Cascade Water Alliance Update

Presentation to the Redmond City Council

July 21, 2026
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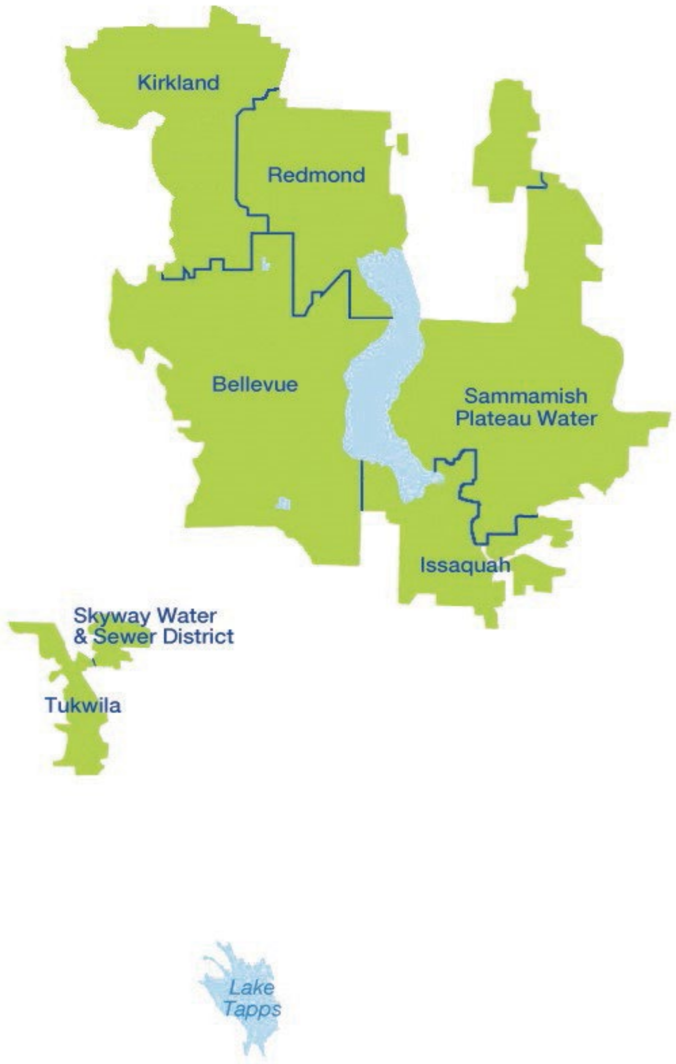
CASCADE
WATER ALLIANCE

Agenda

- Cascade Background
- Cascade Supply Program
- Capital Funding Plan
- Rates and Charges

Cascade Water Alliance

- Seven member agencies – Cascade *is* its members
  - Governed by Board of Directors
  - Serves 400,000 residents and 380,000 employees
- Water supply
  - Currently purchases water from Seattle
  - Purchased Lake Tapps Reservoir for future supply
  - New contracts with Tacoma to start taking water in 2041
- Cascade Supply Program (CSP)
  - Long-term water security
  - Regional connections and resilience



