

# Tacoma Water 2019/2020 Budget and Rate Proposal

Scott Dewhirst, Superintendent

September 12, 2018



# BUDGET & RATE DRIVERS

**TACOMA WATER**  
TACOMA PUBLIC UTILITIES

<http://cityshare/teams/WTR/strategy>

VISION: Growing trust through  
extraordinary service

## 2018 STRATEGY MAP

### STRATEGIC THEMES AND RESULTS



#### Community understanding & support

Educated and supportive  
customers and stakeholders



#### Workforce development

A culture of talented,  
hard-working, adaptive, and  
value-driven employees



#### Operational innovation

Achieve business needs through  
transformational programs



#### Operational optimization

A continuously improving utility

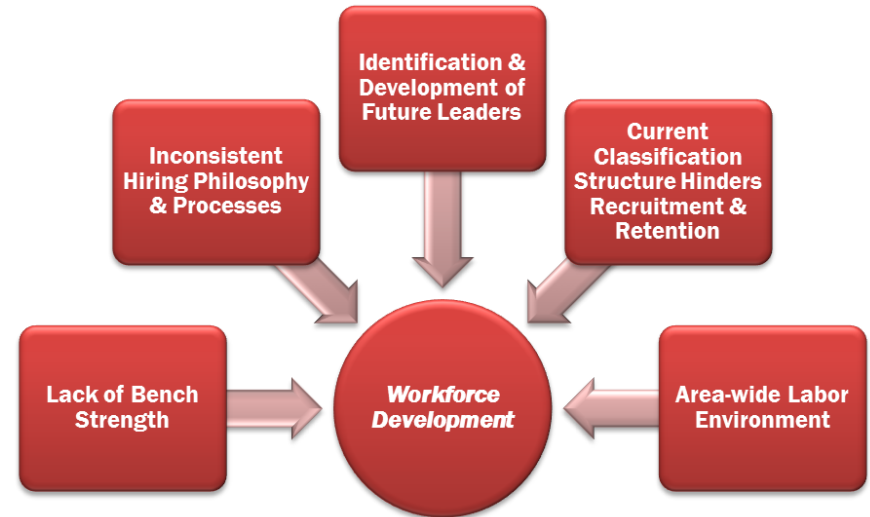
# BUDGET & RATE DRIVERS



Community  
understanding & support



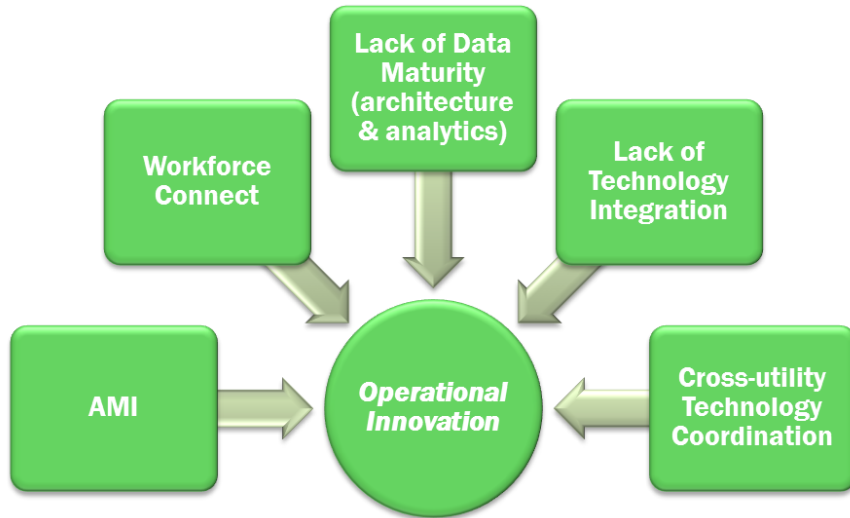
Workforce development



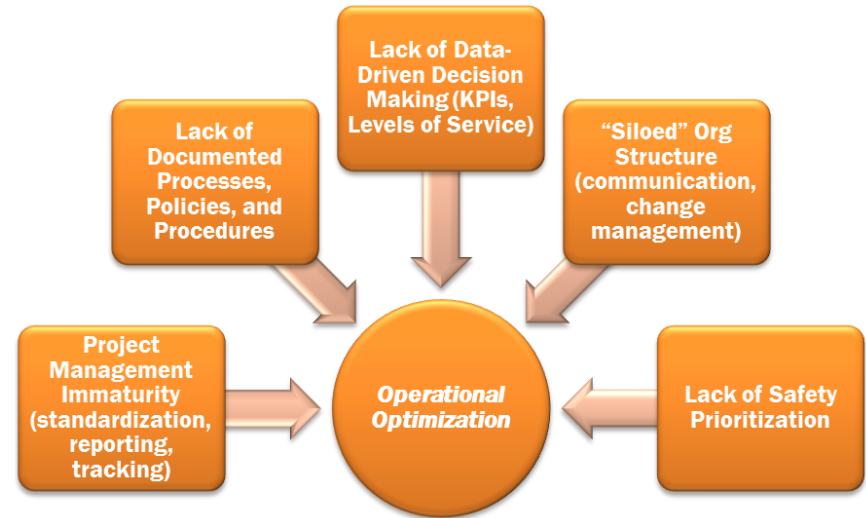
# BUDGET & RATE DRIVERS



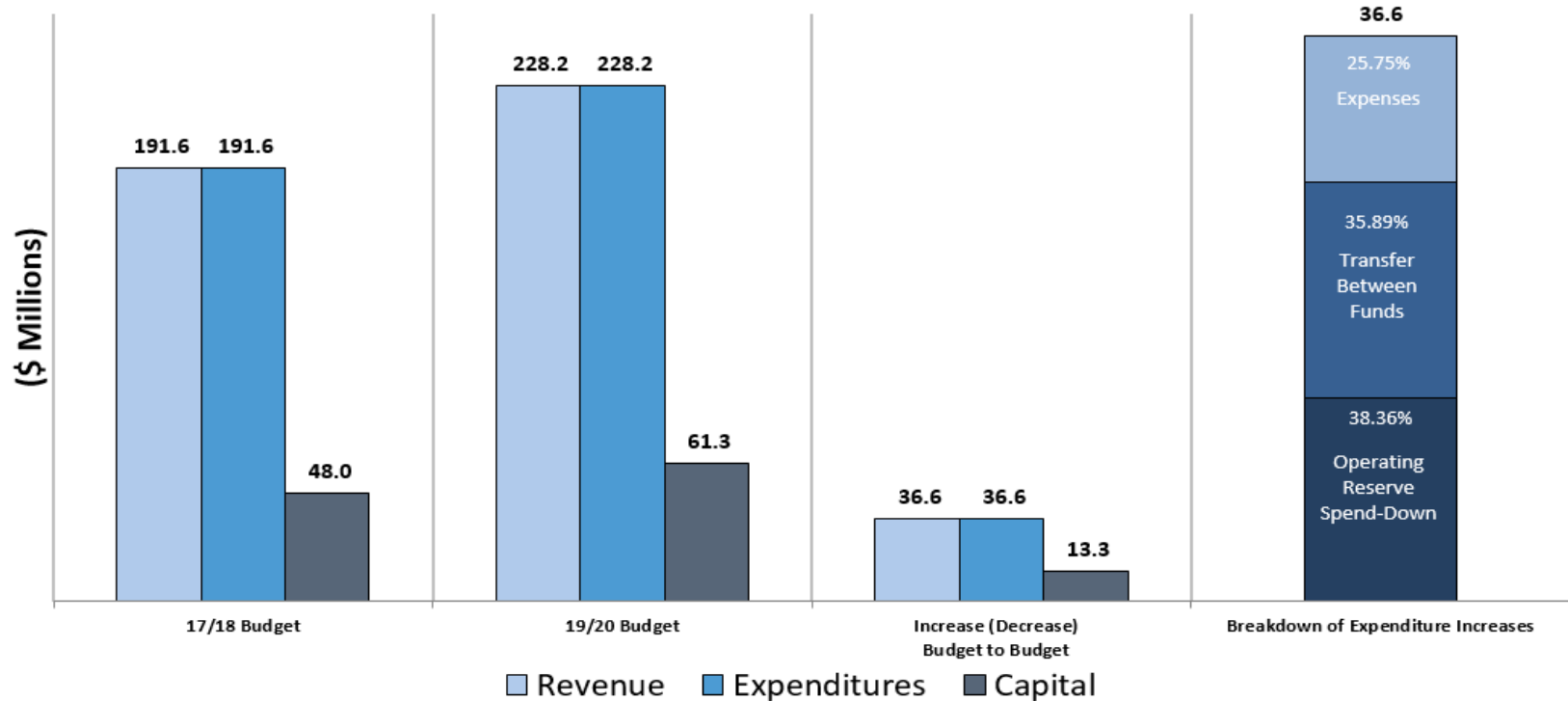
Operational innovation



Operational optimization



# BUDGET COMPARISONS



# BUDGET ASSUMPTIONS

- Updated short term Demand Forecast
- Increased Wholesale and Large Volume Revenues
- Capital Funded with Existing Bond Funds and Reserves
- Commodity rates remain at assumed levels
- Staffing to support our plan
- Additional support for Low-Income Assistance Programs

