



REGULAR MEETING OF THE BOARD OF DIRECTORS
AGENDA
CASCADE WATER ALLIANCE
Held at Cascade's Office and Via Zoom
September 23, 2026
3:30 PM

	<u>Page</u>
1. CALL TO ORDER	
2. ROLL CALL	
3. PUBLIC COMMENT - Members of the public may address the Board for a maximum of two minutes per person.	
4. EXECUTIVE SESSION	
5. APPROVAL OF AGENDA	
6. CHIEF EXECUTIVE OFFICER'S REPORT	<u>4</u>
7. CONSENT ITEMS	
a. Board Meeting Minutes for July 22, 2026.	<u>22</u>
b. Motion to authorize the Chief Executive Officer to execute an agreement for up to \$100,000 with Northwest Municipal Advisors to serve as financial advisors for the upcoming bond issuance.	<u>27</u>
c. Motion to authorize the Chief Executive Officer to amend the On-Call Civil, Mechanical, and Structural Engineering Agreement with Parametrix, Inc. to extend the contract Term through December 31, 2027, amend the scope of services, and increase the contract amount by up to \$330,000, for a total contract maximum of \$980,000.	<u>29</u>
8. OTHER ACTION ITEMS	<u>33</u>
a. Motion to adopt Resolution No. 2026-13, amending Cascade Water Alliance Code Sections <u>2.05.170</u> , <u>5.05.020</u> , <u>5.05.030</u> , <u>5.05.070</u> , <u>5.05.080</u> , <u>5.10.020</u> , and <u>5.65.040</u> and rescinding <u>Resolution 2018-20</u> .	<u>61</u>
b. Motion to adopt Resolution No. 2026-14 adopting the 2026 Capital Funding Plan and amending <u>Chapters 4.05</u> and <u>4.15</u> of the Cascade Water Alliance Code.	<u>76</u>

c.	Motion to adopt Resolution No. 2026-15 adopting the 2027 – 2028 Cascade Budget.	214
d.	Motion to adopt Resolution No. 2026-16 adopting the 2027 and 2028 rates and charges.	239
e.	Motion to adopt Resolution No. 2026-17 establishing the Regional Capital Facilities Charge for 2027 and 2028, at \$10,622 and \$12,747 per Cascade Equivalent Residential Unit respectively.	265
f.	Motion to adopt Resolution No. 2026-18, relating to the water transmission and supply system of Cascade Water; authorizing the borrowing of money and the issuance and sale of water system improvement and refunding revenue bonds for the purposes of paying part of the cost of acquiring, constructing, and equipping projects described in the capital improvement plan, refunding all or a portion of the outstanding Cascade Water Alliance Water System Refunding Revenue Bonds, 2014, to modify reserve requirements, providing for the reserve requirement, if any, allocable to the bonds, and paying the administrative costs of such refunding and the costs of issuing and selling the bonds; fixing or setting parameters with respect to certain terms and covenants of the bonds; delegating authority to a designated representative to set final terms of the sale and issuance of the bonds; and providing for other matters properly related thereto.	270
9.	STAFF PRESENTATIONS	
a.	Cascade Supply Program Land Acquisition Strategy	308
10.	COMMITTEE REPORTS	
a.	Executive Committee – <i>no meeting held.</i>	
b.	Finance and Intergovernmental Committee – <i>July 21, 2026 and September 15, 2026.</i>	359
c.	Resource Management Committee – <i>September 10, 2026.</i>	365
d.	Supply Program Oversight Committee – <i>September 9, 2026.</i>	367
11.	NEW BUSINESS	
12.	NEXT REGULAR MEETING – <i>October 28, 2026 – Cascade’s Office or Via Zoom – 3:30 p.m.</i>	

13. ADJOURN

NOTE: AS ALLOWED BY STATE LAW, THE BOARD OF DIRECTORS MAY ADD AND TAKE ACTION ON ITEMS NOT LISTED ON THE AGENDA.



MEMORANDUM

DATE: September 23, 2026

TO: Angela Birney, Chair
Board of Directors

FROM: John Taylor, Chief Executive Officer

SUBJECT: Chief Executive Officer's Report

Administration, Finance, and Economics

- Cascade received payment of \$1.4 million from BrightNight as they entered the construction phase of their battery energy storage project. Cascade granted them a right-of-way (ROW) transmission easement in 2022 and amended it in 2024. Cascade staff continues to meet and work with BrightNight to ensure their project does not interfere with the penstocks during construction.
- In August, Cascade adopted an Artificial Intelligence ("AI") Policy. The policy is designed to facilitate the acceptable use of AI to conduct Cascade-authorized business while safeguarding privacy, ensuring compliance with applicable laws, and supporting Cascade's mission. The adoption of the AI policy is timely, as it is a factor that Bond Rating agencies look for in their evaluations.
- There have been 594.5 net RCFCs reported through August 2026, with four member reports not yet received. At this rate (892), Cascade will not meet 2026 budget expectations (1,150). RCFCs are variable year to year and accounted for in the budget. This deviation should not have an overall adverse impact on the budget or rates.
- Tara Esteban was informed in August that she is this recipient of the Pacific Northwest Clean Water Association's 2026 Woman of the Year award. Before joining Cascade as the Contracts and Project Support Manager, she was nominated by her coworkers at Seattle Public Utilities for her work and advocacy.
- In September, the Association of Washington Cities, Cascade's health insurance provider, estimated an 11-14 percent premium increase in 2027. This is slightly more than the ten percent increase budgeted for in the 2027 budget. The final rates will be set on October 2.

Cascade Supply Program

- The monthly CSP Status Update is attached.
- Staff are continuing to advance the hydraulic modeling, GIS mapping, heat maps, tank siting, and pipeline corridors.

- Staff held a workshop in August with Member staff on the Board Oversight strategy. A revised draft is in review.
- Staff also continued development of the program risk register, program management plan, and other program management tools.

Capital Projects and Operations

- The Lake Tapps Reservoir level was 541.04 feet as of September 11. This level is lower than the summer recreation level minimum of 541.5 feet due to drought conditions in the state of Washington, and these conditions are causing the flow in the White River to be much lower than normal. Normal recreational elevation level between April 15 and September 30 is between 541.5 and 543 feet. The contract operator, Veolia, was staffing the water diversion work 24 hours a day, 7 days a week from August 10 to September 7 to ensure as much water as allowable was diverted to fill the Lake Tapps Reservoir.
- White River – Lake Tapps Reservoir (WRLTR) Operations and Maintenance (O&M) Services Contract
 - Cascade began its initial contract terms negotiation session with Veolia on July 9. Since then, three negotiation sessions have taken place, and a few more are scheduled to take place before October. Cascade staff anticipate seeking Board approval for the new contract in October.
- Bellevue-Issaquah Pipeline Relocation at Lewis Creek Project
 - The Washington State Department of Transportation (WSDOT) is still in review of the franchise application amendment/variances due to recent changes in their design builders' construction plan. This has caused Cascade to update its temporary traffic control plan for the project and resubmit it to WSDOT for review. Once reviewed, the project design will be finalized.
- The annual dike inspection was performed on June 30 and July 1. Cascade received the draft report at the beginning of September and is reviewing it. There were no major issues identified. The report is anticipated to be finalized and submitted to the state Dam Safety Office in October.
- The Tunnel Intake Gate Replacement project has begun progressing towards 60% design. Cascade is working on its permitting approach in conjunction with the consultant, Parametrix.
- The 6' valve in Wolslegal Basin is leaking more water than normal back into the White River. After various attempts to investigate the underwater leak and associated fish impacts, Cascade was able to determine the exact location of the leak and performed an analysis of repair versus replacement options. Cascade has determined the best path forward is to closely monitor the leak until a project to replace the 6' valve with a new control gate is constructed.

Water Efficiency

- Combined reservoir storage in the Seattle system is at the same level as this time last year. Seattle Public Utilities believe they will have enough water for people and fish this year.
- Cascade has seen an increase in applications for the Lawn Be Gone: Grass Removal rebate program. 11 applications have been received since June 30.
- Two more in-person Cascade Gardener classes remain before classes shift back to being fully online for the rest of the year.
- Cascade is finishing up an irrigation evaluation at Redmond Ridge East HOA.
- Cascade was able to connect with 1,160 people at Redmond Derby Days on July 24 and July 25, 163 people at the Skyway Health and Safety Fair on August 15, 45 people at the Tukwila Farmers Market & Weekend Concert Series on August 23, and 39 people at Sustainable Sammamish Day at the Sammamish Farmers Market on September 2.
- Cascade will be attending Kirkland City Hall for All on September 19 and Issaquah Salmon Days on October 3 and 4.



Clockwise from top left: Redmond Derby Days, Skyway Health & Safety Fair, Sustainable Sammamish Day at the Sammamish Farmers Market, Tukwila Farmers Market & Weekend Concert Series

Intergovernmental and Communications

- In August, Cascade finished its final round of member presentations with appearances at the Issaquah City Council and the Skyway Water & Sewer District Board of Commissioners. The presentations focused on the Cascade Supply Program, the Capital Funding Plan, budget, rates, and Regional Capital Facilities Charges (RCFCs). The Board will consider final approval of the Capital Funding Plan, budget, rates, RCFCs, and a bond issuance at the September Board meeting.
- On September 10, John Taylor gave introductory remarks at the Leadership Eastside Mayors Lunch, providing an overview of Cascade Water Alliance for the new cohort and guests of the Leadership Eastside program. The theme of the lunch was planting trees under whose shade you do not expect to sit. The Mayors Panel discussed the theme and gave examples of balancing short-term versus long-term decision-making in their leadership roles. The panel included members of Cascade's Board: Redmond Mayor Angela Birney, Bellevue Deputy Mayor Dave Hamilton, Issaquah Mayor Mark Mullet, and Kirkland Mayor Kelli Curtis.

Attachments

1. [Budget to Actual Expenditure Report through August 31, 2026.](#)
2. [Statement of Revenues and Expenditures through August 31, 2026.](#)
3. [Statement of Net Position as of August 31, 2026.](#)
4. [Contract Status Summary.](#)
5. [Monthly Warrants Listing.](#)
6. [Monthly Treasurer's Report as of August 31, 2026.](#)
7. [Draft 2026 Board Meeting Calendar.](#)
8. [CSP Status Update.](#)

Cascade Water Alliance
Budget to Actual Expenditure Report
January 1- August 31, 2026
67% of the year completed

Attachment 1

Administration		Budget		Actual		Balance	% Expended
Salaries	\$	1,603,486	\$	1,306,589		296,897	81.5%
Benefits		400,482		396,270		4,213	98.9%
Wellness program		1,000		0		1,000	0.0%
Prof. Fee (Technical)		200,000		112,892		87,108	56.4%
Prof. Fee (Legal)		697,000		569,630		127,370	81.7%
Prof. Fee (Audit)		116,000		107,183		8,817	92.4%
Prof. Fee (Other)		55,000		4,454		50,546	8.1%
Seismic Resiliency		100,000		0		100,000	0.0%
Meetings Expense		12,000		4,800		7,200	40.0%
Telephone/Internet		45,000		34,045		10,955	75.7%
Office Rent		418,144		75,203		342,941	18.0%
Office Supplies Admin.		15,000		12,791		2,209	85.3%
Equip. and Furniture		338,000		75,001		262,999	22.2%
Bank Fees		500		167		333	33.4%
Dues & Subscriptions		30,000		27,128		2,872	90.4%
Taxes/Licenses		15,000		8,732		6,268	58.2%
Travel		10,000		6,172		3,828	61.7%
Professional Dev.		10,000		2,675		7,325	26.8%
Computer Equipment		20,000		6,517		13,483	32.6%
Software Licenses		72,000		38,407		33,593	53.3%
Postage & Delivery		1,500		1,024		476	68.3%
Printing & Repro.		3,500		905		2,595	25.8%
Insurance		251,798		127,333		124,465	50.6%
Contingency		245,000		0		245,000	0.0%
Total	\$	4,660,410	\$	2,917,916	\$	1,742,494	62.6%

Debt Service		Budget		Actual		Balance	% Expended
Bond Debt Service	\$	9,224,541		3,756,946		5,467,596	40.7%
Total	\$	9,224,541	\$	3,756,946	\$	5,467,596	40.7%

Conservation		Budget		Actual		Balance	% Expended
Salaries	\$	162,893	\$	98,604	\$	64,289	60.5%
Benefits		44,460		17,670		26,790	39.7%
Prof. Fee (Technical)		25,000		21,975		3,025	87.9%
Prof. Fee (Legal)		1,000		0		1,000	0.0%
Dues & Subscriptions		5,500		896		4,604	16.3%
Rebate Reimb. Com.		115,000		59,545		55,455	51.8%
Irrigation Audit		15,000		0		15,000	0.0%
Turf Removal Rebates		50,000		0		50,000	0.0%
Comm. and Public I		390,000		385,765		4,235	98.9%
Misc. Serv. and Sup.		38,000		33,510		4,490	88.2%
Total	\$	846,853	\$	617,966	\$	228,887	73.0%

Com. and Intergovern		Budget		Actual		Balance	% Expended
Salaries	\$	128,199	\$	96,228	\$	31,971	75.1%
Benefits		39,683		17,528		22,155	44.2%
Special Events		10,000		0		10,000	0.0%
Prof. Fee (Other)		165,000		121,444		43,556	73.6%
Sponsorships		30,000		12,950		17,050	43.2%
Comm. and Public I		280,000		38,359		241,641	13.7%
Total	\$	652,881	\$	286,510	\$	366,372	43.9%

Cascade Water Alliance
Budget to Actual Expenditure Report
January 1- August 31, 2026
67% of the year completed

Operations-General		Budget		Actual		Balance	% Expended
Wholesale Water	\$	25,648,897	\$	17,271,791	\$	8,377,106	67.3%
Salaries		76,815		22,060		54,755	28.7%
Benefits		16,767		3,945		12,821	23.5%
BIP O&M		80,000		33,411		46,589	41.8%
Pipeline Prop. O&M		90,000		402		89,598	0.4%
Total	\$	25,912,479	\$	17,331,609	\$	8,580,870	66.9%

Operations-Lake Tapps		Budget		Actual		Balance	% Expended
Salaries	\$	675,920	\$	399,497	\$	276,423	59.1%
Benefits		160,861		71,598		89,263	44.5%
Prof. Fee (Technical)		934,550		421,775		512,775	45.1%
Prof. Fee (Other)		60,000		0		60,000	0.0%
Meetings Expense		4,000		94		3,906	2.4%
Telephone/Internet		8,700		4,859		3,841	55.8%
Office Supplies		8,000		7,910		90	98.9%
Equipment & Furn.		34,000		15,761		18,239	46.4%
Taxes/Licenses		18,000		8,991		9,009	50.0%
Travel		10,000		7,927		2,073	79.3%
Professional Dev.		2,500		0		2,500	0.0%
Software Licenses		37,000		12,795		24,205	34.6%
Permitting Costs		9,500		5,014		4,486	52.8%
Misc. Serv. and Sup.		109,500		11,825		97,675	10.8%
LT Operator		3,063,598		1,543,103		1,520,494	50.4%
Unplanned O&M		100,000		55,742		44,258	55.7%
Misc. Facility Repairs		135,000		35,253		99,747	26.1%
USGS Joint Fund		420,000		147,905		272,095	35.2%
Milfoil Control		210,000		178,764		31,236	85.1%
Vendor Services		130,000		2,797		127,203	2.2%
Water Quality		50,000		0		50,000	0.0%
Dike and Roads		92,000		0		92,000	0.0%
Total	\$	6,273,129	\$	2,931,610	\$	3,341,519	46.7%

Cascade Supply Program		Budget		Actual		Balance	% Expended
Salaries	\$	267,333		158,151		109,182	59.2%
CSP Consultants		30,471		28,329		2,142	93.0%
CSP Contingency		0		0		0	#DIV/0!
Total CSP Budget	\$	297,804	\$	186,480	\$	111,324	62.6%

Total Operating Budget \$ 47,868,098 \$ 28,029,037 \$ 19,839,062 58.6%

Capital Projects (multi-yr bdgt not shown)		Budget		Actual		Balance	% Expended
Upper Conveyance	\$	1,250,000		1,056,117		193,883	84.5%
Lower Conveyance		1,550,000		105,228		1,444,772	6.8%
Equipment		75,000		0		75,000	0.0%
Facilities		100,000		0		100,000	0.0%
Bellevue-issaquah		800,000		235,844		564,156	29.5%
Tacoma Agreement		6,468,033		5,856,828		611,205	90.6%
Cascade Supply		5,481,414		1,463,582		4,017,832	26.7%
Capital Risk		50,000		0		50,000	0.0%
IT Infrastructure		35,000		0		35,000	0.0%
Total CIP Budget	\$	15,809,447	\$	8,717,600	\$	7,091,847	55.1%

Total Overall Budget \$ 63,677,545 \$ 36,746,637 26,930,909 57.7%

Cascade Water Alliance
Statement of Revenues and Expenditures
From 1/1/2026 Through 8/31/2026

Attachment 2

Operating Revenue	
Water sales	\$ 30,066,975
Administrative dues	4,366,139
Conservation program	575,040
Total Operating Revenue	<u>35,008,154</u>
Operating Expenses	
Cost of water sold	17,271,791
Salaries and benefits	3,136,542
Professional services	1,403,180
Conservation program	59,545
Depreciation and amortization	4,859,391
Communication and public information	418,899
Office expenses	413,875
Operations	1,939,199
Bank charges	167
Rent	75,203
Maintenance	273,620
Dues and subscriptions	33,143
Miscellaneous	24,197
Total Operating Expenses	<u>29,908,753</u>
Operating Income	5,099,401
Non-Operating Revenue (Expenses)	
Interest income	1,452,087
Other income	1,425,308
Interest expense, net of amount capitalized	(3,587,859)
Total Non-Operating Revenue (Expenses)	<u>(710,464)</u>
Capital Contributions	
Regional Capital Facilities Charges	4,186,499
 Increase in Net Assets	 8,575,436
 Net Assets, Beginning of Year	 179,348,460

Cascade Water Alliance
Statement of Revenues and Expenditures
From 1/1/2026 Through 8/31/2026

Net Assets, End of Year	\$	187,923,896
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Cascade Water Alliance
Statement of Net Position
As of 8/31/2026

Attachment 3

Assets

Current Assets

Cash and cash equivalents	\$ 39,834,809
Accounts receivable	6,692,273
Prepaid expenses	167,155
Total Current Assets	<u>46,694,237</u>

Capital Assets

Equipment and furniture	2,404,761
Seattle water contract	22,267,611
Bellevue Issaquah pipeline	22,556,781
Tacoma water contract	159,762,485
Capital Leases	2,437,349
Less accumulated depreciation and amortization	(81,538,797)
Total Capital Assets	<u>127,890,192</u>

Projects in process and assets not yet in service

Lake Tapps	112,612,117
Tacoma Cascade pipeline	27,639,181
Total Projects in process and assets not yet in service	<u>140,251,298</u>

Restricted cash and cash equivalents

Restricted cash and cash equivalents	24,657,143
Total Assets	<u><u>339,492,870</u></u>

Liabilities

Current liabilities

Payables and accrued liabilities	3,190,264
Retroactive water credit	1,496,436
Accrued interest	2,436,434
Long-term debt current portion	7,355,000
Total Current liabilities	<u>14,478,133</u>

Long-term Liabilities

Long-term debt	60,705,000
Tacoma contract	76,411,419
Bond premium, net of amortization	1,248,240
Total Long-term Liabilities	<u>138,364,659</u>
Total Liabilities	<u>152,842,793</u>

Net Assets

Restricted for debt service	150,384,790
Unrestricted	36,265,287
Total Net Assets	<u>186,650,077</u>

Cascade Water Alliance
Statement of Net Position
As of 8/31/2026

Total Liabilities & Net Assets

\$	339,492,870
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Consultant and Other Vendor Contract Status Summary

Attachment 4

Open contracts											
Vendor	Contract number	Contract title	Cascade manager	Effective date	End date	Status date	Percent work completed	Contract amount, including	Amount invoiced	Percent invoiced	Contract balance
Aquatechnex	1	2026 Lake Tapps Aquatic Plant Maintenance Program	P. Anderson	1/1/2026	12/31/2026	9/14/2026	95%	\$ 165,000	\$ 134,358	81%	\$ 30,642
Ballard Spahr	1	Legal Services	C. Paulucci	1/1/2026	12/31/2026	9/14/2026	95%	\$ 49,000	\$ 27,506	56%	\$ 21,494
Ben Bernstein Music	1	Podcast production	M. Brent	1/1/2026	12/31/2026	9/14/2026	0%	\$ 7,000	\$ -	0%	\$ 7,000
BHC Consulting	1	Planning & Permit Assistance	T. Richmond	1/1/2026	12/31/2026	9/14/2026	0%	\$ 45,000	\$ -	0%	\$ 45,000
Brilliant Marketing	1	We Need Water Social Media Outreach	J. Amspacher	1/1/2026	12/31/2026	9/14/2026	60%	\$ 64,000	\$ 41,088	64%	\$ 22,912
Catalyst Workplace Activation	3	Lunch tables and hotel station chairs	C. Paulucci	7/20/2026	N/A	9/14/2026	25%	\$ 11,830	\$ 5,915	50%	\$ 5,915
Clark Nuber	1	Annual Financial Audit and Quarterly AUPs	C. Paulucci	1/1/2026	N/A	9/14/2026	95%	\$ 89,200	\$ 85,801	96%	\$ 3,399
Clark Nuber	2	RCFC member process	C. Paulucci	10/1/2025	N/A	9/14/2026	80%	\$ 105,000	\$ 40,794	39%	\$ 64,206
Colehour and Cohen	1	Staffing for classes and events	J. Amspacher	1/1/2026	12/31/2026	9/14/2026	50%	\$ 117,525	\$ 87,628	75%	\$ 29,897
Confluence Engineering Group, LLC	1	Lake Tapps Supply & BIP Water Quality Advisory Services Project	H. Chen	12/1/2023	N/A	9/14/2026	80%	\$ 49,000	\$ 24,158	49%	\$ 24,842
Confluence Engineering Group, LLC	2	Joint Operations Protocol Manual	H. Chen	3/31/2026	N/A	9/14/2026	80%	\$ 49,658	\$ 8,465	17%	\$ 41,194
David Evans	1	On-call Land Surveyor	H. Chen	11/18/2022	12/31/2026	9/14/2026	45%	\$ 160,000	\$ 61,259	38%	\$ 98,741
David McGrath	1	Irrigation Program Assistance	M. Brent	1/1/2026	12/31/2026	9/14/2026	0%	\$ 20,000	\$ -	0%	\$ 20,000
EMB Consulting	1	Powerhouse Paint Condition Assessment	W. Smythe	8/13/2026	N/A	9/14/2026	10%	\$ 7,000	\$ -	0%	\$ 7,000
Environmental Science Assoc (ESA)	1	Aquatic Plant Management	P. Anderson	1/1/2026	12/31/2026	9/14/2026	90%	\$ 49,000	\$ 44,406	91%	\$ 4,594
Foster Garvey	1	Bond Counsel	C. Paulucci	7/24/2026	N/A	9/14/2026	50%	\$ 48,000	\$ -	0%	\$ 48,000
Foster Garvey	2	Disclosure Counsel	C. Paulucci	7/24/2026	N/A	9/14/2026	50%	\$ 37,000	\$ -	0%	\$ 37,000
Fluid and Motion Control Technologies, LLC	1	Valve House Preventative Maintenance	W. Smythe	3/9/2026	12/31/2026	9/14/2026	5%	\$ 45,000	\$ 2,189	5%	\$ 42,811
GeoEngineers	1	Dam Engineering/Hydrology/Geotechnical Service	H. Chen	1/3/2024	12/31/2026	9/14/2026	60%	\$ 570,000	\$ 385,549	68%	\$ 184,451
Gordon Thomas Honeywell	1	State legislative outreach	A. Bennett	1/1/2026	12/31/2026	9/14/2026	67%	\$ 84,000	\$ 56,000	67%	\$ 28,000
Hawkins Delafield & Wood	1	Procurement and contracting for a contract operator for the WRLTR project.	M. Thung	1/1/2026	12/31/2026	9/14/2026	95%	\$ 110,000	\$ 102,988	94%	\$ 7,012
Hawkins Delafield & Wood	2	Advisory and support services for Transition Plan	M. Thung	3/23/2026	N/A	9/14/2026	35%	\$ 45,000	\$ 14,446	32%	\$ 30,554
Herrera	1	On-Call Water Supply Modeling Services	M. Thung	11/4/2024	12/31/2027	9/14/2026	0%	\$ 40,000	\$ -	0%	\$ 40,000
Herrera	2	Bulkheads Study	M. Thung	6/5/2025	N/A	9/14/2026	75%	\$ 49,000	\$ 46,332	95%	\$ 2,668
HDR	1	MMD Fish Passage Design Review	H. Chen	12/1/2015	N/A	9/14/2026	99%	\$ 1,518,000	\$ 1,450,262	96%	\$ 67,738
Jennergy	1	Website Maintenance	M. Brent	1/1/2026	12/31/2026	9/14/2026	35%	\$ 25,000	\$ 15,125	61%	\$ 9,875
Johansen Construction	1	2025 Winter Weather Event Emergency Repairs	H. Chen	12/29/2025	N/A	9/14/2026	85%	\$ 20,000	\$ 8,034	40%	\$ 11,966
Johansen Construction	2	Owner's Minor Construction, Repair, and Maintenance	W. Smythe	3/5/2026	N/A	9/14/2026	0%	\$ 150,000	\$ 44,169	29%	\$ 105,831
Jon Shimada	1	On-Call Project Support Services	M. Thung	4/8/2024	12/31/2026	9/14/2026	95%	\$ 35,000	\$ 30,780	88%	\$ 4,220
Lake Tapps Construction	1	Owner's Minor Construction, Repair, and Maintenance	W. Smythe	3/3/2026	N/A	9/14/2026	0%	\$ 150,000	\$ -	0%	\$ 150,000
Langton Spieth	1	Community relations	A. Bennett	1/1/2026	12/31/2026	9/14/2026	42%	\$ 78,000	\$ 52,000	67%	\$ 26,000
Long Building Tech	1	Security Maintenance	H. Chen	1/1/2026	12/31/2026	9/14/2026	5%	\$ 78,000	\$ 34,396	44%	\$ 43,604
Nature Vision	1	Classroom Water Education	M. Brent	1/1/2026	12/31/2026	9/14/2026	50%	\$ 135,466	\$ 102,676	76%	\$ 32,790
Northwest Municipal Advisor	1	Financial Advisory Services	C. Paulucci	9/17/2025	12/31/2027	9/14/2026	0%	\$ 49,999	\$ -	0%	\$ 49,999
Pacifica Law	1	Legal Services	M. Thung	1/1/2026	12/31/2026	9/14/2026	20%	\$ 49,000	\$ 11,848	24%	\$ 37,152
Parametrix	1	On Call Civ/Mech/Structural Eng	H. Chen	1/1/2023	12/31/2026	9/14/2026	70%	\$ 650,000	\$ 452,336	70%	\$ 197,664
Parametrix	2	On-Call Electrical Engineering Svcs	H. Chen	4/7/2025	12/31/2027	9/14/2026	50%	\$ 600,000	\$ 281,824	47%	\$ 318,176
Performance Dimension Group	1	Organizational Performance Services	M. Thung	1/9/2026	12/31/2027	9/14/2026	25%	\$ 30,000	\$ 1,463	5%	\$ 28,538
Puget Sound Energy	1	Water Efficiency Rebates	M. Brent	1/1/2026	12/31/2026	9/14/2026	50%	\$ 120,000	\$ 45,383	38%	\$ 74,617
Rok Technologies, LLC	1	Implementation of GIS Cloud Migration	H. Chen	6/23/2026	6/15/2027	9/14/2026	95%	\$ 49,998	\$ 49,998	100%	\$ -
Seattle Public Utilities	1	Garden Hotline	J. Amspacher	1/1/2026	12/31/2026	9/14/2026	67%	\$ 17,620	\$ 8,810	50%	\$ 8,810
Shaffer Corp.	1	Executive Coaching	M. Thung	6/18/2026	12/31/2026	9/14/2026	0%	\$ 10,000	\$ -	0%	\$ 10,000

SMC Consulting	1	Water Efficiency Consultant	M. Brent	1/1/2026	12/31/2026	9/14/2026	75%	\$ 31,000	\$ 21,975	71%	\$ 9,025
Stantec	1	BIP Relocation at Lewis Creek	W. Smythe	8/27/2025	N/A	9/14/2026	85%	\$ 283,684	\$ 279,837	99%	\$ 3,847
Stantec	2	CSP - Program and Engineering Support	B. Bartle	11/4/2025	N/A	9/14/2026	35%	\$ 4,179,956	\$ 1,473,152	35%	\$ 2,706,804
Stantec	3	CMMS Evaluation Support	M. Thung	3/9/2026	N/A	9/14/2026	80%	\$ 49,500	\$ 39,084	79%	\$ 10,416
Sustainable Seattle	1	Problem-Based Learning for Water Systems	J. Amspacher	1/1/2026	12/31/2026	9/14/2026	15%	\$ 60,000	\$ 30,632	51%	\$ 29,368
Tacoma-Pierce County	1	LakeWise Program at Lake Tapps	A. Bennett	1/1/2026	12/31/2026	9/14/2026	17%	\$ 140,000	\$ 25,010	18%	\$ 114,990
TeamLogic IT	1	Info Technology Consulting	C. Paulucci	1/1/2026	12/31/2026	9/14/2026	38%	\$ 148,840	\$ 99,259	67%	\$ 49,581
TechniArt	1	Conservation Website Order page	M. Brent	1/1/2026	12/31/2026	9/14/2026	15%	\$ 17,000	\$ 2,035	12%	\$ 14,965
Terese Richmond LLC	1	On-Call Strategy, Policy and Program Support Services	M. Thung	6/9/2025	12/31/2026	9/14/2026	10%	\$ 45,750	\$ 4,479	10%	\$ 41,271
Tetra Tech	1	AWIA 2025-2026 Updates	M. Thung	12/9/2024	12/31/2026	9/14/2026	45%	\$ 350,000	\$ 186,954	53%	\$ 163,046
Tilth Association	1	Garden Water Efficiency	M. Brent	1/1/2026	12/31/2026	9/14/2026	48%	\$ 65,000	\$ 38,236	59%	\$ 26,764
TITAN Earthwork	1	Owner's Minor Construction, Repair, and Maintenance	H. Chen	4/1/2026	12/31/2026	9/14/2026	0%	\$ 150,000	\$ 63,485	42%	\$ 86,515
Transpo Group	1	On-Call GIS Support	H. Chen	1/1/2026	12/31/2026	9/14/2026	38%	\$ 49,500	\$ 27,919	56%	\$ 21,581
Upstream PBC	2	HydroForecast Subscription Service	M. Thung	10/1/2024	9/30/2026	9/14/2026	75%	\$ 49,350	\$ 30,198	61%	\$ 19,152
USGS	1	Joint Funding Agree-Streamgaging	H. Chen	1/1/2026	12/31/2026	9/14/2026	67%	\$ 352,000	\$ 147,905	42%	\$ 204,095
Vanir Construction Management, Inc.	1	On-call Construction Management	J. Shimada	5/1/2021	N/A	9/14/2026	85%	\$ 790,000	\$ 670,387	85%	\$ 119,613
VanNess Feldman	1	General Counsel	R. Hoffman	1/1/2026	12/31/2026	9/14/2026	67%	\$ 900,000	\$ 532,382	59%	\$ 367,618
Veolia	1	White River-Lake Tapps Reservoir Project Operations and Maintenance Agreement \$2,430,226 fixed, \$50,000 variable, \$12,385 bond	H. Chen	1/1/2026	12/31/2026	9/14/2026	67%	\$ 2,492,611	\$ 1,702,768	68%	\$ 789,843

Closed Contracts												
Vendor	Closed contract number	Contract title	Cascade manager	Effective Date	End date	Status date	Percent work completed	Contract amount, including amendments	Amount invoiced	Percent invoiced	Contract balance	
Marketplace Events	1	Northwest Flower and Garden Show	J. Amspacher	11/17/2025	12/31/2026	9/14/2026	100%	\$ 20,000	\$ 20,000	100%	\$ -	
Catalyst Workplace Activation	1	Additional Workstations & Private Office	C. Paulucci	4/9/2026	N/A	9/14/2026	100%	\$ 42,577	\$ 42,568	100%	\$ 9	
Catalyst Workplace Activation	2	2 Standing Desks	C. Paulucci	6/4/2026	N/A	9/14/2026	100%	\$ 3,685	\$ 3,685	100%	\$ 0	
Confluence Engineering Group, LLC	2	Water Quality Blending Study	M. Thung	12/5/2004	N/A	9/14/2026	100%	\$ 230,000	\$ 229,918	100%	\$ 82	
Sunbreak Talent	1	Recruitment assistance	M. Thung	3/27/2025	N/A	9/14/2026	100%	\$ 6,000	\$ 4,910	82%	\$ 1,090	

Payment Authorization Warrants and Wire Transfers 9/23/26

Attachment 5

WHOLESALE WATER

WIRE	Seattle Contract Payment 8/26	\$3,731,305.00
WIRE	Seattle Contract Payment 9/26	\$3,233,798.00
33486	Tacoma Public Utilities	\$50,933.70
33561	Tacoma Public Utilities	<u>\$50,933.70</u>
		\$7,066,970.40

CONSULTANTS

33445	Ballard Spahr LLP	\$998.20
33454	Confluence Engineering Group, LLC	\$8,464.50
33463	GeoEngineers	\$7,960.50
33464	Inslee, Best, Doezie & Ryder	\$56.00
33482	Stantec Consulting Services Inc. (SCSI)	\$445.55
33483	State Auditor's Office	\$1,650.87
33485	Tacoma Pierce County Health Department	\$5,082.04
33487	TeamLogic IT of Bellevue, WA	\$12,002.95
33488	Tetra Tech	\$3,515.83
33492	Van Ness Feldman, LLP	\$33,362.50
33502	GeoEngineers	\$15,733.91
33503	Herrera	\$783.25
33507	ROK TECHNOLOGIES LLC	\$49,998.00
33551	Environmental Science Associates (ESA)	\$15,384.49
33553	Herrera	\$2,954.91
33564	Van Ness Feldman, LLP	\$34,614.00
33518	Environmental Science Associates (ESA)	\$13,202.21
33522	Gordon Thomas Honeywell Govern. Affairs	\$7,000.00
33533	TeamLogic IT of Bellevue, WA	\$10,899.83
33534	Tetra Tech	\$9,822.55
33570	Pacific Law Group	\$9,450.00
33572	State Auditor's Office	\$2,624.46
33585	Parametrix	\$10,046.10
33588	Upstream Tech	\$30,197.93
33592	City of Seattle	\$54,884.31
33593	Clark Nuber P.S.	\$23,688.00
33599	Gordon Thomas Honeywell Govern. Affairs	\$7,000.00
33602	Langton Public Affairs LLC	\$6,500.00
33610	Stantec Consulting Services Inc. (SCSI)	\$282.67
33611	Tacoma Pierce County Health Department	\$6,549.20
33612	Transpo Group	<u>\$9,036.74</u>
		\$394,191.50

SALARY, BENEFITS AND EXPENSE REIMBURSEMENTS

	Payroll (July)	\$236,545.17
	Payroll (August)	\$264,156.21
33442	AWC Employee Benefit Trust	\$35,445.16
33458	Paula Anderson	\$397.04
33459	Christopher N. Paulucci	\$1,991.87
33460	Colleen Petilla	\$62.32
33461	Melina Thung	\$66.30
33468	LPL Financial	\$1,500.00
33495	MissionSquare-107080	\$67,799.31
33496	MissionSquare-304525	\$25,441.18
33500	Brian Bartle	\$778.77
33501	Colleen Petilla	\$273.43
33504	HRA VEDA Trust	\$3,168.00
33548	David Chalmers	\$270.36
33549	Joseph Mickelson	\$392.98
33550	Cody Nelson	\$270.36
33566	AWC Employee Benefit Trust	\$38,296.60
33575	MissionSquare-107080	\$72,322.40
33576	MissionSquare-304525	\$24,721.07
33580	Paula Anderson	\$170.54
33581	Employment Security Department	\$104.98
33582	HRA VEDA Trust	\$3,564.00
33597	Will Smythe	\$493.12
33600	Inslee, Best, Doezie & Ryder	<u>\$1,734.00</u>
		\$779,965.17

SOFTWARE AND EQUIPMENT

33505	Kelley Create	\$27,158.63
33512	Catalyst Workplace Activation	\$5,915.12
33520	Environmental Systems Research Inst.	\$12,794.80
33578	Catalyst Workplace Activation	<u>\$725.03</u>
		\$46,593.58

GENERAL

33440	Association of Metropolitan Water Agencies	\$3,600.00
33443	AT&T FirstNet	\$756.78
33446	Bellevue Gateway One Equities, LLC	\$34,794.34
33448	Cintas Corporation	\$501.29
33449	CIT	\$1,745.61
33452	Comcast	\$606.31
33453	Comcast	\$2,069.15
33462	Employment Security Department	\$221.74
33469	Lumen	\$230.80
33471	Pacific Office Automation Inc.	\$287.83
33472	Pacific Office Automation	\$1,111.25
33473	Pacific Office Automation	\$316.88
33478	Sammamish Chamber of Commerce	\$375.00
33481	spot-on print & design	\$16.53
33490	U.S. BANK	\$4,760.89
33491	Utilities Underground Location Center	\$26.22
33494	Washington State Department of Revenue	\$492.16
33497	City of Bellevue	\$3,656.86
33555	Lakemont Business Services Inc.	\$570.00
33560	spot-on print & design	\$190.05
33562	U.S. BANK	\$6,691.44
33563	Utilities Underground Location Center	\$33.12
33511	Auburn Area Chamber of Commerce	\$300.00
33514	CIT	\$3,603.51
33515	CLEARFLY	\$1,115.36
33516	Comcast	\$616.75
33517	Covington Water District	\$100.44
33521	Marcello Whitehead/Fxpromowear	\$891.01
33527	Lumen	\$115.40
33528	Pacific Office Automation Inc.	\$122.98
33529	Pacific Office Automation	\$862.05
33567	AT&T FirstNet	\$864.62
33568	Comcast	\$2,069.15
33571	Pacific Office Automation	\$316.88
33577	Bellevue Gateway One Equities, LLC	\$34,794.34
33579	Cintas Corporation	\$15.32
33586	Staples Advantage	\$376.15
33594	CLEARFLY	\$1,115.28
33596	Comcast	\$606.33
33598	EUCI	\$995.00
33605	Pacific Office Automation	\$363.66
33607	Sammamish Plateau Water & Sewer Distric	\$22,315.57
33609	spot-on print & design	\$333.87
33613	Utilities Underground Location Center	<u>\$24.84</u>
		\$134,972.76

CONSERVATION

33447	BRILLIANT MARKETING LLC	\$4,144.61
33450	City of Seattle	\$8,810.00
33451	Colehour & Cohen	\$10,243.13
33465	Jennergy	\$1,680.56
33474	Puget Sound Energy	\$122.10
33475	Puget Sound Energy	\$32,795.63
33476	Resource innovations, Inc.	\$715.83
33479	Tilth Alliance	\$7,735.00
33480	SMC Consulting LLC	\$2,550.00
33484	Sustainable Seattle dba Sustainability Amb	\$4,986.00
33506	Nature Vision, Inc.	\$1,962.70
33544	BRILLIANT MARKETING LLC	\$4,385.59
33546	Colehour & Cohen	\$9,165.77
33557	Marianne Binetti	\$1,239.90
33558	Resource innovations, Inc.	\$662.75
33510	Access Telephone Solutions, Inc.	\$972.58
33519	Erica Browne Grivas	\$350.00
33524	Jennergy	\$1,680.56
33525	Langton Public Affairs LLC	\$6,500.00
33526	Lisa Taylor	\$1,985.40
33531	Puget Sound Energy	\$2,200.00
33532	SMC Consulting LLC	\$2,775.00
33569	Erica Browne Grivas	\$375.00
33583	King County	\$14,162.23
33587	Sustainable Seattle dba Sustainability Amb	\$8,462.50
33595	Colehour & Cohen	\$5,320.50
33604	Nature Vision, Inc.	\$263.62
33608	SMC Consulting LLC	<u>\$2,400.00</u>
		\$138,646.96

LAKE TAPPS

33441	AquaTechnex	\$45,888.17
33444	Automated Equipment Company, Inc	\$734.09
33455	D. M. Recycling Co.	\$178.00
33456	Department of Labor and Industries	\$27.50
33457	US Geological Survey (USGS)	\$73,952.50
33466	Linde Gas & Equipment Inc.	\$808.63
33467	LONG Building Technologies, Inc.	\$30,189.11
33470	North Coast Electric Company	\$2,184.24
33477	Robblee's Total Security, Inc.	\$622.94
33489	TITAN Earthwork	\$63,484.74
33493	Veolia Water North America	\$231,344.35
33498	Cintas Corporation	\$15.32
33499	Department of Ecology	\$565.00
33545	Cintas Corporation	\$275.38
33547	D. M. Recycling Co.	\$715.56
33552	Fluid and Motion Control Tech	\$2,188.90
33554	Johansen Construction Company, In	\$5,561.14
33556	Linde Gas & Equipment Inc.	\$784.76
33559	Robblee's Total Security, Inc.	\$258.17
33513	Cintas Corporation	\$143.39
33523	Heidelberg Materials	\$453.90
33530	Puget Sound Energy	\$227.53
33565	AquaTechnex	\$86,242.05
33573	Veolia Water North America	\$205,822.28
33584	North Coast Electric Company	\$2,132.35
33591	Cintas Corporation	\$448.62
33601	Johansen Construction Company, In	\$38,113.88
33603	LONG Building Technologies, Inc.	\$300.00
33606	Salish Sea Tree Care and Consulting	\$2,794.80
33614	Veolia Water North America	<u>\$224,590.77</u>
		\$1,021,048.07

CONSTRUCTION

33437	HDR	\$9,854.77
33438	Stantec Consulting Services Inc. (SC	\$187,846.61
33439	Van Ness Feldman, LLP	\$4,785.00
33508	HDR	\$6,844.18
33509	Stantec Consulting Services Inc. (SC	\$14,953.25
33535	Van Ness Feldman, LLP	\$18,424.00
33574	Parametrix	\$1,270.88
33589	HDR	\$2,621.55
33590	Stantec Consulting Services Inc. (SC	<u>\$291,436.59</u>
		\$538,036.83

DESTROYED AND VOIDED CHECKS:

Total Warrants	\$3,155,322.27
Total Wires	\$6,965,103.00
Total warrants/wire transfers authorized for September 2026	<u>\$10,120,425.27</u>

Approved: _____ Date: _____
Andy Baker, Economist

Approved: _____ Date: _____
Dave Hamilton, Secretary/Treasurer

**Cascade Water Alliance
Monthly Treasurer's Report
August 2026**

	Operating Fund	Construction Fund	Bond Fund	RCFC Fund	Water Supply Development Fund	Rate Stabilization Fund	US Bank Payroll Account	All Funds
Beginning Balances, August 1	\$ 20,499,467	\$ 13,965,978	\$ 11,040,401	\$-	\$ 18,229,308	\$ 2,635,984	\$ -	\$ 66,371,138
Additions:								
Cash received	\$ 7,687,657	\$ 44,508	\$ 20,894	\$-	\$ 68,898	\$ 9,448	\$ -	\$ 7,831,405
Transfers from other Cascade funds	\$ -	\$ 1,057,814	\$ 753,003	\$-	\$ -	\$ -	\$ 264,546	\$ 2,075,363
Total additions	\$ 7,687,657	\$ 1,102,322	\$ 773,897	\$-	\$ 68,898	\$ 9,448	\$ 264,546	\$ 9,906,768
Subtractions:								
Bank fees, payroll, and bond payments	\$ 1,835	\$ 879	\$ 1,192	\$-	\$ 1,300	\$ 187	\$ 264,546	\$ 269,937
Warrants paid	\$ 852,470	\$ 40,221	\$ -	\$-	\$ -	\$ -	\$ -	\$ 892,691
Wire and other electronic payments	\$ -	\$ -	\$ -	\$-	\$ -	\$ -	\$ -	\$ -
King Co. Investment Pool impairment (realized)	\$ -	\$ -	\$ -	\$-	\$ -	\$ -	\$ -	\$ -
King Co. Investment Pool impairment (retained)	\$ -	\$ -	\$ -	\$-	\$ -	\$ -	\$ -	\$ -
Transfers to other Cascade funds	\$ 2,075,363	\$ -	\$ -	\$-	\$ -	\$ -	\$ -	\$ 2,075,363
Total subtractions	\$ 2,929,668	\$ 41,100	\$ 1,192	\$-	\$ 1,300	\$ 187	\$ 264,546	\$ 3,237,991
Ending Balances, August 31, 2026	\$ 25,257,456	\$ 15,027,200	\$ 11,813,106	\$-	\$ 18,296,906	\$ 2,645,245	\$ -	\$ 73,039,914



Revised 2026 Cascade Board Meeting Calendar

Updated 9/14/2026

August 2026 (Board Recess)
• Member staff review of draft Preliminary Official Statement (POS) ◦ Draft POS to be distributed to Member staff by August 5; comments due August 18 • Member staff review of final draft Capital Funding Plan ◦ Final Draft Capital Funding Plan to be distributed to Board and Member staff July 31; comments due September 1 • Member staff workshop on draft Board Oversight Plan ◦ Revised Board Oversight Plan to be distributed to Member staff by August 20 for discussion at workshop; comments due September 30
September 23, 2026
• Capital Funding Plan: Resolution adopting Plan – Action ◦ Final Capital Funding Plan in FIG and Board packets • Resolution adopting O&M and CIP budget – Action • Resolution adopting rates & RCFC – Action • Resolution amending fund name and other finance code revisions – Action • Bond Issuance approval – Action • CSP: Land Acquisition Strategy – Presentation ◦ Draft Land Acquisition Strategy in SPOC and Board packets; comments due September 30
October 28, 2026
• White River – Lake Tapps Reservoir Contract Operator Contract approval – Action • CSP: Revised Board Oversight Plan – Presentation ◦ Revised Board Oversight Plan in SPOC and Board packets • CSP: Land Acquisition Strategy – Action ◦ Final Land Acquisition Strategy in SPOC and Board packets • Annual contracts renewal approval – Action
November 16, 2026
• 2027 Legislative Agenda – Presentation • CSP: Final Board Oversight Plan - Action • CSP: 2027 MSA Budget approval – Action • Website Redesign and Maintenance Contract approval - Action • CSP: Communications and Outreach Strategy – Presentation ◦ Draft Communication and Outreach Strategy in SPOC, FIG, and Board packets; comments due November 20 • CSP: Permitting Strategy – Presentation to SPOC ◦ Permitting Strategy in Member staff and SPOC packets
December 9, 2026
• 2027 Legislative Agenda adoption – Action • CSP: Communications and Outreach Plan – Action ◦ Final Communication and Outreach Plan in SPOC and Board packets

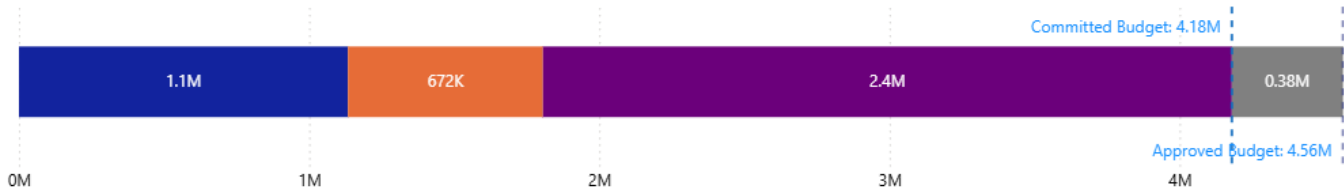


September CSP Status Update

Financials (through 08/31/2026)

Program Engineering Support (PES) Contract

● Total Spent to Date ● Accrued as of 8/31/26 ● Remaining Committed ● Remaining Uncommitted



Board Authorized Amount: \$4,563,000

Amount committed in current Work Assignments: \$4,180,000

Work Assignment 001: 99% Spent (with accrued) – Forecasted finish: May 2026 – Closed

Work Assignment 002: 99% Spent (with accrued) – Forecasted finish: June 2026 – Closed

Work Assignment 003: 04% Spent (with accrued) – Forecasted finish: December 2026 - Active

Schedule

3-Month Anticipated Board Engagement Lookahead

3-month Look Ahead Anticipated CSP Board Engagement (2026)

		October	November	December
Phase I Transmission				
Task 1	Consultant Project Management (PES)	◆ Board Oversight Strategy	◆ Approval of Bond ◆ Board Oversight Strategy	
Task 2	Program Support (PES)		◆ 2027 MSA* Budget/ Work Plan	◆ Phase I Tank and Route Alternatives
Task 3	Planning			
Task 4	Right-of-Way	◆ Delegation of Acquisition Authority		
Task 5	Permitting			
Task 6	Communications & Outreach		◆ Communications and Outreach Strategy	◆ Communications and Outreach Strategy
Task 7	Design Support			

Legend

◆ Anticipated Board Actions/Directions

◆ Presentation

Program & Engineering Support Contract (PES)

Design & Engineering Contract (DES)

Construction Contract (CON)

*Master Services Agreement

3-Month Activity Lookahead

- **CSP Team:**
 - Program management:
 - Develop opportunities register and draft Opportunities Realization Plan and user manual
 - Continue populating risk register; develop documentation and reporting method for mitigation measures
 - Internal review and discussion on draft CSP Partnership Policy
 - Program Management Plan chapter draft development and reviews
 - Board Oversight Strategy revision with Member staff feedback
 - Continue refining program schedule, defining program and project milestones
 - Draft and present Land Acquisition Strategy with proposed delegation of acquisition authority
 - Draft Regulatory Requirements and Permit Acquisition Strategy
 - Begin early regulatory agency outreach and initiate outreach with Tribes
 - Draft Communications and Outreach Strategy
 - Alternatives analysis:
 - Identify potential corridors and tank sites
 - Begin ROW and Permitting evaluations of potential corridors and tank sites
 - Develop comparison framework for presentation of corridor and tank alternatives including Board Criteria
 - Confirm hydraulic compatibilities of potential corridor and tank sites
 - Begin drafting Alternative Analysis Report Part 1 documenting alternatives analysis process completed this year
 - Continue developing Design Standards and Guidelines, Design Criteria and other design support documentation
- **Upcoming Board Actions and Discussions:**
 - Delegation of Acquisition Authority (Land Acquisition Strategy; Action, October)
 - Revised Board Oversight Strategy (Presentation, October; Direction, November)
 - Bond Approval (Action, November)
 - 2027 MSA Budget/Work Plan (Presentation and Action, November)
 - Phase I Tank and Route Alternatives (Presentation, December)
 - Communications and Outreach Strategy (Presentation, November; Action, December)

Accomplishments

- Held Board Oversight Strategy workshop with Member Staff
- Hired Communications and Outreach Manager position; the new team member started in late July
- Held risk register workshop with Task leads and subject matter experts
- Continued alternatives analysis to help identify tank sites and pipeline corridors with input from MST and MS
- Continued developing tools for program management
 - Development of risk register and Issues, Decisions, Actions and Changes log
 - Schedule analysis and adjustments based on clarified scope definition
 - Implemented the strategy to develop the Program Management Plan documentation

The Program risk register has expanded to 73 preliminary risks. Staff held a risk identification and review workshop in August to review risks that are currently being collected as well as the procedure for risk management planning which is still in development. Over the next three months, staff will build out the Program opportunity register and Opportunities Realization Plan.

Below is the risk matrix showing the total number of risks and opportunities within each ranking: High (probable), Medium (possible), Low (rare).

Legend			
Risk		Opportunity	
26	High	0	High
30	Medium	1	Medium
17	Low	0	Low

		High (Probable)
		Medium (Possible)
		Low (Rare)



MEETING MINUTES OF THE
BOARD OF DIRECTORS
VIA HYBRID
JULY 22, 2026

1. CALL TO ORDER

At 3:32 p.m. Chair Birney called the meeting to order.

2. ROLL CALL

Board Members Present: City of Bellevue (Hamilton), City of Issaquah (Mullet), City of Kirkland (Pascal), City of Redmond (Birney), Skyway Water and Sewer District (Ault), City of Tukwila (McLeod)

Board Members Absent: Sammamish Plateau Water & Sewer District (Warren)

Board Alternates Present: City of Bellevue (Bhargava), City of Kirkland (Curtis), Sammamish Plateau Water & Sewer District (Hooshangi)

3. PUBLIC COMMENT

None.

4. EXECUTIVE SESSION

None.

5. APPROVAL OF AGENDA

Motion by Mr. Hamilton and second by Mr. McLeod to approve the meeting agenda as presented. Motion carried unanimously (7-0).

6. CHIEF EXECUTIVE OFFICER REPORT

John Taylor reviewed the Chief Executive Officer's Report that was included in the Board Packet and responded to questions from Board Members.

7. CONSENT ITEMS

- A. Board Meeting Minutes for June 24, 2026.
- B. Motion to adopt Resolution No. 2026-10, authorizing a two-year extension of the independent supply production waiver.

Motion by Mr. Hamilton and second by Mr. Mullet to approve Consent Action Items A-B as presented. Motion carried unanimously (7-0).

8. OTHER ACTION ITEMS

- A. Motion to adopt Resolution No. 2026-11A, authorizing the Chief Executive Officer to make declarations of official intent to reimburse capital expenditures from proceeds of future borrowing.

Andy Baker, Economist, presented two options for making declarations of official intent to reimburse capital expenditures from future bond proceeds. He explained that because capital expenditures were occurring more frequently, requiring Board approval for each reimbursement declaration would create unnecessary administrative burden. Staff recommended authorizing the Chief Executive Officer to make future declarations while providing written notification to the Board within thirty days.

Finance & Intergovernmental Committee members reported that the committee unanimously supported the recommendation after requesting the additional written reporting requirement. Board Members discussed the importance of maintaining oversight while allowing staff to administer routine procedural actions more efficiently. Staff emphasized that the authorization would not permit expenditures beyond those already approved by the Board and could be rescinded by the Board at any time.

Motion by Mr. McLeod and second by Mr. Ault to adopt Resolution No. 2026-11A, authorizing the Chief Executive Officer to make declarations of official intent to reimburse capital expenditures from proceeds of future borrowing. Motion carried unanimously (7-0).

- B. Motion to adopt Resolution No. 2026-12, authorizing transfer of \$1,816,460 to the Cascade Water Supply Development Fund for 2026.

Mr. Baker presented the proposed annual transfer to the Cascade Water Supply Development Fund (WSDF) and the required biennial report on the fund. He explained that the recommended transfer of \$1,816,460 consisted of budgeted contributions and shared benefits resulting primarily from operational savings. He also reviewed the current status of the fund, noting that Cascade was transitioning from accumulating reserves toward utilizing the fund to support future supply development activities.

Committee members reported that the Finance & Intergovernmental Committee unanimously recommended approval of the transfer. Board Members discussed the role of the WSDF in supporting long-term financial stability and preparing for future capital expenditures.

Motion by Mr. McLeod and second by Mr. Pascal to adopt Resolution No. 2026-12, authorizing transfer of \$1,816,460 to the Cascade Water Supply Development Fund for

2026. Motion carried unanimously (7-0).

9. STAFF PRESENTATIONS

A. Cascade Supply Program Quarterly Update

Staff presented the first quarterly Cascade Supply Program update, providing an overview of progress on program planning, cost, schedule, communications, permitting, real estate, design, and construction readiness. Staff explained that future monthly updates would focus on recent accomplishments, while quarterly updates would provide a broader look ahead at upcoming activities and Board decisions.

Board Members expressed appreciation for the new reporting format and discussed ways to improve future presentations. Members requested a high-level "blueprint" illustrating the overall program process and timing of major decisions. They also requested clearer descriptions of upcoming policy documents, including their intended purpose, expected content, and how each document would guide future Board actions.

Board Members further discussed the importance of documenting comments received from Member agencies. Several Board Members recommended creating a standardized comment tracking matrix showing each comment received, staff's response, and any resulting revisions.

Another suggestion was to include a frequently asked questions section in major policy documents to summarize recurring issues and staff responses.

Staff agreed with the recommendations and indicated they would continue refining the reporting process and document formats before bringing future policy documents to the Board.

B. Draft Final Budget, Rates, and Regional Capital Facilities Charges

Mr. Baker presented the draft final 2027–2028 operating and capital budgets, proposed wholesale water rates, and Regional Capital Facilities Charges. He reported that although Seattle Public Utilities had recently notified Cascade of substantially higher purchased water operating costs than previously anticipated, staff had developed a strategy that would allow Cascade to maintain the proposed 9.5 percent rate increases without affecting the 2027 or 2028 budgets. He explained Seattle had agreed to defer implementation of the higher operating costs until 2028 while staff completed additional financial analysis.

Board Members expressed concern regarding the timing of Seattle Public Utilities' notification, noting the information was received late in Cascade's budget development process. Members emphasized the importance of improving communication and coordination with Seattle Public Utilities to provide greater certainty during future budget development.

The Board also discussed the importance of incorporating lessons learned into Cascade's developing relationship with Tacoma Public Utilities and establishing clear communication expectations with wholesale partners. Staff indicated they intended to work with Seattle on improving communication protocols and would also incorporate similar expectations into future agreements with Tacoma.

C. Capital Funding Plan Update

Mr. Baker provided an update on the Capital Funding Plan and summarized the extensive outreach conducted with Member agencies, committees, and elected officials. He reviewed several recurring themes from stakeholder feedback, including support for maintaining financial flexibility, limiting long-term reliance on debt, continuing to update the plan as project information becomes more certain, and presenting increasingly simplified materials as planning progresses.

Staff also addressed questions regarding the plan's assumption that Cascade would receive WIFIA financing. Mr. Baker explained the recommended funding strategy intentionally reflected pursuit of federal financing while also maintaining a financially sustainable alternative should that funding not materialize. He noted that staff would continue pursuing additional grant opportunities throughout project development, although those funding sources were not expected to substantially alter the overall financial outlook.

Board Members discussed the importance of balancing conservative financial planning with maintaining eligibility for outside funding opportunities. Board Members also encouraged staff to continue simplifying future presentations and clearly identify key policy decisions for Board consideration as the program advances. They also encouraged staff to continue simplifying technical materials and clearly communicating assumptions as the project advances.

10. COMMITTEE REPORTS

- A. Executive Committee – No meetings held since the last Board meeting.
- B. Finance & Intergovernmental Committee – Meeting held July 21, 2026 (The meeting recap is to be included in the next Board Packet).
- C. Resource Management Committee – Meeting held July 9, 2026. The meeting recap was included in the Board Packet.
- D. Supply Program Oversight Committee – Meeting held July 8, 2026. The meeting recap was included in the Board Packet.

11. NEW BUSINESS

No new business was brought before the Board.

12. NEXT REGULAR MEETING

Chair Birney noted that the next regular Board meeting was scheduled for August 26, 2026; however, there were no items requiring Board action.

Motion by Mr. McLeod and second by Mr. Hamilton to cancel the August Board and Committee meetings. Motion carried unanimously (7-0).

The next regularly scheduled Board meeting will be held on September 23, 2026 at 3:30 p.m.

13. ADJOURN

The meeting adjourned at 4:59 p.m.

APPROVED BY:

Angela Birney, Chair

Tom McLeod, Vice-Chair

AGENDA MEMORANDUM

PROPOSED BOARD ACTION

Motion to authorize the Chief Executive Officer to execute an agreement for up to \$100,000 with Northwest Municipal Advisors to serve as financial advisors for the upcoming bond issuance.

SUMMARY OF CURRENT PROPOSED BOARD ACTION

This action is necessary for Northwest Municipal Advisors (NWMA) to support the execution of the bond issuance. The current financial advisor contract that Cascade has with NWMA does not include the scope or compensation to execute a bond issuance. This cost will be included and paid through the bond issuance.

BACKGROUND

Northwest Municipal Advisors (NWMA) have served as Cascade Water Alliance's (Cascade) financial advisors for every public bond issue, and they are currently supporting Cascade in the planning of the upcoming bond issuance. When Cascade executed the last contract with NWMA, a bond issuance was not anticipated and was excluded from the contract.

Cascade has had ready access to advice, support, and service through the planning stages and requires this contract for support in the execution of the bond issue.

With a documented financial advisor, the financial market is constrained from marketing Cascade staff directly, reducing interruptions and workload. NWMA has provided continued support, initiated periodic check-ins, and advised on alternate approaches that could be advantageous to Cascade. During the bond sale process, they provide thorough support, integrate with bond counsel, and keep Cascade staff well informed of status and market conditions.

PRIOR BOARD ACTION

Board Action	Date	Resolution No. (if Applicable)
<u>Motion to authorize the Chief Executive Officer to execute an agreement for up to \$100,000 with Northwest Municipal Advisors to serve as financial advisors for a three-year period with an optional two-year extension.</u>	02/26/2020	N/A

OTHER OPTIONS AND ANTICIPATED RESULTS IF THE BOARD DOES NOT APPROVE THIS ACTION

Without a financial advisor, Cascade would not be able to execute a bond issuance.

PROCUREMENT PROCESS

The professionals of Northwest Municipal Advisors have served as Cascade's financial advisors for every public bond issue, including the highly successful 2016, 2019 and 2020 refunding issues, and have been assisting Cascade with the planning of the upcoming bond issuance.

FISCAL IMPACT

The contract will have a contract limit of \$100,000. In the past, payment has only been due as part of a debt transaction, and this cost has been included in the issuance costs. Ongoing support has been provided without any direct billing, although authorized by the contract. The actual cost depends on the size of the issue.

- For bond proceeds up to \$20 million, \$1.25 per \$1,000 of bond proceeds, with a minimum fee of \$20,000.
- For bond proceeds over \$20 million and up to \$50 million, \$25,000 plus \$1.00 per \$1,000 of the bond proceeds over \$20 million.
- For bond proceeds over \$50 million to \$100 million, \$55,000 plus \$0.50 per \$1,000 of the bond proceeds over \$50 million.
- For bond proceeds over \$100 million to \$200 million, \$80,000 plus \$0.25 per \$1,000 of the bond proceeds over \$100 million.

Budget Line	2026 Budget*	Spent and Committed to Date	Available 2026 Budget	This Action (est.)	2026 Remaining Balance
Prof. Fee (Other)-24	\$110,000	\$2,954	\$107,046	\$100,000	\$7,046

*Includes a transfer from contingency.

RECOMMENDED ACTION

Authorize the Chief Executive Officer to execute an agreement for up to \$100,000 with Northwest Municipal Advisors to serve as financial advisors for the upcoming bond issuance.

ATTACHMENTS

None

AGENDA MEMORANDUM

PROPOSED BOARD ACTION

Motion to authorize the Chief Executive Officer to amend the On-Call Civil, Mechanical, and Structural Engineering Agreement with Parametrix, Inc. to extend the contract Term through December 31, 2027, amend the scope of services, and increase the contract amount by up to \$330,000, for a total contract maximum of \$980,000.

SUMMARY OF CURRENT PROPOSED BOARD ACTION

If authorized, this Amendment 4 would extend the contract Term through December 31, 2027, amend the scope of services to add fish biology support, and increase the total contract amount by up to \$330,000 for task orders that include, but may not be limited to, the tunnel intake design documents, construction support for the tunnel intake project, ongoing engineering, permitting, and fish consultation for the 6-foot valve and fish screens.

BACKGROUND

Cascade relies on the services of consultants to supplement its limited staff. There are a variety of miscellaneous civil, structural, and mechanical engineering services that Cascade requires on an ongoing basis, often with quick turnaround times, to assess asset failures and provide ongoing support for asset maintenance and operations, replacement, rehabilitation, and project delivery.

The Board authorized a three-year agreement with Parametrix to perform these services in the amount of \$550,000 from January 1, 2023 through December 31, 2025 with the option for two additional one-year contracts.

The contract has been amended three times to date.

- The CEO authorized Amendment 1 to add JJones & Associates, LLC as an approved subcontractor.
- The CEO authorized Amendment 2 to add electrical engineering and Controls services to address an emergency declaration related to the existing supervisory control and data acquisition (SCADA) system.
- The Board authorized Amendment 3 to exercise one of the two optional one-year contracts, which extended the contract Term by one year through December 31, 2026 and increased the total contract amount to \$650,000.

Next Steps

Cascade staff anticipates near-term issuance of the following Task Orders under Parametrix's current on-call agreement for several projects:

- 1) Complete design for the tunnel intake project
- 2) Provide construction services support for the tunnel intake project

- 3) Engineering support for the 6-foot valve
- 4) Value engineering participation for lower conveyance
- 5) Fish screen electrification
- 6) Development review engineering support, as needed
- 7) Miscellaneous engineering support

In addition, Cascade anticipates the need for services of a fish biologist in conjunction with some of the task orders. Parametrix has an in-house fish biologist who could support this need, which requires an amendment to the current scope of services.

This item is being brought to the September 10, 2026 Resource Management Committee meeting.

PRIOR BOARD ACTIONS

Board Action	Date	Resolution No. (if Applicable)
<u>Motion to authorize the Chief Executive Officer to execute a three-year contract with the highest-rated firm (Parametrix, Inc.) to provide On-Call Civil, Structural, and Mechanical Engineering Services in an amount not to exceed \$550,000.</u>	11/16/2022	N/A
<u>Motion to authorize the Chief Executive Officer to renew contracts for engineering, vendor, and consulting services, totaling \$2,552,831 and in accordance with the adopted 2025 - 2026 Cascade budget (Parametrix's line item amounted to \$100,000).</u>	11/19/2025	N/A

OTHER OPTIONS AND ANTICIPATED RESULTS IF THE BOARD DOES NOT APPROVE THIS ACTION

If the Board does not authorize the Chief Executive Officer to amend the Parametrix contract, Cascade will need to issue a new Request for Qualifications to procure engineering services for the tunnel intake design. This will delay the tunnel intake project, and Cascade will not meet the 2027 construction fish window.

PROCUREMENT PROCESS

In 2022, Cascade selected Parametrix to perform on-call civil, mechanical, and structural engineering services after issuing a Request for Qualifications ("RFQ") and conducting a competitive evaluation of multiple firms. The RFQ provided for a three-year contract term starting in 2023, with up to two renewal terms of one-year each. Parametrix is currently in its first one-year renewal term. This action would renew the contract through the second and final one-year term.

FISCAL IMPACT

The total fiscal impact of this action is \$330,000. The contract includes operation and maintenance expenditures for engineering services and capital expenditures. The breakdown between operations and capital is estimated below, but the actual breakdown may vary based on project requirements.

There is sufficient funding in the adopted 2025-2026 Operations & Maintenance (O&M) and Capital Improvement budgets for this contract. Cascade's proposed 2027-2028 budget is shown below.

Budget Line	2026 Budget	Spent and Committed to Date	Available 2026 Budget	This Action	2026 Remaining Balance
On-Call Electrical Engineering Services (O&M - 104)	\$133,750	\$100,000	\$33,750	\$20,000	\$13,750
Upper Conveyance (Capital - 301)	\$250,000	\$31,771	\$218,229	\$0	\$218,229
Lower Conveyance (Capital - 303)	\$2,050,000	\$26,708	\$2,023,292	\$60,000	\$1,963,292
Budget Line	2027 Budget*	Spent and Committed to Date	Available 2027 Budget	This Action	2027 Remaining Balance
On-Call Electrical Engineering Services (O&M - 104)	\$150,000	\$0	\$150,000	\$100,000	\$50,000
Upper Conveyance (Capital - 301)	\$800,000	\$0	\$800,000	\$50,000	\$750,000
Lower Conveyance (Capital - 303)	\$2,200,000	\$0	\$2,200,000	\$100,000	\$2,100,000

RECOMMENDED ACTION

Authorize the Chief Executive Officer to amend the On-Call Civil, Mechanical, and Structural Engineering Agreement with Parametrix, Inc. to extend the contract Term through December 31, 2027, amend the scope of services, and increase the contract amount by up to \$330,000, for a total contract maximum of \$980,000.

ATTACHMENTS

None

2027 – 2028 Budget Package and Items for Board Action

Presentation to Cascade Board of Directors

September 23, 2026



Agenda

- Summary of Changes
- 8a: Finance Code Updates
- 8b: Capital Funding Plan
- 8c: 2027-2028 Budget Resolution
- 8d: 2027-2028 Rates & Charges
- 8e: 2027-2028 Regional Capital Facilities Charges
- 8f: Bond Resolution

Summary of September Financial Items

Item	Status	Change from July?
Code Changes	Not previously presented	New
Capital Funding Plan	No change to overall Recommended Funding Strategy; Additions to appendices and revisions to Plan based on comments received	Yes
2027-2028 Budget	Revised to reflect Seattle cost changes	Yes
2027-2028 Rates	Unchanged	No
2027-2028 RCFCs	Unchanged	No
Bond Resolution	Revised based on Member Bond Counsel feedback and proposed code changes	New

Agenda Item: 8a

Title:

Finance Code Updates

Recommended Action:

Motion to adopt Resolution No. 2026-13, amending Cascade Water Alliance Code Sections 2.05.170, 5.05.020, 5.05.030, 5.05.070, 5.05.080, 5.10.020, and 5.65.040 and rescinding Resolution 2018-20.

Item 8a: Code Updates

Resolution addresses three topics

1. Revise Naming of Stabilization Fund
2. Target Balance for the Rate Stabilization Fund
3. “Housekeeping” updates to reflect past Board intent

Update Fund Name: Rate Stabilization Fund -> Coverage Stabilization Fund

- Purpose and intended use of fund has not changed.
 - Stabilization Funds can be withdrawn to improve Cascade's debt service coverage calculation in years where expenses are higher or revenues lower than budget.
- Industry convention for has changed since fund was established in 2006.

Proposed Change: Rename to "Coverage Stabilization Fund"

Update Fund Target Balance

- Related to a proposed change to Bond Covenant:
 - Strengthening of Debt Service Coverage covenant to:
 - 1.05 times annual debt service OR
1.20 times annual debt service including RCFCs
- Existing Target Balance is based on 5% of operating revenues.
- RCFC revenues are variable based on development activity.

Proposed Change: target balance to greater of 5% of operating revenues or 500 CERUs at that year's RCFC rate

Agenda Item: 8b

Title:

Capital Funding Plan

Recommended Action:

Motion to adopt Resolution No. 2026-14 adopting the 2026 Capital Funding Plan and amending Chapters 4.05 and 4.15 of the Cascade Water Alliance Code.

Capital Funding Plan

What the Funding Plan is:

- Required plan as part of budget process.
- Policy document addressing:
 - Rate strategy;
 - Planned and scheduled use of cash, bonds, loans, and grants;
 - A recommended strategy, and a contingent funding strategy for if loans and grants are unavailable.
- Designed to be updated throughout the life of the program.

What the Funding Plan is not:

- A document that binds the Board to specific design decisions in the Program;
- Preemptive authorization for contracts or specific expenditures.

Capital Funding Plan

Changes from July Draft:

- No change to the overall level of rate increases or strategy recommended in July draft.
- Addressed comments and corrections to body of Plan.
- Provided additional supplemental data requested by Members in revised Appendices.
- Continuing to meet with Members to discuss additional data and information requests going forward.

Agenda Item: 8c

Title:

2027-2028 Budget Resolution

Recommended Action:

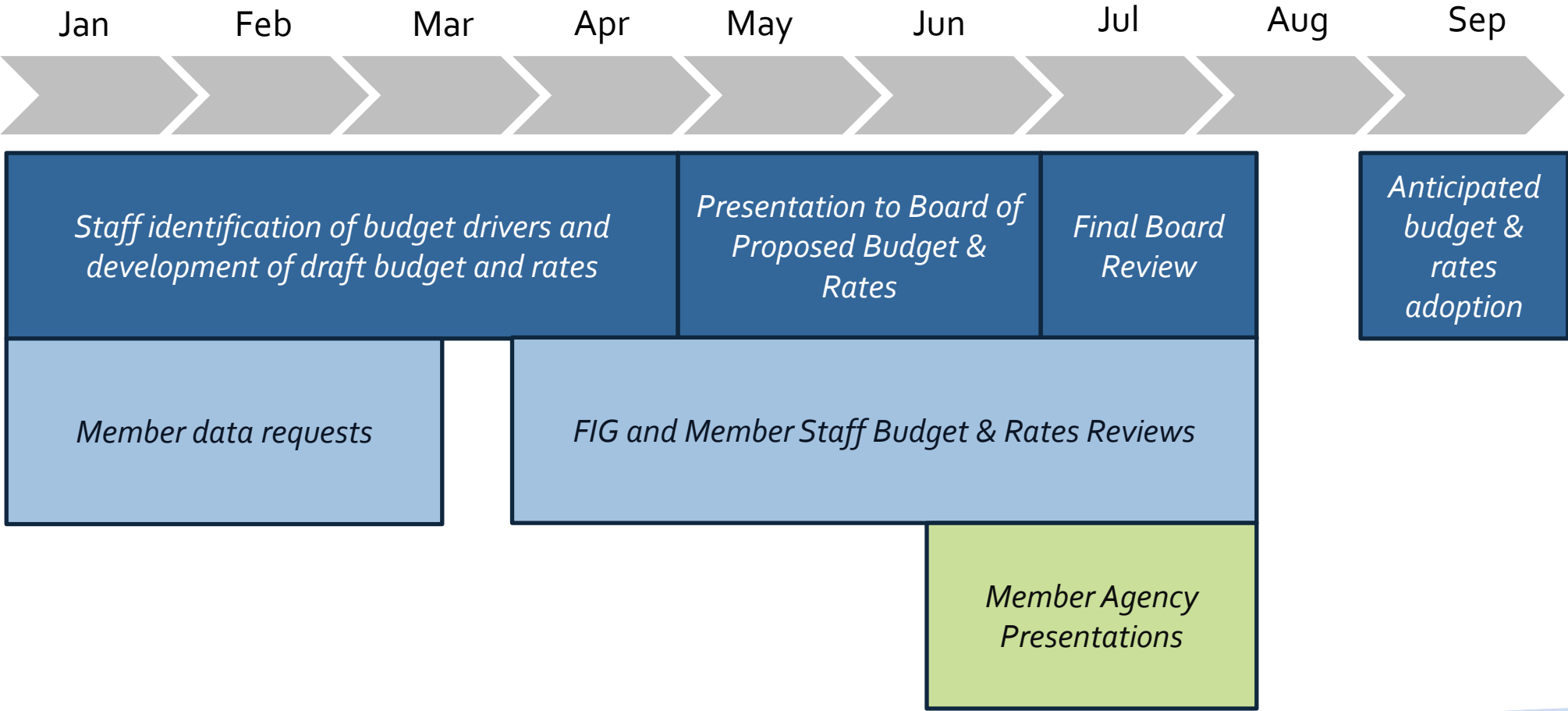
Motion to adopt Resolution No. 2026-15 adopting the 2027 – 2028 Cascade Budget.

2027-2028 Budget

- In July, after packets were finalized, Committee and Board were notified of Seattle Purchased Water cost increases.
- Final proposed budget reflects these updates.

Purchased Water	2027	2028	Biennium Total
July <i>Draft Final</i> Budget	\$26,974,000	\$27,743,000	\$54,717,000
Final Proposed Budget	\$26,884,718	\$29,776,974	\$56,661,692
<i>Change from July</i>	(\$89,282)	\$2,033,974	\$1,944,692

General Process Calendar



Operating Expenditure Budget 2027-2028

Department	<u>July</u>			<u>September</u>	
	<i>Amended</i> 2026	<i>Draft Final</i> 2027	<i>Draft Final</i> 2028	<i>Final Proposed</i> 2027	<i>Final Proposed</i> 2028
Administration	\$4,289,000	\$4,842,000	\$5,136,000	\$4,842,000	\$5,136,000
Conservation	\$832,000	\$1,008,000	\$1,049,000	\$1,008,000	\$1,049,000
Operations	\$7,406,000	\$7,420,000	\$8,385,000	\$7,420,000	\$8,385,000
Cascade Supply Program	\$198,000				
Purchased Water	\$25,649,000	\$26,974,000	\$27,743,000	\$26,885,000	\$29,777,000
Debt Service	\$9,225,000	\$12,905,000	\$12,899,000	\$12,905,000	\$12,899,000
	\$47,599,000	\$53,149,000	\$55,212,000	\$53,060,000	\$57,246,000
				-\$89,000	+\$2,034,000

2027-2032 CIP Budget

Program Area	2027	2028	2029	2030	2031	2032
Upper Conveyance	\$800,000	\$1,600,000	\$1,350,000	\$1,200,000	\$240,000	\$250,000
Lower Conveyance	2,200,000	1,770,000	2,110,000	1,650,000	1,190,000	1,230,000
Lake Tapps Reservoir	260,000	270,000	280,000	290,000	300,000	310,000
Facilities	100,000	110,000	110,000	110,000	120,000	120,000
Equipment	30,000	30,000	30,000	30,000	30,000	30,000
BIP	2,600,000	50,000	60,000	60,000	60,000	60,000
IT Infrastructure	70,000	70,000	70,000	70,000	70,000	70,000
Subtotal - Non-CSP	\$6,060,000	\$3,900,000	\$4,010,000	\$3,410,000	\$2,010,000	\$2,070,000
Capital Risk	\$600,000	\$600,000	\$700,000	\$800,000	\$900,000	\$1,000,000
Tacoma Agreements	5,955,629	6,055,488	6,156,383	6,944,870	6,973,870	6,973,870
Cascade Supply Program						
Staff	\$1,564,193	\$1,616,942	\$1,760,000	\$1,850,000	\$1,960,000	\$2,080,000
Property	5,000,000	3,560,000	560,000	560,000	560,000	560,000
Professional Svcs	9,850,000	13,100,000	24,500,000	34,180,000	44,490,000	94,380,000
Mgmt Reserve	3,030,000	7,250,000	12,500,000	12,940,000	21,430,000	22,180,000
Subtotal - CSP	\$19,444,193	\$25,526,942	\$39,320,000	\$49,530,000	\$68,440,000	\$119,200,000
Total CIP	\$32,059,822	\$36,082,430	\$50,186,383	\$60,684,870	\$78,323,870	\$129,243,870

Fund Activity Summary

Fund Activity - 2027	Operating	Water Supply Development	Coverage Stabilization	Construction	Bond	Total
Estimated beginning balance January 1, 2027	\$18,655,114	\$18,503,585	\$2,662,250	\$60,989,663	\$8,492,385	\$109,302,997
Revenue	\$55,078,307	\$712,206	\$93,179	\$14,605,101	\$314,998	\$70,803,790
Transfers in		\$512,713		\$12,888,822	\$13,989,049	\$27,390,584
Total Resources	\$73,733,420	\$19,728,504	\$2,755,429	\$88,483,585	\$22,796,432	\$207,497,370
Expenditures	\$40,155,225			\$29,029,822	\$12,904,634	\$82,089,680
Transfers Out	\$24,233,084	\$3,030,000		\$127,500		\$27,390,584
Ending Balance December 31, 2027	\$9,345,112	\$16,698,504	\$2,755,429	\$59,326,264	\$9,891,798	\$98,017,106
Total Uses	\$73,733,420	\$19,728,504	\$2,755,429	\$88,483,585	\$22,796,432	\$207,497,370

Fund Activity - 2028	Operating	Water Supply Development	Coverage Stabilization	Construction	Bond	Total
Estimated beginning balance January 1, 2028	\$9,345,112	\$16,698,504	\$2,755,429	\$59,326,264	\$9,891,798	\$98,017,106
Revenue	\$59,828,425	\$640,003	\$96,440	\$16,883,924	\$361,477	\$77,810,269
Transfers in		\$517,564	\$699,246	\$8,477,088	\$12,575,557	\$22,269,454
Total Resources	\$69,173,536	\$17,856,070	\$3,551,115	\$84,687,276	\$22,828,832	\$198,096,829
Expenditures	\$44,346,069			\$28,832,430	\$12,899,234	\$86,077,733
Transfers Out	\$14,891,954	\$7,250,000		\$127,500		\$22,269,454
Ending Balance December 31, 2028	\$9,935,513	\$10,606,070	\$3,551,115	\$55,727,345	\$9,929,598	\$89,749,642
Total Uses	\$69,173,536	\$17,856,070	\$3,551,115	\$84,687,276	\$22,828,832	\$198,096,829

Agenda Item: 8d

Title:

2027-2028 Rates & Charges Resolution

Recommended Action:

Motion to adopt Resolution No. 2026-16 adopting the 2027 and 2028 rates and charges.

2027-2028 Rates

- Unchanged from July update: 9.5% increase in 2027 and 2028.
 - Individual member increases vary based on their actual demands.
- Packet includes finalized 'derivation of member charge' memorandum.

Summary of Proposed Member Charges

2027 Member Charges

Member	Administrative Dues	Conservation Charges	Demand Share Charges	Total	% Increase over 2026	2026 True-Up (50%)	Total Payments	% Increase with True-Up
Bellevue	\$1,897,293	\$398,005	\$24,048,629	\$26,343,927	8.51%	(\$76,407)	\$26,267,520	9.19%
Issaquah	403,794	84,706	2,286,319	2,774,819	12.48%	100,591	2,875,410	16.20%
<i>Issaquah Temporary</i>			217,819	217,819	4.29%	(12,980)	204,839	4.22%
Kirkland	569,805	119,531	6,741,365	7,430,701	6.01%	(67,452)	7,363,249	5.26%
Redmond City	814,524	170,867	7,472,873	8,458,264	11.58%	6,529	8,464,793	8.17%
Redmond Novelty Hill	119,534	25,075	1,540,905	1,685,514	11.56%	(3,665)	1,681,849	11.02%
Sammamish Plat								
Water	666,978	139,915	1,616,867	2,423,760	9.79%	9,802	2,433,562	9.99%
Skyway WSD	105,916	22,219	477,066	605,201	12.10%	4,626	609,827	14.44%
Tukwila	228,918	48,021	3,191,529	3,468,468	16.67%	38,955	3,507,423	18.24%
Total	\$4,806,762	\$1,008,339	\$47,593,372	\$53,408,473	9.50%	(\$1)	\$53,408,472	9.50%

Summary of Proposed Member Charges

2028 Member Charges

Member	Administrative Dues	Conservation Charges	Demand Share Charges	Total	% Increase over 2027	2026 True-Up (50%)	Total Payments	% Increase with True-Up
Bellevue	\$2,055,171	\$412,615	\$26,275,083	\$28,742,869	9.11%	(\$76,407)	\$28,666,462	9.13%
Issaquah	443,352	89,011	2,393,303	2,925,666	5.44%	100,591	3,026,257	5.25%
<i>Issaquah Temporary</i>			267,569	267,569	22.84%	(12,980)	254,589	24.29%
Kirkland	621,006	124,679	7,306,136	8,051,821	8.36%	(67,452)	7,984,369	8.44%
Redmond City	886,242	177,930	8,316,074	9,380,246	10.90%	6,529	9,386,775	10.89%
Redmond Novelty Hill	129,062	25,912	1,687,262	1,842,236	9.30%	(3,665)	1,838,571	9.32%
Sammamish Plat								
Water	725,634	145,685	1,860,108	2,731,427	12.69%	9,802	2,741,229	12.64%
Skyway WSD	114,648	23,018	533,947	671,613	10.97%	4,626	676,239	10.89%
Tukwila	248,032	49,797	3,571,003	3,868,832	11.54%	38,955	3,907,787	11.41%
Total	\$5,223,147	\$1,048,647	\$52,210,485	\$58,482,279	9.50%	(\$1)	\$58,482,278	9.50%

Agenda Item: 8e

Title:

2027-2028 Regional Capital Facilities Charges Resolution

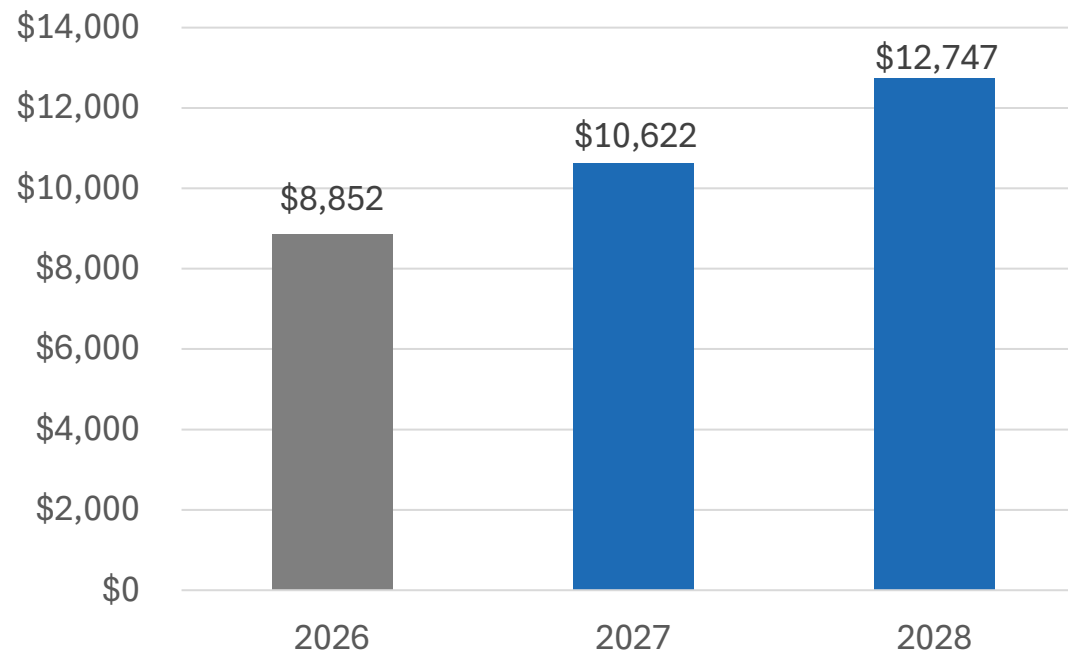
Recommended Action:

Motion to adopt Resolution No. 2026-17 establishing the Regional Capital Facilities Charge for 2027 and 2028, at \$10,622 and \$12,747 per Cascade Equivalent Residential Unit respectively.

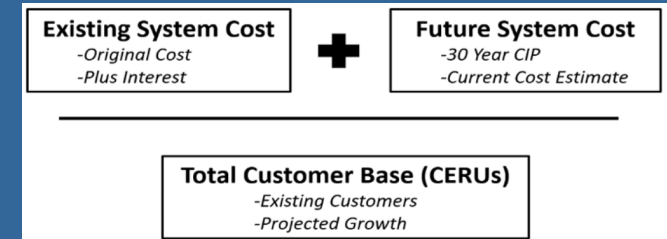
2027-2028 RCFCs

- Unchanged from July update.
- Cascade is planning outreach to development community regarding RCFC increases. Would like to coordinate efforts with Members where possible.

Proposed Regional Capital Facilities Charges



Calculated based on RCFC methodology:



based on a proportional share of both existing and planned infrastructure costs.

Increase limited to +20% per year consistent with historical Cascade practice.

Agenda Item: 8f

Title:

Bond Resolution

Recommended Action:

Motion to adopt Resolution No. 2026-18, relating to the water transmission and supply system of Cascade Water; authorizing the borrowing of money and the issuance and sale of water system improvement and refunding revenue bonds for the purposes of paying part of the cost of acquiring, constructing, and equipping projects described in the capital improvement plan, refunding all or a portion of the outstanding Cascade Water Alliance Water System Refunding Revenue Bonds, 2014, to modify reserve requirements, providing for the reserve requirement, if any, allocable to the bonds, and paying the administrative costs of such refunding and the costs of issuing and selling the bonds; fixing or setting parameters with respect to certain terms and covenants of the bonds; delegating authority to a designated representative to set final terms of the sale and issuance of the bonds; and providing for other matters properly related thereto.

Bond Resolution

Process:

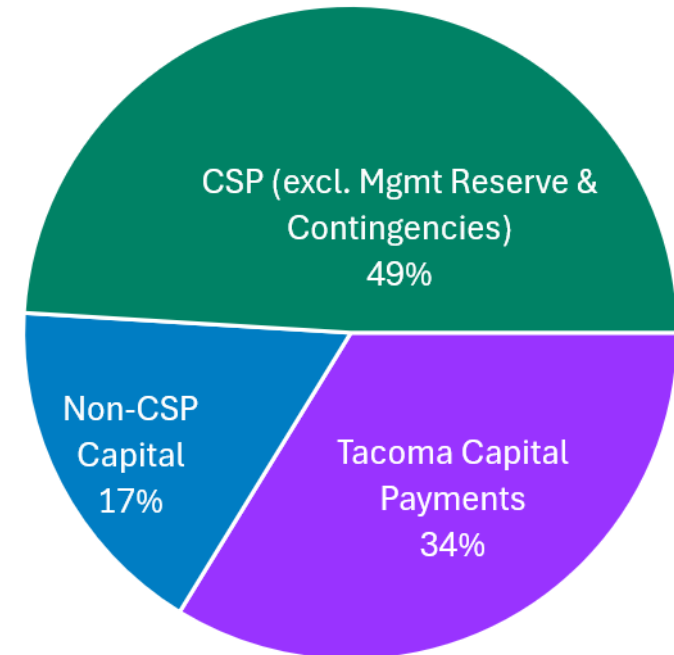
- Bond Resolution is the authorization to issue bonds, in the amounts, purposes, and with restrictions and covenants specified in the Resolution.
- If authorized, Cascade staff & bond team will proceed with preparing for Bond Sale, including:
 - Presentations to Ratings Agencies
 - Finalizing Official Statement
 - Planning for bond sale, with closing anticipated November 5, 2026

Bond Resolution

Authorized Use	Authorized Amounts	Anticipated Amount*
Payments and Pre-payments to Tacoma for Long-Term Water Supply Capacity	\$50.0 M	\$17.6 M
Projects identified in the CIP (both CSP and Non-CSP Capital)	\$50.0 M	\$34.5 M
Refunding of 2014 Bonds	\$2.4 M	-
Total	\$102.4 M	\$52.1 M

* Based on current market conditions

Forecasted Uses – Based on Current Market Conditions



Debt Service Coverage: Proposed Covenants

Combined
Bond Covenant

1.05

Operating Coverage. Net Revenue, less RCFCs.

OR

1.20

All-in Coverage. Net Revenue including RCFCs.

Goals:

1. Simplify reporting by aligning covenant with our policy, and with general practice;
2. Improve how we look to the ratings agencies;
3. Avoid negative rate impacts.

Thank You



AGENDA MEMORANDUM

PROPOSED BOARD ACTION

Motion to adopt Resolution No. 2026-13, amending Cascade Water Alliance Code Sections [2.05.170](#), [5.05.020](#), [5.05.030](#), [5.05.070](#), [5.05.080](#), [5.10.020](#), and [5.65.040](#) and rescinding [Resolution 2018-20](#).

SUMMARY OF CURRENT PROPOSED BOARD ACTION

The proposed resolution will amend Cascade Water Alliance Code (“CWAC”) to revise the name of the existing Rate Stabilization Fund to Coverage Stabilization Fund, to bring Cascade’s fund naming practice in line with current industry guidance, and to improve clarity around the purpose of the fund. Additionally, the amended language strengthens the target balance, by addition of a second test based on an amount equal to 500 Cascade Equivalent Residential Units worth of Regional Capital Facilities Charges, at the rate in effect for each year. In addition, the resolution includes a number of ‘housekeeping’ amendments to the code to make corrections or updates intended to have been effected in prior Board actions.

BACKGROUND

The proposed resolution addresses three topics in CWAC: (1) the fund name for the Rate Stabilization Fund; (2) the target balance for the Rate Stabilization Fund; and (3) updating sections of CWAC and prior resolutions, based on prior Board intent, that were erroneously not updated.

Fund Name

Cascade’s Rate Stabilization Fund was created in 2006, when Cascade first adopted its funds by [Resolution No. 2006-03](#). Rate stabilization funds are an established tool for prudently managing utility funds, particularly in the context of typical municipal bond management. Bond resolutions typically allow for amounts held in a rate stabilization fund to be withdrawn and added to gross revenues for purposes of calculating compliance with bond debt service coverage covenants, with the offsetting provision that additions to a rate stabilization fund are excluded from Cascade’s gross revenue for those same coverage calculation purposes.

In the course of preparing for Cascade’s anticipated 2026 utility revenue bond issuance, Cascade’s bond team identified that best practice has evolved to refer to these types of funds or accounts as Coverage Stabilization Funds, in recognition that their purpose is centered on stabilizing a utility’s debt service coverage, rather than modifying their ratemaking practice. This resolution would effect that change in the various locations in CWAC that this Fund is referenced.

Target Balance

The target balance for the Rate (or Coverage) Stabilization Fund is currently defined as “five percent of operating revenues plus provisions for accruals of intermittent large scale operating expenditures”. This level was established in [Resolution No. 2016-20](#), as part of a holistic evaluation of Cascade’s fiscal policies, funds management, and target balances. This target balance level is based on the potential variability in Cascade’s coverage covenant that the fund was intended to manage.

Cascade maintains net revenues in excess of its annual debt service payments, referred to as debt service coverage (“DSC”, or “DSC Ratio”). In Cascade’s existing utility revenue bonds, it has been covenanted to meet a DSC Ratio of 1.00 times annual debt service, excluding current year Regional Capital Facilities Charge (RCFC) revenues. In Cascade’s adopted fiscal policies, [CWAC 5.05.070\(B\)](#), Cascade by policy maintains a DSC Ratio of 1.25 times annual debt service.

In the course of preparing for Cascade’s anticipated 2026 utility revenue bond issuance, Cascade’s bond team has recommended revisions to the existing coverage covenant, to both strengthen the covenant and to bring it in line with current industry best practice. This revised covenant would reflect two tests: a 1.05 times DSC Ratio excluding RCFC revenues, and a 1.20 times DSC Ratio including RCFC revenues. This strengthened coverage covenant would still be lower than the fiscal policy-based coverage of 1.25 times established in CWAC.

Because the proposed new debt service coverage covenant would have a component that includes current-year RCFC revenues, which are variable based on actual development activity occurring in the year, Cascade staff recommends updating the Stabilization Fund target balance. Based on a review of historical variability in RCFC revenues, Cascade staff recommends a target balance equal to 500 Cascade Equivalent Residential Units at the RCFC rate for that year. This proposed target would be the greater of either the existing calculation, or this new one.

