmission pipeline in service by 2065

## PROJECTED SMOOTHED RATE PATHS AND CERUS



### Key Take-Aways:

- A decision to enter into a wholesale contract consistent with the draft Tacoma “term sheet” would produce a lower immediate rate impact than the base case or the Seattle scenario: 3.5% per year in 2025-2026.
- The Tacoma scenario shown above would have lower rates in the medium-term than the base case, avoiding the anticipated series of 10% per year increases shown in grey.
- The Tacoma scenario shown above would have lower rates in the long-term than either the base case (develop Lake Tapps Reservoir by 2042) or the Seattle scenario, avoiding the anticipated series of 10% per year increases shown in orange.



A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE CASCADE WATER ALLIANCE,  
A WASHINGTON MUNICIPAL CORPORATION,  
REGARDING  
WHOLESALE WATER SUPPLY CONTRACT NEGOTIATIONS

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 Cascade currently provides a wholesale water supply to its Members purchased under the *Second Amended and Restated Declining Block Water Supply Agreement between the City of Seattle and Cascade Water Alliance*, dated July 15, 2013 ("Block Contract"); and

WHEREAS the Block Contract is a declining block agreement for 33.3 million gallons per day (MGD) for average use, and 63 MGD for peak use, through 2039. Starting in 2039, the block of water begins to decline annually until reaching 5.3 MGD by 2064. The block agreement ends December 31, 2063 with the exception that Cascade can continue to purchase 5.3 MGD from the City of Seattle ("Seattle"); and

WHEREAS Cascade purchased the Lake Tapps Reservoir System as a source of future drinking water supply with the intention to develop the Reservoir and transmission infrastructure to be in service as the Block Contract supply declines; and

WHEREAS the Lake Tapps Reservoir will need to be developed and in service by 2042 unless Cascade can extend its Block Contract with Seattle or enter into a new supply contract with another wholesale water provider; and

WHEREAS Cascade's business model calls for using available regional drinking water supply to bridge its Members' demand until the Lake Tapps Reservoir is developed, and current projections show ample regional supply through at least 2060; and

WHEREAS Cascade staff, at the direction of the Board of Directors (Board), requested and received proposals from Seattle and from the City of Tacoma, Department of Public Utilities, Water Division (“Tacoma”) for drinking water supply contracts to achieve the following six objectives: (1) a 20-year (or longer) extension of contract supply sufficient to defer development of the Lake Tapps Reservoir, (2) at reasonable and predictable costs, (3) with net economic and/or rate benefit versus developing Lake Tapps Reservoir, (4) with flexibility in contract term and/or quantity to allow for future variation in supply and demand, (5) with possible further extensions if mutually beneficial given supply/demand status, and (6) with possible partnership opportunities for assets of regional significance; and

WHEREAS after receiving in-depth reports from Cascade staff regarding the two years of discussions with both Seattle and Tacoma and regarding proposals from Seattle and Tacoma, and after receiving presentations from Seattle’s General Manager and Tacoma’s Superintendent, the Board now desires to provide direction to the Cascade staff on contract negotiations.

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

**Section 1.** Cascade staff is directed as follows: (a) negotiate the terms of a water supply contract consistent with the six objectives stated above; (b) commence drafting of the contract documents with Tacoma consistent with the attached term sheet; (c) continue open communications with Seattle; (d) provide regular status updates to the Board; (e) provide briefing and presentation of contract documents for Board authorization, preferably by the fourth quarter 2024.

**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 special meeting thereof, held on the 22nd day of May 2024.

CASCADE WATER ALLIANCE

---

Penny Sweet, Chair

---

Attest – Ray Hoffman, Chief Executive Officer

---

Angela Birney, Vice Chair

---

Mary Lou Pauly, Secretary/Treasurer

Members

Yes \_\_\_\_\_

No \_\_\_\_\_

Demand Share

Yes \_\_\_\_\_ %

No \_\_\_\_\_ %

Include in CWAC?

— Yes

X No

**DRAFT May 7, 2024****Cascade Water Alliance  
Potential Wholesale Water Supply Contract with  
Tacoma Public Utilities****1. BACKGROUND****1.1 PURPOSE OF THIS DOCUMENT**

Discussions between Cascade Water Alliance (Cascade) and the City of Tacoma Public Utilities (Tacoma) have led to a potential framework for a wholesale supply agreement that could support Cascade's development strategy while providing Tacoma a revenue stream using existing source and capacity. This memo summarizes Cascade's current understanding of a potential agreement. It is not intended to be legally binding on the parties.

**1.2 CASCADE WATER ALLIANCE**

Cascade has 33.3 mgd of contract wholesale block water (peaking capacity up to about 65 mgd) available from City of Seattle Public Utilities (Seattle) through 2039. Beginning in 2040, the Seattle contract capacity declines 2 mgd per year for 4 years, then 1 mgd per year thereafter until reaching 5.3 mgd by 2064, the end of the contract term. Cascade members also own independent supplies producing about 8 mgd of annual supply.

