



REGULAR MEETING OF THE BOARD OF DIRECTORS
AGENDA
CASCADE WATER ALLIANCE
Held Via Zoom Meeting
March 23, 2022
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 February 23, 2022.	<u>15</u>
8. OTHER ACTION ITEMS	
a. Motion to adopt Resolution No. 2022-04 authorizing the Board Chair to take such actions as are necessary to increase to the CEO's annual salary by 10.67% (5% plus 5.67% COLA), effective with back pay from January 1, 2022.	<u>19</u>
b. Motion to adopt Resolution No. 2022-07 adopting A Policy Regarding the Potential Sales of Cascade Water Alliance's Water Rights to Non-Members.	<u>22</u>
9. STAFF PRESENTATIONS	
a. Supply Chain Issues – <i>no materials in packet.</i>	
b. Transmission Easement - <i>photo in packet.</i>	<u>35</u>
c. Board Discussion: In-person Board and Committee Meetings – <i>no materials in packet.</i>	
10. COMMITTEE REPORTS	
a. Executive Committee – <i>no meetings held.</i>	
b. Finance and Management Committee – <i>March 15, 2022.</i>	<u>36</u>
c. Public Affairs Committee – <i>March 2, 2022.</i>	<u>38</u>

d. Resource Management Committee – *March 10, 2022.*

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11. NEW BUSINESS (Possible action)

12. NEXT REGULAR MEETING – *April 27, 2022 – Cascade Office or Via Zoom Meeting – 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

DATE: March 23, 2022

TO: Penny Sweet, Chair
Board of Directors

FROM: Ray Hoffman, Chief Executive Officer

SUBJECT: Chief Executive Officer's Report

Administration, Finance, and Economics

- The fieldwork by Clark Nuber, Cascade's outside auditing firm for Cascade's 2021 financial audit, begins the week of March 21. The auditors will examine Cascade's financial reports, internal controls, and compliance with policies and procedures. When complete, the auditors will present the results to the Finance and Management Committee, tentatively scheduled for the May meeting.
- RCFC connections through February (117.5 with two member worksheets overdue) are off pace (705) to meet 2022 budget expectations (1,000).
- All Cascade employees are working to complete Cybersecurity training for 2022. Cascade's IT consultant, TeamLogicIT, along with our insurance provider, WSRMP, provide a training platform for employees to improve their awareness of security threats. The training is completed by every employee annually.
- Cascade has earned the 2022 WellCity Award from the Association of Washington Cities Employee Benefits Trust. Cascade has achieved the award for its wellness program since 2018. With the WellCity designation, Cascade saves 2% on health insurance costs. Cascade staff attended AWC's annual healthy workplace summit in March where ideas on how to improve the plan and participation were presented.
- The 2023 - 2024 budget process is well underway. Cascade staff has completed an initial draft budget and are now working internally to tighten it up before presenting it to the Finance and Management Committee.
- Member data needed for budgeting and rate-setting was due March 15, 2021. We are following up with members who have not completed this process.
- Cascade staff had a site visit in March to walk through and assess the viability of a potential transmission easement for BrightNight's battery storage project. Cascade is in the process of doing its due diligence to determine if the project can coexist with our future needs for the parcel. If so, there is potential for additional revenue for Cascade.

Capital Projects and Operations

- The SCADA and Security Improvement project continues to experience supply chain issues that are preventing the contractor from receiving the programmable logic controller and display panel from its suppliers needed for the timely completion of the project. The Cascade project team is performing a risk assessment and will be prioritizing facilities that are the most critical and looking not only for alternatives but better availability of material specification and procurement.

- Cascade sent the United States Army Corps of Engineers (USACE) a letter informing USACE of Cascade's key operational and administrative conditions to start up the delayed Phase 3 of the Mud Mountain Fish Passage project. USACE has informed Cascade that a key factor for starting up of Phase 3 is contingent on approval of an additional budget request made to the U.S. Congress.
- Cascade provided review comments to the City of Sumner on its White River Mitigation project. These two documents are: 1) 90% design drawing plan set and 2) Technical Memo on Proposed Outflow Channel and Fish Passage. Cascade's comments are focused on preserving existing and future flow capacity from Cascade's tailrace discharge channel.
- After more than two years of negotiations on the disputed accidental water delivery from Highline Water to Tukwila and associated financial transaction, Cascade sent Seattle Public Utilities (SPU) a letter that clarifies the disputed events, its relationship between SPU and Cascade's Block Contract, and proposed a non-financial transaction settlement methodology that works for all four parties. SPU agreed with Cascade's proposed method and proposed a settlement agreement. Cascade staff is working with Tukwila and SPU on the settlement agreement.
- The Washington State Department of Transportation (WSDOT) notified Cascade that the Lewis Creek Fish Passage project is delayed indefinitely. In addition, WSDOT notified Cascade of a future WSDOT fish passage project at West Village Park Creek that conflicts with the Bellevue Issaquah Pipeline (BIP). Cascade staff is working with the WSDOT and Issaquah to determine ownership of the location where BIP crosses West Village Park Creek.
- Cascade continues to work on drainage improvements on the Headworks Southwest Access Road. Design work for drainage and associated road improvement is completed and construction is scheduled to start mid-March.
- The Lake Tapps Reservoir elevation is at 542.38' as of March 11, 2022. This is near summer recreation level. Cascade and Veolia are working on troubleshooting and repairing minor equipment issues that were discovered during the spring lake refill.
- The Washington State Dam Safety Office (DSO) has scheduled the required 5-year inspection of our dikes for the last week in June. Cascade staff is working with Veolia to prepare for the inspection.

Water Efficiency

- The Cascade Gardener Spring Series kicked off in March with more than 1,500 people pre-registered for the classes. Cascade is providing six virtual classes with regional gardening and landscaping experts to teach various aspects of sustainable and water efficient landscaping.
- In February, Cascade provided 45 classroom programs for 1,042 students. The programs include several Blue Teams, which are generally a multi-visit, deeper dive into a specific water-related topic chosen by the teacher.
- In February, Cascade provided 113 rebates for high efficiency clothes washers in partnership with Puget Sound Energy.
- Working with Tukwila staff, Cascade recently visited several apartment complexes to distribute free toilet leak detection dye.
- Cascade has completed the updated Conservation Potential Assessment, which will help the board and staff make informed decisions about the future role of water conservation in Cascade's Transmission and Supply Plan.
- Cascade is promoting national Fix-A-Leak Week by encouraging residents to find and fix leaking toilets and other fixtures in their homes. Cascade offers free showerheads, rain gauges, and leak detection dye on its website.

- Cascade has received final site management and installation plans for the Powerhouse solar power project from the vendor. At present, the project is scheduled to be completed by the end of June.

Intergovernmental and Communications

- The short, 60-day state legislative session ended on March 10. On the positive side, the final operating budget included \$100 million for low-income customer assistance for utility arrearages. However, the budget also swept \$57 million per year for the next 15 years from the Public Works Assistance Account into the transportation revenue package (down from the original proposal of \$100 million per year). One Open Public Meetings Act bill passed and is awaiting the Governor's signature. Staff is reviewing the bill to ensure Cascade will be in compliance once it is signed. Additionally, Cascade staff continue to track how federal funding from the recently enacted Infrastructure Investment and Jobs Act, such as PFAS project funding, will be distributed to the state and made available to water utilities.
- Amber Perlata and Cindy Callahan from the Tacoma-Pierce County Health Department updated the Public Affairs Committee on TappsWise accomplishments in 2021 and plans for 2022. Plans include building on the success of the septic inspection program from 2021 and continuing virtual webinars on septic maintenance and natural yard care. Regular monitoring for any toxic algae and E-coli in the Lake Tapps Reservoir will also continue in 2022.
- On February 23, Cascade received notice of the Department of Ecology's (Ecology) approval of Cascade's water right permits development schedule extension request. Public notice of the decision has been posted, and the decision will be final if no appeals are received by May 9. In addition to extending the development schedule, the decision requires Cascade to update Ecology with progress reports every five years beginning December 31, 2027.

Planning

- Cascade staff continue to meet separately and fairly regularly with Seattle and Tacoma to negotiate a contract extension with Seattle and a new supply contract with Tacoma. The discussions are still in their early stages, and to-date, the parties have clarified many of their interests with each other. Because a new contract with Tacoma would require that infrastructure be constructed, much of the discussions have focused on better understanding the alignment needs and options.
- Cascade issued a task order to Tetra Tech to develop an emergency action plan for the Bellevue-Issaquah Pipeline (BIP) EAP. Tetra Tech will facilitate a "roles and responsibilities" workshop at the end of May to include staff from Bellevue, Sammamish Plateau Water, Issaquah, and Cascade. Cascade is also developing a scope of work with its on-call Civil Engineering consultant, Parametrix, to develop a flushing plan for the BIP that's focused on putting the BIP back in service after an emergency event.
- With the Governor lifting the indoor mask mandate, Cascade will implement its return-to-work-in-the-office model starting April 4. Like many organizations, both public and private, Cascade will have a hybrid model of allowing staff to continue to work remotely part-time and requiring staff to work in the office two days per week. All staff will be required to work in the office on Tuesdays to foster collaboration and in-person interactions.

Attachments

1. Budget to Actual Expenditure Report through February 28, 2022.
2. Statement of Revenues and Expenditures through February 28,2022.
3. Statement of Net Position as of February 28, 2022.
4. Contract Status Summary.
5. Monthly Warrants Listing.
6. Monthly Treasurer's Report as of February 28, 2022.