# BUDGET RISKS AND MITIGATION

- **Risks**
  - Weather
  - Assumptions around projects of opportunity
- **Mitigation**
  - Continue to work with other utilities in the region and market surplus capacity
  - Continue to implement operational efficiencies and actively manage expenditures
  - Draw down built up reserves
  - FTE vacancy factor
  - Stakeholder engagement

# REVENUE

(\$ in millions)	Current		Proposed	Increase (Decrease)		Increase (Decrease)	
	17/18 Actual	17/18 Budget	19/20 Budget	Budget to Actuals		Budget to Budget	
<b>Operating Revenue</b>							
• Residential Water Sales*	\$105.1	\$94.3	\$111.6	\$6.5	6.2%	\$17.3	18.3%
• Pulp Mill Water Sales	13.0	12.6	13.3	0.3	2.3%	0.7	5.6%
• Wholesale Water Sales	5.6	4.2	5.6	0.0	0.0%	1.4	33.3%
• Other Water Sales	38.7	34.4	37.8	-0.9	-2.3%	3.4	9.9%
• Other Operating Revenue*	14.7	14.2	8.0	-6.7	-45.6%	-6.2	-43.7%
• Anticipated Rate Increase	-	7.9	6.4	6.4	-	-1.5	-19.0%
• Operating Reserve Appropriation	-	9.8	16.9	16.9	-	7.1	72.4%
<b>Total Operating Revenue</b>	<b>\$177.1</b>	<b>\$177.4</b>	<b>\$199.6</b>	<b>\$22.5</b>	<b>12.7%</b>	<b>\$22.2</b>	<b>12.5%</b>
<b>Non-Operating Revenue</b>							
• Interest and Other	2.2	0.7	1.1	-1.1	-50.0%	0.4	57.1%
• Transfers In From Capital Reserve Fund	-	8.0	22.0	22.0	-	14.0	175.0%
• BABs Subsidy	5.5	5.5	5.5	0.0	0.0%	0.0	0.0%
<b>Total Non-Operating Revenue</b>	<b>\$7.7</b>	<b>\$14.2</b>	<b>\$28.6</b>	<b>\$20.9</b>	<b>271.4%</b>	<b>\$14.4</b>	<b>101.4%</b>
<b>Total Revenue &amp; Available Funds</b>	<b>\$184.8</b>	<b>\$191.6</b>	<b>\$228.2</b>	<b>\$43.4</b>	<b>23.5%</b>	<b>\$36.6</b>	<b>19.1%</b>

\*Public Fire Protection budgeted in Residential Water Sales in 19/20 (\$7.5 million)

Public Fire Protection budgeted in Other Operating Revenue in 17/18 (\$6.4 million)



# EXPENSES

(\$ millions)	Current		Proposed	Increase (Decrease)		Increase (Decrease)	
	17/18 Actual	17/18 Budget	19/20 Budget	Budget to Actuals		Budget to Budget	
<b>Expenditures</b>							
Personnel Expenses	\$49.7	\$54.5	\$58.0	\$8.3	16.7%	\$3.5	6.4%
Supplies/Other	49.8	53.4	57.0	7.2	14.5%	3.6	6.7%
Capital Outlay	6.9	8.0	35.1	28.2	408.7%	27.1	338.8%
Debt Service	53.0	53.0	53.2	0.2	0.4%	0.2	0.4%
Taxes	24.5	22.7	24.9	0.4	1.6%	2.2	9.7%
<b>Total Expenditures</b>	<b>\$183.9</b>	<b>\$191.6</b>	<b>\$228.2</b>	<b>\$44.3</b>	<b>24.1%</b>	<b>\$36.6</b>	<b>19.1%</b>
<b>Capital Funding</b>							
Capital Reserve Fund	\$0.0	\$8.0	\$22.0	\$22.0	-	\$14.0	175.0%
Operating Reserve Fund	6.9	0.0	13.1	6.2	89.9%	13.1	100.0%
Existing Bond Funds	22.5	40.0	26.2	3.7	16.4%	-13.8	-34.5%
<b>Total Capital</b>	<b>\$29.4</b>	<b>\$48.0</b>	<b>\$61.3</b>	<b>\$31.9</b>	<b>66.5%</b>	<b>\$13.3</b>	<b>27.7%</b>

# CHANGES IN PERSONNEL EXPENSE

- Overall increase \$3.5 million or 6.4% above previous biennium
  - Cost of living and negotiated contract increases
  - 15 additional FTE's
- Includes \$3.4 million deduction to salaries and benefits for vacancy factor

# CHANGES IN SUPPLIES/OTHER EXPENSE

- Assessments Increase \$1.7 million
  - Customer Service - Low-Income Assistance Programs
- Tacoma Share of RWSS Debt Service \$1 million increase
- Non-Capital Technology project expenses nearly \$1 million
  - Automated Metering Infrastructure
  - Workforce Connect
  - Mobile Radio Upgrade
- Other expense categories neutral expense impact

# ASSESSMENTS

(\$ millions)	2017/18 Budget	2019/20 Budget	Budget to Budget	
<b>GG Assessments</b>				
Information Technology	\$4.6	\$4.4	-\$0.2	-4.3%
Human Resources	0.9	1.3	0.4	44.4%
Legal	0.4	0.4	0.0	0.0%
Finance	1.8	1.3	-0.5	-27.8%
Other	0.4	0.6	0.2	50.0%
<b>Total GG Assessments</b>	<b>8.1</b>	<b>8.0</b>	<b>-0.1</b>	<b>-1.2%</b>
Customer Services	8.5	9.9	1.4	16.5%
Public Affairs & Communication	2.0	2.2	0.2	10.0%
Administration & Support	2.4	2.6	0.2	8.3%
<b>Total TPU Assessments</b>	<b>12.9</b>	<b>14.7</b>	<b>1.8</b>	<b>14.0%</b>
<b>Total Assessments</b>	<b>21.0</b>	<b>22.7</b>	<b>1.7</b>	<b>8.1%</b>

# TAXES

(\$ millions)	Current		Proposed	Increase (Decrease)		Increase (Decrease)	
	2017/18 Actuals	2017/18 Budget	2019/20 Budget	Budget to Actuals		Budget to Budget	
Taxes to the General Fund	\$14.6	\$13.4	\$14.7	\$0.1	0.7%	\$1.3	9.7%
State Utility Taxes	8.5	8.0	8.7	0.2	2.4%	0.7	8.7%
Other Taxes (including Franchise Fees)	1.4	1.3	1.5	0.1	7.1%	0.2	15.4%
<b>Total Taxes</b>	<b>24.5</b>	<b>22.7</b>	<b>24.9</b>	<b>0.4</b>	<b>1.6%</b>	<b>2.2</b>	<b>9.7%</b>

