

2023/2024 Budget & Rates Proposal

Scott Dewhirst | Water Superintendent | sdewhirst@cityoftacoma.org

Jodi Collins | Financial Stewardship Manager | jodi.collins@cityoftacoma.org

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Agenda



Budget Development & Strategy



Budget Assumptions, Risks & Mitigation



Preliminary Budget & Long-Range Financial Planning



Preliminary Proposal, Outreach & Communication



Budget & Rates Summary



Next Steps

Budget Development & Strategy

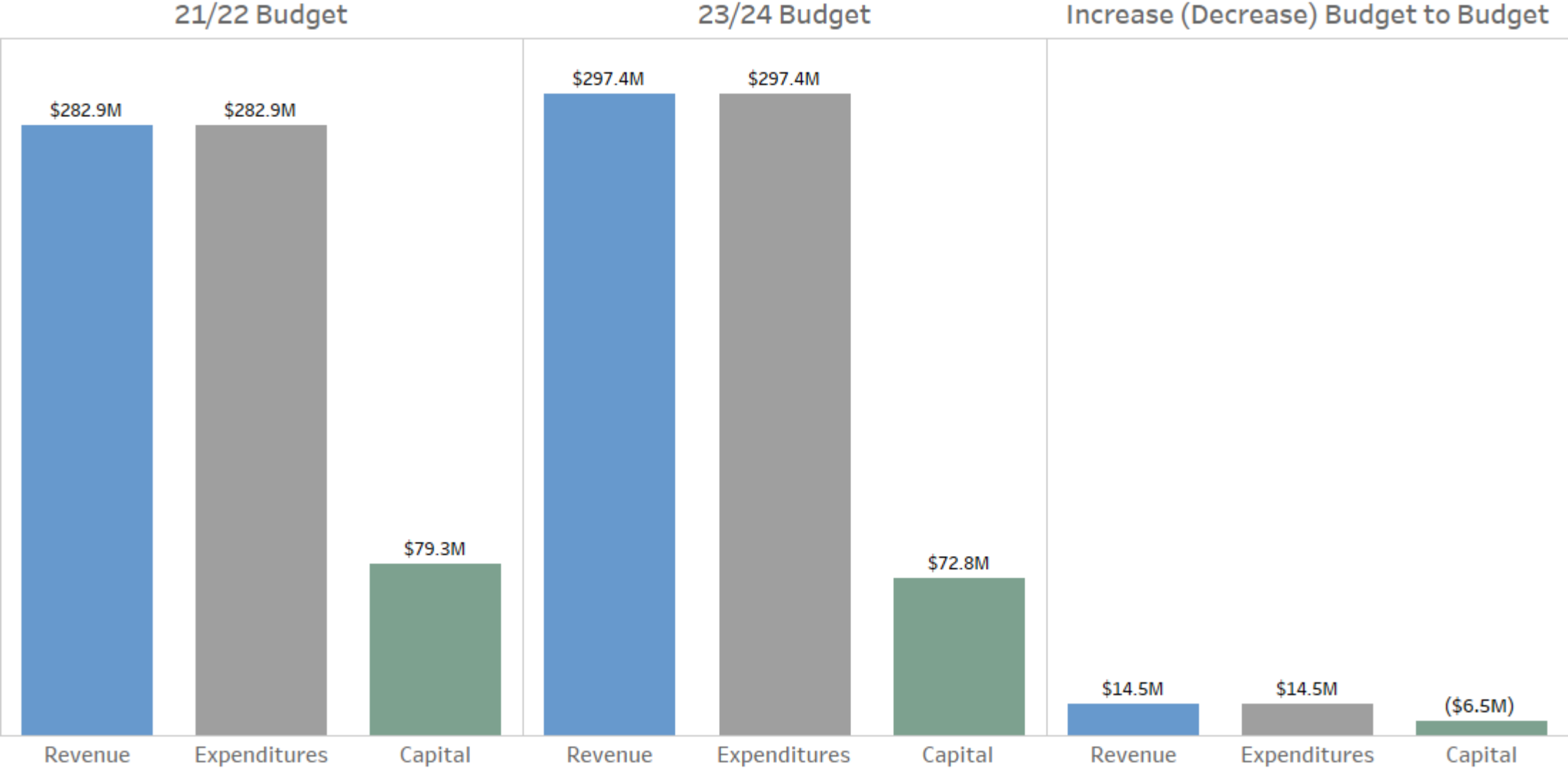


- **Aligned with PUB Strategic Directives**
 - **Strategic plan embedded in budget**
 - **Mid-plan assessment underway**
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- **Objectives in process**
 - **Providing customers with increased value**
 - **Preparing our workforce for the future**
 - **Improving our systems, processes, and use of resources**

Budget Development

- **Strategic long-range planning**
- **Asset management and expense prioritization**
- **Operational efficiencies**
- **Financial, project and process management**
 - **Budget decision-making framework**
 - **Forecasting, phased approach**
- **Inflationary pressures and supply chain issues**
- **Balancing workload with organizational capacity**

Budget Comparison



Budget Assumptions

- **Revenues**
 - Updated short-term demand forecast
 - Lower rate adjustment in 2021
- **Increased Personnel Costs**
 - Plan for recruiting & retaining employees
 - Market & general wage increases for represented staff
 - Classification & compensation adjustments for non-represented staff
- **Other Assumptions**
 - Increased assessments from internal service providers
 - Higher operational costs including rent, fuel, insurance, and water treatment
 - High costs for construction contracts, labor, supplies, and materials
 - Additional support for customer assistance programs

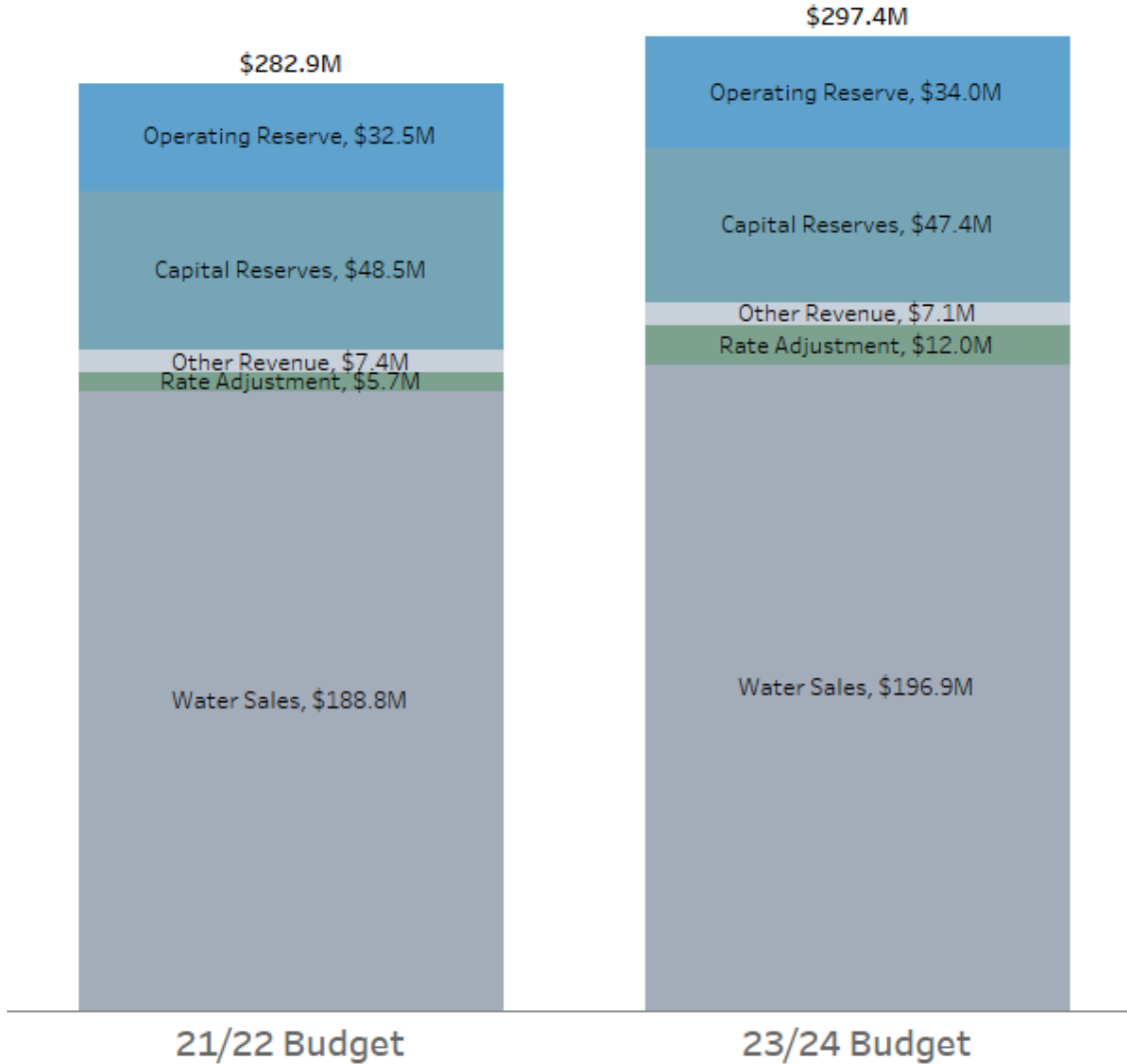
Budget Risks

- **Long-term economic assumptions such as inflation & interest rates**
- **Aging receivables collection, cash flow and bad debt expense**
- **Final class & compensation adjustments unknown**
- **Costs for business system investments & innovation**
- **Housing growth and development**
- **Demand forecast assumptions**
 - **Weather**
 - **Recession**
 - **Account growth**