Cascade Water Alliance
 Budget to Actual Expenditure Report
 January 1- January 31, 2022
 8% of the year completed

Administration	Budget	Actual	Balance	% Expended
Salaries	\$ 1,015,001	\$ 189,289	825,712	18.6%
Benefits	226,845	93,844	133,001	41.4%
Wellness program	5,000	21	4,979	0.4%
Prof. Fee (Technical)	232,000	10,208	221,792	4.4%
Prof. Fee (Legal)	885,000	87,027	797,974	9.8%
Prof. Fee (Audit)	100,900	10,776	90,124	10.7%
Prof. Fee (Other)	50,000	1,980	48,020	4.0%
Seismic Resiliency	100,000	1,287	98,713	1.3%
Meetings Expense	11,000	484	10,516	4.4%
Telephone/Internet	37,000	9,885	27,115	26.7%
Office Rent	241,749	79,686	162,063	33.0%
Office Supplies Admin.	20,000	1,232	18,768	6.2%
Equip. and Furniture	10,000	2,473	7,527	24.7%
Bank Fees	600	56	544	9.3%
Dues & Subscriptions	55,000	14,529	40,471	26.4%
Taxes/Licenses	16,000	0	16,000	0.0%
Travel	12,000	2,127	9,873	17.7%
Professional Dev.	22,000	17,130	4,870	77.9%
Computer Equipment	25,000	5,482	19,518	21.9%
Software Licenses	38,000	1,902	36,098	5.0%
Postage & Delivery	3,000	352	2,648	11.7%
Printing & Repro.	10,000	0	10,000	0.0%
Insurance	132,963	122,088	10,876	91.8%
Contingency	421,798	0	421,798	0.0%
Total	\$ 3,670,856	\$ 651,858	\$ 3,018,998	17.8%

Debt Service	Budget	Actual	Balance	% Expended
Bond Debt Service	9,779,981	4,050,900	5,729,081	41.4%
Total	\$ 9,779,981	\$ 4,050,900	\$ 5,729,081	41.4%

Conservation	Budget	Actual	Balance	% Expended
Salaries	\$ 168,466	\$ 18,558	\$ 149,908	11.0%
Benefits	46,908	512	46,396	1.1%
Prof. Fee (Technical)	35,000	6,645	28,355	19.0%
Rebate Reimb. Com.	75,000	4,870	70,130	6.5%
Irrigation Audit	25,000	0	25,000	0.0%
Comm. and Public I	312,500	69,049	243,451	22.1%
Misc. Serv. and Sup.	82,000	6,712	75,288	8.2%
Total	\$ 744,874	\$ 106,346	\$ 638,528	14.3%

Com. and Intergovern	Budget	Actual	Balance	% Expended
Salaries	\$ 118,571	\$ 22,094	\$ 96,477	18.6%
Benefits	26,410	408	26,002	1.5%
Prof. Fee (Technical)	15,000	2,300	12,700	15.3%
Prof. Fee (Other)	165,000	26,000	139,000	15.8%
Sponsorships	30,000	2,500	27,500	8.3%
Comm. and Public I	280,000	2,844	277,156	1.0%
Total	\$ 634,981	\$ 56,146	\$ 578,835	8.8%

Operations-General	Budget	Actual	Balance	% Expended
Wholesale Water	\$ 22,730,886	\$ 4,484,402	\$ 18,246,484	19.7%
Salaries	26,043	2,573	23,470	9.9%
Benefits	15,265	49	15,216	0.3%
BIP O&M	30,000	642	29,358	2.1%
Pipeline Prop. O&M	15,000	47	14,954	0.3%
PWTF Loan Debt	40,461	0	40,461	0.0%
Total	\$ 22,857,654	\$ 4,487,713	\$ 18,369,941	19.6%

Cascade Water Alliance
 Budget to Actual Expenditure Report
 January 1- January 31, 2022
 8% of the year completed

Operations-Lake Tapps	Budget	Actual	Balance	% Expended
Salaries	\$ 471,830	\$ 65,686	\$ 406,144	13.9%
Benefits	91,667	1,536	90,131	1.7%
Prof. Fee (Technical)	795,600	10,366	785,234	1.3%
Prof. Fee (Other)	15,000	0	15,000	0.0%
Meetings Expense	4,000	676	3,324	16.9%
Telephone/Internet	1,500	114	1,387	7.6%
Office Supplies	19,700	2,079	17,621	10.6%
Equipment & Furn.	29,000	11,360	17,640	39.2%
Taxes/Licenses	8,000	13,044	(5,044)	163.0%
Travel	17,000	2,199	14,801	12.9%
Professional Dev.	2,500	585	1,915	23.4%
Software Licenses	15,000	10,878	4,122	72.5%
Permitting Costs	8,000	3,241	4,759	40.5%
Misc. Serv. and Sup.	34,000	2,961	31,039	8.7%
LT Operator	2,296,120	169,523	2,126,597	7.4%
Unplanned O&M	261,000	262,543	(1,543)	100.6%
Misc. Facility Repairs	102,000	1,013	100,987	1.0%
USGS Joint Fund	337,500	0	337,500	0.0%
Construction Management	100,000	0	100,000	0.0%
Outage	200,000	0	200,000	0.0%
Milfoil Control	175,000	0	175,000	0.0%
Vendor Services	36,000	2,040	33,961	5.7%
Water Quality Management	150,000	3,330	146,670	2.2%
Dike and Roads Maintenance	33,000	6,945	26,055	21.0%
Total	\$ 5,203,417	\$ 570,119	\$ 4,460,574	11.0%
Total Operating Budget	\$ 42,891,763	\$ 9,923,081	\$ 32,795,958	23.1%
Capital Projects (multi-yr bdgt not shown)	Budget	Actual	Balance	% Expended
Upper Conveyance Projects	\$ 2,075,000	83,488	1,991,512	4.0%
Meters	50,000	0	50,000	0.0%
Equipment	50,000	12,593	37,407	25.2%
Security and SCADA	400,000	0	400,000	0.0%
Tacoma Agreement	5,975,463	5,975,463	0	100.0%
Capital Risk	550,000	0	550,000	0.0%
IT Infrastructure	35,000	0	35,000	0.0%
Total CIP Budget	\$ 9,135,463	\$ 6,071,544	\$ 3,063,919	66.5%
Total Overall Budget	\$ 52,027,226	\$ 15,994,625	36,032,600	30.7%

Cascade Water Alliance
Statement of Revenues and Expenditures
From 1/1/2022 Through 2/28/2022

Attachment 2

Operating Revenue		
Water sales	\$	4,692,773
Administrative dues		3,741,337
Conservation program		89,385
Total Operating Revenue		8,523,495
Operating Expenses		
Cost of water sold		2,038,364
Salaries and benefits		406,419
Professional services		156,588
Conservation program		4,870
Depreciation and amortization		527,632
Communication and public information		68,049
Office expenses		159,663
Operations		174,630
Bank charges		56
Rent		39,843
Maintenance		276,773
Dues and subscriptions		13,396
Miscellaneous		6,487
Total Operating Expenses		3,872,772
Operating Income		4,650,723
Non-Operating Revenue (Expenses)		
Interest income		93,842
Other income		8,528
Interest expense, net of amount capitalized		(773,092)
Total Non-Operating Revenue (Expenses)		(670,722)
Increase in Net Assets		3,980,001
Net Assets, Beginning of Year		122,355,078
Net Assets, End of Year	\$	126,335,079

Cascade Water Alliance
Statement of Net Position
As of 2/28/2022

Attachment 3

Assets	
Current Assets	
Cash and cash equivalents	\$ 20,544,899
Accounts receivable	7,228,071
Prepaid expenses	99,025
Total Current Assets	27,871,995
Capital Assets	
Equipment and furniture	2,044,247
Seattle water contract	22,267,611
Bellevue Issaquah pipeline	22,276,944
Tacoma water contract	119,740,687
Less accumulated depreciation and amortization	(52,627,035)
Total Capital Assets	113,702,454
Projects in process and assets not yet in service	
Lake Tapps	103,961,802
Tacoma Cascade pipeline	26,539,385
Total Projects in process and assets not yet in service	130,501,187
Restricted cash and cash equivalents	21,817,927
Total Assets	293,893,564
Liabilities	
Current liabilities	
Payables and accrued liabilities	560,630
Accrued interest	1,251,913
Long-term debt current portion	
Bonds Payable-Current Portion	6,760,000
Other	39,474
Total Long-term debt current portion	6,799,474
Total Current liabilities	8,612,016
Long-term Liabilities	
Long-term debt	88,538,422
Tacoma contract	59,992,082
Seattle contract	5,000,000
Bond premium, net of amortization	5,044,910
Total Long-term Liabilities	158,575,414
Total Liabilities	167,187,430
Net Assets	
Restricted for debt service	102,377,202
Unrestricted	24,328,931
Total Net Assets	126,706,133
Total Liabilities & Net Assets	\$ 293,893,564

