



# 2021-2022 Rate Revenues

City of Tacoma | Environmental Services Department

**Environmental Services Commission**

**September 10, 2020**





# Agenda

- Budget Challenges
- 2021-2026 revenue model
- Projected rate increases
- Residential monthly bill comparison
- Affordability
- Next Steps



# Challenges

- Predicting and planning for impacts of Covid-19
- Assuming system risk through reduced CIP and increased debt
  - Balance capital spend with staff capacity
- Utility revenue needs are projected to be greater than CPI
  - Solid Waste (3%); Wastewater (4%); Surface Water (3%)
- Cost Drivers
  - Construction inflation is 5%
  - Wages and benefits growth
  - Assessments / Internal Services increases



# Prior Six Year Revenue Plan

Year	Solid Waste	Wastewater	Surface Water
2019	3.0%	4.0%	3.5%
2020	3.0%	4.0%	3.5%
2021	3.0%	3.5%	3.0%
2022	3.0%	3.5%	3.0%
2023	3.0%	3.0%	2.5%
2024	3.0%	3.0%	2.5%

# 2021 – 2024 Revenue Differences



Year	Solid Waste	Wastewater	Surface Water
2021	-1.0%	-1.5%	-1.0%
2022	-1.0%	-1.5%	-1.0%
2023	1.0%	1.0%	0.5%
2024	1.0%	1.0%	0.5%



# 2021 Six Year Revenue Plan

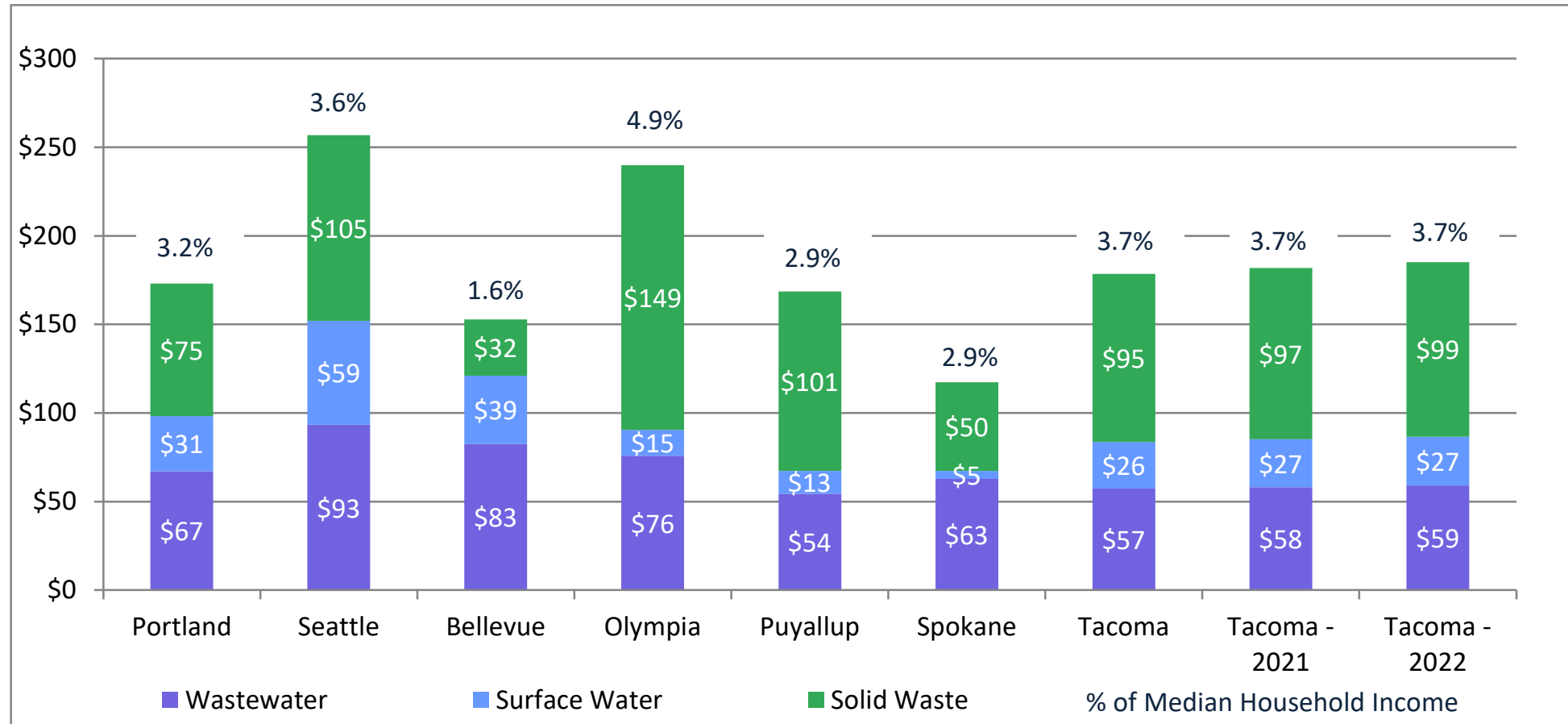
Year	Solid Waste	Wastewater	Surface Water
2021	2.0%	2.0%	2.0%
2022	2.0%	2.0%	2.0%
2023	4.0%	4.0%	3.0%
2024	4.0%	4.0%	3.0%
2025	3.0%	4.0%	3.0%
2026	3.0%	4.0%	3.0%