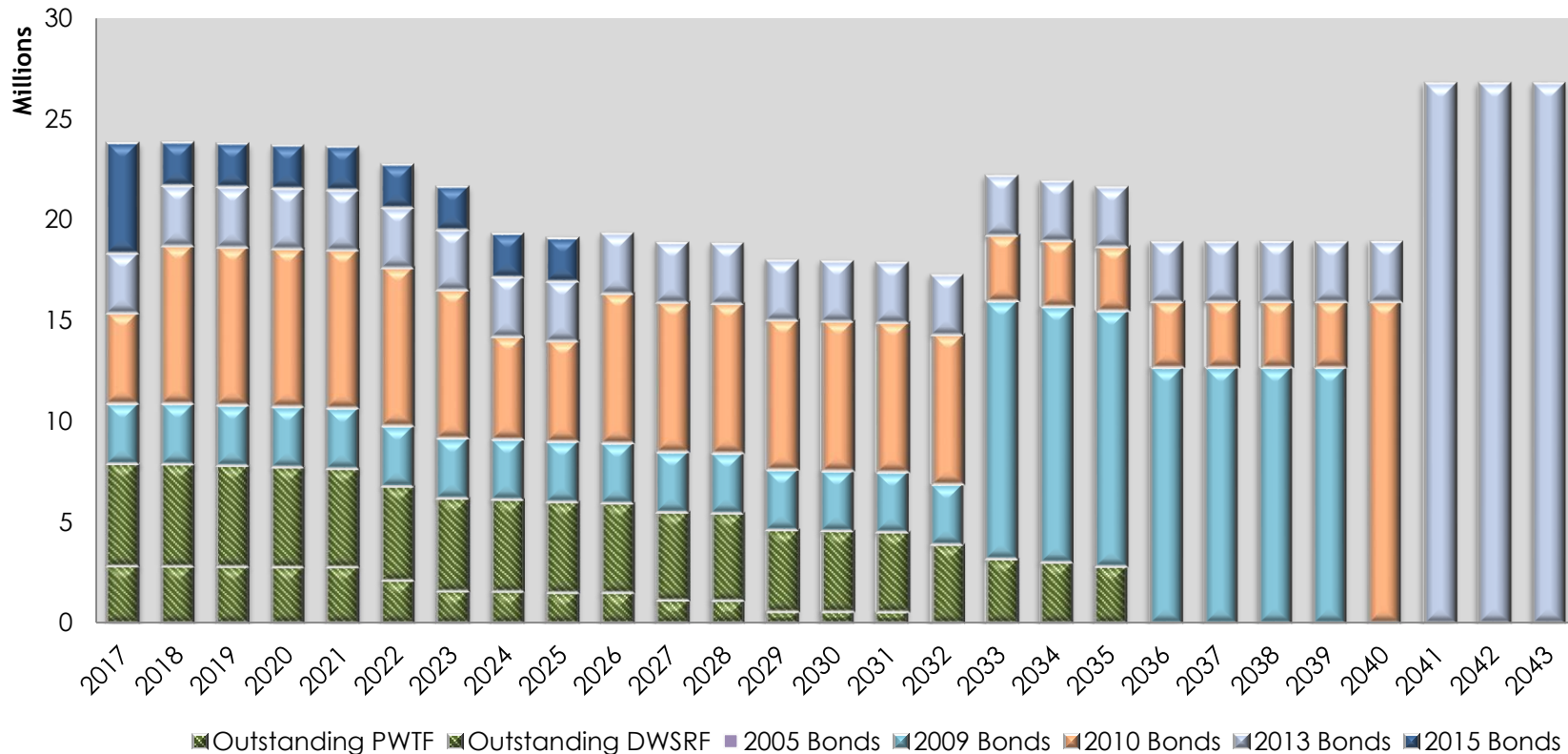
# CAPITAL BUDGET

(\$ in millions)	17/18 Budget	19/20 Budget	Budget to Budget	
<b>Capital Projects</b>				
General Plant	\$5.1	\$16.8	\$11.7	229.4%
Water Distribution Section	27.9	32.0	4.1	14.7%
Water Quality Section	5.3	4.2	-1.1	-20.8%
Water Supply Section	9.7	8.3	-1.4	-14.4%
<b>Total Capital Projects</b>	<b>\$48.0</b>	<b>\$61.3</b>	<b>\$13.3</b>	<b>27.7%</b>
<b>Capital Funding Sources</b>				
Reserve Funded	\$8.0	\$35.1	\$27.1	338.8%
Existing Bonds	40.0	26.2	-13.8	-34.5%
<b>Total Sources of Funds</b>	<b>\$48.0</b>	<b>\$61.3</b>	<b>\$13.3</b>	<b>27.7%</b>

# CAPITAL BUDGET

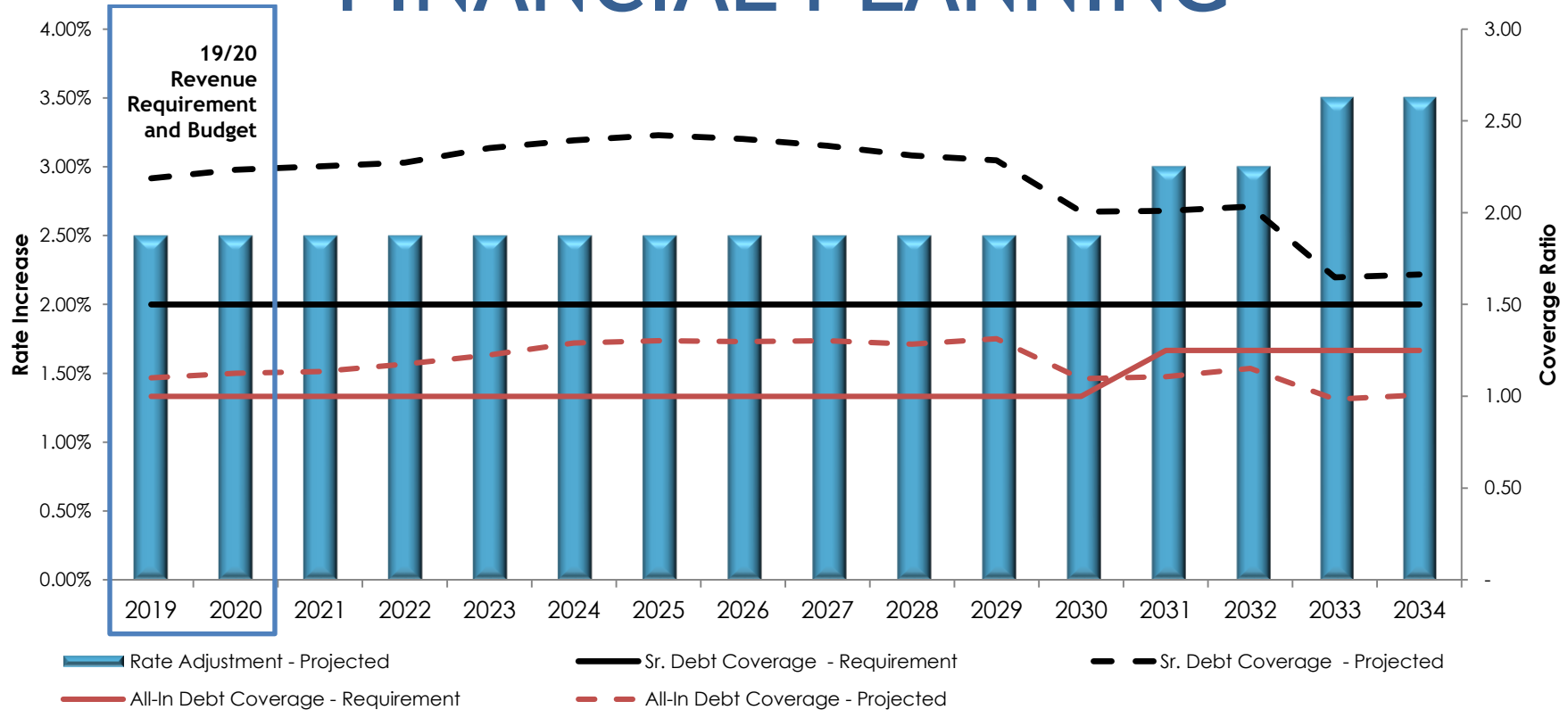
- General Plant
  - Advanced Metering Infrastructure (AMI)
  - Workforce Connect
- Distribution
  - Main Replacement Projects
    - Projects of Opportunity
    - Galvanized Main Replacement
  - Lead Gooseneck Replacement
- Supply
  - Seismic Improvements
    - Hood Street and South Tacoma Pump Station
    - Water Operations Building

