

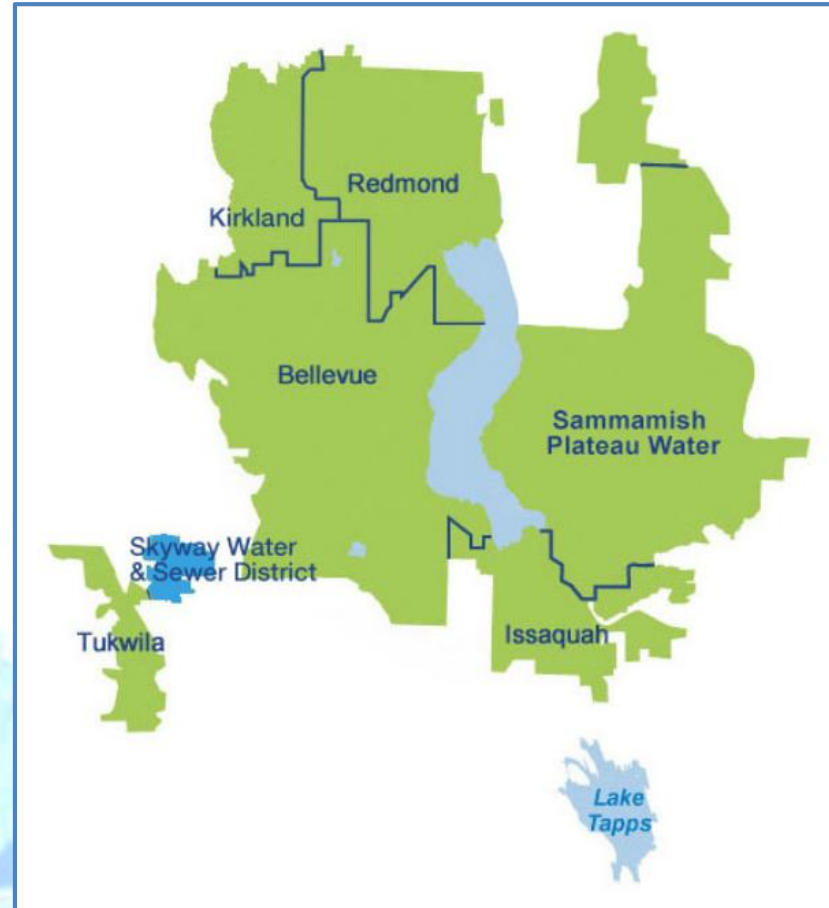


# Cascade Water Alliance

Redmond City Council  
March 24, 2020

# Cascade Water Alliance Highlights

- Cascade is one of the “big four” water suppliers in Central Puget Sound, along with Seattle, Everett, and Tacoma.
- Cascade is a regional wholesale water supplier to its seven members.
- Cascade provides a predictable long-term water supply that is critical for a growing economy and region.
- Cascade’s members serve some of the most prosperous areas in Washington
  - 380,000 residents and 20,000 businesses



# Key Dates in Cascade's History

- **1999** – Cascade created by interlocal agreement
- **2003** – Cascade signs contract with Seattle for a block of water (“take or pay”)
- **2009** – Cascade purchases Lake Tapps (\$76M)
- **2010** – Department of Ecology issues water right to Cascade for use of Lake Tapps as a municipal water source
- **2012** – Cascade becomes a municipal corporation

# Cascade Founding Principles

- A Voice and a Vote
- Dual Voting Structure
- Equitable and Equal Treatment
- Open Access to Cascade Water Supply
- Lean Organization
- Growth Pays for Growth
- Financial Strength and Stability



