



REGULAR MEETING OF THE BOARD OF DIRECTORS
AGENDA
CASCADE WATER ALLIANCE
Held via Zoom Meeting
April 28, 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 March 24, 2021.	<u>13</u>
b. Motion to authorize the Chief Executive Officer to execute a contract with the lowest responsible responsive bidder for SCADA and Security Improvement Project in an amount not to exceed \$900,000.	<u>16</u>
c. Motion to authorize the Chief Executive Officer to execute a Master Consulting Agreement with the highest-rated firm to provide On-Call Construction Management Services in an amount not to exceed \$640,000.	<u>18</u>
d. Motion to adopt Resolution No. 2021-03 amending Chapter 5.50 of the Cascade Water Alliance Code and Resolutions 2010-09 and 2012-07.	<u>20</u>
8. OTHER ACTION ITEMS	
a. Motion to adopt Resolution No. 2021-04 authorizing the Chief Executive Officer to seek an extension of time on water right permits for the Lake Tapps Municipal Supply project.	<u>26</u>
b. Motion to adopt Resolution No. 2021-06 establishing a policy regarding potential sales of Cascade Water Alliance's water rights.	<u>31</u>
c. Motion to adopt Resolution No. 2021-05 recognizing Drinking Water Week.	<u>41</u>

9.	BOARD DISCUSSION	
	a. Solar Power Feasibility Project.	<u>43</u>
10.	COMMITTEE REPORTS	
	a. Executive Committee – <i>no meetings held.</i>	
	b. Finance and Management Committee – <i>April 20, 2021.</i>	<u>46</u>
	c. Public Affairs Committee – <i>April 7, 2021.</i>	<u>48</u>
	d. Resource Management Committee – <i>April 8, 2021.</i>	<u>50</u>
11.	NEW BUSINESS	
12.	NEXT REGULAR MEETING – <i>May 26, 2021 – to be held at Cascade’s Office or via a Zoom meeting – 3:30 p.m.</i>	
13.	ADJOURN	

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



MEMORANDUM

DATE: April 28, 2021

TO: John Stokes, Chair
Board of Directors

FROM: Ray Hoffman, Chief Executive Officer

SUBJECT: Chief Executive Officer's Report

Administration, Finance, and Economics

- Cascade has been awarded the Association of Washington Cities Employee Benefits Trust 2021 WellCity Award. The award is presented to trust members that meet nine best practice standards for employee health promotion, with 40 items necessary to meet those standards. A discount of 2% on all medical premiums will be applied to Cascade's 2022 premiums. This is the fourth year that Cascade has been awarded the WellCity Award.
- Clark Nuber, Cascade's outside auditing firm, completed the bulk of their work this month and will present the results of the audit at the June 2020 Finance and Management Committee meeting. The auditors examined Cascade's financial reports, internal controls, and compliance with policies and procedures.
- RFCs had their best month in March 2021 since June 2018 with 188 connections and are now on pace to meet 2021 budget expectations (1,000). Cascade is still waiting for one member to report their March 2021 connections so the numbers should be even better; however, as of now 340 net new CERUs have been reported for the year.

Capital Projects and Operations

- The Lake Tapps Reservoir level is 542.49' as of April 16. Cascade began the spring refill of the Lake Tapps Reservoir on February 16 and achieved summer recreation level on March 25. Cascade plans to raise the lake level to 543' in May for one day as a reminder to lakefront homeowners that Cascade has the right to raise the lake to this elevation.
- Cascade received several reports of discoloring and a bad odor on Lake Tapps near Tapps Island in early April. Cascade worked with Tacoma-Pierce County Health Department to sample and test the water in the complaint area and determined it was caused by nontoxic golden algae. As of today, the algae bloom has settled, and the watercolor is back to normal.
- On April 8, the United States Army Corps of Engineers (USACE) provided an operational overview of their new Barrier Structure and Fish Passage Facility to its stakeholders and partners. The USACE provides river model results that help explain the operational parameters and river ramping. Cascade is working with the USACE to model the impacts of the USACE's gate operations on the flow coming into Cascade's flowline.
- Cascade issued an invitation to bid for the SCADA and Security project on March 9. Bid opening was on April 8 and the apparent lowest, responsible, and responsive bidder is Source Electric.

- Cascade issued a Request for Proposal for On-Call Construction Management Services on March 9. The scope of the on-call construction management services includes phase 3 of Cascade's Headwork In-take Modification, SCADA and Security project, and other capital projects and programs. The highest rated firm is Vanir Construction Management located in Renton, Washington.
- Cascade has determined the crane at the fish screen needs major repair and is in the process of working on contract specifications and plans and anticipate bidding the work out next month.

Water Efficiency

- Cascade's virtual Cascade Gardener classes have been taking place on Saturdays during March and April with high attendance and positive reviews.
- Classroom education programs are slowly resuming as schools move back to in-person learning. Cascade is providing a mixture of remote learning and in-person programs. From January through June, 125 programs are scheduled.
- During Fix A Leak Week, Cascade promoted its free conservation items and a video showing how to check for and fix leaks.
- Cascade and Tilth Alliance are working on several drip irrigation and sustainable gardening projects at schools and parks in Cascade areas involving students and residents. Several eastside residents were chosen to be in the latest cohort of Soil and Water Stewardship training that is beginning this spring.
- Cascade and Kirkland staff have developed a series of classes for Kirkland residents in the SnoKing Watershed Council's stream monitoring program, scheduled for May and June.

Intergovernmental and Communications

- In April, the Resource Management Committee and the Public Affairs Committee received an update on the status of reclaimed water discussions with King County. Staff reviewed the background of the current agreement with King County and shared the financial and water quality issues that have slowed negotiations on the master template. The committees encouraged staff to continue working on the issues and stay at the table to represent Cascade's interests.
- Cascade is working on a request to the state Department of Ecology to extend the Lake Tapps Reservoir water right permit development schedule. Factors that support preparing a request for an extension include regional demand forecasts and the potential for additional water supply through contracts with Seattle and/or Tacoma.
- Flume trail negotiations have begun again. Cascade is working with Pierce County Parks staff on agreement terms. Depending on progress, Board committee briefings are anticipated in early summer.
- Cascade has identified several encroachments, such as docks, on its property within Printz Basin to the east of the Lake Tapps Reservoir. Printz Basin is completely closed to the public and enforced as a no-trespassing area because it is part of the operating utility facilities. Cascade will be sending letters to all the homeowners around Printz Basin to remind them that they do not have any rights to trespass on Cascade's property, and if they currently have any docks or other items on Cascade's property, they need to take steps to promptly remove the items.
- The Lake Tapps Community Meeting and Open House is scheduled for June 24. The meeting will be entirely virtual, and Lake Tapps partner agencies are invited to answer questions from the public. The Four Cities Meeting with the Mayors of Sumner, Auburn, Buckley and Bonney Lake is scheduled for June 22.

Planning

- Cascade met with Bellevue and Sammamish Plateau Water in the first of a series of meetings to update the BIP O&M agreements to provide greater clarity on roles and responsibilities.
- In late 2021, Cascade is scheduled to start construction of the Headworks Intake Modification project. A first step in the project is to construct a coffer dam in front of Cascade's headworks intake and therefore, the flowline will be dewatered. While the flowline is dry, Cascade will take the opportunity to assess its Upper Conveyance infrastructure and address deficiencies. It will also remove sediment from Wolslegal Basin. Staff are currently identifying and beginning to secure the necessary permits for the outage projects.
- One of the agreements Cascade inherited from Puget Sound Energy (PSE) is the Thompson Ditch Agreement. This 1919 agreement settled a dispute about whether seepage onto private property was caused by Lake Tapps Reservoir. PSE agreed to reconstruct and maintain the ditch in exchange for being released from liability if the properties were flooded. Today, the agreement applies to 17 parcels through which the ditch flows. This summer Cascade needs to conduct a variety of maintenance projects in Thompson Ditch, including removing vegetative materials and replacing culverts. Staff are in the process of obtaining the necessary permits and working with the affected property owners.

Attachments

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

Cascade Water Alliance
 Budget to Actual Expenditure Report
 January 1- March 31, 2021
 25% of the year completed

Administration	Budget	Actual	Balance	% Expended
Salaries	\$ 964,231	\$ 276,615	687,616	28.7%
Benefits	207,486	85,208	122,277	41.1%
Wellness program	5,000	0	5,000	0.0%
Prof. Fee (Technical)	61,400	23,517	37,883	38.3%
Prof. Fee (Legal)	835,000	202,712	632,289	24.3%
Prof. Fee (Audit)	98,600	22,500	76,100	22.8%
Prof. Fee (Other)	100,000	2,028	97,972	2.0%
Seismic Resiliency	200,000	56,955	143,045	28.5%
Meetings Expense	11,000	790	10,210	7.2%
Telephone/Internet	37,000	13,381	23,619	36.2%
Office Rent	235,288	93,945	141,343	39.9%
Office Supplies Admin.	20,000	2,780	17,220	13.9%
Equip. and Furniture	10,000	0	10,000	0.0%
Bank Fees	600	81	519	13.6%
Dues & Subscriptions	50,000	15,040	34,960	30.1%
Taxes/Licenses	16,000	8,070	7,930	50.4%
Travel	12,000	0	12,000	0.0%
Professional Dev.	10,000	0	10,000	0.0%
Computer Equipment	25,000	4,179	20,821	16.7%
Software Licenses	38,000	3,639	34,361	9.6%
Postage & Delivery	3,000	117	2,883	3.9%
Printing & Repro.	10,000	0	10,000	0.0%
Insurance	129,091	112,434	16,656	87.1%
Contingency	133,600	0	133,600	0.0%
Total	\$ 3,212,295	\$ 923,990	\$ 2,288,304	28.8%

Debt Service	Budget	Actual	Balance	% Expended
Bond Debt Service	9,787,231	4,962,098	4,825,134	50.7%
Total	\$ 9,787,231	\$ 4,962,098	\$ 4,825,134	50.7%

Conservation	Budget	Actual	Balance	% Expended
Salaries	\$ 163,559	\$ 24,120	\$ 139,439	14.7%
Benefits	44,062	6,476	37,587	14.7%
Prof. Fee (Technical)	15,000	4,088	10,913	27.3%
Rebate Reimb. Com.	95,000	3,350	91,650	3.5%
Irrigation Audit	20,500	0	20,500	0.0%
Comm. and Public I	326,850	39,485	287,365	12.1%
Misc. Serv. and Sup.	84,400	3,103	81,297	3.7%
Total	\$ 749,371	\$ 80,621	\$ 668,750	10.8%

Com. and Intergovern	Budget	Actual	Balance	% Expended
Salaries	\$ 138,930	\$ 31,528	\$ 107,402	22.7%
Benefits	31,231	7,965	23,266	25.5%
Prof. Fee (Technical)	15,000	3,190	11,810	21.3%
Prof. Fee (Other)	152,750	41,585	111,165	27.2%
Sponsorships	30,000	2,500	27,500	8.3%
Comm. and Public I	280,000	51,629	228,371	18.4%
Total	\$ 647,911	\$ 138,397	\$ 509,514	21.4%

