

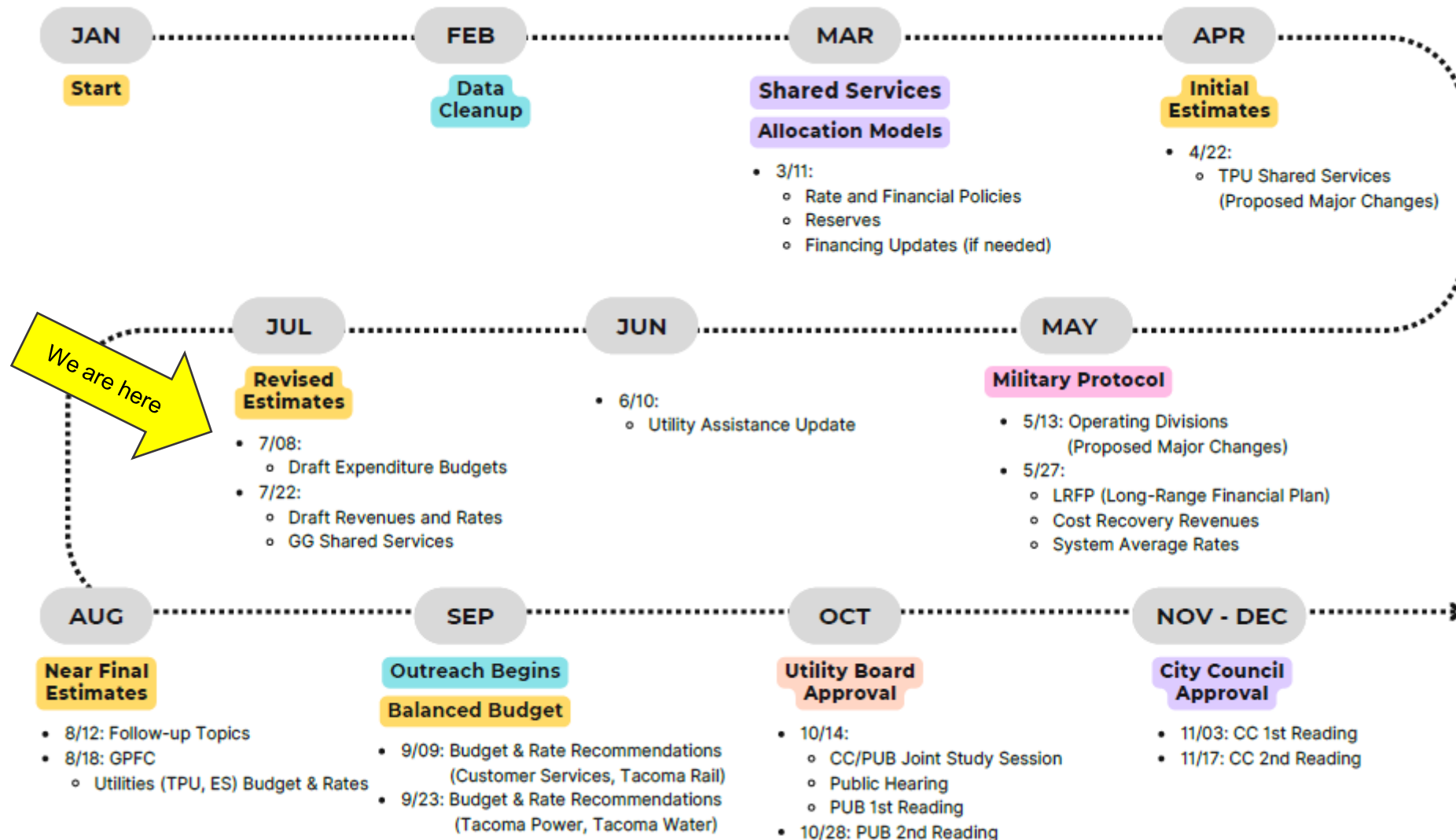
A low-angle photograph of the Tacoma Public Utilities building, a modern structure with a prominent cantilevered upper floor. The building is illuminated from within, casting a warm glow against the clear blue sky. A sign on the upper left corner of the building reads "TPU TACOMA PUBLIC UTILITIES".

2027-2028 TPU Draft Expenditure Budgets

July 08, 2026



2026 Budget & Rates Timeline



Common Expense Drivers



Labor Market/Negotiated Wage Increases



Benefit Increases (e.g., medical, dental)



Retail Sales Tax Changes (services contracts)



Removal of Gross Earning Tax Exemptions



Inflation (e.g., fuel, supplies, services, capital projects)

Summary of Department FTE Changes*



	2025-2026	FTE Changes				2027-2028
		Totals by Action			Total	
		Reductions	Transfers	Additions	Changes	
BUDGET						PROPOSED
DIR	3	-	-	-	-	3
CXEA	202	(14)	(6)	-	(20)	182
MSO	22	-	1	2	3	25
SPTSVC	5	-	6	-	6	11
FLEET	32	-	-	-	-	32
POWER	903	(13)	(1)	16	2	905
WATER	325	-	-	2	2	327
RAIL	120	-	-	-	-	120
Total	1,612	(27)	-	20	(7)	1,605

* Excludes

- GG budget proposal requesting to expand Public Records Program (3.0 FTE)
- Enhanced service delivery from reorganizing Enterprise Safety Team (12.0 FTE) under TPU

TPU Service Divisions



Director's Office and Public Utility Board



Director's Office



- Manages all business affairs of the Public Utility Board (PUB) and operations of Tacoma Public Utilities
- Leads executive management team
- Implements strategy in support of the PUB's [Guiding Principles](#)

Budget Comparison					
		2025-2026 (Current)	2027-2028 (Draft)	Difference (Amt)	Difference (%)
575100 - TPU Dir & Board	Personnel Costs	1,930,465	2,088,297	157,832	8%
	Other Costs	742,424	494,457	(247,967)	(33%)
	Total	2,672,889	2,582,754	(90,135)	(3%)
75000001 - Public Utility Board Expenses	Personnel Costs	130,000	50,000	(80,000)	(62%)
	Other Costs	123,200	293,500	170,300	138%
	Total	253,200	343,500	90,300	36%
Total		2,926,089	2,926,254	165	-
Budgeted FTE		3.00	3.00	-	-

Budget Highlights

- Association dues and external payments redirected to External Affairs
- Full biennium of PUB stipend expense planned

Customer Experience and External Affairs

Customer Services

Business Office | Customer Solutions & Billing | Field, Mail & Print Services | Financial & Administrative Operations
Quality Assurance, Performance and Workforce Management

Budget Comparison					
		2025-2026 (Current)	2027-2028 (Draft)	Difference (Amt)	Difference (%)
TPUCUSTSVC	Personnel Costs	41,351,625	42,652,481	1,300,856	3%
	Other Costs	17,250,038	15,315,006	(1,935,032)	(11%)
Total		58,601,663	57,967,487	(634,176)	(1%)
Budgeted FTE		149.00	136.00	(13.00)	(9%)
Transfer CS Business Enablement team to Power UTS		-	(2,867,225)		
Budgeted FTE		-	(6.00)		
TPUCUSTSVC (less) Business Enablement		58,601,663	55,100,261	(3,501,402)	(6%)
Budgeted FTE		149.00	130.00	(19.00)	(13%)

Budget Highlights

- Eliminate 12.0 vacant Full-Time Equivalent (FTE) positions and associated operating expenditures
- Transfer 1.0 FTE to External Affairs
- Transfer remaining CS Business Enablement team (6.0 FTE) to Power Utility Technology Services

Community & Government Relations | Communications | Market Strategy & Analytics

Budget Comparison					
		2025-2026 (Current)	2027-2028 (Draft)	Difference (Amt)	Difference (%)
TPUEXTAFF	Personnel Costs	19,152,916	21,532,987	2,380,071	12%
	Other Costs	5,946,596	5,805,413	(141,183)	(2%)
Total		25,099,512	27,338,400	2,238,888	9%
Budgeted FTE		53.00	52.00	(1.00)	(2%)

Budget Highlights

- Association dues and external payments redirected from the Director's Office
- Transfer 1.0 FTE from Customer Services
- Eliminate 2.0 vacant FTE

Management Services Office (MSO)

Budget & Finance | Emergency Management | Records Management |
Risk & Claims | People & Culture

Budget Comparison					
		2025-2026 (Current)	2027-2028 (Draft)	Difference (Amt)	Difference (%)
575200 - TPU Mgmt Svcs	Personnel Costs	4,039,919	5,821,138	1,781,219	44%
	Other Costs	1,550,520	1,103,978	(446,542)	(29%)
Total		5,590,439	6,925,116	1,334,677	24%
Budgeted FTE		10.00	13.00	3.00	30%

Budget Highlights

- Reduce contract dollars for SAP Phase 1 (S4) project support
- Add 1.0 FTE (*project of limited duration*) for SAP Phase 1.5 (Chart of Accounts) project support
- Add 2.0 FTE to implement enterprise-wide People & Culture Program

