



Environmental Services Commission Memorandum

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

FROM: Environmental Services Commission

SUBJECT: 2023-2024 Environmental Services Revenue Adjustments Recommendation

DATE: September 15, 2022

The Environmental Services Commission (the Commission) is comprised of 15 members representing the City's business, residential, governmental, and regulatory concerns. The City Manager appoints members for three-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 2022, carefully reviewing policies, programs, and rate projections for the six-year revenue and expense plan for each utility. At this time, we are reporting to the City Manager and Tacoma City Council our findings and recommendations.

When adopting the rates for the current biennium, 2021-2022, the Commission recommended a deviation from the six-year revenue plan for the first time in recent memory. We understood the financial impacts of the pandemic and believed the deviation was necessary to accommodate the economic hardships impacting our community. The extraordinary circumstances resulting from the COVID-19 crisis continue to impact utility operations. In addition to lower than planned revenue due to the intentionally lowered rates in 2021-2022, reduced commercial activity and outstanding customer accounts have further reduced utility revenues. This, combined with historic construction and operating costs inflation, have placed the utilities in a precarious financial state.

As a result of these combined pressures and to help ensure long-term financial sustainability, the Commission is recommending approval of some of the highest rate increases in a decade. The Commission recognizes that these continue to be difficult times for Environmental Services' customers and, with that in mind, we support the expansion of the Bill Credit Assistance Program (BCAP) as proposed, called BCAP Plus.

Solid Waste

The Commission supports adoption of Solid Waste revenue increases of 4.0% in 2023 and 2024. This plan allocates \$27 million for capital spending and operating spending (including debt service) of \$161 million. The Commission feels this is an appropriate budget and funding level to maintain compliance with Solid Waste permit regulations and to support the long-term health of the utility.

The Commission supports the City’s continued objective to reduce the volume of waste entering the City of Tacoma’s Recovery & Transfer Center while supporting efforts to provide cost-effective services to the residents of Tacoma.

The Commission was made aware of a potential solid waste excise tax being discussed by City Leaders; however, this was not part of our charge and therefore not considered in our recommendation.

Stormwater

The Commission supports adoption of Stormwater revenue increases of 6.0% in 2023 and 2024. This plan includes capital spending of \$78 million and operating spending (including debt service) of \$80 million. We support the development of programs that manage the quality and quantity of stormwater and prevent violation of the National Pollutant Discharge Elimination System (NPDES) MS4 permit. The Commission feels this is an appropriate budget and funding level to maintain compliance with the NPDES permit and to support the long-term health of the utility.

Wastewater

The Commission supports adoption of Wastewater revenue increases of 8.0% in 2023 and 2024. This plan includes capital spending of \$78 million and operating spending (including debt service) of \$176 million. The Commission feels this is an appropriate budget and funding level to maintain compliance with the NPDES permit and to support the long-term health of the utility.

Respectfully,

The Environmental Services Commission

(Commission signatures on next page)

DocuSigned by:

Bruce Martin

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Bruce Martin, Large Business, Position 1

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Jeff Paradise

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Jeff Paradise, Small Business, Position 2

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Grant Middleton

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Grant Middleton, Developers, Position 3

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Emily Hall

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Erich Sachs

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Erich Sachs, Government Customer, Position 5

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Matthew Benedict, Sustainable Tacoma Commission, Position 7

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Marty Campbell, Residential, Position 13

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Note: Position Nos. 8, 9, and 12 are currently vacant