

# Tacoma Water Financial Outlook

**1st Quarter 2024**

May 8, 2024



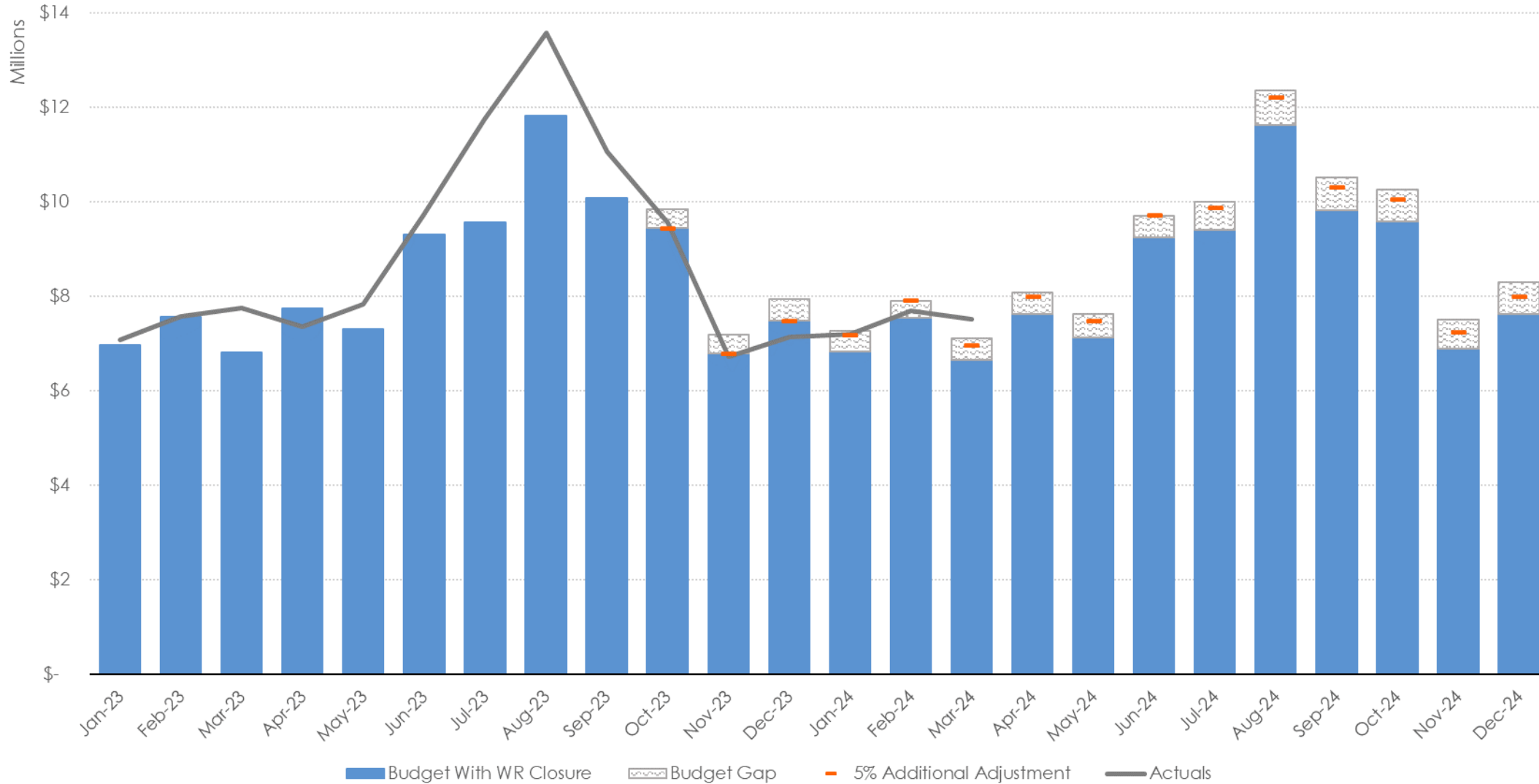
# 2023/2024 Biennium Summary of Financial Outlook

*This report incorporates actual revenues and expenditures through March 2024 with projections for the remainder of the biennium*

- **Forecast for total revenue is \$6.7M or 3% over budget**
  - Q1 challenges: Adjusting to loss of demand from pulp mill
  - Q1 strengths: Water sales \$125,000 over budget for the first quarter
  - Q2 outlook: Weather in June likely to impact water sales for remainder of the year
- **Forecast for operating expenditures is \$5.2M or 2% under budget**
  - Q1 challenges: Ongoing supply chain disruptions; employee hiring, safety, and retention; increased cost of electricity, insurance, and other necessities
  - Q1 strengths: Organizational awareness and support for cost efficiencies, savings
  - Q2 outlook: Continued focus on savings where possible; planning for 2025/26

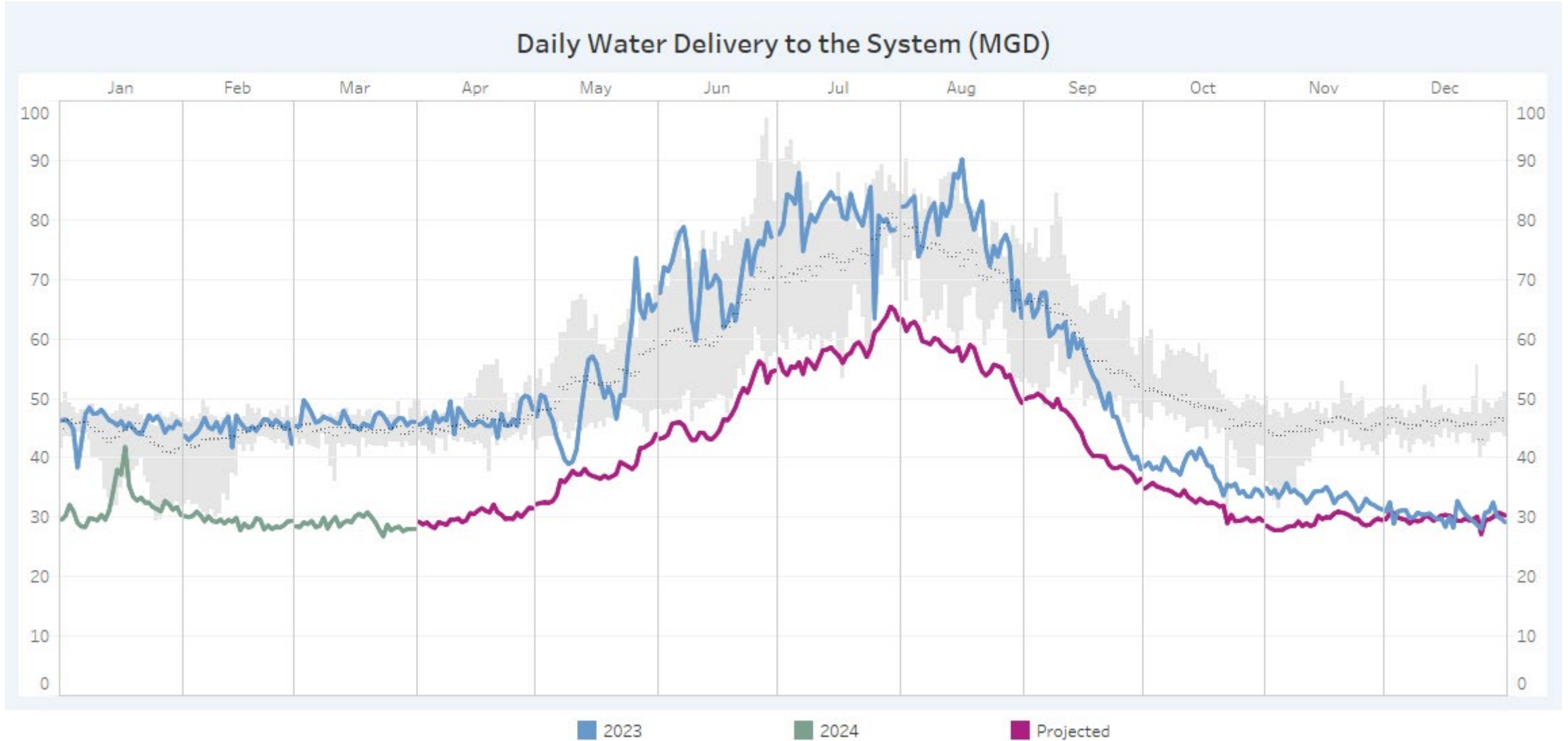
# Billed Water Sales (Revenue)

Budget with WestRock (WR) closure includes 4% system average rate increase approved in 2022. Budget Gap, or the total difference from budget, is projected to be \$7.9 M. The additional 5% rate increase for 2024 recovers nearly \$5 M, leaving about \$2.9 M coming from reserves.



# Unprecedented Reduction in Water Demand

Projections for average daily water delivery in 2024 are significantly lower than we've seen over the period 2014-2022 and requires changes to our system to ensure we are able to continue to meet our mission to provide clean, reliable water for our customers.