Budget Mitigation

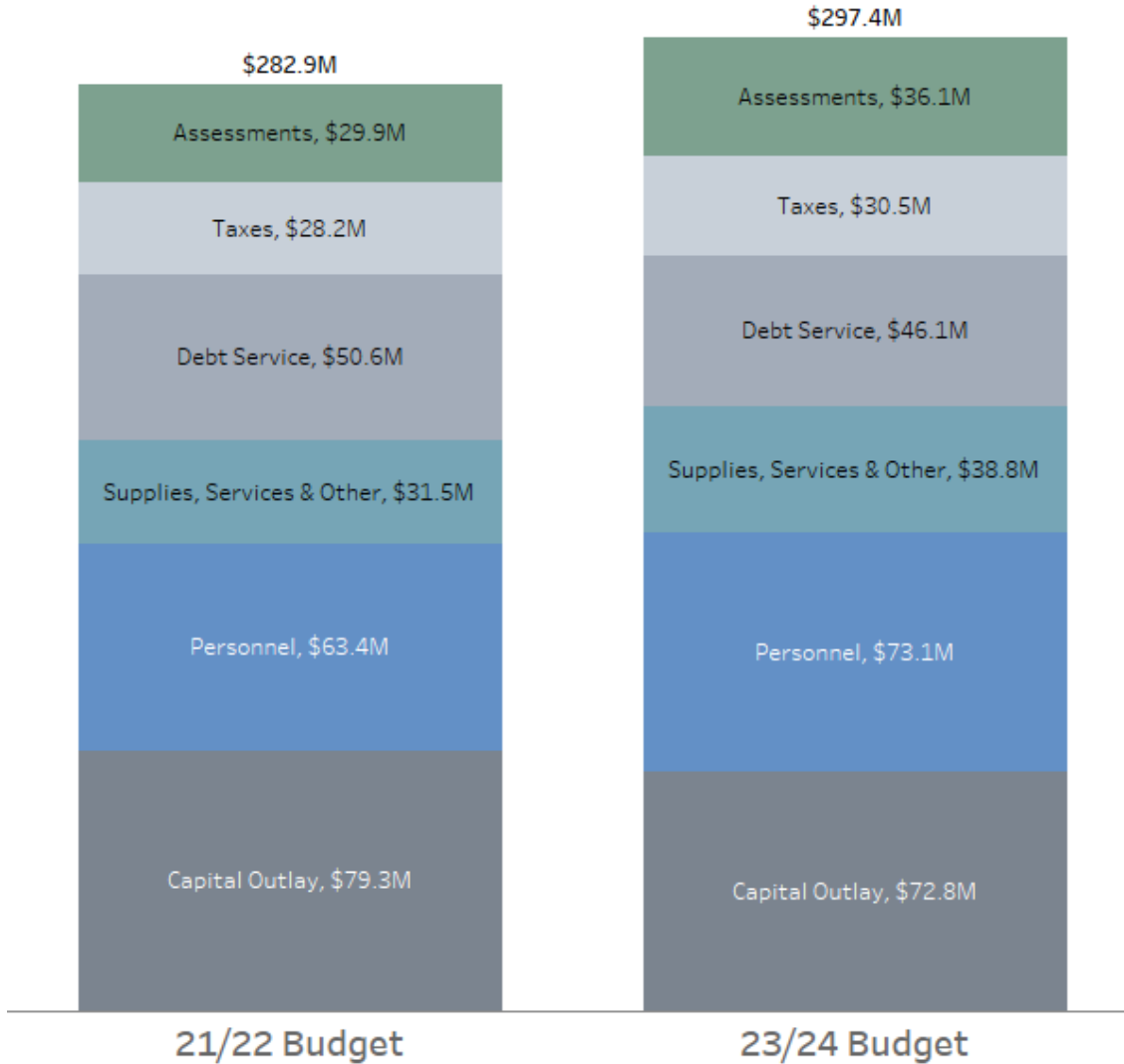
- **Long-term planning & gradual approach**
- **Responsible, intentional use of cash reserves to reduce rate increases**
- **Continue work with other utilities in the region to market surplus capacity**
- **Balance internal resources & professional services**
- **Actively manage expenditures through asset management & prioritization**
- **Budgeted deduction to salaries & benefits for vacancy factor**
- **Newly implemented capital carry-forward factor deduction to capital budget**
- **BCAP Plus automatic credits for customers that qualify for assistance**
- **Expanded grant & loan program for customers**
- **Mid-biennium adjustment if needed**

Proposed Budget: Revenue



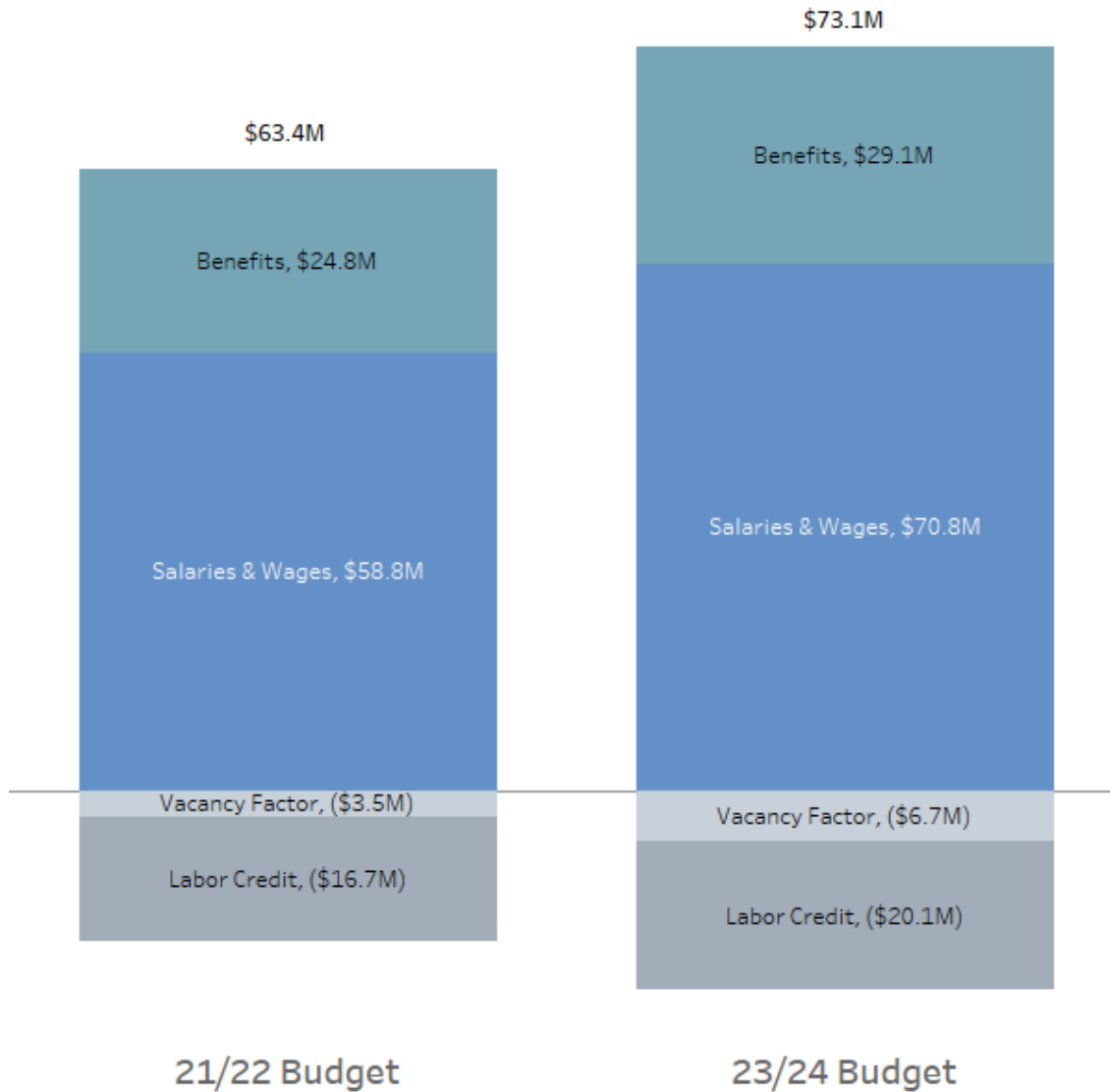
- This chart includes capital outlay funded from cash reserves
- Proposed water sales budget incorporates updated demand forecast at existing rates
- Revenue from proposed rate adjustment is **\$12M** and assumes **4%** system average increases in each year
- Water sales, including the rate adjustment, makes up about **70.2%** of the budget, **27.4%** is spending cash reserves, and **2.4%** is from other revenue

Proposed Budget: Expenditures



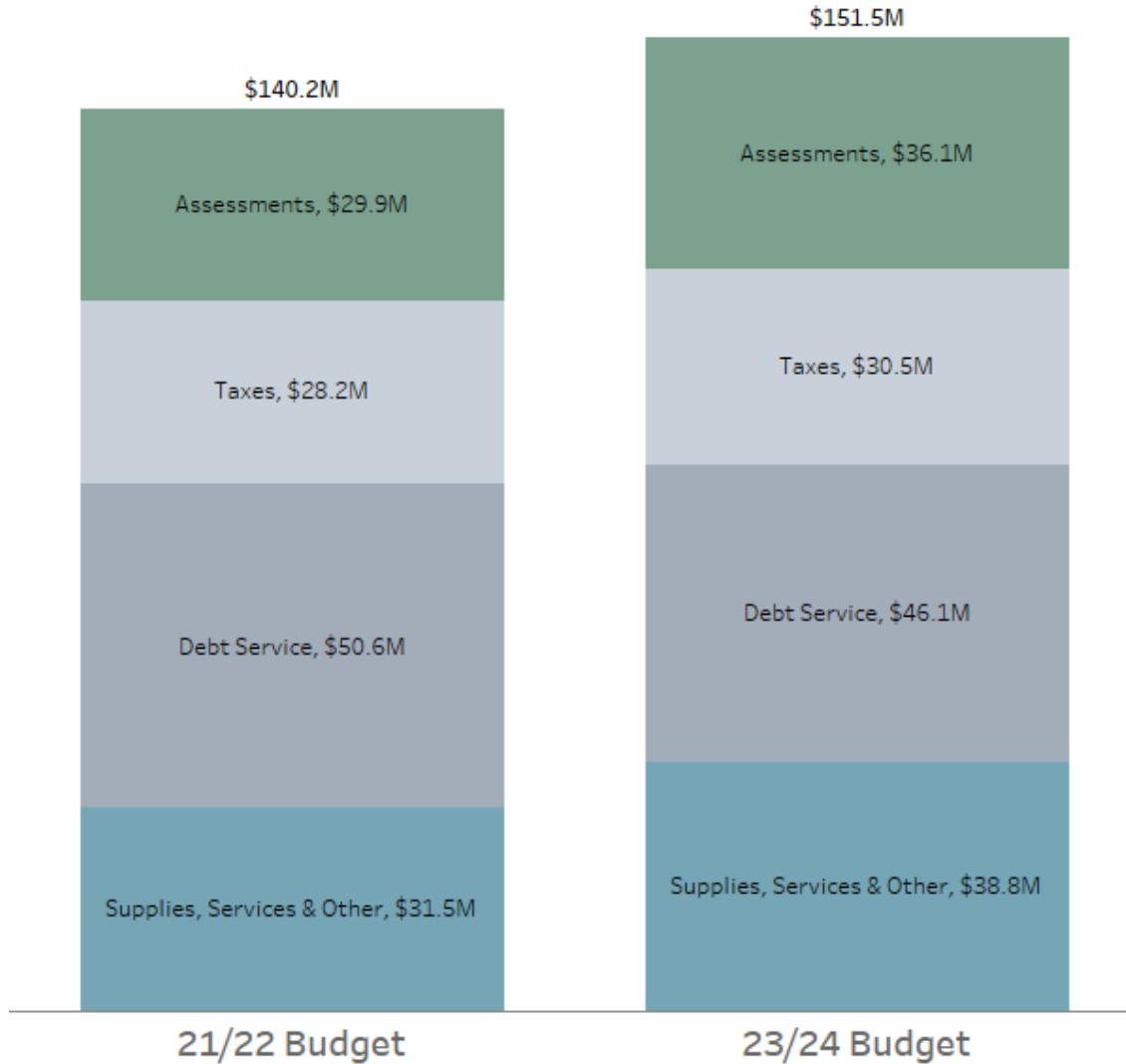
- **Overall Operations & Maintenance (O&M), excluding capital outlay, is about **\$21.0M** higher in 23/24 than in 21/22**
- **Personnel costs have increased by **\$9.7M**, with increases in both salaries and benefits**
- **Supplies, Services & Other Charges increased **\$7.3M** primarily due to inflation**
- **Internal service assessments are about **16%** of total O&M budget and are **\$6.2M** higher in 23/24**
- **Debt Service is lower due to payoff of 2020 Bank Loan Refunding in 2023**

