



REGULAR MEETING OF THE BOARD OF DIRECTORS
AGENDA
CASCADE WATER ALLIANCE
Held Via Zoom Meeting
January 26, 2022
3:30 PM

	<u>Page</u>
1. CALL TO ORDER	
2. ROLL CALL	
3. PUBLIC COMMENT	
4. EXECUTIVE SESSION	
5. APPROVAL OF AGENDA	
6. CHIEF EXECUTIVE OFFICER'S REPORT	<u>3</u>
7. CONSENT ITEMS	
a. Board Meeting Minutes for November 17, 2021.	<u>16</u>
b. Motion to authorize the Chief Executive Officer to execute various 2022 Cascade sponsorship agreements for a combined total not to exceed \$25,000.	<u>19</u>
8. OTHER ACTION ITEMS	
9. STAFF PRESENTATIONS (Information only)	
a. 2022 Cascade Draft True-Up.	<u>22</u>
b. Water Rights Sales Policy.	<u>36</u>
c. Energy Storage Proposal – <i>no materials in packet.</i>	
10. COMMITTEE REPORTS (Information only)	
a. Executive Committee – <i>no meetings held.</i>	
b. Finance and Management Committee – <i>January 18, 2022.</i>	<u>40</u>
c. Public Affairs Committee – <i>January 5, 2022.</i>	<u>42</u>
d. Resource Management Committee – <i>January 13, 2022.</i>	<u>44</u>
11. NEW BUSINESS (Possible action)	

12. NEXT REGULAR MEETING – *February 23, 2022 – Cascade Office or Via Zoom Meeting – 3:30 p.m.*
13. ADJOURN

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



MEMORANDUM

DATE: January 26, 2022

TO: John Stokes, Chair
Board of Directors

FROM: Ray Hoffman, Chief Executive Officer

SUBJECT: Chief Executive Officer's Report

Administration, Finance, and Economics

- Cascade met in January with TeamLogicIT, Cascade's IT consultant, and Redbot, their subconsultant, to review the penetration tests results and plan for additional tests later this year. Cascade's cybersecurity is in good shape but there were several recommendations made and TeamLogic is in the process of implementing them.
- On January 19, 2022, the Office of the Washington State Auditor presented the results of their 2020 accountability audit to the Board and management. No findings were reported.
- Cascade is applying for the 2022 Association of Washington Cities Employee Benefits Trust WellCity Award. Cascade won the award in 2018, 2019, 2020 and 2021. If awarded the WellCity designation, Cascade would continue to save 2% on health insurance costs. The awards will be announced in March.
- Cascade is waiting for one member in order to finalize the RCFC connection data for 2021 as of now 1,375 net CERUs have been reported. The 2021 budget expectation of 1,000 Regional Capital Facilities Charges (RCFCs) has been exceeded.
- Cascade is preparing for Clark Nuber to conduct the annual audit of Cascade's fiscal year 2020 during the week of March 21. 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 was approached again in January by two companies about potentially leasing for 20-30 years a portion of the parcels where we plan to put our future filtration plant. If Cascade can negotiate an extension with the City of Seattle, Cascade would be able to realize additional revenue before the parcel is of use to Cascade.
- Each year AMWA, AWWA, and several other national water organizations offer the Water and Wastewater Leadership Center program for public and private sector utilities. The Leadership Center is a two-week intensive training program that focuses on enhancing management and leadership skills. Melina Thung has been accepted to the 2022 class and will be attending the program in March at the University of North Carolina Chapel Hill.

Capital Projects and Operations

- Cascade has experienced two landslides that impacted infrastructure due to wet weather within a week. The first slide occurred on January 7 at the Headworks southwest access roadway in Buckley and is undermining a Cascade owned roadway and potentially the concrete flume. The second occurred on January 13 on Newport Way in Issaquah and is impacting an above ground air-release valve on the Bellevue Issaquah Pipeline. Staff from

Cascade are working diligently on these two slides with all consultants, contractors, and Cascade member agencies to stabilize the slide and protect Cascade's asset. (Attached Declaration of Emergency)

- Cascade has determined the Bellevue Issaquah Pipeline (BIP) in Lewis Creek could be protected-in-place as part of the Washington State Department of Transportation (WSDOT) fish passage project. In addition, Cascade requested to enter into an agreement with WSDOT for Cascade to provide funding for the cost associated with BIP. WSDOT stated that the concept design is subject to change and is evaluating Cascade's request. WSDOT's representative has verbally told Cascade that WSDOT may not be interested in entering into an agreement with Cascade and is working on a written response.
- Cascade has completed its Outage project successfully. Cascade and Veolia are planning on activities to "waterup" the flowline to begin spring refill in February.
- Cascade Headworks Headgate Gearbox Repair project was completed on January 14 with commissioning scheduled on February 3. This allows the repair of the slope due to the landslide to be completed.
- Cascade provided initial review comments to GeoEngineers for the draft preliminary engineering report on retrofitting dikes 9 and 10 to reduce seismic risks. Dikes 9 and 10, relative to all Cascade dikes, have the highest seismic risk score.
- Veolia management has informed Cascade that Veolia/Suez merger should be final on January 19. With this merger, Veolia will be adding several thousand new staff that will help Veolia with additional services.

Water Efficiency

- At present, there are 391 classroom presentations scheduled for January – June, although the recent wave of the Omicron Variant casts some doubt on whether all programs can be completed.
- The Problem-Based Learning for Water Systems program has completed a number of new curriculum units and lesson plans, including "Earthquake! What happens when our water infrastructure breaks?"
- On December 11, Cascade provided its second watershed field trip of the year at Beaver Lake Park in Sammamish. Fifteen residents learned about local ecology, plants, wildlife, and aquatic insects that live in Beaver Lake. Attendees collected and tested water samples and learned how they can take action to protect water resources.
- Cascade is in planning for its spring series of the Cascade Gardener with several remote presentations and partnerships with local nurseries to promote sustainable landscaping.
- Cascade and Tilth Alliance are recruiting new participants for the next round of the Soil and Water Steward program, which trains residents about soil building, compost, water conservation, and stormwater management.
- Cascade has offered all members the opportunity to work with Cascade staff to fine-tune program offerings for their jurisdictions.
- The pandemic permitting, Cascade will be in attendance at the Northwest Flower and Garden Show at the Washington State Convention Center in February.

Intergovernmental and Communications

- Cascade has been meeting with Sumner to discuss the Sumner White River Restoration/Burlington Northern Santa Fe (BNSF) Railroad Staging Tracks project and the agreements that will be necessary to implement the project, which will include the transfer of Cascade's tailrace parcels (west of the railroad bridge) to Sumner for use in the restoration project. In addition to the real estate transaction, Sumner is also interested in a

potential purchase of a small portion of Cascade's water rights to hydrate the wetlands as part of the restoration project. Cascade staff have developed a series of policy questions for the committees and Board to review that will provide guidance for Cascade's consideration of this and other future requests for water sales.

- Cascade submitted its request to the Department of Ecology (DOE) at the end of December to extend the Lake Tapps Reservoir development schedule. Initial feedback from a DOE staff person that has not been involved in previous Lake Tapps Reservoir discussions indicated a reluctance to engage in the extension request. Cascade is contacting appropriate DOE and state staff at higher levels to ensure the request is understood and being considered appropriately.
- Cascade's Van Ness Feldman federal government affairs team presented an update to the Public Affairs Committee in January. The presentation focused on the recently enacted Infrastructure Investment and Jobs Act and potential future funding opportunities for water utilities. Most of the funding will come through the state drinking and clean water revolving funds. Delays in new guidance and rules for the new programs are expected since many federal agencies are short-staffed. The federal team will monitor the Federal Register and other sources for information about programs and funding availability to share with Cascade.
- Cascade staff are planning a tour for Congresswoman Kim Schrier (WA-08) in late January. The date and details have not been finalized yet, but the Congresswoman has expressed interest in learning more about the White River - Lake Tapps Reservoir system.

Planning

- Late last year, Cascade and Department of Health (DOH) met to discuss the TSP. The current TSP expires in March 2023 and Cascade had been working towards completing the TSP by the due date. However, just prior to the DOH meeting, Cascade began contract discussions with Seattle and Tacoma. Given the possibility of being able to extend its contract with Seattle beyond 2039 or establish a new water supply contract with Tacoma, Cascade requested a delay in submitting its updated TSP. DOH concurred with this as it will avoid Cascade having to submit a significant amendment to the TSP post-March 2023. Once contract discussions are further along, Cascade will submit a written extension request for DOH's formal approval.
- Over the course of 2021, staff from Bellevue, Sammamish Plateau Water, and Cascade collaborated on updating the scopes of work in the Bellevue-Issaquah Pipeline (BIP) O&M agreements. The three agencies and Issaquah will meet to finalize the scopes in February or March.
- Cascade issued a task order with Tetra Tech to develop an emergency response plan for the BIP. Cascade and Tetra Tech will work closely with staff from Bellevue, Issaquah, and Sammamish Plateau Water on this project, with a goal of finalizing it by the end of the year.

Attachments

1. Budget to Actual Expenditure Report through December 31, 2021.
2. Statement of Revenues and Expenditures through December 31, 2021.
3. Statement of Net Position as of December 31, 2021.
4. Contract Status Summary.
5. Monthly Warrants Listing.
6. Monthly Treasurer's Report as of December 31, 2021.
7. Signed Emergency Declaration.

Cascade Water Alliance
Budget to Actual Expenditure Report
January 1- December 31, 2021
100% of the year completed

Attachment 1

Administration	Budget	Actual	Balance	% Expended
Salaries	\$ 1,097,231	\$ 1,096,494	737	99.9%
Benefits	265,486	265,363	122	100.0%
Wellness program	5,000	135	4,865	2.7%
Prof. Fee (Technical)	107,400	106,871	529	99.5%
Prof. Fee (Legal)	835,000	799,136	35,865	95.7%
Prof. Fee (Audit)	98,600	84,162	14,438	85.4%
Prof. Fee (Other)	55,000	4,616	50,384	8.4%
Seismic Resiliency	190,000	162,962	27,038	85.8%
Meetings Expense	11,000	6,523	4,477	59.3%
Telephone/Internet	43,000	42,923	77	99.8%
Office Rent	225,488	225,469	19	100.0%
Office Supplies Admin.	20,000	7,104	12,896	35.5%
Equip. and Furniture	10,000	5,506	4,494	55.1%
Bank Fees	600	323	277	53.8%
Dues & Subscriptions	20,000	17,240	2,760	86.2%
Taxes/Licenses	16,000	10,017	5,983	62.6%
Travel	12,000	1,756	10,244	14.6%
Professional Dev.	30,000	19,224	10,776	64.1%
Computer Equipment	12,400	9,787	2,613	78.9%
Software Licenses	38,000	31,834	6,166	83.8%
Postage & Delivery	2,000	551	1,449	27.5%
Printing & Repro.	1,000	0	1,000	0.0%
Insurance	136,891	136,852	39	100.0%
Contingency	1,600	0	1,600	0.0%
Total	\$ 3,233,695	\$ 3,034,847	\$ 198,847	93.9%

Debt Service	Budget	Actual	Balance	% Expended
Bond Debt Service	9,787,231	9,784,074	3,157	100.0%
Total	\$ 9,787,231	\$ 9,784,074	\$ 3,157	100.0%

Conservation	Budget	Actual	Balance	% Expended
Salaries	\$ 163,559	\$ 98,463	\$ 65,096	60.2%
Benefits	28,062	24,870	3,192	88.6%
Prof. Fee (Technical)	15,000	14,138	863	94.3%
Rebate Reimb. Com.	95,000	59,138	35,863	62.3%
Irrigation Audit	20,500	3,600	16,900	17.6%
Comm. and Public I	304,350	239,683	64,667	78.8%
Misc. Serv. and Sup.	84,400	32,006	52,394	37.9%
Total	\$ 710,871	\$ 471,897	\$ 238,974	66.4%

Com. and Intergovern	Budget	Actual	Balance	% Expended
Salaries	\$ 138,930	\$ 128,091	\$ 10,838	92.2%
Benefits	31,231	30,290	941	97.0%
Prof. Fee (Technical)	15,000	12,190	2,810	81.3%
Prof. Fee (Other)	161,650	161,645	5	100.0%
Sponsorships	23,600	18,475	5,125	78.3%
Comm. and Public I	280,000	179,552	100,448	64.1%
Total	\$ 650,411	\$ 530,244	\$ 120,167	81.5%

