



REGULAR MEETING OF THE BOARD OF DIRECTORS
AGENDA
CASCADE WATER ALLIANCE
Held Via Zoom Meeting
April 27, 2022
3:30 PM

| | <u>Page</u> |
|---|-------------|
| 1. CALL TO ORDER | |
| 2. ROLL CALL | |
| 3. PUBLIC COMMENT | |
| 4. EXECUTIVE SESSION | |
| 5. APPROVAL OF AGENDA | |
| 6. CHIEF EXECUTIVE OFFICER'S REPORT | <u>2</u> |
| 7. CONSENT ITEMS | |
| a. Board Meeting Minutes for March 23, 2022. | <u>28</u> |
| 8. BOARD DISCUSSION ITEM | |
| a. Motion to approve a permanent General Counsel position and amend Cascade's Amended 2021 - 2022 Budget to add the new General Counsel position. | <u>32</u> |
| 9. STAFF PRESENTATIONS | |
| 10. COMMITTEE REPORTS | |
| a. Executive Committee – <i>no meeting held.</i> | |
| b. Finance and Management Committee – <i>April 19, 2022.</i> | <u>38</u> |
| c. Public Affairs Committee – <i>April 6, 2022.</i> | <u>40</u> |
| d. Resource Management Committee – <i>no meeting held.</i> | |
| 11. NEW BUSINESS | |
| 12. NEXT REGULAR MEETING – <i>May 25, 2022 – Cascade Office and Via 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 27, 2022

TO: Penny Sweet, Chair
Board of Directors

FROM: Ray Hoffman, Chief Executive Officer

SUBJECT: Chief Executive Officer's Report

Administration, Finance, and Economics

- Cascade's 2023 - 2024 internal budget and rate development continue. Seattle's rate study and true-up, the major factor in Cascade's budget, is unknown. Therefore, the eventual budget and rates are indeterminate currently. Cascade expects to know more about Seattle water costs by early June.
- Cascade staff have begun the process of searching for a new office space. We are interviewing brokers and putting together a list of wants and needs. Cascade's current lease runs through July 2023 but there is a redevelopment clause that requires only nine months' notice and there is a concern that it may be exercised soon given the progress Sound Transit has made.
- There have been 273 net RCFC's reported through March 2022, with two Member reports missing. At this rate, Cascade would meet 2022 budget expectations.
- Clark Nuber, Cascade's outside auditing firm, will be on site later this month to conduct a review of the first quarter of Cascade's 2022 financial transactions. The results of the reviews will be reported to the Finance and Management Committee.
- Cascade staff have had several test hybrid meetings in preparation for future hybrid Board meetings.
- Cascade staff is working with BrightNight on a potential transmission easement for their battery storage project. Cascade and BrightNight have both discussed options for either annual contract payments or a one-time payment and will discuss the options with the committees next month if the easement continues to remain viable and warrant further Board consideration.
- At Cascade's April Finance and Management Committee meeting, Clark Nuber, Cascade's outside auditing firm, presented the results of the financial audit. The auditors examined Cascade's financial reports, internal controls, and compliance with policies and procedures. No issues were noted. (2021 Annual Audit Presentation included in this Board packet).

Capital Projects and Operations

- United States Army Corps of Engineers (USACE) is continuing to work on budget appropriations to complete Phase 3, assess its new fish passage facility operational performance, and evaluate outstanding disputed items with its contractor Kiewit. A decision on starting Phase 3 could be made by end of April or early May.
- SCADA and Security contractor has received shipments of all display panels. The programmable logic controller delivery date is anticipated to be within a month. When these

components are delivered and tested, the contractor can then make significant progress on this project.

- Cascade's technical team met with technical teams from the City of Sumner and Burlington Northern Santa Fe Railroad (BNSF) to discuss tailrace hydraulics for the future condition based on their project design. In lieu of a separate engineering team providing a separate hydraulic memo evaluating impacts to the tailrace for their respective standalone project, Cascade requested and received a commitment from the Sumner and BNSF technical teams for a joint technical memo that summarized the results of the integrated hydraulic models based on the joint project.
- Drainage and road improvements on the Headworks Southwest Access Road construction begin in late March and were completed on April 10.
- The Lake Tapps Reservoir elevation is at 542.38' as of March 11. This is near summer recreation level. Cascade and Veolia are working on troubleshooting and repairing minor equipment issues that were discovered during the spring reservoir refill.
- Cascade staff met with Geoenvironmental Engineers and Veolia on dike 14 to evaluate sink hole repair methods and proof of concept for a more efficient way to repair and backfill numerous sink holes created by old railroad timber buried on dike 14.
- Cascade received and is reviewing the 90% design plans for the permanent fix to the south wall of the plunge pool caused by the landslide.
- Parametrix is working with Cascade staff on concept designs to reinforce or replace the existing tailrace retaining wall.



1. Vandalism - ½ mile above Powerhouse.



2. Pipeline Intake Log Boom Clearing By Twin Pipelines at 258th Street.



3. Forebay Road Garbage

Above the Powerhouse about ½ mile from the Pipeline standpipes on the hill.



4. Forebay Road Garbage



5. Fabric on the Slide Area.

Water Efficiency

- In March, Cascade provided 111 classroom programs for 2,693 students (more than twice than the previous month). The programs include several Blue Teams, which are generally a

multi-visit, deeper dive into a specific water-related topic chosen by the teacher. As schools have returned to normal operations, these programs are in high demand.

- Working with Skyway staff, Cascade is planning to soon visit several Skyway apartment complexes to distribute free toilet leak detection dye.
- The Cascade Gardener Spring Series kicked off in March with more than 1,500 people pre-registered for the classes. The classes have been well attended and have received excellent reviews. The final class will be on April 30th. A summer series may be held.
- In February, Cascade provided 113 rebates for high efficiency clothes washers in partnership with Puget Sound Energy (as of April 15, March program information from Puget Sound Energy has not been received).
- The Sustainability Ambassadors have completed or initiated program alignment tables to align student action projects with all Cascade member climate action/sustainability plans, which include important elements of water conservation and protection.
- Working with Redmond staff, Cascade will offer a Watershed Ecology field trip for adults and families at Farrel-McWhirter Farm Park on April 30.
- Cascade is assisting Kirkland staff with supplies and new water sampling kits for residents who are interested in becoming a water monitor for Kirkland streams.
- Cascade is working with Brilliant Marketing, a social media promotion company, to develop a strategic plan that will better promote Cascade programs and create additional engagement of Cascade's social media platforms with residents.

Intergovernmental and Communications

- The state legislative session ended on March 10, and the final operating budget includes \$100 million for ratepayer assistance. The Department of Commerce is currently working on the details of what information water utilities will have to provide to access funding for impacted customers. Water utilities will need to opt into the program by May 27. Cascade staff will continue to provide program information via email to member staff and Board members as it becomes available.
- Cascade staff continue to track how federal funding from the recently enacted Infrastructure Investment and Jobs Act (IIJA), such as PFAS project funding, will be distributed to the state and made available to water utilities. The state Department of Health has indicated that the first round of IIJA funding through the Drinking Water State Revolving Fund will open for applications in the fall. Several Cascade members are also seeking earmarks for local water projects from Washington's federal delegation. Cascade has provided letters of support for those projects.
- The Cascade - Four Cities Meeting (Auburn, Buckley, Bonney Lake, and Sumner) will take place in-person on June 1 at Cascade's Lake Tapps office in Sumner. Mayor Angela Birney will attend as the Board's representative. The Lake Tapps Community Meeting is scheduled to be held on June 2 in the evening, also in-person, at North Tapps Middle School. Mayor Penny Sweet will attend as the Board's representative. Other Board members and alternates are invited to attend the meetings as well. Please let Cascade staff know if you are planning to attend.

Planning

No new updates this month.

Attachments

1. Budget to Actual Expenditure Report through March 31, 2022.
2. Statement of Revenues and Expenditures through March 31, 2022.
3. Statement of Net Position as of March 31, 2022.
4. Contract Status Summary.
5. Monthly Warrants Listing.
6. Monthly Treasurer's Report as of March 31, 2022.