Proposed Budget: Personnel



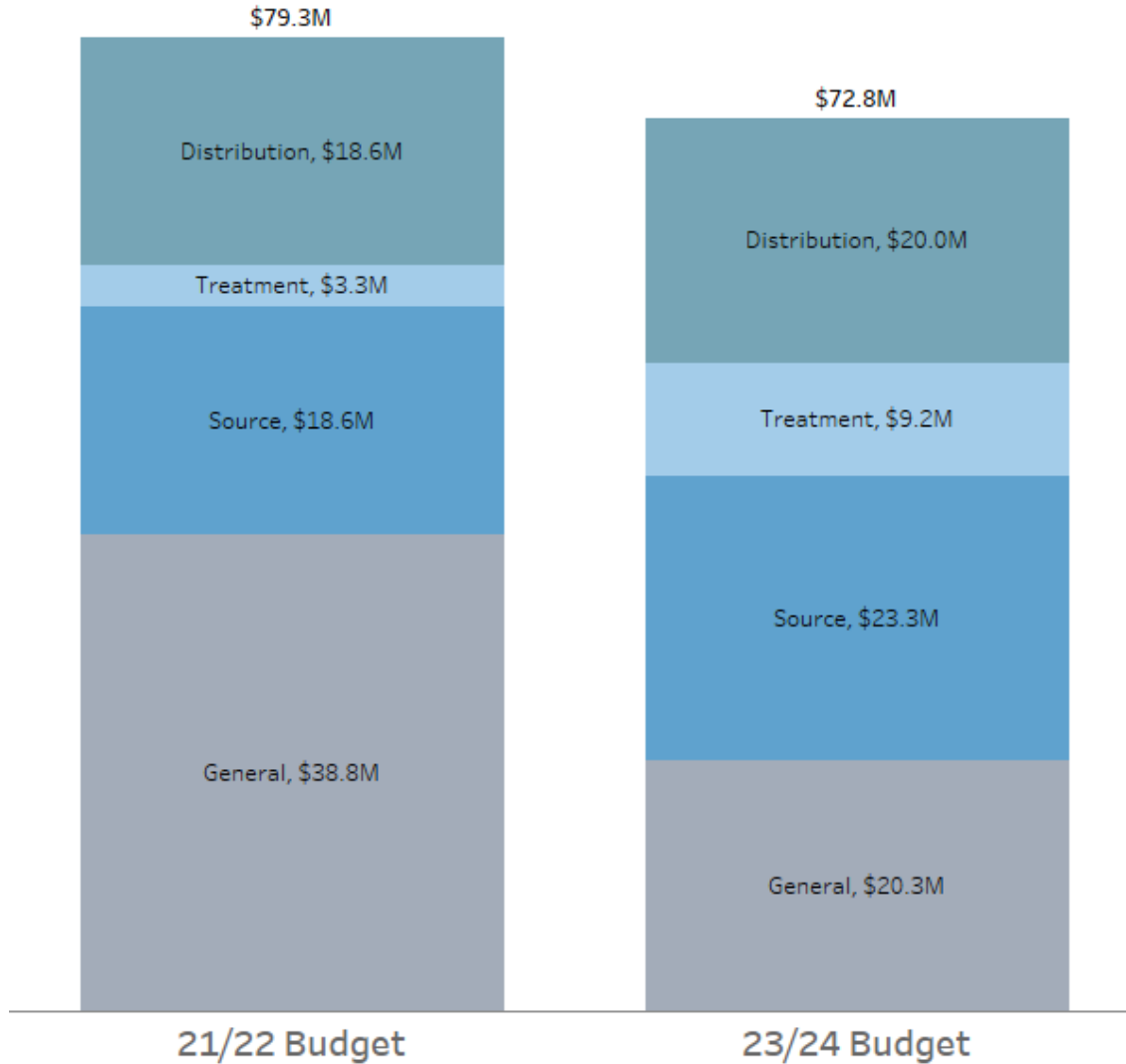
- Overall personnel is about **\$9.7M** higher in 23/24 than in 21/22
- This increase includes about **73% for existing positions** and the remaining 27% is for 18 new positions
- Incorporates deferred market wage adjustments and general wage increases from updated contracts for represented positions and assumptions of Class & Comp study results for non-represented staff
- Budget includes **\$6.7M** deduction to salaries and benefits for vacancy factor

Proposed Budget: Other O&M



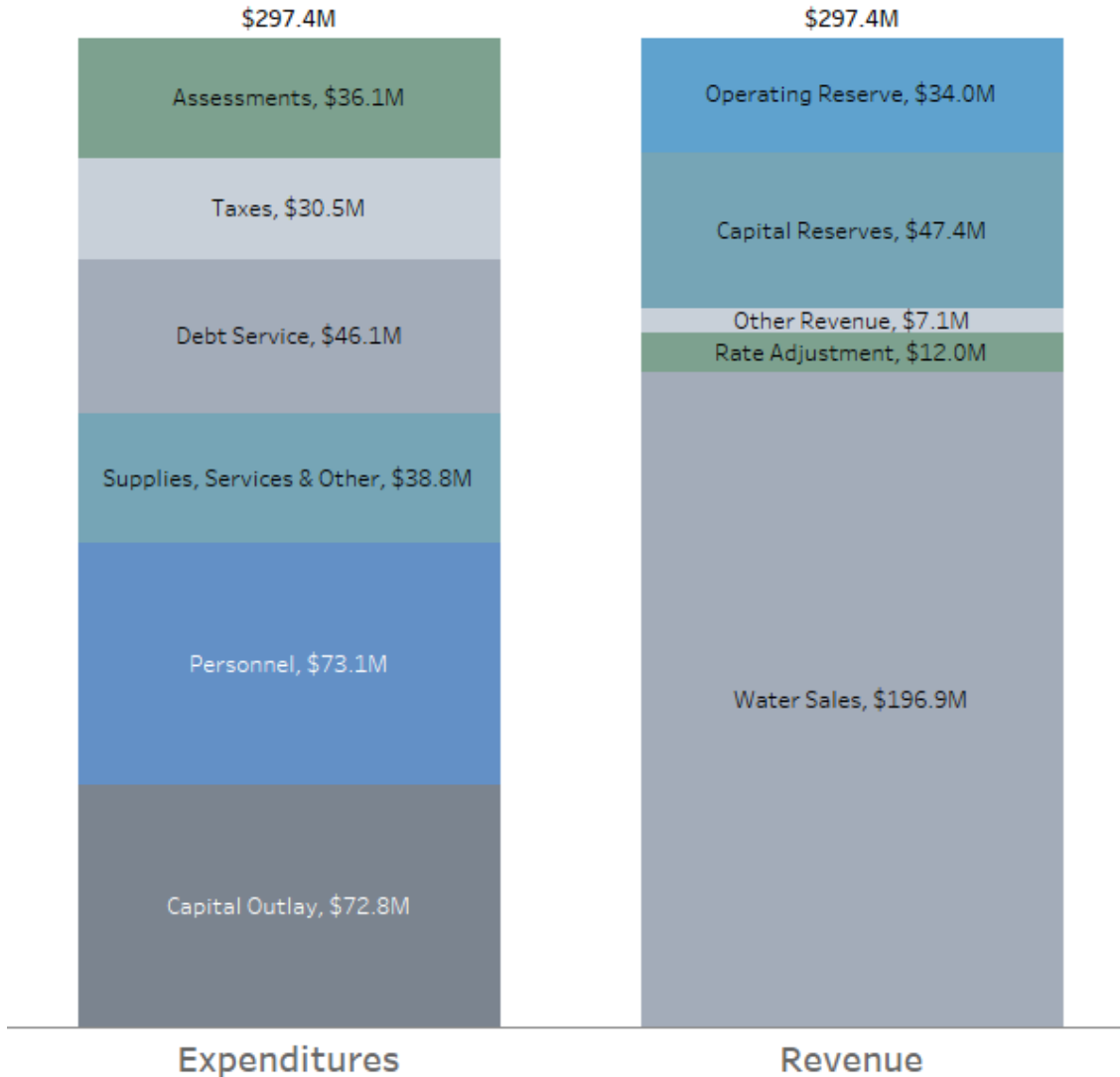
- Total Other O&M is about **\$11.3M** higher in 23/24 than in 21/22
 - *Assessments increase \$6.2M*
 - *Taxes increase \$2.3M*
 - *Debt Service decrease \$4.5M*
 - *Other Supplies, Services & Charges increase \$7.3M*
- Higher operational costs, inflation of expenses, contract service cost increases, supply chain delays contribute to increase for Supplies, Services & Other Charges

Proposed Budget: Capital



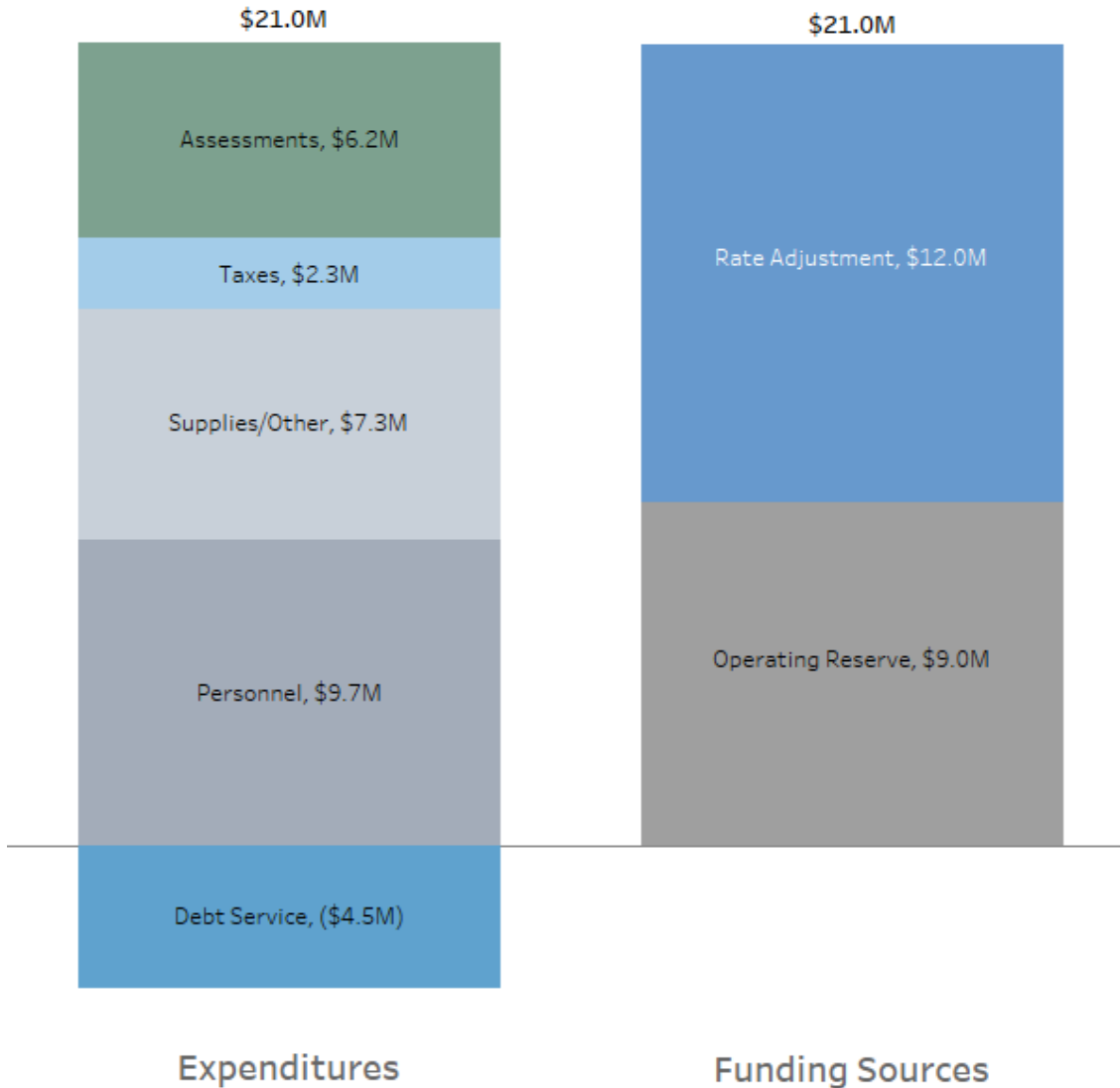
- Overall capital is about **\$6.5M** lower in 23/24 than in 21/22
- Capital will be funded by cash reserves
 - **\$25.4M** from Operating Fund
 - **\$47.4M** from Capital Funds
- Includes reappropriation from 21/22 budget of **\$19.1M** for projects in process
- Budget has been informed with asset management tools & processes, project prioritization matrix based on values & constraints, and resource planning

