

10. COMMITTEE REPORTS

### REGULAR MEETING OF THE BOARD OF DIRECTORS AGENDA

#### CASCADE WATER ALLIANCE

Held at Cascade's Bellevue Office and via Zoom Meeting July 27, 2022 3:30 PM

1.	CAI	LL TO ORDER	Page				
2.	RO	LL CALL					
3.	PUI	BLIC COMMENT					
4.	EXI	ECUTIVE SESSION					
5.	API	PROVAL OF AGENDA					
6.	<ul> <li>APPROVAL OF AGENDA</li> <li>CHIEF EXECUTIVE OFFICER'S REPORT</li> <li>CONSENT ITEMS</li> <li>a. Board Meeting Minutes for June 22, 2022.</li> <li>b. Motion to adopt Resolution No 2022-11 approving a 2-year extension of the independent supply production waiver.</li> <li>c. Motion to adopt Resolution No. 2022-12 approving the expansion of Sammamish Plateau Water and Sewer District service area to include the M-Brooke service area.</li> </ul>						
7.	СО	NSENT ITEMS					
	a.	Board Meeting Minutes for June 22, 2022.	<u>13</u>				
	b.	·	<u>17</u>				
	C.	Sammamish Plateau Water and Sewer District service area to include the	<u>20</u>				
	d.	Motion to adopt Resolution No. 2022-14 amending Cascade's Human Resources Policy and Procedures Manual and Cascade Water Alliance Code 5.05.080 (A) to better align the compensation and annual budget process.	<u>25</u>				
8.	ОТІ	HER ACTION ITEMS					
	a.	Motion to adopt Resolution No. 2022-13 approving the amendment of Chapter 2.05 of the Cascade Water Alliance Code, the Bylaws, regarding Board Members and Alternates and the Participation in Meetings.	<u>29</u>				
9.	STA	AFF PRESENTATIONS					
	a.	Water Supply Development Fund Report. <i>Material included in Board packet.</i>	<u>44</u>				
	b.	Budget and Rates. Material included in Board packet.	<u>56</u>				

- a. Executive Committee no meeting held.
- b. Finance and Management Committee July 19, 2022, and June 21, 2022. 73
- c. Public Affairs Committee *July 6, 2022.*
- d. Special Resource Management Committee July 14, 2022. 78
- 11. NEW BUSINESS
- 12. NEXT REGULAR MEETING August 24, 2022 Cascade Office and Via Zoom Meeting 3:30 p.m.
- 13. ADJOURN

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



**MEMORANDUM** 

DATE: July 27, 2022

TO: Penny Sweet, Chair

Board of Directors

FROM: Ray Hoffman, Chief Executive Officer

SUBJECT: Chief Executive Officer's Report

#### Administration, Finance, and Economics

- Cascade received notice from its landlord that the redevelopment clause was exercised, and Cascade has until March 31, 2023, nine months from the notice, to vacate and find a new office. Cascade has requested proposals from two properties and is in the process of evaluating them. Cascade expects to bring an action to the Board for a lease with one of the properties in September.
- There have been 497.5 net RCFCs reported through June 2022, with three member reports not yet received. At this rate, Cascade should meet 2022 budget expectations.
- LHL Appraisal, the appraiser Cascade hired to access the transmission easement with BrightNight, visited the site and is in the process of researching and preparing the final report. Per the terms of the agreement with BrightNight and upon commencement of construction, Cascade will receive the greater of \$1.18 million or the appraised value of the Right-of-Way (ROW). The ROW must be appraised within three months of the effective date of the agreement. Cascade expects the appraisal will be done within the month and staff will update the Board in September.
- TeamLogicIT, Cascade's IT consultant, set up three new servers at Lake Tapps in support of the ongoing SCADA improvements project.

#### **Capital Projects and Operations**

- The SCADA and Security project is 90% complete as measured by contractor progress payments. Cascade held workshops with the SCADA integrator and software programmer on control logic and set points to prepare for system-wide acceptance testing when the system-wide hardware is completed. The contractor is currently working on the powerhouse facility.
- Cascade conducted a boat-based milfoil survey on June 15 to prepare for this year's milfoil control program. Treatment began the week of July 18 and Cascade is planning for a follow-up boat survey on July 25 for a possible 2<sup>nd</sup> treatment.
- The Washington State Dam Safety Office (DSO) conducted its regulatory-required fiveyear dam safety inspection of Cascade's dikes on the Lake Tapps Reservoir in late June. DSO engineers gave Cascade high marks for its overall Dam Safety Program, including overall dike conditions, program execution, and vegetation management. Cascade is working on post-inspection items requested by the DSO.
- Cascade opened the bid for the Plunge Pool Retaining Wall et al project on June 21 and determined Johansen Construction Company was the lowest, responsible, and responsive bidder. Cascade awarded the contract on June 24, executed the contract on

- July 7, conducted the preconstruction meeting on July 11, and issued the Notice to Proceed on July 12. Cascade anticipates completing the retaining wall replacement portion of the project by end of October.
- Cascade's solar project contractor has completed the installation of solar panels. The contractor is coordinating with Puget Sound Energy on final electrical meter hook up and installation.

#### Water Efficiency

- Cascade participated in the Bellevue Family 4<sup>th</sup> and Redmond Derby Days events. Both events saw large numbers of residents visiting Cascade's station and the Water Wall. Hundreds of conservation items, such as toilet leak detection dye and rain gauges, were distributed.
- Cascade is scheduled to participate in community events throughout all member service areas this summer.
- Cascade provided a garden walking tour at the famous Kruckeberg in Shoreline and a Cascade Gardener webinar on Lawn Alternatives.
- Several landscape assessment projects are underway this summer in Sammamish Plateau Water, Tukwila, and Redmond.
- Cascade provided 20 classroom programs for 430 students in June.
- The Sustainability Ambassadors published a new curriculum unit entitled "Mapping My Watershed Address" for the PBL4WS program along with five impact projects relating to wastewater and keeping local streams and groundwater clean.
- Cascade and its vendor, Brilliant Marketing, completed the final, draft strategic plan for Cascade's We Need Water social media platforms.
- Planning is underway for additional waterwise gardening webinars and tours later this summer and fall.

#### **Intergovernmental and Communications**

- In July, staff presented Cascade's proposed 2023-2024 budget and rates to the Sammamish Plateau Water Commission and the Bellevue City Council. Additional member briefings are scheduled for August. Please let Alison Bennett and Linda Moreno know if you would like a briefing for your council or commission, and they will help you get that scheduled.
- Statewide, 112 utilities have opted into the state Department of Commerce ratepayer
  assistance program. The program has \$99 million available, and the total arrearages
  reported by those opting in was over \$254 million. Commerce hopes to inform utilities in
  August how much each utility is eligible to receive and have funding available for
  distribution around Labor Day. The funds would have to be applied to customer accounts
  by the end of the year.

#### **Attachments**

- 1. Budget to Actual Expenditure Report through June 30, 2022.
- 2. Statement of Revenues and Expenditures through June 30, 2022.
- 3. Statement of Net Position as of June 30, 2022.
- 4. Contract Status Summary.
- 5. Monthly Warrants Listing.
- 6. Monthly Treasurer's Report as of June 30, 2022.

## Cascade Water Alliance Budget to Actual Expenditure Report January 1- June 30, 2022 50% of the year completed

Administration	Budget	Actual	Balance	% Expended
Salaries	\$ 1,015,001 \$	576,296	438,704	56.8%
Benefits	226,845	156,928	69,917	69.2%
Wellness program	5,000	87	4,913	1.7%
Prof. Fee (Technical)	232,000	37,601	194,399	16.2%
Prof. Fee (Legal)	885,000	445,151	439,849	50.3%
Prof. Fee (Audit)	100,900	58,501	42,399	58.0%
Prof. Fee (Other)	50,000	4,820	45,180	9.6%
Seismic Resiliency	100,000	5,412	94,588	5.4%
Meetings Expense	11,000	1,443	9,557	13.1%
Telephone/Internet	37,000	25,482	11,518	68.9%
Office Rent	241,749	140,352	101,397	58.1%
Office Supplies Admin.	20,000	2,478	17,522	12.4%
Equip. and Furniture	10,000	0	10,000	0.0%
Bank Fees	600	170	430	28.3%
Dues & Subscriptions	55,000	14,529	40,471	26.4%
Taxes/Licenses	16,000	10,678	5,322	66.7%
Travel	12,000	3,865	8,135	32.2%
Professional Dev.	22,000	20,135	1,865	91.5%
Computer Equipment	25,000	9,068	15,932	36.3%
Software Licenses	38,000	6,097	31,903	16.0%
Postage & Delivery	3,000	1,013	1,987	33.8%
Printing & Repro.	10,000	0	10,000	0.0%
Insurance	132,963	122,088	10,876	91.8%
Contingency	314,398	0	314,398	0.0%
Total	\$ 3,563,456 \$	1,642,194 \$	1,921,262	46.1%

Debt Service	Budget	Actual	Balance	% Expended
Bond Debt Service	9,779,981	5,151,171	4,628,811	52.7%
Total	\$ 9,779,981 \$	5,151,171 \$	4,628,811	52.7%

Conservation	Budget	Actual	Balance	% Expended
Salaries	\$ 168,466 \$	59,109 \$	109,357	35.1%
Benefits	46,908	15,133	31,775	32.3%
Prof. Fee (Technical)	35,000	6,820	28,180	19.5%
Rebate Reimb. Com.	75,000	17,451	57,550	23.3%
Irrigation Audit	25,000	5,669	19,331	22.7%
Comm. and Public I	312,500	201,653	110,847	64.5%
Misc. Serv. and Sup.	82,000	11,586	70,414	14.1%
Total	\$ 744,874 \$	317,420 \$	427,454	42.6%

Com. and Intergovern	Budget	Actual	Balance	% Expended
Salaries	\$ 118,571 \$	67,469 \$	51,102	56.9%
Benefits	26,410	16,269	10,141	61.6%
Prof. Fee (Technical)	15,000	6,900	8,100	46.0%
Prof. Fee (Other)	165,000	80,545	84,455	48.8%
Sponsorships	30,000	13,475	16,525	44.9%
Comm. and Public I	 280,000	48,167	231,833	17.2%
Total	\$ 634,981 \$	232,825 \$	402,156	36.7%

Operations-General		Budget	Actual	Balance	% Expended
Wholesale Water	\$	22,730,886	\$ 13,860,882	\$ 8,870,004	61.0%
Salaries		26,043	11,283	14,760	43.3%
Benefits		15,265	14,189	1,075	93.0%
BIP O&M		79,000	78,568	432	99.5%
Pipeline Prop. O&M		15,000	590	14,411	3.9%
PWTF Loan Debt		40,461	40,263	197	99.5%
Total	\$	22,906,654	\$ 14,005,775	\$ 8,900,879	61.1%

## Cascade Water Alliance Budget to Actual Expenditure Report January 1- June 30, 2022 50% of the year completed

Operations-Lake Tapps	Budget	•	Actual	Balance	% Expended
Salaries	\$ 471,830	\$	190,854	\$ 280,976	40.4%
Benefits	91,667		36,134	55,533	39.4%
Prof. Fee (Technical)	795,600		199,669	595,931	25.1%
Prof. Fee (Other)	15,000		0	15,000	0.0%
Meetings Expense	4,000		2,829	1,171	70.7%
Telephone/Internet	1,500		332	1,169	22.1%
Office Supplies	19,700		0	19,700	0.0%
Equipment & Furn.	29,000		16,839	12,161	58.1%
Taxes/Licenses	14,100		13,876	224	98.4%
Travel	17,000		7,647	9,353	45.0%
Professional Dev.	2,500		745	1,755	29.8%
Software Licenses	20,000		17,378	2,622	86.9%
Permitting Costs	8,800		8,773	27	99.7%
Misc. Serv. and Sup.	34,000		4,555	29,445	13.4%
LT Operator	2,296,120		862,196	1,433,924	37.6%
Unplanned O&M	307,500		307,114	386	99.9%
Misc. Facility Repairs	102,000		31,988	70,012	31.4%
USGS Joint Fund	337,500		78,400	259,101	23.2%
Construction Management	100,000		0	100,000	0.0%
Outage	200,000		0	200,000	0.0%
Milfoil Control	175,000		4,723	170,277	2.7%
Vendor Services	36,000		27,453	8,547	76.3%
Water Quality Management	150,000		31,221	118,779	20.8%
Dike and Roads Maintenance	 33,000		19,167	13,833	58.1%
Total	\$ 5,261,817	\$	1,861,891	\$ 3,267,314	35.4%

Total Operating Budget \$ 42,891,763 \$ 23,211,276 \$ 19,547,875 54.1%

Capital Projects (multi-yr bdgt not shown)		Budget		Actual	Balance	% Expended
Upper Conveyance Projects	\$	2,075,000		349,770	1,725,230	16.9%
Meters		50,000		0	50,000	0.0%
Equipment		50,000		13,593	36,407	27.2%
Security and SCADA		600,000		574,479	25,521	95.7%
Tacoma Agreement		5,975,463		5,975,463	0	100.0%
Capital Risk		350,000		0	350,000	0.0%
IT Infrastructure		35,000		0	35,000	0.0%
Total CIP Budget		9,135,463	\$	6,913,306 \$	2,222,157	75.7%
Total Overall Budget	\$	52,027,226	\$	30,124,582	21,902,644	57.9%

#### Cascade Water Alliance Statement of Revenues and Expenditures From 1/1/2022 Through 6/30/2022

Operating Revenue	
Water sales	\$ 17,597,907
Administrative dues	3,741,337
Conservation program	335,192
Total Operating Revenue	 21,674,436
Operating Expenses	
Cost of water sold	8,153,460
Salaries and benefits	1,233,465
Professional services	851,088
Conservation program	17,451
Depreciation and amortization	1,894,709
Communication and public information	246,746
Office expenses	252,140
Operations	986,244
Bank charges	170
Rent	774
Maintenance	463,075
Dues and subscriptions	17,974
Miscellaneous	13,486
Total Operating Expenses	 14,130,781
Operating Income	7,543,655
Non-Operating Revenue (Expenses)	
Interest income	279,111
Other income	170,882
Interest expense, net of amount capitalized	(2,541,576)
Total Non-Operating Revenue (Expenses)	 (2,091,583)
Capital Contributions	
Regional Capital Facilities Charges	2,104,150
Increase in Net Assets	7,556,222
Net Assets, Beginning of Year	122,312,527
Net Assets, End of Year	\$ 129,868,749