# DEBT SERVICE



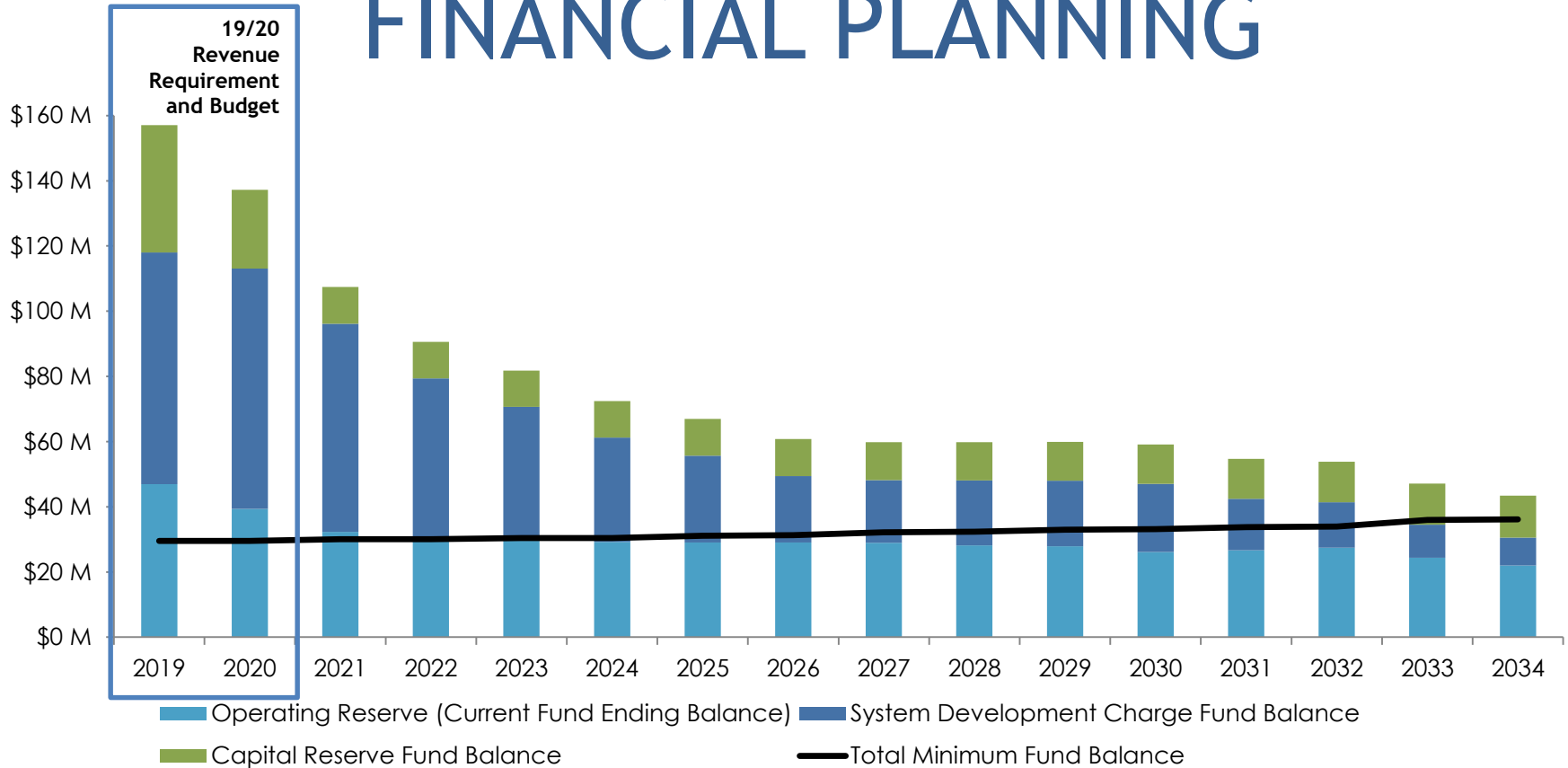


# FINANCIAL PLANNING



*This forecast is subject to change, and is dependent upon actual financial performance.*

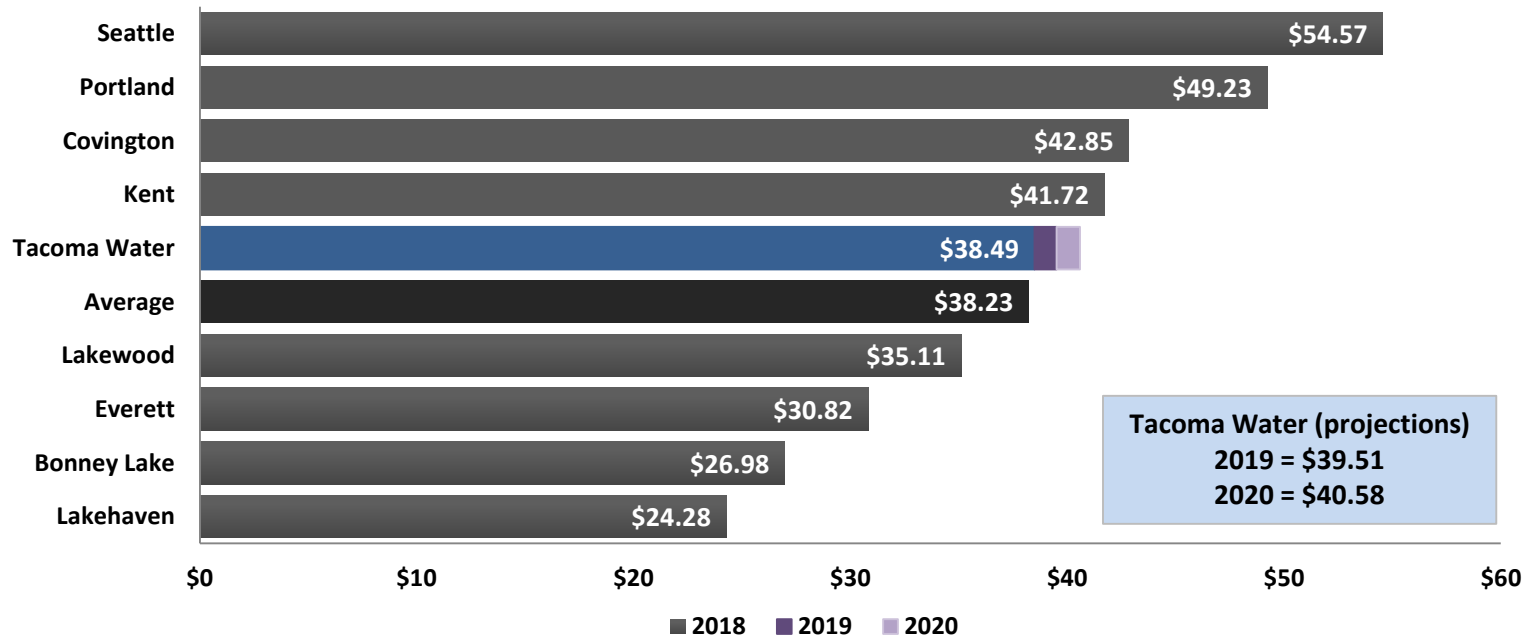
# FINANCIAL PLANNING



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# BILL COMPARISON - RESIDENTIAL

