



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

City of Tacoma | Water

Infrastructure, Planning, and Sustainability Committee
2/12/25



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Presentation Type



- Informational Only

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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.

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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:

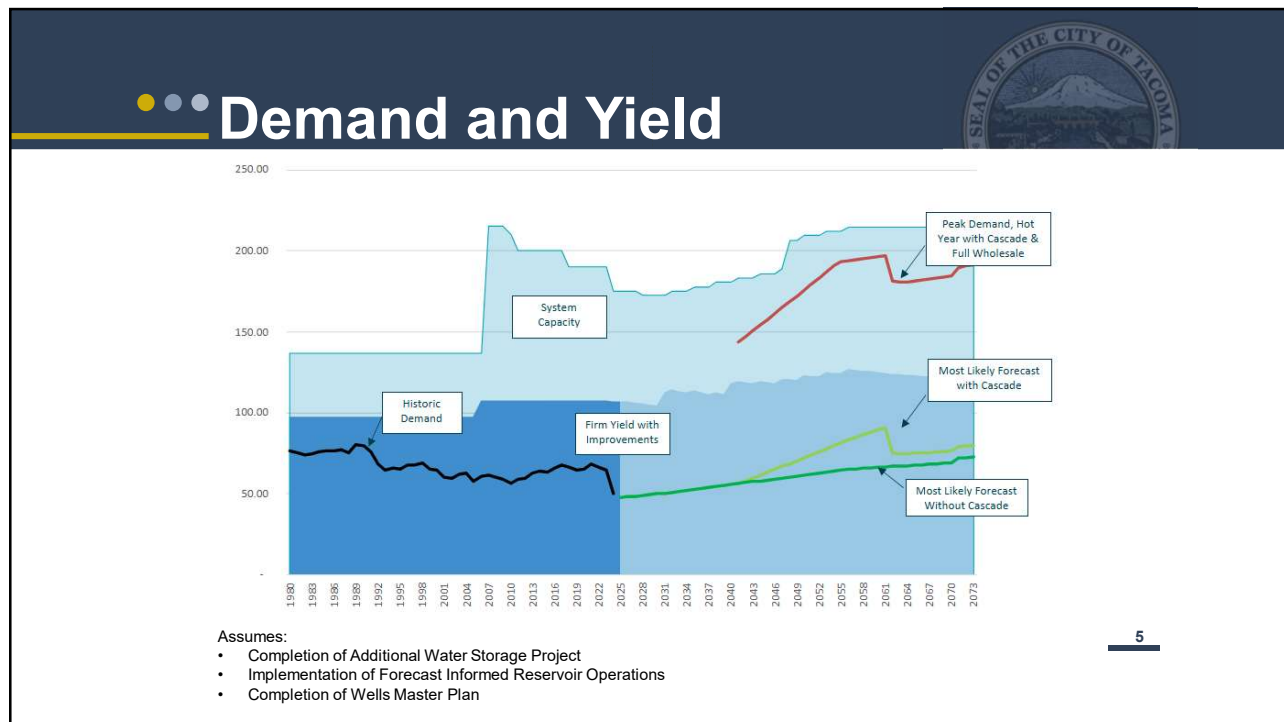
- WestRock Pulp and Paper Mill used roughly **16 MGD** prior to closure
- 2024 Tacoma System Peak Day Demand was **73 MGD** on July 8th

