



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

City of Tacoma | Water

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



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Presentation Type



- Choose one:
 - 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:

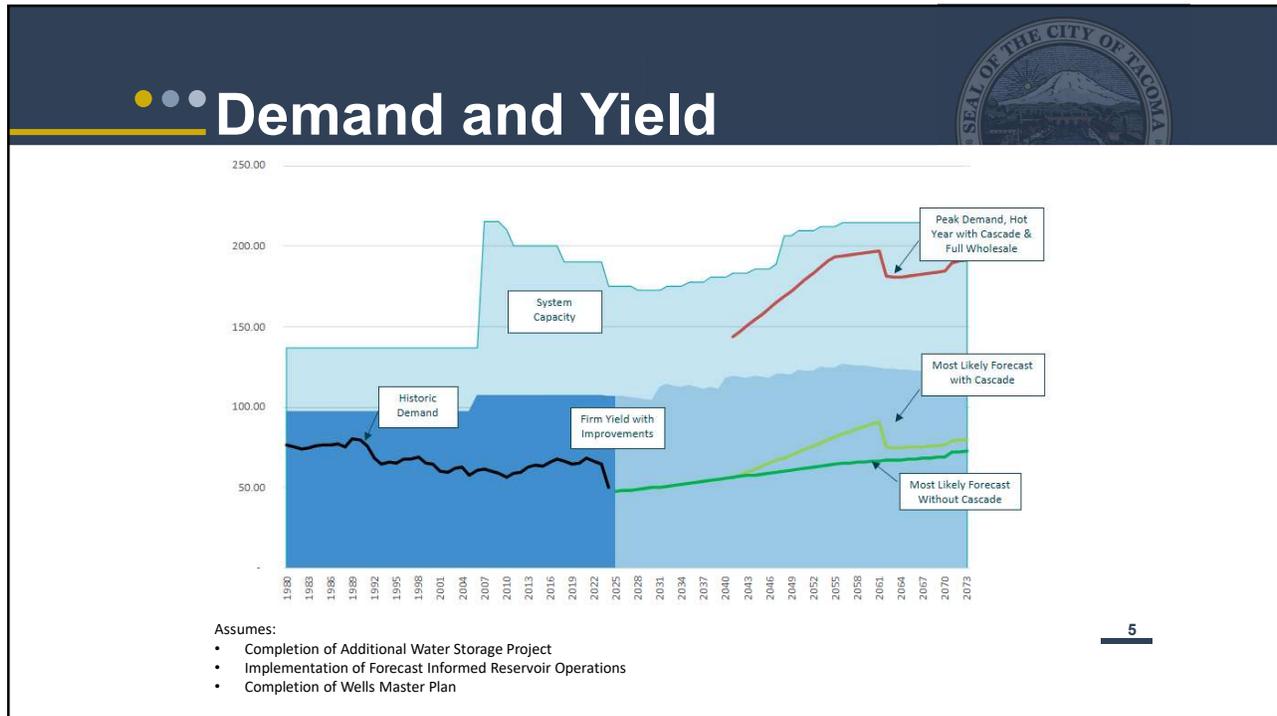
- WestRock Pulp and Paper Mill used roughly **16 MGD prior to closure**
- 2024 Tacoma System Peak Day Demand was **73 MGD on July 8th**

[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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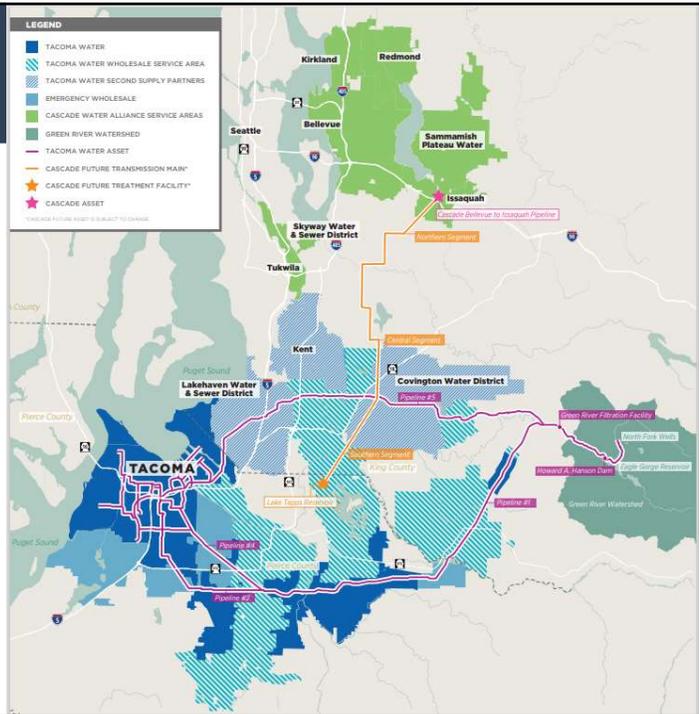
Infrastructure



