

# 2025-2026 Adopted Budget

## December 20, 2024

*Photograph courtesy of Janice Thomas.*

Picture of the Lake Tapps Reservoir, in Washington State, owned by Cascade.

Water for today...  
and tomorrow

## CASCADE WATER ALLIANCE BOARD OF DIRECTORS



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

**Dave Hamilton**  
Councilmember,  
City of Bellevue



**Lloyd Warren**  
Commissioner,  
Sammamish Plateau Water



**Mary Lou Pauly**  
Board Secretary/Treasurer  
Mayor,  
City of Issaquah



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



**Angela Birney**  
Vice Chair  
Mayor,  
City of Redmond



**Thomas McLeod**  
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  
**Angie Nuevacamina**, Councilmember, City of Redmond

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

## CASCADE WATER ALLIANCE AT A GLANCE

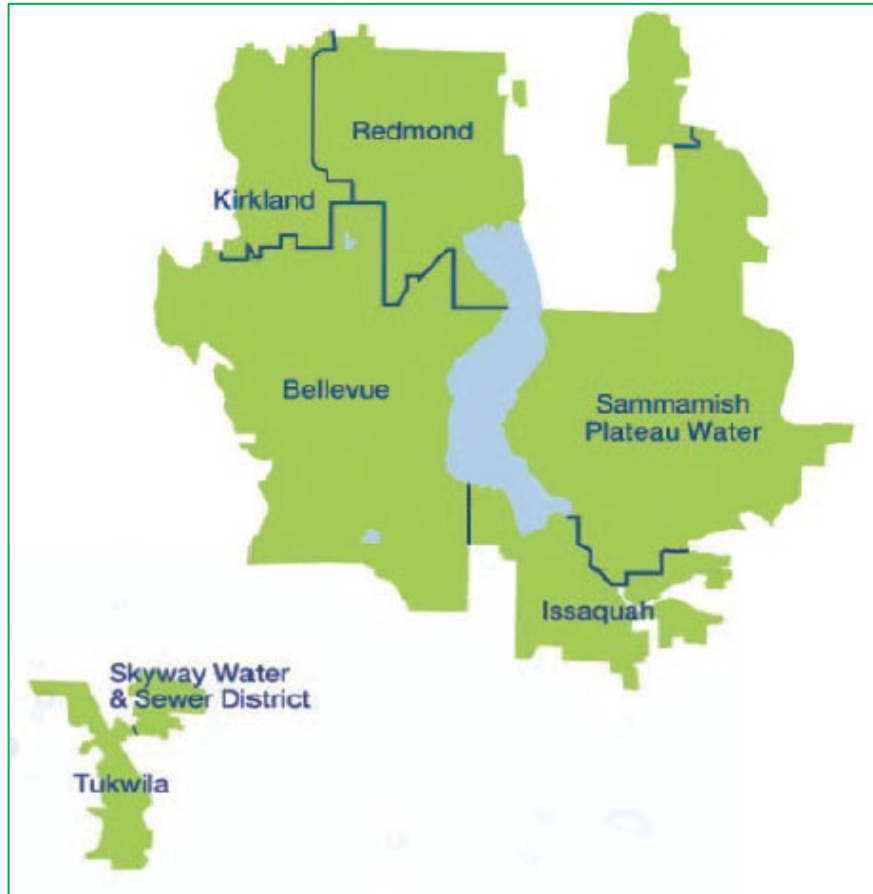
Cascade Water Alliance (Cascade) is a municipal corporation comprised of five member cities (City of Bellevue, City of Issaquah, City of Kirkland, City of Redmond and City of Tukwila) and two water and sewer districts (Sammamish Plateau Water and Skyway Water & Sewer District). Cascade was established 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 405,000 residents 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 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.

**Figure 1. Cascade's Service Area**





### Cascade Members

- Bellevue. Bellevue is the fifth largest city in Washington, with a service area population of 163,200. It is the Eastside's commercial 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. Cascade serves a population of 29,000 residents.
- Kirkland. Kirkland is a place of history, nature, and metro 'lifestyling' in which to live, work, visit, and play. Cascade serves approximately 47,900 people in the City of Kirkland.
- 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--and the home of Microsoft. Cascade serves a population of 85,600.
- Sammamish Plateau Water. The District serves 59,300 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 12,500 residences.
- Tukwila. Tukwila's central location at the crossroads of Interstates 5 and 405 makes it an ideal site for commerce. Cascade serves a population of 7,500 residents.

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

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# INTRODUCTORY SECTION

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## TRANSMITTAL LETTER

December 20, 2024

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

We are pleased to present to you the 2025-2026 Cascade Water Alliance (Cascade) budget that was adopted by the Cascade Board on September 25, 2024, by Resolution No. 2024-11. 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 2025-2026 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 2025-2026 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.

**Appropriation Authority.** Cascade's 2025-2026 budget identifies sources and amounts of anticipated revenue, allocates revenues to Cascade's five funds, and establishes the 2025-2026 expenditure authority (appropriation authority). Expenditures from the funds support Cascade's anticipated activities during 2025 and 2026. The adopted 2025-2026 budget's estimated resources and expenditure authority is shown in Table 1 along with the 2024 appropriation authority.

**Table 1. Appropriation Authority**

Fund	2024 Appropriation Authority	2025 Appropriation Authority	2026 Appropriation Authority
Operating	\$54,246,578	\$58,928,786	\$57,891,383
Water Supply Development	\$11,370,104	\$15,740,855	\$17,796,414
Rate Stabilization	\$2,290,715	\$2,431,205	\$2,516,297
Construction	\$24,298,926	\$28,260,228	\$29,635,156
Bond	\$23,170,942	\$20,214,853	\$19,789,791
<b>Total</b>	<b>\$115,377,264</b>	<b>\$125,575,927</b>	<b>\$127,629,041</b>

**Budget.** 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 majority of non-labor budget items remained at 2024 levels. The largest budget reduction is the Debt Service line item, which is a result of refinancing the 2012 bonds.

The largest increases are associated with the new Tacoma-Cascade Pipeline (TCP) project. After more than two years of discussions with both Seattle and Tacoma on providing wholesale water supply, in May 2024, the Board directed staff to negotiate a new contract with Tacoma. Per Tacoma’s proposal, Tacoma will begin delivering water to Cascade in 2042 (once Seattle’s block starts to decline) for a term of 20-25 years. A new contract with Tacoma allows Cascade to defer developing the Lake Tapps Reservoir as a source of drinking water, resulting in significant net present value savings.

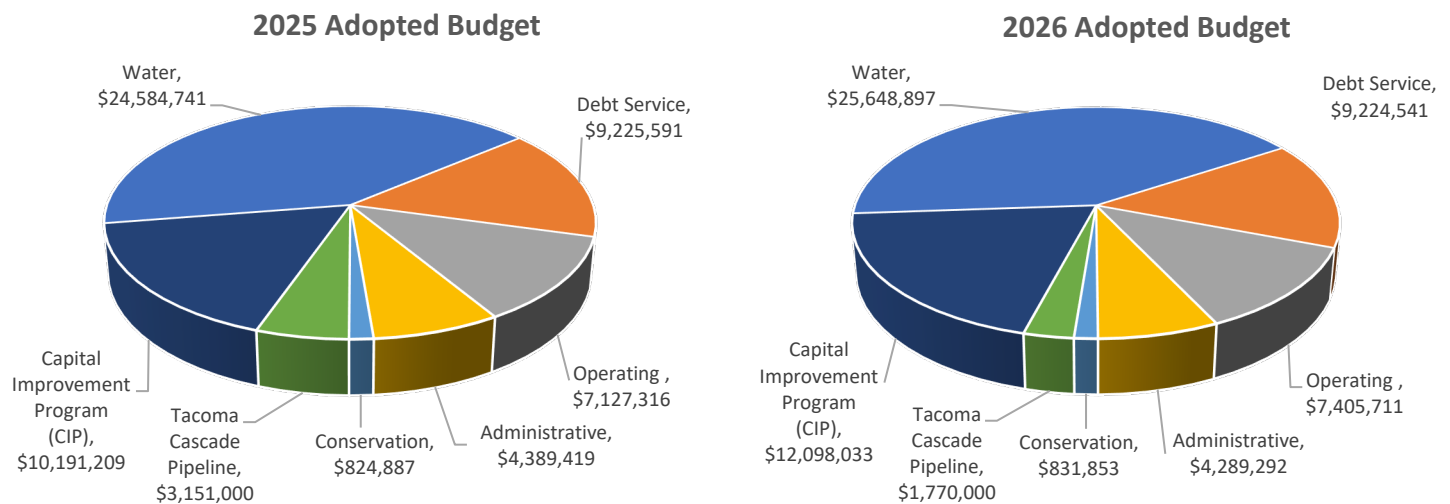
In order to take water from Tacoma, Cascade needs to build a major transmission pipe and associated facilities. At a total of 25-30 miles of pipeline, the TCP project is the largest project Cascade has ever undertaken. The first two years of the TCP project will be focused on planning work, including environmental review, permitting, property acquisition, and facilities planning. Capital work is expected to begin in 2026 and construction in 2030.

Cascade’s 2025 and 2026 adopted budgets are summarized in Table 2 and Figure 2. The adopted biennial budget is identical to the proposed budget, as the Board did not request any modifications. In addition to implementing the TCP project, over the next two years Cascade will continue to provide core services as efficiently as possible and continue to invest in infrastructure improvements at the White River-Lake Tapps Reservoir system. Top priorities include completing the Headworks Intake Modifications project, completing the climate change impacts and water quality studies, initiating the Tunnel Intake Gate Replacement project, completing repairs at Dike 11, and initiating a Bellevue-Issaquah Pipeline (BIP) project that is driven by a Washington Department of Transportation (WSDOT) culvert replacement project.



**Table 2. Budget Summary**

Program	2024 Adopted Budget	2025 Adopted Budget	2026 Adopted Budget
Administration	\$3,808,870	\$4,389,419	\$4,289,292
Conservation	\$805,754	\$824,887	\$831,853
Debt Service	\$10,795,666	\$9,225,591	\$9,224,541
Operations	\$6,434,135	\$7,127,316	\$7,405,711
Water Contracts	\$24,402,498	\$24,584,741	\$25,648,897
Tacoma-Cascade Pipeline (TCP)	\$0	\$3,151,000	\$1,770,000
<b>Total Operations &amp; Maintenance (O&amp;M) Budget</b>	<b>\$46,246,923</b>	<b>\$49,302,954</b>	<b>\$49,170,294</b>
Capital Improvement (CIP)	\$13,431,872	\$10,191,209	\$12,098,033
<b>TOTAL BUDGET</b>	<b>\$59,678,795</b>	<b>\$59,494,163</b>	<b>\$61,268,327</b>

**Figure 2. Budget Summary**


The major differences among the 2024, 2025, and 2026 O&M budgets are listed below.

- **Administration:** Increases are largely driven by wages due to the cost-of-living adjustment, office rental costs, and insurance.
- **Debt Service:** The decreases in 2025 and 2026 are a result of the bond refunding.
- **Operations:** Increases are driven by higher payments to the Lake Tapps Operator due to inflation, staffing realignment, and the addition of a new position to support engineering work.
- **Tacoma-Cascade Pipeline:** This is a new Program in Cascade's budget, and it funds the planning and other O&M work associated with new infrastructure needed to connect to Tacoma's system.
- **Water Contracts:** Seattle's true-up cost for 2025, which was in Cascade's favor, is keeping the 2025 budget relatively flat compared to 2024. The 2026 budget anticipates a 3% rate increase.

The CIP is funded by bond proceeds and regional capital facilities charges (RCFC) revenue. It covers the costs of water contract payments to Tacoma and Seattle, a contingency for emergencies, unforeseen needs, and specific projects. The main change between 2024 and 2025 is the payment to Seattle; in 2024, Cascade made its final \$5,000,000 payment to Seattle. A primary difference between 2025 and 2026 is the initiation of capital work on the TCP project.

In terms of staff expenses, Cascade’s staffing for 2025-2026 will increase by four positions – three for the TCP project and one to provide engineering support to address deferred repair, rehabilitation, and replacement projects at the White River-Lake Tapps Reservoir system.

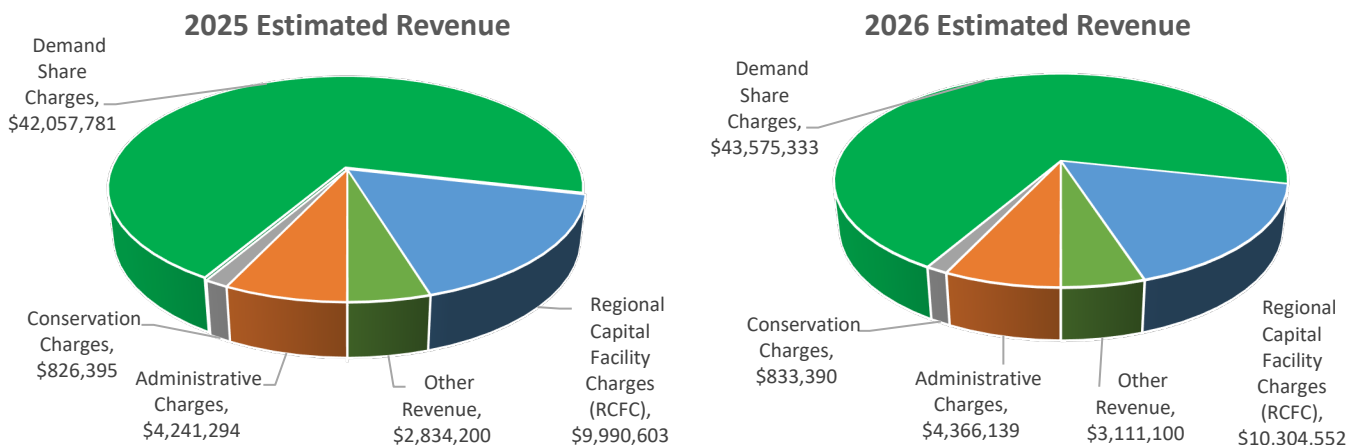
**Revenue.** Cascade’s authorized estimated revenues for 2025 and 2026 are shown alongside the 2024 authorized revenue estimate in Table 3 below. Administrative dues, conservation charges, and demand share charges are assessed to members, and they total \$47,125,470 in 2025 and \$48,774,861 in 2026, an average rate increase of 3.5% per year. This is slightly higher than the rate increases that were projected in the last biennium, largely due to the TCP project, and is in line with the inflation rate. Members also pay RCFCs, which are variable and based on actual, new connections. The 2025 and 2026 RCFCs will increase from \$7,454 to \$8,579 and \$8,852, respectively.

**Table 3. Revenue Summary**

Revenue Source	2024 Estimated Revenue	2025 Estimated Revenue	2026 Estimated Revenue
Administrative Dues	\$3,706,551	\$4,241,294	\$4,366,139
Conservation Charges	\$800,515	\$826,395	\$833,390
Demand Share Charges	\$41,024,787	\$42,057,781	\$43,575,333
Regional Capital Facilities Charge (RCFC)	\$9,890,512	\$9,990,603	\$10,304,552
Other	\$1,746,870	\$2,894,694	\$3,016,251
<b>TOTAL REVENUE</b>	<b>\$57,169,235</b>	<b>\$60,010,767</b>	<b>\$62,095,665</b>

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

**Figure 3. Revenue Summary**



## 2025-2026 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 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

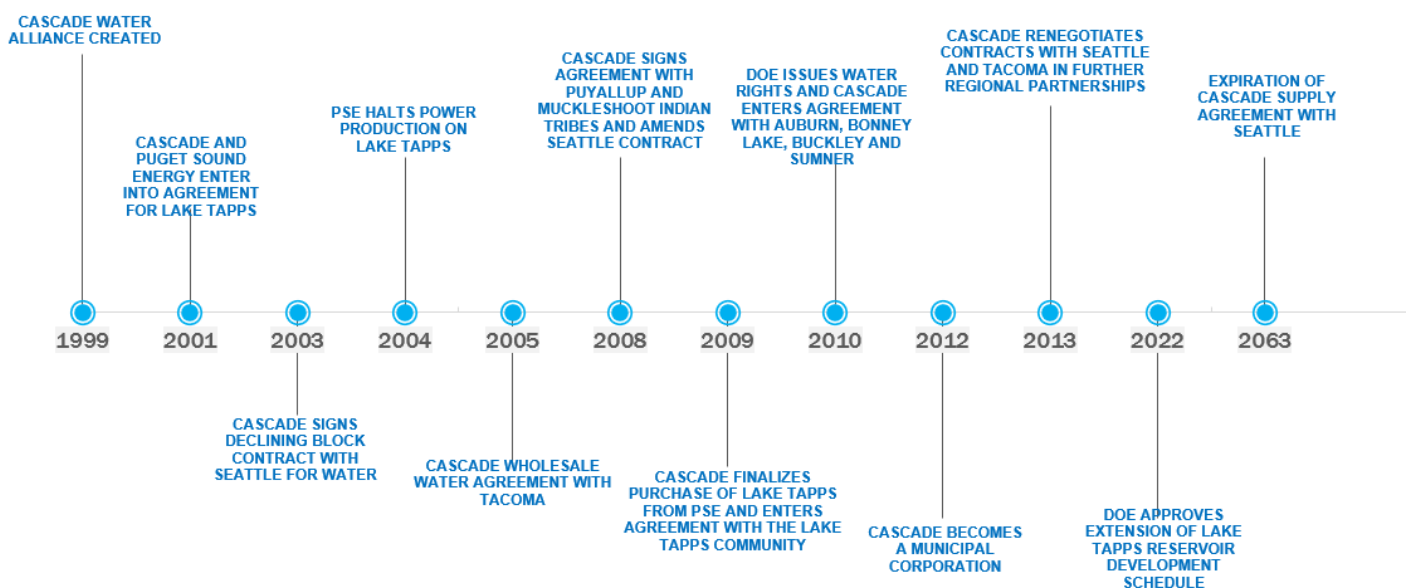
Four main sources of water supply are described in Cascade's 2012 Transmission and Supply Plan:

- 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.

**Figure 4. Cascade's History**



## STRATEGIC PLAN

Cascade's 2020-2024 Strategic Plan (Plan) is a guide to meet Cascade and members' priorities over a five-year period. 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.*



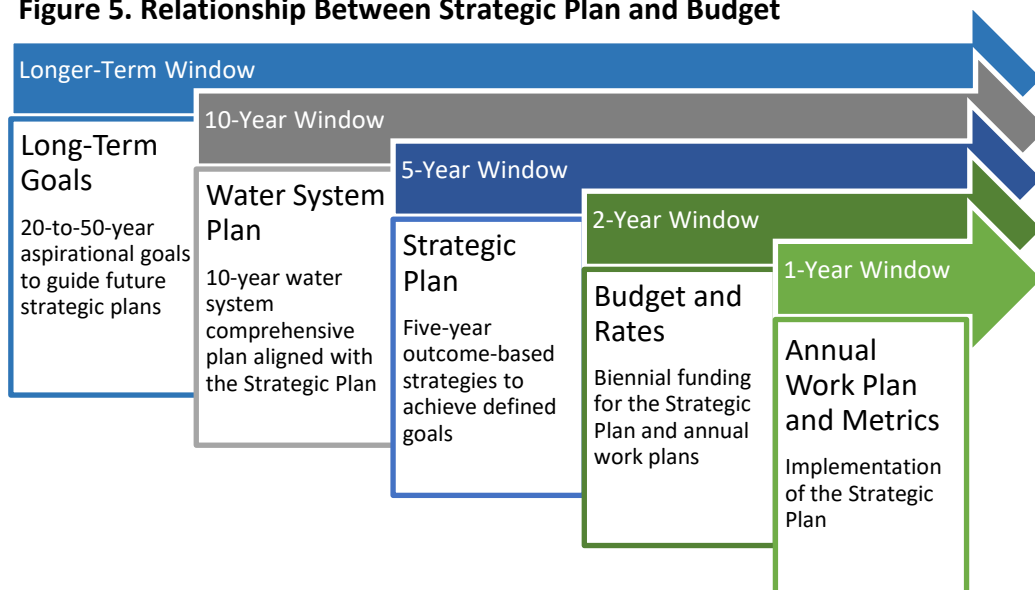


The pillars of the Plan are long-term goal statements in six focus areas. The focus areas and goals reflect the main groupings of Cascade’s work over the five-year period and were revised from the 2011 Plan. Each focus area includes several outcome-based strategies to meet the defined goals. The 2020-2024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

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

**Figure 5. Relationship Between Strategic Plan and Budget**

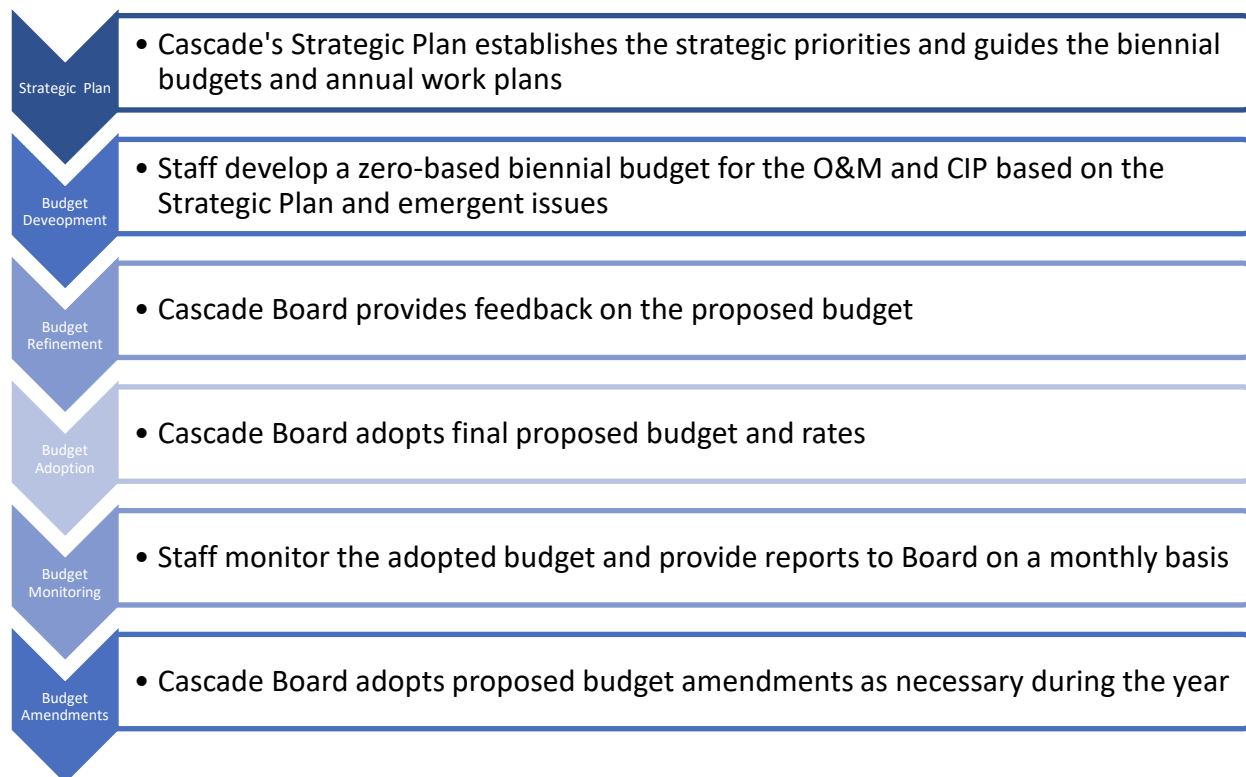


## 2025-2026 BUDGET PROCESS

The 2025-2026 budget process began early in 2024 with a review of the adopted 2020-2024 Strategic Plan (Plan), Cascade's 2024 work plan, and the 2022-2023 adopted O&M and CIP budget. Cascade staff then began a zero-based budget process using the Plan as a guide for the Board's priorities, along with recent emergent issues. 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 but related to short-term core operations, were added. Finally, budget resources were added for the overhead required to support the programmatic functions. More detailed information about the CIP budget process is provided in the Capital Improvement Program Budget section, starting on page 36.