Public Records Office (PRO)



- Oversee City's compliance with the Public Records Act
- Supports police body worn and dashboard camera specific requests

Budget Comparison					
		2025-2026 (Current)	2027-2028 (Draft)	Difference (Amt)	Difference (%)
575201 - TPU GG PRO	Personnel Costs	1,964,611	2,251,170	286,559	15%
	Other Costs	517,947	506,441	(11,506)	(2%)
	Total	2,482,558	2,757,611	275,053	11%
575202 - TPU GG PRO - BWCams	Personnel Costs	1,857,844	1,992,264	134,420	7%
	Other Costs	289,307	286,349	(2,958)	(1%)
	Total	2,147,151	2,278,613	131,462	6%
Total		4,629,709	5,036,224	406,515	9%
Budgeted FTE	TPU GG PRO	6.00	6.00	-	-
	TPU GG PRO - BWCams	6.00	6.00	-	-

Budget Highlights (*proposals still under consideration*)

- Add 3.0 FTE to expand Public Records Request program
 - Delay hiring by up to six months
- One-time labor savings in Body Worn Camera Program



TPU Operating Divisions

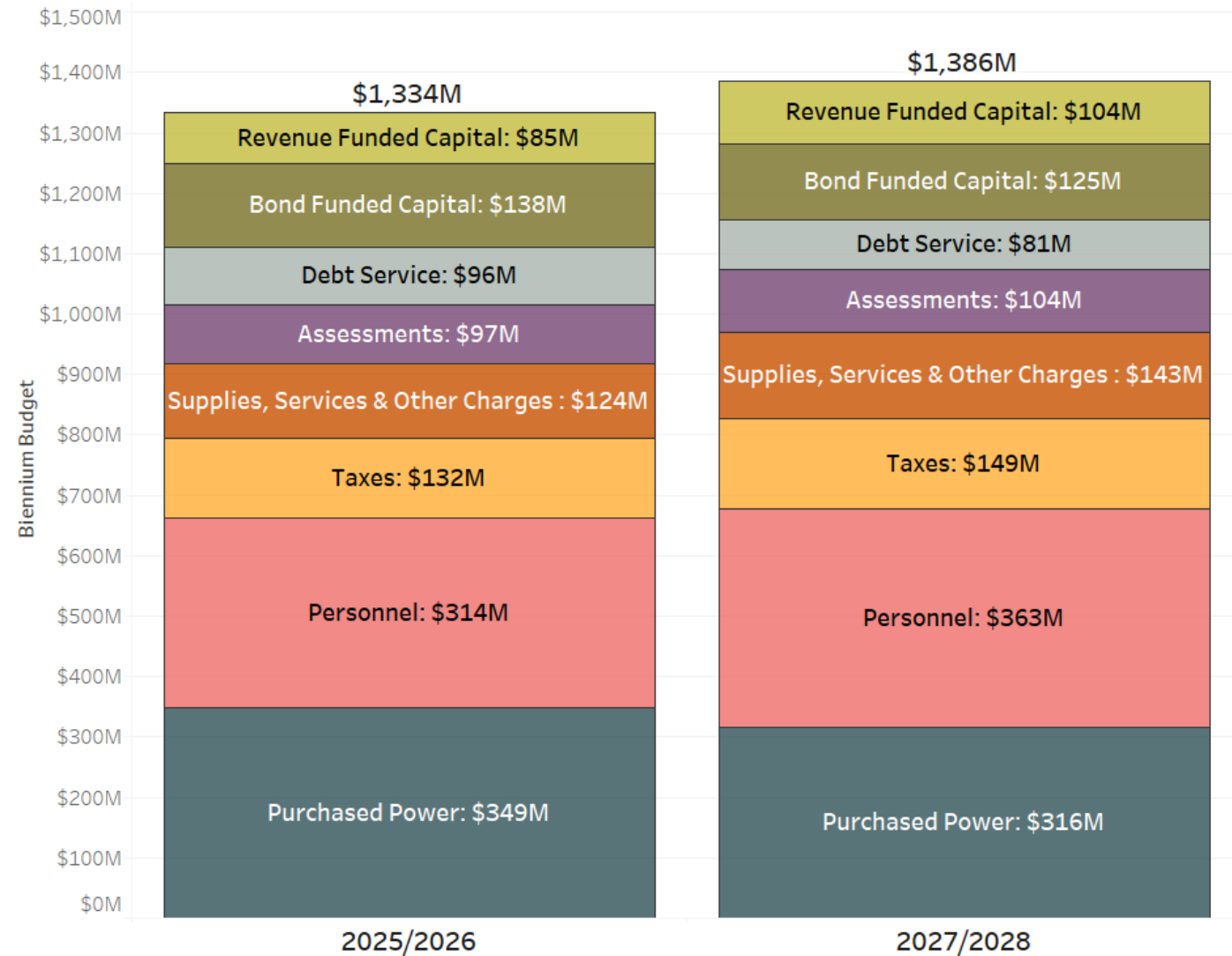




2027-2028 Draft Expenditures

Expense Budget: Tacoma Power

- Overall increase of **\$52M** or **4%**
- Purchased Power decreasing by **9%**
- Latest labor projection from City shows **16%** increase



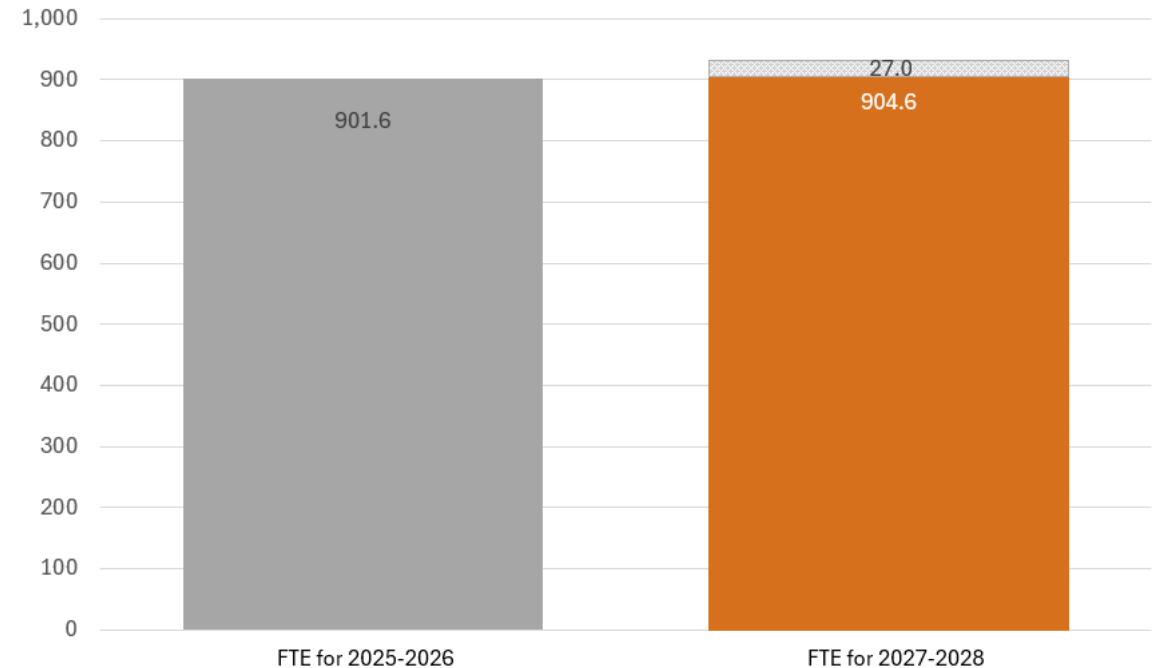
Estimates subject to change

Propose addition of 3.0 FTE for Relicensing positions

- Power's initial need for new FTEs was 30
- Focus on net zero FTE target reduced the proposed increase to 3.0 FTEs
- Prioritized needs of emerging programs (ADMS, Markets+, Relicensing, etc.) through attrition and reprioritization of work
- Result of net zero FTE discussions: addition of 3 Relicensing positions in 2027/2028 (as previously presented in Relicensing staffing plan)

Proposed additions are offset by FTE reductions in other TPU departments.