#### Cascade Water Alliance Statement of Net Position As of 6/30/2022

Assets		
Current Assets		
Cash and cash equivalents	\$	21,320,455
Accounts receivable		6,121,180
Prepaid expenses		279,119
Total Current Assets		27,720,754
Capital Assets		
Equipment and furniture		2,044,247
Seattle water contract		22,267,611
Bellevue Issaquah pipeline		22,276,944
Tacoma water contract		119,740,687
Less accumulated depreciation and amortization		(54,357,413)
Total Capital Assets		111,972,076
Projects in process and assets not yet in service		
Lake Tapps		104,671,750
Tacoma Cascade pipeline		26,539,385
Total Projects in process and assets not yet in service		131,211,135
Restricted cash and cash equivalents		26,256,266
Total Assets		297,160,231
Liabilities	-	
Current liabilities		
Payables and accrued liabilities		776,130
Retroactive water credit		216,559
Accrued interest		1,186,713
Long-term debt current portion		
Bonds Payable-Current Portion		6,760,000
Other		39,474
Total Long-term debt current portion		6,799,474
Total Current liabilities		8,978,876
Long-term Liabilities		
Long-term debt		88,498,948
Tacoma contract		59,992,082
Seattle contract		5,000,000
Bond premium, net of amortization		4,691,781
Total Long-term Liabilities		158,182,811
Total Liabilities		167,161,687
Net Assets		
Restricted for debt service		102,195,978
Unrestricted		27,802,566
Total Net Assets	-	129,998,543
Total Liabilities & Net Assets	\$	297,160,231

#### Attachment 4

**Consultant and Other Vendor Contract Status Summary** 

	Consultant and Other Vendor Contract Status Summary Open contracts													
Vendor	Contract	Contract title	Cascade	Effective	End date	Status date	Percent work		Contract imount,	Amoun		Percent	ı	Contract
	number		manager	date			completed	ir	ncluding	invoiced		invoiced		balance
Artisan Electric	1	Powerhouse Solar Energy Project	M. Brent	10/1/2021	12/31/2022	7/15/2022	75%	\$	273,000	\$ 204,		75%	\$	68,716
Aspect	1	Water Supply Modeling	R. Hoffman	5/6/2020	N/A	7/15/2022	35%	\$	24,900	\$ 8,6	513	35%	\$	16,288
Aspect	2	Water Resources Services	R. Hoffman	8/17/2018	N/A	7/15/2022	98%	\$	60,000	\$ 58,2	251	97%	\$	1,749
Brilliant Marketing	1	We Need Water Strategy Planning	M. Brent	3/16/2022	12/31/2022	7/15/2022	55%	\$	22,500	\$ 19,0	088	85%	\$	3,413
Clark Nuber	1	Annual Financial Audit and Quarterly AUPs	R. Hoffman	1/1/2022	N/A	7/15/2022	70%	\$	70,500	\$ 56,	759	81%	\$	13,741
Colehour and Cohen	1	Staffing for classes and events	M. Brent	1/1/2022	12/31/2022	7/15/2022	58%	\$	89,990	\$ 56,		63%	\$	33,247
David Evans	1	On-call Land Surveyor	H. Chen	1/1/2022	12/31/2022	7/15/2022	8%	\$	75,000		746	5%	\$	71,254
David McGrath	1	Irrigation Efficiency Assistance	M. Brent	1/1/2022	12/31/2022	7/15/2022	20%	\$	20,500	\$	-	0%	\$	20,500
Enrironmental Science Assoc (ESA)	1	Aquatic Plant Management	H. Chen	1/1/2022	12/31/2022	7/15/2022	20%	\$	24,900	\$ 4,7	723	19%	\$	20,177
GeoEngineers Inc.	1	Dam Engineering/Hydrology/Geotech	H. Chen	1/1/2022	12/31/2022	7/15/2022	45%	\$	160,000	\$ 70,9	921	44%	\$	89,079
Gordon Thomas Honeywell Herrera	1	State legislative outreach	A. Bennett	1/1/2022	12/31/2022	7/15/2022	50%	\$	84,000	\$ 42,0	000	50%	\$	42,000
Herrera Environmental	2	WQ Monitoring Program	H. Chen	8/19/2019	N/A	7/15/2022	98%	\$	495,000	\$ 493,	438	100%	\$	1,562
Holocene	1	Plunge Pool Timber Wall Drilling	J. Shimada	1/22/2022	N/A	7/15/2022	100%	\$	6,772	\$ 6,7	772	100%	\$	0
HDR	1	MMD Fish Passage Design Review	H. Chen	12/1/2015	N/A	7/15/2022	98%	\$	1,041,100	\$ 950,	972	91%	\$	90,129
HDR Jacobs	2	Conservation Plan Potential Assessment	M. Brent	5/21/2021	N/A	7/15/2022	99%	\$	18,900	\$ 18,8	870	100%	\$	30
Engineering	1	Demand Forecast Model Support Services	M. Thung	8/20/2021	12/31/2022	7/15/2022	5%	\$		\$	-	0%	\$	5,000
Jennergy	1	Website assistance	A. Bennett	1/1/2022	12/31/2022	7/15/2022	46%	\$	15,000	\$ 6,9	900	46%	\$	8,100
Johansen Excavating	1	Emergency Headgate Repair	H. Chen	5/5/2021	N/A	7/15/2022	98%	\$	100,947	\$ 92,3	358	91%	\$	8,589
Johansen Excavating	2	Flowline Outage Maintenance	J. Shimada	8/12/2021	N/A	7/15/2022	75%	\$	540,000	\$ 372,	166	69%	\$	167,834
Johansen Excavating Johansen	3	Emergency Landslide Remediation	J. Shimada	1/18/2022	3/31/2022	7/15/2022	96%	\$	216,000	\$ 207,	367	96%	\$	8,633
Excavating	4	Plunge Pool retaining wall	J. Shimada	7/2/2022 1/1/2022	N/A 12/31/2022	7/15/2022	5%	\$		\$ 36,0	-	0%	\$	576,750
Langton Spieth Lake Tapps	1	Community relations	A. Bennett	1/1/2022	12/31/2022	7/15/2022	75%		72,000	\$ 30,0	000	50%		36,000
Construction Long Building	1	Valve House Improvements	J. Shimada	12/2/2020	N/A	7/15/2022	100%	\$	30,978	\$ 30,9	978	100%	\$	(0)
Tech Media for	1	Security Maintenance	H. Chen	8/12/2019	10/31/2022	7/15/2022	80%	\$	55,000	\$ 41,8	843	76%	\$	13,157
International Development	1	WeNeedWater Video Production	A. Bennett	1/1/2022	12/31/2022	7/15/2022	45%	\$	24,500	\$ 10,5		43%	\$	14,000
Nature Vision	1	Classroom Water Education	M. Brent	1/1/2022	12/31/2022	7/15/2022	65%	\$	95,000	\$ 60,0	024	63%	\$	34,976
Pacifica Law	1	Legal Assistance	H. Chen	1/1/2022	12/31/2022	7/15/2022	8%	\$	25,000	\$	-	0%	\$	25,000
Parametrix Perfomance	1	On Call Civ/Mech/Structural Eng Executive Coaching Services	H. Chen M. Thung	1/1/2022 6/21/2021	12/31/2022	7/15/2022 7/15/2022	45% 89%	\$	250,000 24,500	\$ 106,		42% 89%	\$	143,867 2,800
Dimensions Puget Sound	1	Water Efficiency Rebates	M. Brent	1/1/2022	12/31/2022	7/15/2022	25%	\$	72,000	\$ 17,6	616	24%	\$	54,385
Energy RH2	2	On-Call Electrical Engineering Srvs	H. Chen	1/1/2022	12/31/2022	7/15/2022	45%	\$	100,000	\$ 42,2	272	42%	\$	57,728
RH2	1	Security and SCADA	H. Chen	1/16/2020	N/A	7/15/2022	95%	\$	494,807	\$ 474,	232	96%	\$	20,575
RH2	3	Wholesale Master Meter Eval	H. Chen	1/21/2020	3/31/2023	7/15/2022	8%	\$			342	5%	\$	23,158
Robinson Noble	1	Water Audits	E. Cebron	10/3/2019	N/A	7/15/2022	80%	\$		\$ 109,		81%	\$	25,944
Sazan	2	Solor Power Project	M. Brent	5/25/2021	N/A	7/15/2022	8%	\$	10,000	\$	-	0%	\$	10,000
SC Words & Pictures Inc.	1	Design Services	A. Bennett	1/1/2022	12/31/2022	7/15/2022	15%	\$	24,000	\$ 2,5	545	11%	\$	21,455
Seattle Public Utilities	1	Garden Hotline	M. Brent	1/1/2022	12/31/2022	7/15/2022	8%	\$	12,000	\$	-	0%	\$	12,000
SMC Consulting	1	Water Efficiency Consultant	M. Brent	1/1/2022	12/31/2022	7/15/2022	30%	\$	24,500	\$ 6,8	320	28%	\$	17,680
Source Electric LLC	1	SCADA Improvements Project	H. Chen	5/1/2021	2/1/2022	7/15/2022	95%	\$	711,892	\$ 699,	424	98%	\$	12,468
Sustainable Water	1	Teacher Fellows program	M. Brent	1/1/2022	12/31/2022	7/15/2022	55%	\$	60,000	\$ 31,0	006	52%	\$	28,994
Tacoma-Pierce County	1	LakeWise	A. Bennett	1/1/2022	12/31/2022	7/15/2022	25%	\$		\$ 30,5		25%	\$	89,423
TeamLogic IT	1	Info Technology Consulting	C. Paulucci	1/1/2022	12/31/2022	7/15/2022	35%	\$	104,000	\$ 38,0		37%	\$	65,315
TechniArt	1	Website Orders	M. Brent	1/1/2022	12/31/2022	7/15/2022	25%	\$	15,900		329	21%	\$	12,571
Tetra Tech	1	AWIA Risk and Resiliency	M. Thung	11/18/2019	12/31/2022	7/15/2022	75%	\$		\$ 503,		72%	\$	196,893
Tilth Association	1	Garden Water Efficiency	M. Brent	1/1/2022	12/31/2022	7/15/2022	45%	\$	24,500	\$ 10,2	269	42%	\$	14,231

Transpo Group	1	GIS Program Technical Support	J. Shimada	2/3/2022	7/31/2023	7/15/2022	45%	\$ 24,000	\$ 10,378	43%	\$ 13,623
USGS	1	Joint Funding Agre-Streamgaging	H. Chen	1/1/2022	12/31/2022	7/15/2022	25%	\$ 327,380	\$ 78,400	24%	\$ 248,981
Vanir	1	On-call Construction Management	J. Shimada	5/1/2021	12/31/2022	7/15/2022	15%	\$ 560,000	\$ 76,757	14%	\$ 483,243
VanNess Feldman	1	General Counsel	R. Hoffman	1/1/2022	12/31/2022	7/15/2022	50%	\$ 850,000	\$ 442,444	52%	\$ 407,557
Veolia	1	White River-Lake Tapps Reservoir Project O&M Agreement \$2,027,110 Fixed, \$253,926 Var	J. Shimada	1/1/2022	12/31/2022	7/15/2022	50%	\$ 2,281,036	\$ 923,816	40%	\$ 1,357,220
Washington Crane and Hoist	1	Fish Screen Gantry Crane Inspection	J. Shimada	2/9/2022	N/A	7/15/2022	10%	\$ 1,950	\$	0%	\$ 1,950
Water Value	1	Climate Study Advisory Services	M. Thung	6/16/2022	12/31/2023	7/15/2022	5%	\$ 22,500	\$	0%	\$ 22,500
Winterbauer and Diamond	1	Legal Assistance	R. Hoffman	1/1/2022	12/31/2022	7/15/2022	15%	\$ 20,000	\$ 2,708	14%	\$ 17,293

#### Payment Authorization Warrants and Wire Transfers 7/27/22

WHOLE	SALE WATER		GENER	AL	
WIRE	Seattle Contract Payment 7/22	\$2,649,874.00	30076	AT&T FirstNet	\$405.94
		\$2,649,874.00	30078	Comcast	\$545.23
			30082	Pacific Office Automation	\$250.32
CONSL	ILTANTS		30087	Staples Advantage	\$214.06
30077	Clark Nuber P.S.	\$8,525.00	30089	Lake Tapps 4th of July Fireworks Sho	\$975.00
30083	Parametrix	\$6,045.00	30091	Washington State Department of Rev	\$1,049.20
30086	Robinson Noble	\$3,747.50	30099	CIT	\$2,064.00
30088	Tacoma Pierce County Health Department	\$8,442.66	30100	City of Seattle	\$29,370.02
30090	TeamLogic IT of Bellevue, WA	\$6,260.00	30102	Comcast	\$539.95
30092	Water Value LLC	\$1,462.00	30103	Comcast	\$1,652.40
30093	City of Seattle	\$18,657.57	30106	DIRECTV	\$93.99
30108	Environmental Science Associates (ESA)	\$640.00	30113	JG 520 Building LLC	\$20,588.76
30110	Gordon Thomas Honeywell Govern. Affair	\$7,000.00	30120	McClatchy Company LLC	\$477.49
30111	Herrera	\$445.43	30126	Seattle Printworks	\$217.37
30116	Langton/Spieth	\$6,000.00	30127	Sound Publishing Inc.	\$1,500.00
30124	Perfomance Dimensions Group	\$1,225.00	30128	Staples Advantage	\$214.06
30125	RH2 Engineering, Inc.	\$3,541.64	30130	Tukwila Parks & Recreation	\$1,000.00
30129	Transpo Group	\$2,645.00	30131	U.S. BANK	\$4,288.66
30133	Vanir Construction Management Inc.	\$1,944.00	30132	Utilities Underground Location Center	\$16.77
30134	Van Ness Feldman, LLP	\$29,522.50	30135	Verizon Wireless	\$225.05
30136	Winterbauer & Diamond PLLC	\$2,042.50		<del>-</del>	\$65,688.27
	<del>-</del>	\$108,145.80			
			CONSE	RVATION	
SALAR	Y, BENEFITS AND EXPENSE REIMBURSEM	IENTS	30085	Puget Sound Energy	\$725.00
	Payroll (June)	\$121,245.86	30098	BRILLIANT MARKETING LLC	\$6,900.00
30072	Vantagepoint 401 Plan	\$34,514.00	30101	Colehour and Cohen	\$5,234.35
30073	Vantagepoint 457 Plan	\$21,053.61	30119	Lisa Taylor	\$600.00
30075	AWC Employee Benefit Trust	\$18,943.13	30121	Media for Development International,	\$10,500.00
30080	HRA VEBA Trust	\$1,078.00	30122	Nature Vision, Inc.	\$4,130.60
30107	Joseph Mickelson	\$1,300.00		_	\$28,089.95
		\$198,134.60			
			CONST	RUCTION	
LAKE T	APPS		30071	Parametrix	\$14,205.53
30079	Honey Bucket	\$171.05	30094	RH2 Engineering, Inc.	\$37,058.70
30081	Linde Gas & Equipment Inc.	\$3.03	30095	Source Electric	\$76,450.15
30084	Puget Sound Energy	\$828.23	30096	U.S. BANK	\$1,000.00
30104	Corliss Resources	\$73.14	30097	Vanir Construction Management Inc.	\$15,406.08
30105	Curtis G. Filleau	\$350.00			\$144,120.46
30109	FloHawks Plumbing & Septic	\$591.72			
30112	Honey Bucket	\$163.85	DESTR	OYED AND VOIDED CHECKS:	
30114	Kemp West Incorporated	\$10,368.00			
30115	Lake Tapps Construction Unlimited	\$8,524.45			
30117	Leavitt Machinery	\$970.85			
30118	Linde Gas & Equipment Inc.	\$306.87			
30123	Pape Machinery Inc.	\$2,691.21			
		\$25,042.40			
	JTER EQUIPMENT AND SOFTWARE				
30074	Abila	\$254.38			
		\$254.38			

