

TACOMA PUBLIC UTILITY BOARD

**2025 - 2026 PROPOSED BUDGET
TACOMA WATER**

Wednesday, September 25, 2024

Tacoma Water

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

	2023-2024 Current Budget	2025-2026 Proposed Budget	2023-24 to 2025-26 Budget Comparison	
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REVENUE SUMMARY

Water Sales	\$ 196,148,741	\$ 217,827,004	\$ 21,678,263	11.1%
Anticipated Additional Revenue	11,980,391	21,714,921	9,734,530	81.3%
Other Operating Revenue	8,129,005	7,273,813	(855,192)	(10.5%)
Total Operating Revenue	216,258,137	246,815,738	30,557,601	14.1%
Non-Operating Revenue	54,492,566	79,253,447	24,760,881	45.4%
Appropriation from Fund Balance	26,617,803	17,473,007	(9,144,796)	(34.4%)
Total Revenue & Available Funds	\$ 297,368,506	\$ 343,542,192	\$ 46,173,686	15.5%

REVENUE DETAIL

Water Sales

Residential	\$ 135,422,336	\$ 161,223,006	\$ 25,800,670	19.1%
Pulp Mills (WestRock)	14,629,756	-	(14,629,756)	(100.0%)
Wholesale	5,796,800	5,676,295	(120,505)	(2.1%)
Other Water Sales	40,299,849	50,927,703	10,627,854	26.4%
	196,148,741	217,827,004	21,678,263	11.1%
Anticipated Additional Revenue	11,980,391	21,714,921	9,734,530	81.3%
Total Water Sales	208,129,132	239,541,925	31,412,793	15.1%
Cascade Water Alliance	4,466,766	4,134,854	(331,912)	(7.4%)
Public Fire Protection	766,557	-	(766,557)	(100.0%)
Miscellaneous Water Revenue	2,895,682	3,138,959	243,277	8.4%
Total Other Operating Revenue	8,129,005	7,273,813	(855,192)	(10.5%)
Total Operating Revenue	216,258,137	246,815,738	30,557,601	14.1%
Other Income				
Interest	800,000	1,000,000	200,000	25.0%
BABS Interest Federal Subsidy	5,603,040	5,487,131	(115,909)	(2.1%)
Miscellaneous	721,093	462,158	(258,935)	(35.9%)
Transfers from Other Funds:				
Capital Reserve Fund	12,291,156	9,402,723	(2,888,433)	(23.5%)
System Development Charge	35,077,277	26,179,628	(8,897,649)	(25.4%)
(Anticipated) Revenue Bond Proceeds	0	36,721,807	36,721,807	100.0%
Total Non-Operating Revenue	54,492,566	79,253,447	24,760,881	45.4%
Appropriation from Fund Balance	26,617,803	17,473,007	(9,144,796)	(34.4%)
Total Revenue & Available Funds	\$ 297,368,506	\$ 343,542,192	\$ 46,173,686	15.5%

Tacoma Water Division Consolidation	2023-2024 Current Budget	2025-2026 Proposed Budget	2023-24 to 2025-26 Budget Comparison	
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SUMMARY - Operation & Maintenance by Section

Water Administration	\$ 73,873,617	\$ 90,177,596	\$ 16,303,979	22.1%
Water Administration, Strategy & Safety	1,066,671	1,587,226	520,555	48.8%
Maintenance & Construction	42,304,297	46,754,696	4,450,398	10.5%
Business Services	16,657,750	22,043,322	5,385,572	32.3%
Customer & Employee Experience	9,475,397	11,700,531	2,225,134	23.5%
Planning & Engineering	15,201,359	20,385,560	5,184,201	34.1%
Source Water & Treatment Ops	19,938,329	21,190,206	1,251,877	6.3%
Total for Division	\$ 178,517,421	\$ 213,839,136	\$ 35,321,715	19.8%

SUMMARY - Operation & Maintenance by Category

Salaries & Wages	\$ 66,166,267	\$ 77,175,565	\$ 11,009,298	16.6%
Employee Benefits	27,056,432	30,717,800	3,661,368	13.5%
Capital Credit & Labor To/From Others	(20,078,950)	(18,237,130)	1,841,820	(9.2%)
Total Personnel Costs	73,143,749	89,656,235	16,512,486	22.6%
Supplies	21,176,396	23,396,162	2,219,766	10.5%
Services	17,193,264	18,342,196	1,148,931	6.7%
Other Charges	4,615,731	8,755,652	4,139,921	89.7%
Total Assessments	31,908,141	38,919,849	7,011,708	22.0%
Taxes	30,480,140	34,769,043	4,288,902	14.1%
Total Supplies & Other Charges	105,373,672	124,182,902	18,809,229	17.9%
Total for Division	\$ 178,517,421	\$ 213,839,136	\$ 35,321,715	19.8%