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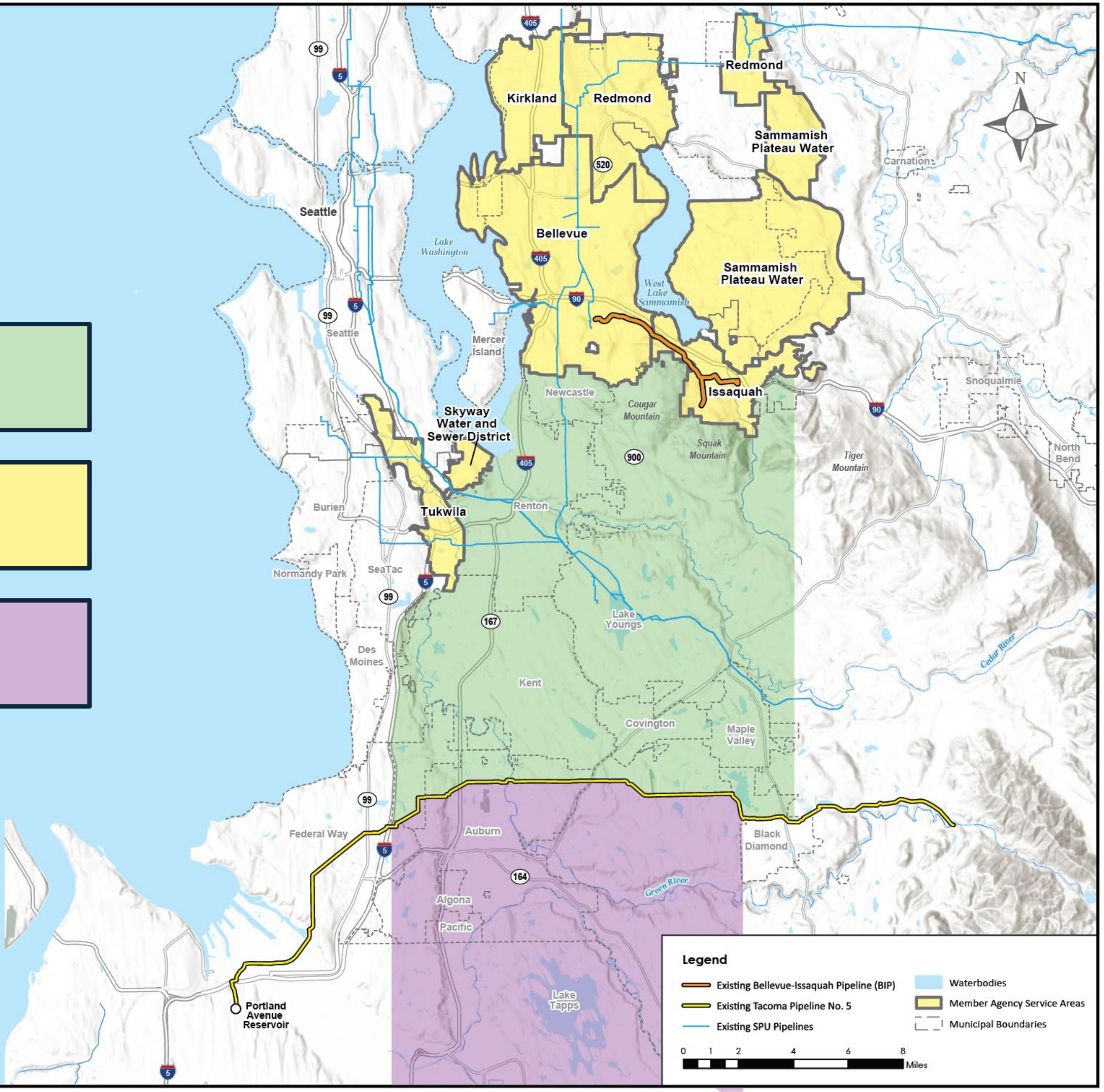
Cascade Supply Program
Phase Map

Phase I – 2026-2040
Connect Tacoma and Cascade

Phase II – 2030-2053
Member Distribution

Phase III – 2043-2060
Lake Tapps Treatment and Transmission



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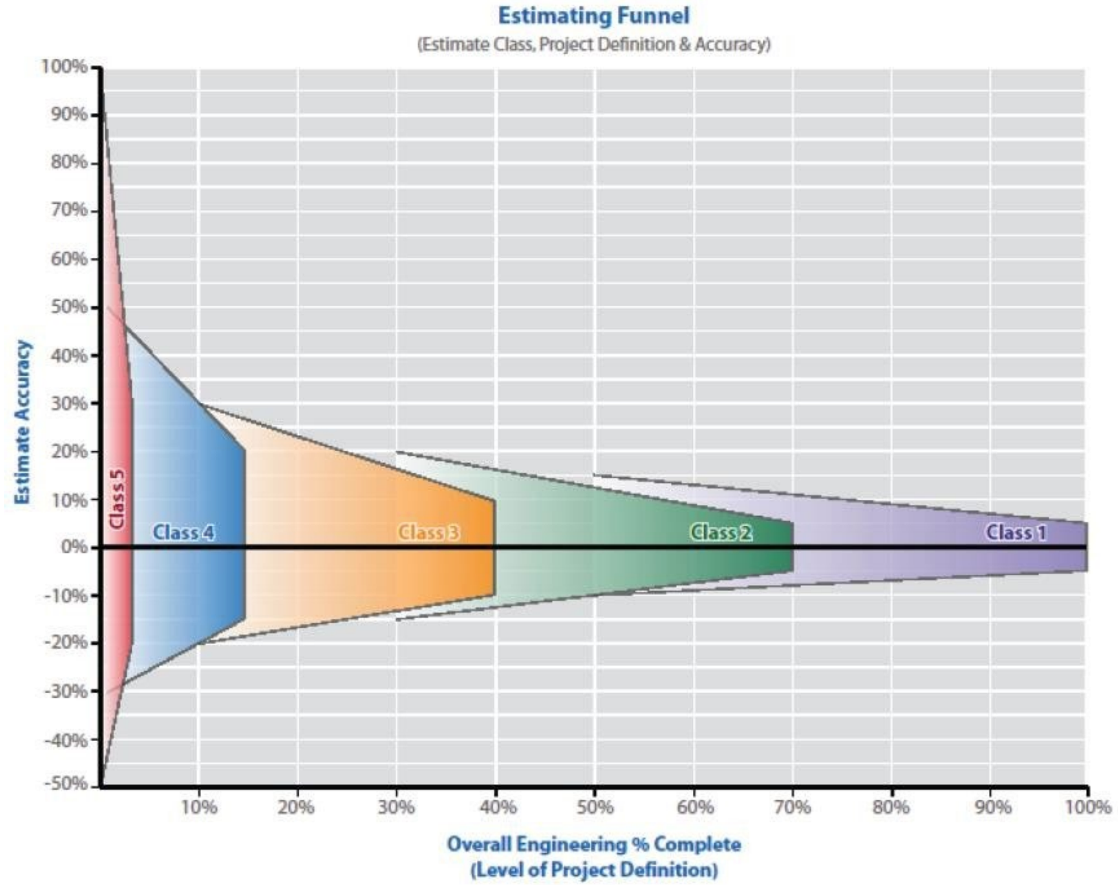
Phase I Preplanning Cost Projection Range (2026$)