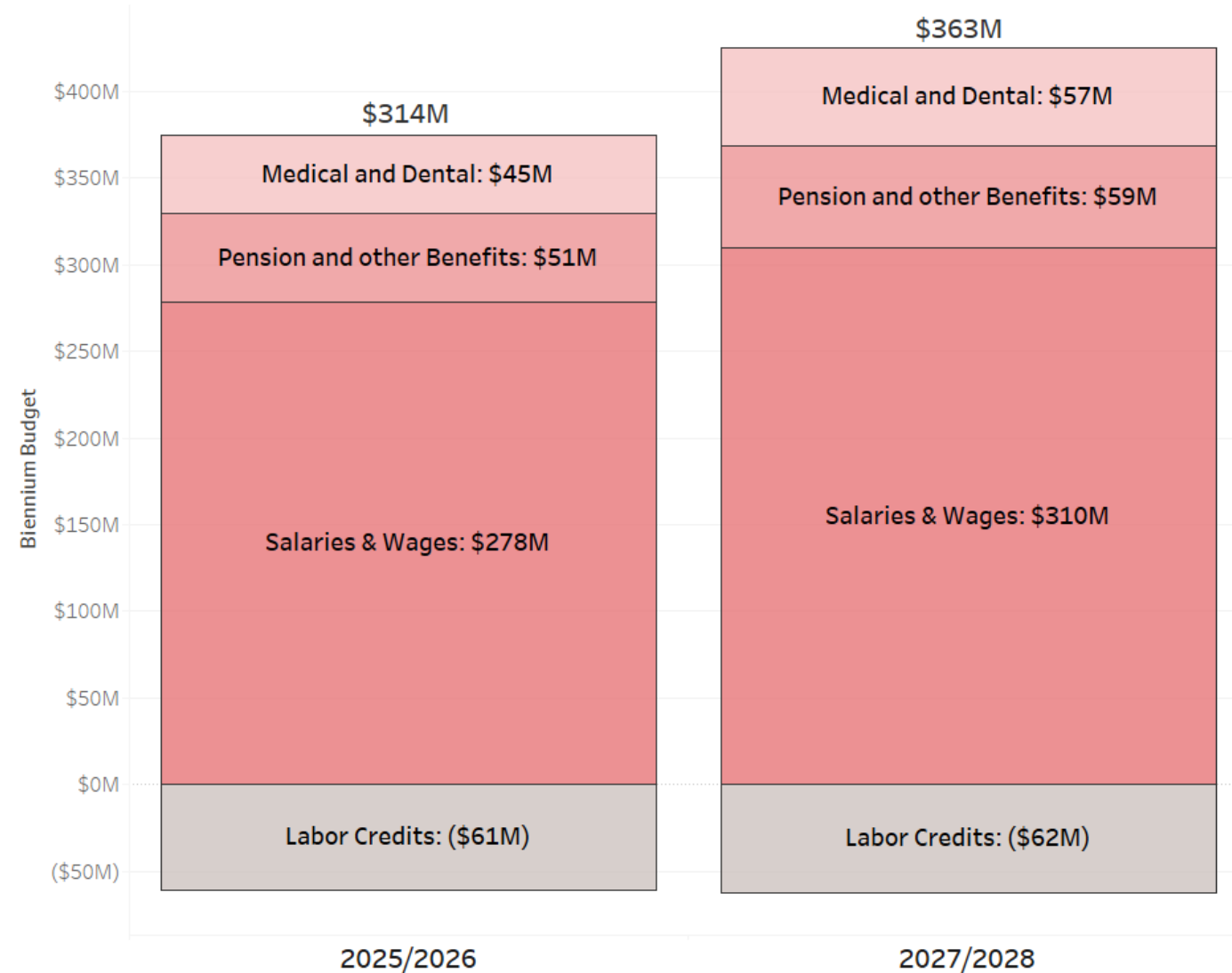
2027/2028 Total Proposed FTEs: 904.6



Note: Figure for 2025-2026 includes transfer out of 1.0 FTE to MSO. Original baseline budgeted FTE was 902.6.

Expense Budget: Personnel

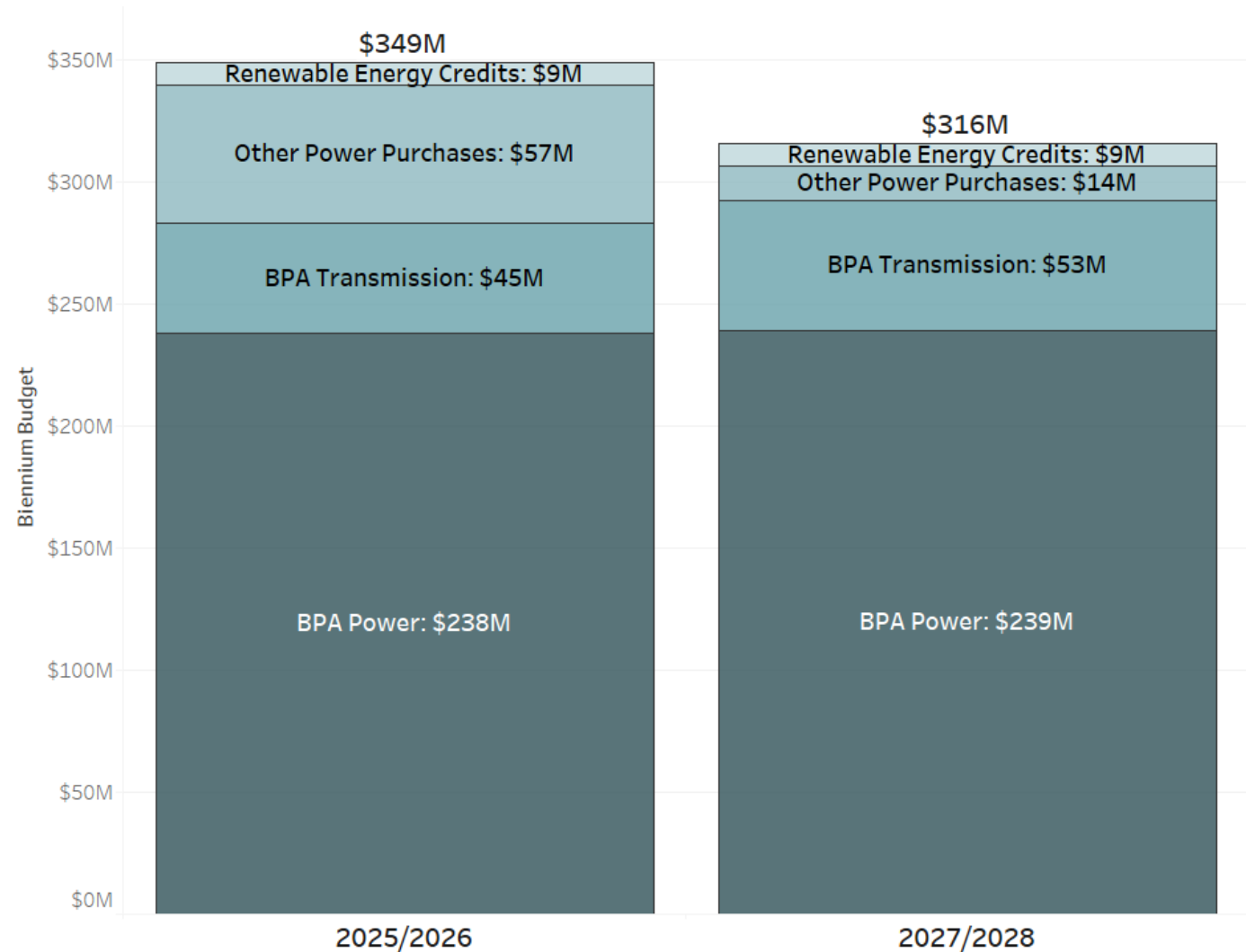
- Salaries & Wages increasing by **12%**
- Benefits increasing by **20%**
- New Relicensing FTEs contributing **\$980k** to personnel increase (addition of 3.0 FTEs)