Housekeeping Updates

Cascade staff are proposing three ‘housekeeping’ updates to the code and existing resolutions, which would make updates to bring sections of CWAC into alignment with prior Board intent.

The Board adopted [Resolution No. 2022-06](#), which modified [CWAC 5.65.040](#) to state the Funds Management Matrix would be removed from this section and will be found in the biennial budget resolution. Cascade has subsequently included the Funds Management Matrix in its biennial budget resolutions, including the 2025-2026 budget adopted in [Resolution No. 2024-11](#) and the 2027-2028 budget adopted in [Resolution No. 2026-15](#). Due to an oversight, the 2022 Fund Management Matrix in [CWAC 5.65.040](#) has not been removed from Code. This proposed resolution will correct that error and simplify Code to reflect current practice.

The Board adopted [Resolution No. 2018-20](#) in 2018 to establish Rate Stabilization Fund Management Rules. These Rules were superseded upon adoption of the Funds Management

Matrix in 2022, discussed above. The proposed resolution would rescind Resolution No. 2018-20 to clarify that these Rules are no longer in effect.

The Board adopted [Resolution No. 2026-06](#), amending the name of the Finance and Management Committee to the Finance and Intergovernmental Committee. The proposed resolution will correct two further portions of CWAC where that prior name persists.

PRIOR BOARD ACTIONS

Board Action	Date	Resolution No. (if Applicable)
A resolution amending CWAC 2.05.330 (Standing Committees), 2.05.340 , 2.05.351 , and 2.10.040	03/25/2026	2026-06
A resolution providing for a Cascade Water Alliance budget and adopting a budget for 2025 and a budget for 2026	09/25/2024	2024-11
A resolution adopting amendments to CWAC 5.05.030 , 5.05.040 , 5.05.050 , 5.05.100 , 5.10.020 , 5.20.060 , and 5.65.040 (Adoption of Cascade Funds Management Matrix)	02/23/2022	2022-06
A resolution adopting the Cascade Funds Management Matrix	11/16/2016	2016-20
A resolution establishing the Rate Stabilization Fund Management Rules	11/28/2018	2018-20
A resolution relating to treasury functions, the authorization of expenditures, and the deposit, investment, and disbursement of funds	03/22/2026	2006-03

OTHER OPTIONS AND ANTICIPATED RESULTS IF THE BOARD DOES NOT APPROVE THIS ACTION

The fund naming component of this resolution is linked to the Bond Resolution. If the Board desires to adopt the Bond Resolution but does not adopt this resolution, the Budget Resolution would need to be amended to reflect the fund name “Rate Stabilization Fund”, rather than “Coverage Stabilization Fund.”

Or, the Board could provide alternate direction to Staff.

PROCUREMENT PROCESS

N/A

FISCAL IMPACT

Increasing the target balance does not cause an immediate fiscal impact. Based on the Fund Management Rules for the fund, a fund balance below target is planned for over a five-year rate smoothing period. The anticipated additions to the fund based on the proposed changed target balance are shown below.

<i>2027</i>	<i>2028</i>	<i>2029</i>	<i>2030</i>	<i>2031</i>
<i>\$0</i>	<i>\$699,246</i>	<i>\$2,000,000</i>	<i>\$2,155,050</i>	<i>\$455,053</i>

Additions to target balance do not represent budgetary expenditures but do increase the revenue requirement and thus increase demand shares. These amounts have been considered in the budget development process and Capital Funding Plan rate strategy.

RECOMMENDED ACTION

Motion to adopt Resolution No. 2026-13, amending Cascade Water Alliance Code Sections [2.05.170](#), [5.05.020](#), [5.05.030](#), [5.05.070](#), [5.05.080](#), [5.10.020](#), and [5.65.040](#) and rescinding [Resolution 2018-20](#).

ATTACHMENTS

1. [Proposed Resolution No. 2026-13](#).
2. [Annotated Proposed Amendments to Cascade Water Alliance Code Sections 2.05.170, 5.05.020, 5.05.030, 5.05.070, 5.05.080, 5.10.020, and 5.65.040](#).



CASCADE WATER ALLIANCE
RESOLUTION NO. 2026-13

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,
A WASHINGTON MUNICIPAL CORPORATION, AMENDING CASCADE WATER ALLIANCE
CODE 2.05.170, 5.05.020, 5.05.030, 5.05.070, 5.05.080, 5.10.020, AND 5.65.040 AND
RESCINDING RESOLUTION 2018-20

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

WHEREAS, by Resolution 2022-06 § 2; Resolution 2021-11 § 1; Resolution 2016-20 § 1; Resolution 2012-14 §§ 3, 7, and 8; Resolution 2012-07 § 34; Resolution 2006-05 § 1; and Resolution 2006-03 § 4, the Cascade Board of Directors ("Board") established a Rate Stabilization Fund and adopted or amended related financial policies in Cascade Water Alliance Code ("CWAC") Sections 5.05.030, 5.05.070, 5.05.080, and 5.10.020; and

WHEREAS, the Board now desires to amend the above CWAC provisions and resolutions for purposes of renaming the Rate Stabilization Fund as the Coverage Stabilization Fund, modifying the target balance for the Coverage Stabilization Fund, and other related updates to the CWAC; and

WHEREAS, by Resolution 2018-20, the Board established Rate Stabilization Fund Management Rules; and

WHEREAS, by Resolution 2022-06 § 4; Resolution 2021-12 § 1; and Resolution 2016-22 § 1, the Board adopted the Cascade Funds Management Matrix, codified as CWAC 5.65.040, which was intended to supersede the Rate Stabilization Management Rules; and

WHEREAS, by Resolution 2022-06 § 4, the Board expressed its intent to update the Matrix as part of the biennial budget resolution process and remove the Matrix from the CWAC; and

WHEREAS, the Board desires to amend Resolution 2022-13 § 1; Resolution 2018-06 § 1; Resolution 2009-19 § 7; and Resolution 2009-05 § 2 (5.08), codified as CWAC 2.05.170, and Resolution 2016-20 § 1, codified as CWAC 5.05.020, for the purpose of updating reference to the Finance and Management Committee, which was renamed the Finance and Intergovernmental Committee pursuant to Resolution 2026-06.

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

Section 1. Amendment of CWAC 5.05.030 and Resolutions 2021-11 § 1; 2016-20 § 1; 2012-14 § 3; and 2006-05 § 1.

Portions of CWAC 5.05.030, Res. 2021-11 § 1; Res. 2016-20 § 1, Res. 2012-14 § 3, and Res. 2006-05 § 1, are amended as follows:

E. ~~Rate~~ Coverage Stabilization Fund. Cascade will maintain a ~~rate~~ coverage stabilization fund (~~RSF~~) to be used to mitigate fluctuations in revenues, expenses, or rates. Cascade shall target a ~~RSF coverage stabilization fund~~ balance equal to the greater of: (1) five percent of operating revenues plus provisions for accruals for intermittent large scale operating expenditures; or (2) 500 Cascade Equivalent Residential Units at the then effective Regional Capital Facilities Charge. The board shall establish rules for rate and fund management addressing additions to or withdrawal from the ~~RSF coverage stabilization fund~~ with the objective of smoothing rate transitions and impacts and may modify these by resolution.

Section 2. Amendment of CWAC 5.05.070 and Resolutions 2021-11 § 1; 2016-20 § 1; 2012-14 § 7; and 2006-05 § 1.

Portions of CWAC 5.05.070, Res. 2021-11 § 1, Res. 2016-20 § 1, Res. 2012-14 § 7, and Res. 2006-05 § 1 are amended as follows:

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

Section 3. Amendment of CWAC 5.05.080 and Resolutions 2021-11 § 1; 2012-14 § 8; 2012-07 § 34; and 2006-05 § 1.

Portions of CWAC 5.05.070, Res. 2021-11 § 1, Res. 2012-14 § 8, Res. 2012-07 § 34, and Res. 2006-05 § 1, are amended as follows:

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

Section 4. Amendment of CWAC 5.10.020 and Resolutions 2022-06 § 2 and 2006-03

§ 4.

Portions of CWAC 5.10.020, Res. 2022-06 § 2, and Res. 2006-03 § 4, are amended as follows:

There are hereby established the following funds of Cascade:

- A. An operating fund.
- B. A construction fund, including a management reserve account.
- C. A rate coverage stabilization fund. The coverage stabilization fund shall be considered a rate stabilization fund for all defined uses in the Joint Municipal Utility Services Agreement.
- D. A water system revenue bond fund, including a debt service account and a reserve account.
- E. A water supply development fund.

The board may at any time create additional funds, accounts, subfunds and subaccounts as it may deem necessary or appropriate for the purposes of Cascade.

Section 5. Amendment of CWAC 5.65.040 and Resolutions 2022-06 § 4; 2021-12 § 1; and 2016-22 § 1.

CWAC 5.65.040, Res. 2022-06 § 4, Res. 2021-12 § 1, and Res. 2016-22 § 1 are amended in their entirety, including removal of the matrix, as follows:

~~On November 30, 2021, the Board adopted and updated the Cascade Funds Management Matrix guiding the management and planning of fund balances for Cascade's financial resources. Hereafter, the Board shall update this Matrix as part of the biennial budget process and thereafter the Matrix will be removed from this section and will be found in the biennial budget resolution.~~

~~Cascade Water Alliance Fund Management Rules
[Matrix not shown]~~

The Cascade Board shall adopt a Funds Management Matrix guiding the management and planning of fund balances for Cascade's financial resources as part of its biennial budget resolution.

Section 6. Rescission of Rate Stabilization Management Rules.

Resolution No. 2018-20 is hereby rescinded.

Section 7. Amendment of CWAC 2.05.170 and Resolutions 2022-13 § 1; 2018-06 § 1; 2009-19 § 7; and 2009-05 § 2 (5.08).

Portions of CWAC 2.05.170, Res. 2022-13 § 1, Res. 2018-06 § 1, Res. 2009-19 § 7, and Res. 2009-05 § 2 (5.08) are amended as follows:

The Treasurer shall serve on the executive committee and shall serve as chair of the Finance and ~~Management~~ Intergovernmental Committee, unless the Board determines that rare exceptional circumstances exist such that another Board Member or Alternate must serve as committee chair. The Treasurer shall be responsible for overseeing maintenance of all financial records of Cascade, the development of the annual budget, assuring the appropriate handling of all revenues and expenditures, and assist the Board in preparation of the annual budget. The Treasurer shall oversee maintenance of complete books and records of account for all funds and securities of Cascade, the transfer of receipts for money due and payable to Cascade from any source whatsoever, and the deposit of all such money in the name of Cascade from any source whatsoever in the banks, trust companies or other depositories as shall be selected in accordance with law. The Treasurer may sign with the chair, deeds, leases, bonds, contracts, or other instruments that shall have been authorized by resolution of the Board and, in general, shall perform all duties incident to the office of treasurer and such other duties as from time to time may be assigned to the Treasurer by resolution of the Board. If required by the Board, the Treasurer shall give a bond for the faithful discharge of his/her duties in such sum and with such surety or sureties as the Board shall determine.

Section 8. Amendment of CWAC 5.05.020 and Resolution 2016-20 § 1.

Portions of CWAC 5.05.020 and Res. 2016-20 § 1, are amended as follows:

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

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

From time to time, the Board may amend these policies as it deems appropriate. It is the exclusive authority of the Cascade Board to revise these fiscal policies as appropriate. The Board may delegate review and evaluation of the fiscal policies and any proposed amendments to its Finance and ~~Management~~ Intergovernmental Committee for this purpose.

Section 9. 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 special meeting thereof, held on the 23rd day of September 2026.

CASCADE WATER ALLIANCE

Angela Birney, Chair

Attest – John Taylor, CEO

Tom McLeod, Vice Chair

Dave Hamilton, Secretary/Treasurer

Members

Yes _____

No _____

Demand Share

Yes _____ %

No _____ %

Include in CWAC?

 X Yes

 No

Annotated Proposed Amendments to
Cascade Water Alliance Code

Chapter 2.05

BYLAWS

Sections:

Article III. Officers

2.05.170 Treasurer.

2.05.170 Treasurer.

The Treasurer shall serve on the executive committee and shall serve as chair of the Finance and [Management Intergovernmental](#) Committee, unless the Board determines that rare exceptional circumstances exist such that another Board Member or Alternate must serve as committee chair. The Treasurer shall be responsible for overseeing maintenance of all financial records of Cascade, the development of the annual budget, assuring the appropriate handling of all revenues and expenditures, and assist the Board in preparation of the annual budget. The Treasurer shall oversee maintenance of complete books and records of account for all funds and securities of Cascade, the transfer of receipts for money due and payable to Cascade from any source whatsoever, and the deposit of all such money in the name of Cascade from any source whatsoever in the banks, trust companies or other depositories as shall be selected in accordance with law. The Treasurer may sign with the chair, deeds, leases, bonds, contracts, or other instruments that shall have been authorized by resolution of the Board and, in general, shall perform all duties incident to the office of treasurer and such other duties as from time to time may be assigned to the Treasurer by resolution of the Board. If required by the Board, the Treasurer shall give a bond for the faithful discharge of his/her duties in such sum and with such surety or sureties as the Board shall determine. [Res. 2022-13 § 1; Res. 2018-06 § 1; Res. 2009-19 § 7; Res. 2009-05 § 2 (5.08)].

Commented [RL1]: Revision to reflect previously updated committee name.

Chapter 5.05

FISCAL POLICIES

Sections:

- 5.05.020 Generally.
- 5.05.030 Financial integrity and stability.
- 5.05.070 Financial planning and revenue sufficiency.
- 5.05.080 Budgeting and accounting.

5.05.020 Generally.

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

- A. Financial integrity and stability.
- B. Rate equity.

C. Efficiency and conservation.

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

Commented [RL2]: Revision to reflect previously updated committee name.

5.05.030 Financial integrity and stability.

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

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

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

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

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

E. [Rate Coverage Stabilization Fund](#). Cascade will maintain a [rate coverage](#) stabilization fund (RSF) to be used to mitigate fluctuations in revenues, expenses, or rates. Cascade shall target a [RSF coverage stabilization fund](#) balance equal to [the greater of: \(1\) five percent of operating revenues plus provisions for accruals for intermittent large scale operating expenditures; or \(2\) 500 Cascade Equivalent Residential Units at the then effective Regional Capital Facilities Charge](#). The Board shall establish rules for rate and fund management addressing additions to or withdrawal from the RSF with the objective of smoothing rate transitions and impacts and may modify these by resolution.

Commented [RL3]: Revisions to change name of fund.

Commented [RL4]: Revisions to modify the target balance for the fund.

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

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

H. Capital Reinvestment. Cascade will budget, generate, and restrict funds for system repair and replacement (R&R), which will be made available for projects that replace assets or extend their lives whether or not such expenditures are capitalized. The annual budgeted amount will be total annual depreciation and amortization of system assets, less planned debt principal repayment, but in no case less than one-half percent of total asset value (original cost before depreciation). Subject to realization of sufficient revenues and cash balances to fund and

transfer the budgeted amount, and net of R&R expenditures made through the operating budget, the net remaining annual R&R provision will be transferred into the construction fund, to be used as cash funding toward Cascade capital projects. [Res. 2022-06 § 1; Res. 2021-11 § 1; Res. 2018-14 § 1 (Att. 2); Res. 2016-20 § 1; Res. 2012-14 § 3; Res. 2006-05 § 1].

5.05.070 Financial planning and revenue sufficiency.

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

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

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

Commented [RL5]: Revisions to change name of fund.

C. Rate Transitions/Planning. In order to maintain orderly and reasonable transitions in rates, Cascade shall rely on the most current rate forecast as guidance in establishing member charges. Member charges (meaning unit charges applied to calculate member payments) shall not be reduced any year when a net increase in required revenues derived from member charges is projected within the upcoming five-year period. When substantial future revenue increases are forecast, Cascade shall, to the extent practical, increase member charges in an orderly fashion through a series of moderate annual adjustments with an intent to provide smoothing of increases and impacts over a prospective five-year period. [Res. 2021-11 § 1; Res. 2018-14 § 1 (Att. 2); Res. 2016-20 § 1; Res. 2012-14 § 7; Res. 2006-05 § 1].

5.05.080 Budgeting and accounting.

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

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

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

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

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

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

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

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

Commented [RL6]: Revisions to change name of fund.

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

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

1. Net Assets Report, Balance Sheet, Treasurer's Report, Contracts Status Report, Budget-versus-Actual Report, Income Statement, and Warrants and Wires Listing (no less frequently than quarterly);
2. Direct reports from Cascade's independent outside auditor reporting the results of quarterly financial reviews conducted for quarters one, two, and three of every year;
3. Direct reports from Cascade's independent outside auditor reporting the results of the annual independent financial audit and Government Auditing Standards examination of Cascade;
4. Direct reports from the State Auditor's Office reporting the results of the state's annual audit of Cascade;
5. A written monthly narrative that reports on Cascade's financial and administrative activities;
6. Written Exception reports including material variance from budget;
7. Notice of disclosure submittals related to outstanding bonds;
8. Any other information as requested or directed by the Board. [Res. 2022-14 § 2; Res. 2021-11 § 1; Res. 2018-14 § 1 (Att. 2); Res. 2016-20 § 1; Res. 2012-14 § 8; Res. 2012-07 § 34; Res. 2006-05 § 1].

Chapter 5.10

TREASURY

Sections:

5.10.020 Establishment of funds.

5.10.020 Establishment of funds.

There are hereby established the following funds of Cascade:

A. An operating fund.

B. A construction fund, including a management reserve account.

C. A rate coverage stabilization fund. The coverage stabilization fund shall be considered a rate stabilization fund for all defined uses in the Joint Municipal Utility Services Agreement.

D. A water system revenue bond fund, including a debt service account and a reserve account.

E. A water supply development fund.

The board may at any time create additional funds, accounts, subfunds and subaccounts as it may deem necessary or appropriate for the purposes of Cascade. [Res. 2022-06 § 2; Res. 2021-10 § 2; Res. 2006-03 § 4].

Commented [RL7]: Addition to provide for tracking of the Board-controlled management reserve for the CSP.

Commented [RL8]: Revisions to change name of fund and clarify intent to retain the same function contemplated in the JMUSA.

Chapter 5.65

INVESTMENT POLICY AND FUNDS MANAGEMENT

Sections:

5.65.040 Adoption of Cascade Funds Management Matrix.

5.65.040 Adoption of Cascade Funds Management Matrix.

On November 30, 2021, the Board adopted and updated the Cascade Funds Management Matrix guiding the management and planning of fund balances for Cascade's financial resources. Hereafter, the Board shall update this Matrix as part of the biennial budget process and thereafter the Matrix will be removed from this section and will be found in the biennial budget resolution.

Cascade Water Alliance Fund Management Rules

Commented [RL9]: Deletion effectuates express intent to remove the Matrix from the CWAC, and instead, limit inclusion of the Matrix and updates thereto in each biennial budget resolution.

Fund / Purpose	Target (2022 ²)	Minimum (2022 ²)	Maximum (2022 ²)	Causes of Deviation	Response to Replenish Deficiency	Response to Draw Down Surplus
Operating Fund <i>Reserve to provide cash flow liquidity and cushion against budget deviation</i>	50 days of budgeted operating expense (\$4.3m) plus funding accruals for major cyclical expenses such as sediment removal and system plans (\$0.3m)	45 days of budgeted operating expense (\$4.0m) plus funding accruals for major cyclical expenses such as sediment removal and system plans (\$0.3m)	75 days of budgeted operating expense (\$6.7m) plus funding accruals for major cyclical expenses such as sediment removal and system plans (\$0.3m)	1) Variations in revenues, expenses or transfers 2) Rate Smoothing	Continue rate planning to target fund balance, contingent on 5-year rate smoothing (max. of 5 years to recover)	Budgeted transfers to construction fund, contingent on requirements for projected 5-year rate smoothing
Rate Stabilization Fund <i>Reserve to provide source of revenues to offset significant budget</i>	5% of budgeted operating revenues (excluding RCFCs) (\$2.1m)	4% of budgeted operating revenues (excluding	7% of budgeted operating revenues (excluding	1) Fund earnings 2) Use of RSF 3) Delayed or reduced transfers	Continue rate planning to target fund balance, contingent on 5-year rate smoothing	No additions to fund; if excess is projected for more than 5 years, budget transfer to construction (subject to

Fund / Purpose	Target (2022 ²)	Minimum (2022 ²)	Maximum (2022 ²)	Causes of Deviation	Response to Replenish Deficiency	Response to Draw Down Surplus
<i>deviation and satisfy cash flow, coverage requirements</i>		RCFCs (\$1.7m)	RCFCs (\$2.9m)	from Operating Fund	(max. of 5 years to recover)	meeting coverage policy)
Construction Fund <i>CIP funding and repository for bond proceeds until expended on projects</i>	No specific target except to provide adequate funds for ongoing construction projects and obligations (\$7.5m)	\$6.0m based on January capital payment due to TPU	Long-term CIP funding needs as determined by the Board	1) Project costs in excess of budget 2) Delay in bond proceeds or other funding sources	1) Transfer from WSDF, Operating or other funds 2) Debt issuance	1) Debt Retirement 2) Reduce capital funding from RCFCs 3) Transfer to other funds including WSDF
Bond Fund: Reserve Account <i>Comply with bond covenants and provide a safeguard against shortfall when payments are due</i>	Maximum annual debt service (\$4.4m)	Maximum annual debt service requiring reserve (\$4.4m)	Maximum annual debt service requiring reserve (\$4.4m)	Deficit in bond repayment draws down reserve account	Immediate transfer from Operating Fund	Transfer to Bond Debt Service Account
Bond Fund: Debt Service Account <i>Accumulate funds for scheduled bond principal and interest payments</i>	Accrued principal and interest on outstanding bonds (\$5.8m) (12/31/21)	Accrued principal and interest on outstanding bonds (\$5.8m) (12/31/21)	Accrued principal and interest on outstanding bonds (\$5.8m) (12/31/21)	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
Water Supply Development Fund (WSDF) <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 (\$5.0m)	Determined by capital funding strategy for future supply projects (\$5.0m)	Determined by capital funding strategy for future supply projects (\$6.0m)	Inadequate or delayed transfer of funds, reduced earnings, or changes in fund targets	Budgeted increases in transfers from Operating and Construction Funds to meet capital funding strategy	Budgeted reductions in transfers from Operating and Construction Funds; transfers to other funds, or distribution to Members per resolution
² 2022 estimates are based on adopted 2022 budget and financial requirements as of July 12, 2021.						

The Cascade Board shall adopt a Funds Management Matrix guiding the management and planning of fund balances for Cascade's financial resources as part of its biennial budget resolution.

Commented [RL10]: Updated language consistent with intent of prior resolutions to limit inclusion of the Matrix to biennial budget resolutions.

[Res. 2022-06 § 4; Res. 2021-12 § 1; Res. 2016-22 § 1].

AGENDA MEMORANDUM

PROPOSED BOARD ACTION

Motion to adopt Resolution No. 2026-14, adopting the 2026 Capital Funding Plan and amending Chapters [4.05](#) and [4.15](#) of the Cascade Water Alliance Code.

SUMMARY OF CURRENT PROPOSED BOARD ACTION

Cascade Water Alliance Code (“CWAC”) requires Cascade to develop a Capital Funding Plan (“Plan”) and present it to the Board of Directors (“Board”) for adoption when it undertakes a major water supply project, such as Phase I of the Cascade Supply Program. The Capital Funding Plan has been developed by Cascade over the past year, with input and feedback from Cascade’s Board, Member staff, and Member councils and commissions. It establishes the strategy for how Cascade will fund Phase I of the Cascade Supply Program, including planned use of cash, loans, grants, and revenue bonds; a reasonable rate strategy for managing uncertainty and risk; funding of reasonable contingencies for unanticipated cost increases and schedule changes; and contingent strategies if outside funding assistance is unavailable.

Additionally, this Resolution would supersede a planning document that has remained in the CWAC since 2006, despite other relevant components of that planning having been superseded by prior Board action.

BACKGROUND

CWAC section [5.70.040 \(B\)](#) calls for development of a Capital Funding Plan for development of a major Water Supply Project. The Plan shall:

- Address the planned and scheduled use of equity funds, loans, grants, and revenue bonds during development of the Water Supply Project.
- Outline a schedule for the use of equity and debt resources that enables rational and timely access to bond markets, adequate funding throughout the Water Supply Project construction period, and a reasonable rate strategy to transition Member charges to a level that fully funds the development of Water Supply Project.
- Include reasonable contingencies for unanticipated cost increases and schedule alterations.
- Address a structure if grants or low-cost loans cannot be confidently relied upon but with flexibility to accommodate the benefits of such funding sources if and when they are secured.

Additionally, CWAC Section [5.05.050 \(F\)](#) calls for a Project Funding Plan for major capital projects that would represent 25 percent or more of Cascade’s total fixed assets when completed, that will include:

- Schedule of anticipated costs,
- Planned sources of cash, grant, and debt financing,
- Planned schedule of debt issuance,
- Compliance with fiscal policies,
- Projection of impacts on Member charges, and
- Contingent funding strategies in the event that project costs were to increase up to 20 percent above estimates or if assumed grant funding were lost.

The Capital Funding Plan is structured to satisfy these objectives, to document the policy decisions of the Board, and to define the long-term rate strategy guiding future budget and rate development. The analysis and recommendations of the plan are summarized and detailed in the attachments to this agenda memo.

The Capital Funding Plan has been developed by Cascade over the past year, with input and feedback from Cascade's Board, Member staff, and Member councils and commissions. Comments received over the course of the development of the Plan are included in the Plan appendices.

As a strategy document, and consistent with the Board intent established in CWAC, the Plan will be periodically updated as appropriate throughout Phase I of the Cascade Supply Program, at a minimum as part of each biennial budget process.

The Capital Funding Plan does not authorize or constitute separate action or approval by Cascade with regard to any project, activity, or program that has not been separately and expressly approved by Cascade after compliance with all applicable SEPA environmental review requirements. Adoption of this Plan does not authorize Cascade to make expenditures for capital projects, to pay for the purchase of existing capital improvements, or to purchase water supply.

Additional Code Updates

Cascade's Board has previously adopted planning documents, codified in Title 4: Planning of CWAC. Chapter [4.15](#) currently includes a Capital Program Coordination, Management, and Finance Plan originally adopted in 2006, and last amended in 2009, as a management tool to assist the Board in making decisions about Cascade's 2004 Transmission and Supply Plan, and to serve as Cascade's "watershed management plan" under [RCW 39.34.190](#). When Cascade's 2012 Transmission and Supply Plan was adopted, this 2006 era planning document was not formally superseded or removed from the CWAC. This Resolution would supersede that prior 2006 Plan and clarify that the [2025 Water System Plan](#) serves as Cascade's Watershed Management Plan.

PRIOR BOARD ACTIONS

Board Action	Date	Resolution No. (if Applicable)
Establishment of Water Supply Development Fund and Requirements for Capital Funding Plan	11/30/2021	2021-10
Amending Fiscal Policies	11/30/2021	2021-11
Providing Consistency between CWAC and JMUSA	04/25/2012	2012-07
Adoption of 2006 Capital Program Coordination, Management and Finance Plan	03/22/2006	2006-06
Amendment of Capital Program Coordination, Management and Finance Plan	08/06/2009	2009-10
Adoption of 2025 Water System Plan	11/19/2025	2025-15
Adoption of JMUSA	04/25/2012	2012-06

OTHER OPTIONS AND ANTICIPATED RESULTS IF THE BOARD DOES NOT APPROVE THIS ACTION

The Board may choose to provide alternate direction to Cascade staff rather than adopting the Capital Funding Plan. If the Board chooses not to adopt the Capital Funding Plan, Cascade could find itself out of compliance with the requirements of the CWAC identified above. Additionally, this would have implications for the timing and strategy of Cascade's proposed 2026 utility revenue bond issuance.

PROCUREMENT PROCESS

N/A

FISCAL IMPACT

As a strategy document, the Capital Funding Plan does not have a direct fiscal impact, as it does not authorize Cascade to make expenditures on capital projects, to establish rates and charges, or to enter into contracts. The fiscal impacts on the range of potential decisions that the Board may make is described in the attached Capital Funding Plan, and in the related 2027-2028 Budget materials.

RECOMMENDED ACTION

Motion to adopt Resolution No. 2026-14, adopting the 2026 Capital Funding Plan and amending Chapters [4.05](#) and [4.15](#) of the Cascade Water Alliance Code.

ATTACHMENTS

1. [Resolution No. 2026-14.](#)

2. [2026 Capital Funding Plan.](#)
3. 2026 Capital Funding Plan Appendices:
 - a. [Forecasted Member Charges.](#)
 - b. [Supplemental Funding Plan Information.](#)
 - c. [Comment Log.](#)



CASCADE WATER ALLIANCE
RESOLUTION NO. 2026-14

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE, A WASHINGTON MUNICIPAL CORPORATION, ADOPTING THE 2026 CAPITAL FUNDING PLAN AND AMENDING CHAPTERS 4.05 AND 4.15 OF THE CASCADE WATER ALLIANCE CODE.

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, Cascade Water Alliance Code ("CWAC") Section 5.70.040 (B) requires that Cascade adopt a Capital Funding Plan when development of a Water Supply Project is imminent; and

WHEREAS, Cascade is undertaking a Water Supply Project, Phase I of the Cascade Supply Program; and

WHEREAS, by Resolution 2012-07 § 30, Resolution 2009-10 § 1, and Resolution 2006-06 § 1, as codified in Chapter 4.15 CWAC, the Board of Directors ("Board") of Cascade previously adopted and amended a Capital Program Coordination, Management, and Finance Plan as a management tool to assist the Board in the making decisions about the financing options for the 2004 Transmission and Supply Plan and to serve as Cascade's "watershed management plan" under RCW 39.34.190; and

WHEREAS, by Resolution 2025-15, the Board adopted the 2025 Water System Plan, which supersedes Cascade's Transmission and Supply Plan previously adopted by the Board under Resolution 2018-19, § 2, Resolution 2012-15 § 1, Resolution 2012-07 § 29, and Resolution 2005-06 §§ A – B, and further amended Chapter 4.05 CWAC to clarify that the approved Water System Plan serves as the Cascade Water Supply Plan; and

WHEREAS, by Resolution 2012-06 § 1, the Board adopted the Cascade Water Alliance Amended and Restated Interlocal Contract, which established in Section 8.2 that Cascade's Watershed Management Plan may take the place of, or be incorporated into a Cascade Water Supply Plan; and

WHEREAS, by Resolution 2012-06 § 2, the Board adopted the Cascade Water Alliance Joint Municipal Utility Services Agreement, which established in Section 8.2 that any Watershed Management Plans existing on the date that Cascade formed as a Joint Municipal Utility Services Authority shall become a plan of Cascade; and

WHEREAS, the Capital Funding Plan does not authorize or constitute separate action or approval by Cascade with regard to any project, activity, or program that has not been separately and expressly approved by Cascade after compliance with all applicable SEPA environmental review requirements and does not authorize Cascade to make expenditures for capital projects, to pay for the purchase of existing capital improvements, or to purchase water supply; and

WHEREAS, the Board now desires to adopt the Capital Funding Plan, adopt amendments to Chapter 4.15 CWAC replacing the Capital Program Coordination, Management, and Finance Plan with the Capital Funding Plan, and adopt amendments to Chapter 4.05 CWAC clarifying that the approved Water System Plan serves as Cascade's Watershed Management Plan.

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

Section 1. Adoption of the 2026 Capital Funding Plan.

The Board of Directors of Cascade approves and adopts the 2026 Capital Funding Plan in the form attached to this Resolution, replacing the Capital Program Coordination, Management, and Finance Plan.

Section 2. Amendment of CWAC 4.15.010 and Resolutions 2012-07 § 30; 2009-10 § 1; and 2006-06 § 1.

CWAC 4.15.010, Res. 2012-07 § 30, Res. 2009-10 § 1, and Res. 2006-06 § 1 are amended to read as follows:

Chapter 4.15 CAPITAL PROGRAM COORDINATION, MANAGEMENT, AND FINANCE FUNDING PLAN

The Board of Directors of Cascade approves and adopts the capital program coordination, management and finance plan 2026 Capital Funding Plan.

Section 3. Amendment of CWAC 4.05.010.A. and Resolutions 2025-15 § 2; 2018-19 § 2; 2012-15 § 1; 2012-07 § 29; and 2005-06 §§ A – B.

CWAC 4.05.010.A, Res. 2025-15 § 2, Res. 2018-19, § 2, Res. 2012-15 § 1, Res. 2012-07 § 29, and Res. 2005-06 §§ A – B are amended to read as follows:

A. The Water System Plan, as approved by the Washington State Department of Health, shall serve as the Cascade Water Supply Plan required by the Cascade Joint Municipal Utilities Services Agreement providing for the actions necessary to develop a wholesale supply of water to meet the needs of Cascade Members over a 20-year planning horizon and the Watershed Management Plan; and

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 special meeting thereof, held on the 23rd day of September 2026.

CASCADE WATER ALLIANCE

Angela Birney, Chair

Attest – John Taylor, CEO

Tom McLeod, Vice Chair

Dave Hamilton, Secretary/Treasurer

Members

Yes _____

No _____

Demand Share

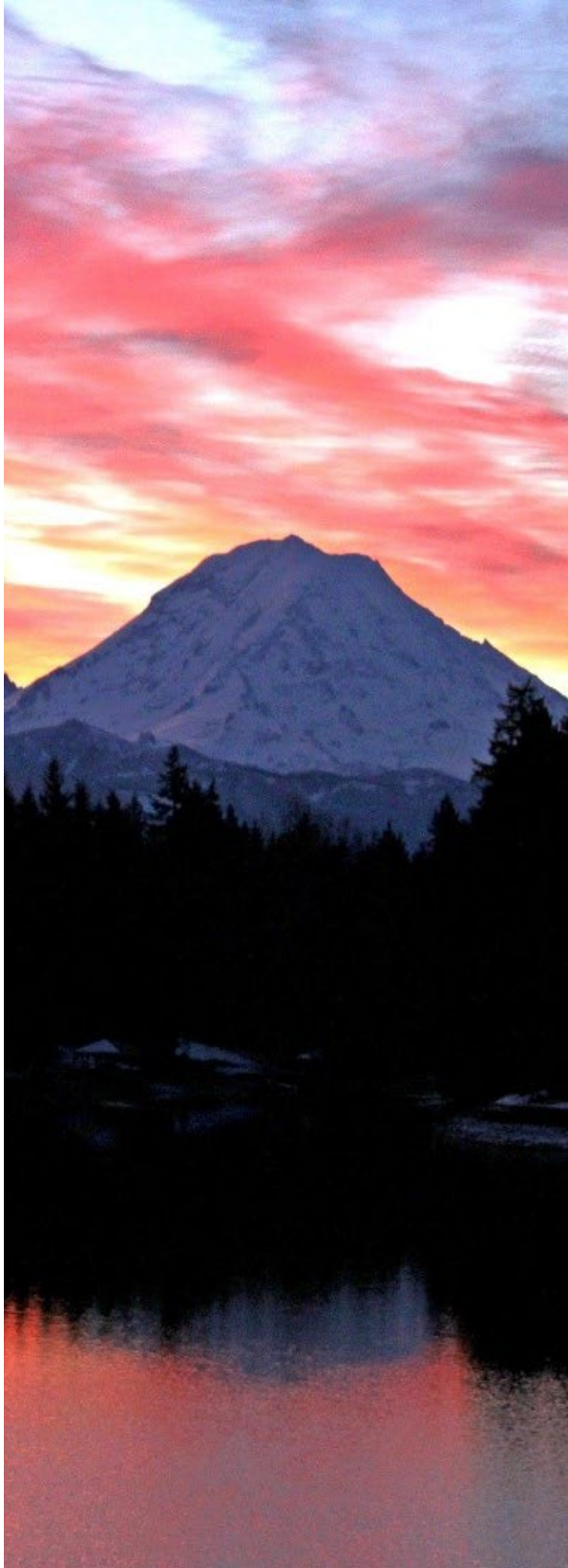
Yes _____%

No _____%

Include in CWAC?

 X Yes

 No



CAPITAL FUNDING PLAN

Cascade Supply Program:
Phase I

FINAL

2026-09-13

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Abbreviations, Acronyms, Key Terms

Abbreviation, Acronym, or Term	Definition
Board	Cascade Water Alliance Board of Directors
Cascade	Cascade Water Alliance
CCF	Hundred Cubic Feet
CERU	Cascade equivalent residential units
CIP	Capital Improvement Program, a 6-year program adopted as part of Cascade's biennial budget
CSP	Cascade Supply Program, or "Program", including all phases
DWSRF	Drinking Water State Revolving Fund
Funding Plan	Also: "Capital Funding Plan", "Plan" This document, the Funding Plan for Phase I of the Cascade Supply Program
PWB	Washington Public Works Board loan program
RCFC	Regional Capital Facilities Charge
MGD	Millions of gallons per day
SDC	System Development Charge
SPU	Seattle Public Utilities
Supply Project	Also: "Water Supply Project", "Phase I" Phase I of the Cascade Supply Program
TCTL	Tacoma-Cascade Transmission Line
TPU	Tacoma Public Utilities
WIFIA	U.S. EPA Water Infrastructure Finance and Innovation Act loan program
WSDF	Water Supply Development Fund
WRLTR	White-River Lake Tapps Reservoir, or "Lake Tapps Reservoir"

Executive Summary

Cascade is embarking on a major supply program to deliver Tacoma water to Cascade members. For projects of this scale, Cascade code requires Board adoption of a Capital Funding Plan designed to fulfill capital funding needs while satisfying applicable fiscal policies, mitigating risks, and limiting rate impacts on Members and their customers. This document provides a funding plan structured to satisfy these objectives, to document the policy decisions of the Board, and to define the long-term rate strategy guiding future budget and rate development.

A. The Water Supply Project

This Capital Funding Plan (“Funding Plan”) is for Phase I of the Cascade Supply Program (“CSP”, “Program”). The CSP is discussed in Cascade’s 2025 Water System Plan, and in Section 1 of this report. The CSP began with Board authorization of two supply contracts with Tacoma Water to replace the Seattle Public Utilities (“SPU”) supply contract scheduled to ramp down beginning in 2040. Phase I of the CSP provides the transmission infrastructure needed to deliver Tacoma supply. The existing conceptual Phase I plans include a pipeline from Tacoma’s Second Supply Pipeline in the Covington area extending to the Cascade service area (Tacoma-Cascade Transmission Line). It will also incorporate related features such as storage and re-chlorination facilities.

Phase I of the Program is anticipated to begin with detailed facility planning, followed by design and then construction, with anticipated completion by 2041. At present, the White River-Lake Tapps Reservoir (“WRLTR”) supply is projected to be needed at or near the termination of the Tacoma Water temporary supply agreement in 2062; the water supply infrastructure built to convey Tacoma supply may also convey water from WRLTR in the future.

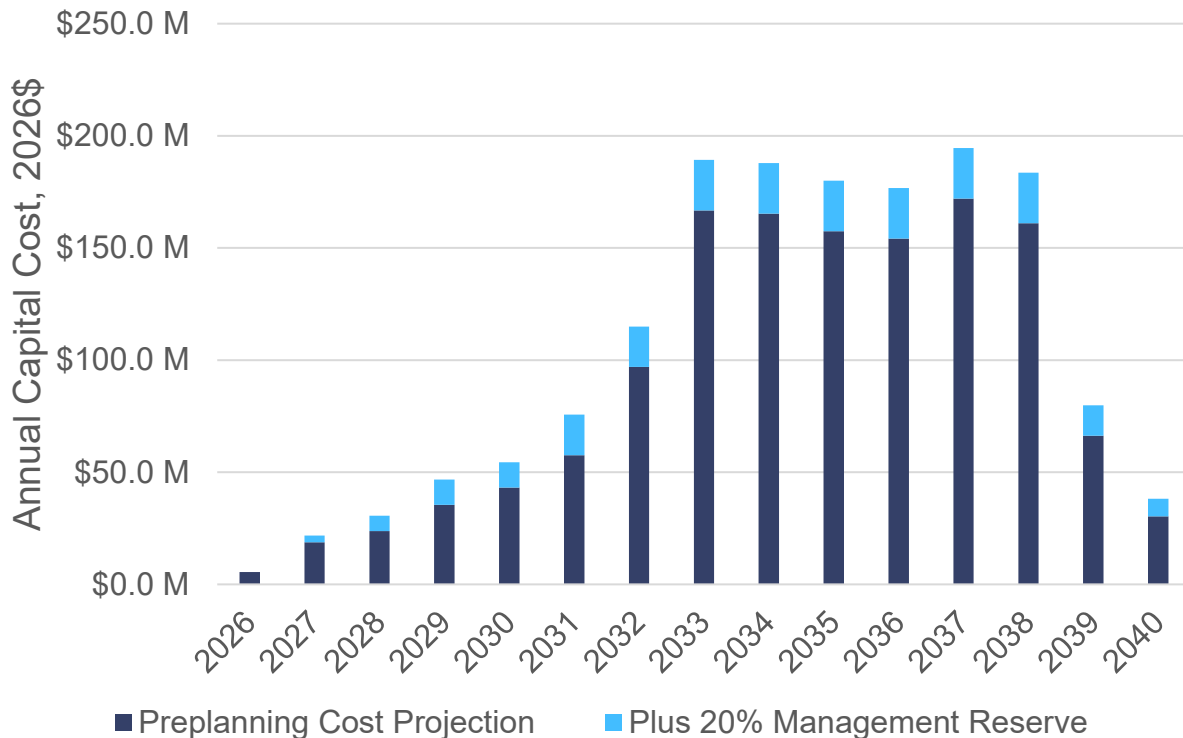
While some initial costs are incurred in 2026, the Funding Plan addresses the 2027-2040 timeframe. The CSP team developed preplanning cost projections in February 2026. These projections define a recommended cost range, rather than a single number, given the level of uncertainty at the initiation of the supply project. Based on those ranges, the cost range for Phase I of the CSP is currently projected at \$1.13 billion to \$1.35 billion in 2026 dollars, and actual outlays with inflation are projected to total between \$1.53 billion and \$1.84 billion in year of expenditure dollars. Cost projections will continue to be updated throughout the supply

Key Takeaways:

- **CSP Phase I** delivers Tacoma water when needed due to Seattle contract decline; project completion by 2041.
- **Recommended funding strategy** improves rate outcomes but requires earlier rate and borrowing decisions.
 - Cascade should pursue **WIFIA** funding from EPA, including actions to support the program.
 - A **\$60 million bond issue** is needed in the next 12 months.
 - Annual **rate increases of 9.5%** for the next biennium.
 - Funding **risk centers on Phase I cost and success of outside funding assistance.**
- **Biennial Capital Funding Plan updates**, in addition to when conditions change significantly.
- **Board Action** required to adopt Funding Plan and implement key elements such as rate and borrowing decisions.

project. The current cost projection and schedule of outlays for Phase I is summarized in **Exhibit ES-1**.

EXHIBIT ES-1. CSP PHASE I PREPLANNING COST PROJECTION RANGE AND SCHEDULE, 2026 COSTS



B. Key Fiscal Policies

Cascade’s fiscal policy structure is designed to be stable and predictable. This is manifested in policies guiding capital reinvestment, stable revenues, direction of funds toward capital purposes, and limits on capital structure to avoid over-leveraging. In anticipation of this and other supply projects, Cascade established a Water Supply Development Fund (“WSDF”) in 2021 to accumulate cash funding for major projects and to help ensure that a strong financial structure is maintained. Other policies include a debt limit, capital reinvestment, establishment of a Regional Capital Facilities Charge (“RCFC”), and more. These policies become rate-setting rules that drive necessary rate increases. Financial forecasts are structured to satisfy all applicable fiscal policies.

C. Key Funding Sources

Traditionally, funding would derive from direct cash funding and revenue bond debt. There also are many state and federal assistance programs oriented towards infrastructure that could help fund the supply project, although in most cases the scale of assistance is small relative to the anticipated supply project costs. However, even in these cases, the availability of grants or below-market loans can be beneficial to rate outcomes. Further, some sources can be substantial and materially improve projected financial performance. Among the available

programs, the Water Infrastructure Finance and Innovation Act (“WIFIA”) loan program administered by the U.S. Environmental Protection Agency is both substantial and could be extremely beneficial. The program can fund up to 49% of supply project costs for approved projects. For Phase I of the CSP, the total available financing could be between \$700 and \$850 million through this source.

Other grant and loan opportunities also remain available and while on a smaller scale, they can help lower project cost impacts. There are also opportunities for partnership with local and regional water utilities to increase regional resilience and may provide investment or revenue opportunities for Cascade as the project proponent and owner.

Cascade should pursue WIFIA loans as a central funding vehicle and other assistance programs in parallel.

D. The Recommended Funding Strategy

The recommended funding strategy uses financial forecasts to develop actionable and specific rate and funding decisions. This provides specific steps to initiate the funding program and tools for adapting the funding strategy as assumptions and conditions change. It relies on revenue bonds as a significant source of financing, while using public assistance programs and potential partnering opportunities to enhance financial performance and help constrain rate impacts. In all cases, elements that enhance cash funding are preferred, as they reduce debt burden and improve flexibility for meeting future capital needs.

The key components of Cascade’s Recommended Funding Strategy are:

- Assume successful pursuit of federal and state funding assistance,
- Plan conservatively, using the high end of the projected cost range in the near term while overall uncertainty is higher, to preserve flexibility and avoid worse rate outcomes in the future, and
- Adopt a policy of smoothing rates over the term of the supply project, rather than only the five-year smoothing of Cascade’s current policy.

The Recommended Funding Strategy reflects Cascade’s total anticipated operating and capital needs, including both Phase I of the CSP and other known or anticipated capital costs. The components of Cascade’s capital program between 2027 and 2040 are summarized in **Exhibit ES-2**.

EXHIBIT ES-2. TOTAL CASCADE CAPITAL COST SUMMARY: 2027-2040

Cost Component	2026\$ Cost Range	Inflated Cost Range
CSP Phase I *	\$1.13 B to \$1.35 B	\$1.53 B to \$1.84 B
Tacoma Water Supply Capital Costs †	\$95,431,000	\$95,431,000
6 year CIP (2027-2032) - Excludes Costs Shown Elsewhere	\$25,390,000	\$25,390,000
Forecasted Long-term Other Capital Costs (2033-2040)	\$36,390,000	\$56,460,000
Total	\$1.29 B to \$1.51 B	\$1.71 B to \$2.01 B

* CSP Phase 1 costs reflect estimated total capital cost beginning in 2026, and excludes operating costs in 2025 and 2026.

† Tacoma Water Supply Capital Costs are set by contract with no additional provisions for inflation adjustments.

Differences in totals due to rounding

The Recommended Funding Strategy includes a WIFIA loan and limited other loans and grants, along with cash and revenue bond funding. If successful, it yields a capital funding structure summarized below in **Exhibit ES-3**.

EXHIBIT ES-3. CAPITAL FUNDING SOURCES FOR RECOMMENDED FUNDING STRATEGY

	Inflated Dollars	Percentage
Total Capital Program Expenditures, 2027-2040	\$2,008,000,000	
Cash Funding	\$456,000,000	22.7%
Revenue Bond Funding (net of issue and reserve costs)	\$662,000,000	33.0%
Federal (WIFIA) Loans	\$850,000,000	42.3%
State Loans	\$20,000,000	1.0%
Grants and Partner Contributions	\$20,000,000	1.0%
Total Capital Funding	\$2,008,000,000	

The totals shown above reflect all components of Cascade's anticipated capital program, including both the supply project and other anticipated capital needs.

Although a supply project of this scale will stress financial and rate capacity, Cascade fiscal policies and financial objectives remain satisfied. Cash funding is also increased, providing improved debt structures and overall financial outcomes. The key metrics projected under current assumptions for the supply project cost and schedule are summarized in **Exhibit ES-4**:

EXHIBIT ES-4. KEY FINANCIAL METRICS FOR RECOMMENDED FUNDING STRATEGY

Average Annual Rate Increase (2027-2040):	8.96%			
Maximum Debt to Fixed Asset Ratio (2027-2040):	69.7%	2040		
Min Debt Service Coverage 2027-2040 (All Debt):	1.40	2040		
	2025	2030	2035	2040
Total Debt Outstanding	\$55 M	\$90 M	\$0.722 B	\$1.408 B
Debt Service as % of Member Charges	20.1%	18.3%	41.0%	58.1%
Debt Service Coverage (All Debt)	2.18	4.14	1.97	1.40
Cost per CCF (Member Charges / Total Sales)	\$3.38	\$5.07	\$7.61	\$11.27

The recommended strategy mitigates rate trends and reduces total debt burden as compared to traditional funding or reduced rate smoothing. **Exhibit ES-5** summarizes annual rate increases for the 2027-2040 period. The recommended strategy results in smoothed rates and longer loan terms, which spread the impact of rate increases more evenly across the period of the supply project and avoid short term rate spikes, relative to less conservative rate strategies.

EXHIBIT ES-5. ANNUAL RATE INCREASES FOR RECOMMENDED FUNDING STRATEGY


The cumulative impact of these rate increases on the average cost of Cascade water is shown in **Exhibit ES-6** in terms of cost per hundred cubic feet per month ("CCF"). Cost impacts on members varies based on the proportion of independent vs Cascade water supply.

EXHIBIT ES-6. PROJECTED COST PER CCF OF SUPPLY FOR RECOMMENDED FUNDING STRATEGY



E. Risks and Uncertainty

This Funding Plan relies on the existing projections of the supply project cost and schedule, as well as related forecasts of other Cascade costs, growth and inflation rates, and other factors. Assumptions related to the supply project costs and cost trends over the next 15 years are central to longer-term expectations for project financing and rate impacts. While forecasts were developed to continue to meet Cascade fiscal policies, unanticipated adverse trends could worsen the financial forecast and increase volatility.

The Funding Plan examines various factors and evaluates risks and consequences for those factors through sensitivity analyses. The sensitivity analyses suggest a range of outcomes, rather than a single expectation, and initial decisions as summarized in this Plan can be made based on a broader understanding of potential outcomes.

Four groups of sensitivity analyses were developed:

- Major risk factors: these scenarios evaluate the sensitivity of the outcomes to supply project cost and schedule.
- Demonstrating financial capacity: these scenarios test extreme negative scenarios to demonstrate that Cascade has the financial capacity to respond to those conditions without violating covenants or other financial policies, as required by the Cascade Code.
- Evaluating conservatism: these scenarios recognize that there is a range of uncertainty today, and test what happens if assumed conditions changed for better or worse during the course of the supply project.
- Other sensitivity reviews: these reviews evaluate underlying economic assumptions such as inflation, growth rate, or water demand.

In all cases tested, fiscal policies were satisfied regarding debt burden, debt coverage, and financial performance. However, unanticipated impacts or trends can materially increase necessary rates and destabilize financial outcomes. Financial outcomes are summarized in **Exhibit ES-7**.

EXHIBIT ES-7. SENSITIVITY ANALYSIS – SUMMARY OF KEY FINANCIAL METRICS

Scenario	Phase I Cost, 2026\$	Avg Annual Rate Increase	2040 Cost per CCF	% Cash Funding	Max Debt to Net Asset Ratio	Min Debt Service Coverage
Policy or Covenant					80%	1.25
Base Scenario	\$1.13 B	8.12%	\$10.11	25.6%	63.2%	1.42
Funding Assistance	\$1.13 B	7.82%	\$9.73	26.2%	65.9%	1.42
<i>Scenarios for Major Risk Factors</i>						
1. Higher Capital Costs	\$1.35 B	9.17%	\$11.58	20.3%	71.8%	1.41
2. Accelerated Schedule	\$1.13 B	7.53%	\$9.37	23.1%	56.3%	1.41
3. Delayed Schedule*	\$1.13 B	6.77%	\$11.54	27.8%	60.6%	1.54
<i>Scenarios Demonstrating Financial Capacity</i>						
4. Adverse Ensemble	\$1.35 B	9.00%	\$11.33	20.6%	66.9%	1.41
5. Cost Over-run	\$1.63 B	10.20%	\$13.20	18.5%	70.3%	1.40
<i>Scenarios Evaluating Conservatism</i>						
6. Conservative, then lower cost	\$1.13 B	7.71%	\$9.58	28.5%	63.5%	1.44
7. Optimistic, then higher cost	\$1.35 B	9.39%	\$11.91	20.8%	69.1%	1.41
8. Extremely Conservative	\$1.94 B	11.68%	\$15.92	19.0%	71.7%	1.40
<i>Recommended Funding Strategy</i>						
Recommended Funding Strategy	\$1.35 B	8.96%	\$11.27	22.7%	69.7%	1.40

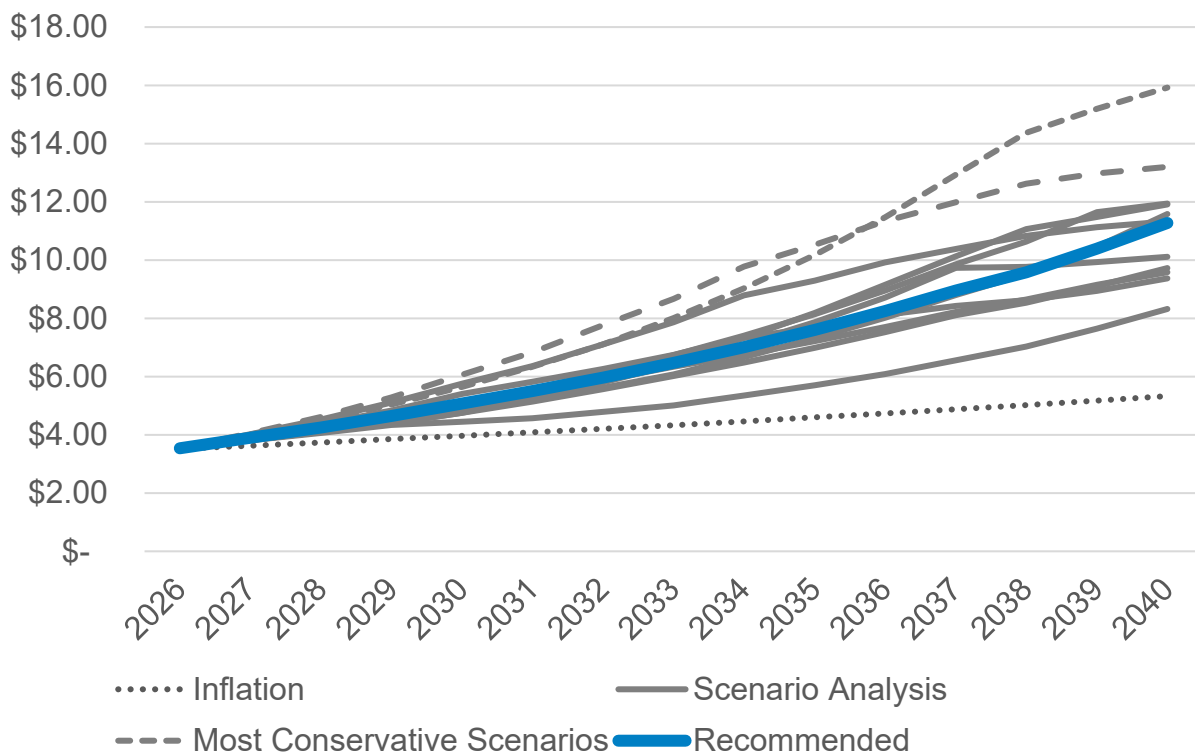
* Scenario 3 shows 2045 Cost per CCF, reflecting full impact of Phase I

Key conclusions from the sensitivity analysis include:

- Rate increases necessary to deliver Phase I of the CSP are significant: even the most optimistic scenarios are significantly higher than inflation.
- With the exception of the most conservative scenarios, and the delay scenario, the long term cost per CCF is relatively tightly grouped, ranging between \$9.37 per CCF and \$11.94 per CCF.
- For scenarios with consistent assumptions, higher initial increases reduce long term cost by reducing necessary borrowing.
- There are a number of components of uncertainty that will not be resolved until the CSP is well under way: any strategy needs to be flexible to manage that uncertainty.

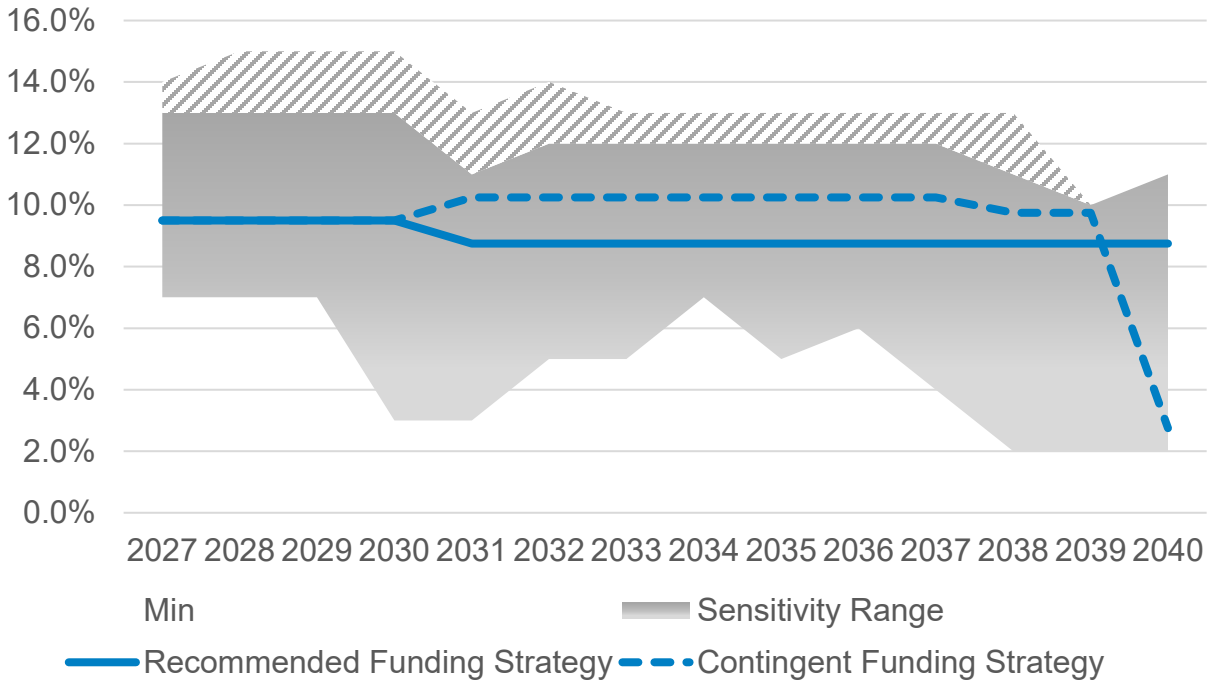
The recommended funding strategy has been developed recognizing the uncertainty in both risks and opportunities. It represents a moderately conservative rate path that positions Cascade to be preserve financial flexibility while uncertainty remains high. **Exhibit ES-8** shows the recommended funding strategy in terms of cumulative cost per CCF, along with the range of sensitivity analysis outcomes.

EXHIBIT ES-8. PROJECTED COST PER CCF FOR RECOMMENDED FUNDING STRATEGY



One key area of uncertainty is whether Cascade will be successful in pursuing outside funding assistance. **Exhibit ES-9** shows how the rates under the Recommended Funding Strategy would need to shift to accommodate a change to revenue bond funding if WIFIA loans are not available. The exhibit shows how Cascade's rate strategy would need to change beginning in 2031, increasing to 10.25% per year rather than dropping to 8.75% per year.

EXHIBIT ES-9. CONTINGENT RATE STRATEGY



F. Recommended Policies and Actions

According to the Cascade code, the Board must adopt a capital funding plan before materially embarking on a project of this scale. Budget and rate planning should then reflect financial needs identified by the plan.

There are three primary areas for policy input and action related to the Funding Plan for the Supply project. The recommended policy actions reflected in the strategy discussed above are:

- Adopt a policy of pursuing outside funding assistance, and direct Cascade staff to take actions necessary to pursue federal and state funding, including coordination with Members regarding support for Cascade's applications and for program funding.
- Direct Cascade staff to develop budgets, rate proposals, and forecasts using a level of cost conservatism that is consistent with the Recommended Funding Strategy.
- Adopt a policy of smoothing rates over the duration of the supply project.

In adopting the Capital Funding Plan, the Board should anticipate the following near-term actions to implement the Plan:

- For the 2027-2028 biennium, implement rate increases of 9.5% annually.
- Charge the full RCFC as determined by the adopted methodology, but with a phasing in of the charges to prevent extreme impacts. This results in recommended charges of \$10,622 for 2027 and \$12,747 for 2028. The 2026 RCFC is \$8,852. Update the RCFC

methodology and forecast with major changes to project configuration, cost and schedule.

- Plan and execute a revenue bond issue in late 2026 or early 2027 on the order of \$60 million, intended to meet two years of projected capital costs. Consider expanding the bond issue to take advantage of opportunities for refunding or restructuring existing debt (revenue bonds and Tacoma capacity payments).
- Vigorously pursue funding through the WIFIA program and maximize use of this program.
- Initiate applications for other state and federal grant and loan programs according to program guidelines, as well as pursuit of legislative appropriations.
- Pursue regional partnerships to enhance the regional value of the project and Cascade's financial outcomes.
- Periodically update the Funding Plan and adopt a revised version when material changes in costs, schedule or other assumptions occur.

The Capital Funding Plan does not authorize or constitute separate action or approval by Cascade with regard to any project, activity, or program that has not been separately and expressly approved by Cascade after compliance with all applicable SEPA environmental review requirements. Adoption of this Plan does not authorize Cascade to make expenditures for capital projects, to pay for the purchase of existing capital improvements, or to purchase water supply.

G. Future Actions and Board Role

In adopting the Plan, the Board is directing staff to take actions consistent with implementing the Recommended Action. The Board retains authority related to issuing new revenue bond debt, adopting Cascade budgets and rates, accepting terms for public grants and loans, and all major Phase I funding decisions. Separately, the Board will be engaged in project oversight and authorization related to planning, design, and construction-related activities required to implement Phase I of the Cascade Supply Program.

The Capital Funding Plan will be periodically updated and revised as supply project information evolves. The Board will be asked to periodically adopt the updated Funding Plan to supersede this initial Funding Plan. It is anticipated that this may initially occur as frequently as annually, perhaps later slowing to biennial updates linked to budget, rate, and funding cycles.

In addition to regular updates, Cascade anticipates a number of key points that would merit updates to the Capital Funding Plan. The preplanning schedule anticipates reaching a design milestone where a baseline cost estimate is established between 2029 and 2030. This will represent a significant update to the cost assumptions. Additionally, this design milestone is necessary for application for construction funding through WIFIA. Subsequently, the preplanning schedule anticipates that commencement of construction in approximately 2032 will also prompt an update to the Funding Plan.

This Capital Funding Plan is limited to the funding for Phase I of the CSP, but it has been developed with recognition that additional infrastructure beyond Phase I will be needed to execute Cascade's supply strategy. At this time, the program definition for subsequent phases is conceptual, with no formal planning or design having been completed since the 2012

Transmission Supply Plan. Phase II will comprise the infrastructure necessary to distribute water to the Cascade Member agencies, with internal planning in the 2030s and material consultant costs beginning in the late 2030s. Phase III will comprise the infrastructure necessary to bring Lake Tapps Reservoir in to drinking water service, including the remaining transmission pipeline and water treatment plant. It is anticipated that Phase III would be brought into service in roughly 2060. As preplanning and planning activities improve definition of the subsequent Phases, these will also prompt updates to the Capital Funding Plan.

1.0 Introduction and Purpose

Cascade Code requires that the Board adopt a Capital Funding Plan (“Funding Plan”, “Plan”) before undertaking substantial capital project efforts. The Funding Plan provides a strategy for funding major capital projects. It is intended to be flexible and adaptable and should be routinely reviewed and updated.

While the Funding Plan primarily addresses the initial Supply project needed to deliver Tacoma water to the Cascade service area by 2041, including a transmission line and appurtenant infrastructure as outlined below, it also includes Cascade’s other expected capital expenditures, both near-term and long-term, including supply payments to Tacoma. These other projected costs are considered fixed costs in the analyses and not subject to the sensitivity analyses that are performed for the projected Cascade Supply Program (“CSP”) Phase I costs. In other words, Cascade is not evaluating the risk and uncertainty related to supply payments, WRLTR capital needs, or future CSP phases.

Although developed in the context of the broader CSP extending over decades, this Plan does not directly address funding alternatives for subsequent phases of the CSP, relying on standard assumptions regarding use of cash resources and revenue bond debt. Cascade expects to include the projected costs for future phases and ongoing supply payments in future capital funding plans as necessary. For this current Plan, cost projections for those later phases/projects are included in all related financial forecasts for purposes of evaluating longer-term financial needs as affected by Phase I funding decisions.

A. Requirements for a Capital Funding Plan: Cascade Code

Recognizing the impact of major capital initiatives on Cascade, the Cascade Code requires that such initiatives be accompanied by timely and adequate financial planning. This takes the form of a Funding Plan to be adopted by the Board.

Section 5.05.050 of the Cascade code (Fiscal Policies) specifically requires advance planning when projects could lead to high levels of debt leverage or when projects are substantial relative to existing Cascade infrastructure. Specifically, subsections E and F provide:

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

F. Project Funding Plan. For specific major capital projects that would represent 25 percent or more of Cascade’s total fixed assets (undepreciated original cost) when completed, such as development of a major new supply source, a project funding plan will be developed that identifies and includes a schedule of anticipated costs, planned

sources of cash, grant and debt financing, a planned schedule of debt issuance, compliance with fiscal policies, and a projection of impacts on Member charges. The project funding plan will also include a contingent funding strategy in the event that project costs were to increase up to 20 percent above estimates or if assumed grant funding were lost. The project funding plan will be adopted by the Board in advance of initiating the project and will be subject to periodic update as appropriate during the development of the project.”

In 2021, after over a year of development and review, the Cascade Board created the Water Supply Development Fund (“WSDF”), whose primary purpose is to provide direct cash funding for major supply projects in compliance with fiscal policies limiting debt leverage and calling for rate planning to provide smooth and predictable transitions in member costs (rates).

As part of the WSDF formation, further guidance on capital planning requirements related to use of the WSDF was adopted in Cascade Code section 5.70.040.B, which provides:

“B. Funding Plan. When development of the Water Supply Project is imminent, but in no case later than the budgeting process for the biennium in which work shall materially commence, Cascade shall, in consultation with Cascade’s financial advisors and other consultants, develop and present to the Board a funding plan for its consideration of the Water Supply Project capital funding, and its authorization of related financial activities including bond issues, rate increases and use of the Water Supply Development Fund. The funding plan shall:

- 1. Address the planned and scheduled use of equity funds, loans, grants, and revenue bonds during development of the Water Supply Project.*
- 2. Outline a schedule for the use of equity and debt resources that enables rational and timely access to bond markets, adequate funding throughout the Water Supply Project construction period, and a reasonable rate strategy to transition Member charges to a level that fully funds the development of Water Supply Project.*
- 3. Include reasonable contingencies for unanticipated cost increases and schedule alterations.*
- 4. If grants or low-cost loans cannot be confidently relied upon, address a structure without those sources, but with flexibility to accommodate the benefits of such funding sources if and when they are secured.”*

Together, these elements of code indicate the high priority placed by the Board on adequate capital financial planning that contemplates contingencies and risks when developing a thorough funding strategy. This Funding Plan is structured to satisfy the requirements of both 5.05.050 and 5.70.040 as related to Phase I of the Cascade Supply Program needed to deliver Tacoma wholesale water to Cascade members.

B. The Supply Project

1. General Supply Strategy

Cascade's supply strategy centers on Cascade's ownership of White River-Lake Tapps Reservoir ("WRLTR", "Lake Tapps Reservoir") and related municipal water rights as a future drinking water supply source. Cascade's business model calls for the use of available regional water to bridge demand until the Lake Tapps Reservoir is developed. Existing Seattle contract supplies begin to decline after 2039. With an estimated 20-year planning horizon to develop the Lake Tapps Reservoir, in July 2021, Cascade's Board directed staff to pursue potential supply contracts with Seattle and Tacoma. The objectives of the contract discussions were as follows:

1. 20-year (or longer) extension of contract supply.
2. Extension sufficient to defer development of the Lake Tapps Reservoir.
3. Reasonable and predictable costs.
4. Net economic and/or rate benefit versus developing Lake Tapps Reservoir.
5. Flexibility to allow for future variation in supply and demand.
6. Possible further extensions if mutually beneficial given supply/demand status.
7. Possible partnership opportunities for assets of regional significance.

In May 2024, after nearly three years of discussions with both Seattle and Tacoma, Cascade's Board directed staff to develop a new supply contract with Tacoma. Seattle and Tacoma both proposed contract terms that would allow Cascade to cost-effectively defer development of the Lake Tapps Reservoir. However, Tacoma's proposal offered longer supply certainty, greater financial benefit, and an opportunity to move towards a regionalized water system. The financial advantage extended over a wide range of sensitivity analyses. Recent update of the sensitivity to project costs ranging to 100% above estimate continued to illustrate a distinct advantage for the Tacoma supply option.

In March 2025, Cascade and Tacoma finalized and signed two separate and complementary agreements – the Agreement for Market-Priced Wholesale Water Supply (2025 Market-Priced Agreement) and the Wholesale Water Supply Agreement (2025 Wholesale Agreement). Cascade plans to phase into Tacoma's delivery, starting around 2041, as supply from Seattle's Block Contract declines and demand begins to exceed Seattle's contractual supply.

The following are key supply terms in each agreement:

- 2025 Market-Priced Agreement (temporary supply)
 - Restates and replaces the 2012 Tacoma Agreement that provides up to eight (8) MGD of water.
 - Provides water supply from 2041 through 2062 and may be extended upon mutual agreement.
 - Provides up to 12 MGD annual average and 17.5 MGD peak day water supply.

- 2025 Wholesale Agreement (permanent supply)
 - Commences on the agreement signature date and remains in effect until Tacoma ceases making wholesale water sales.
 - Provides up to 15 MGD (peak day) water supply with no lower annual limit.

Cascade is responsible for constructing the facilities necessary to connect Cascade's system with the Tacoma system.

With the Tacoma contracts in place, development of the WRLTR water supply can now be deferred until roughly 2060. Infrastructure needed to deliver Tacoma water will continue to be used to deliver the permanent portion of the Tacoma supply, while also able to be used as a part of the system to deliver WRLTR water after it is developed. In addition, Cascade can also continue to explore other regional opportunities that might provide further cost-effective deferrals.

2. Cascade Supply Program

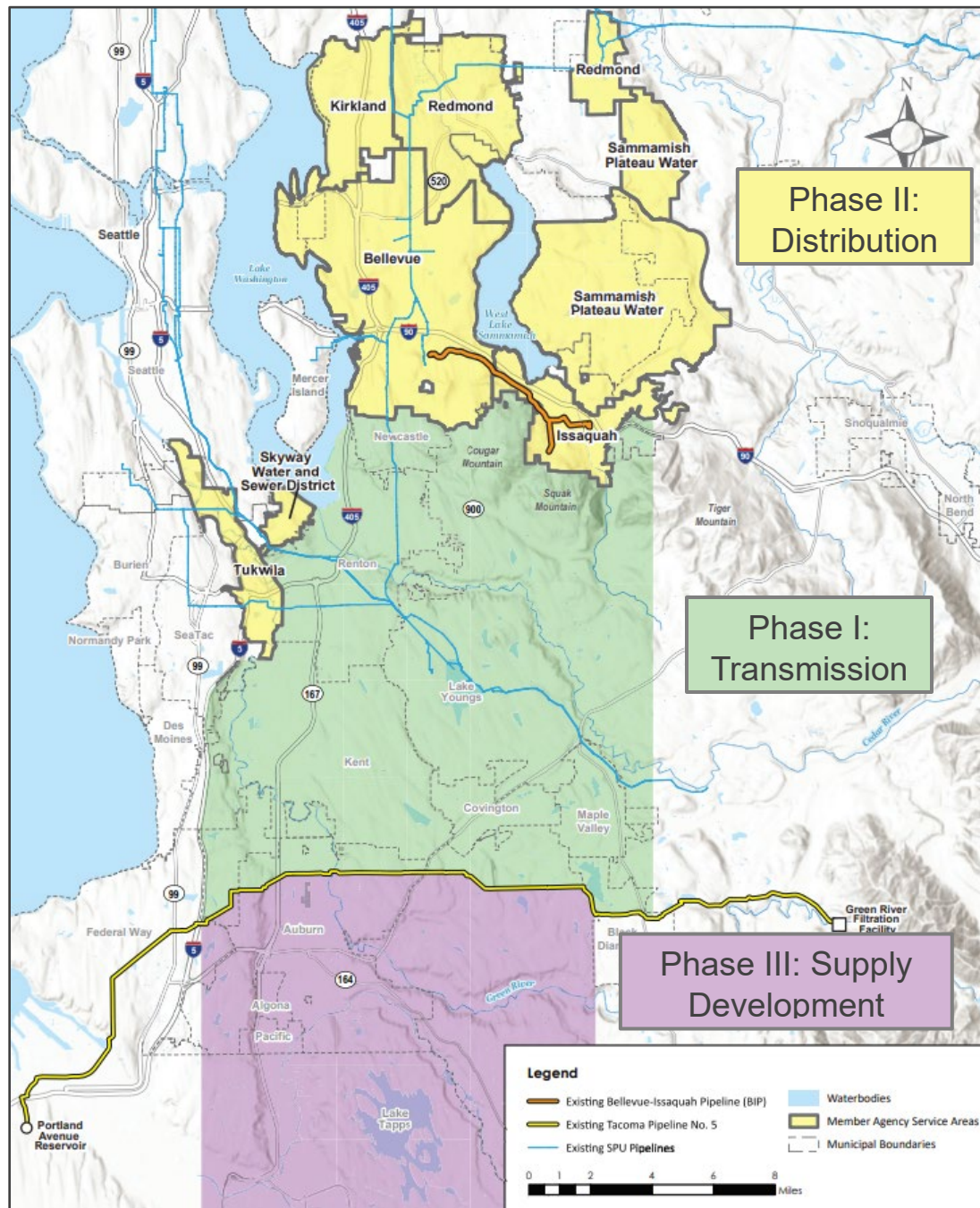
As discussed in its 2025 Water System Plan, Cascade's system planning efforts reflect the anticipated infrastructure necessary to support the long-term general supply strategy discussed above. Cascade's 2012 Transmission Supply Plan considered the new facilities that would be required to deliver Tacoma -provided water to Cascade Members using a new pipeline known as the Tacoma-Cascade Pipeline. That program has been re-envisioned, and the conveyance required to deliver Tacoma water to Cascade Members is now called the Cascade Supply Program ("CSP"). This transmission line and associated infrastructure is Phase I of the CSP. Cascade will be responsible for planning and constructing the final alignment of the Tacoma-Cascade Transmission Line ("TCTL") by 2041. Phase II of the CSP will comprise the infrastructure necessary to distribute water to the Cascade Member agencies, with internal planning in the 2030s and material consultant costs beginning in the late 2030s. Phase III of the CSP will include the infrastructure necessary to bring the White River Lake Tapps Reservoir in to drinking water service, including the remaining transmission pipeline and water treatment plant. It is anticipated that Phase III would be brought into service in roughly 2060.

The phases of the CSP and anticipated project components are summarized below. These components are based on the existing pre-planning efforts, and are expected to be refined and changed as the CSP planning efforts commence in 2026. These phases are shown in

Exhibit 1-1.

- Phase I: Supply transmission from Tacoma Second Supply Pipeline to Cascade service area. (in-service by about 2040)
 - Supply transmission lines (Tacoma-Cascade Transmission Line, TCTL)
 - Storage tank (Cascade Storage Tank #1, CST1)
 - Re-chlorination (Cascade Re-chlorination Station, CRS)
 - Building facilities for SCADA, Storage, and Operations and Maintenance
 - Permitting and property acquisition
- Phase II: Supply distribution to Cascade members (components are assumed future needs, subject to change). (2040s and 2050s as sources of supply shift)
 - Additional storage tank (Cascade Storage Tank #2, CST2)
 - Bellevue-Issaquah Pipeline distribution improvements (assuming the TCTL follows the alignment from prior planning efforts)
 - Pumping (if needed)
 - Eastside distribution lines serving Bellevue/Kirkland/Redmond (BKR)
 - Multiple new connection points to members
- Phase III: The White River-Lake Tapps Reservoir system and related water rights (components are assumed future needs, subject to change). (in-service around 2060 as Tacoma temporary supply reaches its end)
 - Water intake and filtration plant (Lake Tapps Reservoir Water Treatment Plant, LTR WTP) with partial treatment capacity
 - Transmission pipeline from Lake Tapps Reservoir to near Cascade TCTL intake at Tacoma Second Supply Pipeline (Lake Tapps Transmission Line, LTL)
 - Appurtenant facilities
 - Full build out of the LTR WTP treatment capacity anticipated between 2080 and 2100.

EXHIBIT 1-1. CSP VICINITY MAP WITH ANTICIPATED PROGRAM PHASES



The entire Cascade system will evolve and develop over multiple decades and be scheduled according to need as contracted supplies decline or terminate, new supplies are integrated into the system and demands change. The supply strategy for the CSP will also evolve over time as more is known about available regional resources including Lake Tapps Reservoir. New supply options and revisions to availability of existing options could lead to material changes to the long-term supply strategy. However, the Phase I projects are needed for timely delivery of Tacoma water and remain essential even as questions regarding sizing and routing remain to be resolved.

3. Scope of this Funding Plan

This Funding Plan is limited in focus to funding Phase I of the CSP, (“Supply Project”, “Water Supply Project”), as well as the capital costs associated with the 2025 Tacoma agreements. It addresses the Supply Project period from 2027-2040. For 2025 and 2026, some initial Phase I and Tacoma costs are already included in the 2025-2026 budget and adopted rates and do not need to be further considered for funding.

As mentioned above, all Cascade capital cost projections are included in the rate models, but only the CSP Phase I is considered in sensitivity analysis and the description of potential funding sources and impacts. Funding for Phase I of the CSP is most critical for several reasons:

- Cascade’s existing infrastructure is limited in scale relative to the Supply Project. Developing Cascade’s financial capacity to fund and support the project requires a systematic strategy that builds funding capacity while limiting long-term impacts on rates. This strategy will rely on both debt and cash funding. This initial transition is critical to Cascade’s sustainable approach to funding ongoing system development while fulfilling adopted fiscal policies.
- Supply Contract payment obligations to both Tacoma and Seattle are established costs that Cascade must continue to fund. Some flexibility exists related to Tacoma payments that could be considered as options for reducing or restructuring cost impacts on Cascade.
- Cascade’s fiscal policies constrain overaccumulation of debt burden (leveraging) by limiting the amount of debt relative to the fixed asset base. Given the relatively small existing asset base and remaining debt related to those assets, these policies dictate a substantial cash contribution toward initial new supply projects. Together with policies stressing stable rate trends, compliance requires planful accumulation of cash funding capacity.
- Subsequent phases of development will also impose financial pressure, but in the context of an established ability to support major capital needs. As debt is repaid,

The Funding Plan covers:

- **CSP Phase I**, the transmission line and associated facilities connecting the Tacoma system to Cascade’s service area, to be completed by 2041. Provisions for operating and maintenance costs are also included as the project goes into service.
- **Capital components of 2025 Tacoma agreements**, including the system development charges and restated restructuring payments.
- **Other forecasted Cascade capital needs** during the Phase I timeframe, not exclusively the CSP Phase I elements.
- **All Cascade existing and projected operating costs.**

funding alternatives for subsequent phases will enjoy greater flexibility regarding the use of cash and debt. Regional partnership opportunities may also arise related to transmission and supply assets which could mitigate cost impacts on Cascade.

- Cascade currently enjoys a high bond rating that can serve it well in funding the initial capital needs. However, unless carefully anticipated and planned for, the total amount of debt required can impose financial pressure and threaten the financial integrity that has earned this rating and associated reduced borrowing costs now and in the future.
- With Phase I costs imminent, the Funding Plan needs to be established and implemented now to assure financial viability and coordinate near-term decisions (like rates and budget) with the funding strategy.

While this Capital Funding Plan is limited to the funding for Phase I of the CSP, it has been developed with recognition that additional infrastructure beyond Phase I will be needed to execute Cascade's supply strategy. At this time, the program definition for subsequent phases is conceptual, with no formal planning or design having been completed since the 2012 Transmission Supply Plan. As discussed in **Section 9.0**, Cascade anticipates updating the Capital Funding Plan as pre-planning work on subsequent phases is completed.

The Capital Funding Plan does not authorize or constitute separate action or approval by Cascade with regard to any project, activity, or program that has not been separately and expressly approved by Cascade after compliance with all applicable SEPA environmental review requirements. Adoption of this Plan does not authorize Cascade to make expenditures for capital projects, to pay for the purchase of existing capital improvements, or to purchase water supply.

C. Future Supply Alternatives

Financial planning to date has focused on designing and constructing a pipeline capable of conveying the full water right of Cascade's future Lake Tapps Reservoir supply, reaching delivery capacity of up to 48.5 mgd annual average. The schedule, route, and size of the transmission project remain subject to more detailed facilities planning.

With respect to pipeline route and size, the ultimate capacity of the Lake Tapps Reservoir supply is unlikely to be needed until the 2070's at the earliest. Reduced sizing of the initial pipelines could reduce initial cost and retain flexibility with respect to later provision of additional transmission capacity. In particular, the ultimate development of multiple pipelines, either in a single or dual corridor, would enhance both operational flexibility and system reliability and resiliency. In addition, related facilities such as treatment, storage, chlorination, and pumping could be accelerated, delayed, phased, or expanded depending on the results of the initial and ongoing facilities planning efforts.

Options will remain available after Phase I. To date, a common finding of supply options analyses has been that Cascade can benefit from using available regional resources (if made available on reasonable terms) before initiating its own new supply. This strategy also benefits Cascade's regional partners by productively using their available surplus(es) to generate revenue. However, the Phase I projects are needed for timely delivery of Tacoma water and can integrate with evolving plans for longer-term supply.

D. Existing Cost Projections and Capital Projects

The Phase I projects currently envisioned and addressed in this Funding Plan are based on an earlier phase of planning and design between 2005 and 2012. Until CSP planning efforts commence in earnest (following development of this Plan), Cascade is using the following key assumptions for the facilities needed to deliver Tacoma water, namely:

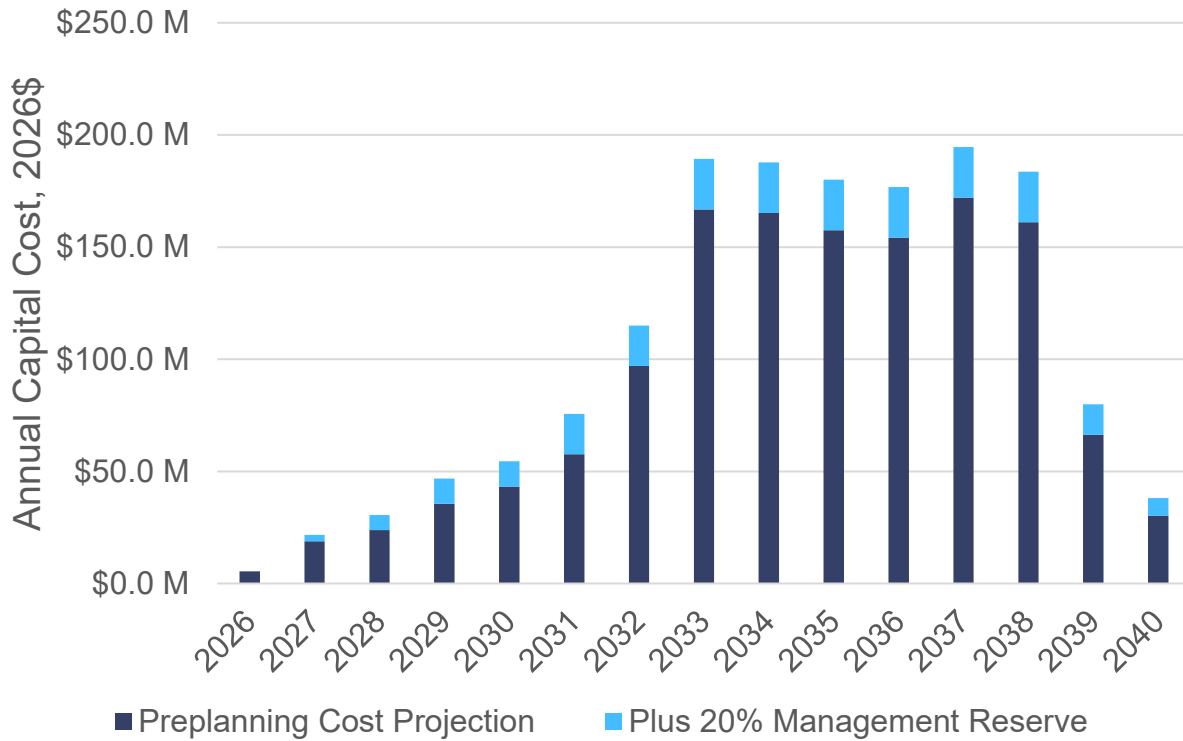
- A Tacoma Cascade Transmission Line (“TCTL”):
 - 19 miles of 54-inch pipeline running roughly from the Tacoma Second Supply Pipeline in the Covington vicinity to Cascade’s service area
- A storage facility
 - A 15-million-gallon storage tank located at or near the northern terminus of the TCTL
- A re-chlorination station to maintain adequate disinfection
 - Located near the northern terminus of the TCTL
- Building facilities for SCADA, storage, and Operations and Maintenance
- Permitting and property acquisition to support the above facilities
 - Purchase and easements for the tank, buildings and pipeline alignment

The CSP team developed preplanning cost projections in February 2026.¹ These projections define a recommended cost range, rather than a single number, given the level of uncertainty at the initiation of the Supply Project. Based on those ranges, the Supply Project cost range is currently projected at \$1.13 billion to \$1.35 billion in January 2026 dollars, and actual outlays inflated to time of expenditure are projected to total between \$1.53 and \$1.84 billion. This cost projection range will continue to be updated throughout the Supply Project. These cost projections include the base costs, contingencies, program reserves, staffing, and program management expenditures to deliver Phase I of the Cascade Supply Program. Completion of Phase I is targeted by the end of 2040. Scenarios considering cost risk and schedule risk are discussed in **Section 6.0**.

The existing anticipated schedule of cash needs for the Supply Project is outlined in **Exhibit 1-2**, including the planning, design, construction, and program administration of Phase I as currently envisioned. This cost schedule is the schedule basis for the Funding Plan and will be updated as more detailed planning is conducted as part of the project.

¹ Cascade Supply Program Phase I Preplanning Cost Projection, February 24, 2026.

EXHIBIT 1-2. CSP PHASE I PREPLANNING COST PROJECTION RANGE AND SCHEDULE, 2026 COSTS



This Funding Plan includes sensitivity analyses and scenarios regarding the cost and schedule associated with Phase I of the CSP. In addition to Phase I, Cascade bears other capital costs related to the Tacoma supply contract payments and ongoing Cascade capital projects not related to Phase I of the CSP. Cascade’s financial forecasting model incorporates all of these projected capital costs, but uncertainty remains regarding the timing or magnitude of existing asset capital costs or future CSP phase costs. The Funding Plan incorporates and identifies funding sources for all of these capital needs when forecasting financing requirements, fiscal compliance and member charges.

The total capital outlays anticipated in the Funding Plan for 2027-2040 are summarized in **Exhibit 1-3**.

EXHIBIT 1-3. TOTAL PROJECTED CASCADE CAPITAL COSTS, 2027-2040

Cost Component	2026\$ Cost Range	Inflated Cost Range
CSP Phase I *	\$1.13 B to \$1.35 B	\$1.53 B to \$1.84 B
Tacoma Water Supply Capital Costs †	\$95,431,000	\$95,431,000
6 year CIP (2027-2032) - Excludes Costs Shown Elsewhere	\$25,390,000	\$25,390,000
Forecasted Long-term Other Capital Costs (2033-2040)	\$36,390,000	\$56,460,000
Total	\$1.29 B to \$1.51 B	\$1.71 B to \$2.01 B

* CSP Phase 1 costs reflect estimated total capital cost beginning in 2026, and excludes operating costs in 2025 and 2026.

† Tacoma Water Supply Capital Costs are set by contract with no additional provisions for inflation adjustments.

Differences in totals due to rounding

E. Contents of this Funding Plan

The Funding Plan for Phase I contains the following elements:

- Outline financial standards that guide the Plan development.
- Identify and summarize potential funding sources including cash, bonds, loans, grants and partnering.
- Establish a Base funding scenario utilizing known available resources, specifically cash (including the WSDF) and revenue bonds. Rate impacts are projected for the Base scenario. Compliance with fiscal policies is tested and documented.
- Develop scenarios that evaluate positive and negative assumptions, including addressing potential success related to public assistance, sensitivity of cost and schedule. Rate impacts and fiscal outcomes are projected and compared.
- Based on the evaluation of the scenarios, policy options, and rate strategy options, develop and document a recommended funding strategy that defines specific practical actions to implement the Plan including debt financing, generation and use of cash funding, pursuit of outside assistance, and a rate-setting strategy. This recommended strategy is intended to balance opportunity and risk to provide a responsible and adaptable funding program.
- Identify the areas for policy input, regarding the policy for funding assistance, level of cost conservatism, and the policy for rate smoothing.
- Identify likely future review points for the Funding Plan in conjunction with this schedule.

F. Use of this Funding Plan

Consistent with Cascade Code, the Funding Plan is to be adopted by the Cascade Board and used by Cascade staff as guidance on project financing, cash flow management, and near-term

rate and RCFC strategy. It will inform the biennial budget and rate setting process but does not replace it.

The Funding Plan is intended to be flexible and dynamic. It targets a recommended strategy while being structured for a secure funding package under adverse conditions. This means that recommended financial and rate decisions are outlined based on balancing risks and benefits for a reasonable range of outcomes. Future revisions for beneficial developments such as grant and loan success would improve the outcomes of the Plan, while detrimental developments such as higher costs, interest rate increases or adverse growth trends could degrade the anticipated financial outcomes for the project.

While it will be used to guide the biennial budget and rates, bond issuance and applications for grants and loans, periodic updates will be needed as more becomes known about Phase I costs and schedule, cash flow needs, and levels of success in securing project support through grants and loans. Multiple updates of the Funding Plan should be expected over the next ten years.

2.0 Financial Standards for the Funding Plan

A. Fiscal Standards and Policies for a Viable Funding Plan

The Funding Plan is structured to meet the funding needs of Phase I of the CSP while satisfying key fiscal policies and supporting ongoing Cascade costs for supply and delivery of water to Members. The Cascade Board has adopted fiscal policies embodied in Cascade Code Section 5.05. Key fiscal policies that help structure the Funding Plan include:

1. Bonds and Debt Coverage

Debt coverage is a common measure used by municipal utilities to assess their ability to meet debt obligations. Revenue bond covenants typically define minimum coverage standards, while agency policy often defines higher targets that help assure the utility's ability to meet its debt obligations. The debt coverage factor is expressed as a multiple (e.g. 1.25) of debt service. Higher coverage generally reflects stronger financial standing by providing a means for generating cash to support capital needs.

- a) The bond covenants establish a coverage requirement in which allowed revenues must at least equal all operating expenses plus debt service. For this purpose, revenue excludes Regional Capital Facilities Charge ("RCFC") revenues but can include certain dedicated reserves. As Cascade moves to issue new debt, it is recommended that Cascade consider revising the coverage requirement for new issues to provide a clearer basis for calculating coverage and planning revenues.
- b) In addition to the bond requirements, Cascade has a coverage requirement of 1.25 as established by fiscal policy. This means that total Cascade revenues, in this case including rates, RCFCs, investment earnings and other operational revenues, will at least equal all operating expenses plus 125% of debt service. This requirement excludes revenues from bonds, loans grants or asset sales. The "surplus" is not a payment due but a revenue standard that then provides a cash flow surplus available to meet capital and other needs of Cascade after meeting operational and debt service outlays.
- c) In Cascade's budgeting and rate adoption processes, rates are adjusted to ensure compliance with both of the above coverage standards (in addition to meeting all cash flow and policy objectives). The revenues needed to meet the coverage requirement will increase as total debt is increased.

2. Debt Ratio (Leveraging)

A prudent utility balances the use of debt with direct funding for capital purposes to avoid excessive debt loads which can reduce flexibility, increase risk and ultimately increase costs. Sometimes referred to as debt/equity ratio or debt to net fixed asset ratio, these metrics measure debt burden relative to utility asset base. In general, high ratios indicate high debt service costs that burden ratepayers and reduce rate flexibility, while a low ratio indicates ample financial capacity but can also mean that current ratepayers are directly bearing costs to meet future needs.

- a) Adopted Cascade policy limits debt to 80% of net fixed assets. Cascade's current debt load is roughly 50% of its recorded assets. In contrast, Cascade's member

- utilities have debt loads ranging from 0% to 15%, with most less than 10%. Utility debt loads vary over time as projects are funded and debt is then paid off, typically faster than the related assets depreciate.
- b) To satisfy the 80% debt limit, Cascade must generate cash resources from rates and RCFCs to be used directly for capital funding. While imposing an earlier cost to generate such funds, the result is lower debt burden and lower long-term rates for Members.

3. Use of RCFCs

Regional Capital Facilities Charges are Cascade's form of a system development charge ("SDC") imposed on new growth. The RCFC is based on a proportional share of system costs needed to serve new growth and is calculated using the adopted RCFC Methodology. Unlike member SDCs, the RCFC is charged to Members rather than the new retail customers, although Members in practice pass this cost on to new development. As a growth-related charge, RCFCs are a volatile source of revenue with high variation from year to year. Despite this variability, they play a vital role in rate and generational equity and provide direct capital funding over the course of the Supply Project.

