



REGULAR MEETING<sup>1</sup> OF THE BOARD OF DIRECTORS  
AGENDA  
CASCADE WATER ALLIANCE  
Held via Zoom Meeting  
February 23, 2022  
3:30 PM

	<u>Page</u>
1. CALL TO ORDER	
2. ROLL CALL	
3. PUBLIC COMMENT	
4. APPROVAL OF AGENDA	
5. ACTION ITEMS	
a. Motion to adopt Resolution No. 2022-01 to appoint Board Officers.	<u>3</u>
b. Motion to adopt Resolution No. 2022-02 to appoint Standing Committee Membership.	<u>6</u>
6. CHIEF EXECUTIVE OFFICER'S REPORT	<u>11</u>
7. CONSENT ITEMS	
a. Board Meeting Minutes for January 26, 2022.	<u>43</u>
b. Motion to adopt Resolution No. 2022-03 containing acknowledgements necessary for Cascade's participation in the King County Pool-Plus investment program for the newly created Water Supply Development fund (WSDF) and designating Cascade staff who are authorized to provide transaction instructions to King County.	<u>46</u>
8. OTHER ACTION ITEMS	
a. Motion to adopt Resolution No. 2022-05 adopting amendments to Cascade Water Alliance Code 2.05.380; 2.05.390; and 5.60.020.	<u>50</u>
b. Motion to adopt Resolution No. 2022-06 adopting amendments to Cascade Water Alliance Code 5.05.030; 5.05.040; 5.05.050; 5.05.100; 5.10.020; 5.20.060; and 5.65.040.	<u>54</u>
9. STAFF PRESENTATIONS	
10. COMMITTEE REPORTS	
a. Executive Committee – <i>no meetings held.</i>	

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<sup>1</sup> The February meeting of the Cascade Water Alliance Board satisfies the requirement for an Annual Meeting, as adopted by Article IV of the Bylaws.

- b. Finance and Management Committee – *February 15, 2022.* 62
  - c. Public Affairs Committee – *February 2, 2022.* 64
  - d. Resource Management Committee – *February 10, 2022.* 66
11. EXECUTIVE SESSION
- a. To review the performance of a public employee.
12. NEW BUSINESS
13. NEXT REGULAR MEETING – *March 23, 2022 – Held either at Cascade Office or via Zoom – 3:30 p.m.*
14. ADJOURN

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

## **AGENDA MEMORANDUM**

### **SUBJECT**

Motion to adopt Resolution No. 2022-01 to appoint Board Officers.

### **BACKGROUND**

Cascade Water Alliance Code ("CWAC") 2.05.110 provides that the Cascade Board of Directors ("Board") will appoint Board Officers:

*CWAC 2.05.100 Number.*

*Cascade shall have a chair, a vice-chair, a secretary/treasurer, each of whom shall be appointed by the board. The chair shall serve as and shall be designated the chair of the board. Such other officers as may be deemed necessary or appropriate may be appointed by the board. Any two or more offices, with the exception of the chair and treasurer, may be held by the same person.*

*CWAC 2.05.110 Appointment and term of office.*

*The officers of Cascade shall be appointed by the board at the annual meeting in even-numbered years, to serve for two years until the next annual meeting in an even-numbered year or until removed by the board.*

As provided in CWAC 2.05.110, the following Officers of Cascade are to be appointed:

Chair:

Vice Chair:

Secretary/Treasurer:

The term of office shall be in full force and effect upon action of the Board at this February 23, 2022, Board meeting.

### **FISCAL IMPACT**

None.

### **OPTIONS**

1. Adopt Resolution No. 2022-01 to appoint Board Officers.
2. Do not adopt Resolution No. 2022-01 and provide alternate direction to staff.

### **RECOMMENDED ACTION**

Adopt Resolution No. 2022-01 to appoint Board Officers.

### **ATTACHMENT**

1. Proposed Resolution No. 2022-01.



A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,  
A WASHINGTON MUNICIPAL CORPORATION,  
APPOINTING BOARD OFFICERS

WHEREAS, the Cascade Water Alliance (“Cascade”) is a Washington municipal corporation formed under authority of the Joint Municipal Utilities Authority Act (Chapter 39.106 RCW) to provide water supply to its Members; and

WHEREAS, the Cascade Water Alliance Code (“**CWAC**”) 2.05.100 and 2.05.110 provide that the Cascade Board of Directors (“**Board**”) will appoint Board Officers as follows (in relevant part):

CWAC 2.05.100 Number.

Cascade shall have a chair, a vice-chair, a secretary/treasurer, each of whom shall be appointed by the board. The chair shall serve as and shall be designated the chair of the board. Such other officers as may be deemed necessary or appropriate may be appointed by the board. Any two or more offices, with the exception of the chair and treasurer, may be held by the same person.

CWAC 2.05.110 Appointment and term of office.

The officers of Cascade shall be appointed by the board at the annual meeting in even-numbered years, to serve for two years until the next annual meeting in an even-numbered year or until removed by the board.

and;

WHEREAS, the Board now desires to appoint officers.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF CASCADE WATER ALLIANCE as follows:

**Section 1. Appointment of Officers.**

As provided in CWAC 2.05.110, the Officers of Cascade are as follows:

Chair:

Vice Chair:

Secretary/Treasurer:

**Section 2. Effect.** This Resolution shall be in full force and effect upon action of the Board at the meeting on this date.

ADOPTED AND APPROVED by the Board of Directors of the Cascade Water Alliance at a meeting thereof, held on the 23rd of February 2022.

CASCADE WATER ALLIANCE

\_\_\_\_\_  
John Stokes, Chair

\_\_\_\_\_  
Attest – Ray Hoffman, Chief Executive Officer

\_\_\_\_\_  
Penny Sweet, Vice Chair

\_\_\_\_\_  
Angela Birney, Secretary/Treasurer

Members

Yes \_\_\_\_\_

No \_\_\_\_\_

Demand Share

Yes \_\_\_\_\_%

No \_\_\_\_\_%

Include in CWAC?

Yes

X No

## AGENDA MEMORANDUM

### **SUBJECT**

Motion to adopt Resolution No. 2022-02 to appoint Standing Committee Membership.

### **BACKGROUND**

Cascade Water Alliance Code (“CWAC”) 2.05.110 provides that the Cascade Board of Directors (“Board”) will create standing committees and members as follows (emphasis added and in part):

*CWAC 2.05.330 Standing committees*

*The Board may create standing committees as it deems appropriate. The Board shall appoint Chairpersons and Members of such standing committees from the Board Membership and Alternates. The Board shall attempt to appoint standing committee Members in a manner that encourages diversity of representation on standing committees that reflects the diversity among Members. No committee shall have the authority to take any action inconsistent with these Bylaws, or the Agreement. The standing committees shall be governed by the Open Public Meetings Act and shall be as follows:*

*A. Finance and Management Committee. The finance and management committee shall be responsible for the ongoing oversight of the administrative, business systems, and other management and financial affairs of Cascade and consider and make recommendations to the Board on matters relating to the oversight of the financial affairs of Cascade including to ensure an outside audit is conducted annually.*

*B. Resource Management Committee. The resource management committee shall consider and make recommendations to the Board on matters relating to planning and development of water supply resources, operations and maintenance, water quality, and water conservation.*

*C. Public Affairs. The public affairs committee shall consider and make recommendations to the Board on matters relating to general outreach, public information and communication programs, community outreach and relationships, public relations, intergovernmental affairs, state and federal affairs, and Membership.*

By this Resolution 2022-02, the Board would appoint the standing committee members as follows:

**Finance and Management Committee**

Chair: \_\_\_\_\_

Members: Penny Sweet, Jeremy Barksdale, Jeralee Anderson, John Stokes, Russell Joe

**Resource Management Committee**

Chair: \_\_\_\_\_

Members: Penny Sweet, Lloyd Warren, Allan Ekberg, Jon Ault, Mary Lou Pauly, Jon Pascal, John Stokes, Ryika Hooshangi

**Public Affairs Committee**

Chair: \_\_\_\_\_

Members: Penny Sweet, Angela Birney, John Stokes, Ryika Hooshangi

**FISCAL IMPACT**

None.

**OPTIONS**

- 1. Adopt Resolution No. 2022-02 to appoint chairpersons and members of the standing committees.
- 2. Do not adopt Resolution No. 2022-02 and provide alternate direction to staff.

**RECOMMENDED ACTION**

Adopt Resolution No. 2022-02 to appoint chairpersons and members of the standing committees.

**ATTACHMENT**

- 1. Proposed Resolution No. 2022-02.



CASCADE WATER ALLIANCE  
RESOLUTION No. 2022-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,  
A WASHINGTON MUNICIPAL CORPORATION  
APPOINTING STANDING COMMITTEE MEMBERSHIP

WHEREAS, the Cascade Water Alliance (“Cascade”) is a Washington municipal corporation formed under authority of the Joint Municipal Utilities Authority Act (Chapter 39.106 RCW) to provide water supply to its Members; and

WHEREAS, the Cascade Water Alliance Code (“**CWAC**”) 2.05.330 provides that the Cascade Board of Directors (“**Board**”) will create standing committees and appoint members as follows (emphasis added):

*CWAC 2.05.330 Standing committees*

*The Board may create standing committees as it deems appropriate. The Board shall appoint Chairpersons and Members of such standing committees from the Board Membership and Alternates. The Board shall attempt to appoint standing committee Members in a manner that encourages diversity of representation on standing committees that reflects the diversity among Members. No committee shall have the authority to take any action inconsistent with these Bylaws, or the Agreement. The standing committees shall be governed by the Open Public Meetings Act and shall be as follows:*

*A. Finance and Management Committee. The finance and management committee shall be responsible for the ongoing oversight of the administrative, business systems, and other management and financial affairs of Cascade and consider and make recommendations to the Board on matters relating to the oversight of the financial affairs of Cascade including to ensure an outside audit is conducted annually.*

*B. Resource Management Committee. The resource management committee shall consider and make recommendations to the Board on matters relating to planning and development of water supply resources, operations and maintenance, water quality, and water conservation.*

*C. Public Affairs. The public affairs committee shall consider and make recommendations to the Board on matters relating to general outreach, public information and communication programs, community outreach and relationships, public relations, intergovernmental affairs, state and federal affairs, and Membership.*

WHEREAS, the Board previously appointed committee chairpersons and now desires to appoint committee members.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF CASCADE WATER ALLIANCE as follows:

**Section 1. Appointment of members, and alternates of such standing committees.**

As provided in Cascade Water Alliance Code 2.05.330, the members of the standing committees are as follows:

**Finance and Management Committee**

Chair:

Members: Penny Sweet, Jeremy Barksdale, Jeralee Anderson, John Stokes, Russell Joe

**Resource Management Committee**

Chair:

Members: Penny Sweet, Lloyd Warren, Allan Ekberg, Jon Ault, Mary Lou Pauly, Jon Pascal, John Stokes, Ryika Hooshangi

**Public Affairs Committee**

Chair:

Members: Penny Sweet, Angela Birney, John Stokes, Ryika Hooshangi

**Section 2. Effect.** This Resolution shall be in full force and effect on the date of its adoption.

ADOPTED AND APPROVED by the Board of Directors of the Cascade Water Alliance at a meeting thereof, held the 23rd day of February 2022.

CASCADE WATER ALLIANCE

\_\_\_\_\_  
\_\_\_\_\_, Chair

\_\_\_\_\_  
Attest – Ray Hoffman, CEO

\_\_\_\_\_  
\_\_\_\_\_, Vice Chair

\_\_\_\_\_  
\_\_\_\_\_, Secretary/Treasurer

Members

Yes \_\_\_\_\_  
No \_\_\_\_\_

Include in CWAC?

Yes  
 No

Demand Share

Yes \_\_\_\_\_ %  
No \_\_\_\_\_ %



MEMORANDUM

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DATE: February 23, 2022

TO: John Stokes, Chair  
Board of Directors

FROM: Ray Hoffman, Chief Executive Officer

SUBJECT: Chief Executive Officer's Report

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**Administration, Finance, and Economics**

- The Accountability Audit performed by the Office of the Washington State Auditor is attached at the end of this CEO Report.
- The 2023 - 2024 budget process has begun. Cascade staff are working internally on draft budget worksheets.
- Cascade staff met with its outside auditor, Clark Nuber, in February. Cascade is preparing for Clark Nuber to conduct the annual audit of Cascade's fiscal year 2021 during the week of March 21, 2022. 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 a meeting of the Finance and Management Committee. The State Auditor's Office will conduct a separate audit of Cascade later this year.
- In February 2022, TeamLogic, Cascade's IT consultant, installed new cables and a camera at the Lake Tapps Reservoir admin office to facilitate better group video conferencing while down there.
- Final Member RCFC connection data for 2021 has been tabulated. For the year ending December 31, 2021, Members reported 1,408.5 CERU's (\$9.6M), which exceeded the original budget of 1,000 CERUs (\$6.8M). There were 29.5 RCFC connections reported so far for January 2022 with three member reports overdue.
- Cascade issued a Request for Information to the two companies interested in potentially leasing, for battery storage, portions of the parcels where we plan to put our future filtration plant. Cascade is reviewing the information and the HDR plans for the plant and will meet with the companies again before bringing a fuller picture back to the committees for their direction. Cascade could potentially realize additional revenue before the parcel is of use to Cascade but staff will ensure that it makes sense for the long-term as well.
- The Finance & Management Committee recommended that staff pause its work to create an RCFC affordability program. Staff had been developing a cost-of-service based approach to reducing RCFC charges for affordable housing and shelter projects. However, the state recently implemented a program that offers grants to utilities for waived system development charges. Given that the state's program offers greater benefits than Cascade's program would have, the Committee recommended that staff discontinue its work.

## **Capital Projects and Operations**

- Cascade team and its consultants and contractors have repaired the slide on the headworks southwest access roadway in Buckley. The team is currently evaluating options to improve the roadway and slope side drainage to mitigate risk of future slides. See pictures below of the slide before and after repairs.





