



REGULAR MEETING OF THE BOARD OF DIRECTORS
AGENDA
CASCADE WATER ALLIANCE
Held via Zoom Meeting
NOVEMBER 17, 2021
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 October 27, 2021.	<u>14</u>
b. Motion to authorize the Chief Executive Officer to enter into a contract with the recommended firm from the selection process to provide On-Call Electrical Engineering Services in an amount not to exceed \$100,000.	<u>17</u>
c. Motion to adopt Resolution No. 2021-09 amending the 2021-2022 Budget and the 2021-2026 Capital Improvement Program.	<u>19</u>
8. OTHER ACTION ITEM	
a. Motion to authorize the Chief Executive Officer to renew contracts for engineering, vendor, and consulting services as shown in the table below totaling \$2,084,370, and in accordance with the adopted 2021 - 2022 Cascade budget.	<u>23</u>
9. DISCUSSION ITEM	
a. Water Supply Development Fund. Resolutions attached for discussion purposes: (1) Resolution No. 2021-10, Establishing the Water Supply Development Fund in the Cascade Water Alliance Code and Amending Sections 5.10.020, and 5.20.040 of the Code and providing direction on Implementation; (2) Resolution No. 2021-11, Amending Chapter 5.05 CWAC, Fiscal Policies; (3) Resolution No. 2021-12, Amending the Cascade Funds Management Matrix in CWAC 5.65.040; (4) Resolution No. 2021-13, Amending the Amended 2021-2022 Budget to Transfer Funds into the Water Supply Development Fund; and (5) Resolution No. 2021-14, Authorizing the Application to the King County Pool Plus investment program for the Water Supply Development Fund.	<u>28</u>

10. COMMITTEE REPORTS

a. Executive Committee – *no meeting held.*

b. Finance and Management Committee – *November 9, 2021.* 61

c. Public Affairs Committee – *no meeting held.*

d. Resource Management Committee – *November 4, 2021.* 63

11. NEW BUSINESS

12. NEXT REGULAR MEETING – *December 15, 2021 – to be held at Cascade's Office or via a 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: November 17, 2021

TO: John Stokes, Chair
Board of Directors

FROM: Ray Hoffman, Chief Executive Officer

SUBJECT: Chief Executive Officer's Report

Administration, Finance, and Economics

- TeamLogicIT, Cascade's IT consultant, is reviewing the results of the penetration test that was conducted by their subconsultant Redbot in October. Preliminary findings show no major issues and no large capital expenditures are expected because of the test. There were several recommendations to tighten up our controls and they will be implemented to improve our cybersecurity. The test showed that overall, the security measures we have in place are good.
- The Office of the Washington State Auditor will be presenting the results of their 2020 accountability audit later this month. The Board and management will be invited to attend and the results will be reported out at a future meeting of the Board.
- Clark Nuber, Cascade's outside auditing firm, conducted a review of Cascade's third quarter 2021 financial transactions in October. The results of the review will be reported at a future Finance and Management Committee.
- The Association of Washington Cities, the trust that provides Cascade's employee insurance, announced their rates for 2022. The health insurance rates increased by 5.8%, dental had no increase. Cascade budgeted for an increase of 10% in 2022.
- The 2021 budget expectation of 1,000 Regional Capital Facilities Charges (RCFCs) has been exceeded. Through October 2021, 1,101 net RCFCs have been reported with 6 member reports missing.

Capital Projects and Operations

- U.S. Army Corps of Engineers (USACE) issued its third "Phase 3 Suspension of Work" letter to its contractor Kiewit and suspended all Phase 3 activities beyond the previously suspended date of October 31, 2021, to a new date of April 30, 2022, for administrative activities and physical work after August 31, 2022. Cascade is in active conversation with USACE on the delay impacts and timing of the new 2022 date for shutting water off to Cascade's flowline.
- Cascade's outage project is progressing well. Some of the work Cascade's contractors completed includes sediment removal in the upper flowline, cleaned and repaired the fish screen facility, and inspected and performed minor repairs on twin 10' pipelines. Cascade is working on installing anchors for a debris boom at the pipeline intake and repairing the joints in the flume. Anticipated completion of the outage project is end of November.
- Cascade met with Washington State Department of Transportation (WSDOT) on WSDOT's Passage Project crossing Lewis Creek where it has a conflict with the

Bellevue-Issaquah Pipeline (BIP). Cascade is in consultation with member agencies that are similarly impacted by this project on how to structure utility relocation or protection agreements. Upon reviewing WSDOT's latest conceptual design, Cascade has determined the BIP could be protected-in-place and has sent WSDOT a request to protect-it-in place based on WSDOT's conceptual design. WSDOT stated that the concept design is subject to change and is evaluating Cascade's request.

- Due to unforeseen supply chain issues, completion of the SCADA and Security public works construction is delayed until mid-April 2022. The contractor is working on all preparatory work such as rough-in conduits and other miscellaneous activities that are not dependent on availability of equipment.

Water Efficiency

- Cascade participated in the annual *Imagine a Day Without Water* national event in conjunction with the Sustainability Ambassadors. With Cascade's support, the Sustainability Ambassadors developed a comprehensive lesson plan on the subject that is available for teacher use.
- Cascade provided a drip irrigation training for teachers at Lake Washington School District for their vegetable garden at Emerson High School.
- Cascade participated in Issaquah Salmon Days distributing conservation items and talking with residents about water issues.
- Cascade continues to provide remote learning opportunities for teachers and schools, but in-person presentations are slowly returning. There are thirty-three in-person presentations scheduled for November.
- Cascade and Tukwila are offering a watershed field trip for adults at Codiga Park on November 13. This is a new type of educational offering that will engage with adults on healthy watersheds and water systems.

Intergovernmental and Communications

- Cascade has been meeting with the City of Sumner (Sumner) to discuss the Sumner White River Restoration/Burlington Northern Santa Fe (BNSF) Railroad Staging Tracks project and the agreements that will be necessary to implement the project, which will include the transfer of Cascade's tailrace parcels (west of the railroad bridge) to Sumner for use in the restoration project. Topics under discussion include the structure of the transaction, consideration, protection of Cascade's utility functions, indemnification, design, and schedule. Sumner has proposed an aggressive schedule to finalize the agreements, with a goal of late spring or early summer approval by the City of Sumner, the Cascade Board and BNSF. Based on this schedule, Cascade Board briefings on draft agreements are likely to begin in early 2022.
- Cascade attended the Muckleshoot Indian Tribe Fish Commission meeting on October 26 and presented information about Cascade's request to the Department of Ecology for a Lake Tapps Reservoir water right permits development extension. The presentation was well-received, and Cascade hopes to hear soon regarding the Tribe's support for the request. Cascade is also seeking support from the Puyallup Tribe of Indians.
- Cascade staff have continued to meet with staff from King County Wastewater, Seattle Public Utilities (SPU), the City of Renton and Soos Creek Water & Sewer District to discuss the terms of future reclaimed water use in King County. Recent meetings have focused on King County's proposed Clean Water Plan strategies that could require major investments and expansion of the use of reclaimed water in unprecedented ways. Cascade is working with SPU, Renton, and Soos Creek to develop feedback on the

reclaimed water strategies, and Cascade will work with member staff before submitting comments to King County.

Planning

- Cascade is scheduled to meet with Department of Health (DOH) later in November for its Transmission & Supply Plan (TSP) pre-planning meeting. We will discuss the general content of the TSP, the schedule for developing the TSP, and DOH's review process and expectations. On November 17, Cascade held a demand forecast workshop with member staff to walk through the model structure, its inputs, and the initial forecast results. The final demand forecast will be a key component of the TSP. There will be several other points of engagement with member staff as the TSP is developed. Cascade staff will provide monthly updates to the Resource Management and will provide updates to the Board as needed.
- Cascade contracts with Bellevue and Sammamish Plateau Water to maintain the Bellevue Issaquah Pipeline (BIP). For several months, the three agencies have collaborated to update the scopes of work for operating and of BIP to clarify each agency's roles and responsibilities. Draft updated scopes should be completed early in the new year.
- Cascade's consultant, Herrera, recently completed the second year of the two-year baseline water quality monitoring and sampling study for Lake Tapps. A final report is expected in the first quarter of 2022. Cascade staff will work with the Resource Management Committee and the Board to evaluate next steps for future water quality management work plan activities.

Attachments

1. Budget to Actual Expenditure Report through October 31, 2021.
2. Statement of Revenues and Expenditures through October 31, 2021.
3. Statement of Net Position as of October 31, 2021.
4. Contract Status Summary.
5. Monthly Warrants Listing.
6. Monthly Treasurer's Report as of October 31, 2021.

Cascade Water Alliance
 Budget to Actual Expenditure Report
 January 1- October 31, 2021
 83% of the year completed

Administration	Budget	Actual	Balance	% Expended
Salaries	\$ 939,231	\$ 885,506	53,725	94.3%
Benefits	248,486	247,786	699	99.7%
Wellness program	5,000	89	4,911	1.8%
Prof. Fee (Technical)	92,400	91,619	781	99.2%
Prof. Fee (Legal)	835,000	590,194	244,806	70.7%
Prof. Fee (Audit)	98,600	73,182	25,418	74.2%
Prof. Fee (Other)	100,000	3,919	96,081	3.9%
Seismic Resiliency	190,000	151,012	38,988	79.5%
Meetings Expense	11,000	2,523	8,477	22.9%
Telephone/Internet	37,000	36,276	724	98.0%
Office Rent	235,288	206,680	28,608	87.8%
Office Supplies Admin.	20,000	6,278	13,722	31.4%
Equip. and Furniture	10,000	2,463	7,537	24.6%
Bank Fees	600	243	357	40.5%
Dues & Subscriptions	50,000	15,040	34,960	30.1%
Taxes/Licenses	16,000	10,149	5,851	63.4%
Travel	12,000	1,756	10,244	14.6%
Professional Dev.	30,000	20,035	9,965	66.8%
Computer Equipment	25,000	9,787	15,213	39.1%
Software Licenses	38,000	30,190	7,810	79.4%
Postage & Delivery	2,000	496	1,504	24.8%
Printing & Repro.	10,000	0	10,000	0.0%
Insurance	129,091	112,434	16,656	87.1%
Contingency	36,600	0	36,600	0.0%
Total	\$ 3,171,295	\$ 2,497,655	\$ 673,639	78.8%

Debt Service	Budget	Actual	Balance	% Expended
Bond Debt Service	9,787,231	9,782,718	4,513	100.0%
Total	\$ 9,787,231	\$ 9,782,718	\$ 4,513	100.0%

Conservation	Budget	Actual	Balance	% Expended
Salaries	\$ 163,559	\$ 82,515	\$ 81,043	50.5%
Benefits	28,062	19,942	8,120	71.1%
Prof. Fee (Technical)	15,000	12,413	2,588	82.8%
Rebate Reimb. Com.	95,000	37,904	57,096	39.9%
Irrigation Audit	20,500	0	20,500	0.0%
Comm. and Public I	304,350	173,656	130,694	57.1%
Misc. Serv. and Sup.	84,400	14,575	69,825	17.3%
Total	\$ 710,871	\$ 341,006	\$ 369,865	48.0%

Com. and Intergovern	Budget	Actual	Balance	% Expended
Salaries	\$ 138,930	\$ 107,284	\$ 31,645	77.2%
Benefits	31,231	23,923	7,308	76.6%
Prof. Fee (Technical)	15,000	10,190	4,810	67.9%
Prof. Fee (Other)	155,250	135,645	19,605	87.4%
Sponsorships	30,000	18,475	11,525	61.6%
Comm. and Public I	280,000	169,302	110,698	60.5%
Total	\$ 650,411	\$ 464,819	\$ 185,592	71.5%

Cascade Water Alliance
 Budget to Actual Expenditure Report
 January 1- October 31, 2021
 83% of the year completed

Operations-General	Budget	Actual	Balance	% Expended
Wholesale Water	\$ 21,351,878	\$ 20,070,765	\$ 1,281,113	94.0%
Salaries	21,405	17,192	4,213	80.3%
Benefits	4,058	3,779	279	93.1%
BIP O&M	80,000	67,352	12,648	84.2%
Pipeline Prop. O&M	35,000	1,319	33,681	3.8%
PWTF Loan Debt	40,658	40,461	197	99.5%
Total	\$ 21,532,998	\$ 20,200,866	\$ 1,332,132	93.8%

Operations-Lake Tapps	Budget	Actual	Balance	% Expended
Salaries	\$ 494,465	\$ 307,427	\$ 187,038	62.2%
Benefits	97,447	72,447	25,000	74.3%
Prof. Fee (Technical)	708,600	378,678	329,922	53.4%
Prof. Fee (Other)	50,000	11,442	38,558	22.9%
Meetings Expense	4,000	3,989	11	99.7%
Telephone/Internet	1,500	622	879	41.4%
Office Supplies	18,600	4,253	14,347	22.9%
Equipment & Furn.	27,500	14,436	13,064	52.5%
Taxes/Licenses	7,000	6,384	616	91.2%
Travel	16,000	11,214	4,786	70.1%
Professional Dev.	2,000	0	2,000	0.0%
Software Licenses	15,000	13,426	1,574	89.5%
Permitting Costs	7,000	3,241	3,759	46.3%
Misc. Serv. and Sup.	44,500	30,398	14,102	68.3%
LT Operator	2,180,699	1,546,534	634,165	70.9%
Unplanned O&M	55,000	4,866	50,134	8.8%
Misc. Facility Repairs	40,000	29,687	10,313	74.2%
USGS Joint Fund	327,000	234,654	92,346	71.8%
Construction Management	100,000	0	100,000	0.0%
Outage	600,000	485,151	114,849	80.9%
Milfoil Control	165,000	109,250	55,750	66.2%
Vendor Services	45,000	19,662	25,338	43.7%
Water Quality Management	150,000	90,520	59,480	60.3%
Dike Repairs and Maintenance	27,000	26,582	418	98.5%
Total	\$ 5,183,311	\$ 3,404,862	\$ 1,718,551	65.7%

Total Operating Budget \$ 41,036,118 \$ 36,691,927 \$ 4,284,293 89.4%

Capital Projects (multi-yr bdtg not shown)	Budget	Actual	Balance	% Expended
Upper Conveyance Projects	\$ 1,094,000	195,336	898,664	17.9%
Meters	50,000	0	50,000	0.0%
Equipment	20,000	17,002	2,998	85.0%
Security and SCADA	1,500,000	341,737	1,158,263	22.8%
Tacoma Agreement	5,858,297	5,858,297	0	100.0%
Capital Risk	480,000	0	480,000	0.0%
IT Infrastructure	25,000	22,797	2,203	91.2%
Total CIP Budget	\$ 9,027,297	\$ 6,435,168	\$ 2,592,129	71.3%

Total Overall Budget \$ 50,063,415 \$ 43,127,095 6,936,320 86.1%

Cascade Water Alliance
Statement of Revenues and Expenditures
From 1/1/2021 Through 10/31/2021

Attachment 2

Operating Revenue		
Water sales	\$	33,910,536
Administrative dues		3,382,456
Conservation program		648,659
Total Operating Revenue		<u>37,941,651</u>
Operating Expenses		
Cost of water sold		18,789,652
Salaries and benefits		1,876,457
Professional services		1,455,746
Conservation program		37,904
Depreciation and amortization		3,186,284
Communication and public information		302,742
Office expenses		305,171
Operations		1,914,305
Bank charges		243
Rent		187,891
Maintenance		792,923
Dues and subscriptions		25,062
Miscellaneous		20,866
Total Operating Expenses		<u>28,895,246</u>
Operating Income		9,046,406
Non-Operating Revenue (Expenses)		
Interest income		496,533
Other income		32,908
Interest expense, net of amount capitalized		(3,499,556)
Total Non-Operating Revenue (Expenses)		<u>(2,970,115)</u>
Capital Contributions		
Regional Capital Facilities Charges		7,473,386
Increase in Net Assets		13,549,677
Net Assets, Beginning of Year		107,825,110
Net Assets, End of Year	\$	121,374,787