- a) Cascade fiscal policy restricts the use of RCFC revenues to support capital costs, which can include debt service to a limited degree. Under adopted policy, at least 75% of RCFC revenues are committed to direct capital funding, while up to 25% could be used for debt service. Currently, 100% of RCFCs are dedicated to direct capital funding of current and planned system needs.
- b) The fiscal policy also allows for temporary reliance on a greater share of RCFCs to support debt service, with a short-term limit of 50% of RCFC revenues that could be used to support debt service. This flexibility can be valuable to manage rate trends and spread rate impacts by temporarily redirecting RCFCs when major new debt burdens are incurred.

4. Rate Smoothing

Cascade policy directs that the rate planning process avoids rate shock by planning rates over a multi-year period. A five-year rate smoothing policy guides budget and rate planning, allowing year-to-year deviation from immediate needs to smooth out rate impacts. In particular, a forecast of high costs to bear new debt and operating burdens requires earlier rate increases, which in addition to smoothing rates provides a source of direct capital funding and ultimately reduces overall rate requirements.

5. Cash Balances

Cascade policy establishes requirements for fund management to assure liquidity and sufficiency of funds that include target, minimum and maximum balances and specify corrective actions when needed. As funding needs increase, related cash balances for operating, debt repayment and construction also increase according to the adopted policy. This has a relatively minor overall impact on rates and capital funding but is important to retain cash flow flexibility and financial viability. The WSDF is also a part of the available funds, with its use limited to directly funding major elements of the capital program.

B. Key Assumptions Used in Analysis

1. Budget and Operating Assumptions

The 2027/2028 budget and 6-year Capital Improvement Program (“CIP”) define projected operating and capital expenses including wholesale contract payments, debt service and near-term capital funding. The related rates and charges define member charges and RCFCs that provide revenue for Cascade. The Cascade financial planning and rate model then projects costs and revenues throughout an analysis period extending through the year 2100, overlaying future capital outlays, contract payment obligations, debt issuance and repayment and provisions for capital reinvestment while satisfying the adopted fiscal policies. Each new budget cycle will update and recalibrate the analysis, as will capital planning efforts that update and refine project cost projections.

2. Capital Cost Projections and Contingencies

As discussed in Section 1.D, the capital cost projections for Phase I of the CSP are based on pre-planning cost projections developed by the CSP team in February 2026. For subsequent phases of the CSP, cost projections are based on a combination of original Transmission and Supply Plan projections in 2006 and 2012 and more recent consultant work to update water treatment (2020) and transmission (2023) cost projections. It is expected that cost projections, contingencies, and probability factors will be updated throughout the course of the Supply Project, as overall uncertainty reduces at appropriate program stage gates.

It is also noteworthy that Cascade has ongoing capital needs in addition to the Supply Project, most notably for the WRLTR system. These capital needs are separately identified in the CIP and included in the Funding Plan analysis. Beyond the 6-year CIP period, a comparable ongoing level of annual capital outlay is assumed for those other system capital costs.

3. Customer and Demand Growth

Customer growth directly affects Cascade member charges by providing RCFC revenues. In addition, growth helps mitigate impacts of Cascade revenue increases by spreading them over a progressively larger customer base. Customer base is defined in terms of Cascade Equivalent Residential Units (“CERUs”), with 1 CERU equivalent to the demand of a single-family residence. RCFCs are imposed based on new CERUs added to member systems.

Cascade has historically experienced annual customer growth of nearly 1,400 CERUs per year. However, growth has averaged less than 1,200 CERUs over the past 5 years. Based on this, a reduced assumption of 1,150 CERUs per year is used to project growth and RCFC revenues. Higher growth would reduce the need for new debt and spread costs over more customers, generally improving the rate forecast.

Water demand growth is forecast separately. Demand growth is projected to remain low for a variety of reasons including the lower customer growth assumption, efficiency and conservation improvements, densification, and price elasticity. Overall, water demand is projected to increase less than 10% over the next 25 years while customer growth exceeds 16%. Even if demands were to increase at a higher rate, the projected CSP schedule is not materially affected until moderate adjustments might be needed in the late 2050s.

4. Cost Escalation

After the biennial budget and 6-year CIP periods, future cost escalation is projected using an annual escalation factor of 3.0% per year for operating and administrative costs and 3.5% for capital costs. The higher capital cost escalator reflects adjustments to the inflation assumption for higher long-term trends in construction costs relative to inflation and a small annual contingency to reflect increasing regulatory and project complexity over time.

In general, higher inflation adversely impacts the financial forecast, although the cost trends relative to inflation remain consistent. This means that resulting rates may increase faster due to general cost trends.

5. Interest Rates

For invested funds, such as the WSDF, an interest earnings rate of 3.5% is assumed. The average interest rate for new revenue bond debt is assumed to be 4.5% with a bond term of 30 years, including issuance costs.

Higher interest rates would increase rate impacts of the projects. Typically, higher interest rates are also tied to higher inflationary trends, in which case the impact relative to inflation would be mitigated. However, there are also times when interest rates increase relative to inflation (real interest rates). Such a trend would then adversely affect rate outcomes relative to inflation.

6. Debt Term and Structure

A debt term of 30 years is assumed with a level repayment schedule. For forecasting purposes, bonds may be issued in any year that capital spending requires bond support. In practice, bond issuances are bundled to provide multiple years of funding and reduce both transactional costs and market risk. A bond strategy can also be developed to help attenuate (spread out) rate impacts by phasing in annual repayment costs. These options would be open to further evaluation when specific debt issues are being planned.

Interest rates and debt terms for other sources of borrowing such as State or Federal loans are based on the terms of the loan program (see summaries below).

7. Fiscal Metrics Used in Scenario Comparisons

Cascade has already adopted budgets and rates through 2026. Given this, the evaluation period for Phase I focuses on 2027-2040. The key fiscal metrics used for this evaluation are:

- Cascade average wholesale rate. Since the Cascade charge structure uses several components, the average wholesale rate is expressed as total Cascade member charges (excluding RCFCs) divided by total projected water supplied by Cascade, expressed in hundred cubic feet (“CCF”).
- Average annual increase in Cascade average wholesale rate.
- Total cash funding and total debt funding.
- Debt outstanding as a % of net capital (fixed) assets.
- Annual debt service as a % of annual member charges.

3.0 Potential Sources of Funding

The core elements of the funding strategy are cash and revenue bond financing. Cash funding will include cash flow generated from rates and RCFCs along with available funds in the Construction and Water Supply Development Funds. Other potential sources including grants and loans can support the funding strategy if and when available and potentially improve financial outcomes.

A. Cash (including use of the Water Supply Development Fund)

Cascade maintains a Construction Fund which funds ongoing capital needs as identified in the 6-year Capital Improvement Program. This includes capital needs of the existing system as well as the CSP. The Construction Fund is the ultimate repository for RCFC revenues designated for capital funding.

The Cascade Board authorized the creation of the WSDF in late 2021 as a mechanism to generate and hold cash funding for major supply projects and to improve long-term rate outcomes. Since then, funds have accumulated through a strategy of planned and opportunistic contributions as defined in the Cascade code. The WSDF balance is currently approximately \$18.5 million and can be used as cash funding for water supply capital projects. When use of WSDF funds is authorized, funds would be transferred to the Construction Fund to pay project costs.

Transfers from the Operating Fund to the Debt Service Fund are made monthly to comply with bond covenants and provide for bond repayment. An annual transfer from the Operating Fund to the Construction Fund is also budgeted related to capital reinvestment as specified in Cascade code. This provides an ongoing level of capital funding related to the scale of assets under management. Within the Construction Fund, funds are not further segregated or restricted and all funds are available for any capital purpose.

Finally, fiscal policies provide that if the Operating Fund balances exceed the targeted range of operations, either due to higher revenues or lower costs than planned, the excess balance will be transferred to the Construction Fund to support the capital program, or alternatively, in the absence of a need for such capital funding, to retire debt.

While debt is the major funding source for large capital projects, significant cash funding is needed to satisfy fiscal policies and maintain financial strength. The Funding Plan uses the WSDF, RCFC revenues, capital funding generated from rates, and available fund balances to provide the cash portion of the capital program funding.

B. Revenue Bonds

Revenue bonds are tax-exempt municipal bonds that would be issued in the bond market by Cascade and secured by repayment through use of Cascade's revenues, primarily Member Charges. In the Cascade structure, revenue bonds are an obligation of Cascade that extends through to its Members through "step-up" provisions that help to ensure repayment. The security provided through this structure helps support Cascade's high bond rating.

Revenue bonds are structured to be repaid over time, with the term determined by the issuer (and acceptance of the market). Bond term is commonly 20 to 30 years. Level debt repayment is most common, although structural variations exist. Generally, both interest rates and total interest costs are lower for shorter term bond issues, while longer bond terms bear higher interest rates but generally result in lower annual payments.

Revenue bonds are subject to security conditions incorporated in the bond covenants. These conditions are essential to the marketability of the bonds. These include:

- A commitment to maintain revenues adequate to repay the debt. Debt repayment is typically junior only to operating expenses in the priority assigned to Cascade revenues and is senior to other uses of revenues such as capital funding or other non-operating expenditures.
- For Cascade, additional revenue commitments pertain to its wholesale status. Member payments to Cascade are treated as operating expenses by Members and are therefore senior to the Members' own debt repayment and capital uses. In addition, Cascade's Joint Municipal Utility Services Agreement and bond covenants contain a "step-up" provision, which provides that Members must make additional payments to Cascade should any Member fail to meet its payment obligations. Simply put, remaining Members cover any deficit created if a Member defaults on or withholds payments. This structure provides substantial security to the bond market, particularly given the strong credit rating of Cascade Members, and is a significant factor in Cascade's own high credit rating.
- A commitment to meet a specified bond coverage factor, defined as a level of revenue that meets or exceeds operating expenses plus debt service plus an additional margin of debt service. A coverage factor of 1.25, for example, would mean that Cascade sets Member Charges so that revenues at least equal the total of operating expenses plus 1.25 times the annual debt service. The added margin would then be available to use for capital or other purposes. Through this feature, the bond market has provided a safety cushion against unexpected costs or revenue loss and a longer-term tool to ensure some level of capital reinvestment.
- In many cases, a bond reserve is required that helps ensure that debt payments are made. While there has been a market trend toward bond issues without a bond reserve requirement, Cascade currently has a bond reserve related to some of its past bond issues. If required, the bond reserve is invested and the earnings help offset the cost of providing this reserve.
- A commitment that any future debt financing of equal priority of payment satisfies these same criteria. This protects against an erosion of safeguards and makes it difficult to alter the security provisions once established. There are methods for accomplishing some restructuring while bonds are outstanding, most commonly by issuing new debt with different terms at a junior position to the existing debt or by introducing revised terms that only kick in once the existing debt has been retired (so-called "leaping provisions").

Revenue bonds are issued in the municipal bond market through either a negotiated or competitive sale of the bonds. This is accomplished through the assistance of a financial advisor and bond counsel. Cascade currently has Northwest Municipal Advisors under contract as its financial advisor and Foster Garvey PC as its bond counsel.

Revenue bonds are expected to be the single largest source of project funding, at least in the Base scenario. The analysis assumes that debt is issued with a 30-year term, level debt service and a bond reserve equal to 1 year of debt service financed from proceeds. An interest rate of 4.50% is assumed for each bond issue inclusive of bond issuance costs.

C. Governmental Assistance

There are many programs at the state and federal levels that offer support to public infrastructure projects in general and water projects in particular. This includes both grant and loan programs. The following summaries highlight programs potentially applicable to Cascade's projects.

1. U.S. Department of the Interior, Bureau of Reclamation

Water SMART Financial Assistance	
Description:	Provides grants related to critical water planning including drought resiliency and resource enhancement. Cascade is eligible as a water planning and supply agency. Grants for planning, design and implementation of qualified projects.
Program(s):	Water Strategy Grants, Project Design Grants, Drought Response Program
Scale:	Up to \$3 million in project funding including planning assistance.
Local Match:	At least 50%
Advantages:	Could help fund early planning efforts and design work. Potentially physical and chronological separation of projects could enable qualification for multiple program elements.
Drawbacks:	Federal funding requires specific project and agency accounting for cost recovery, as well as procurement constraints (e.g. Build America, Buy America). [Compliance may also support other assistance programs.]
Status/Schedule:	Initial contacts made with the Bureau of Reclamation. Need to confirm details and process.
Contact/Information:	Application through: grants.gov Information: https://www.usbr.gov/watersmart/index.html

2. Washington State Department of Commerce, Public Works Board

Public Works Board Loans (“PWB”)	
Description:	Provides low-cost loans in support of infrastructure projects. Cascade is eligible as a municipal agency with an adopted capital facilities plan
Program(s):	Planning and Pre-Construction Funding (Loans) Construction Funding (Loans), Loans
Scale:	Up to \$1 million for pre-construction planning Up to \$10 million total per jurisdiction per biennium
Local Match:	None
Loan Terms:	Pre-Construction: 5 years at 1.06% Construction: 20 years at 2.12%
Advantages:	Provides low interest loans. Could help fund early planning efforts. Could fund multiple projects. Multiple loans possible, based on schedule.
Drawbacks:	Competitive process for dwindling funds; \$170 million funded in 2024 out of \$240 million in applications.
Status/Schedule:	No activity to date. Quarterly windows for planning loans; annual for construction loans.
Contact/Information:	Application through: zoomgrants.com Information: https://www.commerce.wa.gov/pwb/pwb-financing/

3. Washington State Department of Health: Drinking Water State Revolving Fund (DWSRF)

Drinking Water State Revolving Fund (“DWSRF”)	
Description:	Provides low-cost loans in support of drinking water projects. Cascade is eligible as a Group A water system.
Program(s):	Planning and Engineering Loans Construction Loans
Scale:	Up to \$500,000 for pre-construction planning Up to \$12 million per project
Local Match:	None
Loan Terms:	Planning: 10 years at 0% with 2% issuance fee Construction: 20 years at 2.25% with 1% issuance fee
Advantages:	Provides low interest loans. Could help fund early planning efforts. Could possibly fund multiple projects.
Drawbacks:	Competitive process for limited funds. Program includes Federal funding and subject to accounting and procurement regulations.
Status/Schedule:	No activity to date. Quarterly windows for planning loans; annual for construction loans.
Contact/Information:	Application through: zoomgrants.com Information: https://doh.wa.gov/community-and-environment/drinking-water/water-system-assistance/drinking-water-state-revolving-fund-dwsrf

4. United States Environmental Protection Agency: Water Infrastructure Finance and Innovation Act (WIFIA)

Water Infrastructure Finance and Innovation Act (“WIFIA”)	
Description:	Provides low-cost loans in support of infrastructure projects. Cascade is eligible as a local government entity with water infrastructure projects
Program(s):	Planning and Pre-Construction Funding (Loans) Construction Funding (Loans)
Scale:	For projects \$20 million and larger; no explicit upper limit. Funds up to 49% of eligible project costs.
Local Match:	51% must come from non-WIFIA sources, which can include other sources. Total federal involvement cannot exceed 80%.
Loan Terms:	Interest rate set at time of contract based on the yield of Treasury securities of comparable maturity. Term of up to 35 years from completion of project. Repayment can be structured including up to 5 years with no payments after project completion. Loan must be on par with other debt. Interest accrues on disbursements, but repayment is delayed until after project completion.
Advantages:	Provides large scale loans with flexible terms. Could fund a major share of multiple projects. Extended repayment period and deferral of payment until after project completion mitigates rate impacts.
Drawbacks:	Federal funding with related accounting and procurement requirements.
Status/Schedule:	No activity to date. Annual funding with funding appropriations; continuous application.
Contact/Information:	Application through forms at: https://www.epa.gov/wifia/wifia-public-borrowers Information: https://www.epa.gov/wifia/about-wifia-program

5. Federal or State Direct Appropriation Grants

Federal or State Direct Appropriations	
Description:	Provides grant funding for public projects through State legislative or congressional action, typically through budget and appropriations legislation.
Program(s):	Direct Appropriation Grant
Scale:	Determined by legislation. Typically, a specified level of funding for a specific project.
Local Match:	n/a
Loan Terms:	n/a
Advantages:	Provides project funds without repayment, reducing local funding needs.
Drawbacks:	Federal funding with related accounting and procurement requirements. Funding subject to passage of authorizing legislation. Competitive demand for funds.
Status/Schedule:	No activity to date. Work would be through local congressional and legislative representatives to initiate and secure funding.
Contact/Information:	Washington State Information: wa.gov Congressional Information: https://www.congress.gov/crs-product/R47106

6. Regional Partnership

Partnership with Regional and/or Local Agencies	
Description:	Construction of the pipeline and infrastructure to deliver Tacoma water provides potential access to other utilities for regional resiliency or for delivery of wheeled water.
Program(s):	Cost Sharing through Partnership or Joint Use Agreement
Scale:	Determined by negotiation and purpose.
Local Match:	n/a
Loan Terms:	n/a
Advantages:	Shares program costs and benefits with other interested utilities.
Drawbacks:	Complicates design, operation and administration of facilities. Requires proactive Cascade efforts to explore and pursue opportunities and structure potential terms.
Status/Schedule:	Needs to be pursued during initial planning endeavors to establish facility function and design needs. Agreements would define terms regarding facility use and financial participation. Limited activity to date.
Contact/Information:	n/a

4.0 Base Scenario

The Base Scenario uses the existing assumptions discussed in **Section 2.0**, including the lower range of the existing cost projection and schedule, and Cascade's current adopted fiscal policies, and is forecasted using Cascade's rate modeling tools to arrive at the outcomes discussed in this section.

Cascade maintains a financial forecasting model that provides the basis for budgeting, rate-setting and other financial and economic evaluations. The model is used on an ongoing basis to evaluate outcomes and to generate recommendations for member charges. The model is not exclusive to the Supply Project and models the total forecasted financial needs of Cascade, inclusive of other operating and capital needs.

In the model, capital funding is derived from cash funding planned through RCFC revenues, cash flow from bond coverage, and planned contributions to the WSDF. When the model projects that additional capital funding is needed, revenue bonds are issued and sized to meet that year's funding needs. During a multi-year project, the model calculates annual bond issues to satisfy funding needs. Under this scenario, no outside funding (Federal, State) is assumed.

Operating costs are estimated for new projects based on engineering estimates that were part of past planning and cost estimating. These costs are added to the projected ongoing operating and maintenance expenses as assets are brought into service.

Fiscal policies related to debt coverage, capital reinvestment funding, maintenance of adequate reserves, use of RCFCs, funding of the WSDF and rate smoothing are all integrated into the forecast as fiscal requirements. Projected increases in Member charges are determined at a level sufficient to satisfy all applicable policies.

A separate model determines RCFCs based on the adopted methodology. The projected RCFCs are incorporated into the rate model in order to calculate RCFC revenues for the forecast period.

A. Capital Project Funding

The Base scenario uses a traditional mix of cash and debt funding to meet the capital needs and fund both the Water Supply Project and other ongoing capital projects (primarily related to the maintenance and upgrade of the White River-Lake Tapps Reservoir System). Debt is not issued unless cash resources are insufficient to fund scheduled capital outlays. The total costs for capital outlays noted below include not only the identified projects but also all other planned or anticipated capital outlays.

As mentioned above, the model considers the total cash needs of Cascade, including the Supply Project, all other capital costs, operating expenses and debt service. For the capital program, the total capital outlays anticipated in the Funding Plan for 2027-2040 are summarized in **Exhibit 4-1**.

EXHIBIT 4-1. TOTAL CASCADE CAPITAL COST SUMMARY FOR BASE SCENARIO: 2027-2040

Cost Component	2026\$ Cost	Inflated Cost
CSP Phase I *	\$1.13 B	\$1.53 B
Tacoma Water Supply Capital Costs †	\$95.4 M	\$95.4 M
6 year CIP (2027-2032) - Excludes Costs Shown Elsewhere	\$25.4 M	\$25.4 M
Forecasted Long-term Other Capital Costs (2033-2040)	\$36.4 M	\$56.5 M
Total	\$1.29 B	\$1.71 B

* CSP Phase 1 costs reflect estimated total capital cost beginning in 2026, and excludes operating costs in 2025 and 2026.

† Tacoma Water Supply Capital Costs are set by contract with no additional provisions for inflation adjustments.

Differences in totals due to rounding

Sources of capital funding for all capital expenditures through 2040, expressed in escalated outlays are:

EXHIBIT 4-2. CAPITAL FUNDING SOURCES FOR BASE SCENARIO

	Inflated Dollars	Percentage
Total Capital Program Expenditures, 2027-2040	\$1,707,000,000	
Cash Funding	\$437,000,000	25.6%
Revenue Bond Funding (net of issue and reserve costs)	\$1,270,000,000	74.4%
Federal (WFIA) Loans	\$0	
State Loans	\$0	
Grants	\$0	
Total Capital Funding	\$1,707,000,000	

B. Financial Metrics for Base Scenario

Exhibit 4-3 summarizes the key financial metrics for the period through 2040.

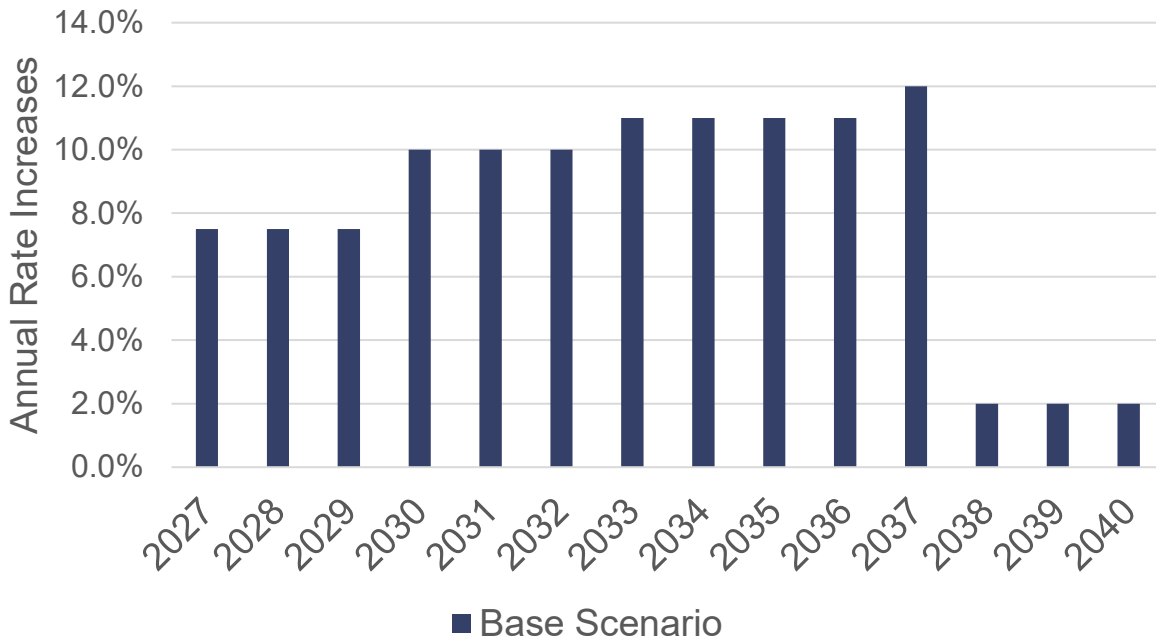
EXHIBIT 4-3. KEY FINANCIAL METRICS FOR BASE SCENARIO

Average Annual Rate Increase (2027-2040):	8.12%			
Maximum Debt to Fixed Asset Ratio (2027-2040):	63.2%	2038		
Min Debt Service Coverage 2027-2040 (All Debt):	1.42	2040		
	2025	2030	2035	2040
Total Debt Outstanding	\$55 M	\$64 M	\$578 M	\$1.098 B
Debt Service as % of Member Charges	20.1%	16.6%	44.0%	55.6%
Debt Service Coverage (All Debt)	2.18	4.28	1.94	1.42
Cost per CCF (Member Charges / Total Sales)	\$3.38	\$4.82	\$7.87	\$10.11

The Base scenario satisfies all applicable fiscal policies. It achieves Supply Project completion within reasonable targets for reliance on debt by funding 25% of the total capital needs through direct cash funding and results in a maximum debt ratio of 63% in 2040, within the policy limit of 80%.

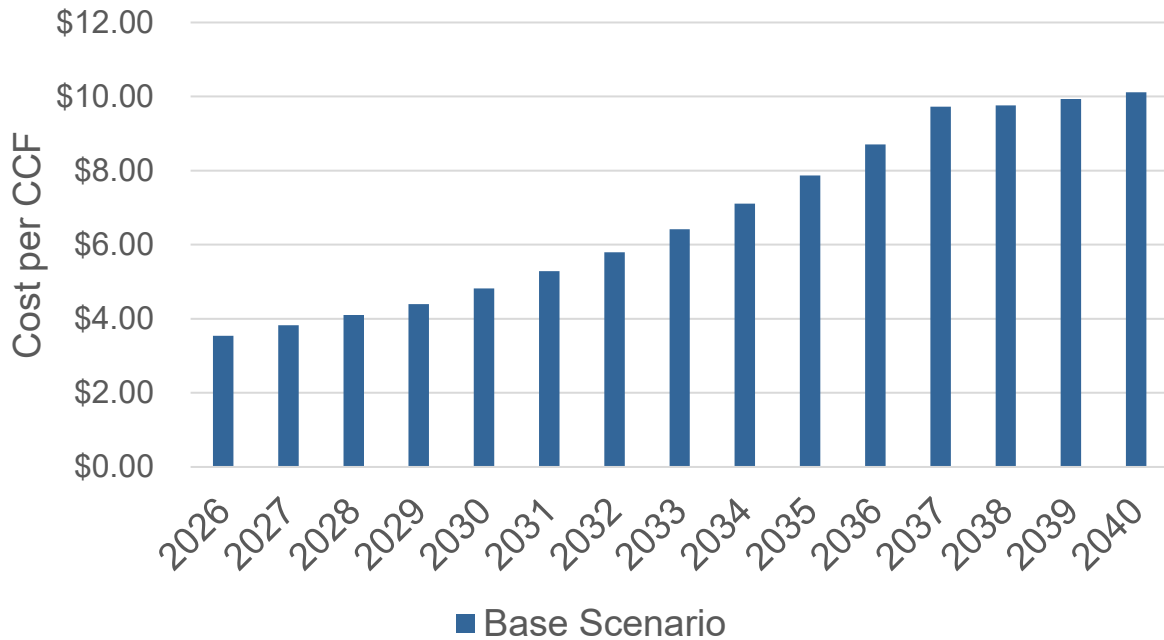
Projected rates (annual increase in Member Charges) by year are shown in **Exhibit 4-4**. Rate increases are significant for the project period, averaging 8.1% annually. The rates shown are smoothed using Cascade's existing 5-year rate smoothing policy.

EXHIBIT 4-4. ANNUAL RATE INCREASES FOR BASE SCENARIO



The cumulative impact of these rate increases is shown in **Exhibit 4-5**. This exhibit shows the impact based on the cost per hundred cubic feet (“CCF”). The actual cost impact to retail bills will vary for each member, based on individual water usage behavior, retail rate structure, and the proportion of independent vs Cascade water supply.

EXHIBIT 4-5. PROJECTED COST PER CCF FOR BASE SCENARIO



5.0 Funding Assistance Scenario

The Funding Assistance scenario examines the merits of outside grant and loan assistance as related to funding and rates. With respect to assumptions regarding cost and schedule, it remains aligned with the Base Scenario.

A successful funding outcome is contingent on gaining access to assistance programs, both grants and loans. While specific outcomes cannot be assured, a scenario based on reasonably successful use of available programs can help to illustrate the value of committing time and resources to funding assistance.

It is a policy decision to pursue this funding, and it requires actions by Cascade staff, Member staff, and Board members to successfully secure. While some actions are administrative, successful pursuit of funding assistance typically requires engagement at many levels. In some cases, the very survival of available programs may rely on successful ongoing lobbying (State and Federal) for program authorization and funding in addition to direct application for available assistance.

The Funding Assistance Scenario assumes the existing Supply Project schedule, and the low end of the projected cost range, but applies a mix of traditional funding and assistance in the form of grants and loans. This strategy relies on access to assistance programs, which vary in terms of availability. The key differentiating element is the WIFIA loan program, which can fund nearly half of the Supply Project and provides a favorable loan repayment structure. To date, the WIFIA program has been generally accessible for large projects but remains subject to Federal funding decisions. Funding for WIFIA, like many federal programs, is currently at risk and dependent on continued funding and support at the federal level. Maintaining the availability of this program should be a major ongoing objective for Cascade.

As this summary shows, the WIFIA loan program as part of a funding strategy has significant beneficial impact on project financial outcomes and should remain a high priority for Cascade. This is in part due to the assumption that grant funding sources are limited relative to the scale of this project. However, if significant grant funding could be secured, the costs borne by Cascade members would be directly reduced.

The introduction of funding resources through assistance programs tends to reduce projected impacts on rates and improve financial outcomes. However, success in securing such assistance is not certain, particularly due to the risk of the program losing federal support.

1. Capital Project Funding

This scenario assumes a package of assistance resources to complement the use of cash and revenue bond debt. The following sources are assumed to be introduced:

- **Water Infrastructure Finance and Innovation Act** – WIFIA can fund up to 49% of the project or program cost through a loan program. This funding strategy aims to maximize this for the Supply Project, potentially funding between \$750 and \$850 million based on the projected inflated project cost range. While the program has flexibility in structure, for conservatism, the Funding Assistance scenario assumes interest payments on draws made during construction, with principal payments beginning in 2040, and continuing for

35 years. Based on current Treasury interest rates, interest is assumed to be 4.50%. The actual interest rate would be determined and locked in when the loan agreement is executed. As funds are drawn, interest can be paid on the balance drawn or accrued until project completion, increasing the total amount borrowed. For this analysis it is assumed that interest is paid annually to avoid the increase in debt while supporting a graduated increase in annual payments.

- **State Loans** – An assumption that two state loans (PWB or DWSRF) are obtained at the current biennial maximum of \$10 million, assumed in 2030 and 2034. Terms are based on Public Works loans: 2.12% with level principal payments for 20 years. Cascade could possibly obtain more loan assistance through repeated biennial application for various project components, or potentially via a negotiated loan structure for a long-term project.
- **Grants** – An assumption of \$10 million in grant funding is applied with funds assumed to be received in 2029 and 2032. Sources are not specifically identified, and Cascade’s pursuits should not be limited in scope or scale.
- **Regional Partnership** – An assumption that partnering with other regional agencies (to accomplish bi-directional flow) and agencies along the pipeline corridor (for wheeling of regional water, or shared use of property for mutual benefit) results in project financial participation that reduces Cascade’s net share of project costs by \$10 million. Scale and details of any participation are currently speculative and included for purposes of evaluating potential benefit. A contribution year of 2035 is assumed.

With this funding package, the resulting capital funding sources include:

EXHIBIT 5-1. CAPITAL FUNDING SOURCES FOR THE FUNDING ASSISTANCE SCENARIO

	Inflated Dollars	Percentage
Total Capital Program Expenditures, 2027-2040	\$1,707,000,000	
Cash Funding	\$448,000,000	26.2%
Revenue Bond Funding (net of issue and reserve costs)	\$469,000,000	27.5%
Federal (WFIA) Loans	\$750,000,000	43.9%
State Loans	\$20,000,000	1.2%
Grants	\$20,000,000	1.2%
Total Capital Funding	\$1,707,000,000	

2. Financial Results

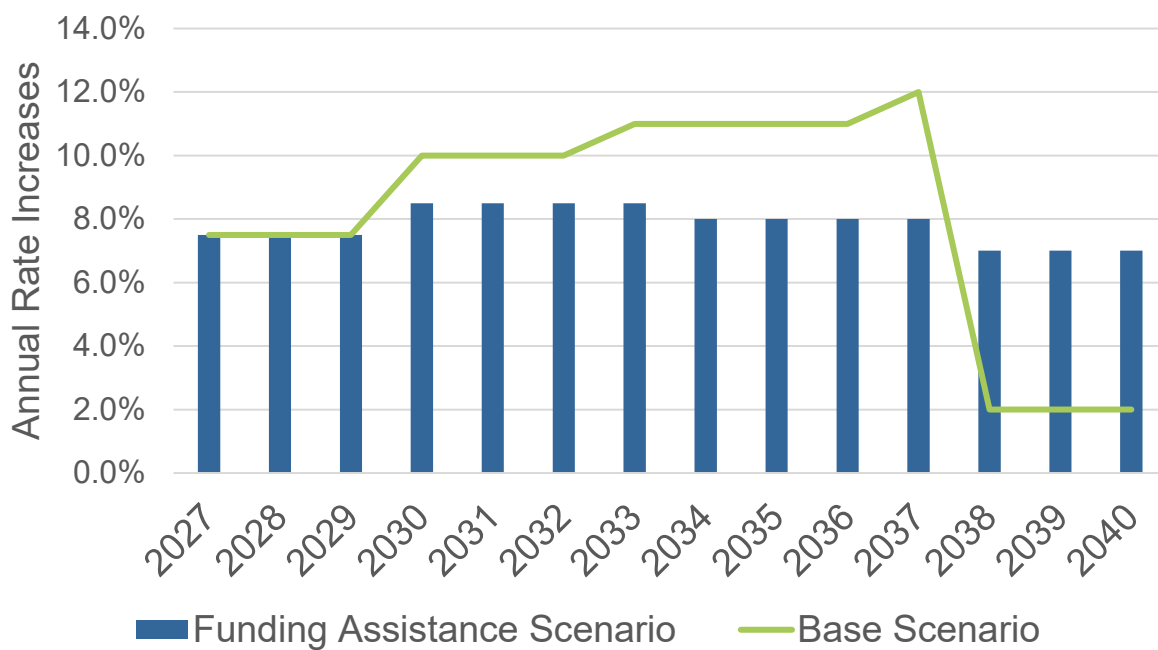
Exhibit 5-2 summarizes key financial metrics for the Funding Assistance Scenario through 2040.

EXHIBIT 5-2. KEY FINANCIAL METRICS FOR THE FUNDING ASSISTANCE SCENARIO

Average Annual Rate Increase (2027-2040):	7.82%			
Maximum Debt to Fixed Asset Ratio (2027-2040):	65.9%	2040		
Min Debt Service Coverage 2027-2040 (All Debt):	1.42	2040		
	2025	2030	2035	2040
Total Debt Outstanding	\$55 M	\$58 M	\$574 M	\$1.145 B
Debt Service as % of Member Charges	20.1%	16.6%	35.2%	52.3%
Debt Service Coverage (All Debt)	2.18	4.17	2.22	1.42
Cost per CCF (Member Charges / Total Sales)	\$3.38	\$4.75	\$6.98	\$9.73

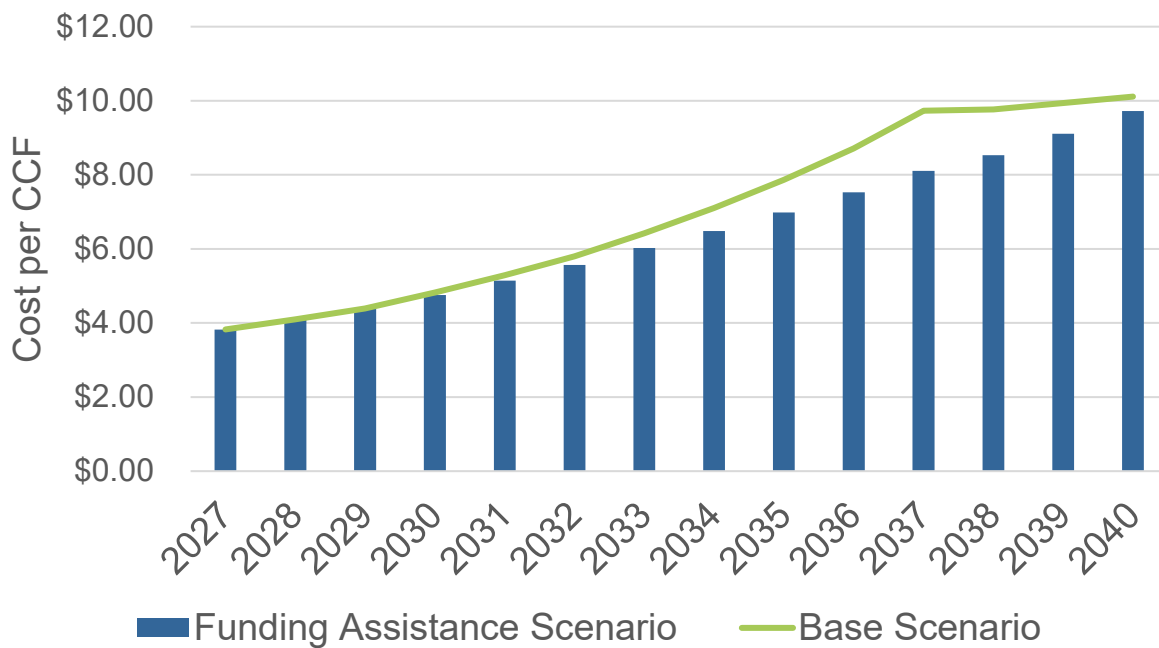
This scenario satisfies all applicable fiscal policies. The use of a WIFIA loan reduces debt payments during construction and thus allowing reduced rates while still meeting overall funding policy requirements. Debt service as a percentage of member charges in 2040 is 52.3% versus 55.6%, despite member charges in 2040 being 4% lower.

Projected rates (annual increase in Member Charges) are shown in **Exhibit 5-3**. Rate increases are significant for the period of construction, averaging roughly 7.8% over the Project term. This is an improvement over the Base Scenario, lowering projected rate increases by on average 0.3% per year, illustrating the benefits of WIFIA and other assistance. The Base Scenario rate increases are also shown (as a line graph) for comparison.

EXHIBIT 5-3. ANNUAL RATE INCREASES FOR THE FUNDING ASSISTANCE SCENARIO


The cumulative impact of these differences results in a significant improvement to the cost per CCF, as shown in **Exhibit 5-4**, lowering the cost per CCF by \$0.39 per CCF in 2040.

EXHIBIT 5-4. PROJECTED COST PER CCF FOR FUNDING ASSISTANCE SCENARIO



The Funding Assistance Scenario is separately detailed as a strategy that Cascade should take all reasonable steps to accomplish. It makes no optimistic assumptions regarding cost and schedule relative to the Base Schedule but directly illustrates the value of a successful assistance program.

Success in realizing the results of this scenario will hinge on Cascade actions and focus on lobbying to maintain funding for grant and loan programs, lobbying for directly legislated assistance, pursuing partnership opportunities with regional and local utilities, and applying for funding in multiple budget cycles.

6.0 Sensitivity Analyses

In addition to the Base and Funding Assistance Scenarios, this Funding Plan evaluates a number of scenarios to test the sensitivity of the fiscal outcomes to both controllable and uncontrollable factors. The scenarios tested are summarized in **Exhibit 6-1** below.

EXHIBIT 6-1. DESCRIPTION OF SCENARIOS AND SENSITIVITIES

Scenario	Description
Base	Preplanning Cost w/o Mgmt Reserve. Scenario uses recommended schedule, does not rely on outside funding assistance, and uses 5-year rate smoothing.
Funding Assistance	Same as Base Scenario, but assumed success in pursuing outside funding assistance.
<i>Scenarios for Major Risk Factors</i>	
1. Higher Capital Costs	Higher end of Preplanning Cost Projection Range: Full use of 20% Mgmt Reserve. Otherwise same as Funding Assistance Scenario.
2. Accelerated Schedule	Frontloaded schedule, bringing higher costs forward as soon as 2027. Otherwise same as Funding Assistance Scenario.
3. Delayed Schedule	Delayed schedule, pushing costs out and delaying completion to 2045. Otherwise same as Funding Assistance Scenario.
<i>Scenarios Demonstrating Financial Capacity</i>	
4. Adverse Ensemble	Scenario combines the worst of the above permutations, with the higher end of the Preplanning Cost Projection Range, without funding assistance, and accelerated project schedule.
5. Cost Over-run	Scenario based on code requirements: higher end of cost range, plus additional 20% increase in supply project cost. Assumes no outside funding.
<i>Scenarios Evaluating Conservatism</i>	
6. Conservative, then lower cost	Start with rates based on high end of cost range. In 2030, determine that low end of cost range will be sufficient. Otherwise same as Funding Assistance Scenario.
7. Optimistic, then higher cost	Start with rates based on low end of cost range and assuming funding assistance. In 2030, determine that high end of cost range is needed, and fail to secure outside assistance.
8. Extremely Conservative	Scenario assumes +100% to construction costs. Rates are set assuming no outside funding assistance.
<i>Other Sensitivity Reviews</i>	
Inflation Risk	Impact of both higher general and construction cost inflation.
Growth	Impact of lower or higher growth.
Interest Rates	Impact of higher interest rates.
Water Demand	Impact of increased water demand.

The Base and Funding Assistance Scenarios use a common set of assumptions regarding cost, schedule, growth, economic factors such as inflation and interest rate, and rate policies. All of

these factors are expected to vary over a range of outcomes. Sensitivity analyses alter key assumptions to test and compare outcomes. These analyses are grouped in to four categories:

- Major risk factors: these scenarios evaluate the sensitivity of the outcomes to Supply Project cost and schedule.
- Demonstrating financial capacity: these scenarios test extreme negative scenarios to demonstrate that Cascade has the financial capacity to respond to those conditions without violating covenants or other financial policies. These scenarios address conditions required by the Cascade Code.
- Evaluating decision outcomes: these scenarios recognize that there is a range of uncertainty today, and test what happens if assumed conditions changed for better or worse during the course of the Supply Project.
- Other sensitivity reviews: these reviews evaluate underlying economic assumptions such as inflation, growth rate, or water demand.

A. Scenario 1 – High Capital Costs

For Scenario 1, the high end of the projected capital cost range is used, while maintaining the same funding assistance assumptions. Further, it is assumed that rates for 2027 and 2028 are established before the cost-increase outcome is known, meaning that the rate increases in the scenario cannot be fully smoothed out.

The higher Supply Project cost increases the use of revenue bond debt and increases total debt service costs. It also pressures the fiscal constraint on total debt load, which also increases pressure on rates.

The capital funding package for Scenario 1 is summarized as:

EXHIBIT 6-2. CAPITAL FUNDING SOURCES FOR SCENARIO 1: HIGH COST

	Inflated Dollars	Percentage
Total Capital Program Expenditures, 2027-2040	\$2,008,000,000	
Cash Funding	\$408,000,000	20.3%
Revenue Bond Funding (net of issue and reserve costs)	\$710,000,000	35.4%
Federal (WFIA) Loans	\$850,000,000	42.3%
State Loans	\$20,000,000	1.0%
Grants	\$20,000,000	1.0%
Total Capital Funding	\$2,008,000,000	

Exhibit 6-3 summarizes key financial metrics for Scenario 1.

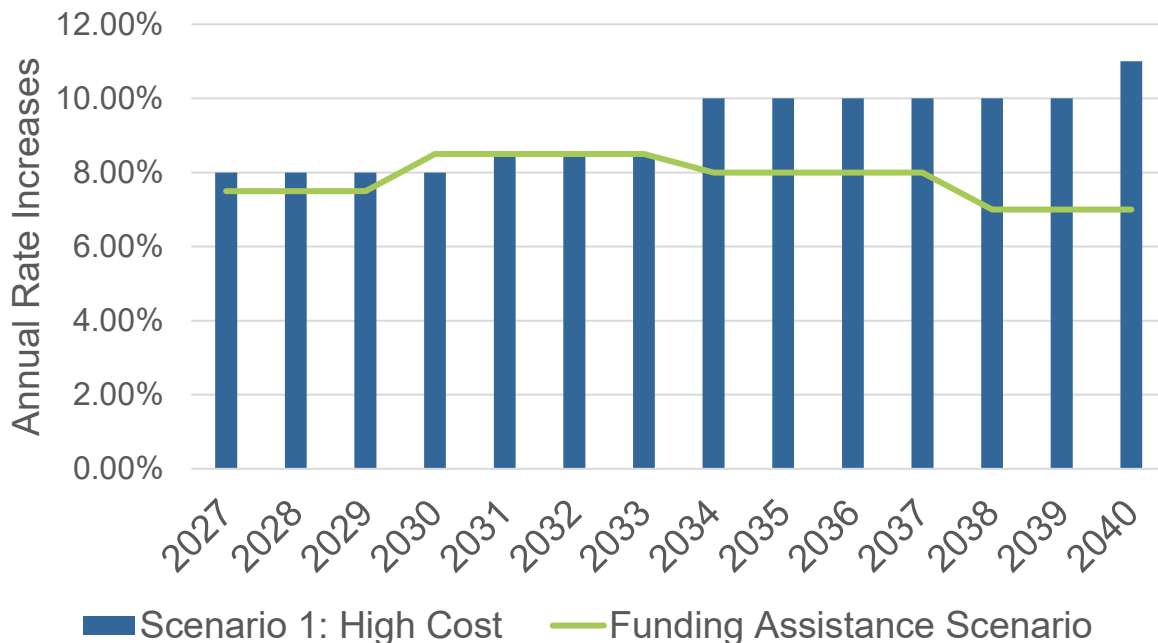
EXHIBIT 6-3. KEY FINANCIAL METRICS FOR SCENARIO 1: HIGH COST

Average Annual Rate Increase (2027-2040):	9.17%			
Maximum Debt to Fixed Asset Ratio (2027-2040):	71.8%	2040		
Min Debt Service Coverage 2027-2040 (All Debt):	1.41	2040		

	2025	2030	2035	2040
Total Debt Outstanding	\$55 M	\$92 M	\$0.747 B	\$1.450 B
Debt Service as % of Member Charges	20.1%	19.4%	42.0%	58.9%
Debt Service Coverage (All Debt)	2.18	3.47	1.72	1.41
Cost per CCF (Member Charges / Total Sales)	\$3.38	\$4.80	\$7.31	\$11.58

With the higher Supply Project cost, the debt ratio reaches a peak of 71.8%, up from 65.9% in the Funding Assistance Scenario. The result is within the 80% policy maximum but leaves reduced flexibility for future capital funding after Phase I.

The annual average increase is 1.3% higher compared to the Funding Assistance Scenario, with the resulting compound effect increasing the 2040 average water cost from \$9.73 to \$11.58 per CCF. Projected rates are shown in **Exhibit 6-4**.

EXHIBIT 6-4. ANNUAL RATE INCREASES FOR SCENARIO 1: HIGH COST


The overall rate impacts and ultimate rate could be mitigated by adopting higher rate increases in the 2027-2028 biennium. This would increase available cash flow initially and throughout the

project period, reducing debt requirements and resulting impacts. It would also yield the benefit of reducing rate increases needed in the 2030s for any projected scenario outcome.

B. Scenario 2 – Accelerated Schedule

Scenario 2 examines the impact of accelerated Supply Project outlays. In particular, Cascade may wish to secure real estate and initiate construction sooner to reduce the risk of schedule delay. An accelerated schedule would increase short-term rate pressure but can reduce overall outlays through earlier expenditures with less cumulative inflationary effect. Adjustments made for this scenario are limited to schedule, with no change in project cost projections. Total Supply Project cost as expended does change due to changes in schedule and resulting inflationary adjustments.

To explore this scenario, property acquisition costs were accelerated into 2027 to reflect early action to secure property. In addition, the total project schedule was compressed by 1 year to also generate earlier financial needs.

The resulting Supply Project has a lower total capital outlay due to avoided inflation, with an assumed capital funding package summarized as:

EXHIBIT 6-5. CAPITAL FUNDING SOURCES FOR SCENARIO 2: ACCELERATED SCHEDULE

	Inflated Dollars	Percentage
Total Capital Program Expenditures, 2027-2040	\$1,598,000,000	
Cash Funding	\$369,000,000	23.1%
Revenue Bond Funding (net of issue and reserve costs)	\$499,000,000	31.2%
Federal (WFIA) Loans	\$690,000,000	43.2%
State Loans	\$20,000,000	1.3%
Grants	\$20,000,000	1.3%
Total Capital Funding	\$1,609,000,000	

The key financial metrics for the Accelerated Scenario are summarized in **Exhibit 6-6**.

EXHIBIT 6-6. KEY FINANCIAL METRICS FOR SCENARIO 2: ACCELERATED SCHEDULE

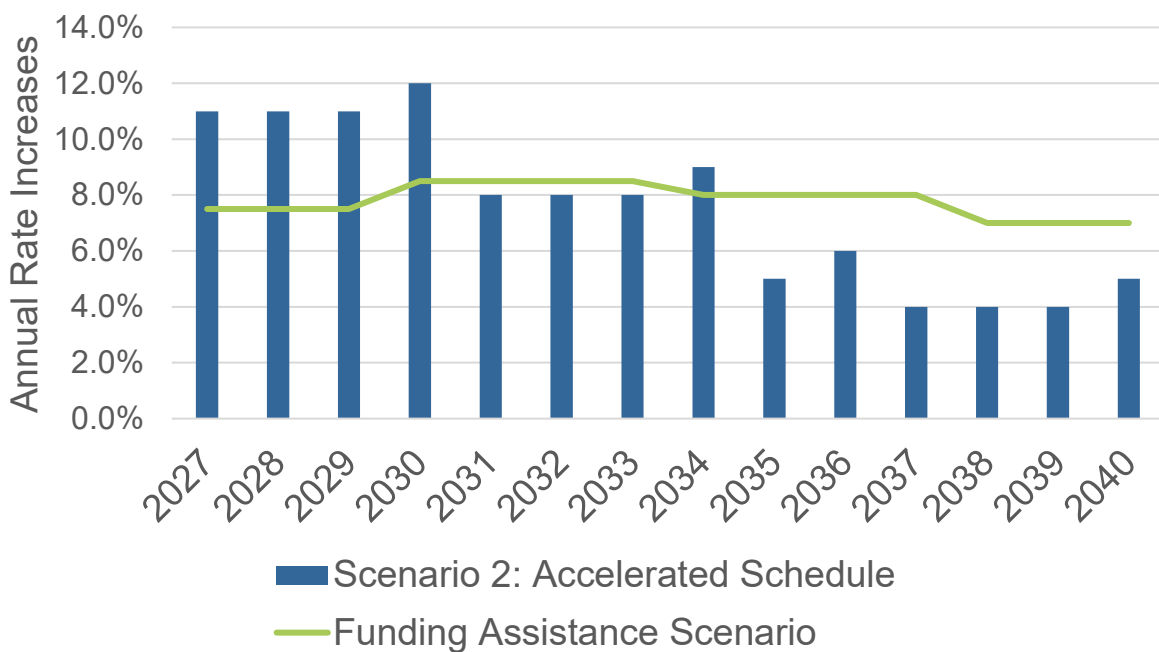
Average Annual Rate Increase (2027-2040):	7.53%			
Maximum Debt to Fixed Asset Ratio (2027-2040):	56.3%	2038		
Min Debt Service Coverage 2027-2040 (All Debt):	1.41	2040		
	2025	2030	2035	2040
Total Debt Outstanding	\$55 M	\$303 M	\$0.693 B	\$0.919 B
Debt Service as % of Member Charges	20.1%	32.2%	47.3%	55.3%
Debt Service Coverage (All Debt)	2.18	2.02	1.50	1.41
Cost per CCF (Member Charges / Total Sales)	\$3.38	\$5.40	\$7.68	\$9.37

Cash funding actually declines for this scenario compared to the Funding Assistance Scenario since earlier capital outlays consume financial capacity that might otherwise have provided cash funding. Average rate increases are lower, but are significantly front-loaded relative to the Funding Assistance Scenario to support higher initial debt issuances. Long term, this scenario remains advantageous relative to the Base Scenario due to the benefits that accrue from successful funding assistance.

A key adverse outcome is that 2027-2030 rates would need to increase 11-12% per year annually in order to support earlier debt issuance; the increases then taper off more quickly.

Exhibit 6-7 summarizes projected rate increases.

EXHIBIT 6-7. ANNUAL RATE INCREASES FOR SCENARIO 2: ACCELERATED SCHEDULE



C. Scenario 3 – Delayed Project Completion (2045)

Schedule delays also pose a potential project risk. Scenario 3 contemplates an extended construction period and delays in bringing on supply capacity. For this scenario, it is assumed that the Supply Project completion is delayed to 2045. The assumed completion date is critical to the evaluation, since material delay creates a period of supply deficiency that must be addressed. The attenuated construction schedule increases inflationary effects although also providing a longer timeframe for implementing rate increases.

In the early 2040s, supply shortages arise as the Seattle contract declines. For purposes of evaluation, it is assumed that Cascade and Seattle would negotiate a short-term contract extension to address the gap between forecasted demand and contracted supply in the 2040s, with a cost estimated based on the existing contracts. Meanwhile, Tacoma fixed payments are also applicable, although no volume charges would apply until water is taken. It is worth noting that other options may exist, including short-term purchases from other neighboring utilities.

Cascade has previously studied short-term supply options to bridge contract supplies and would likely update this investigation if schedules are delayed materially.

Since the schedule is now extended through 2045, the Supply Project funding and financial metrics are modified to address this longer timeframe and incorporate all Phase I costs.

The capital funding summary shows the increased outlays due to inflation and the resulting sources of funding. While expenditures go down moderately through 2040 due to the assumed delays, total expenditures increase substantially by Supply Project completion in 2045. Cash funding also increases due to the longer available timeframe, helping to mitigate adverse impacts, although total debt issued reaches \$1.5 billion and debt outstanding exceeds \$1.2 billion by 2045.

EXHIBIT 6-8. CAPITAL FUNDING SOURCES FOR SCENARIO 3: DELAYED SCHEDULE

	Inflated Dollars	Percentage
Total Capital Program Expenditures, 2027-2040	\$2,144,000,000	
Cash Funding	\$595,000,000	27.8%
Revenue Bond Funding (net of issue and reserve costs)	\$709,000,000	33.1%
Federal (WFIA) Loans	\$800,000,000	37.3%
State Loans	\$20,000,000	0.9%
Grants	\$20,000,000	0.9%
Total Capital Funding	\$2,144,000,000	

The key financial metrics are summarized in **Exhibit 6-9**. For this scenario, 2045 is added as a summary year and to the average rate calculations to more fully illustrate the impacts of this scenario.

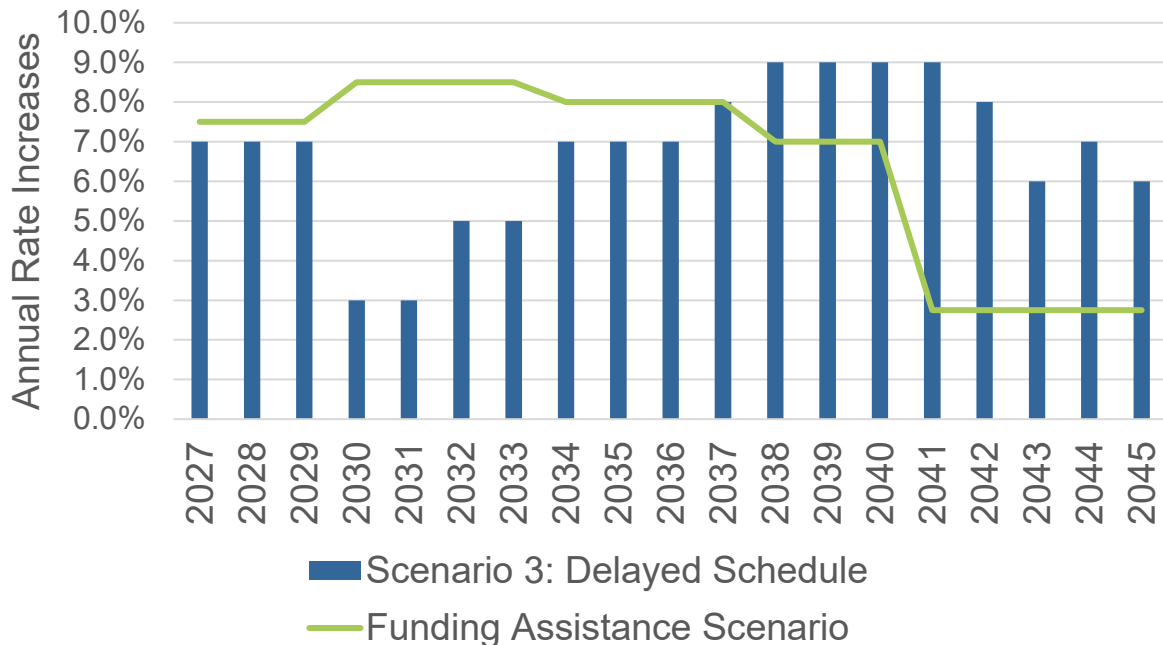
EXHIBIT 6-9. KEY FINANCIAL METRICS FOR SCENARIO 3: DELAYED SCHEDULE

Average Annual Rate Increase (2027-2040):	6.77%				
Maximum Debt to Fixed Asset Ratio (2027-2040):	60.6%	2039			
Min Debt Service Coverage 2027-2040 (All Debt):	1.54	2045			
	2025	2030	2035	2040	2045
Total Debt Outstanding	\$55 M	\$49 M	\$0.326 B	\$0.880 B	\$1.239 B
Debt Service as % of Member Charges	20.1%	16.4%	26.3%	38.8%	53.6%
Debt Service Coverage (All Debt)	2.18	3.77	2.53	1.89	1.54
Cost per CCF (Member Charges / Total Sales)	\$3.38	\$4.45	\$5.71	\$8.32	\$11.54

Overall, rate impacts are moderated for the original project period, but the period of substantial annual increases is extended. While not shown, the addition of more debt load also adversely impacts future rates during the 2040s and 2050s.

Exhibit 6-10 summarizes annual rate increases, now extended through Supply Project completion in 2045.

EXHIBIT 6-10. ANNUAL RATE INCREASES FOR SCENARIO 3: DELAYED SCHEDULE



D. Scenarios 4 and 5 – Testing Financial Capacity

Cascade Code requires that the Funding Plan consider significantly adverse scenarios in order to demonstrate the implications for Cascade’s financial capacity to fund the Supply Project. Scenarios 4 and 5 show different permutations of adverse scenarios, and demonstrate that while they would create significant rate impacts, Cascade could react to these changing conditions and continue to both deliver the Supply Project and meet its minimum financial obligations.

1. Scenario 4 – Adverse Ensemble

Scenario 4 is an ensemble scenario of the adverse outcomes considered. It evaluates the impacts of accelerated costs, the high side of the cost projection range, and loss of grant/loan assistance as one combined scenario. This imposes increased rate and financial pressure throughout the Supply Project period.

The capital funding summary in **Exhibit 6-11** shows the funding sources used for this scenario. High use of revenue bonds is noteworthy, with nearly \$1.5 billion of revenue bond funding. Cash funding is 20.6% for the Supply Project and the debt load constraint is satisfied.

EXHIBIT 6-11. CAPITAL FUNDING SOURCES FOR SCENARIO 4: ADVERSE ENSEMBLE

	Inflated Dollars	Percentage
Total Capital Program Expenditures, 2027-2040	\$1,900,000,000	
Cash Funding	\$392,000,000	20.6%
Revenue Bond Funding (net of issue and reserve costs)	\$1,508,000,000	79.4%
Federal (WFIA) Loans	\$0	0.0%
State Loans	\$0	0.0%
Grants	\$0	0.0%
Total Capital Funding	\$1,900,000,000	

The key financial metrics are summarized in **Exhibit 6-12**.

EXHIBIT 6-12. KEY FINANCIAL METRICS FOR SCENARIO 4: ADVERSE ENSEMBLE

Average Annual Rate Increase (2027-2040):	9.00%	
Maximum Debt to Fixed Asset Ratio (2027-2040):	66.9%	2037
Min Debt Service Coverage 2027-2040 (All Debt):	1.41	2039

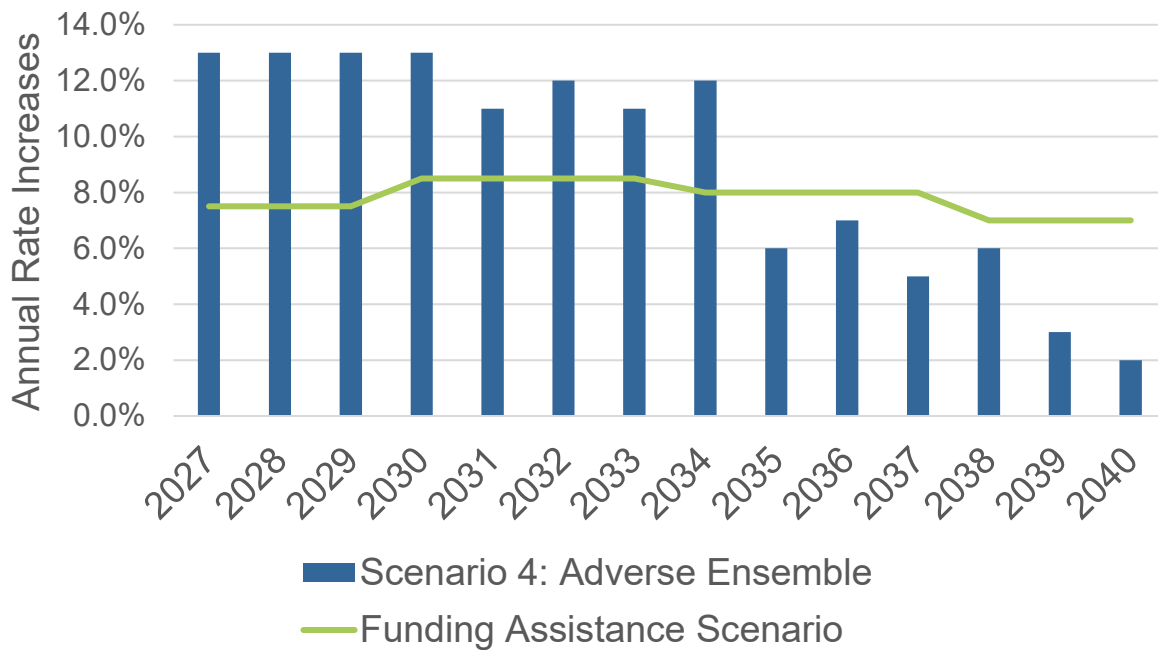
	2025	2030	2035	2040
Total Debt Outstanding	\$55 M	\$335 M	\$0.990 B	\$1.257 B
Debt Service as % of Member Charges	20.1%	33.7%	53.1%	60.4%
Debt Service Coverage (All Debt)	2.18	2.05	1.53	1.42
Cost per CCF (Member Charges / Total Sales)	\$3.38	\$5.75	\$9.29	\$11.33

Overall, rate impacts are substantially higher than preceding scenarios, particularly in the initial construction years. Debt service exceeds 60% of rate revenues, indicating a high level of debt leverage and reduced financial flexibility. While not shown in the Supply Project period through 2040, the addition of more debt load also adversely affects future funding impacts during the 2040s and 2050s.

Despite these negative impacts, this level of rate increases is sufficient to remain within the 80% maximum debt to fixed asset ratio requirement, and no other fiscal policies or covenants are violated, demonstrating that Cascade has the capacity to respond should this scenario develop.

Exhibit 6-13 summarizes annual rate increases for Scenario 4. The compound effect of the rate increases is best illustrated by the projected 2040 cost per CCF shown above. The \$11.33 cost compares to \$9.73 in the Funding Assistance Scenario, an added 16% cumulative increase.

EXHIBIT 6-13. ANNUAL RATE INCREASES FOR SCENARIO 4: ADVERSE ENSEMBLE



The timing of impacts for this scenario is sensitive to when the changing conditions are recognized. Delay in awareness compounds and concentrates the adverse rate impacts.

2. Scenario 5 – Cost Over-run

Scenario 5 is a cost over-run scenario where costs increase a further 20% beyond the high range of the capital cost projection. This imposes increased rate and financial pressure throughout the Supply Project period.

The capital funding summary in **Exhibit 6-14** shows the funding sources used for this scenario, and the key fiscal metrics are presented in **Exhibit 6-15**. High use of debt is noteworthy, with over \$1.8 billion of revenue bond debt funding. Cash funding would fall to 18.5% for the Supply Project, but Cascade as a whole would remain within its fiscal policy cap of 80% debt to fixed asset ratio, at 70.3%.

EXHIBIT 6-14. CAPITAL FUNDING SOURCES FOR SCENARIO 5: COST OVER-RUN

	Inflated Dollars	Percentage
Total Capital Program Expenditures, 2027-2040	\$2,245,000,000	
Cash Funding	\$415,000,000	18.5%
Revenue Bond Funding (net of issue and reserve costs)	\$1,830,000,000	81.5%
Federal (WFIA) Loans	\$0	0.0%
State Loans	\$0	0.0%
Grants	\$0	0.0%
Total Capital Funding	\$2,245,000,000	

EXHIBIT 6-15. KEY FINANCIAL METRICS FOR SCENARIO 5: COST OVER-RUN

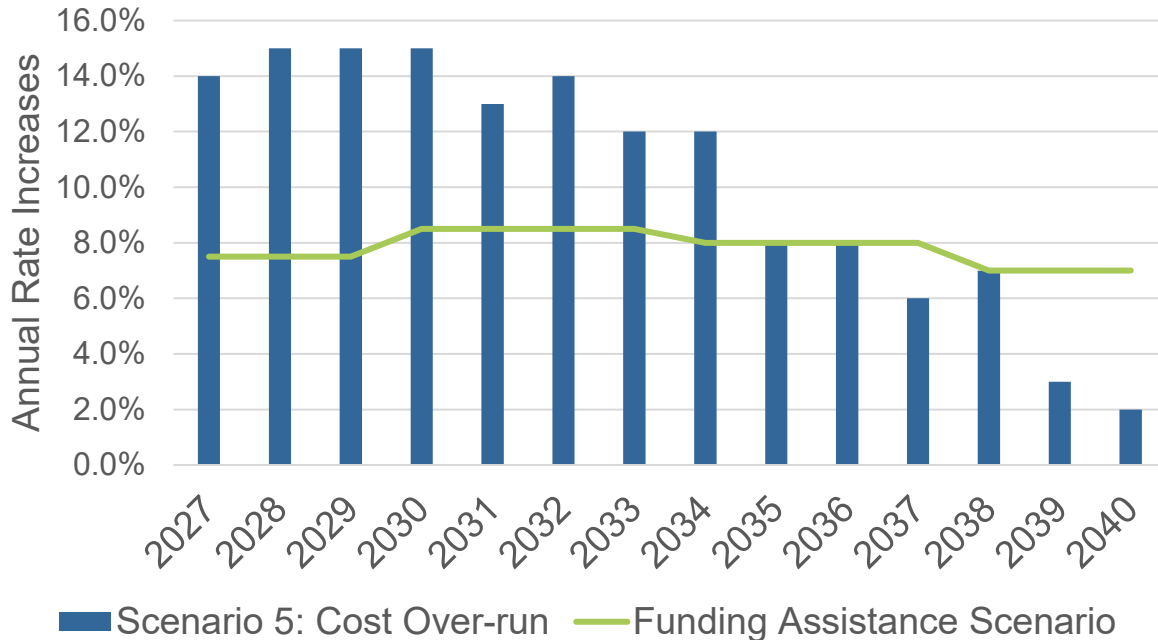
Average Annual Rate Increase (2027-2040):	10.20%			
Maximum Debt to Fixed Asset Ratio (2027-2040):	70.3%	2033		
Min Debt Service Coverage 2027-2040 (All Debt):	1.40	2036		
	2025	2030	2035	2040
Total Debt Outstanding	\$55 M	\$413 M	\$1.215 B	\$1.524 B
Debt Service as % of Member Charges	20.1%	36.6%	57.3%	63.1%
Debt Service Coverage (All Debt)	2.18	1.90	1.49	1.41
Cost per CCF (Member Charges / Total Sales)	\$3.38	\$6.06	\$10.53	\$13.20

As with Scenario 4, the overall rate impacts are substantially higher, particularly in the construction years. Debt service is significantly above 60% of rate revenues, indicating high debt leverage and reduced financial flexibility. This increased debt load adversely affects future funding flexibility in the 2040s and 2050s.

Despite these negative impacts, Cascade's fiscal policies and covenants would still be satisfied, demonstrating that Cascade has the capacity to respond in this scenario.

Exhibit 6-16 summarizes the annual rate increases for Scenario 5. The compound effect of the rate increases is best illustrated by the projected 2040 cost per CCF shown above. The \$13.20 cost compares to \$9.73 in the Funding Assistance Scenario, a 36% additional increase.

EXHIBIT 6-16. ANNUAL RATE INCREASES FOR SCENARIO 5: COST OVER-RUN



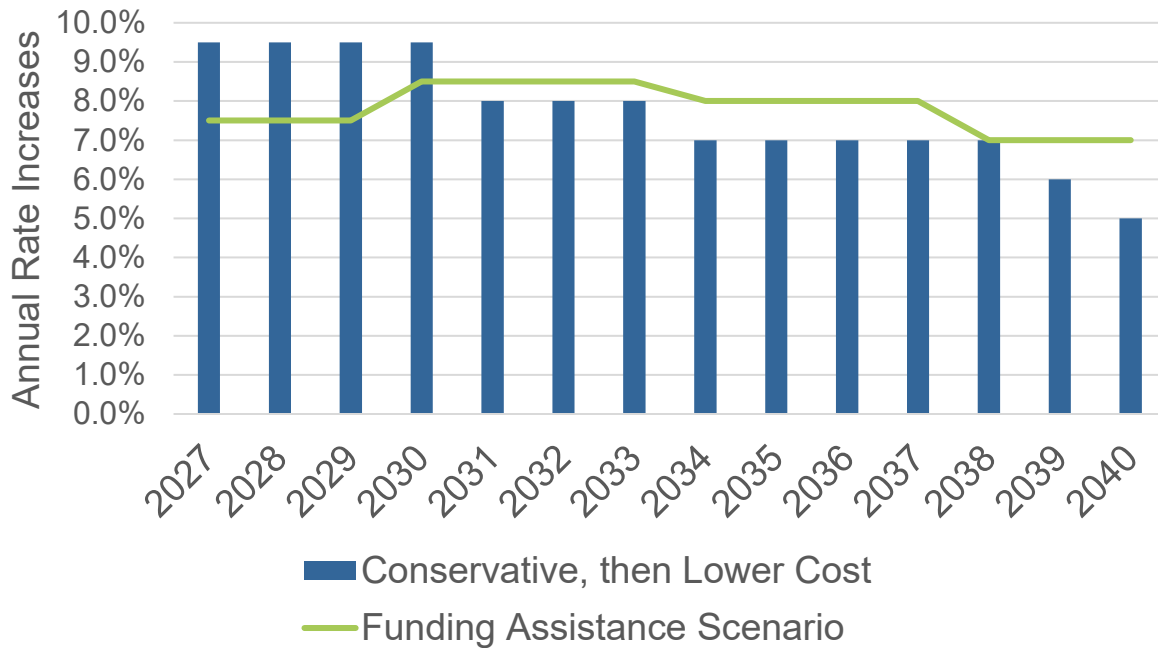
E. Scenarios 6 through 8 – Conservatism

Scenarios 6 and 7 recognize that there is a range of uncertainty today, and test what happens if assumed conditions changed for either the better or worse during the course of the Supply Project.

1. Scenario 6: Conservative, then Lower Cost

In Scenario 6 a more conservative rate path is chosen early in the Supply Project, with the high end of the projected cost range being used. The scenario assumes that rate increases of 9.5% per year are adopted in 2027 through 2030. It is assumed that the lower overall cost is identified during 2030, and the subsequent rate path reflects that outcome, as shown in **Exhibit 6-17**.

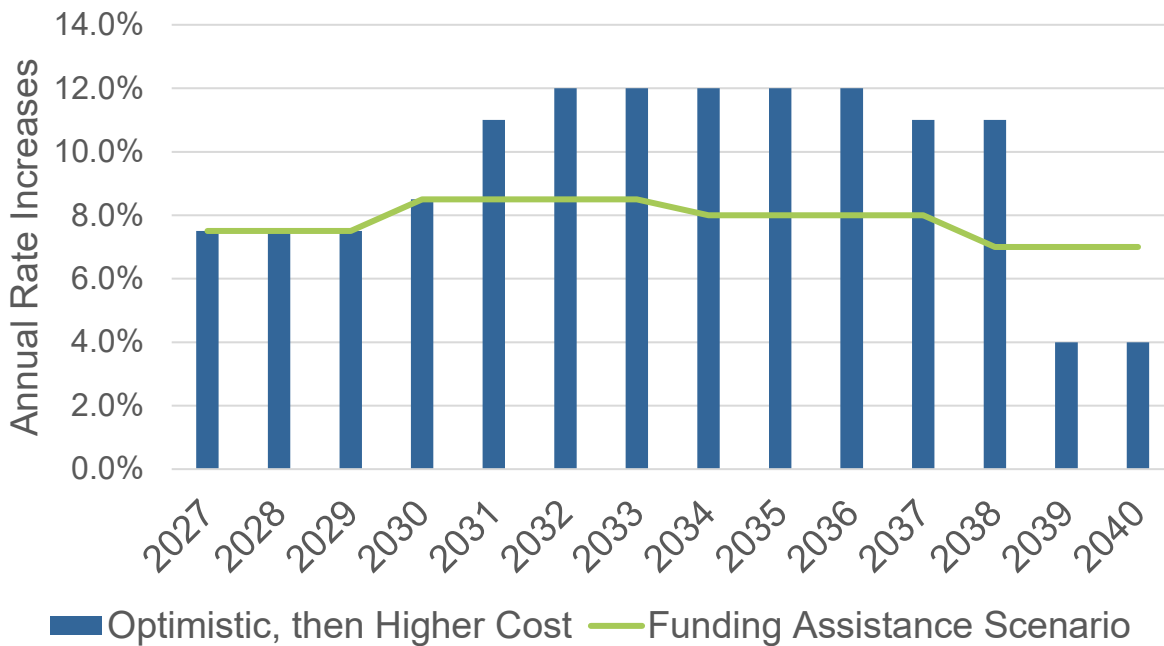
EXHIBIT 6-17. ANNUAL RATE INCREASES FOR SCENARIO 6: CONSERVATIVE, THEN LOWER COST



2. Scenario 7: Optimistic, then Higher Cost

Under Scenario 7, the rate increases identified in the Funding Assistance Scenario for 2027-2030 are adopted. It is assumed that in 2030 both a higher overall cost outcome is identified, and Cascade fails to secure funding assistance for the Supply Project. The resulting rate path reflects the need to raise rates abruptly to between 11.0% and 12.0% per year to support revenue bonding for the higher cost, as shown in **Exhibit 6-18**.

EXHIBIT 6-18. ANNUAL RATE INCREASES FOR SCENARIO 7: OPTIMISTIC, THEN HIGHER COST



These scenarios illustrate the consequence of more or less conservatism given the relatively high uncertainty in both costs and potential for funding assistance.

3. Scenario 8: Extremely Conservative

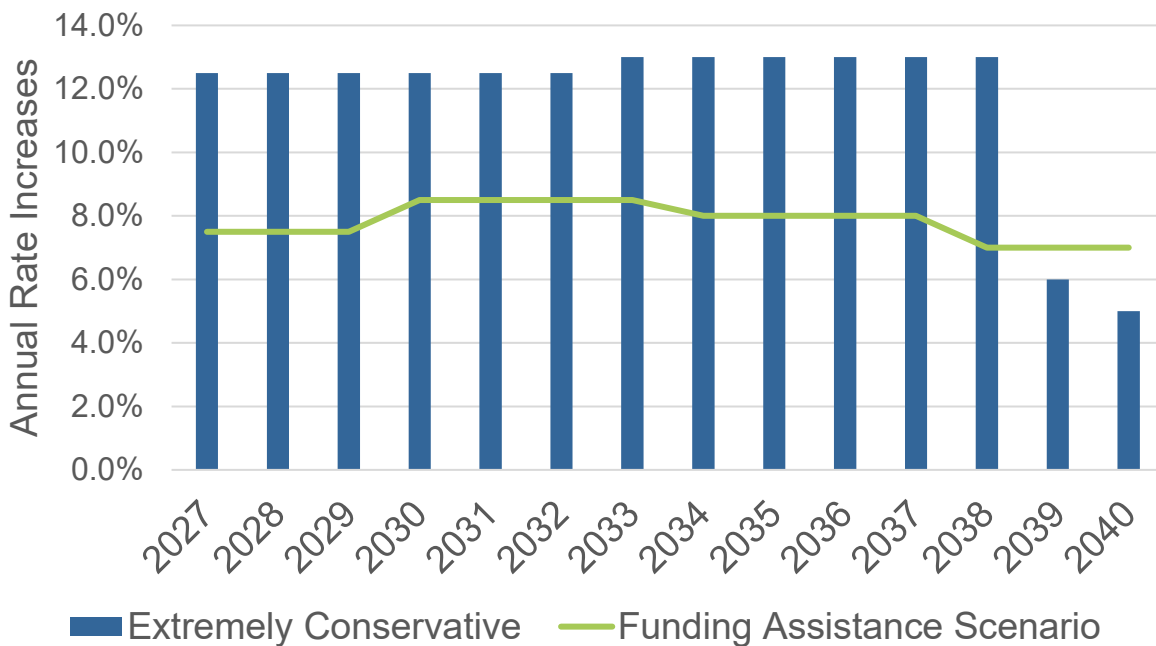
Scenario 8 evaluates the rate implications of taking an extremely conservative approach. As discussed, at the initiation of the Supply Project there is high uncertainty in the range of potential costs. This scenario assumes a 100% increase in construction costs for the project, based on the range established by AACEI cost estimation guidelines. Additionally, it assumes no reliance on outside funding assistance.

This approach would require an aggressive initial rate strategy in order to comply with Cascade's fiscal policies, with rate increases of 12.5% annually beginning in 2027 and continuing until 2037. Maximum debt to fixed asset ratio would rise to 72%, and the cost per CCF would rise to \$15.92 per CCF by 2040, as shown in **Exhibit 6-19**.

EXHIBIT 6-19. KEY FINANCIAL METRICS FOR SCENARIO 8: EXTREMELY CONSERVATIVE

Average Annual Rate Increase (2027-2040):	11.68%			
Maximum Debt to Fixed Asset Ratio (2027-2040):	71.7%	2040		
Min Debt Service Coverage 2027-2040 (All Debt):	1.40	2039		
	2025	2030	2035	2040
Total Debt Outstanding	\$55 M	\$127 M	\$1.082 B	\$1.995 B
Debt Service as % of Member Charges	20.1%	23.2%	50.6%	64.8%
Debt Service Coverage (All Debt)	2.18	3.60	1.89	1.41
Cost per CCF (Member Charges / Total Sales)	\$3.38	\$5.65	\$10.17	\$15.92

The rate path necessary to meet fiscal policies under this extremely conservative set of assumptions is shown in **Exhibit 6 20**.

EXHIBIT 6-20. ANNUAL RATE INCREASES FOR SCENARIO 8: EXTREMELY CONSERVATIVE


F. Sensitivity to Other Key Assumptions

Other key assumptions were tested to evaluate sensitivity. The results are briefly summarized below, and are compared to the Funding Assistance Scenario:

- **Higher Inflation** – The inflation assumption is increased from 3% to 4% annually, including for wholesale contracts, and for construction costs increased from 3.5% to

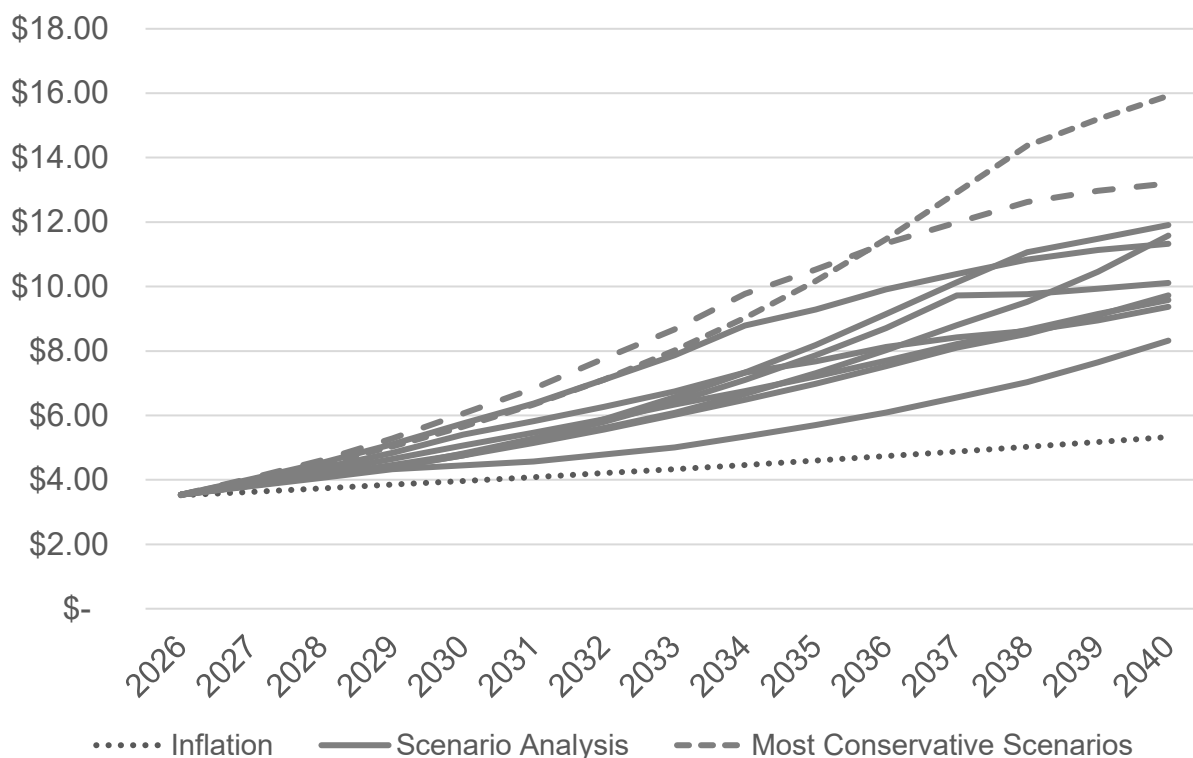
4.5%. This results in average annual rate increases rising an additional 1.1% per year for 2027-2040.

- **Lower Growth** – The assumed growth rate of 1,150 is reduced to 1,000 CERUs per year. This reduces RCFC revenues and projected demands. Cash funding declines by \$20 million, increasing debt. The average annual rate increase rises an additional 0.3% per year for 2027-2040.
- **Higher Growth** – The assumed growth rate is increased to 1,300 CERUs per year. This increases revenues and demand growth. Cash funding increases about \$15 million, reducing debt. The average annual rate increase declines by 0.2% per year for 2027-2040.
- **Higher Interest Rates** – With large debt issuances, the forecast is sensitive to assumed interest rates for new debt. The interest rate assumption is increased from 4.5% to 5.5% for both revenue bonds and WIFIA loans. The primary impact is on rates, with the average annual rate increase rising by 0.6% per year for 2027-2040.
- **Water Demands** – Within reasonable bounds, trends in water demands do not alter funding or rates, except that the average cost per CCF varies as usage does. With supplies complemented by remaining Seattle contract water, supply constraints would be limited to extreme cases in the late 2030s if demands increase substantially. Even then, early completion or payment of moderate penalties could address the impact. Higher demand trends would also accelerate later phases of the CSP.

G. Summary of Analyses

The sensitivity analyses evaluate a range of different factors, and are used to develop a recommended funding strategy based on this evaluation of uncertainty and potential outcomes. **Exhibit 6-21** presents the range of cumulative cost impacts in terms of projected cost per CCF.

EXHIBIT 6-21. SUMMARY OF SENSITIVITY ANALYSES – PROJECTED COST PER CCF



There are a number of key conclusions from the sensitivity analysis:

- Rate increases necessary to deliver Phase I of the CSP are significant: even the most optimistic scenarios are significantly higher than inflation.
- With the exception of the most conservative scenarios, and the delay scenario, the long term cost per CCF is relatively tightly grouped, ranging between \$9.37 per CCF and \$11.62 per CCF.
- For scenarios with consistent assumptions, higher initial increases reduce long term cost by reducing necessary borrowing.
- There are a number of components of uncertainty that will not be resolved until the CSP is well under way: any strategy needs to be flexible to manage that uncertainty.

The key financial metrics for the sensitivity analyses are shown in **Exhibit 6-22**. While the rate increases necessary vary, Cascade is able to meet its key fiscal policy and covenant requirements in all scenarios evaluated.

EXHIBIT 6-22. SUMMARY OF SCENARIO FINANCIAL METRICS

Scenario	Phase I Cost, 2026\$	Avg Annual Rate Increase	2040 Cost per CCF	% Cash Funding	Max Debt to Net Asset Ratio	Min Debt Service Coverage
Policy or Covenant					80%	1.25
Base Scenario	\$1.13 B	8.12%	\$10.11	25.6%	63.2%	1.42
Funding Assistance	\$1.13 B	7.82%	\$9.73	26.2%	65.9%	1.42
<i>Scenarios for Major Risk Factors</i>						
1. Higher Capital Costs	\$1.35 B	9.17%	\$11.58	20.3%	71.8%	1.41
2. Accelerated Schedule	\$1.13 B	7.53%	\$9.37	23.1%	56.3%	1.41
3. Delayed Schedule*	\$1.13 B	6.77%	\$11.54	27.8%	60.6%	1.54
<i>Scenarios Demonstrating Financial Capacity</i>						
4. Adverse Ensemble	\$1.35 B	9.00%	\$11.33	20.6%	66.9%	1.41
5. Cost Over-run	\$1.63 B	10.20%	\$13.20	18.5%	70.3%	1.40
<i>Scenarios Evaluating Conservatism</i>						
6. Conservative, then lower cost	\$1.13 B	7.71%	\$9.58	28.5%	63.5%	1.44
7. Optimistic, then higher cost	\$1.35 B	9.39%	\$11.91	20.8%	69.1%	1.41
8. Extremely Conservative	\$1.94 B	11.68%	\$15.92	19.0%	71.7%	1.40

* Scenario 3 shows 2045 Cost per CCF, reflecting full impact of Phase I

7.0 Recommended Strategy: Policies, Funding, Rates, and RCFCs

The Recommended Funding Strategy is a combination of assumptions based on the analysis presented in Sections 4.0, 5.0, and 6.0 and policy decisions as discussed in Section 8.0 below. It relies on the high range of the existing cost and schedule assumptions, successful funding assistance, and a policy of rate smoothing over the term of the Supply Project.

Based on the preceding analysis, the Recommended Funding Strategy uses forecast results as guidelines for a strategy and near-term action plan addressing capital funding, rates, and RCFCs. While the scenarios provide guidance on the scale of funding needs, sources, and potential uncertainty, this strategy translates that information into specific steps to be taken to achieve the desired outcomes. The recommended strategy defines specific actions for rate and RCFC increases and outlines bond issuance and grant/loan pursuit efforts. It provides a basis for making near-term decisions in the context of total Phase I funding needs. While steps are outlined throughout the Supply Project tenure, it is reasonably expected that later decisions will be modified as information improves and conditions change.

The Recommended Funding Strategy seeks to balance opportunity and risk, with near-term decisions compatible with a range of the scenarios examined. Specific elements of this balanced approach are provided below. In general, it relies on the Funding Assistance Scenario as its basis, but with a bias toward conservative near-term decisions to mitigate risks identified in the sensitivity analyses. The two greatest risks moving forward are level of success in funding assistance and the project cost; both are mitigated by increasing early rate decisions to generate funding capacity. The proposed actions remain consistent with the longer-term rate trends indicated in the funding analysis and compatible with longer-term funding needs.

Key Recommended Funding Strategy Elements

- Policy: Take all actions possible to pursue **grant and loan applications** as well as coordinating with Members to support State and Federal funding assistance programs.
- Policy: Adopt a policy of smoothing rates over the term of the Supply Project.
- Policy: Use a **more cost conservative** approach with the high range of the existing cost projection.
- Action: Impose **rate increases** of 9.5% per year for the 2027-2028 biennium, and expect comparable for 2029-2030.
- Action: Implement **RCFC increases** of roughly \$1,800 in 2027 and \$2,100 in 2028.
- Action: Issue **\$60 million in revenue bonds** in late 2026 to fund 2 years of project development.
- Action: Explore **regional partnership** opportunities.

A. Summary of Recommended Funding Strategy

The Recommended Funding Strategy is developed based on the information gained from the various scenarios. It works to balance near-term impacts against long-term risks. It recognizes that rate increases continue throughout the Supply Project, so early actions to increase rates mitigate risks while avoiding the risk of overshooting.

The proposed strategy is largely based on the Funding Assistance Scenario as an objective that should remain Cascade's focus in the upcoming years. At the same time, near-term actions are proposed that mitigate the risks related to funding success and project costs. The strategy might be described as being based on a central successful forecast but with near-term decisions tempered by unresolved risks.

The strategy can be summarized as follows:

- 1) Aggressive pursuit of assistance programs – Successful access to WIFIA materially alters (improves) the financial impacts of project development. All other assistance also provide benefits, especially if they can become cumulatively meaningful as a part of the total funding package.
- 2) Assume the high end of the projected cost range. A more conservative approach to cost uncertainty at the early phases of the project, to reduce the risk of rate spikes shown in the sensitivity analyses where cost increases were reacted to after the fact with later rate increases.
- 3) A broader perspective on rate smoothing - Near-term rate decisions should be made on the context of the total project time horizon and not limited to 5-year smoothing. This will mean higher initial increases than previously forecast, but provides numerous benefits over the life of the project:
 - a. Lower ultimate rate increases due to increased cash funding.
 - b. Reduced risk related to funding success or project cost trends due to the earlier increase in Cascade financial capacity.
 - c. Smoother rate trends over the course of the Phase I project and improved ability to adapt to adverse outcomes
 - d. Smoother rates in terms of annual incremental dollar increases as compared to the compounding effect of level percentage increases.
- 4) Maximize RCFCs under the adopted methodology – With a reduced growth estimate, RCFC contributions toward capital projects are reduced. Maintaining full cost recovery under the RCFC methodology is important to bolster this source of funding and mitigate impacts on rates.
- 5) Rational periodic bond issues – Cascade will issue revenue bonds multiple times during the Phase I project in addition to any loan assistance from WIFIA and others. For efficiency, bond issues should be bundled to address multiple years of funding needs.

This strategy leads to a series of near-term recommendations to begin funding plan implementation. They are all consistent with a successful funding strategy as projected while also hedging against any adverse developments. The actions include:

- 1) A bond issue in late 2026 or 2027 on the order of \$60 million to fund initial project costs.
- 2) Rate increases of 9.5% in 2027 and 2028 to support funding needs, anticipate longer-term rate trends and mitigate risks related to project cost and funding success.
- 3) RCFC increases of roughly \$1,800 per CERU in 2027 and \$2,100 in 2028.
- 4) Initial lobbying and administrative activities to secure funding assistance, with particular focus on WIFIA as a primary objective.
- 5) Explore partnership opportunities with regional water utilities to provide mutual benefit and provide cost-sharing or revenue opportunities for Cascade.

