



MEETING MINUTES OF THE
BOARD OF DIRECTORS
CASCADE WATER ALLIANCE'S OFFICE
JULY 25, 2018

1. CALL TO ORDER

At 3:30 p.m. Chair Stokes called the meeting to order.

2. ROLL CALL

Board Members or Alternate Board Members from the City of Bellevue (Stokes), the City of Issaquah (Hunt), the City of Kirkland (Sweet), the City of Redmond (Birney), Sammamish Plateau Water & Sewer District (Warren), and Skyway Water and Sewer District (Ault) were present.

3. PUBLIC COMMENT

None.

4. EXECUTIVE SESSION

None.

5. APPROVAL OF AGENDA

Motion by Ms. Sweet and second by Mr. Ault to approve the meeting agenda as presented in the desk packet. Motion carried unanimously (6-0).

6. CHIEF EXECUTIVE OFFICER'S REPORT

In addition to the Chief Executive Officer's Report included in the Board packet, Chuck Clarke discussed the following:

- The Army Corp of Engineer's Mud Mountain Fish Passage project contractor Kiewit Construction has started the in-water work at the barrier dam. Cascade is coordinating with the Corp and Kiewit on site access and other activities that impact Cascade operations and construction of the dam.
- The water flow in the White River has been at an all-time low, due to the warm weather conditions. Staff has been working diligently to fill Lake Tapps, while meeting the in-stream flow requirements.
- Tacoma-Pierce County Health Department issued a toxic algae caution advisory for Lake Tapps.

7. CONSENT ACTION ITEM

- A. Board Meeting Minutes from June 27, 2018.
- B. Motion to authorize the Chief Executive Officer to (1) negotiate and execute a contract with PACE Engineers in an amount not to exceed \$80,000 to implement an Enterprise Geographic Information System (GIS) and support that system through 2020; and (2) execute a three-year licensing agreement with Esri for ArcGIS software in an amount not to exceed \$33,000.
- C. Motion to adopt Resolution No. 2018-12 amending Resolution 2012-03 and adopting amendments to the Lake Tapps Reservoir Property Management Policy, Cascade Water Alliance Code 7.05.

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

8. OTHER ACTION ITEMS

- A. Motion to authorize the Chief Executive Officer to engage Texas A&M University in an amount not to exceed \$60,000 to conduct an affordability research and analysis in the Cascade service area.

Ed Cebron explained that the January 2018 issue of the AWWA Journal had a significant article addressing methods for measuring water and sewer affordability. The article, "Measuring Household Affordability for Water and Sewer Utilities" by Manuel P. Teodoro, proposed two new metrics for evaluating utility bill affordability, and calculated those for many major metropolitan water systems. Common metrics using median income have proven inadequate when evaluating rate impacts on economically disadvantaged utility customers. Through his extensive and intensive work in the utility finance and management field, Dr. Teodoro also offers valuable insight into potential mechanisms to improve lifeline affordability.

Ed Cebron reported that through communication with Dr. Teodoro, Cascade has explored the possibility of conducting research specifically for Cascade's member service areas. A request for proposal was then sent and an excellent proposal was received. Ed Cebron clarified the scope of work, noting the work would be conducted in the fall of 2018 and concludes in January 2019.

Motion by Ms. Sweet and second by Ms. Birney to authorize the Chief Executive Officer to engage Texas A&M University in an amount not to exceed \$60,000 to conduct an affordability research and analysis in the Cascade service area. Motion carried unanimously (6-0).

9. STAFF PRESENTATIONS

- A. Intern presentation

Cascade Intern Ethan Duvall provided an overview of his Environmental Science and GIS Internship project. The internship included the following:

- Stormwater Management Project
- Bathymetry Mapping
- Milfoil Treatment Assistance
- Water Reservoir Analysis

- GIS Data Management
- GIS Implementation

Ethan Duvall expressed his appreciation for the internship opportunity and summarized his learning experiences and key take-aways from the internship.

B. Hydroelectric study update

Ed Cebon summarized the evolution of hydro development for Cascade. After scenarios were evaluated, Cascade has determined that the project is not feasible and recommends suspending pursuit of hydro development because the changing flow requirements have made the project uneconomical. The proposed budget has been adjusted to remove capital cost, operating expense, and hydro revenues.

Cascade has asked the hydroelectric study consultant for a closing memo documenting the status and to flag any potential reopening triggers.

C. Budget and rates

Ed Cebon provided a PowerPoint presentation that explained what the RCFC charge is (a connection charge); why it is charged (for generational and member equity); how the rate is developed (Capital costs/anticipated population served); why it has not changed since 2009 (mainly the 2012 Seattle contract amendment; and why staff is recommending changing it now, which is mostly due to the use of a more realistic population growth. Ed Cebon summarized Cascade's recommendation, which is as follows:

- Increase the RCFC to \$6,416 per CERU for 2019—
 - Improves equity
 - Increases revenues; reduces rate burden
 - More robust funding for capital program
 - Recognizes increase costs, keeps current
 - Consistent with longer term trends
- Mitigation programs include—
 - Separate class for qualified low income housing: reduced charge based on lower expected demand
 - Separate class for high-efficiency housing: reduced charge based on lower expected demand
- Consideration for 2020—
 - Adopt a second year based on current estimate (\$6,607 using recommended basis)
 - Fix a two-year charge (e.g., \$6,416) for the biennium
 - Wait and consider a RCFC adjustment during 2019 as more is known

D. King County negotiations update and legislation

Ray Hoffman reported that Cascade and member staff, along with Seattle Public Utilities, met with King County to discuss their latest proposal. Cascade seeks to enter into a binding agreement with the County where the County will agree to not take existing member customers without coming to an agreement with the customers' existing utility. The County's current proposal includes a number of exceptions (carve outs that wouldn't require an agreement) that are unacceptable. However, a legislative effort to fix the problem is still a possibility.

10. COMMITTEE REPORTS

- A. Executive Committee – No meetings held.
- B. Finance and Management Committee – Meeting held July 18, 2018. The meeting recap was included in the Board packet.
- C. Special Meeting of the Public Affairs Committee – Meeting held July 11, 2018. The meeting recap was included in the Board packet.
- D. Special Meeting of the Resource and Management Committee – Meeting held July 18, 2018. The meeting recap was included in the Board packet.

11. NEW BUSINESS

None.

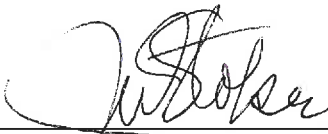
12. NEXT REGULAR MEETING

The August Board meeting and all August Committee meetings have been canceled. The next regular Board meeting will be held September 26, 2018, at 3:30 p.m.

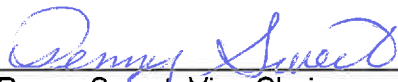
13. ADJOURN

The meeting was adjourned at 5:04 p.m.

APPROVED BY:



John Stokes, Chair



Penny Sweet, Vice-Chair