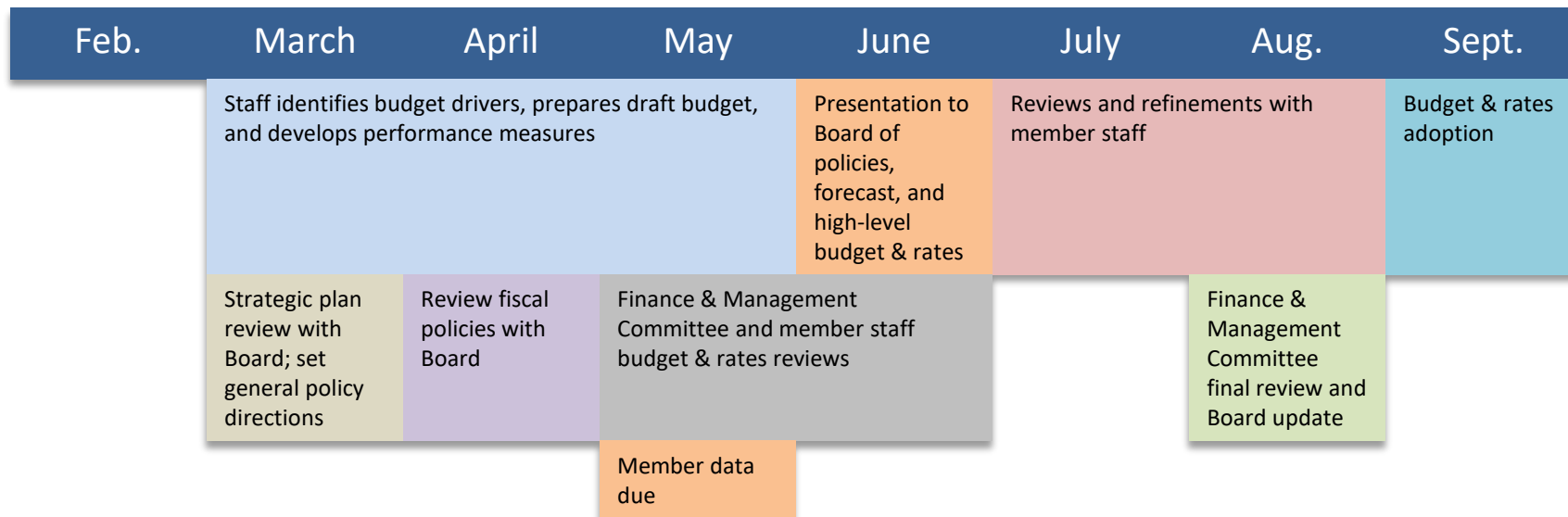


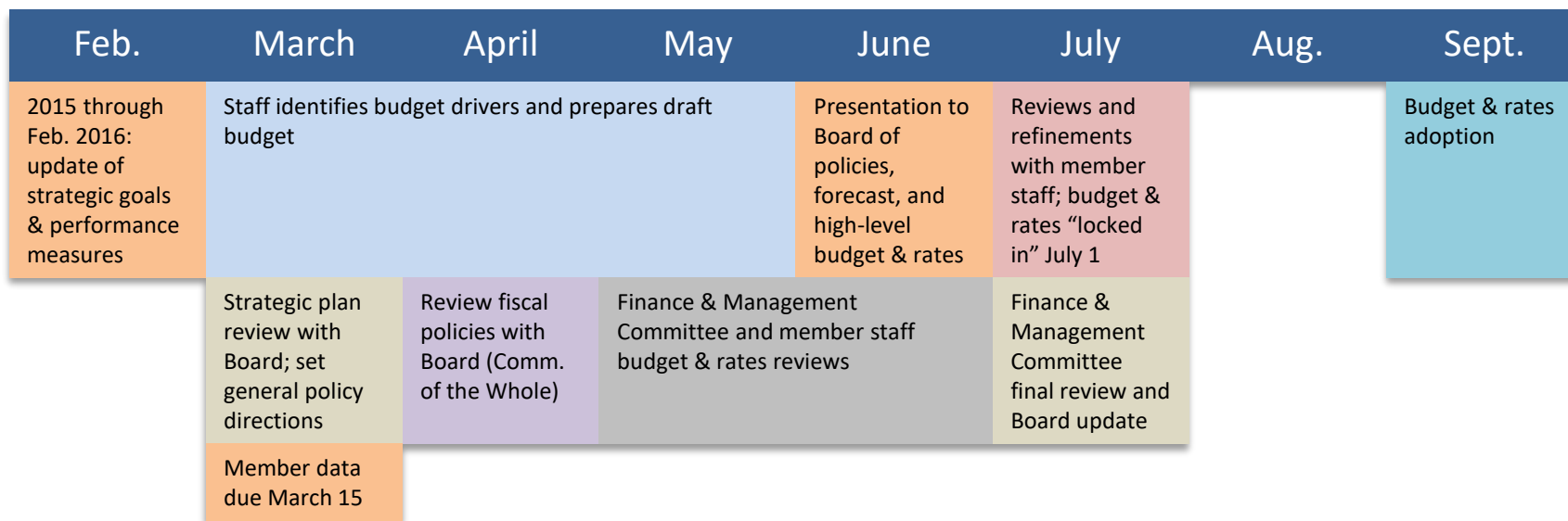


Bellevue City Council  
Cascade Water Alliance Presentation  
June 13, 2016

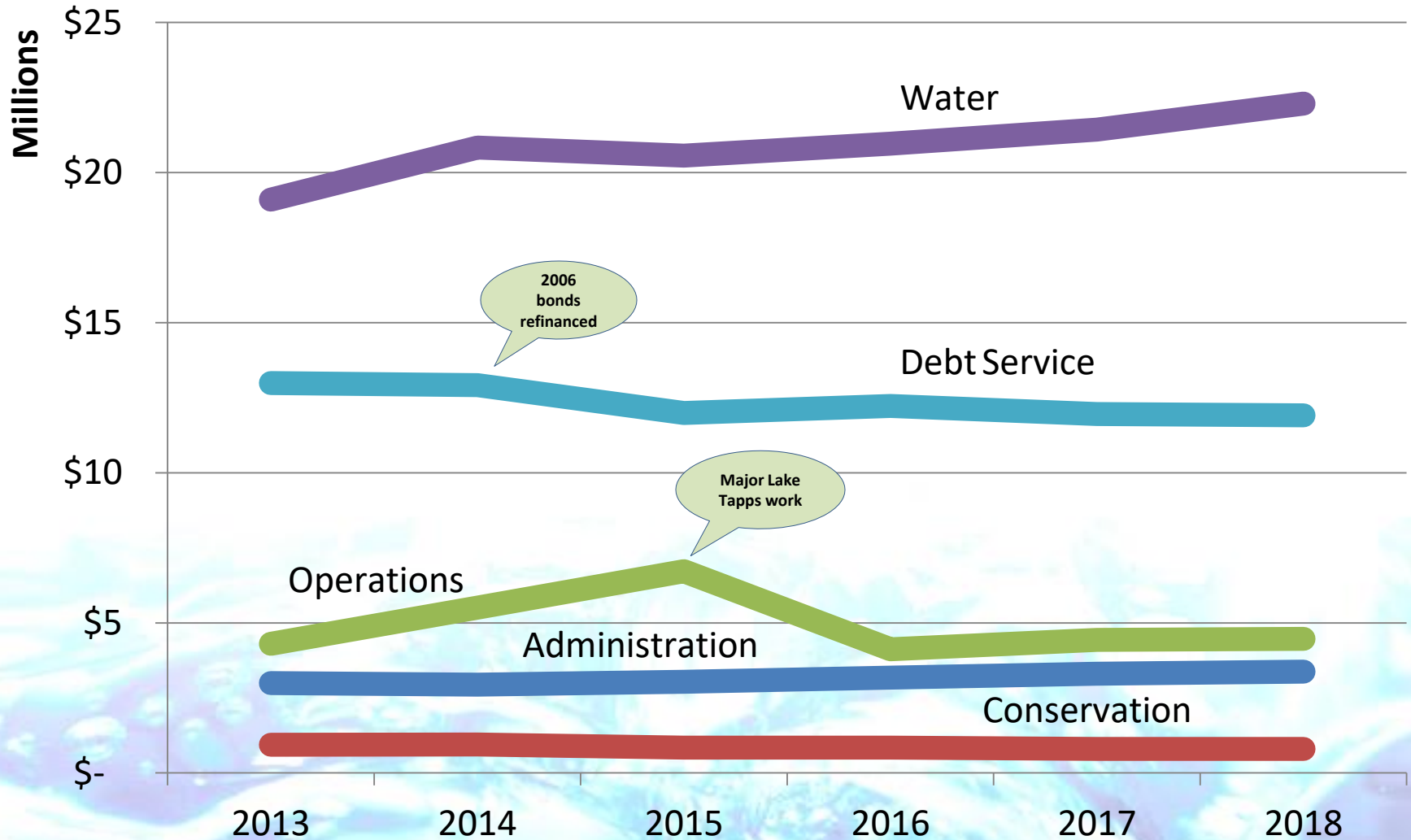
## 2015-2016 budget process



## 2017-2018 budget process



## Operating Budget Trends



# Operating Budget Cumulative Trend 2013 to 2018

Area	5-Yr Change	Drivers
Administration	12.8%	Legal fees – added complexity (up \$79k) Additional insurance coverage (up \$80k) Local office rent market increases (up \$78k) Contingencies – vacation buyout & merit (up \$200k)
Conservation	-15.0%	Program reductions (down \$142k)
Operations	3.7%	White River – Lake Tapps operator contract (up \$700k; other costs down \$375k)
Water contracts	16.7%	Seattle water contract (up \$3.2m)
Debt service	-8.3%	Reduction following 2006 bonds refinancing in 2014 (down \$1.1m)
<b>TOTAL</b>	<b>6.3%</b>	<b>Net change over five years: up \$2.7 million</b>

## Member Rates

	2009	2010	2011	2012	2013	2014	2015	2016	2017-2022	2023-2025	2026
Actual	7.5%	7.5%	6.0%	6.0%	3.75%	3.0%	2.75%	2.75%			
Projected									3.0%	4.0%	3.0%

## Administrative Charges as Percent of All Charges (except RCFC)

2013	2014	2015	2016	2017	2018
8.2%	8.7%	8.5%	8.3%	8.8%	8.7%

Note: Policy limit is 9.0%.

