



City of Tacoma
Finance Department

September 5, 2017

Digital Assurance Certification LLC
Attn: Jenny Emami
390 North Orange Avenue, Ste. 1750
Orlando, FL 32801

SUBJECT: 2016 Ongoing Disclosure of Financial Information and Operating Data
City of Tacoma, Washington, Department of Public Utilities, Water Division
CUSIP #873547

This submission is City of Tacoma, Washington, Department of Public Utilities, Water Division's (the "Division") annual financial and operating data for 2016 for the following bond issues:

Water System Revenue and Refunding Bonds, 2005
Water System Revenue Bonds, 2009
Water System Revenue Bonds, 2010
Water System Revenue and Refunding Bonds, 2013
Water System Revenue and Refunding Bonds, 2015

Enclosed with this letter are the Division's 2016 audited financial statements.

Also enclosed with this letter is data regarding certain schedules in the official statements which supplements information presented in the financial statements. The information in the enclosed Tables 2, 3, 5 and 7 update those schedules.

The information provided in this submission speaks only as of its date and is subject to change without notice. The submission of this information may not create an implication that there has been no change to the information provided. The Division has not agreed to notify the secondary market of subsequent changes to the information provided.

Sincerely,

Susan Calderon, CPA
Assistant Finance Director/Controller

Enclosures

TABLE 3

Selected Operating and Financial Data

| | <u>Actual 2016 Data</u> |
|--------------------------------------|-----------------------------|
| Average Number of Customers | 100,731 |
| Operating Revenue | \$92,801,610 |
| Net Operating Expenses (1) | \$51,533,394 |
| Debt Service Coverage Ratio | 2.29 |
| Total Water Billed (Million Gallons) | 18,390.1 |
| Average Daily Use (Million Gallons) | 53.80 |
| Maximum Daily Use (Million Gallons) | 83.92 |

(1) Excludes City gross earnings tax and depreciation.

TABLE 5

Current Water Rates and Charges

| Size of Meter (inches) | Customer Charge Per Month | |
|---------------------------|---------------------------|-------------------|
| | Inside Tacoma | Outside Tacoma |
| 5/8 | \$20.38 | \$24.46 |
| 3/4 | 30.57 | 36.68 |
| 1 | 50.95 | 61.14 |
| 1-1/2 | 101.90 | 122.28 |
| 2 | 163.04 | 195.65 |
| 3 | 305.70 | 366.84 |
| 4 | 509.50 | 611.40 |
| 6 | 1,019.00 | 122.80 |
| 8 | 1,630.40 | 1,956.48 |
| 10 | 2,343.70 | 2,812.44 |
| 12 | 3,439.13 | 4,126.96 |

| Consumption Up To and Including: | Charge for Water Used per Month | |
|---|---------------------------------|-------------------|
| | Inside Tacoma | Outside Tacoma |
| Residential | | |
| Each 100 cubic feet of consumption October through May | \$1.756 | \$2.107 |
| First 500 cubic feet of consumption June through September | 1.756 | 2.107 |
| Each 100 cubic feet of consumption over 500 cubic feet June through September | 2.195 | 2.634 |
| Commercial and Industrial | | |
| General | \$1.945 | \$2.334 |
| Large Volume (over 65,000 cubic feet annually) | 1.557 | 1.868 |
| Parks and Irrigation For each 100 cubic feet | 2.769 | 3.323 |

TABLE 7

Historical Operations and Debt Service Coverage

| | Actual 2016 Data |
|--------------------------------------|----------------------|
| Operating Revenues | |
| Residential & Domestic | \$ 50,742,135 |
| Commercial & Industrial | 17,558,905 |
| Special Rate--Westrock | 5,845,719 |
| Wholesale | 3,971,839 |
| Unbilled | (137,857) |
| Total Water Sales | <u>\$ 77,980,741</u> |
| Other Operating Revenues | 9,997,213 |
| Total Operating Revenue | <u>\$ 87,977,954</u> |
| Non-Operating Revenue | <u>\$ 6,710,429</u> |
| Total System Revenue | <u>\$ 94,688,383</u> |
| Operating Expenses | |
| Operating & Maintenance | \$ 48,123,212 |
| Taxes | 4,639,031 |
| Total Operating Expenses | <u>\$ 52,762,243</u> |
| Net Revenue Available | |
| For Debt Service | \$ 41,926,140 |
| Revenue Bond Debt Service | |
| Water Revenue Bonds | \$ 18,296,670 |
| Debt Service Coverage | 2.29 |
| City Gross Earnings Tax | <u>\$ 6,753,061</u> |
| Revenue Available for Capital | |
| Improvements and Continuing | |
| Operations | \$ 16,876,409 |