Cascade holds water rights for a Lake Tapps Reservoir water supply that could ultimately supply 48.5 mgd annual average and up to 100 mgd peak supply. Cascade also owns property interests necessary to construct water treatment facilities, although it does not own all property interests needed to construct the water supply transmission infrastructure to the Cascade service area. The Lake Tapps supply system is currently planned to come on-line by 2042 in order to displace lost contractual supply capacity.

Cascade's long-term planning indicates a potential financial and economic advantage for Cascade to defer Lake Tapps supply development through the use of extended wholesale supply contracts. Deferral can also provide a regional benefit through more efficient use of existing available supplies and a revenue benefit for wholesale providers. An extension of the development schedule for the Lake Tapps municipal water right was approved by the Department of Ecology. With this extension, Cascade could defer development until as late as 2065 (start of construction) and full use of the water rights until as late as 2085.

In addition to the extension of the development schedule under the water right, the relative viability of deferral options is also contingent on securing adequate substitute supply capacity and reasonable financial terms for new or extended wholesale contracts. Given the long-term nature of the necessary contracts and the long lead time for developing Lake Tapps supply and transmission, flexibility is also important as part of a reliable supply portfolio. For wholesale providers, extended supply to Cascade is balanced with risk of the supply portfolio relative to demand.

Cascade’s long-term planning has also projected small to moderate increases in total water demand, consistent with current trends of increasing efficiency and urban densification that have largely offset population growth in Cascade Members’ service areas. Together with focused water efficiency programs, Cascade anticipates reduced peak factors as well as moderated demand forecasts in the future. Therefore, Cascade water supply needs relate largely to replacement of existing contract capacity, while the availability of the Lake Tapps source provides long-term protection against any major underestimation of future demands.

Based on a review of Cascade’s long-term supply strategy, Cascade’s Board has directed staff to explore wholesale supply contracts with Tacoma and Seattle that could allow a deferral of the Lake Tapps supply system for an extended period of time. While Seattle has the advantage of using existing infrastructure to deliver contracted supplies, a Tacoma supply could provide coordinated development of transmission capacity that can also eventually deliver Lake Tapps water, provide Cascade a more reliable supply system, and spread capital costs over time. This strategy could also foster regional connectivity, enhancing resiliency with respect to earthquake recovery and climate change impacts.

**1.3 TACOMA**

*[Water availability description may be added.]*

**2. POTENTIAL ELEMENTS OF A TACOMA WHOLESALE SUPPLY CONTRACT WITH CASCADE**

**2.1 SUPPLY COMMITMENTS**

**2.1.1 Full Supply Commitment**

Tacoma will<sup>1</sup> provide a full supply commitment of up to 24 mgd annual average and 35 mgd peak day supply, beginning in 2041 and extending through 2065. Cascade will phase into use of the Tacoma supply capacity as Cascade’s wholesale block water from

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<sup>1</sup> The work “will” is used throughout for ease of reading, but the parties recognize that certainty of all terms of the agreement remain subject to negotiation.

Seattle declines. Due to hydraulic limitations on Tacoma's Pipeline 5 (P5), and related wholesale and Regional Water Supply System (RWSS) Partner supply obligations, supply commitments greater than 35 mgd to Cascade are contingent on contractual modifications between Tacoma and its existing wholesale customers. There are no such revisions under consideration at this time. However, Tacoma is open to revisiting its water supply commitment to Cascade periodically to see if any additional water supply can be made available to Cascade and/or if the term can be extended. Tacoma is open to examining its system to see if the addition of certain infrastructure will increase Tacoma's ability to deliver more than 35 MGD to Cascade.

### **2.1.2 Reduced Supply Commitment**

Following the term for the full supply commitment, a reduced supply commitment equal to 50% of the original capacity (12 mgd average, 17.5 mgd peak) may be provided from 2066 through 2085. Tacoma will commit to additional capacity above 12 mgd average day and 17.5 mgd peak day at Tacoma's discretion. Pricing for a reduced supply commitment will be mutually agreed up at a later date.

### **2.1.3 Amendment of Supply Commitments**

The term and quantity of the Full Supply Commitment or Reduced Supply Commitment can be amended by mutual agreement. Specifically, this might include an earlier start date, an extension of the above supply commitments, or an increase or decrease in the supply quantities if mutually agreeable.

### **2.1.4. Cascade Option for Permanent Supply**

Cascade may execute an option to secure permanent wholesale supply of up to 12 mgd average and 17.5 mgd peak. Cascade's option will also allow for choosing to add permanent supply incremental to the contract capacity, substitute permanent capacity for term-limited contract capacity, or a combination of the two. Any permanent capacity will require the payment of a system development charge by Cascade to Tacoma. Once payment is made, Cascade will have access to the permanent capacity for as long as Tacoma sells wholesale water. Pricing of permanent supply will be at the wholesale rate published in the Tacoma Municipal Code.

## **2.2 RATE METHODOLOGY**

### **2.2.1 Introduction**

Given the long-term nature of the supply agreement, including a start date well in the future, both parties have an interest in defining reliable terms for wholesale rates. Such terms must adapt to changing conditions but provide a rational and consistent basis for rate-setting that will occur decades in the future.

