



MEETING OF THE BOARD OF DIRECTORS

MINUTES

BELLEVUE CITY HALL

AUGUST 27, 2008

1. CALL TO ORDER

At 3:32 p.m. Chair Lloyd Warren called the meeting to order.

2. ROLL CALL

Board Members or Alternate Board Members from the City of Bellevue (Degginger/Davidson¹), Covington Water District (Knight), the City of Issaquah (Kappler), the City of Kirkland (Lauinger), the City of Redmond (McCormick), Sammamish Plateau Water and Sewer District (Warren), and Skyway Water and Sewer District (Ault) were present, constituting a quorum.

3. EXECUTIVE SESSION

At 3:33 p.m. Chair Warren announced an Executive Session to discuss property acquisitions. The Executive Session adjourned at 3:48 p.m. (The Regular Meeting reconvened at 3:50 p.m.)

4. PUBLIC COMMENT

No members of the audience in attendance commented.

5. CHIEF EXECUTIVE OFFICER'S REPORT

Mr. Oberg reported on the following items:

A. Staff Reports

1. Finance and Administration
2. Conservation
3. Tacoma Cascade Pipeline
4. Intergovernmental and Communications

B. Introduction of Scott Hardin, Director of Finance and Administration for Cascade Water Alliance.

C. A budget update will be provided at the September Board meeting. In addition, a status report will be provided for staffing levels.

D. King County Investment Pool Losses – An expected loss with respect to the King County Investment Pool is anticipated to be approximately \$900,000, with a maximum exposure of \$1.9M. There was a brief discussion regarding the effects of this loss. Further information was included in the Desk Packet.

¹ Mr. Degginger departed at 4:16 p.m. Dr. Davidson acted as an alternate for Mr. Degginger.

- E. CEO Recruitment Status Report – There has been a significant amount of interest expressed for the CEO Position. A short-list of potential candidates will be provided at the next Board meeting. Further information was included in the Desk Packet.
- F. Recommendation to delete Action Item 8D – Motion to award bid or to reject all bids for the Tacoma Cascade Pipeline Central Segment Reach B Pipe; and to replace it with Action Item 8D – Ratification of the Lakeside easement realignment.

6. APPROVAL OF AGENDA

Motion by Mr. Lauinger and second by Mr. Degginger to approve the agenda with the changes to delete Action Item 8D and replace it with Action Item 8D – Ratification of the Lakeside easement realignment. Motion carried unanimously (7-0).

7. CONSENT ACTION ITEMS

- A. July 23, 2008 Regular Board Meeting Minutes.
- B. Approve payment of warrants, including payroll, for the month of August 2008.
- C. Approve HDR Contract No. 6 for Services during construction of the Tacoma Cascade Pipeline SR 900 Road Widening Reach at a cost of \$148,000.
- D. Approve a consultant contract with HDR for completion of the Draft and Final Environmental Impact Statement for the Lake Tapps Water Rights Project in an amount not to exceed \$640,000.
- E. Adopt Resolution No. 2008-12 approving the May 23, 2008 Membership Audit Acceptance Agreements between Cascade Water Alliance and seven of its Members; waiving the City of Redmond production requirements for Wells 1 and 2 for 2009; and approving an extension of the Audit Acceptance Agreement for the Skyway Water and Sewer District.

Motion by Mr. Degginger and second by Mr. Lauinger to approve Consent Action Items A-E.

Mr. Degginger requested that Board Members receive notification if staff determines that the 25% contingency funding is needed.

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

8. OTHER ACTION ITEMS

- A. Adopt Resolution No. 2008-13 establishing the 2009 Regional Capital Facility Charge (RCFC) for 2009.

Mr. Oberg summarized the recommendation to adopt Resolution Number 2008-13 to establish the 2009 RCFC rate at \$6,005 per CERU. Mr. Ault expressed his concern about the potential rate increases and his concerns about any changes that could shift costs for growth to for an increase that pays for the demand charge.

Mr. Cebron, of FCS Group, described the number of options considered for increasing the RCFC.

Motion by Mr. Lauinger and second by Ms. McCormick to adopt Resolution No. 2008-13 to establish the 2009 RCFC rate at \$6,005 per CERU (change of 5.8%). Motion carried with Mr. Ault voting against the motion (6-1).

