

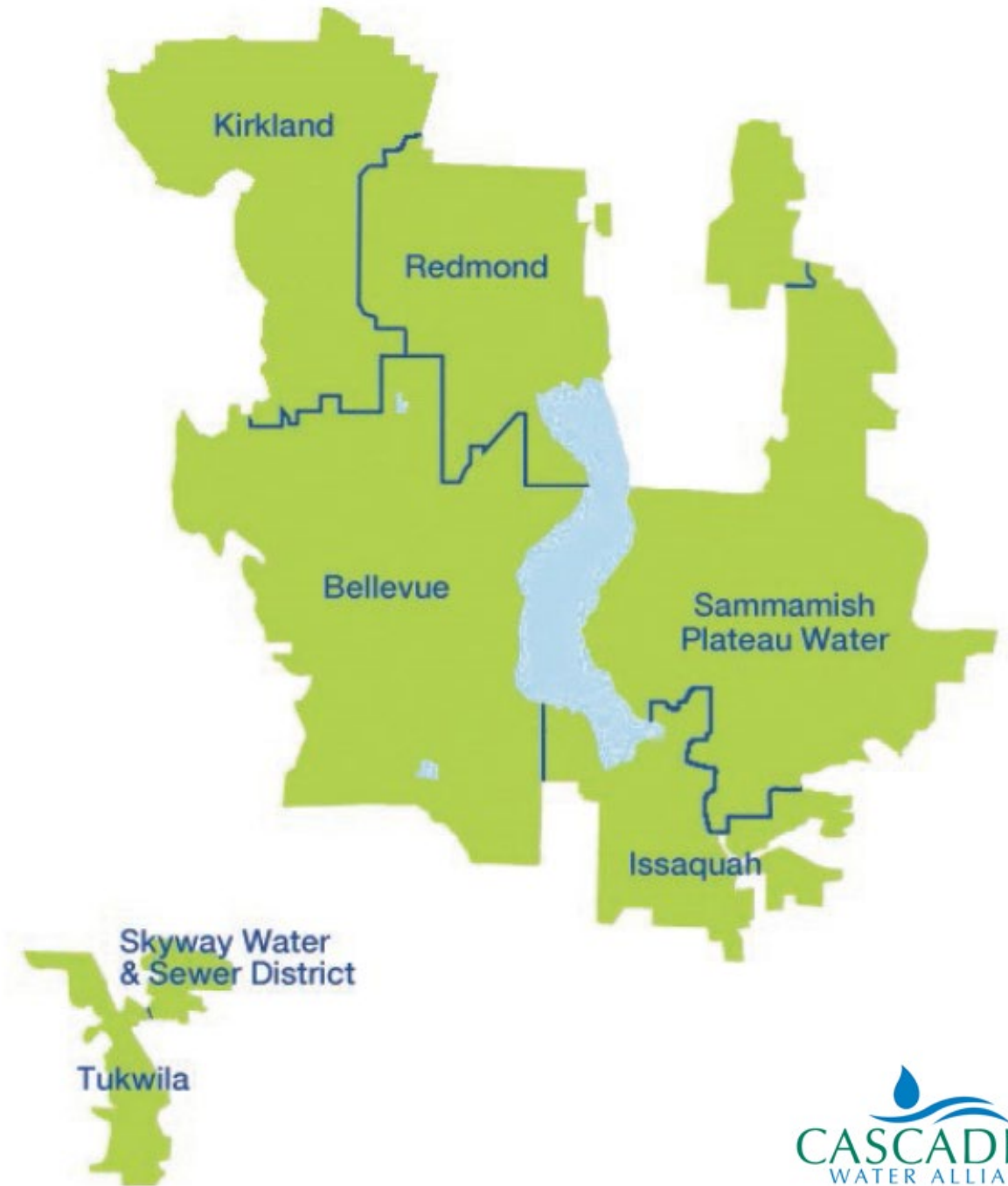


Cascade Water Alliance  
**2023-2024 Proposed  
Budget & Rates**

Informational Briefing to Redmond City Council

# Cascade Water Alliance

- One of the “big four” water suppliers.
- Seven member agencies.
- Serves 380,000 people, 20,000 businesses.
- Governed by Board of Directors of members’ elected officials.
- Contracted water supply from Seattle declines in 2039, ends in 2063.
- Lake Tapps acquired as future source.