Cascade Water Alliance
Budget to Actual Expenditure Report
January 1- December 31, 2021
100% of the year completed

Attachment 1

Operations-General	Budget	Actual	Balance	% Expended
Wholesale Water	\$ 21,351,878	\$ 21,351,878	\$ -	100.0%
Salaries	21,405	19,953	1,451	93.2%
Benefits	14,058	13,602	455	96.8%
BIP O&M	80,000	73,136	6,864	91.4%
Pipeline Prop. O&M	35,000	1,365	33,635	3.9%
PWTF Loan Debt	40,658	40,461	197	99.5%
Total	\$ 21,542,998	\$ 21,500,396	\$ 42,603	99.8%

Operations-Lake Tapps	Budget	Actual	Balance	% Expended
Salaries	\$ 364,465	\$ 361,502	\$ 2,963	99.2%
Benefits	82,447	81,686	762	99.1%
Prof. Fee (Technical)	658,600	434,819	223,781	66.0%
Prof. Fee (Other)	50,000	767	49,233	1.5%
Meetings Expense	4,600	4,515	85	98.2%
Telephone/Internet	1,500	724	777	48.2%
Office Supplies	18,600	4,253	14,347	22.9%
Equipment & Furn.	27,500	15,177	12,323	55.2%
Taxes/Licenses	7,000	6,603	397	94.3%
Travel	16,000	13,180	2,820	82.4%
Professional Dev.	2,000	0	2,000	0.0%
Software Licenses	20,500	20,226	274	98.7%
Permitting Costs	7,000	5,281	1,719	75.4%
Misc. Serv. and Sup.	50,000	49,758	242	99.5%
LT Operator	2,180,699	1,916,185	264,514	87.9%
Unplanned O&M	55,000	4,866	50,134	8.8%
Misc. Facility Repairs	40,000	29,687	10,313	74.2%
USGS Joint Fund	327,000	234,654	92,346	71.8%
Construction Management	100,000	0	100,000	0.0%
Outage	685,000	681,326	3,674	99.5%
Milfoil Control	165,000	111,009	53,991	67.3%
Vendor Services	71,000	70,608	392	99.4%
Water Quality Management	150,000	109,373	40,627	72.9%
Dike Repairs and Maintenance	27,000	26,704	296	98.9%
Total	\$ 5,110,911	\$ 4,182,902	\$ 887,085	81.8%

Total Operating Budget **\$ 41,036,118** **\$ 39,504,361** **\$ 1,490,833** **96.3%**

Capital Projects (multi-yr bdgt not shown)	Budget	Actual	Balance	% Expended
Upper Conveyance Projects	\$ 1,094,000	213,586	880,414	19.5%
Meters	50,000	0	50,000	0.0%
Equipment	20,000	17,002	2,998	85.0%
Security and SCADA	1,500,000	604,098	895,902	40.3%
Tacoma Agreement	5,858,297	5,858,297	0	100.0%
Capital Risk	480,000	0	480,000	0.0%
IT Infrastructure	25,000	17,268	7,732	69.1%

Total CIP Budget **\$ 9,027,297** **\$ 6,710,250** **\$ 2,317,047** **74.3%**

Total Overall Budget **\$ 50,063,415** **\$ 46,214,611** **3,848,804** **92.3%**

Cascade Water Alliance
Statement of Revenues and Expenditures
From 1/1/2021 Through 12/31/2021

Attachment 2

Operating Revenue		
Water sales	\$	38,534,704
Administrative dues		3,382,456
Conservation program		737,121
Total Operating Revenue		<u>42,654,281</u>
Operating Expenses		
Cost of water sold		21,351,878
Salaries and benefits		2,120,441
Professional services		1,794,506
Conservation program		62,738
Depreciation and amortization		3,695,315
Communication and public information		388,505
Office expenses		354,826
Operations		2,307,872
Bank charges		323
Rent		225,469
Maintenance		1,021,750
Dues and subscriptions		27,262
Miscellaneous		24,294
Total Operating Expenses		<u>33,375,180</u>
Operating Income		9,279,101
Non-Operating Revenue (Expenses)		
Interest income		609,166
Other income		40,847
Interest expense, net of amount capitalized		(4,249,819)
Total Non-Operating Revenue (Expenses)		<u>(3,599,805)</u>
Capital Contributions		
Regional Capital Facilities Charges		7,473,386
Increase in Net Assets		13,152,682
Net Assets, Beginning of Year		107,825,110
Net Assets, End of Year	\$	120,977,792

Cascade Water Alliance
Statement of Net Position
As of 12/31/2021

Attachment 3

Assets

Current Assets

Cash and cash equivalents	\$ 25,787,164
Accounts receivable	10,971,850
Prepaid expenses	81,050
Total Current Assets	<u>36,840,064</u>

Capital Assets

Equipment and furniture	2,031,653
Seattle water contract	22,267,611
Bellevue Issaquah pipeline	22,276,944
Tacoma water contract	119,740,687
Less accumulated depreciation and amortization	(51,276,608)
Total Capital Assets	<u>115,040,287</u>

Projects in process and assets not yet in service

Lake Tapps	103,614,289
Tacoma Cascade pipeline	26,539,385
Total Projects in process and assets not yet in service	<u>130,153,675</u>

Restricted cash and cash equivalents

Restricted cash and cash equivalents	19,402,982
Total Assets	<u><u>301,437,008</u></u>

Liabilities

Current liabilities

Payables and accrued liabilities	320,388
Retroactive water credit	1,806,104
Accrued interest	989,613
Long-term debt current portion	
Bonds Payable-Current Portion	6,580,000
Other	39,474
Total Long-term debt current portion	<u>6,619,474</u>
Total Current liabilities	<u>9,735,579</u>

Long-term Liabilities

Long-term debt	92,228,422
Tacoma contract	65,967,545
Seattle contract	5,000,000
Bond premium, net of amortization	5,338,165
Total Long-term Liabilities	<u>168,534,131</u>
Total Liabilities	<u>178,269,711</u>

Net Assets

Restricted for debt service	86,235,508
Unrestricted	36,931,790
Total Net Assets	<u>123,167,298</u>

Total Liabilities & Net Assets	<u><u>\$ 301,437,008</u></u>
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Consultant and Other Vendor Contract Status Summary