Cascade Water Alliance
Statement of Net Position
As of 10/31/2021

Attachment 3

Assets	
Current Assets	
Cash and cash equivalents	\$ 23,510,036
Accounts receivable	12,767,604
Prepaid expenses	81,885
Total Current Assets	<u>36,359,525</u>
Capital Assets	
Equipment and furniture	2,029,638
Seattle water contract	22,267,611
Bellevue Issaquah pipeline	22,276,944
Tacoma water contract	119,740,687
Less accumulated depreciation and amortization	(50,897,181)
Total Capital Assets	<u>115,417,700</u>
Projects in process and assets not yet in service	
Lake Tapps	103,371,714
Tacoma Cascade pipeline	26,539,385
Total Projects in process and assets not yet in service	<u>129,911,100</u>
Restricted cash and cash equivalents	18,584,034
Total Assets	<u><u>300,272,358</u></u>
Liabilities	
Current liabilities	
Payables and accrued liabilities	465,710
Retroactive water credit	2,297,519
Accrued interest	704,352
Long-term debt current portion	
Bonds Payable-Current Portion	6,580,000
Other	39,474
Total Long-term debt current portion	<u>6,619,474</u>
Total Current liabilities	10,087,055
Long-term Liabilities	
Long-term debt	92,228,422
Tacoma contract	65,967,545
Seattle contract	5,000,000
Bond premium, net of amortization	5,445,245
Total Long-term Liabilities	<u>168,641,212</u>
Total Liabilities	178,728,268
Net Assets	
Restricted for debt service	86,238,234
Unrestricted	35,305,857
Total Net Assets	<u>121,544,090</u>
Total Liabilities & Net Assets	<u><u>\$ 300,272,358</u></u>

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
Aspect	1	Hydraulic Model Support	R. Hoffman	5/6/2020	N/A	11/8/2021	65%	\$ 24,900	\$ 15,123	61%	\$ 9,778
Clark Nuber	1	Financial Audit	R. Hoffman	1/1/2021	N/A	11/8/2021	98%	\$ 63,500	\$ 63,450	100%	\$ 50
Colehour and Cohen	1	Staffing for classes and events	M. Brent	1/1/2021	12/31/2021	11/8/2021	70%	\$ 89,990	\$ 31,175	35%	\$ 58,815
David Evans	1	On-call Land Surveyor	H. Chen	1/1/2021	12/31/2021	11/8/2021	50%	\$ 75,000	\$ 34,335	46%	\$ 40,665
David McGrath	1	Irrigation Efficiency Assistance	M. Brent	1/1/2021	12/31/2021	11/8/2021	20%	\$ 20,500	\$ -	0%	\$ 20,500
Enrironmental Science Assoc (ESA)	1	Aquatic Plant Management	H. Chen	1/1/2021	12/31/2021	11/8/2021	55%	\$ 24,900	\$ 18,186	73%	\$ 6,714
Flowhawks	1	Flowline Outage Cleaing, Vactoring	J. Shimada	8/19/2021	10/31/2021	11/8/2021	100%	\$ 40,000	\$ 26,860	67%	\$ 13,140
GeoEngineers Inc.	1	Dam Engineering/Hydrology/Geotech	H. Chen	1/1/2021	12/31/2021	11/8/2021	75%	\$ 150,000	\$ 122,012	81%	\$ 27,988
Gordon Thomas Honeywell	1	State legislative outreach	A. Bennett	1/1/2021	12/31/2021	11/8/2021	75%	\$ 84,000	\$ 60,000	71%	\$ 24,000
Herrera Environmental	2	WQ Monitoring Program	H. Chen	8/19/2019	N/A	11/8/2021	88%	\$ 495,000	\$ 439,628	89%	\$ 55,372
HDR	1	MMD Fish Passage Design Review	H. Chen	12/1/2015	N/A	11/8/2021	95%	\$ 1,041,100	\$ 950,627	91%	\$ 90,474
HDR	2	Conservation Plan Potential Assessment	M. Brent	5/21/2021	N/A	11/8/2021	50%	\$ 18,900	\$ 8,894	47%	\$ 10,006
Jacobs Engineering Group	1	Demand Forecast Model Support Services	M. Thung	8/20/2021	12/31/2022	11/8/2021	5%	\$ 5,000	\$ -	0%	\$ 5,000
Jennergy	1	Website assistance	A. Bennett	1/1/2021	12/31/2021	11/8/2021	75%	\$ 15,000	\$ 10,190	68%	\$ 4,810
Johansen Excavating	1	Emergency Headgate Repair	H. Chen	5/5/2021	N/A	11/8/2021	10%	\$ 100,947	\$ -	0%	\$ 100,947
Johansen Excavating	2	Flowline Outage Maintenance	J. Shimada	8/12/2021	N/A	11/8/2021	75%	\$ 540,000	\$ 372,166	69%	\$ 167,834
Kemp West	1	Flowline vegetation	J. Shimada	8/1/2021	10/31/2021	11/8/2021	99%	\$ 67,438	\$ 66,359	98%	\$ 1,079
Langton Spieth	1	Community relations	A. Bennett	1/1/2021	12/31/2021	11/8/2021	75%	\$ 72,000	\$ 60,000	83%	\$ 12,000
Long Building Tech	1	Security Maintenance	H. Chen	8/12/2019	8/31/2021	11/8/2021	80%	\$ 55,000	\$ 40,145	73%	\$ 14,855
Nature Vision	1	Classroom Water Education	M. Brent	1/1/2021	12/31/2021	11/8/2021	45%	\$ 95,000	\$ 46,278	49%	\$ 48,722
Pacifica Law	1	Legal Assistance	H. Chen	1/1/2021	12/31/2021	11/8/2021	50%	\$ 25,000	\$ -	0%	\$ 25,000
Parametrix	1	On Call Civ/Mech/Structural Eng	H. Chen	1/1/2021	12/31/2021	11/8/2021	88%	\$ 200,000	\$ 98,170	49%	\$ 101,830
Performance Dimensions	1	Executive Coaching Services	M. Thung	6/21/2021	12/31/2022	11/8/2021	65%	\$ 24,500	\$ 16,450	67%	\$ 8,050
Puyallup Tribal Fisheries Division	1	Flowline Outage Fish Recovery Services	J. Shimada	8/16/2021	9/30/2021	11/8/2021	95%	\$ 35,000	\$ 23,400	67%	\$ 11,600
Production Post	1	WeNeedWater Video Production	A. Bennett	1/1/2021	12/31/2021	11/8/2021	47%	\$ 24,500	\$ 11,500	47%	\$ 13,000
Puget Sound Energy	1	Water Efficiency Rebates	M. Brent	1/1/2021	12/31/2021	11/8/2021	35%	\$ 95,000	\$ 36,029	38%	\$ 58,971
RH2	2	On-Call Electrical Engineering Svcs	H. Chen	1/1/2021	12/31/2021	11/8/2021	25%	\$ 100,000	\$ 43,597	44%	\$ 56,403
RH2	1	Security and SCADA	H. Chen	1/16/2020	N/A	11/8/2021	80%	\$ 347,000	\$ 282,846	82%	\$ 64,154
RH2	3	Wholesale Master Meter Eval	H. Chen	1/21/2020	3/31/2023	11/8/2021	0%	\$ 24,500	\$ -	0%	\$ 24,500
Robinson Noble	1	Water Audits	E. Cebron	10/3/2019	N/A	11/8/2021	60%	\$ 135,060	\$ 87,650	65%	\$ 47,410
Sazan	2	Solor Power Project	M. Brent	5/25/2021	N/A	11/8/2021	5%	\$ 10,000	\$ -	0%	\$ 10,000
SC Words & Pictures Inc.	1	Design Services	A. Bennett	1/1/2021	12/31/2021	11/8/2021	25%	\$ 24,000	\$ 5,445	23%	\$ 18,555
Seattle Public Utilities	1	Garden Hotline	M. Brent	1/1/2021	12/31/2021	11/8/2021	55%	\$ 11,000	\$ 5,750	52%	\$ 5,250
SMC Consulting	1	Water Efficiency Consultant	M. Brent	1/1/2021	12/31/2021	11/8/2021	55%	\$ 24,500	\$ 12,413	51%	\$ 12,088
Source Electric LLC	1	SCADA Improvements Project	H. Chen	5/1/2021	2/1/2022	11/8/2021	5%	\$ 711,892	\$ 11,519	2%	\$ 700,373
Sustainable Water	1	Teacher Fellows program	M. Brent	1/1/2021	12/31/2021	11/8/2021	55%	\$ 60,000	\$ 38,687	64%	\$ 21,313
Tacoma-Pierce County	1	LakeWise	A. Bennett	1/1/2021	12/31/2021	11/8/2021	75%	\$ 120,000	\$ 99,304	83%	\$ 20,696
TeamLogic IT	1	Info Technology Consulting	C. Paulucci	1/1/2021	12/31/2021	11/8/2021	70%	\$ 92,400	\$ 63,324	69%	\$ 29,076
TechniArt	1	Website Orders	M. Brent	1/1/2021	12/31/2021	11/8/2021	25%	\$ 15,900	\$ 3,529	22%	\$ 12,371
Tetra Tech	1	AWIA Risk and Resiliency	M. Thung	11/18/2019	12/31/2020	11/8/2021	70%	\$ 700,000	\$ 485,745	69%	\$ 214,255
Tilth Association	1	Garden Water Efficiency	M. Brent	1/1/2021	12/31/2021	11/8/2021	75%	\$ 24,500	\$ 17,641	72%	\$ 6,859
United Rentals	1	Scissor Lift Purchase	H. Chen	12/3/2021	N/A	11/8/2021	95%	\$ 17,000	\$ 17,000	100%	\$ -
USGS	1	Joint Funding Agre-Streamgaging	H. Chen	1/1/2021	12/31/2021	11/8/2021	75%	\$ 327,000	\$ 234,654	72%	\$ 92,346
Van Ness Feldman	1	General Counsel	C. Paulucci	1/1/2021	12/31/2021	11/8/2021	75%	\$ 800,000	\$ 590,194	74%	\$ 209,806
Vanir Construction Management, Inc.	1	On-call Construction Management	J. Shimada	5/1/2021	12/31/2022	11/8/2021	5%	\$ 560,000	\$ 10,165	2%	\$ 549,835

Veolia	1	White River-Lake Tapps Reservoir Project Operations and Maintenance Agreement \$1,966,709 Fixed, \$213,990 Var	J. Shimada	1/1/2021	12/31/2021	11/8/2021	65%	\$ 2,180,699	\$ 1,559,889	72%	\$ 620,810
Washington Crane and Hoist	1	Fish Screen Inspection	J. Shimada	2/1/2021	N/A	11/8/2021	100%	\$ 2,104	\$ 2,104	100%	\$ -
Winterbauer and Diamond	1	Legal Assistance	R. Hoffman	1/1/2021	12/31/2021	11/8/2021	12%	\$ 20,000	\$ -	0%	\$ 20,000

Closed Contracts

Vendor	Closed contract number	Contract title	Cascade manager	Effective Date	End date	Status date	Percent work completed	Contract amount, including amendments	Amount invoiced	Percent invoiced	Contract balance
Access Telephone Solutions	1	Lake Tapps Phones	C. Paulucci	5/25/2021	8/31/2021	11/8/2021	100%	\$ 15,253	\$ 15,253	100%	\$ 0
Access Telephone Solutions	2	Powerhouse Cabling	C. Paulucci	6/8/2021	8/31/2021	11/8/2021	100%	\$ 15,170	\$ 15,171	100%	\$ (0)
Aquatechnex	1	Aquatic Plant Management	J. Shimada	7/7/2021	N/A	11/8/2021	100%	\$ 110,000	\$ 91,065	83%	\$ 18,935
Lake Tapps Construction	1	Valve House Improvements	H. Chen	12/2/2020	N/A	11/8/2021	100%	\$ 30,978	\$ 30,978	100%	\$ -
HDR	5	Water Forum Consulting	R. Hoffman	3/10/2015	N/A	11/8/2021	90%	\$ 38,323	\$ 29,981	78%	\$ 8,342
MM Comfort Systems	1	Admin Building heat pump	J. Mickelson	1/22/2021	N/A	11/8/2021	100%	\$ 19,432	\$ 19,432	100%	\$ -
Sazan	1	Solor Feasibility Study	M. Brent	8/3/2020	N/A	11/8/2021	12%	\$ 50,000	\$ 50,000	100%	\$ -

Payment Authorization Warrants and Wire Transfers 9/17/21

Attachment 5

WHOLESALE WATER

WIRE	Seattle Contract Payment 11/21	\$1,281,113.00
		<u>\$1,281,113.00</u>

CONSULTANTS

29525	Clark Nuber P.S.	\$5,000.00
29530	GeoEngineers	\$12,512.35
29531	Herrera	\$11,319.91
29538	Parametrix	\$27,658.37
29541	Robinson Noble	\$9,069.50
29542	State Auditor's Office	\$3,732.30
29545	Tacoma Pierce County Health Departmen	\$8,726.56
29546	TeamLogic IT of Bellevue, WA	\$5,282.58
29547	Tetra Tech	\$4,097.50
29552	Environmental Science Associates (ESA)	\$5,301.20
29555	RH2 Engineering, Inc.	\$18,965.53
29556	Sammamish Plateau Water & Sewer Distr	\$174.42
29557	Ethan Duvall	\$3,000.00
29558	Gordon Thomas Honeywell Govern. Affai	\$7,000.00
29559	HDR	\$2,483.37
29561	Langton/Spieth	\$6,000.00
29563	Perfomance Dimensions Group	\$1,225.00
		<u>\$131,548.59</u>

SALARY, BENEFITS AND EXPENSE REIMBURSEMENTS

	Payroll (October)	\$116,679.45
29520	Vantagepoint 401 Plan	\$27,907.46
29521	Vantagepoint 457 Plan	\$16,616.06
29522	AWC Employee Benefit Trust	\$17,968.14
29527	BenefitMall, Inc.	\$31.68
29529	Linda Moreno	\$98.98
29533	HRA VEBA Trust	\$1,078.00
29551	Joseph Mickelson	\$1,091.36
		<u>\$181,471.13</u>

CONSERVATION

29534	Lisa Taylor	\$1,000.00
29536	New Resources Group, Inc.	\$471.58
29544	Sustainability Ambassadors	\$6,422.23
29562	Nature Vision, Inc.	\$3,665.00
29564	Puget Sound Energy	\$6,166.50
		<u>\$17,725.31</u>

GENERAL

29523	AT&T FirstNet	\$406.66
29524	City of Seattle	\$6,724.13
29526	Comcast	\$516.48
29528	DIRECTV	\$95.24
29537	Pacific Office Automation	\$250.33
29550	Comcast	\$550.77
29553	McClatchy Company LLC	\$304.87
29560	Lakemont Business Services Inc.	\$564.00
29565	Utilities Underground Location Cente	\$29.67
29566	Verizon Wireless	\$225.05
		<u>\$9,667.20</u>

COMPUTER EQUIPMENT AND SOFTWARE

29519	Industrial Software Solutions	\$66,357.28
		<u>\$66,357.28</u>

LAKE TAPPS

29532	Honey Bucket	\$163.85
29535	LONG Building Technologies, Inc.	\$116.95
29539	Praxair Distribution Inc.	\$279.09
29543	Sunbelt Rentals	\$5,956.03
29548	United Rentals Northwest, Inc.	\$5,602.99
29549	Veolia Water North America	\$184,734.18
29554	National Barricade Company, LLC	\$256.00
		<u>\$197,109.09</u>

