# 2019-2020 Proposed Rates

City of Tacoma | Environmental Services Department

**Governmental Performance and Finance Committee**
**September 18, 2018**

## AGENDA

- Budget Drivers by Utility
- 2019-2024 Revenue Model
- Projected Rate Increases
- Rate Comparison
- Affordability
- Next Steps

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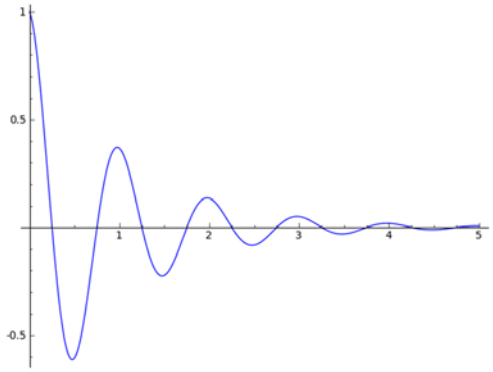
# BUDGET PROCESS

Assessments and benefits are locked-in

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# WASTEWATE DRIVERS

- Incorporating asset management to treatment plants
- Maintenance support for NPDES permit
- Affordability programs
- Energy management program
- 2019 bond financing moved up to 2018 to capture lower interest rates
- Support for the Streets Initiative

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## SURFACE WATER DRIVERS

- Support for the Streets Initiative
- Affordability programs
- Maintenance support for green infrastructure
- Scheduling improvements for street sweeping and catch basin cleaning for savings
- 2006 and 2011 bond cash defeasance (2018) to free up bond reserves
- 2019 bond financing moved up to 2018 to capture lower interest rates

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## SOLID WASTE DRIVERS

- Global Recycling Industry impacts:
  - Reduced recycling revenues
  - Changes to co-mingled stream
  - Potential Increased garbage disposal cost–$1,440,000
- Waste tonnage and account increases due to population and economic growth – additional Route Supervisors
- Trend of decreasing residential revenues from volume-based rates
- New programs/service – additional FTEs and equipment
  - Carry service for Pt. Ruston
- Creation of a Driver Trainee Program
- Support for the Strategic Plan

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## 2017 SIX YEAR REVENUE PLAN

| 2017-2019 Biennium - Previous View of Rates | | | |
|---|---|---|---|
| Year | Solid Waste | Wastewater | Surface Water |
| 2017 | 4.0% | 5.5% | 5.5%* |
| 2018 | 4.0% | 4.5% | 5.5%* |
| 2019 | 3.0% | 4.5% | 5.0% |
| 2020 | 3.0% | 4.5% | 5.0% |
| 2021 | 3.0% | 4.0% | 4.5% |
| 2022 | 3.0% | 4.0% | 4.5% |

* Includes 0.5% dedicated rate revenue for Open Space

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## 2019 SIX YEAR REVENUE PLAN

| 2019-2020 Biennium - Proposed View of Rates | | | |
|---|---|---|---|
| Year | Solid Waste | Wastewater | Surface Water |
| 2019 | 3.0% | 4.0% | 3.5% |
| 2020 | 3.0% | 4.0% | 3.5% |
| 2021 | 3.0% | 3.5% | 3.0% |
| 2022 | 3.0% | 3.5% | 3.0% |
| 2023 | 3.0% | 3.0% | 2.5% |
| 2024 | 3.0% | 3.0% | 2.5% |

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## 2017 – 2019 REVENUE DIFFERENCES

| Projected Changes in Rate Revenues | | | |
|---|---|---|---|
| Year | Solid Waste | Wastewater | Surface Water |
| 2019 | 0.0% | -0.5% | -1.5% |
| 2020 | 0.0% | -0.5% | -1.5% |
| 2021 | 0.0% | -0.5% | -1.5% |
| 2022 | 0.0% | -0.5% | -1.5% |

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## AVERAGE RESIDENTIAL CUSTOMER PROPOSED

| | 2018 Monthly | 2019 Monthly | 2020 Monthly | $ Difference | | % Difference | |
|---|---|---|---|---|---|---|---|
| Wastewater | $ 53.04 | $ 55.09 | $ 57.33 | $ 2.05 | $ 2.24 | 3.9% | 4.1% |
| Surface Water | $ 24.53 | $ 25.45 | $ 26.40 | $ 0.92 | $ 0.95 | 3.8% | 3.7% |
| Solid Waste | | | | | | | |
| 45 gallon | $ 32.89 | $ 34.18 | $ 35.53 | $ 1.29 | $ 1.35 | 3.9% | 3.9% |
| 60 gallon | $ 43.85 | $ 45.58 | $ 47.38 | $ 1.73 | $ 1.80 | 3.9% | 3.9% |
| 120 gallon | $ 87.69 | $ 91.14 | $ 94.73 | $ 3.45 | $ 3.59 | 3.9% | 3.9% |