Attachment 4

Open contracts											
Vendor	Contract number	Contract title	Cascade manager	Effective date	End date	Status date	Percent work completed	Contract amount, including	Amount invoiced	Percent invoiced	Contract balance
Artisan Electric	1	Powerhouse Solar Energy Project	M. Brent	10/1/2021	12/31/2022	1/13/2022	5%	\$ 273,000	\$ -	0%	\$ 273,000
Aspect	1	Hydraulic Model Support	R. Hoffman	5/6/2020	N/A	1/13/2022	65%	\$ 24,900	\$ 15,123	61%	\$ 9,778
Clark Nuber	1	Annual Financial Audit and Quarterly AUPs	R. Hoffman	1/1/2022	N/A	1/13/2022	5%	\$ 70,500	\$ -	0%	\$ 70,500
Colehour and Cohen	1	Staffing for classes and events	M. Brent	1/1/2022	12/31/2022	1/13/2022	0%	\$ 89,990	\$ -	0%	\$ 89,990
David Evans	1	On-call Land Surveyor	H. Chen	1/1/2022	12/31/2022	1/13/2022	0%	\$ 75,000	\$ -	0%	\$ 75,000
David McGrath	1	Irrigation Efficiency Assistance	M. Brent	1/1/2022	12/31/2022	1/13/2022	20%	\$ 20,500	\$ -	0%	\$ 20,500
Enrironmental Science Assoc (ESA)	1	Aquatic Plant Management	H. Chen	1/1/2022	12/31/2022	1/13/2022	0%	\$ 24,900	\$ -	0%	\$ 24,900
GeoEngineers Inc.	1	Dam Engineering/Hydrology/Geotech	H. Chen	1/1/2022	12/31/2022	1/13/2022	0%	\$ 160,000	\$ -	0%	\$ 160,000
Gordon Thomas Honeywell	1	State legislative outreach	A. Bennett	1/1/2022	12/31/2022	1/13/2022	0%	\$ 84,000	\$ -	0%	\$ 84,000
Herrera Environmental	2	WQ Monitoring Program	H. Chen	8/19/2019	N/A	1/13/2022	88%	\$ 495,000	\$ 458,019	93%	\$ 36,981
HDR	1	MMD Fish Passage Design Review	H. Chen	12/1/2015	N/A	1/13/2022	95%	\$ 1,041,100	\$ 950,972	91%	\$ 90,129
HDR	2	Conservation Plan Potential Assessment	M. Brent	5/21/2021	N/A	1/13/2022	50%	\$ 18,900	\$ 13,202	70%	\$ 5,698
Jacobs Engineering Group	1	Demand Forecast Model Support Services	M. Thung	8/20/2021	12/31/2022	1/13/2022	5%	\$ 5,000	\$ -	0%	\$ 5,000
Jennergy	1	Website assistance	A. Bennett	1/1/2022	12/31/2022	1/13/2022	8%	\$ 15,000	\$ -	0%	\$ 15,000
Johansen Excavating	1	Emergency Headgate Repair	H. Chen	5/5/2021	N/A	1/13/2022	10%	\$ 100,947	\$ -	0%	\$ 100,947
Johansen Excavating	2	Flowline Outage Maintenance	J. Shimada	8/12/2021	N/A	1/13/2022	75%	\$ 540,000	\$ 372,166	69%	\$ 167,834
Langton Spieth	1	Community relations	A. Bennett	1/1/2022	12/31/2022	1/13/2022	75%	\$ 72,000	\$ -	0%	\$ 72,000
Long Building Tech	1	Security Maintenance	H. Chen	8/12/2019	10/31/2022	1/13/2022	80%	\$ 55,000	\$ 40,145	73%	\$ 14,855
Media for International Development	1	WeNeedWater Video Production	A. Bennett	1/1/2022	12/31/2022	1/13/2022	5%	\$ 24,500	\$ -	0%	\$ 24,500
Nature Vision	1	Classroom Water Education	M. Brent	1/1/2022	12/31/2022	1/13/2022	5%	\$ 95,000	\$ -	0%	\$ 95,000
Pacifica Law	1	Legal Assistance	H. Chen	1/1/2022	12/31/2022	1/13/2022	0%	\$ 25,000	\$ -	0%	\$ 25,000
Parametrix	1	On Call Civ/Mech/Structural Eng	H. Chen	1/1/2022	12/31/2022	1/13/2022	5%	\$ 250,000	\$ -	0%	\$ 250,000
Perfomance Dimensions	1	Executive Coaching Services	M. Thung	6/21/2021	12/31/2022	1/13/2022	65%	\$ 24,500	\$ 16,450	67%	\$ 8,050
Puget Sound Energy	1	Water Efficiency Rebates	M. Brent	1/1/2022	12/31/2022	1/13/2022	0%	\$ 72,000	\$ -	0%	\$ 72,000
RH2	2	On-Call Electrical Engineering Svcs	H. Chen	1/1/2022	12/31/2022	1/13/2022	0%	\$ 100,000	\$ -	0%	\$ 100,000
RH2	1	Security and SCADA	H. Chen	1/16/2020	N/A	1/13/2022	80%	\$ 347,000	\$ 289,234	83%	\$ 57,766
RH2	3	Wholesale Master Meter Eval	H. Chen	1/21/2020	3/31/2023	1/13/2022	0%	\$ 24,500	\$ -	0%	\$ 24,500
Robinson Noble	1	Water Audits	E. Cebon	10/3/2019	N/A	1/13/2022	60%	\$ 135,060	\$ 90,482	67%	\$ 44,578
Sazan	2	Solor Power Project	M. Brent	5/25/2021	N/A	1/13/2022	5%	\$ 10,000	\$ -	0%	\$ 10,000
SC Words & Pictures Inc.	1	Design Services	A. Bennett	1/1/2022	12/31/2022	1/13/2022	0%	\$ 24,000	\$ -	0%	\$ 24,000
Seattle Public Utilities	1	Garden Hotline	M. Brent	1/1/2022	12/31/2022	1/13/2022	0%	\$ 12,000	\$ -	0%	\$ 12,000
SMC Consulting	1	Water Efficiency Consultant	M. Brent	1/1/2022	12/31/2022	1/13/2022	0%	\$ 24,500	\$ -	0%	\$ 24,500
Source Electric LLC	1	SCADA Improvements Project	H. Chen	5/1/2021	2/1/2022	1/13/2022	5%	\$ 711,892	\$ 332,144	47%	\$ 379,747
Sustainable Water	1	Teacher Fellows program	M. Brent	1/1/2022	12/31/2022	1/13/2022	0%	\$ 60,000	\$ -	0%	\$ 60,000
TeamLogic IT	1	Info Technology Consulting	C. Paulucci	1/1/2022	12/31/2022	1/13/2022	5%	\$ 104,000	\$ -	0%	\$ 104,000
TechniArt	1	Website Orders	M. Brent	1/1/2022	12/31/2022	1/13/2022	0%	\$ 15,900	\$ -	0%	\$ 15,900
Tetra Tech	1	AWIA Risk and Resiliency	M. Thung	11/18/2019	12/31/2022	1/13/2022	75%	\$ 700,000	\$ 497,695	71%	\$ 202,305
Tilth Association	1	Garden Water Efficiency	M. Brent	1/1/2022	12/31/2022	1/13/2022	0%	\$ 24,500	\$ -	0%	\$ 24,500
Vanir Construction Management, Inc.	1	On-call Construction Management	J. Shimada	5/1/2021	12/31/2022	1/13/2022	10%	\$ 560,000	\$ 23,913	4%	\$ 536,087
Veolia	1	White River-Lake Tapps Reservoir Project Operations and Maintenance Agreement \$1,966,709 Fixed, \$213,990 Var	J. Shimada	1/1/2022	12/31/2022	1/13/2022	8%	\$ 2,180,699	\$ -	0%	\$ 2,180,699
Winterbauer and Diamond	1	Legal Assistance	R. Hoffman	1/1/2022	12/31/2022	1/13/2022	0%	\$ 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
Access Telephone Solutions	1	Lake Tapps Phones	C. Paulucci	5/25/2021	8/31/2021	1/13/2022	100%	\$ 15,253	\$ 15,253	100%	\$ 0
Access Telephone Solutions	2	Powerhouse Cabling	C. Paulucci	6/8/2021	8/31/2021	1/13/2022	100%	\$ 15,170	\$ 15,171	100%	\$ (0)
Aquatechnex	1	Aquatic Plant Management	J. Shimada	7/7/2021	N/A	1/13/2022	100%	\$ 110,000	\$ 91,065	83%	\$ 18,935
Clark Nuber	1	Financial Audit	R. Hoffman	1/1/2021	N/A	1/13/2022	100%	\$ 63,500	\$ 63,450	100%	\$ 50
Colehour and Cohen	1	Staffing for classes and events	M. Brent	1/1/2021	12/31/2020	1/13/2022	100%	\$ 89,990	\$ 50,673	35%	\$ 58,815
David Evans	1	On-call Land Surveyor	H. Chen	1/1/2021	12/31/2021	1/13/2022	100%	\$ 75,000	\$ 35,471	46%	\$ 40,665
David McGrath	1	Irrigation Efficiency Assistance	M. Brent	1/1/2021	12/31/2021	1/13/2022	100%	\$ 20,500	\$ 3,600	0%	\$ 20,500
David McGrath	1	Irrigation Efficiency Assistance	M. Brent	1/1/2022	12/31/2022	1/13/2022	100%	\$ 20,500	-	0%	\$ 20,500
Environmental Science Assoc (ESA)	1	Aquatic Plant Management	H. Chen	1/1/2021	12/31/2021	1/13/2022	100%	\$ 24,900	\$ 19,945	80%	\$ 4,955
Flowhawks	1	Flowline Outage Cleaing, Vactoring	J. Shimada	8/19/2021	10/31/2021	1/13/2022	100%	\$ 40,000	\$ 26,860	67%	\$ 13,140
GeoEngineers Inc.	1	Dam Engineering/Hydrology/Geotech	H. Chen	1/1/2021	12/31/2021	1/13/2022	100%	\$ 150,000	\$ 122,012	81%	\$ 27,988
Gordon Thomas Honeywell	1	State legislative outreach	A. Bennett	1/1/2021	12/31/2021	1/13/2022	100%	\$ 84,000	\$ 84,000	100%	\$ -
Kemp West	1	Flowline vegetation	J. Shimada	8/1/2021	10/31/2021	1/13/2022	100%	\$ 67,438	\$ 66,359	98%	\$ 1,079
Lake Tapps Construction	1	Valve House Improvements	H. Chen	12/2/2020	N/A	1/13/2022	100%	\$ 30,978	\$ 30,978	100%	\$ -
Langton Spieth	1	Community relations	A. Bennett	1/1/2021	12/31/2021	1/13/2022	100%	\$ 72,000	\$ 72,000	100%	\$ -
HDR	5	Water Forum Consulting	R. Hoffman	3/10/2015	N/A	1/13/2022	100%	\$ 38,323	\$ 29,981	78%	\$ 8,342
Jennergy	1	Website assistance	A. Bennett	1/1/2021	12/31/2021	1/13/2022	100%	\$ 15,000	\$ 13,340	89%	\$ 1,660
Nature Vision	1	Classroom Water Education	M. Brent	1/1/2021	12/31/2021	1/13/2022	100%	\$ 95,000	\$ 73,557	77%	\$ 21,443
Pacifica Law	1	Legal Assistance	H. Chen	1/1/2021	12/31/2021	1/13/2022	100%	\$ 25,000	-	0%	\$ 25,000
Parametrix	1	On Call Civ/Mech/Structural Eng	H. Chen	1/1/2021	12/31/2021	1/13/2022	100%	\$ 200,000	\$ 150,137	75%	\$ 49,863
MM Comfort Systems	1	Admin Building heat pump	J. Mickelson	1/22/2021	N/A	1/13/2022	100%	\$ 19,432	\$ 19,432	100%	\$ -
Puyallup Tribal Fisheries Division	1	Flowline Outage Fish Recovery Services	J. Shimada	8/16/2021	9/30/2021	1/13/2022	100%	\$ 35,000	\$ 25,200	72%	\$ 9,800
Production Post	1	WeNeedWater Video Production	A. Bennett	1/1/2021	12/31/2021	1/13/2022	100%	\$ 24,500	\$ 11,500	47%	\$ 13,000
Puget Sound Energy	1	Water Efficiency Rebates	M. Brent	1/1/2021	12/31/2021	1/13/2022	100%	\$ 95,000	\$ 57,263	60%	\$ 37,738
RH2	2	On-Call Electrical Engineering Svcs	H. Chen	1/1/2021	12/31/2021	1/13/2022	100%	\$ 100,000	\$ 67,025	67%	\$ 32,975
SC Words & Pictures Inc.	1	Design Services	A. Bennett	1/1/2021	12/31/2021	1/13/2022	100%	\$ 24,000	\$ 5,445	23%	\$ 18,555
Seattle Public Utilities	1	Garden Hotline	M. Brent	1/1/2021	12/31/2021	1/13/2022	100%	\$ 11,000	\$ 11,000	100%	\$ -
SMC Consulting	1	Water Efficiency Consultant	M. Brent	1/1/2021	12/31/2021	1/13/2022	100%	\$ 24,500	\$ 14,138	58%	\$ 10,363
Sustainable Water	1	Teacher Fellows program	M. Brent	1/1/2021	12/31/2021	1/13/2022	100%	\$ 60,000	\$ 59,972	100%	\$ 28
Tacoma-Pierce County	1	LakeWise	A. Bennett	1/1/2021	12/31/2021	1/13/2022	100%	\$ 120,000	\$ 108,879	91%	\$ 11,121
TeamLogic IT	1	Info Technology Consulting	C. Paulucci	1/1/2021	12/31/2021	1/13/2022	100%	\$ 92,400	\$ 80,545	87%	\$ 11,855
TechniArt	1	Website Orders	M. Brent	1/1/2021	12/31/2021	1/13/2022	100%	\$ 15,900	\$ 5,060	32%	\$ 10,840
Tilth Association	1	Garden Water Efficiency	M. Brent	1/1/2021	12/31/2021	1/13/2022	100%	\$ 24,500	\$ 24,500	100%	\$ -
United Rentals	1	Scissor Lift Purchase	H. Chen	12/3/2021	N/A	1/13/2022	100%	\$ 17,000	\$ 17,000	100%	\$ -
USGS	1	Joint Funding Agre-Streamgaging	H. Chen	1/1/2021	12/31/2021	1/13/2022	100%	\$ 327,000	\$ 234,654	72%	\$ 92,346
Van Ness Feldman	1	General Counsel	C. Paulucci	1/1/2021	12/31/2021	1/13/2022	100%	\$ 800,000	\$ 799,136	100%	\$ 865
Veolia	1	White River-Lake Tapps Reservoir Project Operations and Maintenance Agreement \$1,966,709 Fixed, \$213,990 Var	J. Shimada	1/1/2021	12/31/2021	1/13/2022	100%	\$ 2,180,699	\$ 1,929,541	88%	\$ 251,158
Washington Crane and Hoist	1	Fish Screen Inspection	J. Shimada	2/1/2021	N/A	1/13/2022	100%	\$ 2,104	\$ 2,104	100%	\$ -
Winterbauer and Diamond	1	Legal Assistance	R. Hoffman	1/1/2021	12/31/2021	1/13/2022	100%	\$ 20,000	-	0%	\$ 20,000

Payment Authorization Warrants and Wire Transfers 1/26/22

Attachment 5

WHOLESALE WATER

WIRE	Seattle Contract Payment 12/21	\$1,281,113.00
WIRE	Seattle Contract Payment 1/22	\$1,019,182.00
		<u>\$2,300,295.00</u>

CONSULTANTS

29582	TeamLogic IT of Bellevue, WA	\$6,381.00
29584	Van Ness Feldman, LLP	\$67,759.00
29591	Clark Nuber P.S.	\$4,702.50
29596	Herrera	\$4,095.86
29605	Robinson Noble	\$1,085.50
29606	State Auditor's Office	\$4,976.40
29607	Tacoma Pierce County Health Department	\$3,900.81
29608	TeamLogic IT of Bellevue, WA	\$5,200.00
29619	Environmental Science Associates (ESA)	\$1,759.00
29622	Parametrix	\$12,420.00
29624	RH2 Engineering, Inc.	\$4,489.51
29632	Gordon Thomas Honeywell Govern. Affair	\$7,000.00
29633	HDR	\$4,166.51
29636	Langton/Spieth	\$6,000.00
29644	Van Ness Feldman, LLP	\$79,028.50
29650	David Evans and Associates Inc.	\$1,136.40
29652	Gibbons & Riely, PLLC	\$766.80
29655	Parametrix	\$9,267.50
29668	Jennergy	\$2,000.00
29669	Robinson Noble	\$1,746.00
29670	Tacoma Pierce County Health Department	\$5,674.51
29671	TeamLogic IT of Bellevue, WA	\$5,639.77
29685	Gordon Thomas Honeywell Govern. Affair	\$7,000.00
29687	Herrera	\$14,294.23
29691	RH2 Engineering, Inc.	\$12,017.52
29693	State Auditor's Office	\$1,300.65
29696	Tetra Tech	\$11,950.00
29701	Aspect Consulting	\$463.00
29704	David Evans and Associates Inc.	\$7,431.20
29706	HDR	\$140.80
29707	Jennergy	\$1,150.00
29709	Langton/Spieth	\$6,000.00
29714	Van Ness Feldman, LLP	\$62,154.00
29716	Pace Engineers, Inc.	\$1,929.13
29717	RH2 Engineering, Inc.	\$6,921.00
		<u>\$371,947.10</u>

