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
Email: ccurran@cityoftacoma.org
Phone: 253.691.9285
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
• 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*

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
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</thead>
<tbody>
<tr>
<td>Solid Waste</td>
<td>100,000</td>
<td>100,000</td>
<td>300,000</td>
<td>300,000</td>
</tr>
<tr>
<td>Wastewater</td>
<td>170,000</td>
<td>170,000</td>
<td>500,000</td>
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<tr>
<td>Stormwater</td>
<td>85,000</td>
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<td>200,00</td>
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<td><strong>Total Increase</strong></td>
<td><strong>355,000</strong></td>
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*Additional amount beyond existing baseline*

## BCAP Plus Funding

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<td>Solid Waste</td>
<td>200,000</td>
<td>200,000</td>
<td>400,000</td>
<td>400,000</td>
</tr>
<tr>
<td>Wastewater</td>
<td>250,000</td>
<td>250,000</td>
<td>580,000</td>
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<tr>
<td>Stormwater</td>
<td>125,000</td>
<td>125,000</td>
<td>250,000</td>
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<tr>
<td><strong>Total Funding</strong></td>
<td><strong>575,000</strong></td>
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<td><strong>1,230,000</strong></td>
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## 2022 SIX YEAR REVENUE PLAN

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<th>Year</th>
<th>Solid Waste</th>
<th>Wastewater</th>
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<tbody>
<tr>
<td>2023</td>
<td>4.0 %</td>
<td>8.0%</td>
<td>6.0%</td>
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<tr>
<td>2024</td>
<td>4.0 %</td>
<td>8.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>2025</td>
<td>4.0 %</td>
<td>7.0%</td>
<td>5.0%</td>
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<tr>
<td>2026</td>
<td>4.0 %</td>
<td>7.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>2027</td>
<td>4.0 %</td>
<td>6.0%</td>
<td>4.5%</td>
</tr>
<tr>
<td>2028</td>
<td>4.0 %</td>
<td>6.0%</td>
<td>4.5%</td>
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- 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)
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

<table>
<thead>
<tr>
<th></th>
<th>2022 Monthly</th>
<th>2023 Monthly</th>
<th>2024 Monthly</th>
<th>$ Difference</th>
<th>% Difference</th>
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<tbody>
<tr>
<td>Wastewater</td>
<td>$59.11</td>
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<td>$51.21</td>
<td>$53.47</td>
<td>$2.16</td>
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### AVG RESIDENTIAL CUSTOMER BILL

**BCAP Plus Automatic Credit Applied (10% Discount)**

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<th>2022 Monthly</th>
<th>2023 Monthly</th>
<th>2024 Monthly</th>
<th>$ Difference</th>
<th>2024 Difference from 2022 Bill</th>
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<tbody>
<tr>
<td>Wastewater</td>
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<td>$57.29</td>
<td>$61.15</td>
<td>($1.82)</td>
<td>$2.04</td>
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<td>Stormwater</td>
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<td>$28.01</td>
<td>($1.25)</td>
<td>$0.61</td>
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<tr>
<td>Solid Waste</td>
<td>$49.05</td>
<td>$46.21</td>
<td>$48.47</td>
<td>($2.84)</td>
<td>($0.58)</td>
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### AVG RESIDENTIAL CUSTOMER BILL

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

<table>
<thead>
<tr>
<th></th>
<th>2022 Monthly</th>
<th>2023 Monthly</th>
<th>2024 Monthly</th>
<th>$ Difference</th>
<th>2024 Difference from 2022 Bill</th>
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</thead>
<tbody>
<tr>
<td>Wastewater</td>
<td>$59.11</td>
<td>$50.29</td>
<td>$54.15</td>
<td>($8.82)</td>
<td>($4.96) -8.4%</td>
</tr>
<tr>
<td>Stormwater</td>
<td>$27.40</td>
<td>$23.15</td>
<td>$25.01</td>
<td>($4.25)</td>
<td>($2.39) -8.7%</td>
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<tr>
<td>Solid Waste</td>
<td>$49.05</td>
<td>$41.21</td>
<td>$42.47</td>
<td>($7.84)</td>
<td>($6.58) -13.4%</td>
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• 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

City of Tacoma | Environmental Services

Environmental Services Commission
August 11, 2022
Rate Models

Presenter: Mike Slevin, Director
Environmental Services Department
Email: mslevin@cityoftacoma.org
Phone: 253.591.5528
Environmental Services Commission

City of Tacoma | Environmental Services Department

Next Meeting: Thursday, September 8, 2022
Optional Meeting: August 16, 2022
(ES Presentation on system increases for the three utilities at GPFC)