Estimates subject to change

Expense Budget: Purchased Power

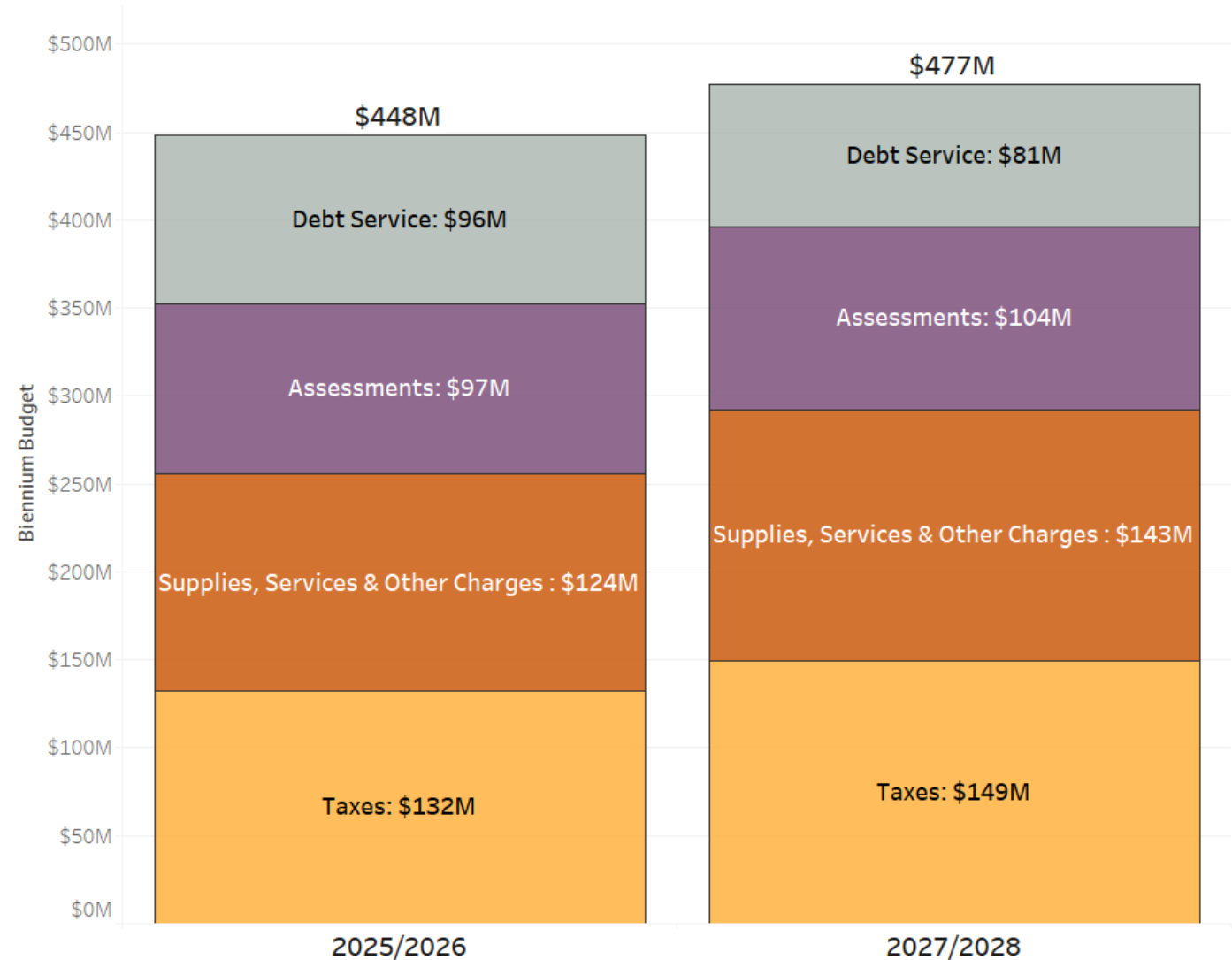
- **Lower wholesale market prices resulting in lower wholesale market purchases**
- **Includes anticipated rate increases:**
 - **3% BPA Power**
 - **22% BPA Transmission**



Estimates subject to change

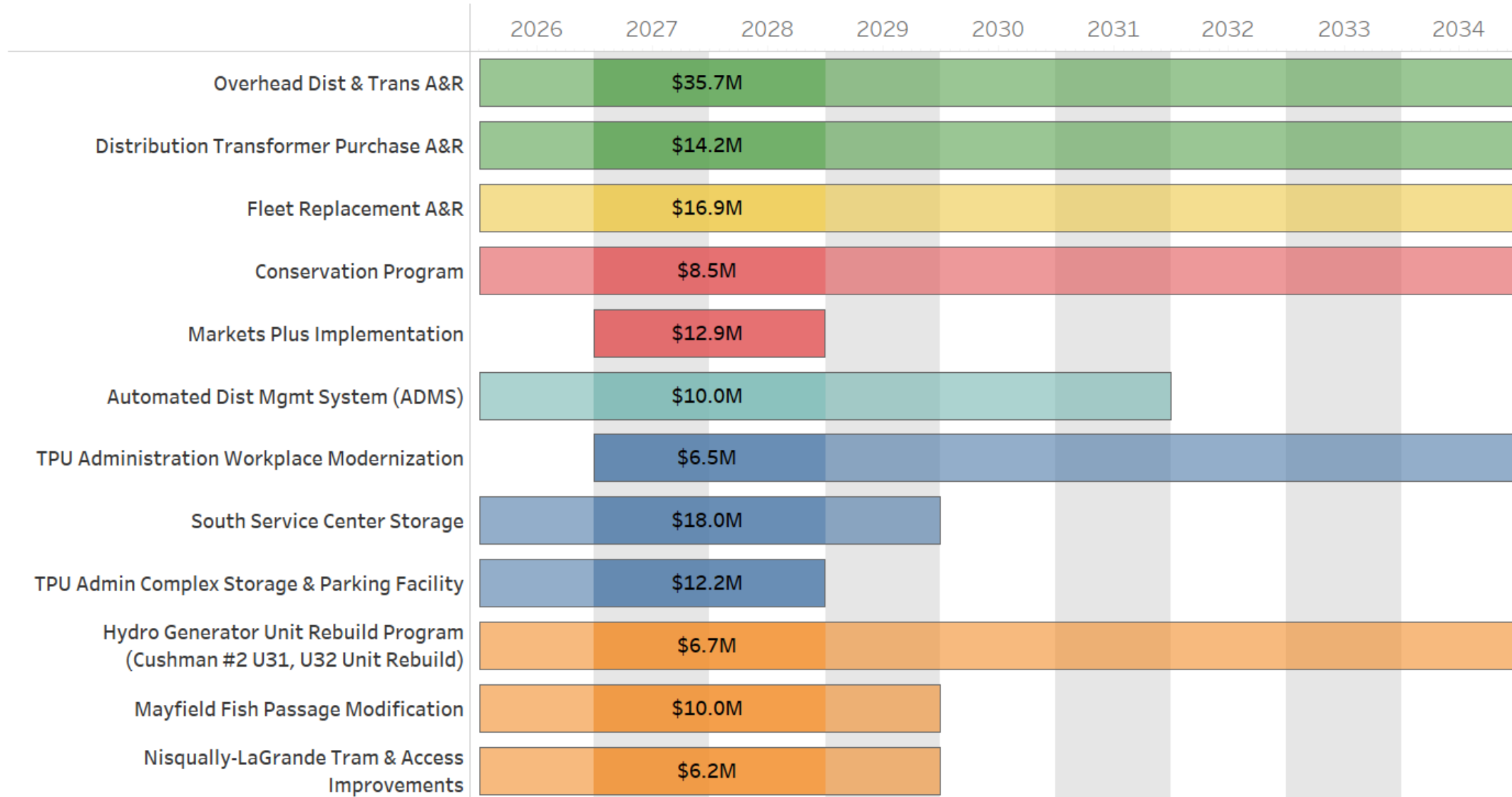
Expense Budget: Other O&M

- **Debt Service decreasing by 16%**
- **Assessments increasing by 7%**
 - **General Gov't: 12% increase**
 - **TPU: 4% increase**
- **Limited increase to Supplies, Services & Other Charges of 15%**
 - **Kosmos Remediation: \$11.0M**
 - **BCAP Contributions: \$12.1M**
- **Taxes increasing by 13%**
 - **Assumes 7.5% GET**
 - **Includes estimated GET on CIAC**



Estimates subject to change

Major Capital Project Timeline



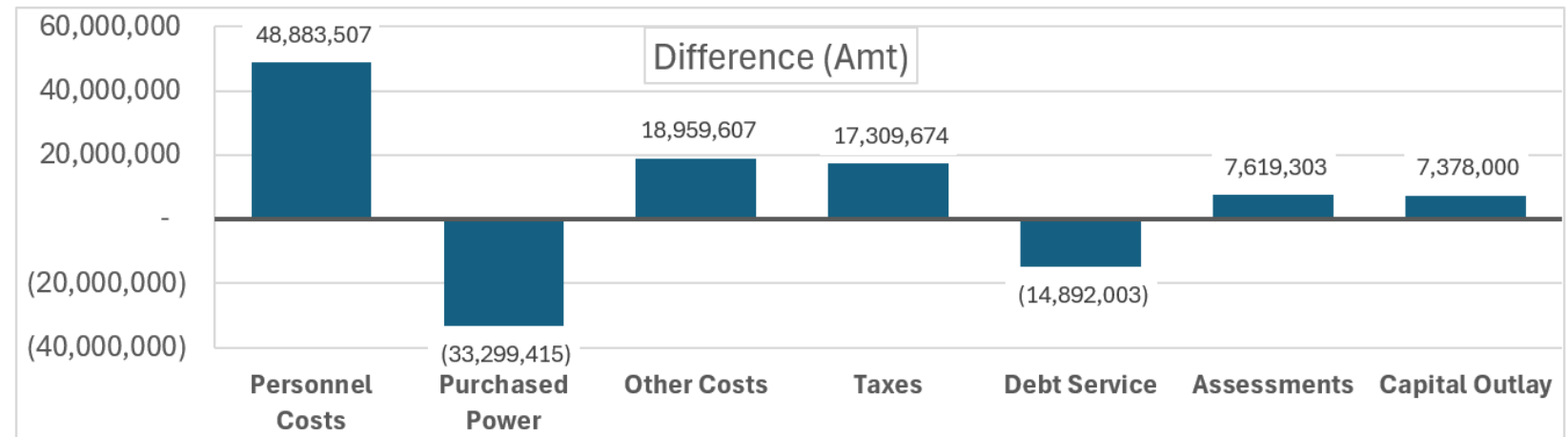
Summary

Budget Highlights

- Increase of 3.0 FTE
(*net +2.0 with transfer out*)
- Increase in Personnel costs
- Decrease in Purchased Power
- Increase in Taxes, including GET on CIAC
- Decrease in Debt Service related to 2025 Bond Issuance