SALARY, BENEFITS AND EXPENSE REIMBURSEMENTS

	Payroll (November)	\$128,839.72
	Payroll (December)	\$123,298.07
29587	Vantagepoint 401 Plan	\$27,907.46
29588	Vantagepoint 457 Plan	\$13,154.70
29589	AWC Employee Benefit Trust	\$17,968.14
29593	BenefitMall, Inc.	\$74.00
29595	Joseph Mickelson	\$70.16
29597	HRA VEDA Trust	\$1,078.00
29618	Joseph Mickelson	\$946.43
29661	Vantagepoint 401 Plan	\$25,326.14
29662	Vantagepoint 457 Plan	\$10,954.65
29663	AWC Employee Benefit Trust	\$18,654.71
29666	Joseph Mickelson	\$348.73
29667	HRA VEDA Trust	\$1,078.00
29676	Association of Washington Cities	\$1,772.75
29682	BenefitMall, Inc.	\$128.00
29705	Joseph Mickelson	\$1,020.14
		<u>\$372,619.80</u>

GENERAL

29570	CIT	\$1,947.17
29573	Comcast	\$516.48
29575	DIRECTV	\$95.24
29579	McClatchy Company LLC	\$235.99
29583	U.S. BANK	\$1,142.58
29590	AT&T FirstNet	\$406.66
29592	Comcast	\$1,652.40
29598	JG 520 Building LLC	\$19,921.42
29603	Pacific Office Automation	\$250.33
29611	Washington Association of Sewer & Water	\$380.00
29612	Water & Sewer Risk Management Project	\$146,505.00
29615	Auburn Area Chamber of Commerce	\$300.00
29617	Daily Journal of Commerce	\$120.05
29620	Lakemont Business Services Inc.	\$230.00
29621	McClatchy Company LLC	\$235.99
29627	Access Telephone Solutions, Inc.	\$1,193.39
29628	Bellevue Chamber of Commerce	\$550.00
29630	Comcast	\$1,678.68
29634	JG 520 Building LLC	\$19,921.42
29635	Lakemont Business Services Inc.	\$210.00
29642	U.S. BANK	\$14,038.43
29643	Utilities Underground Location Center	\$18.06
29649	CIT	\$1,947.17
29651	DIRECTV	\$95.24
29658	Techniart C S D	\$480.70
29672	Water & Wastewater Leadership Center	\$13,950.00
29673	Working Spaces Project	\$438.20
29675	American Water Works Association	\$4,253.00
29677	AT&T FirstNet	\$406.66
29678	Code Publishing Co.	\$697.08
29680	Comcast	\$526.48
29681	Comcast	\$550.77
29683	Covington Water District	\$46.50
29686	Greater Issaquah Chamber of Commerce	\$330.00
29688	JG 520 Building LLC	\$19,921.42
29690	Pacific Office Automation	\$262.85
29697	Utilities Underground Location Center	\$16.77
29698	Washington State Department of Revenue	\$753.91
29702	CIT	\$1,947.17
29703	Comcast	\$1,704.95
29708	Greater Kirkland Chamber of Commerce	\$400.00
29712	Seattle Southside Chamber of Commerce	\$315.00
29713	U.S. BANK	\$8,106.05
29715	Verizon Wireless	\$225.05
		<u>\$268,924.26</u>

CONSTRUCTION

29567	HDR	\$3,469.40
29568	Source Electric	\$153,394.10
29569	Vanir Construction Management Inc.	\$2,349.00
29586	ProcureIT USA	\$2,015.52
29613	RH2 Engineering, Inc.	\$2,769.81
29614	Vanir Construction Management Inc.	\$8,609.99
29648	Source Electric	\$55,623.19
29660	Vanir Construction Management Inc.	\$2,789.28
29674	RH2 Engineering, Inc.	\$2,961.82
29699	HDR	\$344.92
29700	Source Electric	\$96,337.26
		<u>\$330,664.29</u>

COMPUTER EQUIPMENT AND SOFTWARE

29601	Nearmap US Inc.	\$6,800.00
		<u>\$6,800.00</u>

LAKE TAPPS

29574	Department of Ecology	\$682.00
29576	Honey Bucket	\$150.50
29577	Johansen Construction Company, Inc.	\$135,922.95
29578	Linde Gas & Equipment Inc.	\$268.17
29580	Sunbelt Rentals	\$3,702.18
29585	Veolia Water North America	\$198,415.92
29594	Department of Ecology	\$3,241.48
29599	Linde Gas & Equipment Inc.	\$3.03
29600	National Barricade Company, LLC	\$59.73
29602	Pace Engineers, Inc.	\$2,386.25
29610	United Rentals Northwest, Inc.	\$2,564.89
29616	Corliss Resources	\$121.44
29623	Power Pak	\$740.62
29626	Skid Pro Attachments	\$497.50
29631	Department of Ecology	\$1,208.00
29638	Pace Engineers, Inc.	\$773.38
29639	Puyallup Tribal Fisheries	\$1,800.00
29640	Sunbelt Rentals	\$7,246.06
29645	Department of Ecology	\$50.00
29646	Department of Ecology	\$50.00
29647	Department of Ecology	\$50.00
29653	Johansen Construction Company, Inc.	\$58,452.79
29657	Sunbelt Rentals	\$7,839.97
29659	Veolia Water North America	\$171,235.23
29664	Cintas Corporation	\$51.81
29689	Linde Gas & Equipment Inc.	\$279.09
		<u>\$597,792.99</u>

CONSERVATION

29571	City of Seattle	\$2,875.00
29572	Colehour and Cohen	\$10,222.89
29581	Sustainability Ambassadors	\$9,591.00
29604	Puget Sound Energy	\$12,179.50
29609	Techniart C S D	\$665.02
29625	Tilth Alliance	\$5,201.50
29629	Colehour and Cohen	\$4,790.29
29637	Nature Vision, Inc.	\$7,984.55
29641	Sustainability Ambassadors	\$7,533.00
29654	Lake Washington School District	\$2,000.00
29656	Puget Sound Energy	\$9,054.00
29665	City of Seattle	\$2,875.00
29679	Colehour and Cohen	\$4,484.61
29684	David F. McGrath	\$3,600.00
29692	Tilth Alliance	\$1,657.86
29694	Sustainability Ambassadors	\$4,161.25
29695	Techniart C S D	\$385.55
29710	Nature Vision, Inc.	\$19,294.35
29711	SMC Consulting LLC	\$1,725.00
		<u>\$110,280.37</u>

DESTROYED AND VOIDED CHECKS:

Total Warrants	\$2,059,028.81
Total Wires	\$2,300,295.00
Total warrants/wire transfers authorized for January 2022	<u>\$4,359,323.81</u>

Approved: _____ Date: _____

Edward Cebon, Chief Economist/Treasurer

Approved: _____ Date: _____

Angela Birney, Secretary/Treasurer

**Cascade Water Alliance
Monthly Treasurer's Report
December 2021**

	Operating Fund	Construction Fund	Bond Fund	RCFC Fund	Water Supply Development Fund	Rate Stabilization Fund	US Bank Payroll Account	All Funds
Beginning Balances, December 1	\$ 16,062,416	\$ 6,395,258	\$ 12,528,004	\$ 7,212,438	\$ -	\$ 2,134,715	\$ -	\$ 44,332,832
Additions:								
Cash received	\$ 1,797,510	\$ 2,728	\$ 4,420	\$ 2,888	\$ -	\$ 910	\$ -	\$ 1,808,455
Transfers from other Cascade funds	\$ 149,086	\$ 11,205,517	\$ 165,877	\$ -	\$ 5,000,000	\$ -	\$ 123,628	\$ 16,644,108
Total additions	\$ 1,946,596	\$ 11,208,245	\$ 170,297	\$ 2,888	\$ 5,000,000	\$ 910	\$ 123,628	\$ 18,452,564
Subtractions:								
Bank fees, payroll, and bond payments	\$ 398	\$ 146	\$ 606	\$ 155	\$ -	\$ 49	\$ 123,628	\$ 124,981
Warrants paid	\$ 922,142	\$ 172,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,094,749
Wire and other electronic payments	\$ 1,281,113	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,281,113
King Co. Investment Pool impairment (realized)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
King Co. Investment Pool impairment (retained)	\$ (1,400)	\$ (705)	\$ (374)	\$ (291)	\$ -	\$ (193)	\$ -	\$ (2,962)
Transfers to other Cascade funds	\$ 9,279,851	\$ 149,086	\$ -	\$ 7,215,171	\$ -	\$ -	\$ -	\$ 16,644,108
Total subtractions	\$ 11,482,103	\$ 321,136	\$ 232	\$ 7,215,035	\$ -	\$ (144)	\$ 123,628	\$ 19,141,990
Ending Balances, December 31, 2021	\$ 6,526,910	\$ 17,282,368	\$ 12,698,069	\$ 291	\$ 5,000,000	\$ 2,135,768	\$ -	\$ 43,643,405



Date: January 10, 2022

To: Ray Hoffman, Chief Executive Officer

From: Joe Mickelson, Operations Manager

Re: Declaration of Emergency – Landslide Remediation Near Headworks

As part of the White-River Lake Tapps Project ("Project"), Cascade Water Alliance owns and operates a series of flumes directing water from the White River at the Headworks Facility at Buckley to the Lake Tapps Reservoir. On or about January 8, 2022, following record-breaking snow and rainstorm events, a landslide occurred immediately south of the flume located between the Headworks Facility and the North River Road entrance, approximately 130-feet southeast of the Army Corps of Engineers' Bridge. The slide involves an area approximately 25-feet wide, the top of the slide having eroded four feet of a 17-foot-wide graveled access road and leading down 40-feet to the edge of the flume.

The access road has been closed off for use by vehicular traffic due to the narrowed width and sandbags have been installed to divert water from the slide area. However, slope stabilization measures must be installed to prevent further erosion and slides, to remediate the slide area, and to restore the road for use. In consultation with Cascade's on-call geotechnical engineer, it was further determined that an additional portion of roadway, located northwest of the slide area, is at high risk of landslide should measures to remediate the slope and provide additional drainage diversion are not taken immediately. Finally, significant debris fell into the flume and must be removed to avoid excess sediment build-up that could prevent Cascade's ability to divert water.

To prevent further loss of Cascade's property from additional slides, including additional portions of the access road and the flume below, the slide area must be stabilized and reinforced immediately. Additionally, to ensure continued functioning of the flowline, Cascade cannot delay removal of the debris from the flume.

For purposes of qualifying for an exemption from competitive bidding under CWAC 5.60.030 and for authorizing the CEO to enter into a contract for emergencies under CWAC 5.60.020, an emergency is defined as: "Unforeseen circumstances beyond Cascade's control that either: 1. Present a real, immediate threat to the proper performance of essential Cascade functions; or 2. Will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken.

The landslide above the flume was the result of major storm events, unforeseen and beyond the control of Cascade. The landslide has already resulted in damage to Cascade's property, and the continued risk

of additional slides would likely result in further damage and potential injuries. Debris within the flume poses an immediate threat to proper performance of the flowline. To prevent further slides, Cascade must hire a general contractor to implement temporary and permanent slope stabilization measures and drainage diversion at the direction of Cascade's on-call geotechnical engineers and on-call civil engineers. The general contractor will also assist by removing debris from the flume.

Therefore, I am recommending that the Chief Executive Officer declare this an emergency.

Statement of Concurrence:

For the reasons stated above, I am declaring that work necessary to remediate the recent landslide above a portion of the flume at the Project and prevent future adjacent landslides constitutes an emergency. This finding is made in accordance with Cascade Water Alliance Code, Chapter 5.60, and following the execution of any contracts made pursuant to this declaration, will be reported to the Board of Directors at its next regular meeting.



Ray Hoffman, Chief Executive Officer

January 10, 2022

Date



SPECIAL MEETING MINUTES OF THE
BOARD OF DIRECTORS
VIA ZOOM
NOVEMBER 17, 2021

1. CALL TO ORDER

At 4:04 p.m., Chair Stokes called the meeting to order. Board Members confirmed that they received the meeting materials and could hear the speakers clearly.

2. ROLL CALL

Board Members Present: the City of Bellevue (Stokes), the City of Issaquah (Pauly), the City of Kirkland (Sweet), the City of Redmond (Birney), City of Tukwila (Ekberg), Sammamish Plateau Water & Sewer District (Warren), and Skyway Water and Sewer District (Ault¹)

Board Alternates Present: the City of Bellevue (Lee), the City of Redmond (Anderson), and Sammamish Plateau Water & Sewer District (Hooshangi)

3. PUBLIC COMMENT

Tom Meling
1307 E Beaver Lake Drive
Sammamish, WA

Mr. Meling called attention to the Bellevue City Council staff recommendation to immediately commit funds to the Lake Tapps option. He said that pulling funds from Cascade's reserve fund is not prudent.