# Water Supply Goal

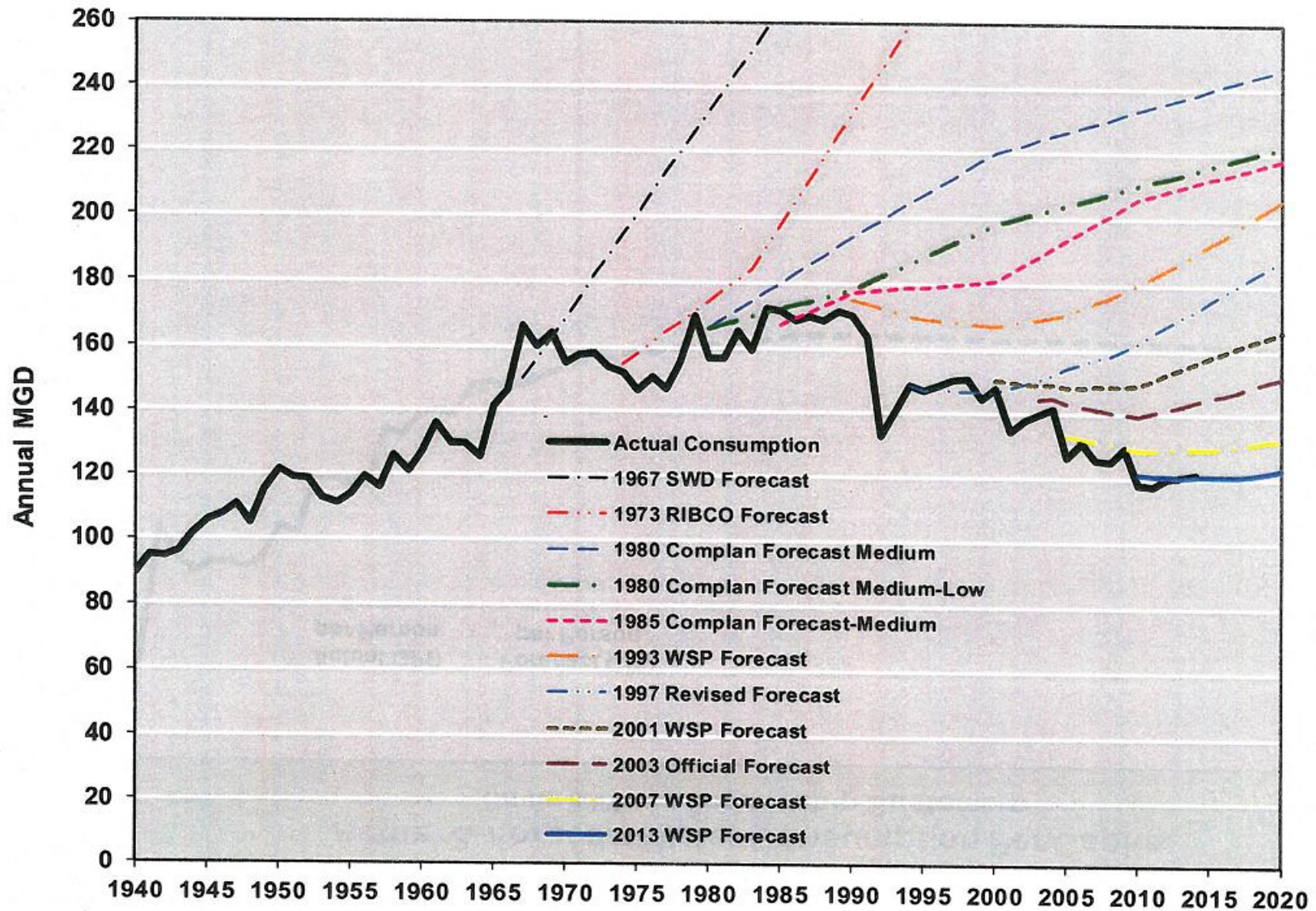
**“Certainty of Future Supply with a Flexible Supply Portfolio”**

- **Seattle** – Cascade currently purchases all its water from Seattle; contracted supply begins to decline in 2039 and ends in 2063.
- **Independent Supply** – All the Cascade Members except Bellevue, Kirkland, and Tukwila have their own independent groundwater supply, which is pledged to Cascade.
- **Lake Tapps** – Cascade owns Lake Tapps and has obtained a water right for municipal use when treatment and transmission facilities are constructed.
- **Tacoma** – Cascade currently has an option to purchase water from Tacoma if available.
- **Conservation/Efficiency Programs**