	2023-2024 Current Budget	2025-2026 Proposed Budget	2023-24 to 2025-26 Budget Comparison	
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TAX PAYMENTS

City of Tacoma:

Gross Earnings Tax (8.0%)	\$ 16,362,659	\$ 18,053,656	\$ 1,690,997	10.3%
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State of Washington:

Utility & Business Tax	9,949,866	11,018,390	1,068,524	10.7%
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Other*

	2,560,961	2,779,074	218,113	8.5%
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Subtotal

	28,873,486	31,851,119	2,977,634	10.3%
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Anticipated Additional Revenue**

Gross Earnings Tax (8.0%)	958,432	1,737,194	778,762	81.3%
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Utility & Business Tax	602,494	1,092,044	489,550	81.3%
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Other*	45,728	88,685	42,957	93.9%
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	1,606,654	2,917,923	1,311,269	81.6%
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Total City and Utility Tax

	30,480,140	34,769,042	4,288,902	14.1%
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Federal Taxes (FICA)

	5,093,101	5,703,837	610,736	12.0%
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Total Tacoma Water Taxes	\$ 35,573,241	\$ 40,472,879	\$ 4,899,638	13.8%
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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.

Tacoma Water Debt Service	2023-2024 Current Budget	2025-2026 Proposed Budget	2023-24 to 2025-26 Budget Comparison	
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DEBT SERVICE SUMMARY

Interest	\$ 24,795,311	\$ 28,699,715	\$ 3,904,404	15.7%
Principal	21,303,856	21,699,182	395,327	1.9%

Total Debt Service	\$ 46,099,167	\$ 50,398,897	\$ 4,299,730	9.3%
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DEBT SERVICE DETAIL

BONDS

2005 Bonds	Interest	\$ 500	\$ 0	\$ (500)	(100.0%)
\$5000 remaining after refund	Principal	417	0	(417)	(100.0%)
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	8,145,676	7,794,490	(351,186)	(4.3%)
	Principal	2,567,917	7,585,833	5,017,916	195.4%
2013 Refunding of 2003 Bonds \$74,355,000	Interest	5,948,400	0	(5,948,400)	(100.0%)
	Principal	0	0	0	0.0%
2015 Refunding Bonds \$18,430,000	Interest	472,500	92,812	(379,688)	(80.4%)
	Principal	3,795,000	1,856,250	(1,938,750)	(51.1%)
2020 Bank Loan Refunding of 2010 \$17,466,514	Interest	52,865	0	(52,865)	(100.0%)
	Principal	3,776,064	0	(3,776,064)	(100.0%)
2024 Bonds \$63,800,000	Interest	0	6,380,000	6,380,000	100.0%
	Principal	0	0	0	0.0%
2026 Bonds \$83,000,000	Interest	0	4,511,122	4,511,122	100.0%
	Principal	0	1,357,977	1,357,977	100.0%

LOANS

Public Works Trust Fund Loans	Interest	82,927	52,950	(29,977)	(36.1%)
	Principal	3,024,071	2,758,735	(265,335)	(8.8%)
State Drinking Water Fund Loans	Interest	1,261,783	1,037,680	(224,103)	(17.8%)
	Principal	8,140,387	8,140,387	0	0.0%

Total Debt Service	\$ 46,099,167	\$ 50,398,897	\$ 4,299,730	9.3%
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Tacoma Water Capital Outlay	2023-2024 Current Budget	2025-2026 Proposed Budget
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SUMMARY

General Plant	\$ 20,342,802	\$ 9,722,236
Water Source	23,274,617	43,678,854
Water Treatment	9,160,670	7,498,314
Water Distribution	19,973,829	18,404,754

Sub-Total	\$ 72,751,918	\$ 79,304,158
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Projects Funded from Water Operating Reserve Fund	25,383,485	7,000,000
Projects Funded from Water Capital Reserve Fund	12,291,156	9,402,723
Projects Funded from System Development Charge Fund	35,077,277	26,179,628
Projects Funded from Anticipated Bond Funds	0	36,721,807

Total Operating & Reserve Fund Capital Outlay	\$ 72,751,918	\$ 79,304,158
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General Plant

