



REGULAR MEETING OF THE BOARD OF DIRECTORS  
AGENDA  
CASCADE WATER ALLIANCE  
Held at Cascade's Office and Via Zoom  
January 24, 2024  
3:30 PM

	<u>Page</u>
1. CALL TO ORDER	
2. ROLL CALL	
3. PUBLIC COMMENT	
4. APPROVAL OF AGENDA	
5. CHIEF EXECUTIVE OFFICER'S REPORT	<u>3</u>
6. CONSENT ITEMS	
a. Board Meeting Minutes for November 15, 2023.	<u>22</u>
b. Special Board Meeting Minutes for December 11, 2023.	<u>25</u>
c. Special Board Meeting Minutes for January 4, 2024.	<u>92</u>
d. Motion to authorize the Chief Executive Officer to execute various 2024 Cascade sponsorship agreements for a combined total not to exceed \$40,000.	<u>156</u>
e. Motion to authorize the Chief Executive Officer to conduct a pilot project in 2024 that allows homeowner associations and individual homeowners to utilize Cascade's Aquatic Plant and Algae Management general permit when they contract directly with the contract applicator used by Cascade to chemically treat Eurasian Milfoil in the Lake Tapps Reservoir.	<u>159</u>
7. OTHER ACTION ITEMS	
a. Motion to authorize the Chief Executive Officer to enter into Amendment No. 8 to the Consulting Agreement with HDR Engineering, Inc., to increase the maximum compensation amount by \$250,000, for a total amount not to exceed \$1,318,000.	<u>161</u>
8. STAFF PRESENTATIONS	
9. COMMITTEE REPORTS	
a. Executive Committee – <i>No meeting held.</i>	
b. Finance and Management Committee – <i>No meeting held.</i>	

- c. Public Affairs Committee – *January 3, 2024.* 163
- d. Resource Management Committee – *January 11, 2024.* 165
- 10. EXECUTIVE SESSION
  - a. To review the performance of a public employee.
- 11. NEW BUSINESS
- 12. NEXT REGULAR MEETING – *February 28, 2024 – Cascade Office or Via Zoom – 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

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DATE: January 24, 2024

TO: Penny Sweet, Chair  
Board of Directors

FROM: Ray Hoffman, Chief Executive Officer

SUBJECT: Chief Executive Officer's Report

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**Administration, Finance, and Economics**

- On January 3, 2024, the Office of the Washington State Auditor presented the results of their 2022 accountability audit to management. No findings were reported. The Accountability Audit performed by the Office of the Washington State Auditor is attached at the end of this CEO Report.
- Cascade's IT consultant, TeamLogicIT, and their subconsultant, Redbot, conducted penetration tests on the Lake Tapps and Bellevue offices in December. These tests were recommended by Cascade's auditors and are budgeted to occur in 2024 as well. Regular penetration tests help Cascade to assess cybersecurity readiness and inform Cascade where IT infrastructure improvements are needed.
- Cascade has applied for the 2024 Association of Washington Cities Employee Benefits Trust WellCity Award. Cascade has won every year since 2018. If awarded the WellCity designation, Cascade would continue to save 2% on health insurance costs. The awards will be announced in February.
- Cascade staff met with its outside auditor, Clark Nuber, on November 30. Cascade is preparing for Clark Nuber to conduct the annual audit of Cascade's fiscal year 2023 during the week of March 18. The auditors will examine Cascade's financial reports, internal controls, and compliance with policies and procedures. Once complete, the auditors will present the results of the audit at the June Finance and Management Committee meeting. The State Auditor's Office will conduct a separate audit later this year.
- Cascade is waiting for two members to finalize the RCFC connection data for 2023. As of now, 1,080.5 net CERUs have been reported. The 2023 budget expectation of 1,300 Regional Capital Facilities Charges (RCFCs) is unlikely. Even with the two missing worksheets, December had the most connections (156.5) of 2023.
- Cascade is waiting for more information from BrightNight regarding a request to potentially shift the right-of-way easement Cascade granted them last year. Several different routes have been discussed, and Cascade has given input into its preferred routes. If the project goes forward per the terms of the agreement, upon commencement of construction, Cascade will receive \$1.18 million.

## **Capital Projects and Operations**

- The Lake Tapps Reservoir level is 538.61' as of January 12. Cascade seeks to maintain a winter lake level of 538.0' to create a fall/winter rainfall/storm flood pocket while protecting the dikes.
- The United States Army Corps of Engineers continues the work to improve its new fish handling facility and is working with Cascade to prepare for the start of Phase 3 of Cascade's Headworks Intake Modifications project.
- Cascade has experienced an increase in trespassing activities around Cascade-owned parcels along the White River-Lake Tapps Project. Cascade and Veolia are working diligently to resolve these issues.
- Cascade staff is working with the Department of Ecology (Ecology) on its investigation of an oil sheen in the tailrace. Ecology has identified a non-Cascade source of the oil sheen. The investigation is on-going.
- Cascade staff and member staff served by the Bellevue Issaquah Pipeline (BIP) are actively working on a sampling and monitoring program to test for an unregulated, short chain PFAS compound in the BIP. Seattle Public Utilities is also a participant in this program to test water in the SPU system.
- Cascade staff are evaluating alternatives to increase automated control of water diversion at the headgate without local operations as part of Phase 3 of Cascade's Headworks Intake Modifications project.

## **Water Efficiency**

- Cascade launched its Cascade Gardener winter series with an emphasis on turf removal. The classes continue to be well-attended.
- Cascade has worked out the final details of its participation as the sponsor of Container Wars at the Northwest Flower and Garden Show. The show takes place February 14-18.
- Cascade is exploring the possibility of developing a program to utilize the Flume home water monitoring device as a means to help residents find leaks and reduce peak season demand.
- Last year's water education classroom presentations reached more than 13,000 students, numbers not seen since the pre-pandemic era. Dozens of teachers have registered for classes this winter and spring.
- Cascade is prepared for a busy year of community events and farmer's markets. The Water Wall has been redesigned to include several different languages.
- Cascade is developing a turf removal rebate program to launch later this year. Its focus will be to encourage residents to remove some of the irrigated turf in their lawns to reduce peak season use.
- The Sustainability Ambassadors have recently interviewed utility staff in Tukwila, Issaquah, and Cascade. The results of the interviews will be published on their Green Jobs Pathways to encourage area students to consider a career in utility water management.
- The Sustainability Ambassadors facilitated a teacher workshop in December on Snowpack. Cascade and the Sustainability Ambassadors have built this program over the past few years with the help of the USDA Natural Resources Conservation Service and others to help teachers understand the importance of snowpack in the west for drinking water, agriculture, and more.
- Cascade, Issaquah, and the US EPA are conducting a study of the zHome development in the Issaquah Highlands. The homes have now been occupied for more than a decade



and most have changed ownership at least once. The study will examine if the low water usage seen when the homes were new has continued and if residents are satisfied with the efficient appliances, fixtures, and the rainwater harvesting systems.

### **Intergovernmental and Communications**

- The state's short 60-day legislative session began on January 8. Diana Carlen, Gordon Thomas Honeywell Government Relations, will be working with Cascade on tracking bills and utility issues identified in Cascade's 2024 legislative priorities. Consistent with Cascade's legislative agenda provision on affordability, the Public Affairs Committee supported the revised definition of disadvantaged communities proposed by Seattle Public Utilities and Tacoma Public Utilities. The revised definition would provide large utilities better access to low-interest loans and grants under the state's Drinking Water State Revolving Fund (DWSRF) program.
- Sean Taylor and Tracy Tolk (from Van Ness Feldman, Cascade's federal government relations team in Washington, D.C.) provided a federal briefing for the Public Affairs Committee. The presentation reviewed 2023 highlights and discussed what we expect to see in 2024 from Congress and federal agencies. Cascade will continue to monitor federal policy and funding opportunities that might be of interest to members.

### **Planning**

- Cascade applied for and received a \$75,000 grant from the Department of Ecology's Water Quality Aquatic Invasive Plant (AIP) Program. The grant will be used to fund the annual milfoil treatment program between July 2024 and July 2026.
- Cascade recently signed a small contract with a local consultant to develop a trespassing management plan for the White River-Lake Tapps Reservoir Project. Cascade frequently experiences a variety of trespassing issues including vandalism, illegal dumping, graffiti, and encampments. The consultant will help Cascade define a more strategic (versus reactive) approach to trespassing to protect Cascade's assets.
- Work continues to progress on the climate change impacts study for the White River-Lake Tapps Reservoir Project. The consultant, Aspect, has started to run scenarios through the Lake Tapps Systems model to predict future potential impacts on temperature, precipitation, and stream flows.
- Herrera has started work on the Water Quality Management Plan. Their first task is to develop high-level qualitative forecasts of future phosphorus loadings associated with planned and anticipated changes within the Lake Tapps watershed. They are collaborating with Aspect on this task since climate change is likely to impact water quality.

### **Attachments**

1. Budget to Actual Expenditure Report through December 31, 2023.
2. Statement of Revenues and Expenditures through December 31, 2023.
3. Statement of Net Position as of December 31, 2023.
4. Contract Status Summary.
5. Monthly Warrants Listing.
6. Monthly Treasurer's Report as of December 31, 2023.
7. Accountability Audit Performed by the Washington State Auditor.

Cascade Water Alliance  
 Budget to Actual Expenditure Report  
 January 1- December 31, 2023  
 100% of the year completed

<b>Administration</b>	<b>Budget</b>	<b>Actual</b>	<b>Balance</b>	<b>% Expended</b>
Salaries	\$ 1,453,002	\$ 1,452,151	851	99.9%
Benefits	379,460	378,966	494	99.9%
Wellness program	5,000	127	4,873	2.5%
Prof. Fee (Technical)	260,000	133,211	126,789	51.2%
Prof. Fee (Legal)	645,000	489,190	155,810	75.8%
Prof. Fee (Audit)	90,100	90,024	76	99.9%
Prof. Fee (Other)	56,000	44,996	11,004	80.3%
Seismic Resillency	83,000	0	83,000	0.0%
Meetings Expense	11,000	10,327	673	93.9%
Telephone/Internet	45,000	36,220	8,780	80.5%
Office Rent	143,152	86,037	57,115	60.1%
Office Supplies Admin.	15,000	10,600	4,400	70.7%
Equip. and Furniture	137,000	136,932	68	100.0%
Bank Fees	600	194	406	32.4%
Dues & Subscriptions	25,000	16,050	8,950	64.2%
Taxes/Licenses	15,000	11,881	3,119	79.2%
Travel	10,000	6,367	3,633	63.7%
Professional Dev.	10,000	8,217	1,783	82.2%
Computer Equipment	32,000	31,407	593	98.1%
Software Licenses	65,500	65,407	94	99.9%
Postage & Delivery	3,000	810	2,190	27.0%
Printing & Repro.	5,000	2,067	2,933	41.3%
Insurance	167,400	167,182	218	99.9%
Contingency	135,500	0	135,500	0.0%
<b>Total</b>	<b>\$ 3,791,714</b>	<b>\$ 3,178,362</b>	<b>\$ 613,352</b>	<b>83.8%</b>

<b>Debt Service</b>	<b>Budget</b>	<b>Actual</b>	<b>Balance</b>	<b>% Expended</b>
Bond Debt Service	9,199,941	8,799,841	400,100	95.7%
<b>Total</b>	<b>\$ 9,199,941</b>	<b>\$ 8,799,841</b>	<b>\$ 400,100</b>	<b>95.7%</b>

<b>Conservation</b>	<b>Budget</b>	<b>Actual</b>	<b>Balance</b>	<b>% Expended</b>
Salaries	\$ 103,910	\$ 103,890	\$ 20	100.0%
Benefits	27,705	27,407	298	98.9%
Prof. Fee (Technical)	35,000	22,846	12,154	65.3%
Prof. Fee (Legal)	27,500	0	27,500	0.0%
Dues & Subscriptions	20,000	709	19,291	3.5%
Rebate Reimb. Com.	50,000	50,000	0	100.0%
Irrigation Audit	25,000	3,312	21,688	13.2%
Comm. and Public I	385,000	384,958	42	100.0%
Misc. Serv. and Sup.	82,000	34,792	47,208	42.4%
<b>Total</b>	<b>\$ 756,115</b>	<b>\$ 627,914</b>	<b>\$ 128,200</b>	<b>83.0%</b>

<b>Com. and Intergovern</b>	<b>Budget</b>	<b>Actual</b>	<b>Balance</b>	<b>% Expended</b>
Salaries	\$ 156,246	\$ 156,094	\$ 152	99.9%
Benefits	\$ 40,209	40,114	96	99.8%
Prof. Fee (Technical)	17,800	17,740	60	99.7%
Prof. Fee (Other)	173,000	172,580	420	99.8%
Sponsorships	30,000	17,100	12,900	57.0%
Comm. and Public I	247,700	128,916	118,784	52.0%
<b>Total</b>	<b>\$ 664,955</b>	<b>\$ 532,543</b>	<b>\$ 132,412</b>	<b>80.1%</b>

<b>Operations-General</b>	<b>Budget</b>	<b>Actual</b>	<b>Balance</b>	<b>% Expended</b>
Wholesale Water	\$ 23,969,287	\$ 23,969,284	\$ 3	100.0%
Salaries	46,542	45,693	850	98.2%
Benefits	11,936	11,873	63	99.5%
BIP O&M	80,000	58,208	21,792	72.8%
Pipeline Prop. O&M	83,000	82,229	771	99.1%

Cascade Water Alliance  
 Budget to Actual Expenditure Report  
 January 1- December 31, 2023  
 100% of the year completed

PWTF Loan Debt	40,066	40,066	(0)	100.0%
Total	\$ 24,230,831	\$ 24,207,352	\$ 23,479	99.9%

Operations-Lake Tapps	Budget	Actual	Balance	% Expended
Salaries	\$ 513,233	\$ 513,140	\$ 92	100.0%
Benefits	\$ 134,334	134,252	82	99.9%
Prof. Fee (Technical)	700,000	493,222	206,778	70.5%
Prof. Fee (Other)	75,000	2,195	72,806	2.9%
Meetings Expense	6,500	3,791	2,709	58.3%
Telephone/Internet	1,925	1,226	700	63.7%
Office Supplies	20,000	2,314	17,686	11.6%
Equipment & Furn.	30,000	27,599	2,401	92.0%
Taxes/Licenses	15,100	15,058	42	99.7%
Travel	18,500	2,864	15,636	15.5%
Professional Dev.	2,500	0	2,500	0.0%
Software Licenses	35,000	32,024	2,976	91.5%
Permitting Costs	33,000	8,499	24,501	25.8%
Misc. Serv. and Sup.	85,000	39,049	45,951	45.9%
LT Operator	2,456,840	2,128,654	328,186	86.6%
Unplanned O&M	150,000	87,191	62,809	58.1%
Misc. Facility Repairs	142,000	113,247	28,753	79.8%
USGS Joint Fund	350,292	323,468	26,824	92.3%
Construction Management	50,000	0	50,000	0.0%
Outage	80,000	0	80,000	0.0%
Milfoil Control	203,000	200,765	2,235	98.9%
Vendor Services	128,000	70,540	57,460	55.1%
Water Quality Management	100,000	17,213	82,787	17.2%
Dike and Roads Maintenance	68,000	4,804	63,196	7.1%
Total	\$ 5,398,224	\$ 4,221,115	\$ 1,177,109	78.2%

**Total Operating Budget**                    \$    **44,041,780**    \$    **41,567,127**    \$    **2,474,653**                    **94.4%**

Capital Projects (multi-yr bdgt not shown)	Budget	Actual	Balance	% Expended
Upper Conveyance Projects	\$ 3,425,000	248,534	3,176,466	7.3%
Lake Tapps Reservoir	100,000	15,200	84,800	15.2%
Meters	50,000	0	50,000	0.0%
Equipment	185,000	183,479	1,521	99.2%
Facilities	200,000	31,330	168,670	15.7%
Security and SCADA	50,000	22,297	27,703	44.6%
Tacoma Agreement	6,094,972	6,094,972	0	100.0%
Capital Risk	390,000	0	390,000	0.0%
IT Infrastructure	25,000	0	25,000	0.0%
<b>Total CIP Budget</b>	<b>\$ 10,519,972</b>	<b>\$ 6,595,811</b>	<b>\$ 3,924,161</b>	<b>62.7%</b>

**Total Overall Budget**                    \$    **54,561,752**    \$    **48,162,938**                    **6,398,814**                    **88.3%**

Cascade Water Alliance  
Statement of Revenues and Expenditures  
From 1/1/2023 Through 12/31/2023

Attachment 2

Operating Revenue	
Water sales	\$ 39,981,925
Administrative dues	3,776,170
Conservation program	793,621
Total Operating Revenue	<u>44,551,716</u>
Operating Expenses	
Cost of water sold	23,969,284
Salaries and benefits	2,863,706
Professional services	1,466,604
Conservation program	53,312
Depreciation and amortization	4,343,592
Communication and public information	508,737
Office expenses	593,674
Operations	2,671,754
Bank charges	194
Rent	86,037
Maintenance	478,317
Dues and subscriptions	22,228
Miscellaneous	50,176
Total Operating Expenses	<u>37,107,615</u>
Operating Income	7,444,101
Non-Operating Revenue (Expenses)	
Interest income	1,603,567
Other income	43,899
Interest expense, net of amount capitalized	(3,155,005)
Other Expense	1
Total Non-Operating Revenue (Expenses)	<u>(1,507,538)</u>
Capital Contributions	
Regional Capital Facilities Charges	5,465,162
Increase in Net Assets	11,401,725
Net Assets, Beginning of Year	137,102,619
Net Assets, End of Year	\$ 148,504,344

Cascade Water Alliance  
Statement of Net Position  
As of 12/31/2023

Attachment 3

Assets

Current Assets

Cash and cash equivalents	\$	28,949,357
Accounts receivable		5,246,704
Prepaid expenses		2,590,861
Total Current Assets		36,786,922

Capital Assets

Equipment and furniture		2,286,448
Seattle water contract		22,267,611
Bellevue Issaquah pipeline		22,276,944
Tacoma water contract		119,740,687
Less accumulated depreciation and amortization		(62,488,375)
Total Capital Assets		104,083,315

Projects in process and assets not yet in service

Lake Tapps		105,955,339
Tacoma Cascade pipeline		26,539,385
Total Projects in process and assets not yet in service		132,494,724

Restricted cash and cash equivalents

		27,447,000
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Total Assets		300,811,961
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Liabilities

Current liabilities

Payables and accrued liabilities		3,410,860
Retroactive water credit		154,951
Accrued interest		1,009,077

Long-term debt current portion

Bonds Payable-Current Portion		8,210,000
Other		39,474

Total Long-term debt current portion		8,249,474
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Total Current liabilities		12,824,362
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Long-term Liabilities

Long-term debt		77,624,474
Tacoma contract		53,897,110
Seattle contract		5,000,000
Bond premium, net of amortization		3,028,784

Total Long-term Liabilities		139,550,368
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Total Liabilities		152,374,730
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Net Assets

Restricted for debt service		105,380,252
Unrestricted		43,056,979

Total Net Assets		148,437,231
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Total Liabilities & Net Assets	\$	300,811,961
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### 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
Aquatechnex	1	2024 Lake Tapps Aquatic Plant Maintenance Program	P. Anderson	12/29/2023	12/31/2024	1/12/2024	0%	\$ 160,000	\$ -	0%	\$ 160,000
Aspect	1	Water Supply Modeling	R. Hoffman	5/6/2020	N/A	1/12/2024	60%	\$ 24,900	\$ 14,888	60%	\$ 10,012
Aspect	2	Water Resources Services	R. Hoffman	8/17/2018	N/A	1/12/2024	98%	\$ 60,000	\$ 58,251	97%	\$ 1,749
Aspect	3	Climate Change Analysis	R. Hoffman	9/7/2022	12/31/2024	1/12/2024	8%	\$ 150,000	\$ 22,256	15%	\$ 127,745
Ben Bernstein Music	1	Podcast production	M. Brent	1/1/2024	12/31/2024	1/12/2024	0%	\$ 5,000	\$ -	0%	\$ 5,000
BHC Consulting	1	Planning & Permit Assistance	T. Richmond	1/1/2024	12/31/2024	1/12/2024	0%	\$ 25,000	\$ -	0%	\$ 25,000
Clark Nuber	1	Annual Financial Audit and Quarterly AUPs	C. Paulucci	1/1/2024	N/A	1/12/2024	10%	\$ 78,000	\$ -	0%	\$ 78,000
Colehour and Cohen	1	Staffing for classes and events	M. Brent	1/1/2024	12/31/2024	1/12/2024	0%	\$ 110,750	\$ -	0%	\$ 110,750
Confluence Engineering Group, LLC	1	Lake Tapps Supply & BIP Water Quality Advisory Services Project	D. Roberts	12/1/2023	N/A	1/12/2024	5%	\$ 49,000	\$ -	0%	\$ 49,000
David Evans	1	On-call Land Surveyor	H. Chen	11/18/2022	12/31/2025	1/12/2024	25%	\$ 160,000	\$ 36,010	23%	\$ 123,990
Enrironmental Science Assoc (ESA)	1	Aquatic Plant Management	P. Anderson	1/1/2024	12/31/2024	1/12/2024	0%	\$ 49,000	\$ -	0%	\$ 49,000
Gordon Thomas Honeywell	1	State legislative outreach	A. Bennett	1/1/2024	12/31/2024	1/12/2024	5%	\$ 84,000	\$ -	0%	\$ 84,000
Herrera	1	On-call limnology services	M. Thung	12/1/2022	12/31/2025	1/12/2024	5%	\$ 45,000	\$ -	0%	\$ -
Herrera	2	Water Quality Management Plan	M. Thung	10/9/2023	12/31/2024	1/12/2024	5%	\$ 165,000	\$ 17,213	10%	\$ 147,787
HDR	1	MMD Fish Passage Design Review	H. Chen	12/1/2015	N/A	1/12/2024	99%	\$ 1,041,100	\$ 1,040,562	100%	\$ 538
Industrial Fab and Repair	1	Valve house control system improvements	D. Roberts	8/28/2023	5/3/2024	1/12/2024	5%	\$ 88,118	\$ -	0%	\$ 88,118
Jacobs Engineering Group	1	Demand Forecast Model Support Services	M. Thung	8/20/2021	N/A	1/12/2024	5%	\$ 5,000	\$ -	0%	\$ 5,000
Langton Spieth	1	Community relations	A. Bennett	1/1/2024	12/31/2024	1/12/2024	8%	\$ 78,000	\$ -	0%	\$ 78,000
Lake Tapps Construction	1	Dingle Basin Actuators Replacement Project	D. Roberts	10/12/2023	5/25/2024	1/12/2024	15%	\$ 42,838	\$ -	0%	\$ 42,838
Lake Tapps Construction	2	Clearing/Sign Posts/Eco Blocks for Covington Properties	J. Amspacher	11/7/2023	12/15/2023	1/12/2024	100%	\$ 4,908	\$ 4,908	100%	\$ (0)
Long Building Tech	1	Security Maintenance	H. Chen	6/1/2023	12/31/2024	1/12/2024	5%	\$ 120,000	\$ 36,895	31%	\$ 83,105
Madsen Electric	1	Pipeline Intake and Valve House Battery Charger Inverter Removal and Replacement Project	D. Roberts	12/1/2023	4/27/2024	1/12/2024	0%	\$ 29,090	\$ -	0%	\$ 29,090
Media for International Development	1	WeNeedWater Video Production	A. Bennett	1/1/2023	12/31/2023	1/12/2024	30%	\$ 35,000	\$ 9,500	27%	\$ 25,500
Nature Vision	1	Classroom Water Education	M. Brent	1/1/2024	12/31/2024	1/12/2024	5%	\$ 105,000	\$ -	0%	\$ 105,000
Okamoto Strategies, LLC	1	Capital Projects and Strategic Planning	H. Chen	6/21/2023	6/21/2024	1/12/2024	10%	\$ 25,000	\$ 1,856	7%	\$ 23,144
Pacifica Law	1	Legal Assistance	H. Chen	1/1/2024	12/31/2024	1/12/2024	0%	\$ 25,000	\$ -	0%	\$ 25,000
Parametrix	1	On Call Civ/Mech/Structural Eng	H. Chen	1/1/2023	12/31/2025	1/12/2024	20%	\$ 550,000	\$ 102,759	19%	\$ 447,241
Performance Dimensions	1	Executive Coaching Services	M. Thung	1/1/2024	12/31/2024	1/12/2024	0%	\$ 15,000	\$ -	0%	\$ 15,000
Puget Sound Energy	1	Water Efficiency Rebates	M. Brent	1/1/2024	12/31/2024	1/12/2024	95%	\$ 120,000	\$ -	0%	\$ 120,000
Rainier Stillwater Risk Advisors	1	Trespassing Management	M. Thung	12/14/2023	12/31/2024	1/12/2024	5%	\$ 33,000	\$ -	0%	\$ 33,000
RH2	2	On-Call Electrical Engineering Svcs	H. Chen	1/1/2024	12/31/2024	1/12/2024	0%	\$ 133,750	\$ -	0%	\$ 133,750
RH2	3	Wholesale Master Meter Eval	H. Chen	1/21/2020	3/31/2023	1/12/2024	8%	\$ 24,500	\$ 1,342	5%	\$ 23,158
Robinson Noble	1	Water Audits	E. Cebron	10/3/2019	N/A	1/12/2024	85%	\$ 135,060	\$ 115,183	85%	\$ 19,877
Sammamish Plateau Water	1	GIS support services	H. Chen	12/6/2022	N/A	1/12/2024	15%	\$ 50,000	\$ 7,980	16%	\$ 42,020
Sazan	1	On-call value analysis/engineering	J. Shimada	10/23/2023	10/23/2025	1/12/2024	30%	\$ 250,000	\$ 73,371	29%	\$ 176,629
SC Words & Pictures Inc.	1	Design Services	A. Bennett	1/1/2024	12/31/2024	1/12/2024	0%	\$ 30,000	\$ -	0%	\$ 30,000
Seattle Public Utilities	1	Garden Hotline	M. Brent	1/1/2024	12/31/2024	1/12/2024	0%	\$ 15,825	\$ -	0%	\$ 15,825
SMC Consulting	1	Water Efficiency Consultant	M. Brent	1/1/2024	12/31/2024	1/12/2024	8%	\$ 26,500	\$ -	0%	\$ 26,500
Sustainable Water	1	Teacher Fellows program	M. Brent	1/1/2024	12/31/2024	1/12/2024	0%	\$ 60,000	\$ -	0%	\$ 60,000
TeamLogic IT	1	Info Technology Consulting	C. Paulucci	1/1/2024	12/31/2024	1/12/2024	5%	\$ 139,500	\$ -	0%	\$ 139,500

Tilth Association	1	Garden Water Efficiency	M. Brent	1/1/2024	12/31/2024	1/12/2024	8%	\$ 45,000	\$ -	0%	\$ 45,000
Upstream PBC	1	HydroForecast-Glacier Climate Change Analysis	M. Thung	11/1/2022	N/A	1/12/2024	50%	\$ 49,900	\$ 40,000	80%	\$ 9,900
Upstream PBC	2	HydroForecast Subscription Service	M. Thung	8/9/2023	10/31/2024	1/12/2024	5%	\$ 24,000	\$ -	0%	\$ 24,000
USGS	1	Joint Funding Agre-Streamgaging	H. Chen	1/1/2024	12/31/2024	1/12/2024	8%	\$ 374,000	\$ -	0%	\$ 374,000
Vanir Construction Management, Inc.	1	On-call Construction Management	J. Shimada	5/1/2021	12/31/2024	1/12/2024	50%	\$ 560,000	\$ 170,595	30%	\$ 389,405
VanNess Feldman	1	General Counsel	R. Hoffman	1/1/2024	12/31/2024	1/12/2024	5%	\$ 630,000	\$ -	0%	\$ 630,000
Veolia	1	White River-Lake Tapps Reservoir Project Operations and Maintenance Agreement \$2,251,944 Fixed, \$225,000 Variable	J. Shimada	1/1/2024	12/31/2024	1/12/2024	5%	\$ 2,476,944	\$ -	0%	\$ 2,476,944
Water Value	1	Climate Study Advisory Services	M. Thung	6/16/2022	12/31/2024	1/12/2024	35%	\$ 22,500	\$ 10,715	48%	\$ 11,786
Winterbauer and Diamond	1	Legal Assistance	R. Hoffman	1/1/2024	12/31/2024	1/12/2024	5%	\$ 20,000	\$ -	0%	\$ 20,000

### Closed Contracts

Vendor	Closed contract number	Contract title	Cascade manager	Effective Date	End date	Status date	Percent work completed	Contract amount, including amendments	Amount invoiced	Percent invoiced	Contract balance
A Advanced Septic	1	Relief house septic system services	J. Shimada	1/11/2023	N/A	1/12/2024	100%	\$ 3,739	\$ 3,739	60%	\$ 1,500
Aquatechnex	1	Aquatic Plant Maintenance Program	P. Anderson	3/1/2023	12/31/2023	1/12/2024	100%	\$ 150,000	\$ 149,973	100%	\$ 27
Artisan Electric	1	Powerhouse Solar Energy Project	M. Brent	10/1/2021	12/31/2022	1/12/2024	100%	\$ 273,000	\$ 236,184	87%	\$ 36,816
Ben Bernstein Music	1	Podcast production	M. Brent	12/20/2022	12/31/2023	1/12/2024	100%	\$ 5,000	\$ 2,000	40%	\$ 3,000
BHC Consulting	1	Planning & Permit Assistance	T. Richmond	4/24/2023	12/31/2023	1/12/2024	100%	\$ 25,000	\$ 2,490	10%	\$ 22,510
Brilliant Marketing	1	We Need Water Strategy Planning	M. Brent	11/4/2022	12/31/2023	1/12/2024	100%	\$ 49,500	\$ 40,020	81%	\$ 9,480
Catalyst Workspace Activation	1	Bellevue Office Audio/Visual Installation	C. Paulucci	5/19/2023	N/A	1/12/2024	100%	\$ 49,901	\$ 49,901	100%	\$ -
Clark Nuber	1	Annual Financial Audit and Quarterly AUPs	R. Hoffman	1/1/2023	N/A	1/12/2024	100%	\$ 85,400	\$ 85,400	82%	\$ 14,800
Colehour and Cohen	1	Staffing for classes and events	M. Brent	1/1/2023	12/31/2023	1/12/2024	100%	\$ 98,000	\$ 90,146	70%	\$ 29,139
David Evans	1	On-call Land Surveyor	H. Chen	11/18/2022	12/31/2025	1/12/2024	100%	\$ 160,000	\$ 36,010	23%	\$ 123,990
David McGrath	1	Irrigation Efficiency Assistance	M. Brent	12/21/2022	12/31/2023	1/12/2024	100%	\$ 30,000	\$ 3,312	6%	\$ 28,064
Enrironmental Science Assoc (ESA)	1	Aquatic Plant Management	P. Anderson	11/17/2022	12/31/2023	1/12/2024	100%	\$ 35,000	\$ 49,992	143%	\$ (14,992)
GeoEngineers Inc.	1	Dam Engineering/Hydrology/Geotech	H. Chen	1/1/2023	12/31/2023	1/12/2024	100%	\$ 170,000	\$ 71,408	42%	\$ 98,592
Gordon Thomas Honeywell	1	State legislative outreach	A. Bennett	1/1/2023	12/31/2023	1/12/2024	100%	\$ 84,000	\$ 84,000	100%	\$ -
HDR	2	Conservation Plan Potential Assessment	M. Brent	5/21/2021	N/A	1/12/2024	100%	\$ 18,900	\$ 18,870	100%	\$ 30
Jennergy	1	Website assistance	A. Bennett	1/1/2023	12/31/2023	1/12/2024	100%	\$ 36,500	\$ 17,740	49%	\$ 18,760
Johansen Excavating	1	Emergency Headgate Repair	H. Chen	5/5/2021	N/A	1/12/2024	100%	\$ 100,947	\$ 92,358	91%	\$ 8,589
Johansen Excavating	2	Flowline Outage Maintenance	J. Shimada	8/12/2021	N/A	1/12/2024	100%	\$ 540,000	\$ 387,899	72%	\$ 152,101
Johansen Excavating	5	Headgate actuator repair	J. Shimada	1/2/2023	3/31/2023	1/12/2024	100%	\$ 59,519	\$ 59,519	100%	\$ -
Johansen Excavating	4	Plunge Pool retaining wall	J. Shimada	7/2/2022	N/A	1/12/2024	100%	\$ 576,750	\$ 558,515	97%	\$ 18,235
Johansen Excavating	5	2022 Powerhouse overhead door	J. Shimada	7/22/2022	N/A	1/12/2024	100%	\$ 13,610	\$ 13,610	100%	\$ -
Johansen Excavating	6	Rock Bollards Relocation	M. Thung	7/24/2023	8/31/2023	1/12/2024	100%	\$ 3,500	\$ -	0%	\$ 3,500
John Labadie	1	EAP Tabletop Exercise Faciliation	M. Thung	7/23/2023	12/31/2023	1/12/2024	100%	\$ 5,500	\$ 5,400	98%	\$ 100
Langton Spieth	1	Community relations	A. Bennett	1/1/2023	12/31/2023	1/12/2024	100%	\$ 78,000	\$ 78,000	100%	\$ -
Lake Tapps Construction	1	Rodent Odor Mitigation	J. Shimada	5/25/2022	3/31/2023	1/12/2024	100%	\$ 26,843	\$ 26,111	97%	\$ 732
Long Building Tech	1	Security Maintenance	H. Chen	8/12/2019	10/31/2022	1/12/2024	100%	\$ 55,000	\$ 46,509	85%	\$ 8,491
Nature Vision	1	Classroom Water Education	M. Brent	1/1/2023	12/31/2023	1/12/2024	100%	\$ 100,000	\$ 99,993	100%	\$ 7
Pacifica Law	1	Legal Assistance	H. Chen	1/1/2023	12/31/2023	1/12/2024	100%	\$ 25,000	\$ -	0%	\$ 25,000
Performance Dimensions	2	Executive Coaching Services	M. Thung	3/14/2022	12/31/2023	1/12/2024	100%	\$ 15,000	\$ 11,025	74%	\$ 3,975
Puget Sound Energy	1	Water Efficiency Rebates	M. Brent	1/1/2023	12/31/2023	1/12/2024	100%	\$ 50,000	\$ 50,000	100%	\$ -
RH2	2	On-Call Electrical Engineering Svcs	H. Chen	1/1/2023	12/31/2023	1/12/2024	100%	\$ 125,000	\$ 73,775	59%	\$ 51,225
RH2	1	Security and SCADA	H. Chen	1/16/2020	N/A	1/12/2024	100%	\$ 494,807	\$ 494,795	100%	\$ 12

Ryatt Construction	1	Ford Property Demolition	C. Paulucci	5/25/2023	8/31/2023	1/12/2024	100%	\$ 70,000	\$ 69,936	100%	\$ 64
SC Words & Pictures Inc.	1	Design Services	A. Bennett	1/1/2023	12/31/2023	1/12/2024	100%	\$ 24,000	\$ 11,320	47%	\$ 12,680
Seattle Public Utilities	1	Garden Hotline	M. Brent	1/1/2023	12/31/2023	1/12/2024	100%	\$ 15,000	\$ 15,000	100%	\$ -
SMC Consulting	1	Water Efficiency Consultant	M. Brent	1/1/2023	12/31/2023	1/12/2024	100%	\$ 24,500	\$ 20,846	85%	\$ 3,654
Sustainable Water	1	Teacher Fellows program	M. Brent	1/1/2023	12/31/2023	1/12/2024	100%	\$ 60,000	\$ 60,000	100%	\$ 0
Tacoma Pierce County HD	1	Tappswise monitoring at Lake Tapps	A. Bennett	1/1/2023	12/31/2023	1/12/2024	100%	\$ 120,000	\$ 105,169	88%	\$ 14,831
TeamLogic IT	1	Info Technology Consulting	C. Paulucci	1/1/2023	12/31/2023	1/12/2024	100%	\$ 136,275	\$ 133,430	98%	\$ 2,846
TechniArt	1	Website Orders	M. Brent	1/1/2023	12/31/2023	1/12/2024	100%	\$ 15,900	\$ 11,114	70%	\$ 4,786
Tilth Association	1	Garden Water Efficiency	M. Brent	1/1/2023	12/31/2023	1/12/2024	100%	\$ 24,500	\$ 24,500	100%	\$ -
USGS	1	Joint Funding Agre-Streamgaging	H. Chen	1/1/2023	12/31/2023	1/12/2024	100%	\$ 323,468	\$ 323,468	100%	\$ -
Transpo Group	1	GIS Program Technical Support	J. Shimada	2/3/2022	12/31/2023	1/12/2024	100%	\$ 49,000	\$ 49,000	100%	\$ -
VanNess Feldman	1	General Counsel	R. Hoffman	1/1/2023	12/31/2023	1/12/2024	100%	\$ 600,000	\$ 544,956	91%	\$ 55,044
Veolia	1	White River-Lake Tapps Reservoir Project Operations and Maintenance Agreement \$2,133,533 Fixed, \$364,632 Var	J. Shimada	1/1/2023	12/31/2023	1/12/2024	100%	\$ 2,508,165	\$ 2,173,522	87%	\$ 334,643
Winterbauer and Diamond	1	Legal Assistance	R. Hoffman	1/1/2023	12/31/2023	1/12/2024	100%	\$ 20,000	\$ 2,139	11%	\$ 17,861
Source Electric LLC	1	SCADA Improvements Project	H. Chen	5/1/2021	2/1/2022	1/12/2024	100%	\$ 809,122	\$ 809,122	100%	\$ -



## Payment Authorization Warrants and Wire Transfers

## WHOLESALE WATER

WIRE	Seattle Contract Payment 12/23	\$1,438,157.00
WIRE	Seattle Contract Payment 1/24	\$1,224,517.00
		<u>\$2,662,674.00</u>

