



Proposed Wholesale Water Supply Contracts between the Cascade Water Alliance & Tacoma Water

City of Tacoma | Water

**Government Planning and Finance Committee
2/18/25**





Presentation Type



- Choose one:
 - Informational Only

Background



Alliance Members

Includes several Puget Sound Water Purveyors

Cascade & Tacoma Water Contract

Wholesale water contract created in 2005 and the agreement was restated in 2012

Cascade & Seattle Public Utilities Contract

Currently contracted with Seattle Public Utilities (SPU) for 33.3 MGD* through 2040 (Take-or-Pay). Allocation from SPU begins to decrease in 2040 by 1 or 2 MGD per year until it reaches 5.3 MGD.

Cascade Owned Water Supply

Cascade owns water rights to Lake Tapps and has future plans for Lake Tapps to be a municipal water supply.



Overview



| | Revenue Stream | Average Supply (MGD) | Peak Supply (MGD) | Term |
|-----------------------------------|--|----------------------|-------------------|------------|
| Permanent Agreement | <ul style="list-style-type: none"> •System Development Charge •Volumetric Charge •Monthly Fixed Charge | 12.0 | 15.0 | Perpetual* |
| Temporary Market Agreement | <ul style="list-style-type: none"> •Capacity Reservation Fee •Volumetric Charge •Monthly Fixed Charge •2012 Restated Agreement | 12.0 | 17.5 | 2041-2062 |
| Total | | 24.0 | 32.5 | |

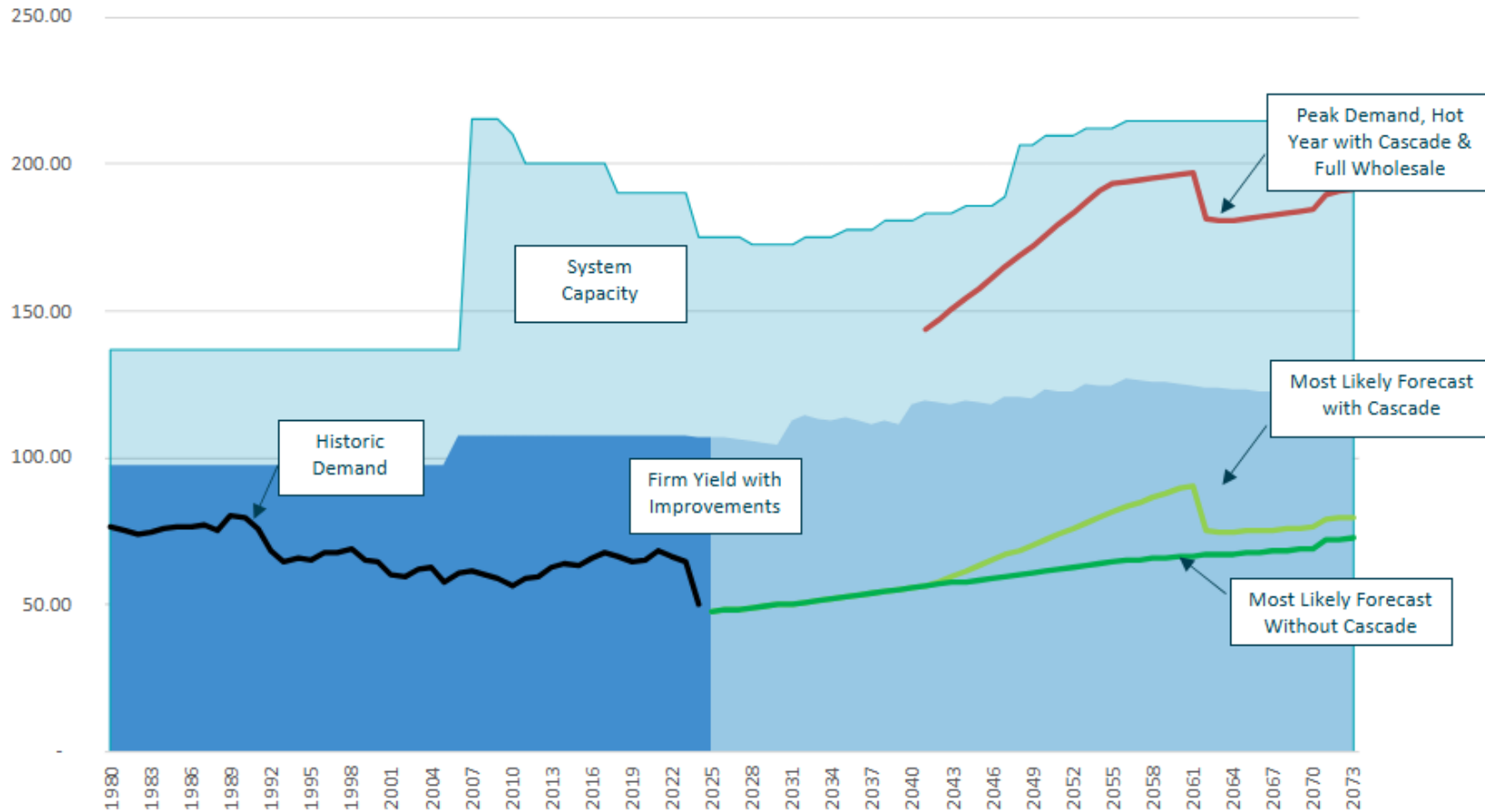
Notes for Comparison Purposes:

- WestRock Pulp and Paper Mill used roughly **16 MGD prior to closure**
- 2024 Tacoma System Peak Day Demand was **73 MGD on July 8th**

[Source: Tacoma Water Annual Consumption Dashboard](#)

*Begins when signed

Demand and Yield



Assumes:

- Completion of Additional Water Storage Project
- Implementation of Forecast Informed Reservoir Operations
- Completion of Wells Master Plan



Source Utilization & Operational Changes

| | Current Water % by Source | 2061 Water % by Source |
|---------------|---------------------------|------------------------|
| Surface Water | 95% | 64% |
| Ground Water | 5% | 36% |

- These agreements will change how we operate the system
- Tacoma Water supply is comprised of a robust combination of groundwater and surface water sources and will continue to make investments to meet or exceed quality standards as always

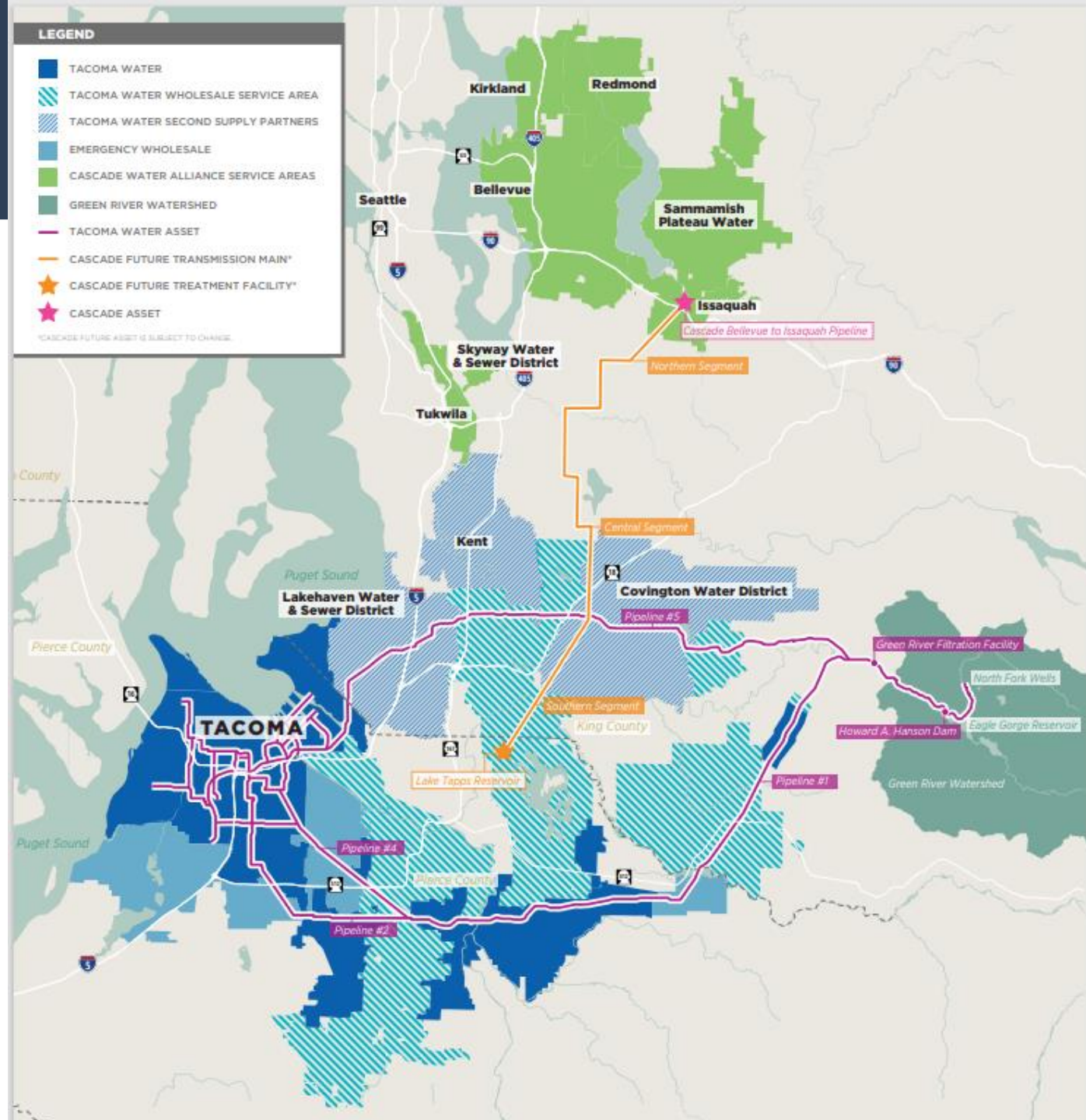


Infrastructure



- Cascade contracts will require additional infrastructure and changes to operations
- Integrated Resource Plan summary (IRP)
 - Modeling includes high customer growth scenarios
 - Results indicate high confidence in system and supply capabilities
- Will likely accelerate timelines for PFAS treatment and wells projects
- Cascade will build, operate and maintain a transmission main to enable delivery to their customers
- Positions Tacoma Water to take advantage of future revenue and resiliency opportunities.