TABLE 2

SCHEDULE OF DEBT SERVICE REQUIREMENTS

| Year | The Bonds | | Total Parity Bonds | Junior Lien Bonds | Total Debt Service |
|--------------|----------------------|----------------------|-----------------------|----------------------|-----------------------|
| | Principal | Interest | | | |
| 2017 | 6,225,000 | 18,887,997 | 25,112,997 | 8,084,256 | \$33,197,253 |
| 2018 | 6,450,000 | 18,690,919 | 25,140,919 | 8,010,718 | \$33,151,637 |
| 2019 | 7,610,000 | 18,428,169 | 26,038,169 | 7,937,179 | \$33,975,348 |
| 2020 | 7,950,000 | 18,094,669 | 26,044,669 | 7,863,641 | \$33,908,310 |
| 2021 | 8,355,000 | 17,703,369 | 26,058,369 | 7,790,104 | \$33,848,473 |
| 2022 | 8,725,000 | 17,333,569 | 26,058,569 | 6,915,368 | \$32,973,937 |
| 2023 | 8,695,000 | 16,900,619 | 25,595,619 | 6,317,807 | \$31,913,426 |
| 2024 | 9,230,000 | 16,469,319 | 25,699,319 | 6,254,152 | \$31,953,471 |
| 2025 | 9,655,000 | 16,021,278 | 25,676,278 | 6,137,134 | \$31,813,412 |
| 2026 | 10,350,000 | 15,544,923 | 25,894,923 | 6,073,745 | \$31,968,668 |
| 2027 | 10,785,000 | 15,031,862 | 25,816,862 | 5,639,770 | \$31,456,632 |
| 2028 | 11,235,000 | 14,472,262 | 25,707,262 | 5,578,235 | \$31,285,497 |
| 2029 | 11,745,000 | 13,889,458 | 25,634,458 | 4,755,722 | \$30,390,180 |
| 2030 | 12,235,000 | 13,280,430 | 25,515,430 | 4,700,143 | \$30,215,573 |
| 2031 | 12,715,000 | 12,707,674 | 25,422,674 | 4,644,563 | \$30,067,237 |
| 2032 | 12,710,000 | 12,097,113 | 24,807,113 | 4,033,428 | \$28,840,541 |
| 2033 | 16,410,000 | 11,483,024 | 27,893,024 | 3,310,539 | \$31,203,563 |
| 2034 | 17,015,000 | 10,547,877 | 27,562,877 | 3,144,431 | \$30,707,308 |
| 2035 | 17,650,000 | 9,578,250 | 27,228,250 | 2,797,089 | \$30,025,339 |
| 2036 | 18,300,000 | 8,572,435 | 26,872,435 | | \$26,872,435 |
| 2037 | 18,975,000 | 7,529,570 | 26,504,570 | | \$26,504,570 |
| 2038 | 19,680,000 | 6,448,237 | 26,128,237 | | \$26,128,237 |
| 2039 | 20,405,000 | 5,326,723 | 25,731,723 | | \$25,731,723 |
| 2040 | 21,165,000 | 4,163,885 | 25,328,885 | | \$25,328,885 |
| 2041 | 23,820,000 | 2,974,200 | 26,794,200 | | \$26,794,200 |
| 2042 | 24,770,000 | 2,021,400 | 26,791,400 | | \$26,791,400 |
| 2043 | 25,765,000 | 1,030,600 | 26,795,600 | | \$26,795,600 |
| TOTAL | \$378,625,000 | \$325,229,831 | \$703,854,831 | \$109,988,024 | \$813,842,855 |