# Strategic Plan Goals

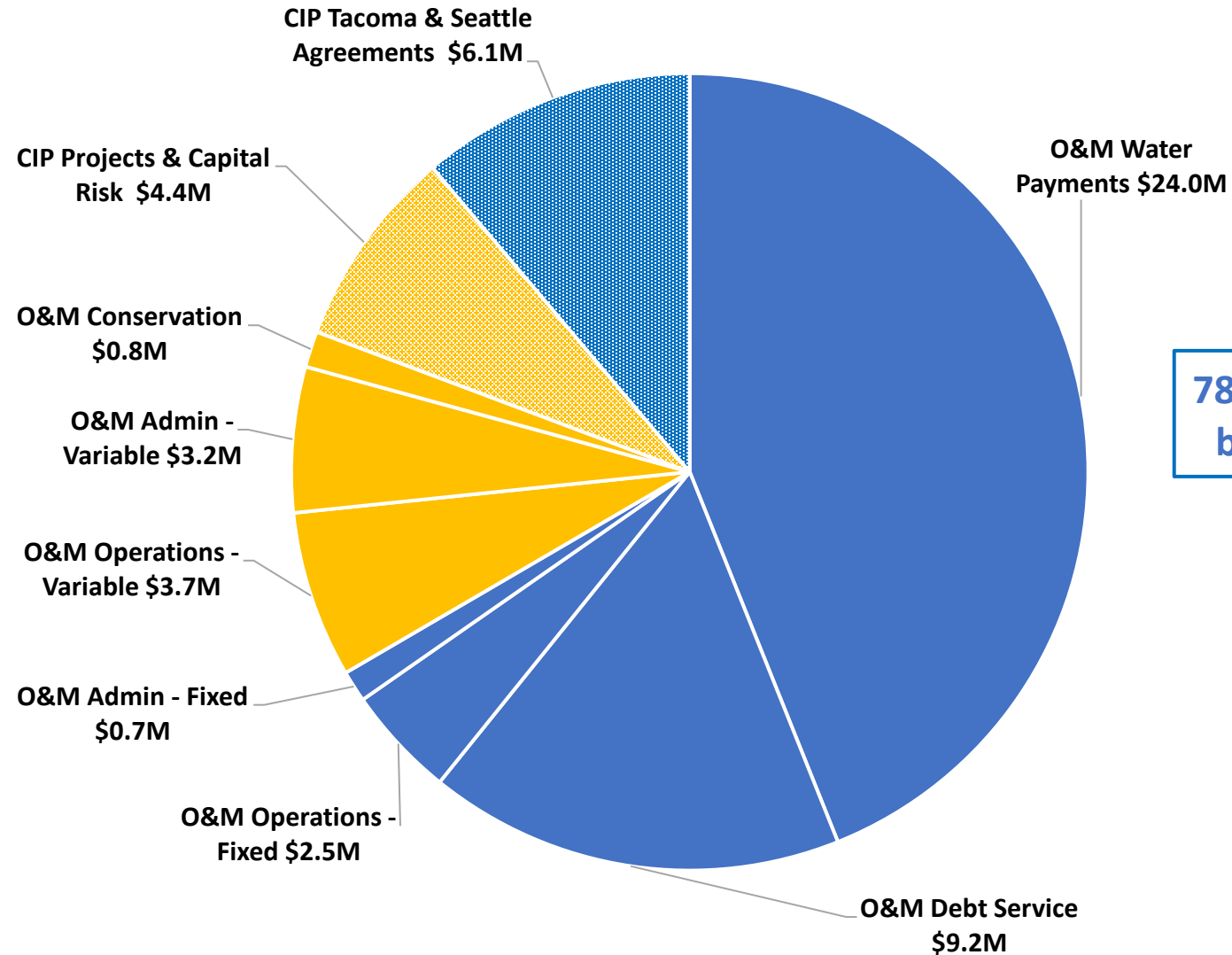
## **Proposed budget and rates implement Strategic Plan:**

- Optimize assets.
- Ensure flexibility, certainty and resiliency of future supply.
- Protect the natural environment.
- Lead, influence regional water issues.
- Provide cost-effective services.
- Address emergent issues.



