

Cascade's Past and Present

Presentation to the Board
June 23, 2021

Cascade's Past

1999

Cascade formed as a non-profit corporation and watershed management partnership to provide members with a voice and a vote

2008 – 2010

- Agreements with Tribes, Lake Tapps Community and Four Cities
- Seattle contract block increased
- Lake Tapps Reservoir purchased
- Water rights issued based on Agreements

2012-2013

Contracts renegotiated with Seattle and Tacoma

2003 – 2005

- Seattle declining block contract signed
- Tacoma take-or-pay contract signed

2012

Cascade converts to a municipal corporation via state legislation and the Joint Municipal Utilities Services Agreement

Thru 2020

- \$25M-\$30M in infrastructure investments
- \$1.3M annually in programmatic investments (water efficiency, water quality, etc.)

Cascade's Past

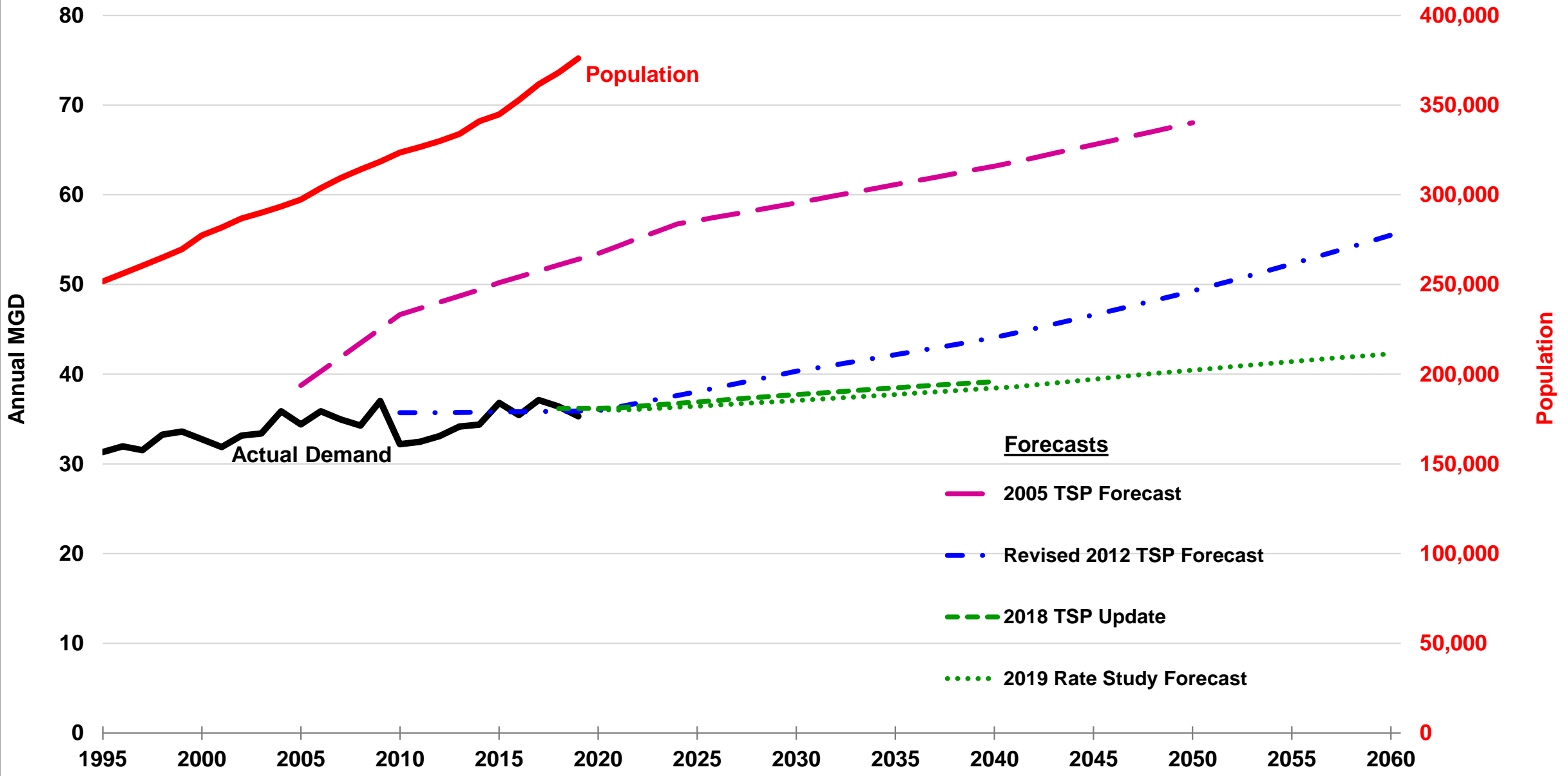
Key issues:

- The JMUSA requires Cascade to provide a full supply commitment to each member now and in the future; the JMUSA and Cascade Code call for a reliable, predictable and stable approach to supply development and funding.
- Past agreements impact Cascade's future supply decisions and govern Cascade's management of the Lake Tapps Reservoir pre- and post- development as a municipal source of supply.
- Business model: Use available regional wholesale supply contracts to “bridge” demand requirements until the Lake Tapps Reservoir water supply project (“Project”) is brought on-line; the Lake Tapps Reservoir option provides contracting leverage.
- Water right permits require construction of the Project to start by 12/31/2040 with full water use by 12/31/2060.
- Seattle contract caps supply at 33.3 MGD until 2039 then declining in 2040 and expiring in 2063. If no Seattle contract extension or new “bridge” contract, the Project will need to be operational by 2042.

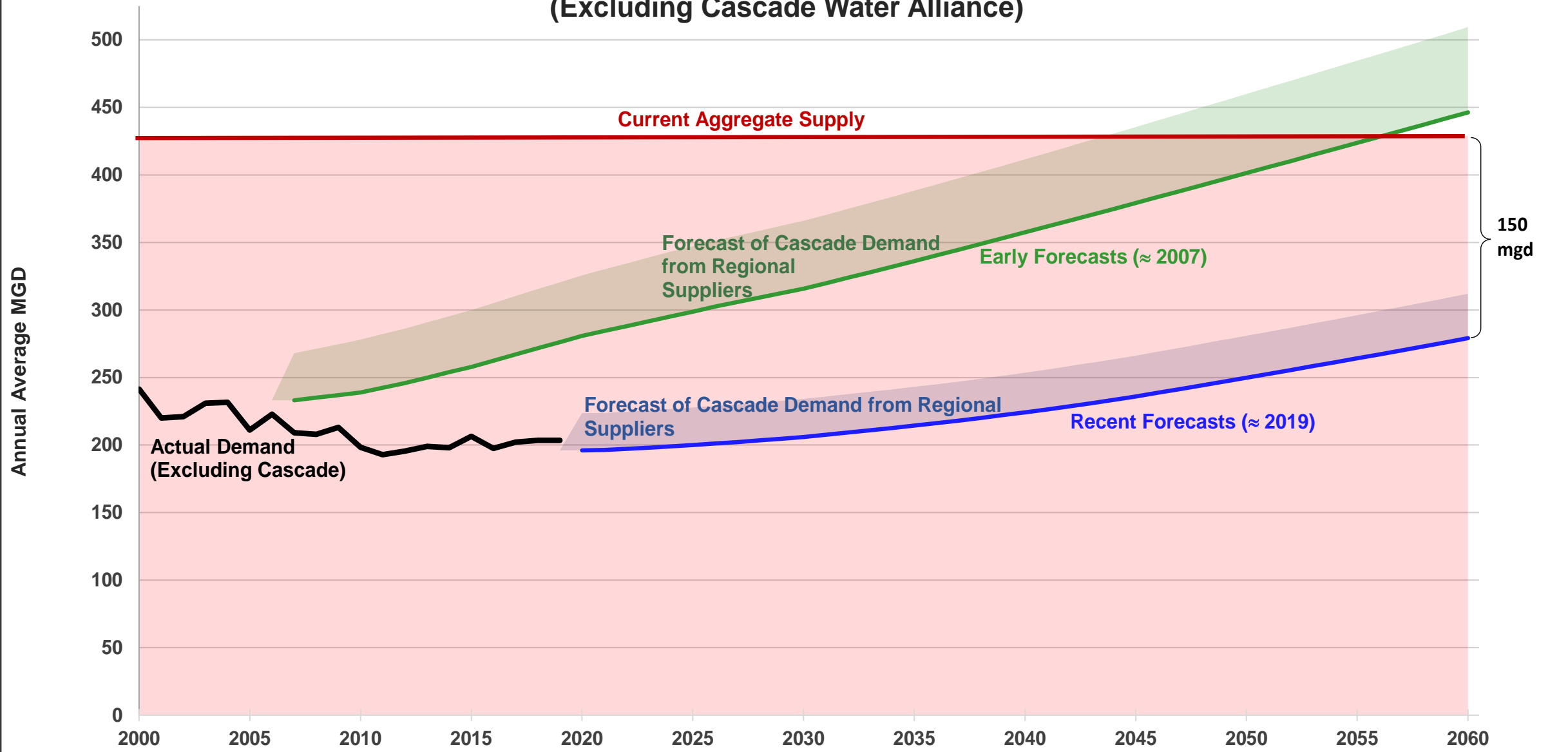
Cascade's Present

- Cascade's demand forecast has flattened in the past decade and the three-county regional supply and demand forecasts indicate ample supply in 2060 and likely beyond.
- If Cascade can extend its contract with Seattle or secure a new bridge contract with Tacoma and extend its water rights development schedule, it can defer developing the Project beyond 2042, yielding environmental and financial benefits, not only for Cascade but for the entire region.
- If delivery is taken from Tacoma, Cascade will need to build the necessary infrastructure.

