



APPROVED 12-16-15

MINUTES
City of Tacoma
Public Utility Board Meeting
November 18, 2015
6:30 p.m.

Mr. Flint called the Public Utility Board meeting to order at 6:30 p.m. at the Public Utilities Administration Building.

Present: Woodrow Jones, Mark Patterson, Bryan Flint, Karen Larkin, Monique Trudnowski

The meeting was quorate.

Minutes of the Previous Meetings

Mr. Patterson moved that the minutes of the previous meetings be adopted; seconded by Ms. Trudnowski. Voice vote was taken and carried. The minutes were declared adopted and made part of the record.

Recognitions

There were no recognitions.

Comments from the Public

Mr. Kit Burns made comments in favor of a protracted timeline for final Click! resolutions.

Consent Agenda

There were no items on the consent agenda.

Regular Agenda

- D-1 Resolution U-10820– Award contracts and approve purchases:
1. Award contract to Barnhart Crane & Rigging d/b/a/Sicklesteel Cranes; and Snell Crane Services, Inc., for crane rental services as needed (\$400,000 and \$300,000, plus applicable sales tax, respectively. Cumulative contract total \$700,000, plus applicable sales tax);
 2. Award contract to Caterpillar, Inc., for the purchase of one new hydraulic excavator with high rail package and attachments (\$374,111, plus sales tax);
 3. Award contract to RWC International LTD for the purchase of two new International model 7500 cab chassis (\$201,142.26, plus sales tax);
 4. Award contract to Altec Industries, Inc., for the purchase of two new articulating telescopic aerial devices (\$734,448, plus sales tax);
 5. Award two-year contract to Mi-Tech Services, Inc., for wood pole inspection, treatment, and reinforcement services (\$900,000, plus applicable sales tax);

6. Award contract to Delta Star Inc., for the purchase of one mobile substation (\$1,654,832, plus sales tax);
7. Award contract to Mosaic Global Sales, LLC; JCI Jones Chemicals, Inc.; Chemtrade Chemicals US LLC; and Thatcher Company, Inc., for the supply of water treatment chemicals (\$228,920, sales tax not applicable; \$712,800, sales tax not applicable; \$108,391.50, plus sales tax; \$99,978, plus sales tax, respectively);
8. Award contract to Miles Resources, LLC for the replacement of acquired asbestos cement water mains within the City of University Place (\$711,037.37, plus sales tax).

Mr. Patterson moved to adopt the resolution; seconded by Mrs. Trudnowski.

In response to a Board inquiry regarding item number one as to whether the Board is authorizing the additional one-year term with this resolution, Patsy Best, Purchasing Manager, stated that the requested amount covers the entire five year term.

In response to a Board inquiry regarding the history of having two vendors on this contract, Ms. Best stated that in the past only one response to the RFP was received. Awarding to two bidders gives the city the ability to compare prices and ensure the availability of equipment.

In response to a Board inquiry regarding item number six requesting clarification on what criteria is driving the award, Mike Allen, Power Division Supervisor, stated that pricing, the experience record, approach, and timeline for production were the criteria used for ranking by the selection advisory committee and the range for the four bidders was \$1.6M to \$2M.

In response to a Board inquiry regarding item number five about the vendor locale, Don Gesch, Power Division Supervisor, stated that although not based in Washington, the vendor has a local office in Sequim.

In response to a Board inquiry regarding item number five as to why this service isn't provided in house, Mr. Gesch stated that this isn't a full-time job as approximately 4,300 poles are tested a year and that takes only six months. Also, workers conducting this specialized work are required to test 5,000 poles with supervision and another 5,000 poles with limited supervision before being on their own. The vendor already has the staffing available and able to provide this specific, specialized, work and fulfills these requirements. There is coordination with CenturyLink on the poles we share to make sure there is no duplication in treatment.

In response to a Board inquiry regarding item number six, Mr. Allen stated that the mobile substations are used approximately twice a year for replacing failed equipment or planned maintenance. The mobile substations are usually in place for months in these situations. The mobile substations are also used to provide added capacity during cold snaps.