# Capital Improvement Program (CIP)

CIP Projects	2017	2018	2019	2020	2021	2022	2023	2017 - 2023 Total
Upper conveyance projects			\$ 285,000	\$ 500,000				\$ 785,000
Lake Tapps reservoir ongoing piezometers & dike improvements	\$ 200,000	\$ 200,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 900,000
Lower conveyance projects	\$ 100,000	\$ 240,000		\$ 1,950,000				\$ 2,290,000
Security and SCADA	\$ 600,000	\$ 100,000	\$ 300,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 1,400,000
Facilities: roofs, planking, decking, etc.	\$ 65,000	\$ 20,000	\$ 100,000	\$ 275,000	\$ 190,000			\$ 650,000
Equipment	\$ 95,000	\$ 50,000	\$ 50,000		\$ 50,000		\$ 50,000	\$ 295,000
Bellevue-Issaquah Pipeline improvements		\$ 100,000		\$ 100,000		\$ 100,000		\$ 300,000
Capital risk	\$ 750,000	\$ 750,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 9,000,000
<b>SUBTOTAL</b>	<b>\$1,810,000</b>	<b>\$ 1,460,000</b>	<b>\$ 2,335,000</b>	<b>\$ 4,525,000</b>	<b>\$ 1,940,000</b>	<b>\$1,800,000</b>	<b>\$1,750,000</b>	<b>\$15,620,000</b>
Tacoma agreement	\$5,412,161	\$ 5,520,404	\$ 5,630,812	\$ 5,743,428	\$ 5,858,297	\$5,630,812	\$5,743,428	\$39,539,343
Seattle contract		\$12,000,000						\$12,000,000
<b>TOTAL CIP</b>	<b>\$7,222,161</b>	<b>\$18,980,404</b>	<b>\$ 7,965,812</b>	<b>\$10,268,428</b>	<b>\$ 7,798,297</b>	<b>\$7,430,812</b>	<b>\$7,493,428</b>	<b>\$67,159,343</b>



