



APPROVED 2-10-16

MINUTES
City of Tacoma
Public Utility Board Study Session
January 27, 2016
3:00 p.m.

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

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

Excused: Monique Trudnowski

Moss Adams Entrance Conference:

Doug Swanson, Utilities Accounting Manager, made introductory remarks and introduced Julie Desimone and Jennifer Chu of Moss Adams accounting firm. Ms. Desimone reviewed the steps of the upcoming audit. Phases of the audit include planning and risk assessment, assessment and evaluation of internal controls, final fieldwork to perform substantive audit procedures, and reporting and presentation of audit results. The planning and risk assessment started in October of 2015 and the final reporting and communications will be concluded in April 2016. Ms. Desimone detailed Moss Adams' responsibilities under auditing standards and management's responsibilities. Areas of audit emphasis include billing and revenue structure, power costs, plant assets, net pension liability and related balances, and IT controls. Ms. Desimone concluded by providing an overview of new GASB accounting standards.

Tacoma Water: Water Quality Update

Chris McMeen, Deputy Water Superintendent, made introductory remarks and introduced Scott Hallenberg, Operations Manager in the Water Quality section. Mr. McMeen provided an overview of water quality regulations that support goals which are to kill microorganisms, mitigate harm from disinfection byproducts, find and remove natural and unnatural contaminants, make water non-corrosive, and to run the water system and finances correctly. Mr. McMeen then outlined the events in Flint Michigan that resulted in their water system being contaminated with lead.

Tacoma Rail; Interlocal Agreement with the Port of Tacoma

Dale King, Rail Superintendent, made introductory remarks and introduced Carol Rhodes, Senior Project Manager with the Port of Tacoma, and Alan Matheson, Tacoma Rail Chief Mechanical Officer. Mr. Matheson stated that strategic adjustments to the rail yard were needed to enhance operational flexibility and enhance regional

competitiveness. The resulting agreement with the Port accomplished this. Substantial completion is anticipated in May 2017. Mr. Matheson shared graphical representations of the future west end (reconfiguration of 17 track switches and installation of 2 track crossings), future middle (replace track 13 with heavier rail and fill ditch allowing for longer tracks), future east end (modification of track configuration near Alexander Avenue), and post project (enhancement of operational flexibility and increased capacity). Mr. Matheson concluded by detailing the budgeted 2016 projects, including Tacoma Rail's negotiated \$2M contribution toward this project. Next action steps, which include Board consideration on February 10, 2016; Council consideration on February 23; and Port Commission consideration on March 17, 2016, were outlined.

Public Affairs: Legislative Issues Update

Bob Mack, Deputy Director for Administration, introduced Government Relations Analysts, Lisa Rennie and Clark Mather, and Diane Carlin of the firm of Gordon Thomas Honeywell. The 2016 legislative session convened on January 11 and will conclude on March 10, 2016. Ms. Rennie summarized state legislative issues and Mr. Mather summarized federal issues and highlighted the main bills affecting TPU:

Rail: SB 6418 and HB 2575 concern oil transportation safety; SB 6347 relates to maximum gross weight values.

Water: SB 6115 limits taxes imposed by a city or town on water business; SB 6215 concerns municipal status for irrigation water rights held by utilities.

Power: SB 6381, HB 2777, SB 6173, SB 6306, and HB 2506 all concern carbon legislation. SB 6237 relates to retail telecommunications service authorities for PUDs. HB 2346 relates to solar incentives. SHB 2261 relates to utility back billing. SHB 1130 concerns water power license fees.

Federal: A senate energy bill is on the floor that concerns hydro reform provisions, reauthorization of hydroelectric incentive and efficiency programs, energy workforce provisions, municipal liability relief for emergency operations, and net metering.

Community Solar Update

Bruce Carter, Conservation Supervisor, summarized Tacoma Power's Community Solar program. The project includes four solar arrays, the program will run April 2016 through July 2020 with customers receiving annual payments until 2020. Participants must be a Tacoma Power customer and be pre-registered. One 28.5-watt solar unit costs \$100.00 and estimated payments over the life of the program are \$156.00. Energization of the program is expected to be April 15, 2016. Chris Gleason, Community and Media Services Manager, outlined communication and promotions that have and will take place via news releases, social media, TV Tacoma, outreach to business stakeholders, and direct mail.

Miscellaneous

Chair Flint stated there is a vacancy on the Click! Engagement Committee and a replacement is being sought. The City Council is expected to appoint a new member at the next meeting on February 2, 2016.

Adjournment

The study session was adjourned 5:44 at p.m. until the next regularly scheduled study session on Wednesday, February 10, 2016 at 3:00 p.m.

Approved:

Approved:

Bryan Flint, Chair

Monique Trudnowski, Secretary