Map of Future Infrastructure





Risk Mitigation



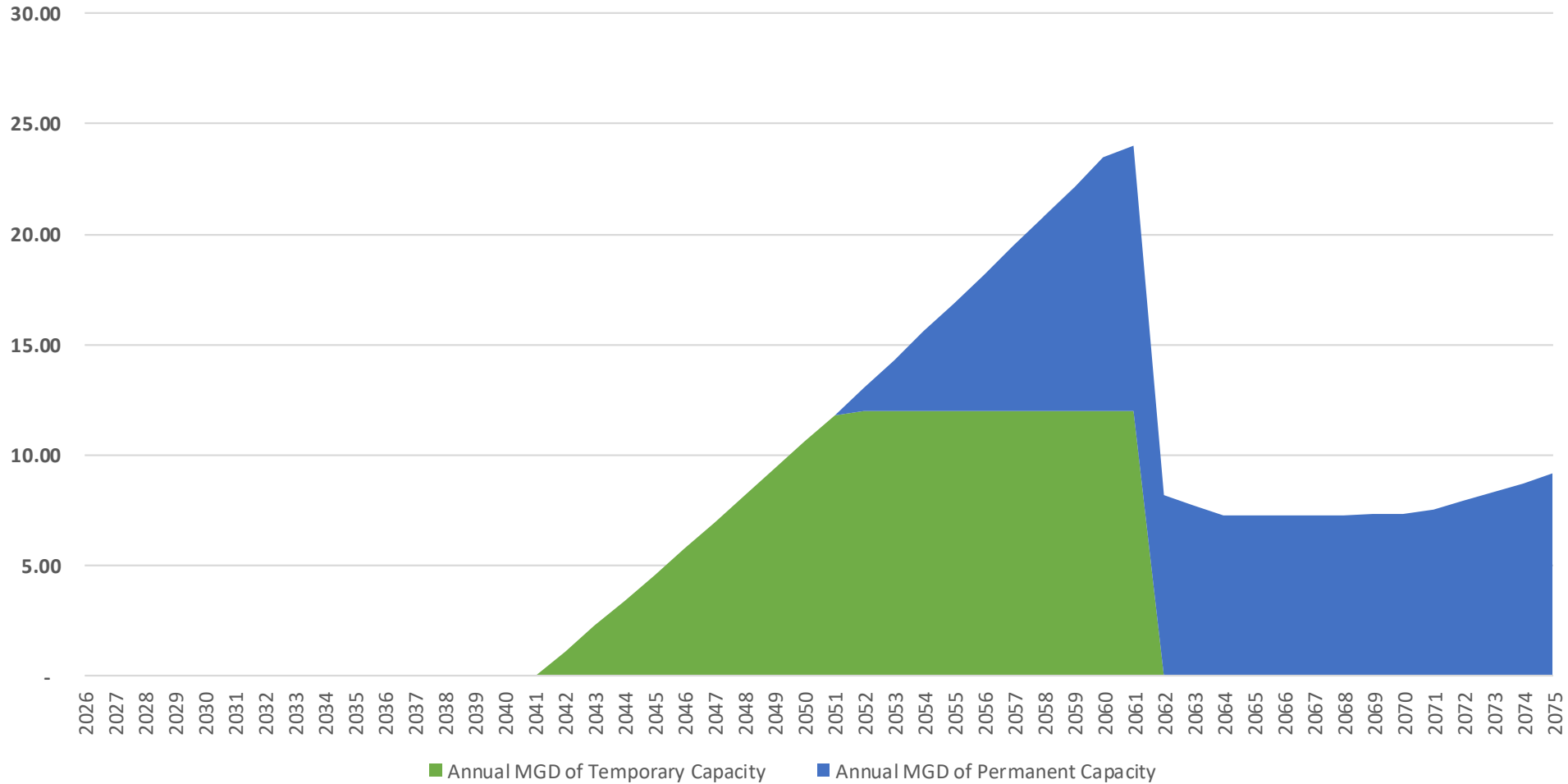
- Contract Includes:
 - 5-year check-ins to review supplies, demands, projects, update pricing model
 - Coordination on Water System Plans, Integrated Resource Plan, and other planning efforts
 - Gradual phase-in of water deliveries starting 2041
 - Cascade sharing in ALL Tacoma Water supply, treatment, storage, pumping and other cost
 - Tacoma will retain ownership, operational control and rate setting authority