## Breakdown of Cascade Rate Increase 2016 to 2017

Item	Dollars	Percent
Seattle water	\$ (23,558)	-0.06%
Operating expenses	306,954	0.84%
Administration	129,417	0.35%
Conservation	(46,276)	-0.13%
Rate-funded R&R	36,110	0.10%
Increased debt service from rates	840,740	2.30%
Rate smoothing	(146,816)	-0.40%
<b>TOTAL</b>	<b>\$ 1,096,491</b>	<b>3.00%</b>

*Note: Increase in rate-funded debt service is primarily a consequence of the transition in use of RCFCs from debt repayment to direct capital funding. This is also consistent with meeting capital needs without borrowing during the next 5 years.*

## Summary of 2017 Member Charges

2016 Member Charges (Per 2016 Budget)	Administrative Dues	Conservation Charges	Demand Share Charges	Total
Bellevue	\$ 1,272,906	\$ 347,005	\$ 17,740,677	\$ 19,360,588
Issaquah	\$ 229,060	\$ 62,444	\$ 969,015	\$ 1,260,518
Kirkland	\$ 364,378	\$ 99,332	\$ 4,663,342	\$ 5,127,052
Redmond	\$ 596,715	\$ 162,670	\$ 5,619,909	\$ 6,379,294
Sammamish Plateau WSD	\$ 421,245	\$ 114,835	\$ 928,732	\$ 1,464,811
Skyway Water & Sewer District	\$ 71,468	\$ 19,483	\$ 341,881	\$ 432,831
Tukwila	\$ 147,740	\$ 40,275	\$ 2,336,590	\$ 2,524,605
<b>Total</b>	<b>\$ 3,103,511</b>	<b>\$ 846,043</b>	<b>\$ 32,600,146</b>	<b>\$ 36,549,700</b>