Cascade Water Alliance
 Budget to Actual Expenditure Report
 January 1- March 31, 2022
 25% of the year completed

| Administration | Budget | Actual | Balance | % Expended |
|------------------------|---------------------|-------------------|---------------------|-------------------|
| Salaries | \$ 1,015,001 | \$ 311,896 | 703,105 | 30.7% |
| Benefits | 226,845 | 91,529 | 135,316 | 40.3% |
| Wellness program | 5,000 | 45 | 4,955 | 0.9% |
| Prof. Fee (Technical) | 232,000 | 15,486 | 216,514 | 6.7% |
| Prof. Fee (Legal) | 885,000 | 252,329 | 632,672 | 28.5% |
| Prof. Fee (Audit) | 100,900 | 10,776 | 90,124 | 10.7% |
| Prof. Fee (Other) | 50,000 | 2,330 | 47,670 | 4.7% |
| Seismic Resiliency | 100,000 | 1,287 | 98,713 | 1.3% |
| Meetings Expense | 11,000 | 698 | 10,302 | 6.3% |
| Telephone/Internet | 37,000 | 14,561 | 22,439 | 39.4% |
| Office Rent | 241,749 | 100,252 | 141,497 | 41.5% |
| Office Supplies Admin. | 20,000 | 1,407 | 18,593 | 7.0% |
| Equip. and Furniture | 10,000 | 6,997 | 3,003 | 70.0% |
| Bank Fees | 600 | 84 | 516 | 14.0% |
| Dues & Subscriptions | 55,000 | 14,529 | 40,471 | 26.4% |
| Taxes/Licenses | 16,000 | 9,628 | 6,372 | 60.2% |
| Travel | 12,000 | 2,397 | 9,603 | 20.0% |
| Professional Dev. | 22,000 | 17,130 | 4,870 | 77.9% |
| Computer Equipment | 25,000 | 5,985 | 19,015 | 23.9% |
| Software Licenses | 38,000 | 2,901 | 35,099 | 7.6% |
| Postage & Delivery | 3,000 | 380 | 2,620 | 12.7% |
| Printing & Repro. | 10,000 | 0 | 10,000 | 0.0% |
| Insurance | 132,963 | 122,088 | 10,876 | 91.8% |
| Contingency | 391,798 | 0 | 391,798 | 0.0% |
| Total | \$ 3,640,856 | \$ 984,714 | \$ 2,656,142 | 27.0% |

| Debt Service | Budget | Actual | Balance | % Expended |
|---------------------|---------------------|---------------------|---------------------|-------------------|
| Bond Debt Service | 9,779,981 | 5,151,171 | 4,628,811 | 52.7% |
| Total | \$ 9,779,981 | \$ 5,151,171 | \$ 4,628,811 | 52.7% |

| Conservation | Budget | Actual | Balance | % Expended |
|-----------------------|-------------------|-------------------|-------------------|-------------------|
| Salaries | \$ 168,466 | \$ 29,129 | \$ 139,336 | 17.3% |
| Benefits | 46,908 | 7,360 | 39,548 | 15.7% |
| Prof. Fee (Technical) | 35,000 | 10,729 | 24,271 | 30.7% |
| Rebate Reimb. Com. | 75,000 | 14,954 | 60,047 | 19.9% |
| Irrigation Audit | 25,000 | 0 | 25,000 | 0.0% |
| Comm. and Public I | 312,500 | 118,415 | 194,085 | 37.9% |
| Misc. Serv. and Sup. | 82,000 | 8,463 | 73,537 | 10.3% |
| Total | \$ 744,874 | \$ 189,050 | \$ 555,824 | 25.4% |

| Com. and Intergovern | Budget | Actual | Balance | % Expended |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|
| Salaries | \$ 118,571 | \$ 33,575 | \$ 84,996 | 28.3% |
| Benefits | 26,410 | 8,015 | 18,395 | 30.3% |
| Prof. Fee (Technical) | 15,000 | 4,600 | 10,400 | 30.7% |
| Prof. Fee (Other) | 165,000 | 41,545 | 123,455 | 25.2% |
| Sponsorships | 30,000 | 6,000 | 24,000 | 20.0% |
| Comm. and Public I | 280,000 | 17,525 | 262,475 | 6.3% |
| Total | \$ 634,981 | \$ 111,259 | \$ 523,721 | 17.5% |

| Operations-General | Budget | Actual | Balance | % Expended |
|---------------------------|----------------------|---------------------|----------------------|-------------------|
| Wholesale Water | \$ 22,730,886 | \$ 5,707,421 | \$ 17,023,465 | 25.1% |
| Salaries | 26,043 | 3,705 | 22,338 | 14.2% |
| Benefits | 15,265 | 893 | 14,372 | 5.8% |
| BIP O&M | 30,000 | 674 | 29,326 | 2.2% |
| Pipeline Prop. O&M | 15,000 | 543 | 14,457 | 3.6% |
| PWTF Loan Debt | 40,461 | 0 | 40,461 | 0.0% |
| Total | \$ 22,857,654 | \$ 5,713,236 | \$ 17,144,418 | 25.0% |

Cascade Water Alliance
 Budget to Actual Expenditure Report
 January 1- March 31, 2022
 25% of the year completed

| Operations-Lake Tapps | Budget | Actual | Balance | % Expended |
|---|----------------------|----------------------|----------------------|-------------------|
| Salaries | \$ 471,830 | \$ 97,843 | \$ 373,987 | 20.7% |
| Benefits | 91,667 | 24,019 | 67,648 | 26.2% |
| Prof. Fee (Technical) | 795,600 | 99,582 | 696,018 | 12.5% |
| Prof. Fee (Other) | 15,000 | 0 | 15,000 | 0.0% |
| Meetings Expense | 4,000 | 676 | 3,324 | 16.9% |
| Telephone/Internet | 1,500 | 177 | 1,323 | 11.8% |
| Office Supplies | 19,700 | 2,365 | 17,335 | 12.0% |
| Equipment & Furn. | 29,000 | 13,284 | 15,716 | 45.8% |
| Taxes/Licenses | 13,500 | 13,044 | 456 | 96.6% |
| Travel | 17,000 | 3,714 | 13,286 | 21.8% |
| Professional Dev. | 2,500 | 585 | 1,915 | 23.4% |
| Software Licenses | 15,000 | 10,878 | 4,122 | 72.5% |
| Permitting Costs | 8,000 | 3,241 | 4,759 | 40.5% |
| Misc. Serv. and Sup. | 34,000 | 3,723 | 30,277 | 11.0% |
| LT Operator | 2,296,120 | 338,449 | 1,957,671 | 14.7% |
| Unplanned O&M | 285,500 | 262,543 | 22,957 | 92.0% |
| Misc. Facility Repairs | 102,000 | 3,137 | 98,863 | 3.1% |
| USGS Joint Fund | 337,500 | 78,400 | 259,101 | 23.2% |
| Construction Management | 100,000 | 0 | 100,000 | 0.0% |
| Outage | 200,000 | 0 | 200,000 | 0.0% |
| Milfoil Control | 175,000 | 3,123 | 171,877 | 1.8% |
| Vendor Services | 36,000 | 3,364 | 32,636 | 9.3% |
| Water Quality Management | 150,000 | 28,588 | 121,412 | 19.1% |
| Dike and Roads Maintenance | 33,000 | 26,068 | 6,932 | 79.0% |
| Total | \$ 5,233,417 | \$ 1,016,802 | \$ 4,088,272 | 19.4% |
| Total Operating Budget | \$ 42,891,763 | \$ 13,166,232 | \$ 29,597,187 | 30.7% |
| Capital Projects (multi-yr bdgt not shown) | Budget | Actual | Balance | % Expended |
| Upper Conveyance Projects | \$ 2,075,000 | 26,119 | 2,048,881 | 1.3% |
| Meters | 50,000 | 0 | 50,000 | 0.0% |
| Equipment | 50,000 | 12,593 | 37,407 | 25.2% |
| Security and SCADA | 400,000 | 247,065 | 152,935 | 61.8% |
| Tacoma Agreement | 5,975,463 | 5,975,463 | 0 | 100.0% |
| Capital Risk | 550,000 | 0 | 550,000 | 0.0% |
| IT Infrastructure | 35,000 | 0 | 35,000 | 0.0% |
| Total CIP Budget | \$ 9,135,463 | \$ 6,261,241 | \$ 2,874,222 | 68.5% |
| Total Overall Budget | \$ 52,027,226 | \$ 19,427,473 | 32,599,753 | 37.3% |

Cascade Water Alliance
Statement of Revenues and Expenditures
From 1/1/2022 Through 3/31/2022

Attachment 2

| | |
|---|----------------|
| Operating Revenue | |
| Water sales | \$ 7,430,225 |
| Administrative dues | 3,741,337.00 |
| Conservation program | 141,526.00 |
| Total Operating Revenue | 11,313,088.00 |
| Operating Expenses | |
| Cost of water sold | 3,261,383.00 |
| Salaries and benefits | 644,131.49 |
| Professional services | 430,421.10 |
| Conservation program | 14,953.50 |
| Depreciation and amortization | 787,088.41 |
| Communication and public information | 133,153.35 |
| Office expenses | 201,892.07 |
| Operations | 425,314.18 |
| Bank charges | 83.83 |
| Rent | 59,764.26 |
| Maintenance | 307,491.92 |
| Dues and subscriptions | 17,974.00 |
| Miscellaneous | 8,278.65 |
| Total Operating Expenses | 6,291,929.76 |
| Operating Income | 5,021,158.24 |
| Non-Operating Revenue (Expenses) | |
| Interest income | 123,924.01 |
| Other income | 12,272.69 |
| Interest expense, net of amount capitalized | (1,239,844.42) |
| Total Non-Operating Revenue (Expenses) | (1,103,647.72) |
| Increase in Net Assets | 3,917,510.52 |
| Net Assets, Beginning of Year | 122,351,351.82 |
| Net Assets, End of Year | \$ 126,268,862 |