With the Recommended Strategy, capital funding for the project period is summarized as follows based on the high end of the projected cost range:

EXHIBIT 7-1. CAPITAL FUNDING SOURCES FOR RECOMMENDED FUNDING STRATEGY

	Inflated Dollars	Percentage
Total Capital Program Expenditures, 2027-2040	\$2,008,000,000	
Cash Funding	\$456,000,000	22.7%
Revenue Bond Funding (net of issue and reserve costs)	\$662,000,000	33.0%
Federal (WFIA) Loans	\$850,000,000	42.3%
State Loans	\$20,000,000	1.0%
Grants & Partnerships	\$20,000,000	1.0%
Total Capital Funding	\$2,008,000,000	

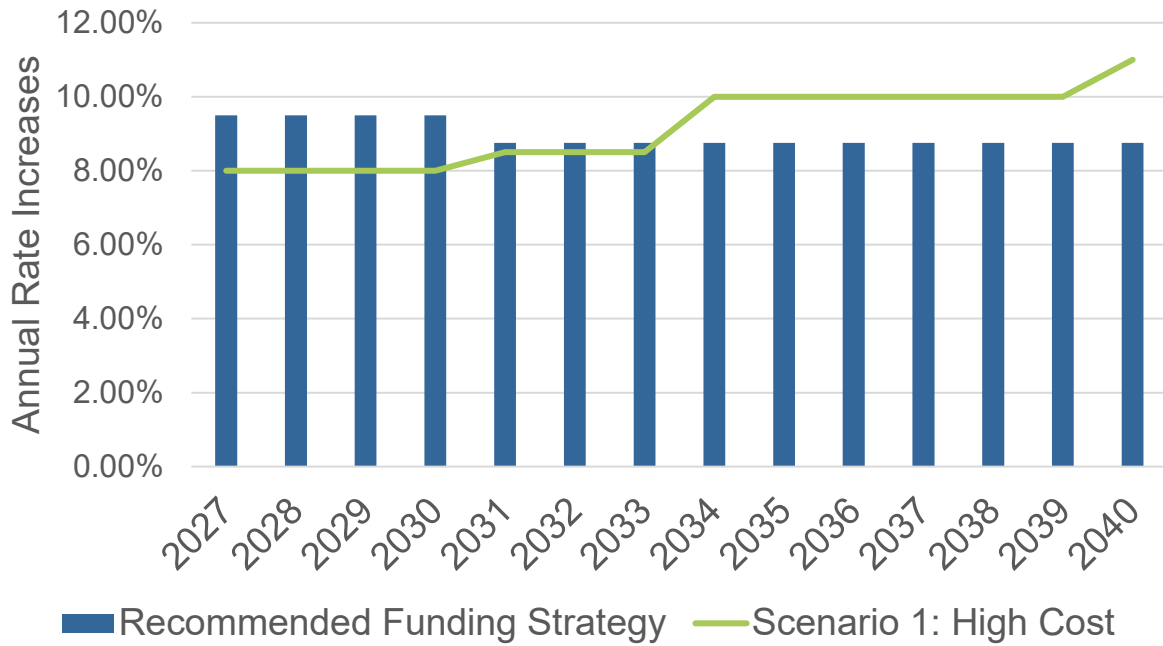
Key financial metrics resulting from this strategy are:

EXHIBIT 7-2. KEY FINANCIAL METRICS FOR RECOMMENDED FUNDING STRATEGY

Average Annual Rate Increase (2027-2040):	8.96%			
Maximum Debt to Fixed Asset Ratio (2027-2040):	69.7%	2040		
Min Debt Service Coverage 2027-2040 (All Debt):	1.40	2040		
	2025	2030	2035	2040
Total Debt Outstanding	\$55 M	\$90 M	\$0.722 B	\$1.408 B
Debt Service as % of Member Charges	20.1%	18.3%	41.0%	58.1%
Debt Service Coverage (All Debt)	2.18	4.14	1.97	1.40
Cost per CCF (Member Charges / Total Sales)	\$3.38	\$5.07	\$7.61	\$11.27

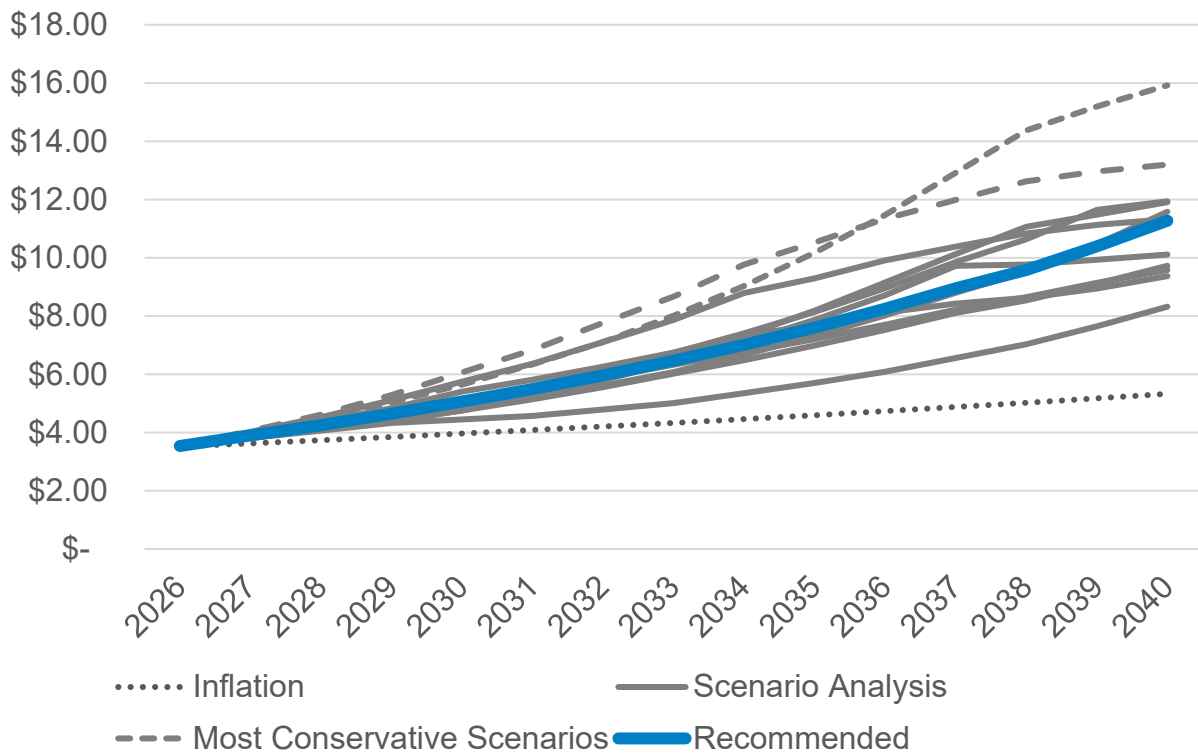
Finally, the rate trends for this strategy are shown below. These are compared against the High Cost Scenario, showing the benefit of a longer rate smoothing approach in avoiding double digit rate increases in the 2030s.

EXHIBIT 7-3. ANNUAL RATE INCREASES FOR RECOMMENDED FUNDING STRATEGY



In order to compare the cumulative effect on cost, **Exhibit 7-4** presents the average monthly cost per CCF for the Recommended Funding Strategy. Lines showing the other scenarios discussed in Section 6.0 are shown for context. The Recommended Funding Strategy represents a moderately conservative approach relative to the range of scenarios evaluated.

EXHIBIT 7-4. PROJECTED COST PER CCF FOR RECOMMENDED FUNDING STRATEGY



The strategy and specific actions are discussed in further detail below.

B. Pursuit of Assistance Programs

The most significant beneficial impact for the Supply Project funding lies in successfully obtaining grant and loan assistance. Due primarily to its scale, the WIFIA program is most beneficial and should be pursued aggressively. Given the high range of the total projected Supply Project cost, WIFIA could provide on the order of \$750-850 million in loans.

Some grant and loan programs have pre-construction elements that can help fund initial facility planning and design efforts. While often limited in scale for this window, success often helps improve the likelihood of funding for subsequent construction phases. Programs like the Bureau of Reclamation WATERSmart and state Public Works Board and Drinking Water Revolving Fund should be applied to early with the intent of securing ongoing funding. For the state programs, loan access can occur repeatedly in subsequent state biennial budget periods. Depending on how Phase I is delivered, there may also be multiple opportunities for funding different elements of the Supply Project separately.

In addition to pursuing these assistance programs, Cascade should incorporate support for the continued existence and funding of these programs into its legislative agenda, and coordinate with its Members to emphasize their importance to federal and state legislators.

C. Contingent Rate Strategy

The successful pursuit of outside funding assistance is not guaranteed. Cascade will not know if it is successful in securing WIFIA funding for construction assistance until between 2029 and 2030. Exhibit 7-5 shows how the rates under the Recommended Funding Strategy would need to shift to accommodate a change to revenue bond funding if WIFIA loans are not available. Rather than the rate of increases dropping to 8.75% per year, they would need to increase to 10.25% per year between 2031 and 2037. This would result in annual rate increases 1.0% higher per year between 2027 and 2040.

EXHIBIT 7-5. ANNUAL RATE INCREASES FOR CONTINGENT RATE STRATEGY



Overall compliance with Cascade's financial policies and covenants would be maintained, as shown in **Exhibit 7-6**.

EXHIBIT 7-6. KEY FINANCIAL METRICS FOR CONTINGENT FUNDING STRATEGY

Average Annual Rate Increase (2027-2040):				
9.94%				
Maximum Debt to Fixed Asset Ratio (2027-2040):				
72.1% 2040				
Min Debt Service Coverage 2027-2040 (All Debt):				
1.40 2039				
	2025	2030	2035	2040
Total Debt Outstanding	\$55 M	\$95 M	\$0.726 B	\$1.382 B
Debt Service as % of Member Charges	20.1%	18.0%	44.7%	59.6%
Debt Service Coverage (All Debt)	2.18	4.22	1.67	1.44
Cost per CCF (Member Charges / Total Sales)	\$3.38	\$5.07	\$8.15	\$11.94

D. Rate Trends, Rate Smoothing, and Schedule of Increases

The various scenarios and sensitivity analyses highlight the risks of adverse outcomes compounded by a limited ability to anticipate them. For this reason, the recommended rate strategy leads to higher recommended increases for the upcoming 2027-2028 biennium, consistent with longer-term needs in the High Cost Scenario, but higher than the short-term minimums dictated by the existing five-year rate smoothing policy.

The resulting financial forecast indicates that increases of 8.0% each year are needed to satisfy the minimum funding needs, as shown in the High Cost Scenario. Overlaying 5-year rate smoothing would result in 8.1% annually for the 5-year period 2027-2031. In comparison, the adverse scenario indicates increases of 13% per year for the biennium and leaving annual increases of 11% and 13% per year later.

The recommended rate strategy is to look beyond the current five-year rate smoothing policy, and to adopt a policy of smoothing increases over the term of the Supply Project. This results in implementing higher rate increases for 2027 and 2028, which also mitigates various cost and project risks. For the 2027-2028 biennium, annual increases of at least 9.5% are recommended.

Increases of 10.0% would provide greater conservatism in case of higher inflation, other escalating costs, or other adverse conditions. It would also provide increased smoothing of discrete increments in costs in terms of cost per CCF. For example, a 10% increase in 2027 would increase the cost per CCF by roughly \$0.35, while the average increase projected through 2040 is \$0.50 per year. Higher initial increases would help smooth the year-by-year cost increases on a dollar basis and lower the ultimate cumulative increase. In addition, such actions contribute to financial integrity that can affect bond ratings and related cost of new debt.

Both the 9.5% and 10% options are consistent with the existing long-term needs, increase early cash formation, and would reduce the ultimate debt and rate burden. The higher initial increase provides greater future flexibility in the case of adverse developments and further improves long-term rate outcomes under all scenarios. With rates projected to increase by a cumulative total of +200% by 2040, neither option risks over-reaching with respect to rate levels.

E. RCFC Levels and Uses

The RCFC is imposed on new system connections. It provides a source of capital funding as well as equitably charging for access to the existing system. It is important for providing equity between existing and new customers as well as providing an important source of capital funding.

Recent updates to Supply Project costs have increased the calculated RCFC under the adopted RCFC methodology. The Recommended Funding Strategy's RCFC calculation shows an increase of roughly \$1,800 in 2027, with another \$4,800 in further increases by 2030. By comparison, if the High-Cost scenario proves more accurate, the RCFC would increase an additional \$1,200 beyond that, to reflect the higher costs.

It is recommended that the RCFC for the 2027-2028 be based on the adopted RCFC methodology² using best available cost projections, with the findings phased in for any amount

² CWAC 5.25 Regional Capital Facilities Charge Methodology

over a 20 percent per year increase to avoid extreme impacts. In updating the RCFC, the most probable cost projection should be used to develop the RCFC schedule, rather than the high-end of the cost projection range, to ensure the defensibility of the RCFC methodology. Under this approach and using the lower end of existing cost projections, the RCFC would be \$10,622 for 2027 and \$12,747 for 2028. Further planning and pre-design will refine both Phase I and long-term supply costs, which should then be reflected in future RCFC adjustments.

F. Size and Timing of Bond Market Access

Initial forecasts and plans suggested that debt financing was necessary by late 2029 or 2030. However, adjustment to Supply Project expenditure schedules to move some expenditures forward, along with reduced growth that has reduced RCFC revenues, has led to an expectation that borrowing will be needed by 2027.

The financial model simply issues debt annually when needed. To minimize issuance costs and to provide adequate funds for longer periods, less frequent and larger bond issues are more practical. There are limits to advance funding based on bond conditions, which generally require expenditure of the funds within 3 years of borrowing.

Costs in initial years are focused on facility planning and design, with some costs for property acquisition. An initial \$60 bond issuance is recommended to provide needed funding for the near-term capital program, which totals \$68 million in 2027 and 2028. In addition, there may be opportunities for refunding existing bonds or prepaying the Tacoma system development charge as cost-saving measures. In such case, a bond issue of up to \$110 million may be contemplated. The additional borrowing would be considered only if interest rates were such that it would reduce Cascade's overall costs net of the additional borrowing costs. For this initial issue, a level debt service structure with a 30-year term is recommended.

After the initial issue, bonds will likely be needed again around 2030 and periodically thereafter. Timing and sizing will be highly dependent on success in gaining WIFIA loan assistance and the way those funds are drawn for use. Future revenue bond issues could total on the order of \$650 million if a WIFIA loan is secured or over \$1.5 billion if loan assistance is not obtained. Subsequent bond issues can be structured to complement existing debt service as appropriate. Consultation with Cascade's financial (bond) advisor will be important for planning the initial and ongoing debt strategy.

It is worth noting that the bundling of bond issues accelerates debt service demands on rates, either reducing rate funding toward the project or increasing rate increases temporarily. The analysis shows a net increase in total debt issued due to prudent bundling of bond issues.

G. Compliance with Fiscal Policies

Based on analysis to date, all scenarios as presented comply with fiscal policies. The most sensitive policy relates to total debt burden, and even adverse scenarios remain compliant with the 80% limit on debt leveraging. To accomplish this, it is noteworthy that 2027-2028 rate increases need to be higher than shown in past forecasts, in part to support initial debt issuance and in part due to the reduced forecast for RCFC revenues. Forecasts also confirm that fiscal policies can continue to be satisfied beyond 2040 as other Cascade Supply Program phases are undertaken.

H. Schedule of Funding Activities

For the Recommended Funding Strategy, outcomes are contingent on success in accessing assistance programs and the timing of assistance received. The schedule of funding activities is structured so that initial steps are not dependent on immediate availability of funds, and later steps could be modified based on relative success.

Key Funding activities are summarized by year below, with a complete Schedule of Project Funding Sources by Year in **Appendix A**. This schedule relies on Cascade's success in pursuing assistance and commitment to rate and financing decisions needed to enable it and will be subject to substantial change as the Supply Project is developed.

- 2026: \$60.0M in Revenue Bonds
- 2029: \$5.0M in Grants
- 2030: \$10.0M in State Loans and \$147.0M in Revenue Bonds
- 2032: \$5.0M in Grants
- 2033: \$104.0M in Revenue Bonds
- 2034: \$10.0M in State Loans
- 2035: \$10.0M in Partner Cost-Sharing
- 2036: \$236.0M in Revenue Bonds
- 2039: \$115.0M in Revenue Bonds
- 2033-2038: \$850.0M from WIFIA

As noted, the first funding action is a revenue bond issue on the order of \$60 million proposed for 2026. Given current market trends and a goal that funding remain adequate to meet cash flow needs, Cascade should initiate a bond offering in 2026 and be prepared to take advantage of market conditions in late 2026 or early 2027, with specific sizing to be based on market conditions.

With the initial bond issue providing funds for early Supply Project outlays, use of the WSDF and other cash resources can be deferred, providing resources for cash flow management and some schedule flexibility for future debt issuances.

Cascade should also initiate loan applications for state loan programs, taking advantage of each biennial cycle to try to maximize this resource. State programs have pre-construction options that could assist in initial planning and design funding while also establishing project viability and perhaps improving access to later construction loans. State loans should be maximized as a funding source. Similarly, the federal WATERSmart program has pre-construction loans available.

Cascade may also wish to initiate pursuit of grant appropriations at state and federal levels. Potential regional aspects of the transmission system, which potentially links four watersheds through interconnection, may provide a compelling basis for significant grant assistance during both planning and Supply Project development.

Finally, Cascade should pursue a WIFIA funding commitment as soon as reasonably possible. While the schedule above does not access WIFIA funds until 2033, they could be used earlier in lieu of revenue bond issuance if advantageous. Once a WIFIA package is secured, a more

thorough analysis of options for use of WIFIA in conjunction with cash and other debt resources should be developed.

I. Recommended Rate Increases

With this upcoming \$60M bond issue, rate increases of at least 9.5% per year are needed for the 2027-2028 period to meet debt and financial obligations. It is recommended that annual increases of at least this amount be adopted for 2027-2028 to enhance funding capacity and flexibility. This level of increase is consistent with the average increases needed in a successful program, while also providing some cushion against adverse project development.

Consideration should be given to annual increases of 10.0% for 2027-2028, which would help mitigate various project and economic risks. The recommended annual increases associated with the recommended funding structure and schedule are shown in **Exhibit 7-7**. As shown, these are dependent on success in securing funding assistance.

EXHIBIT 7-7. ANNUAL RATE INCREASES FOR RECOMMENDED FUNDING STRATEGY



J. Member Roles and Responsibilities

Cascade Members play an important role in support of bond issuance, with disclosure requirements extending beyond Cascade to its individual members. Through Board representation, Members also control, direct and approve Supply Project funding decisions including debt issuance.

There are two important features related to Member support of Cascade's financial obligations. First, Cascade's financial structure obligates Members through "step-up" provisions to ensure payment of Cascade obligations. In the event of non-payment by any member, remaining members are required to fund the shortfall and satisfy related obligations. Second, Member payments to Cascade are treated as operating expenses, and as such are senior to Member debt obligations. As it relates to Cascade debt, this essentially means that Cascade debt is senior to the Member's own bonds, loans or other debt obligations and is on par with Members' other operating expenses as a first call on available revenues and funds.

8.0 Areas for Policy Influence

The scenarios evaluated in previous sections are not intended to represent the full range of possible outcomes, but rather to demonstrate a reasonable range of potential outcomes to inform decision-making about how to manage the uncertainty that these scenarios demonstrate. This section discusses the policy and rate strategy options available.

A. Policy for Funding Assistance

Successful state and federal funding assistance is the single greatest factor in determining the financial outcomes of the Supply Project for Cascade. As a result, any policy actions that will further Cascade's ability to successfully receive funding assistance, particularly WIFIA, are among the highest policy priorities. Support for WIFIA and state loan programs should be prioritized in Cascade's legislative agenda.

Even so, risk is best managed by a rate path that does not wholly rely on the success of these efforts. The recommended near-term decisions are chosen to be consistent with long-term needs regardless of success in this arena.

B. Policy for Cost Risk

As described in **Section 1.0**, Cascade Code requires that a Funding Plan include a contingent strategy if costs were to increase by 20 percent or if grant funding were lost. The range of scenarios evaluated reflect the cost risk that exists at this early stage of the Supply Project, in recognition that projects of this scale are exposed to a cost risk on many different avenues, such as changes in scope, high inflation, tariffs, and more. Scenarios evaluated reflect costs at the low end of the projected cost range, high end of the projected cost range, and 20 percent over the high end of the projected cost range. The Code does not require that the Board adopt rates that meet that 20 percent cost increase scenario; the decision of the risk tolerance of the Board for cost risk is a matter of policy for the Board to decide.

A more conservative or risk averse policy position results in a rate strategy that raises rates earlier to be able to mitigate the risk of an adverse cost outcome, which otherwise would produce a larger rate spike later. Taking a more conservative policy position on cost risk does not mean supporting a higher project cost, rather it preserves flexibility for rate strategy in case of adverse outcomes in the future.

Taking a less conservative policy position would result in a rates strategy with a lower rate path in the near term. If no adverse outcome occurs, then overall rates would be expected to follow the paths shown in the more optimistic scenarios. If costs do increase beyond the lower range of the cost projection however, then outcomes like those shown in the higher cost scenarios could occur where there is insufficient time to smooth rate increases out, and double-digit increases occur for an extended period.

C. Policy for Rate Smoothing

As discussed in **Section 2.0**, Cascade fiscal policies call for smoothing rates over a five-year period. This policy has provided gradual and reliable rates to Cascade's Members. However, given that the duration of the Water Supply Project is significantly longer than this, there is the option to consider smoothing rates over a longer period of time, such as the full period of the

Supply Project. A longer rate smoothing period implicitly means higher rates earlier than is necessary to meet the short-term revenue requirements, but by the same token means lower cumulative rate increases over the term of the Supply Project, and greater flexibility to manage uncertainty in outcomes in the future.

To some degree, the debt leverage policy forces this longer-term rate path for an extended project period. Lower initial rate increases diminish cash funding, increase subsequent increases, and increase the ultimate rate upon project completion.

A Board policy to make early rate decisions in the context of the entire Supply Project timeline will also help support Cascade's high bond rating by demonstrating financial commitment to project completion within a stable financial structure. This helps reduce borrowing costs and overall project rate impacts.

9.0 Adaptability of the Capital Funding Strategy

The Funding Plan reflects knowledge and status at the time of its development. As conditions change, the Plan will need to be updated. At the same time, it is intended to anticipate and adapt to changing conditions related to cost, schedule, and funding. For this reason, the Plan adopts a conservative approach to rates and capital funding that provides flexibility as conditions change. In general, this means establishing funding and rate actions that could exceed immediate minimum requirements, while not so aggressive that they exceed reasonably anticipated funding needs.

A. Adaptable Funding and Rate Strategies

Features of a flexible and adaptable strategy include:

- Rate increases consistent with longer term trends but perhaps greater than immediate needs. Such actions improve financial condition and overall funding capacity while also improving longer-term rate outcomes.
- Funding decisions intended to meet longer term Supply Project financing needs and based on assumed success in securing state and federal funding assistance. In particular, revenue bond issues should be based on multi-year project needs, potentially holding cash and assistance resources in reserve. While this imposes earlier debt service obligations, it remains consistent with the role of revenue bonds as a major funding source and provides greater flexibility as the Supply Project evolves.
- Updates upon reaching major Supply Project and financial milestones or to reflect changing conditions for cost trends, interest rates, Cascade growth, and other significant factors.

B. Anticipated Milestones for Future Updates

The Funding Plan should be updated whenever major changes occur related to the Supply Project and Cascade financial trends. Initial updates may be frequent as project development accelerates. Following this, the Plan may be more durable for longer periods and require fewer updates.

At a minimum, the Plan will be updated at each biennial budget cycle concurrent with adoption of Budget, Member Charges, RCFCs and Capital Improvement Plan.

Additional triggers for funding plan updates may include:

- Material completion of detailed Supply Project planning and updates of cost and schedule
- Substantive changes to other (non-project) Cascade costs and revenues
- Bond issuance
- Completion of the next Cascade Water System Plan
- Securing or failing to secure significant funding assistance (most significantly WIFIA)
- Significant changes in Cascade membership

- Other events or needs as directed by the Board

Completion of the budget process in 2026 is the first logical trigger for adoption of the Plan, which would include adopted rates and RCFCs for the 2027-2028 biennium. It would also include or reflect completed or planned bond issues to support Cascade's capital improvement needs.

10.0 Board Oversight and Monitoring

The Cascade Board will be overseeing and monitoring the Supply Project via regular committee and Board updates, reviews, and decisions. The Funding Plan fits into this review process as an important element of project execution. The Board should direct the appropriate venues for reporting in terms of assigning committees and designating the frequency and content of full Board updates.

The Board has a further important role in supporting, promoting, and leading efforts to secure funding assistance. This will occur at the federal and state levels regarding existing programs and direct grant opportunities and at the regional level regarding potential partnership and regional features of the Cascade Supply Program. The policy guidance and leadership of the Board will support the success of the Program and its related financial outcomes.

Finally, the Board will continue to be explicitly responsible for major financial decisions including:

- Adoption of the Capital Funding Plan and future updates.
- Approval and adoption of budgets, capital improvement plans, member charges (rates) and RCFCs.
- Authorization to issue revenue bonds and acceptance of bond terms and conditions.
- Authorization to apply for federal and state grants and loans and acceptance of related terms and conditions.

Cascade Water Alliance - Appendix A - Forecasted Member Charges

The information below is based on the 2026 Capital Funding Plan, dated 2026-09-08.

Four ranges are presented:

1) Recommended Funding Strategy

2) Contingent Funding Strategy: assumes that Cascade is unsuccessful in pursuing outside funding assistance.

3) High Range: Based on the Funding Plan sensitivity analysis; this does not match any one specific scenario, but rather is the highest cumulative rate in each year of all the scenarios evaluated.

4) Low Range: Based on the Funding Plan sensitivity analysis; this does not match any one specific scenario, but rather is the lowest cumulative rate in each year of all the scenarios evaluated.

Projected Member Charges reflect assumptions regarding future growth, conservation savings, and demand behavior.

Actual member charges will be set based on actual behavior as part of each biennial budget cycle, and will differ from these projections.

Percentage increases for individual Members differ from projected Cascade overall rate increase due to differences in the proportion of demand shares and equivalent residential units.

Cascade-wide Percent Rate Adjustments

Scenario	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Recommended Funding Strategy	9.50%	9.50%	9.50%	9.50%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%
Contingent Funding Strategy	9.50%	9.50%	9.50%	9.50%	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%	9.75%	9.75%	2.75%
High Range	14.00%	15.00%	15.00%	15.00%	13.00%	14.00%	12.00%	12.00%	8.00%	9.24%	13.00%	13.00%	6.00%	5.00%
Low Range	7.00%	7.00%	7.00%	3.00%	3.00%	5.00%	5.00%	7.00%	7.00%	7.00%	8.00%	9.00%	9.00%	9.00%

Cascade-wide Percent Rate Adjustments - Cumulative

Scenario	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Recommended Funding Strategy	9.50%	19.90%	31.29%	43.77%	56.35%	70.03%	84.90%	101.08%	118.68%	137.81%	158.62%	181.25%	205.86%	232.62%
Contingent Funding Strategy	9.50%	19.90%	31.29%	43.77%	58.50%	74.75%	92.66%	112.41%	134.18%	158.18%	184.65%	212.40%	242.86%	252.29%
High Range	14.00%	31.10%	50.77%	73.38%	95.92%	123.35%	150.15%	180.17%	202.58%	230.54%	273.51%	322.07%	347.40%	369.77%
Low Range	7.00%	14.49%	22.50%	26.18%	29.96%	36.46%	43.29%	53.32%	64.05%	75.53%	89.57%	106.64%	125.23%	145.50%

Cascade Water Alliance - Appendix A - Forecasted Member Charges

Member-Specific Rate Adjustments - Summary of Range of Member Charges

	Adopted	Proposed	Proposed	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
Member	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Bellevue - Range of Charges															
Recommended Funding Strategy	\$24,056,355	\$26,267,520	\$28,666,462	\$31,537,862	\$34,499,216	\$37,420,144	\$40,479,549	\$43,818,397	\$47,464,099	\$51,411,932	\$55,688,728	\$60,318,605	\$65,250,801	\$70,587,044	\$76,484,527
Contingent Funding Strategy	\$24,056,355	\$26,267,520	\$28,666,462	\$31,537,862	\$34,499,216	\$37,946,562	\$41,624,865	\$45,688,751	\$50,181,217	\$55,112,738	\$60,528,078	\$66,471,432	\$72,569,562	\$79,227,346	\$81,057,283
High Range	\$24,056,355	\$27,354,730	\$31,415,011	\$36,321,894	\$41,755,518	\$47,080,369	\$53,410,763	\$59,550,126	\$66,437,001	\$71,441,153	\$77,717,090	\$87,479,427	\$98,335,909	\$103,638,128	\$108,371,660
Low Range	\$24,056,355	\$25,663,515	\$27,359,568	\$29,378,502	\$30,189,914	\$30,980,363	\$32,340,159	\$33,784,029	\$36,004,852	\$38,371,249	\$40,894,464	\$43,996,506	\$47,721,138	\$51,759,977	\$56,229,346
Issaquah															
Recommended Funding Strategy	\$2,474,596	\$2,875,410	\$3,026,257	\$3,015,817	\$3,372,755	\$3,767,392	\$4,195,191	\$4,670,381	\$5,198,488	\$5,782,642	\$6,427,843	\$7,141,452	\$7,918,386	\$8,775,049	\$9,734,182
Contingent Funding Strategy	\$2,474,596	\$2,875,410	\$3,026,257	\$3,015,817	\$3,372,755	\$3,815,479	\$4,303,783	\$4,854,154	\$5,474,749	\$6,171,486	\$6,952,637	\$7,829,296	\$8,760,930	\$9,798,293	\$10,290,735
High Range	\$2,474,596	\$2,987,952	\$3,276,612	\$3,421,926	\$4,010,286	\$4,649,836	\$5,421,248	\$6,216,114	\$7,127,548	\$7,887,116	\$8,816,665	\$10,177,848	\$11,727,181	\$12,689,186	\$13,615,187
Low Range	\$2,474,596	\$2,812,885	\$2,897,539	\$2,832,512	\$2,994,145	\$3,179,130	\$3,423,465	\$3,684,447	\$4,033,375	\$4,412,456	\$4,823,509	\$5,316,751	\$5,900,351	\$6,545,419	\$7,268,910
Issaquah Temporary															
Recommended Funding Strategy	\$196,536	\$204,839	\$254,589	\$301,740	\$334,406	\$364,849	\$396,794	\$431,797	\$470,159	\$511,788	\$557,043	\$606,068	\$658,546	\$715,442	\$518,970
Contingent Funding Strategy	\$196,536	\$204,839	\$254,589	\$301,740	\$334,406	\$370,369	\$408,823	\$451,473	\$498,789	\$550,846	\$608,202	\$671,219	\$736,173	\$807,240	\$551,414
High Range	\$196,536	\$213,979	\$282,579	\$351,508	\$410,374	\$466,145	\$532,606	\$597,289	\$670,071	\$723,175	\$789,913	\$893,670	\$1,009,465	\$1,066,589	\$745,207
Low Range	\$196,536	\$199,760	\$242,071	\$279,277	\$289,291	\$297,323	\$311,308	\$326,240	\$349,416	\$374,157	\$400,648	\$433,235	\$472,617	\$515,416	\$375,262
Kirkland															
Recommended Funding Strategy	\$6,995,520	\$7,363,249	\$7,984,369	\$8,987,041	\$10,029,321	\$10,949,783	\$11,921,983	\$12,988,159	\$14,157,986	\$15,431,784	\$16,819,151	\$18,329,321	\$19,948,362	\$21,709,223	\$23,662,513
Contingent Funding Strategy	\$6,995,520	\$7,363,249	\$7,984,369	\$8,987,041	\$10,029,321	\$11,103,226	\$12,258,081	\$13,540,681	\$14,965,928	\$16,539,368	\$18,276,757	\$20,194,257	\$22,180,535	\$24,360,687	\$25,074,295
High Range	\$6,995,520	\$7,669,578	\$8,748,639	\$10,342,350	\$12,130,037	\$13,765,593	\$15,716,702	\$17,635,470	\$19,799,628	\$21,426,171	\$23,454,064	\$26,561,829	\$30,039,099	\$31,851,666	\$33,507,271
Low Range	\$6,995,520	\$7,193,067	\$7,619,097	\$8,375,298	\$8,781,769	\$9,072,683	\$9,533,445	\$10,023,907	\$10,750,549	\$11,528,940	\$12,363,139	\$13,382,054	\$14,601,933	\$15,931,729	\$17,408,976
Redmond City															
Recommended Funding Strategy	\$7,825,212	\$8,464,793	\$9,386,775	\$10,224,151	\$10,953,538	\$11,706,024	\$12,741,732	\$13,877,609	\$15,124,134	\$16,482,601	\$17,962,737	\$19,575,985	\$21,749,754	\$24,150,844	\$26,844,606
Contingent Funding Strategy	\$7,825,212	\$8,464,793	\$9,386,775	\$10,224,151	\$10,953,538	\$11,865,772	\$13,092,095	\$14,454,315	\$15,968,489	\$17,641,514	\$19,489,710	\$21,531,957	\$24,145,892	\$27,061,485	\$28,428,207
High Range	\$7,825,212	\$8,811,878	\$10,256,692	\$11,729,567	\$13,189,144	\$14,637,547	\$16,697,520	\$18,728,335	\$21,020,038	\$22,754,780	\$24,913,406	\$28,210,359	\$32,581,709	\$35,284,694	\$37,887,508
Low Range	\$7,825,212	\$8,271,969	\$8,964,235	\$9,544,653	\$9,625,878	\$9,751,786	\$10,251,810	\$10,783,610	\$11,563,127	\$12,398,893	\$13,294,662	\$14,387,221	\$16,010,600	\$17,808,610	\$19,829,991
Redmond Novelty Hill															
Recommended Funding Strategy	\$1,514,968	\$1,681,849	\$1,838,571	\$2,038,246	\$2,188,282	\$2,365,644	\$2,550,528	\$2,751,727	\$2,970,792	\$3,207,242	\$3,462,578	\$3,738,094	\$4,030,466	\$4,345,783	\$4,693,470
Contingent Funding Strategy	\$1,514,968	\$1,681,849	\$1,838,571	\$2,038,246	\$2,188,282	\$2,398,964	\$2,622,775	\$2,869,309	\$3,141,028	\$3,438,327	\$3,763,741	\$4,119,715	\$4,482,887	\$4,878,120	\$4,974,268
High Range	\$1,514,968	\$1,751,428	\$2,015,069	\$2,348,280	\$2,649,150	\$2,977,095	\$3,366,230	\$3,740,717	\$4,159,506	\$4,457,906	\$4,833,450	\$5,422,708	\$6,075,676	\$6,382,092	\$6,651,553
Low Range	\$1,514,968	\$1,643,195	\$1,754,758	\$1,898,306	\$1,914,586	\$1,958,034	\$2,037,094	\$2,120,907	\$2,252,833	\$2,392,956	\$2,541,900	\$2,725,737	\$2,946,841	\$3,185,829	\$3,449,667
Sammamish Plateau Water															
Recommended Funding Strategy	\$2,212,475	\$2,433,562	\$2,741,229	\$2,945,206	\$3,257,068	\$3,584,412	\$3,938,282	\$4,329,207	\$4,761,609	\$5,238,755	\$5,763,556	\$6,343,895	\$6,972,123	\$7,663,523	\$8,436,141
Contingent Funding Strategy	\$2,212,475	\$2,433,562	\$2,741,229	\$2,945,206	\$3,257,068	\$3,624,434	\$4,028,285	\$4,480,933	\$4,988,873	\$5,557,563	\$6,192,478	\$6,904,431	\$7,656,834	\$8,492,931	\$8,886,164
High Range	\$2,212,475	\$2,528,826	\$2,935,808	\$3,282,867	\$3,790,088	\$4,318,865	\$4,954,464	\$5,605,387	\$6,348,538	\$6,964,181	\$7,715,976	\$8,818,305	\$10,067,423	\$10,836,193	\$11,574,280
Low Range	\$2,212,475	\$2,380,637	\$2,626,791	\$2,792,797	\$2,940,524	\$3,094,804	\$3,298,659	\$3,515,205	\$3,803,135	\$4,115,360	\$4,452,309	\$4,856,917	\$5,332,123	\$5,856,258	\$6,442,748
Skyway WSD															
Recommended Funding Strategy	\$532,897	\$609,827	\$676,239	\$724,282	\$794,972	\$859,690	\$927,863	\$1,002,208	\$1,083,371	\$1,171,513	\$1,267,064	\$1,371,028	\$1,481,750	\$1,601,879	\$1,734,813
Contingent Funding Strategy	\$532,897	\$609,827	\$676,239	\$724,282	\$794,972	\$870,485	\$951,440	\$1,040,855	\$1,139,724	\$1,248,552	\$1,368,172	\$1,500,044	\$1,635,763	\$1,784,347	\$1,831,721
High Range	\$532,897	\$634,201	\$732,093	\$820,459	\$943,203	\$1,057,790	\$1,194,053	\$1,327,270	\$1,476,869	\$1,588,455	\$1,727,299	\$1,940,549	\$2,177,980	\$2,299,860	\$2,410,578
Low Range	\$532,897	\$596,286	\$646,927	\$680,871	\$706,941	\$727,630	\$760,313	\$794,870	\$845,707	\$900,050	\$957,970	\$1,028,779	\$1,112,863	\$1,204,284	\$1,305,557
Tukwila															
Recommended Funding Strategy	\$2,966,302	\$3,507,423	\$3,907,787	\$4,223,074	\$4,556,917	\$4,944,328	\$5,350,046	\$5,792,890	\$6,276,493	\$6,800,153	\$7,367,495	\$7,981,570	\$8,635,853	\$9,343,703	\$10,126,010
Contingent Funding Strategy	\$2,966,302	\$3,507,423	\$3,907,787	\$4,223,074	\$4,556,917	\$5,014,334	\$5,502,347	\$6,041,590	\$6,637,763	\$7,292,183	\$8,010,857	\$8,799,498	\$9,608,714	\$10,492,160	\$10,733,778
High Range	\$2,966,302	\$3,650,768	\$4,281,338	\$4,869,186	\$5,521,972	\$6,229,008	\$7,069,612	\$7,884,727	\$8,799,144	\$9,463,081	\$10,296,028	\$11,592,203	\$13,033,756	\$13,736,810	\$14,364,144
Low Range	\$2,966,302	\$3,427,787	\$3,731,351	\$3,931,439	\$3,983,800	\$4,087,923	\$4,267,687	\$4,458,627	\$4,752,864	\$5,066,365	\$5,400,691	\$5,811,787	\$6,305,688	\$6,841,234	\$7,433,885

Cascade Water Alliance - Appendix A - Forecasted Member Charges

Member-Specific Forecast of Demand Shares (MGD) and Demands (MG)

Member	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
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Forecasts of Demands by Member are based on high level estimates, do not represent an obligation or requirement on the Members, and are shared for general awareness and to facilitate Member planning.

Demand shares are based on a rolling three-year average of actual demands, using the greater of peak season of annual average million gallons per day.
Demand shares in 2027 are based on actual demand from 2023, 2024, and 2025. For 2028 and beyond, demand shares reflect one or more years of estimated demands.
Demands are estimated as follows:
('Average of preceding 3 years peak season demand' plus: 'estimated CERU additions, at system-wide peak season demand per CERU' plus) times (assumed 0.5% water efficiency savings per CERU)
Cascade does not assume that members will change their operational choices around management of independent supply, which may lead to overestimation of demands by Members with independent supply.

Demand Shares (MGD)															
Bellevue	18.9733	19.2033	19.1028	19.2059	19.0842	19.0539	19.0234	18.9928	18.9620	18.9310	18.8998	18.8685	18.8371	18.8055	18.7737
Issaquah	1.9182	1.8257	1.7400	1.6304	1.6767	1.7405	1.8037	1.8661	1.9279	1.9891	2.0496	2.1094	2.1685	2.2271	2.2850
Issaquah - Temporary	0.1573	0.1739	0.1945	0.1998	0.1998	0.1998	0.1998	0.1998	0.1998	0.1998	0.1998	0.1998	0.1998	0.1998	0.1332
Kirkland	5.3851	5.3831	5.3118	5.4410	5.5249	5.5539	5.5825	5.6107	5.6384	5.6657	5.6926	5.7191	5.7452	5.7709	5.7961
Redmond - City	5.7743	5.9672	6.0460	6.0436	5.8797	5.7822	5.8195	5.8562	5.8925	5.9283	5.9635	5.9983	6.1672	6.3350	6.5016
Redmond - Novelty Hill	1.1810	1.2304	1.2267	1.2447	1.2121	1.2060	1.2000	1.1940	1.1880	1.1821	1.1762	1.1703	1.1644	1.1586	1.1528
Sammamish Plateau Water	1.2957	1.2911	1.3524	1.3556	1.4018	1.4486	1.4949	1.5407	1.5860	1.6308	1.6751	1.7190	1.7623	1.8052	1.8476
Skyway WSD	0.3734	0.3809	0.3882	0.3861	0.3899	0.3907	0.3916	0.3924	0.3933	0.3941	0.3949	0.3956	0.3964	0.3971	0.3979
Tukwila	2.4105	2.5485	2.5962	2.5939	2.5381	2.5339	2.5297	2.5255	2.5212	2.5169	2.5126	2.5083	2.5040	2.4996	2.4952
Total	37.4688	38.0042	37.9586	38.1009	37.9072	37.9096	38.0451	38.1782	38.3091	38.4377	38.5641	38.6883	38.9449	39.1987	39.3831

Annualized Demands are presented on two bases: annualized peak season demand (MG), and average annual demand (MG).
Annualized Peak Season Demand (MG) is calculated by multiplying the Demand Share (peak season average MGD) by 365 days (366 days in leap years).
Issaquah Temporary Demand Shares are reduced from total actual demands consistent with the Temporary Water rate class and agreement. That reduction is backed out to reflect total anticipated demand.
Average Annual Demand (MG) is calculated by the same estimation method described above for estimating peak season demand.

Annualized Peak Season Demand (MG)															
Bellevue	6,944.23	7,009.21	6,972.52	7,010.16	6,984.80	6,954.66	6,943.54	6,932.36	6,940.08	6,909.81	6,898.44	6,887.02	6,894.37	6,864.00	6,852.40
Issaquah	702.05	666.37	635.10	595.08	613.68	635.30	658.34	681.14	705.63	726.01	748.09	769.92	793.69	812.88	834.01
Issaquah - Temporary	115.11	127.32	142.40	146.25	146.25	146.25	146.25	146.25	146.25	146.25	146.25	146.25	146.25	146.25	97.50
Kirkland	1,970.93	1,964.84	1,938.80	1,985.97	2,022.12	2,027.18	2,037.61	2,047.89	2,063.65	2,067.98	2,077.80	2,087.47	2,102.74	2,106.37	2,115.59
Redmond - City	2,113.41	2,178.04	2,206.81	2,205.92	2,151.96	2,110.49	2,124.10	2,137.53	2,156.66	2,163.82	2,176.68	2,189.37	2,257.20	2,312.26	2,373.07
Redmond - Novelty Hill	432.26	449.11	447.74	454.30	443.62	440.20	438.00	435.81	434.82	431.46	429.30	427.16	426.19	422.90	420.78
Sammamish Plateau Water	474.22	471.25	493.61	494.78	513.08	528.75	545.65	562.36	580.48	595.25	611.42	627.42	645.01	658.90	674.37
Skyway WSD	136.67	139.05	141.69	140.93	142.69	142.62	142.93	143.24	143.94	143.84	144.13	144.41	145.08	144.96	145.22
Tukwila	882.23	930.20	947.62	946.77	928.95	924.88	923.34	921.79	922.76	918.67	917.10	915.53	916.45	912.35	910.76
Total	13,771.13	13,935.38	13,926.30	13,980.17	13,947.14	13,910.32	13,959.77	14,008.37	14,094.26	14,103.10	14,149.23	14,194.55	14,326.97	14,380.86	14,423.70

Average Annual Demand (MG)															
Bellevue	5,182.61	5,159.29	5,150.09	5,140.85	5,145.64	5,122.27	5,112.92	5,103.55	5,108.09	5,084.68	5,075.20	5,065.69	5,070.00	5,046.57	5,036.97
Issaquah	504.95	519.54	535.34	550.98	567.99	581.73	596.86	611.82	628.33	641.24	655.71	670.02	832.30	843.29	856.40
Issaquah - Temporary	146.25	146.25	146.25	146.25	146.25	146.25	146.25	146.25	146.25	146.25	146.25	146.25	146.25	146.25	146.25
Kirkland	1,468.26	1,471.43	1,478.51	1,485.47	1,496.42	1,499.09	1,505.74	1,512.28	1,522.88	1,525.06	1,531.30	1,537.44	1,547.71	1,549.42	1,555.26
Redmond - City	1,553.64	1,465.62	1,475.25	1,484.74	1,498.20	1,503.34	1,512.44	1,521.42	1,534.46	1,538.99	1,547.58	1,556.05	1,568.69	1,572.62	1,580.73
Redmond - Novelty Hill	288.44	286.21	284.78	283.36	282.71	280.53	279.13	277.73	277.10	274.96	273.59	272.22	271.60	269.50	268.16
Sammamish Plateau Water	491.32	501.30	512.51	523.58	536.00	545.37	556.08	566.67	578.72	587.49	597.73	607.84	619.54	627.73	637.50
Skyway WSD	121.00	120.79	120.91	121.03	121.47	121.24	121.34	121.44	121.86	121.62	121.70	121.79	122.20	121.94	122.01
Tukwila	730.86	727.40	725.92	724.45	724.95	721.49	720.00	718.51	718.98	715.52	714.03	712.52	712.97	709.51	708.01
Total	10,487.34	10,397.84	10,429.56	10,460.71	10,519.63	10,521.30	10,550.76	10,579.66	10,636.68	10,635.83	10,663.10	10,689.83	10,891.25	10,886.84	10,911.27

Cascade Water Alliance - Appendix A - Forecasted Member Charges

Member-Specific Forecast of Cost per Demand (MG) - Annualized Peak Season Demand - Range of Charges

Forecasts of Cost per Demand by Member are based on high level estimates, do not represent an obligation or requirement on the Members, and are shared for general awareness and to facilitate Member planning.

These are calculated based on the preceding tables.

Unit costs differ by Member based on the proportion of demand shares vs CERUs that make up the basis for their total charges.

Member	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Bellevue - Range of Charges															
Recommended Funding Strategy	\$3,464	\$3,748	\$4,111	\$4,499	\$4,939	\$5,381	\$5,830	\$6,321	\$6,839	\$7,440	\$8,073	\$8,758	\$9,464	\$10,284	\$11,162
Contingent Funding Strategy	\$3,464	\$3,748	\$4,111	\$4,499	\$4,939	\$5,456	\$5,995	\$6,591	\$7,231	\$7,976	\$8,774	\$9,652	\$10,526	\$11,542	\$11,829
High Range	\$3,464	\$3,903	\$4,506	\$5,181	\$5,978	\$6,770	\$7,692	\$8,590	\$9,573	\$10,339	\$11,266	\$12,702	\$14,263	\$15,099	\$15,815
Low Range	\$3,464	\$3,661	\$3,924	\$4,191	\$4,322	\$4,455	\$4,658	\$4,873	\$5,188	\$5,553	\$5,928	\$6,388	\$6,922	\$7,541	\$8,206
Issaquah															
Recommended Funding Strategy	\$3,525	\$4,315	\$4,765	\$5,068	\$5,496	\$5,930	\$6,372	\$6,857	\$7,367	\$7,965	\$8,592	\$9,276	\$9,977	\$10,795	\$11,672
Contingent Funding Strategy	\$3,525	\$4,315	\$4,765	\$5,068	\$5,496	\$6,006	\$6,537	\$7,126	\$7,759	\$8,500	\$9,294	\$10,169	\$11,038	\$12,054	\$12,339
High Range	\$3,525	\$4,484	\$5,159	\$5,750	\$6,535	\$7,319	\$8,235	\$9,126	\$10,101	\$10,864	\$11,786	\$13,219	\$14,776	\$15,610	\$16,325
Low Range	\$3,525	\$4,221	\$4,562	\$4,760	\$4,879	\$5,004	\$5,200	\$5,409	\$5,716	\$6,078	\$6,448	\$6,906	\$7,434	\$8,052	\$8,716
Issaquah Temporary															
Recommended Funding Strategy	\$1,707	\$1,609	\$1,788	\$2,063	\$2,287	\$2,495	\$2,713	\$2,952	\$3,215	\$3,499	\$3,809	\$4,144	\$4,503	\$4,892	\$5,323
Contingent Funding Strategy	\$1,707	\$1,609	\$1,788	\$2,063	\$2,287	\$2,532	\$2,795	\$3,087	\$3,410	\$3,766	\$4,159	\$4,589	\$5,034	\$5,520	\$5,655
High Range	\$1,707	\$1,681	\$1,984	\$2,403	\$2,806	\$3,187	\$3,642	\$4,084	\$4,582	\$4,945	\$5,401	\$6,111	\$6,902	\$7,293	\$7,643
Low Range	\$1,707	\$1,569	\$1,700	\$1,910	\$1,978	\$2,033	\$2,129	\$2,231	\$2,389	\$2,558	\$2,739	\$2,962	\$3,232	\$3,524	\$3,849
Kirkland															
Recommended Funding Strategy	\$3,549	\$3,748	\$4,118	\$4,525	\$4,960	\$5,401	\$5,851	\$6,342	\$6,861	\$7,462	\$8,095	\$8,781	\$9,487	\$10,306	\$11,185
Contingent Funding Strategy	\$3,549	\$3,748	\$4,118	\$4,525	\$4,960	\$5,477	\$6,016	\$6,612	\$7,252	\$7,998	\$8,796	\$9,674	\$10,548	\$11,565	\$11,852
High Range	\$3,549	\$3,903	\$4,512	\$5,208	\$5,999	\$6,791	\$7,713	\$8,612	\$9,594	\$10,361	\$11,288	\$12,724	\$14,286	\$15,122	\$15,838
Low Range	\$3,549	\$3,661	\$3,930	\$4,217	\$4,343	\$4,476	\$4,679	\$4,895	\$5,209	\$5,575	\$5,950	\$6,411	\$6,944	\$7,564	\$8,229
Redmond City															
Recommended Funding Strategy	\$3,703	\$3,886	\$4,254	\$4,635	\$5,090	\$5,547	\$5,999	\$6,492	\$7,013	\$7,617	\$8,252	\$8,941	\$9,636	\$10,445	\$11,312
Contingent Funding Strategy	\$3,703	\$3,886	\$4,254	\$4,635	\$5,090	\$5,622	\$6,164	\$6,762	\$7,404	\$8,153	\$8,954	\$9,835	\$10,697	\$11,703	\$11,980
High Range	\$3,703	\$4,046	\$4,648	\$5,317	\$6,129	\$6,936	\$7,861	\$8,762	\$9,747	\$10,516	\$11,446	\$12,885	\$14,435	\$15,260	\$15,966
Low Range	\$3,703	\$3,798	\$4,062	\$4,327	\$4,473	\$4,621	\$4,826	\$5,045	\$5,362	\$5,730	\$6,108	\$6,571	\$7,093	\$7,702	\$8,356
Redmond Novelty Hill															
Recommended Funding Strategy	\$3,505	\$3,745	\$4,106	\$4,487	\$4,933	\$5,374	\$5,823	\$6,314	\$6,832	\$7,433	\$8,066	\$8,751	\$9,457	\$10,276	\$11,154
Contingent Funding Strategy	\$3,505	\$3,745	\$4,106	\$4,487	\$4,933	\$5,450	\$5,988	\$6,584	\$7,224	\$7,969	\$8,767	\$9,644	\$10,519	\$11,535	\$11,821
High Range	\$3,505	\$3,900	\$4,501	\$5,169	\$5,972	\$6,763	\$7,685	\$8,583	\$9,566	\$10,332	\$11,259	\$12,695	\$14,256	\$15,091	\$15,808
Low Range	\$3,505	\$3,659	\$3,919	\$4,179	\$4,316	\$4,448	\$4,651	\$4,867	\$5,181	\$5,546	\$5,921	\$6,381	\$6,914	\$7,533	\$8,198
Sammamish Plateau Water															
Recommended Funding Strategy	\$4,665	\$5,164	\$5,553	\$5,953	\$6,348	\$6,779	\$7,218	\$7,698	\$8,203	\$8,801	\$9,426	\$10,111	\$10,809	\$11,631	\$12,510
Contingent Funding Strategy	\$4,665	\$5,164	\$5,553	\$5,953	\$6,348	\$6,855	\$7,383	\$7,968	\$8,594	\$9,337	\$10,128	\$11,004	\$11,871	\$12,890	\$13,177
High Range	\$4,665	\$5,366	\$5,948	\$6,635	\$7,387	\$8,168	\$9,080	\$9,968	\$10,937	\$11,700	\$12,620	\$14,055	\$15,608	\$16,446	\$17,163
Low Range	\$4,665	\$5,052	\$5,322	\$5,644	\$5,731	\$5,853	\$6,045	\$6,251	\$6,552	\$6,914	\$7,282	\$7,741	\$8,267	\$8,888	\$9,554
Skyway WSD															
Recommended Funding Strategy	\$3,899	\$4,386	\$4,773	\$5,139	\$5,571	\$6,028	\$6,492	\$6,997	\$7,527	\$8,145	\$8,791	\$9,494	\$10,213	\$11,051	\$11,946
Contingent Funding Strategy	\$3,899	\$4,386	\$4,773	\$5,139	\$5,571	\$6,104	\$6,657	\$7,266	\$7,918	\$8,680	\$9,493	\$10,387	\$11,275	\$12,310	\$12,614
High Range	\$3,899	\$4,561	\$5,167	\$5,822	\$6,610	\$7,417	\$8,354	\$9,266	\$10,261	\$11,043	\$11,984	\$13,438	\$15,012	\$15,866	\$16,600
Low Range	\$3,899	\$4,288	\$4,566	\$4,831	\$4,955	\$5,102	\$5,319	\$5,549	\$5,876	\$6,257	\$6,647	\$7,124	\$7,671	\$8,308	\$8,990
Tukwila															
Recommended Funding Strategy	\$3,362	\$3,771	\$4,124	\$4,461	\$4,905	\$5,346	\$5,794	\$6,284	\$6,802	\$7,402	\$8,033	\$8,718	\$9,423	\$10,241	\$11,118
Contingent Funding Strategy	\$3,362	\$3,771	\$4,124	\$4,461	\$4,905	\$5,422	\$5,959	\$6,554	\$7,193	\$7,938	\$8,735	\$9,611	\$10,485	\$11,500	\$11,786
High Range	\$3,362	\$3,925	\$4,518	\$5,143	\$5,944	\$6,735	\$7,657	\$8,554	\$9,536	\$10,301	\$11,227	\$12,662	\$14,222	\$15,056	\$15,772
Low Range	\$3,362	\$3,685	\$3,938	\$4,152	\$4,289	\$4,420	\$4,622	\$4,837	\$5,151	\$5,515	\$5,889	\$6,348	\$6,881	\$7,498	\$8,162

Cascade Water Alliance - Appendix A - Forecasted Member Charges

Member-Specific Forecast of Cost per Demand (MG) - Annual Average Demand - Range of Charges

Forecasts of Cost per Demand by Member are based on high level estimates, do not represent an obligation or requirement on the Members, and are shared for general awareness and to facilitate Member planning.

These are calculated based on the preceding tables.
Unit costs differ by Member based on the proportion of demand shares vs CERUs that make up the basis for their total charges.

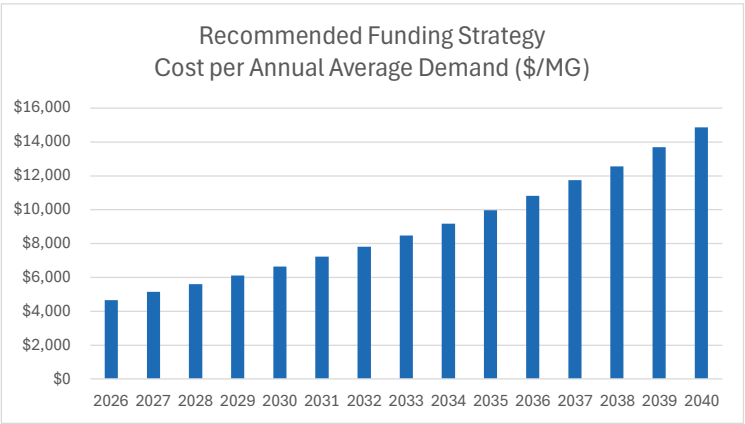
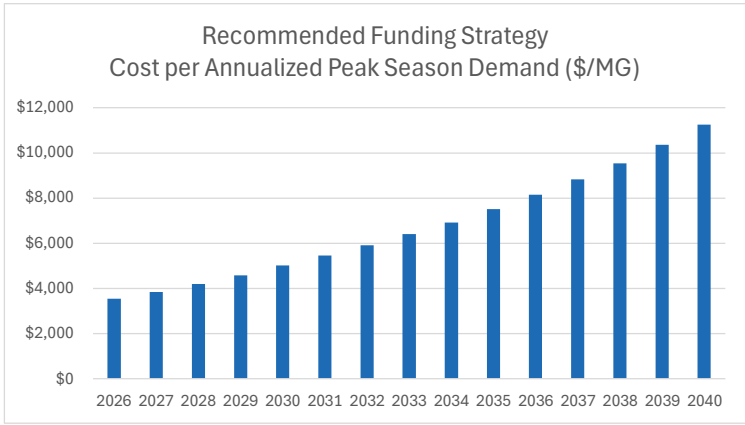
Member	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Bellevue - Range of Charges															
Recommended Funding Strategy	\$4,642	\$5,091	\$5,566	\$6,135	\$6,705	\$7,305	\$7,917	\$8,586	\$9,292	\$10,111	\$10,973	\$11,907	\$12,870	\$13,987	\$15,185
Contingent Funding Strategy	\$4,642	\$5,091	\$5,566	\$6,135	\$6,705	\$7,408	\$8,141	\$8,952	\$9,824	\$10,839	\$11,926	\$13,122	\$14,314	\$15,699	\$16,092
High Range	\$4,642	\$5,302	\$6,100	\$7,065	\$8,115	\$9,191	\$10,446	\$11,668	\$13,006	\$14,050	\$15,313	\$17,269	\$19,396	\$20,536	\$21,515
Low Range	\$4,642	\$4,974	\$5,312	\$5,715	\$5,867	\$6,048	\$6,325	\$6,620	\$7,049	\$7,546	\$8,058	\$8,685	\$9,412	\$10,256	\$11,163
Issaquah															
Recommended Funding Strategy	\$4,901	\$5,535	\$5,653	\$5,474	\$5,938	\$6,476	\$7,029	\$7,634	\$8,274	\$9,018	\$9,803	\$10,659	\$9,514	\$10,406	\$11,366
Contingent Funding Strategy	\$4,901	\$5,535	\$5,653	\$5,474	\$5,938	\$6,559	\$7,211	\$7,934	\$8,713	\$9,624	\$10,603	\$11,685	\$10,526	\$11,619	\$12,016
High Range	\$4,901	\$5,751	\$6,121	\$6,211	\$6,060	\$7,993	\$9,083	\$10,160	\$11,344	\$12,300	\$13,446	\$15,190	\$14,090	\$15,047	\$15,898
Low Range	\$4,901	\$5,414	\$5,412	\$5,141	\$5,271	\$5,465	\$5,736	\$6,022	\$6,419	\$6,881	\$7,356	\$7,935	\$7,089	\$7,762	\$8,488
Issaquah Temporary															
Recommended Funding Strategy	\$1,344	\$1,401	\$1,741	\$2,063	\$2,287	\$2,495	\$2,713	\$2,952	\$3,215	\$3,499	\$3,809	\$4,144	\$4,503	\$4,892	\$3,548
Contingent Funding Strategy	\$1,344	\$1,401	\$1,741	\$2,063	\$2,287	\$2,532	\$2,795	\$3,087	\$3,410	\$3,766	\$4,159	\$4,589	\$5,034	\$5,520	\$3,770
High Range	\$1,344	\$1,463	\$1,932	\$2,403	\$2,806	\$3,187	\$3,642	\$4,084	\$4,582	\$4,945	\$5,401	\$6,111	\$6,902	\$7,293	\$5,095
Low Range	\$1,344	\$1,366	\$1,655	\$1,910	\$1,978	\$2,033	\$2,129	\$2,231	\$2,389	\$2,558	\$2,739	\$2,962	\$3,232	\$3,524	\$2,566
Kirkland															
Recommended Funding Strategy	\$4,764	\$5,004	\$5,400	\$6,050	\$6,702	\$7,304	\$7,918	\$8,588	\$9,297	\$10,119	\$10,984	\$11,922	\$12,889	\$14,011	\$15,215
Contingent Funding Strategy	\$4,764	\$5,004	\$5,400	\$6,050	\$6,702	\$7,407	\$8,141	\$8,954	\$9,827	\$10,845	\$11,935	\$13,135	\$14,331	\$15,722	\$16,122
High Range	\$4,764	\$5,212	\$5,917	\$6,962	\$8,106	\$9,183	\$10,438	\$11,662	\$13,001	\$14,049	\$15,316	\$17,277	\$19,409	\$20,557	\$21,544
Low Range	\$4,764	\$4,888	\$5,153	\$5,638	\$5,869	\$6,052	\$6,331	\$6,628	\$7,059	\$7,560	\$8,074	\$8,704	\$9,435	\$10,282	\$11,194
Redmond City															
Recommended Funding Strategy	\$5,037	\$5,776	\$6,363	\$6,886	\$7,311	\$7,787	\$8,425	\$9,121	\$9,856	\$10,710	\$11,607	\$12,581	\$13,865	\$15,357	\$16,982
Contingent Funding Strategy	\$5,037	\$5,776	\$6,363	\$6,886	\$7,311	\$7,893	\$8,656	\$9,501	\$10,407	\$11,463	\$12,594	\$13,838	\$15,392	\$17,208	\$17,984
High Range	\$5,037	\$6,012	\$6,953	\$7,900	\$8,803	\$9,737	\$11,040	\$12,310	\$13,699	\$14,786	\$16,098	\$18,129	\$20,770	\$22,437	\$23,968
Low Range	\$5,037	\$5,644	\$6,076	\$6,428	\$6,425	\$6,487	\$6,778	\$7,088	\$7,536	\$8,057	\$8,591	\$9,246	\$10,206	\$11,324	\$12,545
Redmond Novelty Hill															
Recommended Funding Strategy	\$5,252	\$5,876	\$6,456	\$7,193	\$7,740	\$8,433	\$9,138	\$9,908	\$10,721	\$11,664	\$12,656	\$13,732	\$14,840	\$16,125	\$17,503
Contingent Funding Strategy	\$5,252	\$5,876	\$6,456	\$7,193	\$7,740	\$8,552	\$9,396	\$10,331	\$11,335	\$12,505	\$13,757	\$15,134	\$16,506	\$18,100	\$18,550
High Range	\$5,252	\$6,119	\$7,076	\$8,287	\$9,371	\$10,612	\$12,060	\$13,469	\$15,011	\$16,213	\$17,667	\$19,920	\$22,370	\$23,681	\$24,805
Low Range	\$5,252	\$5,741	\$6,162	\$6,699	\$6,772	\$6,980	\$7,298	\$7,637	\$8,130	\$8,703	\$9,291	\$10,013	\$10,850	\$11,821	\$12,864
Sammamish Plateau Water															
Recommended Funding Strategy	\$4,503	\$4,854	\$5,349	\$5,625	\$6,077	\$6,572	\$7,082	\$7,640	\$8,228	\$8,917	\$9,642	\$10,437	\$11,254	\$12,208	\$13,233
Contingent Funding Strategy	\$4,503	\$4,854	\$5,349	\$5,625	\$6,077	\$6,646	\$7,244	\$7,907	\$8,620	\$9,460	\$10,360	\$11,359	\$12,359	\$13,530	\$13,939
High Range	\$4,503	\$5,045	\$5,728	\$6,270	\$7,071	\$7,919	\$8,910	\$9,892	\$10,970	\$11,854	\$12,909	\$14,508	\$16,250	\$17,263	\$18,156
Low Range	\$4,503	\$4,749	\$5,125	\$5,334	\$5,486	\$5,675	\$5,932	\$6,203	\$6,572	\$7,005	\$7,449	\$7,990	\$8,607	\$9,329	\$10,106
Skyway WSD															
Recommended Funding Strategy	\$4,404	\$5,048	\$5,593	\$5,985	\$6,545	\$7,091	\$7,647	\$8,253	\$8,890	\$9,633	\$10,411	\$11,258	\$12,126	\$13,137	\$14,219
Contingent Funding Strategy	\$4,404	\$5,048	\$5,593	\$5,985	\$6,545	\$7,180	\$7,841	\$8,571	\$9,352	\$10,266	\$11,242	\$12,317	\$13,386	\$14,633	\$15,013
High Range	\$4,404	\$5,250	\$6,055	\$6,779	\$7,765	\$8,725	\$9,841	\$10,930	\$12,119	\$13,061	\$14,193	\$15,934	\$17,824	\$18,861	\$19,758
Low Range	\$4,404	\$4,936	\$5,350	\$5,626	\$5,820	\$6,002	\$6,266	\$6,546	\$6,940	\$7,401	\$7,871	\$8,447	\$9,107	\$9,876	\$10,701
Tukwila															
Recommended Funding Strategy	\$4,059	\$4,822	\$5,383	\$5,829	\$6,286	\$6,853	\$7,431	\$8,062	\$8,730	\$9,504	\$10,318	\$11,202	\$12,113	\$13,169	\$14,302
Contingent Funding Strategy	\$4,059	\$4,822	\$5,383	\$5,829	\$6,286	\$6,950	\$7,642	\$8,408	\$9,232	\$10,191	\$11,219	\$12,350	\$13,477	\$14,788	\$15,161
High Range	\$4,059	\$5,019	\$5,898	\$6,721	\$7,617	\$8,634	\$9,819	\$10,974	\$12,238	\$13,225	\$14,420	\$16,269	\$18,281	\$19,361	\$20,288
Low Range	\$4,059	\$4,712	\$5,140	\$5,427	\$5,495	\$5,666	\$5,927	\$6,205	\$6,611	\$7,081	\$7,564	\$8,157	\$8,844	\$9,642	\$10,500

Cascade Water Alliance - Appendix A - Forecasted Member Charges

Cascade-wide Forecast of Cost per Demand (MG) - Range of Charges

These are calculated based on the preceding tables.

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Annualized Peak Season Demand (\$/MG)															
Recommended Funding Strategy	\$3,542	\$3,833	\$4,199	\$4,578	\$5,018	\$5,461	\$5,910	\$6,401	\$6,918	\$7,519	\$8,150	\$8,835	\$9,538	\$10,354	\$11,248
Contingent Funding Strategy	\$3,542	\$3,833	\$4,199	\$4,578	\$5,018	\$5,536	\$6,074	\$6,669	\$7,308	\$8,052	\$8,848	\$9,724	\$10,594	\$11,606	\$11,913
High Range	\$3,542	\$3,990	\$4,592	\$5,257	\$6,051	\$6,843	\$7,763	\$8,658	\$9,638	\$10,402	\$11,327	\$12,758	\$14,312	\$15,144	\$15,885
Low Range	\$3,542	\$3,745	\$4,010	\$4,271	\$4,404	\$4,540	\$4,744	\$4,961	\$5,276	\$5,641	\$6,017	\$6,477	\$7,008	\$7,625	\$8,302
Annualized Average Demand (\$/MG)															
Recommended Funding Strategy	\$4,651	\$5,136	\$5,607	\$6,118	\$6,653	\$7,220	\$7,820	\$8,475	\$9,167	\$9,970	\$10,815	\$11,731	\$12,546	\$13,676	\$14,869
Contingent Funding Strategy	\$4,651	\$5,136	\$5,607	\$6,118	\$6,653	\$7,319	\$8,037	\$8,830	\$9,683	\$10,676	\$11,741	\$12,912	\$13,936	\$15,331	\$15,748
High Range	\$4,651	\$5,348	\$6,131	\$7,025	\$8,023	\$9,047	\$10,271	\$11,464	\$12,771	\$13,794	\$15,030	\$16,941	\$18,827	\$20,004	\$20,999
Low Range	\$4,651	\$5,019	\$5,354	\$5,708	\$5,839	\$6,002	\$6,277	\$6,568	\$6,991	\$7,480	\$7,984	\$8,601	\$9,219	\$10,072	\$10,974



Cascade Water Alliance - Appendix A - Forecasted Member Charges

The information below is based on the Capital Funding Plan, dated 2026-09-08.

Four ranges are presented:

- 1) Recommended Funding Strategy
- 2) Contingent Funding Strategy: assumes that Cascade is unsuccessful in pursuing outside funding assistance.
- 3) High Range: Based on the Funding Plan sensitivity analysis; this does not match any one specific scenario, but rather is the highest cumulative rate in each year of all the scenarios evaluated.
- 4) Low Range: Based on the Funding Plan sensitivity analysis; this does not match any one specific scenario, but rather is the lowest cumulative rate in each year of all the scenarios evaluated.

Projected Member Charges reflect assumptions regarding future growth, conservation savings, and demand behavior.

Actual member charges will be set based on actual behavior as part of each biennial budget cycle, and will differ from these projections.

Percentage increases for individual Members differ from projected Cascade overall rate increase due to differences in the proportion of demand shares and equivalent residential units.

Cascade Water Alliance - Appendix A - Forecasted Member Charges

Member-Specific Rate Adjustments - Recommended Funding Strategy

	Adopted	Proposed	Proposed	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
Member	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Bellevue															
Administrative Dues	\$1,735,799	\$1,897,293	\$2,055,171	\$2,108,660	\$2,122,395	\$2,179,057	\$2,240,547	\$2,300,418	\$2,359,241	\$2,422,526	\$2,484,709	\$2,558,260	\$2,623,979	\$2,694,672	\$2,769,904
Conservation Charges	\$331,322	\$398,005	\$412,615	\$423,671	\$435,037	\$446,720	\$458,731	\$471,078	\$483,770	\$496,819	\$510,233	\$524,023	\$538,200	\$552,775	\$567,760
Demand Share	\$22,210,269	\$24,048,629	\$26,275,083	\$29,005,531	\$31,941,784	\$34,794,367	\$37,780,271	\$41,046,901	\$44,621,088	\$48,492,587	\$52,693,786	\$57,236,322	\$62,088,622	\$67,339,597	\$73,146,863
True-up	(\$221,035)	(\$76,407)	(\$76,407)												
Bellevue - Total	\$24,056,355	\$26,267,520	\$28,666,462	\$31,537,862	\$34,499,216	\$37,420,144	\$40,479,549	\$43,818,397	\$47,464,099	\$51,411,932	\$55,688,728	\$60,318,605	\$65,250,801	\$70,587,044	\$76,484,527
Issaquah															
Administrative Dues	\$359,060	\$403,794	\$443,352	\$460,965	\$470,041	\$488,786	\$508,909	\$528,966	\$549,073	\$570,516	\$592,004	\$616,530	\$639,505	\$664,017	\$689,995
Conservation Charges	\$68,536	\$84,706	\$89,011	\$92,617	\$96,346	\$100,204	\$104,194	\$108,321	\$112,589	\$117,003	\$121,567	\$126,287	\$131,168	\$136,214	\$141,431
Demand Share	\$2,039,408	\$2,286,319	\$2,393,303	\$2,462,235	\$2,806,368	\$3,178,402	\$3,582,088	\$4,033,094	\$4,536,826	\$5,095,123	\$5,714,272	\$6,398,635	\$7,147,713	\$7,974,818	\$8,902,756
True-up	\$7,592	\$100,591	\$100,591												
Issaquah - Total	\$2,474,596	\$2,875,410	\$3,026,257	\$3,015,817	\$3,372,755	\$3,767,392	\$4,195,191	\$4,670,381	\$5,198,488	\$5,782,642	\$6,427,843	\$7,141,452	\$7,918,386	\$8,775,049	\$9,734,182
Issaquah Temporary															
Administrative Dues															
Conservation Charges															
Demand Share	\$208,851	\$217,819	\$267,569	\$301,740	\$334,406	\$364,849	\$396,794	\$431,797	\$470,159	\$511,788	\$557,043	\$606,068	\$658,546	\$715,442	\$518,970
True-up	(\$12,315)	(\$12,980)	(\$12,980)												
Issaquah Temporary - Total	\$196,536	\$204,839	\$254,589	\$301,740	\$334,406	\$364,849	\$396,794	\$431,797	\$470,159	\$511,788	\$557,043	\$606,068	\$658,546	\$715,442	\$518,970
Kirkland															
Administrative Dues	\$512,053	\$569,805	\$621,006	\$641,027	\$649,062	\$670,327	\$693,265	\$715,894	\$738,381	\$762,454	\$786,374	\$814,101	\$839,549	\$866,795	\$895,722
Conservation Charges	\$97,738	\$119,531	\$124,679	\$128,795	\$133,041	\$137,421	\$141,940	\$146,600	\$151,408	\$156,366	\$161,481	\$166,757	\$172,199	\$177,811	\$183,600
Demand Share	\$6,399,700	\$6,741,365	\$7,306,136	\$8,217,219	\$9,247,218	\$10,142,035	\$11,086,778	\$12,125,665	\$13,268,197	\$14,512,964	\$15,871,296	\$17,348,463	\$18,936,614	\$20,664,617	\$22,583,191
True-up	(\$13,971)	(\$67,452)	(\$67,452)												
Kirkland - Total	\$6,995,520	\$7,363,249	\$7,984,369	\$8,987,041	\$10,029,321	\$10,949,783	\$11,921,983	\$12,988,159	\$14,157,986	\$15,431,784	\$16,819,151	\$18,329,321	\$19,948,362	\$21,709,223	\$23,662,513
Redmond City															
Administrative Dues	\$735,636	\$814,524	\$886,242	\$913,324	\$923,290	\$952,037	\$983,088	\$1,013,628	\$1,043,899	\$1,076,341	\$1,108,495	\$1,145,938	\$1,180,096	\$1,216,705	\$1,255,594
Conservation Charges	\$140,415	\$170,867	\$177,930	\$183,505	\$189,251	\$195,173	\$201,278	\$207,570	\$214,055	\$220,739	\$227,628	\$234,729	\$242,048	\$249,591	\$257,365
Demand Share	\$6,704,726	\$7,472,873	\$8,316,074	\$9,127,322	\$9,840,997	\$10,558,814	\$11,557,366	\$12,656,411	\$13,866,180	\$15,185,521	\$16,626,614	\$18,195,318	\$20,327,610	\$22,684,548	\$25,331,647
True-up	\$244,435	\$6,529	\$6,529												
Redmond City - Total	\$7,825,212	\$8,464,793	\$9,386,775	\$10,224,151	\$10,953,538	\$11,706,024	\$12,741,732	\$13,877,609	\$15,124,134	\$16,482,601	\$17,962,737	\$19,575,985	\$21,749,754	\$24,150,844	\$26,844,606
Redmond Novelty Hill															
Administrative Dues	\$109,743	\$119,534	\$129,062	\$131,994	\$132,426	\$135,526	\$138,905	\$142,163	\$145,335	\$148,761	\$152,099	\$156,109	\$159,617	\$163,405	\$167,444
Conservation Charges	\$20,947	\$25,075	\$25,912	\$26,520	\$27,144	\$27,784	\$28,440	\$29,112	\$29,801	\$30,508	\$31,233	\$31,977	\$32,739	\$33,520	\$34,322
Demand Share	\$1,380,173	\$1,540,905	\$1,687,262	\$1,879,732	\$2,028,712	\$2,202,334	\$2,383,183	\$2,580,452	\$2,795,656	\$3,027,973	\$3,279,246	\$3,550,008	\$3,838,110	\$4,148,858	\$4,491,704
True-up	\$4,105	(\$3,665)	(\$3,665)												
Redmond Novelty Hill - Total	\$1,514,968	\$1,681,849	\$1,838,571	\$2,038,246	\$2,188,282	\$2,365,644	\$2,550,528	\$2,751,727	\$2,970,792	\$3,207,242	\$3,462,578	\$3,738,094	\$4,030,466	\$4,345,783	\$4,693,470
Sammamish Plateau Water															
Administrative Dues	\$609,064	\$666,978	\$725,634	\$747,737	\$755,825	\$779,285	\$804,629	\$829,551	\$854,249	\$880,720	\$906,952	\$937,508	\$965,372	\$995,238	\$1,026,965
Conservation Charges	\$116,256	\$139,915	\$145,685	\$150,235	\$154,925	\$159,758	\$164,740	\$169,875	\$175,167	\$180,621	\$186,242	\$192,035	\$198,006	\$204,160	\$210,502
Demand Share	\$1,482,309	\$1,616,867	\$1,860,108	\$2,047,234	\$2,346,318	\$2,645,369	\$2,968,913	\$3,329,781	\$3,732,193	\$4,177,414	\$4,670,362	\$5,214,352	\$5,808,745	\$6,464,125	\$7,198,674
True-up	\$4,846	\$9,802	\$9,802												
Sammamish Plateau Water - Total	\$2,212,475	\$2,433,562	\$2,741,229	\$2,945,206	\$3,257,068	\$3,584,412	\$3,938,282	\$4,329,207	\$4,761,609	\$5,238,755	\$5,763,556	\$6,343,895	\$6,972,123	\$7,663,523	\$8,436,141
Skyway WSD															
Administrative Dues	\$96,251	\$105,916	\$114,648	\$117,548	\$118,230	\$121,301	\$124,636	\$127,878	\$131,057	\$134,480	\$137,838	\$141,821	\$145,366	\$149,182	\$153,245
Conservation Charges	\$18,372	\$22,219	\$23,018	\$23,618	\$24,234	\$24,867	\$25,518	\$26,187	\$26,874	\$27,580	\$28,305	\$29,050	\$29,816	\$30,603	\$31,411
Demand Share	\$425,276	\$477,066	\$533,947	\$583,116	\$652,508	\$713,522	\$777,709	\$848,143	\$925,440	\$1,009,453	\$1,100,921	\$1,200,157	\$1,306,568	\$1,422,094	\$1,550,157
True-up	(\$7,002)	\$4,626	\$4,626												
Skyway WSD - Total	\$532,897	\$609,827	\$676,239	\$724,282	\$794,972	\$859,690	\$927,863	\$1,002,208	\$1,083,371	\$1,171,513	\$1,267,064	\$1,371,028	\$1,481,750	\$1,601,879	\$1,734,813
Tukwila															
Administrative Dues	\$208,533	\$228,918	\$248,032	\$254,554	\$256,278	\$263,188	\$270,684	\$277,987	\$285,167	\$292,890	\$300,483	\$309,454	\$317,482	\$326,114	\$335,300
Conservation Charges	\$39,804	\$48,021	\$49,797	\$51,145	\$52,530	\$53,955	\$55,420	\$56,926	\$58,475	\$60,067	\$61,704	\$63,387	\$65,118	\$66,898	\$68,728
Demand Share	\$2,724,621	\$3,191,529	\$3,571,003	\$3,917,375	\$4,248,109	\$4,627,185	\$5,023,942	\$5,457,977	\$5,932,851	\$6,447,196	\$7,005,308	\$7,608,729	\$8,253,253	\$8,950,691	\$9,721,982
True-up	(\$6,656)	\$38,955	\$38,955												
Tukwila - Total	\$2,966,302	\$3,507,423	\$3,907,787	\$4,223,074	\$4,556,917	\$4,944,328	\$5,350,046	\$5,792,890	\$6,276,493	\$6,800,153	\$7,367,495	\$7,981,570	\$8,635,853	\$9,343,703	\$10,126,010

Cascade Water Alliance - Appendix A - Forecasted Member Charges

Member-Specific Rate Adjustments - Contingent Funding Strategy

	Adopted	Proposed	Proposed	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
Member	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Bellevue															
Administrative Dues	\$1,735,799	\$1,897,293	\$2,055,171	\$2,108,660	\$2,122,395	\$2,179,057	\$2,240,547	\$2,300,418	\$2,359,241	\$2,422,526	\$2,484,709	\$2,558,260	\$2,623,979	\$2,694,672	\$2,769,904
Conservation Charges	\$331,322	\$398,005	\$412,615	\$423,671	\$435,037	\$446,720	\$458,731	\$471,078	\$483,770	\$496,819	\$510,233	\$524,023	\$538,200	\$552,775	\$567,760
Demand Share	\$22,210,269	\$24,048,629	\$26,275,083	\$29,005,531	\$31,941,784	\$35,320,785	\$38,925,587	\$42,917,255	\$47,338,206	\$52,193,393	\$57,533,136	\$63,389,149	\$69,407,383	\$75,979,899	\$77,719,619
True-up	(\$221,035)	(\$76,407)	(\$76,407)												
Bellevue - Total	\$24,056,355	\$26,267,520	\$28,666,462	\$31,537,862	\$34,499,216	\$37,946,562	\$41,624,865	\$45,688,751	\$50,181,217	\$55,112,738	\$60,528,078	\$66,471,432	\$72,569,562	\$79,227,346	\$81,057,283
Issaquah															
Administrative Dues	\$359,060	\$403,794	\$443,352	\$460,965	\$470,041	\$488,786	\$508,909	\$528,966	\$549,073	\$570,516	\$592,004	\$616,530	\$639,505	\$664,017	\$689,995
Conservation Charges	\$68,536	\$84,706	\$89,011	\$92,617	\$96,346	\$100,204	\$104,194	\$108,321	\$112,589	\$117,003	\$121,567	\$126,287	\$131,168	\$136,214	\$141,431
Demand Share	\$2,039,408	\$2,286,319	\$2,393,303	\$2,462,235	\$2,806,368	\$3,226,489	\$3,690,680	\$4,216,867	\$4,813,087	\$5,483,967	\$6,239,066	\$7,086,479	\$7,990,257	\$8,998,062	\$9,459,309
True-up	\$7,592	\$100,591	\$100,591												
Issaquah - Total	\$2,474,596	\$2,875,410	\$3,026,257	\$3,015,817	\$3,372,755	\$3,815,479	\$4,303,783	\$4,854,154	\$5,474,749	\$6,171,486	\$6,952,637	\$7,829,296	\$8,760,930	\$9,798,293	\$10,290,735
Issaquah Temporary															
Administrative Dues															
Conservation Charges															
Demand Share	\$208,851	\$217,819	\$267,569	\$301,740	\$334,406	\$370,369	\$408,823	\$451,473	\$498,789	\$550,846	\$608,202	\$671,219	\$736,173	\$807,240	\$551,414
True-up	(\$12,315)	(\$12,980)	(\$12,980)												
Issaquah Temporary - Total	\$196,536	\$204,839	\$254,589	\$301,740	\$334,406	\$370,369	\$408,823	\$451,473	\$498,789	\$550,846	\$608,202	\$671,219	\$736,173	\$807,240	\$551,414
Kirkland															
Administrative Dues	\$512,053	\$569,805	\$621,006	\$641,027	\$649,062	\$670,327	\$693,265	\$715,894	\$738,381	\$762,454	\$786,374	\$814,101	\$839,549	\$866,795	\$895,722
Conservation Charges	\$97,738	\$119,531	\$124,679	\$128,795	\$133,041	\$137,421	\$141,940	\$146,600	\$151,408	\$156,366	\$161,481	\$166,757	\$172,199	\$177,811	\$183,600
Demand Share	\$6,399,700	\$6,741,365	\$7,306,136	\$8,217,219	\$9,247,218	\$10,295,478	\$11,422,876	\$12,678,187	\$14,076,139	\$15,620,548	\$17,328,902	\$19,213,399	\$21,168,787	\$23,316,081	\$23,994,973
True-up	(\$13,971)	(\$67,452)	(\$67,452)												
Kirkland - Total	\$6,995,520	\$7,363,249	\$7,984,369	\$8,987,041	\$10,029,321	\$11,103,226	\$12,258,081	\$13,540,681	\$14,965,928	\$16,539,368	\$18,276,757	\$20,194,257	\$22,180,535	\$24,360,687	\$25,074,295
Redmond City															
Administrative Dues	\$735,636	\$814,524	\$886,242	\$913,324	\$923,290	\$952,037	\$983,088	\$1,013,628	\$1,043,899	\$1,076,341	\$1,108,495	\$1,145,938	\$1,180,096	\$1,216,705	\$1,255,594
Conservation Charges	\$140,415	\$170,867	\$177,930	\$183,505	\$189,251	\$195,173	\$201,278	\$207,570	\$214,055	\$220,739	\$227,628	\$234,729	\$242,048	\$249,591	\$257,365
Demand Share	\$6,704,726	\$7,472,873	\$8,316,074	\$9,127,322	\$9,840,997	\$10,718,562	\$11,907,729	\$13,233,117	\$14,710,535	\$16,344,434	\$18,153,587	\$20,151,290	\$22,723,748	\$25,595,189	\$26,915,248
True-up	\$244,435	\$6,529	\$6,529												
Redmond City - Total	\$7,825,212	\$8,464,793	\$9,386,775	\$10,224,151	\$10,953,538	\$11,865,772	\$13,092,095	\$14,454,315	\$15,968,489	\$17,641,514	\$19,489,710	\$21,531,957	\$24,145,892	\$27,061,485	\$28,428,207
Redmond Novelty Hill															
Administrative Dues	\$109,743	\$119,534	\$129,062	\$131,994	\$132,426	\$135,526	\$138,905	\$142,163	\$145,335	\$148,761	\$152,099	\$156,109	\$159,617	\$163,405	\$167,444
Conservation Charges	\$20,947	\$25,075	\$25,912	\$26,520	\$27,144	\$27,784	\$28,440	\$29,112	\$29,801	\$30,508	\$31,233	\$31,977	\$32,739	\$33,520	\$34,322
Demand Share	\$1,380,173	\$1,540,905	\$1,687,262	\$1,879,732	\$2,028,712	\$2,235,654	\$2,455,430	\$2,698,034	\$2,965,892	\$3,259,058	\$3,580,409	\$3,931,629	\$4,290,531	\$4,681,195	\$4,772,502
True-up	\$4,105	(\$3,665)	(\$3,665)												
Redmond Novelty Hill - Total	\$1,514,968	\$1,681,849	\$1,838,571	\$2,038,246	\$2,188,282	\$2,398,964	\$2,622,775	\$2,869,309	\$3,141,028	\$3,438,327	\$3,763,741	\$4,119,715	\$4,482,887	\$4,878,120	\$4,974,268
Sammamish Plateau Water															
Administrative Dues	\$609,064	\$666,978	\$725,634	\$747,737	\$755,825	\$779,285	\$804,629	\$829,551	\$854,249	\$880,720	\$906,952	\$937,508	\$965,372	\$995,238	\$1,026,965
Conservation Charges	\$116,256	\$139,915	\$145,685	\$150,235	\$154,925	\$159,758	\$164,740	\$169,875	\$175,167	\$180,621	\$186,242	\$192,035	\$198,006	\$204,160	\$210,502
Demand Share	\$1,482,309	\$1,616,867	\$1,860,108	\$2,047,234	\$2,346,318	\$2,685,391	\$3,058,916	\$3,481,507	\$3,959,457	\$4,496,222	\$5,099,284	\$5,774,888	\$6,493,456	\$7,293,533	\$7,648,697
True-up	\$4,846	\$9,802	\$9,802												
Sammamish Plateau Water - Total	\$2,212,475	\$2,433,562	\$2,741,229	\$2,945,206	\$3,257,068	\$3,624,434	\$4,028,285	\$4,480,933	\$4,988,873	\$5,557,563	\$6,192,478	\$6,904,431	\$7,656,834	\$8,492,931	\$8,886,164
Skyway WSD															
Administrative Dues	\$96,251	\$105,916	\$114,648	\$117,548	\$118,230	\$121,301	\$124,636	\$127,878	\$131,057	\$134,480	\$137,838	\$141,821	\$145,366	\$149,182	\$153,245
Conservation Charges	\$18,372	\$22,219	\$23,018	\$23,618	\$24,234	\$24,867	\$25,518	\$26,187	\$26,874	\$27,580	\$28,305	\$29,050	\$29,816	\$30,603	\$31,411
Demand Share	\$425,276	\$477,066	\$533,947	\$583,116	\$652,508	\$724,317	\$801,286	\$886,790	\$981,793	\$1,086,492	\$1,202,029	\$1,329,173	\$1,460,581	\$1,604,562	\$1,647,065
True-up	(\$7,002)	\$4,626	\$4,626												
Skyway WSD - Total	\$532,897	\$609,827	\$676,239	\$724,282	\$794,972	\$870,485	\$951,440	\$1,040,855	\$1,139,724	\$1,248,552	\$1,368,172	\$1,500,044	\$1,635,763	\$1,784,347	\$1,831,721
Tukwila															
Administrative Dues	\$208,533	\$228,918	\$248,032	\$254,554	\$256,278	\$263,188	\$270,684	\$277,987	\$285,167	\$292,890	\$300,483	\$309,454	\$317,482	\$326,114	\$335,300
Conservation Charges	\$39,804	\$48,021	\$49,797	\$51,145	\$52,530	\$53,955	\$55,420	\$56,926	\$58,475	\$60,067	\$61,704	\$63,387	\$65,118	\$66,898	\$68,728
Demand Share	\$2,724,621	\$3,191,529	\$3,571,003	\$3,917,375	\$4,248,109	\$4,697,191	\$5,176,243	\$5,706,677	\$6,294,121	\$6,939,226	\$7,648,670	\$8,426,657	\$9,226,114	\$10,099,148	\$10,329,750
True-up	(\$6,656)	\$38,955	\$38,955												
Tukwila - Total	\$2,966,302	\$3,507,423	\$3,907,787	\$4,223,074	\$4,556,917	\$5,014,334	\$5,502,347	\$6,041,590	\$6,637,763	\$7,292,183	\$8,010,857	\$8,799,498	\$9,608,714	\$10,492,160	\$10,733,778

Cascade Water Alliance - Appendix A - Forecasted Member Charges

Member-Specific Rate Adjustments - High Range

	Adopted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
Member	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Bellevue															
Administrative Dues	\$1,735,799	\$1,975,264	\$2,055,171	\$2,108,660	\$2,122,395	\$2,179,057	\$2,240,547	\$2,300,418	\$2,359,241	\$2,422,526	\$2,484,709	\$2,558,260	\$2,623,979	\$2,694,672	\$2,769,904
Conservation Charges	\$331,322	\$398,005	\$412,615	\$423,671	\$435,037	\$446,720	\$458,731	\$471,078	\$483,770	\$496,819	\$510,233	\$524,023	\$538,200	\$552,775	\$567,760
Demand Share	\$22,210,269	\$25,057,868	\$29,023,632	\$33,789,563	\$39,198,086	\$44,454,592	\$50,711,485	\$56,778,630	\$63,593,990	\$68,521,808	\$74,722,148	\$84,397,144	\$95,173,730	\$100,390,681	\$105,033,996
True-up	(\$221,035)	(\$76,407)	(\$76,407)												
Bellevue - Total	\$24,056,355	\$27,354,730	\$31,415,011	\$36,321,894	\$41,755,518	\$47,080,369	\$53,410,763	\$59,550,126	\$66,437,001	\$71,441,153	\$77,717,090	\$87,479,427	\$98,335,909	\$103,638,128	\$108,371,660
Issaquah															
Administrative Dues	\$359,060	\$420,388	\$443,352	\$460,965	\$470,041	\$488,786	\$508,909	\$528,966	\$549,073	\$570,516	\$592,004	\$616,530	\$639,505	\$664,017	\$689,995
Conservation Charges	\$68,536	\$84,706	\$89,011	\$92,617	\$96,346	\$100,204	\$104,194	\$108,321	\$112,589	\$117,003	\$121,567	\$126,287	\$131,168	\$136,214	\$141,431
Demand Share	\$2,039,408	\$2,382,267	\$2,643,658	\$2,868,344	\$3,443,899	\$4,060,846	\$4,808,145	\$5,578,827	\$6,465,886	\$7,199,597	\$8,103,094	\$9,435,031	\$10,956,508	\$11,888,955	\$12,783,761
True-up	\$7,592	\$100,591	\$100,591												
Issaquah - Total	\$2,474,596	\$2,987,952	\$3,276,612	\$3,421,926	\$4,010,286	\$4,649,836	\$5,421,248	\$6,216,114	\$7,127,548	\$7,887,116	\$8,816,665	\$10,177,848	\$11,727,181	\$12,689,186	\$13,615,187
Issaquah Temporary															
Administrative Dues															
Conservation Charges															
Demand Share	\$208,851	\$226,959	\$295,559	\$351,508	\$410,374	\$466,145	\$532,606	\$597,289	\$670,071	\$723,175	\$789,913	\$893,670	\$1,009,465	\$1,066,589	\$745,207
True-up	(\$12,315)	(\$12,980)	(\$12,980)												
Issaquah Temporary - Total	\$196,536	\$213,979	\$282,579	\$351,508	\$410,374	\$466,145	\$532,606	\$597,289	\$670,071	\$723,175	\$789,913	\$893,670	\$1,009,465	\$1,066,589	\$745,207
Kirkland															
Administrative Dues	\$512,053	\$593,222	\$621,006	\$641,027	\$649,062	\$670,327	\$693,265	\$715,894	\$738,381	\$762,454	\$786,374	\$814,101	\$839,549	\$866,795	\$895,722
Conservation Charges	\$97,738	\$119,531	\$124,679	\$128,795	\$133,041	\$137,421	\$141,940	\$146,600	\$151,408	\$156,366	\$161,481	\$166,757	\$172,199	\$177,811	\$183,600
Demand Share	\$6,399,700	\$7,024,277	\$8,070,406	\$9,572,528	\$11,347,934	\$12,957,845	\$14,881,497	\$16,772,976	\$18,909,839	\$20,507,351	\$22,506,209	\$25,580,971	\$29,027,351	\$30,807,060	\$32,427,949
True-up	(\$13,971)	(\$67,452)	(\$67,452)												
Kirkland - Total	\$6,995,520	\$7,669,578	\$8,748,639	\$10,342,350	\$12,130,037	\$13,765,593	\$15,716,702	\$17,635,470	\$19,799,628	\$21,426,171	\$23,454,064	\$26,561,829	\$30,039,099	\$31,851,666	\$33,507,271
Redmond City															
Administrative Dues	\$735,636	\$847,998	\$886,242	\$913,324	\$923,290	\$952,037	\$983,088	\$1,013,628	\$1,043,899	\$1,076,341	\$1,108,495	\$1,145,938	\$1,180,096	\$1,216,705	\$1,255,594
Conservation Charges	\$140,415	\$170,867	\$177,930	\$183,505	\$189,251	\$195,173	\$201,278	\$207,570	\$214,055	\$220,739	\$227,628	\$234,729	\$242,048	\$249,591	\$257,365
Demand Share	\$6,704,726	\$7,786,484	\$9,185,991	\$10,632,738	\$12,076,603	\$13,490,337	\$15,513,154	\$17,507,137	\$19,762,084	\$21,457,700	\$23,577,283	\$26,829,692	\$31,159,565	\$33,818,398	\$36,374,549
True-up	\$244,435	\$6,529	\$6,529												
Redmond City - Total	\$7,825,212	\$8,811,878	\$10,256,692	\$11,729,567	\$13,189,144	\$14,637,547	\$16,697,520	\$18,728,335	\$21,020,038	\$22,754,780	\$24,913,406	\$28,210,359	\$32,581,709	\$35,284,694	\$37,887,508
Redmond Novelty Hill															
Administrative Dues	\$109,743	\$124,446	\$129,062	\$131,994	\$132,426	\$135,526	\$138,905	\$142,163	\$145,335	\$148,761	\$152,099	\$156,109	\$159,617	\$163,405	\$167,444
Conservation Charges	\$20,947	\$25,075	\$25,912	\$26,520	\$27,144	\$27,784	\$28,440	\$29,112	\$29,801	\$30,508	\$31,233	\$31,977	\$32,739	\$33,520	\$34,322
Demand Share	\$1,380,173	\$1,605,572	\$1,863,760	\$2,189,766	\$2,489,580	\$2,813,785	\$3,198,885	\$3,569,442	\$3,984,370	\$4,278,637	\$4,650,118	\$5,234,622	\$5,883,320	\$6,185,167	\$6,449,787
True-up	\$4,105	(\$3,665)	(\$3,665)												
Redmond Novelty Hill - Total	\$1,514,968	\$1,751,428	\$2,015,069	\$2,348,280	\$2,649,150	\$2,977,095	\$3,366,230	\$3,740,717	\$4,159,506	\$4,457,906	\$4,833,450	\$5,422,708	\$6,075,676	\$6,382,092	\$6,651,553
Sammamish Plateau Water															
Administrative Dues	\$609,064	\$694,388	\$725,634	\$747,737	\$755,825	\$779,285	\$804,629	\$829,551	\$854,249	\$880,720	\$906,952	\$937,508	\$965,372	\$995,238	\$1,026,965
Conservation Charges	\$116,256	\$139,915	\$145,685	\$150,235	\$154,925	\$159,758	\$164,740	\$169,875	\$175,167	\$180,621	\$186,242	\$192,035	\$198,006	\$204,160	\$210,502
Demand Share	\$1,482,309	\$1,684,721	\$2,054,687	\$2,384,895	\$2,879,338	\$3,379,822	\$3,985,095	\$4,605,961	\$5,319,122	\$5,902,840	\$6,622,782	\$7,688,762	\$8,904,045	\$9,636,795	\$10,336,813
True-up	\$4,846	\$9,802	\$9,802												
Sammamish Plateau Water - Total	\$2,212,475	\$2,528,826	\$2,935,808	\$3,282,867	\$3,790,088	\$4,318,865	\$4,954,464	\$5,605,387	\$6,348,538	\$6,964,181	\$7,715,976	\$8,818,305	\$10,067,423	\$10,836,193	\$11,574,280
Skyway WSD															
Administrative Dues	\$96,251	\$110,269	\$114,648	\$117,548	\$118,230	\$121,301	\$124,636	\$127,878	\$131,057	\$134,480	\$137,838	\$141,821	\$145,366	\$149,182	\$153,245
Conservation Charges	\$18,372	\$22,219	\$23,018	\$23,618	\$24,234	\$24,867	\$25,518	\$26,187	\$26,874	\$27,580	\$28,305	\$29,050	\$29,816	\$30,603	\$31,411
Demand Share	\$425,276	\$497,087	\$589,801	\$679,293	\$800,739	\$911,622	\$1,043,899	\$1,173,205	\$1,318,938	\$1,426,395	\$1,561,156	\$1,769,678	\$2,002,798	\$2,120,075	\$2,225,922
True-up	(\$7,002)	\$4,626	\$4,626												
Skyway WSD - Total	\$532,897	\$634,201	\$732,093	\$820,459	\$943,203	\$1,057,790	\$1,194,053	\$1,327,270	\$1,476,869	\$1,588,455	\$1,727,299	\$1,940,549	\$2,177,980	\$2,299,860	\$2,410,578
Tukwila															
Administrative Dues	\$208,533	\$238,326	\$248,032	\$254,554	\$256,278	\$263,188	\$270,684	\$277,987	\$285,167	\$292,890	\$300,483	\$309,454	\$317,482	\$326,114	\$335,300
Conservation Charges	\$39,804	\$48,021	\$49,797	\$51,145	\$52,530	\$53,955	\$55,420	\$56,926	\$58,475	\$60,067	\$61,704	\$63,387	\$65,118	\$66,898	\$68,728
Demand Share	\$2,724,621	\$3,325,466	\$3,944,554	\$4,563,487	\$5,213,164	\$5,911,865	\$6,743,508	\$7,549,814	\$8,455,502	\$9,110,124	\$9,933,841	\$11,219,362	\$12,651,156	\$13,343,798	\$13,960,116
True-up	(\$6,656)	\$38,955	\$38,955												
Tukwila - Total	\$2,966,302	\$3,650,768	\$4,281,338	\$4,869,186	\$5,521,972	\$6,229,008	\$7,069,612	\$7,884,727	\$8,799,144	\$9,463,081	\$10,296,028	\$11,592,203	\$13,033,756	\$13,736,810	\$14,364,144

Cascade Water Alliance - Appendix A - Forecasted Member Charges

Member-Specific Rate Adjustments - Low Range

	Adopted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
Member	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Bellevue															
Administrative Dues	\$1,735,799	\$1,853,976	\$1,977,524	\$2,108,660	\$2,122,395	\$2,179,057	\$2,240,547	\$2,300,418	\$2,359,241	\$2,422,526	\$2,484,709	\$2,558,260	\$2,623,979	\$2,694,672	\$2,769,904
Conservation Charges	\$331,322	\$398,005	\$412,615	\$423,671	\$435,037	\$446,720	\$458,731	\$471,078	\$483,770	\$496,819	\$510,233	\$524,023	\$538,200	\$552,775	\$567,760
Demand Share	\$22,210,269	\$23,487,941	\$25,045,836	\$26,846,171	\$27,632,482	\$28,354,586	\$29,640,881	\$31,012,533	\$33,161,841	\$35,451,904	\$37,899,522	\$40,914,223	\$44,558,959	\$48,512,530	\$52,891,682
True-up	(\$221,035)	(\$76,407)	(\$76,407)												
Bellevue - Total	\$24,056,355	\$25,663,515	\$27,359,568	\$29,378,502	\$30,189,914	\$30,980,363	\$32,340,159	\$33,784,029	\$36,004,852	\$38,371,249	\$40,894,464	\$43,996,506	\$47,721,138	\$51,759,977	\$56,229,346
Issaquah															
Administrative Dues	\$359,060	\$394,575	\$426,602	\$460,965	\$470,041	\$488,786	\$508,909	\$528,966	\$549,073	\$570,516	\$592,004	\$616,530	\$639,505	\$664,017	\$689,995
Conservation Charges	\$68,536	\$84,706	\$89,011	\$92,617	\$96,346	\$100,204	\$104,194	\$108,321	\$112,589	\$117,003	\$121,567	\$126,287	\$131,168	\$136,214	\$141,431
Demand Share	\$2,039,408	\$2,233,013	\$2,281,335	\$2,278,930	\$2,427,758	\$2,590,140	\$2,810,362	\$3,047,160	\$3,371,713	\$3,724,937	\$4,109,938	\$4,573,934	\$5,129,678	\$5,745,188	\$6,437,484
True-up	\$7,592	\$100,591	\$100,591												
Issaquah - Total	\$2,474,596	\$2,812,885	\$2,897,539	\$2,832,512	\$2,994,145	\$3,179,130	\$3,423,465	\$3,684,447	\$4,033,375	\$4,412,456	\$4,823,509	\$5,316,751	\$5,900,351	\$6,545,419	\$7,268,910
Issaquah Temporary															
Administrative Dues															
Conservation Charges															
Demand Share	\$208,851	\$212,740	\$255,051	\$279,277	\$289,291	\$297,323	\$311,308	\$326,240	\$349,416	\$374,157	\$400,648	\$433,235	\$472,617	\$515,416	\$375,262
True-up	(\$12,315)	(\$12,980)	(\$12,980)												
Issaquah Temporary - Total	\$196,536	\$199,760	\$242,071	\$279,277	\$289,291	\$297,323	\$311,308	\$326,240	\$349,416	\$374,157	\$400,648	\$433,235	\$472,617	\$515,416	\$375,262
Kirkland															
Administrative Dues	\$512,053	\$556,796	\$597,543	\$641,027	\$649,062	\$670,327	\$693,265	\$715,894	\$738,381	\$762,454	\$786,374	\$814,101	\$839,549	\$866,795	\$895,722
Conservation Charges	\$97,738	\$119,531	\$124,679	\$128,795	\$133,041	\$137,421	\$141,940	\$146,600	\$151,408	\$156,366	\$161,481	\$166,757	\$172,199	\$177,811	\$183,600
Demand Share	\$6,399,700	\$6,584,192	\$6,964,327	\$7,605,476	\$7,999,666	\$8,264,935	\$8,698,240	\$9,161,413	\$9,860,760	\$10,610,120	\$11,415,284	\$12,401,196	\$13,590,185	\$14,887,123	\$16,329,654
True-up	(\$13,971)	(\$67,452)	(\$67,452)												
Kirkland - Total	\$6,995,520	\$7,193,067	\$7,619,097	\$8,375,298	\$8,781,769	\$9,072,683	\$9,533,445	\$10,023,907	\$10,750,549	\$11,528,940	\$12,363,139	\$13,382,054	\$14,601,933	\$15,931,729	\$17,408,976
Redmond City															
Administrative Dues	\$735,636	\$795,928	\$852,759	\$913,324	\$923,290	\$952,037	\$983,088	\$1,013,628	\$1,043,899	\$1,076,341	\$1,108,495	\$1,145,938	\$1,180,096	\$1,216,705	\$1,255,594
Conservation Charges	\$140,415	\$170,867	\$177,930	\$183,505	\$189,251	\$195,173	\$201,278	\$207,570	\$214,055	\$220,739	\$227,628	\$234,729	\$242,048	\$249,591	\$257,365
Demand Share	\$6,704,726	\$7,298,645	\$7,927,017	\$8,447,824	\$8,513,337	\$8,604,576	\$9,067,444	\$9,562,412	\$10,305,173	\$11,101,813	\$11,958,539	\$13,006,554	\$14,588,456	\$16,342,314	\$18,317,032
True-up	\$244,435	\$6,529	\$6,529												
Redmond City - Total	\$7,825,212	\$8,271,969	\$8,964,235	\$9,544,653	\$9,625,878	\$9,751,786	\$10,251,810	\$10,783,610	\$11,563,127	\$12,398,893	\$13,294,662	\$14,387,221	\$16,010,600	\$17,808,610	\$19,829,991
Redmond Novelty Hill															
Administrative Dues	\$109,743	\$116,805	\$124,186	\$131,994	\$132,426	\$135,526	\$138,905	\$142,163	\$145,335	\$148,761	\$152,099	\$156,109	\$159,617	\$163,405	\$167,444
Conservation Charges	\$20,947	\$25,075	\$25,912	\$26,520	\$27,144	\$27,784	\$28,440	\$29,112	\$29,801	\$30,508	\$31,233	\$31,977	\$32,739	\$33,520	\$34,322
Demand Share	\$1,380,173	\$1,504,980	\$1,608,325	\$1,739,792	\$1,755,016	\$1,794,724	\$1,869,749	\$1,949,632	\$2,077,697	\$2,213,687	\$2,358,568	\$2,537,651	\$2,754,485	\$2,988,904	\$3,247,901
True-up	\$4,105	(\$3,665)	(\$3,665)												
Redmond Novelty Hill - Total	\$1,514,968	\$1,643,195	\$1,754,758	\$1,898,306	\$1,914,586	\$1,958,034	\$2,037,094	\$2,120,907	\$2,252,833	\$2,392,956	\$2,541,900	\$2,725,737	\$2,946,841	\$3,185,829	\$3,449,667
Sammamish Plateau Water															
Administrative Dues	\$609,064	\$651,750	\$698,219	\$747,737	\$755,825	\$779,285	\$804,629	\$829,551	\$854,249	\$880,720	\$906,952	\$937,508	\$965,372	\$995,238	\$1,026,965
Conservation Charges	\$116,256	\$139,915	\$145,685	\$150,235	\$154,925	\$159,758	\$164,740	\$169,875	\$175,167	\$180,621	\$186,242	\$192,035	\$198,006	\$204,160	\$210,502
Demand Share	\$1,482,309	\$1,579,170	\$1,773,085	\$1,894,825	\$2,029,774	\$2,155,761	\$2,329,290	\$2,515,779	\$2,773,719	\$3,054,019	\$3,359,115	\$3,727,374	\$4,168,745	\$4,656,860	\$5,205,281
True-up	\$4,846	\$9,802	\$9,802												
Sammamish Plateau Water - Total	\$2,212,475	\$2,380,637	\$2,626,791	\$2,792,797	\$2,940,524	\$3,094,804	\$3,298,659	\$3,515,205	\$3,803,135	\$4,115,360	\$4,452,309	\$4,856,917	\$5,332,123	\$5,856,258	\$6,442,748
Skyway WSD															
Administrative Dues	\$96,251	\$103,498	\$110,316	\$117,548	\$118,230	\$121,301	\$124,636	\$127,878	\$131,057	\$134,480	\$137,838	\$141,821	\$145,366	\$149,182	\$153,245
Conservation Charges	\$18,372	\$22,219	\$23,018	\$23,618	\$24,234	\$24,867	\$25,518	\$26,187	\$26,874	\$27,580	\$28,305	\$29,050	\$29,816	\$30,603	\$31,411
Demand Share	\$425,276	\$465,943	\$508,967	\$539,705	\$564,477	\$581,462	\$610,159	\$640,805	\$687,776	\$737,990	\$791,827	\$857,908	\$937,681	\$1,024,499	\$1,120,901
True-up	(\$7,002)	\$4,626	\$4,626												
Skyway WSD - Total	\$532,897	\$596,286	\$646,927	\$680,871	\$706,941	\$727,630	\$760,313	\$794,870	\$845,707	\$900,050	\$957,970	\$1,028,779	\$1,112,863	\$1,204,284	\$1,305,557
Tukwila															
Administrative Dues	\$208,533	\$223,692	\$238,661	\$254,554	\$256,278	\$263,188	\$270,684	\$277,987	\$285,167	\$292,890	\$300,483	\$309,454	\$317,482	\$326,114	\$335,300
Conservation Charges	\$39,804	\$48,021	\$49,797	\$51,145	\$52,530	\$53,955	\$55,420	\$56,926	\$58,475	\$60,067	\$61,704	\$63,387	\$65,118	\$66,898	\$68,728
Demand Share	\$2,724,621	\$3,117,119	\$3,403,938	\$3,625,740	\$3,674,992	\$3,770,780	\$3,941,583	\$4,123,714	\$4,409,222	\$4,713,408	\$5,038,504	\$5,438,946	\$5,923,088	\$6,448,222	\$7,029,857
True-up	(\$6,656)	\$38,955	\$38,955												
Tukwila - Total	\$2,966,302	\$3,427,787	\$3,731,351	\$3,931,439	\$3,983,800	\$4,087,923	\$4,267,687	\$4,458,627	\$4,752,864	\$5,066,365	\$5,400,691	\$5,811,787	\$6,305,688	\$6,841,234	\$7,433,885

Cascade Water Alliance - Appendix B - Supplemental Capital Funding Plan Information

The information below is based on the 2026 Capital Funding Plan, dated 2026-09-08.