Budget Comparison

		2025-2026 (Current)	2027-2028 (Draft)	Difference (Amt)	Difference (%)
FUND 4700 - TACOMA POWER	Personnel Costs	313,869,730	362,753,237	48,883,507	16%
	Purchased Power	349,000,106	315,700,691	(33,299,415)	-10%
	Other Costs	123,794,708	142,754,315	18,959,607	15%
	Taxes	132,032,497	149,342,171	17,309,674	13%
	Debt Service	95,856,790	80,964,787	(14,892,003)	(16%)
	Assessments	96,566,855	104,186,158	7,619,303	8%
	Capital Outlay	222,442,000	229,820,000	7,378,000	3%
	Total	1,333,562,686	1,385,521,359	51,958,673	4%
Budgeted FTE		902.60	904.60	2.00	0%



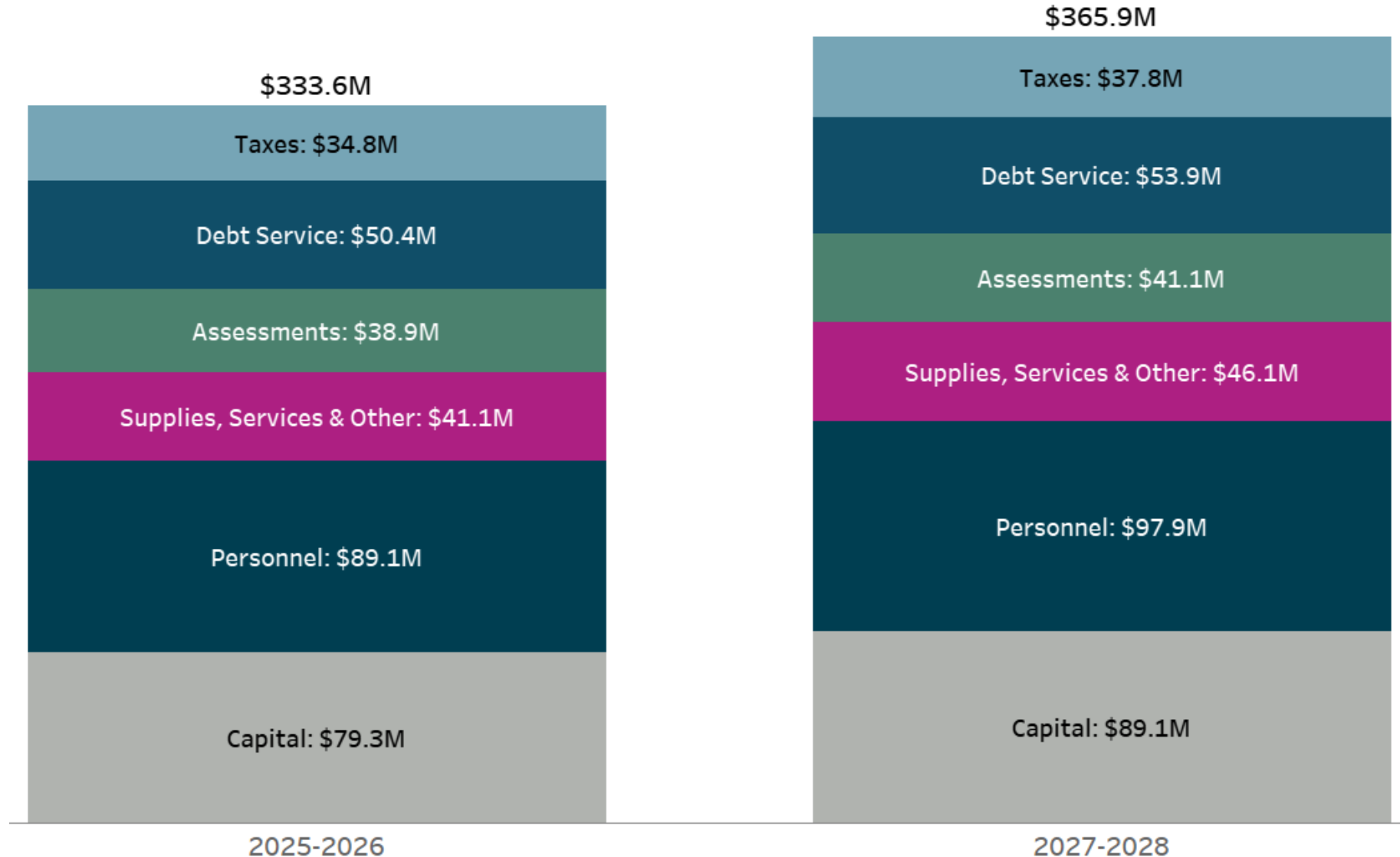


2027-2028 Draft Expenditures

TACOMA  **WATER**
TACOMA PUBLIC UTILITIES

Overall Expense Budget

- Overall increase of **\$32M** or **10%**
- Personnel costs increasing by **\$9M** or **10%**
- Taxes increasing by **\$3M** or **9%**



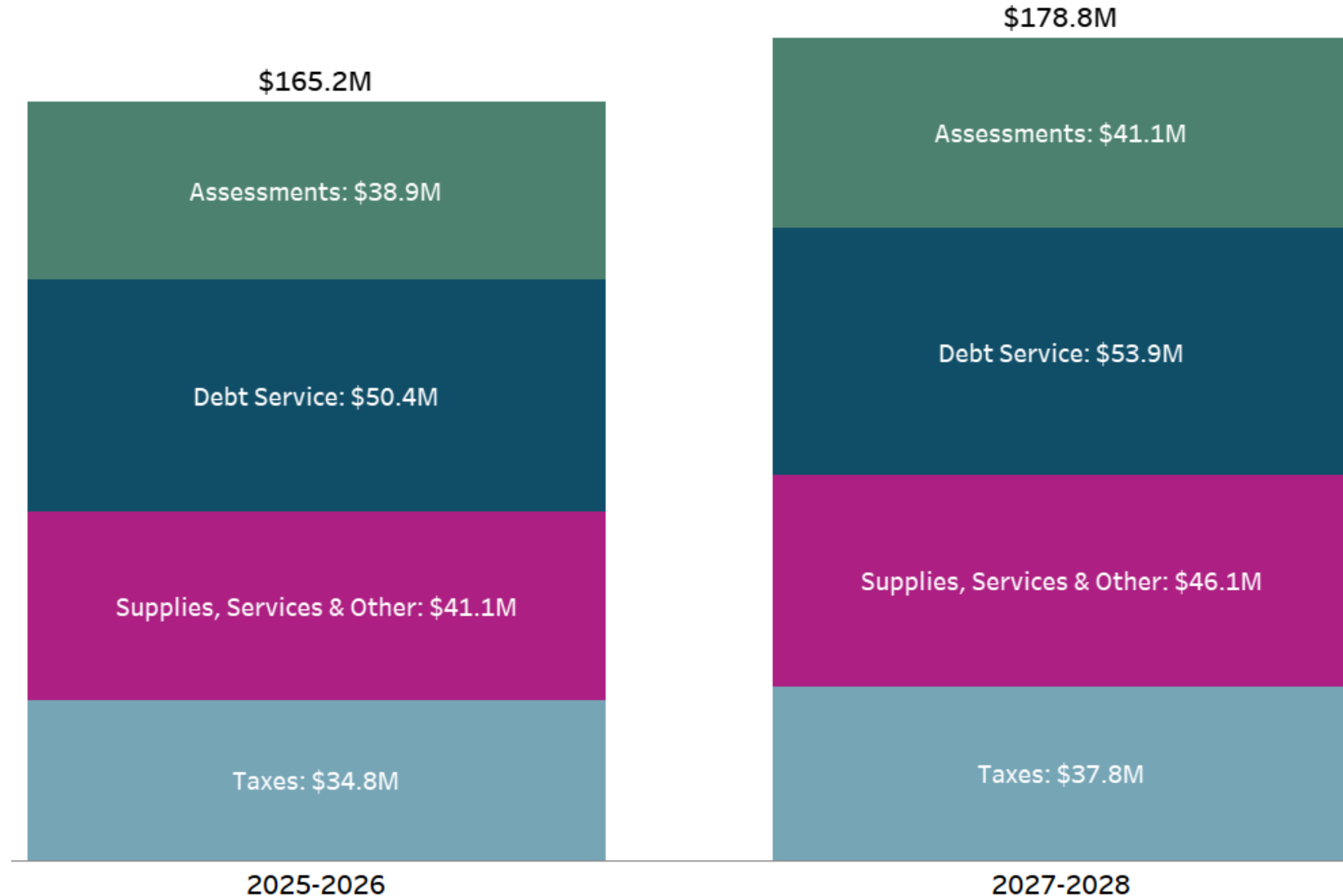
Expense Budget: O&M

- **Significant increases:**

- **Public Liability Insurance by 28%**
- **BCAP Contributions by \$500k or 50%**
- **Assessments increasing by \$2M or 6%**
 - **General Gov't Assessments increasing by \$1M or 9%**
 - **TPU Assessments increasing by \$721k or 3%**

