



Cascade Water Alliance 2019-2020 Budget & Rates Presentation

Bellevue City Council
August 6, 2018

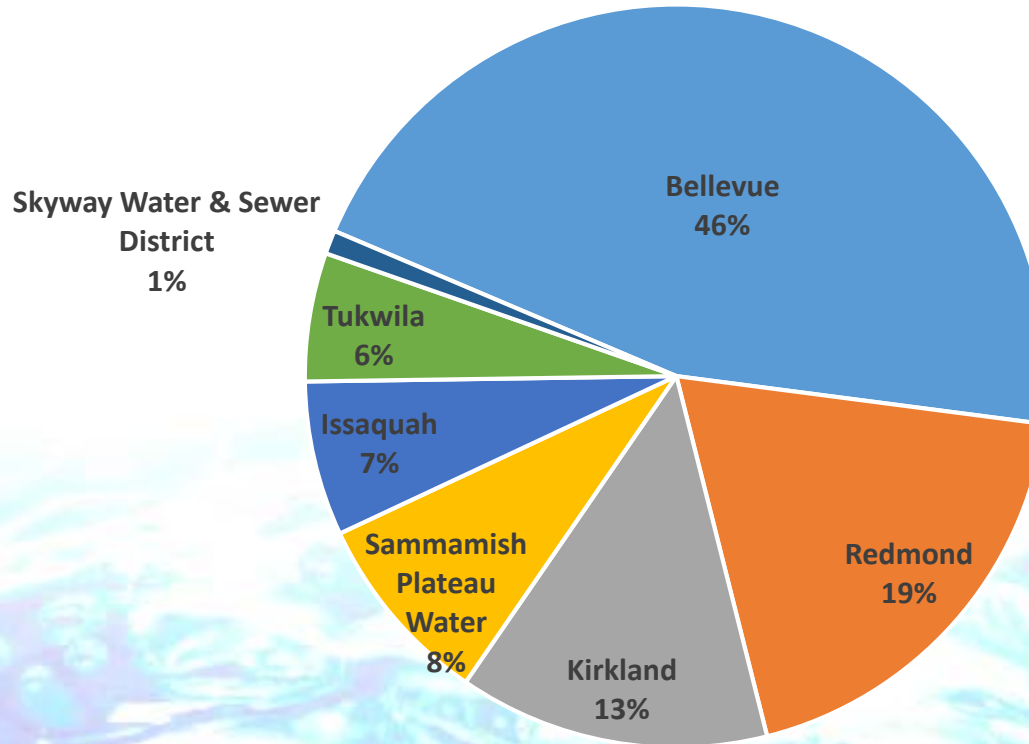
2019-2020 Budget Process



January	February	March	April	May	June	July	August	September
2017 through Feb. 2018: update of strategic goals & performance measures		Staff identifies budget drivers and prepares draft budget			Presentation to Board of policies, forecast, and high-level budget & rates	Reviews and refinements with member staff; budget & rates "locked in" July 1		Budget & rates adoption
		Strategic plan review with Board; set general policy directions	Finance & Management Committee and member staff budget & rates reviews			Finance & Management Committee final review and Board update		
		Member data due March 15						