A utility-based rate methodology as generally defined by the American Water Works Association (AWWA) has been developed by Tacoma's and Cascade's consultant, FCS



Group. The utility basis establishes a capital cost basis and operating cost basis which together define a revenue requirement. The methodology then defines a basis for allocation of capital and operating costs to Cascade as a system customer. Finally, a rate structure is defined to recover Cascade's allocated share of costs.

The FCS Group methodology has been developed and evaluated and appears agreeable to both parties. The methodology will be documented by FCS Group and incorporated into the wholesale supply contract (body or exhibit) and will include the following elements.

### **2.2.2 Capital Cost Recovery**

- 1) Define "rate base" as all Tacoma supply system assets that are in service and allocable to Cascade. This will be based on a generalized supply system that in aggregate meets all of Tacoma's regional supply needs including supplying Cascade. Unless explicitly agreed to, it excludes water conservation investments, as each party pursues those programs at their own initiative.
- 2) Define general rules for future additions and deletions from the asset base based on actual capital activity, including the types or classes of assets allowed and when new investments are added to the asset base. Cascade and Tacoma have agreed that supply assets can be included while under development using a Construction Work in Process (CWIP) approach, which allows a return on incomplete assets in lieu of accumulating carrying costs. This approach increases Cascade's costs in parallel with Tacoma's, provides more stable rate trajectories, and avoids a compounding of project financing costs. Generally accepted accounting standards will be relied upon to distinguish between capital investments and operating expenses unless otherwise agreed. Depreciation will commence after a new asset is placed into service.
- 3) Define a basis for allocating Cascade's share of the supply system. This will be based on relative share of capacity assigned to Cascade (e.g. 24/35 mgd vs. total system capacity).
- 4) Identify original cost, useful lives, and annual and cumulative depreciation associated with the supply system.
- 5) Establish a methodology or formula for "rate of return on rate base" consisting of cost of debt and return on equity. The formula will index the total return to cost of debt plus a specified margin (absolute or percentage) and apply it to the entire rate base uniformly.
- 6) Determine total annual capital charges consisting of depreciation and return on rate base for the defined regional supply system.

- 7) Determine a unit cost per unit of supply capacity (e.g. mgd) for the capital charges.
- 8) Allocate the total annual capital charges to Cascade based on the applicable contract capacity relative to the total applicable system capacity.

### **2.2.3 Operating and Maintenance Costs**

Operating and maintenance (O&M) costs will be based on actual historical cost and then indexed to establish a current cost basis.

- 1) Define regional supply O&M costs incurred to provide regional supply. This will include watershed, treatment, and transmission operating and maintenance costs. O&M costs will exclude any capitalizable expenditures, including capital replacements, which will instead be added to rate base.
- 2) Define administrative costs applicable to and excluded from Cascade charges, and determine the share of such costs applicable to the regional O&M costs. *[Alternatively, an administrative overhead factor could be defined and applied as a constant mark-up to O&M expenses.]*
- 3) Determine a unit cost (e.g. per mg or ccf) by dividing the resulting total operating expense by total projected applicable regional system usage.
- 4) Allocate total operating expense to Cascade based on Cascade's regional supply system annual usage.

The sum of the capital and O&M charges allocated to Cascade will define Cascade's total revenue requirement.

### **2.2.4 Payment Structure**

Tacoma has adopted wholesale rates applicable for water sales to wholesale customers that provide fixed and volumetric components. This type of structure appears reasonable as a means to provide an assured level of revenue based on capacity commitment, regardless of actual usage, plus a revenue stream tied to Cascade's actual usage.

The rate structure will reflect 25% of allocated costs (based on full utilization of contract capacity) recovered through fixed charges and 75% through volumetric charges. The fixed charges will be defined as a cost per mgd of contract capacity and charged and paid monthly. The volume charges will be defined as a cost per CCF based on metered deliveries and also charged and paid monthly. The fixed charge will be payable

regardless of whether or to what extent wholesale water is taken by Cascade, unless supply is interrupted by Tacoma.

### **2.2.5 Capacity Rental Charge**

For the period between wholesale supply contract execution and the beginning of water delivery, Tacoma may impose a Capacity Rental Charge (CRF) to Cascade. Methodology of the CRF will be determined at a future date and Tacoma is committed to reviewing and giving consideration to input from Cascade. Payments of CRFs will be credited against the rates paid by Cascade upon taking delivery of term-limited capacity.

## **2.3 ANNUAL RECONCILIATION**

Provided that agreed upon cost indices are applied to establish O&M costs, and given that capital costs will include CWIP, it is agreed that there will be no annual reconciliation needed.

## **2.4 USE OF CONTRACT WATER BY CASCADE**

Cascade will use the contracted water supply to satisfy its supply obligation to its Members, which consists of Member retail service area needs and existing supply and emergency intertie agreements. Cascade membership could change over time, potentially adding members who may be supplied under this wholesale supply contract. Cascade will not sell water purchased under this wholesale supply contract to non-Members without Tacoma's written agreement and permission.

On an annual basis beginning in 2035, Cascade will provide Tacoma with a 10-year forecast of anticipated wholesale demands under the wholesale supply contract. While non-binding in terms of actual demands, this forecast will provide a basis for reasonable development of rate and supply operation strategies.

