



MEETING MINUTES OF THE  
BOARD OF DIRECTORS  
VIA ZOOM  
SEPTEMBER 23, 2020

**1. CALL TO ORDER**

At 3:33 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. PUBLIC COMMENT**

None.

**4. EXECUTIVE SESSION**

None.

**5. APPROVAL OF AGENDA**

**Motion by Ms. Birney and second by Mr. Ekberg to approve the meeting agenda as presented. Motion carried unanimously (7-0).**

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

Ray Hoffman reviewed items included in the September 23, 2020, Chief Executive Officer's Report that was included in the Board Packet.

**7. CONSENT ACTION ITEM**

- A. Board Meeting Minutes from July 22, 2020.
- B. Special Board Meeting Minutes for August 10, 2020.
- C. Motion to adopt Resolution No. 2020-08 amending Cascade Water Alliance Code 2.10.040.
- D. Motion to authorize the Chief Executive Officer to enter into Amendment No. 1 to the Consulting Agreement with Tetra Tech Inc., to increase the maximum compensation amount by \$350,000, for a total amount not to exceed \$700,000.
- E. Motion to adopt Resolution No. 2020-09 authorizing a waiver of production requirements for the 2021-2022 biennium.

**Motion by Mr. Warren and second by Ms. Birney to approve Consent Action Items A-E as presented in the Board Packet. Motion carried unanimously (7-0).**

**Motion by Ms. Birney and second by Mr. Warren to amend the meeting agenda and add Item 9A Bond Refinancing Presentation to Item 9, Staff Presentations. Motion carried unanimously (7-0).**

## **8. OTHER ACTION ITEMS**

A. Motion to adopt Resolution No. 2020-10 adopting the 2021-2022 Cascade Budget.

Ray Hoffman reviewed the 2021 - 2022 proposed budget, specifically rate Scenarios C (Shared Benefits) and D (no 2021 increase, 4% 2022 increase). He also discussed the following items:

- Comparison of rate Scenarios C and D and the monthly impacts on Member rates
- Fund Balance Change/Net Accumulation
- Uses of Cascade Revenues
- 2.2% Summary of Proposed Member Charges

Mr. Hoffman summarized the Finance and Management Committee's budget recommendations:

- Rate Options: Is the Board comfortable with a staff recommendation for "Shared Benefit" with 2.2% per year (projected to apply for 5 years)? *Recommendation: 2.2% rate option with the City of Issaquah noting that they are ok with the recommendation but prefer the 0%/4% rate path.*
- Use of RCFCs: Does the Board support committing RCFCs entirely to construction until Lake Tapps development? *Recommendation: Commit RCFCs entirely to construction.*
- 2 Year Rates: Would the Board again adopt 2 years of rates (with 3<sup>rd</sup> year true up)? *Recommendation: Adopt 2 years of rates.*
- 2 Year RCFCs: Would the Board adopt 2 years of RCFCs (at \$6,807 and \$6,950)? *Recommendation: Adopt 2 years of RCFCs.*
- Funding Lake Tapps Supply Development: Should staff develop a policy proposal to create a Lake Tapps equity fund for safeguarding funds, monitoring progress and providing transparency and accountability? *Recommendation: Direct Cascade staff to develop a Lake Tapps equity fund policy proposal.*

Board Members expressed their support of the Finance and Management Committee's recommendations above.

**Motion by Ms. Sweet and second by Ms. Birney to adopt Resolution No. 2020-10 adopting the 2021-2022 Cascade Budget as presented. Motion carried unanimously (7-0).**

B. Motion to adopt a resolution establishing the 2021 and 2022 rates and charges in either the form of Resolution No. 2020-11A or 2020-11B.

**Motion by Ms. Sweet and second by Mr. Warren to adopt Resolution No. 2020-11A establishing a 2.2% rate increase per year for 2021 and 2022 rates and charges. Motion carried unanimously (7-0).**

- C. Motion to adopt Resolution No. 2020-12 establishing the Regional Capital Facilities Charge for 2021 and 2022, at \$6,807 and \$6,950 per CERU respectively.

**Motion by Ms. Birney and second by Ms. Pauly to adopt Resolution No. 2020-12 establishing the Regional Capital Facilities Charge for 2021 and 2022, at \$6,807 and \$6,950 per CERU respectively. Motion carried unanimously (7-0).**

- D. Motion to adopt Resolution No. 2020-13 amending the Rate Calculation Methodology, Cascade Water Alliance Code 5.20

Ed Cebron explained that Section 7.5 of the 2012 Cascade Water Alliance Joint Municipal Utility Services Agreement (“Cascade Agreement”) provides that the Board shall set Rates and Charges according to a Rate Calculation Methodology adopted by the Board of Directors. This Methodology was adopted in 2006 and made a part of the Cascade Water Alliance Code in 2012. Under the Methodology, Rates and Charges must be the same for all Members receiving the same class of service. To establish a new class of service for a temporary class of service, the Rate Calculation Methodology must be amended.

**Motion by Mr. Warren and second by Ms. Sweet to adopt Resolution No. 2020-13 amending the Rate Calculation Methodology, Cascade Water Alliance Code 5.20. Motion carried unanimously (7-0).**

- E. Motion to adopt Resolution No. 2020-14 amending the Water Audit Methodology, Cascade Water Alliance Code 4.20, Appendix A.

Mr. Cebron explained that Resolution No. 2020-14 would allow the Board to authorize a waiver of the independent supply requirement under the terms of a contract with a Member. Thereafter, in its discretion, the Board could authorize a contract that includes waiver of the independent supply requirement.

**Motion by Ms. Birney and second by Ms. Pauly to adopt Resolution No. 2020-14 amending the Water Audit Methodology, Cascade Water Alliance Code 4.20, Appendix A. Motion carried unanimously (7-0).**

## **9. STAFF PRESENTATIONS**

### **A. Bond Refinancing Presentation**

Mr. Cebron explained that Cascade is evaluating an advance refunding using taxable bonds to reduce debt service costs. Based on the current historically low market, Cascade could potentially see debt service savings in excess of \$300,000. While a refunding at the call date at the end of 2022 could yield even greater savings, this is dependent on rates remaining low for more than 2 years.

Scott Bauer, Northwest Municipal Advisors, Cascade’s Financial Advisor, made a brief presentation to discuss the potential of an advanced bond refunding later this year and the possible schedule. Given the historically low interest rates, Board Members recommended that Cascade staff move forward with the proposed refunding. Cascade staff will bring forth a Bond Resolution to be presented at the October Board meeting.

**10. COMMITTEE REPORTS**

- A. Executive Committee – No meetings held.
- B. Special Finance and Management Committee – Meeting held September 15, 2020. The meeting recap was included in the Board packet.
- C. Public Affairs Committee – Meeting held September 2, 2020. The meeting recap was included in the Board packet.
- D. Resource and Management Committee – Meeting held September 20, 2020. The meeting recap was included in the Board packet.

**11. NEW BUSINESS**

None.

**12. NEXT REGULAR MEETING**

The next regular Board meeting will be held on October 28, 2020 at 3:30 p.m. at Cascade's office or via a Zoom meeting.

**13. ADJOURN**

The meeting adjourned at 4:34 p.m.

APPROVED BY:



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John Stokes, Chair



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Penny Sweet, Vice-Chair