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

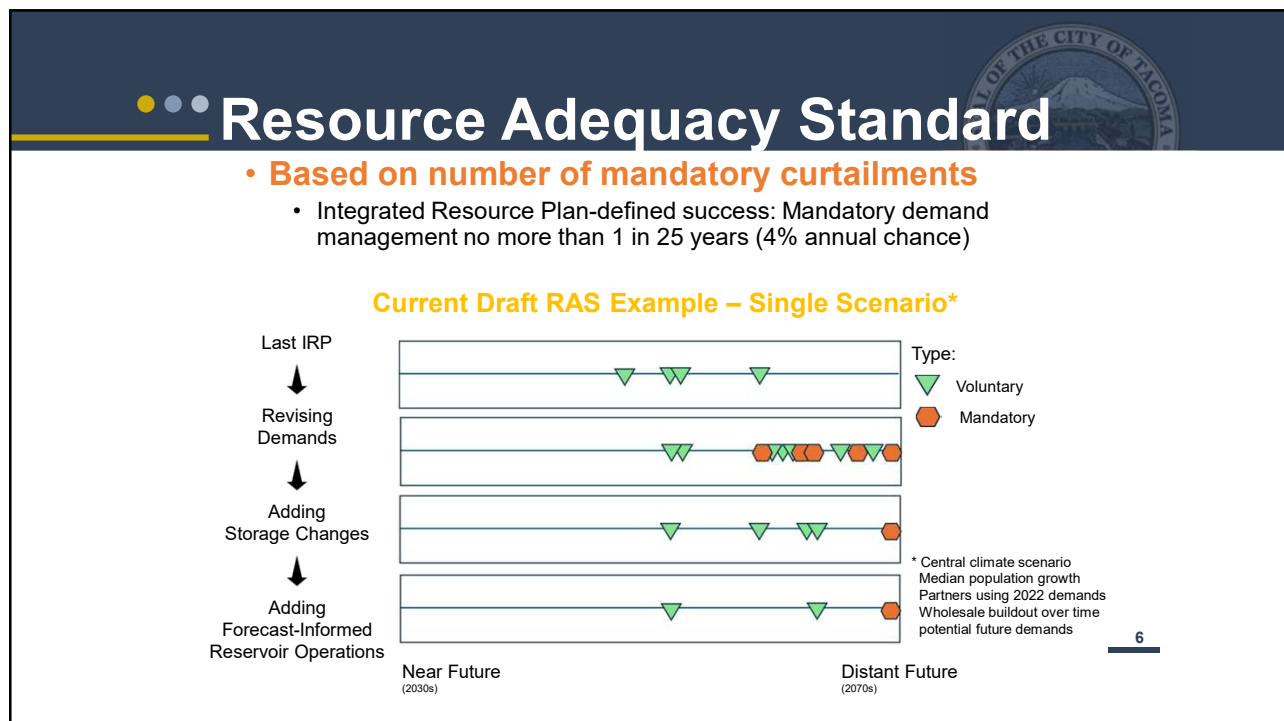
*Begins when signed

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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

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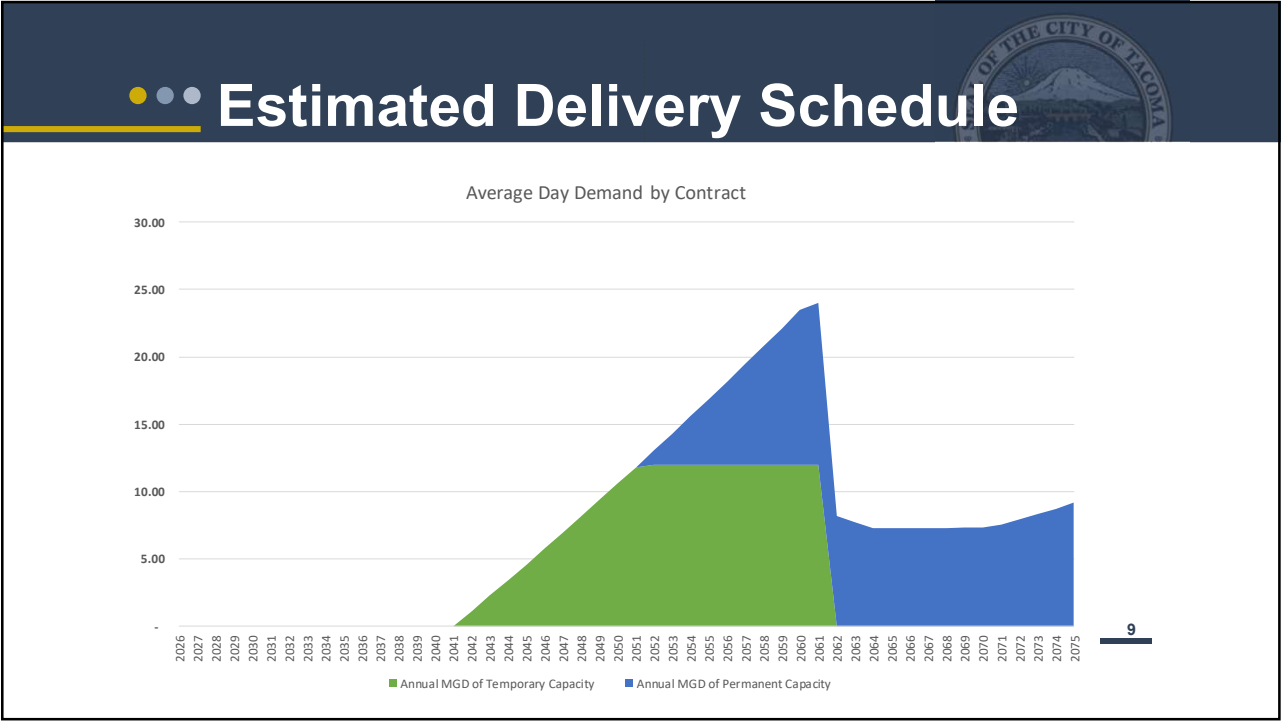
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Infrastructure