Cascade Population, Actual Water Demand and Past & Current Forecasts

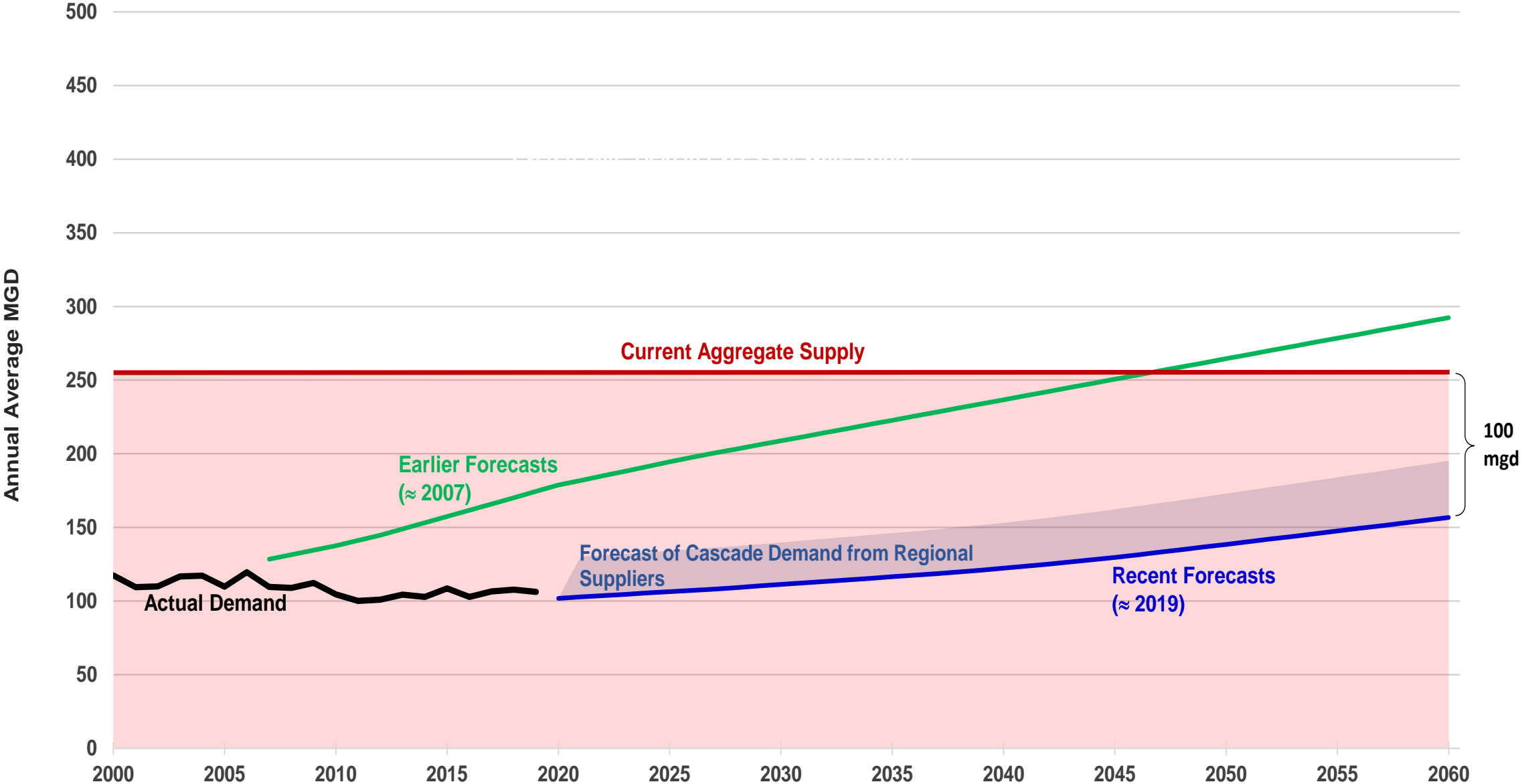


Seattle-Tacoma-Everett Aggregate Supply and Projected Demand (Excluding Cascade Water Alliance)



150
mgd

Tacoma-Everett Aggregate Supply and Projected Demand





Current & Projected Supply Capacity In Excess of Demand

(Average Annual MGD)

	2020	2030	2040	2050	2060
Seattle System					
2007 Forecasted Excess Supply Capacity	70	65	51	35	18
2019 Forecasted Excess Supply Capacity	78	77	70	61	50
Tacoma System					
2006 Forecasted Excess Supply Capacity	16	7	-2	-11	-20
2018 Forecasted Excess Supply Capacity	59	62	63	60	54
Everett System					
2007 Forecasted Excess Supply Capacity	63	42	23	4	-15
2021 Forecasted Excess Supply Capacity	96	84	71	59	46
Combined System Excess Capacity					
Earlier Forecast	148	113	72	28	-17
Most Recent Forecast	233	223	205	179	150
Excess Capacity for Tacoma and Everett Systems					
Earlier Forecast	78	48	20	-8	-35
Most Recent Forecast	155	146	135	118	100
Forecast of Cascade Demand from Regional Suppliers					
2005 Forecasted Demand (net of members' own supplies)	45	50	54	59	63
2019 Forecasted Demand (net of members' own supplies)	26	28	29	31	33

Cascade's Present Continued

- Strategies to defer developing the Project:
 - Reached out to Seattle to discuss contract extension.
 - Beginning to explore new bridge contract with Tacoma.
 - Requesting a development schedule extension with Ecology.
- Meanwhile, continue to make investments to meet regulatory requirements and operating agreements while preparing for future municipal water use:
 - \$30M planned for 10-year CIP for dike improvements, valves replacement, and other infrastructure improvements.
