



Strategic Directive 9

Economic Development

Update to the Tacoma Public Utility Board

May 11, 2022





INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

MAY 9-13, 2022

**CELEBRATE
IEDC'S 2022
ECONOMIC
DEVELOPMENT
WEEK**

#EconDevWeek22 iedconline.org/edw

●●● Agenda

- Economic Development
- Tacoma Power
- Tacoma Water
- Tacoma Rail
- SD-9 Measurements

●●● Purpose

The Utilities are an asset that can aid in improved quality of life for all TPU customers and stakeholders.

TPU supplies critical resources to the communities it serves, and provides the foundation for building a strong and resilient economy, which will ultimately result in more revenue for TPU.

●●● Economic Development

Promotes economic well-being and quality of life, by creating, retaining and expanding jobs that facilitate growth, enhance wealth and provide a stable tax base

Creates the conditions that better enable businesses to compete and thrive*

* International Economic Development Council

Economic Overview

Industrial Vacancy Rates (3/16/22)

- 10,000 sf or less - 0.6%
- 10 - 25,000 sf - 0.7%
- 25-50,000 sf - 2.3%
- 50-100,000 sf - 4.3%
- 100,000 sf or more - 5.2%

Office Vacancy Q1 2022

- Pierce County – 7.8% ↓
- Tacoma CBD – 10.3% ↓ is expected to drop into single digits in 2022

The pandemic allowed Tacoma & Pierce County to showcase their value propositions:

- Affordability
- Business Friendliness
- Access to port & transportation infrastructure
- Quality of Life
- Education & Skilled Workforce

- Significant uptick in purchases and construction of industrial, commercial and multifamily facilities and land by firms inside and outside the region. Most paid a premium over market value.

- **Confidence in the future of this market is extremely high**

●●● Pinch Points

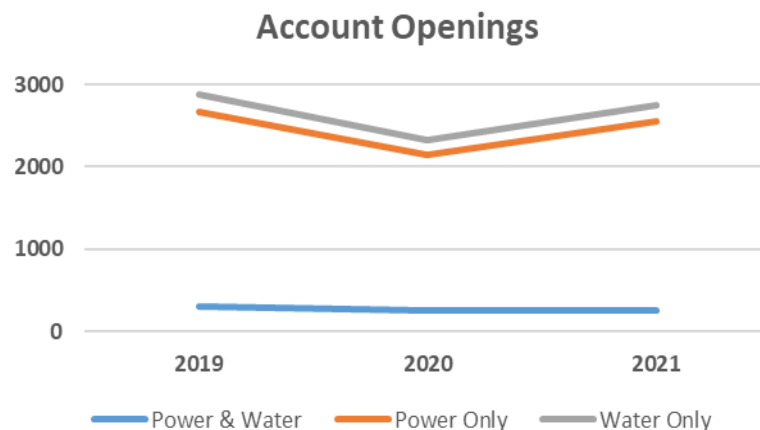
- Demand for industrial and commercial properties continues to outstrip supply
 - Fred 310 – 4.2 million sf
 - Bridge Development Tacoma – 2.5 million sf
 - Bridge Development Milton – 1.9 million sf
 - LPC – 2.9 million sf
- Supply Chain issues hinder development projects
 - Construction materials
 - Equipment
- Workforce
 - Hiring qualified or experienced employees is challenging
 - Shifting workforce trends – where is this going?
- What role will rising interest rates and inflation play in development decisions?

2021 Summary

- Pierce County continues to be attractive to development and new business
- Pace of new development increasing faster than we can process

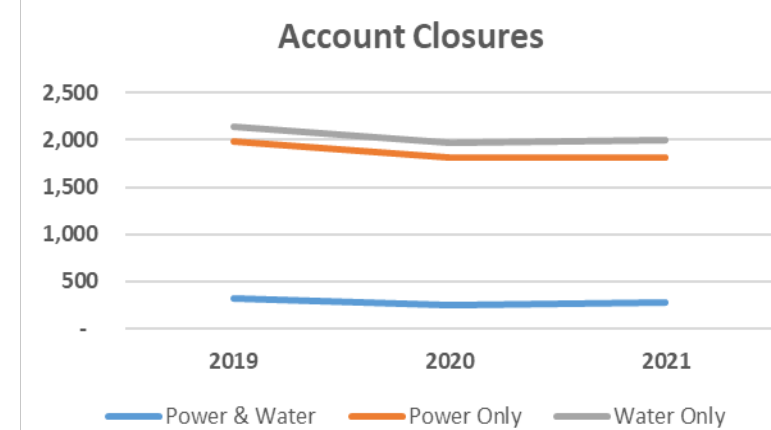
Commercial/Industrial Account Openings

Services	2019	2020	2021	2022
Power & Water	298	254	253	72
Power Only	2361	1,898	2,300	507
Water Only	215	169	199	38
TOTAL	2,874	2,321	2,752	617



