



RESOLUTION NO. U-11423

1 A RESOLUTION adopting an updated version of Public Utility Board Guiding
Principal Two on Financial Sustainability, previously adopted on August
28, 2019, via Resolution U-11099.

2 WHEREAS Guiding Principle Two (“GP-2”) Financial Sustainability,
3 establishes Tacoma Public Utilities’ (“TPU”) policy guidance for maintaining
4 sustainable budget, financial, and asset management practices, and
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6 WHEREAS GP-2 further provides that TPU will strive to ensure TPU
7 utilizes planning methods and detailed operating, capital and strategic plans
8 that provide long-term financial stability for reliable power, water and rail
9 services, and
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11 WHEREAS the updates to GP-2 include that TPU will utilize financial
12 metrics that will maintain and strive to improve its bond credit ratings, and

13 WHEREAS these policy updates were developed at regularly scheduled
14 Public Utility Board (“Board”) study sessions and all future Board reviews and
15 amendments will be handled similarly, and
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17 WHEREAS the Board has committed to monitor and ensure compliance
18 with Board Guiding Principles and this oversight provides an opportunity for the
19 Board and staff to clarify, revise and develop new policies, when necessary, as
20 TPU navigates changes in the utility industry, and
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22 WHEREAS the Board and Director have determined that adopting
23 updates to the Public Utility Board Guiding Principle Two on Financial
24 Sustainability is in the best interests of Tacoma Public Utilities and the
25 ratepayers; Now, Therefore,
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BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

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That the updated Public Utility Board Guiding Principle Two on Financial Sustainability, in the form as on file with the Clerk, is adopted and approved.

Approved as to form:

Chair

/s/
Chief Deputy City Attorney

Secretary

Clerk

Adopted _____



Board Action Memorandum

TO: Jackie Flowers, Director of Utilities
FROM: Engel Lee, Chief Deputy City Attorney
Charleen Jacobs, Clerk of the Board
MEETING DATE: December 13, 2023
DATE: December 6, 2023

SUMMARY: A resolution adopting an update to Public Utility Board Guiding Principal Two (GP2) on Financial Sustainability adopted on August 28, 2019 via Resolution U-11099 by deleting the individual 'Values' section, updating measurements, outcomes, and changing the reporting frequency to annual or otherwise appropriate as on file with the Clerk of the Board.

BACKGROUND:

The Financial Sustainability policy provides that TPU will secure its commitment to provide safe and reliable power, water, and rail services over the long term by maintaining sustainable budget, financial and asset management practices.

These policies were developed/modified at regularly scheduled or properly-noticed Board study sessions and meetings and all future reviews and amendments to the Public Utility Board policies will be in handled similarly.

The Public Utility Board has committed to monitor and ensure compliance with Board policies. This oversight provides an opportunity for the Board and staff to clarify, revise and develop new policy when necessary as TPU navigates changes in the utility industry.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? N/A

IF THE ACTION REQUESTED IS APPROVAL OF A CONTRACT, INCLUDE LANGUAGE IN RESOLUTION AUTHORIZING \$200,000 INCREASE IN ADMINISTRATIVE AUTHORITY TO DIRECTOR? N/A

ATTACHMENTS: Strategic Directive 2 – Financial Sustainability

CONTACT: Jackie Flowers, Director of Utilities



PUBLIC UTILITY BOARD POLICY

<p>Category: Guiding Principle</p> <p>Date of Adoption: August 28, 2019</p> <p>Resolution No.: U-11099</p> <p>Revision Date: December 13, 2023 via Resolution U-11424</p>	<p>Title: Financial Sustainability</p> <p>Policy Number: GP-2</p>
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Purpose

Tacoma Public Utilities (TPU) is committed to providing safe, affordable, and reliable power, water, and rail services over the long term by maintaining sustainable budget, financial, and asset management practices.

Outcomes

1. Planning methods, as summarized in Rate and Financial Policies, that provide long-term financial stability for reliable power, water, and rail services.
2. Detailed Operating, Capital, and Strategic Plans that guide planning for sustainable financial, business, and capital budgets over the long term while maintaining infrastructure assets at the lowest responsible lifecycle cost.
3. TPU planning methods that incorporate conservatism and gradualism into near-term budgets and rate designs, as necessary, to ensure long-term financial stability and anticipate unexpected future events with adequate cash reserves and insurance.
4. Utilize financial metrics that maintain and strive to improve TPU's bond credit ratings in order to facilitate access to the lowest-cost financing and produce sustainable debt service expenses with adequate and relevant reserve level.
5. Utility rates at the lowest levels reasonably sufficient to meet our vision.
6. Financial management of debt including loans, revenue bonds, and grants over the long term to maintain reasonable debt-service requirements and meet debt service coverage ratios.

7. Board Members who are educated in the business model and financing of these utilities.

Measurements

1. Budget Performance and Forecast to Actual (revenues and expenditures)
2. Debt Service Coverage Ratio
3. Days Cash on Hand (based on budgeted expenditures)

Reporting

Frequency: Quarterly

Method: Biennial budget and rate development process; Quarterly financial outlooks

<https://www.mytpu.org/about-tpu/investors/>