Total Warrants	\$569,475.86
Total Wires	\$2,649,874.00
Total warrants/wire transfers authorized for July 2022	\$3,219,349.86

Approved:	Date:	Approved:	Date:
	Edward Cebron, Chief Economist/Treasurer	Allan Ekber	rg, Secretary/Treasurer

#### Cascade Water Alliance Monthly Treasurer's Report June 2022

	Operating	С	onstruction	Bond	RCFC	ater Supply evelopment	S	Rate Stabilization				All																		
Beginning Balances, June 1	\$ Fund 12,835,393	\$	Fund 15,171,996	\$ Fund 11,537,997	\$ Fund -	\$ Fund 5,010,719	\$	Fund \$ 2,140,298																				Account -	\$	Funds 46,696,402
Additions:																														
Cash received	\$ 5,518,237	\$	9.307	\$ 4.751	\$ _	\$ 7.014	\$	1.524	\$	_	\$	5,540,832																		
Transfers from other Cascade funds	\$ -	\$	-	\$ 1,049,736	\$ -	\$ -	\$	-	\$	122,681	\$	1,172,417																		
Total additions	\$ 5,518,237	\$	9,307	\$ 1,054,487	\$ -	\$ 7,014	\$	1,524	\$	122,681	\$	6,713,249																		
Subtractions:																														
Bank fees, payroll, and bond payments	\$ 452	\$	362	\$ 615	\$ -	\$ 172	\$	59	\$	122,681	\$	124,340																		
Warrants paid	\$ 935,223	\$	362,454	\$ -	\$ -	\$ -	\$	-	\$	-	\$	1,297,677																		
Wire and other electronic payments	\$ 2,446,039	\$	-	\$ -	\$ -	\$ -	\$	-	\$	-	\$	2,446,039																		
King Co. Investment Pool impairment (realized)	\$ -	\$	-	\$ -	\$ -	\$ -	\$	-	\$	-	\$	-																		
King Co. Investment Pool impairment (retained)	\$ (123)	\$	(104)	\$ (57)	\$ -	\$ -	\$	(15)	\$	-	\$	(300)																		
Transfers to other Cascade funds	\$ 1,172,417	\$	-	\$ -	\$ -	\$ -	\$	-	\$	-	\$	1,172,417																		
Total subtractions	\$ 4,554,008	\$	362,711	\$ 557	\$ -	\$ 172	\$	44	\$	122,681	\$	5,040,172																		
Ending Balances, June 30, 2022	\$ 13,799,622	\$	14,818,591	\$ 12,591,926	\$ -	\$ 5,017,561	\$	2,141,778	\$	-	\$	48,369,479																		



MEETING MINUTES OF THE BOARD OF DIRECTORS VIA HYBRID MEETING JUNE 22, 2022

#### 1. CALL TO ORDER

At 3:30 p.m. Chair Sweet called the meeting to order. Board Members confirmed that they received the meeting materials and could hear the speakers clearly.

#### 2. ROLL CALL

<u>Board Members Present</u>: the City of Bellevue (Barksdale), the City of Kirkland (Sweet), the City of Redmond (Birney), Sammamish Plateau Water & Sewer District (Warren), Skyway Water and Sewer District (Ault)

<u>Board Members Absent</u>: the City of Issaquah (Pauly), and the City of Tukwila (Ekberg) <u>Board Alternates Present</u>: City of Redmond (Anderson), Sammamish Plateau Water and Sewer District (Hooshangi)

#### 3. PUBLIC COMMENT

None.

#### 4. EXECUTIVE SESSION

None.

#### 5. APPROVAL OF AGENDA

Motion by Mr. Warren and second by Mr. Ault to approve the meeting agenda as presented. Motion carried unanimously (5-0).

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

Ray Hoffman, Cascade CEO, reviewed the Chief Executive Officer's Report that was included in the Board packet. Mr. Hoffman responded to questions from Board Members.

#### 7. CONSENT ITEM

- A. Board Meeting Minutes for May 25, 2022.
- B. Motion to authorize the Chief Executive Officer to enter into a contract to perform herbicide treatment for control of aquatic vegetation in the Lake Tapps Reservoir in an amount not to exceed \$175,000.

C. Motion to authorize the Chief Executive Officer to purchase equipment and fleet that are necessary to operate and maintain the White River – Lake Tapps Reservoir system in an amount not to exceed \$125,000.

Motion by Ms. Birney and second by Mr. Warren to approve Consent Action Items A-C as presented in the Board packet. Motion carried unanimously (5-0).

#### 8. OTHER ACTION ITEMS

A. Motion to adopt Resolution No. 2022-10 (1) approving the contribution of \$2,975,444 Shared Benefits to the Water Supply Development Fund, and (2) amending the 2022 Budget accordingly.

Ed Cebron, Cascade's Chief Economist/Treasurer, reminded Board Members that in November 2022, the Board approved Resolution No. 2021-10 the formation of the Water Supply Development Fund ("WSDF"), which is now codified in Cascade Water Alliance Code 5.70. Mr. Cebron said that CWAC 5.70.020 details both planned and unanticipated contributions to the fund. CWAC 5.70.020.C provides (excerpts):

In the event of unplanned or unanticipated available financial resources, a concept of "Shared Benefit" shall be employed to divide the use of any such windfalls equally between mitigation of current financial needs and accumulation for water supply development.

\*\*\*

In each case that arises, 50% of the revenues or savings shall remain available for current operating and capital uses, thus helping offset requirements from Member charges, and 50% shall be budgeted for transfer to the Water Supply Development Fund.

Mr. Cebron noted that several events have triggered a potential transfer of Shared Benefits to the WSDF in 2022, including:

- 2021 financial results (RCFC revenues in excess of budget)
- 2021 temporary water sales revenues from Issaguah (RCFC surcharge)
- 2022 bond refund savings (from 2020 refunding)
- 2022 SPU true-up

Fifty percent of these Shared Benefits amounts to \$2,975,444. Cascade proposes to transfer \$2,975,444 to the WSDF; the remainder would remain available for current operating and capital uses.

CWAC 5.70.020.A. provides in part (underlining added):

<u>Contributions to the Water Supply Development Fund shall be subject to Board approval</u> during the biennial budget process and managed, monitored and adjusted by the Board, pursuant to CWAC 5.70.030, including regular periodic review of status and approval of transfers to or from the Water Supply Development Fund from the Planned Sources of Funding and utilizing the Shared Benefits strategy in this section.

Mr. Cebron noted that the WSDF was not anticipated or budgeted for in 2022 but will be incorporated into the 2023 - 2024 budgeting and financial planning.

Mr. Cebron said that by approving Resolution No. 2022-10, the Board would approve the contribution of \$2,975,444 into the WSDF and amend the 2022 Budget accordingly.

Motion by Mr. Warren and second by Ms. Birney to adopt Resolution No. 2022-10 (1) approving the contribution of \$2,975,444 Shared Benefits to the Water Supply Development Fund, and (2) amending the 2022 Budget accordingly. Motion carried unanimously (5-0).

B. Motion to authorize the Chief Executive Officer to execute a Consulting Agreement with Aspect Consulting to provide a climate change impacts analysis of the White River – Lake Tapps Reservoir system in an amount not to exceed \$150,000.

Melina Thung, Cascade Chief of Staff, explained that Cascade emailed a Request for Qualifications to three firms from the MRSC roster and received two responses. Staff determined that the preferred consultant is Aspect Consulting.

Motion by Mr. Warren and second by Mr. Ault to authorize the Chief Executive Officer to execute a Consulting Agreement with Aspect Consulting to provide a climate change impacts analysis of the White River – Lake Tapps Reservoir system in an amount not to exceed \$150,000. Motion carried unanimously (5-0).

C. Motion to authorize the Chief Executive Officer to execute a contract with the lowest responsive bidder for the Powerhouse Plunge Pool Retaining Wall Repair Et All Project in an amount not to exceed \$500,000.

Mr. Hoffman said that in late 2021, an emergency was declared due to the south timber retaining wall at the Powerhouse plunge pool failing. It jeopardized the stability of the Powerhouse building and was stabilized shortly thereafter under an emergency declaration. The proposed project will replace the remaining timber wall with a new concrete retaining wall and construct a new wall on top of the existing retaining wall at the northwest corner of the plunge pool to mitigate spray from Valve 1 flow discharge.

Chair Sweet clarified that the motion should authorize an amount not to exceed \$750,000, rather than \$500,000.

Motion by Ms. Birney and second by Mr. Warren to authorize the Chief Executive Officer to execute a contract with the lowest responsive bidder for the Powerhouse Plunge Pool Retaining Wall Repair Et All project in an amount not to exceed \$750,000. Motion carried unanimously (5-0).

#### 9. STAFF PRESENTATIONS

A. Budget and Rates Presentation

Chris Paulucci, Cascade Finance and Administration Manager, provided an overview of the 2023-2024 Budget process. Items discussed included:

- Timeline
- Main changes to the 2023-2024 O&M Budget
- Net changes to the 2023-2024 Budget over the 2022 Budget
- Operating Budget 2022-2024
- 2023 Fixed vs. Variable Operating Budget Breakdown
- Operating Budget Trends 2012-2024
- Cascade Staffing
- Capital Improvement Program
- Notes on the 2023-2026 CIP Budget
- CIP Fixed vs. Variable Budget Breakdown
- Components of Proposed 2023-2024 2.2% Rate Increase

- 2.2% Summary of Proposed Member Charges
- Member Rates
- RCFCs
- Forecasted vs. Actual RCFC Connections 2009-2021

Mr. Cebron responded to various questions from Board Members.

#### 10. COMMITTEE REPORTS

- A. Executive Committee no meeting held
- B. Finance & Management Committee Meeting held June 21, 2022
- C. Public Affairs Committee Meeting held June 1, 2022
- D. Resource & Management Committee Meeting held June 9, 2022

#### 11. NEW BUSINESS

None.

#### 12. NEXT REGULAR MEETING

The next regular Board meeting will be held on July 27, 2022 at 3:30 p.m.

# 13. ADJOURNThe meeting adjourned at 4:43 p.m.APPROVED BY:

Penny Sweet, Chair

Angela Birney, Vice-Chair

#### AGENDA MEMORANDUM

#### **SUBJECT**

Motion to adopt Resolution No. 2022-11 approving a two-year extension of the independent supply production waiver.

#### **BACKGROUND**

All members with independent supply have assigned production requirements in accordance with their water audits and the related water audit acceptance agreements with Cascade. This is consistent with Cascade's full supply commitment to those members, which is incremental to their independent water supply capacity. Cascade's supply planning relies on the availability of these independent supplies in the scheduling and sizing of capital facilities.

Cascade has waived independent production requirements since 2014, although they were informally waived or relaxed for an even longer period of time. At present, Cascade has ample contract water supply and independent production is not critical. Even during the drought conditions of 2015 and recent hot, dry summers, Cascade used less than 85% of its available capacity. While we now also have a temporary water block contract, this is only for about 0.5 mgd or less than 2% of our contract capacity. We continue to project a supply surplus for the short to mid-term. Given this, there is no need to require compliance with independent supply production benchmarks. It is also worth noting that two members with independent supply, Sammamish Plateau and Issaquah, also have production waivers attached to their minimum demand shares (which extend through 2024).

The supply and demand status and projection for Cascade is constantly monitored, and an updated demand forecast is nearing completion. In the future production requirements may be essential as supply and demand move closer to a balance. Also, activation of the water shortage response plan would also trigger a review of production requirements as a tool for reducing demand on impaired regional supplies.

This motion authorizes a two-year extension of the production requirement waiver. Staff recommends authorizing the extension.

#### **OPTIONS**

- 1. Motion to adopt Resolution No. 2022-11 approving a two-year extension of the independent supply production waiver.
- 2. Do not adopt Resolution No. 2022-11 and provide alternate direction to staff.

#### RECOMMENDED ACTION

Adopt Resolution No. 2022-11 approving a two-year extension of the independent supply production waiver.

#### **ATTACHMENTS**

Resolution 2022-11.



CASCADE WATER ALLIANCE RESOLUTION NO. 2022-11

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,
A WASHINGTON MUNICIPAL CORPORATION
WAIVING FOR 2023 AND 2024 THE PRODUCTION REQUIREMENT FOR EACH MEMBER WITH
INDEPENDENT SUPPLY PURSUANT TO CASCADE WATER ALLIANCE CODE 4.20, THE WATER AUDIT
METHODOLOGY

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 Board of Directors ("Board') adopted the Water Audit Methodology by Resolution 2008-04 and amended by 2012-07 and 2014-03, now codified as Cascade Water Alliance Code ("CWAC") 4.20, Appendix A, which provides in part:

During the development of its biennial budget under CWAC Chapter 5.55, the Board may elect to waive or reduce the independent supply production requirement for one or two years of the biennium.

WHEREAS, the Board wishes to waive the independent supply production requirements for the biennial budget period 2023 - 2024;

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

**Section 1. Waiver of Independent Supply Production Requirement.** Pursuant to CWAC 4.20, the Board ratifies the waiver of independent supply production requirement for each Member with Independent Supply from January 1, 2023, through December 31, 2024.

**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 27th day of July 2022.

	CASCADE WATER ALLIANCE
	Penny Sweet, Chair
Attest – Chuck Clarke, CEO	Angela Birney, Vice Chair
	Allan Ekberg, Secretary/Treasurer
Members	
Yes	
No	
Demand Share	
Yes%	
No%	

#### AGENDA MEMORANDUM

#### SUBJECT

Motion to adopt Resolution No. 2022-12 approving the expansion of Sammamish Plateau Water and Sewer District service area to include the M-Brooke service area.

#### SUBJECT/BACKGROUND

Sammamish Plateau Water and Sewer District (SWD) has requested that the Cascade Board approve the expansion of SWD's service area to include the M-Brooke service area, depicted in Figure 1-1 of SWD's 2018 Water Comprehensive Plan Future Water Service Boundary (attached), which has been adopted and approved by SWD.

Cascade's 2012 Joint Municipal Utilities Services Agreement (Joint Agreement) provides in Section 5.2.A (in part and underlining added):

A. Commitment to Members. Beginning on the Cascade Supply Date, Cascade shall provide a Supply Commitment to each Member.
\*\*\*

Any Full Supply Commitment shall be subject to water shortages, to Cascade's ability to implement the Water Supply Plan, and to the portion of the Member's needs that can be served by the audited capacity of its Independent Supply. If the needed supply is not available, the shortage shall be shared by all the Members in accordance with Cascade's Shortage Management Plan, except as otherwise provided in Section 5.5.

Cascade shall be obligated to provide water supply to the entire service area of each Member (as that service area is defined in terms under which the Member is admitted or as in the Member's adopted and approved Water System Plan as of the Effective Date of this Agreement), whether or not some of that service area is within the Member's current jurisdictional boundaries and/or within the current urban growth boundary.