Commercial/Industrial Account Closures

Services	2019	2020	2021	2022
Power & Water	320	254	278	80
Power Only	1,661	1,560	1,538	453
Water Only	164	150	177	37
TOTAL	2,145	1,964	1,993	570



• • • Economic Development

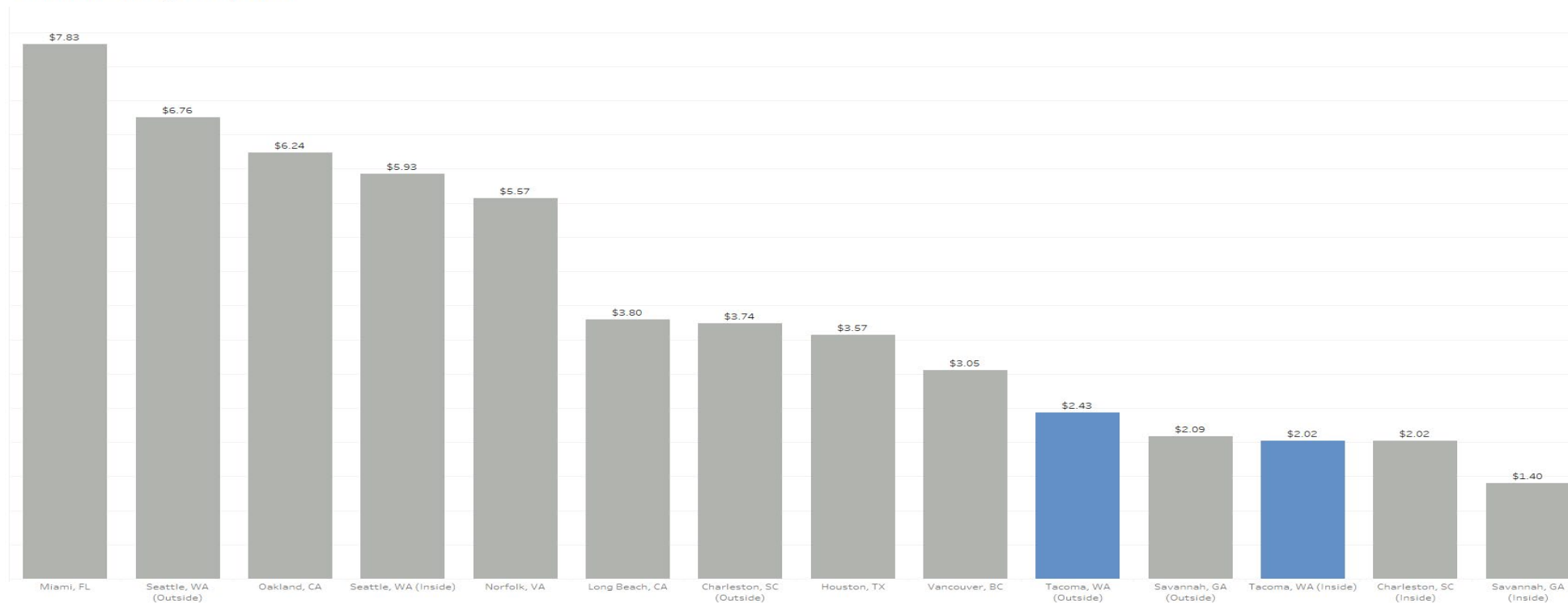
2021 Overview

- Focus shifted from recovery to expansion - continued activity on prospects including manufacturing, logistics, and electrofuels
- Continued to support business customers with our COVID resources page
- Actively engaged in several developments throughout our service area
 - Frederickson One
 - Fred 310
 - Bridge Point Tacoma 2MM
- Supported the study of a 5G / EDGE computing network in Port of Tacoma and assisted with the EDA Build Back Better grant submission