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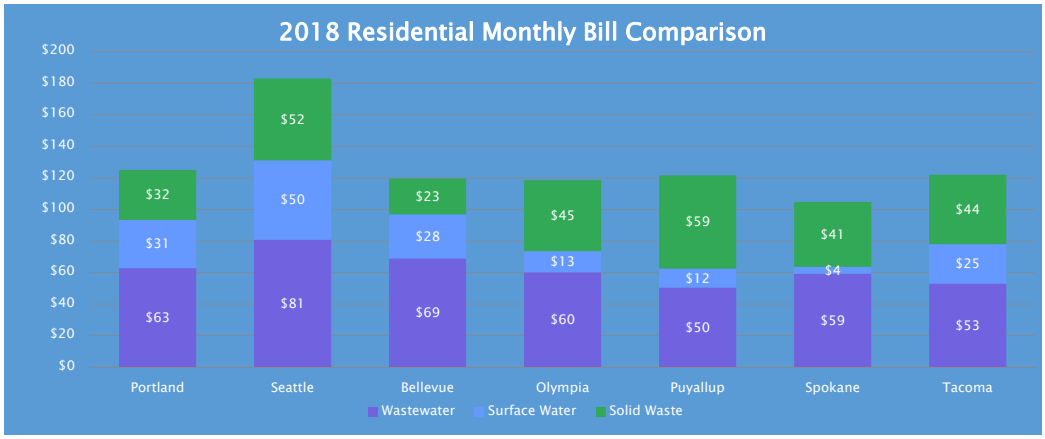
# 2018 RESIDENTIAL COMPARISON




Based on theoretical residential customer: 7,000 SF residential lot for surface water, 6 CCF water for wasterwater, 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)

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# BILL PAYMENT ASSISTANCE

- Two Different Assistance Programs Available:
  - Discount Rate Program: Available to customers 62 years or older OR customers receiving qualifying disability income
  - Bill Credit Assistance Plan: Available to all customers with eligible household income
  - Both programs are for households with income up to 150% of federal poverty guidelines
  - Eligible households can be enrolled in one program at a time - not both

| 2018 Federal Poverty Guidelines | | |
|---|---|---|
| Household Size | Annual Income | Monthly Income |
| | $18,210 | $1,518 |
| | $24,690 | $2,058 |
| | $31,170 | $3,138 |
| | $37,650 | $3,678 |

**Discount Rate Program**
30% discount

**Bill Credit Assistance Plan**
Monthly bill credit

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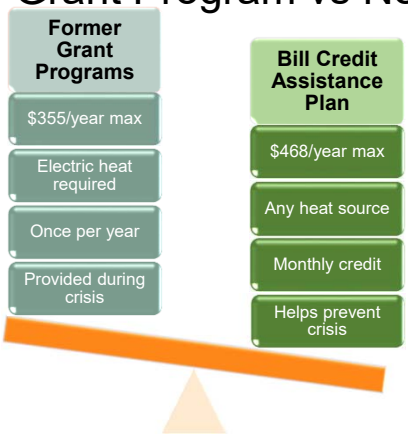
# BENEFITS OF NEW PLAN

•Old Grant Program vs New Bill Credit Assistance Plan




**2017/2018**
**Maximum monthly credit = $39**
**Maximum annual credit = $468**
**ESD Portion = $132**

**2019/2020**
**Maximum monthly credit = $47**
**Maximum annual credit = $564**
**ESD Portion = $228**

**Maximum annual amount of former grant programs = $355**

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# BILL CREDIT ASSISTANCE PLAN

•How the plan works

- Pledges from outside agencies can help achieve bill credits
- Installment plans may be available
- Two-year enrollment
- Late payment one month does not end program enrollment

*Amounts shown are based on 2019 credits

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# FINANCIAL EDUCATION CREDIT

