



Environmental Services Commission

Minutes

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Center for Urban Waters located at 326 E D St, Tacoma, WA and via Zoom Meeting

September 12, 2024

Vice Chair Sutter called the meeting to order at 4:01 p.m.

Commission Members Present: Chad Sutter, Mindi Keller, Karen DiNicola, Marty Campbell, Jonathan Paul, Matthew Benedict, Jeff Paradise, Esther Beaumier*, and David Dailey.

Commission Members Absent: Bruce Martin, Eric Sachs, and Grant Middleton.

Public Comment

The public comment period is reserved for items on the current agenda only. Comments will be limited to the amount of time announced by the chair, presiding officer, or staff liaison, no more than five minutes per person per meeting.

No Public Comment was received.

Approval of the August 8, 2024, Meeting Minutes

Commissioner Benedict moved to approve the minutes of the August 8, 2024, meeting. Seconded by Commissioner Campbell. Discussion ensued regarding the minutes as presented and potential edits, including adding clarifying language to discussion 2.i to add “based on the general understanding that they generate less volume.”; and moving the system development charges discussion to its own section.

The motion to approve the minutes of the August 8, 2024, meeting was tabled to the next regularly scheduled meeting.

System Development Charges

Craig Francis, Asset Management and Technology Services, provided an overview of system development charges, the application of those charges, a comparison of adjacent jurisdictions, and the City’s path forward. He stated the City’s current practice to have property owners share the cost of constructing abutting and adjacent sewer is through developer extensions, Local Improvement Districts, or In-Lieu-of Assessment charges. He discussed some challenges with the City’s current practices, noting they do not address equitable share of costs with pump stations and treatment plants, and does not address redevelopment at higher densities or change in use.

Mr. Francis explained that system development charges are one-time connection charges, are imposed in proportion to capacity needed to serve the connection and recovers the cost of the infrastructure that supports connections to the system that was paid for by the ratepayers. He then showed some of the benefits of system development charges, the legal basis for system development charges, and the general methodology of these charges. He reviewed how system

development charges would be applied for both wastewater and stormwater, including methods similar cities are using. He then stated next steps include finalizing costs for system development charges, finalize the methodology for these charges, presenting staff's recommendation to the Commission and the City Council, and finally adopting an ordinance to change the Municipal Code in 2025.

Cost Saving Efforts

Christina Curran, Rates and Budget Assistant Division Manager, provided an overview of the City's cost saving efforts and discretionary versus non-discretionary costs. She stated the goal is to develop a long-range balanced budget. She stated the primary costs that can be controlled are delaying capital and reducing budgeted positions, noting the City delayed over \$120M in capital costs during Covid. However, those delays only save money in the short-term and increase the City's risk.

Haley Falk, Rates and Budget, discussed personnel costs, noting the City has numerous collective bargaining agreements and 34% of personnel costs are benefits. She stated to help manage labor costs Environmental Services uses collective bargaining, overtime versus additional staff, efficient/timely hiring processes, and hires the right position for the right role. She then provided some recent examples of ways the department has managed labor costs including changing the TAGRO group to a 9/80 schedule to save a significant amount of overtime, reclassifying several wastewater positions to Technicians that were able to perform the same body of work at a lower salary.

Ms. Curran reviewed ways that Environmental Services is being fiscally responsible when it comes to monitoring costs, including through procurement practices, conservation, and innovation. Examples include: Procurement – award contracts to the lowest responsible bidder, partner with other organizations to leverage buying power, and evaluate projects for lowest life-cycle costs; Conservation – optimized processes to reduce the amount of chemicals used, lower water usage at the Central Treatment Plant and use effluent water for some process; Innovation – add Call-to-Haul to myTPU, change the platform used for the Electronic Document System, and converting the Solid Waste fleet from diesel to Compressed Natural Gas.

Ms. Curran stated that during every budget cycle staff looks at our programs, what is or is not working well, and prioritizes services. She stated this is another way to identify areas that may not be achieving the outcomes desired and where we can reduce our costs, noting this is an important part of our process that always asks us to confirm we are utilizing ratepayer resources in the best way possible.

Discussion followed regarding the following topics:

1. Fees, Rates, and Revenues
 - a. Commissioner Paul asked if there are fees for construction.
 - i. Staff stated there is a fee for connecting to the sewer system.
 - b. Chair Beaumier asked when the rates/fees were last updated and who is responsible for updating those fees.
 - i. Staff stated the last Municipal Code update to that section was 2011 and they will confirm who is responsible for updates to that section of the Code.
 - c. Commissioner Paul asked for an outline of the cons of system development charges.
 - i. Staff stated potential increased costs associated with development.

- d. Commissioner Martin asked if the percent of the proposed revenue increases in the Commission's letter was for both 2025 and 2026.
 - i. Staff confirmed.
- e. Commissioner Paradise asked whether presenting a secondary recommendation had been considered; adjustments to service levels/full-time employees to achieve less severe rate hikes.
 - i. Staff stated, as part of the rates and budget process, all services and funding needs are reviewed; then a single recommendation for an overall revenue increase is presented to the City Council. Council can request alternatives or adjustments and staff will prepare those, noting so far staff has not received such a request.

Discussion followed regarding the following topics:

- 1. Debt
 - a. Vice Chair Sutter asked how the City monitors debt.
 - i. Staff stated it is closely watched and tracked over time.
 - b. Vice Chair Sutter asked how debt is allocated to the utility.
 - i. Staff stated the Environmental Services issues our own debt separate from the City. Each utility has its own credit rating.
- 2. Personnel
 - a. Commissioner DiNicola asked why City employee's salaries are so high.
 - i. Staff stated employees' salaries are competitive with other municipalities and the City has adopted a Compensation Philosophy to compensate at 60 percent of the market.
 - b. Commissioner Paul asked what percent of personnel is administrative versus direct labor.
 - i. Staff to follow-up with this information.

Commissioner Other Items of Interest

- 1. Commissioner DiNicola discussed the Environmental Services newsletter sent to customers and requested staff look at the quality and relevancy of the content.
 - a. Staff agreed to connect the Communications and Outreach team about the newsletter.
- 2. Commissioner DiNicola inquired about discretionary legal costs.
 - a. Staff will follow-up at the next regularly scheduled meeting.
- 3. Commissioner DiNicola and Commissioner Benedict requested a discussion on the Fats, Oils & Grease (FOG) Program.
 - a. Staff will follow-up with additional information.

Discussion ensued regarding a special meeting of the Commission to work on the revenue adjustment recommendation letter. Staff to coordinate the special meeting prior to October 1, 2024.

Adjournment

The meeting was declared adjourned at 6:12 p.m.