Estimated Delivery Schedule

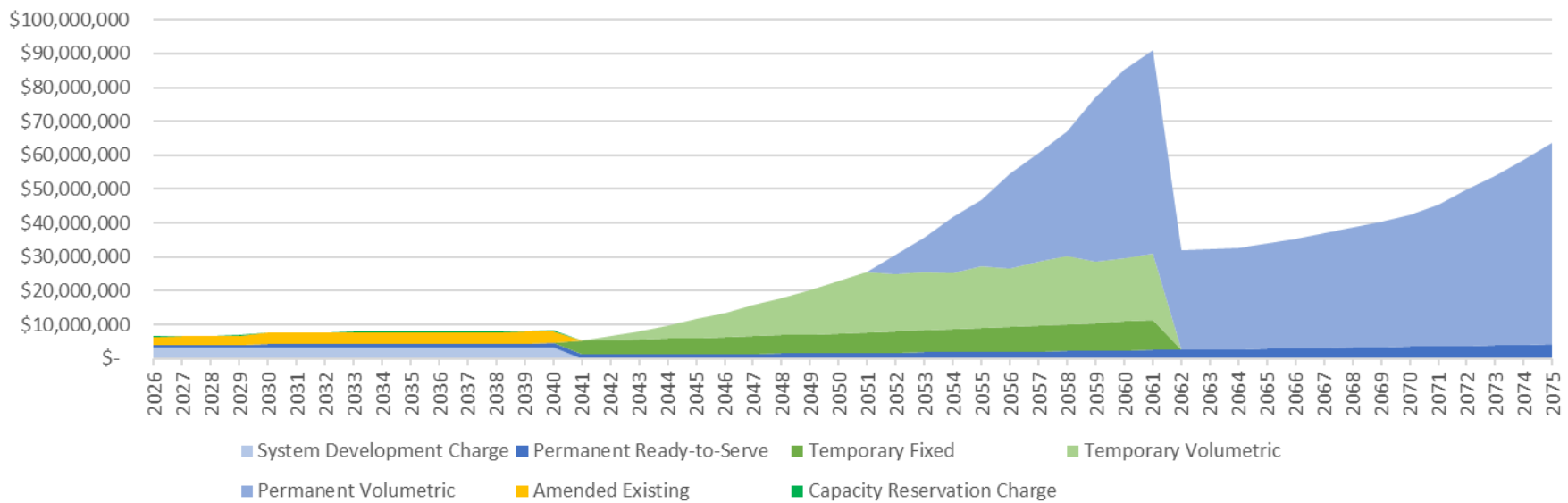


Average Day Demand by Contract





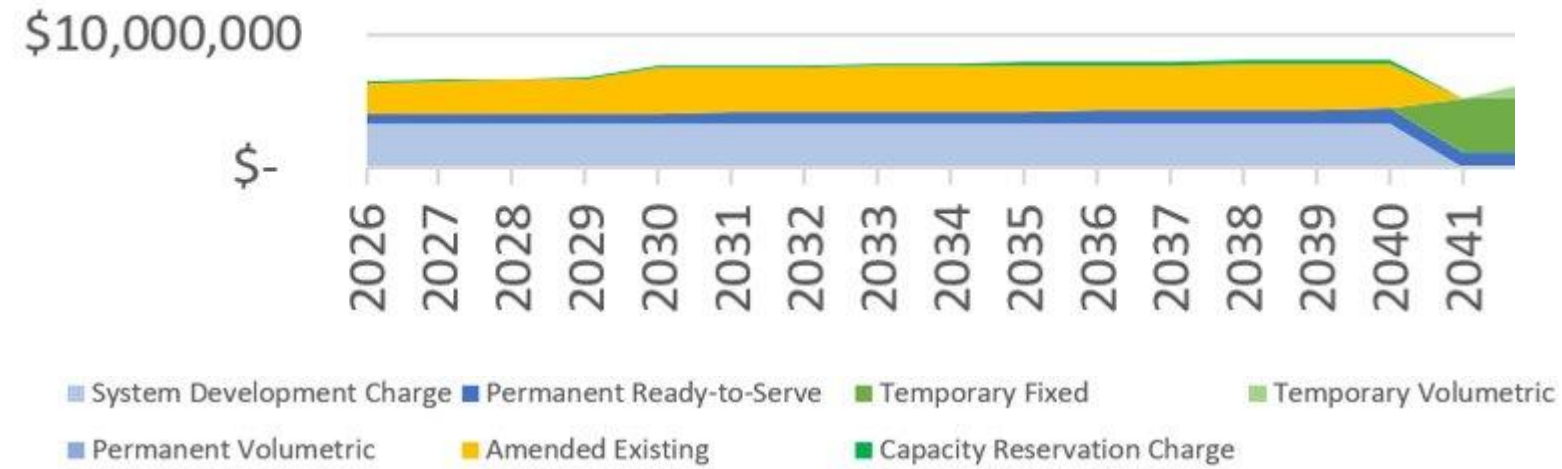
Estimated Revenue (2026-2075)