- 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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Map of Future Infrastructure



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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

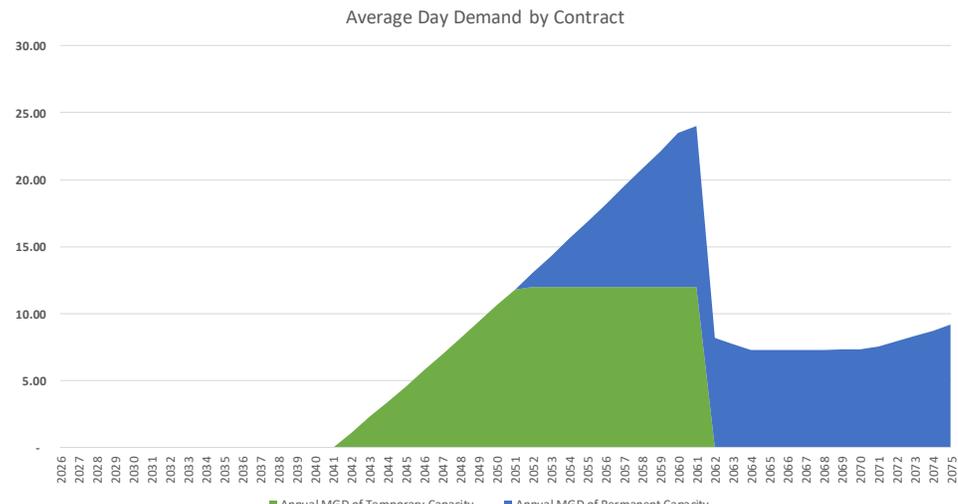
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Estimated Delivery Schedule



