



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

November 14, 2006

Ordinance 15643

Proposed No. 2006-0554.1

Sponsors Hague

1 AN ORDINANCE approving the Cascade Water Alliance
2 Transmission and Supply Plan as a comprehensive water
3 plan, subject to specified conditions.
4
5

6 **STATEMENT OF FACTS:**

- 7 1. King County has adopted K.C.C. chapter 13.24 which requires
8 approval of comprehensive plans for water and sewer utilities that
9 distribute or obtain water, or provide sewer collection or treatment, in
10 unincorporated King County as a prerequisite for operating in
11 unincorporated King County, receiving approval for annexation proposals,
12 being granted right-of-way franchises, and being given approval for right-
13 of-way construction permits. K.C.C. 13.24.060 prescribes the
14 requirements for approval of such plans, including consistency with state
15 and local planning requirements.
- 16 2. RCW 43.20.260 requires that water system plans for any new
17 industrial, commercial, or residential use are to be consistent with the

18 requirements of any comprehensive plans or development regulations
19 adopted under chapter 36.70A RCW or any other applicable
20 comprehensive plan, land use plan, or development regulation adopted by
21 a city, town or county for the service area. King County has adopted a
22 Comprehensive Plan that includes Water Supply policies in its provisions
23 for Facilities and Services (Policies F-225 through F-244) that, inter alia,
24 call for consistency with other adopted plans, support for regional water
25 supply planning, pursuit of reclaimed water and water conservation, and
26 protection of water resources.

27 3. The Cascade Water Alliance ("Cascade") is an intergovernmental
28 organization formed through an interlocal agreement ("ILA") under the
29 authority of the Interlocal Cooperation Act, chapter 39.34 RCW, by five
30 general purpose local governments (the cities of Bellevue, Issaquah,
31 Kirkland, Redmond and Tukwila) and three special purpose districts
32 (Covington Water District, Sammamish Plateau Water and Sewer District
33 and Skyway Water and Sewer District) in King County. Cascade was
34 formed in 1999, and is incorporated as a public, nonprofit corporation.

35 4. King County supports Cascade's Transmission and Supply Plan ("TSP") as one
36 of the key steps protecting the economy and quality of life of our region.

37 Cascade's TSP carries out a number of important water resource policies in the
38 countywide planning policies and King County's Comprehensive Plan. Cascade
39 and King County share a longstanding commitment to assuring adequate long
40 term regional water supplies necessary for meeting the demands of growth while

41 protecting our natural resources. Toward that end, both Cascade and King County
42 support the implementation of regional water supply planning, and the best
43 management of our water resources through such means as water supply sharing,
44 water conservation and the wise use of reclaimed water. Cascade has been and
45 continues to be a leader in advancing these shared objectives. Cascade partnered
46 with King County as the coconveners of the current regional water supply
47 planning process that is and will be addressing many long-term water resource,
48 supply and planning issues. In its TSP, Cascade describes measures to implement
49 both conservation and reclaimed water strategies as part of an overall plan to
50 assure water supplies for the next twenty years for the current three hundred
51 thousand people that Cascade's members serve, as well as for the next twenty
52 years of population growth, while longer-term regional supplies are planned for
53 and developed. Cascade's regional leadership on water issues, and the planning
54 contained in its TSP, are consistent with and implement the water resource and
55 water supply objectives of the region as expressed in countywide planning
56 policies adopted by all local governments in King County (see, for example,
57 policies CO-5, CO-6, CO-7 and FW-12(c)), and those adopted by King County in
58 its Comprehensive Plan (see, for example, policies F-233, F-235, F-236 and F-
59 239).

60 5. Cascade supplies water to the combined service areas of its members,
61 exclusive of the Covington Water District. Some of its members' service
62 areas are within unincorporated King County. A number of Cascade
63 members have service areas that are included in critical water supply

64 service areas, and such members operate under comprehensive water
65 system plans ("CWSPs") in areas that are part of coordinated water system
66 plans that have been established under the authority of chapter 70.116
67 RCW, the Public Water System Coordination Act of 1977 ("Water
68 Coordination Act"). Cascade members have service areas that are in three
69 of the four King County-approved coordinated water system plan service
70 areas. The plans relevant to the Cascade members are plans for East King
71 County (adopted in 1990, and updated and amended in 1994 and 1998),
72 South King County (adopted in 1990, and not updated or amended); and
73 Skyway (adopted in 1990, and updated and amended in 2000). These
74 plans, and their updates, have been approved by ordinance by King
75 County and have been incorporated into the King County Code in K.C.C.
76 chapter 13.28. Washington state Department of Health ("DOH") rules
77 (WAC 246-293-280) require that the plans be reviewed and updated as
78 necessary every five years. Under a February 2005 memorandum of
79 understanding ("MOU"), Cascade and King County agreed that these
80 plans should be updated.