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
Artisan Electric	1	Powerhouse Solar Energy Project	M. Brent	10/1/2021	12/31/2022	3/10/2022	10%	\$ 273,000	\$ 72,104	26%	\$ 200,896
Aspect	1	Water Supply Modeling	R. Hoffman	5/6/2020	N/A	3/10/2022	15%	\$ 24,900	\$ 2,214	9%	\$ 22,686
Aspect	2	Water Resources Services	R. Hoffman	8/17/2018	N/A	3/10/2022	98%	\$ 60,000	\$ 58,251	97%	\$ 1,749
Clark Nuber	1	Annual Financial Audit and Quarterly AUPs	R. Hoffman	1/1/2022	N/A	3/10/2022	20%	\$ 70,500	\$ 4,000	6%	\$ 66,500
Colehour and Cohen	1	Staffing for classes and events	M. Brent	1/1/2022	12/31/2022	3/10/2022	8%	\$ 89,990	\$ 30,013	33%	\$ 59,977
David Evans	1	On-call Land Surveyor	H. Chen	1/1/2022	12/31/2022	3/10/2022	8%	\$ 75,000	\$ 3,746	5%	\$ 71,254
David McGrath	1	Irrigation Efficiency Assistance	M. Brent	1/1/2022	12/31/2022	3/10/2022	20%	\$ 20,500	\$ -	0%	\$ 20,500
Environmental Science Assoc (ESA)	1	Aquatic Plant Management	H. Chen	1/1/2022	12/31/2022	3/10/2022	8%	\$ 24,900	\$ 2,040	8%	\$ 22,861
GeoEngineers Inc.	1	Dam Engineering/Hydrology/Geotech	H. Chen	1/1/2022	12/31/2022	3/10/2022	8%	\$ 160,000	\$ -	0%	\$ 160,000
Gordon Thomas Honeywell	1	State legislative outreach	A. Bennett	1/1/2022	12/31/2022	3/10/2022	8%	\$ 84,000	\$ 14,000	17%	\$ 70,000
Herrera Environmental	2	WQ Monitoring Program	H. Chen	8/19/2019	N/A	3/10/2022	95%	\$ 495,000	\$ 471,539	95%	\$ 23,461
Holocene	1	Plunge Pool Timber Wall Drilling	J. Shimada	1/22/2022	N/A	3/10/2022	98%	\$ 5,092	\$ 4,992	98%	\$ 101
HDR	1	MMD Fish Passage Design Review	H. Chen	12/1/2015	N/A	3/10/2022	95%	\$ 1,041,100	\$ 950,972	91%	\$ 90,129
HDR	2	Conservation Plan Potential Assessment	M. Brent	5/21/2021	N/A	3/10/2022	50%	\$ 18,900	\$ 17,527	93%	\$ 1,373
Jacobs Engineering Group	1	Demand Forecast Model Support Services	M. Thung	8/20/2021	12/31/2022	3/10/2022	5%	\$ 5,000	\$ -	0%	\$ 5,000
Jennergy	1	Website assistance	A. Bennett	1/1/2022	12/31/2022	3/10/2022	8%	\$ 15,000	\$ 2,300	15%	\$ 12,700
Johansen Excavating	1	Emergency Headgate Repair	H. Chen	5/5/2021	N/A	3/10/2022	10%	\$ 100,947	\$ -	0%	\$ 100,947
Johansen Excavating	2	Flowline Outage Maintenance	J. Shimada	8/12/2021	N/A	3/10/2022	75%	\$ 540,000	\$ 372,166	69%	\$ 167,834
Johansen Excavating	3	Emergency Landslide Remediation	J. Shimada	1/18/2022	3/31/2022	3/10/2022	50%	\$ 200,000	\$ 162,795	81%	\$ 37,205
Langton Spieth	1	Community relations	A. Bennett	1/1/2022	12/31/2022	3/10/2022	75%	\$ 72,000	\$ 12,000	17%	\$ 60,000
Lake Tapps Construction	1	Valve House Improvements	J. Shimada	12/2/2020	N/A	3/10/2022	5%	\$ 28,710	\$ -	0%	\$ 28,710
Long Building Tech	1	Security Maintenance	H. Chen	8/12/2019	10/31/2022	3/10/2022	80%	\$ 55,000	\$ 41,843	76%	\$ 13,157
Media for International Development	1	WeNeedWater Video Production	A. Bennett	1/1/2022	12/31/2022	3/10/2022	5%	\$ 24,500	\$ -	0%	\$ 24,500
Nature Vision	1	Classroom Water Education	M. Brent	1/1/2022	12/31/2022	3/10/2022	8%	\$ 95,000	\$ 18,849	20%	\$ 76,151
Pacifica Law	1	Legal Assistance	H. Chen	1/1/2022	12/31/2022	3/10/2022	8%	\$ 25,000	\$ -	0%	\$ 25,000
Parametrix	1	On Call Civ/Mech/Structural Eng	H. Chen	1/1/2022	12/31/2022	3/10/2022	8%	\$ 250,000	\$ -	0%	\$ 250,000
Performance Dimensions	1	Executive Coaching Services	M. Thung	6/21/2021	12/31/2022	3/10/2022	65%	\$ 24,500	\$ 19,250	79%	\$ 5,250
Puget Sound Energy	1	Water Efficiency Rebates	M. Brent	1/1/2022	12/31/2022	3/10/2022	8%	\$ 72,000	\$ 5,035	7%	\$ 66,965
RH2	2	On-Call Electrical Engineering Svcs	H. Chen	1/1/2022	12/31/2022	3/10/2022	8%	\$ 100,000	\$ 2,181	2%	\$ 97,819
RH2	1	Security and SCADA	H. Chen	1/16/2020	N/A	3/10/2022	80%	\$ 347,000	\$ 299,635	86%	\$ 47,365
RH2	3	Wholesale Master Meter Eval	H. Chen	1/21/2020	3/31/2023	3/10/2022	8%	\$ 24,500	\$ 1,342	5%	\$ 23,158
Robinson Noble	1	Water Audits	E. Cebon	10/3/2019	N/A	3/10/2022	60%	\$ 135,060	\$ 96,941	72%	\$ 38,119
Sazan	2	Solar Power Project	M. Brent	5/25/2021	N/A	3/10/2022	8%	\$ 10,000	\$ -	0%	\$ 10,000
SC Words & Pictures Inc.	1	Design Services	A. Bennett	1/1/2022	12/31/2022	3/10/2022	8%	\$ 24,000	\$ -	0%	\$ 24,000
Seattle Public Utilities	1	Garden Hotline	M. Brent	1/1/2022	12/31/2022	3/10/2022	8%	\$ 12,000	\$ -	0%	\$ 12,000
SMC Consulting	1	Water Efficiency Consultant	M. Brent	1/1/2022	12/31/2022	3/10/2022	8%	\$ 24,500	\$ 2,320	9%	\$ 22,180
Source Electric LLC	1	SCADA Improvements Project	H. Chen	5/1/2021	2/1/2022	3/10/2022	8%	\$ 711,892	\$ 332,144	47%	\$ 379,747
Sustainable Water	1	Teacher Fellows program	M. Brent	1/1/2022	12/31/2022	3/10/2022	8%	\$ 60,000	\$ 5,370	9%	\$ 54,631
Tacoma-Pierce County	1	LakeWise	A. Bennett	1/1/2022	12/31/2022	3/10/2022	8%	\$ 120,000	\$ -	0%	\$ 120,000
TeamLogic IT	1	Info Technology Consulting	C. Paulucci	1/1/2022	12/31/2022	3/10/2022	8%	\$ 104,000	\$ 6,513	6%	\$ 97,487
TechniArt	1	Website Orders	M. Brent	1/1/2022	12/31/2022	3/10/2022	8%	\$ 15,900	\$ 406	3%	\$ 15,495
Tetra Tech	1	AWIA Risk and Resiliency	M. Thung	11/18/2019	12/31/2022	3/10/2022	75%	\$ 700,000	\$ 498,982	71%	\$ 201,018
Tilth Association	1	Garden Water Efficiency	M. Brent	1/1/2022	12/31/2022	3/10/2022	10%	\$ 24,500	\$ -	0%	\$ 24,500
Transpo Group	1	GIS Program Technical Support	J. Shimada	2/3/2022	7/31/2023	3/10/2022	5%	\$ 24,000	\$ -	0%	\$ 24,000
USGS	1	Joint Funding Agre-Streamgaging	H. Chen	1/1/2022	12/31/2022	3/10/2022	10%	\$ 327,380	\$ -	0%	\$ 327,380

Vanir Construction Management, Inc.	1	On-call Construction Management	J. Shimada	5/1/2021	12/31/2022	3/10/2022	10%	\$ 560,000	\$ 37,834	7%	\$ 522,166
VanNess Feldman	1	General Counsel	R. Hoffman	1/1/2022	12/31/2022	3/10/2022	15%	\$ 850,000	\$ 87,027	10%	\$ 762,974
Veolia	1	White River-Lake Tapps Reservoir Project Operations and Maintenance Agreement \$2,027,110 Fixed, \$253,926 Var	J. Shimada	1/1/2022	12/31/2022	3/10/2022	8%	\$ 2,281,036	\$ 231,143	10%	\$ 2,049,893
Washington Crane and Hoist Co	1	Fish Screen Gantry Crane Inspection	J. Shimada	2/9/2022	N/A	3/10/2022	10%	\$ 1,950	\$ -	0%	\$ 1,950
Winterbauer and Diamond	1	Legal Assistance	R. Hoffman	1/1/2022	12/31/2022	3/10/2022	10%	\$ 20,000	\$ -	0%	\$ 20,000

Payment Authorization Warrants and Wire Transfers 3/23/22

Attachment 5

WHOLESALE WATER

WIRE	Seattle Contract Payment 3/22	<u>\$1,223,019.00</u>
		\$1,223,019.00

CONSULTANTS

29768	Aspect Consulting	\$853.00
29776	RH2 Engineering, Inc.	\$2,740.08
29779	Van Ness Feldman, LLP	\$87,026.50
29788	Clark Nuber P.S.	\$9,034.49
29791	David Evans and Associates Inc.	\$3,746.44
29798	Michael A. Gagliardo	\$230.00
29801	Robinson Noble	\$3,202.50
29803	State Auditor's Office	\$3,155.25
29805	TeamLogic IT of Bellevue, WA	\$6,513.44
29806	Tetra Tech	\$1,287.00
29809	Herrera	\$2,477.47
29811	RH2 Engineering, Inc.	\$2,180.74
29820	Gordon Thomas Honeywell Govern. Affair	\$7,000.00
29825	Langton/Spieth	\$6,000.00
29830	Performance Dimensions Group	<u>\$350.00</u>
		\$135,796.91

SALARY, BENEFITS AND EXPENSE REIMBURSEMENTS

	Payroll (February)	
29782	Vantagepoint 401 Plan	\$34,097.87
29783	Vantagepoint 457 Plan	\$21,053.61
29784	AWC Employee Benefit Trust	\$18,943.13
29792	Paula Anderson	\$25.51
29793	HRA VEBA Trust	\$1,078.00
29812	Joseph Mickelson	<u>\$1,097.80</u>
		\$76,295.92

LAKE TAPPS

29774	Linde Gas & Equipment Inc.	\$306.87
29794	Johansen Construction Company, Inc.	\$262,542.54
29797	Linde Gas & Equipment Inc.	\$3.03
29807	Veolia Water North America	\$231,142.71
29810	LONG Building Technologies, Inc.	\$1,698.44
29821	H.D. Fowler Company	\$491.96
29826	Linde Gas & Equipment Inc.	\$306.87
29829	Pape Machinery Inc.	\$6,722.30
29831	PromoShop WA, LLC	<u>\$13,817.55</u>
		\$517,032.27