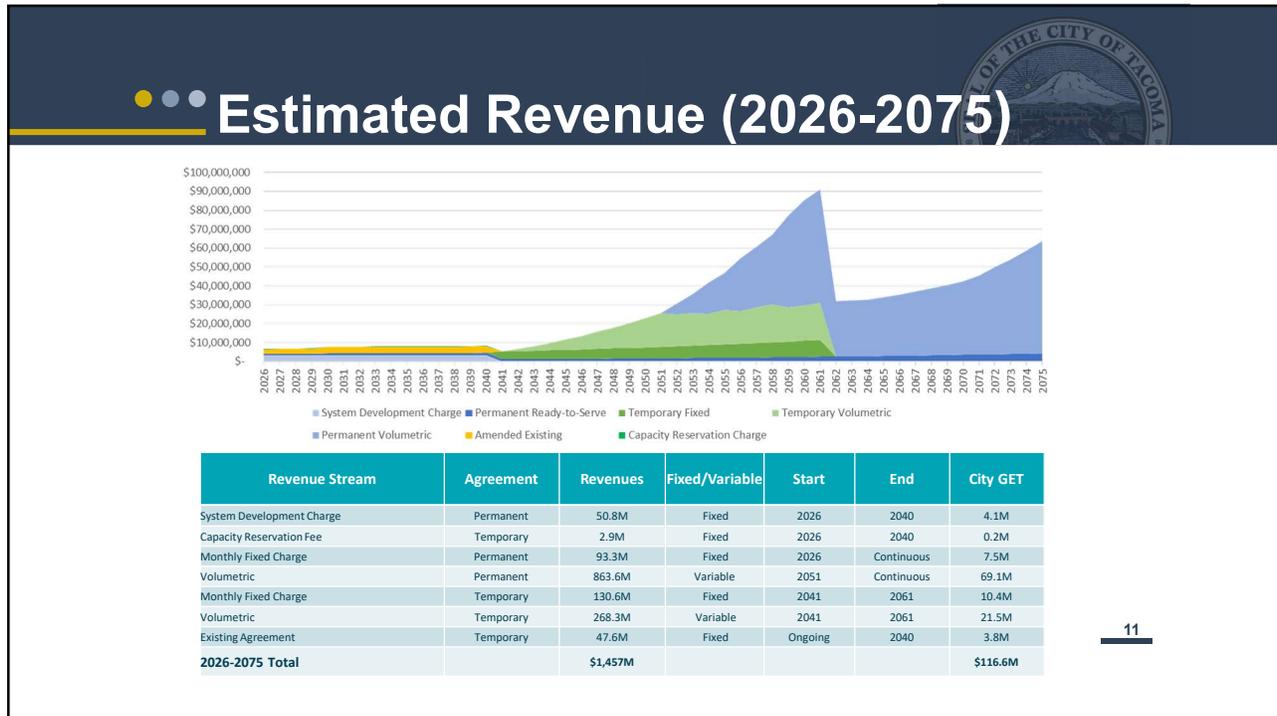
Average Day Demand by Contract



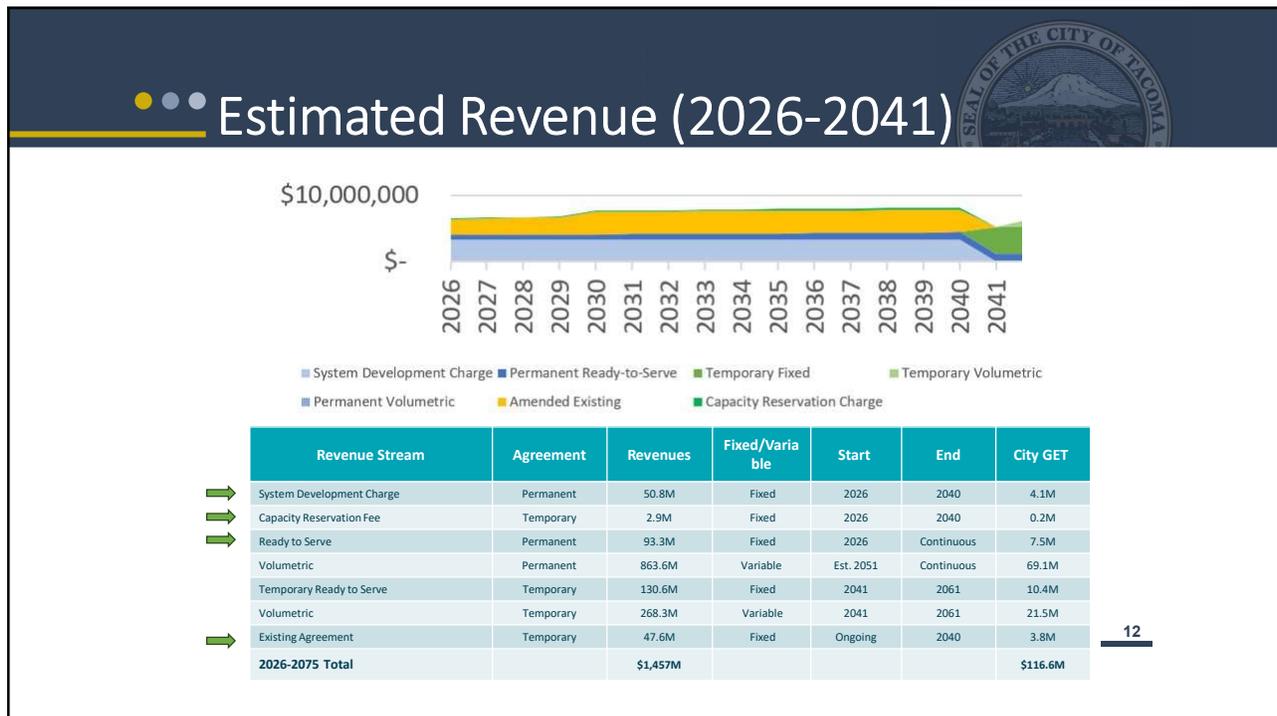
| Year | Annual MGD of Temporary Capacity | Annual MGD of Permanent Capacity | Total Demand |
|-----------|----------------------------------|----------------------------------|--------------|
| 2026-2040 | 0 | 0 | 0 |
| 2041 | 0.5 | 0 | 0.5 |
| 2042 | 1.0 | 0 | 1.0 |
| 2043 | 1.5 | 0 | 1.5 |
| 2044 | 2.0 | 0 | 2.0 |
| 2045 | 2.5 | 0 | 2.5 |
| 2046 | 3.0 | 0 | 3.0 |
| 2047 | 3.5 | 0 | 3.5 |
| 2048 | 4.0 | 0 | 4.0 |
| 2049 | 4.5 | 0 | 4.5 |
| 2050 | 5.0 | 0 | 5.0 |
| 2051 | 5.5 | 0 | 5.5 |
