



# 2023-2024 Adopted Budget

December 17, 2022



Water for today...  
and tomorrow

## CASCADE WATER ALLIANCE BOARD OF DIRECTORS



**Penny Sweet**  
Board Chair  
Mayor,  
City of Kirkland

**Jeremy Barksdale**  
Councilmember,  
City of Bellevue



**Lloyd Warren**  
Vice President,  
Sammamish Plateau Water



**Mary Lou Pauly**  
Mayor,  
City of Issaquah



**Jon Ault**  
President,  
Skyway Water & Sewer District



**Angela Birney**  
Board Secretary/Treasurer  
Mayor,  
City of Redmond



**Allan Ekberg**  
Mayor,  
City of Tukwila



### Alternate Board Members

**John Stokes**, Councilmember, City of Bellevue  
**Russell Joe**, Councilmember, City of Issaquah  
**Jon Pascal**, Councilmember, City of Kirkland  
**Jeralee Anderson**, Council Vice President, City of Redmond

**Ryika Hooshangi**, President, Sammamish Plateau Water  
**C. Gary Schulz**, Vice President, Skyway Water & Sewer  
**Kate Kruller**, Councilmember, City of Tukwila



## CASCADE WATER ALLIANCE AT A GLANCE

The Cascade Water Alliance (Cascade) is a municipal corporation comprised of five member cities (City of Bellevue, City of Issaquah, City of Kirkland, City of Redmond and City of Tukwila) and two water and sewer districts (Sammamish Plateau Water and Skyway Water & Sewer District). Cascade was established in 1999 to ensure safe, clean, reliable water supply for its members.

Cascade's conservation measures have saved millions of gallons of water, delaying the need to develop new sources of water supply well into the future. To be prepared for that need, in 2009 Cascade purchased the White River-Lake Tapps Reservoir system for use as a future municipal drinking water supply.

Today Cascade provides water to 380,000 people and more than 20,000 businesses in a cost-effective and environmentally responsible manner.

Cascade is governed by a board of directors consisting of representatives appointed by resolution from each member's legislative authority. Members may similarly appoint alternate board members. Additionally, each board member and each alternate board member must be elected officials of the members.



### Cascade Members

- Bellevue. Bellevue is the fifth largest city in Washington, with a population of 150,200. It is the Eastside's high-tech and retail center.
- Issaquah. This one-time logging and mining village has become the northwest destination for living, working, playing and doing business in the 21st Century. Issaquah serves a population of 32,600.
- Kirkland. Kirkland is a place of history, nature and metro 'lifestyling' in which to live, work, visit and play, serving over 61,300.
- Redmond. Redmond is known for its natural beauty, 34 parks, over 25 miles of trails and first-class places to shop or stay and dine. It serves a population of 76,000.
- Sammamish Plateau Water. The District serves more than 64,800 residents in Sammamish, Issaquah and areas of unincorporated King County.
- Skyway Sewer & Water District. Located in the West Hill area of unincorporated King County, Skyway serves water to over 11,100 residences and sewer to 18,100.
- Tukwila. Tukwila's central location at the crossroads of Interstate 5 and 405 makes it an ideal site for commerce. The city serves a population of over 9,400.

This document was prepared by Christopher Paulucci, Finance and Administration Manager, and Melina Thung, Chief of Staff, with special thanks to Ray Hoffman, Ed Cebon and Paula Anderson. Questions or requests for information should be addressed to:

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# INTRODUCTORY SECTION

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## TRANSMITTAL LETTER

December 16, 2022

Cascade Water Alliance Board Members, Alternate Board Members and Member Staff:

We are pleased to present to you the 2023-2024 Cascade Water Alliance (Cascade) budget that was adopted by the Cascade Board on September 28, 2022, by Resolution No. 2022-15. The budget establishes the financial plan to continue the delivery of safe, reliable, and clean water in a cost-effective and environmentally responsible way to Cascade's members.

Cascade's 2023-2024 budget was built from the "ground-up", starting with the Board-approved goals and strategies listed in Cascade's [2020-2024 Strategic Plan](#). Staff identified projects and activities that would help achieve the goals and allocated budget resources to ensure their success. These projects and activities have also been included in Cascade's annual work plan along with performance measures to track progress towards the strategic goals. The Departmental Information section of this Budget Book shows the interconnection of the Strategic Plan, performance measures, annual work plans, and budget.

The 2023-2024 budget also funds Cascade's ongoing core services, many of which are not specifically called out in the Strategic Plan:

- Operation and maintenance of the White River-Lake Tapps Reservoir system, the Bellevue-Issaquah Pipeline, and meters;
- Investments in infrastructure replacement and improvements;
- Engagement with member communities and schools to provide information, tools and resources to promote water efficiency;
- Management of Cascade's external affairs programs, legislative activities, and general community relations and outreach with the Tribes, Lake Tapps community, government agencies, and other stakeholders;
- Provision of core support services including financial management, economic analysis, property management, and general administration; and
- Payments to Seattle and Tacoma for water supply.

Cascade took several steps to manage costs while maintaining service levels. In developing the initial budget proposal, only a few operations and maintenance (O&M) budget line items were inflated, such as wages, benefits, and the Lake Tapps operator's contract. The vast majority of non-labor budget items remained at 2022 levels. In addition, Cascade reduced its external attorney fees by bringing general counsel services in-house and reduced the 2023 debt service by refinancing the 2009B bonds.

Cascade’s 2023-2024 budget identifies sources and amounts of anticipated revenue, allocates revenues to Cascade’s five funds and establishes the 2023-2024 expenditure authority (appropriation authority). Expenditures from the funds support Cascade’s anticipated activities during 2023 and 2024. The adopted 2023-2024 budget’s estimated resources and expenditure authority is shown in Table 1.

**Table 1. Appropriation Authority**

Fund	2023 Appropriation Authority	2024 Appropriation Authority
Operating	\$52,431,642	\$54,246,578
Water Supply Development	\$9,398,647	\$11,370,104
Rate Stabilization	\$2,181,498	\$2,290,715
Construction	\$26,125,333	\$24,298,926
Bond	\$22,502,171	\$23,170,942
<b>Total</b>	<b>\$112,639,291</b>	<b>\$115,377,264</b>

Cascade’s authorized estimated revenues for 2023 and 2024 are shown in Table 2 below alongside the 2022 authorized revenue estimate. Administrative dues, conservation charges and demand share charges are assessed to members and total \$44,551,715 in 2023 and \$45,531,853 in 2024, an average rate increase of 2.2% per year. This is consistent with the rate increases that were projected in the last biennium and well below the inflation rate. The primary rate drivers are payments to Seattle in 2023 and a final principal debt service payment in 2024.

Members also pay regional capital facilities charges (RCFCs), which are variable and based on actual, new connections. The 2023 and 2024 RCFCs increased from \$6,950 to \$7,201 and \$7,454, respectively.

**Table 2. Revenue Summary**

Revenue Source	2022 Estimated Revenue	2023 Estimated Revenue	2024 Estimated Revenue
Administrative Dues	\$3,741,337	\$3,776,170	\$3,706,551
Conservation Charges	\$744,873	\$793,621	\$800,515
Demand Share Charges	\$39,106,467	\$39,981,924	\$41,024,787
Regional Capital Facilities Charge (RCFC)	\$7,110,364	\$9,561,469	\$9,890,512
Other	\$1,222,146	\$1,624,410	\$1,746,870
<b>TOTAL REVENUE</b>	<b>\$51,925,187</b>	<b>\$55,737,594</b>	<b>\$57,169,235</b>

Cascade’s 2023 and 2024 adopted budgets are summarized in Table 3. The adopted biennial budget is identical to the proposed budget, as the Board did not request any modifications. The focus over the next two years is providing Cascade’s core services as efficiently as possible and investing in infrastructure improvements, such as the Headworks Intake Modifications project. In addition, top priorities include: continued contract negotiations with Seattle and Tacoma for water supply; continued



collaboration with Sumner and BNSF on the Sumner White River Restoration/BNSF Railroad Staging Tracks project; analysis of the impacts climate change may have on Cascade's long-term supply; and establishment of Board policies for water quality investments.

**Table 3. Budget Summary**

Program	2022 Adopted Budget	2023 Adopted Budget	2024 Adopted Budget
Administration	\$3,858,337	\$3,915,869	\$3,808,870
Conservation	\$839,874	\$798,115	\$805,754
Operations	\$5,682,685	\$6,158,568	\$6,434,135
Debt Service	\$9,779,981	\$9,199,941	\$10,795,666
Water Payments	\$22,730,886	\$23,969,287	\$24,402,498
<b>Total Operations &amp; Maintenance (O&amp;M) Budget</b>	<b>\$42,891,763</b>	<b>\$44,041,780</b>	<b>\$46,246,923</b>
Capital Improvement (CIP)	\$9,135,463	\$10,519,972	\$13,431,872
<b>TOTAL BUDGET</b>	<b>\$52,027,226</b>	<b>\$54,561,752</b>	<b>\$59,678,795</b>

*Note: Due to rate smoothing, reserve requirements, interfund transfers, and prior year adjustments, revenue in any year will not exactly match the budget.*

The major differences between the 2022, 2023 and 2024 O&M budgets are listed below.

- Administration: Increases are largely driven by wages due to the high cost-of-living adjustment and rental costs for the new office that Cascade will move into in April 2023. These increases are offset by reducing external attorney fees as a result of bringing general counsel services in-house.
- Conservation: Cascade cut staffing costs in 2023 and 2024 in its water efficiency program without impacting services to members.
- Operations: Staff wages and payments to the Lake Tapps Operator reflect higher inflation. In addition, the biennium budget now includes funding for planning and analytical work that's needed to develop future capital improvement programs.
- Debt Service: The decrease in 2023 is a result of the Bond refunding in 2019 and 2020. The 2024 increase is a one-time blip in the debt repayment schedule that resulted from the refunding.
- Water Payments: Seattle's true-up costs and annual payments are driving higher water payments in both 2023 and 2024.

The CIP is funded by bond proceeds and RCFC revenue. It covers the costs of water contract payments to Tacoma and Seattle, a contingency for emergencies and unforeseen needs, and specific projects. The majority of project funds in the 2023 CIP are allocated to the Headworks Intake Modifications Project in the Upper Conveyance Program. In 2024, Cascade makes its final \$5,000,000 payment to Seattle.

In terms of staff expenses, Cascade's staffing for 2023-2024 is projected to remain at the 2022 level of 12 employees. This translates to 10.35 full-time equivalents, since several employees work on a part-time basis. A continued small organization enables Cascade to remain nimble and adapt to emerging issues while meeting members' priority needs.

## 2023-2024 Adopted Budget



Preparing the budget is a difficult task. We would like to thank the Board of Directors and the Finance & Management Committee for its careful review, thoughtful participation, and guidance throughout the budget development process.

Respectfully submitted,

A handwritten signature in black ink that reads "Ray Hoffman".

Ray Hoffman  
Chief Executive Officer

A handwritten signature in black ink that reads "Christopher N. Paulucci".

Christopher N. Paulucci CPA CGMA  
Finance and Administration Manager

A handwritten signature in black ink that reads "Melina Thung".

Melina Thung  
Chief of Staff

## CASCADE'S HISTORY

In 1999, several cities and water districts in the eastside of King County joined together to create Cascade Water Alliance (Cascade) via an Interlocal Contract. The Interlocal Contract was amended in 2004 and superseded by a Joint Municipal Utilities Services Agreement (JMUSA) in 2012. Cascade's primary mission was to acquire water to meet the current and future demand of its members and it was given the responsibility to:

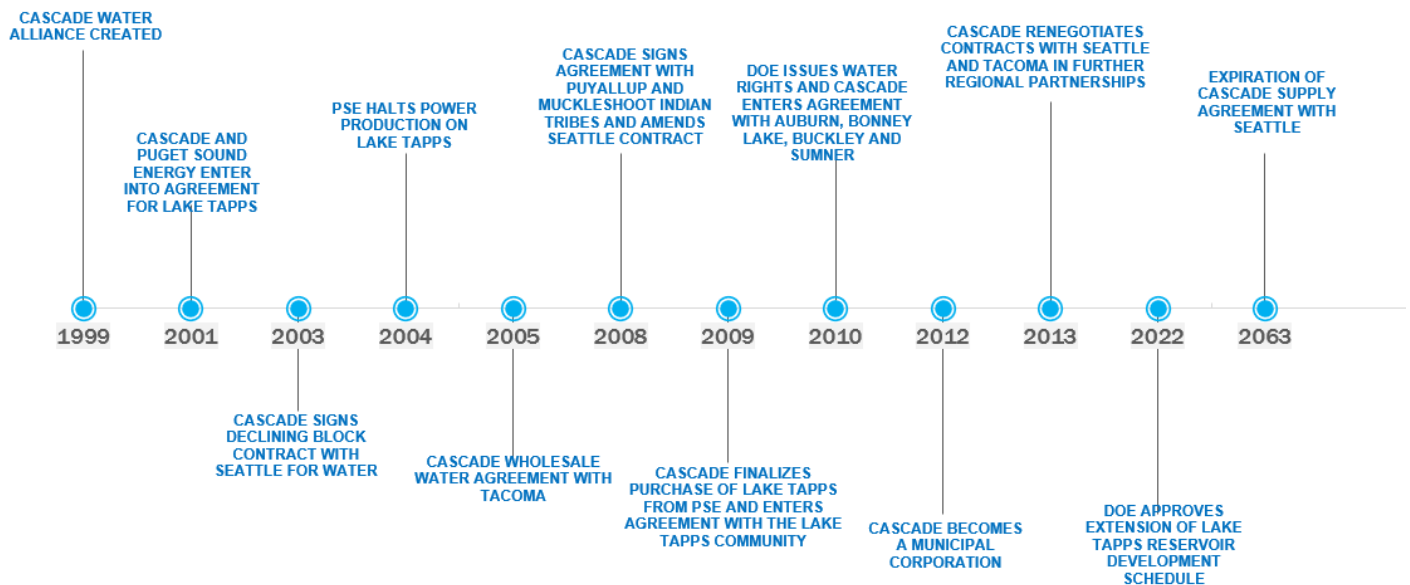
- Purchase wholesale water from other regional suppliers
- Coordinate conservation and supply management
- Acquire, construct, and manage water supply infrastructure
- Foster regional water planning that provides adequate water for both people and fish

Four main sources of water supply are described in Cascade's 2012 Transmission and Supply Plan:

- The Block Contract with Seattle
- Purchase of water from Tacoma
- Development of the Lake Tapps Reservoir as a municipal water supply source
- Independent water supplies

Cascade's water supply plan also heavily relies on cost-effective conservation efforts to reduce regional demand and the development of new water sources.

A summarized chronology of Cascade's history is shown below.



## STRATEGIC PLAN

Cascade's 2020-2024 Strategic Plan (Plan) is a guide to meet Cascade and members' priorities over a five-year period. The last Plan was developed in 2011. The updated Plan was developed in collaboration with the Board of Directors and member staff who provided input on all aspects of the Plan. Because Cascade does not have retail customers, the public was not involved in the Plan's development or review of the Plan. The Board formally adopted the Plan on February 26, 2020.

The foundations of the Plan are Cascade's mission, vision and value statements. These were first established in 2011 and had not been updated since then.

### Mission

Cascade provides safe, clean and reliable water to our members in a cost-effective and environmentally responsible way. To accomplish this, Cascade will:

- Invest in Cascade's assets and infrastructure
- Protect, enhance and steward water resources
- Lead, influence and convene regional issues and maintain strong relationships
- Ensure Cascade's financial efficiency and stability

### Vision

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

### Values

1. Provide high quality member service
2. Foster forward-thinking and innovation
3. Commit to teamwork, collaboration and transparency
4. Commit to a sustainable business and environmental strategy
5. Promote public trust



*Photo courtesy of Janice Thomas.*





The pillars of the Plan are long-term goal statements in six focus areas. The focus areas and goals reflect the main groupings of Cascade’s work over the next five years and were revised from the 2011 Plan. Each focus area includes several outcome-based strategies to meet the defined goals. The 2020-2024 Strategic Plan can be found in its entirety on [Cascade’s website](#).

1. **Focus Area 1: Asset Management**

Goal: Optimize Cascade’s assets to support current and future needs.

2. **Focus Area 2: Water Resources**

Goal: Ensure flexibility, certainty and resiliency of Cascade’s future drinking water supply for the region.

3. **Focus Area 3: Environmental Stewardship**

Goal: Protect the natural environment by advancing water resource stewardship and sustainable business practices.

4. **Focus Area 4: Regional Leadership**

Goal: 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.

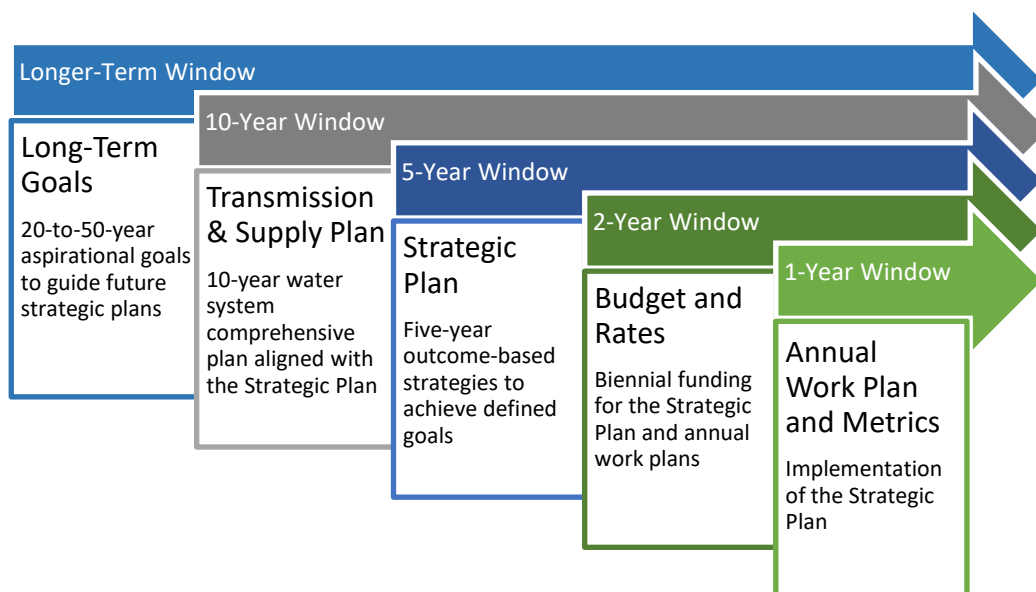
5. **Focus Area 5: Good Governance**

Goal: 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. **Focus Area 6: Emerging Issues**

Goal: Support members in addressing emergent priority issues while maintaining accountability to ratepayers.

The Plan is aligned with near-term activities and long-range planning to serve members today and tomorrow. Specific actions that implement the focus area strategies, as well as performance measures to track the Plan’s progress, are included in Cascade’s work plan, found in the Appendix.

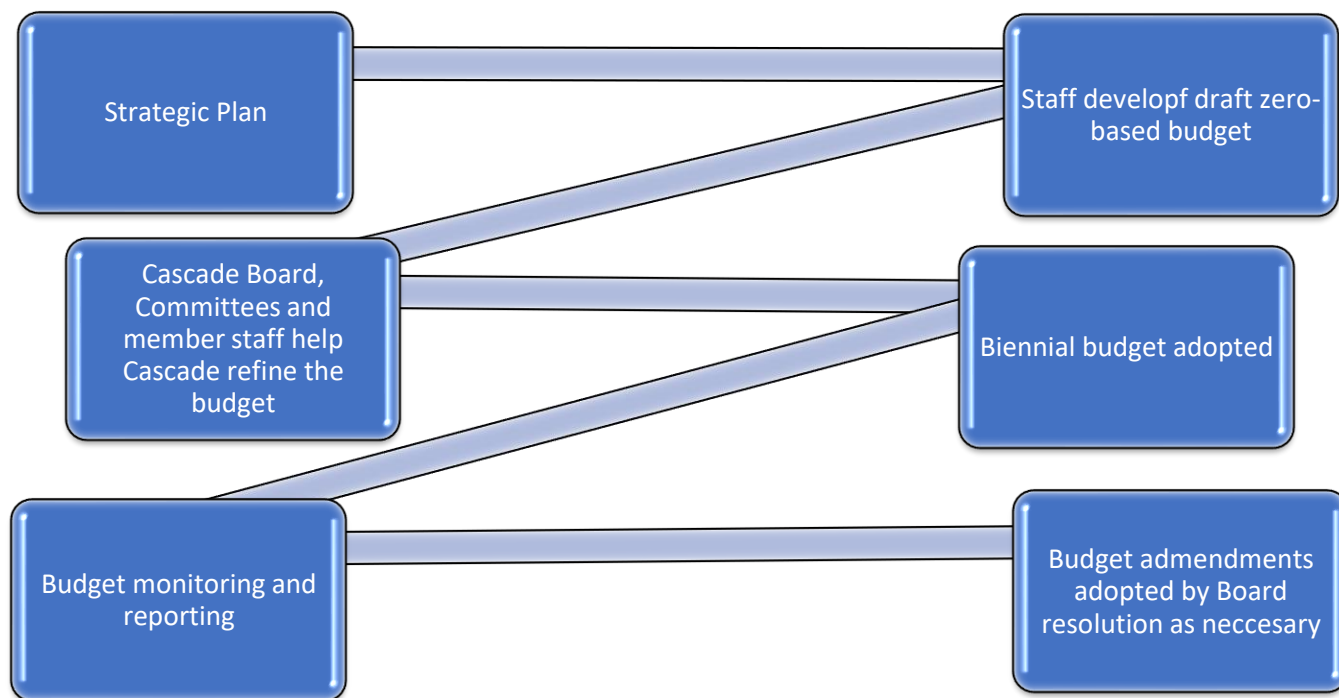


## 2023-2024 BUDGET PROCESS

The 2023-2024 budget process began early in 2022 with a review of the adopted 2020-2024 Strategic Plan (Plan) and updates to Cascade work plans. Cascade staff then began a zero-based budget process using the Plan as a guide for the Board's priorities. Budget resources were allocated to ensure the success of the strategic goals identified in the Plan. Then, other work plan resources, not specifically listed in the Plan, related to short-term operational needs at the White River project and other exigencies were added. Finally, budget resources were added for the overhead required to support the programmatic functions.

Cascade staff refined the budget and discussed it with the Board, the Finance & Management Committee, and member staff, multiple times. Draft proposals were presented to the Board and Finance & Management Committee in June and July, and their feedback was incorporated into the final proposed budget. Because Cascade does not have direct retail customers, the public was not directly involved in the budget review process. However, the Board and Finance & Management Committee meetings were open to the public and were consistently attended by Board and alternate Board members, Cascade staff and member agency staff.

The Strategic Framework section of this Budget Book describes the interconnection between the Strategic Plan and budget.



## 2023-2024 Adopted Budget

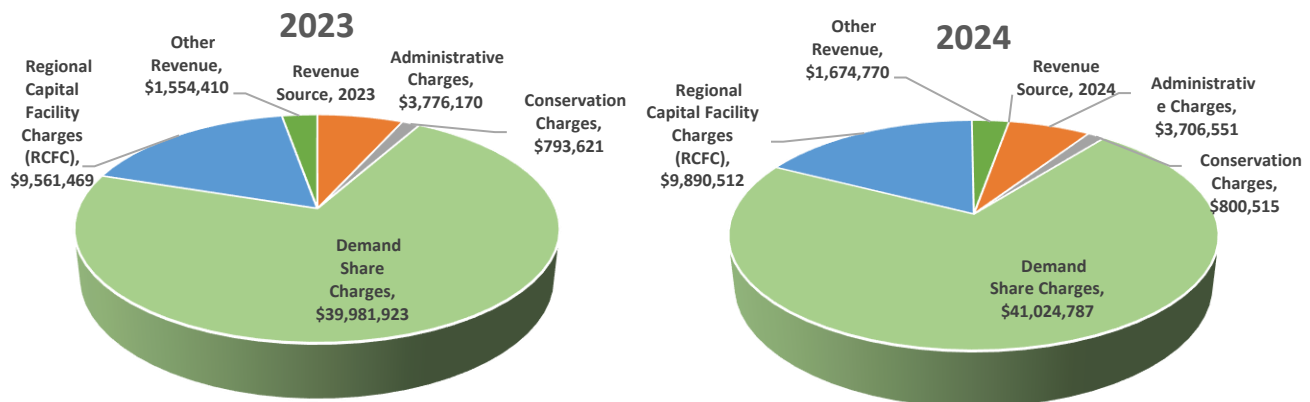
Between July and August, Cascade visited the councils of several member agencies to present the proposed budget and answer questions. On September 28, 2022, Cascade's Board adopted the 2023-2024 budget, the 2023-2024 member rates and charges, and the 2023-2024 RCFC rates.

If necessary, after adoption, Cascade's Board can amend the budget by Board action to reflect material changes in anticipated revenues or expenditures.

January	February	March	April	May	June	July	August	September
Internal review of strategic plan and update to work plans.		Staff identification of budget drivers and preparation of the draft budget			Presentation to Board of policies, forecast, and high-level budget and rate proposals	Final review at Board meeting and member agency presentations		Board adoption of budget and rates
		Member data due March 15	Finance & Management Committee and member staff budget and rates reviews			Finance & Management Committee review and Board update		Finance & Management Committee review and discussion

## BUDGET IN BRIEF

### Sources (Revenue)

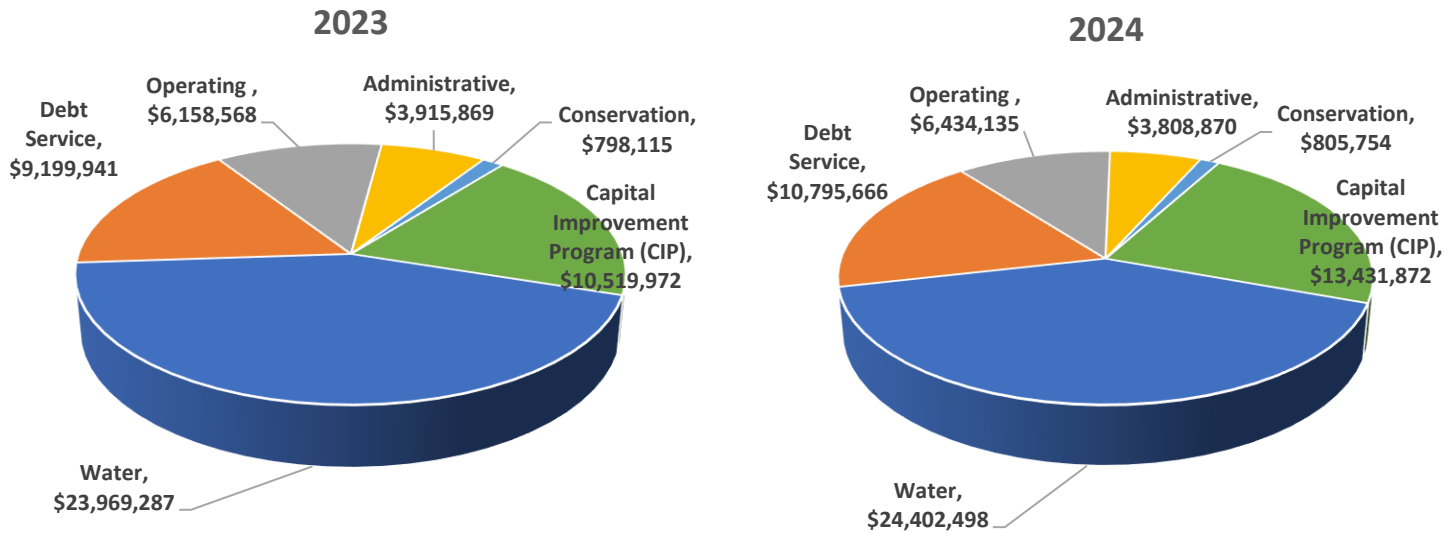


Revenue Source	2023	2024
Administrative Charges	\$3,776,170	\$3,706,551
Conservation Charges	\$793,621	\$800,515
Demand Share Charges	\$39,981,923	\$41,024,787
Regional Capital Facility Charges (RCFC)	\$9,561,469	\$9,890,512
Other Revenue	\$1,554,410	\$1,674,770
<b>Total Revenue</b>	<b>\$55,667,593</b>	<b>\$57,097,136</b>



## 2023-2024 Adopted Budget

### Uses (Budget)



Budget Program	2023	2024
Water	\$23,969,287	\$24,402,498
Debt Service	\$9,199,941	\$10,795,666
Operating	\$6,158,568	\$6,434,135
Administrative	\$3,915,869	\$3,808,870
Conservation	\$798,115	\$805,754
<b>Total O&amp;M Budget</b>	<b>\$44,041,780</b>	<b>\$46,246,923</b>
Capital Improvement Program (CIP)	\$10,519,972	\$13,431,872
<b>Total Budget</b>	<b>\$54,561,752</b>	<b>\$59,678,795</b>

# FINANCIAL STRUCTURE AND POLICY

## LONG-RANGE FINANCIAL FORECAST

Cascade's rate model projects rates up to 80 years in the future. The forecast is used to guide future strategic plans and decisions. A long-range future forecast is essential to Cascade because the future development of Lake Tapps for water supply will take a decade and over a billion dollars, while supply contract extensions defer capital outlays. Therefore, being able to properly time the construction of Lake Tapps to minimize the impact on customers is key. The bulk of Cascade's O&M budget is the purchased water from Seattle. The long-range forecast projects a general inflation of 3%, a construction cost inflation of 3.5% and stable rate trends. Below is a snapshot of the long-range forecast through 2032.