# Proposed 2023 Budget (\$54.5M)

**22% of Cascade's  
budget is variable**

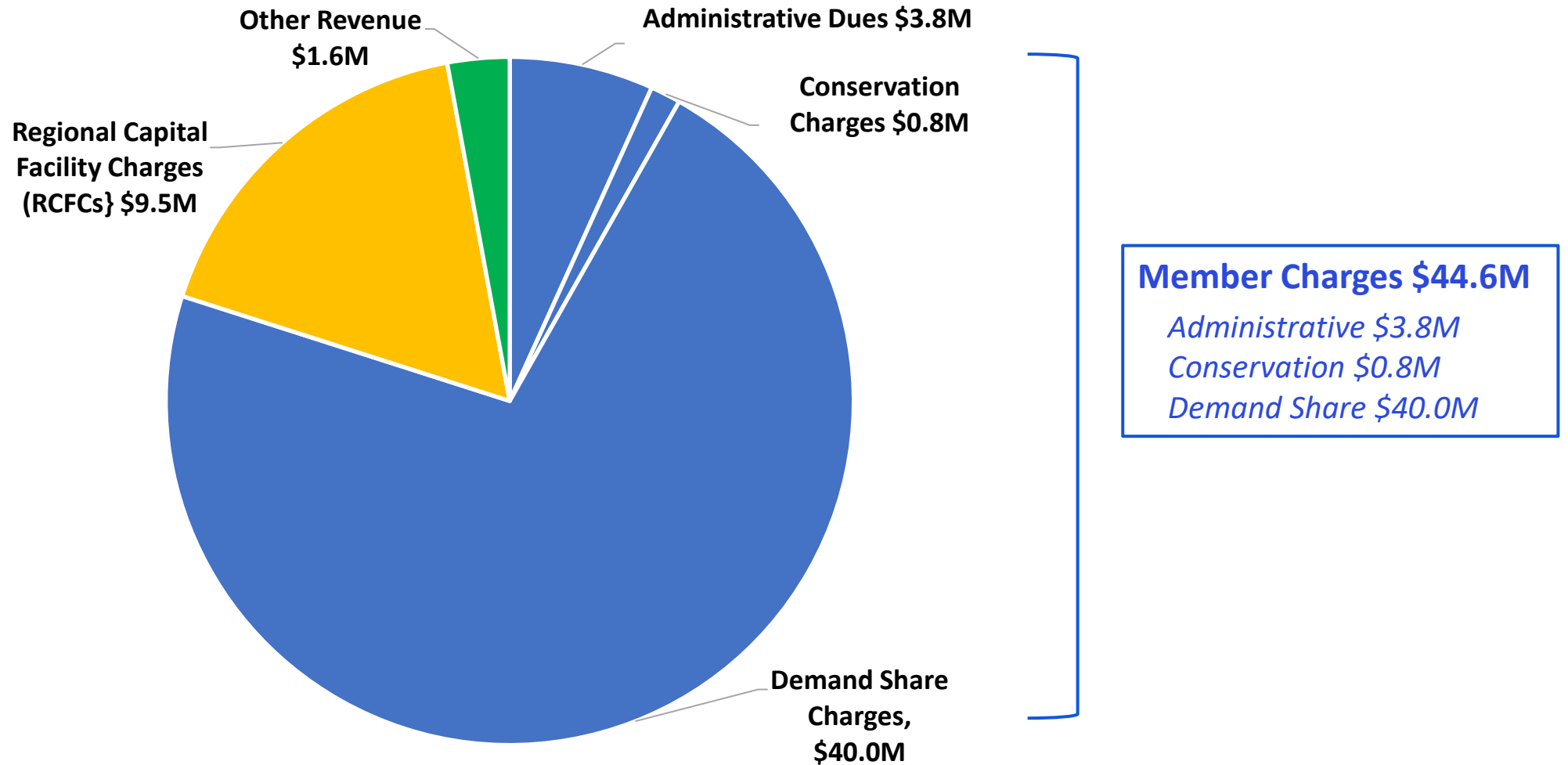


**78% of Cascade's  
budget is fixed**

# Proposed 2023 - 2024 Budget

Program	2022 Adopted	2023 Proposed	2024 Proposed
<b><i>Operations &amp; Maintenance (O&amp;M)</i></b>			
Administration	\$3.9M	\$3.9M	\$3.8M
Conservation	\$0.8M	\$0.8M	\$0.8M
Operations	\$5.7M	\$6.1M	\$6.4M
Debt Service	\$9.8M	\$9.2M	\$10.8M
Water Payments	\$22.7M	\$24.0M	\$24.4M
<b><i>O&amp;M Total Budget</i></b>	<b><i>\$42.9M</i></b>	<b><i>\$44.0M</i></b>	<b><i>\$46.2M</i></b>
<b><i>Capital Improvement Program (CIP)</i></b>			
CIP Projects & Capital Risk	\$3.1M	\$4.4M	\$2.2M
Tacoma and Seattle Agreements	\$6.0M	\$6.1M	\$11.2M
<b><i>CIP Total Budget</i></b>	<b><i>\$9.1M</i></b>	<b><i>\$10.5M</i></b>	<b><i>\$13.4M</i></b>