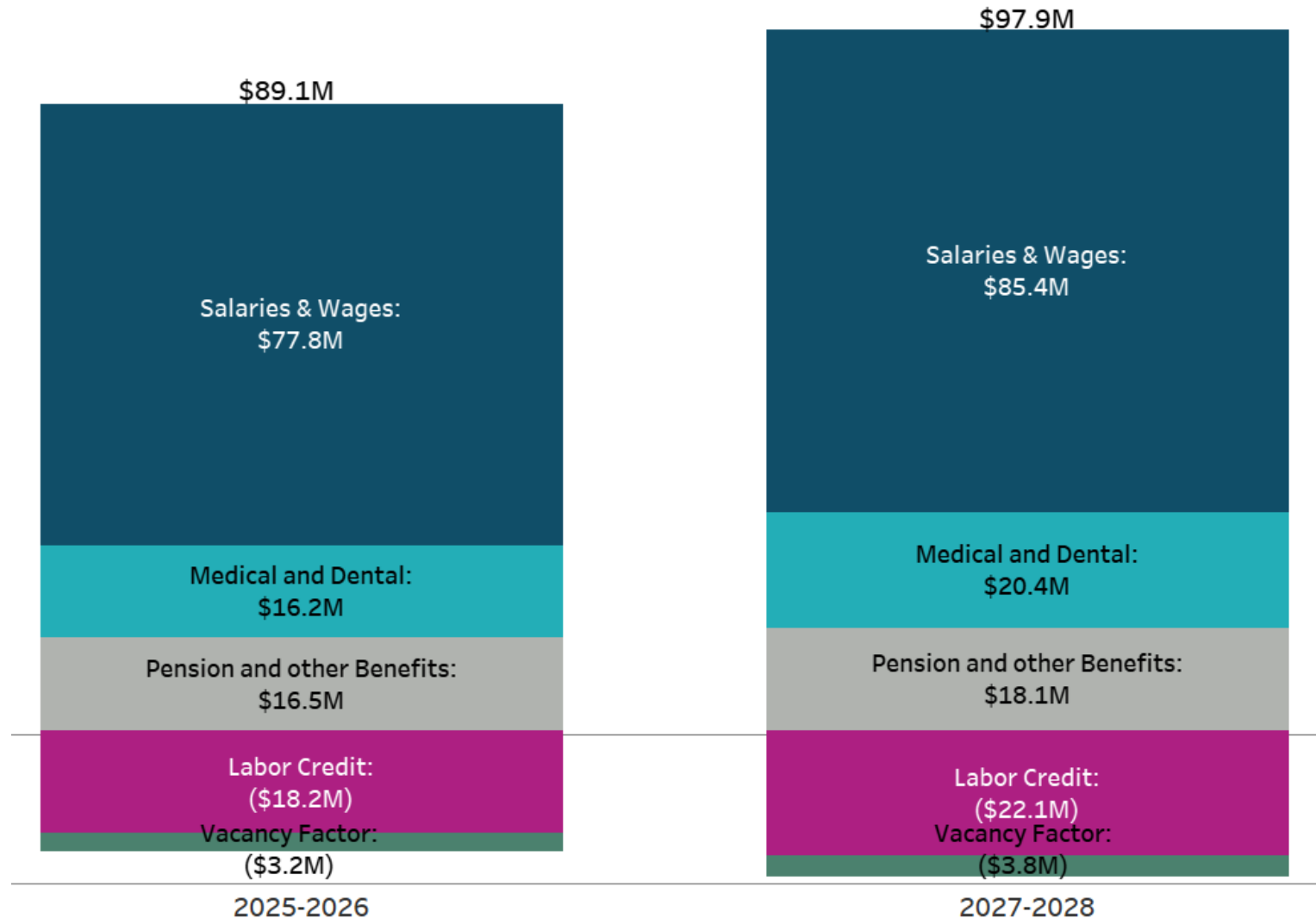
- **Significant decreases:**

- **Capitalized software and technology support**
- **Water treatment chemical expenses**

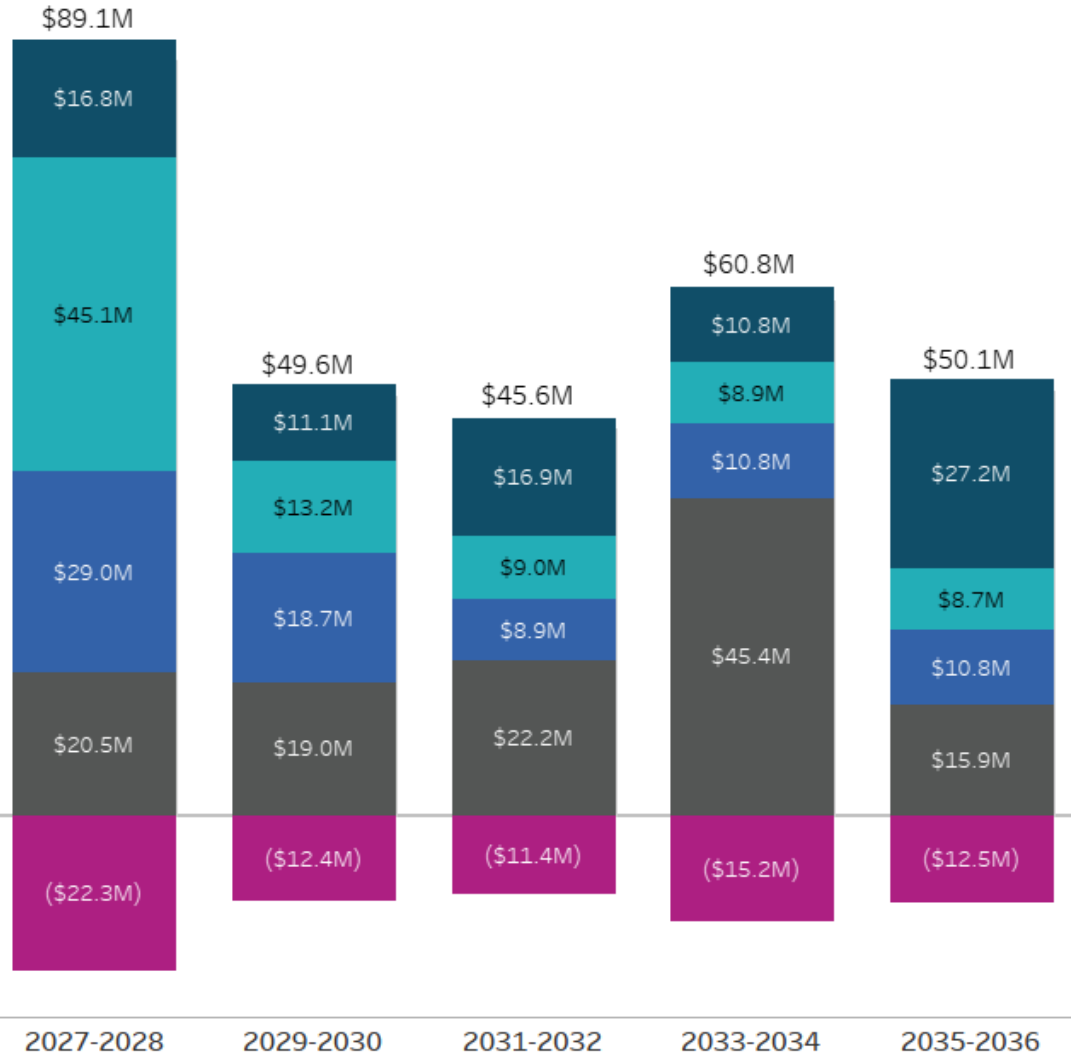


Expense Budget: Personnel

- Overall, **\$9M** or **10%** higher
- Budget includes **2 new FTEs** (one temporary and one supporting Cascade Water Alliance)
- Salaries & Wages increasing by **\$8M** or **6%**
- Benefits increasing by **\$6M** or **18%**



Expense Budget: Capital Improvement Plan (CIP)


 General Plant

 Water Distribution

 Water Source & Transmission

 Water Treatment

 Completion Factor (80%)

	2027-2028	2029-2030	2031-2032	2033-2034	2035-2036
General Plant	\$16.8M	\$11.1M	\$16.9M	\$10.8M	\$27.2M
Water Distribution	\$45.1M	\$13.2M	\$9.0M	\$8.9M	\$8.7M
Water Source & Transmission	\$29.0M	\$18.7M	\$8.9M	\$10.8M	\$10.8M
Water Treatment	\$20.5M	\$19.0M	\$22.2M	\$45.4M	\$15.9M
Completion Factor (80%)	(\$22.3M)	(\$12.4M)	(\$11.4M)	(\$15.2M)	(\$12.5M)
Grand Total	\$89.1M	\$49.6M	\$45.6M	\$60.8M	\$50.1M

Water Operations Building

\$27.3M

P1 Pipeline -
Canyonfalls Creek
P.S.

