

TACOMA PUBLIC UTILITY BOARD

**2027 - 2028 PROPOSED BUDGET
TACOMA WATER**

Wednesday, September 23, 2026

Tacoma Water

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Tacoma Water Recapitulation of Biennial Budget	2025-2026 Current Budget	2027-2028 Proposed Budget	2025-26 to 2027-28 Budget Comparison	
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REVENUE

Operating Revenue				
Water Sales	\$217,077,081	\$257,386,925	\$40,309,844	18.6%
Anticipated Additional Revenue	21,714,921	21,409,099	(305,822)	(1.4%)
Other Operating Revenue	8,023,736	8,256,943	233,207	2.9%
Total Operating Revenue	246,815,738	287,052,967	40,237,229	16.3%
Non-Operating Revenue				
Interest	1,000,000	2,000,000	1,000,000	100.0%
BABS Interest Federal Subsidy	5,487,131	5,194,991	(292,140)	(5.3%)
Miscellaneous	462,158	491,633	29,475	6.4%
Transfers from other Funds:				
Capital Reserve Fund	9,402,723	2,093,757	(7,308,966)	(77.7%)
System Development Charge Fund	26,179,628	10,551,457	(15,628,171)	(59.7%)
(Anticipated) Revenue Bond Proceeds	36,721,807	60,000,000	23,278,193	63.4%
Appropriation from Fund Balance	16,739,133	10,583	(16,728,550)	(99.9%)
Total Revenue & Available Funds	\$342,808,318	\$367,395,388	\$24,587,070	7.2%

EXPENDITURES

Personnel Costs	\$89,811,123	\$100,074,048	\$10,262,925	11.4%
Supplies, Other Services & Charges	88,525,097	90,410,084	1,884,987	2.1%
Taxes - Current Revenue Estimate	31,851,119	40,371,743	8,520,623	26.8%
Taxes - Anticipated Additional Revenue	2,917,923	1,712,728	(1,205,195)	(41.3%)
Debt Service	50,398,897	52,704,326	2,305,429	4.6%
Capital Outlay	79,304,158	82,122,459	2,818,301	3.6%
Total Expenditures	\$342,808,318	\$367,395,388	\$24,587,070	7.2%

CAPITAL OUTLAY FINANCING DETAIL

Funded from Water Capital Reserve Fund	\$9,402,723	\$2,093,757	(\$7,308,966)	(77.7%)
Funded from System Development Charge Fund	26,179,628	10,551,457	(15,628,171)	(59.7%)
Funded from Operating Fund	7,000,000	9,477,245	2,477,245	35.4%
Funded from Bond Proceeds	36,721,807	60,000,000	23,278,193	63.4%
Total Capital Outlay	\$79,304,158	\$82,122,459	\$2,818,301	3.6%

PERSONNEL - Budgeted FTE **325.0 / 325.0** **326.0 / 327.0**

Prior years may have been reclassified or restated to reflect organizational changes.

	2025-2026 Current Budget	2027-2028 Proposed Budget	2025-26 to 2027-28 Budget Comparison	
Tacoma Water Revenue				

REVENUE SUMMARY

Water Sales	\$217,077,081	\$257,386,925	\$40,309,844	18.6%
Anticipated Additional Revenue	21,714,921	21,409,099	(305,822)	(1.4%)
Other Operating Revenue	8,023,736	8,256,943	233,207	2.9%
Total Operating Revenue	246,815,738	287,052,967	40,237,229	16.3%
Non-Operating Revenue	79,253,447	80,331,838	1,078,391	1.4%
Appropriation from Fund Balance	16,739,133	10,583	(16,728,550)	(99.9%)
Total Revenue & Available Funds	\$342,808,318	\$367,395,388	\$24,587,070	7.2%

REVENUE DETAIL

Water Sales

Residential	\$161,223,006	\$178,506,898	\$17,283,892	10.7%
Wholesale	5,676,295	8,098,882	2,422,587	42.7%
Other Water Sales	50,177,780	70,781,145	20,603,365	41.1%
	217,077,081	257,386,925	40,309,844	18.6%
Anticipated Additional Revenue	21,714,921	21,409,099	(305,822)	(1.4%)
Total Water Sales	238,792,002	278,796,024	40,004,022	16.8%
Cascade Water Alliance	4,134,854	5,035,553	900,699	21.8%
Public Fire Protection	749,923	0	(749,923)	(100.0%)
Miscellaneous Water Revenue	3,138,959	3,221,390	82,431	2.6%
Total Other Operating Revenue	8,023,736	8,256,943	233,207	2.9%
Total Operating Revenue	246,815,738	287,052,967	40,237,229	16.3%