### Summary of Key Variables & Outcomes

Key Variables	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
General Inflation (CPI)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Construction Cost Inflation	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Fund Interest Earnings Rate	1.00%	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%	3.00%
Long-Term Debt Interest Rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Assumed Term of Long-Term Debt	30 Years	30 Years	30 Years	30 Years	30 Years	30 Years	30 Years	30 Years	30 Years	30 Years
System Reinvestment Funding:										
Target Funding Level (% of Asset Value)	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Amount Funded	\$ 1,096,264	\$ 1,163,299	\$ 1,213,380	\$ 1,273,145	\$ 1,323,007	\$ 1,371,078	\$ 1,423,066	\$ 1,447,084	\$ 1,471,111	\$ 1,496,686

### Operating Expense Summary

Purchased Water	\$ 23,969,286	\$ 24,402,498	\$ 24,905,415	\$ 25,648,897	\$ 26,418,364	\$ 27,210,915	\$ 28,027,242	\$ 29,747,791	\$ 30,640,225	\$ 31,559,432
Penalties	-	-	-	-	-	-	-	-	-	-
Other O&M	6,097,162	6,370,749	6,518,096	6,758,728	6,915,049	7,170,334	7,336,175	7,607,007	7,782,948	8,070,274
Administrative Expenses	3,716,171	3,646,551	3,681,015	3,868,626	3,905,189	4,104,225	4,143,015	4,354,173	4,395,324	4,619,342
Conservation Expenses	793,622	800,515	824,530	849,266	874,744	900,987	928,016	955,857	984,532	1,014,068
Capitalizable Expenses	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 34,576,241</b>	<b>\$ 35,220,313</b>	<b>\$ 35,929,057</b>	<b>\$ 37,125,517</b>	<b>\$ 38,113,346</b>	<b>\$ 39,386,461</b>	<b>\$ 40,434,449</b>	<b>\$ 42,664,828</b>	<b>\$ 43,803,030</b>	<b>\$ 45,263,116</b>

### Capital Funding Summary

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Capital Improvement Program:										
Total Capital Expenditures	\$ 12,044,972	\$ 13,406,872	\$ 10,016,209	\$ 11,953,033	\$ 9,972,394	\$ 9,614,342	\$ 10,397,586	\$ 4,803,628	\$ 4,805,342	\$ 5,114,942
Capital Funding Strategy:										
Capital Reserves (Including RFCs)	\$ 12,044,972	\$ 13,345,115	\$ 10,016,209	\$ 10,522,590	\$ 9,538,514	\$ 9,614,342	\$ 10,397,586	\$ 4,803,628	\$ 4,805,342	\$ 5,114,942
Member Contributions	-	-	-	-	-	-	-	-	-	-
PWTF Loan Proceeds	-	-	-	-	-	-	-	-	-	-
Revenue Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Total	\$ 12,044,972	\$ 13,345,115	\$ 10,016,209	\$ 10,522,590	\$ 9,538,514	\$ 9,614,342	\$ 10,397,586	\$ 4,803,628	\$ 4,805,342	\$ 5,114,942
<b>Capital Funding Surplus (Deficit)</b>	<b>\$ -</b>	<b>\$ (61,756)</b>	<b>\$ -</b>	<b>\$ (1,430,443)</b>	<b>\$ (433,880)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Debt Principal Outstanding	\$ 85,795,000	\$ 77,585,000	\$ 70,640,000	\$ 63,400,000	\$ 55,865,000	\$ 48,040,000	\$ 39,930,000	\$ 34,530,000	\$ 28,955,000	\$ 23,290,000
Annual Debt Service	\$ 9,238,507	\$ 10,834,035	\$ 9,262,762	\$ 9,222,041	\$ 9,221,141	\$ 9,215,741	\$ 9,207,966	\$ 6,253,091	\$ 6,252,191	\$ 6,245,006
Rate-Funded Debt Service Account Transfers	\$ 8,562,921	\$ 9,635,182	\$ 8,544,147	\$ 8,538,359	\$ 8,004,832	\$ 8,014,722	\$ 7,987,443	\$ 2,061,681	\$ 5,618,233	\$ 6,125,862

## FUND DESCRIPTIONS

Cascade's Board of Directors established five funds:

- 1) Operating Fund
- 2) Water Supply Development Fund
- 3) Rate Stabilization Fund
- 4) Bond Fund
- 5) Construction Fund

Information on the funds' beginning balance, revenue, transfers in, expenditures, transfers out, and ending balance is provided in the Fund Activity Summary section. Any additional funds or accounts will be established and maintained as defined by Board resolution.

### **Operating Fund**

- Receipts: Miscellaneous operating revenue, member rates and charges (excluding RCFC charges), investment interest, administrative dues, and conservation charges
- Expenditures: Operating costs and transfers out to other funds; operating costs include operations, administrative and conservation costs

### **Water Supply Development Fund**

- Receipts: Transfers in from the Operating and Construction funds and investment interest
- Expenditures: Transfers out to Construction Fund

### **Rate Stabilization Fund**

- Receipts: Gross revenue (other than RCFCs) transferred in from the Operating Fund, as established in the adopted budget, and investment interest
- Expenditures: Transfers out to the Operating Fund, as established in the adopted budget
- The Rate Stabilization Fund will receive transfers at the beginning of the year of excess operating revenues that can be used to help "smooth" out year-to-year rate fluctuations

### **Bond Fund**

- Debt Service Account
  - Receipts: Monthly and/or annual transfer from the RCFC Fund and/or Operating Fund and investment interest (Debt Service and Reserve Accounts)
  - Expenditures: Principal and interest on outstanding bonds
- Reserve Account
  - Receipts: Bond proceeds at bond closing; all investment interest will be credited to the Debt Service Account
  - Expenditures: Principal and/or interest if enough monies are not available in the Debt Service Account
  - Reserve fund deposits are generally to be made from bond proceeds at the time of closing

## 2023-2024 Adopted Budget

### Construction Fund

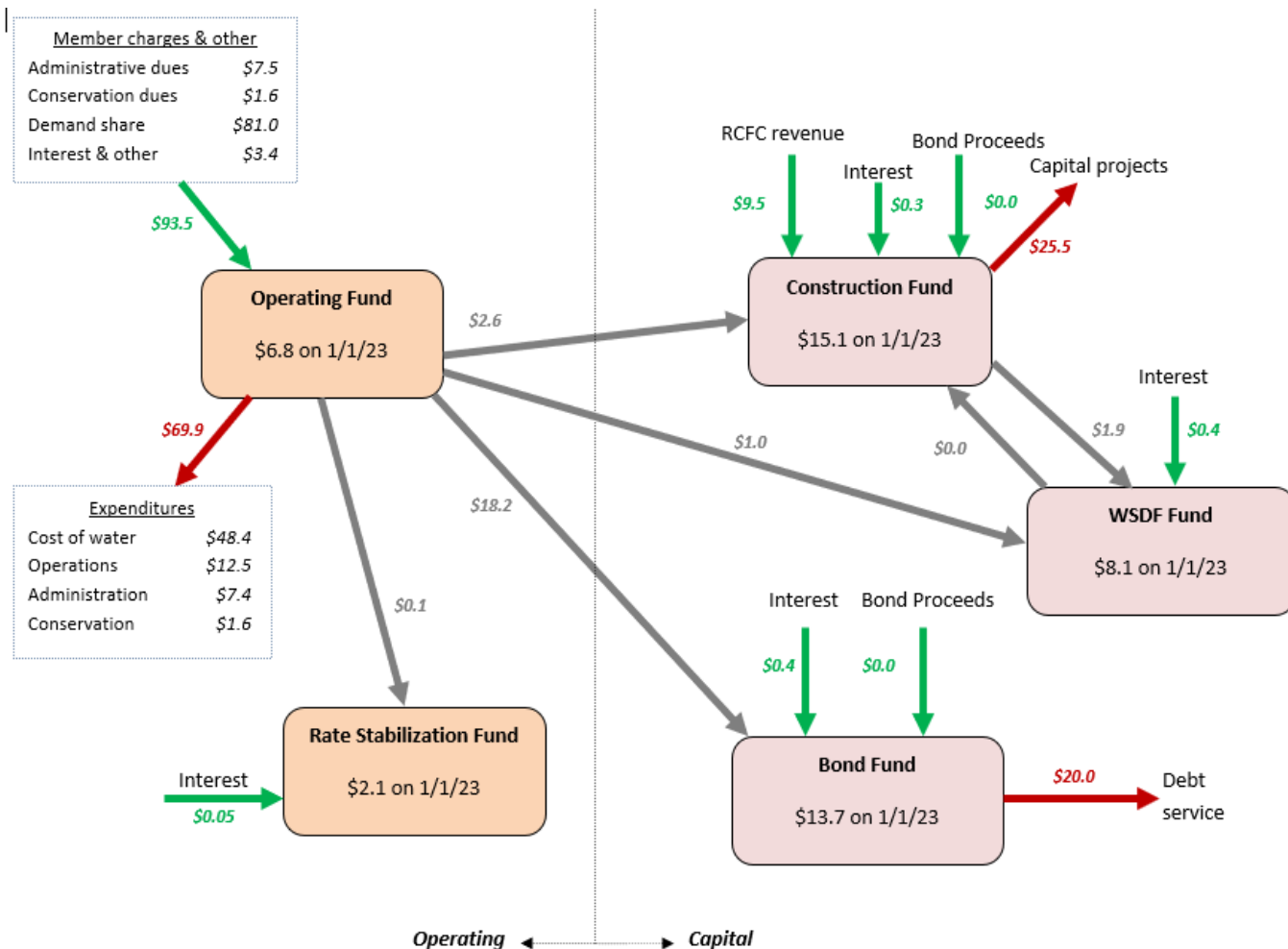
- Receipts: Water system revenue bonds, net of reserve requirement deposited to the Bond Fund Reserve Account
- Expenditures: Capital related expenditures as established in the adopted budget

Below is a matrix that guides the management and planning of fund balances for Cascade's financial resources.

Fund / Purpose	Target (2023*)	Minimum (2023*)	Maximum (2023*)	Causes of Deviation	Response to Replenish Deficiency	Response to Draw Down Surplus
<b>Operating Fund</b> <i>Reserve to provide cash flow liquidity and cushion against budget deviation</i>	50 days of budgeted operating expense (\$4.8m) plus funding accruals for major cyclical expenses such as sediment removal and system plans (\$0.2m)	45 days of budgeted operating expense (\$4.3m) plus funding accruals for major cyclical expenses such as sediment removal and system plans (\$0.3m)	75 days of budgeted operating expense (\$7.1m) plus funding accruals for major cyclical expenses such as sediment removal and system plans (\$0.3m)	1) Variations in revenues, expenses or transfers 2) Rate Smoothing	Continue rate planning to target fund balance, contingent on 5-year rate smoothing (max. of 5 years to recover)	Budgeted transfers to construction fund, contingent on requirements for projected 5-year rate smoothing
<b>Rate Stabilization Fund</b> <i>Reserve to provide source of revenues to offset significant budget deviation and satisfy cash flow, coverage requirements</i>	5% of budgeted operating revenues (excluding RCFCs) (\$2.2m)	4% of budgeted operating revenues (excluding RCFCs) (\$1.7m)	7% of budgeted operating revenues (excluding RCFCs) (\$3.1m)	1) Fund earnings 2) Use of RSF 3) Delayed or reduced transfers from Operating Fund	Continue rate planning to target fund balance, contingent on 5-year rate smoothing (max. of 5 years to recover)	No additions to fund; if excess is projected for more than 5 years, budget transfer to construction (subject to meeting coverage policy)
<b>Construction Fund</b> <i>CIP funding and repository for bond proceeds until expended on projects</i>	No specific target except to provide adequate funds for ongoing construction projects and obligations (\$7.5m)	\$6.0m based on January capital payment due to TPU	Long-term CIP funding needs as determined by the Board	1) Project costs in excess of budget 2) Delay in bond proceeds or other funding sources	1) Transfer from WSDF, Operating or other funds 2) Debt issuance	1) Transfer to other funds including WSDF 2) Debt Retirement 3) Reduce capital funding from RCFCs
<b>Bond Fund: Reserve Account</b> <i>Comply with bond covenants and provide a safeguard against shortfall when payments are due</i>	Maximum annual debt service (\$4.2m)	Maximum annual debt service requiring reserve (\$4.2m)	Maximum annual debt service requiring reserve (\$4.2m)	Deficit in bond repayment draws down reserve account	Immediate transfer from Operating Fund	Transfer to Bond Debt Service Account
<b>Bond Fund: Debt Service Account</b> <i>Accumulate funds for scheduled bond principal and interest payments</i>	Accrued principal and interest on outstanding bonds (\$5.8m) (12/31/22)	Accrued principal and interest on outstanding bonds (\$5.8m) (12/31/22)	Accrued principal and interest on outstanding bonds (\$5.8m) (12/31/22)	Inadequate or delayed transfer of funds from Operating or other Funds	Immediate transfer from Operating or other Funds	Reduce transfers from Operating or other Funds until target restored
<b>Water Supply Development Fund (WSDF)</b> <i>Accumulate funds for major water supply projects to moderate rate impacts and meet debt/equity policies</i>	Determined by capital funding strategy for future supply projects (\$8.2m)	Determined by capital funding strategy for future supply projects (\$9.4m)	Determined by capital funding strategy for future supply projects (\$12.0m)	Inadequate or delayed transfer of funds, reduced earnings, or changes in fund targets	Budgeted increases in transfers from Operating and Construction Funds to meet capital funding strategy	Budgeted reductions in transfers from Operating and Construction Funds, transfers to other funds, or distribution to Members per resolution
* 2023 estimates are based on proposed 2023 budget and financial requirements as of July 18, 2022.						



## COMBINED 2023-2024 FINANCIAL STRUCTURE SUMMARY (\$millions)



## BASIS OF ACCOUNTING AND BUDGETING

Cascade uses the accrual basis of accounting and the total economic resources measurement focus. Expenses are recorded at the time liabilities are incurred, and revenues are recorded when earned.

Cascade uses a budget basis for expenditures that differs from the basis used in financial reporting in the following ways:

- Depreciation and amortization are considered expenses on an accrual basis of accounting but are ignored under the budget basis because these items do not require an expenditure of funds.
- Capital outlays are not considered expenses on an accrual basis of accounting but are considered expenditures on a budget basis.

## FISCAL POLICIES SUMMARY

Cascade's Board has determined that Cascade will maintain fiscal policies that promote four goals:

Policy Goal	Description
Financial integrity and stability	Cascade will provide a stable financial structure that enables it to fulfill its mission to provide regional water supply and transmission services in an efficient and cost-effective manner.
Rate equity	Members shall not enjoy or suffer from geographic advantage as an element of the allocation of regional water resources or their costs.
Efficiency and conservation	Cascade is committed to efficient and responsible use and stewardship of water resources. Water efficiency and conservation provide cost-effective means to avoid or delay costly system expansions while reducing environmental impacts on water systems.
Balanced budget	Total resources equal to total uses.

Cascade staff performed a review of existing fiscal policies in 2021 as part of the adoption of a new Water Supply Development Fund. In 2022, a brief review done as part of the normal biennium budget process intended to confirm applicability resulted in a change to the way Cascade budgets for Cost-of-Living increases. The fiscal policies are regularly updated to keep current with practices and prudent financial management.

Cascade's adopted 2023-2024 budget complies with all fiscal policies.

The complete list of fiscal policies is included in the Appendix.

# FINANCIAL SUMMARIES

## FUND ACTIVITY SUMMARY

As explained in the Fund Description section, Cascade has five funds: Operating, Water Supply Development, Rate Stabilization, Construction and Bond. The tables below summarize the funds' activity in 2023 and 2024.

### 2023 Fund Activity Summary

	Operating	Water Supply Development	Rate Stabilization	Construction	Bond	Total
Estimated beginning balance January 1, 2023	\$6,792,191	\$8,050,443	\$2,146,447	\$15,116,436	\$13,731,204	\$45,836,721
Revenue	45,639,451	161,009	21,464	9,612,633	208,046	\$55,642,603
Transfers in	-	1,187,195	13,586	1,396,264	8,562,921	\$11,159,966
<b>Total resources</b>	<b>\$52,431,642</b>	<b>\$9,398,647</b>	<b>\$2,181,498</b>	<b>\$26,125,333</b>	<b>\$22,502,171</b>	<b>\$112,639,291</b>
Expenditures	34,616,307	-	-	12,044,972	9,198,441	\$55,859,720
Transfers out	10,259,966	-	-	900,000	-	\$11,159,966
Ending balance December 31, 2023	7,555,369	9,398,647	2,181,498	13,180,361	13,303,729	\$45,619,604
<b>Total uses</b>	<b>\$52,431,642</b>	<b>\$9,398,647</b>	<b>\$2,181,498</b>	<b>\$26,125,333</b>	<b>\$22,502,171</b>	<b>\$112,639,291</b>

### 2024 Fund Activity Summary

	Operating	Water Supply Development	Rate Stabilization	Construction	Bond	Total
Estimated beginning balance January 1, 2024	\$7,555,369	\$9,398,647	\$2,181,498	\$13,180,361	\$13,303,729	\$45,619,604
Revenue	46,691,209	211,470	27,269	9,955,267	232,030	\$57,117,244
Transfers in	-	1,759,987	81,948	1,163,299	9,635,182	\$12,640,416
<b>Total resources</b>	<b>\$54,246,578</b>	<b>\$11,370,104</b>	<b>\$2,290,715</b>	<b>\$24,298,926</b>	<b>\$23,170,942</b>	<b>\$115,377,264</b>
Expenditures	35,260,182	-	-	13,406,872	10,794,166	\$59,461,219
Transfers out	11,640,416	-	-	1,000,000	-	\$12,640,416
Ending balance December 31, 2024	7,345,980	11,370,104	2,290,715	9,892,054	12,376,775	\$43,275,629
<b>Total uses</b>	<b>\$54,246,578</b>	<b>\$11,370,104</b>	<b>\$2,290,715</b>	<b>\$24,298,926</b>	<b>\$23,170,942</b>	<b>\$115,377,264</b>

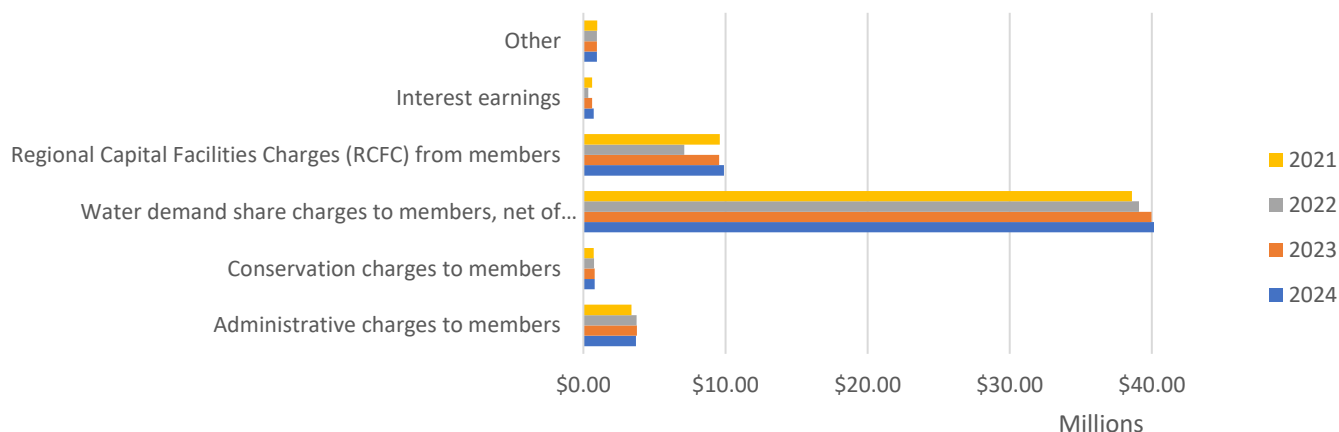


## REVENUE SUMMARY

The 2023-2024 adopted estimated revenues, excluding bond debt proceeds, are as outlined below and are compared to 2021 actual and 2022 projected revenue.

Revenue Sources	2021 Actual	2022 Projected	2023 Estimate	2024 Estimate	% Change from 2022 to 2023	% Change from 2023 to 2024
Administrative charges to members	\$3,382,456	\$3,741,337	\$3,776,170	\$3,706,551	0.93%	-1.84%
Conservation charges to members	\$737,121	\$744,873	\$793,621	\$800,515	6.54%	0.87%
Water demand share charges to members, net of adjustments and reimbursements	\$38,603,204	\$39,106,467	\$39,981,923	\$41,024,787	2.24%	2.61%
Regional Capital Facilities Charges (RCFC) from members	\$9,597,571	\$7,110,364	\$9,561,469	\$9,890,512	34.47%	3.44%
Interest earnings	\$625,433	\$341,816	\$609,605	\$729,965	78.34%	19.74%
Other	\$975,940	\$949,805	\$944,805	\$944,805	-0.53%	0.00%
<b>Total</b>	<b>\$53,921,725</b>	<b>\$51,994,662</b>	<b>\$55,667,593</b>	<b>\$57,097,136</b>	<b>7.06%</b>	<b>2.57%</b>

Administrative charges to members increase by 0.93% in 2023 and decrease by 1.84% in 2024 as the percentage of member revenue from administrative charges changed slightly. Conservation charges to members increase by 6.54% in 2023 and by 0.87% in 2024. Water demand share charges increase by 2.24% in 2023 and 2.61% in 2024. Overall, the net charges to members increased by 2.2% in each of the two years. RCFC revenues exceeded expectations in 2021 as growth rebounded from the pandemic faster than anticipated, 2022 RCFC are projected to meet budget expectations. Given this, they are estimated to return to historical levels in the 2023-2024 budget before returning to normal levels. Interest revenue increases in 2023 and 2024 as Cascade earns a higher rate of interest investing in longer-term maturities. The chart below illustrates how overall revenue is dominated by members' demand share charges.



## BASIS OF MEMBER CHARGES

As noted on the previous page, members are charged administrative, conservation and demand share dues. Administrative and conservation charges are based on Cascade Equivalent Residential Units (CERUs). The 2021-2024 basis of member charges is presented below as adopted by the Board on September 28, 2022.

### Cascade Equivalent Residential Units (CERUs)

CERUs projected for each member in 2023-2024 are:

Member	2021	2022	2023	2024
City of Bellevue	69,220	69,918	70,168	70,468
City of Issaquah	15,394	15,683	15,843	16,043
City of Kirkland	20,225	20,330	20,490	20,670
Redmond - City	28,741	28,964	29,144	29,434
Redmond - Novelty Hill	4,411	4,456	4,466	4,476
Sammamish Plateau Water	24,268	24,414	24,634	24,934
Skyway Water & Sewer District	3,886	3,889	3,894	3,899
City of Tukwila	8,412	8,428	8,443	8,458
<b>Total</b>	<b>174,555</b>	<b>176,079</b>	<b>177,079</b>	<b>178,379</b>

### Demand Share

Demand shares projected for each member in 2023-2024 are:

Member	2021	2022	2023	2024
City of Bellevue	19.9611	19.0504	19.2038	19.4800
Issaquah	1.7011	1.5777	1.6291	1.6909
Issaquah Temporary	0.0000	0.0000	0.0000	0.0467
City of Kirkland	5.2625	5.1695	5.3329	5.4027
Redmond - City	6.7629	6.1488	4.8687	4.8560
Redmond - Novelty Hill	0.0000	0.0000	1.1396	1.1571
Sammamish Plateau Water	1.3623	1.3438	1.2567	1.3205
Skyway Water & Sewer District	0.4087	0.3962	0.3972	0.3949
City of Tukwila	2.4803	2.3365	2.3244	2.3047
<b>Total</b>	<b>37.9388</b>	<b>36.0228</b>	<b>36.1524</b>	<b>36.6533</b>

### Demand Share Percentages

Demand Shares percentages projected for each member in 2023-2024 are:

Member	2021	2022	2023	2024
City of Bellevue	52.61%	52.88%	53.12%	53.15%
Issaquah	4.48%	4.38%	4.51%	4.61%
Issaquah Temporary	0.00%	0.00%	0.00%	0.13%
City of Kirkland	13.87%	14.35%	14.75%	14.74%
Redmond - City	17.83%	17.07%	13.47%	13.25%
Redmond - Novelty Hill	0.00%	0.00%	3.15%	3.16%
Sammamish Plateau Water	3.59%	3.73%	3.48%	3.60%
Skyway Water & Sewer District	1.08%	1.10%	1.10%	1.08%
City of Tukwila	6.54%	6.49%	6.43%	6.29%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

### Projected Percentage of Overall Member Payments

The projected share of overall payments for each member (excluding RCFCs) for 2023-2024 are:

Member	2023	2024
City of Bellevue	51.86%	51.92%
Issaquah	4.93%	5.01%
Issaquah Temporary	0.00%	0.11%
City of Kirkland	14.57%	14.57%
Redmond - City	13.54%	13.34%
Redmond - Novelty Hill	3.04%	3.04%
Sammamish Plateau Water	4.65%	4.73%
Skyway Water & Sewer District	1.22%	1.19%
City of Tukwila	6.20%	6.08%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## MEMBER RATES AND REVENUE

The 2022, 2023, and 2024 adopted member charges (excluding RCFCs) are shown in the tables below. Administrative dues are assessed against each member for 2023 and 2024 at the rates of \$21.45 and \$20.93 per CERU, respectively, multiplied by 100% of each member's CERUs. The demand share charge for 2023 and 2024 is \$399,819 and \$410,248, respectively, per demand share percentage. The conservation program charge for 2023 and 2024 is \$4.51 and \$4.52, respectively, per CERU. The charge is applicable to 100% of a member's CERUs.

2022 Member Charges (Per 2022 Budget)	Administrative Dues	Conservation Charges	Demand Share Charges	Total
Bellevue	\$1,483,288	\$295,312	\$20,580,180	\$22,358,780
Issaquah	\$330,018	\$65,704	\$1,738,960	\$2,134,682
Issaquah - Temporary Water	\$0	\$0	\$0	\$0
Kirkland	\$433,427	\$86,292	\$5,478,039	\$5,997,758
Redmond - City	\$709,707	\$141,298	\$6,932,311	\$7,783,316
Redmond - Novelty Hill	\$0	\$0	\$0	\$0
Sammamish Plateau Water	\$521,316	\$103,790	\$1,362,345	\$1,987,451
Skyway Water & Sewer District	\$83,438	\$16,612	\$425,914	\$525,964
Tukwila	\$180,143	\$35,865	\$2,588,718	\$2,804,726
<b>Total</b>	<b>\$3,741,337</b>	<b>\$744,873</b>	<b>\$39,106,467</b>	<b>\$43,592,677</b>

2023 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	2020 True-up	Total	Increase Over 2022 Charges With 2022 True-up
City of Bellevue	\$1,499,443	\$315,132	\$21,237,988	\$50,549	\$23,074,525	3.20%
Issaquah	\$336,325	\$70,684	\$1,801,664	(\$13,131)	\$2,209,275	3.49%
Issaquah Temporary	\$0	\$0	\$0	\$0	\$0	n/a
City of Kirkland	\$435,995	\$91,631	\$5,897,824	\$66,991	\$6,492,441	8.25%
Redmond - City	\$621,148	\$130,544	\$5,384,478	(\$104,976)	\$6,031,194	-5.14%
Redmond - Novelty Hill	\$95,563	\$20,084	\$1,260,275	(\$23,539)	\$1,352,383	n/a
Sammamish Plateau Water	\$523,569	\$110,036	\$1,389,768	\$48,118	\$2,086,345	4.98%
Skyway Water & Sewer District	\$83,392	\$17,526	\$439,289	\$2,103	\$542,310	3.11%
City of Tukwila	\$180,735	\$37,984	\$2,570,637	(\$26,113)	\$2,763,243	-1.48%
<b>Total</b>	<b>\$3,776,170</b>	<b>\$793,621</b>	<b>\$39,981,923</b>	<b>\$0</b>	<b>\$44,551,715</b>	<b>2.20%</b>

2024 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	2020 True-up	Total	Increase Over 2023 Charges With 2022 True-up
City of Bellevue	\$1,468,720	\$317,204	\$21,764,885	\$50,549	\$23,601,358	2.28%
Issaquah	\$331,609	\$71,619	\$1,911,006	(\$13,131)	\$2,301,103	4.16%
Issaquah Temporary	\$0	\$0	\$52,232	\$0	\$52,232	n/a
City of Kirkland	\$428,889	\$92,628	\$6,047,052	\$66,991	\$6,635,560	2.20%
Redmond - City	\$610,021	\$131,748	\$5,435,113	(\$104,976)	\$6,071,906	0.68%
Redmond - Novelty Hill	\$93,481	\$20,189	\$1,295,065	(\$23,539)	\$1,385,196	2.43%
Sammamish Plateau Water	\$515,619	\$111,360	\$1,497,957	\$48,118	\$2,173,054	4.16%
Skyway Water & Sewer District	\$81,497	\$17,601	\$441,952	\$2,103	\$543,153	0.16%
City of Tukwila	\$176,715	\$38,166	\$2,579,525	(\$26,113)	\$2,768,293	0.18%
<b>Total</b>	<b>\$3,706,551</b>	<b>\$800,515</b>	<b>\$41,024,787</b>	<b>\$0</b>	<b>\$45,531,854</b>	<b>2.20%</b>

## 2023-2024 Adopted Budget

Cascade member rates have different impacts on members' retail rates to their customers. Rate impacts for members are dependent upon the members' level of independent supply. Below are the projected impacts of the annual 2.2% increase on members' retail rates, shown as cost per single family residential on a monthly bill. These are only estimates since the actual bill impact to members' customers exclude additional local charges that members need to recover, such as taxes.

Monthly Increase per Single Family Residential		
2023/2024 2.2% Annual Increase	2023	2024
<b>Total Cascade Members</b>	<b>\$0.45</b>	<b>\$0.46</b>
Bellevue	\$0.95	\$0.52
Issaquah	\$0.21	\$0.58
Issaquah - Temporary Water	\$0.00	\$0.27
Kirkland	\$2.28	\$0.04
Redmond - City	(\$1.31)	\$0.84
Redmond - Novelty Hill	(\$1.31)	\$0.61
Sammamish Plateau Water	\$0.45	(\$0.05)
Skyway Water & Sewer District	\$0.39	(\$0.07)
Tukwila	(\$0.67)	\$0.56

Adopted and projected member rate increases for 2009-2028 are shown in the table below. From 2009 through 2011, Cascade experienced lower-than-anticipated growth due to the housing market crisis. This led to a needed increase in member rates to make up the difference in revenue dedicated to debt service. Subsequently, Cascade made a policy change that moved a higher percentage of RCFC to capital expenditures and made member rate increases less dependent on RCFC revenue. This resulted in an increase in the stability of member rates and an improvement in member equity.

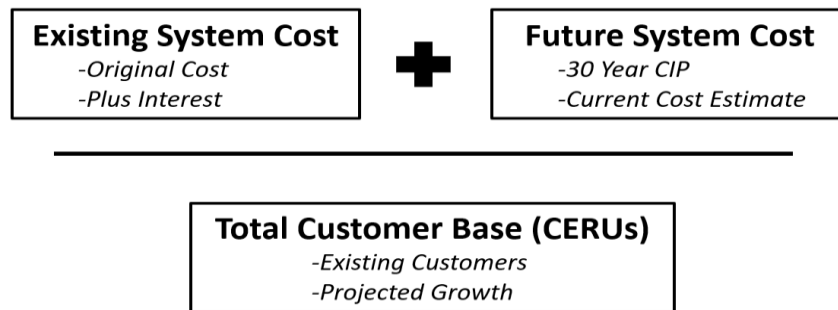
Member Rate Increases	2009-2010	2011-2012	2013	2014	2015-2016	2017-2018	2019	2020	2021-2022	2023-2024 Adopted	2025-2028 Estimated
Adopted	7.50%	6.00%	3.75%	3.00%	2.75%	3.00%	4.50%	3.00%	2.20%	2.20%	
Projected											3.00%

Administrative charges are based on budgeted administrative costs, and actual CERU counts, as of January 1<sup>st</sup> of each year. There is a contractual limit of 9% of total revenue requirements for administrative dues. Administrative charges as a percentage of all charges (except RCFC) are shown below.