\$17.0M

Trilogy Reservoir and Pump Station

\$8.1M

Howard Hanson
Additional Water
Storage Project
(AWSP)

\$3.4M

Cascade Water
Alliance

-\$7.7M

Ozone System Upgrades

\$3.1M

Land Acquisition

\$1.3

RWSS Expense Budget: O&M

Tacoma Share of RWSS O&M

- **Contract Resource Obligation (CRO)**
- **Budgeted as RWSS Water Purchase Expense in Administration cost center**



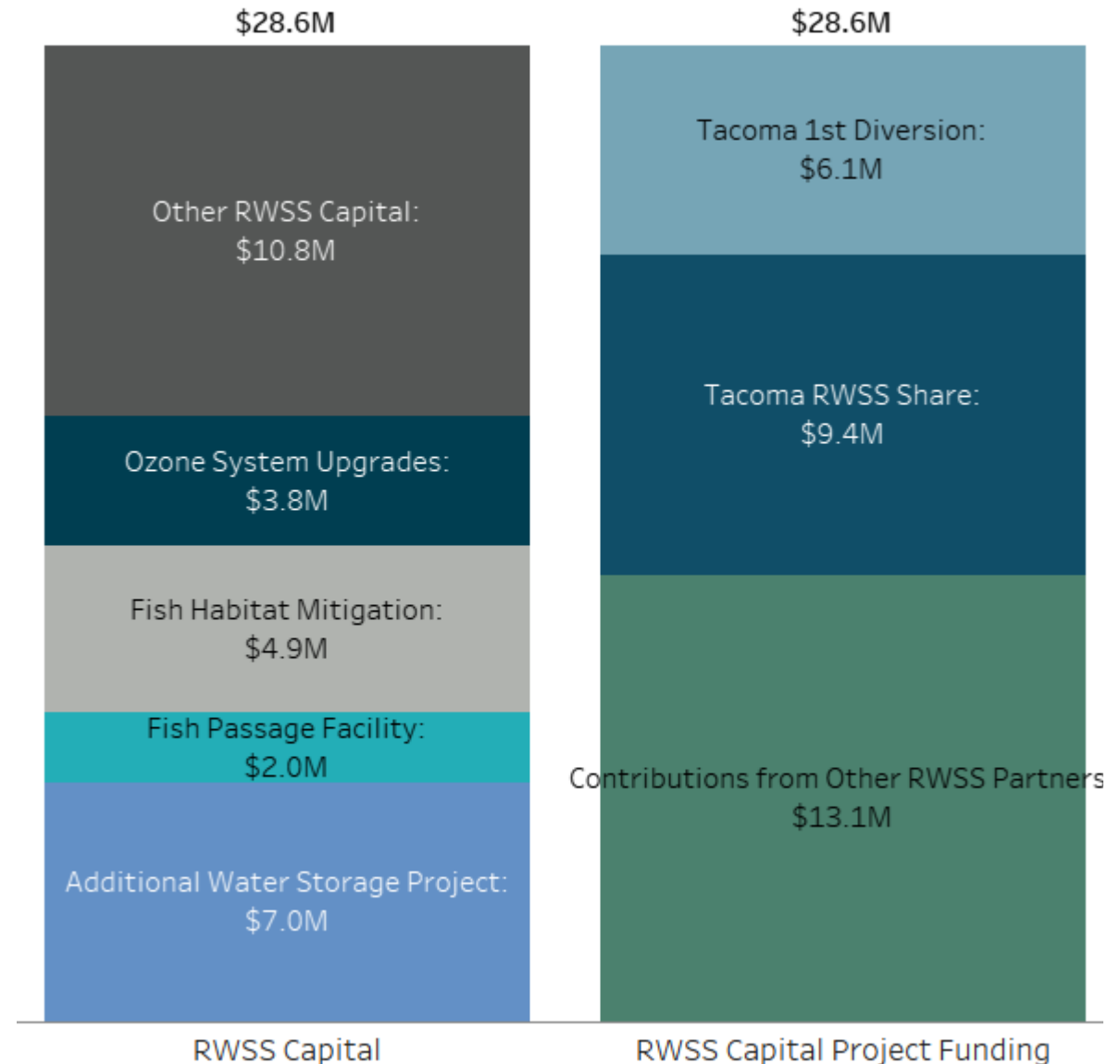
RWSS Expense Budget: Capital

Tacoma 1st Diversion is not included in RWSS budget

- **Included in Tacoma Water capital budget**

Contributions from Other RWSS Participants

- **Tacoma Water initially pays all expenditures**
- **Participants are billed quarterly for their shares**

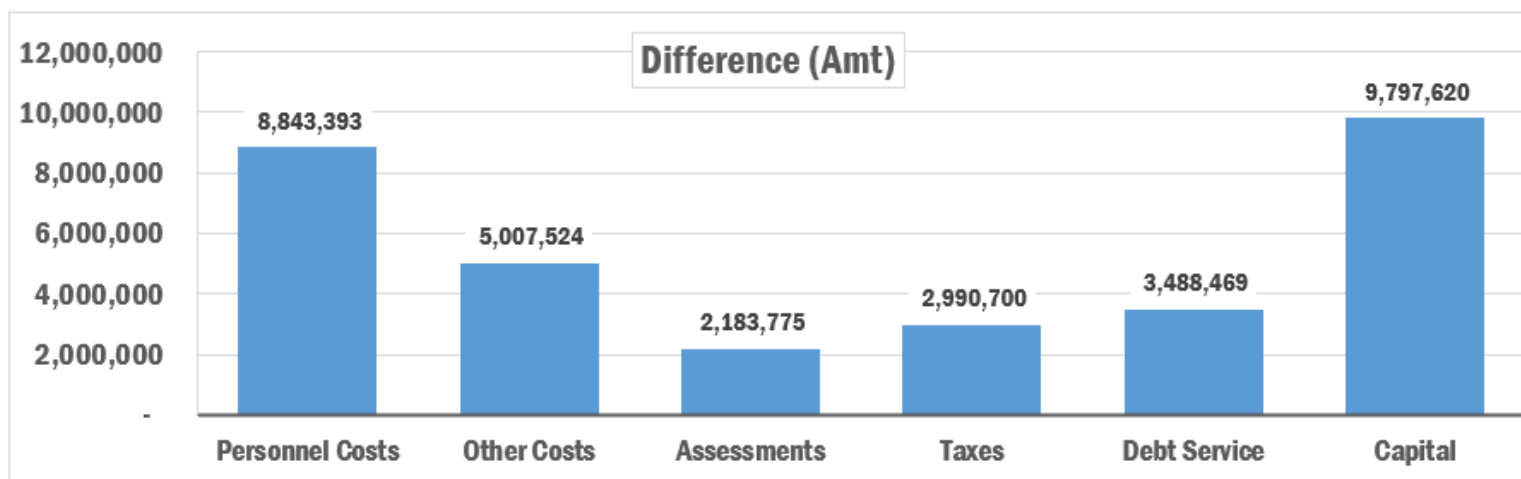


Budget Comparison

		2025-2026 (Current)	2027-2028(Draft)	Difference (Amt)	Difference(%)
FUND 4600	Personnel Costs	89,090,270	97,933,662	8,843,393	10%
	Other Costs	41,070,907	46,078,431	5,007,524	12%
	Assessments	38,919,849	41,103,624	2,183,775	6%
	Taxes	34,769,043	37,759,743	2,990,700	9%
	Debt Service	50,398,898	53,887,366	3,488,469	7%
	Capital	79,304,158	89,101,778	9,797,620	12%
	Total	333,553,124	365,864,604	32,311,480	10%
Budgeted FTE		325.00	327.00	2.00	1%

Budget Highlights

- Net two FTEs
- Benefits increases beyond COLA's
- Assessment increases
- Debt service increase





2027-2028 Draft Expenditures

Administration

Superintendent, Safety, Compliance, Admin Support, Finance & Technology

Budget Highlights

- Benefits across Rail
 - 20% increase
- Finance & Tech
 - Gained yard clerks
- Rail Admin Support
 - Removed yard clerks
- Safety & Compliance
 - Step increases
- Rail Administration
 - Self insurance contribution savings
 - ASLRRRA Excess Liability Program savings
 - Increase in assessments
 - Increase in taxes

Budget Comparison					
		2025-2026 (Current)	2027-2028(Draft)	Difference (Amt)	Difference(%)
591001 - Finance & Tech	Personnel Costs	1,802,541	4,431,571	2,629,030	146%
	Other Costs	181,856	185,519	3,663	2%
	Total	1,984,397	4,617,090	2,632,693	133%
591002 - Rail Admin Support	Personnel Costs	3,130,594	1,170,209	(1,960,385)	(63%)
	Other Costs	61,142	57,231	(3,911)	(6%)
	Total	3,191,736	1,227,440	(1,964,296)	(62%)
591003 - Safety & Compliance	Personnel Costs	1,174,401	1,413,845	239,444	20%
	Other Costs	274,662	293,703	19,041	7%
	Total	1,449,063	1,707,548	258,485	18%
591004 - Rail Administration	Personnel Costs	1,379,698	1,203,050	(176,648)	(13%)
	Assessments	5,376,561	6,220,331	843,770	16%
	Taxes	7,718,971	7,910,000	191,029	2%
	Debt Service	1,568,763	1,205,580	(363,183)	(23%)
	Other Costs	3,653,386	2,811,234	(842,152)	(23%)
	Total	19,697,379	19,350,195	(347,184)	(2%)
Total		26,322,575	26,902,273	579,698	2%
Budgeted FTE		18.00	18.00	-	-

