



# Environmental Services Commission Memorandum

**TO:** Elizabeth A. Pauli, City Manager, and Tacoma City Council

**FROM:** Environmental Services Commission

**SUBJECT:** 2025-2026 Environmental Services Revenue Adjustments Recommendation

**DATE:** October 1, 2024

The Environmental Services Commission (Commission) is comprised of 15 members appointed by the City Manager for a three-year term. Currently three of these positions are vacant. Members represent the City's business, residential, governmental, and regulatory concerns. The Commission's purpose is to provide feedback from the customers' perspective on rates, programs, and policies for the three Environmental Services utilities (Solid Waste, Stormwater, and Wastewater).

The Commission began meeting to discuss the development of rates early in 2024. During these meetings, with the help of City staff, the Commission reviewed policies, programs, and rate projections for the six-year revenue and expense plan for each utility. We are pleased to submit this report to the City Manager and the City Council summarizing our findings and recommendations.

Two years ago, when adopting the rates for the current 2023-2024 biennium, Commission members serving at that time supported enacting higher than historical rate increases to offset the financial impacts from the pandemic and lower than anticipated rate increases in the 2021-2022 biennium. The assumption was that the high inflation rate during this period would decrease and return closer to 2019 levels. Although inflation has begun to slow, future cost decreases are not expected, thus resulting in a new, higher "normal" cost environment. This inflation has outpaced the revenue increases of all utilities. Significant factors affecting future revenue requirements include ongoing funding of capital investments in utility fleets; recent, historically high construction costs; new regulatory requirements; and higher operating costs.

Public utility rates are set to cover the costs of essential services. The Commission seeks to balance affordability, sustainable long-term utility management, and strategic investment in future improvements to services. For the 2025-2026 biennium, the Commission recommends the following necessary revenue adjustments to maintain the existing levels of service for the Solid Waste, Stormwater, and Wastewater utilities as recommended by the Interim Environmental Services Director and Rates & Budget staff.

### **Solid Waste**

**The Commission supports adoption of Solid Waste revenue increases of 5.5% in 2025 and 5.5% in 2026.** This plan allocates \$29.6 million for capital spending and operating spending (including debt service) of \$179 million to maintain compliance with Solid Waste permit regulations, support the long-term health of the utility, and cover higher operating costs including significant garbage disposal contract increases.

### **Stormwater**

**The Commission supports adoption of Stormwater revenue increases of 8.0% in 2025 and 8.0% in 2026.** This plan includes capital spending of \$42.5 million and operating spending (including debt service) of \$89.9 million to develop programs that manage the quality and quantity of stormwater runoff and fully comply with the National Pollutant Discharge Elimination System (NPDES) Phase 1 Municipal Separate Storm Sewer System (MS4) permit and to support the long-term health of the utility.

### **Wastewater**

**The Commission supports adoption of Wastewater revenue increases of 7.0% in 2025 and 7.0% in 2026.** This plan includes capital spending of \$94.2 million and operating spending (including debt service) of \$197.2 million to maintain compliance with the two NPDES permits for the City's treatment plants, as well as the Puget Sound Nutrient General Permit, and to support the long-term health of the utility.

### **Other Commission Comments:**

The Commission recognizes these are steep increases and ask City staff continue to find opportunities to reduce costs. We support on-going outreach and financial assistance programs provided by Tacoma Public Utilities and Environmental Services for qualified residents who are financially struggling to pay their utility bills.

The proposed revenue levels for the 2025-2026 biennium assume the utilities will continue to largely operate as they have for the past several years. However, Home in Tacoma and increased densification are likely to significantly impact utility operations in the future including needs to increase capacity and operations of all three utilities, and particularly for Stormwater and Wastewater.

The Commission acknowledges the need for infrastructure upgrades to maintain current systems and to support future growth. Balancing funding infrastructure and promoting housing development is key in these discussions. The Commission requests the opportunity to be a part of these conversations.

Commissioners are alarmed at the pace of increases in costs across the city and recognize many citizens' inability to sustain revenue increases necessary to support these expenditures.

While it does not yet significantly impact the revenue increases proposed for this biennium, the anticipated closure of the Pierce County landfill will result in future changes to Solid Waste services. The

Commission supports the City's continued objective and efforts to reduce the volume of waste entering the Recovery & Transfer Center.


The Commission supports the proposed utility revenue increases over the 2025-2026 biennium, as well as staff's efforts to provide cost-effective services to the residents of Tacoma.

Respectfully,

The Environmental Services Commission  
*(Signatures on next page)*

Signature Page:


Signed by:  
  
B1CB7357A4F74BD  
Bruce Martin, Large Business, Position 1


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Chad Sutter, Small Business, Vice Chair, Position 2

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Grant Middleton, Developers, Position 3


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Mindi Kellar, Government Customer, Position 6

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Matthew Benedict, Sustainable Tacoma Commission, Position 7

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Jonathan Paul, Multi-Family Residential, Position 8

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David Dailey, Multi-Family Residential, Position 9

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**Jeff Paradise**  
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Jeff Paradise, Residential, Position 12

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Marty Campbell, Residential, Position 13

Signed by:  
  
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Esther Beaumier, Regulatory Agency, Chair, Position 15  
Ex-officio/non-voting member

Note: Position Nos. 4, 11, and 14 are currently vacant