Proposed Expenditures & Revenue



- This chart gives a side-by-side view of how revenue and reserves are planned to be devoted during the 23/24 biennium
- Nearly **70%** of total expenditures are planned to be paid with revenue from water sales, including the rate adjustment
- About **25%** of total expenditures are planned to be funded with cash reserves and the remaining **5%** from other miscellaneous revenue

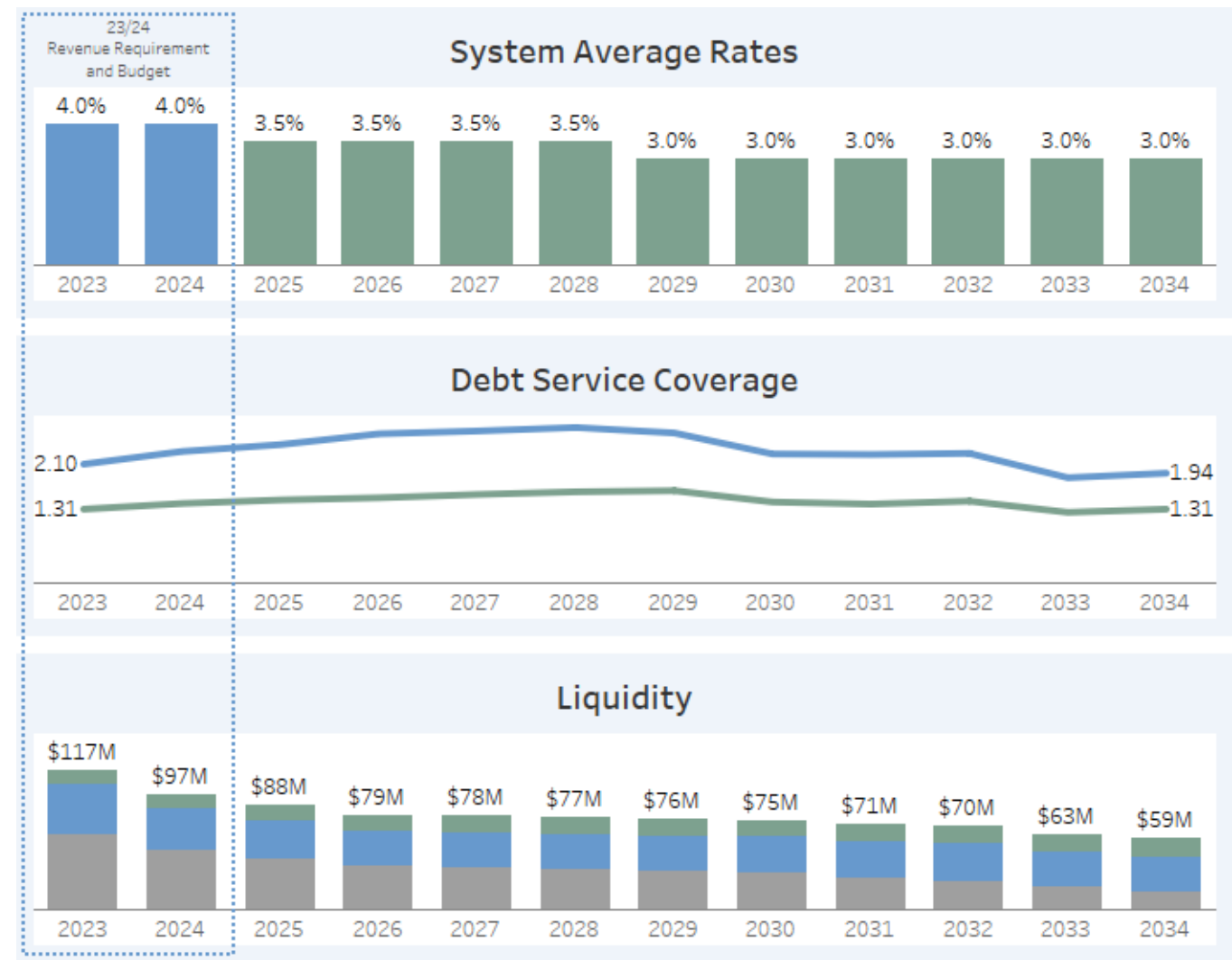
Funding for Expenditure Increases



- This chart illustrates how increased planned expenditures, excluding capital outlay, are proposed to be funded
- Nearly **43%** of increased operating & maintenance expenditures will be funded from cash reserves
- Remaining **57%** proposed to be paid from rate adjustment

Long-Term Planning & Financial Forecasting

Our base case supports gradual rate adjustments for our customers.



Rates

- 4.0% annual system average rates for 2023/2024

Coverage

- Continue meeting debt service coverage requirements

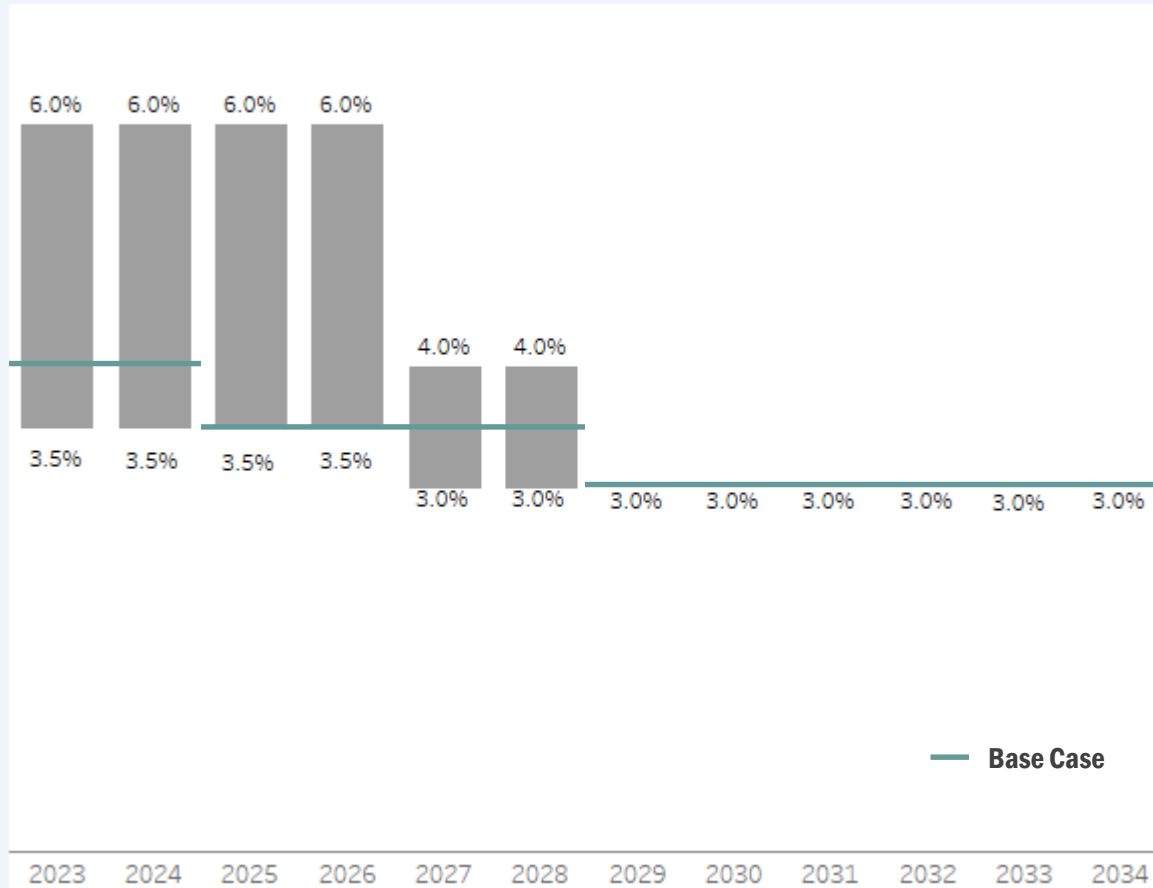
Liquidity

- Responsible spend-down of reserves within liquidity policy

Long-Term Planning and Financial Forecasting

Development of possible scenarios / uncertainties with similar ending rate trajectories and financial metrics.

Projected Range of System Average Rate Adjustments



Base Case Assumptions

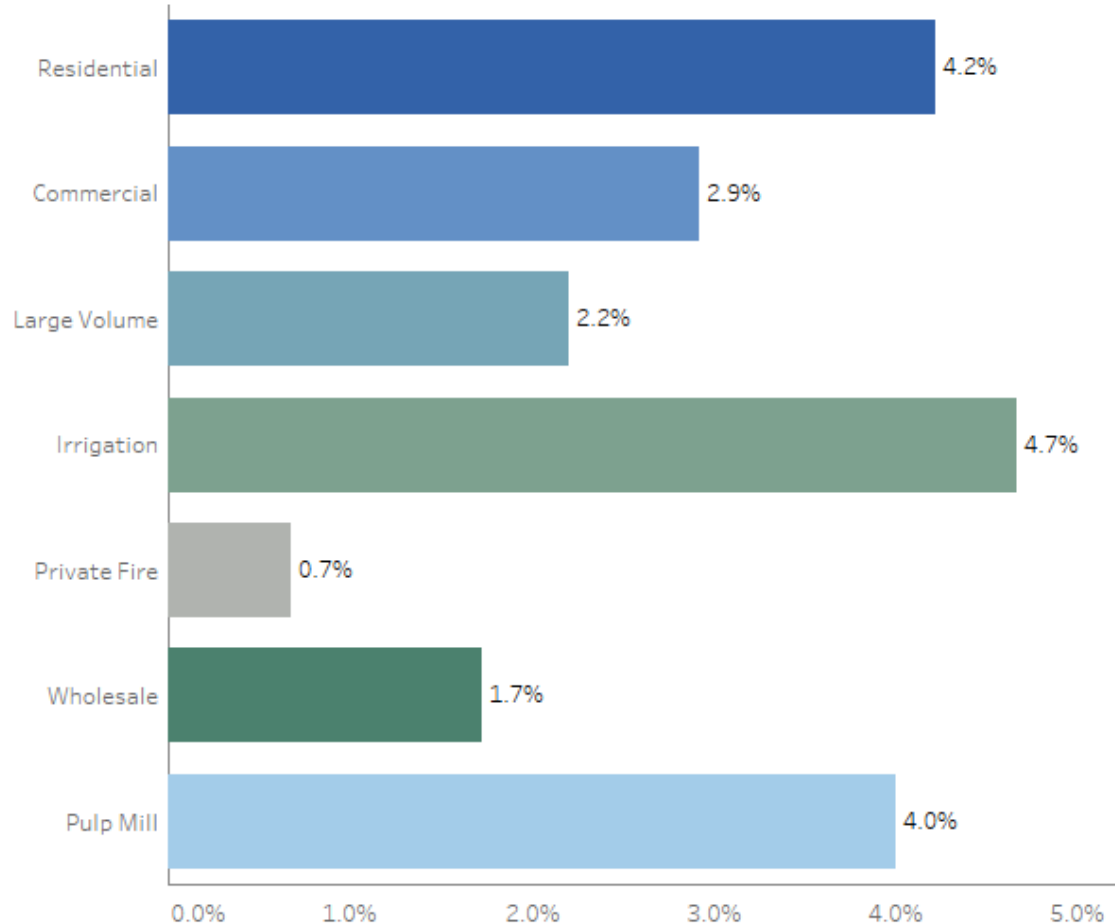
- Inflationary Costs (general, labor, etc)
- Incremental Franchise Fees
- System Account Growth
- Demand Growth
- Interest Earnings