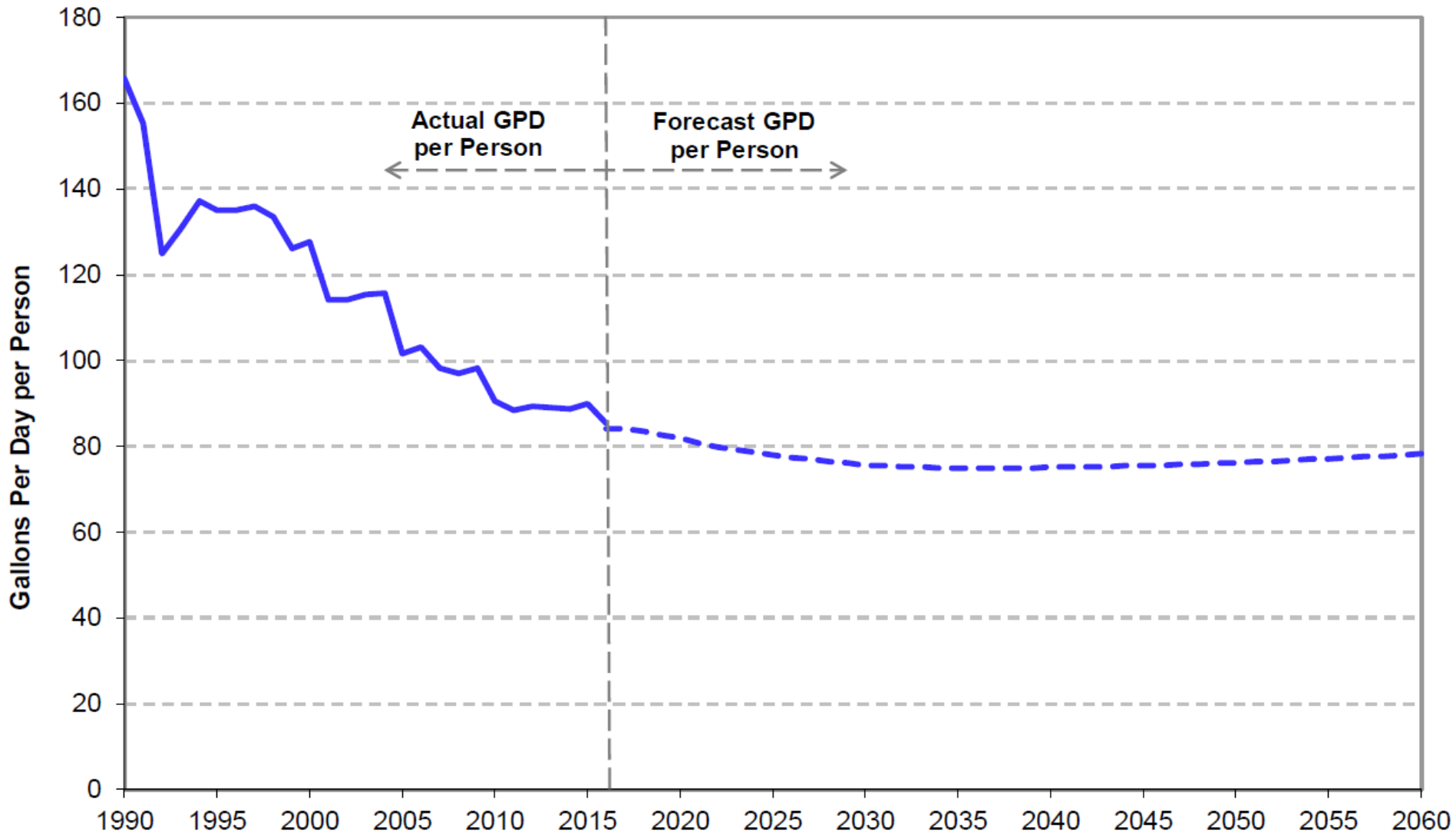
# Water Supply Trends



# Actual Water Demand Consistently Falls Below Forecast



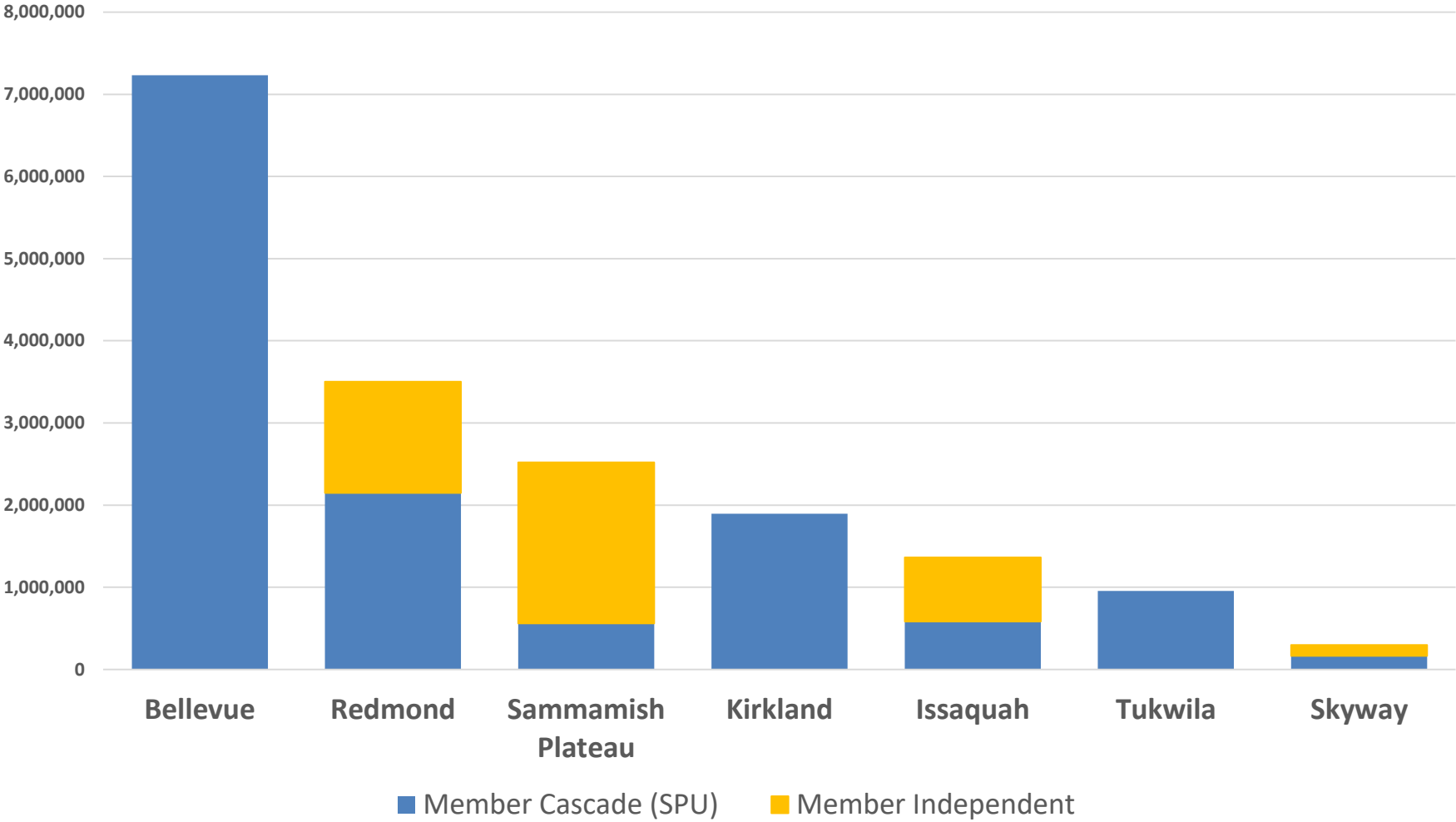
# Per Capita Water Consumption Continues to Decline





# 2018 Cascade Member Water Supply

## Cascade v. Independent Source (CCF)



# Financials



# Cascade Rate Structure

- **Administrative Dues**
  - Pay administrative costs, not to exceed 9% of budgeted revenue needs
  - Imposed based on member size, in Cascade Equivalent Residential Units (CERUs), regardless of amount of water taken
- **Conservation Charge**
  - Pays for conservation program
  - Imposed based on member size, in CERUs
- **Demand Share Charge (about 85% of revenue)**
  - Pays for supply and capacity costs and any other revenue requirements
  - Based on member demands for Cascade supply

