



REGULAR MEETING OF THE BOARD OF DIRECTORS
AGENDA
CASCADE WATER ALLIANCE
Held Via Zoom Meeting
September 28, 2022
3:30 PM

	<u>Page</u>
1. CALL TO ORDER	
2. ROLL CALL	
3. PUBLIC COMMENT	
4. EXECUTIVE SESSION	
5. APPROVAL OF AGENDA	
6. CHIEF EXECUTIVE OFFICER'S REPORT	<u>3</u>
7. CONSENT ITEMS	
a. Board Meeting Minutes for July 28, 2022.	<u>20</u>
b. Motion to authorize the Chief Executive Officer to execute a contract with the highest-rated firm to provide On-Call Value Analysis/Value Engineering Services in an amount not to exceed \$250,000.	<u>23</u>
8. OTHER ACTION ITEMS	
a. Motion to adopt Resolution No. 2022-15 adopting the 2023 - 2024 Cascade Budget.	<u>25</u>
b. Motion to adopt Resolution No. 2022-16 establishing the 2023 and 2024 rates and charges.	<u>51</u>
c. Motion to adopt Resolution No. 2022-17 establishing the Regional Capital Facilities Charge for 2023 and 2024, at \$7,201 and \$7,454 per CERU respectively.	<u>56</u>
d. Motion to authorize the Chief Executive Officer (CEO), in consultation with legal counsel, to negotiate, finalize, and execute a lease for office space in Gateway One with an estimated commencement date of April 1, 2023.	<u>60</u>
9. STAFF PRESENTATIONS	
a. Solar Power Update - <i>no materials included in packet.</i>	
10. COMMITTEE REPORTS	
a. Executive Committee – <i>no meeting held.</i>	

- b. Finance and Management Committee – *September 20, 2022.* 62
- c. Public Affairs Committee – *September 7, 2022.* 64
- d. Resource Management Committee – *September 8, 2022.* 66
- 11. NEW BUSINESS
- 12. NEXT REGULAR MEETING – *October 26, 2022 – Cascade Office or Via Zoom Meeting – 3:30 p.m.*
- 13. ADJOURN

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



MEMORANDUM

DATE: September 28, 2022

TO: Penny Sweet, Chair
Board of Directors

FROM: Ray Hoffman, Chief Executive Officer

SUBJECT: Chief Executive Officer's Report

Administration, Finance, and Economics

- The appraisal of the transmission easement with BrightNight was completed in August 2022. Per the terms of the agreement with BrightNight, and upon commencement of construction, Cascade will receive \$1.18 million upon commencement of construction.
- Tenaska has approached Cascade about the possibility of a transmission easement. Last year, three companies, including Tenaska, approached Cascade about the possibility of leasing the same parcel for battery storage. Cascade decided against leasing the parcel because of the uncertainty regarding the footprint of the future water treatment facility but did grant one of the companies, BrightNight, a transmission easement. Now Tenaska has approached Cascade for a similar easement and Cascade is determining the feasibility of an additional easement.
- The Office of the Washington State Auditor contacted Cascade this month to schedule the accountability audit and their review of the financial audit. Cascade will report the results at a future Finance and Management Committee meeting.
- There have been 807.5 net RCFC's reported through August 2022, with one Member report missing. The last two months, July (128.5) and August (155.5) have been the highest net CERU months in 2022. At this rate, Cascade should meet or exceed 2022 budget expectations (1,000).
- The septic system at Cascade's Ford property has failed. Cascade purchased the Ford property in 2009 along with several other properties and easements along a potential future pipeline route. The proposed pipeline route goes through the house. Cascade has been leasing the house, but now that the septic system has failed Cascade is exploring our options including possibly dismantling the house.
- TeamLogicIT, Cascade's IT consultant, has been working with Access Telephone as a subconsultant to run additional Fiber lines at Lake Tapps in support of the ongoing SCADA improvements project.
- Cascade has signed a nonbinding Letter of Intent with the landlord of the Gateway One office building that outlines the terms of a proposed agreement and is in the process of negotiating a lease. The search that resulted in the LOI and the action before the Board today was discussed in detail with the Finance and Management Committee this month. Cascade's current office space lease expires on March 31, 2023. If approved, the next steps in the office space planning include designing the layout of the new office, tenant improvements including to the IT infrastructure, and planning for the move.
- Clark Nuber, Cascade's outside auditing firm, conducted a review of Cascade's second quarter 2022 financial transactions in August 2022. The results of the review will be

reported to the Finance and Management Committee. Clark Nuber will be performing a review of the third quarter in October.

Capital Projects and Operations

- Cascade entered into a settlement agreement with Seattle Public Utilities (SPU) that supports the settlement of an almost 5-year dispute between Tukwila and Highline Water District over mis-delivered water through a broken intertie. SPU and Cascade agreed that the solution involving the return of the water to Highline is consistent with the Block Contract.
- The SCADA/Security project is 90% complete overall. Field installation work is 99% complete. The remaining field work to be completed includes removal of obsolete equipment and repair and replacement of batteries. Training of Cascade and Veolia staff and final testing by the system integrator and contractor is underway and is estimated to be complete by October. This project is currently projected to be completed within the approved budget.
- Cascade has received the completed O&M manual from its vendors and completed user training on the Solar Power project.
- During the week of August 29, 2022, the second round of milfoil chemical treatment was performed. Six additional sites, totaling 59 acres, were treated with Procellacor. A final boat survey is planned for October 12 to assess how this year's treatment worked and also to identify potential 2023 treatment areas.
- Cascade has received design specifications for the auxiliary hydraulic pump units in the valve house and is working on procurement to fabricate and install this unit. This new unit is required to provide backup capability to open or close the two 66"-cone valves in the event of an emergency failure.
- The Washington State Department of Transportation (WSDOT) informed Cascade that it is Cascade's responsibility to pay the costs associated with protect in-place or relocation on a section of the Bellevue-Issaquah Pipeline (BIP) that is in the City of Issaquah's right-of-way. Cascade has disputed WSDOT's interpretation since WSDOT does not have property rights in that location and the driver for protect-in-place or relocation is due to WSDOT's project. Cascade is currently working through this issue with both the City of Issaquah and WSDOT.
- Construction on the permanent replacement plunge pool retaining wall began in July and is on track to be completed by October in time for the fall lake drawdown. The splash containment wall portion of the project is on track to be completed in November. Work completed within the last month includes placement of rebars and retaining wall concrete. This project is currently projected to be completed within the approved budget.

7/11/22 Construction Starts, Site Clearing and Excavation



7/29/22 Excavation and Temporary Shoring Rig



8/1/22 Excavation and Shoring Placement



8/4/22 Footing and Plunge Pool Floor Forming



8/8/22 Footing and Plunge Pool Floor Forming



8/11/22 Rebar Placement for Plunge Pool Floor, Footing and Wall



8/18/22 Concrete Placement Plunge Pool Floor and Retaining Wall Footing



8/26/22 Retaining Wall Rebar Placement Wall Forming



9/8/22 Retaining Wall Concrete Placed



9/16/22 Retaining Wall forms removed, site prepared for backfill



Water Efficiency

- Cascade participated in the Sammamish Party on the Plateau, the Skyway Health and Wellness Fair, and the Kirkland Farmer's Market. Hundreds of conservation items, such as toilet leak detection dye and rain gauges, were distributed.
- Cascade is scheduled to participate in Issaquah Salmon Days in October.
- Cascade will provide a garden walking tour at the Marymoor community gardens on September 24.
- Several landscape assessment projects are underway or have been completed this summer in Sammamish Plateau Water, Tukwila, and Redmond.
- Cascade provided two classroom programs for 40 students in August.
- The Sustainability Ambassadors provided a teacher workshop entitled "Educating for Sustainability" at Pine Lake Middle School on August 17.
- Cascade continues to promote its classes and programs, as well as content relating to the value of water, on its social media platforms.
- Cascade has several fall gardening classes scheduled for September and October.
- Cascade has completed a dye distribution for leaking toilets at multifamily properties in all member areas.

Intergovernmental and Communications

- Board members, alternates, and member staff have been asked to provide feedback on Cascade's intergovernmental, communications, and outreach programs and plans for 2023 through a member survey. Results will be incorporated into a draft Intergovernmental, Communications and Outreach Plan that will be reviewed by the Public Affairs Committee in October.
- There are several legislative issues that Cascade is tracking that could negatively impact water utilities. At the state level, WSDOT has drafted proposed legislation that would prohibit WSDOT from paying for many utility relocations due to state projects. This would transfer the financial burden of relocations from the general state tax base to utility ratepayers. At the federal level, the Environmental Protection Agency (EPA) has proposed a rule to make PFAS contaminated waste a hazardous substance under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA/Superfund). This could draw water utilities into protracted legal action around contaminated sites. Staff are preparing a proposed 2023 Legislative Agenda for Public Affairs Committee review in October.

Planning

- Cascade participated in meetings with the City of Sumner and BNSF Railway Company to continue to address all the issues raised by those parties' proposed projects which would alter Cascade's tailrace. There are seven, major, real-estate agreements (approximately 20 documents) that must be approved by the Cascade Board. Sumner and BNSF recently informed Cascade that they need the transactions completed by the end of March 2023, for the start of the planned construction. Cascade staff will be informing the parties of the Board process and timelines for consideration. The drafting and negotiations are expected to require considerable staff and outside counsel resources.
- Cascade staff continue to meet separately and fairly regularly with Seattle and Tacoma to negotiate a contract extension with Seattle and a new supply contract with Tacoma. Staff held a full-day workshop with Tacoma in early September to discuss the alignment, infrastructure and operational needs, and other related matters. Cascade and Tacoma

staff are also working on the financial aspects of a potential contract, such as developing the rate methodology.

- The climate change analysis contract that the Board approved in the summer is under way with Aspect Consulting and UW's Climate Impacts Group (CIG). Glacier modeling is an important aspect of this work since the White River's headwaters begin in the glaciers of Mt. Rainier and flows are influenced by glacial melt. This is highly specialized work and CIG can only do limited analysis within the contract's scope and budget. Cascade has identified a firm that is experienced in glacier modeling – Upstream Tech – and will establish a small contract with them to perform the work and collaborate with Aspect/CIG on the broader climate change analysis.

Attachments

1. Budget to Actual Expenditure Report through August 31, 2022.
2. Statement of Revenues and Expenditures through August 31, 2022.
3. Statement of Net Position as of August 31, 202.
4. Contract Status Summary.
5. Monthly Warrants Listing.
6. Monthly Treasurer's Report as of August 31, 2022.

Cascade Water Alliance
 Budget to Actual Expenditure Report
 January 1- August 31, 2022
 67% of the year completed

Administration	Budget	Actual	Balance	% Expended
Salaries	\$ 1,015,001	\$ 779,315	235,686	76.8%
Benefits	251,845	241,754	10,091	96.0%
Wellness program	5,000	150	4,850	3.0%
Prof. Fee (Technical)	232,000	55,223	176,777	23.8%
Prof. Fee (Legal)	885,000	541,834	343,166	61.2%
Prof. Fee (Audit)	100,900	58,501	42,399	58.0%
Prof. Fee (Other)	50,000	5,517	44,483	11.0%
Seismic Resiliency	100,000	5,412	94,588	5.4%
Meetings Expense	11,000	1,777	9,223	16.2%
Telephone/Internet	37,000	33,001	3,999	89.2%
Office Rent	241,749	181,530	60,219	75.1%
Office Supplies Admin.	20,000	4,615	15,385	23.1%
Equip. and Furniture	10,000	2,548	7,452	25.5%
Bank Fees	600	198	402	33.1%
Dues & Subscriptions	55,000	14,679	40,321	26.7%
Taxes/Licenses	16,000	10,703	5,297	66.9%
Travel	12,000	5,203	6,797	43.4%
Professional Dev.	24,500	24,454	46	99.8%
Computer Equipment	25,000	10,032	14,968	40.1%
Software Licenses	38,000	8,571	29,429	22.6%
Postage & Delivery	3,000	1,368	1,632	45.6%
Printing & Repro.	10,000	0	10,000	0.0%
Insurance	132,963	122,088	10,876	91.8%
Contingency	237,898	0	237,898	0.0%
Total	\$ 3,514,456	\$ 2,108,472	\$ 1,405,984	60.0%

Debt Service	Budget	Actual	Balance	% Expended
Bond Debt Service	9,779,981	6,358,021	3,421,960	65.0%
Total	\$ 9,779,981	\$ 6,358,021	\$ 3,421,960	65.0%

Conservation	Budget	Actual	Balance	% Expended
Salaries	\$ 168,466	\$ 79,608	\$ 88,858	47.3%
Benefits	46,908	15,724	31,184	33.5%
Prof. Fee (Technical)	35,000	8,820	26,180	25.2%
Rebate Reimb. Com.	75,000	19,826	55,175	26.4%
Irrigation Audit	25,000	5,669	19,331	22.7%
Comm. and Public I	312,500	272,328	40,172	87.1%
Misc. Serv. and Sup.	82,000	17,110	64,890	20.9%
Total	\$ 744,874	\$ 419,083	\$ 325,791	56.3%

Com. and Intergovern	Budget	Actual	Balance	% Expended
Salaries	\$ 118,571	\$ 90,157	\$ 28,414	76.0%
Benefits	26,410	16,641	9,769	63.0%
Prof. Fee (Technical)	15,000	10,350	4,650	69.0%
Prof. Fee (Other)	165,000	106,545	58,455	64.6%
Sponsorships	30,000	17,975	12,025	59.9%
Comm. and Public I	280,000	78,922	201,078	28.2%
Total	\$ 634,981	\$ 320,590	\$ 314,391	50.5%

Operations-General	Budget	Actual	Balance	% Expended
Wholesale Water	\$ 22,730,886	\$ 16,510,756	\$ 6,220,130	72.6%
Salaries	26,043	16,281	9,762	62.5%
Benefits	15,265	14,271	994	93.5%
BIP O&M	88,000	87,515	485	99.4%
Pipeline Prop. O&M	15,000	636	14,364	4.2%
PWTF Loan Debt	40,461	40,263	197	99.5%
Total	\$ 22,915,654	\$ 16,669,722	\$ 6,245,932	72.7%

Cascade Water Alliance
 Budget to Actual Expenditure Report
 January 1- August 31, 2022
 67% of the year completed

Operations-Lake Tapps	Budget		Balance		% Expended
Salaries	\$ 471,830	\$ 249,727	\$ 222,103		52.9%
Benefits	66,667	38,010	28,657		57.0%
Prof. Fee (Technical)	795,600	329,912	465,688		41.5%
Prof. Fee (Other)	15,000	0	15,000		0.0%
Meetings Expense	4,000	3,209	791		80.2%
Telephone/Internet	1,500	487	1,014		32.4%
Office Supplies	19,700	0	19,700		0.0%
Equipment & Furn.	29,000	23,659	5,341		81.6%
Taxes/Licenses	14,100	13,925	175		98.8%
Travel	17,000	10,076	6,924		59.3%
Professional Dev.	3,000	2,844	156		94.8%
Software Licenses	28,500	28,388	112		99.6%
Permitting Costs	8,800	8,773	27		99.7%
Misc. Serv. and Sup.	34,000	7,779	26,221		22.9%
LT Operator	2,296,120	1,205,040	1,091,080		52.5%
Unplanned O&M	313,500	313,021	479		99.8%
Misc. Facility Repairs	102,000	34,043	67,957		33.4%
USGS Joint Fund	337,500	156,799	180,701		46.5%
Construction Management	100,000	0	100,000		0.0%
Outage	200,000	74,735	125,265		37.4%
Milfoil Control	225,000	178,828	46,172		79.5%
Vendor Services	36,000	31,777	4,223		88.3%
Water Quality Management	150,000	31,799	118,201		21.2%
Dike and Roads Maintenance	33,000	19,167	13,833		58.1%
Total	\$ 5,301,817	\$ 2,761,998	\$ 2,407,785		52.1%
Total Operating Budget	\$ 42,891,763	\$ 28,637,885	\$ 14,121,844		66.8%
Capital Projects (multi-yr bdgt not shown)	Budget	Actual	Balance		% Expended
Upper Conveyance Projects	\$ 1,040,000	29,057	1,010,943		2.8%
Lower Conveyance Projects	500,000	275,409	224,591		55.1%
Meters	50,000	0	50,000		0.0%
Equipment	50,000	13,593	36,407		27.2%
Facilities	260,000	252,417	7,583		97.1%
Security and SCADA	675,000	653,899	21,101		96.9%
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	\$ 7,199,838	\$ 1,935,625		78.8%
Total Overall Budget	\$ 52,027,226	\$ 35,837,723	16,189,503		68.9%

Cascade Water Alliance
Statement of Revenues and Expenditures
From 1/1/2022 Through 8/31/2022

