



2023-2024 Rate Revenues

City of Tacoma | Environmental Services

Government Performance & Finance Committee
August 16, 2022



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OVERVIEW



- 2021-2022 Review
 - Budget Strategy
 - Budget Outcomes
- 2023-2024 Budget and Rates
 - Budget Strategy
 - Customer Assistance
 - Proposed Revenue Increases
 - Peer Bill Comparison

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2021-2022 BUDGET STRATEGY



- Provide rate relief to customers through pandemic with lower than planned rate increases
 - Delay \$26M in Sewer capital projects
 - Issue Solid Waste debt to fund vehicles
- Maintain the status quo for service levels and operations
 - Limited target investments
 - To support policy goals
 - To address requirements/critical business needs

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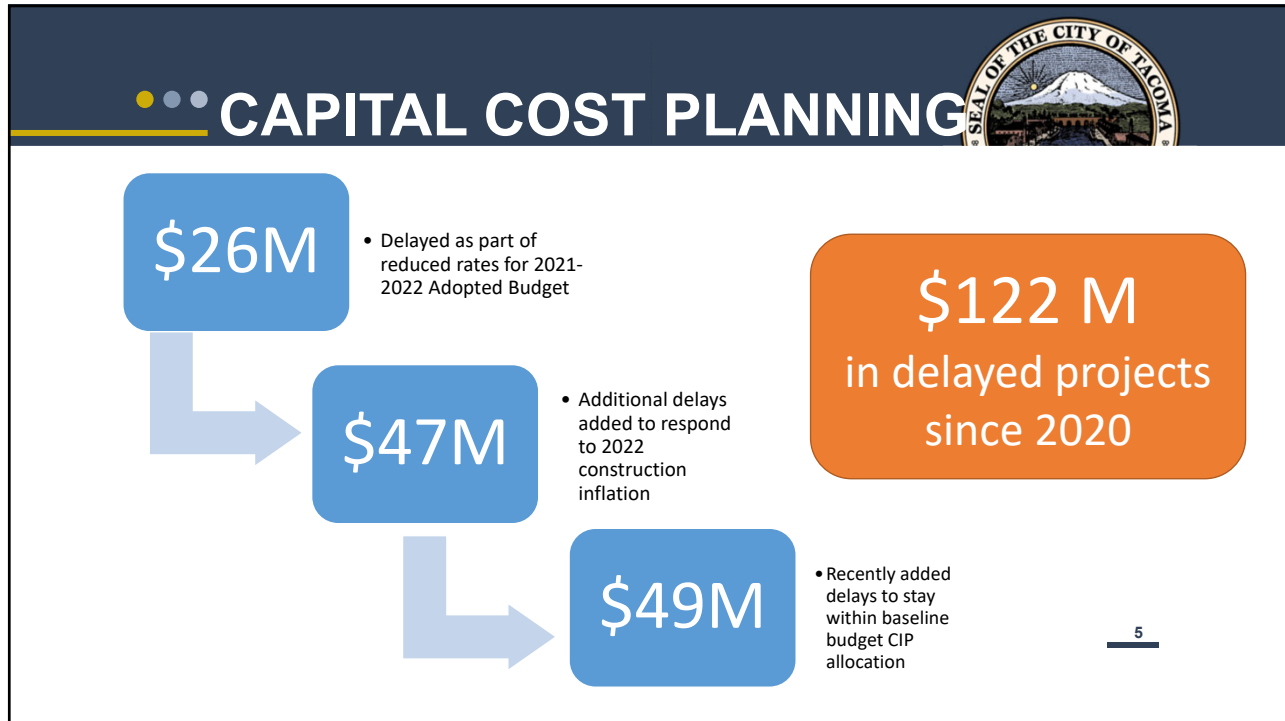
2021-2022 BUDGET OUTCOMES