Cascade staff refined the budget and discussed it on multiple occasions with the Board, the Finance & Management Committee, and member staff. Staff presented draft proposals to the Finance & Management Committee in May, June, and July and to the Board 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.

**Figure 6. Summary of Budget Process**



Cascade offered to present its budget and rates proposals to all members' elected bodies, and the Bellevue and Redmond city councils received a presentation. On September 25, 2024, Cascade's Board adopted the 2025-2026 budget, the 2025-2026 member rates and charges, and the 2025-2026 RCFC rates.

After adoption, Cascade staff monitor expenditures against the budget and provide reports to the Board on a monthly basis. On a quarterly basis, staff also provide year-end estimated expenditures and revenue to the CEO. If necessary, Cascade's Board can amend the budget by Board action to reflect material changes in anticipated revenues or expenditures.

**Figure 7. Budget Development Timeline**

	January	February	March	April	May	June	July	August	September
Staff	Review Strategic Plan, work plan, and emergent issues		Identify budget and rates drivers and prepare the budget and rates proposals		Present budget and rates proposals to the Finance & Management Committee and Board of Directors				
Committee					Review budget and rates proposals and provide feedback to staff				
Board						Review budget and rates proposals and provide feedback to staff			<b>Adopt budget and rates</b>

# FINANCIAL STRUCTURE AND POLICY

## LONG-RANGE FINANCIAL FORECAST

Cascade's rate model projects rates up to the year 2100. The forecast is used to guide future strategic plans and decisions, particularly with respect to future water supply. As noted earlier, the Tacoma-Cascade Pipeline is expected to be in service by the early 2040s, enabling Cascade to defer using the Lake Tapps Reservoir as a source of supply until the 2060s. Being able to properly time the construction of the Tacoma-Cascade Pipeline and Lake Tapps Reservoir projects is key to minimizing the rate impact on customers. The bulk of Cascade's O&M budget for the next two decades is the purchased water from Seattle. The long-range forecast projects a general inflation of 3%, construction cost inflation of 3.5%, and stable rate trends. Below is a snapshot of the long-range forecast through 2035.

**Table 4. Long-Range Rates Projections**

Key Variables	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
General Inflation (CPI)	3.00%	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%	3.50%
Fund Interest Earnings Rate	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
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%	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	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%	0.50%
Amount Funded	\$ 1,213,380	\$ 1,273,857	\$ 1,376,081	\$ 1,511,275	\$ 1,665,178	\$ 2,009,776	\$ 2,458,486	\$ 2,968,012	\$ 3,499,712	\$ 4,166,724	\$ 4,655,535

Operating Expense Summary											
Purchased Water	\$ 24,584,741	\$ 25,648,897	\$ 26,418,364	\$ 27,210,915	\$ 28,027,242	\$ 29,747,791	\$ 30,640,225	\$ 31,559,432	\$ 32,506,215	\$ 33,481,401	\$ 35,505,693
Penalties	-	-	-	-	-	-	-	-	-	-	-
Other O&M	7,095,587	7,413,820	7,645,505	7,865,322	8,111,116	8,344,320	8,605,083	8,852,489	9,129,132	9,391,605	9,685,096
Administrative Expenses	4,203,631	4,303,796	4,536,208	4,667,520	4,812,463	4,951,772	5,105,542	5,253,335	5,416,470	5,573,263	5,746,333
Conservation Expenses	826,395	833,390	858,391	884,143	910,667	937,987	966,127	995,111	1,024,964	1,055,713	1,087,384
TCP Expenses	3,151,000	1,770,000	-	-	-	-	-	-	-	-	-
Capitalizable Expenses	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 39,861,354</b>	<b>\$ 39,969,902</b>	<b>\$ 39,458,468</b>	<b>\$ 40,627,900</b>	<b>\$ 41,861,489</b>	<b>\$ 43,981,871</b>	<b>\$ 45,316,977</b>	<b>\$ 46,660,366</b>	<b>\$ 48,076,781</b>	<b>\$ 49,501,983</b>	<b>\$ 52,024,506</b>

Capital Funding Summary											
Capital Improvement Program:											
Total Capital Expenditures	\$ 10,191,209	\$ 12,095,554	\$ 20,444,793	\$ 27,038,796	\$ 30,780,504	\$ 68,919,683	\$ 89,742,020	\$ 101,905,051	\$ 106,340,028	\$ 133,402,449	\$ 97,762,111
Capital Funding Strategy:											
Capital Reserves (Including RCFs)	\$ 10,191,209	\$ 12,095,554	\$ 17,571,301	\$ (12,588,740)	\$ 14,924,806	\$ (241,086)	\$ 11,051,485	\$ 29,043,397	\$ 21,049,703	\$ 19,688,347	\$ 18,905,443
Current Year Demand Charges	-	-	-	21,962,691	2,694,553	3,907,161	9,294,741	1,844,759	646,746	667,753	688,903
Use of WSPF Reserves	-	-	-	-	-	-	-	-	-	-	-
Member Contributions	-	-	-	-	-	-	-	-	-	-	-
PWTF Loan Proceeds	-	-	-	-	-	-	-	-	-	-	-
Revenue Bond Proceeds	-	-	-	-	-	65,253,608	69,395,794	71,016,895	84,643,578	113,046,349	78,167,764
<b>Total</b>	<b>\$ 10,191,209</b>	<b>\$ 12,095,554</b>	<b>\$ 17,571,301</b>	<b>\$ 9,373,951</b>	<b>\$ 17,619,359</b>	<b>\$ 68,919,683</b>	<b>\$ 89,742,020</b>	<b>\$ 101,905,051</b>	<b>\$ 106,340,028</b>	<b>\$ 133,402,449</b>	<b>\$ 97,762,111</b>
<b>Capital Funding Surplus (Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,873,492)</b>	<b>\$ (17,664,845)</b>	<b>\$ (13,161,145)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Debt Principal Outstanding	\$ 70,640,000	\$ 63,400,000	\$ 55,865,000	\$ 48,040,000	\$ 39,930,000	\$ 104,051,650	\$ 171,271,845	\$ 238,865,989	\$ 319,529,756	\$ 428,702,048	\$ 499,707,335
Annual Debt Service	\$ 9,262,762	\$ 9,222,041	\$ 9,221,141	\$ 9,215,741	\$ 9,207,966	\$ 6,253,091	\$ 10,520,233	\$ 15,052,017	\$ 19,691,644	\$ 25,216,962	\$ 31,281,142
Rate-Funded Debt Service Account Transfers	\$ 6,833,006	\$ 8,392,687	\$ 8,383,804	\$ 8,902,671	\$ 8,866,103	\$ -	\$ 12,124,874	\$ 15,007,975	\$ 17,619,210	\$ 21,386,609	\$ 22,519,707

## 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 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 to the Operating Fund, as established in the adopted budget
- The Rate Stabilization Fund receives 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 interests are credited to the Debt Service Account
  - Expenditures: Principal and/or interest if enough money is not available in the Debt Service Account
  - Reserve fund deposits are generally to be made from bond proceeds at the time of closing



### 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

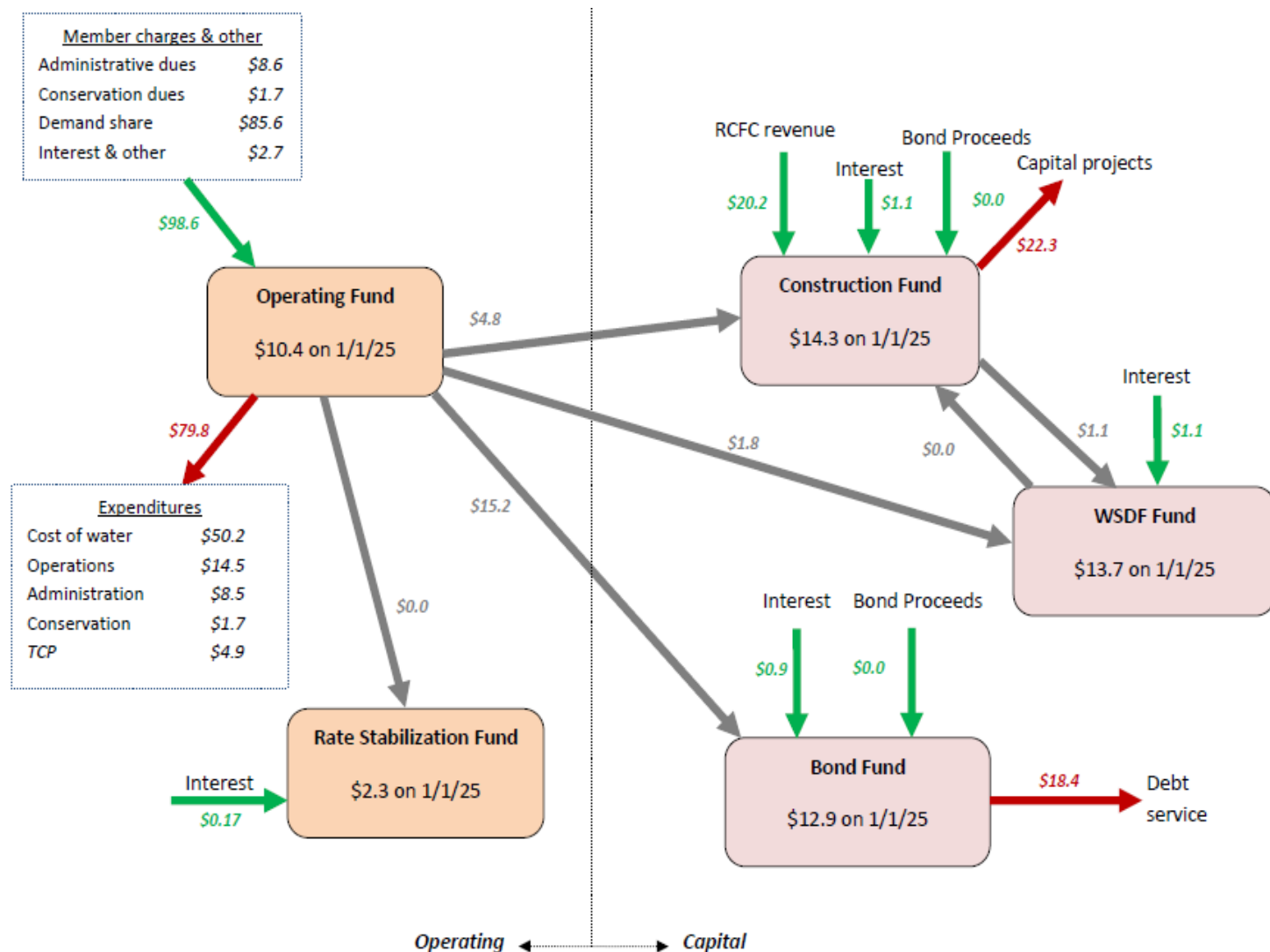
Below is a matrix that guides the management and planning of fund balances for Cascade's financial resources.

**Table 5. Management Overview of Cascade's Funds**

Fund / Purpose	Target (2025*)	Minimum (2025*)	Maximum (2025*)	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 (\$5.5m) plus funding accruals for major cyclical expenses such as sediment removal and system plans (\$0.4m)	45 days of budgeted operating expense (\$4.9m) plus funding accruals for major cyclical expenses such as sediment removal and system plans (\$0.4m)	75 days of budgeted operating expense (\$8.2m) plus funding accruals for major cyclical expenses such as sediment removal and system plans (\$0.4m)	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) (\$2.4m)	4% of budgeted operating revenues (excluding RCFCs) (\$1.9m)	7% of budgeted operating revenues (excluding RCFCs) (\$3.4m)	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 (\$7.9m)	Based on January capital payment due to TPU (\$6.5m)	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>	Greater of maximum annual debt service and pool plus investments (\$4.0m)	Maximum annual debt service requiring reserve (\$3.0m)	Greater of maximum annual debt service and pool plus investments (\$4.0m)	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 (\$4.9m) (12/31/25)	Accrued principal and interest on outstanding bonds (\$4.9m) (12/31/25)	Accrued principal and interest on outstanding bonds (\$4.9m) (12/31/25)	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 (\$15.7m)	Determined by capital funding strategy for future supply projects (\$14.8m)	Determined by capital funding strategy for future supply projects	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
* 2025 estimates are based on proposed 2025 budget and financial requirements as of September 3, 2024.						

## COMBINED FINANCIAL STRUCTURE SUMMARY

Figure 8. Combined 2025-2026 Financial Structure (in millions of dollars)



## 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
<b>Financial integrity and stability</b>	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.
<b>Rate equity</b>	Members shall not enjoy or suffer from geographic advantage as an element of the allocation of regional water resources or their costs.
<b>Efficiency and conservation</b>	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.
<b>Balanced budget</b>	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 resulted in a change to the way Cascade budgets for Cost-of-Living increases. In 2024, Cascade staff did a review of the fiscal policies as a part of the biennium budget process, but no changes were enacted. The fiscal policies are regularly updated to keep current with practices and prudent financial management.

Cascade's adopted 2025-2026 budget complies with all [fiscal policies](#).

# 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' activities in 2025 and 2026.

**Table 6. 2025 Fund Activity Summary**

	Operating	Water Supply Development	Rate Stabilization	Construction	Bond	Total
Estimated beginning balance January 1, 2025	\$10,421,743	\$13,745,538	\$2,348,990	\$14,265,516	\$12,929,321	\$53,711,109
Revenue	\$48,507,043	\$481,094	\$82,215	\$10,427,396	\$452,526	\$59,950,273
Transfers in	-	\$1,514,223	-	\$3,567,316	\$6,833,006	\$11,914,545
<b>Total resources</b>	<b>\$58,928,786</b>	<b>\$15,740,855</b>	<b>\$2,431,205</b>	<b>\$28,260,228</b>	<b>\$20,214,853</b>	<b>\$125,575,927</b>
Expenditures	\$39,901,025	-	-	\$10,191,209	\$9,223,091	\$59,315,325
Transfers out	\$11,352,045	-	-	\$562,500	-	\$11,914,545
Ending balance December 31, 2025	\$7,675,716	\$15,740,855	\$2,431,205	\$17,506,519	\$10,991,762	\$54,346,057
<b>Total uses</b>	<b>\$58,928,786</b>	<b>\$15,740,855</b>	<b>\$2,431,205</b>	<b>\$28,260,228</b>	<b>\$20,214,853</b>	<b>\$125,575,927</b>

**Table 7. 2026 Fund Activity Summary**

	Operating	Water Supply Development	Rate Stabilization	Construction	Bond	Total
Estimated beginning balance January 1, 2026	\$7,675,716	\$15,740,855	\$2,431,205	\$17,506,519	\$10,991,762	\$54,346,057
Revenue	\$50,215,666	\$629,634	\$85,092	\$10,854,780	\$405,341	\$62,190,514
Transfers in	-	\$1,425,925	-	\$1,273,857	\$8,392,687	\$11,092,470
<b>Total resources</b>	<b>\$57,891,383</b>	<b>\$17,796,414</b>	<b>\$2,516,297</b>	<b>\$29,635,156</b>	<b>\$19,789,791</b>	<b>\$127,629,041</b>
Expenditures	\$39,969,902	-	-	\$12,095,554	\$9,222,041	\$61,287,498
Transfers out	\$10,529,970	-	-	\$562,500	-	\$11,092,470
Ending balance December 31, 2026	\$7,391,510	\$17,796,414	\$2,516,297	\$16,977,102	\$10,567,749	\$55,249,073
<b>Total uses</b>	<b>\$57,891,383</b>	<b>\$17,796,414</b>	<b>\$2,516,297</b>	<b>\$29,635,156</b>	<b>\$19,789,791</b>	<b>\$127,629,041</b>



## REVENUE SUMMARY

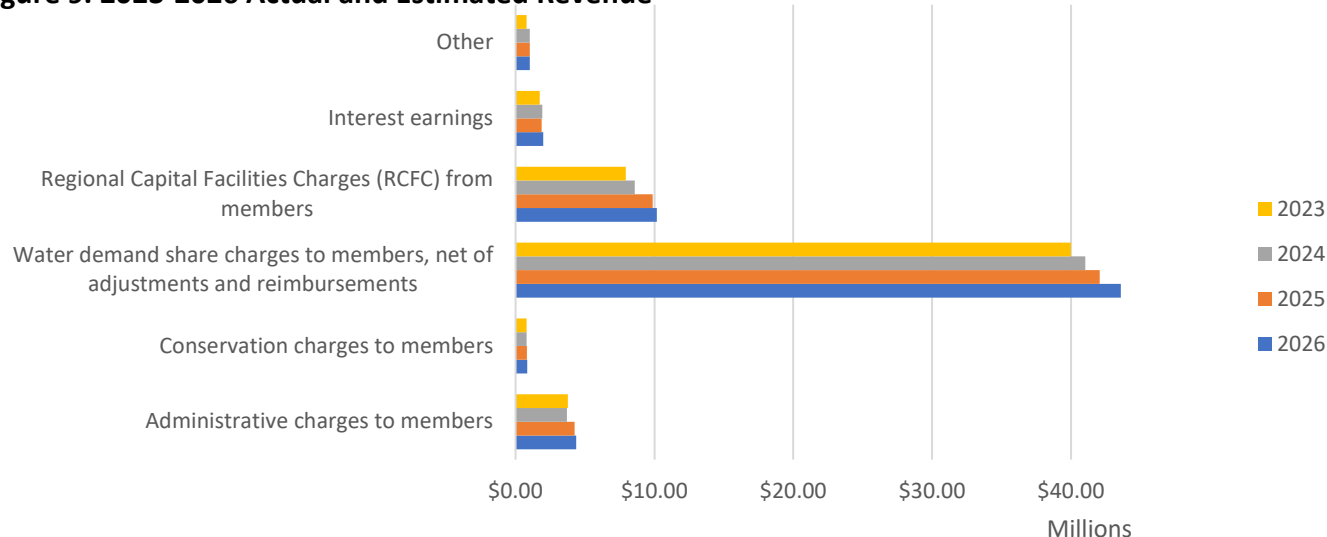
The 2025-2026 adopted estimated revenues, excluding bond debt proceeds, are as outlined below and are compared to 2023 actual and 2024 projected revenue.

**Table 8. 2023-2026 Revenue Actuals and Estimates**

Revenue Sources	2023 Actual	2024 Projected	2025 Estimate	2026 Estimate	% Change from 2024 to 2025	% Change from 2025 to 2026
Administrative charges to members	\$3,776,170	\$3,706,551	\$4,241,292	\$4,366,139	14.43%	2.94%
Conservation charges to members	\$793,621	\$800,515	\$826,395	\$833,390	3.23%	0.85%
Water demand share charges to members, net of adjustments and reimbursements	\$39,981,925	\$41,024,787	\$42,057,781	\$43,575,332	2.52%	3.61%
Regional Capital Facilities Charges (RCFC) from members	\$7,930,410	\$8,572,376	\$9,865,603	\$10,179,552	15.09%	3.18%
Interest earnings	\$1,740,414	\$1,923,773	\$1,879,889	\$2,001,446	-2.28%	6.47%
Other	\$800,361	\$1,014,805	\$1,014,805	\$1,014,805	0.00%	0.00%
<b>Total</b>	<b>\$55,022,901</b>	<b>\$57,042,807</b>	<b>\$59,885,765</b>	<b>\$61,970,663</b>	<b>4.98%</b>	<b>3.48%</b>

Administrative charges to members increase by 14.43% in 2025 and by 2.94% in 2026 as the percentage of member revenue from administrative charges changed slightly. Conservation charges to members increase by 3.23% in 2025 and by 0.85% in 2026. Water demand share charges increase by 2.52% in 2025 and 3.61% in 2026. Overall, the net charges to members increased by 3.5% in each of the two years. RCFC revenues did not meet expectations in 2023 and are not expected to meet expectations in 2024. Given this, the estimated number of Cascade Equivalent Residential Units (CERUs), the measure of growth that determines the RCFC charge, has been reduced for the 2025-2026 budget from 1,300 to 1,150. Interest revenue increases in 2025 and 2026 as Cascade has larger projected fund balances. The chart below illustrates how overall revenue is dominated by members' demand share charges.

