



Board Action Memorandum

TO: Jackie Flowers, Director of Utilities
COPY: Charleen Jacobs, Director and Board Offices
FROM: Heather Pennington, Water Superintendent
MEETING DATE: 2/26/25
DATE: 2/11/25

GUIDING PRINCIPLE ALIGNMENT (select as many that apply):

Please indicate which of the Public Utility Board's Guiding Principle(s) is supported by this action.

- | | |
|--|--|
| <input type="checkbox"/> GP1 – Diversity, Equity, Inclusion, Belonging | <input type="checkbox"/> GP8 – Telecom |
| <input checked="" type="checkbox"/> GP2 – Financial Sustainability | <input checked="" type="checkbox"/> GP9 – Economic Development |
| <input checked="" type="checkbox"/> GP3 – Rates | <input type="checkbox"/> GP10 – Government Relations |
| <input type="checkbox"/> GP4 – Stakeholder Engagement | <input type="checkbox"/> GP12 – Employee Relations |
| <input type="checkbox"/> GP5 – Environmental Sustainability | <input type="checkbox"/> GP13 – Customer Service |
| <input checked="" type="checkbox"/> GP6 – Innovation | <input checked="" type="checkbox"/> GP14 – Resource Planning |
| <input checked="" type="checkbox"/> GP7 – Reliability & Resiliency | |

SUMMARY: Tacoma Water is asking the Public Utility Board to recommend execution of two wholesale water supply agreements that Tacoma Water staff have been negotiating with the Cascade Water Alliance. Under the agreements, Tacoma Water would deliver 12 million-gallons-per-day [MGD] (average day) on a permanent basis and an additional 12 MGD (average day) temporarily from 2041 to 2062. Tacoma Water has included Cascade Water Alliance's water need in recent climate and supply modeling and determined capacity exists to deliver water to Cascade while meeting existing obligations. Tacoma Water staff recommend approving the agreements.

BACKGROUND: Cascade Water Alliance currently gets their water (33 MGD) from Seattle Public Utilities, but this allocation starts to decrease in 2040 until reaching 5.3 MGD in 2064. The proposed agreements would replace this supply from Seattle Public Utilities with water from Tacoma Water. Cascade Water Alliance would have to build, own, and maintain a transmission main to deliver water from Tacoma Water to their customers. This project will generate significant revenue and position Tacoma Water to participate in major resiliency water projects over the next 100 years.



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ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No

IF THE EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW IT IS TO BE COVERED.

These agreements represent a significant revenue opportunity. Once executed, Tacoma Water can expect six new streams of revenue over various time frames beginning in 2026. Financial modeling through 2075 shows an estimated \$1.5 billion in revenue which translates to an estimated \$116 million to the City of Tacoma in gross earnings tax.

Incremental expenses associated with serving Cascade will be more than offset by revenues paid by Cascade.

IF THE ACTION REQUESTED IS APPROVAL OF A CONTRACT, INCLUDE LANGUAGE IN RESOLUTION AUTHORIZING \$200,000 INCREASE IN ADMINISTRATIVE AUTHORITY TO DIRECTOR? No

These contracts do not seek spending authority. Tacoma Water is expected to receive revenue related to these contracts.

ATTACHMENTS: Cascade Water Alliance Wholesale Water Supply Agreement
Cascade Water Alliance Market-Priced Wholesale Water Supply Agreement

CONTACT:

Primary Contact: Marc Powell, Business Service Analyst, 253.719.4047

Supervisor's Name: Dana Larsen, Water Customer and Financial Services, 253.337.3814

Presenter (if different from primary contact): Sean Senescall, Business Services Manager, 253.719.4047
Marc Powell, Business Service Analyst, 253.719.4047