## CONSULTANTS

31182	SC Words & Pictures, Inc.	\$520.00
31184	GeoEngineers	\$15,219.48
31185	Gordon Thomas Honeywell Govern. Affair	\$7,000.00
31187	Langton/Spieth	\$6,500.00
31193	Performance Dimensions Group	\$350.00
31197	TeamLogic IT of Bellevue, WA	\$11,458.77
31199	Transpo Group	\$2,716.25
31202	Access Telephone Solutions, Inc.	\$561.51
31206	Herrera	\$4,980.56
31211	Robinson Noble a Terraphase Company	\$710.60
31213	TeamLogic IT of Bellevue, WA	\$12,576.50
31214	Van Ness Feldman, LLP	\$62,713.26
31232	Parametrix	\$1,681.08
31234	RH2 Engineering, Inc.	\$4,597.66
31241	Clark Nuber P.S.	\$11,400.00
31246	Gordon Thomas Honeywell Govern. Affair	\$7,000.00
31247	Jennergy	\$1,270.00
31248	Langton/Spieth	\$6,500.00
31252	MOODY'S INVESTORS SERVICE	\$2,000.00
31258	TeamLogic IT of Bellevue, WA	\$15,286.80
31259	Transpo Group	\$3,493.75
31269	Herrera	\$12,232.89
31272	Tacoma Pierce County Health Department	\$6,721.22
31275	Van Ness Feldman, LLP	\$32,303.50
31282	Clark Nuber P.S.	\$5,900.00
31283	Inslee, Best, Doezie & Ryder	\$2,209.00
31285	Law Office of Michael J. Murphy	\$1,800.00
31288	RH2 Engineering, Inc.	\$9,528.66
31293	Aspect Consulting	\$14,377.75
31303	Environmental Science Associates (ESA)	\$18,000.70
31304	Gordon Thomas Honeywell Govern. Affair	\$7,000.00
31307	Law Office of Michael J. Murphy	\$585.00
31308	Marten Law LLP	\$4,321.95
31311	Parametrix	\$4,817.50
31315	State Auditor's Office	\$4,624.41
31317	Tacoma Pierce County Health Department	\$10,813.70
31325	Langton/Spieth	\$6,500.00
31329	Transpo Group	\$2,767.50
		<u>\$323,040.00</u>

## LAKE TAPPS

31180	Cintas Corporation	\$137.97
31189	LONG Building Technologies, Inc.	\$3,214.99
31194	Puget Sound Energy	\$187.30
31196	SmartSights	\$800.00
31205	Corliss Resources	\$486.00
31219	Honey Bucket	\$341.50
31220	Johansen Construction Company, Inc.	\$3,316.48
31221	Linde Gas & Equipment Inc.	\$388.63
31223	Veolia Water North America	\$207,063.87
31233	Puget Sound Energy	\$525.60
31235	Robblee's Total Security, Inc.	\$23.00
31239	Cintas Corporation	\$137.97
31243	Corliss Resources	\$159.24
31249	LONG Building Technologies, Inc.	\$33,679.59
31251	M.D. Marine Electric, LLC	\$2,139.45
31260	Veolia Water North America	\$248,023.16
31286	Linde Gas & Equipment Inc.	\$400.58
31295	Cintas Corporation	\$137.97
31300	Corliss Resources	\$3,071.72
31301	Department of Ecology	\$1,208.00
31306	Lake Tapps Construction Unlimited	\$451.10
31312	Puget Sound Energy	\$412.24
31313	Robblee's Total Security, Inc.	\$585.80
31318	Veolia Water North America	\$192,737.37
		<u>\$699,629.53</u>

## GENERAL

31176	City of Bellevue	\$11,039.37
31181	CLEARFLY	\$543.11
31190	Lumen	\$522.69
31191	McClatchy Company LLC	\$285.30
31195	Sammamish Plateau Water & Sewer	\$199.50
31201	U.S. BANK	\$4,478.94
31203	CIT	\$1,491.00
31207	Lakemont Business Services Inc.	\$200.00
31209	Pacific Office Automation Inc.	\$47.79
31216	AT&T FirstNet	\$408.34
31228	City of Seattle	\$15,693.72
31229	Comcast	\$536.64
31231	Pacific Office Automation	\$281.52
31236	WALPA	\$40.00
31237	Washington Association of Sewer & I	\$660.00
31240	CIT	\$1,447.32
31242	CLEARFLY	\$543.02
31244	Covington Water District	\$93.00
31250	Lumen	\$104.51
31253	NALMS-North American Lake Mgmt	\$330.00
31254	Pacific Office Automation Inc.	\$100.79
31255	PNWS-AWWA	\$2,000.00
31256	Sammamish Plateau Water & Sewer	\$798.00
31257	Staples Advantage	\$107.59
31261	Verizon Wireless	\$135.03
31262	Water Value LLC	\$450.00
31265	City of Seattle	\$30,209.41
31270	Lakemont Business Services Inc.	\$200.00
31274	U.S. BANK	\$8,320.82
31278	AT&T FirstNet	\$408.34
31279	Bellevue Chamber of Commerce	\$550.00
31280	Bellevue Gateway One Equities, LLC	\$8,034.42
31284	Lake Tapps Construction Unlimited	\$4,456.87
31287	Pacific Office Automation	\$281.52
31289	Utilities Underground Location Cente	\$111.29
31296	CIT	\$1,447.32
31297	CLEARFLY	\$542.90
31298	Comcast	\$551.49
31310	One Redmond	\$2,500.00
31319	Verizon Wireless	\$270.06
31320	Bellevue Gateway One Equities, LLC	\$8,034.42
31323	Greater Issaquah Chamber of Comm	\$335.00
31324	Greater Kirkland Chamber of Comme	\$425.00
31326	Pacific Office Automation Inc.	\$100.79
31328	Staples Advantage	\$72.09
31330	U.S. BANK	\$8,963.48
		<u>\$118,352.40</u>

## SALARY, BENEFITS AND EXPENSE REIMBURSEMENTS

	Payroll (November)	
31218	Paula Anderson	\$65.39
31224	MissionSquare-107080	\$41,190.47
31225	MissionSquare-304525	\$14,604.04
31226	AWC Employee Benefit Trust	\$24,019.85
31230	HRA VEBA Trust	\$2,772.00
31267	Joseph Mickelson	\$503.90
31277	Association of Washington Cities	\$24,019.85
31290	MissionSquare-107080	\$37,001.89
31291	MissionSquare-304525	\$13,973.07
31305	HRA VEBA Trust	\$2,772.00
31322	Terese Richmond	\$159.00
		<u>\$161,081.46</u>

## CONSTRUCTION

31238	Vanir Construction Management Inc.	\$1,134.00
		<u>\$1,134.00</u>

## CONSERVATION

31177	Ben Bernstein Music	\$200.00
31178	Jessica Bloom	\$3,440.00
31179	BRILLIANT MARKETING LLC	\$2,827.50
31183	David F. McGrath	\$768.00
31186	Jennergy	\$1,270.00
31188	Lisa Taylor	\$600.00
31192	Nature Vision, Inc.	\$7,806.65
31198	Techniart C S D	\$467.02
31204	Colehour and Cohen	\$17,041.13
31210	Puget Sound Energy	\$2,049.45
31212	Sustainable Seattle dba Sustainabili	\$23,162.00
31217	Capital City Press	\$2,533.93
31222	Marketplace Events LLC	\$15,000.00
31227	Ben Bernstein Music	\$150.00
31245	David F. McGrath	\$608.00
31264	BRILLIANT MARKETING LLC	\$2,912.50
31266	Colehour and Cohen	\$2,778.75
31268	Greg Rabourn	\$1,000.00
31271	Nature Vision, Inc.	\$10,444.20
31273	Techniart C S D	\$459.39
31281	City of Seattle	\$3,750.00
31292	Alliance for Water Efficiency	\$708.75
31294	BRILLIANT MARKETING LLC	\$2,828.75
31299	SC Words & Pictures, Inc.	\$3,800.00
31302	Education & Company	\$705.18
31309	Nature Vision, Inc.	\$6,850.74
31314	SMC Consulting LLC	\$2,337.50
31316	Sustainable Seattle dba Sustainabili	\$5,055.00
31321	Colehour and Cohen	\$1,465.00
31327	Tilth Alliance	\$5,259.61
		<u>\$128,279.05</u>

## EQUIPMENT, COMPUTER, AND SOFTWARE

31200	Upstream Tech	\$24,000.00
31208	Nearmap US Inc.	\$7,486.80
31215	Abila	\$272.67
31263	Access Telephone Solutions, Inc.	\$1,257.18
31276	Abila	\$272.67
		<u>\$33,289.32</u>

## DESTROYED AND VOIDED CHECKS:

<b>Total Warrants</b>	\$1,464,805.76
<b>Total Wires</b>	\$2,662,674.00
<b>Total warrants/wire transfers authorized for January 2024</b>	<u>\$4,127,479.76</u>

Approved: \_\_\_\_\_ Date: \_\_\_\_\_

Edward Cebron, Chief Economist/Treasurer

Approved: \_\_\_\_\_ Date: \_\_\_\_\_

Secretary/Treasurer

**Cascade Water Alliance  
Monthly Treasurer's Report  
December 2023**

	Operating Fund	Construction Fund	Bond Fund	RCFC Fund	Water Supply Development Fund	Rate Stabilization Fund	US Bank Payroll Account	All Funds
<b>Beginning Balances, December 1</b>	<b>\$ 16,553,376</b>	<b>\$ 15,456,130</b>	<b>\$ 11,985,348</b>	<b>\$ -</b>	<b>\$ 10,870,926</b>	<b>\$ 2,212,319</b>	<b>\$ -</b>	<b>\$ 57,078,098</b>
<b>Additions:</b>								
Cash received	\$ 3,283,271	\$ 51,662	\$ 16,175	\$ -	\$ 11,996	\$ 7,395	\$ -	\$ 3,370,498
Transfers from other Cascade funds	\$ 150,933	\$ 2,689,625	\$ 829,747	\$ -	\$ -	\$ 60,823	\$ 166,539	\$ 3,897,668
<b>Total additions</b>	<b>\$ 3,434,204</b>	<b>\$ 2,741,287</b>	<b>\$ 845,922</b>	<b>\$ -</b>	<b>\$ 11,996</b>	<b>\$ 68,218</b>	<b>\$ 166,539</b>	<b>\$ 7,268,166</b>
<b>Subtractions:</b>								
Bank fees, payroll, and bond payments	\$ 115	\$ (143)	\$ 369	\$ -	\$ 328	\$ (31)	\$ 166,539	\$ 167,177
Warrants paid	\$ 719,305	\$ 1,134	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 720,439
Wire and other electronic payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
King Co. Investment Pool impairment (realized)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
King Co. Investment Pool impairment (retained)	\$ (47)	\$ (39)	\$ (22)	\$ -	\$ -	\$ (6)	\$ -	\$ (114)
Transfers to other Cascade funds	\$ 3,746,734	\$ 150,933	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,897,668
<b>Total subtractions</b>	<b>\$ 4,466,108</b>	<b>\$ 151,885</b>	<b>\$ 347</b>	<b>\$ -</b>	<b>\$ 328</b>	<b>\$ (37)</b>	<b>\$ 166,539</b>	<b>\$ 4,785,171</b>
<b>Ending Balances, December 31, 2023</b>	<b>\$ 15,521,472</b>	<b>\$ 18,045,531</b>	<b>\$ 12,830,923</b>	<b>\$ -</b>	<b>\$ 10,882,594</b>	<b>\$ 2,280,573</b>	<b>\$ -</b>	<b>\$ 59,561,094</b>



Office of the Washington State Auditor  
Pat McCarthy

# Accountability Audit Report

# Cascade Water Alliance

For the period January 1, 2022 through December 31, 2022

*Published January 11, 2024*

Report No. 1033970



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**Office of the Washington State Auditor  
Pat McCarthy**

January 11, 2024

Board of Directors  
Cascade Water Alliance  
Bellevue, Washington

**Report on Accountability**

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Alliance operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the Alliance compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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## AUDIT RESULTS

### Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Alliance operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

### About the audit

This report contains the results of our independent accountability audit of the Cascade Water Alliance from January 1, 2022 through December 31, 2022.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the Alliance's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the year ended December 31, 2022, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Compliance with public work projects – prevailing wages, change orders, retainage requirements
- Tracking and monitoring of theft sensitive assets, such as computers, tools, and equipment
- Accounts payable – general disbursements
- Open public meetings – ensure compliance with minutes, meetings and executive session requirements.
- Financial condition – reviewing for indications of financial distress

## RELATED REPORTS

### **Financial**

A financial statement audit was performed by a firm of certified public accountants. That firm's fiscal year 2022 report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE ALLIANCE

The Cascade Water Alliance is a joint municipal utility services authority located in Bellevue, Washington. Its membership consists of the cities of Bellevue, Issaquah, Kirkland, Redmond and Tukwila, along with the Sammamish Plateau Water and the Skyway Water and Sewer District.

The Alliance was organized to coordinate and plan cooperatively with other regional water providers and local nonmember water utilities, to maximize supply availability and to minimize system costs. Established in 1999, Cascade Water Alliance converted from a Washington State nonprofit corporation to a Washington State Joint Municipal Service Authority on July 12, 2012.

The Alliance supplies over 380,000 King County residents and 20,000 businesses. The Alliance is governed by a Board of Directors that consists of seven elected officials appointed from member entities. Operating expenditures for 2022 totaled \$33 million. The Alliance has thirteen employees and two temporary employees.

### Contact information related to this report

Address:	Cascade Water Alliance 520 112th Avenue NE Suite 400 Bellevue, WA 98004
Contact:	Christopher Paulucci, Finance and Administration Manager
Telephone:	(425) 453-0934
Website:	<a href="http://www.cascadewater.org">www.cascadewater.org</a>

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for the Cascade Water Alliance at <http://portal.sao.wa.gov/ReportSearch>.



## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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MEETING MINUTES OF THE  
BOARD OF DIRECTORS  
VIA HYBRID  
NOVEMBER 15, 2023

**1. CALL TO ORDER**

At 3:31 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: City of Bellevue (Barksdale), City of Issaquah (Joe), City of Kirkland (Sweet), 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 Mr. Ault and second by Mr. Warren to approve the meeting agenda as presented. Motion carried unanimously (6-0).**

**6. CHIEF EXECUTIVE OFFICER'S REPORT**

Board Members welcomed Ray Hoffman back to Cascade's CEO role. Mr. Hoffman reviewed the Chief Executive Officer's Report that was included in the Board Packet.

Mr. Hoffman made Board Members aware of a potential water quality issue. Recently, Sammamish Plateau Water & Sewer District had a positive test for a PFAS (per- and polyfluoroalkyl substances) compound that was a result of systematic testing. The compound (PPF Acid) is not regulated nor has a compliance threshold been identified. The proper entities were notified of the preliminary finding. Mr. Hoffman said that the water will be retested at the same sampling station to be certain that there weren't items that could have caused a positive test (e.g., use of Teflon tape at joint compounds). Tests will also be taken further upstream at the BIP (Bellevue Issaquah Pipeline). Mr. Hoffman clarified that this is only associated with the BIP, not any other member lines.

Mr. Barksdale suggested that the Board error on the side of caution with the information. Mr. Hoffman said that the contaminant needs to be confirmed and the source needs to be identified. Staff are closely monitoring the situation and will keep Board Members informed of any new developments.

## 7. CONSENT ITEMS

- A. Board Meeting Minutes for October 25, 2023.
- B. Motion to authorize the Chief Executive Officer to execute a three-year contract (plus a two-year extension option) with GeoEngineers Inc. to provide dam engineering, geotechnical, hydrology, and related permitting services in an amount not to exceed \$570,000.

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

## 8. OTHER ACTION ITEMS

- A. Motion to adopt Resolution No. 2023-14 authorizing the Chief Executive Officer, in consultation with legal counsel, to take all action necessary to opt out of proposed settlements in litigation related to PFAS.

T.C. Richmond, Cascade General Counsel, said that PFAS (Per- and polyfluoroalkyl substances) are human-made chemicals that don't break down easily. PFAS chemicals can be found in numerous substances like cleaning products, waxes, paints, food packaging, and fire-fighting foams. EPA has proposed to designate PFAS as hazardous substance in 2024 and to regulate PFAS in drinking water MCLs.

Lawsuits were brought against PFAS/AFFF manufacturers in 2018. Proposed settlements were reached among water-providers and 3M and Dupont in June 2023. Water providers may choose to opt-out of the settlements by December 4, 2023 (Dupont) and December 11, 2023 (3M).

In deciding to opt out, each water provider must weigh the likelihood of monetary recovery under the settlement against giving up future claims against 3M and Dupont and other defendants. In Cascade's case, monetary recovery would be very limited due to the lack of baseline testing and/or non-detection of PFAS.

Cascade staff's recommendation, in consultation with legal counsel, is to opt out of the settlements. Given the very early stage of Cascade testing and discovery of PFAS, the loss of potential future claims greatly outweighs the current potential settlement amount.

**Motion by Ms. Birney and second by Mr. Joe to adopt Resolution No. 2023-14 authorizing the Chief Executive Officer, in consultation with legal counsel, to take all action necessary to opt out of proposed settlements in litigation related to PFAS. Motion carried unanimously (6-0).**

- B. Motion to authorize the Chief Executive Officer to renew contracts for engineering, vendor, and consulting services totaling \$2,116,062 and in accordance with the adopted 2023 - 2024 Cascade budget.

Chris Paulucci, Finance and Administration Manager, discussed the vendor table that was included in the Board Packet that shows vendors and consultants that Cascade is contracting for services during 2023 whose current contracts expire on Dec. 31, 2023, and for that staff recommends renewal for 2024. The listed vendors and consultants provide services for legal, conservation, milfoil treatment, community relations, information technology support, USGS joint funding agreements, and legislative outreach initiatives. All the contractors listed have been evaluated positively in 2023.

Prior year expenditures for each vendor, along with other detailed information, was included in the Board Packet.

**Motion by Ms. Birney and second by Mr. Warren authorize the Chief Executive Officer to renew contracts for engineering, vendor, and consulting services totaling \$2,116,062 and in accordance with the adopted 2023 - 2024 Cascade budget. Motion carried unanimously (6-0).**

**9. STAFF PRESENTATIONS**

No report.

**10. COMMITTEE REPORTS**

- A. Executive Committee – No meeting held.
- B. Finance & Management Committee – Meeting held November 14, 2023. Meeting recap included in the Board Packet.
- C. Public Affairs Committee – No meeting held.
- D. Resource & Management Committee – Meeting held November 2, 2023. Meeting recap included in the Board Packet.

**11. NEW BUSINESS**

None.

**12. NEXT REGULAR MEETING**

**Motion by Ms. Birney and second by Mr. Joe to cancel the next regular Board meeting scheduled on December 20, 2023, at 3:30 p.m. Motion carried unanimously (6-0).**

Board Members and staff thanked Allan Ekberg and Jeremy Barksdale for their contributions to the Board. Chair Sweet read Resolutions for both Mr. Ekberg and Mr. Barksdale.

**13. ADJOURN**

The meeting was adjourned at 4:15 p.m.

APPROVED BY:

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Penny Sweet, Chair

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Angela Birney, Vice-Chair



## Minutes of the Special Meeting of the Board Supply Contract Proposals

December 11, 2023

10:00am – 3:30pm

Held at Cascade’s Office and Via Zoom

Time	Agenda Item	Board Action
10:00am	<p><b>Call to Order, Roll Call, and Approval of Agenda</b></p> <p>Penny Sweet, Board Chair</p> <p><u>Board Members Present:</u> City of Kirkland (Sweet), City of Redmond (Birney), City of Tukwila (Ekberg), Sammamish Plateau Water &amp; Sewer District (Warren), and Skyway Water and Sewer District (Ault)</p> <p><u>Board Member Absent:</u> City of Bellevue (Barksdale), City of Issaquah (Joe)</p> <p><u>Board Alternates Present:</u> City of Bellevue (Stokes)</p>	
	<p><b>Presentation regarding the most recent water supply contract proposals from Seattle and Tacoma</b></p> <p><u>Recap:</u> Cascade staff last briefed the Board on Seattle’s and Tacoma’s water supply proposals in July 2023. Recently both utilities submitted updated terms, and Cascade staff presented these to the Board. Attached is the presentation that staff made.</p>	Presentation
	<p><b>Discussion based on presentation</b></p> <p><u>Recap:</u> The Board discussed the two updated proposals, and staff responded to the Board’s questions.</p>	Discussion
	<p><b>Executive Session (if needed)</b></p> <p><u>Recap:</u> There was no Executive Session.</p>	
	<p><b>Announcement of Next Special Board Meeting – January 4, 2024, at 10:00 a.m. held at Cascade’s office and via Zoom</b></p> <p>Penny Sweet, Board Chair</p>	
11:30 am	<b>Lunch (optional)</b>	

12:30 pm	<b>Contract Proposals “Deep Dive” (optional)</b> <u>Recap:</u> Cascade staff delved more deeply into Seattle’s and Tacoma’s updated proposals and responded to the Board’s and member staff’s questions. The attached presentation was also presented during this session.	Presentation and Discussion
3:30 pm	<b>Adjourn</b>	



# Update on Water Contract Supply Options

December 11, 2023



# Background

**In July, 2021 the Board directed staff to pursue in parallel two potential supply contracts in order to evaluate supply development options. In addition to the existing plan to develop Lake Tapps by around 2040, the two options were:**

- 1. A contract extension with Seattle, for 20 years or more.**
- 2. A supply contract with Tacoma for 20 years or more, beginning when the existing Seattle block begins to decline in 2040.**

**In July, 2023 staff reported on contract proposals from Seattle and Tacoma. The Board directed further work to extend and improve those offers.**

**This session reviews potential new contract terms and their impacts.**



# Outline of Review

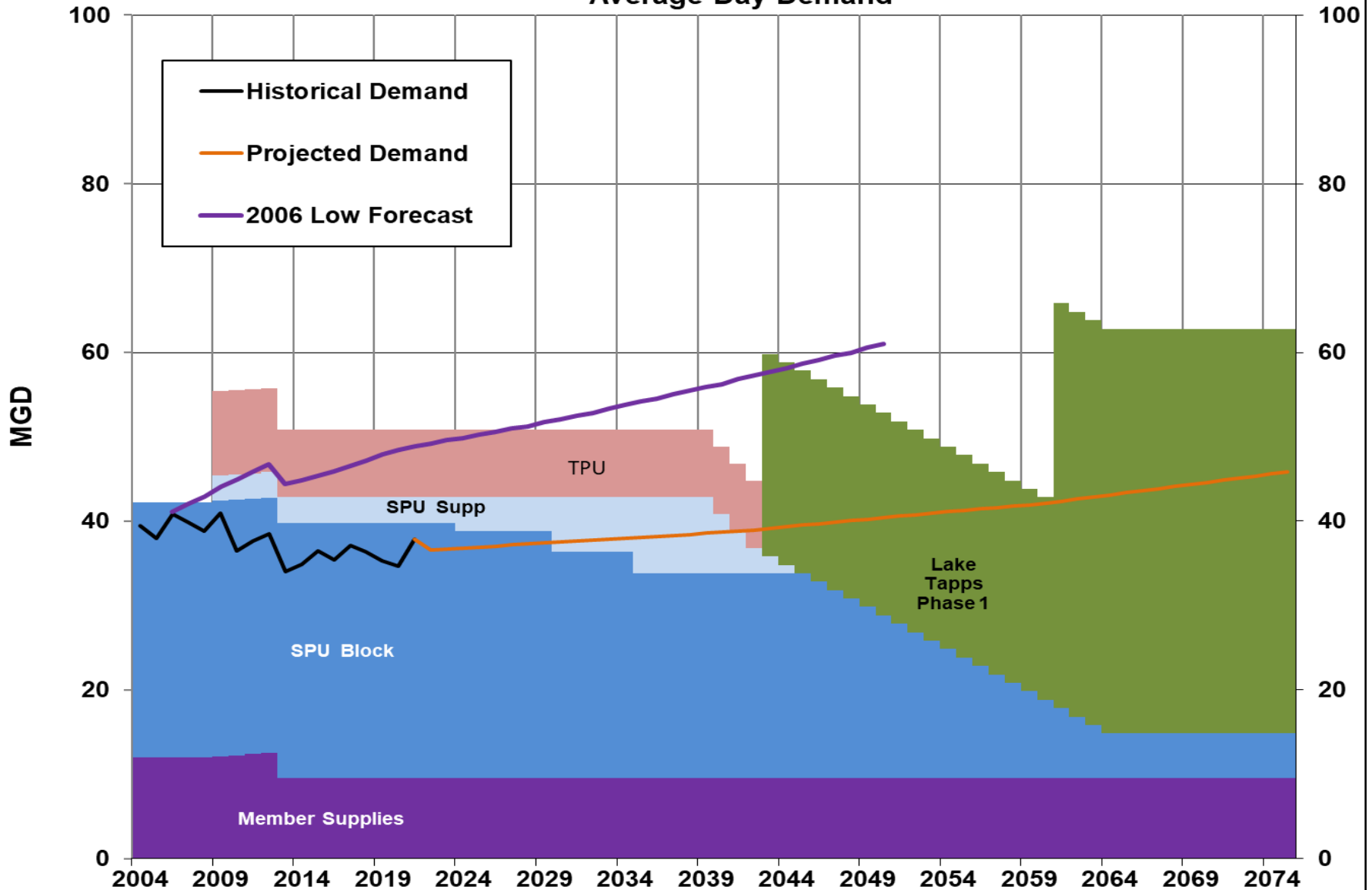
- 1. Review of Cascade Supply Strategy**
- 2. Updated Contract Proposals**
  - A. Seattle**
  - B. Tacoma**
- 3. Summary of Contract Options**
- 4. Evaluation of Supply Scenarios**
- 5. Findings of Supply Evaluation**



# Cascade Supply & Demand Forecast

## Base Scenario: Lake Tapps 2042

### Average Day Demand

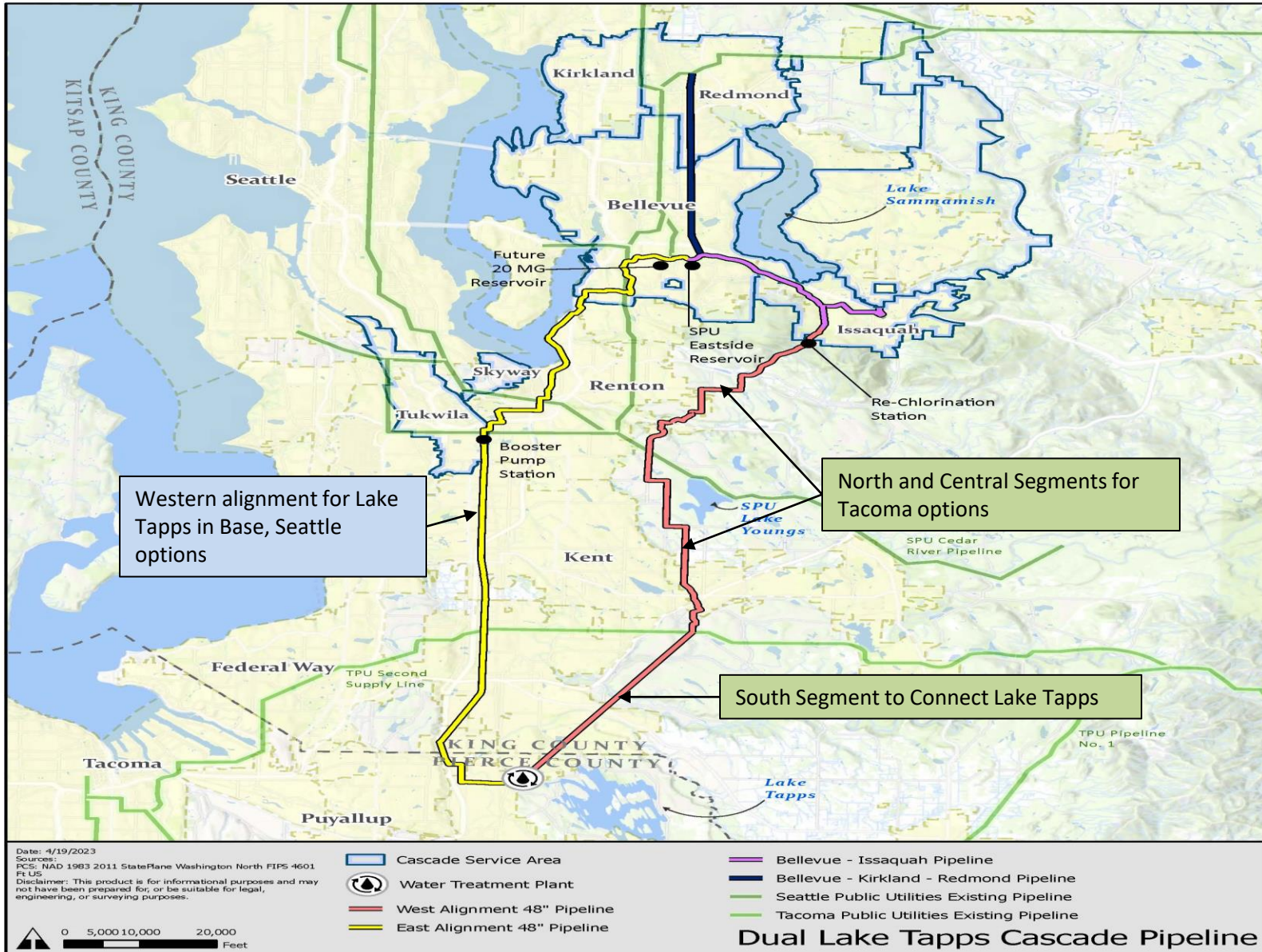


# Base Scenario

- **Current contract terms with Seattle:**
  - **33.3 MGD average block and 63 MGD peak**
  - **Block declines from 2039 through 2063**
  - **Starting 2064, can purchase up to 5.3 MGD**
- **Base scenario requires developing Lake Tapps Reservoir by 2042, in two phases:**
  - **Phase 1: By 2042, treatment and transmission in place**
  - **Phase 2: By 2062, treatment expansion completed**
- **Water Supply Development Fund (WSDF):**
  - **Board approved in November 2021**
  - **Accumulates cash for 20% minimum equity requirement and to mitigate rate increases**



# Potential Supply System



# Basic Supply Negotiation Objectives

- 1. 20 Year (or longer) extension of contract supply**
- 2. Extension sufficient to defer Lake Tapps development**
- 3. Reasonable and predictable costs**
- 4. Net economic and/or rate benefit versus current Lake Tapps development plans**
- 5. Flexibility in contract term and/or quantity to allow for future variation in supply and demands**
- 6. Possible further extensions if mutually beneficial given supply/demand status**
- 7. Possible partnership opportunities for assets of regional significance**

# What Has Changed from Seattle?

Prior Terms	Latest Proposal
Maximum of 10 year extension at 33.3 MGD	Same terms for initial 10 year extension
Increased charges now and in the future -- cost of block increases to match Seattle's wholesale rates	Increased charges now and in the future -- cost of block increases to match Seattle's wholesale rates
Added lump sump transition payments: \$5 million in 2026, 2028, 2030, 2033	Added lump sump transition payments: \$5 million in 2026, 2028, 2030, 2033
No further extensions	<p><b>Two potential 5 year extensions:</b></p> <ul style="list-style-type: none"> <li>• <i>Trigger dates 15 years prior to extension (2034, 2039) for extensions to 2054, 2059</i></li> <li>• <i>Contingent on Seattle supply/demand criteria (specified in contract)</i></li> </ul>
Possible transition path back to F&P supply; not yet defined	<p><b>Potential conversion to wholesale contracts in 2060:</b></p> <ul style="list-style-type: none"> <li>a) <i>Only offered to Cascade individual members, not Cascade               <ul style="list-style-type: none"> <li>i. <i>Cascade will not be a wholesale customer or provider</i></li> <li>ii. <i>Cascade's assets and liabilities (incl. Lake Tapps) remain as Cascade issues</i></li> <li>iii. <i>Members will need to pay (somehow) for all future Cascade obligations as well as Seattle payments</i></li> </ul> </i></li> <li>b) <i>Provides a 40 year contract through 2099</i></li> <li>c) <i>Contingent on Seattle supply/demand criteria (specified in contract) and exercising prior 5 year extensions</i></li> <li>d) <i>Rate premium (or lump sum payment) to offset new supply costs borne by Seattle</i></li> </ul>



# How Are We Evaluating Seattle's Updated Proposal?

## Analyze 3 Seattle Scenarios

- 1. *Original 10 Year extension: no change***
- 2. *10 Years with Two 5 year Extensions (total 20 years)***
  - a) Assumes the threshold conditions for extensions are met**
  - b) Cost of block remains equivalent to Seattle's wholesale rates**
- 3. *10 + 10 plus 40 year wholesale contract***
  - a) Assume all members transfer to new contract**
    - i. Lake Tapps supply is not developed**
    - ii. For analysis, treat it as if a Cascade contract**
  - b) Assume all members also remain in Cascade**
    - i. Other Cascade costs and obligations remain**
    - ii. If not, members would owe "make whole" buy-out charges to Cascade to leave**
  - c) Assume 30% rate premium beginning 2060**
    - i. Intended to compensate for costs of new Seattle supplies**
      - a. Lake Tapps is not a supply option**
  - d) Assume no new transition payments or facilities charges**

# What Has Changed from Tacoma?

Prior Terms	Latest Proposal
<p>20 year at full supply beginning in 2040, plus 15 years at 50%</p> <p>Contract Capacity of 20 MGD average, 30 MGD peak through 2060</p> <p>Capacity of 10 MGD average, 15 MGD peak from 2060 to 2075</p>	<p><b><i>Extends 20/30 MGD through 2065 or 2070; 10/15 MGD through 2085 (or longer)</i></b></p> <p><u>Problem:</u> Cascade needs more supply after 2060 as Seattle block continues to decline: roughly 5 MGD average and 10 MGD peak</p> <ul style="list-style-type: none"> <li>a) Tacoma SSP capacity is constrained as usage increases; peak capacity is reached</li> <li>b) More supply may be available through:               <ul style="list-style-type: none"> <li>i. Shares owned by Second Supply partners (Covington, Kent and Lakehaven)</li> <li>ii. Upgrades to Tacoma system                   <ul style="list-style-type: none"> <li>• Pumping</li> <li>• In-system upgrades to enable alternate delivery to SSP partners</li> </ul> </li> <li>iii. Modified Seattle ramp down</li> <li>iv. Other potential suppliers</li> </ul> </li> </ul>
<p>Defined rate methodology and terms</p>	<p>Same rate methodology</p>
	<p><b><i>Capacity reservation charge beginning around 2030:</i></b></p> <ul style="list-style-type: none"> <li>a) <i>Begins when current payments to Tacoma declines</i></li> <li>b) <i>Pricing to be determined but should be on the order of \$500k per year</i></li> <li>c) <i>Payments will credit against future water purchases</i></li> </ul>



# How Are We Evaluating Tacoma's Updated Proposal?

## Analyze 2 Tacoma Scenarios

- 1. *Original 20 Year contract: no change***
- 2. *25 Year term at full capacity through 2065***
  - a) Factor in capacity reservation payments**
  - b) Assume expanded capacity after 2060 to meet Cascade demands**
    - i. Priced at Tacoma wholesale rate**
    - ii. No other added costs or investments to secure added supply**
  - c) Additional 20 year term at 50% capacity (through 2085)**
    - i. Allows Cascade to delay Phase 2 of Lake Tapps until 2085**
    - ii. Delivers both Tacoma and Lake Tapps water to Cascade members**

# Economic Criteria that we looked at

- A. Lowest Cost: Net Present Value**
- B. Lowest Unit Cost: Levelized Cost per CCF and per CERU**
- C. Smoothest Rate Profile: Average Rate Increase by Decade**
- D. Strongest Financial Performance**
  - 1. Debt Funding as % of Phase 1**
  - 2. Debt Funding as % of Total Projects**
- E. Stability of Results: sensitivity analysis from prior iteration provides guidance**

*In all cases, annual rates were projected to meet annual obligations (cash flow and debt coverage) and then adjusted upward, if needed, to minimally meet the 80/20 debt/equity constraint.*

# Key Unknowns

## Seattle:

1. Whether threshold criteria for 5 year extensions would be met
2. Whether threshold criteria for 40 year conversion would be met
3. If additional lump sum transition payments would be due
4. If (or when) facilities charge payments would become applicable
5. What rate premium would apply after 2060 (ballpark estimate of 20-35%)

## Tacoma:

1. Where added capacity after 2060 would be found
  - a) *Best Case: Available from Tacoma and/or its partners*
  - b) *Worst case: back to the 20 year contract schedule for Lake Tapps development*
2. Terms for capacity reservation payment
3. Potential benefits from regional interconnection (incl. financial)

## Both Seattle and Tacoma Systems:

1. How future capital projects/costs may impact wholesale rates
2. Potential impacts on supply yields due to climate change
3. Possible impacts of deferral on Lake Tapps supply development

# Summary of Prior Terms

	Current Contract	Seattle 10 Year Extension	Tacoma 20 Year Supply Contract
Term	Declining block through 2063	Declining block through 2063	Full capacity thru 2060, then 50% thru 2075
Capacity	33.3 MGD Average	33.3 MGD Average	20 MGD Average/30 MGD Peak
	63 MGD Peak	63 MGD Peak	
	Annual decline of 3 mgd 2040-2042 then 1 mgd	Annual decline of 3 mgd 2050-2055, 2 mgd 2056 then 1 mgd	2061-75 10/15 MGD
Rate / Financial Features	Slow transition to higher cost wholesale rates.	Rapid transition to higher cost wholesale rates.	Cost-Based rate defined; roughly 20% below Seattle
	Last “Transition payment” of \$5 million in 2024	Added transition payments of \$5 million in 2026, 2028, 2030 and 2033	Rate structure includes ready to serve and volume charge (25%/75%)

# Summary of Latest Proposals

	Seattle 10 Year plus 2 5-Year Extensions	Seattle 10 plus 10 plus 40 years	Tacoma 20 Year plus 5 year Extension
Term	Declining block through 2073 Requires 2 extensions Conditional extensions not assured; likelihood <50%?	Block through 2059 Requires 3 extensions Conditional extensions not assured; likelihood <50%	Requires added capacity for 5 or more years (multiple options, assumed at TPU pricing) Extension not assured but multiple options available; likelihood >80%
Capacity	33.3 MGD Average	33.3 MGD Average, 63 MGD Peak through 2059	20 MGD Average/30 MGD Peak through 2065
	63 MGD Peak	No limit after 2059	
	Annual decline of 1 mgd 2059-2061, then ~2.1 mgd through 2072		2065-85 10/15 MGD
Rate / Financial Features	Rapid transition to higher cost wholesale rates.	Rapid transition to higher cost wholesale rates.	Cost-Based rate defined; roughly 20% below Seattle
	Added transition payments of \$5 million in 2026, 2028, 2030 and 2033	Transition payments of \$5 million in 2026, 2028, 2030 and 2033 Assumed 30% rate premium after 2059 (new supply charge)	Rate structure includes ready to serve and volume charge (25%/75%)



# Summary of Risk Assessment

Risk Factor	Description	Base Case	<i>Seattle 10 +5 +5 year</i>	<i>Seattle 10 +10 + 40 year</i>	<i>Tacoma 20 + 5 Year</i>
<b>OVERALL</b>	<i>Rough Composite of Risks Below</i>	<b>HIGH RISK</b>	<b>HIGH TO MODERATE RISK</b>	<b>HIGH RISK</b>	<b>MODERATE RISK</b>
<b>SUPPLY ADEQUACY AND RELIABILITY</b>	<i>Quantity, Flexibility and Resiliency of Supply Portfolio</i>	<b>MODERATE RISK</b> Increases supply diversity and available quantities.	<b>HIGH TO MODERATE RISK</b> Closer balance of supply and demand and reduced supply diversity.	<b>HIGH TO MODERATE RISK</b> Closer balance of supply and demand and reduced supply diversity.	<b>MODERATE TO LOW RISK</b> Increased supply surpluses and diversity and increased future options.
<b>ABILITY TO COMPLETE THE PROJECT</b>	<i>Organizational, Financial and Regulatory Capacity</i>	<b>HIGH RISK</b> Requires major construction projects in parallel with related organizational and financial expansion.	<b>HIGH RISK</b> Requires entire project at once with related organizational and financial expansion. Relaxes permitting schedule.	<b>HIGH TO MODERATE RISK</b> If extension is not provided, requires entire project at once with related organizational and financial expansion.	<b>MODERATE TO HIGH RISK</b> Separates projects into smaller phases, but still requires timely franchise and permitting.
<b>ECONOMIC AND RATE IMPACTS</b>	<i>Overall Cost, Rate Impacts, Generational Equity, and Ability to Manage Financial Outcomes.</i>	<b>HIGH RISK</b> Major construction on tight timeline limits flexibility, imposes high costs during construction period.	<b>MODERATE TO HIGH RISK</b> More flexible schedule, but uncertain extensions, increased front-end costs and reduced equity. Major construction still poses rate challenges.	<b>MODERATE TO HIGH RISK</b> More flexible schedule, but uncertain extensions and increased front-end costs and rate impacts. Major construction could pose rate and funding challenges.	<b>MODERATE TO LOW RISK</b> Separating project phases and stretching timeline improves economics, finances and equity.
<b>LEGAL AND REGULATORY</b>	<i>Contract, Permitting and Legal Risks</i>	<b>LOW RISK</b> No new contracts needed; water rights and diversions in place	<b>MODERATE RISK</b> New contract needed with complex terms for extensions; water rights and diversions in place	<b>MODERATE RISK</b> New contract needed with complex terms for extensions; water rights and diversions in place	<b>MODERATE RISK</b> A new contract needed, plus reliance on multiple watersheds and water rights.

