



TO: Elizabeth Pauli, City Manager
FROM: Jackie Flowers, Director, Tacoma Public Utilities (TPU);
Scott Dewhirst, Superintendent, Tacoma Water
COPY: Government Performance and Finance Committee (GPFC);
Andy Cherullo, Director, Finance;
D’Angelo Baker, Senior Management Fellow, City Manager’s Office
PRESENTER: Andrew Zaremba, Principal Data Analyst, Tacoma Water
SUBJECT: TMC 12.10 Rate Additions
DATE: April 23, 2024

PRESENTATION TYPE:
Request for Ordinance

SUMMARY:

Tacoma Water will brief the GPFC on recommended additions to TMC Chapter 12.10 that will allow continuity of billing to WestRock. This will also codify the charge for a 20” meter, meaning any future customer that would like domestic service through a meter of that size can be billed without modifications or need of a contract.

BACKGROUND:

Beginning 2019, Tacoma Water and WestRock began a one-year renewal cycle for contracted water service, which was a departure from the previous agreement of five-year terms.

On August 1, 2023, WestRock Company announced the closure of the Tacoma paper mill, beginning September 30 of the same year. As a result of the announced closure, Tacoma Water and WestRock did not pursue contract negotiations with the understanding that the existing contract would expire on July 31, 2024.

ISSUE:

As the WestRock wind-down and closure has progressed, it is becoming increasingly likely that the pulp mill site will continue to have an active meter with a need for domestic water service beyond the expiration of the existing contract. There is currently no mechanism by which Tacoma Water can bill for the 20” meter that the site utilizes.

ALTERNATIVES:

If Tacoma Water does not pursue changes to the TMC to allow for billing, we will need to engage in contract negotiations with approval prior to the expiration of the existing contract. Otherwise, there will be no rates to charge for water use.

WestRock also has the option to request the installation of a smaller meter, the design and installation of which would be paid by WestRock, though this alternative has significant time constraints and may be cost-prohibitive.

FISCAL IMPACT:

If WestRock does not pursue the installation of a smaller meter, the impact of the recommended changes are estimated to be approximately \$40,000 per month beginning 8/1/2024 through 12/31/2024. The recommended rates are also subject to any future rate adjustments.



RECOMMENDATION:

Tacoma Water recommends the adoption of the outlined changes to TCM 12.10. If the recommended changes are ultimately approved by the City Council, Tacoma Water will be able to continue billing WestRock for water usage beyond the expiration of the existing contract. These rates would be applicable until the site is ultimately sold and vacated by WestRock, until a smaller meter is installed on site, or retained if a future customer requires service through a 20”.