

Environmental Services Commission

MEMORANDUM

TO: T.C. Broadnax, City Manager, and the Tacoma City Council
FROM: Environmental Services Commission
SUBJECT: 2015-2016 Environmental Services Rate Adjustments Proposal
DATE: October 14, 2014

The Environmental Services Commission is comprised of community members representing the City of Tacoma's business, residential and regulatory concerns. Members are appointed by the City Manager for five-year terms. Our purpose is to provide feedback from the customers' perspective on rates, programs and policies for the three Environmental Services utilities. The Commission began meeting to discuss the development of rates early in 2014, carefully reviewing policies, programs and rate projections for the six-year plan for each utility. At this time we are reporting to the City Manager and Tacoma City Council our findings and recommendations.

Wastewater

The Commission supports adoption of 6% annual increases in Wastewater revenues for 2015 and 2016. This plan requires adding \$50 million in construction funds through debt financing. A cash balance equivalent to six months of operating expenses is managed in the operating fund, while using \$12 million in rate stabilization funds. The Commission supports increased funding of pump station upgrades and sewer replacements provided for in the plan, recognizing the need to invest in the system's infrastructure as guided by the asset management program.

Surface Water

The Commission recognizes the National Pollutant Discharge Elimination System (NPDES) permit requires the development and implementation of programs to manage the quality and quantity of surface water discharged from the City of Tacoma's storm system. The Commission supports these programs needed to avoid violation of the NPDES permit. In addition, the Commission supports the implementation of low impact development strategies to reduce runoff and increase the amount of water that infiltrates into the ground.

For these reasons the Commission supports adoption of 5.5% annual increases in Surface Water revenues for 2015 and 2016. This plan requires \$20 million additional construction funds through a bond sale in concert with the Wastewater utility. Operating cash balances are managed to sixteen months operating cash by the end of the period and uses \$2 million in rate stabilization funds.

Solid Waste

The Commission supports adoption of 5% increases in Solid Waste revenues for 2015 and 2016. Debt restructuring is included in the plan specifically to match the long-term asset lives for construction of the administration building and transfer station. New debt of \$15 million of a shorter duration is planned to address the goal of implementing fuel-efficient and environmentally friendly collection fleet vehicles. Rate stabilization funds remain unchanged. The operating cash balance is managed to about a five and a half month operating level.

Based on the success of residential every-other-week collection and food waste recycling, the Commission recommends continued efforts of identifying and implementing additional waste diversion plans such as the investment in asphalt recycling. The Commission's continued objective is to reduce the volume of waste entering the City of Tacoma's Recovery and Transfer Center while supporting efforts to provide cost-effective services to the citizens of Tacoma.

Summary

The Commission understands the Tacoma City Council will be considering adoption of the 2015-2016 rates recommended in this plan.

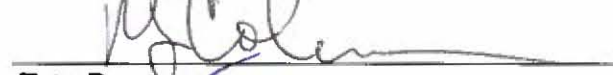
On behalf of the 2014 Environmental Services Commission, we hereby submit these recommendations.



Nathe Lawver, Chair



Marv Coleman



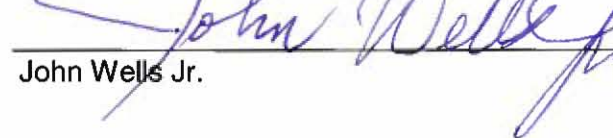
Tom Dargan



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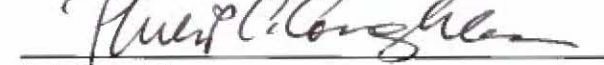


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John Wells Jr.

Gary Brackett



Phil Coughlan



Jesse Hart



Jason Jordan



John Sherman



Jim Wick