CONSTRUCTION

29766	RH2 Engineering, Inc.	\$10,400.42
29780	Horizon	\$218.80
29781	Vanir Construction Management Inc.	\$983.50
29808	Vanir Construction Management Inc.	\$10,246.50
29822	HDR	<u>\$4,324.78</u>
		\$26,174.00

GENERAL

29767	AMWA	\$8,715.00
29769	CIT	\$1,947.17
29771	Comcast	\$1,678.68
29772	DIRECTV	\$100.24
29778	U.S. BANK	\$4,323.21
29785	AT&T FirstNet	\$406.12
29786	City of Bellevue	\$27,915.20
29787	Cintas Corporation	\$178.64
29789	Comcast	\$539.11
29790	Comcast	\$1,106.70
29795	Lakemont Business Services Inc.	\$230.00
29796	Leadership Eastside	\$2,500.00
29799	Pacific Office Automation	\$262.85
29813	Employers Resource Association	\$1,750.00
29815	Alliance for Water Efficiency	\$675.00
29816	City of Bellevue	\$26,866.54
29818	Comcast	\$1,678.68
29819	DIRECTV	\$100.24
29823	JG 520 Building LLC	\$19,921.42
29824	Lakemont Business Services Inc.	\$254.00
29832	Staples Advantage	\$891.74
29833	U.S. BANK	\$4,978.46
29834	Utilities Underground Location Cente	\$24.51
29835	Verizon Wireless	<u>\$225.05</u>
		\$107,268.56

COMPUTER EQUIPMENT AND SOFTWARE

29814	ProcureIT USA	\$4,469.33
29836	Industrial Software Solutions	<u>\$10,877.88</u>
		\$15,347.21

CONSERVATION

29770	Colehour and Cohen	\$7,023.44
29775	New Resources Group, Inc.	\$2,600.00
29777	Techniart C S D	\$446.05
29800	Puget Sound Energy	\$5,035.00
29802	SMC Consulting LLC	\$2,320.00
29804	Sustainability Ambassadors	\$5,369.50
29817	Colehour and Cohen	\$22,989.80
29827	Marianne Binetti	\$1,000.00
29828	Nature Vision, Inc.	<u>\$7,110.77</u>
		\$53,894.56

DESTROYED AND VOIDED CHECKS:

29773

Total Warrants	\$931,809.43
Total Wires	\$1,223,019.00
Total warrants/wire transfers authorized for March 2022	<u>\$2,154,828.43</u>

Approved: _____ Date: _____
Edward Cebron, Chief Economist/Treasurer

Approved: _____ Date: _____
Angela Birney, Secretary/Treasurer

**Cascade Water Alliance
Monthly Treasurer's Report
February 2022**

	Operating Fund	Construction Fund	Bond Fund	RCFC Fund	Water Supply Development Fund	Rate Stabilization Fund	US Bank Payroll Account	All Funds
Beginning Balances, February 1	\$ 7,791,881	\$ 11,152,345	\$ 9,626,084	\$ 130	\$ 5,000,137	\$ 2,136,700	\$ -	\$ 35,707,277
Additions:								
Cash received	\$ 8,898,501	\$ 5,744	\$ 2,812	\$ -	\$ 2,083	\$ 890	\$ -	\$ 8,910,030
Transfers from other Cascade funds	\$ -	\$ -	\$ 775,236	\$ -	\$ -	\$ -	\$ 123,168	\$ 898,404
Total additions	\$ 8,898,501	\$ 5,744	\$ 778,048	\$ -	\$ 2,083	\$ 890	\$ 123,168	\$ 9,808,434
Subtractions:								
Bank fees, payroll, and bond payments	\$ 239	\$ 320	\$ 514	\$ -	\$ 116	\$ 50	\$ 123,168	\$ 124,407
Warrants paid	\$ 611,696	\$ 84,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 696,261
Wire and other electronic payments	\$ 1,019,182	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,019,182
King Co. Investment Pool impairment (realized)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
King Co. Investment Pool impairment (retained)	\$ (173)	\$ (147)	\$ (80)	\$ -	\$ -	\$ (21)	\$ -	\$ (422)
Transfers to other Cascade funds	\$ 898,404	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 898,404
Total subtractions	\$ 2,529,348	\$ 84,739	\$ 433	\$ -	\$ 116	\$ 28	\$ 123,168	\$ 2,737,832
Ending Balances, February 28, 2022	\$ 14,161,035	\$ 11,073,350	\$ 10,403,699	\$ 130	\$ 5,002,103	\$ 2,137,562	\$ -	\$ 42,777,879



MEETING MINUTES OF THE
BOARD OF DIRECTORS ANNUAL MEETING
VIA ZOOM
FEBRUARY 23, 2022

1. CALL TO ORDER

At 3:31 p.m., Vice-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: the City of Bellevue (Barksdale), the City of Kirkland (Sweet), the City of Redmond (Birney), City of Tukwila (Ekberg), Sammamish Plateau Water & Sewer District (Warren), and Skyway Water and Sewer District (Ault)

Board Member Absent: the City of Issaquah (Pauly)

Board Alternates Present: the City of Bellevue (Stokes), the City of Issaquah (Joe), the City of Kirkland (Pascal)

3. PUBLIC COMMENT

None.

4. APPROVAL OF AGENDA

Motion by Ms. Birney and second by Mr. Warren t to approve the meeting agenda as presented. Motion carried unanimously (6-0).

5. ACTION ITEMS

A. Motion to adopt Resolution No. 2022-01 to appoint Board Officers

Motion by Mr. Warren and second by Ms. Birney to adopt Resolution No. 2022-01 to appoint the following Board Officers:

Chair: Penny Sweet

Vice-Chair: Angela Birney

Secretary/Treasurer: Allan Ekberg

At the question, motion carried unanimously (6-0).

B. Motion to adopt Resolution No. 2022-02 to appoint Standing Committee Membership

Motion by to adopt Resolution No. 2022-02 to appoint the following chairpersons and members of the standing committees:

Finance and Management Committee

Chair: Allan Ekberg

Members: Penny Sweet, Jeremy Barksdale, Jeralee Anderson, John Stokes, Russell Joe

Resource Management Committee

Chair: Lloyd Warren

Members: Penny Sweet¹, Lloyd Warren, Allan Ekberg, Jon Ault, Mary Lou Pauly, Jon Pascal, John Stokes, Ryika Hooshangi

Public Affairs Committee

Chair: Angela Birney

Members: Penny Sweet, Angela Birney, John Stokes, Ryika Hooshang

At the question, motion carried unanimously (6-0).

6. CHIEF EXECUTIVE OFFICER'S REPORT

Ray Hoffman, Cascade CEO, reviewed the Chief Executive Officer's Report that was included in the Board Packet.

7. CONSENT ITEMS

A. Board Meeting Minutes for January 26, 2022.

B. Motion to adopt Resolution No. 2022-03 containing acknowledgements necessary for Cascade's participation in the King County Pool-Plus investment program for the newly created Water Supply Development Fund (WSDF) and designating Cascade staff who are authorized to provide transaction instructions to King County.

Motion by Ms. Birney and second by Mr. Warren to approve Consent Action Items A-B as presented in the Board Packet. Motion carried unanimously (6-0).

8. OTHER ACTION ITEMS

A. Motion to adopt Resolution No. 2022-05 adopting amendments to Cascade Water Alliance Code 2.05.380; 2.05.390; and 5.60.020.

Ed Cebon explained that Resolution No. 2022-05 increases the delegated authority of the CEO to contract without direct Board authorization. The authorization is currently \$25,000, a level set at Cascade's inception over 20 years ago. In the intervening time, the construction cost index has more than doubled, suggesting a material reduction in CEO authority. Mr. Cebon said that the proposed changes would increase the delegated authority to the CEO to \$50,000. Existing procurement practices related to competitive bids and proposals and seeking Board authority if a contract is amended to a level above the threshold, would remain in place

Motion by Mr. Warren and second by Mr. Ault to adopt Resolution No. 2022-05 adopting amendments to Cascade Water Alliance Code 2.05.380; 2.05.390; and 5.60.020. Motion carried unanimously (6-0).

¹ Adhoc Committee Member

- B. Motion to adopt Resolution No. 2022-06 adopting amendments to Cascade Water Alliance Code 5.05.030; 5.05.040; 5.05.050; 5.05.100; 5.10.020; 5.20.060; and 5.65.040.

Ed Cebron, Cascade's Chief Economist/Treasurer, explained that in December 2021, the Board authorized creation and implementation of the Water Supply Development Fund (WSDF), including new code section 5.70. Based on review and discussions, Cascade staff conducted a broader review of code to reconcile various overlapping areas. Mr. Cebron said that through the course of this "housekeeping" review, several revisions have also been brought forward for consideration for implementation of the WSDF.

Mr. Cebron noted that the changes related to WSDF adoption primarily reconcile the role of the new WSDF and now deactivated RCFC Fund throughout the financial code. By approving Resolution No. 2022-06, Board Members would excise references to the RCFC Fund and add language regarding the WSDF establishing linkages across sections of code. Mr. Cebron said that the revised language Section 5.05.040.D removes the RCFC fund as the repository, and directs the funds based on Board adopted direction for use of RCFC revenues (currently set at 100% to the Construction Fund). Mr. Cebron added that when the Board adopted the WSDF, it amended the "Cascade Funds Management Matrix" in CWAC 5.65.040 that guides budgeting and administration of funds. Because this matrix is date-sensitive, the amendment proposed in Resolution No. 2022-06 would retain the matrix, but shift future amendments to the budget process, where the Board would approve the updated matrix each biennium.

Motion by Ms. Birney and second by Mr. Warren to adopt Resolution No. 2022-06 adopting amendments to Cascade Water Alliance Code 5.05.030; 5.05.040; 5.05.050; 5.05.100; 5.10.020; 5.20.060; and 5.65.040. Motion carried unanimously (6-0).

9. STAFF PRESENTATIONS

None.

10. COMMITTEE REPORTS

- A. Executive Committee – no meetings held.
- B. Finance & Management Committee – Meeting held February 15, 2022.
- C. Public Affairs Committee – Meeting held February 2, 2022.
- D. Resource & Management Committee – Meeting held February 10, 2022.