CONSTRUCTION

29517	HDR	\$7,922.36
29518	RH2 Engineering, Inc.	\$15,347.07
		<u>\$23,269.43</u>

SPONSORSHIPS

29540	City of Redmond	\$2,500.00
		<u>\$2,500.00</u>

DESTROYED AND VOIDED CHECKS:

Total Warrants	\$629,648.03
Total Wires	\$1,281,113.00
Total warrants/wire transfers authorized for November 2021	\$1,910,761.03

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

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

**Cascade Water Alliance
Monthly Treasurer's Report
October 2021**

	Operating Fund	Construction Fund	Bond Fund	RCFC Fund	Rate Stabilization Fund	US Bank Payroll Account	All Funds
Beginning Balances, October 1	\$ 16,687,812	\$ 6,480,955	\$ 10,847,008	\$ 6,353,810	\$ 2,132,835	\$ -	\$ 42,502,419
Additions:							
Cash received	\$ 2,288,184	\$ 3,009	\$ 3,815	\$ 2,917	\$ 980	\$ -	\$ 2,298,905
Transfers from other Cascade funds	\$ -	\$ -	\$ 817,016	\$ -	\$ -	\$ 117,754	\$ 934,770
Total additions	\$ 2,288,184	\$ 3,009	\$ 820,831	\$ 2,917	\$ 980	\$ 117,754	\$ 3,233,675
Subtractions:							
Bank fees, payroll, and bond payments	\$ 428	\$ 153	\$ 574	\$ 148	\$ 50	\$ 117,754	\$ 119,107
Warrants paid	\$ 1,153,763	\$ 1,926	\$ -	\$ -	\$ -	\$ -	\$ 1,155,690
Wire and other electronic payments	\$ 1,494,631	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,494,631
King Co. Investment Pool impairment (realized)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
King Co. Investment Pool impairment (retained)	\$ (57)	\$ (116)	\$ (64)	\$ (81)	\$ (17)	\$ -	\$ (335)
Transfers to other Cascade funds	\$ 934,770	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 934,770
Total subtractions	\$ 3,583,535	\$ 1,963	\$ 510	\$ 67	\$ 33	\$ 117,754	\$ 3,703,862
Ending Balances, October 31, 2021	\$ 15,392,461	\$ 6,482,000	\$ 11,667,328	\$ 6,356,660	\$ 2,133,782	\$ -	\$ 42,032,232



MEETING MINUTES OF THE
BOARD OF DIRECTORS
VIA ZOOM
OCTOBER 27, 2021

1. CALL TO ORDER

At 3:33 p.m., Chair Stokes 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 (Stokes), the City of Kirkland (Sweet), the City of Redmond (Birney), Sammamish Plateau Water & Sewer District (Warren)

Board Members Absent: the City of Issaquah (Pauly), the City of Tukwila (Ekberg), Skyway Water and Sewer District (Ault) were present

Board Alternates Present: the City of Bellevue (Lee), the City of Redmond (Anderson)

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 (4-0).

6. CHIEF EXECUTIVE OFFICER'S REPORT

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

7. CONSENT ITEMS

A. Board Meeting Minutes for September 22, 2021.

B. Motion to authorize the Chief Executive Officer to enter into Amendment No. 1 with Johansen Construction Company, Inc., to perform minor public works activities during the flowline outage project, by increasing the maximum contract amount by \$20,000, for a total amount not-to-exceed \$110,000.

- C. Motion to authorize the Chief Executive Officer to renew the contract with Parametrix, Inc., in 2022 for an additional one-year term to provide on-call civil, mechanical, and structural engineering services, for an amount not-to-exceed \$250,000.

Motion by Ms. Birney and second by Mr. Warren to approve Consent Action Items A-C as presented in the Board Packet. Motion carried unanimously (4-0).

8. OTHER ACTION ITEMS

- A. Motion to approve Resolution No. 2021-08 adopting Cascade's 2022 Legislative and Public Policy Agenda

Alison Bennett, Cascade Intergovernmental & Communications Director, explained that each year, Cascade develops a legislative and public policy agenda to guide its activities at the federal, state, and municipal levels of government in order to further Cascade's and its members' interests. This agenda builds on Cascade's existing relationships with legislators, agency staff, state and national water industry organizations, and other partners in order to advance key interests as well as track and respond to issues as they arise during the year.

Ms. Bennett noted that the 2022 Legislative and Public Policy Agenda, included in the Board Packet, is very similar to Cascade's 2021 agenda and focuses on COVID-19 relief, affordability, PFAS (per- and polyfluoroalkyl substances) measures at both the state and federal levels, resiliency and continued monitoring of funding opportunities. New this year are provisions supporting flexibility for remote meetings, monitoring of climate change proposals, and monitoring King County's Clean Water Plan as it relates to reclaimed water. The agenda also contains a list of issues that Cascade monitors generally, and support for new legislative initiatives not specifically addressed by the legislative agenda would be brought back to the Public Affairs Committee and the Board for further direction.

Motion by Ms. Birney and second by Mr. Warren to approve Resolution No. 2021-08 adopting Cascade's 2022 Legislative and Public Policy Agenda. Motion carried unanimously (4-0).

9. STAFF PRESENTATIONS

- A. Outage Project Update

Melina Thung, Cascade Chief of Staff, provided an update on the 2021 Flowline Outage, which began on August 30, 2021. The purpose of this outage was to assess the flowline's upper conveyance infrastructure, address deficiencies, and remove sediment. Staff presented several photos and videos of the first week-and-a-half of the flowline outage project. Overall, the project is going very well and is a day ahead of schedule. The project is expected to be complete by mid-November 2021.

- B. Army Corps of Engineers Fish Passage Project Phase 3 Update

Mr. Hoffman provided an overview of the USACE MMD Phase 3 work that was recently conducted. The new barrier and fish passage are both complete. Mr. Hoffman discussed Phase 3 of the project. He also discussed current revised estimates for this project (approximately \$3M). He reminded Board Members that the original Board approval is for up to \$6M.

10. COMMITTEE REPORTS

- A. Executive Committee – no meetings held.

- B. Finance & Management Committee – Meeting held September 21, 2021. No meeting held in October.
- C. Public Affairs Committee – Meeting held October 6, 2021. The meeting recap was included in the Board packet.
- D. Resource & Management Committee – Meeting held October 14, 2021. The meeting recap was included in the Board packet.

11. NEW BUSINESS

None.

12. NEXT REGULAR MEETING

The next regular Board meeting will be held on November 17, 2021 at 3:30 p.m. via Zoom.

13. ADJOURN

The meeting adjourned at 4:39 p.m.

APPROVED BY:

John Stokes, Chair

Penny Sweet, Vice-Chair

AGENDA MEMORANDUM

SUBJECT

Motion to authorize the Chief Executive Officer to enter into a contract with the recommended firm from the selection process to provide On-Call Electrical Engineering Services in an amount not to exceed \$100,000.

BACKGROUND

Cascade has several facilities within the White River Lake Tapps Reservoir Project with electrical components, such as the SCADA system, communications system, fiber optic network, etc. For the past five years, Cascade has retained an On-Call Electrical Engineer to provide support as needed for these electrical facilities

In 2016, Stantec was awarded a one year On-Call Electrical Engineering services contract with the option of two, additional terms of up to one year. These two, additional terms were executed subsequently in 2017 and 2018.

In 2019, Cascade advertised for a new On-Call Electrical Engineering services and awarded a one-year contract with the option of two, additional terms of up to one year to RH2 Engineering, the most qualified firm based on the selection process. These two additional terms were executed subsequently in 2020 and 2021. The 2021 contract will expire on December 31, 2021.

Since the current contract is expiring at the end of 2021, we need to continue providing this service for maintenance of our electrical facilities and to provide support and integration for our SCADA system. Cascade is seeking a firm for similar on-call services covering the next three years, again for a one-year contract with the option of two additional terms of up to one year.

This contract benefits Cascade by providing electrical engineering services as needed by issuing task orders as problems arise. This saves on administrative costs by going through a procurement process every time an unknown issue or need comes up by having a contract in place with set rates.

PROCUREMENT PROCESS

An RFQ was issued on November 9, 2021, in the Tacoma News Tribune, Daily Journal of Commerce, and the Cascade website, soliciting for On-Call Electrical Engineering services. Proposals are due on November 23, 2021.

The qualifications will be rated on the following criteria: cover letter, background of the firm, firm experience, staff experience and availability, and permit support/regulatory agency experience. The most highly rated firms may be brought in for interviews between November 30, 2021, and December 7, 2021. After the interviews, the evaluating committee will determine the highest rated firm recommended for selection.

The advertisement for On-Call Electrical Engineering services is for a one-year contract in an amount not to exceed \$100,000, with an option for two, additional terms of up to one year. Since it is an on-call contract, task orders will be negotiated and issued for each project, where electrical engineering services are needed. If the Board approves this action, Cascade will proceed with reviewing proposals, determining the highest rated firm, and negotiating all other terms of a contract with the highest rated firm (the recommended firm). If negotiations with the highest-rated firm are unsuccessful, Cascade will negotiate terms of a contract with the next highest-rated firm, which would then become the recommended firm. The optional renewal terms under this contract will be subject to future approval by the Board.

FISCAL IMPACT

Budget Line	2022	Spent and Committed to Date	Available 2022 Budget	This Action	2022 Remaining Balance
On-Call Electrical Engineering Services	\$100,000	\$0	\$100,000	\$100,000	\$0

OPTIONS

1. Authorize the Chief Executive Officer to execute a contract with the recommended firm from the selection process to provide On-Call Electrical Engineering services in an amount not to exceed \$100,000.
2. Do not authorize the Chief Executive Officer to execute a contract with the recommended firm and provide alternate direction to staff.

RECOMMENDED ACTION

Authorize the Chief Executive Officer to execute a contract with the recommended firm from the selection process to provide On-Call Electrical Engineering services in an amount not to exceed \$100,000.

ATTACHMENTS

None.

AGENDA MEMORANDUM

SUBJECT

Motion to adopt Resolution No. 2021-09 amending the 2021-2022 Budget and the 2021-2026 Capital Improvement Program.

BACKGROUND

In October 2020, by Resolution No. 2020-10, the Cascade Board of Directors (“Board”) approved the 2021-2022 Budget and the 2021-2026 Capital Improvement Program (“CIP”). The Budget included funds for a flowline maintenance outage and anticipated that expenditures would occur in 2021 and 2022. Now that the outage is nearly complete, it is clear that all work will be completed in 2021, and the costs will exceed the 2021 budgeted amount. In addition, the 2021 expenditures for three other operations and maintenance (“O&M”) line items will exceed their approved budgets.

By approving the subject Resolution No. 2021-09, the Board would move money from the Construction budget to the Operating budget to reflect the actual expenditures by amending the adopted 2021-2022 Budget and the 2021-2026 CIP as shown in the attached Resolution, to reflect \$461,000 in additional O&M expenditures, including:

1. \$255,000 for additional operating and maintenance costs associated with the outage.
2. \$101,000 for an emergency headgate repair project.
3. \$55,000 for additional Seattle Public Utilities meters maintenance and replacement costs.
4. \$50,000 for 2019-2020 City of Bellevue BIP operations and maintenance expenditures that were billed in 2021.

The subject Resolution No. 2021-09 would amend the 2021-2022 Budget by:

1. Adding \$461,000 from the Operating fund expenditure authority to the Adopted 2021 budget to cover higher than anticipated operating costs associated with the flowline maintenance outage project and other activities:

2021 Operating Fund	<u>As Adopted 9-23-2020</u>	<u>As Amended 11-17-2021</u>
Budget expenditures & transfers out	\$44,661,807	\$45,122,807
Ending balance estimate	\$12,614,350	\$12,614,350
Total	\$57,276,157	\$57,737,157

2. Subtracting \$461,000 of Construction fund expenditure authority from the Adopted 2021 budget, to cover higher than anticipated operating costs associated with the flowline maintenance outage project and other activities:

2021 Construction Fund	<u>As Adopted 9-23-2020</u>	<u>As Amended 11-17-2021</u>
Budget expenditures & transfers out	\$9,027,297	\$8,566,297
Ending balance estimate	\$12,431,609	\$12,431,609
Total	\$21,458,906	\$20,997,906

- Replacing the 2021-2026 Capital Improvement Program as adopted, with the following, which reflects a decrease in the 2021 Capital Risk from \$480,000 to \$19,000 with a resulting decrease in the Total 2021 CIP from \$9,027,297 to \$8,566,297.

CIP Projects	2021	2022	2023	2024	2025	2026	2021 - 2026 Total
Upper conveyance projects	\$1,094,000	\$2,075,000	\$275,000	\$350,000	\$0	\$0	\$3,794,000
Lake Tapps	\$0	\$0	\$1,250,000	\$820,000	\$0	\$0	\$2,070,000
Lower conveyance projects	\$0	\$0	\$1,000,000	\$1,000,000	\$2,700,000	\$3,200,000	\$7,900,000
Meters	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$300,000
SCADA/Security/ Technology	\$1,500,000	\$400,000	\$0	\$0	\$0	\$0	\$1,900,000
Equipment	\$20,000	\$0	\$0	\$0	\$0	\$0	\$20,000
IT Infrastructure	\$25,000	\$35,000	\$25,000	\$35,000	\$25,000	\$35,000	\$180,000
Capital risk	\$19,000	\$600,000	\$700,000	\$800,000	\$900,000	\$1,000,000	\$4,019,000
SUBTOTAL	\$2,708,000	\$3,160,000	\$3,300,000	\$3,055,000	\$3,675,000	\$4,285,000	\$20,183,000
Tacoma agreement	\$5,858,297	\$5,975,463	\$6,094,972	\$6,216,872	\$6,341,209	\$6,468,033	\$36,954,846
Seattle contract				\$5,000,000			\$5,000,000
TOTAL CIP	\$8,566,297	\$9,135,463	\$9,394,972	\$14,271,872	\$10,016,209	\$10,753,033	\$62,137,846

PROCUREMENT PROCESS

Not applicable.

FISCAL IMPACT

The resolution increases the Operating fund budget by \$461,000 and reduces the Construction fund budget by \$461,000. There is no impact on projected member rate increases.

OPTIONS

- Adopt Resolution No. 2021-09 amending the 2021-2022 Budget and the 2021-2026 Capital Improvement Program.
- Do not adopt Resolution No. 2021-09 and provide alternate direction to staff.

RECOMMENDED ACTION

Adopt Resolution No. 2021-09 amending the 2021-2022 Budget and the 2021- 2026 Capital Improvement Program.

ATTACHMENTS

- Proposed Resolution Number 2021-09.



CASCADE WATER ALLIANCE
RESOLUTION No. 2021-09

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,
A WASHINGTON MUNICIPAL CORPORATION,
AMENDMENT TO THE ADOPTED 2021- 2022 BUDGET
AND THE 2021-2026 CAPITAL IMPROVEMENT PROGRAM

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. 2020-10 the Board approved the 2021-2021 Budget and 2021-2026 Capital Improvement Program; and

WHEREAS, the Board now desires to amend the 2021-2022 Budget to transfer funds from the Construction Fund to the Operating Fund and to amend the 2021-2026 Capital Improvement Program accordingly.