Attachment 2

Operating Revenue	
Water sales	\$ 26,983,457
Administrative dues	3,741,337
Conservation program	513,960
Total Operating Revenue	31,238,754
Operating Expenses	
Cost of water sold	13,860,882
Salaries and benefits	1,668,174
Professional services	1,126,632
Conservation program	19,826
Depreciation and amortization	2,665,398
Communication and public information	349,069
Office expenses	304,115
Operations	1,416,033
Bank charges	198
Rent	1,031
Maintenance	600,841
Dues and subscriptions	18,124
Miscellaneous	20,870
Total Operating Expenses	22,051,195
Operating Income	9,187,559
Non-Operating Revenue (Expenses)	
Interest income	378,555
Other income	183,187
Interest expense, net of amount capitalized	(3,192,590)
Total Non-Operating Revenue (Expenses)	(2,630,847)
Capital Contributions	
Regional Capital Facilities Charges	3,706,825
Increase in Net Assets	10,263,537
Net Assets, Beginning of Year	122,312,527
Net Assets, End of Year	\$ 132,576,064

Cascade Water Alliance
Statement of Net Position
As of 8/31/2022

Attachment 3

Assets	
Current Assets	
Cash and cash equivalents	\$ 22,578,646
Accounts receivable	7,009,360
Prepaid expenses	240,809
Total Current Assets	29,828,816
Capital Assets	
Equipment and furniture	2,045,247
Seattle water contract	22,267,611
Bellevue Issaquah pipeline	22,276,944
Tacoma water contract	119,740,687
Less accumulated depreciation and amortization	(55,328,868)
Total Capital Assets	111,001,621
Projects in process and assets not yet in service	
Lake Tapps	105,089,096
Tacoma Cascade pipeline	26,539,385
Total Projects in process and assets not yet in service	131,628,481
Restricted cash and cash equivalents	27,181,530
Total Assets	299,640,448
Liabilities	
Current liabilities	
Payables and accrued liabilities	1,103,095
Accrued interest	1,251,469
Long-term debt current portion	
Bonds Payable-Current Portion	6,760,000
Other	39,474
Total Long-term debt current portion	6,799,474
Total Current liabilities	9,154,037
Long-term Liabilities	
Long-term debt	88,498,948
Tacoma contract	59,992,082
Seattle contract	5,000,000
Bond premium, net of amortization	4,493,687
Total Long-term Liabilities	157,984,717
Total Liabilities	167,138,754
Net Assets	
Restricted for debt service	102,083,085
Unrestricted	30,418,609
Total Net Assets	132,501,694
Total Liabilities & Net Assets	\$ 299,640,448

Consultant and Other Vendor Contract Status Summary

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	9/16/2022	95%	\$ 273,000	\$ 233,884	86%	\$ 39,116
Aquatechnex	1	2022 Aquatic Plant Management	J. Shimada	8/8/2022	8/31/2022	9/16/2022	100%	\$ 225,000	\$ 167,724	75%	\$ 57,276
Aspect	1	Water Supply Modeling	R. Hoffman	5/6/2020	N/A	9/16/2022	35%	\$ 24,900	\$ 8,613	35%	\$ 16,288
Aspect	2	Water Resources Services	R. Hoffman	8/17/2018	N/A	9/16/2022	98%	\$ 60,000	\$ 58,251	97%	\$ 1,749
Brilliant Marketing	1	We Need Water Strategy Planning	M. Brent	3/16/2022	12/31/2022	9/16/2022	55%	\$ 22,500	\$ 20,850	93%	\$ 1,650
Clark Nuber	1	Annual Financial Audit and Quarterly AUPs	R. Hoffman	1/1/2022	N/A	9/16/2022	70%	\$ 70,500	\$ 56,759	81%	\$ 13,741
Colehour and Cohen	1	Staffing for classes and events	M. Brent	1/1/2022	12/31/2022	9/16/2022	90%	\$ 89,990	\$ 77,358	86%	\$ 12,632
David Evans	1	On-call Land Surveyor	H. Chen	1/1/2022	12/31/2022	9/16/2022	8%	\$ 75,000	\$ 3,746	5%	\$ 71,254
David McGrath	1	Irrigation Efficiency Assistance	M. Brent	1/1/2022	12/31/2022	9/16/2022	20%	\$ 20,500	\$ -	0%	\$ 20,500
Environmental Science Assoc (ESA)	1	Aquatic Plant Management	H. Chen	1/1/2022	12/31/2022	9/16/2022	20%	\$ 24,900	\$ 11,104	45%	\$ 13,796
GeoEngineers Inc.	1	Dam Engineering/Hydrology/Geotech	H. Chen	1/1/2022	12/31/2022	9/16/2022	45%	\$ 160,000	\$ 101,596	63%	\$ 58,404
Gordon Thomas Honeywell	1	State legislative outreach	A. Bennett	1/1/2022	12/31/2022	9/16/2022	50%	\$ 84,000	\$ 56,000	67%	\$ 28,000
Herrera Environmental	2	WQ Monitoring Program	H. Chen	8/19/2019	N/A	9/16/2022	99%	\$ 495,000	\$ 493,884	100%	\$ 1,116
Holocene	1	Plunge Pool Timber Wall Drilling	J. Shimada	1/22/2022	N/A	9/16/2022	100%	\$ 6,772	\$ 6,772	100%	\$ 0
HDR	1	MMD Fish Passage Design Review	H. Chen	12/1/2015	N/A	9/16/2022	98%	\$ 1,041,100	\$ 950,972	91%	\$ 90,129
HDR	2	Conservation Plan Potential Assessment	M. Brent	5/21/2021	N/A	9/16/2022	99%	\$ 18,900	\$ 18,870	100%	\$ 30
Jacobs Engineering Group	1	Demand Forecast Model Support Services	M. Thung	8/20/2021	12/31/2022	9/16/2022	5%	\$ 5,000	\$ -	0%	\$ 5,000
Jennergy	1	Website assistance	A. Bennett	1/1/2022	12/31/2022	9/16/2022	46%	\$ 15,000	\$ 10,350	69%	\$ 4,650
Johansen Excavating	1	Emergency Headgate Repair	H. Chen	5/5/2021	N/A	9/16/2022	98%	\$ 100,947	\$ 92,358	91%	\$ 8,589
Johansen Excavating	2	Flowline Outage Maintenance	J. Shimada	8/12/2021	N/A	9/16/2022	75%	\$ 540,000	\$ 387,899	72%	\$ 152,101
Johansen Excavating	3	Emergency Landslide Remediation	J. Shimada	1/18/2022	3/31/2022	9/16/2022	96%	\$ 216,000	\$ 207,367	96%	\$ 8,633
Johansen Excavating	4	Plunge Pool retaining wall	J. Shimada	7/2/2022	N/A	9/16/2022	5%	\$ 576,750	\$ 195,110	34%	\$ 381,640
Johansen Excavating	5	2022 Powerhouse overhead door	J. Shimada	7/22/2022	N/A	9/16/2022	5%	\$ 13,000	\$ -	0%	\$ 13,000
Langton Spieth	1	Community relations	A. Bennett	1/1/2022	12/31/2022	9/16/2022	75%	\$ 72,000	\$ 48,000	67%	\$ 24,000
Lake Tapps Construction	1	Valve House Improvements	J. Shimada	12/2/2020	N/A	9/16/2022	100%	\$ 30,978	\$ 46,195	149%	\$ (15,217)
Long Building Tech	1	Security Maintenance	H. Chen	8/12/2019	10/31/2022	9/16/2022	80%	\$ 55,000	\$ 43,047	78%	\$ 11,953
Media for International Development	1	WeNeedWater Video Production	A. Bennett	1/1/2022	12/31/2022	9/16/2022	45%	\$ 24,500	\$ 20,500	84%	\$ 4,000
Nature Vision	1	Classroom Water Education	M. Brent	1/1/2022	12/31/2022	9/16/2022	65%	\$ 95,000	\$ 62,167	65%	\$ 32,833
Pacifica Law	1	Legal Assistance	H. Chen	1/1/2022	12/31/2022	9/16/2022	8%	\$ 25,000	\$ -	0%	\$ 25,000
Parametrix	1	On Call Civ/Mech/Structural Eng	H. Chen	1/1/2022	12/31/2022	9/16/2022	45%	\$ 250,000	\$ 140,952	56%	\$ 109,049
Perfomance Dimensions	1	Executive Coaching Services	M. Thung	6/21/2021	12/31/2022	9/16/2022	89%	\$ 24,500	\$ 22,050	90%	\$ 2,450
Puget Sound Energy	1	Water Efficiency Rebates	M. Brent	1/1/2022	12/31/2022	9/16/2022	25%	\$ 72,000	\$ 19,991	28%	\$ 52,010
RH2	2	On-Call Electrical Engineering Svcs	H. Chen	1/1/2022	12/31/2022	9/16/2022	45%	\$ 100,000	\$ 46,686	47%	\$ 53,314
RH2	1	Security and SCADA	H. Chen	1/16/2020	N/A	9/16/2022	95%	\$ 494,807	\$ 487,232	98%	\$ 7,575
RH2	3	Wholesale Master Meter Eval	H. Chen	1/21/2020	3/31/2023	9/16/2022	8%	\$ 24,500	\$ 1,342	5%	\$ 23,158
Robinson Noble	1	Water Audits	E. Cebron	10/3/2019	N/A	9/16/2022	80%	\$ 135,060	\$ 112,270	83%	\$ 22,790
Sazan	2	Solor Power Project	M. Brent	5/25/2021	N/A	9/16/2022	100%	\$ 10,000	\$ 10,000	100%	\$ -
SC Words & Pictures Inc.	1	Design Services	A. Bennett	1/1/2022	12/31/2022	9/16/2022	15%	\$ 24,000	\$ 2,545	11%	\$ 21,455
Seattle Public Utilities	1	Garden Hotline	M. Brent	1/1/2022	12/31/2022	9/16/2022	67%	\$ 12,000	\$ 6,000	50%	\$ 6,000
SMC Consulting	1	Water Efficiency Consultant	M. Brent	1/1/2022	12/31/2022	9/16/2022	30%	\$ 24,500	\$ 8,820	36%	\$ 15,680
Source Electric LLC	1	SCADA Improvements Project	H. Chen	5/1/2021	2/1/2022	9/16/2022	95%	\$ 774,823	\$ 765,050	99%	\$ 9,773
Sustainable Water	1	Teacher Fellows program	M. Brent	1/1/2022	12/31/2022	9/16/2022	55%	\$ 60,000	\$ 51,389	86%	\$ 8,611

Tacoma-Pierce County	1	LakeWise	A. Bennett	1/1/2022	12/31/2022	9/16/2022	25%	\$ 120,000	\$ 58,702	49%	\$ 61,298
TeamLogic IT	1	Info Technology Consulting	C. Paulucci	1/1/2022	12/31/2022	9/16/2022	35%	\$ 104,000	\$ 56,917	55%	\$ 47,083
TechniArt	1	Website Orders	M. Brent	1/1/2022	12/31/2022	9/16/2022	25%	\$ 15,900	\$ 3,775	24%	\$ 12,125
Tetra Tech	1	AWIA Risk and Resiliency	M. Thung	11/18/2019	12/31/2022	9/16/2022	75%	\$ 700,000	\$ 503,107	72%	\$ 196,893
Tilth Association	1	Garden Water Efficiency	M. Brent	1/1/2022	12/31/2022	9/16/2022	45%	\$ 24,500	\$ 14,806	60%	\$ 9,694
Transpo Group	1	GIS Program Technical Support	J. Shimada	2/3/2022	7/31/2023	9/16/2022	45%	\$ 24,000	\$ 11,954	50%	\$ 12,046
USGS	1	Joint Funding Agre-Streamgaging	H. Chen	1/1/2022	12/31/2022	9/16/2022	25%	\$ 327,380	\$ 156,799	48%	\$ 170,581
Vanir Construction Management, Inc.	1	On-call Construction Management	J. Shimada	5/1/2021	12/31/2022	9/16/2022	15%	\$ 560,000	\$ 109,479	20%	\$ 450,521
VanNess Feldman	1	General Counsel	R. Hoffman	1/1/2022	12/31/2022	9/16/2022	50%	\$ 850,000	\$ 539,127	63%	\$ 310,874
Veolia	1	White River-Lake Tapps Reservoir Project Operations and Maintenance Agreement \$2,027,110 Fixed, \$403,926 Var	J. Shimada	1/1/2022	12/31/2022	9/16/2022	50%	\$ 2,431,036	\$ 1,266,660	52%	\$ 1,164,376
Washington Crane and Hoist Co	1	Fish Screen Gantry Crane Inspection	J. Shimada	2/9/2022	N/A	9/16/2022	10%	\$ 2,122	\$ 2,104	99%	\$ 18
Water Value	1	Climate Study Advisory Services	M. Thung	6/16/2022	12/31/2023	9/16/2022	5%	\$ 22,500	\$ 4,037	18%	\$ 18,463
Winterbauer and Diamond	1	Legal Assistance	R. Hoffman	1/1/2022	12/31/2022	9/16/2022	15%	\$ 20,000	\$ 2,708	14%	\$ 17,293

Payment Authorization Warrants and Wire Transfers 9/28/22

WHOLESALE WATER

WIRE	Seattle Contract Payment 8/22	\$3,057,548.00
WIRE	Seattle Contract Payment 9/22	<u>\$2,649,874.00</u>
		\$5,707,422.00

CONSULTANTS

30152	GeoEngineers	\$28,533.90
30155	Jennergy	\$1,150.00
30161	Parametrix	\$12,992.50
30163	Robinson Noble	\$2,972.50
30165	Tacoma Pierce County Health Departmen	\$20,119.12
30166	TeamLogic IT of Bellevue, WA	\$6,834.70
30182	Aspect Consulting	\$578.00
30183	BRILLIANT MARKETING LLC	\$1,762.50
30188	Environmental Science Associates (ESA)	\$6,074.41
30189	Gordon Thomas Honeywell Govern. Affai	\$7,000.00
30191	Lamb Hanson Lamb Appraisal Associates	\$5,000.00
30192	Langton/Spieth	\$6,000.00
30198	Perfomance Dimensions Group	\$350.00
30200	Transpo Group	\$886.25
30204	Beige Corporation	\$6,000.00
30218	Jennergy	\$1,150.00
30222	Parametrix	\$19,647.37
30225	RH2 Engineering, Inc.	\$4,413.87
30226	TeamLogic IT of Bellevue, WA	\$11,541.53
30227	Vanir Construction Management Inc.	\$12,043.51
30228	Van Ness Feldman, LLP	\$41,800.50
30231	Tacoma Pierce County Health Departmen	\$8,005.08
30237	Robinson Noble	\$181.75
30239	Water Value LLC	\$1,800.00
30261	Environmental Science Associates (ESA)	\$306.25
30262	Gordon Thomas Honeywell Govern. Affai	\$7,000.00
30264	Jennergy	\$1,150.00
30265	Langton/Spieth	\$6,000.00
30268	TeamLogic IT of Bellevue, WA	\$6,690.50
30269	Transpo Group	\$690.00
30271	Van Ness Feldman, LLP	<u>\$54,882.50</u>
		\$283,556.74

SALARY, BENEFITS AND EXPENSE REIMBURSEMENTS

	Payroll (July)	\$130,197.97
	Payroll (August)	\$135,040.11
30141	Vantagepoint 401 Plan	\$36,879.50
30142	Vantagepoint 457 Plan	\$20,056.61
30145	AWC Employee Benefit Trust	\$22,575.65
30150	Abeer Halani	\$2,098.92
30154	HRA VEBA Trust	\$1,176.00
30173	Alison Bennett	\$868.20
30174	Joseph Mickelson	\$1,300.00
30185	Edward Cebron	\$238.30
30186	Paula Anderson	\$41.07
30187	Christopher N. Paulucci	\$35.13
30206	AWC Employee Benefit Trust	\$20,759.39
30214	Paula Anderson	\$53.82
30229	HRA VEBA Trust	\$1,176.00
30230	Penny Sweet	\$101.44
30232	Vantagepoint 401 Plan	\$36,849.45
30233	Vantagepoint 457 Plan	\$17,053.61
30243	Joseph Mickelson	\$1,003.63
30244	Paula Anderson	\$77.12
30260	Paula Anderson	<u>\$207.75</u>
		\$427,789.67

GENERAL

30146	AT&T FirstNet	\$407.20
30147	Comcast	\$552.49
30148	Department of Labor and Industries	\$25.00
30156	Lakemont Business Services Inc.	\$244.00
30159	Pacific Office Automation	\$262.84
30169	Water Value LLC	\$775.00
30172	Covington Water District	\$46.50
30175	Government Finance Officers Assoc	\$150.00
30176	JG 520 Building LLC	\$20,588.76
30177	Staples Advantage	\$15.43
30178	Verizon Wireless	\$225.05
30194	McClatchy Company LLC	\$268.15
30201	U.S. BANK	\$6,409.81
30202	Utilities Underground Location Cente	\$21.93
30207	AT&T FirstNet	\$407.20
30208	The Chamber Collective	\$500.00
30209	CIT	\$2,064.00
30210	Comcast	\$540.03
30211	Comcast	\$1,652.40
30212	Daily Journal of Commerce	\$153.70
30213	DIRECTV	\$93.99
30219	King County Fire District 20	\$500.00
30221	Pacific Office Automation	\$277.88
30223	Puget Sound Energy	\$796.62
30234	Code Publishing Co.	\$696.83
30235	Comcast	\$579.86
30236	Greater Issaquah Chamber of Commr	\$3,500.00
30242	City of Seattle	\$8,909.29
30249	Town Square Publications, LLC	\$2,625.00
30250	Utilities Underground Location Cente	\$15.48
30251	Verizon Wireless	\$225.05
30256	CIT	\$2,064.00
30258	Comcast	\$550.03
30259	Comcast	\$1,652.40
30266	Staples Advantage	\$257.86
30270	U.S. BANK	<u>\$5,113.10</u>
		\$63,166.88

