



**TO:** Elizabeth A. Pauli, City Manager  
**FROM:** Michael P. Slevin III, P.E., Director, Environmental Services *M.P.S.*  
**COPY:** City Council and City Clerk  
**SUBJECT:** Request for Ordinance to Amend Chapter 12.09 of the Municipal Code related to Solid Waste rates for the years 2021 and 2022 – November 17, 2020  
**DATE:** November 12, 2020

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**SUMMARY AND PURPOSE:**

An ordinance amending Chapter 12.09 of the Tacoma Municipal Code (TMC), related to Solid Waste, Recycling, and Hazardous Waste, to adjust 2021 and 2022 rates and charges. If approved, 1.5 percent in 2021 and 2 percent in 2022 rate increases would become effective January 1 of each year.

**BACKGROUND:**

**This Department’s Recommendation is Based On:** The guiding strategy for these rate adjustments is to maintain minimum cost of service rate increases for financial sustainability while being responsive to the financial impacts of Covid-19. Rate increases of 1.5 percent and 2 percent are less than the previously projected revenue increases of 3 percent each year. Fees paid at the transfer station for self-haul garbage disposal are increasing for customers outside the City and commercial customers.

Financial concerns include the burden placed on customers and impacts on the revenue forecasts for the utility. Financial assistance for residential customers include increasing both the breadth and strength of the safety nets. Included in this legislation is an increase to 35 percent from a 30 percent discount for the low income elderly and low income disabled discount for residential customers effective January 1, 2021. This legislation will keep operating revenues at \$152M for the 2021-2022 biennium comparable with the previous approved budget rate model. Additionally, \$15M of additional debt is planned in 2023.

**COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:**

The Environmental Services Commission (ESC) represents a cross section of public interests in the City and provides input to the rate making process for the Environmental Services utilities. Through presentations and discussions, the ESC members share their insights and concerns as we address operational and capital plans and resulting supporting rates. The ESC letter to the Council in support of the recommendation for 2 percent revenue increases in each year 2021 and 2022 is attached.

Outreach to City Neighborhood Councils and other community groups has been coordinated with TPU Utility outreach and communications activities. Due to Covid-19, meeting participation occurred virtually. Other efforts included bill inserts, website information including feedback tools, mailings, and distributions of materials. The proposed rates presented to the public were for 2 percent increases in each year of the next biennium.

**2025 STRATEGIC PRIORITIES:**

**Equity and Accessibility:**

Financial assistance programs target areas identified as having lower opportunities as measured on the City’s Equity Index. Financial assistance changes expand eligibility to ALICE (Asset Limited, Income Constrained, Employed) customers.



**Economy/Workforce:** *Equity Index Score:* Moderate Opportunity

Increase the percentage of people relocating to the city and affordability of housing compared to neighboring jurisdictions.

Increase positive public perception related to the Tacoma economy.

**Livability:** *Equity Index Score:* Moderate Opportunity

Improve health outcomes and reduce disparities, in alignment with the community health needs assessment and CHIP, for all Tacoma residents.

Increase positive public perception of safety and overall quality of life.

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

The purpose of this legislation supports the Department’s vision: We believe everything we do supports healthy neighborhoods and a thriving Puget Sound, leaving a better Tacoma for all. Increasing financial assistance improves equity for ALICE customers. Lower rates in comparisons to Seattle and other surrounding neighborhoods contribute to affordable housing opportunities. The proper collection and disposal of solid waste maintains the environmental health of the community by preventing the accumulation of solid waste and debris in the local environment and promotes economic growth. Collection services utilize clean compressed natural gas where possible to limit carbon pollution. Neighborhood cleanups, Tacoma Cares, Nuisance Code Enforcement, recycling, and other programs all contribute to healthy neighborhoods and a vibrant Puget Sound.

**ALTERNATIVES:**

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Several lower rate alternatives were considered	Lower rates in the short-term for Tacoma residents	<ul style="list-style-type: none"> <li>• Higher rates in subsequent years</li> <li>• Discontinuation of programs / staff layoffs</li> <li>• Up to a \$4.2M revenue shortfall for the biennium</li> </ul>

**EVALUATION AND FOLLOW UP:**

Budget-to-actual performance is reviewed monthly along with current versus original forecasts for the six-year financial planning window. Quarterly, six-year capital plans are updated and budget information is prepared for the City Council’s quarterly report.

**STAFF/SPONSOR RECOMMENDATION:**

Environmental Services management and staff with the support of the ESC recommends two annual 2 percent revenue adjustments effective January 1, 2021 and January 1, 2022. However, a 1.5 percent increase effective January 1, 2021 is now supported by management due to the extended economic impacts of Covid-19; the additional shortfall of \$.3M will be addressed with cash draw downs.

Proposed rate adjustments are necessary to meet the City’s obligation to adequately fund the ongoing maintenance, operational, and capital costs of the Solid Waste utility, to meet its service obligations to customers, and to protect



the public health, safety, and welfare. Cost drivers for annual rate adjustments include increased labor costs, green infrastructure and fleet capital costs, and increased costs for recycle due to waste market conditions. The Solid Waste rate model is on file in the Environmental Services Department and provides the rate calculations and required revenue to the utility consistent with Financial Policies and Bond Covenants.

**FISCAL IMPACT:**

If approved by City Council, these rate adjustments will increase rates for the utility by 1.5 percent in 2021 and 2 percent in 2022. Changes are also included in this legislation to increase self-haul disposal fees for residential customers outside the City and commercial customers and commercial recycling fees.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Element	Total Amount for Calendar Year 2021-2022
4200 Solid Waste	Various	Operating Revenues	\$6,100,000
<b>TOTAL</b>			<b>\$6,100,000</b>

**What Funding is being used to support the expense?**

The expenses will be funded by adjustments to rates as outlined in the attached exhibit.

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

**YES**  
These rate adjustments are included in the 2021/2022 Budget currently under consideration by the City Council.

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

**YES**  
Layoffs and reductions to services or levels of service.

**Will the legislation have an ongoing/recurring fiscal impact?**

**YES**  
Retail rates are on ongoing revenue.

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

**No**  
No additional personnel needed.

**ATTACHMENTS:**

- Proposed Amendments to TMC 12.09 - EXHIBIT “A”
- Letter of Recommendation by the Environmental Services Commission - EXHIBIT “B”
- The Rate Model is on file in the Environmental Services Department.