Cascade Water Alliance
 Budget to Actual Expenditure Report
 January 1- March 31, 2021
 25% of the year completed

Operations-General	Budget	Actual	Balance	% Expended
Wholesale Water	\$ 21,351,878	\$ 5,978,527	\$ 15,373,351	28.0%
Salaries	21,405	7,244	14,161	33.8%
Benefits	4,058	1,849	2,209	45.6%
BIP O&M	30,000	1,160	28,840	3.9%
Pipeline Prop. O&M	35,000	708	34,292	2.0%
PWTF Loan Debt	40,658	0	40,658	0.0%
Total	\$ 21,482,998	\$ 5,989,488	\$ 15,493,510	27.9%

Operations-Lake Tapps	Budget	Actual	Balance	% Expended
Salaries	\$ 494,465	\$ 92,555	\$ 401,910	18.7%
Benefits	97,447	24,752	72,695	25.4%
Prof. Fee (Technical)	648,600	15,110	633,490	2.3%
Prof. Fee (Other)	100,000	0	100,000	0.0%
Meetings Expense	4,000	303	3,697	7.6%
Telephone/Internet	1,500	175	1,325	11.7%
Office Supplies	18,600	3,900	14,700	21.0%
Equipment & Furn.	27,500	5,698	21,802	20.7%
Taxes/Licenses	7,000	5,936	1,064	84.8%
Travel	16,000	3,013	12,987	18.8%
Professional Dev.	2,000	0	2,000	0.0%
Software Licenses	15,000	1,756	13,244	11.7%
Permitting Costs	7,000	3,241	3,759	46.3%
Misc. Serv. and Sup.	44,500	2,957	41,543	6.6%
LT Operator	2,180,699	492,607	1,688,092	22.6%
Unplanned O&M	55,000	4,866	50,134	8.8%
Misc. Facility Repairs	40,000	656	39,344	1.6%
USGS Joint Fund	327,000	0	327,000	0.0%
Construction Management	100,000	0	100,000	0.0%
Outage	600,000	0	600,000	0.0%
Milfoil Control	165,000	869	164,131	0.5%
Vendor Services	35,000	4,073	30,927	11.6%
Water Quality Management	150,000	24,795	125,205	16.5%
Dike Repairs and Maintenance	20,000	1,016	18,984	5.1%
Total	\$ 5,156,311	\$ 688,277	\$ 4,323,845	13.3%

Total Operating Budget \$ **41,036,118** \$ **12,782,871** \$ **28,109,057** **31.2%**

Capital Projects (multi-yr bdgt not shown)	Budget	Actual	Balance	% Expended
Upper Conveyance Projects	\$ 1,094,000	75,375	1,018,625	6.9%
Meters	50,000	0	50,000	0.0%
Equipment	20,000	17,002	2,998	85.0%
Security and SCADA	1,500,000	32,615	1,467,385	2.2%
Tacoma Agreement	5,858,297	5,858,297	0	100.0%
Capital Risk	480,000	0	480,000	0.0%
IT Infrastructure	25,000	0	25,000	0.0%

Total CIP Budget \$ **9,027,297** \$ **5,983,289** \$ **3,044,008** **66.3%**

Total Overall Budget \$ **50,063,415** \$ **18,766,160** **37.5%**

Cascade Water Alliance
Statement of Revenues and Expenditures
From 1/1/2021 Through 3/31/2021

Attachment 2

Operating Revenue	
Water sales	\$ 7,321,592
Administrative dues	3,382,456
Conservation program	140,050
Total Operating Revenue	10,844,098
Operating Expenses	
Cost of water sold	3,416,301
Salaries and benefits	584,349
Professional services	371,536
Conservation program	3,350
Depreciation and amortization	757,373
Communication and public information	55,508
Office expenses	152,897
Operations	524,380
Bank charges	81
Rent	56,367
Maintenance	32,952
Dues and subscriptions	25,062
Miscellaneous	4,015
Total Operating Expenses	5,984,171
Operating Income	4,859,927
Non-Operating Revenue (Expenses)	
Interest income	147,044
Other income	5,240
Interest expense, net of amount capitalized	(1,241,039)
Total Non-Operating Revenue (Expenses)	(1,088,755)
Increase in Net Assets	3,771,172
Net Assets, Beginning of Year	107,818,205
Net Assets, End of Year	\$ 111,589,377

Cascade Water Alliance
Statement of Net Position
As of 3/31/2021

Attachment 3

Assets	
Current Assets	
Cash and cash equivalents	\$ 16,420,272
Accounts receivable	11,061,447
Prepaid expenses	85,892
Total Current Assets	<u>27,567,611</u>
Capital Assets	
Equipment and furniture	1,985,104
Seattle water contract	22,267,611
Bellevue Issaquah pipeline	22,276,944
Tacoma water contract	119,740,687
Less accumulated depreciation and amortization	<u>(47,592,727)</u>
Total Capital Assets	118,677,619
Projects in process and assets not yet in service	
Lake Tapps	103,115,532
Tacoma Cascade pipeline	26,539,385
Total Projects in process and assets not yet in service	<u>129,654,917</u>
Restricted cash and cash equivalents	18,104,428
Total Assets	<u><u>294,004,575</u></u>
Liabilities	
Current liabilities	
Payables and accrued liabilities	674,569
Retroactive water credit	1,806,104
Accrued interest	465,392
Long-term debt current portion	
Bonds Payable-Current Portion	6,625,000
Other	39,474
Total Long-term debt current portion	<u>6,664,474</u>
Total Current liabilities	9,610,539
Long-term Liabilities	
Long-term debt	95,337,896
Tacoma contract	65,967,545
Seattle contract	5,000,000
Bond premium, net of amortization	6,198,832
Total Long-term Liabilities	<u>172,504,272</u>
Total Liabilities	182,114,811
Net Assets	
Restricted for debt service	86,288,767
Unrestricted	25,600,997
Total Net Assets	<u>111,889,763</u>
Total Liabilities & Net Assets	<u><u>\$ 294,004,575</u></u>

Consultant 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
Colehour and Cohen	1	Staffing for classes and events	M. Brent	1/1/2021	12/31/2021	4/15/2021	10%	\$ 89,990	\$ 5,754	6%	\$ 84,236
David Evans	1	On-call Land Surveyor	H. Chen	1/1/2021	12/31/2021	4/15/2021	20%	\$ 75,000	\$ 10,008	13%	\$ 64,992
David McGrath	1	Irrigation Efficiency Assistance	M. Brent	1/1/2021	12/31/2021	4/15/2021	10%	\$ 20,500	\$ -	0%	\$ 20,500
Environmental Science Assoc (ESA)	1	Aquatic Plant Management	H. Chen	1/1/2021	12/31/2021	4/15/2021	10%	\$ 24,900	\$ 869	3%	\$ 24,031
GeoEngineers Inc.	1	Dam Engineering/Hydrology/Geotech	H. Chen	1/1/2021	12/31/2021	4/15/2021	12%	\$ 150,000	\$ -	0%	\$ 150,000
Gordon Thomas Honeywell	1	State legislative outreach	A. Bennett	1/1/2021	12/31/2021	4/15/2021	12%	\$ 84,000	\$ 18,000	21%	\$ 66,000
Herrera Environmental	2	WQ Monitoring Program	H. Chen	8/19/2019	N/A	4/15/2021	75%	\$ 495,000	\$ 373,904	76%	\$ 121,096
HDR	5	Water Forum Consulting	R. Hoffman	3/10/2015	N/A	4/15/2021	90%	\$ 38,323	\$ 29,981	78%	\$ 8,342
HDR	6	MMD Fish Passage Design Review	H. Chen	12/1/2015	N/A	4/15/2021	95%	\$ 918,000	\$ 881,251	96%	\$ 36,749
Jennergy	1	Website assistance	A. Bennett	1/1/2021	12/31/2021	4/15/2021	13%	\$ 15,000	\$ 3,190	21%	\$ 11,810
Langton Spieth	1	Community relations	A. Bennett	1/1/2021	12/31/2021	4/15/2021	12%	\$ 72,000	\$ 18,000	25%	\$ 54,000
Long Building Tech	1	Security Maintenance	H. Chen	8/12/2019	8/31/2021	4/15/2021	20%	\$ 55,000	\$ 28,278	51%	\$ 26,722
Nature Vision	1	Classroom Water Education	M. Brent	1/1/2021	12/31/2021	4/15/2021	12%	\$ 95,000	\$ 16,183	17%	\$ 78,817
Pacifica Law	1	Legal Assistance	H. Chen	1/1/2021	12/31/2021	4/15/2021	12%	\$ 25,000	\$ -	0%	\$ 25,000
Parametrix	1	On Call Civ/Mech/Structural Eng	H. Chen	1/1/2021	12/31/2021	4/15/2021	12%	\$ 100,000	\$ -	0%	\$ 100,000
Production Post	1	WeNeedWater Video Production	A. Bennett	1/1/2021	12/31/2021	4/15/2021	12%	\$ 24,500	\$ 6,500	27%	\$ 18,000
Puget Sound Energy	1	Water Efficiency Rebates	M. Brent	1/1/2021	12/31/2021	4/15/2021	12%	\$ 95,000	\$ 3,350	4%	\$ 91,650
RH2	2	On-Call Electrical Engineering Svcs	H. Chen	1/1/2021	12/31/2021	4/15/2021	12%	\$ 100,000	\$ 5,733	6%	\$ 94,267
RH2	1	Security and SCADA	H. Chen	1/16/2020	N/A	4/15/2021	12%	\$ 347,000	\$ 210,103	61%	\$ 136,897
RH2	3	Wholesale Master Meter Eval	H. Chen	1/21/2020	3/31/2023	4/15/2021	12%	\$ 24,500	\$ -	0%	\$ 24,500
Robinson Noble	1	Water Audits	E. Cebron	10/3/2019	N/A	4/15/2021	12%	\$ 135,060	\$ 46,189	34%	\$ 88,871
Sazan	1	Solor Feasibility Study	M. Brent	8/3/2020	N/A	4/15/2021	12%	\$ 50,000	\$ 50,000	100%	\$ -
SC Words & Pictures Inc.	1	Design Services	A. Bennett	1/1/2021	12/31/2021	4/15/2021	12%	\$ 24,000	\$ 2,385	10%	\$ 21,615
Seattle Public Utilities	1	Garden Hotline	M. Brent	1/1/2021	12/31/2021	4/15/2021	12%	\$ 11,000	\$ -	0%	\$ 11,000
SMC Consulting	1	Water Efficiency Consultant	M. Brent	1/1/2021	12/31/2021	4/15/2021	12%	\$ 24,500	\$ 4,088	17%	\$ 20,413
Sustainable Water	1	Teacher Fellows program	M. Brent	1/1/2021	12/31/2021	4/15/2021	12%	\$ 60,000	\$ 9,284	15%	\$ 50,716
Tacoma-Pierce County	1	LakeWise	A. Bennett	1/1/2021	12/31/2021	4/15/2021	12%	\$ 120,000	\$ 7,116	6%	\$ 112,884
TeamLogic IT	1	Info Technology Consulting	C. Paulucci	1/1/2021	12/31/2021	4/15/2021	12%	\$ 92,400	\$ 11,978	13%	\$ 80,422
TechniArt	1	Website Orders	M. Brent	1/1/2021	12/31/2021	4/15/2021	12%	\$ 15,900	\$ 1,078	7%	\$ 14,822
Tetra Tech	1	AWIA Risk and Resiliency	M. Thung	11/18/2019	12/31/2020	4/15/2021	12%	\$ 700,000	\$ 396,175	57%	\$ 303,825
Tilth Association	1	Garden Water Efficiency	M. Brent	1/1/2021	12/31/2021	4/15/2021	12%	\$ 24,500	\$ 3,714	15%	\$ 20,786
United Rentals	1	Scissor Lift Purchase	H. Chen	12/3/2021	N/A	4/15/2021	12%	\$ 17,000	\$ 17,000	100%	\$ -
USGS	1	Joint Funding Agre-Streamgaging	M. Gagliardo	1/1/2021	12/31/2021	4/15/2021	12%	\$ 327,000	\$ -	0%	\$ 327,000
Van Ness Feldman	1	General Counsel	C. Paulucci	1/1/2021	12/31/2021	4/15/2021	12%	\$ 800,000	\$ 202,712	25%	\$ 597,289
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	4/15/2021	12%	\$ 2,180,699	\$ 505,963	23%	\$ 1,674,736
Winterbauer and Diamond	1	Legal Assistance	R. Hoffman	1/1/2021	12/31/2021	4/15/2021	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
Lake Tapps Construction	1	Valve House Improvements	H. Chen	12/2/2020	N/A	4/15/2021	100%	\$ 30,978	\$ 30,978	100%	\$ -