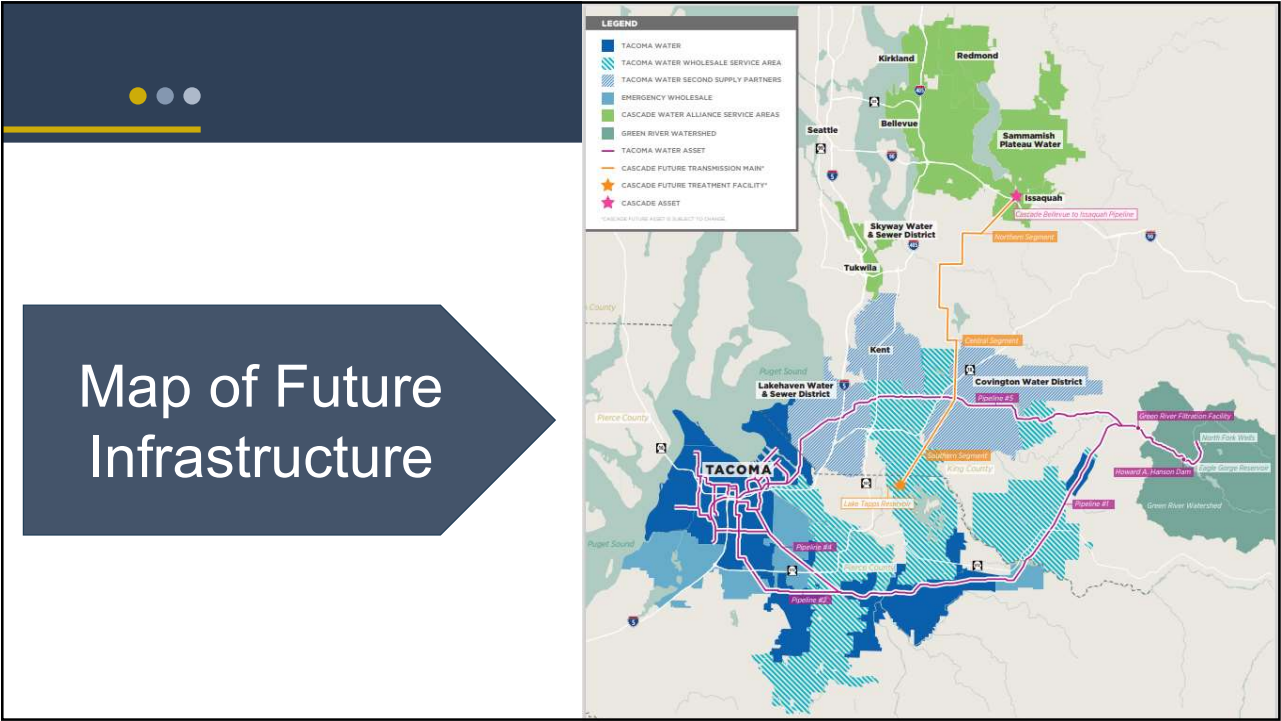
- Cascade contracts will require additional infrastructure and changes to operations
- Integrated Resource Plan summary (IRP)
 - Modeling includes high customer growth scenarios
 - Results indicate high confidence in system and supply capabilities
- Will likely accelerate timelines for PFAS treatment 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.

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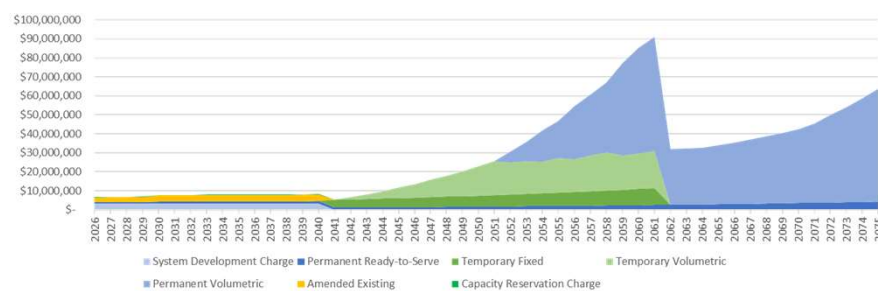
Risk Mitigation

- 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

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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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Outreach

- Briefed internal staff
- Met with Muckleshoot Indian Tribe last year and are planning additional outreach
- [Webpage](#) published →
- Full communications and community outreach plan has been developed
- Initiate outreach to neighborhood councils and community groups

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Next Steps

Meeting	Date
Joint Study Session*	2/11/2025
Infrastructure, Planning, & Sustainability Committee Meeting* (Council Subcommittee)	2/12/2025
Board Study Session*	2/12/2025
Government Performance & Finance Committee Meeting* (Council Subcommittee)	2/18/2025
Board Meeting* (Board Approval)	2/26/2025
City Council Meeting (First Reading)	3/11/2025
City Council Meeting (Second Reading)	3/25/2025

*Meeting Has Been Scheduled.

Both Temporary and Permanent Agreements Must be Approved Together

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Recommendations



- This is an informational briefing only.

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