| 2052 | 6.0 | 0 | 6.0 |
| 2053 | 6.5 | 0 | 6.5 |
| 2054 | 7.0 | 0 | 7.0 |
| 2055 | 7.5 | 0 | 7.5 |
| 2056 | 8.0 | 0 | 8.0 |
| 2057 | 8.5 | 0 | 8.5 |
| 2058 | 9.0 | 0 | 9.0 |
| 2059 | 9.5 | 0 | 9.5 |
| 2060 | 10.0 | 0 | 10.0 |
| 2061 | 12.0 | 11.0 | 23.0 |
| 2062 | 0 | 8.0 | 8.0 |
| 2063 | 0 | 7.5 | 7.5 |
| 2064 | 0 | 7.5 | 7.5 |
| 2065 | 0 | 7.5 | 7.5 |
| 2066 | 0 | 7.5 | 7.5 |
| 2067 | 0 | 7.5 | 7.5 |
| 2068 | 0 | 7.5 | 7.5 |
| 2069 | 0 | 7.5 | 7.5 |
| 2070 | 0 | 7.5 | 7.5 |
| 2071 | 0 | 7.5 | 7.5 |
| 2072 | 0 | 7.5 | 7.5 |
| 2073 | 0 | 7.5 | 7.5 |
| 2074 | 0 | 8.5 | 8.5 |
| 2075 | 0 | 9.0 | 9.0 |