81 6. Cascade is a regional water supplier to each of its members that
82 combined serve a population in excess of three hundred thousand with
83 service areas that include some of the fastest growing residential areas in
84 King County. Under the ILA, Cascade is obligated to meet all current and
85 future supply needs of its members, after accounting for the supplies of
86 each individual member. Cascade currently has contracts with Seattle

87 Public Utilities and Tacoma Public Utilities ("TPU") to provide both term-
88 limited and permanent sources of supply to Cascade and its members.
89 Cascade is also pursuing a long-term permanent source of supply for its
90 members and forecasts Lake Tapps as a potential source of the water
91 supply. Under the ILA, Cascade is obligated to plan for its members
92 water supply needs, such planning to be compatible with the requirements
93 of the Growth Management Act ("GMA"). The members of Cascade are
94 obligated to actively participate in the planning process, and each
95 member's plan is required to be consistent with any plan adopted by
96 Cascade and consistent with applicable requirements of the GMA and
97 comprehensive plans.

98 7. As a wholesale water supplier, Cascade does not own or operate
99 facilities for delivering water directly to retail customers. The only facility
100 it currently owns is the recently completed intertie between Bellevue and
101 Issaquah, which is operated by Issaquah. However, it anticipates major
102 capital investments of between four hundred two million dollars and four
103 hundred eighty-one million dollars over the next twenty years to deliver
104 water from the TPU Second Supply pipeline to Cascade members by 2008
105 and the Lake Tapps water Supply project to Cascade members by 2024.
106 The range has to do with different potential alignments and routes, and
107 different sizes and combinations of pipes, all of which are currently under
108 evaluation. For the initial six years covered by the TSP, Cascade
109 anticipates capital expenditures of between one hundred ninety-six million

110 six hundred thousand dollars and two hundred forty-one million dollars,
111 depending on decisions made relative to alternative pipeline routes and
112 sizes.

113 8. The Cascade Transmission and Supply Plan is a comprehensive water
114 plan, as defined in K.C.C. chapter 13.24, which identifies Cascade as a
115 regional supplier of water to its eight members, which are independent
116 public water systems. The TSP covers a six-year planning period, 2004-
117 2009, and a twenty-year period, 2004-2023, as required by the regulations
118 of DOH.

119 9. The February 2005 MOU outlined both parties' intent to participate in a
120 planning process to address King County's longstanding policy in support
121 of developing a statutorily recognized countywide water supply plan (as
122 per King County Comprehensive Plan policies F-233 through F-235), and
123 Cascade's obligation to comply with the water system planning
124 requirements of its ILA and those requirements of King County and DOH.
125 In accordance with the terms of the MOU, and in consultation with DOH
126 and King County, Cascade developed a draft transmission and supply plan
127 intended to meet those requirements, and submitted it to King County for
128 review and approval, pursuant to the terms of the MOU. King County
129 agreed to review the TSP based upon criteria and procedures for all water
130 system plans that are described in King County rules, the King County
131 Comprehensive Plan, the King County Code and King County's legal
132 authorities. King County and Cascade also initiated a regional water

133 supply planning process for King County, and potentially a broader
134 tricounty area, that is currently managed by a multistakeholder
135 "coordinating committee" that includes, inter alia, King County, Cascade,
136 Seattle Public Utilities, the city of Auburn, the Washington Environmental
137 Council, three state agencies and other interested local governments,
138 utilities and parties. That planning process is intended to address priority
139 issues for King County, Cascade and other participants, including the use
140 of reclaimed water as a source of supply, updating regional water demand
141 forecasts, develop water supply alternatives, impacts from climate change
142 and assuring adequate instream flows for fish. That process has an
143 objective of completion by December 2007, but will not alone meet the
144 standard of being statutorily based. However, it is intended that the
145 products of this process at least in part be reflected in a statutorily
146 recognized comprehensive water system plan.

147 10. A determination of non-significance for the Cascade TSP was issued
148 by Cascade on March 30, 2005, in accordance with the state
149 Environmental Policy Act.

150 11. The King County utilities technical review committee ("UTRC")
151 reviewed the TSP at its June 8, 2005, meeting, and conditionally approved
152 it, subject to satisfactory responses to issues and questions raised by the
153 UTRC that generally concerned population and demand forecasts;
154 predicted levels of water conservation; specific opportunities of Cascade
155 members for use of reclaimed water; and the relationship between Cascade

156 and its members with regard to meeting regulatory requirements and
157 assuring adequate supplies. The UTRC conditionally approved the TSP,
158 subject to changes made to address the issues and concerns identified by
159 the UTRC.

160 12. On September 28, 2005, the Cascade board of directors adopted a
161 final TSP after making changes to respond to the UTRC and DOH
162 comments. In February 2006, Cascade provided King County with a
163 formal letter that satisfactorily clarified and explained the changes made in
164 the final TSP in response to the UTRC issues and concerns, and addressed
165 the conditions of approval identified by the UTRC.