## **2.5 RELIABILITY**

Tacoma will provide water supply to Cascade at the same reliability standard as for its own system and consistent with its own system reliability. Periodic shutdowns of Pipeline 5 will be needed for maintenance. These shutdowns will be planned in advance and communicated prior to the shutdown occurring. Cascade will have to use alternate sources of water during these shutdowns. Cascade will be responsible for reliable transmission of the water supply from the delivery point to its own service area.

## **2.6 WATER QUALITY**

Tacoma will provide water supply to Cascade at the same water quality standard as for its own system. Based on system configuration, water supply to Cascade will normally be from Tacoma's Green River system, which will be filtration-treated and disinfected, and will meet all State and Federal regulatory standards.

Cascade currently provides fluoridated water from the Seattle system and plans to do the same from Lake Tapps. Tacoma's water is currently fluoridated and the wholesale supply contract will provide that this will not be terminated without sufficient notice for Cascade to implement an appropriate response.

Chlorine residual standards at the delivery point (high and low limits) will be defined.

If in the future Tacoma plans revisions to its supply strategy that might alter supply sources to Cascade's delivery point(s), Tacoma will coordinate with Cascade to manage and help minimize impacts from any planned changes to supply source, as these could affect water quality and blending requirements. For unplanned changes, Tacoma will provide timely notice of such change so that Cascade can manage impacts on its system.

Cascade will be responsible for determining its ability to blend this supply with its other water sources and for any measures needed to accommodate such mixing. Cascade will be responsible for maintaining adequate water quality and chlorine residuals through its transmission delivery system.

## **2.7 EMERGENCIES AND WATER SHORTAGES**

Cascade will rely on the wholesale supply contract as a major source of supply for its Members. Disruption of deliveries from Tacoma should be minimized and planned and noticed with adequate lead time for Cascade to manage the supply outage. Emergency shutdowns will need to be immediately communicated.

Cascade has an adopted water shortage response plan that provides for staged shortage response. Once Cascade has begun to materially utilize Tacoma water (greater than 5 mgd annual average), Cascade will initiate its water shortage response plan when Tacoma declares a water shortage. Cascade's response will be consistent with Tacoma's actions and level of demand reduction targeted. Cascade's and Tacoma's water shortage response plans will consider and, to the degree possible, provide minimum operational flows needed to operate the Cascade transmission system. Cascade agrees to coordinate with Tacoma to explore modified use of Cascade's supply options to help mitigate system impacts.

Cascade and Tacoma will review and coordinate shortage response plans and, to the degree necessary, Cascade will update its water shortage response plan for consistency with Tacoma's as to levels of response, actions taken, and reductions realized.

The Parties will develop communications protocols for shortages, supply disruptions and/or emergencies.

## 2.8 DELIVERY AND INTERCONNECTION

Tacoma will deliver the supply from one or more locations along the Tacoma Second Supply Project, at a location or locations determined by Tacoma to be suitable for delivery of the contracted volumes at adequate pressures. Cascade plans to develop a transmission line northward toward Issaquah or Bellevue, depending on route and alignment.

Cascade will be responsible for the cost of construction and operation of the water transmission system needed to deliver water from the Second Supply Project to Cascade's service area.

## 2.9 DELIVERY POINT(S), MAXIMUM FLOW RATES AND MINIMUM HYDRAULIC GRADIENT

Tacoma will deliver the supply via the Tacoma Second Supply Project, at a location or locations to be determined. Cascade is considering several transmission corridors, with a preferred corridor originating in Covington near 156<sup>th</sup> PI SE at SE 272<sup>nd</sup> St (SR 516). The alternate routing is located at the Interurban Trail corridor just east of SR-167 in Kent. Tacoma has determined that only the Covington site is viable to deliver the contract quantities. Cascade plans to develop a transmission line northward from the interconnection toward Issaquah or Bellevue, depending on route and alignment.

The Parties will define standards for minimum and maximum hydraulic gradient, along with a range of acceptable flow rates. A maximum flow rate will be specified as a percentage of the peak capacity (e.g. 120% to allow for diurnal flow variations or compensation for brief outages).

Tacoma will install, operate, and maintain metering equipment appropriate for wholesale supply delivery under this wholesale supply contract. Metering station capital costs will be assigned to Cascade as part of its share of rate base. Metering station O&M costs will be assigned to Cascade as part of its share of operating expenses, and subject to a related share of administrative costs as provided in the wholesale supply contract .

*Note: there may be a minimum as well as maximum flow rate necessary to maintain water quality in the Cascade transmission system.*

## 2.10 POTENTIAL REGIONAL BENEFITS OF TACOMA-CASCADE PIPELINE

The development of Cascade transmission facilities offers potential regional benefits through its ability to interconnect major regional supply sources. Those benefits could potentially include intertie with Seattle facilities near Lake Youngs, bidirectional flow, and potential access to or connection with utilities along the transmission corridor.

To date, Seattle has communicated that wheeling via Seattle facilities is not an available option. Cascade is therefore planning transmission extensions to within its service area

to deliver contracted Tacoma water. However, the benefits of regional interconnection for supply reliability and resiliency may motivate the major utilities to explore ways to regionalize the pipeline.