**Figure 9. 2023-2026 Actual and Estimated Revenue**



## 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 2023-2026 basis of member charges is presented below as adopted by the Board on September 25, 2024.

**Table 9. Cascade Equivalent Residential Units (CERUs) for Members**

Member	2023	2024	2025 Adopted	2026 Adopted
City of Bellevue	70,283	70,487	70,757	71,027
City of Issaquah	14,448	14,512	14,637	14,762
City of Kirkland	20,451	20,693	20,873	21,053
Redmond - City	29,237	29,697	29,987	30,277
Redmond - Novelty Hill	4,461	4,464	4,474	4,484
Sammamish Plateau Water	24,507	24,583	24,828	25,073
Skyway Water & Sewer District	3,897	3,914	3,924	3,934
City of Tukwila	8,457	8,481	8,501	8,521
<b>Total</b>	<b>175,739</b>	<b>176,829</b>	<b>177,979</b>	<b>179,129</b>

**Table 10. Demand Shares for Members**

Member	2023	2024	2025 Adopted	2026 Adopted
City of Bellevue	19.2038	19.4800	19.6045	19.2384
Issaquah	1.6291	1.6909	1.7622	1.7665
Issaquah Temporary	0.0000	0.0467	0.0876	0.1809
City of Kirkland	5.3329	5.4027	5.5637	5.5434
Redmond - City	4.8687	4.8560	5.6633	5.8076
Redmond - Novelty Hill	1.1396	1.1571	1.2116	1.1955
Sammamish Plateau Water	1.2567	1.3205	1.3220	1.2840
Skyway Water & Sewer District	0.3972	0.3949	0.3785	0.3684
City of Tukwila	2.3244	2.3047	2.3979	2.3600
<b>Total</b>	<b>36.1524</b>	<b>36.6535</b>	<b>37.9912</b>	<b>37.7446</b>

**Table 11. Demand Share Percentages for Members**

Member	2023	2024	2025 Adopted	2026 Adopted
City of Bellevue	53.12%	53.15%	51.60%	50.97%
Issaquah	4.51%	4.61%	4.64%	4.68%
Issaquah Temporary	0.00%	0.13%	0.23%	0.48%
City of Kirkland	14.75%	14.74%	14.64%	14.69%
Redmond - City	13.47%	13.25%	14.91%	15.39%
Redmond - Novelty Hill	3.15%	3.16%	3.19%	3.17%
Sammamish Plateau Water	3.48%	3.60%	3.48%	3.40%
Skyway Water & Sewer District	1.10%	1.08%	1.00%	0.98%
City of Tukwila	6.43%	6.29%	6.31%	6.25%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Table 12. Percentage of Overall Member Payments (Excluding RCFCs)**

Member	2025 Adopted	2026 Adopted
City of Bellevue	49.87%	49.32%
Issaquah	5.04%	5.07%
Issaquah Temporary	0.18%	0.40%
City of Kirkland	14.30%	14.34%
Redmond - City	15.63%	16.04%
Redmond - Novelty Hill	3.13%	3.11%
Sammamish Plateau Water	4.61%	4.54%
Skyway Water & Sewer District	1.11%	1.09%
City of Tukwila	6.13%	6.08%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## MEMBER RATES AND REVENUE

The 2025 and 2026 adopted member charges (excluding RCFCs) are shown in the tables below. Administrative dues are assessed against each member for 2025 and 2026 at the rates of \$23.99 and \$24.53 per CERU, respectively, multiplied by 100% of each member's CERUs. The demand share charge for 2025 and 2026 is \$420,578 and \$435,753, respectively, per demand share percentage. The conservation program charge for 2025 and 2026 is \$4.67 and \$4.68, respectively, per CERU. The charge is applicable to 100% of a member's CERUs.

**Tables 13 & 14. Breakdown of Member Charges**

2025 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	2024 True-up (50%)	Total Payments	Increase Over 2024 Payments With True-up
Bellevue	\$1,690,655	\$329,416	\$21,702,955	(\$221,035)	\$23,501,991	-0.58%
Issaquah	\$348,063	\$67,818	\$1,950,811	\$7,592	\$2,374,284	4.01%
Issaquah - Temporary Water	\$0	\$0	\$96,945	(\$12,315)	\$84,630	62.03%
Kirkland	\$496,329	\$96,707	\$6,159,197	(\$13,971)	\$6,738,263	1.55%
Redmond - City	\$712,293	\$138,787	\$6,269,469	\$244,435	\$7,364,984	21.30%
Redmond - Novelty Hill	\$107,059	\$20,860	\$1,341,328	\$4,105	\$1,473,352	6.36%
Sammamish Plateau Water	\$589,620	\$114,885	\$1,463,503	\$4,846	\$2,172,854	0.92%
Skyway Water & Sewer District	\$93,867	\$18,289	\$419,006	(\$7,002)	\$524,160	-3.50%
Tukwila	\$203,408	\$39,633	\$2,654,567	(\$6,656)	\$2,890,953	4.43%
<b>Total</b>	<b>\$4,241,294</b>	<b>\$826,395</b>	<b>\$42,057,781</b>	<b>(\$1)</b>	<b>\$47,125,470</b>	<b>3.50%</b>

2026 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	2024 True-up (50%)	Total Payments	Increase Over 2025 Payments With True-up
Bellevue	\$1,735,799	\$331,322	\$22,210,269	(\$221,035)	\$24,056,355	2.36%
Issaquah	\$359,060	\$68,536	\$2,039,408	\$7,592	\$2,474,596	4.22%
Issaquah - Temporary Water	\$0	\$0	\$208,851	(\$12,315)	\$196,536	132.23%
Kirkland	\$512,053	\$97,738	\$6,399,700	(\$13,971)	\$6,995,521	3.82%
Redmond - City	\$735,636	\$140,415	\$6,704,726	\$244,435	\$7,825,212	6.25%
Redmond - Novelty Hill	\$109,743	\$20,947	\$1,380,173	\$4,105	\$1,514,968	2.82%
Sammamish Plateau Water	\$609,064	\$116,256	\$1,482,309	\$4,846	\$2,212,475	1.82%
Skyway Water & Sewer District	\$96,251	\$18,372	\$425,276	(\$7,002)	\$532,897	1.67%
Tukwila	\$208,533	\$39,804	\$2,724,621	(\$6,656)	\$2,966,303	2.61%
<b>Total</b>	<b>\$4,366,139</b>	<b>\$833,390</b>	<b>\$43,575,333</b>	<b>(\$1)</b>	<b>\$48,774,861</b>	<b>3.50%</b>

## 2025-2026 Adopted Budget

There are several reasons for the rate increase in member charges. The major components of the 2025-2026 3.5% rate increases are shown below.

**Table 15. Rate Increase Components**

Rate Component	2025		2026	
<b>Total Rate Increase</b>	<b>\$1,593,616</b>	<b>3.50%</b>	<b>\$1,649,392</b>	<b>3.50%</b>
Seattle Water Payments	\$94,395	0.21%	\$1,064,156	2.26%
Cascade Expenses	\$1,209,723	2.66%	\$225,392	0.48%
Tacoma-Cascade Pipeline Expenses	\$3,151,000	6.92%	(\$1,381,000)	-2.93%
Debt Service	(\$2,119,174)	-4.65%	\$1,520,011	3.23%
Capital Funding	\$81,702	0.18%	\$132,517	0.28%
Rate Smoothing	(\$824,030)	-1.81%	\$88,316	0.19%

Although Cascade member rates increase by 3.5% overall, individual member rates vary greatly. Below is a breakdown of the major factors affecting the differences in the individual member rates.

**Table 16. Rate Increases by Member**

Member	2024 Charges	2025 Charges	Increase over 2024	2026 Charges	Increase over 2025	Major Factors Affecting Relative Increase/Decrease (blanks indicate general consistency with Cascade rate increase)
Bellevue	\$23,639,790	\$23,501,991	-0.58%	\$24,056,355	2.36%	- Reduced allocation of shared volumes (Redmond) lowers demand shares - 2024 True-Up Credit due to reduced allocation
Issaquah	\$2,282,641	\$2,374,284	4.01%	\$2,474,596	4.22%	
Issaquah - Temporary Water	\$52,232	\$84,630	n/a	\$196,536	n/a	- Large % increase as Demand Share phases in, initial discount ramps out
Kirkland	\$6,635,560	\$6,738,263	1.55%	\$6,995,521	3.82%	
Redmond - City	\$6,071,906	\$7,364,984	21.30%	\$7,825,212	6.25%	- Increased allocation of shared volumes (Bellevue) - 2024 True-Up Charge due to reallocation
Redmond - Novelty Hill	\$1,385,196	\$1,473,352	6.36%	\$1,514,968	2.82%	- Higher peak season usage relative to other members increases relative demand shares slightly
Sammamish Plateau Water	\$2,153,084	\$2,172,854	0.92%	\$2,212,475	1.82%	- Reduced peak season usage relative to other members lowers relative demand shares
Skyway Water & Sewer District	\$543,153	\$524,160	-3.50%	\$532,897	1.67%	- Reduced peak season usage relative to other members lowers relative demand shares
Tukwila	\$2,768,293	\$2,890,953	4.43%	\$2,966,303	2.61%	
<b>TOTAL CASCADE MEMBERS</b>	<b>\$45,531,854</b>	<b>\$47,125,470</b>	<b>3.50%</b>	<b>\$48,774,861</b>	<b>3.50%</b>	



Cascade member rates have different impacts on members' retail rates to their customers. Rate impacts for members are dependent upon the members' levels of independent supply. Below are the projected impacts of the annual 3.5% increase on members' retail rates, shown as cost per single family residential on a monthly bill. These are estimates since the actual bill impact to members' customers exclude additional local charges that members need to recover, such as taxes.

**Table 17. Retail Rate Impacts by Member**

Monthly Increase per Single Family Residential 2025/2026 3.5% Annual Increase	2025	2026
<b>Total Cascade Members</b>	<b>\$0.75</b>	<b>\$0.77</b>
Bellevue	(\$0.16)	\$0.65
Issaquah	\$0.52	\$0.57
Issaquah - Temporary Water	\$0.18	\$0.63
Kirkland	\$0.41	\$1.02
Redmond - City	\$3.59	\$1.27
Redmond - Novelty Hill	\$1.64	\$0.77
Sammamish Plateau Water	\$0.07	\$0.13
Skyway Water & Sewer District	(\$0.40)	\$0.19
Tukwila	\$1.20	\$0.74

**Rate Trends.** Adopted and projected member rate increases for 2017-2028 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.

**Table 18. Rate Increases (2017-2028)**

	2017	2018	2019	2020	2021	2022	2023	2024	2025- 2026	2027- 2028
<b>Actual</b>	3.00%	3.00%	4.50%	3.00%	2.20%	2.20%	2.20%	2.20%	3.50%	
<b>Projected</b>										4.00%

**Administrative Charges.** 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.

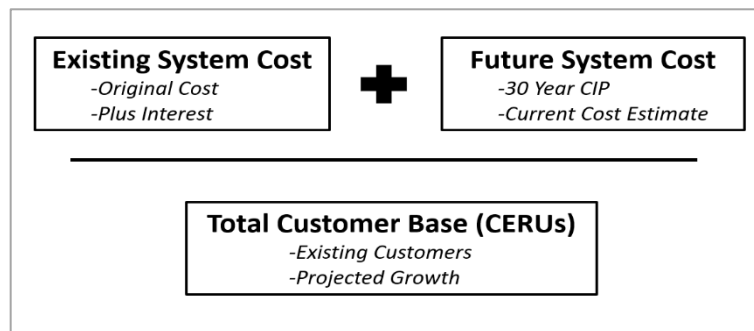
**Table 19. Administrative Charges (2017-2026)**

2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
8.80%	8.70%	0.079	0.08	7.87%	8.45%	8.48%	8.50%	9.00%	8.95%

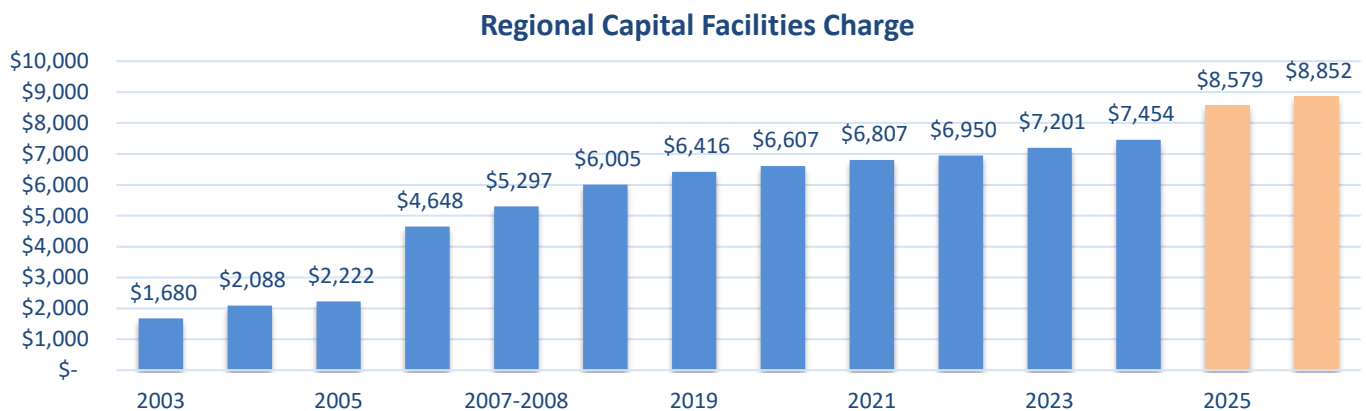
## REGIONAL CAPITAL FACILITIES CHARGE

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.

**Figure 10. RCFC Calculation**



**Figure 11. RCFC Rates (2003-2026)**



During the 2025-2026 budget development process, Cascade analyzed its capital projects requirements and rate structure and developed RCFC rates for the current biennium. For the 2025-2026 budget, 100% of the RCFC revenue is committed to capital expenditures.

RCFCs increase to \$8,579 per CERU in 2025 and to \$8,852 per CERU in 2026. The RCFC 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.

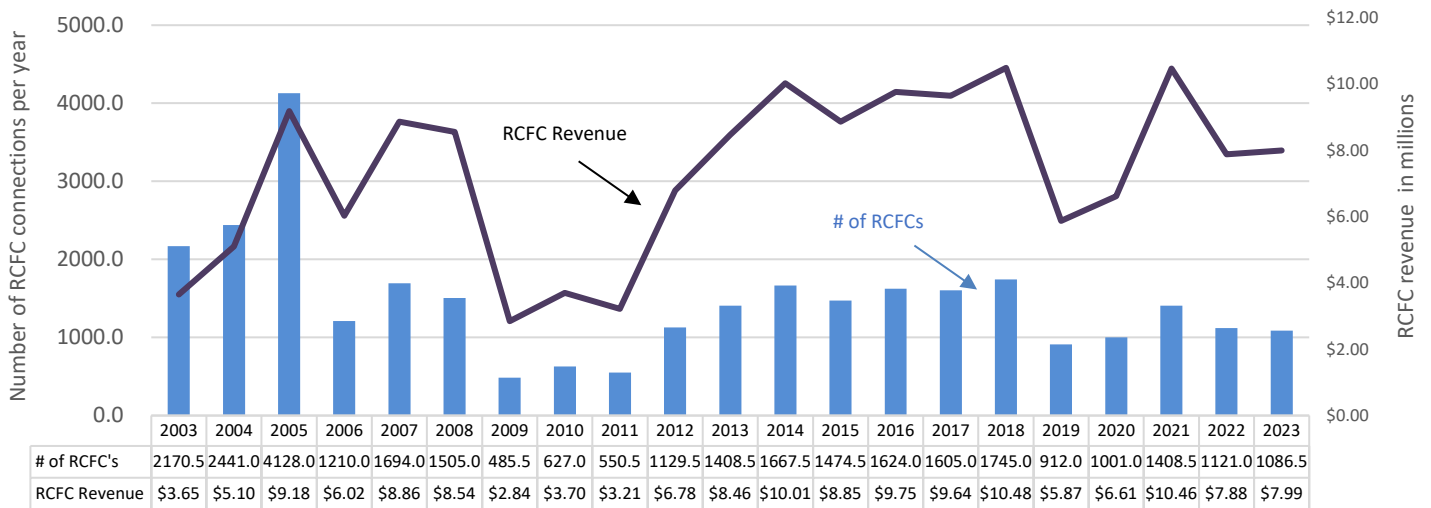
The Board adopted biennial RCFC rates with Resolution No. 2024-13.

## 2025-2026 Adopted Budget

### History of RCFC Connections and Revenue

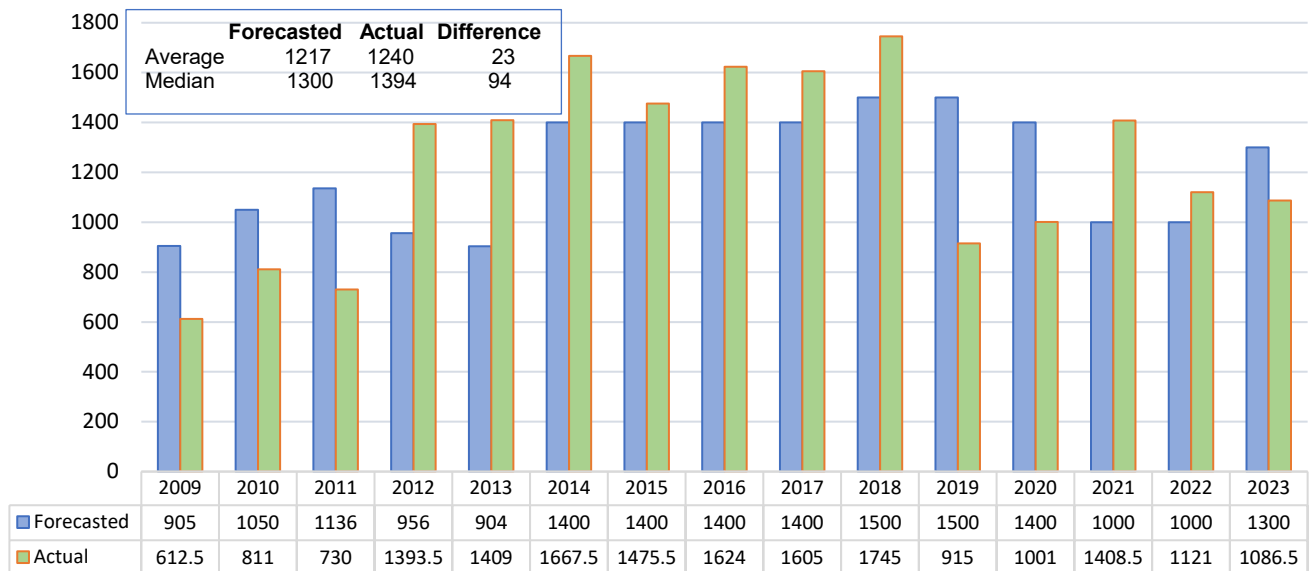
For the 2025-2026 budget, RCFC growth is projected to be 1,150 CERUs, down from the 2023-2024 projection of 1,300. The projection was adjusted for this budget cycle to match recent growth trends.

**Figure 12. RCFC Connections and Revenue (2003-2023)**



As part of the 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.

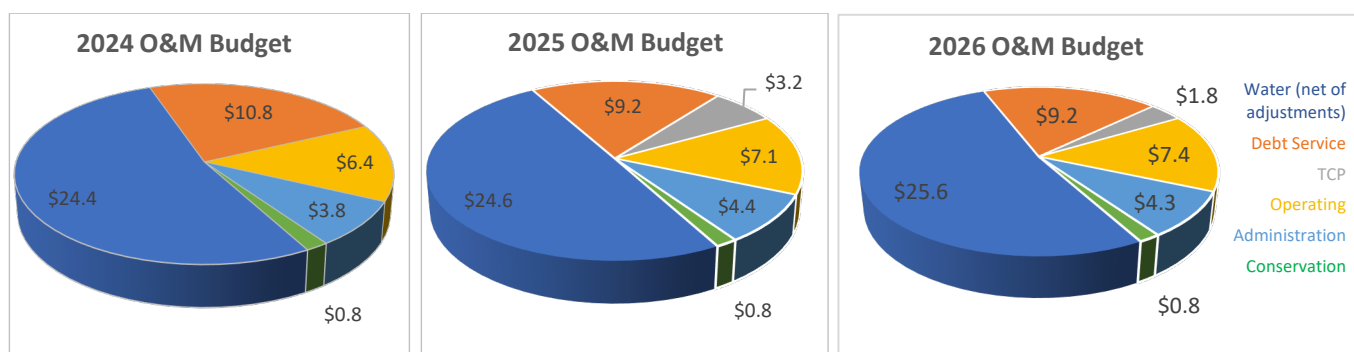
**Figure 13. Forecasted vs. Actual RCFC Connections (2009-2023)**



## OPERATIONS & MAINTENANCE BUDGET

Cascade's 2024, 2025, and 2026 adopted O&M budgets are shown in the graphs below. The 2025-2026 adopted budget will meet cash flow, debt coverage, and reserve requirements as mandated by Cascade's fiscal policies.