CONSERVATION

30158	Nature Vision, Inc.	\$1,302.00
30162	Puget Sound Energy	\$1,350.00
30164	SMC Consulting LLC	\$2,000.00
30167	Techniart C S D	\$446.60
30171	City of Seattle	\$6,000.00
30179	Tilth Alliance	\$4,537.25
30184	Colehour and Cohen	\$7,677.28
30195	Media for Development International	\$10,000.00
30196	New Resources Group, Inc.	\$2,525.28
30197	Norlab, Inc.	\$1,341.00
30199	Sustainable Seattle	\$8,022.00
30224	Puget Sound Energy	\$1,025.00
30238	Techniart C S D	\$446.05
30247	Nature Vision, Inc.	\$840.35
30248	Puget Sound Energy	\$914.11
30257	Colehour and Cohen	\$12,937.75
30267	Sustainable Seattle	<u>\$12,361.00</u>
		\$73,725.67

LAKE TAPPS

30144	AquaTechnex	\$117,821.07
30149	US Geological Survey (USGS)	\$78,399.50
30151	FloHawks Plumbing & Septic	\$472.61
30153	Honey Bucket	\$171.05
30157	Linde Gas & Equipment Inc.	\$2.93
30160	Pape Machinery Inc.	\$163.70
30168	Veolia Water North America	\$173,917.71
30170	Certified Hydraulics	\$5,907.60
30190	Honey Bucket	\$1,111.84
30193	LONG Building Technologies, Inc.	\$20,674.51
30203	Veolia Water North America	\$168,925.83
30216	FloHawks Plumbing & Septic	\$620.85
30217	Honey Bucket	\$171.05
30220	Linde Gas & Equipment Inc.	\$341.14
30241	AquaTechnex	\$49,902.82
30245	FloHawks Plumbing & Septic	\$448.40
30246	In-Situ Inc.	\$6,619.75
30263	Honey Bucket	<u>\$358.20</u>
		\$626,030.56

COMPUTER EQUIPMENT AND SOFTWARE

30143	Abila	\$254.37
30181	Access Telephone Solutions, Inc.	\$963.76
30215	Environmental Systems Research I	\$11,010.00
30255	Abila	<u>\$254.35</u>
		\$12,482.48

CONSTRUCTION

30137	Builders Exchange of Washington	\$45.00
30138	GeoEngineers	\$2,141.25
30139	Parametrix	\$2,178.75
30140	Vanir Construction Management Inc	\$15,122.93
30180	Source Electric	\$55,895.98
30205	Vanir Construction Management Inc	\$5,555.38
30240	Sazan Environmental Services	\$11,514.55
30252	Access Telephone Solutions, Inc.	\$2,830.87
30253	Johansen Construction Company, I	\$186,154.22
30254	Source Electric	<u>\$6,726.53</u>
		\$288,165.46

DESTROYED AND VOIDED CHECKS:

Total Warrants	\$1,774,917.46
Total Wires	\$5,707,422.00
Total warrants/wire transfers authorized for September 2022	\$7,482,339.46

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

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

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

	Operating Fund	Construction Fund	Bond Fund	RCFC Fund	Water Supply Development Fund	Rate Stabilization Fund	US Bank Payroll Account	All Funds
Beginning Balances, August 1	\$ 10,403,526	\$ 14,800,521	\$ 12,964,810	\$ -	\$ 7,997,994	\$ 2,143,565	\$ -	\$ 48,310,415
Additions:								
Cash received	\$ 6,707,904	\$ 13,744	\$ 40,353	\$ -	\$ 7,995	\$ 1,988	\$ -	\$ 6,771,984
Transfers from other Cascade funds	\$ -	\$ 1,596,125	\$ 812,048	\$ -	\$ -	\$ -	\$ 135,915	\$ 2,544,088
Total additions	\$ 6,707,904	\$ 1,609,869	\$ 852,401	\$ -	\$ 7,995	\$ 1,988	\$ 135,915	\$ 9,316,072
Subtractions:								
Bank fees, payroll, and bond payments	\$ 391	\$ 458	\$ 716	\$ -	\$ 346	\$ 66	\$ 135,915	\$ 137,892
Warrants paid	\$ 792,808	\$ 194,448	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 987,256
Wire and other electronic payments	\$ 3,057,548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,057,548
King Co. Investment Pool impairment (realized)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
King Co. Investment Pool impairment (retained)	\$ (149)	\$ (126)	\$ (69)	\$ -	\$ -	\$ (18)	\$ -	\$ (363)
Transfers to other Cascade funds	\$ 2,544,088	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,544,088
Total subtractions	\$ 6,394,686	\$ 194,780	\$ 647	\$ -	\$ 346	\$ 48	\$ 135,915	\$ 6,726,421
Ending Balances, August 31, 2022	\$ 10,716,744	\$ 16,215,610	\$ 13,816,564	\$ -	\$ 8,005,643	\$ 2,145,506	\$ -	\$ 50,900,066



MEETING MINUTES OF THE
BOARD OF DIRECTORS
VIA HYBRID MEETING
JULY 27, 2022

1. CALL TO ORDER

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

2. ROLL CALL

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

Board Member Absent: City of Tukwila (Ekberg)

Board Alternate Present: City of Redmond (Anderson)

3. PUBLIC COMMENT

None.

4. EXECUTIVE SESSION

None.

5. APPROVAL OF AGENDA

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

6. CHIEF EXECUTIVE OFFICER'S REPORT

Ray Hoffman, Cascade CEO, reviewed the Chief Executive Officer's Report that was included in the Board packet. Mr. Hoffman responded to questions from Board Members.

7. CONSENT ITEM

A. Board Meeting Minutes for June 22, 2022.

B. Motion to adopt Resolution No. 2022-11 approving a 2-year extension of the independent supply production waiver.

C. Motion to adopt Resolution No. 2022-12 approving the expansion of Sammamish Plateau Water and Sewer District service area to include the M-Brooke service area.

- D. Motion to adopt Resolution No. 2022-14 amending Cascade’s Human Resources Policy and Procedures Manual and Cascade Water Alliance Code 5.05.080 (A) to better align the compensation and annual budget process.

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

8. OTHER ACTION ITEMS

- A. Motion to adopt Resolution No. 2022-13 approving the amendment of Chapter 2.05 of the Cascade Water Alliance Code, the Bylaws, regarding Board Members and Alternates and the Participation in Meetings.

Alison Bennett, Cascade Intergovernmental & Communications Director, explained that Cascade’s Bylaws, codified in Chapter 2.05 of the Cascade Water Alliance Code (“CWAC”) 2.05 were adopted by the Board and have been amended from time to time. The Public Affairs Committee recommends changes to the bylaws. The current bylaws allow multiple alternates, so a new role is recommended as an “observer.” The amendments proposed at this time are intended to clarify the roles of Board Members and Alternates and to clarify participation in Board and Standing Committee meetings.

Motion by Ms. Birney and second by Mr. Warren to adopt Resolution No. 2022-13 approving the amendment of Chapter 2.05 of the Cascade Water Alliance Code, the Bylaws, regarding Board Members and Alternates and the Participation in Meetings. Motion carried unanimously (6-0).

- B. Motion to authorize the Chief Executive Officer to enter into Amendment No. 1 with Aquatechnex to perform herbicide treatment for control of aquatic vegetation in the Lake Tapps Reservoir, by increasing the maximum contract amount by \$50,000, for a total amount not to exceed \$225,000.

Mr. Hoffman explained that Cascade performs aquatic vegetation control as part of its ordinary maintenance of the Lake Tapps Reservoir. Each year, Cascade’s limnology consultant recommends proposed areas and methods of control based on observations from the prior year and boat survey of milfoil growth in the spring of the current year. Cascade typically performs two rounds of treatment – the first in July and the second in August. Mr. Hoffman said that milfoil growth has been significantly more problematic this year. He showed a bar chart that demonstrated the differences between the amounts budgeted for treatment versus the amounts actually spent. The 2022 actual amount of \$122,544 only reflects the first round of treatment. Cascade and Aquatechnex are in the process of estimating the costs for the second round of treatment based on the recent boat survey. These costs are likely to exceed the remaining contract amount of \$52,456. Given this, Cascade is requesting an increase to the budget of \$50,000, for a total not-to-exceed amount of \$225,000 (inclusive of Washington State sales tax and reserve for contingency). While Cascade doesn’t expect to spend the entire \$225,000, this amount will provide Cascade with flexibility to treat the most impacted areas.

Motion by Ms. Pauly and second by Mr. Warren to authorize the Chief Executive Officer to enter into Amendment No. 1 with Aquatechnex to perform herbicide treatment for control of aquatic vegetation in the Lake Tapps Reservoir, by increasing the maximum contract amount by \$50,000, for a total amount not to exceed \$225,000. Motion carried unanimously (6-0).

9. STAFF PRESENTATIONS

- A. Water Supply Development Fund Report

Ed Cebron, Chief Economist/Treasurer, provided a Water Supply Development Fund update. He said that the WSDF was introduced during the 2021-22 budget planning process. Cascade code calls for a biennial review of WSDF progress and status. While implemented 8 months ago, the intent is for biennial review in conjunction with the budget/rates process. This first review will help to establish a reporting structure and format. The WSDF purpose includes support future supply development; mitigate rate impacts of major projects; and satisfy Cascade fiscal policies. Overall, staff recommends that the current course be maintained until the supply strategy is resolved and then reevaluate the WSDF.

B. Budget and Rates

Chris Paulucci, Cascade Finance and Administration Manager, and Ed Cebron, Cascade Chief Economist/Treasurer, explained that the recovery of true-up amounts is proposed to be spread over the biennium rather than recovered wholly in the first year based on review with member staff. While all members continue to pay their allocated share of costs and Cascade's revenues do not change overall, this will help smooth out member rate impacts so that year-to-year volatility is reduced.

10. COMMITTEE REPORTS

- A. Executive Committee – no meeting held
- B. Finance & Management Committee – Meeting held June 21 and July 19, 2022
- C. Public Affairs Committee – Meeting held July 6, 2022
- D. Special Resource & Management Committee – Meeting held July 14, 2022

11. NEW BUSINESS

None.

12. NEXT REGULAR MEETING

Motion by Ms. Birney and second by Mr. Barksdale to cancel the August 24, 2022, Cascade Water Alliance Board meeting. Motion carried unanimously (6-0).

The next regular Board meeting will be held on September 28, 2022 at 3:30 p.m.

13. ADJOURN

The meeting adjourned at 4:47 p.m.

APPROVED BY:

Penny Sweet, Chair

Angela Birney, Vice-Chair

AGENDA MEMORANDUM

SUBJECT

Motion to authorize the Chief Executive Officer to execute a contract with the highest-rated firm to provide On-Call Value Analysis/Value Engineering Services in an amount not to exceed \$250,000.

BACKGROUND

The White River - Lake Tapps Reservoir project has several key infrastructure components that were originally designed and operated for hydropower production but is not currently operated to produce hydropower. In addition, some of the infrastructure components are near the end of their useful life. Examples of these are: Tunnel Intake conveyance system, valve house cone valve flow control and Fishscreen operations and maintenance.

To ensure Cascade's optimal decision-making on these assets going forward, considering that their original functional and performance requirements and operating context have changed, Cascade is requesting the service of an On-Call Value Analysis/Value Engineering (VA/VE) firm. The selected VA/VE firm will apply a structured VA/VE process to come up with best alternatives to rehab, repair, replace, operate, and maintain these key infrastructure components.

VA/VE is an organized effort directed at analyzing infrastructure systems, equipment, and material selections for the purpose of achieving essential functions at the lowest life cycle cost consistent with required performance, quality, reliability, and safety. The set of disciplined steps in the VA/VE process is meant to optimize initial and long-term investment, seeking the best possible value for the lowest cost.

The term of the contract is for three years.

PROCUREMENT PROCESS

An RFP was issued on August 8, 2022, in the Daily Journal of Commerce and Tacoma News Tribune. Proposals were due on August 30, 2022, and three proposals were received from the following:

- Value Management Strategies, INC
- SAZAN Group
- RHA, LLC

The proposals are rated on the following criteria: cover letter, background of the firm, firm experience, and staff experience and availability. Ratings were performed by Cascade staff on September 8. Cascade staff recommends hiring Sazan Group Inc. who was the highest rated firm interviewed.

FISCAL IMPACT

Budget Line	2022 Budget	Spent and Committed to Date	Available Budget	This Action	Remaining Balance
Condition Assessments/Asset Plans	\$70	\$0	\$70k	\$70K	\$0
Budget Line	2023-2024 Budget	Spent and Committed to Date	Available Budget	This Action	Remaining Balance
Condition Assessments/Asset Plans	\$200K	\$0	\$200K	\$180K	\$20K

*The contract is anticipated to end mid-2025. \$20K of the \$189K shown above in 2023-2024 will likely occur in 2025 and it will be budgeted for during the 2025-2026 budget process.

OPTIONS

1. Authorize the Chief Executive Officer to execute an On-Call Value Analysis/Value Engineering contract with the highest rated firm to provide On-Call Value Analysis/Value Engineering Services in an amount not to exceed \$250,000.
2. Do not authorize the Chief Executive Officer to take such action and provide direction to staff accordingly.

RECOMMENDED ACTIONS

Authorize the Chief Executive Officer to execute an On-Call Value Analysis/Value Engineering contract with the highest rated firm to provide On-Call Value Analysis/Value Engineering Services in an amount not to exceed \$250,000.

ATTACHMENTS

None.

AGENDA MEMORANDUM

SUBJECT

Motion to adopt Resolution No. 2022-15 adopting the 2023 - 2024 Cascade Budget.

BACKGROUND

Initial planning for the 2023 - 2024 Cascade Budget began in January 2022 with a review by the Board of the strategic plan and an update to work plans. Cascade developed an initial draft budget in March and from March to July refined the budget by incorporating feedback from the Finance Committee, Board, and member staff and including updated cost information.

At the March and April Finance and Management Committee meetings, the Committee discussed elements of the proposed budget that Cascade staff had developed and in May reviewed the budget on a line-item level. At its Board meetings on June 22 and July 27, the Board held discussions about the proposed 2023 - 2024 budget. Member staff have received and discussed updated budget and rates information monthly since April 2022.

At today's Board meeting, the Board will consider three related resolutions:

- the 2023 - 2024 Cascade Budget (Resolution No. 2022-15),
- the 2023 - 2024 Rates and Charges (Resolution No. 2022-16), and
- the 2023 - 2024 Regional Capital Facility Charge (Resolution No. 2022-17).

This agenda memorandum addresses only Resolution No, 2022-15, Attachment 1. Attachment 2 to this memorandum summarizes the 2023 - 2024 Cascade budget and 2023 - 2024 rates and charges. The other two resolutions are discussed in separate agenda memoranda.

The 2023 - 2024 Cascade Budget identifies sources and amounts of anticipated revenue, allocates revenues to Cascade's five funds, and establishes the 2023 - 2024 expenditure authority (appropriation authority). Expenditures from the funds will support Cascade's anticipated activities during 2023 and 2024. A detailed 2023 - 2024 Cascade Budget document will be published and distributed following budget adoption.

As required by Cascade Water Alliance Code 5.55.020, Cascade adopts a biennial budget.

PROCUREMENT PROCESS

Not Applicable.

FISCAL IMPACT

The fiscal impact of the 2023 – 2024 Cascade Budget is described in Attachment 1, Resolution 2022-15.

OPTIONS

1. Adopt Resolution No. 2022-15 adopting the 2023 - 2024 Cascade Budget.
2. Do not adopt Resolution No. 2022-15, and provide alternate direction to staff.

RECOMMENDED ACTIONS

Adopt Resolution No. 2022-15 adopting the 2023 - 2024 Cascade Budget.

ATTACHMENT

1. Proposed Resolution No. 2022-15.
2. 2023 - 2024 Cascade Budget and Member Rates Memorandum.



A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE, A
WASHINGTON MUNICIPAL CORPORATION,
PROVIDING FOR A CASCADE WATER ALLIANCE BUDGET AND
ADOPTING A BUDGET FOR 2023 AND A BUDGET FOR 2024

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

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

WHEREAS, by Resolution No, 2018-13, the Board established that both years of the biennium will be adopted; and

WHEREAS, Cascade staff developed preliminary proposed annual budgets for 2023 and 2024 and made presentations to the Board at its June 22, and July 27, 2022, Board meetings; and

WHEREAS, the Board determined that it is reasonable, appropriate, consistent with applicable law, and Cascade’s Joint Municipal Utility Services Agreement, and in the best interests of Cascade to adopt two consecutive annual budgets, which together shall be referred to as “the biennial budget.”