166 13. In acting upon the TSP, the UTRC certified that the TSP, once
167 changes were made to address UTRC issues and concerns, met and was
168 consistent with the following key requirements for comprehensive water
169 system plans: (a) the infrastructure and proposed water service to the
170 service areas of the Cascade members were consistent with adopted land
171 use plans and development regulations for King County (K.C.C.
172 13.24.010; King County Comprehensive Plan Policy F-240); (b) the
173 Cascade members had the ability and intention to meet their duty to serve
174 within their entire utility area (K.C.C. 13.24.010); (c) the provisions of the
175 TSP met the regulatory and planning requirements of DOH (K.C.C.
176 13.24.010)); (d) identifying opportunities for reclaimed water by the
177 Cascade members, and a strategy for pursuing them (K.C.C. 13.24.010);
178 (e) addressing other relevant planning processes, including salmon

179 recovery, groundwater management, and Endangered Species Act
180 compliance (K.C.C. 13.24.060); King County Comprehensive Plan Policy
181 F-240]; (f) commitment to engage in regional water supply planning (King
182 County Comprehensive Plan Policies F-233 through F-235); (g) using
183 utility system interties for effective water management (King County
184 Comprehensive Plan Policy F-236]; and (h) including a Cascade-wide
185 strategy for a strong water conservation program, built on a conservation
186 potential assessment (King County Comprehensive Plan Policy F-239).
187 The King County Code, K.C.C. 13.24.060, also requires individual plans
188 be consistent with the Water Coordination Act. In the February 2005
189 MOU with King County, Cascade acknowledged that the existing CWSP's
190 were outdated, and stated its support for initiation of planning under the
191 Water Coordination Act, and its support and willingness to participate in a
192 process for updating the Coordinated Water System Plans, in order to
193 facilitate approval of its TSP. Initiation of planning under the Water
194 Coordination Act, and the completion of a new plan or updated plans
195 within two years of initiation will meet this objective.

196 14. On October 31, 2005, the scoping committee for the regional water
197 planning process adopted a "Planning Framework" ("framework") for the
198 scope and structure of the regional planning efforts. The framework
199 included a recognition that the King County council would initiate a
200 process for updating CWSP or CWSPs that would begin no sooner than
201 twelve months after the Framework was adopted, which is October 2006.

202 The framework also recognized that Cascade and King County intended to
203 develop or update relevant CWSP or CWSPs for Cascade that would be
204 limited to key elements of Cascade's proposed system and the
205 incorporation of reclaimed water. The framework also stated that other
206 utilities would be encouraged but not compelled to participate in the
207 limited CWSP process that Cascade and King County intended to pursue.
208 In subsequent meetings among DOH, Cascade and King County, DOH
209 agreed that Cascade and King County could initiate and pursue planning
210 under the Water Coordination Act by either amending the boundaries of
211 existing coordinated water system plans in which Cascade members
212 provide service, or by creating a new critical water supply service area for
213 Cascade that would include all member service areas. DOH confirmed
214 this interpretation by letter in July 2006.

215 15. On December 14, 2005, DOH sent a letter to Cascade, informing it of
216 comments and conditions that must be addressed by Cascade prior to
217 DOH approval of the TSP. One of those conditions was receipt of a copy
218 of a King County ordinance approving the TSP in accordance with the
219 provisions of the MOU.

220 16. Cascade, as a preliminary step in its efforts to obtain a long term
221 source of water supply, has entered into a memorandum of understanding
222 with Puget Sound Energy ("PSE") to acquire PSE's facilities and water
223 rights associated with PSE's facilities and properties on Lake Tapps.

224 Although mentioned as a potential future water supply source for Cascade,

225 the Lake Tapps water supply project is not identified as delivering water
226 within the twenty year planning horizon required by state law. Before
227 Lake Tapps becomes a source of water supply for Cascade and its
228 individual members, Cascade must meet planning and permitting
229 requirements, including, but not limited to: (a) Cascade must acquire
230 PSE's Lake Tapps facilities and properties including all water rights
231 associated therewith; (b) the Washington state Department of Ecology
232 must issue new water rights for use of Lake Tapps as a municipal water
233 supply source, and Cascade must meet any conditions applicable to the
234 issuance of such rights; (c) Cascade must include the Lake Tapps water
235 supply project within an updated comprehensive water system plan; and
236 (d) the state Department of Health must approve Lake Tapps as a drinking
237 water source.

238 17. The King County executive has recommended approval of the TSP as
239 a comprehensive water system plan subject to specified conditions. These
240 include that Cascade continue participation in and support of regional
241 water resource and supply planning efforts, and initiation of planning
242 under the Water Coordination Act, as referenced by the February 2005
243 MOU with King County Cascade should participate with King County and
244 other interested parties in planning efforts under the Water Coordination
245 Act to either revise existing critical water system plans in which Cascade
246 members have service areas or to create a new critical water supply
247 service area and critical water system plan for Cascade and its members

248 that would include all members and all member water service areas, and
249 such planning processes should be completed within two years of
250 initiation of the process by the county. Cascade has recently expressed
251 support for such a process, as shown in Attachment B to this ordinance.