Payment Authorization Warrants and Wire Transfers 4/28/21

Attachment 5

WHOLESALE WATER

WIRE	Seattle Contract Payment 4/21	\$1,281,113.00
		<u>\$1,281,113.00</u>

CONSULTANTS

29039	Clark Nuber P.S.	\$18,000.00
29046	David Evans and Associates Inc.	\$1,802.04
29051	Environmental Science Associates (ESA)	\$158.00
29053	Herrera	\$10,049.25
29058	Michael A. Gagliardo	\$1,155.00
29060	Pace Engineers, Inc.	\$360.00
29065	RH2 Engineering, Inc.	\$2,126.42
29066	Robinson Noble	\$761.95
29067	Sammamish Plateau Water & Sewer Distr	\$1,150.60
29068	Sazan Environmental Services	\$1,636.70
29074	TeamLogic IT of Bellevue, WA	\$6,297.63
29076	Tetra Tech	\$33,202.50
29078	Van Ness Feldman, LLP	\$67,215.00
29093	Gordon Thomas Honeywell Govern. Affair	\$7,000.00
29108	Jennergy	\$1,190.00
29109	Langton/Spieth	\$6,000.00
29111	RH2 Engineering, Inc.	\$3,607.03
29112	Sammamish Plateau Water & Sewer Distr	\$1,084.79
29115	Van Ness Feldman, LLP	\$71,213.00
		<u>\$234,009.91</u>

SALARY, BENEFITS AND EXPENSE REIMBURSEMENTS

	Payroll (March)	\$114,507.31
29033	Vantagepoint 401 Plan	\$32,122.42
29034	Vantagepoint 457 Plan	\$19,616.06
29035	AWC Employee Benefit Trust	\$16,672.48
29044	BenefitMall, Inc.	\$72.00
29049	Joseph Mickelson	\$95.56
29050	Paula Anderson	\$18.44
29055	HRA VEBA Trust	\$1,078.00
29084	Joseph Mickelson	\$1,010.81
		<u>\$185,193.08</u>

LAKE TAPPS

29052	FloHawks Plumbing & Septic	\$1,786.76
29054	Honey Bucket	\$233.85
29062	Praxair Distribution Inc.	\$260.40
29079	Veolia Water North America	\$169,336.67
29080	Washington Crane & Hoist Company Inc.	\$2,104.05
29089	Pierce County Budget & Finance	\$3,531.52
29107	Honey Bucket	\$163.85
29110	Praxair Distribution Inc.	\$235.46
29116	Veolia Water North America	\$163,892.42
		<u>\$341,544.98</u>

CONSTRUCTION

29029	Daily Journal of Commerce	\$245.00
29030	HDR	\$3,486.61
29031	RH2 Engineering, Inc.	\$2,355.97
29032	United Rentals Northwest, Inc.	\$17,001.62
29090	Lake Tapps Construction Unlimited	\$1,435.50
29091	Maroni Construction Inc.	\$8,613.00
		<u>\$33,137.70</u>

GENERAL

29036	AT&T FirstNet	\$405.76
29037	CIT	\$1,836.96
29038	City of Seattle	\$21,101.09
29042	Comcast	\$515.95
29043	Comcast	\$2,211.89
29045	Daily Journal of Commerce	\$134.75
29048	DIRECTV	\$95.24
29056	Lakemont Business Services Inc.	\$310.00
29061	Pacific Office Automation	\$314.61
29071	Sound Publishing Inc.	\$3,000.00
29072	Staples Advantage	\$675.16
29077	U.S. BANK	\$3,543.99
29081	Washington Environmental Council	\$2,500.00
29082	Washington State Department of Re	\$546.45
29083	Zee Medical Service	\$422.28
29085	JG 520 Building LLC	\$19,383.00
29086	King County Finance Division	\$921.02
29087	King County Treasury	\$2,857.99
29092	Covington Water District	\$661.96
29094	Lakemont Business Services Inc.	\$200.00
29096	Staples Advantage	\$159.56
29097	Town Square Publications, LLC	\$2,500.00
29098	U.S. BANK	\$3,764.59
29099	Utilities Underground Location Cente	\$25.80
29100	Verizon Wireless	\$225.05
29101	CIT	\$1,947.17
29102	Code Publishing Co.	\$147.60
29103	Comcast	\$526.61
29104	Comcast	\$1,652.40
29106	DIRECTV	\$96.24
		<u>\$72,683.12</u>

CONSERVATION

29041	Colehour and Cohen	\$403.75
29057	Lisa Taylor	\$350.00
29059	NW Bloom	\$450.00
29063	The Production Post	\$2,500.00
29064	Puget Sound Energy	\$2,602.50
29069	Tilth Alliance	\$3,714.13
29070	SMC Consulting LLC	\$1,837.50
29073	Sustainability Ambassadors	\$2,970.00
29075	Techniart C S D	\$322.85
29088	Makarios Communications	\$500.00
29095	Nature Vision, Inc.	\$2,612.84
29113	Sustainability Ambassadors	\$6,314.00
29114	Techniart C S D	\$405.35
		<u>\$24,982.92</u>

COMPUTER EQUIPMENT AND SOFTWARE

29040	CN Software	\$230.06
29047	Dell Business Credit	\$4,739.82
29105	Dell Business Credit	\$39.00
		<u>\$5,008.88</u>

DESTROYED AND VOIDED CHECKS:

Total Warrants	\$896,560.59
Total Wires	\$1,281,113.00
Total warrants/wire transfers authorized for April 2021	<u>\$2,177,673.59</u>

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

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

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

	Operating Fund	Construction Fund	Bond Fund	RCFC Fund	Rate Stabilization Fund	US Bank Payroll Account	All Funds
Beginning Balances, March 1	\$ 15,499,698	\$ 6,751,330	\$ 10,814,649	\$ 595,060	\$ 2,124,181	\$ -	\$ 35,784,917
Additions:							
Cash received	\$ 1,310,871	\$ 4,780	\$ 4,495	\$ 206	\$ 1,503	\$ -	\$ 1,321,855
Transfers from other Cascade funds	\$ -	\$ -	\$ 840,427	\$ 1,083,548	\$ -	\$ 116,365	\$ 2,040,340
Total additions	\$ 1,310,871	\$ 4,780	\$ 844,922	\$ 1,083,754	\$ 1,503	\$ 116,365	\$ 3,362,196
Subtractions:							
Bank fees, payroll, and bond payments	\$ 391	\$ 175	\$ 998,300	\$ 8	\$ 55	\$ 116,365	\$ 1,115,294
Warrants paid	\$ 555,907	\$ 55,826	\$ -	\$ -	\$ -	\$ -	\$ 611,733
Wire and other electronic payments	\$ 1,281,113	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,281,113
King Co. Investment Pool impairment (realized)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
King Co. Investment Pool impairment (retained)	\$ (35)	\$ (71)	\$ (39)	\$ (49)	\$ (10)	\$ -	\$ (204)
Transfers to other Cascade funds	\$ 2,040,340	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,040,340
Total subtractions	\$ 3,877,717	\$ 55,931	\$ 998,261	\$ (42)	\$ 45	\$ 116,365	\$ 5,048,277
Ending Balances, March 31, 2021	\$ 12,932,851	\$ 6,700,179	\$ 10,661,311	\$ 1,678,856	\$ 2,125,640	\$ -	\$ 34,098,836



MEETING MINUTES OF THE
BOARD OF DIRECTORS
VIA ZOOM
MARCH 24, 2021

1. CALL TO ORDER

At 3:35 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 Issaquah (Pauly), the City of Kirkland (Sweet), the City of Redmond (Birney), the City of Tukwila (Ekberg), Sammamish Plateau Water & Sewer District (Warren¹), and 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 Ms. Birney and second by Mr. Ault to approve the meeting agenda as presented. Motion carried unanimously (6-0).

6. CHIEF EXECUTIVE OFFICER'S REPORT

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

7. CONSENT ACTION ITEM

- A. Special Committee of the Whole Meeting Minutes for March 3, 2021.
- B. Meeting Minutes from the February 24, 2021 Board Annual Meeting.
- C. Motion to authorize the Chief Executive Officer (CEO) to execute an amendment to the Security and SCADA System Design contract with RH2, Inc., a Washington corporation, increasing the contract amount by \$211,500.

¹ Joined the Zoom call at 3:40 p.m.

- D. Motion to authorize the Chief Executive Officer to execute an amendment of the White River-Lake Tapps Reservoir Project Operations and Maintenance Agreement with Veolia Water North America – West, LLC (1) extending the term through 2026, and (2) giving the Cascade CEO the authority to exercise an option to extend the term through June 2027 for transition services.

Motion by Ms. Birney and second by Ms. Sweet to approve Consent Action Items A-D as presented in the Board Packet. Motion carried unanimously (7-0).

8. OTHER ACTION ITEMS

- A. Motion to authorize the Chief Executive Officer to send, as appropriate, letters on behalf of the Board in support of Sammamish Plateau Water's efforts to seek funding for the design and construction of PFAS treatment facilities.