# 2023/2024 Biennium Forecast vs. Budget

All \$'s in 1000's	2023			2024			Total		Biennium	
	Budget	Actuals	Difference	Budget	Forecast	Difference	Biennium Budget	Biennium Forecast	Difference \$	Difference %
<b>Revenue</b>										
Residential Water Sales	71,451	72,149	698	74,621	78,352	3,731	146,072	150,501	4,429	3%
Pulp Mill Water Sales	7,607	7,069	(538)	7,912	1,364	(6,547)	15,519	8,433	(7,085)	-46%
Wholesale Water Sales	2,812	2,522	(290)	2,937	3,084	147	5,749	5,606	(144)	-2%
Other Water Sales	20,327	25,492	5,165	21,229	22,290	1,061	41,556	47,783	6,227	15%
Other Operating Revenue	3,652	3,613	(39)	3,711	3,594	(116)	7,363	7,207	(155)	-2%
<b>Total Operating Revenue</b>	<b>105,849</b>	<b>110,845</b>	<b>4,996</b>	<b>110,410</b>	<b>108,869</b>	<b>(1,541)</b>	<b>216,259</b>	<b>219,714</b>	<b>3,455</b>	<b>2%</b>
Non-Operating Revenue (includes BAB's subsidy)	3,737	6,340	2,603	3,387	4,035	648	7,124	10,375	3,251	46%
<b>Total Revenue</b>	<b>109,586</b>	<b>117,185</b>	<b>7,599</b>	<b>113,797</b>	<b>112,904</b>	<b>(893)</b>	<b>223,383</b>	<b>230,090</b>	<b>6,706 (1)</b>	<b>3%</b>
<b>Expenditures</b>										
Personnel Costs	35,596	34,068	(1,528)	37,547	36,661	(887)	73,143	70,729	(2,414) (2)	-3%
Supplies, Other Services & Charges	36,678	33,725	(2,953)	38,215	37,941	(274)	74,893	71,667	(3,226) (3)	-4%
Debt Service	23,928	23,928	-	22,171	21,908	(263)	46,099	45,836	(263)	-1%
Taxes	14,961	16,721	1,760	15,520	14,461	(1,059)	30,481	31,181	700	2%
<b>Total Expenditures</b>	<b>111,163</b>	<b>108,442</b>	<b>(2,721)</b>	<b>113,453</b>	<b>110,970</b>	<b>(2,483)</b>	<b>224,616</b>	<b>219,413</b>	<b>(5,203)</b>	<b>-2%</b>
<b>Total Revenue less Total Expenditures</b>	<b>(1,577)</b>	<b>8,743</b>	<b>10,320</b>	<b>344</b>	<b>1,933</b>	<b>1,590</b>	<b>(1,233)</b>	<b>10,676</b>	<b>11,908</b>	
Reconciling Cash Items		518			1,544					
<b>Appropriation from Current Fund</b>	<b>(1,577)</b>	<b>9,261</b>	<b>9,802</b>	<b>344</b>	<b>388</b>	<b>1,590</b>	<b>(1,235)</b>	<b>10,676</b>	<b>11,908</b>	
<b>Capital Outlay Financing Detail</b>										
Funded from Operating Reserve	12,692	9,685	(3,007)	12,692	12,089	(603)	25,384	21,774	(3,611)	-14%
Funded from Capital Reserves	23,684	26,838	3,154	23,684	12,788	(10,896)	47,368	39,626	(7,743)	-16%
Funded from ARPA Grant	-	1,890	1,890	-	-	-	-	1,890	1,890	
<b>Total Capital Outlay</b>	<b>36,376</b>	<b>38,413</b>	<b>2,037</b>	<b>36,376</b>	<b>24,877</b>	<b>(11,499)</b>	<b>72,752</b>	<b>63,290</b>	<b>(9,464) (4)</b>	<b>-16%</b>
<b>Debt Service Coverage Ratio</b>		<b>3.32x</b>			<b>2.21x</b>			<b>2.21x</b>		
<b>EOY Current Fund (Jan 2023 Beg Balance \$60,380)</b>		<b>59,956</b>			<b>51,344</b>			<b>51,344</b>		

# 2023/2024 Biennium Forecast vs. Budget

## 1. Total Revenue

- Billed Water Sales for the first quarter of 2024 were only \$125,000 over budget.
- Strong water sales in 2023, primarily due to dry weather, resulted in revenue \$5M higher than budgeted.
- Projections for 2024 are for revenue lower than budget by \$1.6M due to mill closure, resulting in net \$3.4M over budget in water sales for the biennium.
- Interest earned on cash balances is \$2.7M higher than budget, biennium to date, fair market value adjustments are hard to predict, and we could see reductions in 2024.
- Total revenue is projected to be \$6.7M higher than budget for the biennium.

## 2. Personnel Expense

- Actual personnel expense is under budget by only about \$942,000 with 33 vacancies at the end of the first quarter.
- Projections include timing adjustments to account for three payday months.

## 3. Supplies, Other Services & Charges

- Assessments are \$1.6M under budget, with \$1.2M from Customer Services.
- Charges from UTS are about \$488,000 lower than budget.
- RWSS debt service was reduced \$446,000 with the Refunding.
- Bad debt expense is \$723,000 under budget due to the reduction in doubtful accounts.
- These reductions are partially offset by increases in several areas including electricity, insurance, operating supplies, audit expense, and equipment rental.

# Capital Budget Spending Summary

<b>Tacoma Water Capital Outlay Budget Approved</b>	<b>\$72,751,918</b>
Add Capital Carryforward Factor Reduction	7,856,944
Add 2 <sup>nd</sup> Diversion RWSS – Tacoma	1,482,418
Add 2 <sup>nd</sup> Diversion RWSS – Other Partners	2,075,386
<b>Total Capital Projects Planned for 2023/2024</b>	<b>\$84,166,666</b>
<b>Total Capital Spent to Date (March 2024)</b>	<b>\$44,034,766</b>
Less 2 <sup>nd</sup> Diversion RWSS – Other Partners	1,190,576
<b>Water Capital Budget Spent (59%)</b>	<b>\$42,844,190</b>
Capital Projects Deferred (GPL Wells, 5A, 3A/13A)	\$8,941,807
Delayed Projects (fleet carryforward)	7,500,000
Capital Grant Received (Tacoma Mall MRP)	1,890,000
<b>Spending Projections (April – December 2024)</b>	<b>20,348,928</b>
<b>Capital Budget Performance Projection (under)</b>	<b>(\$9,558,800)</b>

## 4. Total Capital Outlay

- The 2023/24 capital plan is funded entirely from operating and capital reserves and includes a carryforward factor reduction of \$7.9M to account for projects that span biennia.
- Regional Water Supply System (RWSS) Projects are unique because they are funded by the RWSS Participants through a shared allocation. Although these expenditures are considered O&M Contract Resource Obligations (CRO), they can be paid with capital funding sources such as revenue bonds.
- Due to the loss of demand from the pulp mill, several projects have been paused and deferred.
- Supply chain issues continue, and many of our fleet replacement orders have been delayed, causing about \$7.5 million carryforward to 25/26.
- Capital grant for \$1.9M provided additional funding.
- We have spent about 59% of the capital budget at the end of Quarter 1 2024 and forecast to be nearly \$9.6 million under budget by the end of the biennium.

# Capital Budget Spending Summary

## Summary of 23/24 Biennium Capital Spending (\$ and % of Total Spent)

Project or Program	Status	\$ Spent	% of Total
Pinnacle Ridge Tank and Pump Station	Construction	\$9,488,230	22.1%
Automated Meter Infrastructure (AMI)	Substantially Complete	9,395,981	21.9%
Main Replacement Program (+ Curran Rd)	Various Projects	8,054,219	18.8%
Distribution Renewal and Replacement	Ongoing R&R	4,656,354	10.9%
Fleet Purchases and Replacement	Purchases Delayed *	2,276,077	5.3%
Muckleshoot Indian Tribe Agreement	Contract	1,750,000	4.1%
Service Division Projects (primarily CEP)	Substantially Complete	895,761	2.1%
Pipeline 1 Pressurization Program	Pre-design *	661,169	1.5%
Smart Water (Pressure Monitoring, DMA)	Planning *	518,073	1.2%
Additional Water Storage Project	Planning *	515,241	1.2%
Water Operations Warehouse	Pre-design *	434,200	1.0%
Other Capital Projects	Various	4,198,885	9.8%
<b>Total</b>		<b>\$42,844,190</b>	

\*Significant expenditures planned for upcoming biennia

### Pinnacle Ridge Tank and Pump Station

Summary | Project Details | Red Projects
Back to Summary

#### Tehaleh Reservoir and BPS

**Overall Project Details**

Project Number: TW22-0084F | Intake Priority: ●

Project Manager: Carol Powers | Sponsor: Terry Forslund

Budget: 13,200,000 | WBSE Number: WTR-00625-01-01/WTR-006..

Schedule: 04/01/2019 to 01/13/2025

Overall % Complete: 59%

Current Status: Construction

Status Comments: Tank coating behind schedule. Delay in receiving MCC panels will postpone completion until June 2024, startup in July.