252 18. The executive has also recommended that approval of the TSP as a
253 comprehensive water plan does not include Lake Tapps as a source of
254 drinking water supply for Cascade or its individual members within the
255 twenty-year planning horizon of the TSP. In the event that Lake Tapps is
256 identified as a source of drinking water supply for Cascade or its
257 individual members within a twenty-year planning horizon, Cascade shall
258 amend the TSP and, as necessary, any critical water supply plans covering
259 areas that are to be serviced by Lake Tapps as a source of drinking water
260 supply.

261 19. The executive has further recommended that any King County
262 franchises or right of way permits that may be authorized or issued
263 subsequent to the approval of the TSP should be limited to the use of
264 county rights-of-way and real property interests necessary to construct,
265 maintain, and operate facilities that will deliver water to Cascade members
266 or customers from supply sources identified within the twenty-year
267 planning horizon of the TSP.

268 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

269 SECTION 1. The Cascade Water Alliance Transmission and Supply Plan,
270 Attachment A to this ordinance, is hereby approved as a comprehensive water plan,
271 subject to the following conditions:

272 A. Cascade shall continue its participation and support of regional water resource
273 and supply planning as referenced by the February 2005 MOU with King County;

274 B. Cascade shall participate with King County in planning efforts under the
275 Water Coordination Act by completing within a two year period from the initiation of the
276 planning process by the county either:

277 1. Revisions to existing critical water supply plans in which Cascade members
278 have service areas; or

279 2. A new critical water supply service area and plan for Cascade and its
280 members that shall include all members and cover all member service areas.

281 C. In accordance with the applicable provisions of the King County Code and
282 state law, the comprehensive water system plans of the individual members of Cascade
283 shall be brought in a timely manner into consistency with the terms of the TSP, as
284 amended, including the provisions regarding reclaimed water and water conservation.

285 D. This approval of the TSP as a comprehensive water plan shall does not include
286 Lake Tapps, as a source of drinking water supply for Cascade or its individual members
287 within the twenty-year planning horizon of the TSP. At such time within the applicable
288 either six-year or twenty-year planning horizon that Lake Tapps, becomes an identified
289 source of drinking water supply for Cascade, Cascade shall submit a revised
290 comprehensive water plan identifying and reflecting such source; and such plan shall
291 meet and be consistent with the requirements of DOH and if applicable, the King County

292 Code and the Water Coordination Act and implementing regulations for amending or
293 establishing plans under the Water Coordination Act.

294 E. All individual members of Cascade that are identified in the revised
295 comprehensive water plan referred to in subsection D. of this section as having a new
296 source of drinking water supply shall incorporate such new source into their water supply
297 plans when and as required by law, including any applicable provisions of the King
298 County Code.

299 F. All revised plans referred to in subsections D. and E. of this section shall fully
300 comply with all requirements of the state Environmental Policy Act, chapter 43.21C
301 RCW, and implementing regulations.

302 G. Any King County franchises or right of way permits that may be authorized or
303 issued subsequent to this approval of the TSP shall be limited to the use of county rights-
304 of-way and real property interests necessary to construct, maintain, and operate facilities

305 that will deliver water to Cascade members or customers from supply sources identified
306 within the twenty-year planning horizon of the TSP.
307

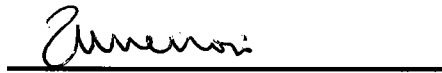
Ordinance 15643 was introduced on 11/6/2006 and passed by the Metropolitan King County Council on 11/13/2006, by the following vote:

Yes: 9 - Mr. Phillips, Mr. von Reichbauer, Ms. Lambert, Mr. Dunn, Mr. Ferguson, Mr. Gossett, Ms. Hague, Mr. Constantine and Ms. Patterson
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Larry Phillips, Chair


ATTEST:



Anne Noris, Clerk of the Council

RECEIVED
2006 NOV 20 PM 1:07
CLERK
KING COUNTY COUNCIL

APPROVED this 20 day of NOVEMBER 2006.


Ron Sims, County Executive

Attachments A. Cascade Water Alliance 2004 Transmission and Supply Plan, B. Cascade Water Alliance Resolution No. 2006-15, C. Memorandum of Understanding on Water Resource and Supply Planning Between Cascade Water Alliance and King County, Washington, February 8, 2005



CASCADE WATER ALLIANCE
RESOLUTION No. 2006-15

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE, A WASHINGTON NONPROFIT CORPORATION, IN SUPPORT OF THE KING COUNTY EXECUTIVE INITIATING PLANNING UNDER THE PUBLIC WATER SYSTEM COORDINATION ACT

WHEREAS, the Cascade Water Alliance (Cascade) is a Washington Nonprofit Corporation composed of municipal corporations and special purpose Municipal Corporations which is organized under authority of the Interlocal Cooperation Act (Chapter 39.34 RCW) for the purpose of providing water supply to meet the growing demands of its Members; and

WHEREAS, the Cascade Water Alliance (Cascade) and King County (the County) entered into a Memorandum of Understanding on Water Resource and Supply Planning (the MOU) in February 2005; and

WHEREAS, the Board of Directors (the Board) of Cascade adopted a Transmission and Supply Plan (the TSP) in September 2005 and the King County Executive has recommended that the County Council approve the TSP; and

WHEREAS, a Scoping Committee, whose members included both Cascade and King County, was convened by the County in July 2005, in accordance with the MOU, and, in October 2005 produced a "Planning Framework" for water planning in King County and the broader region; and

WHEREAS; the Planning Framework contained a target date of September 2006 for a decision by the County and Cascade to trigger a planning process under the Public Water System Coordination Act (the Coordination Act), which at a minimum would cover the service areas of Cascade Members and be initiated no earlier than October 31, 2006.