Peer Port Competitiveness

Tacoma Water conducted a rate competitiveness analysis of peer ports around the US and British Columbia – our rates are competitively priced

Port Cities Average Cost per CCF



Assumes a consumption level of 65,000 CCF over 2021

Green Hydrogen

- Provided subject matter expertise to the Non-Interim Tideflats Regulation process
- Assisted 20 companies interested in locating H₂ businesses within our service territory
 - These companies are local, domestic, and internationally based
 - Range in size from startups to larger global firms (1MW to 300MW)
 - Include a number of different fuel types and services
 - Production, storage, transportation, fueling, OEMs, and end users
- General outreach and education of key stakeholders
- Building an ecosystem for H₂ and H₂ liquid fuels

● ● ● Economic Development

Focus for 2022

- Continue focus on business retention efforts with additional efforts in recovery and expansion
- Support economic development partners in their efforts on DEI projects and programs - women and minority owned small businesses
- Monitor and identify trends that may require changes to our ED strategies
- Continued engagement with the land use planning process as needed
 - Tideflats Subarea Plan
 - South Tacoma Economic Green Zone

●●● Tacoma Power

2021 Electrical Services Accomplishments

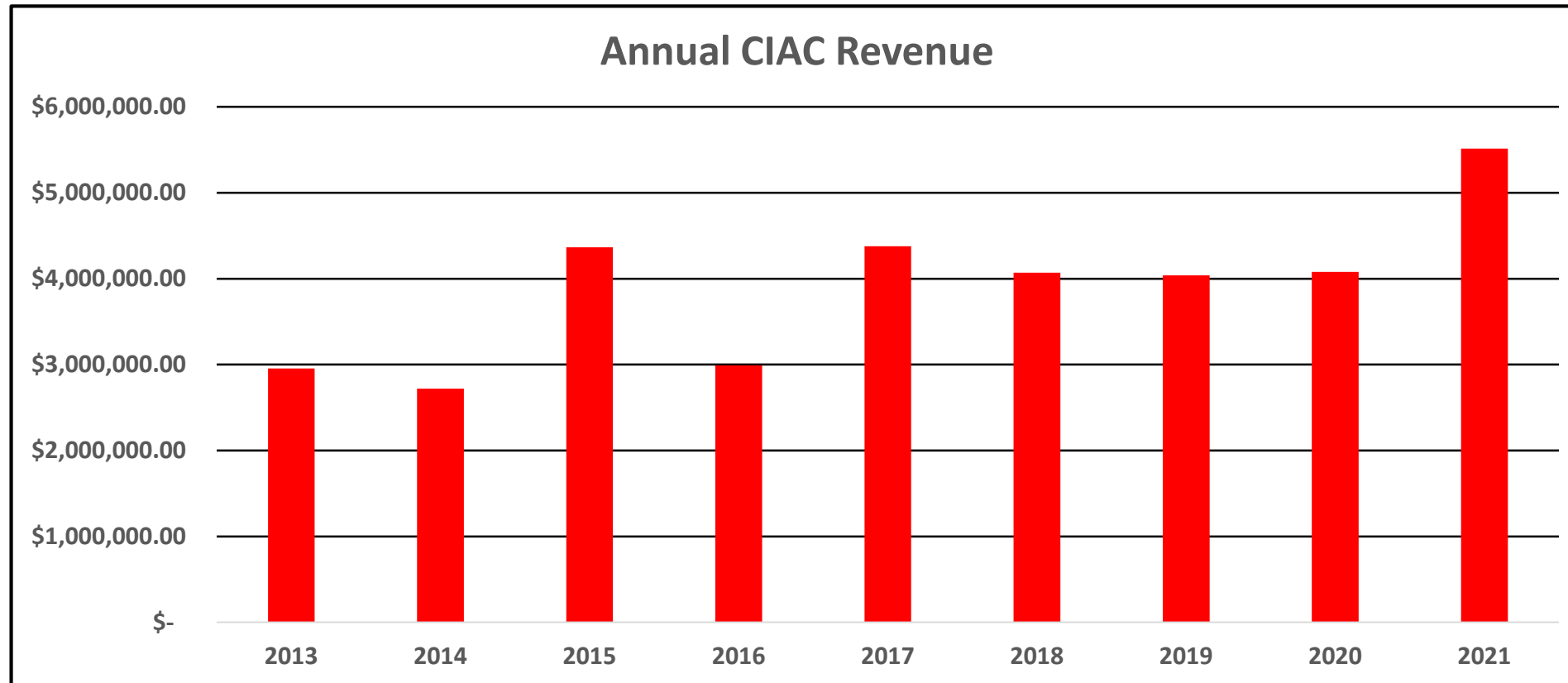
- Many large projects including 8 apartment buildings
- 3,018 New Connections (Largest since 2007)
- Continued conversion of paper to electronic forms