Scenario Development

- Loss of Large Customer
- Higher General Wage Increase
- Wholesale Opportunities

Preliminary Rate Proposal: System Average

Proposed Annual Rate Adjustments by Customer Class
Annual System Average Rate Adjustment: 4.0%



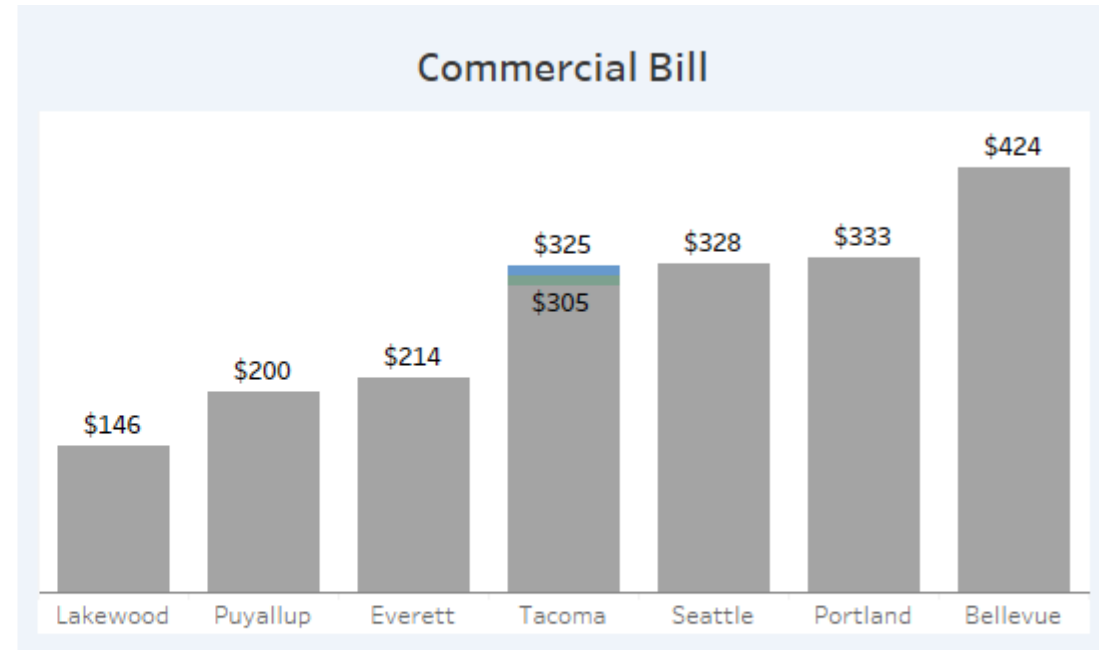
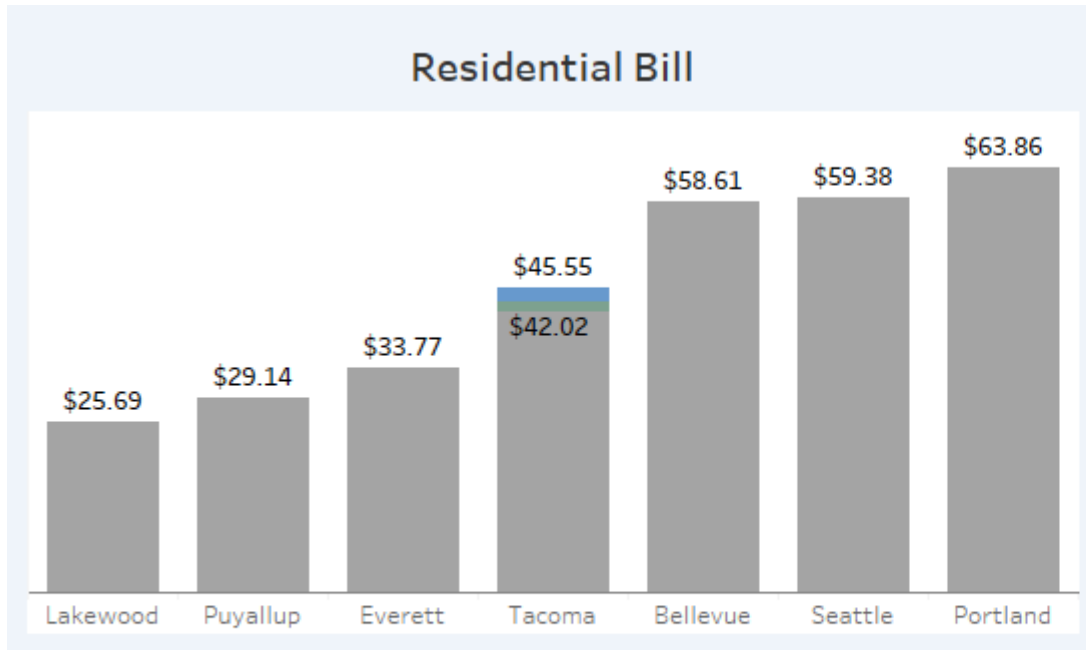
Recommendations

- **4% annual system average rate increase**
- **Rate adjustments would apply to both fixed and variable components for most classes**

Mitigation

- **Recommendations assume a phasing-in of COSA results**

Preliminary Rate Proposal: Regional Comparison



■ 2022

■ 2023

■ 2024

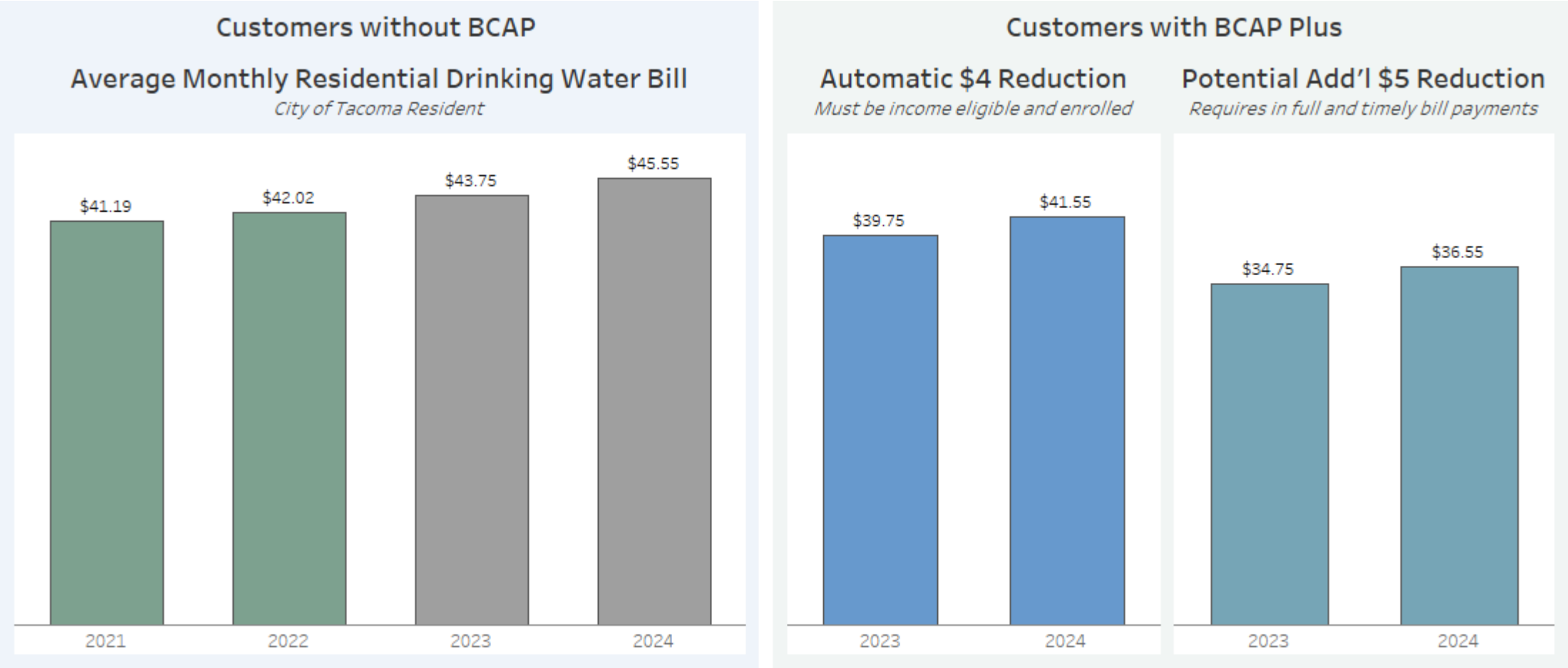
This comparison assumes a single family consumes a monthly average 6 CCF (4,488 gallons) in winter months and 9 CCF (6,732 gallons) in summer months with a 5/8" meter.

This comparison assumes a commercial customer consumes a monthly average 50 CCF (37,400 gallons) every month with a 2" meter.

- **“Current retail rates are competitive for the region even with proposed rate increases and provide management with good revenue-raising flexibility.” - Standard & Poor’s Tacoma Water Credit Rating Review**
- **The average residential drinking water bill in Tacoma is approximately 0.7% of area median income in the Tacoma Water service territory.**

Enhanced Customer Assistance: BCAP Plus

For customers enrolled in BCAP Plus, automatic monthly bill credits will offset rate impacts.



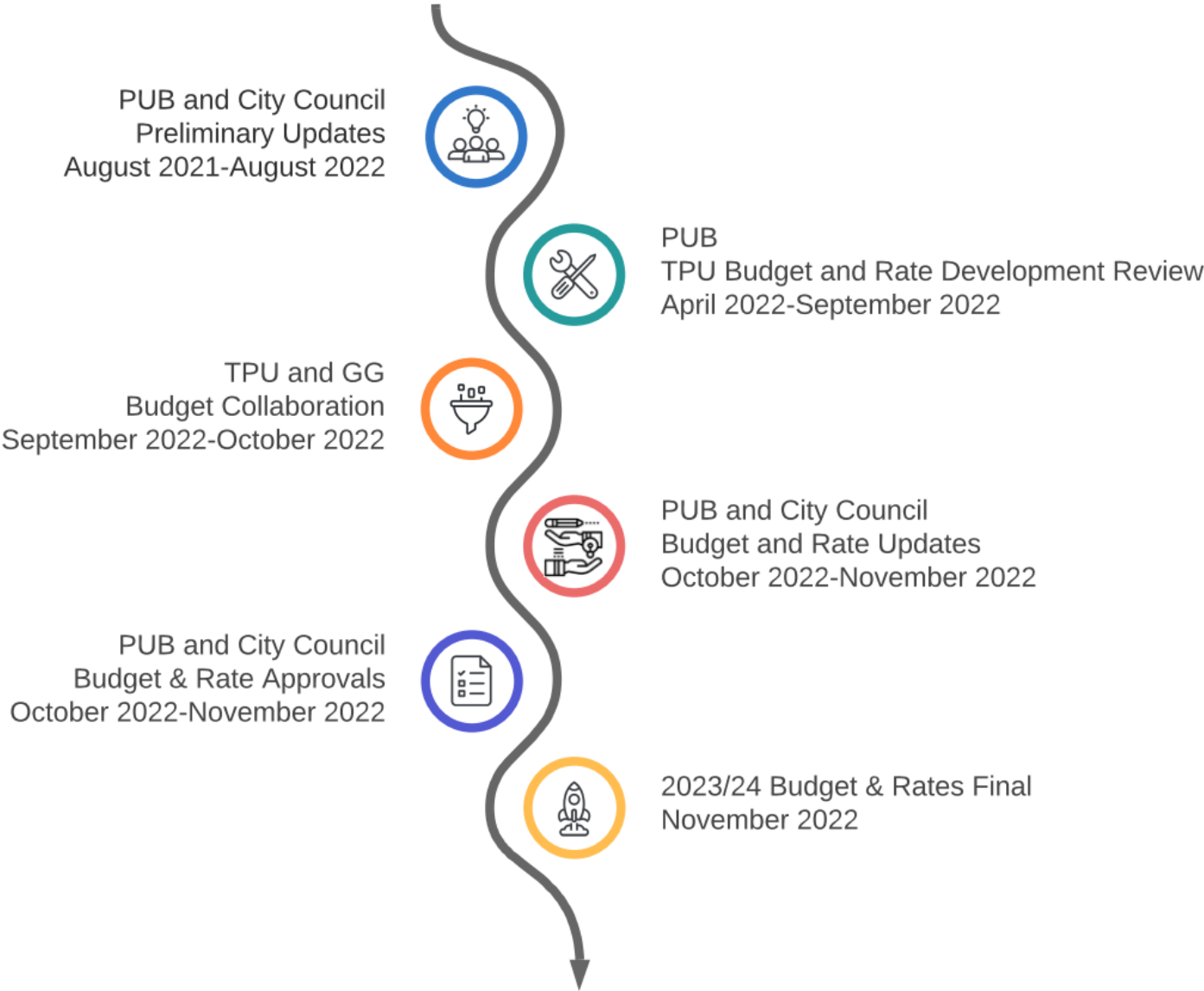
This comparison assumes a single family consumes a monthly average 6 CCF (4,488 gallons) in winter months and 9 CCF (6,732 gallons) in summer months with a 5/8" meter.