When Cascade has completed its detailed planning work, leading to decisions on routing and sizing of facilities, Cascade will share these results with Tacoma prior to substantive design work. At such time, considerations such as oversizing for wheeling, bidirectional flow, intertie of supply sources and leasing of capacity for wholesale or other purposes can be evaluated. Cascade will remain open to joint and shared participation in the pipeline possibly including Tacoma and Seattle.

Even if no regional initiatives are undertaken, Cascade will consider wheeling water through its facility to the degree that its primary use for supply transmission is not adversely affected.

If Tacoma wishes to use Cascade's transmission facilities used to deliver Tacoma water, Cascade will determine the extent to which capacity is available for such use and outline terms for wheeling use including possible constraints on availability. Any such use must first ensure Cascade's ability to deliver Tacoma and/or Lake Tapps water to its Member service areas.

Payment will be based on a wheeling charge using a methodology materially equivalent to the contract methodology for wholesale water outlined above, including any defined provisions for rate of return, recovery of O&M costs, and payment structure.

## **2.11 SYSTEM PLANNING**

Both Cascade and Tacoma will identify and acknowledge the wholesale supply contract in their respective water system plans, and will provide draft plans to each other for review and comment.

## **2.12 WATER EFFICIENCY**

Cascade and Tacoma will be separately responsible for water efficiency programs targeting their respective systems and customers.

## **2.13 GOVERNANCE**

Cascade and Tacoma will establish a standing contract management structure including regular meetings. This will be used to identify, assess and address wholesale supply and contract issues and to share information as it affects supply and demand under that contract.

## AGENDA MEMORANDUM

### SUBJECT

Motion to adopt Resolution No. 2024-07 authorizing a 2024 transfer of \$2,415,413 to the Cascade Water Supply Development Fund.

In November 2021, by Resolution No. 2021-10, the Board authorized creation and implementation of the Water Supply Development Fund (WSDF), including new code section 5.70. CWAC 5.70.020 provides for annual transfers to the fund based on both planned transfers and for unplanned opportunities under the “Shared Benefit” concept. For 2024, there are budgeted 2024 transfers based on the adopted 2024 budget and Shared Benefit transfers based on 2023 financial performance.

The following table summarizes the basis for the proposed 2024 transfer:

Financial Benefit	Revenue/Savings Realized	WSDF Share of Benefit	Current Share of Benefit
Construction Fund surplus balance <i>(scheduled transfer of 6- year excess)</i>		\$900,000	
Budgeted 2024 Operating Transfer <i>(from Rates)</i>		\$445,517	
Bond refunding savings in 2024	\$578,190	\$289,095	\$289,095
2023 Temporary Water Sale Demand Shares <i>(Issaquah)</i> :	\$27,602	\$13,801	\$13,801
2023 RCFCs in excess of budget: <i>(Growth of 1086.5 is below 1300 budget)</i>	\$0	\$0	\$0
2023 Temporary Water Sale RCFC surcharges <i>(Issaquah)</i> :	\$64,000	\$32,000	\$32,000
2023 Underspent CIP: <i>(excludes projects rolled into 2024)</i>	\$670,000	\$335,000	\$335,000
2023 Underspent Operating Fund: <i>(excludes SPU &amp; bond savings and expenses deferred rather than avoided)</i>	\$800,000	\$400,000	\$400,000
<b>TOTAL</b>	<b>\$2,139,792</b>	<b>\$2,415,413</b>	<b>\$1,069,896</b>

The transfers derive from the operating and construction funds as follows:

Operating Fund	\$ 1,148,413
Construction Fund	\$ 1,267,000

### PROCUREMENT PROCESS

Not applicable.



## **FISCAL IMPACT**

The action is consistent with the CWAC and represents a combination of budgeted transfers and “shared benefit” of unbudgeted windfalls. Relative to adopted budgets and financial plans, there is a net beneficial fiscal impact from the current portion of shared benefits net of the transfer, and a long-term beneficial impact from providing funds for major supply project construction.

## **OPTIONS**

1. Adopt Resolution No. 2024-07 authorizing a 2024 transfer of \$2,415,413 to the Cascade Water Supply Development Fund.
2. Do not adopt Resolution No. 2024-07 and provide alternative direction to staff.

## **RECOMMENDED ACTIONS**

Adopt Resolution No. 2024-07 authorizing a 2024 transfer of \$2,415,413 to the Cascade Water Supply Development Fund.

## **ATTACHMENTS**

Resolution 2024-07





CASCADE WATER ALLIANCE  
RESOLUTION NO. 2024-07

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,  
A WASHINGTON MUNICIPAL CORPORATION  
AUTHORIZING TRANSFER OF \$2,415,413 TO THE WATER SUPPLY DEVELOPMENT FUND

WHEREAS, the Cascade Water Alliance (“Cascade”) is a Washington Municipal Corporation composed of seven Members, which are municipal corporations and special purpose districts that are party to the Joint Municipal Utilities Services Agreement under the authority of Chapter 39.106 RCW for the purpose of providing water supply to meet the growing demands of its Members;

WHEREAS, Cascade Water Alliance Code (CWAC) 5.70.020 provides for planned and unplanned transfers to the Water Supply Development Fund (WSDF); and

WHEREAS, the Board now desires to authorize a transfer for 2024 consistent with CWAC 5.70.020.