## •Financial Education Credit

- Partnership with Tacoma Goodwill "Key to Change" Financial Education Course - identified as one of United Ways "Center for Strong Families"
- A portion of the training specifically addresses utility information
- Optional opportunity for customers enrolled in the Discount Rate Program and the Bill Credit Assistance Plan
- Additional one-time credit up to $160 for completion of the course and personalized, one-on-one financial coaching

Scheduled to start in 4th quarter 2018



# TIMELINE

- September 18 – GPFC budget and rates
- September 19-28 - Council member reviews
- October 16 – City Council Study Session
- October 16-November 9 – Neighborhood Council Meetings
- November 13 and 20 – Ordinance 12.08 and 12.09 first and second reading

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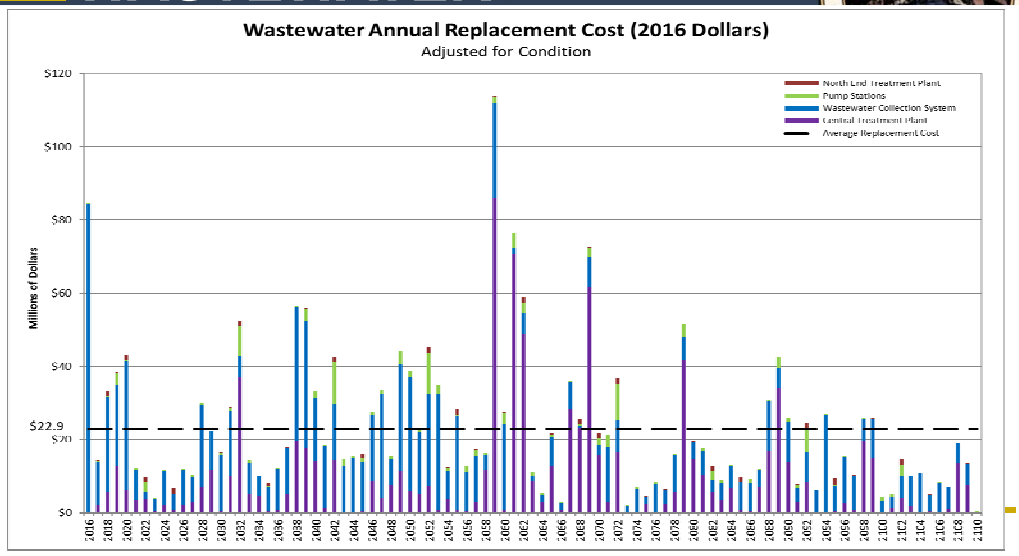
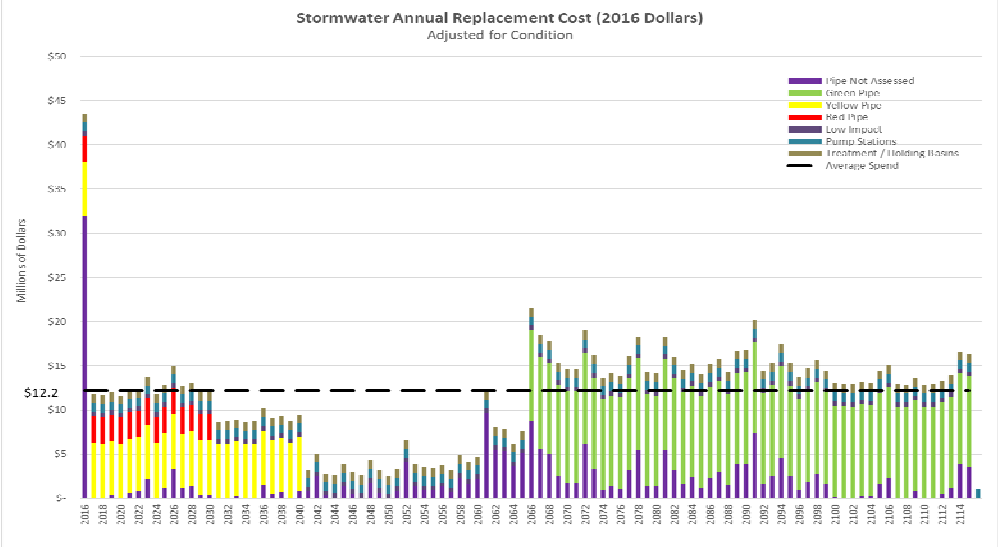
## WASTEWATER



# SURFACE WATER