**Figure 14. 2024-2026 O&M Budgets (in millions of dollars)**



Cascade's total O&M budget increases by 6.6% in 2025, relative to 2024, and reduces by less than 1.0% in 2026, relative to 2025. Key items in the O&M budgets include the following:

- **Water Contracts:** Seattle water payments continue to compose the largest part of the budget. Seattle's true-up cost for 2025, which was in Cascade's favor, keeps the 2025 budget relatively flat compared to 2024. The 2026 budget anticipates a 3.0% rate increase.
- **Debt Service:** Expenditures decrease in the 2025-2026 budget with the last payment of the 2012 bonds occurring in 2024.
- **Tacoma-Cascade Pipeline (TCP):** This is a new Program in Cascade's budget and funds the planning and other O&M work associated with new infrastructure needed to connect to Tacoma's system.
- **Operating:** Increases are driven by higher payments to the Lake Tapps Operator due to inflation, staffing realignment, and the addition of a new position to support engineering work.
- **Administration:** Increases are largely driven by wages (due to the cost-of-living adjustment), office rental costs, insurance, Water System Plan costs, and a meter size statistical study. In addition, legal expenses increase with the internal General Counsel position returning to Cascade's external legal firm, VanNess Feldman.
- **Conservation:** Costs increase slightly in 2025 and 2026 because of increased labor costs.

Wages in the 2025-2026 budget increase primarily due to the addition of three new staff members for the TCP project and one new staff member to provide engineering support for projects at the White River-Lake Tapps Reservoir. The cost-of-living adjustment (COLA) for 2025 is 3.6259% based on 100% of Seattle Tacoma Wage Earners CPI-W.

**Table 20. 2024-2026 O&M Budgets**

Expenditures	2024	2025	2026	% Change 2024 to 2025	% Change 2025 to 2026
Water Contracts (net of adjustments)	\$24,402,498	\$24,584,741	\$25,648,897	0.75%	4.33%
Debt Service	\$10,795,666	\$9,225,591	\$9,224,541	-14.54%	-0.01%
Tacoma-Cascade Pipeline (TCP)	\$0	\$3,151,000	\$1,770,000	100.00%	-43.83%
Operating	\$6,434,135	\$7,127,316	\$7,405,711	10.77%	3.91%
Administration	\$3,808,870	\$4,389,419	\$4,289,292	15.24%	-2.28%
Conservation	\$805,754	\$824,887	\$831,853	2.37%	0.84%
<b>Total O&amp;M Budget</b>	<b>\$46,246,923</b>	<b>\$49,302,954</b>	<b>\$49,170,294</b>	<b>6.61%</b>	<b>-0.27%</b>

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

**Table 21. Description of Main Net Changes Compared to 2024 Budget**

2025 Change	2026 Change	Budget Line Item	Reason for change
\$2,175,000	\$1,194,000	TCP Consultant	New project in 2025 beginning to move to CIP in 2026.
\$1,079,416	\$844,062	Wages and benefits	Includes a new general counsel position, a full-time contract manager, 9.3% est. COLA in 2023 and 3% in 2023.
\$286,000	\$161,000	TCP contingency	Budget for uncertainty.
\$275,360	\$434,779	Lake Tapps Operator	7% increase from 2022 budget.
\$182,243	\$1,246,399	Seattle water costs	Favorable true-up in 2023 that affects the 2025 rate, no true-up in the 2026 budget.
\$100,000	\$100,000	VanNess, legal support	Increased due to General Counsel work.
\$93,000	(\$107,000)	Water Supply Plan	Extension work in 2025.
\$88,085	\$102,751	Office rent	Rent abatement ended in 2024.
(\$1,570,075)	(\$1,571,125)	Bond debt service	2012 payments ended in 2024.
\$346,733	\$518,236	Miscellaneous	
<b>\$3,055,762</b>	<b>\$2,923,102</b>	<b>Net increase in Operating budget</b>	

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 2018-2026 shows the magnitude of the costs as well as the volatility of the true-up costs.

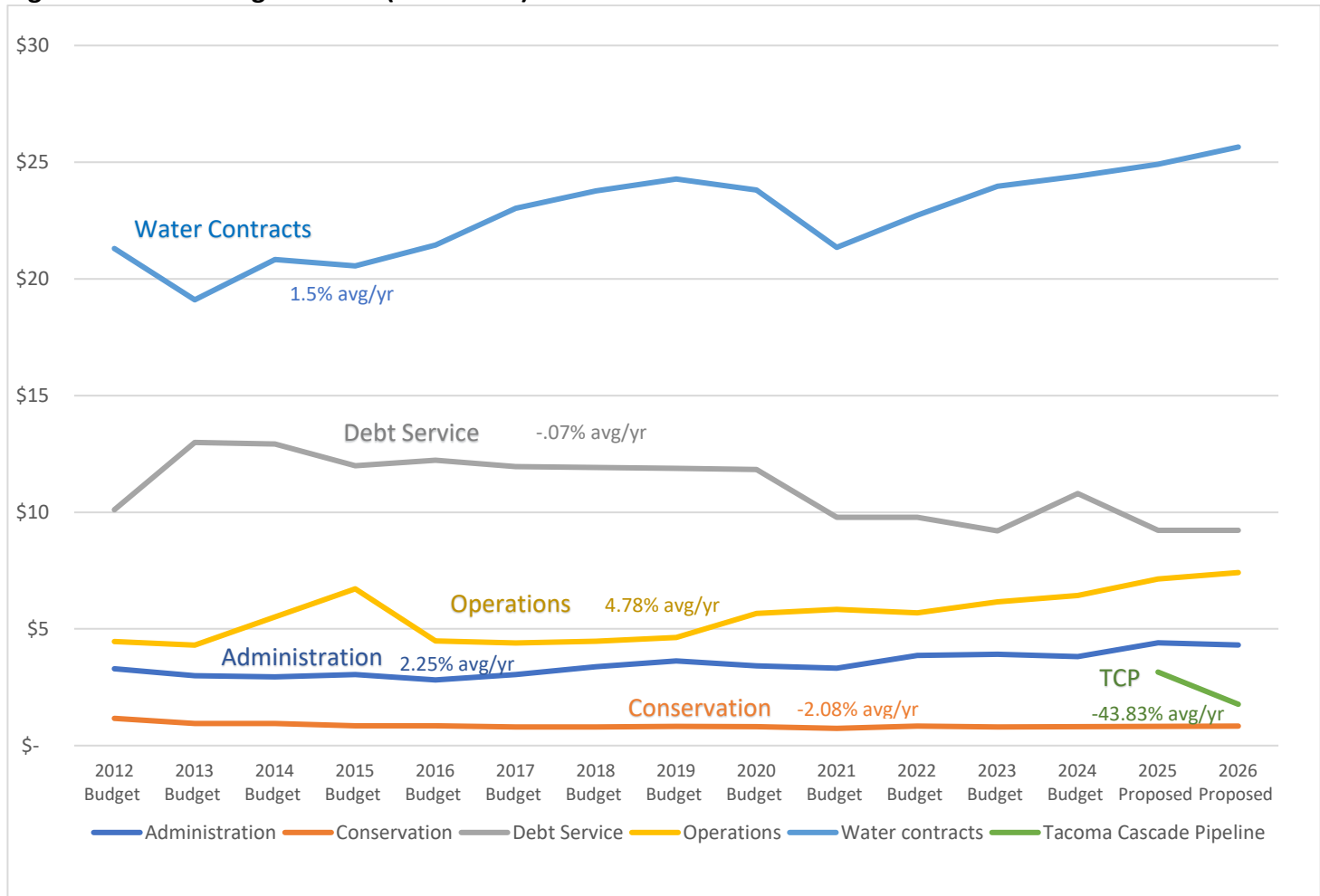
**Table 22. Seattle Water Costs (2018-2026)**

	2018	2019	2020	2021	2022	2023	2024	2025	2026- Forecast
Block	\$20,231,152	\$20,611,575	\$21,028,213	\$19,801,694	\$19,927,581	\$20,440,128	\$20,333,413	\$20,836,330	\$21,461,599
Sub-Regional	\$12,744	\$6,131	\$5,946	\$0	\$5,965	\$5,768	\$5,965	\$5,965	\$5,965
Supplemental	\$2,718,611	\$2,879,286	\$3,047,340	\$3,047,340	\$3,047,340	\$3,047,340	\$4,063,120	\$4,063,120	\$4,181,333
True-up	\$735,125	\$542,532	(\$1,066,533)	(\$1,375,742)	(\$2,389,894)	\$437,445	\$80,724	(\$320,674)	TBD
Interest on True-up	\$65,977	\$47,881	(\$94,126)	(\$121,415)	(\$207,343)	\$38,606	\$7,124	(\$28,301)	TBD
<b>Total Cost</b>	<b>\$23,763,609</b>	<b>\$24,087,405</b>	<b>\$22,920,840</b>	<b>\$21,351,877</b>	<b>\$20,383,649</b>	<b>\$23,969,287</b>	<b>\$24,490,346</b>	<b>\$24,556,440</b>	<b>\$25,648,897</b>
\$ Change	\$737,993	\$323,796	(\$1,166,565)	(\$1,568,963)	(\$968,228)	\$3,585,638	\$521,059	\$66,094	\$1,092,457
% Change	3.21%	1.36%	-4.84%	-6.85%	-4.53%	17.59%	2.17%	0.27%	4.45%

## OPERATIONS & MAINTENANCE BUDGET TRENDS

The chart below shows the O&M budget trends from 2012-2026. 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. The Tacoma-Cascade Pipeline costs appear to decrease in 2025, but that is because the work shifts to the CIP.

**Figure 15. O&M Budget Trends (2012-2026)**





## REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS

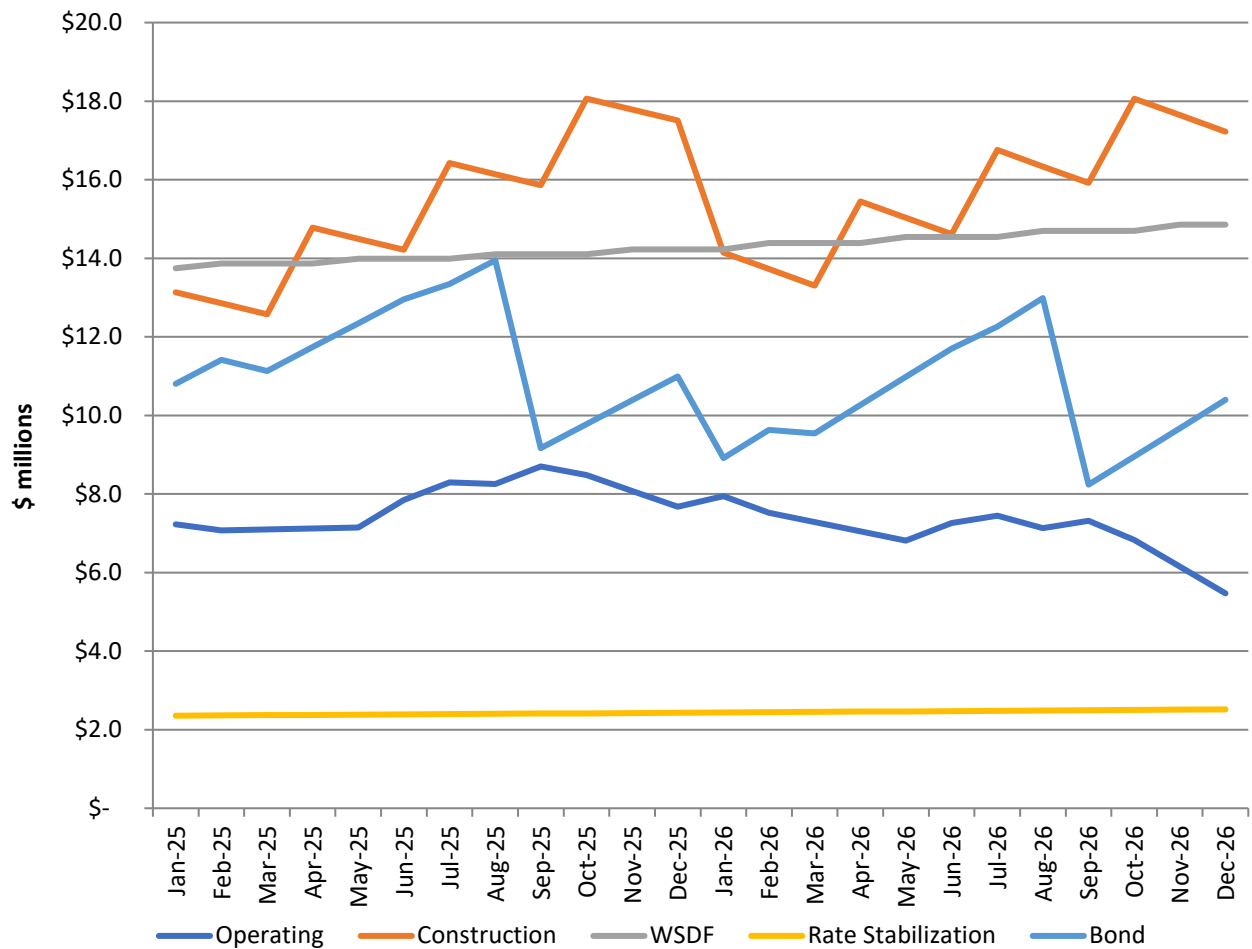
**Table 23. Revenue, Expenditures, and Changes in Net Assets (2022-2026)**

	2022 Actual	2023 Actual	2024 Projected	2025 Budget	2026 Budget
<b>Operating Revenue:</b>					
Water sales	\$39,192,467	\$40,045,925	\$41,024,787	\$42,057,781	\$43,575,333
Administrative dues	3,741,337	3,776,170	3,706,551	4,241,294	4,366,139
Conservation program	744,873	793,621	800,515	826,395	833,390
<b>Total Operating Revenue</b>	<b>43,678,677</b>	<b>44,615,716</b>	<b>45,531,853</b>	<b>47,125,470</b>	<b>48,774,862</b>
<b>Operating Expenses:</b>					
Cost of water sold	20,383,649	23,969,284	24,490,346	24,584,741	25,648,897
Salaries and benefits	2,287,102	2,845,369	3,027,449	4,192,637	4,025,566
Lake Tapps asset management	2,714,760	2,974,360	3,020,691	3,329,178	3,511,098
Professional services	1,622,426	1,659,287	1,857,555	4,175,750	3,004,750
Conservation program	57,663	53,312	624,500	624,500	624,500
Depreciation and amortization	3,993,581	4,562,860	4,791,003	5,030,553	5,282,081
Communication and public information	520,743	533,869	690,000	690,000	690,000
Office expenses	157,820	181,751	188,600	209,500	212,500
Insurance	148,889	167,182	155,427	228,908	251,798
Rent	1,547	86,037	315,393	403,478	418,144
Maintenance	713,239	490,514	743,872	819,000	839,500
Dues and subscriptions	21,939	22,228	25,000	25,000	25,000
Miscellaneous	156,332	298,641	312,692	794,671	694,000
<b>Total Operating Expenses</b>	<b>32,779,690</b>	<b>37,844,694</b>	<b>40,242,529</b>	<b>45,107,916</b>	<b>45,227,834</b>
<b>Operating Income</b>	<b>10,898,987</b>	<b>6,771,022</b>	<b>5,289,324</b>	<b>2,017,554</b>	<b>3,547,028</b>
<b>Non-Operating Revenue (Expenses)</b>					
Interest income	-617,191	2,723,983	1,923,773	1,879,889	2,001,446
Interest expense, net of amount capitalized	(3,317,671)	(3,052,896)	(2,584,561)	(2,278,289)	(1,982,041)
Gain(Loss) on disposition of assets	23,668	0	0	0	0
<b>Total Non-Operating Revenue (Expenses)</b>	<b>(3,911,194)</b>	<b>(328,913)</b>	<b>(660,788)</b>	<b>(398,400)</b>	<b>19,405</b>
<b>Capital Contributions</b>					
Regional Capital Facilities Charge	7,797,757	7,930,410	8,697,376	9,990,603	10,304,552
<b>Increase in Net Assets</b>	<b>14,785,550</b>	<b>14,372,519</b>	<b>13,325,913</b>	<b>11,609,757</b>	<b>13,870,985</b>
<b>Net Assets, beginning of year</b>	<b>122,317,071</b>	<b>137,102,621</b>	<b>151,475,140</b>	<b>164,801,053</b>	<b>176,410,810</b>
<b>Net Assets, end of year</b>	<b>\$137,102,621</b>	<b>\$151,475,140</b>	<b>\$164,801,053</b>	<b>\$176,410,810</b>	<b>\$190,281,794</b>

## CASH FLOW SUMMARY

Fund balances will remain positive for each month of 2025 and 2026, as illustrated in the following chart.

**Figure 16. Cash Flow: 2025-2026 Month-End Balances by Fund**



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

The timing of capital payments for the water contracts with Tacoma and RCFC receipts 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 Fund to meet sufficiency needs.

# CAPITAL AND DEBT

## CAPITAL IMPROVEMENT PROGRAM BUDGET

The 2025-2026 Capital Improvement Program (CIP) is funded at \$10,191,209 in 2025 and \$12,098,033 in 2026. 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 eight program areas, provides a contingency (Capital Risk Program), and makes contract payments to Tacoma. It is funded by RCFC revenue and bond proceeds.

Seven CIP program areas 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 several decades, 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.*

A new program area in Cascade's CIP is the Tacoma-Cascade Pipeline (TCP). As mentioned earlier, Tacoma will begin delivering water to Cascade starting in the early 2040s, which first requires design and construction of a major transmission pipeline and associated facilities – the TCP project.

**Table 24. Summary of 2025-2030 CIP**

Program Area	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget
Upper Conveyance	\$1,550,000	\$50,000	\$500,000	\$1,000,000	\$100,000	\$200,000
Lower Conveyance	\$550,000	\$2,050,000	\$150,000	\$500,000	\$1,800,000	\$2,600,000
Lake Tapps Reservoir	\$0	\$0	\$500,000	\$1,000,000	\$1,000,000	\$0
Facilities	\$100,000	\$100,000	\$100,000	\$100,000	\$150,000	\$150,000
Equipment	\$75,000	\$75,000	\$75,000	\$75,000	\$100,000	\$100,000
Bellevue-Issaquah Pipeline (BIP)	\$800,000	\$800,000	\$50,000	\$50,000	\$50,000	\$50,000
IT Infrastructure	\$25,000	\$35,000	\$25,000	\$35,000	\$35,000	\$35,000
<b>Subtotal - Non-TCP Projects</b>	<b>\$3,100,000</b>	<b>\$3,110,000</b>	<b>\$1,400,000</b>	<b>\$2,760,000</b>	<b>\$3,235,000</b>	<b>\$3,135,000</b>
Tacoma-Cascade Pipeline (TCP)	\$0	\$1,770,000	\$11,848,000	\$16,949,000	\$19,982,000	\$63,584,000
Capital Risk	\$750,000	\$750,000	\$600,000	\$600,000	\$700,000	\$700,000
Tacoma Agreement	\$6,341,209	\$6,468,033	\$6,597,394	\$6,729,342	\$6,863,929	\$1,000,000
<b>Grand Total</b>	<b>\$10,191,209</b>	<b>\$12,098,033</b>	<b>\$20,445,394</b>	<b>\$27,038,342</b>	<b>\$30,780,929</b>	<b>\$68,419,000</b>

The majority of the 2025-2026 CIP is allocated to “must do” projects or activities. These include:

- Completion of the Headworks Intake Modifications project in the Upper Conveyance program, which is driven by the US Army Corps of Engineers;
- Design and construction to relocate or protect the Bellevue-Issaquah Pipeline (BIP), which is driven by a Washington Department of Transportation culvert project; and
- Water contract payments to Tacoma.

In addition to “must do” projects, there are five groupings of other projects in the six-year CIP, described below. Staff identified and prioritized projects in the first three groupings, particularly for 2025 and 2026. The prioritization considered risk, funding capacity, and staffing capacity.