11. EXECUTIVE SESSION

At 4:00 p.m., Chair Sweet announced that there would be an executive session to review the performance of a public employee. The executive session was expected to take 20 minutes.

Chair Sweet extended the executive session for 30 minutes.

At 4:44 p.m. the executive session adjourned.

12. NEW BUSINESS

None.

13. NEXT REGULAR MEETING

The next regular Board meeting will be held on March 23, 2022 at 3:30 p.m.

14. ADJOURN

The meeting adjourned at 4:46 p.m.

APPROVED BY:

Penny Sweet, Chair

Angela Birney, Vice-Chair

AGENDA MEMORANDUM

SUBJECT

Motion to adopt Resolution No. 2022-04 authorizing the Board Chair to take such actions as are necessary to increase to the CEO's annual salary by 10.67% (5% plus 5.67% COLA), effective with back pay from January 1, 2022.

BACKGROUND

Under the provisions of the Chief Executive Officer's (CEO) employment agreement, on February 23, 2022, in executive session, the Board engaged in a periodic review and evaluation of the CEO's performance. The Board now wishes to adjust the CEO's salary.

PROCUREMENT PROCESS

None.

FISCAL IMPACT

By adopting this resolution, there would be an increase of 10.67% to the CEO's salary, effective January 1, 2022. At 80% time, this will be an impact of \$21,340.

OPTIONS

1. Adopt Resolution No. 2022-04 authorizing the Board Chair to take such actions as are necessary to increase to the CEO's annual salary by 10.67% (5% plus 5.67% COLA), effective with back pay from January 1, 2022.
2. Do not adopt Resolution No. 2022-04.

RECOMMENDED ACTIONS

Adopt Resolution No. 2022-04 authorizing the Board Chair to take such actions as are necessary to increase to the CEO's annual salary by 10.67% (5% plus 5.67% COLA), effective with back pay from January 1, 2022.

ATTACHMENTS

Proposed Resolution 2022-04.



A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,
A WASHINGTON MUNICIPAL CORPORATION, REGARDING AUTHORIZATION
IMPLEMENTING CHIEF EXECUTIVE OFFICER'S CONTRACT

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, pursuant to Resolution No. 2019-14, the Cascade Board of Directors (“Board”) authorized the Executive Committee of the Board to finalize the terms and execute an Employment Agreement with Ray Hoffman as the Chief Executive Officer (“CEO”) beginning on January 1, 2020; and

WHEREAS, the terms of the Employment Agreement provides, in part:

1. Position. Beginning January 1, 2020, Cascade shall employ Executive, in a part-time status, as its Chief Executive Officer (CEO). Executive shall be a part-time employee of Cascade and be expected to devote a minimum eighty percent (80%) time, except for illness and vacation periods, to the performance of the Employee's duties and responsibilities under this Agreement. Executive shall report to and take direction from Cascade's Board of Directors (Board).

5. Compensation. Cascade shall pay the Executive an annual salary, which shall initially be in gross amount of eighty percent (80%) of Two Hundred and Fifty Dollars and No Cents (\$250,000.00). During the term of this Agreement, including without limitation upon the completion of the Executive's first six (6) consecutive months of employment with Cascade and annually thereafter, the Board shall periodically review and evaluate Executive's performance and Executive's salary, and maintain or adjust that salary at its discretion. Cascade shall pay Executive's annual salary in equal monthly installments, subject to routine payroll deductions and withholdings.

WHEREAS, the Board completed its periodic review and engaged in discussions with the Chief Executive Officer regarding salary and benefits for his services.

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

Section 1. Authorization of Executive Committee and Board Chair. The Board adopts this Resolution No. 2022-04 authorizing the Board Chair to take such actions as are necessary to increase to the CEO's annual salary by 10.67% (5% plus 5.67% COLA), effective with back pay from January 1, 2022.

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

ADOPTED AND APPROVED by the Board of Directors of the Cascade Water Alliance at a regular meeting thereof, held on the 23rd day of March 2022.

CASCADE WATER ALLIANCE

Penny Sweet, Chair

Attest – Ray Hoffman, Chief Executive Officer

Angela Birney, Vice Chair

Allan Ekberg, Secretary/Treasurer

Members

Yes _____

No _____

Demand Share

Yes _____ %

No _____ %

Include in CWAC?

_____ Yes

 X No

AGENDA MEMORANDUM

SUBJECT

Motion to adopt Resolution No. 2022-07 adopting A Policy Regarding the Potential Sales of Cascade Water Alliance's Water Rights to Non-Members.

BACKGROUND

Cascade Water Alliance (Cascade) has been requested to consider sales of a portion of Cascade water rights or water supply capacity. Cascade's purposes, as stated in the 2012 Joint Municipal Utilities Agreement (Joint Agreement) include:

a. provide water supply to meet the current and projected demands of Cascade Members serving the region's urban growth area, and for certain other non-Member agencies as determined by Cascade, and to carry out this task in a coordinated, cost-effective, and environmentally sensitive manner;

h. coordinate and plan cooperatively with other regional water providers and local non-Member water utilities to maximize supply availability and to minimize system costs;

Cascade's powers under the Joint Agreement authorize it to "[a]cquire, construct, receive, own, manage, lease and sell real property, personal property, intangible property and other Water Supply Assets," which are defined to include water rights.

Staff memos, entitled *Potential Sales Related to Cascade Municipal Water Rights*, and *Potential Water Rights Sales Policy to Non-Members*, both dated March 23, 2022 (attached), provides analysis and staff recommendations for the Board's consideration.

Resolution No. 2022-07 includes the Policy Regarding the Potential Sales of Cascade Water Alliance's Water Rights, based upon the Staff memos.

PROCUREMENT PROCESS

Not applicable.

FISCAL IMPACT

The Policy contemplates that the Board would set the terms and conditions of any sale of water rights and would have to approve any proposed sale. Therefore, adopting the Policy does not have fiscal impact.

OPTIONS

1. Adopt Resolution No. 2022-07 adopting A Policy Regarding the Potential Sales of Cascade Water Alliance's Water Rights to Non-Members
2. Do not adopt Resolution No. 2022-07 adopting A Policy Regarding the Potential Sales of Cascade Water Alliance's Water Rights to Non-Members

RECOMMENDED ACTIONS

Adopt Resolution No. 2022-07 adopting A Policy Regarding the Potential Sales of Cascade Water Alliance's Water Rights to Non-Members

ATTACHMENTS

1. Proposed Resolution No. 2022-07.
2. *Potential Water Rights Sales to Non-Members Policy*, dated March 23, 2022.
3. Staff Memo, entitled *Potential Sales Related to Cascade Municipal Water Rights*, dated March 23, 2022.



A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,
A WASHINGTON MUNICIPAL CORPORATION TO ADOPT A POLICY REGARDING THE POTENTIAL SALES
OF CASCADE WATER ALLIANCE’S WATER RIGHTS TO NON-MEMBERS.

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 (“Joint 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, Section 3.3 of the Joint Agreement states that as Cascade’s purposes include:

a. provide water supply to meet the current and projected demands of Cascade Members serving the region’s urban growth area, and for certain other non-Member agencies as determined by Cascade, and to carry out this task in a coordinated, cost-effective, and environmentally sensitive manner;

h. coordinate and plan cooperatively with other regional water providers and local non-Member water utilities to maximize supply availability and to minimize system costs;

WHEREAS, the powers and authorities to carry out those purposes have include the authority to “[a]cquire, construct, receive, own, manage, lease and sell real property, personal property, intangible property and other Water Supply Assets,” which are defined to include water rights; and

WHEREAS, the Cascade Board of Directors (“Board”) now desires to establish a policy that will guide staff work and Board consideration on these opportunities or other future proposed sales.

NOW THEREFORE BE IT RESOLVED BY THE BOARD as follows:

Section 1. Policy Regarding the Potential Sales of Cascade Water Alliance’s Water Rights to Non-Members

The Board establishes the following policy regarding potential sales of Cascade Water Alliance’s water rights, based on the Memo *Potential Sales Related to Cascade Municipal Water Rights*, dated March 23, 2022 (*attached to hereto*):

- 1) **Should Cascade sell permanent water commitments to Non-Members?**
Board approval must be obtained for any proposed sale. This would be at the Board's discretion on a case-by-case basis. In general, Cascade would prefer membership-based sale options and would be flexible with membership classes and terms. In general, Cascade would first offer membership-based sale options. If membership is not viable, at its discretion, the Board could direct consideration of non-membership sale options.
- 2) **If so, at what price?**
If offered, full price would be required at a level sufficient to avoid increasing future unit supply costs for Cascade Members (no adverse impact on unit costs). The Board may also consider non-monetary considerations, such as in-kind or indirect benefits.
- 3) **Should Cascade consider alternate membership classes to facilitate unique water sales requests?**
Yes, Cascade would be flexible regarding membership opportunities to meet unique needs, provided the request is of sufficient scale to merit such action.
- 4) **If so, at what price?**
Pricing would always require full cost recovery and would be cost-of-service based. Different costs of service could apply for different types of supply or classes of service. For example, raw water supply could exclude treatment costs, and in-river commitments could exclude other unused supply investments.
- 5) **What should Cascade do with revenues generated by such actions?**
For all sales, including new membership classes, all new revenues should be applied using the Shared Benefit principle. The current portion of an asset sale would be directed to the Construction or Bond Funds.
- 6) **Should Cascade limit total potential sales under this policy?**
Yes, Cascade should implement an aggregate limit of 1 cfs to mitigate impacts on Cascade supply capacity, with this limitation to be reviewed after completion of studies on climate change impacts on the White River – Lake Tapps system and supply.

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 23rd day of March, 2022.

CASCADE WATER ALLIANCE

Penny Sweet, Chair

Attest – Ray Hoffman, Chief Executive Officer

Angela Birney, Vice Chair

Members

Yes _____

No _____

Demand Share

Yes _____ %

No _____ %

Allan Ekberg, Secretary/Treasurer

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

Potential Water Rights Sales to Non-Members Policy March 23, 2022

1) Should Cascade sell permanent water commitments to Non-Members?