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

Section 1. The Board of Directors of the Cascade Water Alliance supports the approval of the Cascade Transmission and Supply Plan by the King County Council, by ordinance in substantially the form as attached hereto as Exhibit A; and

Section 2. The Board of Directors of the Cascade Water Alliance requests the timely initiation by the King County Executive, of regional water resource planning under the Public Water System Coordination Act, in order to either revise existing critical water system plans in which Cascade Members have service areas or to create a new critical water supply service area and plan that would cover the service areas of Cascade and all its Members, such planning process should be completed within two years of initiation; and

Section 3. Cascade will support and participate in the planning process initiated by the King County Executive, in accordance with the provisions of section 2 above, the Cascade/County MOU and applicable law, and will also encourage its individual Members to support and participate in the process.

ADOPTED AND APPROVED by the Board of Directors of the Cascade Water Alliance at a regular meeting thereof, held on the _____ date of _____, 2006.

CASCADE WATER ALLIANCE

Grant Degginger, Chair

Attest – Michael Gagliardo, General Manager

Lloyd Warren, Vice Chair

Jim Haggerton, Secretary/Treasurer

ATTACHMENTS:

Exhibit A

Draft Ordinance of the King County Council approving the Cascade Water Alliance Transmission and Supply Plan as a comprehensive water plan, subject to specified conditions.

Members

Yes _____

No _____

Demand Share

Yes _____%

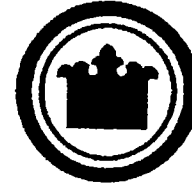
No _____%

15643

2006-554



Memorandum of Understanding
on
Water Resource and Supply Planning
Between Cascade Water Alliance and
King County, Washington
February 8, 2005



King County

I. Parties

Cascade Water Alliance (Cascade) is a nonprofit intergovernmental organization created by an Interlocal Contract (the Interlocal) effective April 1, 1999 (as amended and restated) to exercise certain essential governmental functions with respect to water supply on behalf of its Members as authorized by the Interlocal Cooperation Act Chapter 39.34 of the Revised Code of Washington (RCW).

King County is a political subdivision of the State of Washington, organized as a home rule charter county under Article XI, Section 4 of the Washington State Constitution. Under the King County Charter and a variety of state laws, King County exercises governmental authorities over comprehensive planning, natural resource management, and provision of public services within the County and in the region.

II. Parties' Respective Responsibilities and Interests

A. King County

King County has planning authorities and responsibilities under the Growth Management Act (GMA) of Chapter 36.70A RCW, and for water utility and water supply planning and service delivery under the Public Water System Coordination Act (Coordination Act) of Chapter 70.116 RCW for critical water supply service areas (CWSSA) as designated or modified in accordance with the Coordination Act. Under the Coordination Act, King County shares authority with the Washington Department of Health (Health) to assist water purveyors by coordinating the planning of public water supply systems.

In carrying out its authority under the Coordination Act, King County has previously declared four areas within King County, specifically South King County, Skyway, Vashon, and East King County, to be CWSSA. King County has ratified a Coordinated Water System Plan (CWSP) for each of these areas. Health subsequently approved each CWSP. King County believes that all four of these plans should be reviewed and updated as authorized and necessary under the Coordination Act to achieve the following:

- Consistency and compliance with current provisions of state law;
- Incorporation of updated water supply planning documents, including Cascade's Transmission and Supply Plan once approved;

15643

- Ensuring the planned and coordinated delivery of safe and reliable water throughout King County in order to meet the population and economic growth needs identified under GMA through credible, objective, transparent and accessible methodologies for projecting future demands;
- Assessment of the feasibility of proposals for shared source, transmission, storage facilities, and interties;
- Support for the development of long-term water supply capacity by water systems within King County to deliver safe and reliable water; and
- Clarification of processes and responsibilities for addressing failing water systems in order to protect King County's interests as potential receivers of last resort for any failing public water system within King County.

King County also believes that planning for future water uses and water supply choices must consider the requirements of the federal Endangered Species Act (ESA), acknowledge and respect Tribal rights, support the objectives of salmon recovery plans nearing completion in all of King County's watersheds, accounting for changes in demand and supply due to climate change and integrate water conservation and the use of reclaimed water to the maximum extent feasible and appropriate.