Ray Hoffman explained that as required by the Washington Department of Health, Cascade adopted its 2019 Transmission and Supply Plan (TSP), which describes Cascades current water supplies and operations and development of additional water supplies to meet the needs of Cascade members through 2060.

Mr. Warren explained that Sammamish Plateau Water's (SPW) Independent Supplies include groundwater wells. Wells in the Lower Issaquah Aquifer have been contaminated by PFAS and ongoing monitoring indicates that levels are increasing. To date, SPW has kept PFAS levels as low as possible in its supply using a temporary water right in one of its wells, coupled with blending using regional supply. Mr. Warren added that state guidelines are currently being developed for PFAS and the federal regulatory environment continues to evolve, leading SPW to conclude that the construction of a treatment facility is necessary. SPW is finalizing design of its PFAS treatment facility and is seeking funding sources for construction.

Mr. Hoffman said that SPW's Independent Supplies are an integral part of Cascade's Water Supply Portfolio. Members' independent supplies enable Cascade's regional supplies to last longer and delays the need to develop new regional supplies until all current sources of supply are fully used. This provides important environmental and financial benefits for Cascade, its Members, and the region.

Mr. Hoffman called attention to the draft letter included in the Board packet that explains the importance of SPW's Independent Supplies to the regional water supply. He added that one or more final letters, which are substantially the same as the letter in the Board packet, would be sent, as appropriate, to support SPW's efforts to obtain funding for the design and construction of PFAS treatment facilities.

Ms. Pauly said that she will abstain from the vote since she needs a legal review of the letter prior to her approval and does not want to hold the process up for approval of the motion.

Motion by Ms. Sweet and second by Ms. Birney to authorize the Chief Executive Officer to send, as appropriate, letters on behalf of the Board in support of Sammamish Plateau Water's efforts to seek funding for the design and construction of PFAS treatment facilities. Motion carried unanimously (6-0; City of Issaquah abstained from the vote.).

9. STAFF PRESENTATIONS

None.

10. COMMITTEE REPORTS

- A. Executive Committee – No meetings held.
- B. Finance & Management Committee – No meetings held.
- C. Public Affairs Committee – Meeting held March 3, 2021. The meeting recap was included in the Board Packet.
- D. Resource & Management Committee – Meeting held March 11, 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 April 28, 2021 at 3:30 p.m.

13. ADJOURN

The meeting adjourned at 4:05 p.m.

APPROVED BY:

John Stokes, Chair

Penny Sweet, Vice-Chair

AGENDA MEMORANDUM

SUBJECT

Motion to authorize the Chief Executive Officer to execute a contract with the lowest responsible responsive bidder for SCADA and Security Improvement Project in an amount not to exceed \$900,000.

BACKGROUND

The supervisory control and data acquisition (“SCADA”) system for the White River - Lake Tapps Reservoir project (“WRLTP”) was installed by Puget Sound Energy in the 1990s and can no longer be supported. In 2019, Cascade completed a SCADA Master Plan to guide a comprehensive SCADA upgrade and replacement of existing outdated instrumentation and control systems originally designed for hydropower production.

Separately, Cascade has been engaged in a multi-year process of modernizing and installing security improvements for the WRLTP. In 2014, Cascade finalized a Security Master Plan intended to improve the security and reduce theft and vandalism of the entire WRLTP. Cascade designed and completed installation of high-priority recommendations (Phase I) from the Security Master Plan in 2018. The proposed SCADA and Security Improvement Project (“Project”) will complete implementation of improvements (Phase II) from the 2014 Security Master Plan.

The Project) will include SCADA and Security Improvements at the following seven (7) facilities: Powerhouse, Tunnel Intake, Forebay, Valvehouse, Pipeline Intake, Fish Screens, and Headworks. Improvements include fabrication and installation of control panels, replacement of existing security video cameras and installation of new security video cameras, security lighting installation, and SCADA and security instrumentation installation.

This item was brought to the April 8, 2021 Resource Management Committee.

PROCUREMENT PROCESS

On March 9, 2021, Cascade advertised the project in the Daily Journal of Commerce and Tacoma News Tribune. An on-site mandatory pre-bid meeting with potential bidders was conducted on March 17, 2021. Nine firms attended that meeting and comprise the group of firms potentially eligible to submit bids. Cascade intends to award the contract to the lowest responsible responsive bidder consistent with CWAC 5.60.060.

FISCAL IMPACT

Budget Line	2021 Budget	Spent and Committed to Date	Available 2021 Budget	This Action	2021 Remaining Balance
SCADA / Security Improvements	\$1,500,000	\$320,113	\$1,179,887	\$900,000	\$279,887

OPTIONS

1. Authorize the Chief Executive Officer to execute a contract with the lowest responsible responsive bidder for SCADA and Security Improvement Project in an amount not to exceed \$900,000.
2. Do not authorize the Chief Executive Officer to execute a contract with the lowest responsible responsive bidder and provide alternate direction to staff.

RECOMMENDED ACTIONS

Authorize the Chief Executive Officer the Chief Executive Officer to execute a contract with the lowest responsible responsive bidder for SCADA and Security Improvement Project in an amount not to exceed \$900,000.

ATTACHMENTS

None.

AGENDA MEMORANDUM

SUBJECT

Motion to authorize the Chief Executive Officer to execute a Master Consulting Agreement with the highest-rated firm to provide On-Call Construction Management Services in an amount not to exceed \$640,000.

BACKGROUND

When Cascade must implement public works projects, there is a need for construction management services to ensure that the contract is constructed per the plans and specifications for that project. This procurement will allow Cascade to utilize a construction management firm to perform a variety of tasks at Cascade's White - River Lake Tapps Reservoir facilities pursuant to a Master Consulting Agreement for on-call services.

Cascade anticipates near-term issuance of the following Task Orders for two forthcoming capital projects: 1) SCADA and Security Improvements Project (anticipated May 2021 – February 2022), and 2) Diversion Intake Project (anticipated July 2021 – May 2022). Additionally, Cascade may have need for construction management services arising from unplanned events and asset failures during the term of the contract at Cascade-owned distribution facilities that serve Cascade members, including the Bellevue Issaquah Pipeline and various wholesale master meters. Cascade will assign specific scopes of work to the successful firm under the Master Consulting Agreement on a Task Order basis.

The Master Consulting Agreement authorizes the selected construction management firm to also receive purchase orders from Cascade's members pursuant to an interlocal agreement executed by each member and Cascade. If the successful firm agrees to accept such purchase orders, the general scope of work, schedule of hourly rates to be paid on a time spent basis plus reimbursement, and other general terms and conditions of the Master Consulting Agreement shall apply to such purchase orders.

The term of the Master Consulting Agreement shall end on December 31, 2022. Cascade shall have the option to extend the contract term for one (1) additional one-year period at its sole discretion.

This item was brought to the April 8, 2021 Resource Management Committee.

PROCUREMENT PROCESS

An RFP was issued on March 9, 2021 in the Daily Journal of Commerce and Tacoma News Tribune. Proposals were due on March 25, 2021, and five proposals were received from the following:

- KPFF
- Magnan Consulting Services
- Hanline
- Vanir
- Rock

The proposals are rated on the following criteria: cover letter, background of the firm, firm experience, staff experience and availability, and hourly rates. After ratings were performed by Cascade staff, two firms (Vanir and Hainline) were selected for interviews to be held during the week of April 5 – 9. Cascade intends to award the contract to the highest-rated firm.

FISCAL IMPACT

Budget Line	2021 Budget	Spent and Committed to Date	Available 2021 Budget	This Action	2021 Remaining Balance
On-Call Construction Management	\$100,000	\$0	\$100,000	\$100,000	\$0
SCADA/Security Project	\$1,500,000	\$1,220,113	\$279,887	\$120,000	\$159,887
Upper Conveyance Projects	\$1,094,000	\$32,320	\$1,061,680	\$270,000	\$791,680
Outage Projects	\$600,000	\$0	\$600,000	\$150,000	\$450,000
Total:				\$640,000	

OPTIONS

1. Authorize the Chief Executive Officer to execute a Master Consulting Agreement with the highest-rated firm to provide On-Call Construction Management Services in an amount not to exceed \$640,000.
2. Do not authorize the Chief Executive Officer to take such action and provide alternate direction to staff.

RECOMMENDED ACTIONS

Authorize the Chief Executive Officer the Chief Executive Officer to execute a Master Consulting Agreement with highest-rated firm to provide On-Call Construction Management Services in an amount not to exceed \$640,000.

ATTACHMENTS

None.

AGENDA MEMORANDUM

SUBJECT

Motion to adopt Resolution No. 2021-03 amending Chapter 5.50 of the Cascade Water Alliance Code and Resolutions 2010-09 and 2012-07.

BACKGROUND

Cascade Water Alliance (“Cascade”) follows the policies governing surplus property adopted under Chapter 5.50 of the Cascade Water Alliance Code (“CWAC”).

Under Resolution 2010-09, the Board of Directors of Cascade (“Board”) established the process set forth in Section 5.50.030 of the CWAC for disposition of lands, property or equipment originally acquired for public utility purposes consistent with RCW 35.94.040. Specifically, the Board must declare such property to be no longer required by Cascade for continued public utility service by resolution and after a public hearing prior to being sold.

Pursuant to House Bill 2508 of the 2020 Regular Session, the Washington State Legislature amended RCW 35.94.040 to allow personal property or equipment with an estimated value of \$50,000 or less that was originally acquired for public utility purposes, is surplus to the city's needs, and is not required for providing continued public utility service to be disposed of without a resolution or public hearing.

By adopting Resolution No. 2021-03, the Board would make the surplus process under CWAC 5.50.030 consistent with this recent change to state law.

Additionally, Resolution No. 2021-03 revises Chapter 5.50 CWAC to provide helpful clarification on those existing processes governing disposition of surplus property as adopted by the Board.

- CWAC 5.50.010 establishes the general process for sale or disposal of surplus property. Resolution No. 2021-03 clarifies that the process governing intergovernmental transfer of real or personal property set forth in CWAC 5.50.040 serves as an exception to the general process set forth in CWAC 5.50.010.
- CWAC 5.50.020 establishes the process for sale or disposal of surplus personal property. Resolution No. 2021-03 modifies the title of CWAC 5.50.020 to eliminate reference to the term “real property.” This Resolution also specifies that sale or disposal of personal property valued at greater than \$2,500 first requires a determination by resolution of the Board that the property is surplus.
- CWAC 5.50.040 establishes the process for intergovernmental transfer of surplus real or personal property as authorized under RCW 39.33.010. Resolution No. 2021-03 clarifies that such transfer first requires a determination by resolution of the Board that the property is surplus and the terms and conditions for the disposition of such property. This Resolution also clarifies that such property with an estimated value of more than \$50,000 also requires a public hearing prior to intergovernmental transfer.

FISCAL IMPACT

None.

OPTIONS

1. Motion to adopt Resolution No. 2021-03 amending Chapter 5.50 of the Cascade Water Alliance Code and Resolutions 2010-09 and 2012-07.
2. Do not adopt Resolution No. 2021-03 and provide alternate direction to staff.