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

Section 1. 2023 Budget.

- A. Estimated Resources and Expenditures. The 2023 budget estimated resources and expenditure authority of the Cascade Water Alliance is hereby adopted as follows:

<i>Fund</i>	2023 appropriation authority
Operating	\$52,431,642
Water Supply Development	\$9,398,647
Rate Stabilization	\$2,181,498
Construction	\$26,125,333
Bond	\$22,502,171
Total	\$112,639,291

B. Staffing. 2023 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	12. General Counsel

C. Budget Document. The Chief Executive Officer and the Finance and Administration Manager are hereby directed to prepare, by December 31, 2022, a final 2023 budget document to include, at a minimum, the following:

- Line-item expenditure and revenue detail
- Comparative tables with prior years' data
- Narrative description of budget activity
- Financial policies
- Capital Improvement Program project descriptions, including cost estimates and historic cost projections
- Cash flow and borrowing projections and assumptions
- Performance measures tied to Cascade's Strategic Plan
- Organization chart
- Staff salary schedule

Section 2. 2024 Budget.

A. Estimated Resources and Expenditures. The 2024 Budget estimated resources and expenditure authority of the Cascade Water Alliance is hereby adopted as follows:

<i>Fund</i>	<i>2024 appropriation authority</i>
Operating	\$54,246,578
Water Supply Development	\$11,370,104
Rate Stabilization	\$2,290,715
Construction	\$24,298,926
Bond	\$23,170,942
Total	\$115,377,264

B. Staffing. 2024 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	12. General Counsel

C. Budget document. The Chief Executive Officer and the Finance and Administration Manager are hereby directed to prepare, by December 31, 2022, a final 2024 budget document to include, at a minimum, the following:

- Line-item expenditure and revenue detail
- Comparative tables with prior years' data
- Narrative description of budget activity
- Financial policies
- Capital Improvement Program project descriptions, including cost estimates and historic cost projections
- Cash flow and borrowing projections and assumptions
- Performance measures tied to Cascade's Strategic Plan
- Organization chart
- Staff salary schedule

Section 3. 2023 - 2028 Capital Improvement Program.

The 2023 and 2024 budgets include the following Capital Improvement Program plan expenditures:

Project	2023 Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2023-2028 Total
301-Upper Conveyance	\$3,425,000	\$275,000	\$50,000	\$50,000	\$500,000	\$2,000,000	\$6,300,000
303-Lower Conveyance	\$0	\$1,000,000	\$2,500,000	\$3,000,000	\$1,500,000	\$100,000	\$8,100,000
304-Lake Tapps Reservoir	\$100,000	\$0	\$0	\$1,200,000	\$600,000	\$0	\$1,900,000
305-SCADA and Security	\$50,000	\$0	\$0	\$0	\$0	\$0	\$50,000
306-Facilities	\$200,000	\$200,000	\$0	\$0	\$100,000	\$100,000	\$600,000
307-Equipment	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$450,000
310-Bellevue-Issaquah Pipeline(BIP)	\$50,000	\$130,000	\$550,000	\$550,000	\$0	\$0	\$1,280,000
324-IT Infrastructure	\$25,000	\$35,000	\$25,000	\$35,000	\$25,000	\$35,000	\$180,000
Subtotal - Projects	\$3,925,000	\$1,715,000	\$3,200,000	\$4,910,000	\$2,800,000	\$2,310,000	\$18,860,000
315-Capital Risk	\$500,000	\$500,000	\$500,000	\$600,000	\$600,000	\$600,000	\$3,300,000
309-Tacoma Agreement	\$6,094,972	\$6,216,872	\$6,341,209	\$6,468,033	\$6,597,394	\$6,729,342	\$38,447,822
322-Seattle Agreement	\$0	\$5,000,000	\$0	\$0	\$0	\$0	\$5,000,000
Grand Total	\$10,519,972	\$13,431,872	\$10,041,209	\$11,978,033	\$9,997,394	\$9,639,342	\$65,607,822

Section 4. Fund Management Rules.

The 2023 and 2024 budgets include the following Fund Management Rules:

Fund / Purpose	Target (2023*)	Minimum (2023*)	Maximum (2023*)	Causes of Deviation	Response to Replenish Deficiency	Response to Draw Down Surplus
Operating Fund <i>Reserve to provide cash flow liquidity and cushion against budget deviation</i>	50 days of budgeted operating expense (\$4.8m) plus funding accruals for major cyclical expenses such as sediment removal and system plans (\$0.2m)	45 days of budgeted operating expense (\$4.3m) plus funding accruals for major cyclical expenses such as sediment removal and system plans (\$0.3m)	75 days of budgeted operating expense (\$7.1m) plus funding accruals for major cyclical expenses such as sediment removal and system plans (\$0.3m)	1) Variations in revenues, expenses or transfers 2) Rate Smoothing	Continue rate planning to target fund balance, contingent on 5-year rate smoothing (max. of 5 years to recover)	Budgeted transfers to construction fund, contingent on requirements for projected 5-year rate smoothing
Rate Stabilization Fund <i>Reserve to provide source of revenues to offset significant budget deviation and satisfy cash flow, coverage requirements</i>	5% of budgeted operating revenues (excluding RCFCs) (\$2.2m)	4% of budgeted operating revenues (excluding RCFCs) (\$1.7m)	7% of budgeted operating revenues (excluding RCFCs) (\$3.1m)	1) Fund earnings 2) Use of RSF 3) Delayed or reduced transfers from Operating Fund	Continue rate planning to target fund balance, contingent on 5-year rate smoothing (max. of 5 years to recover)	No additions to fund; if excess is projected for more than 5 years, budget transfer to construction (subject to meeting coverage policy)
Construction Fund <i>CIP funding and repository for bond proceeds until expended on projects</i>	No specific target except to provide adequate funds for ongoing construction projects and obligations (\$7.5m)	\$6.0m based on January capital payment due to TPU	Long-term CIP funding needs as determined by the Board	1) Project costs in excess of budget 2) Delay in bond proceeds or other funding sources	1) Transfer from WSDF, Operating or other funds 2) Debt issuance	1) Transfer to other funds including WSDF 2) Debt Retirement 3) Reduce capital funding from RCFCs
Bond Fund: Reserve Account <i>Comply with bond covenants and provide a safeguard against shortfall when payments are due</i>	Maximum annual debt service (\$4.2m)	Maximum annual debt service requiring reserve (\$4.2m)	Maximum annual debt service requiring reserve (\$4.2m)	Deficit in bond repayment draws down reserve account	Immediate transfer from Operating Fund	Transfer to Bond Debt Service Account
Bond Fund: Debt Service Account <i>Accumulate funds for scheduled bond principal and interest payments</i>	Accrued principal and interest on outstanding bonds (\$5.8m) (12/31/22)	Accrued principal and interest on outstanding bonds (\$5.8m) (12/31/22)	Accrued principal and interest on outstanding bonds (\$5.8m) (12/31/22)	Inadequate or delayed transfer of funds from Operating or other Funds	Immediate transfer from Operating or other Funds	Reduce transfers from Operating or other Funds until target restored
Water Supply Development Fund (WSDF) <i>Accumulate funds for major water supply projects to moderate rate impacts and meet debt/equity policies</i>	Determined by capital funding strategy for future supply projects (\$8.2m)	Determined by capital funding strategy for future supply projects (\$9.4m)	Determined by capital funding strategy for future supply projects (\$12.0m)	Inadequate or delayed transfer of funds, reduced earnings, or changes in fund targets	Budgeted increases in transfers from Operating and Construction Funds to meet capital funding strategy	Budgeted reductions in transfers from Operating and Construction Funds, transfers to other funds, or distribution to Members per resolution
* 2023 estimates are based on proposed 2023 budget and financial requirements as of July 18, 2022.						

Section 5. Effect.

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

ADOPTED AND APPROVED by the Board of Directors of the Cascade Water Alliance at a regular meeting thereof, held on the 28th day of September 2022.

CASCADE WATER ALLIANCE

Penny Sweet, Chair

Attest – Ray Hoffman, Chief Executive Officer

Angela Birney, Vice Chair

Allan Ekberg, Secretary/Treasurer

Members

Yes _____

No _____

Demand Share

Yes _____%

No _____%

Include in CWAC?

Yes

No



FINAL MEMORANDUM

DATE: September 9, 2022

TO: Cascade Member Agencies

FROM: Ed Cebron, Chief Economist/Treasurer
Paula Anderson, Program and Policy Assistant

SUBJECT: Documentation of Recommended 2023 and 2024 Member Charges

Based on the preliminary budget and CIP, general rate revenue increases of 2.2% are projected for 2022 and for 2023. These increases are primarily due to inflationary pressure, rate smoothing, and, in 2024, initiation of dedicated annual rate funding for Lake Tapps development via the WSDF. The increases for this biennium remain consistent with prior forecasts of member charges. Subsequently, the level of increases will likely increase, and will be increasingly affected by inflationary trends. At present, the forecast beyond this upcoming biennium projects several years of 3% annual increases, premised on 3% cost escalation. While Cascade's rates are only partially driven by inflationary pressures, higher general inflation will likely require some corresponding increase to continue to meet financial objectives.

For the 2023/2024 budget period, two years of increases and rates have been developed. While the 2023 charges are fully reconciled with member demand history, the 2024 rates and charges are imposed based in part on estimates of 2022 demands and customer count. For the 2024 fiscal year, a reconciliation of the imposed charges and actual costs will result in true-ups for individual Members. These true-ups will be calculated during 2023 once all related data are available, and applied in the 2025/2026 budget period. While altering individual member charges, the true-up amounts balance out for Cascade, and neither increase nor decrease the total amount collected.

In general, the 2022 true-up amounts have tended to exacerbate variation of impacts among members. This reflects that the variation from forecast has been caused by ongoing trends, rather than random variability, and the impacts on 2022 thus tend to compound with similar impacts for 2023. In order to mitigate member rate impacts and to reduce overall volatility, the proposed rates reflect true-up amounts that are structured to be applied equally over two years rather than entirely in 2023.

For this biennium, we have also modified the presentation of information in this report to reflect two significant changes: 1) the addition of temporary water sales to Issaquah; and 2) the separation of Redmond into its two constituent enterprises: "City" and "Novelty Hill". The Issaquah temporary sale began in late 2021 and begins to have a small impact on demand shares in 2024 with an increment that then grows in subsequent years. The Redmond revision is a modification that has no impact on Redmond's or other Member's charges; it simply separates the two Redmond water utility enterprises for purposes of calculating the Member charges. This is intended to assist Redmond in allocating Cascade charges between its two enterprises. The aggregate charges to Redmond remain unchanged, and Cascade has fully reconciled the consolidated and separated charges to ensure that no net impact occurs.

Any general system increase, such as the 2023 increase of 2.2%, does not translate to equal percentage increases for all Members, since Member charges are based on each agency's total customer base and actual water usage, which vary in both absolute and relative terms from year to year. In addition, the charges also include the true-up amounts calculated for fiscal year 2022, further altering relative Member charges.

The following information outlines the development of recommended charges for individual Members for 2023 and for 2024. It relies on information provided by SPU and by Member agencies related to water demand, water supply and customer base. For 2024, it also relies on Cascade assumptions regarding projected CERU count and wholesale demand for 2022; the methods used to estimate these are detailed below.

Purpose: *This final memorandum provides documentation of the basis for Member charges for 2023 and 2024. It is provided to all Members to communicate the basis for their charges and for use in their own utility financial budgeting and planning.*

Cascade Revenue Structure

Cascade collects revenue from Members through four separate charges. These include:

- **Administrative Dues** are based on budgeted administrative costs for 2023 and 2024 and actual CERU counts as of January 1st of the previous year. For 2023, actual CERU counts are based on data reported by Members for year-end 2021. For 2024, estimated CERU counts add assumed Member CERU growth for 2022. These are based on the Cascade estimate of CERU total growth of 1000 CERUs budgeted for 2022. This growth of 1000 CERUs is then subjectively allocated to Members based on recent growth experience. The administrative dues are expressed in terms of a charge per CERU. Members pay Administrative Dues based on the number of CERUs that they serve. The contractual limit on administrative dues is 9% of total revenue requirements. For 2023 and 2024, the charge falls below this limit at 8.48% and 8.14%, respectively.
- **Conservation Charges** are also based on CERU counts for the two budget years. The 2023 and 2024 Conservation Charge reflect the budgeted conservation program for each year.
- **Demand Share Charges** are based on a rolling three-year demand history. For 2023, this is based on actual histories for 2019-2021. For 2024, the average incorporates estimated Member demands for 2022. These estimates are based on the most recent three-year average demand, adjusted for estimated changes in CERU demands and for estimated growth in Member customer base. Based on previous Board action, minimum demand shares are assigned for two agencies, Sammamish Plateau and Issaquah, and are applied in lieu of actual history if they exceed the related calculated value. For both years, these Members exceed the adopted minimum and it thus is not applicable. Demand Share Charges account for the majority (roughly 85% to 90%) of Cascade’s rate revenue and are solely based on actual historical data. *Note: The Board has adopted a resolution that reduces the minimum demand shares after the end of the 2024 fiscal year to 0.25 mgd for Issaquah and Sammamish Plateau. This amount is consistent with minimum flow requirements needed to maintain water quality in the Bellevue-Issaquah pipeline.*
- **Regional Capital Facilities Charges (RCFCs)** are charged based on reported growth in customer base. RCFCs are relatively volatile and are not relied on for Cascade operations. Instead, they are deposited into a separate RCFC fund, from which transfers are made to support debt service and to fund capital projects. For 2023 and 2024, 100% of RCFCs will continue to be transferred to construction, ending their support of ongoing debt service. This summary does not project RCFCs or establish payment obligations in advance of actual growth. While Cascade develops its budgets and plans based on expected connections, Members are not obligated to pay RCFCs except as growth actually occurs.

Cascade Equivalent Residential Units (CERUs)

Discussed in the Cascade JMUSA and the RCFC Methodology, the CERU is one of the key metrics that Cascade uses to allocate costs to its Members. CERUs are generally comparable to “residential equivalents” used by many water or sewer utilities and loosely reflect equivalent usage and demands for a typical single-family home. Per Table 1 of the Cascade RCFC Methodology, CERU counts are based on an inventory of water meters and flow equivalency factors established by the American Water Works Association. The 2023 charges are based on actual CERU counts as reported for the end of 2021. The 2024 charges are based on the estimated CERU count at the end of 2022. **Table 1** summarizes the calculation of 2023 and 2024 CERUs based on water meter counts as of 12/31/21 and estimated 2022 growth by Member:

Table 1: CERU Calculations for 2023 and 2024 Charges

Water Meter Size	Number of CERUs	Water Meter Counts as of 12/31/21 *								Total
		Redmond								
		Bellevue	Issaquah	Kirkland	Redmond CITY	NOVELTY HILL	SP Water	Skyway WD	Tukwila	
3/4" [incl. 5/8x3/4"]	1.0	32,968	6,922	11,140	12,484	3,310	17,537	3,241	1,396	88,998
1"	2.5	3,793	1,089	1,044	795	52	525	103	293	7,694
1.5"	5.0	2,206	461	546	1,201	84	774	38	327	5,637
2"	8.0	999	319	321	582	52	139	9	185	2,606
3"	16.0	200	41	52	71	5	27	8	39	443
4"	25.0	108	15	18	75	2	6	0	27	251
6"	50.0	39	3	0	10	1	0	0	18	71
8"	80.0	6	0	0	4	0	0	0	8	18
10"	115.0	1	0	0	0	0	0	0	3	4
Total Number of Meters		40,320	8,850	13,121	15,222	3,506	19,008	3,399	2,296	105,722
Total Number of 2023 CERUs		69,917.5	15,682.5	20,330.0	28,963.5	4,456.0	24,413.5	3,888.5	8,427.5	176,079.0
Estimated CERU Growth in 2022		250	160	160	180	10	220	5	15	1,000.0
Total Number of 2024 CERUs		70,167.5	15,842.5	20,490.0	29,143.5	4,466.0	24,633.5	3,893.5	8,442.5	177,079.0

* - Exclude fire lines/meters and deduct meters; single-family residential combination domestic/fire meters are counted and shown one size lower than reported.

