



APPROVED 9-14-16

MINUTES
City of Tacoma
Public Utility Board Study Session
August 24, 2016
3:00 p.m.

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

Present: Bryan Flint, Mark Patterson, Monique Trudnowski (arrived 4:05 p.m.)

Excused: Karen Larkin, Woody Jones

Total Quality Update

John Walkowiak, Total Quality (TQ) Chair and Conservation Manager, outlined TQ's vision, which is to encourage an open and collaborative environment that fosters continuous improvement for positive changes to benefit customers and employees. This is made possible by a collaboration of the TQ Council, TQ Program Manager, and TPU teams. Crystal Vaarvik, TQ Program Manager, outlined the TQ team success story of security and customer service improvements in the lobby which now provide a central location for all services on the main floor with an electronic queuing system. Gretchen Galuska, TQ Council Member, concluded the presentation by outlining TQ Council and Program Manager goals for 2016, which include meeting facilitation workshops and a team recognition award program.

Review of TPU Service Division Budgets

Jim, Sant, Deputy Director for Administration, provided the timelines for TPU's internal budget preparation and the Board/Council budget reviews. The preliminary budget is scheduled to be delivered to the City Clerk on October 31, 2016. Mr. Sant then detailed the General Government assessments and labor/benefit assumptions.

Director's Office: The baseline costs and services are similar to 2015/2016 and staffing will remain the same at two FTEs. Budget drivers were summarized. Mr. Sant reviewed a spreadsheet containing the projected actuals for the current biennium, the 2017/2018 budget and the biennium-to-biennium comparison.

Management Services: The baseline costs and services are similar to 2015/2016, with the exception of the addition of an emergency preparedness function. The budget drivers were summarized. Mr. Sant reviewed a spreadsheet containing the projected

actuals for the current biennium, the 2017/2018 budget and the biennium-to-biennium comparison.

Public Affairs: Bob Mack, Deputy Director for Public Affairs, shared that provided services will include an increase in program and product outreach per the strategic plan and in response to recommendations of the 10 year management review. Base services and costs are similar to the current budget. In 2017, the budget will increase as services in Market Communications and Economic Development are expanded. The budget drivers were summarized; proposed additional resource drives the next biennium budget increase are three additional employees and contract funding increases for customer communications. Mr. Sant reviewed a spreadsheet containing the projected actuals for the current biennium, the 2017/2018 budget and the biennium-to-biennium comparison.

Customer Services: Steve Hatcher, Customer Services Manager, shared that customer services O&M budget is flat for the next biennium and the capital projects budget is down by 38 percent. The proposed labor budget will contain an increase of one FTE and O&M will contain an increase for license and maintenance fees, rent, and postage. Mr. Sant reviewed a spreadsheet containing the projected actuals for the current biennium, the 2017/2018 budget and the biennium-to-biennium comparison, including capital expenses .

Tacoma Power: LED Street Light Proposal

Chris Robinson, Power Superintendent, provided an overview of the LED street light proposal and benefits, which are to replace approximately 16,400 aging street lights with new LED technology and create a rate for capital and energy cost recovery. The energy efficiency and reduced maintenance costs will more than offset the capital costs with an estimated 15 year net present value of \$5.7M. LEDs use less energy, require less maintenance, have better lighting quality, and fewer outages. The expectation of how this proposal will work over the long term is the City will replace lamps as necessary; Tacoma Power will purchase replacement lamps and increase capital recovery amount in future rate changes; as capital costs are fully recovered, the rate will change to reflect mostly energy costs; and when lights need to be replaced again, Tacoma Power will fund another capital project in coordination with the City and adjust rates accordingly. Projected operating costs, biennium costs, and projected 15 year costs were reviewed. Implications of this proposal to Tacoma Power include a loss of electric rate revenue of \$200,000 per year; increase in Tacoma Power's capital budget of \$6.9M per year; and Tacoma Power may have to provide this to other jurisdictions based on non-discrimination provisions of RCW 80.28.

Miscellaneous

The Board discussed the timeline for Click! public comments and providing a final resolution to the City Council. An executive session to discuss potential litigation per RCW 42.30.110(1)(i) is scheduled for Wednesday, August 31, 2016. The Board

discussed having a draft resolution in time for the September 14 Board meeting, a public hearing at the September 28 Board meeting, and a special meeting to consider the final resolution the first week of October. Different methods of taking public comment, including social media, web forms, written comments, in addition to in-person attendance, were discussed. There will also be an opportunity for public comment when the resolution goes before the City Council.

Adjournment

The study session was adjourned at 5:08 p.m. until the next regularly scheduled study session on Wednesday, September 14, 2016 at 3:00 p.m.

Approved:

Approved:

Mark Patterson, Chair

Woodrow E. Jones, Jr., Secretary