



TO: Elizabeth Pauli, City Manager
FROM: Heather Pennington, Tacoma Water Superintendent
 Jackie Flowers, Director of Tacoma Public Utilities
COPY: Tacoma City Council and City Clerk
SUBJECT: Proposed Changes to Tacoma Water’s Water Rate and Financial Policy
DATE: November 19, 2024

SUMMARY AND PURPOSE:

Tacoma Water is requesting approval of proposed updates to the Water Rate and Financial Policy to include water quality and other minor language edits.

BACKGROUND:

This Department’s Recommendation is Based On:

The Water Rate and Financial Policy gives direction to planning decisions and helps ensure that Tacoma Water provides an adequate supply of safe, clean water to all customers efficiently, reliably, and at the lowest possible cost consistent with prudent utility management. This policy was last updated in November 2022.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

Community Engagement. In preparation for this request, Tacoma Water sought input from policymakers during PUB study sessions and members of the public during a PUB meeting public comment period.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility: *(Mandatory)*

Tacoma Water’s Water Rate and Financial Policy addresses equity and accessibility through guiding objectives: rates should ensure adequate supply, set as low as responsible, be fair and equitable, based on long-term financial planning and adjusted gradually, and the product of customer involvement.

Livability: *Equity Index Score:* Moderate Opportunity

Increase positive public perception of safety and overall quality of life.

Improve access and proximity by residents to diverse income levels and race/ethnicity to community facilities, services, infrastructure, and employment.

Explain how your legislation will affect the selected indicator(s).

Tacoma Water’s mission is to provide clean, reliable water. Changes to the Water Rate and Financial Policy ensure Tacoma Water can continue to meet its mission for the long-term and ensure safety and quality of life for the community it serves.

ALTERNATIVES:

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Updated language is not adopted		Tacoma Water’s Water Rate and Financial Policy will not include language that reflects the City’s or PUB’s commitment to long-term planning



2.		
3.		

EVALUATION AND FOLLOW UP:

Tacoma Water’s Financial Stewardship staff will conduct regular quantitative and qualitative reviews of the Water Rate and Financial Policy to ensure that the policy is sound and is reflective of management and Public Utility Board directives and priorities.

STAFF/SPONSOR RECOMMENDATION:

Tacoma Water recommends that the updated language of the Water Rate and Financial Policy is approved by the Tacoma City Council.

FISCAL IMPACT:

Changes to the policy sets a target and upper limit for reserve fund balances, but Tacoma Water staff does not anticipate any fiscal impact at this time.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1.			
2.			
TOTAL			

What Funding is being used to support the expense?

NA

Are the expenditures and revenues planned and budgeted in this biennium’s current budget?

NA

Are there financial costs or other impacts of not implementing the legislation?

No

Will the legislation have an ongoing/recurring fiscal impact?

No

Will the legislation change the City’s FTE/personnel counts?

No

ATTACHMENTS:

- Proposed Water Rate and Financial Policy Redlined
- Proposed Water Rate and Financial Policy Clean