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

Section 1. 2021 Budget

The Adopted 2021-2022 Budget is amended as follows:

<i>Fund</i>	<i>2021 appropriation authority (as adopted 9-23-2020)</i>	<i>2021 appropriation authority (as amended 11-17-2021)</i>
Operating	\$57,276,157	\$57,737,157
Regional Capital Facilities Charge	\$6,806,931	\$6,806,931
Rate Stabilization	\$2,147,452	\$2,147,452
Construction	\$21,458,906	\$20,997,906
Bond	\$21,735,264	\$21,735,264
Total	\$109,424,710	\$109,424,710

Section 2. 2021-2026 Capital Improvement Program.

Replace the 2021-2026 CIP, as adopted, with the following, which reflects a decrease in the 2021 Capital Risk from \$480,000 to \$19,000 with a resulting decrease in the Total 2021 CIP from \$9,027,297 to \$8,566,297:

CIP Projects	2021	2022	2023	2024	2025	2026	2021 - 2026 Total
Upper conveyance projects	\$1,094,000	\$2,075,000	\$275,000	\$350,000	\$0	\$0	\$3,794,000
Lake Tapps	\$0	\$0	\$1,250,000	\$820,000	\$0	\$0	\$2,070,000
Lower conveyance projects	\$0	\$0	\$1,000,000	\$1,000,000	\$2,700,000	\$3,200,000	\$7,900,000
Meters	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$300,000
SCADA/Security/ Technology	\$1,500,000	\$400,000	\$0	\$0	\$0	\$0	\$1,900,000
Equipment	\$20,000	\$0	\$0	\$0	\$0	\$0	\$20,000
IT Infrastructure	\$25,000	\$35,000	\$25,000	\$35,000	\$25,000	\$35,000	\$180,000
Capital risk	\$19,000	\$600,000	\$700,000	\$800,000	\$900,000	\$1,000,000	\$4,019,000
SUBTOTAL	\$2,708,000	\$3,160,000	\$3,300,000	\$3,055,000	\$3,675,000	\$4,285,000	\$20,183,000
Tacoma agreement	\$5,858,297	\$5,975,463	\$6,094,972	\$6,216,872	\$6,341,209	\$6,468,033	\$36,954,846
Seattle contract				\$5,000,000			\$5,000,000
TOTAL CIP	\$8,566,297	\$9,135,463	\$9,394,972	\$14,271,872	\$10,016,209	\$10,753,033	\$62,137,846

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 ___ day of _____ 2021.

CASCADE WATER ALLIANCE

John Stokes, Chair

Attest – Ray Hoffman, Chief Executive Officer

Penny Sweet, Vice Chair

Angela Birney, Secretary/Treasurer

Members
Yes _____
No _____

Demand Share
Yes _____ %
No _____ %

Include in CWAC?

Yes

No

AGENDA MEMORANDUM

SUBJECT

Motion to authorize the Chief Executive Officer to renew contracts for engineering, vendor, and consulting services as shown in the table below totaling \$2,084,370, and in accordance with the adopted 2021 - 2022 Cascade budget.

BACKGROUND

The following table shows vendors and consultants with which Cascade is contracting for services during 2021 whose current contracts expire on Dec. 31, 2021, and for which staff recommends renewal for 2022. The listed vendors and consultants provide services for legal, conservation, dam engineering, community relations, information technology support, USGS joint funding agreements, and legislative outreach initiatives. All the contractors listed below have been evaluated positively in 2021. Prior year expenditures for each vendor and consultant are also shown below.

Vendor/Consultant	Work	2022 proposed	2021 contracts	2020 exp.	2019 exp.	2018 exp.
Colehour + Cohen	Conservation class & event staffing	\$89,990	\$89,990	\$52,976	\$76,245	\$66,237
David Evans and Associates, Inc.	On-Call Land Survey	\$50,000	\$75,000	\$69,322	\$44,848	\$0
GeoEngineers	Dam Engineering/Hydrology/Geotech	\$160,000	\$160,000	\$141,855	\$149,912	\$143,692
Gordon Thomas Honeywell	State legislative outreach	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000
Langton Spieth	Community relations	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000
Nature Vision	Classroom education programs	\$95,000	\$95,000	\$94,903	\$71,798	\$68,645
Puget Sound Energy	Water efficiency rebates	\$72,000	\$95,000	\$23,958	\$45,563	\$71,176
Sustainable Seattle	Problem-Based Learning for Water Systems	\$60,000	\$60,000	\$53,887	\$86,729	\$16,630
Tacoma-Pierce County	LakeWise Program at Lake Tapps	\$120,000	\$120,000	\$110,120	\$91,653	\$95,368
TeamLogicIT	IT Consultant	\$104,000	\$92,400	\$69,201	\$53,147	\$33,507
USGS	Joint funding agreement	\$327,380	\$307,000	\$307,626	\$300,216	\$291,820
Van Ness Feldman	General counsel/water right/real estate/franchises	\$850,000	\$800,000	\$784,799	\$883,733	\$800,000
TOTAL		\$2,084,370	\$2,050,390	\$1,864,647	\$1,959,844	\$1,743,076

PROCUREMENT PROCESS

Each of the contracts listed above for renewal was individually procured using approved processes that lead to prior Board authorization for each.

FISCAL IMPACT

The total maximum compensation for the contracts listed above is \$2,084,370. These are anticipated costs for which funding has been included in the 2021 - 2022 operating program budget.

Budget Line	2022 Operating Budget	Spent and Committed to Date	Available 2022 Budget	This Action	2022 Remaining Balance
Conservation professional services	\$314,600	\$0	\$314,600	\$244,990	\$69,610
TappsWise Program	\$120,000	\$0	\$120,000	\$120,000	\$0
On-call Surveyor	\$50,000		\$50,000	\$50,000	\$0
Dam/geotechnical/hydrogeological engineering	\$160,000		\$160,000	\$160,000	\$0
Legislative Strategy	\$85,000	\$0	\$85,000	\$84,000	\$1,000
Members Communications and Outreach	\$100,000	\$0	\$100,000	\$72,000	\$28,000
Conservation rebates	\$95,000	\$0	\$95,000	\$72,000	\$23,000
Professional Fees (Technical)	\$105,600	\$0	\$105,600	\$104,000	\$1,600
USGS joint funding agreements	\$327,500	\$0	\$327,500	\$327,380	\$120
Legal services, general counsel	\$850,000	\$0	\$850,000	\$850,000	\$0
Total	\$2,207,700	\$0	\$2,207,700	\$2,084,370	\$123,330

OPTIONS

1. Authorize the Chief Executive Officer to renew contracts for vendor and consulting services as listed in the table above totaling \$2,084,370, and in accordance with the adopted 2021 - 2022 Cascade budget.
2. Do not authorize the Chief Executive Officer to renew contracts for vendor and consulting services as listed in the table above and provide alternate direction.

RECOMMENDED ACTION

Authorize the Chief Executive Officer to renew contracts for vendor and consulting services as listed in the table above totaling \$2,084,370, and in accordance with the adopted 2021 - 2022 Cascade budget.

ATTACHMENTS

1. Contract Summaries.

Colehour + Cohen – Conservation Class and Event Staffing

Colehour + Cohen provides staffing and support services for Cascade’s Road Show, Water Wall, water audits, inventory management, and workshops. This support allows Cascade to provide programs and services that represent all members and serve thousands of residents, businesses, and schools. Colehour + Cohen helps to establish Cascade as an active community member and achieve its water efficiency program goals.

David Evans and Associates, Inc. – On-Call Land Survey

DEA provides on-call land, marine and bathymetric survey for Cascade. Tasks include topography, boundary, bathymetric, marine survey to support Cascade’s facility and property management, capital projects in planning, design and construction and operations and maintenance of the White River – Lake Tapps project.

GeoEngineers - Dam Engineering/Hydrology/Geotechnical

GeoEngineers provides geotechnical engineering and dam safety engineering and consulting services to Cascade for all of Cascade’s Dikes around Lake Tapps Reservoir and upper flowline. GeoEngineers has in-depth knowledge of Cascade’s earthen infrastructures because their numerous involvements in the past. In 2021, Cascade advertised a Request for Qualification and Request for Proposal for this work. GeoEngineers was the highest rated firm. Cascade entered a one-year contract with two optional years. 2022 is the first optional year. Cascade is very satisfied with Geoengineer’s service and professionalism. The scope of work in 2022 include assistance with implementation of annual dam safety inspection action items from 2021 and perform 2022 dam safety inspections. Other items include implementation of action items from the 2021 dike seismic hazard analysis.

Gordon Thomas Honeywell – State Legislative Outreach

Cascade will continue with this full-service, governmental affairs agency that provides lobbying and legislative presence for Cascade and its members in relation to water supply and related issues at the Legislature, with state agencies and the industry. This includes but is not limited to creating legislation, amending legislation, working with lawmakers and key committee staff, as well as Cascade, its members and their lobbyists, and industry associations. With this contract, Cascade obtains the services of Diana Carlson, as well as other staff from Gordon Thomas Honeywell as needed to assist on Cascade work.

Langton Spieth – Community Relations

Betty Spieth and Sarah Langton provide community relations and outreach efforts with Cascade both in member service areas and in the Lake Tapps Reservoir community. This includes, but is not limited to, work with each member, community and civic groups, the business community and key stakeholders and organizations. Their knowledge and connections within these sectors help Cascade reach critical decision makers and keep them informed as to Cascade’s work and potential future needs. At Lake Tapps Reservoir, they work with the chambers, the community groups and help host public meetings, as well as provide written materials pertaining to critical needs or upcoming initiatives and measures residents need to know about.

Nature Vision – Classroom Education Programs

Nature Vision provides excellent classroom education programs for Cascade-member schools. Prior to Covid, Cascade’s programs reached approximately 11,000 students. Programs are tailored to meet STEM requirements and were specifically developed to address Puget Sound water issues.

Puget Sound Energy – Water Efficiency Rebates

Puget Sound Energy (PSE) invited Cascade to cost share on a variety of residential rebate and direct installation programs including clothes washer and showerhead rebates, showerhead and aerator installation at apartment complexes and fixture replacements at commercial properties. The partnership with PSE allows Cascade to leverage its program budget and resources to help more residents and achieve its water efficiency savings goals.

Sustainable Seattle

Cascade's partnership with Sustainable Seattle (Sustainability Ambassadors) allows Cascade to develop and provide water-related curricula and programming into middle and high schools. The Teacher Fellows program is well-established in all four school districts Cascade serves.

Tacoma-Pierce County Health Department - TappsWise

This critical partnership ensures water quality at Lake Tapps is tested, monitored, and reported on at least a weekly basis which helps Cascade's water quality efforts on its future water supply. In addition, Tacoma-Pierce County Health engages in natural yard care and septic maintenance service education and workshops for the community to help residents help prevent water quality challenges, as well as disseminating critical water quality information year-round.

TeamLogicIT-IT Consultant

TeamLogicIT has provided IT support for Cascade for the last four years and their support has been excellent. Monthly services are billed a flat rate of \$6,000/month (\$2,500 support \$800 cloud backup for the Bellevue office and, \$1,950 support \$750 cloud backup for the Lake Tapps facilities and include:

1. Remote Monitoring and Proactive Maintenance
2. Unlimited Remote and Telephone Support
3. 2 onsite visits per location per month (1 hour per visit)
4. IT Procurement
5. Strategic IT Planning, Training
6. Cloud backup storage

Additionally, TeamLogicIT has recommended several IT projects that will improve the overall IT infrastructure (primarily at the Lake Tapps office) and this contract incorporates them as well. These additional projects total \$28,400 and include:

1. Network security assessments
2. Penetration testing (audit recommendation) \$15K
3. Office 365 license upgrade
4. Windows server upgrade
5. SCADA server upgrade
6. SCADA network upgrade

USGS Joint Funding Agreement - White River Hydrologic Data Collection

Cascade is required, by the terms and conditions of the Lake Tapps Water Rights and White River Management Agreement, to maintain a system of stream flow gages on the White River and Lake Tapps Reservoir. The USGS operates and maintains a system of ten, gaging stations on the White River and Lake Tapps Reservoir, which monitor stream flow, water quality, and Lake water surface elevation. Data from these gaging stations is available to the public on the USGS web site and real-time data from key gaging stations is provided directly to Cascade (and Veolia). Refurbishing an existing stream gaging station to provide additional data is planned for

a future date. The service provided by the USGS has been very good over the years and Cascade anticipates continuing to receive hydrologic data collection services from the USGS in 2019 and beyond.

VanNess Feldman – General Counsel/Water Right/Real Estate/Franchises

VanNess Feldman continues to provide excellent general counsel services to Cascade. Their legal staff is competent, professional, proactive, and engaging. They understand Cascade's operational and organizational environment and work very well with staff to anticipate and address legal issues that Cascade encounters or may encounter. VanNess Feldman communicates its own contract issues (scope, budget, etc.) well with Cascade management to manage its work and to prevent contract budget overruns.

AGENDA MEMORANDUM

SUBJECT

Motion to adopt: (1) Resolution No. 2021-10, Establishing the Water Supply Development Fund in the Cascade Water Alliance Code and Amending Sections 5.10.020, and 5.20.040 of the Code and providing direction on Implementation; (2) Resolution No. 2021-11, Amending Chapter 5.05 CWAC, Fiscal Policies; (3) Resolution No. 2021-12, Amending the Cascade Funds Management Matrix in CWAC 5.65.040; (4) Resolution No. 2021-13, Amending the Amended 2021-2022 Budget to Transfer Funds into the Water Supply Development Fund; and (5) Resolution No. 2021-14, Authorizing the Application to the King County Pool Plus investment program for the Water Supply Development Fund.

BACKGROUND

A. Introduction

The mission of the Cascade Water Alliance is to provide water supply for its Members. The current strategy relies on contract wholesale supplies and Members' Independent Supplies until development of the White River/Lake Tapps Reservoir project water supply project ("Water Supply Project" or "Project"). That development will impose substantial challenges to Cascade both in terms of executing a major capital program and bearing the cost of development and operation of that source of supply. The actions approved by this Motion would define a policy structure for equity accumulation to help fund the Water Supply Project, currently scheduled to begin construction in the mid-2030's. These actions would establish a Water Supply Development Fund and initiate implementation of the Fund by amending the Cascade Water Alliance Code ("CWAC") and by authorizing an application to the King County Pool Plus investment program.

B. Background

Cascade Water Alliance ("Cascade") currently provides wholesale water to its Members via contract purchases. Those contracts have defined terms and limits on water supply. As the capacity secured through these sources' declines, beginning in the late 2030's, and as Member demands for wholesale water increase, Cascade intends to develop the Water Supply Project to provide potable municipal water supply to its Members. Currently, this Project is anticipated to be needed in the early 2040's, although demand trends and potential contract extensions and/or expansions could alter this timeline.

Cascade is currently a moderate sized regional utility, with annual revenues on the order of \$50 million (2020). The current Cascade asset base is roughly \$150 million including both tangible and intangible assets. The Water Supply Project has an estimated cost of roughly \$800 million in current costs, and over \$1.6 billion in costs inflated to the anticipated construction period. Operating costs for the Project are also projected to be well in excess of \$10 million per year at that time. This expansion of Cascade's capital infrastructure and scope of operations can only be borne through a dramatic increase in Cascade's financial capacity, namely rates, and through substantial reliance on public finance markets (primarily revenue bonds). Cascade will likely pursue grants and low-cost loans as available, but these are likely to be supplemental or complementary to traditional financing methods.

Cascade's fiscal policies define a conservative financial structure intended to avoid over-leveraging (borrowing too much) and excessive rates and rate increases. Included in those policies is a target capital structure with a ratio of no more than 80% debt to 20% equity. Given the relatively low base of existing physical assets as compared to the cost of the Project, this effectively requires advance planning and funding to maintain a reasonable balance sheet and avoid over-leveraging. A viable funding strategy will prudently include a substantial equity (cash) contribution. With a current estimate of \$1.6 billion for development of Phase 1 of the Project, the minimum equity share needed could exceed \$300 million or roughly six times current annual revenues just to meet the 80/20 fiscal policy standard. Greater levels of equity funding would provide additional rate relief and should be pursued when opportunities arise.