Other Income

Interest	1,000,000	2,000,000	1,000,000	100.0%
BABS Interest Federal Subsidy	5,487,131	5,194,991	(292,140)	(5.3%)
Miscellaneous	462,158	491,633	29,475	6.4%
Transfers from Other Funds:				
Capital Reserve Fund	9,402,723	2,093,757	(7,308,966)	(77.7%)
System Development Charge	26,179,628	10,551,457	(15,628,171)	(59.7%)
(Anticipated) Revenue Bond Proceeds	36,721,807	60,000,000	23,278,193	63.4%
Total Non-Operating Revenue	79,253,447	80,331,838	1,078,391	1.4%
Appropriation from Fund Balance	16,739,133	10,583	(16,728,550)	(99.9%)
Total Revenue & Available Funds	\$342,808,318	\$367,395,388	\$24,587,070	7.2%

Tacoma Water Division Consolidation	2025-2026 Current Budget	2027-2028 Proposed Budget	2025-26 to 2027-28 Budget Comparison	
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SUMMARY - Operation & Maintenance by Section

Water Administration	\$95,306,683	\$127,456,329	\$32,149,646	33.7%
Maintenance & Construction	46,529,072	88,606,994	42,077,922	90.4%
Customer & Employee Experience	29,693,741	6,061,239	(23,632,502)	(79.6%)
Planning & Engineering	20,385,560	7,253,908	(13,131,652)	(64.4%)
Source Water & Treatment Ops	21,190,206	3,190,133	(18,000,073)	(84.9%)
Total for Division	\$213,105,262	\$232,568,604	\$19,463,341	9.1%

SUMMARY - Operation & Maintenance by Category

Salaries & Wages	\$77,175,565	\$85,703,341	\$8,527,776	11.0%
Employee Benefits	30,872,688	36,343,565	5,470,877	17.7%
Capital Credit & Labor To/From Others	(18,237,130)	(21,972,858)	(3,735,728)	20.5%
Total Personnel Costs	89,811,123	100,074,048	10,262,925	11.4%
Supplies	22,687,688	22,962,424	274,736	1.2%
Services	18,342,196	18,691,999	349,803	1.9%
Other Charges	8,575,364	7,267,159	(1,308,205)	(15.3%)
Total Assessments	38,919,849	41,488,503	2,568,654	6.6%
Taxes	34,769,043	42,084,471	7,315,428	21.0%
Total Supplies & Other Charges	123,294,140	132,494,556	9,200,416	7.5%
Total for Division	\$213,105,262	\$232,568,604	\$19,463,341	9.1%

	2025-2026 Current Budget	2027-2028 Proposed Budget	2025-26 to 2027-28 Budget Comparison	
Tacoma Water Taxes				

TAX PAYMENTS

City of Tacoma:

Gross Earnings Tax (8.0%)	\$18,053,656	\$24,496,253	\$6,442,597	35.7%
State of Washington:				
Utility & Business Tax	11,018,390	12,898,012	1,879,623	17.1%
Other*	2,779,074	2,977,478	198,404	7.1%
Subtotal	31,851,119	40,371,743	8,520,623	26.8%
Anticipated Additional Revenue**				
Gross Earnings Tax (8.0%)	1,737,194	1,712,728	(24,466)	(1.4%)
Utility & Business Tax	1,092,044	0	(1,092,044)	(100.0%)
Other*	88,685	0	(88,685)	(100.0%)
	2,917,923	1,712,728	(1,205,195)	(41.3%)
Total City and Utility Tax	34,769,042	42,084,471	7,315,428	21.0%
Federal Taxes (FICA)	5,703,837	6,357,427	653,590	11.5%
Total Tacoma Water Taxes	\$40,472,879	\$48,441,898	\$7,969,019	19.7%

Note: State Sales Tax is included in O & M budget line items for materials.

FICA tax is included in O & M budget line items for personnel costs/employee benefits.

*Other includes franchise, administrative and other fees paid to other cities and entities and fire patrol

**Taxes on anticipated additional revenue due to rate increase.

Tacoma Water Debt Service	2025-2026 Current Budget	2027-2028 Proposed Budget	2025-26 to 2027-28 Budget Comparison	
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DEBT SERVICE SUMMARY

Interest	\$28,699,715	\$29,001,198	\$301,483	1.1%
Principal	21,699,182	23,703,128	2,003,946	9.2%

Total Debt Service	\$50,398,897	\$52,704,326	\$2,305,429	4.6%
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DEBT SERVICE DETAIL