Board approval must be obtained for any proposed sale. This should be at the Board's discretion on a case-by-case basis. In general, Cascade should prefer membership-based sale options and should be flexible with membership classes and terms. In general, Cascade should first offer membership-based sale options. If membership is not viable, at its discretion, the Board could direct consideration of non-membership sale options.

2) If so, at what price?

If offered, full price should be required at a level sufficient to avoid increasing future unit supply costs for Cascade Members (no adverse impact on unit costs). The Board may also consider non-monetary considerations, such as in-kind or indirect benefits.

3) Should Cascade consider alternate membership classes to facilitate unique water sales requests?

Yes, Cascade should be flexible regarding membership opportunities to meet unique needs, provided the request is of sufficient scale to merit such action.

4) If so, at what price?

Pricing would always require full cost recovery and would be cost-of-service based. Different costs of service could apply for different types of supply or classes of service. For example, raw water supply could exclude treatment costs, and in-river commitments could exclude other unused supply investments.

5) What should Cascade do with revenues generated by such actions?

For all sales, including new membership classes, all new revenues should be applied using the Shared Benefit principle. The current portion of an asset sale would be directed to the Construction or Bond Funds.

6) Should Cascade limit total potential sales under this policy?

Yes, Cascade should implement an aggregate limit of 1 cfs to mitigate impacts on Cascade supply capacity, with this limitation to be reviewed after completion of studies on climate change impacts on the White River – Lake Tapps system and supply.



MEMORANDUM

DATE: March 23, 2022

TO: Cascade Board of Directors

FROM: Ray Hoffman, CEO
Ed Cebron, Chief Economist/Treasurer

SUBJECT: Potential Sales Related to Cascade Municipal Water Rights

Recently, several opportunities have arisen for the potential sale of Cascade water rights or water supply capacity to non-Members. For simplicity, these are referred to as possible sale of a portion of the Cascade municipal water right(s) associated with the White River/Lake Tapps (WRLT) water supply system. As a currently unused resource with a planned development scheduled well into the future, these opportunities raise interesting policy questions regarding potential asset or capacity sales. Specific interest has been raised recently by the City of Sumner regarding mitigation water for planned well development, and by the Washington Department of Ecology (DOE) for a water rights purchase, likely by Pierce County, to offset exempt well development in the White River basin. In both cases, quantities are relatively small, together totaling just under 0.5 cfs (about 320,000 gallons per day) out of a municipal water right of 75 cfs (annual average, about 48.5 million gallons per day), or less than 1%. Even so, sale of any quantities would ultimately reduce the supply capacity associated with the White River/Lake Tapps supply project.

It is important to note that in each of these cases, membership in Cascade could provide a viable alternative to an asset or water sale to a non-member. While this may not necessarily be true if other opportunities arise, the role of membership in considering a potential sale and related pricing remains relevant. This memorandum discusses several policy issues and questions related to a potential water rights sale:

- 1) Should Cascade consider selling a portion of this water right? If so, is there a limit on the quantity to be considered?
- 2) Should any sale of Cascade water resources be contingent on membership?
- 3) How should such water rights sales be priced? How should membership status affect the acceptable price for such a transaction?
- 4) How should the revenues from such sales be used?

This paper focuses on permanent commitments of supply capacity or supply assets, and is not intended to address temporary water sales or wholesale contracts or full supply commitments to new full members of Cascade.

I. Potential Sale of a Portion of the Cascade Municipal Water Right

The policy implications of a potential water rights sale include impacts on future supply capacity, impacts on costs and revenues, and impacts on the governance structure. Embedded in the Cascade agreement structure is a consistent “most favored nation” policy that all Members are treated equally, and non-Members will not receive terms favorable to those provided to Cascade

Members. This is intended to promote agencies to join Cascade to secure benefits from it, and to preserve the relative value of Cascade membership for existing Members.

A. Sale of Water Rights or Permanent Supply Capacity to Non-Members

A subset of this question might thus be: *Should Cascade consider selling portions of its water rights to non-Members?*

In the end, the decision to sell a portion of Cascade assets (in this case water rights) to non-members should be predicated on three outcomes:

1. *Liquidation of the asset does not materially damage Cascade, its Members, or its ability to fulfill its mission; and*
2. *Compensation received should meet or exceed the cost borne by Cascade Members for comparable benefits. (Note that, in addition to cash or notes, compensation could include non-cash elements provided that they are fairly valued.)*
3. *No membership class exists or could be developed that could serve the applicant's need.*

Assuming that Cascade is flexible with respect to establishing membership classes, then **a sale to non-members should be extremely rare**. Assuming such a sale is considered, the advantages and disadvantages of a water rights or permanent supply capacity sale can be summarized as follows:

Advantages of a Sale to Non-Members

- a) Provides a current revenue source from an idle asset. This could materially offset both current Cascade costs and future WRLT supply development costs and provide meaningful benefit through reduced Member charges and rate impacts, especially by helping fund the initial phase of supply development.
- b) Minimal impact on Cascade present and future ability to meet supply needs: the current demand forecast suggests that the water right provides capacity to serve well beyond the year 2100.
- c) While total supply capacity would be reduced with a reduction in the municipal water right, diversion rights remain unchanged, resulting in improved reliability for the remaining supply. This would allow us to divert the same amount of water into Lake Tapps, but we would withdraw less water in total for municipal use.
- d) Cooperative local, regional, state and tribal relationships can provide intangible benefits now and in the future and help fulfill broader policy objectives.
- e) May enable other tangible and intangible benefits associated with the sale such as relief from operational or maintenance requirements (like the RR bridge) or enhanced environmental outcomes that benefit all river users.

Disadvantages of a Sale to Non-Members

- a) Reduces capacity of Cascade's primary long-term source of supply to meet its Members' needs.
- b) Does not necessarily reduce capital development costs since the sizing of major infrastructure is unlikely to change based on relatively small reductions in ultimate capacity. This leads to increased unit costs of ultimate build-out (diseconomies of scale). For example, if the project cost does not decline but the supply yield is reduced by 1 cfs, or 1.34%, then the ultimate unit cost of supply would increase by 1.36%.
- c) Reduces or removes the incentive for agencies needing supply to join Cascade as Members if they can secure Cascade supply commitments or water rights without joining.

- d) Could create an impression of excess, a potential precedent for more aggressive future attempts to take or reduce Cascade's municipal water right, deny reasonable accommodations if requested, or discount the importance of Cascade's water supply assets in decision-making processes.
- e) A trend toward reducing Cascade's supply potential could be perceived as a weakened commitment that disadvantages Cascade during supply contract negotiations.
- f) Sale of assets could have bond implications including a requirement to use the funds to retire outstanding bonds. Bond counsel has indicated that this is not an issue at the scale contemplated here.
- g) Could create or accelerate a (distant) future need for additional water supply due to reduced capacity of the WRLT supply system. A reduction of capacity of 1 cfs (0.65 mgd) would accelerate the supply/demand balance point by about 3 years, currently projected to occur around 2130 or later.
- h) Could constrain or complicate future Cascade flexibility with respect to development, sale or abandonment of the Lake Tapps supply system and related assets.

B. Sale of Water Rights or Permanent Supply Capacity to Members

Cascade currently provides service to all members on equal terms. Admitting new members on these same terms, subject to requirements of the JMUSA as to new member buy-in and Cascade's provision of a full service commitment, provides an available path for expanding membership, financial capacity and fulfillment of Cascade's mission as a regional water provider. Such Members would have voting rights, would be charged for service through adopted Cascade Member charges, and would share Cascade's supply commitment on equal terms with all Members.

It is also possible to establish distinct classes of wholesale water service, and classes or sub-classes of membership, that provide alternate structures for potential buyers of water rights or water delivery commitments. A recent example (involving existing Members but still illustrative) is the introduction of a new class of supply, namely temporary block supply, that is distinct from a permanent full supply commitment and is also priced differently to reflect the limited term and use of otherwise idle supply capacity. Cascade could similarly consider an alternate class of service and membership to fulfill unique supply commitments (for example such as those requests outlined above). In this case, a sale of water rights or supply commitment could be priced and structured to reflect a unique class of service with unique charges consistent with costs of providing such service to members, provided that such a commitment could be offered consistently to all Members.

In the end, the decision to sell a portion of Cascade assets (in these current cases water rights and raw water delivery) to Members should be predicated on three outcomes:

1. *Membership is based on full and equitable cost recovery of capital and operating costs and a sharing of the benefits and risks of membership.*
2. *Compensation received should meet the cost of service for this class of service consistent with cost allocation methods used for all Members.*
3. *Similar supply commitments could and would be offered to all Members on materially equal terms.*

Assuming that these standards are met, the advantages and disadvantages of a water rights sale can be summarized as follows:

Advantages of a Sale to Members

- a) Provides a current revenue source from an idle asset. This could materially offset both current Cascade costs and future WRLT supply development costs and provide

meaningful benefit through reduced Member charges and rate impacts, especially by helping fund the initial phase of supply development.

- b) Expands Cascade's membership base, providing increased financial capacity and stability.
- c) Minimal impact on Cascade present and future ability to meet supply needs of existing Members: the current demand forecast suggests that the water right provides capacity to serve beyond the year 2100.
- d) While total supply capacity available to meet full supply commitments would be reduced with a reduction in the available municipal water right, diversion rights remain unchanged, resulting in improved reliability for the remaining supply. This would allow us to divert the same amount of water into Lake Tapps, but we would withdraw less water in total for municipal use.
- e) Providing continued and flexible access to the Cascade supply system can foster cooperative local, regional, state and tribal relationships, which can provide broader benefits now and in the future.
- f) May enable other tangible and intangible benefits associated with the sale such as relief from operational or maintenance requirements (like the RR bridge) or enhanced environmental outcomes that benefit all river users.

Disadvantages of a Sale to Members

- a) Reduces capacity of Cascade's primary long-term source of supply to meet its (current) Members' full supply commitment needs.
- b) Does not necessarily reduce capital development costs to fulfill full supply commitments since the sizing of major infrastructure is unlikely to change based on relatively small reductions in ultimate capacity. This leads to increased unit costs of ultimate build-out (diseconomies of scale). For example, if the project cost does not decline but the supply yield is reduced by 1 cfs, or 1.34%, then the ultimate unit cost of supply would increase by 1.36%.
- c) Could create or accelerate a (distant) future need for additional water supply due to reduced capacity of the WRLT supply system and expansion of the Cascade service base. A reduction of capacity of 1 cfs (0.65 mgd) would accelerate the supply/demand balance point by about 3 years, currently projected to occur around 2130 or later.