Team Members: Carol Powers, Kit Hansen, Phill Ringrose

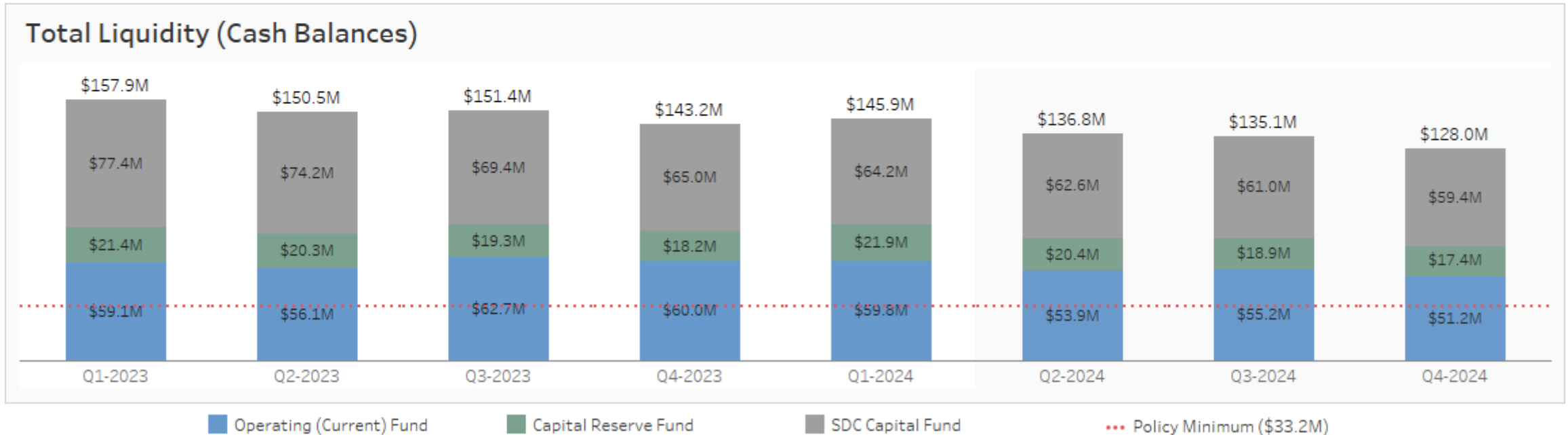
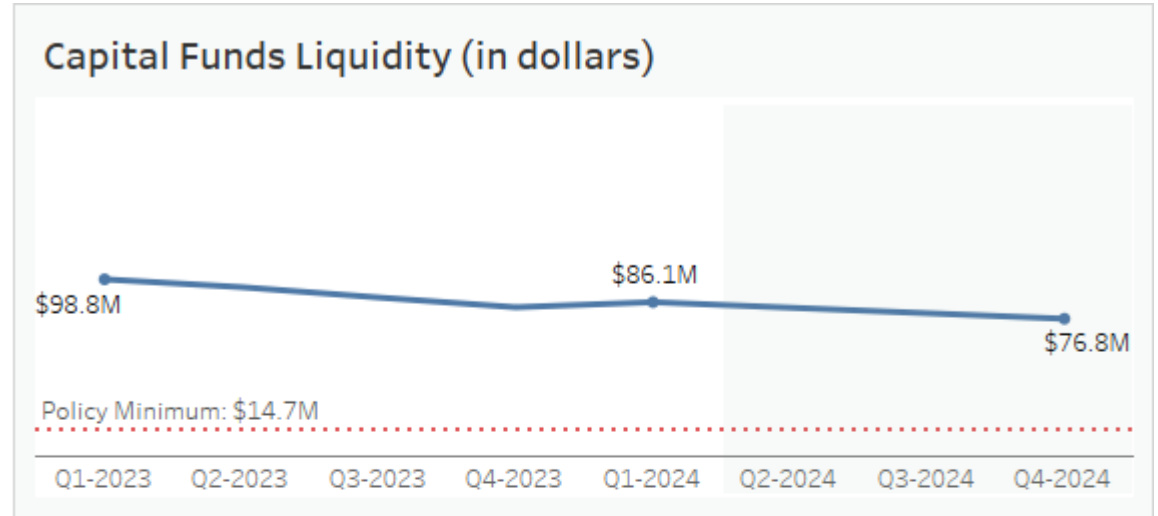
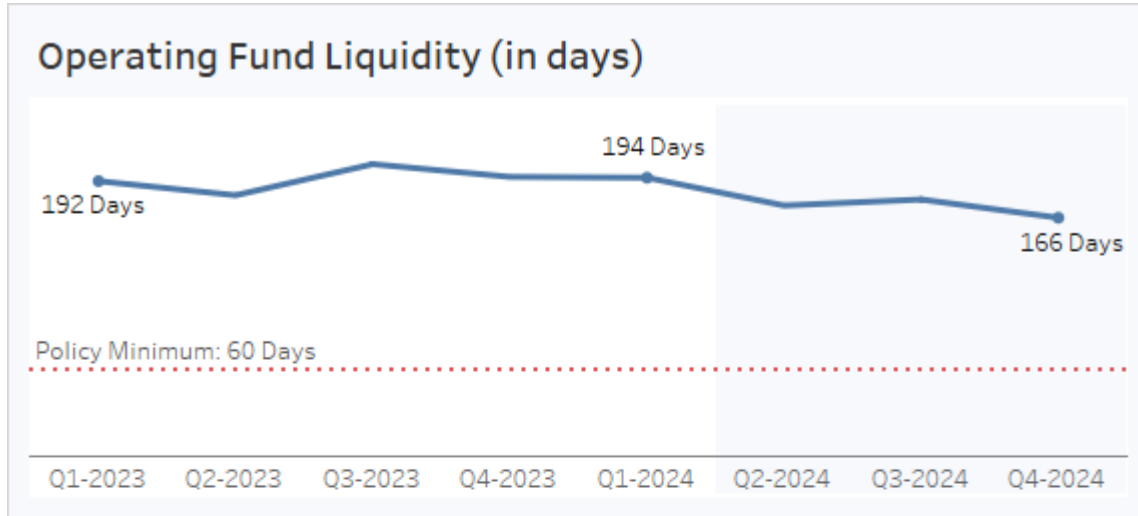
**Project Details by Phase**

Sort by Phase	Task Owner	Team Members	Start	Finish	% Comp.
Initiation	Carol Powers	Michael Washington	4/1/2019	4/1/2019	100%
Planning	Carol Powers	Michael Washington	Null	Null	100%
Design	Carol Powers	RH2 Engineering	10/1/2019	11/30/2022	100%
Procurement	Carol Powers	Jesse Angel, Ryan Foster, Tina Eide	11/15/2021	10/28/2022	100%
Construction	Null	Null	6/11/2024	8/12/2024	0%
	Phill Ringrose	Phill Ringrose	8/13/2024	8/13/2024	
	Phill Ringrose	Phill Ringrose	10/13/2022	7/9/2024	61%
Closeout	Phill Ringrose	Geff Yotter	8/26/2021	1/13/2025	11%

- Resource, schedule, and status details for Water projects are documented on the Planning & Engineering “One Truth” dashboard.
- Additional budget information including biennial spending projections is updated in the Financial Stewardship Adaptive platform.
- Over 22% of our total capital spend this biennium is from this project.
- It is currently in construction, with 75% construction complete, and expected to be in closeout by 1/13/2025.
- Remaining spending is projected to be \$2,700,000.



