



# Environmental Services Commission Special Meeting Minutes

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Zoom Meeting

September 30, 2024

Chair Beaumier called the meeting to order at 4:03 p.m.

Commission Members Present: Chad Sutter, Mindi Kellar, Karen DiNicola, Marty Campbell, Jonathan Paul, Matthew Benedict, Jeff Paradise, Bruce Martin, Eric Sachs, and Esther Beaumier\*.

Commission Members Absent: Grant Middleton and David Dailey.

## 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.

## Revenue Adjustment Recommendation Letter

Kurt Fremont, Business Operations Division Manager, provided some background on the letter and the role it plays in the Council process for adopting rates. He also outlined the objectives of the special meeting, noting the hope that the Commission will come to a consensus and finalize a letter to be presented to the City Manager and the City Council prior to staff budget presentation on October 8, 2024.

Chair Beaumier stated the Commissioners will review the draft letter by section, noting it includes various edits proposed by some Commissioners. The Commission then went section by section discussing additions, corrections, and areas of concern. High-level summary of edits are as follows:

1. Paragraph 1
  - a. Several Commissioners requested to note that not all 15 positions are filled on the Commission. Three positions are currently vacant.
2. Paragraph 2
  - a. Commissioners agreed to keep it primarily as drafted.

3. Paragraph 3

- a. Commissioners agreed to keep it as is and add the proposed statement below:

*“Significant factors affecting future revenue requirements include ongoing funding of capital investments in utility fleets; recent, historically high construction costs; new regulatory requirements; and higher operating costs.”*

4. Paragraph 4

- a. Removed the following sentence:

*“Significant factors affecting future revenue requirements include ongoing funding of capital investments in each of our utilities; the impact of recent historically high construction inflation; new and more stringent regulatory requirements; and higher operating costs such as significant garbage disposal contract increases.”*

5. Paragraphs 5-7 related to revenue increases for the three utilities (Solid Waste, Stormwater, & Wastewater)

- a. Commissioners requested the three sections be identically formatted and spell out the proposed revenue increases for each year individually versus combined. (i.e., 5.5% in 2025 and 5.5% in 2026.)

6. Other Items

- a. Commissioners request revising the headings “Looking Ahead” and “Other issues of concern” to better align with the statements that follow.
- b. Commissioner DiNicola inquired whether a statement about the Solid Waste Excise Tax should be included in this letter.
- i. Staff noted the Excise Tax is separate from the Solid Waste rates.
- c. Vice Chair Sutter how rebates are modeled/calculated.
- i. Staff briefly discussed how they are calculated in their models.
- d. Some supported the further exploration of system development chargers and any other conduits for recovering costs for investments.
- i. Staff stated the system development charges are not currently in the budget, but that they will be discussed in the coming year.
- e. Several Commissioners requested to strike reference to support for system development charges from the letter, noting more information needs to be gathered before making a statement as a group.
- i. The Commission agreed to offer the below statement in a minority report and those in support could sign it separate from the Recommendation Letter.

*“Some Commissioners support the utilities’ current efforts to propose a new structure for system development charges to ensure development pays for itself and ratepayers are not bearing all costs.”*

- f. Commissioners expressed concern with the pace of cost increases and the disparity between City staff salaries and many citizens’ inability to sustain revenue increases.
- g. Some Commissioners expressed their concerns about the removal of Gross Earnings Tax deduction for CIACs in the proposed 2025-2026 budget.

- i. The Commission agreed to offer the below statement in a minority report and those in support could sign it separate from the Recommendation Letter.

*“Furthermore, we are concerned about the decision to include in the proposed 2025-2026 budget the removal of the Gross Earnings Tax deduction for Contributions in Aid of Constructions. This action increases utility costs and places additional burdens on our ratepayers and we respectfully ask the City Council to seek to minimize these impacts.”*

- h. Commissioners discussed Home-in-Tacoma potential impacts to wastewater and stormwater.

Next steps are to finalize the Recommendation Letter and the Minority Report, provide them to the Commissioners to review, and route letters through DocuSign to be presented to the Council and the City Manager prior to the October 8, 2024 study session, if possible.

#### **Adjournment**

The meeting was declared adjourned at 5:38 p.m.