

Environmental Services Commission

City of Tacoma | Environmental Services Department

Environmental Services Commission

August 11, 2022

●●● Agenda



- Welcome
- Public Comment
- Preliminary 2023-2024 Budget and System Rates
- Look at Rate Models
- Other Items of Interest
- Adjournment



Preliminary 2023-2024 Budget and System Rates

Presenter: Christina Curran, Assistant Division Manager,
ES Rates & Budget

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OVERVIEW



- 2021-2022 Review
 - Budget Strategy
 - Budget Outcomes
- 2023-2024 Budget and Rates
 - Budget Strategy
 - Customer Assistance
 - Proposed Revenue Increases
 - Peer Bill Comparison

● ● ● 2021-2022 BUDGET STRATEGY



- Provide rate relief to customers through pandemic with lower than planned rate increases
 - Delay \$26M in Sewer capital projects
 - Issue Solid Waste debt to fund vehicles
- Maintain the status quo for service levels and operations
 - Limited target investments
 - To support policy goals
 - To address requirements/critical business needs

● ● ● 2021-2022 BUDGET OUTCOMES



- Lower than planned rate base due to reduced rates
- Continued losses in Wastewater commercial revenues
 - Some recovery, but still 12% below pre-pandemic levels
 - Temporary offset with Pierce County leachate revenues
- Large amount of unpaid bills
- Extreme construction inflation
 - \$122M in capital projects delayed in 2020-2028 timeframe since 2020
- Increased contract and operating supplies costs due to inflation
- Strong Solid Waste recovery and continued customer growth

● ● ● 2023-2024 BUDGET STRATEGY



- Maintain the status quo for service levels and operations
 - Limited target investments or enhanced services
 - To support policy goals
 - Equity (REAP)
 - Climate Action Plan
 - To address requirements/critical business needs
 - Solid Waste growth
 - Health and safety
 - Regulatory changes
- Offset enhancements where possible
 - New revenues
 - Hold vacancies and other reductions

● ● ● 2023-2024 Customer Assistance



- Continue customer support through enhanced assistance programs
- 2021-2022 Improvements
 - Increased Bill Credit Assistant Program (BCAP) credit amount and eligibility threshold
 - Increased Discount Rate from 30% to 35%
- 2023-2024 Improvements – **BCAP Plus**
 - BCAP Plus would provide automatic credit for eligible customers, offsetting proposed rate increases in 2023-2024 for Solid Waste and Stormwater
 - 2023 increase for Wastewater

BCAP PLUS PHASE-IN



BCAP Plus Cost Increase*	2023	2024	2025	2026
Solid Waste	100,000	100,000	300,000	300,000
Wastewater	170,000	170,000	500,000	500,000
Stormwater	85,000	85,000	200,000	200,000
Total Increase	355,000	355,000	1,000,000	1,000,000

**Additional amount beyond existing baseline*

BCAP Plus Funding	2023	2024	2025	2026
Solid Waste	200,000	200,000	400,000	400,000
Wastewater	250,000	250,000	580,000	580,000
Stormwater	125,000	125,000	250,000	250,000
Total Funding	575,000	575,000	1,230,000	1,230,000

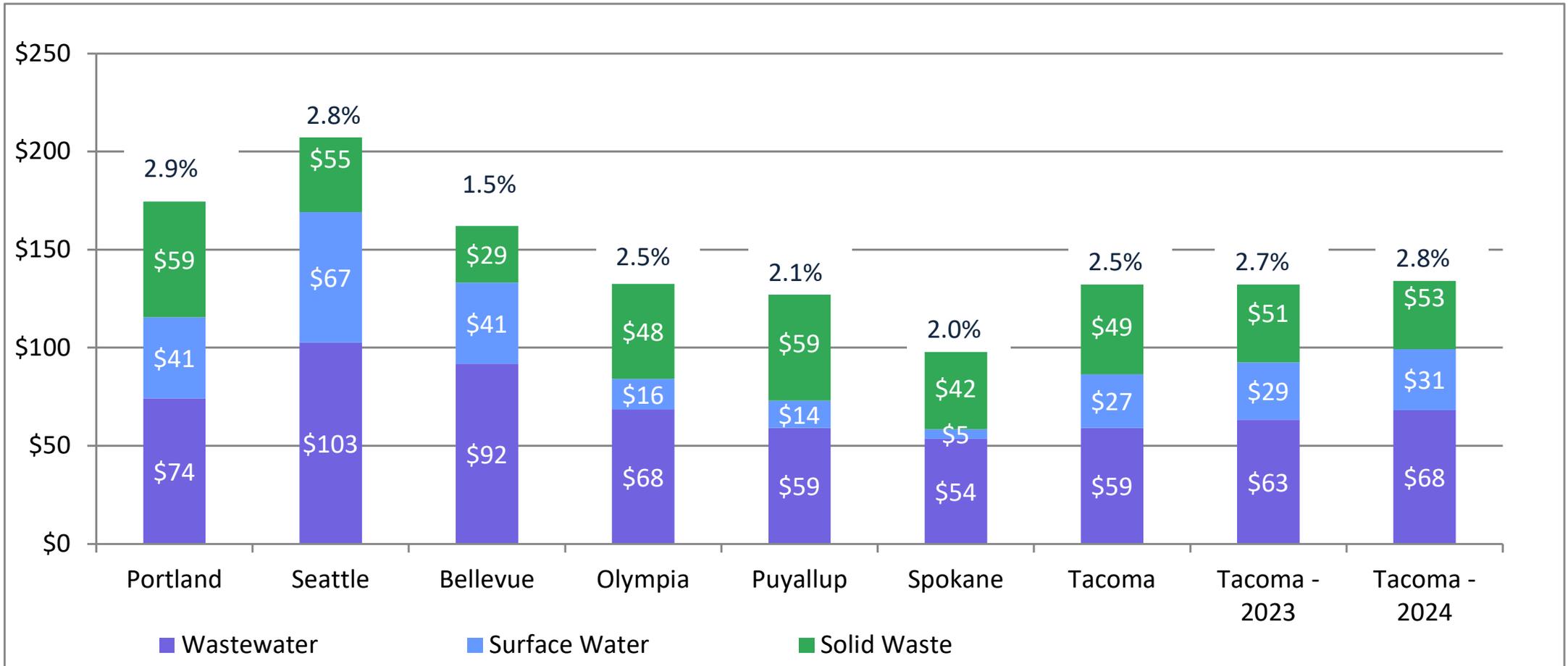
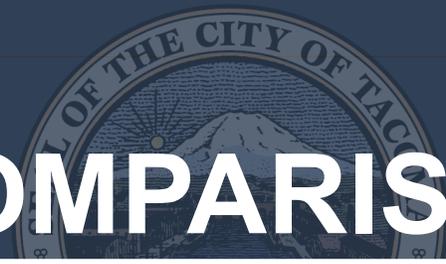
2022 SIX YEAR REVENUE PLAN