# 2020 Cascade Member Rates

Member	Administrative Dues	Conservation Charges	Demand Share Charges	RCFCs*	Total	% of Total
Bellevue	\$ 1,299,865	\$ 322,734	\$ 19,751,277	\$ 2,312,450	\$ 23,686,326	46.46%
Redmond	\$ 647,226	\$ 160,695	\$ 6,579,129	\$ 1,982,100	\$ 9,369,150	18.38%
Kirkland	\$ 383,836	\$ 95,300	\$ 5,291,538	\$ 1,189,260	\$ 6,959,934	13.65%
Sammamish Plateau Water	\$ 474,619	\$ 117,840	\$ 1,137,858	\$ 2,312,450	\$ 4,042,767	7.93%
Issaquah	\$ 294,627	\$ 73,151	\$ 1,860,105	\$ 1,321,400	\$ 3,549,283	6.96%
Tukwila	\$ 163,957	\$ 40,708	\$ 2,548,385	\$ 99,105	\$ 2,852,155	5.59%
Skyway Water & Sewer District	\$ 75,729	\$ 18,802	\$ 398,709	\$ 33,035	\$ 526,275	1.03%
<b>Total</b>	<b>\$ 3,339,859</b>	<b>\$ 829,230</b>	<b>\$ 37,567,001</b>	<b>\$ 9,249,800</b>	<b>\$ 50,985,890</b>	<b>100%</b>

\*The RCFC charge listed is only an estimate. The actual charge will be based on the number of actual connections. For this example it is estimated that 1,400 overall RCFCs are collected by Cascade in 2020, including 300 from the City of Redmond.



# 2020 Cascade Revised Expenses and Revenue

Revised Expenses	2020
Debt Service	\$9,805,749
CIP	\$8,648,428
Water	\$22,920,840
Operating	\$8,100,545
Administrative	\$3,414,859
Conservation	\$804,229
Total	\$53,694,652

Revised Revenue	2020
Administrative Dues	\$3,339,859
Conservation Charges	\$829,230
Demand Share Charges	\$37,567,001
RCFC	\$9,249,800
Other	\$2,708,762
Total	\$53,694,652

# 2021-2022 Budget and Rate Development Process

January	February	March	April	May	June	July	August	September
2019 through Feb. 2020: update to strategic plan and adoption		Staff identifies budget drivers and prepares draft budget			Presentation to Board of policies, forecast, and high-level budget & rates	Reviews and refinements with member staff; budget & rates “locked in” July 1		Budget & rates adoption
		Member data due March 15	Finance & Management Committee and member staff budget & rates reviews			Finance & Management Committee final review and Board update		

# Member “Buy-Out” Payments

**Cascade membership requires buy-out to leave:**

- Based on costs incurred to serve
- Allocated to members based on projected share of payments
- Lump sum buy-outs reflect numerous major decisions already made
- Excludes all avoidable future costs (capital and operating)

<b><u>Projected 2021 Member Buy-outs</u></b>	<b>Member Charges Excluding RCFCs</b>	<b>RCFCs</b>	<b>Total</b>
Bellevue	\$414,601,362	\$81,652,818	\$496,254,180
Issaquah	\$56,155,992	\$46,658,753	\$102,814,745
Kirkland	\$117,834,705	\$41,992,878	\$159,827,583
Redmond	\$156,942,567	\$69,988,130	\$226,930,696
Sammamish Plateau WSD	\$53,743,907	\$81,652,818	\$135,396,725
Skyway WSD	\$8,492,474	\$1,166,469	\$9,658,943
Tukwila	\$49,487,658	\$3,499,406	\$52,987,064
<b>Total</b>	<b>\$857,258,663</b>	<b>\$326,611,272</b>	<b>\$1,183,869,935</b>