# Summary of Financial Results

## Seattle

### Original 10 Year

**\$37 million in NPV savings**

**\$144 million increased payments to Seattle**

**Reduced WSDf opportunity and increased rate spike**

**Begin paying premium for supply now to secure future extension**

### Updated 20 Year

**\$132 million in NPV savings**

**\$320 million increased payments to Seattle**

**Reduced WSDf opportunity and increased rate spike**

**Risk of future extension availability**

### Updated 20 + 40 Year

**\$885 million in NPV savings**

**\$754 million increased payments to Seattle**

**WSDf not required; Smoother rate trend and lower long-term rates w/o Lake Tapps**

**Risk of extension availability, terms for wholesale conversion and possible need to build Lake Tapps**

## Tacoma

### Original 20 Year

**\$251 million in NPV savings**

**\$117 million wholesale payments to Tacoma**

**Phasing of supply development and using WSDf mitigate rate impacts**

### Updated 25 Year

**\$299 million in NPV savings**

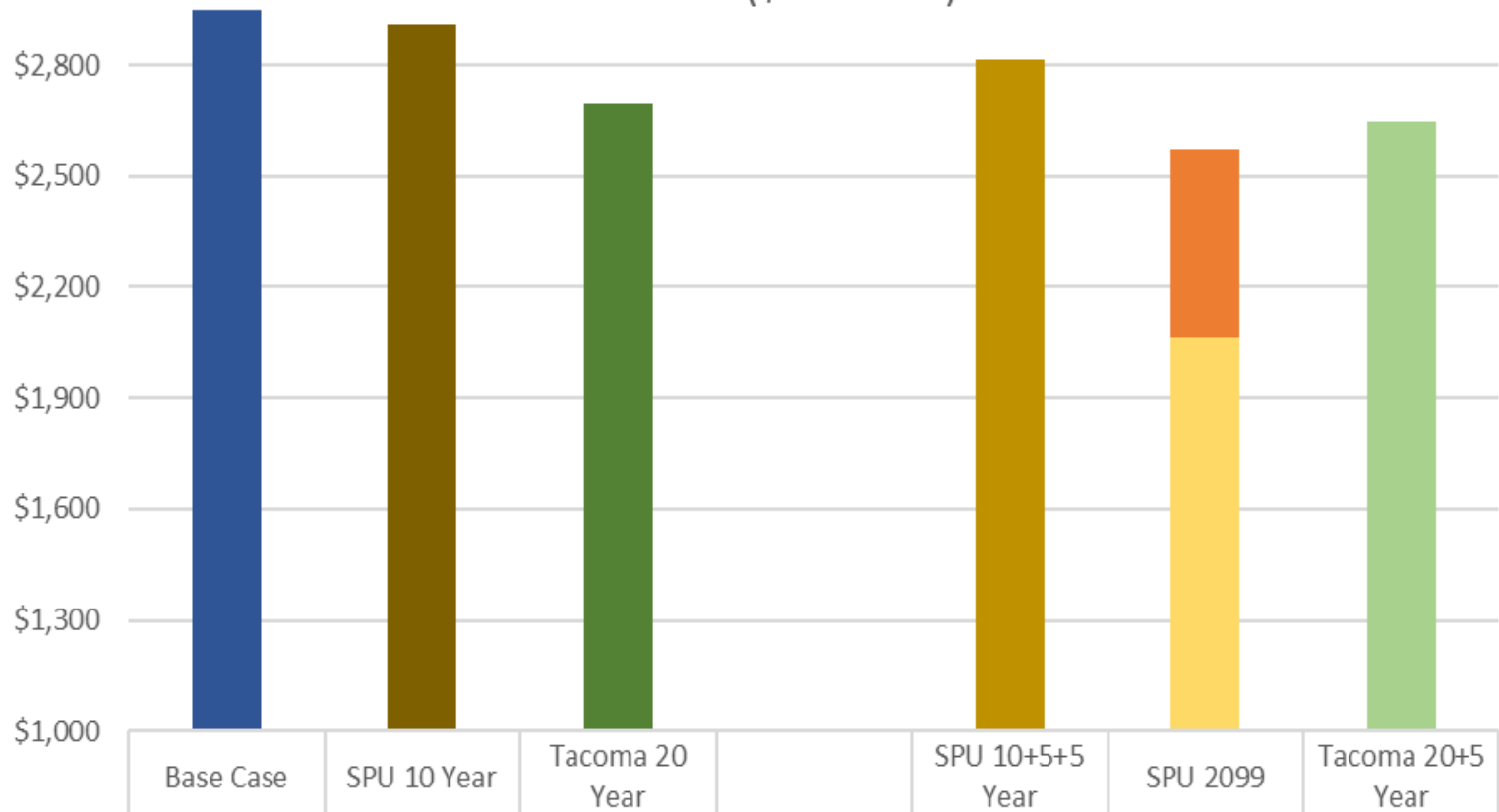
**\$184 million wholesale payments to Tacoma**

**Phasing of supply development and using WSDf mitigate rate impacts**

**Minimal extension risk given small scale of added savings**

# Net Present Value of Supply Scenarios

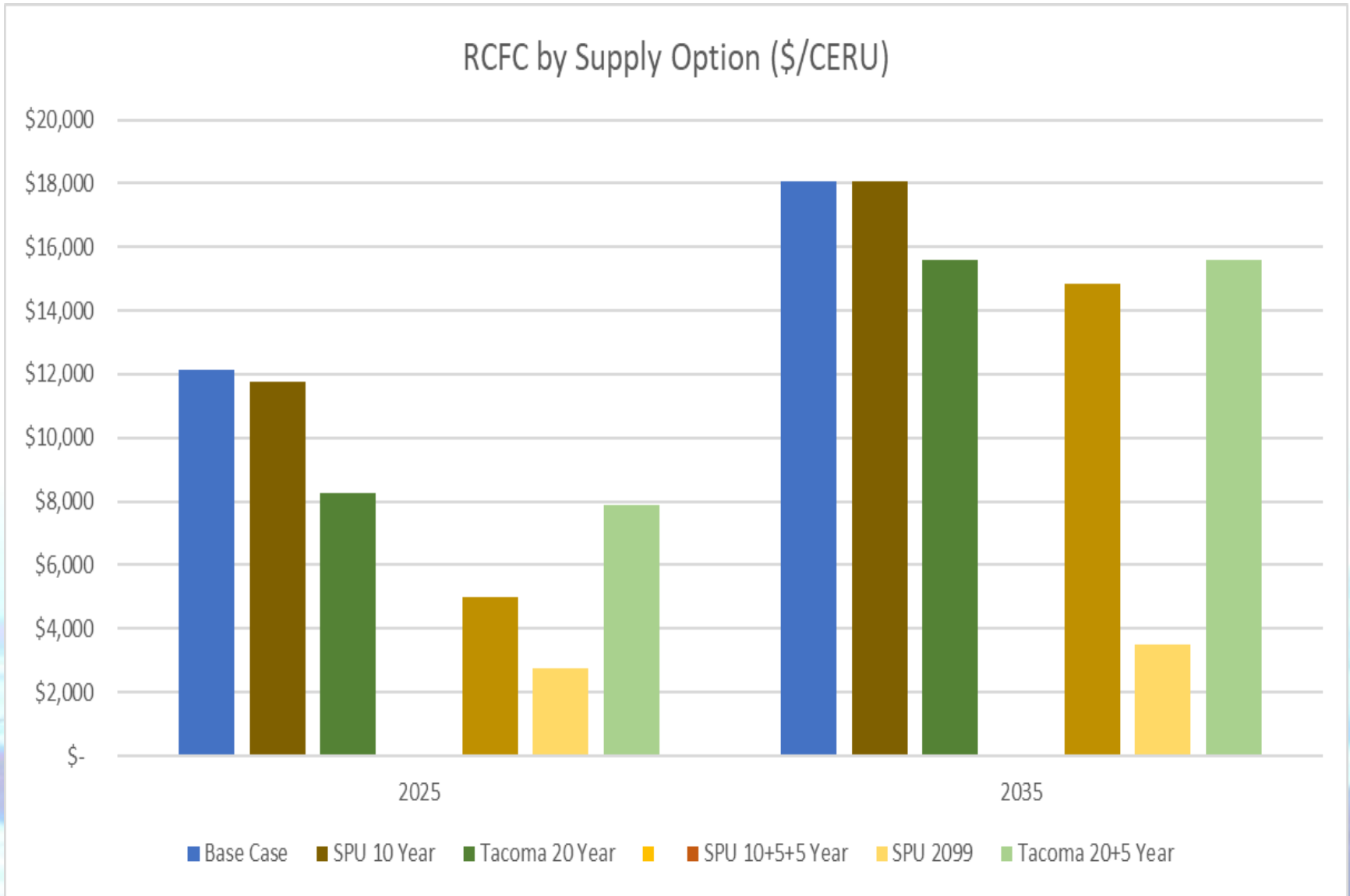
Comparison of Net Present Value by Supply Option  
*All Member Payments to Cascade*  
 2023-2100 (\$ millions)



					\$507		
NPV (\$ Millions)	\$2,947	\$2,910	\$2,696		\$2,815	\$2,062	\$2,648

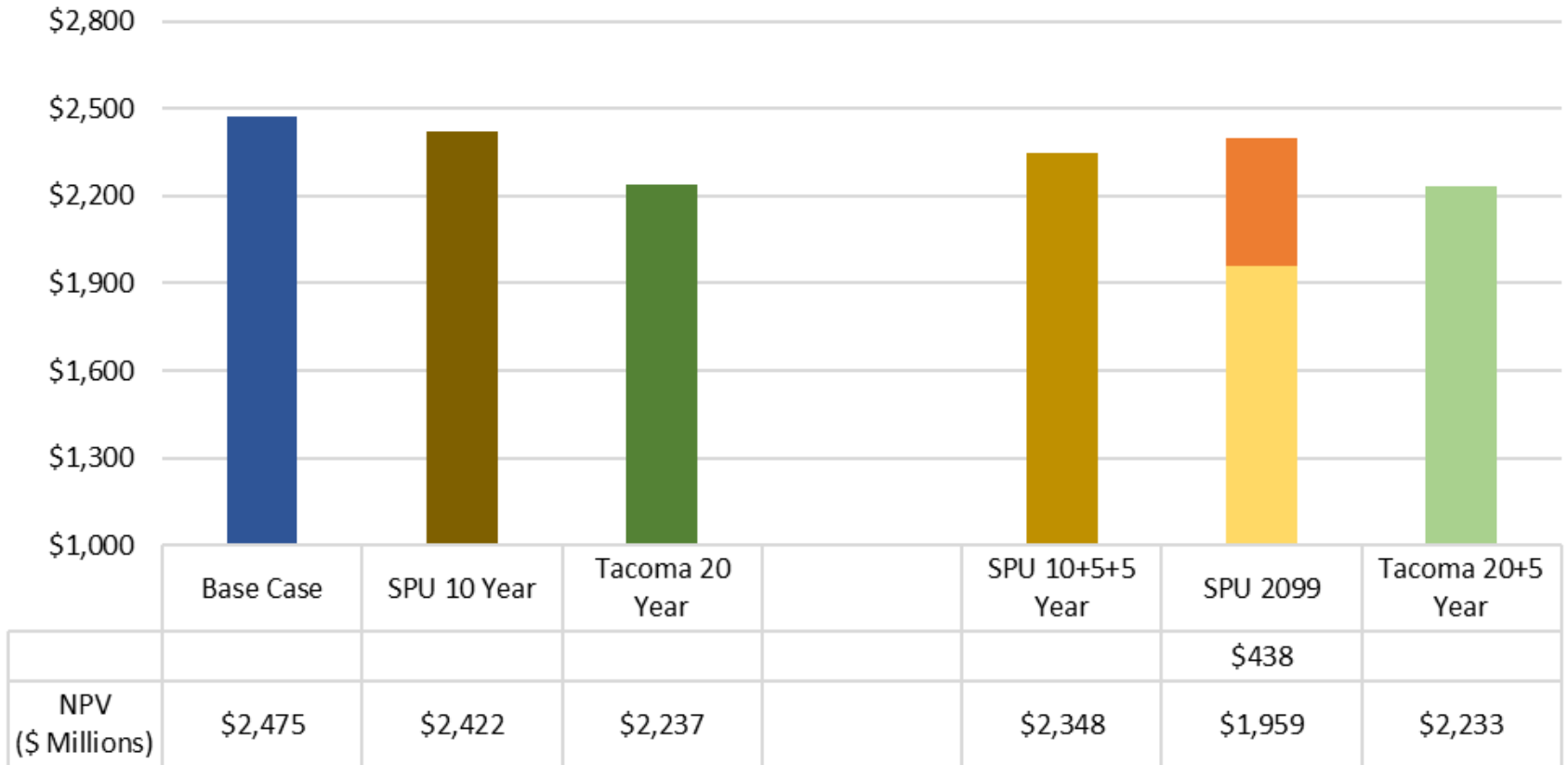


# Projected RCFC

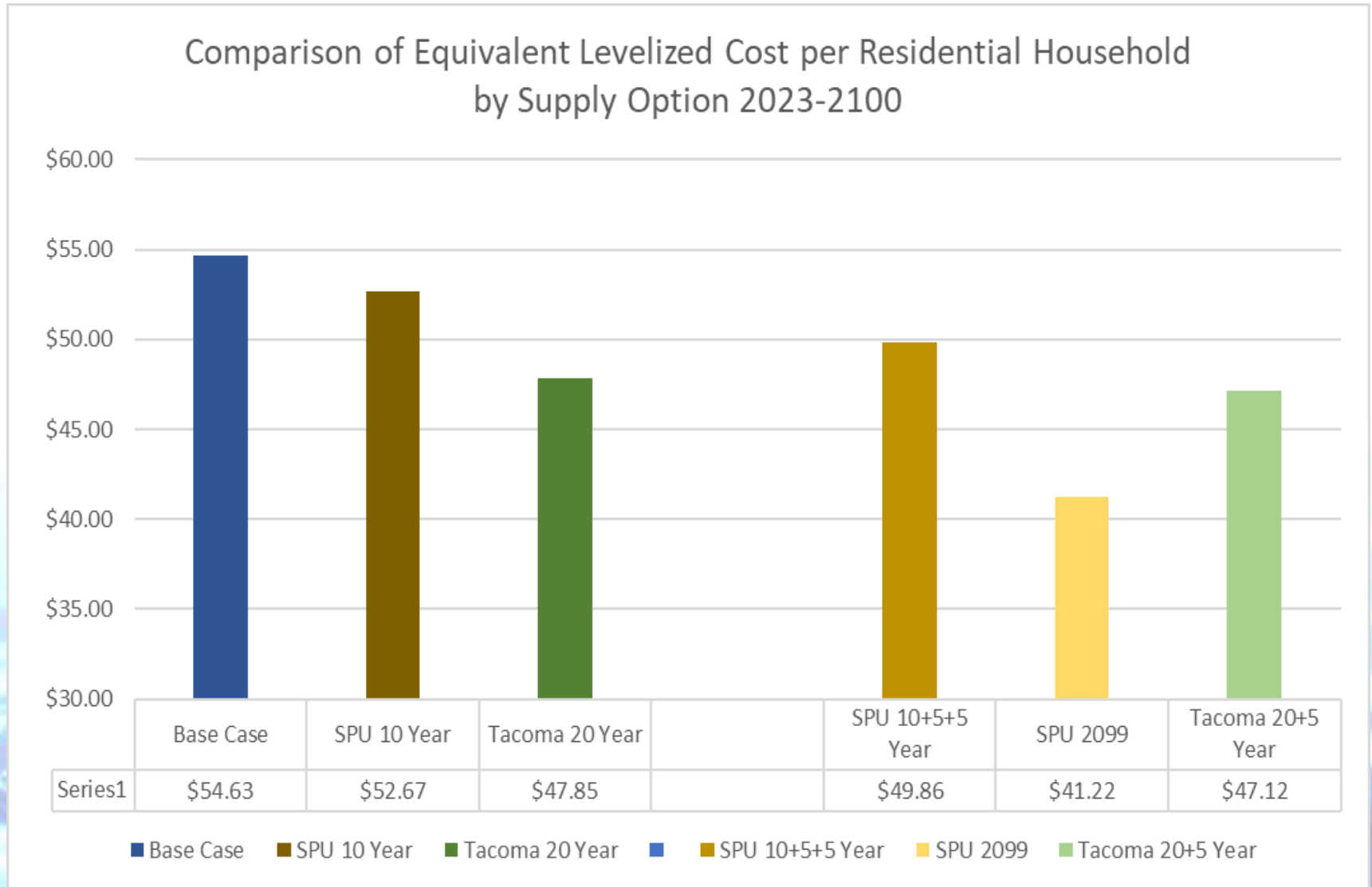


# Net Present Value of Supply Scenarios

Comparison of Net Present Value by Supply Option  
 Member Charges ***excluding RCFCs***  
 2023-2100 (\$ millions)

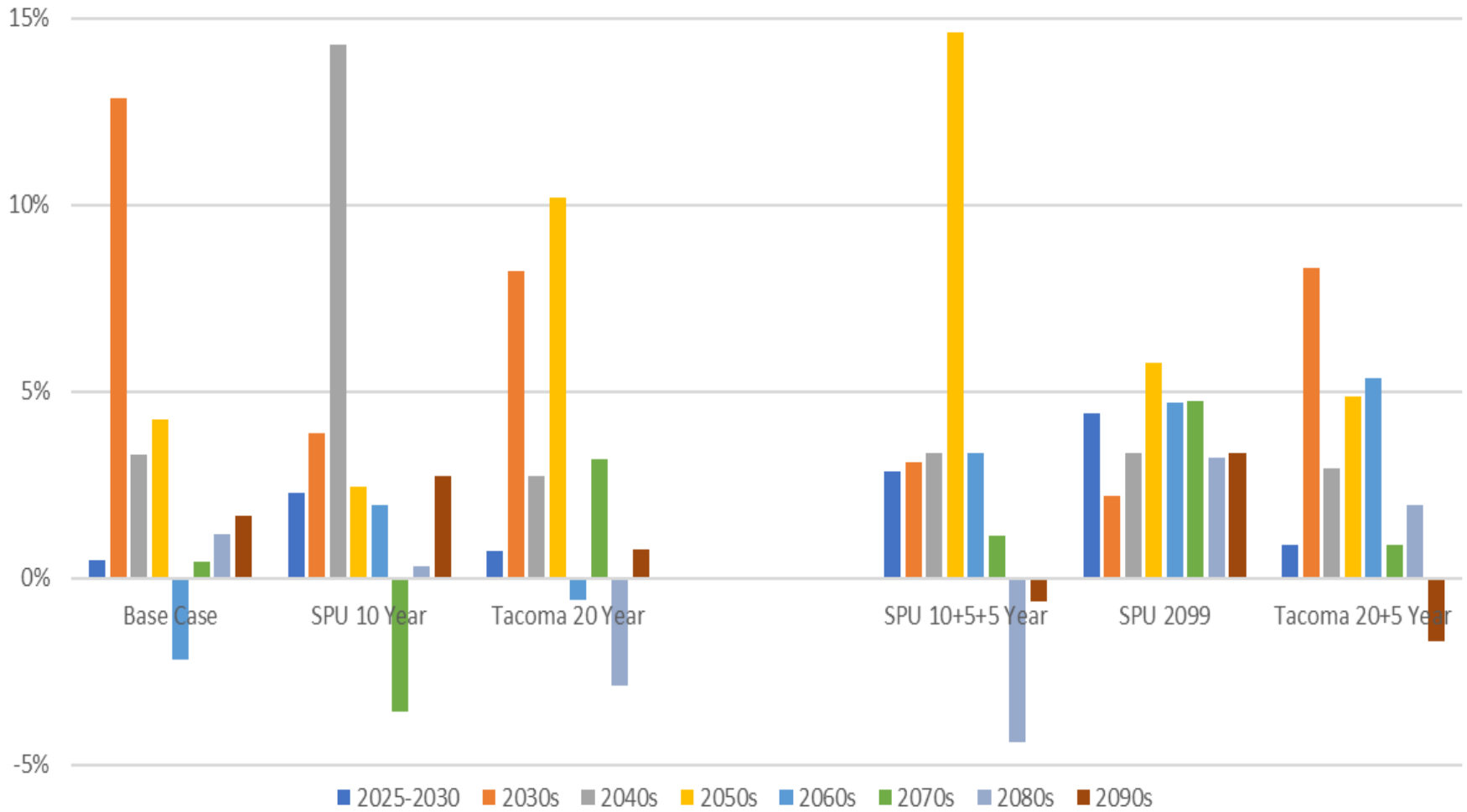


# Cascade Present Value Unit Cost: Levelized \$/Month/CERU



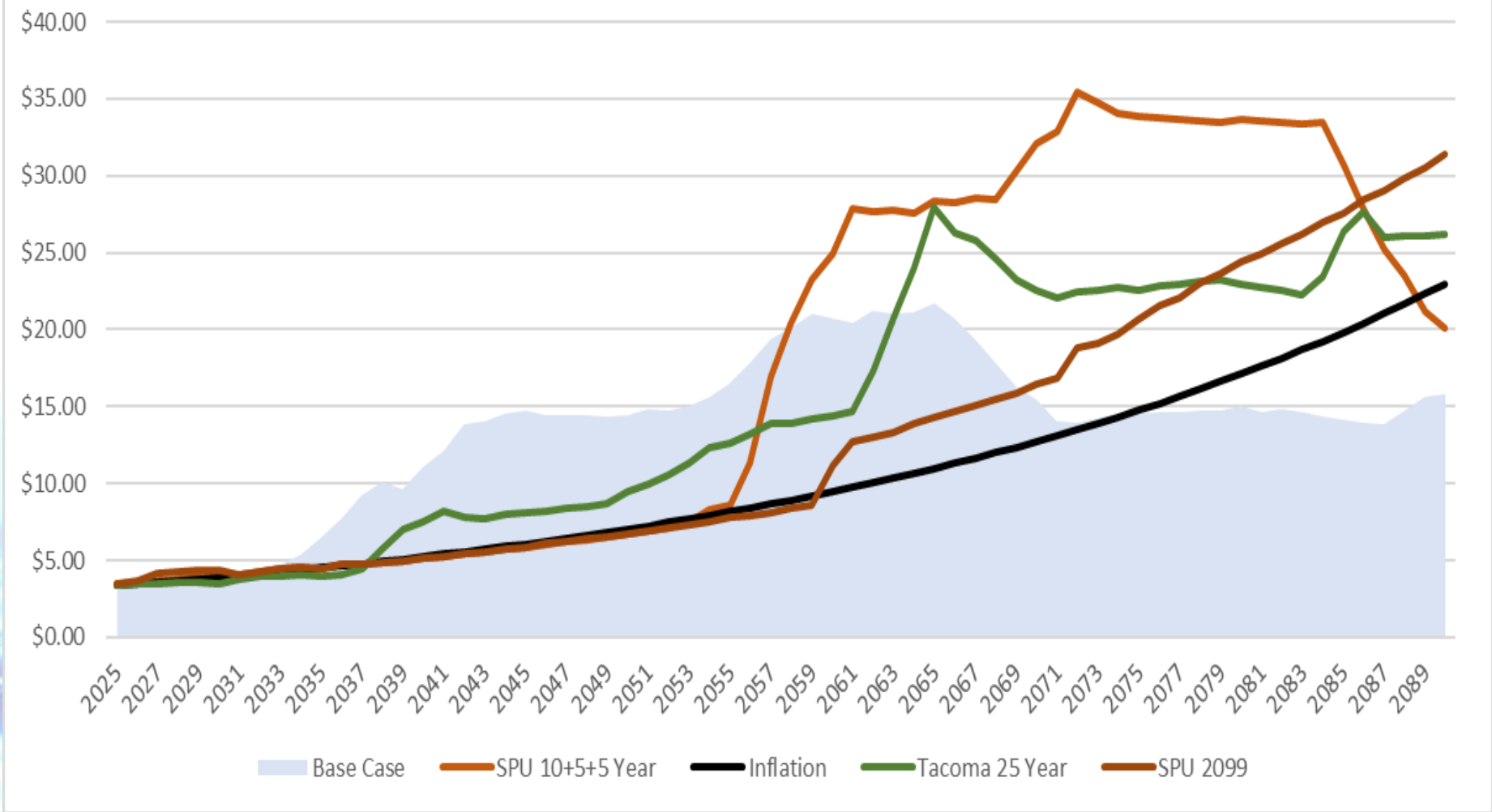
# Cascade Rate Profile

Average Annual Rate Increase by Supply Option  
by Decade 2023-2090



# Cascade Rate Trends: SPU & TPU Compared

Cost per CCF by Supply Option  
2025-2090



# Findings Regarding New Proposals

## A. Seattle extensions can provide significant savings

- Savings are dependent on *elimination* of Lake Tapps supply development
- Remain solely dependent on the Seattle system
  - No connections to other systems
  - No competitive pressure
  - Supply options remain limited
  - No progress toward Lake Tapps supply development
- Savings are entirely at risk due to conditional thresholds for extensions
  - Subject to conservative standard for supply availability
  - Much of savings is in RCFCs, not rates
  - Disrupts financial planning and RCFC basis
- Transfer to wholesale contracts
  - Only available to individual members
  - Revises Cascade vision and purpose
  - Added layers of new supply costs
- If not extended, concentrates Lake Tapps development due to limited lead time on extension availability
  - Inhibits WSDf and other financial tools
  - Adequate access to debt markets is unlikely
  - Adds \$500m to NPV results for scenario

# Findings Regarding New Proposals

## **B. Tacoma extension can provide added savings and benefits**

- **Requires increased contract supplies**
  - Not available from Tacoma via Second Supply pipeline
  - Numerous options for augmenting supply for limited term
- **Extension of reduced capacity allows further deferral of Lake Tapps expansion**
  - Moderate rate trends spread out over more time
- **Regionalization and improved resiliency & reliability**
- **Greater flexibility of supply and transmission options now and in the future**
  - Can consider 2 pipeline options with improved rate outcomes and system reliability
  - With transmission in place, multiple options for future supplies
- **Best financial performance of options examined**
  - When considering reliability of outcomes as well as financial and rate results





# Update on Water Contract Supply Options “Deep Dive”

December 11, 2023



# Outline of Review

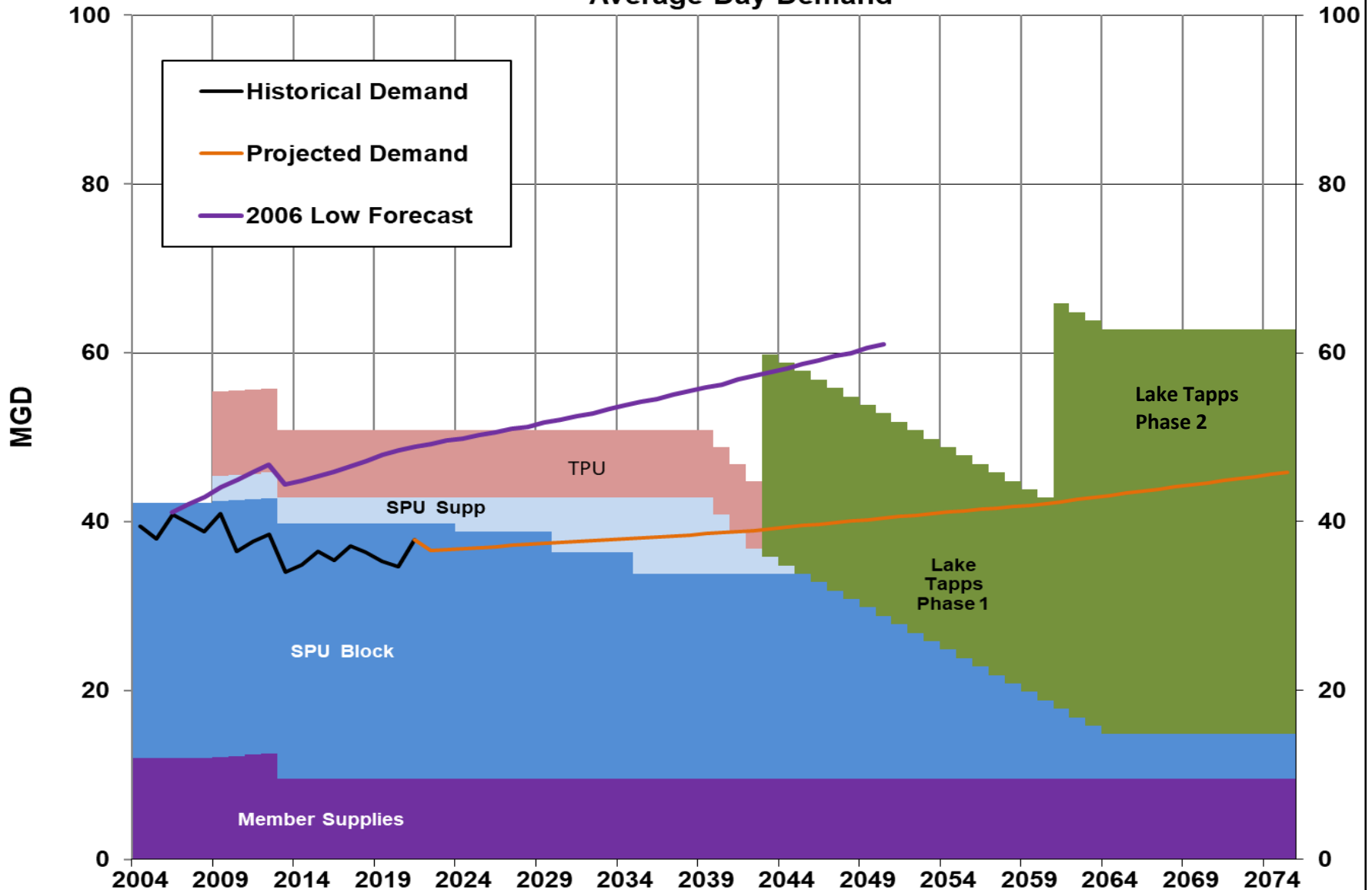
- 1. Detailed Review of Cascade Supply Strategy**
- 2. Updated Contract Proposals**
  - A. Seattle**
  - B. Tacoma**
- 3. Summary of Contract Options**
- 4. Evaluation of Supply Scenarios**
- 5. Preliminary Recommendations**



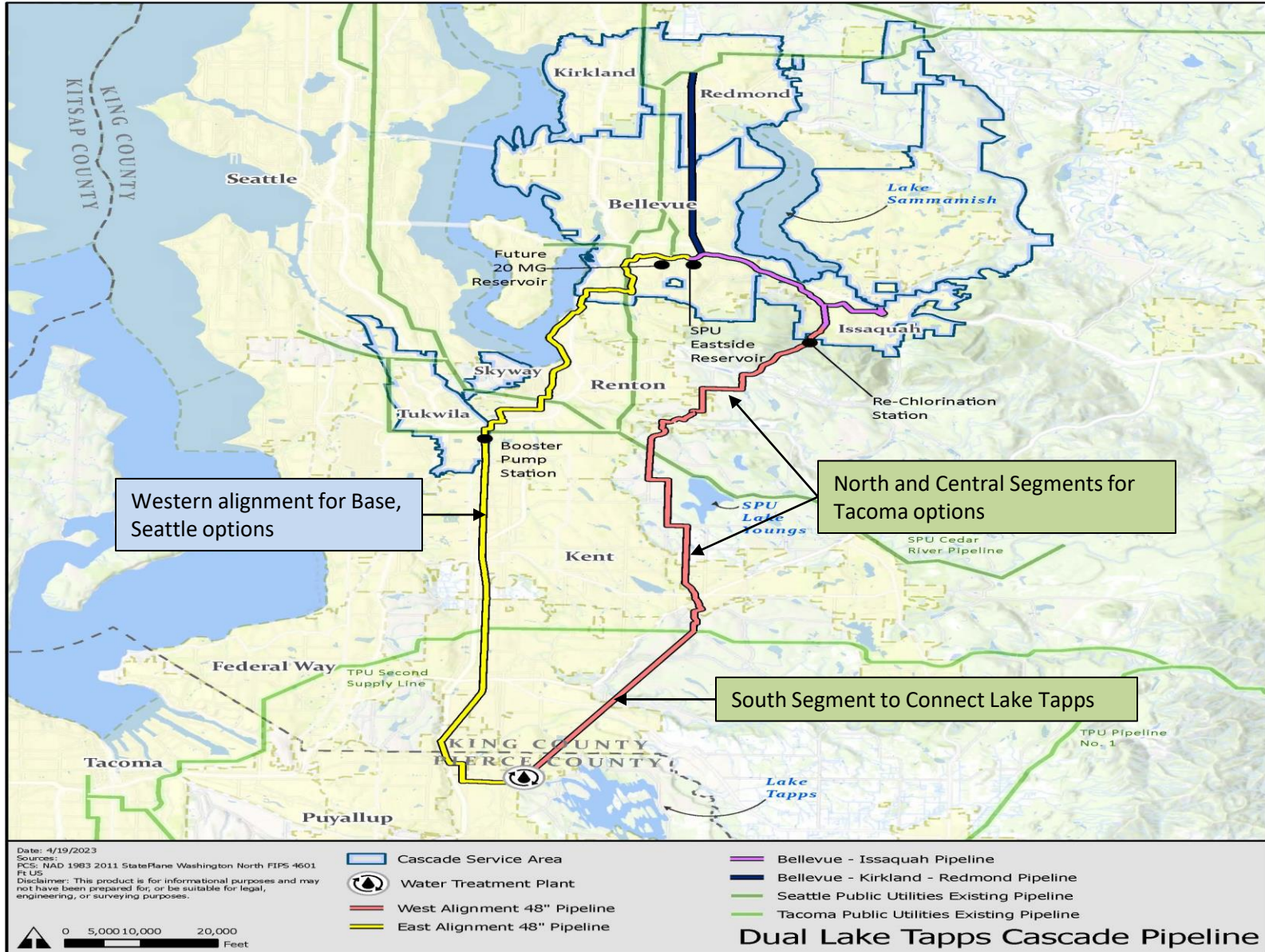
# Cascade Supply & Demand Forecast

## Base Scenario: Lake Tapps 2042

Average Day Demand



# Potential Supply System



# Summary of Prior Terms

	Current Contract	Seattle 10 Year Extension	Tacoma 20 Year Supply Contract
Term	Declining block through 2063	Declining block through 2063	Full capacity thru 2060, then 50% thru 2075
Capacity	33.3 MGD Average	33.3 MGD Average	20 MGD Average/30 MGD Peak
	63 MGD Peak	63 MGD Peak	
	Annual decline of 3 mgd 2040-2042 then 1 mgd	Annual decline of 3 mgd 2050-2055, 2 mgd 2056 then 1 mgd	2061-75 10/15 MGD
Rate / Financial Features	Slow transition to higher cost wholesale rates.	Rapid transition to higher cost wholesale rates.	Cost-Based rate defined; roughly 20% below Seattle
	Last “Transition payment” of \$5 million in 2024	Added transition payments of \$5 million in 2026, 2028, 2030 and 2033	Rate structure includes ready to serve and volume charge (25%/75%)