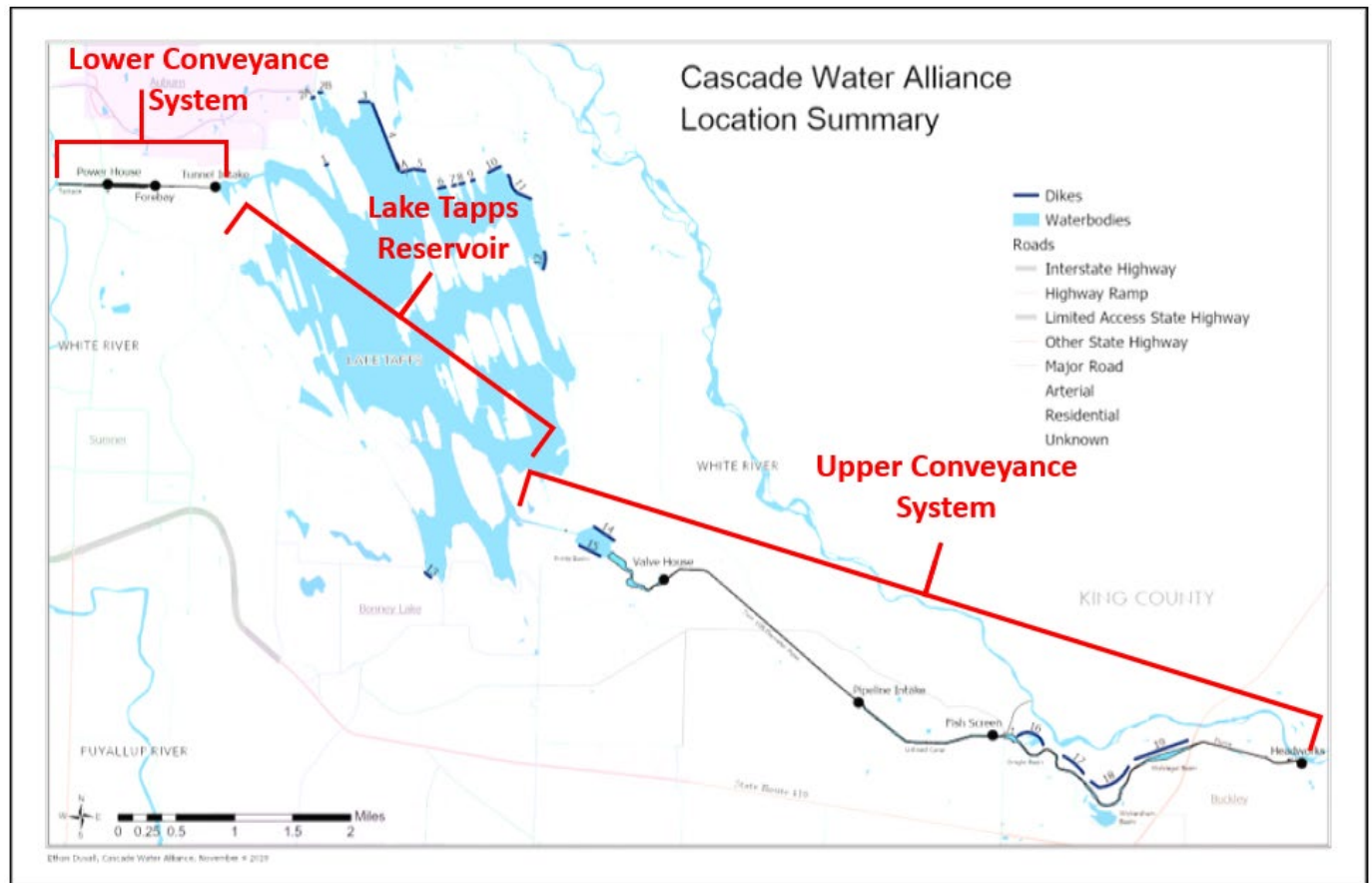
1. Projects identified as high priority from prior condition assessments, such as the Tunnel Intake and Penstocks projects.
2. Projects that are in progress and would be cost-ineffective and/or risky to pause, such as Dikes 9 and 10 Improvements.
3. Projects identified as medium priority but have low costs and high benefits.
4. Placeholder amounts for projects that will be identified after the completion of value planning and analysis studies. The largest placeholders are in the 2029-2030 Lower Conveyance program.
5. Placeholder amounts for smaller, more routine items, such as equipment, IT infrastructure, and meters (under the Bellevue-Issaquah Pipeline program).

In 2025-2026, Cascade will develop a 10-year capital master plan for the White River – Lake Tapps Reservoir system that will be used for financial and project planning and will replace some of the out-year placeholder amounts.

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.

The proceeding pages give project details for each CIP program, including estimated O&M costs for projects that will be completed in 2025 or 2026.

**Figure 17. White River-Lake Tapps Reservoir System**



## CIP Program: Upper Conveyance

**Description:** In 2025, the largest project is the Headworks Intake Modifications project, which is Phase 3 of the US Army Corps of Engineers' (USACE) 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 the 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 the Lake Tapps Reservoir and will reduce sediment and debris diversion. The USACE commenced work in 2024 and is expected to complete the project in mid-2025.

O&M costs for the Headworks Intake Modifications project are estimated at \$100,000 for the first two years of operation. This would fund data collection and analysis to help optimize system operations and provide training for Cascade's system operator. In the long run, Cascade should incur budget savings because the new system should reduce the amount of sediment entering the flowline and the frequency by which sediment will need to be removed.

**Table 25. Upper Conveyance Budget**

Project	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget
<b>Upper Conveyance</b>	<b>\$1,550,000</b>	<b>\$50,000</b>	<b>\$500,000</b>	<b>\$1,000,000</b>	<b>\$100,000</b>	<b>\$200,000</b>
Headworks Intake Modifications	\$1,500,000	\$0	\$0	\$0	\$0	\$0
Upper Conveyance - Placeholder	\$50,000	\$50,000	\$500,000	\$1,000,000	\$100,000	\$200,000



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 2025, Cascade will initiate detailed design for the Tunnel Intake Gate project and will begin construction in 2026. Replacing or rehabilitating the gate is critical to providing access and safely executing remediation and ongoing maintenance work in the lower conveyance system. The O&M costs associated with this project will be estimated prior to starting construction.

**Table 26. Lower Conveyance Budget**

Project	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget
<i>Lower Conveyance</i>	<b>\$550,000</b>	<b>\$2,050,000</b>	<b>\$150,000</b>	<b>\$500,000</b>	<b>\$1,800,000</b>	<b>\$2,600,000</b>
Tunnel Intake Flow Control Improvements	\$500,000	\$2,000,000	\$100,000	\$0	\$0	\$0
Lower Conveyance - Placeholder	\$50,000	\$50,000	\$50,000	\$500,000	\$1,800,000	\$2,600,000



Tunnel Intake facility



Old Tunnel Intake trash rack



## CIP Program: Lake Tapps Reservoir

**Description:** This program includes projects needed in the Lake Tapps Reservoir. The 2025-2026 budget shows no expenditures in this program area. However, if Cascade has both staffing and CIP funding capacity, Cascade will complete design work for improvements to Dike 9 and 10 and conduct permitting. Construction will not begin until 2027. In 2019, Cascade completed a Risk Assessment Study of the Lake Tapps Reservoir's 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. The O&M costs associated with these projects will be estimated prior to starting construction.

**Table 27. Lake Tapps Reservoir Budget**

Project	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget
<i>Lake Tapps Reservoir</i>	<b>\$0</b>	<b>\$0</b>	<b>\$500,000</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	<b>\$0</b>
Dikes 9 and 10 Improvements	\$0	\$0	\$500,000	\$1,000,000	\$1,000,000	\$0



Dike 9



Dike 9

## CIP Program: Facilities

**Description:** This program includes projects to improve Cascade’s facilities throughout the White River – Lake Tapps Reservoir Project. In late 2024, Cascade’s consultant completed a trespassing assessment and management plan, which evaluated both criminal and nuisance trespassing. In early 2025, Cascade will review the plan’s recommendations and begin to undertake projects to mitigate trespassing and vandalism on its property. The O&M costs associated with these projects should be minimal and able to be absorbed within the O&M budget.

**Table 28. Facilities Budget**

Project	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget
<b>Facilities</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$150,000</b>	<b>\$150,000</b>
Facilities – Placeholder	\$100,000	\$100,000	\$100,000	\$100,000	\$150,000	\$150,000

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 is 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 are offset by savings from retiring old equipment.

**Table 29. Equipment Budget**

Project	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget
<b>Equipment</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$100,000</b>	<b>\$100,000</b>
Equipment - Placeholder	\$75,000	\$75,000	\$75,000	\$75,000	\$100,000	\$100,000



## CIP Program: 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 2025-2026, there is also funding for the Bellevue-Issaquah Pipeline for work associated with Washington Department of Transportation's (WSDOT) Lewis Creek culvert replacement project. The funding will cover Cascade's costs to protect-in-place or relocate a section of the Bellevue-Issaquah Pipeline. WSDOT's schedule will determine when this project commences.

**Table 30. Bellevue-Issaquah Pipeline Budget**

Project	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget
<b>Bellevue-Issaquah Pipeline (BIP)</b>	<b>\$800,000</b>	<b>\$800,000</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$50,000</b>
Meters	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
BIP Relocation or Protect-in-Place	\$750,000	\$750,000	\$0	\$0	\$0	\$0



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 sensitive data is protected and Cascade can continue to run smoothly.

**Table 31. Upper Conveyance Budget**

Project	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget
<i>IT Infrastructure</i>	<b>\$25,000</b>	<b>\$35,000</b>	<b>\$25,000</b>	<b>\$35,000</b>	<b>\$35,000</b>	<b>\$35,000</b>
IT Infrastructure - Placeholder	\$25,000	\$35,000	\$25,000	\$35,000	\$35,000	\$35,000



IT Server



## CIP Program: Tacoma-Cascade Pipeline (TCP)

**Program Description:** The TCP is a new CIP program area. Connecting Cascade members to the Tacoma system by the early 2040s will include the following project elements: the Central Pipeline segment, the North Pipeline segment, the Bellevue-Kirkland-Redmond (BKR) Pipeline, a pipeline that runs parallel to the Bellevue-Issaquah Pipeline (BIP), booster pump station(s), storage facility(s), and connections. In 2025 and the first half of 2026, Cascade will focus on developing a Facilities Plan that forms the basis and requirements for project design. The Facilities Plan will include identifying real property needs. Beginning with the 2027 budget, the TCP project will be shown at the project element level with each element's associated budget. Construction of the Central Pipeline segment is expected to begin in 2030.

**Table 32. Tacoma-Cascade Pipeline Budget**

Project	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget
<i>Tacoma-Cascade Pipeline</i>	<i>\$0</i>	<i>\$1,770,000</i>	<i>\$11,848,000</i>	<i>\$16,949,000</i>	<i>\$19,982,000</i>	<i>\$63,584,000</i>
Tacoma-Cascade Pipeline Project	\$0	\$1,770,000	\$11,848,000	\$16,949,000	\$19,982,000	\$63,584,000



## 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.

**Table 33. Capital Risk Budget**

Project	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget
<b>Capital Risk</b>	<b>\$750,000</b>	<b>\$750,000</b>	<b>\$600,000</b>	<b>\$600,000</b>	<b>\$700,000</b>	<b>\$700,000</b>
Capital Risk	\$750,000	\$750,000	\$600,000	\$600,000	\$700,000	\$700,000



100+-year-old standpipe



Replacing the wood flume with a concrete flume (2014)

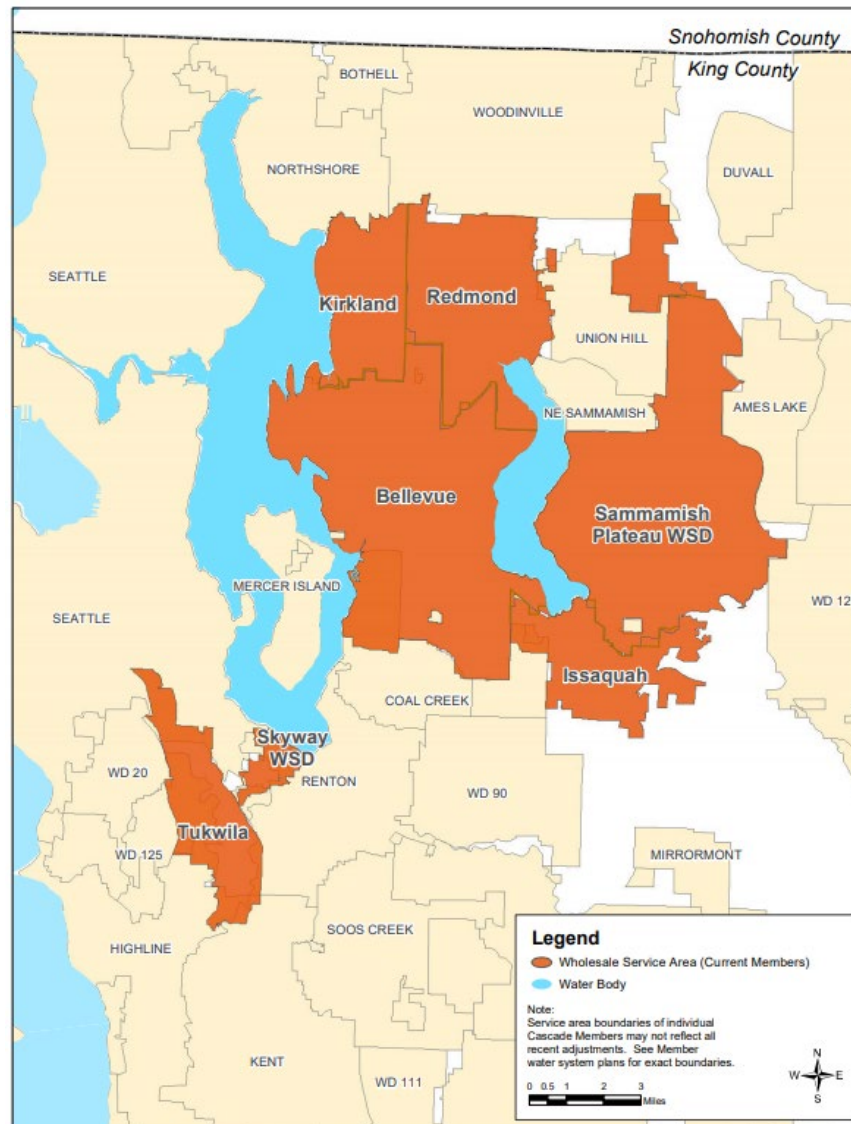


## CIP Program: Tacoma Agreement

**Description:** The current 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 Cascade’s or its members’ other direct uses. This program reflects the current annual payments to Tacoma. Cascade and Tacoma are in the process of developing two new water supply contracts which will replace the current contract and result in an update to the payment stream.

**Table 34. Tacoma Agreement Budget**

Project	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget
<i>Tacoma Agreement</i>	<b>\$6,341,209</b>	<b>\$6,468,033</b>	<b>\$6,597,394</b>	<b>\$6,729,342</b>	<b>\$6,863,929</b>	<b>\$1,000,000</b>
Tacoma Payments	\$6,341,209	\$6,468,033	\$6,597,394	\$6,729,342	\$6,863,929	\$1,000,000



## 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 fund Lake Tapps Reservoir 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 is 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. Cascade 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 of \$5,462,625 (difference between the present values of the debt service payments on the old and new debt). None of the defeased bonds remain outstanding.
- Seventeen-year \$49,430,000 for system improvement and refunding revenue bonds (2019 revenue bonds) 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 is 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. Cascade 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 of \$6,313,985 (difference between the present values of the debt service payments on the old and new debt).

## COVERAGE RATIO AND DEBT CAPACITY

Cascade's fiscal policies require Cascade comply with bond covenants and satisfy related coverage requirements. In addition, the fiscal policies require 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 transfers 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 as 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 2018 and the projected ratios for 2025 and 2026.

**Table 35. Debt Coverage Ratio (2018-2026)**

	2026	2025	2024	2023	2022	2021	2020	2019	2018
<b>Ratio</b>	2.42	2.19	2.02	2.09	2.38	2.11	1.63	1.47	1.58

The 2025-2026 budget was developed to ensure 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 creditworthiness, and other factors 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 the mechanisms are 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 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, 2024, is \$77,585,000. The percentage of Cascade's forecasted revenues committed to debt repayment is 19.58% in 2025 and 18.91% in 2026. Cascade's debt-to-assets ratio has trended down over the last few years, currently under 26%. 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 during this budget period.

# DEPARTMENTAL INFORMATION

## ORGANIZATIONAL CHART

Figure 18. Cascade's 2025 Organizational Chart



## STAFFING LEVELS 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 2025, a 3.6259% COLA was granted to all regular staff.

**Table 36. Position Levels and Salary Scale (2024-2025)**

Position	Grade	2024		2025	
		Min.	Max.	Min.	Max.
Interns & Entry Level	1	\$4,773	\$7,255	\$4,946	\$7,518
Interns & Entry Level	2	\$5,489	\$8,343	\$5,688	\$8,646
Interns & Entry Level	3	\$6,318	\$9,602	\$6,547	\$9,950
Aides	4	\$7,275	\$11,061	\$7,539	\$11,462
Analysts	5	\$8,367	\$12,718	\$8,670	\$13,179
Associates	6	\$9,632	\$14,643	\$9,981	\$15,174
Managers	7	\$11,082	\$16,846	\$11,484	\$17,457
Directors	8	\$12,751	\$19,378	\$13,214	\$20,081
Chiefs	9	\$14,662	\$22,286	\$15,194	\$23,094
Executives and General Counsel	10	\$16,861	\$24,328	\$17,473	\$25,210

Cascade staffing for 2025-2026 will increase from 2024 levels with work beginning on the Tacoma-Cascade Pipeline project and with an additional support engineer for the White River-Lake Tapps Reservoir projects. The 2025-2026 budget includes 16 employees but only 14.75 full-time equivalents (FTEs). Of the 14.75 FTEs, 5.75 FTEs are in the Administration Program, 5.0 FTEs are in the Operations Program, 3.0 FTEs are in the TCP Program, and 1.0 FTE is in the Conservation Program.

**Table 37. Staffing Levels (2023-2026)**

Grade	2023	2024	2025	2026
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0
4	1	1	0	0
5	2	2	1	1
6	0	0	0	0
7	1	1	5	5
8	4	4	6	6
9	1.55	1.55	1	1
10	0.5	0.5	1.25	1.25
CEO	0.8	0.8	0.5	0.5
<b>Total</b>	<b>10.85</b>	<b>10.85</b>	<b>14.75</b>	<b>14.75</b>



## 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, and Water – are used to assign member charges as discussed in the Basis of Member Charges section.

**Table 38. Summary of Budget Programs and 2025-2026 Priorities**

Program	Description	2025-2026 Priorities	2025 Adopted Budget	2026 Adopted Budget
Administration	General overhead cost and includes communication and inter-governmental activities.	<ul style="list-style-type: none"> <li>Finalize and sign new supply contracts with Tacoma.</li> <li>Finalize the Water System Plan.</li> </ul>	\$4,389,419	\$4,289,292
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 Turf Out program.</li> </ul>	\$824,887	\$831,853
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 climate change impacts and water quality studies.</li> <li>Develop a 10-year O&amp;M and CIP plan for the White River-Lake Tapps Reservoir system.</li> </ul>	\$7,127,316	\$7,405,711
Debt Service	Amount necessary to make principal and interest payments.	N/A	\$9,225,591	\$9,24,541
Water Contracts	Cost of water paid to Seattle.	N/A	\$24,584,741	\$25,648,897
Tacoma-Cascade Pipeline		<ul style="list-style-type: none"> <li>Initiate and complete all work related to the TCP Facilities Plan.</li> <li>Identify alternative, low-cost sources of funding for the TCP project.</li> </ul>	\$3,151,000	\$1,770,000
<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 project.</li> <li>Design and construct the Lewis Creek/BIP project.</li> <li>Design the Tunnel Intake Gate project.</li> <li>Begin design of the TCP Central Pipeline segment.</li> </ul>	\$10,191,209	\$12,098,033
<b>TOTAL BUDGET</b>			<b>\$59,494,163</b>	<b>\$61,268,327</b>

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

As noted earlier, the Strategic Plan guides Cascade's work and budget. The Plan has six focus areas, each with a goal, strategies, and performance measures component. The Cascade Programs 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.

**Table 39. Alignment Between Strategic Plan and Budget Programs**

2020-2024 Strategic Plan	Programs That Help Achieve Strategic Plan Goals
<b>Focus Area 1: Asset Management</b>  <b>Goal:</b> 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 – All activities support asset management and water quality programs.</li> <li>Capital Improvement Program – The CIP supports asset management.</li> </ul>
<b>Focus Area 2: Water Resources</b>  <b>Goal:</b> Ensure flexibility, certainty, and resiliency of Cascade's future drinking water supply for the region.	<ul style="list-style-type: none"> <li>Administration – Overhead functions support reliable long-term water supply.</li> <li>Operations – Activities support members' independent supplies and system resiliency.</li> <li>Tacoma-Cascade Pipeline – Activities focus entirely on supporting reliable and flexible water supply.</li> </ul>
<b>Focus Area 3: Environmental Stewardship</b>  <b>Goal:</b> 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>
<b>Focus Area 4: Regional Leadership</b>  <b>Goal:</b> 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 – Several activities promote regional water resource stewardship.</li> </ul>
<b>Focus Area 5: Good Governance</b>  <b>Goal:</b> 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>
<b>Focus Area 6: Emerging Issues</b>  <b>Goal:</b> 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 goal. The work plan includes priorities for the year but 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.

