



Memorandum

Date: 9/14/2021
Meeting of: City Council Study Session

File No. SS 21-063
Type: Study Session

TO: Members of the City Council
FROM: Mayor Angela Birney
DEPARTMENT DIRECTOR CONTACT(S):

Public Works	Dave Juarez	425-556-2733
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DEPARTMENT STAFF:

Public Works	Amanda Balzer	Science and Data Analytics Supervisor
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TITLE:
Cascade Water Alliance 2021 Chief Executive Officer (CEO) Annual Report

OVERVIEW STATEMENT:

The City of Redmond - along with the Cities of Bellevue, Issaquah, Kirkland and Tukwila, and the Sammamish Plateau Water and Skyway Water & Sewer District - joined in 1999 to form Cascade Water Alliance (CWA). CWA is a municipal corporation that provides a safe, clean, reliable water supply to its 380,000 residences and more than 20,000 businesses. CWA’s mission is to provide water supply to meet current and future needs of its members in a cost-effective and environmentally responsible manner through partnerships, water efficiency programs, acquiring, constructing, and managing water supply infrastructure, and fostering regional water planning.

The 2021 Cascade Water Alliance CEO presentation will cover the following:

- Overview of the formation of CWA in 1999
- Overview of supply strategy and business model
- Future water supply scenarios and CWA Board direction
- Financials
- Overview of Water Supply Development Fund (WSDF)

Additional Background Information/Description of Proposal Attached

REQUESTED ACTION:

- Receive Information** **Provide Direction** **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
Utilities Strategic Plan

- **Required:**
N/A
- **Council Request:**
N/A
- **Other Key Facts:**

City of Redmond purchases approximately 60% of its drinking water from CWA. The other 40% is produced from the City's five municipal supply wells. Membership in CWA ensures long-term water supply for Redmond customers.

Redmond is an active member of CWA.

- Mayor Birney serves on the Board and Chairs the Public Affairs Committee.
- Councilmember Anderson serves as an alternate on the Board and on the Finance Management Committee.
- Staff serve on CWA staff committees and attend the Resource Management Committee, Public Affairs Committee, and the Finance Management Committee.

CWA Board Members have been discussing the creation of a Water Supply Development Fund (WSDF). The WSDF is a structured means to accumulate cash, to meet CWA's 20% equity requirement for capital projects, to develop the Lake Tapps Reservoir. Without sufficient equity, Cascade would overly rely on debt, and its access to low-cost borrowing could be significantly hampered or even terminated, ultimately leading to higher rate increases.

OUTCOMES:

CWA will continue to evaluate future supply strategies as directed by the Board to meet future demand needs, including the following strategies:

- Seattle Block Contract Extension - extends block contract with Seattle Public Utilities (SPU), which provides supply of 33.3 million gallons per day (MGD) for additional 15 years and delays Lake Tapps in service date to 2055.
- Tacoma Block Contract - negotiates block contract with Tacoma to supply 20 MGD for 20 years, delaying Lake Tapps in service date to 2060.
- Tacoma Block Contract with Seattle Wheeling Agreement - negotiates block contact with Tacoma to supply 20 MGD for 20 years and negotiates agreement with SPU to wheel water from Tacoma through SPU Lake Young intertie, delaying Lake Tapps in service date to 2060. (*Wheeling water is the conveying of **water** through the unused capacity in a pipeline or aqueduct by another **water** provider.*)

CWA Board will vote on the Water Development Supply Fund at the October Board meeting to provide a funding mechanism for the future water supply strategies.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
N/A
- **Outreach Methods and Results:**
N/A
- **Feedback Summary:**
N/A

BUDGET IMPACT:

Total Cost:

Staff is currently assessing future financial impact of Water Supply Development Fund.

Approved in current biennial budget: Yes No N/A

Budget Offer Number:

N/A

Budget Priority:

N/A

Other budget impacts or additional costs: Yes No N/A

If yes, explain:

Funding impacts based on the supply strategy scenarios and Water Supply Development Fund are included in the presentation.

Funding source(s):

N/A

Budget/Funding Constraints:

N/A

Additional budget details attached

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
3/24/2020	Study Session	Receive Information

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
N/A	None proposed at this time	N/A

Time Constraints:

None

ANTICIPATED RESULT IF NOT APPROVED:

N/A

ATTACHMENTS:

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Attachment A: Cascade Water Alliance Presentation

Attachment B: Summary of Cascade's Past and Present Water Supply Agreements