- Lower than planned rate base due to reduced rates
- Continued losses in Wastewater commercial revenues
 - Some recovery, but still 12% below pre-pandemic levels
 - Temporary offset with Pierce County leachate revenues
- Large amount of unpaid bills
- Extreme construction inflation
 - \$122M in capital projects delayed in 2020-2028 timeframe since 2020
- Increased contract and operating supplies costs due to inflation
- Strong Solid Waste recovery and continued customer growth

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2023-2024 BUDGET STRATEGY

- Maintain the status quo for service levels and operations
 - Limited targeted investments or enhanced services
 - To support policy goals
 - Equity (REAP)
 - Climate Action Plan
 - To address requirements/critical business needs
 - Solid Waste growth
 - Health and safety
 - Regulatory changes
- Offset enhancements where possible
 - New revenues
 - Hold vacancies and other reductions

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2023-2024 Customer Assistance

- Continue customer support through enhanced assistance programs
- 2021-2022 Improvements
 - Increased Bill Credit Assistant Program (BCAP) credit amount and eligibility threshold
 - Increased Discount Rate from 30% to 35%
- 2023-2024 Improvements – **BCAP Plus**
 - BCAP Plus would provide automatic credit for eligible customers, offsetting proposed rate increases in 2023-2024 for Solid Waste and Stormwater
 - 2023 increase for Wastewater

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BCAP PLUS PHASE-IN


BCAP Plus Cost Increase*	2023	2024	2025	2026
Solid Waste	100,000	100,000	300,000	300,000
Wastewater	170,000	170,000	500,000	500,000
Stormwater	85,000	85,000	200,000	200,000
Total Increase	355,000	355,000	1,000,000	1,000,000

**Additional amount beyond existing baseline*

BCAP Plus Funding	2023	2024	2025	2026
Solid Waste	200,000	200,000	400,000	400,000
Wastewater	250,000	250,000	580,000	580,000
Stormwater	125,000	125,000	250,000	250,000
Total Funding	575,000	575,000	1,230,000	1,230,000

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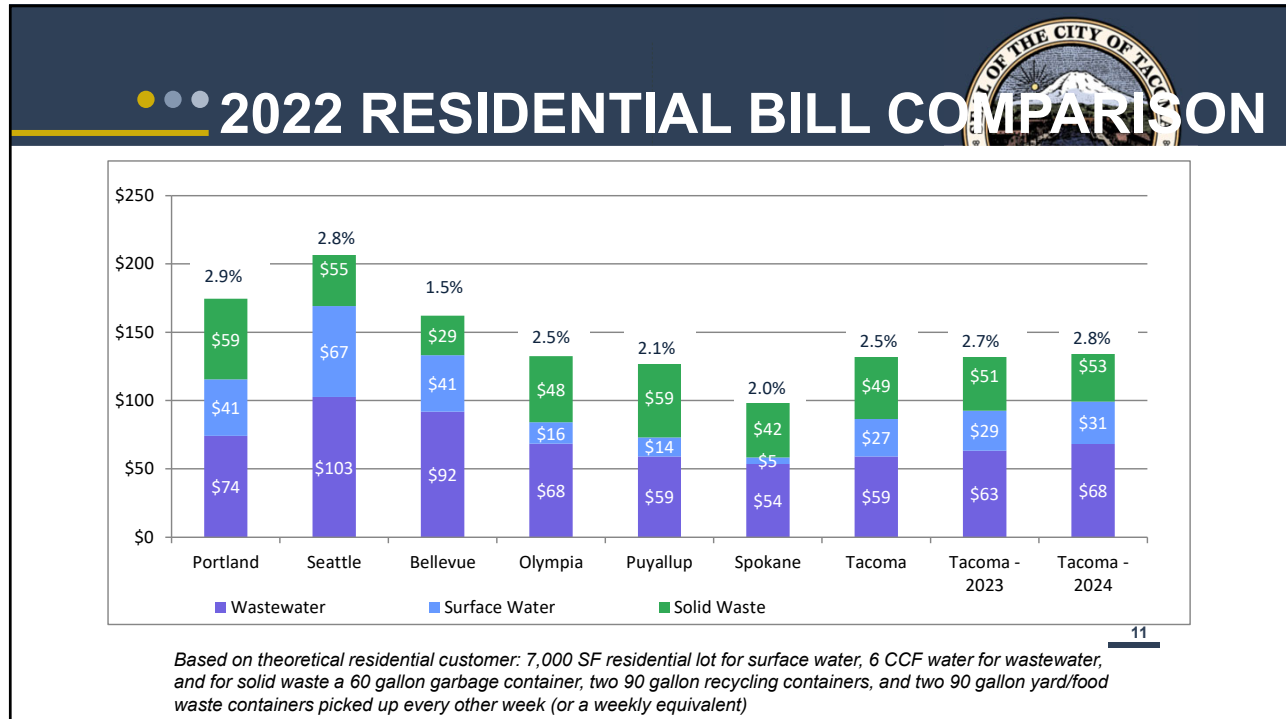
2022 SIX YEAR REVENUE PLAN