Summary of Scenarios

Scenario	Description
Base Scenario	Preplanning Cost w/o Mgmt Reserve. Scenario uses recommended schedule, does not rely on outside funding assistance, and uses 5-year rate smoothing.
Funding Assistance	Same as Base Scenario, but assumed success in pursuing outside funding assistance.
<i>Scenarios for Major Risk Factors</i>	
1. Higher Capital Costs	Higher end of Preplanning Cost Projection Range: Full use of 20% Mgmt Reserve. Otherwise same as Funding Assistance Scenario.
2. Accelerated Schedule	Frontloaded schedule, bringing higher costs forward as soon as 2027. Otherwise same as Funding Assistance Scenario.
3. Delayed Schedule*	Delayed schedule, pushing costs out and delaying completion to 2045. Otherwise same as Funding Assistance Scenario.
<i>Scenarios Demonstrating Financial Capacity</i>	
4. Adverse Ensemble	Scenario combines the worst of the above permutations, with the higher end of the Preplanning Cost Projection Range, without funding assistance, and accelerated project schedule.
5. Cost Over-run	Scenario based on code requirements: higher end of cost range, plus additional 20% increase in supply project cost. Otherwise same as Funding Assistance Scenario.
<i>Scenarios Evaluating Conservatism</i>	
6. Conservative, then lower cost	Start with rates based on high end of cost range. In 2030, determine that low end of cost range will be sufficient. Otherwise same as Funding Assistance Scenario.
7. Optimistic, then higher cost	Start with rates based on low end of cost range and assuming funding assistance. In 2030, determine that high end of cost range is needed, and fail to secure outside assistance.
8. Extremely Conservative	Scenario uses the top of the AACEI cost range, assuming +100% to construction costs. Rates are set assuming no outside funding assistance.
<i>Recommended</i>	
9. Recommended Funding Strategy	Full use of 20% Mgmt Reserve, assumes success in outside funding assistance, and smoothes rates over the full period.
10. Continent Funding Strategy	Full use of 20% Mgmt Reserve, assumes failure in securing outside funding assistance, and smoothes rates over the full period.

Cascade Water Alliance - Appendix B - Supplemental Capital Funding Plan Information

Cascade Average Cost per MGD - Summary of Scenarios

The forecasted MGD reflects assumed growth of 1,150 CERU/year and annual efficiency savings of -0.5% per year (in the demand rate of gallons per CERU).
Forecasted Peak Season Demand excludes independent Member supply.
Peak season is from June 1 to September 30.

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Forecasted Peak Season Demand (MGD)	37.84	37.57	37.71	37.85	37.98	38.11	38.24	38.37	38.49	38.61	39.13	39.25	39.36	39.48	39.58
Total Forecasted Member Charges															
Base Scenario	\$48,773,325	\$52,432,977	\$56,365,450	\$60,592,858	\$66,652,144	\$73,317,357	\$80,649,094	\$89,520,493	\$99,367,749	\$110,298,201	\$122,431,002	\$137,122,721	\$139,865,177	\$142,662,480	\$145,515,729
Funding Assistance	\$48,773,325	\$52,432,977	\$56,365,450	\$60,592,858	\$65,743,251	\$71,331,426	\$77,394,598	\$83,973,139	\$90,690,992	\$97,946,271	\$105,781,969	\$114,244,525	\$122,241,644	\$130,798,561	\$139,954,459
Scenarios for Major Risk Factors															
1. Higher Capital Costs	\$48,773,325	\$52,676,849	\$56,890,998	\$61,442,278	\$66,357,660	\$71,998,062	\$78,117,894	\$84,757,918	\$93,233,711	\$102,557,080	\$112,812,788	\$124,094,067	\$136,503,475	\$150,153,820	\$166,670,742
2. Accelerated Schedule	\$48,773,325	\$54,140,096	\$60,095,506	\$66,706,012	\$74,710,732	\$80,687,591	\$87,142,600	\$94,114,006	\$102,584,269	\$107,713,480	\$114,176,290	\$118,743,341	\$123,493,076	\$128,432,799	\$134,854,440
3. Delayed Schedule*	\$48,773,325	\$52,189,102	\$55,842,338	\$59,751,303	\$61,543,841	\$63,390,157	\$66,559,664	\$69,887,647	\$74,779,782	\$80,014,367	\$85,615,372	\$92,464,603	\$100,786,417	\$109,857,196	\$119,744,342
Scenarios Demonstrating Financial Capacity															
4. Adverse Ensemble	\$48,773,325	\$55,115,594	\$62,280,621	\$70,377,102	\$79,526,124	\$88,273,997	\$98,866,878	\$109,742,232	\$122,911,300	\$130,285,982	\$139,405,998	\$146,376,298	\$155,158,876	\$159,813,643	\$163,009,915
5. Cost Over-run	\$48,773,325	\$55,603,341	\$63,387,809	\$72,895,982	\$83,830,377	\$94,728,329	\$107,990,295	\$120,949,128	\$136,672,514	\$147,606,317	\$159,414,821	\$168,979,709	\$180,808,290	\$186,232,539	\$189,957,190
Scenarios Evaluating Conservatism															
6. Conservative, then lower cost	\$48,773,325	\$53,408,472	\$58,482,279	\$64,038,095	\$70,121,713	\$75,731,449	\$81,789,967	\$88,333,163	\$94,516,485	\$101,132,640	\$108,211,922	\$115,786,757	\$123,891,830	\$131,325,341	\$137,891,607
7. Optimistic, then higher cost	\$48,773,325	\$52,432,977	\$56,365,450	\$60,592,858	\$65,743,251	\$72,975,009	\$81,732,008	\$91,539,849	\$102,524,632	\$114,827,589	\$128,606,896	\$142,753,657	\$158,456,560	\$164,794,823	\$171,386,613
8. Extremely Conservative	\$48,773,325	\$54,871,718	\$61,730,684	\$69,447,021	\$78,127,897	\$87,893,884	\$98,880,619	\$111,735,100	\$126,260,662	\$142,674,548	\$161,222,240	\$182,181,129	\$205,864,676	\$218,216,559	\$229,127,388
Recommended															
9. Recommended Funding Strategy	\$48,773,325	\$53,408,472	\$58,482,279	\$64,038,095	\$70,121,713	\$76,257,365	\$82,929,882	\$90,186,246	\$98,077,544	\$106,659,329	\$115,992,019	\$126,141,320	\$137,178,688	\$149,181,823	\$162,235,232
10. Continent Funding Strategy	\$48,773,325	\$53,408,472	\$58,482,279	\$64,038,095	\$70,121,713	\$77,309,188	\$85,233,381	\$93,969,803	\$103,601,707	\$114,220,882	\$125,928,523	\$138,836,195	\$152,372,724	\$167,229,066	\$171,827,865
Total Charges per Peak Season MGD															
Base Scenario	\$1,288,980	\$1,395,504	\$1,494,686	\$1,601,036	\$1,754,965	\$1,923,832	\$2,109,097	\$2,333,385	\$2,581,703	\$2,856,638	\$3,128,429	\$3,493,521	\$3,553,120	\$3,613,960	\$3,676,065
Funding Assistance	\$1,288,980	\$1,395,504	\$1,494,686	\$1,601,036	\$1,731,034	\$1,871,722	\$2,023,987	\$2,188,792	\$2,356,269	\$2,536,732	\$2,703,003	\$2,910,646	\$3,105,414	\$3,313,420	\$3,535,575
Scenarios for Major Risk Factors															
1. Higher Capital Costs	\$1,288,980	\$1,401,995	\$1,508,622	\$1,623,481	\$1,747,212	\$1,889,214	\$2,042,902	\$2,209,247	\$2,422,332	\$2,656,149	\$2,882,659	\$3,161,586	\$3,467,720	\$3,803,732	\$4,210,490
2. Accelerated Schedule	\$1,288,980	\$1,440,939	\$1,593,599	\$1,762,563	\$1,967,150	\$2,117,225	\$2,278,912	\$2,453,117	\$2,665,272	\$2,789,695	\$2,917,500	\$3,025,264	\$3,137,205	\$3,253,490	\$3,406,737
3. Delayed Schedule	\$1,288,980	\$1,389,013	\$1,480,814	\$1,578,800	\$1,620,463	\$1,663,344	\$1,740,637	\$1,821,648	\$1,942,875	\$2,072,310	\$2,187,694	\$2,355,751	\$2,560,368	\$2,782,929	\$3,025,020
Scenarios Demonstrating Financial Capacity															
4. Adverse Ensemble	\$1,288,980	\$1,466,902	\$1,651,543	\$1,859,564	\$2,093,940	\$2,316,291	\$2,585,520	\$2,860,473	\$3,193,394	\$3,374,306	\$3,562,184	\$3,729,278	\$3,941,640	\$4,048,437	\$4,118,009
5. Cost Over-run	\$1,288,980	\$1,479,883	\$1,680,903	\$1,926,120	\$2,207,272	\$2,485,651	\$2,824,111	\$3,152,585	\$3,550,929	\$3,822,889	\$4,073,461	\$4,305,152	\$4,593,235	\$4,717,687	\$4,798,760
Scenarios Evaluating Conservatism															
6. Conservative, then lower cost	\$1,288,980	\$1,421,467	\$1,550,820	\$1,692,069	\$1,846,320	\$1,987,177	\$2,138,933	\$2,302,437	\$2,455,660	\$2,619,257	\$2,765,095	\$2,949,938	\$3,147,335	\$3,326,765	\$3,483,462
7. Optimistic, then higher cost	\$1,288,980	\$1,395,504	\$1,494,686	\$1,601,036	\$1,731,034	\$1,914,849	\$2,137,417	\$2,386,021	\$2,663,722	\$2,973,945	\$3,286,239	\$3,636,982	\$4,025,414	\$4,174,622	\$4,329,624
8. Extremely Conservative	\$1,288,980	\$1,460,411	\$1,636,960	\$1,834,989	\$2,057,124	\$2,306,317	\$2,585,879	\$2,912,418	\$3,280,415	\$3,695,160	\$4,119,646	\$4,641,489	\$5,229,765	\$5,527,914	\$5,788,290
Recommended															
9. Recommended Funding Strategy	\$1,288,980	\$1,421,467	\$1,550,820	\$1,692,069	\$1,846,320	\$2,000,977	\$2,168,743	\$2,350,739	\$2,548,181	\$2,762,394	\$2,963,896	\$3,213,744	\$3,484,873	\$3,779,110	\$4,098,439
10. Continent Funding Strategy	\$1,288,980	\$1,421,467	\$1,550,820	\$1,692,069	\$1,846,320	\$2,028,577	\$2,228,983	\$2,449,358	\$2,691,706	\$2,958,232	\$3,217,800	\$3,537,176	\$3,870,861	\$4,236,287	\$4,340,771

* Charges for Years 2041-2045 for Delayed Scenario not shown.

Cascade Water Alliance - Appendix B - Supplemental Capital Funding Plan Information

Key Financial Outcomes - Summary of Scenarios

Debt Service Coverage reflects total debt service, includes RCFCs (consistent with calculation in Cascade Code 5.05.070 (B))

Debt to Fixed Asset Ratio is calculated as total debt principal less construction fund balance, excluding management reserve, divided by net fixed assets including construction work in progress.

Debt Principal to Operating Revenues excludes RCFC revenue. This does not imply that RCFC revenue may not be used for debt service.

Days Cash on Hand excludes cash in Bond Account, unspent Bond Proceeds, and Management Reserve, and is divided by Operating Expenses.

Scenario	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Base Scenario															
% Rate Adjustment	3.50%	7.50%	7.50%	7.50%	10.00%	10.00%	10.00%	11.00%	11.00%	11.00%	11.00%	12.00%	2.00%	2.00%	2.00%
Debt Service Coverage - All-In	2.24	3.01	2.54	2.75	4.28	3.14	3.54	3.90	1.82	1.94	2.07	1.57	1.53	1.45	1.42
Debt to Fixed Asset Ratio	20.7%	19.7%	17.9%	14.3%	17.6%	18.1%	29.0%	42.8%	48.8%	54.6%	58.4%	60.5%	63.2%	62.7%	63.1%
Debt Principal to Operating Revenues	1.26	1.87	1.61	1.39	2.91	2.46	2.12	7.05	6.18	5.48	9.18	8.00	7.73	8.07	7.73
Days Cash on Hand	377	541	539	438	717	915	486	803	872	394	685	748	356	502	380
Funding Assistance Scenario															
% Rate Adjustment	3.50%	7.50%	7.50%	7.50%	8.50%	8.50%	8.50%	8.50%	8.00%	8.00%	8.00%	8.00%	7.00%	7.00%	7.00%
Debt Service Coverage - All-In	2.24	3.01	2.73	2.96	4.17	4.66	3.42	3.64	2.50	2.22	1.91	1.90	1.64	1.56	1.42
Debt to Fixed Asset Ratio	20.7%	19.7%	18.1%	13.3%	16.0%	18.2%	26.6%	41.8%	49.6%	54.2%	58.0%	62.1%	64.6%	64.6%	65.9%
Debt Principal to Operating Revenues	1.26	1.55	1.32	1.35	1.32	2.44	2.12	4.13	5.17	6.54	7.13	8.74	9.11	9.07	8.34
Days Cash on Hand	377	532	407	465	440	698	490	751	529	705	439	658	363	412	279
1. Higher Capital Costs															
% Rate Adjustment	3.50%	8.00%	8.00%	8.00%	8.00%	8.50%	8.50%	8.50%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	11.00%
Debt Service Coverage - All-In	2.24	3.03	2.68	2.91	3.47	3.86	2.44	2.55	2.17	1.72	1.64	1.66	1.45	1.47	1.41
Debt to Fixed Asset Ratio	20.7%	19.4%	17.3%	18.8%	23.1%	28.2%	36.1%	50.0%	57.4%	60.9%	64.7%	68.3%	70.2%	70.1%	71.8%
Debt Principal to Operating Revenues	1.26	1.67	1.43	1.90	1.84	4.08	3.59	4.95	7.36	8.02	8.53	10.59	10.25	10.02	8.87
Days Cash on Hand	377	516	382	492	423	511	513	428	455	391	379	388	295	363	358
2. Accelerated Schedule															
% Rate Adjustment	3.50%	11.00%	11.00%	11.00%	12.00%	8.00%	8.00%	8.00%	9.00%	5.00%	6.00%	4.00%	4.00%	4.00%	5.00%
Debt Service Coverage - All-In	2.24	3.19	2.30	2.60	2.02	2.12	1.85	1.69	1.54	1.50	1.51	1.53	1.52	1.50	1.41
Debt to Fixed Asset Ratio	20.7%	31.3%	33.0%	41.6%	49.0%	55.3%	43.1%	50.8%	52.2%	52.6%	53.6%	55.3%	56.3%	55.6%	55.6%
Debt Principal to Operating Revenues	1.26	2.63	2.26	5.10	4.60	5.40	4.81	6.41	6.66	6.96	7.23	7.71	7.64	7.46	6.95
Days Cash on Hand	377	557	408	630	402	239	341	436	513	551	611	638	321	323	307
3. Delayed Schedule*															
% Rate Adjustment	3.50%	7.00%	7.00%	7.00%	3.00%	3.00%	5.00%	5.00%	7.00%	7.00%	7.00%	8.00%	9.00%	9.00%	9.00%
Debt Service Coverage - All-In	2.24	2.98	2.56	2.74	3.77	3.91	2.79	2.83	2.64	2.53	2.17	2.18	1.93	1.90	1.89
Debt to Fixed Asset Ratio	20.7%	19.7%	18.0%	13.1%	14.0%	17.4%	24.7%	32.1%	36.2%	42.9%	48.4%	52.8%	55.9%	60.6%	55.4%
Debt Principal to Operating Revenues	1.26	1.76	1.52	1.31	1.36	2.61	2.34	2.82	3.44	4.65	5.41	6.97	7.32	7.77	8.77
Days Cash on Hand	377	539	486	421	452	653	475	360	445	527	412	593	685	335	569
4. Adverse Ensemble															
% Rate Adjustment	3.50%	13.00%	13.00%	13.00%	13.00%	11.00%	12.00%	11.00%	12.00%	6.00%	7.00%	5.00%	6.00%	3.00%	2.00%
Debt Service Coverage - All-In	2.24	3.30	2.37	2.74	2.05	2.25	1.67	1.77	1.48	1.53	1.42	1.49	1.41	1.41	1.42
Debt to Fixed Asset Ratio	20.7%	32.0%	32.9%	43.6%	51.1%	57.9%	61.9%	66.5%	66.3%	66.7%	66.2%	66.9%	66.4%	65.3%	65.0%
Debt Principal to Operating Revenues	1.26	2.76	2.33	5.46	4.73	7.57	6.53	8.69	7.55	8.62	7.84	9.04	8.31	8.26	7.88
Days Cash on Hand	377	565	426	673	402	657	348	595	357	563	346	565	386	478	438
5. Cost Over-run															
% Rate Adjustment	3.50%	14.00%	14.00%	15.00%	15.00%	13.00%	14.00%	12.00%	13.00%	8.00%	8.00%	6.00%	7.00%	3.00%	2.00%
Debt Service Coverage - All-In	2.24	3.34	2.26	2.66	1.90	2.10	1.59	1.68	1.42	1.49	1.40	1.48	1.41	1.40	1.41
Debt to Fixed Asset Ratio	21.0%	34.8%	36.6%	48.3%	56.2%	62.6%	66.2%	70.3%	70.1%	70.2%	69.4%	69.9%	69.0%	67.6%	67.2%
Debt Principal to Operating Revenues	1.26	3.14	2.64	6.40	5.45	8.60	7.30	9.62	8.29	9.30	8.38	9.54	8.69	8.59	8.20
Days Cash on Hand	367	560	427	682	420	685	351	614	356	590	381	639	458	544	513

Cascade Water Alliance - Appendix B - Supplemental Capital Funding Plan Information

Key Financial Outcomes - Summary of Scenarios

Debt Service Coverage reflects total debt service, includes RCFCs (consistent with calculation in Cascade Code 5.05.070 (B))

Debt to Fixed Asset Ratio is calculated as total debt principal less construction fund balance, excluding management reserve, divided by net fixed assets including construction work in progress.

Debt Principal to Operating Revenues excludes RCFC revenue. This does not imply that RCFC revenue may not be used for debt service.

Days Cash on Hand excludes cash in Bond Account, unspent Bond Proceeds, and Management Reserve, and is divided by Operating Expenses.

Scenario	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
6. Conservative, then lower cost															
% Rate Adjustment	3.50%	9.50%	9.50%	9.50%	9.50%	8.00%	8.00%	8.00%	7.00%	7.00%	7.00%	7.00%	7.00%	6.00%	5.00%
Debt Service Coverage - All-In	2.24	2.39	2.56	2.86	4.22	4.67	3.23	3.41	2.88	2.30	2.09	2.01	1.71	1.62	1.44
Debt to Fixed Asset Ratio	20.7%	18.6%	18.0%	12.7%	14.5%	15.6%	23.3%	38.8%	47.2%	51.4%	55.5%	59.8%	62.1%	62.2%	63.5%
Debt Principal to Operating Revenues	2.45	2.09	1.79	1.53	1.46	2.89	2.54	3.37	4.99	5.78	6.70	8.52	8.69	8.70	8.14
Days Cash on Hand	455	576	667	624	633	915	939	553	746	558	492	729	411	428	299
7. Optimistic, then higher cost															
% Rate Adjustment	3.50%	7.50%	7.50%	7.50%	8.50%	11.00%	12.00%	12.00%	12.00%	12.00%	12.00%	11.00%	11.00%	4.00%	4.00%
Debt Service Coverage - All-In	2.24	3.01	2.63	2.83	3.23	3.86	2.75	3.02	1.80	1.92	1.54	1.68	1.44	1.41	1.41
Debt to Fixed Asset Ratio	20.7%	19.4%	17.4%	20.3%	24.6%	30.0%	38.5%	51.3%	56.6%	61.8%	64.1%	67.6%	68.4%	68.1%	69.1%
Debt Principal to Operating Revenues	1.26	1.68	1.44	2.18	1.93	3.66	3.12	6.90	5.98	8.60	7.47	9.80	8.61	8.84	8.29
Days Cash on Hand	377	514	376	479	399	492	470	562	460	500	388	448	333	406	393
8. Extremely Conservative															
% Rate Adjustment	3.50%	12.50%	12.50%	12.50%	12.50%	12.50%	12.50%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	6.00%	5.00%
Debt Service Coverage - All-In	2.24	3.26	2.90	3.36	3.60	4.27	2.88	3.16	1.78	1.89	1.49	1.64	1.40	1.40	1.41
Debt to Fixed Asset Ratio	21.4%	21.6%	20.3%	24.8%	28.6%	33.9%	42.8%	56.1%	60.7%	66.0%	67.8%	71.0%	71.4%	70.9%	71.7%
Debt Principal to Operating Revenues	1.26	1.87	1.55	2.48	2.13	4.07	3.47	7.92	6.82	9.84	8.48	11.03	9.52	9.54	8.86
Days Cash on Hand	354	512	433	597	554	739	644	839	594	709	468	609	466	620	540
9. Recommended Funding Strategy															
% Rate Adjustment	3.50%	9.50%	9.50%	9.50%	9.50%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%
Debt Service Coverage - All-In	2.24	2.39	2.55	2.83	4.14	2.75	3.01	3.18	2.19	1.97	1.84	1.54	1.52	1.51	1.40
Debt to Fixed Asset Ratio	20.7%	18.4%	17.4%	18.5%	22.5%	24.9%	35.2%	48.0%	54.6%	58.8%	62.3%	65.5%	68.0%	68.0%	69.7%
Debt Principal to Operating Revenues	2.45	2.09	1.79	1.53	3.60	3.10	2.73	5.16	6.23	7.04	9.67	9.97	9.84	9.73	8.80
Days Cash on Hand	455	548	582	441	638	662	446	538	556	462	497	411	338	417	326
10. Continent Funding Strategy															
% Rate Adjustment	3.50%	9.50%	9.50%	9.50%	9.50%	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%	9.75%	9.75%	2.75%
Debt Service Coverage - All-In	2.24	2.39	2.55	2.83	4.22	3.50	3.92	2.27	2.34	1.67	1.74	1.46	1.55	1.40	1.44
Debt to Fixed Asset Ratio	20.7%	18.4%	17.4%	20.0%	23.8%	26.9%	37.1%	47.2%	55.7%	59.1%	62.9%	65.7%	68.2%	66.9%	72.1%
Debt Principal to Operating Revenues	2.45	2.09	1.79	1.53	2.51	2.11	5.10	4.46	7.57	6.68	9.28	8.21	9.44	8.40	8.15
Days Cash on Hand	455	548	582	402	599	521	675	546	628	429	476	342	365	373	384

Cascade Water Alliance - Appendix B - Supplemental Capital Funding Plan Information

Projection of RCFC Revenues and Uses

Projected RCFC revenues assume the RCFC rate is updated consistent with Cascade's adopted RCFC methodology (CWAC 5.25), and an assumed 1,150 Cascade Equivalent Residential Units per year. Cascade fiscal policies (CWAC 5.05.040.D) stipulate that 75% of RCFC revenues be used for construction, provided that during major construction projects, the Board may use up to 50% of RCFC revenues for debt service for a period of up to 10 years.

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Projected RCFC Revenues	\$7,000,000	\$12,470,462	\$14,913,555	\$17,116,217	\$18,721,914	\$20,414,879	\$20,889,580	\$21,418,685	\$21,972,385	\$22,327,027	\$22,926,936	\$23,549,673	\$24,191,367	\$24,851,381	\$25,518,325
Projected RCFC Uses															
Construction	\$6,967,250	\$12,342,962	\$14,786,055	\$16,988,717	\$18,594,414	\$20,287,379	\$15,563,592	\$15,960,420	\$16,375,695	\$16,617,770	\$17,195,202	\$14,129,804	\$12,095,683	\$12,425,691	\$12,759,162
Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$5,198,489	\$5,330,765	\$5,469,190	\$5,581,757	\$5,731,734	\$9,419,869	\$12,095,683	\$12,425,691	\$12,759,162
WSDF	\$32,750	\$127,500	\$127,500	\$127,500	\$127,500	\$127,500	\$127,500	\$127,500	\$127,500	\$127,500	\$0	\$0	\$0	\$0	\$0

Phase I Projected Year-of-Expenditure Capital Costs

Based on an assumed 3.5% per year construction cost escalation.

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
CSP Phase I Preplanning Cost Projection (without management reserve): \$1.13B in January 2026 dollars	\$5,481,414	\$16,414,193	\$18,276,942	\$26,820,000	\$36,590,000	\$47,010,000	\$97,020,000	\$183,420,000	\$187,880,000	\$183,870,000	\$185,680,000	\$218,230,000	\$209,290,000	\$82,530,000	\$36,210,000
CSP Phase I Preplanning Cost Projection with Management Reserve: \$1.35B in January 2026 dollars	\$5,481,414	\$19,444,193	\$25,526,942	\$39,320,000	\$49,530,000	\$68,440,000	\$119,200,000	\$212,110,000	\$217,580,000	\$214,610,000	\$217,490,000	\$251,150,000	\$243,370,000	\$103,690,000	\$48,990,000
CSP Phase I 'Cost Over-run Scenario' (+20%): \$1.62B in January 2026 dollars	\$6,577,696	\$23,342,870	\$30,634,350	\$47,179,440	\$59,428,475	\$82,119,379	\$143,030,698	\$254,535,591	\$261,087,522	\$257,535,640	\$260,980,020	\$301,384,696	\$292,043,546	\$124,433,991	\$58,775,969
CSP Phase I Preplanning Cost Projection, top of AACEI Estimate Range for Construction Cost (+100% construction cost): \$1.94B in January 2026 dollars	\$7,955,444	\$24,702,123	\$32,519,722	\$52,398,100	\$67,775,284	\$92,188,762	\$169,580,044	\$308,551,646	\$316,359,690	\$311,505,376	\$315,303,512	\$366,295,998	\$353,695,784	\$146,303,254	\$66,824,258

Comment #	Plan Section	Comment	Date	Originator	Response
1	3.0 Potential Sources of Funding	Cascade should begin developing a strategy to pursue federal dollars - not just loans but also direct grants in support of the Program.	2026-03-25	Cascade Board	The Funding Plan presents a recommended funding strategy that does not place the entirety of the burden of funding on Cascade's members, in recognition that the CSP Phase I is a project of regional importance and benefit. Contingent funding strategies, should those external funding options not be available, have been developed, and are presented in the Plan. Cascade staff will continue to prioritize efforts on securing the funding sources that will be most impactful, and intend to balance administrative and direct-cost implications of outside funding against the potential benefit of those sources.
2	9.0 Adaptability of the Capital Funding Strategy	Please provide more information about what thresholds for changes would trigger developing updates to the Funding Plan.	2026-03-25	Cascade Board	Section 9.0 identifies the triggers or milestones that would indicate when reassessment should occur.
3	7.0 Recommended Strategy	It is important to recognize that being conservative is a balance - conservative for Cascade is not necessarily conservative for our ratepayers today.	2026-03-25	Cascade Board	The Recommended scenario represents a moderately conservative rate path. The rate scenarios shown in Section 6.0 provide a range of outcomes, with the observation that exact probabilities cannot be assigned to the underlying cost or schedule outcomes at this stage of program definition.
4	General	It is necessary to provide transparent tracking of costs over time, as well as tracking changes in assumptions through updates to the funding plan	2026-05-27	Cascade Board	The CSP team is developing project cost tracking tools, which will be used to report out both actual and forecasted costs, and how those change over time.
5	General	Long term increases in both rates and RCFCs have impacts for the members own rates and charges. We need information about these long term effects and how they differ for each member.	2026-05-27	Cascade Board	Cascade provides a forward-looking projection of charges by member, broken out by demand share and dues, provided as part of the biennial budget process. If desired, we can provide this for all scenarios evaluated.
6	General	Please provide measurable indicators to track financial assumptions and project risks over time.	2026-05-27	Cascade Board	The CSP team is developing project cost tracking tools, which will be used to report out both actual and forecasted costs, and how those change over time.

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Comment #	Plan Section	Comment	Date	Originator	Response
7	General	We need coordination between Cascade's bond counsel and member financial teams to understand the implications of Cascade's bond issuances on member agencies.	2026-05-27	Cascade Board	Cascade has met with and will continue to engage with Members and Member bond counsels on this subject. No direct impacts to Members' bond ratings are anticipated at this time.
8	7.0 Recommended Strategy	Ensure that scenarios preserve flexibility to use a mix of sources, including the WSDF.	2026-03-17	Finance & Mgmt Committee	This feedback has been incorporated in the Recommended Funding Strategy.
9	7.0 Recommended Strategy	Prioritize rate predictability by developing conservative scenarios.	2026-03-17	Finance & Mgmt Committee	The Recommended scenario represents a moderately conservative rate path. The rate scenarios shown in Section 6.0 provide a range of outcomes, with the observation that exact probabilities cannot be assigned to the underlying cost or schedule outcomes at this stage of program definition.
10	7.0 Recommended Strategy	Prioritize external funding in the funding plan.	2026-03-17	Finance & Mgmt Committee	The Funding Plan presents a recommended funding strategy that does not place the entirety of the burden of funding on Cascade's members, in recognition that the CSP Phase I is a project of regional importance and benefit. Contingent funding strategies, should those external funding options not be available, have been developed, and are presented in the Plan. Cascade staff will continue to prioritize efforts on securing the funding sources that will be most impactful, and intend to balance administrative and direct-cost implications of outside funding against the potential benefit of those sources.
11	9.0 Adaptability of the Capital Funding Strategy	Consider adding content that explains the triggers or milestones that will reduce uncertainty over time and indicate when reassessment should occur as cost projections become more refined.	2026-05-28	Redmond Staff	Section 9.0 identifies the triggers or milestones that would indicate when reassessment should occur.

Comment #	Plan Section	Comment	Date	Originator	Response
12	9.0 Adaptability of the Capital Funding Strategy	Sensitivity analysis is robust and comprehensive - however, as noted in the CFP, it relies on planning-level cost projections. For that reason, it would be helpful to identify key milestones and anticipated timeframes when project scoping will improve, and uncertainty will decrease. This information will support: * Establishing appropriate timeframes for reassessing the CFP * Identifying reporting milestones for the Board to confirm whether the CFP remains aligned with the project or if deviations are emerging.	2026-05-28	Redmond Staff	This subject is discussed in Section 9.0 (B).
13	7.0 Recommended Strategy	The CFP recommends a policy to “vigorously pursue funding through WIFIA.” Consider providing additional context for the Committee/Board about what “vigorous pursuit” entails. What specific actions are expected from members?	2026-05-28	Redmond Staff	Anticipated Cascade actions: * WIFIA support as part of future PES work assignment. * WIFIA-related items in future Legislative Agenda. * WIFIA activities added to staff work plans. Anticipated Member actions: * Coordination with Cascade Legislative Agenda * Letters of support for WIFIA * Outreach to federal delegation.
14	6.0 Sensitivity Analyses	Provide clarification on how impactful changes in growth assumptions may be. Is there a reduction in growth threshold that should trigger a review of the CFP?	2026-05-28	Redmond Staff	As noted in Section 7.0 (F), lower growth would reduce RCFC revenues, increasing pressure on rates. A reduction of 150 CERUs per year would increase annual average rate increases by 0.3%. An increase of 150 CERUs per year would decrease annual average rate increases by 0.2%.
15	6.0 Sensitivity Analyses	It would be useful to include upper and lower bounds for the 10-year rate projections driven by the CSP to support future rate discussions. A chart showing the recommended 10-year rate path alongside an optimistic (low-cost) and conservative (high-cost) scenario for 2027/2028 would illustrate the range we are working within.	2026-05-28	Redmond Staff	The Recommended scenario represents a moderately conservative rate path. The rate scenarios shown in Section 6.0 provide a range of outcomes, with the observation that exact probabilities cannot be assigned to the underlying cost or schedule outcomes at this stage of program definition.

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Comment #	Plan Section	Comment	Date	Originator	Response
16		After Cascade's Bond Council discussion, consider adding any relevant information regarding potential impacts to members' bond ratings.	2026-05-28	Redmond Staff	Cascade has met with and will continue to engage with Members and Member bond counsels on this subject. No direct impacts to Members' bond ratings are anticipated at this time.
17	7.0 Recommended Strategy	Per the Board discussion, adding a chart with actual dollar impact for average household use that projects out 10-years would be valuable.	2026-05-28	Redmond Staff	We have included projected cost per CCF in Sections 6.0 and 7.0. Based on the Board discussion, we will refrain from computing average household bill impact, due to the variability in Members estimates of household use and rate structure.
18	General	The CWA Cascade Supply Program will have generational impacts on the CWA member agencies and their customers. While member agency staff has been engaged by CWA staff, the timeframes afforded to member staff to review and vet the proposed plan (1/29/2026 draft and 5/6/2026 draft) provided less than optimal time for review. Given the magnitude and impacts of Phase I and subsequent phases, adequate programming and review time is crucial so member staff can support its CWA board members in the decisions they must consider. Documents of this breadth and nature should allow for no less than 30 days for review.	2026-05-27	SPW Staff	Cascade will work to provide ample review time for these documents.
19	General	Great effort and forethought were provided by the CWA staff in developing the Plan within timeframes critical to an evolving project. With that said the 10 alternative scenarios contained in the Plan, including the variables impacting the scenarios and the sensitivity analysis make it difficult to track. A focus on formatting and narrative could bring better clarity to the Plan. In some cases, less is more.	2026-05-27	SPW Staff	We have endeavored to balance the requests for simplicity with requests for clarity, and have attempted to make the Executive Summary as clear as possible, while providing the level of detail requested in the body of the Plan.

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Comment #	Plan Section	Comment	Date	Originator	Response
20	Executive Summary	The Executive Summary Section A (CFP p. 8) begins by stating “The CSP is discussed in depth in Cascade’s 2025 Water System Plan.” District staff questions the validity of the “depth” of discussion in the 2025 Water System Plan. Most references to the project in the 2025 Water System Plan were generic in nature with mere references to the Tacoma supply contract, basic demand forecasting associated with supply contract and planned short term work to refine the scope of the CSP in the near term from the 2012 Transmission Supply Plan. When reviewing and commencing on the 2025 Water System Plan, District staff cited the lack of capital programming detail and concern over the confidence associated with the capital projects and estimates associated with the Tacoma supply project. Generally, the System Plan did not consider rate impacts of the CSP/Tacoma Supply Project.	2026-05-27	SPW Staff	Removed "in depth".

Comment #	Plan Section	Comment	Date	Originator	Response
21	General	The original cost estimates on which the Tacoma Supply Project were based were either inaccurate, conceptual, or have evolved as clarity is attained in scoping the project. Original estimates considered a \$600,000,000 supply project, but have now increased up to threefold (\$1.8 billion). Depictions of project cost refinement shared with member staff and board members using the AACE template for engineering Class 5 through Class 1 depicts cost estimating as linear, which is not the case. The Tacoma-Cascade Transmission Line (TCTL) has already surpassed the upper limit of the Class 5 estimate. Future estimates should be conservatively presented with full transparency as the project scope is refined. District staff encourages using either high end/worst case scenario estimates including rate impacts to member agencies, or appropriate range estimates which temper optimistic assumptions or outcomes which are not guaranteed.	2026-05-27	SPW Staff	Additional information regarding the cost projection process is available in the Cascade Supply Program Phase I Preplanning Cost Projection memorandum, dated 2026-02-24.

Comment #	Plan Section	Comment	Date	Originator	Response
22	7.0 Recommended Strategy	Various scenarios and estimates included in the Capital Funding Plan contain optimistic scenarios or assumptions. Unless they can be guaranteed, we suggest cautiously accepting and including the following assumptions in any scenario: a. Assumption of WIFIA funding as part of the recommended funding package. District staff supports evaluating WIFIA as a potential financing option, but does not believe the core funding strategy should rely on a \$900 million WIFIA loan unless and until CWA can demonstrate that WIFIA is reasonably available, cost beneficial compared to revenue bonds, and administratively feasible. Until then, the CFP should present revenue bond financing as the primary funding assumption, with WIFIA shown as a potential upside scenario. b. Assumptions of third-party partnerships or grants. The recommended funding strategy assumes 1% of the project to be funded by state loans and 1% to be funded by grants and partner contributions. Such small amounts are de minimis and should be removed from consideration at this point in time. Additionally, the opportunity to pursue third-party funding or partnerships should be balanced with the level of effort and staff required to pursue and administer such small project elements.	2026-05-27	SPW Staff	The Funding Plan presents a recommended funding strategy that does not place the entirety of the burden of funding on Cascade's members, in recognition that the CSP Phase I is a project of regional importance and benefit. Contingent funding strategies, should those external funding options not be available, have been developed, and are presented in the Plan. Cascade staff will continue to prioritize efforts on securing the funding sources that will be most impactful, and intend to balance administrative and direct-cost implications of outside funding against the potential benefit of those sources.
23	6.0 Sensitivity Analyses	Presentation and analysis of alternative scenarios translate member charges as cost per CCF. While being a metric, member demand shares are typically approached and assigned on a million gallon (MG) basis. All scenarios should include the MG cost metric.	2026-05-27	SPW Staff	Demand Shares are assigned based on a Million Gallons per Day basis. We will include a version of the scenario outputs in an appendix expressed as total dollars per MGD.

Comment #	Plan Section	Comment	Date	Originator	Response
24	6.0 Sensitivity Analyses	All cost projections should include a ten-year projection on how each scenario will impact each member agency's demand share and dues. This recommendation is not intended to capture the impact on each member's retail rates as agency rate design varies.	2026-05-27	SPW Staff	Cascade provides a forward-looking projection of charges by member, broken out by demand share and dues. If desired, we can provide this for all scenarios evaluated.
25	General	CWA member charges are currently assigned using three categories: administrative dues, conservation dues, and demand share. Given that the CSP represents new program costs to the members which will have a material impact on rates, we encourage establishing a fourth category of member charges tied directly back to the CSP. This will allow member agencies to better understand the direct impacts of the CSP on member charges. In doing so we note that members with independent supply will ultimately experience different impacts to their individual water enterprises than those who rely solely on CWA for water.	2026-05-27	SPW Staff	Cascade's rate methodology is defined in JMUSA and Cascade Code. The cost of the CSP will impact both the Demand Share and RCFC charges. Cascade is committed to providing the information necessary for Members to understand the impacts of the CSP on their charges.
26	General	The CSP is demand share based related to meeting the regional supply needs of members. As such, all project costs (project staff, consultant expenditures, capital costs, other related project costs) need to be tracked separately and allocated per demand share basis and not funded through administrative dues. This is critical to ensuring those members with independent supply are not inappropriately charged through the Cascade Equivalent Residential Unit basis used to assign administrative dues.	2026-05-27	SPW Staff	Cascade will track CSP-related costs separately, and is evaluating its procedures to ensure consistency with state and federal funding requirements.

Comment #	Plan Section	Comment	Date	Originator	Response
27	3.0 Potential Sources of Funding	Regarding WIFIA: a. The CFP does not validate whether there is a true cost benefit to WIFIA considering the cost and effort to pursue WIFIA, any Federal procurement requisites that may result in higher project costs, staff time to administer WIFIA financing, and efficiency of having timely and guaranteed funding compared to traditional bond issues. b. WIFIA interest rate costs are tied to T-Bills and will likely exceed the interest rate CWA can secure through a bond issue (assuming a AAA bond rating). This may actually increase member costs and rates compared to the assumed benefits. c. The proposed CFP includes a “policy” to “vigorously pursue funding through WIFIA.” The District’s staff questions whether this is really a “policy” consideration rather than an action to pursue an optimistic assumption. Most agencies typically expect the staff to pursue all options which may lead to lower costs and favorable financing. It’s an inherent expectation of staff.	2026-05-27	SPW Staff	An evaluation of the potential cost implications of federal procurement requirements on the project cannot be accurately completed prior to project planning. Cascade staff intend to evaluate this when the necessary information is available. As described in Section 3.0 (C), the advantages of the program are not through the interest rate, but rather through the loan terms and repayment structure, which are more flexible than conventional revenue bonds. Board policy direction would represent direction to prioritize certain activities, through both staff workplans and potential budget requests for consultant resources.
28	3.0 Potential Sources of Funding	RCFC revenue in 2026 is lagging due to slower regional growth. Are the RCFC assumptions still valid, or should they be revisited and validated for further adjustment of the CFP projections and CWA fiscal model?	2026-05-27	SPW Staff	Staff has reviewed historical RCFC behavior and believes that the current assumptions remain reasonable at this time, but will continue to monitor growth rates as part of the biennial budget process. Section 6.0 (F) discusses the impact of lower or higher growth rates.

Comment #	Plan Section	Comment	Date	Originator	Response
29	7.0 Recommended Strategy	Cascade Code Section 5.70.040.B.4. related to the Capital Funding Plan states “if grants or low-cost loans cannot be confidently relied upon, address a structure without those sources, but with flexibility to accommodate the benefits of funding sources if and when they are secured.” (CFP p. 18) The proposed funding scenario appears to contradict this by assuming grants, loans, WIFIA funding, and outside partnerships that are currently unsecured.	2026-05-27	SPW Staff	In addition to the Recommended Funding Strategy, the Funding Plan addresses a contingent funding structure without these sources, as required by code. In addition to the contingent strategy added to Section 7.0, Section 6.0 (D) demonstrates Cascade's financial capacity to meet its fiscal policy requirements.
30	General	The Plan is unclear as to the number of phases the CSP has. The CFP identifies three or four phases of capital construction. The narrative on Page 20 references three phases but Exhibit 1-1 on Pages 21-22 depicts four phases. Furthering the confusion is that the 2025 Water System Plan refers to three phases, and CWA staff has referenced four phases in recent meetings. All project phases should be clarified and defined, including anticipated elements and cost projections, and longer-term rate impacts projected through all project phases, including estimated individual agency member costs. It is currently unclear how phases merge or overlap in the CFP and what the duration of rate impacts attributable to new supply will be beyond Phase I.	2026-05-27	SPW Staff	Cascade staff will simplify references to three phases. While long-term forecasting currently anticipates buildout of treatment capacity in stages between 2060 and 2100, those assumptions are immaterial to the analyses and recommendations of the Capital Funding Plan, as they are so far beyond the duration of Phase I that they do not impact the decisions made today.

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Comment #	Plan Section	Comment	Date	Originator	Response
31	General	Although the CFP is primarily focused on the TCTL, it projects aggregate rate increases for CWA member agencies. It would be helpful to have more granular breakdown of the drivers for the rate increases and associated assignment of the percent increase such as administrative dues, conservation dues, demand share, and CSP capital/debt. Additionally, further detail should be provided on the specific TCTL cost breakdown such as staff/personnel, consultants, capital/construction, rate smoothing, contingencies, management reserve, and debt service.	2026-05-27	SPW Staff	Cascade staff will work to provide the requested information separate from the Capital Funding Plan.

Comment #	Plan Section	Comment	Date	Originator	Response
32	7.0 Recommended Strategy	The CFP should clearly distinguish the portion of the proposed 9.5% annual member charge increases for 2027 and 2028 that is required to meet near-term budget, debt service, and cash flow obligations from the portion that reflects a policy decision to increase rates now for longer-term rate smoothing and risk mitigation. The CFP states that 8.0% annual increases are needed to satisfy minimum funding needs, and that applying the existing five-year rate smoothing policy would result in 8.2% annual increases, yet it recommends 9.5% annual increases and discusses 10.0% as an additional conservative option. Because the 9.5% path exceeds the short-term minimum and current smoothing policy result, the CFP should quantify the incremental impact of the higher rate path on member charges, cash funding, debt issuance, and projected future rate reductions before the Board is asked to adopt it. (CFP pp. 68, 71; FIG 5/19 Packet p. 113.)	2026-05-27	SPW Staff	The difference between the recommended funding strategy and a comparable scenario with a lower initial rate path is shown in Exhibit 7-3.
33	6.0 Sensitivity Analyses	While comprehensive and thoughtful, the CFP provides multiple cost scenarios. We suggest providing only one conservative cost scenario as a basis for evaluating sensitivity against all variables as the project evolves. Subjective cost scenarios may result in false assumptions guiding what members would like the costs to look like (emotional/subjective response) rather than making decisions based upon a concrete touchstone of cost based upon best available data.	2026-05-27	SPW Staff	The Funding Plan presents a recommended funding strategy and contingent recommended funding strategy, in addition to a range of scenarios based on potential outcomes evaluated in Section 6.0 Sensitivity Analysis. A range of potential cost outcomes is not subjective, but rather the reality of the degree of precision possible at this stage of project planning. While the terms “conservative” and “extremely conservative” are subjective, the factors used in the sensitivity analysis are objective and so too are the cost scenarios. We chose these terms to distinguish the scenarios from each other, and we added the extremely conservative scenario in response to SPW’s good suggestion.

Comment #	Plan Section	Comment	Date	Originator	Response
34	6.0 Sensitivity Analyses	The CFP presents multiple scenarios. It would be helpful to have all scenarios presented in one summary table for comparison purposes. However, scenarios should carry a consistent project budget as requested in comment 15 above, and shouldn't be based on assumptions contrary with the CWA Code which avoids the use of speculative financing assumptions.	2026-05-27	SPW Staff	The sensitivity analyses are summarized in Exhibit 6-1. A summary of outcomes has been added as Exhibit 6-22.
35	General	The TCTL is an evolving project which should have some basic assumptions agreed to as part of the CFP, particularly project cost/budget and debt service assumptions. As the project progresses the assumptions will become clearer or validated, being impacted by many of the variables presented in the sensitivity analysis. We encourage developing a project tracking and reporting platform/model which clearly documents costs and corresponding rate impacts to members. The reporting platform/model should be updated no less than annually or if major assumptions or data impacting the sensitivity variables change. We recommend the sensitivity analysis be further developed and used more as a business model to track the project and project costs and rate impacts to members.	2026-05-27	SPW Staff	The CSP team is developing project cost tracking tools, which will be used to report out both actual and forecasted costs, and how those change over time.
36	General	Due to the magnitude of debt required to fund the TCTL and the CWA provisions that member debt is subordinate to CWA debt, the CFP financing may impact member agency bond ratings and debt service ratios. CWA is encouraged to evaluate the impacts of the proposed CFP on members.	2026-05-27	SPW Staff	Cascade has met with and will continue to engage with Members and Member bond counsels on this subject. No direct impacts to Members' bond ratings are anticipated at this time.

Comment #	Plan Section	Comment	Date	Originator	Response
37	General	The numerous cost projections provided on the 1/29/2026 and 5/6/2026, and 5/7/2026 member staff presentations are unclear and confusing regarding the projected TCTL project costs, including how the management reserve is calculated and applied to the project budget. Also, it is unclear how the management reserve will be applied to or offset project contingencies. Please clarify whether contingencies are already included in the project budget, and whether the management reserves may duplicate contingencies already in the project plan. a. The CFP should clarify why the lower cost projection range without the management reserve is labeled as the “Base Scenario.” District staff understand that the Recommended Funding Strategy uses a more conservative cost assumption than the Base Scenario and that CWA evaluated higher-cost scenarios. However, because the project remains subject to significant uncertainty, the CFP should clarify whether the Base Scenario is intended to represent the most likely current estimate or only a modeling reference point. (CFP p. 48.) b. For example, the 1/29/2026 draft contained a comment that stated, “the current cost projection range reflects 35% contingencies plus 20% management reserves.” This pertains to Section 4.1.2 (CFP p. 25) which states that the	2026-05-27	SPW Staff	Specifics regarding the pre-planning cost projection is available in the Cascade Supply Program Phase I Preplanning Cost Projection memorandum, dated 2026-02-24. These cost projections include the base costs, contingencies, program reserves, staffing, and program management expenditures to deliver Phase I of the Cascade Supply Program. The low end of the cost-projection range includes 35% contingencies.

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Comment #	Plan Section	Comment	Date	Originator	Response
38	General	Although the CFP focuses primarily on the TCTL capital program, consideration should be given and discussion initiated on approach and philosophy for funding capital renewal/asset management reserves for what will become a large registry of capital assets which CWA has not previously needed to address. Recognition of the need to renew capital assets/infrastructure not currently part of CWA's SPU supply contract which will be constructed as part of the transition to providing TPU and/or CWA direct supply should not be ignored.	2026-05-27	SPW Staff	JMUSA and Cascade Code require funding of renewal and replacement of capital assets. Cascade's financial forecast model includes funding for this renewal and replacement, including increases as new infrastructure is brought in to service.
39	General	Exhibit ES-2 (CFP p. 11) depicts the Tacoma Supply Contract as a capital cost. It is recommended to categorize it as an operating cost given that you can't fund this expense through debt. Therefore the supply costs should be segregated from the capital costs.	2026-05-27	SPW Staff	The capital capacity payments under Cascade's Tacoma Agreements are capital costs, and are eligible uses of bond proceeds.
40	General	Please validate that all summarized costs in the tables are accurate and consistently presented, particularly where values are abbreviated. For example, in Exhibit ES-2 (CFP p. 11), confirm the upper-range total, which currently sums to \$2.01B. This value is abbreviated as \$2.05B, while other tables reflect totals of \$2.005B (Exhibits ES-3 p. 11, 13 p. 26, 6-2 p. 49, and 7-1 p. 65); please reconcile these discrepancies. Additionally, verify the total in Exhibit 4-2 (CFP p. 41), which currently calculates to \$1.703B.	2026-05-27	SPW Staff	Typographical errors have been corrected.

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Comment #	Plan Section	Comment	Date	Originator	Response
41	General	Future Phases of the TCTL, expanded facilities or capacity beyond current conditions should be tracked and all relevant staff and capital costs assigned to members who will receive additional benefits.	2026-05-27	SPW Staff	Cascade will track costs and allocate expenses consistent with the requirements of JMUSA and Cascade Code.
42	2.0 Financial Standards for the Funding Plan	The capital cost escalation factor has been increased since the 1/29/2026 draft from 3.25% to 3.5%. What did you base this increase on and are you using a national or local inflation index? This is understated based upon our experience.	2026-05-27	SPW Staff	The capital cost escalation factor was increased to 3.5% per year based on discussion with the CSP team, and a range of construction cost escalation of 2.5% to 4.5% is evaluated in Section 6.0 Sensitivity Analysis. This is a forward-looking assumption, rather than a backwards-looking national or local index. As with other assumptions in the Funding Plan, our intention is that this be a moderately conservative assumptions. Historically, a 15-year rolling average for ENR's Seattle Area construction cost index has averaged 3.0%. It has ranged from 2.0% to 4.1%.
43	7.0 Recommended Strategy	The CFP should reconcile the proposed \$60 million initial bond issue to the specific 2027-2028 Supply Project costs it is intended to fund. The CFP states that the bond issue would fund two years of project development, primarily facility planning and design, with some property acquisition. However, the preliminary budget presentation identifies approximately \$45.0 million of 2027-2028 CSP costs by category. (CFP p. 63; FIG 5/19 Packet Preliminary Budget Presentation p. 103)	2026-05-27	SPW Staff	Section 7.0 updated to clarify how use of bond proceeds works in the context of Cascade's capital program.

Comment #	Plan Section	Comment	Date	Originator	Response
44	9.0 Adaptability of the Capital Funding Strategy	Generally, the CFP is a valuable baseline starting point for developing a financing strategy based upon what is currently the best available information. It should be recognized that considerable refinement of project requirements and costs will continue to evolve. We suggest revisiting/revising the CFP in greater detail in 2-3 years as the scoping becomes clearer, including documenting changing costs and conditions. With that said, we recognize that the most critical decision at this time is the rate adjustment for 2027/2028 Budget, and we respectfully refer to the CWA staff recommendation as meeting the fiscal needs for the next biennium.	2026-05-27	SPW Staff	Cascade intends to update the Funding Plan and associated rate forecast materials, as well as documenting sources of change between revisions. Anticipated updates are discussed in Section 9.0.
45	General	Considering significant increases in project costs and risks, it is crucial to identify and evaluate possible alternatives for the CSP as a whole or its individual components. By examining and adjusting these individual components through alternatives analysis, you can develop strategies that effectively mitigate costs and risks.	2026-06-26	Kirkland Staff	We agree that evaluating alternatives for how the components of the CSP are planned and delivered is essential. The Capital Funding Plan is focused on the funding and financing of the program, rather than the engineering and planning of the project components.
46	General	Developing comprehensive cost projections for future phases should be prioritized to enhance financial planning and rate setting.	2026-06-26	Kirkland Staff	The planning and decisionmaking that will be completed as part of the next few years tasks is necessary before comprehensive cost projections of the subsequent phases can be developed.
47	General	Given the cumulative effects of increasing utility rates, it is essential to adopt multi-utility financial strategies. Collaborating with various utility providers will be essential for the economic vitality of the region	2026-06-26	Kirkland Staff	Cascade recognizes the combined impact of the many utilities on affordability issues. Cascade will continue to engage in regional efforts to address utility costs and impacts.

Comment #	Plan Section	Comment	Date	Originator	Response
48	General	Strengthening contingency planning by exploring alternative funding sources can better prepare for potential shortfalls in external funding and other risks	2026-06-26	Kirkland Staff	Cascade will continue to evaluate risks and opportunities for both funding alternatives and contingencies.
49	9.0 Adaptability of the Capital Funding Strategy	Regular review and update of the funding plan should be established to ensure its effectiveness amidst changing conditions, potentially including a third-party review process.	2026-06-26	Kirkland Staff	Cascade intends to update the Funding Plan and associated rate forecast materials, as well as documenting sources of change between revisions. Section 9.0 discusses anticipated updates to the Plan.
50	General	Enhancing stakeholder communication is vital to foster transparency and keep member agencies informed and prepared regarding projected costs and funding strategies	2026-06-26	Kirkland Staff	Cascade is developing a CSP communications strategy, and will continue to provide Members with information regarding the CSP and Funding Plan. Cascade will provide regular updates to MST, MS, SPOC, and Board.
51	3.0 Potential Sources of Funding	Bellevue staff generally agree with Cascade's funding philosophy of "elements that enhance cash funding are preferred, as they reduce debt burden and improve flexibility for meeting future capital needs." Cash funding strategies will help to mitigate the rate impacts when unanticipated changes in costs and schedule occur.	2026-06-03	Bellevue Staff	This approach is consistent with Cascade's fiscal policies, including the 80% cap on debt to net assets.
52	7.0 Recommended Strategy	Because costs and schedule are uncertain at this point, we encourage Cascade to adopt a fiscally conservative rate forecast in the early phases of CFP. At this point, the one thing for which we have 100% confidence is that the cost projections in the CFP are less reliable than all of us would prefer and will become more accurate as the project moves forward. For a project of this size in its early planning phase, we need to place an appropriate level of skepticism in the cost projections/estimates and related rate impacts.	2026-06-03	Bellevue Staff	The Recommended scenario represents a moderately conservative rate path. The rate scenarios shown in Section 6.0 provide a range of outcomes, with the observation that exact probabilities cannot be assigned to the underlying cost or schedule outcomes at this stage of program definition.

Comment #	Plan Section	Comment	Date	Originator	Response
53	7.0 Recommended Strategy	As a result of this uncertainty, Bellevue staff recommend that one of the primary goals of the initial rate adjustments should focus on providing financial flexibility to pivot when major shifts occur in key assumptions of the CFP. Doing so, will hopefully help to avoid or to mitigate potential rate spikes.	2026-06-03	Bellevue Staff	Cascade staff agree with the importance of preserving flexibility when faced with high uncertainty.
54	7.0 Recommended Strategy	Even though the annual rate adjustments within the recommended funding strategy are based on early projections/estimates for the timing and cost of executing Phase I, member agencies are using these rate adjustments to set near-term retail rate adjustments. At this early phase in the CSP, having confidence in the ceiling of near-term rate increases may be preferred to an expected rate increase that gives a perception of precision that does not exist	2026-06-03	Bellevue Staff	The Recommended scenario represents a moderately conservative rate path. The rate scenarios shown in Section 6.0 provide a range of outcomes, with the observation that exact probabilities cannot be assigned to the underlying cost or schedule outcomes at this stage of program definition.
55	3.0 Potential Sources of Funding	WIFIA Funding Assumptions: The financial assumptions used to model WIFIA loan repayment appear to be very similar to the assumptions used to model revenue bond repayment (e.g., 4.5% annual interest rate, 30-year maturity for revenue bonds versus 32-year maturity for WIFIA). Can Cascade staff speak to the financial assumptions for WIFIA loans that make it a financially attractive alternative to traditional revenue bonds as modeled in the CFP (e.g., debt shaping, principal deferral)?	2026-06-03	Bellevue Staff	There are a few key benefits of the WIFIA loan - some of which are captured in the financial forecasts, and some which have not been modeled for the sake of conservatism: * Principal deferral during construction is the primary benefit. Interest can also be deferred during construction, but we have elected not to. * Interest accrues only as draws are made, rather than on the lump sum amount, in the way revenue bonds do. * Repayment can be delayed up to 5 years after completion. We have assumed repayment begins in 2040, so that the full debt burden is shown in the forecast period shown in the Funding Plan. * Not modeled, but significantly more flexibility than bonds, including the ability to reset interest rate during construction, penalty free pre-payment without a call period, and flexible restructuring.

Cascade Capital Funding Plan - Comment Log

Comment #	Plan Section	Comment	Date	Originator	Response
56	3.0 Potential Sources of Funding	•WIFIA Application vs Acceptance of Award: Bellevue staff recommend the recommended funding strategy emphasize that the board would direct Cascade staff to pursue (apply for) WIFIA assistance. Acceptance of an eventual WIFIA award would be a separate action considered by the Board. Delineating these two policy actions may help to mitigate potential concerns that applying for a WIFIA loan obligates the Board to accept the WIFIA loan at the assumed financing terms within the CFP. oPage 71 alludes to the sequencing of arranging capital funding sources once a WIFIA package is secured – it may be helpful to move this detail into the executive summary.	2026-06-03	Bellevue Staff	This is correct; Board action is anticipated for both issuing of a Letter of Intent to EPA for WIFIA funding, and for ultimately accepting a loan agreement. Adoption of the Capital Funding Plan represents support for the steps necessary to prepare for those actions, but does not preempt those subsequent Board actions.

Comment #	Plan Section	Comment	Date	Originator	Response
57	3.0 Potential Sources of Funding	•Assumed Repayment of WIFIA Loan: Page 44 indicates that repayment of WIFIA loans is projected to begin around 2043 and continue for 32 years. Because the CFP only forecasts costs/rates through 2040, we're potentially not seeing any of the cost and rate impact of repaying the WIFIA loan in the CFP. If this is the case, then Cascade needs to provide some indication of the rate impact of securing the WIFIA loan beyond 2040 in the CFP. Otherwise, the CFP is only showing the benefits of the WIFIA program without any of the obligations tied to repayment. Board members may want a more comprehensive understanding of the financial impact of directing Cascade to pursue WIFIA funding. oThe 2027-2040 rate smoothing strategies in the CFP may address building rate capacity through 2040 to meet WIFIA loan repayment beginning in 2043, but Bellevue staff did not see any reference to that strategy in the CFP. oThe reference to 2043 in the draft report may also be outdated from previous draft version. In which case, we suggest updating the reference with up-to-date information.	2026-06-03	Bellevue Staff	This error has been corrected. The Funding Plan forecasts repayment of interest beginning in 2034, and both principal and interest in 2040.

Comment #	Plan Section	Comment	Date	Originator	Response
58	General	Debt Issuance: Based upon the anticipated sizing and frequency of future debt issuance to support CSP implementation, and the potential impact to member agency bond ratings and capacity, we expect CWA will maintain robust engagement with our bond counsel and staff to ensure transparency, ongoing alignment, and maintain effective support for our Board members.	2026-06-03	Bellevue Staff	Cascade has met with and will continue to engage with Members and Member bond counsels on this subject. No direct impacts to Members' bond ratings are anticipated at this time.
59	General	•Allocation of CFP Revenue Requirements to Member Charges: Are the projected 2027-2040 rate projections related to the revenue requirements of the CFP assigned to the demand charge basis or are they applied across-the-board to the administrative, conservation, and demand charges for each member agency? oHow will the CFP-related costs be assigned or allocated to the three charges next year and in future years of the CFP? Bellevue staff recommend that Cascade equitably allocate the CFP costs recognizing that, while most costs would likely be assigned to the demand charge, some of the additional investments to support the CFP may expand administrative and management expenses and may be more appropriately recovered from the administrative charge.	2026-06-03	Bellevue Staff	The projections of average cost per CCF presented in the Funding Plan do not reflect an allocation to specific rates. That is not meant to imply that when rates are calculated, the charges will be applied uniformly. JMUSA and Cascade Code define Cascade's rate methodology, and CSP-related costs will be recovered predominantly through the RCFC and Demand Share charge. Cascade is in the process of reviewing its procedures for cost allocation to ensure consistency with state and federal funding requirements.

Comment #	Plan Section	Comment	Date	Originator	Response
60	9.0 Adaptability of the Capital Funding Strategy	•Frequency of Updates to CFP: At a minimum, how often does Cascade anticipate updating the CFP? It seems like we have more uncertainty on cost and schedule now, so more frequent updates in the near-term may be necessary as new and impactful information becomes available.	2026-06-03	Bellevue Staff	The Funding Plan will be updated at least as frequently as each biennium. Section 9.0 discusses anticipated updates to the Plan.
61	7.0 Recommended Strategy	•Contingency Scenario for Recommended Funding Strategy: Because the recommended funding scenario is heavily influenced by a successful application for (and acceptance of) WIFIA funds, Bellevue staff recommend that Cascade consider noting in the CFP: - oThe estimated timing that Cascade anticipates a decision from the EPA for a funding; and, - oIf the application is unsuccessful for WIFIA funding or if the Board elects not to accept the WIFIA loan, the timing of subsequent board action to adjust the rate path accordingly - oWhat forecast scenario best represents a rate path that follows the recommended funding strategy, but then pivots from an unsuccessful WIFIA application to a combination of cash and revenue bonds to fund the CFP? It seems like this type of iteration is akin to a realistic contingency rate plan for awareness.	2026-06-03	Bellevue Staff	Clarification has been added to Section 7.0 and Executive Summary.
62	1.0 Introduction and Purpose	How does the high range of annual capital costs in Exhibit 1-1 of the draft capital funding plan compare to the annual capital costs assumed in last year's rate forecast, which was developed to support the wholesale agreement with Tacoma Public Utilities?	2026-02-10	Bellevue Staff	The range of capital costs for the CSP Phase I shown in Exhibit 1-2 totals \$1.13 B to \$1.35 B. The range of capital costs for CSP Phase I used to support the decision to contract with Tacoma Public Utilities was \$566 M to \$1.42 Billion. That analysis assumed costs would span from 2034 to 2040, rather than the 2026 to 2040 shown in Exhibit 1-2. Costs by year were presented at the February 17 Deep Dive.

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Comment #	Plan Section	Comment	Date	Originator	Response
63	General	- How does Cascade anticipate the proposed wholesale rate increases from 2027 to 2040 affecting: - Share of retail utilities' revenue requirements that become increasingly fixed, rather than consumption based, to pay CWA member charges? - Alignment between retail revenues to fixed/variable operating expenses?	2026-02-10	Bellevue Staff	Cascade does not have a model for each Members' revenue requirements, either current or forecasted. Members are responsible for their retail rate policy regarding fixed versus variable rates, and Cascade has no authority to dictate how Members recover those costs.
64	6.0 Sensitivity Analyses	- Using the Adverse Ensemble scenario (Scenario #4), what is the projected annual financial metrics from 2027 to 2040 for: - Debt service coverage? - Debt to operating revenues? - Days cash on hand?	2026-02-10	Bellevue Staff	This information has been provided in an appendix.
65	General	Does Cascade have benchmarking data on water supply and transmission costs as a share of retail water revenue requirements?	2026-02-10	Bellevue Staff	Cascade has requested benchmarking data on reasonably comparable peer agencies from AWWAs benchmarking staff, and will share this information when available.
66	9.0 Adaptability of the Capital Funding Strategy	What is the contemplated timeline to change the rate path if A) the Board adopts the recommended rate strategy and B) later determines that WIFIA loans are not a viable capital funding strategy?	2026-02-10	Bellevue Staff	Cascade anticipates revisiting the Capital Funding Plan at least on a biennial basis. It is not anticipated that the outcome of a WIFIA construction funding application will be known until the 2029-2030 timeframe. Section 9.0 discusses anticipated updates to the Plan.
67	Executive Summary	Section B - Consider adding the year the WSDF was established (2021).	2026-09-01	Skyway staff	Added year to Section B of Executive Summary.
68	Executive Summary	Exhibit ES-2 The legend below the table includes a "T" or "cross" symbol followed by "Tacoma Water Supply....." But there is no "T" shown in the table.	2026-09-01	Skyway staff	Corrected.
69	Executive Summary	Exhibit ES-4 - 2nd line "Aset" should be "Asset"	2026-09-01	Skyway staff	Corrected in all locations.

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Comment #	Plan Section	Comment	Date	Originator	Response
70	Executive Summary	Section E page 15, 2nd bullet: "ranging between \$9.37 per CCF and \$11.62 per CCF". \$11.62 is not shown in Exhibit ES-7. Accounting for the exceptions, it appears the upper end of the range would be \$13.20	2026-09-01	Skyway staff	Corrected values in text. Revised language reflects: "With the exception of the most conservative scenarios, and the delay scenario, the long term cost per CCF is relatively tightly grouped, ranging between \$9.37 per CCF and \$11.94 per CCF." The \$13.20 mentioned in the comment reflects one of the two most conservative scenarios.
71	Executive Summary	Section E page 15, bottom paragraph: There appears to be text missing from the phrase "in pursuing outside funding assistance. shows how the rates".	2026-09-01	Skyway staff	Text has been updated as follows: "Exhibit ES 9 shows how the rates under the Recommended Funding Strategy would need to shift to accommodate a change to revenue bond funding if WIFIA loans are not available. The exhibit shows how Cascade's rate strategy would need to change beginning in 2031, increasing to 10.25% per year rather than dropping to 8.75% per year."
72	1.0 Introduction and Purpose	Section 3D, page 27: Move the title "Exhibit 1-2. CSP Phase 1....., 2026 Costs" to the next page above the exhibit.	2026-09-01	Skyway staff	Corrected.
73	4.0 Base Scenario	Section B, Exhibit 4-3, 2nd line: "Aset" should be "Asset":	2026-09-01	Skyway staff	Corrected in all locations.
74	5.0 Funding Assistance Scenario	Section 5, page 48, Exhibit 5-2, 2nd line: "Aset" should be "Asset"	2026-09-01	Skyway staff	Corrected in all locations.
75	6.0 Sensitivity Analyses	Multiple Exhibits: "Aset" should be "Asset"	2026-09-01	Skyway staff	Corrected in all locations.
76	7.0 Recommended Strategy	Exhibits 7-1 & 7-6: "Aset" should be "Asset".	2026-09-01	Skyway staff	Corrected in all locations.
77	General	Overall, 82 pages of background, analyses, and intent, written and as concisely as could reasonably be expected for such a project.	2026-09-01	Skyway staff	Cascade appreciates the time and effort Member staff have taken in reviewing and providing feedback.

Cascade Capital Funding Plan - Comment Log

Comment #	Plan Section	Comment	Date	Originator	Response
78	General	The response to many member agency comments include a deferred response from CWA to provide the requested information. CWA should provide timeframes and a commitment to respond with the information requested by the member agencies. 18 of the member agency comments received a deferred response. 15 of the District's comments received a deferred response.	2026-09-01	SPW Staff	Comment acknowledged. Cascade will meet with Member staff to discuss.
79	9.0 Adaptability of the Capital Funding Strategy	Comments 2, 11, 12: CWA response is vague regarding triggers that would cause review and update of the CFP. Simple reference to Section 9, which does not include details or substance of the triggers, is non-responsive.	2026-09-01	SPW Staff	At a minimum, the Plan will be updated at each biennial budget cycle concurrent with adoption of Budget, Member Charges, RCFCs and Capital Improvement Plan. Additional triggers for funding plan updates may include: * Material completion of detailed Supply Project planning and updates of cost and schedule * Substantive changes to other (non-project) Cascade costs and revenues * Bond issuance * Completion of the next Cascade Water System Plan * Securing or failing to secure significant funding assistance (most significantly WIFIA) * Significant changes in Cascade membership * Other events or needs as directed by the Board
80	General	Comments 3, 7, 10, 15, 52, 54: CWA continues to describe the recommended financing scenario as "moderately conservative". The "moderately conservative" scenario is based upon optimistic assumptions regarding project costs and favorable or "contingent funding" financing which should not be assumed until validated.	2026-09-01	SPW Staff	Comment acknowledged. The "moderately conservative" scenario is more conservative than the low end of cost projections, and less conservative than scenarios in which the highest cost for every permutation is considered. The "contingent rate scenario" does not assume outside funding assistance.

Cascade Capital Funding Plan - Comment Log

Comment #	Plan Section	Comment	Date	Originator	Response
81	7.0 Recommend ed Strategy	Comment 13: CWA continues to include subjective/emotions adjectives in the CFP including “vigorously pursue funding through WIFIA”. Please clarify what “vigorously” entails, such additional staff or outside lobbying?	2026-09-01	SPW Staff	As described in the Plan, in addition to pursuing these assistance programs, Cascade should incorporate support for the continued existence and funding of these programs into its legislative agenda, and coordinate with its Members to emphasize their importance to federal and state legislators. For the 2027-2028 budget, Cascade has resources anticipated for WIFIA and other outside assistance as part of the PES contract. Resource needs beyond the 2027-2028 biennium will be evaluated as part of future biennial budget processes.
82	General	Comments 16, 36, 58: CWA has responded to the question regarding debt impact on member agency bond ratings, but has not responded to impacts on member agency debt service coverage. The member agencies’ debt service coverage ratios may be impacted since the CWA CFP debt allocation is an operating expense superior to member agency debt.	2026-09-01	SPW Staff	Comment acknowledged. Cascade does not have the information necessary to forecast its members debt service coverage, but is committed to provided whatever information it can to support Members in their financial forecasting.
83	Executive Summary	Comment 20: CWA’s response to the District’s observations related to the thoroughness of capital programming information on the CSP both in the CFP and Water System Plan (WSP), was dismissive of the concerns. Simply deleting the words “in depth” does not respond to the lack of detail and depth CWA member agencies should receive. Foundationally, capital programming related to the inception of the Supply Plan should have been included in the WSP, and initial projection of costs by member would have been relevant information to use as a touchstone when comparing to the proposed CFP.	2026-09-01	SPW Staff	The 2025 Water System Plan was developed with the best available information at the time. Cascade will continue to provide more detailed and updated information as the planning process for the CSP progresses.

Cascade Capital Funding Plan - Comment Log

Comment #	Plan Section	Comment	Date	Originator	Response
84	7.0 Recommended Strategy	Comment 22: Assumptions of WIFIA and partnership funding violate the CWA Code Section 5.70.040.B.4. which seeks to avoid funding assumptions which can not be guaranteed.	2026-09-01	SPW Staff	This is not accurate. Code calls for the plan to contemplate a wide range of future funding sources, including grants and loans. It also calls for strategies that do not rely on those sources. The Plan presents both of these.
85	6.0 Sensitivity Analyses	Comment 23: CWA has not provided the million gallon cost projection metric by member agency in neither Appendix A nor Appendix B. This is more relevant to members for fiscal planning, and would enable the CWA board to better understand the impacts of increasing cost of regional supply associated with the CFP. The CCF metric provided by CWA staff is not useful for member agency fiscal and rate planning.	2026-09-01	SPW Staff	Appendix A has been updated to provide cost projection data converted in to the requested metric. Appendix B includes cost projection information based on demand shares, a million gallons per day basis.
86	General	Comment 25: CWA staff has used the JMUSA and CWA Code to justify why it will not respond to the District's request to segregate CFP project costs transparently. There is nothing in the JMUSA or Code which precludes CWA staff from doing so. Given that the CSP represents new program costs to the members which will have a material impact on rates, we encourage establishing a fourth category of member charges tied directly back to the CSP. This will allow member agencies to better understand the direct impacts of the CSP on member charges.	2026-09-01	SPW Staff	As stated in Comment 25, Cascade is committed to providing transparent cost information. If the Board desires that Code be amended to establish a fourth charge category, Cascade staff can prepare options for considerations.

Comment #	Plan Section	Comment	Date	Originator	Response
87	General	Comments 30, 47: The CFP fails to include references and projections to future supply project phases which will have a layering affect on member charges and rates. Future phases will begin while in current phases. CWA states the layering is “immaterial” to the CFP. Expenses associated with Phase 2 are expected to begin during Phase 1, and Phase 1 costs will continue to be paid in future phases. Accordingly, assumptions regarding future phases are relevant to understanding the total financial impact on member agencies.	2026-09-01	SPW Staff	Comment 30 pertains to buildout of full treatment capacity of the Lake Tapps Reservoir, not Phase II. Cascade did not state that layering of Phase II is immaterial. As has been previously communicated, the project definition for Phase II remains conceptual, which means that establishing specific design and cost estimates is premature. While the planning and estimates for Phase II will remain conceptual until further work is completed, the Funding Plan does include assumed costs for conducting this preplanning work in the 2030s, and planning in the late 2030s. Comment 47 pertains to the overlapping impact of water, wastewater, stormwater, solid waste, and energy rates on customers. Cascade reiterates that it recognizes the combined impact of the many utilities on affordability issues, and is committed to remaining engaged on regional efforts to address utility costs and impacts.
88	General	Comment 37: It is still unclear whether the management reserve and contingency funding are duplicative. Are we in essence double funding contingencies?	2026-09-01	SPW Staff	As previously explained, the program contingency and management reserve are two separate items, with separate uses, authorization, and tracking. As described in the Cost Projection Memorandum, the 35% Contingency is based on 'known unknowns', and at this stage of program and project definition, covers both project and program level contingencies. The contingency projection was calculated on the sum of the major construction component costs, allowances for indeterminates, land costs, major permitting fees, and the project and program soft costs. The management reserve was established at 20% of the total projected CSP Phase I costs. This reserve is included to address 'unknown unknowns' and use of the management reserve is controlled by the Board.
89	General	Comment 38: CWA staff has not included capital renewal in the financing plan and refers to the JMUSA and CWA Code without identifying how capital renewal for a new costly registry of assets will be addressed within the CFP or fiscal model. Future capital renewal will impact rates.	2026-09-01	SPW Staff	As described in Comment 38, we have included capital renewal in the financial modeling supporting the Capital Funding Plan, including planning for new assets.

Cascade Capital Funding Plan - Comment Log

Comment #	Plan Section	Comment	Date	Originator	Response
90	General	Comment 49: The District supports the suggestion of obtaining a third-party review of the CFP as being in the interest of CWA member agencies.	2026-09-01	SPW Staff	Comment acknowledged.
91	General	Comment 55: The CFP does not enumerate the assumptions and benefit of the assumed WIFIA financing. The District requests CWA revisit Comment Number 10 regarding WIFIA in our May 27, 2026 letter.	2026-09-01	SPW Staff	The assumptions and benefit of the assumed WIFIA financing is described in Section 3.0 (C) 4, on Page 40. The impact of these assumptions on the overall rate strategy can be observed by comparison of the rates necessary under the Recommended Funding Strategy, and the Contingent Funding Strategy. Cascade appreciates the interest in quantifying specific costs, but requires program planning to be further advanced to be able to reasonably quantify the potential cost implications. Cascade will evaluate direct and indirect cost implications prior to bringing any WIFIA contract decisions to the Board.
92	General	Comment 59: Bellevue is beginning to suggest redirecting project costs to be included in the administrative dues. This benefits Bellevue but is not in the interest of member agencies with independent supply as administrative dues are based upon total customer CERU's and demand shares are based upon the actual supply member agencies require from CWA (i.e. the Tacoma supply). Those with independent supply don't rely 100% on CWA similar to Bellevue.	2026-09-01	SPW Staff	Comment acknowledged.
93	General	Appendix A of the latest version of the CFP includes projected impacts to each member agency. The demand share allocation calculations appear to be assigned disproportionately. Please clarify/explain the methodology and assumptions particularly as it relates to our District.	2026-09-01	SPW Staff	Projected demand shares are assigned proportionately to projected growth and projected CERUs. As described in Appendix A, these rely on assumptions regarding future growth, conservation savings, and demand behavior. Actual member charges will be set based on actual behavior as part of each biennial budget cycle, and will differ from these projections. Percentage increases for individual Members differ from projected Cascade overall rate increase due to differences in the proportion of demand shares and equivalent residential units. Cascade will meet with Member staff to discuss if desired.

Comment #	Plan Section	Comment	Date	Originator	Response
94	9.0 Adaptability of the Capital Funding Strategy	The CFP provides long term cost projections and scenarios based upon a defined set of variables (Project Costs, Demand/RCFC Growth, Debt Load, Financing Rates, Securing WIFIA, Inflation). The District encourages CWA staff to develop a dashboard system to track changes of these variables and report changes and trends no less frequently than every 6 months to enhance transparency and awareness of this significant evolving Capital Project. Additionally, significant changes in the variables should dictate the frequency of the revision of the CFP since Section 9 has not addressed timing or triggers which would require review and revision when known impacts occur.	2026-09-01	SPW Staff	Comment acknowledged.
95	General	The CFP contains capital cost projections but does not contain corresponding debt or loan issuance timeframes. The CFP lacks substance related to the timing and assumptions for project proceeds.	2026-09-01	SPW Staff	As described in the Plan, the anticipated schedule of funding activities for the Recommended Funding Strategy is as follows: * 2026: \$60.0M in Revenue Bonds * 2029: \$5.0M in Grants * 2030: \$10.0M in State Loans and \$147.0M in Revenue Bonds * 2032: \$5.0M in Grants * 2033: \$104.0M in Revenue Bonds * 2034: \$10.0M in State Loans * 2035: \$10.0M in Partner Cost-Sharing * 2036: \$236.0M in Revenue Bonds * 2039: \$115.0M in Revenue Bonds * 2033-2038: \$850.0M from WIFIA

Comment #	Plan Section	Comment	Date	Originator	Response
96		In regards to RCFCs: - o The CFP does not include projections on the revenue and appropriation of RCFC's to offset project costs or debt service. It would be of value to member agencies if Cascade would provide their long-term projections of RCFC revenues by Member Agency for 2027 through 2040. Additionally, CWA should consider tracking these projections as the project ensues. - o It is unclear whether CFP Phase I provides additional capacity. Generally, cost recovery for new supply should be incorporated in the RCFC versus allocation to Member Agencies through Demand Share. It is unclear whether CWA has considered the capital cost allocation between the RCFC and the Demand Share, and whether the CFP contains assumed increases in the RCFC for cost recovery.	2026-09-01	SPW Staff	The projected total RCFC revenues and assumed uses has been added to Appendix B. Member-specific RCFC revenues have been historically variable, and due to the pass-through nature of RCFC charges, do not represent a budget expectation or obligation on an individual Member. Due to this variability, Cascade has historically and will continue to track and report RCFC revenues consistently. Costs are not allocated between demand shares and RCFCs, as the RCFC cannot be established based on a revenue goal or target, but rather must be set based on a calculation consistent with the requirements of state law. Such a calculation has been laid out in Cascade's adopted RCFC calculation methodology. The Funding Plan assumes that Cascade will follow that RCFC calculation methodology in each biennium, as the costs that may be included in the calculation change over time, which results in projected increases to the RCFC.
97	General	In summary tables, such as Exhibits ES-7 and 6-22, the reported costs are presented in 2026 dollars. The District suggests that the projected inflated costs also be included in the summary tables to provide member agencies with a more accurate understanding of the anticipated total financial obligation, particularly because the inflated costs are used in the various sensitivity scenarios.	2026-09-01	SPW Staff	Projected year-of-expenditure costs by year based on assumed capital cost escalation have been added to Appendix B.
98	General	Multiple member agencies have requested a comparison of the CFP with the crossover point which drove the decision to contract with Tacoma vs Seattle. At multiple meetings dating back to at least June, CWA committed to providing this information, but it has not yet been received.	2026-09-01	SPW Staff	Letter discussing decision process regarding the Tacoma and Seattle contracts has been transmitted to member agencies.

AGENDA MEMORANDUM

PROPOSED BOARD ACTION

Motion to adopt Resolution No. 2026-15, adopting the 2027 - 2028 Cascade Budget.

SUMMARY OF CURRENT PROPOSED BOARD ACTION

Consideration by the Board of Cascade's 2027-2028 operating budget and 2027-2032 capital budget.

BACKGROUND

Cascade's Final 2027-2028 Budget has been developed to support Cascade's mission, vision, and values; to meet the requirements of State law and Cascade Water Alliance Code; to support Cascade's strategies and goals; and to sustain Cascade's ongoing core services. The attached budget letter provides a discussion of the elements before the Board for consideration this month, the budget development process, the components of the Capital Improvements Program and the Operating budget, staffing levels, rate drivers, Regional Capital Facilities Charges and appropriation authority.

In short at today's Board meeting, the Board will consider six related resolutions:

- the 2027 - 2028 Cascade Budget (Resolution No. 2026-15),
- the 2027 - 2028 Rates and Charges (Resolution No. 2026-16),
- the 2027 - 2028 Regional Capital Facilities Charge (Resolution No. 2026-17)
- the Capital Funding Plan (Resolution No. 2026-14),
- 2026 Bond Resolution (Resolution No. 2026-18), and
- Cascade Water Alliance Code amendments (Resolution No. 2026-13).