Cascade Water Alliance
Statement of Net Position
As of 3/31/2022

Attachment 3

| | |
|---|------------------------------|
| Assets | |
| Current Assets | |
| Cash and cash equivalents | \$ 20,969,097 |
| Accounts receivable | 6,716,791 |
| Prepaid expenses | 80,499 |
| Total Current Assets | <u>27,766,387</u> |
| Capital Assets | |
| Equipment and furniture | 2,044,247 |
| Seattle water contract | 22,267,611 |
| Bellevue Issaquah pipeline | 22,276,944 |
| Tacoma water contract | 119,740,687 |
| Less accumulated depreciation and amortization | (53,006,462) |
| Total Capital Assets | <u>113,323,027</u> |
| Projects in process and assets not yet in service | |
| Lake Tapps | 104,220,684 |
| Tacoma Cascade pipeline | 26,539,385 |
| Total Projects in process and assets not yet in service | <u>130,760,069</u> |
| Restricted cash and cash equivalents | 21,168,776 |
| Total Assets | <u><u>293,018,259</u></u> |
| Liabilities | |
| Current liabilities | |
| Payables and accrued liabilities | 987,681 |
| Accrued interest | 410,611 |
| Long-term debt current portion | |
| Bonds Payable-Current Portion | 6,760,000 |
| Other | 39,474 |
| Total Long-term debt current portion | <u>6,799,474</u> |
| Total Current liabilities | <u>8,197,766</u> |
| Long-term Liabilities | |
| Long-term debt | 88,538,422 |
| Tacoma contract | 59,992,082 |
| Seattle contract | 5,000,000 |
| Bond premium, net of amortization | 4,942,724 |
| Total Long-term Liabilities | <u>158,473,228</u> |
| Total Liabilities | 166,670,994 |
| Net Assets | |
| Restricted for debt service | 102,288,447 |
| Unrestricted | 24,058,817 |
| Total Net Assets | <u>126,347,265</u> |
| Total Liabilities & Net Assets | <u><u>\$ 293,018,259</u></u> |

Consultant and Other Vendor Contract Status Summary

Attachment 4

| Open contracts | | | | | | | | | | | |
|-------------------------------------|-----------------|---|-----------------|----------------|------------|-------------|------------------------|----------------------------|-----------------|------------------|------------------|
| Vendor | Contract number | Contract title | Cascade manager | Effective date | End date | Status date | Percent work completed | Contract amount, including | Amount invoiced | Percent invoiced | Contract balance |
| Artisan Electric | 1 | Powerhouse Solar Energy Project | M. Brent | 10/1/2021 | 12/31/2022 | 4/19/2022 | 10% | \$ 273,000 | \$ 72,104 | 26% | \$ 200,896 |
| Aspect | 1 | Water Supply Modeling | R. Hoffman | 5/6/2020 | N/A | 4/19/2022 | 15% | \$ 24,900 | \$ 6,425 | 26% | \$ 18,475 |
| Aspect | 2 | Water Resources Services | R. Hoffman | 8/17/2018 | N/A | 4/19/2022 | 98% | \$ 60,000 | \$ 58,251 | 97% | \$ 1,749 |
| Brilliant Marketing | 1 | We Need Water Strategy Planning | M. Brent | 3/16/2022 | 12/31/2022 | 4/19/2022 | 10% | \$ 22,500 | \$ 1,275 | 6% | \$ 21,225 |
| Clark Nuber | 1 | Annual Financial Audit and Quarterly AUPs | R. Hoffman | 1/1/2022 | N/A | 4/19/2022 | 20% | \$ 70,500 | \$ 9,034 | 13% | \$ 61,466 |
| Colehour and Cohen | 1 | Staffing for classes and events | M. Brent | 1/1/2022 | 12/31/2022 | 4/19/2022 | 8% | \$ 89,990 | \$ 42,567 | 47% | \$ 47,423 |
| David Evans | 1 | On-call Land Surveyor | H. Chen | 1/1/2022 | 12/31/2022 | 4/19/2022 | 8% | \$ 75,000 | \$ 3,746 | 5% | \$ 71,254 |
| David McGrath | 1 | Irrigation Efficiency Assistance | M. Brent | 1/1/2022 | 12/31/2022 | 4/19/2022 | 20% | \$ 20,500 | \$ - | 0% | \$ 20,500 |
| Environmental Science Assoc (ESA) | 1 | Aquatic Plant Management | H. Chen | 1/1/2022 | 12/31/2022 | 4/19/2022 | 8% | \$ 24,900 | \$ 3,123 | 13% | \$ 21,777 |
| GeoEngineers Inc. | 1 | Dam Engineering/Hydrology/Geotech | H. Chen | 1/1/2022 | 12/31/2022 | 4/19/2022 | 8% | \$ 160,000 | \$ 54,284 | 34% | \$ 105,716 |
| Gordon Thomas Honeywell | 1 | State legislative outreach | A. Bennett | 1/1/2022 | 12/31/2022 | 4/19/2022 | 8% | \$ 84,000 | \$ 21,000 | 25% | \$ 63,000 |
| Herrera Environmental | 2 | WQ Monitoring Program | H. Chen | 8/19/2019 | N/A | 4/19/2022 | 95% | \$ 495,000 | \$ 493,438 | 100% | \$ 1,562 |
| Holocene | 1 | Plunge Pool Timber Wall Drilling | J. Shimada | 1/22/2022 | N/A | 4/19/2022 | 98% | \$ 5,092 | \$ 6,772 | 133% | \$ (1,680) |
| HDR | 1 | MMD Fish Passage Design Review | H. Chen | 12/1/2015 | N/A | 4/19/2022 | 95% | \$ 1,041,100 | \$ 950,972 | 91% | \$ 90,129 |
| HDR | 2 | Conservation Plan Potential Assessment | M. Brent | 5/21/2021 | N/A | 4/19/2022 | 50% | \$ 18,900 | \$ 18,870 | 100% | \$ 30 |
| Jacobs Engineering Group | 1 | Demand Forecast Model Support Services | M. Thung | 8/20/2021 | 12/31/2022 | 4/19/2022 | 5% | \$ 5,000 | \$ - | 0% | \$ 5,000 |
| Jennergy | 1 | Website assistance | A. Bennett | 1/1/2022 | 12/31/2022 | 4/19/2022 | 8% | \$ 15,000 | \$ 4,600 | 31% | \$ 10,400 |
| Johansen Excavating | 1 | Emergency Headgate Repair | H. Chen | 5/5/2021 | N/A | 4/19/2022 | 10% | \$ 100,947 | \$ - | 0% | \$ 100,947 |
| Johansen Excavating | 2 | Flowline Outage Maintenance | J. Shimada | 8/12/2021 | N/A | 4/19/2022 | 75% | \$ 540,000 | \$ 372,166 | 69% | \$ 167,834 |
| Johansen Excavating | 3 | Emergency Landslide Remediation | J. Shimada | 1/18/2022 | 3/31/2022 | 4/19/2022 | 50% | \$ 200,000 | \$ 162,795 | 81% | \$ 37,205 |
| Langton Spieth | 1 | Community relations | A. Bennett | 1/1/2022 | 12/31/2022 | 4/19/2022 | 75% | \$ 72,000 | \$ 18,000 | 25% | \$ 54,000 |
| Lake Tapps Construction | 1 | Valve House Improvements | J. Shimada | 12/2/2020 | N/A | 4/19/2022 | 5% | \$ 28,710 | \$ - | 0% | \$ 28,710 |
| Long Building Tech | 1 | Security Maintenance | H. Chen | 8/12/2019 | 10/31/2022 | 4/19/2022 | 80% | \$ 55,000 | \$ 41,843 | 76% | \$ 13,157 |
| Media for International Development | 1 | WeNeedWater Video Production | A. Bennett | 1/1/2022 | 12/31/2022 | 4/19/2022 | 5% | \$ 24,500 | \$ - | 0% | \$ 24,500 |
| Nature Vision | 1 | Classroom Water Education | M. Brent | 1/1/2022 | 12/31/2022 | 4/19/2022 | 8% | \$ 95,000 | \$ 34,211 | 36% | \$ 60,789 |
| Pacifica Law | 1 | Legal Assistance | H. Chen | 1/1/2022 | 12/31/2022 | 4/19/2022 | 8% | \$ 25,000 | \$ - | 0% | \$ 25,000 |
| Parametrix | 1 | On Call Civ/Mech/Structural Eng | H. Chen | 1/1/2022 | 12/31/2022 | 4/19/2022 | 8% | \$ 250,000 | \$ 17,992 | 7% | \$ 232,008 |
| Performance Dimensions | 1 | Executive Coaching Services | M. Thung | 6/21/2021 | 12/31/2022 | 4/19/2022 | 65% | \$ 24,500 | \$ 19,250 | 79% | \$ 5,250 |
| Puget Sound Energy | 1 | Water Efficiency Rebates | M. Brent | 1/1/2022 | 12/31/2022 | 4/19/2022 | 8% | \$ 72,000 | \$ 15,119 | 21% | \$ 56,882 |
| RH2 | 2 | On-Call Electrical Engineering Svcs | H. Chen | 1/1/2022 | 12/31/2022 | 4/19/2022 | 8% | \$ 100,000 | \$ 17,421 | 17% | \$ 82,579 |
| RH2 | 1 | Security and SCADA | H. Chen | 1/16/2020 | N/A | 4/19/2022 | 80% | \$ 347,000 | \$ 323,921 | 93% | \$ 23,079 |
| RH2 | 3 | Wholesale Master Meter Eval | H. Chen | 1/21/2020 | 3/31/2023 | 4/19/2022 | 8% | \$ 24,500 | \$ 1,342 | 5% | \$ 23,158 |
| Robinson Noble | 1 | Water Audits | E. Cebron | 10/3/2019 | N/A | 4/19/2022 | 60% | \$ 135,060 | \$ 99,419 | 74% | \$ 35,641 |
| Sazan | 2 | Solar Power Project | M. Brent | 5/25/2021 | N/A | 4/19/2022 | 8% | \$ 10,000 | \$ - | 0% | \$ 10,000 |
| SC Words & Pictures Inc. | 1 | Design Services | A. Bennett | 1/1/2022 | 12/31/2022 | 4/19/2022 | 8% | \$ 24,000 | \$ 2,545 | 11% | \$ 21,455 |
| Seattle Public Utilities | 1 | Garden Hotline | M. Brent | 1/1/2022 | 12/31/2022 | 4/19/2022 | 8% | \$ 12,000 | \$ - | 0% | \$ 12,000 |
| SMC Consulting | 1 | Water Efficiency Consultant | M. Brent | 1/1/2022 | 12/31/2022 | 4/19/2022 | 8% | \$ 24,500 | \$ 5,060 | 21% | \$ 19,440 |
| Source Electric LLC | 1 | SCADA Improvements Project | H. Chen | 5/1/2021 | 2/1/2022 | 4/19/2022 | 8% | \$ 711,892 | \$ 540,987 | 76% | \$ 170,904 |
| Sustainable Water | 1 | Teacher Fellows program | M. Brent | 1/1/2022 | 12/31/2022 | 4/19/2022 | 8% | \$ 60,000 | \$ 19,028 | 32% | \$ 40,972 |
| Tacoma-Pierce County | 1 | LakeWise | A. Bennett | 1/1/2022 | 12/31/2022 | 4/19/2022 | 8% | \$ 120,000 | \$ 14,340 | 12% | \$ 105,660 |
| TeamLogic IT | 1 | Info Technology Consulting | C. Paulucci | 1/1/2022 | 12/31/2022 | 4/19/2022 | 8% | \$ 104,000 | \$ 12,660 | 12% | \$ 91,340 |
| TechniArt | 1 | Website Orders | M. Brent | 1/1/2022 | 12/31/2022 | 4/19/2022 | 8% | \$ 15,900 | \$ 1,227 | 8% | \$ 14,673 |
| Tetra Tech | 1 | AWIA Risk and Resiliency | M. Thung | 11/18/2019 | 12/31/2022 | 4/19/2022 | 75% | \$ 700,000 | \$ 498,982 | 71% | \$ 201,018 |
| Tilth Association | 1 | Garden Water Efficiency | M. Brent | 1/1/2022 | 12/31/2022 | 4/19/2022 | 10% | \$ 24,500 | \$ 5,226 | 21% | \$ 19,274 |