Cascade is not obligated to provide water supply to service area expansions in or outside the urban growth boundary, unless Cascade agrees to such expanded service area. Cascade is not obligated to provide increased water supply to any Member if it is determined that the Member's planning process or plans are materially out of compliance with the requirements of applicable state law.

The requested expansion was not identified in SWD's Water Comprehensive Plan as of the Effective Date of the Joint Agreement and therefore, under Section 5.2.A. of the Joint Agreement, the Cascade Board must agree to the service area expansion.

The M-Brooke service area was included in SWD's 2018 Water Comprehensive Plan Future Water Service Area, which is SWD's current adopted and approved Water System Plan. It was originally in the Ames Lake Water Association Service Area. It is very small: 80 acres, RA5 Zoning, 2 properties – 1 existing house, max use by zoning = 16 lots, but no current proposal for subdivision of the property.

Cascade has adequate water supply to serve the area without creating a supply shortfall within the next 15 years, and a full supply commitment can be offered. Given the adjacency to SWD's service area and size of the M-Brooke service area, Cascade staff recommends Board approval of the service area expansion under Section 5.2 of the Joint Agreement.

#### PROCUREMENT PROCESS

Not applicable.

#### **FISCAL IMPACT**

None.

#### **OPTIONS**

- 1. Adopt Resolution No. 2022-12 approving the expansion of Sammamish Plateau Water and Sewer District service area to include the M-Brooke service area.
- 2. Do not adopt Resolution No. 2022-12 and provide alternate direction to staff.

#### **RECOMMENDED ACTIONS**

Adopt Resolution No. 2022-12 approving the expansion of Sammamish Plateau Water and Sewer District service area to include the M-Brooke service area.

#### **ATTACHMENTS**

- 1. Proposed Resolution No. 2022-12.
- 2. Figure 1-1 Service Area Boundary and Proposed M-Brooke Revision.









CASCADE WATER ALLIANCE RESOLUTION NO. 2022-12

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,
A WASHINGTON MUNICIPAL CORPORATION, APPROVING THE EXPANSION OF SAMMAMISH PLATEAU
WATER AND SEWER DISTRICT SERVICE AREA TO INCLUDE THE M-BROOKE SERVICE AREA.

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, ("the Act") to provide water supply to its member agencies;

WHEREAS, Cascade's 2012 Joint Municipal Utilities Services Agreement (2012 Joint Agreement) provides in Section 5.2.A that Cascade may agree to expand a Member's service area for Supply Commitment purposes to each member, but that Cascade is not obligated to provide increased water supply to any Member if it is determined that the Member's planning process or plans are materially out of compliance with the requirements of applicable state law;

WHEREAS, based on information provided by Sammamish Plateau Water and Sewer District (SWD) regarding its planning for annexation of the M-Brooke service area, Cascade has determined that Cascade has adequate water supply to serve the area without creating a supply shortfall within the next 15 years, that a full supply commitment can be offered and that SWD's planning process, and that plans are not out of compliance with the requirements of applicable state law; and

WHEREAS, pursuant to 5.2 of the 2012 Joint Agreement, the Board desires to approve the expansion of the SWD service area to include the M-Brooke service area.

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

<u>Section 1. Approval of Expansion of Service Area.</u> Pursuant to 5.2 of the 2012 Joint Agreement, the Board approves the expansion of Sammamish Plateau Water and Sewer District service area to include the M-Brooke service area.

**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 regular meeting thereof, held on the 27th day of July 2022.

	CASCADE WATER ALLIANCE
	Penny Sweet, Chair
Attest – Ray Hoffman, Chief Executive Officer	Angela Birney, Vice Chair
Members	Allan Ekberg, Secretary/Treasurer
Yes No	Include in CWAC?
Demand Share Yes% No %	No

#### **AGENDA MEMORANDUM**

#### SUBJECT

Motion to adopt Resolution No. 2022-14 amending Cascade's Human Resources Policy and Procedures Manual and Cascade Water Alliance Code 5.05.080 (A) to better align the compensation and annual budget process.

#### **BACKGROUND**

Following a budget presentation to the Finance and Management Committee and a discussion of the Cost-of-Living Adjustment (COLA) that is built into the budget, the committee questioned why the policy was in the Human Resources Manual instead of a financial policy in the Cascade Code and why the COLA policy was 90% instead of 100% of CPI-W. The Finance Chair instructed staff to prepare a resolution that changes the percentage of anticipated COLA from 90% to 100% and to move the COLA policy from the Human Resource Manual to the fiscal policies for discussion at the next Finance and Management Committee meeting. Below is a summary of the proposed changes in the resolution.

Section IV. Compensation, Salary of the HR Manual is amended to provide

IV. Compensation

#### Salary

Employee salaries are governed by the annual Budget approved by the Board. The Chief Executive Officer shall develop a Salary Schedule for the Board's approval. Within the overall Salary Schedule, each job will have a salary grade scale with a minimum salary and a maximum salary.

The Salary Schedule will be reviewed annually during Cascade's budget process. For planning purposes during staff preparation of the annual budget, annual cost of living adjustments and other salary and wage adjustments for competitiveness, market alignment, etc., will be addressed pursuant to CWAC 5.05.080(A) will be assumed for every January 1 in the amount of 90% of the Consumer Price Index for Seattle Tacoma Urban Wage Earners (CPI-W) for the 12-month period ending June 30 of the prior year. Actual cost of living adjustments, however, are at the Board's discretion and will be considered final only upon Board adoption of the annual budget. Other salary and wage adjustments for competitiveness, market alignment, etc., shall be authorized by the Board in its discretion.

CWAC 5.05.080(A) is amended to provide:

A. Annual Budget. Each annual Cascade budget shall establish authorized expenditure levels, estimated revenues and reserve levels. Cascade shall amend the adopted budget, as deemed appropriate, by Board action to reflect material changes in anticipated revenues or expenditures. The CEO shall establish procedures and practices for periodic reporting to the Board on budget performance.

For the Annual Budget, salary ranges shall be assumed to adjust annually on January 1 by a cost-of-living adjustment based on 100% of the Consumer Price Index for Seattle Tacoma Urban Wage Earners (CPI-W) for the 12-month period ending June 30 of the prior year; however, actual cost of living adjustments shall be at the Board's discretion and will be considered final only upon Board adoption of the annual budget. If the CPI-W percentage is negative, there shall be no cost-of-living adjustment. Other salary and wage adjustments for competitiveness, market alignment, etc., shall be authorized by the Board in its discretion.

The attached resolution would amend the Human Resources Policies and Procedures Manual and chapter 5.05.080 of the Cascade Water Alliance Code to make these changes.

#### **PROCUREMENT PROCESS**

Not applicable.

#### FISCAL IMPACT

Not applicable.

#### **OPTIONS**

- Adopt Resolution No. 2022-14 amending Cascade's Human Resources Policy and Procedures Manual and Cascade Water Alliance Code 5.05.080 (A) to better align the compensation and annual budget process and.
- 2. Do not adopt Resolution No. 2022-14 and provide alternate direction to staff.

#### RECOMMENDED ACTION

Adopt Resolution No. 2022-XX amending Cascade's Human Resources Policy and Procedures Manual and Cascade Water Alliance Code 5.05.080 (A) to better align the compensation and annual budget process.

#### **ATTACHMENTS**

1. Proposed Resolution Number 2022-14.



CASCADE WATER ALLIANCE RESOLUTION NO. 2022-14

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

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, ("the Act") to provide water supply to its Member agencies;

WHEREAS, the Board adopted the Human Resources Policies and Procedures (HR Manual) originally in Resolution No. 2008-19 and subsequently by resolutions, now codified in Cascade Water Alliance Code (CWAC) Chapter 3.05;

WHEREAS, the Board adopted and amended CWAC 5.05.080, Budgeting and Accounting in Resolutions No. 2021-11 § 1; 2018-14 § 1 (Att. 2); 2016-20 § 1; 2012-14 § 8; Res. 2012-07 § 34; and 2006-05 § 1; and

WHEREAS, the Board desires to amend the HR Manual and CWAC 5.05.080 in order to better align the compensation and annual budget processes.

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

<u>Section 1. Amendment of HR Manual</u>. Section IV. Compensation, Salary of the HR Manual is amended to provide:

#### IV. Compensation

\*\*\*\*

#### Salary

Employee salaries are governed by the annual Budget approved by the Board. The Chief Executive Officer shall develop a Salary Schedule for the Board's approval. Within the overall Salary Schedule, each job will have a salary grade scale with a minimum salary and a maximum salary.

The Salary Schedule will be reviewed annually during Cascade's budget process. For planning purposes during staff preparation of the annual budget, annual cost of living adjustments and other salary and wage adjustments for competitiveness, market alignment, etc., will be addressed pursuant to CWAC 5.05.080(A).

#### **Section 2. Amendment of CWAC.** CWAC 5.05.080(A) is amended to provide:

A. Annual Budget. Each annual Cascade budget shall establish authorized expenditure levels, estimated revenues and reserve levels. Cascade shall amend the adopted budget, as deemed appropriate, by Board action to reflect material changes in anticipated revenues or expenditures. The CEO shall establish procedures and practices for periodic reporting to the Board on budget performance.

For the Annual Budget, salary ranges shall be assumed to adjust annually on January 1 by a cost-of-living adjustment based on 100% of the Consumer Price Index for Seattle Tacoma Urban Wage Earners (CPI-W) for the 12-month period ending June 30 of the prior year; however, actual cost of living adjustments shall be at the Board's discretion and will be considered final only upon Board adoption of the annual budget. If the CPI-W percentage is negative, there shall be no cost-of-living adjustment. Other salary and wage adjustments for competitiveness, market alignment, etc., shall be authorized by the Board in its discretion.

**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 on the 27th day of July 2022.

	CASCADE WATER ALLIANCE
	Penny Sweet, Chair
Attest – Ray Hoffman, Chief Executive Officer	Angela Birney, Vice Chair
	Allan Ekberg, Secretary/Treasurer
Members Yes No  Demand Share Yes %	Include in CWAC?  ☑ Yes □ No
No %	

#### **AGENDA MEMORANDUM**

#### **SUBJECT**

Motion to adopt Resolution No. 2022-13 approving the amendment of Chapter 2.05 of the Cascade Water Alliance Code, the Bylaws, regarding Board Members and Alternates and the Participation in Meetings.

#### **BACKGROUND**

Cascade's Bylaws, codified in Chapter 2.05 of the Cascade Water Alliance Code ("CWAC") 2.05 were adopted by the Board and have been amended from time to time. The amendments proposed at this time are intended to clarify the roles of Board Members and Alternatives and to clarify participation in Board and Standing Committee meetings.

The proposed amendments are explained in the attached Annotated Chart.

#### **PROCUREMENT PROCESS**

Not applicable.

#### **FISCAL IMPACT**

None.

#### **OPTIONS**

- 1. Adopt Resolution No. 2022-13 approving the amendment of Chapter 2.05 of the Cascade Water Alliance Code, the Bylaws regarding Board Members and Alternates and Participation in Meetings.
- 2. Do not adopt Resolution No. 2022-13 approving the amendment of Chapter 2.05 of the Cascade Water Alliance Code, the Bylaws, regarding Board Members and Alternates and Participation in Meetings and provide alternate direction to staff.

#### **RECOMMENDED ACTIONS**

Adopt Resolution No. 2022-13 approving the amendment of Chapter 2.05 of the Cascade Water Alliance Code, the Bylaws regarding Board Members and Alternates and Participation in Meetings.

#### **ATTACHMENTS**

- 1. Annotated Chart of proposed amendments.
- 2. Proposed Resolution No. 2022-13.

CASCADE BYLAWS WITH PROPOSED AMENDMENTS	NOTES
Article II. Board	
3.05.040 Canaral naviara	
<b>2.05.040</b> General powers.  The business and affairs of Cascade shall be managed by its Board, which shall be deemed a "Board of Directors." In addition to its other powers and authority as set forth in the Agreement, the Board shall have the full power except as prohibited by the terms of any gift, devise, bequest or other transfer, in its sole discretion, to change the form of any investment and, for that or other purposes of Cascade, to dispose of any property held by Cascade. The Board shall have the right to employ or retain agents to carry out the purposes of Cascade, including but not limited to attorneys, consultants, engineers, contractors and accountants.	.040 No change
2.05.050 Composition of board and alternates. Board.  The Board of Cascade shall consist of one individual representative Board Member from appointed by each Member agency to be designated a "Board Member."  Board Members shall not have terms, but each Board Member shall serve at the pleasure of the Member agency that the Board Member represents. In order to To serve as a Board Member, an individual must be an elected official of the Member agency and must be appointed to serve on the Board by the legislative body of the appointing Member agency.	.050 amended to define for clarification of the term used throughout.
Member agencies shall designate one or more alternative representative(s) to the Board ("Alternates"). Alternates also must be elected officials of the Member agency and must be appointed to serve on the Board by the legislative body of the appointing Member. If a Member agency appoints more than one Alternate, the Member agency shall designate the Alternate who will serve as the alternative representative to serve on the Board and the other Alternates may serve on Standing or Special Committees.	Splitting Board and Alternates into separate sections to be able to clarify distinctions.
Board Members and Alternates may be removed as set forth in CWAC 2.05.070.	
[NEW SECTION 2.05.051] Alternates.  Member agencies shall each appoint one alternative representative to the Board to be designated an "Alternate," who shall serve as an alternate to the Board Member and may serve on standing committees if appointed in accordance with CWAC 2.05.330. Alternates shall not have terms, but each Alternate shall serve at the pleasure of the Member agency that the Alternate represents. To serve as an Alternate, an individual must be an elected official of the Member agency and must be appointed to serve as an Alternate by the legislative body of the appointing Member agency. Alternates may be removed as set forth in CWAC 2.05.070.	NEW: Alternates language pulled from above but reduced to 1 Alternate per member agency for role clarification with new Observers.
Alternates are encouraged to attend Board meetings and participate in discussion.  However, unless they are appearing at a Board meeting for an absent Board  Member, Alternates shall be clearly identified as non-voting and shall not vote at  Board meetings.	