Several notes regarding the water meter and CERU counts shown in **Table 1:**

- Section 2.2 of the RCFC Methodology explicitly states that fire sprinkler and exempt/deduct meters are not counted as CERUs because they do not increase system demand. When reported as such by Members, dedicated fire meters are excluded from the CERU calculation.
- Section 2.3 requires Members to report total connected CERUs to Cascade on a quarterly basis for the purpose of collecting RCFCs, an administrative practice that has transitioned to monthly reporting of net additions or deletions of meters. Meters not actually connected to the water system are not counted as CERUs for administrative dues or conservation charges, even if RCFCs have been paid. Meters that are connected are counted as CERUs whether or not the account is active at the time of inventory (for example irrigation meters which are turned off in the winter season).
- Following RCFC audits conducted in 2018 and 2019, Cascade adopted revisions to its procedures for determining CERUs. A running total of meters and CERUs is now maintained, and adjusted in response to Member reports of new or disconnected meters (typically monthly). This CERU count is now presented to Members each year for confirmation or proposed revision; absent any such response and resulting adjustment, the CERU count is used as accumulated through this process.
- Most Members report combined domestic/fire meters for single family residences. These meters are generally 1-inch or 1.5 inch meters that were oversized from 3/4-inch meters to provide fire flow capacity. When Members report combined residential domestic/fire meters, they are defined by CERU methodology to be based on an equivalent domestic meter requirement excluding fire sprinkler load. Absent specific documentation from the Member, they are adjusted assuming that each such meter is oversized one incremental size to support fire flow. For example, a 1-inch meter is counted as a ¾-inch meter, a 1.5 inch meter as a 1 inch meter, etc. Members are requested to report both actual and equivalent sizes. RCFCs are imposed based on the equivalent factor.
- The CERUs used for the adopted 2022 charges will be subject to reconciliation once actual 2022 year-end meter counts are confirmed by Members.

Administrative Dues

Administrative Dues are imposed on Members to recover the various administrative costs that Cascade incurs in its day-to-day operations – examples include salaries and benefits of administrative personnel, office space rental, legal costs, and public process.

Members pay Administrative Dues annually according to the number of reported Cascade Equivalent Residential Units (CERUs) for the prior completed fiscal year at time of budgeting. Thus, for 2023 rates, the year-end 2021 CERU counts are used. For 2024 rates, the estimated 2022 CERU growth by Member is added to the year-end 2019 CERU counts to determine an estimated CERU count. In the event of service area additions or deletions, the actual counts would be further adjusted to reflect those transactions.

The Administrative Dues rate is derived for a given year by dividing that year’s projected administrative expenses by the total number of CERUs for Cascade Members (see Table 1). Beginning with 2021, the allocated budget has included an annual provision for accrual and use of reserves for the periodic Transmission and Supply Plan. This feature will smooth out this substantial cost over the TSP 10 year update cycle. Cascade manages its operating reserve to reflect the accrual and use of these funds.

Cascade policy constrains the amount that Cascade can collect in Administrative Dues – annual collections are limited to nine percent (9.0%) of the Member Charge revenue requirement. **Table 2** shows the derivation of the 2023 and 2024 Administrative Dues rates:

Table 2: Derivation of 2023 and 2024 Administrative Dues

Administrative Dues Rate Calculation	Existing 2022	2023	2024
Projected Administrative Expenses:			
Wages	\$ 1,391,826	\$ 1,633,155	\$ 1,694,712
Professional services	\$ 705,900	\$ 559,500	\$ 468,555
Goods & services	\$ 749,312	\$ 804,757	\$ 834,284
Legal Services	\$ 760,000	\$ 560,000	\$ 560,000
Equipment	\$ 35,000	\$ 40,000	\$ 25,000
Travel	\$ 12,000	\$ 10,000	\$ 10,000
Miscellaneous	\$ 11,000	\$ 11,000	\$ 11,000
Contingency	\$ 266,298	\$ 247,759	\$ 150,000
Provision for TSP Accrual	\$ (190,000)	\$ (90,000)	\$ (47,000)
Total	\$ 3,741,336	\$ 3,776,171	\$ 3,706,551
<i>as % of revenue requirement</i>	8.58%	8.48%	8.14%
Administrative Dues Revenue Cap	\$ 3,923,341	\$ 4,009,654	\$ 4,097,867
Applicable CERU Count	174,555	176,079	177,079
<i>Administrative Cost per CERU</i>	\$ 21.43	\$ 21.45	\$ 20.93
Administrative Dues Rate per CERU	\$ 21.43	\$ 21.45	\$ 20.93

Table 3 shows the proposed 2023 and 2024 Administrative Dues payment for each Member:

Table 3: 2023 and 2024 Administrative Dues Payments by Member

Administrative Dues	Existing 2022	2023	2024
Bellevue	\$ 1,483,625	\$ 1,499,443	\$ 1,468,720
Issaquah	\$ 329,939	\$ 336,325	\$ 331,609
Issaquah <i>Temporary</i>	\$ -	\$ -	\$ -
Kirkland	\$ 433,495	\$ 435,995	\$ 428,889
Redmond CITY	\$ 710,557	\$ 621,148	\$ 610,021
Redmond NOVELTY HILL	\$ -	\$ 95,563	\$ 93,481
Sammamish Plateau Water	\$ 520,151	\$ 523,569	\$ 515,619
Skyway WSD	\$ 83,280	\$ 83,392	\$ 81,497
Tukwila	\$ 180,289	\$ 180,735	\$ 176,715
Total	\$ 3,741,336	\$ 3,776,171	\$ 3,706,551

Conservation Charges

Conservation Charges were introduced in 2005 as a means of recovering the costs of Cascade’s conservation program. Like Administrative Dues, Conservation Charges are imposed on Members on a CERU basis. **Table 4** shows the derivation of the Conservation Charge for 2023 and 2024:

Table 4: Derivation of 2023 and 2024 Conservation Charges

<u>Conservation Charge Rate Calculation</u>	Existing 2022	2023	2024
Projected Conservation Expenses:			
Wages	\$ 215,374	\$ 169,122	\$ 176,015
Goods & services	\$ 392,000	\$ 392,000	\$ 392,000
Rebates	\$ 75,000	\$ 75,000	\$ 75,000
Professional Services	\$ 82,500	\$ 82,500	\$ 82,500
Legal Services	\$ 75,000	\$ 75,000	\$ 75,000
Total	\$ 839,874	\$ 793,622	\$ 800,515
Applicable CERU Count	174,555	176,079	177,079
Conservation Charge per CERU	\$ 4.81	\$ 4.51	\$ 4.52

Table 5 shows the 2023 and 2024 Conservation Charge payments for each Member:

Table 5: 2023 and 2024 Conservation Charge Payments by Member

<u>Conservation Charges</u>	Existing 2022	2023	2024
Bellevue	\$ 333,052	\$ 315,132	\$ 317,204
Issaquah	\$ 74,066	\$ 70,684	\$ 71,619
Issaquah <i>Temporary</i>	\$ -	\$ -	\$ -
Kirkland	\$ 97,313	\$ 91,631	\$ 92,628
Redmond CITY	\$ 159,510	\$ 130,544	\$ 131,748
Redmond NOVELTY HILL	\$ -	\$ 20,084	\$ 20,189
Sammamish Plateau Water	\$ 116,766	\$ 110,036	\$ 111,360
Skyway WSD	\$ 18,695	\$ 17,526	\$ 17,601
Tukwila	\$ 40,472	\$ 37,984	\$ 38,166
Total	\$ 839,874	\$ 793,622	\$ 800,515

Demand Share Charges

The Demand Share Charge recovers costs that are not otherwise recovered through the other Member Charges or other sources of revenue. It is computed by dividing the Demand Share cost basis by the number of Demand Shares. A Member’s Demand Share in a given year is based on a three-year rolling average – the 2021 calculations are based on data from 2019 – 2021 as the three most recently completed years. Each Member’s Demand Share is initially established as the greater of:

- Average daily demand (in mgd) from Cascade during the peak season (June 1 – September 30)
- Average daily demand (in mgd) from Cascade for the entire calendar year

Two agencies have minimum demand shares assigned based on Board action: Sammamish Plateau at 1.0 mgd and Issaquah at 0.75 mgd. At present, both agencies exceed minimum demand shares.

Table 6 provides a summary of actual wholesale water demands for the three years 2019-2021, and an estimated wholesale water demand for 2022. It summarizes total annual, peak season, and peak month demands. The peak month demands are purely informational and are not used to determine Cascade charges. The estimated 2022 demand is derived from the three-year rolling average for 2019-2021. This value is adjusted downward to reflect ongoing trends in CERU water efficiency, and then adjusted upward to reflect the addition of CERUs to the customer base (essentially 2 years of growth to adjust from 2020, the midpoint of the three-year average, to 2022).

In developing this summary, transfers among Members are recognized as adjustments. The reported volumes for delivery of water to the Rose Hill area serving Kirkland, Redmond and Bellevue are originally reported from Seattle to Cascade as Kirkland volume, and then allocated among these Members based on a Member-provided allocation. In that allocation, reported volumes were adjusted by the Members to conform to Seattle meter reads. Also, metered deliveries from Seattle are typically based on meter reads occurring near the 20th of each month. Peak season usage for June through September is pro-rated based on days contained in each month to estimate actual usage within the four month period. For example, a bill based on a June 20 meter read that follows a May 20 meter read would be allocated 11/31 to May and 20/31 to June. This is primarily relevant for the June 1 and September 30 endpoints of the peak summer season used to determine demand shares. Other Member reports of production and transfers are assumed to be reported on a calendar month basis and are not adjusted, unless otherwise documented by the Member. Peak month usage is informational only, and is simply the highest reported month of system demand.

Beginning in October, 2021, Issaquah began taking temporary water under a temporary water contract. This contract provides a block of water at reduced cost to offset the impact of removing wells from service. Due to its occurrence in the off-peak season, the usage in 2021 has no impact on Issaquah's demand shares or resulting charges. Usage in 2022 will have an impact on demand shares, affecting demand shares and payments for 2024 and beyond. The discounted temporary block is contingent on a commensurate reduction in well production. This is monitored and audited by verifying that total Issaquah well production has correspondingly declined, as provided in contract. If or to the degree that production exceeds threshold levels, the discounted block is correspondingly reduced, shifting this usage back to the basis for full cost water. Temporary water deliveries and the derivation of related demand shares are now separately documented in the Appendix to this report.

**Table 6: Three Year History of Member Wholesale Demands 2019-2021 and 2022 Estimated Demand
(Used to Determine 2023 and 2024 Demand Shares)**

Annual Water Demand	CCF				MGD			
	2019	2020	2021	est. 2022	2019	2020	2021	est. 2022
1 Bellevue	7,006,375	6,829,170	7,414,339	7,080,188	14.36	13.96	15.19	14.51
2 Issaquah	556,632	580,905	597,626	626,475	1.14	1.19	1.22	1.28
2A Issaquah Temporary			41,361	224,465	-	-	0.08	0.46
3 Kirkland	1,868,370	1,869,228	1,926,471	1,886,368	3.83	3.82	3.72	3.72
4 Redmond CITY	1,677,074	1,530,509	1,689,686	1,635,130	3.44	3.14	3.46	3.35
4A Redmond NOVELTY HILL	359,553	364,723	394,092	367,216	0.74	0.75	0.81	0.75
5 Sammamish Plateau Water	500,761	551,581	669,747	598,120	1.03	1.13	1.37	1.23
6 Skyway WSD	174,495	168,313	172,297	169,528	0.36	0.34	0.35	0.35
7 Tukwila	890,374	796,917	910,465	857,402	1.82	1.63	1.87	1.76
Total	13,033,634	12,691,346	13,816,084	13,444,891	26.7	25.9	28.3	27.6

Peak Season Water Demand	CCF				MGD			
	2019	2020	2021	est. 2022	2019	2020	2021	est. 2022
1 Bellevue	2,999,371	3,003,944	3,393,178	3,134,551	18.39	18.42	20.80	19.22
2 Issaquah	252,164	255,499	289,462	282,396	1.55	1.57	1.77	1.73
2A Issaquah Temporary			-	114,171	-	-	-	0.70
3 Kirkland	835,380	848,608	925,434	869,525	5.12	5.20	5.67	5.33
4 Redmond CITY	801,458	718,630	862,210	795,208	4.91	4.41	5.29	4.88
4A Redmond NOVELTY HILL	174,521	179,175	203,898	183,086	1.07	1.10	1.25	1.12
5 Sammamish Plateau Water	186,300	188,584	240,002	217,540	1.14	1.16	1.47	1.33
6 Skyway WSD	65,158	62,100	67,101	64,006	0.40	0.38	0.41	0.39
7 Tukwila	385,235	343,087	409,026	375,568	2.36	2.10	2.51	2.30
Total	5,699,587	5,599,626	6,390,310	6,036,050	34.9	34.3	39.2	37.0

Peak Month Water Demand	CCF				MGD			
	2019	2020	2021	est. 2022	2019	2020	2021	est. 2022
1 Bellevue	796,061	861,143	999,618	900,333	19.21	20.78	24.12	21.72
2 Issaquah	79,969	86,367	83,269	89,384	1.93	2.08	2.01	2.16
2A Issaquah Temporary			-	29,011	-	-	-	0.70
3 Kirkland	221,858	243,789	256,092	244,386	5.35	5.88	6.18	5.90
4 Redmond CITY	221,668	227,681	275,074	245,358	5.35	5.49	6.64	5.92
4A Redmond NOVELTY HILL	47,046	56,977	62,665	55,562	1.14	1.37	1.51	1.34
5 Sammamish Plateau Water	51,863	55,281	76,317	65,834	1.25	1.33	1.84	1.59
6 Skyway WSD	16,623	16,548	19,027	17,456	0.40	0.40	0.46	0.42
7 Tukwila	103,443	98,938	111,202	105,162	2.50	2.39	2.68	2.54
Total	1,538,529	1,646,723	1,883,263	1,752,486	37.1	39.7	45.4	42.3

Table 7 summarizes the 2023 and 2024 Demand Share calculations (more detailed calculations for each Member are attached as an appendix):

Table 7: 2023 and 2024 Demand Share Calculations

Member	2022 Actual		2023 Actual		2024 Estimated	
	Demand Share (MGD)	% of Total	Demand Share (MGD)	% of Total	Demand Share (MGD)	% of Total
Bellevue	19.0504	52.9%	19.2038	53.1%	19.4800	53.1%
Issaquah	1.5777	4.4%	1.6291	4.5%	1.6909	4.6%
Issaquah Temporary	0.0000	0.0%	0.0000	0.0%	0.0467	0.1%
Kirkland	5.1695	14.4%	5.3329	14.8%	5.4027	14.7%
Redmond CITY	6.1488	17.1%	4.8687	13.5%	4.8560	13.2%
Redmond NOVELTY HILL	0.0000	0.0%	1.1396	3.2%	1.1571	3.2%
Sammamish Plateau Water	1.3438	3.7%	1.2567	3.5%	1.3205	3.6%
Skyway WSD	0.3962	1.1%	0.3972	1.1%	0.3949	1.1%
Tukwila	2.3365	6.5%	2.3244	6.4%	2.3047	6.3%
Total	36.0228	100.0%	36.1524	100.0%	36.6533	100.0%

Note: "2022 Actual" differs from the basis for budgeted 2022 charges, reflecting actual rather than estimated 2020 demands. These demand shares have been used to establish a true-up of 2022 charges and related 2023 surcharges and credits.

Table 8 shows the Demand Share Charge calculation for 2023 and 2024:

Table 8: Derivation of 2023 and 2024 Demand Share Charge

Demand Share Charge Calculation	Existing 2022	2023	2024
Total Prior-Year Member Charge Revenue Excluding RCFCs	\$42,654,283	\$43,592,677	\$44,551,716
Planned Member Charge Revenue Adjustment	2.20%	2.20%	2.20%
Projected Member Charge Revenue	\$43,592,677	\$44,551,716	\$45,531,854
Less: Projected Administrative Dues	\$ (3,741,336)	\$ (3,776,171)	\$ (3,706,551)
Less: Projected Conservation Charges	\$ (839,874)	\$ (793,622)	\$ (800,515)
Demand Share Cost Basis	\$39,011,467	\$39,981,923	\$41,024,788
Projected Demand Share Basis	36.0228	36.1524	36.6533
Demand Share Charge	\$1,082,965	\$1,105,928	\$1,119,265
Corresponding Charge Per Demand Share %	\$390,115	\$399,819	\$410,248

Table 9 shows the 2023 and 2024 Demand Share Charge payments for each Member.

Table 9: 2023 and 2024 Demand Share Charges By Member

Demand Share Charges	Existing 2022	2023	2024
	Total Payment	Total Payment	Total Payment
Bellevue	\$ 20,580,180	\$ 21,237,988	\$ 21,803,317
Issaquah	\$ 1,738,960	\$ 1,801,664	\$ 1,892,544
Issaquah <i>Temporary</i>	\$ -	\$ -	\$ 52,232
Kirkland	\$ 5,478,039	\$ 5,897,824	\$ 6,047,052
Redmond - CITY	\$ 6,932,311	\$ 5,384,478	\$ 5,435,113
Redmond - NOVELTY HILL	\$ -	\$ 1,260,275	\$ 1,295,065
Sammamish Plateau Water	\$ 1,362,345	\$ 1,389,768	\$ 1,477,987
Skyway WSD	\$ 425,914	\$ 439,289	\$ 441,952
Tukwila	\$ 2,588,718	\$ 2,570,637	\$ 2,579,525
Total	\$ 39,106,467	\$ 39,981,923	\$ 41,024,787

Total Member Charges

Table 10 summarizes the Total 2023 and 2024 Member Charges for each Member.