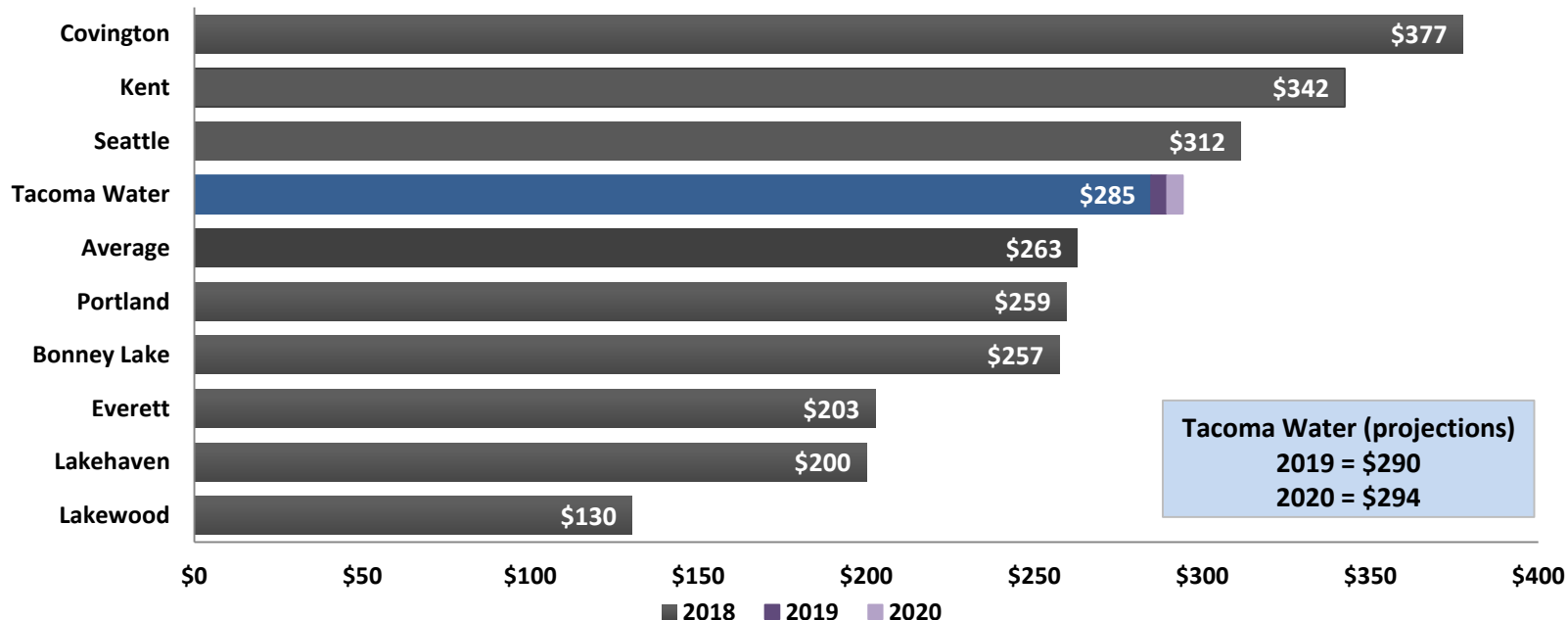
## 2018 Residential Inside City Monthly Average Bill



ASSUMPTIONS: 5/8" Meter with 6 CCF per month demand in winter for 8 months and 9 CCF per month demand in summer for 4 months.

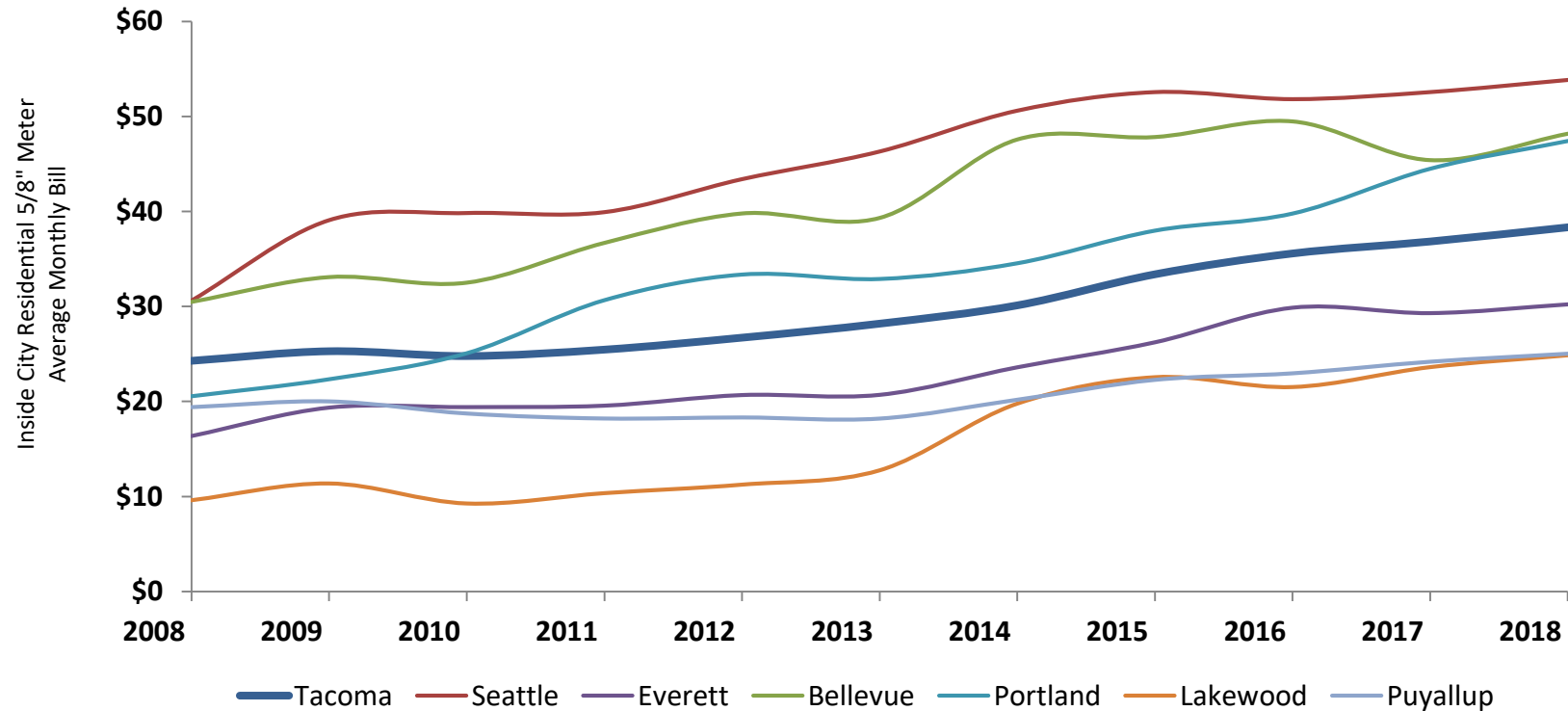
# BILL COMPARISON - COMMERCIAL

## 2018 Commercial Inside City Monthly Average Bill



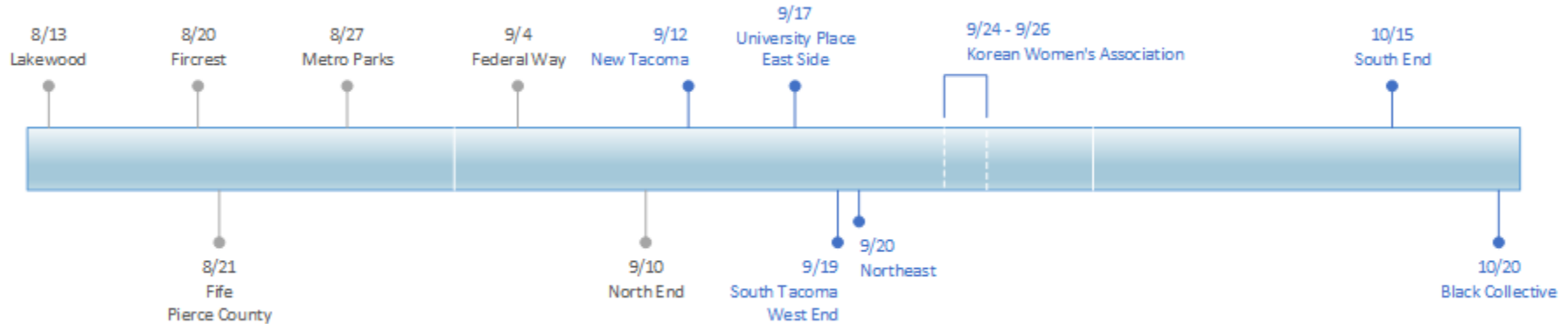
ASSUMPTIONS: 2" Meter with 50 CCF per month demand.