- The slide in City of Issaquah on Newport Way resulted in damage to an exposed air-release pipe. Cascade shut off the valve from Bellevue-Issaquah Pipeline to the air-release pipe as an interim repair and will perform a permanent repair around the same time when City of Issaquah is constructing the permanent retaining wall
- Washington State Department of Transportation (WSDOT) sent Cascade a letter and formally denied Cascade's request to have a contractual relationship with WSDOT instead of its yet-to-be determined Design-Build. In addition, WSDOT further requested Cascade self-perform either protect-in-place or relocate the conflicting BIP with Lewis Creek Crossing as a separate project by Cascade. Cascade is assessing the letter and will provide a response.
- After successfully completed the Outage Project, Cascade and Veolia "watered up" the flowline on the week of February 4 and is beginning the spring fill of the Lake Tapps. The spring filling operation is going well so far.
- Cascade has successfully completed installation of a debris boom to protect twin pipeline intake structures and debris from entering the pipeline.
- Veolia management informed Cascade that they have successfully resolved technical issues regarding its inability to fill Notice of Intent to Pay Privileging Wages on Labor and Industries Website. Cascade requested a copy of the filling.
- Cascade staff are working with GeoEngineers to improve GIS geospatial data on the dike systems to enable faster retrieval of dike physical asset attributes and to enable more efficient decision-making support and engineering analysis.

## **Water Efficiency**

- Cascade attended the Northwest Flower and Garden Show at the State Convention Center February 9 – 13 distributing conservation items and promoting the Cascade Gardener classes.
- The Cascade Gardener spring series is scheduled for Saturdays in March and April. Cascade has lined up several expert presenters and will have door prizes provided by local nurseries.
- In January, Cascade provided 77 classroom programs to 1,634 students. Programs are a mix of in-person and remote learning.
- From January through June there are currently 267 classroom programs scheduled for 6,196 students.
- Cascade is working with staff from Redmond, Tukwila, and Kirkland tailoring water efficiency program actions to support member needs, such as meeting sustainability, climate action, and stormwater management goals that are connected to water resources.
- Cascade took possession of the solar modules for the Powerhouse Solar Project on January 21.

## **Intergovernmental and Communications**

- Prompted by several water rights purchase inquiries to Cascade, staff have developed a water rights sales policy memorandum and have been reviewing the document with all the committees in February. The committees have provided thoughtful feedback, including the potential merits of different categories of water sales and different types of membership in Cascade. Staff will be incorporating the feedback and reviewing the concepts with the committees again before the policy is brought to the Board for adoption.
- The short, 60-day state legislative session ends on March 10. There has been a lot of focus on salmon bills but not as many water bills this session. Cascade staff has been meeting with staff in the Department of Ecology and the Department of Health to gather information on how federal funding from the recently enacted Infrastructure Investment and Jobs Act, such as PFAS project funding, will be distributed to the state and made available to water utilities.
- King County has approached Kirkland about a reclaimed water irrigation feasibility pilot project and grant application involving Kirkland water customer JB Instant Lawn. JB Instant Lawn uses a combination of water from the Sammamish River and water purchased from Kirkland to irrigate its sod farm and nursery. Cascade is working closely with Kirkland staff to evaluate the proposal and its implications for Kirkland, Cascade, and the terms of the reclaimed water agreement between Cascade and King County.

## **Planning**

- In December, Cascade submitted a request to Department of Ecology (Ecology) for an extension of the development schedule contained in its water right permits. Earlier this month, staff sent a follow-up letter to Ecology highlighting the reasons an extension is needed at this time and provided additional information to bolster our request.

- Cascade’s 2021 work plan included 54 actions that implemented the 2020-2024 Strategic Plan. Cascade completed or made good progress on 47 of the actions. Of the seven not implemented, three were deferred because they were lower priority, and two were dropped because better alternatives were found. The remaining two were controlled by external agencies, and those agencies did not move forward on the actions.
- Cascade’s 2022 work plan includes 50 actions grouped by the six focus areas that are laid out in the Strategic Plan. A few priorities for the year include negotiating contracts with Seattle and Tacoma; developing the 2023-2024 rates and budget proposals; finalizing the water sales policy; finalizing project agreements with Sumner and BNSF; completing the SCADA/Security project; and implementing the Headworks Intake Modification Project (Phase 3) with the US Army Corps of Engineers (USACE), assuming the USACE moves ahead with the project.

### **Attachments**

1. Budget to Actual Expenditure Report through January 31, 2022.
2. Statement of Revenues and Expenditures through January 31, 2022.
3. Statement of Net Position as of January 31, 2022.
4. Contract Status Summary.
5. Monthly Warrants Listing.
6. Monthly Treasurer’s Report as of January 31, 2022.
7. 2021 Cascade Work Plan Achievements.
8. 2022 Cascade Work Plan.
9. Accountability Audit Performed by the Washington State Auditor.

Cascade Water Alliance  
 Budget to Actual Expenditure Report  
 January 1- January 31, 2022  
 8% of the year completed

<b>Administration</b>	<b>Line</b>	<b>Budget</b>	<b>Actual</b>	<b>Balance</b>	<b>% Expended</b>
Salaries	2	\$ 1,015,001	\$ 104,514	910,487	10.3%
Benefits	5	226,845	56,742	170,103	25.0%
Wellness program	5	5,000	21	4,979	0.4%
Prof. Fee (Technical)	25, 45, 112	232,000	493	231,508	0.2%
Prof. Fee (Legal)	26, 27, 102	885,000	87,027	797,974	9.8%
Prof. Fee (Audit)	28, 29	100,900	0	100,900	0.0%
Prof. Fee (Other)	24	50,000	1,750	48,250	3.5%
Seismic Resiliency	108	100,000	0	100,000	0.0%
Meetings Expense	8	11,000	0	11,000	0.0%
Telephone/Internet	9	37,000	5,595	31,405	15.1%
Office Rent	10	241,749	59,764	181,985	24.7%
Office Supplies Admin.	11	20,000	121	19,879	0.6%
Equip. and Furniture	12	10,000	2,210	7,790	22.1%
Bank Fees	13	600	28	572	4.7%
Dues & Subscriptions	30	55,000	14,529	40,471	26.4%
Taxes/Licenses	14	16,000	0	16,000	0.0%
Travel	15	12,000	679	11,321	5.7%
Professional Dev.	16	22,000	16,780	5,220	76.3%
Computer Equipment	17	25,000	2,174	22,826	8.7%
Software Licenses	18	38,000	1,902	36,098	5.0%
Postage & Delivery	19	3,000	63	2,937	2.1%
Printing & Repro.	20	10,000	0	10,000	0.0%
Insurance	21	132,963	122,088	10,876	91.8%
Contingency	106	421,798	0	421,798	0.0%
<b>Total</b>		<b>\$ 3,670,856</b>	<b>\$ 476,478</b>	<b>\$ 3,194,378</b>	<b>13.0%</b>

<b>Debt Service</b>	<b>Line</b>	<b>Budget</b>	<b>Actual</b>	<b>Balance</b>	<b>% Expended</b>
Bond Debt Service	31	9,779,981	4,050,900	5,729,081	41.4%
<b>Total</b>		<b>\$ 9,779,981</b>	<b>\$ 4,050,900</b>	<b>\$ 5,729,081</b>	<b>41.4%</b>

<b>Conservation</b>	<b>Line</b>	<b>Budget</b>	<b>Actual</b>	<b>Balance</b>	<b>% Expended</b>
Salaries	4	\$ 168,466	\$ 9,783	\$ 158,682	5.8%
Benefits	7	46,908	259	46,649	0.6%
Prof. Fee (Technical)	59	35,000	0	35,000	0.0%
Rebate Reimb. Com.	61	75,000	0	75,000	0.0%
Irrigation Audit	52	25,000	0	25,000	0.0%
Comm. and Public I	51, 55	312,500	11,738	300,762	3.8%
Misc. Serv. and Sup.	50, 63	82,000	5,690	76,310	6.9%
<b>Total</b>		<b>\$ 744,874</b>	<b>\$ 27,470</b>	<b>\$ 717,403</b>	<b>3.7%</b>

<b>Com. and Intergovern</b>	<b>Line</b>	<b>Budget</b>	<b>Actual</b>	<b>Balance</b>	<b>% Expended</b>
Salaries	2	\$ 118,571	\$ 11,505	\$ 107,066	9.7%
Benefits	5	26,410	209	26,201	0.8%
Prof. Fee (Technical)	66	15,000	2,300	12,700	15.3%
Prof. Fee (Other)	67, 71	165,000	13,000	152,000	7.9%
Sponsorships	68	30,000	0	30,000	0.0%
Comm. and Public I	64, 65, 69	280,000	2,445	277,555	0.9%
<b>Total</b>		<b>\$ 634,981</b>	<b>\$ 29,459</b>	<b>\$ 605,522</b>	<b>4.6%</b>

<b>Operations-General</b>	<b>Line</b>	<b>Budget</b>	<b>Actual</b>	<b>Balance</b>	<b>% Expended</b>
Wholesale Water	1	\$ 22,730,886	\$ 3,261,383	\$ 19,469,503	14.3%
Salaries	3	26,043	502	25,542	1.9%
Benefits	6	15,265	9	15,255	0.1%
BIP O&M	82	30,000	618	29,382	2.1%
Pipeline Prop. O&M	84	15,000	47	14,954	0.3%
PWTF Loan Debt	23	40,461	0	40,461	0.0%
<b>Total</b>		<b>\$ 22,857,654</b>	<b>\$ 3,262,558</b>	<b>\$ 19,595,096</b>	<b>14.3%</b>

Cascade Water Alliance  
 Budget to Actual Expenditure Report  
 January 1- January 31, 2022  
 8% of the year completed

<b>Operations-Lake Tapps</b>	<b>Line</b>	<b>Budget</b>	<b>Actual</b>	<b>Balance</b>	<b>% Expended</b>
Salaries	3	\$ 471,830	\$ 29,714	\$ 442,116	6.3%
Benefits	6	91,667	691	90,976	0.8%
Prof. Fee (Technical)	34, 37, 46, 49, 73, 89, 99,	795,600	2,740	792,860	0.3%
Prof. Fee (Other)	111	15,000	0	15,000	0.0%
Meetings Expense	90	4,000	435	3,565	10.9%
Telephone/Internet	98	1,500	54	1,447	3.6%
Office Supplies	86, 97	19,700	4,552	15,148	23.1%
Equipment & Furn.	75, 85	29,000	2,762	26,238	9.5%
Taxes/Licenses	91	8,000	0	8,000	0.0%
Travel	92	17,000	1,102	15,898	6.5%
Professional Dev.	93	2,500	585	1,915	23.4%
Software Licenses	94	15,000	0	15,000	0.0%
Permitting Costs	76	8,000	3,241	4,759	40.5%
Misc. Serv. and Sup.	79, 83,	34,000	2,747	31,253	8.1%
LT Operator	100	2,296,120	0	2,296,120	0.0%
Unplanned O&M	78	261,000	0	261,000	0.0%
Misc. Facility Repairs	77, 96	102,000	1,769	100,231	1.7%
USGS Joint Fund	33	337,500	0	337,500	0.0%
Construction Management	109	100,000	0	100,000	0.0%
Outage	113	200,000	0	200,000	0.0%
Milfoil Control	101	175,000	0	175,000	0.0%
Vendor Services	80, 88	36,000	1,013	34,987	2.8%
Water Quality Management	105	150,000	853	149,147	0.6%
Dike and Roads Maintenance	81, 87	33,000	6,454	26,546	19.6%
<b>Total</b>		<b>\$ 5,203,417</b>	<b>\$ 58,712</b>	<b>\$ 4,969,011</b>	<b>1.1%</b>
<b>Total Operating Budget</b>		<b>\$ 42,891,763</b>	<b>\$ 7,905,577</b>	<b>\$ 34,810,492</b>	<b>18.4%</b>
<b>Capital Projects (multi-yr bdtg not shown)</b>	<b>Line</b>	<b>Budget</b>	<b>Actual</b>	<b>Balance</b>	<b>% Expended</b>
Upper Conveyance Projects	301	\$ 2,075,000	84,478	1,990,522	4.1%
Meters	310	50,000	0	50,000	0.0%
Security and SCADA	305	400,000	0	400,000	0.0%
Tacoma Agreement	309	5,975,463	5,975,463	0	100.0%
Capital Risk	315	600,000	0	600,000	0.0%
IT Infrastructure	324	35,000	0	35,000	0.0%
<b>Total CIP Budget</b>		<b>\$ 9,135,463</b>	<b>\$ 6,059,941</b>	<b>\$ 3,075,522</b>	<b>66.3%</b>
<b>Total Overall Budget</b>		<b>\$ 52,027,226</b>	<b>\$ 13,965,519</b>	<b>38,061,707</b>	<b>26.8%</b>

Cascade Water Alliance  
Statement of Revenues and Expenditures  
From 1/1/2022 Through 1/31/2022

Attachment 2

Operating Revenue	
Water sales	\$ 2,346,387
Administrative dues	3,741,337
Conservation program	44,692
Total Operating Revenue	6,132,416
Operating Expenses	
Cost of water sold	1,019,182
Salaries and benefits	212,855
Professional services	14,643
Depreciation and amortization	267,956
Communication and public information	11,738
Office expenses	137,686
Operations	4,255
Bank charges	28
Rent	19,921
Maintenance	8,580
Dues and subscriptions	2,821
Miscellaneous	5,731
Total Operating Expenses	1,705,396
Operating Income	4,427,020
Non-Operating Revenue (Expenses)	
Interest income	63,426
Other income	7,261
Interest expense, net of amount capitalized	(287,201)
Total Non-Operating Revenue (Expenses)	(216,514)
Increase in Net Assets	4,210,506
Net Assets, Beginning of Year	122,813,468
Net Assets, End of Year	\$ 127,023,973

Cascade Water Alliance  
Statement of Net Position  
As of 1/31/2022

Attachment 3

Assets	
Current Assets	
Cash and cash equivalents	\$ 16,579,581
Accounts receivable	15,501,442
Prepaid expenses	222,604
Total Current Assets	<u>32,303,627</u>
Capital Assets	
Equipment and furniture	2,044,028
Seattle water contract	22,267,611
Bellevue Issaquah pipeline	22,276,944
Tacoma water contract	119,740,687
Less accumulated depreciation and amortization	(51,656,036)
Total Capital Assets	<u>114,673,234</u>
Projects in process and assets not yet in service	
Lake Tapps	103,940,172
Tacoma Cascade pipeline	26,539,385
Total Projects in process and assets not yet in service	<u>130,479,557</u>
Restricted cash and cash equivalents	30,385,124
Total Assets	<u><u>307,841,542</u></u>
Liabilities	
Current liabilities	
Payables and accrued liabilities	1,000,654
Retroactive water credit	1,806,104
Accrued interest	1,274,874
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>10,701,106</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	5,230,927
Total Long-term Liabilities	<u>168,426,893</u>
Total Liabilities	<u>179,128,000</u>
Net Assets	
Restricted for debt service	102,421,175
Unrestricted	26,292,367
Total Net Assets	<u>128,713,542</u>
Total Liabilities & Net Assets	<u><u>\$ 307,841,542</u></u>