| | | | | | | | | | | | |
|-------------------------------------|---|--|------------|----------|------------|-----------|-----|--------------|------------|-----|--------------|
| USGS | 1 | Joint Funding Agre-Streamgaging | H. Chen | 1/1/2022 | 12/31/2022 | 4/19/2022 | 0% | \$ 327,000 | | 0% | \$ 327,000 |
| Transpo Group | 1 | GIS Program Technical Support | J. Shimada | 2/3/2022 | 7/31/2023 | 4/19/2022 | 5% | \$ 24,000 | \$ 3,420 | 14% | \$ 20,580 |
| USGS | 1 | Joint Funding Agre-Streamgaging | H. Chen | 1/1/2022 | 12/31/2022 | 4/19/2022 | 10% | \$ 327,380 | \$ 78,400 | 24% | \$ 248,981 |
| Vanir Construction Management, Inc. | 1 | On-call Construction Management | J. Shimada | 5/1/2021 | 12/31/2022 | 4/19/2022 | 10% | \$ 560,000 | \$ 47,624 | 9% | \$ 512,376 |
| VanNess Feldman | 1 | General Counsel | R. Hoffman | 1/1/2022 | 12/31/2022 | 4/19/2022 | 15% | \$ 850,000 | \$ 252,329 | 30% | \$ 597,672 |
| Veolia | 1 | White River-Lake Tapps Reservoir Project Operations and Maintenance Agreement \$2,027,110 Fixed, \$253,926 Var | J. Shimada | 1/1/2022 | 12/31/2022 | 4/19/2022 | 8% | \$ 2,281,036 | \$ 400,069 | 18% | \$ 1,880,967 |
| Washington Crane and Hoist Co | 1 | Fish Screen Gantry Crane Inspection | J. Shimada | 2/9/2022 | N/A | 4/19/2022 | 10% | \$ 1,950 | \$ - | 0% | \$ 1,950 |
| Winterbauer and Diamond | 1 | Legal Assistance | R. Hoffman | 1/1/2022 | 12/31/2022 | 4/19/2022 | 10% | \$ 20,000 | \$ - | 0% | \$ 20,000 |

Payment Authorization Warrants and Wire Transfers 4/27/22

Attachment 5

WHOLESALE WATER

| | | |
|------|-------------------------------|-----------------------|
| WIRE | Seattle Contract Payment 4/22 | <u>\$1,223,019.00</u> |
| | | \$1,223,019.00 |

CONSULTANTS

| | | |
|-------|--|--------------------|
| 29843 | Aspect Consulting | \$3,358.50 |
| 29853 | Environmental Science Associates (ESA) | \$2,039.50 |
| 29854 | Herrera | \$9,984.04 |
| 29859 | LONG Building Technologies, Inc. | \$20,674.51 |
| 29862 | Parametrix | \$9,815.94 |
| 29864 | RH2 Engineering, Inc. | \$11,568.17 |
| 29865 | Robinson Noble | \$2,477.50 |
| 29867 | Tacoma Pierce County Health Department | \$6,583.08 |
| 29868 | TeamLogic IT of Bellevue, WA | \$6,146.94 |
| 29870 | Van Ness Feldman, LLP | \$86,096.50 |
| 29879 | Jennergy | \$1,150.00 |
| 29904 | GeoEngineers | \$36,381.00 |
| 29905 | Gordon Thomas Honeywell Govern. Affair | \$7,000.00 |
| 29906 | HDR | \$1,343.82 |
| 29907 | Herrera | \$11,915.36 |
| 29910 | Jennergy | \$1,150.00 |
| 29911 | Langton/Spieth | \$6,000.00 |
| 29913 | Pace Engineers, Inc. | \$337.81 |
| 29917 | RH2 Engineering, Inc. | \$3,671.69 |
| 29920 | Tacoma Pierce County Health Department | \$7,757.32 |
| 29921 | Transpo Group | \$3,420.00 |
| 29923 | Van Ness Feldman, LLP | <u>\$79,205.50</u> |
| | | \$318,077.18 |

SALARY, BENEFITS AND EXPENSE REIMBURSEMENTS

| | | |
|-------|----------------------------|-----------------|
| | Payroll (March) | \$124,641.44 |
| 29840 | Vantagepoint 401 Plan | \$35,251.67 |
| 29841 | Vantagepoint 457 Plan | \$21,053.61 |
| 29844 | AWC Employee Benefit Trust | \$18,943.13 |
| 29850 | Jay Evans | \$273.00 |
| 29851 | Paula Anderson | \$14.86 |
| 29852 | Christopher N. Paulucci | \$60.84 |
| 29856 | HRA VEBA Trust | \$1,078.00 |
| 29877 | Joseph Mickelson | \$1,224.38 |
| 29878 | Melina Thung | <u>\$194.22</u> |
| | | \$202,735.15 |