Staff Recommendation Regarding Asset/Supply Sales: *The Board should provide policy direction on these issues:*

- 1) ***Should Cascade consider alternate classes of membership to accommodate unique supply needs or requests?*** *Staff recommends that we should consider new membership classes that could provide desired supply outcomes.*
- 2) ***Should Cascade consider sales of water rights or supply capacity to non-members?*** *Staff recommends that Cascade consider sales of water rights to non-members only after pursuing membership options first.*
- 3) ***Should Cascade limit total potential sales?*** *Staff recommends an aggregate limit of 1 cfs to mitigate impacts on Cascade supply capacity, with this limitation to be reviewed after completion of studies on climate change impacts on the White River – Lake Tapps system and supply.*

Staff also recommends that Cascade should respond to any request for a sale of assets with a counter-proposal based on potential Membership. Such a proposal should reflect valid pricing advantages based on membership status and should outline various benefits of a membership role in Cascade.

II. Pricing of a Potential Water Rights Sale

Cascade's approach to pricing for a water supply asset is subject to different standards depending on membership status. These are discussed below as they relate to determining an acceptable price for an asset transaction.

A. Sales to Non-Members

To date, prices assigned for proposed water rights sales to nonmembers have been developed based on a policy embedded in the Cascade Code section 5.05.090.D:

"D. Sales or Capacity Commitments to Nonmembers. Cascade may determine that it is in its best interests to enter into water contracts to supply or otherwise serve nonmember utilities or agencies. In such cases, no commitment or supply to nonmembers may offer terms that are financially favorable in comparison to those offered to members except as the Board determines that such terms are of material benefit to Cascade and its members. The Board may consider material differences in service or supply commitments in its consideration of such terms."

A dominant guiding principle during Cascade's formation was that there be "no geographic advantage or disadvantage" afforded Members due to location. This calls for a "postage stamp" approach to cost sharing: all Members (conceptually extended to all System Users) share all system costs without distinction, similar to the equal cost to mail a letter across town or across the country. While not necessarily explicitly stated in the current Code, this principle is pervasive in the financial structure defined in that Code. [A code amendment to explicitly address this could be developed.]

The consequence of the above provisions is that costs allocated to a non-Member must be at least proportionate with costs allocated to Cascade Members. Pricing for water rights transfer has been developed relying on this proportionate share approach. Proportionate shares of capital (infrastructure) costs, water rights costs, and operating costs have been developed and incorporated.

In a sense, this pricing reflects the minimum value of the resource to Cascade and its Members: the amount they are willing to spend, in aggregate, to put this resource to use. Any price less than this has two effects: it values the sale at a lower price than Cascade values the resource; and it increases the unit cost for Cascade to develop the remaining supply system.

This pricing method could be summarized as: *a price sufficient to avoid increasing the unit costs of Cascade's ultimate supply to its Members.* Unless supply development costs are reduced due to the transaction, this is also equal to the average unit cost of full supply development.

Using this method, the 2022 value of the water right would currently be in excess of \$20 million per cfs. This is a price that satisfies the minimum requirements of code and policy with respect to protection of Member interests. It is worth noting that the actual transaction could include both cash and non-cash considerations that in aggregate are found to meet or exceed this threshold.

Staff Recommendation: *Excluding prior contract commitments (such as mitigation water for the "four cities"), do not authorize any sales of water rights and/or related capacity to non-members. If authorized nonetheless, require that total compensation (including cash and non-cash elements) is at least equal to the calculated minimum value of the water right (currently over \$20million per cfs) to Members. Allow non-cash consideration that has tangible and measurable benefit to Cascade, and cost savings resulting from the sale, to be considered as payment toward the resulting price.*

B. Potential Alternate Structures for Cascade Members

Cascade code enables Cascade to classify its Members for rate-setting purposes and contemplates unique classes of membership and supply service. A recent example is the temporary water sales class being used to productively utilize excess supply and generate revenues. Similarly, a class could be defined for raw water delivery or water rights commitment without delivery (remaining in the river) that could reflect the unique character and cost of service.

For potential sales of water assets or unique supply commitments, there are likely two elements to structuring a transaction: 1) defining a membership class that is distinct from the full membership of existing (and future) members; and 2) defining a structure of Member charges for this class that reflects the allocated share of system costs consistent with the characteristics of service. The alternate Member class structure and format have not been developed yet, but the conceptual basis would be that Cascade is willing to consider a tiered membership structure with differing commitments and requirements.

With membership, the standard for pricing water or asset commitments can be based on an equitable allocation of cost-of-service, as distinguished from the “do no harm” standard outlined for non-members. The result would generally be a lower cost for the supply resource, but would also include other obligations to Cascade consistent with their membership structure.

There is already an associate membership class defined in Cascade code that illustrates the potential for distinct classes. The associate membership is a non-voting class that pays partial dues during a transitional period while a full membership commitment is developed. Even though temporary in nature, it illustrates how a new more permanent class of membership might also be structured and introduced.

Staff Recommendation: *While a non-member should be fully charged under the framework discussed in section A, an offer of membership could be made accompanied by an alternate pricing basis (lower price) that is based on cost-of-service and reflects unique demands or circumstances. In such case, Cascade code also requires that such an offer remains consistent with opportunities available to all members.*

III. Use of Proceeds of Water Rights Sale

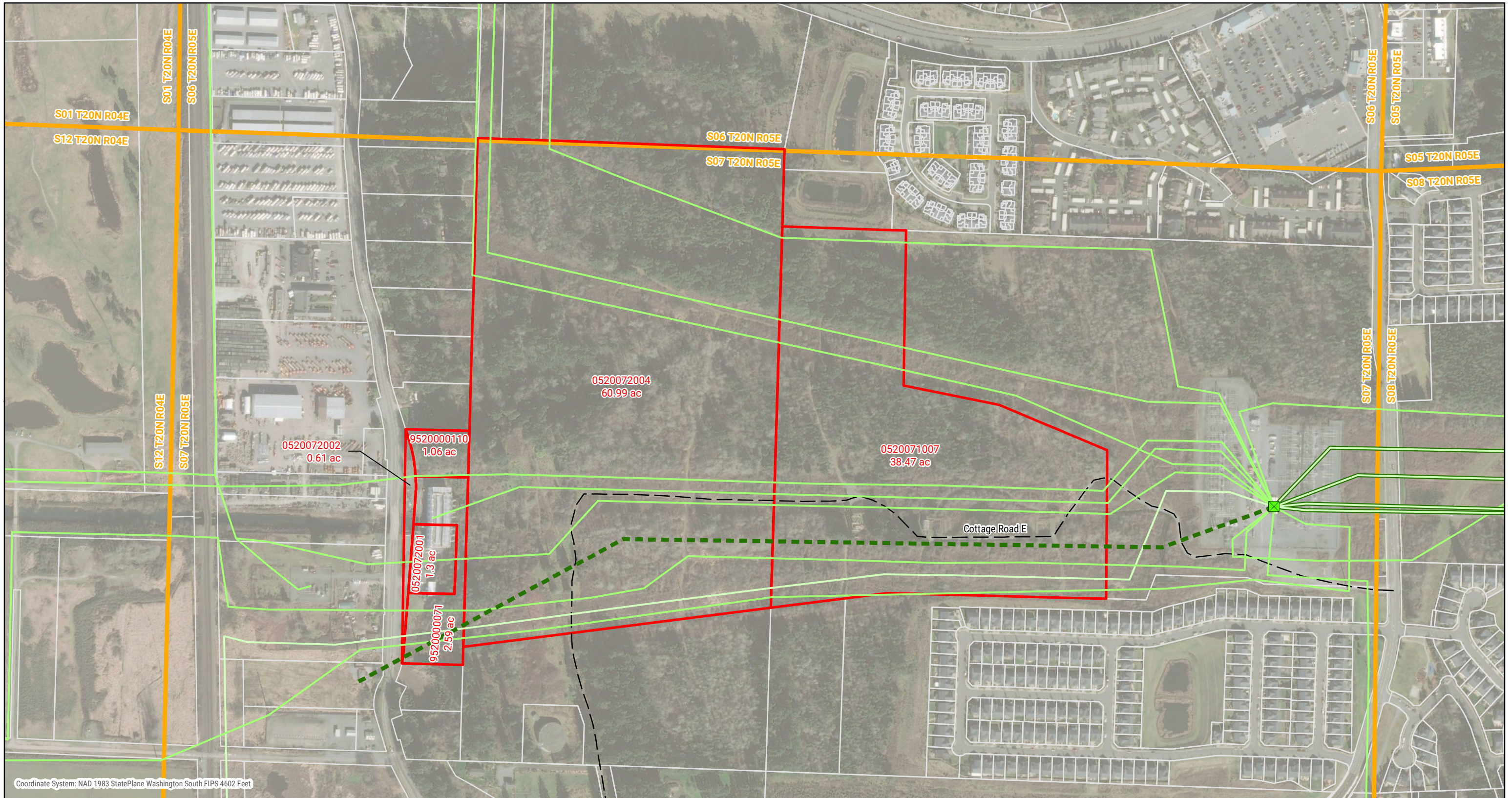
If a sale is allowed and executed, the proceeds of such sale would be in part a return of investment to date and in part compensation for a lost future opportunity. The use of proceeds from a sale is somewhat constrained by bond commitments which have ties to Cascade’s assets. Our bond counsel has indicated that the small scale sales being considered would not trigger a need for advance debt retirement. However, proceeds from liquidating significant assets should generally be restricted to debt retirement or capital use.

The “Shared Benefit” model just recently adopted would dictate that the proceeds would be divided evenly between contribution to the Water Supply Development Fund (WSDF) and current use by Cascade. Given the capital nature of the transaction, the most logical current use for the current portion would be payment into either the Construction Fund or Bond Fund. This could enable acceleration of key infrastructure projects, enable partial retirement of existing debt, or reduce current operating contributions toward debt repayment.

