



# 2021-2022 Rate Revenues

City of Tacoma | Environmental Services Department

**Governmental Performance and Finance  
Committee**

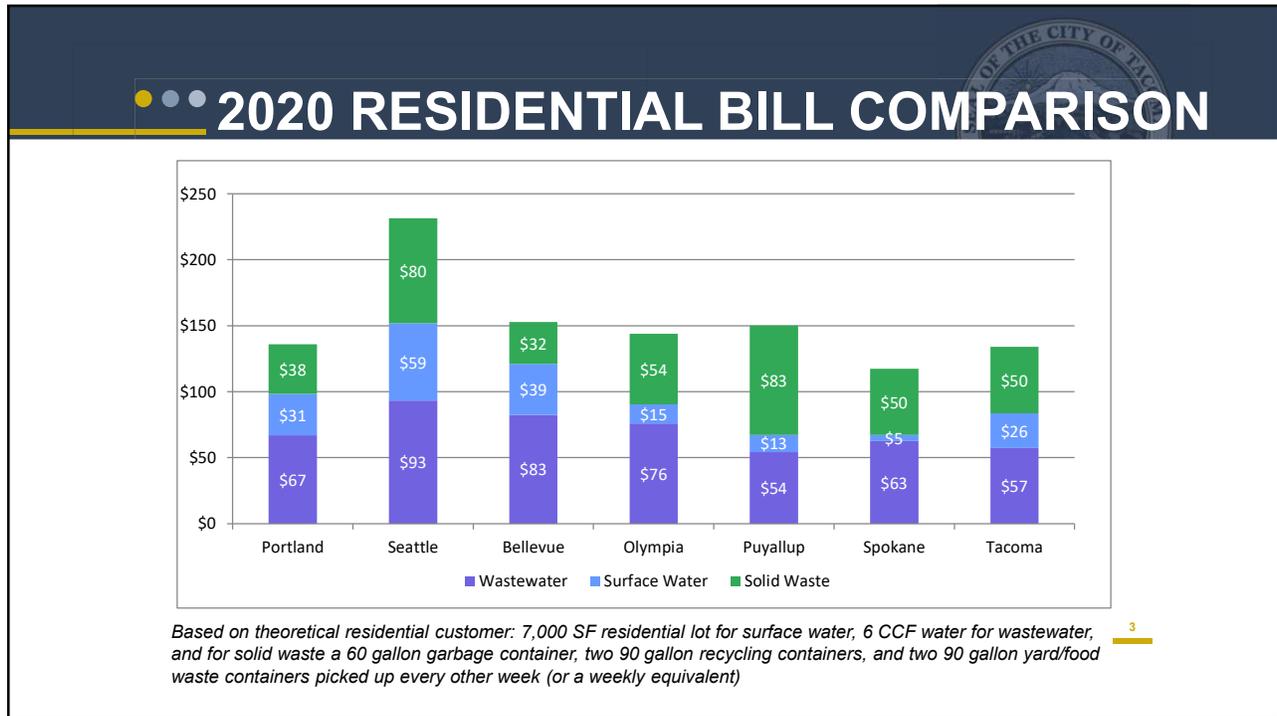
**July 14, 2020**



## OVERVIEW



- Introduction
- Post-Covid impacts
  - Rate model adjustments
  - Emergency and low income programs
- 2021-2022 preliminary budget and rate revenues
  - Solid Waste, Wastewater, and Surface Water



## PRIOR SIX YEAR REVENUE PLAN

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%

## 2021 – 2024 DIFFERENCES

Year	Solid Waste	Wastewater	Surface Water
2021	-1.0%	-1.5%	-1.0%
2022	-1.0%	-1.5%	-1.0%
2023	1.0%	1.0%	0.5%
2024	1.0%	1.0%	0.5%

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## 2021 SIX YEAR REVENUE PLAN

Year	Solid Waste	Wastewater	Surface Water
2021	2.0%	2.0%	2.0%
2022	2.0%	2.0%	2.0%
2023	4.0%	4.0%	3.0%
2024	4.0%	4.0%	3.0%
2025	3.0%	4.0%	3.0%
2026	3.0%	4.0%	3.0%