4. EXECUTIVE SESSION

None.

5. APPROVAL OF AGENDA

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

6. CHIEF EXECUTIVE OFFICER'S REPORT

Ray Hoffman, Cascade Chief Executive Officer, reviewed the Declaration of Emergency at the powerhouse plunge pool and his authority to declare this as an emergency.

7. CONSENT ITEMS

A. Board Meeting Minutes for November 17, 2021.

¹ Joined at 4:09 p.m.

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

8. OTHER ACTION ITEMS

- A. Motion to adopt: (1) Resolution 2021-10, Establishing the Water Supply Development Fund and Amending Cascade Water Alliance Code 5.10.020 and 5.20.040; (2) Resolution 2021-11, Amending Chapter 5.05 Cascade Water Alliance Code, Fiscal Policies; (3) Resolution 2021-12, Amending the Cascade Funds Management Matrix in CWAC 5.65.040; (4) Resolution 2021-13, Amending the Amended 2021-2022 Budget to Transfer Funds into the Water Supply Development Fund; and (5) Resolution 2021-14, Regarding Application to the King County Pool Plus Investment Program for the Water Supply Development Fund.

Motion by Ms. Sweet and second by Ms. Birney to adopt (1) Resolution 2021-10, Establishing the Water Supply Development Fund and Amending Cascade Water Alliance Code 5.10.020 and 5.20.040; (2) Resolution 2021-11, Amending Chapter 5.05 Cascade Water Alliance Code, Fiscal Policies; (3) Resolution 2021-12, Amending the Cascade Funds Management Matrix in CWAC 5.65.040; (4) Resolution 2021-13, Amending the Amended 2021-2022 Budget to Transfer Funds into the Water Supply Development Fund; and (5) Resolution 2021-14, Regarding Application to the King County Pool Plus Investment Program for the Water Supply Development Fund.

Staff responded to various questions from Board Members.

At the question, motion carried unanimously (7-0).

Board Members discussed the possibility for urging their administration teams to surplus block water.

9. STAFF PRESENTATIONS

None.

10. COMMITTEE REPORTS

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

11. NEW BUSINESS

None.

12. NEXT REGULAR MEETING

The next regular Board meeting will be held on December 15, 2021 at 3:30 p.m. via Zoom.

Motion by Ms. Birney and second by Ms. Sweet to cancel the December 15, 2021, Cascade Water Alliance Board meeting. Motion carried unanimously (7-0).

Motion by Ms. Birney and second by Ms. Sweet to cancel the December Cascade Water Alliance Finance & Management Committee meeting. Motion carried unanimously (7-0).

13. ADJOURN

The meeting adjourned at 4:33 p.m.

APPROVED BY:

John Stokes, Chair

Penny Sweet, Vice-Chair

AGENDA MEMORANDUM

SUBJECT

Motion to authorize the Chief Executive Officer to execute various 2022 Cascade sponsorship agreements for a combined total not to exceed \$25,000 (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 budget has allocated funds to cover these sponsorships. The resolution indicates that any sponsorship over \$1,000 requires Board authorization. This proposal is for \$25,000 and is supported by the Chief Executive Officer and the Public Affairs Committee. It is within the budgeted amount for 2022.

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 2022:

Events	Area	Date	Est. Cost	Booth	Est. Value
Bellevue Family 4 th	Bellevue	7/4	\$3,000	YES	\$5,500
Issaquah Salmon Days	Issaquah	10/1-2	\$3,500	YES	\$6,000
Kirkland Concert Series	Kirkland	July/Aug	\$2,500	YES	\$2,500
Redmond Derby Days	Redmond	7/8-9	\$2,500	YES	\$3,000
Sammamish Party on the Plateau	Sammamish	TBD	\$1,000	YES	\$1,200
Skyway Health and Wellness Fair	Skyway	TBD	\$500	YES	\$1,000
Tukwila Backyard Wildlife Festival	Tukwila	TBD	\$500	YES	\$500
Tukwila See You in the Park	Tukwila	TBD	\$500	YES	\$500
WA Environmental Council Gala	Regional	TBD	\$2,500	NO	\$2,500
Leadership Eastside Mayors Lunch	Eastside	TBD	\$2,500	NO	\$2,500
Bonney Lake Days	Lake Tapps	TBD	\$2,500	NO	\$2,500
Beautify Bonney Lake	Lake Tapps	TBD	\$500	NO	\$500
Bonney Lake Chamber Triathlon	Lake Tapps	TBD	\$500	NO	\$500

Water Wise Events (conservation budget)

NW Flower & Garden Show	Regional	2/9-13	\$0	YES	N/A
Bellevue Farmers' Market	Bellevue	TBD	\$0	YES	N/A
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

Total \$22,500 \$28,700

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	2022 Budget	Spent or Committed to Date	Available 2022 Budget	This Action	2022 Remaining Balance
Sponsorships	\$30,000	\$0	\$30,000	\$25,000	\$5,000

For its \$25,000 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 2022 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 2022. Funds are also reserved for other opportunities that may arise during 2022 and those will be presented separately.

OPTIONS

1. Authorize the Chief Executive Officer to execute various 2022 Cascade sponsorship agreements for a combined total not to exceed \$25,000 (as shown in the events listed in this Agenda Memo).

2. Do not authorize the Chief Executive Officer to execute various 2022 Cascade sponsorship agreements and provide alternate direction to staff.

RECOMMENDED ACTION

Authorize the Chief Executive Officer to execute various 2022 Cascade sponsorship agreements for a combined total amount not to exceed \$25,000 (as shown in the events listed in this Agenda Memo).

ATTACHMENTS

None.

DRAFT MEMORANDUM

DATE: January 18, 2022
TO: **Cascade Member Agencies**
FROM: **Ed Cebron**, Chief Economist/Treasurer
Paula Anderson, Program and Policy Assistant
SUBJECT: **DRAFT Reconciliation of 2022 Member Charges**

For the 2021/2022 biennium, the Cascade Board adopted two years of member charges to provide Members with greater budget predictability. The Board has also adopted a reconciliation methodology to be applied to the second year of the biennium, providing true-up amounts that would then be applied (paid or collected) in fiscal year 2023 as adjustments to that year's charges.

Cascade has now received all data needed to determine 2020 demands and year-end customer counts, and with that can determine actual charges for 2022 based on those results. This memorandum summarizes the reconciliation of adopted and actual charges for each Member and determines the true-up amounts to be applicable in 2023.

Purpose: This draft memorandum provides documentation of the data and calculations used to determine member charges for 2022 and resulting 2023 true-up amounts. It is intended to allow Member review and comment as well as evaluation of source data which they provided that supports this determination.

Brief Summary of Significant Changes

For the 2022 true-up, there have been several items that modify the reporting and results, including:

- 1) 2020 wholesale consumption was down substantially from 2019 and 2018 consumption. The 2020 total consumption was down 6% from the 3-year rolling average, and peak season demand down nearly 10%, a combination of summer weather and COVID-induced demand impacts.
- 2) The Issaquah temporary water contract is now in effect, although neither water deliveries nor revenues have begun as of September 2021. Revenues from this contract will be based on the modified demand shares contractually called for as the basis for billing. We will report the temporary water sales revenues separately from ongoing regular use of Cascade water, and the appendix will be modified to document both regular and temporary purchases for Issaquah.
- 3) While not yet incorporated into this report on past usage, we will begin separating Redmond's reporting between its two distinct water enterprises, City and Novelty Hill, for future documentation and will be reporting all metrics and charges applicable distinctly to each. This change has no impact on any Member's total charges, but simply provides a breakdown of Redmond's charges to the two systems.

Cascade Revenue Structure

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

- **Administrative Dues** are based on budgeted administrative costs for 2022 and actual CERU counts as of January 1st of 2021. For 2022, estimated CERU counts were based on CERU counts as of January 1, 2020 plus assumed member CERU growth for 2020. Cascade now has actual CERU counts reported by Members, which incorporate 2020 growth. Members pay Administrative Dues based on the number of CERUs that they serve. The contractual limit on administrative dues is 9% of total revenue requirements. For 2022, the charge falls below this limit at 8.58%.
- **Conservation Charges** are also based on CERU counts. The 2022 Conservation Charge reflects the budgeted conservation program.

- **Demand Share Charges** are based on a rolling three-year demand history. For 2022, the adopted charges reflected an average that includes estimated member demands for 2020. Actual 2020 demands are now substituted to determine actual 2022 demand shares and resulting charges. Based on Board action, minimum demand shares are assigned for two agencies, Sammamish Plateau and Issaquah, and are applied in lieu of actual history if they exceed the related calculated value. For 2022, both agencies exceed the adopted minimum demand shares based on their usage history. Demand Share Charges account for the majority (roughly 85% to 90%) of Cascade's rate revenue and are solely based on actual historical data.
- **Regional Capital Facilities Charges (RCFCs)** are charged based on reported growth in customer base. RCFCs are relatively volatile and are not relied on for Cascade operations. Instead, they are deposited into a separate RCFC fund, from which transfers are made to support debt service and to fund capital projects. Beginning in 2021, all RCFC revenues are directed to the construction fund. This summary does not project RCFCs or establish payment obligations in advance of actual growth. While Cascade budgets and plans based on expected connections, members are not obligated to pay RCFCs except as growth actually occurs.

Cascade Equivalent Residential Units (CERUs)

Discussed in the Cascade JMUSA and the RCFC Methodology, the CERU is one of the key metrics that Cascade uses to allocate costs to its Members. Per Table 1 of the RCFC Methodology, CERU counts are based on an inventory of water meters and flow equivalency factors established by the American Water Works Association. The 2022 charges are based on the estimated CERU count at the end of 2020. **Table 1** summarizes the actual CERU count reported and compares this to the prior estimate used to determine adopted charges.:

Table 1: CERU Calculations for 2022 Charges

Water Meter Size	Number of CERUs	Water Meter Counts as of 12/31/20 *						
		Bellevue	Issaquah	Kirkland	Redmond	SP Water	Skyway WD	Tukwila
3/4" [incl. 5/8x3/4"]	1.0	32,908	6,846	11,092	15,733	17,428	3,238	1,390
1"	2.5	3,767	1,019	1,036	847	520	103	291
1.5"	5.0	2,187	460	545	1,293	774	38	326
2"	8.0	991	318	319	633	138	9	185
3"	16.0	196	41	51	72	26	8	39
4"	25.0	100	14	18	70	6	0	27
6"	50.0	36	3	0	11	0	0	18
8"	80.0	6	0	0	4	0	0	8
10"	115.0	1	0	0	0	0	0	3
Total Number of Meters		40,192	8,701	13,061	18,663	18,892	3,396	2,287
Total Number of 2021 CERUs		69,219.5	15,393.5	20,225.0	33,151.5	24,268.0	3,885.5	8,411.5
Prior (Budget) Estimate of 2021 CERUs		69,144.5	15,384.0	20,204.5	33,083.5	24,301.5	3,889.5	8,397.5

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

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

- Section 2.2 of the RCFC Methodology explicitly states that fire sprinkler and exempt/deduct meters are not counted as CERUs because they do not increase system demand. When reported as such by members, dedicated fire meters are excluded from the CERU calculation.
- Section 2.3 requires Members to report total connected CERUs to Cascade on a quarterly basis for the purpose of collecting RCFCs, an administrative practice that has transitioned to monthly reporting of net additions or deletions of meters. Meters that are not actually connected to the water system are not counted as CERUs for administrative dues or conservation charges, even if RCFCs have been paid. Meters that are connected are counted as CERUs whether or not the account is active at the time of inventory.
- Some Members report combined domestic/fire meters for single family residences. These meters are generally 1-inch or 1.5 inch meters that were oversized from 3/4-inch meters to provide fire flow capacity. When members report combined residential domestic/fire meters, they are defined by CERU methodology to be based on an equivalent domestic meter requirement excluding fire sprinkler load. Absent specific documentation from the member, they have been included in **Table 1** based on the assumption that each such meter is oversized one incremental size to support fire flow. Note that members are requested to report both actual and equivalent sizes. RCFCs are imposed based on the equivalent factor.

