



Memorandum

Date: 9/3/2024  
Meeting of: City Council

File No. AM No. 24-124  
Type: Staff Report

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

Public Works	Aaron Bert	425-556-2786
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DEPARTMENT STAFF:

Public Works	Amanda Balzer	Policy and Planning Manager
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**TITLE:**

Informational Briefing on Cascade Water Alliance (CWA) 2025-2026 Budget and Rates Proposal

**OVERVIEW STATEMENT:**

Staff will provide an overview of CWA and Redmond’s membership, anticipated Redmond charges in 2025-2026, and future Board decisions. Cascade is proposing a 3.5% rate increase in 2025 and in 2026. The rate increases are primarily due to inflationary pressure, as Cascade’s rate smoothing policy mitigates the impact of the initiation of activities for the Tacoma supply pipeline in 2025.

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:**  
CWA Overview
  - CWA was created on April 1, 1999, and currently consists of seven member agencies: Redmond, Bellevue, Kirkland, Issaquah, Tukwila, Sammamish Plateau Water, and Skyway Water and Sewer District.
  - CWA was created to provide members with a voice and a vote on their future water supply. These agencies have joined to form a partnership to provide safe, clean, and reliable water supply to its

customers now and into the future.

- CWA and its member agencies have joined together to provide safe, clean, reliable drinking water for its 415,000 residence and more than 20,000 businesses.
- A Board of Directors consisting of elected officials from each member agency oversees the business of Cascade. Mayor Birney represents Redmond on the Board and Councilmember Nuevacamina is the City's alternate to the Board.

#### CWA Supply Strategy and Implementation

- Maintain certainty, flexibility, and resiliency of long-term regional water supply.
- Leverage regional surplus water to delay development and future use of Lake Tapps as a water supply.
- CWA purchased Lake Tapps in 2009 as a future source of water supply, if needed. Cascade holds water right permits to develop Lake Tapps as a source of municipal drinking water with the intent that Lake Tapps Phase 1 treatment and transmission would need to be in place by 2042.
- CWA currently provides members water demand through a water block agreement with Seattle Public Utilities (SPU) to provide 33.3 million gallons per day (MGD) through 2039, when the block starts to decline through 2064.
- CWA has been in negotiations with SPU and Tacoma Public Utilities (TPU) to leverage regional surplus water and delay the need to develop Lake Tapps.
- In May 2024, CWA Board gave direction through adoption of Resolution No. 2024-06 to allow CWA to begin drafting contract terms with TPU.

#### **OUTCOMES:**

Redmond secured water supply for our community through CWA for the water demands that exceed our ability to produce water. Currently, Redmond produces roughly 40% of its water demand through the City's five municipal supply wells and purchases the remaining 60% demand from CWA.

Redmond benefits from its membership in CWA by joining forces with member agencies to drive regional decisions on water supply. The partnership gives Redmond a voice in one of the "Big 4" regional water suppliers and continuing to build partnerships to bring regional solutions.

Redmond's water customers will continue to receive safe, clean, reliable drinking water at reasonable and predictable costs due to CWA ability to negotiate agreements with other regional suppliers. The contract being drafted with TPU is anticipated to save CWA members roughly \$300 million in net present value over the development of Lake Tapps by 2042.

#### **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:**

Based on CWA's proposed rate increase, Redmond's charge for 2025 will be \$7,364,984 Redmond and \$1,473,352 Novelty Hill. Redmond's charges for 2026 will be \$7,852,212 Redmond and \$1,514,968 Novelty Hill.

Approved in current biennial budget:  Yes  No  N/A

**Budget Offer Number:**

0000003

**Budget Priority:**

Healthy and Sustainable

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

**If yes, explain:**

N/A

**Funding source(s):**

Water rates and connection charges

**Budget/Funding Constraints:**

N/A

Additional budget details attached

**COUNCIL REVIEW:**

**Previous Contact(s)**

Date	Meeting	Requested Action
8/16/2022	Business Meeting	Receive Information
2/13/2024	Study Session	Receive Information

**Proposed Upcoming Contact(s)**

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

**Time Constraints:**

N/A

**ANTICIPATED RESULT IF NOT APPROVED:**

N/A

**ATTACHMENTS:**

Attachment A: Cascade Water Alliance Budget and Rates Presentation