RECOMMENDED ACTION

Adopt Resolution No. 2021-03 amending Chapter 5.50 of the Cascade Water Alliance Code and Resolutions 2010-09 and 2012-07.

ATTACHMENT

1. Proposed Resolution No. 2021-03.



A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE, A
WASHINGTON MUNICIPAL CORPORATION
AMENDING CHAPTER 5.50 OF THE CASCADE WATER ALLIANCE CODE AND
RESOLUTIONS 2010-09 AND 2012-07

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, in Resolution 2010-09, as amended by Resolution 2012-07, the Cascade Board of Directors (“Board”) adopted certain policies concerning disposition of surplus property, codified as Cascade Water Alliance Code (“CWAC”) chapter 5.50; and

WHEREAS, the Board now desires to amend CWAC chapter 5.50 and Resolutions 2010-09 and 2012-07 § 44.

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

Section 1. Amendment of CWAC 5.50.010 and Resolutions 2010-09 § 1 and 2012-07

§ 44

CWAC 5.50.010 and Resolutions 2010-09 § 1 and 2012-07 § 44 are amended as follows:

5.50.010 Sale of unneeded property owned by Cascade.

Except as provided in CWAC 5.50.020, ~~and 5.50.030~~, and 5.50.040, the CEO may sell or dispose of assets of Cascade that are no longer usable, are no longer of value to Cascade, or are surplus to Cascade’s needs in accordance with informal procedures and in the best interests of Cascade.

Section 2. Amendment of CWAC 5.50.020 and Resolutions 2010-09 § 2 and 2012-07

§ 44

CWAC 5.50.020 and Resolutions 2010-09 § 2 and 2012-07 § 44 are amended as follows:

5.50.020 Transfer to a private party of ~~real and~~ personal property.

~~Approval of the Board is hereby given for the sale or disposition of any personal property valued at \$2,500 or less which has been certified for disposition by the CEO. For personal property valued at more than \$2,500, the Board must authorize the CEO to sell or dispose of the property.~~

a. For any personal property with the estimated value of \$2,500 or less, the CEO may certify the property for disposition as surplus and sell or dispose of the property without a resolution of the Board or public hearing.

b. For personal property valued at more than \$2,500, the CEO may sell or dispose of the property after the Board determines, by resolution, that the property is surplus and after compliance with CWAC 5.50.030, if applicable.

c. Any such sale or disposition to be under this CWAC 5.50.020 may be made in accordance with informal procedures and in the best interest of Cascade in any commercially reasonable way including but not limited to auction, private sale, sealed bid, or through a broker or agent.

Section 3. Amendment of CWAC 5.50.030 and Resolutions 2010-09 § 3 and 2012-07

§ 44

CWAC 5.50.030 and Resolutions 2010-09 § 3 and 2012-07 § 44 are amended as follows:

5.50.030 Sale of real or personal property ~~of any value~~ originally acquired for public utility purposes.

~~For any lands, property or equipment originally acquired for public utility purposes and is not required for providing continued public utility service, the Board by resolution and after a public hearing may cause such lands, property or equipment to be sold.~~

a. Subject to those exceptions set forth in CWAC 5.050.030.b., for any lands, property or equipment originally acquired for public utility purposes, the CEO may sell or dispose of the property only after the Board, by resolution, determines that the property is not required for providing continued public utility service and after a public hearing. The Board's resolution shall state the fair market value and such other terms and conditions for such disposition as the Board deems to be in the best public interest.

b. For any personal property or equipment with the estimated value of fifty thousand dollars or less acquired for public utility purposes that is surplus to Cascade's needs and no longer required for providing continued public utility service, the CEO may sell or dispose of the property without a resolution of the Board or public hearing.

Section 4. Amendment of CWAC 5.50.040 and Resolutions 2010-09 § 4 and 2012-07

§ 44

CWAC 5.50.040 and Resolutions 2010-09 § 4 and 2012-07 § 44 are amended as follows:

5.50.040 Intergovernmental transfer of real or personal property over \$50,000 in value.

~~Before disposing of surplus real or personal property with an estimated value of more than \$50,000 in an intergovernmental transfer as authorized by RCW 39.33.010, now or as hereafter amended, the Board shall hold~~ For any intergovernmental transfer of surplus real or personal property authorized under RCW 39.33.010, now or as hereafter amended, the CEO may transfer the property only after the Board, by resolution, determines that the property is surplus and the terms and conditions that may be agreed upon; and, if the property has an estimated value of more than \$50,000, Cascade holds a public hearing in the manner and with notice as prescribed by RCW 39.33.020, now or as hereafter amended.

Section 4. Effect.

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

ADOPTED AND APPROVED by the Board of Directors of the Cascade Water Alliance at a regular meeting thereof, held on the 28th day of April 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 adopt Resolution No. 2021-04 authorizing the Chief Executive Officer to seek an extension of time on water right permits for the Lake Tapps municipal supply project.

BACKGROUND

In June 2010, the Cascade Water Alliance Board (“Board”) adopted Resolution No. 2010-11 directing the Cascade Chief Executive Officer (“CEO”) to request the Washington State Department of Ecology (“Ecology”) approve the applications to allow Cascade to operate the Lake Tapps Reservoir for municipal water supply.

On December 10, 2010, in addition to approving an application to change the purpose of use of a Puget Sound Energy (“PSE”) water rights claim (No. CS2-160822CL), Ecology issued final water right permits in four parts:

1. diversion from the White River for municipal purposes (S2-29920(A))
2. storage in Lake Tapps Reservoir for municipal purposes (R2-29935)
3. withdrawal from Lake Tapps Reservoir for municipal purposes (S2-29934P)
4. Regional Reserved Water Program (S2-29920(B)), commonly referred to as the Four Cities reserved water.

The following provides short descriptions of each of the four parts, and an extension will be sought for the first three parts of the permit.

1. ***Diversion from the White River.*** Required timing for development under the permit for diversion from the White River is for construction to begin by the end of 2040 with full use of the water by the end of 2060. See Table 1 below.
2. ***Storage in Lake Tapps Reservoir.*** The permit for storage in the Reservoir acknowledges that storage has begun, but also requires that the water must be put to full use by the end of 2060.
3. ***Withdrawal for municipal use.*** Required timing for development under the permit for withdrawal from the Lake Tapps Reservoir for municipal use is the same as for the diversion permit above. A 2040 construction start-date for the necessary infrastructure will require Cascade to begin planning and property acquisition 10-15 years in advance or beginning in 2025 to 2030.
4. ***Regional Reserved Water.*** The Four Cities reserve water permit has a development schedule that requires a water right applicant to obtain an approved water right by December 31, 2030. An extension will not be sought for this permit.

TABLE 1

Proposed Works		
Lake Tapps Water Rights and Supply Project		
Development Schedule		
BEGIN PROJECT December 31, 2040	COMPLETE PROJECT Within 15 Years of Begin Construction Date	PUT WATER TO FULL USE December 31, 2060
<p>The development schedule is as follows:</p> <ul style="list-style-type: none"> • Begin construction within 30 years of the issuance of the permits • Complete construction within 15 years of the beginning of construction • Achieve full beneficial use of the allocated quantities within 50 years of issuance of the permits. <p>The Begin Construction Date is the date when Permit Holder has received all necessary major permits for the construction of the water treatment plant and transmission system and commenced work on facilities considered to be significant permanent elements of the project or excavation for project foundations or pipelines.</p>		

Rationale for Extension Request

Current and forecasted conditions indicate that extending the time for build-out of the Lake Tapps Reservoir Project for municipal water supply would benefit Cascade, Members and ratepayers, and the public interest. Since the water right permits were issued in 2010, circumstances and planning assumptions have changed such that Cascade staff now recommends that Cascade pursue an extension of the development schedule with Ecology. By statute and under Ecology’s Policy for Extension of Time on Permits (POL-1050), a showing of “good cause” is required. Consistent with POL-1050, Cascade believes current conditions and changed circumstances show good cause for needing an extension, demonstrate reasonable diligence and good-faith efforts on Cascade’s part, and that an extension is in the public interest.

Specific circumstances and factors to be addressed in Cascade’s request include:

- As originally planned, other regional water supplies serve as the “bridge” to the future time when the Lake Tapps Reservoir Water Supply Project comes on-line. Regional water supply and demand conditions have a large impact on Cascade and the pace of permit development.
- Cascade’s demand forecast has changed significantly since the acquisition of the Lake Tapps Reservoir and the application for the water rights for municipal use. The original plans called for the municipal water project development work to begin in 2024, but due to changes in demand, that start date was deferred and wholesale water supply contracts with Seattle Public Utilities and Tacoma Public Utilities were renegotiated.
- Current conditions and updated regional forecasts show an abundance of water supply. For ratepayers, regional water is significantly less expensive than developing the Lake Tapps Reservoir Water Supply Project, such that each year of deferral yields both short-term ratepayer benefits and long-term capital accumulation.

- Due to these changes in forecasts, Cascade is currently evaluating future scenarios as it develops its new Transmission and Supply Plan and desires to rely on a longer possible development period in the scenario planning.
- The public interest of the region would be served by an extension of time and a commensurate delay of financial and environmental impacts of development of the treatment and conveyance systems. During the period of extension, other regional water supplies can be used in a manner that supports the full use of existing infrastructure.
- Investments Cascade has made and is planning to make in the Project, including facilities assessments, repairs, and routine annual operations and maintenance of the 100-year old facilities.

By approving this Motion, the Board would authorize the CEO to complete Cascade’s evaluation of the appropriate period of extension to request and to engage in all necessary discussions and submittals to Ecology to seek an extension of the development schedule under water right permits S2-29920(A), S2-29934P and R2-29935. Approval of an extension provides flexibility and would not preclude Cascade from developing the Project according to the original schedule if needed.

PROCUREMENT PROCESS

Not applicable.

FISCAL IMPACT

None.

OPTIONS

1. Adopt Resolution No. 2021-04 authorizing the Chief Executive Officer to seek an extension of time on water right permits for the Lake Tapps municipal supply.
2. Do not adopt Resolution No. 2021-04 and provide alternate direction to Cascade staff.

RECOMMENDED ACTIONS

Adopt Resolution No. 2021-04 authorizing the Chief Executive Officer to seek an extension of time on water right permits for the Lake Tapps municipal supply.

ATTACHMENTS

1. Proposed Resolution No. 2021-04.



CASCADE WATER ALLIANCE
RESOLUTION NO. 2021-04

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,
A WASHINGTON MUNICIPAL CORPORATION
REGARDING
WATER RIGHT PERMITS EXTENSION REQUEST

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 (“Board”) adopted Resolution No. 2010-11, dated June 23, 2010, directing the Cascade Chief Executive Officer (“CEO”) to request the Washington State Department of Ecology (“Ecology”) approve the water rights applications to allow Cascade to operate the Lake Tapps Reservoir Project;

WHEREAS, thereafter, Ecology issued final water right permits to Cascade with a development schedule which requires construction of the Lake Tapps Reservoir municipal use facilities to begin in 2040 and full use of the water by December 31, 2060; which schedule would require Cascade to begin planning and acquisition work starting in the period of 2025 to 2030; and

WHEREAS, in consideration of relevant conditions and noting circumstances that have changed since 2010, the Board believes it is in the interest of Cascade, the Puget Sound Region, and the general public to request an extension of the development period to delay the expenditure of public funds and promote a regional approach to the use of water resources.