**Table 40. Excerpt from Cascade’s 2025 Work Plan**

<b>FOCUS AREA 1: ASSET MANAGEMENT</b> <b>GOAL: Optimize Cascade’s assets to support current and future needs.</b>					
Strategies	2025 Work Plan Actions	Performance Measures (based on Strategies)	Performance Targets and 2022-2024 Achieved	2025 Non-Labor \$	2026 Non-Labor \$
A. Implement strategies and make investments to protect the Lake Tapps Reservoir as a future drinking water supply.	1. Make progress on the following projects: a. Headworks Intake Modifications (Phase 3) b. Dike 11 Toe Repairs c. Tunnel Intake Gate Replacement d. Penstocks Stabilization e. Dikes 9 & 10 Improvements 2. Develop a 10-year O&M and CIP plan for the White River-Lake Tapps Reservoir system to be used for financial and project planning. 3. Develop a Request for Proposals scope of work for a new Contract Operator contract.	% of annual CIP expenses compared to budgeted amounts (excluding Capital Risk).	<u>Target:</u> 80%  <u>Achieved:</u> 2022: 89.0% 2023: 65.1% (due to USACE’s delay of the Headworks Intake Modifications project) 2024: 92% ( <i>projected</i> )	\$2.28M	\$2.28M
B. 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.	4. Complete the Water Quality Management Plan and begin implementation. 5. Conduct annual milfoil treatment. 6. 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> 2022: 100% 2023: 100% 2024: 100%	\$310K	\$260K

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# APPENDICES

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- Work Plan and Performance Measures
- Fiscal Policies
- 2025-2026 Budget Adopted Resolution
- 2025-2026 Rates and Charges Resolution
- 2025-2026 Regional Capital Facilities Charge Resolution
- 2025 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	2025 Work Plan Actions	Performance Measures (based on Strategies)	Performance Targets and 2022-2024 Achieved	2025 Non-Labor \$	2026 Non-Labor \$
A. Implement strategies and make investments to protect the Lake Tapps Reservoir as a future drinking water supply.	<ol style="list-style-type: none"> <li>Make progress on the following projects:               <ol style="list-style-type: none"> <li>Headworks Intake Modifications (Phase 3)</li> <li>Dike 11 Toe Repairs</li> <li>Tunnel Intake Gate Replacement</li> <li>Penstocks Stabilization</li> <li>Dikes 9 &amp; 10 Improvements</li> </ol> </li> <li>Develop a 10-year O&amp;M and CIP plan for the White River-Lake Tapps Reservoir system to be used for financial and project planning.</li> <li>Develop a Request for Proposals scope of work for a new Contract Operator contract.</li> </ol>	% of annual CIP expenses compared to budgeted amounts (excluding Capital Risk).	<u>Target:</u> 80%  <u>Achieved:</u> 2022: 89.0% 2023: 65.1% (due to USACE's delay of the Headworks Intake Modifications project) 2024: 92% ( <i>projected</i> )	\$2.28M	\$2.28M
B. 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.	<ol style="list-style-type: none"> <li>Complete the Water Quality Management Plan and begin implementation.</li> <li>Conduct annual milfoil treatment.</li> <li>Monitor opportunities to engage in local government planning/stormwater activities that benefit water quality.</li> </ol>	Compliance with water quality regulations and requirements.	<u>Target:</u> 100%  <u>Achieved:</u> 2022: 100% 2023: 100% 2024: 100%	\$310K	\$260K
C. Maximize Cascade's assets to generate other sources of revenue or benefits.	<ol style="list-style-type: none"> <li>Explore revenue generating opportunities, such as:               <ul style="list-style-type: none"> <li>Compensation for commercial use of Cascade's property</li> <li>Property and property rights sales</li> <li>Enhanced investment strategy</li> </ul> </li> </ol>	Amount of annual revenue generated by new sources.	<u>Target:</u> > \$0  <u>Achieved:</u> 2022: \$25K transmission easement; \$85K temporary water sales 2023: \$64K temporary water sales 2024: \$48.5K temporary water sales thru October; transmission easement amendment increased the potential compensation to \$1.29M	\$10K	\$10K

## FOCUS AREA 2: WATER RESOURCES

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

Strategic Plan Strategies	2025 Work Plan Actions	Performance Measures (based on Strategies)	Performance Targets and 2022-2024 Achieved	2025 Non-Labor \$	2026 Non-Labor \$
D. 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.	<p>8. Finalize two agreements for new supply with Tacoma that will enable Cascade to defer developing the Lake Tapps Reservoir.</p> <p>9. Begin planning work for the Tacoma-Cascade Pipeline project.</p> <p>10. Complete a water quality study regarding blending Tacoma and Seattle water.</p> <p>11. Finalize the “mini updated” Water System Plan and submit to the Department of Health (DOH).</p>	Savings from deferring development of the Lake Tapps Reservoir.	<p><u>Target:</u> Positive net present value</p> <p><u>Achieved:</u> Net present value of contracting with Tacoma is estimated at \$300M compared to developing Lake Tapps Reservoir by 2042</p>	\$2.69M	\$1.36M
E. 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 available independent supplies from members.	<p><u>Target:</u> Status quo or increasing</p> <p><u>Achieved:</u> 2021: Status quo 2023: Status quo 2024: Status quo</p>	\$0	\$0
F. 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. Continue to lead the Water Supply Forum in implementing regional emergency response actions, including a regional tabletop exercise.	Number of actions taken that help improve regional resiliency.	<p><u>Target:</u> One or more actions</p> <p><u>Achieved:</u> 2022: Three member workshops on BIP emergency response 2023: BIP Emergency Response and Flushing Plans completed; one regional emergency response workshop for the Water Supply Forum 2024: Two emergency management contracts procured for the Water Supply Forum</p>	\$0 (\$70K is included in the Forum’s budget)	\$0 (TBD in Forum budget)

### FOCUS AREA 3: ENVIRONMENTAL STEWARDSHIP

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

Strategic Plan Strategies	2025 Work Plan Actions	Performance Measures (based on Strategies)	Performance Targets and 2022-2024 Achieved	2025 Non-Labor \$	2026 Non-Labor \$
G. 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. 15. Collaborate with members to find additional ways to reduce peak season demand.	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> 2022: 11,553 GPD saved 2023: 21,446 GPD saved 2024: 25,000 GPD saved	\$225K	225K
H. Enhance education and outreach activities to enable residents, businesses, schools, and public agencies to take action to protect and preserve natural water resources.	16. Continue to enhance Cascade's education programs, such as developing additional water-related curriculum. 17. Continue to conduct community outreach and provide services in member service areas regarding water resource stewardship, such as the Northwest Flower and Garden Show and Cascade Gardener. 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> <li>Number of <i>We Need Water</i> social media following.</li> </ul>	<u>Target (Students):</u> > 8,000 students  <u>Achieved (Students):</u> 2022: 12,882 2023: 13,225 2024: 12,610  <u>Target (Cascade Gardener):</u> > 2,000 attendees  <u>Achieved (Cascade Gardener):</u> 2022: 1,505 2023: 3,060 2024: 2,557  <u>Target (Social Media Following):</u> Increase over prior year  <u>Achieved (Social Media Following):</u> 2023: 98,000 2024: 625,000	\$538K	\$538K



I. 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 and cost-savings estimates.	Amount of water and/or energy saved by implementing resource-efficient actions.	<u>Target:</u> Savings increase over prior year  <u>Achieved:</u> 2022: N/A 2023: \$10,000 estimated savings 2024: \$10,000 estimated savings	\$0	\$0
J. Identify changing environmental conditions, such as climate change, and develop strategies to mitigate impacts.	20. Complete the climate change impacts study.	N/A	N/A	\$10K	\$10K

#### 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	2025 Work Plan Actions	Performance Measures (based on Strategies)	Performance Targets and 2022-2024 Achieved	2025 Non-Labor \$	2026 Non-Labor \$
K. Advance Cascade's legislative interests to achieve Cascade's overall mission.	21. Establish and implement a legislative agenda.	N/A	N/A	\$85K	\$85K
L. 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. 24. Implement an education campaign for new Lake Tapps residents.	Number of community meetings held.	<u>Target:</u> One meeting each with Lake Tapp Community and Four Cities  <u>Achieved:</u> 2022: Met with both groups 2023: Met with both groups 2024: Met with the Lake Tapps Community	\$255K	\$255K
M. Participate in water-related issues at the regional, state, national, and industry levels.	25. Continue to participate in the Water Supply Forum on regional water issues. 26. Continue to participate in the AWWA National Rates & Charges Committee on national issues. 27. Partner with Bonney Lake, Pierce County, and Department of Ecology to explore opportunities to amend local shoreline management plans for the benefit of managing the Lake Tapps Reservoir.	Number of regional, state, national, or industry issues/venues Cascade engaged in.	<u>Target:</u> One or more venues  <u>Achieved:</u> 2022: Water Supply Forum; Aspen-Nicholas 2023: Water Supply Forum 2024: Water Supply Forum; Cascade's 25-year Anniversary Celebration; Presented at PNWS-AWWA and	\$50K	\$0

			engaged with national AWWA committees		
N. Look for opportunities to partner with regional entities that have shared objectives.		N/A	N/A	\$0	\$0

<b>FOCUS AREA 5: GOOD GOVERNANCE</b> <b>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.</b>					
Strategic Plan Strategies	2025 Work Plan Actions	Performance Measures (based on Strategies)	Performance Targets and 2022-2024 Achieved	2025 Non-Labor \$	2026 Non-Labor \$
O. Ensure continued strong engagement with current and new Board members.	28. Provide monthly member updates. 29. On-board new Board members and alternates. 30. Provide individual briefings to Board members and alternates as requested and as needed.	Number of monthly member updates sent.	Target: 12  Achieved: 2022: 12 2023: 12 2024: 12	\$0	\$0
P. Strengthen the relationship between Cascade and members’ councils, commissions, and other elected officials.	31. Offer presentations to members’ councils, commissions, and other elected or appointed officials on topics of interest. 32. Offer tours of the Lake Tapps Reservoir and other Cascade facilities.	Number of presentations to members’ elected bodies.	Target: Two or more  Achieved: 2022: Five budget and rates presentations 2023: Zero (none were requested or needed) 2024: Seven supply contracts presentation; one budget presentation	\$0	\$0
Q. Expand Cascade’s unique business model to new issues to deliver services more efficiently and cost-effectively.	33. Assist members with contracting and funding to meet the EPA’s America’s Water Infrastructure Act requirements.	N/A	N/A	\$350K	\$0
R. Support the Board in updating Cascade’s mission, vision, and long-range goals to guide the development of future strategic plans.	34. Develop the 2026-2030 Strategic Plan. 35. Engage the Board in strategies related to climate change adaptation and water quality impacts on the Lake Tapps Reservoir.	Number of Strategic Plan Strategies achieved each year.	Target: 90% (19 of 21 Strategies in 2020-2024 Plan)  Achieved: 2022: 95% 2023: 90% 2024: 90%	\$20K	\$0
Additional Good Governance actions that are not associated with specific Strategic Plan Strategies.	36. Identify alternative, low-cost sources of funding for the Tacoma-Cascade Pipeline project. 37. Complete the financial and accountability audits on time.	Number of material audit findings.	Target: 0  Achieved: 2022: 0 2023: 0 2024: 0	\$104K	\$106K

FOCUS AREA 6: EMERGING ISSUES					
GOAL: Support members in addressing emergent priority issues while maintaining accountability to ratepayers.					
Strategic Plan Strategies	2025 Work Plan Actions	Performance Measures (based on Strategies)	Performance Targets and 2022-2024 Achieved	2025 Non-Labor \$	2026 Non-Labor \$
S. Engage in strategies to address affordability in water-related services.	38. Participate in wholesaler affordability framework discussions as part of AWWA National Rates & Charges Affordability Subcommittee.	Number of activities or efforts to address affordability.	<u>Target:</u> One or more  <u>Achieved:</u> 2022: Participated in Aspen-Nicholas Water Forum  2023: Supported utility connection charge legislation and worked with utilities on several affordability activities  2024: Participated on national AWWA subcommittee on rate affordability	\$0	\$0
T. Support members in working with regulators and other government agencies to achieve members' goals.	39. Continue to advocate members' interests with local, county, state, and other governmental agencies. 40. Begin design on the Lewis Creek Crossing/BIP project as part of WSDOT's culvert improvement project. 41. Support members in their analysis of their interests in the Snoqualmie Aquifer.	N/A	N/A	\$750K	\$750K
U. Provide analysis on emergent issues to enable the Board to make informed decisions and guide Cascade's work.	42. Continue to address reclaimed water through the process established under Agreement to Coordinate Reclaimed Water.	N/A	N/A	\$0	\$0

## FISCAL POLICIES

Cascade's complete [Fiscal Policies](#) can be found in the Cascade Code sections 5.05.010 – 5.05.100.

## 2025-2026 Budget Adopted Resolution



CASCADE WATER ALLIANCE  
RESOLUTION No. 2024-10

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,  
A WASHINGTON MUNICIPAL CORPORATION,  
AMENDING THE AMENDED 2023-2024 BUDGET TO  
ADD A NEW POSITION

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;

WHEREAS, the Cascade Water Alliance Board of Directors ("Board") by Resolution 2022-15 adopted the 2023-2024 Budget and established Cascade's staffing for 2023 and 2024;

WHEREAS, by Resolution 2024-04 the Board amended the Adopted 2024 Budget;

WHEREAS, by Resolution 2024-06 the Board directed staff to negotiate the terms of a contract with Tacoma to provide Cascade with a guaranteed supply of water from 2041 through 2065 and a contract with Tacoma requires implementation of a major new project (Tacoma-Cascade Pipeline or TCP) to connect Cascade to Tacoma's water system; and

WHEREAS, the Board now desires to amend the Amended 2024 Budget to add a new Planning Manager position for the TCP project to Cascade's staffing.

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

**Section 1. Section 2.B. of Resolution 2020-10 is amended as follows:**

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

1. Chief Executive Officer	7. Intergovernmental & Communications Director
2. Program Manager	8. Executive 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
	13. <u>TCP Planning Manager</u>

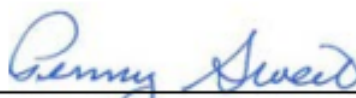
**Section 2. Section 2.B. of Resolution 2022-15 is amended to append the following:**

The Chief Executive Officer and the Finance and Administration Manager are hereby directed to amend the final 2024 budget document, as appropriate, to address amendments to 2024 staffing.

**Section 3. 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 the 24th day of July 2024.


CASCADE WATER ALLIANCE



Penny Sweet, Chair



Angela Birney, Vice Chair



Mary Lou Pauly, Secretary/Treasurer

Members

Yes 7

No 0

Demand Share

Yes 100 %

No 0 %

Include in CWAC?

☐

Yes

☒

No

## 2025-2026 Rates and Charges Resolution



CASCADE WATER ALLIANCE  
RESOLUTION No. 2024-12

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE, A WASHINGTON MUNICIPAL CORPORATION, ADOPTING RATES AND CHARGES FOR THE YEAR 2025 AND 2026**

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 2025 and 2026.**

CERUs for each Member for 2025 and 2026 are as follows:

TABLE 1

Member	2025 Adopted CERUs	2026 Adopted CERUs
Bellevue	70,757.00	71,027.00
Issaquah	14,636.50	14,761.50
Kirkland	20,873.00	21,053.00
Redmond - City	29,987.00	30,277.00
Redmond - Novelty Hill	4,473.50	4,483.50
Sammamish Plateau Water	24,827.50	25,072.50
Skyway WSD	3,923.50	3,933.50
Tukwila	8,500.50	8,520.50
<b>Total</b>	<b>177,978.50</b>	<b>179,128.50</b>



### **Section 2. 2025 and 2026 Demand Shares.**

Adopted demand shares for each Member for 2025 and 2026 are as follows:

TABLE 2

Member	2025 Demand Shares	2025 Demand Share percentage	2026 Demand Shares	2026 Demand Share percentage
Bellevue	19.6045	51.60%	19.2384	50.97%
Issaquah	1.7622	4.64%	1.7665	4.68%
Issaquah Temporary	0.0876	0.23%	0.1809	0.48%
Kirkland	5.5637	14.64%	5.5434	14.69%
Redmond - City	5.6633	14.91%	5.8076	15.39%
Redmond - Novelty Hill	1.2116	3.19%	1.1955	3.17%
Sammamish Plateau Water	1.3220	3.48%	1.2840	3.40%
Skyway WSD	0.3785	1.00%	0.3684	0.98%
Tukwila	2.3979	6.31%	2.3600	6.25%
<b>Total</b>	<b>37.9912</b>	<b>100%</b>	<b>37.7446</b>	<b>100%</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.**

2025 and 2026 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 2025 and 2026 at the rates of \$23.99 and \$24.53 per CERU respectively multiplied by 100% of that Member's CERUs.

The demand share charge for the years 2025 and 2026 shall be \$420,578 and \$435,753 respectively per Demand Share percentage.

The conservation program charge for the years 2025 and 2026 shall be \$4.67 and \$4.68 respectively per CERU. The charge is applicable to 100% of a Member's CERUs.

TABLE 3

2025 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	2024 True-up (50%)	Total
Bellevue	\$1,690,655	\$329,416	\$21,702,955	(\$221,035)	\$23,501,991
Issaquah	\$348,063	\$67,818	\$1,950,811	\$7,592	\$2,374,284
Issaquah Temporary	\$0	\$0	\$96,945	(\$12,315)	\$84,630
Kirkland	\$496,329	\$96,707	\$6,159,197	(\$13,971)	\$6,738,263
Redmond CITY	\$712,293	\$138,787	\$6,269,469	\$244,435	\$7,364,984
Redmond NOVELTY HILL	\$107,059	\$20,860	\$1,341,328	\$4,105	\$1,473,352
Sammamish Plateau Water	\$589,620	\$114,885	\$1,463,503	\$4,846	\$2,172,854
Skyway Water & Sewer District	\$93,867	\$18,289	\$419,006	(\$7,002)	\$524,160
Tukwila	\$203,408	\$39,633	\$2,654,567	(\$6,656)	\$2,890,953
<b>Total</b>	<b>\$4,241,294</b>	<b>\$826,395</b>	<b>\$42,057,781</b>	<b>(\$1)</b>	<b>\$47,125,470</b>

2026 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	2024 True-up (50%)	Total
Bellevue	\$1,735,799	\$331,322	\$22,210,269	(\$221,035)	\$24,056,355
Issaquah	\$359,060	\$68,536	\$2,039,408	\$7,592	\$2,474,596
Issaquah Temporary	\$0	\$0	\$208,851	(\$12,315)	\$196,536
Kirkland	\$512,053	\$97,738	\$6,399,700	(\$13,971)	\$6,995,521
Redmond CITY	\$735,636	\$140,415	\$6,704,726	\$244,435	\$7,825,212
Redmond NOVELTY HILL	\$109,743	\$20,947	\$1,380,173	\$4,105	\$1,514,968
Sammamish Plateau Water	\$609,064	\$116,256	\$1,482,309	\$4,846	\$2,212,475
Skyway Water & Sewer District	\$96,251	\$18,372	\$425,276	(\$7,002)	\$532,897
Tukwila	\$208,533	\$39,804	\$2,724,621	(\$6,656)	\$2,966,303
<b>Total</b>	<b>\$4,366,139</b>	<b>\$833,390</b>	<b>\$43,575,333</b>	<b>(\$1)</b>	<b>\$48,774,861</b>

#### Section 4. Effect.

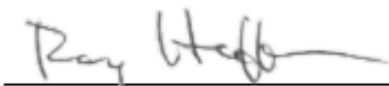
This Resolution shall be in full force and effect on the date of its adoption.

ADOPTED AND APPROVED by the Board of Directors of the Cascade Water Alliance at a regular meeting thereof, held on the 25th day of September 2024.

CASCADE WATER ALLIANCE



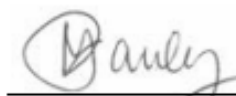
Penny Sweet, Chair



Attest – Ray Hoffman, Chief Executive Officer



Angela Birney, Vice Chair



Mary Lou Pauly, Secretary/Treasurer

#### Members

Yes 5  
No 0

#### Demand Share

Yes 90.2 %  
No 0 %

#### Include in CWAC?

☐ Yes  
☒ No

## 2025-2026 Regional Capital Facilities Charge Resolution



CASCADE WATER ALLIANCE  
RESOLUTION No. 2024-13

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 2025 AND 2026

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 2025 and 2026**

The RCFC effective January 1, 2025, shall be \$8,579 per Cascade Equivalent Residential Unit (CERU).

The RCFC effective January 1, 2026, shall be \$8,852 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 25th day of September 2024.

CASCADE WATER ALLIANCE



Penny Sweet, Chair



Attest – Ray Hoffman, Chief Executive Officer



Angela Birney, Vice Chair



Mary Lou Pauly, Secretary/Treasurer

Members

Yes 5  
No 0

Demand Share

Yes 90.2 %  
No 0 %

Include in CWAC?

☐ Yes  
☒ No

## 2025 MEMBER CHARGES MEMO



### FINAL MEMORANDUM

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DATE: July 15, 2024

TO: Cascade Member Agencies

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

SUBJECT: Documentation of 2025 and 2026 Member Charges

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Based on the proposed budget and CIP and Board direction to pursue a Tacoma supply contract as the preferred supply strategy, general rate revenue increases of 3.5% are proposed for 2025 and for 2026. It is worth noting that these increases are lower than the increases needed for either the base case or SPU contract extension options.

These increases are primarily due to inflationary pressure, rate smoothing, and, in 2025, initiation of activities for the Tacoma supply pipeline. Under the preliminary project schedule, detailed system planning begins in 2025 and design efforts begin around 2027. Given this acceleration of direct expenditures to be funded from member charges and RCFCs, planned transfers to the WSDP have been reduced to reflect the direct outlays toward the project. The level of increases for this biennium remain consistent with or slightly below prior forecasts of member charges. Subsequently, the level of increases will increase as project activities and costs increase. At present, the forecast beyond this upcoming biennium projects two years of 4% annual increases followed by larger increases. These projections are premised on 3% cost escalation, and higher inflation could increase pressure for higher rate increases. At the same time, more detailed financial and system planning may provide opportunities to mitigate project cost impacts and reduce the projected rate path.

For the 2025/2026 budget period, two years of increases and rates have been developed. While the 2025 charges are fully reconciled with member demand history, the 2026 rates and charges are imposed based in part on estimates of 2024 demands and customer counts. For the 2026 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 2025 once all related data are available, and applied in the 2027/2028 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 2024 true-up amounts were moderate except for major shifts in costs between Redmond and Bellevue. These shifts occurred due to restated water transfers, primarily between Redmond and Bellevue for multiple years. The result was both a significant true-up amount due from Redmond and a significant credit due to Bellevue, while in addition impacting projected payments. As a result, Redmond faces substantial member charge increases caused by both higher demand shares and payment of true-up amounts for 2024. The revisions generated from the true-up process have been separately documented and

distributed, and have been through several rounds of review. Due to the large adjustments for these two members, the true-up amounts are proposed to be applied equally over two years rather than entirely in 2025.