Tower Operations & Train Crews

Budget Comparison					
		2025-2026 (Current)	2027-2028(Draft)	Difference (Amt)	Difference(%)
592101	Personnel Costs	24,425,939	26,876,584	2,450,645	10%
	Other Costs	3,289,586	3,051,405	(238,181)	(7%)
	Total	27,715,525	29,927,989	2,212,464	8%
Total		27,715,525	29,927,989	2,212,464	8%
Budgeted FTE		74.00	73.00	(1.00)	(1%)

Budget Highlights

- Largest cost center
- Reduction of 1 locomotive engineer
- Car Hire cost reduction

Locomotive Maintenance, Locomotive Mechanics & Staff

Budget Comparison					
		2025-2026 (Current)	2027-2028(Draft)	Difference (Amt)	Difference(%)
592201 - Rail Mechanical	Personnel Costs	6,437,569	7,364,652	927,083	14%
	Other Costs	174,422	178,803	4,381	3%
	Total	6,611,991	7,543,455	931,464	14%
592202 - Maint-Locomotive	Personnel Costs	-	-	-	-
	Other Costs	5,505,918	5,698,095	192,177	3%
	Total	5,505,918	5,698,095	192,177	3%
Total		12,117,909	13,241,550	1,123,641	9%
Budgeted FTE		19.00	19.00	-	-

Budget Highlights

- Fuel budgeted at \$2.50/gallon
- Fuel surcharge offset

Rail Engineering & MOW

Engineering, Track/Building Maintenance & Staff

Budget Comparison					
		2025-2026 (Current)	2027-2028(Draft)	Difference (Amt)	Difference(%)
592301 - Rail Engineering	Personnel Costs	3,066,717	3,951,178	884,461	29%
	Other Costs	47,872	47,511	(361)	(1%)
	Total	3,114,589	3,998,689	884,100	28%
592302 - Maint-Track & Equip	Personnel Costs	-	-	-	-
	Other Costs	2,240,758	1,979,814	(260,944)	(12%)
	Total	2,240,758	1,979,814	(260,944)	(12%)
592303 - Maint-Bldg/Fix/Gnd	Personnel Costs	160,000	205,000	45,000	28%
	Other Costs	1,420,727	1,812,035	391,308	28%
	Total	1,580,727	2,017,035	436,308	28%
Total		6,936,074	7,995,538	1,059,464	15%
Budgeted FTE		9.00	10.00	1.00	11%

Budget Highlights

- Added Assistant Roadmaster to Rail Engineering
- Building & Maintenance Increases in:
 - Labor from others
 - External Contract Services
 - Lan Mobile Radio
 - Equipment Rentals

Capital Outlay

Budget Comparison

		2025-2026 (Current)	2027-2028(Draft)	Difference (Amt)	Difference(%)
Capital Outlay	General	-	-	-	-
	Communications	-	-	-	-
	Facility Upgrades	1,850,000	1,560,000	(290,000)	(16%)
	Rail Equipment/Vehicles	19,800,000	30,310,000	10,510,000	53%
	Track Improvements	7,480,000	7,000,000	(480,000)	(6%)
	Subtotal	29,130,000	38,870,000	9,740,000	33%
	Projects Funded from Rail Bank Loan	(640,000)	-	640,000	(100%)
	Projects Funded from Anticipated Bank Loan	(1,200,000)	(2,000,000)	(800,000)	67%
	Projects Funded from CIAC	(950,000)	-	950,000	(100%)
	Projects Funded from Grants	(18,945,000)	(24,105,000)	(5,160,000)	27%
	Subtotal	(21,735,000)	(26,105,000)	(4,370,000)	20%
Total		7,395,000	12,765,000	5,370,000	73%

Budget Highlights

- Anticipating new zero percent Rail Bank Loans from WSDOT
- Large Capital Outlay increase due to locomotive projects

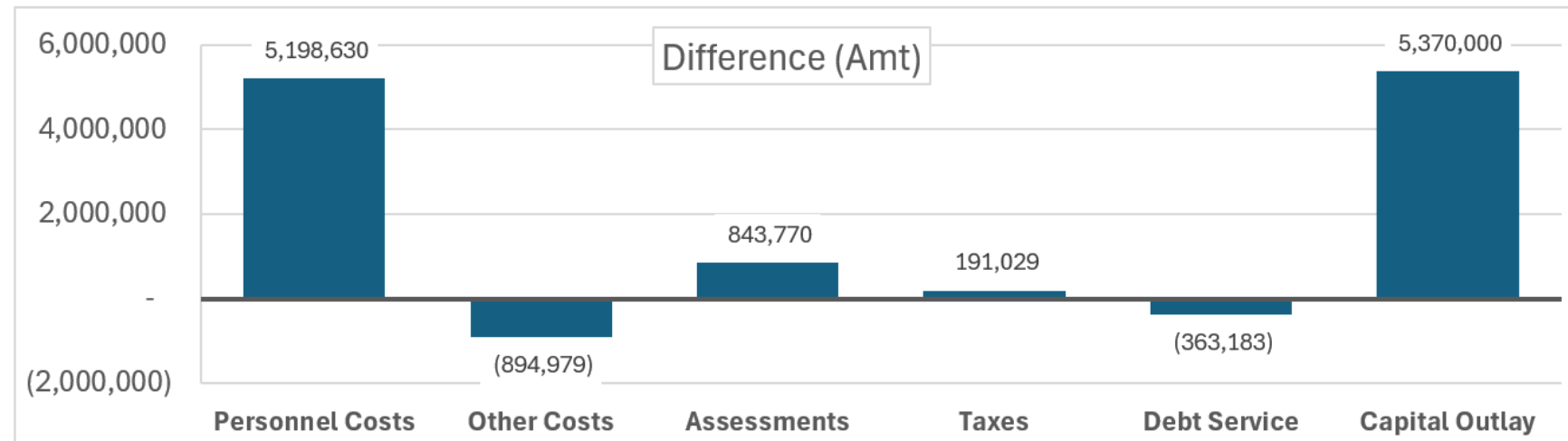
Summary

Budget Comparison

		2025-2026 (Current)	2027-2028(Draft)	Difference (Amt)	Difference(%)
FUND 4500	Personnel Costs	41,417,459	46,616,089	5,198,630	13%
	Other Costs	17,010,329	16,115,350	(894,979)	-5%
	Assessments	5,376,561	6,220,331	843,770	16%
	Taxes	7,718,971	7,910,000	191,029	2%
	Debt Service	1,568,763	1,205,580	(363,183)	(23%)
	Capital Outlay	7,395,000	12,765,000	5,370,000	73%
	Total	80,487,083	90,832,350	10,345,267	13%
Budgeted FTE		120.00	120.00	-	-

Budget Highlights

- Net zero FTE's
- Benefits increases beyond COLA's
- Assessment increases
- Debt service decrease
- Large Capital Outlay increase due to locomotive projects



Next Steps

Next Meeting

- Draft Revenues and Rates
- GG Shared Services

Aug

- Government Performance & Finance Committee – Utilities (TPU, ES) Budget & Rates
- Outreach Begins

Sep

- Budget & Rate Recommendations

Oct

- CC/PUB Joint Study Session
- TPU Budget & Rates
 - Public Hearing
 - Consideration – 1st PUB Reading
 - Approval – 2nd PUB Reading

Questions?

Appendix

Recap of Department FTE Changes*



FTE Changes														
	2025-2026	April			May			July			Totals by Action			Total
	START	Reductions	Transfers	Additions	Reductions	Transfers	Additions	Reductions	Transfers	Additions	Reductions	Transfers	Additions	Changes
DIR	3										-	-	-	-
CXEA	202	(11)	(1)			1		(3)	(6)		(14)	(6)	-	(20)
MSO	22		2	2		(1)					-	1	2	3
SPTSVC	5								6		-	6	-	6
FLEET	32										-	-	-	-
POWER	903		(1)		(13)		16				(13)	(1)	16	2
WATER	325						2				-	-	2	2
RAIL	120						4			(4)	-	-	-	-
Total	1,612	(11)	-	2	(13)	-	22	(3)	-	(4)	(27)	-	20	(7)

2027-2028	
PROPOSED	
3	DIR
182	CXEA
25	MSO
11	SPTSVC
32	FLEET
905	POWER
327	WATER
120	RAIL
1,605	Total

Excludes

- Request to expand Public Records Program (3.0 FTE)
- Enhanced service delivery from reorganizing Enterprise Safety Team (12.0 FTE) under TPU