NOW THEREFORE BE IT RESOLVED BY THE BOARD as follows:

**Section 1. Authorization of Fund Transfer to the Water Supply Development Fund**

The Board authorizes the following 2024 transfers totaling \$2,415,413 to the WSDF consistent with CWAC 5.70.020:

- A. Transfer of \$1,148,413 from the Operating Fund to the WSDF.
- B. Transfer of \$1,267,000 from the Construction Fund to the WSDF.

**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 the 22nd day of May 2024.

CASCADE WATER ALLIANCE

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Penny Sweet, Chair

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Attest – Ray Hoffman, Chief Executive Officer

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Angela Birney, Vice Chair

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Mary Lou Pauly, Secretary/Treasurer

Members

Yes \_\_\_\_\_

No \_\_\_\_\_

Demand Share

Yes \_\_\_\_\_ %

No \_\_\_\_\_ %

Include in CWAC?	
<input type="checkbox"/>	Yes
<input checked="" type="checkbox"/>	No



**EXECUTIVE COMMITTEE**

Penny Sweet, Chair, City of Kirkland  
Angela Birney, Vice Chair, City of Redmond  
Mary Lou Pauly, Secretary/Treasurer, City of Issaquah

**Meeting Recap  
Wednesday, April 10, 2024  
9:00 AM – 9:30 AM  
Held via Zoom**

**Discussion Items.**

- A. Water Supply Contract Negotiations – Meeting with Seattle Mayor Harrell.** At the March 27 Board Meeting, some Board Members suggested that a courtesy meeting with Seattle Mayor Harrell would be a good next step in the negotiations process. This item is for the Executive Committee to discuss a potential meeting.

***Recap:** The committee supported scheduling an Executive Committee meeting with Mayor Harrell. The committee desired an elected-to-elected conversation, but asked that Chuck Clarke, Lead Contracts Negotiator, attend if Mayor Harrell indicates staff will be present. The meeting is to be a courtesy meeting to preserve the positive working relationships that Board members have with the Seattle Mayor. Mayor Birney's Executive Assistant will propose the meeting to the Seattle Mayor's office, and Cascade staff will assist on scheduling if there is a positive response.*



## FINANCE & MANAGEMENT COMMITTEE

Mary Lou Pauly, Chair, City of Issaquah

Penny Sweet, City of Kirkland

Dave Hamilton, City of Bellevue

John Stokes, City of Bellevue

**Meeting RECAP**  
**Tuesday, April 16, 2024**  
**1:30 PM – 3:00 PM**  
**Held at Cascade's office and via Zoom**

### Call to Order

1. Chair Comments.
2. Executive Session.
3. Items Recommended for Action at the April 24, 2024 Board Meeting

**A. 2024 Water Supply Development Fund (WSDF) Transfers.** The annual transfer of funds to the WSDF derives from two sources: planned and budgeted 2024 transfers, and “shared benefit” transfers related to 2023 activities that produced surplus or windfall. The total transfer proposed is roughly \$2.4 million consistent with Cascade code provisions. Staff are asking for committee support and Board action to authorize the transfer consistent with Cascade code. (Attachments)

*Recap: The Committee was presented with the recommended WSDF transfers that resulted from the positive results of 2023. The committee requested that additional information be developed relating to the implications of the transfer versus different transfer amounts for consideration at the May FMC meeting.*

**B. Capital Improvement Program (CIP) Budget Adjustment.** The committee will consider an action to amend the 2024 Budget and the 2023 - 2028 CIP due to the U.S. Army Corps of Engineers' Phase 3 Project being delayed to 2024. (Attachments)

*Recap: The Committee discussed the proposed CIP budget adjustment and recommended it for the Consent agenda at the May Board meeting.*

### 4. Discussion Items

**A. Tacoma Draft Term Sheet.** Staff will present a draft term sheet that Cascade and Tacoma have developed for contracted water supply. If the Board directs Cascade to negotiate a contract with Tacoma for the purchase of water supply, the term sheet will serve as the basis for the contract. (Attachment)

**Recap:** Staff presented the Draft Tacoma Term Sheet to the Committee for discussion. The term sheet is consistent with the fundamentals that have been presented to the Board over the course of the supply contract evaluation process.

- B. **2024 Member Charge Reconciliation.** Staff will review the updated Member Charge Reconciliation and True-up for 2024, discuss data revisions that drove substantial shifts in costs between Redmond and Bellevue, and discuss implementation in the 2025/2026 budget/rate cycle. Staff are recommending that the true-up be implemented over the 2-year budget period (rather than in a single year). (Attachment)

**Recap:** The Committee discussed the 2024 Member Charge Reconciliation and the true-up amounts based on the drivers of change. The Committee expressed support for implementing the true-up change over a 2-year period to smooth the effect on members budgets. The true-ups will be included in the 2025-2026 Member Charge proposal.