In addition to complying with existing fiscal policies, prudent capital planning points toward this approach for other vital reasons. Potential rate impacts and ultimate rate levels are adversely impacted by a strategy relying solely or primarily on debt financing: project debt service plus operating costs are projected to exceed current annual revenues by factor of three (new costs approaching \$125 million per year versus roughly \$40 million in current non-RCFC revenues) under such an approach, in addition to other ongoing utility costs. Through steady increases in revenue capacity over time and use of the resulting funds to reduce borrowing, both the severity of rate increases, and the ultimate cost of water are materially reduced.

Finally, Cascade's current AAA bond rating (Standard & Poor's) is based in significant part on Cascade's approach to capital funding. Maintaining a high bond rating will be essential to access low cost borrowing at the time of the Project. Under a highly leveraged approach relying on large compounding rate increases and ultimately unproven revenue levels, a substantial decline in bond rating could be expected during project development, and the result would be even greater cost to secure debt financing. Again, a strategy that establishes a larger revenue base and reduces reliance on debt will help to protect access to new debt on more favorable terms, ultimately reducing rate impacts.

Even in the event of supply strategies that delay or defer the development of the Water Supply Project, these same constraints and objectives remain material in the long-term financial planning for supply development. With continued escalation of construction prices expected, continued progress toward a meaningful share of equity funding is also called for regardless of when the Project is developed.

C. Presentations to the Board and Direction

On March 3, 2021, and June 30, 2021, Cascade presented to the Cascade Board of Directors ("Board") options for future water supply and potential development of a source of equity (cash) funding to support its future supply development. Based on the Board discussion, the Board directed Cascade to develop and bring forward for Board consideration the development of a new "Water Supply Development Fund", or "Development Fund." As directed by the Board, Cascade is presenting the decisions for the Board which, if approved, would include the following elements:

- 1) Establishing the Development Fund.
- 2) Planned sources of funding to be transferred into the Development Fund.
- 3) Capturing of unplanned funding sources or opportunities to contribute to the Development Fund.
- 4) Monitoring of equity funding progress relative to the capital funding objective.

- 5) Strategies for modifying or adjusting contribution levels as expected needs or schedules change.
- 6) Guidelines for use of the Development Fund for the Water Supply Project.
- 7) Strategies for distributing all or part of the Development Fund if it is overfunded, if capital funding needs materially change, if Cascade's mission is materially altered, or if Cascade is liquidated.

At present, a key advantage that Cascade holds is time, in the form of advance knowledge of potential future needs. During the intervening decade before design and construction commence, Cascade needs to build financial capacity in order for the Project to be financially feasible. The aggressive use of the Development Fund as part of this strategy focuses on building financial capacity that provides near-term cash flow to accumulate funds, transitioning to longer-term financial capacity to pay new debt obligations and project costs. Through steady and incremental rate increases, the financial strategy "ramps up" revenue capacity that can be used to bear future debt service and costs while also accumulating cash reserves to help fund the Project and reduce the ultimate debt burden. Through prudent planning and execution, these goals can be met while also maintaining Cascade's creditworthiness as related to bond ratings and related interest costs.

D. Establishing the Water Supply Development Fund

1. Separate Fund. By this Motion, Resolution No, 2021-10 would be approved establishing a new and separate fund providing the highest level of accountability and ease of administration. The funds placed into the Development Fund would be restricted from use except for development of a permanent long-term water supply as authorized by Board policy and action. In addition to direct contributions via transfer from other funds or accounts, investment earnings on any existing balance would be credited to and accumulated within the Development Fund.

Given the long-term nature of investments in this fund, it is anticipated that an application will be made for the King County Pool Plus investment program to enhance investment earnings and for elimination of the RCFC Fund if no longer needed.

2. Planned Contributions to the Development Fund. Planned contributions to the Development Fund would consist of general contributions identified through the budgeting process and the long-term financial forecast. Planned contributions to the Development Fund would derive from two primary sources: budgeted rate (Demand Share) contributions; and budgeted Regional Capital Facilities Charges ("RCFC") contributions.

RCFC contributions would be determined based on the general adequacy of the Construction Fund for planned near-term capital outlays (including budgeted items for capital risk contingencies). To the degree that the Construction Fund balance plus available capital funding over a 6-year period exceeds planned capital needs for that same period, corresponding transfers of RCFC revenues to the Development Fund would be budgeted and made. For example, if available Construction Fund resources are \$60 million for a 6-year period, and the CIP requirements are \$54 million, then annual RCFC contributions of \$1 million (\$6 million total) could be made to the Development Fund.

Rate contributions would also be budgeted through the biennial budget process, as approved by the Board. Through incremental increases in rate funding, both cash contributions and financial capacity for future debt service can be accumulated. The 20-year financial forecast would

identify projected annual contributions that would help meet equity funding objectives while also smoothing rate increases over time. The forecasted amounts would be used in the biennial budget process to identify specific annual contributions from the Operating Fund to the Development Fund. At present, such contributions are projected to begin in 2024 and ramp upwards while continuing into project construction.

It is important to note that a necessary consequence of this strategy is that rate trends would continue upward to fund planned contributions to the Development Fund and to build financial capacity to support major debt issues needed for the water supply project, although ultimately to lower levels than otherwise needed in the absence of such a strategy.

3. Unanticipated and Unplanned Contributions to the Development Fund. In addition to contributions identified in the long-term financial forecast, opportunities may arise to enhance annual contributions through commitment of unplanned or unanticipated available financial resources. In general, a concept of “Shared Benefit” would be employed to divide the use of any such windfalls equally between mitigation of current financial needs and accumulation for water supply development.

The “Shared Benefit” standard is intended to provide benefit to existing customers from new cost savings or new revenues while also increasing Development Fund contributions. In each case that arises, 50% of the revenues would remain available for current operating and capital uses, thus helping offset requirements from Member charges, and 50% would be budgeted for transfer to the Development Fund, thus contributing toward water supply development. For one-time net gains, this would be a single transaction, while an ongoing or recurring gain would be divided equally for its duration.

As stated above, necessary consequence of this strategy is that rate trends would continue upward, and that dedicated use of surpluses in this manner creates an upward bias on rate trends during the pre-construction period. The benefit from these actions accrues through funds accumulation and is realized through lower ultimate rates as the Project is completed.

Examples of the type of savings or revenues that would be subject to the Shared Benefit model would include, but are not limited to:

<u>One-time</u>	<u>Recurring</u>
Underspending the annual operating budget	Savings from a bond refunding
Underspending the annual capital risk contingency	Revenues from temporary water sales
Higher than budgeted RCFC revenues	Reduced SPU water purchase costs
Revenues from asset liquidation	Revenues from non-Member water purchases

Once a recurring revenue is dedicated to the Development Fund through this Shared Benefit approach, it would remain dedicated as an incremental annual contribution, in addition to planned contributions.

4. Monitoring Development Fund Progress and Adequacy. With each biennial budget process, Cascade would present a summary of the Development Fund to the Board including the following elements:

- 1) Development Fund balance and status as compared to prior forecast.

- 2) Planned contributions to the Development Fund included in the proposed biennial budget, including any recurring Shared Benefit contributions.
- 3) Planned changes to the Development Fund balance for the biennium.
- 4) Forecast of Development Fund contributions and accumulation to and through the water supply development period, and evaluation of sufficiency in comparison to the minimum equity funding required by fiscal policy. Comparison of this forecast to the prior forecast estimate.
- 5) Proposed remedial steps, if any, in the event that projected funding is insufficient to satisfy fiscal policy requirements or maintain progress already made to exceed those minimum requirements.
- 6) An assessment of changes, known or potential, to project scope, cost or schedule that could materially alter funding requirements. Based on this, proposed modifications, if any, to the funding strategy to conform to those changing conditions.

5. Guidelines for Use of the Development Fund. When water supply development is imminent, but in no case later than the budgeting process for the biennium in which work would materially commence, Cascade would work with its financial advisors and other consultants to develop a project capital funding plan to meet project cash flow needs. That funding plan would address the planned and scheduled use of equity funds, loans, grants and revenue bonds during project development. The plan would outline a schedule for use of equity and debt resources that enables rational and timely access to bond markets, adequate funding throughout the project construction period, and a reasonable rate strategy to transition Member charges to a level that fully funds the Water Supply Project. The plan would include reasonable contingencies for unanticipated cost and schedule increases. The funding plan would be reviewed with the Board to determine and adopt a funding strategy for the Project and to authorize related financial activities including bond issues, rate increases and use of the Development Fund. To the extent that grants or low-cost loans cannot be confidently relied upon, the plan would be structured without those sources, but would be designed with flexibility to accommodate the benefits of such funding sources if and when they are secured. The debt issuance strategy and provisions for cost contingencies would likely dictate when equity funds are best utilized during the Project.

6. General Guidelines for Liquidation of the Development Fund. The sole intended use of the Development Fund is for water supply development, currently intended to be the Water Supply Project. However, it is possible that funds accumulated in the Development

Fund may not be needed as planned or to the extent anticipated, or that those funds cannot be protected for their intended use. Examples might include:

- a) A major change in the Cascade supply strategy reduces, delays or eliminates the need for a new water supply project.
- b) Project partnerships materially reduce the Cascade funding obligation.
- c) Major assistance in the form of grants or loans materially reduces the Cascade funding obligation and rate impacts.
- d) "Overfunding" of the Development Fund to the point that anticipated cash funding exceeds 50% of estimated project cost.
- e) Adverse actions by other governmental agencies or persons potentially targeting Cascade and its funds for unintended uses.
- f) Other causes that alter Cascade's intended funding of water supply development as determined by the Board.

In such cases, all or part of the Development Fund might be identified for potential liquidation by the Board through a finding of surplus. Such finding must be demonstrated to be consistent with satisfaction of fiscal policy requirements related to water supply development and capital funding or found to be necessary to protect the funds from unintended or inappropriate uses as determined by the Board.

In the event of a determination by the Board that any portion of the Water Supply Development Fund is not to be used for the Water Supply Project, the Board would direct the use or distribution of funds for a reduction in Demand Share Charges, distribution to Cascade Members, or as directed by the Board.

7. Additional Code Changes to Establish Water Supply Development Fund. To establish the Water Supply Development Fund, by this Motion, references to the Fund would be added to existing sections of the CWAC: CWAC 5.10.020 (Establishing of Funds) and CWAC 5.20.040 (Demand Share Charges).

E. Implementing the Water Supply Development Fund

To implement the Water Supply Development Fund, this Motion would also approve 4 other Resolutions.

1. By Resolution No. 2021-11, Cascade's Fiscal Policies in Chapter 5.05 CWAC would be amended to add sections on cost contingencies, advance financial planning, Project funding plan development, and to delete the RCFC Fund.

2. By Resolution No. 2021-12, the Cascade Funds Management Matrix in CWAC 5.65.040 would be amended to add the Water Supply Development Fund and to delete the RCFC Fund.

3. By Resolution No. 2021-13, Cascade would amend the 2021-2022 budget to transfer funds into the Development Fund.

4. By Resolution No. 2021-14, Cascade would be authorized and directed to apply to submit an application to participate in the King County Pool Plus investment program with funds from the Development Fund, for corresponding revisions to budgeted fund transfers within

Cascade's 2021 and/or 2022 budgets, for an initial transfer of \$5,000,000 from Cascade's Operating Fund.

PROCUREMENT PROCESS

Not applicable.

FISCAL IMPACT

The fiscal impact of this proposed action is not readily summarized in terms of changes to adopted budgets for revenues or expenses. While there would be some changes to near-term fund transfers, there are no anticipated impacts to near-term rates or expenses. There would be some proposed changes in authorized transfers to begin funding the Development Fund, but these will occur within Cascade's existing financial capacity. In future budgets, there would be specific line items related to funding the Development Fund that would contribute to Cascade's revenue requirements. These have been incorporated into existing financial forecasts. The forecasts remain generally consistent with past forecasts, with future changes primarily related to steadier near-term increases and lower ultimate rates as the Project is undertaken.

The long-term fiscal impact of this proposed action is a substantial reduction in projected debt, debt service, and demand share charges. The average cost of delivered water from Cascade in 2042 would be reduced by 6% from the adopted budget package, with the potential for additional savings from "Shared Benefit" opportunities. This cost would be reduced by roughly 15% from the "no increase" scenario considered during the last budget cycle. This strategy also enhances Cascade's fiscal strength and reduced risks related to bond de-ratings or potential constraints on bonding capacity, either of which could threaten Cascade's ability to successfully complete the Water Supply Project.

OPTIONS

1. Adopt (1) Resolution No. 2021-10, Establishing the Water Supply Development Fund in the Cascade Water Alliance Code and Amending Sections 5.10.020, and 5.20.040 of the Code and providing direction on Implementation; (2) Resolution No. 2021-11, Amending Chapter 5.05 CWAC, Fiscal Policies; (3) Resolution No. 2021-12, Amending the Cascade Funds Management Matrix in CWAC 5.65.040; (4) Resolution No. 2021-13, Amending the Amended 2021-2022 Budget to Transfer Funds into the Water Supply Development Fund; and (4) Resolution No. 2021-14, Authorizing the Application to the King County Pool Plus investment program for the Water Supply Development Fund.
2. Do not adopt Resolution No. 2021-10, Resolution No. 2021-11, Resolution No. 2021-12, Resolution No. 2021-13, and Resolution No. 2021-14 and provide further instruction to Cascade.

RECOMMENDED ACTIONS

Adopt (1) Resolution No. 2021-10, Establishing the Water Supply Development Fund in the Cascade Water Alliance Code and Amending Sections 5.10.020, and 5.20.040 and providing direction on Implementation; (2) Resolution No. 2021-11, Amending Chapter 5.05 CWAC, Fiscal Policies; (3) Resolution No. 2021-12, Amending the Cascade Funds Management Matrix in CWAC 5.65.040; (4) Resolution No. 2021-13, Amending the Amended 2021-2022 Budget to

Transfer Funds into the Water Supply Development Fund; and (5) Resolution No. 2021-14, Authorizing the Application to the King County Pool Plus investment program for the Water Supply Development Fund.

ATTACHMENTS

1. Resolution No. 2021-10, Establishing the Water Supply Development Fund in the Cascade Water Alliance Code and Amending Sections 5.10.020, and 5.20.040 and providing direction on Implementation.
2. Resolution No. 2021-11, Amending Chapter 5.05 CWAC, Fiscal Policies.
3. Resolution No. 2021-12, Amending the Cascade Funds Management Matrix in CWAC 5.65.040.
4. Resolution No. 2021-13, Amending the Amended 2021-2022 Budget to Transfer Funds into the Water Supply Development Fund.
5. Resolution No. 2021-14, Authorizing the Application to the King County Pool Plus Investment Program for the Water Supply Development Fund.