This agenda memorandum addresses only Resolution No. 2026-15, the other five resolutions are discussed in separate agenda memoranda.

The 2027 - 2028 Cascade Budget identifies sources and amounts of anticipated revenue, allocates revenues to Cascade's five funds, and establishes the 2027 - 2028 expenditure authority (appropriation authority). Expenditures from the funds will support Cascade's anticipated activities during 2027 and 2028. A detailed 2027 - 2028 Cascade Budget document will be published and distributed following budget adoption.

As required by [Cascade Water Alliance Code 5.55.020](#), Cascade adopts a biennial budget.

Next Steps

The next steps for this process are the development of the budget book which will include, at a minimum, the following:

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

PRIOR BOARD ACTIONS

Board Action	Date	Resolution No. (if Applicable)
A resolution establishing the Cascade Rate Stabilization Fund Management rules	11/28/2018	2018-20
A resolution adopting a budget for 2025 and a budget for 2026	09/25/2024	2024-11
A resolution amending the 2026 budget and 2025 – 2030 Capital Improvement Program	04/22/2026	2026-08

OTHER OPTIONS AND ANTICIPATED RESULTS IF THE BOARD DOES NOT APPROVE THIS ACTION

Cascade's code requires approval of a budget by Cascade's Board for each fiscal year no later than 60 days before the beginning of the fiscal year in which that budget will be in effect. If this action is not approved Cascade staff would request the Board provide additional guidance.

PROCUREMENT PROCESS

N/A

FISCAL IMPACT

The fiscal impact of the 2027- 2028 Cascade Budget is described in Attachment 2, 2027-2028 Budget Letter.

RECOMMENDED ACTION

Adopt Resolution No. 2026-15, adopting the 2027 - 2028 Cascade Budget.

ATTACHMENTS

1. [Proposed Resolution No. 2026-15.](#)
2. [2027-2028 Budget Letter.](#)



CASCADE WATER ALLIANCE
RESOLUTION NO. 2026-15

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,
A WASHINGTON MUNICIPAL CORPORATION,
PROVIDING FOR A CASCADE WATER ALLIANCE BUDGET AND
ADOPTING A BUDGET FOR 2027 AND A BUDGET FOR 2028

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

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

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

WHEREAS, Cascade staff developed preliminary proposed annual budgets for 2027 and 2028 and made presentations to the Board at its May 27, June 24, and July 22, 2026 Board meetings; and

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

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

Section 1. 2027 Budget

- A. Estimated Resources and Expenditures. The 2027 Budget estimated resources and expenditure authority of the Cascade Water Alliance is hereby adopted as follows:

Fund	2027 appropriation authority
Operating	\$73,733,420
Water Supply Development	\$19,728,504
Coverage Stabilization	\$2,755,429
Construction	\$88,483,585
Bond	\$22,796,432
Total	\$207,497,370

B. Staffing. 2027 staffing of the Cascade Water Alliance is hereby established as follows:

1. Chief Executive Officer	11. Director of Land Use
2. Chief of Staff	12. Water Efficiency Director
3. Intergovernmental & Communications Director	13. Program Executive
4. Finance Director	14. Program Planning Director
5. Economist	15. Program Design Director
6. Chief Economist	16. Program Controls Lead
7. Senior Executive Assistant	17. Communications and Outreach Manager
8. Engineering & Capital Projects Director	18. Contracts and Project Support Manager
9. Operations Director	19. Program Real Estate Lead
10. WRLTR Project Manager	20. Staff Accountant

C. Budget Document. The Chief Executive Officer and the Finance Director are hereby directed to prepare, by December 31, 2026, a final 2027 budget document to include, at a minimum, the following:

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

Section 2. 2028 Budget

A. Estimated Resources and Expenditures. The 2028 Budget estimated resources and expenditure authority of the Cascade Water Alliance is hereby adopted as follows:

<i>Fund</i>	<i>2028 appropriation authority</i>
Operating	\$69,173,536
Water Supply Development	\$17,856,070
Coverage Stabilization	\$3,551,115
Construction	\$84,687,276
Bond	\$22,828,832
Total	\$198,096,829

B. Staffing. 2028 staffing of the Cascade Water Alliance is hereby established as follows:

1. Chief Executive Officer	11. Director of Land Use
2. Chief of Staff	12. Water Efficiency Director
3. Intergovernmental & Communications Director	13. Program Executive
4. Finance Director	14. Program Planning Director
5. Economist	15. Program Design Director
6. Chief Economist	16. Program Controls Lead
7. Senior Executive Assistant	17. Communications and Outreach Manager
8. Engineering & Capital Projects Director	18. Contracts and Project Support Manager
9. Operations Director	19. Program Real Estate Lead
10. WRLTR Project Manager	20. Staff Accountant

C. Budget Document. The Chief Executive Officer and the Finance Director are hereby directed to prepare, by December 31, 2026, a final 2028 budget document to include, at a minimum, the following:

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

Section 3. 2027-2032 Capital Improvement Program.

The 2027 and 2028 budgets shall include the following Capital Improvement Program plan expenditures:

Program Area	2027	2028	2029	2030	2031	2032
Upper Conveyance	\$800,000	\$1,600,000	\$1,350,000	\$1,200,000	\$240,000	\$250,000
Lower Conveyance	2,200,000	1,770,000	2,110,000	1,650,000	1,190,000	1,230,000
Lake Tapps Reservoir	260,000	270,000	280,000	290,000	300,000	310,000
Facilities	100,000	110,000	110,000	110,000	120,000	120,000
Equipment	30,000	30,000	30,000	30,000	30,000	30,000
BIP	2,600,000	50,000	60,000	60,000	60,000	60,000
IT Infrastructure	70,000	70,000	70,000	70,000	70,000	70,000
Subtotal - Non-CSP	\$6,060,000	\$3,900,000	\$4,010,000	\$3,410,000	\$2,010,000	\$2,070,000
Capital Risk	\$600,000	\$600,000	\$700,000	\$800,000	\$900,000	\$1,000,000
Tacoma Agreements	5,955,629	6,055,488	6,156,383	6,944,870	6,973,870	6,973,870
Cascade Supply Program						
Staff	\$1,564,193	\$1,616,942	\$1,760,000	\$1,850,000	\$1,960,000	\$2,080,000
Property	5,000,000	3,560,000	560,000	560,000	560,000	560,000
Professional Svcs	9,850,000	13,100,000	24,500,000	34,180,000	44,490,000	94,380,000
Mgmt Reserve	3,030,000	7,250,000	12,500,000	12,940,000	21,430,000	22,180,000
Subtotal - CSP	\$19,444,193	\$25,526,942	\$39,320,000	\$49,530,000	\$68,440,000	\$119,200,000
Total CIP	\$32,059,822	\$36,082,430	\$50,186,383	\$60,684,870	\$78,323,870	\$129,243,870

Section 4. Fund Management Rules.

The 2027 and 2028 budgets include the following Fund Management Rules:

Fund / Purpose	Target (2027)	Minimum (2027)	Maximum (2027)	Causes of Deviation	Response to Replenish Deficiency	Response to Draw Down Surplus
Operating	\$6,595,000	\$6,045,000	\$9,345,000			
<i>Reserve to provide cash flow liquidity and cushion against budget deviation</i>	50 days of budgeted operating expense plus funding for accruals for major cyclical expenses such as sediment removal and system plans.	45 days of budgeted operating expense plus funding for accruals for major cyclical expenses such as sediment removal and system plans.	75 days of budgeted operating expense plus funding for accruals for major cyclical expenses such as sediment removal and system plans.	1) variations in revenues, expenses, or transfers; or 2) rate smoothing	Continue rate planning to target fund balance, contingent on 5-year rate smoothing (maximum of 5 years to recover).	Budgeted transfers to construction fund, contingent on requirements for projected 5-year rate smoothing.
Coverage Stabilization	\$5,311,000	\$2,695,000	\$5,311,000			
<i>Reserve to provide source of revenues to offset significant budget deviation and satisfy cash flow, coverage requirements</i>	Greater of: 1) 5% of budgeted operating revenues; or 2) 500 CERUs at Current RCFC Rate	Lesser of: 1) 5% of budgeted operating revenues; or 2) 500 CERUs at Current RCFC Rate	Greater of: 1) 5% of budgeted operating revenues; or 2) 500 CERUs at Current RCFC Rate	1) Fund earnings, 2) Use of Fund, 3) Delayed or reduced transfers in to fund	Continue rate planning to target 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)
Construction	\$12,816,000	\$6,055,488				
<i>CIP Funding, repository for bond proceeds until expended on projects, and CSP management reserve account</i>	No specific target for CIP funding except to provide adequate funds for ongoing construction projects and obligations. Target for management reserve account balance based on CIP.	January capital payment due to Tacoma.	Long-term CIP funding needs as determined by Board	1) Project costs in excess of budget, 2) Delay in bond proceeds, lower than budgeted RCFC revenues, or shortfalls in other planned funding sources	1) Transfer from WSDF, Operating, or other funds, 2) Debt issuance, 3) Defer planned CIP	1) Transfer to other funds including WSDF, 2) Debt retirement, 3) Reduce capital funding from RCFC
Bond Fund: Reserve Account	\$3,023,600	\$2,953,350	\$3,023,600			
<i>Comply with bond covenants and provide a safeguard against shortfall when payments are due</i>	Greater of maximum annual debt service requiring reserve and pool plus investments	Maximum annual debt service requiring reserve	Greater of maximum annual debt service requiring reserve and pool plus investments	Deficit in bond repayment draws down reserve account	Immediate transfer from Operating Fund	Transfer to Bond Fund Debt Service Account

Fund / Purpose	Target (2027)	Minimum (2027)	Maximum (2027)	Causes of Deviation	Response to Replenish Deficiency	Response to Draw Down Surplus
Bond Fund: Debt Service Account	\$6,838,985	\$6,838,985	\$6,838,985			
<i>Accumulate funds for scheduled bond principal and interest payments</i>	Accrued principal and interest on outstanding bonds at year end.	Accrued principal and interest on outstanding bonds at year end.	Accrued principal and interest on outstanding bonds at year end.	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
Water Supply Development	\$17,000,000	\$17,000,000	\$17,000,000			
<i>Accumulate funds for major water supply projects to moderate rate impacts and meet debt/equity policies</i>	Determined by capital funding strategy for water supply projects.	Determined by capital funding strategy for water supply projects.	Determined by capital funding strategy for water 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 consistent with CWAC.

Section 5. Effect. This Resolution shall be in full force and effect on the date of its adoption.

ADOPTED AND APPROVED by the Board of Directors of the Cascade Water Alliance at a special meeting thereof, held on the 23rd day of September 2026.

CASCADE WATER ALLIANCE

Angela Birney, Chair

Attest – John Taylor, CEO

Tom McLeod, Vice Chair

Dave Hamilton, Secretary/Treasurer

Members

Yes _____

No _____

Demand Share

Yes _____%

No _____%

Include in CWAC?

_____ Yes

 X No



MEMORANDUM

DATE: September 23, 2026

TO: Cascade Board of Directors

FROM: John Taylor, Chief Executive Officer

SUBJECT: Proposed 2027-2028 Budget and Rates

I am pleased to present the 2027-2028 Cascade Water Alliance (“Cascade”) budget and rate proposals. The budget and rates support Cascade’s mission of delivering safe, reliable, and clean water in a cost-effective and environmentally responsible way to its Members.

The budget and rates development process for this biennium was more complex than in previous years, due to the initiation of Phase I of the Cascade Supply Program (“CSP”). Phase I will implement the Board-approved supply contracts with Tacoma by connecting the Cascade and Tacoma systems, allowing Cascade to begin receiving Tacoma water in 2041. This investment will provide a more resilient water future for Cascade’s Members for generations to come. It also continues to be the most cost-effective long-term supply option currently available to Cascade.

As the Board is aware, the evolution of the Phase I scope and the updated preplanning cost projections results in higher rate increases than what was projected in the last biennium. Cascade is proposing a moderately conservative system-wide rate increase of 9.5% for 2027 and 2028 to mitigate uncertainty. The rate increases translate to a \$0.33 per CCF increase in 2027 and an additional \$0.35 CCF increase in 2028. Regional capital facility charges (“RCFCs”) are proposed to increase by 20% in 2027 and 2028.

A number of interrelated elements were developed, reviewed, and ultimately brought to the Board for approval as part of this budget and rates process:

- **Capital Funding Plan.** This plan defines the long-term funding strategy and rate plan to support Cascade in general and in the delivery of Phase I of the CSP specifically. Phase I includes the costs of a transmission pipeline and other facilities to connect Cascade’s and Tacoma’s systems and covers the period from 2027 to 2040. The plan informed the CSP component of the Capital Improvement Program budget, and its long-term rate smoothing strategy informed the 2027-2028 rates.
- **2027-2032 Capital Improvement Program (“CIP”) Budget.** The CIP budget represents the cash needs for Cascade’s planned capital projects for the upcoming six-year period. This includes the CSP, projects associated with Cascade’s existing infrastructure, and fixed capital payments.

- **2027-2028 Operations and Maintenance (“O&M”) Budget.** The two-year O&M budget represents the expenditures needed to sustain core services, new Board-approved activities, and indirect support services. It supports the capital budget through planned debt service for capital projects and through transfers for cash funding of the capital budget.
- **2027-2028 Rates.** The 2027-2028 rates are made up of the administrative, conservation, and demand charges that Members will be assessed based on Cascade’s adopted rate methodology. The rates are set at the level necessary to support the O&M and CIP budgets and are informed by the rate smoothing strategy established in the Capital Funding Plan.
- **2027-2028 Regional Capital Facilities Charges (“RCFCs”).** RCFCs are pass-through charges on new development to ensure growth pays for a proportional share of the cost of infrastructure necessary to serve growth. The RCFC cost is determined based on both existing and future capital system costs per Cascade Equivalent Residential Unit (“CERU”).

Budget and Rates Development Process

As in prior years, Cascade staff developed the preliminary budget with a zero-based approach, using the Strategic Plan, ongoing core services, and recent Board decisions (such as the new supply contracts with Tacoma) as a guide for the Board’s priorities.

The 2027-2028 budget and rate proposals were also informed by the Capital Funding Plan. For projects on the scale of the CSP, Cascade code requires Board adoption of a Capital Funding Plan to fulfill capital funding needs while satisfying applicable fiscal policies, mitigating risks, and limiting rate impacts on Members and their customers. As noted earlier, the Capital Funding Plan informed the CSP component of the 2027-2032 CIP budget, the debt service component of the 2027-2028 O&M budget, the cost of the 2027-2028 RCFCs, and the 2027-2028 rates.

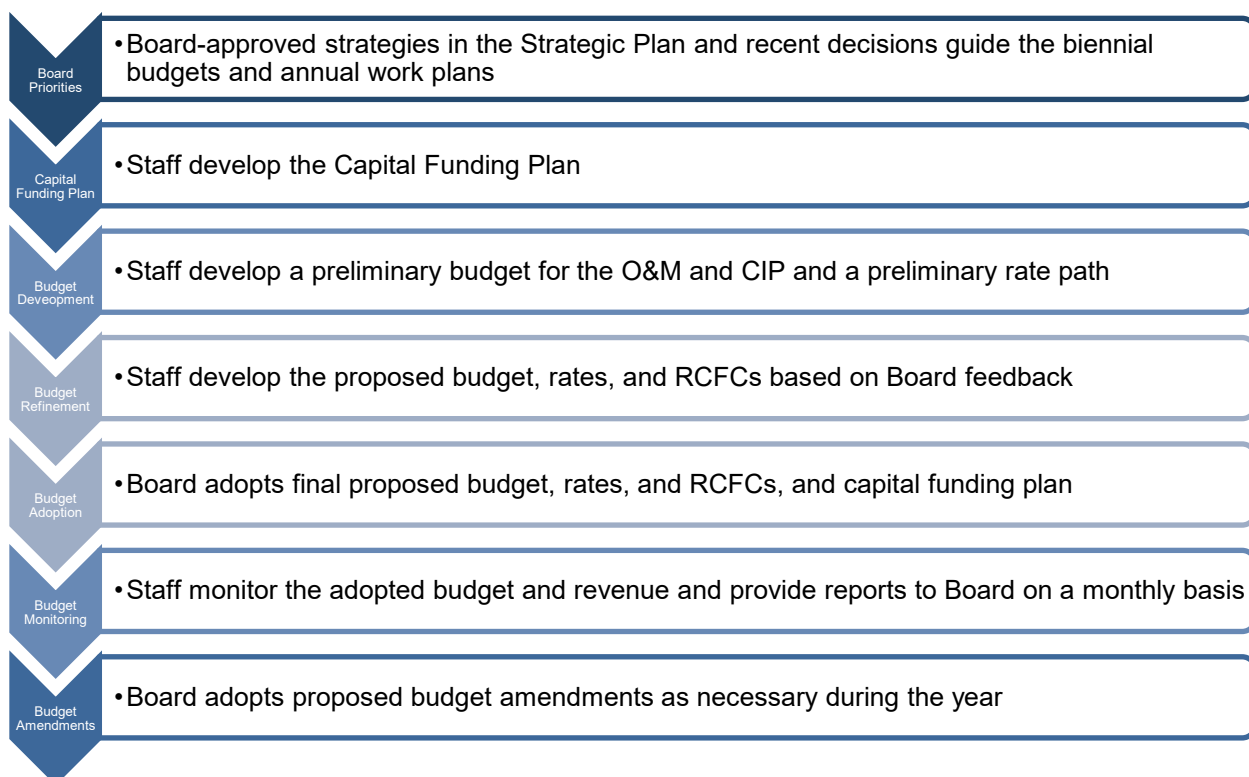
The engagement process for the Capital Funding Plan has been extensive. A draft plan was distributed to Member staff in January, and revised drafts were distributed to the Board and Member staff in May and July. The Finance and Intergovernmental (“FIG”) Committee and the Board considered matters related to the Capital Funding Plan at their March, May, and July meetings.

Cascade’s 2027-2028 budget process commenced in January, with an initial briefing to the FIG Committee. The preliminary budget was presented to the FIG Committee and Board in May. After receiving feedback on the preliminary budget from the Board, Committees, and Member staff, Cascade staff developed the proposed budget. The proposed budget was presented to the Board, FIG Committee, and Member staff in June, and further feedback was incorporated and presented as a draft final budget in July. The final budget incorporates the feedback received and

reflects the best estimate of the resources and expenditures necessary to meet Cascade's needs in the biennium.

Figure 1 below provides a summary of the budget and rates development process and budget monitoring process.

Figure 1. Budget Process Summary



2027-2032 Capital Improvement Program Budget and Funding

Cascade's proposed six-year CIP budget is largely driven by Phase I of the CSP. **Figure 2** shows the annual CIP for the three major program groups – the CSP, non-CSP programs (primarily projects for the White River-Lake Tapps Reservoir), and payments for the Tacoma supply agreements.

Figure 2. 2027-2032 Proposed CIP Budget by Major Program Group

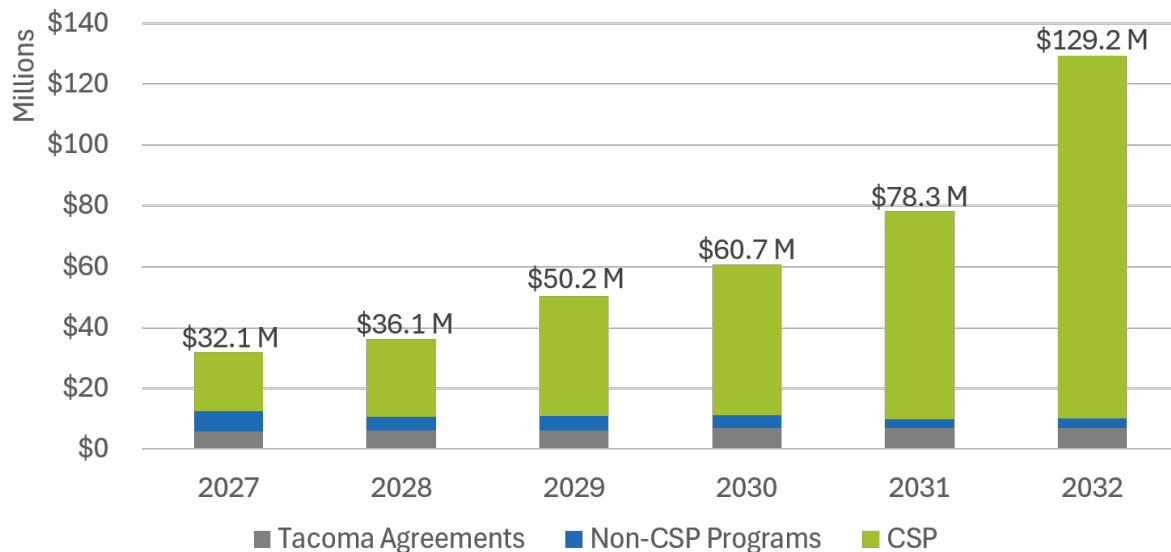


Table 1 provides more detailed information on the CIP budget. Several items are worth noting:

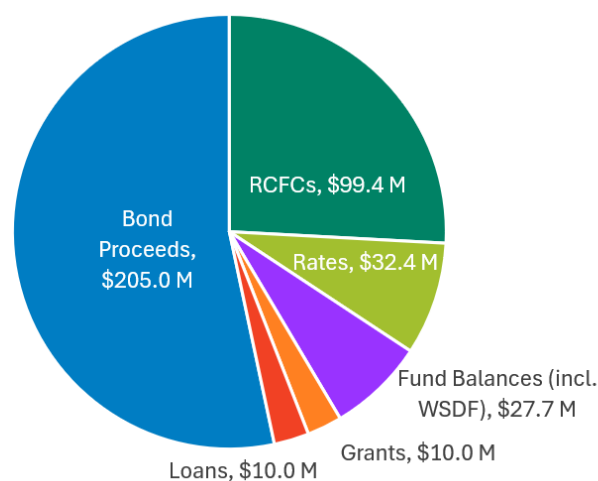
- **Upper Conveyance:** In 2027-2028, replacing the 6-foot valve in the Wolslegal Basin is a high priority. The valve controls outflow from Wolslegal Basin into the White River and is a necessary outlet for draining the upper flowline for flood control and maintenance activities. Cost in 2027 and 2028 is estimated at \$1.5 million.
- **Lower Conveyance:** In 2027-2028, replacing the Tunnel Intake facility is a top priority. The Tunnel Intake facility is the only significant outlet for the Lake Tapps Reservoir, and its control valve is currently inoperable. Cascade is temporarily controlling flow via the Forebay valve. Cost in 2027 and 2028 is estimated at \$2.25 million.
- **Bellevue-Issaquah Pipeline (“BIP”):** \$2.6 million is budgeted in 2027 for construction of the Lewis Creek BIP Relocation project. This project is being driven by the Washington State Department of Transportation.
- **Capital Risk:** Cascade’s Code 5.05.030 (D) requires funding for contingencies to provide for as-yet unidentified capital needs. \$600,000 is budgeted in 2027 and 2028.
- **Cascade Supply Program:**
 - The professional services budget steps up significantly in 2029 when Cascade anticipates commencing design work. The next big increase occurs in 2032 when Cascade expects to begin construction.
 - The management reserves budget is controlled by the Board and can only be used when approved by the Board.

Table 1. 2027-2032 Proposed CIP Budget by Program Area

Program Area	2027	2028	2029	2030	2031	2032
Upper Conveyance	\$800,000	\$1,600,000	\$1,350,000	\$1,200,000	\$240,000	\$250,000
Lower Conveyance	2,200,000	1,770,000	2,110,000	1,650,000	1,190,000	1,230,000
Lake Tapps Reservoir	260,000	270,000	280,000	290,000	300,000	310,000
Facilities	100,000	110,000	110,000	110,000	120,000	120,000
Equipment	30,000	30,000	30,000	30,000	30,000	30,000
BIP	2,600,000	50,000	60,000	60,000	60,000	60,000
IT Infrastructure	70,000	70,000	70,000	70,000	70,000	70,000
Subtotal - Non-CSP	\$6,060,000	\$3,900,000	\$4,010,000	\$3,410,000	\$2,010,000	\$2,070,000
Capital Risk	\$600,000	\$600,000	\$700,000	\$800,000	\$900,000	\$1,000,000
Tacoma Agreements	5,955,629	6,055,488	6,156,383	6,944,870	6,973,870	6,973,870
Cascade Supply Program						
Staff	\$1,564,193	\$1,616,942	\$1,760,000	\$1,850,000	\$1,960,000	\$2,080,000
Property	5,000,000	3,560,000	560,000	560,000	560,000	560,000
Professional Svcs	9,850,000	13,100,000	24,500,000	34,180,000	44,490,000	94,380,000
Mgmt Reserve	3,030,000	7,250,000	12,500,000	12,940,000	21,430,000	22,180,000
Subtotal - CSP	\$19,444,193	\$25,526,942	\$39,320,000	\$49,530,000	\$68,440,000	\$119,200,000
Total CIP	\$32,059,822	\$36,082,430	\$50,186,383	\$60,684,870	\$78,323,870	\$129,243,870

The CIP is funded by a balanced mix of sources, as shown in **Figure 3**. For the six-year period, nearly half the funding is expected to come from bond proceeds, with bond issuances planned for 2026 and 2030. RCFC revenue and rate revenue from Member charges comprise the next largest portion followed by loans, grants, and fund balances (including the Water Supply Development Fund or “WSDF”). With respect to loans and grants, Cascade has identified contingent strategies if the \$20 million in these funding sources is not achieved.

Figure 3. 2027-2032 CIP Funding Sources



2027-2028 Operations and Maintenance Budget and Funding

About half of Cascade’s proposed 2027-2028 O&M budget is comprised of purchased water costs, primarily contracted payments to Seattle, as shown in **Figure 4**. Debt service is the next biggest component. The debt service amount shown below reflects Cascade’s current assumptions about the size of and interest rate for the 2026 bond, which may change when the bond is issued later in 2026. Operations is the next largest portion, which is the cost of operating Cascade’s existing infrastructure, as well as non-CSP planning and engineering. The Administration budget includes the management, communications, finance, administrative, and other indirect functions of the organization. The smallest component is Cascade’s conservation (or water efficiency) program.

Figure 4. Proposed 2027-2028 O&M Budget by Department

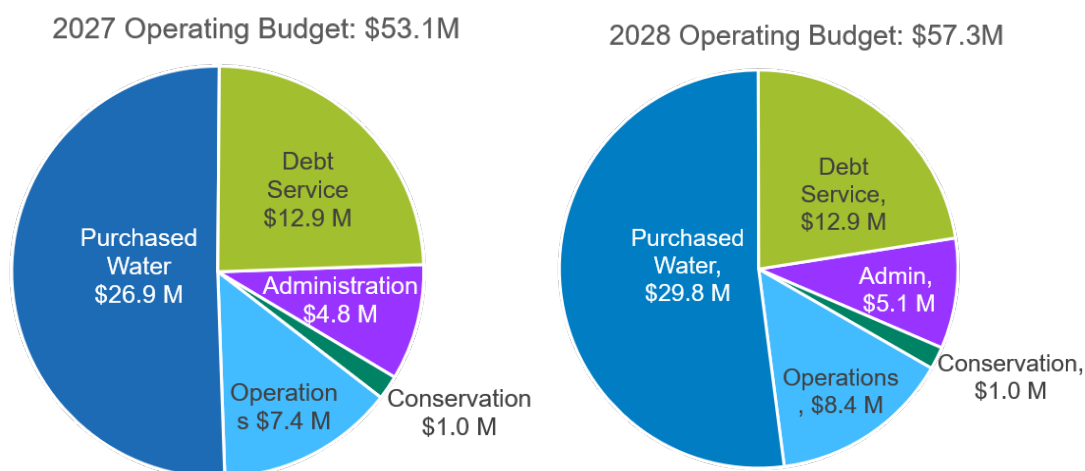


Table 2 summarizes the changes between the 2026 amended budget and 2027 proposed budget and between 2027 and 2028. The largest changes include the following items:

- **Administration:** A new accounting position is being added to support Cascade’s growing financial workload. The legal services budget is increasing due to the loss of in-house general counsel.
- **Conservation:** The conservation program has been re-baselined to align the budget with the cost of contracted services. The budget also includes sales tax – a recent requirement applied to certain vendor services.
- **Operations:**
 - In 2027, Cascade will implement a new long-term contract for the operations and maintenance of the White River-Lake Tapps Reservoir (“WRLTR”) system. Since the contract payments are still being negotiated, Cascade built contingency into both 2027 and 2028. The 2027 increase for the new contract is largely offset by savings from streamlining and prioritizing other maintenance activities.
 - In 2028, a larger amount is allocated to perform condition assessments on some of Cascade’s aging, critical assets at WRLTR.

- **Cascade Supply Program:** All planned expenditures for the CSP are budgeted in the CIP.
- **Purchased Water:** Purchased water costs in 2028 increase significantly due to cost increases in Seattle's water supply operations, a portion of which is allocated to Cascade under the supply contract with Seattle.
- **Debt Service:** As noted earlier, Cascade plans to issue bonds in 2026, resulting in higher debt service payments in 2027 and 2028.

Table 2. Proposed 2027-2028 O&M Budget by Department

	<i>Amended</i>	<i>Proposed</i>	<i>Proposed</i>	<i>% Increase</i>	<i>% Increase</i>
Department	2026	2027	2028	2027	2028
Administration	\$4,289,292	\$4,842,078	\$5,135,728	12.9%	6.1%
Conservation	\$831,853	\$1,008,340	\$1,048,646	21.2%	4.0%
Operations	\$7,405,711	\$7,420,089	\$8,384,721	0.2%	13.0%
Cascade Supply Program	\$197,804				
Purchased Water	\$25,648,897	\$26,884,718	\$29,776,974	4.8%	10.8%
Debt Service	\$9,224,531	\$12,904,634	\$12,899,234	39.9%	0.0%
	\$47,598,088	\$53,059,859	\$57,245,303	11.5%	7.9%

The O&M budget is primarily funded through rate revenue (Member charges), as described in the 2027-2028 Revenue section.

2027-2028 Staffing Levels

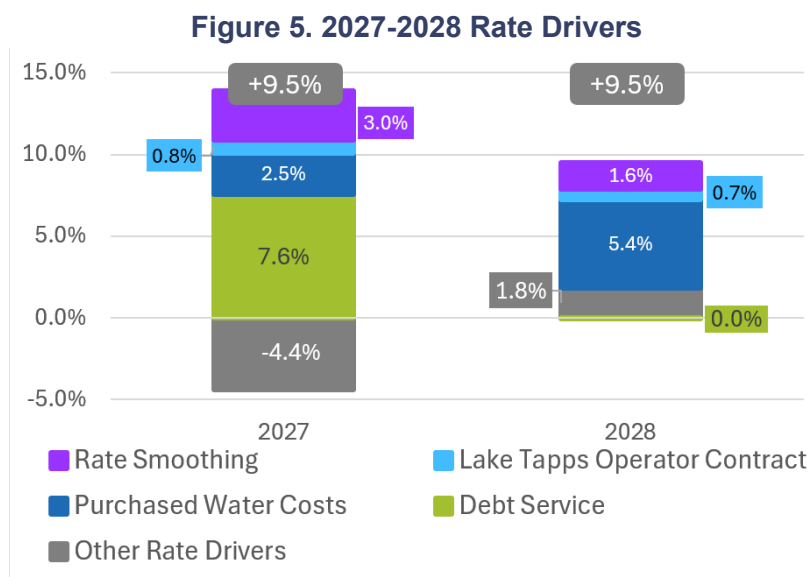
Cascade proposes to add two new staff in 2027 to deliver the O&M and CIP work. The first is an accounting position to support Cascade's growing financial work. The second is a real estate lead position for the CSP to support property acquisition activities for the program.

Table 3. 2027-2028 Position Count

	<i>Amended</i>	<i>Proposed</i>	<i>Proposed</i>
Department	2026	2027	2028
Operating Staff			
Administration	6	7	7
Conservation	1	1	1
Operations	5	5	5
Subtotal - Operating Staff	12	13	13
Capital Staff			
Cascade Supply Program	5	6	6
Subtotal - Capital Staff	5	6	6
Total - Cascade Staff	17	19	19

2027-2028 Rate Drivers

Based on the Capital Funding Plan's long-term funding strategy, Cascade's proposed system-wide rate increase is 9.5% in 2027 and in 2028. As noted earlier, these moderately conservative rates are higher than the rate increases that were projected in the last biennium. This is largely due to updated scope and cost projections for Phase I of the CSP. The main rate driver in 2027 is new debt service, paying for Cascade's capital program through a bond issuance. This is offset by cost savings in operations and reductions in planned transfers from Operating to the WSDF. The impact of this is front-loaded in 2027, while the 2028 rate increase primarily goes toward increased Seattle purchased water costs. Rate smoothing in 2027 and 2028 will level out future rate increases beyond this biennium. **Figure 5** presents the rate drivers in 2027 and 2028.



2027-2028 Revenue

Cascade's authorized estimated revenues, both operating and non-operating, for 2027 and 2028 are shown in **Table 4** below. Administrative dues, conservation charges, and demand share charges ("Member charges") total \$53.4 million in 2027 and \$58.5 million in 2028, reflecting the rate increases of 9.5% per year. RCFC increases are based on the proposed increase in the RCFC rate per Cascade Equivalent Residential Unit ("CERU"), and do not reflect any change in the assumed level of growth in Cascade Members' service areas. Other revenues for both operating and non-operating are predominantly made up of interest earnings.

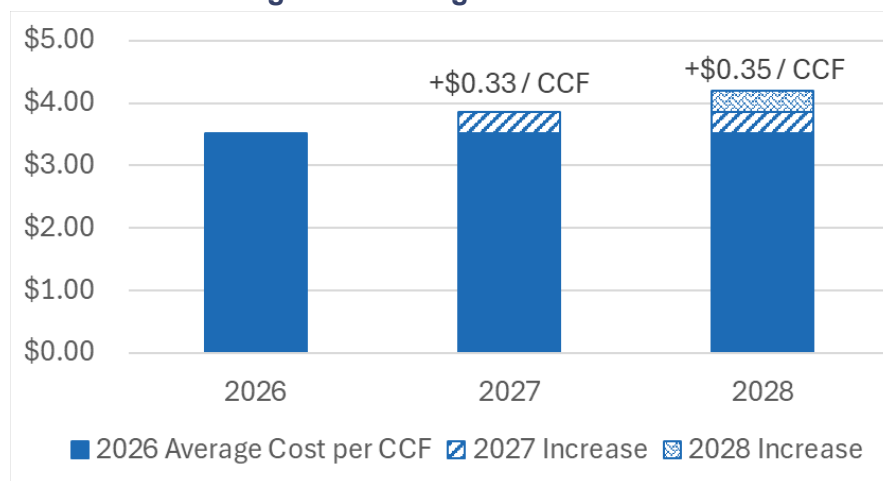
Table 4. 2027-2028 Operating & Non-Operating Revenue

	<i>Adopted</i>	<i>Proposed</i>	<i>Proposed</i>
Revenue	2026	2027	2028
Other Op Revenue	\$1,554,273	\$1,669,834	\$1,365,399
Admin Dues	\$4,366,139	\$4,806,762	\$5,223,147
Conservation Charges	\$833,390	\$1,008,339	\$1,048,647
Demand Share Charges	\$43,575,333	\$47,593,372	\$52,210,485
Subtotal - Operating Revenue	\$50,329,135	\$55,078,307	\$59,847,678
RCFCs	\$10,434,552	\$12,470,462	\$14,913,555
Other Non-Op Revenue	\$1,592,905	\$3,255,021	\$3,066,226
Subtotal - Non-Operating Revenue	\$12,027,457	\$15,725,483	\$17,979,781
Total Revenue	\$60,802,319	\$69,133,956	\$76,462,060

2027-2028 Rates and Member Charges

Cascade's system-wide rate increase of 9.5% in 2027 and 2028 translates to a \$0.33 per CCF¹ increase in 2027 and an additional \$0.35 per CCF increase in 2028, as shown in **Figure 6**. The typical household use Cascade's service area is between five and eight CCF per month.

Figure 6. Average Cost of Water



The rate increases and exact cost per CCF varies for each of Cascade's Members, based on the apportionment of charges which are based on Members' actual water demand behavior and total connections. Members are charged administrative, conservation, and demand share dues. Administrative and conservation charges are based on CERUs, and demand share charges are

¹ CCF is a centum cubic foot, or 100-cubic feet of water, equal to 748 gallons. This is the most common unit used for water billing.

based on each Member's percentage share of overall demand. **Table 5** shows Member charges for 2027 and 2028.

Members whose percentage increase is higher than the Cascade system average of 9.5% had growth in their demands at a faster rate than other Cascade Members. The customer counts, actual demand behavior, and calculation of charges by Member for 2027-2028 are discussed in detail in the *Final Derivation of 2027-2028 Member Charges*, dated September 8, 2026.

Table 5. 2027-2028 Member Charges

2027 Member Charges

Member	Admin Dues	Conserv. Charges	Demand Share	Total	% Increase over 2026	2026 True-Up (50%)	Total Payments	% w/ True-Up
Bellevue	\$1,897,293	\$398,005	\$24,048,629	\$26,343,927	8.51%	(\$76,407)	\$26,267,520	9.19%
Issaquah	403,794	84,706	2,286,319	2,774,819	12.48%	100,591	2,875,410	16.20%
Issaquah Temporary			217,819	217,819	4.29%	(12,980)	204,839	4.22%
Kirkland	569,805	119,531	6,741,365	7,430,701	6.01%	(67,452)	7,363,249	5.26%
Redmond City	814,524	170,867	7,472,873	8,458,264	11.58%	6,529	8,464,793	8.17%
Redmond Novelty Hill	119,534	25,075	1,540,905	1,685,514	11.56%	(3,665)	1,681,849	11.02%
Sammamish Plat Water	666,978	139,915	1,616,867	2,423,760	9.79%	9,802	2,433,562	9.99%
Skyway WSD	105,916	22,219	477,066	605,201	12.10%	4,626	609,827	14.44%
Tukwila	228,918	48,021	3,191,529	3,468,468	16.67%	38,955	3,507,423	18.24%
Total	\$4,806,762	\$1,008,339	\$47,593,372	\$53,408,473	9.50%	(\$1)	\$53,408,472	9.50%

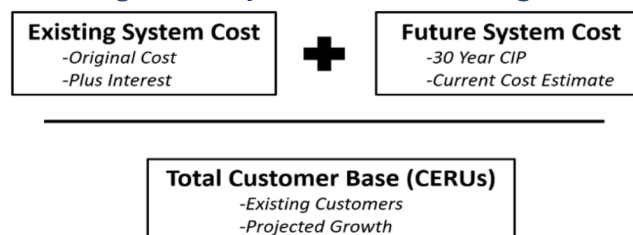
2028 Member Charges

Member	Admin Dues	Conserv. Charges	Demand Share	Total	% Increase over 2027	2026 True-Up (50%)	Total Payments	% w/ True-Up
Bellevue	\$2,055,171	\$412,615	\$26,275,083	\$28,742,869	9.11%	(\$76,407)	\$28,666,462	9.13%
Issaquah	443,352	89,011	2,393,303	2,925,666	5.44%	100,591	3,026,257	5.25%
Issaquah Temporary			267,569	267,569	22.84%	(12,980)	254,589	24.29%
Kirkland	621,006	124,679	7,306,136	8,051,821	8.36%	(67,452)	7,984,369	8.44%
Redmond City	886,242	177,930	8,316,074	9,380,246	10.90%	6,529	9,386,775	10.89%
Redmond Novelty Hill	129,062	25,912	1,687,262	1,842,236	9.30%	(3,665)	1,838,571	9.32%
Sammamish Plat Water	725,634	145,685	1,860,108	2,731,427	12.69%	9,802	2,741,229	12.64%
Skyway WSD	114,648	23,018	533,947	671,613	10.97%	4,626	676,239	10.89%
Tukwila	248,032	49,797	3,571,003	3,868,832	11.54%	38,955	3,907,787	11.41%
Total	\$5,223,147	\$1,048,647	\$52,210,485	\$58,482,279	9.50%	(\$1)	\$58,482,278	9.50%

2027-2028 Regional Capital Facilities Charges

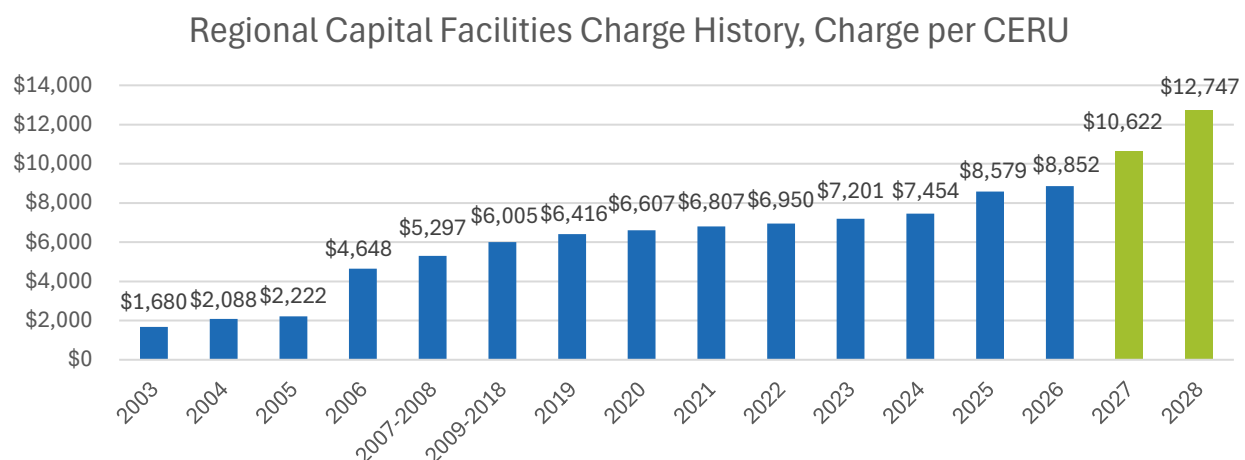
RCFCs are charges for new water connections and are based on a pro rata share of Cascade's CIP costs. RCFC revenues are used to repay debt and to fund capital projects. The methodology for calculating the RCFC was adopted by the Board and is codified as Chapter 5.24 of the Cascade Water Alliance Code.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

Figure 7. Regional Capital Facilities Charge Calculation



Based on Cascade's capital program and the above calculation, RCFCs are proposed to increase more than in recent years. Cascade is not proposing to increase RCFCs to the full required amount in 2027 or 2028. Instead, the increases will be capped at 20% per year and phased in over several years. This approach will moderate the impact of the increases while ensuring equitable cost recovery. For the 2027-2028 budget, 100% of the RCFC revenue is committed to capital expenditures.

Figure 8. Historic and Proposed Regional Capital Facilities Charges



Fund Management Rules

Cascade manages its fund balances based a comprehensive fiscal policy evaluation, with targets, minimums, and maximums for each fund established based on the fund purposes and the potential sources of variability or risk. Cascade's fund management matrix is shown in **Table 6**.

Table 6. Fund Management Matrix

Fund / Purpose	Target (2027)	Minimum (2027)	Maximum (2027)	Causes of Deviation	Response to Replenish Deficiency	Response to Draw Down Surplus
Operating	\$6,595,000	\$6,045,000	\$9,345,000			
<i>Reserve to provide cash flow liquidity and cushion against budget deviation</i>	50 days of budgeted operating expense plus funding for accruals for major cyclical expenses such as sediment removal and system plans.	45 days of budgeted operating expense plus funding for accruals for major cyclical expenses such as sediment removal and system plans.	75 days of budgeted operating expense plus funding for accruals for major cyclical expenses such as sediment removal and system plans.	1) Variations in revenues, expenses, or transfers; or 2) Rate smoothing	Continue rate planning to target fund balance, contingent on 5-year rate smoothing (maximum of 5 years to recover).	Budgeted transfers to construction fund, contingent on requirements for projected 5-year rate smoothing.
Coverage Stabilization	\$5,311,000	\$2,695,000	\$5,311,000			
<i>Reserve to provide source of revenues to offset significant budget deviation and satisfy cash flow, coverage requirements</i>	Greater of: 1) 5% of budgeted operating revenues; or 2) 500 CERUs at current RCFC rate.	Lesser of: 1) 5% of budgeted operating revenues; or 2) 500 CERUs at current RCFC rate.	Greater of: 1) 5% of budgeted operating revenues; or 2) 500 CERUs at current RCFC rate.	1) Fund earnings, 2) Use of Fund, 3) Delayed or reduced transfers in to fund	Continue rate planning to target balance, contingent on 5-year rate smoothing (maximum 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).
Construction	\$12,816,000	\$6,055,488				
<i>CIP Funding, repository for bond proceeds until expended on projects, and CSP management reserve account</i>	No specific target for CIP funding except to provide adequate funds for ongoing construction projects and obligations. Target for management reserve account balance based on CIP.	January capital payment due to Tacoma.	Long-term CIP funding needs as determined by Board.	1) Project costs in excess of budget, 2) Delay in bond proceeds, lower than budgeted RCFC revenues, or shortfalls in other planned funding sources	1) Transfer from WSDF, operating, or other funds, 2) Debt issuance, 3) Defer planned CIP	1) Transfer to other funds including WSDF, 2) Debt retirement, 3) Reduce capital funding from RCFC

Fund / Purpose	Target (2027)	Minimum (2027)	Maximum (2027)	Causes of Deviation	Response to Replenish Deficiency	Response to Draw Down Surplus
Bond Fund: Reserve Account	\$3,023,600	\$2,953,350	\$3,023,600			
<i>Comply with bond covenants and provide a safeguard against shortfall when payments are due</i>	Greater of maximum annual debt service requiring reserve and pool plus investments.	Maximum annual debt service requiring reserve.	Greater of maximum annual debt service requiring reserve and pool plus investments.	Deficit in bond repayment draws down reserve account.	Immediate transfer from Operating Fund.	Transfer to Bond Fund Debt Service Account.
Bond Fund: Debt Service Account	\$6,898,985	\$6,838,985	\$6,838,985			
<i>Accumulate funds for scheduled bond principal and interest payments</i>	Accrued principal and interest on outstanding bonds at year end.	Accrued principal and interest on outstanding bonds at year end.	Accrued principal and interest on outstanding bonds at year end.	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.
Water Supply Development	\$17,000,000	\$17,000,000	\$17,000,000			
<i>Accumulate funds for major water supply projects to moderate rate impacts and meet debt/equity policies</i>	Determined by capital funding strategy for water supply projects.	Determined by capital funding strategy for water supply projects.	Determined by capital funding strategy for water 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 consistent with CWAC.

Appropriation Authority

Appropriation authority is the legal spending level authorized by the Budget Resolution. This is the action that authorizes Cascade to expend the budgeted amounts, defined for each of Cascade's funds. For purposes of the Budget Resolution, the total appropriated amount is made up of the expenditures to be made, transfers between funds, and ending fund balance for each fund.

As required by Cascade Water Alliance Code, Cascade's 2027-2028 budget identifies sources and amounts of anticipated amounts of revenue, allocates revenues to Cascade's five funds, and establishes the 2027-2028 appropriation authority, based on expenditures, transfers, and ending fund balances. **Table 7** shows Cascade's 2027-2028 fund activity summary, based on the budget

described in the preceding sections. The Appropriation by Fund, shown in **Table 8**, is made up of the total uses described in the Fund Activity Summary.

Table 7. 2027-2028 Fund Activity Summary

Fund Activity - 2027	Operating	Water Supply Development	Coverage Stabilization	Construction	Bond
Estimated beginning balance January 1, 2027	\$18,655,114	\$18,503,585	\$2,662,250	\$60,989,663	\$8,492,385
Revenue	\$55,078,307	\$712,206	\$93,179	\$14,605,101	\$314,998
Transfers in		\$512,713		\$12,888,822	\$13,989,049
Total Resources	\$73,733,420	\$19,728,504	\$2,755,429	\$88,483,585	\$22,796,432
Expenditures	\$40,155,225			\$29,029,822	\$12,904,634
Transfers Out	\$24,233,084	\$3,030,000		\$127,500	
Ending Balance December 31, 2027	\$9,345,112	\$16,698,504	\$2,755,429	\$59,326,264	\$9,891,798
Total Uses	\$73,733,420	\$19,728,504	\$2,755,429	\$88,483,585	\$22,796,432

Fund Activity - 2028	Operating	Water Supply Development	Coverage Stabilization	Construction	Bond
Estimated beginning balance January 1, 2028	\$9,345,112	\$16,698,504	\$2,755,429	\$59,326,264	\$9,891,798
Revenue	\$59,828,425	\$640,003	\$96,440	\$16,883,924	\$361,477
Transfers in		\$517,564	\$699,246	\$8,477,088	\$12,575,557
Total Resources	\$69,173,536	\$17,856,071	\$3,551,115	\$85,430,505	\$22,828,832
Expenditures	\$44,346,069			\$28,832,430	\$12,899,234
Transfers Out	\$14,891,954	\$7,250,000		\$127,500	
Ending Balance December 31, 2028	\$9,935,513	\$10,606,071	\$3,551,115	\$55,727,345	\$9,929,598
Total Uses	\$69,173,536	\$17,856,071	\$3,551,115	\$84,687,276	\$22,828,832

Table 8. 2027-2028 Appropriation by Fund

Fund	<i>Appropriation Authority</i>	
	2027	2028
Operating	\$73,733,420	\$69,173,536
Water Supply Development	\$19,728,504	\$17,856,070
Coverage Stabilization	\$2,755,429	\$3,551,115
Construction	\$88,483,585	\$84,687,276
Bond	\$22,796,432	\$22,828,832
Total	\$207,497,370	\$198,096,829

Conclusion

Preparing the budget and rates is a difficult task. Staff and I realize that Cascade's proposed rate increases place financial pressure on your customers, especially combined with rate increases by other utilities. Managing the CSP costs, scope, and schedule are the most impactful ways Cascade can keep future rate increases as affordable as possible. Board oversight, Member staff engagement, Cascade's expert team of consultants, and risk identification and management are all key to helping to control costs during the next biennium and beyond. Going forward, Cascade will aggressively pursue external funding opportunities, partnerships, and other cost-effective supply options to defray costs.

I would like to thank the Board, Committees, and Member staff for your careful review, thoughtful engagement, and guidance throughout the budget and rates development process.

AGENDA MEMORANDUM

PROPOSED BOARD ACTION

Motion to adopt Resolution No. 2026-16, adopting the 2027 and 2028 rates and charges.

SUMMARY OF CURRENT PROPOSED BOARD ACTION

Cascade has proposed a recommended 9.5% rate increase per year for 2027 and 2028, as presented in proposed Resolution 2026-16.

BACKGROUND

Initial planning for the 2027 - 2028 Cascade Budget began in January 2026 with a review of the draft Capital Funding Plan and an update to work plans. Cascade developed an initial draft budget in May and from May to July, refined the budget by incorporating feedback from the Finance and Intergovernmental Committee, the Board, and Member staff and by including updated cost information.

At the September Board meeting, the Board will consider six related resolutions:

- the 2027 - 2028 Cascade Budget (Resolution No. 2026-15),
- the 2027 - 2028 Rates and Charges (Resolution No. 2026-16),
- the 2027 - 2028 Regional Capital Facilities Charge (Resolution No. 2026-17)
- the Capital Funding Plan (Resolution No. 2026-14),
- 2026 Bond Resolution (Resolution No. 2026-18), and
- Cascade Water Alliance Code amendments (Resolution No. 2026-13).

This agenda memorandum addresses only Resolution No. 2026-16, the other five resolutions are discussed in separate agenda memoranda.

Attachment 2 to this memorandum summarizes the 2027 and 2028 rates and charges, which are unchanged since the July 22, 2026 update. Staff still recommend an average rate increase of 9.5% for 2027 and 2028. Individual rate increases vary by Member.

The operating budget increased in 2027 and 2028 due primarily to increased debt cost. The largest driver of the proposed 2027 - 2028 rate increase is the development of the Cascade Supply Program.

Estimated historical demands and trends have been used for 2027 rates, but actual Member charges are determined by actual Member growth and water demands. A true-up of 2028 rates will occur as part of 2029-2029 rates process.

2027-2028 Rates and Charges

The 2027-2028 proposed rates and charges are as follows:

2027 Member Charges

Member	Admin Dues	Conserv. Charges	Demand Share	Total	% Increase over 2026	2026 True-Up (50%)	Total Payments	% w/ True-Up
Bellevue	\$1,897,293	\$398,005	\$24,048,630	\$26,343,928	8.51%	(\$76,407)	\$26,267,521	9.19%
Issaquah	403,794	84,706	2,286,318	2,774,818	12.48%	100,591	2,875,409	16.20%
Issaquah Temporary			217,818	217,818	4.29%	-12,980	204,838	4.22%
Kirkland	569,805	119,531	6,741,365	7,430,701	6.01%	-67,452	7,363,249	5.26%
Redmond City	814,524	170,867	7,472,873	8,458,264	11.58%	6,529	8,464,793	8.17%
Redmond Novelty Hill	119,534	25,075	1,540,905	1,685,514	11.56%	-3,665	1,681,849	11.02%
Sammamish Plat Water	666,978	139,915	1,616,867	2,423,760	9.79%	9,802	2,433,562	9.99%
Skyway WSD	105,916	22,219	477,066	605,201	12.10%	4,626	609,827	14.44%
Tukwila	228,918	48,021	3,191,529	3,468,468	16.67%	38,955	3,507,423	18.24%
Total	\$4,806,762	\$1,008,339	\$47,593,372	\$53,408,472	9.50%	(\$1)	\$53,408,471	9.50%

2028 Member Charges

Member	Admin Dues	Conserv. Charges	Demand Share	Total	% Increase over 2027	2026 True-Up (50%)	Total Payments	% w/ True-Up
Bellevue	\$2,055,171	\$412,615	\$26,275,083	\$28,742,869	9.11%	(\$76,407)	\$28,666,462	9.13%
Issaquah	443,352	89,011	2,393,303	2,925,666	5.44%	100,591	3,026,257	5.25%
Issaquah Temporary			267,569	267,569	22.84%	-12,980	254,589	24.29%
Kirkland	621,006	124,679	7,306,136	8,051,821	8.36%	-67,452	7,984,369	8.44%
Redmond City	886,242	177,930	8,316,074	9,380,246	10.90%	6,529	9,386,775	10.89%
Redmond Novelty Hill	129,062	25,912	1,687,262	1,842,236	9.30%	-3,665	1,838,571	9.32%
Sammamish Plat Water	725,634	145,685	1,860,108	2,731,427	12.69%	9,802	2,741,229	12.64%
Skyway WSD	114,648	23,018	533,947	671,613	10.97%	4,626	676,239	10.89%
Tukwila	248,032	49,797	3,571,003	3,868,832	11.54%	38,955	3,907,787	11.41%
Total	\$5,223,147	\$1,048,647	\$52,210,485	\$58,482,279	9.50%	(\$1)	\$58,482,278	9.50%

Next Steps

The Member rates are before the Board this month for consideration.

PRIOR BOARD ACTIONS

Board Action	Date	Resolution No. (if Applicable)
A resolution adopting rates and charges for the year 2025 and 2026	09/25/2024	2024-12

OTHER OPTIONS AND ANTICIPATED RESULTS IF THE BOARD DOES NOT APPROVE THIS ACTION

Cascade's code requires approval of a budget by Cascade's Board for each fiscal year no later than 60 days before the beginning of the fiscal year in which that budget will be in effect. If this action is not approved Cascade staff would request the Board provide additional guidance.

PROCUREMENT PROCESS

N/A

FISCAL IMPACT

The fiscal impact of the 2027 and 2028 rates and charges is described in the attached Resolution No. 2026-16 and in Attachment 2, Derivation of Member Charges Letter. In brief, there is a 9.5% increase in 2027 and a 9.5% increase in 2028, with the assumption that the proposed Regional Capital Facilities Charge changes are adopted.

RECOMMENDED ACTION

Adopt Resolution No. 2026-16, adopting the 2027 and 2028 rates and charges.

ATTACHMENTS

1. [Proposed Resolution Number 2026-16.](#)
2. [2027-2028 Derivation of Member Charges Letter.](#)



CASCADE WATER ALLIANCE
RESOLUTION NO. 2026-16

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER
ALLIANCE, A WASHINGTON MUNICIPAL CORPORATION, ADOPTING RATES AND
CHARGES FOR THE YEAR 2027 AND 2028

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 ("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;" and

WHEREAS, 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 2027 and 2028.

CERUs for each Member for 2027 and 2028 are as follows:

TABLE 1

Member	2027 Adopted CERUs	2028 Adopted CERUs
Bellevue	71,076.50	71,306.50
Issaquah	15,333.00	15,588.00
Kirkland	21,477.00	21,677.00
Redmond - City	30,650.00	30,885.00
Redmond - Novelty Hill	4,463.50	4,463.50
Sammamish Plateau Water	25,095.50	25,285.50
Skyway WSD	3,965.00	3,975.00
Tukwila	8,578.00	8,608.00
Total	180,638.50	181,788.50

Section 2. 2027 and 2028 Demand Shares.

Adopted demand shares for each Member for 2027 and 2028 are as follows:

TABLE 2

Member	2027 Demand Shares	2027 Demand Share percentage	2028 Demand Shares	2028 Demand Share percentage
Bellevue	19.2033	50.53%	19.1028	50.33%
Issaquah	1.8257	4.80%	1.7400	4.58%
Issaquah Temporary	0.1739	0.46%	0.1945	0.51%
Kirkland	5.3831	14.16%	5.3118	13.99%
Redmond - City	5.9672	15.70%	6.0460	15.93%
Redmond - Novelty Hill	1.2304	3.24%	1.2267	3.23%
Sammamish Plateau Water	1.2911	3.40%	1.3524	3.56%
Skyway WSD	0.3809	1.00%	0.3882	1.02%
Tukwila	2.5485	6.71%	2.5962	6.84%
Total	38.0042	100%	37.9586	100%

Except that, in accordance with the Joint Municipal Utility Services Agreement, no Member shall have a Weighted Vote of less than one.

Section 3. Summary of Member Charges.

2027 and 2028 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 2027 and 2028 at the rates of \$26.78 and \$28.91 per CERU respectively multiplied by 100% of that Member's CERUs.

The Demand Share charge for the years 2027 and 2028 shall be \$475,934 and \$522,105 respectively per Demand Share percentage.

The Conservation Program charge for the years 2027 and 2028 shall be \$5.62 and \$5.81 respectively per CERU. The charge is applicable to 100% of a Member's CERUs.

TABLE 3

2027 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	2026 True-up (50%)	Total
Bellevue	\$1,897,293	\$398,005	\$24,048,630	(\$76,407)	\$26,267,521
Issaquah	\$403,794	\$84,706	\$2,286,318	\$100,591	\$2,875,409
Issaquah - Temporary Water	\$0	\$0	\$217,818	(\$12,980)	\$204,838
Kirkland	\$569,805	\$119,531	\$6,741,365	(\$67,452)	\$7,363,249
Redmond – City	\$814,524	\$170,867	\$7,472,873	\$6,529	\$8,464,793
Redmond - Novelty Hill	\$119,534	\$25,075	\$1,540,905	(\$3,665)	\$1,681,849
Sammamish Plateau Water	\$666,978	\$139,915	\$1,616,867	\$9,802	\$2,433,562
Skyway Water & Sewer District	\$105,916	\$22,219	\$477,066	\$4,626	\$609,827
Tukwila	\$228,918	\$48,021	\$3,191,529	\$38,955	\$3,507,423
Total	\$4,806,762	\$1,008,339	\$47,593,371	(\$1)	\$53,408,471

2028 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	2026 True-up (50%)	Total
Bellevue	\$2,055,171	\$412,615	\$26,275,083	(\$76,407)	\$28,666,462
Issaquah	\$443,352	\$89,011	\$2,393,303	\$100,591	\$3,026,257
Issaquah - Temporary Water	\$0	\$0	\$267,569	(\$12,980)	\$254,589
Kirkland	\$621,006	\$124,679	\$7,306,136	(\$67,452)	\$7,984,369
Redmond - City	\$886,242	\$177,930	\$8,316,074	\$6,529	\$9,386,775
Redmond - Novelty Hill	\$129,062	\$25,912	\$1,687,262	(\$3,665)	\$1,838,571

Sammamish Plateau Water	\$725,634	\$145,685	\$1,860,108	\$9,802	\$2,741,229
Skyway Water & Sewer District	\$114,648	\$23,018	\$533,947	\$4,626	\$676,239
Tukwila	\$248,032	\$49,797	\$3,571,003	\$38,955	\$3,907,787
Total	\$5,223,147	\$1,048,647	\$52,210,485	(\$1)	\$58,482,278

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 23rd day of September 2026.

CASCADE WATER ALLIANCE

Angela Birney, Chair

Attest – John Taylor, Chief Executive Officer

Tom McLeod, Vice Chair

Dave Hamilton, Secretary/Treasurer

Members

Yes _____

No _____

Demand Share

Yes _____ %

No _____ %

Include in CWAC?

☐ Yes

☒ No


MEMORANDUM

DATE: September 8, 2026

TO: **Cascade Member Agencies**

FROM: **Andy Baker, Economist**

SUBJECT: FINAL Documentation of 2027 and 2028 Member Charges

Purpose: *This memorandum provides documentation of the basis for the Member charges for 2027 and 2028. A draft memorandum was provided to Members on May 26, 2026, in order that Members have adequate time to review both the underlying Member demand information, budget information, and their Member-specific charges. Cascade staff has incorporated all corrections and addressed other feedback received prior to development of the final proposed rates and Member charges.*

Summary:

This Memorandum documents the derivation of the 2027 and 2028 Member Charges, based on the methodology established in Cascade Water Alliance Code (CWAC), the 2027-2028 Budget, the rate strategy recommended in the Capital Funding Plan, and the Cascade Member Agencies water usage behavior and connections through 2025. The overall level of increases recommended in the Capital Funding Plan are 9.5% per year in both 2027 and 2028.

The primary driver for the rate increases in this biennium are new debt service associated with Phase I of the Cascade Supply Program and Seattle purchase water costs, as well as general inflationary pressure, costs associated with the new Lake Tapps Reservoir Contract Operations Agreement, and, in 2028, rate smoothing consistent with the recommended funding strategy.

The 2027 and 2028 Member Charges are based on member demand history. The 2027 rates are based on demand in the peak season in the years 2023, 2024, and 2025. The 2028 rates are based on 2024, 2025, and a forecast of anticipated 2026 demands and customer counts. For 2028, a reconciliation of the imposed charges, actual costs, and actual behaviors will be developed to true-up the 2028 charges. These true-ups will be calculated in 2027 once all related data are available, and applied in the 2029-2030 budget period. While these true-ups will adjust charges for individual members, they are zero-sum for Cascade, and neither increase nor decrease the total amount collected.

The same process was conducted in 2025, and the true-up amounts determined are reflected in these proposed 2027 and 2028 Member Charges. In general, the true-up amounts for the 2026 Member Charges were moderate, with the exception of Issaquah, which reflects a significant increase due to a review and update of its active meters, resulting in a net increase in their CERUs of 2.6%, and overall charges of 8.2%. Tukwila also saw a relatively high adjustment of +2.6%, due to a higher than average 2024 peak season demand.

For both 2027 and 2028, the overall increase is 9.50%, but individual Member impacts vary based on how their share of CERUs and Demand Shares has changed. Kirkland, Redmond, Sammamish Plateau Water, and Tukwila all grew in CERUs at a rate greater than the Cascade-wide average, which increases their Administrative and Conservation Charges at a rate greater than the overall average. In 2027, demand shares for Issaquah, Redmond, and Skyway increased at a greater rate than the Cascade-wide average, and Tukwila demand shares increased significantly more than the Cascade-wide average. This higher demand increases their Demand Share payments in 2027 by more than the 9.5% Cascade-wide average. In 2028, demand shares for Redmond, Sammamish Plateau Water, Skyway, and Tukwila increased at a greater rate than the Cascade-wide average. This higher demand increases their Demand Share payments in 2028 by more than the 9.5% Cascade-wide average.

Cascade Revenue Structure:

Cascade's revenue structure is established in CWAC 5.20: Rate Calculation Methodology, and in the Joint Municipal Utility Services Agreement (JMUSA) Section 4.7: Budget – Dues – Financial Management.

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

- ❖ **Annual Administrative Dues** are based on budgeted administrative costs for 2027 and 2028, and actual Cascade Equivalent Residential Units (CERUs) as of December 31, 2025. For 2028, estimated CERU counts add assumed Member CERU growth for 2026. These are based on the Cascade estimate of CERU total growth of 1,150 CERUs budgeted for 2026. This forecasted amount will be trued-up as part of the 2027 Reconciliation process. 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. Based on JMUSA 4.7, the administrative dues are limited to 9.0% of Cascade's annual revenue requirement.
- ❖ **Conservation Charges** are based on Cascade's Conservation program budget for 2027 and 2028, and, like the Administrative Dues, the applicable CERU counts for each year.
- ❖ **Demand Share Charges** recover the balance of Cascade's rate revenue requirement, reflecting both capacity-related costs such as debt service and direct capital funding, and the O&M costs not paid for by the Administrative and Conservation charges. They are based on a rolling three-year demand history of the Members' actual usage. For 2027, this is based on years 2023, 2024, and 2025. For 2028, the average uses actual data from 2024 and 2025, and a forecasted usage for 2026, based on the prior three-year average, plus forecasted change in CERU demands. Demand shares are set based on the maximum wholesale capacity required, expressed in MGD, based on the greater of annual average day demand, or peak season average day demand. Two Members, Sammamish Plateau Water and Issaquah, have been assigned minimum demand shares by the Board of 0.25 MGD, based on the level of demand necessary to maintain water quality in the Bellevue-Issaquah Pipeline. For both years, these Members exceed the adopted minimum.
- ❖ **Regional Capital Facilities Charges (RCFCs)** are charged based on reported growth in customer base. RCFCs are relatively volatile and are not relied upon for Cascade operations. For 2027 and 2028, 100% of RCFCs paid 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)

As established in the Cascade JMUSA and CWAC, the CERU is one of the key metrics that Cascade uses to equitably allocate costs to its Members. CERUs are generally comparable to 'residential equivalents' used by many water or sewer utilities, and broadly reflect equivalent usage and demands for a typical single-family home. Per Table 1 of the Cascade RCFC Methodology (CWAC 5.25.030), CERU counts are based on an inventory of water meters and flow equivalency factors established by the American Water Works Association. The 2027 charges are based on actual CERU counts reported as of December 31, 2025. The 2028 charges are based on the estimated CERU count at the end of 2026. **Exhibit 1** summarizes the calculation of 2027 and 2028 CERUs based on water meter counts as of 2025-12-31, and estimated growth by Member:

Exhibit 1. CERU Calculations for 2027 and 2028 Charges

		Water Meter Counts as of 12/31/2025 *								
Water Meter Size	Number of CERUs/ Meter	Bellevue	Issaquah	Kirkland	Redmond City	Redmond Novelty Hill	SP Water	Skyway WD	Tukwila	Total
3/4" †	1.0	31,458	6,881	11,039	11,071	3,311	16,601	3,305	1,382	85,048
1"	2.5	5,099	1,382	1,752	3,409	59	1,761	107	311	13,880
1.5"	5.0	2,545	485	558	1,410	99	781	38	333	6,249
2"	8.0	1,254	481	327	669	54	140	9	190	3,124
3"	16.0	214	40	55	82	6	27	8	39	471
4"	25.0	281	15	21	89	2	6		29	443
6"	50.0	343	3		12	1			18	377
8"	80.0	168			4				8	180
10"	115.0	11							3	14
Total - Meters		41,373	9,287	13,752	16,746	3,532	19,316	3,467	2,313	109,786
Total - 2027 CERUs		70,847	15,078	21,277	30,415	4,464	24,906	3,955	8,548	179,489
<i>Estimated Growth in 2027</i>		230	255	200	235	0	190	10	30	1,150
Total - 2028 CERUs		71,077	15,333	21,477	30,650	4,464	25,096	3,965	8,578	180,639

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

† - includes 5/8x3/4" meters

Notes to Exhibit 1:

- Section 5.25.030 (B) of the RCFC Methodology stipulates that fire sprinkler and exempt/deduct meters are not counted as CERUs because they do not increase wholesale system demand. Dedicated fire meters, when identified, are excluded entirely from the CERU calculation.
- Section 5.25.030 (C) requires Members to report total connected CERUs to Cascade on a quarterly basis for the purpose of collecting RCFCs. In administrative practice, this has transitioned to monthly reporting of net additions and removals of meters. Meters that are 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 time of the inventory.
- 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 ¾-inch meters to provide fire flow capacity. When members report combined residential domestic/fire meters, the CERU methodology stipulates that they be assigned a CERU based on an equivalent domestic meter excluding the associated fire sprinkler capacity. Absent specific documentation from the member, they have been included in Table 1 above using an assumption that each such meter is oversized one incremental size to support fire flow capacity. Note that members are requested to report both actual and equivalent sizes. RCFCs are imposed based on the equivalent size factor.
- The CERUs used for the 2028 charges will be subject to a reconciliation process once actual 2026 year-end meter counts are confirmed by Members. The true-up amounts will be applied in the 2029-2030 biennium.

Annual Administrative Dues

Administrative dues are imposed on Members to recover the various administrative costs that Cascade incurs in its day-to-day operations – examples of relevant expenses salaries and benefits of administrative personnel, office space rental, and public processes. Members pay Administrative Dues annually according to the number of reported CERUs for the prior completed fiscal year at time of budgeting.

Thus, for 2027 rates, the year-end 2025 CERU counts are used. For 2028 rates, the estimated 2026 CERU growth by Member is added to the year-end 2025 CERU counts to determine an estimated CERU count.

The Administrative Dues rate is derived for a given year by dividing that year's budgeted administrative expenses by the total number of CERUs for Cascade Members (see **Exhibit 1**). Beginning with 2021, the allocated budget has included an annual provision for accrual and use of reserves for major periodic expenses, such as the Water System Plan or other similar major costs. This feature will smooth out the cost over the 10-year update cycle. Cascade manages its operating reserve to reflect the accrual and use of these funds.

Cascade's JMUSA Article 4.7 limits the amount Cascade can collect in Annual Administrative Dues to 9.0% of the Member Charge revenue requirement. **Exhibit 2** shows the derivation of the 2027 and 2028 Administrative Dues rates.

Exhibit 3 shows the proposed 2027 and 2028 Administrative Dues for each Member, based on the Administrative Dues rate per CERU, and the applicable CERU counts by Member.

Exhibit 2. Derivation of 2027 and 2028 Administrative Dues

Administrative Expenses	Adopted 2026	2027	2028
Wages	\$1,887,354	\$2,146,086	\$2,218,124
Professional Services	526,000	553,224	673,485
Goods & Services	1,037,442	1,005,268	1,056,618
Legal Services	660,000	950,000	1,000,000
Equipment	21,000	45,000	45,000
Travel	10,000	27,500	27,500
Miscellaneous	12,000	15,000	15,000
Contingency	150,000	100,000	100,000
Accrual for Periodic Administrative Expenses	62,343	237,419	87,419
Total Administrative Expenses	\$4,366,139	\$5,079,497	\$5,223,147
<i>As percent of overall Revenue Requirement</i>	8.95%	9.51%	8.93%
Administrative Dues Revenue Cap	\$4,389,737	\$4,806,763	\$5,263,405
Applicable CERU Count	177,979	179,489	180,639
<i>Administrative Cost per CERU</i>	\$24.53	\$28.30	\$28.91
Administrative Dues Rate per CERU	\$24.53	\$26.78	\$28.91

Exhibit 3. 2027 and 2028 Administrative Dues Payments by Member

Member	Adopted 2026	Proposed 2027	Proposed 2028
Bellevue	\$1,735,799	\$1,897,293	\$2,055,171
Issaquah	359,060	403,794	443,352
Kirkland	512,053	569,805	621,006
Redmond City	735,636	814,524	886,242
Redmond Novelty Hill	109,743	119,534	129,062
Sammamish Plateau Water	609,064	666,978	725,634
Skyway WSD	96,251	105,916	114,648
Tukwila	208,533	228,918	248,032
Total Administrative Dues	\$4,366,139	\$4,806,762	\$5,223,147

Conservation Charges

Conservation Charges were introduced in 2005 as a means of recovering the costs of Cascade’s conservation program, which Cascade operates on behalf of its Members. Like Administrative Dues, Conservation Charges are imposed on Members on a CERU basis. **Exhibit 4** shows the derivation of the Conservation Charge for 2027 and 2028.

Exhibit 5 shows the 2027 and 2028 Conservation Charge payments for each Member.

Exhibit 4. Derivation of 2027 and 2028 Conservation Charges

Conservation Expenses	Adopted 2026	2027	2028
Wages	\$208,890	\$242,940	\$251,246
Goods & Services	\$220,500	\$2,000	\$2,000
Rebates	\$165,000	\$120,000	\$120,000
Professional Services	\$238,000	\$643,400	\$675,400
Legal Services	\$1,000		
Total Conservation Expenses	\$833,390	\$1,008,340	\$1,048,646
Applicable CERU Count	177,979	179,489	180,639
Conservation Charge per CERU	\$4.68	\$5.62	\$5.81

Exhibit 5. 2027 and 2028 Conservation Charge Payments by Member

Member	Adopted 2026	Proposed 2027	Proposed 2028
Bellevue	\$331.322	\$398.005	\$412.615
Issaquah	\$68.536	\$84.706	\$89.011
Kirkland	\$97.738	\$119.531	\$124.679
Redmond Citv	\$140.415	\$170.867	\$177.930
Redmond Novelty Hill	\$20.947	\$25.075	\$25.912
Sammamish Plateau Water	\$116.256	\$139.915	\$145.685
Skvav WSD	\$18.372	\$22.219	\$23.018
Tukwila	\$39.804	\$48.021	\$49.797
Total Conservation Charges	\$833.390	\$1,008.339	\$1,048.647

Demand Share Charges

The Demand Share Charge are established pursuant to CWAC Section 5.20.030. The Demand Share Charge recovers costs that are not otherwise recovered through other Member Charges or other sources of revenue, and is computed by dividing the Deman 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 2027 charges are based on data from 2023 – 2025 as the three most recently completed years. Each Member’s Demand Share is established as the greater of:

- Average Daily Demand (in million gallons per day, MGD) from Cascade during the peak season (June 1 – September 30), or
- 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 Water and Issaquah. Both are set at 0.25 MGD each, beginning in 2025. At present, both agencies exceed minimum demand shares.

Exhibit 6 provides a summary of actual wholesale water demands for the three years 2023 – 2025, and an estimated wholesale water demand for 2026. It presents 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 2026 demand is derived from the three-year rolling average for 2023-2025. This value is adjusted downward to reflect ongoing trends in per-CERU water efficiency, and then adjusted

upwards to reflect the addition of CERUs to the customer base (essentially 2 years of growth to adjust from 2024, the midpoint of the three-year average, to 2026).

Exhibit 6. Three Year History of Member Wholesale Demands 2023-2025 and 2026 Estimated Demand

<i>Annual Water Demand</i>					<i>Total CCF</i>				<i>Annualized MGD</i>			
Member	2023	2024	2025	2026 (est.)	2023	2024	2025	2026 (est.)	2023	2024	2025	2026 (est.)
Bellevue	6,961,642	6,843,478	7,025,475	6,909,218					14.27	13.99	14.40	14.16
Issaquah	816,312	898,195	670,140	673,171					1.67	1.84	1.37	1.38
Issaquah Temporary	224,450	224,450	194,977	194,977					0.46	0.46	0.40	0.40
Kirkland	1,987,965	1,887,551	1,884,345	1,957,417					4.07	3.86	3.86	4.01
Redmond City	1,833,806	2,037,974	2,193,495	2,071,245					3.76	4.17	4.50	4.24
Redmond Novelty Hill	389,474	370,847	404,895	384,531					0.80	0.76	0.83	0.79
Sammamish Plateau Water	605,235	650,519	634,161	655,000					1.24	1.33	1.30	1.34
Skyway WSD	158,483	164,691	153,457	161,315					0.32	0.34	0.31	0.33
Tukwila	962,514	973,945	996,212	974,349					1.97	1.99	2.04	2.00
Total	13,939,880	14,051,648	14,157,156	13,981,223					28.57	28.72	29.01	28.65

<i>Peak Season Water Demand</i>					<i>Total CCF</i>				<i>Annualized MGD</i>			
Member	2023	2024	2025	2026 (est.)	2023	2024	2025	2026 (est.)	2023	2024	2025	2026 (est.)
Bellevue	3,166,534	3,061,996	3,167,085	3,117,363					19.42	18.77	19.42	19.11
Issaquah	304,885	327,139	261,223	262,972					1.87	2.01	1.60	1.61
Issaquah Temporary	71,025	114,163	0	0					0.44	0.70	0.00	0.00
Kirkland	931,178	837,859	864,763	896,281					5.71	5.14	5.30	5.50
Redmond City	958,279	938,055	1,023,260	996,838					5.88	5.75	6.27	6.11
Redmond Novelty Hill	200,507	188,887	212,625	198,672					1.23	1.16	1.30	1.22
Sammamish Plateau Water	183,348	227,083	213,644	220,942					1.12	1.39	1.31	1.35
Skyway WSD	59,888	64,603	61,895	63,435					0.37	0.40	0.38	0.39
Tukwila	391,268	415,092	440,545	414,622					2.40	2.55	2.70	2.54
Total	6,266,914	6,174,877	6,245,040	6,171,125					38.43	37.86	38.29	37.84

<i>Peak Month Water Demand</i>					<i>Total CCF</i>				<i>Annualized MGD</i>			
Member	2023	2024	2025	2026 (est.)	2023	2024	2025	2026 (est.)	2023	2024	2025	2026 (est.)
Bellevue	889,978	896,956	869,052	890,335					21.48	21.64	20.97	21.48
Issaquah	120,635	140,353	108,551	109,465					2.91	3.39	2.62	2.64
Issaquah Temporary	20,626	33,153	0	0					0.50	0.80	0.00	0.00
Kirkland	257,224	244,717	229,954	252,076					6.21	5.91	5.55	6.08
Redmond City	278,019	287,909	289,186	295,017					6.71	6.95	6.98	7.12
Redmond Novelty Hill	58,414	58,574	59,948	58,979					1.41	1.41	1.45	1.42
Sammamish Plateau Water	58,315	67,798	72,254	70,608					1.41	1.64	1.74	1.70
Skyway WSD	15,964	18,168	16,615	17,492					0.39	0.44	0.40	0.42
Tukwila	102,391	114,805	119,508	113,172					2.47	2.77	2.88	2.73
Total	1,801,565	1,862,433	1,765,068	1,807,145					43.47	44.94	42.59	43.61

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 volumes, and

then allocated among those Members based on a Member-provided allocation. In that allocation, reported volumes were adjusted by the Members to align with the Seattle meter reads. Also, metered deliveries from Seattle are typically based on meter reads occurring near the 20th of each month. Peak season usage for June 1 through September 30 is pro-rated based on the days contained in each month to estimate the actual usage occurring 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. Other Member reports of production and transfers are assumed to be reported on a calendar month basis and not adjusted, unless otherwise documented by the Member. Peak month usage is informational only.

Beginning in October 2021, Issaquah began taking Temporary Water under a temporary water contract. This agreement provides a block of water at reduced cost to offset the impact of removing wells from service. Issaquah usage volumes must be adjusted to separate regular ‘full service’ and temporary demands. The discounted temporary block is provided contingent on a commensurate reduction in well production. This is audited by verifying that total Issaquah well production has correspondingly declined, as provided in the agreement. 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 2022, 2023, and 2025. Forecasted demand behavior for Issaquah in 2026 have been adjusted based on feedback from Issaquah staff advising that 2025 operational behavior represents a new normal for their demands. Temporary water deliveries and the derivation of related demand shares are documented in the **Appendix** to this report.

Exhibit 7 summarizes the 2027 and 2028 Demand Share calculations. More detailed calculations and demand history for each Member are included in the **Appendix**.

Exhibit 7. 2027 and 2028 Demand Share Calculations

Member	2026 Adopted		2026 Actual		2027 Actual		2028 Estimated	
	Demand Share	% of Total	Demand Share	% of Total	Demand Share	% of Total	Demand Share	% of Total
Bellevue	19.2384	51.0%	18.9733	50.6%	19.2033	50.5%	19.1028	50.3%
Issaquah	1.7665	4.7%	1.9182	5.1%	1.8257	4.8%	1.7400	4.6%
<i>Issaquah Temporary</i>	0.1809	0.5%	<i>0.1573</i>	<i>0.4%</i>	0.1739	0.5%	0.1945	0.5%
Kirkland	5.5434	14.7%	5.3851	14.4%	5.3831	14.2%	5.3118	14.0%
Redmond City	5.8076	15.4%	5.7743	15.4%	5.9672	15.7%	6.0460	15.9%
Redmond Novelty Hill	1.1955	3.2%	1.1810	3.2%	1.2304	3.2%	1.2267	3.2%
Sammamish Plateau Water	1.2840	3.4%	1.2957	3.5%	1.2911	3.4%	1.3524	3.6%
Skyway WSD	0.3684	1.0%	0.3734	1.0%	0.3809	1.0%	0.3882	1.0%
Tukwila	2.3600	6.3%	2.4105	6.4%	2.5485	6.7%	2.5962	6.8%
Total	37.7447	100.0%	37.4688	100.0%	38.0042	100.0%	37.9586	100.0%

Exhibit 8 presents the Demand Share Charge calculation for 2027 and 2028.

Exhibit 8. Derivation of 2027 and 2028 Demand Share Charge

	Adopted 2026	2027	2028
Total Prior-Year Member Charge Revenue Excluding RCFCs	\$47,125,469	\$48,774,860	\$53,408,473
Planned Member Charge Revenue Adjustment	3.50%	9.50%	9.50%
Planned Member Charge Revenue	\$48,774,860	\$53,408,473	\$58,482,278
Less: Administrative Dues	(\$4,366,139)	(\$4,806,762)	(\$5,223,147)
Less: Conservation Charges	(\$833,390)	(\$1,008,339)	(\$1,048,647)
Planned Demand Share Revenue	\$43,575,331	\$47,593,372	\$52,210,484
Total Demand Shares	37.7446	38.0042	37.9586
Charge per Demand Share	\$1,154,479	\$1,252,317	\$1,375,457
Charge per Percentage of Total Shares	\$435,753	\$475,934	\$522,105

Exhibit 9 shows the 2027 and 2028 Demand Share payments for each Member.

Exhibit 9. 2027 and 2028 Demand Share Charges by Member

Member	Adopted 2026	2027	2028
Bellevue	\$22,210,269	\$24,048,629	\$26,275,083
Issaquah	\$2,039,408	\$2,286,319	\$2,393,303
<i>Issaquah Temporary</i>	\$208,851	\$217,819	\$267,569
Kirkland	\$6,399,700	\$6,741,365	\$7,306,136
Redmond City	\$6,704,726	\$7,472,873	\$8,316,074
Redmond Novelty Hill	\$1,380,173	\$1,540,905	\$1,687,262
Sammamish Plateau Water	\$1,482,309	\$1,616,867	\$1,860,108
Skyway WSD	\$425,276	\$477,066	\$533,947
Tukwila	\$2,724,621	\$3,191,529	\$3,571,003
Total	\$43,575,333	\$47,593,372	\$52,210,485

Total Member Charges

Exhibit 10 presents the Total 2027 and 2028 Member Charges for each Member, including the 2026 True-Up amounts.

For both 2027 and 2028, the overall increase is 9.50%, but individual Member impacts vary based on how their share of CERUs and Demand Shares has changed. Kirkland, Redmond, Sammamish Plateau Water, and Tukwila all grew in CERUs at a rate greater than the Cascade-wide average, which increases their Administrative and Conservation Charges at a rate greater than the overall average. In 2027, demand shares for Issaquah, Redmond, and Skyway increased at a greater rate than the Cascade-wide average, and Tukwila demand shares increased significantly more than the Cascade-wide average. This higher demand increases their Demand Share payments in 2027 by more than the 9.5% Cascade-wide average.

In 2028, demand shares for Redmond, Sammamish Plateau Water, Skyway, and Tukwila increased at a greater rate than the Cascade-wide average. This higher demand increases their Demand Share payments in 2028 by more than the 9.5% Cascade-wide average.

Because 2028 charges are established based on a combination of actual data for 2024 and 2025, and forecasted demands for 2026, a Reconciliation process will be conducted in 2027 in order to true up based on actual CERUs and demands for 2026 once that data is available.

Exhibit 10. 2027 and 2028 Member Charges

2026 Adopted Member Charges

Member	Admin Dues	Conserv. Charges	Demand Share	Total
Bellevue	\$1,735,799	\$331,322	\$22,210,269	\$24,277,390
Issaquah	359,060	68,536	2,039,408	2,467,004
Issaquah Temporary			208,851	208,851
Kirkland	512,053	97,738	6,399,700	7,009,491
Redmond City	735,636	140,415	6,704,726	7,580,777
Redmond Novelty Hill	109,743	20,947	1,380,173	1,510,863
Samm Plat Water	609,064	116,256	1,482,309	2,207,629
Skyway WSD	96,251	18,372	425,276	539,899
Tukwila	208,533	39,804	2,724,621	2,972,958
Total	\$4,366,139	\$833,390	\$43,575,333	\$48,774,862

2024 True-Up (50%)	Total Payments
(\$221,035)	\$24,056,355
7,592	2,474,596
(12,315)	196,536
(13,971)	6,995,520
244,435	7,825,212
4,105	1,514,968
4,846	2,212,475
(7,002)	532,897
(6,656)	2,966,302
(\$1)	\$48,774,861

2027 Member Charges

Member	Admin Dues	Conserv. Charges	Demand Share	Total	% Increase over 2026
Bellevue	\$1,897,293	\$398,005	\$24,048,629	\$26,343,927	8.51%
Issaquah	403,794	84,706	2,286,319	2,774,819	12.48%
Issaquah Temporary			217,819	217,819	4.29%
Kirkland	569,805	119,531	6,741,365	7,430,701	6.01%
Redmond City	814,524	170,867	7,472,873	8,458,264	11.58%
Redmond Novelty Hill	119,534	25,075	1,540,905	1,685,514	11.56%
Sammamish Plat Water	666,978	139,915	1,616,867	2,423,760	9.79%
Skyway WSD	105,916	22,219	477,066	605,201	12.10%
Tukwila	228,918	48,021	3,191,529	3,468,468	16.67%
Total	\$4,806,762	\$1,008,339	\$47,593,372	\$53,408,473	9.50%

2026 True-Up (50%)	Total Payments	% w/ True-Up
(\$76,407)	\$26,267,520	9.19%
100,591	2,875,410	16.20%
(12,980)	204,839	4.22%
(67,452)	7,363,249	5.26%
6,529	8,464,793	8.17%
(3,665)	1,681,849	11.02%
9,802	2,433,562	9.99%
4,626	609,827	14.44%
38,955	3,507,423	18.24%
(\$1)	\$53,408,472	9.50%

2028 Member Charges

Member	Admin Dues	Conserv. Charges	Demand Share	Total	% Increase over 2027
Bellevue	\$2,055,171	\$412,615	\$26,275,083	\$28,742,869	9.11%
Issaquah	443,352	89,011	2,393,303	2,925,666	5.44%
Issaquah Temporary			267,569	267,569	22.84%
Kirkland	621,006	124,679	7,306,136	8,051,821	8.36%
Redmond City	886,242	177,930	8,316,074	9,380,246	10.90%
Redmond Novelty Hill	129,062	25,912	1,687,262	1,842,236	9.30%
Sammamish Plat Water	725,634	145,685	1,860,108	2,731,427	12.69%
Skyway WSD	114,648	23,018	533,947	671,613	10.97%
Tukwila	248,032	49,797	3,571,003	3,868,832	11.54%
Total	\$5,223,147	\$1,048,647	\$52,210,485	\$58,482,279	9.50%

2026 True-Up (50%)	Total Payments	% w/ True-Up
(\$76,407)	\$28,666,462	9.13%
100,591	3,026,257	5.25%
(12,980)	254,589	24.29%
(67,452)	7,984,369	8.44%
6,529	9,386,775	10.89%
(3,665)	1,838,571	9.32%
9,802	2,741,229	12.64%
4,626	676,239	10.89%
38,955	3,907,787	11.41%
(\$1)	\$58,482,278	9.50%

APPENDIX A
Member-Specific Demand Detail

Cascade Water Alliance

Member Charge Memo - Derivation of 2027-2028 Charges
Appendix A: Detailed Demand Share Calculations

Details of Bellevue Demand Share Calculations

Bellevue Consumption Records (CCF)

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
From Kirkland	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)
Total	482,189	393,897	443,937	477,241	603,770	811,636	889,978	832,538	632,383	488,919	460,879	444,276	6,961,642	3,166,534	3,795,108

2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	648,683	589,873	672,093	665,096	785,475	927,872	1,211,280	1,112,764	819,354	688,677	613,335	605,078	9,339,581	4,071,270	5,268,311
From Kirkland	906	239	854	706	691	773	1,617	1,441	990	523	413	435	9,588	4,821	4,767
To Redmond	(61,246)	(43,299)	(58,395)	(48,728)	(55,297)	(77,584)	(109,627)	(92,697)	(71,791)	(45,752)	(38,583)	(37,033)	(740,032)	(351,699)	(388,333)
To SP Water	(56,358)	(47,171)	(56,434)	(49,187)	(55,330)	(52,053)	(65,961)	(60,160)	(42,920)	(50,861)	(53,449)	(53,128)	(643,015)	(221,095)	(421,920)
To Issaquah	(82,346)	(81,066)	(77,808)	(91,962)	(113,045)	(132,940)	(140,353)	(99,395)	(68,614)	(78,291)	(71,360)	(85,464)	(1,122,644)	(441,302)	(681,343)
Total	449,638	418,576	480,310	475,925	562,494	666,067	896,956	861,953	637,020	514,296	450,356	429,888	6,843,478	3,061,996	3,781,482

2025	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	615,226	569,084	644,116	664,307	816,302	952,399	1,099,311	1,093,817	871,013	671,413	601,326	627,402	9,225,715	4,016,540	5,209,175
From Kirkland	1,390	852	586	1,140	1,176	2,065	2,538	2,118	2,101	1,207	695	567	16,435	8,822	7,613
To Redmond	(37,136)	(35,391)	(38,223)	(41,406)	(54,914)	(90,506)	(114,508)	(106,357)	(77,729)	(50,363)	(40,040)	(37,622)	(724,195)	(389,100)	(335,095)
To SP Water	(53,429)	(50,755)	(51,876)	(51,856)	(52,928)	(40,627)	(41,179)	(70,266)	(55,882)	(51,976)	(51,620)	(54,969)	(627,363)	(207,954)	(419,409)
To Issaquah	(76,684)	(84,341)	(81,509)	(92,927)	(108,551)	(63,204)	(77,110)	(72,621)	(48,288)	(21,748)	(49,409)	(88,725)	(865,117)	(261,223)	(603,894)
Total	449,367	399,449	473,094	479,258	601,085	760,127	869,052	846,691	691,215	548,532	460,953	446,653	7,025,475	3,167,085	3,858,390

2026 Estimated	Total	Summer	Winter
Total	6,909,218	3,117,363	3,791,855

2027 Demand Share	
2023-2025 Average Wholesale Demand (mgd)	
Annual	14.2305
Summer	19.2033
Maximum Wholesale Capacity Required	19.2033
Demand Share	19.2033

2028 Demand Share (estimated)	
2024-2026 Average Wholesale Demand (mgd)	
Annual	14.1819
Summer	19.1028
Maximum Wholesale Capacity Required	19.1028
Demand Share	19.1028

Cascade Water Alliance

Member Charge Memo - Derivation of 2027-2028 Charges

Appendix A: Detailed Demand Share Calculations

Details of Issaquah Demand Share Calculations

Issaquah Consumption Records (CCF)

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*	(19,179)	(19,179)	(19,179)	(19,179)	(19,179)	(17,756)	(17,756)	(17,756)	(17,756)	(19,179)	(19,179)	(19,179)	(224,450)	(71,022)	(153,428)
Total - Adjusted	60,647	63,145	63,594	66,221	101,456	72,214	90,818	88,931	52,922	35,342	54,886	66,136	816,312	304,885	511,427

* - Peak Season temporary block is pro-rated across peak season months, and remaining annual temporary block is pro-rated across off-peak months. In 2023, peak season temporary block was reduced due to well production above contract thresholds.

2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade (BIP)	79,154	65,334	74,561	78,429	95,791	117,096	119,642	81,630	55,451	73,959	68,328	69,572	978,947	373,818	605,128
From Bellevue	3,193	15,732	3,246	13,533	17,254	15,844	20,711	17,765	13,163	4,333	3,033	15,891	143,698	67,484	76,214
Less: Temporary Water*	(13,863)	(13,863)	(13,863)	(13,863)	(13,863)	(28,541)	(28,541)	(28,541)	(28,541)	(13,863)	(13,863)	(13,863)	(225,065)	(114,163)	(110,902)
Total - Adjusted	68,484	67,203	63,945	78,100	99,182	104,400	111,812	70,854	40,073	64,429	57,497	71,601	897,579	327,139	570,441

* - Peak Season temporary block is pro-rated across peak season months, and remaining annual temporary block is pro-rated across off-peak months.

2025	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade (BIP)	73,199	69,440	78,155	78,751	88,941	45,497	55,612	52,873	31,824	17,352	45,945	73,541	711,131	185,806	525,325
From Bellevue	3,485	14,901	3,354	14,176	19,610	17,707	21,498	19,748	16,464	4,397	3,464	15,183	153,986	75,417	78,569
Less: Temporary Water*	(24,372)	(24,372)	(24,372)	(24,372)	(24,372)	0	0	0	0	(24,372)	(24,372)	(24,372)	(194,975)	0	(194,975)
Total - Adjusted	52,312	59,969	57,137	68,555	84,179	63,204	77,110	72,621	48,288	(2,623)	25,037	64,353	670,142	261,223	408,919

* - Peak Season temporary block is pro-rated across peak season months, and remaining annual temporary block is pro-rated across off-peak months. In 2025, temporary block was reduced due to well production above contract thresholds.