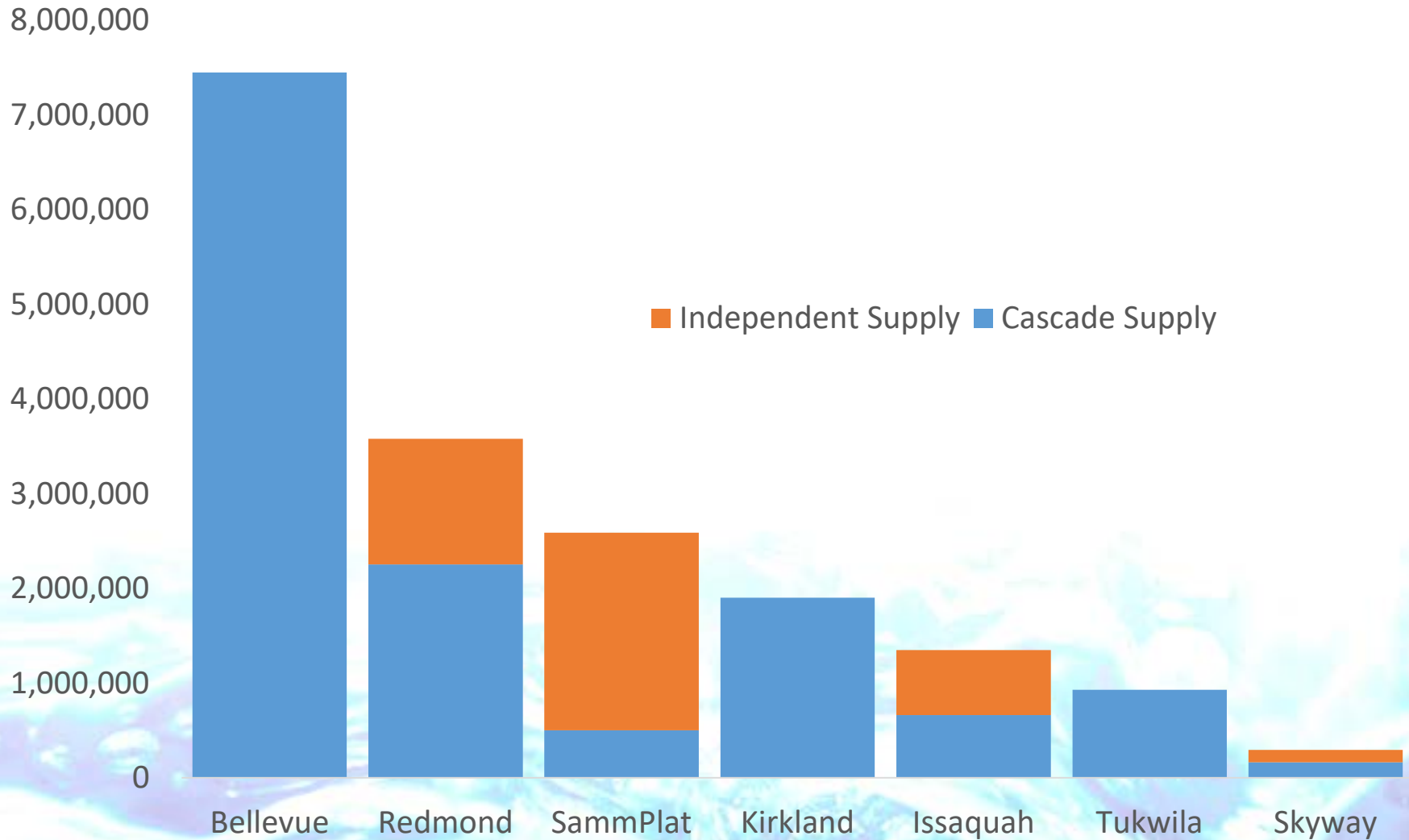
2019 CWA Member Rates

Member	Administrative Dues	Conservation Charges	Demand Share Charges	RCFCs*	Total	% of Total
Bellevue	\$ 1,283,940	\$ 320,761	\$ 19,141,335	\$ 2,245,600	\$ 22,991,636	45.67%
Redmond	\$ 635,226	\$ 158,696	\$ 6,527,746	\$ 2,245,600	\$ 9,567,268	19.01%
Kirkland	\$ 378,404	\$ 94,535	\$ 5,180,717	\$ 1,154,880	\$ 6,808,536	13.53%
Sammamish Plateau Water	\$ 464,243	\$ 115,980	\$ 1,102,281	\$ 2,566,400	\$ 4,248,904	8.44%
Issaquah	\$ 287,370	\$ 71,792	\$ 1,747,071	\$ 1,283,200	\$ 3,389,433	6.73%
Tukwila	\$ 162,584	\$ 40,618	\$ 2,516,859	\$ 96,240	\$ 2,816,301	5.59%
Skyway Water & Sewer District	\$ 75,132	\$ 18,770	\$ 390,294	\$ 32,080	\$ 516,276	1.03%
Total	\$ 3,286,900	\$ 821,152	\$ 36,606,303	\$ 9,624,000	\$ 50,338,355	100%



*The RCFC charge listed is only an estimate. The actual charge will be based on the number of actual connections. For this example it is estimated that 1,500 overall RCFCs are collected by Cascade in 2019, including 350 from the City of Bellevue.