Table 10: Summary of 2023 and 2024 Member Charges

2022 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	Total
Bellevue	\$ 1,483,288	\$ 295,312	\$ 20,580,180	\$ 22,358,780
Issaquah	\$ 330,018	\$ 65,704	\$ 1,738,960	\$ 2,134,682
Issaquah Temporary	\$ -	\$ -	\$ -	\$ -
Kirkland	\$ 433,427	\$ 86,292	\$ 5,478,039	\$ 5,997,758
Redmond CITY	\$ 709,707	\$ 141,298	\$ 6,932,311	\$ 7,783,316
Redmond NOVELTY HILL	\$ -	\$ -	\$ -	\$ -
Sammamish Plateau Water	\$ 521,316	\$ 103,790	\$ 1,362,345	\$ 1,987,451
Skyway Water & Sewer District	\$ 83,438	\$ 16,612	\$ 425,914	\$ 525,964
Tukwila	\$ 180,143	\$ 35,865	\$ 2,588,718	\$ 2,804,726
Total	\$ 3,741,337	\$ 744,873	\$ 39,106,467	\$ 43,592,677

2023 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	Total 2023 Charges	Increase Over 2022 Charges
Bellevue	\$ 1,499,443	\$ 315,132	\$ 21,237,988	\$ 23,052,563	3.10%
Issaquah	\$ 336,325	\$ 70,684	\$ 1,801,664	\$ 2,208,673	3.47%
Issaquah Temporary	\$ -	\$ -	\$ -	\$ -	0.00%
Kirkland	\$ 435,995	\$ 91,631	\$ 5,897,824	\$ 6,425,450	7.13%
Redmond CITY	\$ 621,148	\$ 130,544	\$ 5,384,478	\$ 6,136,170	-3.48%
Redmond NOVELTY HILL	\$ 95,563	\$ 20,084	\$ 1,260,275	\$ 1,375,922	n/a
Sammamish Plateau Water	\$ 523,569	\$ 110,036	\$ 1,389,768	\$ 2,023,373	1.81%
Skyway Water & Sewer District	\$ 83,392	\$ 17,526	\$ 439,289	\$ 540,207	2.71%
Tukwila	\$ 180,735	\$ 37,984	\$ 2,570,637	\$ 2,789,356	-0.55%
Total	\$ 3,776,170	\$ 793,621	\$ 39,981,923	\$ 44,551,714	2.20%

2022 True-up (50%)	Total Payments	Increase Over 2022 Payments With 2022 True-up
\$ 50,549	\$ 23,103,112	3.33%
\$ (13,131)	\$ 2,195,542	2.85%
\$ -	\$ -	n/a
\$ 66,991	\$ 6,492,441	8.25%
\$ (128,515)	\$ 6,007,655	-5.14%
\$ -	\$ 1,375,922	n/a
\$ 48,118	\$ 2,071,491	4.23%
\$ 2,103	\$ 542,310	3.11%
\$ (26,113)	\$ 2,763,243	-1.48%
\$ 0	\$ 44,551,715	2.20%

2024 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	Total	Increase Over 2023 Charges
Bellevue	\$ 1,468,720	\$ 317,204	\$ 21,803,317	\$ 23,589,241	2.33%
Issaquah	\$ 331,609	\$ 71,619	\$ 1,892,544	\$ 2,295,772	3.94%
Issaquah Temporary	\$ -	\$ -	\$ 52,232	\$ 52,232	n/a
Kirkland	\$ 428,889	\$ 92,628	\$ 6,047,052	\$ 6,568,569	2.23%
Redmond CITY	\$ 610,021	\$ 131,748	\$ 5,435,113	\$ 6,176,882	0.66%
Redmond NOVELTY HILL	\$ 93,481	\$ 20,189	\$ 1,295,065	\$ 1,408,735	2.38%
Sammamish Plateau Water	\$ 515,619	\$ 111,360	\$ 1,477,987	\$ 2,104,966	4.03%
Skyway Water & Sewer District	\$ 81,497	\$ 17,601	\$ 441,952	\$ 541,050	0.16%
Tukwila	\$ 176,715	\$ 38,166	\$ 2,579,525	\$ 2,794,406	0.18%
Total	\$ 3,706,551	\$ 800,515	\$ 41,024,787	\$ 45,531,853	2.20%

2022 True-up (50%)	Total Payments	Increase Over 2023 Payments With 2022 True-up
\$ 50,549	\$ 23,639,790	2.32%
\$ (13,131)	\$ 2,282,641	3.97%
\$ -	\$ 52,232	n/a
\$ 66,991	\$ 6,635,560	2.20%
\$ (128,515)	\$ 6,048,367	0.68%
\$ -	\$ 1,408,735	2.38%
\$ 48,118	\$ 2,153,084	3.94%
\$ 2,103	\$ 543,153	0.16%
\$ (26,113)	\$ 2,768,293	0.18%
\$ 0	\$ 45,531,854	2.20%

For 2023, higher Kirkland and Sammamish Plateau water demands have caused an above average increase. Meanwhile, a reduction in Redmond demand led to a reduction in their payments. The true-up for 2022 also has differential effects among Members, generally tracking with and increasing impacts of water demand trends. For other members, rate increases are moderately consistent with the general 2.2% increase incorporated in the charges and reflect typical fluctuations or impacts among Members.

For 2024, Members see moderated impacts reflecting demand assumptions based on recent averages. The 2024 charges are established based on estimated values pending determination of actual 2022 demands and customer counts (CERUs). As noted at the outset of this memorandum, a true-up will be developed in 2023 and applied in the next budget cycle to adjust for any deviations between estimates used and actual charges computed once all data are available.

Appendix A summarizes the annual demands and 2023 demand share calculations for each Member. The tables show Cascade deliveries and transfers among Members as used to determine the Member demand shares. This appendix does not document the basis for 2024 demand share calculations, as Member demands were not estimated at this level of detail.

APPENDIX A

Details of Bellevue Demand Share Calculations

Bellevue Consumption Records (CCF):

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	560,579	525,950	613,213	633,944	812,173	919,022	982,498	997,097	787,687	618,816	565,043	571,864	8,587,886
From Kirkland	1,299	683	1,052	1,039	1,269	1,758	1,906	2,017	1,446	925	858	660	14,912
To Redmond	(29,797)	(31,650)	(35,935)	(34,149)	(57,928)	(65,701)	(69,480)	(71,975)	(51,049)	(37,742)	(32,946)	(30,396)	(548,748)
To SP Water	(23,301)	(35,943)	(53,329)	(27,033)	(42,779)	(52,360)	(34,131)	(51,110)	(46,091)	(38,012)	(42,467)	(44,488)	(491,043)
To Issaquah	(29,853)	(38,968)	(32,187)	(39,852)	(43,656)	(70,746)	(58,164)	(79,969)	(43,285)	(49,418)	(31,023)	(39,510)	(556,632)
Total	478,928	420,073	492,813	533,948	669,078	731,973	822,629	796,061	648,708	494,569	459,466	458,129	7,006,375

Summer	Winter
3,686,305	4,901,581
7,127	7,785
(258,205)	(290,543)
(183,691)	(307,352)
(252,164)	(304,468)
2,999,371	4,007,004

2023 Member Charges	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	571,411	526,251	606,683	593,026	666,754	760,794	1,000,570	1,071,561	846,063	652,884	547,857	563,856	8,407,710
From Kirkland	643	756	762	980	1,059	1,335	2,028	2,424	1,888	1,016	831	710	14,432
To Redmond	(31,111)	(31,653)	(29,615)	(27,491)	(36,560)	(42,162)	(70,230)	(73,031)	(57,229)	(24,482)	(19,747)	(25,882)	(469,193)
To SP Water	(49,806)	(49,289)	(53,027)	(52,159)	(40,537)	(44,607)	(54,266)	(53,444)	(32,251)	(39,119)	(38,968)	(35,401)	(542,874)
To Issaquah	(31,185)	(41,680)	(33,790)	(44,855)	(37,427)	(56,742)	(55,236)	(86,367)	(57,153)	(57,523)	(33,318)	(45,629)	(580,905)
Total	459,952	404,386	491,013	469,502	553,289	618,618	822,866	861,143	701,317	532,776	456,654	457,654	6,829,170

Summer	Winter
3,678,988	4,728,722
7,675	6,757
(242,652)	(226,541)
(184,568)	(358,306)
(255,499)	(325,407)
3,003,944	3,825,225

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	592,681	533,192	586,469	642,716	783,720	953,895	1,207,258	1,129,332	825,074	660,297	587,409	599,529	9,101,571
2024 Member Charges	1,183	771	747	1,184	1,192	2,503	2,819	2,524	1,856	1,046	812	944	17,581
To Redmond	(21,673)	(21,805)	(25,303)	(15,534)	(24,619)	(39,839)	(53,459)	(53,460)	(63,115)	(38,183)	(23,391)	(25,963)	(406,344)
To SP Water	(36,235)	(34,753)	(51,640)	(69,757)	(80,933)	(43,775)	(73,731)	(76,023)	(39,219)	(54,718)	(44,713)	(53,984)	(659,481)
To Issaquah	(35,390)	(39,927)	(32,434)	(46,812)	(57,069)	(59,306)	(83,269)	(78,978)	(67,909)	(46,594)	(40,130)	(51,170)	(638,987)
Total	500,565	437,478	477,838	511,797	622,291	813,478	999,618	923,395	656,687	521,848	479,987	469,356	7,414,339

Summer	Winter
4,115,559	4,986,012
9,702	7,879
(209,873)	(196,471)
(232,749)	(426,733)
(289,462)	(349,526)
3,393,178	4,021,161

2023 Demand Share	
2019 - 2021 Average Wholesale Demand (mgd):	
Annual	14.5159
Summer	19.2038
Maximum Wholesale Capacity Required	19.2038
Demand Share: (MGD)	19.2038

Details of Issaquah Demand Share Calculations

Issaquah Consumption Records (CCF):

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade BIP	25,810	24,015	27,884	26,599	38,067	48,354	50,531	50,582	37,269	28,806	26,591	26,265	410,771
From Bellevue	4,043	14,953	4,303	13,254	5,589	22,392	7,633	29,387	6,016	20,612	4,432	13,246	145,861
Total	29,853	38,968	32,187	39,852	43,656	70,746	58,164	79,969	43,285	49,418	31,023	39,510	556,632

Summer	Winter
186,735	224,036
65,429	80,432
252,164	304,468

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade BIP	27,259	26,251	29,225	29,107	31,858	36,967	48,317	57,310	50,642	31,527	28,765	29,374	426,602
From Bellevue	3,925	15,428	4,565	15,748	5,569	19,776	6,919	29,057	6,512	25,997	4,554	16,254	154,304
Total	31,185	41,680	33,790	44,855	37,427	56,742	55,236	86,367	57,153	57,523	33,318	45,629	580,905

Summer	Winter
193,235	233,366
62,263	92,040
255,499	325,407

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade BIP	30,912	26,501	28,311	31,074	36,770	51,330	61,377	57,870	45,467	39,382	38,004	36,087	483,086
From Bellevue	4,478	13,426	4,123	15,738	20,299	7,975	21,892	21,108	22,442	7,212	2,126	15,083	155,902
less: Temporary Water										(13,787)	(13,787)	(13,787)	(41,361)
Total	35,390	39,927	32,434	46,812	57,069	59,306	83,269	78,978	67,909	32,807	26,343	37,383	597,626

Summer	Winter
216,044	267,041
73,418	82,484
-	(41,361)
289,462	308,165

2023 Demand Share	
2019 - 2021 Average Wholesale Demand (mgd):	
Annual	1.1853
Summer	1.6291
Maximum Wholesale Capacity Required	1.6291
Temporary Water Demand Share	0.0000
Minimum Demand Share	0.7500
Demand Share: (MGD)	1.6291

Note: Temporary water service began 10/1/2021. As off-peak demand, it does not affect this 2023 demand share calculation. Temporary water demand shares are calculated in accordance with contractual terms and apply beginning in 2024.

Details of Issaquah Temporary Demand Share Calculations

Issaquah Temporary Consumption Records:

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade BIP													-
<i>less: discount factor of</i>													-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-

Summer	Winter
-	-
-	-
-	-

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade BIP													-
<i>less: discount factor of</i>													-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-

Summer	Winter
-	-
-	-
-	-

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade BIP										13,787	13,787	13,787	41,361
<i>less: discount factor of 90%</i>										(12,408)	(12,408)	(12,408)	(37,225)
Total	-	-	-	-	-	-	-	-	-	1,379	1,379	1,379	4,136

Summer	Winter
-	41,361
-	(37,225)
-	4,136

2023 Demand Share	
2019 - 2021 Average Wholesale Demand (mgd):	
Annual	n/a
Summer	n/a
Maximum Wholesale Capacity Required	n/a
Demand Share	n/a

Note: Temporary water service began 10/1/2021. Temporary water demand shares are calculated in accordance with contractual terms and apply beginning in 2024.

2021 temporary water usage does not result in an applicable demand share for 2023 since the 2023 demand share is based on peak season and remains unchanged by this usage.

Details of Kirkland Demand Share Calculations

Kirkland Consumption Records:

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	183,061	167,897	192,481	204,601	265,145	316,704	335,089	331,676	262,109	207,989	188,916	189,714	2,845,384
To Redmond	(58,949)	(60,445)	(72,546)	(70,336)	(83,725)	(104,879)	(105,920)	(107,801)	(84,472)	(72,572)	(75,676)	(64,781)	(962,102)
To Bellevue	(1,299)	(683)	(1,052)	(1,039)	(1,269)	(1,758)	(1,906)	(2,017)	(1,446)	(925)	(858)	(660)	(14,912)
Total	122,813	106,769	118,883	133,226	180,151	210,067	227,263	221,858	176,191	134,492	112,382	124,273	1,868,370

Summer	Winter
1,245,579	1,599,805
(403,072)	(559,030)
(7,127)	(7,785)
835,380	1,032,990

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	191,088	178,561	206,576	209,169	237,343	260,143	338,970	365,864	289,922	221,328	184,018	182,116	2,865,099
To Redmond	(70,137)	(67,338)	(75,304)	(75,939)	(88,571)	(76,927)	(118,323)	(119,651)	(83,716)	(77,719)	(60,904)	(66,910)	(981,439)
To Bellevue	(643)	(756)	(762)	(980)	(1,059)	(1,335)	(2,028)	(2,424)	(1,888)	(1,016)	(831)	(710)	(14,432)
Total	120,308	110,467	130,510	132,250	147,713	181,881	218,619	243,789	204,318	142,593	122,283	114,496	1,869,228

Summer	Winter
1,254,900	1,610,199
(398,617)	(582,822)
(7,675)	(6,757)
848,608	1,020,620

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	187,086	173,888	187,076	213,148	276,629	336,412	421,341	386,127	281,117	204,173	184,890	191,749	3,043,637
To Redmond	(69,232)	(69,817)	(64,646)	(73,339)	(123,303)	(112,856)	(162,430)	(126,432)	(88,143)	(70,824)	(58,648)	(79,915)	(1,099,585)
To Bellevue	(1,183)	(771)	(747)	(1,184)	(1,192)	(2,503)	(2,819)	(2,524)	(1,856)	(1,046)	(812)	(944)	(17,581)
Total	116,671	103,300	121,683	138,625	152,134	221,053	256,092	257,171	191,118	132,303	125,430	110,890	1,926,471

Summer	Winter
1,424,997	1,618,640
(489,861)	(609,724)
(9,702)	(7,879)
925,434	1,001,037

2023 Demand Share	
2019 - 2021 Average Wholesale Demand (mgd):	
Annual	3.8692
Summer	5.3329
Maximum Wholesale Capacity Required	5.3329
Demand Share	5.3329

Details of Redmond CITY Demand Share Calculations

Redmond CITY Consumption Records:

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	3,937	926	325	2,932	12,901	32,062	46,721	41,892	19,506	5,022	-	-	166,224
From Bellevue	29,797	31,650	35,935	34,149	57,928	65,701	69,480	71,975	51,049	37,742	32,946	30,396	548,748
From Kirkland	58,949	60,445	72,546	70,336	83,725	104,879	105,920	107,801	84,472	72,572	75,676	64,781	962,102
Total	92,683	93,021	108,806	107,417	154,554	202,642	222,121	221,668	155,027	115,336	108,622	95,177	1,677,074

Summer	Winter
140,181	26,043
258,205	290,543
403,072	559,030
801,458	875,616

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	-	-	-	-	-	3,042	21,441	34,999	17,878	1,011	224	1,281	79,877
From Bellevue	31,111	31,653	29,615	27,491	36,560	42,162	70,230	73,031	57,229	24,482	19,747	25,882	469,193
From Kirkland	70,137	67,338	75,304	75,939	88,571	76,927	118,323	119,651	83,716	77,719	60,904	66,910	981,439
Total	101,248	98,991	104,919	103,430	125,131	122,131	209,994	227,681	158,823	103,212	80,875	94,073	1,530,509

Summer	Winter
77,361	2,516
242,652	226,541
398,617	582,822
718,630	811,879

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	3,131	1,974	67	1,883	4,725	26,061	59,185	50,055	27,175	7,364	1,762	374	183,757
From Bellevue	21,673	21,805	25,303	15,534	24,619	39,839	53,459	53,460	63,115	38,183	23,391	25,963	406,344
From Kirkland	69,232	69,817	64,646	73,339	123,303	112,856	162,430	126,432	88,143	70,824	58,648	79,915	1,099,585
Total	94,036	93,596	90,016	90,756	152,647	178,756	275,074	229,947	178,433	116,371	83,801	106,252	1,689,686