CASCADE WATER ALLIANCE
RESOLUTION NO. 2021-10

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,
A WASHINGTON MUNICIPAL CORPORATION
ESTABLISHING THE WATER SUPPLY DEVELOPMENT FUND AND AMENDING CASCADE WATER ALLIANCE
CODE 5.10.020 AND 5.20.040

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 (“2012 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, the 2012 Agreement obligates Cascade to provide a full supply commitment for all of its Members’ water needs now and in the future, and Cascade’s strategy relies on contract wholesale supplies and Members’ Independent Supplies until development of the White River/Lake Tapps Reservoir Water Supply Project (“Water Supply Project”);

WHEREAS, the development of the Water Supply Project will impose substantial challenges to Cascade in terms of executing a major capital program and bearing the cost of development and operation of that source of supply and, without advance financial planning, would threaten the financial viability of Cascade in contravention of its fiscal policies on financial integrity and stability;

WHEREAS, the Cascade Water Alliance Board of Directors (“Board”) desires to establish a new fund, to be known as the Water Supply Development Fund, to accumulate equity to help fund the development of the Water Supply Project;

WHEREAS, the Board desires to monitor and actively oversee and manage the Development Fund to ensure that it fulfills its stated purposes in a responsible manner and to adapt the fund’s management in response to evolving water supply strategies;

WHEREAS, by Resolution 2006-03 §4 the Board established the funds of Cascade, codified as CWAC 5.10.020, and now wishes to establish an additional fund; and

WHEREAS, by Resolutions 2020-13 §1, 2012-13 §4, and 2006-01 §1 (3), the Board established the Demand Share Charge cost basis, codified as CWAC 5.20.040 and now wishes to amend that cost basis.

NOW THEREFORE BE IT RESOLVED BY THE BOARD as follows:

Section 1. Establishing the Water Supply Development Fund. The Board approves and adopts the Water Supply Development Fund as follows:

NEW CWAC 5.70.010 Water Supply Development Fund, Location

The Water Supply Development Fund is established and shall be held by King County and invested in the King County Investment Pool Plus investment program pursuant to CWAC 5.65.035.

NEW CWAC 5.70.020 Oversight and Sources of Funding for Water Supply Development Fund

A. Board Oversight. Contributions to the Water Supply Development Fund shall be subject to Board approval during the biennial budget process and managed, monitored and adjusted by the Board, pursuant to CWAC 5.70.030, including regular periodic review of status and approval of transfers to or from the Water Supply Development Fund from the Planned Sources of Funding and utilizing the Shared Benefits strategy in this Section CWAC 5.70.020.

B. Planned Sources of Funding. Planned contributions to the Water Supply Development Fund shall be identified and budgeted through the biennial budgeting process and the long-term financial forecast and shall derive from the following three primary sources:

1. Regional Capital Facilities Charges contributions. RCFC contributions shall be determined based on the general adequacy of the Construction Fund for planned near-term capital outlays (including budgeted items for capital risk contingencies). To the degree that the Construction Fund balance plus available capital funding over a six-year period exceeds planned capital needs for that same period, corresponding transfers of RCFC revenues to the Water Supply Development Fund shall be budgeted and made.
2. Demand Share contributions. The 20-year financial forecast shall identify projected annual contributions that shall help meet equity funding objectives while also smoothing rate increases over time. The forecasted amounts shall be used in the biennial budget process to identify and authorize specific annual contributions from the Operating Fund to the Water Supply Development Fund.
3. Investment earnings. Investment earnings on the Water Supply Development Fund balance shall be credited to and accumulated within the Water Supply Development Fund.

C. Shared Benefits. Capture of unanticipated or unplanned funding sources or opportunities. In the event of unplanned or unanticipated available financial resources, a concept of "Shared Benefit" shall be employed to divide the use of any such windfalls equally between mitigation of current financial needs and accumulation for water supply development.

The Shared Benefit standard shall provide benefit to Members from new cost savings or new revenues while also increasing Water Supply Development Fund contributions. In each case that arises, 50% of the revenues or savings shall remain available for current operating and capital uses, thus helping offset requirements from Member charges, and 50% shall be budgeted for transfer to the Water Supply Development Fund. For one-time net gains, this shall be a single transaction, while an ongoing or recurring gain shall be divided equally for its duration. Once a recurring revenue is dedicated to the Water Supply Development Fund

through the Shared Benefit approach, it shall remain dedicated as an incremental annual contribution, in addition to planned sources of funding.

NEW CWAC 5.70.030 Monitoring and Adjustments to Water Supply Development Fund

For the purposes of the Board's (a) monitoring of equity funding progress relative to the capital funding objective and (b) modifying or adjusting contribution levels as expected needs or schedules change, for each biennial budget process, Cascade shall present to the Board a summary of the Water Supply Development Fund including the following elements:

1. Water Supply Development Fund balance and status as compared to prior forecast.
2. Planned contributions to the Water Supply Development Fund included in the proposed biennial budget, including any recurring Shared Benefit contributions.
3. Planned changes to the Water Supply Development Fund balance for the biennium.
4. Forecast of the Water Supply Development Fund contributions and accumulation to and through the period of development of the Water Supply Project, and evaluation of sufficiency in comparison to the minimum equity funding required by fiscal policy and comparison of this forecast to the prior forecast estimate.
5. Proposed remedial steps, if any, in the event that projected funding is insufficient to satisfy fiscal policy requirements or maintain progress already made to exceed those minimum requirements.
6. An assessment of changes, known or potential, to project scope, cost or schedule that could materially alter funding requirements. Based on this, proposed modifications, if any, to the funding strategy to conform to those changing conditions.

NEW CWAC 5.70.040 Use of Water Supply Development Fund, Distribution

A. Use. Except as provided in CWAC 5.70.040.C, funds in the Water Supply Development Fund shall be used only for the development of the Water Supply Project as set forth in the funding plan in CWAC 5.70.040.B.

B. Funding Plan. When development of the Water Supply Project is imminent, but in no case later than the budgeting process for the biennium in which work shall materially commence, Cascade shall, in consultation with Cascade's financial advisors and other consultants, develop and present to the Board a funding plan for its consideration of the Water Supply Project capital funding, and its authorization of related financial activities including bond issues, rate increases and use of the Water Supply Development Fund. The funding plan shall:

1. Address the planned and scheduled use of equity funds, loans, grants, and revenue bonds during development of the Water Supply Project.
2. Outline a schedule for the use of equity and debt resources that enables rational and timely access to bond markets, adequate funding throughout the Water Supply Project construction period, and a reasonable rate strategy to transition Member charges to a level that fully funds the development of Water Supply Project.
3. Include reasonable contingencies for unanticipated cost increases and schedule alterations.
4. If grants or low-cost loans cannot be confidently relied upon, address a structure without those sources, but with flexibility to accommodate the benefits of such funding sources if and when they are secured.

C. Exceptions. If funds in the Water Supply Development Fund are determined by the Board to not be needed as planned or to the extent anticipated or to not be protected for their intended use, then those funds shall be distributed as directed by the Board under CWAC 5.70.040.D. Examples of exception circumstances may include, but are not limited to:

1. A major change in the Cascade supply strategy that reduces, delays or eliminates the need for the Water Supply Project.
2. Water Supply Project partnerships that materially reduce the Cascade funding obligation.
3. Major assistance in the form of grants or loans that materially reduces the Cascade funding obligation and rate impacts.
4. Adverse actions by other governmental agencies or persons potentially targeting Cascade and its funds for unintended uses.
5. Other causes that alter Cascade's intended funding of water supply development as determined by the Board.
6. Liquidation of all or part of the Water Supply Development Fund.

D. Alternative Use or Distribution. In the event of a determination by the Board that any portion of the Water Supply Development Fund is not to be used for the Water Supply Project, the Board shall direct the use or distribution of funds for a reduction in Demand Share Charges, distribution to Cascade Members, or as directed by the Board. In the event of distribution to Members, any such distribution shall be made in proportion to the total payments of Demand Shares and RFCs made by each Member in the preceding ten calendar years.

Section 2. Amendment of CWAC 5.10.020 and Resolution 2006-03 § 4. The Board approves the following addition to CWAC 5.10.020:

There are hereby established the following funds of Cascade:

- E. A water supply development fund.

Section 3. Amendment of CWAC 5.20.040 (Demand Share Charge) and Resolutions 2020-13 § 1, 2012-13 § 4, and. 2006-01 § 1 (3). The Board approves the following addition to CWAC 5.20.040.E:

The cost basis for the Demand Share Charge will include capital and operating cost components including but not limited to:

- E. Budgeted rate funding for capital purposes and the Water Supply Development Fund.

Section 4. Implementation. The Board directs Cascade to develop for Board consideration all resolutions necessary to implement the establishment of the Water Supply Development Fund, including but not limited to for fund transfers, budget amendments, investment management and other related actions.

Section 5. 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 ___ day of _____ 2021.

CASCADE WATER ALLIANCE

John Stokes, Chair

Attest – Ray Hoffman, Chief Executive Officer

Penny Sweet, Vice Chair

Members

Yes _____

No _____

Demand Share

Yes _____ %

No _____ %

Angela Birney, Secretary/Treasurer

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



A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,
A WASHINGTON MUNICIPAL CORPORATION
AMENDING CHAPTER 5.05 CASCADE WATER ALLIANCE CODE, FISCAL POLICIES

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 (“2012 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, the Cascade Water Alliance Board of Directors (“Board”) by resolution this same day, desires to establish a new fund, to be known as the Water Supply Development Fund and also desires to initiate implementation of the Water Supply Development Fund; and

WHEREAS, by Res. 2018-14; Res. 2016-20; Res. 2012-14; Res. 2012-07, and Res. 2006-05 the Board established and amended the Fiscal Policies codified as Chapter 5.05 CWAC and now wishes to amend portions of the Policies to implement the Water Supply Development Fund.

NOW THEREFORE BE IT RESOLVED BY THE BOARD as follows:

Section 1. Amendment of Chapter 5.05 CWAC and Resolutions 2018-14, 2016-20, 2012-14, 2012-07, and 2006-05. The Board approves the following amendments to Chapter 5.05 CWAC. (The commentary in the margin is explanatory only and is not formally adopted by the Board.)

5.05.010 Adopted.

The Board of Directors of Cascade approves and adopts fiscal policies codified in this chapter.

5.05.020 Generally.

The Board of Directors of Cascade (the Board) has determined that Cascade shall maintain fiscal policies that promote:

- A. Financial integrity and stability.
- B. Rate equity.
- C. Efficiency and conservation.

From time to time, the Board may amend these policies as it deems appropriate. It is the exclusive authority of the Cascade Board to revise these fiscal policies as appropriate. The Board

may delegate review and evaluation of the fiscal policies and any proposed amendments to its Finance and Management Committee for this purpose.

5.05.030 Financial integrity and stability.

Cascade will provide a stable financial structure that enables it to fulfill its mission to provide regional water supply and transmission services in an efficient and cost-effective manner.

A. Revenue Stability. Cascade will establish and maintain a financial structure that provides for stable and predictable revenues, relying primarily on fixed charges to members.

B. Operating Reserves (Operating Fund Balance). Cascade will maintain an operating fund and establish and budget for a beginning and ending operating fund target balance of no less than 13.7 percent (50 days) of budgeted annual operating expenses. Cascade may routinely budget higher levels of reserves to mitigate unpredictable lump sum expense adjustments, such as the annual Seattle contract true-up, and to reflect accruals toward intermittent large scale operating expenditures. In the event that the operating fund balance falls below the target balance, Cascade shall budget and set rates so that target fund levels are restored within two years.

C. Bond Reserves. Cascade will maintain a bond fund for bond reserves and debt repayment and shall maintain bond fund balances consistent with corresponding debt covenants. In the event that the bond fund balances are found to fall below target levels, Cascade shall remedy the shortfall within 90 days or, if unable, within that period make partial remedy as able and adopt an action plan to complete the remedy.

D. Contingency Planning. Cascade will incorporate adequate contingencies in its capital planning to provide for orderly cash flow on capital projects and accommodate reasonable adjustments to capital budgets, scope, and schedule, including an explicit provision for capital risk to provide for as-yet unidentified capital needs.

E. Rate Stabilization Fund. Cascade will maintain a rate stabilization fund (RSF) to be used to mitigate fluctuations in revenues, expenses, or rates. Cascade shall target a RSF balance equal to 5% of operating revenues plus provisions for accruals for intermittent large scale operating expenditures. The Board shall establish rules for rate and fund management addressing additions to or withdrawal from the RSF with the objective of smoothing rate transitions and impacts and may modify these by resolution.

F. Asset Management. Cascade shall establish capitalization and asset management policies and will maintain a fixed asset schedule and depreciate or amortize assets based upon reasonable expectations of useful life. When infrastructure assets are not booked as depreciable assets (e.g., alternate method accounting), Cascade shall estimate useful life and annual depreciation for purposes of establishing equivalent annual depreciation and net book value of assets for fiscal policy compliance.

G. Capital Reinvestment. Cascade will budget, generate, and restrict funds for system repair and replacement (R&R), which will be made available for projects that replace assets or extend their lives whether or not such expenditures are capitalized. The annual budgeted amount will be total annual depreciation and amortization of system assets, less planned debt principal repayment, but in no case less than one-half percent of total asset value (original cost before depreciation). Subject to realization of sufficient revenues and cash balances to fund and transfer the budgeted

amount, and net of R&R expenditures made through the operating budget, the net remaining annual R&R provision will be transferred into the construction fund, to be used as cash funding toward Cascade capital projects.

5.05.040 Funding growth-related system expansion.

Cascade will establish and impose member charges that provide for equitable recovery of growth-related costs from member agencies experiencing growth. The regional capital facilities charge (RCFC) is the member charge imposed for this purpose and is applicable to all new or expanded water services within Cascade member service areas as defined in the RCFC methodology.

A. RCFC Basis. Cascade will adopt an RCFC methodology consistent with equity and revenue-generating purposes as required by the Cascade Joint Municipal Utility Service Agreement. The methodology will define the basis for determining the charge and the structure for imposing it.

B. RCFC Structure. The RCFC will be imposed on members based on customer growth. Any future revisions of the basis for RCFCs shall be limited to prospective purposes and shall not affect past payments or previously determined RCFC credits.

C. RCFC Credits. Cascade may provide credits against RCFC payments due from members. Credits issued shall be defined in terms of a number of Cascade Equivalent Residential Units (CERUs) provided and the manner in which they may be redeemed. Revisions in the definition of CERUs shall not be cause for a restatement of available credits.

D. RCFC Use and Restrictions. RCFC revenues will be used to offset system capital costs, including debt service and funding of debt related reserves. RCFCs shall be deposited into an RCFC fund, where they may be used for any authorized capital purpose.

As a part of Cascade's adopted budget, the Board shall set a minimum annual transfer of RCFC revenues from the RCFC fund to the capital fund to be used as cash funding for capital projects, attaining a minimum transfer of 75 percent of annual RCFC revenues by 2020. For this purpose, the portion of RCFCs used in support of debt service will be funded first, with all additional RCFC revenues then allocated to capital purposes. The Board will also determine appropriate restrictions, if any, on transferred funds as related to specific projects or uses.

When major construction projects cause a substantial increase in debt burden, when accumulated construction funds exceed reasonably projected needs, or when debt funding obligations require increased deposit into the debt funds (such as for bond reserves), the Board may take action to temporarily reduce the annual capital transfer of RCFC revenues to as little as 50%, provided that the 75% transfer level is restored within 10 years.

5.05.050 Capital program funding.

In conjunction with establishing, planning, or updating its capital program, and for major capital projects, Cascade will develop and adopt a corresponding capital-financing plan that supports execution of that program in compliance with Cascade's adopted fiscal policies.

A. Construction or Acquisition of Assets. Capital funding, net of any grants, dedications, or other assistance, will consist of a combination of cash (equity) and debt financing.

B. Capital Structure of Project Financing. Cascade's capital funding strategy will be developed with an objective that total cumulative debt outstanding shall not exceed 80% of the net book value (original cost net of depreciation or amortization) of fixed assets and asset-backed capacity rights. Cascade may establish, by Board action, more stringent limits on debt levels and debt funding of the capital program as it deems prudent to sustain Cascade's fiscal integrity.