Voice vote was taken and carried. The resolution was declared adopted.

D-2 Motion 15-13 – Authorize the purchase of comprehensive general liability insurance for December 1, 2015 through December 1, 2016.

Mr. Patterson moved to approve the motion; seconded by Mrs. Trudnowski.

Jim Sant, Deputy Director for Administration, summarized the motion, and provided details on the companies providing coverage and the types of claims that would be covered. In response to a Board inquiry regarding the rationale of using four different companies, Mr. Sant explained that is a way to spread risk among several insurers. Single insurers usually don't cover an entire \$60M policy. In response to a Board inquiry regarding back claims, Mr. Sant confirmed that if TPU incurred liability this year that wasn't discovered until years later, back claims could be made. In response to a Board inquiry regarding oil train coverage, Dale King, Rail Superintendent, stated that Rail's analysis of exposure is based on Washington State Department of Transportation. The risk we have in the tide flats, with less than 10 miles per hour for less than a mile, we are adequately insured. This policy is an increase in coverage.

Voice vote was taken and carried. The motion was approved.

D-3 Resolution U-10821 – Authorize execution of a Letter of Agreement negotiated between the City of Tacoma and the International Brotherhood of Electrical Workers, Local 483, Tacoma Power unit.

Mr. Patterson moved to adopt the resolution; seconded by Mrs. Trudnowski.

Tara Schaak, Labor Negotiator, outlined the terms and conditions of the new letter of agreement. The agreement will be considered by the City Council on December 1, 2015.

Voice vote was taken and carried. The resolution was adopted.

D-4 Resolution U-10822 – Authorize execution of a collective bargaining agreement negotiated between the City of Tacoma and the International Brotherhood of Electrical Workers, Local 483, Customer and Field Services Unit.

Mr. Patterson moved to adopt the resolution; seconded by Mrs. Trudnowski.

Tara Schaak, Labor Negotiator, outlined the terms and conditions of the new collective bargaining agreement. This agreement covers the Customer and Field Services Unit of Local 483, approximately 118 TPU positions. The agreement will be considered by the City Council on December 1, 2015.

Voice vote was taken and carried. The resolution was adopted.

D-5 Resolution U-10823 – Authorize execution of an agreement with Tacoma Power and the City of Fife to underground Tacoma Power aerial facilities on Pacific Highway 99, between 58th and 65th Avenues East.

Mr. Patterson moved to adopt the resolution; seconded by Mrs. Trudnowski.

Thad Glassy, Power Division Supervisor, summarized the resolution which authorizes the execution of an agreement with the City of Fife for the construction and cost allocation for

the conversion of existing aerial facilities to underground to be completed in conjunction with a road improvement project. The estimated total estimated cost of conversion is \$1.12M; the City's share is \$560,000. Section 5 of the franchise agreement allows the City of Fife to require converting the existing aerial facilities to underground in conjunction with a Public Works improvement project if 50 percent or more of the aerial facilities are impacted by the improvement. This project meets that criterion.

In response to a Board inquiry, Mr. Glassy confirmed that Fife has initiated this project and opted for undergrounding. In response to a Board request for clarification regarding how consistent requirements are in TPU's franchise agreements, Director Gaines, stated that information on comparisons in franchise agreements for inside and outside the city will be provided to the Board.

Voice vote was taken and carried. The resolution was adopted.

D-6 Resolution U-10824 – Authorize adoption of conservation target as required by regulations implementing the Energy Independence Act.

Mr. Patterson moved to adopt the resolution; seconded by Mrs. Trudnowski.

Rich Arneson, Power Analyst, summarized the resolution. The Department of Commerce regulations implementing the Energy Independence Act require that utilities adopt the ten-year potential and the two-year conservation target by action of the utility's governing board. Adoption of the two-year target sets the standard by which the utility will be judged for compliance. It is recommended that the Board adopt the 2016-2025 conservation potential of 46.8 aMW and a 2016-2017 conservation target of 9.4 aMW. These figures are based on a conservation potential assessment and distribution efficiency studies which meet the methodology requirements identified in the department of Commerce regulations.