Summer	Winter
162,476	21,280
209,873	196,471
489,861	609,724
862,210	827,475

2023 Demand Share	
2019 - 2021 Average Wholesale Demand (mgd):	
Annual	3.3453
Summer	4.8687
Maximum Wholesale Capacity Required	4.8687
Demand Share	4.8687

Details of Redmond NOVELTY HILL Demand Share Calculations

Redmond NOVELTY HILL Consumption Records:

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	20,444	18,586	23,170	26,683	34,828	44,820	51,529	47,799	32,983	23,493	22,631	22,306	369,271
To SP Water	(167)	(56)	(22)	(863)	(1,493)	(489)	(704)	(753)	(663)	(1,231)	(1,702)	(1,575)	(9,718)
Total	20,277	18,530	23,148	25,820	33,335	44,331	50,825	47,046	32,320	22,262	20,929	20,731	359,553

Summer	Winter
177,130	192,141
(2,609)	(7,109)
174,521	185,032

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	20,928	19,875	23,115	24,253	28,349	32,152	48,348	58,814	43,878	28,375	22,813	22,532	373,430
To SP Water	(343)	(204)	(380)	(457)	(1,620)	(427)	(740)	(1,837)	(1,012)	(118)	(231)	(1,338)	(8,707)
Total	20,585	19,671	22,735	23,796	26,729	31,725	47,608	56,977	42,866	28,257	22,582	21,194	364,723

Summer	Winter
183,191	190,239
(4,016)	(4,691)
179,175	185,548

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	22,601	21,397	24,704	24,271	31,240	46,784	65,251	59,863	39,253	23,438	28,696	16,861	404,358
To SP Water	(547)	(662)	(1,111)	(23)	(224)	(2,318)	(2,586)	(1,979)	(370)	(236)	(85)	(125)	(10,266)
Total	22,054	20,735	23,593	24,248	31,016	44,466	62,665	57,884	38,883	23,202	28,611	16,736	394,092

Summer	Winter
211,151	193,207
(7,253)	(3,013)
203,898	190,194

2023 Demand Share	
2019 - 2021 Average Wholesale Demand (mgd):	
Annual	0.7640
Summer	1.1396
Maximum Wholesale Capacity Required	1.1396
Demand Share	1.1396

Details of Sammamish Plateau Water Demand Share Calculations

Sammamish Plateau Water Consumption Records:

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade BIP	23,301	35,943	53,329	27,033	42,779	52,360	34,131	51,110	46,091	38,012	42,467	44,488	491,043
From Redmond	167	56	22	863	1,493	489	704	753	663	1,231	1,702	1,575	9,718
Total	23,468	35,999	53,351	27,896	44,272	52,849	34,835	51,863	46,754	39,243	44,169	46,063	500,761

Summer	Winter
183,691	307,352
2,609	7,109
186,300	314,461

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade BIP	49,806	49,289	53,027	52,159	40,537	44,607	54,266	53,444	32,251	39,119	38,968	35,401	542,874
From Redmond	343	204	380	457	1,620	427	740	1,837	1,012	118	231	1,338	8,707
Total	50,149	49,493	53,407	52,616	42,157	45,034	55,006	55,281	33,263	39,237	39,199	36,739	551,581

Summer	Winter
184,568	358,306
4,016	4,691
188,584	362,997

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade BIP	36,235	34,753	51,640	69,757	80,933	43,775	73,731	76,023	39,219	54,718	44,713	53,984	659,481
From Redmond	547	662	1,111	23	224	2,318	2,586	1,979	370	236	85	125	10,266
Total	36,782	35,415	52,751	69,780	81,157	46,093	76,317	78,002	39,589	54,954	44,798	54,109	669,747

Summer	Winter
232,749	426,733
7,253	3,013
240,002	429,746

2023 Demand Share	
2019 - 2021 Average Wholesale Demand (mgd):	
Annual	1.1764
Summer	1.2567
Maximum Wholesale Capacity Required	1.2567
Minimum Demand Share	1.0000
Demand Share	1.2567

Details of Skyway WSD Demand Share Calculations

Skyway WSD Consumption Records:

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	14,065	13,643	13,382	12,609	15,845	16,699	17,259	16,623	14,577	13,378	13,087	13,327	174,495
Total	14,065	13,643	13,382	12,609	15,845	16,699	17,259	16,623	14,577	13,378	13,087	13,327	174,495

Summer	Winter
65,158	109,337
65,158	109,337

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	14,543	13,111	12,801	12,361	13,490	13,810	15,619	16,548	16,123	14,138	12,479	13,291	168,313
Total	14,543	13,111	12,801	12,361	13,490	13,810	15,619	16,548	16,123	14,138	12,479	13,291	168,313

Summer	Winter
62,100	106,213
62,100	106,213

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	13,212	11,453	12,663	12,940	13,983	15,841	19,027	17,191	15,042	14,522	13,007	13,416	172,297
Total	13,212	11,453	12,663	12,940	13,983	15,841	19,027	17,191	15,042	14,522	13,007	13,416	172,297

Summer	Winter
67,101	105,196
67,101	105,196

2023 Demand Share	
2019 - 2021+B342 Average Wholesale Demand (mgd):	
Annual	0.3519
Summer	0.3972
Maximum Wholesale Capacity Required	0.3972
Demand Share	0.3972

Details of Tukwila Demand Share Calculations

Tukwila Consumption Records:

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	59,478	54,721	60,452	64,197	81,539	94,960	103,901	103,443	82,931	65,388	59,406	59,959	890,374
Total	59,478	54,721	60,452	64,197	81,539	94,960	103,901	103,443	82,931	65,388	59,406	59,959	890,374

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	59,495	55,136	57,082	49,440	57,803	69,659	90,615	98,938	83,875	67,679	55,173	52,022	796,917
Total	59,495	55,136	57,082	49,440	57,803	69,659	90,615	98,938	83,875	67,679	55,173	52,022	796,917

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	53,079	50,519	58,288	63,037	77,539	91,489	111,202	112,568	93,768	77,922	61,612	59,442	910,465
Total	53,079	50,519	58,288	63,037	77,539	91,489	111,202	112,568	93,768	77,922	61,612	59,442	910,465

2023 Demand Share	
2019 - 2021 Average Wholesale Demand (mgd):	
Annual	1.7745
Summer	2.3244
Maximum Wholesale Capacity Required	2.3244
Demand Share	2.3244

AGENDA MEMORANDUM

SUBJECT

Motion to adopt Resolution No. 2022-16 establishing the 2023 and 2024 rates and charges.

BACKGROUND

Initial planning for the 2023 - 2024 Cascade Budget began in January 2022 with a review by the Board of the strategic plan and an update to work plans. Cascade developed an initial draft budget in March and from March to July refined the budget by incorporating feedback from the Finance Committee, Board, and member staff and including updated cost information.

At the March and April Finance and Management Committee meetings, the Committee discussed elements of the proposed budget that Cascade staff had developed and in May reviewed the budget on a line-item level. At its Board meetings on June 22 and July 27, the Board held discussions about the proposed 2023 - 2024 budget. Member staff have received and discussed updated budget and rates information monthly since April 2022.

At today's Board meeting, the Board will consider three related resolutions:

- the 2023 - 2024 Cascade Budget (Resolution No. 2022-15),
- the 2023 - 2024 Rates and Charges (Resolution No. 2022-16), and
- the 2023 - 2024 Regional Capital Facility Charge (Resolution No. 2022-17).

This agenda memorandum addresses only Resolution No. 2022-16, Attachment 1. The other two resolutions are discussed in separate agenda memoranda.

Cascade has proposed a recommended a 2.2% rate increase per year for 2023 and 2024. and that is presented in Proposed Resolution No. 2022-16.

With a zero-based budget, the operating budget increased slightly in 2023 and 2024. The largest drivers of the proposed 2023 - 2024 rate increase is Seattle water costs increases (the increase in 2023 is greater than the overall increase in the 2023 operating budget), cost of living increases for the Lake Tapps Operator, the need to begin accumulation for development of the Lake Tapps Reservoir in the near term and a desire to retain favorable bond terms.

Estimated historical demands and trends have been used for 2024 rates but actual member charges are determined by actual member growth and water demands. A true-up of 2024 rates will occur as part of 2025-2026 rates process.

PROCUREMENT PROCESS

Not applicable.

FISCAL IMPACT

The fiscal impact of the 2023 and 2024 rates and charges is described in the attached Resolution No. 2022-16 and in Attachment 1 (Resolution 2022-15) of Item No.8(a). In brief, a 2.2% increase in 2023 and a 2.2% increase in 2024 with the assumption that the proposed RCFC changes are adopted.

OPTIONS

1. Adopt Resolution No. 2022-16 establishing the 2023 and 2024 rates and charges.
2. Do not adopt Resolution No. 2022-16, and provide alternate direction to staff.

RECOMMENDED ACTIONS

Adopt Resolution No. 2022-16 establishing the 2023 and 2024 rates and charges.

ATTACHMENTS

1. Proposed Resolution No. 2022-16.



CASCADE WATER ALLIANCE
RESOLUTION No. 2022-16

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER
ALLIANCE, A WASHINGTON MUNICIPAL CORPORATION, ADOPTING RATES AND
CHARGES FOR THE YEAR 2023 AND 2024

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

WHEREAS, the Joint Municipal Utility Services Agreement provides for the payment of Administrative Dues by Cascade Members; and

WHEREAS, the Joint Municipal Utility Services Agreement provides for the Board of Directors (the Board) to set Rates and Charges according to the rate calculation methodology, which includes a calculation of demand shares and a uniform pricing structure with a commodity charge and fixed charges allocated by demand share; that the Board may adopt wholesale charges in addition to normal demand share charges to encourage resource conservation; and that the Board must set Rates and Charges at levels sufficient for all expenses of Cascade; and

WHEREAS, the Board adopted a Rate Calculation Methodology, codified at Chapter 5.20 of the Cascade Water Alliance Code; and

WHEREAS, by Resolution 2010-08, the Board established a two-year fiscal biennium budget that will consist of the adopted two consecutive annual budgets, which together shall be referred to as “the biennial budget.” By Resolution 2018-13, the Board further established that Member Charges for both years will be approved biennially when the biennial budget is adopted.

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

Section 1. Cascade Equivalent Residential Units (CERUs) for 2023 and 2024.

CERUs for each Member for 2023 and 2024 are as follows:

TABLE 1

Member	2023 Adopted CERUs	2024 Adopted CERUs
Bellevue	70,167.5	70,467.5
Issaquah	15,842.5	16,042.5
Kirkland	20,490.0	20,670.0
Redmond - City	29,143.5	29,433.5
Redmond - Novelty Hill	4,466.0	4,476.0
Sammamish Plateau Water	24,633.5	24,933.5
Skyway WSD	3,893.5	3,898.5
Tukwila	8,442.5	8,457.5
Total	177,079.0	178,379.0

Section 2. 2023 and 2024 Demand Shares.

Adopted demand shares for each Member for 2023 and 2024 are as follows:

TABLE 2

Member	2023 Demand Shares	2023 Demand Share percentage	2024 Demand Shares	2024 Demand Share percentage
Bellevue	19.2038	53.12%	19.4800	53.15%
Issaquah	1.6291	4.51%	1.6909	4.61%
Issaquah Temporary	0.0000	0.00%	0.0467	0.13%
Kirkland	5.3329	14.75%	5.4027	14.74%
Redmond - City	4.8687	13.47%	4.8560	13.25%
Redmond - Novelty Hill	1.1396	3.15%	1.1571	3.16%
Sammamish Plateau Water	1.2567	3.48%	1.3205	3.60%
Skyway WSD	0.3972	1.10%	0.3949	1.08%
Tukwila	2.3244	6.43%	2.3047	6.29%
Total	36.1524	100.00%	36.6533	100.00%

Except that, in accordance with the Interlocal Contract, no Member shall have a Weighted Vote of less than one.

Section 3. Summary of Member Charges.

2023 and 2024 Adopted Member Charges (excluding RCFC) are hereby established as shown in Table 3 below.

Administrative dues shall be assessed against each Member for the years 2023 and 2024 at the rates of \$21.45 and \$20.93 per CERU respectively multiplied by 100% of that Member's CERUs.

The demand share charge for the years 2023 and 2024 shall be \$399,819 and \$410,248 respectively per Demand Share percentage.

The conservation program charge for the years 2023 and 2024 shall be \$4.51 and \$4.52 respectively per CERU. The charge is applicable to 100% of a Member's CERUs.

TABLE 3

2023 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	2022 True-up (50%)	Total
Bellevue	\$1,499,443	\$315,132	\$21,237,988	\$50,549	\$23,103,112
Issaquah	\$336,325	\$70,684	\$1,801,664	(\$13,131)	\$2,195,542
Issaquah Temporary	\$0	\$0	\$0	\$0	\$0
Kirkland	\$435,995	\$91,631	\$5,897,824	\$66,991	\$6,492,441
Redmond CITY	\$621,148	\$130,544	\$5,384,478	(\$104,976)	\$6,031,194
Redmond NOVELTY HILL	\$95,563	\$20,084	\$1,260,275	(\$23,539)	\$1,352,383
Sammamish Plateau Water	\$523,569	\$110,036	\$1,389,768	\$48,118	\$2,071,491
Skyway Water & Sewer District	\$83,392	\$17,526	\$439,289	\$2,103	\$542,310
Tukwila	\$180,735	\$37,984	\$2,570,637	(\$26,113)	\$2,763,243
Total	\$3,776,170	\$793,621	\$39,981,923	\$0	\$44,551,715

2024 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	2022 True-up (50%)	Total
Bellevue	\$1,468,720	\$317,204	\$21,803,317	\$50,549	\$23,639,790
Issaquah	\$331,609	\$71,619	\$1,892,544	(\$13,131)	\$2,282,641
Issaquah Temporary	\$0	\$0	\$52,232	\$0	\$52,232
Kirkland	\$428,889	\$92,628	\$6,047,052	\$66,991	\$6,635,560
Redmond CITY	\$610,021	\$131,748	\$5,435,113	(\$104,976)	\$6,071,906
Redmond NOVELTY HILL	\$93,481	\$20,189	\$1,295,065	(\$23,539)	\$1,385,196
Sammamish Plateau Water	\$515,619	\$111,360	\$1,477,987	\$48,118	\$2,153,084
Skyway Water & Sewer District	\$81,497	\$17,601	\$441,952	\$2,103	\$543,153
Tukwila	\$176,715	\$38,166	\$2,579,525	(\$26,113)	\$2,768,293
Total	\$3,706,551	\$800,515	\$41,024,787	\$0	\$45,531,854

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 September 2022.

CASCADE WATER ALLIANCE

Penny Sweet, Chair

Attest – Ray Hoffman, Chief Executive Officer

Angela Birney, Vice Chair

Allan Ekberg, Secretary/Treasurer

Members

Yes _____

No _____

Demand Share

Yes _____ %

No _____ %

Include in CWAC?

Yes

No

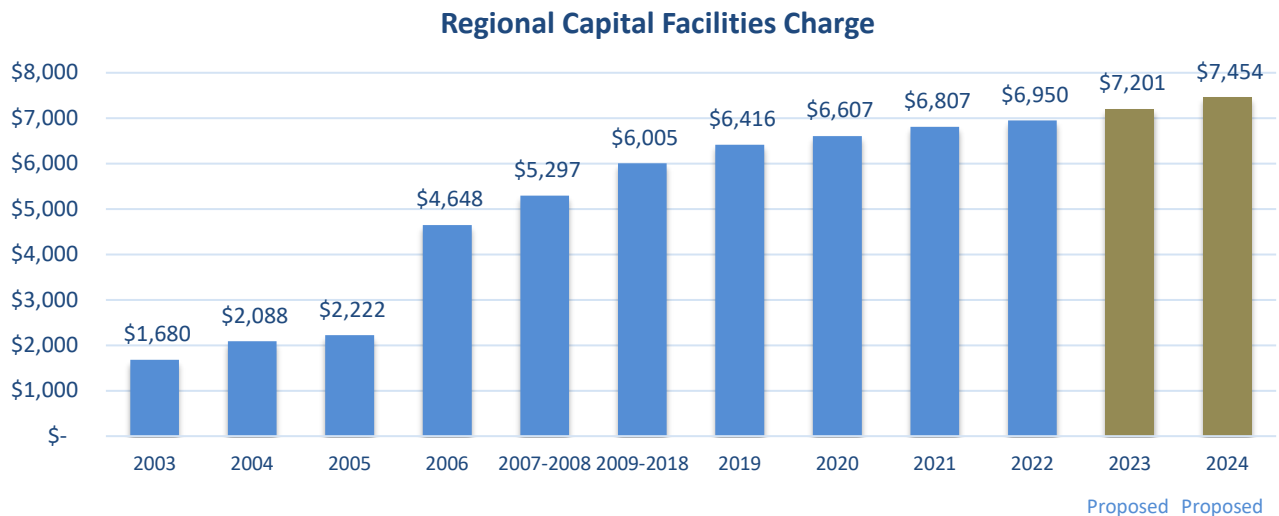
AGENDA MEMORANDUM

SUBJECT

Motion to adopt Resolution No. 2022-17 establishing the Regional Capital Facilities Charge for 2023 and 2024, at \$7,201 and \$7,454 per CERU respectively.