# Seattle's Proposals

# Summary of Seattle's Proposals

	Seattle 10 Year Extension (Prior)	Seattle 10 Year plus 2 5-Year Extensions	Seattle 10 plus 10 plus 40 years
Term	Declining block through 2063	Declining block through 2073 Requires 2 extensions Conditional extensions not assured; likelihood <50%?	Block through 2059 Requires 3 extensions Conditional extensions not assured; likelihood <50%
Capacity	33.3 MGD Average	33.3 MGD Average	33.3 MGD Average, 63 MGD Peak through 2059
	63 MGD Peak	63 MGD Peak	No limit after 2059
	Annual decline of 3 mgd 2050-2055, 2 mgd 2056 then 1 mgd	Annual decline of 1 mgd 2059-2061, then ~2.1 mgd through 2072	
Rate / Financial Features	Rapid transition to higher cost wholesale rates.	Rapid transition to higher cost wholesale rates.	Rapid transition to higher cost wholesale rates.
	Added transition payments of \$5 million in 2026, 2028, 2030 and 2033	Added transition payments of \$5 million in 2026, 2028, 2030 and 2033	Transition payments of \$5 million in 2026, 2028, 2030 and 2033 Assumed 30% rate premium after 2059 (new supply charge)

# Details of the Latest Seattle Proposal

## **1. 10 Year Extension under terms already offered**

### **A. Modest revision to declining block pattern**

- i. Allows additional 2 year delay in LT development**

## **2. Introduces Conditional 5 Year Extensions**

### **A. Trigger Dates in 2034, 2039 would extend to 2054 or 2059**

### **B. Must meet supply adequacy threshold under a highly conservative estimate**

- i. At each trigger date, projected supply/demand balance at the extended end date must exceed XX mgd or no extension**
  - a) Supply is System Firm Yield at trigger date**
  - b) Demand is 3 year average projected for PSRC growth at then-current demand per capita**
  - c) Margin (XX) is yet to be determined**
- ii. Likelihood of extensions is moderate to low under this structure**

# Details of the Latest Seattle Proposal

## **3. Introduces Conditional Conversion to Full & Partial Contracts**

**A. Offered only to individual members, not Cascade**

**B. Only available if:**

- i. 2 prior extensions were exercised and;**
- ii. In 2043, projected supply/demand balance in 2063 exceeds YY mgd (tbd)**

**C. Provides a 40 year contract through 2060-2099**

**D. Rate Premium (or equivalent lump sum payment) to offset new supply costs borne by Seattle**

- i. Intended to offset (pay for) new supply costs to be incurred**
- ii. Premium tbd, but likely 25-35%**

**E. Cascade obligations remain, buy-outs required if members leave**



# How Are We Evaluating Seattle's Updated Proposal?

## Analyze 3 Seattle Scenarios

- 1. *Original 10 Year extension: no change***
- 2. *10 Years with Two 5 year Extensions (total 20 years thru 2059)***
  - a) Assumes the threshold conditions for extensions are met**
  - b) Cost of block remains equivalent to Seattle's wholesale rates (F&P)**
- 3. *10 + 10 plus 40 year wholesale contract***
  - a) Assume all members transfer to new contract**
    - i. Lake Tapps supply is not developed**
    - ii. For analysis, treat it as if Cascade pays wholesale costs**
  - b) Assume all members also remain in Cascade**
    - i. Other Cascade costs and obligations remain**
    - ii. If not, members would owe "make whole" buy-out charges to Cascade to leave**
  - c) Assume 30% rate premium beginning 2060**
    - i. Intended to compensate for costs of new Seattle supplies**
      - a. Lake Tapps is not a supply option**
  - d) Assume no new transition payments or facilities charges**

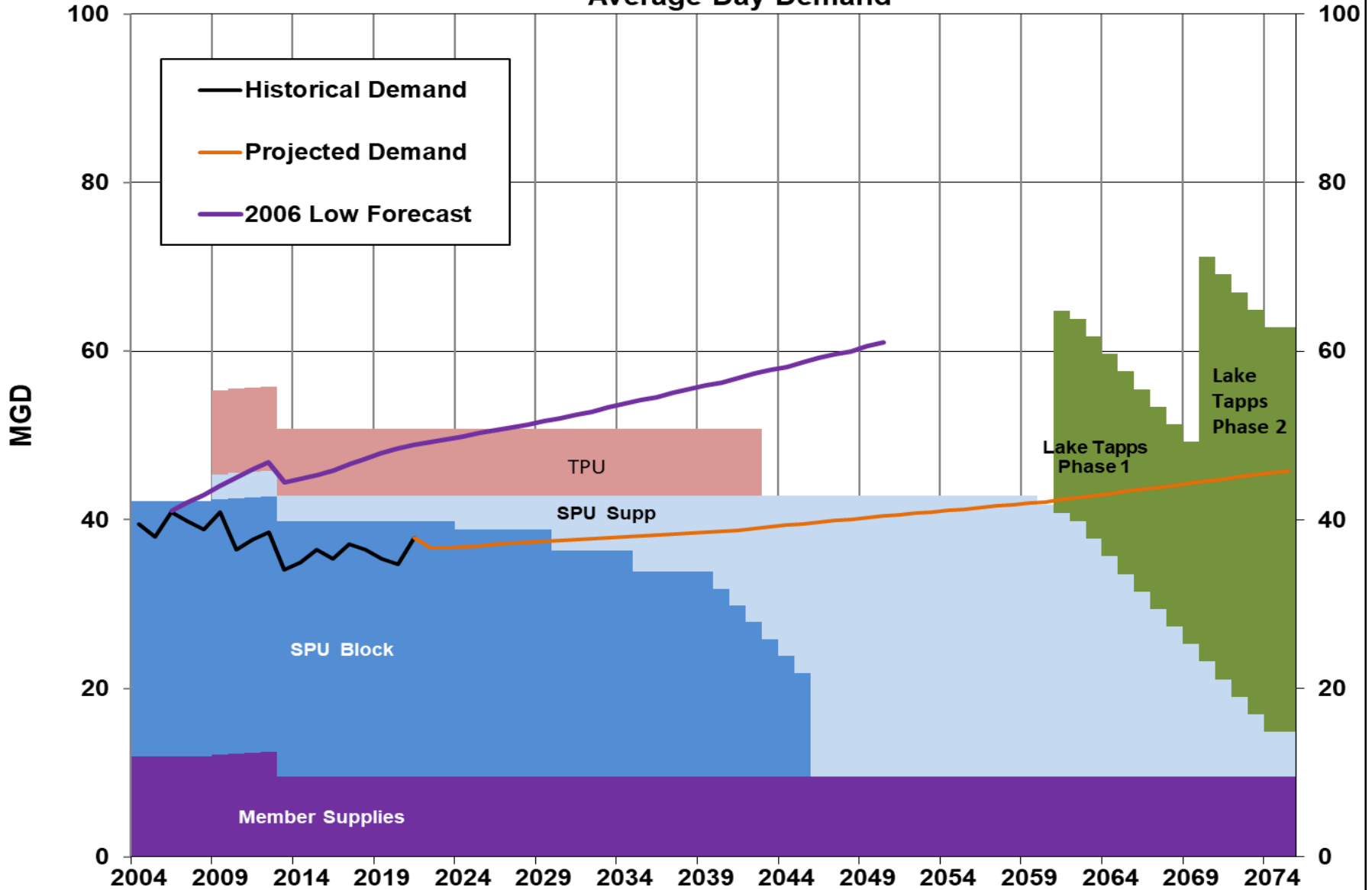
# Key Analytical Assumptions for the Seattle Scenarios

1. **Assume 3% annual wholesale rate escalation = inflation assumption**
  - a) **Transition into higher cost block until roughly equal to F&P for actual volumes**
2. **New lump sum transition payments = \$14m NPV: \$5m in 2026, 2028, 2030 & 2033**
3. **No other payments or surcharges**
4. **Revised RCFC forecast based on deferred or removed CIP**
  - a) **RCFCs are lower due to delayed or removed CIP**
5. **Modified declining block per SPU proposals**
6. **Lake Tapps supply**
  - a) **Deferred until needed in 10 year (2049), 10+5+5 (2061)**
  - b) **Not constructed in 2099 scenario**
    - i. **Assume permanent reliance on Seattle**
    - ii. **If constructed for transition in 2100, adds ~\$500m NPV to scenario cost (virtually all in rates)**



# Cascade Supply & Demand Forecast Seattle 20 Year Extension

Average Day Demand



# Seattle Key Unknowns

1. Whether threshold criteria for 5 year extensions would be met
2. Whether threshold criterion for 40 year conversion would also be met
3. If additional lump sump transition payments would be due (*assume NO*)
4. If facilities charge payments would become applicable (*assume NO*)
5. What rate premium would apply after 2060 (ballpark estimate of 20-35%)
  - a) *Assume 30%*
6. How future capital projects/costs may impact wholesale rates
7. Potential impacts on supply yields due to climate change
8. Possible impacts of deferral on Lake Tapps supply development feasibility and cost if ultimately needed

# Tacoma's Proposals



# Summary of Tacoma's Proposals

	Tacoma 20 Year Supply Contract (Prior)	Tacoma 25 Year Supply Contract
Term	Full capacity thru 2060, then 50% thru 2075	Full capacity thru 2065, then 50% thru 2085  Requires added capacity for 5 or more years (multiple options, assumed at TPU pricing) Extension not assured but multiple options available; likelihood >80%
Capacity	20 MGD Average/30 MGD Peak	20 MGD Average/30 MGD Peak through 2065
	2061-75 10/15 MGD	2065-85 10/15 MGD
Rate / Financial Features	Cost-Based rate defined; roughly 20% below Seattle	Cost-Based rate defined; roughly 20% below Seattle
	Rate structure includes ready to serve and volume charge (25%/75%)	Rate structure includes ready to serve and volume charge (25%/75%)

# What Has Changed from Tacoma?

## ***Prior Terms:***

- 1. 20 Year full capacity plus 15 years at 50%; supply available beginning in 2041**
- 2. Contract Capacity of 20 MGD average, 30 MGD peak through 2060**
- 3. 50% Capacity from 2060 to 2075 (10 MGD average, 15 MGD peak)**
- 4. Defined rate methodology and terms; about 20% below Seattle at present**

## ***Latest Proposal:***

- 1. Extends 20/30 MGD through 2065 or 2070; 10/15 MGD through 2085 (or longer)**
- 2. Same rate methodology**
- 3. Capacity reservation charge beginning around 2030**
  - a) Begins when current payments to Tacoma declines**
  - b) Pricing to be determined but should be on the order of \$500k per year**
  - c) Payments will credit against future water purchases**



# What Has Changed from Tacoma?

- 4. Problem: Cascade needs more supply after 2060 as Seattle block continues to decline: roughly 5 MGD average and 10 MGD peak**
  - a) Tacoma SSP capacity is constrained as usage increases**
    - i. Adequate supply is still available, but**
    - ii. Peak transmission capacity is reached in SSL**
  - b) More supply may be available through:**
    - i. shares owned by Second Supply partners (Covington, Kent and Lakehaven)**
    - ii. upgrades to Tacoma system**
      - i. Pumping**
      - ii. In-system upgrades to enable alternate delivery to SSP partners**
    - iii. modified Seattle ramp down and/or extended term**
    - iv. other potential suppliers**

# How Are We Evaluating Tacoma's Updated Proposal?

## ***Analyze 2 Tacoma Scenarios***

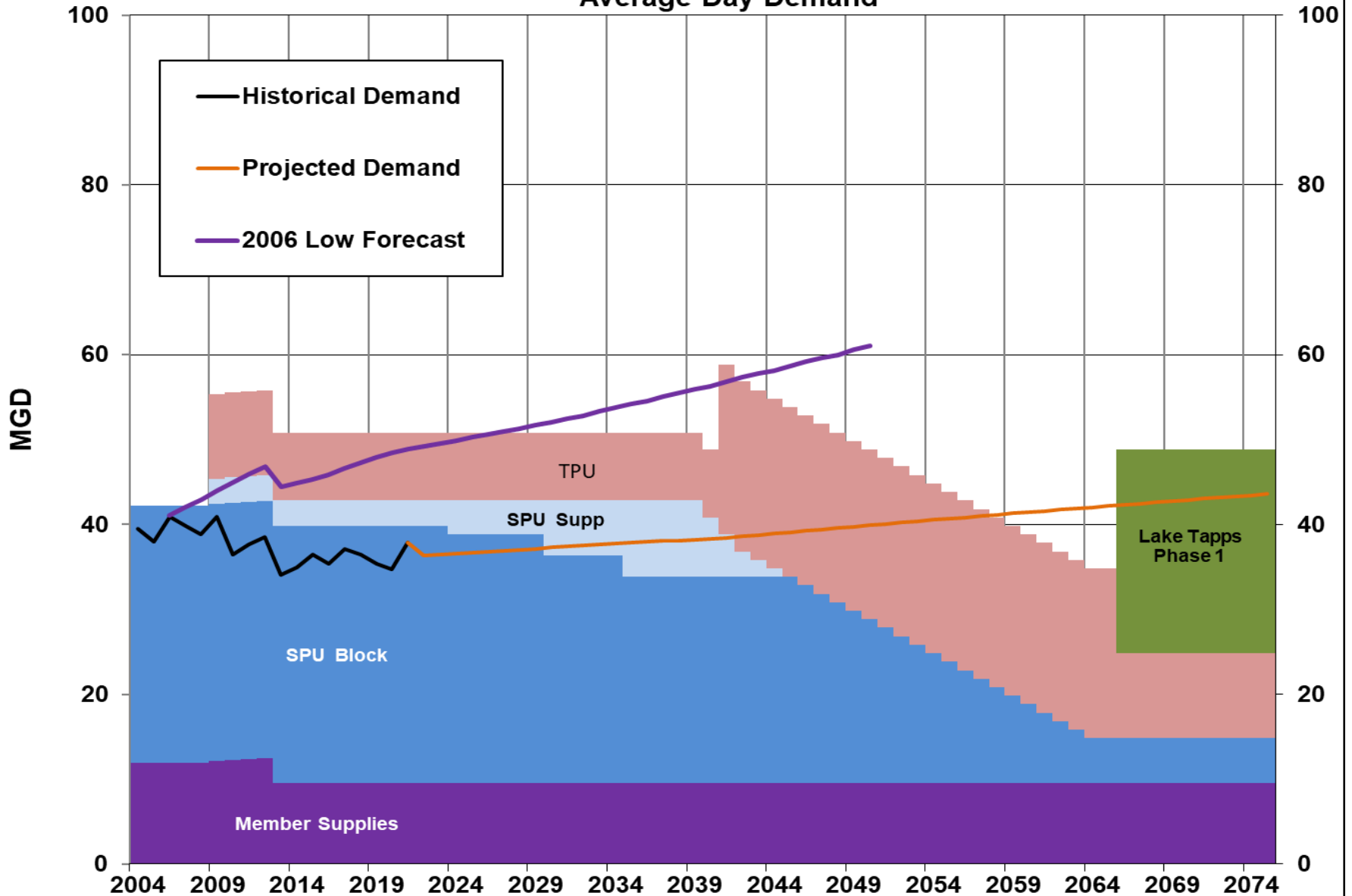
- 1. Original 20 Year contract: no change***
- 2. 25 Year term at full capacity through 2065***
  - a) Factor in capacity reservation payments**
  - b) Assume expanded capacity after 2060 to meet Cascade demands**
    - i. Priced at Tacoma wholesale rate**
    - ii. No other added costs or investments to secure added supply**
  - c) Additional 20 year term at 50% capacity (through 2085)**
    - i. Allows Cascade to delay Phase 2 of Lake Tapps until 2085**
    - ii. Delivers both Tacoma and Lake Tapps water to Cascade members**

# Key Analytical Elements for the Tacoma Scenarios

- 1. *Assume 3% annual wholesale rate escalation = inflation assumption***
  - a) *Starting rate (2023) of \$1.71 per CCF***
  - b) *Rate split between fixed (ready-to-serve) and variable (25%/75%)***
- 2. *Revised RCFC forecast based on deferred CIP***
  - a) *RCFCs are moderately lower due to delayed CIP***
- 3. **Two-Tier Supply Commitment****
  - a) **Full supply (20/30MGD) until 2060 or 2065****
  - b) **50% supply (10/15) until 2075 or 2085****
    - i. **Allows delay of LT phase 2 until expiration****
- 4. **Tacoma cannot expand beyond 20/30 MGD****
  - a) **Limited Tacoma share of Second Supply Line capacity****
  - b) **Limited hydraulic capacity in SSL****



# Cascade Supply & Demand Forecast Tacoma Supply Agreement Average Day Demand





## 5. For 25 year scenario, Cascade needs additional supply after 2060

- a) Roughly 5/10 MGD for 5 years through 2065
- b) Assumed available at Tacoma wholesale rate
- c) Potential sources of added supply for limited term
  - i. Purchase from Tacoma partners if available (Covington, Kent, Lakehaven)
  - ii. Add pumping to increase SSL capacity
  - iii. Modify Tacoma delivery capacity to Lakehaven from south
  - iv. Modify Seattle declining block (buy water from Seattle)
  - v. Assume risk, pay Seattle penalties

## 6. Lake Tapps Supply

- a) Deferred until needed in 20 year (2059), 25 year (2065)
  - i. Phase 2 treatment in 2075 or 2085, respectively

# Tacoma Key Unknowns

1. Where added capacity after 2060 would be found
  - a) *Best Case: Available from Tacoma and/or its partners*
  - b) *Worst case: back to the 20 year contract schedule for Lake Tapps development*
2. Terms for capacity reservation payment (***assume \$500k beg. 2030***)
3. Potential benefits/savings from regional interconnection (incl. financial) (***assume none***)
4. How future capital projects/costs may impact wholesale rates
5. Potential impacts on supply yields due to climate change
6. Possible impacts of deferral on Lake Tapps supply development



# Comparison of Tacoma's and Seattle's Latest Proposals

# Summary of Risk Assessment

Risk Factor	Description	Base Case	<i>Seattle 10 +5 +5 year</i>	<i>Seattle 10 +10 + 40 year</i>	<i>Tacoma 20 + 5 Year</i>
<b>OVERALL</b>	<i>Rough Composite of Risks Below</i>	<b>HIGH RISK</b>	<b>HIGH TO MODERATE RISK</b>	<b>HIGH RISK</b>	<b>MODERATE RISK</b>
<b>SUPPLY ADEQUACY AND RELIABILITY</b>	<b>Quantity, Flexibility and Resiliency of Supply Portfolio</b>	<b>MODERATE RISK</b> Increases supply diversity and available quantities.	<b>HIGH TO MODERATE RISK</b> Closer balance of supply and demand and reduced supply diversity.	<b>HIGH TO MODERATE RISK</b> Closer balance of supply and demand and reduced supply diversity.	<b>MODERATE TO LOW RISK</b> Increased supply surpluses and diversity and increased future options.
<b>ABILITY TO COMPLETE THE PROJECT</b>	<b>Organizational, Financial and Regulatory Capacity</b>	<b>HIGH RISK</b> Requires major construction projects in parallel with related organizational and financial expansion.	<b>HIGH RISK</b> Requires entire project at once with related organizational and financial expansion. Relaxes permitting schedule.	<b>HIGH TO MODERATE RISK</b> If extension is not provided, requires entire project at once with related organizational and financial expansion.	<b>MODERATE TO HIGH RISK</b> Separates projects into smaller phases, but still requires timely franchise and permitting.
<b>ECONOMIC AND RATE IMPACTS</b>	<b>Overall Cost, Rate Impacts, Generational Equity, and Ability to Manage Financial Outcomes.</b>	<b>HIGH RISK</b> Major construction on tight timeline limits flexibility, imposes high costs during construction period.	<b>MODERATE TO HIGH RISK</b> More flexible schedule, but uncertain extensions, increased front-end costs and reduced equity. Major construction still poses rate challenges.	<b>MODERATE TO HIGH RISK</b> More flexible schedule, but uncertain extensions and increased front-end costs and rate impacts. Major construction could pose rate and funding challenges.	<b>MODERATE TO LOW RISK</b> Separating project phases and stretching timeline improves economics, finances and equity.
<b>LEGAL AND REGULATORY</b>	<b>Contract, Permitting and Legal Risks</b>	<b>LOW RISK</b> No new contracts needed; water rights and diversions in place	<b>MODERATE RISK</b> New contract needed with complex terms for extensions; water rights and diversions in place	<b>MODERATE RISK</b> New contract needed with complex terms for extensions; water rights and diversions in place	<b>MODERATE RISK</b> A new contract needed, plus reliance on multiple watersheds and water rights.

# Summary of Financial Results

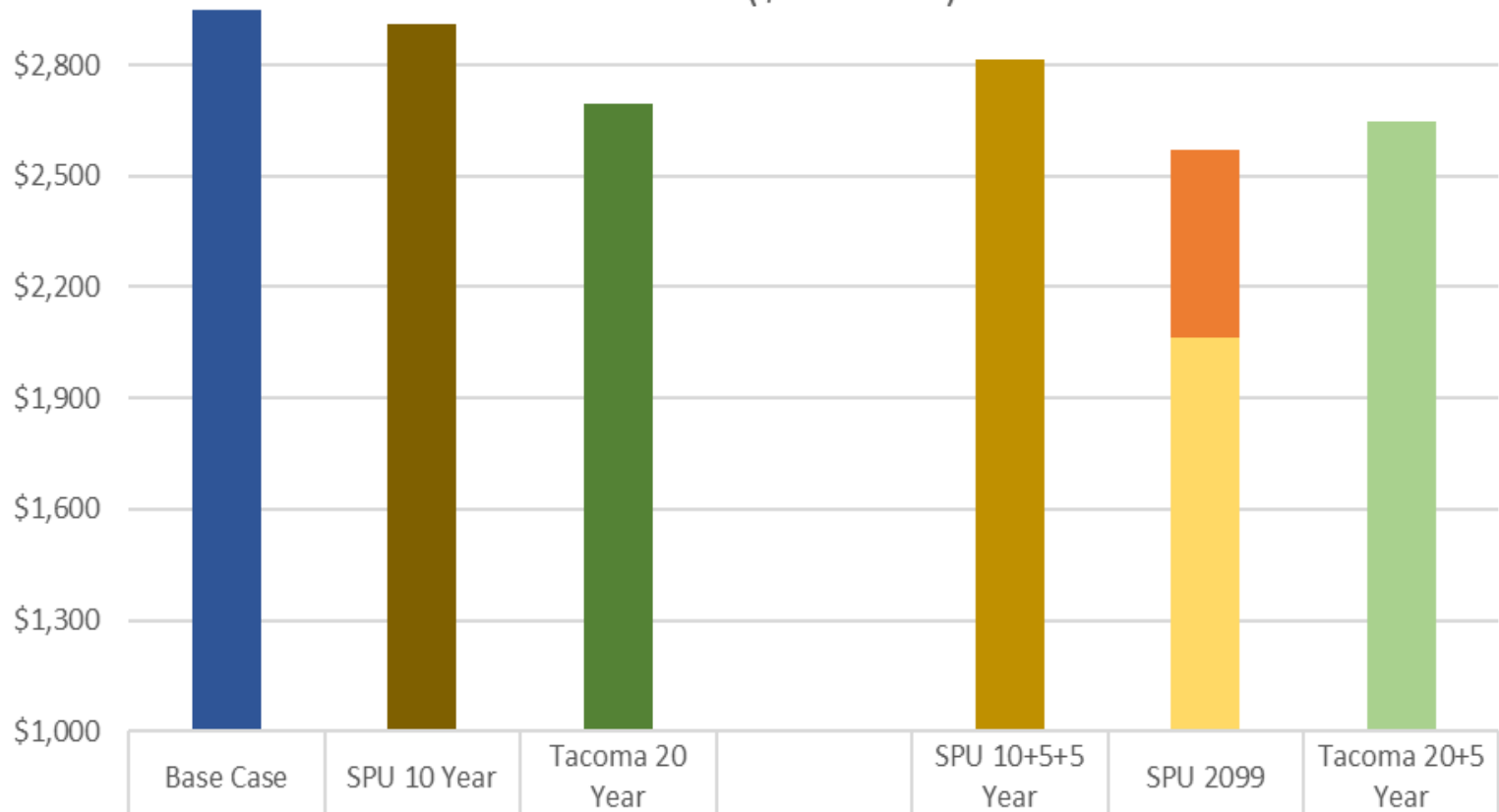
Economic Criterion	Base Case	Seattle 10 Year Extension	Tacoma 20 Year Contract
Total Cost (NPV 2023-2100)	<b>\$2.947B</b>	<b>\$37M</b> savings vs. Base	<b>\$251M</b> savings vs. Base
Unit Cost (Levelized \$/CCF 2023-2100)	<b>\$9.18 per CCF</b>	<b>\$8.86 per CCF</b>	<b>\$8.03 per CCF</b>
Rate Profile	Major rate spike in 2030s during LT construction	Defers but increases rate spike in the 2040's	Moderate rate trends spread out over more time
Financial Performance	80% debt Ph 1 69% total project Rate spike in 2030s	80% debt Ph 1 75% total project Dramatic rate spike in 2040s	73% debt Ph 1 72% total project Small rate spike in 2030s & moderate in 2050s
Stability of Results	In general, sensitivity analyses do not alter relative findings for either Seattle or Tacoma.		
Other	<ul style="list-style-type: none"> <li>\$2.2B in new debt in 2030s</li> <li>WSDF can reduce debt and rate spike</li> </ul>	<ul style="list-style-type: none"> <li>Increased Seattle payments of \$144M (NPV)</li> <li>Higher SPU payments reduces use of WSDF and increases rates</li> </ul>	<ul style="list-style-type: none"> <li>Tacoma payments of \$117M (NPV)</li> <li>CIP spread out over longer period, reduced rate spikes and greater benefit from WSDF</li> </ul>

# Summary of Financial Results

Economic Criterion	Seattle 10+5+5	Seattle 2099	Tacoma 25 Year
Total Cost (NPV 2023-2100)	<b>\$132M</b> savings vs. Base	<b>\$885M</b> savings vs. Base	<b>\$299M</b> savings vs. Base
Unit Cost (Levelized \$/CCF 2023-2100)	<b>\$8.37</b> per CCF	<b>\$6.88</b> per CCF	<b>\$7.90</b> per CCF
Rate Profile	Major rate spike in 2050s during LT construction	No major rate spikes but steady upward trend	Moderate rate increases spread out over more time
Financial Performance	78% debt Ph 1 77% total project Significant rate spike in 2050s	N/A; no major CIP No major rate spikes	77% debt Ph 1 64% total project Small rate spike in 2030s & moderate in 2050s
Stability of Results	In general, sensitivity analyses do not alter relative findings for either Seattle or Tacoma.		
Other	<ul style="list-style-type: none"> <li>Increased Seattle payments of \$320M (NPV)</li> <li>Higher SPU payments reduces use of WSDF and increases rates</li> </ul>	<ul style="list-style-type: none"> <li>Increased Seattle payments of \$754M (NPV)</li> <li>Avoids roughly \$2B in CIP (unless LT is needed in 2099)</li> </ul>	<ul style="list-style-type: none"> <li>Tacoma payments of \$184M (NPV)</li> <li>CIP spread out over longer period, reduced rate spikes and greater benefit from WSDF</li> </ul>

# Net Present Value of Supply Scenarios

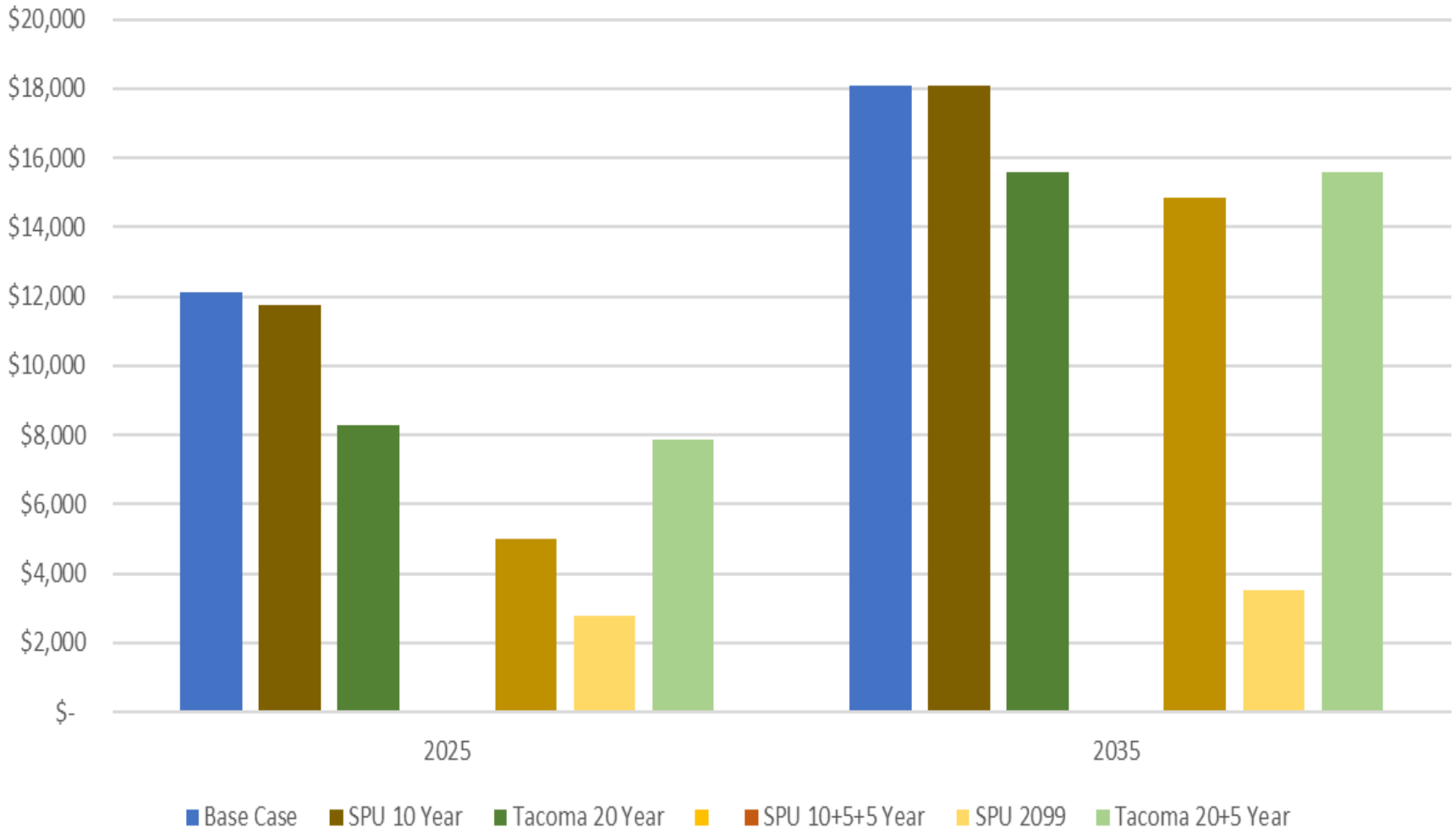
Comparison of Net Present Value by Supply Option  
*All Member Payments to Cascade*  
 2023-2100 (\$ millions)



					\$507		
NPV (\$ Millions)	\$2,947	\$2,910	\$2,696		\$2,815	\$2,062	\$2,648

# Projected RCFC

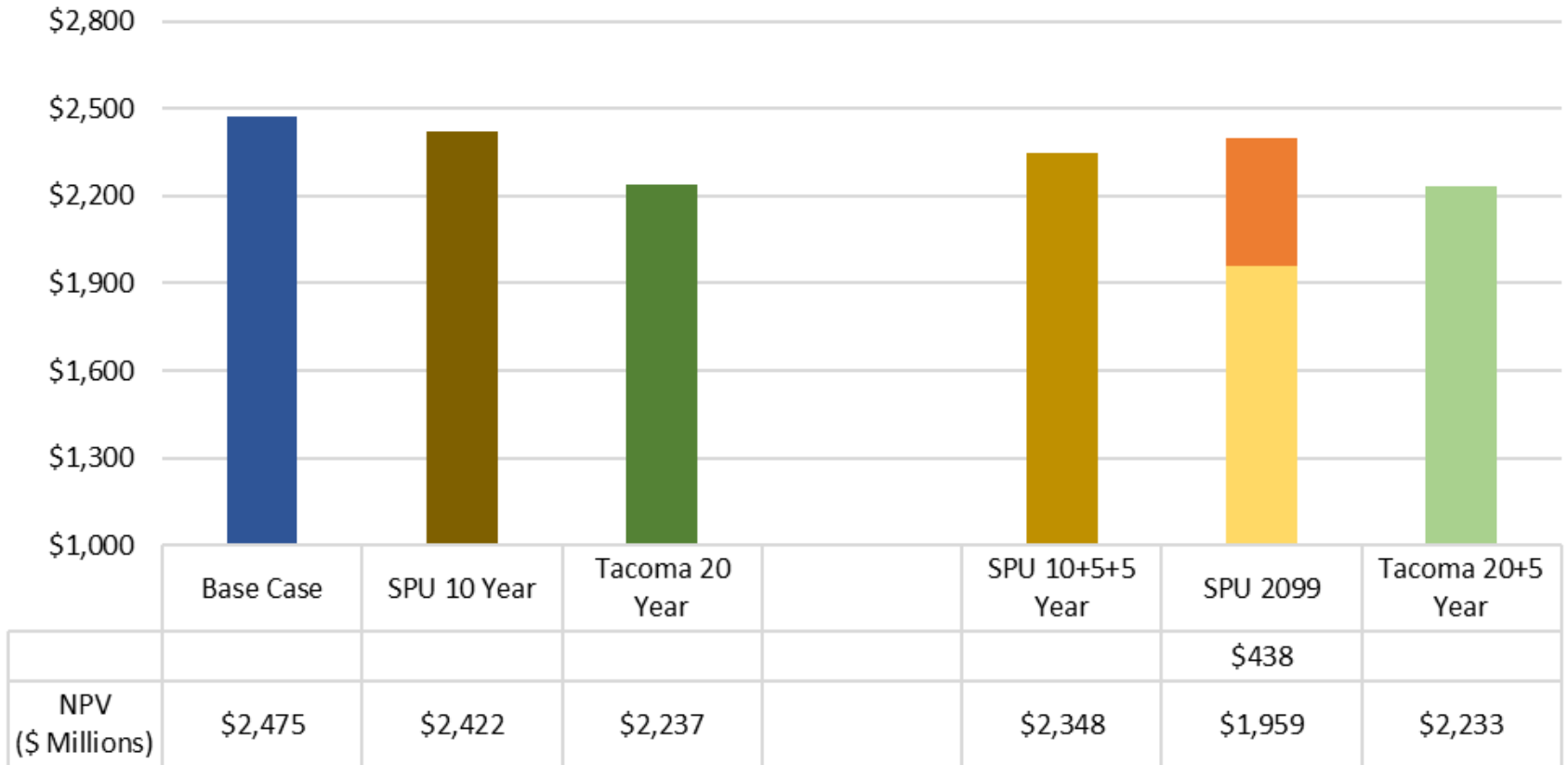
RCFC by Supply Option (\$/CERU)





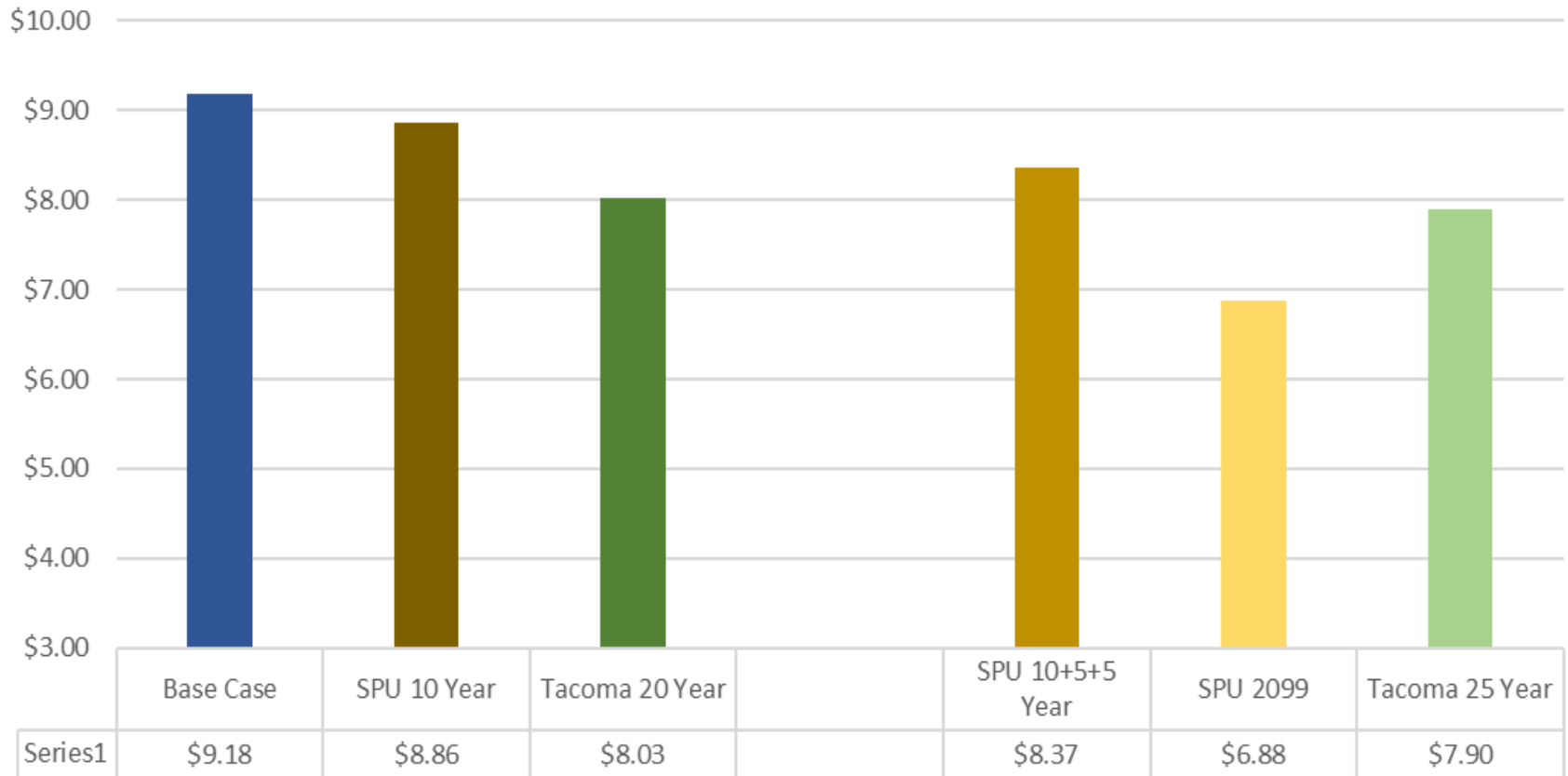
# Net Present Value of Supply Scenarios

Comparison of Net Present Value by Supply Option  
 Member Charges ***excluding RCFCs***  
 2023-2100 (\$ millions)