LAKE TAPPS

| | | |
|-------|-------------------------------------|-----------------|
| 29847 | Char Farman | \$450.00 |
| 29855 | Honey Bucket | \$163.85 |
| 29858 | Linde Gas & Equipment Inc. | \$2.74 |
| 29871 | Veolia Water North America | \$168,925.83 |
| 29881 | Johansen Construction Company, Inc. | \$17,342.63 |
| 29884 | Pierce County Budget & Finance | \$7,172.33 |
| 29908 | Holocene Drilling Inc. | \$1,780.21 |
| 29909 | Honey Bucket | \$163.85 |
| 29912 | Linde Gas & Equipment Inc. | <u>\$280.01</u> |
| | | \$196,281.45 |

CONSTRUCTION

| | | |
|-------|------------------------------------|-------------------|
| 29837 | Parametrix | \$8,176.25 |
| 29838 | RH2 Engineering, Inc. | \$14,170.13 |
| 29839 | Vanir Construction Management Inc. | \$3,280.50 |
| 29892 | GeoEngineers | \$17,902.65 |
| 29893 | RH2 Engineering, Inc. | \$10,116.50 |
| 29894 | Source Electric | \$199,211.05 |
| 29895 | Vanir Construction Management Inc. | <u>\$6,509.73</u> |
| | | \$259,366.81 |

| | |
|--|------------------------------|
| Total Warrants | \$1,090,918.22 |
| Total Wires | \$1,223,019.00 |
| Total warrants/wire transfers authorized for April 2022 | <u>\$2,313,937.22</u> |

GENERAL

| | | |
|-------|---------------------------------------|-------------------|
| 29845 | AT&T FirstNet | \$406.12 |
| 29846 | The Chamber Collective | \$325.00 |
| 29848 | CIT | \$1,947.17 |
| 29849 | Comcast | \$549.11 |
| 29857 | Lakemont Business Services Inc. | \$214.00 |
| 29861 | Pacific Office Automation | \$262.85 |
| 29874 | Code Publishing Co. | \$350.00 |
| 29875 | Comcast | \$555.84 |
| 29876 | Covington Water District | \$46.50 |
| 29880 | JG 520 Building LLC | \$20,566.07 |
| 29882 | King County Treasury | \$4,564.50 |
| 29885 | City of Redmond | \$2,500.00 |
| 29888 | spot-on print & design | \$158.31 |
| 29889 | Utilities Underground Location Center | \$32.25 |
| 29890 | Verizon Wireless | \$225.05 |
| 29891 | Washington State Department of Rev | \$1,523.31 |
| 29896 | CIT | \$2,064.00 |
| 29897 | City of Sammamish | \$1,000.00 |
| 29899 | Comcast | \$548.89 |
| 29900 | Comcast | \$1,652.40 |
| 29902 | DIRECTV | \$100.24 |
| 29914 | Pacific Office Automation | \$250.33 |
| 29922 | U.S. BANK | <u>\$4,377.17</u> |
| | | \$44,219.11 |

COMPUTER EQUIPMENT AND SOFTWARE

| | | |
|-------|-------------------------------------|-------------------|
| 29842 | Access Telephone Solutions, Inc. | \$213.14 |
| 29872 | Access Telephone Solutions, Inc. | \$289.59 |
| 29903 | Environmental Science Associates (E | \$1,083.75 |
| 29919 | SYBIS LLC | <u>\$3,137.05</u> |
| | | \$4,723.53 |

CONSERVATION

| | | |
|-------|----------------------------|-------------------|
| 29860 | Makarios Communications | \$500.00 |
| 29863 | Puget Sound Energy | \$5,047.50 |
| 29866 | Sustainability Ambassadors | \$6,409.00 |
| 29869 | Techniart C S D | \$781.00 |
| 29873 | BRILLIANT MARKETING LLC | \$1,275.00 |
| 29883 | Nature Vision, Inc. | \$15,361.88 |
| 29886 | Tilth Alliance | \$5,225.63 |
| 29887 | SMC Consulting LLC | \$2,740.00 |
| 29898 | Colehour and Cohen | \$12,553.89 |
| 29901 | SC Words & Pictures, Inc. | \$2,545.00 |
| 29915 | PromoShop WA, LLC | \$790.59 |
| 29916 | Puget Sound Energy | \$5,036.00 |
| 29918 | Sustainable Seattle | <u>\$7,249.50</u> |
| | | \$65,514.99 |

DESTROYED AND VOIDED CHECKS:

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

Approved: _____ Date: _____
Allan Ekberg, Secretary/Treasurer

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

| | Operating Fund | Construction Fund | Bond Fund | RCFC Fund | Water Supply Development Fund | Rate Stabilization Fund | US Bank Payroll Account | All Funds |
|--|----------------------|----------------------|----------------------|---------------|-------------------------------|-------------------------|-------------------------|----------------------|
| Beginning Balances, March 1 | \$ 14,161,035 | \$ 11,073,350 | \$ 10,403,699 | \$ 130 | \$ 5,002,103 | \$ 2,137,562 | \$ - | \$ 42,777,879 |
| Additions: | | | | | | | | |
| Cash received | \$ 3,327,703 | \$ 4,348 | \$ 3,490 | \$ - | \$ 1,957 | \$ 836 | \$ - | \$ 3,338,335 |
| Transfers from other Cascade funds | \$ 130 | \$ - | \$ 819,858 | \$ - | \$ - | \$ - | \$ 124,641 | \$ 944,630 |
| Total additions | \$ 3,327,833 | \$ 4,348 | \$ 823,348 | \$ - | \$ 1,957 | \$ 836 | \$ 124,641 | \$ 4,282,965 |
| Subtractions: | | | | | | | | |
| Bank fees, payroll, and bond payments | \$ 276 | \$ 236 | \$ 1,100,814 | \$ - | \$ 106 | \$ 45 | \$ 124,641 | \$ 1,226,118 |
| Warrants paid | \$ 884,591 | \$ 21,849 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 906,440 |
| Wire and other electronic payments | \$ 1,223,019 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,223,019 |
| King Co. Investment Pool impairment (realized) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| King Co. Investment Pool impairment (retained) | \$ (102) | \$ (86) | \$ (47) | \$ - | \$ - | \$ (13) | \$ - | \$ (248) |
| Transfers to other Cascade funds | \$ 944,499 | \$ - | \$ - | \$ 130 | \$ - | \$ - | \$ - | \$ 944,630 |
| Total subtractions | \$ 3,052,283 | \$ 21,999 | \$ 1,100,767 | \$ 130 | \$ 106 | \$ 33 | \$ 124,641 | \$ 4,299,959 |
| Ending Balances, March 31, 2022 | \$ 14,436,585 | \$ 11,055,700 | \$ 10,126,281 | \$ - | \$ 5,003,954 | \$ 2,138,365 | \$ - | \$ 42,760,885 |

Clark Nuber ^{PS}

Presentation to the Finance & Management Committee of



April 19, 2022

Mitch Hansen, CPA, CMA, CFE, CIA
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Lauren Hausner, CPA
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Service Scope & Deliverables for the Year Ended December 31, 2021