**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	2/10/2022	5%	\$ 273,000	\$ 72,104	26%	\$ 200,896
Aspect	1	Water Supply Modeling	R. Hoffman	5/6/2020	N/A	2/10/2022	5%	\$ 24,900	\$ 2,214	9%	\$ 22,686
Aspect	2	Water Resources Services	R. Hoffman	8/17/2018	N/A	2/10/2022	98%	\$ 60,000	\$ 58,251	97%	\$ 1,749
Clark Nuber	1	Annual Financial Audit and Quarterly AUPs	R. Hoffman	1/1/2022	N/A	2/10/2022	5%	\$ 70,500	\$ -	0%	\$ 70,500
Colehour and Cohen	1	Staffing for classes and events	M. Brent	1/1/2022	12/31/2022	2/10/2022	8%	\$ 89,990	\$ -	0%	\$ 89,990
David Evans	1	On-call Land Surveyor	H. Chen	1/1/2022	12/31/2022	2/10/2022	8%	\$ 75,000	\$ -	0%	\$ 75,000
David McGrath	1	Irrigation Efficiency Assistance	M. Brent	1/1/2022	12/31/2022	2/10/2022	20%	\$ 20,500	\$ -	0%	\$ 20,500
Environmental Science Assoc (ESA)	1	Aquatic Plant Management	H. Chen	1/1/2022	12/31/2022	2/10/2022	8%	\$ 24,900	\$ -	0%	\$ 24,900
GeoEngineers Inc.	1	Dam Engineering/Hydrology/Geotech	H. Chen	1/1/2022	12/31/2022	2/10/2022	8%	\$ 160,000	\$ -	0%	\$ 160,000
Gordon Thomas Honeywell	1	State legislative outreach	A. Bennett	1/1/2022	12/31/2022	2/10/2022	8%	\$ 84,000	\$ 7,000	8%	\$ 77,000
Herrera Environmental	2	WQ Monitoring Program	H. Chen	8/19/2019	N/A	2/10/2022	88%	\$ 495,000	\$ 469,061	95%	\$ 25,939
Holocene	1	Plunge Pool Timber Wall Drilling	J. Shimada	1/22/2022	N/A	2/10/2022	98%	\$ 5,092	\$ 4,992	98%	\$ 101
HDR	1	MMD Fish Passage Design Review	H. Chen	12/1/2015	N/A	2/10/2022	95%	\$ 1,041,100	\$ 950,972	91%	\$ 90,129
HDR	2	Conservation Plan Potential Assessment	M. Brent	5/21/2021	N/A	2/10/2022	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	2/10/2022	5%	\$ 5,000	\$ 2,300	46%	\$ 2,700
Jennergy	1	Website assistance	A. Bennett	1/1/2022	12/31/2022	2/10/2022	8%	\$ 15,000	\$ -	0%	\$ 15,000
Johansen Excavating	1	Emergency Headgate Repair	H. Chen	5/5/2021	N/A	2/10/2022	10%	\$ 100,947	\$ -	0%	\$ 100,947
Johansen Excavating	2	Flowline Outage Maintenance	J. Shimada	8/12/2021	N/A	2/10/2022	75%	\$ 540,000	\$ 372,166	69%	\$ 167,834
Johansen Excavating	3	Emergency Landslide Remediation	J. Shimada	1/18/2022	3/31/2022	2/10/2022	50%	\$ 200,000	\$ -	0%	\$ 200,000
Langton Spieth	1	Community relations	A. Bennett	1/1/2022	12/31/2022	2/10/2022	75%	\$ 72,000	\$ 6,000	8%	\$ 66,000
Long Building Tech	1	Security Maintenance	H. Chen	8/12/2019	10/31/2022	2/10/2022	80%	\$ 55,000	\$ 40,145	73%	\$ 14,855
Media for International Development	1	WeNeedWater Video Production	A. Bennett	1/1/2022	12/31/2022	2/10/2022	5%	\$ 24,500	\$ -	0%	\$ 24,500
Nature Vision	1	Classroom Water Education	M. Brent	1/1/2022	12/31/2022	2/10/2022	8%	\$ 95,000	\$ 11,738	12%	\$ 83,262
Pacifica Law	1	Legal Assistance	H. Chen	1/1/2022	12/31/2022	2/10/2022	8%	\$ 25,000	\$ -	0%	\$ 25,000
Parametrix	1	On Call Civ/Mech/Structural Eng	H. Chen	1/1/2022	12/31/2022	2/10/2022	8%	\$ 250,000	\$ -	0%	\$ 250,000
Performance Dimensions	1	Executive Coaching Services	M. Thung	6/21/2021	12/31/2022	2/10/2022	65%	\$ 24,500	\$ 18,900	77%	\$ 5,600
Puget Sound Energy	1	Water Efficiency Rebates	M. Brent	1/1/2022	12/31/2022	2/10/2022	8%	\$ 72,000	\$ -	0%	\$ 72,000
RH2	2	On-Call Electrical Engineering Svcs	H. Chen	1/1/2022	12/31/2022	2/10/2022	8%	\$ 100,000	\$ -	0%	\$ 100,000
RH2	1	Security and SCADA	H. Chen	1/16/2020	N/A	2/10/2022	80%	\$ 347,000	\$ 289,234	83%	\$ 57,766
RH2	3	Wholesale Master Meter Eval	H. Chen	1/21/2020	3/31/2023	2/10/2022	8%	\$ 24,500	\$ 1,342	5%	\$ 23,158
Robinson Noble	1	Water Audits	E. Cebron	10/3/2019	N/A	2/10/2022	60%	\$ 135,060	\$ 93,739	69%	\$ 41,321
Sazan	2	Solar Power Project	M. Brent	5/25/2021	N/A	2/10/2022	8%	\$ 10,000	\$ -	0%	\$ 10,000
SC Words & Pictures Inc.	1	Design Services	A. Bennett	1/1/2022	12/31/2022	2/10/2022	8%	\$ 24,000	\$ -	0%	\$ 24,000
Seattle Public Utilities	1	Garden Hotline	M. Brent	1/1/2022	12/31/2022	2/10/2022	8%	\$ 12,000	\$ -	0%	\$ 12,000
SMC Consulting	1	Water Efficiency Consultant	M. Brent	1/1/2022	12/31/2022	2/10/2022	8%	\$ 24,500	\$ -	0%	\$ 24,500
Source Electric LLC	1	SCADA Improvements Project	H. Chen	5/1/2021	2/1/2022	2/10/2022	8%	\$ 711,892	\$ 332,144	47%	\$ 379,747
Sustainable Water	1	Teacher Fellows program	M. Brent	1/1/2022	12/31/2022	2/10/2022	8%	\$ 60,000	\$ -	0%	\$ 60,000
Tacoma-Pierce County	1	LakeWise	A. Bennett	1/1/2022	12/31/2022	2/10/2022	8%	\$ 120,000	\$ -	0%	\$ 120,000
TeamLogic IT	1	Info Technology Consulting	C. Paulucci	1/1/2022	12/31/2022	2/10/2022	8%	\$ 104,000	\$ -	0%	\$ 104,000
TechniArt	1	Website Orders	M. Brent	1/1/2022	12/31/2022	2/10/2022	8%	\$ 15,900	\$ 406	3%	\$ 15,495
Tetra Tech	1	AWIA Risk and Resiliency	M. Thung	11/18/2019	12/31/2022	2/10/2022	75%	\$ 700,000	\$ 497,695	71%	\$ 202,305
Tilth Association	1	Garden Water Efficiency	M. Brent	1/1/2022	12/31/2022	2/10/2022	10%	\$ 24,500	\$ -	0%	\$ 24,500
USGS	1	Joint Funding Agre-Streamgaging	H. Chen	1/1/2022	12/31/2022	2/10/2022	10%	\$ 327,380	\$ -	0%	\$ 327,380

Vanir Construction Management, Inc.	1	On-call Construction Management	J. Shimada	5/1/2021	12/31/2022	2/10/2022	10%	\$ 560,000	\$ 46,604	8%	\$ 513,396
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	2/10/2022	8%	\$ 2,180,699	\$ -	0%	\$ 2,180,699
Washington Crane and Hoist Co	1	Fish Screen Gantry Crane Inspection	J. Shimada	2/9/2022	N/A	2/10/2022	10%	\$ 1,950	\$ -	0%	\$ 1,950
Winterbauer and Diamond	1	Legal Assistance	R. Hoffman	1/1/2022	12/31/2022	2/10/2022	10%	\$ 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

**Payment Authorization Warrants and Wire Transfers 2/23/22**

Attachment 5

**WHOLESALE WATER**

WIRE	Seattle Contract Payment 2/22	\$1,019,182.00
		<u>\$1,019,182.00</u>

**CONSULTANTS**

29723	MOODY'S INVESTORS SERVICE	\$2,000.00
29724	Parametrix	\$30,279.90
29726	TeamLogic IT of Bellevue, WA	\$5,200.00
29731	State Auditor's Office	\$169.65
29736	Aspect Consulting	\$1,083.50
29737	City of Seattle	\$15,874.89
29738	Environmental Science Associates (ESA)	\$4,938.75
29740	RH2 Engineering, Inc.	\$1,341.73
29741	Robinson Noble	\$3,257.00
29745	Gordon Thomas Honeywell Govern. Affair	\$7,000.00
29746	Herrera	\$11,042.97
29754	Holocene Drilling Inc.	\$4,991.50
29755	Jennergy	\$1,150.00
29756	Langton/Spieth	\$6,000.00
29760	Performance Dimensions Group	\$2,450.00
29763	Tacoma Pierce County Health Departmen	\$7,747.47
		<u>\$104,527.36</u>

**SALARY, BENEFITS AND EXPENSE REIMBURSEMENTS**

	Payroll (January)	\$116,967.70
29719	AWC Employee Benefit Trust	\$18,950.99
29729	BenefitMall, Inc.	\$40.00
29734	Vantagepoint 401 Plan	\$33,739.95
29735	Vantagepoint 457 Plan	\$20,897.82
29739	HRA VEBA Trust	\$1,078.00
29744	Paula Anderson	\$7.64
29753	Joseph Mickelson	\$1,084.64
29758	Navia Benefit Solutions Client Pay	\$50.00
		<u>\$192,816.74</u>

**LAKE TAPPS**

29722	Linde Gas & Equipment Inc.	\$297.91
29743	Sunbelt Rentals	\$1,013.04
29748	Veolia Water North America	\$231,265.28
29750	Corliss Resources	\$1,462.01
29752	US Geological Survey (USGS)	\$78,218.00
		<u>\$312,256.24</u>

**GENERAL**

29720	Comcast	\$549.11
29721	DIRECTV	\$88.99
29727	AT&T FirstNet	\$406.12
29728	Comcast	\$555.93
29730	Pacific Office Automation	\$262.85
29747	JG 520 Building LLC	\$19,921.42
29751	Covington Water District	\$46.50
29759	One Redmond	\$550.00
29762	Sammamish Plateau Water & Sewer	\$603.51
29764	Utilities Underground Location Cente	\$14.19
29765	Verizon Wireless	\$225.05
		<u>\$23,223.67</u>

**CONSTRUCTION**

29732	RH2 Engineering, Inc.	\$656.78
29733	Vanir Construction Management Inc.	\$2,690.18
29749	Artisan Electric Inc.	\$68,498.75
		<u>\$71,845.71</u>

**COMPUTER EQUIPMENT AND SOFTWARE**

29718	Horizon	\$12,374.45
29761	ProcureIT USA	\$980.13
		<u>\$13,354.58</u>

**CONSERVATION**

29725	Puget Sound Energy	\$7,350.00
29742	Sazan Environmental Services	\$9,171.80
29757	Nature Vision, Inc.	\$11,738.43
		<u>\$28,260.23</u>

**DESTROYED AND VOIDED CHECKS:**

<b>Total Warrants</b>	\$746,284.53
<b>Total Wires</b>	\$1,019,182.00
<b>Total warrants/wire transfers authorized for February 2022</b>	<b>\$1,765,466.53</b>

Approved: \_\_\_\_\_ Date: \_\_\_\_\_  
Edward Cebron, Chief Economist/Treasurer

Approved: \_\_\_\_\_ Date: \_\_\_\_\_  
Angela Birney, Secretary/Treasurer

**Cascade Water Alliance  
Monthly Treasurer's Report  
January 2022**

	Operating Fund	Construction Fund	Bond Fund	RCFC Fund	Water Supply Development Fund	Rate Stabilization Fund	US Bank Payroll Account	All Funds
<b>Beginning Balances, January 1</b>	<b>\$ 6,526,910</b>	<b>\$ 17,282,368</b>	<b>\$ 12,698,069</b>	<b>\$ 291</b>	<b>\$ 5,000,000</b>	<b>\$ 2,135,768</b>	<b>\$ -</b>	<b>\$ 43,643,405</b>
<b>Additions:</b>								
Cash received	\$ 3,831,704	\$ 3,130	\$ 47,533	\$ -	\$ 144	\$ 955	\$ -	\$ 3,883,466
Transfers from other Cascade funds	\$ 291	\$ -	\$ 931,915	\$ -	\$ -	\$ -	\$ 117,927	\$ 1,050,133
<b>Total additions</b>	<b>\$ 3,831,995</b>	<b>\$ 3,130</b>	<b>\$ 979,448</b>	<b>\$ -</b>	<b>\$ 144</b>	<b>\$ 955</b>	<b>\$ 117,927</b>	<b>\$ 4,933,598</b>
<b>Subtractions:</b>								
Bank fees, payroll, and bond payments	\$ 548	\$ 166	\$ 4,051,536	\$ 155	\$ 8	\$ 51	\$ 117,927	\$ 4,170,390
Warrants paid	\$ 497,544	\$ 157,712	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 655,255
Wire and other electronic payments	\$ 1,019,182	\$ 5,975,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,994,645
King Co. Investment Pool impairment (realized)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
King Co. Investment Pool impairment (retained)	\$ (92)	\$ (188)	\$ (103)	\$ (285)	\$ -	\$ (28)	\$ -	\$ (696)
Transfers to other Cascade funds	\$ 1,049,842	\$ -	\$ -	\$ 291	\$ -	\$ -	\$ -	\$ 1,050,133
<b>Total subtractions</b>	<b>\$ 2,567,024</b>	<b>\$ 6,133,152</b>	<b>\$ 4,051,433</b>	<b>\$ 160</b>	<b>\$ 8</b>	<b>\$ 23</b>	<b>\$ 117,927</b>	<b>\$ 12,869,727</b>
<b>Ending Balances, January 31, 2022</b>	<b>\$ 7,791,881</b>	<b>\$ 11,152,345</b>	<b>\$ 9,626,084</b>	<b>\$ 130</b>	<b>\$ 5,000,137</b>	<b>\$ 2,136,700</b>	<b>\$ -</b>	<b>\$ 35,707,277</b>