# 2023/2024 Projected Liquidity & Cash Balance as of 03/31/24



# Tacoma Power Financial Outlook

**1st Quarter 2024**

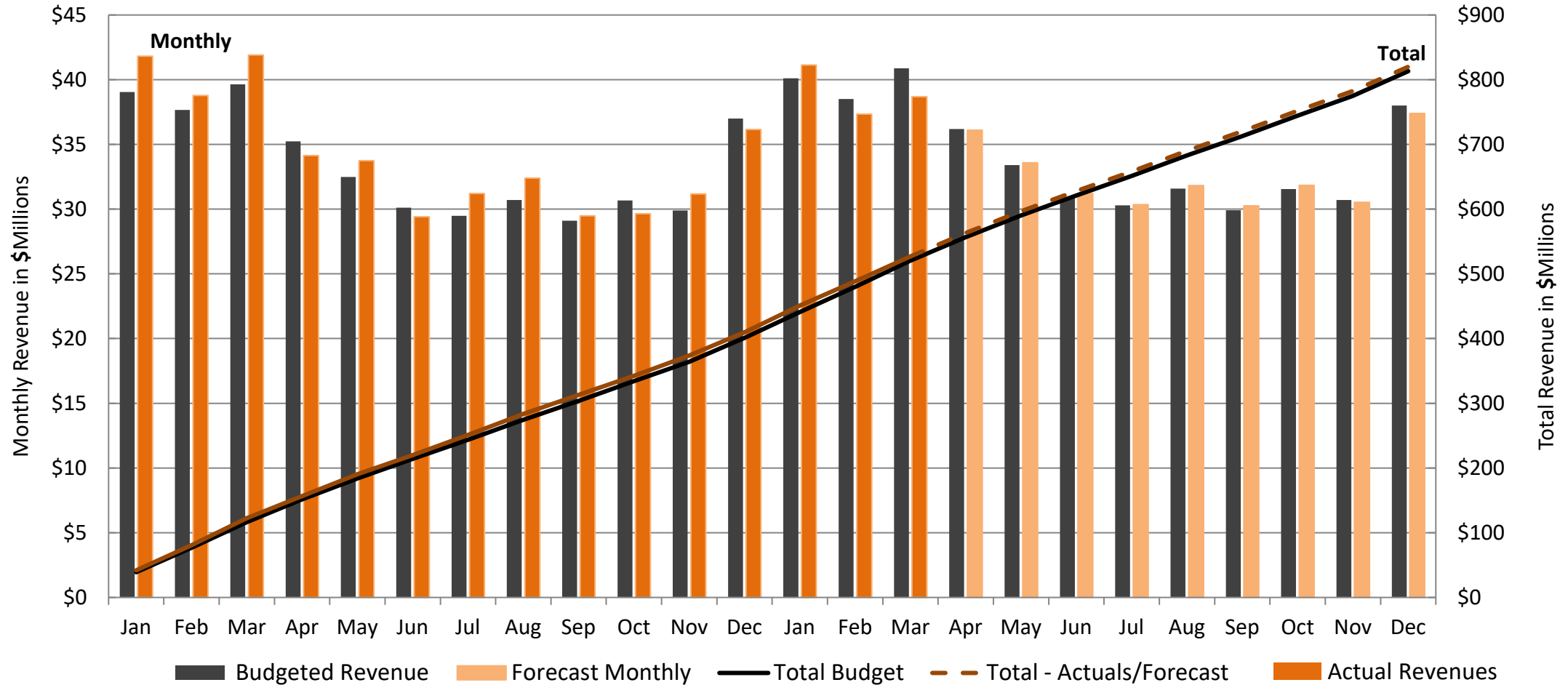
May 8, 2024

## Forecasting Practices

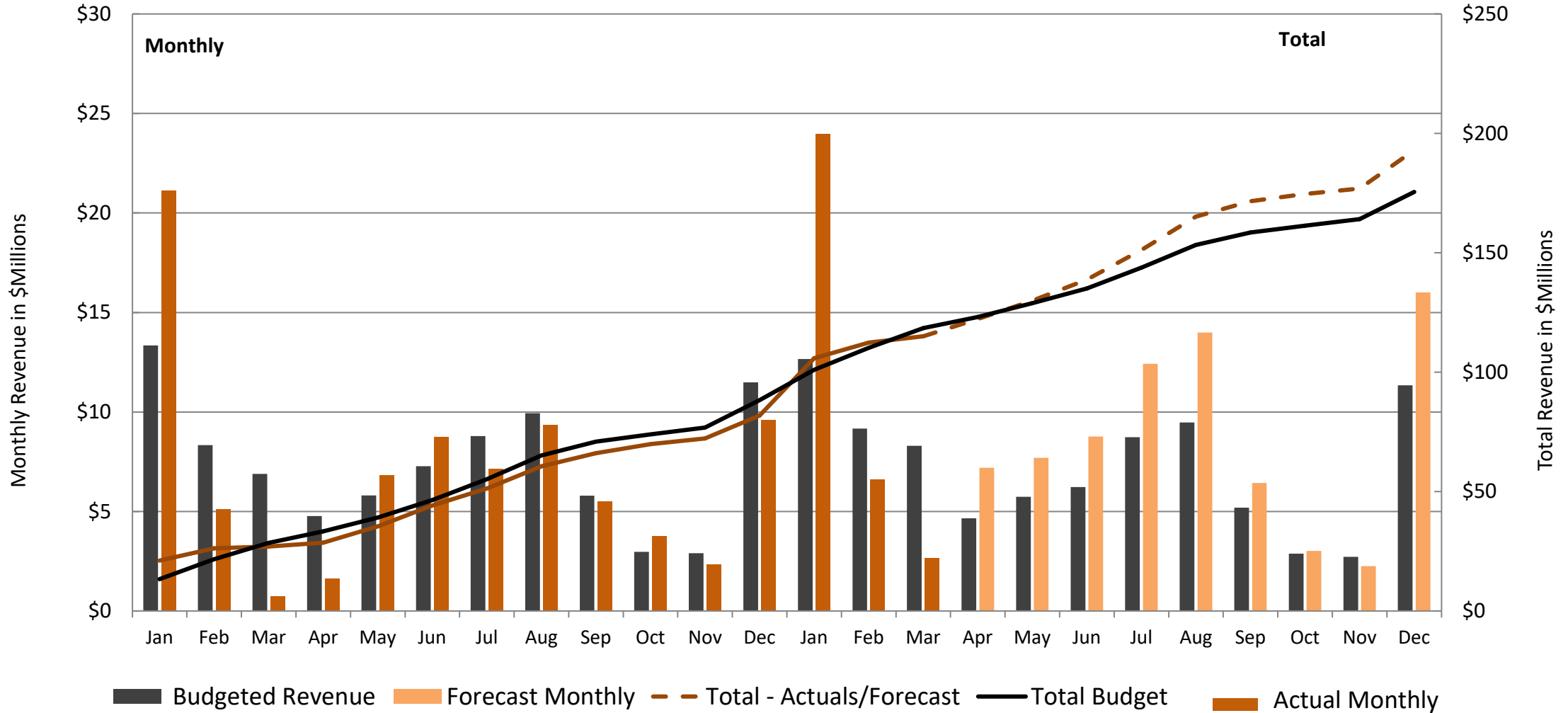


- March 2024 Actuals
  - Adverse water conditions
  - New 2024 load forecast with electrification
  - Budgeted Personnel and O&M expenditures
  - Project estimates of capital spending
- 
- **Forecast for total revenue is \$45.0 million more than budget**
    - Q1 Strengths: Wholesale market prices were 211% higher than the budgeted prices.
    - Q1 Challenges: Inflows to our hydro projects were below average in Q1 2024.
    - Q2 2024 Outlook: High wholesale market prices projected for upcoming months.
  - **Forecast for total expenditures is \$67.1 million less than budget**
    - Q1 Strengths: Most expenses are currently under budget through Q1 2024.
    - Q1 Challenges: Below average hydro conditions in Q1 2024.
    - Q2 2024 Outlook: Anticipate continued increase in taxes due to higher than budgeted revenues.

# 2023/2024 Electric Retail Revenues



# 2023/2024 Gross Wholesale Revenues



# 2023/2024 Biennium Forecast vs. Budget

Notes listed on this slide correlate to the subsequent chart.

## Forecast for Revenue More Than Budget: \$45.0 million (4.2%)

1. Retail Revenues: forecast to be \$6.9 million more than budget (0.8%).
  - Retail revenues were \$7.1 million more than budget through the first quarter of 2024 mostly due to colder than forecasted weather in 2023 which resulted in higher than forecasted heating loads and electricity sales.
  - Future retail revenues are expected to be below budget due to the loss of WestRock.
2. Gross Wholesale Revenues: forecast is \$17.5 million more than budget (10.0%).
  - Gross biennium wholesale revenues through first quarter were \$3.4 million lower than budget.
  - Water inflows improved through Q1 2024 but remain below average.
  - Wholesale power prices through Q1 2024 were approximately 211% higher than what was assumed in the budget.
  - Forecasts reflect high wholesale sale power prices to persist in future months.
3. Other Electric Revenues: forecast is \$7.7 million more than budget (14.7%)
  - Other electric revenues were more than budget due to higher than planned transmission sales, rental of electric property, and energy efficiency incentives from BPA in 2023.
4. Other Revenues: forecast is \$13.0 million more than budget (54.4%)
  - Other revenues were more than budget due to higher than planned interest revenues.

# 2023/2024 Biennium Forecast vs. Budget

Notes listed on this slide correlate to the subsequent chart.

## Forecast for Expenditures Less Than Budget: \$67.1 million (-6.2%)

5. Purchased power expenses: forecast is \$35.2 million less than budget (-10.0%)
  - Purchased power expenses are \$35.4 million under budget through Q1 2024.
    - BPA purchases are \$21 million under budget due to a reduction in load from the loss of WestRock and a rate reduction credit we are receiving this year.
  - Wholesale market purchases through the end of the biennium are forecasted to be higher than budget.
6. Personnel expenses: forecast is \$11.6 million less than budget (-4.4%)
  - Actual personnel expenses were under budget through Q1 2024 by \$11.7 million due to vacancies.
  - Future personnel expense forecasts reflect approved budget.
7. Supplies, Other Services, & Charges: forecast is \$26.6 million less than budget (-13.2%)
  - Biennium spending through Q1 2024 is under budget by \$23.4 million, primarily in external contracts and professional services, related to:
    - Timing differences between planned spending and when actual costs occurred.
    - Planned projects that have not yet started.
    - Costs that have been moved to capital.

# 2023/2024 Biennium Forecast vs. Budget

Notes listed on this slide correlate to the subsequent chart.

## Forecast for Expenditures, Less Than Budget: \$67.1 million (cont.)

8. Revenue funded capital expenses: forecast to be \$650 thousand more than budget (0.8%)
  - Actual biennium revenue-funded capital spending is \$1.3 million more than budget through Q1 2024, with temporary funding of all Q1 project expenses from revenues.
  - With forecasted reimbursement and likely delays in receipt of materials, revenue-funded capital is anticipated to come in at, or just below, budget by the end of the biennium.
9. Taxes: forecast is \$6.2 million more than budget (5.1%)
  - Our Gross Earnings Taxes through Q1 2024 are higher than budget due to higher than budgeted revenues.
10. Overall, we are forecasting total expenditures to be less than budget, not including bond-funded capital spending.