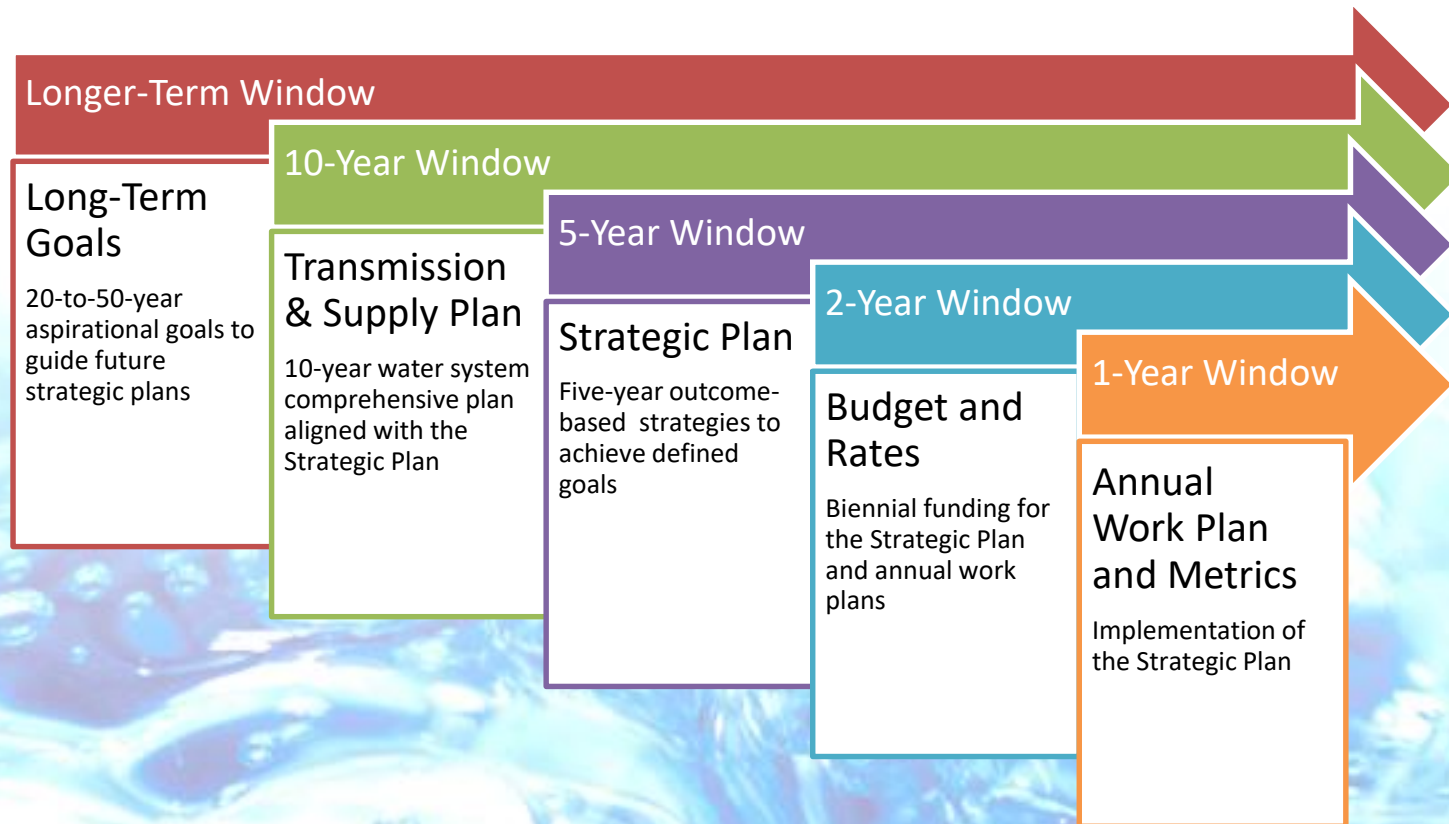
# 2020-2024 Strategic Plan





# Strategic Plan Overview

- Guides Cascade's work in 2020-2024
- Developed with Board and member staff input and review
- Aligned with near-term activities and long-term planning:



# Mission and Vision

## Mission

Cascade provides safe, clean and reliable water to our members in a cost-effective and environmentally responsible way through regional leadership and strong relationships.

## Vision

Create a lasting legacy by exemplifying a model for regional cooperation and effective public resource management.

# Value Statements

## Values

- **Quality.** We consistently provide members with cost-effective, efficient and valuable services.
- **Innovation.** We are forward-thinking, creative and nimble.
- **Transparency.** We foster public trust by being open, honest and thorough in our work.
- **Collaboration.** We develop effective partnerships to serve the region.
- **Sustainability.** We are committed to an environmentally-responsible and financially-sound business model.

# Focus Areas and Goals

Six ***focus areas*** with ***goals*** to achieve Cascade's mission:

- 1) Asset Management: Optimize Cascade's assets to support current and future needs.
- 2) Water Resources: Ensure flexibility, certainty and resiliency of Cascade's future drinking water supply for the region.
- 3) Environmental Stewardship: Protect the natural environment by advancing water resource stewardship and sustainable business practices.



# Focus Areas and Goals (cont.)

- 4) Regional Leadership: Lead, influence and serve as a convener on regional water-related issues and proactively maintain strong relationships to achieve the priorities of Cascade and its members.
- 5) Good Governance: Provide the most cost-effective services possible through Cascade's governance model of a small, efficient and nimble organization with engaged members and Board of Directors
- 6) Emerging Issues: Support members in addressing emergent priority issues while maintaining accountability to ratepayers.

Outcome-based ***strategies*** to achieve the goals.