## 2021 Work Plan Achievements

FOCUS AREA 1: ASSET MANAGEMENT		
<i>Goal 1: Optimize Cascade's assets to support current and future needs.</i>		
Strategies	2021 Cascade Work Plan Actions	2021 Achievements
<p>1. Implement strategies and make investments to protect the Lake Tapps Reservoir as a future drinking water supply.</p>	<p>1. Make progress on the following projects:</p> <ul style="list-style-type: none"> <li>a. Headworks Intake Modifications</li> <li>b. SCADA/Security Implementation</li> <li>c. Flowline Outage</li> <li>d. Wolslegal Basin 6' Valve Improvements</li> <li>e. Fish Screen Crane Improvements</li> </ul> <p>2. Complete a value analysis study for the lower conveyance.</p> <p>3. Perform annual milfoil treatment.</p> <p>4. Begin developing the Transmission Supply Plan.</p> <p>5. Secure a 5-year operator contract.</p> <p>6. Update the asset attributes database, geocode and integrate into the GIS web portal; migrate baseline infrastructure layers onto the portal.</p> <p>7. Continue to improve the property management program, such as addressing outstanding licenses.</p>	<p>1. Made progress on four of the five planned projects:</p> <ul style="list-style-type: none"> <li>a. Delayed by the US Army Corps of Engineers.</li> <li>b. Completed design and hired a contractor. Installation was delayed due to supply issues with some equipment.</li> <li>c. Removed 55,000 cubic yards of sediment, removed vegetation, inspected and cleaned numerous facilities, and made several repairs.</li> <li>d. Inspected the valve and completed a preliminary options analysis.</li> <li>e. Issued a Request For Proposals but received no bids.</li> </ul> <p>2. Deferred the project to work on higher priority items.</p> <p>3. Completed treatment using a chemical herbicide treatment called ProcellarCOR.</p> <p>4. Updated the Conservation Potential Assessment and preliminary demand forecast. Received a timeline extension from Department of Health pending contract discussions.</p> <p>5. Successfully negotiated a five-year contract extension with Veolia and received Board approval.</p> <p>6. Created major lower conveyance assets in the database and published stationing reference layers for Thompson's Ditch and dikes to the GIS Portal.</p> <p>7. Issued 24 licenses for a total of 138, updated property owners' insurance, and resumed inspection of Dike 11 to ensure license compliance.</p>

<p>2. Use baseline water quality information to evaluate how future drinking water from the Lake Tapps Reservoir will meet water quality regulatory standards and regional expectations.</p>	<p>8. Complete the two-year water quality monitoring program. 9. Conduct an inventory of outfalls along the flowline. 10. Monitor opportunities to engage in local government planning/stormwater activities that benefit water quality.</p>	<p>8. Completed two years of monitoring and sampling in the Lake Tapps Reservoir and awaiting the final report. 9. Completed an inventory of outfalls along the flowline. 10. Submitted proposed amendments to protect and improve water quality in Lake Tapps Reservoir, which were adopted as part of Pierce County's updated comprehensive plan.</p>
<p>3. Maximize Cascade's assets to generate other sources of revenue or benefits.</p>	<p>11. Follow-up as appropriate on the results of the solar feasibility study.  12. Explore selling temporary water to Redmond.   13. Explore opportunities to sell water to Sumner and other entities.</p>	<p>11. Completed the solar feasibility study and hired a contractor to install a solar energy system at the Powerhouse. Submitted two grant applications for the project. 12. Worked on the sale of temporary water with Redmond to be used in years when development activity will affect supply through dewatering and construction impacts. Completed an agreement for Board consideration. 13. Continued to discuss the use of Regional Reserved Water and tailrace water as supporting mitigation for Sumner's pending water rights application with Department of Ecology. Developed a draft water sales policy to define guidelines for sales discussions.</p>

<b>FOCUS AREA 2: WATER RESOURCES</b>		
<i>Goal 2: Ensure flexibility, certainty and resiliency of Cascade's future drinking water supply for the region.</i>		
<b>Strategies</b>	<b>2021 Cascade Work Plan Actions</b>	<b>2021 Achievements</b>
<p>4. Delay capital costs in developing the Lake Tapps Reservoir as a municipal water supply by purchasing water from other regional suppliers and utilizing reclaimed water, independent supplies, and other water sources.</p>	<p>14. Continue negotiations with Seattle to extend Cascade's contract, and/or explore potential supplies from other regional suppliers. 15. Continue to update the long-term demand forecast.</p>	<p>14. Began contract discussions with Seattle and Tacoma to enable deferring development of the Lake Tapps Reservoir.  15. Completed and presented a preliminary update of the demand forecast to member staff.</p>
<p>5. Develop strategies to address current and future drinking water quality issues to assist members in</p>	<p>16. Track PFAS legislation and rulemaking at the federal and state levels and support members as needed.</p>	<p>16. Submitted a formal comment letter on Department of Ecology's PFAS Chemical Action Plan. Submitted written comments on King County's Clean Water Plan that focused on reclaimed water, including PFAS. Supported Sammamish</p>

maintaining independent supplies.		Plateau Water’s efforts to obtain a federal earmark for a PFAS treatment project.
6. Collaborate with members and other utilities to implement actions that improve the region’s resiliency for seismic events and other major disruptions impacting water supply delivery.	17. Once members complete their AWIA risk and resiliency assessments and emergency response plans, identify and implement 1-3 actions to improve regional resiliency. 18. Work with the Water Supply Forum to design a workshop for utilities and emergency managers to improve coordination of emergency preparedness and response.	17. Issued a task order for the AWIA consultant to help create a BIP emergency response plan. 18. Per the Forum Chair, deferred the emergency preparedness workshop until after the 2022 Cascadia Rising exercise is completed in June.

<b>FOCUS AREA 3: ENVIRONMENTAL STEWARDSHIP</b>		
<i>Goal 3: Protect the natural environment by advancing water resource stewardship and sustainable business practices.</i>		
<b>Strategies</b>	<b>2021 Cascade Work Plan Actions</b>	<b>2021 Achievements</b>
7. Contribute to regional activities that reduce water demand, including peak season demand, to conserve and more efficiently use water sources.	19. Work with members to locate accounts that would benefit from irrigation evaluations. 20. Promote remote metering technology and infrastructure.	19. Continuously promoted Cascade's irrigation evaluations to members and the community. 20. Partnered with Sustainability Ambassadors to create a video on Sammamish Plateau Water's remote metering system.
8. Enhance education and outreach activities to enable residents, businesses, schools and public agencies to take action to protect and preserve natural water resources.	21. Continue to enhance Cascade’s education programs, such as expanded on-line resources.  22. Continue to conduct community outreach and provide services in member service areas regarding water resource stewardship. 23. Continue the TappsWise program focusing on outreach on septic system inspections, natural yard care and water quality for the Lake Tapps Reservoir.  24. Implement the We Need Water social media plan.	21. Continued to offer youth education services and built in new elements. Provided the Cascade Gardener spring series remotely and added a summer series with record attendance. Provided other adult education such as stream monitoring training. Completed several new curriculum units and lesson plans. 22. Sponsored the Bellevue Family 4th, Issaquah Salmon Days, and Kirkland Concert Series. Participated at farmers markets in Bellevue and Kirkland. 23. Monitored water quality weekly in the summer. Continued the septic inspection notification program and provided a septic care webinar. Conducted natural yard care outreach and provided a webinar. 24. Continued to use social media platforms - Instagram, FaceBook, Twitter and YouTube - to promote We Need Water.

9. Sustainably manage Cascade’s facilities, equipment, assets and capital projects in a way that minimizes impacts on the natural environment.	25. Explore PSE’s voluntary renewable energy programs to see if there are opportunities to reduce Cascade’s carbon footprint at our facilities. 26. Explore post-COVID-19 alternative work arrangements to reduce commuting.	25. Deferred project to work on higher priority items. 26. Researched how organizations plan to return to work on-site in a more sustainable way.
10. Identify changing environmental conditions, such as climate change, and develop strategies to mitigate impacts.	27. Evaluate whether any of our properties are mapped as floodplains or wetlands.	27. Deferred project to work on higher priority items.

**FOCUS AREA 4: REGIONAL LEADERSHIP**

*Goal 4: Lead, influence and serve as a convener on regional water-related issues and proactively maintain strong relationships to achieve the priorities of Cascade and its members.*

<b>Strategies</b>	<b>2021 Cascade Work Plan Actions</b>	<b>2021 Achievements</b>
11. Advance Cascade’s legislative interests to achieve Cascade’s overall mission.	28. Establish and implement a legislative agenda.	28. Implemented the 2021 legislative agenda and continued to foster relationships at all governmental levels to further Cascade and members' interests.
12. Maintain trust and a good working relationship with Cascade’s member communities and Lake Tapps partners.	29. Convene community meetings with the Lake Tapps Community Council, Tribes and the Four Cities. 30. Sponsor events and activities in the Lake Tapps and member communities.	29. Met virtually with the Lake Tapps Community on June 22 and Four Cities on June 24. Met monthly with the Tribes via the White River Management Agreement meetings. 30. Partnered with Pierce County on the TappsWise program. Purchased Swimsafe wristbands for events at Lake Tapps and incident-locator dock signs. Sponsored the Bonney Lake Triathlon, Taste @ Tapps, and Beautify Bonney Lake.
13. Participate in water-related issues at the regional, state, national and industry levels.	31. Work with the Water Supply Forum to identify and secure funding to improve the resiliency of the region’s drinking water system. 32. Participate on EPA’s Workforce Initiative Task Force. 33. Participate in the Aspen Institute’s affordability activities. 34. Participate on AWWA’s working committee to revise its rate methodology in support of affordability initiatives.	31. Developed a consultant scope to design a regional funding strategy. Updated the regional CIP list of resiliency projects. 32. Did not meet – US EPA did not hold any meetings in 2021. 33. Attended the Aspen-Nicholas Water Forum affordability virtual conference in October. 34. Participated in a potential major revision to AWWA's rate methodology to address essential water use as a component of service with unique (and lower) costs.

<p>14. Look for opportunities to partner with regional entities that have shared objectives.</p>	<p>35. Partner with Pierce County on the trail project.</p> <p>36. Partner with Sumner and BNSF on the Sumner/BNSF project.</p> <p>37. Convene other agencies and stakeholders to address Lake Tapps issues collectively, such as protecting water quality.</p> <p>38. Develop new and enhance existing We Need Water partnerships.</p>	<p>35. Worked with Pierce County Parks on a flume trail easement agreement, but negotiations paused because Pierce County was unwilling to include water quality considerations.</p> <p>36. Met with Sumner and BNSF throughout the year to discuss the agreements needed to implement the Sumner White River Restoration/BNSF Railroad Staging Tracks project, Reviewed and commented on BNSF's new bridge design for the tailrace channel.</p> <p>37. Coordinated with Pierce County Parks on debris management. Continued to collaborate with Pierce County Health on septic systems and water quality. Coordinated with Buckley on water quality issues related to new development.</p> <p>38. Reached out to a number of organizations with an offer to partner on We Need Water and succeeded in getting Stewardship Partners to follow Cascade.</p>
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<b>FOCUS AREA 5: GOOD GOVERNANCE</b>		
<i>Goal 5: Provide the most cost-effective services possible through Cascade's governance model of a small, efficient and nimble organization with engaged members and Board of Directors.</i>		
<b>Strategies</b>	<b>2021 Cascade Work Plan Actions</b>	<b>2021 Achievements</b>
<p>15. Ensure continued strong engagement with current and new Board members.</p>	<p>39. Provide monthly member updates.</p> <p>40. Design outreach activities in member communities to include Board members.</p> <p>41. Provide individual briefings to Board member and alternates.</p>	<p>39. Provided members with monthly reports that highlighted Cascade's issues and achievements.</p> <p>40. Worked with Mayor Sweet to integrate aspects of Kirkland's Climate Solutions Plan into Sustainability Ambassadors' 2022 student action plans and with Mayor Ekberg to deliver a pilot field trip to teach Tukwila residents about stream sampling and actions to protect local watersheds.</p> <p>41. Briefed Board members and alternates upon request, particularly on financial topics.</p>
<p>16. Strengthen the relationship between Cascade and members' councils, commissions and other elected officials.</p>	<p>42. Offer presentations to members' councils, commissions and other elected or appointed officials.</p>	<p>42. Presented the supply options and Water Supply Development Fund to each member's councils and commissions.</p>
<p>17. Expand Cascade's unique business model to new</p>	<p>43. Develop and implement the Lake Tapps reserve equity fund.</p>	<p>43. Received Board approval in November to establish the Water Supply Development Fund.</p>

issues to deliver services more efficiently and cost-effectively.	44. Offer assistance to members on bond refunding. 45. Offer assistance to members on rate design and affordability. 46. Offer to advise and collaborate with members on long-range demand forecasting, especially for their system planning efforts	44. Worked with Skyway Water & Sewer District to assist them with their refunding. 45. Offered assistance on rate design and affordability to member staff but did not receive any interest. 46. Presented Cascade's draft long-range demand forecast to members (which consists of individual forecasts for each member utility).
18. Support the Board in updating Cascade's mission, vision, and long-range goals to guide the development of future strategic plans.	47. Convene a Board workshop to define the long-range plans for Lake Tapps and to update Cascade's mission and vision.	47. Held a "Future of Cascade" Board workshop on June 30, resulting in Board direction on supply options and ultimately leading to Board approval of the Water Supply Development Fund.
Additional actions that aren't related to specific Strategies.	48. Complete the annual and quarterly audits on time.	48. Completed the annual and quarterly audits on time and received no findings.