| Revenue Stream | Agreement | Revenues | Fixed/Variable | Start | End | City GET |
|---------------------------|-----------|-----------------|----------------|---------|------------|-----------------|
| System Development Charge | Permanent | 50.8M | Fixed | 2026 | 2040 | 4.1M |
| Capacity Reservation Fee | Temporary | 2.9M | Fixed | 2026 | 2040 | 0.2M |
| Monthly Fixed Charge | Permanent | 93.3M | Fixed | 2026 | Continuous | 7.5M |
| Volumetric | Permanent | 863.6M | Variable | 2051 | Continuous | 69.1M |
| Monthly Fixed Charge | Temporary | 130.6M | Fixed | 2041 | 2061 | 10.4M |
| Volumetric | Temporary | 268.3M | Variable | 2041 | 2061 | 21.5M |
| Existing Agreement | Temporary | 47.6M | Fixed | Ongoing | 2040 | 3.8M |
| 2026-2075 Total | | \$1,457M | | | | \$116.6M |



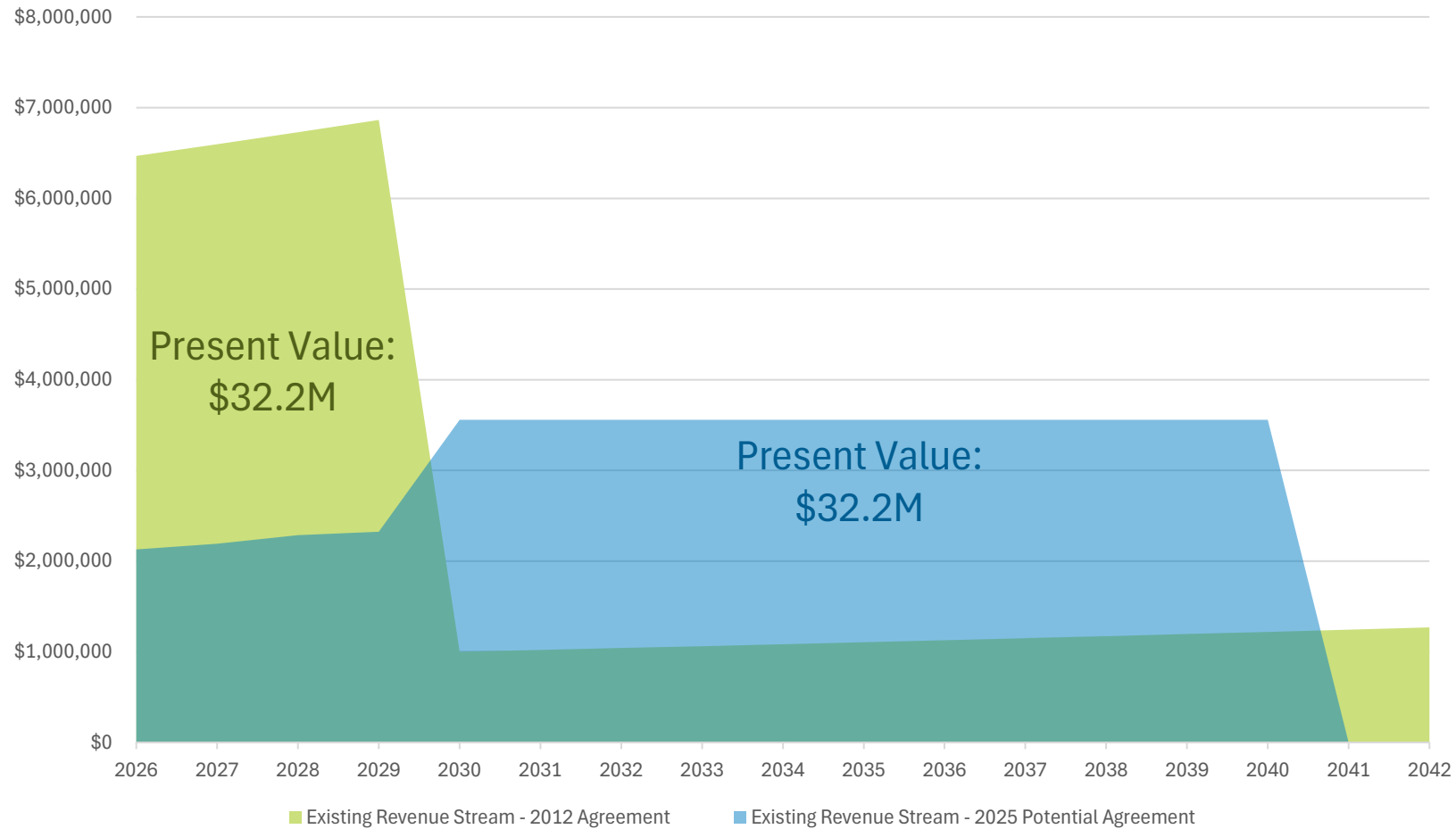