BONDS

2009 Build America Bonds \$76,775,000	Interest	\$8,830,661	\$8,830,661	\$0	0.0%
2010 Build America Bonds \$74,985,000	Interest	7,794,490	6,909,352	(885,138)	(11.4%)
	Principal	7,585,833	10,380,000	2,794,167	36.8%
2015 Refunding Bonds \$18,430,000	Interest	92,812	0	(92,812)	(100.0%)
	Principal	1,856,250	0	(1,856,250)	(100.0%)
2024 Bonds \$63,800,000	Interest	6,380,000	6,374,875	(5,125)	(0.1%)
	Principal	0	1,427,083	1,427,083	100.0%
2026 Bonds \$83,000,000	Interest	4,511,122	0	(4,511,122)	(100.0%)
	Principal	1,357,977	0	(1,357,977)	(100.0%)
2027 Revenue Bonds \$60,000,000	Interest	0	6,045,529	6,045,529	100.0%
	Principal	0	1,879,519	1,879,519	100.0%

LOANS

Public Works Trust Fund Loans	Interest	52,950	27,217	(25,733)	(48.6%)
	Principal	2,758,735	1,929,917	(828,818)	(30.0%)
State Drinking Water Fund Loans	Interest	1,037,680	813,565	(224,115)	(21.6%)
	Principal	8,140,387	8,086,609	(53,778)	(0.7%)

Total Debt Service	\$50,398,897	\$52,704,326	\$2,305,429	4.6%
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	2025-2026 Current Budget	2027-2028 Proposed Budget
Tacoma Water Capital Outlay		

SUMMARY

	Portfolio Budget Adjustment	\$0	(\$20,530,615)
General Plant	\$9,722,236	\$16,733,524	
Water Source	43,678,854	28,962,823	
Water Treatment	7,498,314	11,461,267	
Water Distribution	18,404,754	45,495,460	
Sub-Total	\$79,304,158	\$82,122,459	
Projects Funded from Water Operating Reserve Fund	7,000,000	9,477,245	
Projects Funded from Water Capital Reserve Fund	9,402,723	2,093,757	
Projects Funded from System Development Charge Fund	26,179,628	10,551,457	
Projects Funded from Anticipated Bond Funds	36,721,807	60,000,000	
Total Operating & Reserve Fund Capital Outlay	\$79,304,158	\$82,122,459	

Portfolio Budget Adjustments

Capital Completion Factor	\$0	(\$20,530,615)
General Plant		
Accela Expanded Services	0	932,640
AVEVA PI	0	566,276
Capital Carryforward Factor	(7,470,524)	0
Common Operating Picture	0	486,000
Cross Connection Software	0	380,000
Fleet Additions and Replacements	8,609,204	7,013,608
Land Purchases and Contingency	500,000	0
SmartWater Program	1,443,000	475,000
TW Project Management Information System	0	280,000
Unanticipated Capital Project/Plant or Equip Failure	1,300,000	0
UTS and Customer Service Projects	5,340,556	0
Water Capital Software	0	1,600,000
Watershed Land Acquisition	0	5,000,000
General Plant Total	\$9,722,236	\$16,733,524

Water Source and Transmission

128 & Canyon Pump Station Upgrade	\$0	\$1,300,000
198th PS Buildout	0	150,000
214th PS MCC Replacement	0	270,000
27/28 Cathodic Protection Impressed Current Program	0	500,000

	2025-2026 Current Budget	2027-2028 Proposed Budget
Tacoma Water Capital Outlay		
Cascadia Reservoir and PS	2,726,112	0
Cathodic Protection	300,000	0
Electrical and Communications Upgrades	956,627	0
Fixed Ladder & Anchor Points	0	816,000
Groundwater Prioritization (Wells Master Plan)	1,074,000	0
Hood St Reservoir Overflow Check Valve	0	231,000
Hood Street Pump Station Renewal	0	150,000
McMillin Security Camera System Upgrade	0	62,000
North End Reservoir Standpipe Overflow Check Valve	0	174,823
P1 Projects (non-program)	532,258	0
Pipeline 1 Pressurization Program	12,400,000	4,970,000
Pipeline No. 1 Pressurization - Canyonfalls Creek Pump Station	0	12,070,000
Sunrise Standpipe Drainage, Coating and Corrosion Issues	0	97,000
Sunrise Standpipe: Monitoring Equipment Upgrade	0	21,000
Supply System Improvements	989,857	0
Trilogy Reservoir & Booster Pump Station (formally Cascadia Reservoir and PS)	0	8,100,000
UP Reliability Improvements	0	51,000
Water Operations Warehouse Building	24,700,000	0
Source Total	\$43,678,854	\$28,962,823