Administrative Dues

Administrative Dues are imposed on Members to recover the various administrative costs that Cascade incurs in its day-to-day operations – examples of relevant expenses include salaries and benefits of administrative personnel, office space rental, and public process. Members pay Administrative Dues annually according to the number of reported Cascade Equivalent Residential Units (CERUs) for the prior completed fiscal year at time of budgeting. Thus, for 2022 rates, a year-end 2020 CERU count is applicable. In the event of new members or service area additions or subtractions, the actual counts would be further adjusted to reflect those transactions.

The Administrative Dues rate is generally derived for a given year by dividing that year's projected administrative expenses by the total number of CERUs for Cascade members (see Table 1). Cascade policy constrains the amount that Cascade can collect in Administrative Dues – annual collections are limited to nine percent (9.0%) of the Member Charge revenue requirement. **Table 2** shows the derivation of the 2022 adopted and actual Administrative Dues rates:

Table 2: Derivation of 2022 Administrative Dues

Administrative Dues Rate Calculation	Budget 2022
Projected Administrative Expenses:	
Wages	\$ 1,391,826
Professional services	\$ 705,900
Goods & services	\$ 749,312
Legal Services	\$ 760,000
Equipment	\$ 35,000
Travel	\$ 12,000
Miscellaneous	\$ 11,000
Contingency	\$ 266,298
Provision for TSP Accrual	\$ (190,000)
Total	\$ 3,741,336
<i>as % of revenue requirement</i>	<i>8.58%</i>
Administrative Dues Revenue Cap	\$ 3,923,341
Applicable CERU Count	174,555
<i>Administrative Cost per CERU</i>	\$ 21.43
Administrative Dues Rate per CERU	\$ 21.43

Table 3 shows the adopted and actual 2022 Administrative Dues payment for each Member:

Table 3: 2022 Administrative Dues Payments by Member

Administrative Dues	Budget 2022	Actual 2022
Bellevue	\$ 1,483,288	\$ 1,483,625
Issaquah	\$ 330,018	\$ 329,939
Kirkland	\$ 433,427	\$ 433,495
Redmond	\$ 709,707	\$ 710,557
Sammamish Plateau Water	\$ 521,316	\$ 520,151
Skyway WSD	\$ 83,438	\$ 83,280
Tukwila	\$ 180,143	\$ 180,289
Total	\$ 3,741,337	\$ 3,741,336

Conservation Charges

Conservation Charges were introduced in 2005 as a means of recovering the costs of Cascade's conservation program. Like Administrative Dues, Conservation Charges are imposed on Members on a CERU basis. **Table 4** shows the derivation of the Conservation Charge for 2022:

Table 4: Derivation of 2022 Conservation Charges

<u>Conservation Charge Rate Calculation</u>	Budget 2022
Projected Conservation Expenses:	
Wages	\$ 215,374
Goods & services	\$ 372,000
Rebates	\$ 75,000
Professional Services	\$ 82,500
Legal Services	\$ -
Total	\$ 744,874
Applicable CERU Count	174,555
Conservation Charge per CERU	\$ 4.27

Table 5 shows the adopted and actual 2022 Conservation Charge payments for each Member:

Table 5: 2022 Conservation Charge Payments by Member

<u>Conservation Charges</u>	Budget 2022	Actual 2022
Bellevue	\$ 295,379	\$ 295,379
Issaquah	\$ 65,688	\$ 65,688
Kirkland	\$ 86,306	\$ 86,306
Redmond	\$ 141,467	\$ 141,467
Sammamish Plateau Water	\$ 103,559	\$ 103,559
Skyway WSD	\$ 16,581	\$ 16,581
Tukwila	\$ 35,894	\$ 35,894
Total	\$ 744,874	\$ 744,874

Demand Share Charges

The Demand Share Charge recovers costs that are not otherwise recovered through the other Member Charges or other sources of revenue, and is computed by dividing the Demand Share cost basis by the number of Demand Shares. A member's Demand Share in a given year is based on a three-year rolling average – the 2022 calculations are based on data from 2018–2020 as the three most recently completed years. Each member's Demand Share is initially established as the greater of:

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

Two agencies have minimum demand shares assigned based on Board action: Sammamish Plateau at 1.0 mgd and Issaquah at 0.75 mgd. For those agencies, the greater of the minimum or calculated demand share is applied.

Table 6 provides a summary of estimated and actual water demands for 2020. It summarizes total annual, peak season, and peak month demands. The peak month demands are purely informational, and are not used to determine Cascade charges.

In developing this summary, transfers among members are recognized as adjustments. Also, metered deliveries from Seattle are typically based on meter reads occurring near the 20th of each month. Peak season usage for June through September is pro-rated based on days contained in each month to estimate actual usage within the four month period. For example, a bill based on a June 20 meter read that follows a May 20 meter read would be allocated 11/31 to May and 20/31 to June. This is primarily relevant for the June 1 and September 30 endpoints of the peak summer season used to determine demand shares. Other member reports of production and transfers are assumed to be reported on a calendar month basis and are not adjusted, unless otherwise documented by the member. Peak month usage is informational only and is simply the highest reported month of system demand.

The reported volumes for delivery of water to the Rose Hill area serving Kirkland, Redmond and Bellevue are originally reported from Seattle to Cascade as Kirkland volume, and then allocated among users based on member-provided allocation. In that allocation, reported volumes were adjusted by the members to conform to Seattle meter reads.

Table 6: Summary of Estimated and Actual 2020 Member Wholesale Demands

Annual Water Demand		est. 2020	Actual 2020	est. 2020	Actual 2020
1	Bellevue	7,166,603	6,829,170	14.64	14.00
3	Issaquah	626,958	580,905	1.35	1.19
4	Kirkland	1,891,615	1,869,228	3.88	3.83
5	Redmond	2,153,860	1,895,232	4.45	3.88
6	Sammamish Plateau Water	489,305	551,581	1.00	1.13
7	Skyway WSD	165,197	168,313	0.34	0.34
8	Tukwila	915,399	796,917	1.96	1.63
Total		13,408,937	12,691,346	27.5	26.01

Peak Season Water Demand		est. 2020	Actual 2020	est. 2020	Actual 2020
1	Bellevue	3,230,281	3,003,944	19.69	18.42
3	Issaquah	290,301	255,499	1.92	1.57
4	Kirkland	860,592	848,608	5.35	5.20
5	Redmond	1,105,308	897,805	6.77	5.50
6	Sammamish Plateau Water	163,102	188,584	1.21	1.16
7	Skyway WSD	65,816	62,100	0.41	0.38
8	Tukwila	400,838	343,087	2.58	2.10
Total		6,116,238	5,599,626	37.9	34.33

Peak Month Water Demand		est. 2020	Actual 2020	est. 2020	Actual 2020
1	Bellevue	922,416	861,143	22.26	20.78
3	Issaquah	84,153	86,367	2.03	2.08
4	Kirkland	254,726	243,789	6.15	5.88
5	Redmond	314,834	284,658	7.60	6.87
6	Sammamish Plateau Water	41,444	55,281	1.00	1.33
7	Skyway WSD	17,819	16,548	0.43	0.40
8	Tukwila	111,350	98,938	2.69	2.39
Total		1,746,742	1,646,723	42.1	39.73

Table 7 summarizes the estimated and actual 2022 Demand Share calculations:

Table 7: 2022 Demand Share Calculations

Member	2022 Budget Estimate		2022 Actual	
	Demand Share	% of Total	Demand Share	% of Total
Bellevue	19.5130	52.6%	19.0504	52.9%
Issaquah	1.6488	4.4%	1.5777	4.4%
Kirkland	5.1940	14.0%	5.1695	14.4%
Redmond	6.5728	17.7%	6.1488	17.1%
Sammamish Plateau Water	1.2917	3.5%	1.3438	3.7%
Skyway WSD	0.4038	1.1%	0.3962	1.1%
Tukwila	2.4545	6.6%	2.3365	6.5%
Total	37.0786	100.0%	36.0228	100.0%

Table 8 shows the adopted and actual Demand Share Charge calculation for 2022:

Table 8: 2022 Demand Share Charge

Demand Share Charge Calculation	Budget 2022	Actual 2022
Total Prior-Year Member Charge Revenue Excluding RCFCs	\$42,654,283	\$42,654,283
Planned Member Charge Revenue Adjustment	2.20%	2.20%
Projected Member Charge Revenue	\$43,592,677	\$43,592,677
Less: Projected Administrative Dues	\$ (3,741,337)	\$ (3,741,336)
Less: Projected Conservation Charges	\$ (744,874)	\$ (744,874)
Demand Share Cost Basis	\$39,106,466	\$39,106,467
Projected Demand Share Basis	37.0786	36.0228
Demand Share Charge	\$1,054,691	\$1,085,603
Corresponding Charge Per Demand Share %	\$391,065	\$391,065

Table 9 shows the adopted and actual 2022 Demand Share Charge payments for each Member.

Table 9: 2022 Demand Share Charges By Member

Demand Share Charges	Budget 2022 Demand Share Payment	Actual 2022 Demand Share Payment
Bellevue	\$ 20,580,180	\$ 20,681,210
Issaquah	\$ 1,738,960	\$ 1,712,713
Kirkland	\$ 5,478,039	\$ 5,612,007
Redmond	\$ 6,932,311	\$ 6,675,112
Sammamish Plateau Water	\$ 1,362,345	\$ 1,458,812
Skyway WSD	\$ 425,914	\$ 430,151
Tukwila	\$ 2,588,718	\$ 2,536,462
Total	\$ 39,106,467	\$ 39,106,467

Total Member Charges

Table 10 summarizes the total adopted and actual 2022 Member Charges for each Member. It also provides the net true-up amount due to or from each Member.

Table 10: Summary of 2022 Member Charge True-Up

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

2022 Actual Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	Total	Increase (Decrease) Over Adopted 2022 Charges	2021 True-up (to be applied in 2023)
Bellevue	\$ 1,483,288	\$ 295,379	\$ 20,681,210	\$ 22,459,877	0.45%	\$ 101,097
Issaquah	\$ 330,018	\$ 65,688	\$ 1,712,713	\$ 2,108,419	-1.23%	\$ (26,263)
Kirkland	\$ 433,427	\$ 86,306	\$ 5,612,007	\$ 6,131,740	2.23%	\$ 133,982
Redmond	\$ 709,707	\$ 141,467	\$ 6,675,112	\$ 7,526,286	-3.30%	\$ (257,030)
Sammamish Plateau Water	\$ 521,316	\$ 103,559	\$ 1,458,812	\$ 2,083,687	4.84%	\$ 96,236
Skyway Water & Sewer District	\$ 83,438	\$ 16,581	\$ 430,151	\$ 530,170	0.80%	\$ 4,206
Tukwila	\$ 180,143	\$ 35,894	\$ 2,536,462	\$ 2,752,499	-1.86%	\$ (52,227)
Total	\$ 3,741,337	\$ 744,874	\$ 39,106,467	\$ 43,592,678	0.00%	\$ 1

The true-up amounts shown will be applied as adjustments to 2023 Member charges.