Supply Impacts to Electrical Services

- Nation wide shortages of electric utility materials
- Pro-Active communications to customers
- Seeking material and design alternatives
- Adding to an already high work volume

Tacoma Power

Customer Spending



●●● Tacoma Power

Electrical Services Focus for 2022

- New Service & Central Business District Engineering
 - Balancing materials and design
- Continuous improvement to customer processes
- Permitting fee updates (TMC)
- Project deployments
 - C&I Advanced Meter Deployment
 - Permitting platform shift to Accela

●●● Tacoma Water

2021 Water New Services Accomplishments

- Telework continued for Customer Experience and Planning & Engineering teams
- Supported record levels of water main extensions & new service transactions
- Process Improvements
 - Water Main Project Scheduling & Tracking tool, 'One Truth' – internal
 - Hydrant Rental Permit – internal and external

Challenges to Supporting Economic Development

- Development demand exceeding staffing levels that reduces level of service
- Staff turnover & hiring
- Supply chain impacting water main & new service line materials

●●● Tacoma Water

Focus for 2022

- Hiring and Training FTEs in '22 & Building Support new FTEs in 23/24 Budget
- Strategic Initiative Support
 - Customer Paid for Work, Improvements to automate workflow steps & easily identify project status
 - Water Customer Intent Statement, New
- Employee Survey Results Action Plan - Workload and Operational Effectiveness
 - Payment portal for developers to make online payment transactions for development services
- Large Project Deployments and Support
 - Advanced Meter - Mass Deployment & Smart Water projects
 - Customer Engagement Portal – Phase 3 Features, Water Outages and Customer Notifications
 - Preparation for SAP Customer Interaction Center (CIC0) module replacement

Tacoma Rail

2021 Accomplishments

- Rail maintained its exceptional service levels and strong financial position by matching expenses to reduced revenues while staying focused on our customers' needs.

COVID -19 Impacts

- Locomotive serving facility upgrade commenced in 2021.
- All other functions are proceeding normally.

Tacoma Rail

Focus for 2022

Expansion of ethanol unit train business and completion of locomotive servicing facility upgrade



● ● ● Measurement 1

Number of customers and prospects assisted in 2021

- Economic Development - 80
 - EDB / Dept. of Commerce - 18
 - COT - 17
 - GSP - 5
 - TPU - 40
- Rail - 5
- Power
 - 49 Commercial Agreements
 - 2,781 permits

●●● Measurement 1 - Water

Number of customers and prospects assisted in 2021

- Plan review and comments on 1,575 permits
- 40 Commercial // 28 Multifamily customers = 151 large services
- Single Family Dwellings = 1,538 new meters