NOW THEREFORE BE IT RESOLVED BY THE BOARD as follows:

Section 1. Authorization of the Chief Executive Officer. The Board authorizes the CEO to complete an evaluation of the appropriate period of extension to request and to engage in all necessary discussions and submittals to Ecology to request an appropriate extension of the development period under the water rights permits S2-29920(A), S2-29934P and R2-29935.

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 28th of April 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

AGENDA MEMORANDUM

SUBJECT

Motion to adopt Resolution No. 2021-06 establishing a policy regarding potential sales of Cascade Water Alliance's water rights.

BACKGROUND

Prompted by several opportunities have arisen for potential sale of Cascade Water Alliance's water rights or water supply capacity in support of mitigation projects in the White River, Cascade staff authored **Attachment 2**, Staff Memorandum dated April 28, 2021, Analysis and Recommended Policy Regarding Potential Sales of Cascade's Water Rights, setting forth background, analysis and recommendations. Based on that Staff Memorandum, the Board wishes to establish a policy that will guide staff work and Board consideration on these opportunities or other future proposed sales. The Staff Recommendations are as follows:

Staff Recommendation 1: Enable limited sales of water rights and/or related capacity to non-Members, with a firm aggregate limit of 2 cfs (roughly 1.3 mgd) in total sales in furtherance of the following Outcomes: (1) neither membership in Cascade by the non-Member buyer or a long-term lease to a non-Member are feasible or desired based on the use of the portion of the water rights intended for sale; (2) the proposed sale of a portion of the water rights does not materially damage Cascade, its Members, or its ability to fulfill its mission; and in the long-term furthers its purposes of regionalism and environmental stewardship; (3) compensation received should meet or exceed the cost borne by Cascade Members for comparable benefits; and (4) a sale should occur only if it can be accomplished in a way that avoids impacts to the outstanding bonds related to the water rights.

Staff Recommendation 2: The price threshold for any sales of water rights and/or related capacity should be determined based on the value to Cascade Members as measured by the total investment planned to utilize the resource. Non-cash contributions or benefits received as part of the transaction could be considered as partial payment toward that threshold.

Staff Recommendation 3: As liquidation of a water supply investment, contribute the sales proceeds to the proposed Water Supply Development Fund, once it is established, unless required by bond covenant to apply toward bond retirement. Until the WSDF is established, contribute the sales proceeds to the Construction Fund for transfer to the WSDF once it is established.

Staff Recommendation 4: As specific transactions are proposed to Cascade, staff will keep the Board informed of considerations and negotiations progress. Staff will prepare the documentation described above in support of Board action.

PROCUREMENT PROCESS

Not applicable.

FISCAL IMPACT

The Policy would set a recommended minimum compensation for which water rights would be sold; however, the Policy also contemplates that the Board would approve any proposed sale.

OPTIONS

1. Adopt Resolution No. 2021-06 establishing a policy regarding potential sales of Cascade Water Alliance's water rights.
2. Do not adopt Resolution No. 2021-06 and provide alternate direction to Cascade staff.

RECOMMENDED ACTIONS

Adopt Resolution No. 2021-06. establishing a policy regarding potential sales of Cascade Water Alliance's water rights.

ATTACHMENTS

1. Proposed Resolution No. 2021-06.
2. Staff Memorandum dated April 28, 2021, Analysis and Recommended Policy Regarding Potential Sales of Cascade's Water Rights.



A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,
A WASHINGTON MUNICIPAL CORPORATION ESTABLISHING A Policy
Regarding the Potential Sales of Cascade Water Alliance's Water Rights

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, Section 3.3 of the 2012 Agreement states that as Cascade's purposes include:

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

- h. *coordinate and plan cooperatively with other regional water providers and local non-Member water utilities to maximize supply availability and to minimize system costs;*
- i. *develop the Water Supply Plan for its Members and help develop a regional water supply plan with other water providers as Cascade may find convenient or necessary to meet regional, state, and federal planning requirements, and to take a leadership role in developing and coordinating those supply plans;*

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

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

NOW THEREFORE BE IT RESOLVED BY THE BOARD as follows:

Section 1. Policy Regarding the Potential Sales of Cascade Water Alliance's Water Rights

The Board establishes the following policy regarding potential sales of Cascade Water Alliance's water rights:

1. Enable limited sales of water rights and/or related capacity to non-Members, with a firm

aggregate limit of 2 cfs (roughly 1.3 mgd) in total sales in furtherance of the following Outcomes: (1) neither membership in Cascade by the non-Member buyer or a long-term lease to a non-Member are feasible or desired based on the use of the portion of the water rights intended for sale; (2) the proposed sale of a portion of the water rights does not materially damage Cascade, its Members, or its ability to fulfill its mission; and in the long-term furthers is purposes of regionalism and environmental stewardship; (3) compensation received should meet or exceed the cost borne by Cascade Members for comparable benefits; and (4) a sale should occur only if it can be accomplished in a way that avoids impacts to the outstanding bonds related to the water rights.

2. The price threshold for any sales of water rights and/or related capacity should be determined based on the value to Cascade Members as measured by the total investment planned to utilize the resource. Non-cash contributions or benefits received as part of the transaction could be considered as partial payment toward that threshold.
3. As liquidation of a water supply investment, contribute the sales proceeds to the proposed Water Supply Development Fund, once it is established, unless required by bond covenant to apply toward bond retirement. Until the WSDF is established, contribute the sales proceeds to the Construction Fund for transfer to the WSDF once it is established.
4. As specific transactions are proposed to Cascade, staff will keep the Board informed of considerations and negotiations progress. Staff will prepare the documentation described above in support of Board action.

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 28th day of April 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 type="checkbox"/>	Yes
<input checked="" type="checkbox"/>	No



MEMORANDUM

DATE: April 28, 2021

TO: Cascade Board of Directors

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

SUBJECT: Analysis and Recommended Policy Regarding Potential Sales of Cascade Water Rights

Recently, several opportunities have arisen for potential sale of Cascade Water Alliance (“**Cascade**”) water rights or water supply capacity in support of mitigation projects in the White River. For simplicity, these are both addressed in this analysis as possible sales of a portion of the Cascade water rights associated with the White River/Lake Tapps (“**WRLT**”) water supply system. The proposed quantities are relatively small, together totaling just under 0.5 cfs out of a water right of 75 cfs (annual average), or less than 1%. As a currently unused resource with a planned development scheduled well into the future, these opportunities raise interesting policy questions regarding potential asset or capacity sales. However, sale of any quantities would ultimately reduce the supply capacity associated with the WRLT supply system.

This memorandum discusses several policy issues and questions related to a potential water right sale:

- 1) Under what circumstances, if any, should Cascade consider selling a portion of its water rights? Is there a limit on the quantity to be considered?
- 2) How should such water rights sales be priced?
- 3) How should the revenues from such sales be used?
- 4) How should we frame the specific proposals for the Board to decide?

I. Background

Since its inception in 1999, Cascade’s purposes have included an emphasis on a regional approach to water supply and environmental stewardship. Its purposes, as first stated in the 1999 Interlocal Contract include:

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

- h. coordinate and plan cooperatively with other regional water providers and local non-Member water utilities to maximize supply availability and to minimize system costs;
- i. develop the Water Supply Plan for its Members and help develop a regional water supply plan with other water providers as Cascade may find convenient or necessary to meet regional, state, and federal planning requirements, and to take a leadership role in developing and coordinating those supply plans;

Identical language is included in the Section 3.3 of the current 2012 Joint Municipal Utilities Services Agreement (“**2012 Agreement**”). The powers and authorities to carry out these purposes have included, since 1999 to present, the authority to “[a]cquire, construct, receive, own, manage, lease and sell real property, personal property, intangible property and other Water Supply Assets,” which are defined to include water rights.

In 2008, in anticipation of Cascade’s 2009 purchase of the WRLT water supply system from Puget Sound Energy (PSE), Cascade entered into the White River Management Agreement (“**WRMA**”) with the Puyallup Tribes of Indians and the Muckleshoot Indian Tribe to resolve the Tribes’ opposition to PSE’s applications for permits for municipal water supply related to the WRLT water supply system. In the WRMA, in exchange for the Tribes’ support for the water right applications, Cascade committed to an agreed upon flow regime intended to restore, enhance, and protect fish resources in White River.

In February 2010, Cascade entered into a settlement agreement with Four Cities (Sumner, Auburn, Bonney Lake and Buckley). In exchange for the Four Cities’ dismissal of a lawsuit and agreement to support Cascade’s application for water rights. Cascade agreed to support the Four Cities’ efforts to meet their respective projected 50-year water needs through Tacoma Wholesale Water, Regional Reserved Water, water from the WRLT tailrace, and other support efforts.

In December 2010, Ecology issued the water rights to Cascade, incorporating the terms of the WRMA and Four Cities Agreement into the conditions of the water rights.

Cascade issued water system revenue bonds to finance the purchase of the WRLT water supply system including the associated water rights. To comply with the bond resolution, any sale must be approved by a Cascade Board resolution in which the Board determines at least one of the following applies (as summarized): (1) that the transferred water rights are not material to the operation of the System or to the receipt of Member Charges; or (2) the aggregate depreciated value of the transferred water rights in any fiscal year comprises no more than five percent of the

total assets of the System; or (3) Cascade receives amount equal to the fair market value for the transferred water rights.

II. Potential Sale of a Portion of the Cascade Water Rights

The policy implications of a potential water rights sale include impacts on future supply capacity, impacts on costs and revenues, and impacts on the governance structure. Embedded in the 2012 Agreement and Cascade Water Alliance Code (“**CWAC**”) structure is a consistent “most favored nation” policy that all Members are treated equally and non-Members will not receive terms more financially favorable to those provided to Cascade Members. CWAC 5.05.090.D provides in part:

[N]o 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.

This is intended to incentivize agencies to join Cascade to secure benefits from it, and to preserve the relative value of Cascade membership for existing Members. A clarification of the question before us might thus be: *Under what circumstances, if any, should Cascade sell portions of its water rights to non-Members?*

In the end, the decision to sell a portion of Cascade assets (in this case water rights) to non-Members should be predicated on meeting the following four standards:

1. Membership in Cascade by the non-Member buyer is not desired by Cascade and the non-Member and a long-term lease to the non-Member is determined to be incompatible with the use of the portion of the water rights intended for sale.
2. The proposed sale of a portion of the water rights does not materially damage Cascade, its Members, or its ability to fulfill its mission; and in the long-term furthers its purposes of regionalism and environmental stewardship.
3. Compensation received should meet or exceed the cost borne by Cascade Members for comparable benefits. (Note that, in addition to cash or notes, compensation could include non-cash elements provided that they are fairly valued).
4. A sale should occur only if it can be accomplished in a way that avoids impacts to the outstanding bonds related to the water rights.