UTS and Customer Service Projects	\$ 766,261	\$ 5,340,556
Advanced Meter Infrastructure (AMI)	12,423,039	0
Smart Water Program	0	1,443,000
Land Purchases and Contingency	750,000	500,000
Unanticipated Capital Project/Plant or Equip Failure	1,300,000	1,300,000
Capital Carryforward Factor	(7,856,944)	(7,470,524)
Fleet Additions and Replacements	12,960,446	8,609,204
General Plant Total	\$ 20,342,802	\$ 9,722,236

Water Source and Transmission

Water Operations Warehouse Building	\$ 1,000,000	\$ 24,700,000
Reservoir Improvements	1,070,000	0
Cascadia Reservoir and PS	0	2,726,112
Prairie Ridge Springs Slope Failure	167,000	0
Groundwater Prioritization (Wells Master Plan)	5,960,000	1,074,000
Pipeline 1 Pressurization Program	4,431,200	12,400,000
P1 Projects (non-program)	0	532,258
Electrical and Communications Upgrades	995,000	956,627
Cathodic Protection	500,000	300,000
Tehlaeh 950 Reservoir and 1010 Pump Station	9,151,417	0
Supply System Improvements	0	989,857
Source Total	\$ 23,274,617	\$ 43,678,854

Tacoma Water Capital Outlay	2023-2024 Current Budget	2025-2026 Proposed Budget
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Water Treatment		
Built Forestland Assets	\$ 50,000	\$ 180,000
Dedicated Distribution Sample Stations	30,000	30,000
GPL Wells Improvements and Treatment	4,770,000	0
Hood St Chlorination System Improvements	250,000	55,000
Muckleshoot Agreement	1,750,000	600,000
Palmer Area Improvements	140,000	0
West McDonald Genset & Batteries replacement	100,000	48,000
Flow meter bulk replacements (1st Div Only)	31,250	0
South Tacoma Wells PFAS Treatment	0	1,250,000
1st Diversion Share of RWSS Projects:		
1st Diversion: Backwash Tank Refill Flow Control	0	174,000
1st Diversion: Fish Passage Facility Upgrades	0	746,114
1st Diversion: Fluoride HMI/RTU Relocation & Profinet Conversion	0	34,800
1st Diversion: Flow meter bulk replacements	8,147	0
1st Diversion: GRFF Chemical Feed Lines	0	151,761
1st Diversion: GRFF Critical Pump and Motor Spares	0	143,550
1st Diversion: GRFF Improvements	417,143	0
1st Diversion: GRFF Visitor & Access Control Solution	0	174,000
1st Diversion: Headworks Space Planning	536,237	0
1st Diversion: Ozone System Upgrades	130,357	3,095,025
1st Diversion: RWSS Fleet Additions and Replacements	387,989	205,364
1st Diversion: RWSS Major Electrical and Control Equipment	86,905	87,000
1st Diversion: RWSS Major Treatment and Equipment	86,905	130,500
1st Diversion: RWSS North Fork Wells Renewal & Replacement	106,105	106,100
1st Diversion: RWSS Watershed Betterments	92,119	184,875
1st Diversion: RWSS Watershed Tools and Equipment	47,798	58,725
1st Diversion: Trap and Sort Facility Upgrade	139,715	0
1st Diversion: Upper Green River Water Monitoring	0	43,500
Water Treatment Total	\$ 9,160,670	\$ 7,498,314

Tacoma Water Capital Outlay	2023-2024 Current Budget	2025-2026 Proposed Budget
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<u>Water Distribution</u>		
PRV Rebuilds	\$ 195,000	0
Blowoff Installation and Replacement	200,000	300,000
Capital Meter Replacements	490,552	1,000,000
FRP: Franchise Required Projects	820,000	941,800
Hydrant Installation & Replacement	460,000	600,000
MRP: Curran Road Water System Improvements	260,000	4,310,421
MRP: Projects of Opportunity (Identified Projects)	12,534,924	30,000
MRP: Model Driven (Identified Projects) 23/24	520,421	6,369,201
Vactor Truck	600,000	0
Valve Renewal and Replacement	325,000	450,000
Water Service Replacement & Renewals	1,312,000	4,000,000
WDP: Water Division Projects	200,000	200,000
Non-Program AMI Costs	2,055,932	0
Decant Facility 2nd flocculation Tank	0	143,332
High Cedars PRV Station Demolition	0	40,000
Lawrence St & 40th Valve Replacement	0	20,000
Water Distribution Total	\$19,973,829	\$ 18,404,754

Total Capital Outlay	\$ 72,751,918	\$ 79,304,158
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