<b>Grand Total Budget</b>	<b>\$52.0M</b>	<b>\$54.5M</b>	<b>\$59.6M</b>

# Proposed 2023 Revenue (\$55.7M)



# Proposed 2023 - 2024 Revenue

Revenue Source	2022 Adopted	2023 Proposed	2024 Proposed
<b>Member Charges</b>	<b>\$43.6M</b>	<b>\$44.6M</b>	<b>\$45.5M</b>
<i>Administrative Dues</i>	<i>\$3.7M</i>	<i>\$3.8M</i>	<i>\$3.7M</i>
<i>Conservation Charges</i>	<i>\$0.7M</i>	<i>\$0.8M</i>	<i>\$0.8M</i>
<i>Demand Share Charges</i>	<i>\$39.1M</i>	<i>\$40.0M</i>	<i>\$41.0M</i>
<b>Regional Capital Facility Charges (RCFC)</b>	<b>\$7.1M</b>	<b>\$9.5M</b>	<b>\$9.9M</b>
<b>Other Revenue</b>	<b>\$1.2M</b>	<b>\$1.6M</b>	<b>\$1.7M</b>
<b>Total Revenue</b>	<b>\$51.9M</b>	<b>\$55.7M</b>	<b>\$57.2M</b>

Member charges are proposed to increase by 2.20% in 2023 and 2.20% in 2024.