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

Advantages of a Sale

- a) Current revenue source from the water rights during the development period
- b) Minimal impact on Cascade present and future needs
- c) With a reduced water right but retaining diversion rights, supply reliability increases relative to full capacity

- d) Cooperative local, regional, state and tribal relationships can provide intangible benefits now, and in the future, further Cascade's broader policy objectives and purposes.
- e) May enable other tangible and intangible benefits associated with the sale
- f) Could offset the cost of WRLT supply development and reduce related rate impacts, especially for initial phases
- g) Consistent with and supportive of Cascade's purposes and the conditions of the water rights

Disadvantages of a Sale

- a) Reduces capacity of Cascade's primary long-term source of supply
- b) Does not necessarily reduce capital development costs, increasing unit costs of ultimate build-out (diseconomies of scale)
- c) If not limited to support of Cascade's purposes and obligations, may create impression of potential precedent for more aggressive future attempts to take or reduce Cascade's water right, deny reasonable accommodations if requested, or discount the importance of Cascade's water supply assets in decision-making processes
- d) A trend toward reducing Cascade's supply potential could be perceived as a weakened commitment that disadvantages Cascade during supply contract negotiations
- e) Sale of assets can have bond implications including a requirement to use the funds to retire outstanding bonds (question has been posed to bond counsel as to materiality and impacts)
- f) Reduces or removes the incentive for agencies needing supply to join Cascade
- g) Could create or accelerate a (distant) future need for additional water supply due to reduced capacity of the WRLT supply system.
- h) Could inhibit Cascade's future options regarding using or disposing of the LTWR water supply system.

Staff Recommendation 1: *Enable limited sales of water rights and/or related capacity to non-Members, with a firm aggregate limit of 2 cfs (roughly 1.3 mgd) in total sales in furtherance of the following Outcomes: (1) neither membership in Cascade by the non-Member buyer or a long-term lease to a non-Member are feasible or desired based on the use of the portion of the water rights intended for sale; (2) the proposed sale of a portion of the water rights does not materially damage Cascade, its Members, or its ability to fulfill its mission; and in the long-term furthers its purposes of regionalism and environmental stewardship; (3) compensation received should meet or exceed the cost borne by Cascade Members for comparable benefits; and (4) a sale should occur only if it can be accomplished in a way that avoids impacts to the outstanding bonds related to the water rights. This would not materially alter supply development plans in this century and would mitigate the potential disadvantages outlined above, while providing resources to mitigate costs of developing the supply system.*

III. Pricing of a Potential Water Rights Sale

To date, prices assigned for proposed water rights sales have been developed based on a policy embedded in CWAC 5.05.090.D:

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

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

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

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

Staff Recommendation 2: *The price threshold for any sales of water rights and/or related capacity should be determined based on the value to Cascade Members as measured by the total investment planned to utilize the resource. Non-cash contributions or benefits received as part of the transaction could be considered as partial payment toward that threshold.*

IV. Use of Proceeds of Water Rights Sale

If a sale is allowed and executed, the proceeds of such sale would be in part a return of investment to date and in part compensation for a lost future opportunity. Such a sale could best be considered a transaction within Cascade's capital structure rather than an operating revenue. This would tend to guide potential uses toward capital uses.

A primary question is whether such a sale could trigger bond covenants regarding liquidation of assets that are summarized in Section I above. In such case, the proceeds would likely be required to early retire a corresponding portion of the debt. However, there are typically materiality considerations that guide this. Prior to any sale, guidance will be obtained from bond counsel on this question. Assuming that the proceeds would be required to early retire debt,

then the resulting savings in debt service could be considered in the same manner as the transaction price in terms of disposition and use.

The “Shared Benefit” model currently under development would dictate that the proceeds would be divided evenly between contribution to the proposed Water Supply Development Fund (WSDF), to be considered by the Board for establishment in the near future, and current use by Cascade. Given the capital nature of the transaction, the most logical current use would be payment into the Construction Fund. This could enable acceleration of key infrastructure projects, or if resulting in a surplus could ultimately result in a transfer of excess to the WSDF based on periodic review of capital needs.

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

Staff Recommendation 3: *As liquidation of a water supply investment, contribute the sales proceeds to the proposed Water Supply Development Fund, once it is established, unless required by bond covenant to apply toward bond retirement. Until the WSDF is established, contribute the sales proceeds to the Construction Fund for transfer to the WSDF once it is established.*

V. Evaluation of Specific Proposals

The Board must approve the sale of any Water Supply Asset including sale of a portion of a water right or water supply capacity. This policy does not compel the Board to complete any transaction. In order to facilitate evaluation of specific opportunities, staff will document how the proposed purchase complies with the guidelines outlined in this policy and promotes Cascade’s mission and goals. As any proposed sale is developed, staff will prepare a business case summary addressing revenues, benefits, costs, risks, and other considerations. Staff will propose specific terms to mitigate adverse impacts.

Staff Recommendation 4: *As specific transactions are proposed to Cascade, staff will keep the Board informed of considerations and negotiations progress. Staff will prepare the documentation described above in support of Board action.*

AGENDA MEMORANDUM

SUBJECT

Motion to adopt Resolution No. 2021-05 recognizing Drinking Water Week.

BACKGROUND

For more than 40 years, the American Water Works Association (AWWA) and its members have celebrated Drinking Water Week. Cascade is a member of the AWWA and supports its goal of promoting safe drinking water for all people across the nation. Celebrating Drinking Water Week is an opportunity for water professionals and communities to recognize the vital role that water plays in our daily lives. This year's celebration is May 2-8, 2021.

The theme for the week is "There When You Need It" and Cascade will take the opportunity to educate and connect with the community. Activities will start with a press release that emphasizes the vital role of clean, safe, and reliable drinking water in the community, as well as recognition of the infrastructure necessary to deliver that water. Cascade will promote the event through its We Need Water social media platforms and its regional partners, such as Nature Vision and Tilth Alliance. If offered, Cascade will also promote activities of its members relating to Drinking Water Week.

PROCUREMENT PROCESS

N/A

FISCAL IMPACT

N/A

OPTIONS

1. Adopt Resolution No. 2021-05 recognizing Drinking Water Week.
2. Do not adopt Resolution No. 2021-05 and provide alternate direction to staff.

RECOMMENDED ACTIONS

Adopt Resolution No. 2021-05 recognizing Drinking Water Week.

ATTACHMENTS

1. Proposed Resolution No. 2021-05.



CASCADE WATER ALLIANCE
RESOLUTION No. 2021-05

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

WHEREAS, Cascade Water Alliance (Cascade), is a Washington Municipal Corporation composed of Bellevue, Kirkland, Issaquah, Redmond, Tukwila, Sammamish Plateau Water and Skyway Water and Sewer District (Chapter 39.34 RCW) for the purpose of providing water supply to meet the needs of its members; and

WHEREAS, water is the world’s most valuable natural resource; and

WHEREAS, only municipal drinking water provides public health protection, fire protection, economic support, and the sustained quality of life we enjoy; and

WHEREAS, any measure of a successful society, be it pandemic response, low mortality rates and good health care, social equity, economic growth, education, recreation, and more... all are in some way related to access to safe drinking water; and

WHEREAS, the future success of our society is predicated on continued access to safe drinking water; and

WHEREAS, we are all stewards of the water and the water infrastructure upon which future generations depend; and

WHEREAS, all citizens of Cascade members are called upon to help protect our source and local waters from pollution, practice water conservation, and to be involved in water issues;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF CASCADE WATER ALLIANCE that we proclaim May 2 – 8, 2021 as Drinking Water Week.

ADOPTED AND APPROVED by the Board of Directors of the Cascade Water Alliance at a regular meeting thereof, held on the 28th day of April, 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 _____ %

Cascade Water Alliance
REVISED Solar Power Feasibility Project
– Phase 2 April 9, 2021

I. Background

In 2020 Cascade’s Board of Directors (Board) authorized staff to undertake a solar power feasibility study (Study) to determine the potential for solar power development at selected Cascade-owned properties at the Lake Tapps / White River Project. Staff chose Sazan Environmental Services as the project consultant, who analyzed potential power generation, solar photovoltaic array options, structural and environmental considerations, and financial and funding options at four locations:

- Powerhouse
- Existing Fish Screen
- Upper Conveyance Valvehouse
- Future Water Treatment Plant Site

The study was completed in December 2020 and presented to the Board at the February 24th, 2021 Board of Directors’ meeting.

II. Key Findings

The Powerhouse was found to have the best potential for solar power development of the four locations studied for the following reasons:

- Existing security
- Significant available roof area
- Lack of environmentally sensitive areas
- Opportunity for on-site power utilization
- Property well-oriented to available solar input
- Best financial performance of the four properties studied
- Potential to maximize Puget Sound Energy net metering benefits

Proposed Powerhouse Solar Project Specs:

- System Capacity: 124.7 kW-DC
- Electricity Generation: 112,870 kWh/year
- Annual Offset of Powerhouse Energy Needs: 83%
- Installation Cost: \$338,000
- Simple Payback: 23 Years
- Equivalency
 - Annual electricity needs for 14.5 homes
 - 88,411 lbs. of coal burned
 - 185 barrels of oil consumed

III. Payback Period

The study's 23-year payback period estimate for the Powerhouse solar project is based on conservative assumptions, including:

- No grant or additional sources of project funding
- An installation unit cost of \$2.71/Watt (the midpoint of a range)
- An annual energy utility rate escalator of 4%

A combination of securing some level of grant funding and obtaining a competitive unit installation cost (less than \$2/Watt) from an installation vendor could lower the payback period by several years. For example, if the system could be installed at a cost of \$1.85/Watt, the payback period drops to 17 years with no grant or outside funding.

IV. Grant Opportunities

Cascade is a non-profit with the ability to use power on-site, which makes it a competitive candidate for funding. There are many potential grant opportunities for which Cascade may be eligible, including:

- Washington State Department of Commerce Solar Grant - The 'Clean Energy Fund' Solar Grants are competitive and offer a 50% cost share for installing solar. While final application materials are not yet available, historic minimum eligibility requirements for this grant include:
 - Contractor proposal has been selected to proceed with installation
 - An energy audit of the facility must be conducted prior to submitting application
 - One-year monitoring period post-installation to verify energy saving benefits

Priority is given for projects that are able to leverage additional funding support and for organizations that serve low-income communities. Sazan Environmental Services believes this grant source is the best opportunity for Cascade to pursue and that, under current grant guidelines, Cascade may be a viable candidate.