Preplanning Projection	$1,127.6M
Management Reserve	$225.5M
Preplanning with Reserve	$1,353.1M

- Current cost projection is far left of graph
- 2029/2030: Completed design costs
- Cost projection uncertainty built into Capital Funding Plan



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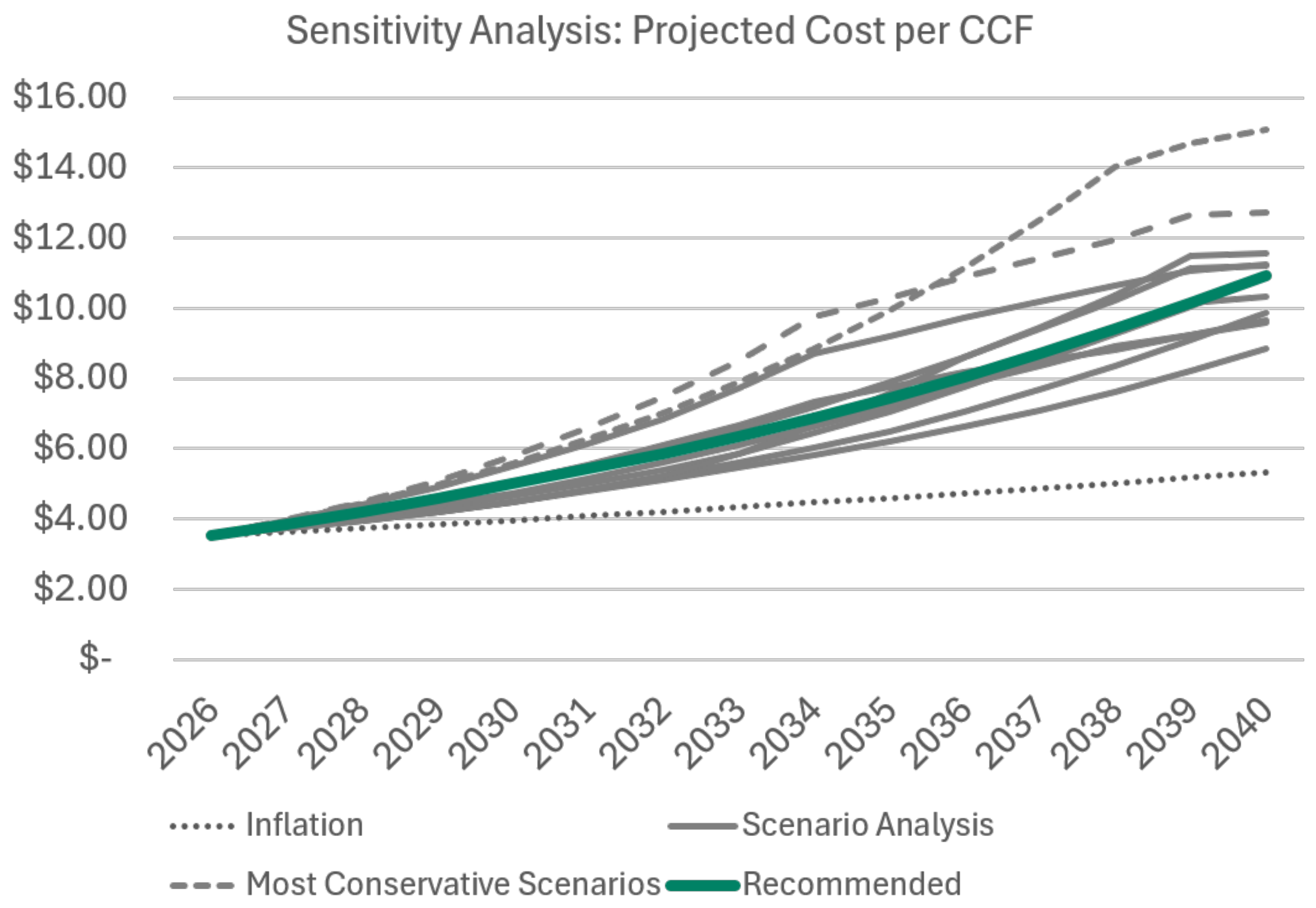
Capital Funding Plan

- Plan covers funding of Phase I of the CSP
  - Identify potential funding sources
  - Establish a strategy
- Flexible framework for near- and longer-term decision-making
- Evaluates uncertainty:
  - Cost, schedule, funding sources, conservatism