## Forecast for Net Revenues More Than Budget: \$112.1 million

10. Net Revenue forecast to be \$112.1 million more than budget, not including our bond-funded capital spending.



# 2023/2024 Biennium Forecast vs. Budget

## Tacoma Power 2023/2024 Biennium Adjusted Estimates Comparison to Budget

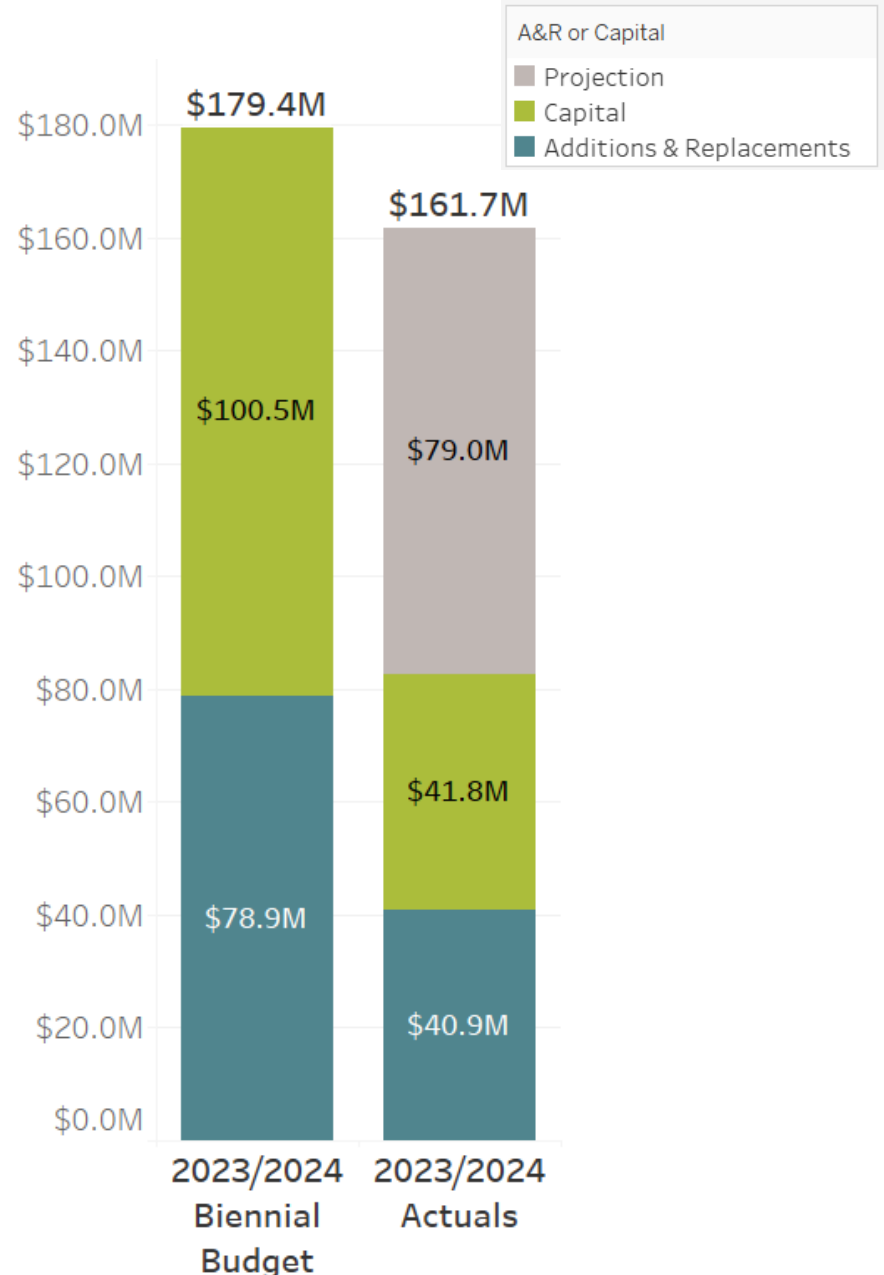
as of 3/31/2024

All \$'s in 1000's

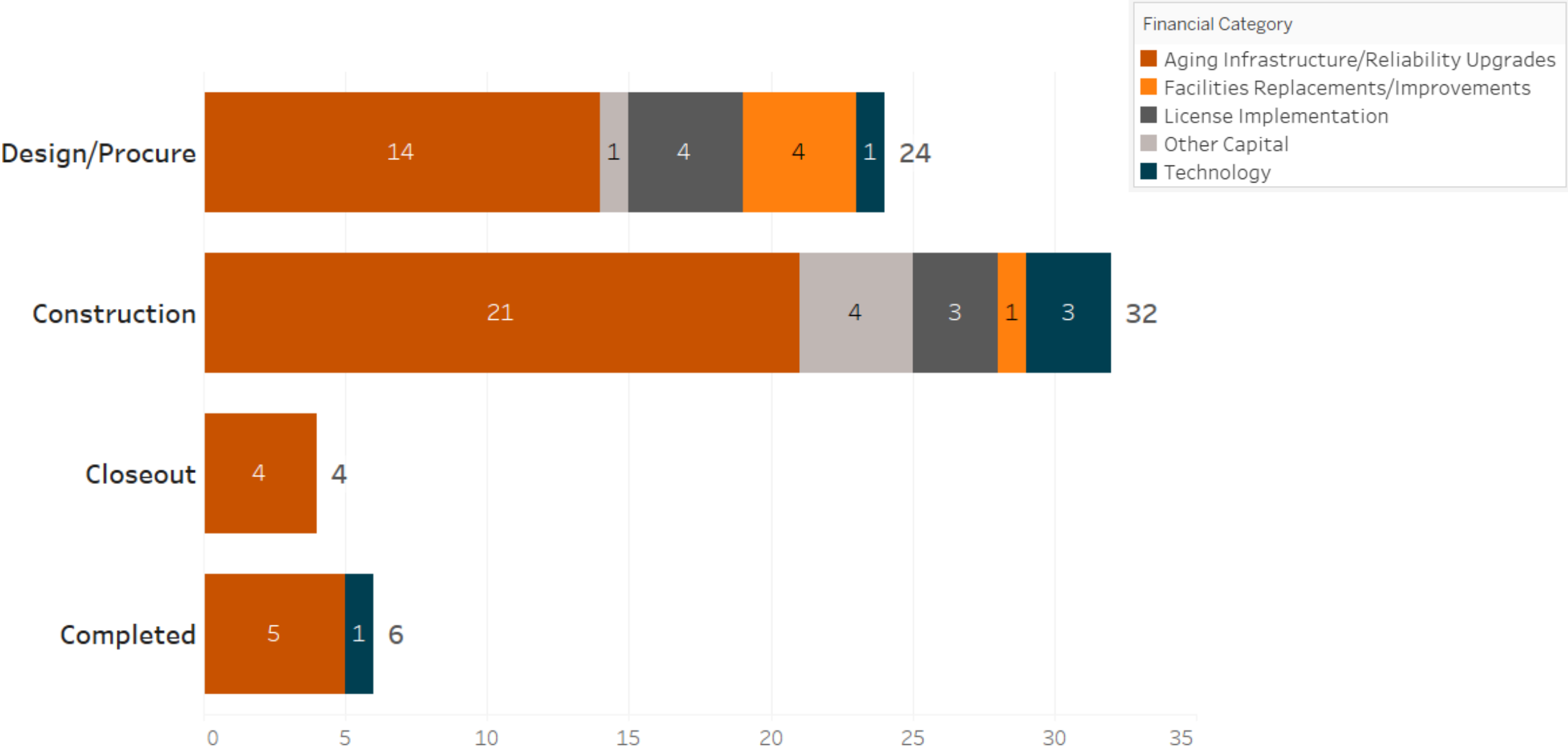
	2023 Budget	2023 Actual	2023 Difference	2024 Budget	2024 Actual / Forecast	2024 Difference	Total Biennium Budget	Total Biennium Forecast	Biennium Difference	Note	Biennium Diff. (%)
<b>Revenue</b>											
Retail Sales	\$401,034	\$409,814	\$8,779	\$412,109	\$410,227	(\$1,882)	\$813,143	\$820,041	\$6,898	(1)	0.8%
Bulk Power (wholesale) Sales	\$88,337	\$81,853	(\$6,485)	\$87,109	\$111,051	\$23,942	\$175,446	\$192,903	\$17,457	(2)	10.0%
Other Electric Revenue	\$24,047	\$31,424	\$7,377	\$28,428	\$28,750	\$322	\$52,475	\$60,174	\$7,699	(3)	14.7%
<b>Total Operating Revenue</b>	<b>\$513,418</b>	<b>\$523,090</b>	<b>\$9,672</b>	<b>\$527,646</b>	<b>\$550,028</b>	<b>\$22,382</b>	<b>\$1,041,064</b>	<b>\$1,073,118</b>	<b>\$32,054</b>		3.1%
Other Income	\$11,494	\$21,482	\$9,989	\$12,295	\$15,247	\$2,952	\$23,788	\$36,729	\$12,941	(4)	54.4%
<b>Total Revenue</b>	<b>\$524,912</b>	<b>\$544,572</b>	<b>\$19,660</b>	<b>\$539,940</b>	<b>\$565,275</b>	<b>\$25,334</b>	<b>\$1,064,852</b>	<b>\$1,109,847</b>	<b>\$44,995</b>		4.2%
<b>Expenses</b>											
Purchased Power & RECs	\$175,354	\$151,575	(\$23,779)	\$176,643	\$165,196	(\$11,448)	\$351,997	\$316,771	(\$35,227)	(5)	-10.0%
Personnel Costs	\$126,681	\$117,940	(\$8,742)	\$136,522	\$133,691	(\$2,831)	\$263,204	\$251,630	(\$11,573)	(6)	-4.4%
Supplies, Other Services & Charges	\$103,339	\$81,660	(\$21,679)	\$98,555	\$93,627	(\$4,928)	\$201,894	\$175,288	(\$26,607)	(7)	-13.2%
Revenue Funded Capital Outlay	\$41,319	\$35,681	(\$5,638)	\$41,319	\$47,606	\$6,288	\$82,637	\$83,287	\$650	(8)	0.8%
Debt Service	\$32,137	\$32,920	\$783	\$35,922	\$34,531	(\$1,391)	\$68,059	\$67,451	(\$608)		-0.9%
Taxes	\$60,797	\$63,865	\$3,068	\$62,696	\$65,870	\$3,174	\$123,493	\$129,736	\$6,242	(9)	5.1%
<b>Total Expenses</b>	<b>\$539,628</b>	<b>\$483,641</b>	<b>(\$55,987)</b>	<b>\$551,657</b>	<b>\$540,522</b>	<b>(\$11,135)</b>	<b>\$1,091,285</b>	<b>\$1,024,163</b>	<b>(\$67,122)</b>		-6.2%
<b>Total Revenues less Expenses</b>	<b>(\$14,716)</b>	<b>\$60,932</b>	<b>\$75,647</b>	<b>(\$11,717)</b>	<b>\$24,753</b>	<b>\$36,470</b>	<b>(\$26,432)</b>	<b>\$85,685</b>	<b>\$112,117</b>	(10)	
<b>Capital Outlay Financing Detail</b>											
Funded From Revenue Funds	\$41,319	\$35,681	(\$5,638)	\$41,319	\$47,606	\$6,288	\$82,637	\$83,287	\$650		0.8%
Funded From Bond Fund	\$48,371	\$31,816	(\$16,555)	\$48,371	\$59,581	\$11,210	\$96,742	\$91,397	(\$5,345)		-5.5%
<b>Total Capital Outlay</b>	<b>\$89,690</b>	<b>\$67,496</b>	<b>(\$22,193)</b>	<b>\$89,690</b>	<b>\$107,187</b>	<b>\$17,498</b>	<b>\$179,379</b>	<b>\$174,684</b>	<b>(\$4,695)</b>		-2.6%
<b>Ratios</b>											
Debt Service Coverage Ratio	1.83	3.93	2.11	2.03	3.07	1.04					
Days Liquidity	339	412	73	322	376	53					
EOY Rate Stabilization Fund Balance	\$63,000	\$158,000	\$95,000	\$63,000	\$158,000	\$95,000					
EOY Current Fund Balance	\$239,410	\$265,261	\$25,851	\$226,213	\$271,613	\$45,400					
<b>Total Liquidity</b>	<b>\$302,410</b>	<b>\$423,261</b>		<b>\$289,213</b>	<b>\$429,613</b>						