#### **CASCADE BYLAWS WITH PROPOSED AMENDMENTS NOTES** [NEW SECTION 2.05.052] Observers. New Observer Member agencies may each appoint one or more individuals to positions position created designated as "Observers." The purpose of Observers is to promote fuller below for participation from Member agencies by facilitating participation by elected meeting officials in committee discussion in accordance with CWAC 2.05.351. Observers participation of shall serve at the pleasure of the appointing Member agency. To serve as an additional agency Observer, an individual must be an elected official of the Member agency and appointees with must be appointed to serve as an Observer by the legislative body of the role clarification. appointing Member agency. Observers may be removed as set forth in CWAC 2.05.070. The term "Observer" added Observers may attend Board meetings and may participate in discussions if called throughout. upon by the Board Chair. Observers may attend Standing Committee meetings and participate in discussion, in accordance with CWAC 2.05.351. 2.05.060 Tenure. Unless the Board Member (or, Alternate,) or Observer resigns or is removed in accordance with these bylaws, each Board Member (or, Alternate,) or Observer shall hold office until replaced by resolution or written motion of the legislative body of the appointing member. Notwithstanding the foregoing, no Board Member (or, Alternate,) or Observer shall continue in that capacity if he or she is no longer an elected official of the Member agency whom he or she represents. 2.05.070 Resignation and Removal. A Board Member (or, Alternate,) or Observer may be removed, from the position to which they have been appointed, by the Member agency that he or she represents, or a Board Member (or, Alternate,) or Observer may personally resign at any time. Resignation or removal shall be effective upon the Board Member (or, Alternate,) or Observer or the member agency delivering written notice to the chair Chair, the secretary Secretary or the Board of Cascade. In addition, after 30 days' written notice to the member agency appointing a Board Member (or, Alternate,) or Observer, any Board Member (or, Alternate,) or Observer may be removed with cause by 65 percent dual majority vote of the remaining Board Members, and the individual removed may not be reappointed by the Member agency for one year after the date of removal. .080 amended to 2.05.080 Vacancies. coordinate Any vacancy occurring in among the Board Members or Alternates shall be filled by Cascade the appropriate Member agency. If a Board Member or Alternate resigns or is processes with removed from office, the legislative body of the appointing Member agency shall, the timing of changes within at its next meeting, appoint a replacement and deliver written notice to the Chair, Member agency the Secretary, or the Board of Cascade of such appointment.

governing bodies

CASCADE BYLAWS WITH PROPOSED AMENDMENTS	NOTES
2.05.090 Compensation.  Board Members (and Alternates) may be paid actual out-of-pocket expenses, if any, for attendance at meetings of the board Board or a committee thereof or conducting other business of Cascade; provided, that the expenses are reasonable and such reimbursement has been provided for in the budget.  Article III. Officers	090. Minor change for capitalization consistency, but also note that any additional Member agency elected officials
2.05.100 Number.  Cascade shall have a chair, a vice chair, a treasurer and a secretary Chair, Vice-Chair, Treasurer and Secretary, each of whom shall be appointed by the Board from among the Board Members. The chair chair shall serve as and shall be designated the "chair Chair of the Board.". Such other officers as may be deemed necessary or appropriate may be appointed by the Board from among the Board Members. Any two or more offices, with the exception of the chair chair and treasurer Treasurer, may be held by the same Board Member person.	would not be included.  .100 amended to clarify that only Board Members may be officers and for minor change for capitalization consistency.
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. Each officer shall hold office until a successor shall have been appointed, except in the event of the termination of an officer's term in the manner herein provided. Notwithstanding the foregoing, no Board Member shall continue in the capacity of an officer (1) if he or she is no longer an elected official of the Member agency whom he or she represents, or (2) after the Member agency has delivered notice of resignation or removal under CWAC 2.05.070.	.110 amended to clarify timing of changes within Member agency governing bodies
Appointment of an officer or agent shall not of itself create contract rights in the individual or in the member or other entity concerned.  2.05.120 Resignation.  Any officer may resign at any time by delivering written notice to the chairChair, the secretarySecretary or the Board, or by giving oral notice at any meeting of the Board. Any such resignation shall take effect at any subsequent time specified therein or if the time is not specified, upon delivery thereof and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.	.120 Minor change for capitalization consistency
2.05.130 Removal.  Any officer appointed by the Board may be removed by the Board upon 30 days' written notice, with or without cause.	.130 No change
<b>2.05.140 Chair (president).</b> The Chair of the Board shall preside at all meetings of the Board, shall serve on and shall Chair the Executive Committee and shall exercise and perform such	.140 Minor change for

CASCADE BYLAWS WITH PROPOSED AMENDMENTS	NOTES				
other powers and duties as may be determined from time to time by resolution of the Board. In the absence of the Chair, or if there be none, the Vice-Chair shall preside at all meetings of the Board. The Chair shall sign deeds, leases, bonds, contracts or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or the Chief Executive Officer of Cascade or shall be required by law to be otherwise signed or executed. In general, the Chair shall perform all duties incident to the office of Chair and such other duties as may be prescribed by resolution of the Board.	capitalization consistency				
<b>2.05.150 Vice-chair.</b> The vice-chair Vice-Chair shall serve on the executive committee and shall perform the duties of the chair in the absence or incapacity of the chair. When so acting, the vice-chair Vice-Chair shall have all the powers of and be subject to all the restrictions upon such officers and shall perform such other duties as from time to time may be assigned by resolution of the boardBoard.	.150 Minor change for capitalization consistency				
2.05.160 Secretary.  The secretarySecretary shall serve on the executive committee and shall keep or cause to be kept the minutes of the proceedings of the boardBoard and the executive committee, shall give notices or cause notice to be given in accordance with the provisions of these bylaws and as required by law, shall be custodian of the corporate records of Cascade, shall have charge and custody of and be responsible for overseeing maintenance of correct and complete nonfinancial books and records of Cascade. The secretarySecretary y shall perform such other duties as from time to time may be assigned by resolution of the boardBoard.	.160 Minor change for capitalization consistency				
2.05.170 Treasurer.  The treasurer reasurer shall serve on the executive committee and shall serve as chair of the Finance and Management Committee, unless the Board determines that rare exceptional circumstances exist such that another Board Member or Alternate must serve as committee chair. The treasurer reasurer shall be responsible for overseeing maintenance of all financial records of Cascade, the development of the annual budget, assuring the appropriate handling of all revenues and expenditures, and assist the boardBoard in preparation of the annual budget. The treasurer shall oversee maintenance of complete books and records of account for all funds and securities of Cascade, the transfer of receipts for money due and payable to Cascade from any source whatsoever, and the deposit of all such money in the name of Cascade from any source whatsoever in the banks, trust companies or other depositories as shall be selected in accordance with law. The treasurer reasurer may sign with the chair, deeds, leases, bonds, contracts, or other instruments that shall have been authorized by resolution of the boardBoard and, in general, shall perform all duties incident to the office of treasurer and such other duties as from time to time may be assigned to the treasurer reasurer by resolution of the boardBoard. If required by the boardBoard, the treasurer reasurer shall give a bond for the faithful	.170 This is added as a requirement for the Treasurer to chair the FMC, but subject to exception. Minor change for capitalization consistency				

CASCADE BYLAWS WITH PROPOSED AMENDMENTS	NOTES			
discharge of his/her duties in such sum and with such surety or sureties as the boardBoard shall determine.				
2.05.180 Delegation.  In the case of absence or inability to act of any officer or of any person herein authorized to act in his/her place, the <a href="boardBoard">boardBoard</a> may, from time to time, delegate the powers or duties of such officer to any other officer or any Board Member or other person whom it may select. The <a href="chair">chair</a> may delegate duties or powers in addition to those listed herein to officers of Cascade as necessary or appropriate to the conduct of the affairs of Cascade.	.180 Minor change for capitalization consistency			
<b>2.05.190 Vacancies.</b> Vacancies in any office arising from any cause may be filled by the <u>boardBoard</u> at any annual, regular or special meeting of the Board subject to the notice provisions set forth in CWAC 2.05.210 through 2.05.240.	.190 Minor change for capitalization consistency			
2.05.290 Appearance before the Board.  Public testimony on agenda items, or on other relevant items <u>upon</u> which any person may wish to call to the attention of the Board, may be taken by the Board.  Public testimony is any statement made or information provided by any person other than the Board Members or Alternates serving for a Board Member at the meeting. All persons providing public testimony are encouraged to provide their name, city of residence and who they represent.	.290 amended to provide support to Board chair as they take public testimony (public comment from general public; or			
Public comments shall generally be taken during the meeting agenda designated for Public Comment.  During the meeting, the Chair may call upon individuals, including but not limited to Alternates not serving for a Board Member at the meeting, Observers, Member staff, and invited speakers, to provide testimony.	call upon others on specific agenda items.) Also requests disclosure of speakers' roles within the limits of OPMA.			
The <u>Chair</u> chair shall have the discretion to limit the time and order of appearances as deemed desirable for a fair presentation of views consistent with the other business before the <u>B</u> oard.	Minor change for capitalization consistency			
Article V. Committees of the Board				
2.05.320 Executive committee.  The Chair, Vice-Chair, Secretary, and Treasurer shall constitute the Executive Committee of Cascade. The Executive Committee shall be responsible for oversight of emergencies and emerging issues, personnel matters, and other issues as assigned by the Board; however the Executive Committee may not act on behalf of the Board except as authorized by this section or by action of the Board. In emergencies involving public health or safety or the protection of the assets and responsibilities of Cascade, the Executive Committee may take such actions as it	.320 No change			

CASCADE BYLAWS WITH PROPOSED AMENDMENTS	NOTES
deems necessary with prompt notice thereof given to the Board as long as such action is not inconsistent with these Bylaws, and the Agreement.	
2.05.330 Standing committees.  The Board may create standing committees as it deems appropriate. Following solicitation of self-nominations, the Board shall appoint approve a slate of Chairpersons and Members of such standing committees from the Board Membership and Alternates. If appointed, Alternates may serve on Standing or Special Committees, including in committee discussion and the committee recommendations  To encourage full participation by all Member Agencies, Chairpersons should be Board Members, unless rare exceptional circumstances exist as determined by the Board. To encourage a discussion of the broad range of interests among Member Agencies, The the Board shall attempt strive to appoint standing committee	.330 amended to correspond with actual process and roles of committee members.  Change intended as a preference for chairpersons to be Board Members from
Members in a manner that encourages the diversity of representation on standing committees reflects the broad range of view points and perspectives diversity among Member Agencies.  No committee shall have the authority to take any action inconsistent with these	varying agencies. Change made to explain what is meant by diversity in committee
Bylaws, or the Agreement.  Because the standing committees do not act on behalf of the Cascade Board, and	context.  Added to clearly
do not conduct public hearing or take public testimony or public comment, committees are not governing bodies under the Open Public Meetings Act.  However, the Board desires that The the standing committees shall be governed by follow the Open Public Meetings Act for public notice under CWAC 2.05.340 and to encourage participation. Meetings may be held without a quorum and committee recommendations to the Board will note if a quorum was not present.	establish that standing committees are not governing bodies under the OPMA but follow the OPMA public notice provisions.
The Standing Committees 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.	

CASCADE BYLAWS WITH PROPOSED AMENDMENTS	NOTES
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.	
2.05.340 Meetings of standing committees.  Because the standing committees do not act on behalf of the Cascade Board, do not conduct public hearing or take public testimony or public comment, committees are not governing bodies under the Open Public Meetings Act.  The Board desires that Meetings of the standing committees of the boardBoard shall be governed by follow the Open Public Meetings Act for public notice and shall be held at such times and places as may be fixed by each standing committee or its chair. The Board, by resolution, may establish the schedule and location for the meetings of the standing committees.	.340 amended. to clearly establish that standing committees are not governing bodies under the OPMA but that OPMA notice is desired.
2.05.350 Voting-Recommendations of standing committees. Recommendations of the standing committees shall be by a simple majority of the committee members present at the meeting. Committee recommendation to the Board will note if a quorum was not present.  [NEW 2.05.351] Appearance before a committee. The committee chair has the discretion to allow non-committee members to participate in discussion, including but not limited to non-committee member Alternates, Observers, Member staff, or invited experts. Non-committee members shall not participate in recommendations.  Prior to speaking, any person, other than the members of the committee, are encouraged to provide their name, city of residence and who they are representing at the meeting.	Title of .350 amended to clarify committee's roles.  NEW § to promote disclosure helpful to committee process and to clarify who may speak.  Added to confirm that standing
The committee shall not conduct public hearing or take public testimony or public comment.  2.05.360 Special committees.  Special committees may be established and appointed by the boardBoard and with such powers and duties as the boardBoard may determine. All matters considered by special committees requiring action shall be referred to the boardBoard for action unless express authority is delegated to a committee.	committees are not governing bodies under the OPMA.  .360 Minor change for capitalization consistency



CASCADE WATER ALLIANCE RESOLUTION NO. 2022-13

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,
A WASHINGTON MUNICIPAL CORPORATION, AMENDING BYLAWS
REGARDING BOARD MEMBERS AND ALTERNATES ROLES AND PARTICIPATION IN MEETINGS

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, ("the Act") to provide water supply to its member agencies;

WHEREAS, by Resolution No. 2019-16 §1; Resolution No. 2019-16 §1; Resolution No. 2018-06 §2; Resolution No. 2012-07 §12, §5 and §6; Resolution No. 2010-20 §2; Resolution No. 2009-19 §7; Resolution No. 2009-05 §2, the Cascade Board of Directors ("Board") established and amended sections of the bylaws, now codified within Chapter 2.05 Cascade Water Alliance Code; and

WHEREAS, the Board desires to amend portions of its bylaws and Chapter 2.05 Cascade Water Alliance Code regarding the roles of the Board Members and Alternates participation in meetings.

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

Section 1. Amendment of CWAC 2.05.050. The sections of Chapter 2.05 CWAC specified below are amended as follows and Resolution No. 2019-16 §1; Resolution No. 2018-06 §2; Resolution No. 2012-07 §12, §5 and §6; Resolution No. 2010-20 §2; Resolution No. 2009-19 §7; Resolution No. 2009-05 §2, are amended as follows:

### 2.05.050 Composition of board and alternates. Board.

The Board of Cascade shall consist of one individual representative Board Member from appointed by each Member agency to be designated a "Board Member." Board Members shall not have terms, but each Board Member shall serve at the pleasure of the Member agency that the Board Member represents. In order to To serve as a Board Member, an individual must be an elected official of the Member agency and must be appointed to serve on the Board by the legislative body of the appointing Member agency.

Member agencies shall designate one or more alternative representative(s) to the Board ("Alternates"). Alternates also must be elected officials of the Member agency and must be appointed to serve on the Board by the legislative body of the appointing Member. If a Member agency appoints more than one Alternate, the Member agency shall designate the Alternate who will serve as the alternative representative to serve on the Board and the other Alternates may serve on Standing or Special Committees.

Board Members and Alternates may be removed as set forth in CWAC 2.05.070.

### [NEW SECTION 2.05.051] Alternates.

Member agencies shall each appoint one alternative representative to the Board to be designated an "Alternate," who shall serve as an alternate to the Board Member and may serve on standing committees if appointed in accordance with CWAC 2.05.330. Alternates shall not have terms, but each Alternate shall serve at the pleasure of the Member agency that the Alternate represents. To serve as an Alternate, an individual must be an elected official of the Member agency and must be appointed to serve as an Alternate by the legislative body of the appointing Member agency. Alternates may be removed as set forth in CWAC 2.05.070.

Alternates are encouraged to attend Board meetings and participate in discussion.

However, unless they are appearing at a Board meeting for an absent Board Member,

Alternates shall be clearly identified as non-voting and shall not vote at Board meetings.

### [NEW SECTION 2.05.052] Observers.

Member agencies may each appoint one or more individuals to positions designated as "Observers." The purpose of Observers is to promote fuller participation from Member agencies by facilitating participation by elected officials in committee discussion in accordance with CWAC 2.05.351. Observers shall serve at the pleasure of the appointing Member agency. To serve as an Observer, an individual must be an elected official of the Member agency and must be appointed to serve as an Observer by the legislative body of the appointing Member agency. Observers may be removed as set forth in CWAC 2.05.070.