Capital Funding Plan Sensitivity Analysis to Evaluate Risk



Findings:

- Significant increases in all scenarios
- Near-term recommendations do not over-shoot the longer-term need
- Deferring increases raises long-term cost

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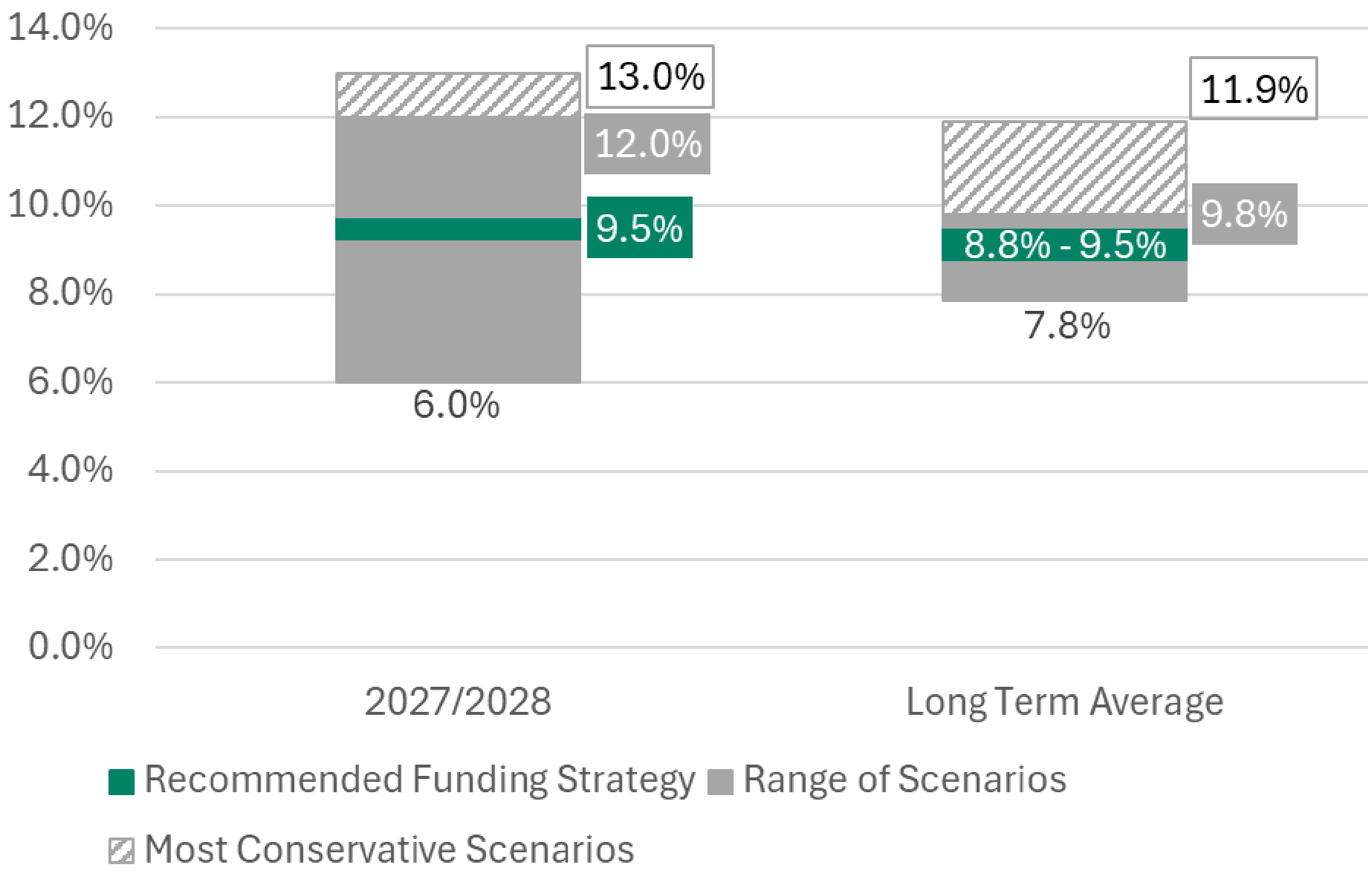
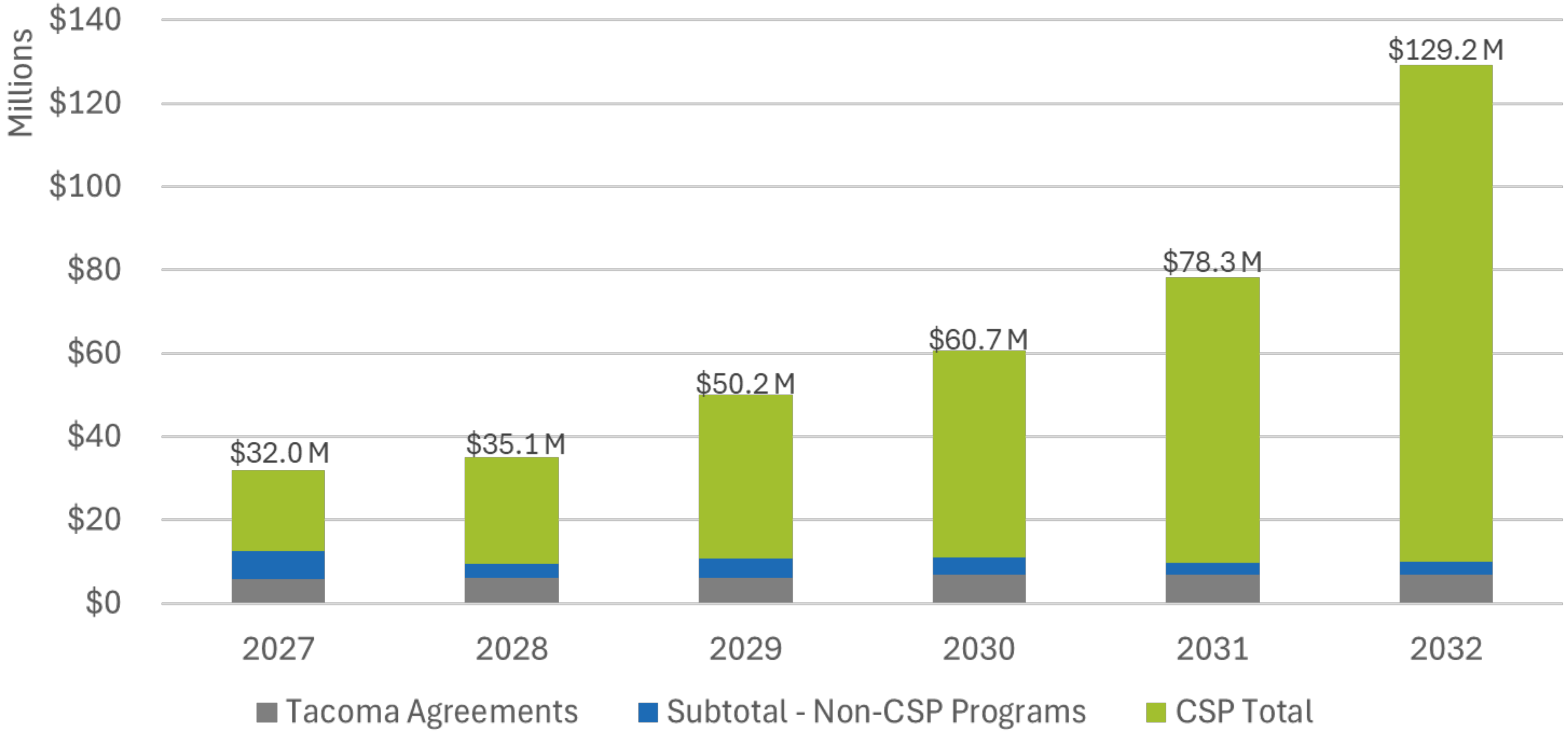
Capital Funding Plan Recommended Funding Strategy