# RESIDENTIAL RATE ADJUSTMENT COMPARISON



# RATES OUTREACH & COMMUNICATIONS

- Where we've been and where we'll go



# RATES OUTREACH & COMMUNICATIONS

- Communications
  - Complete
    - July Utilities and You newsletter story
    - Updated web page and banners
    - Email list sign up online
    - Bill message
    - Handout for public meetings
  - Upcoming
    - Press release announcing Jackie's attendance at public meetings
    - October Utilities and You newsletter update
    - Video
    - Email notification to customers
    - Newsletter content for business customers and other orgs
    - Translated versions of handouts

# RATES OUTREACH & COMMUNICATIONS

- Outreach feedback and lessons learned
  - COSA, bill assistance, community outreach, AMI, and tailored information (accounts, consumption, rate impact)
  - Value proposition generally well-received by audiences
  - Common theme of interest in water quality and supply over the long term
  - Good coordination with other City Public Works Departments



# BUDGET & RATE SUMMARY

- Supports the development of the new 2019 Strategic Plan
- Minimizes rate impact while preserving strong financial performance
- Projected 2019/20 rate impact for an average residential bill (inside city) is approximately \$1.02 per month in 2019 and \$1.08 per month in 2020

# NEXT STEPS

- October 2<sup>nd</sup>
  - GPFC Power & Water Rates Presentation
- October 10<sup>th</sup>
  - Public Utility Board presentation of Preliminary Budget & Rates
- October 16<sup>th</sup>
  - Joint Council/PUB Study Session Presentation
- October 24<sup>th</sup>
  - Public Utility Board consideration of Preliminary Budget & Rates
- November 13<sup>th</sup> & November 20<sup>th</sup>
  - 1<sup>st</sup> and 2<sup>nd</sup> Council Reading

# APPENDIX

- Proposed Rate Schedules

# RESIDENTIAL SERVICE

Residential, Commercial & Large Volume - Ready to Serve Charge				
Meter Size (Inches)	Inside City of Tacoma		Outside City of Tacoma	
	Rate Effective Dates			
	1/1/19	1/1/20	1/1/19	1/1/20
5/8	\$24.76	\$24.95	\$29.94	\$30.21
3/4	\$35.79	\$35.98	\$43.18	\$43.45
1	\$57.84	\$58.03	\$69.64	\$69.91
1.5	\$112.96	\$113.15	\$135.78	\$136.05
2	\$179.11	\$179.30	\$215.16	\$215.43
3	\$333.46	\$333.65	\$400.38	\$400.65
4	\$553.96	\$554.15	\$664.98	\$665.25
6	\$1,105.21	\$1,105.40	\$1,326.48	\$1,326.75
8	\$1,766.71	\$1,766.90	\$2,120.28	\$2,120.55
10	\$2,538.46	\$2,538.65	\$3,046.38	\$3,046.65
12	\$3,723.65	\$3,723.84	\$4,468.61	\$4,468.88

Residential Service				
Range in CCF (100 cubic feet)	Inside City of Tacoma		Outside City of Tacoma	
	Rate Effective Dates			
	1/1/19	1/1/20	1/1/19	1/1/20
For each CCF of water consumption during the winter months of October through and including May	\$2.011	\$2.132	\$2.413	\$2.558
For the first five CCF of water consumption per month during the summer months of June through and including September	\$2.011	\$2.132	\$2.413	\$2.558
For each CCF of water consumption over five CCF during the summer months of June through and including September	\$2.514	\$2.665	\$3.016	\$3.198

# COMMERCIAL AND INDUSTRIAL SERVICE

Residential, Commercial & Large Volume - Ready to Serve Charge				
Meter Size (Inches)	Inside City of Tacoma		Outside City of Tacoma	
	Rate Effective Dates			
	1/1/19	1/1/20	1/1/19	1/1/20
5/8	\$24.76	\$24.95	\$29.94	\$30.21
3/4	\$35.79	\$35.98	\$43.18	\$43.45
1	\$57.84	\$58.03	\$69.64	\$69.91
1.5	\$112.96	\$113.15	\$135.78	\$136.05
2	\$179.11	\$179.30	\$215.16	\$215.43
3	\$333.46	\$333.65	\$400.38	\$400.65
4	\$553.96	\$554.15	\$664.98	\$665.25
6	\$1,105.21	\$1,105.40	\$1,326.48	\$1,326.75
8	\$1,766.71	\$1,766.90	\$2,120.28	\$2,120.55
10	\$2,538.46	\$2,538.65	\$3,046.38	\$3,046.65
12	\$3,723.65	\$3,723.84	\$4,468.61	\$4,468.88

Commercial and Industrial - General Service				
Range in CCF (100 cubic feet)	Inside City of Tacoma		Outside City of Tacoma	
	Rate Effective Dates			
	1/1/19	1/1/20	1/1/19	1/1/20
For each CCF of water consumption	\$2.209	\$2.298	\$2.651	\$2.758

Commercial and Industrial - Large Volume Service *				
Range in CCF (100 cubic feet)	Inside City of Tacoma		Outside City of Tacoma	
	Rate Effective Dates			
	1/1/19	1/1/20	1/1/19	1/1/20
For each CCF of water consumption	\$1.784	\$1.787	\$2.141	\$2.144
* Customers may qualify for this rate based on an established consumption history greater than 65,000 CCF annually.				

# PARKS AND IRRIGATION SERVICE

Parks & Irrigation - Ready to Serve Charge				
Meter Size (Inches)	Inside City of Tacoma		Outside City of Tacoma	
	Rate Effective Dates			
	1/1/19	1/1/20	1/1/19	1/1/20
5/8	\$11.03	\$7.35	\$13.23	\$8.82
3/4	\$16.54	\$11.03	\$19.85	\$13.23
1	\$27.57	\$18.38	\$33.08	\$22.05
1.5	\$55.13	\$36.75	\$66.15	\$44.10
2	\$88.20	\$58.80	\$105.84	\$70.56
3	\$165.38	\$110.25	\$198.45	\$132.30
4	\$275.63	\$183.75	\$330.75	\$220.50
6	\$551.25	\$367.50	\$661.50	\$441.00
8	\$882.00	\$588.00	\$1,058.40	\$705.60
10	\$1,267.88	\$845.25	\$1,521.45	\$1,014.30
12	\$1,860.47	\$1,240.31	\$2,232.57	\$1,488.38

Parks and Irrigation Service				
Range in CCF (100 cubic feet)	Inside City of Tacoma		Outside City of Tacoma	
	Rate Effective Dates			
	1/1/19	1/1/20	1/1/19	1/1/20
For each CCF of water consumption	\$3.739	\$3.998	\$4.487	\$4.798

# WHOLESALE & PULP MILL SERVICE

Wholesale - Ready to Serve Charge		
Meter Size (Inches)	Rate Effective Dates	
	1/1/19	1/1/20
5/8	\$26.46	\$26.46
3/4	\$39.70	\$39.70
1	\$66.16	\$66.16
1.5	\$132.30	\$132.30
2	\$211.68	\$211.68
3	\$396.90	\$396.90
4	\$661.50	\$661.50
6	\$1,323.00	\$1,323.00
8	\$2,116.80	\$2,116.80
10	\$3,042.90	\$3,042.90
12	\$4,465.13	\$4,465.13

Wholesale Constant Use Customer		
Range in CCF (100 cubic feet)	Rate Effective Dates	
	1/1/19	1/1/20
Per CCF for winter months (October - May)	\$2.042	\$1.973
Per CCF for summer months (June - September)	\$2.553	\$2.466

Wholesale Summer Season, Peaking		
Range in CCF (100 cubic feet)	Rate Effective Dates	
	1/1/19	1/1/20
For each CCF of water consumption	\$3.829	\$3.699

Pulp Mill		
Billing Components	1/1/19	1/1/20
Distribution Charge per Month	\$82,296.95	\$84,354.37
Supply Charge/CCF	\$0.7620256	\$0.7810762
Daily or Monthly Excess Water Usage Charge (Commercial and Industrial - Large Volume Rate) per CCF	\$1.784	\$1.787

# FIRE PROTECTION SERVICE

Fire Protection Service - Ready to Serve Charge					
Meter Size (Inches)	Inside City of Tacoma		Outside City of Tacoma		Maximum Allowable Monthly Water Usage for Testing and Leakage, CCF
	Rate Effective Dates				
	1/1/19	1/1/20	1/1/19	1/1/20	
2	\$27.37	\$28.78	\$32.84	\$34.54	2.99
3	\$39.85	\$41.91	\$47.82	\$50.29	2.99
4	\$66.58	\$70.01	\$79.90	\$84.01	2.99
6	\$149.35	\$157.04	\$179.22	\$188.45	2.99
8	\$265.87	\$279.57	\$319.04	\$335.48	2.99
10	\$415.86	\$437.28	\$499.03	\$524.74	2.99
12	\$665.16	\$699.43	\$798.19	\$839.32	2.99

Fire Protection Service				
Range in CCF (100 cubic feet)	Inside City of Tacoma		Outside City of Tacoma	
	Rate Effective Dates			
	1/1/19	1/1/20	1/1/19	1/1/20
For each CCF of water consumption	\$3.960	\$3.960	\$4.752	\$4.752