King County believes that comprehensive planning for GMA, water supply, salmon recovery, and resources management processes should be a part of the development of any significant new major regional sources of supply. King County has not taken any position in support of, or opposition to, any proposed major new regional source of supply. It remains committed to a public process that evaluates alternatives for meeting the long term supply needs of King County and the region. The process should include Tribes, state agencies, regional elected officials business and environmental interests, and affected residents and members of the public.

B. Cascade Water Alliance

Cascade has an obligation to meet the long-term needs for wholesale water supply of its Member water systems, while complying with local, state and federal regulations, and terms and conditions of the Interlocal among Cascade Members, and existing contracts with other entities. As a public water system, Cascade also has the responsibility to demonstrate that it has the capacity to meet the needs of its Members as required by the federal Safe Drinking Water Act. The Membership of Cascade currently includes the City of Bellevue, the Covington Water District, the City of Issaquah, the City of Kirkland, the City of Redmond, the Sammamish Plateau Water & Sewer District, the Skyway Water & Sewer District, and the City of Tukwila.

Cascade's Members have the responsibility under GMA for providing water supply services to the residents and businesses within their service areas. Cascade adopted an Action Plan and Plan for Regional Water Supply in 2002 as the initial planning documents for the development of a Cascade Supply System which will provide wholesale water supply to meet the future demands of Cascade Members. The major components of a Cascade Supply System are

- Block Contract with the City of Seattle;
- Wholesale purchase of water from the City of Tacoma;
- Acquisition and development of regional transmission assets; and
- Development of the Lake Tapps Reservoir (Lake Tapps) as a municipal water supply.

Cascade and Puget Sound Energy (Puget) have entered into a Memorandum of Understanding under which Cascade has the exclusive right to negotiate acquisition from Puget of the water right(s) acquired by Puget under Washington Surface Water Applications S2-29920 and S2-29934, and Reservoir Water Application R2-29935. Cascade intends to develop Lake Tapps to meet the identified future water supply needs of its Members and will consider how Lake Tapps may meet a portion of the other regional water supply needs.

Cascade believes that coordinated planning efforts among its Members, King County, and other utilities throughout the Central Puget Sound Region is necessary to ensure that water supply is provided in a cost-effective and environmentally sound manner. Cascade recognizes the need for salmon recovery planning in King County and for the Puget Sound Region. Its membership includes general purpose governments that are participants in development of salmon recovery plans within King County watersheds.

Cascade recognizes that its water supply planning efforts must be consistent with state law and Health requirements, including the Coordination Act. Cascade recognizes that King County has a role in reviewing Cascade's Transmission and Supply Plan (TSP). Cascade's interest is that this review be conducted on an expedited schedule. Criteria for plan approval should be clearly defined in applicable statutes, rules, and/or adopted policies and should be consistent with criteria applied to other water systems that have similar responsibilities as Cascade.

III. Purpose of Agreement and Statement of Intent

King County and Cascade intend to participate collaboratively in water supply planning as it relates to issues of mutual interest. Such planning will be conducted through public processes with opportunities for involvement and/or comment by the public, elected officials, and other interested parties. Cascade supports the initiation of planning under the Coordination Act for this purpose. Both King County and Cascade recognize the special role of Tribes as sovereign governments and co-managers of fisheries resources and as holders of water rights under treaties or federal law.

King County and Cascade also recognize that collaborative planning, which includes a variety of strategies, is necessary in times of drought or water shortage.

IV. Planning Activities

A. Comprehensive Water Resources and Supply Planning

King County and Cascade recognize the need for comprehensive water resources and supply planning activities that collectively address both water supply needs and salmon recovery needs throughout King County. The process should include evaluation of potential surface and ground water supplies, demand management, storage, and reclaimed water. The end result should be complementary strategies for water supply and water resource management that guide decisions at both the State and local levels, including any legislative actions that would add support to the strategies and their objectives.

King County will provide notice to the Tribes of the planning process as required under King County Code 13.02.020, and will provide opportunities for interested tribes to review documents and participate in planning processes.

King County and Cascade also recognize that there are multiple, complementary planning processes that are needed to achieve these objectives. The following three components are expected to be the foundation of this water resource and supply planning program:

i.) Coordinated Water System Plan

There are four existing plans covering the discrete geographic areas within King County that were developed under the Coordination Act. These plans have not been updated within the past five years, and collectively they do not encompass the entire geographic area of King County. These plans should be updated to address outstanding issues, including potential regional sources of supply, requirements added to state law since the original plans were developed, and clarification of processes and responsibilities to address small and failing water systems (such as satellite management), among other issues. Cascade and King County will each support and participate in a process to produce updated CWSPs, or a single integrated CWSP, addressing all of the land area within King County. King County intends to initiate a CWSP update process by March 31, 2005, pursuant to the procedures in state law and Department of Health rules, and to complete a plan by December 31, 2007. Detailed elements for this planning process are described in Section IV B.