- B. Authorize a contract with GordonDerr for Cascade's General Legal Counsel in the amount of \$50,000.

Following Mr. Ruark's retirement notice, Cascade issued a Request for Qualifications for General Legal Counsel. Mr. Oberg reported that five law firms submitted proposals. Three firms were interviewed and the committee selected GordonDerr to be retained for general counsel, specifically TC Richmond and Adam Gravely.

The proposal is for GordonDerr to be retained at a fee not to exceed \$50,000 for the balance of 2008, which would allow a bridge between GordonDerr and Insley, Best, Doezie & Ryder, PS. Further information was included in the Board Packet.

Motion by Mr. Degginger and second by Mr. Lauinger to authorize a \$50,000 contract with GordonDerr for Cascade's General Legal Counsel for the period September 1, 2008 through December 31, 2008. Motion carried unanimously (7-0).

- C. Ratify the amendment to the ATTU Option Agreement and the alternate Pipeline Easement Agreement executed by the Chief Executive Officer.

Mr. Oberg summarized the ATTU Option Agreement. Further information was included in the Board Packet.

Motion by Mr. Kappler and second by Mr. Ault to ratify the amendment to the ATTU Option Agreement and the alternate Pipeline Easement Agreement executed by the Chief Executive Officer. Motion carried unanimously (7-0).

- D. Ratification of the Lakeside Easement Realignment.

Mr. Oberg summarized the ratification of the Lakeside Option Agreement and the alternate Pipeline Easement Agreement. The ratification modifies the current alignment along the lakeside property and moves the alignment to the westerly border of the lakeside property to better support with the overall configuration. Further information was included in the Desk Packet.

Motion by Mr. Lauinger and second by Mr. Kappler to ratify the amendment to the Lakeside Option Agreement and the alternate Pipeline Easement Agreement executed by the Chief Executive Officer. Motion carried unanimously (7-0).

9. STAFF PRESENTATION

- A. Long-Term Planning Process

Mr. Gagilardo described the proposed long-term planning process, as currently envisioned. The proposed process accommodates the revised scheduling of the Tacoma Cascade Pipeline, along with the ability to have an arrangement with the City of Seattle for a supplemental block of water available under the proposed amendment to the existing declining Seattle Block Contract. Mr. Gagilardo further discussed the terms of the agreement.

In reviewing the required update to the 2004 Transmission and Supply Plan, the Plan takes on a different perspective. The 2010 update will address all aspects of the Cascade system with particular emphasis on developing the necessary transmission system to ensure supply sources can be utilized when necessary to meet demands.

A follow-up meeting will be held with the Cities of Auburn, Bonney Lake, Buckley, and Sumner to discuss the water supply and demand needs for the future.

Mr. Gagilardo requested Board direction on the following areas:

- The overall direction of the planning process.
- The composition of the consultant team.
- The initial and ultimate scope to be included in the initial consultant solicitation.

Board Members concurred that Cascade will select multiple prime consultants (Consultant Team Approach 5.2) to act as a team under Cascade's direction focusing on the following key areas:

- Technical Consultant
- Financial Consultant
- Outreach Consultant

Mr. Gagilardo explained that the Resource Management Committee recommends that the initial contract be awarded to deal with the planning work and the identification of the transmission route alternatives for the first phase of the agreement. This will allow a proper breakpoint to evaluate the consultant team and make any adjustments necessary.

Board Members concurred with the recommendations discussed.

10. COMMITTEE REPORTS

- A. Audit Committee – No report.
- B. Executive Committee – No report.
- C. Public Affairs Committee – Meeting recap was included with the August Board packet. The next meeting will be held on September 3, 2008 at 8:00 a.m.
- D. Resource Management Committee – Meeting recap was included with the Desk packet.

11. NEW BUSINESS

None.

12. NEXT REGULAR MEETING

The next regular Board Meeting will be held September 24, 2008 at 3:30 p.m.

13. ADJOURN

The meeting was adjourned at 4:40 p.m.

APPROVED BY:

Lloyd Warren, Chair

Mary-Alyce Burleigh, Vice Chair