Water Treatment

Built Forestland Assets	\$180,000	\$60,000
Dedicated Distribution Sample Stations	30,000	30,000
Hood St Chlorination System Improvements	55,000	0
HSR Corrosion Control Facility Pipe and Appurtenance	0	126,000
Muckleshoot Agreement	600,000	600,000
South Tacoma Wells PFAS Treatment	1,250,000	2,000,000
South Tacoma PFAS Land Acquisition	0	2,660,000
West McDonald Genset & Batteries Replacement	48,000	0
1st Diversion Share of RWSS Projects:	0	0
1st Diversion: Chemtreat Bldg Standby Generator Load Bank Testing	0	39,150
1st Diversion: Backwash Tank Refill Flow Control	174,000	0
1st Diversion: Fish Passage Facility Upgrades	746,114	920,000
1st Diversion: Flash Mix Grid #2 Modifications	0	47,850
1st Diversion: Fluoride HMI/RTU Relocation & Profinet Conversion	34,800	0
1st Diversion: Flow Meter Bulk Replacements	0	0
1st Diversion: GRFF Main Generator PLC Upgrade	0	108,750
1st Diversion: GRFF Chemical Feed Lines	151,761	0
1st Diversion: GRFF Critical Pump and Motor Spares	143,550	0
1st Diversion: GRFF Improvements	0	0

	2025-2026 Current Budget	2027-2028 Proposed Budget
Tacoma Water Capital Outlay		
1st Diversion: GRFF Visitor & Access Control Solution	174,000	0
1st Diversion: Headworks Gate Access Control & Security Improvements	0	124,008
1st Diversion: Headworks Space Planning	0	0
1st Diversion: Ozone Standby Generator, Load Bank Connection Cam Lock Pa	0	39,150
1st Diversion: Ozone System Upgrades	3,095,025	1,996,650
1st Diversion: Raw Water Conduit (RWC) Bridge Seismic Improvements	0	321,900
1st Diversion: RWSS Fleet Additions and Replacements	205,364	320,729
1st Diversion: RWSS Major Electrical and Control Equipment	87,000	87,000
1st Diversion: RWSS Major Treatment and Equipment	130,500	87,000
1st Diversion: RWSS North Fork Wells Renewal & Replacement	106,100	106,100
1st Diversion: RWSS Watershed Betterments	184,875	417,600
1st Diversion: RWSS Watershed Tools and Equipment	58,725	65,250
1st Diversion: SCADA Server Refresh	0	725,580
1st Diversion: Upgrade Zetasizer at GRFF	0	91,350
1st Diversion: Upper Green River Water Monitoring	43,500	43,500
1st Diversion: West McDonald Power Feeder	0	443,700
Water Treatment Total	\$7,498,314	\$11,461,267

<u>Water Distribution</u>		
Blowoff Installation and Replacement	\$300,000	\$1,000,000
Capital Meter Replacements	1,000,000	500,000
Curran Road - 136th St to 47th Ave (Phase 2)	0	3,790,000
Decant Facility 2nd Flocculation Tank	143,332	0
FRP: Franchise Required Projects	941,800	2,155,000
Furnishings for New Warehouse/Shops	0	1,315,000
High Cedars PRV Station Demolition	40,000	0
Hydrant Installation & Replacement	600,000	1,000,000
Lawrence St & 40th Valve Replacement	20,000	0
MRP: Curran Road Water System Improvements	4,310,421	0
MRP: Projects of Opportunity (Identified Projects)	30,000	0
MRP: Model Driven (Identified Projects) 23/24	6,369,201	0
MRP: Galvanized Pipe Replacement on A St South and East D St	0	1,100,000
MRP: Puyallup Ave Main Replacement, from SR 705 to Portland Ave	0	140,000
MRP: S 11th St. from MLK Jr Way to Yakima Ave	0	290,100
MRP: S 11th St. & S. Sprague Ave Intersection	0	310,000
New Shops Equipment Needs	0	350,000
Redundant Supply for 446 North Pressure Zone	0	158,000
Shirley St and N 31st Low Pressure Area	0	260,000
STPS Motor Protection Relay Upgrade	0	60,000

	2025-2026 Current Budget	2027-2028 Proposed Budget
Tacoma Water Capital Outlay		
Valve Renewal and Replacement	450,000	1,000,000
Water Operation Building	0	25,945,000
Water Service Replacement & Renewals	4,000,000	6,000,000
Woodland Ave Capacity Improvements	200,000	122,359
WDP: Water Division Projects	0	0
Water Distribution Total	\$18,404,754	\$45,495,460
Total Capital Outlay	\$79,304,158	\$82,122,459