Financial Statement Audit for
the Year Ended December 31,
2021

GAO Yellow Book report

Letter of Comments to Those
Charged with Governance

Agreed-upon procedure engagements

- Quarterly “reconciliation” AUP’s

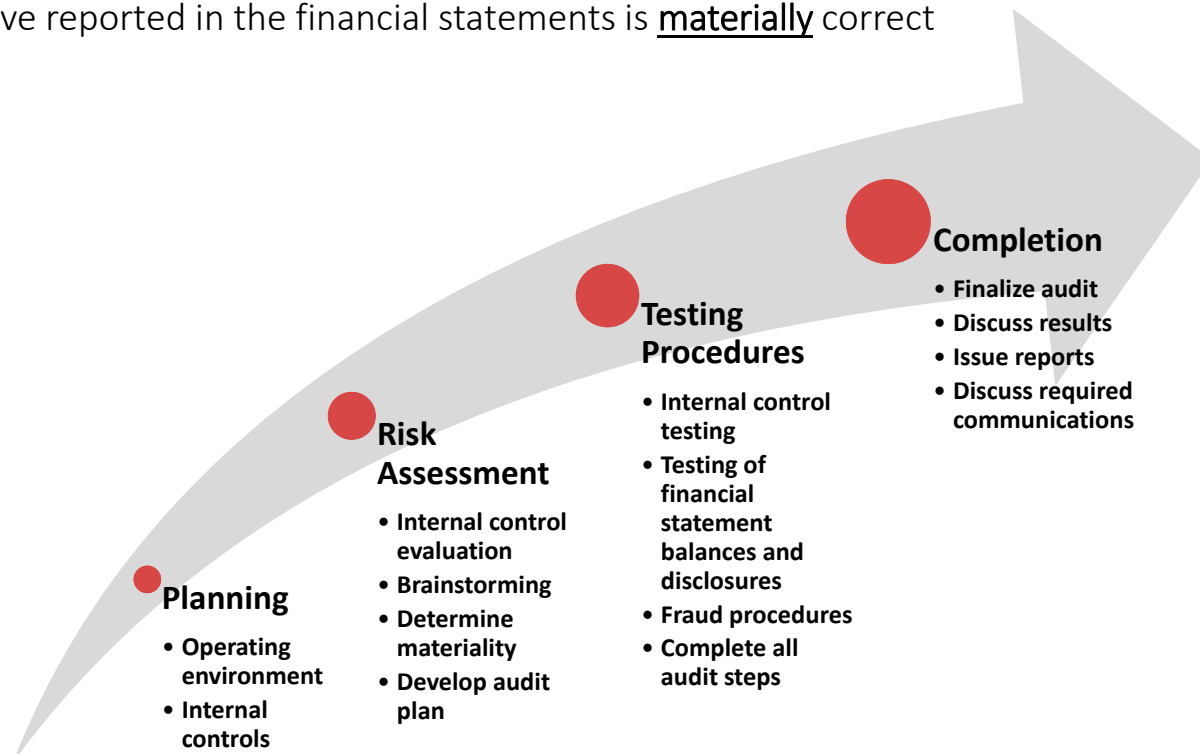
Other Services

- Preparation of draft financial statements in conjunction with the audit
- Routine management advice, as requested
- RCFC AUP’s, as requested

Financial Statement Audit

Purpose

- Issue an opinion (“*audit report*”) that accompanies your annual financial statements
- Gives assurance to users of the financial statements (*lenders, funders, Board of Directors, etc.*) that the information you have reported in the financial statements is materially correct



Areas of Financial Statement Audit Emphasis



Critical Audit Areas

Infrastructure asset additions and capital improvements
Bond covenant compliance
Water contract accounting and disclosure



Financial Statement Estimates

Valuation of receivables
Fixed assets lives
Functional allocation of expenses



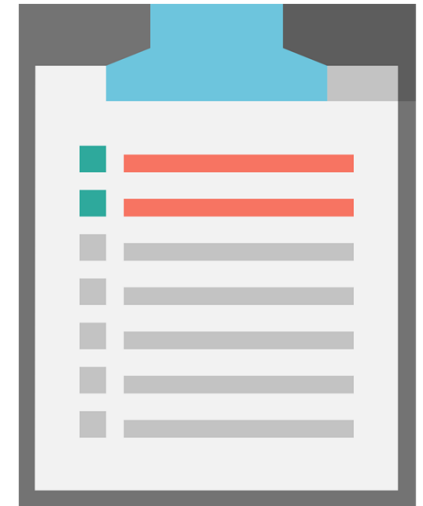
Internal Controls in the Following Areas:

Revenue, receivables, and cash receipts
Accounts payable, payroll, and related disbursements
Information technology
Financial reporting and closing
Entity level controls

Financial Statement Audit Results This Year

- Unmodified opinion issued
 - Indicates the financial statements are materially correct and we did not find any reason to modify our opinion
 - Implementation of SAS 134 - *Auditor Reporting Amendments*
 - Significant changes to the auditor's report including that the auditor's opinion is now first.
 - Other changes include a new Basis of Opinion section; disclosing management and the auditor's responsibility for going concern issues; and expanded section on auditor responsibilities
- Audit adjustments
 - No auditor-proposed adjustments or uncorrected misstatements
- Internal control deficiencies
 - No material weaknesses in accounting controls or information systems noted
 - No Yellow Book findings

Comments and Recommendations



Best Practices and Other Recommendations

- None noted in the current year

Prior Year Comments (all implemented)

- Review third party attestation (SOC) reports
- Formal data classification policy
- Penetration testing (perform periodically)
- Create IT specific Security Policy document or add to employee handbook
- Create formal Change Management Policy (to document how changes that occur in the organization)
- Employees have overlapping access roles on the finance team and IT team (recommendation to monitor activity from employees with overlapping access)

Other Required Communications

Professional standards established by the AICPA require independent auditors to communicate certain matters directly to those charged with governance. This report presents a brief explanation of each of the communication requirements and our response as it relates to your organization.

| Items to be Communicated | Auditor's Response |
|---|---|
| Auditor's responsibility under U.S. Auditing Standards. | Communicated in engagement letter. |
| Representations requested from management. | Communicated in representation letter. |
| Significant difficulties encountered during audit. | None. |
| Disagreements with management. | None. |
| Major issues discussed prior to retention. | None. |
| Consultation with other accountants. | None we are aware of. |
| Fraud or noncompliance with laws and regulations. | No such matters came to our attention. |
| Consideration of entity's ability to continue as a going concern. | No such matters require disclosure. |
| Other information in documents containing audited financial statements. | We are not aware of any plans to include the audited financial statements in other documents. |
| Qualitative aspects of accounting practices. | Policies and procedures and estimates are consistent with prior years and with practices we see at similar organizations. |
| Significant audit issues. | No matters were discussed. |

GASB 87 (Leases) - effective 2022

- Lessees to recognize all leases as intangible asset and lease liability on the balance sheet.
- Lessors to recognize all leases as lease receivable and deferred inflow of resource, and continue to report leased asset in financials

Protiviti Study: Top 10 Risks

| Top Risks for 2022 | Top Risks for 2031 |
|---|--|
| 1. Pandemic-related government policies and regulations impact on business performance | 1. Adoption of digital technologies may require new skills or significant efforts to upskill/reskill existing employees |
| 2. Succession challenges, ability to attract and retain talent | 2. Succession challenges, ability to attract and retain talent |
| 3. Pandemic-related market conditions reduce customer demand | 3. Rapid speed of disruptive innovation may outpace our ability to compete |
| 4. Adoption of digital technologies may require new skills or significant efforts to upskill/reskill existing employees | 4. Substitute products or services may arise that affect business model |
| 5. Economic conditions, including inflationary pressures, constrain growth opportunities | 5. Economic conditions, including inflationary pressures, constrain growth opportunities |
| 6. Increasing labor costs impact profitability targets | 6. Entrance of new competitors and other industry changes threaten market share |
| 7. Resistance to change in operations and business model | 7. Impact on regulatory change and scrutiny of operational resilience, products, and services |
| 8. Inability to utilize data analytics and “big data” to achieve market intelligence and increase productivity and efficiency | 8. Resistance to change in operations and business model |
| 9. Cyber threats | 9. Hybrid work environment and changes in nature of work challenge and ability to compete |
| 10. Shift in expectations about social issues and diversity, equity and inclusion (DEI) outpace organization’s response | 10. Inability to utilize data analytics and “big data” to achieve market intelligence and increase productivity and efficiency |

Your Engagement Team

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The Essentials for Board Members Webinar Series Recordings

Not-for-Profit Board Members: Roles, Responsibilities, and Legal Issues

Original Air Date: Tues, October 13, 2020

Presenters: Vincent Stevens, *Clark Nuber PS* | Nancy McGlamery, *Adler & Colvin*

[CLICK HERE FOR RECORDING](#)

Best Practices for Overseeing, Evaluating, and Hiring a Not-for-Profit Executive Director

Original Air Date: Tues, October 27, 2020

Presenters: Christine Martin, *The Valtas Group* | Ed Rogan, *The Valtas Group*

[CLICK HERE FOR RECORDING](#)

Fundamentals of Not-for-Profit Financial Matters

Original Air Date: Tues, November 10, 2020

Presenters: Andrew Prather, *Clark Nuber PS* | Sarah Wine, *Clark Nuber PS*

[CLICK HERE FOR RECORDING](#)

What Board Members Need to Know About Their Role in Fundraising

Original Air Date: Thurs, December 3, 2020

Presenters: Jim Shapiro, *The Better Fundraising Co.*

[CLICK HERE FOR RECORDING](#)

Fundamentals of the IRS Form 990

Original Air Date: Tues, December 15, 2020

Presenters: Kathryn Okimoto, *Clark Nuber PS*

[CLICK HERE FOR RECORDING](#)

The Board's Role with Operating Reserves and Resilience

Original Air Date: Tues, January 12, 2021

Presenters: Lauren L. Thomas, *Hopelink* | Susan Lansverk, *University Prep*

[CLICK HERE FOR RECORDING](#)



Opportunities for Continuing Education

We offer external educational opportunities, including a variety of events and training sessions that can provide added benefit to you.