Year	Solid Waste	Wastewater	Stormwater
2023	4.0 %	8.0%	6.0%
2024	4.0 %	8.0%	6.0%
2025	4.0 %	7.0%	5.0%
2026	4.0 %	7.0%	5.0%
2027	4.0 %	6.0%	4.5%
2028	4.0 %	6.0%	4.5%

- BCAP Plus automatic credit will offset rate increases in 2023 and 2024 for Solid Waste and Stormwater
 - Offset 2023 increase for Wastewater
- Solid Waste bill will decrease by \$0.50 in 2024 when recycle education surcharge sunsets (≈1% decrease)

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NEXT STEPS

- **September 8** – ESC rate review / draft letter
- **September 20 to October 3** – Council member reviews
- **October 11** – ES Budget Overview at Study Session
- **September to November** – Community Outreach
- **November 15 and 22** – Rates ordinances first and second reading

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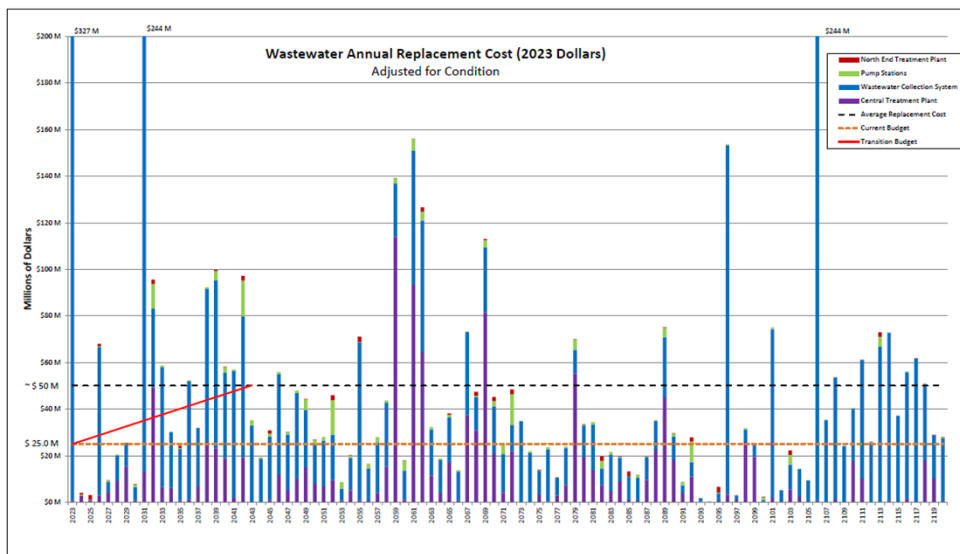
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100 YEAR ASSET PLAN



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100 YEAR ASSET PLAN