BACKGROUND

Regional Capital Facilities Charges (RCFC) are charges for new water connections and are based on a pro rata share of Cascade's Capital Investment Program costs. RCFC revenues are used to fund capital projects. The methodology for calculating the RCFC was adopted by the Board and is codified as Chapter 5.24 of the Cascade Water Alliance Code. A history of RCFC rates is shown below:



During the 2023 - 2024 budget development process, Cascade analyzed its capital projects requirements and rate structure and developed an RCFC recommendation for the current biennium.

Cascade staff recommends an increase in the RCFC charge to \$7,201 per CERU in 2023 and to \$7,454 per CERU in 2024. The RCFC charge is based on existing and future infrastructure divided by the customer base. Future water supply infrastructure is the primary reason RCFC rate increases are recommended. RCFC revenue contributes to Cascade's infrastructure capital funding for existing infrastructure and the proposed increases have been factored into the proposed budget biennium budget for 2023 - 2024.

FISCAL IMPACT

The RCFC rate is a key component of the 2023 - 2024 Cascade budget and capital improvement plan. The 2023 - 2024 Cascade budget was developed consistent with the proposed RCFC rate increases in 2023 and 2024. Cascade budgets and plans are based on an expected number of new connections (1,300/yr this biennium) but Cascade Members real obligations are based on actual growth.

OPTIONS

1. Adopt Resolution No. 2022-17 establishing the Regional Capital Facilities Charge for 2023 and 2024, at \$7,201 and \$7,454 per CERU respectively.
2. Do not adopt Resolution No. 2022-17, and provide alternate direction to staff.

RECOMMENDED ACTION

Adopt Resolution No. 2022-17 establishing the Regional Capital Facilities Charge for 2023 and 2024, at \$7,201 and \$7,454 per CERU respectively.

ATTACHMENT

1. Proposed Resolution Number 2022-17.



CASCADE WATER ALLIANCE
RESOLUTION NO. 2022-17

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,
A WASHINGTON MUNICIPAL CORPORATION,
SETTING THE REGIONAL CAPITAL FACILITIES CHARGE FOR THE YEARS 2023 AND 2024

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

WHEREAS, the Joint Municipal Utility Services Agreement authorizes Cascade to adopt a Regional Capital Facilities Charge (“RCFC”), and in furtherance of that Agreement the Board of Directors (“Board”) has adopted a methodology for calculating the RCFC which has been used to calculate the RCFC; and

WHEREAS, by Cascade Water Alliance Code 5.55.020, the Board established a two-year fiscal biennium budget that will consist of the adopted two consecutive annual budgets, which together shall be referred to as “the biennial budget.” By Resolution 2018-13, the Board further established that the RCFC will be approved biennially when the biennial budget is adopted.

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

Section 1. Determination of the RCFC for 2023 and 2024

The RCFC effective January 1, 2023, shall be \$7,201 per Cascade Equivalent Residential Unit (CERU).

The RCFC effective January 1, 2024, shall be \$7,454 per Cascade Equivalent Residential Unit (CERU).

Section 2. Effect

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

ADOPTED AND APPROVED by the Board of Directors of the Cascade Water Alliance at a regular meeting thereof, held on the 28th day of September 2022.

CASCADE WATER ALLIANCE

Penny Sweet, Chair

Attest – Ray Hoffman, Chief Executive Officer

Angela Birney, Vice Chair

Allan Ekberg, Secretary/Treasurer

Members

Yes _____

No _____

Demand Share

Yes _____%

No _____%

Include in CWAC?

Yes

No

AGENDA MEMORANDUM

SUBJECT

Motion to authorize the Chief Executive Officer, in consultation with legal counsel, to negotiate, finalize, and execute a lease for office space in Gateway One with an estimated commencement date of April 1, 2023.

BACKGROUND

Cascade's current office space lease expires on March 31, 2023. In anticipation of notice-of-redevelopment from Cascade's current landlord, staff began the search for a new office in earnest earlier this year. Cascade received the notice in July 2022. Staff has been working with an office lease broker to review potential offices that meet its criteria, and the Gateway One office checks all the boxes.

Location	Parking	Target Size	Price	Term
☑	☑	☑	☑	☑

Gateway One is centrally located in south Bellevue and has great access to Interstate 405 and the Wilburton Park and Ride. Cascade's offices were previously located in Gateway One, but a great deal of improvements have been made to the building since Cascade last occupied it. The Gateway One scored high on location during our search.

There is easy-access parking sufficient for Cascade's needs in a large, surface parking lot, and drainage improvements have recently been made to the lot. The Gateway One parking was the best of the offices visited.

The size of Gateway One is comparable to Cascade's current office. There is space for a large conference room for Board meetings, and the lease would allow Cascade access to several additional large meeting rooms in nearby buildings that could be used for future Board retreats, member workshops, and training opportunities.

The price is competitive in the current market, but more than Cascade's current lease. The current office lease cost is well below market because the landlord has planned to redevelop the property for years and could not promise tenants a long-term lease or tenant improvements. Gateway One offered more months of rent abatement than any other landlord.

The lease with Gateway One is intended to be for 10 years plus a minimum of eight months of abated rent with an option for an additional five-year lease. There are no plans to redevelop the building, and this lease would give Cascade more stability.

PROCUREMENT PROCESS

When Cascade started its search for a new office, there were 78 spaces available in Bellevue within Cascade's target size range. Staff narrowed those original options down to about 20 based on size, price, location, parking, etc., gathered additional information on them, toured the six top-ranked options, and narrowed the list to three. Following tours of the three, staff narrowed the list down to two options and requested proposals.

Negotiations with Gateway One have reached the final stages and Board approval is now sought to authorize the Chief Executive Officer, in consultation with legal counsel, to negotiate, finalize, and execute a lease.

FISCAL IMPACT

Gateway One and Cascade's broker have negotiated lease terms including a base rent of \$38/SF, triple net, eight months of rent abatement, and \$50/SF in tenant improvement allowance of which up to \$15/SF of unused allowance can be used for additional rent abatement on approximately 7,323 of office space. The additional rent abatement from unused allowance could result in an additional 3.5 months of free rent. Because the office is in great condition, Cascade staff believes that most of the allowable tenant improvement allowance will go towards additional rent abatement. The rental rate will increase annually by 3%. The CEO intends to negotiate the final lease that would include these terms or more favorable terms if offered.

OPTIONS

1. Approve the motion to authorize the Chief Executive Officer, in consultation with legal counsel, to negotiate, finalize, and execute a lease for office space in Gateway One with an estimated commencement date of April 1, 2023.
2. Do not approve the motion to authorize the Chief Executive Officer, in consultation with legal counsel, to negotiate, finalize, and execute a lease for office space in Gateway One with an estimated commencement date of April 1, 2023, and provide alternate direction to staff.

RECOMMENDED ACTION

Approve the motion to authorize the Chief Executive Officer, in consultation with legal counsel, to negotiate, finalize, and execute a lease for office space in Gateway One with an estimated commencement date of April 1, 2023.



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, September 20, 2022
1:30 PM – 3:00 PM
Held at Cascade's office and via Zoom

Call to Order

1. Chair Comments.
2. Executive Session.
3. **Items Recommended for Action at the September 28, 2022, Board Meeting**

A. Office Lease. Cascade's current office space lease expires on March 31, 2023. Cascade has signed a nonbinding Letter of Intent with the landlord of the Gateway One office building that outlines the terms of a proposed agreement and is in the process of negotiating a lease, which will be described at the meeting. Board action to authorize the CEO to execute a lease agreement will be sought at the September Board meeting.

Recap: Cascade staff discussed with the committee the criteria used to search for a new office, how staff arrived at the proposed location and how the negotiations have unfolded. The committee was supportive of the proposed lease and recommended approval by the Board on the "other action" agenda.

B. Budget, Rates and Charges, and RCFC Rates. Three resolutions will be presented at the Board meeting this month. A resolution to establish the 2023 - 2024 budget, a resolution to establish the 2023 and 2024 Rates and Charges, and a resolution to establish the 2023 and 2024 RCFC rates. No major changes have been made since the budget were presented to the Board in July, but Cascade staff will discuss the minor differences in the allocation of the Rates and Charges.

Recap: Cascade staff made a brief presentation to the Committee on the 2023 - 2024 budget and rates and discussed the small demand share reallocation made between the City of Bellevue and the City of Issaquah in the proposed rates and charges. No other changes from the July presentation were noted. The Committee recommended approval by the Board of the three resolutions on the "other action" agenda.

4. Discussion Items

A. Alternate Membership Options. While considering potential asset sales related to water rights, the possibility of modified membership opportunities has arisen. Providing an

opportunity to broaden Cascade's membership, this also enables sales of water, capacity, or water rights to other agencies on more reasonable terms. The attached paper outlines potential limited membership classes and details how they might be structured. A broader question relates to Cascade's desire to expand membership, and whether this would or should include modified membership options. For review and discussion.

***Recap:** A summary of policy issues related to potential limited memberships was presented to the committee in support of the policy paper outlining possible classes. Key policy questions were raised and discussed regarding whether there is a role for new membership classes or whether sales of water or water assets can be accomplished under existing policy either for non-members or new full members. Concerns regarding expanding Cascade's membership and possible impacts on the supply sufficiency for existing members were raised. Staff indicated that after reviewing with all committees, a proposed course of action could be developed based on general feedback and brought to the Board for consideration.*

B. Other Issues.

5. Next Meeting Date and Location.

The next meeting will be held Tuesday, October 18, 2022, 1:30 p.m. at Cascade's office and via Zoom meeting.



PUBLIC AFFAIRS COMMITTEE

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

Meeting Recap
Wednesday, September 7, 2022
9:00 AM – 10:00 AM
Held at Cascade's Office and via Zoom

1. **Chair Comments.**
2. **Executive Session.**
3. **Items Recommended for Action at the September 28, 2022, Board Meeting.**
4. **Discussion Items.**
 - A. **Legislative Update and Priorities.** Staff will provide an update on state legislative activities and preparation for the 2023 legislative session. This item is an opportunity for the committee to discuss legislative priorities for 2023. Cascade's 2022 Legislative and Public Policy Agenda is attached for reference.

Recap: Diana Carlen, Gordon Thomas Honeywell, updated the committee on state interim activities, and the committee discussed several legislative priorities to consider including in the 2023 Legislative Agenda. The committee discussed the Department of Commerce CHIP program for reimbursement of utility connection charges for affordable housing, as well as the Washington Department of Transportation's (WSDOT) proposed legislation that would prohibit WSDOT from paying for many utility relocations that are due to state projects. On the federal side, the committee discussed the Environmental Protection Agency's (EPA) proposed rule to make PFAS contaminated waste a hazardous substance under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA/Superfund). This could draw water utilities into protracted legal action around contaminated sites. Staff will prepare a proposed 2023 Legislative Agenda for committee review in October.
 - B. **Annual Member Survey.** Each year, Cascade surveys Board members and alternates seeking input on the evaluation of Cascade's intergovernmental, communications and outreach programs and planning for the next year. A draft 2022-2023 survey is attached.

Recap: The committee reviewed and provided feedback on the draft 2022 - 2023 survey. The survey will be sent out to Board members, alternates and one staff from each member. Results will inform the development of the communications and outreach plan for 2023.

- C. **Alternate Membership Options.** While considering potential asset sales related to water rights, the possibility of modified membership opportunities has arisen. Providing an opportunity to broaden Cascade's membership, this also enables sales of water, capacity, or water rights to other agencies on more reasonable terms. The attached paper outlines potential limited membership classes and details how they might be structured. A broader question relates to Cascade's desire to expand membership, and whether this would or should include modified membership options. For review and discussion.

***Recap:** A summary of policy issues related to potential limited memberships was presented to the committee in support of the policy paper outlining possible classes. Key policy questions were raised and discussed regarding whether there is a role for new membership classes or whether sales of water or water assets can be accomplished under existing policy either for non-members or new full members. Concerns regarding expanding Cascade's membership and possible impacts on the supply sufficiency for existing members were raised. Staff indicated that after reviewing with all committees, a proposed course of action could be developed based on general feedback and brought to the Board for consideration.*

- D. **Solar Power Update.** Cascade successfully completed the solar power project in July. The system is operational and currently producing excess power, which goes into the grid. Cascade receives credit from Puget Sound Energy for the energy it puts on the grid that can be redeemed in the winter. The remaining task for the project is to train the Veolia crew on operation and maintenance of the system. This training will happen in September.

***Recap:** Staff provided a presentation on the background, construction, and operations to date of the Powerhouse Solar Power project. Thus far, the system is operating as designed and is currently providing excess power that goes into the regional grid. Final cost of the system was \$236,184, about 3.9% more than the bid price. Cascade staff will continue to monitor the system and track the savings and how it impacts the power bills.*

E. **Other issues.**

5. Next Meeting Date and Location.

The next meeting will be Wednesday, October 5, 2022, from 9:00 a.m. – 10:00 a.m. at Cascade's office and via Zoom meeting.



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

Meeting Recap
Thursday, September 8, 2022
2:00 PM – 3:30 PM
Held at Cascade’s office and via Zoom

1. Chair Comments.

2. Executive Session.

3. Items Recommended for Action at the September 28, 2022, Board Meeting.

A. On-Call Value Analysis Program. Motion to authorize the Chief Executive Officer to execute a contract with the highest-rated firm to provide On-Call Value Analysis/Value Engineering Services in an amount not to exceed \$250,000.

Recap: Sazan Group is the higher rated firm by Cascade’s RFQ Selection Committee and staff recommended the RMC and the Board to authorize the Chief Executive Officer to execute a contract with Sazan to provide On-Call Value Analysis/Value Engineering Services in an amount not to exceed \$250,000. The Committee agreed and placed this item on consent.

4. Discussion Items.

B. Solar Power Update. Cascade successfully completed the solar power project in July. The system is operational and currently producing excess power, which goes into the grid. Cascade receives credit from Puget Sound Energy for the energy it puts on the grid that can be redeemed in the winter. The remaining task for the project is to train the Veolia crew on operation and maintenance of the system. This training will happen in September.

Recap: Staff provided a presentation on the background, construction, and operations to date of the Powerhouse Solar Power project. Thus far, the system is operating as designed and is currently providing excess power that goes into the regional grid. Final cost of the system was \$236,184, about 3.9% more than the bid price. Cascade staff will continue to monitor the system and track the savings and how it impacts the power bills.

C. Alternate Membership Options. While considering potential asset sales related to water rights, the possibility of modified membership opportunities has arisen. Providing an opportunity to broaden Cascade’s membership, this also enables sales of water, capacity, or

water rights to other agencies on more reasonable terms. The attached paper outlines potential limited membership classes and details how they might be structured. A broader question relates to Cascade's desire to expand membership, and whether this would or should include modified membership options. For review and discussion.

Recap: *A summary of policy issues related to potential limited memberships was presented to the committee in support of the policy paper outlining possible classes. Key policy questions were raised and discussed regarding whether there is a role for new membership classes or whether sales of water or water assets can be accomplished under existing policy either for non-members or new full members. Concerns regarding expanding Cascade's membership and possible impacts on the supply sufficiency for existing members were raised. Staff indicated that after reviewing with all committees, a proposed course of action could be developed based on general feedback and brought to the Board for consideration.*

- D. **Water Quality Planning.** Earlier this year the committee received a presentation regarding the results from the two-year Lake Tapps Water Quality Monitoring Program. Subsequently the committee began discussing future policy direction, including how to guide Cascade's development and achievement of water quality goals. This month staff will present a proposed approach for a workshop that will support the Board in establishing policy statements to guide Cascade's water quality activities.

Recap: *Staff are still refining the proposed approach for a Board workshop that will guide Cascade's development of its water quality goals. The current plan is to present an approach for discussion at the October committee meeting.*

E. Projects Update

1. Powerhouse Plunge Pool Retaining Wall Repair Et Al Project. Construction on the permanent replacement plunge pool retaining wall began in July and is on track to be completed by October in time for fall lake drawdown. The splash containment wall portion of the project is on track to be completed in November. Cascade's contractor, Johansen, is currently installing rebar in preparation for concrete work the first week of September. This project is currently projected to be completed within the approved budget.
2. SCADA/Security Project. Overall, the SCADA/Security Project is 90% complete. Field installation work is 99% complete. The remaining field work to be completed includes removal of obsolete equipment and repair and replacement of batteries. Training of Cascade and Veolia staff and final testing by the system integrator and contractor is underway and is estimated to be completed by October. This project is currently projected to be completed within the approved budget.

5. Next Meeting Date and Location.

The next meeting will be Thursday, October 13, 2022, from 2:00 p.m. – 3:30 p.m. at Cascade's office and via Zoom meeting.