# Proposed 2023-2024 Member Charge Revenue Increases

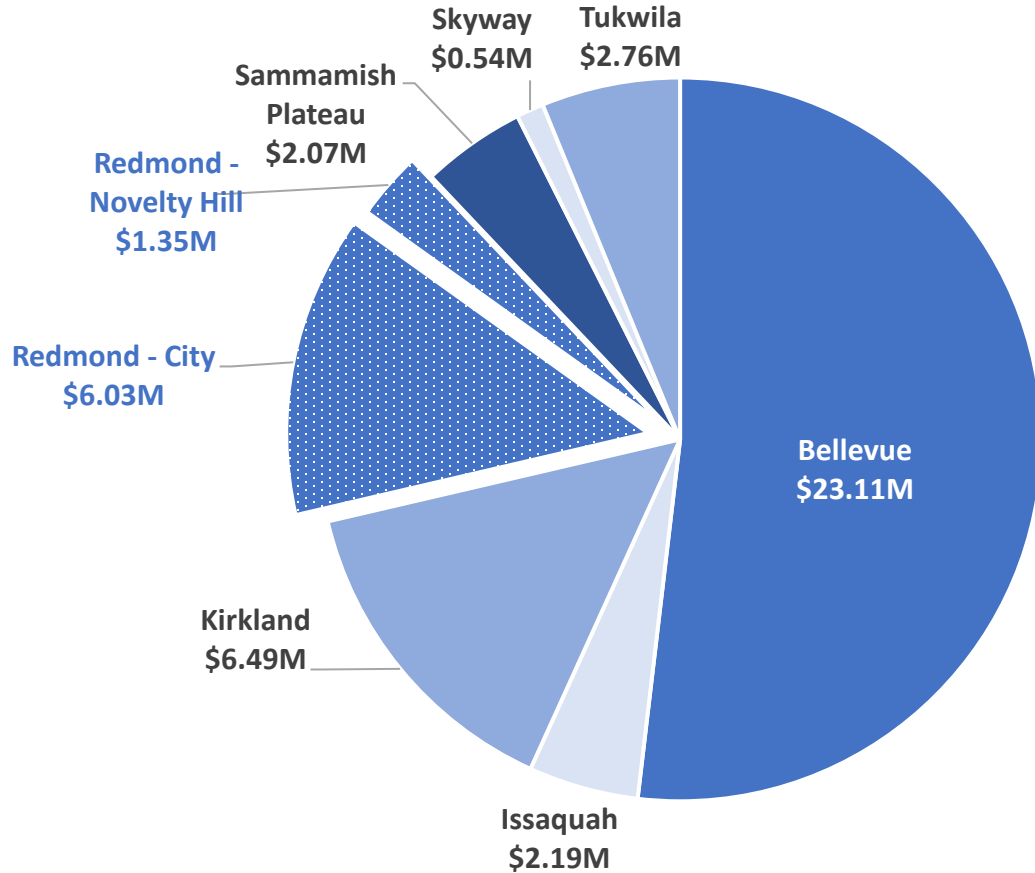
Breakdown of Proposed Increase	2023 \$ Change from Prior Year	2023 % Change from Prior Year	2024 \$ Change from Prior Year	2024 % Change from Prior Year
<b>Total Revenue Increase</b>	<b>\$959K</b>	<b>2.20%</b>	<b>\$980K</b>	<b>2.20%</b>
<b>O&amp;M</b>				
Water Payments	\$988K	2.27%	\$909K	2.04%
Operating Expenses*	\$683K	1.57%	\$274K	0.61%
Administration and Conservation*	\$84K	0.19%	(\$63K)	-0.14%
Debt Service	(\$576K)	-1.32%	\$1,596K	3.58%
<b>CIP</b>				
Rate Funded R&R	\$60K	0.14%	\$67K	0.15%
Contribution to WSDF	-	-	\$446K	1.00%
<b>Other</b>				
Change in Miscellaneous Revenues	(\$32K)	-0.07%	(\$29K)	-0.06%
Rate Smoothing	(\$248K)	-0.57%	(\$2,219K)	-4.98%

*\*Expenses are adjusted to exclude irregular expenses funded through reserve accumulation and related used of reserves.*