An alternative approach would be to commit all proceeds to the WSDF, in effect liquidating an asset in a manner that shifts its value to the infrastructure development. This approach would lose the near-term benefit of a sale but would maximize its longer-term benefit for supply development.

Staff Recommendation: *The financial benefit of any new revenue generated under this policy should be treated under the “Shared Benefit” policy and equally divided between a reserve for future supply development (WSDF) and current application of the revenue to offset member-*

funded costs. Staff recommends that the current portion be used to support capital funding or early debt retirement, providing lasting benefit to Cascade members.



LEGEND

- | | | |
|---|--|--|
| Cascade Water Alliance Parcel | ■ Electric Substation | Electric Transmission |
| PLSS Section | - - - Proposed Gen-Tie Route | — <100 kV |
| Other Land Parcel | - - - Cottage Road E | — 100-161 kV |
| | | — 220-287 kV |

Plat Map Cascade Water Alliance

Project Location: Pierce County, Washington

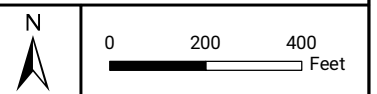


EXHIBIT B

Date: 2022-02-21



FINANCE & MANAGEMENT COMMITTEE

Jeralee Anderson, Chair, City of Redmond
Jeremy Barksdale, City of Bellevue
Penny Sweet, City of Kirkland
John Stokes, City of Bellevue
Russell Joe, City of Issaquah

Meeting Recap
Tuesday, March 15, 2022
1:30 PM – 3:00 PM
Held via Zoom

Call to Order

1. Chair Comments.
2. Executive Session.
3. Items Recommended for Action at the March 23, 2022, Board Meeting.
4. Discussion Items.

A. Water Sales Policy. Review of policy paper and proposed action to establish guidelines for potential sales of water rights to non-members. For committee consideration and feedback to the Board.

Recap: The committee reviewed the draft policy memorandum regarding water rights sales and the feedback provided by the Resource Management Committee. The committee supported the changes, including the clarifications on Board discretion and offering membership options first before considering non-membership options. The committee also supported limiting the total quantity available to sell under the policy to 1 cfs, until additional climate change work is completed that will enable a fuller understanding of future water supply availability. Based on the discussion, staff updated the policy to clarify that it addresses sales to non-members and not current members.

B. Upcoming Schedule for Budget/Rates. Staff will provide a brief overview of the budget process to develop and approve the 2023-2024 budget.

Recap: Cascade staff discussed with the committee the budget process and gave them a preview of what and when they could expect to receive budget information from Cascade this year.

C. Battery Storage Project. Cascade staff will update the committee on the potential revenue opportunity of a battery storage vendor leasing our parcels. After reviewing the Request for Information submitted by the two companies interested in the lease and consulting with engineers and counsel, Cascade has been able to narrow down the project and will discuss with the latest status with the committee.

Recap: The Committee was given an update on the potential revenue opportunity of leasing a Cascade parcel to a battery power storage provider. Cascade issued a Request for

Proposal in January to two companies that contacted Cascade with similar projects. After internal reviews of the proposals and with the assistance of our on-call engineer and attorneys, Cascade was able to eliminate one of the companies and any proposal at this time that includes having the batteries placed on Cascade's parcel. BrightNight, one of the interested parties, had an additional proposal to run a transmission line over our property and requested an easement. Cascade staff and BrightNight visited the site this month and no additional issues were discovered on the tour. Cascade is reviewing their proposed easement and compensation. If an agreement can be reached that makes sense for both parties, staff may propose a Board action in April or May. The Committee was supportive of the direction and staff continuing work on the potential agreement.

5. Next Meeting Date and Location.

The next meeting will be held Tuesday, April 19, 2022, 1:30 p.m., at Cascade's office or via Zoom meeting.



PUBLIC AFFAIRS COMMITTEE

Angela Birney, Chair, City of Redmond
Penny Sweet, City of Kirkland
John Stokes, City of Bellevue
Ryika Hooshangi, Sammamish Plateau Water

Meeting Recap
Wednesday, March 2, 2022
9:00 AM – 10:00 AM
Held via Zoom

1. **Chair Comments.**
2. **Executive Session.**
3. **Items Recommended for Action at the March 23, 2022, Board Meeting.**
4. **Discussion Items.**

- A. **State Legislative Update.** Staff will provide an update on bills and activities in the state legislative session.

Recap: Diana Carlen, Gordon Thomas Honeywell, provided an update on the state legislative session. The final deadlines are approaching, with the session ending on March 10. Both the House and Senate proposed operating budgets include funding to provide customer assistance for utility arrearages. There is a controversial proposal moving through the legislature to sweep Public Works Assistance Account funding into the transportation revenue package. Many cities and utilities are opposed to the plan and weighing in with their representatives. Although mask and vaccination requirements are ending, the Governor has not yet lifted his emergency order or proclamation regarding public meetings. In addition, there is at least one bill still alive that addresses Open Public Meetings Act (OPMA) requirements. Cascade will be tracking the bill and the Governor's actions to ensure Cascade is in compliance with the OPMA.

- B. **TappsWise Update.** Staff from the Tacoma Pierce County Health Department will present an overview of the TappsWise program, its 2021 accomplishments and plans for 2022.

Recap: Amber Perlata and Cindy Callahan from the Tacoma-Pierce County Health Department updated the committee on TappsWise activities and results in 2021 and plans for 2022. Plans include building on the success of the septic inspection program from 2021 and continuing virtual webinars on septic maintenance and natural yard care. Regular monitoring for any toxic algae and E-coli in the Lake Tapps Reservoir will also continue in 2022.

- C. **Battery Storage Proposals.** Cascade will update the committee on information gathered this month regarding the potential to lease certain Cascade parcels for battery storage. In February, Cascade issued a Request for Information, conferred with consultants, and met with the interested companies several times.

Recap: Cascade staff updated the committee on the latest information about the potential leasing of Cascade property for battery storage. After meeting with several companies, staff determined that the level of risk is too high to lease property that may be needed for a future water treatment plant. However, staff is still evaluating at least one proposal for use of a transmission corridor that would not impact future use of the treatment plant site. Staff will return with additional information once the evaluation is complete.

D. Other issues.

5. Next Meeting Date and Location.

The next meeting will be Wednesday, April 6, 2022, from 9:00 a.m. – 10:00 a.m., at Cascade's office or via Zoom meeting.



RESOURCE MANAGEMENT COMMITTEE
Lloyd Warren, Chair, Sammamish Plateau Water
Penny Sweet, City of Kirkland
Mary Lou Pauly, City of Issaquah
Jon Ault, Skyway Water & Sewer District
Allan Ekberg, City of Tukwila
John Stokes, City of Bellevue
Jon Pascal, City of Kirkland
Ryika Hooshangi, Sammamish Plateau Water

Meeting Recap
Thursday, March 10, 2022
2:00 PM – 3:30 PM
Held via Zoom

1. **Chair Comments.**
2. **Executive Session.**
3. **Items Recommended for Action at the March 23, 2022, Board Meeting.**
 - A. **Water Sales Policy.** Review of policy paper and proposed action to establish guidelines for potential sales of water rights to non-members. For committee consideration and recommendation to the Board.

Recap: The committee reviewed the draft policy memorandum regarding water rights sales, including distinctions between membership and non-membership paths. The committee provided direction to amend the policy to recognize that Cascade should pursue membership options first but leave open the possibility that other non-membership options can also be explored. The committee also supported limiting the total quantity available to sell under the policy to 1 cfs, until additional climate change work is completed that will enable a fuller understanding of future water supply availability. The policy will be reviewed by the Finance Committee and brought to the Board for review and adoption this month.

4. **Discussion Items.**
 - A. **Battery Storage Project.** Cascade staff will update the committee regarding a potential transmission easement on Cascade parcels. After issuing and reviewing a Request for Information from two interested parties with similar interest in Cascade's parcel, Cascade has been able to narrow down a potential easement that may make sense. Additional work is being done and staff will discuss those next steps.

Recap: The Committee was given an update on the potential revenue opportunity of leasing a Cascade parcel to a battery power storage provider. Cascade issued a Request for Proposal in January to two companies that contacted Cascade with similar projects. After internal reviews of the proposals and with the assistance of an on-call engineer and attorneys, Cascade was able to eliminate one of the companies and any proposal that

includes having the batteries placed on Cascade's parcel. BrightNight, one of the interested parties, had an additional proposal to run a transmission line over Cascade's property and requested an easement. Cascade staff and BrightNight will visit the site this month and review their proposed easement and compensation. If an agreement can be reached that makes sense for both parties, staff may propose a Board action in April or May.

- B. **BIP – Updated Agreements and Emergency Response.** Staff will present information on the efforts by Cascade, Bellevue, and Sammamish Plateau Water to revise the Bellevue-Issaquah Pipeline (BIP) operations and maintenance MOAs and develop an emergency response plan.

***Recap:** Staff presented information on three BIP-related activities that are in progress: 1) updating the interlocal agreements (ILAs) and scopes of work with Bellevue and Sammamish Plateau Water for BIP operations; 2) developing an emergency action plan; and 3) developing a flushing plan. Staff will return to RMC, potentially in June, with the updated ILAs and then to the Board for approval.*

- C. **BIP – WSDOT Update.** Staff will update the committee on the status of BIP location conflict with the WSDOT Lewis Creek Fish Passage project and upcoming West Village Park Creek Fish Passage project.

***Recap:** The committee was given an update on the WSDOT Lewis Creek, West Village Park Creek and Schneider Creek Fish Passage Project. WSDOT is delaying the Lewis Creek project indefinitely. WSDOT declined Cascade's request to enter into a Cost Reimbursement Agreement with WSDOT and presented alternative procurement structure to address conflicts with the BIP at the Lewis Creek crossing. Cascade is working on a response to WSDOT.*

5. Next Meeting Date and Location.

The next meeting will be Thursday, April 14, 2022, from 2:00 p.m. – 3:30 p.m., at Cascade's office and via Zoom meeting.