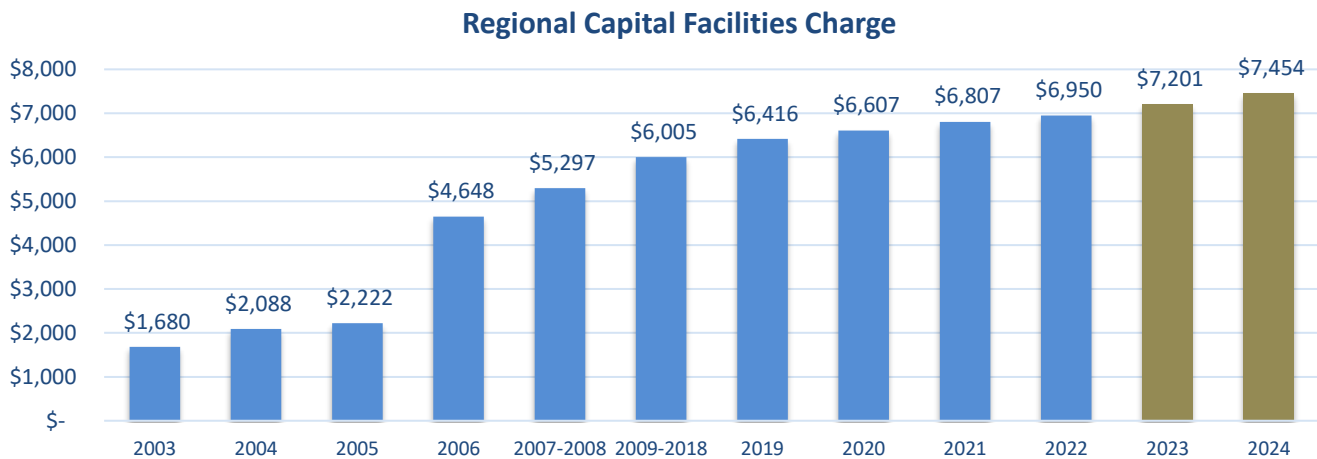
2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
8.20%	8.70%	8.50%	8.30%	8.80%	8.70%	7.90%	8.00%	7.87%	8.45%	8.48%	8.14%

## REGIONAL CAPITAL FACILITIES CHARGE

Regional capital facilities charges (RCFCs) are charges for new water connections and are based on a pro rata share of Cascade’s CIP costs. RCFC revenues are used to repay debt and to fund capital projects. The methodology for calculating the RCFC was adopted by the Board and is codified as Chapter 5.24 of the Cascade Water Alliance Code. Below is a graph that explains how the RCFC charge is calculated.



The chart below shows the change in RCFC rates from 2003 to 2024.



During the 2023-2024 budget development process, Cascade analyzed its capital projects requirements and rate structure and developed RCFC rates for the current biennium. For the 2023-2024 budget 100% of the RCFC revenue is committed to capital expenditures.

RCFC charges increase to \$7,201 per CERU in 2023 and to \$7,454 per CERU in 2024. The RCFC charge is based on existing and future infrastructure divided by the customer base. Future water supply infrastructure is the primary driver of the RCFC rate increases.



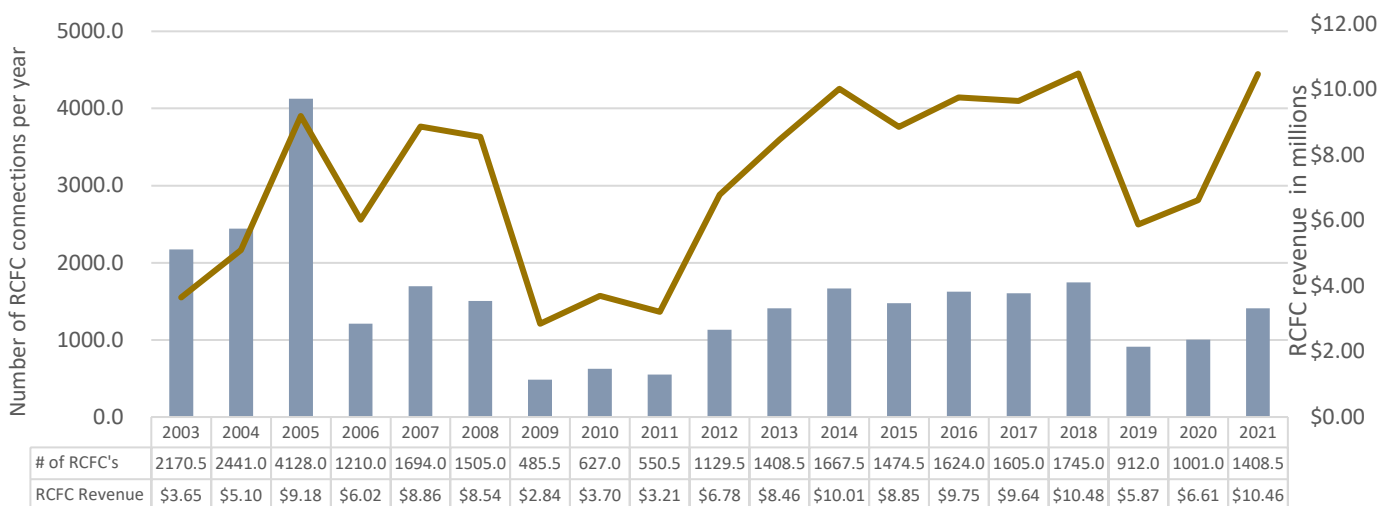
## 2023-2024 Adopted Budget

RCFC rates were updated to improve equity, increase growth revenue to reduce the burden on rates, create more robust funding for the CIP, recognize increasing construction costs and remain consistent with longer-term trends.

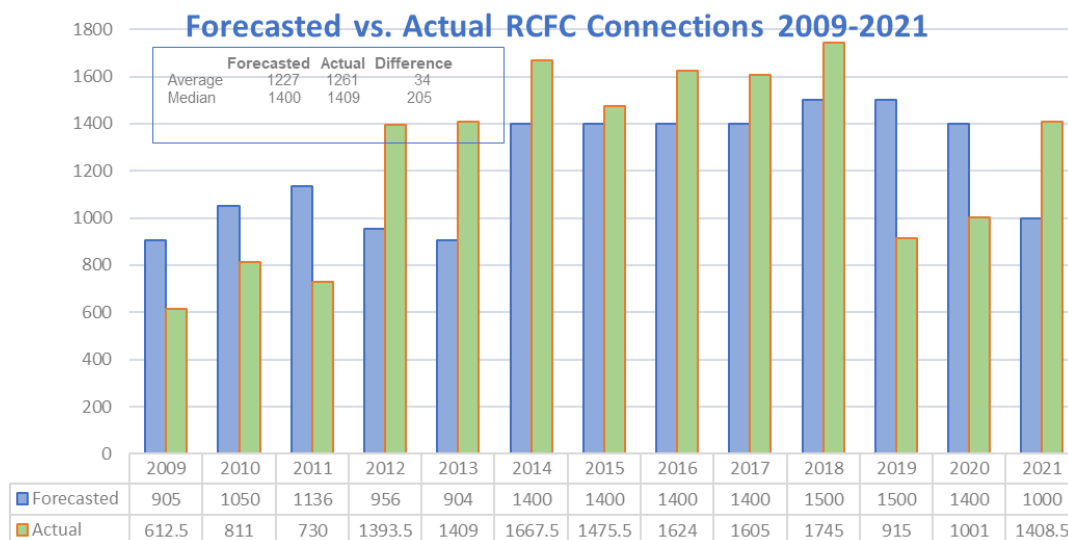
The Board adopted biennial RCFC rates with Resolution No. 2022-17.

### History of RCFC Connections and Revenue

For the 2023-2024 budget, RCFC growth is projected to be 1,300 CERUs as economic growth is projected to recover slowly from the COVID-19 pandemic. As part of the 2023-2024 Budget process, Cascade assessed the accuracy of our RCFC forecasting and the graph is shown below.

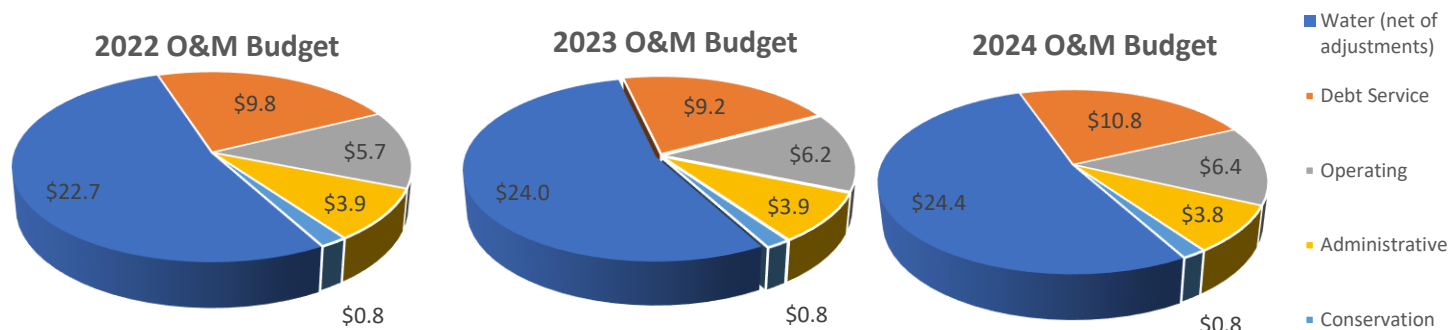


As part of the 2023-2024 Budget process, Cascade assessed the accuracy of our RCFC forecasting and found that while the average difference between our forecast and the actual growth was small, the yearly variance was high. The graph below shows the yearly variation between the forecasted and actual RCFC growth.



## OPERATIONS & MAINTENANCE BUDGET

Cascade's 2022, 2023 and 2024 adopted O&M budgets are shown below (in millions of dollars).



Cascade's total O&M budget increased by 2.68% in 2023 relative to 2022, driven primarily by changes in the Seattle water and operations costs. Although the Seattle water costs increased the Seattle block contract amounts in 2023 and 2024, water use remained at the 2022 level of 33.3 MGD. Conservation costs decreased slightly in 2023 and 2024. This is a result of programmatic efficiencies that have no negative impact on service levels.

Wages in the 2023-2024 budget increased for a few reasons: high inflation pushed the cost-of-living adjustment (COLA) to 9.5% in 2023; Cascade's Board changed the COLA policy in 2022 to 100% (from 90%) of Seattle Tacoma Wage Earners CPI-W; and Cascade added a new General Counsel position in 2022. The increases in wages due to the new General Counsel are more than offset by significant decreases in external legal expenditures. Other increases include a move to a new office in 2023, increases in Lake Tapps Operator costs due to inflation, and planned condition assessments.

Debt services expenditures decrease in 2023 and then increase in 2024. The decrease in 2023 is a result of the Bond refunding in 2019 and 2020. The 2024 increase is a one-time blip in the debt repayment schedule that resulted from the refunding. Debt services is projected to return to decrease in 2025 forward.

Program	2022 Budget	2023 Budget	2024 Budget	% Change 2022 to 2023	% Change 2023 to 2024
Water (net of adjustments)	\$22,730,886	\$23,969,287	\$24,402,498	5.45%	1.81%
Debt Service	\$9,779,981	\$9,199,941	\$10,795,666	-5.93%	17.34%
Operating	\$5,682,685	\$6,158,568	\$6,434,135	8.37%	4.47%
Administrative	\$3,858,337	\$3,915,869	\$3,808,870	1.49%	-2.73%
Conservation	\$839,874	\$798,115	\$805,754	-4.97%	0.96%
<b>Total O&amp;M Budget</b>	<b>\$42,891,763</b>	<b>\$44,041,780</b>	<b>\$46,246,923</b>	<b>2.68%</b>	<b>5.01%</b>

Note: Debt service expenditure comes out of the Bond Fund while the rest of the operating expenditures come out of the Operating Fund.

## 2023-2024 Adopted Budget



Net changes in the 2023 and 2024 O&M budgets compared to the 2022 budget are as follows:

2023	2024	Budget Line Item	Program
\$1,238,401	\$1,671,612	Seattle water costs	Operations
\$371,694	\$436,843	Wages	Operations, Administration, Conservation
\$160,720	\$332,699	Lake Tapps Operator	Operations
\$100,000	\$100,000	Condition Assessments	Operations
\$73,644	\$73,644	Office Rent	Administration
\$6,461	(\$166,298)	Office Lease Contingency	Administration
(\$70,000)	(\$70,000)	On-call Civil Engineering	Operations
(\$100,000)	(\$120,000)	Outage	Operations
(\$111,000)	(\$161,000)	Unplanned O&M by Cascade	Operations
(\$300,000)	(\$300,000)	VanNess, legal support	Administration
(\$580,040)	\$1,015,685	Bond debt service	Debt Service
\$355,308	(\$608,627)	Misc.	Administration
\$1,145,189	\$2,204,557	Net increase in Operating budget	

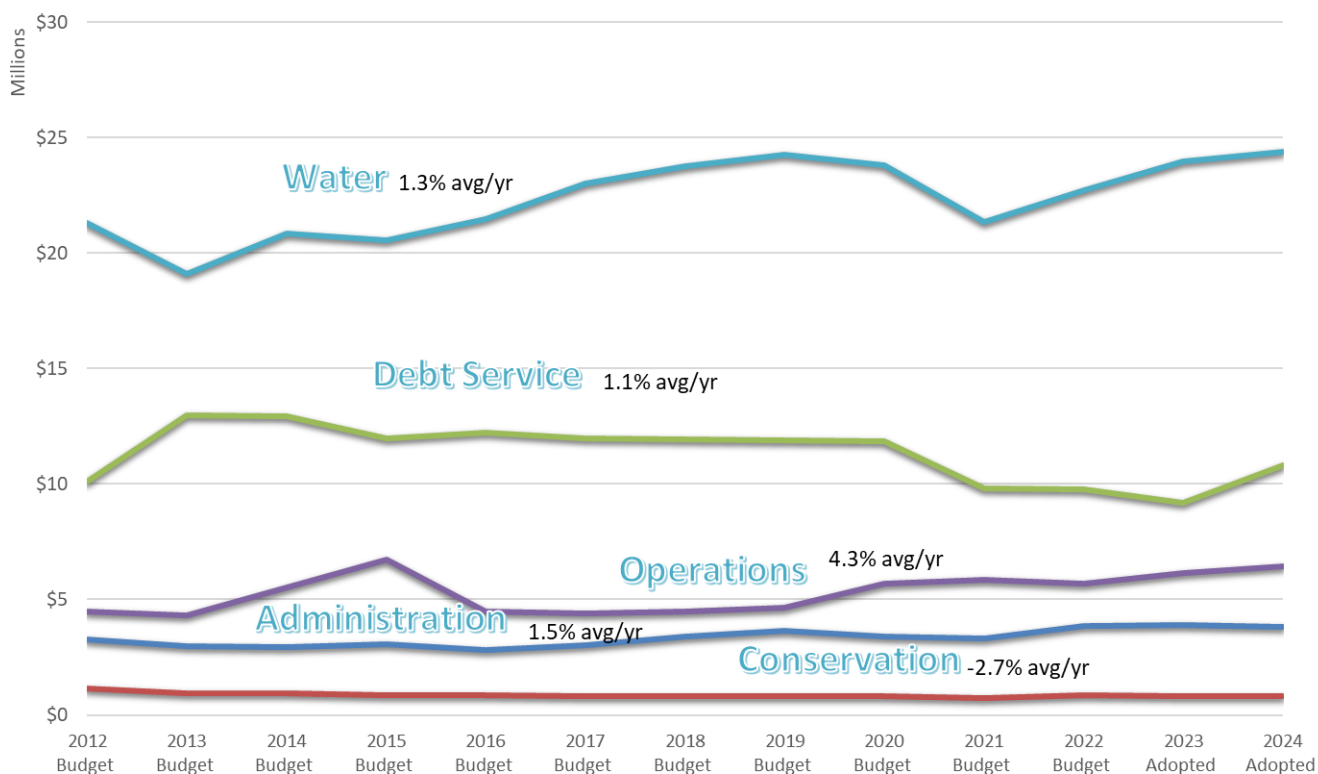
The charts on the previous page are a graphical reminder of how outsized the Seattle costs are to Cascade's overall O&M budget. The following breakdown of Seattle water costs from 2016-2024 shows the magnitude of the costs as well as the volatility of the true-up costs, highlighted in yellow.

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Block	\$18,387,999	\$18,837,791	\$20,231,152	\$20,611,575	\$21,028,213	\$19,801,694	\$19,927,581	\$20,440,128	\$20,333,413
Sub-Regional	\$0	\$17,851	\$12,744	\$6,131	\$5,946	\$0	\$5,965	\$5,768	\$5,965
Supplemental	\$2,572,457	\$2,572,457	\$2,718,611	\$2,879,286	\$3,047,340	\$3,047,340	\$3,047,340	\$3,047,340	\$4,063,120
True-up	\$459,578	\$1,496,766	\$735,125	\$542,532	(\$1,066,533)	(\$1,375,742)	(\$2,389,894)	\$437,445	\$0
Interest on									
True-up	\$31,623	\$100,751	\$65,977	\$47,881	(\$94,126)	(\$121,415)	(\$207,343)	\$38,606	\$0
Total Cost	\$21,451,657	\$23,025,616	\$23,763,609	\$24,087,405	\$22,920,840	\$21,351,877	\$20,383,649	\$23,969,287	\$24,402,498
\$ Change	\$891,248	\$1,573,959	\$737,993	\$323,796	(\$1,166,565)	(\$1,568,963)	(\$968,228)	\$3,585,638	\$433,211
% Change	4.33%	7.34%	3.21%	1.36%	-4.84%	-6.85%	-4.53%	17.59%	1.81%

The 2023-2024 budget will meet cash flow, debt coverage and reserve requirements as mandated by Cascade's fiscal policies.

## OPERATIONS & MAINTENANCE BUDGET TRENDS

The chart below shows the O&M budget trends from 2012-2024. It graphically represents the large impact Seattle water costs and debt service have had on Cascade's overall O&M budget. It also shows Administration and Conservation costs remaining relatively flat over time. Operations peaked in 2015 when Cascade dewatered the Flowline and performed a significant number of repair projects and sediment removal.



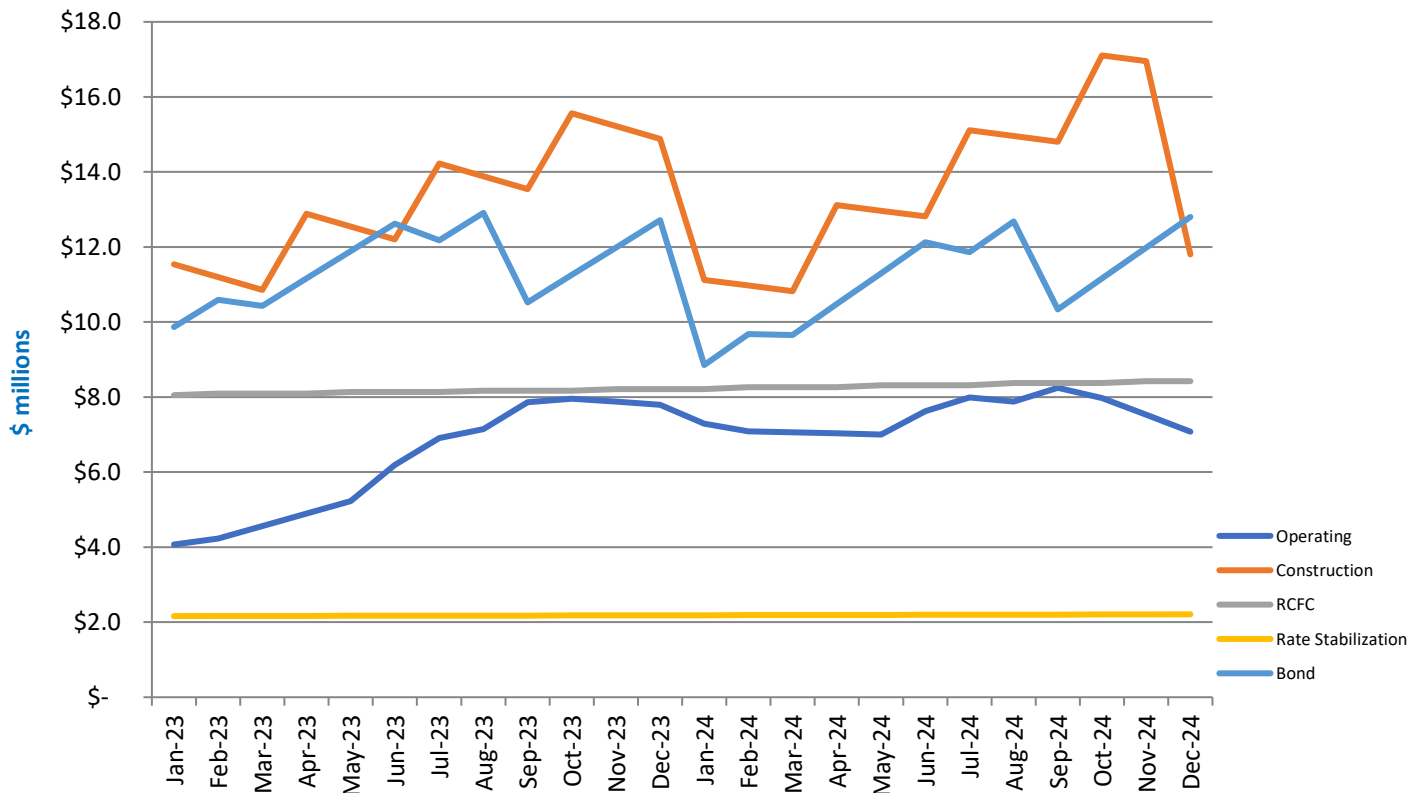
## REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS: 2021-2024

	2020 actual	2021 actual	2022 est.	2023 budget	2024 budget
<b>Operating Revenue:</b>					
Water sales	\$ 37,567,001	\$ 38,603,204	\$39,106,467	\$39,981,923	\$41,024,787
Administrative dues	3,339,859	3,382,456	3,741,337	3,776,170	3,706,551
Conservation program	829,230	737,121	744,873	793,621	800,515
<b>Total Operating Revenue</b>	<b>41,736,090</b>	<b>42,722,781</b>	<b>43,592,677</b>	<b>44,551,714</b>	<b>45,531,853</b>
<b>Operating Expenses:</b>					
Cost of water sold	22,920,840	21,351,878	20,383,649	23,969,287	24,402,498
Salaries and benefits	2,160,222	2,124,714	2,212,005	2,624,276	2,727,449
Lake Tapps asset management	2,551,934	2,706,925	2,620,747	2,616,840	2,788,819
Professional services	2,671,560	1,852,279	1,350,125	2,082,000	2,082,000
Conservation program	27,269	70,253	383,626	330,000	330,000
Depreciation and amortization	3,936,403	3,907,459	4,102,832	4,307,974	4,523,372
Communication and public information	424,337	396,253	485,000	465,000	490,000
Office expenses	102,110	130,452	189,600	163,600	163,600
Insurance	120,283	136,852	122,088	150,900	155,427
Rent	225,469	225,469	225,469	315,393	315,393
Maintenance	354,711	1,053,010	520,420	1,448,100	1,065,700
Dues and subscriptions	49,672	27,262	35,321	45,000	45,000
Miscellaneous	132,882	115,035	125,000	631,442	275,952
<b>Total Operating Expenses</b>	<b>35,677,692</b>	<b>34,097,841</b>	<b>32,755,880</b>	<b>39,149,812</b>	<b>39,365,211</b>
<b>Operating Income</b>	<b>6,058,398</b>	<b>8,624,940</b>	<b>10,836,797</b>	<b>5,401,902</b>	<b>6,166,643</b>
<b>Non-Operating Revenue (Expenses)</b>					
Interest income	1,681,763	17,645	341,816	609,605	729,965
Interest expense, net of amount capitalized	(3,973,871)	(3,713,913)	(3,195,381)	(2,884,033)	(2,584,561)
Gain/(Loss) on disposition of assets	0	0	(23,668)	0	0
<b>Total Non-Operating Revenue (Expenses)</b>	<b>(2,292,108)</b>	<b>(3,696,268)</b>	<b>(2,877,233)</b>	<b>(2,274,428)</b>	<b>(1,854,596)</b>
<b>Capital Contributions</b>					
Regional Capital Facilities Charge	6,613,609	9,597,571	7,110,364	9,561,469	9,890,512
<b>Increase in Net Assets</b>	<b>10,379,899</b>	<b>14,526,243</b>	<b>15,069,928</b>	<b>12,688,942</b>	<b>14,202,559</b>
Net Assets, beginning of year	97,445,212	107,825,111	122,351,354	137,421,282	150,110,225
<b>Net Assets, end of year</b>	<b>\$107,825,111</b>	<b>\$122,351,354</b>	<b>\$137,421,282</b>	<b>\$150,110,225</b>	<b>\$164,312,784</b>

## CASH FLOW SUMMARY: 2023-2024

Fund balances will remain positive for each month of 2023 and 2024, as illustrated in the following chart.

**Cash flow: 2021-2022 month-end balances, by fund**



Cash flow balances shown above are estimated in timing and amount.

The capital payments for the water contracts with Tacoma, RCFC receipts, and a Seattle water contract payment at the end of 2024 are the reasons for the variability in the Construction Fund cash flow. For the Bond Fund, the large variability is caused by the debt service payments and fund transfers from the Operating Funds to meet sufficiency needs.



# CAPITAL AND DEBT

## CAPITAL IMPROVEMENT PROGRAM BUDGET

The 2023-2024 Capital Improvement Program (CIP) is funded at \$10,519,972 in 2023 and \$13,431,872 in 2024. Capital expenditures are used to acquire or construct a tangible asset with a cost greater than \$5,000 and a useful life of several years. The CIP invests in projects in six program areas, provides a contingency (Capital Risk Program), and makes contract payments to Seattle and Tacoma. It is funded by RCFC revenue and bond proceeds.

The CIP programs are associated with replacing and improving assets in, and purchasing equipment for, the White River-Lake Tapps Reservoir Project, a system which Cascade acquired from Puget Sound Energy (PSE) in 2009. The Lake Tapps Reservoir is a key element of Cascade's long-term water supply portfolio. Although Cascade will not develop the Reservoir as a source of drinking water for some time, it continues to invest in the system to keep it functioning and to meet regulatory requirements and agreements. Many of the assets purchased from PSE are more than 100 years old. In addition to the CIP, Cascade makes necessary repairs to the system's assets via the O&M budget. Together, the CIP and O&M investments allow Cascade to meet its first Strategic Plan goal: *Optimize Cascade's assets to support current and future needs.*

The summary table below shows the 2023-2028 CIP along with the 2022 adopted budget.

Project	2022	2023	2024	2025	2026	2027	2028	2023-2028 Total
Upper Conveyance	\$740,000	\$3,425,000	\$275,000	\$50,000	\$50,000	\$500,000	\$2,000,000	\$6,300,000
Lower Conveyance	\$500,000	\$0	\$1,000,000	\$2,500,000	\$3,000,000	\$1,500,000	\$100,000	\$8,100,000
Lake Tapps Reservoir	\$0	\$100,000	\$0	\$0	\$1,200,000	\$600,000	\$0	\$1,900,000
SCADA and Security	\$745,000	\$50,000	\$0	\$0	\$0	\$0	\$0	\$50,000
Facilities	\$350,000	\$200,000	\$200,000	\$0	\$0	\$100,000	\$100,000	\$600,000
Equipment	\$290,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$450,000
Bellevue-Issaquah Pipeline	\$50,000	\$50,000	\$130,000	\$550,000	\$550,000	\$0	\$0	\$1,280,000
IT Infrastructure	\$35,000	\$25,000	\$35,000	\$25,000	\$35,000	\$25,000	\$35,000	\$180,000
<b>Subtotal - Projects</b>	<b>\$2,710,000</b>	<b>\$3,925,000</b>	<b>\$1,715,000</b>	<b>\$3,200,000</b>	<b>\$4,910,000</b>	<b>\$2,800,000</b>	<b>\$2,310,000</b>	<b>\$18,860,000</b>
Capital Risk	\$450,000	\$500,000	\$500,000	\$500,000	\$600,000	\$600,000	\$600,000	\$3,300,000
Tacoma Agreement	\$5,975,463	\$6,094,972	\$6,216,872	\$6,341,209	\$6,468,033	\$6,597,394	\$6,729,342	\$38,447,822
Seattle Agreement	\$0	\$0	\$5,000,000	\$0	\$0	\$0	\$0	\$5,000,000
<b>Grand Total</b>	<b>\$9,135,463</b>	<b>\$10,519,972</b>	<b>\$13,431,872</b>	<b>\$10,041,209</b>	<b>\$11,978,033</b>	<b>\$9,997,394</b>	<b>\$9,639,342</b>	<b>\$65,607,822</b>

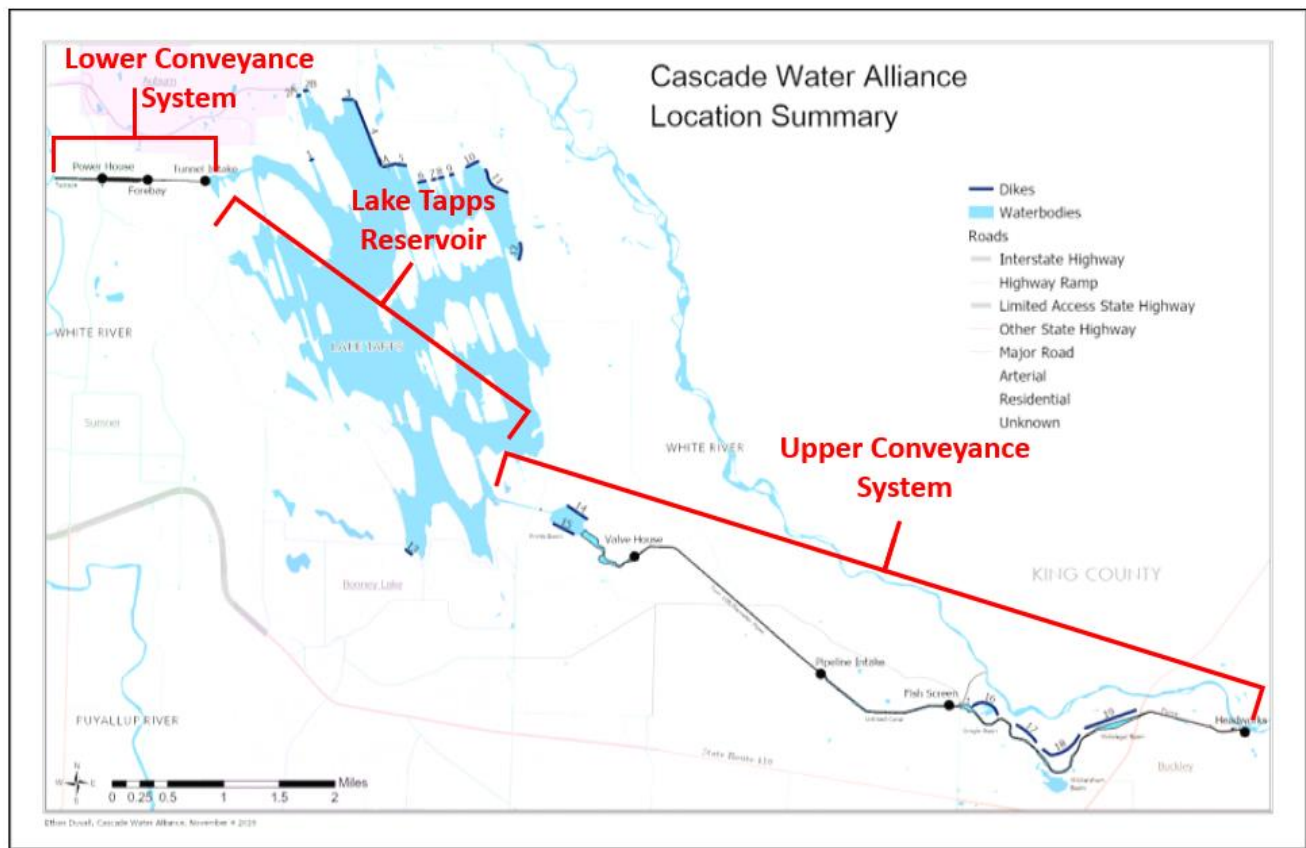
The majority of the 2023-2024 CIP is allocated to "must do" projects or activities. These include the Headworks Intake Modifications project in the Upper Conveyance Program, which is driven by the US Army Corps of Engineers, and water contract payments to Tacoma and Seattle.