2017 CWA Member Water Supply-Cascade v. Independent Source (CCF)



Breakdown of Cascade Rate Increase

Budget Year:

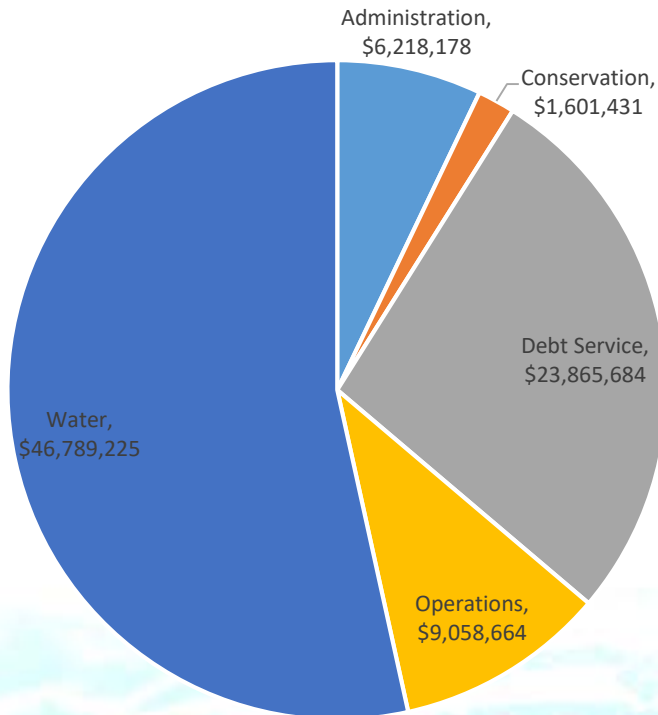
2019

2020

	<u>Dollars</u>	<u>Percent</u>	<u>Dollars</u>	<u>Percent</u>
Total Rate Increase	\$1,938,782	5.00%	\$1,221,429	3.00%
<i>Seattle Water</i>	\$1,416,933	3.65%	\$11,975	0.03%
Implementation of RCFC Contribution to Capital Policy	\$380,574	0.98%	\$344,651	0.85%
Operating Expenses	\$434,069	1.12%	\$318,959	0.78%
Change in Misc. Revenues	\$145,414	0.38%	(\$242,171)	-0.59%
Admin	\$108,633	0.28%	\$52,959	0.13%
Misc. (conservation, R&R)	\$56,385	0.15%	\$444,289	1.09%
Rate Smoothing	(\$603,226)	-1.56%	\$290,766	0.71%
Total	\$1,938,782	5.00%	\$1,221,429	3.00%