# 2023/2024 Capital Spending

	23/24 Budget	23/24 Actuals	% of Actuals
<b>Additions &amp; Replacements</b>	\$78,852,000	\$40,850,946	49.4%
<b>Aging Infrastructure / Reliability Upgrades</b>	\$33,638,000	\$16,611,645	20.1%
<b>Technology</b>	\$31,401,000	\$16,381,441	19.8%
<b>Regulatory</b>	\$9,954,000	\$4,964,056	6.0%
<b>License Implementation</b>	\$9,296,000	\$1,566,951	1.9%
<b>Facilities Replacements / Improvements</b>	\$8,393,000	\$885,765	1.1%
<b>Other Capital</b>	\$7,845,000	\$1,419,754	1.7%
<b>Grand Total</b>	<b>\$179,379,000</b>	<b>\$82,680,557</b>	<b>100.0%</b>



# Capital Projects by Phase



*Excludes A&Rs and regulatory programs*

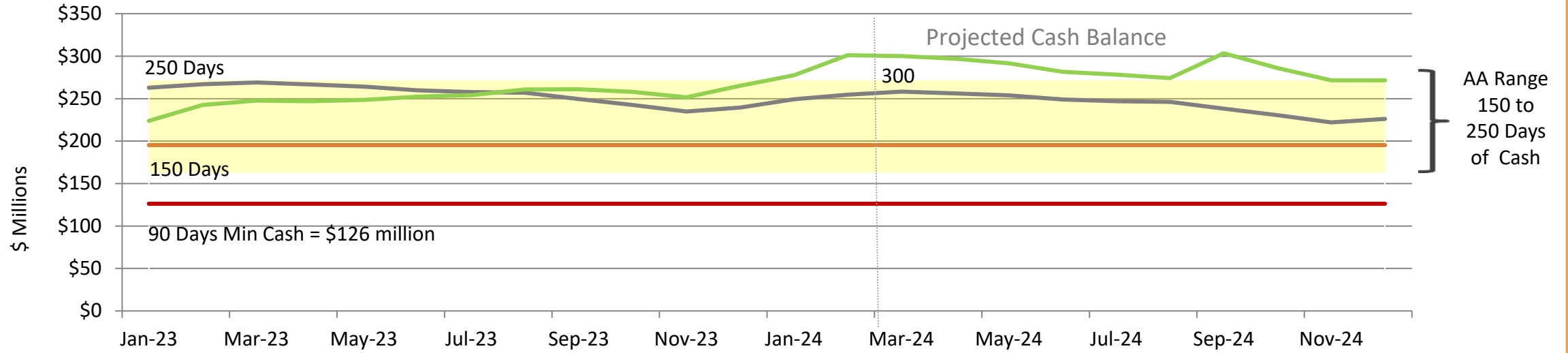


# Capital Projects above \$5M

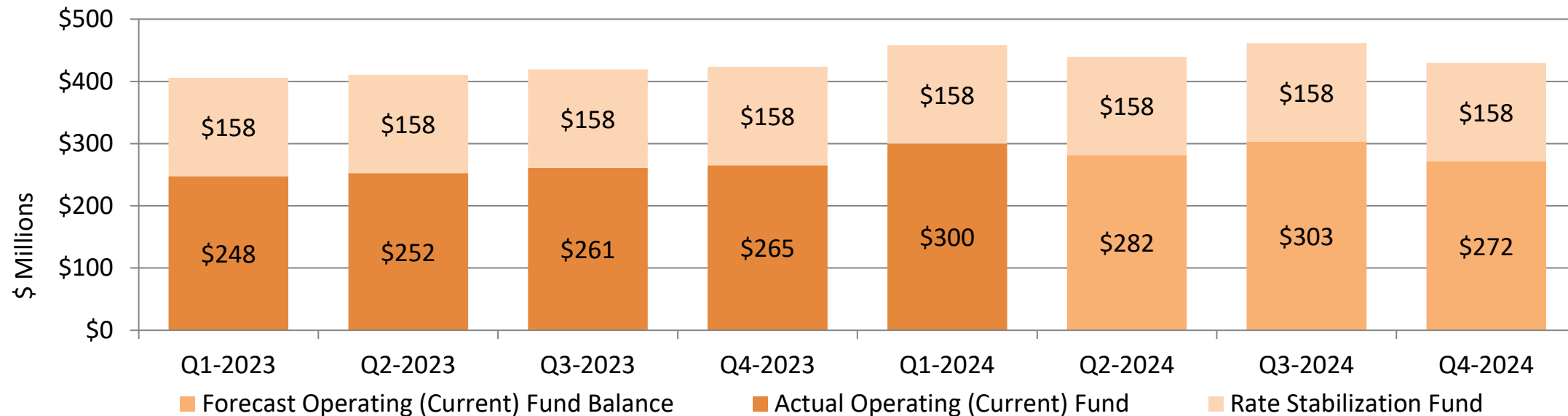
Active Projects	Phase	Life-to-Date* Budget	Life-to-Date Actuals
Advanced Metering Infrastructure (AMI)	Construction	\$48,418,000	\$37,702,554
Automated Distribution Mgmt System (ADMS)	Design/Procure	\$13,997,000	\$0
Hydro Generator Life-Extension Program	Construction	\$13,731,000	\$10,124,676
Cushman #2 U31, U32 Rebuild	Design/Procure	\$12,168,000	\$8,908,860
TPU Admin Complex Storage & Parking Facility	Design/Procure	\$5,293,000	\$201,620
Mayfield Fish Passage Modification	Design/Procure	\$5,129,000	\$1,567,703
Completed Projects			
Cowlitz Salmon Hatchery Barrier Dam Repair	Completed	\$15,790,000	\$15,937,979
Mayfield Bank 1 Transformer Replacement	Completed	\$6,297,000	\$6,423,712

\*Life-to-Date (LTD) refers to all funding to-date that has been appropriated for the project, independent of the biennium. A significant portion of Tacoma Power's project portfolio is considered multi-biennium due to the long duration of the projects.

# 2023/2024 Projected Liquidity Balance as of 3/31/24



AA Rating Range (150 - 250 days) Target Liquidity (180 Days) Budget Current Fund Operating (Current) Fund Min Cash (90 Days)



# Tacoma Rail Financial Outlook

**1st Quarter 2024**

May 8, 2024

# Summary of Financial Outlook

- Incorporates actual revenues and expenditures through March 2024 with projections for the remainder of the biennium
- **Forecast for total revenues is \$7.9M or 11% above budget**
  - Q1 Challenges: Intermodal volumes are 5% below budget for Q1, however, April 2023 intermodal volumes are 27% above budget. Intermodal continues to be sporadic.
  - Q1 Strengths: Commercial railcar volume is 6% above budget for Q1 and continues to look strong. Demurrage revenue was 62% above budget.
  - Q2 Outlook: Railcar volumes to continue to be strong with intermodal volumes increasing above Q1.
- **Forecast for total expenditures is \$0M or 0% under budget**
  - Q1 Challenges: Supply chain constraints continue to affect expenses and capital project completions.
  - Q1 Strengths: Filling vacant budgeted FTE's needed for railroad service.
  - Q2 Outlook: Continue to work through supply chain challenges and associated costs.