<b>FOCUS AREA 6: EMERGING ISSUES</b>		
<i>Goal 6: Support members in addressing emergent priority issues while maintaining accountability to ratepayers.</i>		
<b>Strategies</b>	<b>2021 Cascade Work Plan Actions</b>	<b>2021 Achievements</b>
19. Engage in strategies to address affordability in water-related services.	49. Present an alternative approach to the Board on the RCFC methodology to support affordability. 50. Present legislative options to the Board that would support water affordability.	49. Presented a cost-of-service approach that would result in lower RCFC charges for affordable housing and shelters. 50. Did not pursue affordability legislative options and instead focused on an RCFC cost-of-service approach.
20. Support members in working with regulators and other government agencies to achieve members' goals.	51. Continue AWIA support to ensure all members meet EPA requirements. 52. Explore opportunities to coordinate development of members' water system plans with the TSP; help members address issues with regulators regarding their plans.	51. Completed the risk-and-resiliency assessments and updated emergency response plans for all members that received assistance from Cascade's consultant. 52. With Department of Health's concurrence, determined that timing of developing members' water system plans is not conducive to aligning these with the timing of the TSP.
21. Provide analysis on emergent issues to enable the Board to make informed decisions and guide Cascade's work.	53. Continue to address reclaimed water through the process established under Agreement to Coordinate Reclaimed Water.	53. Met with King County Wastewater, Seattle, Renton, and Soos Creek Water and Sewer District throughout the year to develop a draft master template agreement for the potential future use of reclaimed water. Advocated for members' interests regarding financial and water quality issues.

## 2021 Additional Achievements

Strategic Plan Focus Area	2021 Additional Achievements
Focus Area 1: Asset Management	<p><u>Infrastructure:</u></p> <ol style="list-style-type: none"> <li>1. Completed several smaller capital projects including installing 50-feet of double ecology blocks and plantings on Dike 11 and installing new fencing and signage at the Valve House.</li> <li>2. Made progress on several larger capital projects, including designing the solution for over-spraying of the plunge pool and conducting preliminary engineering on Dikes 9 and 10 to improve their seismic resiliency.</li> <li>3. Effectively managed two emergency declarations: malfunctioning of the headgate and collapse of the south wall of the plunge pool.</li> <li>4. Completed several small technology projects, including replacing aging servers at the Lake Tapps office, re-cabling the Powerhouse, and updating the phone system at several White River-Lake Tapps Reservoir facilities.</li> </ol> <p><u>Operations:</u></p> <ol style="list-style-type: none"> <li>5. Filled the Lake Tapps Reservoir by March 15 and raised the Reservoir to 543’ before Memorial Day.</li> <li>6. Collaborated with Bellevue, Issaquah, Sammamish Plateau Water, and Seattle to resolve water quality issues in the Bellevue-Issaquah Pipeline.</li> <li>7. Effectively addressed encroachment issues in the Printz Basin area and on several dikes.</li> <li>8. Developed a Homeowners’ Guide to licensing and permitting to assist property owners in being compliant with Cascade’s property management policy.</li> </ol> <p><u>Financials:</u></p> <ol style="list-style-type: none"> <li>9. Completed a temporary water agreement with Issaquah, generating \$8.7M over 18 years in future revenue.</li> <li>10. Developed a policy package addressing sale of water rights and water supply assets.</li> </ol>
Focus Area 2: Water Resources	<ol style="list-style-type: none"> <li>11. Submitted a formal request to the Department of Ecology to extend the Lake Tapps Reservoir water right permit development schedule by 25 years and received support from the Tribes.</li> </ol>
Focus Area 3: Environmental Stewardship	<ol style="list-style-type: none"> <li>12. Continued making progress towards meeting the 2019-2022 Water Use Efficiency savings goal.</li> <li>13. Successfully transitioned many of Cascade’s education and outreach programs into a remote learning format, including Cascade Gardener, stream monitoring training, and training for the YMCA Earth Corps.</li> <li>14. Delivered several trainings and workshops, including a compost presentation in Skyway, stream monitoring training in Kirkland, and drip irrigation training at the Lake Washington School District.</li> <li>15. Featured Cascade’s Garden Project at McAuliffe Park in Kirkland on KIRO TV.</li> </ol>
Focus Area 4: Regional Leadership	<ol style="list-style-type: none"> <li>16. Strategized and provided advice on a settlement approach that resulted in a letter from Cascade to Seattle concerning a financial dispute between Seattle and Tukwila/Highline.</li> <li>17. Gave tours of the White River-Lake Tapps Reservoir and the Outage Project to Board members, Alternate Board members, and member staff.</li> </ol>

Strategic Plan Focus Area	2021 Additional Achievements
Focus Area 5: Good Governance	<ul style="list-style-type: none"> <li>18. Completed an advanced refunding of the 2012 bonds resulting in present value savings of 21% and, beginning in 2023, a reduction in annual debt service payments by an average of \$575,000.</li> <li>19. Received an upgrade to Aa1 from Aa2 by Moody’s investors services.</li> <li>20. Awarded the Distinguished Budget Presentation Award by the Government Finance Officers Association for Cascade’s 2021-2022 budget.</li> <li>21. Awarded the AWC WellCity Award for Cascade’s Wellness Program.</li> </ul>
Focus Area 6: Emerging Issues	<ul style="list-style-type: none"> <li>22. Partnered with Bellevue and Issaquah to develop strategies and negotiate protection agreements and cost-sharing on the portion of WSDOT’s Fish Passage Project that conflicts with the Bellevue-Issaquah Pipeline.</li> </ul>



## Cascade's 2022 Work Plan

<b>STRATEGIC PLAN FOCUS AREA 1: ASSET MANAGEMENT</b>	
<i>Strategic Plan Goal 1: Optimize Cascade's assets to support current and future needs.</i>	
<b>Strategic Plan Strategies</b>	<b>2022 Work Plan Actions</b>
1. Implement strategies and make investments to protect the Lake Tapps Reservoir as a future drinking water supply.	1. Make progress on the following projects: <ol style="list-style-type: none"> <li>Headworks Intake Modifications (note: the project timing is driven by the US Army Corps of Engineers (USACE))</li> <li>SCADA/Security Implementation</li> <li>Plunge Pool South Timber Wall Improvements</li> <li>Buckley Emergency Slide Stabilization and Drainage Improvements</li> <li>Valve House System Control Rehab and Backup System Improvements</li> </ol> 2. Work with the State Dam Safety Office on the five-year Lake Tapps Reservoir dikes inspection.           3. Perform annual milfoil treatment.           4. Continue to improve the property management program, including better educating homeowners about license requirements and mitigating trespassing and encroachments.           5. Complete the GIS layer containing the White River-Lake Tapps Reservoir system major infrastructure geospatial data.
2. Use baseline water quality information to evaluate how future drinking water from the Lake Tapps Reservoir will meet water quality regulatory standards and regional expectations.	6. Using the results of the two-year water quality monitoring study, develop next steps for a future water quality strategy.           7. Monitor opportunities to engage in local government planning/ stormwater activities that benefit water quality.
3. Maximize Cascade's assets to generate other sources of revenue or benefits.	8. Finalize an agreement to sell temporary water to Redmond.           9. Continue to explore opportunities to sell water to Sumner and other entities.           10. Explore opportunities to lease Cascade's property to interested parties, such as for battery storage projects.
Additional Asset Management work plan actions that aren't associated with specific Strategic Plan Strategies.	11. Update the Memorandums of Agreement with Bellevue and Sammamish Plateau Water to clarify roles and responsibilities on the operations and maintenance of the Bellevue-Issaquah Pipeline.

<b>STRATEGIC PLAN FOCUS AREA 2: WATER RESOURCES</b>	
<i>Strategic Plan Goal 2: Ensure flexibility, certainty and resiliency of Cascade’s future drinking water supply for the region.</i>	
<b>Strategic Plan Strategies</b>	<b>2022 Work Plan Actions</b>
4. Delay capital costs in developing the Lake Tapps Reservoir as a municipal water supply by purchasing water from other regional suppliers and utilizing reclaimed water, independent supplies, and other water sources.	12. Request an extension of the development schedule contained in Cascade’s water right permits from Department of Ecology. 13. Negotiate a block contract extension with Seattle. 14. Negotiate a new supply contract with Tacoma. 15. Finalize the long-term demand forecast. 16. Finalize the conservation potential assessment
5. Develop strategies to address current and future drinking water quality issues to assist members in maintaining independent supplies.	17. Track PFAS legislation and rulemaking at the federal and state levels and support members as needed.
6. Collaborate with members and other utilities to implement actions that improve the region’s resiliency for seismic events and other major disruptions impacting water supply delivery.	18. Develop an emergency response plan for the Bellevue-Issaquah Pipeline. 19. Participate in the 2022 Pacific Northwest Cascadia Rising exercise. 20. Work with members to review SPU’s Phase 2 seismic study results on the Eastside Supply Line and identify follow-up actions as needed.

<b>STRATEGIC PLAN FOCUS AREA 3: ENVIRONMENTAL STEWARDSHIP</b>	
<i>Strategic Plan Goal 3: Protect the natural environment by advancing water resource stewardship and sustainable business practices.</i>	
<b>Strategic Plan Strategies</b>	<b>2022 Work Plan Actions</b>
7. Contribute to regional activities that reduce water demand, including peak season demand, to conserve and more efficiently use water sources.	21. Integrate Cascade’s water efficiency programs with members’ activities to achieve Cascade’s objectives while providing greater value to members by assisting in their sustainability, climate action, and stormwater management plans.
8. Enhance education and outreach activities to enable residents, businesses, schools and public agencies to take action to protect and preserve natural water resources.	22. Continue to enhance Cascade’s education programs, such as developing additional water-related curriculum. 23. Continue to conduct community outreach and provide services in member service areas regarding water resource stewardship. 24. Continue the TappsWise program focusing on natural yard care, septic system deficiencies follow-up, and water quality for Lake Tapps Reservoir. 25. Develop and implement a strategy for the We Need Water social media program to create and promote content that has greater impact and generates more followers.
9. Sustainably manage Cascade’s facilities, equipment, assets and capital projects in a way that minimizes impacts on the natural environment.	26. Complete the Solar Energy System project at the Powerhouse.
10. Identify changing environmental conditions, such as climate change, and develop strategies to mitigate impacts.	27. Evaluate the impacts climate change may have on Cascade’s demand and supply for inclusion in the 10-year Transmission & Supply Plan.

<b>STRATEGIC PLAN FOCUS AREA 4: REGIONAL LEADERSHIP</b>	
<i>Strategic Plan Goal 4: Lead, influence and serve as a convener on regional water-related issues and proactively maintain strong relationships to achieve the priorities of Cascade and its members.</i>	
<b>Strategic Plan Strategies</b>	<b>2022 Work Plan Actions</b>
11. Advance Cascade’s legislative interests to achieve Cascade’s overall mission.	28. Establish and implement a legislative agenda.
12. Maintain trust and a good working relationship with Cascade’s member communities and Lake Tapps partners.	29. Convene community meetings with the Lake Tapps Community, Tribes, and the Four Cities. 30. Sponsor events and activities in the Lake Tapps and member communities.
13. Participate in water-related issues at the regional, state, national and industry levels.	31. Work with the Water Supply Forum on a strategy to identify and secure funding to improve the resiliency of the region’s drinking water system. 32. Participate on AWWA’s working committee to revise its rate methodology in support of affordability initiatives.
14. Look for opportunities to partner with regional entities that have shared objectives.	33. Continue to collaborate with Sumner and BNSF on the Sumner White River Restoration/BNSF Railroad Staging Tracks project, including finalizing the project agreements. 34. Continue to collaborate with the Puyallup and Muckleshoot Tribes and USACE to jointly manage flows and operations in the White River and minimize impacts caused by construction of Phase 3 of the USACE’s Mud Mountain Dam Fish Passage project.

<b>STRATEGIC PLAN FOCUS AREA 5: GOOD GOVERNANCE</b>	
<i>Strategic Plan Goal 5: Provide the most cost-effective services possible through Cascade’s governance model of a small, efficient and nimble organization with engaged members and Board of Directors.</i>	
<b>Strategic Plan Strategies</b>	<b>2022 Cascade Work Plan Actions</b>
15. Ensure continued strong engagement with current and new Board members.	35. Provide monthly member updates. 36. On-board new Board members and alternates, including offering tours of the White River-Lake Tapps Reservoir system. 37. Provide individual briefings to Board members and alternates as requested and as needed.
16. Strengthen the relationship between Cascade and members’ councils, commissions and other elected officials.	38. Offer presentations to members’ councils, commissions and other elected or appointed officials.
17. Expand Cascade’s unique business model to new issues to deliver services more efficiently and cost-effectively.	39. Offer assistance to members on rate design.

18. Support the Board in updating Cascade’s mission, vision, and long-range goals to guide the development of future strategic plans.	40. Finalize a policy addressing sale of water rights and water supply assets.
Additional Good Governance work plan actions that aren’t associated with specific Strategic Plan Strategies.	41. Develop and submit to the Board the 2023-2024 proposed budget, member rates, and regional capital facility charges (RCFCs). 42. Develop the 2023-2024 Budget Book and submit it to the Government Finance Officers Association. 43. Continue implementation of Water Supply Development Fund (WSDF) and integration into code, budget, and rate-setting processes; apply to participate in the King County Pool Plus investment program for funds held in the WSDF. 44. Pursue opportunities to enhance investment yields of financial assets. 45. Complete the financial and accountability audits on time and free of findings. 46. Identify additional opportunities to promote equity, inclusion and accessibility in Cascade’s work.

<b>STRATEGIC PLAN FOCUS AREA 6: EMERGING ISSUES</b>	
<i>Strategic Plan Goal 6: Support members in addressing emergent priority issues while maintaining accountability to ratepayers.</i>	
<b>Strategic Plan Strategies</b>	<b>2022 Cascade Work Plan Actions</b>
19. Engage in strategies to address affordability in water-related services.	47. Participate in the Aspen Institute’s affordability activities.
20. Support members in working with regulators and other government agencies to achieve members’ goals.	48. Continue to advocate members’ interests with Seattle, King County, the Washington State Department of Transportation, and other governmental agencies.
21. Provide analysis on emergent issues to enable the Board to make informed decisions and guide Cascade’s work.	49. Continue to address reclaimed water through the process established under Agreement to Coordinate Reclaimed Water.