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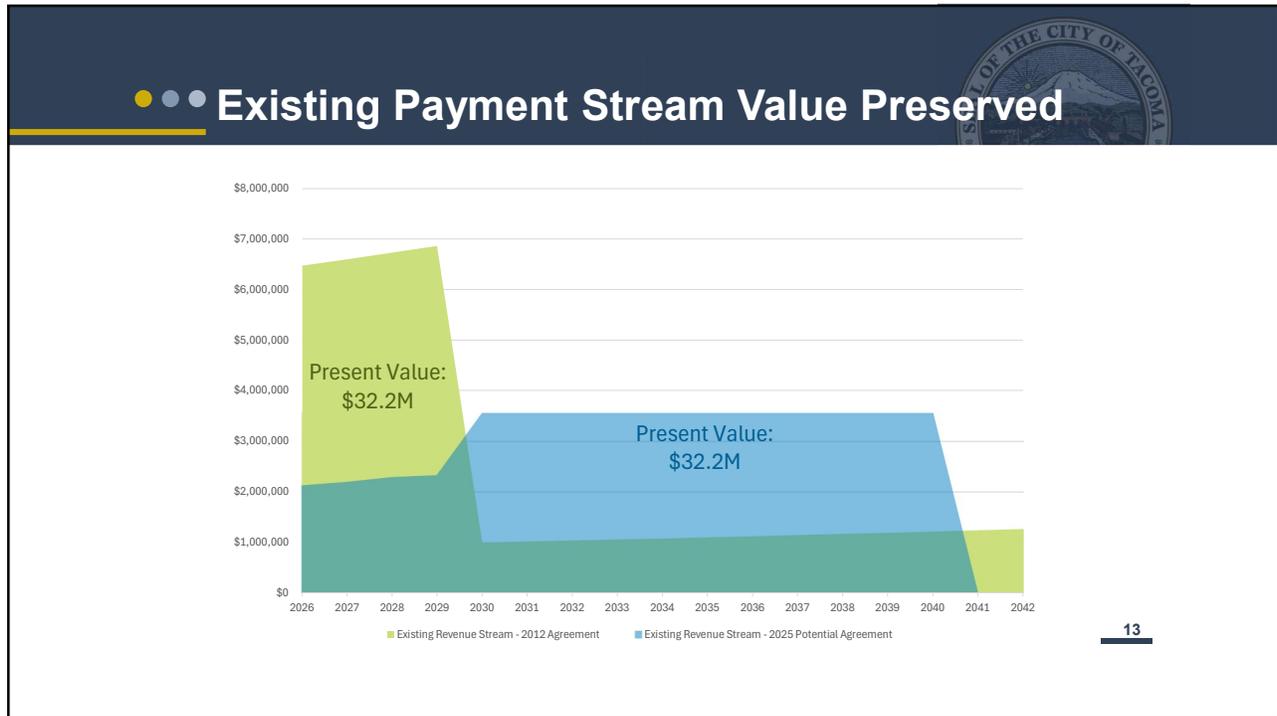
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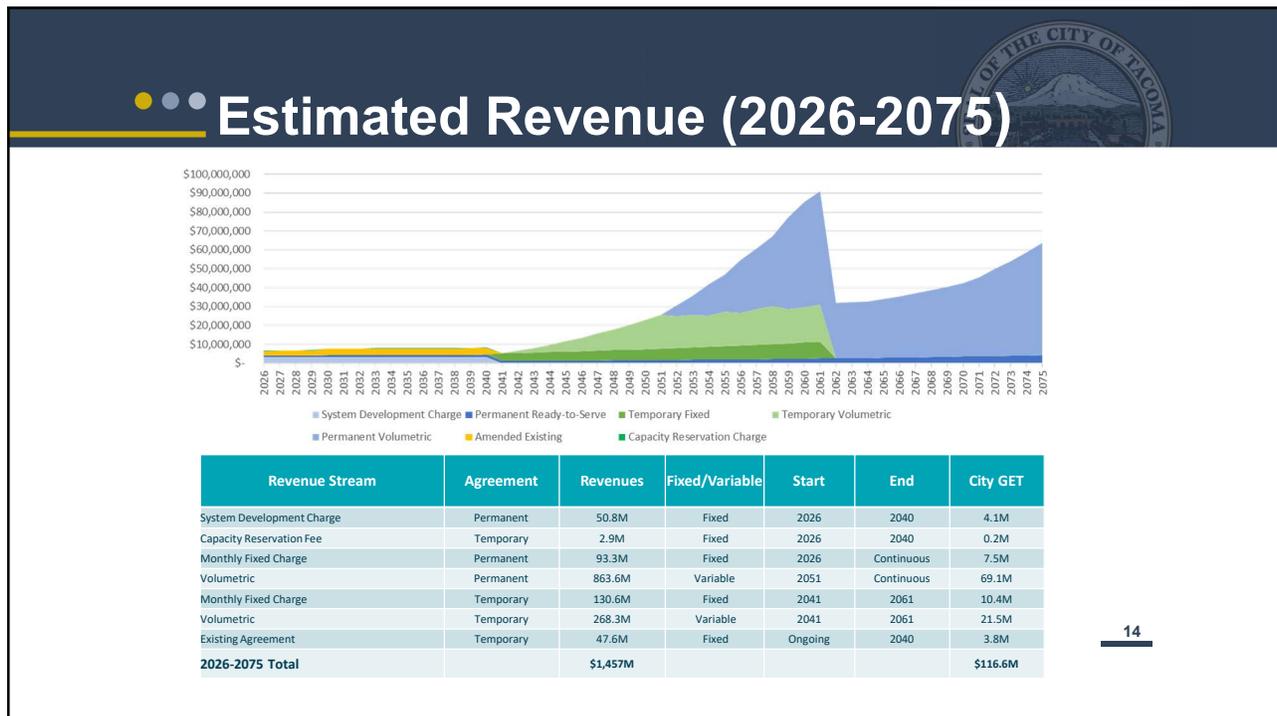
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Next Steps



| 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.

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Recommendations



- This is an informational briefing only.

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