Clark Nuber Webinars

- May 18th: Not-for-Profit Basics – Federal Compliance
- June 7th: Not-for-Profit Basics – Tax
- July 13th: Not-for-Profit Basics – Accounting
- August 2nd: Private Foundation Basics

For more information visit www.clarknuber.com/news



CCH Webinars Presented by Clark Nuber

- April 21st: Form 990 Overview
- May 19th: Private Foundation Grantmaking
- June 23rd: 2021 Form 990 Schedule
- July 21st: 990T and UBI
- August TBD: Ins and Outs of Alternative Investments
- September 27th: Best Practices in Board Governance
- October 20th: Private Foundation Pitfalls
- November 10th: Annual NFP GAAP Update
- December TBD: Annual NFP Tax Update

For more information visit www.cchcpelink.com and use the discount code CNUBER

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MEETING MINUTES OF THE
BOARD OF DIRECTORS
VIA ZOOM
MARCH 23, 2022

1. CALL TO ORDER

At 3:34 p.m. Chair Sweet called the meeting to order. Board Members confirmed that they received the meeting materials and could hear the speakers clearly.

2. ROLL CALL

Board Members Present: the City of Issaquah (Pauly), the City of Kirkland (Sweet), the City of Redmond (Birney¹), Sammamish Plateau Water & Sewer District (Warren), and Skyway Water and Sewer District (Ault), City of Tukwila (Ekberg)

Board Member Absent: the City of Bellevue (Barksdale)

Board Alternates Present: the City of Bellevue (Stokes), City of Redmond (Anderson), Sammamish Plateau Water & Sewer (Hooshangi)

3. PUBLIC COMMENT

None.

4. EXECUTIVE SESSION

None.

5. APPROVAL OF AGENDA

Motion by Mr. Ault and second by Mr. Warren to approve the meeting agenda with the change to switch Action Items as Item 7. Motion carried unanimously (6-0).

6. CONSENT ITEMS

A. Board Meeting Minutes for February 23, 2022

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

¹ Departed meeting at 3:50 p.m.

7. ACTION ITEMS

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

Motion by Mr. Stokes and second by Mr. Warren to adopt Resolution No. 2022-04 authorizing the Board Chair to take such actions as are necessary to increase to the CEO's annual salary by 10.67% (5% plus 5.67% COLA), effective with back pay from January 1, 2022. Motion carried unanimously (6-0).

- B. Motion to adopt Resolution No. 2022-07 adopting a policy regarding the potential sales of Cascade Water Alliance's Water Rights to Non-Members

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

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

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

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

Mr. Hoffman called attention to the staff memos included in the Board packet, entitled Potential Sales Related to Cascade Municipal Water Rights, and Potential Water Rights Sales Policy to Non-Members, both dated March 23, 2022. He added that these provide analysis and staff recommendations for the Board's consideration.

Resolution No. 2022-07 includes the Policy Regarding the Potential Sales of Cascade Water Alliance's Water Rights, based upon the Staff memos. Mr. Hoffman said that any Board decision to sell part of a water right is always subject to Cascade's existing agreements and water rights conditions.

Motion by Mr. Ekberg and second by Mr. Ault to adopt Resolution No. 2022-07 adopting a policy regarding the potential sales of Cascade Water Alliance's Water Rights to Non-Members. Motion carried unanimously (6-0).

8. CHIEF EXECUTIVE OFFICER'S REPORT

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

9. STAFF PRESENTATIONS

A. Supply Chain Issues

Henry Chen, Cascade's Engineering and Capital Projects Director, discussed the industry-wide supply chain disruption factors and effects. Mr. Chen summarized some of the impacts from these disruptions to Cascade's projects and programs.

Mr. Chen summarized the action steps that Cascade is taking to adjust to the supply chain issues.

B. Transmission Easement

Mr. Hoffman provided an overview of the Puget Sound Energy substation and called attention to the future site of Cascade's drinking water. He said that there is a potential revenue opportunity of leasing a Cascade parcel to a battery power storage provider. Cascade issued a Request for Proposal in January to two companies that contacted Cascade with similar projects. After internal reviews of the proposals and with the assistance of an on-call engineer and attorneys, Cascade was able to eliminate one of the companies and any proposal that includes having the batteries placed on Cascade's parcel. BrightNight, one of the interested parties, had an additional proposal to run a transmission line over Cascade's property and requested an easement. Mr. Hoffman said that Cascade staff and BrightNight will visit the site this month and review their proposed easement and compensation. If an agreement can be reached that makes sense for both parties, staff may propose a Board action in April or May.

C. Board Discussion: In-person Board and Committee Meetings

Mr. Hoffman discussed the various options for in-person and/or remote committee and Board meetings. Board Members discussed their preference for meeting participation. Overall, Board Members would like committee meetings to continue with the virtual format, and Board meetings to be in person, with a virtual option. The Board hybrid model will begin in May 2022.

10. COMMITTEE REPORTS

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

11. NEW BUSINESS

None.

12. NEXT REGULAR MEETING

The next regular Board meeting will be held on April 27, 2022, at 3:30 p.m.

13. ADJOURN

The meeting adjourned at 4:34 p.m.

APPROVED BY:

Penny Sweet, Chair

Angela Birney, Vice-Chair

AGENDA MEMORANDUM

SUBJECT

Motion to adopt Resolution No. 2022-08 to approve a permanent General Counsel position and amend Cascade's Amended 2021 - 2022 Budget to add the new General Counsel position.

BACKGROUND

Cascade is proposing to move some legal services in-house by adding a new General Counsel position. Resolution 2020-10 adopted Cascade's 2021 - 2022 Budget and established its staffing level at 11 positions. This requested action would increase Cascade's staffing level to 12 positions for the 2022 Budget.

Cascade plans to hire a General Counsel between half-time and 60 percent, rather than full-time. In the future, the Board will have opportunities to determine if the General Counsel position should be full-time, or conversely, to return to contracting out all legal services.

PROCUREMENT PROCESS

N/A

FISCAL IMPACT

The salary for an additional General Counsel position will be subject to negotiation; therefore the exact fiscal impact is unknown at this time. One result of hiring its own General Counsel is a cost reduction in Cascade's contract with Van Ness Feldman (VNF) for legal services. VNF's 2022 Board-approved contract budget is \$850,000. While Cascade will continue to contract with VNF, having its own in-house General Counsel is expected to yield a net savings. The range of estimated savings for 2022 and 2023 are as follows:

| Expense Item | 2022 | 2023 |
|---|-----------------------|-----------------------|
| VNF Projected Costs | \$675K - \$750K | \$475K - \$625K |
| General Counsel Projected Salary/Benefits | \$60K - \$75K | \$125K - \$160K |
| Estimated Total Costs | \$735K - \$825K | \$600K - \$785K |
| Net Savings (compared to 2022 VNF \$850K contract) | \$25K - \$115K | \$65K - \$250K |

**The figures above assume a start date of July 1, 2022 for the General Counsel position.*

OPTIONS

1. Motion to adopt Resolution No. 2022-08 to approve a permanent General Counsel position and amend Cascade's Amended 2021 - 2022 Budget to add the new General Counsel position.
2. Do not adopt Resolution No. 2022-08 to approve a permanent General Counsel position and amendment to Cascade's Amended 2021 - 2022 Budget, and provide alternate direction to staff.

RECOMMENDED ACTION

Adopt Resolution No. 2022-08 to approve a permanent General Counsel position and amend Cascade's Amended 2021 - 2022 Budget to add the new General Counsel position.

ATTACHMENTS

1. Resolution 2022-08.
2. General Counsel Job Description



A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,
A WASHINGTON MUNICIPAL CORPORATION,
AMENDING THE AMENDED 2021-2022 BUDGET TO
ADD A NEW POSITION

WHEREAS, the Cascade Water Alliance (“Cascade”) is a Washington municipal corporation formed under authority of the Joint Municipal Utilities Authority Act (Chapter 39.106 RCW) to provide water supply to its Members;

WHEREAS, the Cascade Water Alliance Board of Directors (“Board”) by Resolution 2020-10 adopted the 2021-2022 Budget and established Cascade’s staffing for 2021 and 2022;

WHEREAS, by Resolution 2021-09 the Board amended the Adopted 2021-2022 Budget;

WHEREAS, by Resolution 2021-13 the Board amended the Amended 2021-2022 Budget; and

WHEREAS, the Board now desires to amend the Amended 2021-2022 Budget to add a new General Counsel position to Cascade’s staffing.

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

Section 1. Section 2.B. of Resolution 2020-10 is amended as follows:

B. Staffing. 2022 staffing of the Cascade Water Alliance is hereby established as follows:

| | |
|------------------------------|--|
| 1. Chief Executive Officer | 7. Intergovernmental & Communications Director |
| 2. Land Use Administrator | 8. Management Assistant |
| 3. Operations Manager | 9. Finance and Administration Manager |
| 4. Chief of Staff | 10. Water Resources Manager |
| 5. Contracts Administrator | 11. Engineering & Capital Projects Director |
| 6. Chief Economist/Treasurer | <u>12. General Counsel</u> |

Section 2. Section 2.C. of Resolution 2020-10 is amended to append the following:

The Chief Executive Officer and the Finance and Administration Manager are hereby directed to amend the final 2022 budget document, as appropriate, to address amendments to 2022 staffing.

