



MEETING MINUTES OF THE
SPECIAL BOARD OF DIRECTORS MEETING
VIA ZOOM
AUGUST 10, 2020

1. CALL TO ORDER

At 1:04 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 (Pauly), the City of Kirkland (Sweet), the City of Redmond (Birney), the City of Tukwila (Ekberg), Sammamish Plateau Water & Sewer District (Warren), and Skyway Water and Sewer District (Ault) were present via conference call.

3. STAFF PRESENTATIONS

A. 2021 - 2022 Budget and Rates

Ray Hoffman summarized the discussion from the July 22, 2020 Board meeting noting the majority of the time was spent on rates and budgets. He summarized the proposal for the two-year budget increase. He also clarified that the operating and capital budgets are not driving the proposed rate increases and that the one-time large expenses (Transmission Supply Plan and Flowline Outage) have no impact on rates. Cascade has been planning and saving for these items. Mr. Hoffman stressed that significant, permanent budget cuts are needed to have a noticeable rate impact. The biggest rate driver is lower RCFC revenue. Mr. Hoffman added that rate increases are needed to begin accumulation for development of Lake Tapps Reservoir in the near term and to retain favorable bond terms.

Mr. Hoffman summarized the actions that have been taken to minimize a rate increase. He also reviewed impacts of four alternate rate scenarios:

Scenario	2021/2022 Annual Rate Increase
A: Financial Strategy	3.0% per year
B: Expediency	0% per year
C: Shared Benefits	2.20% per year
D: 0% 2021 4.0% 2022	0% 2021 4.0% 2022

Staff has reviewed the four alternatives and recommends Alternative C or D. Mr. Hoffman also provided a comparison of rate scenario impacts of Cascade rates on Member rates.

Board Members were asked to ponder the following questions:

- Is the Board comfortable with a staff recommendation for “Shared Benefit” with 2.2% per year (projected to apply for 5 years)?
 - Discussion:
 - City of Tukwila: supports staff proposal.
 - City of Kirkland: prefers Option A but Option C can also be considered.
 - City of Redmond: prefers Option D.
 - City of Issaquah: would like no increase for 2021.
 - Sammamish Plateau Water & Sewer District: supports staff proposal.
 - Skyway Water and Sewer District: supports staff proposal.
 - City of Bellevue: discussions are ongoing.

- Does the Board support committing RCFCs entirely to construction until Lake Tapps Reservoir development?
 - Discussion:
 - City of Issaquah: the connection charges don’t seem to provide a benefit to those paying the charges. Those currently paying rates are paying a disproportionate share of the rates. Would like something in the financial policy to address if the water supply contract with the City of Seattle is extended.
 - Sammamish Plateau Water & Sewer District: want a scenario built in if Lake Tapps becomes regionalized.

- Would the Board again adopt 2 years of rates (with 3rd year true-up)?
 - Discussion:
 - City of Redmond: prefers two year rates.
 - City of Issaquah: prefers two year rates.
 - City of Kirkland: prefers two year rates.
 - City of Bellevue: prefers two year rates.
 - City of Tukwila: prefers two year rates.
 - Skyway Water and Sewer District: prefers two year rates.
 - Sammamish Plateau Water & Sewer District: prefers two year rates.

- Would the Board adopt 2 years of RCFCs (at \$6,807 and \$6,950)?
 - Discussion:
 - City of Kirkland: yes.
 - City of Issaquah: yes.
 - Sammamish Plateau Water & Sewer District: yes.
 - City of Redmond: yes.
 - Skyway Water and Sewer District: yes.
 - City of Bellevue: yes.
 - City of Tukwila: yes.

- Should staff develop a policy proposal to create a Lake Tapps Reservoir Equity fund for safeguarding funds, monitoring progress, and providing transparency and accountability?
 - After a brief discussion, Board Members agreed that a more in-depth discussion should occur about Cascade, Lake Tapps Reservoir, etc. after the budget has been adopted/addressed.

A vote on the 2021 - 2022 Budget and Rates will be conducted at the September 2020 Board meeting.

4. COMMITTEE REPORTS

- A. Executive Committee – No meetings held.
- B. Finance and Management Committee – No meetings held.
- C. Public Affairs Committee – No meetings held.
- D. Resource and Management Committee – No meetings held.

5. NEW BUSINESS

None.

6. NEXT REGULAR MEETING

The next regular Board meeting will be held on September 23, 2020 at 3:30 p.m.

7. ADJOURN

The meeting adjourned at 2:05 p.m.

APPROVED BY:



John Stokes, Chair



Penny Sweet, Vice-Chair