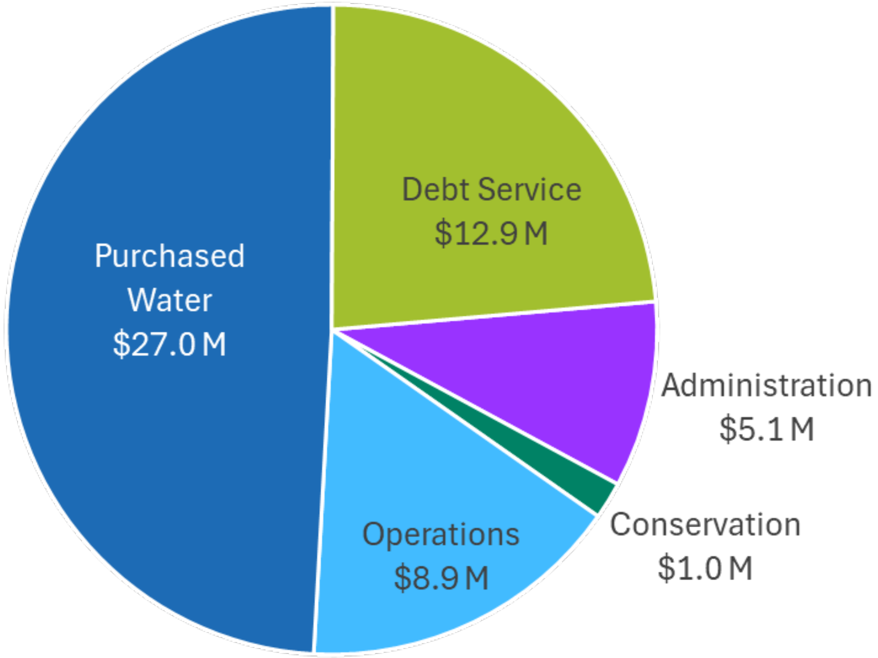
- Uncertainty is high
- Moderately conservative approach for the Recommended Funding Strategy