Section 3. Effect. This Resolution shall be in full force and effect on the date of its adoption.

ADOPTED AND APPROVED by the Board of Directors of the Cascade Water Alliance at a regular meeting thereof, held the 27th day of April 2022.

CASCADE WATER ALLIANCE

Penny Sweet, Chair

Attest – Ray Hoffman, Chief Executive Officer

Angela Birney, Vice Chair

Members

Yes _____

No _____

Demand Share

Yes _____ %

No _____ %

Allan Ekberg, Secretary/Treasurer

Include in CWAC?

Yes

No



POSITION: General Counsel

GENERAL DESCRIPTION:

Under the general direction of the Chief Executive Officer (CEO), the General Counsel is responsible for providing expert legal counsel to the Cascade Board of Directors, the CEO and Cascade staff, handling various legal matters of the organization, maintaining Cascade's legal compliance, and coordinating with Cascade's external legal services.

ESSENTIAL FUNCTIONS:

- **Oversight** – Provide oversight of all legal issues for Cascade. Determine which matters can be handled internally and which require assistance from external legal counsel. Serve as the liaison, communicate, and coordinate with external counsel in performance of the following functions.
- **Compliance** – Assist Cascade in understanding, adapting, and adhering to applicable laws, statutes, regulations, permits, policies, and rules at the national, state, and local levels.
- **Risk Mitigation and Management** – Evaluate risks that Cascade faces, conduct research, create strategies to mitigate risks, and advise the Board, CEO and staff,
- **Business Performance** – Research, evaluate, create strategies and policies, and provide advice on matters that impact business performance, including but not limited to:
 - Contract negotiations and management
 - Tribal relations
 - Water rights
 - Procurement
 - Permitting
 - Real estate
 - Finance
- **Representation** – Provide Cascade with legal representation when needed. Craft and review legal strategy in response to any litigation.
- **Record Management** – Assist Cascade in maintaining all legal documents and proceedings for Cascade.

DESIRED EXPERIENCE, KNOWLEDGE, SKILLS, AND ABILITIES:

- Experience providing legal counsel to government agencies, including public water utilities
- Knowledge of statutes, rules and regulations pertaining to government agencies and utilities
- Ability to anticipate and effectively advise on response to legal issues or risks
- Experience working with Tribes
- Ability to develop and implement legal strategy and objectives
- Excellent judgement, analytical, and critical thinking skills
- Strong interpersonal and communication skills, both verbal and written
- Demonstrated ability to lead and manage teams

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MINIMUM QUALIFICATIONS:

- Juris Doctor degree from an accredited law school
- Member of Washington State Bar
- 10 years of practice with an established law firm or with a government agency

COMPLEXITY OF DUTIES:

Leads all legal matters for Cascade; develops and implements legal strategies; advises the CEO and Board on legal matters; develops policies and procedures; and provides legal representation.

SUPERVISION RECEIVED:

Most work is performed independently under the general direction of the CEO.

SUPERVISORY RESPONSIBILITY:

Oversees consultants and project teams.

CONFIDENTIALITY:

Works routinely with confidential legal and personnel information. Must maintain strict confidentiality in relation to all proceedings.

ACKNOWLEDGEMENT:

This job description has been reviewed with me by the Chief Executive Officer:

Employee

Date

APPROVAL:

CEO

Date



FINANCE & MANAGEMENT COMMITTEE

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

Meeting Recap
Tuesday, April 19, 2022
1:30 PM – 3:00 PM
Via Zoom Meeting

Call to Order

1. Chair Comments.
2. Executive Session.
3. Discussion Item.

- A. 2021 Financial Audit.** Clark Nuber will present Cascade's 2021 audited financial statements. The State Auditor's Office has been invited and will be in attendance.

Recap: Clark Nuber auditors presented Cascade's 2021 audited financial statements to the committee. The auditors issued an unmodified audit opinion with no findings, audit adjustments or other recommendations. The State Auditor was also able to attend the presentation.

4. Items Recommended for Action at the April 27, 2022, Board Meeting

- A. General Counsel Position.** This item would move some legal services in-house by adding a new General Counsel position. The requested action would increase Cascade's staffing level from 11 to 12 positions for the 2022 budget. Cascade's initial plans are to hire the position at between half-time and 60 percent, rather than full-time. In the future, the Board would have opportunities to determine if the position should be full-time or return to contracting out all legal services.

Recap: The committee recommended this item be discussed at the April Board meeting and for staff to provide additional cost savings information to the Board on its proposal to add a General Counsel position.

5. Additional Discussion Items.

- A. Growth Assumptions Discussion.** One component in the development of the rates for the 2023 - 2024 budget is a forecast of the RCFC growth of members. Cascade staff will discuss with the committee what growth assumptions are currently included in the model and will ask members for feedback.

Recap: The committee had a discussion regarding the growth assumptions included in the rate model. In the 2021-2022 budget Cascade budgeted 1,000 RCFCs per year. Pre-COVID

Cascade was forecasting 1,400 RCFCs per year. Cascade has proposed budgeting 1,300 for the 2023-2024 budget and requested committee feedback. The committee discussed the increased importance of trying to accurately forecast the RCFC totals. With the adoption of the Water Supply Development Fund, RCFCs over budget result in a transfer to the fund. At the committee's direction, Cascade staff will provide the committee with additional information regarding how closely RCFCs actuals have been to forecast in the past.

- B. Budget/Rates Overview.** A preliminary budget has been developed and staff will give the committee a brief, high-level overview of variances from the last budget. Seattle block water, the largest line item in the budget, is not yet known for 2023. The committee will be receiving monthly updates and changes can be made to the budget until its anticipated adoption in September.

***Recap:** The committee was updated and had a good discussion on the status of the 2023 - 2024 budget process. An initial draft of the budget has been completed. The committee was given a high-level overview of variances from the current budget. The budget is being refined and will be presented to the committee in greater detail next month. The rates are on track to remain on the same rate path as discussed with the Board, but the budget will not be complete until the Seattle water cost is known, likely in June.*

6. Next Meeting Date and Location.

The next meeting will be held Tuesday, May 17, 2022, 1:30 p.m. at Cascade's office or via Zoom meeting.

Attachments:

General Counsel Agenda Memo
General Counsel Resolution
2023 – 2024 Budget and Rates Presentation

Please Note: Instructions for the Zoom meeting are found in the email forwarding the agenda and attachments.



PUBLIC AFFAIRS COMMITTEE

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

Meeting Recap
Wednesday, April 6, 2022
9:00 AM – 10:00 AM
Held via Zoom

1. **Chair Comments.**
2. **Executive Session.**
3. **Items Recommended for Action at the April 27, 2022, Board Meeting.**
4. **Discussion Items.**

- A. **Legislative Update.** The state legislative session ended on March 10, and staff will provide a final update on this session's bills.

Recap: Diana Carlen, Gordon Thomas Honeywell, updated the committee on the end of the legislative session. The most direct impact to water utilities was the inclusion of \$100 million in the budget for ratepayer assistance. The Department of Commerce is currently working on the details of what information water utilities will have to provide to access funding for impacted customers. Water utilities will need to opt into the program by May 27. Cascade staff will provide program information via email to member staff and Board members as it becomes available.

- B. **Social Media Strategy Development and Planning.** Cascade has hired Brilliant Marketing to assist in the development of a strategic plan for the We Need Water social media platform(s). The effort will be completed by summer, and the outcome will be more robust and impactful social media presence to support Cascade's water preservation and conservation efforts. We Need Water supports Cascade's water efficiency program and events and promotes the value of water.

Recap: Cascade has operated a social media platform for two years with some successes, but limited engagement. Staff will work with Brilliant Marketing to develop a strategic plan in concert with member staff with the objective of increasing the numbers of people who engage with Cascade via its social media platforms.

- C. **Four Cities Meeting and Lake Tapps Community Meeting.** Staff will update the committee on the status of planning the annual Four Cities Meeting and well as the Lake Tapps Community Meeting.

Recap: *The Cascade Four Cities Meeting (Auburn, Buckley, Bonney Lake and Sumner) will take place in-person on June 1. Mayor Angela Birney will attend as the Board's representative. The Lake Tapps Community Meeting is scheduled to be held on June 2 in the evening, also in-person.*

D. Other issues.

Recap: *Mayor Sweet requested and the committee supported a review of Cascade's code/by-laws to clarify the role of alternates and participation in meetings.*

5. Next Meeting Date and Location.

The May meeting is cancelled. The next meeting will be Wednesday, June 1, 2022, from 9:00 a.m. – 10:00 a.m. at Cascade's office or via Zoom meeting.