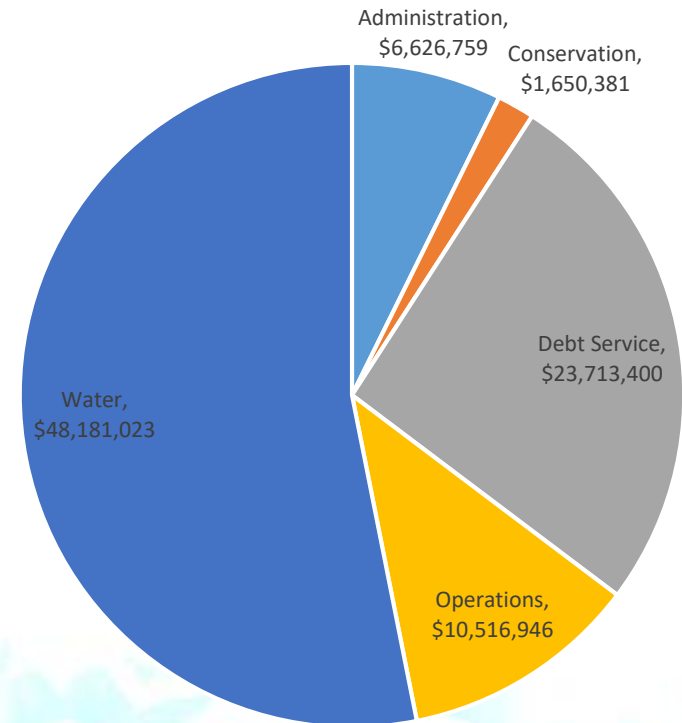
Operating Budget 2017 to 2020

Adopted 2017-2018



Grand Total
\$87,533,182

Proposed 2019-2020



Grand Total
\$90,688,508

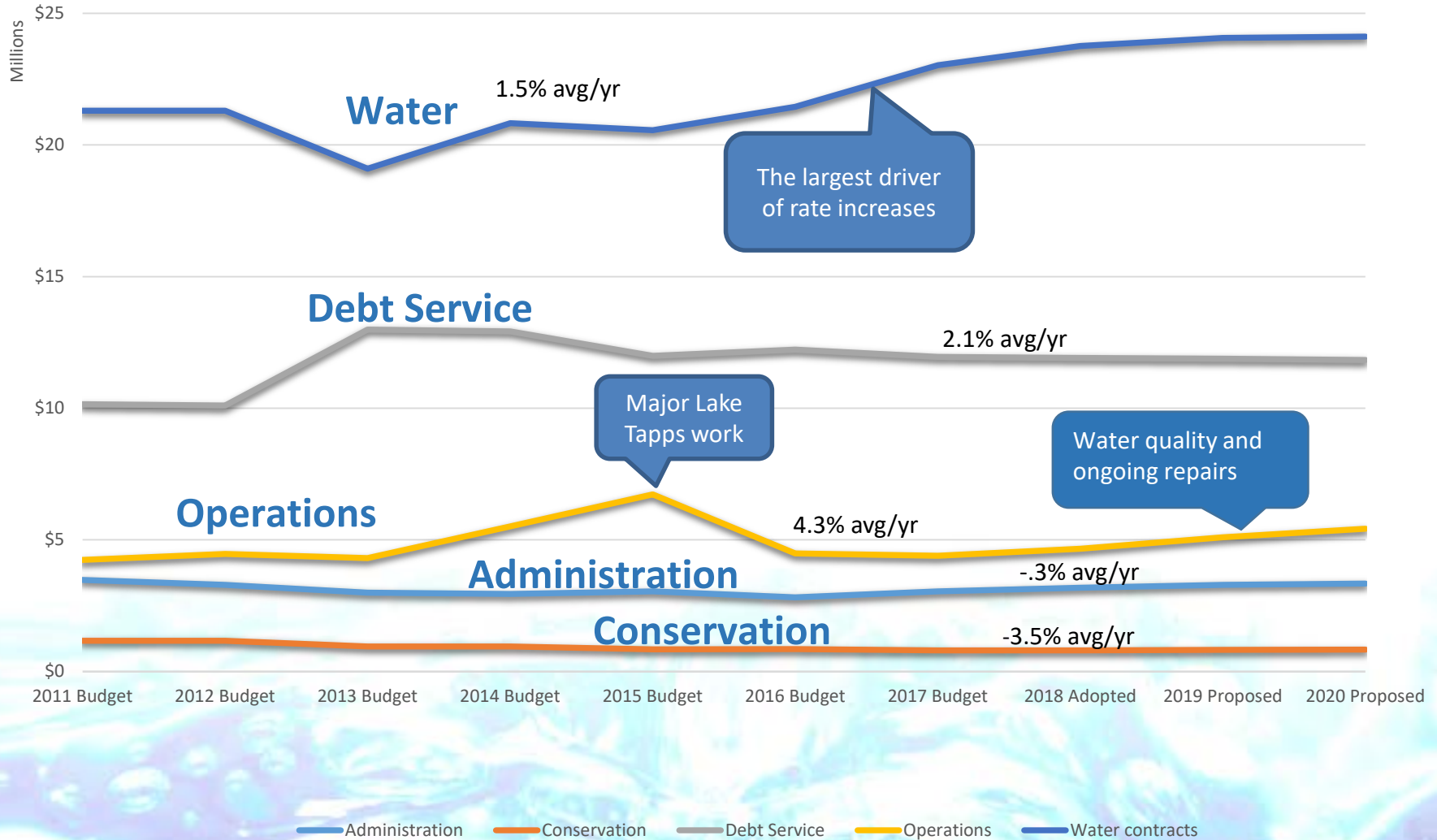


Capital Improvement Program (CIP)

CIP Projects	2018	2019	2020	2021	2022	2023	2024	2018 - 2024 Total
Lake Tapps, conveyance & Intake	\$ 590,000	\$ 730,000	\$ 1,325,000	\$ 2,915,000	\$ 1,885,000	\$ 305,000	\$ 1,200,000	\$ 8,950,000
Security & SCADA/facilities/equipment/GIS/IT	\$ 170,000	\$ 300,000	\$ 680,000	\$ 140,000	\$ 350,000	\$ 1,060,000	\$ 250,000	\$ 2,950,000
Seismic Resiliency		\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 1,200,000
Bellevue-Issaquah Pipeline improvements	\$ 100,000		\$ 100,000		\$ 100,000		\$ 110,000	\$ 410,000
Capital risk	\$ 600,000	\$ 500,000	\$ 600,000	\$ 700,000	\$ 800,000	\$ 900,000	\$ 1,000,000	\$ 5,100,000
SUBTOTAL	\$ 1,460,000	\$ 1,730,000	\$ 2,905,000	\$ 3,955,000	\$ 3,335,000	\$ 2,465,000	\$ 2,760,000	\$ 18,610,000
Tacoma agreement	\$ 5,520,404	\$ 5,630,812	\$ 5,743,428	\$ 5,858,297	\$ 5,975,463	\$ 6,094,972	\$ 6,216,872	\$ 41,040,248