APPENDIX A – MEMBER DEMANDS AND DEMAND SHARE CALCULATIONS

Details of Bellevue Demand Share Calculations

Bellevue Consumption Records:

2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	566,613	526,629	568,898	585,952	762,537	958,364	1,175,387	1,148,543	850,641	652,347	554,838	562,723	8,913,472
From Kirkland	573	596	663	911	1,253	2,674	4,543	8,206	6,850	6,505	5,954	5,118	43,846
To Redmond	(33,264)	(30,334)	(35,272)	(36,346)	(54,902)	(65,643)	(91,643)	(93,071)	(53,404)	(39,073)	(31,367)	(31,442)	(595,761)
To SP Water	(31,955)	(25,722)	(28,325)	(33,742)	(37,745)	(48,648)	(64,326)	(85,636)	(70,392)	(41,398)	(31,352)	(46,671)	(545,912)
To Issaquah	(36,797)	(44,904)	(32,549)	(42,642)	(42,166)	(65,813)	(64,013)	(88,433)	(46,035)	(50,693)	(30,070)	(39,322)	(583,437)
Total	465,171	426,265	473,415	474,134	628,977	780,934	959,948	889,608	687,660	527,688	468,003	450,406	7,232,209

Summer	Winter
4,132,935	4,780,537
22,273	21,573
(303,761)	(292,000)
(269,003)	(276,909)
(264,294)	(319,143)
3,318,150	3,914,058

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

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

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	571,411	526,251	606,683	593,026	666,754	760,794	1,000,570	1,071,561	846,063	652,884	547,857	563,856	8,407,710
From Kirkland	643	756	762	980	1,059	1,335	2,028	2,424	1,888	1,016	831	710	14,432
To Redmond	(31,111)	(31,653)	(29,615)	(27,491)	(36,560)	(42,162)	(70,230)	(73,031)	(57,229)	(24,482)	(19,747)	(25,882)	(469,193)
To SP Water	(49,806)	(49,289)	(53,027)	(52,159)	(40,537)	(44,607)	(54,266)	(53,444)	(32,251)	(39,119)	(38,968)	(35,401)	(542,874)
To Issaquah	(31,185)	(41,680)	(33,790)	(44,855)	(37,427)	(56,742)	(55,236)	(86,367)	(57,153)	(57,523)	(33,318)	(45,629)	(580,905)
Total	459,952	404,386	491,013	469,502	553,289	618,618	822,866	861,143	701,317	532,776	456,654	457,654	6,829,170

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

2022 Demand Share	
2018 - 2020 Average Wholesale Demand (mgd):	
Annual	14.3915
Summer	19.0504
Maximum Wholesale Capacity Required	19.0504
Demand Share:	19.0504

Details of Issaquah Demand Share Calculations

Issaquah Consumption Records:

2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade BIP	32,628	29,221	27,711	28,615	35,906	43,286	54,949	55,066	38,964	29,182	25,697	25,892	427,116
From Bellevue	4,168	15,684	4,838	14,027	6,260	22,527	9,063	33,368	7,071	21,511	4,374	13,430	156,320
Total	36,797	44,904	32,549	42,642	42,166	65,813	64,013	88,433	46,035	50,693	30,070	39,322	583,437

Summer	Winter
192,265	234,852
72,029	84,291
264,294	319,143

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

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

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

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

2022 Demand Share	
2018 - 2020 Average Wholesale Demand (mgd):	
Annual	1.1756
Summer	1.5777
Maximum Wholesale Capacity Required	1.5777
 Minimum Demand Share	 0.7500
Demand Share	1.5777

Details of Kirkland Demand Share Calculations

Kirkland Consumption Records:

2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	187,422	171,907	188,403	200,732	263,168	314,222	376,594	381,980	288,041	220,297	189,149	187,767	2,969,681
To Redmond	(50,013)	(66,898)	(73,572)	(65,141)	(65,229)	(106,581)	(103,034)	(158,312)	(125,172)	(77,024)	(64,957)	(74,524)	(1,030,457)
To Bellevue	(573)	(596)	(663)	(911)	(1,253)	(2,674)	(4,543)	(8,206)	(6,850)	(6,505)	(5,954)	(5,118)	(43,846)
Total	136,836	104,413	114,168	134,680	196,686	204,967	269,017	215,462	156,019	136,768	118,238	108,125	1,895,378

Summer	Winter
1,360,837	1,608,844
(493,099)	(537,358)
(22,273)	(21,573)
845,465	1,049,913

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

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

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

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

2022 Demand Share	
2018 - 2020 Average Wholesale Demand (mgd):	
Annual	3.8479
Summer	5.1695
Maximum Wholesale Capacity Required	5.1695
Demand Share	5.1695

Details of Redmond Demand Share Calculations

Redmond Consumption Records:

2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	20,571	18,713	21,198	21,182	36,812	64,394	105,576	117,296	64,337	23,004	20,498	22,938	536,520
From Bellevue	33,264	30,334	35,272	36,346	54,902	65,643	91,643	93,071	53,404	39,073	31,367	31,442	595,761
From Kirkland	50,013	66,898	73,572	65,141	65,229	106,581	103,034	158,312	125,172	77,024	64,957	74,524	1,030,457
To SP Water	(110)	(259)	(578)	(46)	(122)	(1,144)	(7,090)	(3,460)	(1,937)	(36)	(170)	(281)	(15,233)
Total	103,738	115,686	129,464	122,623	156,821	235,474	293,163	365,219	240,976	139,065	116,652	128,623	2,147,505

Summer	Winter
351,604	184,917
303,761	292,000
493,099	537,358
(13,631)	(1,602)
1,134,833	1,012,673

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	24,380	19,512	23,496	29,615	47,729	76,882	98,250	89,690	52,489	28,515	22,631	22,306	535,495
From Bellevue	29,797	31,650	35,935	34,149	57,928	65,701	69,480	71,975	51,049	37,742	32,946	30,396	548,748
From Kirkland	58,949	60,445	72,546	70,336	83,725	104,879	105,920	107,801	84,472	72,572	75,676	64,781	962,102
To SP Water	(167)	(56)	(22)	(863)	(1,493)	(489)	(704)	(753)	(663)	(1,231)	(1,702)	(1,575)	(9,718)
Total	112,959	111,551	131,955	133,237	187,889	246,973	272,946	268,713	187,347	137,598	129,551	115,908	2,036,627

Summer	Winter
317,311	218,184
258,205	290,543
403,072	559,030
(2,609)	(7,109)
975,979	1,060,648

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	20,928	19,875	23,115	24,253	28,349	35,194	69,789	93,813	61,756	29,386	23,038	23,813	453,307
From Bellevue	31,111	31,653	29,615	27,491	36,560	42,162	70,230	73,031	57,229	24,482	19,747	25,882	469,193
From Kirkland	70,137	67,338	75,304	75,939	88,571	76,927	118,323	119,651	83,716	77,719	60,904	66,910	981,439
To SP Water	(343)	(204)	(380)	(457)	(1,620)	(427)	(740)	(1,837)	(1,012)	(118)	(231)	(1,338)	(8,707)
Total	121,833	118,662	127,654	127,226	151,860	153,856	257,602	284,658	201,689	131,469	103,458	115,267	1,895,232

Summer	Winter
260,552	192,755
242,652	226,541
398,617	582,822
(4,016)	(4,691)
897,805	997,427

2022 Demand Share	
2018 - 2020 Average Wholesale Demand (mgd):	
Annual	4.1528
Summer	6.1488
Maximum Wholesale Capacity Required	6.1488
Demand Share	6.1488

Details of Sammamish Plateau Water Demand Share Calculations

Sammamish Plateau Water Consumption Records:

2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade BIP	31,955	25,722	28,325	33,742	37,745	48,648	64,326	85,636	70,392	41,398	31,352	46,671	545,912
From Redmond	110	259	578	46	122	1,144	7,090	3,460	1,937	36	170	281	15,233
Total	32,065	25,981	28,903	33,788	37,867	49,792	71,416	89,096	72,329	41,434	31,522	46,952	561,145

Summer	Winter
269,003	276,909
13,631	1,602
282,634	278,511

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

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

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

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

2022 Demand Share	
2018 - 2020 Average Wholesale Demand (mgd):	
Annual	1.1022
Summer	1.3438
Maximum Wholesale Capacity Required	1.3438
Minimum Demand Share	1.0000
Demand Share	1.3438

Details of Skyway WSD Demand Share Calculations

Skyway WSD Consumption Records:

2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	11,906	10,562	12,176	11,171	13,803	16,065	18,020	17,954	14,582	12,924	12,094	12,774	164,032
Total	11,906	10,562	12,176	11,171	13,803	16,065	18,020	17,954	14,582	12,924	12,094	12,774	164,032

Summer	Winter
66,621	97,411
66,621	97,411

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

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

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

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

2022 Demand Share	
2018 - 2020 Average Wholesale Demand (mgd):	
Annual	0.3462
Summer	0.3962
Maximum Wholesale Capacity Required	0.3962
Demand Share	0.3962

Details of Tukwila Demand Share Calculations

Tukwila Consumption Records:

2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	69,970	65,572	69,857	66,254	69,461	92,445	111,802	116,336	94,333	74,085	63,028	62,281	955,426
Total	69,970	65,572	69,857	66,254	69,461	92,445	111,802	116,336	94,333	74,085	63,028	62,281	955,426

Summer	Winter
414,916	540,510
414,916	540,510

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

Summer	Winter
385,235	505,139
385,235	505,139

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

Summer	Winter
343,087	453,830
343,087	453,830

2022 Demand Share	
2018 - 2020 Average Wholesale Demand (mgd):	
Annual	1.8053
Summer	2.3365
Maximum Wholesale Capacity Required	2.3365
Demand Share	2.3365



DRAFT MEMORANDUM

DATE: January 26, 2022
TO: Cascade Board of Directors
FROM: Ray Hoffman, CEO
Ed Cebron, Chief Economist/Treasurer
SUBJECT: Potential Sales Related to Cascade Municipal Water Rights

Recently, several opportunities have arisen for the potential sale of Cascade water rights or water supply capacity. For simplicity, these are referred to as possible sale of a portion of the Cascade municipal water right(s) associated with the White River/Lake Tapps (WRLT) water supply system. As a currently unused resource with a planned development scheduled well into the future, these opportunities raise interesting policy questions regarding potential asset or capacity sales.

Specific interest has been raised recently by the City of Sumner regarding mitigation water for planned well development, and by the Washington Department of Ecology (DOE) for water rights to offset exempt well development in the White River basin. In both cases, quantities are relatively small, together totaling just under 0.5 cfs (about 320,000 gallons per day) out of a municipal water right of 75 cfs (annual average, about 48.5 million gallons per day), or less than 1%. Even so, sale of any quantities would ultimately reduce the supply capacity associated with the White River/Lake Tapps supply project.

This memorandum discusses several policy issues and questions related to a potential water right sale:

- 1) Should Cascade consider selling a portion of this water right? If so, is there a limit on the quantity to be considered?
- 2) How should such water rights sales be priced?
- 3) How should the revenues from such sales be used?

I. Potential Sale of a Portion of the Cascade Municipal Water Right

The policy implications of a potential water rights sale include impacts on future supply capacity, impacts on costs and revenues, and impacts on the governance structure. Embedded in the Cascade agreement structure is a consistent “most favored nation” policy that all Members are treated equally, and non-Members will not receive terms favorable to those provided to Cascade Members. This is intended to promote agencies to join Cascade to secure benefits from it, and to preserve the relative value of Cascade membership for existing Members. A clarification of the question before us might thus be: *Should Cascade sell portions of its water rights to non-Members?*

In the end, the decision to sell a portion of Cascade assets (in this case water rights) to non-members should be predicated on two outcomes:

1. *Liquidation of the asset does not materially damage Cascade, its Members, or its ability to fulfill its mission; and*
2. *Compensation received should meet or exceed the cost borne by Cascade Members for comparable benefits. (Note that, in addition to cash or notes, compensation could include non-cash elements provided that they are fairly valued.)*

Assuming that these standards are met, the advantages and disadvantages of a water rights sale can be summarized as follows:

Advantages of a Sale

- a) Current revenue source from an idle asset
- b) Minimal impact on Cascade present and future needs: the current demand forecast suggests that the water right provides capacity to serve beyond the year 2100, and this remains true even at 90% of the current water right (sale of 7.5 cfs)
- c) With a reduced municipal water right but retaining diversion rights, supply reliability increases relative to full capacity. This would allow us to divert the same amount of water into Lake Tapps, but we would withdraw less water in total for municipal use.
- d) Cooperative local, regional, state and tribal relationships can provide intangible benefits now and in the future and help fulfill broader policy objectives
- e) May enable other tangible and intangible benefits associated with the sale such as relief from operational or maintenance requirements (like the RR bridge) or enhanced environmental outcomes that benefit all river users.
- f) Could offset the cost of WRLT supply development and reduce related rate impacts, especially for initial phases

Disadvantages of a Sale

- a) Reduces capacity of Cascade's primary long-term source of supply
- b) Does not necessarily reduce capital development costs, increasing unit costs of ultimate build-out (diseconomies of scale). For example, if the project cost does not decline but the supply yield is reduced by 10%, then the ultimate unit cost of supply would increase by 11%.
- c) Could create impression of excess, a potential precedent for more aggressive future attempts to take or reduce Cascade's municipal water right, deny reasonable accommodations if requested, or discount the importance of Cascade's water supply assets in decision-making processes
- d) A trend toward reducing Cascade's supply potential could be perceived as a weakened commitment that disadvantages Cascade during supply contract negotiations
- e) Sale of assets can have bond implications including a requirement to use the funds to retire outstanding bonds. Bond counsel has indicated that this is not an issue at the scale contemplated here.
- f) Reduces or removes the incentive for agencies needing supply to join Cascade if they can secure Cascade supply or water rights without joining.
- g) Could create or accelerate a (distant) future need for additional water supply due to reduced capacity of the WRLT supply system. A reduction of capacity of 2 cfs (1.3 mgd) would accelerate the supply/demand balance point by about 5 years, currently projected to occur around 2130 or later.