**TACOMA PUBLIC UTILITY BOARD**

**2019 - 2020 BUDGET  
TACOMA WATER**

**Wednesday September 12, 2018  
3:00 p.m.  
TPU Conference Room Lt1**

**Tacoma Water**

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

<b>Tacoma Water Recapitulation of Biennial Budget</b>	<b>2017-2018 Budget</b>	<b>2019-2020 Proposed Budget</b>	<b>2017-18 to 2019-20 Budget Comparison</b>	
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## **REVENUE**

### Operating Revenue

Water Sales	\$ 145,440,571	\$ 168,370,780	\$ 22,930,209	15.8%
Anticipated Additional Revenue	7,872,671	6,363,724	(1,508,947)	-19.2%
Other Operating Revenue	14,145,816	7,992,092	(6,153,724)	-43.5%
<b>Total Operating Revenue</b>	<b>167,459,058</b>	<b>182,726,596</b>	<b>15,267,538</b>	<b>9.1%</b>

### Non-Operating Revenue

Interest	600,000	600,000	0	0.0%
BABS Interest Federal Subsidy	5,540,624	5,540,624	0	0.0%
Miscellaneous	90,000	465,384	375,384	417.1%
Transfers from other Funds:				
Capital Reserve Fund	8,010,973	22,002,893	13,991,920	174.7%

Appropriation from Fund Balance	9,863,115	16,888,070	7,024,955	71.2%
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<b>Total Revenue &amp; Available Funds</b>	<b>\$ 191,563,770</b>	<b>\$ 228,223,567</b>	<b>\$ 36,659,797</b>	<b>19.1%</b>
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## **EXPENDITURES**

Personnel Costs	\$ 54,522,063	\$ 57,987,809	\$ 3,465,746	6.4%
Supplies, Other Services & Charges	53,274,970	57,040,901	3,765,931	7.1%
Taxes - Current Revenue Estimate	21,643,155	24,037,673	2,394,518	11.1%
Taxes - Anticipated Additional Revenue	1,099,631	829,129	(270,502)	-24.6%
Debt Service	53,012,978	53,216,486	203,508	0.4%
Capital Outlay	8,010,973	35,111,569	27,100,596	338.3%

<b>Total Expenditures</b>	<b>\$ 191,563,770</b>	<b>\$ 228,223,567</b>	<b>\$ 36,659,797</b>	<b>19.1%</b>
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## **CAPITAL OUTLAY FINANCING DETAIL**

Funded from Existing Bonds	\$ 40,040,521	\$ 26,254,910	\$ (13,785,611)	-34.4%
Funded from Operating Fund	8,010,973	35,111,569	27,100,596	338.3%

<b>Total Capital Outlay</b>	<b>\$ 48,051,494</b>	<b>\$ 61,366,479</b>	<b>\$ 13,314,985</b>	<b>27.7%</b>
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<b>PERSONNEL - Budgeted FTE</b>	<b>272.50 / 274.50</b>	<b>287.79 / 290.79</b>
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<b>Tacoma Water Revenue</b>	<b>2017-2018 Budget</b>	<b>2019-2020 Proposed Budget</b>	<b>2017-18 to 2019-20 Budget Comparison</b>	
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#### **REVENUE SUMMARY**

Water Sales	\$ 145,440,571	\$ 168,370,780	\$ 22,930,209	15.8%
Anticipated Additional Revenue	7,872,671	6,363,724	(1,508,947)	-19.2%
Other Operating Revenue	14,145,816	7,992,092	(6,153,724)	-43.5%
<b>Total Operating Revenue</b>	<b>167,459,058</b>	<b>182,726,596</b>	<b>15,267,538</b>	<b>9.1%</b>
Non-Operating Revenue	14,241,597	28,608,901	14,367,304	100.9%
Appropriation from Fund Balance	9,863,115	16,888,070	7,024,955	71.2%
<b>Total Revenue &amp; Available Funds</b>	<b>\$ 191,563,770</b>	<b>\$ 228,223,567</b>	<b>\$ 36,659,797</b>	<b>19.1%</b>

#### **REVENUE DETAIL**

##### **Water Sales**

Residential	\$ 94,234,074	\$ 111,573,358	\$ 17,339,284	18.4%
Paper Mills (WestRock)	12,562,228	13,305,108	742,880	5.9%
Wholesale	4,228,737	5,674,463	1,445,726	34.2%
Other Water Sales	34,415,532	37,817,851	3,402,319	9.9%
	145,440,571	168,370,780	22,930,209	15.8%
Anticipated Additional Revenue	7,872,671	6,363,724	(1,508,947)	-19.2%
<b>Total Water Sales</b>	<b>153,313,242</b>	<b>174,734,504</b>	<b>22,930,209</b>	<b>15.0%</b>
Cascade Water Alliance	5,278,268	5,036,541	(241,727)	-4.6%
Public Fire Protection	6,442,965	0	(6,442,965)	-100.0%
Miscellaneous Water Revenue	2,424,583	2,955,551	530,968	21.9%
<b>Total Other Operating Revenue</b>	<b>14,145,816</b>	<b>7,992,092</b>	<b>(6,153,724)</b>	<b>-43.5%</b>
<b>Total Operating Revenue</b>	<b>167,459,058</b>	<b>182,726,596</b>	<b>15,267,538</b>	<b>9.1%</b>
<b>Other Income</b>				
Interest	600,000	600,000	0	0.0%
BABS Interest Federal Subsidy	5,540,624	5,540,624	0	0.0%
Miscellaneous	90,000	465,384	375,384	417.1%
Transfers from Other Funds:				
Capital Reserve Fund	8,010,973	22,002,893	13,991,920	174.7%
<b>Total Non-Operating Revenue</b>	<b>14,241,597</b>	<b>28,608,901</b>	<b>14,367,304</b>	<b>100.9%</b>
Appropriation from Fund Balance	9,863,115	16,888,070	7,024,955	71.2%
<b>Total Revenue &amp; Available Funds</b>	<b>\$ 191,563,770</b>	<b>\$ 228,223,567</b>	<b>\$ 36,659,797</b>	<b>19.1%</b>

Tacoma Water	2017-2018 Budget	2019-2020 Proposed Budget	2017-18 to 2019-20 Budget Comparison
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#### **SUMMARY - Operation & Maintenance by Section**

Water Administration	\$ 54,140,281	\$ 58,892,018	\$ 4,751,737	8.8%
Distribution Engineering	7,164,471	6,475,944	(688,527)	-9.6%
Distribution Operations	22,491,158	26,908,707	4,417,549	19.6%
Quality	14,654,658	15,331,047	676,389	4.6%
Supply	21,354,696	19,329,324	(2,025,372)	-9.5%
Asset & Information Management	8,158,758	8,324,368	165,610	2.0%
Finance & Analytics	2,575,797	4,634,104	2,058,307	79.9%

<b>Total for Division</b>	<b>\$ 130,539,819</b>	<b>\$ 139,895,512</b>	<b>\$ 9,355,693</b>	<b>7.2%</b>
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#### **SUMMARY - Operation & Maintenance by Category**

Salaries & Wages	\$ 46,316,908	\$ 51,193,139	\$ 4,876,231	10.5%
Employee Benefits	19,368,085	19,870,775	502,690	2.6%
Capital Credit & Labor To/From Others	(11,162,930)	(13,076,105)	(1,913,175)	-17.1%
<b>Total Personnel Costs</b>	<b>54,522,063</b>	<b>57,987,809</b>	<b>3,465,746</b>	<b>6.4%</b>
Supplies	13,970,211	16,202,238	2,232,027	16.0%
Services	15,485,414	14,749,607	(735,807)	-4.8%
Other Charges	2,876,580	3,459,298	582,718	20.3%
Total Assessments	20,942,765	22,629,758	1,686,993	8.1%
Taxes	22,742,786	24,866,802	2,124,016	9.3%
<b>Total Supplies &amp; Other Charges</b>	<b>76,017,756</b>	<b>81,907,703</b>	<b>5,889,947</b>	<b>7.7%</b>

<b>Total for Division</b>	<b>\$ 130,539,819</b>	<b>\$ 139,895,512</b>	<b>\$ 9,355,693</b>	<b>7.2%</b>
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<b>Tacoma Water Taxes</b>	<b>2017-2018 Budget</b>	<b>2019-2020 Proposed Budget</b>	<b>2017-18 to 2019-20 Budget Comparison</b>	
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## **TAX PAYMENTS**

City of Tacoma:

Gross Earnings Tax (8.0%)	\$ 12,759,190	\$ 14,132,161	\$ 1,372,971	10.8%
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State of Washington:

Utility & Business Tax	7,562,879	8,380,257	817,378	10.8%
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Other*	1,321,086	1,525,255	204,169	15.5%
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Subtotal	<b>21,643,155</b>	<b>24,037,673</b>	<b>2,394,518</b>	<b>11.1%</b>
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Anticipated Additional Revenue\*\*

Gross Earnings Tax (8.0%)	675,190	509,098	(166,092)	-24.6%
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Utility & Business Tax	424,441	320,031	(104,410)	-24.6%
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Other*	0	0	0	
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	1,099,631	829,129	(270,502)	-24.6%
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Total City and Utility Tax	<b>22,742,786</b>	<b>24,866,802</b>	<b>2,124,016</b>	<b>9.3%</b>
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Federal Taxes (FICA)	3,411,093	3,829,662	418,569	12.3%
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<b>Total Tacoma Water Taxes</b>	<b>\$ 26,153,879</b>	<b>\$ 28,696,464</b>	<b>\$ 4,396,099</b>	<b>16.8%</b>
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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 assessments paid to WA State DNR.