Observers may attend Board meetings and may participate in discussions if called upon by the Board Chair. Observers may attend Standing Committee meetings and participate in discussion, in accordance with CWAC 2.05.351.

### 2.05.060 Tenure.

Unless the Board Member (or, Alternate,) or Observer resigns or is removed in accordance with these bylaws, each Board Member (or, Alternate,) or Observer shall hold office until replaced by resolution or written motion of the legislative body of the appointing member. Notwithstanding the foregoing, no Board Member (or, Alternate,) or Observer shall continue in that capacity if he or she is no longer an elected official of the Member agency whom he or she represents.

### 2.05.070 Resignation and Removal.

A Board Member (or, Alternate,) or Observer may be removed, from the position to which they have been appointed, by the Member agency that he or she represents, or a Board Member (or, Alternate,) or Observer may personally resign at any time. Resignation or removal shall be effective upon the Board Member (or, Alternate,) or Observer or the member agency delivering written notice to the chair Chair, the secretary Secretary or the Board of Cascade.

In addition, after 30 days' written notice to the member agency appointing a Board Member (or, Alternate,) or Observer, any Board Member (or, Alternate,) or Observer may be removed with cause by 65 percent dual majority vote of the remaining Board Members, and the individual removed may not be reappointed by the Member agency for one year after the date of removal.

### 2.05.080 Vacancies.

Any vacancy occurring in-among the Board Members or Alternates shall be filled by the appropriate Member agency. If a Board Member or Alternate resigns or is removed from office, the legislative body of the appointing Member agency shall, at its next meeting, appoint a replacement and deliver written notice to the Chair, the Secretary, or the Board of Cascade of such appointment.

### 2.05.090 Compensation.

Board Members (and Alternates) may be paid actual out-of-pocket expenses, if any, for attendance at meetings of the <u>boardBoard</u> or a committee thereof or conducting other business of Cascade; provided, that the expenses are reasonable and such reimbursement has been provided for in the budget.

### 2.05.100 Number.

Cascade shall have a chair, a vice-chair, a treasurer and a secretary Chair, Vice-Chair, Treasurer and Secretary, each of whom shall be appointed by the Board from among the Board Members. The chair shall serve as and shall be designated the "chair Chair of the Board.". Such other officers as may be deemed necessary or appropriate may be appointed by the Board from among the Board Members. Any two or more offices, with the exception of the chair Chair and treasurer Treasurer, may be held by the same Board Member person.

### 2.05.110 Appointment and term of office.

The officers of Cascade shall be appointed by the Board at the annual meeting in evennumbered years, to serve for two years until the next annual meeting in an evennumbered year or until removed by the Board. Each officer shall hold office until a
successor shall have been appointed, except in the event of the termination of an
officer's term in the manner herein provided. Notwithstanding the foregoing, no Board
Member shall continue in the capacity of an officer (1) if he or she is no longer an
elected official of the Member agency whom he or she represents, or (2) after the
Member agency has delivered notice of resignation or removal under CWAC 2.05.070.

Appointment of an officer or agent shall not of itself create contract rights in the individual or in the member or other entity concerned.

#### 2.05.120 Resignation.

Any officer may resign at any time by delivering written notice to the chairChair, the secretarySecretary or the Board, or by giving oral notice at any meeting of the Board. Any such resignation shall take effect at any subsequent time specified therein or if the time is not specified, upon delivery thereof and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

### 2.05.140 Chair (president).

The Chair of the Board shall preside at all meetings of the Board, shall serve on and shall Chairchair the Executive Committee and shall exercise and perform such other powers and duties as may be determined from time to time by resolution of the Board. In the absence of the Chair, or if there be none, the Vice-Chair shall preside at all meetings of the Board. The Chair shall sign deeds, leases, bonds, contracts or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or the Chief Executive Officer of Cascade or shall be required by law to be otherwise signed or executed. In general, the Chair shall perform all duties incident to

the office of Chair and such other duties as may be prescribed by resolution of the Board.

#### 2.05.150 Vice-chair.

The <u>vice-chair Vice-Chair shall</u> serve on the executive committee and shall perform the duties of the chair in the absence or incapacity of the <u>chair Chair</u>. When so acting, the <u>vice-chair Vice-Chair shall</u> have all the powers of and be subject to all the restrictions upon such officers and shall perform such other duties as from time to time may be assigned by resolution of the <del>board</del>Board.

# 2.05.160 Secretary.

The secretary Secretary shall serve on the executive committee and shall keep or cause to be kept the minutes of the proceedings of the beardBoard and the executive committee, shall give notices or cause notice to be given in accordance with the provisions of these bylaws and as required by law, shall be custodian of the corporate records of Cascade, shall have charge and custody of and be responsible for overseeing maintenance of correct and complete nonfinancial books and records of Cascade. The secretary Secretary y shall perform such other duties as from time to time may be assigned by resolution of the beardBoard.

#### 2.05.170 Treasurer.

The treasurerTreasurer shall serve on the executive committee and shall serve as chair of the Finance and Management Committee, unless the Board determines that rare exceptional circumstances exist such that another Board Member or Alternate must serve as committee chair. The treasurer Treasurer shall be responsible for overseeing maintenance of all financial records of Cascade, the development of the annual budget, assuring the appropriate handling of all revenues and expenditures, and assist the boardBoard in preparation of the annual budget. The treasurerTreasurer shall oversee maintenance of complete books and records of account for all funds and securities of Cascade, the transfer of receipts for money due and payable to Cascade from any source whatsoever, and the deposit of all such money in the name of Cascade from any source whatsoever in the banks, trust companies or other depositories as shall be selected in accordance with law. The treasurer Treasurer may sign with the chair, deeds, leases, bonds, contracts, or other instruments that shall have been authorized by resolution of the <del>board</del>Board and, in general, shall perform all duties incident to the office of treasurer and such other duties as from time to time may be assigned to the treasurerTreasurer by resolution of the boardBoard. If required by the boardBoard, the treasurer Treasurer shall give a bond for the faithful discharge of his/her duties in such sum and with such surety or sureties as the boardBoard shall determine.

#### 2.05.180 Delegation.

In the case of absence or inability to act of any officer or of any person herein authorized to act in his/her place, the <a href="board">board</a> may, from time to time, delegate the powers or duties of such officer to any other officer or any Board Member or other person whom it may select. The <a href="chair">chair</a> may delegate duties or powers in addition to those listed herein to officers of Cascade as necessary or appropriate to the conduct of the affairs of Cascade.

#### 2.05.190 Vacancies.

Vacancies in any office arising from any cause may be filled by the board Board at any annual, regular or special meeting of the Board subject to the notice provisions set forth in CWAC 2.05.210 through 2.05.240.

### 2.05.290 Appearance before the boardBoard.

Public testimony on agenda items, or on other relevant items <u>upon</u> which any person may wish to call to the attention of the <u>boardBoard</u>, may be taken by the <u>boardBoard</u>. <u>Public testimony is any statement made or information provided by any person other than the Board Members or Alternates serving for a Board Member at the meeting. All persons providing public testimony are encouraged to provide their name, city of residence and who they represent.</u>

<u>Public comments shall generally be taken during the meeting agenda designated for</u> Public Comment.

<u>During the meeting, the Chair may call upon individuals, including but not limited to Alternates not serving for a Board Member at the meeting, Observers, Member staff, and invited speakers, to provide testimony.</u>

The <u>Chair</u>chair shall have the discretion to limit the time and order of appearances as deemed desirable for a fair presentation of views consistent with the other business before the <u>B</u>oard.

### 2.05.330 Standing committees.

The Board may create standing committees as it deems appropriate. Following solicitation of self-nominations, the Board shall appoint approve a slate of Chairpersons and Members of such standing committees from the Board Membership and Alternates. If appointed, Alternates may serve on Standing or Special Committees, including in committee discussion and the committee recommendations

To encourage full participation by all Member Agencies, Chairpersons should be Board Members, unless rare exceptional circumstances exist as determined by the Board. To encourage a discussion of the broad range of interests among Member Agencies, The the Board shall attempt strive to appoint standing committee Members in a manner that encourages the diversity of representation on standing committees reflects the broad range of view points and perspectives diversity among Member Agencies.

No committee shall have the authority to take any action inconsistent with these Bylaws, or the Agreement.

Because the standing committees do not act on behalf of the Cascade Board, and do not conduct public hearing or take public testimony or public comment, committees are not governing bodies under the Open Public Meetings Act. However, the Board desires that The the standing committees shall be governed by follow the Open Public Meetings Act for public notice under CWAC 2.05.340 and to encourage participation. Meetings may be held without a quorum and committee recommendations to the Board will note if a quorum was not present. and

The Standing Committees 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.

# 2.05.340 Meetings of standing committees.

Because the standing committees do not act on behalf of the Cascade Board, do not conduct public hearing or take public testimony or public comment, committees are not governing bodies under the Open Public Meetings Act.

The Board desires that Meetings of the standing committees of the boardBoard shall be governed by follow the Open Public Meetings Act for public notice and shall be held at such times and places as may be fixed by each standing committee or its chair. The Board, by resolution, may establish the schedule and location for the meetings of the standing committees.

### 2.05.350 Voting Recommendations of standing committees.

Recommendations of the standing committees <u>shall</u> be by a simple majority of the committee members <u>present at the meeting</u>. <u>Committee recommendation to the Board</u> will note if a quorum was not present.

### [NEW 2.05.351] Appearance before a committee.

The committee chair has the discretion to allow non-committee members to participate in discussion, including but not limited to non-committee member Alternates, Observers, Member staff, or invited experts. Non-committee members shall not participate in recommendations.

Prior to speaking, any person, other than the members of the committee, are encouraged to provide their name, city of residence and who they are representing at the meeting.

The committee shall not conduct public hearing or take public testimony or public comment.

#### 2.05.360 Special committees.

Special committees may be established and appointed by the <u>boardBoard</u> and with such powers and duties as the <u>boardBoard</u> may determine. All matters considered by special committees requiring action shall be referred to the <u>boardBoard</u> for action unless express authority is delegated to a committee.

**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 regular meeting thereof, held on the 27th day of July 2022.

	CASCADE WATER ALLIANCE				
	Penny Sweet, Chair				
Attest – Ray Hoffman, Chief Executive Officer	Angela Birney, Vice Chair				
	Allan Ekberg, Secretary/Treasurer				
Members Yes No  Demand Share Yes% No%	Include in CWAC?  ☑ Yes □ No				





# **WSDF** Background

- 1. Introduced during 2021-22 budget planning process
- 2. WSDF Purposes include:
  - 1. Support future supply development
  - 2. Mitigate rate impacts of major projects
  - 3. Satisfy Cascade fiscal policies
- 3. Established and codified by Board in December 2021
- 4. Now contained in Cascade Code (Chapter 5.70)
- Code provides for Board reviews with each biennial budget



# **WSDF Status Report**

# Per Cascade code, the review addresses:

- 1. Fund balance vs. prior forecast
- 2. Actions proposed in biennial budget:
  - a) Upcoming planned contributions via budgeted transfers
  - b) Planned changes to the fund balance
- 3. Forecast of WSDF activity through development of the planned supply project(s)
- 4. Supply project changes that could alter funding requirements and related proposed actions, if any
- 5. Assessment of fund adequacy
- 6. Proposed remedial actions, if any

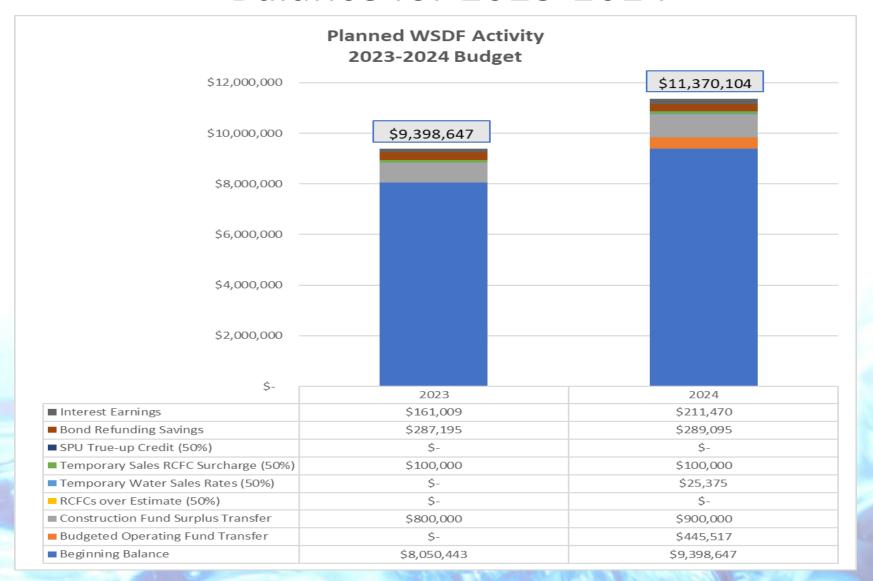


# **Current Fund Status**



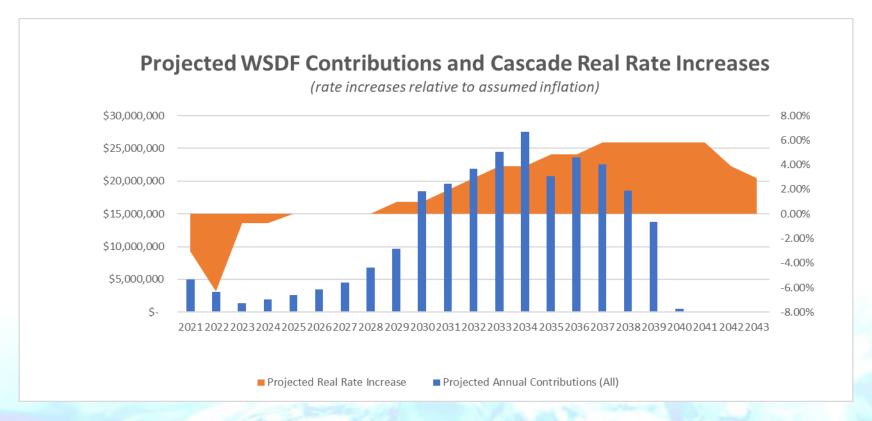


# Proposed Transfers and Projected Fund Balance for 2023-2024





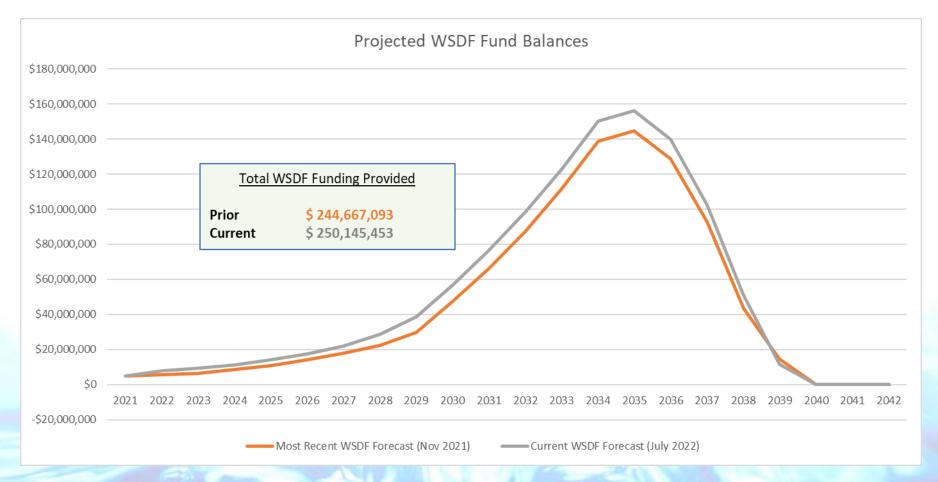
# Forecast of Rates and WSDF Transfers



- Generational equity is a consideration in balancing rate and funding strategies.
- Rates in the 2020's remain below assumed inflation while building financial resources and capacity
- Current customers are using "temporary capacity" and most of Lake Tapps' capacity is intended to serve existing customers. Only about 1/3 is attributable to growth
- RCFCs are a tool to help ensure that new growth pays it share of current and future investments that will provide them water supply.