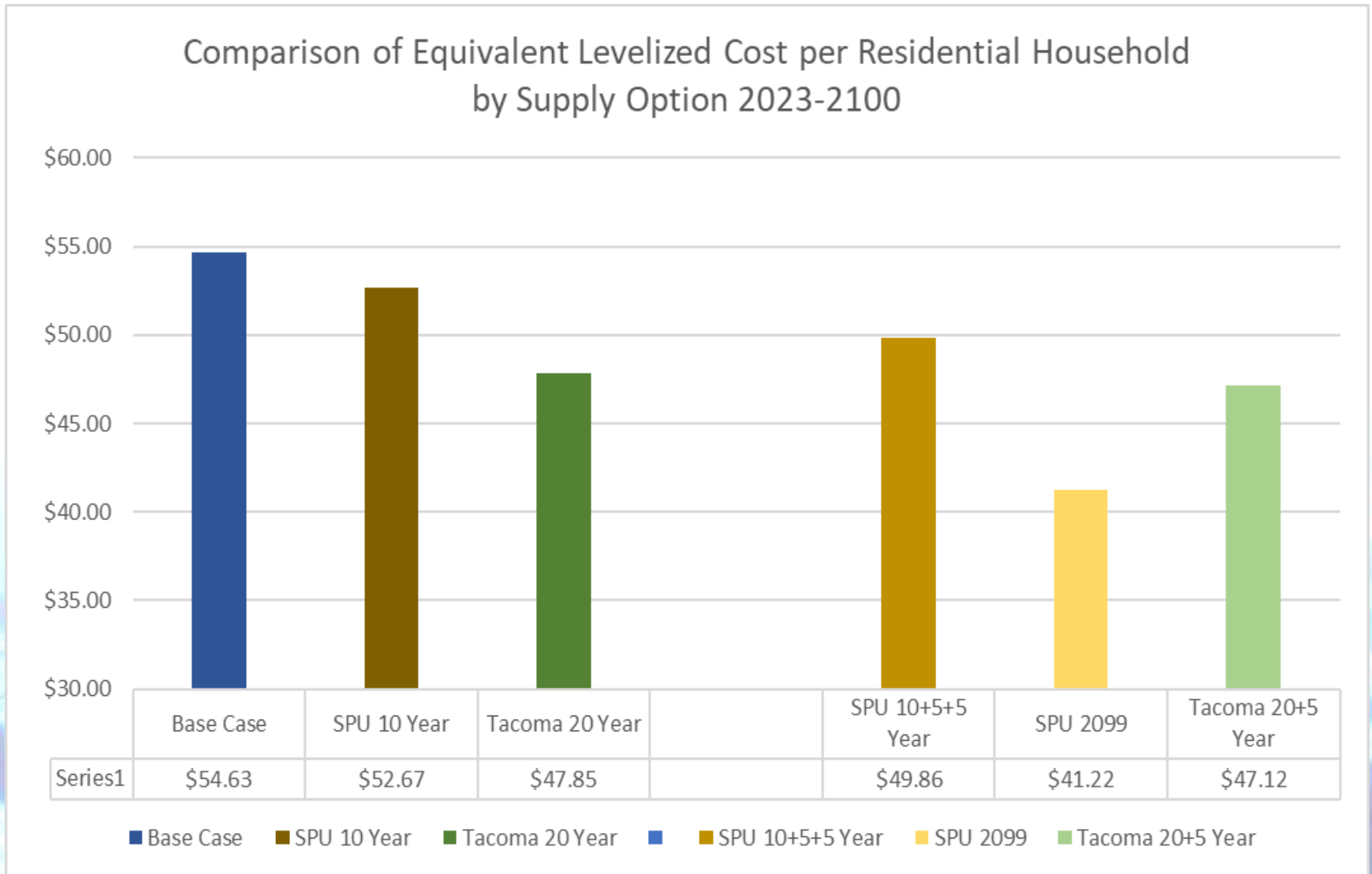
# Cascade Present Value Unit Cost: Levelized \$/CCF

Comparison of Equivalent Levelized Cost per CCF  
by Supply Option 2023-2100



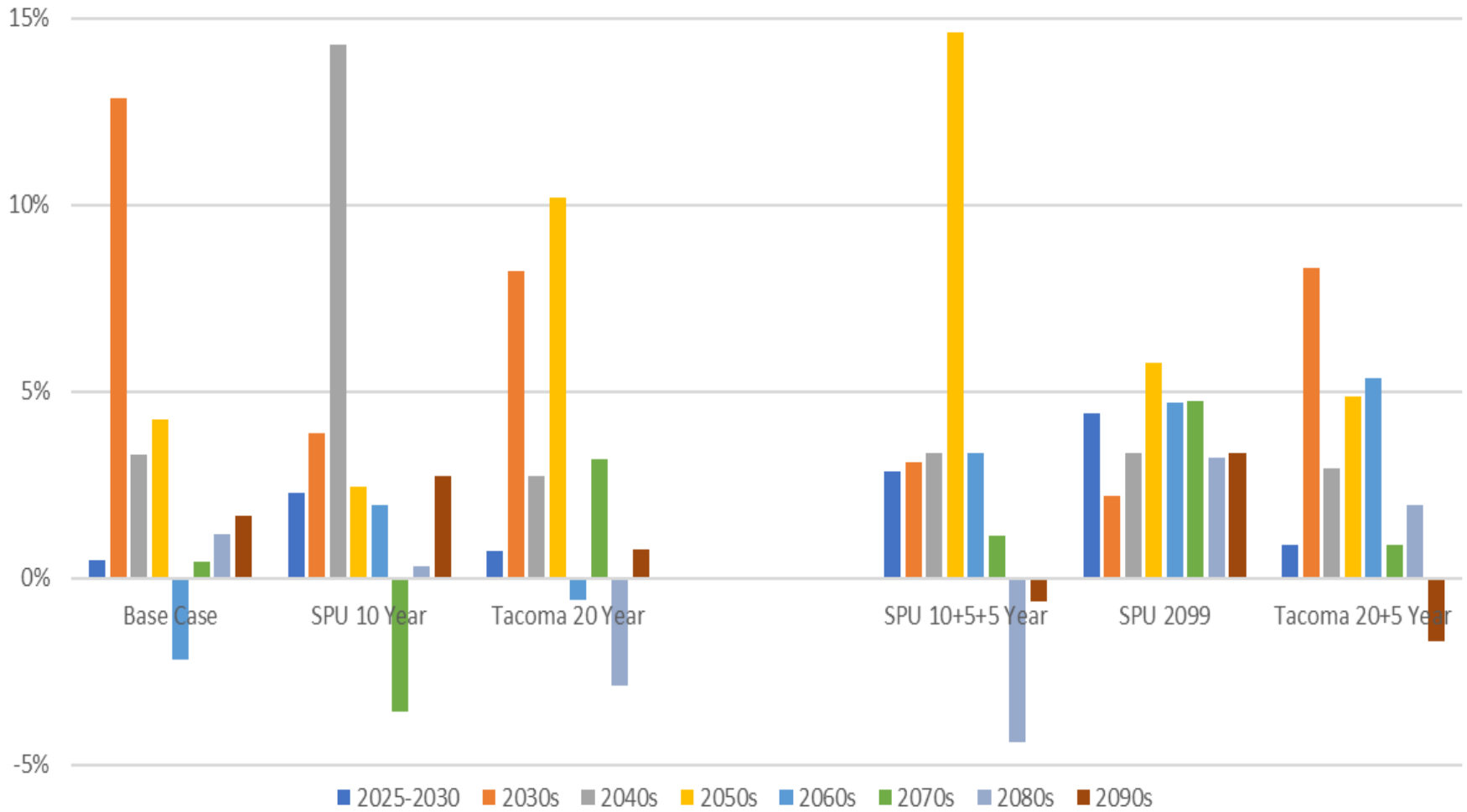
■ Base Case   ■ SPU 10 Year   ■ Tacoma 20 Year   ■ SPU 10+5+5 Year   ■ SPU 2099   ■ Tacoma 25 Year

# Cascade Present Value Unit Cost: Levelized \$/Month/CERU

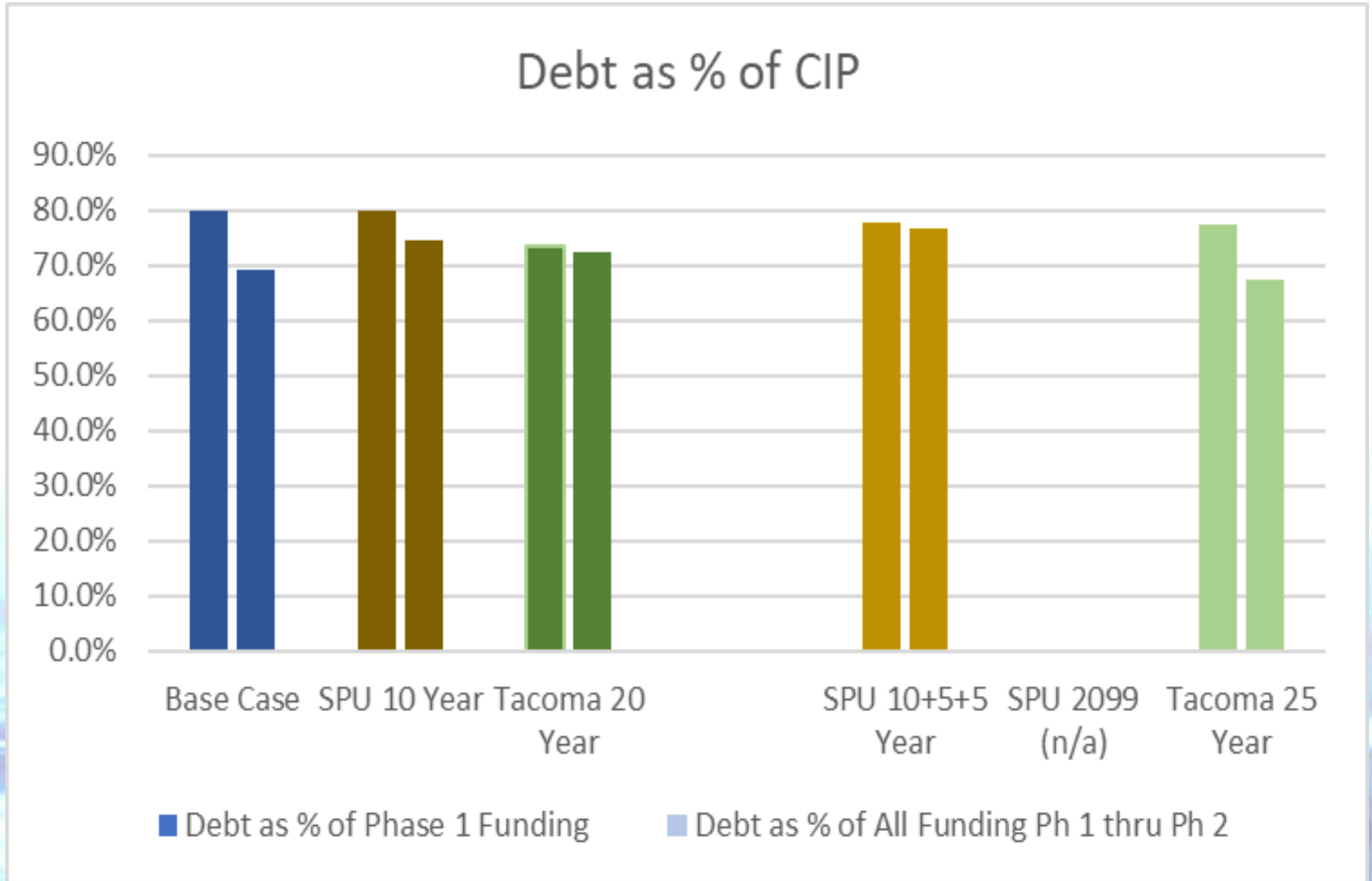


# Cascade Rate Profile

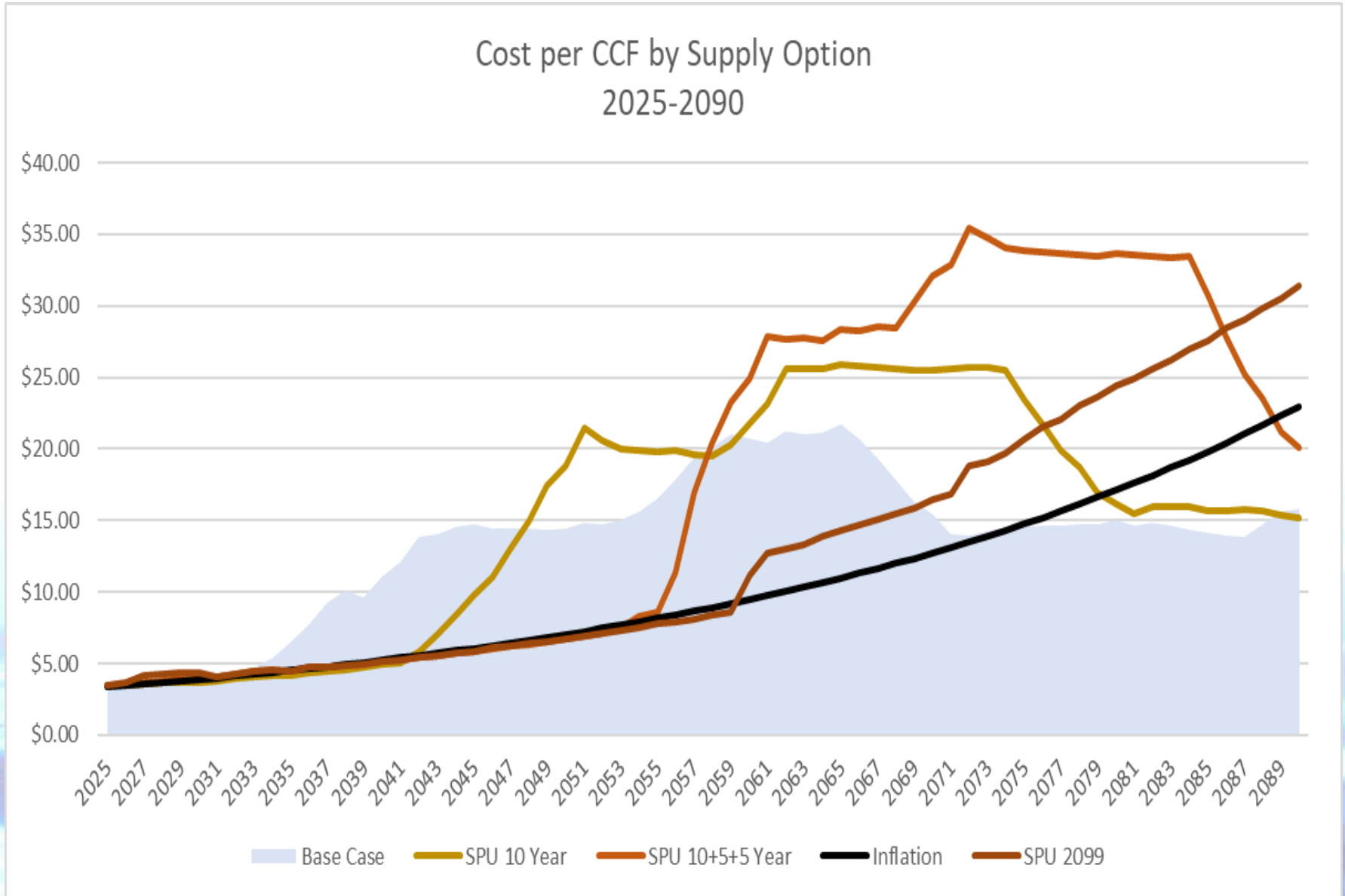
Average Annual Rate Increase by Supply Option  
by Decade 2023-2090



# Cascade Debt Profile

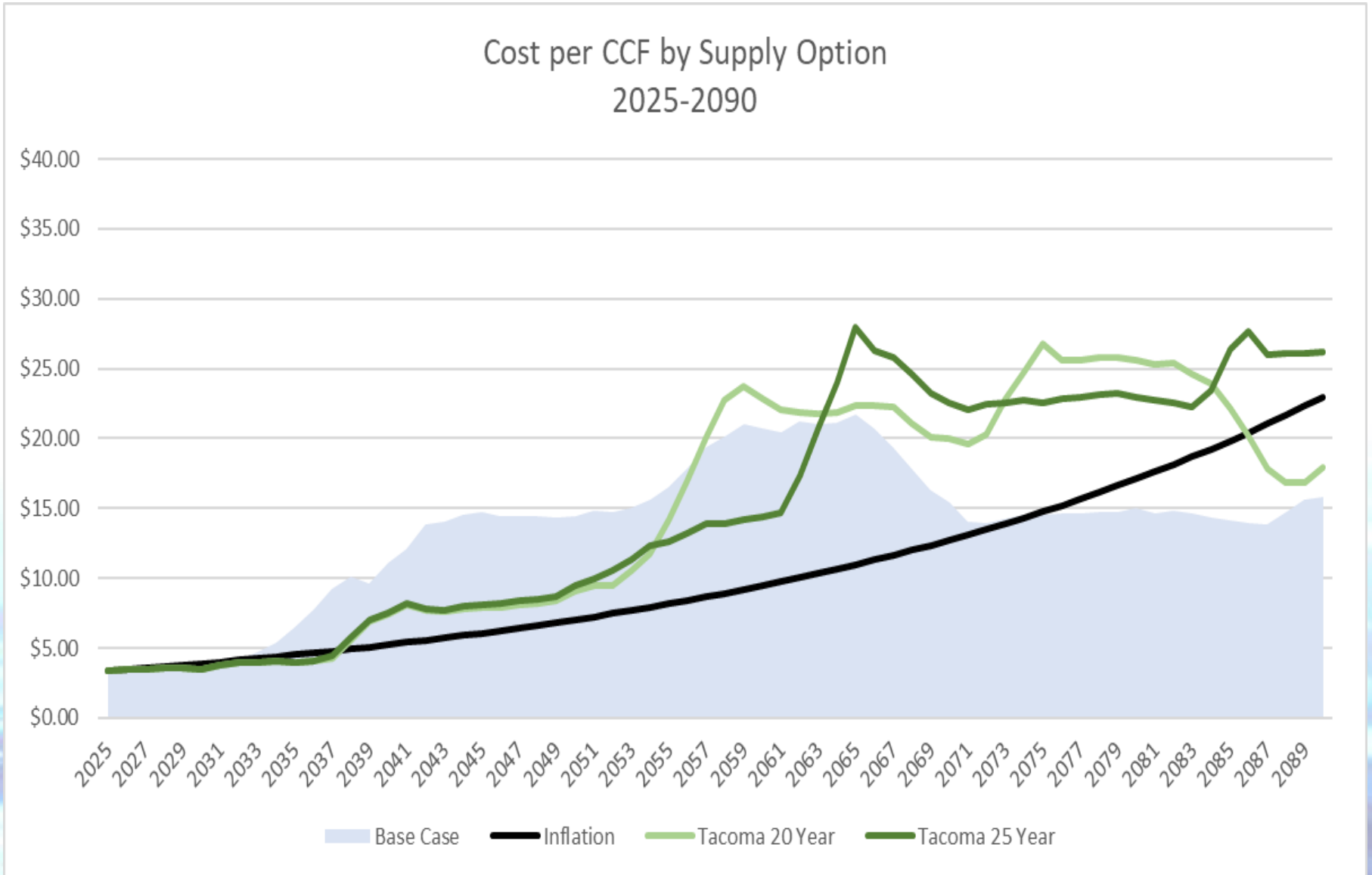


# Cascade Rate Trends: SPU Scenarios

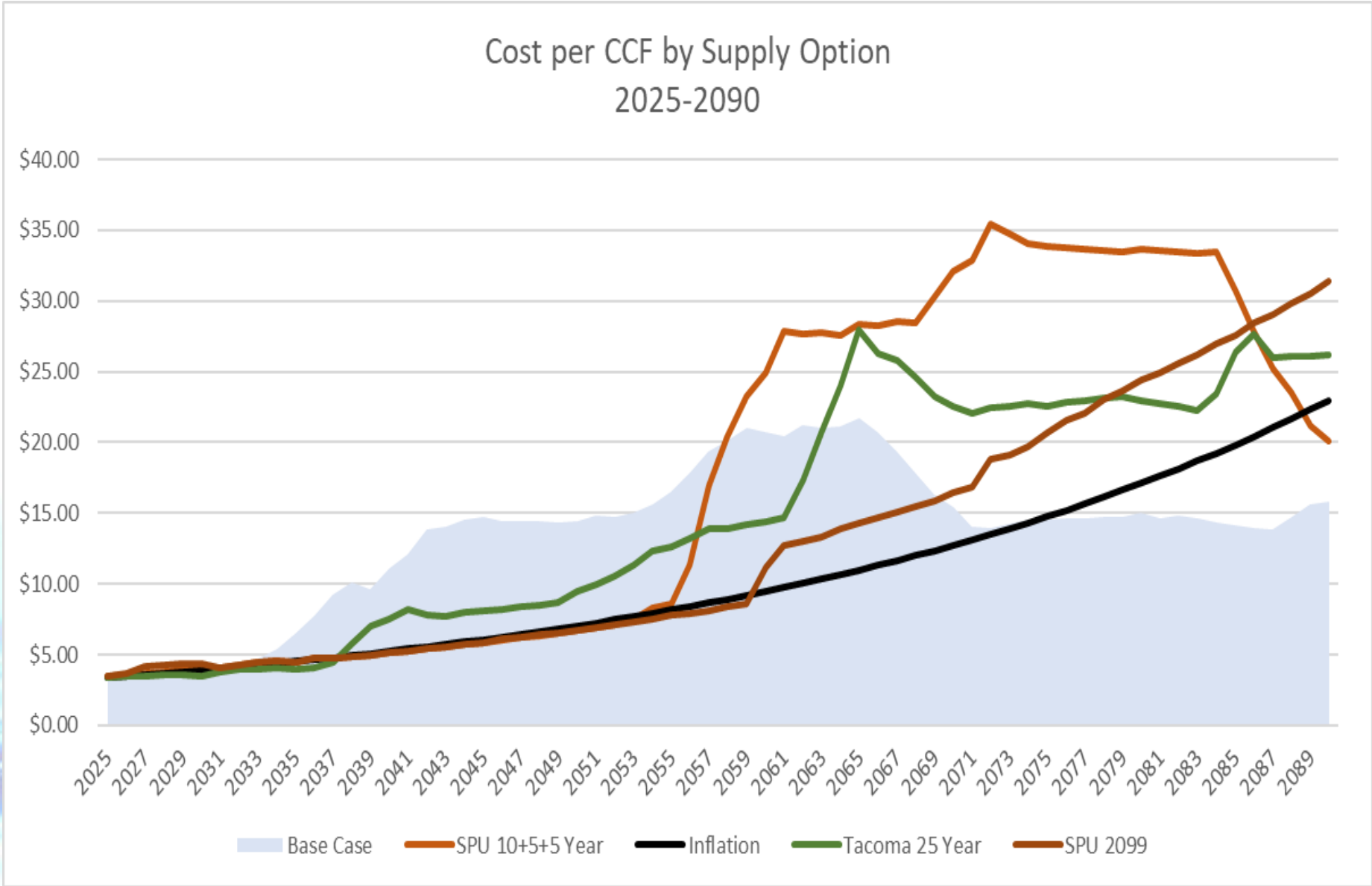




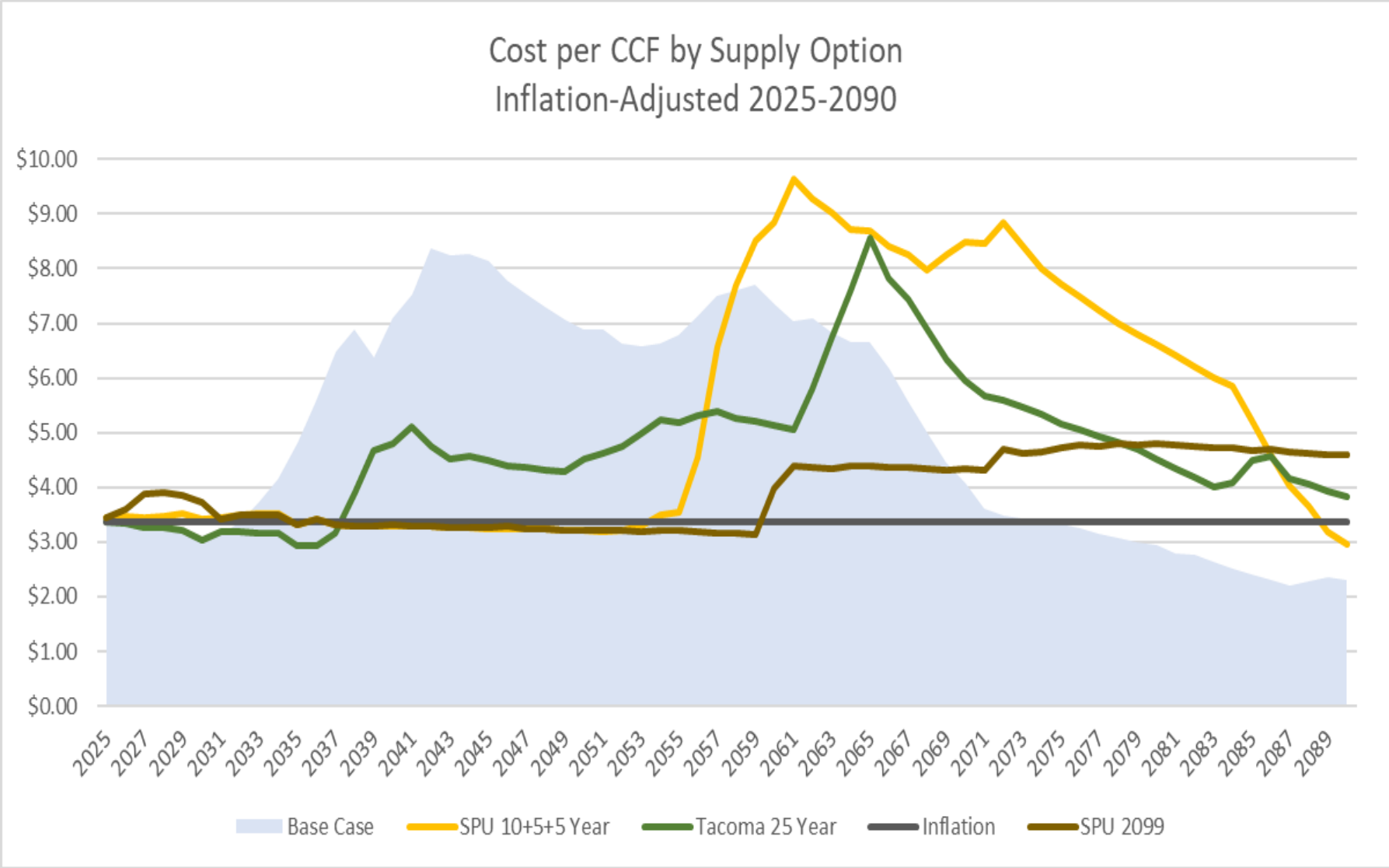
# Cascade Rate Trends: TPU Scenarios



# Cascade Rate Trends: SPU & TPU Compared



# Inflation-Adjusted Rate Trends: SPU & TPU Compared



# Findings Regarding New Proposals

## A. Seattle extensions can provide significant savings

- Savings are dependent on *elimination* of Lake Tapps supply development
- Savings are entirely at risk due to conditional thresholds for extensions
  - Subject to conservative standard for supply availability
  - Much of savings is in RCFCs, not rates
  - Disrupts financial planning and RCFC basis
- **Transfer to wholesale contracts**
  - Only available to individual members
  - Revises Cascade vision and purpose
  - Added layers of new supply costs
- **If not extended, concentrates Lake Tapps development due to limited lead time on extension availability**
  - Inhibits WSDF and other financial tools
  - Adequate access to debt markets is unlikely
  - Adds \$500m to NPV results for scenario
- **Remain solely dependent on the Seattle system**
  - No connections to other systems
  - No competitive pressure
  - Supply options remain limited
  - No progress toward Lake Tapps supply development

# Findings Regarding New Proposals

## **B. Tacoma extension can provide added savings and benefits**

- **Requires increased contract supplies**
  - Not available from Tacoma via Second Supply pipeline
  - Numerous options for augmenting supply for limited term
- **Extension of reduced capacity allows further deferral of Lake Tapps expansion**
  - Moderate rate trends spread out over more time
- **Regionalization and improved resiliency & reliability**
- **Greater flexibility of supply and transmission options now and in the future**
  - Can consider 2 pipeline options with improved rate outcomes and system reliability
  - With transmission in place, multiple options for future supplies
- **Best financial performance of options examined**
  - When considering reliability of outcomes as well as financial results



# Preliminary Staff Recommendations

**We recommend that the Board direct staff to:**

- 1) Develop a supply contract with Tacoma**
  - a) 25 year assured term and capacity
  - b) Options for further extensions if added capacity can be secured
  - c) Extended term through 2085 at reduced (50%) capacity
  - d) Defined and reliable terms for payment and performance
- 2) Conduct engineering planning, financial and rate planning studies of transmission and supply features**
  - a) Single vs. multiple pipelines
  - b) Single vs. multiple corridors
  - c) Phasing of treatment development
  - d) Storage and pumping elements
- 3) Develop an Organizational Plan for expansion of Cascade activities**
  - a) Establish staffing levels, positions needed and timing of additions
  - b) Estimate funding needed and cost/rate impacts
- 4) Initiate activities for Right-of-Way and franchise acquisition for Central and North segments**
- 5) Work with Tacoma and Seattle to optimize value of regional interconnection and explore cooperative approaches to regional supply delivery**
- 6) Integrate this strategy and these activities into the upcoming biennial budget**
  - a) Adapt the financial plan for the Tacoma supply scenario
    - i. Adjust the long-term CIP and RCFC to reflect this scenario
    - ii. Adjust rate planning and WSDF provisions to reflect this scenario
  - b) Incorporate study costs and initial staffing additions into the upcoming biennial budget





## Minutes of the Special Meeting of the Board Supply Contract Proposals

January 4, 2024

10:00am – 3:00pm

Held at Cascade’s Office and Via Zoom

Time	Agenda Item	Board Action
10:00 am	<p><b>Call to Order, Roll Call, and Approval of Agenda</b> Penny Sweet, Board Chair</p> <p><u>Board Members Present:</u> City of Kirkland (Sweet), City of Redmond (Birney), Sammamish Plateau Water &amp; Sewer District (Warren), and Skyway Water and Sewer District (Ault)</p> <p><u>Board Member Absent:</u> City of Issaquah (Joe)</p> <p><u>Board Alternates Present:</u> City of Bellevue (Stokes), City of Kirkland (Pascal), Sammamish Plateau Water &amp; Sewer District (Hooshangi), Skyway Water and Sewer District (Schultz)</p>	
	<p><b>Update on Cascade Shortage Management Plan</b> Ray Hoffman, CEO, Cascade</p> <p><u>Recap:</u> Ray Hoffman reported that Seattle ended Voluntary Curtailment on December 11, 2024. Immediately following this, Cascade ended its Voluntary Curtailment stage of its Shortage Management Plan.</p>	
	<p><b>Tacoma’s Proposed Water Supply Contract</b> Scott Dewhirst, Superintendent, Tacoma Water (No materials in packet)</p> <p><u>Recap:</u> Scott Dewhirst presented Tacoma’s proposal and took questions from the Board. Tacoma’s presentation is attached.</p>	Presentation
	<p><b>Seattle’s Proposed Water Supply Contract</b> Andrew Lee, General Manager, Seattle Public Utilities (No materials in packet)</p> <p><u>Recap:</u> Andrew Lee presented Seattle’s proposal and took questions from the Board. Seattle’s presentation is attached.</p>	Presentation

	<p><b>Discussion based on presentations</b></p> <p><u>Recap:</u> There was no further discussion in the morning session.</p>	Discussion
	<p><b>Executive Session (if needed)</b></p> <p><u>Recap:</u> There was no Executive Session.</p>	
	<p><b>Announcement of Next Board Meeting – January 24, 2024, at 3:30 p.m. held at Cascade’s office and via Zoom</b></p> <p>Penny Sweet, Board Chair</p>	
12:00 pm	<b>Lunch (optional)</b>	
1:00 pm	<p><b>Contract Proposals Debrief (optional)</b></p> <p><u>Recap:</u> The Board discussed the two presentations by Tacoma and Seattle, and staff responded to the Board’s questions. Staff also presented a summary of the proposed contract terms and staff’s current recommendation. The staff presentation is attached.</p>	Discussion
3:00 pm	<b>Adjourn</b>	

# Tacoma Water: A Proven Partner

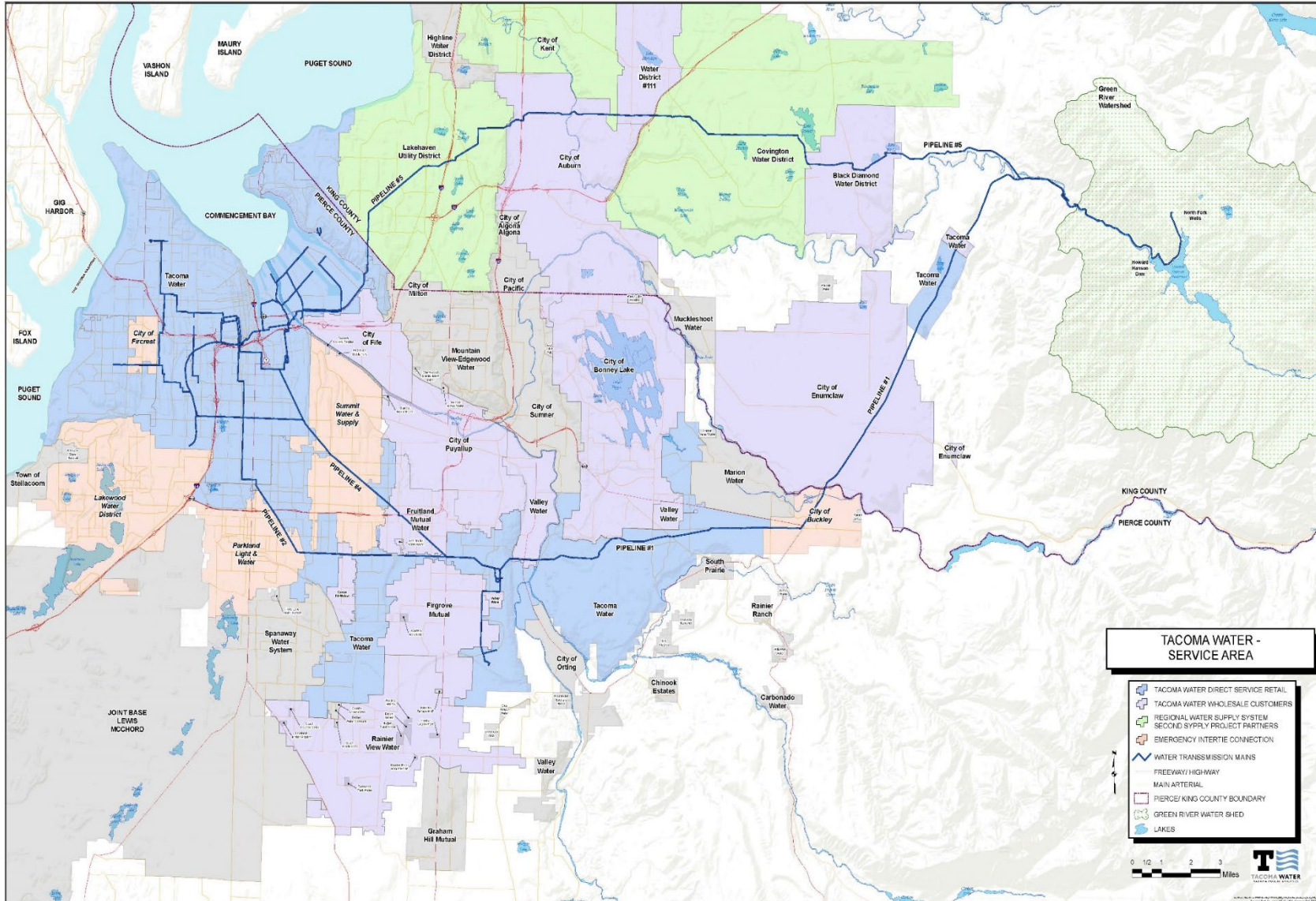
Cascade Water Alliance Board

January 4, 2024

# Agenda

- Tacoma Water System Overview
- Tacoma Water Proposal
- Tacoma's Supply and Infrastructure
- Regional Water Supply System
- Risks and Mitigations

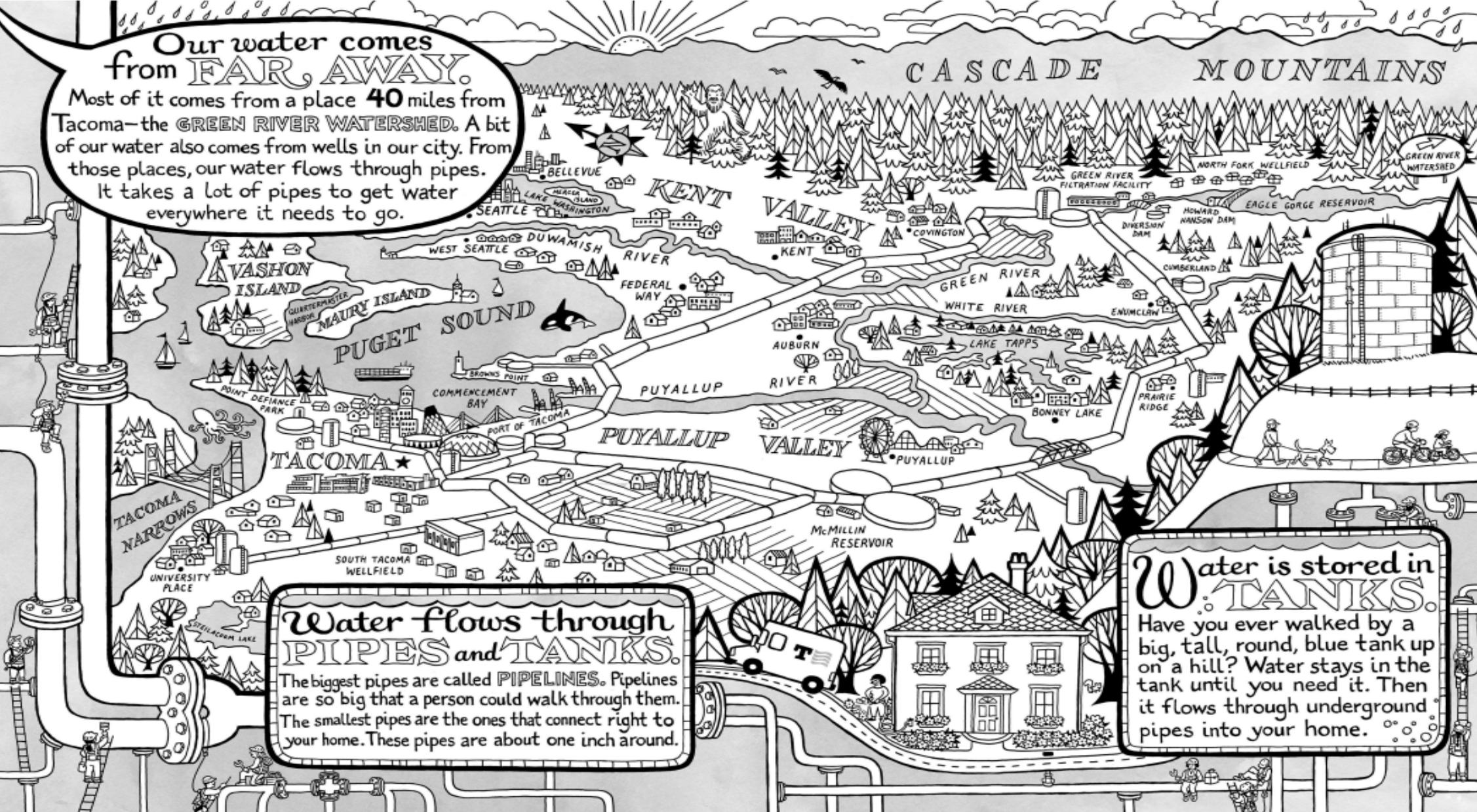
# Tacoma Water System Overview



- **City purchased Tacoma Light & Water in 1893**
- **350,000+ people directly served by Tacoma Water**
- **221,000+ people are served in Partner service areas**
- **1400+ miles of water main**
- **Average daily use of ~35 million gallons per day (MGD) (~45 MGD with Partners included)**
- **Summer Peak demand of ~ 80-90 MGD (84 MGD with Partners included)**
- **95% Green River, 5% groundwater wells**



# Tacoma Water System Overview



Our water comes from **FAR AWAY**. Most of it comes from a place **40 miles** from Tacoma—the **GREEN RIVER WATERSHED**. A bit of our water also comes from wells in our city. From those places, our water flows through pipes. It takes a lot of pipes to get water everywhere it needs to go.