## **5. Other Issues.**

## **6. Next Meeting Date and Location.**

The next meeting will be held Tuesday, May 21, 2024, 1:30 p.m. – 3:00 p.m. at Cascade’s office and via Zoom.



**PUBLIC AFFAIRS COMMITTEE**  
Angela Birney, Chair, City of Redmond  
Penny Sweet, City of Kirkland  
John Stokes, City of Bellevue  
Ryika Hooshangi, Sammamish Plateau Water  
Russell Joe, City of Issaquah  
Dennis Martinez, City of Tukwila

**Meeting RECAP**  
**Wednesday, May 1, 2024**  
**9:00 AM – 10:00 AM**  
**Held at Cascade’s Office and via Zoom**

1. **Chair Comments.**
2. **Executive Session.**
3. **Items Recommended for Action at the May 22, 2024 Board Meeting.**
4. **Discussion Items.**
  - A. **State Legislative Update.** Staff will provide a final update on the 2024 state legislative session.

*Recap: Diana Carlen, Gordon Thomas Honeywell, updated the committee on interim activities. Elections will be dominating the interim this year, with the entire House and half the Senate up for election. Cascade will be keeping a close watch on the implementation of two budget provisos: the Ruckelshaus Center review of the state water efficiency program and the evaluation of a potential state low-income household water utility assistance program. Cascade will be inquiring about participating in the water efficiency stakeholder group and will update the committee on progress.*

- B. **Special Project Proposal.** Staff will present a request for a special project proposal for a water bottle filling station at Issaquah High School. (Attachment)

*Recap: Staff presented a proposal for providing \$2,000 in support of a water bottle filling station at Issaquah High School. Cascade has completed similar projects at Redmond High School and Skyline High School (Sammamish). The project includes providing Cascade’s “We Need Water” water bottles for students who take a pledge to avoid single-use disposable water bottles. There is typically a ribbon-cutting ceremony with these projects giving Cascade and its members significant exposure. The Public Affairs Committee indicated support for this proposal.*

- C. **Water Efficiency Flume Pilot Program Update.** Staff will provide an update on the flume pilot, one of the pilot program ideas discussed at the February Board meeting.

**Recap:** Staff reported that after conferring with member staff on the technical aspects of the Flume home water monitoring device, there is little opportunity for Cascade members to utilize the device. Staff are working on a potential workshop for Cascade members to share their experiences with AMI and their plans to develop AMI in their respective utilities.

- D. Peak Season Messaging.** On April 16, the state Department of Ecology (DOE) expanded its drought emergency declaration to cover the entire state, except those areas in the central Puget Sound served by Seattle, Tacoma and Everett. Cascade is served by Seattle and not included in the drought declaration. Seattle is reporting that, although snowpack is moderately below average for this time of year, it has made several operational changes to mitigate the low snowpack, including an earlier and higher reservoir refill. Although SPU is not currently anticipating water shortages in its system, Cascade staff will discuss a summer campaign of increased peak season messaging.

**Recap:** Staff gave a PowerPoint presentation on Cascade’s social media messaging and programmatic activities planned for this summer. There will be an emphasis on turf removal and smart irrigation technologies. Cascade’s Turf Removal Rebate program is under development with a planned launch in August. Cascade partners and associates have projects underway, such as the Sustainability Ambassadors’ “The Great American Lawn” multimedia exploration of the history of modern lawns and associated problems. Cascade will scale the messaging up as required by the supply situation this summer.

- E. Lake Tapps Reservoir Community Meeting.** The Lake Tapps Reservoir Community Meeting is scheduled to be held in-person on the evening of June 6 at the North Tapps Middle School from 6 pm – 8 pm. Board Chair Penny Sweet will attend as the Board’s representative. Other Board members and alternates are invited to attend as well. Please let Cascade staff know if you are planning to attend.

**Recap:** The June 6 community meeting is scheduled and will be advertised to the Lake Tapps Reservoir community starting in mid-May. Cascade’s partners that are attending include East Pierce Fire and Rescue, Pierce County Sheriff and the Tacoma-Pierce County Health Department. Board members and alternates are invited to attend.

## 5. Other Issues.

## 6. Next Meeting Date and Location.

The next meeting will be Wednesday, June 5, 2024, 9:00 a.m. – 10:00 a.m. at Cascade’s office and via Zoom.



**RESOURCE MANAGEMENT COMMITTEE**  
Lloyd Warren, Chair, Sammamish Plateau Water  
Jon Ault, Skyway Water & Sewer District  
Dave Hamilton, City of Bellevue  
Tom McLeod, City of Tukwila  
John Stokes, City of Bellevue  
Jon Pascal, City of Kirkland  
Ryika Hooshangi, Sammamish Plateau Water  
Angie Nuevacamina, City of Redmond

**Meeting RECAP**  
**Thursday, April 11, 2024**  
**2:00 PM – 3:30 PM**  
**Held at Cascade’s office and via Zoom**

1. **Chair Comments.**
2. **Executive Session.**
3. **Discussion Items.**

**A. Tacoma Draft Term Sheet.** Staff will present a summary of the term sheet that Cascade and Tacoma have drafted for contracted water supply. If the Board directs Cascade to negotiate a contract with Tacoma for the purchase of water supply, the term sheet will serve as the basis for the contract. (Attachment)

*Recap: Staff presented a summary of the fundamentals of the Draft Tacoma Term Sheet to the Committee for discussion. The summary included the overall structure of the term sheet, including the specifics of the supply commitment, rate methodology and reconciliation, and other key provisions. The full draft term sheet will be presented to RMC at the May meeting.*

**B. Phase 3 and Flowline Outage Projects.** Staff will provide an update on the Headworks Intake Modification Project (Phase 3) and the maintenance projects that it plans to undertake during the project’s flowline outage.