2026 Estimated	Total	Summer	Winter
Total	868,146	262,972	605,174
Less: Temporary Water	(194,975)	0	(194,975)
Total - Adjusted	673,171	262,972	410,199

2027 Demand Share	
2023-2025 Average Wholesale Demand (mgd)	
Annual	1.6287
Summer	1.8257
Maximum Wholesale Capacity Required	1.8257
Demand Share	1.8257
Temporary Demand Share	0.1739

2028 Demand Share (estimated)	
2024-2026 Average Wholesale Demand (mgd)	
Annual	1.5309
Summer	1.7400
Maximum Wholesale Capacity Required	1.7400
Demand Share	1.7400
Temporary Demand Share	0.1945

Cascade Water Alliance

Member Charge Memo - Derivation of 2027-2028 Charges

Appendix A: Detailed Demand Share Calculations

Details of Issaquah Temporary Block Demand Share Calculations

Issaquah Temporary Block Records (CCF)

2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
Temporary Water*	19,179	19,179	19,179	19,179	19,179	17,756	17,756	17,756	17,756	19,179	19,179	19,179	224,450	71,022	153,428
Total	19,179	19,179	19,179	19,179	19,179	17,756	17,756	17,756	17,756	19,179	19,179	19,179	224,450	71,022	153,428
Adjusted (-70%) per Contract	5,754	5,754	5,754	5,754	5,754	5,327	5,327	5,327	5,327	5,754	5,754	5,754	67,335	21,307	46,028

* - Peak Season temporary block is pro-rated across peak season months, and remaining annual temporary block is pro-rated across off-peak months. In 2023, peak season temporary block was reduced due to well production above contract thresholds.

2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
Less: Temporary Water*	13,863	13,863	13,863	13,863	13,863	28,541	28,541	28,541	28,541	13,863	13,863	13,863	225,065	114,163	110,902
Total	13,863	13,863	13,863	13,863	13,863	28,541	28,541	28,541	28,541	13,863	13,863	13,863	225,065	114,163	110,902
Adjusted (-60%) per Contract	5,545	5,545	5,545	5,545	5,545	11,416	11,416	11,416	11,416	5,545	5,545	5,545	90,026	45,665	44,361

* - Peak Season temporary block is pro-rated across peak season months, and remaining annual temporary block is pro-rated across off-peak months.

2025	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
Less: Temporary Water*	24,372	24,372	24,372	24,372	24,372	0	0	0	0	24,372	24,372	24,372	194,975	0	194,975
Total	24,372	24,372	24,372	24,372	24,372	0	0	0	0	24,372	24,372	24,372	194,975	0	194,975
Adjusted (-50%) per Contract	12,186	12,186	12,186	12,186	12,186	0	0	0	0	12,186	12,186	12,186	97,488	0	97,488

* - Peak Season temporary block is pro-rated across peak season months, and remaining annual temporary block is pro-rated across off-peak months. In 2025, temporary block was reduced due to well production above contract thresholds.

2026 Estimated	Total	Summer	Winter
Total	194,975	0	194,975
Adjusted (-50%)	97,488	0	97,488

2027 Demand Share	
2023-2025 Average Wholesale Demand (mgd)	
Annual	0.1739
Summer	0.1369
Maximum Wholesale Capacity Required	0.1739
Demand Share	0.1739

2028 Demand Share (estimated)	
2024-2026 Average Wholesale Demand (mgd)	
Annual	0.1945
Summer	0.0933
Maximum Wholesale Capacity Required	0.1945
Demand Share	0.1945

Cascade Water Alliance

Member Charge Memo - Derivation of 2027-2028 Charges
Appendix A: Detailed Demand Share Calculations

Details of Redmond (City) Demand Share Calculations

Redmond (City) Consumption Records (CCF)																
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	
Total	73,974	118,600	62,973	124,571	159,809	213,211	278,019	272,190	194,860	129,351	96,293	109,955	1,833,806	958,279	875,526	
2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter	
From Cascade	1,464	232	609	1,070	2,102	4,686	15,592	18,121	23,270	41,182	44,696	22,970	175,995	61,670	114,325	
From Bellevue	61,246	43,299	58,395	48,728	55,297	77,584	109,627	92,697	71,791	45,752	38,583	37,033	740,032	351,699	388,333	
From Kirkland	71,745	56,152	83,804	57,047	76,622	101,464	162,690	159,802	100,730	85,869	87,116	78,906	1,121,947	524,686	597,261	
Total	134,455	99,683	142,808	106,845	134,021	183,734	287,909	270,620	195,791	172,803	170,395	138,909	2,037,974	938,055	1,099,919	
2025	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter	
From Cascade	1,145	4,520	5,899	580	1,609	12,994	36,682	41,875	25,847	12,371	315	761	144,597	117,398	27,199	
From Bellevue	37,136	35,391	38,223	41,406	54,914	90,506	114,508	106,357	77,729	50,363	40,040	37,622	724,195	389,100	335,095	
From Kirkland	107,749	101,010	115,011	118,022	112,662	126,052	137,996	120,423	132,291	110,646	74,675	68,166	1,324,703	516,762	807,941	
Total	146,030	140,921	159,133	160,008	169,185	229,552	289,186	268,655	235,867	173,380	115,030	106,549	2,193,495	1,023,260	1,170,235	
													2026 Estimated	Total	Summer	Winter
													Total	2,071,245	996,838	1,074,407
2027 Demand Share								2028 Demand Share (estimated)								
2023-2025 Average Wholesale Demand (mgd)								2024-2026 Average Wholesale Demand (mgd)								
Annual								Annual								
Summer								Summer								
Maximum Wholesale Capacity Required								Maximum Wholesale Capacity Required								
Demand Share								Demand Share								

Cascade Water Alliance

Member Charge Memo - Derivation of 2027-2028 Charges
Appendix A: Detailed Demand Share Calculations

Details of Redmond (Novelty Hill) Demand Share Calculations

Redmond (Novelty Hill) Consumption Records (CCF)

2022 Actual	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)
Total	22,453	19,318	21,718	23,466	33,420	49,536	58,414	55,255	37,301	25,246	21,329	22,016	389,474	200,507	188,967

2023 Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	22,250	20,020	23,310	21,453	25,654	39,964	60,411	58,726	35,774	26,230	22,493	22,064	378,351	194,875	183,475
To SP Water	(294)	(71)	(140)	(158)	(242)	(145)	(1,837)	(2,600)	(1,406)	(160)	(65)	(386)	(7,504)	(5,988)	(1,516)
Total	21,956	19,949	23,170	21,295	25,412	39,819	58,574	56,126	34,368	26,070	22,428	21,678	370,847	188,887	181,959

2024 Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	21,862	19,757	22,460	23,104	32,135	47,898	62,391	61,936	46,091	29,851	22,123	22,085	411,693	218,315	193,377
To SP Water	(163)	(138)	(95)	(165)	(171)	(695)	(2,689)	(1,988)	(318)	(171)	(166)	(39)	(6,798)	(5,690)	(1,108)
Total	21,699	19,619	22,365	22,939	31,964	47,203	59,702	59,948	45,773	29,680	21,957	22,046	404,895	212,625	192,269

2026 Estimated	Total	Summer	Winter
Total	384,531	198,672	185,859

2027 Demand Share	2028 Demand Share (estimated)
2023-2025 Average Wholesale Demand (mgd)	2024-2026 Average Wholesale Demand (mgd)
Annual0.7960	Annual0.7920
Summer1.2304	Summer1.2267
Maximum Wholesale Capacity Required1.2304	Maximum Wholesale Capacity Required1.2267
Demand Share1.2304	Demand Share1.2267

Cascade Water Alliance

Member Charge Memo - Derivation of 2027-2028 Charges
Appendix A: Detailed Demand Share Calculations

Details of Sammamish Plateau Water Demand Share Calculations

Sammamish Plateau Water Consumption Records (CCF)

2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
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	178,759	420,481
From Redmond	157	213	289	189	313	430	1,956	2,166	37	55	109	80	5,994	4,589	1,405
Total	48,428	58,315	58,006	47,833	61,316	42,990	47,626	49,163	43,569	46,238	46,578	55,172	605,235	183,348	421,886

2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade (BIP)	56,358	47,171	56,434	49,187	55,330	52,053	65,961	60,160	42,920	50,861	53,449	53,128	643,015	221,095	421,920
To SP Water	294	71	140	158	242	145	1,837	2,600	1,406	160	65	386	7,504	5,988	1,516
Total	56,652	47,242	56,574	49,345	55,572	52,198	67,798	62,760	44,326	51,021	53,514	53,514	650,519	227,083	423,436

2025	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade (BIP)	53,429	50,755	51,876	51,856	52,928	40,627	41,179	70,266	55,882	51,976	51,620	54,969	627,363	207,954	419,409
To SP Water	163	138	95	165	171	695	2,689	1,988	318	171	166	39	6,798	5,690	1,108
Total	53,592	50,893	51,971	52,021	53,099	41,322	43,868	72,254	56,200	52,147	51,786	55,008	634,161	213,644	420,517

2026 Estimated	Total	Summer	Winter
Total	655,000	220,942	434,059

2027 Demand Share	2028 Demand Share (estimated)
2023-2025 Average Wholesale Demand (mgd)	2024-2026 Average Wholesale Demand (mgd)
Annual1.2911	Annual1.3239
Summer1.2755	Summer1.3524
Maximum Wholesale Capacity Required1.2911	Maximum Wholesale Capacity Required1.3524
Demand Share1.2911	Demand Share1.3524

Cascade Water Alliance

Member Charge Memo - Derivation of 2027-2028 Charges
Appendix A: Detailed Demand Share Calculations

Details of Skyway Demand Share Calculations

Skyway Consumption Records (CCF)																
2022 Actual	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	
2023 Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter	
From Cascade	12,472	12,785	12,615	11,937	13,157	14,745	18,168	17,363	14,328	12,297	12,516	12,311	164,691	64,603	100,088	
Total	12,472	12,785	12,615	11,937	13,157	14,745	18,168	17,363	14,328	12,297	12,516	12,311	164,691	64,603	100,088	
2024 Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter	
From Cascade	9,790	10,716	12,659	11,386	13,570	14,847	16,529	16,615	13,903	11,727	10,899	10,816	153,457	61,895	91,562	
Total	9,790	10,716	12,659	11,386	13,570	14,847	16,529	16,615	13,903	11,727	10,899	10,816	153,457	61,895	91,562	
													2026 Estimated	Total	Summer	Winter
													Total	161,315	63,435	97,880
2027 Demand Share								2028 Demand Share (estimated)								
2023-2025 Average Wholesale Demand (mgd)								2024-2026 Average Wholesale Demand (mgd)								
Annual						0.3256		Annual						0.3272		
Summer						0.3809		Summer						0.3882		
Maximum Wholesale Capacity Required						0.3809		Maximum Wholesale Capacity Required						0.3882		
Demand Share						0.3809		Demand Share						0.3882		

Cascade Water Alliance

Member Charge Memo - Derivation of 2027-2028 Charges
Appendix A: Detailed Demand Share Calculations

Details of Tukwila Demand Share Calculations

Tukwila Consumption Records (CCF)															
2022 Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	65,882	57,615	63,693	63,635	81,513	101,072	102,391	92,359	95,446	89,478	85,142	64,288	962,514	391,268	571,245
Total	65,882	57,615	63,693	63,635	81,513	101,072	102,391	92,359	95,446	89,478	85,142	64,288	962,514	391,268	571,245
2023 Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	67,989	61,953	70,579	69,625	80,333	94,646	114,522	114,805	91,120	74,774	65,855	67,745	973,945	415,092	558,852
Total	67,989	61,953	70,579	69,625	80,333	94,646	114,522	114,805	91,120	74,774	65,855	67,745	973,945	415,092	558,852
2024 Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Summer	Winter
From Cascade	65,186	59,789	68,344	69,112	85,791	103,289	119,508	117,834	99,914	78,354	64,990	64,100	996,212	440,545	555,666
Total	65,186	59,789	68,344	69,112	85,791	103,289	119,508	117,834	99,914	78,354	64,990	64,100	996,212	440,545	555,666
2026 Estimated													Total	Summer	Winter
Total													974,349	414,622	559,727

2027 Demand Share		2028 Demand Share (estimated)	
2023-2025 Average Wholesale Demand (mgd)		2024-2026 Average Wholesale Demand (mgd)	
Annual	2.0035	Annual	2.0097
Summer	2.5485	Summer	2.5962
Maximum Wholesale Capacity Required	2.5485	Maximum Wholesale Capacity Required	2.5962
Demand Share	2.5485	Demand Share	2.5962

AGENDA MEMORANDUM

PROPOSED BOARD ACTION

Motion to adopt Resolution No. 2026-17, establishing the Regional Capital Facilities Charge for 2027 and 2028, at \$10,622 and \$12,747 per Cascade Equivalent Residential Unit respectively.

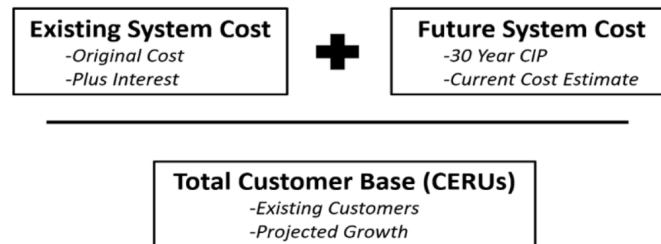
SUMMARY OF CURRENT PROPOSED BOARD ACTION

Regional Capital Facilities Charges (RCFCs) are charges for new water connections and are based on a pro rata share of Cascade's Capital Investment Program costs. RCFC revenues are used to fund capital projects. The methodology for calculating the RCFC was adopted by the Board and is codified as [Chapter 5.25](#) of the Cascade Water Alliance Code.

Cascade staff recommends an increase in the RCFC charge to \$10,622 per Cascade Equivalent Residential Unit (CERU) in 2027 and to \$12,747 per CERU in 2028.

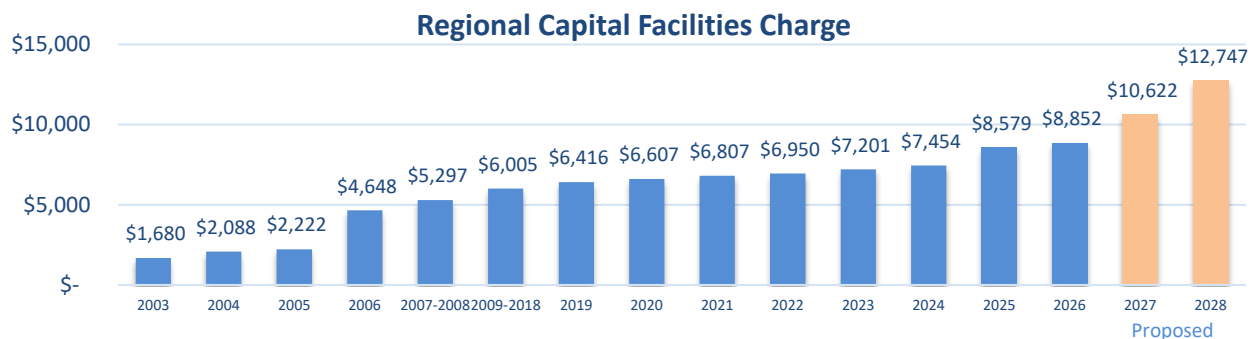
BACKGROUND

During the 2027 - 2028 budget development process, Cascade analyzed its capital projects requirements and rate structure and developed an RCFC recommendation for the current biennium. The RCFC charge is based on existing and future infrastructure divided by the customer base. Increases to RCFC charges are capped at 20% per year.



Future water supply infrastructure is the primary reason RCFC rate increases are recommended. RCFC revenue contributes to Cascade's capital funding for existing infrastructure, and the proposed increases have been factored into the proposed budget biennium budget for 2027 - 2028.

A history of RCFC rates is shown below:



PRIOR BOARD ACTIONS

Board Action	Date	Resolution No. (if Applicable)
A resolution setting the Regional Capital Facilities Charge for the years 2025 and 2026	09/25/2024	2024-13

OTHER OPTIONS AND ANTICIPATED RESULTS IF THE BOARD DOES NOT APPROVE THIS ACTION

RCFC revenue is used to fund capital projects and has been factored into the proposed Capital Funding Plan, 2027-2028 Member rates, and 2027-2028 proposed Operating and Capital Improvement Project budgets. Without an increase in RCFC charges, the ability to complete capital projects would be negatively impacted and Member rates would need to increase to fill the gap in revenue.

PROCUREMENT PROCESS

N/A

FISCAL IMPACT

The RCFC rate is a key component of the 2027 - 2028 Cascade budget and capital improvement plan. The 2027 - 2028 Cascade budget was developed consistent with the proposed RCFC rate increases in 2027 and 2028. Cascade budgets and plans are based on an expected number of new connections (1,150/yr this biennium) but Cascade Members' real obligations are based on actual growth.

RECOMMENDED ACTION

Adopt Resolution No. 2026-17, establishing the Regional Capital Facilities Charge for 2027 and 2028, at \$10,622 and \$12,747 per Cascade Equivalent Residential Unit respectively.

ATTACHMENTS

1. [Proposed Resolution Number 2026-17.](#)



CASCADE WATER ALLIANCE
RESOLUTION No. 2026-17

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASCADE WATER ALLIANCE,
A WASHINGTON MUNICIPAL CORPORATION,
SETTING THE REGIONAL CAPITAL FACILITIES CHARGE FOR THE YEARS 2027 AND 2028

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 2027 and 2028

The RCFC effective January 1, 2027, shall be \$10,622 per Cascade Equivalent Residential Unit (CERU).

The RCFC effective January 1, 2028, shall be \$12,747 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 23rd day of September 2026.

CASCADE WATER ALLIANCE

Angela Birney, Chair

Attest – John Taylor, Chief Executive Officer

Tom McLeod, Vice Chair

Members

Yes _____

No _____

Demand Share

Yes _____%

No _____%

Include in CWAC?

☐ Yes

☒ No

Dave Hamilton, Secretary/Treasurer

AGENDA MEMORANDUM

PROPOSED BOARD ACTION

Motion to adopt Resolution No. 2026-18 of the Board of Directors of Cascade Water Alliance, relating to the water transmission and supply system of Cascade Water Alliance; authorizing the borrowing of money and the issuance and sale of water system improvement and refunding revenue bonds for the purposes of paying part of the cost of acquiring, constructing, and equipping projects described in the Capital Improvement Plan; refunding all or a portion of the outstanding Cascade Water Alliance Water System Refunding Revenue Bonds, 2014, to modify reserve requirements; providing for the reserve requirement, if any, allocable to the bonds, and paying the administrative costs of such refunding and the costs of issuing and selling the bonds; fixing or setting parameters with respect to certain terms and covenants of the bonds; delegating authority to a designated representative to set final terms of the sale and issuance of the bonds; and providing for other matters properly related thereto.

SUMMARY OF CURRENT PROPOSED BOARD ACTION

The proposed Board action would authorize Cascade Water Alliance to issue utility revenue bonds. The authorized use of the bond proceeds include:

- Paying part of the cost of acquiring, constructing, and equipping projects described in the Capital Improvement Program;
- Refunding all or a portion of outstanding 2014 bonds;
- Providing for reserve requirements, if any; and
- Paying the administrative costs involved in the bond issuance and refunding.

This authorization would be subject to the terms set forth in the Bond Resolution.

BACKGROUND

Cascade has developed a 2027-2032 Capital Improvement Program described in the 2027-2028 Budget Resolution, Resolution No. 2026-15, and developed a Capital Funding Plan adopted in Resolution No. 2026-14. As described in the Capital Funding Plan, the proposed sources of funds for the 2027-2032 Capital Improvement Program include a 2026 Bond Issuance.

Cascade periodically issues utility revenue bonds for the purpose of paying for its capital improvement program and refunding outstanding debt to achieve net savings. Cascade's capital improvement program includes payments to the City of Tacoma for the cost of acquiring long-term water supply capacity. The [2025 Wholesale Water Agreement](#) between City of Tacoma and Cascade includes a provision allowing Cascade to pay off all or any portion of the outstanding System Development Charge (SDC) amount. Whether or not it is advantageous to

pre-pay all or any portion of the Tacoma SDC will depend on market conditions at time of bond sale.

The current bond resolution would authorize Cascade to issue a bond for the following purposes and amounts:

- 1) Payments to Tacoma for the cost of long-term water supply. This amount could range between \$17.6 million if paid as scheduled by contract, or \$50 million if the full amount of SDCs are paid in advance. The resolution authorizes up to the greater of those two amounts, but Cascade will only proceed with a larger bond sale for that purpose if market conditions produce net savings.
- 2) Projects in the adopted capital improvement program, other than the Tacoma long-term water supply capacity payments described in (1). The balance of uses is \$50 million.
- 3) The amount necessary to carry out the refunding plan for the 2014 Bonds, if conditions are such that the refunding is favorable at time of bond sale.

The total amount anticipated to be issued ranges between \$52 million and \$100 million, depending on market conditions.

In addition to the sale of the bonds, the Bond Resolution establishes the terms under which the bonds be sold, including the covenants to which Cascade will be bound. The covenants in the proposed 2026 Bonds are consistent with the existing bond covenants, with one exception: the resolution would modify the definition of “Coverage Requirement” to make it more consistent with Cascade policy and industry best practice, as follows:

“Coverage Requirement” in any fiscal year (or other designated twelve-month period) means that: (1) Net Revenue in that fiscal year (or other designated twelve-month period), minus RCFCs received in that fiscal year (or other designated twelve-month period), is not less than 1.05 times Annual Debt Service on all outstanding Parity Bonds; or (2) Net Revenue in that fiscal year (or other designated twelve-month period), including RCFCs received in that fiscal year (or other designated twelve-month period), is not less than 1.20 times Annual Debt Service on all outstanding Parity Bonds; or (3) both (1) and (2).

Cascade and its financial advisors, Northwest Municipal Advisors, have reviewed these options and presented observations to the Finance and Intergovernmental Committee. Cascade’s staff recommendation is to authorize this bond sale. Currently, the sale is estimated to close on November 5, 2026. Based on current market conditions, staff anticipate a bond sale amount that produces net proceeds of \$52 million. However, given the volatility in bond interest rates, staff will closely monitor market conditions, reporting to the Board, and could proceed with a bond sale up to the total authorized amount of \$100 million if such sale would produce net savings for Cascade.

Next Steps

If authorized by the Board, the next steps are:

- 1) to present the Bonds to Ratings Agencies, S&P Global and Moody's;
- 2) to finalize the Official Statement and Member Certificates; and
- 3) to offer the bonds for sale, with an anticipated closing date of November 5, 2026.

PRIOR BOARD ACTIONS

N/A

OTHER OPTIONS AND ANTICIPATED RESULTS IF THE BOARD DOES NOT APPROVE THIS ACTION

Alternatively, the Board may choose not to adopt Resolution No. 2026-18 and provide alternate direction to staff. Such direction would need to reflect either modifications to the 2027-2032 Capital Improvement Program or direction to secure alternative funding sources to support the Program.

PROCUREMENT PROCESS

N/A

FISCAL IMPACT

The bond issue will not exceed \$100 million, plus transaction costs. Final principal and interest terms will be determined upon pricing of the bonds, and final proceeds amounts will be set to ensure the new money component of the Bonds will result in principal and interest payments within the amount authorized in the 2027-2028 Budget.

RECOMMENDED ACTION

Motion to adopt Resolution No. 2026-18 of the Board of Directors of Cascade Water Alliance, relating to the water transmission and supply system of Cascade Water Alliance; authorizing the borrowing of money and the issuance and sale of water system improvement and refunding revenue bonds for the purposes of paying part of the cost of acquiring, constructing, and equipping projects described in the Capital Improvement Plan; refunding all or a portion of the outstanding Cascade Water Alliance Water System Refunding Revenue Bonds, 2014, to modify reserve requirements; providing for the reserve requirement, if any, allocable to the bonds, and paying the administrative costs of such refunding and the costs of issuing and selling the bonds; fixing or setting parameters with respect to certain terms and covenants of the bonds; delegating authority to a designated representative to set final terms of the sale and issuance of the bonds; and providing for other matters properly related thereto.

ATTACHMENTS

1. [Proposed Resolution No. 2026-18.](#)



CASCADE WATER ALLIANCE
RESOLUTION No. 2026-18

A RESOLUTION OF THE BOARD OF DIRECTORS OF CASCADE WATER ALLIANCE, RELATING TO THE WATER TRANSMISSION AND SUPPLY SYSTEM OF CASCADE WATER ALLIANCE; AUTHORIZING THE BORROWING OF MONEY AND THE ISSUANCE AND SALE OF WATER SYSTEM IMPROVEMENT AND REFUNDING REVENUE BONDS FOR THE PURPOSES OF PAYING PART OF THE COST OF ACQUIRING, CONSTRUCTING, AND EQUIPPING PROJECTS DESCRIBED IN THE CAPITAL IMPROVEMENT PLAN, REFUNDING ALL OR A PORTION OF THE OUTSTANDING CASCADE WATER ALLIANCE WATER SYSTEM REFUNDING REVENUE BONDS, 2014, TO MODIFY RESERVE REQUIREMENTS, PROVIDING FOR THE RESERVE REQUIREMENT, IF ANY, ALLOCABLE TO THE BONDS, AND PAYING THE ADMINISTRATIVE COSTS OF SUCH REFUNDING AND THE COSTS OF ISSUING AND SELLING THE BONDS; FIXING OR SETTING PARAMETERS WITH RESPECT TO CERTAIN TERMS AND COVENANTS OF THE BONDS; DELEGATING AUTHORITY TO A DESIGNATED REPRESENTATIVE TO SET FINAL TERMS OF THE SALE AND ISSUANCE OF THE BONDS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO.

Adopted September 23, 2026

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A RESOLUTION OF THE BOARD OF DIRECTORS OF CASCADE WATER ALLIANCE, RELATING TO THE WATER TRANSMISSION AND SUPPLY SYSTEM OF CASCADE WATER ALLIANCE; AUTHORIZING THE BORROWING OF MONEY AND THE ISSUANCE AND SALE OF WATER SYSTEM IMPROVEMENT AND REFUNDING REVENUE BONDS FOR THE PURPOSES OF PAYING PART OF THE COST OF ACQUIRING, CONSTRUCTING, AND EQUIPPING PROJECTS DESCRIBED IN THE CAPITAL IMPROVEMENT PLAN, REFUNDING ALL OR A PORTION OF THE OUTSTANDING CASCADE WATER ALLIANCE WATER SYSTEM REFUNDING REVENUE BONDS, 2014, TO MODIFY RESERVE REQUIREMENTS, PROVIDING FOR THE RESERVE REQUIREMENT, IF ANY, ALLOCABLE TO THE BONDS, AND PAYING THE ADMINISTRATIVE COSTS OF SUCH REFUNDING AND THE COSTS OF ISSUING AND SELLING THE BONDS; FIXING OR SETTING PARAMETERS WITH RESPECT TO CERTAIN TERMS AND COVENANTS OF THE BONDS; DELEGATING AUTHORITY TO A DESIGNATED REPRESENTATIVE TO SET FINAL TERMS OF THE SALE AND ISSUANCE OF THE BONDS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO.

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

Definitions. As used in this resolution and for the purposes of this resolution the following words shall have the following meanings:

(a) **“Acquired Obligations”** means the Government Obligations purchased to accomplish the refunding of the Refunded Bonds as authorized by this resolution and in accordance with the 2014 Bond Resolution (if so determined by the Designated Representative).

(b) **“Annual Debt Service”** means, with respect to any Parity Bonds outstanding as of the date of calculation, for any fiscal year (or other designated twelve-month period), all amounts required to be paid in that fiscal year (or other designated twelve-month period) in respect of principal of and interest on those Parity Bonds, subject to the following:

(1) the interest rate on Variable Interest Rate Bonds shall be assumed to be equal to the average SIFMA Municipal Swap Index during the fiscal quarter preceding the quarter in which the calculation is made;

(2) the outstanding principal of any Balloon Bonds shall be assumed to become due and payable in equal installments in each fiscal year from the date of calculation to the final scheduled maturity of those Balloon Bonds.

(c) **“Authorized Denomination”** means \$5,000 or any integral multiple thereof within a maturity of a series of the 2026 Bonds.

(d) **"Average Annual Debt Service"** means, with respect to any Parity Bonds outstanding as of the date of calculation, the sum of the Annual Debt Service on those Parity Bonds for each fiscal year during which those Parity Bonds are scheduled to remain outstanding, divided by the number of those fiscal years.

(e) **"Balloon Bonds"** means a series or subseries of Parity Bonds designated as such in the applicable Parity Bond Authorizing Resolution, the aggregate principal of which becomes due and payable, either at maturity or by mandatory redemption, in any fiscal year in an amount that constitutes 25% or more of the initial aggregate principal of that series or subseries of Parity Bonds.

(f) **"Board"** means the Board of Directors of Cascade.

(g) **"Bond Fund"** means the Water System Revenue Bond Fund created pursuant to Resolution No. 2006-03.

(h) **"Bond Counsel"** means a firm of lawyers nationally recognized and accepted as bond counsel and so employed by Cascade for any purpose under this resolution applicable to the use of that term.

(i) **"Bond Insurance"** means any bond insurance policy guaranteeing the payment when due of all or part of the principal of and interest on any Parity Bonds.

(j) **"Bond Insurer"** means any provider of Bond Insurance approved by the Board by resolution or resolutions.

(k) **"Bond Owners' Trustee"** has the meaning assigned to that term in Section 23(b).

(l) **"Bond Purchase Contract"** means an offer to purchase the 2026 Bonds, setting forth certain terms and conditions of the issuance, sale, and delivery of the 2026 Bonds, which offer is authorized to be accepted by the Designated Representative on behalf of Cascade, if consistent with this resolution. In the case of a competitive sale, the official notice of sale, the Purchaser's bid, and the award by Cascade shall constitute the Bond Purchase Contract for purposes of this resolution.

(m) **"Bond Register"** means the books or records maintained by the Registrar on which are recorded the names and addresses of the Registered Owner of each of the 2026 Bonds.

(n) **"Cascade"** means Cascade Water Alliance, a Washington joint municipal utility services authority under chapter 39.106 RCW, and its permitted predecessors and successors.

(o) **"Chief Executive Officer"** means the Chief Executive Officer of Cascade or any other officer who succeeds to substantially all of the responsibilities of that office specified in this resolution.

(p) **"Code"** means the Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

(q) **“Common Reserve Account”** means the Reserve Account in the Bond Fund created pursuant to Resolution No. 2006-03 and renamed the Common Reserve Account in Resolution No. 2012-22.

(r) **“Construction Fund”** means the Construction Fund created pursuant to Resolution No. 2006-03.

(s) **“Coverage Requirement”** in any fiscal year (or other designated twelve-month period) means that Net Revenue in that fiscal year (or other designated twelve-month period), minus RCFCs received in that fiscal year (or other designated twelve-month period) plus amounts on deposit in the Debt Service Account on the last business day prior to the commencement of that fiscal year (or other designated twelve-month period), is at least equal to the Annual Debt Service on all outstanding Parity Bonds and the amount, if any, required to be deposited in any Reserve Account in that fiscal year (or other designated twelve-month period).

(t) **“Coverage Stabilization Fund”** means the Rate Stabilization Fund created pursuant to Resolution No. 2006-03 and renamed the “Coverage Stabilization Fund” in Section 12.

(u) **“Debt Service Account”** means the Debt Service Account in the Bond Fund created pursuant to Resolution No. 2006-03.

(v) **“Designated Representative”** means the Chief Executive Officer of Cascade appointed in Section 4 to serve as Cascade’s designated representative in accordance with RCW 39.46.040.

(w) **“DTC”** means The Depository Trust Company, New York, New York, or its nominee.

(x) **“Event of Default”** has the meaning assigned to that term in Section 23(a).

(y) **“Final Terms”** means, with respect to the 2026 Bonds, the amount, date or dates, denominations, interest rate or rates, payment dates, final maturity, redemption rights, price, and other terms or covenants, including minimum savings for refunding bonds.

(z) **“Future Parity Bonds”** means all revenue bonds and other obligations of Cascade for borrowed money (including, without limitation, financing leases) issued or incurred after the Issue Date, the payment of which constitutes a lien and charge on the Net Revenue equal in rank with the lien and charge upon the Net Revenue required to be paid into the Bond Fund to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds and the 2026 Bonds.

(aa) **“Government Obligations”** means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

(bb) **“Gross Revenue”** means all of the earnings and revenues received by Cascade from any source whatsoever including but not limited to: (a) Member Charges; (b) revenues from the sale, lease, or furnishing of other commodities, services, properties, or facilities; (c) the receipt of earnings from the investment of money in any maintenance fund or similar fund; and (d) withdrawals from the Coverage Stabilization Fund. However, Gross Revenue shall not include: (a) principal proceeds of Parity Bonds or any other borrowings, or earnings or

proceeds from any investments in a trust, defeasance, or escrow fund created to defease or refund obligations relating to the System (until commingled with other earnings and revenues included in the Gross Revenue) or held in a special account for the purpose of paying a rebate to the United States Government under the Code; (b) income and revenue which may not legally be pledged for revenue bond debt service; (c) improvement district assessments; (d) federal or state grants allocated to capital projects; (e) payments under bond insurance or other credit enhancement policy or device; (f) insurance or condemnation proceeds used for the replacement of capital projects or equipment; (g) earnings in any construction fund or bond redemption fund; (h) deposits to the Coverage Stabilization Fund; or (i) any revenues generated by any Member's Water Supply Assets that are not part of the System, except those amounts that are payable to Cascade pursuant to the Joint Agreement or another interlocal agreement.

(cc) **"Independent Consulting Engineer"** means either (1) an independent licensed professional engineer experienced in the design, construction or operation of municipal utilities of comparable size and character to the System or (2) an independent certified public accountant or other professional consultant experienced in the development of rates and charges for municipal utilities of comparable size and character to the System.

(dd) **"Issue Date"** means the date of initial delivery of the 2026 Bonds to the Purchaser.

(ee) **"Joint Agreement"** means the Joint Municipal Utility Services Agreement effective March 28, 2012, by which Cascade converted to a municipal corporation under the Joint Municipal Utilities Services Act, chapter 39.106 RCW, and which replaced the Interlocal Contract effective April 1, 1999, as amended and restated on December 15, 2004 and on March 28, 2012, as that Joint Municipal Utility Services Agreement may be amended from time to time consistent with Section 22.

(ff) **"Letter of Representations"** means the Blanket Issuer Letter of Representations between Cascade and DTC dated April 26, 2006, as it may be amended from time to time, and any successor or substitute letter relating to the operational procedures of the Securities Depository.

(gg) **"MSRB"** means the Municipal Securities Rulemaking Board.

(hh) **"Maximum Annual Debt Service"** means, with respect to any Parity Bonds outstanding as of the date of calculation, the maximum amount of Annual Debt Service that will mature or come due in the current year or any future year on those Parity Bonds.

(ii) **"Member"** means a member agency of Cascade under the Joint Agreement.

(jj) **"Member Charges"** means all payments that Members are required by the Joint Agreement to make to Cascade, including but not limited to all Rates and Charges, RCFCs, dues, assessments, and other payments from Members.

(kk) **"Net Revenue"** for any fiscal year (or other designated twelve-month period) means the Gross Revenue for that fiscal year (or other designated twelve-month period) less Operations and Maintenance Costs for that fiscal year (or other designated twelve-month period). In calculating Net Revenue, Cascade shall not take into account any non-cash gains or losses with respect to any real or personal property, investment, or agreement that it may be

required to recognize under generally accepted accounting principles, such as unrealized mark-to-market gains and losses.

(ll) **“Operations and Maintenance Costs”** means all expenses incurred by Cascade to operate and maintain the System in good repair, working order, and condition, including without limitation, payments made to any other public or private entity for water or other utility service. Operations and Maintenance Costs shall not include any depreciation, capital additions (including capital additions allocable to obtaining water supply), or capital replacements to the System.

(mm) **“Outstanding Parity Bonds”** means any outstanding 2014 Bonds not included in the Refunding Plan, the 2019 Bonds, and the 2020 Bonds.

(nn) **“Parity Bond Authorizing Resolution”** means one or more resolutions of Cascade (including the 2014 Bond Resolution, the 2019 Bond Resolution, the 2020 Bond Resolution, and this resolution) that authorize the issuance and sale and establish the terms of a particular series of Parity Bonds and other matters relating to the same plan of finance.

(oo) **“Parity Bonds”** means the Outstanding Parity Bonds, the 2026 Bonds, and any Future Parity Bonds.

(pp) **“Project”** means acquiring, constructing, and equipping projects described in the adopted capital improvement plan of Cascade, including long-term water supply capacity from the City of Tacoma, and paying the costs of issuance and sale of the 2026 Bonds issued to pay all or a portion of such project.

(qq) **“Project Bond”** means each 2026 Bond issued to finance costs of the Project, include the costs of issuance of such 2026 Bond.

(rr) **“Purchaser”** means the bank, financial institution, or other entity or group of entities selected by the Designated Representative to serve as purchaser in a private placement, underwriter or placement agent in a negotiated sale, or awarded as the successful bidder in a competitive sale of the 2026 Bonds.

(ss) **“Rates and Charges”** means the rates and charges (not including RCFCs) chargeable to each Member under the Joint Agreement plus any late payment or other charge that may be due.

(tt) **“Rating Agencies”** means any nationally-recognized securities rating agency or agencies rating any of the Parity Bonds at the request of Cascade.

(uu) **“RCFCs”** means the regional capital facilities charges to each Member for new equivalent residential units connected to that Member’s water distribution system, as calculated consistently with the Joint Agreement.

(vv) **“RCW”** means the Revised Code of Washington.

(ww) **“Record Date”** means the Registrar’s close of business on the 15th day of the month preceding an interest payment date. With respect to redemption of a 2026 Bond prior to its maturity, Record Date means the Registrar’s close of business on the date on which the Registrar sends the notice of redemption in accordance with Section 8.

(xx) “**Redemption Date**” means the date fixed by the Designated Representative for redemption of the Refunded Bonds.

(yy) “**Refunded Bonds**” means the Refunding Candidates selected by the Designated Representative to be refunded with the proceeds of the Refunding Bonds.

(zz) “**Refunding Bond**” means each 2026 Bond issued for the purposes of carrying out the Refunding Plan.

(aaa) “**Refunding Candidates**” means the outstanding 2014 Bonds stated to mature on January 1 in the years 2027 through 2029, inclusive.

(bbb) “**Refunding Plan**” means:

(1) the deposit with the registrar for the 2014 Bonds (or, if so determined by the Designated Representative, with the Refunding Trustee) of proceeds of the Refunding Bonds (together with other money of Cascade, if so determined by the Designated Representative);

(2) the purchase by the Refunding Trustee of Acquired Obligations (if so determined by the Designated Representative) and the application of the principal of and interest on any such Acquired Obligations and any other such money of Cascade to the call, payment, and redemption of the Refunded Bonds on the Redemption Date at a price equal to the principal amount of the Refunded Bonds plus accrued interest; and

(3) the payment of the costs of issuance and sale of the Refunding Bonds and the administrative costs of the refunding.

(ccc) “**Refunding Trust Agreement**” means a refunding trust or escrow agreement between Cascade and the Refunding Trustee, dated the Issue Date, providing for the carrying out of the Refunding Plan (if so determined by the Designated Representative).

(ddd) “**Refunding Trustee**” means U.S. Bank Trust Company, National Association, serving as refunding trustee to carry out the Refunding Plan (if so determined by the Designated Representative).

(eee) “**Registered Owner**” means a person shown on the Bond Register (or the bond register provided for in any Parity Bond Authorizing Resolution) as the owner of a Parity Bond.

(fff) “**Registrar**” means the fiscal agent of the State of Washington (as the same may be designated by the State from time to time).

(ggg) “**Reserve Account**” means any reserve account securing Parity Bonds into which deposits are required to be made pursuant to a Parity Bond Authorizing Resolution, including the Common Reserve Account and any separate 2026 Reserve Account.

(hhh) “**Reserve Insurance**” means any bond insurance, letter of credit, guaranty, surety bond, or similar credit enhancement device obtained by Cascade equal to part or all of the Reserve Requirement that is issued by an institution which has been assigned a credit rating at the time of issuance of the device in one of the two highest rating categories of each of at least

two Rating Agencies (without regard to any gradations within a rating category) and is not cancelable on less than three years' notice.

(iii) **"Reserve Requirement"** means, as of any date of calculation, (1) with respect to Parity Bonds secured by the Common Reserve Account, the lesser of Maximum Annual Debt Service on outstanding Parity Bonds secured by the Common Reserve Account or 125% of Average Annual Debt Service on outstanding Parity Bonds secured by the Common Reserve Account, but at no time shall the Reserve Requirement for Parity Bonds secured by the Common Reserve Account exceed 10% of the original proceeds of the Parity Bonds secured by the Common Reserve Account, and (2) with respect to the 2026 Bonds, the amount specified as such in the Bond Purchase Contract.

(jjj) **"Rule 15c2-12"** means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as such rule may be amended from time to time.

(kkk) **"SEC"** means the United States Securities and Exchange Commission.

(lll) **"Securities Depository"** means DTC, any successor thereto, any substitute securities depository selected by the Cascade that is qualified under applicable laws and regulations to provide the services proposed to be provided by it, or the nominee of any of the foregoing.

(mmm) **"SIFMA Municipal Swap Index"** means the index which is issued weekly and which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by the Securities Industry and Financial Markets Association, or the successor to that index.

(nnn) **"State"** means the State of Washington.

(ooo) **"State Auditor"** means the office of the State Auditor of the State or such other department or office of the State authorized and directed by State law to make audits.

(ppp) **"System"** means the water transmission and supply system of Cascade as it now exists, including Water Supply Assets owned or controlled by Cascade, and all additions thereto and betterments and extensions thereof at any time made, together with any utility systems of Cascade hereafter combined with the System. The System shall not include any water transmission and supply or other utility system service or other facilities that may be created, acquired or constructed by Cascade as a separate utility system as provided in Section 18.

(qqq) **"System of Registration"** means the system of registration for Cascade's bonds and other obligations set forth in Resolution No. 2006-04.

(rrr) **"Tax-Exempt Bonds"** means Parity Bonds of any series on which the interest is intended on the Issue Date to be excluded from gross income for federal income tax purposes.

(sss) **"Term Bonds"** means Parity Bonds that are subject to scheduled mandatory redemption prior to their scheduled maturity date or dates.

(ttt) **"Treasurer"** means the treasurer of Cascade appointed pursuant to the Bylaws of Cascade and other persons or entities carrying out treasury operations under the direction of that treasurer.

(uuu) **"2014 Bond Resolution"** means Resolution No. 2014-07, as the same may be amended or supplemented in accordance therewith.

(vvv) **"2014 Bonds"** means the Cascade Water Alliance Water System Refunding Revenue Bonds, 2014.

(www) **"2019 Bond Resolution"** means Resolution No. 2019-07, as the same may be amended or supplemented in accordance therewith, including as amended and restated by Resolution No. 2019-09.

(xxx) **"2019 Bonds"** means the Cascade Water Alliance Water System Improvement and Refunding Revenue Bonds, 2019.

(yyy) **"2020 Bond Resolution"** means Resolution No. 2020-15, as the same may be amended or supplemented in accordance therewith.

(zzz) **"2020 Bonds"** means the Cascade Water Alliance Water System Refunding Revenue Bonds, 2020 (Taxable).

(aaaa) **"2026 Bond"** means each bond issued pursuant to, under the authority of, and for the purposes provided in this resolution.

(bbbb) **"2026 Reserve Account"** means the Reserve Account in the Bond Fund, if any, specified as such in the Bond Purchase Contract.

(cccc) **"Undertaking"** means Cascade's undertaking pursuant to Section 19 to provide annual financial information and notice of listed events.

(dddd) **"Variable Interest Rate Bonds"** means, for any period of time, any Parity Bonds that bear interest at a rate that is not fixed and is not specified in the applicable Parity Bond Authorizing Resolution.

(eeee) **"Water Supply Assets"** means tangible and intangible assets usable in connection with the provision of water supply, including without limitation, real property, physical facilities (e.g., dams, wells, treatment plants, pump stations, reservoirs, and transmission lines), water rights, capacity and/or contractual rights in facilities or resources owned by other entities, and investments in conservation programs and facilities.

Section 2. Findings and Determinations. The Board hereby makes the following findings and determinations.

(a) Cascade is a Washington joint municipal utility services authority under chapter 39.106 RCW organized for the purpose of meeting the water supply demands of its Members.

(b) Pursuant to applicable law, including chapter 39.106 RCW and the Joint Agreement, Cascade is authorized to carry out the Project.

(c) It is in the best interests of Cascade to carry out the Project. The estimated cost of carrying out the Project is \$385 million, and Cascade does not have available sufficient funds to pay the cost of carrying out the Project. Pursuant to applicable law, including chapters 39.44, and 39.46, and 39.106 RCW and the Joint Agreement, Cascade is authorized to issue revenue bonds to pay or reimburse payment of the cost of carrying out the Project.

(d) It is in the best interests of Cascade and its Members to issue the Refunding Bonds to carry out the Refunding Plan to modify reserve requirements. A Refunding Plan approved by the Designated Representative in accordance with this resolution will discharge and satisfy the obligations, pledges, charges, trusts, covenants, and agreements of Cascade under the 2014 Bond Resolution as to the Refunded Bonds, and the Refunded Bonds shall no longer be deemed to be outstanding immediately upon the deposit of the money specified in the Refunding Plan with the registrar for the 2014 Bonds (or, if so determined by the Designated Representative, with the Refunding Trustee). Pursuant to applicable law, including chapters 39.53 and 39.106 RCW, Cascade is authorized to issue refunding revenue bonds to pay the cost of carrying out the Refunding Plan.

(e) The Gross Revenue and benefits to be derived from the ownership and operation of the System at the rates to be charged for services provided by Cascade will be more than sufficient to meet the cost of maintenance and operation of the System and to permit the setting aside into the Bond Fund out of the Gross Revenue amounts sufficient to pay the principal of and interest on the 2026 Bonds when due. In fixing the amounts to be paid into the Bond Fund under this resolution, the Board has exercised due regard for the cost of maintenance and operation of the System, and has not obligated Cascade to set aside and pay into the Bond Fund a greater amount of Gross Revenue than in its judgment will be available over and above the cost of maintenance and operation of the System and the amount of Gross Revenue previously pledged.

(f) Cascade previously issued the Outstanding Parity Bonds, and by the Parity Bond Authorizing Resolutions authorizing the issuance of the Outstanding Parity Bonds provided for the issuance of Parity Bonds the payment of which is secured by a lien and charge on Net Revenue on a parity with the lien and charge that secure payment of the Outstanding Parity Bonds if certain conditions are satisfied at the time the Parity Bonds are issued. The amounts required to have been paid into the Bond Fund for the Outstanding Parity Bonds have been paid and maintained as required therein, and all other conditions for the issuance of the 2026 Bonds as Parity Bonds will have been satisfied before the 2026 Bonds are delivered to the Purchaser.

(g) For the purpose of providing the funds necessary to pay or reimburse payment of the cost of carrying out the Project and the Refunding Plan, it is in the best interests of Cascade and its Members to issue and sell the 2026 Bonds to the Purchaser, pursuant to the terms set forth in the Bond Purchase Contract as approved by the Designated Representative consistent with this resolution.

Section 3. Authorization of 2026 Bonds. Cascade is authorized to: (a) borrow money and issue revenue bonds evidencing indebtedness in one or more series to provide funds necessary to pay or reimburse payment of the cost of carrying out the Project; and (b) borrow money and issue refunding revenue bonds evidencing indebtedness in one or more series to provide funds necessary to pay the cost of carrying out the Refunding Plan.

Section 4. Appointment of Designated Representative; Description of 2026 Bonds. The Chief Executive Officer is appointed as the Designated Representative and is

authorized to conduct the sale of the 2026 Bonds in the manner and upon the terms deemed most advantageous to Cascade, as further specified in Section 24, and to approve the Final Terms within the parameters established in this Section. The Final Terms shall be evidenced in the Bond Purchase Contract or by a Certificate of Designated Representative executed on the date of sale of the 2026 Bonds to the Purchaser.

(a) Amount.

(1) The aggregate principal amount of Project Bonds allocated to pay or reimburse payment of the cost of acquiring long-term water supply capacity from the City of Tacoma shall not exceed \$50 million.

(2) The aggregate principal amount of Project Bonds allocated to pay or reimburse payment of the cost of acquiring, constructing, and equipping projects described in the adopted capital improvement plan of Cascade other than acquiring long-term water supply capacity from the City of Tacoma shall not exceed \$50 million.

(3) The aggregate principal amount of the Refunding Bonds shall not exceed the principal amount determined by the Designated Representative as needed to pay the cost of carrying out the Refunding Plan.

(b) Date. The 2026 Bonds shall be dated the Issue Date, which date may not be later than one year after the date of adoption of this resolution.

(c) Denominations and Designation. The 2026 Bonds shall be designated "Cascade Water Alliance Water System Improvement and Refunding Revenue Bonds, 2026," with such other designation as may be established by the Designated Representative; shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification; and shall be issued in Authorized Denominations.

(d) Interest Rates. Each 2026 Bond shall bear interest at a fixed rate per annum (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Issue Date or from the most recent date to which interest has been paid or duly provided for, whichever is later. One or more rates of interest may be fixed for the 2026 Bonds. No rate of interest for any 2026 Bond may exceed 6.00%, and the true interest cost to Cascade for the 2026 Bonds may not exceed 6.00%.

(e) Payment Dates. Interest shall be payable at fixed rates on dates acceptable to the Designated Representative, commencing no later than one year following the Issue Date. Principal payments shall commence on a date acceptable to the Designated Representative and shall be payable at maturity or in mandatory redemption or prepayment installments annually thereafter, on dates acceptable to the Designated Representative.

(f) Final Maturity. The Project Bonds shall mature no later than the date that is 26 years after the Issue Date. The Refunding Bonds shall mature no later than six months after the final maturity date of the Refunded Bonds.

(g) Redemption Rights. The 2026 Bonds may be issued subject to optional redemption and, in the case of any 2026 Bonds designated as Term Bonds, mandatory redemption, as set forth in Section 7. If a Tax-Exempt Bond is subject to optional redemption prior

to its maturity, it must be subject to such redemption on one or more dates occurring not more than 10½ years after the Issue Date.

(h) Price. The purchase price for the 2026 Bonds may not be less than 95% or more than 140% of the aggregate principal amount of the 2026 Bonds.

(i) Tax Status. The Designated Representative shall determine whether all or a portion of the 2026 Bonds is to be Tax-Exempt Bonds.

Section 5. Registration and Transfer of 2026 Bonds. Each 2026 Bond shall be issued only in registered form as to both principal and interest and the ownership of each 2026 Bond shall be recorded on the Bond Register.

Unless otherwise provided in the Bond Purchase Contract, the Fiscal Agent is appointed as initial Registrar. The Registrar shall keep, or cause to be kept, the Bond Register, which shall be open to inspection by Cascade at all times. The Registrar is authorized, on behalf of Cascade, to authenticate and deliver 2026 Bonds transferred or exchanged in accordance with the provisions of the 2026 Bonds and this resolution, to serve as Cascade's paying agent for the 2026 Bonds, and to carry out all of the Registrar's powers and duties under this resolution and the System of Registration. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on each 2026 Bond. The Registrar may become a Registered Owner with the same rights it would have if it were not the Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Registered Owners.

The Bond Register shall contain the name and mailing address of each Registered Owner and the principal amount and number of each 2026 Bond held by each Registered Owner. A 2026 Bond surrendered to the Registrar may be exchanged for a 2026 Bond or 2026 Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same series, maturity, and interest rate. A 2026 Bond may be transferred only if endorsed in the manner provided thereon and surrendered to the Registrar. Any exchange or transfer shall be without cost to the Registered Owner or transferee. The Registrar shall not be obligated to exchange any 2026 Bond or transfer registered ownership during the period between the applicable Record Date and the redemption date.

If a 2026 Bond is to be issued in book-entry only form, DTC is appointed as initial Securities Depository and each such 2026 Bond initially shall be registered in the name of Cede & Co., as the nominee of DTC. Each 2026 Bond registered in the name of the Securities Depository shall be held fully immobilized in book-entry only form by the Securities Depository in accordance with the provisions of the Letter of Representations. Registered ownership of any 2026 Bond registered in the name of the Securities Depository may not be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by Cascade; or (iii) to any person if the 2026 Bond is no longer to be held in book-entry only form. Upon the resignation of the Securities Depository, or upon a termination of the services of the Securities Depository by Cascade, Cascade may appoint a substitute Securities Depository. If (i) the Securities Depository resigns and Cascade does not appoint a substitute Securities Depository, or (ii) Cascade terminates the services of the Securities Depository, the 2026 Bonds no longer shall be held in book-entry only form and the registered ownership of each 2026 Bond may be transferred to any person as provided in this resolution.

Neither Cascade nor the Registrar shall have any obligation to participants of any Securities Depository or the persons for whom they act as nominees regarding accuracy of any records maintained by the Securities Depository or its participants. Neither Cascade nor the Registrar shall be responsible for any notice that is permitted or required to be given to the Registered Owner of a 2026 Bond registered in the name of the Securities Depository except such notice as is required to be given by the Registrar to the Securities Depository.

Section 6. Payment of 2026 Bond Principal, Premium, and Interest. Principal of and interest on each 2026 Bond shall be payable in lawful money of the United States of America. Principal of and interest on each 2026 Bond registered in the name of the Securities Depository are payable in the manner set forth in the Letter of Representations. Interest on each 2026 Bond not registered in the name of the Securities Depository is payable by electronic transfer on the interest payment date, or by check or draft of the Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. Cascade is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. Principal of each 2026 Bond not registered in the name of the Securities Depository is payable at final maturity or upon prior redemption in whole only upon presentation and surrender of the 2026 Bond by the Registered Owner to the Registrar.

Section 7. Redemption Provisions and Purchase of 2026 Bonds.

(a) Optional Redemption. The Designated Representative may designate certain maturities of the 2026 Bonds as being subject to redemption at the option of Cascade prior to their respective stated maturities on the dates and at the prices set forth in the Bond Purchase Contract. The Designated Representative may also, in his or her discretion, designate certain maturities of the 2026 Bonds as not being subject to optional redemption prior to maturity.

(b) Mandatory Redemption. The Designated Representative may approve the designation of certain maturities of 2026 Bonds as Term Bonds, as set forth in the Bond Purchase Contract. Cascade shall redeem Term Bonds, if not previously redeemed under the optional redemption provisions set forth above or purchased and surrendered for cancellation or defeased under the provisions set forth below, at a price of par plus accrued interest on the annual redemption dates and in the annual redemption amounts approved by the Designated Representative. If Cascade redeems under the optional redemption provisions, purchases for cancellation, or defeases Term Bonds, the principal amount of the Term Bonds so redeemed, purchased, or defeased (irrespective of their actual redemption or purchase prices) may be credited against one or more scheduled mandatory redemption amounts for those Term Bonds. The Chief Executive Officer shall determine the manner in which the credit is to be allocated and shall notify the Registrar in writing of that allocation at least 60 days prior to the earliest mandatory redemption date for that maturity of Term Bonds for which notice of redemption has not already been given.

(c) Selection of 2026 Bonds for Redemption; Partial Redemption. If fewer than all of the outstanding 2026 Bonds are to be redeemed at the option of Cascade, Cascade shall select the series and maturities to be redeemed. If fewer than all of the outstanding 2026 Bonds of a maturity of a series are to be redeemed, the Securities Depository shall select 2026 Bonds registered in the name of the Securities Depository to be redeemed in accordance with the Letter of Representations, and the Registrar shall select all other 2026 Bonds to be redeemed randomly in such manner as the Registrar shall determine. All or a portion of the principal amount of any 2026 Bond that is to be redeemed may be redeemed in any Authorized Denomination. If

less than all of the outstanding principal amount of any 2026 Bond is redeemed, upon surrender of that 2026 Bond to the Registrar, there shall be issued to the Registered Owner, without charge, a new 2026 Bond (or 2026 Bonds, at the option of the Registered Owner) of the same series, maturity, and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

(d) Purchase of 2026 Bonds. Cascade reserves the right to purchase any or all of the 2026 Bonds offered to Cascade or in the open market at any time at any price acceptable to Cascade plus accrued interest to the date of purchase.

Section 8. Notice of Redemption. Notice of redemption of each 2026 Bond registered in the name of the Securities Depository shall be given in accordance with the Letter of Representations. Notice of redemption of each other 2026 Bond, unless waived by the Registered Owner, shall be given by the Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner at the address appearing on the Bond Register on the Record Date. The requirements of the preceding sentence shall be satisfied when notice has been mailed as so provided, whether or not it is actually received by a Registered Owner. In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB (if required under the Undertaking), to each of the Rating Agencies, and to such other persons and with such additional information as Cascade shall determine, but these additional mailings shall not be a condition precedent to the redemption of any 2026 Bond.

In the case of an optional redemption, the notice of redemption may state that Cascade retains the right to rescind the redemption notice and the redemption by giving a notice of rescission to the affected Registered Owners at any time on or prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, each 2026 Bond for which a notice of optional redemption has been rescinded shall remain outstanding, and the rescission shall not constitute an Event of Default.

Interest on each 2026 Bond called for redemption shall cease to accrue on the date fixed for redemption, unless either the notice of optional redemption is rescinded as set forth above, or money sufficient to effect such redemption is not on deposit in the Bond Fund or in a trust account established to refund or defease the 2026 Bond.

Section 9. Failure to Pay 2026 Bonds. Unless otherwise provided in the Bond Purchase Contract, if the principal of any 2026 Bond is not paid when the 2026 Bond is properly presented at its maturity or date fixed for redemption, Cascade shall be obligated to pay interest on that 2026 Bond at the same rate provided in the 2026 Bond from and after its maturity or date fixed for redemption until that 2026 Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund or in a trust account established to refund or defease the 2026 Bond, and the 2026 Bond has been called for payment by giving notice of that call to the Registered Owner.

Section 10. Form and Execution of 2026 Bonds. Each 2026 Bond shall be prepared in a form consistent with the provisions of this resolution and State law. Each 2026 Bond shall be signed by the Chair and Secretary of the Board, either or both of whose signatures may be manual or in facsimile. If any officer whose manual or facsimile signature appears on a 2026 Bond ceases to be an officer of Cascade authorized to sign bonds before the 2026 Bond bearing his or her manual or facsimile signature is authenticated by the Registrar, or issued or delivered by Cascade, that 2026 Bond nevertheless may be authenticated, issued, and delivered and, when

authenticated, issued, and delivered, shall be as binding on Cascade as though that person had continued to be an officer of Cascade authorized to sign bonds. Any 2026 Bond also may be signed on behalf of Cascade by any person who, on the actual date of signing of the 2026 Bond, is an officer of Cascade authorized to sign bonds, although he or she did not hold the required office on the Issue Date.

Only a 2026 Bond bearing a Certificate of Authentication in substantially the following form, manually signed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution: "Certificate of Authentication. This bond is one of the fully registered Cascade Water Alliance Water System Improvement and Refunding Revenue Bonds, 2026, described in the 2026 Bond Resolution." The authorized signing of a Certificate of Authentication shall be conclusive evidence that the 2026 Bond so authenticated has been duly executed, authenticated, and delivered and is entitled to the benefits of this resolution.

Section 11. Bond Fund. So long as any Parity Bonds are outstanding, Cascade shall set aside and to pay into the Bond Fund, out of the Net Revenue, certain fixed amounts without regard to any proportion, namely:

(a) Into the Debt Service Account, the amounts necessary, taking into account other money then on deposit therein, to pay the principal of and premium, if any, and interest on the 2026 Bonds when due; and

(b) Into the Reserve Accounts, except as otherwise expressly provided herein, the amount necessary to make the amount on deposit therein equal to the Reserve Requirement.

Those fixed amounts shall be a lien and charge against the Net Revenue.

Cascade may provide for all or any part of the Reserve Requirement through Reserve Insurance. Except as otherwise expressly provided in this resolution, the Reserve Accounts shall be maintained at all times at not less than the Reserve Requirement.

The Reserve Requirement for the 2026 Bonds (which may be zero) and the 2026 Reserve Account (which may be the Common Reserve Account, or a separate Reserve Account hereby authorized to be created) shall be specified in the Bond Purchase Contract. On the Issue Date, Cascade shall deposit into the Reserve Accounts any combination of 2026 Bond proceeds, Reserve Insurance, or other money legally available, in the amount necessary, if any, to make the amount on deposit in the Reserve Accounts equal to the Reserve Requirement for the Outstanding Parity Bonds and the 2026 Bonds. The payment of principal of and premium, if any, and interest on the 2026 Bonds when due shall be secured by the 2026 Reserve Account, if any. In the event that there shall be a deficiency in the Debt Service Account that prevents making any payment secured by any 2026 Reserve Account, that deficiency shall be made up from the 2026 Reserve Account first, by the withdrawal of cash therefrom, second, from the proceeds of the sale of investments held therein, and third, from pro rata draws under each Reserve Insurance credited thereto. Any deficiency created in any 2026 Reserve Account by reason of any such withdrawal shall then be made up from the Net Revenue first available after making necessary provisions for the required payments into the Debt Service Account, first, to reinstate each Reserve Insurance, pro rata, and second, to make up any remaining deficiency. The money in any 2026 Reserve Account may be applied against the last outstanding Parity Bonds secured by such Reserve Account. If the Reserve Requirement for the Parity Bonds secured by any 2026 Reserve Account is fully provided for, any money in excess of the Reserve Requirement for the Parity Bonds

secured by such Reserve Account may be withdrawn and deposited consistent with this Section and Section 16.

Cascade may provide for the purchase for cancellation, redemption, or defeasance of Parity Bonds by the use of money on deposit in any account in the Bond Fund so long as the money remaining in those accounts is sufficient to satisfy the required deposits in those accounts for the remaining Parity Bonds.

All money in the Bond Fund may be kept in cash or invested in legal investments maturing or subject to redemption or repurchase at the option of Cascade, (i) for investments in the Debt Service Account, not later than the dates when the funds are required for the payments therefrom, and (ii) for investments in the Reserve Accounts, not later than ten years from the date of investment. Earnings from investments in the Debt Service Account shall be retained therein. Earnings from investments in each Reserve Account shall be retained therein until the amount therein is equal to the Reserve Requirement for the Parity Bonds secured by such Reserve Account and thereafter may be withdrawn and deposited consistent with this Section and Section 16. In computing the amount on hand in each Reserve Account, Reserve Insurance shall be valued at the lesser of the face amount thereof or the amount available, and all other investments shall be valued at market at least annually and on any business day following any withdrawal therefrom to make a payment from the Debt Service Account secured by such Reserve Account. Any deficiency in a Reserve Account resulting from the valuation of investments held therein shall be made up in approximately equal installments within four months after the date of that valuation.

Notwithstanding the provisions of the foregoing paragraph, so long as there is no deficiency in the Bond Fund, any earnings that are subject to federal arbitrage rebate requirements may be withdrawn from the Bond Fund for deposit in a separate account created for the purpose of complying with those rebate requirements.

Cascade may create sinking fund accounts or other accounts in the Bond Fund for the payment or securing the payment of Parity Bonds so long as the maintenance of those accounts does not conflict with the rights of the Registered Owners.

Section 12. Coverage Stabilization Fund. The Rate Stabilization Fund created pursuant to Resolution No. 2006-03 is renamed the "Coverage Stabilization Fund" pursuant to Resolution No. 2026-_____. Cascade may at any time, as determined by Cascade and consistent with Section 11 and Section 16, deposit Gross Revenue other than RCFCs in the Coverage Stabilization Fund. Cascade may at any time withdraw any or all of the money from the Coverage Stabilization Fund for inclusion in the Gross Revenue and disbursement consistent with Section 11 and Section 16. If a deposit or withdrawal is made within 90 days after the end of a fiscal year, Cascade may specify that the deposit or withdrawal is to be allocated to the prior fiscal year rather than to the fiscal year in which that deposit or withdrawal is made. No deposit of Gross Revenue may be made into the Coverage Stabilization Fund to the extent that such deposit would prevent Cascade from satisfying the Coverage Requirement in any fiscal year.

Section 13. Pledge of Net Revenue. The Net Revenue and all money and investments held in the Bond Fund, the Coverage Stabilization Fund, and the Construction Fund (except money and investments held in a separate fund or account created for the purpose of compliance with rebate requirements under the Code) are pledged to the payment of principal of and premium, if any, and interest on the Parity Bonds and all payments required to be made into the Reserve Accounts under any Parity Bond Authorizing Resolution. This pledge of Net Revenue

shall constitute a charge upon the Net Revenue superior to any other charges whatsoever. The Parity Bonds are payable solely from Net Revenue and the funds expressly set forth in this Section. Cascade has no taxing power. The Parity Bonds shall not be general obligations of Cascade. This resolution does not pledge, and the Parity Bonds are not payable from, the full faith and credit or taxing power of any Member. No Member is responsible for payment of the Parity Bonds; Members are responsible for the payment of Member Charges as expressly set forth in the Joint Agreement.

Section 14. Use of 2026 Bond Proceeds; Refunding Plan.

(a) Conditions for Issuing Parity Bonds. Prior to approving the sale of the 2026 Bonds, the Designated Representative shall determine in writing that the amounts required to have been paid into the Bond Fund for the Outstanding Parity Bonds have been paid and maintained as required therein, and all other conditions for the issuance of the 2026 Bonds as Parity Bonds have been satisfied.

(b) Construction Fund. On the Issue Date, proceeds of the Project Bonds in the amount necessary to satisfy the Reserve Requirement allocable to the Project Bonds, if any, shall be deposited into the 2026 Reserve Account. If so provided in the Refunding Trust Agreement, proceeds of the Project Bonds to be used to pay the costs of issuance and sale of the Project Bonds may be deposited with Refunding Trustee and applied for that purpose. The remaining proceeds of the Project Bonds shall be deposited in the Construction Fund and used to carry out the Project. Until needed to pay such costs, Cascade may invest the principal proceeds of the Project Bonds in any legal investment, and the investment earnings may be used to carry out the Project or for use in accordance with Section 16.

(c) Conditions for Issuing Refunding Bonds. Prior to approving the sale of the Refunding Bonds, the Designated Representative shall determine in writing that the Refunding Plan will provide sufficient funds to discharge and satisfy the obligations of Cascade under the 2014 Bond Resolution as to the Refunded Bonds, and in making such determination, the Designated Representative may rely upon a verification by a nationally recognized independent certified public accounting firm or a certification of a municipal advisor.

(d) Appointment of Refunding Trustee. U.S. Bank Trust Company, National Association, of Seattle, Washington, is appointed Refunding Trustee.

(e) Selection of Refunded Bonds. The Designated Representative is authorized and directed to select the Refunding Candidates to be refunded by the Refunding Bonds. The Designated Representative may choose to refund fewer than all of the Refunding Candidates.

(f) Refunding Plan. On the Issue Date, proceeds of the Refunding Bonds in the amount necessary to satisfy the Reserve Requirement allocable to the Refunding Bonds, if any, shall be deposited into the 2026 Reserve Account. If payment of the costs of issuance and sale of the Refunding Bonds and the administrative costs of the refunding by the Refunding Trustee is not provided for in the Refunding Trust Agreement, Refunding Bond proceeds sufficient for such purpose shall be retained by Cascade and applied for such purpose. The remaining proceeds of the Refunding Bonds shall be deposited immediately upon the receipt thereof with the registrar for the 2014 Bonds (or, if so determined by the Designated Representative, with the Refunding Trustee) and used to discharge the obligations of Cascade relating to the Refunded Bonds under the 2014 Bond Resolution by providing for the payment of the amounts required to

be paid by the Refunding Plan. As determined by the Designated Representative, such obligations shall be discharged fully by either (i) the payment when due by the registrar for the 2014 Bonds of the amount required to be paid by the Refunding Plan or (ii) to the extent practicable, the Refunding Trustee's simultaneous purchase of Acquired Obligations, bearing such interest and maturing as to principal and interest in such amount and at such time so as to provide, together with a beginning cash balance, if necessary, for the payment of the amount required to be paid by the Refunding Plan. Any such Acquired Obligations shall be listed and more particularly described in an exhibit to be attached to the Refunding Trust Agreement. Any Refunding Bond proceeds or other such money deposited with the Refunding Trustee not needed to carry out the Refunding Plan shall be returned to Cascade as soon as practicable after the Issue Date and deposited in the Debt Service Account to pay interest on the Refunding Bonds on the first interest payment date.

(g) Administration of Refunding Plan. The Refunding Trustee is authorized to purchase the Acquired Obligations, if so directed by the Designated Representative, and to make the payments required to be made by the Refunding Plan (if so determined by the Designated Representative) from the Acquired Obligations and money deposited with the Refunding Trustee pursuant to this resolution. All Acquired Obligations and the money deposited with the Refunding Trustee and any income therefrom shall be held irrevocably, invested, and applied in accordance with the provisions of the 2014 Bond Resolution, this resolution, chapter 39.53 RCW and other applicable statutes of the State, and the Refunding Trust Agreement.

(h) Refunding Trust Agreement. The Designated Representative is authorized and directed to execute and deliver to the Refunding Trustee a Refunding Trust Agreement setting forth the duties, obligations, and responsibilities of the Refunding Trustee in connection with carrying out the Refunding Plan (if so determined by the Designated Representative).

(i) Call for Redemption. Cascade calls the Refunded Bonds for redemption on the Redemption Date. Such call for redemption shall be irrevocable after the delivery of the Refunding Bonds to the Purchaser. The proper officials of Cascade are authorized and directed to give or cause to be given such notices as required, at the times and in the manner required by the 2014 Bond Resolution, to effect the redemption prior to their maturity of the Refunded Bonds.

Section 15. Covenants. Cascade covenants and agrees with the Registered Owner of each 2026 Bond at any time outstanding, as follows:

(a) Operation and Maintenance. Cascade will at all times maintain, preserve, and keep the properties of the System in good repair, working order, and condition, will make all necessary and proper additions, betterments, renewals, and repairs thereto, and improvements, replacements, and extensions thereof so that at all times the business carried on in connection therewith will be properly and advantageously conducted, and will at all times operate or cause to be operated the properties of the System and the business in connection therewith in an efficient manner and at a reasonable cost.

(b) Establishment and Collection of Member Charges. Cascade will establish, maintain, and collect Member Charges consistently with the Joint Agreement so that:

(1) The Gross Revenue in each fiscal year will be sufficient to pay when due (i) all Operations and Maintenance Costs for that fiscal year, (ii) all amounts that Cascade is obligated to pay into the Bond Fund and the accounts therein for that fiscal year, (iii) all taxes, assessments, or other governmental charges lawfully imposed on the System or the revenue

therefrom or payments in lieu thereof for that fiscal year, and (iv) any and all other amounts that Cascade is obligated to pay from the Gross Revenue by law or contract in that fiscal year; and

(2) The Coverage Requirement will be satisfied in each fiscal year.

Consistent with its obligations under the Joint Agreement, except as may be required under the provisions of any federal or State statute, regulation, or license, Cascade will not furnish or supply or permit the furnishing or supplying of any service or facility in connection with the operation of the System free of charge to any person, firm, or corporation, public or private.

(c) Joint Agreement. Cascade will enforce the provisions of the Joint Agreement, including without limitation the provisions of the Joint Agreement providing for payment of Member Charges, the provisions of Section 7.8.2(b) of the Joint Agreement obligating other Members to pay a defaulting Member's Member Charges, and provisions requiring any withdrawing Member's Member Charges to include an allocable share of debt service on the 2026 Bonds as a "then-existing obligation of Cascade." Cascade will not waive any right or fail to declare any default under or in connection with the Joint Agreement that would reduce the payments or extend the dates for payments to Cascade provided therein or would materially adversely affect the security of the Registered Owner of any Parity Bond then outstanding.

(d) Sale, Transfer, or Disposition of the System. Except as provided in the Joint Agreement, Cascade may sell, transfer, or otherwise dispose of any of the works, plant, properties, facilities, or other part of the System or any real or personal property comprising a part of the System (each, as used in this paragraph, a "transfer") only upon approval of the Board by resolution that contains one or more of the following determinations, to be made at the discretion of the Board:

(1) The facilities or property being transferred are not material to the operation of the System or to the receipt of Member Charges, or have become unserviceable, inadequate, obsolete, or unfit to be used in the operation of the System; or

(2) The aggregate depreciated value of the facilities or property being transferred in any fiscal year comprises no more than five percent of the total assets of the System; or

(3) Cascade receives from the transferee an amount equal to the fair market value of the portion of the System transferred. As used in this paragraph, "fair market value" means the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the willing buyer and willing seller each acting prudently and knowledgeably and assuming that the price is not affected by coercion or undue stimulus.

In the case of a transfer under paragraph (3) of this subsection: (A) the proceeds of the transfer shall be (i) used promptly to redeem (or irrevocably set aside for the redemption of) Parity Bonds and/or (ii) used to provide for part of the cost of additions to and betterments and extensions of the System; (B) before any such transfer, Cascade must obtain a certificate of an Independent Consulting Engineer to the effect that in his or her professional opinion, upon that transfer and the use of proceeds of the transfer as proposed by Cascade, the remaining System will retain its operational integrity and the Coverage Requirement will be satisfied in each of the five fiscal years following the fiscal year in which the transfer is to occur, taking into account (i) the reduction in Gross Revenue resulting from the transfer; (ii) the use of any proceeds of the transfer

for the redemption of Parity Bonds, (iii) the Independent Consulting Engineer's estimate of Gross Revenue allocable to customers anticipated to be served by any additions to and betterments and extensions of the System financed by the proceeds of the transfer, and (iv) any other adjustment permitted in the preparation of a certificate under Section 17(e)(2); and (C) before any such transfer, Cascade must obtain confirmation from each of the Rating Agencies to the effect that the rating then in effect will not be reduced or withdrawn as a result of that transfer.

Cascade shall not create, grant, or transfer to any person a mortgage, deed of trust, or other security interest in any Water Supply Assets that constitute real property.

Nothing in this subsection shall prevent Cascade from transferring or crediting Water Supply Assets to a Member pursuant to an agreement between Cascade and a Member by which the Member transfers title to Water Supply Assets to Cascade, with or without monetary consideration, to be operated and maintained as part of the System.

(e) Liens Upon the Net Revenue. Except as otherwise expressly provided in this resolution, Cascade will not at any time create or permit to accrue or to exist any lien, charge, or other encumbrance upon the Net Revenue or any part thereof prior or superior to the lien and charge thereon for the payment of the principal of and interest on the Outstanding Parity Bonds and the 2026 Bonds, and will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials, or supplies which, if unpaid, might become a lien, charge, or other encumbrance upon the Net Revenue or any part thereof, prior or superior to, or on a parity with, the lien and charge thereon for the payment of the principal of and interest on the Outstanding Parity Bonds and the 2026 Bonds, or which might materially adversely affect the security of the Registered Owner of any Parity Bond then outstanding.

(f) Books and Accounts. Cascade will keep proper books, records, and accounts with respect to the operations, income, and expenditures of the System in accordance with generally accepted accounting practices relating to municipal utilities and any applicable rules and regulations prescribed by the State, and will cause those books, records, and accounts to be audited on an annual basis by the State Auditor and/or by a certified public accountant selected by Cascade. It will prepare annual financial and operating statements as soon as practicable after the close of each fiscal year showing in reasonable detail the financial condition of the System as of the close of that fiscal year, and the income and expenses for that fiscal year, including the amounts paid into the Bond Fund and into any and all special funds or accounts created pursuant to the provisions of this resolution, the status of all funds and accounts as of the end of that fiscal year, and the amounts expended for maintenance, renewals, replacements, and capital additions to the System. That audit report and those statements shall be sent to any Registered Owner upon written request therefor being made to Cascade. Cascade may charge a reasonable cost for providing that audit report and those financial statements.

(g) Maintenance of Insurance. Cascade at all times will carry fire and extended coverage, public liability and property damage, and such other forms of insurance with responsible insurers and with policies payable to Cascade on such of the buildings, equipment, works, plants, facilities, and properties of the System as are ordinarily carried by municipal or privately owned utilities engaged in the operation of like systems, and against such claims for damages as are ordinarily carried by municipal or privately owned utilities engaged in the operation of like systems, or it will self-insure or will participate in an insurance pool or pools with reserves adequate, in the reasonable judgment of Cascade, to protect the System and the Registered Owners against loss.

(h) **Condemnation Awards and Insurance Proceeds.** If Cascade receives any condemnation award or proceeds of an insurance policy in connection with any loss of or damage to any property of the System, it shall apply the condemnation award or insurance proceeds, in Cascade's sole discretion, as follows: (i) to the cost of replacing or repairing the lost or damaged properties, (ii) to the payment, purchase for cancellation, or redemption of Parity Bonds, (iii) to the cost of improvements to the System, or (iv) with respect to proceeds of business interruption insurance only, in accordance with Section 11 and Section 16.

Section 16. Flow of Funds. The Gross Revenue shall be used for the following purposes only and shall be applied in the following order of priority:

- (a) To pay when due the Operations and Maintenance Costs;
- (b) To make when due all payments required to be made into the Debt Service Account in respect of interest on Parity Bonds;
- (c) To make when due all payments required to be made into the Debt Service Account in respect of the principal of and premium, if any, on Parity Bonds, whether at maturity or pursuant to prior redemption, and to make payments due under any reimbursement agreement with a Bond Insurer that requires those payments to be made on a parity with the Parity Bonds;
- (d) To make when due all payments required to be made into the Reserve Accounts, all payments required to be made under any agreement relating to the provision of Reserve Insurance, and all payments required to be made under any reimbursement agreement with a Reserve Insurance provider that requires those payments to be made on a parity with the payments required to be made into the Reserve Accounts;
- (e) To make when due all payments required to be made under any reimbursement agreement with a Bond Insurer other than payments to be made on a parity with the Parity Bonds, and all payments required to be made under any reimbursement agreement with a Reserve Insurance provider other than payments to be made on a parity with the payments required to be made into the Reserve Accounts, in any priority not inconsistent with this resolution that Cascade may hereafter establish by resolution;
- (f) To make when due all payments required to be made into any revenue bond, note, warrant, or other revenue obligation redemption fund, debt service account, or reserve account created to pay or secure the payment of any revenue bonds, notes, warrants, or other obligations of Cascade having a charge upon the Net Revenue junior and inferior to the charge thereon for the payment of the principal of and premium, if any, and interest on the Parity Bonds and all payments required to be made into the Reserve Accounts under any Parity Bond Authorizing Resolution, in any priority not inconsistent with this resolution that Cascade may hereafter establish by resolution; and
- (g) For any other lawful System purposes, in any priority not inconsistent with this resolution that Cascade may hereafter establish by resolution.

Cascade may transfer any money from any funds or accounts of the System legally available therefor, except money irrevocably deposited in redemption, retirement, or defeasance trust accounts for Parity Bonds, to meet the required payments to be made into the Bond Fund.

Section 17. Provisions for Future Parity Bonds. Cascade may issue Future Parity Bonds only for lawful System purposes and only if the following conditions are met and complied with at the time of the issuance of those Future Parity Bonds:

(a) There shall be no deficiency in the Bond Fund;

(b) Except in the case of Future Parity Bonds being issued for the sole purpose of providing for the costs of refunding Parity Bonds for which no coverage certification pursuant to subsection (e) of this Section is required, no Event of Default, nor any event or condition which with notice and/or the passage of time would constitute an Event of Default, shall have occurred and be continuing, nor shall the issuance of those Future Parity Bonds, in and of itself, cause an Event of Default or any event or condition which with notice and/or the passage of time would constitute an Event of Default;

(c) The applicable Parity Bond Authorizing Resolution shall provide for the payment of the principal of and interest on those Future Parity Bonds out of the Bond Fund;

(d) The applicable Parity Bond Authorizing Resolution shall provide for the deposit into the Reserve Accounts of any combination of Future Parity Bond proceeds, Reserve Insurance, or other money legally available, in the amount, if any, necessary to make the amount on deposit in the Reserve Accounts equal to the Reserve Requirement for all Parity Bonds upon the issuance of those Future Parity Bonds; and

(e) There shall be on file with Cascade either:

(1) a certificate of the Chief Executive Officer demonstrating that the Coverage Requirement was satisfied during any twelve consecutive calendar months out of the immediately preceding 24 calendar months (assuming that (A) those Future Parity Bonds were outstanding and that the debt service payable on those Future Parity Bonds in that twelve-month period was equal to the Average Annual Debt Service on those Future Parity Bonds and (B) any Parity Bonds to be refunded by those Future Parity Bonds are not outstanding); or

(2) a certificate of an Independent Consulting Engineer that in his or her opinion (which opinion and underlying assumptions shall be set forth in the certificate), the Coverage Requirement will be satisfied, (A) assuming that those Future Parity Bonds are outstanding and any Parity Bonds to be refunded by those Future Parity Bonds are not outstanding, in each of the fiscal years for the five fiscal years next following the earlier of (I) the end of the period during which interest on those Future Parity Bonds is fully capitalized or, if that interest is not fully capitalized, the fiscal year in which those Future Parity Bonds are issued, or (II) the date on which substantially all new facilities or improvements financed in substantial part by those Future Parity Bonds are expected to commence operations and (B) in the fiscal year in which those Future Parity Bonds are issued and any subsequent fiscal year prior to but not included in the fiscal years for which certification is provided pursuant to the foregoing clause (A). That certificate may take into account the following adjustments:

a. Any changes in Member Charges in effect and being charged, or Member Charges expected to be charged (including RCFCs expected to be collected) in accordance with a program of specific levels or increases or decreases in overall revenue approved by resolution or resolutions or pursuant to the Joint Agreement;

b. Member Charges from Members who have become Members during the 12 consecutive month period or thereafter, adjusted to reflect one year's Net Revenue allocable to those new Members;

c. The estimate of Net Revenue allocable to Members reasonably expected to be served by new facilities or improvements financed in substantial part by those Future Parity Bonds; and

d. Net Revenue allocable to any person, firm, corporation, or municipal corporation under any executed contract for water or other utility service, which revenue was not included in the historical Net Revenue.

If those Future Parity Bonds are for the sole purpose of refunding Parity Bonds (including costs of issuance and providing for the Reserve Requirement), no such coverage certification shall be required if, as a result of the issuance of those Future Parity Bonds, (i) the various annual maturities of the refunding Future Parity Bonds will not extend more than a year longer than the Parity Bonds being refunded, and (ii) the Annual Debt Service on all outstanding Parity Bonds will not increase more than \$5,000 in any fiscal year in which the Parity Bonds to be refunded were scheduled to remain outstanding.

Nothing contained herein shall prevent Cascade from issuing (i) Future Parity Bonds to refund maturing Parity Bonds, money for the payment of which is not otherwise available, or (ii) revenue bonds that are a charge upon the Gross Revenue subordinate to the charge thereon for the payment of the principal of and premium, if any, and interest on the Parity Bonds and all payments required to be made into the Reserve Accounts under any Parity Bond Authorizing Resolution, but only if the remedy of acceleration is expressly denied to the owners of those subordinate bonds under all circumstances.

Section 18. Separate Utility Systems. Cascade may create, acquire, construct, finance, own, and operate one or more additional systems for water supply, transmission, or other commodity or service. The revenue of that separate utility system shall not be included in the Gross Revenue and may be pledged to the payment of revenue obligations issued to purchase, construct, condemn, or otherwise acquire or expand that separate utility system. Neither the Gross Revenue nor the Net Revenue shall be pledged by Cascade to the payment of any obligations of a separate utility system except that the Net Revenue may be pledged on a basis subordinate to that provided for the payment of the principal of and premium, if any, and interest on the Parity Bonds and all payments required to be made into the Reserve Accounts under any Parity Bond Authorizing Resolution.

Section 19. Undertaking to Provide Continuing Disclosure. If necessary to assist the Purchaser in meeting its requirements under paragraph (b)(5) of Rule 15c2-2, as applicable to a participating underwriter for the 2026 Bonds, Cascade shall undertake, in a separate certificate or agreement, to provide the annual financial information, operating data, and notice of events required under paragraph (b)(5) of Rule 15c2-2. A default under such any such undertaking shall not be deemed an Event of Default under this resolution, and the sole remedy under any such undertaking in the event of any failure of Cascade to comply with such undertaking shall be an action to compel performance.

Section 20. Defeasance of Parity Bonds. If Cascade deposits irrevocably with an escrow agent money and/or noncallable Government Obligations which, together with the earnings thereon, are sufficient, without any reinvestment thereof, to pay the principal of and

premium, if any, on any 2026 Bond or 2026 Bonds or portions thereof becoming due (the “Defeased Bonds”), together with all interest accruing thereon to the due date or redemption date, and pays or makes provision for payment of all fees, costs, and expenses of that escrow agent due or to become due with respect to the Defeased Bonds, all liability of Cascade with respect to the Defeased Bonds shall cease, the Defeased Bonds shall be deemed not to be outstanding hereunder, and the Registered Owners of the Defeased Bonds shall be restricted exclusively to the money or Government Obligations so deposited, together with any earnings thereon, for any claim of whatsoever nature with respect to the Defeased Bonds, and that escrow agent shall hold the money, Government Obligations, and earnings in trust exclusively for those Registered Owners, and the money, Government Obligations, and earnings shall not secure any other Parity Bonds under this resolution. In determining the sufficiency of the money and Government Obligations deposited pursuant to this Section, the escrow agent shall receive, at the expense of Cascade, and may rely upon: (a) a verification report of a firm of nationally recognized independent certified public accountants or other qualified firm acceptable to Cascade and the escrow agent; and (b) an opinion of Bond Counsel to the effect that all conditions set forth in this Section have been satisfied. The Defeased Bonds shall no longer be secured by or entitled to the benefits of this resolution, except for the purposes of any payment from the money or Government Obligations deposited with the escrow agent and except for the provisions of this resolution relating to the execution, authentication, registration, exchange, transfer, and cancellation of 2026 Bonds.

Section 21. Supplemental Resolutions.

(a) This resolution shall not be modified or amended in any respect subsequent to the Issue Date, except as provided in and in accordance with and subject to the provisions of this Section.

(b) Cascade, from time to time, and at any time, without the consent of or notice to the Registered Owners or Qualified Counterparties, may adopt supplemental resolutions as follows:

(1) To provide for the issuance of Future Parity Bonds in accordance with the provisions of this resolution;

(2) To cure any formal defect, omission, inconsistency, or ambiguity in this resolution in a manner not materially adverse to the security of the Registered Owner of any Parity Bond then outstanding;

(3) To impose upon the Registrar (with its consent) for the benefit of the Registered Owners or Qualified Counterparties any additional rights, remedies, powers, authority, security, liabilities, or duties that may lawfully be granted, conferred, or imposed and that are not contrary to or inconsistent with this resolution as therefore in effect;

(4) To add to the covenants and agreements of, and limitations and restrictions upon, Cascade in this resolution, other covenants, agreements, limitations, and restrictions to be observed by Cascade that are not contrary or inconsistent with this resolution as therefore in effect;

(5) To confirm, as further assurance, any pledge under, and the subjection to any lien, charge, or pledge created or to be created by this resolution of any other money, securities, or funds;

(6) To authorize different Authorized Denominations and to make correlative amendments and modifications to this resolution regarding exchangeability of 2026 Bonds of different Authorized Denominations, redemptions of portions of 2026 Bonds of particular Authorized Denominations, provisions relating to the Securities Depository, and to make similar amendments and modifications of a technical nature not materially adverse to the security of the Registered Owner of any Parity Bond then outstanding;

(7) To modify, alter, amend, or supplement this resolution in any other respect that is not materially adverse to the security of the Registered Owner of any Parity Bond then outstanding that does not involve a change described in subsection (c) of this Section; and

(8) To add to the covenants and agreements of, and limitations and restrictions upon, Cascade in this resolution, other covenants, agreements, limitations, and restrictions to be observed by Cascade that are requested by a Bond Insurer or Reserve Insurance provider and which are not materially adverse to the security of the Registered Owner of any Parity Bond then outstanding.

Before Cascade shall adopt any supplemental resolution pursuant to this subsection, there shall have been delivered to Cascade and the Registrar an opinion of Bond Counsel, stating that that supplemental resolution is authorized or permitted by this resolution and, upon the execution and delivery thereof, will be valid and binding upon Cascade in accordance with its terms and will not materially adversely affect the security of the Registered Owner of any Parity Bond then outstanding.

(c) (1) Except for any supplemental resolution entered into pursuant to subsection (b) of this Section, subject to the terms and provisions contained in this subsection and not otherwise, Registered Owners of not less than a majority of aggregate principal amount of the outstanding Parity Bonds shall have the right from time to time to consent to and approve the adoption by Cascade of any supplemental resolution deemed necessary or desirable by Cascade for the purpose of modifying, altering, amending, supplementing, or rescinding, in any particular, any of the terms or provisions contained in this resolution; except that, unless approved in writing by each Registered Owner of each Parity Bond at the time outstanding, nothing contained in this Section shall permit, or be construed as permitting:

a. A change in the times, amounts, or currency of payment of any outstanding Parity Bond, or a reduction in the principal amount of any outstanding Parity Bond or a change in the rate or method of determining the rate of interest thereon or the redemption or tender provisions thereof, or

b. A preference or priority of any Parity Bond over any other Parity Bond, or

c. A reduction in the aggregate principal amount of Parity Bonds, the consent of the Registered Owners of which is required for any supplemental resolution.

(2) If at any time Cascade shall adopt any supplemental resolution for any of the purposes of this subsection, the Registrar shall cause notice of the proposed supplemental resolution to be given by first-class United States mail to all Registered Owners and Qualified Counterparties, to any Bond Insurer, and to the Rating Agencies. That notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that a copy thereof is

on file at the office of the Registrar for inspection by all Registered Owners and Qualified Counterparties.

(3) Within two years after the date of the mailing of that notice, Cascade may adopt that supplemental resolution in substantially the form described in that notice, but only if there shall have first been delivered to the Registrar (i) the required consents, in writing, of the Registered Owners, and (ii) an opinion of Bond Counsel stating that that supplemental resolution is authorized or permitted by this resolution and, upon the execution and delivery thereof, will be valid and binding upon Cascade in accordance with its terms.

(4) If the required consents, in writing, of the Registered Owners have been obtained as herein provided, no Registered Owner shall have any right to object to the adoption of that supplemental resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain Cascade from adopting the same or from taking any action pursuant to the provisions thereof.

(d) The Registered Owners from time to time of the outstanding 2026 Bonds, by taking and holding the same, shall be deemed to have consented to the adoption by Cascade of any supplemental resolution for any one or more of the following purposes:

(1) To define "Coverage Requirement" as follows:

"Coverage Requirement" in any fiscal year (or other designated twelve-month period) means that: (1) Net Revenue in that fiscal year (or other designated twelve-month period), minus RCFCs received in that fiscal year (or other designated twelve-month period), is not less than 1.05 times Annual Debt Service on all outstanding Parity Bonds; or (2) Net Revenue in that fiscal year (or other designated twelve-month period), including RCFCs received in that fiscal year (or other designated twelve-month period), is not less than 1.20 times Annual Debt Service on all outstanding Parity Bonds; or (3) both (1) and (2).

(2) To provide that the certificate described in Section 17(e)(1) may demonstrate that the Coverage Requirement was satisfied during any twelve consecutive calendar months out of the immediately preceding 30 calendar months rather than the immediately preceding 24 months.

(3) To provide that the failure of Cascade to comply with the covenant in Section 15(b)(2) to establish, maintain, and collect Member Charges consistently with the Joint Agreement so that the Coverage Requirement is satisfied in each fiscal year will not be an Event of Default under this resolution if Cascade: (a) promptly retains an Independent Consulting Engineer to recommend to the Board adjustments in the Member Charges necessary to satisfy the Coverage Requirement in the next fiscal year; and (b) the Board adopts such recommendations to the extent permitted by law within six months after the date the failure became known to the Board.

(e) Upon the execution and delivery of any supplemental resolution pursuant to the provisions of this Section, this resolution shall be, and be deemed to be, modified and

amended in accordance therewith, and the respective rights, duties, and obligations under this resolution of Cascade, the Registrar, and all Registered Owners shall thereafter be determined, exercised and enforced under this resolution subject in all respects to those modifications and amendments.

Section 22. Amendments to Joint Agreement.

(a) Cascade, from time to time, and at any time, without the consent of or notice to the Registered Owners or Qualified Counterparties, may amend the Joint Agreement for any purpose except as provided in subsection (b) of this Section. However, before Cascade shall permit the amendment of the Joint Agreement pursuant to this subsection, there shall have been delivered to Cascade and the Registrar an opinion of Bond Counsel, stating that that amendment is authorized or permitted by this resolution.

(b) (1) Subject to the terms and provisions contained in this subsection, Cascade may amend the Joint Agreement in the following manner only with the prior written consent of each Registered Owner of each Parity Bond at the time outstanding (unless, in the opinion of Bond Counsel, such amendment does not eliminate or materially diminish a Member's obligation under the relevant provision of the Joint Agreement specified below):

a. an amendment that eliminates or materially diminishes the obligation of the Members under paragraph 2, 3, or 4 of Section 5.3.2 of the Joint Agreement, i.e., the obligations (x) to take actions related to the establishment, maintenance, and collection of rates, fees, or other charges for water and other services, facilities, and commodities related to the water supply received from Cascade at levels adequate to provide revenues sufficient to make payments required to be made under the Joint Agreement, and to pay or provide for payment of all other charges and obligations payable from or constituting a charge or lien upon such revenues, or (y) to pay Member Charges to Cascade, or (z) to treat Member Charges as internal operation and maintenance costs or contract resource obligations in either case payable prior to debt service on Member obligations; or

b. an amendment that eliminates or materially diminishes the obligation of the Members under Section 5.3.3 of the Joint Agreement to make appropriate written undertakings under paragraph (b)(5) of Rule 15c2-2; or

c. an amendment that eliminates or materially diminishes the obligation of the Members under Section 5.3.4 of the Joint Agreement, i.e., to take actions related to preservation of the tax-exempt status of interest on the Tax-Exempt Bonds; or

d. an amendment that eliminates or materially diminishes the obligation of the Members under Section 7.8.1(d) of the Joint Agreement, i.e., to remit payment of disputed invoices in full prior to resolving the dispute; or

e. an amendment that eliminates or materially diminishes the obligation of the Members under Section 7.8.2(b) of the Joint Agreement, i.e., to pay proportionate shares of a defaulting Member's Member Charges; or

f. an amendment that eliminates or materially diminishes a withdrawing Member's obligations for the cost of then-existing obligations of Cascade under Section 9.2 of the Joint Agreement.

