



Board Action Memorandum

TO: Jackie Flowers, Director of Utilities
COPY: Charleen Jacobs, Director and Board Offices
FROM: Scott Dewhirst, Tacoma Water Superintendent
MEETING DATE: April 24, 2024
DATE: April 17, 2024

GUIDING PRINCIPLE ALIGNMENT (select as many that apply):

Please indicate which of the Public Utility Board's Guiding Principle(s) is supported by this action.

- | | |
|--|--|
| <input type="checkbox"/> GP1 – Diversity, Equity, Inclusion, Belonging | <input type="checkbox"/> GP8 – Telecom |
| <input type="checkbox"/> GP2 – Financial Sustainability | <input type="checkbox"/> GP9 – Economic Development |
| <input checked="" type="checkbox"/> GP3 – Rates | <input type="checkbox"/> GP10 – Government Relations |
| <input type="checkbox"/> GP4 – Stakeholder Engagement | <input type="checkbox"/> GP12 – Employee Relations |
| <input type="checkbox"/> GP5 – Environmental Sustainability | <input type="checkbox"/> GP13 – Customer Service |
| <input type="checkbox"/> GP6 – Innovation | <input type="checkbox"/> GP14 – Resource Planning |
| <input type="checkbox"/> GP7 – Reliability & Resiliency | |

SUMMARY:

Tacoma Water requests approval by the Public Utility Board (PUB) to amend and revise sections of Chapter 10 (Water Regulations and Rates) in Title 12 (Utilities) of the Tacoma Municipal Code (TMC) Section 12.10.400.

The requested changes are for additions to the domestic ready-to-serve rate schedule and would become effective prior to July 31, 2024.

BACKGROUND:

Beginning 2019, Tacoma Water and WestRock began a one-year renewal cycle for contracted water service, which was a departure from the previous agreement of five-year terms.

On August 1, 2023, WestRock Company announced the closure of the Tacoma paper mill, beginning September 30 of the same year. As a result of the announced closure, Tacoma Water and WestRock did not pursue contract negotiations with the understanding that the existing contract would expire on July 31, 2024.

As the WestRock wind-down and closure has progressed, it is becoming increasingly likely that the pulp mill site will continue to have an active meter with a need for domestic water service beyond the expiration of the existing contract. There is currently no mechanism by which Tacoma Water can bill for the 20" meter that the site utilizes after July 31, 2024.

The proposed additions to TMC 12.10 would ensure continuity of billing if WestRock does not pursue the installation of a smaller meter.

Tacoma Water has briefed the Board at a PUB Study Session on April 10, 2024 and is scheduled to brief the Government Performance Finance Committee (GPFC) on April 23, 2024. The first reading by the City Council is scheduled for April 30, 2024.



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ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED?

N/A

IF THE EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW IT IS TO BE COVERED.

N/A

IF THE ACTION REQUESTED IS APPROVAL OF A CONTRACT, INCLUDE LANGUAGE IN RESOLUTION AUTHORIZING \$200,000 INCREASE IN ADMINISTRATIVE AUTHORITY TO DIRECTOR?

N/A

ATTACHMENTS:

- Request for Resolution
- Council Action Memorandum
- Proposed Rate Ordinance Redlined
- Proposed Rate Ordinance Clean

CONTACT:

Primary Contact: Andrew Zaremba; Utilities Economist

Supervisor's Name: Jodi Collins; Assistant Division Manager