C. Cost Contingencies. Recognizing that project capital costs are estimates made using engineering judgement prior to known project costs, Cascade's capital improvement program will incorporate cost contingency factors appropriate for the corresponding level of planning and design. For major capital projects, Cascade's project funding plan will reflect these contingencies as part of anticipated project costs and will also provide a strategy for funding any further unanticipated cost increases.

D. Operating Costs. Cascade's capital funding strategy will consider estimated impacts on operating expenses related to planned capital improvements.

E. Advance Financial Planning. It is Cascade's intent that major capital projects, such as regional water supply and conveyance, be implemented in a planful manner that moderates impacts on Member charges and Cascade's capital structure. When planned capital projects could lead to an accumulation of debt that ultimately exceeds 80% of Cascade's net book value, Cascade will develop and implement a strategy for generating and accumulating a cash contribution toward the project in advance of the project's scheduled development so that this policy is satisfied and volatile impacts on Member charges are mitigated. The Board will adopt appropriate measures to enable the accumulation of such funds and safeguard the funds for their intended purpose.

F. Project Funding Plan. For specific major capital projects that would represent 25% or more of Cascade's total fixed assets when completed, such as development of a major new supply source, a project funding plan will be developed that identifies and includes a schedule of anticipated costs, planned sources of cash, grant and debt financing, a planned schedule of debt issuance, compliance with fiscal policies, and a projection of impacts on Member charges. The project funding plan will also include a contingent funding strategy in the event that project costs were to increase up to 20% above estimates or if assumed grant funding were lost. The project funding plan will be adopted by the Board in advance of initiating the project and will be subject to periodic update as appropriate during the development of the

Explanation only - not adopted.

This revision of CWAC 5.05.050 requires project-specific capital plans for major projects that demonstrate fiscal policy compliance. The plan must be adopted by the Board.

This section C. requires reasonable conservatism in project cost estimating to reduce risk of cost over-runs.

This section E. contemplates the type of advance financial planning currently underway when the CIP includes major capital projects, with the intent to ensure adequate planning to reasonably comply with fiscal policies regarding capital funding.

This section F. similarly requires a more detailed funding plan for specific major projects to be adopted before embarking on the project, and requires stress testing for cost over-runs and loss of grant assistance.

project.

G. Master Meter Replacement. Cascade delivers water to its members through one or more wholesale master meters, owned and maintained either by Cascade or other regional water utilities such as Seattle Public Utilities and Tacoma Public Utilities. Costs to maintain, repair and replace master meters shall be considered Cascade operating and maintenance costs to be recovered through the uniform demand share structure of Cascade. Costs to install new wholesale master meters initiated by Cascade shall be Cascade capital costs. Costs to install new master meters initiated by a member shall be the responsibility of the member and charged directly to that member.

5.05.060 Managing debt.

A. Use of Debt for Capital Assets. Cascade will issue debt for investments in system infrastructure that provide tangible or intangible assets. Debt will not be used to fund ongoing operating and maintenance costs that cannot be capitalized.

B. Structure of Debt. The Board shall determine the term and structure of debt issued by Cascade. In determining debt structure, the Board shall consider the useful life of assets, existing debt, and debt service load, plans for future debt issuance, market conditions, impacts on rates and charges, potential effect on Cascade's creditworthiness, and other factors that the Board deems relevant. When debt is issued in support of used for capital development investment, the term of debt shall not exceed the reasonable useful life of the asset being acquired, constructed, or enhanced.

C. Nontraditional Debt. Cascade will not use nontraditional debt, such as derivatives, swaps, variable rate obligations or other financial mechanisms, unless such instruments are allowable under Washington law, determined by the Board to be in the best interest of Cascade, and found by the Board to provide financial benefit to Cascade without undue risk. Cascade will not use derivatives or swaps without the Board first adopting policy by resolution on the use of such mechanisms and approval by a 65 percent dual majority vote. Cascade will also provide in payment agreements for derivatives or swaps that termination payments to a provider will be subordinate to debt service on a member's bond obligations.

D. Debt Modification. Cascade may consider debt refunding, defeasance or restructuring when demonstrated to be financially advantageous. When Cascade accumulates cash and investments in excess of identified near-term requirements, Cascade will consider debt reduction as one of the potential uses for such resources.

E. Disclosures. Cascade shall make timely filings of regular disclosures of information required by its bond covenants to the Municipal Securities Rulemaking Board (MSRB), including certain financial information and operating data of Cascade and of its Members and notices of the occurrence of certain enumerated events, if material. The specific nature of the information to be contained in the annual disclosure report and in notices of material events is set forth in the continuing disclosure certificates of Cascade's bonds. The Chief Executive Officer (CEO) will be responsible to execute the disclosures and notify the Board of such reports.

5.05.070 Financial planning and revenue sufficiency.

Cascade shall establish member charges sufficient to meet all cash operating requirements of the system.

A. Cash Requirement. Cash operating requirements are defined to include operating expenses, debt repayment, planned equity funding of the capital program, and planned addition to operating, bond or other reserves. Resources considered for this purpose shall include, in addition to member charges, available interest earnings, ancillary energy and resource recovery revenues, miscellaneous revenues, and planned use of available reserves.

B. Coverage Requirement. Cascade shall comply with bond covenants and satisfy related coverage requirements. In addition, Cascade will establish member charges sufficient to maintain net revenues that provide a debt coverage factor of no less than 1.25 times total annual debt service. For this purpose, available revenues shall include member charges, interest earnings, ancillary energy and resource recovery revenues, miscellaneous revenues, and transfer to the operating fund from the rate stabilization fund. Expenses shall include operating expenses and transfers from the operating fund into the rate stabilization fund. Expenses shall not include capital expenditures, capacity investments such as supply acquisition **investment** or conservation **investment** with quantifiable return in reduced water demand, or minimum payment obligations related to maintaining unused capacity rights.

C. Rate Transitions/Planning. In order to maintain orderly and reasonable transitions in rates, Cascade shall rely on the most current rate forecast as guidance in establishing member charges. Member charges (meaning unit charges applied to calculate member payments) shall not be reduced any year when a net increase in required revenues derived from member charges is projected within the upcoming five-year period. When substantial future revenue increases are forecast, Cascade shall, to the extent practical, increase member charges in an orderly fashion through a series of moderate annual adjustments with an intent to provide smoothing of increases and impacts over a prospective five-year period.

5.05.080 Budgeting and accounting.

Cascade shall develop and approve biennial budgets as provided by the Cascade Water Alliance Joint Municipal Utility Services Agreement (“Cascade Agreement”) and bylaws and consistent with adopted fiscal policies.

A. Annual Budget. Each annual Cascade budget shall establish authorized expenditure levels, estimated revenues and reserve levels. Cascade shall amend the adopted budget, as deemed appropriate, by Board action to reflect material changes in anticipated revenues or expenditures. The CEO shall establish procedures and practices for periodic reporting to the Board on budget performance.

B. Rate Planning. In support of the budget process, Cascade shall determine corresponding rates and charges and provide such information to members. Cascade shall issue a preliminary rate forecast no later than July 1st of each year. Cascade shall issue a revised rate forecast no later than October 1st of each year. These rate forecasts shall address no less than a 10-year planning horizon. Cascade shall issue additional rate analyses and forecasts as directed by the Board.

In addition, Cascade shall periodically, but no less than every ten years, develop a financial forecast encompassing at least a 20-year planning period. This forecast shall project member charges as required to satisfy financial requirements and performance standards.

C. Financial Reporting. Cascade shall establish and maintain financial records in a format consistent with Washington State BARS system of accounts. Cascade shall conform with generally accepted accounting with principles in its accounting, reporting and procedures.

D. Audit. Cascade shall be audited by an independent outside auditor no less than annually. Such audit shall be performed by the State Auditor or their agent or by a public accounting firm knowledgeable in Washington municipal accounting practices.

E. Funds. Cascade shall establish and maintain appropriate segregation of monies as required to provide adequate accounting for to the source and use of funds. To this end, Cascade shall maintain: (1) an operating fund; (2) ~~an RCFC fund~~; (3) a rate stabilization fund; (4)(3) a bond fund; (5)(4) a construction fund; ~~and (6 and (5) a water supply development fund~~. Any additional funds or accounts shall be established and maintained as defined by Board resolution.

F. Investments. The Board shall adopt by resolution an investment policy which is fully compliant with statutory requirements, and which protects the security of invested funds. The investment strategy contained in that policy will consider appropriate maturities for investments as related to corresponding yield and intended uses of various funds and reserves. The investment strategy may be executed through contract with third party governmental investment pools that comply with statutory limits, such as King County or the State investment pool, provided that those pools are also consistent with Cascade’s investment policies and objectives.

G. Board Oversight. Cascade’s Board shall receive regular reports and briefings on Cascade’s financial status. The Board shall receive directly, or

*Explanation only
- not adopted.*

*Section E is revised
to add the
Development Fund
and to delete the
now superfluous
RCFC fund.*

through its Finance and Management Subcommittee, at a minimum:

1. Net Assets Report, Balance Sheet, Treasurer's Report, Contracts Status Report, Budget-versus-Actual Report, Income Statement, and Warrants and Wires Listing (no less frequently than quarterly);
2. Direct reports from Cascade's independent outside auditor reporting the results of quarterly financial reviews conducted for quarters one, two, and three of every year;
3. Direct reports from Cascade's independent outside auditor reporting the results of the annual independent financial audit and Government Auditing Standards examination of Cascade;
4. Direct reports from the State Auditor's Office reporting the results of the state's annual audit of Cascade;
5. A written monthly narrative that reports on Cascade's financial and administrative activities;
6. Written Exception reports including material variance from budget;
7. Notice of disclosure submittals related to outstanding bonds;
8. Any other information as requested or directed by the Board.

5.05.090 Rate structure and equity.

Cascade has established a uniform structure of charges to all members regardless of location. This structure reflects Cascade's uniform regional commitment of service to its members. Members shall not enjoy or suffer from geographic advantage as an element of the allocation of regional water resources or their costs. Cascade may identify rate classes within this standard structure, through which unique service commitments may be reflected that alter attributable costs of service and warrant unique or revised rate features.

A. Cascade Revenue Sources. The basic member charges imposed by Cascade are defined by the Cascade Agreement and include:

1. Annual administrative dues.
2. Conservation program charge.
3. Demand share charges.
4. Volume charges.
5. Regional growth charge (RCFC).

B. Credits and Adjustments. Cascade's fixed charge structure can in certain cases lead to results of overpayment or underpayment by members in a given fiscal year. Cascade shall identify and correct for overpayment and underpayment caused by estimation. Cascade will determine the net of such payments no later than June 30th of the next fiscal year. The net credit or surcharge due will be applied during the budgeting process for the following fiscal year, with corresponding adjustments to that year's scheduled payments. For example, overpayment received in 2020 would be identified in 2021 and credited against 2022 payments. As approved by Board resolution, earlier payment of credits to members may be approved, but Cascade may not unilaterally require early payment from members. Such credits, surcharges or adjustments shall not accrue interest. They shall be treated by Cascade as revenues or expenditures in the year payments are to be made.

C. New Member Buy-In Charges. As contemplated and provided in Section 3.2 of the Cascade Agreement, Cascade shall establish and require appropriate buy-in payments from new members. The Board shall consider net value of the Cascade system, supply requirements of the new member, Cascade's supply status, and other relevant factors as relevant to determining an equitable and appropriate payment that protects the interests and investments of existing members.

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.

E. Special Projects and Programs. It is expected that there may be occasional opportunities for arrangements of mutual benefit between Cascade and its

Explanation only - not adopted.

Consistent with other elements of Cascade code, this revision of CWAC 5.05.090 recognizes that rate classes, such as temporary block sales, may warrant unique rates while still satisfying the standards for uniform charges available to all Members.

members, or with nonmembers. The Board shall have the discretion to consider and enter into special agreements related to Cascade's and its members' resources and programs on a case-by-case basis; provided, that such agreements are uniformly available to any members able to participate.

5.05.100 Efficiency and conservation.

Cascade is committed to efficient and responsible use and stewardship of water resources. Water efficiency and conservation provide cost-effective means to avoid or delay costly system expansions while reducing environmental impacts on water systems.

A. Recovery of Conservation Program Costs. Cascade shall fund conservation and efficiency measures consistent with its service obligations and shall recover related program costs through a uniform conservation program charge that best relates to the cost and benefits attributable to its member agencies.

B. Cost-Effectiveness of Conservation and Efficiency Measures. As a means of meeting its members' demands, Cascade shall periodically evaluate potential efficiency and conservation measures and determine cost-effectiveness of those measures relative to related system expansion. That cost-effectiveness determination shall consider direct realized and avoided costs but may also consider external costs or benefits related both to the measure and its alternate supply development option.

C. Access to Conservation and Efficiency Program and Measures. Cascade shall endeavor to develop conservation and efficiency programs that are broadly and universally available throughout its member service areas, recognizing that some measures are specific to retail customer activities and land uses that may not be uniformly distributed among members.

D. Wholesale Wheeling. When the Cascade Board determines it to be efficient and cost-effective, Cascade may contract with member or other water utilities, to "wheel" or transfer water through their systems to member or contract customers of Cascade in lieu of facility construction by Cascade. Payments made by Cascade for wheeling shall be considered a Cascade operating and maintenance expense.

E. Master Metering. To support efficient use of water resources, Cascade shall meter all water delivered to its members through one or more wholesale master meters, owned and maintained either by Cascade or other regional water utilities such as Seattle Public Utilities and Tacoma Public Utilities. Member charges shall include charges based on water delivered to each member.

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 ___ day of _____ 2021.

CASCADE WATER ALLIANCE

John Stokes, Chair

Attest – Ray Hoffman, Chief Executive Officer

Penny Sweet, Vice Chair

Members

Yes _____

No _____

Demand Share

Yes _____ %

No _____ %

Angela Birney, Secretary/Treasurer

Include in CWAC?

Yes

No



Cascade Water Alliance
RESOLUTION NO. 2021-12

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,
A WASHINGTON MUNICIPAL CORPORATION
AMENDING THE CASCADE FUNDS MANAGEMENT MATRIX IN CWAC 5.65.040

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 (“2012 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, the Cascade Water Alliance Board of Directors (“Board”) by resolution this same day, desires to establish a new fund, to be known as the Water Supply Development Fund and also desires to initiate implementation of the Water Supply Development Fund; and

WHEREAS, by Res. 2016-22, the Board adopted the Cascade Funds Management Matrix, codified as Cascade Water Alliance Code 5.65.040 and now wishes to amend portions of the Matrix to implement the Water Supply Development Fund.

NOW THEREFORE BE IT RESOLVED BY THE BOARD as follows:

Section 1. Amendment of CWAC 5.65.040 and Resolutions 2016-22. The Board approves the following amendments to CWAC 5.65.040:

The Board hereby adopts the attached Cascade Funds Management Matrix guiding the management and planning of fund balances for Cascade’s financial resources, which is subject to adjustment during the biennial budget process.