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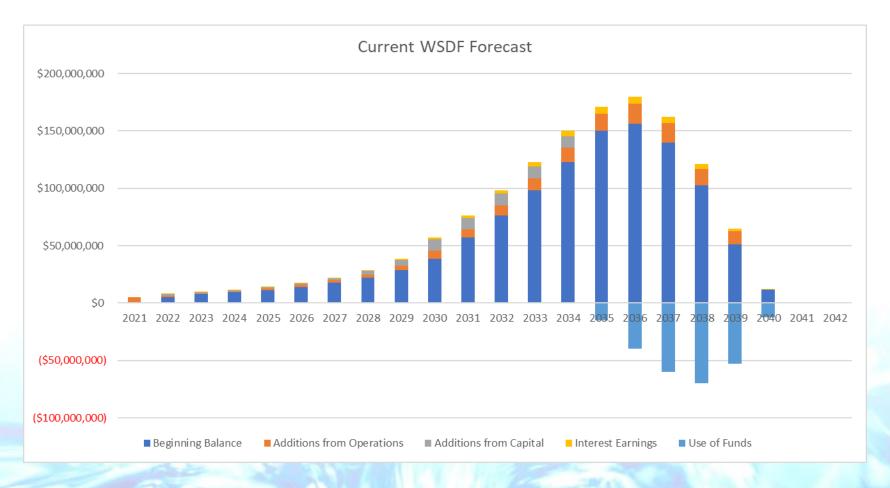
# Comparison of WSDF Forecasts



- Total funding has improved over prior forecast
- Recent "Shared Benefit" transfer is the primary cause.
- Higher future rate increases caused by increased project cost escalation also contribute.



# **Current WSDF Forecast**



- Annual funding derives from both operations (60%) and capital (40%) sources
- ➤ Ultimate supply project capacity is also divided about 60/40 between existing and future customers.
- Funds are used in the late 2030's under current plans



# **Key Comparative Metrics**

	Most Recent	Current		
	Forecast	Forecast		
	(Nov 2021)	(July 2022)		
Total WSDF Funding	\$ 244,667,093	\$ 250,145,453		
Total Projected Project Cost	\$1,574,386,088	\$1,705,946,181		
(LakeTapps Phase 1 2033-2042)				
Total Project Cash Funding (includes construction funds not transfer	\$ 452,990,947 red to WSDF)	\$ 475,691,931		
Total Project Debt Funding	\$1,121,395,141	\$1,230,254,251		
(net proceeds after issuance and reserve	funding)			
Debt Ratio	71.2%	72.1%		
Maximum Policy Debt Ratio	80.0%	80.0%		



# Potential Supply Project Changes

- Awaiting completion of contract negotiations, with possibility of:
  - Deferred Lake Tapps development
  - Revised transmission development
- Recent cost escalation could materially increase future project cost:
  - Construction costs escalated 7.34% last year
  - CPI up over 10% in 1 year
- TSP update will include revised project cost estimates and possible re-configuration of project

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# Assessment of WSDF Adequacy

- Improved forecast versus prior forecast
- Risk of escalated costs may push toward more aggressive funding, but
- Possible deferral of construction may allow more relaxed funding

Staff Recommendation: Retain current course until supply strategy is resolved, then evaluate



# **Proposed Remedial Actions**

- Continue to capture "shared benefits" when they arise
- Review WSDF Strategy as part of TSP financial evaluation or next budget cycle, whichever comes first





# **Upcoming Cascade Board Decisions**

# **Board action is anticipated in September:**

- 1. Approval of the proposed 2023-2024 Operations & Maintenance budget and the 2023-2028 Capital Improvement Program budget
- 2. Approval of the 2023-2024 member charge revenue increase (i.e. rate increase)
- 3. Approval of the 2023-2024 RCFC increase













# 2023-2024 Budget Process



January February	March	April	May	June		July	August	September
Internal review of	Staff identi	fication	of	Presentation	า	Final review at		Anticipated
strategic plan and	budget driv	vers and	l	to Board of		Board meeting		Board
update to work	preparatio	n of the	draft	policies,		and member		adoption
plans.	budget			forecast, an	d	agency		of budget
				high-level		presentations		and rates
				budget and				
				rate proposa	als			
	Member	Finance	e & Ma	anagement		Finance &		
	data due	Comm	ittee a	nd member		Management		
	March 15	staff bu	udget a	and rates		Committee		
	Poly	review	S			review and		
		e Ma	B	3		Board update	William .	



# What Has Changed?

# **Member Charge True-Up**

- The proposed rates for 2023 and 2024 reflect a shift of spreading the Member charge true-up both years instead of all in 2023.
- The change mitigates the impact of the true-up.

# **Cost of Living Adjustment:**

- The O&M budget has increased \$4,828 and \$5,414 for 2023 and 2024 respectfully from the numbers you saw last month.
- The CPI-W for Seattle Tacoma Urban Wage Earners for the period ending June 30 has been published and
- The method of budgeting for CPI has been modified from 90% to 100% by the Board in the financial policies.



# Proposed 2023-2024 Budget

	2022	2023	2024	
Program	Adopted	Proposed	Proposed	
Operations & Maintenance (O&M)				
Administration	\$3,858,337	\$3,915,869	\$3,808,870	
Conservation	\$839,874	\$798,115	\$805,754	
Operations	\$5,682,685	\$6,158,568	\$6,434,135	
Debt Service	\$9,779,981	\$9,199,941	\$10,795,666	
Water Payments	\$22,730,886	\$23,969,287	\$24,402,498	
O&M Total Budget	\$42,891,763	\$44,041,780	\$46,246,923	
Capital Improvement Program (CIP)				
CIP Projects & Capital Risk	\$3,160,000	\$4,425,000	\$2,215,000	
Tacoma and Seattle Agreements	\$5,975,463	\$6,094,972	\$11,216,872	
CIP Total Budget	\$9,135,463	\$10,519,972	\$13,431,872	



# Proposed 2023-2024 Revenue

Revenue Source	2022 Adopted	2023 Proposed	2024 Proposed
Administrative Charges	\$3,741,337	\$3,776,170	\$3,706,551
Conservation Charges	\$744,873	\$793,621	\$800,515
Demand Share Charges	\$39,106,467	\$39,981,924	\$41,024,787
Regional Capital Facility Charges (RCFC)	\$7,110,364	\$9,561,469	\$9,890,512
Other Revenue	\$1,222,146	\$1,624,410	\$1,746,870
Total Revenue	\$51,925,187	\$55,737,594	\$57,169,235

- <u>Demand Share Charges</u>: Moderate increase in Seattle payments plus ~\$500,000 true-up payment
- RCFCs: Increase from \$6,950 to \$7,201 in 2023 and \$7,454 in 2024 largely due to construction inflation; development "rebound" results in more RCFCs



# Proposed 2023-2024 Member Charge Revenue Increase

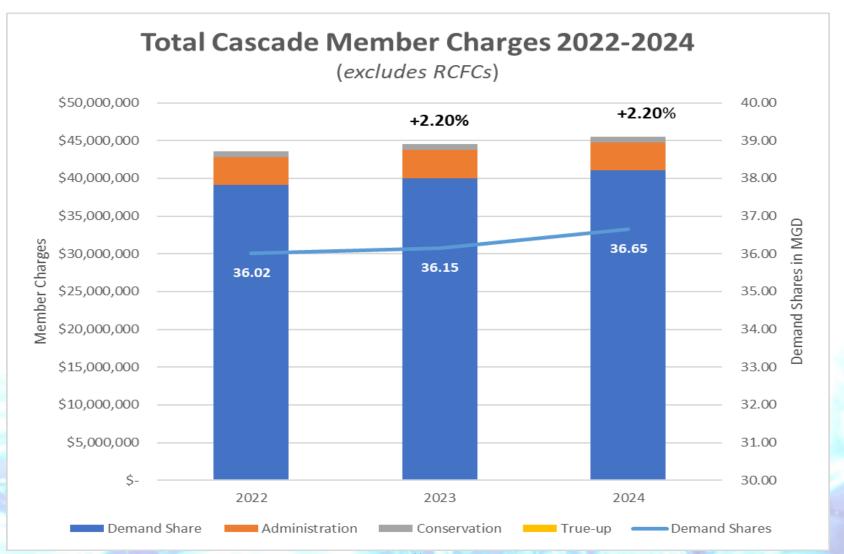
Prockdown of Droposed Povenue Incresse	2023	2023	2024	2024
Breakdown of Proposed Revenue Increase	Dollars	Percent	Dollars	Percent
Total Rate Increase	\$959,038	2.20%	\$980,138	2.20%
Seattle Water	\$988,400	2.27%	\$909,263	2.04%
Increase	\$512,349	1.18%	\$909,263	2.04%
True-up	\$476,051	1.09%	-	
Operating Expenses*	\$682,937	1.57%	\$273,587	0.61%
Administration*	\$34,835	0.08%	(\$69,620)	-0.16%
Miscellaneous (Conservation, R&R)	\$108,973	0.25%	\$73,928	0.17%
Increased Debt Service from Rates	(\$576,347)	-1.32%	\$1,595,528	3.58%
Contribution to WSDF	-	0.00%	\$445,517	1.00%
Change in Miscellaneous Revenues	(\$32,129)	-0.07%	(\$28,620)	-0.06%
Rate Smoothing	(\$247,631)	-0.57%	(\$2,219,445)	-4.98%

<sup>\*</sup>Expenses are adjusted to exclude irregular expenses funded through reserve accumulation and related used of reserves.

- Annual 2.2% average increases are as projected last budget cycle and below inflation
- Seattle costs a major rate driver
- Rate smoothing mitigates impacts
- Starting in 2024, rates support funding for Water Supply Development Fund (WSDF)



# Proposed 2023-2024 Member Charges





# **Proposed Member Payments**

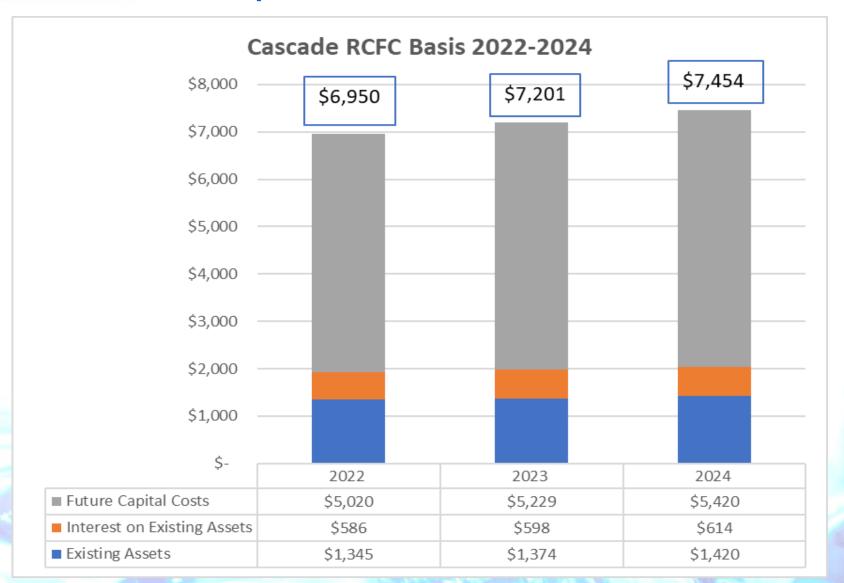
Member	2022 Charges	2023 Charges	Change from 2022	2024 Charges	Change from 2023
Bellevue	\$22,358,780	\$23,110,837	3.36%	\$23,650,175	2.33%
Issaquah	\$2,134,682	\$2,187,817	2.49%	\$2,272,256	3.86%
Issaquah - <i>Temporary Water</i>	\$0	\$0	n/a	\$52,232	n/a
Kirkland	\$5,997,758	\$6,492,441	8.25%	\$6,635,560	2.20%
Redmond - <i>City</i>	\$7,783,316	\$6,031,194	-5.14%	\$6,071,906	0.68%
Redmond - <i>Novelty Hill</i>	\$0	\$1,352,383	n/a	\$1,385,196	2.43%
Sammamish Plateau Water	\$1,987,451	\$2,071,491	4.23%	\$2,153,084	3.94%
Skyway Water & Sewer	\$525,964	\$542,310	3.11%	\$543,153	0.16%
Tukwila	\$2,804,726	\$2,763,243	-1.48%	\$2,768,293	0.18%
Total Cascade Members	\$43,592,677	\$44,551,715	2.20%	\$45,531,854	2.20%

<sup>\*</sup>The 2023 and 2024 charges are not final. The amounts reflect spreading true-up costs over two years rather than one year.

