



APPROVED 6-24-15

MINUTES
City of Tacoma
Public Utility Board Study Session
June 17, 2015
3:00 p.m.

Mr. Jones called the Public Utility Board study session to order at 3:00 p.m. at the Public Utilities Administration Building.

Present: Woody Jones, Dave Nelson, Mark Patterson (via phone), Bryan Flint, Monique Trudnowski

Mr. Flint made a motion to allow telephonic participation by Mr. Patterson; seconded by Mr. Nelson. A voice vote was taken and carried and Mr. Patterson joined the meeting via phone.

Click! Public Outreach Results

Bob Mack, Deputy Director for Public Affairs, summarized all of the public outreach efforts made to communicate about Click! and the results. There have been two town hall meetings. In addition, there were presentations to the Tacoma Waterfront Association, Community Council, North End Neighborhood Council, Chamber of Commerce, and Economic Development Board. Additional presentations are scheduled for the South Tacoma Neighborhood Council, New Tacoma Neighborhood Council, City Club, Chamber South Sound, and three additional joint public study sessions with the Tacoma City Council.

Mr. Mack introduced Stuart Elway of Elway Research who conducted the Click! public opinion poll. Mr. Elway provided a survey description and demographic profile. Mr. Elway detailed survey results for each question and then summarized the results. In summary, most believe Click! should carry its own weight financially; Seven out of ten said Click! should be supported solely by subscriber fees; Power customers should not pay for Click! Network expansion; Plurality favors leasing Click! Network to third party (1/3 undecided); and cost is the predominant concern.

Alternative Click! Business Models

Chris Robinson, Power Superintendent, provided an overview and summarized the last Click! study session presentations and the strategic planning history of Click!. Superintendent Robinson then introduced Doug Dawson of CCG Consulting, who has been working with Click! since 2009. Mr. Dawson detailed the business model analysis. In

summary, all models, except lease, subsidization would continue and possibly increase. The current subsidy is \$5.5M, 70% of customers do not support subsidization, Tacoma Power business practice has been to avoid subsidies. In addition, with all models, except lease, Tacoma Power customers would need to fund capital improvements. Click! has a competitive disadvantage due to its inability to bundle and capture the market share, the price differentials no longer exist, and the need to be nimble and fast paced; government structure limits that ability. Leasing was found to be the best option for Tacoma Power customers. Superintendent Robinson shared graphical representations of cash flows and capital investments. The presentation concluded with a summary of Seattle Municipal Broadband, Comcast rates in Tacoma versus Seattle, Click! rates versus Comcast, and Click! rates at breakeven points.

Executive Session

Mr. Flint made a motion to convene an executive session at 5:47 for 20 minutes for the purposes of discussing pending litigation per RCW 42.30.110(1)(i); seconded by Mrs. Trudnowski. Bill Fosbre and Ward Groves were attorneys present. The executive session was adjourned at 6:07 p.m.

Adjournment

The study session was adjourned at 6:07 p.m. until the next regularly scheduled study session on Wednesday, June 24, 2015 at 3:00 p.m.

Approved:

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Woodrow E. Jones, Jr., Chair

Mark Patterson, Secretary