# Proposed Member Payments & Bill Impacts

## 2023 Payments (\$44.6M)

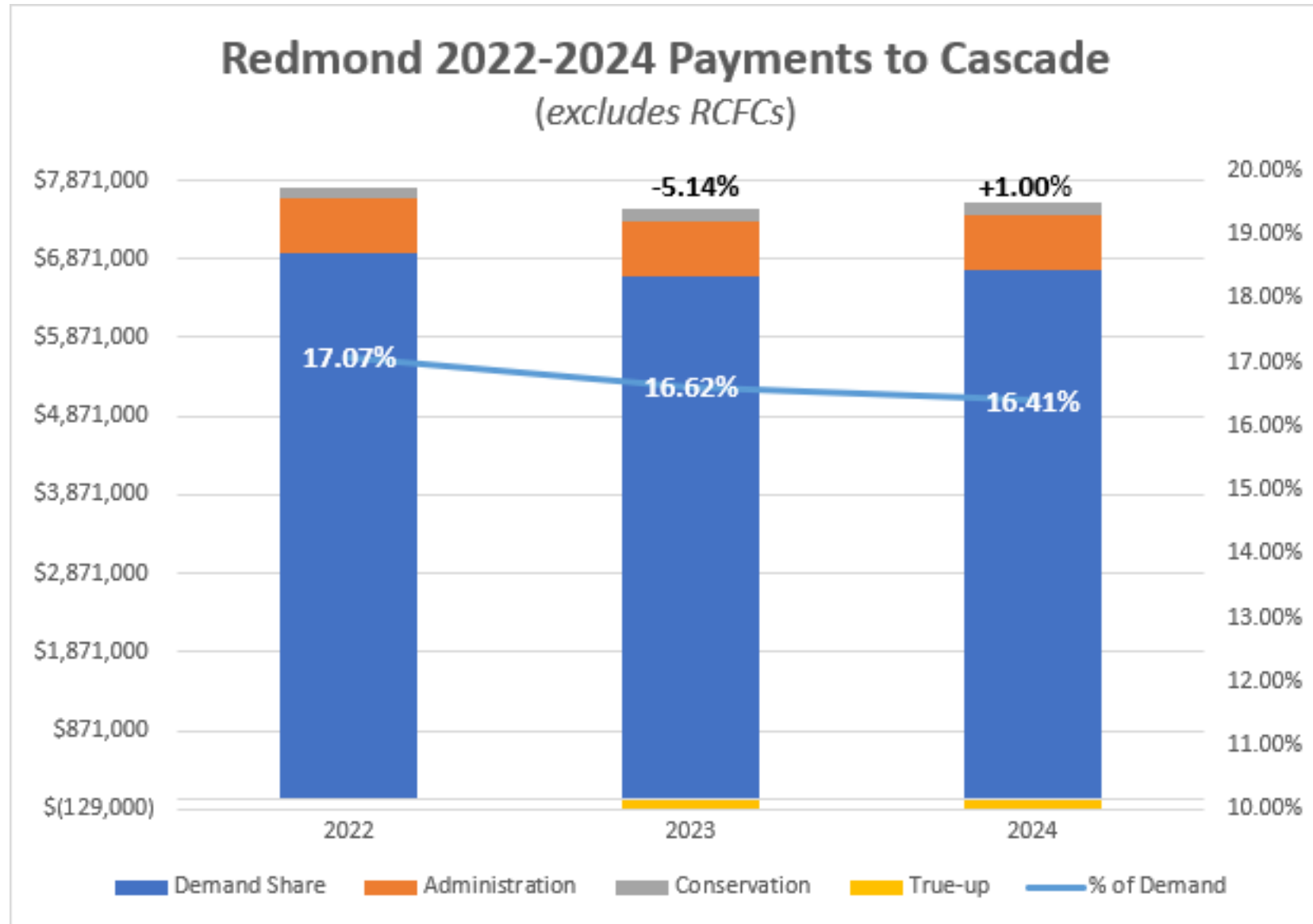


Payment to Cascade	2022 Charges	2023 Charges	Change from 2022	2024 Charges	Change from 2023
Redmond - City	\$7.78M	\$6.03M	-5.14%	\$6.07M	0.68%
Redmond - Novelty Hill	\$0	\$1.35M	n/a	\$1.38M	2.43%
<b>Total</b>	<b>\$7.78M</b>	<b>\$7.38M</b>	<b>-5.14%</b>	<b>\$7.45M</b>	<b>1.00%</b>

Estimated Customer Bill Impact per CERU	2023 Monthly Impact Per CERU	2024 Monthly Impact Per CERU
Redmond - City	(\$0.99)	\$0.12
Redmond - Novelty Hill	(\$0.99)	\$0.61

CERU = Cascade Equivalent Residential Unit

# Proposed Redmond Payments



# Actions Taken to Minimize Member Payments

## Expenditure Reductions

- Limited inflation to a few items.
- Cut 2023 O&M by \$581K.
- Reduced \$580K in debt service from prior refunding.
- Kept interest payments lower by maintaining AAA bond rating.

## Other

- Used operating reserves to fund SPU true-up and major infrequent expenses.
- Generated shared benefits funds for WSDF.
- Generated new source of revenue by installing Powerhouse solar panels.



# Upcoming Board Decisions

## **Member Charge Proposal**

*Revenue increase of 2.2% per year and related member charges.*

## **RCFC Proposal**

*Increase RCFC from \$6,950 to \$7,201 in 2023 and \$7,454 in 2024.*

## **Terms of Member Charges and RCFCs Proposal**

*Continue to adopt two years of member charges and RCFCs.*

Thank you for  
your time.

Any questions?