Water flows through **PIPES** and **TANKS**. The biggest pipes are called **PIPELINES**. Pipelines are so big that a person could walk through them. The smallest pipes are the ones that connect right to your home. These pipes are about one inch around.

Water is stored in **TANKS**. Have you ever walked by a big, tall, round, blue tank up on a hill? Water stays in the tank until you need it. Then it flows through underground pipes into your home.



# Tacoma Water Proposal

- Up to 20 MGD-Average and 30 MGD-Peak Through 2065
  - Possible increase in delivery if pipeline capacity becomes available
- Up to 10 MGD-Average and 15 MGD-Peak from 2066 to 2085
- Pricing based on Utility-Based rate methodology using 3rd party consultant
- Rate structure will reflect 25% of allocated costs (based on full utilization of contract capacity) recovered through fixed charges and 75% through volumetric charges
- For the period between when the contract is executed and water delivery to Cascade begins, Tacoma may initiate a Capacity Rental Charge (CRC) to Cascade
  - Methodology of the CRC will be determined at a future date and Tacoma Water is committed to reviewing and giving consideration to input from Cascade
- Term sheet provides additional details

# Tacoma Water Resources

## Green River

- Tacoma's primary water source
  - First and Second Diversion Water Rights
  - Regional Water Supply System (RWSS) Partnership
  - Additional Water Storage Project – Howard Hanson Dam
- Pristine water supply in Cascades
- North Fork well field available for blending
- Conventional treatment in rainy season; direct filtration in dry season
- Mostly gravity flow to customers



## Groundwater

- 25 wells with 55 MGD of capacity
- Generally used seasonally but can provide up to 40-50% of summer demand if needed
- Provides drought resiliency; valuable diversity
- On-site hypochlorite generation





# Green River Watershed



- Over 147,000 acres extending 25 miles upstream of intake
- Tacoma owns ~11% of area primarily along river and main tributaries
- Access controlled in proximity to filtration plan and intake; limited access in upper reaches of watershed
- Muckleshoot Settlement Agreement signed in 1995 – settles claims for water withdrawal and sets in-stream flow requirements for Green River
- Fish trap and haul facility to support fish passage located downstream of intake and diversion dam



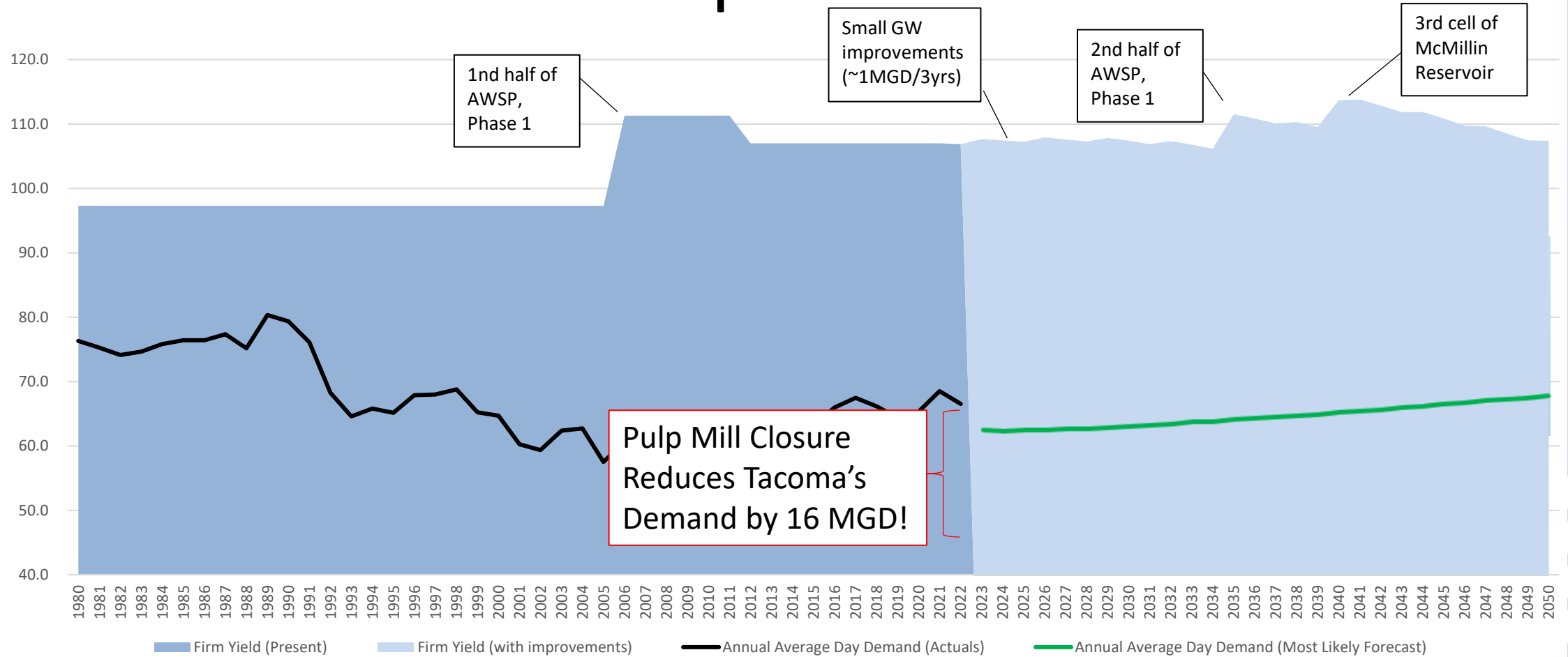
# Green River Filtration Facility

- Completed May 1, 2015 - Construction Cost ~\$185 million
- Filtration at the source to meet surface water treatment regulatory requirements
- Winter capacity of 90 MGD (conventional treatment mode)
- Summer capacity of 150 MGD (direct filtration mode)
- Recipient of the Washington State Department of Health Bronze and Silver Awards for Treatment Performance (2015-2020)
- Zero liquid discharge facility
- Solids generated are landfilled



Green River Filtration Facility  
April 5, 2015

# Tacoma's Supply & Demand Status with Pulp mill demand



# Regional Water Supply System (RWSS)

- Established in 2002
- Partnership created to share in delivery of Tacoma's 2<sup>nd</sup> diversion water right
- Partners are Tacoma, City of Kent, Lakehaven Water and Sewer District and Covington Water District.
- RWSS assets include Pipeline 5 & Additional Water Storage Project
- Shared assets include Green River Filtration Facility & Tacoma's watershed
- Tacoma is the project owner and lead communicator
- Governed by agreement
  - Administered by Project Committee
  - Staffed with representatives from each utility
  - Partner utilities have voting power



# Risks & Mitigations

## Risk

- Water Supply:
  - Climate change
  - Decrease in yield
  - Increase in demand

## Mitigation

- Additional Water Storage Project (AWSP)
  - 20,000 acre-feet once complete, Shared with RWSS partners
- Forecast Informed Reservoir Operations (FIRO)
  - Allows flexibility when filling Howard Hanson Reservoir
- New/enhanced sources
  - Tacoma holds 65 individual ground water rights
  - Wells Master Plan
- 3rd Cell at McMillin Reservoir
- Integrated Resource Plan

# Risks & Mitigations

## Risk

- Tribal Concerns

## Mitigation

- Water would be delivered while maintaining minimum in-stream flows
- Cascade agreement would be term-limited and have predictable delivery
- Tacoma has a good relationship with the MIT.
  - MIT is a key stakeholder in the AWSP
- Tacoma expects to meet with MIT in 1<sup>st</sup> quarter of 2024 to further discuss this project

# PFAS Timeline at Tacoma Water

- In 2015 Tacoma Water sampled for 6 PFAS chemicals as part of the Third Unregulated Contaminant Monitoring Rule (UCMR3) – NO DETECTIONS, but
  - Samples were blends of multiple sources collected entering the system
  - Laboratory Minimum Reporting Levels (MRLs) higher than current
- In 2018 Tacoma Water proactively sampled all sources for 14 PFAS chemicals at lower lab reporting limits
  - Two South Tacoma wells with levels near EPA's 2016 Health Advisory Level (HAL) of 70 parts per trillion (ppt) were removed from service
  - All other detections were below new 2021 State Action Levels (SALs)
- In June/July 2023 Tacoma Water sampled individual sources for 29 PFAS chemicals

# Tacoma Water PFAS Sampling - 2023

- Lab analyzed 28 samples for 29 different PFAS chemicals
- Green River and North Fork Wells (in watershed) continue to have no detections for the proposed regulated PFAS chemicals
- All wells, except those in Deep Aquifer, had detections for one or more PFAS chemicals
- Aside from wells taken out of service in 2018, all other representative well samples were below WA State Action Levels
- Several key wells had samples just above proposed EPA limits
- Preparing overall PFAS management strategy for our groundwater sources – expected by the end of 2024

# Why Tacoma?

- Large Water Supply Surplus
- Green River supply
  - 2 large surface water rights
  - Green River Filtration Facility
  - Protected Watershed
- Large well portfolio
- 2 transmission mains
  - Pipeline 5 runs North of Lake Tapps
  - Pipeline 1 runs South of Lake Tapps
- Competitive Pricing
- Experience partnering with water utilities on large, regional infrastructure projects
- Pro-active communicator
- Pro-active PFAS/regulatory response
- Good working relationship with area tribes
- Contract flexibility
  - Cascade agreement will be a bespoke agreement specific to Cascade.
  - Start and end-dates are negotiable.
- Moody's rating Aa1(recently upgraded!)
- S&P rating AA+

# Questions?



# Seattle Public Utilities Contract Amendment Proposal with the Cascade Water Alliance

January 2024





# Our Region's Water Supply Future

- We have a shared goal of future supply development and regional connections that assures adequate and resilient water supply for our region.
- Maximizing the use of Seattle water is the best first step.
- We do not believe now is the right time to expend resources on infrastructure to support inter-county regionalization, but we should consider options for future planning and investment.





# Agenda

- **Review Seattle Public Utilities' (SPU) offer for a contract amendment**
- **Discuss basis for proposal**
- **Present top reasons for extending with Seattle**
- **Compare SPU's proposal to Tacoma's proposal**
- **Answer questions and respond to input from the Cascade Water Alliance Board (Cascade)**



# Background

- Cascade signed a long-term contract with SPU in 2003
- Cascade requested extensions twice, in 2008 and 2013
  - Cascade and SPU came to mutual agreement on terms
  - These extensions benefitted Cascade, SPU, and other wholesale customers
- SPU sees maximum use of its future surplus supplies as the most efficient next step(s), following "The Path Along The Ridge"
- SPU would like to find a way to meet Cascade's third request for a contract extension



# SPU's Proposal

## 10-year extension

- Extends declining block from 2039 to 2049.
- Water priced to match wholesale rate of other cities and districts; gradual ramp-up to minimize customer rate impact.
- Includes transition payment of \$14M.

## 5-year

- Extends declining block to 2054.
- Cascade can unilaterally exercise in 2034 if specified supply and demand conditions are met.
- Otherwise, Cascade can unilaterally extend with 25% premium pricing to account for potential cost risks.

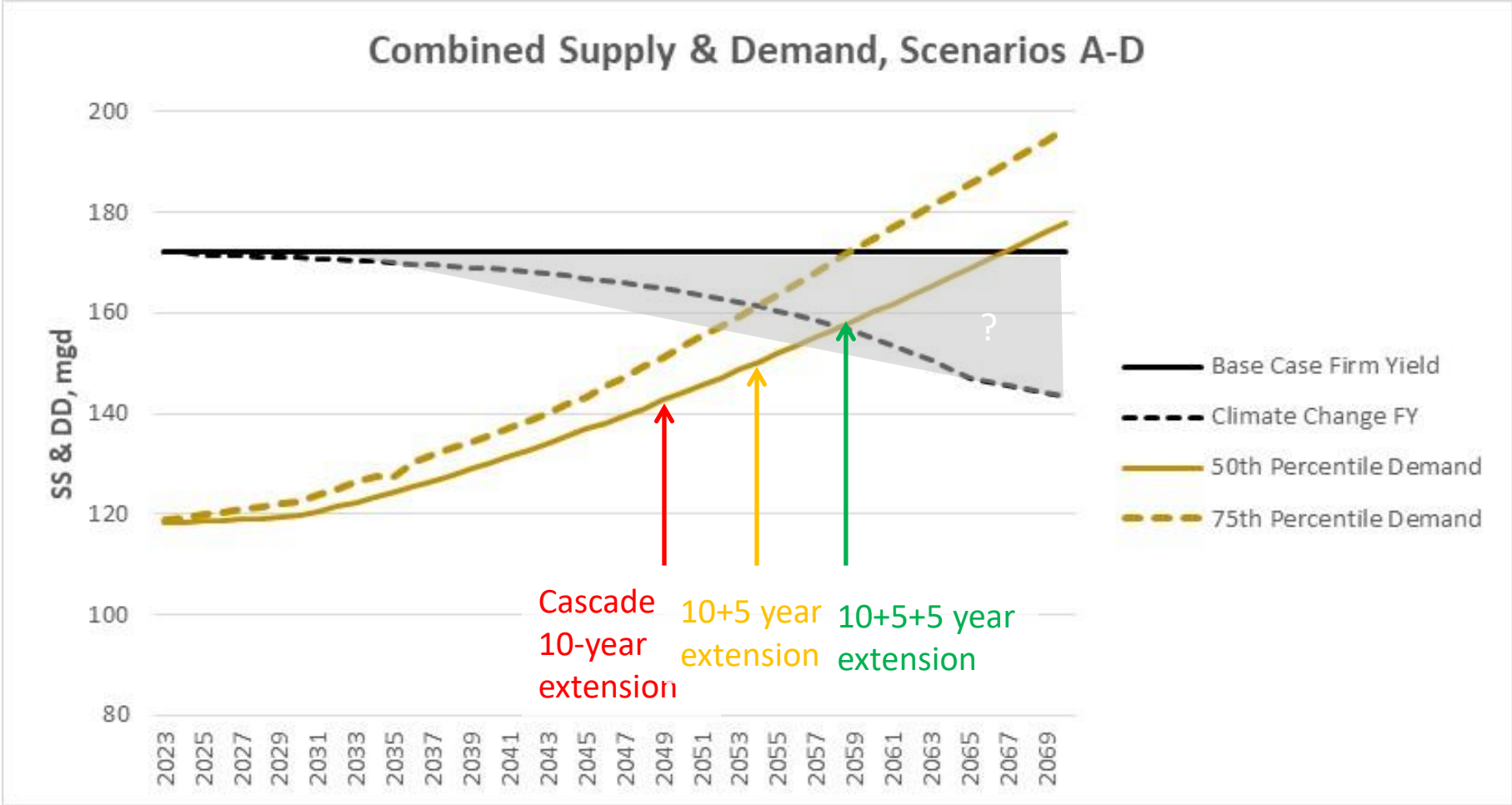
## 5-year

- Extends declining block to 2059.
- Cascade can unilaterally exercise in 2039 if specified supply and demand conditions are met.

## Join SPU as Full and Partial purveyors

- Extends contract to 2099.
- Cascade members can rejoin as Full & Partial (F&P) contract holders in 2044 if specified supply and demand conditions are met.
- Includes water supply capital charge to help account for future water supply costs.
- Seattle bears future water supply needs for Cascade members.

# Basis for Seattle Proposal





# Reasonable and Predictable Pricing of Seattle Water

- **Water priced to match wholesale rate of other cities and districts**
  - Cascade members will see incrementally higher costs for SPU water
  - Gradual ramp in pricing to minimize customer impact
  - SPU is willing to discuss a more gradual ramp
- **Current extension includes \$14m in transition charges**
  - Future extensions will not include transition charges
  - No facility charges for 10-year or 5-year extensions, but facility charges will apply if Cascade members rejoin as F&P purveyors



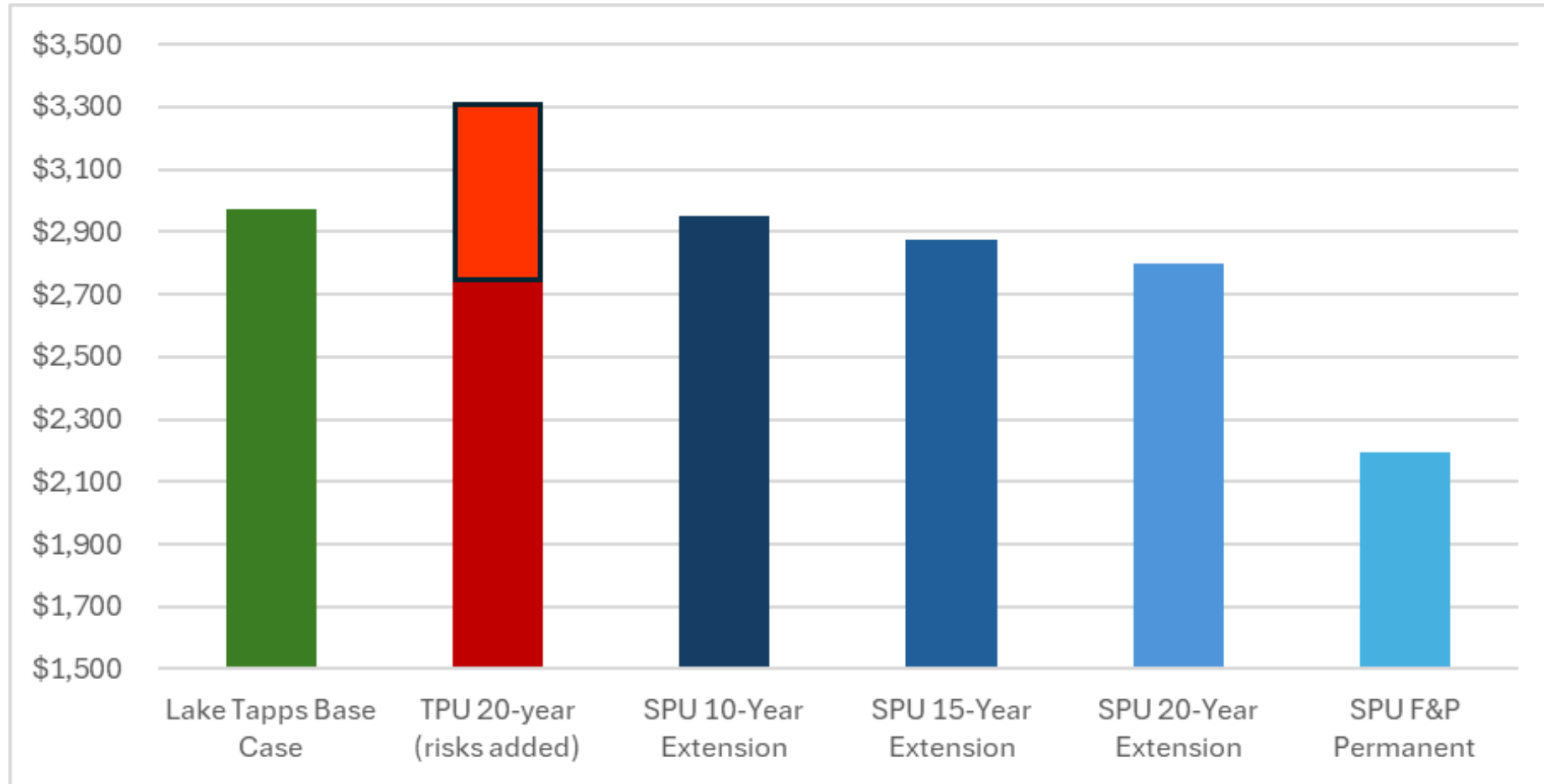
# Top Reasons to Extend Contract with Seattle

1. Avoids potentially costly risks of Tacoma offer
2. Preserves and enables the lowest rate path outcome for rate-payers as long as possible  
*Seattle's offer is the only one that defers significant capital investment for at least the next 15-20 years*
3. Meets Cascade's contract objectives
4. Maintains Cascade's access to and use of the high-quality Seattle water their customers expect

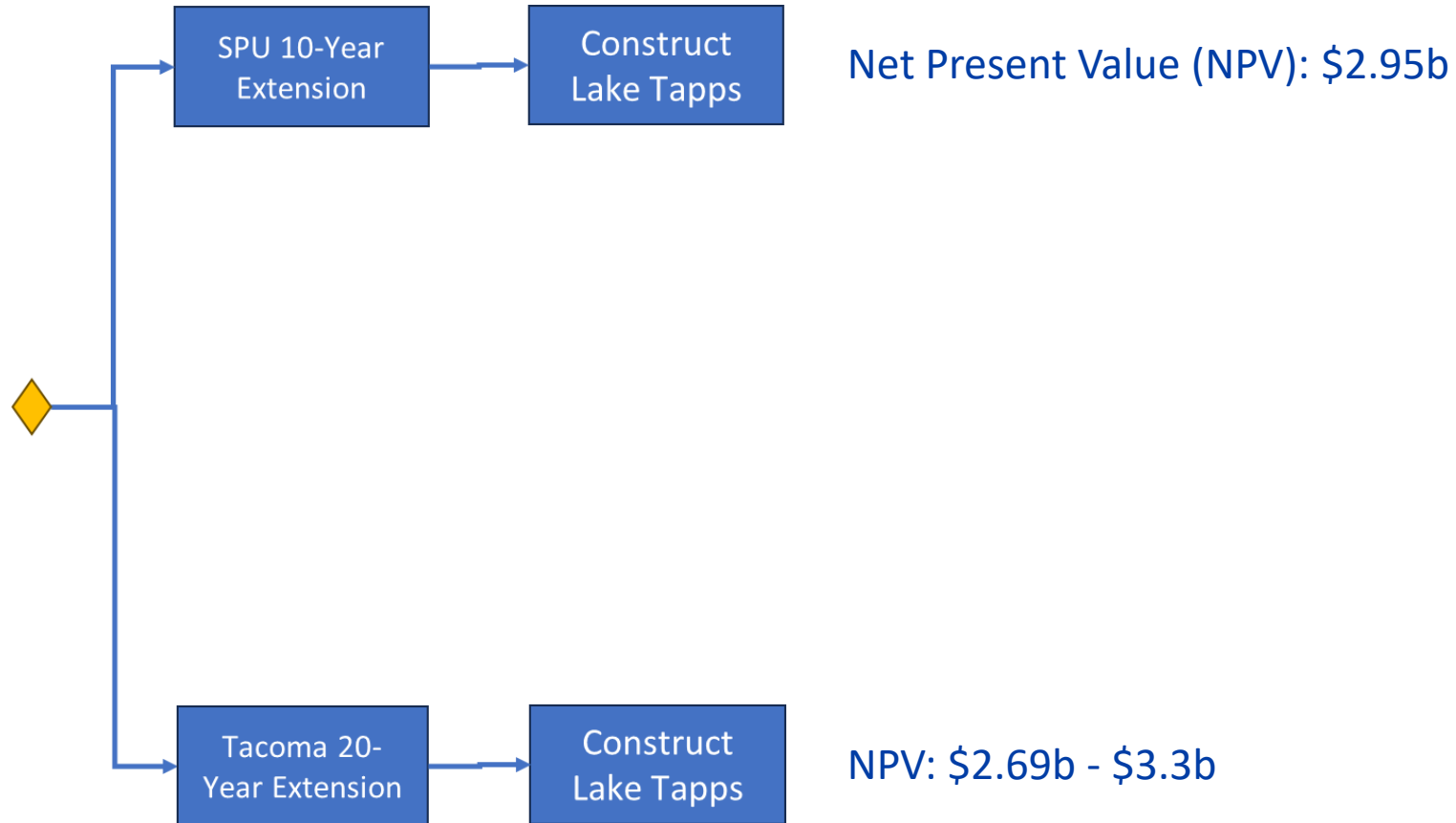
# Potential Financial Risks of Tacoma Offer

Risk	Financial Impact (\$ NPV)
Cost increases (25-50%) on pipeline to Tacoma	~\$150m-\$300m
Tacoma water supply costs increase faster than 3% per year	~\$ 50m
New pump station required for peak summer flows	~\$ 50m
Lower Tacoma peaking factor requires additional water supply during summer months	NOT QUANTIFIED
Tacoma may not guarantee supply for full 20 years (advance Lake Tapps by 10 years)	\$325m
<b>TOTAL:</b>	<b>\$575-\$725m</b>