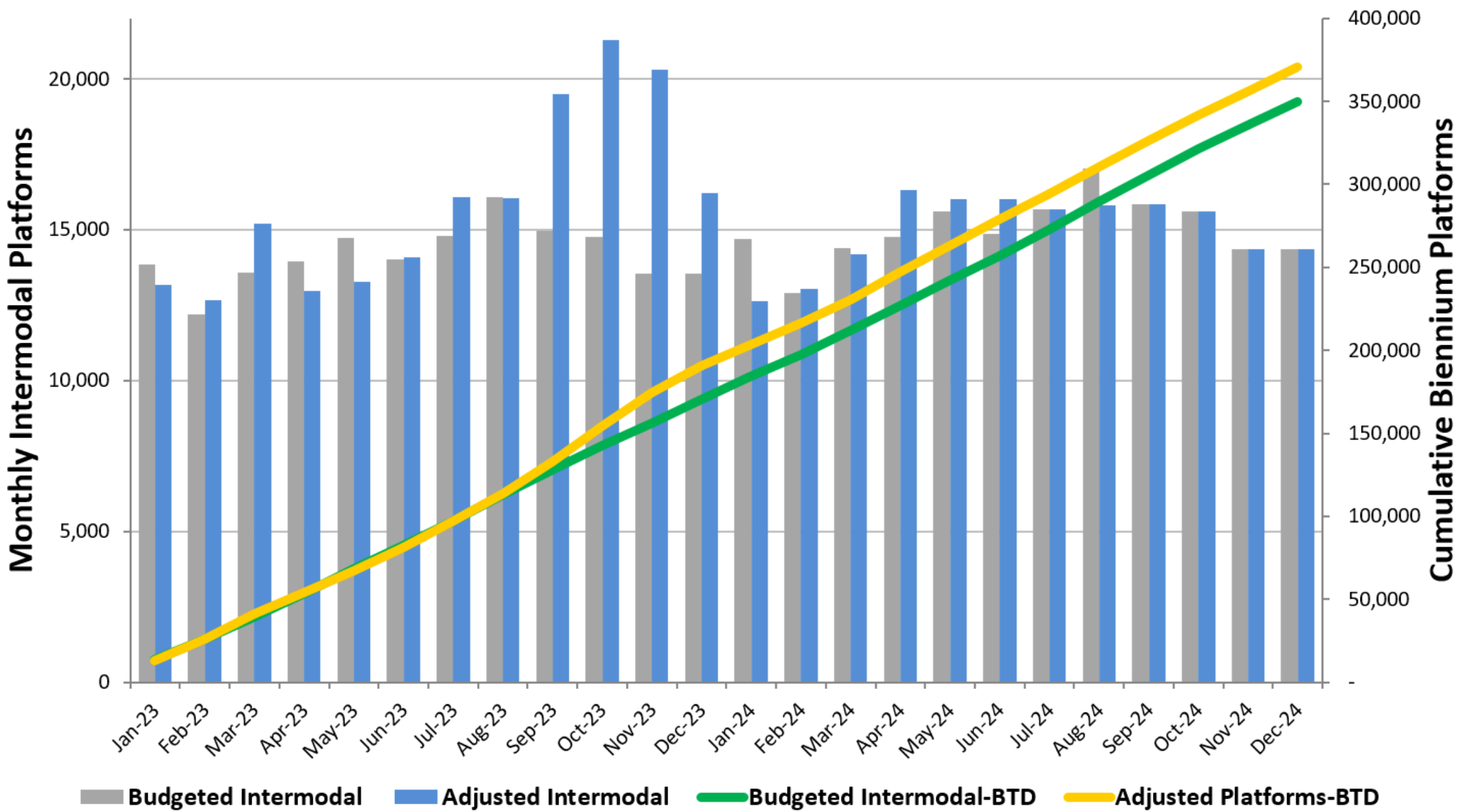
# Summary of Rail Volumes

Quarter	2023		2024		%	
	Intermodal	Commercial	Intermodal	Commercial	Intermodal	Commercial
1	41,007	15,361	39,833	15,730	-3%	2%
2						
3						
4						
<b>Total</b>	<b>41,007</b>	<b>15,361</b>	<b>39,833</b>	<b>15,730</b>	<b>-3%</b>	<b>2%</b>

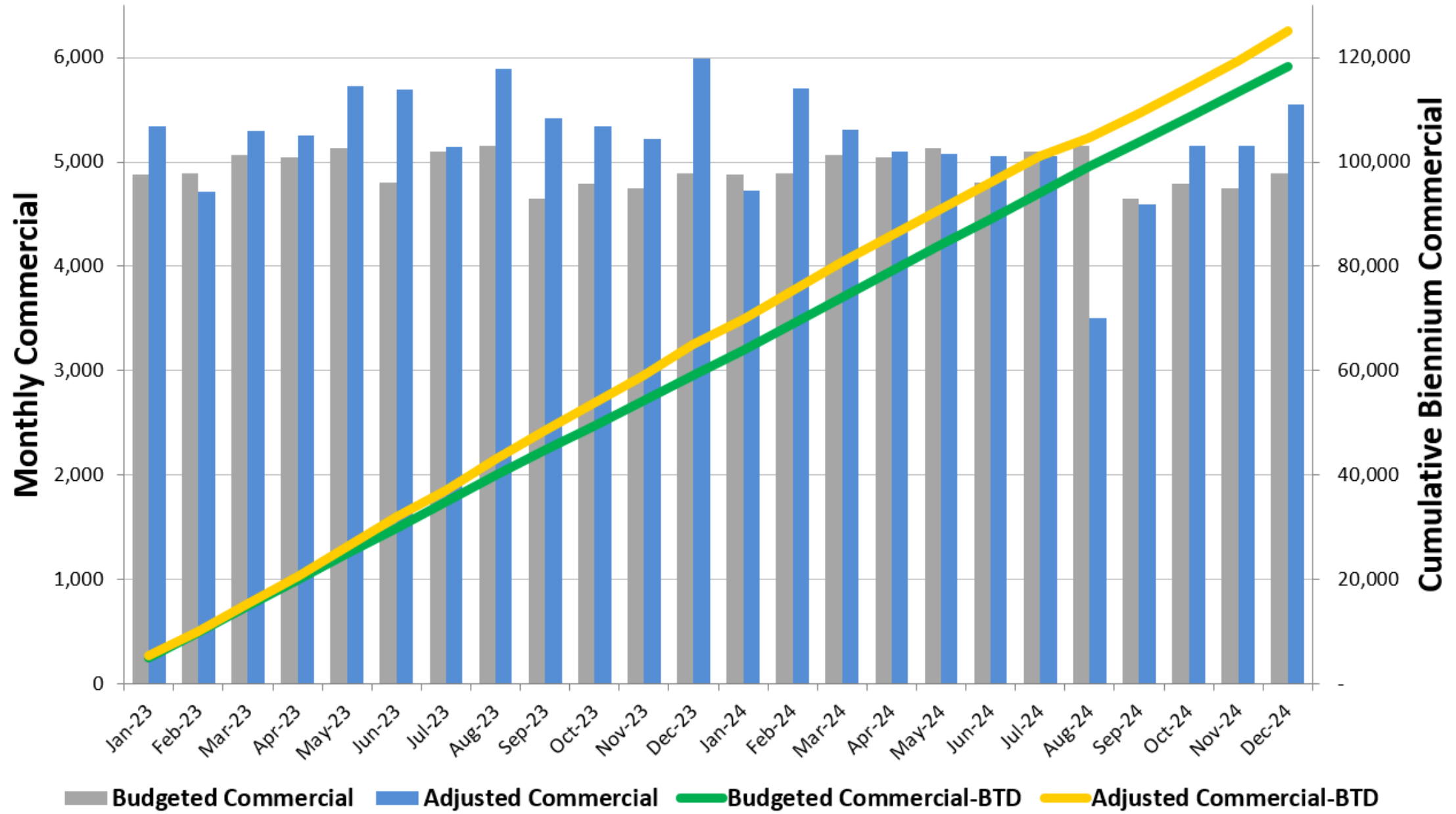
Quarter	2024 Budget		2024		%	
	Intermodal	Commercial	Intermodal	Commercial	Intermodal	Commercial
1	41,953	14,832	39,833	15,730	-5%	6%
2						
3						
4						
<b>Total</b>	<b>41,953</b>	<b>14,832</b>	<b>39,833</b>	<b>15,730</b>	<b>-5%</b>	<b>6%</b>



# Intermodal Volumes



# Commercial Volumes



# 2023/2024 Biennium Forecast vs. Budget

1. Railcar volumes above budget.
2. Railcar dwell above budgeted demurrage revenue.
3. Unfilled budgeted positions. New FTE's being added.
4. Primarily due to extended locomotive leases, locomotive maintenance and related costs.
5. Capital outlay reduction due to the majority of battery electric locomotive costs not expected at this time in 2024. Projects shifting between 2022, 2023 and 2024 due to supply chain constraints and expectations.