Budget & Rate Summary

- **Water Rate & Financial Policy, PUB Strategic Directives & Water Strategic Plan informs the budget**
- **Ongoing impacts from 2020 budget development cycle, high inflation & other cost increases have been included in the plan**
- **Gradualism minimizes rate impacts while preserving financial flexibility & stability**
- **Projected rate impact for an average residential bill (inside Tacoma)**
 - **\$1.73** per month in 2023 and **\$1.80** per month in 2024
- **Increased & expanded BCAP Plus credits will completely offset rate adjustments & provide assistance for qualifying customers**

Next Steps



Appendix

Tacoma Water Customer Classes

- **Single-family and multifamily residences**

- **99,615 accounts**
- **\$66.2M revenue**

Residential



- **Small & medium sized businesses such as flower shops and small offices**

- **4,720 accounts**
- **\$11.8M revenue**

Commercial



- **Large industries which use more than 65,000 CCF per year, such as U.S. Oil and Boeing**

- **6 accounts**
- **\$2.3M revenue**

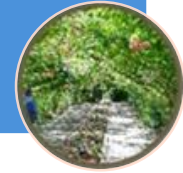
Large Volume



- **Dedicated irrigation meter for primarily outdoor use such as Point Defiance Park**

- **1,047 accounts**
- **\$4.2M revenue**

Irrigation



- **Warehouses with large fire sprinkling systems**

- **1,583 accounts**
- **\$4.0M revenue**

Private Fire



- **Other utilities such as City of Fife and Firgrove Mutual Water Company**

- **22 accounts**
- **\$2.7M revenue**

Wholesale



- **WestRock in the Tideflats**

- **1 account**
- **\$7.3M revenue**

Pulp Mill



Revenue

Revenue (\$ in millions)	Current	Proposed	Increase (Decrease)	
	21/22 Budget	23/24 Budget	Budget to Budget	
Operating Revenue				
Residential Water Sales	118.8	127.2	8.4	7.1%
Wholesale Water Sales	5.5	5.8	0.3	5.2%
Pulp Mill Water Sales	13.9	14.6	0.7	5.0%
Other Water Sales	50.6	49.3	-1.3	-2.6%
Other Operating Revenue	7.9	7.4	-0.5	-6.3%
Anticipated Rate Increase	5.7	12.0	6.3	110.5%
Operating Reserve Appropriation	24.6	26.6	2.0	8.1%
Total Operating Revenue	\$227.0	\$242.9	\$15.9	7.0%
Non-Operating Revenue				
Interest and Other	1.8	1.5	-0.3	-16.7%
Transfers in from Capital Reserve Fund	41.7	12.3	-29.4	-70.5%
Transfers in from SDC Fund	6.8	35.1	28.3	80.6%
BABs Subsidy	5.6	5.6	0.0	0.0%
Total Non-Operating Revenue	\$55.9	\$54.5	-\$1.4	-2.5%
Total Revenue & Available Funds	\$282.9	\$297.4	\$14.5	5.1%

Expenses

Expenses & Staffing (\$ in millions)	Current	Proposed	Increase (Decrease)	
	21/22 Budget	23/24 Budget	Budget to Budget	
Personnel				
Salaries & Wages	58.8	70.8	12.0	20.4%
Benefits	24.8	29.1	4.3	17.3%
Labor Credit	-16.7	-20.1	-3.4	20.4%
Vacancy Factor	-3.5	-6.7	-3.2	91.4%
Total Personnel	\$63.4	\$73.1	\$9.7	15.3%
Other O&M				
Debt Service	50.6	46.1	-4.5	-8.9%
Supplies, Services, Charges and Other	32.3	38.8	6.5	20.1%
Taxes	28.2	30.5	2.3	8.2%
Assessments	29.9	36.1	6.2	20.7%
Total Other O&M	\$141.0	\$151.5	\$10.5	7.4%
Total Expenses & Staffing	\$204.4	\$224.6	\$20.2	9.9%

Capital

Capital (\$ in millions)	Current	Proposed	Increase (Decrease)	
	21/22 Budget	23/24 Budget	Budget to Budget	
Capital Projects				
General Plant	38.8	20.3	-18.5	-47.7%
Water Treatment	3.3	9.2	5.9	178.8%
Water Source	18.6	23.3	4.7	25.3%
Water Distribution	18.6	20.0	1.4	7.5%
Total Capital Projects	\$79.3	\$72.8	-\$6.5	-8.2%
Capital Funding Sources				
Transfers in from Capital Reserve Fund	41.7	12.3	-29.4	-70.5%
Transfers in from SDC Fund	6.8	35.1	28.3	80.6%
Operating Reserve	30.8	25.4	-5.4	-17.5%
Existing Bonds	0.0	0.0	0.0	0.0%
Total Capital Funding Sources	\$79.3	\$72.8	-\$6.5	-8.2%

Assessments & Taxes

Assessments (\$ in millions)	Current	Proposed	Increase (Decrease)	
	21/22 Budget	23/24 Budget	Budget to Budget	
GG Assessments				
Information Technology	4.6	6.1	1.5	32.6%
Human Resources	1.4	1.6	0.2	14.3%
Legal	0.8	0.8	0.0	0.0%
Finance	2.3	2.1	-0.2	-8.7%
Other	1.5	1.5	0.0	0.0%
Total GG Assessments	\$10.6	\$12.1	\$1.5	14.2%
TPU Assessments				
Customer Services	10.8	13.6	2.8	25.9%
Public Affairs & Communication	2.8	3.3	0.5	17.9%
Utility Technology Services	3.6	4.3	0.7	19.4%
Administration & Support	2.1	2.8	0.7	33.3%
Total TPU Assessments	\$19.3	\$24.0	\$4.7	24.4%
Total Assessments	\$29.9	\$36.1	\$6.2	20.7%

Taxes (\$ in millions)	Current	Proposed	Increase (Decrease)	
	21/22 Budget	23/24 Budget	Budget to Budget	
Taxes to the General Fund	16.2	17.3	1.1	6.8%
State Utility Taxes	9.7	10.6	0.9	9.3%
Other Taxes (including Franchise Fees)	2.3	2.6	0.3	13.0%
Total Taxes	\$28.2	\$30.5	\$2.3	8.2%

Rate Schedule: Ready-to-Serve Charge

Residential, Commercial & Large Volume - Ready to Serve Charge						
Meter Size (Inches)	Inside City of Tacoma		Outside City of Tacoma		City of University Place	
	Rate Effective Dates					
	1/1/2023	1/1/2024	1/1/2023	1/1/2024	1/1/2023	1/1/2024
5/8	\$26.68	\$27.57	\$32.28	\$33.28	\$34.67	\$35.74
3/4	\$38.55	\$39.92	\$46.52	\$48.10	\$49.97	\$51.66
1	\$62.29	\$64.61	\$75.01	\$77.73	\$80.57	\$83.49
1.5	\$121.64	\$126.33	\$146.23	\$151.79	\$157.06	\$163.04
2	\$192.86	\$200.40	\$231.69	\$240.67	\$248.86	\$258.51
3	\$359.04	\$373.23	\$431.11	\$448.07	\$463.05	\$481.27
4	\$596.44	\$620.13	\$715.99	\$744.35	\$769.04	\$799.51
6	\$1,189.94	\$1,237.38	\$1,428.19	\$1,485.05	\$1,534.02	\$1,595.09
8	\$1,902.14	\$1,978.08	\$2,282.83	\$2,373.89	\$2,451.99	\$2,549.80
10	\$2,733.04	\$2,842.23	\$3,279.91	\$3,410.87	\$3,522.95	\$3,663.62
12	\$4,009.07	\$4,169.32	\$4,811.15	\$5,003.38	\$5,167.65	\$5,374.13

Fire Protection Service - Ready to Serve Charge							
Meter Size (Inches)	Inside City of Tacoma		Outside City of Tacoma		City of University Place		Maximum Allowable Monthly Water
	Rate Effective Dates						
	1/1/2023	1/1/2024	1/1/2023	1/1/2024	1/1/2023	1/1/2024	
2	\$29.99	\$30.19	\$35.99	\$36.23	\$38.65	\$38.91	2.99
3	\$43.68	\$43.97	\$52.42	\$52.76	\$56.30	\$56.67	2.99
4	\$72.97	\$73.46	\$87.56	\$88.15	\$94.05	\$94.68	2.99
6	\$163.68	\$164.78	\$196.42	\$197.74	\$210.97	\$212.39	2.99
8	\$291.38	\$293.33	\$349.66	\$352.00	\$375.57	\$378.08	2.99
10	\$455.75	\$458.80	\$546.90	\$550.56	\$587.43	\$591.36	2.99
12	\$728.97	\$733.85	\$874.76	\$880.62	\$939.58	\$945.87	2.99

Hydrant Service Fee	Hydrant Service Fee					
	Inside City of Tacoma		Outside City of Tacoma		City of University Place	
	Rate Effective Dates					
	1/1/2023	1/1/2024	1/1/2023	1/1/2024	1/1/2023	1/1/2024
Hydrant Service Fee Per Month	\$2.94	\$2.88	\$3.79	\$3.65	\$4.07	\$3.92

Wholesale – Ready to Serve Charge		
Range in MGD (million gallons per day)	Rate Effective Dates	
	1/1/2023	1/1/2024
For each MGD of contracted peak capacity	\$ 2,741.53	\$2,851.19

Rate Schedule: Variable & Contract Rates

Residential Service						
Range in CCF (100 cubic feet)	Inside City of Tacoma		Outside City of Tacoma		City of University Place	
	Rate Effective Dates					
	1/1/2023	1/1/2024	1/1/2023	1/1/2024	1/1/2023	1/1/2024
For each CCF of water consumption during the winter months of October through and including May	\$2.327	\$2.452	\$2.792	\$2.942	\$2.999	\$3.160
For the first five CCF of water consumption per month during the summer months of June through and including September	\$2.327	\$2.452	\$2.792	\$2.942	\$2.999	\$3.160
For each CCF of water consumption over five CCF during the summer months of June through and including September	\$2.909	\$3.065	\$3.490	\$3.678	\$3.749	\$3.950

Commercial and Industrial - General Service						
Range in CCF (100 cubic feet)	Inside City of Tacoma		Outside City of Tacoma		City of University Place	
	Rate Effective Dates					
	1/1/2023	1/1/2024	1/1/2023	1/1/2024	1/1/2023	1/1/2024
For each CCF of water consumption	\$2.430	\$2.482	\$2.916	\$2.978	\$3.132	\$3.199

Commercial and Industrial - Large Volume Service *						
Range in CCF (100 cubic feet)	Inside City of Tacoma		Outside City of Tacoma		City of University Place	
	Rate Effective Dates					
	1/1/2023	1/1/2024	1/1/2023	1/1/2024	1/1/2023	1/1/2024
For each CCF of water consumption	\$1.890	\$1.930	\$2.268	\$2.316	\$2.436	\$2.488
* Customers may qualify for this rate based on an established consumption history greater than 65,000 CCF annually.						