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| Volumetric | Permanent | 863.6M | Variable | Est. 2051 | Continuous | 69.1M |
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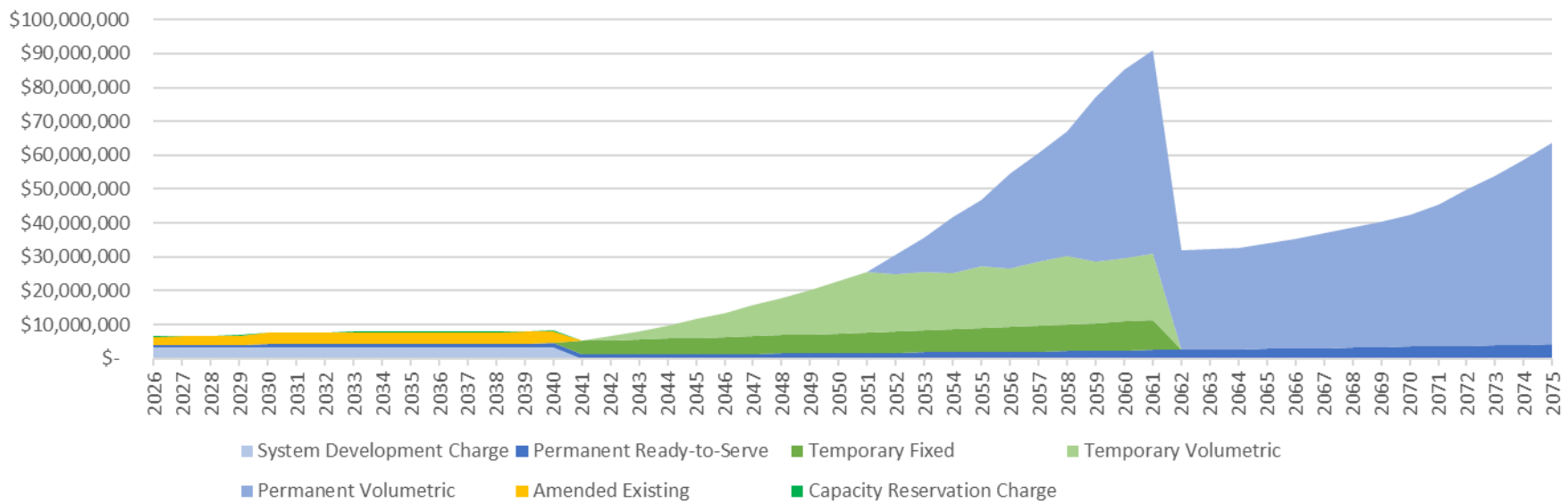


Existing Payment Stream Value Preserved





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Next Steps



| Meeting | Date |
|---|-----------|
| Government Planning & Finance Committee Session (Council Subcommittee)* | 2/18/2025 |
| Board Meeting: (Board Approval)* | 2/26/2025 |
| City Council meeting (First Reading) | 3/11/2025 |
| City Council meeting for (Second Reading) | 3/25/2025 |

*Meeting Has Been Scheduled.

Both Temporary and Permanent Agreements Must be Approved Together.



Recommendations



- This is an informational briefing only.