Office of the Washington State Auditor  
Pat McCarthy

## Accountability Audit Report

# Cascade Water Alliance

For the period January 1, 2020 through December 31, 2020

*Published January 27, 2022*

Report No. 1029799



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

January 27, 2022

Board of Directors  
Cascade Water Alliance  
Bellevue, Washington

**Report on Accountability**

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

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

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

Sincerely,

Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

## TABLE OF CONTENTS

Audit Results.....	4
Related Reports.....	5
Information about the Alliance .....	6
About the State Auditor's Office.....	7

## AUDIT RESULTS

### Results in brief

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

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

### About the audit

This report contains the results of our independent accountability audit of the Cascade Water Alliance from January 1, 2020 through December 31, 2020.

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

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

Based on our risk assessment for the year ended December 31, 2020, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Accounts payable – purchase cards and electronic funds transfers
- Procurement – public works and professional services
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress

## RELATED REPORTS

### **Financial**

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

## INFORMATION ABOUT THE ALLIANCE

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

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

The Alliance supplies over 380,000 King County residents and 20,000 businesses. The Alliance is governed by a Board of Directors that consists of seven elected officials appointed from member entities. Operating expenditures for 2020 totaled \$36 million. The Alliance has 11 employees and three temporary employees.

### Contact information related to this report

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

*Information current as of report publish date.*

### Audit history

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

## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

### Stay connected at [sao.wa.gov](http://sao.wa.gov)

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(564) 999-0950
- Toll-free Citizen Hotline:  
(866) 902-3900
- Email:  
[webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov)



SPECIAL MEETING MINUTES OF THE  
BOARD OF DIRECTORS  
VIA ZOOM  
JANUARY 26, 2022

**1. CALL TO ORDER**

At 3:30 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 Kirkland (Sweet), the City of Redmond (Birney), City of Tukwila (Ekberg), Sammamish Plateau Water & Sewer District (Warren), and Skyway Water and Sewer District (Ault)

Board Members Absent: the City of Issaquah (Pauly)

Board Alternates Present: The City of Bellevue (Barksdale/*Board confirmation not official*), the City of Issaquah (Russell/*Board confirmation not official*), the City of Kirkland (Pascal), the City of Redmond (Anderson), and Sammamish Plateau Water & Sewer District (Hooshangi)

**3. PUBLIC COMMENT**

None.

**4. EXECUTIVE SESSION**

None.

**5. APPROVAL OF AGENDA**

**Motion by Mr. Warren and second by Ms. Sweet to approve the meeting agenda as presented. Motion carried unanimously (6-0).**

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

Ray Hoffman, Cascade CEO, reviewed the Chief Executive Officer's Report that was included in the Board packet.

**7. CONSENT ITEMS**

- A. Board Meeting Minutes for November 17, 2021.
- B. Motion to authorize the Chief Executive Officer to execute various 2022 Cascade sponsorship agreements for a combined total not to exceed \$25,000.

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

**8. OTHER ACTION ITEMS**

None.

**9. STAFF PRESENTATIONS**

A. 2022 Cascade Draft True-Up

Ed Cebon, Chief Economist/Treasurer explained that the adopted 2022 member charges were based on estimates pending completion of the 2020 water year. He added that 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. Mr. Cebon said that the draft memorandum included in the Board packet provides documentation of the data and calculations used to determine member charges for 2022 and resulting 2023 true-up amounts.

B. Water Rights Sales Policy

Mr. Cebon said that recently, several opportunities have arisen for the potential sale of Cascade water rights or water supply capacity. He reviewed the general principles of the Water Rights Sales Policy, and responded to key questions regarding whether Cascade should sell any of its water rights; what price is appropriate; and how any resulting revenues would be used.

Mr. Hoffman and Mr. Cebon responded to various questions from Board Members.

C. Energy Storage Proposal

Mr. Hoffman discussed the offers Cascade has received to lease various parcels around Lake Tapps and the pros and cons of moving forward with any proposals. Interest for these parcels includes development of a battery storage system to back up solar and wind power. The desired parcels are located at Cascade's future water filtration plant so additional research would need to be conducted. Mr. Hoffman said that if such a leasing arrangement could work out and not be inconsistent with Cascade's short- and long-term operational needs it would be a revenue generator for Cascade. Cascade is working with legal counsel to determine questions for a request for information process.

**10. COMMITTEE REPORTS**

- A. Executive Committee – no meetings held.
- B. Finance & Management Committee – Meeting held January 18, 2022.
- C. Public Affairs Committee – Meeting held January 5, 2022.
- D. Resource & Management Committee – Meeting held January 13, 2022.

**11. NEW BUSINESS**

None.

**12. NEXT REGULAR MEETING**

The next regular Board meeting will be held on February 23, 2022 at 3:30 p.m.

**13. ADJOURN**

Board Members thanked Chair Stokes for his contributions to the Cascade Water Alliance Board.

The meeting adjourned at 4:39 p.m.

APPROVED BY:

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Chair

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Vice Chair

## **AGENDA MEMORANDUM**

### **SUBJECT**

Motion to adopt Resolution No. 2022-03 containing acknowledgements necessary for Cascade's participation in the King County Pool-Plus investment program for the newly created Water Supply Development Fund (WSDF) and designating Cascade staff who are authorized to provide transaction instructions to King County.

### **BACKGROUND**

King County has requested an authorizing resolution for the WSDF to participate in the Pool-Plus program that acknowledges associated market risks and identifies authorized representatives for transacting business related to this investment pool. The Resolution is nearly identical to Resolution 2019-02, the Resolution that authorized the Bond fund to participate in the Pool-Plus program. The Board previously authorized this participation in November 2021 when the WSDF was authorized.

The Pool-Plus program invests in longer maturities to achieve enhanced investment yields.

### **PROCUREMENT PROCESS**

Not applicable.

### **FISCAL IMPACT**

There is no fiscal impact from adoption of this resolution.

### **OPTIONS**

1. Adopt Resolution No. 2022-03 containing acknowledgements necessary for Cascade's participation in the King County Pool-Plus investment program and designating Cascade staff who are authorized to provide transaction instructions to King County.
2. Do not adopt Resolution No. 2022-03 and provide alternate direction to staff.

### **RECOMMENDED ACTION**

Adopt Resolution No. 2022-03 containing acknowledgements necessary for Cascade's participation in the King County Pool-Plus investment program and designating Cascade staff who are authorized to provide transaction instructions to King County.

### **ATTACHMENTS**

1. Resolution 2022-03.
2. Pool-Plus "Part 3" Replacement Application form.



CASCADE WATER ALLIANCE  
RESOLUTION NO. 2022-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,  
A WASHINGTON MUNICIPAL CORPORATION REGARDING THE KING COUNTY POOL PLUS OPTIONS  
PROGRAM APPLICATION AND POLICIES, ACKNOWLEDGEMENTS, AND  
DESIGNATION OF AUTHORIZED PERSONS

WHEREAS, the Cascade Water Alliance (“Cascade”) is a Washington municipal corporation formed under authority of the Joint Municipal Utilities Authority Act (Chapter 39.106 RCW) to provide water supply to its Members;

WHEREAS, Cascade has historically maintained fund balances for purposes of financial management and invests those funds in the King County Investment Pool (KCIP) to generate income for the benefit of its Members;

WHEREAS King County introduced an alternative to its short-term investment pool called the "Pool-Plus" program (KCPP) which allows longer term investments in an administrative cost structure equal to the existing KCIP and can provide substantially higher investment yields;

WHEREAS, by Resolution 2017-09, Cascade’s Board of Directors (“Board”) authorized the Chief Executive Officer (“CEO”) to submit an initial application to the KCPP and by Resolution 2017-10, the Board authorized the CEO to complete an application to participate in the KCPP; and by Resolution 2021-10, the Board established the Water Supply Development Funds and directed that is shall be invested in the KCPP program.

WHEREAS, the CEO completed an application to invest funds in the KCPP.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF  
CASCADE WATER ALLIANCE as follows:

**Section 1. Acknowledgments.**

- A.** The Board acknowledges that Cascade is relying on its own due diligence and has reviewed the information provided by King County in Part 2 of the attached King County Pool-Plus application, and that it agrees to abide by the policies for the Pool-Plus Option.
- B.** The Board acknowledges the possibility of experiencing unrealized losses due to factors that affect the overall performance of the financial markets in which the District will be invested. The Board also acknowledges that these unrealized losses are required to be reported in Cascade’s annual financial reports which could generate questions from ratepayers, auditors, reporters or anyone else reading said financial reports.
- C.** The Board acknowledges that Cascade could experience realized losses if these securities are sold prior to maturity, although there is currently no intent to do so. These realized losses, if occurring, are also required to be reported in Cascade’s annual

financial reports which could generate questions from ratepayers, auditors, reporters, or anyone else reading said financial reports.

**Section 2. Designation.** The Board hereby designates the Cascade CEO, The Cascade Manager for Finance and Administration, and the Cascade Chief Economist/Treasurer as the persons at Cascade who are authorized to provide transaction instructions to the King County investment team.

**Section 3. Effect.** This Resolution shall be in full force and effect on the date of its adoption.

ADOPTED AND APPROVED by the Board of Directors of the Cascade Water Alliance at a meeting thereof, held the 23rd day of February 2022.

CASCADE WATER ALLIANCE

\_\_\_\_\_, Chair

\_\_\_\_\_  
Attest – Ray Hoffman, Chief Executive Officer

\_\_\_\_\_, Vice Chair

\_\_\_\_\_, Secretary/Treasurer

Members

Yes \_\_\_\_\_

No \_\_\_\_\_

Demand Share

Yes \_\_\_\_\_%

No \_\_\_\_\_%

Include in CWAC?

Yes

No

## KING COUNTY INVESTMENT POOL POLICY



**APPENDIX 2 (CONTINUED)**

### KING COUNTY AGENCY APPLICATION ACKNOWLEDGEMENT AND ACCEPTANCE OF ALL RISKS

**PART 2 (COMPLETED BY KING COUNTY TREASURY SECTION)**

AGENCY INFORMATION

Agency name:	Fund Number:	Date:
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20-YEAR INTEREST RATE ANALYSIS FOR 5 AND 10 YEAR TREASURY NOTES

INTEREST RATE SHOCK ANALYSIS (RATES UP 100, 200, & 300 BASIS POINTS)

**Waiting for King County to fill in this section.**

**PART 3 (COMPLETED BY AGENCY)**

The agency accepts the market risk and the risk that the agency could experience an actual loss or principal if it must sell an investment before maturity. After relying on our own due diligence and reviewing the brief analysis prepared by King County Treasury Section above, the agency requests EFC approval of our Pool-Plus Investment Option Application (select one): Yes  No

The agency requests that King County buy only securities that are issued by the U.S. Treasury or are backed by the full faith and credit of the United States be purchased for the bond ladder(select one): Yes  No

**The Department's Director must also designate at least 2 people that are authorized to provide transaction instructions to the investment team.**

FUND MANAGER - AUTHORIZED SIGNATURE (REQUESTING POOL-PLUS OPTION)	DEPARTMENT DIRECTOR - AUTHORIZED SIGNATURE (REQUESTING POOL PLUS OPTION)
Signature:	Signature:
Print Name:	Print Name:
Title:	Title:
Date:	Date:

## **AGENDA MEMORANDUM**

### **SUBJECT**

Motion to adopt Resolution No. 2022-05 adopting amendments to Cascade Water Alliance Code 2.05.380; 2.05.390; and 5.60.020.

### **BACKGROUND**

Through this motion, the Board would increase the delegated authority of the CEO to contract without direct Board authorization. The authorization is currently \$25,000, a level set at Cascade's inception over 20 years ago. In the intervening time, the construction cost index has more than doubled, suggesting a material reduction in CEO authority. The proposed changes would increase the delegated authority to the CEO to \$50,000. Existing procurement practices related to competitive bids and proposals and seeking Board authority if a contract is amended to a level above the threshold, would remain in place.

### **PROCUREMENT PROCESS**

Not applicable.

### **FISCAL IMPACT**

There is no fiscal impact from these revisions.

### **OPTIONS**

1. Adopt Resolution No. 2022-05 adopting amendments to Cascade Water Alliance Code 2.05.380; 2.05.390; and 5.60.020.
2. Do not adopt Resolution No. 2022-05 adopting amendments to Cascade Water Alliance Code 2.05.380; 2.05.390; and 5.60.020 and provide alternate directions to staff.

### **RECOMMENDED ACTIONS**

Adopt Resolution No. 2022-05 adopting amendments to Cascade Water Alliance Code 2.05.380; 2.05.390; and 5.60.020.

### **ATTACHMENTS**

1. Proposed Resolution No. 2022-05.



A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,  
A WASHINGTON MUNICIPAL CORPORATION  
ADOPTING AMENDMENTS TO CASCADE WATER ALLIANCE CODE  
2.05.380; 2.05.390 AND 5.60.020

WHEREAS, the Cascade Water Alliance (“Cascade”) is a Washington Municipal Corporation composed of seven Members, which are municipal corporations and special purpose districts that are party to the Joint Municipal Utilities Services Agreement under the authority of Chapter 39.106 RCW for the purpose of providing water supply to meet the growing demands of its Members;

WHEREAS, the Board adopted Resolution Nos. 2015-09 § 1; 2012-07 § 47; 2012-07 § 14; 2011-01 § 1; 2011-01 § 1; 2010-17; 2009-19 § 7, 2009-05 § 2, now codified as Cascade Water Alliance Code (CWAC) 2.05.380; 2.05.390; AND 5.60.020;

WHEREAS, the Board now desires to amend the above CWAC provisions and resolutions to increase the Chief Executive Officer’s contracting authority.

NOW THEREFORE BE IT RESOLVED BY THE BOARD as follows:

**Section 1. Amendment of Cascade’s Bylaws, CWAC 2.05.380 and 2.05.390 and Resolutions 2012-07 § 14; 2011-01 § 1; 2009-19 § 7; and 2009-05 § 2**

The Board approves the following amendments to CWAC 2.05.380 and CWAC 2.05.390 to read as follows:

**CWAC 2.05.380. Execution of contracts and deeds**

Except as otherwise provided by resolution of the Board, for all contracts, deeds, leases, notes, mortgages, pledges, transfers or other written instruments binding upon Cascade, the following shall apply:

A. Where the anticipated expenditure of Cascade is greater than ~~\$25,000~~\$50,000, the Board must approve the execution and such documents may be executed by the Chief Executive Officer or his/her designee.