(2) If at any time Cascade shall permit the amendment of the Joint Agreement for any of the purposes of this subsection, the Registrar shall cause notice of the proposed amendment to be given by first-class United States mail to all Registered Owners and Qualified Counterparties, to any Bond Insurer, and to the Rating Agencies. That notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the office of the Registrar for inspection by all Registered Owners and Qualified Counterparties.

(3) Within two years after the date of the mailing of that notice, Cascade may permit the amendment of the Joint Agreement in substantially the form described in that notice, but only if there shall have first been delivered to the Registrar the required consents, in writing, of the Registered Owners.

(4) If the required consents, in writing, of the Registered Owners have been obtained as herein provided, no Registered Owner shall have any right to object to that amendment of the Joint Agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain Cascade from entering into the same or from taking any action pursuant to the provisions thereof.

Section 23. Defaults and Remedies.

(a) Events of Default. Each of the following shall constitute an “Event of Default”:

(1) If Cascade defaults in any payment of principal of or premium, if any, or interest on any Parity Bond when the same becomes due and payable.

(2) If Cascade files a petition in bankruptcy or is placed in receivership under any state or federal bankruptcy or insolvency law.

(3) If an “Event of Default” occurs under (and as defined in) any Parity Bond Authorizing Resolution other than this resolution.

(4) If Cascade defaults in the observance and performance of any other of the covenants, conditions, and agreements on the part of Cascade set forth in any Parity Bond Authorizing Resolution and that default has continued for a period of 90 days after Cascade has received from the Bond Owners’ Trustee or from the Registered Owners of not less than a majority of aggregate principal amount of the outstanding Parity Bonds, a written notice specifying and demanding the cure of that default. However, if that default is one that can be remedied but cannot be completely remedied within the 90 days after written notice has been given, it shall not be an Event of Default so long as Cascade has taken active steps within the 90 days after written notice has been given to remedy the default and is diligently pursuing that remedy.

(b) Bond Owners’ Trustee. Upon the occurrence and during the continuance of an Event of Default, a trustee (the “Bond Owners’ Trustee”) (i) may be appointed by the Registered Owners of not less than a majority of aggregate principal amount of the outstanding Parity Bonds, notification thereof having been given to Cascade, or (ii) shall be appointed by Cascade at the direction of the Registered Owners of not less than a majority of aggregate principal amount of the outstanding Parity Bonds, in each case by an instrument or concurrent instruments in writing signed and acknowledged by those Registered Owners or by their attorneys-in-fact duly authorized and delivered to the Bond Owners’ Trustee or Cascade, as the

case may be. That appointment shall become effective immediately upon acceptance thereof by the Bond Owners' Trustee. Any Bond Owners' Trustee appointed under the provisions of this subsection shall be a bank or trust company organized under the laws of the State of Washington or the State of New York or a national banking association. The Bond Owners' Trustee may be removed at any time, and a successor Bond Owners' Trustee appointed, by the Registered Owners of not less than a majority of aggregate principal amount of the outstanding Parity Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by those Registered Owners or by their attorneys-in-fact duly authorized. The Bond Owners' Trustee may require such security and indemnity as may be reasonable against the costs, expenses, and liabilities that may be incurred in the performance of its duties.

The Bond Owners' Trustee appointed in the manner herein provided, and each successor thereto, is declared to be a trustee for all Registered Owners and is empowered to exercise all the rights and powers herein conferred on the Bond Owners' Trustee.

In the event that any Event of Default in the sole judgment of the Bond Owners' Trustee is cured and the Bond Owners' Trustee furnishes to Cascade a certificate so stating, that Event of Default shall be conclusively deemed to be cured and Cascade, the Bond Owners' Trustee, and the Registered Owners shall be restored to the same rights and position which they would have held if that Event of Default had not occurred.

(c) Suits, Actions, and Other Proceedings. Upon the occurrence and during the continuance of an Event of Default, the Bond Owners' Trustee may, and upon the written request of the Registered Owners of not less than a majority of aggregate principal amount of the outstanding Parity Bonds shall, take such steps and institute such suits, actions, or other proceedings, or file and prove such claims in bankruptcy, reorganization, or other similar proceedings, all as it may deem appropriate for the protection and enforcement of the rights of the Registered Owners, to collect any amounts due and owing to or from Cascade, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement, or condition contained in any Parity Bond Authorizing Resolution or any of the Parity Bonds.

Nothing contained in this Section shall, in any event or under any circumstance, be deemed to authorize the acceleration of maturity of principal of the Parity Bonds, and the remedy of acceleration is expressly denied to the Registered Owners under any circumstances including, without limitation, upon the occurrence and during the continuance of an Event of Default.

Any action, suit, or proceeding instituted by the Bond Owners' Trustee hereunder shall be brought in its name as trustee for the Registered Owners, and all such rights of action upon or under any Parity Bond Authorizing Resolution or any of the Parity Bonds may be enforced by the Bond Owners' Trustee without the possession of any of those Parity Bonds and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law. Any such action, suit, or proceeding instituted by the Bond Owners' Trustee shall be brought for the ratable benefit of all Registered Owners, subject to the provisions of the Parity Bond Authorizing Resolutions. Upon the appointment of a Bond Owners' Trustee in accordance with the provisions herein, each Registered Owner of a Parity Bond, by taking and holding the same, shall be conclusively deemed irrevocably to have appointed the Bond Owners' Trustee the true and lawful trustee of all Registered Owners, with authority to institute any such action, suit, or proceeding; to receive as trustee and deposit in trust any sums becoming distributable on account of those Parity Bonds; to execute any paper or documents for the receipt of money; and to do all acts with respect thereto that the Registered Owner himself or herself might have done in person. Nothing herein shall be deemed to authorize or empower the Bond Owners' Trustee to

consent to accept or adopt, on behalf of any Registered Owner, any plan of reorganization or adjustment affecting the Parity Bonds or any right of any Registered Owner thereof, or to authorize or empower the Bond Owners' Trustee to vote the claims of the Registered Owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization, or other similar proceedings to which Cascade is a party.

(d) Application of Money Collected by Bond Owners' Trustee. Any money collected by the Bond Owners' Trustee at any time pursuant to this Section shall be applied in the following order of priority:

(1) first, to the payment of the charges, expenses, advances, and compensation of the Bond Owners' Trustee and the charges, expenses, counsel fees, disbursements, and compensation of its agents and attorneys;

(2) second, to the payment of all interest on the Parity Bonds then due and payable, in the order in which the same became due and payable, and, if the amount available shall not be sufficient to make any payment in full, then to the payment, ratably, according to the amounts due with respect to those payments, without discrimination or preference;

(3) third, to the payment of all unpaid principal of and premium, if any, on the Parity Bonds then due and payable (other than Parity Bonds called for redemption for the payment of which money is held pursuant to the provisions of any Parity Bond Authorizing Resolution), in the order in which the same became due and payable, and, if the amount available shall not be sufficient to make any payment in full, then to the payment, ratably, according to the amounts due with respect to those payments, without any discrimination or preference; and

(4) fourth, to the payment of all unpaid Parity Bonds called for optional redemption, if any.

(e) Duties and Obligations of Bond Owners' Trustee. The Bond Owners' Trustee shall not be liable except for the performance of such duties as are specifically set forth herein. Upon the occurrence and during the continuance of an Event of Default, the Bond Owners' Trustee shall exercise such of the rights and powers vested in it hereby, and shall use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The Bond Owners' Trustee shall have no liability for any act or omission to act hereunder except for the Bond Owners' Trustee's own negligent action, its own negligent failure to act, or its own willful misconduct. The duties and obligations of the Bond Owners' Trustee shall be determined solely by the express provisions of the Parity Bond Authorizing Resolutions, and no implied powers, duties, or obligations of the Bond Owners' Trustee shall be read into this resolution.

The Bond Owners' Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Bond Owners' Trustee, except as may result from its own negligent action, its own negligent failure to act, or its own willful misconduct.

The Bond Owners' Trustee shall not be bound to recognize any person as a Registered Owner of any Parity Bond until his or her title thereto, if disputed, has been established to its reasonable satisfaction.

The Bond Owners' Trustee may consult with counsel, and the opinion of that counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of that counsel. The Bond Owners' Trustee shall not be answerable for any neglect or default of any person, firm, or corporation employed and selected by it with reasonable care.

(f) Proceedings By Individual Parity Bond Owners Restricted. No Registered Owner shall have any right to institute any action, suit, or proceeding at law, in equity, or in bankruptcy, reorganization, or other similar proceedings under any Parity Bond Authorizing Resolution unless:

- (1) an Event of Default has occurred and is continuing;
- (2) a Bond Owners' Trustee has been appointed;
- (3) that Registered Owner shall have given to the Bond Owners' Trustee written notice of the Event of Default on account of which that action, suit, or proceeding is to be instituted;
- (4) the Registered Owners of not less than a majority of aggregate principal amount of the outstanding Parity Bonds, after the occurrence and during the continuance of that Event of Default, have made written request of the Bond Owners' Trustee and have afforded the Bond Owners' Trustee a reasonable opportunity to institute that action, suit, or proceeding;
- (5) there have been offered to the Bond Owners' Trustee security and indemnity satisfactory to it against the costs, expenses, and liabilities to be incurred therein or thereby; and
- (6) the Bond Owners' Trustee has refused or neglected to comply with that request within a reasonable time.

No Registered Owner shall have any right in any manner whatever by his or her action to affect or impair the obligation of Cascade to pay from the Net Revenue the principal of and premium, if any, and interest on any Parity Bond to the Registered Owner thereof when due.

Notwithstanding any other provision of this resolution, each Registered Owner shall have the absolute and unconditional right to receive payment of principal of and premium, if any, and interest on that Registered Owner's Parity Bonds on and after the due date thereof and to institute suit for the enforcement of any such payment.

(g) Failure to Comply With Undertaking. Notwithstanding anything in this Section to the contrary, the failure of Cascade or any obligated person to comply with the Undertaking shall not constitute an Event of Default, and the sole remedy of any holder of a 2026 Bond shall be to seek an order of specific performance from an appropriate court to compel Cascade or the obligated person to comply with the Undertaking.

Section 24. Manner of Sale; Delivery of 2026 Bonds. The Designated Representative is authorized to sell the 2026 Bonds by negotiated sale or private placement or by competitive sale in accordance with a notice of sale consistent with this resolution, based on the assessment of the Designated Representative of market conditions, in consultation with

appropriate Cascade officials and staff, Bond Counsel, and other advisors. In determining the method of sale of the 2026 Bonds and accepting the Final Terms, the Designated Representative shall take into account those factors that, in the judgment of the Designated Representative, may be expected to result in the lowest true interest cost to Cascade.

(a) Procedure for Negotiated Sale or Private Placement. If the Designated Representative determines that the 2026 Bonds are to be sold by negotiated sale or private placement, the Designated Representative shall select the Purchaser with which to negotiate such sale. The Bond Purchase Contract shall set forth the Final Terms. The Designated Representative is authorized to execute the Bond Purchase Contract on behalf of Cascade, so long as the terms provided therein are consistent with the terms of this resolution.

(b) Procedure for Competitive Sale. If the Designated Representative determines that the 2026 Bonds are to be sold by competitive sale, the Designated Representative shall cause the preparation of an official notice of bond sale setting forth parameters for the Final Terms and any other bid parameters that the Designated Representative deems appropriate consistent with this resolution. Bids for the purchase of the 2026 Bonds shall be received at such time or place and by such means as the Designated Representative directs. On the date and time established for the receipt of bids, the Designated Representative (or the designee of the Designated Representative) shall open bids and shall cause the bids to be mathematically verified. The Designated Representative is authorized to award, on behalf of Cascade, the winning bid and accept the winning bidder's offer to purchase the 2026 Bonds, with such adjustments to the aggregate principal amount and principal amount per maturity as the Designated Representative deems appropriate, consistent with the terms of this resolution. The Designated Representative may reject any or all bids submitted and may waive any formality or irregularity in any bid or in the bidding process if the Designated Representative deems it to be in Cascade's best interest to do so. If all bids are rejected, the 2026 Bonds may be sold pursuant to negotiated sale or in any manner provided by law as the Designated Representative determines is in the best interest of Cascade, within the parameters set forth in this resolution.

The 2026 Bonds will be prepared at Cascade's expense and will be delivered to the Purchaser in accordance with the Bond Purchase Contract, together with the approving legal opinion of Bond Counsel regarding the 2026 Bonds.

Section 25. General Authorization. The Chair of the Board and the Chief Executive Officer of Cascade and each of the other appropriate officers of Cascade are each individually authorized and directed to do everything as in their judgment may be necessary, appropriate, or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, this resolution. In particular, and without limitation, the Chief Executive Officer may, in his or her discretion and without further action by the Board, (i) deem final any preliminary official statement or official statement relating to the 2026 Bonds, (ii) authorize the distribution of any preliminary official statement or official statement by the Purchaser, (iii) comply with any continuing disclosure requirements applicable to the 2026 Bonds, (iv) change the Registrar or Securities Depository, (v) provide information to Rating Agencies, prospective providers of Bond Insurance and Reserve Insurance, and other participants in the issuance of the 2026 Bonds, and (vi) request proposals from Purchasers and prospective providers of Bond Insurance and Reserve Insurance for the 2026 Bonds.

Section 26. Severability. The provisions of this resolution are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this resolution to be invalid or unenforceable as to any

person or circumstance, the offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this resolution in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 27. Ratification of Prior Acts. Any action taken consistent with the authority but prior to the effective date of this resolution, including, if applicable, giving an official notice of bond sale, executing contracts, making fund transfers, and paying warrants, is ratified, approved, and confirmed.

Section 28. Section Headings. The section headings in this resolution are used for convenience only and shall not constitute a substantive portion of this resolution.

Section 29. Effective Date. This resolution shall take effect and be in force immediately upon its adoption.

ADOPTED AND APPROVED by the Board of Directors of the Cascade Water Alliance at an open public regular meeting held on this 23rd day of September, 2026.

CASCADE WATER ALLIANCE

Angela Birney, Chair

Attest – John Taylor, CEO

Thomas McLeod, Vice-Chair

Dave Hamilton, Secretary/Treasurer

Members

Yes _____

No _____

Demand Share

Yes _____%

No _____%

Include in CWAC?

☐ Yes

☒ No

CERTIFICATION

I, the undersigned, Secretary of the Board of Directors (the "Board") of Cascade Water Alliance ("Cascade") hereby certify as follows:

1. The attached copy of Resolution No. 2026-_____ (the "Resolution") is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board held on September 23, 2026, at the time and meeting place for which notice was given in accordance with law, as that resolution appears on the minute book of Cascade; and the Resolution is now in full force and effect.

2. The meeting was duly convened and held and included an opportunity for public comment, in all respects in accordance with law; a quorum of the members of the Board was present throughout the meeting; and a sufficient number of members of the Board present voted in the proper manner for the adoption of the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand this 23rd day of September, 2026.

CASCADE WATER ALLIANCE

Dave Hamilton, Secretary of the Board

Cascade Supply Program

September 23, 2026



Risk Register

- Risk matrix currently has 73 risks, 1 opportunity
- Risks that are “high” in either likelihood or impact are discussed with SPOC
- SPOC requested we present the one opportunity to the full Board

Legend			
Risk		Opportunity	
26	High	0	High
30	Medium	1	Medium
17	Low	0	Low

		High (Probable)
		Medium (Possible)
		Low (Rare)

Program Opportunity ID #1

ID	TITLE	DESCRIPTION	CONSEQUENCES	ACTION PLAN	BOARD ACTION
1	Land for tank site is provided by Member Agency.	Land for tank site is secured through a Member Agency partnership.	Cost; Community Impact	Prioritize sites within Member jurisdiction based on elevation and hydraulic feasibility. Engage Member staff on potential tank sites as early as possible to determine candidate opportunities. Sites subject to additional evaluation during Alternatives Analysis.	If an opportunity site is identified, and after evaluation by Member agency staff, engage Board member if necessary to assist in demonstrating the value and need for the property.

Land Acquisition Strategy

- [Draft document](#) in the Board packet
- Comments due by September 30th (or earlier if you can!)
- Establishes the framework, principles, and policies that govern acquisition of land
- Informs the Land Acquisition Plan (2028+)
- Strategy vs Plan: What vs How
- Complementary to the Communications and Outreach Strategy

Real Estate 101 and Proposed Delegation of Acquisition Authority

1. Definitions
2. Types of Compensation
3. Status: Where the Program stands
4. Delegation of Acquisition Authority

Key Real Estate Definitions

Term	Definition
Eminent Domain	The constitutional authority of a government to acquire private property for a public use, provided the owner is paid just compensation. The power to acquire .
Condemnation Authority	The legal proceeding that carries out eminent domain when a negotiated agreement can't be reached.
Parcel	Specific, legally defined unit of land with fixed boundaries, recorded ownership, and a tax parcel number.
File	The complete, audit-ready record for an acquisition. It could be a whole parcel or a portion of a parcel. Multiple parcels can be in one file.
Resolution Authorizing Condemnation	The Board's formal finding that the project is a public use and that acquiring the identified property is necessary. It is the legal prerequisite that authorizes condemnation of that property.
Possession	The point at which the Program gains the legal right to enter and use the acquired rights. Obtained: at closing after payment to the landowner, through a Possession & Use Agreement, or through condemnation.

Acquisition Instrument Definitions

Each instrument represents a different slice of the bundle of property rights.

Instrument	What it is	Where CSP will use it	What rights are received
Right of entry (ROE)	Limited permission to enter for survey and investigations (Geotech, environmental, etc)	Corridor and alignment analysis	A temporary access; limited duration, revocable
Permanent easement (PE)	Recorded right to some of the rights and exclude conflicting uses in perpetuity	Majority of acquisitions for the corridor	10%-90% of rights; owner keeps title & compatible use
Temporary construction easement (TCE)	Time-limited work and staging area during construction	Often acquired in conjunction with permanent easement	One right, borrowed for a set term
Fee simple	Full ownership of the parcel	Tank site, facilities sites	The whole bundle of rights
Possession & Use Agreement	Negotiated early possession ahead of final determination of compensation	Schedule-critical files	Possession or access now; permanent rights secured later once compensation determined

What is “Right of Way”?

As a process: acquiring the legal property rights needed to build, operate, and maintain the system, guided by state law and the federal Uniform Act (URA).

On the ground: the corridor of land, and the rights within it. The physical area where Cascade's rights exist.

Program would rarely buy land outright

Most acquisitions are easements - only the specific rights the project needs to install, operate, and maintain - not entire parcels. The owner keeps fee title and any compatible use.

Owners receive just compensation

Independent USPAP* appraisal sets minimum compensation for land acquisition plus damages to remainder property.

* Uniform Standards of Professional Appraisal Practice

Every step is documented

State and federal acquisition and relocation assistance acts require equal treatment of owners and a complete, audit-ready file for every parcel.

Compensation: Initial Offers, Settlements, Condemnation

Compensation is either via the initial offer or the negotiated settlement or condemnation.

Appraised Value (initial offer)

The initial offer is based on the appraisal and appraisal review.

All initial offers are packaged per segment.

Settlement

A settlement is the final, negotiated compensation for a file — the amount agreed at or above the initial offer to close voluntarily and avoid condemnation.

Condemnation

The legal proceeding that carries out eminent domain when a negotiated agreement can't be reached.

Status: Where Cascade Stands

No corridor identified.

No file-level acquisition activity until the Board approves a preferred alignment and design advances. Active acquisition triggers at approximately 60% design.

The Board retains full approval authority over all real property acquisition contracts. **No CEO delegation is in place. Every acquisition contract requires full Board approval regardless of dollar amount.**

Risks of the status quo

SCHEDULE

Cumulative drift

A board vote on every offer compounds across hundreds of files threatening construction access windows and delay exposure.

COST

Loss of negotiating leverage

Approving contracts in open session signals our position to owners and counsel potentially raising settlements.

PUBLIC TRUST

Inconsistent treatment

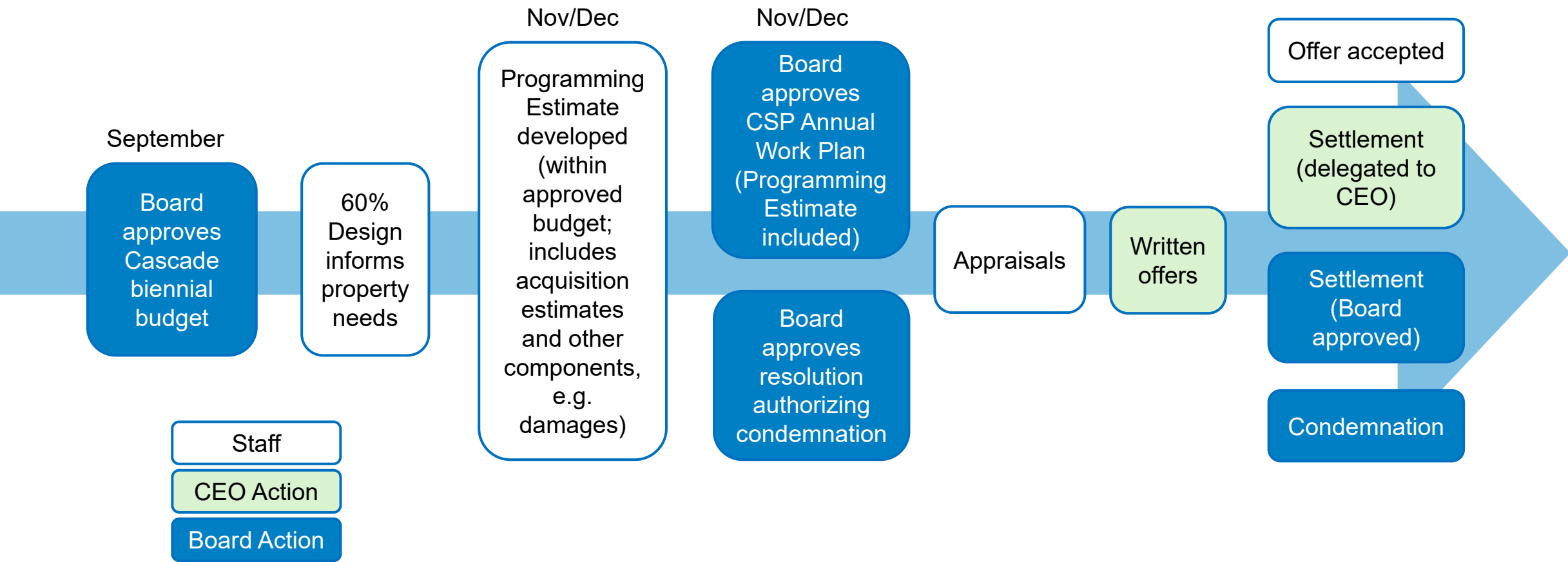
Case-by-case votes risk uneven outcomes for similar owners — a Relocation Act/URA equal-treatment concern.

OVERSIGHT

Board bandwidth & decision fatigue

Routine, low-value votes crowd out the significant files and the policy questions the Board should own.

Real Estate Flow Chart (Option C)



Timeline is an example for any one year.

Compensation: Programming Estimate

A per-file build-up of every cost required to acquire right of way, rolled up to a total program budget.

Estimate Component	What It Captures
Parcel Identification	File no., owner, site address, zoning, tax map & lot, current use
Land Value	Area × unit price for fee, permanent easement, and temporary easement acquisitions
Improvements	Value of affected site improvements (landscaping, irrigation, fencing)
Damages	Compensable damages to the remainder parcel with description (for easements)
Relocation Benefits	Estimated relocation payments to displaced owners and tenants
Acquisitions costs	Personnel labor for acquisition and relocation, appraisal and appraisal review costs, title insurance
Cascade Cost	Personnel labor for Cascade for reviews and approvals
Legal & Contingencies	Legal fees and a contingency allowance for settlements
Miscellaneous	Other anticipated file costs
Total	Sum of all categories per file; rolled up to a program total

Compensation: Settlements

Four different acquisition settlement values produce different settlement environments (evaluated on following slides).

Values	Why it behaves differently
• Small-value easement (< \$50K)	Routinely settle above appraisal for legitimate reasons.
• Mid-value easement (\$50K–\$150K)	Core file value, will include hundreds of files.
• High-value easement (> \$150K) • Settlements with large deviations from appraised value	Greatest financial and community-relations exposure.
• Fee simple	Full acquisition of the parcel. Reserved for tank and facility sites; highest exposure.

Delegation of Acquisition Authority: Three proposed options

Option	Rule	Trade-off
A — Flat \$50K ceiling	CEO approves any settlement $\leq$ \$50,000, regardless of percentage; above \$50,000 goes to the Board.	Simple; matches the existing \$50K threshold for other contract types. But most acquisitions exceed \$50K — the bulk still reaches the Board.
B(1) — 10% over appraisal	CEO approves settlement within 10% (or 20%) of initial offer; above that goes to the Board regardless of dollar amount.	Right discipline for mid- and large-value files; fails small files (a 10–20% cap is only a few hundred dollars).
B(2) — 20% over appraisal		
C — Hybrid: up to \$150K and up to 50% Recommended	CEO approves if settlement over initial offer $\leq$ \$150,000 and $\leq$ 50% over offer. Board approves when both are exceeded. Board approves fee-simple acquisitions and settlements above same limits .	Combines a small-file floor with a percentage cap and keeps the Board on high-value transactions.

Delegation of Acquisition Authority: How settlements would work

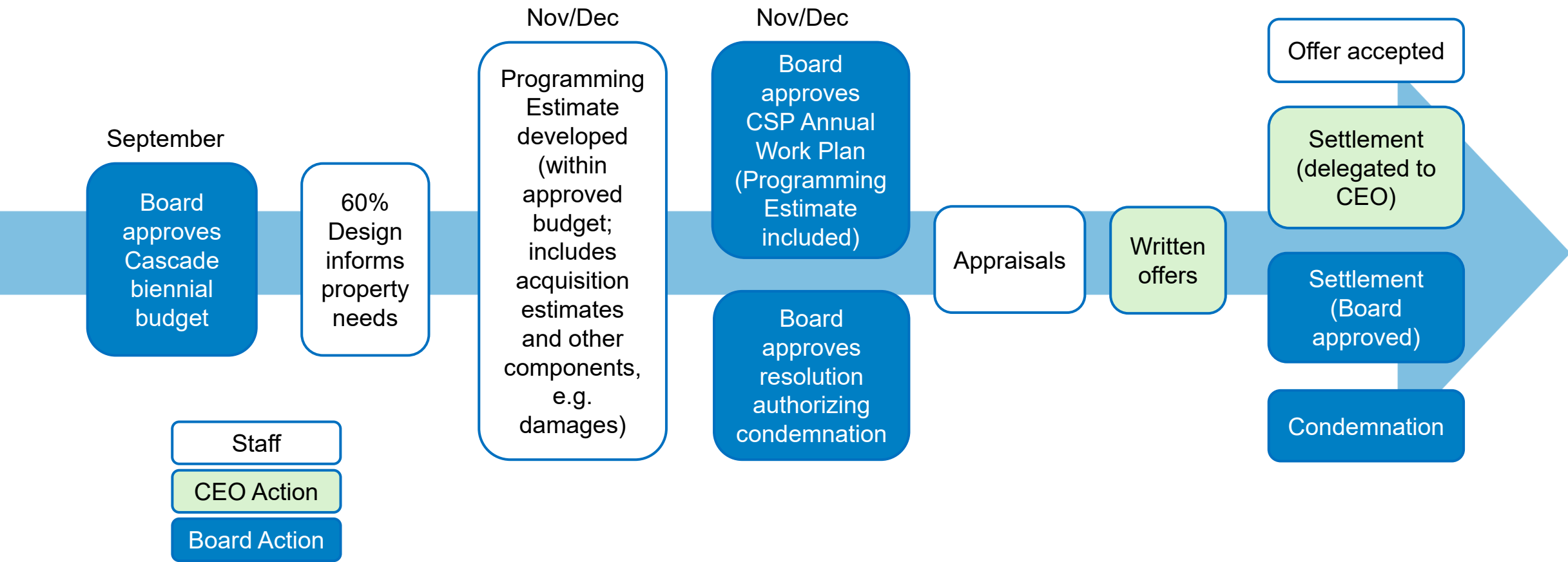
Scenario	# Acq.*	Offer	Settlement	% Over	\$ Over	Delegated Settlement Authority			
						A: <\$50K	B1: <10%	B2: <20%	C: over offer by \$150K and 50%
Low value easement	~49	\$1,000	\$1,200	+20%	+\$200	CEO	Board	CEO	CEO
		\$1,000	\$1,300	+30%	+\$300	CEO	Board	Board	CEO
Mid value easement	~36	\$50,000	\$60,000	+20%	+\$10,000	Board	Board	CEO	CEO
		\$50,000	\$65,000	+30%	+\$15,000	Board	Board	Board	CEO
High value easement	~30	\$200,000	\$240,000	+20%	+\$40,000	Board	Board	CEO	CEO
		\$200,000	\$260,000	+30%	+\$60,000	Board	Board	Board	CEO
Fee simple	~3	\$2,000,000	\$2,100,000	+5%	+\$100,000	Board	CEO	CEO	CEO
		\$2,000,000	\$2,200,000	+10%	+\$200,000	Board	Board	Board	Board
		\$10,000,000	12,500,000	+25%	\$2,500,000	Board	Board	Board	Board
Files to Board	~118					69 (60%)	115 (97%)	Up to 85%	Less than 10%

* Comparable number of acquisitions from the 60% design estimate of a similar water program segment of approximately 4 miles; (the final Program total was higher).

Delegation of Acquisition Authority: In Practice

Appraised Value (initial offer)	Max settlement offer at \$150K and 25%	Max settlement offer at \$150K and 50%
\$50,001	\$62,500	\$75,000
\$150,000	\$187,500	\$225,000
\$300,000	\$375,000	\$450,000
\$500,000	\$625,000	\$650,000
\$1,000,000	\$1,150,000	\$1,150,000
\$5,000,000	\$5,150,000	\$5,150,000
\$10,000,000	\$10,150,000	\$10,150,000
\$20,000,000	\$20,150,000	\$20,150,000

Real Estate Flow Chart (Option C)



Timeline is an example for any one year.

Delegation of Acquisition Authority: Why Not Option A or B?

Each alternative was analyzed and set aside for a documented reason — each fails at one end of the value range:

- **Option A — flat \$50,000 threshold:** a dollar-only ceiling this low captures nearly everything. Because many acquisitions and settlements will likely exceed \$50,000, the Board would be approving most acquisitions on a file-by-file basis.
- **Options B1 / B2 — 10% / 20% cap only:** a percentage-only cap ignores absolute dollars. A \$1,000 easement settling at \$1,300 is +30% and would go to the Board for \$300.
- **Option C addresses both:** the \$150,000 floor keeps lower value, high quantity files with the CEO; the 50% cap routes high-exposure, low volume files to the Board.

Next Steps:

- Land Acquisition Strategy documents the:
 - CSP acquisition approach
 - High level process and timeline
 - Legal and regulatory requirements governing real estate acquisition
 - Delegation authority
 - Informs the Land Acquisition Plan
- September – Requesting Board feedback on delegation recommendation
 - Comments due September 30
- October – requesting Board adoption of Land Acquisition Strategy

Questions?



LAND ACQUISITION STRATEGY

Cascade Supply Program

08/31/2026

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Abbreviations

BIA	Bureau of Indian Affairs
BLM	Bureau of Land Management
Cascade	Cascade Water Alliance
CFR	Code of Federal Regulations
CSP	Cascade Supply Program
DNR	Department of Natural Resources
GIS	Geographic Information System
HPA	Hydraulic Project Approval
JMUSA	Joint Municipal Utilities Services Agreement
LAP	Land Acquisition Plan
LAS	Land Acquisition Strategy
LWCF	Land and Water Conservation Fund
OPMA	Open Public Meetings Act
RCO	Recreation and Conservation Office (Washington State)
RCW	Revised Code of Washington
ROW	Right-of-way
Section 404	Section of the Clean Water Act regulating dredging and filling
Section 408	Federal law governing alterations to civil works projects
SEPA	State Environmental Policy Act
SPOC	Supply Program Oversight Committee
TCE	Temporary Construction Easement
URA	Uniform Relocation Assistance and Real Property Acquisition Policies Act
USDOT	U.S. Department of Transportation
USFS	U.S. Forest Service
USPAP	Uniform Standards of Professional Appraisal Practice
WDFW	Washington Department of Fish and Wildlife
WIFIA	Water Infrastructure Finance and Innovation Act
WSDOT	Washington State Department of Transportation

1. Purpose and Overview

The Cascade Supply Program (CSP, or Program) provides a resilient water future by building vital new water connections within the Puget Sound region. Cascade Water Alliance (Cascade) supports communities by providing safe, reliable, cost-effective drinking water for generations to come.

The seven Cascade member agencies (cities of Bellevue, Kirkland, Redmond, Tukwila, and Issaquah; Skyway Water and Sewer District; and Sammamish Plateau Water) serve nearly 400,000 residents and a business population of 380,000. The CSP is a regional program to expand and strengthen the area's water system in three phases, as shown in Figure 1, including:

- Phase I of the CSP will deliver water from Tacoma Water to Cascade members. Phase I will be operational in 2041. Early plans include a new pipeline that could span up to twenty miles, storage, and initial connections.
- Phase II will expand distribution infrastructure and connections to member agencies.
- Phase III will develop water treatment at the White River–Lake Tapps Reservoir and connect to infrastructure developed under Phases I and II.

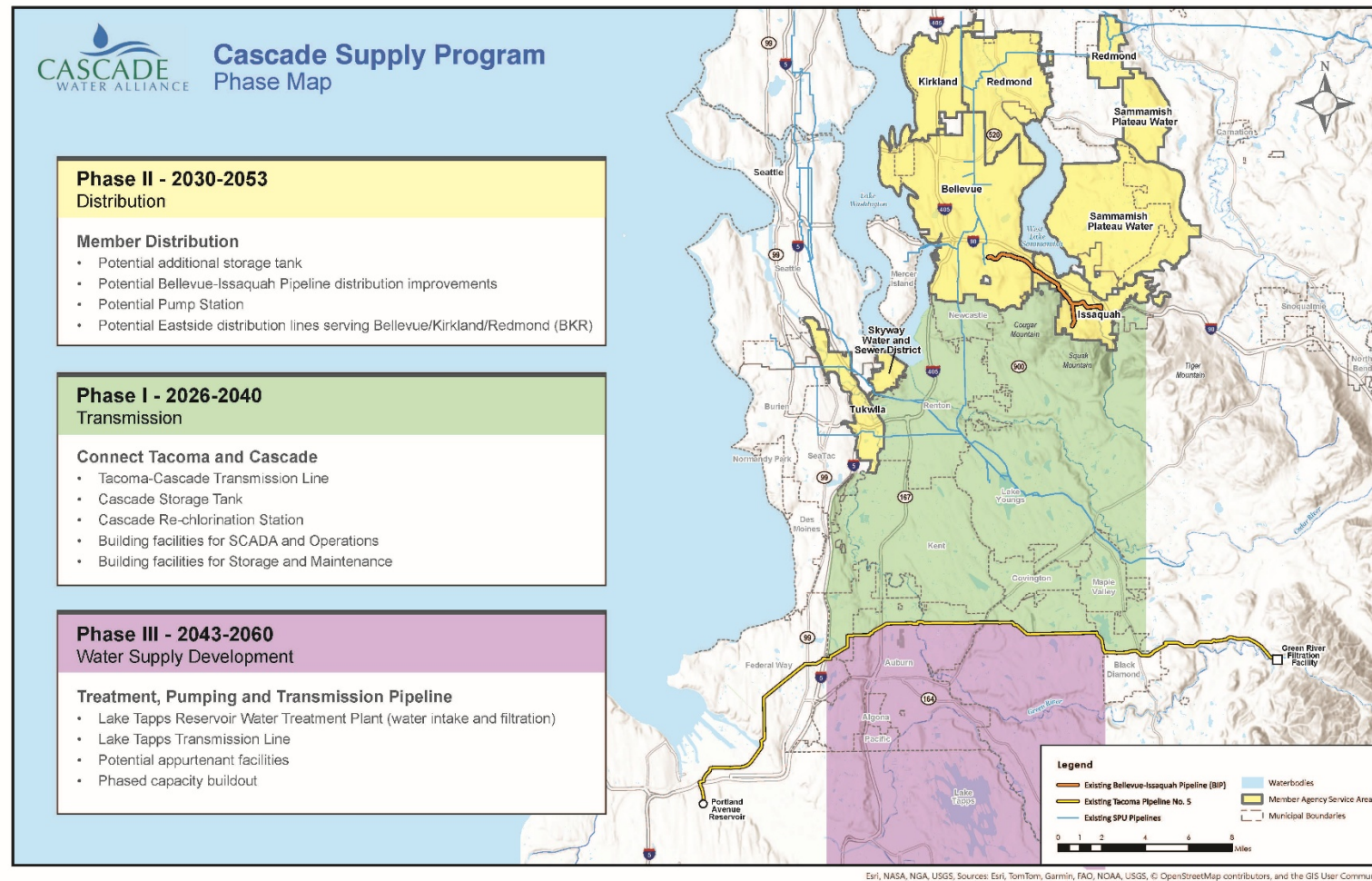


Figure 1 Phase Map

This Programmatic Land Acquisition Strategy (LAS) establishes the framework, guiding principles, and policies that will govern the acquisition of land rights for the CSP. It is a program-level document intended to achieve the following objectives:

- Define the Program's overall approach to acquiring property rights.
- Establish the legal and regulatory framework within which all acquisitions will be conducted.
- Inform the Land Acquisition Plan. The Land Acquisition Plan is a parcel-by-parcel workplan, prepared once the alignment is fixed, that identifies each impacted property, the interests to be acquired, and the schedule and budget for securing them.
- Serve as the governing document from which all subsequent real estate program documents flow.
- Promote public confidence in the Program's land acquisition activities.

In particular, this LAS proposes the Cascade Board delegate authority for certain real estate transactions to enable timely acquisition of rights of way for Phase I construction. Currently, the Board retains full approval authority over all real property acquisition contracts. The Board has not delegated authority to the CEO for acquisition of real property interests.

1.1 Program Overview and Context

This strategy is based on the Program purpose and need, existing facilities and components, and geographic and jurisdictional contexts for CSP Phase I. The Phase I infrastructure is not dependent on the future Phase II or Phase II infrastructure to accomplish the intended purpose.

The CSP Phase I infrastructure will be defined through the planning and design stages. For the purpose of evaluation needs only, Phase I infrastructure is assumed to include the following:

- **Pipelines** – Approximately 19–22 miles of large-diameter (between 36 inches and 60 inches in diameter) water transmission pipeline connecting Tacoma Pipeline 5 to the vicinity of the Bellevue–Issaquah Pipeline
- **Storage tank** – One above-grade or buried tank with approximately 15-million-gallon storage capacity
- **Rechlorination station** – A standalone facility with a building containing chemical storage and chlorine injection as well as water-analyzing equipment
- **SCADA and operations facility** – System-wide SCADA controls system and communication system, housed within a building and subsurface conduit
- **Storage and maintenance facility** – A warehouse and open storage area for operating the system as well as storing and staging equipment to be used for maintaining the transmission pipeline and storage tank

The above infrastructure list is assumed from pre-planning considerations and will be revised through Phase I planning and design stages.

Figure 2 shows the CSP Phase I study area. It is the area north of Tacoma Pipeline 5, south of the Bellevue–Issaquah Pipeline.

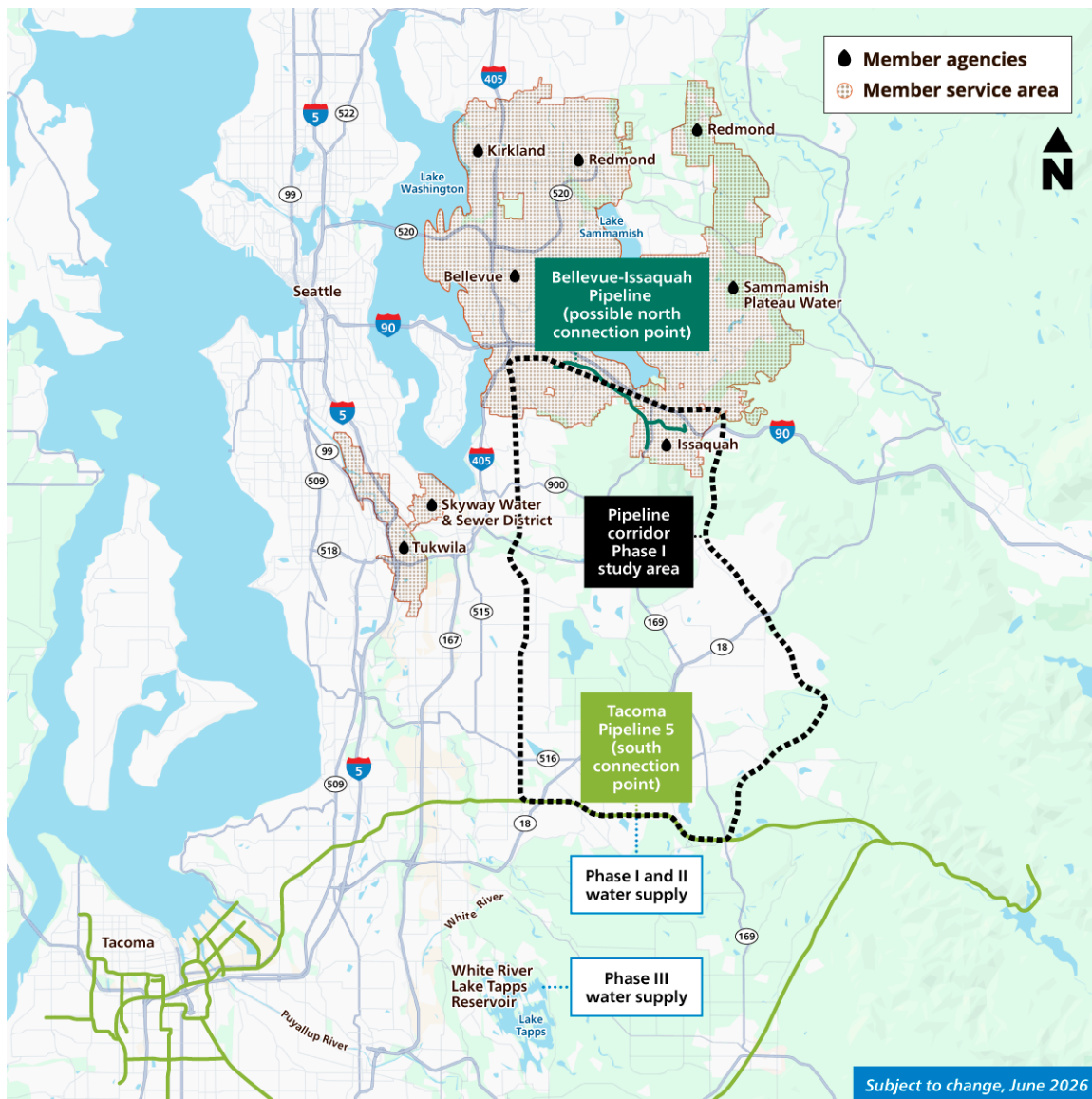


Figure 2 Phase I Study Area

1.2 Guiding Principles

The following principles govern all right-of-way activities under this Program. They guide the real estate team's approach to landowner relations, decision-making, and Program conduct.

- **Fair and equitable treatment.** Treat property owners fairly, equitably, and with respect.
- **Just compensation.** Offer property owners just compensation based on fair market value as established by a qualified appraisal.
- **Transparency and communication.** Share clear, accurate, and timely information with interested parties.

- **Early and strategic engagement.** Initiate real estate activities as early as practicable to identify constraints, minimize hardships to landowners, and provide time for complex acquisitions.
- **Condemnation as last resort.** Use negotiated settlement wherever possible. Only Initiate condemnation proceedings after Board authorization
- **Professional standards.** Adhere to the International Rights of Way Association Code of Ethics and applicable Washington State licensing requirements.
- **Legal compliance.** Comply with Washington State law, applicable federal requirements, and applicable Cascade resolutions and policies.

1.3 Relationship with Other Program Documents

This LAS is the first and foundational real estate program-level document. The documents identified in Table A will be developed as the CSP matures and will be governed by and consistent with this real estate strategy. These include documents that apply to the entire program, including this strategy, as well as documents that may be prepared for subsections of the CSP Phase I, which may be broken out as separate projects for design and construction.

Table A Dependencies

	Land Acquisition Strategy (This Document)	ROW & Property Evaluation Technical Memorandum	Land Acquisition Plan (LAP)	Relocation Plan (49 CFR 24.205)
Timing	Pre-corridor selection; early planning stage	During alternatives analysis; revised after corridor selection to support alignment selection	Post-alignment selection; pre-acquisition	Mid-project; after occupant interviews are complete (prior to 60% design)
Audience	CSP staff, Member staff, Board, and committees, funders, oversight agencies	Design team, CSP staff, Member staff, Board, and committees	CSP Delivery team	Federal funding agency—URA compliance demonstration
Purpose	Inform future decisions; surface real estate risks early; define roles and responsibilities	Evaluate ROW/property needs for each alignment alternative; support corridor and alignment selection	Parcel-by-parcel workplan, prepared once the alignment is fixed, that identifies each impacted property, the interests to be acquired, and	Demonstrate housing supply is sufficient to house all displacees; identify non-residential relocations; identify time constraints and schedule risks

	Land Acquisition Strategy (This Document)	ROW & Property Evaluation Technical Memorandum	Land Acquisition Plan (LAP)	Relocation Plan (49 CFR 24.205)
			the schedule and budget for securing them	
Content level	Strategic, advisory, options-based	Technical, comparative, alternative-specific; includes high-level real estate cost estimates	Procedural, operational	Analytical, findings-based, procedural

Error! Reference source not found. shows the anticipated sequencing of real estate documents and Board approvals, relative to Phase I milestones through the Board approval of the Land Acquisition Plan (LAP).

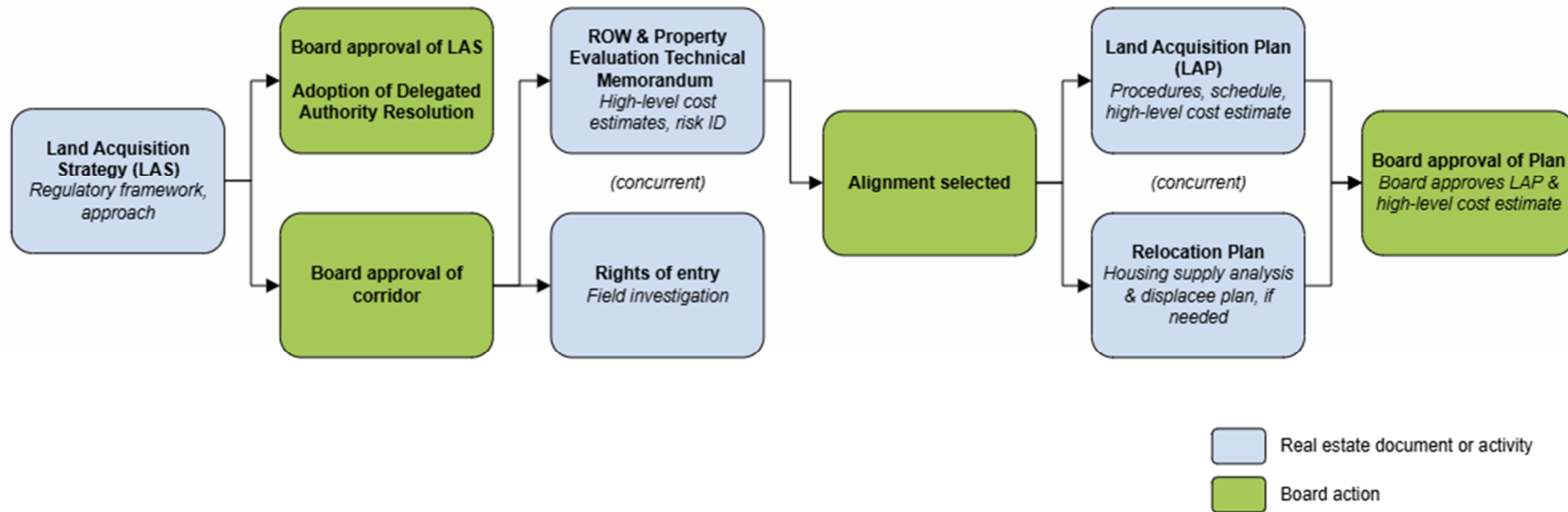


Figure 3 Pre-Design Real Estate Document Sequencing

1.4 Organization of the Strategy

The LAS is organized into the following sections:

- **Section 1.0 – Purpose and Overview:** This section introduces the CSP and the LAS.
- **Section 2.0 – Framework:** Describes the frameworks under which the LAS is defined. It describes the Cascade framework as well as federal and state requirements governing real property acquisition (including the Uniform Relocation Act, and Tribal consultation obligations).
- **Section 3.0 – Technical Considerations:** Describes the studies, datasets, and analyses that are or will be used to complete land acquisition, conduct consultations, and keep the CSP compliant with regulations.
- **Section 4.0 – Approach Methodology and Coordination:** Describes the overall strategy for land acquisition under Phase I of the CSP, including processes and workflows, intergovernmental coordination, and community engagement.
- **Section 5.0 – Oversight and Roles:** Describes the makeup of the real estate team and how the team will execute the LAS within the broader context of the CSP. This includes identifying roles and responsibilities, oversight, and decision-making as it pertains to land acquisition and the real estate team.
- **Section 6.0 – Implementation:** Describes considerations for implementing the LAS, including schedule, milestones, and sequencing.
- **Section 7.0: Risk Management:** Describes risks and risk management within the context of acquiring property for Phase I.
- **Section 8.0: Next Steps:** Describes what immediate next steps are anticipated.

2. Framework

This section describes the framework under which the LAS is defined. It describes the acquisition authority and process of the CSP, the Washington State context for real property acquisition, and Federal requirements including the Uniform Relocation Act.

2.1 Cascade Framework

The following subsections summarize the legal authority and required processes relating to property acquisition for the CSP, including acquisition methods.

2.1.1 Acquisition Methods

The following subsections summarize the acquisition methods available to the CSP and applicable legal authority and required processes for each.

Acquisition by Purchase Where Condemnation Is Contemplated

The majority of CSP acquisitions will be conducted under the threat of eminent domain. This designation applies when the Program has identified a specific route, project area, or facility location and the specific properties required to construct and operate Program infrastructure.

Condemnation is available as a last resort if good-faith negotiation fails. All condemnation proceedings require Board authorization through a Resolution Authorizing Condemnation and active coordination with Program legal counsel.

Acquisition by Condemnation

Condemnation is the Program's last resort. All condemnation actions require Board authorization and active coordination with the Program legal counsel. The Real Estate Delivery Manager cannot initiate condemnation proceedings without prior consultation with and authorization from the Board.

2.2 Regulatory and Legal Framework

The regulatory and legal framework for CSP property acquisition is described below.

2.2.1 General Acquisition Authority

The Program's authority to acquire real property is established under Washington State law, Chapter 39.106 RCW –Joint Municipal Utilities Services Act (JMUSA Act) - and Cascade Water Alliance's Joint Municipal Utilities Services Agreement (JMUSA Agreement). The JMUSA Act and Agreement provide authority for the Program's existence and all real property acquisition powers. The JMUSA Act grants eminent domain authority to Cascade. Cascade exercises condemnation authority in the same manner as a city under Chapter 8.12 RCW and Chapter 8.25 RCW, subject to two specific limitations under the JMUSA Act:

- **Utility services only.** Cascade may only exercise eminent domain authority as necessary to perform or provide utility services, as defined in the JMUSA Act and

Agreement. This limitation is narrower than the general condemnation authority granted to cities and defines the permissible public use for any taking.

- **No condemnation of government property.** Cascade CANNOT exercise eminent domain with respect to property owned by a federal, state, city, town, county, special purpose program, authority, or other unit of local government. Those parcels must be acquired under mutually agreed-upon terms. There is no condemnation backstop for local government-owned parcels. Franchise agreements, ROW permits, and negotiated contracts are available tools. Government-owned parcels will be identified early in corridor screening.

All condemnation actions require active coordination with Program legal counsel. The Real Estate Delivery Manager cannot initiate condemnation proceedings without prior authorization from the Board.

2.2.2 Key Washington State Legal Authority

The state legal authority listed in Table B form the primary legal framework for this Program's acquisition activities.

Table B Key Washington State Laws and Regulations

Statute	Title	Description
Washington State Constitution, Article I, Section 16	Eminent Domain	Establishes just compensation requirement for all takings of private property
Chapter 39.106 RCW	Joint Municipal Utility Services	Establishes that Cascade, as a joint municipal utility service authority whose members all have the power of eminent domain, has the power of eminent domain
Chapter 8.12 RCW	Eminent Domain by Cities	Cascade's JMUSA Agreement expressly adopts this chapter as the mechanism for exercising condemnation authority. Cascade exercises eminent domain in the same manner as a city under this chapter, subject to specific limitations under the JMUSA Act described in Section 2.2.1
Chapter 8.25 RCW	Additional Provisions Applicable to Eminent Domain Proceedings	Supplementary procedural requirements adopted by reference in Chapter 8.12 RCW
Chapter 8.26 RCW	Relocation Assistance—Real Property Acquisition Policy	Washington's state-level equivalent of the Uniform Relocation Act; governs acquisition process and relocation assistance for all public agencies exercising condemnation authority
Chapter 468-100 WAC	Uniform Relocation Assistance and Real Property Acquisition	Implementing regulations for RCW 8.26; governs appraisal, negotiation, and relocation assistance requirements

Statute	Title	Description
Chapter 42.30 RCW	Open Public Meetings Act	Governs Board meetings and actions, including limited use of executive session for real property acquisition

2.2.3 Federal Requirements (Uniform Relocation Act)

The Uniform Relocation Act (42 U.S.C. 4601 et seq.) and its implementing regulations (49 CFR Part 24) apply to all acquisitions undertaken by a public agency using federal financial assistance. If the Program receives federal funding from any source for any stage of the Program, the URA will apply to all acquisitions and relocations, regardless of whether federal funds are used for a specific parcel.

3. Technical Considerations

This section describes the studies, datasets, and analyses that are or will be used to complete land acquisition, conduct consultations, and comply with all applicable laws and regulations.

3.1 Background Conditions

As of the date of this Strategy, no preferred corridor or alignment has been identified. Key conditions that shape the real estate activities at this stage include:

- **No parcel-level acquisition activity.** Formal acquisition, including appraisals, offers, and negotiations, will not be initiated on the general parcel population until environmental review under SEPA has been completed, an alignment is approved by the Board, and design progresses to the appropriate level.
- **Early acquisition exceptions.** Two categories of acquisition may be initiated prior to an approved alignment. First, fee simple acquisition of the tank site may proceed independently of alignment selection if it doesn't dictate a specific corridor or alignment. Second, parcels that appear on all viable alignment alternatives may be identified for early acquisition where doing so reduces Program schedule risk. All early acquisitions will comply fully with applicable laws and policies, regardless of timing.
- **Corridor constraints unknown.** The extent of private, state, federal, and tribal lands within the corridor is unknown pending corridor definition.
- **Potential Federal funding.** The Program is currently considering available federal funding opportunities. No federal funding has been confirmed at this time. In anticipation of federal funding for the Program, this Strategy is being developed to fully comply with the Uniform Relocation Act (49 CFR Part 24, updated May 2024) and all applicable federal acquisition requirements, in addition to compliance Washington's Relocation Act. This approach positions the Program for any federal funding that may be secured.
- **Existing utility and road ROW corridors.** Existing utility corridors, transmission line ROW, and public road rights-of-way within the study area will be mapped as potential alignment opportunities that may reduce acquisition burden.

3.2 Data, Tools, and Analytical Approaches

The following data sources, Geographic Information System (GIS) platforms, parcel research tools, and spatial workflows will be used to support real estate acquisition activities throughout the Program. Table C lists real estate resources.

Table C Key Resources

Resource	Reference	Description	Source / URL
Bureau of Indian Affairs (BIA)	-	Federal right of way approval authority for acquisitions crossing tribal trust land	Bia.gov./bia/ots/dres

Resource	Reference	Description	Source / URL
Governor's Office of Indian Affairs (GOIA)	-	Tribal consultation protocols and contacts	governor.wa.gov/issues/issues/goia
Recreation and Conservation Office Acquisition Toolkit	-	WA-specific templates: Voluntary Acquisition Notice, Just Compensation Notice, Title Checklist	rco.wa.gov/grant-requirements/acquisition-toolkit
Washington Geospatial Open Data Portal	-	Statewide parcel and cadastral GIS data	geo.wa.gov
WSDOT Local Agency Guidelines Manual—Right of Way	Chapter 25	ROW procedures for local agencies on federally funded projects in Washington	wsdot.wa.gov/publications/manuals/fulltext/M36-63/Lag25.pdf
WSDOT Right of Way Manual	M 26-01	Primary WA state reference for ROW acquisition, appraisal, title, relocation, and property management	wsdot.wa.gov/publications/manuals/fulltext/M26-01/ROW.pdf

3.2.1 Parcel Data and Ownership Research

Accurate, current parcel data and ownership information are foundational to all acquisition activities. The Program will use the following primary data sources:

- **County Assessor GIS/Parcel Viewers.** Each Washington county maintains a public parcel database and GIS viewer. These are the primary source for ownership, parcel boundaries, assessed values, and tax records.
- **Washington Department of Natural Resources (DNR) Cadastral Data.** DNR maintains statewide parcel and cadastral data layers available through the Washington Geospatial Open Data Portal. These are used for corridor-level parcel inventory.
- **Washington Secretary of State, UCC/Entity Search.** This is useful for ownership verification of parcels held by entities, LLCs, or corporations.
- **County Auditor/Recorder's Office.** These offices hold recorded deeds, easements, covenants, and encumbrances. These are the basis for preliminary title review.
- **Washington Department of Fish and Wildlife (WDFW) Parcel Data.** These data are for identification of WDFW-owned lands and wildlife areas along potential corridors.

- **Bureau of Land Management (BLM) Land Status/Master Title Plats.** BLM tools are for identification of federal public land status along potential corridors.
- **Washington Recreation and Conservation Office (RCO) Project Search.** This tool is useful for identification of RCO grant-funded properties that require conversion review if acquired for pipeline use.

3.2.2 GIS and Spatial Analysis Workflows

The Program will use GIS as the primary spatial platform for real estate analysis, parcel inventory, and acquisition tracking. The following spatial workflows will be employed:

- **Corridor Overlay Analysis.** Parcel ownership layers overlaid with proposed corridor alternatives to produce preliminary parcel counts, ownership type distribution, and ownership contact lists for each alternative
- **Land Use and Ownership Classification.** Corridor parcels classified by ownership type (private, county, city, state, federal, tribal) and land use to inform acquisition method, complexity, and cost estimating
- **Constraint Mapping.** GIS layers used to identify and map ROW constraints along each corridor alternative, including critical areas, shorelines, FEMA floodplains, contaminated sites, tribal territories, federal land boundaries, and RCO grant-funded properties
- **Existing Utility Corridor Identification.** Existing utility and infrastructure corridors (pipelines, transmission lines, road ROW) mapped as potential alignment overlaps that reduce new acquisition burden

3.2.3 Real Estate Tracking and Records Management

All acquisition activities will be tracked in a real estate parcel management system, from initial parcel identification through closing and recording. Currently, the program uses Microsoft Excel, Microsoft SharePoint, and ArcGIS. Any future management system must support:

- Parcel identification, ownership, and contact information
- Acquisition type, method, and current status for each parcel
- Complete contact log — all landowner interactions must be documented (date, method, participants, summary)
- Appraisal and offer history
- Executed agreement tracking and recording confirmation
- Integration with or export to Program GIS
- Relocation case management (when applicable)

4. Approach Methodology and Coordination

This section describes the overall strategy for land acquisition under Phase I of the CSP, including processes and workflows, intergovernmental coordination, and community engagement.

4.1 Overall Strategy

The overarching real estate strategy is to acquire all necessary property rights through good-faith negotiation using a phased, risk-informed approach.

4.2 Processes and Workflows

This section describes the acquisition methods toolkit, acquisition outcomes, and the standard acquisition workflow, summarized in Table D, Table E, and Table F, respectively. Acquisition refers to the purchasing of land rights: fee simple, permanent easement, and temporary construction easement.

Table D Acquisition Methods Toolkit

Method	Description	Typical Use
Fee Simple Acquisition	Full transfer of property ownership to CSP	Tank sites, treatment facilities, pump stations, permanent access roads, operations sites
Permanent Easement (PE) Acquisition	Non-possessory interest granting specific rights (pipeline installation, operation, maintenance, access). Does not transfer fee title	Primary acquisition method for pipeline corridor
Temporary Construction Easement (TCE) Acquisition	Time-limited easement for construction access, staging, and restoration. Expires upon project completion or defined term	Construction access and work areas adjacent to permanent easement
Right-of-Entry Agreement	Non-possessory, revocable permission to enter property for investigation, survey, and geotechnical work. Does not constitute initiation of negotiations under State Relocation Act or URA.	Pre-acquisition field investigations. Should not be used for construction activities.
License Agreement	Limited, revocable permission for a specific, defined use. Conveys no property interest and is less formal than an Easement. Often the appropriate instrument when the needed area is controlled by a government agency	Government-agency-held land that cannot be condemned; use authorized by license rather than Easement or Fee Simple. Can construct on a license.

Method	Description	Typical Use
	that grants use rights by license rather than conveying an Easement or Fee.	
ROW Permit	Permit from public agency (county, city, Washington State Department of Transportation (WSDOT) for short-term use of public right-of-way	Crossings of or parallel routing within public ROW
Franchise Agreement	Agreement with county, city or WSDOT for long-term use or occupancy of public road ROW for utility purposes	Long-term pipeline routing within public ROW

Table E Acquisition Outcomes

Method	Description	Typical Use
Donation	Voluntary conveyance at no cost to CSP. NOTE: Relocation Act/URA protocols still apply	Willing property owners
Offer Acceptance	Property owner acceptance of CSP's written offer of just compensation at the appraised amount	Property owners who agree to the offer as presented, without dispute over value
Settlement	Negotiated settlement above approved appraisal when supported by documented justification. Requires approval by CEO if within delegated authority or Board if settlement exceeds delegated authority.	Resolution of legitimate disputes over fair market value
Condemnation	Exercise of eminent domain to acquire property rights through legal process when negotiation fails. Requires Board authorization. Last resort	Holdout landowners after good-faith negotiation are exhausted

Table F Standard Acquisition Workflow

Step	Activity	Description
1	Parcel Identification and Research	Identify potential displacements and relocation eligibility; conduct GIS corridor overlay, ownership research, preliminary title review.
2	Right-of-Entry	Obtain right-of-entry from landowner for survey, geotechnical, and investigation access. Does not initiate Relocation Act/URA negotiation clock.
3	Relocation Scoping	For any acquisition, permanent or temporary, involving a displaced person or business- initiate relocation scoping either prior to or

Step	Activity	Description
		concurrent with appraisal. Determine relocation eligibility, identify replacement housing or business sites, and begin relocation advisory services. Advisory contact is required before displacement occurs.
4	Appraisal/Valuation	Order USPAP®-compliant appraisal (or waiver valuation for low-value acquisitions); independent appraisal review; establish just compensation.
5	Offer and Negotiation	Deliver written offer of just compensation concurrent with written notice of relocation entitlements where applicable; negotiate in good faith; document all contacts; seek negotiated agreement.
6	Agreement Execution	Execute easement, deed, or other instrument; obtain necessary signatures; coordinate closing; confirm relocation plan is in place before any displacement occurs.
7	Closing and Recording	Close transaction; pay landowner; record instrument with county auditor; confirm recording; update tracking system.
8	Relocation Assistance	Provide Relocation Act/URA-compliant relocation assistance and benefits; issue relocation payments; confirm replacement housing or business site is available before requiring move; document all relocation activities. Applies whenever an acquisition displaces a person or business, regardless of whether the interest acquired is fee simple, permanent easement, or temporary easement.
9	Condemnation (if required)	After documented good-faith negotiation failure; Board authorization; legal counsel coordination; relocation obligations continue regardless of condemnation status.

4.2.1 Easement vs. Fee Simple Decision Criteria

The Program's policy preference is to acquire permanent easements rather than fee simple title wherever operationally feasible. Fee simple acquisition is appropriate when:

- The Program component requires permanent, exclusive use of the land;
- Permanent access roads are required to reach the component;
- The nature of operations creates incompatibility with continued private ownership in the immediate vicinity; or
- The property owner requests fee acquisition and it is cost effective.

4.2.2 Valuation Approach

All offers of just compensation will be based on fair market value established by a Uniform Standards of Professional Appraisal Practice (USPAP®)-compliant appraisal or, for low-value acquisitions, a waiver valuation. The Program will not acquire any property for less than the reviewed appraised value.

All appraisals will comply with USPAP®, Washington State DOL appraiser certification requirements and the State Relocation Act and federal Uniform Relocation Act. All appraisals must be independently reviewed by a qualified review appraiser before use in establishing an offer amount.

Waiver valuations may be used in lieu of a full appraisal where the valuation problem is uncomplicated, and in compliance with the federal Uniform Relocation Act, the estimated fair market value of the acquisition does not exceed \$15,000 (Tier 1). If the project receives federal funding, Cascade may request approval from the funding agency to increase the waiver valuation ceiling to \$35,000, provided the property owner is offered the option of having the acquiring agency appraise the property (Tier 2). The waiver valuation ceiling may be increased to \$50,000 on a project-by-project basis and only with prior federal agency approval, and the landowner is offered the option of an appraisal (Tier 3). An independent review is not required for waiver valuations. Waiver valuations must be performed by or under the supervision of a person with sufficient knowledge of the local real estate market and a foundational understanding of valuation principles and applicable eminent domain law.

4.2.3 Prioritization Criteria

The Program will prioritize acquisition activities based on the following factors:

- **Schedule criticality.** Parcels on the critical path for construction must be prioritized; long-lead parcels (tribal, federal, contaminated, condemnation candidates) must be identified and started earliest.
- **Complexity and risk.** High-risk parcels should be initiated early to allow maximum time for resolution. High-risk parcels could include government agencies and public utilities, where condemnation is not available, or when residential or business relocations are required.
- **Segment readiness.** Acquisition activities should track design readiness. Parcels should not be acquired significantly ahead of construction need, to minimize carrying costs and landowner disruption.
- **Geographic clustering.** Where possible, concentrate acquisition agent activity geographically to improve efficiency, consistency, and landowner familiarity with the Program.

4.2.4 Tenets of Negotiation

All negotiations will be conducted in good faith, with the goal of reaching negotiated agreement, by employing the following tenets:

- All contacts and offers must be documented in the ROW tracking system within 48 hours.
- Property owners will be contacted prior to the appraisal task and given the opportunity to accompany the appraiser during the inspection.
- The initial offer will be the full approved appraisal value.

- All offers will be in writing, with a copy of the appraisal provided to the property owner.
- Property owners will be informed of their right to obtain their own appraisal at their own expense.
- Negotiators will make reasonable efforts to accommodate legitimate landowner concerns about easement terms, construction methods, and restoration.
- Settlements above the appraised value may be authorized by the Board or otherwise delegated per the approval matrix in Section 5.2.

4.2.5 Documentation Standards

Complete and accurate documentation is both a legal requirement and a Program protection. The fundamental forms of documentation for land acquisition include the following:

- **Negotiation diary.** Every landowner contact (phone, in-person, written, email) must be logged within 48 hours, and must include the date, method, participants, summary, and next steps.
- **Offer documentation.** The written offer letter, appraisal summary, property description, and statement of landowner rights must be delivered to the landowner and retained on file.
- **Executed instruments.** Copies of signed easements, deeds, and agreements; recording confirmation; and title insurance policy must be retained by Cascade in the parcel file.
- **File completeness.** Each parcel file must be complete, organized, and audit-ready before closing.

4.3 Intergovernmental Coordination

The Program will coordinate early and continuously with public agencies on land acquisition and right-of-way matters that have the potential to affect public land. The following public agencies may hold property or property interests, or have roles in public property acquisition within the CSP Phase I Study Area:

- Washington Recreation and Conservation Office (RCO)
- Washington Department of Transportation
- County Assessors and Recording Offices
- County and Municipal Public Works

The real estate team will coordinate with the Program's Permitting team on all regulatory interfaces, as the permitting and land acquisition timelines are closely interdependent. Environmental review will inform corridor selection and may identify constraints on acquisition options.

In addition, Washington State is home to 29 federally recognized Native American tribal groups. A water supply program of this geographic scale will traverse a region where treaty rights (including fishing rights and usual and accustomed areas, and reserved water rights) create

significant tribal interests that extend well beyond the boundaries of trust land. Tribal interests should be identified and addressed regardless of whether the alignment physically crosses tribal land.

The Program will retain a Tribal Liaison as a dedicated consultant whose primary responsibility is leading all early tribal outreach and engagement activities. The Tribal Liaison's role is distinct from and precedes the real estate team's acquisition activities. The real estate team supports and facilitates the acquisition process once the Tribal Liaison has established the relationship foundation.

4.4 Community Engagement

The real estate team's community engagement activities are focused on landowner relations and are coordinated with the Program's broader communications and outreach efforts. The following principles govern the real estate program's engagement approach:

- **Landowner relations philosophy.** The Program is committed to treating all property owners fairly, equitably, and with respect throughout the acquisition process. All acquisitions will be pursued through good-faith negotiation before condemnation is considered.
- **Early outreach coordination.** Prior to initiating formal acquisition activities, the Program will conduct early outreach to affected landowners to introduce the Program, explain the acquisition process, and begin building relationships. This outreach will be coordinated with the Program's communications and outreach activities and will be timed to align with corridor development milestones. The real estate and communications and outreach teams will coordinate closely during all phases of the CSP to make sure individuals working with the real estate team receive accurate and timely information about the CSP.
- **Tribal Nation coordination.** Government-to-government consultation with affected Tribal Nations will be initiated at the earliest practicable stage of the Program. Real estate staff will coordinate closely with the Program's Tribal Liaison and legal counsel on all matters involving tribal interests.
- **Environmental justice.** The Program will assess potential disproportionate impacts on low-income communities, communities of color, and other historically underserved populations in the acquisition area. Language access and translation services will be provided as needed to support meaningful participation in the acquisition process.

5. Oversight and Roles

This section describes the makeup of the real estate team and how the team will execute the LAS within the broader context of the CSP. This includes identifying roles and responsibilities, oversight, and decision-making as it pertains to land acquisition and the real estate team.

5.1 Roles and Responsibilities

The roles and key responsibilities for all parties involved in CSP land acquisition are defined in Table G.

Table G Roles and Responsibilities

Role	Key Responsibilities	Cascade or Consultant
Board	Governing body for Cascade Water Alliance, CSP land acquisition approval/authorization except as delegated	Cascade
CEO	Oversight of Cascade employees and applicable CSP policies, approval authority as delegated by the Board	Cascade
Program Executive	Oversight and direction of CSP activities and staff, legal counsel interface, Member Staff/Board liaison	Cascade
Program Planning Director	Oversight of planning studies and activities for the CSP, legal counsel interface, Board coordination	Cascade
Real Estate Lead	Oversight of real estate activities for the CSP, legal counsel interface, Board coordination	Cascade
Right-of-Way Lead	Real Estate Program strategy, policy oversight, team management	Consultant
Consultant Program Manager	Consultant Team management, quality control	Consultant
Senior Acquisition Agent(s)	Complex parcel negotiations, settlement documentation	Consultant
Acquisition Agent(s)	Standard parcel negotiations, landowner outreach, contact documentation, file management	Consultant
Appraiser(s)	USPAP®-compliant appraisals; must be Washington State licensed/certified	Consultant
Review Appraiser	Independent review of all appraisals before offer; free of conflicts of interest	Consultant
Title/Escrow Coordinator	Title searches, curative work identification, closing coordination	Consultant
GIS/Parcel Research Analyst	Parcel inventory, ownership research, corridor overlay analysis, constraint mapping	Consultant/In-House

Role	Key Responsibilities	Cascade or Consultant
Relocation Specialist(s)	URA-compliant relocation assistance when displacement is required	Consultant
Legal Counsel	Condemnation, OPMA compliance, legal review of acquisition documents and Board resolutions	Cascade Attorneys
Tribal Liaison	Leads all early tribal outreach on behalf of the Program	Consultant/In-house

5.2 Decision-Making Structure

Cascade recommends an approval authority structure that delegates authority to the CEO to approve the acquisition of certain real property interests.

Under this recommended structure, the CEO may approve and execute any contract to acquire real property interests when either of the following conditions are met:

- The total settlement above appraised value is \$150,000 or less, regardless of the percentage above the appraised value, or
- The total settlement exceeds \$150,000 of appraised value but is no more than 25 percent above the appraised value.

Board approval is required when settlement exceeds both \$150,000 and 25 percent of appraised value. Board approval is also required for all fee simple acquisitions and condemnation actions.

This structure balances flexibility and oversight by considering both the settlement amount and the percentage above appraised value. It allows staff to resolve routine settlements efficiently while maintaining Board authorization for higher-value transactions and settlements that significantly exceed the appraised value. These transactions carry the greatest financial exposure and the greatest community relations risk.

6. Implementation

This section describes considerations for implementing the LAS, including schedule, milestones, and sequencing.

6.1 Schedule and Milestones

Table H describes six steps along the CSP planning schedule and describes the real estate activities associated with each step.

Table H Real Estate Activities Associated with Planning Steps

Step	Description	Real Estate Activities
Step 1—Pre-Corridor (Current)	Program initiation; no corridor identified. Strategy and policy framework development	LAS (this document); Tribal Liaison retained; Board delegation of authority to CEO
Step 2—Corridor Alternatives (anticipated through 2026)	Engineering develops and evaluates corridor alternatives. Target: narrow to 3 corridors	ROW input into SEPA review and alternatives analysis; ROW criteria scoring; fatal flaw identification; preliminary cost/schedule estimates; local government parcel identification
Step 3—Alignment Alternatives (anticipated through 2027)	Engineering develops several possible alignments within selected corridors	Parcel inventory; ownership research; preliminary title review; early landowner contact strategy; complete SEPA review
Step 4—Preferred Alignment Selection/10% Design	Board selects and approves preferred alignment; program divided into project segments; design advances to 10%	Land Acquisition Plan development; Relocation Study initiation; right-of-entry agreements; relocation scoping; TCE identification
Step 5—Design/Active Acquisition (60% design trigger)	Design advances from 10% to final. Legal descriptions and ROW plans available at 60% design, triggering active acquisition on each segment	Appraisals ordered at 60% design; offer packages; negotiation; agreement execution; closing and recording; condemnation as needed; relocation assistance
Step 6—ROW Certification/Construction	ROW Certification and pipeline construction	TCE management; construction access coordination; claim resolution; ROW certification per segment

6.2 Sequencing

The following considerations have long lead times and so govern land acquisition sequencing decisions to mitigate schedule risks. Long-lead acquisition types must be identified as early as possible and initiated well before other parcels.

- **Tribal Trust Lands.** Federal approvals and government-to-government consultation can create an extended and uncertain schedule. Initiate consultation immediately upon identification.
- **Contaminated Properties.** Environmental investigation and remediation may be required before acquisition or construction. Screen during corridor alternatives.
- **Condemnation Cases.** Possession may take 6–18 months, or longer if the case is contested. Prioritize early identification and initiation.
- **Section 4(f) Lands.** Parks, recreation areas, wildlife refuges, and historic sites protected under Section 4(f) of the US Department of Transportation (DOT) Act. Approval for use of Section 4(f) lands may require an avoidance-alternative analysis or de minimis finding by DOT. Screen alternatives for potential DOT nexus during corridor alternatives analysis.
- **Section 6(f) Lands.** Park and recreation properties funded with federal grants through the Land and Water Conservation Fund (LWCF). Conversion of these lands to non-recreation use requires National Park Service approval and replacement land, creating a lengthy federal review process. Identify affected parcels during corridor alternatives development.

7. Risk Management Approach

Real estate acquisition risks are among the most consequential schedule and cost risks in a large pipeline program. The CSP applies a proactive, criteria-based approach to risk identification and mitigation, integrating real estate risk assessment into corridor and alignment selection so that the highest-risk options can be avoided or planned for before commitments are made.

The primary risk mitigation strategies for real estate risk are:

- Early identification through corridor-level constraint mapping and parcel screening;
- Incorporation of real estate criteria into corridor and alignment evaluation so that the most difficult options can be avoided;
- Early initiation of long-lead acquisition processes (tribal, federal, contaminated); and
- Securing a project-wide Resolution Authorizing Condemnation early avoids bringing individual parcels back to the board for authority, one at a time, toward the end of the design phase, when acquisition close-out is driving the path to construction

The Real Estate Delivery Manager will review risk status monthly and status the risk register with the Program Support Lead. Any risk assessed as having high likelihood or high consequence following that review will be shared with the Supply Program Oversight Committee (SPOC).

8. Next Steps

The next step in land acquisition is for the Board to consider a resolution to delegate authority as described herein to the CEO for certain real estate contracts. Until resolution is in place, all acquisition contracts require full Board approval regardless of dollar amount, which represents a significant schedule risk.

Once Corridor alternatives are defined, Real Estate will evaluate right of way needs to inform the selection.

— END OF DOCUMENT —



FINANCE & INTERGOVERNMENTAL COMMITTEE

Thomas McLeod, Chair, City of Tukwila

Dave Hamilton, City of Bellevue

Ryika Hooshangi, Sammamish Plateau Water

Russell Joe, City of Issaquah

Meeting Recap

Tuesday, July 21, 2026

1:30 PM – 3:00 PM

Held at Cascade's office and via Zoom

Attendance: Thomas McLeod, Dave Hamilton, Ryika Hooshangi, Russell Joe

- 1. Call to Order.**
- 2. Public Comment.** Members of the public may address the committee for a maximum of two minutes per person.
- 3. Executive Session.**
- 4. Items Recommended for Action at the July 22, 2026 Board Meeting**

- A. Bond Reimbursement Declaration.** In anticipation of an upcoming bond issuance, Cascade staff recommend declaration of the intention to reimburse capital expenditures that are being incurred currently. Staff will present two options for how to make this declaration.

***Recap:** Staff provided an overview of the Bond Reimbursement Declaration process and the reasons why this declaration is beneficial in providing future flexibility to Cascade in use of its future bond proceeds. Cascade previously issued a reimbursement declaration in January 2026. Staff anticipates it would be beneficial to make these declarations on a monthly basis leading up to the bond closing in November, which could present an administrative burden for the Board. Staff presented two resolutions for consideration: one which would effect the declaration by the Board and a second option in which the Board would delegate authority to Cascade's Chief Executive Officer. The committee recommended option two, provided that appropriate notification requirements are included in the resolution.*

- B. Water Supply Development Fund (WSDF) Biennial Report and Transfer.** Cascade staff will present the biennial WSDF report and the recommended amounts for 2026 transfer based on the adopted WSDF policy.

***Recap:** Staff proposed the 2026 transfer based on the WSDF shared benefits policy, and presented the biennial WSDF report. They reported that this biennium represents a*

shift in WSDF strategy from accumulation of funds to use of funds, as Cascade enters active water supply development activity with the Cascade Supply Program. The committee recommended the proposed 2026 WSDF Transfer to the Board.

5. Discussion Items.

- A. 2026 Bond Process Update and Code Changes.** Cascade staff will provide an update on the 2026 Bond Process, including discussion of covenants and potential code changes.

***Recap:** Staff provided an update on the bond process. This included a discussion of a proposed change to Cascade's bond covenant related to debt service coverage. The proposed change would better align with Cascade's existing policy on debt service coverage. Staff presented related proposed changes to the Stabilization Account, to provide greater capacity to manage variability in regional capital facilities charge revenues. Staff requested feedback from the Committee regarding these changes and is also soliciting feedback from Member staff and Member bond counsel. The committee asked when this matter would be brought before the full Board. Due to the anticipated August recess, Cascade staff plans to bring this to the Board in September.*

- B. Draft Final Budget, Rates, and Regional Capital Facilities Charges (RCFCs).** Cascade staff will present the Draft Final budget package.

***Recap:** Staff presented the draft final budget package, including selected changes from prior materials presented in May and June. There are no changes proposed to the overall level of rate increases at 9.5%, but corrections to Member demand data drove minor changes to individual Member charges. The revised Capital Improvement Program budget includes the addition of a valve replacement project in the Upper Conveyance. The operating budget presented reflects minor changes based on Consumer Price Index information published in July 2026. Staff notified the committee that after the packet was finalized, SPU notified Cascade its ongoing rate study shows significant increases for Cascade's payments to Seattle. Cascade is able to accommodate these without changing the proposed 9.5% increases for 2027-2028 but will need to provide updated proposed budget materials as soon as Seattle's increases are finalized.*

- C. Draft Final Capital Funding Plan.** Cascade staff will present the Draft Final Capital Funding Plan, consistent with the Draft Final budget, rates, and RCFCs.

***Recap:** Staff presented a summary of the feedback received on the draft Capital Funding Plan, including selected common questions regarding WIFIA and subsequent Phases. Staff plans to distribute a revised draft at the end of July but observed that the information from Seattle regarding significant increases will need to be incorporated into the long-term funding plan.*

6. Other Issues.

7. Next Meeting Date and Location.

The next meeting will be held Tuesday, August 18, 2026, 1:30 p.m. – 3:00 p.m. at Cascade's office and via Zoom.



FINANCE & INTERGOVERNMENTAL COMMITTEE

Thomas McLeod, Chair, City of Tukwila

Dave Hamilton, City of Bellevue

Ryika Hooshangi, Sammamish Plateau Water

Russell Joe, City of Issaquah

Meeting Recap

Tuesday, September 15, 2026

1:30 PM – 3:00 PM

Held at Cascade's office and via Zoom

Attendance: Thomas McLeod, Dave Hamilton, Ryika Hooshangi, Russell Joe

- 1. Call to Order.**
- 2. Public Comment.** Members of the public may address the committee for a maximum of two minutes per person.
- 3. Executive Session.**
- 4. Items Recommended for Action at the September 23, 2026 Board Meeting**

A. Capital Funding Plan Resolution. The Capital Funding Plan establishes the strategy for how Cascade will fund Phase I of the Cascade Supply Program, including planned use of cash, loans, grants, and revenue bonds; a moderately conservative rate strategy for managing uncertainty and risk; funding reasonable contingencies for unanticipated cost increases and schedule changes; and contingent strategies if outside funding assistance is unavailable. The Funding Plan has been developed by Cascade over the past year, with input and feedback from Cascade's Board, Finance and Intergovernmental Committee, Member staff, and Member councils and commissions. Cascade staff will present changes relative to the Draft Final plan presented in July based on feedback received.

Recap: Staff presented a summary of the changes made to the Funding Plan based on member feedback, provided a brief recap of the Plan, and discussed the specifics of the resolution. The committee expressed appreciation for the outreach to Member councils and recommended the resolution to the Board.

B. 2027-2028 Budget Resolution. The 2027-2028 Budget Resolution authorizes Cascade's biennial budget for the coming two years. As required by Cascade Code, it defines the authorized uses of funds, Cascade staffing levels, the resources to provide those needed funds, the 2027-2032 Capital Improvement Program, and the fund management rules Cascade will follow. Staff has previously presented to the committee

throughout the 2027-2028 Budget Development Process and will present a summary of items that have changed since the Draft Final Budget was presented in July.

Recap: Staff presented a summary of the changes made to the budget since the Draft Final budget presented in July, provided a brief recap of the core elements of the budget, and discussed the specifics of the resolution. The committee recommended the resolution to the Board.

- C. 2027-2028 Rates and Charges Resolution.** The 2027-2028 Rates and Charges Resolution establishes the Member charges for the coming biennium. It is based on the charge methodology established in Cascade Code. The charge calculation process is described in an attached memorandum, and Cascade Members have had the opportunity to review, provide corrections and feedback. There are no changes to the Draft Final materials that were presented in July.

Recap: Staff provided a brief recap of the rates, which are unchanged from what was reviewed by the committee in July. The committee suggested Cascade's communications and outreach strategy should consider providing rate-specific messaging in addition to the Cascade Supply Program specific focus and recommended the resolution to the Board.

- D. 2027-2028 Regional Capital Facilities Charge Resolution.** The 2027-2028 Regional Capital Facilities Charges Resolution establishes the Regional Capital Facilities Charges ("RCFCs") per Cascade Equivalent Residential Unit ("CERU") for the coming biennium. It is based on the charge methodology established in Cascade Code. There are no changes to the Draft Final materials that were presented in July.

Recap: Staff provided a brief recap of the RCFCs, which are unchanged from what was reviewed by the committee in July. The committee recommended the resolution to the Board.

- E. Finance Code Updates Resolution.** As part of preparation for the 2026 Bond, a number of code updates relating to finance matters have been prepared. These consist of updating the fund name for the Rate Stabilization Fund, strengthening the target balance for the Rate Stabilization Fund, and housekeeping updates to reflect prior Board intent.

Recap: Staff discussed the substance of the proposed code changes, the timing for the update, and the specifics of the resolution. The committee recommended the resolution to the Board.

- F. 2026 Bond Resolution.** The Bond Resolution authorizes Cascade to issue bonds for the amounts, purposes, and with the terms and covenants specified in the resolution. The resolution does not set the interest rates or final bond sizing but authorizes Cascade

to issue amounts up to the specified threshold, with flexibility to issue less as appropriate based on market conditions and Cascade's financial strategy.

Recap: *Staff provided an overview of the Bond resolution, as well as a discussion of current market conditions and how those influence the proposed Bond. The committee recommended the resolution to the Board.*

- G. Financial Advisor Contract.** Northwest Municipal Advisors (NWMA) has served as Cascade's financial advisors for every public bond issue, and they are currently supporting Cascade in the planning of the upcoming bond issuance. When Cascade executed the last contract with NWMA, we did not anticipate a bond issuance at that time, and it was excluded from the contract. This action is to execute an agreement for up to \$100,000 to serve as financial advisors for the upcoming bond issuance.

Recap: *Staff presented the NWMA contract, discussed the need, and described the manner in which it would be funded from bond proceeds as part of the issuance cost. The committee recommended the resolution to the Board as a consent item.*

5. Discussion Items.

6. Other Issues.

7. Next Meeting Date and Location.

The next meeting will be held Tuesday, October 20, 2026, 1:30 p.m. – 3:00 p.m. at Cascade's office and via Zoom.



RESOURCE MANAGEMENT COMMITTEE

Lloyd Warren, Chair, Sammamish Plateau Water
Jon Ault, Skyway Water & Sewer District
Dennis Martinez, City of Tukwila
Angie Nuevacamina, City of Redmond

Meeting Recap

Thursday, September 10, 2026

10:00 AM – 11:30 AM

Held at Cascade's office and via Zoom

Attendance: Lloyd Warren, Jon Ault, Dennis Martinez, Angie Nuevacamina

- 1. Call to Order.**
- 2. Public Comment.** Members of the public may address the committee for a maximum of two minutes per person.
- 3. Executive Session.**
- 4. Discussion Items.**

- A. Seattle Public Utilities (SPU) – Water Supply Status.** SPU staff will join the committee meeting to provide a water supply status update. Current SPU water supply information can be found [here](#).

***Recap:** SPU staff shared that combined reservoir storage in the Seattle system is roughly equivalent to where it was at this time last year and they expect to have enough water for people and fish this year. They explained that SPU deployed the Chester Morse Lake Pump Plant early this year to coincide with another planned project but they do not anticipate needing to use it. SPU also notified the committee that this year's El Niño is off the charts, and they are waiting to see what that means for weather in the region.*

- B. Reclaimed Water Update.** Staff will update the committee on a recent discussion with King County Wastewater Treatment Division regarding work on the Regional Wastewater Services Plan and reclaimed water policies.

***Recap:** Staff met recently with King County Wastewater Treatment Division (KCWTD) staff. Cascade shared that KCWTD is planning on bringing reclaimed water policy options forward in the Regional Wastewater Services Plan process. Additional discussions are planned with the committee to gather feedback on Cascade's engagement on the topic with KCWTD. In addition to the guardrails around water*

purveyor control, cost efficiency, and coordinated planning, the committee emphasized PFAS monitoring and cost control.

- C. White River-Lake Tapps Reservoir (WRLTR) Operations and Management (O&M) Contracted Services Negotiations.** Staff will provide an update on the contract negotiations with Veolia.

***Recap:** Cascade's negotiations with Veolia for a new five-year contract continues to proceed well. Staff shared a few of the key terms that are being negotiated, including the payment structure, key performance indications (KPIs), penalties for missing, and compensation incentive for superior performance.*

5. Items Recommended for Action at the September 23, 2026 Board Meeting.

- A. On-Call Civil, Mechanical, and Structural Engineering Amendment.** Staff will provide an overview of an amendment to authorize the Chief Executive Officer to amend the On-Call Civil, Mechanical, and Structural Engineering Agreement with Parametrix, Inc. to extend the contract term by one year, amend the scope of services, and increase contract amount.

***Recap:** Staff explained a budget increase is needed for design of the tunnel intake gate project. This is an unplanned, critical project that needed quick turnaround for design in order to meet the 2027 fish window for construction. Cascade has money in its proposed Capital Improvement Program budget to cover public works construction. The committee recommended placing the contract amendment on the consent agenda for the September Board meeting.*

Additionally, the committee asked for a future presentation outlining upcoming capital projects for White River-Lake Tapps Reservoir infrastructure.

6. Other Issues.

7. Next Meeting Date and Location.

The next meeting will be Thursday, October 8, 2026, 10:00 a.m. – 11:30 a.m. at Cascade's office and via Zoom.



SUPPLY PROGRAM OVERSIGHT COMMITTEE

Dave Hamilton, Chair, City of Bellevue
Jon Ault, Skyway Water & Sewer District
Vishal Bhargava, City of Bellevue
Kelli Curtis, City of Kirkland
Ryika Hooshangi, Sammamish Plateau Water
Mark Mullet, City of Issaquah
Jon Pascal, City of Kirkland

Meeting Recap

Wednesday, September 9, 2026

2:00 PM – 3:30 PM

Held at Cascade's Office and via Zoom

Attendance: Dave Hamilton, Jon Ault, Ryika Hooshangi

- 1. Call to Order.**
- 2. Public Comment.** Members of the public may address the committee for a maximum of two minutes per person.
- 3. Executive Session.**
- 4. Member Staff and Member Staff Technical (MST) Recap.** Summary of the previous Member staff and MST subgroup meetings.

***Recap:** Staff provided an update on the alternatives analysis process that is underway by the Program and Engineering Support team and subject matter experts. Heat maps based on criteria developed by subject matter experts have been grouped into lenses (Balanced Program, Cost Stewardship, Program Delivery, Long-term Resilience, and Community and Environmental) to represent varying planning priorities and perspectives. Each lens represents a different program perspective; some lenses place greater emphasis on long-term system performance, while others focus more heavily on delivery risk, cost stewardship, or community and environmental considerations. These five lenses were developed by the project team based on conversations with Cascade staff, consultant subject matter experts, the MST subgroup, and Member staff. The lenses will be applied to the least impact pathways analysis to reveal potential corridors. Potential tank sites candidates will be overlayed on compatible corridors. Staff will be providing Member staff from Bellevue and Issaquah a list of potential tank sites owned by the respective Member agency an opportunity for evaluation.*

5. Monthly Key Performance Indicators Review

A. Three-Month SPOC Look Ahead.

Recap: Staff presented the three-month lookahead for the SPOC meetings and noted a number of documents and information to be presented for the remainder of the year.

B. Program & Engineering Services (PES) Cost Performance.

Recap: Staff provided an update on the PES contract financial performance.

C. Risk Discussion.

Recap: Staff presented one opportunity and two risks with either a high likelihood or high impact for the SPOC to review. The description, consequences, preliminary response plan, and anticipated Board action, if any, were discussed in detail. SPOC recommended that Staff bring the opportunity forward to the Board this month. The opportunity is that land for the tank site could be provided by a Member agency.

6. Discussion Items and Presentations.

A. Purpose Statement.

Recap: Staff presented the final CSP Purpose statement and received positive feedback from SPOC:

The Cascade Supply Program provides a resilient water future by building vital new water connections within the Puget Sound region. Cascade Water Alliance supports communities by providing safe, reliable, cost-effective drinking water for generations to come.

B. Document Comparison.

Recap: Staff presented a table comparing the types of documentation the program will be producing and identified the purpose, content level, audience, and approvals that may be required for each type. The primary two types of documents that may be presented to the Board include Program Strategies (establishes framework, principles and policies governing the topic) and Program Plans (detailed work plan that is based off specific alignment or design information). SPOC recommended Cascade adopt these definitions beyond the CSP when possible and where specific terminology is not required by Cascade Code.

C. Land Acquisition Strategy.

Recap: Staff introduced the Land Acquisition Strategy that was provided in the September SPOC meeting packet. This document defines the program's overall approach to acquiring property rights, establishes the legal and regulatory framework within which all acquisitions will be conducted, promotes public confidence in the

program's land acquisition activities, and informs the future Land Acquisition Plan. Comments on the document are due September 30.

D. Real Estate 101.

***Recap:** Staff reviewed key real estate terms and definitions, including the three types of compensation for private property acquisitions.*

E. Proposed Delegation of Acquisition Authority.

***Recap:** Staff presented the CSP's proposal for Board delegation of acquisition authority to the CEO. There was additional discussion on the proposed thresholds and feedback on what information to provide at this month's Board meeting.*

7. Items Recommended for Action at the September 23, 2026 Board Meeting

8. Other Issues

9. Next Meeting Date and Location

The next meeting will be Wednesday, October 14, 2026, 2:00 p.m. – 3:30 p.m. at Cascade's office and via Zoom.