



City of Tacoma

Government Performance and Finance Committee Minutes

747 Market Street, Tacoma, WA 98402, Conference Room 248

Dial: 253-215-8782 Meeting ID: 844 1669 0206

Webinar Link: www.zoom.us/j/84416690206 Passcode: 614650

September 17, 2024

10:00 AM

Chair John Hines, Vice Chair Kiara Daniels, Joe Bushnell,
Sarah Rumbaugh, Kristina Walker (alternate)

Call To Order

Chair Hines called the meeting to order at 10:01 a.m.

Roll Call

Present: 3 - Bushnell, Rumbaugh and Hines

Absent: 1 - Daniels

Public Comment

There was no public comment.

Briefing Items

- [24-0997](#) Tacoma Public Utilities Cost of Service Analysis and Rate Design Results
[Alex Yoon, Deputy Director, Tacoma Public Utilities; Jing Liu, Rates and Forecasting Manager, Tacoma Power; Daniel McCabe, Division Manager, Business Services, Tacoma Rail; Andrew Zarembo, Senior Utilities Economist, Tacoma Water]

At approximately 10:03 a.m., Jing Liu, Rates and Forecasting Manager, Tacoma Power; Daniel McCabe, Division Manager, Business Services, Tacoma Rail; and Andrew Zarembo, Senior Utilities Economist, Tacoma Water, presented the 2025-2026 Tacoma Public Utilities (TPU) cost of service analysis (COSA) and rate design results, including an explanation of what COSA and rate design is.

Zarembo, presented revenue requirements and cost of service, noting a 6.5 percent system average rate increase and revenue requirements and proposed annual rate adjustments by customer class; rate design, noting cost and revenue recovery structure; average residential monthly bill; comparative retail rates, noting 2024 regional comparison of average monthly bills and bills with and without Bill Credit Assistance Program (BCAP); and an update on

water service construction charges.

Liu, presented Tacoma Power's comparative retail rates, noting 2024 Western Washington monthly residential bill and comparison of average monthly bills with and without BCAP; proposed rate adjustments, noting 2025-2026 proposed annual rate increase; what is driving the rate increase, noting cumulative increases since 2019; peer utility rate increase; proposed updated residential rates, noting fixed and delivery charges; regular versus BCAP bills; and updating other rates and fees, noting transmission and distribution, electric vehicle public charging rates, and electro fuel (EF) rate schedules.

McCabe, presented on Tacoma Rail rates, including primary rate payers, noting revenue percentages; line haul railcars versus platforms; line haul rate analysis and volumes; preliminary rate impact, noting proposed line haul rates; rates over time, noting 2018 increase; and other tariff rates, noting Lakewood subdivision.

Discussion ensued throughout regarding Tacoma Water's 6.5 percent system annual average, cost increase per year, projection after the WestRock closure, rate design and revenue recovery, BCAP benefits, wholesale customers, variable costs, fixed rates, increased summer rate tiers, water surcharge update, and revenue streams; Tacoma Power's fees for electric charging, increase to distribution of transformer costs, re-licensing of the State dams, reconnection fee damage to EV charging stations, peer rate utility increases, Peninsula Light Company, Bonneville Power Administration contract, current rate of residential and commercial construction inspection fees, and EF rates; and Tacoma Rail's difference in markets, advantages for commercial and intermodal customers using our system, difference in delivery times between each market, line haul volumes, expansion of the number of customers, tariff comparison, and the past ten years of rates increases.

Topics for Upcoming Meetings

2. [24-0998](#) October 1, 2024 - Fee Schedule Update; TPU 2024-2025 Budget and Rates Presentation; Exemptions from the City's Gross Earnings Tax; Gross Earnings Tax (GET)
- October 15, 2024 - Multi-Family Tax Exemption Update; Excise Tax at Tacoma Venues; Amendments to Tacoma Municipal Code 6B.40 - Alarm Ordinance; Amendments to Tacoma Municipal Code 6A.30 - Business & Occupation Tax
- November 5, 2024 - Board of Ethics Interviews; Audit Advisory Board Interviews; and Media and Communications Update; Environmental Services and Solid Waste Management Division Special Permits Recycling Incentive Tacoma Municipal Codes Changes

D'Angelo Baker, Committee Liaison, stated the next meeting will be on October 1, 2024, and will include a fee schedule update, a TPU 2024-2025 budget and rates presentation, and briefings on the City's gross earnings tax and exemptions; the October 15, 2024, meeting will include a multi-family tax exemption update, Tacoma Venues and Events excise taxes, and amendments to the Tacoma Municipal Code (TMC) related to alarms and business and occupation tax; and the November 5, 2024, meeting will include Board of Ethics interviews, Audit Advisory Board interviews, Media and Communications update, and Environmental Services special permits recycling incentive TMC changes.

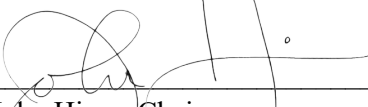
Chair Hines noted the interviews on November 5, 2024, will each include one applicant seeking re-appointment.

Other Items of Interest


There were no other items of interest.

Adjournment

There being no further business, the meeting adjourned at 11:17 a.m.



John Hines, Chair



Kimberly Kerby, City Clerk's Office