B. Where the anticipated expenditure of Cascade does not exceed ~~\$25,000~~\$50,000, the Chief Executive Officer or his/her designee may approve and execute the instruments.

**CWAC 2.05.390. Loans**

No loans to or from Cascade involving amounts greater than ~~\$25,000~~\$50,000 shall be contracted on behalf of Cascade and no evidence of indebtedness totaling more than ~~\$25,000~~\$50,000 shall be issued in its name unless authorized by the board. Nothing in this section shall prohibit the chief executive officer from obligating Cascade under a conditional sales agreement or similar instrument so long as the value of the purchase does not exceed ~~\$25,000~~\$50,000. No loans shall be made by Cascade to any officer, board member (or alternate) or private entity.

**Section 2. Amendment of CWAC 5.60.020 and Resolutions 2015-09 § 1; 2012-07 § 47; and 2010-17**

The Board approves the following amendments to CWAC 5.60.020 to read as follows:

**CWAC 5.60.020 Contract authority.**

A. The Board retains its authority with respect to contracts, except as specifically delegated herein; provided, that the Board may authorize Alternate delegations of authority in any resolution awarding a contract or in a resolution authorizing Cascade's participation with another government agency in a joint project.

B. Whenever a delegation of authority is limited by a not-to-exceed amount, that amount shall include sales and use taxes, unless specifically provided otherwise. The breaking down of any purchase or contract into units or phases for the purpose of avoiding the maximum dollar amount is prohibited. The amount of a contract shall include all amendments; provided, that an amendment may be entered into without prior Board approval so long as such amendment does not cause the contract to exceed any of the not-to-exceed amounts listed in subsection (C) of this section.

C. The Chief Executive Officer on behalf of Cascade may, without prior Board approval, negotiate and execute the following contracts; provided, that funds for such contracts are included in the Board-approved budget, and that Cascade's contractual liability does not exceed available fund balances:

1. Contracts for the purchase of goods, supplies, materials, postage or equipment, where the anticipated expenditure of Cascade is not to exceed ~~\$25,000~~\$50,000;
2. Professional and consulting service contracts, including contracts for architectural, engineering, and surveying services, where the anticipated expenditure of Cascade is not to exceed ~~\$25,000~~\$50,000;
3. Maintenance contracts, where the anticipated expenditure of Cascade is not to exceed ~~\$25,000~~\$50,000 per year;
4. Public works projects, where the anticipated expenditure of Cascade is not to exceed ~~\$25,000~~\$50,000;
5. Settlement agreements, where the anticipated expenditure of Cascade is not to exceed ~~\$25,000~~\$50,000;
6. Other routine agreements, not to exceed ~~\$25,000~~\$50,000;
7. Lease agreements for materials, supplies, and equipment, where the anticipated expenditure of Cascade is not to exceed ~~\$25,000~~\$50,000 per year;
8. Sale of surplus property;

- 9. Contracts or other documents necessary to implement resolutions of the Board (e.g., official statements, or bond underwriting and sale documents);
  - 10. Emergency contracts, provided, that the Board is informed of the contract at the next regularly scheduled meeting; and
  - 11. Execution of all instruments for the general business affairs and administration (including but not limited to office supplies and maintenance, utility services, insurance, furnishings and equipment).
- D. Cascade shall reserve the right to reject any and all bids or quotes and shall include such a reservation of rights in every written invitation to bid or request for quotations or proposals.

**Section 3 . Effect.**

This Resolution shall be in full force and effect on the date of its adoption.

ADOPTED AND APPROVED by the Board of Directors of the Cascade Water Alliance at a regular meeting thereof, held the 23rd day of February 2022.

CASCADE WATER ALLIANCE

\_\_\_\_\_, Chair

Attest – Ray Hoffman, Chief Executive Officer

\_\_\_\_\_, Vice Chair

\_\_\_\_\_, Secretary/Treasurer

Members  
 Yes \_\_\_\_\_  
 No \_\_\_\_\_

Demand Share  
 Yes \_\_\_\_\_ %  
 No \_\_\_\_\_ %

Include in CWAC?	
<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/>	No

## **AGENDA MEMORANDUM**

### **SUBJECT**

Motion to adopt Resolution No. 2022-06 adopting amendments to Cascade Water Alliance Code 5.05.030; 5.05.040; 5.05.050; 5.05.100; 5.10.020; 5.20.060; and 5.65.040.

### **BACKGROUND**

In December 2021, the Board authorized creation and implementation of the Water Supply Development Fund (WSDF), including new code section 5.70. Based on review and discussions, Cascade staff conducted a broader review of code to reconcile various overlapping areas. Through the course of this “housekeeping” review, several revisions have also been brought forward for consideration for implementation of the WSDF.

The changes related to WSDF adoption primarily reconcile the role of the new WSDF and now de-activated RCFC Fund throughout the financial code. By approving this motion, the Board would excise references to the RCFC Fund and add language regarding the WSDF establishing linkages across sections of code. The revised language Section 5.05.040.D removes the RCFC fund as the repository, and directs the funds based on Board adopted direction for use of RCFC revenues (currently set at 100% to the Construction Fund). When the Board adopted the WSDF, it amended the “Cascade Funds Management Matrix” in CWAC 5.65.040 that guides budgeting and administration of funds. Because this matrix is date-sensitive, the amendment proposed in this resolution would retain the matrix, but shift future amendments to the budget process, where the Board would approve the updated matrix each biennium.

### **PROCUREMENT PROCESS**

Not applicable.

### **FISCAL IMPACT**

There is no fiscal impact from these revisions.

### **OPTIONS**

1. Adopt Resolution No. 2022-06 adopting amendments to Cascade Water Alliance Code 5.05.030; 5.05.040; 5.05.050; 5.05.100; 5.10.020; 5.20.060; and 5.65.040.
2. Do not adopt Resolution No. 2022-06 adopting amendments to Cascade Water Alliance Code 5.05.030; 5.05.040; 5.05.050; 5.05.100; 5.10.020; 5.20.060; and 5.65.040 and provide alternate direction to staff.

### **RECOMMENDED ACTIONS**

Adopt Resolution No. 2022-06 adopting amendments to Cascade Water Alliance Code 5.05.030; 5.05.040; 5.05.050; 5.05.100; 5.10.020; 5.20.060; and 5.65.040.

## **ATTACHMENTS**

1. Proposed Resolution No. 2022-06



A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,  
A WASHINGTON MUNICIPAL CORPORATION  
ADOPTING AMENDMENTS TO  
CASCADE WATER ALLIANCE CODE 5.05.030; 5.05.040; 5.05.050; 5.05.100;  
5.10.020; 5.20.060; AND 5.65.040

WHEREAS, the Cascade Water Alliance (“Cascade”) is a Washington Municipal Corporation composed of seven Members, which are municipal corporations and special purpose districts that are party to the Joint Municipal Utilities Services Agreement under the authority of Chapter 39.106 RCW for the purpose of providing water supply to meet the growing demands of its Members;

WHEREAS, the Board adopted Resolution Nos. 2021-12 § 1; 2021-11 § 1; 2021-10 § 2; 2020-13 § 1; 2018-14 § 1 (Att. 2); 2016-22 § 1; 2016-20 § 1; 2012-14 § 4; 2012-13 § 5; 2012-07 § 36; 2006-05 § 1; 2006-03 § 4; and 2006-01 § 1, now codified as Cascade Water Alliance Code (CWAC) 5.05.030; 5.05.040; 5.05.050; 5.05.100; 5.10.020; 5.20.060; and 5.65.040; and

WHEREAS, the Board now desires to amend the above CWAC provisions and resolutions for purposes of implementing the Water Supply Development Fund and other related updates to the CWAC.

NOW THEREFORE BE IT RESOLVED BY THE BOARD as follows:

**Section 1. Amendment of CWAC 5.05.030, 5.05.040, 5.05.050, 5.05.100 and Resolutions 2021-11 § 1; 2018-14 § 1 (Att. 2); 2016-20 § 1; 2012-14 § 4; 2012-07 § 36; and 2006-05 § 1.**

The Board approves the following amendments to CWAC 5.05.030, CWAC 5.05.040, CWAC 5.05.050 and CWAC 5.05.100 to read as follows:

**CWAC 5.05.030 Financial integrity and stability.**

Cascade will provide a stable financial structure that enables it to fulfill its mission to provide regional water supply and transmission services in an efficient and cost-effective manner.

A. Revenue Stability. Cascade will establish and maintain a financial structure that provides for stable and predictable revenues, relying primarily on fixed charges to members.

B. Operating Reserves (Operating Fund Balance). Cascade will maintain an operating fund and establish and budget for a beginning and ending operating fund target balance of no less than 13.7 percent (50 days) of budgeted annual operating expenses. Cascade may

routinely budget higher levels of reserves to mitigate unpredictable lump sum expense adjustments, such as the annual Seattle contract true-up, and to reflect accruals toward intermittent large scale operating expenditures. In the event that the operating fund balance falls below the target balance, Cascade shall budget and set rates so that target fund levels are restored within two years.

C. Bond Reserves. Cascade will maintain a bond fund for bond reserves and debt repayment and shall maintain bond fund balances consistent with corresponding debt covenants. In the event that the bond fund balances are found to fall below target levels, Cascade shall remedy the shortfall within 90 days or, if unable, within that period make partial remedy as able and adopt an action plan to complete the remedy.

D. Contingency Planning. Cascade will incorporate adequate contingencies in its capital planning to provide for orderly cash flow on capital projects and accommodate reasonable adjustments to capital budgets, scope, and schedule, including an explicit provision for capital risk to provide for as-yet unidentified capital needs.

E. Rate Stabilization Fund. Cascade will maintain a rate stabilization fund (RSF) to be used to mitigate fluctuations in revenues, expenses, or rates. Cascade shall target a RSF balance equal to 5% of operating revenues plus provisions for accruals for intermittent large scale operating expenditures. The Board shall establish rules for rate and fund management addressing additions to or withdrawal from the RSF with the objective of smoothing rate transitions and impacts and may modify these by resolution.

F. Water Supply Development Fund. Cascade will plan for major capital initiatives, such as major new supply and transmission facilities, through the establishment and use of a water supply development fund (WSDF) intended to provide equity funding toward such major projects and provide financial stability and compliance with debt/equity policies. The Board shall direct and monitor the use of the WSDF for accumulation of equity funding and application toward major projects.

~~FG.~~ Asset Management. Cascade shall establish capitalization and asset management policies and will maintain a fixed asset schedule and depreciate or amortize assets based upon reasonable expectations of useful life. When infrastructure assets are not booked as depreciable assets (e.g., alternate method accounting), Cascade shall estimate useful life and annual depreciation for purposes of establishing equivalent annual depreciation and net book value of assets for fiscal policy compliance.

~~GH.~~ Capital Reinvestment. Cascade will budget, generate, and restrict funds for system repair and replacement (R&R), which will be made available for projects that replace assets or extend their lives whether or not such expenditures are capitalized. The annual budgeted amount will be total annual depreciation and amortization of system assets, less planned debt principal repayment, but in no case less than one-half percent of total asset value (original cost before depreciation). Subject to realization of sufficient revenues and cash balances to fund and transfer the budgeted amount, and net of R&R expenditures made through the operating budget, the net remaining annual R&R provision will be transferred into the construction fund, to be used as cash funding toward Cascade capital projects.

**CWAC 5.05.040 Funding growth-related system expansion.**

Cascade will establish and impose member charges that provide for equitable recovery of growth-related costs from member agencies experiencing growth. The regional capital facilities charge (RCFC) is the member charge imposed for this purpose and is applicable to all new or expanded water services within Cascade member service areas as defined in the RCFC methodology.

A. RCFC Basis. Cascade will adopt an RCFC methodology consistent with equity and revenue-generating purposes as required by the Cascade Joint Municipal Utility Service Agreement. The methodology will define the basis for determining the charge and the structure for imposing it.

B. RCFC Structure. The RCFC will be imposed on members based on customer growth. Any future revisions of the basis for RCFCs shall be limited to prospective purposes and shall not affect past payments or previously determined RCFC credits.

C. RCFC Credits. Cascade may provide credits against RCFC payments due from members. Credits issued shall be defined in terms of a number of Cascade Equivalent Residential Units (CERUs) provided and the manner in which they may be redeemed. Revisions in the definition of CERUs shall not be cause for a restatement of available credits.

D. RCFC Use and Restrictions. RCFC revenues will be used to offset system capital costs, including debt service and funding of debt related reserves. RCFCs shall be ~~deposited into an RCFC fund~~ received into the operating fund and then transferred to the construction, bond and/or water supply development fund as directed by Board policy. ~~where they~~ They may be used for any authorized capital purpose including debt service and debt retirement.

As a part of Cascade's adopted budget, the Board shall set a minimum annual transfer of RCFC revenues from the RCFC operating fund to the ~~capital~~ construction fund to be used as cash funding for capital projects, attaining a minimum transfer of 75 percent of annual RCFC revenues by 2020. For this purpose, the portion of RCFCs used in support of debt service will be funded first, with all additional RCFC revenues then allocated to capital purposes. The Board will also determine appropriate restrictions, if any, on transferred funds as related to specific projects or uses.

When major construction projects cause a substantial increase in debt burden, when accumulated construction funds exceed reasonably projected needs, or when debt funding obligations require increased deposit into the debt funds (such as for bond reserves), the Board may take action to temporarily reduce the annual capital transfer of RCFC revenues to as little as 50%, provided that the 75% minimum transfer level is restored within 10 years.

**CWAC 5.05.050 Capital program funding.**

In conjunction with establishing, planning, or updating its capital program, and for major capital projects, Cascade will develop and adopt a corresponding capital-financing plan that supports execution of that program in compliance with Cascade's adopted fiscal policies.

A. Construction or Acquisition of Assets. Capital funding, net of any grants, dedications, or other assistance, will consist of a combination of cash (equity) and debt financing.

B. Capital Structure of Project Financing. Cascade's capital funding strategy will be developed with an objective that total cumulative debt outstanding shall not exceed 80% of the net book value (original cost net of depreciation or amortization) of fixed assets and asset-backed capacity rights. Cascade may establish, by Board action, more stringent limits on debt levels and debt funding of the capital program as it deems prudent to sustain Cascade's fiscal integrity.