Besides the “must do” projects, there are five groupings of other projects in the six-year CIP:

1. Projects identified as high priority from prior condition assessments, such as the Valve House Flow Control project and dike improvements.
2. Projects that are in progress and would be cost-ineffective and/or risky to pause, such as the Fish Screen Crane Improvements project.
3. Projects identified as medium priority but have low costs and high benefits, such as the Printz Basin Boat Launch and Trespassing Mitigation Improvements.
4. Placeholder amounts for projects that will be identified after the completion of value planning and analysis studies. The largest placeholders are in the Lower Conveyance and Upper Conveyance programs.
5. Placeholder amounts for smaller, more routine items, such as equipment, IT infrastructure, and meters (under the Bellevue-Issaquah Pipeline program).

Cascade estimates the cost (or savings) to operate and maintain completed capital projects during the planning stages of a new project for inclusion in future O&M budgets. In many cases the incremental costs are small and covered by Cascade’s contract with its Lake Tapps system operator.

Below is a map of the White River-Lake Tapps Reservoir system. The proceeding pages give project details for each CIP program, including estimated O&M costs for projects that will be completed in 2023 or 2024.



## CIP Program: Upper Conveyance

**Description:** In 2023 and 2024, the largest project is the Headworks Intake Modifications project, which is Phase 3 of the US Army Corps of Engineers' Mud Mountain Dam Fish Passage Project and considered "must do". Phase 1 was the construction of the barrier dam on the left side of the river, and Phase 2 was construction of the barrier dam on the right side of the river. Phase 3 will improve how water is diverted from the White River to Lake Tapps and will reduce sediment and debris diversion. The O&M costs for the project is estimated to be about \$100,000 for the first two years of operation. This would fund data collection and analysis to help optimize system operations, as well as training for Cascade's system operator. In the long run, Cascade should incur O&M budget savings. Currently, Cascade removes sediment from the flowline roughly every seven years. The new intake system will reduce the amount of sediment entering the flowline and the frequency by which sediment will need to be removed.

Smaller projects in 2023-2024 include: the Valve House Flow Control Improvements; Fish Screen Crane Improvements; and a new boat launch at Printz Basin. O&M costs for these three projects should be minimal and able to be absorbed within the O&M budget.

Project	2022	2023	2024	2025	2026	2027	2028	2022-2028 Total
Headworks Intake Modifications	\$715,000	\$3,000,000	\$250,000	\$0	\$0	\$0	\$0	\$3,965,000
Valve House Flow Control	\$25,000	\$200,000	0	\$0	\$0	\$0	\$0	\$225,000
Fish Screen Crane Improvements	\$0	\$200,000	\$0	\$0	\$0	\$0	\$0	\$200,000
Printz Basin Boat Launch	\$0	\$25,000	\$25,000	\$0	\$0	\$0	\$0	\$50,000
Upper Conveyance - Placeholder	\$0	\$0	\$0	\$50,000	\$50,000	\$500,000	\$2,000,000	\$2,600,000
<b>Total - Upper Conveyance</b>	<b>\$740,000</b>	<b>\$3,425,000</b>	<b>\$275,000</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$500,000</b>	<b>\$2,000,000</b>	<b>\$7,040,000</b>



Headworks Intake Modifications Project



## CIP Program: Lower Conveyance

**Description:** This program includes projects needed in the lower conveyance portion of the White River-Lake Tapps Reservoir system. In 2023, Cascade will conduct a value analysis and engineering study to determine which Lower Conveyance projects to pursue starting in 2023. Specific projects will be identified upon completion of the study. Likely candidates are improvements to the Powerhouse valves, the Forebay, and the Beartrap facility. The O&M costs associated with these projects will be estimated once specific CIP projects are identified.

Project	2022	2023	2024	2025	2026	2027	2028	2022-2028 Total
Lower Conveyance - Placeholder	\$0	\$0	\$1,000,000	\$2,500,000	\$3,000,000	\$1,500,000	\$100,000	<b>\$8,100,000</b>
Plunge Pool Improvements	\$500,000	\$0	\$0	\$0	\$0	\$0	\$0	<b>\$500,000</b>
<b>Total - Lower Conveyance</b>	<b>\$500,000</b>	<b>\$0</b>	<b>\$1,000,000</b>	<b>\$2,500,000</b>	<b>\$3,000,000</b>	<b>\$1,500,000</b>	<b>\$100,000</b>	<b>\$8,600,000</b>



Plunge Pool retaining wall improvements completed in 2022.

## CIP Program: Lake Tapps Reservoir

**Description:** This program includes projects needed in the Lake Tapps Reservoir. In 2023 Cascade will complete design work for improvements to Dike 10 and to Dike 9 but will defer construction until 2026 when more funding capacity is available. In 2019 Cascade completed a Risk Assessment Study of the Lake Tapps' dikes. Dikes 9 and 10 were identified as priority for upgrades based on their high hazard classification and relatively likely risk for seepage and seismic potential failure modes compared to the other dikes. The O&M costs associated with these projects will be estimated prior to starting construction.

Project	2022	2023	2024	2025	2026	2027	2028	2022-2028 Total
Dikes 9 and 10 Improvements	\$0	\$100,000	\$0	\$0	\$1,200,000	\$600,000	\$0	\$1,900,000
<b>Total - Lake Tapps Reservoir</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,200,000</b>	<b>\$600,000</b>	<b>\$0</b>	<b>\$1,900,000</b>



Dike 9





## CIP Program: SCADA and Security

**Program Description:** When Cascade purchased the White River – Lake Tapps Reservoir system from PSE, it included an existing security system and Supervisory Control and Data Acquisition System (SCADA). In 2014 Cascade finalized a Security Master Plan, and in 2018 it installed the high-priority recommendations from the Plan. In 2019, Cascade completed a SCADA Master Plan which recommended a comprehensive upgrade and replacement of outdated instrumentation and control systems originally designed for hydropower production. Because of the strong connection between the security system and SCADA, Cascade decided to combine the two design efforts and in 2020 hired a consultant to design the remaining improvements from the Security Master Plan and the recommendations from the SCADA Master Plan. Cascade completed the security and SCADA improvements in late 2022.

The O&M cost to operate and maintain the SCADA and security system is estimated to be \$40,000 per year for licenses and vendor support and has been included in the O&M budget.

Project	2022	2023	2024	2025	2026	2027	2028	2022-2028 Total
SCADA and Security	\$745,000	\$50,000	\$0	\$0	\$0	\$0	\$0	\$795,000
<b>Total - SCADA and Security</b>	<b>\$745,000</b>	<b>\$50,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$795,000</b>



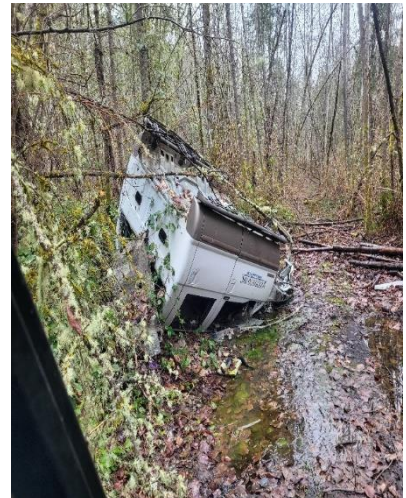
SCADA and Security System Components

### CIP Program: Facilities

**Description:** This program includes projects to improve Cascade’s facilities throughout the White River – Lake Tapps Reservoir Project. In 2023-2024 Cascade plans to automate gates at the Powerhouse and Fish Screen facility, in support of the recently completed SCADA and Security project. Cascade also plans to undertake projects to mitigate trespassing and vandalism on its property, such as installing fencing. The O&M costs associated with these projects should be minimal and able to be absorbed within the O&M budget.

Project	2022	2023	2024	2025	2026	2027	2028	2022-2028 Total
Gate Automation	\$0	\$100,000	\$100,000	\$0	\$0	\$100,000	\$100,000	\$400,000
Trespassing Mitigation Improvements	\$0	\$100,000	\$100,000	\$0	\$0	\$0	\$0	\$200,000
Powerhouse Solar Energy System	\$350,000	\$0	\$0	\$0	\$0	\$0	\$0	\$350,000
<b>Total - Facilities</b>	<b>\$350,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$950,000</b>

Existing manual gate.



An illegally dumped vehicle on Cascade’s property, illustrating the need for trespassing mitigation projects.



Solar panels installed on the Powerhouse in 2022.



## CIP Program: Equipment

**Program:** This program includes annual placeholder amounts for the purchase of equipment – both new and replacement equipment – that are necessary to operate and maintain the White River – Lake Tapps Reservoir system. Cascade uses various types of equipment to make repairs on its facilities, manage vegetation, repair dikes, culverts, and other assets, grade and smooth roads, clear rocks and debris, and perform other maintenance work to preserve the integrity of the system. The O&M costs associated with new equipment is offset by savings from retiring old equipment.

Project	2022	2023	2024	2025	2026	2027	2028	2022-2028 Total
Equipment	\$290,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$740,000
<b>Total - Equipment</b>	<b>\$290,000</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$740,000</b>



## CIP Program: Meters and Bellevue-Issaquah Pipeline

**Program:** This program includes placeholders for two categories of meters: 1) the purchase of existing meters that Cascade or other agencies own but Cascade is responsible for the cost of the replacement; and 2) the transfer of meter ownership from a member to Cascade. In 2024-2026 there is also placeholder funding for the Bellevue-Issaquah Pipeline for work associated with a Washington Department of Transportation (WSDOT) culvert replacement project. The funding would cover costs to protect in-place or relocate a section of the Bellevue-Issaquah Pipeline if it is determined that these costs reside with Cascade rather than with WSDOT.

Project	2022	2023	2024	2025	2026	2027	2028	2022-2028 Total
Meters	\$0	\$50,000	\$50,000	\$50,000	\$50,000	\$0	\$0	\$200,000
Bellevue-Issaquah Pipeline	\$0	\$0	\$80,000	\$500,000	\$500,000	\$0	\$0	\$1,080,000
<b>Total - Bellevue-Issaquah Pipeline</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$130,000</b>	<b>\$550,000</b>	<b>\$550,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,280,000</b>



Meter



Bellevue-Issaquah Pipeline "pig station"

## CIP Program: IT Infrastructure

**Description:** This program includes placeholders for the purchase of equipment necessary for a reliable information technology (IT) system, ensuring that sensitive data is protected and Cascade can continue to run smoothly.

Project	2022	2023	2024	2025	2026	2027	2028	2022-2028 Total
IT Infrastructure	\$35,000	\$25,000	\$35,000	\$25,000	\$35,000	\$25,000	\$35,000	\$215,000
<b>Total - IT Infrastructure</b>	<b>\$35,000</b>	<b>\$25,000</b>	<b>\$35,000</b>	<b>\$25,000</b>	<b>\$35,000</b>	<b>\$25,000</b>	<b>\$35,000</b>	<b>\$215,000</b>





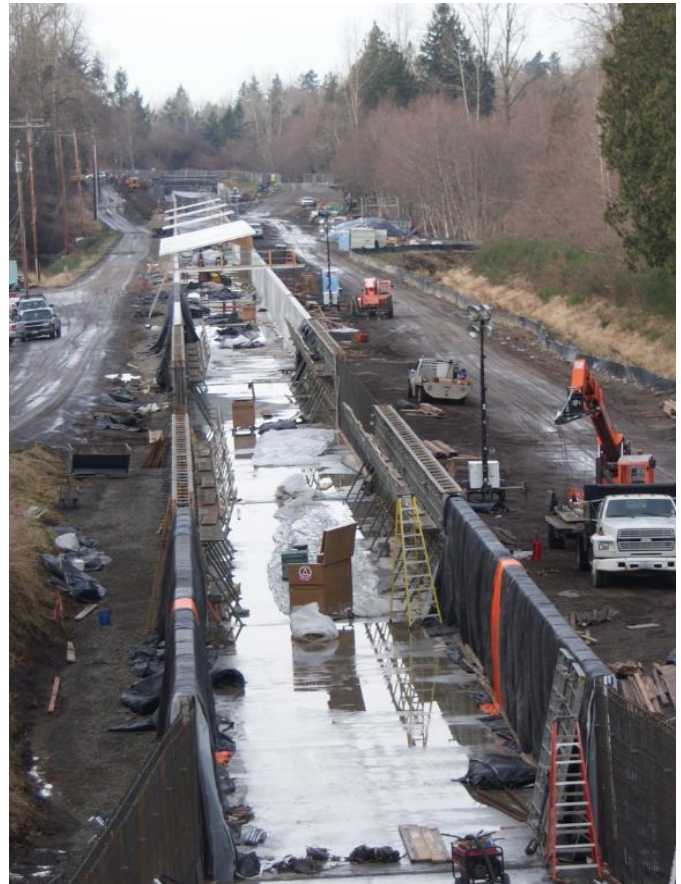
## CIP Program: Capital Risk

**Program Description:** The contingency line in Cascade’s adopted CIP provides a reserve for unforeseen and/or emergency needs that are likely to occur with the 100+-year-old infrastructure that Cascade purchased from PSE. It also reduces the financial risk associated with possible budget shortages and helps maintain Cascade’s AAA bond rating. These funds will only be spent if they are needed. The amount set aside for capital risk increases slightly over time because uncertainty increases over time.

Project	2022	2023	2024	2025	2026	2027	2028	2022-2028 Total
Capital Risk	\$450,000	\$500,000	\$500,000	\$500,000	\$600,000	\$600,000	\$600,000	\$3,750,000
<b>Total - Capital Risk</b>	<b>\$450,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$600,000</b>	<b>\$600,000</b>	<b>\$600,000</b>	<b>\$3,750,000</b>



100+ year-old standpipe



Replacing the wood flume with a concrete flume (2014)

## CIP Program: Seattle Agreement

**Description:** The Agreement with Seattle Public Utilities provides Cascade with 33.3 million gallons per day (MGD) of water through 2039 to serve Cascade’s members’ retail customers. In 2040, the contract supply begins to decline, and in 2064, the contract expires unless it is extended. Under the Agreement, Cascade makes three capacity reservation payments, the last of which is due in 2024.

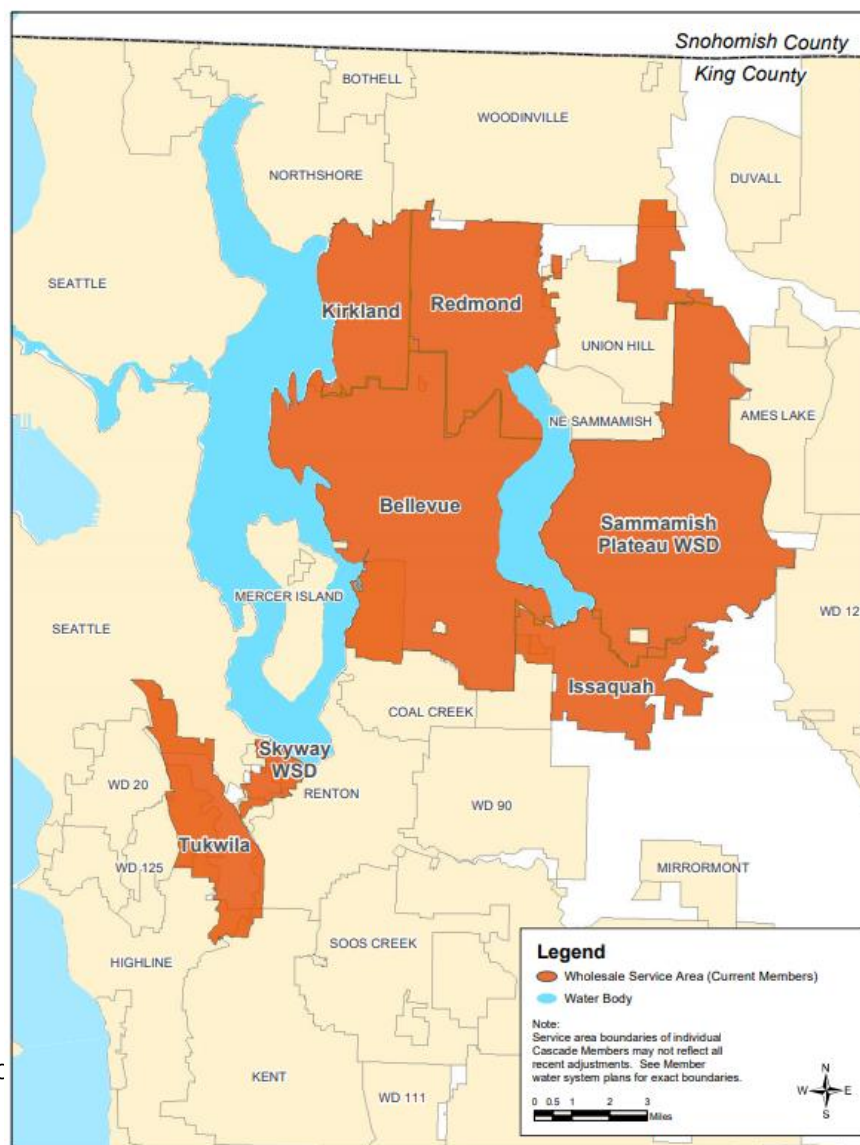
Project	2022	2023	2024	2025	2026	2027	2028	2022-2028 Total
Seattle Agreement	\$0	\$0	\$5,000,000	\$0	\$0	\$0	\$0	\$5,000,000
<b>Total - Seattle Agreement</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,000,000</b>



## CIP Program: Tacoma Agreement

**Description:** The Tacoma Agreement provides Cascade with up to eight (8) million gallons per day (MGD) of water through 2042 to serve Cascade’s members’ retail customers or for another direct use by Cascade or its members. This program reflects the annual payments to Tacoma. In 2030 the payment decreases to \$1,000,000.

Project	2022	2023	2024	2025	2026	2027	2028	2022-2028 Total
Tacoma Agreement	\$5,975,463	\$6,094,972	\$6,216,872	\$6,341,209	\$6,468,033	\$6,597,394	\$6,729,342	\$44,423,285
<b>Total - Tacoma Agreement</b>	<b>\$5,975,463</b>	<b>\$6,094,972</b>	<b>\$6,216,872</b>	<b>\$6,341,209</b>	<b>\$6,468,033</b>	<b>\$6,597,394</b>	<b>\$6,729,342</b>	<b>\$44,423,285</b>





## DEBT OVERVIEW

Major debt financing to-date includes:

- \$10,000,000 borrowed in 2004 from member Sammamish Plateau Water for acquisition of water supply sources and water systems (repaid from bond proceeds in 2006).
- \$25,904,442 owed to the City of Tacoma for acquisition of water supply sources and water systems (repaid from bond proceeds in 2006).
- Twenty-five-year \$55,230,000 revenue bond proceeds (2006 revenue bonds) to pay Sammamish Plateau Water and City of Tacoma and to finance system development (refunded by 2014 revenue bonds).
- Twenty-five-year \$80,095,000 revenue bond proceeds (2009 revenue bonds) to acquire the Lake Tapps Reservoir system from PSE and to fund property acquisitions and pipeline construction along a potential water transmission corridor.
- Twenty-five-year \$42,695,000 revenue bond proceeds (2012 revenue bonds) to acquire independent supply production capacity, restructure the Tacoma Water Contract, extend the Seattle Water Contract, and to fund Lake Tapps capital improvements.
- Fifteen-year \$29,220,000 refunding revenue bonds (2014 revenue bonds) to pay a portion of the cost of refunding the callable portion of the outstanding 2006 Bonds. The net proceeds were placed in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the 2006 bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$2,692,477. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded the 2006 revenue bonds to reduce its total debt service payments over 14 years by \$6,270,530 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$5,462,625. None of the defeased bonds remain outstanding.
- Seventeen-year \$49,430,000 for system improvement and refunding revenue bonds (2019 revenue bonds). The proceeds were used to advance refund a portion of the 2009 Series Revenue Bonds and fund \$5,181,693 in future CIP projects. These bonds were not advance refunded.
- Seventeen year \$30,005,000 refunding revenue bonds (2020 revenue bonds) to pay the cost of refunding the callable portion of the outstanding 2012 Bonds. The net proceeds were placed in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the 2012 bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The reacquisition



price exceeded the net carrying amount of the old debt by \$798,695. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded the 2012 revenue bonds to reduce its total debt service payments over 17 years by \$8,645,088 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$6,313,985.

## COVERAGE RATIO AND DEBT CAPACITY

Cascade's fiscal policies require that Cascade comply with bond covenants and satisfy related coverage requirements. In addition, the fiscal policies require that Cascade establish member charges sufficient to maintain net revenues that provide a debt coverage ratio of no less than 1.25 times total annual debt service. For this purpose, available revenues include member charges, interest earnings, miscellaneous revenues, and transfer to the Operating Fund from the Rate Stabilization Fund. Expenses include operating expenses and transfers from the Operating Fund into the Rate Stabilization Fund. Expenses do not include capital expenditures, capacity investments such supply acquisition investments, conservation investments with quantifiable return in reduced water demand or minimum payment obligations related to maintaining unused capacity rights.

The following table shows Cascade's actual debt coverage ratio since 2016 and the projected ratios for 2023 and 2024.

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Ratio	2.20	2.57	2.93	2.11	1.63	1.47	1.58	1.35	1.40

The 2023-2024 budget was developed to ensure that Cascade's coverage ratio remains in compliance with fiscal policies.

Cascade's fiscal policies provide guidance on debt management. In accordance with the policies, Cascade issues debt for investments in system infrastructure that provides tangible or intangible assets. Debt is not used to fund ongoing operating and maintenance costs that cannot be capitalized. When debt is used for capital investment, the term of debt does not exceed the reasonable useful life of the asset being acquired, constructed or enhanced.

The Board determines the term and structure of debt issued by Cascade. In determining debt structure, the Board considers the useful life of assets, existing debt and debt service load, plans for future debt issuance, market conditions, impacts on rates and charges, potential effect on Cascade's credit-worthiness and other factors that the Board deems relevant. Cascade does not use non-traditional debt, such as derivatives, swaps, variable rate obligations or other financial mechanisms, unless such instruments are allowable under Washington law, determined by the Board to be in the best interest of Cascade and found by the Board to provide financial benefit to Cascade without undue risk. Cascade will not use derivatives or swaps without the Board first adopting policy by resolution on the use of such mechanisms and approval by a 65% dual-majority vote. Cascade will also provide in payment agreements for derivatives or swaps that termination payments to a provider will be subordinate to debt service on a member's bond obligations.

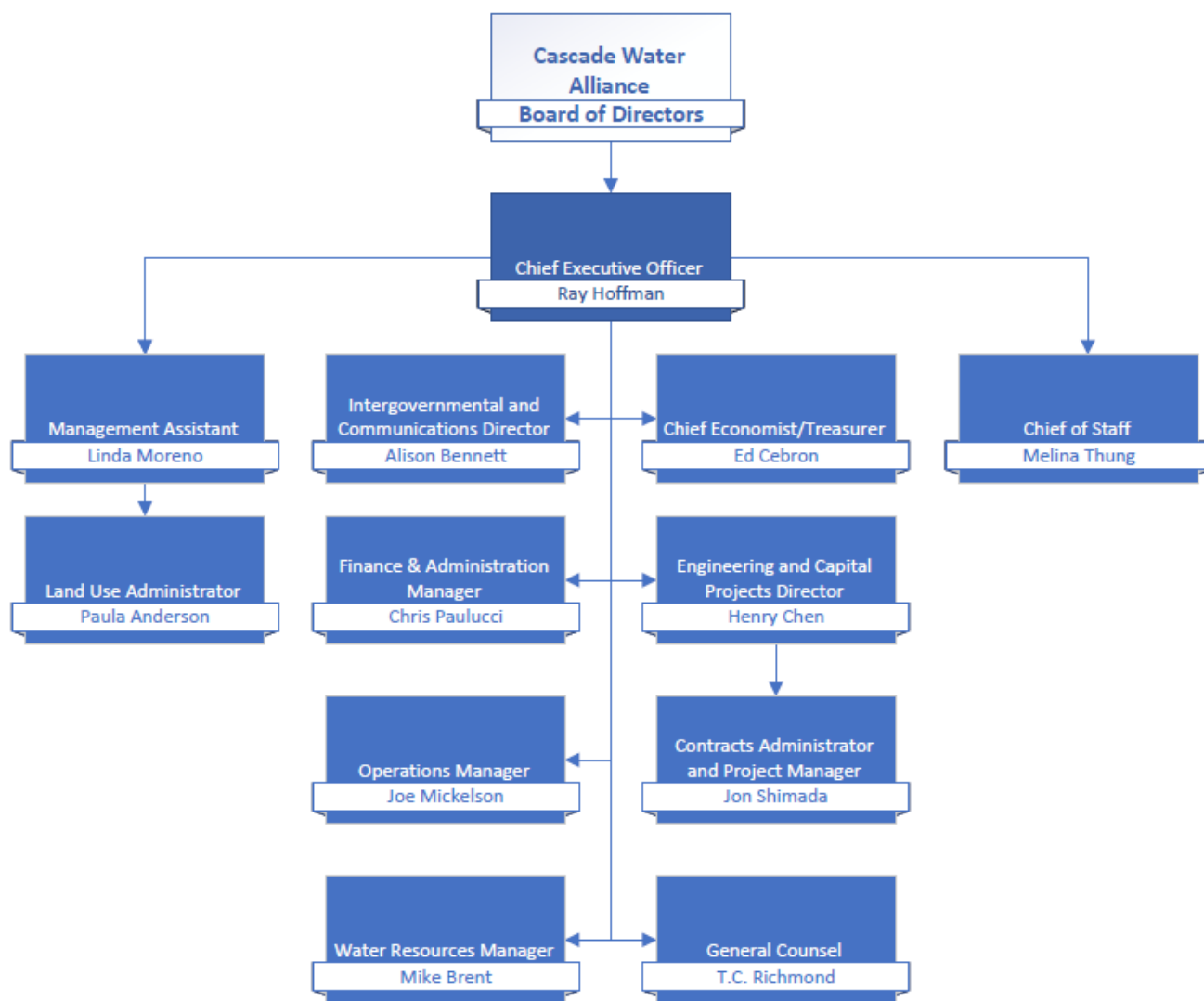
Cascade may consider debt refunding, defeasance or restructuring when demonstrated to be financially advantageous. When Cascade accumulates cash and investments in excess of identified near-term requirements, Cascade considers debt reduction as one of the potential uses for such resources. Cascade makes timely filings of regular disclosures of information required by its bond covenants to the

Municipal Securities Rulemaking Board (MSRB), including certain financial information and operating data of Cascade and of its members and notices of the occurrence of certain enumerated events, if material. The specific nature of the information to be contained in the annual disclosure report and in notices of material events is set forth in the continuing disclosure certificates of Cascade's bonds. Cascade's CEO is responsible for executing the disclosures and notifying the Board of such reports.

Cascade's outstanding debt as of December 31, 2022, is \$92,228,422. The percentage of Cascade's forecasted revenues committed to debt repayment is 20.65% in 2023 and 23.71% in 2024. Cascade's debt-to-assets ratio has trended down over the last few years, currently under 31%. Net assets have decreased recently as amortization has outpaced capital projects. However, debt has decreased more and will continue to as Cascade does not anticipate issuing debt other than to refinance existing debt in the next decade.

# DEPARTMENTAL INFORMATION

## ORGANIZATIONAL CHART



## 2023-2024 STAFFING LEVEL AND SALARY SCALE

As guided by Cascade's Human Resources Policies & Procedures Manual, salary scale increases are based on 100% of the Seattle-Tacoma Consumer Price Index for Urban Wage Earners (CPI-W) for the twelve-month period ended June 30. The cost-of-living adjustment (COLA) amount is subject to approval by the Board. For 2023, a 9.5% COLA was granted to all regular staff.

Position	Grade	2022		2023 and 2024	
		Min.	Max.		
No current position	1	\$4,169	\$6,337	\$4,567	\$6,942
No current position	2	\$4,794	\$7,288	\$5,252	\$7,983
No current position	3	\$5,519	\$8,387	\$6,045	\$9,188
Land Use Administrator	4	\$6,354	\$9,662	\$6,961	\$10,584
Water Resources Manager, Management Assistant, and Business Manager	5	\$7,308	\$11,109	\$8,006	\$12,169
No current position	6	\$8,413	\$12,790	\$9,216	\$14,011
Finance and Administration Manager	7	\$9,680	\$14,715	\$10,604	\$16,119
Directors and Operations Manager, Contracts Administrator	8	\$11,138	\$16,926	\$12,201	\$18,542
Chief Economist, Chief of Staff	9	\$12,807	\$19,466	\$14,030	\$21,324
General Counsel	10	\$14,728	\$21,250	\$16,134	\$23,278

Cascade staffing for 2023-2024 is projected to remain the same number of employees but increase by 0.5 FTE from the 2022 level of 12 employees and 10.35 full-time equivalents (FTEs) as one 0.5 FTE employee will be retiring and replaced by a full-time FTE. Of the 10.85 FTE, 6.55 FTEs are in the Administration Program, 3.3 FTEs are in the Operations Program, and 1 FTE is in the Conservation Program.