# 2023/2024 Biennium Forecast vs. Budget

Values in thousands

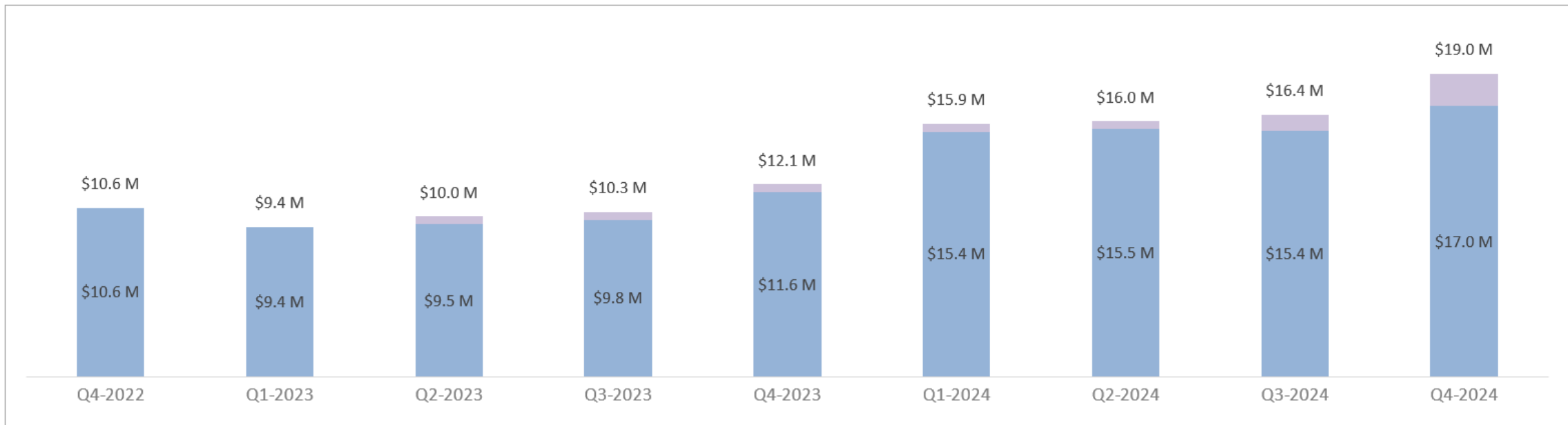
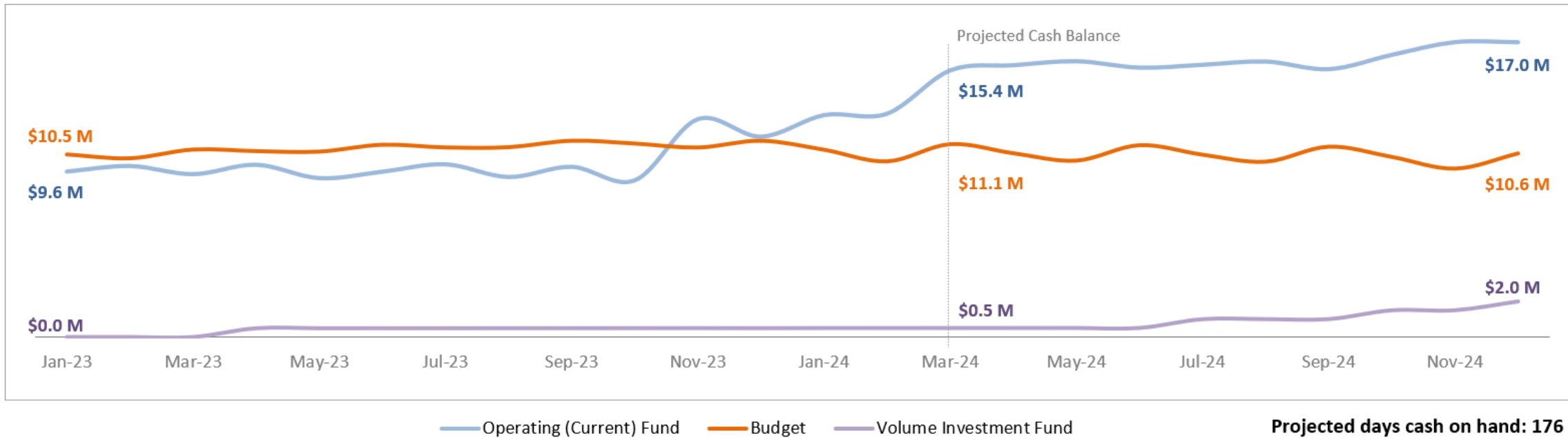
	2023 Budget	2023	2023 Difference	2024 Budget	2024 Forecast	2024 Difference	Budget Biennium	Adjusted Forecast	Biennium Difference	Biennium Diff. (%)
<b>Revenue</b>										
Switching Revenue	\$ 30,482	\$ 34,827	\$ 4,345	\$ 32,677	\$ 33,606	\$ 929	\$ 63,159	\$ 68,432	\$ 5,273	8% (1)
Demurrage Fees	1,500	2,243	743	1,500	1,916	416	3,000	4,159	1,159	39% (2)
Locomotive Servicing	1,227	1,695	468	1,227	1,895	668	2,454	3,590	1,136	46%
Other	213	490	277	213	259	46	427	749	323	76%
<b>Total Operating Revenue</b>	<b>\$ 33,422</b>	<b>\$ 39,256</b>	<b>\$ 5,833</b>	<b>\$ 35,617</b>	<b>\$ 37,675</b>	<b>\$ 2,058</b>	<b>\$ 69,040</b>	<b>\$ 76,931</b>	<b>\$ 7,891</b>	<b>11%</b>
Interest	118	195	77	118	365	248	235	560	325	138%
Rent & Misc Income	481	311	(170)	481	305	(176)	962	616	(346)	-36%
<b>Total Revenue &amp; Avail Funds</b>	<b>\$ 34,021</b>	<b>\$ 39,762</b>	<b>5,740</b>	<b>\$ 36,216</b>	<b>\$ 38,345</b>	<b>\$ 2,129</b>	<b>\$ 70,238</b>	<b>\$ 78,107</b>	<b>\$ 7,869</b>	<b>11%</b>
<b>Expenditures</b>										
Personnel Costs	\$ 17,887	\$ 16,963	\$ (924)	\$ 18,572	\$ 18,228	\$ (344)	\$ 36,459	\$ 35,191	\$ (1,268)	-3% (3)
Supplies, Other Services	9,787	10,467	680	9,686	10,516	830	19,473	20,983	1,510	8% (4)
Current Fund Capital Outlay	1,355	3,667	2,312	4,365	979	(3,386)	5,720	4,646	(1,074)	-19% (5)
Debt Service	968	908	(61)	897	897	-	1,865	1,805	(61)	-3%
Taxes	3,309	3,841	532	3,432	3,701	269	6,741	7,543	802	12%
<b>Total Expenditures</b>	<b>\$ 33,306</b>	<b>\$ 35,846</b>	<b>\$ 2,540</b>	<b>\$ 36,952</b>	<b>\$ 34,321</b>	<b>\$ (2,631)</b>	<b>\$ 70,258</b>	<b>\$ 70,167</b>	<b>\$ (90)</b>	<b>0%</b>
<b>Total Revenues Less Expenditures</b>	<b>\$ 716</b>	<b>\$ 3,915</b>	<b>\$ 3,200</b>	<b>\$ (736)</b>	<b>\$ 4,025</b>	<b>\$ 4,760</b>	<b>\$ (20)</b>	<b>\$ 7,940</b>	<b>\$ 7,960</b>	
<b>Appropriation from Current Fund</b>	<b>\$ (716)</b>	<b>\$ (962)</b>	<b>\$ (247)</b>	<b>\$ 736</b>	<b>\$ (5,413)</b>	<b>\$ (6,149)</b>	<b>\$ 20</b>	<b>\$ (7,940)</b>	<b>\$ (7,960)</b>	
<b>Capital Outlay Financing Detail</b>										
Funded from Current Fund	\$ 1,355	\$ 3,667	\$ 2,312	\$ 4,365	\$ 979	(3,386)	\$ 5,720	\$ 4,646	\$ (1,074)	-19%
Grants, Transfers & Pledges	1,715	267	(1,448)	4,645	1,368	(3,277)	6,360	1,635	(4,725)	-74%
Funded from New Debt	590	903	313	1,400	1,916	516	1,990	2,819	829	42%
<b>Total Capital Outlay</b>	<b>\$ 3,660</b>	<b>\$ 4,838</b>	<b>\$ 1,178</b>	<b>\$ 10,410</b>	<b>\$ 4,263</b>	<b>\$ (6,147)</b>	<b>\$ 14,070</b>	<b>\$ 9,101</b>	<b>\$ (4,969)</b>	<b>-35%</b>
<b>Starting Cash Balance</b>	<b>\$ 10,589</b>	<b>\$ 10,589</b>	<b>-</b>	<b>\$ 11,305</b>	<b>\$ 11,551</b>	<b>247</b>	<b>\$ 10,589</b>	<b>\$ 10,589</b>	<b>0%</b>	<b>0%</b>
<b>EOY Current Fund Balance</b>	<b>\$ 11,305</b>	<b>\$ 11,551</b>	<b>247</b>	<b>\$ 10,569</b>	<b>\$ 16,965</b>	<b>6,396</b>	<b>\$ 10,569</b>	<b>\$ 16,965</b>	<b>61%</b>	<b>61%</b>
<b>Volume Investment Fund</b>	<b>\$ 500</b>	<b>\$ 500</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 1,500</b>	<b>1,500</b>	<b>\$ 500</b>	<b>\$ 2,000</b>	<b>300%</b>	<b>300%</b>

Values in thousands

# Current Large Capital Projects

Project	Phase	Estimated Project Cost	Life-to-Date Actuals	Additional Funding
Battery Electric Locomotives	Pre-obligation activities	\$16.0M	\$0.0M	Grants State Appropriations
Annie Tracks & Switch Curve Upgrade	Solicitating for bids	\$2.5M	\$0.0M	WSDOT Loan Port of Tacoma CIAC
Crossing Signalization	Design complete	\$2.5M	\$0.6M	Grant
Alexander Wye & Storage Tracks	Completed	\$1.2M	\$1.2M	WSDOT Loan
Track Ballast Tamper	Specification design	\$1.4M	\$0.0M	WSDOT Loan

# Biennium Cash Projection











































# Performance Metrics Update

**1st Quarter 2024**

May 8, 2024

# Performance Metrics Summary



Quarter 1, 2024 Performance Metrics Report Tacoma Public Utilities		
 TACOMA POWER TACOMA PUBLIC UTILITIES	 TACOMA WATER TACOMA PUBLIC UTILITIES	 TACOMA RAIL TACOMA PUBLIC UTILITIES
<b>Financial Performance</b> - Supports Strategic Directive: 2 (Financial Stability)		
1 Debt Service Coverage 	1 Debt Service Coverage 	1 Debt Service Coverage 
2 Liquidity - Days Cash on Hand 	2 Liquidity - Days Cash on Hand 	2 Liquidity - Days Cash on Hand 
3 Budget Performance 	3 Budget Performance 	3 Budget Performance 
<b>Operational Excellence</b> - Supports Strategic Directives: 3 (Rates); 5 (Environmental Leadership); 7 (Reliability & Resiliency)		
4 Residential Bill Comparison 	4 Residential Bill Comparison 	4 Railroad Tariffs Comparison 
5a Distribution O&M Cost per Customer 	5 O&M Cost per Account 	5 Operating Ratio 
5b Power Supply Expense per kWh Sold 	6 Unplanned Service Disruptions 	6 Locomotives Serviced 
6 Outage Duration 	7 Distribution System Leakage 	7 On-Time Switching 
7 Outage Frequency 	8 Water Conservation 	8 Storm Water Stewardship 
8 Non-Carbon Power Resources 		
9 Power Conservation 		
<b>Commitment to Cust &amp; Employees</b> - Supports Strategic Directives: 5 (Environ. Leadership); 7 (Reliability); 12 (Emp. Relations); 13 (Customer Svc)		
10 Customer Satisfaction 	9 Customer Satisfaction 	9 Customer Satisfaction 
11 Employee Satisfaction 	10 Employee Satisfaction 	10 Employee Satisfaction 
12 Employee Safety 	11 Employee Safety 	11 Employee Safety 
13 Call Center Responsiveness 	12 Call Center Responsiveness 	



# Performance Metrics Highlights



## ❖ Financial Performance

- Q1 performance favorable across all metrics

## ❖ Operational Excellence

- Distribution O&M (*new*) – benchmark projection below actuals
- Power Supply (*new*) - added as complement to Distribution O&M
- Water O&M expenses higher in prior 12 months, combined with lower benchmark

## ❖ Commitment to Customers & Employees

- Safety metrics review to occur as part of director's work plan
- Call Center response times impacted by staffing shortages. New hires in May.