Private Contracts and main extension program in 2021

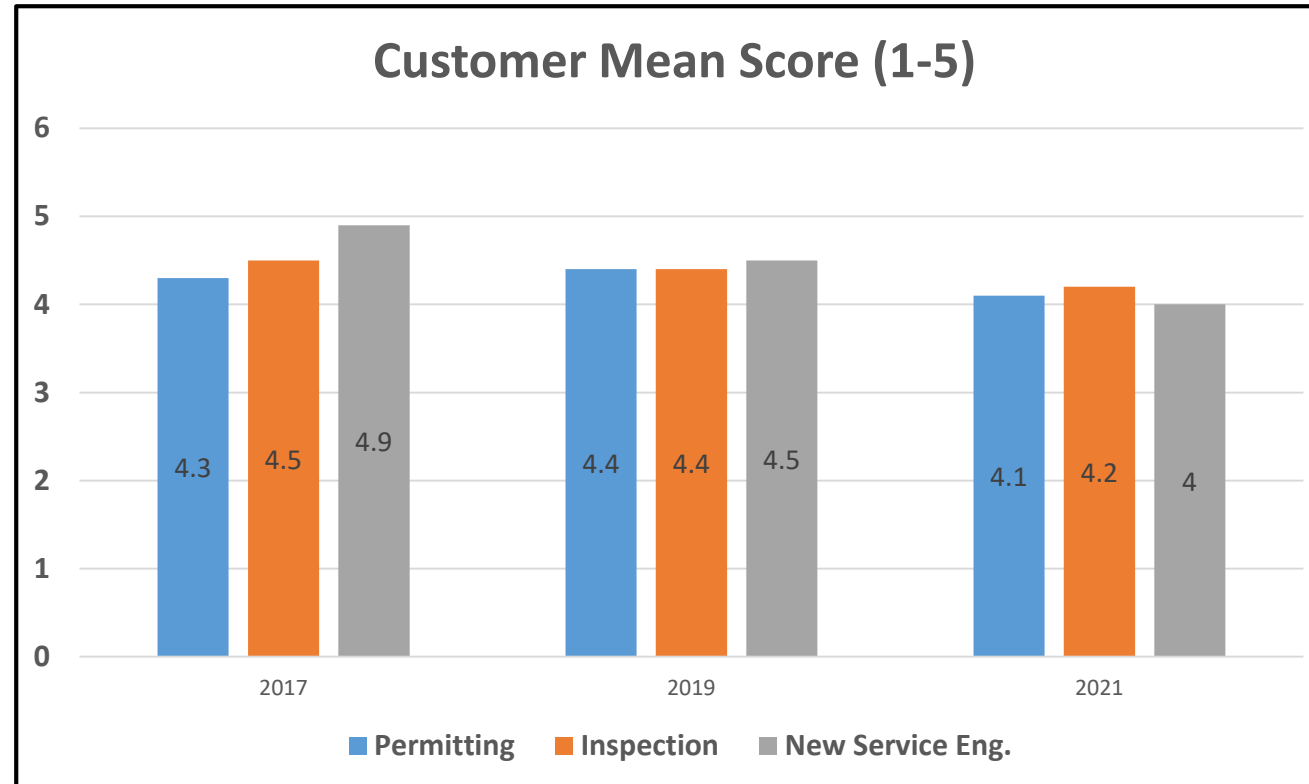
- 37 projects to Construction, 11.2 miles of new main
 - 14 Commercial projects // 23 Residential projects // 2 School projects
- 36 projects to the Design phase, 16+ miles
 - 13 Commercial projects // 21 Residential projects // 2 Medical projects

!! 24 projects have paid for design in 2022 to date !!

● ● ● Measurement 2

Annually review New Service Engineering (Water and Power) and other relevant customer surveys.

●●● Measurement 2 – Power



●●● Measurement 2 - Water



“employee engagement is high”

“employees receive customer compliments”



“transaction times are too long”

Measurement 2 – Rail (2021)

1. How satisfied are you with Tacoma Rail's service in its:

Answer Options	Very Satisfied	Satisfied	Needs Improvement	Unsatisfied	N/A	Rating Average	Response Count
Timeliness	15	8	0	0	1	3.65	24
Accuracy	15	6	2	0	1	3.57	24
Dependability	12	11	0	0	1	3.52	24
Communication	17	5	1	0	1	3.7	24
Operations Team	16	7	0	0	0	3.7	24

● ● ● Measurement 3

Track participation with Partners related to Economic Development.

- Level of participation was high pre-COVID, it increased significantly during COVID and is being maintained
- Activity changed over time as the pandemic evolved
 - Response → Recovery → Expansion
- New priorities have emerged:
 - Support for women and BIPOC owned businesses
 - Small business assistance

●●● Measurement 4

Linkages between TPU's strategic plan and other economic plans in the community

- COT Climate Action Plan – Green Economy Implementation Team
- COT Green Economy Advisory Committee
- Greater Seattle Partners
 - Regional Economic Recovery Taskforce
 - Competitiveness Council
- Tideflats Non-Interim Regulations & Subarea Plan
- State's decarbonization strategy, in particular the Hydrogen Hub efforts

QUESTIONS