# Tacoma Proposal (Risks incl) Cost vs. SPU Proposal

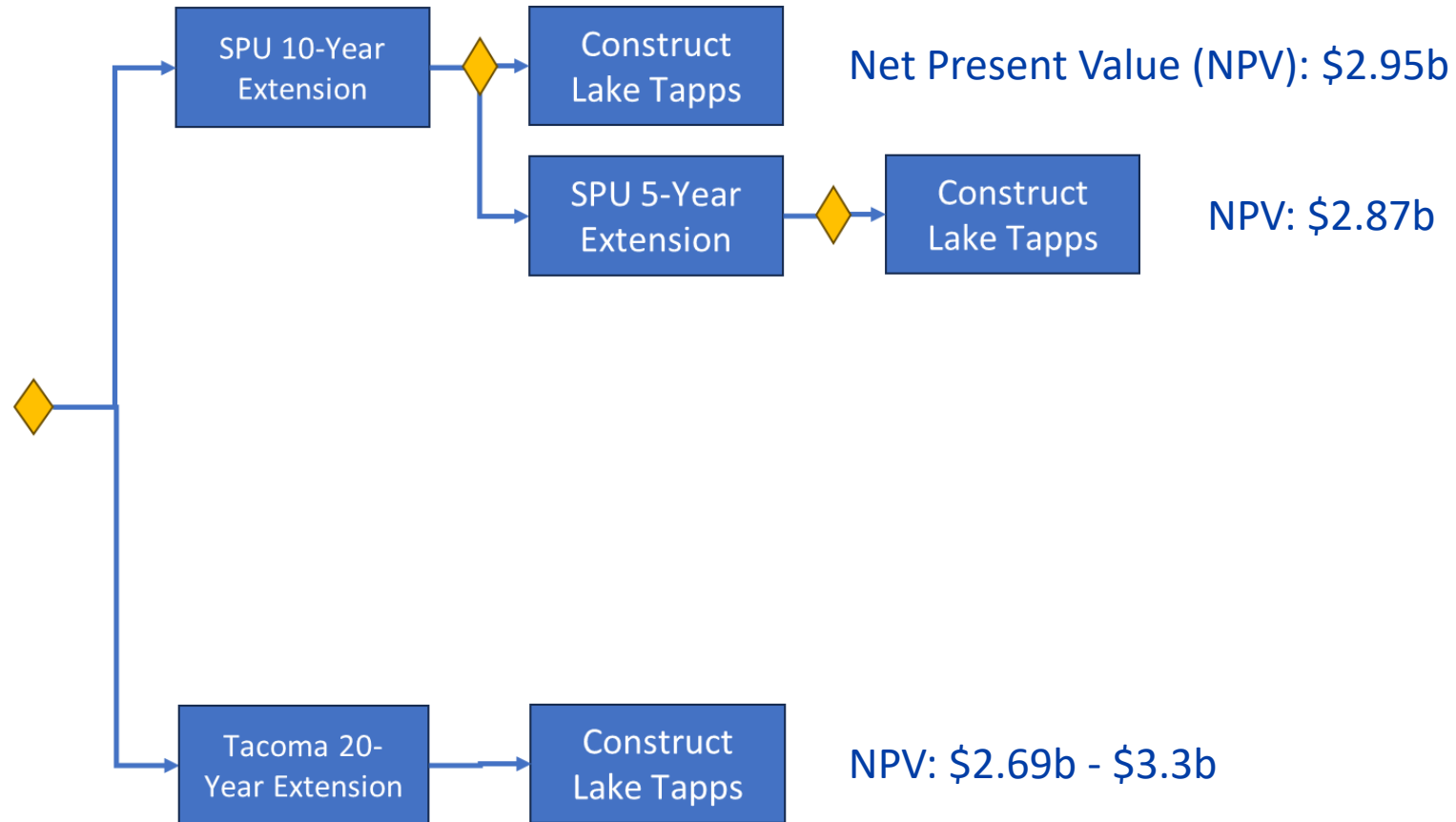


# "Path Along The Ridge" Successive Cascade Choices

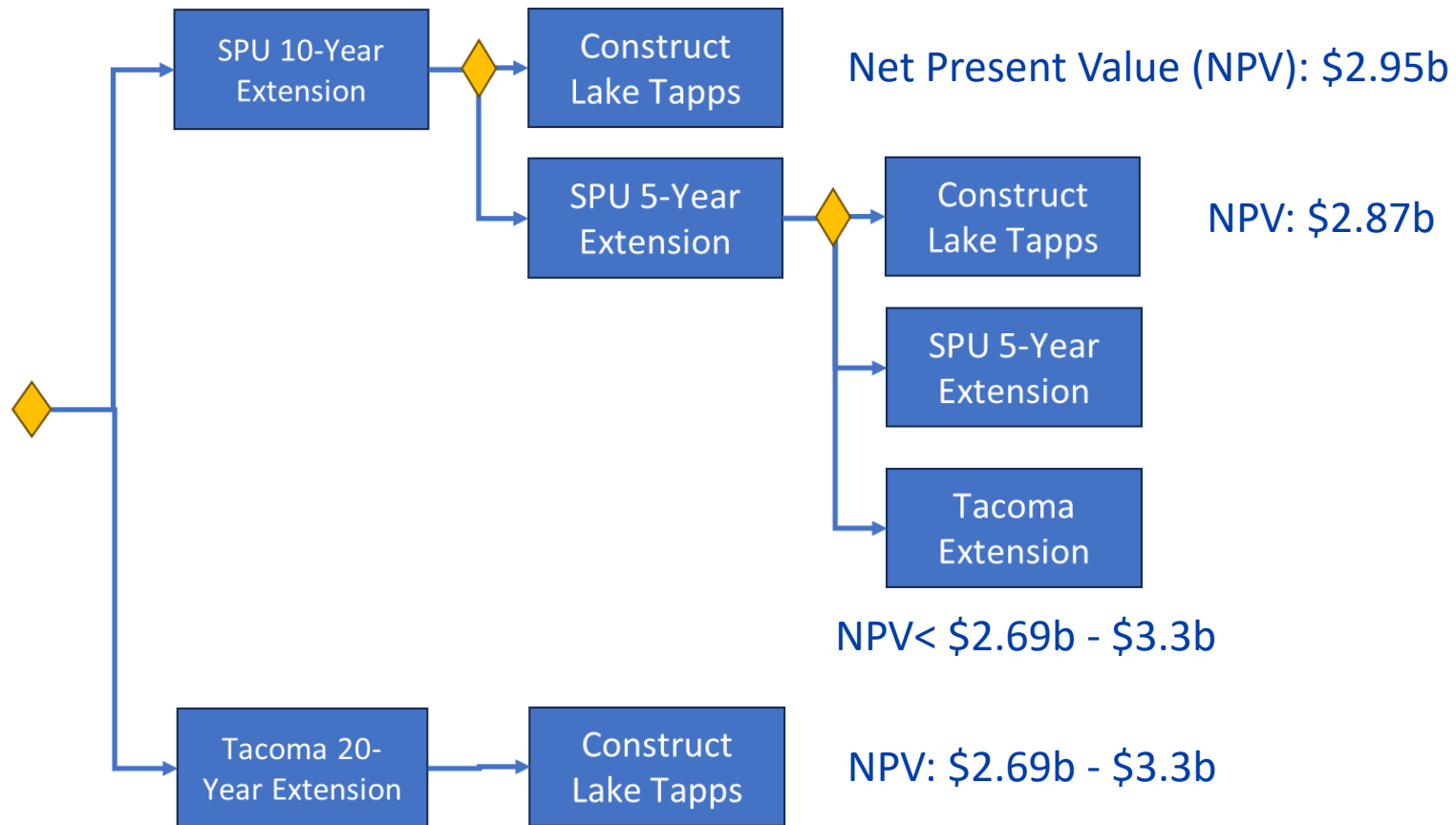




# "Path Along The Ridge" Successive Cascade Choices

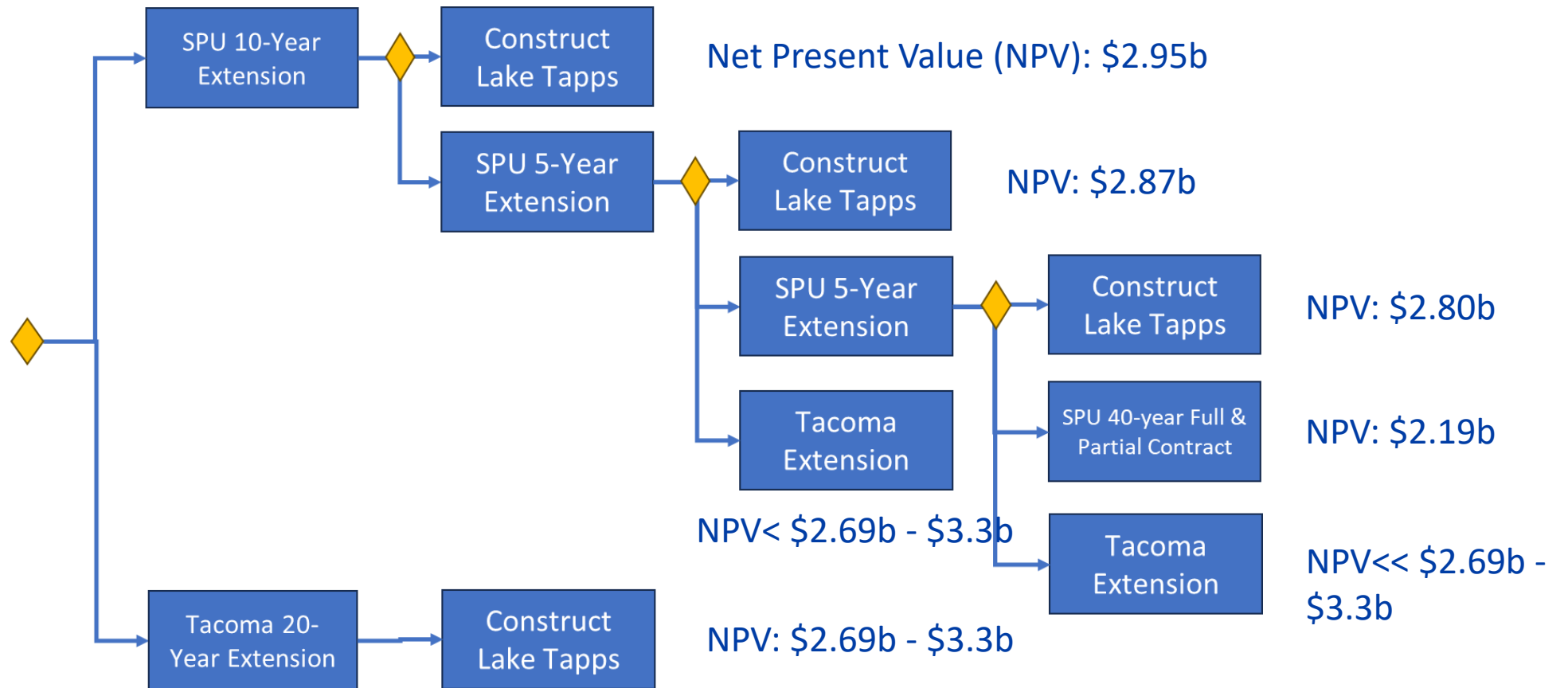


# "Path Along The Ridge" Successive Cascade Choices

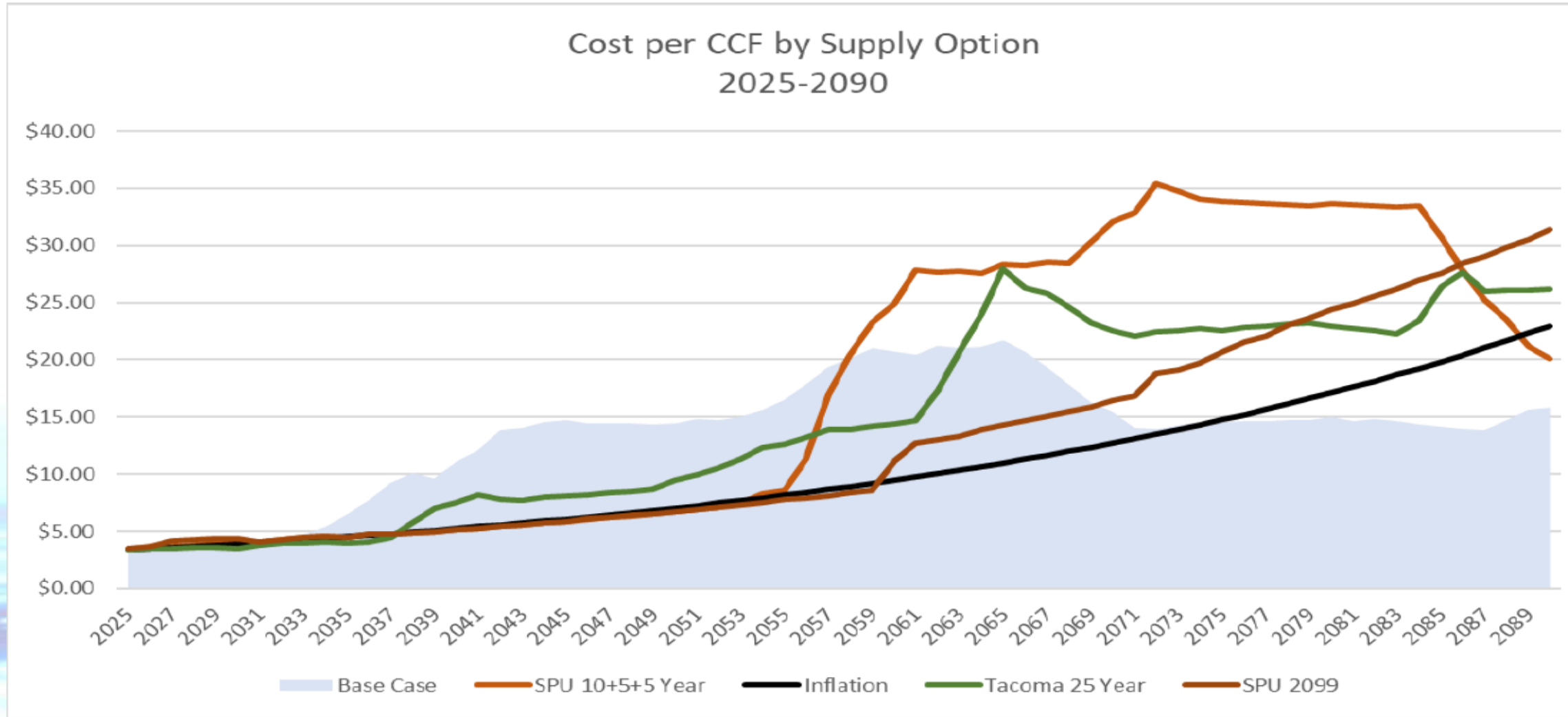


# "Path Along The Ridge"

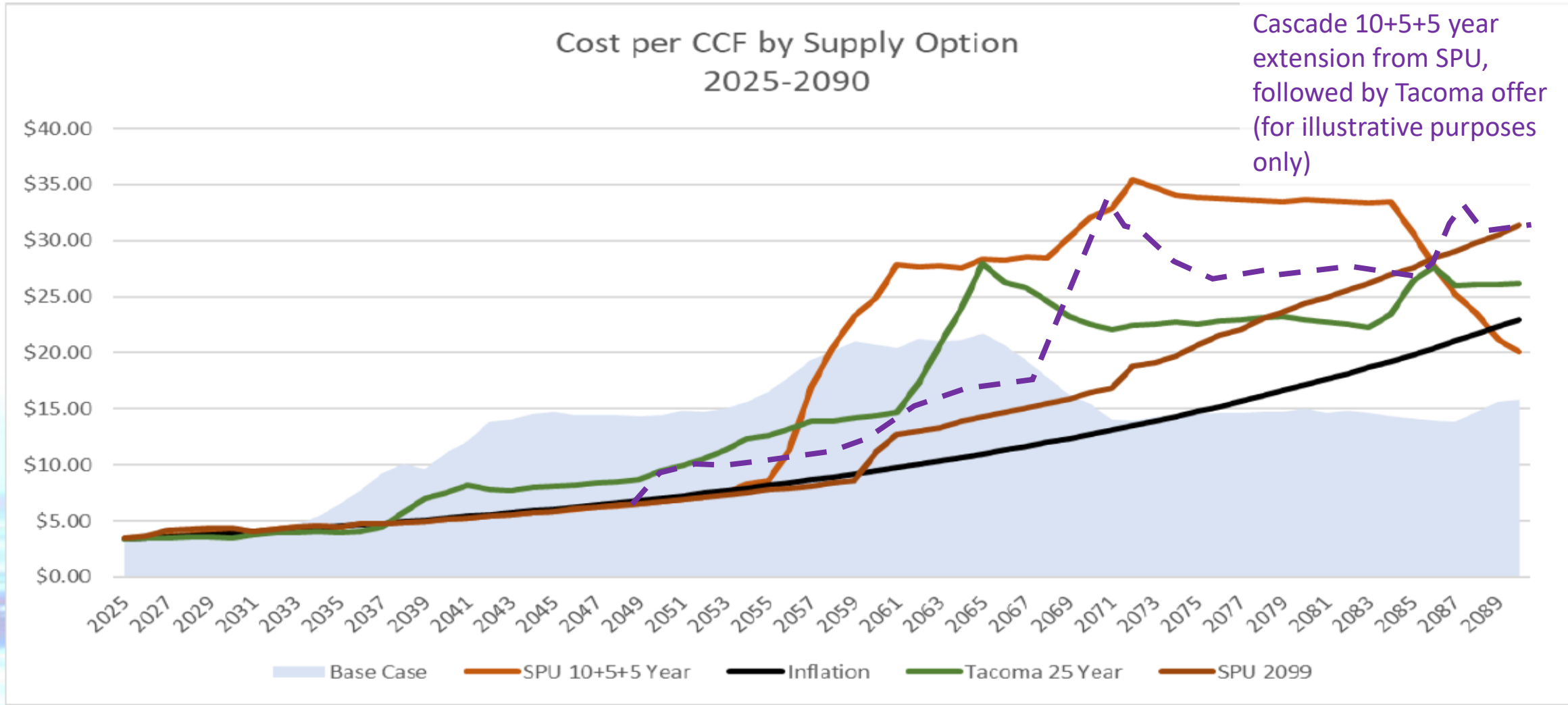
## Successive Cascade Choices



# Cascade Rate Trends: SPU & TPU Compared



# Cascade Rate Trends: SPU & TPU Compared





# SPU Meets CWA's Contract Objectives

Cascade Contract Objective	SPU Contract Extension Offer	Tacoma Contract Offer
20 Year (or longer) extension of contract supply	Guaranteed 15-year extension; likely 20-year extension. Potential for 60-year extension through 2099.	Tacoma may include terms that allow them to unilaterally shorten their 20-year term with 10 years' notice.
Extension sufficient to defer Lake Tapps development	<ul style="list-style-type: none"> <li>Guaranteed Lake Tapps deferral of 17 years; possibility of deferring Lake Tapps investment 22 years or indefinitely.</li> <li>Proposal allows for ample notice to Cascade to develop Lake Tapps if desired.</li> </ul>	Guarantees only 10-year deferral.
Reasonable and predictable costs	<ul style="list-style-type: none"> <li>Lowest rate path option for the next 20 years.</li> <li>20-year history of rate increases averaging 3% per year.</li> <li>SPU willing to discuss a more gradual ramp/timeline to match F&amp;P rates between now and 2039.</li> <li>Cascade would not be required to pay transition costs after the first 10-year extension and would not pay Facility Charges under the extensions.</li> </ul>	<ul style="list-style-type: none"> <li>Steep ramp-up of rates from 2037 to 2055</li> <li>Rate may increase more than the 3% assumed by Cascade</li> <li>Rate may increase even more due to the need for pumping or potential increased costs of a pipeline</li> </ul>



# SPU Meets CWA's Contract Objectives

Cascade Contract Objective	SPU Contract Extension Offer	Tacoma Contract Offer
Possible further extensions if mutually beneficial given supply and demand status	Seattle proposal defines objective, trackable and measurable criteria which, if met, would give Cascade the unilateral right to elect additional future extensions.	Tacoma open to extensions if supplies are adequate but does not provide specific criteria or parameters.
Possible partnership opportunities for assets of regional significance	Seattle shares a vision of a resilient water supply for our region, focused on reliance on the best options first. SPU is open to discussing opportunities for the future that do not shift financial obligations but meet water supply needs.	Would allow for a connection through new Cascade pipeline.

# SPU Meets CWA's Contract Objectives

Cascade Contract Objective	SPU Contract Extension Offer	Tacoma Contract Offer
<p>Net economic and/or rate benefit versus current Lake Tapps development plans</p>	<ul style="list-style-type: none"> <li>• Each step in the Seattle offer would result in net economic benefits to Cascade, with benefits increasing for each extension. Conversion to Seattle F&amp;P customers would result in the largest economic benefit.</li> <li>• Seattle believes Cascade's financial models make pessimistic assumptions about Seattle rate escalation (3.84%/yr) and optimistic assumptions about Tacoma rate escalation (3.0%/yr). This difference alone suggests assumed increases in Seattle rates 22% above the increases in Tacoma rates over a 25-year period.</li> </ul>	<p>Tacoma rates may increase more than the 3% assumed by Cascade</p> <p>Tacoma offer carries significant financial risks (\$575-\$725m)</p>
<p>Flexibility in contract term and/or quantity to allow for future variation in supply and demand</p>	<p>The <u>key rationale</u> underlying the Seattle offer is to provide flexibility beyond the initial 10-year extension. This allows the parties to track the now-uncertain changes in supply and demand over time, and tailor Seattle supplies to provide Cascade as much water as prudently possible as circumstances evolve.</p>	<p>Tacoma's offer includes uncertainty by allowing Tacoma to shorten the term with 10 years' notice.</p>

# Ongoing Access to Seattle's High-Quality Water

- Cascade members currently enjoy the benefits of highest-quality water from Seattle
  - Higher degree of watershed protection (100% ownership and control of the Cedar and significant ownership and control in the South Fork Tolt closed watersheds)
  - Water sources managed for water supply and water quality as the first priority
- Commitment to provide needed water, including during peak periods
- Infrastructure is already in place to provide access to Seattle water





**Happy to answer questions  
or discuss aspects of our proposal.  
Thank you.**





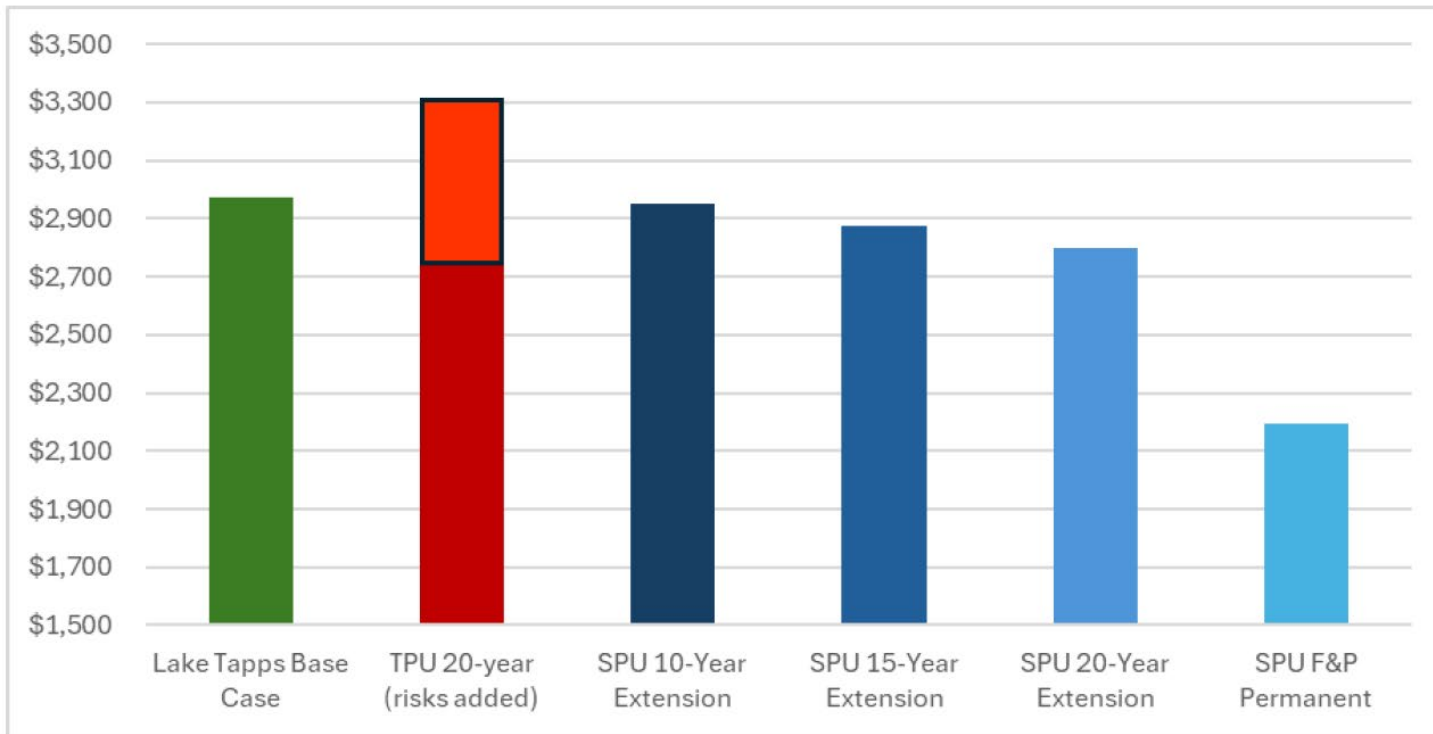
# Brief Recap on Water Contract Supply Options

January 4, 2023

# Potential Financial Risks of Tacoma Offer

Risk	Financial Impact (\$ NPV)
Cost increases (25-50%) on pipeline to Tacoma	~\$150m-\$300m
Tacoma water supply costs increase faster than 3% per year	~\$ 50m
New pump station required for peak summer flows	~\$ 50m
Lower Tacoma peaking factor requires additional water supply during summer months	NOT QUANTIFIED
Tacoma may not guarantee supply for full 20 years (advance Lake Tapps by 10 years)	\$325m
<b>TOTAL:</b>	<b>\$575-\$725m</b>

# Tacoma Proposal (Risks incl) Cost vs. SPU Proposal





# Response to Seattle Assessment of Risk

## 1) Construction cost risk is very high

- a) All construction cost estimates have already been increased to include substantial contingencies
- b) All scenarios including Seattle's increase materially if higher costs are assumed
- c) Even the conversion leaves the potential risk for new supply in 2099: \$500m NPV
- d) We separately examined construction cost risk; no material shifting between contract options

## 2) Wholesale cost assumptions are inconsistent

- a) Not True: All wholesale rates are escalated at 3.0% per year in current comparisons
- b) Higher SPU rate (3.84%) might be more realistic given their avoidance or deferral of significant capital costs
- c) Both options have a moderating effect on rate trends caused by Cascade payments

## 3) Pump Station adds cost

- a) Tacoma supply can be met by gravity
- b) Even so, all scenarios include a pump station at point needed

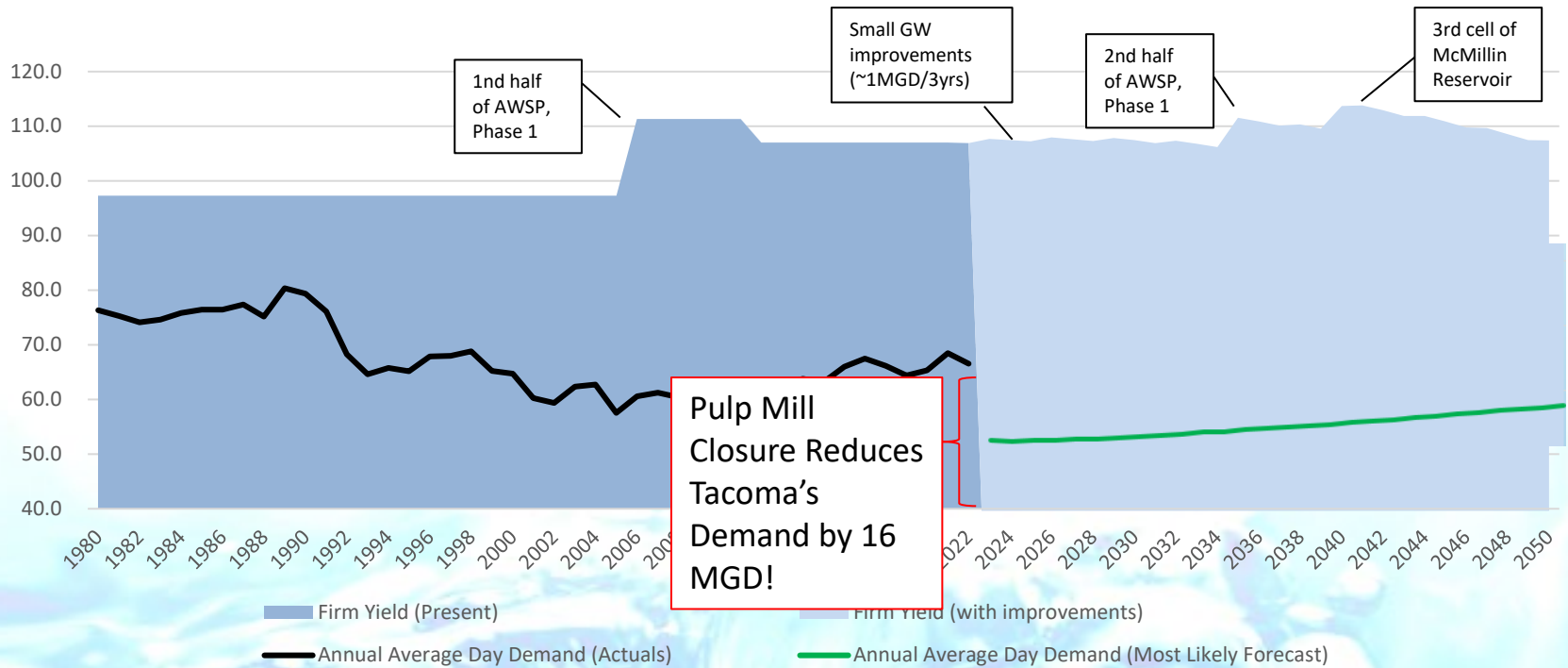
## 4) Peak Factor for Tacoma contract is inadequate

- a) The negotiating target was 30 mgd capacity to meet 2060 demands; the annual average was actually increased to provide Cascade greater flexibility
- b) That said, by 2060 the 30 mgd becomes inadequate without supplemental commitments or sources (as previously noted).

## 5) Tacoma supply commitment is at risk

- a) There is an absolute 25 year offer; we had suggested it for flexibility for both agencies

# Tacoma's Supply & Demand Status with Pulp mill demand





# Preliminary Staff Recommendations

**We recommend that the Board direct staff to:**

**1) Develop a supply contract with Tacoma**

- a) 20 year assured term and capacity beginning 2041 (through 2060)
- b) Options for 5- or 10-year extensions if added capacity can be secured
- c) Extended term through 2085 at reduced (50%) capacity
- d) Defined and reliable terms for payment and performance

**2) Conduct engineering planning, financial and rate planning studies of transmission and supply options**

- a) Single vs. multiple pipelines
- b) Single vs. multiple corridors
- c) Phasing of treatment development
- d) Storage and pumping elements

**3) Develop an organizational plan for expansion of Cascade activities**

- a) Establish staffing levels, positions needed and timing of additions
- b) Estimate funding needed and cost/rate impacts

**4) Initiate activities for Right-of-Way and franchise acquisition for Central and North segments**

**5) Work with Tacoma and Seattle to optimize value of regional interconnection and explore cooperative approaches to regional supply delivery**

**6) Integrate this strategy and these activities into the upcoming biennial budget**

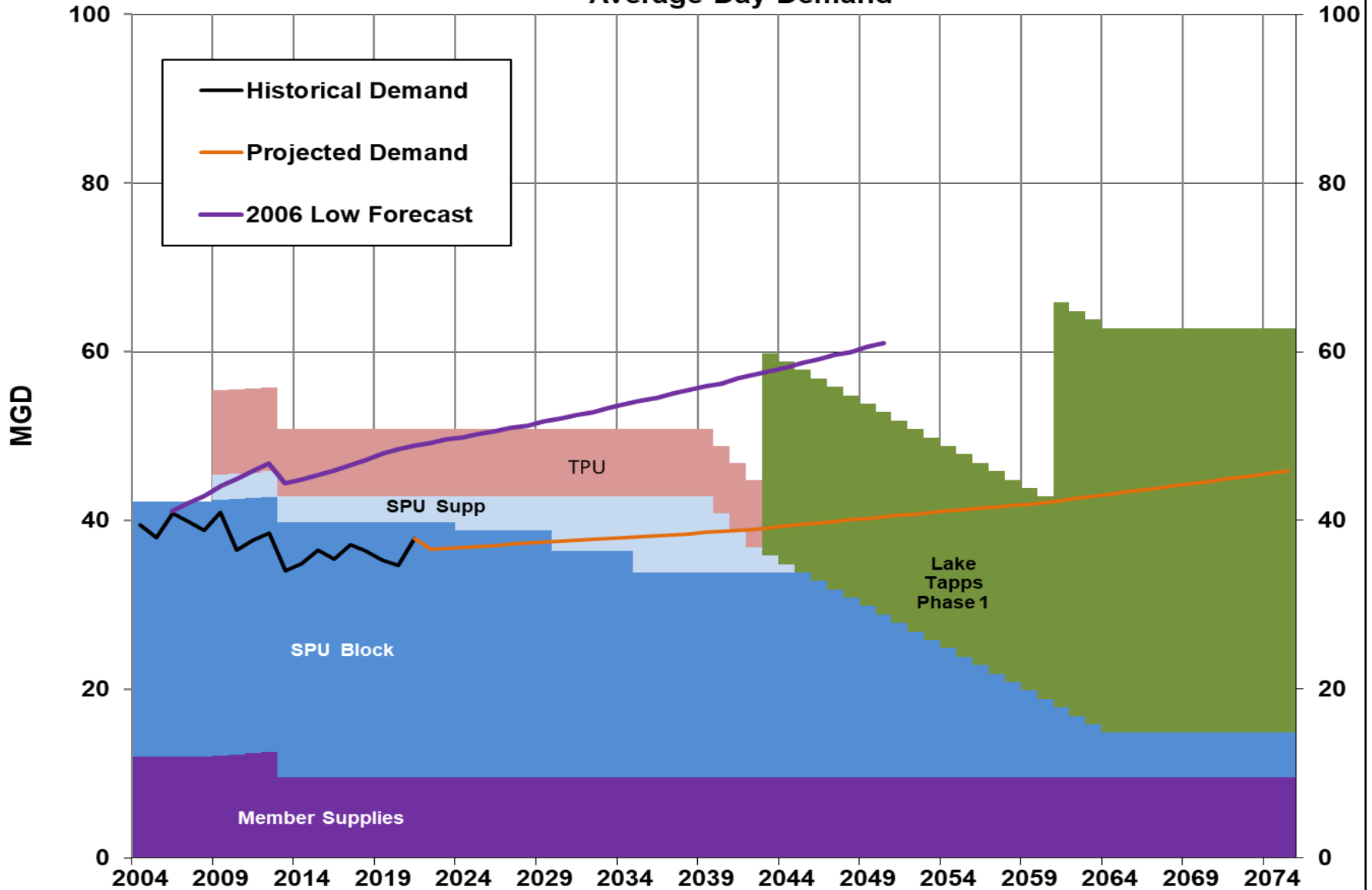
- a) Adapt the financial plan for the Tacoma supply scenario
  - i. Adjust the long-term CIP and RCFC to reflect this scenario
  - ii. Adjust rate and WSDF planning to reflect this scenario
- b) Incorporate study costs and initial staffing additions into the upcoming biennial budget



# Cascade Supply & Demand Forecast

## Base Scenario: Lake Tapps 2042

### Average Day Demand

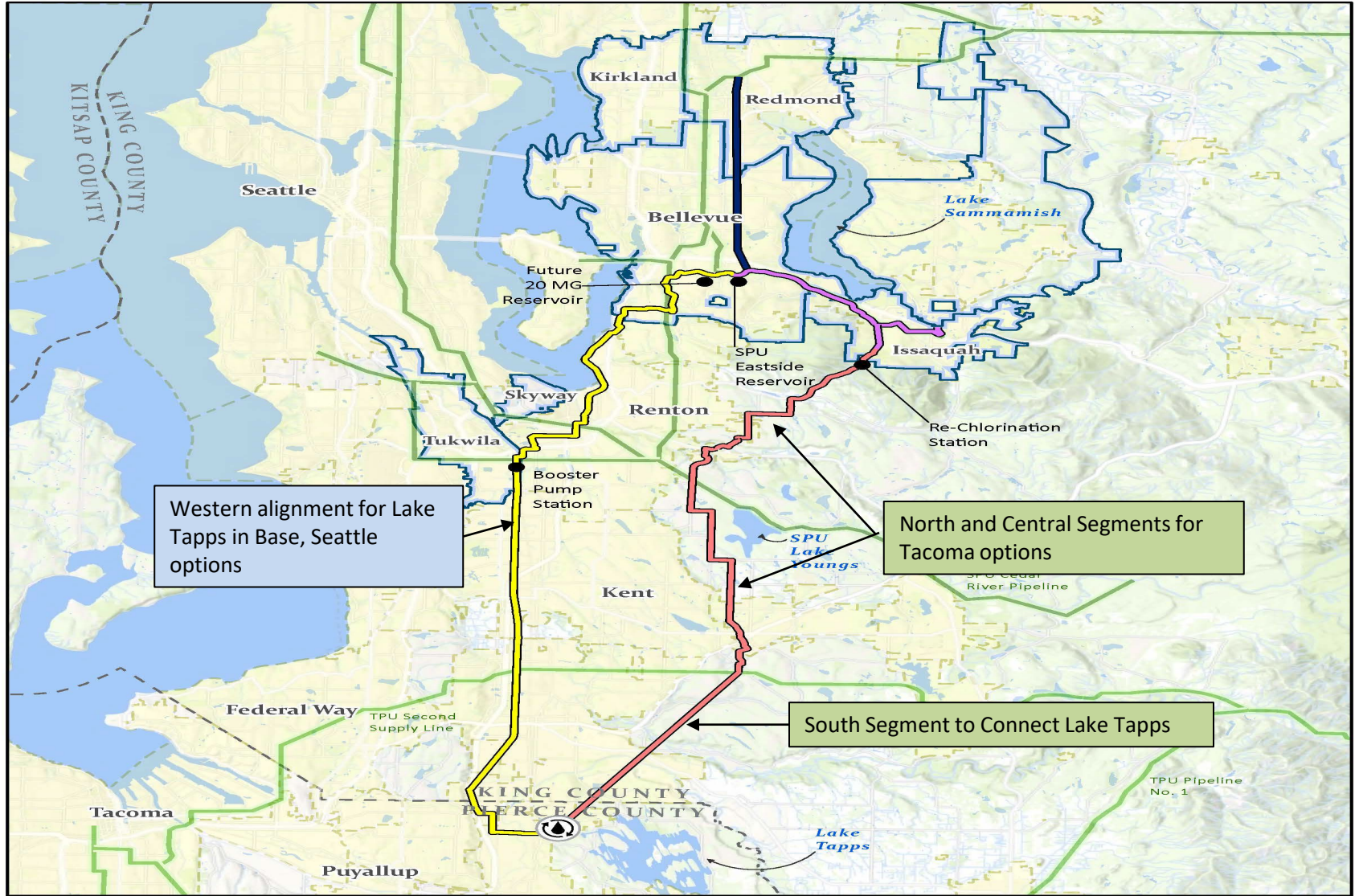


# Base Scenario

- **Current contract terms with Seattle:**
  - 33.3 MGD average block and 63 MGD peak
  - Block declines from 2039 through 2063
  - Starting 2064, can purchase up to 5.3 MGD
- **Base scenario requires developing Lake Tapps Reservoir by 2042, in two phases:**
  - Phase 1: By 2042, treatment and transmission in place
  - Phase 2: By 2062, treatment expansion completed
- **Water Supply Development Fund (WSDF):**
  - Board approved in November 2021
  - Accumulates cash for 20% minimum equity requirement and to mitigate rate increases



# Potential Supply System



Western alignment for Lake Tapps in Base, Seattle options

North and Central Segments for Tacoma options

South Segment to Connect Lake Tapps

Date: 4/19/2023  
 Sources:  
 PCS: NAD 1983 2011 StatePlane Washington North FIPS 4601  
 FT US  
 Disclaimer: This product is for informational purposes and may not have been prepared for, or be suitable for legal, engineering, or surveying purposes.

- Cascade Service Area
- Water Treatment Plant
- West Alignment 48" Pipeline
- East Alignment 48" Pipeline

- Bellevue - Issaquah Pipeline
- Bellevue - Kirkland - Redmond Pipeline
- Seattle Public Utilities Existing Pipeline
- Tacoma Public Utilities Existing Pipeline



## Dual Lake Tapps Cascade Pipeline

# Summary of 12/11/23 Proposals

	Seattle 10 Year plus 2 5-Year Extensions	Seattle 10 plus 10 plus 40 years	Tacoma 20 Year plus 5 year Extension
Term	<p>Declining block through 2073</p> <p>Requires 2 extensions</p> <p>Conditional extensions not assured</p>	<p>Block through 2059</p> <p>Requires 3 extensions</p> <p>Conditional extensions not assured</p>	<p>Requires added capacity for 5 or more years (multiple options, assumed at TPU pricing)</p> <p>Extension not assured but multiple options available; likelihood high</p>
Capacity	33.3 MGD Average	33.3 MGD Average, 63 MGD Peak through 2059	20 MGD Average/30 MGD Peak through 2065
	63 MGD Peak	No limit after 2059	
	Annual decline of 1 mgd 2059-2061, then ~2.1 mgd through 2072		2065-85 10/15 MGD
Rate / Financial Features	Rapid transition to higher cost wholesale rates	Rapid transition to higher cost wholesale rates	Cost-Based rate defined; roughly 20% below Seattle
	Added transition payments of \$5 million in 2026, 2028, 2030 and 2033	Transition payments remain Assumed 30% rate premium after 2059 (new supply charge)	Rate structure includes ready to serve and volume charge (25%/75%)



# 1/2/2024 Updates for Seattle

	Seattle 10 Year plus 2 5-Year Extensions	Seattle 10 plus 10 plus 40 years	1/2/2024 Seattle Updates
Term	<p>Declining block through 2073</p> <p>Requires 2 extensions</p> <p>Conditional extensions not assured</p>	<p>Block through 2059</p> <p>Requires 3 extensions</p> <p>Conditional extensions not assured</p>	<p><u>5-year extensions conditions:</u></p> <ul style="list-style-type: none"> <li>The difference between SPU system firm yield and projected combined SPU-Cascade average annual demand in 2054 (or 2059) must be no less than <b>15 mgd</b>. First extension exercised in 2034 and second in 2039.</li> <li>For only the first 5-year extension, if the supply and demand conditions are NOT met in 2034, Cascade may extend the contract but at a <b>25% rate premium</b>.</li> </ul> <p><u>40-year conversion conditions to be met by 2044:</u></p> <ul style="list-style-type: none"> <li>First two 5-year extensions exercised;</li> <li>Difference between SPU system firm yield and projected combined SPU-Cascade average annual demand in 2064 is no less than <b>7 mgd</b> and SPU has secured new supplies through <b>intertie access of at least 15 mgd</b>.</li> </ul> <p><b>Members pay 25% rate premium</b></p>
Capacity	33.3 MGD Average	33.3 MGD Average	
	63 MGD Peak	63 MGD Peak through 2059	
Rate / Financial Features	Annual decline of 1 mgd 2059-2061, then ~2.1 mgd through 2072	No limit after 2059	
	<p>Rapid transition to higher cost wholesale rates</p> <p>Added transition payments of \$5 million in 2026, 2028, 2030 and 2033</p>	<p>Rapid transition to higher cost wholesale rates</p> <p>Transition payments remain</p> <p>Assumed 30% rate premium after 2059 (new supply charge)</p>	

# Key Unknowns

## Seattle:

1. Whether threshold criteria for 5-year extensions and 40-year conversion would be met
2. If additional lump sum transition payments would be due
3. If (or when) facilities charge payments would become applicable

## Tacoma:

1. Where added capacity after 2060 would be found
  - a) *Best Case: Available from Tacoma and/or its partners*
  - b) *Worst case: back to the 20-year contract schedule for Lake Tapps development*
2. Terms for capacity reservation payment
3. Potential benefits from regional interconnection (including financial)

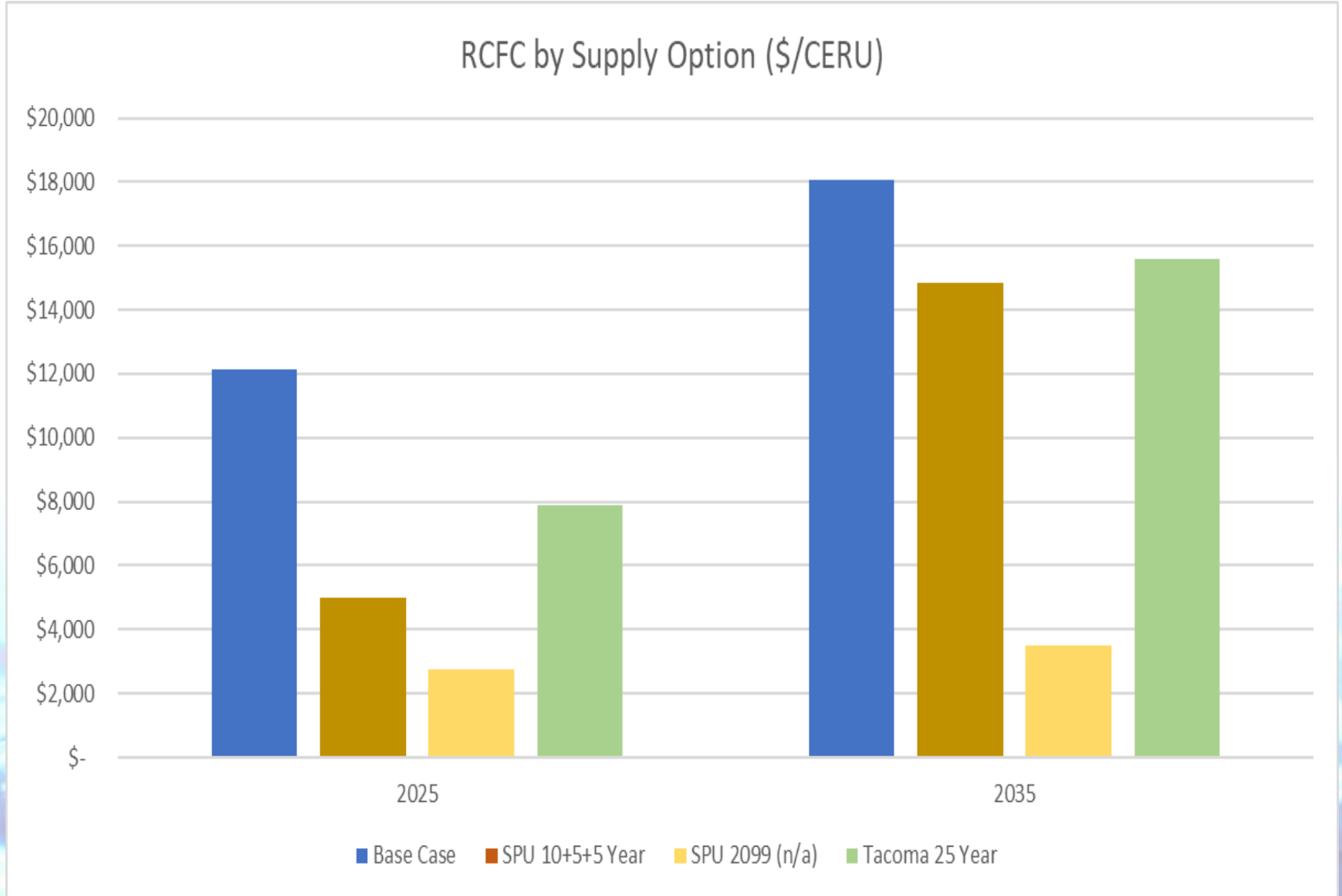
## Both Seattle and Tacoma Systems:

1. How future capital projects/costs may impact wholesale rates
2. Potential impacts on supply yields due to climate change
3. Possible impacts of deferral on Lake Tapps supply development