Staffing level from 2017-2024								
Grade	2017	2018	2019	2020	2021	2022	2023	2024
1	0	0	0	0	0	0	0	0
2	0	0	0	0	0	0	0	0
3	1	1	0	0	0	0	0	0
4	1	1	1	1	1	1	1	1
5	2	1	2	2	2	2	2	2
6	0	0	0	0	0	0	0	0
7	0	1	1	1	1	1	1	1
8	4.6	3.6	3.6	3.5	3.5	3.5	4	4
9	0.75	1.05	1.05	1.55	1.55	1.55	1.55	1.55
10	0	0	0	0	0	0.5	0.5	0.5
CEO	1	1	1	0.8	0.8	0.8	0.8	0.8
	10.35	9.65	9.65	9.85	9.85	10.35	10.85	10.85

## PROGRAM DESCRIPTIONS, GOALS AND OBJECTIVES

Cascade's budget and expenditures are tracked according to the groups below, along with priorities for the upcoming biennium. The groups are comprised of like expenses. In addition, the O&M groups – Administration, Conservation, Debt Service, Operations, Water – and are used to assign member charges as discussed in the Basis of Member Charges section.

Program	Description	2023-2024 Priorities	2023 Adopted Budget	2024 Adopted Budget
Administration	General overhead cost and includes communication and inter-governmental activities. Administrative dues are imposed on members, such as office rent, salaries and benefits, legal, etc. There is a cap (9%) on the administration charge that Cascade charges members.	<ul style="list-style-type: none"> <li>Negotiate a block contract extension with Seattle or a new supply contract with Tacoma.</li> <li>Continue to collaborate with Sumner and BNSF on the Sumner White River Restoration/BNSF Railroad Staging Tracks project.</li> <li>Develop the Transmission and Supply Plan.</li> </ul>	\$3,915,869	\$3,808,870
Conservation	Expenses related to Cascade's water efficiency program.	<ul style="list-style-type: none"> <li>Continue to enhance Cascade's education programs.</li> <li>Implement the We Need Water (WNW) social media strategic plan.</li> </ul>	\$798,115	\$805,754
Operations	Charges necessary to operate Cascade's operations including those related to the Lake Tapps Reservoir and the Bellevue Issaquah Pipeline.	<ul style="list-style-type: none"> <li>Complete the Value Analysis studies.</li> <li>Evaluate the impacts climate change may have on Cascade's long-term supply.</li> <li>Establish water quality policies and a long-term water quality plan.</li> </ul>	\$6,158,568	\$6,434,135
Debt Service	Amount necessary to make principal and interest payments.	N/A	\$9,199,941	\$10,795,666
Water Payments	Cost of water paid to Seattle.	N/A	\$23,969,287	\$24,402,498
<b>Total Operations &amp; Maintenance (O&amp;M) Budget</b>			<b>\$44,041,780</b>	<b>\$46,246,923</b>
Capital Improvement (CIP)	Funding to replace and improve Cascade's assets and make contract payments to Seattle and Tacoma.	<ul style="list-style-type: none"> <li>Complete the Headworks Intake Modifications and Flowline Outage and Flowline Outage project.</li> </ul>	\$10,519,972	\$13,431,872
<b>TOTAL BUDGET</b>			<b>\$54,561,752</b>	<b>\$59,678,795</b>

### Alignment Between Cascade's Programs and Its Strategic Plan

As described in the Strategic Framework section, the Strategic Plan guides Cascade's work and budget over the 2020-2024 period. The Plan has six focus areas, each with a goal, strategies, and performance measures. Cascade's Programs that are described on the previous page do not have defined goals and objectives since these serve primarily to categorize Cascade's expenses. However, there is alignment between the Programs and focus area goals. The table below shows which Programs help Cascade achieve its strategic goals.

2020-2024 Strategic Plan		Programs That Help Achieve Strategic Plan Goals
Focus Area	Goal	
Focus Area 1: Asset Management	Optimize Cascade's assets to support current and future needs.	<ul style="list-style-type: none"> <li>Administration – Overhead functions, such as staffing and legal counsel, support protection of asset integrity.</li> <li>Operations – Various activities fund asset maintenance and repair and water quality programs.</li> <li>Capital Improvement Program – The CIP funds replacement of and improvements to assets.</li> </ul>
Focus Area 2: Water Resources	Ensure flexibility, certainty and resiliency of Cascade's future drinking water supply for the region.	<ul style="list-style-type: none"> <li>Administration – Overhead function support long-term water supply negotiations.</li> <li>Operations – Activities support members' independent supply and system resiliency.</li> </ul>
Focus Area 3: Environmental Stewardship	Protect the natural environment by advancing water resource stewardship and sustainable business practices.	<ul style="list-style-type: none"> <li>Conservation – All water efficiency activities advance water resource stewardship.</li> </ul>
Focus Area 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.	<ul style="list-style-type: none"> <li>Administration – Communications and inter-governmental relations activities support regional leadership.</li> <li>Conservation – The We Need Water campaign promotes regional water resource stewardship.</li> </ul>
Focus Area 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.	<ul style="list-style-type: none"> <li>Administration – Finance and organizational management activities are key to good governance.</li> </ul>
Focus Area 6: Emerging Issues	Support members in addressing emergent priority issues while maintaining accountability to ratepayers.	<ul style="list-style-type: none"> <li>Administration – Overhead functions, such as staffing and legal counsel, support the Board and members on emerging issues.</li> </ul>



### Alignment Between the Strategic Plan, Annual Work Plan, Performance Measures and Budget

Cascade’s annual work plans implement the Strategic Plan. Cascade identified work plan actions and secured budget for each Strategic Plan strategy to ensure it meets its five-year goals. The work plan includes priorities for the year and does not include all of Cascade’s work, such as on-going maintenance.

Below is an excerpt from Cascade’s work plan which shows how the budget and performance measures are associated with the strategies. Only non-labor budget amounts are shown – staffing expenses are excluded. Cascade’s complete work plan and performance measures are included in the Appendix.

<b>FOCUS AREA 3: ENVIRONMENTAL STEWARDSHIP</b> <b>Goal: Protect the natural environment by advancing water resource stewardship and sustainable business practices.</b>					
Strategic Plan Strategies	Work Plan Actions	Performance Measures	2023 Targets and 2020-2022 Achieved	2023 Non-Labor \$	2024 Non-Labor \$
Contribute to regional activities that reduce water demand, including peak season demand, to conserve and more efficiently use water sources.	<ul style="list-style-type: none"> <li>Integrate Cascade’s water efficiency programs with members’ activities to achieve Cascade’s objectives while providing greater value to members by assisting in their sustainability, climate action, and stormwater management plans.</li> </ul>	Amount of water saved per day on an average annual basis.	<u>Target:</u> Total cumulative savings of 0.5 MGD by 12/31/2024  <u>Achieved:</u> 2020: 48,316 GPD saved 2021: 37,092 GPD saved 2022: TBD	\$173K	\$173K
Enhance education and outreach activities to enable residents, businesses, schools and public agencies to take action to protect and preserve natural water resources.	<ul style="list-style-type: none"> <li>Continue to enhance Cascade’s education programs, such as developing additional water-related curriculum.</li> <li>Continue to conduct community outreach and provide services in member service areas regarding water resource stewardship.</li> <li>Implement the We Need Water (WNW) social media strategic plan.</li> <li>Continue the TappsWise program focusing on natural yard care, septic system deficiencies follow-up, and water quality for the Lake Tapps Reservoir.</li> </ul>	<ul style="list-style-type: none"> <li>Number of students reached via presentations.</li> <li>Number of Cascade Gardener attendees.</li> </ul>	<u>Target:</u> > 8,000 students  <u>Achieved:</u> 2020: 7,053 2021: 10,614 2022: TBD  <u>Target:</u> > 2,000 attendees  <u>Achieved:</u> 2020: 178 2021: 2,102 (large increase due to on-line classes) 2022: TBD	\$525.5K	\$525.5K

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# APPENDICES

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- Work Plan and Performance Measures
- Financial Policies
- 2023-2024 Budget Adopted Resolution
- 2023-2024 Rates and Charges Resolution
- 2023-2024 Regional Capital Facilities Charge Resolution
- 2023 Member Charges Memo
- Glossary of Terms

## WORK PLAN AND PERFORMANCE MEASURES

<b>FOCUS AREA 1: ASSET MANAGEMENT</b> <b>GOAL: Optimize Cascade's assets to support current and future needs.</b>					
Strategies	Work Plan Actions	Performance Measures	2023 Targets and 2020-2022 Achieved	2023 Non-Labor \$	2024 Non-Labor \$
1. Implement strategies and make investments to protect the Lake Tapps Reservoir as a future drinking water supply.	2. Make progress on the following projects: <ol style="list-style-type: none"> <li>Headworks Intake Modifications and Flowline Outage</li> <li>Valve House System Control Rehab</li> <li>Fish Screen Crane Improvements</li> <li>Value Analysis Study Phase 1 – Lower Conveyance System</li> </ol> 3. Explore a pilot project that enables HOAs to pay for additional milfoil treatment. 4. Complete the GIS layer containing the White River-Lake Tapps Reservoir system major infrastructure geospatial data. 5. Perform annual dike inspections and make repairs as needed. 6. Continue to address trespassing issues and improving the property management program.	% of annual CIP expenses compared to budgeted amounts (excluding Capital Risk).	<u>Target:</u> 80% <u>Achieved:</u> 2020: 79.6% 2021: 79.0% 2022 Expected: 86%	\$10.5M	\$13.4M
2. Use baseline water quality information to evaluate how future drinking water from the Lake Tapps Reservoir will meet water quality regulatory standards and regional expectations.	7. Based on Board policies to be developed in early 2023, and using the results of the two-year water quality monitoring study, develop next steps for a long-term water quality strategy. 8. Monitor opportunities to engage in local government planning/stormwater activities that benefit water quality.	Compliance with water quality regulations and requirements.	<u>Target:</u> 100% <u>Achieved:</u> 2020: 100% 2021: 100% 2022: 100%	\$150K	\$150K
3. Maximize Cascade's assets to generate other sources of revenue or benefits.	9. Explore revenue generating opportunities, such as: <ul style="list-style-type: none"> <li>Land lease or transmission easement for power storage</li> <li>Enhanced investment strategy</li> </ul>	Amount of annual revenue generated by new sources.	<u>Target:</u> > \$0 <u>Achieved:</u> 2020: \$575K/YR savings starting in 2023 from bond refunding. 2021: \$68.5K in temporary water sales. 2022: \$25K in 2022 and potential \$1.18M later from transmission easement. \$85K in temporary water sales.	\$0	\$0

FOCUS AREA 2: WATER RESOURCES					
GOAL: Ensure flexibility, certainty and resiliency of Cascade's future drinking water supply for the region.					
Strategic Plan Strategies	Work Plan Actions	Performance Measures	2023 Targets and 2020-2022 Achieved	2023 Non-Labor \$	2024 Non-Labor \$
4. Delay capital costs in developing the Lake Tapps Reservoir as a municipal water supply by purchasing water from other regional suppliers and utilizing reclaimed water, independent supplies, and other water sources.	10. Negotiate a block contract extension with Seattle or a new supply contract with Tacoma. 11. Develop the Transmission and Supply Plan.	Savings from deferring development of the Lake Tapps Reservoir.	<u>Target:</u> Positive net present value <u>Achieved:</u> N/A until negotiations completed	\$50K	\$0
5. Develop strategies to address current and future drinking water quality issues to assist members in maintaining independent supplies.	12. Track PFAS legislation and rulemaking at the federal and state levels and support members as needed.	Amount of members' independent supplies.	<u>Target:</u> Status quo or increasing <u>Achieved:</u> 2020: Status quo 2021: Status quo 2022: Status quo	\$0	\$0
6. Collaborate with members and other utilities to implement actions that improve the region's resiliency for seismic events and other major disruptions impacting water supply delivery.	13. Begin implementing actions to better prepare for an emergency for the Bellevue-Issaquah Pipeline (BIP).	Number of actions taken that help improve regional resiliency.	<u>Target:</u> 1 or more actions <u>Achieved:</u> 2020: Master contract with members for EPA's resiliency (AWIA) compliance 2021: 2 member workshops on BIP emergency response 2022: 3 member workshops on BIP emergency response	\$100K	\$100K

### FOCUS AREA 3: ENVIRONMENTAL STEWARDSHIP

**Goal: Protect the natural environment by advancing water resource stewardship and sustainable business practices.**

Strategic Plan Strategies	Work Plan Actions	Performance Measures	2023 Targets and 2020-2022 Achieved	2023 Non-Labor \$	2024 Non-Labor \$
7. Contribute to regional activities that reduce water demand, including peak season demand, to conserve and more efficiently use water sources.	14. Integrate Cascade's water efficiency programs with members' activities to achieve Cascade's objectives while providing greater value to members by assisting in their sustainability, climate action, and stormwater management plans.	Amount of water saved per day on an average annual basis.	<u>Target:</u> Total cumulative savings of 0.5 MGD by 12/31/2024 <u>Achieved:</u> 2020: 48,316 GPD saved 2021: 37,092 GPD saved 2022: TBD	\$173K	\$173K
8. Enhance education and outreach activities to enable residents, businesses, schools and public agencies to take action to protect and preserve natural water resources.	15. Continue to enhance Cascade's education programs, such as developing additional water-related curriculum. 16. Continue to conduct community outreach and provide services in member service areas regarding water resource stewardship. 17. Implement the We Need Water (WNW) social media strategic plan. 18. Continue the TappsWise program focusing on natural yard care, septic system deficiencies follow-up, and water quality for the Lake Tapps Reservoir.	<ul style="list-style-type: none"> <li>Number of students reached via presentations.</li> <li>Number of Cascade Gardener attendees.</li> </ul>	<u>Target:</u> > 8,000 students <u>Achieved:</u> 2020: 7,053 2021: 10,614 2022: TBD  <u>Target:</u> > 2,000 attendees <u>Achieved:</u> 2020: 178 2021: 2,102 (large increase due to on-line classes) 2022: TBD	\$525.5K	\$525.5K
9. Sustainably manage Cascade's facilities, equipment, assets and capital projects in a way that minimizes impacts on the natural environment.	19. Monitor the solar power system and utility bills for the powerhouse to determine consistency with energy production estimates.	Amount of water and/or energy saved by implementing resource-efficient actions.	<u>Target:</u> Savings increase over prior year. <u>Achieved:</u> 2020: N/A 2021: N/A 2022 <i>Expected:</i> >\$3,000 solar energy savings	\$0	\$0
10. Identify changing environmental conditions, such as climate change, and develop strategies to mitigate impacts.	20. Evaluate the impacts climate change may have on Cascade's long-term supply for inclusion in the Transmission & Supply Plan.	N/A	<u>Target:</u> N/A <u>Achieved:</u> 2022: Initiated a climate change analysis to be completed in 2023	\$150K	\$0

### FOCUS AREA 4: REGIONAL LEADERSHIP

**GOAL: 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.**

Strategic Plan Strategies	Work Plan Actions	Performance Measures	2023 Targets and 2020-2022 Achieved	2023 Non-Labor \$	2024 Non-Labor \$
11. Advance Cascade's legislative interests to achieve Cascade's overall mission.	21. Establish and implement a legislative agenda.	N/A	N/A	\$85K	\$85K
12. Maintain trust and a good working relationship with Cascade's member communities and Lake Tapps partners.	22. Convene community meetings with the Lake Tapps Community, Tribes, and the Four Cities. 23. Sponsor events and activities in the Lake Tapps and member communities.	Number of community meetings held.	<u>Target:</u> 1 meeting each with LTCC and Four Cities <u>Achieved:</u> 2020: Did not meet due to COVID-19 2021: Met with LTCC and Four Cities 2022: Met with LTCC and Four Cities	\$120K	\$145K
13. Participate in water-related issues at the regional, state, national and industry levels.	24. Work with the Water Supply Forum on a strategy to identify and secure funding to improve the resiliency of the region's drinking water system.	Number regional, state, national or industry issues/venues Cascade engaged in.	<u>Target:</u> 1 or more venues <u>Achieved:</u> 2020: Water Supply Forum; Aspen-Nicholas Water Forum 2021: Water Supply Forum; Aspen-Nicholas Water Forum; AWWA rate methodology forum 2022: Water Supply Forum	\$0	\$0
14. Look for opportunities to partner with regional entities that have shared objectives.	25. Continue to collaborate with Sumner and BNSF on the Sumner White River Restoration/BNSF Railroad Staging Tracks project, including finalizing the project agreements. 26. Continue to collaborate with the Puyallup and Muckleshoot Tribes and USACE to jointly manage flows and operations in the White River and minimize impacts caused by construction of Phase 3 of the USACE's Mud Mountain Dam Fish Passage project.	N/A	<u>Target:</u> N/A <u>Achieved:</u> 2022: Made progress with Sumner/BNSF, expect to complete agreements in 2023	\$100K	\$50K

### FOCUS AREA 5: GOOD GOVERNANCE

**GOAL: 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.**

Strategic Plan Strategies	Cascade Work Plan Actions	Performance Measures	2023 Targets and 2020-2022 Achieved	2023 Non-Labor \$	2024 Non-Labor \$
15. Ensure continued strong engagement with current and new Board members.	27. Provide monthly member updates. 28. On-board new Board members and alternates, including offering tours of the White River-Lake Tapps Reservoir system. 29. Provide individual briefings to Board members and alternates as requested and as needed.	Number of monthly member updates sent.	<u>Target:</u> 12 <u>Achieved:</u> 2020: 12 2021: 12 2022: 12	\$0	\$0
16. Strengthen the relationship between Cascade and members' councils, commissions and other elected officials.	30. Offer presentations to members' councils, commissions and other elected or appointed officials on topics of interest.	Number of presentations to members' elected bodies.	<u>Target:</u> 2 or more <u>Achieved:</u> 2020: 4 budget and rates presentations 2021: 7 WSDF presentations 2022: 5 budget and rates presentations	\$0	\$0
17. Expand Cascade's unique business model to new issues to deliver services more efficiently and cost-effectively.	31. Offer members the opportunity to piggyback on Cascade's contracts.	N/A	<u>Achieved:</u> 2022: Water Supply Development Fund implementation (WSDF)	\$0	\$0
18. Support the Board in updating Cascade's mission, vision, and long-range goals to guide the development of future strategic plans.	32. Conduct a Board workshop to develop policy guidelines for long-term water quality investments.	Number of Strategic Plan Strategies achieved each year.	<u>Target:</u> 90% (19 of 21 Strategies in 2020-2024 Plan) <u>Achieved:</u> 2020: 85% 2021: 95% 2022: 95%	\$0	\$0
<i>Additional Good Governance actions that aren't associated with specific Strategic Plan Strategies.</i>	33. Complete the financial and accountability audits on time and free of findings. 34. Complete the office move.	Number of material audit findings.	<u>Target:</u> 0 <u>Achieved:</u> 2020: 0 2021: 0 2022: 0	\$109.5K	\$111.5K



### FOCUS AREA 6: EMERGING ISSUES

GOAL: Support members in addressing emergent priority issues while maintaining accountability to ratepayers.

Strategic Plan Strategies	Cascade Work Plan Actions	Performance Measures	2023 Targets and 2020-2022 Achieved	2023 Non-Labor \$	2024 Non-Labor \$
19. Engage in strategies to address affordability in water-related services.	35. Support proposed state legislation regarding water affordability funding and programs.	Number of activities or efforts to address affordability.	<u>Target:</u> 1 or more <u>Achieved:</u> 2020: Developed RCFC affordability options 2021: Participated in Aspen-Nicholas Water Forum; presented RCFC affordability options to FMC 2022: None – RCFC affordability on hold per FMC	\$0	\$0
20. Support members in working with regulators and other government agencies to achieve members' goals.	36. Continue to advocate members' interests with Seattle, King County, the Washington State Department of Transportation (WSDOT), and other governmental agencies, such as the BIP conflict with WSDOT's fish passage culverts projects.	N/A	<u>Target:</u> N/A <u>Achieved:</u> 2022: Continued to advocate for members interests on BIP conflict with WSDOT's fish passage culverts projects; facilitated a settlement between SPU, Tukwila and Highline over mis-delivered water	\$0	\$0
21. Provide analysis on emergent issues to enable the Board to make informed decisions and guide Cascade's work.	37. Continue to address reclaimed water through the process established under Agreement to Coordinate Reclaimed Water. 38. Continue to collaborate with Issaquah and Bellevue on evaluating their request for new connection and tie-in to BIP.	N/A	N/A	\$0	\$0

## FISCAL POLICIES

### Sections:

- 5.05.010 Adopted.
- 5.05.020 Generally.
- 5.05.030 Financial integrity and stability.
- 5.05.040 Funding growth-related system expansion.
- 5.05.050 Capital program funding.
- 5.05.060 Managing debt.
- 5.05.070 Financial planning and revenue sufficiency.
- 5.05.080 Budgeting and accounting.
- 5.05.090 Rate structure and equity.
- 5.05.100 Efficiency and conservation.

#### **5.05.010 Adopted.**

The Board of Directors of Cascade approves and adopts fiscal policies codified in this chapter. [Res. 2021-11 § 1; Res. 2018-14 § 1 (Att. 2); Res. 2016-20 § 1; Res. 2012-14 § 1; Res. 2006-05 § 1].

#### **5.05.020 Generally.**

The Board of Directors of Cascade (the Board) has determined that Cascade shall maintain fiscal policies that promote:

- A. Financial integrity and stability.
- B. Rate equity.
- C. Efficiency and conservation.

From time to time, the Board may amend these policies as it deems appropriate. It is the exclusive authority of the Cascade Board to revise these fiscal policies as appropriate. The Board may delegate review and evaluation of the fiscal policies and any proposed amendments to its Finance and Management Committee for this purpose. [Res. 2021-11 § 1; Res. 2018-14 § 1 (Att. 2); Res. 2016-20 § 1; Res. 2012-14 § 2; Res. 2006-05 § 1].

#### **5.05.030 Financial integrity and stability.**

Cascade will provide a stable financial structure that enables it to fulfill its mission to provide regional water supply and transmission services in an efficient and cost-effective manner.

A. Revenue Stability. Cascade will establish and maintain a financial structure that provides for stable and predictable revenues, relying primarily on fixed charges to members.

B. Operating Reserves (Operating Fund Balance). Cascade will maintain an operating fund and establish and budget for a beginning and ending operating fund target balance of no less than 13.7 percent (50 days) of budgeted annual operating expenses. Cascade may routinely budget higher levels of reserves to mitigate unpredictable lump sum expense adjustments, such as the annual Seattle contract true-up, and to reflect accruals toward intermittent large scale operating expenditures. In the event that the operating fund balance falls below the target balance, Cascade shall budget and set rates so that target fund levels are restored within two years.

C. Bond Reserves. Cascade will maintain a bond fund for bond reserves and debt repayment and shall maintain bond fund balances consistent with corresponding debt covenants. In the event that the bond fund balances are found to fall below target levels, Cascade shall remedy the shortfall within 90 days or, if unable, within that period make partial remedy as able and adopt an action plan to complete the remedy.

D. Contingency Planning. Cascade will incorporate adequate contingencies in its capital planning to provide for orderly cash flow on capital projects and accommodate reasonable adjustments to capital budgets, scope, and schedule, including an explicit provision for capital risk to provide for as-yet unidentified capital needs.

E. Rate Stabilization Fund. Cascade will maintain a rate stabilization fund (RSF) to be used to mitigate fluctuations in revenues, expenses, or rates. Cascade shall target a RSF balance equal to five percent of operating revenues plus provisions for accruals for intermittent large scale operating expenditures. The Board shall establish rules for rate and fund management addressing additions to or withdrawal from the RSF with the objective of smoothing rate transitions and impacts and may modify these by resolution.

F. Water Supply Development Fund. Cascade will plan for major capital initiatives, such as major new supply and transmission facilities, through the establishment and use of a water supply development fund (WSDF) intended to provide equity funding toward such major projects and provide financial stability and compliance with debt/equity policies. The Board shall direct and monitor the use of the WSDF for accumulation of equity funding and application toward major projects.

G. Asset Management. Cascade shall establish capitalization and asset management policies and will maintain a fixed asset schedule and depreciate or amortize assets based upon reasonable expectations of useful life. When infrastructure assets are not booked as depreciable assets (e.g., alternate method accounting), Cascade shall estimate useful life and annual depreciation for purposes of establishing equivalent annual depreciation and net book value of assets for fiscal policy compliance.

H. Capital Reinvestment. Cascade will budget, generate, and restrict funds for system repair and replacement (R&R), which will be made available for projects that replace assets or extend their lives whether or not such expenditures are capitalized. The annual budgeted amount will be total annual depreciation and amortization of system assets, less planned debt principal repayment, but in no case less than one-half percent of total asset value (original cost before depreciation). Subject to realization of sufficient revenues and cash balances to fund and transfer the budgeted amount, and net of R&R expenditures made through the operating budget, the net remaining annual R&R provision will be transferred into the construction fund, to be used as cash funding toward Cascade capital projects. [Res. 2022-06 § 1; Res. 2021-11 § 1; Res. 2018-14 § 1 (Att. 2); Res. 2016-20 § 1; Res. 2012-14 § 3; Res. 2006-05 § 1].

### **5.05.040 Funding growth-related system expansion.**

Cascade will establish and impose member charges that provide for equitable recovery of growth-related costs from member agencies experiencing growth. The regional capital facilities charge (RCFC) is the member charge imposed for this purpose and is applicable to all new or expanded water services within Cascade member service areas as defined in the RCFC methodology.

A. RCFC Basis. Cascade will adopt an RCFC methodology consistent with equity and revenue-generating purposes as required by the Cascade Joint Municipal Utility Services Agreement. The methodology will define the basis for determining the charge and the structure for imposing it.

B. RCFC Structure. The RCFC will be imposed on members based on customer growth. Any future revisions of the basis for RCFCs shall be limited to prospective purposes and shall not affect past payments or previously determined RCFC credits.

C. RCFC Credits. Cascade may provide credits against RCFC payments due from members. Credits issued shall be defined in terms of a number of Cascade Equivalent Residential Units (CERUs) provided and the manner in which they may be redeemed. Revisions in the definition of CERUs shall not be cause for a restatement of available credits.

D. RCFC Use and Restrictions. RCFC revenues will be used to offset system capital costs, including debt service and funding of debt related reserves. RCFCs shall be received into the operating fund and then transferred to the construction, bond and/or water supply development fund as directed by Board policy. They may be used for any authorized capital purpose including debt service and debt retirement.

As a part of Cascade's adopted budget, the Board shall set a minimum annual transfer of RCFC revenues from the operating fund to the construction fund to be used as cash funding for capital projects, attaining a minimum transfer of 75 percent of

annual RCFC revenues by 2020. For this purpose, the portion of RCFCs used in support of debt service will be funded first, with all additional RCFC revenues then allocated to capital purposes. The Board will also determine appropriate restrictions, if any, on transferred funds as related to specific projects or uses.

When major construction projects cause a substantial increase in debt burden, when accumulated construction funds exceed reasonably projected needs, or when debt funding obligations require increased deposit into the debt funds (such as for bond reserves), the Board may take action to temporarily reduce the annual capital transfer of RCFC revenues to as little as 50 percent, provided that the 75 percent minimum transfer level is restored within 10 years. [Res. 2022-06 § 1; Res. 2021-11 § 1; Res. 2018-14 § 1 (Att. 2); Res. 2016-20 § 1; Res. 2012-14 § 4; Res. 2006-05 § 1].

### **5.05.050 Capital program funding.**

In conjunction with establishing, planning, or updating its capital program, and for major capital projects, Cascade will develop and adopt a corresponding capital-financing plan that supports execution of that program in compliance with Cascade's adopted fiscal policies.

A. Construction or Acquisition of Assets. Capital funding, net of any grants, dedications, or other assistance, will consist of a combination of cash (equity) and debt financing.

B. Capital Structure of Project Financing. Cascade's capital funding strategy will be developed with an objective that total cumulative debt outstanding shall not exceed 80 percent of the net book value (original cost net of depreciation or amortization) of fixed assets and asset-backed capacity rights. Cascade may establish, by Board action, more stringent limits on debt levels and debt funding of the capital program as it deems prudent to sustain Cascade's fiscal integrity.

C. Cost Contingencies. Recognizing that project capital costs are estimates made using engineering judgement prior to known project costs, Cascade's capital improvement program will incorporate cost contingency factors appropriate for the corresponding level of planning and design. For major capital projects, Cascade's project funding plan will reflect these contingencies as part of anticipated project costs and will also provide a strategy for funding any further unanticipated cost increases.

D. Operating Costs. Cascade's capital funding strategy will consider estimated impacts on operating expenses related to planned capital improvements.

E. Advance Financial Planning. It is Cascade's intent that major capital projects, such as regional water supply and conveyance, be implemented in a planful manner that moderates impacts on Member charges and Cascade's capital structure. When planned capital projects could lead to an accumulation of debt that ultimately exceeds 80 percent of Cascade's net book value, Cascade will develop and implement a strategy for generating and accumulating a cash contribution toward the project in advance of the project's scheduled development so that this policy is satisfied and volatile impacts on Member charges are mitigated. The Board will adopt appropriate measures to enable the accumulation of such funds and safeguard the funds for their intended purpose.

F. Project Funding Plan. For specific major capital projects that would represent 25 percent or more of Cascade's total fixed assets (undepreciated original cost) when completed, such as development of a major new supply source, a project funding plan will be developed that identifies and includes a schedule of anticipated costs, planned sources of cash, grant and debt financing, a planned schedule of debt issuance, compliance with fiscal policies, and a projection of impacts on Member charges. The project funding plan will also include a contingent funding strategy in the event that project costs were to increase up to 20 percent above estimates or if assumed grant funding were lost. The project funding plan will be adopted by the Board in advance of initiating the project and will be subject to periodic update as appropriate during the development of the project.

G. Master Meter Replacement. Cascade delivers water to its members through one or more wholesale master meters, owned and maintained either by Cascade or other regional water utilities such as Seattle Public Utilities and Tacoma Public Utilities. Costs to maintain, repair and replace master meters shall be considered Cascade operating and maintenance costs to be recovered through the uniform demand share structure of Cascade. Costs to install new wholesale master meters initiated by Cascade shall be Cascade capital costs. Costs to install new master meters initiated by a member shall be the responsibility of

the member and charged directly to that member. [Res. 2022-06 § 1; Res. 2021-11 § 1; Res. 2018-14 § 1 (Att. 2); Res. 2016-20 § 1; Res. 2012-14 § 5; Res. 2006-05 § 1].

### **5.05.060 Managing debt.**

A. Use of Debt for Capital Assets. Cascade will issue debt for investments in system infrastructure that provide tangible or intangible assets. Debt will not be used to fund ongoing operating and maintenance costs that cannot be capitalized.

B. Structure of Debt. The Board shall determine the term and structure of debt issued by Cascade. In determining debt structure, the Board shall consider the useful life of assets, existing debt, and debt service load, plans for future debt issuance, market conditions, impacts on rates and charges, potential effect on Cascade's creditworthiness, and other factors that the Board deems relevant. When debt is issued in support of capital development, the term of debt shall not exceed the reasonable useful life of the asset being acquired, constructed, or enhanced.

