



TO: Elizabeth Pauli, City Manager
FROM: Katie Johnston, Budget Officer, Office of Management and Budget
Andy Cherullo, Director of Finance
COPY: City Council and City Clerk
SUBJECT: Ordinance – Adoption of an Additional Chapter to Subtitle 6A of the Tacoma Municipal Code, “Chapter 6A.130, Local Solid Waste Excise Tax” – November 15, 2022
DATE: October 21, 2022

SUMMARY AND PURPOSE:

The City of Tacoma has experienced increased requests for waste removal services around the city. In addition to observed increases in illegal dumping and waste removal requests, there have been additional pressures on waste removal from encampment-related waste. A related issue is the management of waste removal services; management is scattered across several City departments. To address these issues, staff proposes the creation of a centralized litter and debris response program with a dedicated revenue source.

This revenue source is an excise tax imposed on Solid Waste bills. In the 2023-2024 Biennium, this tax will begin in April 2023, and will provide sustainable funding for services like Encampment Response, Litter & Debris Response, and support staff to fulfill these services. To implement this proposal, the City would centralize the litter and debris services under the Solid Waste Management division of the Environmental Services Department.

BACKGROUND:

This Department’s Recommendation is Based On:

An increase in Requests for Waste Removal Services: From 2019 to 2021, Solid Waste Management (SWM) documented an increase of 17% increase in 311 requests for waste removal services. In 2021, SWM completed 4,491 requests. Most of these requests were to remove illegal dumping (2,613) and other waste (1,003).

A Lack of Dedicated Revenue Source for these Services: There is no dedicated revenue source for these services. City departments have relied on one-time funding to provide some of these services. Further, the General Fund, the City’s most flexible funding source, faces an ongoing structural deficit. Given these issues, a dedicated, ongoing, new funding source would continue current services, expand service levels, and take financial pressure off the General Fund.

A Fragmented Management Structure Across the Organization: There are departments and divisions that are responsible across the organization for responding to waste. This proposal would centralize those functions under the management of Solid Waste Management, a division of Environmental Services. This proposal will also create a manager to oversee this centralized program and a financial assistant to help with administrative tasks of the program.

Below is a table detailing the projected expenses for the excise tax collections:



2023-2024 Projected Expenses	
Encampment Response	\$2.5M
Litter & Debris Response	\$3.7M
Sanitation Staff Support & Communication	\$0.7M
Bill Payment Assistance (BCAP)	\$0.3M
TOTAL	\$7.2M

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

Staff has included the Excise Tax as part of outreach on the Proposed Budget, including public town halls and public hearings. Staff have an information campaign planned for spring of next year to communicate bill impacts to community members.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility: (Mandatory)

Solid Waste Management will prioritize equity impacts of services as it develops aspects of this program through 2023. The program includes funding for Bill Credit Payment Assistance to reduce the impact on qualifying low-income households.

Economy/Workforce: Equity Index Score: Moderate Opportunity

Increase positive public perception related to the Tacoma economy.

Livability: Equity Index Score: Moderate Opportunity

Increase positive public perception of safety and overall quality of life. Improve health outcomes and reduce disparities, in alignment with the community health needs assessment and CHIP, for all Tacoma residents

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

This new program is aimed at improving the collection of solid waste and other debris around the city. Consequently, the program will improve the positive public perception of the city and the City Government’s commitment to the community and its local economy. Additionally, some solid waste materials can pose a public health risk. This program would mitigate some of those risks.

ALTERNATIVES:

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Approve at a reduced level of funding	Reduced financial impact on solid waste customers	Unable to expand and improve on existing service levels
2. Do not approve	No financial impact on solid waste customers	Reduced service levels or negative impact on General Fund to maintain services on a onetime basis.



EVALUATION AND FOLLOW UP:

SWM and other stakeholders will follow up with the Council as the program is refined over the course of 2023. Staff will respond to other follow up requests as they arise.

STAFF/SPONSOR RECOMMENDATION:

Staff recommends adoption of the Excise Tax Ordinance. This will allow the City to fulfill this service area with a recurring revenue source and centralize the management of these services.

FISCAL IMPACT:

The Excise Tax, proposed at 6%, is projected to raise approximately \$7.2 million. These expenses are proposed to be housed in Fund 1185.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1. Fund 1185-TIDY	620350	Various	\$1,062,747
2. Fund 1185-TIDY	620351	Various	\$6,147,068
TOTAL			\$7,209,815

What Funding is being used to support the expense?

This Ordinance would authorize a new funding source to support the program’s expenditures.

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

NO, PLEASE EXPLAIN BELOW

The Ordinance would authorize excise tax collection beginning in April 2023.

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

YES

Solid Waste Management, Public Works, and Neighborhood and Community Services would continue to operate within their existing Operations. There would also not be a dedicated revenue source for many of these expenses.

Will the legislation have an ongoing/recurring fiscal impact?

YES

This proposal would impose the Excise Tax into the future.

Will the legislation change the City’s FTE/personnel counts?

YES, PLEASE EXPLAIN BELOW

This proposal would provide revenues to support FTEs and personnel costs included in the proposed budget.

ATTACHMENTS:

List attachments using bullet points.