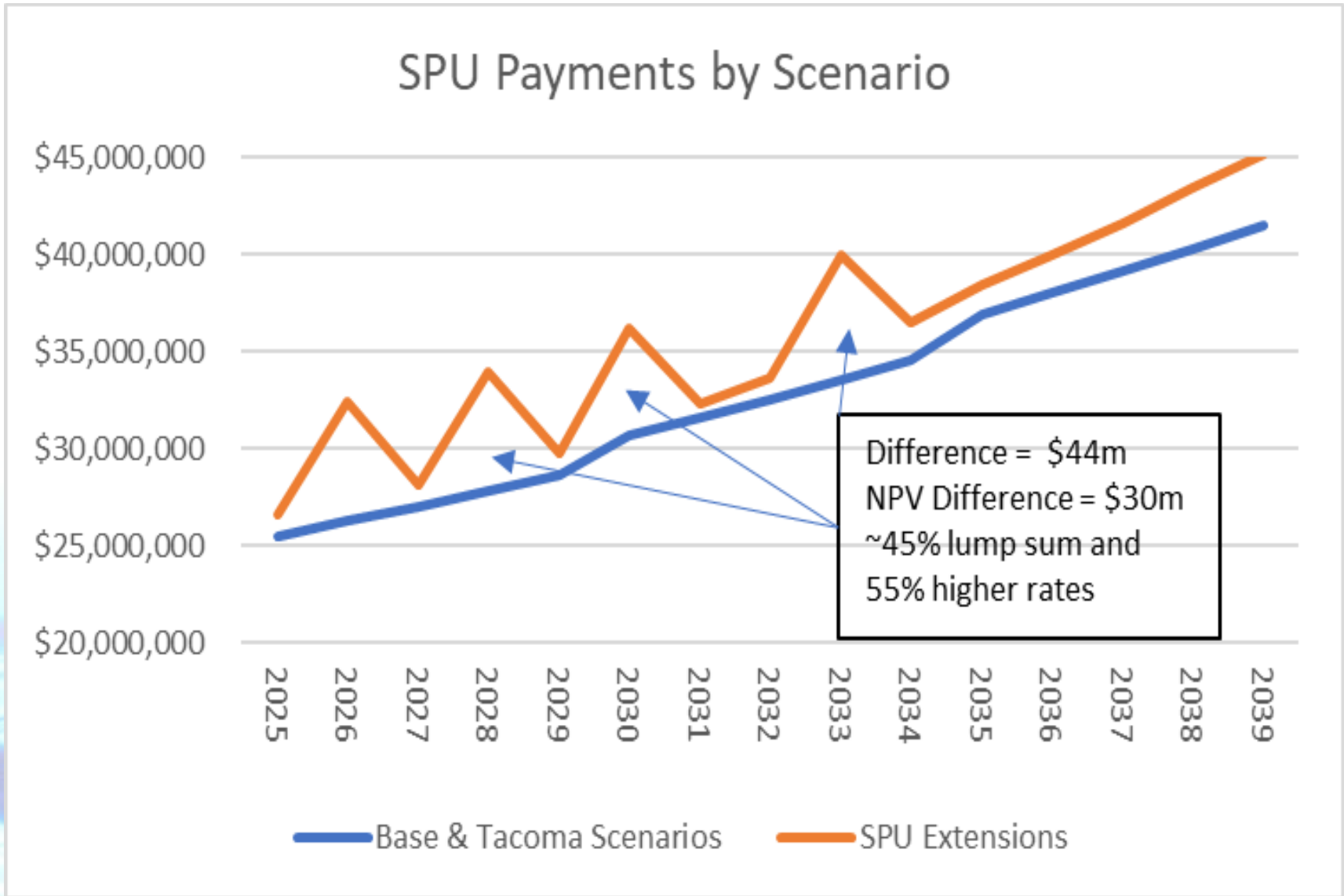
# Summary of Financial Results

Economic Criterion	Seattle 10+5+5	Seattle 2099	Tacoma 25 Year
Total Cost (NPV 2023-2100)	<b>\$132M</b> savings vs. Base	<b>\$907M</b> savings vs. Base	<b>\$299M</b> savings vs. Base
Unit Cost (Levelized \$/CCF 2023-2100)	<b>\$8.37 per CCF</b>	<b>\$6.82 per CCF</b>	<b>\$7.90 per CCF</b>
Rate Profile	Major rate spike in 2050s during LT construction	No major rate spikes but steady upward trend	Moderate rate increases spread out over more time
Financial Performance	78% debt Ph 1 77% total project Significant rate spike in 2050s	N/A; no major CIP No major rate spikes	77% debt Ph 1 64% total project Small rate spike in 2030s & moderate in 2050s
Stability of Results	In general, sensitivity analyses do not alter relative findings for either Seattle or Tacoma.		
Other	Increased Seattle payments of \$320M (NPV) Higher SPU payments reduces use of WSDF and increases rates	Increased Seattle payments of \$731M (NPV) Avoids roughly \$2B in CIP (unless LT is needed in 2099)	Tacoma payments of \$184M (NPV) CIP spread out over longer period, reduced rate spikes and greater benefit from WSDF

# Projected RCFC



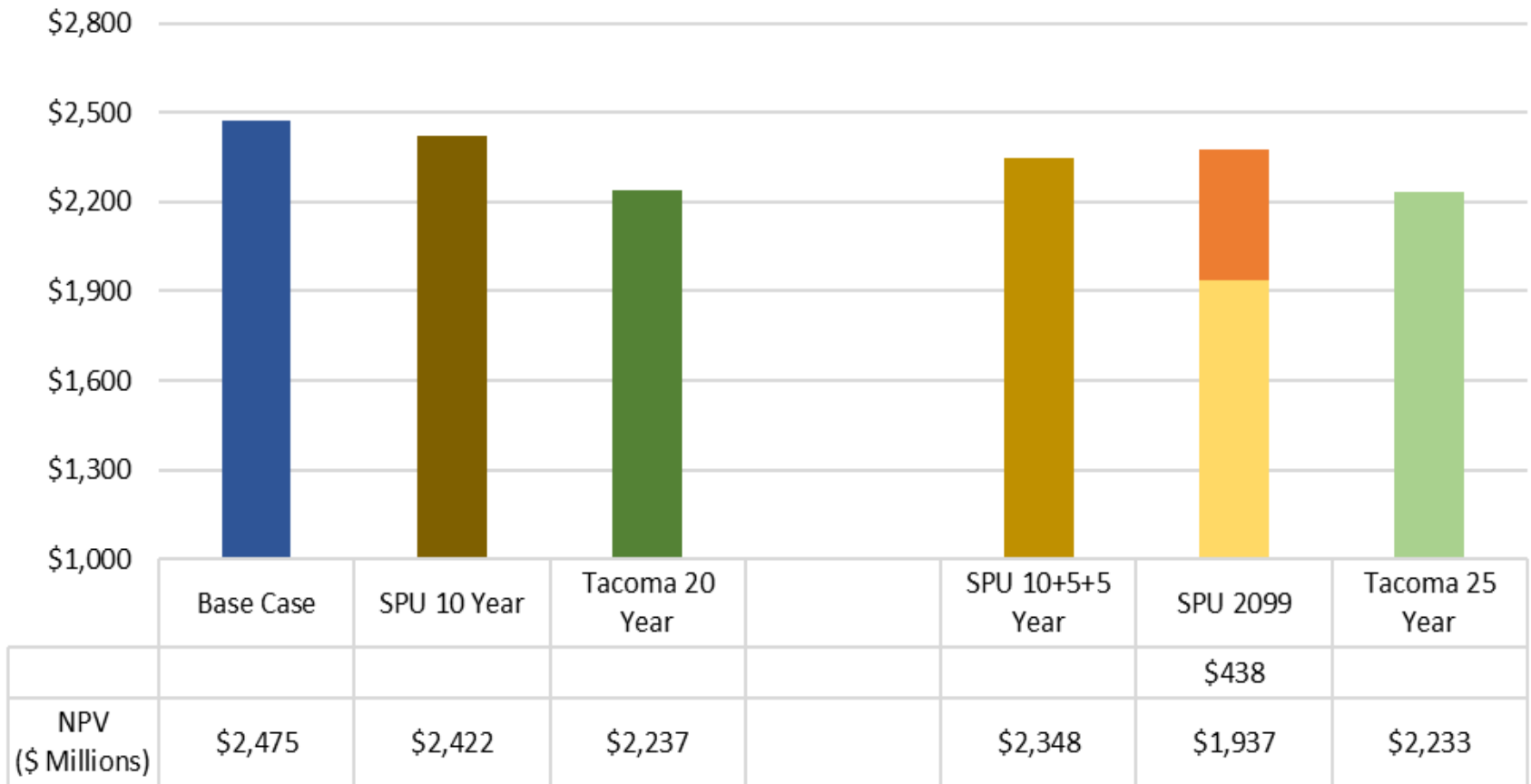
# Cascade Payments to Seattle 2025-2039



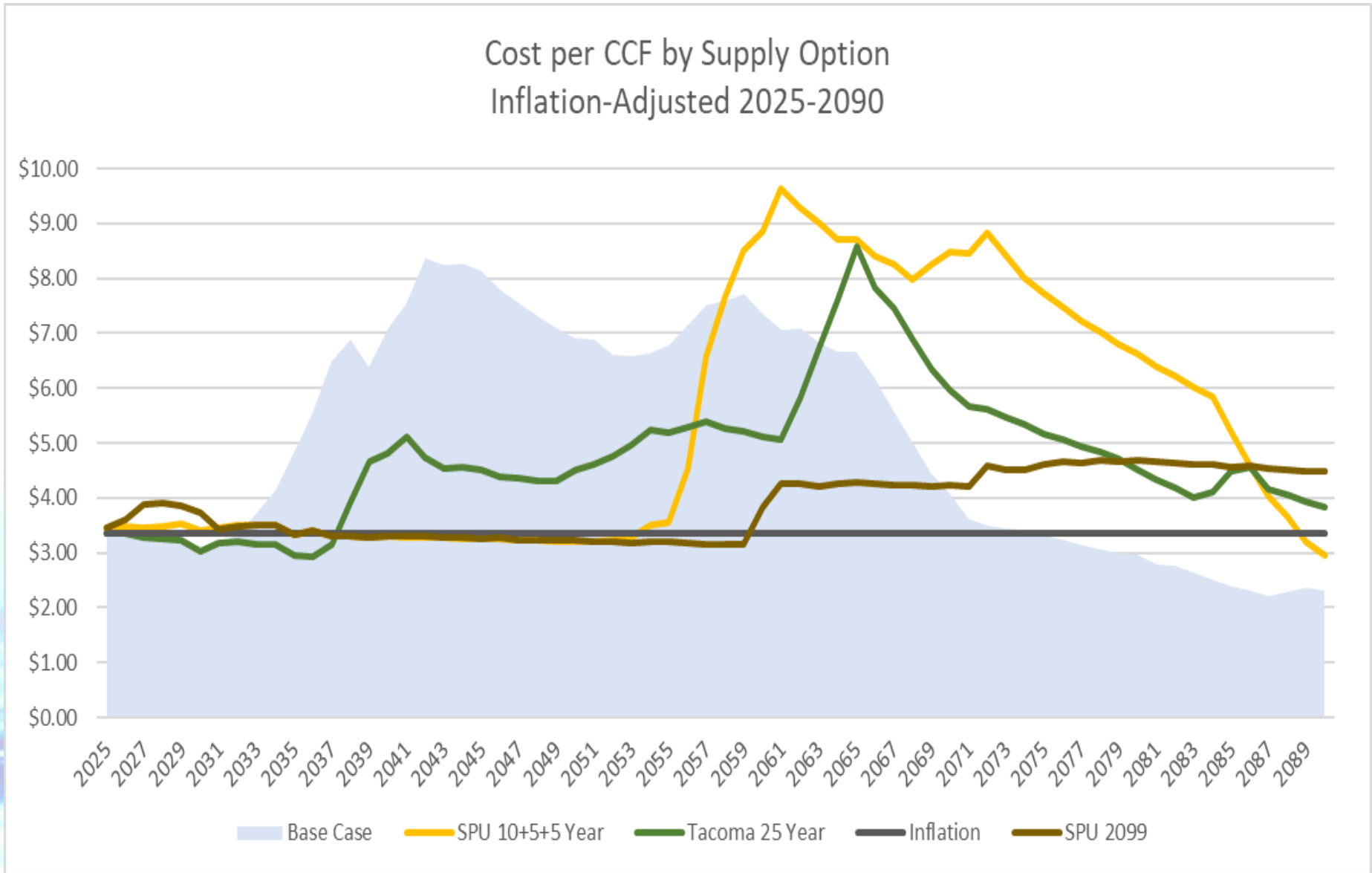


# Net Present Value of Supply Scenarios

Comparison of Net Present Value by Supply Option  
 Member Charges ***excluding RCFCs***  
 2023-2100 (\$ millions)



# Cascade Rate Trends: SPU & TPU Compared



# Findings Regarding New Proposals

## A. Seattle extensions can provide significant savings

- Dependent on elimination of Lake Tapps supply development
- Savings are entirely at risk due to conditional thresholds for extensions
  - Subject to conservative standard for supply availability and Seattle performance
  - Disrupts financial planning and RCFC basis
- Conversion to wholesale contracts
  - Only available to individual members
  - Revises Cascade vision and purpose
  - Contingent on securing intertie access by 2044 for 15 mgd
  - Added layers of new supply costs
- If not extended, concentrates Lake Tapps development due to limited lead time on extension availability
  - Inhibits WSDF and other financial tools
  - Adequate access to debt markets is unlikely
  - Adds \$500m to NPV results for scenario

# Findings Regarding New Proposals

## **B. Tacoma extension can provide added savings and benefits**

- Requires increased contract supplies to get past 2060
  - Not available from Tacoma via Second Supply pipeline
  - Numerous options for augmenting supply for limited term
- Extension of reduced capacity allows further deferral of Lake Tapps expansion
  - Moderate rate trends spread out over more time
- Regionalization and improved resiliency & reliability
- Greater flexibility of supply and transmission options now and in the future
  - Can consider 2 pipeline options with improved rate outcomes and system reliability
  - With transmission in place, multiple options for future supplies
- Best financial performance of options examined
  - When considering reliability of outcomes as well as financial results



# Preliminary Staff Recommendations

**We recommend that the Board direct staff to:**

**1) Develop a supply contract with Tacoma**

- a) 20 year assured term and capacity beginning 2041 (through 2060)
- b) Options for 5- or 10-year extensions if added capacity can be secured
- c) Extended term through 2085 at reduced (50%) capacity
- d) Defined and reliable terms for payment and performance

**2) Conduct engineering planning, financial and rate planning studies of transmission and supply options**

- a) Single vs. multiple pipelines
- b) Single vs. multiple corridors
- c) Phasing of treatment development
- d) Storage and pumping elements

**3) Develop an organizational plan for expansion of Cascade activities**

- a) Establish staffing levels, positions needed and timing of additions
- b) Estimate funding needed and cost/rate impacts

**4) Initiate activities for Right-of-Way and franchise acquisition for Central and North segments**

**5) Work with Tacoma and Seattle to optimize value of regional interconnection and explore cooperative approaches to regional supply delivery**

**6) Integrate this strategy and these activities into the upcoming biennial budget**

- a) Adapt the financial plan for the Tacoma supply scenario
  - i. Adjust the long-term CIP and RCFC to reflect this scenario
  - ii. Adjust rate and WSDF planning to reflect this scenario
- b) Incorporate study costs and initial staffing additions into the upcoming biennial budget



# Major Project Delivery Activities for Tacoma and Seattle Proposals

(assumes Seattle's first 5-year extension not exercised)

## Planning Work\*

- Overall project planning
- Engineering planning assessment
- ROW, property acquisition
- Environmental review
- Permit analysis and application
- Staffing plan
- Financial planning

## Project Delivery Prep\*

- Continued planning and permitting
- Design management (including an operations lead to ID requirements)
- Procurement, contracting
- Project management & controls
- Stakeholder engagement
- Funding Assistance & Financing

## Project Delivery

- Design
- Construction
- Commissioning
- Prep for operations and maintenance

\*Cascade will need to bring on new staff and will begin to transition to a project delivery organization.

# Estimated Project Delivery Timelines for Tacoma and Seattle Proposals

## Tacoma (assumes 25-year contract with short-term supply 2060-65)



\*Cascade will need to bring on new staff.

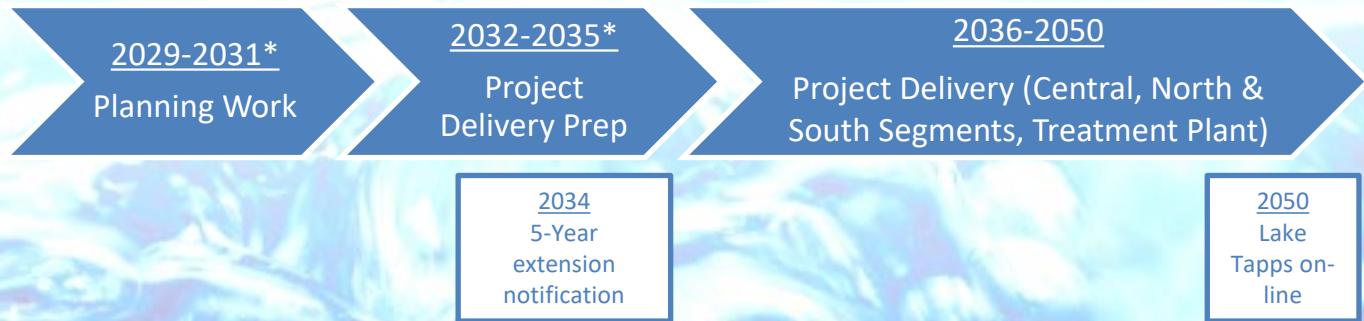
# Estimated Project Delivery Timelines for Tacoma and Seattle Proposals

## Tacoma (assumes 25-year contract with short-term supply 2060-65)



\*Cascade will need to bring on new staff.

## Seattle (assumes first 5-year extension not exercised)



# Real Property Summary

Central and North Segments	Public ROW	Cascade Owned or has Real Property Rights	Non-Public ROW and No Real Property Rights by Cascade
Length	12.75 miles	1.54 miles (8,127 ft.)	0.75 miles (3,965 ft.)
% of Length	85%	10%	5%
Degree of Risk	L	L	M
Degree of Control	M	H	L

Segment	Cascade Owned or has Real Property Rights (# of parcels)	Non-Public ROW and No Real Property Rights by Cascade (# of parcels)
Central	11	3
North	3	8
<b>Total</b>	<b>14</b>	<b>11</b>



# Cascade Board Draft Schedule for Contract Deliberations and Decisions

	Q1			Q2			Q3			Q4			
	2024 Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov		2025
SPU and TPU Offers – Jan. 4 Special Board Mtg													
Member Governing Bodies Briefings													
New Board Member Onboarding and Briefings													
Regular Board Meetings - Contract Updates as Needed													
Board Direction on Contract for SEPA and Direction to CEO to Negotiate													
SEPA Responsible Official - preliminary research work													
SEPA Checklist Determination and Comment Period													
Contract Negotiations													
Board Authorization for Contract													



**AGENDA MEMORANDUM**

**SUBJECT**

Motion to authorize the Chief Executive Officer to execute various 2024 Cascade sponsorship agreements for a combined total not to exceed \$40,000 (as shown in the events listed in this Agenda Memo).

**BACKGROUND**

Pursuant to Resolution 2009-02, sponsorship proposals will be reviewed on their merits and how well they relate to Cascade’s mission and bylaws. Cascade’s Intergovernmental and Communications and Water Efficiency budgets have allocated funds to cover these sponsorships. The resolution indicates that any sponsorship over \$1,000 requires Board authorization. This proposal is for \$40,000 and is supported by the Chief Executive Officer and the Public Affairs Committee. It is within the budgeted amount for 2024.

Pursuant to CWAC 5.45.030, the Chief Executive Officer recommends that the Board authorize sponsorship agreements with each of the following event organizers in 2024:

<b>Event</b>	<b>Area</b>	<b>Date</b>	<b>Est. Cost</b>	<b>Station</b>	<b>Est. Value</b>
Bellevue Family 4 <sup>th</sup>	Bellevue	7/4	\$4,000	YES	\$5,500
Issaquah Salmon Days	Issaquah	Oct.	\$5,000	YES	\$6,000
Kirkland Concert Series	Kirkland	July/Aug	\$2,500	YES	\$2,500
Redmond Derby Days	Redmond	July	\$2,500	YES	\$3,000
Sammamish Party on the Plateau	Sammamish	August	\$1,000	YES	\$1,200
Skyway Health and Wellness Fair	Skyway	August	\$500	YES	\$1,000
Tukwila Backyard Wildlife Festival	Tukwila	May	\$500	YES	\$500
Tukwila See You in the Park	Tukwila	July/Aug	\$500	YES	\$500
WA Environmental Council Gala	Regional	March	\$2,500	NO	\$2,500
Leadership Eastside Mayors Lunch	Eastside	September	\$2,500	NO	\$2,500
Bonney Lake Days/Tunes at Tapps	Lake Tapps	August	\$1,000	NO	\$1,000
Beautify Bonney Lake	Lake Tapps	September	\$500	NO	\$500
Bonney Lake Chamber Triathlon	Lake Tapps	September	\$500	NO	\$500
<b>TOTAL FOR COMM/OUTREACH</b>			\$23,500		\$27,200
<b>Water Wise Events (Conservation Budget)</b>					
2025 NW Flower and Garden Show	Regional	February	\$15,000	YES	\$15,000
Bellevue Farmers’ Market	Bellevue	TBD	\$0	YES	N/A
Kirkland Farmers’ Market	Kirkland	TBD	\$0	YES	N/A
Kirkland Sustainability Fair	Kirkland	TBD	\$0	YES	N/A

These events meet several Cascade purposes as listed in section 3.3 of the Cascade Water Alliance Joint Municipal Utility Services Agreement. These include support for Cascade to:

- a. provide a safe, reliable, high quality drinking water supply to meet the current and projected demands of Cascade Members and for Non-Members as determined by Cascade, and to carry out this task in a coordinated, cost-effective, and environmentally sensitive manner;
- d. provide conservation programs to promote the wise and efficient use of resources;
- h. share costs and risks among Members commensurate with benefits received; and
- i. carry out, or to further other water supply purposes that the Members determine, consistent with the provisions of this Agreement.

These events support Cascade’s ability to provide safe, reliable, high quality drinking water to meet the needs of Cascade members. These sponsorships are vital in our service area to get our message to key constituents as well as our members’ service areas and to demonstrate Cascade’s commitment to providing quality water. To create a water supply system, Cascade must have the support and cooperation of the communities in which it operates. These events focus on regional collaborative and successful relationships and partnerships, as well as cementing good neighbor relationships.

**PROCUREMENT PROCESS**

Not applicable.

**FISCAL IMPACT**

Budget Line	2024 Budget	Spent or Committed to Date	Available 2024 Budget	This Action	2024 Remaining Balance
Sponsorships	\$30,000	\$0	\$30,000	\$25,000	\$5,000
Community Engagement	\$75,000	\$0	\$75,000	\$15,000	\$60,000

For its \$40,000 investment, Cascade’s sponsorship will be noted at events that reach the public and key regional stakeholders. This recognition for Cascade at these events includes being featured on event promotional materials and at events; being listed on respective web sites; posters and materials displayed at local businesses advertising; social media; opportunities to display Cascade banner and booths; and areas to display Cascade promotional materials. The promotional value of these events exceeds the investment from Cascade and furthers Cascade’s goal of reaching the public and supporting members’ communities.

The 2024 Intergovernmental and Communications budget includes up to \$30,000 for sponsorships for events and this \$25,000 action includes some leeway in case the cost of an event is raised slightly in 2024. Funds are also reserved for other opportunities that may arise during 2024 and those will be presented separately.

The 2024 Water Efficiency budget includes up to \$75,000 for community events and training that will accommodate the \$15,000 cost for the 2025 Northwest Flower and Garden Show (NWFGS). Cascade will be the primary utility sponsor of the NWFGS which will include many benefits to Cascade including:

- Cascade’s logo and website will be prominently displayed and promoted on the NWFGS’s website, social media content, press releases, and at the event (this is the largest landscaping and gardening event in Washington).
- Cascade will be featured as a show partner to emphasize sustainable landscaping and gardening.
- Cascade will receive space for its station and the We Need Water wall at no additional cost.
- Cascade will have access to the facility, presenters, and attendees for filming or other social media content development.
- An onsite banner ad will include Cascade’s website.
- Cascade will receive a two-page ad in the show’s program guide, customizable to include any information Cascade wishes.
- Cascade will be the presenting partner at the Container Wars, a popular and well attended portion of the NWFGS.
- The Cascade Gardener classes, water efficiency programs, videos, and social media content will be promoted during and after the NWFGS reaching thousands of people.

### **OPTIONS**

1. Authorize the Chief Executive Officer to execute various 2024 Cascade sponsorship agreements for a combined total not to exceed \$40,000 (as shown in the events listed in this Agenda Memo).
2. Do not authorize the Chief Executive Officer to execute various 2024 Cascade sponsorship agreements and provide alternate direction to staff.

### **RECOMMENDED ACTION**

Authorize the Chief Executive Officer to execute various 2024 Cascade sponsorship agreements for a combined total amount not to exceed \$40,000 (as shown in the events listed in this Agenda Memo).

### **ATTACHMENTS**

None.

## AGENDA MEMORANDUM

### **SUBJECT**

Motion to authorize the Chief Executive Officer to conduct a pilot project in 2024 that allows homeowner associations and individual homeowners to utilize Cascade's Aquatic Plant and Algae Management general permit when they contract directly with the contract applicator used by Cascade to chemically treat Eurasian Milfoil in the Lake Tapps Reservoir.

### **BACKGROUND**

Each summer, Cascade chemically treats Eurasian Milfoil ("milfoil") in the Lake Tapps Reservoir to control its spread for operational and water quality purposes. The State of Washington Department of Ecology ("Ecology") will only grant Cascade, as the owner of the reservoir, the permit for the application of herbicides in the water. This is done under a five-year Aquatic Plant and Algae Management ("APAM") general permit.

Cascade has an annual milfoil treatment budget (\$160,500 in 2024) and an annual contract with an applicator (Aquatechnex) to treat the most heavily concentrated areas in the reservoir. However, Cascade does not have the budget to treat all impacted areas, such as small patches that affect a limited number of homeowners. Homeowners understand Cascade's budgetary constraints, and at the 2022 summer community meeting and since then, a number of community members have offered to pay for additional treatment.

In response to the community, in 2023, Cascade received Board authority to implement a pilot project alongside its annual treatment program. The pilot allowed homeowner associations and individual homeowners to utilize Cascade's APAM general permit and contract directly with Aquatechnex to chemically treat milfoil outside of Cascade's planned treatment area.

During the 2023 pilot, Cascade received seven treatment requests from individual homeowners. A handful of HOAs indicated an interest in participating in the pilot but were not able to organize themselves in time<sup>1</sup>. Of the seven homeowner requests, only one area was treated. Two areas were already included in Cascade's planned treatment areas and four contained native plants<sup>2</sup>. As expected, the pilot's administrative impacts to Cascade were minimal and limited to promoting the pilot, issuing licenses, and communicating with Aquatechnex.

Cascade proposes to implement a second year of the pilot in 2024. If Cascade reaches out to the Lake Tapps Community Council and the HOAs earlier in the year, those who are interested should have sufficient time to participate. As with the 2023 pilot, the main components would be:

- **Licensing.** All pilot participants will sign a Cascade license that gives them permission to have chemical treatment performed on Cascade's property (up to elevation 545 feet).
  - The license releases and indemnifies Cascade from liability during or after the chemical treatment services.
  - Cascade's licenses routinely require that the licensee have \$1 million liability insurance. However, since Aquatechnex's insurance policy is sufficiently large to

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<sup>1</sup> HOAs need to determine which homeowners will participate, what areas to treat, and how to allocate costs.

<sup>2</sup> Cascade does not currently treat native plants.

cover the insurance requirements for the HOAs and individual homeowners and Aquatechnex will add Cascade as an additional insured, the licenses for the pilot will not include an insurance requirement.

- Aquatechnex will not perform treatment for any participant who has not submitted their signed license.
- Logistics. Aquatechnex will handle scheduling the treatment, invoicing, and collecting payments, and documenting the information for the annual Ecology report.

Cascade staff will report the results of the 2024 pilot upon its conclusion and will make a recommendation for 2025.

### **PROCUREMENT PROCESS**

N/A

### **FISCAL IMPACT**

N/A

### **OPTIONS**

1. Adopt a motion authorizing the Chief Executive Officer to conduct a pilot project in 2024 that allows homeowner associations and individual homeowners to utilize Cascade's Aquatic Plant and Algae Management general permit when they contract directly with the contract applicator used by Cascade to chemically treat Eurasian Milfoil in the Lake Tapps Reservoir.
2. Do not approve a 2024 milfoil treatment pilot project and provide alternate direction to staff.

### **RECOMMENDED ACTION**

Adopt a motion authorizing the Chief Executive Officer to conduct a pilot project in 2024 that allows homeowner associations and individual homeowners to utilize Cascade's Aquatic Plant and Algae Management general permit when they contract directly with the contract applicator used by Cascade to chemically treat Eurasian Milfoil in the Lake Tapps Reservoir.

### **ATTACHMENTS**

N/A



**AGENDA MEMORANDUM**

**SUBJECT**

Motion to authorize the Chief Executive Officer to enter into Amendment No. 8 to the Consulting Agreement with HDR Engineering, Inc., to increase the maximum compensation amount by \$250,000, for a total amount not to exceed \$1,318,000.

**BACKGROUND**

Cascade entered into a contract with HDR Engineering, Inc. (HDR) in December 2015 for consulting services for the development of the US Army Corps of Engineers’ (USACE) Mud Mountain Dam Fish Passage Project (MMD FPP). The MMD FPP is a complex, multi-million-dollar, multi-year project that is composed of three Phases. Phase 1 was the construction of the barrier dam on the left side of the river and is complete, and Phase 2 was construction of the barrier dam on the right side of the river. Phase 3 is the implementation of Cascade’s Intake Improvement project and is scheduled to start June 2024 (after a three-year delay).

Because of the magnitude and duration of the MMD FPP, Cascade has purposely phased-in HDR’s tasks and budget over time via amendments. The HDR contract was amended in June 2016, December 2016, November 2017, December 2018, May 2019, June 2020, and July of 2021. The maximum compensation amount is currently \$1,068,000. Amendment 7 originally was intended to cover engineering support during construction of Phase 3 work, which was initially planned for Fall 2021. However, due to issues with USACE’s new facility, Phase 3 was delayed for three years and is now scheduled to start June 2024. The delay provided time for Cascade and HDR to review the existing design, incorporate lessons learned from Phase 1 and Phase 2, and incorporate changes to the design, such as redesign of the drainage channel to route the surface water back to White River instead of the flume. This work used up the Amendment No. 7 budget. This proposed Amendment No. 8 will cover HDR’s tasks for the entire duration of Phase 3. The main tasks for this Amendment include: review, comment and approve contractor submittals, attend construction progress meetings, conduct visits to the project site, resolve design conflicts as needed, assist Cascade on construction change order requests, and interface with construction management consultant.

**PROCUREMENT PROCESS**

N/A

**FISCAL IMPACT**

The not-to-exceed amount for Amendment No. 8 is \$250,000, bringing the total contract not-to-exceed amount to \$1,318,000.

<b>Budget Line</b>	<b>2024 Capital Budget</b>	<b>Spent and Committed to Date</b>	<b>Available 2024 Budget</b>	<b>This Action</b>	<b>2024 Remaining Balance</b>
Upper Conveyance Projects	\$275,000	\$0	\$275,000	\$250,000	\$25,000

## **OPTIONS**

1. Authorize the Chief Executive Officer to enter into Amendment No. 8 to the Consulting Agreement with HDR Engineering, Inc., to increase the maximum compensation amount by \$250,000, for a total amount not to exceed \$1,318,000.
2. Do not authorize the Chief Executive Officer to enter into Amendment No. 8 to the Consulting Agreement with HDR Engineering, Inc., and provide alternate direction to staff.

## **RECOMMENDED ACTION**

Authorize the Chief Executive Officer to enter into Amendment No. 8 to the Consulting Agreement with HDR to increase the maximum compensation amount by \$250,000, for a total amount not to exceed \$1,318,000.

## **ATTACHMENTS**

None.



**PUBLIC AFFAIRS COMMITTEE**  
Angela Birney, Chair, City of Redmond  
Penny Sweet, City of Kirkland  
Ryika Hooshangi, Sammamish Plateau Water  
Russell Joe, City of Issaquah

**RECAP**  
**Wednesday, January 3, 2024**  
**9:00 AM – 10:00 AM**

1. **Chair Comments.**
2. **Executive Session.**
3. **Items Recommended for Action at the January 24, 2024, Board Meeting.**
  - A. **2024 Omnibus Sponsorship Proposal.** A list of proposed sponsorships for 2024 are presented for committee review in one omnibus package. Staff recommends support for the \$40,000 proposal (agenda memo attached).

*Recap: Staff provided an overview of the list of sponsorship proposals for 2024. The committee recommended Board approval on the consent agenda.*
4. **Discussion Items.**
  - A. **State Legislative Update.** Staff will provide an update on state legislative activities and the upcoming session. Attached is a comment letter regarding the state Department of Health's definition of disadvantaged communities under the state's Drinking Water State Revolving Fund (DWSRF) program. Cascade has been asked to support this effort to revise the definition.

*Recap: The state's short 60-day legislative session began on January 8. Diana Carlen, Gordon Thomas Honeywell Government Relations, will be working with Cascade on tracking bills and utility issues identified in Cascade's 2024 legislative priorities. Consistent with Cascade's legislative agenda provision on affordability, the committee supported the revised definition of disadvantaged communities proposed by Seattle Public Utilities and Tacoma Public Utilities. The revised definition would provide large utilities better access to low-interest loans and grants under the state's Drinking Water State Revolving Fund (DWSRF) program.*
  - B. **Federal Legislative Update.** Van Ness Feldman's government relations team in Washington, D.C. will join the committee meeting and provide an update on the federal topics of interest to Cascade.

*Recap: Sean Taylor and Tracy Tolk (from Van Ness Feldman, Cascade's federal government relations team in Washington, D.C.) provided a federal briefing for the committee. The presentation reviewed 2023 highlights and discussed what we expect to see in 2024 from Congress and federal agencies. Cascade will continue to monitor federal policy and funding opportunities that might be of interest to members.*

**5. Other Issues.**

**6. Next Meeting Date and Location.**

The next meeting will be Wednesday, February 7, 2024, 9:00 a.m. – 10:00 a.m. at Cascade's office and via Zoom.



**RESOURCE MANAGEMENT COMMITTEE**  
Lloyd Warren, Chair, Sammamish Plateau Water  
Penny Sweet, City of Kirkland  
Jon Ault, Skyway Water & Sewer District  
John Stokes, City of Bellevue  
Jon Pascal, City of Kirkland  
Ryika Hooshangi, Sammamish Plateau Water

**RECAP**  
**Thursday, January 11, 2024**  
**2:00 PM – 3:30 PM**

1. **Chair Comments.**
2. **Executive Session.**
3. **Discussion Items.**

- A. City of Sumner’s White River Restoration Project.** Staff will update the committee on the status of the City of Sumner’s mitigation project.

*Recap: BNSF is no longer part of project. Cascade has been primarily interested in relief from an obligation to BNSF as part of the overall deal. Ray Hoffman sent a letter to City Manager Jason Wilson on 11/29 regarding what Cascade required in terms of compensation and agreement to move forward as quickly as possible for Sumner to meet its goals of going out to bid in Q1. Cascade has not heard back from Sumner yet, and Cascade’s consultant is continuing to work on redesign of the project to remove BNSF’s project.*

- B. PFAS Testing.** Staff will provide an update to the committee on the status of the PFAS test initially reported to the Board in November 2023.

*Recap: On November 8, Cascade was notified by Sammamish Plateau Water (SPW) of multiple positive results of a single, unregulated, short-chain PFAS compound PPF Acid (PFPrA) in samples collected at the end of the Bellevue-Issaquah Pipeline (BIP) before it enters the SPW connection. To follow-up, Cascade staff met with Seattle Public Utilities, Sammamish Plateau Water, and the cities of Issaquah and Bellevue to develop a sampling and testing plan. Testing showed very low levels of PFPrA in the BIP and Eastside Reservoir, along with the exit points from the Tolt and Cedar treatment plants. Cascade notified the state Department of Health, and a follow-up meeting is scheduled for February 6.*

- C. Tailrace Water Quality.** Staff will provide an update to the committee on Ecology’s investigation of the tailrace water quality.

*Recap: In mid-October, the Puyallup Tribe notified the Department of Ecology (Ecology) and Cascade staff of an oil sheen observed in the White River. Over the next 2 months, Ecology staff engaged in an investigation of the source of the oil. To be helpful to Ecology, Cascade notified all six of the entities that have property interests granted by Cascade in the tailrace area. One of those entities, Peterson Trucking, is the target of Ecology’s continued investigation. Cascade staff*



*continues to be responsive to Ecology and conducted preventative maintenance at the powerhouse.*

**D. Phase 3 Headworks Project.** Staff will update the committee on the status of the project.

***Recap:** The U.S. Army Corps of Engineers (USACE) continues to work on minor improvements to its new fish handling facility and has notified its contractor, Kiewit, to begin Phase 3 work in the summer of 2024. Although not required, USACE is expecting to be in active negotiations with Kiewit for a global settlement on all claims and counter claims prior to starting Phase 3. Cascade is working collaboratively with USACE to prepare for the start of Phase 3 and the work to improve Cascade's diversion point from the White River.*

**4. Items Recommended for Action at the January 24, 2024 Board Meeting.**

**A. Phase 3 Engineering Support HDR Amendment No. 8.** Motion to authorize the Chief Executive Officer to enter into Amendment No. 8 to the Consulting Agreement with HDR Engineering, Inc., to increase the maximum compensation amount by \$250,000, for a total amount not to exceed \$1,318,000.

***Recap:** The committee recommended that this item be placed on the Board's agenda for action.*

**B. 2024 Milfoil Pilot.** Motion to authorize the Chief Executive Officer to conduct a pilot project in 2024 that allows homeowner associations and individual homeowners to utilize Cascade's Aquatic Plant and Algae Management general permit when they contract directly with the contract applicator used by Cascade to chemically treat Eurasian Milfoil in the Lake Tapps Reservoir.

***Recap:** Last summer Cascade conducted a pilot program which allowed homeowners and homeowner associations (HOAs) to contract directly with Cascade's applicator to chemically treat milfoil outside of Cascade's planned treatment areas, under Cascade's permit. Participation in the 2023 pilot was low, in part because Cascade got off to a late start. Cascade staff propose to conduct a second year of the pilot in 2024 with a goal of increasing participation. Staff will evaluate the pilot and present the results and recommendations to the Committee and Board later in the year. The Committee supported moving this action to the Board for approval under consent.*

**5. Other issues.**

**6. Next Meeting Date and Location.**

The next meeting will be Thursday, February 8, 2024, 2:00 p.m. – 3:30 p.m. at Cascade's office and via Zoom.