



## Environmental Services Financial Policy

City of Tacoma | Environmental Services Department

**Government Performance and Finance Committee**  
**March 19, 2019**



### ESD Financial Policy Update



Former policy was adopted in 2001

- Regularly reviewed, but no major revisions since 2001

Review team

- Collaborative approach
- Strategy
  - Modernize, clarify and make more flexible



## ESD Financial Policy Update

ESD Mission and Strategic Plan recently updated

- Updating Financial Policy was part of that process

### Affordability

- Explicitly state that affordability, discounted rates and other programs aimed at low-income households will be part of the rate setting process
- Increased operating cash from 60 to 90 days
  - Prudent approach to unknown future

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## Changes Continued

- Added Rate Stabilization Target
  - 10% of operating revenues
- Pay-As-You-Go funding
  - Flexible range of 15-25% instead of fixed 20%
- Updated Debt Coverage
  - Removed 1.7X and used 1.25X pursuant to bond covenants
- Clarified Cash Investment Policy
  - Invested pursuant to City's Investment Policy

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