Proposed 2027-2032 Capital Budget

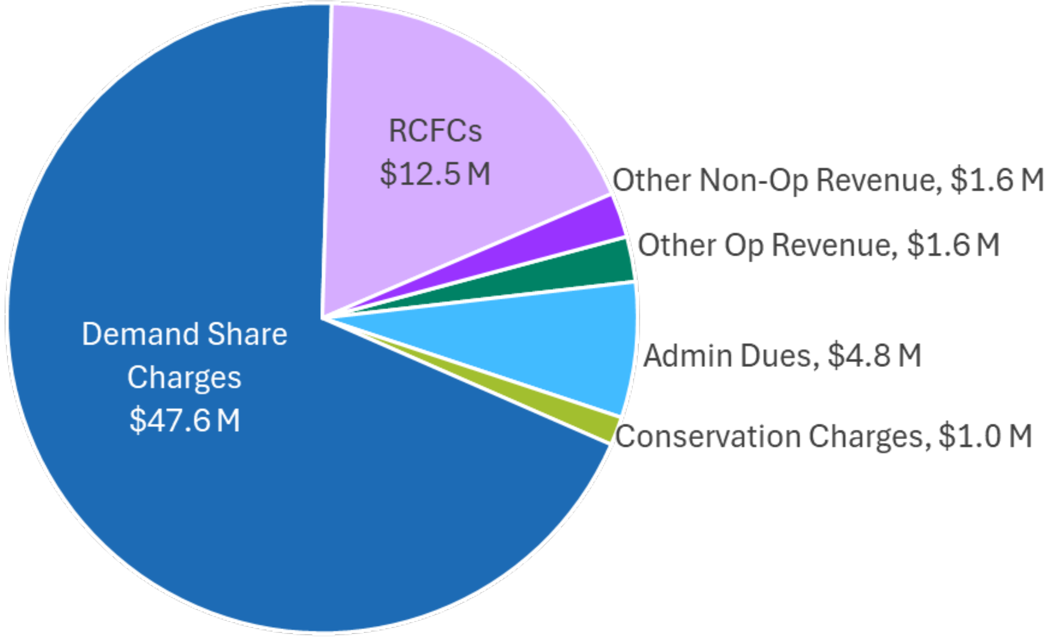


Proposed 2027 Operating Budget & Revenue

2027 Operating Budget: $54.8M



2027 Operating Revenue: $55.0M
2027 Non-Operating Revenue: $14.1M



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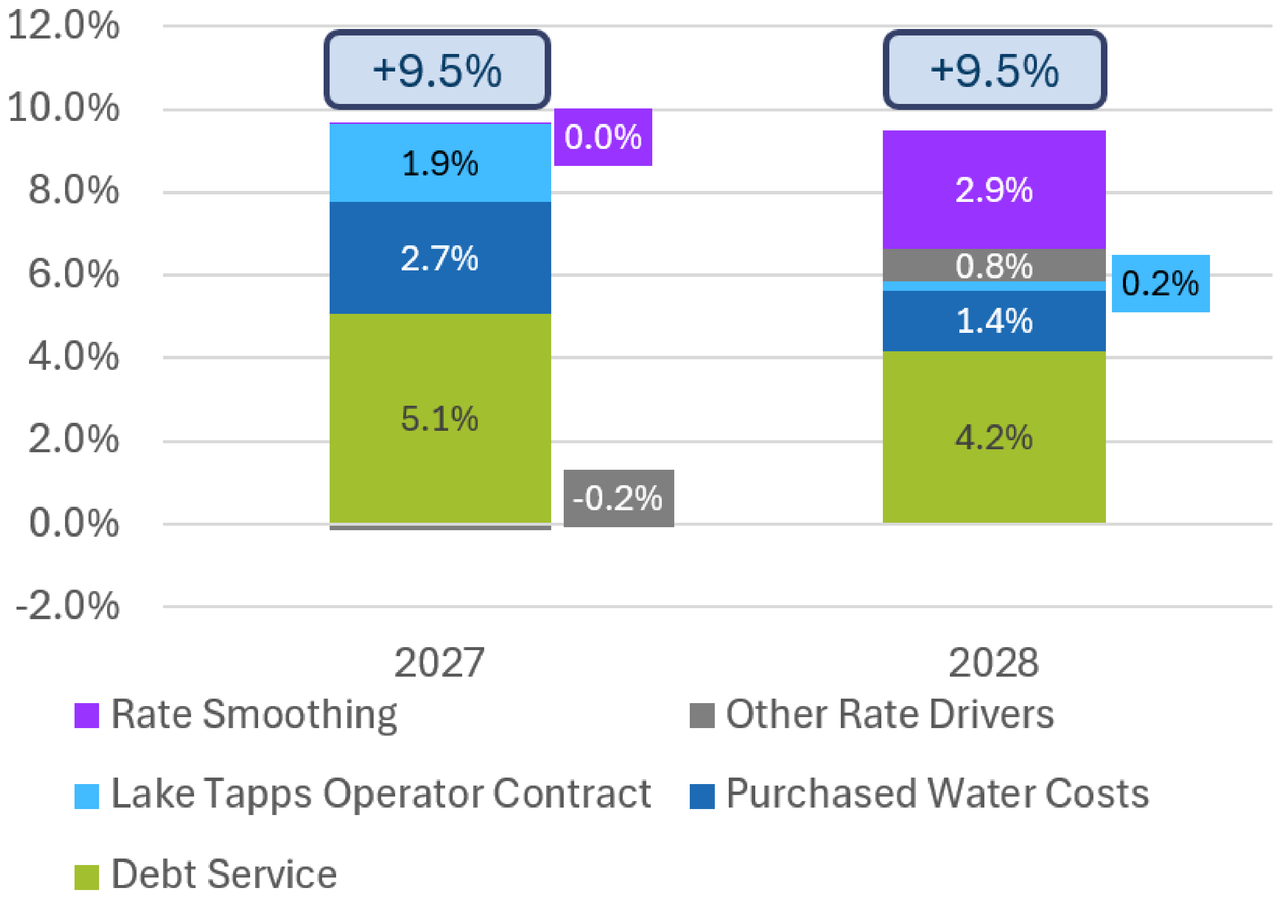
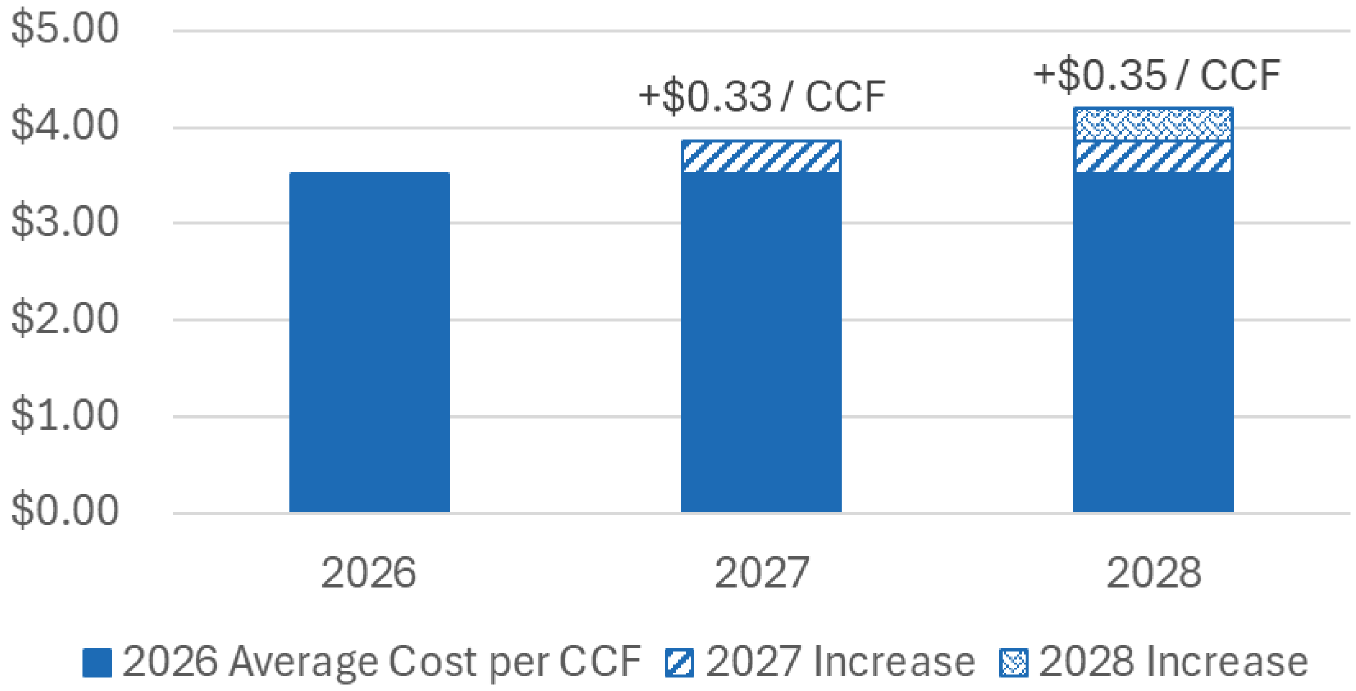
Proposed 2027-2028 Rate Drivers



- ❖ Cascade Supply Program is the main rate driver due to new debt service.
- ❖ Rate smoothing in 2028 will reduce rate increases in future years.

Average Cost of Water



Typical monthly household use is between 5 and 8 CCF per month

- Proposed rate increases translate to increases in the average cost of water of $0.33 per ccf in 2027 and $0.35 per ccf in 2028.
- Exact amounts will vary by member.