C. Nontraditional Debt. Cascade will not use nontraditional debt, such as derivatives, swaps, variable rate obligations or other financial mechanisms, unless such instruments are allowable under Washington law, determined by the Board to be in the best interest of Cascade, and found by the Board to provide financial benefit to Cascade without undue risk. Cascade will not use derivatives or swaps without the Board first adopting policy by resolution on the use of such mechanisms and approval by a 65 percent dual majority vote. Cascade will also provide in payment agreements for derivatives or swaps that termination payments to a provider will be subordinate to debt service on a member's bond obligations.

D. Debt Modification. Cascade may consider debt refunding, defeasance or restructuring when demonstrated to be financially advantageous. When Cascade accumulates cash and investments in excess of identified near-term requirements, Cascade will consider debt reduction as one of the potential uses for such resources.

E. Disclosures. Cascade shall make timely filings of regular disclosures of information required by its bond covenants to the Municipal Securities Rulemaking Board (MSRB), including certain financial information and operating data of Cascade and of its Members and notices of the occurrence of certain enumerated events, if material. The specific nature of the information to be contained in the annual disclosure report and in notices of material events is set forth in the continuing disclosure certificates of Cascade's bonds. The Chief Executive Officer (CEO) will be responsible to execute the disclosures and notify the Board of such reports. [Res. 2021-11 § 1; Res. 2018-14 § 1 (Att. 2); Res. 2016-20 § 1; Res. 2012-14 § 6; Res. 2006-05 § 1].

### **5.05.070 Financial planning and revenue sufficiency.**

Cascade shall establish member charges sufficient to meet all cash operating requirements of the system.

A. Cash Requirement. Cash operating requirements are defined to include operating expenses, debt repayment, planned equity funding of the capital program, and planned addition to operating, bond or other reserves. Resources considered for this purpose shall include, in addition to member charges, available interest earnings, ancillary energy and resource recovery revenues, miscellaneous revenues, and planned use of available reserves.

B. Coverage Requirement. Cascade shall comply with bond covenants and satisfy related coverage requirements. In addition, Cascade will establish member charges sufficient to maintain net revenues that provide a debt coverage factor of no less than 1.25 times total annual debt service. For this purpose, available revenues shall include member charges, interest earnings, ancillary energy and resource recovery revenues, miscellaneous revenues, and transfer to the operating fund from the rate stabilization fund. Expenses shall include operating expenses and transfers from the operating fund into the rate stabilization fund. Expenses shall not include capital expenditures, capacity investments such as supply acquisition or conservation with quantifiable return in reduced water demand, or minimum payment obligations related to maintaining unused capacity rights.

C. Rate Transitions/Planning. In order to maintain orderly and reasonable transitions in rates, Cascade shall rely on the most current rate forecast as guidance in establishing member charges. Member charges (meaning unit charges applied to calculate member payments) shall not be reduced any year when a net increase in required revenues derived from member charges is projected within the upcoming five-year period. When substantial future revenue increases are forecast, Cascade shall, to the extent practical, increase member charges in an orderly fashion through a series of moderate annual adjustments

## 2023-2024 Adopted Budget

with an intent to provide smoothing of increases and impacts over a prospective five-year period. [Res. 2021-11 § 1; Res. 2018-14 § 1 (Att. 2); Res. 2016-20 § 1; Res. 2012-14 § 7; Res. 2006-05 § 1].

### **5.05.080 Budgeting and accounting.**

Cascade shall develop and approve biennial budgets as provided by the Cascade Water Alliance Joint Municipal Utility Services Agreement ("Cascade Agreement") and bylaws and consistent with adopted fiscal policies.

A. Annual Budget. Each annual Cascade budget shall establish authorized expenditure levels, estimated revenues and reserve levels. Cascade shall amend the adopted budget, as deemed appropriate, by Board action to reflect material changes in anticipated revenues or expenditures. The CEO shall establish procedures and practices for periodic reporting to the Board on budget performance.

For the Annual Budget, salary ranges shall be assumed to adjust annually on January 1 by a cost-of-living adjustment based on 100% of the Consumer Price Index for Seattle Tacoma Urban Wage Earners (CPI-W) for the 12-month period ending June 30 of the prior year; however, actual cost of living adjustments shall be at the Board's discretion and will be considered final only upon Board adoption of the annual budget. If the CPI-W percentage is negative, there shall be no cost-of-living adjustment. Other salary and wage adjustments for competitiveness, market alignment, etc., shall be authorized by the Board in its discretion.

B. Rate Planning. In support of the budget process, Cascade shall determine corresponding rates and charges and provide such information to members. Cascade shall issue a preliminary rate forecast no later than July 1st of each year. Cascade shall issue a revised rate forecast no later than October 1st of each year. These rate forecasts shall address no less than a 10-year planning horizon. Cascade shall issue additional rate analyses and forecasts as directed by the Board.

In addition, Cascade shall periodically, but no less than every ten years, develop a financial forecast encompassing at least a 20-year planning period. This forecast shall project member charges as required to satisfy financial requirements and performance standards.

C. Financial Reporting. Cascade shall establish and maintain financial records in a format consistent with Washington State BARS system of accounts. Cascade shall conform with generally accepted accounting principles in its accounting, reporting and procedures.

D. Audit. Cascade shall be audited by an independent outside auditor no less than annually. Such audit shall be performed by the State Auditor or their agent or by a public accounting firm knowledgeable in Washington municipal accounting practices.

E. Funds. Cascade shall establish and maintain appropriate segregation of monies as required to provide adequate accounting for the source and use of funds. To this end, Cascade shall maintain: (1) an operating fund; (2) a rate stabilization fund; (3) a bond fund; (4) a construction fund; and (5) a water supply development fund. Any additional funds or accounts shall be established and maintained as defined by Board resolution.

F. Investments. The Board shall adopt by resolution an investment policy which is fully compliant with statutory requirements, and which protects the security of invested funds. The investment strategy contained in that policy will consider appropriate maturities for investments as related to corresponding yield and intended uses of various funds and reserves. The investment strategy may be executed through contract with third party governmental investment pools that comply with statutory limits, such as King County or the State investment pool, provided that those pools are also consistent with Cascade's investment policies and objectives.

G. Board Oversight. Cascade's Board shall receive regular reports and briefings on Cascade's financial status. The Board shall receive directly, or through its Finance and Management Subcommittee, at a minimum:

1. Net Assets Report, Balance Sheet, Treasurer's Report, Contracts Status Report, Budget-versus-Actual Report, Income Statement, and Warrants and Wires Listing (no less frequently than quarterly);



2. Direct reports from Cascade's independent outside auditor reporting the results of quarterly financial reviews conducted for quarters one, two, and three of every year;
3. Direct reports from Cascade's independent outside auditor reporting the results of the annual independent financial audit and Government Auditing Standards examination of Cascade;
4. Direct reports from the State Auditor's Office reporting the results of the state's annual audit of Cascade;
5. A written monthly narrative that reports on Cascade's financial and administrative activities;
6. Written Exception reports including material variance from budget;
7. Notice of disclosure submittals related to outstanding bonds;
8. Any other information as requested or directed by the Board. [Res. 2022-14 § 2; Res. 2021-11 § 1; Res. 2018-14 § 1 (Att. 2); Res. 2016-20 § 1; Res. 2012-14 § 8; Res. 2012-07 § 34; Res. 2006-05 § 1].

### **5.05.090 Rate structure and equity.**

Cascade has established a uniform structure of charges to all members regardless of location. This structure reflects Cascade's uniform regional commitment of service to its members. Members shall not enjoy or suffer from geographic advantage as an element of the allocation of regional water resources or their costs. Cascade may identify rate classes within this standard structure, through which unique service commitments may be reflected that alter attributable costs of service and warrant unique or revised rate features.

A. Cascade Revenue Sources. The basic member charges imposed by Cascade are defined by the Cascade Agreement and include:

1. Annual administrative dues.
2. Conservation program charge.
3. Demand share charges.
4. Volume charges.
5. Regional growth charge (RCFC).

B. Credits and Adjustments. Cascade's fixed charge structure can in certain cases lead to results of overpayment or underpayment by members in a given fiscal year. Cascade shall identify and correct for overpayment and underpayment caused by estimation. Cascade will determine the net of such payments no later than June 30th of the next fiscal year. The net credit or surcharge due will be applied during the budgeting process for the following fiscal year, with corresponding adjustments to that year's scheduled payments. For example, overpayment received in 2020 would be identified in 2021 and credited against 2022 payments. As approved by Board resolution, earlier payment of credits to members may be approved, but Cascade may not unilaterally require early payment from members. Such credits, surcharges or adjustments shall not accrue interest. They shall be treated by Cascade as revenues or expenditures in the year payments are to be made.

C. New Member Buy-In Charges. As contemplated and provided in Section 3.2 of the Cascade Agreement, Cascade shall establish and require appropriate buy-in payments from new members. The Board shall consider net value of the Cascade system, supply requirements of the new member, Cascade's supply status, and other relevant factors as relevant to determining an equitable and appropriate payment that protects the interests and investments of existing members.

D. Sales or Capacity Commitments to Nonmembers. Cascade may determine that it is in its best interests to enter into water contracts to supply or otherwise serve nonmember utilities or agencies. In such cases, no commitment or supply to nonmembers may offer terms that are financially favorable in comparison to those offered to members except as the Board

determines that such terms are of material benefit to Cascade and its members. The Board may consider material differences in service or supply commitments in its consideration of such terms.

E. Special Projects and Programs. It is expected that there may be occasional opportunities for arrangements of mutual benefit between Cascade and its members, or with nonmembers. The Board shall have the discretion to consider and enter into special agreements related to Cascade's and its members' resources and programs on a case-by-case basis; provided, that such agreements are uniformly available to any members able to participate. [Res. 2021-11 § 1; Res. 2018-14 § 1 (Att. 2); Res. 2016-20 § 1; Res. 2012-14 § 9; Res. 2012-07 § 35; Res. 2006-05 § 1].

### **5.05.100 Efficiency and conservation.**

Cascade is committed to efficient and responsible use and stewardship of water resources. Water efficiency and conservation provide cost-effective means to avoid or delay costly system expansions while reducing environmental impacts on water systems.

A. Recovery of Conservation Program Costs. Cascade shall fund conservation and efficiency measures consistent with its service obligations and shall recover related program costs through a uniform conservation program charge that best relates to the cost and benefits attributable to its member agencies.

B. Cost-Effectiveness of Conservation and Efficiency Measures. As a means of meeting its members' demands, Cascade shall periodically evaluate potential efficiency and conservation measures and determine cost-effectiveness of those measures relative to related system expansion. That cost-effectiveness determination shall consider direct realized and avoided costs but may also consider external costs or benefits related both to the measure and its alternate supply development option.

C. Access to Conservation and Efficiency Program and Measures. Cascade shall endeavor to develop conservation and efficiency programs that are broadly and universally available throughout its member service areas, recognizing that some measures are specific to retail customer activities and land uses that may not be uniformly distributed among members.

D. Wholesale Wheeling. When the Cascade Board determines it to be efficient and cost-effective, Cascade may contract with member or other water utilities, to "wheel" or transfer water through their systems to member or contract customers of Cascade in lieu of facility construction by Cascade. Payments made by Cascade for wheeling shall be considered a Cascade operating and maintenance expense.

E. Master Metering. To support efficient use of water resources, Cascade shall meter all water delivered to its members through one or more wholesale master meters, owned and maintained either by Cascade or other regional water utilities supplying water to Cascade such as Seattle Public Utilities and Tacoma Public Utilities. Member charges shall include charges based on water delivered to each member. [Res. 2022-06 § 1; Res. 2021-11 § 1; Res. 2018-14 § 1 (Att. 2); Res. 2016-20 § 1; Res. 2012-14 § 10; Res. 2012-07 § 36; Res. 2006-05 § 1].

## 2023-2024 BUDGET ADOPTION RESOLUTION



Attachment 1

CASCADE WATER ALLIANCE  
RESOLUTION NO. 2022-15

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE, A  
WASHINGTON MUNICIPAL CORPORATION,  
PROVIDING FOR A CASCADE WATER ALLIANCE BUDGET AND  
ADOPTING A BUDGET FOR 2023 AND A BUDGET FOR 2024

WHEREAS, the Cascade Water Alliance ("Cascade") is a Washington municipal corporation formed under authority of the Joint Municipal Utilities Authority Act (Chapter 39.106 RCW) to provide water supply to its Members; and

WHEREAS, by Resolution 2010-08, the Board of Directors of Cascade ("Board") established a two-year fiscal biennium budget that will consist of the adopted two consecutive annual budgets, which together shall be referred to as "the biennial budget" which will appropriate funds for two consecutive but non-transferrable years; and

WHEREAS, by Resolution No. 2018-13, the Board established that both years of the biennium will be adopted; and

WHEREAS, Cascade staff developed preliminary proposed annual budgets for 2023 and 2024 and made presentations to the Board at its June 22, and July 27, 2022, Board meetings; and

WHEREAS, the Board determined that it is reasonable, appropriate, consistent with applicable law, and Cascade's Joint Municipal Utility Services Agreement, and in the best interests of Cascade to adopt two consecutive annual budgets, which together shall be referred to as "the biennial budget."

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE, as follows:

### Section 1. 2023 Budget.

- A. Estimated Resources and Expenditures. The 2023 budget estimated resources and expenditure authority of the Cascade Water Alliance is hereby adopted as follows:

<i>Fund</i>	<i>2023 appropriation authority</i>
Operating	\$52,431,642
Water Supply Development	\$9,398,647
Rate Stabilization	\$2,181,498
Construction	\$26,125,333
Bond	\$22,502,171
<b>Total</b>	<b>\$112,639,291</b>

B. Staffing. 2023 staffing of the Cascade Water Alliance is hereby established as follows:

1. Chief Executive Officer	7. Intergovernmental & Communications Director
2. Land Use Administrator	8. Management Assistant
3. Operations Manager	9. Finance and Administration Manager
4. Chief of Staff	10. Water Resources Manager
5. Contracts Administrator	11. Engineering & Capital Projects Director
6. Chief Economist/Treasurer	12. General Counsel

C. Budget Document. The Chief Executive Officer and the Finance and Administration Manager are hereby directed to prepare, by December 31, 2022, a final 2023 budget document to include, at a minimum, the following:

- Line-item expenditure and revenue detail
- Comparative tables with prior years' data
- Narrative description of budget activity
- Financial policies
- Capital Improvement Program project descriptions, including cost estimates and historic cost projections
- Cash flow and borrowing projections and assumptions
- Performance measures tied to Cascade's Strategic Plan
- Organization chart
- Staff salary schedule

## Section 2. 2024 Budget.

A. Estimated Resources and Expenditures. The 2024 Budget estimated resources and expenditure authority of the Cascade Water Alliance is hereby adopted as follows:

<i>Fund</i>	<i>2024 appropriation authority</i>
Operating	\$54,246,578
Water Supply Development	\$11,370,104
Rate Stabilization	\$2,290,715
Construction	\$24,298,926
Bond	\$23,170,942
<b>Total</b>	<b>\$115,377,264</b>

B. Staffing. 2024 staffing of the Cascade Water Alliance is hereby established as follows:

1. Chief Executive Officer	7. Intergovernmental & Communications Director
2. Land Use Administrator	8. Management Assistant
3. Operations Manager	9. Finance and Administration Manager
4. Chief of Staff	10. Water Resources Manager
5. Contracts Administrator	11. Engineering & Capital Projects Director
6. Chief Economist/Treasurer	12. General Counsel

C. Budget document. The Chief Executive Officer and the Finance and Administration Manager are hereby directed to prepare, by December 31, 2022, a final 2024 budget document to include, at a minimum, the following:

- Line-item expenditure and revenue detail
- Comparative tables with prior years' data
- Narrative description of budget activity
- Financial policies
- Capital Improvement Program project descriptions, including cost estimates and historic cost projections
- Cash flow and borrowing projections and assumptions
- Performance measures tied to Cascade's Strategic Plan
- Organization chart
- Staff salary schedule

### Section 3. 2023 - 2028 Capital Improvement Program.

The 2023 and 2024 budgets include the following Capital Improvement Program plan expenditures:

Project	2023 Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2023-2028 Total
301-Upper Conveyance	\$3,425,000	\$275,000	\$50,000	\$50,000	\$500,000	\$2,000,000	\$6,300,000
303-Lower Conveyance	\$0	\$1,000,000	\$2,500,000	\$3,000,000	\$1,500,000	\$100,000	\$8,100,000
304-Lake Tapps Reservoir	\$100,000	\$0	\$0	\$1,200,000	\$600,000	\$0	\$1,900,000
305-SCADA and Security	\$50,000	\$0	\$0	\$0	\$0	\$0	\$50,000
306-Facilities	\$200,000	\$200,000	\$0	\$0	\$100,000	\$100,000	\$600,000
307-Equipment	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$450,000
310-Bellevue-Issaquah Pipeline(BIP)	\$50,000	\$130,000	\$550,000	\$550,000	\$0	\$0	\$1,280,000
324-IT Infrastructure	\$25,000	\$35,000	\$25,000	\$35,000	\$25,000	\$35,000	\$180,000
<b>Subtotal - Projects</b>	<b>\$3,925,000</b>	<b>\$1,715,000</b>	<b>\$3,200,000</b>	<b>\$4,910,000</b>	<b>\$2,800,000</b>	<b>\$2,310,000</b>	<b>\$18,860,000</b>
315-Capital Risk	\$500,000	\$500,000	\$500,000	\$600,000	\$600,000	\$600,000	\$3,300,000
309-Tacoma Agreement	\$6,094,972	\$6,216,872	\$6,341,209	\$6,468,033	\$6,597,394	\$6,729,342	\$38,447,822
322-Seattle Agreement	\$0	\$5,000,000	\$0	\$0	\$0	\$0	\$5,000,000
<b>Grand Total</b>	<b>\$10,519,972</b>	<b>\$13,431,872</b>	<b>\$10,041,209</b>	<b>\$11,978,033</b>	<b>\$9,997,394</b>	<b>\$9,639,342</b>	<b>\$65,607,822</b>



### Section 4. Fund Management Rules.

The 2023 and 2024 budgets include the following Fund Management Rules:

Fund / Purpose	Target (2023*)	Minimum (2023*)	Maximum (2023*)	Causes of Deviation	Response to Replenish Deficiency	Response to Draw Down Surplus
<b>Operating Fund</b> <i>Reserve to provide cash flow liquidity and cushion against budget deviation</i>	50 days of budgeted operating expense (\$4.8m) plus funding accruals for major cyclical expenses such as sediment removal and system plans (\$0.2m)	45 days of budgeted operating expense (\$4.3m) plus funding accruals for major cyclical expenses such as sediment removal and system plans (\$0.3m)	75 days of budgeted operating expense (\$7.1m) plus funding accruals for major cyclical expenses such as sediment removal and system plans (\$0.3m)	1) Variations in revenues, expenses or transfers 2) Rate Smoothing	Continue rate planning to target fund balance, contingent on 5-year rate smoothing (max. of 5 years to recover)	Budgeted transfer to construction fund, contingent on requirements for projected 5-year rate smoothing
<b>Rate Stabilization Fund</b> <i>Reserve to provide source of revenues to offset significant budget deviation and satisfy cash flow, coverage requirements</i>	5% of budgeted operating revenues (excluding RCFs) (\$2.2m)	4% of budgeted operating revenues (excluding RCFs) (\$1.7m)	7% of budgeted operating revenues (excluding RCFs) (\$3.1m)	1) Fund earnings 2) Use of RSF 3) Delayed or reduced transfers from Operating Fund	Continue rate planning to target fund balance, contingent on 5-year rate smoothing (max. of 5 years to recover)	No additions to fund; if excess is projected for more than 5 years, budget transfer to construction (subject to meeting coverage policy)
<b>Construction Fund</b> <i>CIP funding and repository for bond proceeds until expended on projects</i>	No specific target except to provide adequate funds for ongoing construction projects and obligations (\$7.5m)	\$6.0m based on January capital payment due to TPU	Long-term CIP funding needs as determined by the Board	1) Project costs in excess of budget 2) Delay in bond proceeds or other funding sources	1) Transfer from WSDF, Operating or other funds 2) Debt issuance	1) Transfer to other funds including WSDF 2) Debt Retirement 3) Reduce capital funding from RCFs
<b>Bond Fund: Reserve Account</b> <i>Comply with bond covenants and provide a safeguard against shortfall when payments are due</i>	Maximum annual debt service (\$4.2m)	Maximum annual debt service requiring reserve (\$4.2m)	Maximum annual debt service requiring reserve (\$4.2m)	Deficit in bond repayment draws down reserve account	Immediate transfer from Operating Fund	Transfer to Bond Debt Service Account
<b>Bond Fund: Debt Service Account</b> <i>Accumulate funds for scheduled bond principal and interest payments</i>	Accrued principal and interest on outstanding bonds (\$5.8m) (12/31/22)	Accrued principal and interest on outstanding bonds (\$5.8m) (12/31/22)	Accrued principal and interest on outstanding bonds (\$5.8m) (12/31/22)	Inadequate or delayed transfer of funds from Operating or other Funds	Immediate transfer from Operating or other Funds	Reduce transfers from Operating or other Funds until target restored
<b>Water Supply Development Fund (WSDF)</b> <i>Accumulate funds for major water supply projects to moderate rate impacts and meet debt/equity policies</i>	Determined by capital funding strategy for future supply projects (\$8.2m)	Determined by capital funding strategy for future supply projects (\$9.4m)	Determined by capital funding strategy for future supply projects (\$12.0m)	Inadequate or delayed transfer of funds, reduced earnings, or changes in fund targets	Budgeted increases in transfers from Operating and Construction Funds to meet capital funding strategy	Budgeted reductions in transfers from Operating and Construction Funds, transfers to other funds, or distribution to Members per resolution

\* 2023 estimates are based on proposed 2023 budget and financial requirements as of July 18, 2022.



**Section 5. Effect.**

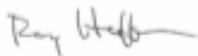
This Resolution shall be in full force and effect on the date of its adoption.

ADOPTED AND APPROVED by the Board of Directors of the Cascade Water Alliance at a regular meeting thereof, held on the 28th day of September 2022.

CASCADE WATER ALLIANCE



Penny Sweet, Chair



Attest – Ray Hoffman, Chief Executive Officer



Angela Birney, Vice Chair



Allan Ekberg, Secretary/Treasurer

**Members**

Yes 6  
No 0

**Demand Share**

Yes 95.6 %  
No 0 %

**Include in CWAC?**

☐ Yes

☒ No

## 2023-2024 RATES AND CHARGES RESOLUTION

Attachment 1

CASCADE WATER ALLIANCE  
RESOLUTION NO. 2022-16

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER  
ALLIANCE, A WASHINGTON MUNICIPAL CORPORATION, ADOPTING RATES AND  
CHARGES FOR THE YEAR 2023 AND 2024

WHEREAS, the Cascade Water Alliance ("Cascade") is a Washington municipal corporation formed under authority of the Joint Municipal Utilities Authority Act (Chapter 39.106 RCW) to provide water supply to its Members; and

WHEREAS, the Joint Municipal Utility Services Agreement provides for the payment of Administrative Dues by Cascade Members; and

WHEREAS, the Joint Municipal Utility Services Agreement provides for the Board of Directors (the Board) to set Rates and Charges according to the rate calculation methodology, which includes a calculation of demand shares and a uniform pricing structure with a commodity charge and fixed charges allocated by demand share; that the Board may adopt wholesale charges in addition to normal demand share charges to encourage resource conservation; and that the Board must set Rates and Charges at levels sufficient for all expenses of Cascade; and

WHEREAS, the Board adopted a Rate Calculation Methodology, codified at Chapter 5.20 of the Cascade Water Alliance Code; and

WHEREAS, by Resolution 2010-08, the Board established a two-year fiscal biennium budget that will consist of the adopted two consecutive annual budgets, which together shall be referred to as "the biennial budget." By Resolution 2018-13, the Board further established that Member Charges for both years will be approved biennially when the biennial budget is adopted.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE as follows:

**Section 1. Cascade Equivalent Residential Units (CERUs) for 2023 and 2024.**

CERUs for each Member for 2023 and 2024 are as follows:

TABLE 1		
Member	2023 Adopted CERUs	2024 Adopted CERUs
Bellevue	70,167.5	70,467.5
Issaquah	15,842.5	16,042.5
Kirkland	20,490.0	20,670.0
Redmond - City	29,143.5	29,433.5
Redmond - Novelty Hill	4,466.0	4,476.0
Sammamish Plateau Water	24,633.5	24,933.5
Skyway WSD	3,893.5	3,898.5
Tukwila	8,442.5	8,457.5
Total	177,079.0	178,379.0

### Section 2. 2023 and 2024 Demand Shares.

Adopted demand shares for each Member for 2023 and 2024 are as follows:

TABLE 2

Member	2023 Demand Shares	2023 Demand Share percentage	2024 Demand Shares	2024 Demand Share percentage
Bellevue	19.2038	53.12%	19.4800	53.15%
Issaquah	1.6291	4.51%	1.6909	4.61%
Issaquah Temporary	0.0000	0.00%	0.0467	0.13%
Kirkland	5.3329	14.75%	5.4027	14.74%
Redmond - City	4.8687	13.47%	4.8560	13.25%
Redmond - Novelty Hill	1.1396	3.15%	1.1571	3.16%
Sammamish Plateau Water	1.2567	3.48%	1.3205	3.60%
Skyway WSD	0.3972	1.10%	0.3949	1.08%
Tukwila	2.3244	6.43%	2.3047	6.29%
<b>Total</b>	<b>36.1524</b>	<b>100.00%</b>	<b>36.6533</b>	<b>100.00%</b>

Except that, in accordance with the Interlocal Contract, no Member shall have a Weighted Vote of less than one.

### Section 3. Summary of Member Charges.

2023 and 2024 Adopted Member Charges (excluding RCFC) are hereby established as shown in Table 3 below.

Administrative dues shall be assessed against each Member for the years 2023 and 2024 at the rates of \$21.45 and \$20.93 per CERU respectively multiplied by 100% of that Member's CERUs.

The demand share charge for the years 2023 and 2024 shall be \$399,819 and \$410,248 respectively per Demand Share percentage.

The conservation program charge for the years 2023 and 2024 shall be \$4.51 and \$4.52 respectively per CERU. The charge is applicable to 100% of a Member's CERUs.

TABLE 3

2023 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	2022 True-up (50%)	Total
Bellevue	\$1,499,443	\$315,132	\$21,237,988	\$50,549	\$23,103,112
Issaquah	\$336,325	\$70,684	\$1,801,664	(\$13,131)	\$2,195,542
Issaquah Temporary	\$0	\$0	\$0	\$0	\$0
Kirkland	\$435,995	\$91,631	\$5,897,824	\$66,991	\$6,492,441
Redmond CITY	\$621,148	\$130,544	\$5,384,478	(\$104,976)	\$6,031,194
Redmond NOVELTY HILL	\$95,563	\$20,084	\$1,260,275	(\$23,539)	\$1,352,383
Sammamish Plateau Water	\$523,569	\$110,036	\$1,389,768	\$48,118	\$2,071,491
Skyway Water & Sewer District	\$83,392	\$17,526	\$439,289	\$2,103	\$542,310
Tukwila	\$180,735	\$37,984	\$2,570,637	(\$26,113)	\$2,763,243
<b>Total</b>	<b>\$3,776,170</b>	<b>\$793,621</b>	<b>\$39,981,923</b>	<b>\$0</b>	<b>\$44,551,715</b>

2024 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	2022 True-up (50%)	Total
Bellevue	\$1,468,720	\$317,204	\$21,803,317	\$50,549	\$23,639,790
Issaquah	\$331,609	\$71,619	\$1,892,544	(\$13,131)	\$2,282,641
Issaquah Temporary	\$0	\$0	\$52,232	\$0	\$52,232
Kirkland	\$428,889	\$92,628	\$6,047,052	\$66,991	\$6,635,560
Redmond CITY	\$610,021	\$131,748	\$5,435,113	(\$104,976)	\$6,071,906
Redmond NOVELTY HILL	\$93,481	\$20,189	\$1,295,085	(\$23,539)	\$1,385,196
Sammamish Plateau Water	\$515,619	\$111,360	\$1,477,987	\$48,118	\$2,153,084
Skyway Water & Sewer District	\$81,497	\$17,601	\$441,952	\$2,103	\$543,153
Tukwila	\$176,715	\$38,166	\$2,579,525	(\$26,113)	\$2,768,293
<b>Total</b>	<b>\$3,706,551</b>	<b>\$800,515</b>	<b>\$41,024,787</b>	<b>\$0</b>	<b>\$45,531,854</b>

**Section 4. Effect.**

This Resolution shall be in full force and effect on the date of its adoption.

ADOPTED AND APPROVED by the Board of Directors of the Cascade Water Alliance at a regular meeting thereof, held on the 28th day of September 2022.

CASCADE WATER ALLIANCE



Penny Sweet, Chair



Attest – Ray Hoffman, Chief Executive Officer



Angela Birney, Vice Chair



Allan Ekberg, Secretary/Treasurer

**Members**

Yes 6  
No 0

**Demand Share**

Yes 95.6 %  
No 0 %

**Include in CWAC?**

☐ Yes

☒ No

## 2023-2024 REGIONAL CAPITAL FACILITIES CHARGE RESOLUTION

Attachment 1



CASCADE WATER ALLIANCE  
RESOLUTION No. 2022-17

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,  
A WASHINGTON MUNICIPAL CORPORATION,  
SETTING THE REGIONAL CAPITAL FACILITIES CHARGE FOR THE YEARS 2023 AND 2024

WHEREAS, the Cascade Water Alliance ("Cascade") is a Washington municipal corporation formed under authority of the Joint Municipal Utilities Authority Act (Chapter 39.106 RCW) to provide water supply to its Members; and

WHEREAS, the Joint Municipal Utility Services Agreement authorizes Cascade to adopt a Regional Capital Facilities Charge ("RCFC"), and in furtherance of that Agreement the Board of Directors ("Board") has adopted a methodology for calculating the RCFC which has been used to calculate the RCFC; and

WHEREAS, by Cascade Water Alliance Code 5.55.020, the Board established a two-year fiscal biennium budget that will consist of the adopted two consecutive annual budgets, which together shall be referred to as "the biennial budget." By Resolution 2018-13, the Board further established that the RCFC will be approved biennially when the biennial budget is adopted.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE, as follows:

### **Section 1. Determination of the RCFC for 2023 and 2024**

The RCFC effective January 1, 2023, shall be \$7,201 per Cascade Equivalent Residential Unit (CERU).

The RCFC effective January 1, 2024, shall be \$7,454 per Cascade Equivalent Residential Unit (CERU).

Section 2. Effect

This Resolution shall be in full force and effect on the date of its adoption.

ADOPTED AND APPROVED by the Board of Directors of the Cascade Water Alliance at a regular meeting thereof, held on the 28th day of September 2022.

CASCADE WATER ALLIANCE



Penny Sweet, Chair



Attest – Ray Hoffman, Chief Executive Officer



Angela Birney, Vice Chair



Allan Ekberg, Secretary/Treasurer

Members

Yes 6  
No 0

Demand Share

Yes 95.6 %  
No 0 %

Include in CWAC?