ii.) Salmon Recovery Plans

Cascade and King County each recognize the value of planning for salmon recovery in Water Resource Inventory Areas (WRIAs) 7, 8, 9, and 10 (Snohomish Basin; Cedar/Sammamish Basin; Green/Duwamish Basin; and White/Puyallup Basin). King County and the Cascade Members that are general purpose local governments are participating in the development of salmon recovery plans in those areas. Those plans are expected to describe the objectives for salmonid populations and strategies for addressing factors that have been identified as significant limitations on achieving those objectives. King County anticipates completion of these plans by December 2005 with final approval in 2006. Cascade, along with King County, will participate in defining and evaluating the elements of these plans related to water supply. King County and Cascade

recognize that identifying and securing funding resources from a range of sources will be necessary to implement salmon recovery plans.

iii.) Central Puget Sound Regional Water Supply Plan

Cascade and King County each recognize that certain water supply systems in King County also cross into Pierce and Snohomish Counties. Therefore the Parties support initiation of a process to produce a Central Puget Sound Regional Water Supply Plan (CPS Plan) addressing regional water supply needs and sources. Such a plan should be led and prepared by an appropriate organization at the three-County level, such as the Central Puget Sound Water Suppliers' Forum. It would build on existing documents, such as the 2001 Central Puget Sound Regional Water Supply "Outlook" report, and on any available updates to that document. The CPS Plan should address potential surface and ground water supplies, demand management, storage, and reclaimed water at the regional (three-county) scale. It could incorporate the role of new entities (e.g., the Partnership for Water Conservation), and address emerging issues (e.g., global warming and water resource impacts). The CPS Plan should inform local and State decision-makers on regional water supply issues and provide guidance in developing long-term water supply solutions. The Parties support initiation of this process with a target date for completion of a CPS Plan by 2008. The actual schedule will be determined by the participants.

In the event the milestones and dates listed above cannot be achieved, the Parties will work together to achieve completion as soon as practicable after these dates.

B. Coordinated Water System Plan and SEPA

King County intends to initiate County water supply plan development, using the CWSP process and the existing CWSPs as a starting point. Cascade will participate in this process, together with other water utilities in the affected area(s) that choose to participate. The process will require addressing a number of procedural and substantive issues, as well as new issues generated by changes in state law or by new circumstances. Cascade and King County expect that existing documents—such as the "Outlook," the 2002 "Consolidated Report on Water Supply in King County," and individual water system plans—will provide substantial information for updating the preliminary assessment initially used for development of the existing CWSPs. Initiating the County water supply planning process under this statute also provides the advantage of identifying well-defined roles for utilities, the County and Health.

King County anticipates that the CWSP process will produce a plan that includes:

- A long-term demand forecast that corresponds to population and economic forecasts developed under the GMA;
- Identification of sources of supply and the regional facilities, structures, and mechanisms necessary to meet forecasted demands;

- The potential impacts on sources of supply due to global warming or drought;
- Any revisions necessary to water utility service area boundaries;
- Long-term water system capacity, particularly for small systems, to meet federal, state, and local requirements, and strategies to address potentially failing systems;
- Use of satellite management for small systems and rural water supply delivery;
- Strategies to increase the use of reclaimed water and other alternative sources of supply;
- Comprehensive approaches and strategies for water conservation; and
- Issues under the Municipal Water Law (MWL) for which comprehensive strategies may be appropriate.

State law requires that an analysis be done within the CWSP development process for compliance with the State Environmental Policy Act (SEPA). The nature and scope of the analysis will be determined at the appropriate time in the planning process.

C. Cascade Transmission and Supply Plan

As a public water system, Cascade is subject to the relevant planning requirements of Health and of King County. Cascade is currently preparing a Transmission and Supply Plan (TSP) to meet the requirements of Chapter 246-290-100 Washington Administrative Code (WAC). As a wholesale water supplier for its Members, Cascade does not have direct service (retail) customers. The TSP will focus on the services Cascade provides its Members and defer to individual Member plans for other required planning elements. Cascade anticipates submitting this TSP for review and approval in early 2005 to Health and to King County. Cascade and King County recognize and intend that:

- (1) King County and Cascade have discussed the TSP in advance of Cascade's preparation of the TSP. These discussions have included the scope, elements, and timing of the TSP. In addition, King County and Cascade held joint meetings with Health and Ecology to discuss these matters. The purpose of these discussions has been to develop as much clarity as possible with regard to the relevant planning requirements for Cascade and its authorized activities under the Interlocal. These discussions, the resulting outline of the TSP shared between the Parties, and this MOU reflect the general expectations for the TSP. Cascade will utilize the input provided by King County in preparing the TSP. King County will make its best efforts to expedite its review of the draft TSP document with the intent of meeting the schedule milestones outlined below.
- (2) Cascade and King County recognize that the ultimate approval of substance and timing for both the TSP and CWSP is the responsibility of Health.
- (3) Criteria for review of the TSP by King County will be based on current law. This will include the MWL and applicable regulations and guidelines

developed by Health that are applicable at the time of the TSP is submitted to King County and Health for approval;