# Average Residential Customer Bill

	2020 Monthly	2021 Monthly	2022 Monthly	\$ Difference		% Difference	
Wastewater	\$49.97	\$50.44	\$51.21	\$0.47	\$0.77	0.9%	1.5%
Surface Water	\$25.66	\$26.21	\$26.74	\$0.55	\$0.52	2.1%	2.0%
Solid Waste	\$45.71	\$46.55	\$47.49	\$0.85	\$0.94	1.9%	2.0%

# 2020 Residential Bill Comparison



*Based on theoretical residential customer: 7,000 SF residential lot for surface water, 6 CCF water for wastewater, and for solid waste a 60 gallon garbage container, two 90 gallon recycling containers, and two 90 gallon yard/food waste containers picked up every other week (or a weekly equivalent)*





# Emergency Assistance Program

## Budget as of 09/08/2020 – All utilities (ES and TPU partnership)

Utility Service	Original FY19/20 BCAP Budget	Original BCAP Budget Allocated to EAP	Increased Emergency Assistance Program Budget	Emergency Assistance Program Expenditures (9/8/2020)	Remaining Emergency Assistance Program Budget	Number of Households Assisted
Power	\$2,500,000	\$1,000,000	\$1,700,000	\$1,438,257	\$261,743	10,668
Water	\$325,000	\$238,248	\$300,000	\$195,334	\$104,666	4,883
Wastewater	\$156,000	\$72,784	\$160,000	\$122,970	\$37,030	4,099
Surface Water	\$73,000	\$33,400	\$45,000	\$39,380	\$5,620	3,938
Solid Waste	\$197,000	\$122,052	\$195,000	\$168,801	\$26,199	4,220
<b>TOTALS</b>	<b>\$3,251,000</b>	<b>\$1,466,484</b>	<b>\$2,400,000</b>	<b>\$1,964,742</b>	<b>\$435,258</b>	



# 2021 Assistance Recommendations

Assessment	Power	Water	Solid Waste	Surface Water	Wastewater
<b>Affordability Metric</b>	6.0%	2.5%	1.0%	0.5%	2.0%
<b>Monthly BCAP *</b>	\$21 → \$21	\$7 → \$9	\$7 → \$8	\$4 → \$5	\$8 → \$11
<b>Monthly LIE/D</b>	30% discount on bill → 35% discount on bill				
<b>Income Threshold</b>	150% federal poverty level → 60% of area median income				

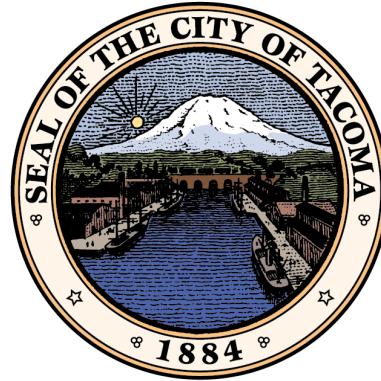
\* Environmental Services is increasing the BCAP credit from 15% to 20% of the average bill, consistent with TPU.

AMI project will also allow implementation of monthly billing by the 2023-2024 biennium



# Timeline

- September 14 – 25: Council member reviews
- October 6: City Manager presents proposed budget and TPU and Environmental Services rates
- October 13\*: Alternative date for City Council Study Session on utility rates
- October/November: Community Outreach
- November 17 and 24: Ordinance 12.08 and 12.09 first and second reading



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