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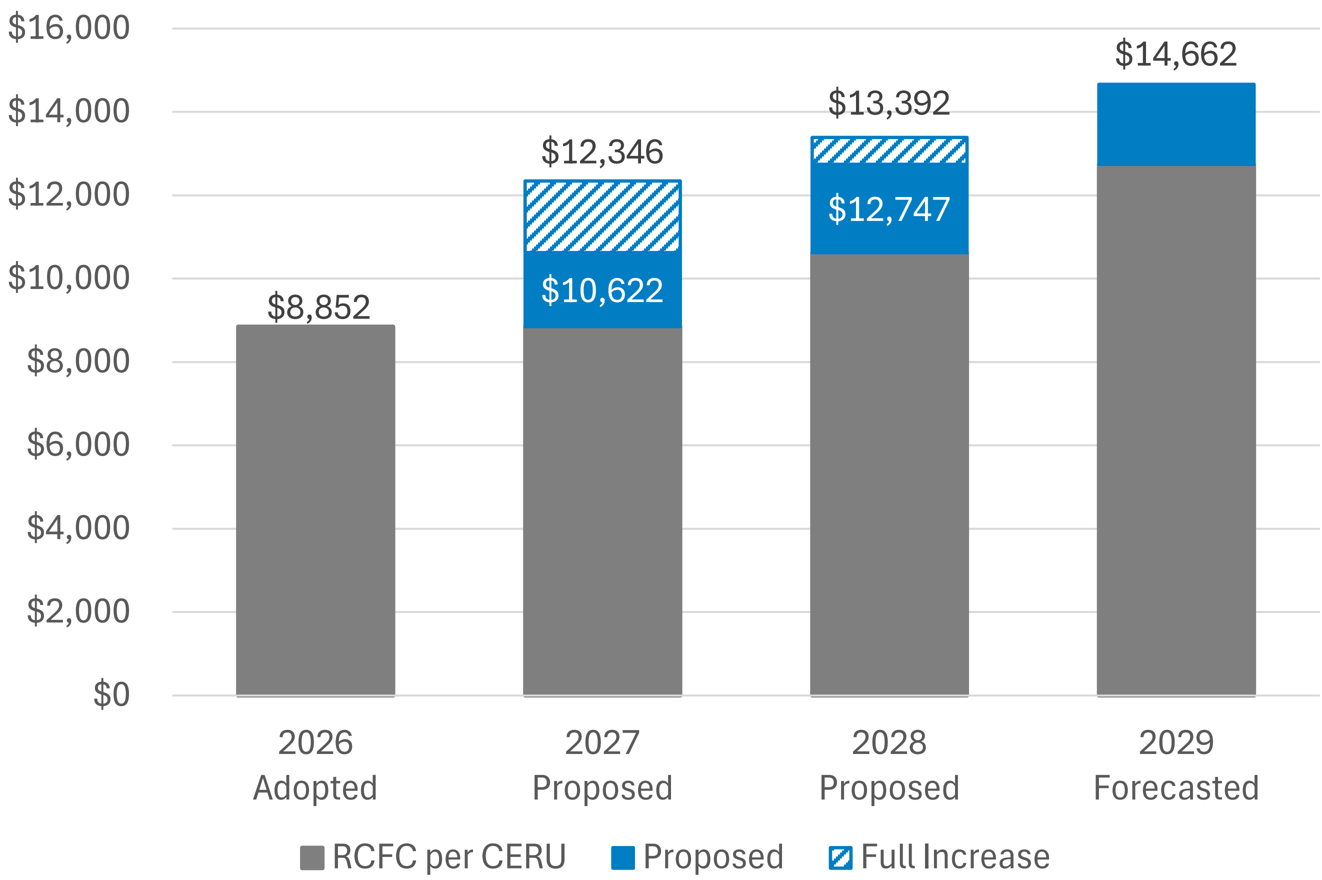
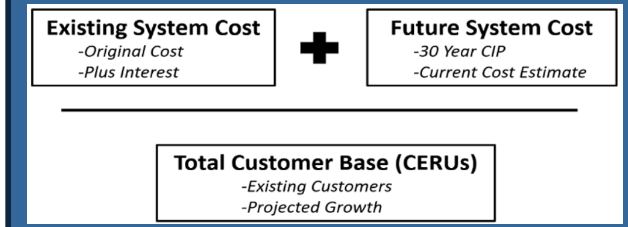
Proposed Regional Capital Facilities Charges



Calculated based on RCFC methodology:



Based on a proportional share of both existing and planned infrastructure costs.

Increase limited to +20% per year consistent with historical Cascade practice.

Next Steps

2026

Q3 2026:

Capital Funding Plan Adoption

Biennial Budget/Rates

Initial Bond Issuance

2028:
(and each biennium after)

Biennial Budget/Rates

Future Bonding

Capital Funding Plan Update

2029/2030:

CSP Design: Updated Costs

WIFIA Application

Capital Funding Plan Update

2032+:

CSP Construction: Updated Costs

Capital Funding Plan Update

2040

Thank You

Questions?