



**TO:** Elizabeth A. Pauli, City Manager  
**FROM:** Geoffrey M. Smyth, P.E., Interim Director, Environmental Services  
**COPY:** City Council and City Clerk  
**SUBJECT:** Request for Ordinance to Amend Chapter 12.09 of the Municipal Code related to Solid Waste rates for the years 2025 and 2026 – November 19, 2024  
**DATE:** October 25, 2024

Initial  
GMS

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**SUMMARY AND PURPOSE:**

An ordinance amending Chapter 12.09 of the Tacoma Municipal Code (TMC), related to Solid Waste, Recycling, and Hazardous Waste, to adjust 2025 and 2026 rates and charges. If approved, system average 5.5 percent rate increases in 2025 and 2026 would become effective January 1 of each year.

**BACKGROUND:**

**This Department's Recommendation is Based On:** The guiding strategy for these rate adjustments is to maintain the lowest responsible cost increase for customers, while maintaining long-term financial sustainability of the utilities. The proper handling of solid waste helps keep the city clean and maintain the quality of life for all residents. By ensuring adequate solid waste management is in place to provide necessary services to businesses and residents, this utility promotes the growth and development of a vibrant economy.

The proposed rate increases are driven by operating expenses and construction inflation. Additional investments in Solid Waste utility employees are also needed to support customer growth. Proposed overall system revenue increases are 5.5 percent. Included in the proposed revenue plan is increased financial assistance for income-qualifying residential customers. The Department's revenue proposal is supported by the Environmental Services Commission.

**COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:**

The Environmental Services Commission (ESC) represents a cross section of interests in the City and provides input to the rate making process for the Environmental Services utilities. Through presentations and discussions, the ESC members share their insights and concerns as staff address operational and capital plans and the resulting supporting rates. The ESC letter to the City Council in support of the recommendation for the proposed revenue increases in each year 2025 and 2026 is attached.

Outreach to City Neighborhood Councils and other community groups has been coordinated with Tacoma Public Utilities (TPU) Utility outreach and communications activities. Staff engaged with several community organizations, neighborhood councils and local governments. Overall, the engagements have been productive. The Department has not received significant feedback on rates proposals; however, Environmental Services has received valuable feedback, comments, and questions on a wide range of utility-related topics.

**2025 STRATEGIC PRIORITIES:**

**Equity and Accessibility:**

Financial assistance programs target areas identified as having lower opportunities as measured on the City's Equity Index. Proposed financial assistance changes provide increased support for income-eligible customers.



**Economy/Workforce:** *Equity Index Score:* Moderate Opportunity

Increase the percentage of people relocating to the city and affordability of housing compared to neighboring jurisdictions.

Increase positive public perception related to the Tacoma economy.

**Livability:** *Equity Index Score:* Moderate Opportunity

Improve health outcomes and reduce disparities, in alignment with the community health needs assessment and Community Health Improvement Plan (CHIP), for all Tacoma residents.

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

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

The purpose of this legislation supports the Department’s vision: We believe everything we do supports healthy neighborhoods and a thriving Puget Sound, leaving a better Tacoma for all. Increasing financial assistance improves equity for ALICE (**A**sset **L**imited, **I**ncome **C**onstrained, **E**mloyed) customers. Lower rates in comparisons to Seattle and other surrounding neighborhoods contribute to affordable housing opportunities. The proper collection and disposal of solid waste maintains the environmental health of the community by preventing the accumulation of solid waste and debris in the local environment and promotes economic growth. Collection services utilize clean compressed natural gas where possible to limit carbon pollution. Tacoma Cares, Nuisance Code Enforcement, recycling, and other programs all contribute to healthy neighborhoods and a vibrant Puget Sound.

**ALTERNATIVES:**

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Several lower rate alternatives were considered	Lower rates in the short-term for Tacoma residents	<ul style="list-style-type: none"> <li>• Higher rates in subsequent years</li> <li>• Discontinuation of programs / staff layoffs</li> <li>• Revenue shortfall for the biennium</li> </ul>

**EVALUATION AND FOLLOW UP:**

Budget-to-actual performance is reviewed monthly along with current versus original forecasts for the six-year financial planning window. Quarterly, six-year capital plans are updated and budget information is prepared for the City Council’s quarterly report.

**STAFF/SPONSOR RECOMMENDATION:**

Staff recommend adopting an ordinance amending Chapter 12.09 of the Municipal Code, relating to Solid Waste, Recycling, and Hazardous Waste, to adjust rates and charges for services provided by the solid waste utility for the years 2025 and 2026 by approximately 5.5 percent in both years, effective January 1 in both years.

Proposed rate adjustments are necessary to meet the City’s obligation to adequately fund the ongoing maintenance, operational, and capital costs of the Solid Waste utility, to meet its service obligations to customers, and to protect the public health, safety, and welfare. Cost drivers for annual rate adjustments include increased labor costs, green infrastructure and fleet capital costs, and facility costs. The Solid Waste rate model is on file in the Environmental Services Department and provides the rate calculations and required revenue to the utility consistent with Financial Policies and Bond Covenants.



**FISCAL IMPACT:**

If approved by City Council, these rate adjustments will increase system-wide average rates for the utility by 5.5 percent in 2025 and 2026.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Element	Total Amount
ES Solid Waste Fund 4200	Various	Operating Revenues	\$11,600,000
<b>TOTAL</b>			<b>\$11,600,000</b>

**What Funding is being used to support the expense?**

The expenses will be funded by adjustments to rates as outlined in the attached exhibit.

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

YES  
These rate adjustments are included in the 2025/2026 Budget currently under consideration by the City Council.

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

YES  
Layoffs and reductions to services or levels of service.

**Will the legislation have an ongoing/recurring fiscal impact?**

YES  
Rates are an ongoing revenue.

**Will the legislation change the City's FTE/personnel counts?**

NO  
No additional personnel needed.

**ATTACHMENTS:**

- Proposed Amendments to TMC 12.09 - EXHIBIT "A"
- Letter of Recommendation by the Environmental Services Commission - EXHIBIT "B"