- (4) King County will review the TSP based upon criteria and procedures for all water system plans that are described in King County rules, the King County Comprehensive Plan (recently updated), the King County Code, and King County's legal authorities. To the extent these criteria have been or will be updated in response to passage of the MWL, or revisions to the King County Comprehensive Plan, King County will provide Cascade and its individual Members with specific explanations and interpretations as necessary of updated or revised criteria, consistent with its practice to provide such explanations to any utility requesting them as part of King County's plan review process. Cascade will notify the County 45 days prior to its anticipated submittal date for the TSP. Within 14 days of such notification, the County shall provide Cascade with any changes to the current review/approval criteria or procedures that have occurred or been developed since January 1, 2005...
- (5) Consistent with the MWL, Cascade will meet the requirements of Health, as they currently exist or are revised or updated by Health, with regard to water conservation;
- (6) Cascade anticipates purchasing water in the near future from Tacoma Public Utilities (TPU). Cascade plans to initiate design and construction of a pipeline to convey water from TPU's Second Supply Project in 2005.
- (7) The TSP will:
 - a. Identify Lake Tapps as one alternative for meeting long-term water supply needs of Cascade beyond the 20-year planning horizon. However, a range of additional alternatives will also be identified and discussed to meet the near term demands;
 - b. Include a discussion of how Cascade and its Members plan to use reclaimed water as a resource to meet long-term water supply needs, as well as recognizing limitations on availability or feasibility of using reclaimed water. King County will assist Cascade by providing information on its own sources of reclaimed water and potential uses of reclaimed water; and
 - c. Discuss in general terms how Cascade can contribute to improving stream flow as part of salmon recovery planning, and specifically for the benefit of species of fish listed under the ESA within its Members' service areas.
- (8) Cascade will work with its individual Members to include or reference the elements listed under Item (7) above, and system-specific strategies for addressing them in each Members' water system plan. In addition, the provisions of updated and adopted CWSPs will be incorporated as Member

15643

Plans and Cascade's TSP are updated. Cascade, its Members, and King County may agree that detailed descriptions of selected items to be included in the Cascade TSP may be deferred in individual water system plans. In this event, as a condition of approval of a Member's water system plan, the individual Members and Cascade will agree to incorporate detailed descriptions of such items into updates that will be completed before the six-year update.

- (9) Cascade will work with its Members and Health to coordinate development of complementary elements of Members' water system plans and Cascade's TSP, prior to the next update to the Cascade TSP. This may include, for example, demand forecasts and capital facilities that are integral to meeting Cascade's supply obligations to each Cascade Member.
- (10) Cascade and King County recognize that Health and Ecology have independent RCW authorities related to water supply planning and that the foregoing understandings may be modified or superseded by directions, orders, or positions of those two state agencies.

V. Process for Moving Forward and Inclusion of Interested Parties

Cascade and King County are entering into this MOU with good-faith intent to complete identified planning on the schedule outlined. Cascade and King County will seek to include interested parties in these processes to ensure that the process is open and inclusive...

Cascade and King County will establish a Steering Committee of senior management staff of the two parties to develop an effective process for furthering the objectives of this MOU. The Steering Committee will formally convene no later than February 15, 2005 and will establish a schedule, funding mechanism and outreach process to carry out the objectives listed above. Both Cascade and King County will prepare materials for the initial and subsequent meetings of the Steering Committee

VI. Process for Amending this Memorandum of Understanding

The two Parties may jointly agree to amend this MOU. Nothing in this agreement is intended to limit the ability of either Party to pursue its interests in any litigation or administrative proceeding. In the event that planning requirements or water resource management responsibilities of either Party are significantly altered by a court decision, new State legislation, or other legal processes, the Parties agree to modify this MOU to reflect such changes as they apply to both Parties.

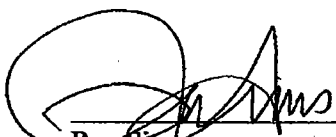
VII. Enforceability

This MOU is not legally binding on either Party, but is intended to (1) identify each Party's interests in the water resources and supply planning processes, (2) memorialize

•15643

the Parties' general understandings as to how that process should and will be carried out in a good-faith manner, and (3) establish a tentative schedule for implementing the planning process.

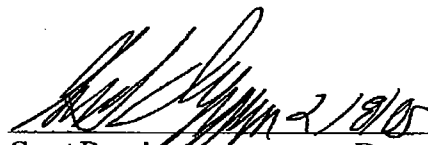
Nothing in this MOU is intended to bind either Party to supporting or endorsing the final outcome of individual planning programs described in the MOU nor to supplant, revise, or derogate from the lawful authority of the King County Council, the Cascade Board of Directors, the legislative bodies of Cascade Members, or of the departments or agencies of the government of the State of Washington.



Ron Sims
King County Executive

2-8-2005

Date



Grant Degginger
Chair, Board of Directors
Cascade Water Alliance

2/8/05

Date