☐ Yes  
☒ No



## 2023 MEMBER CHARGES MEMO



**FINAL MEMORANDUM**

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DATE: September 9, 2022

TO: Cascade Member Agencies

FROM: Ed Cebron, Chief Economist/Treasurer  
Paula Anderson, Program and Policy Assistant

SUBJECT: Documentation of Recommended 2023 and 2024 Member Charges

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Based on the preliminary budget and CIP, general rate revenue increases of 2.2% are projected for 2022 and for 2023. These increases are primarily due to inflationary pressure, rate smoothing, and, in 2024, initiation of dedicated annual rate funding for Lake Tapps development via the WSDF. The increases for this biennium remain consistent with prior forecasts of member charges. Subsequently, the level of increases will likely increase, and will be increasingly affected by inflationary trends. At present, the forecast beyond this upcoming biennium projects several years of 3% annual increases, premised on 3% cost escalation. While Cascade's rates are only partially driven by inflationary pressures, higher general inflation will likely require some corresponding increase to continue to meet financial objectives.

For the 2023/2024 budget period, two years of increases and rates have been developed. While the 2023 charges are fully reconciled with member demand history, the 2024 rates and charges are imposed based in part on estimates of 2022 demands and customer count. For the 2024 fiscal year, a reconciliation of the imposed charges and actual costs will result in true-ups for individual Members. These true-ups will be calculated during 2023 once all related data are available, and applied in the 2025/2026 budget period. While altering individual member charges, the true-up amounts balance out for Cascade, and neither increase nor decrease the total amount collected.

In general, the 2022 true-up amounts have tended to exacerbate variation of impacts among members. This reflects that the variation from forecast has been caused by ongoing trends, rather than random variability, and the impacts on 2022 thus tend to compound with similar impacts for 2023. In order to mitigate member rate impacts and to reduce overall volatility, the proposed rates reflect true-up amounts that are structured to be applied equally over two years rather than entirely in 2023.

For this biennium, we have also modified the presentation of information in this report to reflect two significant changes: 1) the addition of temporary water sales to Issaquah; and 2) the separation of Redmond into its two constituent enterprises: "City" and "Novelty Hill". The Issaquah temporary sale began in late 2021 and begins to have a small impact on demand shares in 2024 with an increment that then grows in subsequent years. The Redmond revision is a modification that has no impact on Redmond's or other Member's charges; it simply separates the two Redmond water utility enterprises for purposes of calculating the Member charges. This is intended to assist Redmond in allocating Cascade charges between its two enterprises. The aggregate charges to Redmond remain unchanged, and Cascade has fully reconciled the consolidated and separated charges to ensure that no net impact occurs.

## 2023-2024 Adopted Budget

Any general system increase, such as the 2023 increase of 2.2%, does not translate to equal percentage increases for all Members, since Member charges are based on each agency's total customer base and actual water usage, which vary in both absolute and relative terms from year to year. In addition, the charges also include the true-up amounts calculated for fiscal year 2022, further altering relative Member charges.

The following information outlines the development of recommended charges for individual Members for 2023 and for 2024. It relies on information provided by SPU and by Member agencies related to water demand, water supply and customer base. For 2024, it also relies on Cascade assumptions regarding projected CERU count and wholesale demand for 2022; the methods used to estimate these are detailed below.

**Purpose:** *This final memorandum provides documentation of the basis for Member charges for 2023 and 2024. It is provided to all Members to communicate the basis for their charges and for use in their own utility financial budgeting and planning.*

### Cascade Revenue Structure

Cascade collects revenue from Members through four separate charges. These include:

- **Administrative Dues** are based on budgeted administrative costs for 2023 and 2024 and actual CERU counts as of January 1<sup>st</sup> of the previous year. For 2023, actual CERU counts are based on data reported by Members for year-end 2021. For 2024, estimated CERU counts add assumed Member CERU growth for 2022. These are based on the Cascade estimate of CERU total growth of 1000 CERUs budgeted for 2022. This growth of 1000 CERUs is then subjectively allocated to Members based on recent growth experience. The administrative dues are expressed in terms of a charge per CERU. Members pay Administrative Dues based on the number of CERUs that they serve. The contractual limit on administrative dues is 9% of total revenue requirements. For 2023 and 2024, the charge falls below this limit at 8.48% and 8.14%, respectively.
- **Conservation Charges** are also based on CERU counts for the two budget years. The 2023 and 2024 Conservation Charge reflect the budgeted conservation program for each year.
- **Demand Share Charges** are based on a rolling three-year demand history. For 2023, this is based on actual histories for 2019-2021. For 2024, the average incorporates estimated Member demands for 2022. These estimates are based on the most recent three-year average demand, adjusted for estimated changes in CERU demands and for estimated growth in Member customer base. Based on previous Board action, minimum demand shares are assigned for two agencies, Sammamish Plateau and Issaquah, and are applied in lieu of actual history if they exceed the related calculated value. For both years, these Members exceed the adopted minimum and it thus is not applicable. Demand Share Charges account for the majority (roughly 85% to 90%) of Cascade's rate revenue and are solely based on actual historical data. *Note: The Board has adopted a resolution that reduces the minimum demand shares after the end of the 2024 fiscal year to 0.25 mgd for Issaquah and Sammamish Plateau. This amount is consistent with minimum flow requirements needed to maintain water quality in the Bellevue-Issaquah pipeline.*
- **Regional Capital Facilities Charges (RCFCs)** are charged based on reported growth in customer base. RCFCs are relatively volatile and are not relied on for Cascade operations. Instead, they are deposited into a separate RCFC fund, from which transfers are made to support debt service and to fund capital projects. For 2023 and 2024, 100% of RCFCs will continue to be transferred to construction, ending their support of ongoing debt service. This summary does not project RCFCs or establish payment obligations in advance of actual growth. While Cascade develops its budgets and plans based on expected connections, Members are not obligated to pay RCFCs except as growth actually occurs.

### Cascade Equivalent Residential Units (CERUs)

Discussed in the Cascade JMUSA and the RCFC Methodology, the CERU is one of the key metrics that Cascade uses to allocate costs to its Members. CERUs are generally comparable to "residential equivalents" used by many water or sewer utilities and loosely reflect equivalent usage and demands for a typical single-family home. Per Table 1 of the Cascade RCFC Methodology,

## 2023-2024 Adopted Budget

CERU counts are based on an inventory of water meters and flow equivalency factors established by the American Water Works Association. The 2023 charges are based on actual CERU counts as reported for the end of 2021. The 2024 charges are based on the estimated CERU count at the end of 2022. **Table 1** summarizes the calculation of 2023 and 2024 CERUs based on water meter counts as of 12/31/21 and estimated 2022 growth by Member:

**Table 1: CERU Calculations for 2023 and 2024 Charges**

Water Meter Size	Number of CERUs	Water Meter Counts as of 12/31/21 *								
		Redmond								Total
		Bellevue	Issaquah	Kirkland	Redmond CITY	NOVELTY HILL	SP Water	Skyway WD	Tukwila	
3/4" [incl. 5/8x3/4"]	1.0	32,968	6,922	11,140	12,484	3,310	17,537	3,241	1,396	88,998
1"	2.5	3,793	1,089	1,044	795	52	525	103	293	7,694
1.5"	5.0	2,206	461	546	1,201	84	774	38	327	5,637
2"	8.0	999	319	321	582	52	139	9	185	2,606
3"	16.0	200	41	52	71	5	27	8	39	443
4"	25.0	108	15	18	75	2	6	0	27	251
6"	50.0	39	3	0	10	1	0	0	18	71
8"	80.0	6	0	0	4	0	0	0	8	18
10"	115.0	1	0	0	0	0	0	0	3	4
<b>Total Number of Meters</b>		40,320	8,850	13,121	15,222	3,506	19,008	3,399	2,296	105,722
<b>Total Number of 2023 CERUs</b>		69,917.5	15,682.5	20,330.0	28,963.5	4,456.0	24,413.5	3,888.5	8,427.5	176,079.0
<b>Estimated CERU Growth in 2022</b>		250	160	160	180	10	220	5	15	1,000.0
<b>Total Number of 2024 CERUs</b>		70,167.5	15,842.5	20,490.0	29,143.5	4,466.0	24,633.5	3,893.5	8,442.5	177,079.0

\* - Exclude fire lines/meters and deduct meters; single-family residential combination domestic/fire meters are counted and shown one size lower than reported.

Several notes regarding the water meter and CERU counts shown in **Table 1**:

- Section 2.2 of the RCFC Methodology explicitly states that fire sprinkler and exempt/deduct meters are not counted as CERUs because they do not increase system demand. When reported as such by Members, dedicated fire meters are excluded from the CERU calculation.
- Section 2.3 requires Members to report total connected CERUs to Cascade on a quarterly basis for the purpose of collecting RCFCs, an administrative practice that has transitioned to monthly reporting of net additions or deletions of meters. Meters not actually connected to the water system are not counted as CERUs for administrative dues or conservation charges, even if RCFCs have been paid. Meters that are connected are counted as CERUs whether or not the account is active at the time of inventory (for example irrigation meters which are turned off in the winter season).
- Following RCFC audits conducted in 2018 and 2019, Cascade adopted revisions to its procedures for determining CERUs. A running total of meters and CERUs is now maintained, and adjusted in response to Member reports of new or disconnected meters (typically monthly). This CERU count is now presented to Members each year for confirmation or proposed revision; absent any such response and resulting adjustment, the CERU count is used as accumulated through this process.
- Most Members report combined domestic/fire meters for single family residences. These meters are generally 1-inch or 1.5 inch meters that were oversized from 3/4-inch meters to provide fire flow capacity. When Members report combined residential domestic/fire meters, they are defined by CERU methodology to be based on an equivalent domestic meter requirement excluding fire sprinkler load. Absent specific documentation from the Member, they are adjusted assuming that each such meter is oversized one incremental size to support fire flow. For example, a 1-inch meter is counted as a ¾-inch meter, a 1.5 inch meter as a 1 inch meter, etc. Members are requested to report both actual and equivalent sizes. RCFCs are imposed based on the equivalent factor.

## 2023-2024 Adopted Budget

- The CERUs used for the adopted 2022 charges will be subject to reconciliation once actual 2022 year-end meter counts are confirmed by Members.

### Administrative Dues

Administrative Dues are imposed on Members to recover the various administrative costs that Cascade incurs in its day-to-day operations – examples include salaries and benefits of administrative personnel, office space rental, legal costs, and public process. Members pay Administrative Dues annually according to the number of reported Cascade Equivalent Residential Units (CERUs) for the prior completed fiscal year at time of budgeting. Thus, for 2023 rates, the year-end 2021 CERU counts are used. For 2024 rates, the estimated 2022 CERU growth by Member is added to the year-end 2019 CERU counts to determine an estimated CERU count. In the event of service area additions or deletions, the actual counts would be further adjusted to reflect those transactions.

The Administrative Dues rate is derived for a given year by dividing that year's projected administrative expenses by the total number of CERUs for Cascade Members (see Table 1). Beginning with 2021, the allocated budget has included an annual provision for accrual and use of reserves for the periodic Transmission and Supply Plan. This feature will smooth out this substantial cost over the TSP 10 year update cycle. Cascade manages its operating reserve to reflect the accrual and use of these funds.

Cascade policy constrains the amount that Cascade can collect in Administrative Dues – annual collections are limited to nine percent (9.0%) of the Member Charge revenue requirement. **Table 2** shows the derivation of the 2023 and 2024 Administrative Dues rates:

**Table 2: Derivation of 2023 and 2024 Administrative Dues**

<b>Administrative Dues Rate Calculation</b>	<b>Existing 2022</b>	<b>2023</b>	<b>2024</b>
Projected Administrative Expenses:			
Wages	\$ 1,391,826	\$ 1,633,155	\$ 1,694,712
Professional services	\$ 705,900	\$ 559,500	\$ 468,555
Goods & services	\$ 749,312	\$ 804,757	\$ 834,284
Legal Services	\$ 760,000	\$ 560,000	\$ 560,000
Equipment	\$ 35,000	\$ 40,000	\$ 25,000
Travel	\$ 12,000	\$ 10,000	\$ 10,000
Miscellaneous	\$ 11,000	\$ 11,000	\$ 11,000
Contingency	\$ 266,298	\$ 247,759	\$ 150,000
Provision for TSP Accrual	\$ (190,000)	\$ (90,000)	\$ (47,000)
<b>Total</b>	\$ 3,741,336	\$ 3,776,171	\$ 3,706,551
<i>as % of revenue requirement</i>	8.58%	8.48%	8.14%
Administrative Dues Revenue Cap	\$ 3,923,341	\$ 4,009,654	\$ 4,097,867
Applicable CERU Count	174,555	176,079	177,079
<i>Administrative Cost per CERU</i>	\$ 21.43	\$ 21.45	\$ 20.93
<b>Administrative Dues Rate per CERU</b>	<b>\$ 21.43</b>	<b>\$ 21.45</b>	<b>\$ 20.93</b>

**Table 3** shows the proposed 2023 and 2024 Administrative Dues payment for each Member:

**Table 3: 2023 and 2024 Administrative Dues Payments by Member**

<b>Administrative Dues</b>	<b>Existing 2022</b>	<b>2023</b>	<b>2024</b>
Bellevue	\$ 1,483,625	\$ 1,499,443	\$ 1,468,720
Issaquah	\$ 329,939	\$ 336,325	\$ 331,609
Issaquah <i>Temporary</i>	\$ -	\$ -	\$ -
Kirkland	\$ 433,495	\$ 435,995	\$ 428,889
Redmond CITY	\$ 710,557	\$ 621,148	\$ 610,021
Redmond NOVELTY HILL	\$ -	\$ 95,563	\$ 93,481
Sammamish Plateau Water	\$ 520,151	\$ 523,569	\$ 515,619
Skyway WSD	\$ 83,280	\$ 83,392	\$ 81,497
Tukwila	\$ 180,289	\$ 180,735	\$ 176,715
<b>Total</b>	<b>\$ 3,741,336</b>	<b>\$ 3,776,171</b>	<b>\$ 3,706,551</b>

### Conservation Charges

Conservation Charges were introduced in 2005 as a means of recovering the costs of Cascade's conservation program. Like Administrative Dues, Conservation Charges are imposed on Members on a CERU basis. **Table 4** shows the derivation of the Conservation Charge for 2023 and 2024:

**Table 4: Derivation of 2023 and 2024 Conservation Charges**

<b>Conservation Charge Rate Calculation</b>	<b>Existing 2022</b>	<b>2023</b>	<b>2024</b>
Projected Conservation Expenses:			
Wages	\$ 215,374	\$ 169,122	\$ 176,015
Goods & services	\$ 392,000	\$ 392,000	\$ 392,000
Rebates	\$ 75,000	\$ 75,000	\$ 75,000
Professional Services	\$ 82,500	\$ 82,500	\$ 82,500
Legal Services	\$ 75,000	\$ 75,000	\$ 75,000
<b>Total</b>	<b>\$ 839,874</b>	<b>\$ 793,622</b>	<b>\$ 800,515</b>
Applicable CERU Count	174,555	176,079	177,079
<b>Conservation Charge per CERU</b>	<b>\$ 4.81</b>	<b>\$ 4.51</b>	<b>\$ 4.52</b>

**Table 5** shows the 2023 and 2024 Conservation Charge payments for each Member:

**Table 5: 2023 and 2024 Conservation Charge Payments by Member**

<b>Conservation Charges</b>	<b>Existing 2022</b>	<b>2023</b>	<b>2024</b>
Bellevue	\$ 333,052	\$ 315,132	\$ 317,204
Issaquah	\$ 74,066	\$ 70,684	\$ 71,619
Issaquah <i>Temporary</i>	\$ -	\$ -	\$ -
Kirkland	\$ 97,313	\$ 91,631	\$ 92,628
Redmond CITY	\$ 159,510	\$ 130,544	\$ 131,748
Redmond NOVELTY HILL	\$ -	\$ 20,084	\$ 20,189
Sammamish Plateau Water	\$ 116,766	\$ 110,036	\$ 111,360
Skyway WSD	\$ 18,695	\$ 17,526	\$ 17,601
Tukwila	\$ 40,472	\$ 37,984	\$ 38,166
<b>Total</b>	<b>\$ 839,874</b>	<b>\$ 793,622</b>	<b>\$ 800,515</b>

### Demand Share Charges

The Demand Share Charge recovers costs that are not otherwise recovered through the other Member Charges or other sources of revenue. It is computed by dividing the Demand Share cost basis by the number of Demand Shares. A Member's Demand Share in a given year is based on a three-year rolling average – the 2021 calculations are based on data from 2019 – 2021 as the three most recently completed years. Each Member's Demand Share is initially established as the greater of:

- Average daily demand (in mgd) from Cascade during the peak season (June 1 – September 30)
- Average daily demand (in mgd) from Cascade for the entire calendar year

Two agencies have minimum demand shares assigned based on Board action: Sammamish Plateau at 1.0 mgd and Issaquah at 0.75 mgd. At present, both agencies exceed minimum demand shares.

**Table 6** provides a summary of actual wholesale water demands for the three years 2019-2021, and an estimated wholesale water demand for 2022. It summarizes total annual, peak season, and peak month demands. The peak month demands are purely informational and are not used to determine Cascade charges. The estimated 2022 demand is derived from the three-year rolling average for 2019-2021. This value is adjusted downward to reflect ongoing trends in CERU water efficiency, and then adjusted upward to reflect the addition of CERUs to the customer base (essentially 2 years of growth to adjust from 2020, the midpoint of the three-year average, to 2022).

In developing this summary, transfers among Members are recognized as adjustments. The reported volumes for delivery of water to the Rose Hill area serving Kirkland, Redmond and Bellevue are originally reported from Seattle to Cascade as Kirkland volume, and then allocated among these Members based on a Member-provided allocation. In that allocation, reported volumes were adjusted by the Members to conform to Seattle meter reads. Also, metered deliveries from Seattle are typically based on meter reads occurring near the 20<sup>th</sup> of each month. Peak season usage for June through September is pro-rated based on days contained in each month to estimate actual usage within the four month period. For example, a bill based on a June 20 meter read that follows a May 20 meter read would be allocated 11/31 to May and 20/31 to June. This is primarily relevant for the June 1 and September 30 endpoints of the peak summer season used to determine demand shares. Other Member reports of production and transfers are assumed to be reported on a calendar month basis and are not adjusted, unless otherwise documented by the Member. Peak month usage is informational only, and is simply the highest reported month of system demand.

Beginning in October, 2021, Issaquah began taking temporary water under a temporary water contract. This contract provides a block of water at reduced cost to offset the impact of removing wells from service. Due to its occurrence in the off-peak season, the usage in 2021 has no impact on Issaquah's demand shares or resulting charges. Usage in 2022 will have an impact on demand shares, affecting demand shares and payments for 2024 and beyond. The discounted temporary block is contingent on a commensurate reduction in well production. This is monitored and audited by verifying that total Issaquah well production has correspondingly declined, as provided in contract. If or to the degree that production exceeds threshold levels, the discounted block is correspondingly reduced, shifting this usage back to the basis for full cost water. Temporary water deliveries and the derivation of related demand shares are now separately documented in the Appendix to this report.



**Table 6: Three Year History of Member Wholesale Demands 2019-2021 and 2022 Estimated Demand  
(Used to Determine 2023 and 2024 Demand Shares)**

Annual Water Demand	CCF				MGD			
	2019	2020	2021	est. 2022	2019	2020	2021	est. 2022
1 Bellevue	7,006,375	6,829,170	7,414,339	7,080,188	14.36	13.96	15.19	14.51
2 Issaquah	556,632	580,905	597,626	626,475	1.14	1.19	1.22	1.28
2A Issaquah Temporary			41,361	224,465	-	-	0.08	0.46
3 Kirkland	1,868,370	1,869,228	1,926,471	1,886,368	3.83	3.82	3.72	3.72
4 Redmond CITY	1,677,074	1,530,509	1,689,686	1,635,130	3.44	3.14	3.46	3.35
4A Redmond NOVELTY HILL	359,553	364,723	394,092	367,216	0.74	0.75	0.81	0.75
5 Sammamish Plateau Water	500,761	551,581	669,747	598,120	1.03	1.13	1.37	1.23
6 Skyway WSD	174,495	168,313	172,297	169,528	0.36	0.34	0.35	0.35
7 Tukwila	890,374	796,917	910,465	857,402	1.82	1.63	1.87	1.76
<b>Total</b>	<b>13,033,634</b>	<b>12,691,346</b>	<b>13,816,084</b>	<b>13,444,891</b>	<b>26.7</b>	<b>25.9</b>	<b>28.3</b>	<b>27.6</b>

Peak Season Water Demand	CCF				MGD			
	2019	2020	2021	est. 2022	2019	2020	2021	est. 2022
1 Bellevue	2,999,371	3,003,944	3,393,178	3,134,551	18.39	18.42	20.80	19.22
2 Issaquah	252,164	255,499	289,462	282,396	1.55	1.57	1.77	1.73
2A Issaquah Temporary			-	114,171	-	-	-	0.70
3 Kirkland	835,380	848,608	925,434	869,525	5.12	5.20	5.67	5.33
4 Redmond CITY	801,458	718,630	862,210	795,208	4.91	4.41	5.29	4.88
4A Redmond NOVELTY HILL	174,521	179,175	203,898	183,086	1.07	1.10	1.25	1.12
5 Sammamish Plateau Water	186,300	188,584	240,002	217,540	1.14	1.16	1.47	1.33
6 Skyway WSD	65,158	62,100	67,101	64,006	0.40	0.38	0.41	0.39
7 Tukwila	385,235	343,087	409,026	375,568	2.36	2.10	2.51	2.30
<b>Total</b>	<b>5,699,587</b>	<b>5,599,626</b>	<b>6,390,310</b>	<b>6,036,050</b>	<b>34.9</b>	<b>34.3</b>	<b>39.2</b>	<b>37.0</b>

Peak Month Water Demand	CCF				MGD			
	2019	2020	2021	est. 2022	2019	2020	2021	est. 2022
1 Bellevue	796,061	861,143	999,618	900,333	19.21	20.78	24.12	21.72
2 Issaquah	79,969	86,367	83,269	89,384	1.93	2.08	2.01	2.16
2A Issaquah Temporary			-	29,011	-	-	-	0.70
3 Kirkland	221,858	243,789	256,092	244,386	5.35	5.88	6.18	5.90
4 Redmond CITY	221,668	227,681	275,074	245,358	5.35	5.49	6.64	5.92
4A Redmond NOVELTY HILL	47,046	56,977	62,665	55,562	1.14	1.37	1.51	1.34
5 Sammamish Plateau Water	51,863	55,281	76,317	65,834	1.25	1.33	1.84	1.59
6 Skyway WSD	16,623	16,548	19,027	17,456	0.40	0.40	0.46	0.42
7 Tukwila	103,443	98,938	111,202	105,162	2.50	2.39	2.68	2.54
<b>Total</b>	<b>1,538,529</b>	<b>1,646,723</b>	<b>1,883,263</b>	<b>1,752,486</b>	<b>37.1</b>	<b>39.7</b>	<b>45.4</b>	<b>42.3</b>

Table 7 summarizes the 2023 and 2024 Demand Share calculations (more detailed calculations for each Member are attached as an appendix):

**Table 7: 2023 and 2024 Demand Share Calculations**

Member	2022 Actual		2023 Actual		2024 Estimated	
	Demand Share (MGD)	% of Total	Demand Share (MGD)	% of Total	Demand Share (MGD)	% of Total
Bellevue	19.0504	52.9%	19.2038	53.1%	19.4800	53.1%
Issaquah	1.5777	4.4%	1.6291	4.5%	1.6909	4.6%
Issaquah Temporary	0.0000	0.0%	0.0000	0.0%	0.0467	0.1%
Kirkland	5.1695	14.4%	5.3329	14.8%	5.4027	14.7%
Redmond CITY	6.1488	17.1%	4.8687	13.5%	4.8560	13.2%
Redmond NOVELTY HILL	0.0000	0.0%	1.1396	3.2%	1.1571	3.2%
Sammamish Plateau Water	1.3438	3.7%	1.2567	3.5%	1.3205	3.6%
Skyway WSD	0.3962	1.1%	0.3972	1.1%	0.3949	1.1%
Tukwila	2.3365	6.5%	2.3244	6.4%	2.3047	6.3%
<b>Total</b>	<b>36.0228</b>	<b>100.0%</b>	<b>36.1524</b>	<b>100.0%</b>	<b>36.6533</b>	<b>100.0%</b>

Note: "2022 Actual" differs from the basis for budgeted 2022 charges, reflecting actual rather than estimated 2020 demands. These demand shares have been used to establish a true-up of 2022 charges and related 2023 surcharges and credits.

**Table 8** shows the Demand Share Charge calculation for 2023 and 2024:

**Table 8: Derivation of 2023 and 2024 Demand Share Charge**

<b>Demand Share Charge Calculation</b>	<b>Existing 2022</b>	<b>2023</b>	<b>2024</b>
Total Prior-Year Member Charge Revenue Excluding RCFCs	\$42,654,283	\$43,592,677	\$44,551,716
Planned Member Charge Revenue Adjustment	2.20%	<b>2.20%</b>	<b>2.20%</b>
Projected Member Charge Revenue	\$43,592,677	\$44,551,716	\$45,531,854
Less: Projected Administrative Dues	\$ (3,741,336)	\$ (3,776,171)	\$ (3,706,551)
Less: Projected Conservation Charges	\$ (839,874)	\$ (793,622)	\$ (800,515)
Demand Share Cost Basis	\$39,011,467	\$39,981,923	\$41,024,788
Projected Demand Share Basis	36.0228	36.1524	36.6533
<b>Demand Share Charge</b>	<b>\$1,082,965</b>	<b>\$1,105,928</b>	<b>\$1,119,265</b>
<b>Corresponding Charge Per Demand Share %</b>	<b>\$390,115</b>	<b>\$399,819</b>	<b>\$410,248</b>

**Table 9** shows the 2023 and 2024 Demand Share Charge payments for each Member.

**Table 9: 2023 and 2024 Demand Share Charges By Member**

<b>Demand Share Charges</b>	<b>Existing 2022</b>	<b>2023</b>	<b>2024</b>
	<b>Total Payment</b>	<b>Total Payment</b>	<b>Total Payment</b>
Bellevue	\$ 20,580,180	\$ 21,237,988	\$ 21,803,317
Issaquah	\$ 1,738,960	\$ 1,801,664	\$ 1,892,544
Issaquah Temporary	\$ -	\$ -	\$ 52,232
Kirkland	\$ 5,478,039	\$ 5,897,824	\$ 6,047,052
Redmond - CITY	\$ 6,932,311	\$ 5,384,478	\$ 5,435,113
Redmond - NOVELTY HILL	\$ -	\$ 1,260,275	\$ 1,295,065
Sammamish Plateau Water	\$ 1,362,345	\$ 1,389,768	\$ 1,477,987
Skyway WSD	\$ 425,914	\$ 439,289	\$ 441,952
Tukwila	\$ 2,588,718	\$ 2,570,637	\$ 2,579,525
<b>Total</b>	<b>\$ 39,106,467</b>	<b>\$ 39,981,923</b>	<b>\$ 41,024,787</b>

#### **Total Member Charges**

**Table 10** summarizes the Total 2023 and 2024 Member Charges for each Member.

## 2023-2024 Adopted Budget

**Table 10: Summary of 2023 and 2024 Member Charges**

2022 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	Total
Bellevue	\$ 1,483,288	\$ 295,312	\$ 20,580,180	\$ 22,358,780
Issaquah	\$ 330,018	\$ 65,704	\$ 1,738,960	\$ 2,134,682
Issaquah Temporary	\$ -	\$ -	\$ -	\$ -
Kirkland	\$ 433,427	\$ 86,292	\$ 5,478,039	\$ 5,997,758
Redmond CITY	\$ 709,707	\$ 141,298	\$ 6,932,311	\$ 7,783,316
Redmond NOVELTY HILL	\$ -	\$ -	\$ -	\$ -
Sammamish Plateau Water	\$ 521,316	\$ 103,790	\$ 1,362,345	\$ 1,987,451
Skyway Water & Sewer District	\$ 83,438	\$ 16,612	\$ 425,914	\$ 525,964
Tukwila	\$ 180,143	\$ 35,865	\$ 2,588,718	\$ 2,804,726
<b>Total</b>	<b>\$ 3,741,337</b>	<b>\$ 744,873</b>	<b>\$ 39,106,467</b>	<b>\$ 43,592,677</b>

2023 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	Total 2023 Charges	Increase Over 2022 Charges
Bellevue	\$ 1,499,443	\$ 315,132	\$ 21,237,988	\$ 23,052,563	3.10%
Issaquah	\$ 336,325	\$ 70,684	\$ 1,801,664	\$ 2,208,673	3.47%
Issaquah Temporary	\$ -	\$ -	\$ -	\$ -	0.00%
Kirkland	\$ 435,995	\$ 91,631	\$ 5,897,824	\$ 6,425,450	7.13%
Redmond CITY	\$ 621,148	\$ 130,544	\$ 5,384,478	\$ 6,136,170	-3.48%
Redmond NOVELTY HILL	\$ 95,563	\$ 20,084	\$ 1,260,275	\$ 1,375,922	n/a
Sammamish Plateau Water	\$ 523,569	\$ 110,036	\$ 1,389,768	\$ 2,023,373	1.81%
Skyway Water & Sewer District	\$ 83,392	\$ 17,526	\$ 439,289	\$ 540,207	2.71%
Tukwila	\$ 180,735	\$ 37,984	\$ 2,570,637	\$ 2,789,356	-0.55%
<b>Total</b>	<b>\$ 3,776,170</b>	<b>\$ 793,621</b>	<b>\$ 39,981,923</b>	<b>\$ 44,551,714</b>	<b>2.20%</b>

2022 True-up (50%)	Total Payments	Increase Over 2022 Payments With 2022 True-up
\$ 50,549	\$ 23,103,112	3.33%
\$ (13,131)	\$ 2,195,542	2.85%
\$ -	\$ -	n/a
\$ 66,991	\$ 6,492,441	8.25%
\$ (128,515)	\$ 6,007,655	-5.14%
\$ -	\$ 1,375,922	n/a
\$ 48,118	\$ 2,071,491	4.23%
\$ 2,103	\$ 542,310	3.11%
\$ (26,113)	\$ 2,763,243	-1.48%
<b>\$ 0</b>	<b>\$ 44,551,715</b>	<b>2.20%</b>

2024 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	Total	Increase Over 2023 Charges
Bellevue	\$ 1,468,720	\$ 317,204	\$ 21,803,317	\$ 23,589,241	2.33%
Issaquah	\$ 331,609	\$ 71,619	\$ 1,892,544	\$ 2,295,772	3.94%
Issaquah Temporary	\$ -	\$ -	\$ 52,232	\$ 52,232	n/a
Kirkland	\$ 428,889	\$ 92,628	\$ 6,047,052	\$ 6,568,569	2.23%
Redmond CITY	\$ 610,021	\$ 131,748	\$ 5,435,113	\$ 6,176,882	0.66%
Redmond NOVELTY HILL	\$ 93,481	\$ 20,189	\$ 1,295,065	\$ 1,408,735	2.38%
Sammamish Plateau Water	\$ 515,619	\$ 111,360	\$ 1,477,987	\$ 2,104,966	4.03%
Skyway Water & Sewer District	\$ 81,497	\$ 17,601	\$ 441,952	\$ 541,050	0.16%
Tukwila	\$ 176,715	\$ 38,166	\$ 2,579,525	\$ 2,794,406	0.18%
<b>Total</b>	<b>\$ 3,706,551</b>	<b>\$ 800,515</b>	<b>\$ 41,024,787</b>	<b>\$ 45,531,853</b>	<b>2.20%</b>

2022 True-up (50%)	Total Payments	Increase Over 2023 Payments With 2022 True-up
\$ 50,549	\$ 23,639,790	2.32%
\$ (13,131)	\$ 2,282,641	3.97%
\$ -	\$ 52,232	n/a
\$ 66,991	\$ 6,635,560	2.20%
\$ (128,515)	\$ 6,048,367	0.68%
\$ -	\$ 1,408,735	2.38%
\$ 48,118	\$ 2,153,084	3.94%
\$ 2,103	\$ 543,153	0.16%
\$ (26,113)	\$ 2,768,293	0.18%
<b>\$ 0</b>	<b>\$ 45,531,854</b>	<b>2.20%</b>

For 2023, higher Kirkland and Sammamish Plateau water demands have caused an above average increase. Meanwhile, a reduction in Redmond demand led to a reduction in their payments. The true-up for 2022 also has differential effects among Members, generally tracking with and increasing impacts of water demand trends. For other members, rate increases are moderately consistent with the general 2.2% increase incorporated in the charges and reflect typical fluctuations or impacts among Members.