Seattle contract	\$ 12,000,000						\$ 5,000,000	\$ 17,000,000
TOTAL CIP	\$ 18,980,404	\$ 7,360,812	\$ 8,648,428	\$ 9,813,297	\$ 9,310,463	\$ 8,559,972	\$ 13,976,872	\$ 76,650,248

Current adopted CIP	\$ 18,980,404	\$ 7,465,812	\$ 8,268,428	\$ 7,798,297	\$ 10,255,812	\$ 7,493,428	\$ -	\$ 60,262,181
Change in CIP	\$ -	\$ (105,000)	\$ 380,000	\$ 2,015,000	\$ (945,349)	\$ 1,066,544	\$ 13,976,872	\$ 16,388,067

Operating Budget Trends 2011-2020*



*Budgeted amounts

Impact of Cascade Cost Increases to Bellevue Customers

	2019	2020
Increase in Bellevue water rates	2.7%	2.0%
\$ impact to typical residential monthly water bill	\$ 1.73	\$ 1.35

Member Rates

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021- 2022	2023- 2025	2026
Actual	7.50%	7.50%	6.00%	6.00%	3.75%	3.00%	2.75%	2.75%	3.00%	3.00%					
Projected											5.00%	3.00%	3.00%	3.67%	4.00%

Administrative Charges as Percent of All Charges (except RCFC)

2013	2014	2015	2016	2017	2018	2019	2020
8.20%	8.70%	8.50%	8.30%	8.80%	8.70%	8.07%	7.96%