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

Tacoma Water Debt Service	2017-2018 Budget	2019-2020 Proposed Budget	2017-18 to 2019-20 Budget Comparison	
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#### **DEBT SERVICE SUMMARY**

Interest	\$ 30,078,524	\$ 27,890,453	\$ (2,188,071)	-7.3%
Principal	22,934,454	25,326,033	2,391,579	10.4%

<b>Total Debt Service</b>	<b>\$ 53,012,978</b>	<b>\$ 53,216,486</b>	<b>\$ 203,508</b>	<b>0.4%</b>
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#### **DEBT SERVICE DETAIL**

##### **BONDS**

2005 Bonds	Interest	\$ 500	\$ 500	\$ 0	0.0%
\$5,000 remaining after refund	Principal	0	0	0	0.0%
2009 Build America Bonds	Interest	8,830,661	8,830,661	0	0.0%
\$76,775,000					
2010 Refunding of 2001 Bonds	Interest	2,349,300	1,853,400	(495,900)	-21.1%
\$26,395,000	Principal	4,505,000	8,360,000	3,855,000	85.6%
2010 Build America Bonds	Interest	8,154,705	8,154,705	0	0.0%
\$74,985,000					
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	1,485,128	1,158,000	(327,128)	-22.0%
\$18,430,000	Principal	6,090,000	3,110,000	(2,980,000)	-48.9%

##### **LOANS**

Public Works Trust Fund Loans	Interest	240,564	186,629	(53,935)	-22.4%
\$50,000,000	Principal	5,393,541	5,393,542	1	0.0%
State Drinking Water Fund Loans					
\$85,918,885	Interest	3,069,266	1,758,158	(1,311,108)	-42.7%
	Principal	6,945,914	8,462,492	1,516,578	21.8%

<b>Total Debt Service</b>	<b>\$ 53,012,978</b>	<b>\$ 53,216,486</b>	<b>\$ 203,508</b>	<b>0.4%</b>
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<b>Tacoma Water Capital Outlay</b>	<b>2017-2018 Budget</b>	<b>2019-2020 Proposed Budget</b>
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#### **SUMMARY**

General Plant	\$5,111,724	\$16,795,574
Water Distribution	27,935,816	32,067,914
Water Quality	5,301,255	4,173,620
Water Supply	9,702,699	8,329,371

<b>Sub-Total</b>	<b>\$48,051,494</b>	<b>\$61,366,479</b>
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Projects Funded from Existing Bonds	(40,040,521)	(26,254,910)
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<b>Total Operating Fund Capital Outlay</b>	<b>\$8,010,973</b>	<b>\$35,111,569</b>
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#### **General Plant**

UTS Projects	\$2,770,107	\$2,506,266
Advanced Meter Infrastructure (AMI)	1,181,617	13,108,675
Land Acquisition and Strategy	500,000	500,000
Unanticipated Capital & Plant/Equipment Failure Contingency	660,000	680,633
<b>General Plant Total</b>	<b>\$5,111,724</b>	<b>\$16,795,574</b>

#### **Water Distribution**

FRP: Franchise Required Projects	\$200,000	\$200,000
Projects of Opportunity (Prop 3 and Prop A)	200,000	200,000
WDP: Water Division Projects	716,602	1,867,250
MRP: Main Replacement Projects	9,755,190	9,333,398
MRP: Galvanized Main Replacement Projects	1,292,108	2,307,596
MRP: Sound Transit Light Rail Ext MLK	0	3,297,204
MRP: Curran Road Improvements	0	2,196,414
Main Retirements	155,638	100,000
LID/Contract Contributions	200,000	200,000
Lead Gooseneck Replacement Program	5,200,000	5,527,052
Hydrant Installation and Replacement	721,933	460,000
Water Service Renewal and Replacement	4,253,590	4,685,000
Valve Installation and Replacement	615,487	655,000
Capital Meter Replacements	700,000	650,000
Blowoff Installation and Replacement	346,985	335,000
Water Bottle Refill Stations	0	54,000
TPU Decant Facility	1,162,287	0
WDP: Tehaleh Main Extension	1,038,996	0
Curran Road System Acquisition	1,000,000	0
Meter Upgrade Project	300,000	0
Leak Detection Equipment	59,000	0
Ground Penetrating Radar Equipment	18,000	0
<b>Water Distribution Total</b>	<b>\$27,935,816</b>	<b>\$32,067,914</b>

<b>Tacoma Water Capital Outlay</b>	<b>2017-2018 Budget</b>	<b>2019-2020 Proposed Budget</b>
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### **Water Quality**

Water Quality Tools and Equipment	\$200,000	\$200,000
Built Forestland Assets	75,000	75,000
Dedicated Distribution System Sample Stations	96,000	48,000
Muckleshoot Agreement	500,000	500,000
Palmer Area Improvements	200,000	50,000
Corrosion Control GPL Wells	2,000,000	2,000,000
MIT Kapowsin Remediation	600,000	594,902
Portable Sample Stations	50,000	0
Pipeline 4 Swan Creek Crossing	700,000	0
1st Diversion:		
Watershed Tools and Equipment	43,452	43,452
Watershed Betterments	94,292	86,905
Major Treatment and Equipment	108,631	123,839
North Fork Wells Control Valves	275,556	53,052
North Fork 7 Motor	133,333	15,916
HCP Culvert Replacement	37,778	24,444
Security Gates and Cameras	0	58,364
North Fork Wells Renewal and Replacement	0	299,746
Connection to USACE Early Warning System at HHD	16,946	0
Smay Creek Forest Road Crossing	170,267	0
<b>Water Quality Total</b>	<b>\$5,301,255</b>	<b>\$4,173,620</b>

### **Water Supply**

Cathodic Protection	\$500,000	\$500,000
Welll Renewal and Replacement	650,000	400,000
Supply Tools	50,000	50,000
Supply System Improvements	450,000	702,825
Hood Street Facilities Seismic Improvements	414,180	1,047,600
Water Distribution Operations Building Seismic Improvement	175,500	4,129,800
Replace PL1 at Puyallup River	5,723,162	200,000
Seismic Improvement to Steel Reservoirs	0	304,146
Addition of Isolation Valve at Indian Hill Reservoir	0	100,000
Well 12A Pipe Supports	0	100,000
Add Seismic Valves to Alaska Street Reservoir	0	195,000
McMillin PS#1 and McMillin Gate House Genset Replacement	0	200,000
Re-Architecture of SCADA Network for connection to TPU Ops LAN	0	400,000
SCADA Systems - Intrusion Alarm Security Improvements	75,000	0
STPS Building Seismic Improvements	151,576	0
Replace/Improve Large Valves	300,000	0
Demo of McMillin Building/Standpipe	121,787	0



<b>Tacoma Water Capital Outlay</b>	<b>2017-2018 Budget</b>	<b>2019-2020 Proposed Budget</b>
West McDonald Ridge Permanent Power	84,494	0
Meter Installation Project	237,000	0
Pipeline 1 at Deep Creek	670,000	0
Emergency Intertie with LUD at 356th Pump Station	100,000	0
<b>Supply Total</b>	<b>\$9,702,699</b>	<b>\$8,329,371</b>
<b>Total Capital Outlay</b>	<b>\$48,051,494</b>	<b>\$61,366,479</b>