- Charges for individual members vary based on relative growth and demand trends.
- Reflects spreading of true-up over 2 years to reduce rate swings

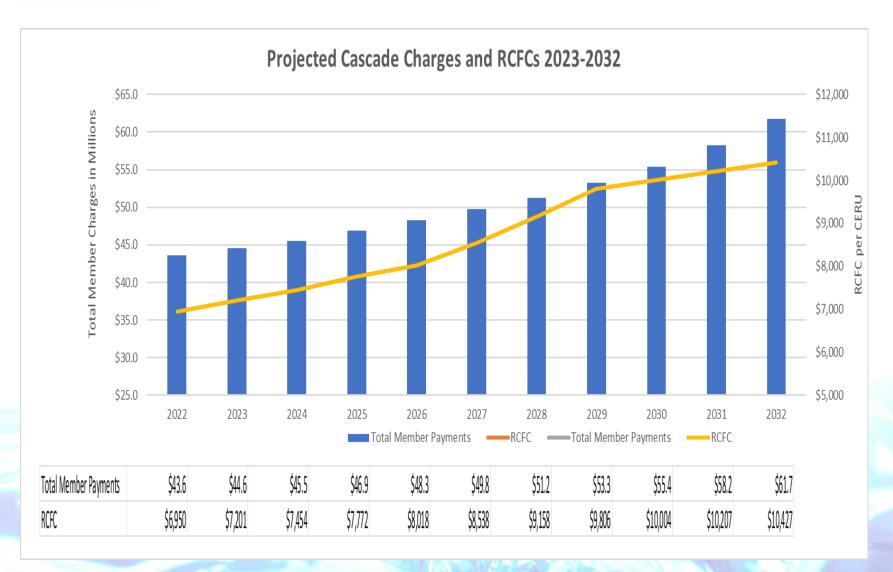


# Proposed 2023-2024 RCFCs



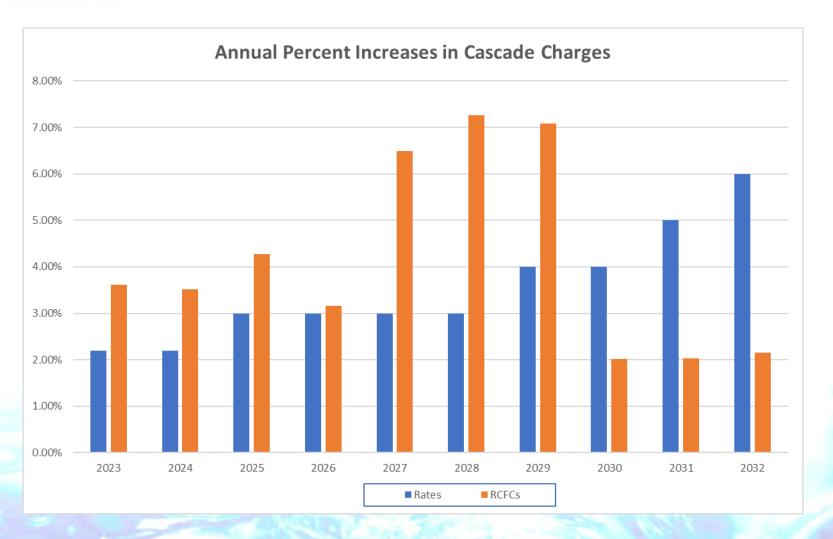


# Projected 2023-2032 Rates & RCFCs





# Projected Annual Increases 2023-2032





# **Upcoming Cascade Board Decisions**

(Cascade Staff Recommendations in Italics)

- **1. Rate Proposal**: Revenue increase of 2.2% per year and related member charges
- **2. RCFC Proposal:** *Increase current RCFC of \$6,950 to \$7,201 in 2023 and to \$7,454 in 2024*
- **3. Two-Year Rates and RCFCs**: Continue to adopt two years of rates (with third year true-up) and two years of RCFCs













Thank you for your time.

Any questions?





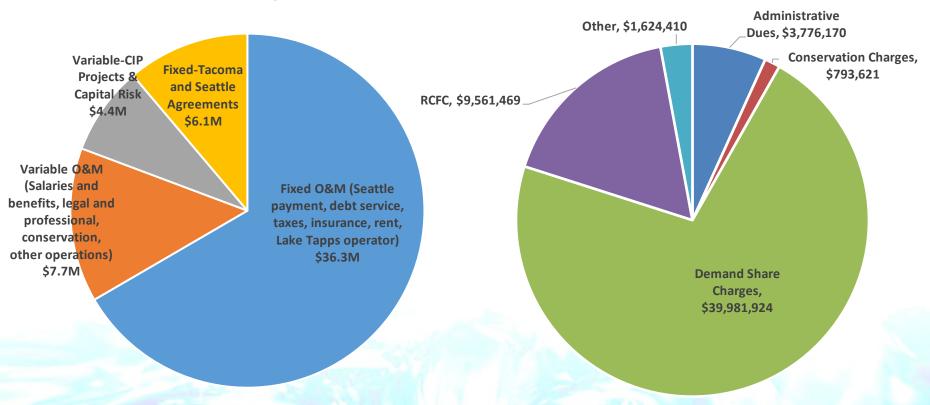
# Backup slides



# **Financial Overview**

# Proposed 2023 Budget (\$54.5M)

# Proposed 2023 Revenues (\$55.7M)



- AAA bond rating (Standard & Poor).
- Formal fiscal policies adopted by Board of Directors to provide financial integrity and stability, rate equity, and efficiency and conservation.
- Nearly 78% of costs are fixed.



# Actions Taken to Minimize Rate Increases

- Zero-based budgeting approach; inflation only included in a few items.
- Reduced \$581K in 2023 from the operations and maintenance budget.
- Reduced debt service payments by \$580K from a previous bond refunding.
- Reduced 2023-2026 capital risk budget by \$1.3M.
- Maintained AAA bond rating, resulting in lower interest payments.
- Funded SPU true-up from dedicated operating reserves.
- Funded major infrequent expenses (system plan, sediment removal) from accumulated and reserved funds.
- Installed Powerhouse solar panels which will result in lower energy bills.
- Generated shared benefits funds for the Water Supply Development Fund (WSDF) and to hold down rates.



# FINANCE & MANAGEMENT COMMITTEE

Jeralee Anderson, Chair, City of Redmond Jeremy Barksdale, City of Bellevue Penny Sweet, City of Kirkland John Stokes, City of Bellevue Russell Joe, City of Issaguah

Meeting Recap
Tuesday, July 19, 2022
1:30 PM – 3:00 PM
Held at Cascade's office and via Zoom

### Call to Order

- 1. Chair Comments.
- 2. Executive Session.
- 3. Items Recommended for Action at the July 27, 2022, Board Meeting
  - A. Cost of Living Adjustment (COLA) Policy. Following up on the June committee discussion, at the request of the committee, Cascade staff will present to the committee a resolution that moves the COLA policy from the Human Resource Manual to the financial policies and changes the default COLA to 100% of CPI-W from 90%. Fiscal policies have been provided per committee request.

**Recap:** The committee reviewed and discussed the potential change in CPI salary adjustments from 90% to 100% and the related actions to implement such a change. The committee also requested a presentation of the general elements of Cascade's fiscal policies. After discussion, the committee recommended the change in COLA and the proposed mechanism for implementing it, which moves the policy from the HR manual into the fiscal policy code. The committee recommended that the item be forwarded to the Board and placed on the consent calendar.

#### 4. Discussion Items

**A. Budget and Rates.** Based on review with member staff, the recovery of true-up amounts is proposed to be spread over the biennium rather than recovered wholly in the first year. While all members continue to pay their allocated share of costs and Cascade's revenues do not change overall, this will help smooth out member rate impacts so that year-to-year volatility is reduced.

**Recap:** Cascade staff discussed what will be incorporated into the planned presentation for the Board meeting in July and asked the committee for feedback. The Board presentation will serve as a refresher of what is in the budget and will provide another opportunity for the Board to weigh in on the direction Cascade is headed. Two items that have changed since last month of interest to the Board are the COLA direction that was recommended by the Finance Committee and spreading the 2022 true-up over both years of the biennium. The true-up change smooths rate impacts across the two-year budget cycle. The committee supported this approach.

**B. Water Supply Development Fund (WSDF) Status Report.** Cascade code calls for a biennial review of WSDF progress and status. While implemented 8 months ago, the intent is for biennial review in conjunction with the budget/rates process. This first review will help to establish a reporting structure and format. We will review with the committee with the intent to present to the full Board in July.

**Recap:** The committee was briefed on the planned review of the WSDF status with the Board this month. The biennial review is specified in Cascade code as concurrent with budget and rates development. The committee asked for more context on rate equity objectives related to the WSDF and for a brief summary that can be readily shared with member councils and boards and with the general public. Staff indicated that it would make the requested changes and would develop an approach for a summary document that could be provided for public access directly and via the Cascade website.

## 5. Next Meeting Date and Location.

The next meeting will be held Tuesday, August 16, 2022, 1:30 p.m. at Cascade's office and via Zoom meeting.

The August meeting was cancelled.



# FINANCE & MANAGEMENT COMMITTEE

Jeralee Anderson, Chair, City of Redmond Jeremy Barksdale, City of Bellevue Penny Sweet, City of Kirkland John Stokes, City of Bellevue Russell Joe, City of Issaguah

Meeting Recap
Tuesday, June 21, 2022
1:30 PM – 3:00 PM
Held at Cascade's office and via Zoom

#### Call to Order

- 1. Chair Comments.
- 2. Executive Session.
- 3. Items Recommended for Action at the June 22, 2022, Board Meeting
  - **A. 2022 WSDF Transfers.** The enabling code for the Water Supply Development Fund (WSDF) provides for periodic transfers based on specific financial events, either as scheduled and planned transfers or as "shared benefits" of unanticipated revenue or cost savings. For 2022, there are several such items related to 2021 performance and 2022 conditions that will merit a transfer of funds to the WSDF. Staff will review the specific items and recommended action.

**Recap:** Staff presented a proposed action to amend the budget to enable transfers to the WSDF based on 2021 and the 2022 financial events. The committee supported the proposed action while raising questions in discussion regarding generational equity.

#### 4. Discussion Items

**A. Budget/Rates.** The preliminary budget has been developed. Preliminary estimates from Seattle Public Utilities have been received and a true-up deficit in 2023 is expected. Currently, preliminary estimates for rates are 2.2% per year for the 2023-24 budget period. Cascade staff will present a preview of a planned presentation to the full Board in June. The documentation of 2023 and 2024 member charges have been provided to member staff for review and their own budget planning. Cascade is planning a September Board action.

**Recap:** Cascade staff previewed the planned presentation for the Board meeting in June and asked the committee for feedback. The committee asked questions and asked that the presentation to the Board include an update to the COLA formula and a discussion of intergenerational equity. The committee will continue the discussion of budget and rates in more depth in July.

**B.** Cost of Living Adjustment Policy. At the request of the Finance and Management Committee Chair, this item is a committee discussion of Cascade's cost of living adjustment policy.

**Recap:** Cascade staff discussed how a cost-of-living adjustment (COLA) is calculated by the member jurisdictions and how much of an effect a move to a 100% COLA would have on the budget. The committee asked Cascade staff to incorporate the increased COLA into the proposed budget and bring back to the committee in July a change to the human resource manual.

# 5. Next Meeting Date and Location.

The next meeting will be held Tuesday, July 19, 2022, 1:30 p.m. at Cascade's office and via Zoom.



### PUBLIC AFFAIRS COMMITTEE

Angela Birney, Chair, City of Redmond Penny Sweet, City of Kirkland John Stokes, City of Bellevue Ryika Hooshangi, Sammamish Plateau Water

# Meeting Recap Wednesday, July 6, 2022 9:00 AM – 10:00 AM Held at Cascade's Office and via Zoom

- 1. Chair Comments.
- 2. Executive Session.
- 3. Items Recommended for Action at the July 27, 2022, Board Meeting.
  - A. Clarification of Roles in Cascade's Code/By-Laws. Motion to approve amendments to the Cascade code to clarify the roles of Board members, alternates and other participants in Cascade's committee and Board meetings.

**Recap:** The committee reviewed and discussed the proposed changes to the Cascade code to clarify the roles of Board members, alternates and other participants in committee and Board meetings. The committee recommended that staff update the draft based on the feedback from the committee and include the item on the July 27 Board agenda for action.

#### 4. Discussion Items.

A. **Legislative Update.** Staff will provide an update on state legislative activities in the interim.

**Recap:** Diana Carlen, Gordon Thomas Honeywell, updated the committee on the state Department of Commerce ratepayer assistance program. Statewide, 112 utilities opted into the program. The program has \$99 million available, and the total arrearages reported by those opting in was over \$254 million. Commerce hopes to inform utilities in August how much each utility is eligible to receive and have funding available for distribution around Labor Day. The funds would have to be applied to customer accounts by the end of the year.

B. Half-Year Review of Outreach and Communications Calendar. Staff will review progress on the committee's communications and outreach priorities for the year.

**Recap:** Staff updated the committee on the progress made in outreach and communications activities for 2022.

**5. Next Meeting Date and Location.** The committee cancelled the August meeting.



### SPECIAL RESOURCE MANAGEMENT COMMITTEE

Lloyd Warren, Chair, Sammamish Plateau Water
Penny Sweet, City of Kirkland
Mary Lou Pauly, City of Issaquah
Jon Ault, Skyway Water & Sewer District
Allan Ekberg, City of Tukwila
John Stokes, City of Bellevue
Jon Pascal, City of Kirkland
Ryika Hooshangi, Sammamish Plateau Water

Special Meeting Recap
Thursday, 14, 2022
2:30 PM – 4:00 PM
Held at Cascade's office and via Zoom

- 1. Chair Comments.
- 2. Items Recommended for Action at the July 27, 2022, Board Meeting.
  - A. Production Waiver. The independent production requirement helps provide adequate supply for Cascade and is a contractual obligation of members with independent supply. However, current active contract capacity comfortably exceeds demand (33.3 mgd vs. roughly 28 mgd) and is projected to remain in surplus for at least 10 years, even with the addition of a temporary block sale of roughly 0.5 mgd to Issaquah. Cascade may waive the production requirement for one or two years by Board action. A two-year waiver for the upcoming biennium is recommended.

**Recap:** The committee reviewed the production waiver proposal based on current supply and demand status and projected availability of supply surplus. The waiver would apply for the upcoming biennium. The Board has extended waivers of independent supply production for repeated cycles now. The committee recommended approval of this waiver to the Board via consent agenda.

**B.** Sammamish Plateau Water and Sewer District Annexation of M-Brooke. Motion to adopt Resolution No. 2022-12, approving the expansion of Sammamish Plateau Water and Sewer District service area to include the M-Brooke service area.

**Recap:** The committee reviewed a request from Sammamish Plateau Water for a service area expansion, consistent with the Cascade contract. It is a relatively small addition in area (80 acres) and potential development (16 homes). The committee recommended approval to the Board via consent agenda.

#### 3. Discussion Items.

A. On-Call Value Management Program. Cascade is seeking to issue a Request for Qualifications for an On-Call Value Management Program consultant. This item will provide an overview of the Value Management Program and its application to Cascade projects. The formal request for approval to award the consultant contract will be on the September committee agenda. **Recap:** The Committee supported staff's proposal to issue an RFQ for an On-Call Value Management Program consultant. Staff will return to RMC in September with the name of the selected firm and not-to-exceed contract amount before seeking Board approval.

B. **Sumner/BNSF Three-Party Agreement.** Cascade has been meeting with the City of Sumner (Sumner) to discuss the Sumner White River Restoration/Burlington Northern Santa Fe (BNSF) Railroad Staging Tracks project and the agreements that will be necessary to implement the project, which will include the transfer of Cascade's tailrace parcels (west of the railroad bridge) to Sumner for use in the restoration project. This item will update the committee on the status of the discussions.

**Recap:** Staff and outside legal counsel briefed the committee on the background of the Sumner/BNSF project and Cascade's principles for negotiation. They also shared the proposed consideration that would flow both from and to Cascade under the agreements and outlined specific issues that are yet to be resolved in the negotiations relating to Sumner's release of claims against Cascade.

**4. Executive Session.** To consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price.

Recap: The Executive Session was held.

5. Next Meeting Date and Location. The committee cancelled the August meeting.