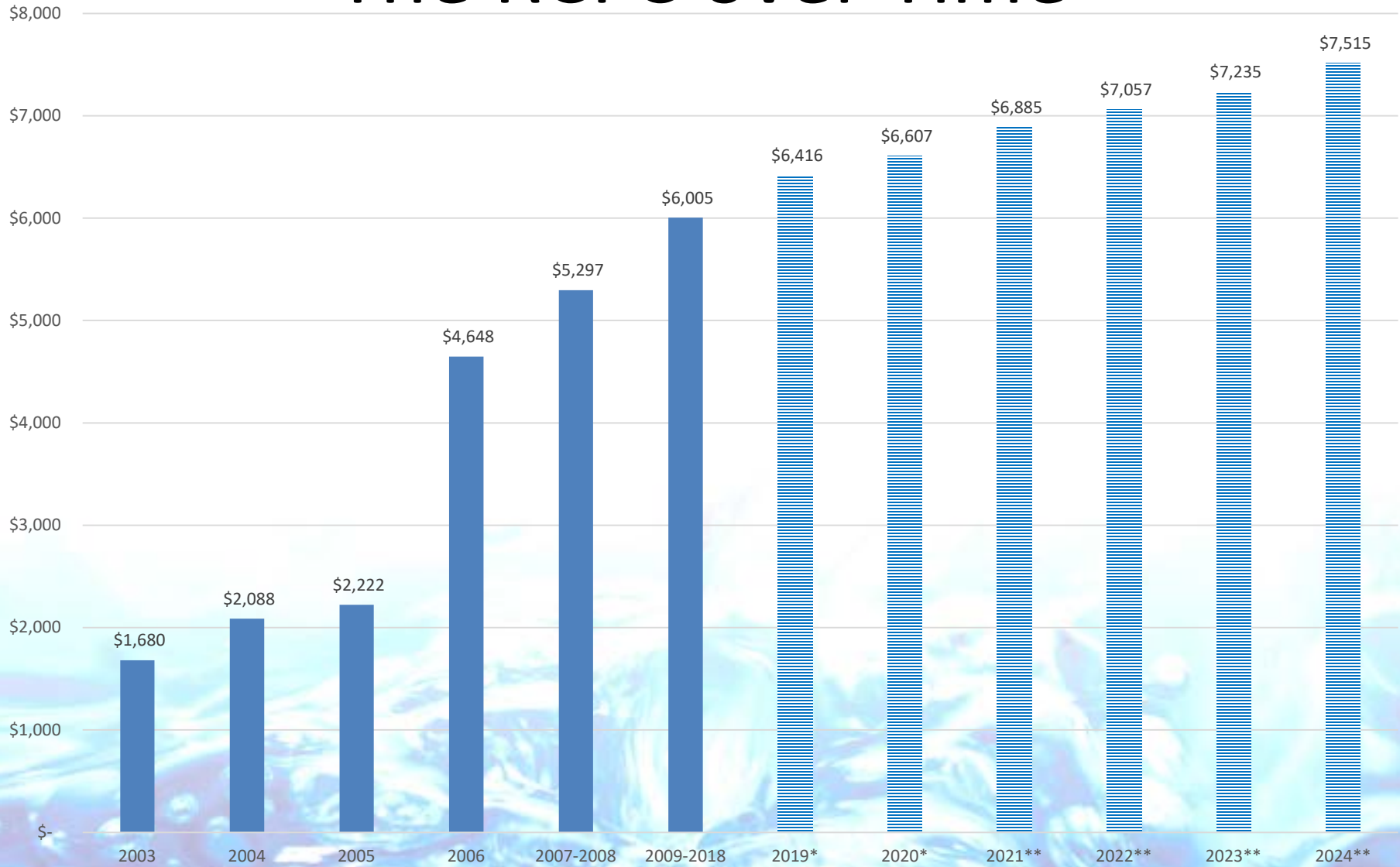
Note: Policy limit is 9.0%.

Why has the RCFC Changed?

	Estimate for 2018	New Calculation for 2019
Existing Assets	\$ 228 million	\$276 million
Interest on Existing Assets	\$ 94 million	\$111 million
30 Year CIP (in current \$)	\$1,053 million	\$986 million
Total System Cost	\$1,375 million	\$1,373 million
CERU Basis	229,514	213,924
RCFC per CERU	\$5,969	\$6,416

More realistic growth forecast: 1400 per year vs 1900 per year

The RCFC over Time



*Cascade board in September will decide if they prefer 1 rate for both years (\$6,416) or 2 different rates

**Currently does not assume a Seattle contract extension

RCFC HISTORY 2003-2017