Parks and Irrigation Service						
Range in CCF (100 cubic feet)	Inside City of Tacoma		Outside City of Tacoma		City of University Place	
	Rate Effective Dates					
	1/1/2023	1/1/2024	1/1/2023	1/1/2024	1/1/2023	1/1/2024
For each CCF of water consumption	\$4.844	\$5.069	\$5.813	\$6.083	\$6.244	\$6.534

Fire Protection Service						
Range in CCF (100 cubic feet)	Inside City of Tacoma		Outside City of Tacoma		City of University Place	
	Rate Effective Dates					
	1/1/2023	1/1/2024	1/1/2023	1/1/2024	1/1/2023	1/1/2024
For each CCF of water consumption	\$3.960	\$3.960	\$4.752	\$4.752	\$5.104	\$5.104

Wholesale Constant Use Customer		
Range in CCF (100 cubic feet)	Rate Effective Dates	
	1/1/2023	1/1/2024
Per CCF for winter months (October - May)	\$1.370	\$1.377
Per CCF for summer months (June - September)	\$1.713	\$1.721

Wholesale Summer Season, Peaking		
Range in CCF (100 cubic feet)	Rate Effective Dates	
	1/1/2023	1/1/2024
For each CCF of water consumption	\$2.569	\$2.582

Pulp Mill		
Billing Components	1/1/2023	1/1/2024
Distribution Charge per Month	\$90,825.36	\$94,458.37
Supply Charge/CCF	\$0.8409940	\$0.8746338
Daily or Monthly Excess Water Usage Charge (Commercial and Industrial - Large Volume Rate) per CCF	\$1.890	\$1.930

Five Service Credits with BCAP Plus

*Households would receive an automatic credit regardless of payment.
Additional BCAP Plus credit could be achieved with full, on-time payments.*

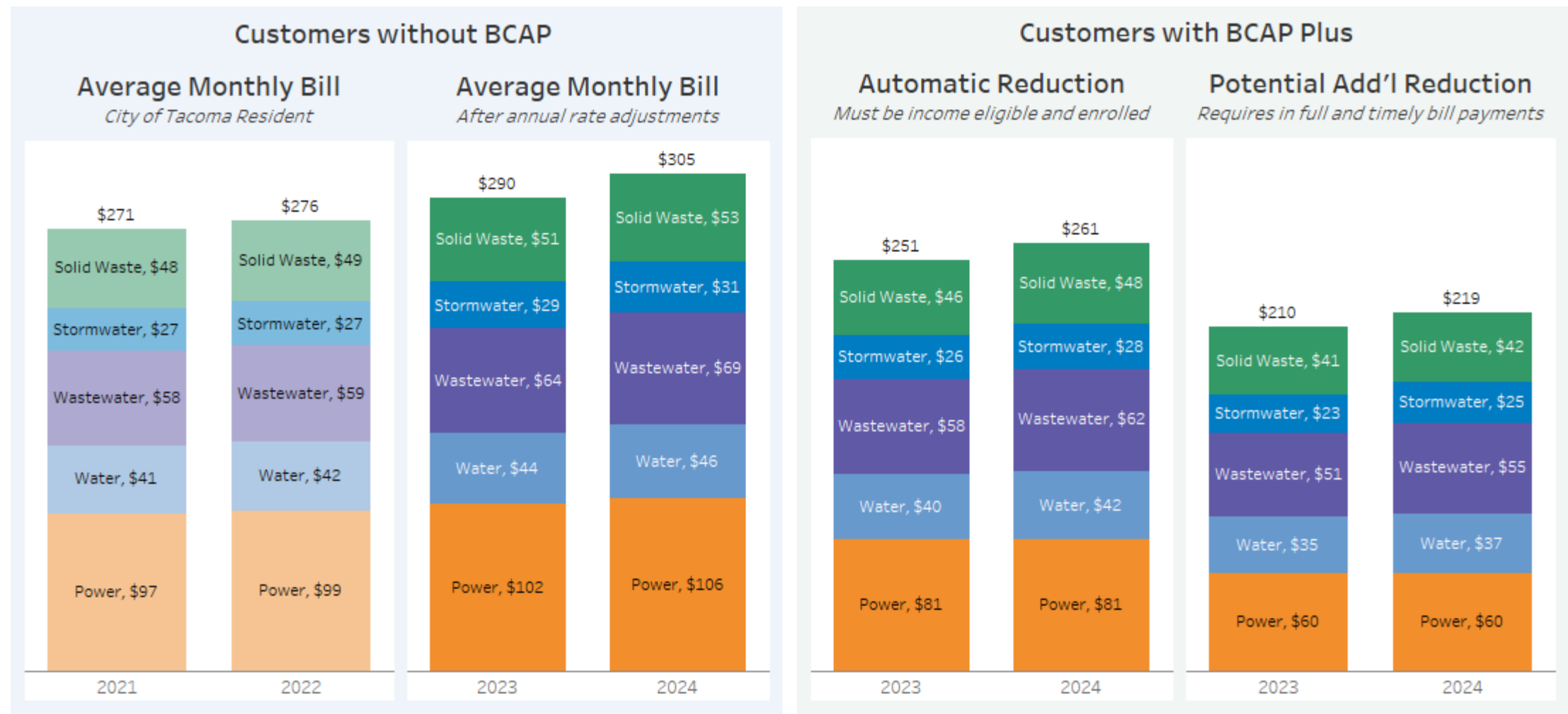
2023 BCAP Plus				
Service	Automatic Credit	Achievable Credit	Monthly Total	Annual Total
Power	\$21.60	\$21	\$42.60	\$511.20
Water	\$4	\$5	\$9	\$108
Wastewater	\$6	\$7	\$13	\$156
Stormwater	\$3	\$3	\$6	\$72
Solid Waste	\$5	\$5	\$10	\$120
Total *	\$39.60	\$41	\$80.60	\$967.20

2024 BCAP Plus				
Service	Automatic Credit	Achievable Credit	Monthly Total	Annual Total
Power	\$25.30	\$21	\$46.30	\$555.60
Water	\$4	\$5	\$9	\$108
Wastewater	\$7	\$7	\$14	\$168
Stormwater	\$3	\$3	\$6	\$72
Solid Waste	\$5	\$6	\$11	\$132
Total *	\$44.30	\$42	\$86.30	\$1,035.60

* The total only applies to residential customers receiving all 5 utility services.

Five Service Bill with BCAP Plus

Comparing an average monthly bill with and without bill credit assistance.



** For the total 5 service bill, proposed rate adjustments equate to an average of 5.1% increase per year in 2023 and 2024.*

Peer Utility Rates/Rate Proposals

Rates are preliminary except where otherwise noted

Utility	2023	2024
Lakewood	No Available Information	No Available Information
Puyallup	3.0% - 9.0%	3.0% - 9.0%
Everett	2.56%*	2.60%*
Tacoma	4.2%	4.2%
Bellevue	5.9%	4.7%
Seattle	3.6%*	4.0%
Portland	7.7%*	No Available Information

**Approved rate adjustment*

TACOMA PUBLIC UTILITY BOARD

**2023 - 2024 PROPOSED BUDGET
TACOMA WATER**

Wednesday September 28, 2022

Tacoma Water

Recap of Biennial Budget	1
Revenue	2
Division Consolidation	3
Taxes	4
Debt Service	5
Capital Outlay	6-8

Tacoma Water Recapitulation of Biennial Budget	2021-2022 Current Budget	2023-2024 Proposed Budget	2021-22 to 2023-24 Budget Comparison	
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REVENUE

Operating Revenue

Water Sales	\$ 188,769,851	\$ 196,915,298	\$ 8,145,447	4.3%
Anticipated Additional Revenue	5,704,355	11,980,391	6,276,036	110.0%
Other Operating Revenue	7,939,267	7,362,448	(576,819)	(7.3%)
Total Operating Revenue	202,413,473	216,258,137	13,844,663	6.8%

Non-Operating Revenue

Interest	600,000	800,000	200,000	33.3%
BABS Interest Federal Subsidy	5,594,130	5,603,040	8,910	0.2%
Miscellaneous	1,157,602	721,093	(436,509)	(37.7%)
Transfers from other Funds:				
Capital Reserve Fund	41,719,154	12,291,156	(29,427,998)	(70.5%)
System Development Charge Fund	6,760,852	35,077,277	28,316,425	418.8%

Appropriation from Fund Balance	24,634,386	26,617,803	1,983,417	8.1%
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Total Revenue & Available Funds	\$ 282,879,598	\$ 297,368,506	\$ 14,488,908	5.1%
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EXPENDITURES

Personnel Costs	\$ 63,354,823	\$ 73,143,749	\$ 9,788,926	15.5%
Supplies, Other Services & Charges	61,418,579	74,893,532	13,474,953	21.9%
Taxes - Current Revenue Estimate	27,424,496	28,873,486	1,448,990	5.3%
Taxes - Anticipated Additional Revenue	752,895	1,606,654	853,759	113.4%
Debt Service	50,597,584	46,099,167	(4,498,416)	(8.9%)
Capital Outlay	79,331,221	72,751,918	(6,579,303)	(8.3%)

Total Expenditures	\$ 282,879,598	\$ 297,368,506	\$ 14,488,909	5.1%
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CAPITAL OUTLAY FINANCING DETAIL

Funded from Water Capital Reserve Fund	41,719,154	12,291,156	(29,427,998)	(70.5%)
Funded from System Development Charge Fund	6,760,852	35,077,277	28,316,425	418.8%
Funded from Operating Fund	30,851,215	25,383,485	(5,467,730)	(17.7%)

Total Capital Outlay	\$ 79,331,221	\$ 72,751,918	\$ (6,579,303)	(8.3%)
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PERSONNEL - Budgeted FTE **300.8 / 308.8** **325.0 / 325.0**

Includes 2021-22 Mid Biennium Adjustment

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

	2021-2022 Current Budget	2023-2024 Proposed Budget	2021-22 to 2023-24 Budget Comparison	
Tacoma Water Revenue				

REVENUE SUMMARY

Water Sales	\$ 188,769,851	\$ 196,915,298	\$ 8,145,447	4.3%
Anticipated Additional Revenue	5,704,355	11,980,391	6,276,036	110.0%
Other Operating Revenue	7,939,267	7,362,448	(576,819)	(7.3%)
Total Operating Revenue	202,413,473	216,258,137	13,844,663	6.8%
Non-Operating Revenue	55,831,738	54,492,566	(1,339,172)	(2.4%)
Appropriation from Fund Balance	24,634,386	26,617,803	1,983,417	8.1%
Total Revenue & Available Funds	\$ 282,879,598	\$ 297,368,506	\$ 14,488,908	5.1%