- US Department of Energy's Energy Efficiency and Renewable Energy (EER) grants - Another potential resource for grant funding. Specifically, the Topic Area 5a. Small Innovative Projects in Solar (SIPS) PV grant, which provides \$0.02/kWh for projects that can be developed within one year of receiving funding. Concept papers are due April 27, 2021, with notification of award planned for September 2021. Minimum eligibility and considerations for this grant include:
 - Concept paper identifying strategy for project to positively impact solar sector
 - Propose student engagement program partnership with Sustainability Ambassadors
 - Emphasize workforce development training opportunity for career connected learning
 - Capability to produce results within one year of receipt of award
 - Preference is given to applicants who have not previously applied
- Additional sources for consideration:
 - US Department of Agriculture

- Washington Department of Revenue
- Bullitt Foundation

V. Similar Regional Projects

- Port of Seattle Pier 69
 - 120,000 kWh/Year
 - Grant funded
 - Payback period of 17 Years
- King County Parks North Utility Maintenance Facility
 - Retrofit project
 - Generates excess energy

VI. Recommended Approach

1. Authorize Cascade staff to execute a contract with Sazan Environmental Services for the following tasks:
 - a. Assist Cascade in RFP development and Bid Procurement
 - b. Assist Cascade in preparing grant application materials

Contract Budget: \$10,000

Timeframe: Begin asap to be eligible for upcoming grant cycles.

2. Establish a payback period target of 15 years.
3. Investigate similar regional solar power projects.
4. Promulgate RFP for solar power installation.
5. Report to the Board on responses to RFP, grants, and project viability.



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

RECAP

Tuesday, April 20, 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 April 28, 2021, Board Meeting.

- A. Surplus Property Resolution.** - Cascade staff is proposing an amendment to Cascade's surplus property policy that, consistent with recent changes to state law (House Bill 2508), adds a threshold of \$50,000 to personal property and equipment that requires a resolution and public hearing to be disposed.

Recap: Staff discussed with the Committee the Surplus property resolution before the Board this month. The resolution is being proposed to make the surplus process consistent with recent changes to state law and to provide clarity to the surplus process. After a brief discussion, the Committee recommended the resolution for the consent agenda.

4. Discussion Items.

- A. Solar Power Feasibility Study – Phase 2.** Following up on the February 24 presentation to the Board on solar power feasibility study for Lake Tapps properties, Cascade staff will provide additional information on project costs and grant funding opportunities and a recommendation for moving forward.

Recap: Staff provided a briefing paper discussing in more detail the results of the solar power feasibility study including additional information on the payback period and anticipated energy production. Committee members asked questions about the process and workflow of the project. Staff recommended the item be included as a discussion item at the upcoming Board meeting.

- B. RCFC – Recent History.** Cascade staff put together the history of member RCFC connections to help inform other RCFC discussions.

Recap: Cascade staff walked the Committee thru the history of RCFC revenue since inception providing background information for other RCFC discussions. The unpredictability between years, members and the monthly variability were reviewed.

- C. RCFC Structure – Affordability.** As a follow-up to the Board discussion, Cascade staff are developing materials for review and action in upcoming months. A summary of Member connection charge approaches is attached and confirms the general compatibility of the proposed approach with parallel Member commitments to affordability. This item will provide an opportunity for discussion of this material and guidance to staff.

Recap: The committee reviewed progress on the RCFC Affordability initiative. They discussed policy questions regarding coordination with Member programs. Staff was directed to develop an independent program for Cascade that Members could opt to coordinate with for their own programs, but not to require joint participation. Staff was also directed to develop a Cascade-supported water efficiency program to increase water savings and further reduce upfront and ongoing costs for affordable housing. Staff will return to committee in May with further elements of the program.

- D. Water Supply Development Fund.** A draft of an agenda memo and resolution are provided for review and discussion. These would enable the Water Supply Development Fund and related supply funding strategy. Staff will return to the committees and Board in May with refined documents for potential action.

Recap: The draft resolution and agenda item were presented, to be reviewed by all committees and taken to the Board in May. There was general support for establishing the WSDF, but concern about schedule with respect to the supply development schedule and supply options. Given the June Board retreat to address these issues, it was agreed that the fund setup is appropriate now, but that further actions should be scheduled for review and action after that retreat.

5. Next Meeting Date and Location.

The next meeting will be held Tuesday, May 18, 2021, 1:30 p.m. to be held via Zoom meeting.



PUBLIC AFFAIRS COMMITTEE

Angela Birney, Chair, City of Redmond
John Stokes, City of Bellevue
Allan Ekberg, City of Tukwila
Conrad Lee, City of Bellevue
Ryika Hooshangi, Sammamish Plateau Water

RECAP
Wednesday, April 7, 2021
9:00 AM – 10:00 AM
Held via Zoom

Call to Order

1. **Chair Comments.**
2. **Executive Session.**
3. **Recommended for action at the April 28, 2021, Board Meeting.**
4. **Discussion Items.**

- A. Legislative Update.** Staff will provide an update on bills and activities in the state legislative session, including the status of bills after the March 26 bill cutoff. Attached is ESSHB 1139, addressing lead in school drinking water, that is still alive and being closely watched by utilities.

***Recap:** The Committee received an update on legislative activity after the latest bill cutoff. Bills that address fiscal flexibility (2SHB 1069), the Open Public Meetings Act (ESHB 1056) and lead in school drinking water (SHB 1139) are still alive. The cutoff date of April 11 is when all bills must have passed out of the opposite chamber to stay alive.*

- B. Reclaimed Water Update.** Cascade has been working with King County Wastewater, Seattle Public Utilities, and other parties on the development of a draft master agreement for the potential use of reclaimed water in the future. This item will provide an update on the status of those discussions, including financial and water quality issues.

***Recap:** The committee received an update on the status of reclaimed water discussions with King County. Staff reviewed the background of the current agreement with King County and shared the financial and water quality issues that have slowed negotiations on the master template. The committee encouraged staff to continue working on the issues, particularly the water quality concerns, and stay at the table to represent Cascade's interests.*

- C. Solar Power Feasibility Study.** Following up on the February 24 presentation to the Board on solar power feasibility study for Lake Tapps properties, Cascade staff will

provide additional information on project costs and grant funding opportunities and a recommendation for moving forward.

***Recap:** Staff provided a briefing paper discussing in more detail the results of the solar power feasibility study including additional information on the payback period and anticipated energy production. [note: the paper was slightly revised after the Public Affairs Committee meeting]*

D. Printz Basin Encroachments. Cascade has identified several encroachments, such as installing docks, on its property within Printz Basin to the east of the Lake Tapps Reservoir. Printz Basin is completely closed to the public and enforced as a no-trespassing area because it is part of the operating utility facilities. Attached is a report of the encroachments.

***Recap:** This item was delayed to next month due to a lack of time.*

E. Update on Lake Tapps Community Meeting and Four Cities Meeting.

Staff will update the committee on the status of planning for the two meetings.

***Recap:** The Lake Tapps Community Meeting and Open House is scheduled for June 24. The meeting will be entirely virtual, and Lake Tapps partner agencies are invited to answer questions from the public. The Four Cities Meeting with the Mayors of Sumner, Auburn, Buckley, and Bonney Lake is scheduled for June 22.*

5. Next Meeting Date and Location.

The next meeting will be Wednesday, May 5, 2021 at 9:00 a.m. 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

RECAP
Thursday, April 8, 2021
2:00 PM – 3:30 PM
Held via Zoom

1. Chair Comments.

2. Executive Session.

3. Items Recommended for Action at the April 28, 2021, Board Meeting.

- A. SCADA and Security Project Construction.** Motion to authorize the Chief Executive Officer to execute a contract with the lowest responsible responsive bidder for SCADA and Security Improvement Project in an amount not to exceed \$900,000.

Recap: Staff provided the result of the public bid for SCADA and Security Project. The apparent lowest, responsible, and responsive bidder is Source Electric, a well-known electrical contractor. Staff recommend Cascade award the contract to Source Electric. The committee approved this recommendation, and this item was placed on consent.

- B. On-Call Construction Management for SCADA and Security, Headworks Intake Modifications, and other Projects.** Motion to authorize the Chief Executive Officer to execute a contract with the highest rated firm for On-Call Construction Management Services for SCADA and Security, Headworks Intake Modifications, and other projects in an amount not to exceed \$640,000.

Recap: Staff provided high level scope of work for On-Call Construction Management Services and an update on the selection process. The Committee placed this item on consent and requested Cascade CEO name the winning firm after the selection process at the Board meeting.

4. Discussion Items.

- A. Printz Basin Encroachment.** Cascade has identified several encroachments, such as installing docks, on its property within Printz Basin to the east of the Lake Tapps Reservoir. Printz Basin is completely closed to the public and enforced as a no-trespassing area because it is part of the operating utility facilities. Attached is a report of the encroachments.

Recap: Staff presented information on encroachments at Printz Basin, including general trespassing and specific encroachments, such as installing docks on our property. The next step is for Cascade to send a general letter to about 40 adjacent property owners to inform them that Printz Basin is a restricted area. Afterwards Cascade will send specific letters to property owners who have encroached on our property.

- B. Solar Power Feasibility Study.** Following up on the February 24 presentation to the Board on solar power feasibility study for Lake Tapps properties, Cascade staff will provide additional information on project costs and grant funding opportunities and a recommendation for moving forward.

Recap: Staff provided a briefing paper discussing in more detail the results of the solar power feasibility study including additional information on the payback period and anticipated energy production. [note: the paper was slightly revised after the Public Affairs Committee meeting]

- C. Water Right Permit Development Schedule Extension Request.** As Cascade begins work on its updated Transmission and Supply Plan and prepares for the upcoming “Future of Cascade” workshop with the Board, it is timely to review Cascade’s Lake Tapps water right development schedule and whether it might be appropriate to request an extension of that schedule. At the same time, the Department of Ecology is proposing to revise its extension policy, POL-1050. Attached are Cascade’s current water right provision and the DOE POL-1050.

Recap: Staff briefed the committee about the current water right development schedule and factors that support preparing a request for an extension, including regional demand forecasts and the potential for additional water supply through contracts with Seattle and/or Tacoma. The request to DOE would be for at least a 25-year extension. The committee supported the request and directed staff to bring the proposal to the Board in April for action.

- D. Reclaimed Water Update.** Cascade has been working with King County Wastewater, Seattle Public Utilities, and other parties on the development of a draft master agreement for the potential use of reclaimed water in the future. This item will provide an update on the status of those discussions, including financial and water quality issues.

Recap: The committee received an update on the status of reclaimed water discussions with King County. Staff reviewed the background of the current agreement with King County and shared the financial and water quality issues that have slowed negotiations on the master template. The committee encouraged staff to continue working on the issues and stay at the table to represent Cascade’s interests. The committee also discussed information shared at the King County Regional Water Quality Committee about the county’s Clean Water Plan that is currently in development. One future wastewater treatment option in the Clean Water Plan is to reduce or eliminate discharges to Puget Sound through a significant expansion of the reclaimed water program.

- E. Projects (in general) Update.**

5. Next Meeting Date and Location.

The next meeting will be Thursday, May 13, 2021, from 2:00 p.m. – 3:30 p.m. via Zoom meeting.