 - Continue to invest in water efficiency, water quality, and vegetation management.
 - Make new investments that are beneficial today and potentially in the future, such as solar power.
- Continue to manage the Lake Tapps Reservoir, under water right conditions and agreements, to meet regional public interests, as directed by the Board, such as Sumner and Ecology potentially purchasing small amounts of Cascade's water as mitigation for other water rights.

Cascade's Present Continued

- Continue to implement sound financial strategies, such as the Water Supply Development Fund (WSDF), to pay for the Project or other water supply needs.
 - The WSDF is a structured means to accumulate cash from RCFCs, rates, and other revenue streams to meet Cascade's 20% equity (cash) fiscal policy requirement.
- Members may opt out of Cascade but need to pay their allocable share of costs:

Projected 2020- 2100 Member Opt-Out Payments (Present Value Summary @ 5.75%)			
Member	Member Charges Excluding RCFCs	RCFCs	Total
Bellevue	\$339,792,081	\$17,521,665	\$357,313,747
Issaquah	\$42,561,826	\$10,125,855	\$52,687,681
Kirkland	\$94,540,371	\$9,113,270	\$103,653,641
Redmond	\$125,068,161	\$13,997,294	\$139,065,455
Sammamish Plateau Water	\$37,931,783	\$17,521,665	\$55,453,448
Skyway WSD	\$7,181,540	\$253,146	\$7,434,686
Tukwila	\$41,199,197	\$759,439	\$41,958,636
Total	\$688,274,959	\$69,292,334	\$757,567,294

June 30th Workshop

Main topics for discussion:

- Future water supply scenarios.
- Costs associated with the supply scenarios.
- Implications for the Water Supply Development Fund (WSDF).
- Key issues regarding the WSDF.
- Direction from the Board on supply options to pursue and establishing the WSDF.

QUESTIONS?

