



**TO:** Elizabeth A. Pauli, City Manager  
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**COPY:** Government Performance and Finance Committee; Andy Cherullo, Director, Finance;  
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**PRESENTER:** Christina Curran, Environmental Services Division Manager Assistant, Environmental  
Services  
**SUBJECT:** Environmental Services Ratemaking Principles  
**DATE:** May 3, 2022

*M. P. Slevin III*

**PRESENTATION TYPE:**  
Informational Briefing

**SUMMARY:**

This presentation will provide a high-level overview of Environmental Services (ESD) ratemaking principles including guiding values, financial policies, rate development process, and long-term strategic vision. Ratemaking principles drive planning decisions that help ESD provide wastewater, stormwater, and solid waste services to all customers efficiently, reliably and at the lowest cost consistent with prudent utility management and environmental stewardship.

**BACKGROUND:**

ESD develops rates for its Solid Waste, Wastewater, and Stormwater utilities every two years as part of the biennial budget process. Rate development is guided by legal requirements, industry best standards, and ESD adopted financial policies. ESD's financial policies were last updated in 2019. Prior to that date, policies had not been updated since 2001. An important component of rate development is also engagement with the Environmental Services Commission, a 15-member City Manager appointed working group representing a cross section of Tacoma's residential, business, and regulatory communities. The Commission reviews, advises, and makes recommendations to City Council, City Manager and City staff regarding changes to the programs, services, policies, rates, or rate structures proposed by ESD.

**ISSUE:**

ESD is providing information on the ratemaking principles used in development of proposed rates and departmental budget for the 2023-2024 biennium.

**ALTERNATIVES:**

This is an information briefing only. There are no alternatives presented.

**FISCAL IMPACT:**

This is an information briefing only. There is no fiscal impact.

**RECOMMENDATION:**

This is an information briefing only. There is no recommendation.