



APPROVED 11-18-15

MINUTES
City of Tacoma
Public Utility Board Meeting
October 28, 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

Kit Burns made public comment in support of not leasing Click! and voice desire for a citizen advisory committee on the topic.

Consent Agenda

Motion 15-11 – A motion appointing Woodrow Jones and Karen Larkin to the City Council's Audit Advisory Board for terms commensurate with their terms on the Public Utility Board.

Mr. Patterson moved to adopt the consent agenda; seconded by Mrs. Trudnowski. Voice vote was taken and carried; the item on the consent agenda was adopted.

Regular Agenda

- D-1 Resolution U-10816– Award contracts and approve purchases:
1. Award two-year contract to Spectra Laboratories for laboratory testing and analytical services (\$290,735, plus the option for three additional one-year renewal periods for a cumulative total of \$726,837.50, plus sales tax);

2. Increase and renew contract with Unify, Inc., for telephony system maintenance and software assurance (\$636,902, plus sales tax; cumulative total \$898,832.85, plus sales tax);
3. Award three-year contract to Electrical Research & Manufacturing Cooperative for the purchase of 15kV single phase pole mounted transformers on an as needed basis (\$1,208,443, plus the option for two additional one-year renewal periods for a cumulative total of \$2,050,687.00, plus sales tax);
4. Award contract to Puget Sound Solar, LLC for the design and construction of three solar systems on the roof of the Tacoma Power warehouse (\$632,406, plus a \$30,000 contingency, for a cumulative total of \$662,416, plus sales tax);
5. Award contract to Consolidated Electric Distributors, Inc., for electrical switchgear for the Mossyrock Powerhouse (\$558,834.73, plus sales tax).

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

In response to a Board inquiry on item number one regarding contract scope and term, Jeremy Adams, Environmental Compliance Officer, stated that this contract is on an as-needed basis in case of an emergency spill. Testing would be needed to see if the spill reaches thresholds for cleanup. The contract is also for maintenance work; i.e. checking for lead in paint. Mr. Adams confirmed that this replaces the expiring contract.

In response to a Board inquiry regarding item number two regarding what is causing the increase in the existing contract, Rick Munson, Network and Communications System Manager, clarified that this contract is only a term agreement. The term is expiring, so a five-year extension is recommended.

In response to a Board inquiry regarding how a fair contract cost is determined, what has caused the increase over a 3-year period in annualized cost, and if this is the only vendor providing services, Rick Munson, Network and Communication Systems Manager, stated that these new contracts have maintenance agreements included and the 2012 contract was to cover one application only. This request consolidates both upgrades and maintenance and that there will be additional requests that cover other applications on another date. Mr. Munson confirmed that this is the only vendor providing this type of maintenance.

In response to a Board inquiry regarding item number three regarding the cause for the increase in annualized costs and whether this price is considered fair by industry standard, Roberta Cox, Management Analyst, stated that this contract is a four percent decrease from the prior contract. For three years the pricing will remain steady and for years four and five, a three percent increase is projected. Years four and five are optional extensions on an as-needed basis. Bid pricing is adjusted quarterly based on the Consumer Price Index.

In response to a Board request, Clay Norris, Power Manager, described the community solar project and associated community outreach.

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

D-2 Motion 15-12 – Authorize amendment of the 2015-2016 biennial budget for Tacoma Power to include an additional appropriation in the amount of \$32,135,000 for a greater level of called bonds in July 2015; and appropriating cash to meet the anticipated operating requirements through the end of 2016.

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

Jim Sant, Deputy Director for Administration, summarized the motion. This motion is for an additional appropriation for Tacoma Power to authorize the expenditure of funds and appropriating cash to meet the anticipated operating requirements through the end of 2016 due to an additional \$32,135,000 used for the calling of the 2005B Bonds in July 2015. The additional anticipated expenditures are expected to be compensated from the existing cash balance. The additional appropriation added to the original appropriation of \$992,849,926 will bring the total appropriation for the Tacoma Power fund to \$1,024,984,926. This additional appropriation will be forwarded to the City Council for action.