Year	Solid Waste	Wastewater	Stormwater
2023	4.0 %	8.0%	6.0%
2024	4.0 %	8.0%	6.0%
2025	4.0 %	7.0%	5.0%
2026	4.0 %	7.0%	5.0%
2027	4.0 %	6.0%	4.5%
2028	4.0 %	6.0%	4.5%

- BCAP Plus automatic credit will offset rate increases in 2023 and 2024 for Solid Waste and Stormwater
 - Offset 2023 increase for Wastewater
- Solid Waste bill will decrease by \$0.50 in 2024 when recycle education surcharge sunsets (≈1% decrease)

2022 RESIDENTIAL BILL COMPARISON



Based on theoretical residential customer: 7,000 SF residential lot for surface water, 6 CCF water for wastewater, and for solid waste a 60 gallon garbage container, two 90 gallon recycling containers, and two 90 gallon yard/food waste containers picked up every other week (or a weekly equivalent)



AVG RESIDENTIAL CUSTOMER BILL



	2022 Monthly	2023 Monthly	2024 Monthly	\$ Difference		% Difference	
Wastewater	\$59.11	\$63.29	\$68.15	\$4.18	\$4.85	7.1%	7.7%
Stormwater	\$27.40	\$29.15	\$31.01	\$1.74	\$1.87	6.4%	6.4%
Solid Waste	\$49.05	\$51.21	\$53.47	\$2.16	\$2.26	4.4%	4.4%



AVG RESIDENTIAL CUSTOMER BILL



BCAP Plus Automatic Credit Applied (10% Discount)

	2022 Monthly	2023 Monthly	2024 Monthly	\$ Difference		2024 Difference from 2022 Bill	
Wastewater	\$59.11	\$57.29	\$61.15	(\$1.82)	\$3.86	\$2.04	3.5%
Stormwater	\$27.40	\$26.15	\$28.01	(\$1.25)	\$1.86	\$0.61	2.3%
Solid Waste	\$49.05	\$46.21	\$48.47	(\$2.84)	\$2.26	(\$0.58)	-1.2%



AVG RESIDENTIAL CUSTOMER BILL



BCAP Plus Full Credit (Automatic & Earned) Applied (20% Discount)

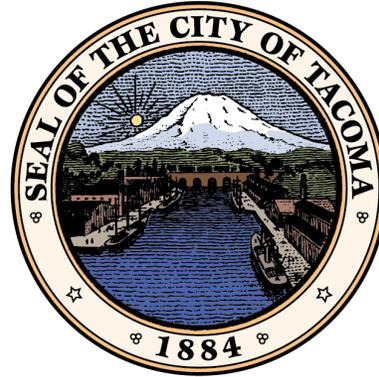
	2022 Monthly	2023 Monthly	2024 Monthly	\$ Difference		2024 Difference from 2022 Bill	
Wastewater	\$59.11	\$50.29	\$54.15	(\$8.82)	\$3.86	(\$4.96)	-8.4%
Stormwater	\$27.40	\$23.15	\$25.01	(\$4.25)	\$1.86	(\$2.39)	-8.7%
Solid Waste	\$49.05	\$41.21	\$42.47	(\$7.84)	\$1.26	(\$6.58)	-13.4%



NEXT STEPS



- **September 8 – ESC Draft Letter**
- **September 20 to October 3 – Council member reviews**
- **October 4 – City Manager presents proposed budget and TPU and Environmental Services rates**
- **October 11 – ES Budget Overview at Study Session**
- **September to November – Community Outreach**
- **November 15 and 22 – Rates ordinances first and second reading**



2023-2024 Rate Revenues

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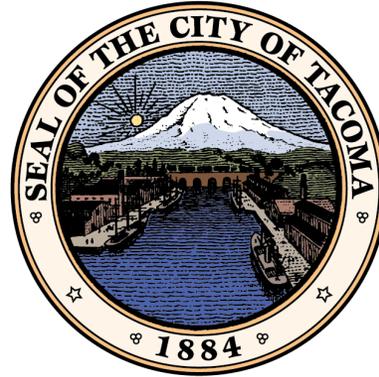
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Rate Models

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Next Meeting: Thursday, September 8, 2022

Optional Meeting: August 16, 2022

(ES Presentation on system increases for the three utilities at GPFC)