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## EMERGENCY ASSISTANCE PROGRAM

Budget as of 06/30/2020 – All utilities (ES and TPU partnership)

Utility Service	Original FY19/20 BCAP Budget	Original BCAP Budget Allocated to EAP	Increased Emergency Assistance Program Budget	Emergency Assistance Program Expenditures (6/30/2020)	Remaining Emergency Assistance Program Budget	Number of Households Assisted
Power	\$2,500,000	\$1,000,000	\$1,700,000	\$1,290,634	\$409,366	9,566
Water	\$325,000	\$238,248	\$300,000	\$175,454	\$124,546	4,386
Wastewater	\$156,000	\$72,784	\$160,000	\$110,640	\$49,360	3,688
Surface Water	\$73,000	\$33,400	\$45,000	\$35,490	\$9,510	3,549
Solid Waste	\$197,000	\$122,052	\$195,000	\$151,841	\$43,159	3,796
<b>TOTALS</b>	<b>\$3,251,000</b>	<b>\$1,466,484</b>	<b>\$2,400,000</b>	<b>\$1,764,059</b>	<b>\$635,941</b>	<b>7</b>

## 2021 ASSISTANCE RECOMMENDATIONS

Assessment	Power	Water	Solid Waste	Surface Water	Wastewater
<b>Affordability Metric</b>	6.0%	2.5%	1.0%	0.5%	2.0%
<b>Monthly BCAP *</b>	\$21 → \$21	\$7 → \$9	\$7 → \$8	\$4 → \$5	\$8 → \$11
<b>Monthly LIE/D</b>	30% discount on bill → 35% discount on bill				
<b>Income Threshold</b>	150% federal poverty level → 60% of area median income				

\* Environmental Services is increasing the BCAP credit from 15% to 20% of the average bill, consistent with TPU.

AMI project will also allow implementation of monthly billing by the 2023-2024 biennium

## 2021-26 Revenue Assumptions

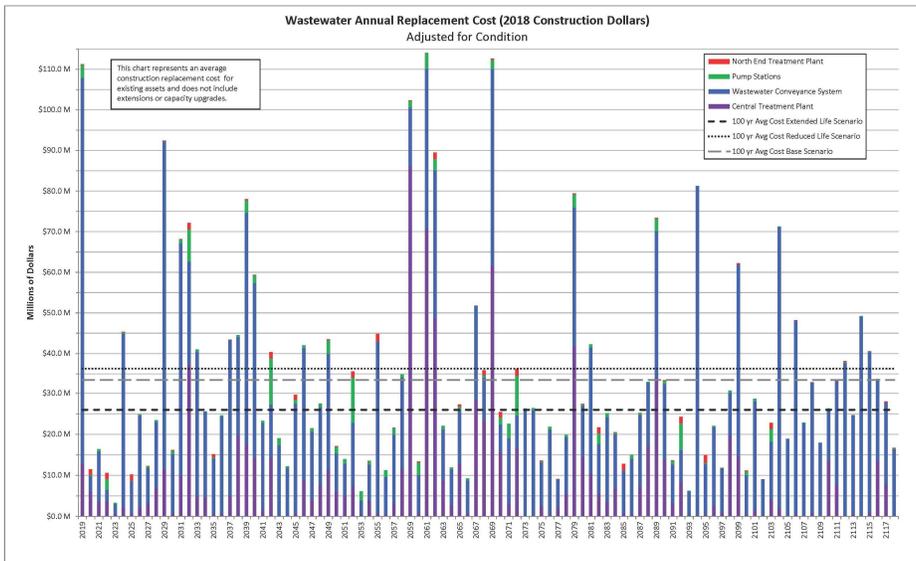
- Solid Waste
  - Decline in revenues from reduced commercial activity and unpaid bills, offset by reduced costs
  - Landfill disposal fee increase (excluding City residential)
  - Commercial recycling market adjustment
  - Issue bonds for Solid Waste capital in 2023
- Wastewater
  - Decline in revenues from unpaid bills
  - Assumes 15% reduction in CIP (\$24.6M)
- Surface Water
  - Decline in revenues from unpaid bills
  - Assumes 10% reduction in CIP (\$5.2M)

