



TO: Elizabeth A. Pauli, City Manager
FROM: Michael P. Slevin III, P.E., Director, Environmental Services *GMS*
COPY: City Council and City Clerk
SUBJECT: Request for Ordinance to Amend Chapter 12.08 of the Municipal Code related to Wastewater and Surface Water rates for the years 2021 and 2022 – January 12, 2021
DATE: December 30, 2020

SUMMARY AND PURPOSE:

An ordinance amending Chapter 12.08 of the Tacoma Municipal Code (TMC), related to Wastewater and Surface Water Management – Regulation and Rates, to correct 2021 and 2022 rates and charges for the discharge of septic holding tank contents. If approved, the corrected rate would not increase and would remain at 2020 levels for each of the years 2021 and 2022.

BACKGROUND:

This Department’s Recommendation is Based On: The guiding strategy for 2021-2022 rate adjustments is to maintain minimum cost of service rate increases for financial sustainability while being responsive to the financial impacts of Covid-19. While the City Council approved overall rate increases of 1.5 and 2 percent for 2021 and 2022 respectively, this specific rate was approved at a nearly 29 percent increase based on a cost of service analysis. After additional review, the Department would prefer to phase-in increases to reach cost of service as well as ensure the methodology for calculating cost of service is as accurate as possible. Holding this rate flat will allow additional time for that research and analysis.

The City’s septage receiving station provides an opportunity for septic hauling businesses that are licensed with the Tacoma-Pierce County Health Department to properly dispose of septage removed from on-site sewage disposal systems that are located within and outside the City of Tacoma limits. This facility is one of few disposal sites within the Puget Sound region that allows for customers to maintain their on-site systems to meet local health department laws.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

The Environmental Services Commission (ESC) represents a cross section of 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.

Outreach to City Neighborhood Councils and other community groups was coordinated with TPU Utility outreach and communications activities. Due to Covid-19, meeting participation occurred virtually. Other efforts included bill inserts and 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 number of infrastructure projects and improvements that support existing and new business developments.

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

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

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. Updating and extending wastewater and surface water infrastructure supports existing businesses and economic growth. Lower rates in comparisons to Seattle and other surrounding neighborhoods contribute to affordable housing opportunities. The collection and treatment of wastewater and surface water maintains the environmental health of the community by preventing overflows of sewerage and flooding. Treatment of sewerage, flood management, and open space conditions all contribute to clean air and water for healthy neighborhoods and a vibrant Puget Sound.

ALTERNATIVES:

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Keep the discharge of holding tank contents increased rate as was approved by City Council in November	<ul style="list-style-type: none"> Keeps the rate competitive with other disposal sites in the Puget Sound region Unknown if the rate increase will generate more revenue or if decreases in disposals due to the high costs will offset any increase 	<ul style="list-style-type: none"> Significant rate increase to customers Customers would most likely use alternative service providers

EVALUATION AND FOLLOW UP:

This rate will be reviewed and analyzed thoroughly over the next two-year period to confirm a new methodology for this rate’s development in the 2023-2024 biennium.

STAFF/SPONSOR RECOMMENDATION:

Environmental Services Department recommends that the discharge of holding tank contents rate in 12.08.320 be revised, so that the rate remains consistent with 2020 amounts. This update will align this rate more closely with other rates within TMC 12.08 that are only increases an average of 1.5 percent in 2021 and 2 percent in 2022. Staff believe an increase for this rate is not needed as revised analysis suggests that it may already be close to being at cost recovery for the service.

The Wastewater and Surface Water rate models are on file in the Environmental Services Department and provide the rate calculations and required revenue to the utilities consistent with Financial Policies and Bond Covenants.



FISCAL IMPACT:

If approved by City Council, the discharge of holding tank contents rate would have not changed from the 2020 amount. Septic Tank Wastes (Holding, Cesspool, etc.) and Chemical Toilet Wastes would be charged \$15.26/100 gallon from within the City and \$16.79/100 gallon from Outside the City. This rate adjustment will have no impact on the adopted 2021-2022 budget as the revenue from this service was budgeted in line with previous year’s actuals. It was not based on the proposed increased rate.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Element	Total Amount for Calendar Year 2021-2022
4300 Wastewater	Various	Operating Revenues	No impact
TOTAL			\$0

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

The revenue for this rate is included in the 2021/2022 Adopted Budget.

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

YES

There would be no impact to the Department’s budget, but a significant impact to customers who use this service.

Will the legislation have an ongoing/recurring fiscal impact?

YES

Retail rates are an ongoing revenue.

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

NO

No additional personnel needed.

ATTACHMENTS:

- Proposed Amendments to TMC 12.08 - EXHIBIT “A”