Cascade Water Alliance Fund Management Rules

Fund / Purpose	Target (\$2016) (\$2022*)	Minimum (\$2016) (\$2022*)	Maximum (\$2016) (\$2022*)	Causes of Deviation	Response to Replenish Deficiency	Response to Draw Down Surplus
Operating Fund <i>Reserve to provide cash flow liquidity and cushion against budget deviation</i>	50 days of budgeted operating expense (\$4.3m) <u>plus funding accruals for major cyclical expenses such as sediment removal and system plans (\$0.3m)</u>	n/a <u>45 days of budgeted operating expense (\$4.0m) plus funding accruals for major cyclical expenses such as sediment removal and system plans (\$0.3m)</u>	n/a <u>75 days of budgeted operating expense (\$6.7m) plus funding accruals for major cyclical expenses such as sediment removal and system plans (\$0.3m)</u>	1) Variations in revenues, expenses or transfers 2) Rate Smoothing	Continue rate planning to target fund balance, contingent on 5-year rate smoothing (max. of 5 years to recover)	Budgeted transfers to construction fund, contingent on requirements for projected 5-year rate smoothing
Rate Stabilization Fund <i>Reserve to provide source of revenues to offset significant budget deviation and satisfy cash flow, coverage requirements</i>	5% of budgeted operating revenues (excluding RCFCs) (\$1.7m) (\$2.1m)	n/a <u>4% of budgeted operating revenues (excluding RCFCs) (\$1.7m)</u>	n/a <u>7% of budgeted operating revenues (excluding RCFCs) (\$2.9m)</u>	1) Fund earnings 2) Use of RSF 3) <u>Delayed or reduced transfers from Operating Fund</u>	Continue rate planning to target fund balance, contingent on 5-year rate smoothing (max. of 5 years to recover)	No additions to fund; if excess is projected for more than 5 years, budget transfer to construction (subject to meeting coverage policy)
RCFC Fund <i>Repository for RCFC receipts until transferred to debt repayment and construction funds per policy and budget</i>	No target (\$0)	n/a	n/a	RCFC revenues (remainder) not transferred	n/a	Transfer balance to debt and construction funds in accordance with policy direction for funds
Construction Fund <i>CIP funding and repository for bond proceeds until expended on projects</i>	No specific target except to provide adequate funds for ongoing construction projects and obligations (\$5.4m) (\$7.5m)	\$5.4m <u>\$6.0m</u> based on January capital payment due to TPU	Long-term CIP funding needs as determined by the Board	1) Project costs in excess of budget 2) Delay in bond proceeds or other funding sources	1) Transfer from WSDF, Operating or other funds 2) Debt issuance	1) Debt Retirement 2) Reduce capital funding from RCFCs 3) Transfer to other funds including WSDF

Cascade Water Alliance Fund Management Rules

Fund / Purpose	Target (\$2016) (\$2022*)	Minimum (\$2016) (\$2022*)	Maximum (\$2016) (\$2022*)	Causes of Deviation	Response to Replenish Deficiency	Response to Draw Down Surplus
Bond Fund: Reserve Account <i>Comply with bond covenants and provide a safeguard against shortfall when payments are due</i>	Maximum annual debt service (\$12.2m) (\$4.4m)	Maximum annual debt service <u>requiring reserve</u> (\$12.2m) (\$4.4m)	Maximum annual debt service <u>requiring reserve</u> (\$12.2m) (\$4.4m)	Deficit in bond repayment draws down reserve account	Immediate transfer from RCFC or Operating Fund	Transfer to Bond <u>Debt Service</u> Account
Bond Repayment Fund: Debt Service Account <i>Accumulate funds for scheduled bond principal and interest payments</i>	Accrued principal and interest on outstanding bonds (\$5.3m) (\$5.8m) <u>(12/31/21)</u>	Accrued principal and interest on outstanding bonds (\$5.3m) (\$5.8m) <u>(12/31/21)</u>	Accrued principal and interest on outstanding bonds (\$5.3m) (\$5.8m) <u>(12/31/21)</u>	Inadequate or delayed transfer of funds from Operating or other Funds	Immediate transfer from Operating or other Funds	Reduce transfers from Operating or other Funds until target restored
Water Supply Development Fund (WSDF) <i>Accumulate funds for major water supply projects to moderate rate impacts and meet debt/equity policies</i>	<u>Determined by capital funding strategy for future supply projects</u> (\$5.0m)	<u>Determined by capital funding strategy for future supply projects</u> (\$5.0m)	<u>Determined by capital funding strategy for future supply projects</u> (\$6.0m)	<u>Inadequate or delayed transfer of funds, reduced earnings, or changes in fund targets</u>	<u>Budgeted increases in transfers from Operating and Construction Funds to meet capital funding strategy</u>	<u>Budgeted reductions in transfers from Operating and Construction Funds, transfers to other funds, or distribution to Members per resolution</u>

* 2022 estimates are based on adopted 2022 budget and financial requirements as of July 12, 2021.

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 ___ day of _____ 2021.

CASCADE WATER ALLIANCE

John Stokes, Chair

Attest – Ray Hoffman, Chief Executive Officer

Penny Sweet, Vice Chair

Members

Yes _____

No _____

Demand Share

Yes _____ %

No _____ %

Angela Birney, Secretary/Treasurer

Include in CWAC?

Yes

No



CASCADE WATER ALLIANCE
RESOLUTION NO. 2021-13

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,
A WASHINGTON MUNICIPAL CORPORATION,
AMENDING THE AMENDED 2021-2022 BUDGET TO
TRANSFER FUNDS INTO THE WATER SUPPLY DEVELOPMENT FUND

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, the Cascade Water Alliance Board of Directors (“Board”) by resolution this same day, desires to establish a new fund, to be known as the Water Supply Development Fund and also desires to initiate implementation of the Water Supply Development Fund;

WHEREAS, by Resolution 2010-08, the 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. 2020-10 the Board adopted the 2021-2022 Budget;

WHEREAS, by Resolution No. 2021-13 the Board amended the 2021-2022 Budget; and

WHEREAS, the Board now desires to amend the 2021-2022 Amended Budget to transfer funds into the Water Supply Development Fund.

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

Section 1. Resolution 2021-08 is amended as follows:

2021 Budget.

- A. Estimated Resources and Expenditures. The 2021 budget estimated resources and expenditure authority of the Cascade Water Alliance is hereby amended as follows:

<i>Fund</i>	<i>2021 appropriation authority as adopted 9-23-2020</i>	<i>2021 appropriation authority as amended 11-17-2021</i>
Operating	\$57,737,157	\$57,737,157
Water Supply Development Fund	\$0	\$5,000,000
Regional Capital Facilities Charge	\$6,806,931	\$6,806,931
Rate Stabilization	\$2,147,452	\$2,147,452
Construction	\$20,997,906	\$20,997,906
Bond	\$21,735,264	\$21,735,264
Total	\$109,424,710	\$114,424,710

2022 Budget.

A. Estimated Resources and Expenditures. The 2022 Budget estimated resources and expenditure authority of the Cascade Water Alliance is hereby amended as follows:

<i>Fund</i>	<i>2022 appropriation authority as adopted 9-23-2020</i>	<i>2022 appropriation authority as amended 11-17-2021</i>
Operating	\$57,991,966	\$58,273,969
Water Supply Development Fund	\$0	\$6,668,363
Regional Capital Facilities Charge	\$6,950,366	\$0
Rate Stabilization	\$2,185,033	\$2,185,033
Construction	\$22,635,550	\$22,635,550
Bond	\$21,688,503	\$21,688,503
Total	\$111,451,418	\$111,451,418

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 __ day of _____ 2021.

CASCADE WATER ALLIANCE

John Stokes, Chair

Attest – Ray Hoffman, Chief Executive Officer

Penny Sweet, Vice Chair

Members

Yes _____

No _____

Demand Share

Yes _____ %

No _____ %

Angela Birney, Secretary/Treasurer

Include in CWAC?

Yes

No



CASCADE WATER ALLIANCE
RESOLUTION NO. 2021-14

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,
A WASHINGTON MUNICIPAL CORPORATION REGARDING
APPLICATION TO THE KING COUNTY POOL PLUS INVESTMENT PROGRAM
FOR THE WATER SUPPLY DEVELOPMENT FUND

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, Cascade has historically maintained fund balances for purposes of financial management and invests those funds in the King County Investment Pool (KCIP) to generate income for the benefit of its Members;

WHEREAS King County introduced an alternative to its short-term investment pool called the King County Pool – Plus investment program (KCPP) which allows longer term investments in an administrative cost structure equal to the existing KCIP and can provide substantially higher investment yields;

WHEREAS, pursuant to authorization under Resolution 2017-09 and Resolution 2017-10, the Chief Executive Officer (“CEO”) submitted an application to the KCPP and by Resolution 2019-02 the Cascade Water Alliance Board of Directors (“Board”) acknowledged policies of the KCPP and designated Cascade to provide transaction instructions to King County;

WHEREAS, the Board by resolution this same day, desires to establish a new fund, to be known as the Water Supply Development Fund and also desires to initiate implementation of the Water Supply Development Fund; and

WHEREAS, the Board now desires for Cascade to make all necessary applications to the KCPP for investment of the Water Supply Development Fund.

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

Section 1. Authorization

The Board hereby authorizes the CEO to complete an application to participate in the King County Pool Plus investment program for funds held in its Water Supply Development Fund

and, upon approval, to initiate an investment strategy to invest those funds in the KCPP, and to establish appropriate administrative controls for this investment program.

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 meeting thereof, held the ___ day of _____, 2021.

CASCADE WATER ALLIANCE

John Stokes, Chair

Attest – Ray Hoffman, Chief Executive Officer

Penny Sweet, Vice Chair

Angela Birney, Secretary/Treasurer

Members
Yes _____
No _____

Include in CWAC?
 Yes
 No

Demand Share
Yes _____ %
No _____ %



FINANCE & MANAGEMENT COMMITTEE

Penny Sweet, Chair, City of Kirkland
John Stokes, City of Bellevue
Mary Lou Pauly, City of Issaquah
Jeralee Anderson, City of Redmond
Conrad Lee, City of Bellevue

Meeting Recap
Tuesday, November 9, 2021
1:30 PM – 3:00 PM
Held Via Zoom Meeting

Call to Order

1. Chair Comments.
2. Executive Session.
3. Items Recommended for Action at the November 17, 2021, Board Meeting.

- A. Contract Renewals.** Cascade staff will present a list of contracts whose current contracts expire on December 31, 2021, and for which staff recommends renewal for 2022. It is recommended that the Board authorize the CEO to execute the professional service agreements proposed for renewal in 2022, as an “Other Action” Item, at its November 17, 2021, meeting.

Recap: The committee recommended that the Board authorize the CEO to execute the professional service agreements proposed for renewal in 2022 as an Other Action Item at its November 17 meeting.

- B. Budget Resolution.** Motion to adopt Resolution No. 2021-XX amending the 2021-2022 Budget and the 2021-2026 Capital Improvement Program.

Recap: After a brief discussion the committee recommended the resolution for the Consent Agenda at the November 17 Board meeting.

- C. Water Supply Development Fund Resolutions.** Motion to adopt: (1) Resolution No. 2021-V, Establishing the Water Supply Development Fund in the Cascade Water Alliance Code and Amending Sections 5.10.020, and 5.20.040 of the Code and providing direction on Implementation; (2) Resolution No. 2021-W, Amending Chapter 5.05 CWAC, Fiscal Policies; (3) Resolution No. 2021-X, Amending the Cascade Funds Management Matrix in CWAC 5.65.040; (4) Resolution No. 2021-Y, Amending the Amended 2021-2022 Budget to Transfer Funds into the Water Supply Development Fund; and (5) Resolution No. 2021-Z, Authorizing the Application to the King County Pool Plus Investment Program for the Water Supply Development Fund.

Recap: The committee discussed the background of the Water Supply Development Fund (WSDF) proposal and the Board’s direction from the June 30 Board workshop. Cascade provided all Cascade member councils and commissions with briefings by the end of September. The item was originally scheduled to be considered by the Board at its October meeting but was delayed due to the Bellevue City Council’s request for additional information and review. Board Chair John Stokes provided the committee with a detailed review of the Bellevue City Council’s November 8 meeting

and Bellevue staff recommendations. After discussion, the committee directed that the WSDF be placed as a discussion item on the November 17 Board meeting and to schedule a special Board meeting for December, after the next Bellevue City Council discussion on the WSDF.

4. Discussion Items.

A. Pool Plus Program. The Pool Plus Program has been successful at substantially increasing our interest earnings on bond funds. A reinvestment or withdrawal strategy is needed to direct investment of matured bonds each year. A strategy to ramp down the balance slowly is recommended.

***Recap:** Staff presented a summary of investment options for the bond reserve fund as related to the Pool Plus program. Pool Plus has generated on the order of \$150,000 in increased investment earnings on these funds as compared to the County investment pool. Staff recommended continued reinvestment of half of maturing bonds to sustain the program and returns, and release of the other half to offset debt repayment needs. The committee also asked about other investment options. The committee concurred with staff's intent to execute the recommended strategy as bonds mature.*

5. Next Meeting Date and Location.

The next meeting will be held Tuesday, December 14, 2021, 1:30 p.m. at Cascade's office or via Zoom meeting.



RESOURCE MANAGEMENT COMMITTEE
Lloyd Warren, Chair, Sammamish Plateau Water
John Stokes, City of Bellevue
Jon Ault, Skyway Water & Sewer District
Ryika Hooshangi, Sammamish Plateau Water
Zach Hall, City of Issaquah

Meeting Recap
Thursday, November 4, 2021
2:00 PM – 3:30 PM
Held via Zoom Meeting

1. **Chair Comments.**
2. **Executive Session.**
3. **Items Recommended for Action at the November 17, 2021, Board Meeting.**

A. On-Call Electrical Engineering. Motion to authorize the Chief Executive Officer to enter into a contract with the recommended firm from the selection process to provide On-Call Electrical Engineering Services in an amount not to exceed \$100,000.

Recap: The committee recommended the contract be placed under consent for approval by the Board at its November meeting.

4. **Discussion Items.**

A. Outage Update. Staff will present a progress report on the Flowline Outage Project, which is expected to be completed in mid-November.

Recap: Staff described the main achievements to date and work that still needs to be done for the outage project, which is now scheduled for completion by the end of November.

B. Updated Demand Forecast. Cascade is updating its demand forecast for inclusion in the Transmission & Supply Plan. Staff will share some of the information with the Committee.

Recap: Staff presented an overview of the schedule to develop the TSP, including points of member engagement. Staff also shared some initial demand forecast graphs, which is a key component of the TSP and will be presented in detail to member staff at a November 17 workshop. The committee asked Cascade to ensure that members, the committee and Board are kept informed throughout the development of the TSP.

C. Redmond Temporary Water Agreement. Redmond has requested a temporary water agreement that is “on demand” and could be activated in selected years. This has revenue and water supply benefits for Cascade but is different from the existing and envisioned format. More materials will be provided the week of the meeting to support committee discussion and guidance.

Recap: The committee reviewed a request from Redmond for a temporary water contract that allows an annual decision by Redmond whether to use the block in that given year. The committee was generally supportive but outlined some issues to be addressed including defining priority of access to temporary water, shortage response, and whether some annual fee should be required

for reservation of the supply. It was agreed that staff will bring a proposed contract to the committee in January for evaluation and direction.

- D. Regular Report on Water Quality.** Cascade's two-year water quality sampling effort wrapped up in September. Staff will discuss next steps with the committee.

***Recap:** The committee received an update on Cascade's progress on its Lake Tapps Water Quality Management Work Plan (Work Plan). Cascade's consultant, Herrera, recently completed the second year of the two-year baseline water quality monitoring and sampling study. A final report is expected in the first quarter of 2022. Initial feedback from Herrera indicates that Lake Tapps is healthy, but phosphorus will likely be an issue to address moving forward. The committee discussed that the results of the study should be evaluated considering the policy questions that were posed in the Work Plan. Based on that analysis, the Board can consider what water quality programs and projects should be funded in the future. Staff will share additional information and analyses with the committee in early 2022 and seek feedback on next steps.*

5. Next Meeting Date and Location.

The next meeting will be Thursday, December 2, 2021, from 2:00 p.m. – 3:30 p.m. via Zoom meeting.