Staff Recommendation: *Enable limited sales of water rights and/or related capacity, with a firm aggregate limit of 2 cfs (roughly 1.3 mgd) in total sales to non-Members. This would not materially alter supply development plans in this century, while providing resources to mitigate costs of developing the supply system.*

II. Pricing of a Potential Water Rights Sale

To date, prices assigned for proposed water rights sales have been developed based on a policy embedded in the Cascade Code section 5.05.090.D:

D. Sales or Capacity Commitments to Nonmembers. Cascade may determine that it is in its best interests to enter into water contracts to supply or otherwise serve nonmember utilities or agencies. In such cases, no commitment or supply to nonmembers may offer terms that are financially favorable in comparison to those offered to members except as the Board determines that such terms are of material benefit to Cascade and its members. The Board may consider material differences in service or supply commitments in its consideration of such terms.

A dominant guiding principle during Cascade's formation was that there be "no geographic advantage or disadvantage" afforded Members due to location. This calls for a "postage stamp" approach to cost sharing: all Members (conceptually extended to all System Users) share all system costs without distinction, similar to the equal cost to mail a letter across town or across the country. While not necessarily explicitly stated in the current Code, this principle is pervasive in the financial structure defined in that Code. [A code amendment to explicitly address this could be developed.]

The consequence of the above provisions is that costs allocated to a non-Member must be at least proportionate with costs allocated to Cascade Members. Pricing for water rights transfer has been developed relying on this proportionate share approach. Proportionate shares of capital (infrastructure) costs, water rights costs, and operating costs have been developed and incorporated.

In a sense, this pricing reflects the minimum value of the resource to Cascade and its Members: the amount they are willing to spend, in aggregate, to put this resource to use. Any price less than this has two effects: it values the sale at a lower price than Cascade values the resource; and it increases the unit cost for Cascade to develop the remaining supply system.

Using this method, the 2021 value of the water right would currently be \$17.36 million per cfs, and for 2022 is estimated at about \$18.2 million after adjusting for interest and inflation. This is a price that satisfies the minimum requirements of code and policy with respect to protection of Member interests. It is worth noting that the actual transaction could include both cash and non-cash considerations that in aggregate are found to meet this threshold.

Staff Recommendation: *Excluding prior contract commitments such as mitigation water for the "four cities", do not authorize any sales of water rights and/or related capacity that provide compensation (including cash and non-cash elements) less than the calculated minimum value of the water right (currently \$18.2m per cfs) to Members. Allow non-cash consideration that has tangible and measurable benefit to Cascade as a part of such pricing.*

III. Use of Proceeds of Water Rights Sale

If a sale is allowed and executed, the proceeds of such sale would be in part a return of investment to date and in part compensation for a lost future opportunity. Such a sale could best be considered a transaction within Cascade's capital structure rather than an operating revenue. This would tend to guide potential uses toward capital uses.

The use of proceeds from a sale is somewhat constrained by bond commitments which have ties to Cascade's assets. Our bond counsel has indicated that the small scale sales being considered would not trigger a need for advance debt retirement. However, proceeds from liquidating significant assets should generally be restricted to debt retirement or capital use.

The "Shared Benefit" model just recently adopted would dictate that the proceeds would be divided evenly between contribution to the Water Supply Development Fund (WSDF) and current use by Cascade. Given the capital nature of the transaction, the most logical current

use would be payment into the Construction Fund. This could enable acceleration of key infrastructure projects, or if resulting in a surplus could ultimately result in a transfer of excess to the WSDF based on periodic review of capital needs.

An alternative approach would be to commit all proceeds to the WSDF, in effect liquidating an asset in a manner that shifts its value to the infrastructure development. This approach would lose the near-term benefit of a sale but would maximize its longer-term benefit for supply development.

Staff Recommendation: *As liquidation of an existing water supply investment, use sales proceeds as direct contributions to the Water Supply Development Fund.*



FINANCE & MANAGEMENT COMMITTEE

Penny Sweet, Chair, City of Kirkland
John Stokes, City of Bellevue
Mary Lou Pauly, City of Issaquah
Jeralee Anderson, City of Redmond
Conrad Lee, City of Bellevue

Meeting Recap Tuesday, January 18, 2022 1:30 PM – 3:00 PM

Call to Order

1. Chair Comments.
2. Executive Session.
3. Items Recommended for Action at the January 26, 2022, Board Meeting.
4. Discussion Items.

- A. Draft 2022 True-up Memo.** The 2022 true-up is based on the completed 2020 demands for the 2018-2020 3-year average and 12/31/2020 CERU counts. The true-up determines adjustments to Member charges applied in the 2023 fiscal year. We will review and discuss.

***Recap:** The adopted 2022 charges were based on estimates pending completion of the 2020 water year. The reconciliation determines how closely the adopted charges matched actual allocated costs. The differences are used to true-up member charges through adjustments applied in 2023. We reviewed the draft findings and basis for this reconciliation. Following a briefing to the Board, these adjustments will be incorporated into the 2023 member charges adopted by the Board later this year.*

- B. Water Rights Sales Policy.** This item is a return to the topic of potential water rights sales to Sumner and the Department of Ecology. As Cascade considers potential sales of small quantities of Lake Tapps Reservoir water rights, this paper outlines a potential policy structure to guide staff in such negotiations. For discussion and direction.

***Recap:** The general principles of the policy paper were reviewed, and the key questions were reviewed regarding whether Cascade should sell any of its water rights; what price is appropriate; and how any resulting revenues would be used. The committee generally concurred with staff recommendations. The full Board will be briefed with further discussion on these key questions.*

- C. Connecting Housing to Infrastructure Program (CHIP).** Staff will provide an update on CHIP, the new State program that provides grants for system development charges waivers and utility improvements for affordable housing projects. Staff will also review Cascade's role vis-à-vis members' role in applying for these grants.

Recap: Staff informed the committee that because Cascade charges RCFCs to members and not developers, it has no active role in CHIP. Bellevue and Kirkland are applying for state grants and can seek reimbursement of Cascade's RCFC without Cascade's involvement.

- D. Proposed Battery Energy Storage Project.** Cascade has been approached about potentially leasing for 20-30 years a portion of the parcels where Cascade plans to put a future filtration plant. If a contract extension with the City of Seattle can be negotiated, Cascade would be able to realize additional revenue before the parcel is of use to Cascade. While Cascade negotiates with Seattle, the company is interested in entering into an agreement that allows them to investigate the property further and allows Cascade an out if an extension cannot be reached.

Recap: Ray briefly discussed with the committee the offers Cascade has received to lease the parcels and the pros and cons of moving forward with any proposals. The Committee discussed the need to properly evaluate all proposals before moving forward. Cascade will meet with legal counsel tomorrow to discuss how to properly evaluate the proposals and will bring this back to a future committee meeting.

5. Next Meeting Date and Location.

The next meeting will be held Tuesday, February 15, 2022, 1:30 p.m. via Zoom meeting.



PUBLIC AFFAIRS COMMITTEE

Angela Birney, Chair, City of Redmond
John Stokes, City of Bellevue
Allan Ekberg, City of Tukwila
Conrad Lee, City of Bellevue
Ryika Hooshangi, Sammamish Plateau Water

Meeting Recap Wednesday, January 5, 2022 9:00 AM – 10:00 AM

1. Chair Comments.
2. Executive Session.
3. Items Recommended for Action at the January 26, 2022, Board Meeting.

- A. 2022 Omnibus Sponsorship Proposal.** A list of proposed sponsorships for 2022 are presented for committee review in one omnibus package. Staff recommends support for the \$25,000 proposal.

Recap: The committee reviewed the proposal and 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.

Recap: The committee heard an update on preparations for the short, 60-day state legislative session. It appears that the session will be held in a hybrid format again. The Governor's proposed budget is out and prioritizes salmon recovery, addressing homelessness and climate change. The budget proposal also includes \$100 million to help address customer utility bill arrearages. Diana Carlen, Gordon Thomas Honeywell, will be working with Cascade staff to identify bills to track this session.

- 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 such as PFAS and infrastructure funding.

Recap: Cascade's federal government affairs team presented an update to the committee. The presentation focused on the recently enacted Infrastructure Investment and Jobs Act and potential future funding opportunities for water utilities. Most of the funding will come through the state drinking and clean water revolving funds. Delays in new guidance and rules for the new programs are expected since many federal agencies are short-staffed. The federal team will monitor the Federal Register and other sources for information about programs and funding availability to share with Cascade.

5. Next Meeting Date and Location.

The next meeting will be Wednesday, February 2, 2022, from 9 am – 10 am via Zoom.



RESOURCE MANAGEMENT COMMITTEE
Lloyd Warren, Chair, Sammamish Plateau Water
John Stokes, City of Bellevue
Jon Ault, Skyway Water & Sewer District
Ryika Hooshangi, Sammamish Plateau Water
Zach Hall, City of Issaquah

Meeting Recap
Thursday, January 13, 2022
2:00 PM – 3:30 PM

1. Chair Comments.
2. Executive Session.
3. Items Recommended for Action at the January 26, 2022, Board Meeting.
4. Discussion Items.

A. Proposed Battery Energy Storage Project. Cascade has been approached about potentially leasing for 20-30 years a portion of the parcels where we plan to put our future filtration plant. If we can negotiate an extension with the City of Seattle, we would be able to realize additional revenue before the parcel is of use to Cascade. While we negotiate with Seattle the company is interested in entering into an agreement that allows them to investigate the property further and allows Cascade an out if an extension cannot be reached. The interested party will make a brief presentation and answer questions.

***Recap:** Tommy Nelson, from Tenaska, made a presentation to the committee detailing the project they hope to lease our parcels for. Ray discussed with the committee the potential benefits of leasing the parcels, including additional revenue, and making use of the parcel. Prior to the meeting an additional party approached Cascade about leasing the parcel as well and the Committee discussed the need to properly evaluate all proposals before moving forward. Cascade will brief the Finance and Management committee as well this month and meet with legal counsel later this month to discuss further.*

B. Temporary Water Contract – Redmond. A second review and discussion of terms for a potential Redmond temporary supply. This is a different structure than the Issaquah contract and requires code amendments to create a second temporary subclass. After committee feedback and direction, we would like to bring this item back to the committee and Board in February for action to enable Redmond to implement this in 2022 if needed.

***Recap:** Reviewed the updated contract and related code amendments. Discussion addressed revising the annual fee to limit its accumulation to perhaps 3 years. Will return to committee and to FMC in February toward Board consideration in February.*

C. Water Rights Sales Policy. A return to the topic of potential sales to Sumner and DOE. As Cascade considers potential sales of small quantities of Lake Tapps Reservoir water rights, this paper outlines a potential policy structure to guide staff in such negotiations. For discussion and direction.

Recap: Reviewed and discussed the policy document. General support for policy to provide a framework for negotiations, recognizing that Board retains authority to decide any actual sale. Requested a briefing to the full Board primarily to discuss the question of whether Cascade should consider any sales of its water rights.

- D. **TSP Schedule Adjustment.** Staff will provide an update on the status of the TSP schedule.

Recap: Staff informed the Committee that the Department of Health verbally approved Cascade's request to delay submitting the TSP. The TSP is due for renewal March 2023. However, since Cascade is in contract discussion with Seattle and Tacoma, DOH agreed it makes sense to submit the TSP once the outcome of the discussions is clearer. Later this year, Cascade needs to submit its formal request in writing to receive DOH's official approval. Meanwhile, Cascade will finish working with members to update its demand forecast.

- E. **Major Structures Encroachment (if time available).** Staff will present a proposal to address current encroachments of major structures (e.g., houses and garages) on its property and to prevent future encroachments.

Recap: This item was deferred to the February meeting.

5. Next Meeting Date and Location.

The next meeting will be Thursday, February 10, 2022, from 2:00 p.m. – 3:30 p.m. via Zoom meeting.