*Recap: Staff updated the committee that the U.S. Army Corps of Engineers (USACE) has reached a global settlement with its contractor, Kiewit, prior to the start of Phase 3. The settlement includes a proportional cost increase adjustment from the 2018 Phase 3 bid price to Kiewit because of cost escalations due to 3 years of project delay. Cascade staff reviewed the claim and agreed with USACE that it was reasonable and is within the range of materials, labor and equipment inflation and escalation in the region. Cascade negotiated and came to an agreement with USACE on specific payment arrangements to USACE for Cascade’s cost share of Phase 3.*

**C. PFAS Testing Update.** Staff will provide an update on PFAS monitoring and testing.

*Recap: Staff updated the committee on the latest meeting with SPU and Cascade regarding SPU’s second round of the PFPrA sampling results, as well as SPU’s next steps. SPU plans for*



*another round of testing, and a follow-up meeting with SPU, Cascade and DOH is scheduled for April 24.*

**4. Items Recommended for Action at the April 24, 2024 Board Meeting.**

**5. Other issues.**

**6. Next Meeting Date and Location.**

The next meeting will be Thursday, May 9, 2024, 2:00 p.m. – 3:30 p.m. at Cascade’s office and via Zoom.



**RESOURCE MANAGEMENT COMMITTEE**  
Lloyd Warren, Chair, Sammamish Plateau Water  
Jon Ault, Skyway Water & Sewer District  
Dave Hamilton, City of Bellevue  
Tom McLeod, City of Tukwila  
John Stokes, City of Bellevue  
Jon Pascal, City of Kirkland  
Ryika Hooshangi, Sammamish Plateau Water  
Angie Nuevacamina, City of Redmond

**Meeting RECAP**  
**Thursday, May 9, 2024**  
**2:00 PM – 3:30 PM**  
**Held at Cascade’s office and via Zoom**

1. **Chair Comments.**
2. **Executive Session.**
3. **Discussion Items.**

**A. Water Quality Management Plan.** Staff will present information on the first deliverable in the Water Quality Management Plan – the results of the Lake Tapps phosphorous modeling. (Attachment)

*Recap: Staff presented results from the Lake Tapps Reservoir phosphorus modeling. The committee discussed the key findings, including that the flowline makes us most of the phosphorus load to the Lake Tapps Reservoir, and glacial flour from glacial melt is a major contributor of phosphorus. Additionally, White River turbidity and concentrations of phosphorus are highest in summer. The committee discussed the impact of operations, climate change and timing on the findings. Additional work is being undertaken to develop the Water Quality Management Plan and will be presented to the committee in future meetings.*

**B. PFPrA Update.** Staff will report on the outcome of the meeting with the Department of Health (DOH), Seattle Public Utilities (SPU) and Cascade. Staff will also brief the committee on SPU’s planned communications strategy for PFPrA and the discussion with Member Staff regarding next steps.

*Recap: Staff updated the committee on the latest meeting with SPU, Cascade and DOH regarding the PFPrA sampling results, as well as SPU’s next steps. SPU is completing another round of testing, and a follow-up meeting with SPU, Cascade and DOH is scheduled for May 29. DOH encouraged SPU to submit a request for a health consultation to understand more about PFPrA. SPU provided Cascade with “reactive” speaking points and has no current plans to report the unregulated substance in its Consumer Confidence Report (CCR). SPU plans to develop a messaging plan (for example, potentially posting on its website) after the May 29 meeting with DOH. The committee provided direction to Cascade staff to follow-up with SPU after May 29 to understand how SPU plans to address PFPrA in its system.*

**C. Draft Tacoma Term Sheet.** At the April RMC meeting, staff presented an overview of the draft set of terms that Cascade and Tacoma have been discussing regarding a potential new supply

contract. Attached is the entire draft document for RMC's review. Staff will answer any additional questions that the Committee has on the draft terms. (Attachment)

*Recap: Staff presented the Draft Tacoma Term Sheet to the Committee for discussion. The term sheet is consistent with the fundamentals that have been presented to the Board over the course of the supply contract evaluation process. The committee expressed interest in ongoing updates as the contract is developed.*

**4. Items Recommended for Action at the May 22, 2024 Board Meeting.**

**5. Other issues.**

**6. Next Meeting Date and Location.**

The next meeting will be Thursday, June 13, 2024, 2:00 p.m. – 3:30 p.m. at Cascade's office and via Zoom.