For 2024, Members see moderated impacts reflecting demand assumptions based on recent averages. The 2024 charges are established based on estimated values pending determination of actual 2022 demands and customer counts (CERUs). As noted at the outset of this memorandum, a true-up will be developed in 2023 and applied in the next budget cycle to adjust for any deviations between estimates used and actual charges computed once all data are available.

Appendix A summarizes the annual demands and 2023 demand share calculations for each Member. The tables show Cascade deliveries and transfers among Members as used to determine the Member demand shares. This appendix does not document the basis for 2024 demand share calculations, as Member demands were not estimated at this level of detail.

## APPENDIX A

### Details of Bellevue Demand Share Calculations

Bellevue Consumption Records (CCF):

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	560,579	525,950	613,213	633,944	812,173	919,022	982,498	997,097	787,687	618,816	565,043	571,864	8,587,886	3,686,305	4,901,581
From Kirkland	1,299	683	1,052	1,039	1,269	1,758	1,906	2,017	1,446	925	858	660	14,912	7,127	7,785
To Redmond	(29,797)	(31,650)	(35,935)	(34,149)	(57,928)	(65,701)	(69,480)	(71,975)	(51,049)	(37,742)	(32,946)	(30,396)	(548,748)	(258,205)	(290,543)
To SP Water	(23,301)	(35,943)	(53,329)	(27,033)	(42,779)	(52,360)	(34,131)	(51,110)	(46,091)	(38,012)	(42,467)	(44,488)	(491,043)	(183,691)	(307,352)
To Issaquah	(29,853)	(38,968)	(32,187)	(39,852)	(43,656)	(70,746)	(58,164)	(79,969)	(43,285)	(49,418)	(31,023)	(39,510)	(556,632)	(252,164)	(304,468)
<b>Total</b>	<b>478,928</b>	<b>420,073</b>	<b>492,813</b>	<b>533,948</b>	<b>669,078</b>	<b>731,973</b>	<b>822,629</b>	<b>796,061</b>	<b>648,708</b>	<b>494,569</b>	<b>459,466</b>	<b>458,129</b>	<b>7,006,375</b>	<b>2,999,371</b>	<b>4,007,004</b>

2023 Member Charges	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	571,411	526,251	606,683	593,026	666,754	760,794	1,000,570	1,071,561	846,063	652,884	547,857	563,856	8,407,710	3,678,988	4,728,722
From Kirkland	643	756	762	980	1,059	1,335	2,028	2,424	1,888	1,016	831	710	14,432	7,675	6,757
To Redmond	(31,111)	(31,653)	(29,615)	(27,491)	(36,560)	(42,162)	(70,230)	(73,031)	(57,229)	(24,482)	(19,747)	(25,882)	(469,193)	(242,652)	(226,541)
To SP Water	(49,806)	(49,289)	(53,027)	(52,159)	(40,537)	(44,607)	(54,266)	(53,444)	(32,251)	(39,119)	(38,968)	(35,401)	(542,874)	(184,568)	(358,306)
To Issaquah	(31,185)	(41,680)	(33,790)	(44,855)	(37,427)	(56,742)	(55,236)	(86,367)	(57,153)	(57,523)	(33,318)	(45,629)	(580,905)	(255,499)	(325,407)
<b>Total</b>	<b>459,952</b>	<b>404,386</b>	<b>491,013</b>	<b>469,502</b>	<b>553,289</b>	<b>618,618</b>	<b>822,866</b>	<b>861,143</b>	<b>701,317</b>	<b>532,776</b>	<b>456,654</b>	<b>457,654</b>	<b>6,829,170</b>	<b>3,003,944</b>	<b>3,825,225</b>

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	592,681	533,192	586,469	642,716	783,720	953,895	1,207,258	1,129,332	825,074	660,297	587,409	599,529	9,101,571	4,115,559	4,986,012
2024 Member Charges	1,183	771	747	1,184	1,192	2,503	2,819	2,524	1,856	1,046	812	944	17,581	9,702	7,879
To Redmond	(21,673)	(21,805)	(25,303)	(15,534)	(24,619)	(39,839)	(53,459)	(53,460)	(63,115)	(38,183)	(23,391)	(25,963)	(406,344)	(209,873)	(196,471)
To SP Water	(36,235)	(34,753)	(51,640)	(69,757)	(80,933)	(43,775)	(73,731)	(76,023)	(39,219)	(54,718)	(44,713)	(53,984)	(659,481)	(232,749)	(426,733)
To Issaquah	(35,390)	(39,927)	(32,434)	(46,812)	(57,069)	(59,306)	(83,269)	(78,978)	(67,909)	(46,594)	(40,130)	(51,170)	(638,987)	(289,462)	(349,526)
<b>Total</b>	<b>500,565</b>	<b>437,478</b>	<b>477,838</b>	<b>511,797</b>	<b>622,291</b>	<b>813,478</b>	<b>999,618</b>	<b>923,395</b>	<b>656,687</b>	<b>521,848</b>	<b>479,987</b>	<b>469,356</b>	<b>7,414,339</b>	<b>3,393,178</b>	<b>4,021,161</b>

2023 Demand Share	
2019 - 2021 Average Wholesale Demand (mgd):	
Annual	14.5159
Summer	19.2038
Maximum Wholesale Capacity Required	19.2038
<b>Demand Share: (MGD)</b>	<b>19.2038</b>

## 2023-2024 Adopted Budget

### Details of Issaquah Demand Share Calculations

Issaquah Consumption Records (CCF):

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade BIP	25,810	24,015	27,884	26,599	38,067	48,354	50,531	50,582	37,269	28,806	26,591	26,265	410,771	186,735	224,036
From Bellevue	4,043	14,953	4,303	13,254	5,589	22,392	7,633	29,387	6,016	20,612	4,432	13,246	145,861	65,429	80,432
<b>Total</b>	<b>29,853</b>	<b>38,968</b>	<b>32,187</b>	<b>39,852</b>	<b>43,656</b>	<b>70,746</b>	<b>58,164</b>	<b>79,969</b>	<b>43,285</b>	<b>49,418</b>	<b>31,023</b>	<b>39,510</b>	<b>556,632</b>	<b>252,164</b>	<b>304,468</b>

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade BIP	27,259	26,251	29,225	29,107	31,858	36,967	48,317	57,310	50,642	31,527	28,765	29,374	426,602	193,235	233,366
From Bellevue	3,925	15,428	4,565	15,748	5,569	19,776	6,919	29,057	6,512	25,997	4,554	16,254	154,304	62,263	92,040
<b>Total</b>	<b>31,185</b>	<b>41,680</b>	<b>33,790</b>	<b>44,855</b>	<b>37,427</b>	<b>56,742</b>	<b>55,236</b>	<b>86,367</b>	<b>57,153</b>	<b>57,523</b>	<b>33,318</b>	<b>45,629</b>	<b>580,905</b>	<b>255,499</b>	<b>325,407</b>

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade BIP	30,912	26,501	28,311	31,074	36,770	51,330	61,377	57,870	45,467	39,382	38,004	36,087	483,086	216,044	267,041
From Bellevue	4,478	13,426	4,123	15,738	20,299	7,975	21,892	21,108	22,442	7,212	2,126	15,083	155,902	73,418	82,484
less: Temporary Water										(13,787)	(13,787)	(13,787)	(41,361)	-	(41,361)
<b>Total</b>	<b>35,390</b>	<b>39,927</b>	<b>32,434</b>	<b>46,812</b>	<b>57,069</b>	<b>59,306</b>	<b>83,269</b>	<b>78,978</b>	<b>67,909</b>	<b>32,807</b>	<b>26,343</b>	<b>37,383</b>	<b>597,626</b>	<b>289,462</b>	<b>308,165</b>

2023 Demand Share	
2019 - 2021 Average Wholesale Demand (mgd):	
Annual	1.1853
Summer	1.6291
Maximum Wholesale Capacity Required	1.6291
Temporary Water Demand Share	0.0000
Minimum Demand Share	0.7500
<b>Demand Share: (MGD)</b>	<b>1.6291</b>

Note: Temporary water service began 10/1/2021. As off-peak demand, it does not affect this 2023 demand share calculation. Temporary water demand shares are calculated in accordance with contractual terms and apply beginning in 2024.

## Details of Issaquah Temporary Demand Share Calculations

Issaquah Temporary Consumption Records:

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade BIP													-
less: discount factor of													-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	-	-

Summer	Winter
-	-
-	-
-	-

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade BIP													-
less: discount factor of													-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	-	-

Summer	Winter
-	-
-	-
-	-

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade BIP										13,787	13,787	13,787	41,361
less: discount factor of 90%										(12,408)	(12,408)	(12,408)	(37,225)
<b>Total</b>	-	-	-	-	-	-	-	-	-	1,379	1,379	1,379	4,136

Summer	Winter
-	41,361
-	(37,225)
-	4,136

2023 Demand Share	
2019 - 2021 Average Wholesale Demand (mgd):	
Annual	n/a
Summer	n/a
Maximum Wholesale Capacity Required	n/a
<b>Demand Share</b>	n/a

Note: Temporary water service began 10/1/2021. Temporary water demand shares are calculated in accordance with contractual terms and apply beginning in 2024.

2021 temporary water usage does not result in an applicable demand share for 2023 since the 2023 demand share is based on peak season and remains unchanged by this usage.



## 2023-2024 Adopted Budget

### Details of Kirkland Demand Share Calculations

Kirkland Consumption Records:

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	183,061	167,897	192,481	204,601	265,145	316,704	335,089	331,676	262,109	207,989	188,916	189,714	2,845,384	1,245,579	1,599,805
To Redmond	(58,949)	(60,445)	(72,546)	(70,336)	(83,725)	(104,879)	(105,920)	(107,801)	(84,472)	(72,572)	(75,676)	(64,781)	(962,102)	(403,072)	(559,030)
To Bellevue	(1,299)	(683)	(1,052)	(1,039)	(1,269)	(1,758)	(1,906)	(2,017)	(1,446)	(925)	(858)	(660)	(14,912)	(7,127)	(7,785)
<b>Total</b>	<b>122,813</b>	<b>106,769</b>	<b>118,883</b>	<b>133,226</b>	<b>180,151</b>	<b>210,067</b>	<b>227,263</b>	<b>221,858</b>	<b>176,191</b>	<b>134,492</b>	<b>112,382</b>	<b>124,273</b>	<b>1,868,370</b>	<b>835,380</b>	<b>1,032,990</b>

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	191,088	178,561	206,576	209,169	237,343	260,143	338,970	365,864	289,922	221,328	184,018	182,116	2,865,099	1,254,900	1,610,199
To Redmond	(70,137)	(67,338)	(75,304)	(75,939)	(88,571)	(76,927)	(118,323)	(119,651)	(83,716)	(77,719)	(60,904)	(66,910)	(981,439)	(398,617)	(582,822)
To Bellevue	(643)	(756)	(762)	(980)	(1,059)	(1,335)	(2,028)	(2,424)	(1,888)	(1,016)	(831)	(710)	(14,432)	(7,675)	(6,757)
<b>Total</b>	<b>120,308</b>	<b>110,467</b>	<b>130,510</b>	<b>132,250</b>	<b>147,713</b>	<b>181,881</b>	<b>218,619</b>	<b>243,789</b>	<b>204,318</b>	<b>142,593</b>	<b>122,283</b>	<b>114,496</b>	<b>1,869,228</b>	<b>848,608</b>	<b>1,020,620</b>

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	187,086	173,888	187,076	213,148	276,629	336,412	421,341	386,127	281,117	204,173	184,890	191,749	3,043,637	1,424,997	1,618,640
To Redmond	(69,232)	(69,817)	(64,646)	(73,339)	(123,303)	(112,856)	(162,430)	(126,432)	(88,143)	(70,824)	(58,648)	(79,915)	(1,099,585)	(489,861)	(609,724)
To Bellevue	(1,183)	(771)	(747)	(1,184)	(1,192)	(2,503)	(2,819)	(2,524)	(1,856)	(1,046)	(812)	(944)	(17,581)	(9,702)	(7,879)
<b>Total</b>	<b>116,671</b>	<b>103,300</b>	<b>121,683</b>	<b>138,625</b>	<b>152,134</b>	<b>221,053</b>	<b>256,092</b>	<b>257,171</b>	<b>191,118</b>	<b>132,303</b>	<b>125,430</b>	<b>110,890</b>	<b>1,926,471</b>	<b>925,434</b>	<b>1,001,037</b>

2023 Demand Share	
2019 - 2021 Average Wholesale Demand (mgd):	
Annual	3.8692
Summer	5.3329
Maximum Wholesale Capacity Required	5.3329
<b>Demand Share</b>	<b>5.3329</b>

## 2023-2024 Adopted Budget

### Details of Redmond CITY Demand Share Calculations

Redmond CITY Consumption Records:

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	3,937	926	325	2,932	12,901	32,062	46,721	41,892	19,506	5,022	-	-	166,224	140,181	26,043
From Bellevue	29,797	31,650	35,935	34,149	57,928	65,701	69,480	71,975	51,049	37,742	32,946	30,396	548,748	258,205	290,543
From Kirkland	58,949	60,445	72,546	70,336	83,725	104,879	105,920	107,801	84,472	72,572	75,676	64,781	962,102	403,072	559,030
<b>Total</b>	<b>92,683</b>	<b>93,021</b>	<b>108,806</b>	<b>107,417</b>	<b>154,554</b>	<b>202,642</b>	<b>222,121</b>	<b>221,668</b>	<b>155,027</b>	<b>115,336</b>	<b>108,622</b>	<b>95,177</b>	<b>1,677,074</b>	<b>801,458</b>	<b>875,616</b>

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	-	-	-	-	-	3,042	21,441	34,999	17,878	1,011	224	1,281	79,877	77,361	2,516
From Bellevue	31,111	31,653	29,615	27,491	36,560	42,162	70,230	73,031	57,229	24,482	19,747	25,882	469,193	242,652	226,541
From Kirkland	70,137	67,338	75,304	75,939	88,571	76,927	118,323	119,651	83,716	77,719	60,904	66,910	981,439	398,617	582,822
<b>Total</b>	<b>101,248</b>	<b>98,991</b>	<b>104,919</b>	<b>103,430</b>	<b>125,131</b>	<b>122,131</b>	<b>209,994</b>	<b>227,681</b>	<b>158,823</b>	<b>103,212</b>	<b>80,875</b>	<b>94,073</b>	<b>1,530,509</b>	<b>718,630</b>	<b>811,879</b>

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	3,131	1,974	67	1,883	4,725	26,061	59,185	50,055	27,175	7,364	1,762	374	183,757	162,476	21,280
From Bellevue	21,673	21,805	25,303	15,534	24,619	39,839	53,459	53,460	63,115	38,183	23,391	25,963	406,344	209,873	196,471
From Kirkland	69,232	69,817	64,646	73,339	123,303	112,856	162,430	126,432	88,143	70,824	58,648	79,915	1,099,585	489,861	609,724
<b>Total</b>	<b>94,036</b>	<b>93,596</b>	<b>90,016</b>	<b>90,756</b>	<b>152,647</b>	<b>178,756</b>	<b>275,074</b>	<b>229,947</b>	<b>178,433</b>	<b>116,371</b>	<b>83,801</b>	<b>106,252</b>	<b>1,689,686</b>	<b>862,210</b>	<b>827,475</b>

2023 Demand Share	
2019 - 2021 Average Wholesale Demand (mgd):	
Annual	3.3453
Summer	4.8687
<b>Maximum Wholesale Capacity Required</b>	<b>4.8687</b>
<b>Demand Share</b>	<b>4.8687</b>

## 2023-2024 Adopted Budget

### Details of Redmond NOVELTY HILL Demand Share Calculations

Redmond NOVELTY HILL Consumption Records:

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	20,444	18,586	23,170	26,683	34,828	44,820	51,529	47,799	32,983	23,493	22,631	22,306	369,271	177,130	192,141
To SP Water	(167)	(56)	(22)	(863)	(1,493)	(489)	(704)	(753)	(663)	(1,231)	(1,702)	(1,575)	(9,718)	(2,609)	(7,109)
<b>Total</b>	<b>20,277</b>	<b>18,530</b>	<b>23,148</b>	<b>25,820</b>	<b>33,335</b>	<b>44,331</b>	<b>50,825</b>	<b>47,046</b>	<b>32,320</b>	<b>22,262</b>	<b>20,929</b>	<b>20,731</b>	<b>359,553</b>	<b>174,521</b>	<b>185,032</b>

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	20,928	19,875	23,115	24,253	28,349	32,152	48,348	58,814	43,878	28,375	22,813	22,532	373,430	183,191	190,239
To SP Water	(343)	(204)	(380)	(457)	(1,620)	(427)	(740)	(1,837)	(1,012)	(118)	(231)	(1,338)	(8,707)	(4,016)	(4,691)
<b>Total</b>	<b>20,585</b>	<b>19,671</b>	<b>22,735</b>	<b>23,796</b>	<b>26,729</b>	<b>31,725</b>	<b>47,608</b>	<b>56,977</b>	<b>42,866</b>	<b>28,257</b>	<b>22,582</b>	<b>21,194</b>	<b>364,723</b>	<b>179,175</b>	<b>185,548</b>

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	22,601	21,397	24,704	24,271	31,240	46,784	65,251	59,863	39,253	23,438	28,696	16,861	404,358	211,151	193,207
To SP Water	(547)	(662)	(1,111)	(23)	(224)	(2,318)	(2,586)	(1,979)	(370)	(236)	(85)	(125)	(10,266)	(7,253)	(3,013)
<b>Total</b>	<b>22,054</b>	<b>20,735</b>	<b>23,593</b>	<b>24,248</b>	<b>31,016</b>	<b>44,466</b>	<b>62,665</b>	<b>57,884</b>	<b>38,883</b>	<b>23,202</b>	<b>28,611</b>	<b>16,736</b>	<b>394,092</b>	<b>203,898</b>	<b>190,194</b>

2023 Demand Share	
2019 - 2021 Average Wholesale Demand (mgd):	
Annual	0.7640
Summer	1.1396
Maximum Wholesale Capacity Required	1.1396
<b>Demand Share</b>	<b>1.1396</b>

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### Details of Sammamish Plateau Water Demand Share Calculations

Sammamish Plateau Water Consumption Records:

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade BIP	23,301	35,943	53,329	27,033	42,779	52,360	34,131	51,110	46,091	38,012	42,467	44,488	491,043	183,691	307,352
From Redmond	167	56	22	863	1,493	489	704	753	663	1,231	1,702	1,575	9,718	2,609	7,109
<b>Total</b>	<b>23,468</b>	<b>35,999</b>	<b>53,351</b>	<b>27,896</b>	<b>44,272</b>	<b>52,849</b>	<b>34,835</b>	<b>51,863</b>	<b>46,754</b>	<b>39,243</b>	<b>44,169</b>	<b>46,063</b>	<b>500,761</b>	<b>186,300</b>	<b>314,461</b>

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade BIP	49,806	49,289	53,027	52,159	40,537	44,607	54,266	53,444	32,251	39,119	38,968	35,401	542,874	184,568	358,306
From Redmond	343	204	380	457	1,620	427	740	1,837	1,012	118	231	1,338	8,707	4,016	4,691
<b>Total</b>	<b>50,149</b>	<b>49,493</b>	<b>53,407</b>	<b>52,616</b>	<b>42,157</b>	<b>45,034</b>	<b>55,006</b>	<b>55,281</b>	<b>33,263</b>	<b>39,237</b>	<b>39,199</b>	<b>36,739</b>	<b>551,581</b>	<b>188,584</b>	<b>362,997</b>

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade BIP	36,235	34,753	51,640	69,757	80,933	43,775	73,731	76,023	39,219	54,718	44,713	53,984	659,481	232,749	426,733
From Redmond	547	662	1,111	23	224	2,318	2,586	1,979	370	236	85	125	10,266	7,253	3,013
<b>Total</b>	<b>36,782</b>	<b>35,415</b>	<b>52,751</b>	<b>69,780</b>	<b>81,157</b>	<b>46,093</b>	<b>76,317</b>	<b>78,002</b>	<b>39,589</b>	<b>54,954</b>	<b>44,798</b>	<b>54,109</b>	<b>669,747</b>	<b>240,002</b>	<b>429,746</b>

2023 Demand Share	
2019 - 2021 Average Wholesale Demand (mgd):	
Annual	1.1764
Summer	1.2567
Maximum Wholesale Capacity Required	1.2567
Minimum Demand Share	1.0000
<b>Demand Share</b>	<b>1.2567</b>

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### Details of Skyway WSD Demand Share Calculations

Skyway WSD Consumption Records:

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	14,065	13,643	13,382	12,609	15,845	16,699	17,259	16,623	14,577	13,378	13,087	13,327	174,495	65,158	109,337
Total	14,065	13,643	13,382	12,609	15,845	16,699	17,259	16,623	14,577	13,378	13,087	13,327	174,495	65,158	109,337

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	14,543	13,111	12,801	12,361	13,490	13,810	15,619	16,548	16,123	14,138	12,479	13,291	168,313	62,100	106,213
Total	14,543	13,111	12,801	12,361	13,490	13,810	15,619	16,548	16,123	14,138	12,479	13,291	168,313	62,100	106,213

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	13,212	11,453	12,663	12,940	13,983	15,841	19,027	17,191	15,042	14,522	13,007	13,416	172,297	67,101	105,196
Total	13,212	11,453	12,663	12,940	13,983	15,841	19,027	17,191	15,042	14,522	13,007	13,416	172,297	67,101	105,196

2023 Demand Share	
2019 - 2021+8342 Average Wholesale Demand (mgd):	
Annual	0.3519
Summer	0.3972
Maximum Wholesale Capacity Required	0.3972
Demand Share	0.3972

## Details of Tukwila Demand Share Calculations

Tukwila Consumption Records:

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	59,478	54,721	60,452	64,197	81,539	94,960	103,901	103,443	82,931	65,388	59,406	59,959	890,374
<b>Total</b>	<b>59,478</b>	<b>54,721</b>	<b>60,452</b>	<b>64,197</b>	<b>81,539</b>	<b>94,960</b>	<b>103,901</b>	<b>103,443</b>	<b>82,931</b>	<b>65,388</b>	<b>59,406</b>	<b>59,959</b>	<b>890,374</b>

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	59,495	55,136	57,082	49,440	57,803	69,659	90,615	98,938	83,875	67,679	55,173	52,022	796,917
<b>Total</b>	<b>59,495</b>	<b>55,136</b>	<b>57,082</b>	<b>49,440</b>	<b>57,803</b>	<b>69,659</b>	<b>90,615</b>	<b>98,938</b>	<b>83,875</b>	<b>67,679</b>	<b>55,173</b>	<b>52,022</b>	<b>796,917</b>

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade	53,079	50,519	58,288	63,037	77,539	91,489	111,202	112,568	93,768	77,922	61,612	59,442	910,465
<b>Total</b>	<b>53,079</b>	<b>50,519</b>	<b>58,288</b>	<b>63,037</b>	<b>77,539</b>	<b>91,489</b>	<b>111,202</b>	<b>112,568</b>	<b>93,768</b>	<b>77,922</b>	<b>61,612</b>	<b>59,442</b>	<b>910,465</b>

2023 Demand Share	
2019 - 2021 Average Wholesale Demand (mgd):	
Annual	1.7745
Summer	2.3244
Maximum Wholesale Capacity Required	2.3244
<b>Demand Share</b>	<b>2.3244</b>



## GLOSSARY OF TERMS

**Accrual Basis** - As accounting basis which recognizes transactions when they occur.

**Administration Dues** - Charges imposed on Cascade members to recover administrative costs. Charges are based on the members CERU count.

**Appropriation** - The legal authority to spend money and incur obligations for specific purposes. Spending cannot exceed appropriation without Cascade's board's approval.

**Asset** - Property and resources owned by Cascade that have a monetary value.

**Basis of Accounting** - Cascade uses the accrual basis of accounting and the total economic resources measurement focus. Expenses are recorded at the time liabilities are incurred, and revenues are recorded when earned.

**Balanced Budget** - When revenue equals or exceeds expenditures.

**Bellevue Issaquah Pipeline (BIP)** - Provides transmission of water purchased from Seattle Public Utilities to Issaquah and Sammamish Plateau. Cascade has agreements with the City of Bellevue and Sammamish Plateau Water for operating and maintaining the BIP.

**Biennium** - A two-year period. Cascade adopts both a biennium budget and biennium rates.

**Bond Fund** - The money in the fund is used to pay debt service payments and meet bond covenants. It is funded by transfers from the operating fund and reserves from bond issuances.

**Capital Expenditure** - An expenditure used to acquire or construct a tangible asset with a cost greater than \$5,000 and a useful life of several years.

**Capital Improvement Program (CIP)** - The plan of capital improvements needed to maintain infrastructure and fulfill Cascades' water supply obligations. Cascade adopts a 6 year plan with biennial review and update.

**Cascade Equivalent Residential Units (CERUs)** - A key metric used by Cascade to allocate costs to members. CERUs are based on an inventory of water meters and flow equivalency factors established by the American Water Works Association.

**Conservation Charges** - Charges to Cascade's members to recover the cost of Cascade's conservation program. Charges are based on the members CERU count.

**Contingency** - A provision for an unforeseen event. Cascade budgets for unforeseen events in both the operating and capital budgets.

**Cost of Living (COLA)** - The adjustment to wage ranges based on an inflation index. For the Annual Budget, salary ranges are assumed to adjust annually on January 1 by a cost-of-living adjustment based on 100% of the Consumer Price Index for Seattle Tacoma Urban Wage Earners (CPI-W) for the 12-month period ending June 30 of the prior year. The actual cost of living adjustments is at the Board's discretion and part of the adoption of the budget. If the CPI-W percentage is negative, there is no cost-of-living adjustment.

**Construction Fund** - Money in the fund is used for capital expenditures. The fund is funded by RCFC revenue, debt issuance and transfers from the operating fund.

**CIP project Debt Service** - The principal and interest due and payable on outstanding revenue bonds and loans.

**Demand Share** - A charge to Cascade's members based on a three year rolling average of their water use.

**Defeasance** - The legal release of a debtor from a debt, for example when a bond holder sets aside cash to pay off bonds. In 2014, Cascade defeased the 2006 bond issuance.

**Depreciation** - In accounting, a reduction in the value of an asset over time, due to wear and tear.

**Expenditure** - The payment for goods and services.

**Fiscal Year** - The twelve-month period which an organization designates as its operating year. For Cascade Water Alliance the fiscal year coincides with the calendar year. Cascade prepares a biennial budget for a period of two fiscal years, beginning in an odd-numbered year.

**Full-Time Equivalents (FTEs)** - A way of expressing staff in terms of full-time (40 hours per week) employment. For example if an employee is employed to work three days a week or 24 hours then the employee would be considered 0.6 FTE (24 hours divided by 40 hours).

**Fund Balance** - The excess of a fund's assets over its liabilities.

**Governmental Accounting Standards Board Statement 34 (GASB 34)** - Sets the requirements for the annual financial reports' content. Cascade accounts for and reports infrastructure capital assets based on GASB Statement No. 34.

**Infrastructure** - The basic physical assets used by Cascade in the conduct of its business.

**Joint Municipal Utility Services Act (JMUSA)** - RCW code 39.106 allowed for the formation of intergovernmental municipal corporations that provide services to local utilities and their customers. Cascade is organized as a JMUSA.

**Lake Tapps** - A reservoir created by Puget Sound Energy in 1911 and purchased by Cascade Water Alliance in 2009 is located in Pierce County, Washington and maintained for future water supply.

**Milfoil** - Eurasian milfoil (*Myriophyllum spicatum*) is a non-native, invasive aquatic plant. This plant can grow from broken-off stems and can spread quickly, creating dense mats that may crowd out native plants and inhibit recreational activity in the water. Cascade maintains a program to control the growth of milfoil in the Lake Tapps Reservoir.

**Operating Fund** - Reserve of cash used to pay operating expenses. Primarily funded by member charges.

**Performance Measure** - A quantifiable means that is used to track and assess the status of Cascade's Strategic Plan strategies.

**Public Works Trust Fund (PWTF)** - A fund overseen by the State of Washington that is used to loan money to local governments for infrastructure projects.

**Rate Stabilization Fund** - Reserve of cash used to offset significant budget deviations. Funded by transfers from the operating fund.

**Regional Capital Facilities Charges (RCFC)** - RCFs are paid to Cascade by each member for each new equivalent residential unit connected to its water distribution system and are intended to allocate growth costs to those members that require capacity increases due to growth in customer demand.

**Revenue** - Sources of income that Cascade receives during a fiscal year.

**Strategy** - A specific approach to achieve Cascade's Strategic Plan's goals.

## 2023-2024 Adopted Budget

**Transmission Supply Plan (TSP)** - A requirement of the Washington State Department of Health that details the demand projections and the supplies available to the utility to meet those demands. The TSP provides direction for Cascade over CIP decisions. Cascade is in the process of extend their current TSP plan.

**Water Supply Development Fund (WSDF)** - Reserve used to accumulate funds for future major water supply projects. Funded by transfers from the Operating and Construction Fund.

**Work Plan Action** - Priority tactics employed in Cascade's annual work plans that help achieve the Strategic Plan's goals.



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**Cascade Water Alliance  
Washington**

For the Biennium Beginning

**January 01, 2021**

*Christopher P. Morill*

Executive Director