2017 Member Charges	Administrative Dues	Conservation Charges	Demand Share Charges	Total	Increase Over 2016 Charges
Bellevue	\$ 1,325,012	\$ 320,766	\$ 17,746,629	\$ 19,392,407	0.16%
Issaquah	\$ 279,842	\$ 67,746	\$ 1,362,252	\$ 1,709,839	35.65%
Kirkland	\$ 377,698	\$ 91,435	\$ 4,798,055	\$ 5,267,189	2.73%
Redmond	\$ 635,220	\$ 153,777	\$ 5,935,965	\$ 6,724,962	5.42%
Sammamish Plateau WSD	\$ 450,658	\$ 109,098	\$ 940,516	\$ 1,500,271	2.42%
Skyway Water & Sewer District	\$ 75,624	\$ 18,307	\$ 368,039	\$ 461,971	6.73%
Tukwila	\$ 159,606	\$ 38,638	\$ 2,391,306	\$ 2,589,551	2.57%
<b>Total</b>	<b>\$ 3,303,661</b>	<b>\$ 799,767</b>	<b>\$ 33,542,762</b>	<b>\$ 37,646,190</b>	<b>3.00%</b>

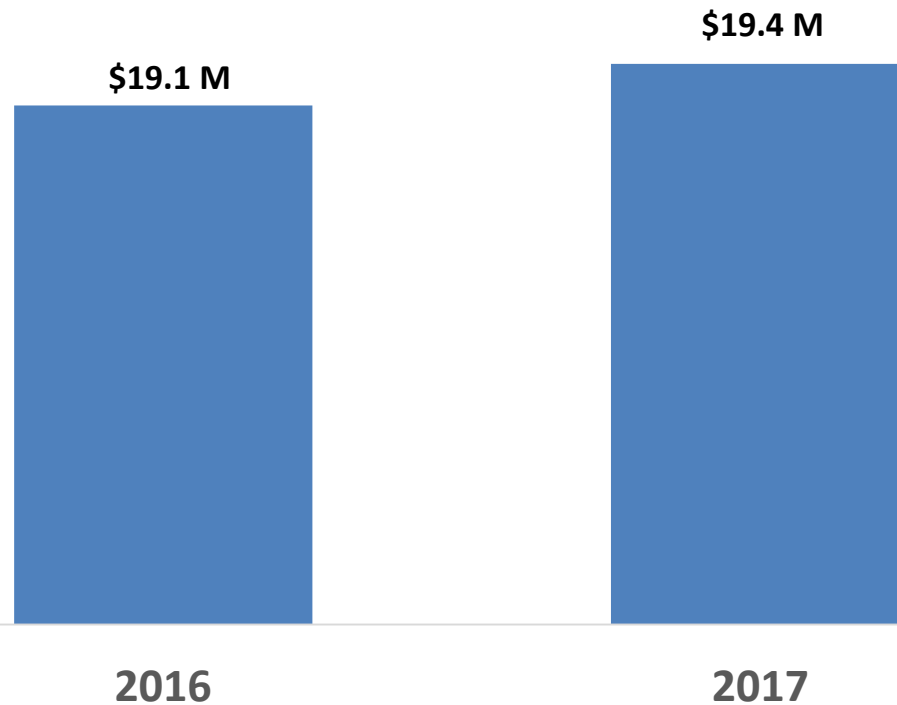
Again, the service area transfer between Bellevue and Issaquah materially alters their respective increases. Absent that transfer, we estimate that total increases would have been 1.8% for Bellevue and 12.5% for Issaquah, with the remainder of the adjustments attributable to the transfer.

In the Appendix, a forecast of member charges for 2018 and 2019 is also provided as Table 11. These are provided for informational and planning/budgeting purposes only, as they are based on numerous assumptions and do not reflect adopted budgets charges or actual member usage histories for all relevant years.

In addition, the Appendix summarizes the annual demands and demand share calculations for each member. The tables show Cascade deliveries and transfers among members.



# City of Bellevue Water Supply Charges (Excluding South Cove/Greenwood Pointe) 2016 vs 2017



*Increase in Water Supply Charges:*

***\$325K***

*Retail Rate Increase: +0.8%*

*Impact to SFR Bill: +\$0.49/month*