We continue to separately report temporary water sales to Issaquah and the separation of Redmond into its two constituent enterprises: “City” and “Novelty Hill”. The Issaquah temporary sale began in late 2021 and has a growing impact on demand shares in 2025-2026. The Redmond revision is a modification that has no impact on Redmond’s or other Member’s charges; it simply separates the Member charges for the two Redmond water utility enterprises.

Any general system increase, such as the 2025 increase of 3.5%, 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 2024, further altering relative Member charges.

The following information outlines the development of recommended charges for individual Members for 2025 and for 2026. It relies on information provided by SPU and by Member agencies related to water demand, water supply and customer base. For 2026, it also relies on Cascade assumptions regarding projected CERU count and wholesale demand for 2024; the methods used to estimate these are detailed below.

**Purpose:** *This final memorandum provides documentation of the basis for proposed Member charges for 2025 and 2026. A preliminary memorandum was provided to all Members in May 2024 to provide input for budget and rate-making processes and to provide adequate time for review, evaluation and comment. This final memorandum reflects minor typographical corrections, and no changes to the draft 2025-2026 Member charges. A final memorandum will be issued after Board adoption of budget and member charges in the fall.*

### Cascade Revenue Structure

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

- **Administrative Dues** are based on budgeted administrative costs for 2025 and 2026 and actual CERU counts as of January 1<sup>st</sup> of the previous year. For 2025, actual CERU counts are based on data reported by Members for year-end 2023. For 2026, estimated CERU counts add assumed Member CERU growth for 2024. These are based on the Cascade estimate of CERU total growth of 1,150 CERUs budgeted for 2024. This growth of 1,150 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 2025, the charge is constrained by this limit while for 2026 the charge falls below this limit at 8.97%.
- **Conservation Charges** are also based on CERU counts for the two budget years. The 2025 and 2026 Conservation Charge reflect the budgeted conservation program for each year.
- **Demand Share Charges** are based on a rolling three-year demand history. Demand Share Charges account for the majority (roughly 85% to 90%) of Cascade’s rate revenue and are solely based on actual historical data. For 2025, this is based on actual histories for 2021-2023. For 2026, the average incorporates estimated 2024 Member demands. 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. *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. For 2025 and 2026, 100% of RCFCs will continue to be transferred



to construction. 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, CERU counts are based on an inventory of water meters and flow equivalency factors established by the American Water Works Association. The 2025 charges are based on actual CERU counts as reported for the end of 2023. The 2026 charges are based on the estimated CERU count at the end of 2024. **Table 1** summarizes the calculation of 2025 and 2026 CERUs based on water meter counts as of 12/31/23 and estimated 2024 growth by Member:

**Table 1: CERU Calculations for 2025 and 2026 Charges**

Water Meter Size	Number of CERUs	Water Meter Counts as of 12/31/23 *							
		Bellevue	Issaquah	Kirkland	Redmond CITY	Redmond NOVELTY HILL	SP Water	Skyway WD	Tukwila
3/4" [incl. 5/8x3/4"]	1.0	33,027	8,006	11,303	12,690	3,310	17,661	3,266	1,385
1"	2.5	3,818	141	1,070	802	53	541	103	295
1.5"	5.0	2,216	468	550	1,203	85	775	38	334
2"	8.0	1,022	331	324	599	52	139	9	188
3"	16.0	204	40	53	75	5	27	8	39
4"	25.0	112	15	21	83	2	6	0	27
6"	50.0	40	3	0	12	1	0	0	18
8"	80.0	6	0	0	4	0	0	0	8
10"	115.0	1	0	0	0	0	0	0	3
<b>Total Number of Meters</b>		40,446	9,004	13,321	15,468	3,508	19,149	3,424	2,297
<b>Total Number of 2025 CERUs</b>		70,487.0	14,511.5	20,693.0	29,697.0	4,463.5	24,582.5	3,913.5	8,480.5
<b><u>Estimated</u> CERU Growth in 2025</b>		270	125	180	290	10	245	10	20
<b>Total Number of 2026 CERUs</b>		70,757.0	14,636.5	20,873.0	29,987.0	4,473.5	24,827.5	3,923.5	8,500.5

\* - 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.
- The CERUs used for the adopted 2026 charges will be subject to reconciliation once actual 2024 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 2025 rates, the year-end 2023 CERU counts are used. For 2026 rates, the estimated 2024 CERU growth by Member is added to the year-end 2023 CERU counts to determine an estimated CERU count.

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. This constraint is binding in 2025 but not in 2026. **Table 2** shows the derivation of the 2025 and 2026 Administrative Dues rates:

**Table 2: Derivation of 2025 and 2026 Administrative Dues**

<b>Administrative Dues Rate Calculation</b>	<b>Existing 2024</b>	<b>2025</b>	<b>2026</b>
Projected Administrative Expenses:			
Wages	\$ 1,744,895	\$ 1,825,745	\$ 1,887,354
Professional services	\$ 468,555	\$ 519,000	\$ 526,000
Goods & services	\$ 839,420	\$ 996,886	\$ 1,037,442
Legal Services	\$ 560,000	\$ 660,000	\$ 660,000
Equipment	\$ 25,000	\$ 30,000	\$ 21,000
Travel	\$ 10,000	\$ 10,000	\$ 10,000
Miscellaneous	\$ 11,000	\$ 12,000	\$ 12,000
Contingency	\$ 150,000	\$ 150,000	\$ 150,000
Provision for TSP Accrual	\$ 60,000	\$ 107,000	\$ 62,343
<b>Total</b>	<b>\$ 3,868,870</b>	<b>\$ 4,310,631</b>	<b>\$ 4,366,139</b>
<i>as % of revenue requirement</i>	<i>8.50%</i>	<i>9.15%</i>	<i>8.95%</i>
Administrative Dues Revenue Cap	\$ 4,097,867	\$ 4,241,292	\$ 4,389,737
Applicable CERU Count	175,739	176,829	177,979
<i>Administrative Cost per CERU</i>	<i>\$ 22.01</i>	<i>\$ 24.38</i>	<i>\$ 24.53</i>
<b>Administrative Dues Rate per CERU</b>	<b>\$ 22.01</b>	<b>\$ 23.99</b>	<b>\$ 24.53</b>

**Table 3** shows the proposed 2025 and 2026 Administrative Dues payment for each Member:

**Table 3: 2025 and 2026 Administrative Dues Payments by Member**

<b><u>Administrative Dues</u></b>	<b>Existing 2024</b>	<b>2025</b>	<b>2026</b>
Bellevue	\$ 1,468,720	\$ 1,690,655	\$ 1,735,799
Issaquah	\$ 331,609	\$ 348,063	\$ 359,060
Issaquah <i>Temporary</i>	\$ -	\$ -	\$ -
Kirkland	\$ 428,889	\$ 496,329	\$ 512,053
Redmond CITY	\$ 610,021	\$ 712,293	\$ 735,636
Redmond NOVELTY HILL	\$ 93,481	\$ 107,059	\$ 109,743
Sammamish Plateau Water	\$ 515,619	\$ 589,620	\$ 609,064
Skyway WSD	\$ 81,497	\$ 93,867	\$ 96,251
Tukwila	\$ 176,715	\$ 203,408	\$ 208,533
<b>Total</b>	<b>\$ 3,706,551</b>	<b>\$ 4,241,292</b>	<b>\$ 4,366,139</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 2025 and 2026:

**Table 4: Derivation of 2025 and 2026 Conservation Charges**

<b><u>Conservation Charge Rate Calculation</u></b>	<b>Existing 2024</b>	<b>2025</b>	<b>2026</b>
Projected Conservation Expenses:			
Wages	\$ 181,254	\$ 201,895	\$ 208,890
Goods & services	\$ 220,500	\$ 220,500	\$ 220,500
Rebates	\$ 165,000	\$ 165,000	\$ 165,000
Professional Services	\$ 232,761	\$ 238,000	\$ 238,000
Legal Services	\$ 1,000	\$ 1,000	\$ 1,000
<b>Total</b>	<b>\$ 800,515</b>	<b>\$ 826,395</b>	<b>\$ 833,390</b>
Applicable CERU Count	175,739	176,829	177,979
<b>Conservation Charge per CERU</b>	<b>\$ 4.56</b>	<b>\$ 4.67</b>	<b>\$ 4.68</b>

**Table 5** shows the 2025 and 2026 Conservation Charge payments for each Member:

**Table 5: 2025 and 2026 Conservation Charge Payments by Member**

<u>Conservation Charges</u>	<u>Existing 2024</u>	<u>2025</u>	<u>2026</u>
Bellevue	\$ 317,204	\$ 329,416	\$ 331,322
Issaquah	\$ 71,619	\$ 67,818	\$ 68,536
Issaquah Temporary	\$ -	\$ -	\$ -
Kirkland	\$ 92,628	\$ 96,707	\$ 97,738
Redmond CITY	\$ 131,748	\$ 138,787	\$ 140,415
Redmond NOVELTY HILL	\$ 20,189	\$ 20,860	\$ 20,947
Sammamish Plateau Water	\$ 111,360	\$ 114,885	\$ 116,256
Skyway WSD	\$ 17,601	\$ 18,289	\$ 18,372
Tukwila	\$ 38,166	\$ 39,633	\$ 39,804
<b>Total</b>	<b>\$ 800,515</b>	<b>\$ 826,395</b>	<b>\$ 833,390</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 2024 calculations are based on data from 2021 – 2023 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. These decline to 0.25 mgd each beginning in 2025. At present, both agencies exceed minimum demand shares.

**Table 6** provides a summary of actual wholesale water demands for the three years 2021-2023, and an estimated wholesale water demand for 2024. 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 2024 demand is derived from the three-year rolling average for 2021-2023. 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 2022, the midpoint of the three-year average, to 2024).

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 and 2023 results in demand shares based on the discounted pricing, and Issaquah volumes must be adjusted to separate regular and temporary demands.

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. This has occurred in both 2022 and 2023, although only to a modest amount in 2023. 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 2021-2023 and 2024 Estimated Demand**  
(Used to Determine 2025 and 2026 Demand Shares)

Annual Water Demand	CCF				MGD			
	2021	2022	2023	est. 2024	2021	2022	2023	est. 2024
1 Bellevue	7,373,430	6,930,088	6,961,642	7,073,446	15.11	14.16	14.27	14.50
2 Issaquah	638,987	672,311	816,297	716,812	1.31	1.37	1.67	1.47
2A Issaquah Temporary	-	181,174	224,465	224,465	-	0.37	0.46	0.46
3 Kirkland	1,926,471	1,906,226	1,987,965	1,956,608	3.95	3.90	3.72	3.72
4 Redmond CITY	1,730,595	2,002,492	1,833,806	1,920,744	3.55	4.10	3.76	3.94
4A Redmond NOVELTY HILL	394,092	377,829	389,474	384,004	0.81	0.77	0.80	0.79
5 Sammamish Plateau Water	669,747	596,494	605,235	634,151	1.37	1.22	1.24	1.30
6 Skyway WSD	172,297	161,613	158,483	164,648	0.35	0.33	0.32	0.34
7 Tukwila	910,465	877,242	962,514	914,499	1.87	1.79	1.97	1.87
<b>Total</b>	<b>13,816,084</b>	<b>13,705,468</b>	<b>13,939,880</b>	<b>13,989,377</b>	<b>28.3</b>	<b>28.0</b>	<b>28.6</b>	<b>28.7</b>

Peak Season Water Demand	CCF				MGD			
	2021	2022	2023	est. 2024	2021	2022	2023	est. 2024
1 Bellevue	3,371,485	3,054,561	3,166,534	3,192,330	20.67	18.73	19.41	19.57
2 Issaquah	289,462	306,462	266,324	291,581	1.77	1.88	1.63	1.79
2A Issaquah Temporary	-	49,871	109,583	114,171	-	0.31	0.67	0.70
3 Kirkland	925,434	865,717	931,178	915,503	5.67	5.31	5.71	5.61
4 Redmond CITY	883,903	928,886	958,279	954,512	5.42	5.70	5.88	5.85
4A Redmond NOVELTY HILL	203,898	188,454	200,507	196,000	1.25	1.16	1.23	1.20
5 Sammamish Plateau Water	240,002	223,510	183,348	221,392	1.47	1.37	1.12	1.36
6 Skyway WSD	67,101	58,209	59,888	62,148	0.41	0.36	0.37	0.38
7 Tukwila	409,026	373,009	391,268	390,505	2.51	2.29	2.40	2.39
<b>Total</b>	<b>6,390,310</b>	<b>6,048,679</b>	<b>6,266,911</b>	<b>6,338,142</b>	<b>39.2</b>	<b>37.1</b>	<b>38.4</b>	<b>38.9</b>

Peak Month Water Demand	CCF				MGD			
	2021	2022	2023	est. 2024	2021	2022	2023	est. 2024
1 Bellevue	992,753	878,805	889,978	928,501	23.95	21.20	21.47	22.40
2 Issaquah	83,269	100,291	76,751	88,874	2.01	2.42	1.85	2.14
2A Issaquah Temporary	-	14,483	31,823	33,155	-	0.35	0.77	0.80
3 Kirkland	256,092	263,872	257,224	264,183	6.18	6.37	6.21	6.37
4 Redmond CITY	281,939	286,850	278,019	294,249	6.80	6.92	6.71	7.10
4A Redmond NOVELTY HILL	62,665	59,373	58,414	60,256	1.51	1.43	1.41	1.45
5 Sammamish Plateau Water	76,317	60,998	47,626	64,018	1.84	1.47	1.15	1.54
6 Skyway WSD	19,027	16,347	15,964	17,421	0.46	0.39	0.39	0.42
7 Tukwila	111,202	104,821	102,391	107,127	2.68	2.53	2.47	2.58
<b>Total</b>	<b>1,883,263</b>	<b>1,785,838</b>	<b>1,758,190</b>	<b>1,857,785</b>	<b>45.4</b>	<b>43.1</b>	<b>42.4</b>	<b>44.8</b>

Table 7 summarizes the 2025 and 2026 Demand Share calculations (more detailed calculations for each Member are attached as an appendix):

**Table 7: 2025 and 2026 Demand Share Calculations**

Member	2024 Actual		2025 Actual		2026 Estimated	
	Demand Share (MGD)	% of Total	Demand Share (MGD)	% of Total	Demand Share (MGD)	% of Total
Bellevue	19.4800	53.1%	19.6045	51.6%	19.2384	51.0%
Issaquah	1.6909	4.6%	1.7622	4.6%	1.7665	4.7%
Issaquah Temporary	0.0467	0.1%	0.0876	0.2%	0.1809	0.5%
Kirkland	5.4027	14.7%	5.5637	14.6%	5.5434	14.7%
Redmond CITY	4.8560	13.2%	5.6633	14.9%	5.8076	15.4%
Redmond NOVELTY HILL	1.1571	3.2%	1.2116	3.2%	1.1955	3.2%
Sammamish Plateau Water	1.3205	3.6%	1.3220	3.5%	1.2840	3.4%
Skyway WSD	0.3949	1.1%	0.3785	1.0%	0.3684	1.0%
Tukwila	2.3047	6.3%	2.3979	6.3%	2.3600	6.3%
<b>Total</b>	<b>36.6533</b>	<b>100.0%</b>	<b>37.9912</b>	<b>100.0%</b>	<b>37.7446</b>	<b>100.0%</b>

Note: "2024 Actual" differs from the basis for budgeted 2024 charges, reflecting actual rather than estimated 2020 demands. These demand shares have been used to establish a true-up of 2024 charges and related 2025-26 surcharges and credits.

Table 8 shows the Demand Share Charge calculation for 2025 and 2026:

**Table 8: Derivation of 2025 and 2026 Demand Share Charge**
**Demand Share Charge Calculation**

	Existing 2024	2025	2026
Total Prior-Year Member Charge Revenue Excluding RCFCs	\$44,551,716	\$45,531,854	\$47,125,469
Planned Member Charge Revenue Adjustment	2.20%	<b>3.50%</b>	<b>3.50%</b>
Projected Member Charge Revenue	\$45,531,854	\$47,125,469	\$48,774,860
Less: Projected Administrative Dues	\$ (3,706,551)	\$ (4,241,292)	\$ (4,366,139)
Less: Projected Conservation Charges	\$ (800,515)	\$ (826,395)	\$ (833,390)
Demand Share Cost Basis	\$41,024,788	\$42,057,781	\$43,575,332
Projected Demand Share Basis (MGD)	36.6533	37.9912	37.7446
<b>Demand Share Charge</b>	<b>\$1,119,265</b>	<b>\$1,107,039</b>	<b>\$1,154,478</b>
<b>Corresponding Charge Per Demand Share %</b>	<b>\$410,248</b>	<b>\$420,578</b>	<b>\$435,753</b>

Table 9 shows the 2025 and 2026 Demand Share Charge payments for each Member.



**Table 9: 2025 and 2026 Demand Share Charges By Member**

<b><u>Demand Share Charges</u></b>	<b>Existing 2024</b>	<b>2025</b>	<b>2026</b>
	<b>Total Payment</b>	<b>Total Payment</b>	<b>Total Payment</b>
Bellevue	\$ 21,803,317	\$ 21,702,955	\$ 22,210,269
Issaquah	\$ 1,892,544	\$ 1,950,811	\$ 2,039,408
Issaquah <i>Temporary</i>	\$ 52,232	\$ 96,945	\$ 208,851
Kirkland	\$ 6,047,052	\$ 6,159,197	\$ 6,399,700
Redmond - CITY	\$ 5,435,113	\$ 6,269,469	\$ 6,704,726
Redmond - NOVELTY HILL	\$ 1,295,065	\$ 1,341,328	\$ 1,380,173
Sammamish Plateau Water	\$ 1,477,987	\$ 1,463,503	\$ 1,482,309
Skyway WSD	\$ 441,952	\$ 419,006	\$ 425,276
Tukwila	\$ 2,579,525	\$ 2,654,567	\$ 2,724,621
<b>Total</b>	<b>\$ 41,024,787</b>	<b>\$ 42,057,781</b>	<b>\$ 43,575,333</b>

**Total Member Charges**

**Table 10** summarizes the Total 2025 and 2026 Member Charges for each Member.

**Table 10: Summary of 2025 and 2026 Member Charges**

2024 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	Total 2024 Charges	2022 True-up (50%)	Total Payments
Bellevue	\$ 1,468,720	\$ 317,204	\$ 21,803,317	\$ 23,589,241	\$ 50,549	\$ 23,639,790
Issaquah	\$ 331,609	\$ 71,619	\$ 1,892,544	\$ 2,295,772	\$ (13,131)	\$ 2,282,641
Issaquah Temporary	\$ -	\$ -	\$ 52,232	\$ 52,232	\$ -	\$ 52,232
Kirkland	\$ 428,889	\$ 92,628	\$ 6,047,052	\$ 6,568,569	\$ 66,991	\$ 6,635,560
Redmond CITY	\$ 610,021	\$ 131,748	\$ 5,435,113	\$ 6,176,882	\$ (104,976)	\$ 6,071,906
Redmond NOVELTY HILL	\$ 93,481	\$ 20,189	\$ 1,295,065	\$ 1,408,735	\$ (23,539)	\$ 1,385,196
Sammamish Plateau Water	\$ 515,619	\$ 111,360	\$ 1,477,987	\$ 2,104,966	\$ 48,118	\$ 2,153,084
Skyway Water & Sewer District	\$ 81,497	\$ 17,601	\$ 441,952	\$ 541,050	\$ 2,103	\$ 543,153
Tukwila	\$ 176,715	\$ 38,166	\$ 2,579,525	\$ 2,794,406	\$ (26,113)	\$ 2,768,293
<b>Total</b>	<b>\$ 3,706,551</b>	<b>\$ 800,515</b>	<b>\$ 41,024,787</b>	<b>\$ 45,531,853</b>	<b>\$ 2</b>	<b>\$ 45,531,855</b>

2025 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	Total 2025 Charges	Increase Over 2024 Charges	2024 True-up (50%)	Total Payments	Increase Over 2024 Payments With 2024 True-up
Bellevue	\$ 1,690,655	\$ 329,416	\$ 21,702,955	\$ 23,723,026	0.57%	\$ (221,035)	\$ 23,501,991	-0.58%
Issaquah	\$ 348,063	\$ 67,818	\$ 1,950,811	\$ 2,366,692	3.09%	\$ 7,592	\$ 2,374,284	4.01%
Issaquah Temporary	\$ -	\$ -	\$ 96,945	\$ 96,945	85.60%	\$ (12,315)	\$ 84,630	62.03%
Kirkland	\$ 496,329	\$ 96,707	\$ 6,159,197	\$ 6,752,233	2.80%	\$ (13,971)	\$ 6,738,263	1.55%
Redmond CITY	\$ 712,293	\$ 138,787	\$ 6,269,469	\$ 7,120,549	15.28%	\$ 244,435	\$ 7,364,984	21.30%
Redmond NOVELTY HILL	\$ 107,059	\$ 20,860	\$ 1,341,328	\$ 1,469,247	4.30%	\$ 4,105	\$ 1,473,352	6.36%
Sammamish Plateau Water	\$ 589,620	\$ 114,885	\$ 1,463,503	\$ 2,168,008	2.99%	\$ 4,846	\$ 2,172,854	0.92%
Skyway Water & Sewer District	\$ 93,867	\$ 18,289	\$ 419,006	\$ 531,162	-1.83%	\$ (7,002)	\$ 524,160	-3.50%
Tukwila	\$ 203,408	\$ 39,633	\$ 2,654,567	\$ 2,897,608	3.69%	\$ (6,656)	\$ 2,890,953	4.43%
<b>Total</b>	<b>\$ 4,241,294</b>	<b>\$ 826,395</b>	<b>\$ 42,057,781</b>	<b>\$ 47,125,470</b>	<b>3.50%</b>	<b>\$ (1)</b>	<b>\$ 47,125,469</b>	<b>3.50%</b>

2026 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	Total	Increase Over 2025 Charges	2024 True-up (50%)	Total Payments	Increase Over 2025 Payments With 2024 True-up
Bellevue	\$ 1,735,799	\$ 331,322	\$ 22,210,269	\$ 24,277,390	2.34%	\$ (221,035)	\$ 24,056,355	2.36%
Issaquah	\$ 359,060	\$ 68,536	\$ 2,039,408	\$ 2,467,004	4.24%	\$ 7,592	\$ 2,474,596	4.22%
Issaquah Temporary	\$ -	\$ -	\$ 208,851	\$ 208,851	115.43%	\$ (12,315)	\$ 196,536	n/a
Kirkland	\$ 512,053	\$ 97,738	\$ 6,399,700	\$ 7,009,491	3.81%	\$ (13,971)	\$ 6,995,521	3.82%
Redmond CITY	\$ 735,636	\$ 140,415	\$ 6,704,726	\$ 7,580,777	6.46%	\$ 244,435	\$ 7,825,212	6.25%
Redmond NOVELTY HILL	\$ 109,743	\$ 20,947	\$ 1,380,173	\$ 1,510,863	2.83%	\$ 4,105	\$ 1,514,968	2.82%
Sammamish Plateau Water	\$ 609,064	\$ 116,256	\$ 1,482,309	\$ 2,207,629	1.83%	\$ 4,846	\$ 2,212,475	1.82%
Skyway Water & Sewer District	\$ 96,251	\$ 18,372	\$ 425,276	\$ 539,899	1.64%	\$ (7,002)	\$ 532,897	1.67%
Tukwila	\$ 208,533	\$ 39,804	\$ 2,724,621	\$ 2,972,958	2.60%	\$ (6,656)	\$ 2,966,303	2.61%
<b>Total</b>	<b>\$ 4,366,139</b>	<b>\$ 833,390</b>	<b>\$ 43,575,333</b>	<b>\$ 48,774,862</b>	<b>3.50%</b>	<b>\$ (1)</b>	<b>\$ 48,774,861</b>	<b>3.50%</b>

For 2025, revised volumes increase Redmond demand shares and corresponding charges, while similarly lowering Bellevue's charges. In addition, the same effect is reflected in the 2024 true-up, causing an additive impact. Issaquah temporary water shows large percentage increases as usage and pricing phase in, but represents a relatively small charge. For other members, rate increases are consistent with the general 3.5% increase incorporated in the charges and reflect typical fluctuations or impacts among Members.