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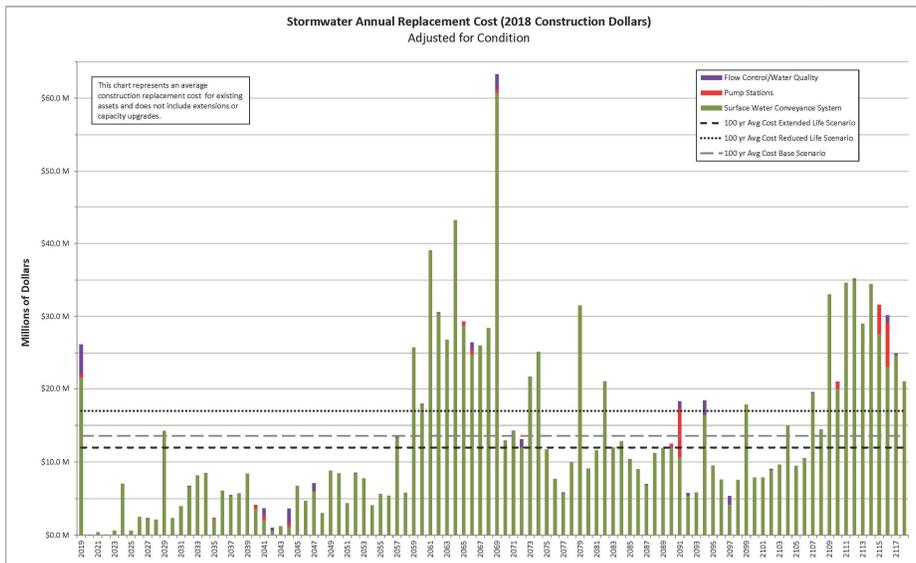
## PBB – Top Twenty Programs

Program	Access	Engagement	Health	Housing	Jobs	Mandate	Safety	Other Equity	Racial Equity	Grand Total
Office of Environmental Policy & Sustai	3	4	4	2	3	2	3	4	3	28
Capital Project Planning & Delivery	4	3	4	2	4	4	3	2	0	26
Transmission - Surface Water	4	3	4	2	1	4	3	2	1	24
Water Quality (S&E)	3	3	4	2	2	4	2	2	1	23
Environmental Programs - Solid Waste	2	4	4	0	2	2	2	3	3	22
Transmission - Wastewater	4	3	4	3	1	4	3	0	0	22
Open Space	2	3	4	3	1	2	4	2	0	21
Plant Operations - Wastewater	3	1	4	2	3	4	2	1	0	20
Residential Collection	1	2	4	0	0	4	4	2	2	19
Household Hazardous Waste	0	3	4	0	0	4	4	2	1	18
Commercial Collection	2	2	4	0	0	4	4	0	0	16
Tacoma CARES	0	3	4	0	0	2	4	2	1	16
Wastewater Pumping	2	0	4	2	1	4	3	0	0	16
Plant Maintenance - Wastewater	3	0	4	2	1	4	1	0	0	15
Source Control - Wastewater	1	3	4	0	3	4	0	0	0	15
Container Services	0	2	4	0	0	4	4	0	0	14
Electrical and Instrumentation	1	0	4	2	1	4	2	0	0	14
Laboratory (S&E)	2	0	4	0	3	4	1	0	0	14
Recovery & Transfer Center	0	2	4	0	0	4	4	0	0	14
Recycling Center	0	3	4	0	0	4	2	1	0	14

# WASTEWATER



# SURFACE WATER





## CHALLENGES

- Predicting and planning for impacts of Covid
- Assuming system risk through reduced CIP
  - Balance capital spend with staff capacity
- Utility revenue needs are projected to be greater than CPI
  - Solid Waste (3%); Wastewater (4%); Surface Water (3%)
- Cost Drivers
  - Interest rates and construction inflation are increasing
  - Wages and benefits growth
  - Assessments / Internal Services increases

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## TIMELINE

- September 10 – ESC rate review / draft letter
- September 14 - October 9 - Council member reviews
- October 13 – City Council Study Session
- October/November – Community Outreach
- November 17 and 24 – Ordinance 12.08 and 12.09 first and second reading

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