REVENUE DETAIL

Water Sales

Residential	\$ 118,838,087	\$ 135,422,336	\$ 16,584,249	14.0%
Pulp Mills (WestRock)	13,916,765	14,629,756	712,991	5.1%
Wholesale	5,519,244	5,796,800	277,556	5.0%
Other Water Sales	50,495,755	41,066,406	(9,429,349)	(18.7%)
	188,769,851	196,915,298	8,145,447	4.3%
Anticipated Additional Revenue	5,704,355	11,980,391	6,276,036	110.0%
Total Water Sales	194,474,206	208,895,689	14,421,483	7.4%
Cascade Water Alliance	4,766,667	4,466,766	(299,901)	(6.3%)
Public Fire Protection	-	-	-	0.0%
Miscellaneous Water Revenue	3,172,600	2,895,682	(276,918)	(8.7%)
Total Other Operating Revenue	7,939,267	7,362,448	(576,819)	(7.3%)
Total Operating Revenue	202,413,473	216,258,137	13,844,663	6.8%
Other Income				
Interest	600,000	800,000	200,000	33.3%
BABS Interest Federal Subsidy	5,594,130	5,603,040	8,910	0.2%
Miscellaneous	1,157,602	721,093	(436,509)	(37.7%)
Transfers from Other Funds:				
Capital Reserve Fund	41,719,154	12,291,156	(29,427,998)	(70.5%)
System Development Charge	6,760,852	35,077,277	28,316,425	418.8%
Total Non-Operating Revenue	55,831,738	54,492,566	(1,339,172)	(2.4%)
Appropriation from Fund Balance	24,634,386	26,617,803	1,983,417	8.1%
Total Revenue & Available Funds	\$ 282,879,598	\$ 297,368,506	\$ 14,488,908	5.1%

	2021-2022 Current Budget	2023-2024 Proposed Budget	2021-22 to 2023-24 Budget Comparison	
Tacoma Water Division Consolidation				

SUMMARY - Operation & Maintenance by Section

Water Administration	\$ 66,646,419	\$ 73,873,617	\$ 7,227,198	10.8%
Water Administration, Strategy & Safety	963,618	1,066,671	103,053	10.7%
Maintenance & Construction	36,967,833	42,304,297	5,336,464	14.4%
Business Services	12,693,587	16,657,750	3,964,163	31.2%
Customer & Employee Experience	6,809,960	9,475,397	2,665,437	39.1%
Planning & Engineering	13,446,717	15,201,359	1,754,642	13.0%
Source Water & Treatment Ops	15,422,659	19,938,329	4,515,670	29.3%
Total for Division	\$ 152,950,794	\$ 178,517,421	\$ 25,566,627	16.7%

SUMMARY - Operation & Maintenance by Category

Salaries & Wages	\$ 56,386,365	\$ 66,166,267	\$ 9,779,902	17.3%
Employee Benefits	23,681,787	27,056,432	3,374,645	14.2%
Capital Credit & Labor To/From Others	(16,713,329)	(20,078,949)	(3,365,620)	20.1%
Total Personnel Costs	63,354,823	73,143,749	9,788,927	15.5%
Supplies	16,962,270	21,176,396	4,214,126	24.8%
Services	13,085,398	17,193,264	4,107,866	31.4%
Other Charges	4,914,673	4,615,731	(298,942)	(6.1%)
Total Assessments	26,456,239	31,908,141	5,451,902	20.6%
Taxes	28,177,391	30,480,140	2,302,749	8.2%
Total Supplies & Other Charges	89,595,971	105,373,672	15,777,701	17.6%
Total for Division	\$ 152,950,794	\$ 178,517,421	\$ 25,566,627	16.7%

	2021-2022 Current Budget	2023-2024 Proposed Budget	2021-22 to 2023-24 Budget Comparison	
Tacoma Water Taxes				

TAX PAYMENTS

City of Tacoma:

Gross Earnings Tax (8.0%)	\$ 15,735,417	\$ 16,362,659	\$ 627,242	4.0%
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State of Washington:

Utility & Business Tax	9,426,027	9,949,866	523,839	5.6%
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Other*

2,263,052	2,560,961	297,909	13.2%
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Subtotal

27,424,496	28,873,486	1,448,990	5.3%
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Anticipated Additional Revenue**

Gross Earnings Tax (8.0%)	463,007	958,432	495,425	107.0%
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Utility & Business Tax	289,888	602,494	312,606	107.8%
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Other*	-	45,728	45,728	100.0%
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752,895	1,606,654	853,759	113.4%
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Total City and Utility Tax

28,177,391	30,480,140	2,302,749	8.2%
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Federal Taxes (FICA)

4,212,510	5,093,101	880,591	20.9%
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Total Tacoma Water Taxes

\$ 32,389,901	\$ 35,573,241	\$ 3,183,340	9.8%
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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.

	2021-2022 Current Budget	2023-2024 Proposed Budget	2021-22 to 2023-24 Budget Comparison	
Tacoma Water Debt Service				

DEBT SERVICE SUMMARY

Interest	\$ 25,663,759	\$ 24,795,311	\$ (868,447)	(3.4%)
Principal	24,933,825	\$ 21,303,856	(3,629,969)	(14.6%)

Total Debt Service	\$ 50,597,584	\$ 46,099,167	\$ (4,498,416)	(8.9%)
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DEBT SERVICE DETAIL

BONDS

2005 Bonds	Interest	\$ 500	\$ 500	\$ 0	0.0%
\$5,000 remaining after refund	Principal	0	417	417	100.0%
2009 Build America Bonds	Interest	8,830,661	8,830,661	0	0.0%
\$76,775,000					
2010 Build America Bonds	Interest	8,154,705	8,145,676	(9,029)	(0.1%)
\$74,985,000	Principal	0	2,567,917	2,567,917	100.0%
2013 Refunding of 2003 Bonds	Interest	5,948,400	5,948,400	0	0.0%
\$74,355,000	Principal	0	0	0	0.0%
2015 Refunding Bonds	Interest	825,230	472,500	(352,730)	(42.7%)
\$18,430,000	Principal	3,439,583	3,795,000	355,417	10.3%
2020 Bank Loan Refunding of 2010	Interest	295,000	52,865	(242,135)	(82.1%)
\$17,466,514	Principal	9,078,785	3,776,064	(5,302,721)	(58.4%)

LOANS

Public Works Trust Fund Loans	Interest	120,344	82,927	(37,417)	(31.1%)
	Principal	4,167,701	3,024,071	(1,143,631)	(27.4%)
State Drinking Water Fund Loans					
	Interest	1,488,919	1,261,783	(227,136)	(15.3%)
	Principal	8,247,756	8,140,387	(107,369)	(1.3%)

Total Debt Service	\$ 50,597,584	\$ 46,099,167	\$ (4,498,416)	(8.9%)
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	2021-2022 Current Budget	2023-2024 Proposed Budget
Tacoma Water Capital Outlay		

SUMMARY

General Plant	\$ 38,867,535	\$ 20,342,802
Water Source	18,557,947	23,274,617
Water Treatment	3,296,359	9,160,670
Water Distribution	18,609,380	19,973,829

Sub-Total	\$ 79,331,221	\$ 72,751,918
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Projects Funded from Water Operating Reserve Fund	30,851,215	25,383,485
Projects Funded from Water Capital Reserve Fund	41,719,154	12,291,156
Projects Funded from System Development Charge Fund	6,760,852	35,077,277

Total Operating & Reserve Fund Capital Outlay	\$ 79,331,221	\$ 72,751,918
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General Plant

UTS and Customer Service Projects	\$ 1,953,208	\$ 766,261
Advanced Meter Infrastructure (AMI)	23,762,856	12,423,039
Non-Program AMI Costs	5,176,800	0
Land Purchases and Contingency	1,374,000	750,000
Unanticipated Capital Project Contingency	1,200,000	1,300,000
Fleet Additions and Replacements	5,400,671	12,960,446
Capital Carryforward Factor	0	(7,856,944)
General Plant Total	\$ 38,867,535	\$ 20,342,802

Water Source

Cathodic Protection	\$ 350,000	\$ 500,000
Hood Street Reservoir Seismic Improvements	3,056,700	1,070,000
Water Operations Building Renovations and Seismic Improvements	4,429,395	1,000,000
South Tacoma Pump Station and Hood Street Facilities Improvements	1,540,000	0
Groundwater Prioritization	2,770,000	5,960,000
Pipeline 1 Pressurization	750,000	4,431,200
Tacoma Water SCADA Modernization	275,000	0
Tehlaeh 950 Reservoir and 1010 Pump Station	5,386,852	9,151,417
Prairie Ridge Springs Slope Failure	0	167,000
Electrical and Communications Upgrades	0	995,000
Source Total	\$ 18,557,947	\$ 23,274,617

Tacoma Water Capital Outlay	2021-2022 Current Budget	2023-2024 Proposed Budget
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Water Treatment

Built Forestland Assets	\$ 50,000	\$ 50,000
Palmer Area Improvements	385,000	140,000
Muckleshoot Agreement	500,000	1,750,000
Corrosion Control GPL Wells	1,090,000	4,770,000
Portable Sample Stations	5,000	0
Dedicated Distribution System Sample Stations	32,000	30,000
MIT Kapowsin Remediation	457,433	0
Hood St Chlorination System Improvements	0	250,000
West McDonald Genset & Batteries replacement	0	100,000
Flow meter bulk replacements (1st Div Only)	0	31,250
1st Diversion:		
Flow meter bulk replacements	0	8,147
GRFF Improvements	0	417,143
Headworks Space Planning	0	536,237
Ozone System Upgrades	0	130,357
North Fork Wells PFC Capacitors	51,448	0
North Fork Wells Renewal and Replacement	225,463	106,105
North Fork Wells Control Valves	23,873	0
Watershed Tools and Equipment	43,450	47,798
Watershed Betterments	86,900	92,119
Major Electrical and Control Equipment	0	86,905
Major Treatment Equipment	141,864	86,905
Security Gates and Cameras	58,370	0
Fleet Additions and Replacements	145,558	387,989
Trap and Sort Facility Upgrades	0	139,715
Water Treatment Total	\$ 3,296,359	\$ 9,160,670

Tacoma Water Capital Outlay	2021-2022 Current Budget	2023-2024 Proposed Budget
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Water Distribution

PRV Rebuilds	\$ 0	\$ 195,000
FRP: Franchise Required Projects	350,000	820,000
MRP: Proposition 3/Proposition A Projects	200,000	0
MRP: Projects of Opportunity	7,866,243	12,534,924
WDP: Water Division Projects	200,000	200,000
MRP: Curran Road Improvements	0	260,000
Main Retirements	50,000	0
Lead Gooseneck Replacement Program	400,000	0
Hydrant Installation and Replacements	460,000	460,000
Service Renewal and Replacements	4,674,051	1,312,000
Valve Installation and Replacements	655,000	325,000
Capital Meters	260,000	490,552
Blowoff Installation and Replacements	335,000	200,000
Water Bottle Refill Stations	28,867	0
Portable Test Meter	10,000	0
MRP: Modern Driven Projects	381,533	520,421
Vactor Truck	0	600,000
Curran Road Acquisition	2,708,686	0
Large Meter Test Bench	30,000	0
Non-Program AMI Costs	0	2,055,932
Water Distribution Total	\$ 18,609,380	\$ 19,973,829

Total Capital Outlay	\$ 79,331,221	\$ 72,751,918
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