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

D-3 Resolution U-10817 – Authorize execution of a collective bargaining agreement negotiated between the City of Tacoma and the Professional and Technical Employees, Local 17.

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

Jude Kelley, Labor Negotiator, summarized the resolution which recommends approval of a Collective Bargaining Agreement with the professional and Technical Employees, Local 17. The agreement covers approximately 267.5 budgeted, full-time positions and is anticipated to be considered by the City Council on November 10, 2015. The agreement is for four years and provides a wage increase retroactive to January 1, 2015 and a lump sum payment of 500 for employees active on the ratification date. On January 1, 2016, wage rates will increase by one percent and employees will be given a lump sum payment of \$500.00. In years 2017 and 2018, wages will be increased by two percent for each year. In response to a Board inquiry regarding the main issues and how they were resolved, Ms. Kelley stated that negotiations started in February 2015 and it came down to wage packages. Parties looked for other exchanges that could be done in order to resolve the wage package issue.

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

D-4 Resolution U-10818 – Approve declaration of surplus utility specific scrap metals no longer needed for current or future needs and authorize the sale of surplus metals to the highest responsive bidder.

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

Patsy Best, Purchasing Manager, summarized the resolution which recommends award to Pacific Iron and Metal to purchase and recycle scrap metals generated by various Tacoma Public Utilities operations. The contract is for a three-year term with an option to extend for three additional one-year terms. The value of the contract is estimated at \$250,000 dependent on volumes and metals markets. In response to a Board inquiry regarding what criteria resulted in rankings and if there was evaluation of how the company monitors for stolen materials. Ms. Best stated that the RFP selection advisory committee obtained references and the company has covered bins on a secure site. Although the committee didn't specifically check with the police department for records of

this company receiving stolen materials, it did ask how they specifically handle materials and what measures would be taken to ensure they're protected and transported to reliable, certified scales. Bob Mack, Deputy Director for Administration, added that over the past two years the legislature has passed statutes jointly with larger companies and cities. There is a tracking system with payments made in check with proper identification. Findings show that violators typically aren't large companies or processors.

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

D-5 Resolution U-10819 - Authorize Tacoma Rail to execute up to a four month extension with Burlington Northern Santa Fe for freight rail service between South Tacoma and Nisqually, St. Clair and Quadlok, and Olympia and Belmore, Washington and approve payment related to close out provisions related to such service.

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

Alan Matheson, Chief Mechanical Officer, summarized the resolution. Tacoma Rail has been unsuccessful in attempting to renegotiate more equitable terms in the existing operational lease agreements with the Burlington Northern Santa Fe (BNSF) and does not foresee a scenario in which traffic volumes would increase substantially in the future. Consequently, Tacoma Rail has concluded it prudent to allow the agreements to terminate. The final four-month extension is intended to ensure a smooth transition in service from Tacoma Rail to another third party operator. Tacoma Rail requests approval to extend the existing agreements associated with proving service for BNSF on the Quadlok and Belmore lines near Olympia. Additionally, Tacoma Rail seeks authorization for a \$250,000 payment to the BNSF to satisfy outstanding maintenance responsibilities agreed to in the initial lease agreement. In response to a Board inquiry, Mr. Matheson stated that it is likely that a new contract will be in place by the four month period.

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

H. Reports of the Director

H-1 September cash projections for Tacoma Power, Water, and Rail

H-2 September financials for Tacoma Power, Water, Rail, Fleet, and Self-Insurance Fund

I. Comments by the Board

Chair Flint announced that according to Board Rule 1a, there is only one Board meeting in November and December, on the third Wednesday of the month. The meetings for the remainder of the year are November 18 and December 16, 2015.

Ms. Larkin attended the Audit Advisory Board meeting and made positive remarks as Tacoma Water has no findings on the filtration plant financials.

Chair Flint announced that the first meeting with Chairs of the Council Committees took place last week with Director Gaines.

Chair Flint congratulated Tacoma Power line crews on their performance in the pole rescue contest at the Governor's Safety and Health Conference.

J. Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 7:15 p.m. until Wednesday, November 18, 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