Board Members made positive remarks about the work surrounding this resolution and Tacoma Power's conservation program.

Voice vote was taken and carried. The resolution was adopted.

D-7 Resolution U-10825 – Authorize Tacoma Water's continued participation in the Water Supply Forum and approve Tacoma Water's continuing role as financial manager for the Forum.

Mr. Patterson moved to adopt the resolution; seconded by Mrs. Trudnowski.

Linda McCrea, Water Superintendent, summarized the resolution. Tacoma Water has taken a leadership role in the Water Supply Forum since its formation in 1998. The Forum seeks to address issues of regulatory, legislative, management, and operational concern to utilities in three counties. This organization is able to focus on issues specific to the central Puget Sound area. Primary areas of focus this year will be a continuation of work on the regional resiliency planning and outreach regarding regional earthquake preparedness. This resolution seeks authorization in an amount not to exceed \$62,500 per year during the five year term of the agreement. In response to Board requests for clarification on the due amount, Superintendent McCrea confirmed that the annual maximum contribution is \$62,500 per year for five years. In response to a Board inquiry

regarding the Director's authority to increase contracts, Bill Fosbre, Chief Deputy City Attorney, confirmed that the Director has the administrative authority to increase this contract up to an additional \$200,000 and that this is boilerplate language in the city's purchasing code.

Voice vote was taken and carried. The resolution was adopted.

D-8 Resolution U-10826 – Authorize Tacoma Rail to enter into a railroad switching fee agreement with Northwest Container Services, Inc.

Mr. Patterson moved to adopt the resolution; seconded by Mrs. Trudnowski.

Dan McCabe, Rail Chief Financial and Information Officer, summarized the resolution. Northwest Container Services is a Portland based customer that specializes in containerized logistics transportation services. Tacoma Rail handles their container traffic on intermodal railcars to and from the Union Pacific railroad and between one of several designated container terminals in the Port of Tacoma area. This resolution would authorize Tacoma Rail to enter into a railroad switching fee agreement with Northwest Container Services, Inc., to establish a cost of service rate of \$20.00 per container interchanged to a Class 1 railroad with an escalation rate of \$1.00 per year starting January 1, 2016. This agreement will be for three years unless mutually cancelled or extended in writing.

Voice vote was taken and carried. The resolution was adopted.

D-9 Resolution U-10827 – Authorize Tacoma Rail to update its rate policy and reissue Tacoma Municipal Belt Line 8807 and Tacoma Municipal Belt Line 6004 series tariffs.

Mr. Patterson moved to adopt the resolution; seconded by Mrs. Trudnowski.

Dan McCabe, Rail Chief Financial and Information Officer, summarized the resolution. This resolution authorizes Tacoma Rail to update its rate policy and reissue Tacoma Municipal Belt Line (TMBL) 8807 and TMBL 6004 series tariffs. The rate policy changes the debt service coverage ratio to 1.5, adds grants as a financing option and defines fuel surcharges. Unit train line haul rates are added to switching freight tariff 8807. Demurrage tariff TMBL 6004 is updated to include an optional straight demurrage plan and calculations clarifications. Rates provided apply to industrial customers and railroad partners.

Voice vote was taken and carried. The resolution was adopted.

H. Reports of the Director

Director Gaines called on Jim Sant, Deputy Director for Administration, for the third quarter budget performance report for Power, Water, and Rail. Mr. Sant presented the key budget information, covering revenues and expenditures, for each of the operating divisions.

I. Comments by the Board

Mr. Jones made positive remarks to the Director and staff on budget performance.

Board Members made positive remarks about response to the wind storm outages of November 17, 2015.

J. Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 7:26 p.m. until Wednesday, December 16, 2015, for a study session beginning at 3:00 p.m., followed by the regular meeting at 6:30 p.m.

Approved:

Bryan Flint, Chair

Monique Trudnowski, Secretary