C. Cost Contingencies. Recognizing that project capital costs are estimates made using engineering judgement prior to known project costs, Cascade's capital improvement

program will incorporate cost contingency factors appropriate for the corresponding level of planning and design. For major capital projects, Cascade's project funding plan will reflect these contingencies as part of anticipated project costs and will also provide a strategy for funding any further unanticipated cost increases.

D. Operating Costs. Cascade's capital funding strategy will consider estimated impacts on operating expenses related to planned capital improvements.

E. Advance Financial Planning. It is Cascade's intent that major capital projects, such as regional water supply and conveyance, be implemented in a planful manner that moderates impacts on Member charges and Cascade's capital structure. When planned capital projects could lead to an accumulation of debt that ultimately exceeds 80% of Cascade's net book value, Cascade will develop and implement a strategy for generating and accumulating a cash contribution toward the project in advance of the project's scheduled development so that this policy is satisfied and volatile impacts on Member charges are mitigated. The Board will adopt appropriate measures to enable the accumulation of such funds and safeguard the funds for their intended purpose.

F. Project Funding Plan. For specific major capital projects that would represent 25% or more of Cascade's total fixed assets (undepreciated original cost) when completed, such as development of a major new supply source, a project funding plan will be developed that identifies and includes a schedule of anticipated costs, planned sources of cash, grant and debt financing, a planned schedule of debt issuance, compliance with fiscal policies, and a projection of impacts on Member charges. The project funding plan will also include a contingent funding strategy in the event that project costs were to increase up to 20% above estimates or if assumed grant funding were lost. The project funding plan will be adopted by the Board in advance of initiating the project and will be subject to periodic update as appropriate during the development of the project.

G. Master Meter Replacement. Cascade delivers water to its members through one or more wholesale master meters, owned and maintained either by Cascade or other regional water utilities such as Seattle Public Utilities and Tacoma Public Utilities. Costs to maintain, repair and replace master meters shall be considered Cascade operating and maintenance costs to be recovered through the uniform demand share structure of Cascade. Costs to install new wholesale master meters initiated by Cascade shall be Cascade capital costs. Costs to install new master meters initiated by a member shall be the responsibility of the member and charged directly to that member.

**CWAC 5.05.100 Efficiency and conservation.**

Cascade is committed to efficient and responsible use and stewardship of water resources. Water efficiency and conservation provide cost-effective means to avoid or delay costly system expansions while reducing environmental impacts on water systems.

A. Recovery of Conservation Program Costs. Cascade shall fund conservation and efficiency measures consistent with its service obligations and shall recover related program costs through a uniform conservation program charge that best relates to the cost and benefits attributable to its member agencies.

B. Cost-Effectiveness of Conservation and Efficiency Measures. As a means of meeting its members' demands, Cascade shall periodically evaluate potential efficiency and conservation measures and determine cost-effectiveness of those measures relative to related system expansion. That cost-effectiveness determination shall consider direct realized and avoided costs but may also consider external costs or benefits related both to

the measure and its alternate supply development option.

C. Access to Conservation and Efficiency Program and Measures. Cascade shall endeavor to develop conservation and efficiency programs that are broadly and universally available throughout its member service areas, recognizing that some measures are specific to retail customer activities and land uses that may not be uniformly distributed among members.

D. Wholesale Wheeling. When the Cascade Board determines it to be efficient and cost-effective, Cascade may contract with member or other water utilities, to “wheel” or transfer water through their systems to member or contract customers of Cascade in lieu of facility construction by Cascade. Payments made by Cascade for wheeling shall be considered a Cascade operating and maintenance expense.

E. Master Metering. To support efficient use of water resources, Cascade shall meter all water delivered to its members through one or more wholesale master meters, owned and maintained either by Cascade or other regional water utilities supplying water to Cascade such as Seattle Public Utilities and Tacoma Public Utilities. Member charges shall include charges based on water delivered to each member.

**Section 2. Amendment of CWAC 5.10.020 and Resolutions 2021-10 § 2 and 2006-03 § 4**

The Board approves the following amendments to CWAC 5.10.020 to read as follows:

**CWAC 5.10.020 Establishment of funds.**

There are hereby established the following funds of Cascade:

A. An operating fund.

~~B. An RCFC fund.~~

~~C. B. A construction fund.~~

~~D. C. A rate stabilization fund.~~

~~E. D. A water system revenue bond fund, including a debt service account and a reserve account.~~

~~F. E. A water supply development fund.~~

The board may at any time create additional funds, accounts, subfunds and subaccounts as it may deem necessary or appropriate for the purposes of Cascade.

**Section 3. Amendment of CWAC 5.20.060 and Resolutions 2020-13 § 1; 2012-13 § 5 and 2006-01 § 1**

The Board approves the following amendments to CWAC 5.20.060 to read as follows:

**CWAC 5.20.060 Credits and adjustments.**

Once Demand Shares are established, Demand Share payments may be offset by any credits established through membership offers or contractual terms ~~including remaining~~

~~new water charge credits.~~ Such credits would reduce the applicable recovery of Demand Share Charges from the Member, but would not alter voting rights.

**Section 4. Amendment of CWAC 5.65.040 and Resolutions 2021-12 § 1 and 2016-22 § 1**

The Board approves the following amendments to CWAC 5.65.040 to read as follows:

**CWAC 5.65.040 Adoption of Cascade Funds Management Matrix.**

~~On November 30, 2021, the Board adopted and updated the attached~~ Cascade Funds Management Matrix guiding the management and planning of fund balances for Cascade’s financial resources. ~~Hereafter, the Board shall update this Matrix, which is subject to adjustment during as part of the biennial budget process and thereafter the Matrix will be removed from this section and will be found in the biennial budget resolution.~~ The Board hereby adopts the attached Cascade Funds Management Matrix guiding the management and planning of fund balances for Cascade’s financial resources. Hereafter, the Board shall update this Matrix, which is subject to adjustment during as part of the biennial budget process and thereafter the Matrix will be removed from this section and will be found in the biennial budget resolution.

*[Note to Board: Due to its size, the Cascade Water Alliance Fund Management Rules Matrix in CWAC 5.65.040 is not included in this Resolution. It will remain unchanged and will be removed from the Code after the next biennial budget is adopted by the Board]*

**Section 5. Effect.**

This Resolution shall be in full force and effect on the date of its adoption.

ADOPTED AND APPROVED by the Board of Directors of the Cascade Water Alliance at a regular meeting thereof, held the 23rd day of February 2022.

CASCADE WATER ALLIANCE

\_\_\_\_\_, Chair

Attest – Ray Hoffman, Chief Executive Officer

\_\_\_\_\_, Vice Chair

\_\_\_\_\_ Secretary/Treasurer

Members  
Yes \_\_\_\_\_  
No \_\_\_\_\_  
  
Demand Share  
Yes \_\_\_\_\_ %  
No \_\_\_\_\_ %

Include in CWAC?	
<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/>	No



## 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, February 15, 2022**  
**1:30 PM – 3:00 PM**  
**Held via Zoom**

### Call to Order

1. Chair Comments.
2. Executive Session.
3. **Items Recommended for Action at the February 23, 2022, Board Meeting**

- A. Water Rights Sale Policy.** Review of policy paper and proposed action to establish guidelines for potential sales of water rights to non-members. For committee consideration and recommendation to the Board.

*Recap: Reviewed draft policy paper regarding water rights sale including possible distinctions of membership and non-membership paths. General agreement with content of paper, while noting added interest in the possibility of alternate membership classes that might support a water rights sale while encouraging new membership as related to pricing flexibility. Board review is deferred to March or later to allow further development by staff, including updated distinction of membership and non-membership paths.*

- B. Water Supply Development Fund Code Cleanup.** Proposed code amendments to fully incorporate the WSDF and remove the RCFC fund from existing code. Also, some other proposed amendments including an increase in CEO contract authority to \$50,000 and removal of the funds management matrix from the code in favor of biennial adoption via the budget process. For discussion and potential forwarding to the Board for action.

*Recap: Code revisions related to integrating the WSDF into various sections of Title 5 were reviewed. Also addressing the funds management matrix by reference, with adoption of the actual matrix to occur as part of the budget packet. The committee generally supported the revisions. The separation of CEO contact authority increase into a separate action was also noted and discussed, with general support for the potential increase in contract authority. For both items, the committee preferred that the Board consider these as separate actions items rather than via consent agenda.*

- C. Pool Plus Application.** King County has requested an authorizing resolution for the Pool Plus program for the Water Supply Development Fund (WSDF) that clearly acknowledges associated market risks and identifies authorized representatives for transacting business

related to this investment pool. The Board previously authorized participation in the Pool Plus program for the WSDF in November 2021 with Resolution 2021-10, the resolution that established the fund.

***Recap.** The Committee discussed the King County Pool Plus application and recommended that the Board approval the resolution to sign the updated application on the Consent agenda, at its February 23, 2022, meeting.*

#### **4. Discussion Items**

**A. RCFC Structure – Affordability.** The state program that offers grants to utilities for waived system development charges was implemented a few months ago. Given, this, staff recommends that Cascade pause its work on developing its reduced RCFC program for affordable housing projects.

***Recap:** The committee concurred that Cascade should pause its work on its RCFC affordability program and wait and see how well the state's program does.*

#### **5. Next Meeting Date and Location.**

The next meeting will be held Tuesday, March 15, 2022, 1:30 p.m., held either at Cascade's office or 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, February 2, 2022**  
**9:00 AM – 10:00 AM**  
**Held via Zoom**

1. **Chair Comments.**
2. **Executive Session.**
3. **Items Recommended for Action at the February 23, 2022, Board Meeting.**
4. **Discussion Items.**
  - A. **State Legislative Update.** Staff will provide an update on bills and activities in the state legislative session.

*Recap: The committee heard an update on the status of key bills in the short, 60-day state legislative session. The first policy bill cutoff is February 3, and the fiscal bill cutoff is February 7. An 18-month delay in implementation of the long-term care insurance program was passed and signed by the Governor. There has been a lot of focus on salmon bills and not as many water bills this session. The last day of the session is March 10.*
  - B. **Water Rights Sales Policy.** This item is a discussion 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.

*Recap: The committee received a brief overview and then discussed the proposed water rights sales policy memorandum. The committee discussed the potential merits of different categories of water sales and different types of membership in Cascade. For example, one construct could be that non-members would not be allowed to purchase water rights but would be allowed to purchase an amount of water through a sales agreement. Another proposal could be to create a special class of membership that would allow some purchase of water without becoming a full voting Cascade member. Staff will explore the ideas raised and share additional information with the other Cascade committees and Board.*
  - C. **Water Efficiency Program Update.** 2021 presented many challenges for education and outreach activities, but Cascade and its partners delivered school programs, field trips,

gardening classes and more to thousands of students and residents. In addition, Cascade provided incentives for clothes washers, created new drip irrigation projects, and developed new curriculum for classrooms and adult learning. Staff will update the committee on significant actions in 2021 and plans for 2022.

**Recap:** *The 2021 Water Efficiency program provided 493 classroom presentations to 10,614 students (97% of pre-pandemic levels for presentations), online learning materials accessed 1,405 times, 2,221 attendees to Cascade Gardener and garden walk and talk classes (more than double the number of any previous year), and new program measures, such as multifamily leak detection and adult learning watershed ecology field trips. Savings generating measures, such as clothes washer and showerhead rebates and multifamily direct installation projects, remained lower than pre-pandemic levels resulting in a disappointing annual savings of 37,092 gallons per day. Combined with the savings from 2019-20, Cascade has achieved 57% of its 2019 – 22 water use efficiency rule savings goal.*

*For 2022 Cascade will pursue its school programs, adult learning opportunities, sustainable gardening and landscaping training, and increased savings generating measures to meet the adopted savings goal by year's end. Additionally, Cascade is working with member staff to provide tailored programming that intersects with member objectives, such as climate action and sustainability plans and stormwater management programs.*

#### **5. Next Meeting Date and Location.**

The next meeting will be Wednesday, March 2, 2022, from 9:00 am. – 10:00 a.m. held either at Cascade's office via Zoom meeting.



**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, February 10, 2022**  
**2:00 PM – 3:30 PM**  
**Held via Zoom**

**1. Chair Comments.**

**2. Executive Session.**

**3. Items Recommended for Action at the February 23, 2022, Board Meeting.**

- A. Redmond Temporary Water Agreement/Amendment to CWAC 5.20.050.** The Redmond temporary supply contract provides another opportunity to make productive use of idle assets. It differs from Issaquah to the point that various code additions/revisions are needed. The decision packet includes enabling action to revise the code and then authority to execute an agreement.

*Recap: Reviewed documents and potential actions. New features including limited use of reservation charges toward water purchases were generally acceptable. It was noted that Redmond was still evaluating whether to proceed, so likely moved to March for Board action.*

- B. Water Rights Sale Policy.** Review of policy paper and proposed action to establish guidelines for potential sales of water rights to non-members. For committee consideration and recommendation to the Board.

*Recap: Reviewed draft policy paper regarding water rights sale and discussed the possibility of membership alternatives based on Public Affairs input. General agreement with content of paper, while noting added interest in the possibility of alternate membership as related to pricing flexibility. Staff will return to committee with updated distinction of membership and non-membership paths.*

**4. Discussion Items.**

- A. Major Structures Encroachment.** 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: The committee concurred with staff's recommendations to: 1) address current major encroachments as outlined by the decision flow chart that was presented to the committee; 2) pursue amendments to Bonney Lake and Pierce County's codes to require professional surveys for construction adjacent to Cascade property; and 3) seek resolution regarding the Holst house.*

- B. BIP: Updated Agreements and Emergency Response.** Staff will present information on the efforts by Cascade, Bellevue, and Sammamish Plateau Water to revise the BIP operations and maintenance MOAs and develop an emergency response plan.

*Recap: Deferred to the March meeting. Since several members are new, the committee requested Cascade develop a one-page overview of the Bellevue-Issaquah Pipeline.*

## **5. Next Meeting Date and Location.**

The next meeting will be Thursday, March 10, 2022, from 2:00 p.m. – 3:30 p.m, held either at Cascade’s office or via Zoom meeting.

### **Attachments:**

**Comparison of Issaquah and Redmond Temporary Supplies**

**Agenda Memo for Redmond Agreement**

**Resolution for Redmond Agreement**

**Redmond Water Supply Agreement DRAFT**

**Agenda Memo for Amendment to CWAC 5.20.050**

**Resolution amending CWAC 5.20.050**

**Water Rights Sale DRAFT**

**Encroachments Presentation**