For 2026, Members see moderated impacts reflecting demand assumptions based on recent averages. The 2026 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 2025 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 2025 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 2026 demand share calculations, as Member demands were not estimated at this level of detail.

## APPENDIX A

## 2025-2026 Adopted Budget

### Details of Bellevue Demand Share Calculations

Bellevue Consumption Records (CCF):

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
From Kirkland	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	(22,352)	(22,991)	(26,612)	(17,290)	(27,726)	(43,326)	(60,324)	(60,283)	(67,633)	(43,233)	(26,638)	(28,845)	(447,253)	(231,566)	(215,687)
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>499,886</b>	<b>436,292</b>	<b>476,529</b>	<b>510,041</b>	<b>619,184</b>	<b>809,991</b>	<b>992,753</b>	<b>916,572</b>	<b>652,169</b>	<b>516,798</b>	<b>476,740</b>	<b>466,474</b>	<b>7,373,430</b>	<b>3,371,485</b>	<b>4,001,945</b>

2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	600,674	517,846	571,379	580,848	653,525	768,958	1,041,582	1,165,156	999,764	845,013	621,839	623,371	8,989,955	3,975,459	5,014,495
From Kirkland	818	951	897	935	816	1,400	1,900	2,708	2,241	1,277	1,109	926	15,978	8,249	7,729
To Redmond	(31,803)	(30,117)	(34,798)	(39,747)	(50,733)	(57,470)	(98,582)	(115,938)	(82,889)	(50,076)	(21,797)	(22,538)	(636,488)	(354,879)	(281,609)
To SP Water	(49,492)	(36,060)	(42,362)	(40,856)	(46,896)	(47,072)	(56,487)	(58,348)	(56,029)	(60,787)	(34,001)	(57,481)	(585,872)	(217,936)	(367,936)
To Issaquah	(41,185)	(41,383)	(36,519)	(50,204)	(55,867)	(60,475)	(89,760)	(114,773)	(91,325)	(101,072)	(78,821)	(92,102)	(853,485)	(356,333)	(497,153)
<b>Total</b>	<b>479,012</b>	<b>411,238</b>	<b>458,597</b>	<b>450,976</b>	<b>500,845</b>	<b>605,341</b>	<b>798,653</b>	<b>878,805</b>	<b>771,762</b>	<b>634,354</b>	<b>488,329</b>	<b>452,177</b>	<b>6,930,088</b>	<b>3,054,561</b>	<b>3,875,527</b>

2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	637,399	575,621	631,544	659,560	855,186	1,032,280	1,154,343	1,093,490	825,831	644,240	627,796	634,384	9,371,675	4,105,944	5,265,731
2024 Member Charges	755	234	787	994	1,113	1,259	3,369	2,149	1,541	713	664	570	14,148	8,318	5,830
To Redmond	(27,869)	(41,533)	(47,904)	(50,269)	(70,892)	(89,373)	(113,491)	(109,417)	(80,780)	(55,331)	(47,047)	(50,272)	(784,178)	(393,061)	(391,117)
To SP Water	(48,271)	(58,102)	(57,717)	(47,644)	(61,003)	(42,560)	(45,670)	(46,997)	(43,532)	(46,183)	(46,469)	(55,092)	(599,241)	(178,759)	(420,481)
To Issaquah	(79,825)	(82,324)	(82,773)	(85,400)	(120,635)	(89,969)	(108,574)	(106,687)	(70,677)	(54,520)	(74,064)	(85,314)	(1,040,762)	(375,907)	(664,855)
<b>Total</b>	<b>482,189</b>	<b>393,897</b>	<b>443,937</b>	<b>477,241</b>	<b>603,770</b>	<b>811,636</b>	<b>889,978</b>	<b>832,538</b>	<b>632,383</b>	<b>488,919</b>	<b>460,879</b>	<b>444,276</b>	<b>6,961,642</b>	<b>3,166,534</b>	<b>3,795,108</b>

2025 Demand Share	
2021 - 2023 Average Wholesale Demand (mgd):	
Annual	14.5263
Summer	19.6045
Maximum Wholesale Capacity Required	19.6045
<b>Demand Share: (MGD)</b>	<b>19.6045</b>

## 2025-2026 Adopted Budget

### Details of Issaquah Demand Share Calculations

Issaquah Consumption Records (CCF):

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
<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>46,594</b>	<b>40,130</b>	<b>51,170</b>	<b>638,987</b>	<b>289,462</b>	<b>349,526</b>

2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade BIP	37,245	25,944	32,426	36,533	39,321	46,897	70,199	93,952	72,608	93,910	74,801	74,667	698,504	283,656	414,848
From Bellevue	3,940	15,439	4,093	13,670	16,547	13,578	19,561	20,821	18,716	7,162	4,020	17,434	154,981	72,676	82,305
<b>Total</b>	<b>41,185</b>	<b>41,383</b>	<b>36,519</b>	<b>50,204</b>	<b>55,867</b>	<b>60,475</b>	<b>89,760</b>	<b>114,773</b>	<b>91,325</b>	<b>101,072</b>	<b>78,821</b>	<b>92,102</b>	<b>853,485</b>	<b>356,333</b>	<b>497,153</b>

2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade BIP	76,057	66,913	78,894	71,767	99,576	72,709	87,164	88,092	55,721	49,353	70,838	69,951	887,036	303,686	583,350
From Bellevue	3,768	15,411	3,878	13,632	21,059	17,261	21,410	18,595	14,957	5,167	3,226	15,364	153,726	72,222	81,504
less: Temporary Water										(14,360)	(14,360)	(14,360)	(43,081)	-	(43,081)
<b>Total</b>	<b>79,825</b>	<b>82,324</b>	<b>82,773</b>	<b>85,400</b>	<b>120,635</b>	<b>89,969</b>	<b>108,574</b>	<b>106,687</b>	<b>70,677</b>	<b>40,160</b>	<b>59,704</b>	<b>70,954</b>	<b>997,681</b>	<b>375,907</b>	<b>621,774</b>

2025 Demand Share	
2021 - 2023 Average Wholesale Demand (mgd):	
Annual	1.7010
Summer	2.0881
Maximum Wholesale Capacity Required	2.0881
less: Adjustment for Temporary Water Demands	(0.3259)
Minimum Demand Share	0.7500
<b>Demand Share: (MGD)</b>	<b>1.7622</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 (CCF): *Temporary block is spread evenly over the peak season and off-peak periods. This properly adjusts seasonal usage for demand share purposes.*

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

2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade BIP	16,413	16,413	16,413	16,413	16,413	12,468	12,468	12,468	12,468	16,413	16,413	16,413	181,174	49,871	131,303
less: discount factor of 80%	(13,130)	(13,130)	(13,130)	(13,130)	(13,130)	(9,974)	(9,974)	(9,974)	(9,974)	(13,130)	(13,130)	(13,130)	(144,939)	(39,897)	(105,042)
<b>Total</b>	3,283	3,283	3,283	3,283	3,283	2,494	2,494	2,494	2,494	3,283	3,283	3,283	36,235	9,974	26,261

2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade BIP	14,360	14,360	14,360	14,360	14,360	27,396	27,396	27,396	27,396	14,360	14,360	14,360	224,465	109,583	114,882
less: discount factor of 70%	(10,052)	(10,052)	(10,052)	(10,052)	(10,052)	(19,177)	(19,177)	(19,177)	(19,177)	(10,052)	(10,052)	(10,052)	(157,126)	(76,708)	(80,417)
<b>Total</b>	4,308	4,308	4,308	4,308	4,308	8,219	8,219	8,219	8,219	4,308	4,308	4,308	67,340	32,875	34,465

2025 Demand Share		
2021 - 2023 Average Wholesale Demand (mgd):	Discounted	Undiscounted
Annual	0.0736	0.3053
Summer	0.0876	0.3259
Maximum Wholesale Capacity Required	0.0876	0.3259
<b>Demand Share: (MGD)</b>	<b>0.0876</b>	<b>0.3259</b>

Note: Temporary water service began 10/1/2021. Temporary water demand shares are calculated in accordance with contractual terms and apply beginning in 2024. The undiscounted demand share is netted from the Issaquah demand share calculation.

Undiscounted Demand Share calculation is used to adjust total Issaquah demand; discounted Demand Share calculation is used to determine payment.

## Details of Kirkland Demand Share Calculations

Kirkland Consumption Records (CCF):

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>

2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	195,620	172,728	200,325	195,201	200,012	244,808	345,167	392,103	347,268	289,054	186,293	182,593	2,951,170	1,329,345	1,621,825
To Redmond	(64,633)	(62,826)	(81,787)	(76,027)	(57,721)	(77,636)	(118,847)	(125,523)	(133,373)	(106,457)	(82,110)	(42,026)	(1,028,966)	(455,379)	(573,587)
To Bellevue	(818)	(951)	(897)	(935)	(816)	(1,400)	(1,900)	(2,708)	(2,241)	(1,277)	(1,109)	(926)	(15,978)	(8,249)	(7,729)
<b>Total</b>	<b>130,169</b>	<b>108,951</b>	<b>117,641</b>	<b>118,239</b>	<b>141,475</b>	<b>165,772</b>	<b>224,420</b>	<b>263,872</b>	<b>211,654</b>	<b>181,320</b>	<b>103,074</b>	<b>139,641</b>	<b>1,906,226</b>	<b>865,717</b>	<b>1,040,509</b>

2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	183,209	156,870	171,671	186,871	257,021	343,109	412,933	407,171	306,643	216,771	171,057	175,775	2,989,101	1,469,856	1,519,245
To Redmond	(45,864)	(76,732)	(14,121)	(66,566)	(72,275)	(116,679)	(152,340)	(150,873)	(110,468)	(73,740)	(48,921)	(58,409)	(986,988)	(530,360)	(456,628)
To Bellevue	(755)	(234)	(787)	(994)	(1,113)	(1,259)	(3,369)	(2,149)	(1,541)	(713)	(664)	(570)	(14,148)	(8,318)	(5,830)
<b>Total</b>	<b>136,590</b>	<b>79,904</b>	<b>156,763</b>	<b>119,311</b>	<b>183,633</b>	<b>225,171</b>	<b>257,224</b>	<b>254,149</b>	<b>194,634</b>	<b>142,318</b>	<b>121,472</b>	<b>116,796</b>	<b>1,987,965</b>	<b>931,178</b>	<b>1,056,787</b>

2025 Demand Share	
2021 - 2023 Average Wholesale Demand (mgd):	
Annual	3.9761
Summer	5.5637
Maximum Wholesale Capacity Required	5.5637
<b>Demand Share: (MGD)</b>	<b>5.5637</b>



## Details of Redmond CITY Demand Share Calculations

Redmond CITY Consumption Records (CCF):

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	22,352	22,991	26,612	17,290	27,726	43,326	60,324	60,283	67,633	43,233	26,638	28,845	447,253	231,566	215,687
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>94,715</b>	<b>94,782</b>	<b>91,325</b>	<b>92,512</b>	<b>155,754</b>	<b>182,243</b>	<b>281,939</b>	<b>236,770</b>	<b>182,951</b>	<b>121,421</b>	<b>87,048</b>	<b>109,134</b>	<b>1,730,595</b>	<b>883,303</b>	<b>846,691</b>

2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	4,473	25,178	57,624	58,374	43,063	12,953	26,635	45,389	33,652	20,781	8,597	320	337,038	118,628	218,409
From Bellevue	31,803	30,117	34,798	39,747	50,733	57,470	98,582	115,938	82,889	50,076	21,797	22,538	636,488	354,879	281,609
From Kirkland	64,633	62,826	81,787	76,027	57,721	77,636	118,847	125,523	133,373	106,457	82,110	42,026	1,028,966	455,379	573,587
<b>Total</b>	<b>100,909</b>	<b>118,121</b>	<b>174,209</b>	<b>174,148</b>	<b>151,517</b>	<b>148,059</b>	<b>244,064</b>	<b>286,850</b>	<b>249,914</b>	<b>177,314</b>	<b>112,504</b>	<b>64,884</b>	<b>2,002,492</b>	<b>928,886</b>	<b>1,073,605</b>

2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	241	335	948	7,736	16,642	7,159	12,188	11,900	3,612	280	325	1,274	62,640	34,858	27,781
From Bellevue	27,869	41,533	47,904	50,269	70,892	89,373	113,491	109,417	80,780	55,331	47,047	50,272	784,178	393,061	391,117
From Kirkland	45,864	76,732	14,121	66,566	72,275	116,679	152,340	150,873	110,468	73,740	48,921	58,409	986,988	530,360	456,628
<b>Total</b>	<b>73,974</b>	<b>118,600</b>	<b>62,973</b>	<b>124,571</b>	<b>159,809</b>	<b>213,211</b>	<b>278,019</b>	<b>272,190</b>	<b>194,860</b>	<b>129,351</b>	<b>96,293</b>	<b>109,955</b>	<b>1,833,806</b>	<b>958,279</b>	<b>875,526</b>

2025 Demand Share	
2021- 2023 Average Wholesale Demand (mgd):	
Annual	3.8028
Summer	5.6633
Maximum Wholesale Capacity Required	5.6633
<b>Demand Share: (MGD)</b>	<b>5.6633</b>

## Details of Redmond NOVELTY HILL Demand Share Calculations

Redmond NOVELTY HILL Consumption Records (CCF):

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>

2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	22,904	21,914	23,816	21,961	24,095	30,928	49,646	62,023	51,432	34,387	22,699	22,646	388,451	194,028	194,423
To SP Water	(206)	(2,617)	(1,092)	(54)	(89)	(121)	(1,244)	(2,650)	(1,559)	(755)	(88)	(147)	(10,622)	(5,574)	(5,048)
<b>Total</b>	<b>22,698</b>	<b>19,297</b>	<b>22,724</b>	<b>21,907</b>	<b>24,006</b>	<b>30,807</b>	<b>48,402</b>	<b>59,373</b>	<b>49,873</b>	<b>33,632</b>	<b>22,611</b>	<b>22,499</b>	<b>377,829</b>	<b>188,454</b>	<b>189,375</b>

2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	22,610	19,531	22,007	23,655	33,733	49,966	60,370	57,421	37,338	25,301	21,438	22,096	395,468	205,096	190,372
To SP Water	(157)	(213)	(289)	(189)	(313)	(430)	(1,956)	(2,166)	(37)	(55)	(109)	(80)	(5,994)	(4,589)	(1,405)
<b>Total</b>	<b>22,453</b>	<b>19,318</b>	<b>21,718</b>	<b>23,466</b>	<b>33,420</b>	<b>49,536</b>	<b>58,414</b>	<b>55,255</b>	<b>37,301</b>	<b>25,246</b>	<b>21,329</b>	<b>22,016</b>	<b>389,474</b>	<b>200,507</b>	<b>188,967</b>

2025	
2021 - 2023 Average Wholesale Demand (mgd):	
Annual	0.7934
Summer	1.2116
Maximum Wholesale Capacity Required	1.2116
<b>Demand Share: (MGD)</b>	<b>1.2116</b>

## Details of Sammamish Plateau Water Demand Share Calculations

Sammamish Plateau Water Consumption Records (CCF):

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
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
From Redmond	547	662	1,111	23	224	2,318	2,586	1,979	370	236	85	125	10,266
<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>

Summer	Winter
232,749	426,733
7,253	3,013
<b>240,002</b>	<b>429,746</b>

2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade BIP	49,492	36,060	42,362	40,856	46,896	47,072	56,487	58,348	56,029	60,787	34,001	57,481	585,872
From Redmond	206	2,617	1,092	54	89	121	1,244	2,650	1,559	755	88	147	10,622
<b>Total</b>	<b>49,698</b>	<b>38,677</b>	<b>43,454</b>	<b>40,910</b>	<b>46,985</b>	<b>47,193</b>	<b>57,731</b>	<b>60,998</b>	<b>57,588</b>	<b>61,542</b>	<b>34,089</b>	<b>57,628</b>	<b>596,494</b>

Summer	Winter
217,936	367,936
5,574	5,048
<b>223,510</b>	<b>372,984</b>

2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From Cascade BIP	48,271	58,102	57,717	47,644	61,003	42,560	45,670	46,997	43,532	46,183	46,469	55,092	599,241
From Redmond	157	213	289	189	313	430	1,956	2,166	37	55	109	80	5,994
<b>Total</b>	<b>48,428</b>	<b>58,315</b>	<b>58,006</b>	<b>47,833</b>	<b>61,316</b>	<b>42,990</b>	<b>47,626</b>	<b>49,163</b>	<b>43,569</b>	<b>46,238</b>	<b>46,578</b>	<b>55,172</b>	<b>605,235</b>

Summer	Winter
178,759	420,481
4,589	1,405
<b>183,348</b>	<b>421,886</b>

2025 Demand Share	
2021 - 2023 Average Wholesale Demand (mgd):	
Annual	1.2784
Summer	1.3220
Maximum Wholesale Capacity Required	1.3220
Minimum Demand Share	1.0000
<b>Demand Share: (MGD)</b>	<b>1.3220</b>

## Details of Skyway WSD Demand Share Calculations

Skyway WSD Consumption Records (CCF):

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

2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	14,871	12,547	14,226	13,183	12,442	12,476	15,190	16,347	14,196	13,113	11,083	11,938	161,613	58,209	103,404
Total	14,871	12,547	14,226	13,183	12,442	12,476	15,190	16,347	14,196	13,113	11,083	11,938	161,613	58,209	103,404

2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	13,500	10,892	11,455	10,746	14,457	14,807	15,964	15,447	13,670	12,799	12,371	12,374	158,483	59,888	98,595
Total	13,500	10,892	11,455	10,746	14,457	14,807	15,964	15,447	13,670	12,799	12,371	12,374	158,483	59,888	98,595

2025 Demand Share	
2021 - 2023 Average Wholesale Demand (mgd):	
Annual	0.3364
Summer	0.3785
Maximum Wholesale Capacity Required	0.3785
<b>Demand Share: (MGD)</b>	<b>0.3785</b>

## GLOSSARY OF TERMS

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

**Administrative 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 Adjustment (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 are at the Board's discretion and part of the adoption of the budget. If the CPI-W percentage is negative, then 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 12-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' contents. 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 to provide services to local utilities and their customers. Cascade is organized as a JMUSA.

**Lake Tapps Reservoir** - A reservoir created by Puget Sound Energy in 1911 and purchased by Cascade Water Alliance in 2009. It is located in Pierce County, Washington and maintained as a source of 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 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)** - RCFCs 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 Cascade receives during a fiscal year.

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

**Tacoma-Cascade Pipeline (TCP)** - A future transmission pipeline to deliver water from Tacoma Public Utility to Cascade.





## 2025-2026 Adopted Budget

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

**Water Supply Plan (WSP)** - 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 WSP provides direction for Cascade over CIP decisions. Cascade is in the process of extending their current WSP plan.

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



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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**Cascade Water Alliance  
Washington**

For the Biennium Beginning

**January 01, 2023**

*Christopher P. Morill*

Executive Director