



APPROVED 7-27-16

MINUTES
City of Tacoma
Public Utility Board Meeting
July 13, 2016
6:30 p.m.

Mr. Patterson 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, Monique Trudnowski, Karen Larkin

The meeting was quorate.

Mr. Flint shared that on July 12, 2016, he was reappointed by the City Council to a second, five-year term on the Public Utility Board. Mr. Flint expressed his appreciation for his reappointment and all Board Members congratulated Mr. Flint and made positive remarks about his contributions to the Board and Tacoma Public Utilities.

Minutes of the Previous Meetings

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

Recognitions

Click! employees recently participated in the Cable-Tech Games hosted by the Mt. Rainier Chapter of the Society of Cable Telecommunications Engineers (SCTE). SCTE is the standard body and training resource for the Telecom industry and every year a regional skills and knowledge competition is held in categories such as digital meter reading, and cable and fiber optic splicing. Click! took two first place awards, two second place awards, and placed third overall. The following employees participated and were recognized: Greg Rudi, John Jamison, Patrick Yomes, Tim Hogan, Randy Sherman, Jason Schultz, Dan Browitt, Levi Minnich, Elton Kleindl.

Erika Tucci, Community Relations Officer responsible for TPU's Community Connection program, was recognized for being nominated and appointed to Governor Inslee's Serve Washington Commission. While on this commission, Erika will help advocate for other Washington businesses to develop more robust corporate social responsibility programs similar to Tacoma Public Utilities' program.

Comments from the Public

There were no comments from the public.

Consent Agenda

There were no items on the consent agenda.

Regular Agenda

D-1 Motion 16-07 – In accordance with Rule 2, Election of Officers, of the Public Utility Board Rules for Order of Business, that Mark Patterson, Monique Trudnowski, and Woodrow E. Jones, Jr. be nominated as elected Chair, Vice-Chair, and Secretary respectively.

Ms. Trudnowski moved to approve the motion; seconded by Mr. Jones

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

D-2 Resolution U-10862 – Award contracts and approve purchases:

1. Award contract to the State of Washington Department of Fish and Wildlife for the supply of 50,000 pounds of hatchery trout to the Cowlitz Hydroelectric Project (one year with option for four additional one-year renewal periods for a cumulative total of \$700,000, plus sales tax);
2. Award contract to Applied Energy Group, Inc., to determine the cost effective energy conservation potential for Tacoma Power (\$210,270, plus applicable sales tax);
3. Award contract to S. Scott & Associates, LLC, for the planning, fabrication, and delivery of a floating debris boom to be installed upstream of Tacoma Power's new Cowlitz Falls North Shore Fish Collection Facility (\$266,196.84, plus applicable sales tax);

Ms. Trudnowski moved to adopt the resolution; seconded by Mr. Jones.

In response to a Board request regarding item number one for clarification on the contract amount and the contract term, Pat McCarty, Generation Manager, answered that City Purchasing has requested that fixed-price contracts come with the whole amount for authorization, so the \$700,000 is for all five years. If the vendor is successful as anticipated, staff has the authorization to enter into four additional contracts after the first year. The former vendor for this contract, Nisqually Trout farm, is a private entity and had this contract for the past five years.

In response to a Board request regarding item number two for clarification on the contract amount and the contract term, Rich Arneson, Power Analyst, answered that the \$210,000 is for a single study. Any subsequent studies to take place two years from now would be for an additional amount. Specifications would be developed and a new contract negotiated for the Board at that time. At the request of a Board Member, Mr. Arneson described a conservation lost opportunity as not missing the opportunity to install incremental conservation measures during construction. After a structure is built, it is more expensive and not cost effective to add conservation, so that is what the industry calls a lost opportunity. Discretionary conservation was defined as conservation that can be installed at any time; i.e. weatherization.

In response to a Board inquiry on item number three, Pat McCarty, Generation Manager, answered that construction of the north shore fish collector is 65 percent complete. The

debris boom's purpose is to go upstream and divert debris into a cove to be collected and disposed.

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

D-3 Motion 16-08 – Authorize a one year renewal of property insurance coverage for Tacoma Public Utilities.

Ms. Trudnowski moved to approve the motion; seconded by Mr. Jones.

Jim Sant, Deputy Director for Administration, summarized the motion. The insurance advisory recommends that TPU bind property insurance coverage, with earthquake, flood and terrorism coverage, through the Public Entity Property Insurance Program (PEPIP) and Rail equipment coverage through Allianz Global Corporate and Specialty (AGCS Marine) for locomotives, coaches, and track equipment. The terms of each of these policies provide coverage from July 1, 2016 to June 30, 2017. The annual renewal premium for the property insurance with PEPIP is \$357,193 which is a decrease of 7.1 percent from the previous year. The annual premium through AGCS Marine is \$39,517 which is a 14.6 percent increase over current premiums. This cost increase in coverage is driven by an increase in the total insured value of Tacoma Rail's rolling stock for the coming year.

In response to a Board inquiry regarding the coverage term, Mr. Sant answered that twelve months is the usual coverage term.

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

D-4 Motion 16-09 – That in accordance with Tacoma City Charter Article IV Section 4.18, the Board approves the 2015 annual performance review of the Director of Utilities.

Ms. Trudnowski moved to adopt the resolution; seconded by Mr. Jones.

Ms. Trudnowski commented that this evaluation reflects all of the Director's work and not just hot button issues. TPU has a great leader at the helm and the Director is well respected in Pierce County and utilities across the nation and TPU has affordable and reliable power and water.

Mr. Flint stated that the review was positive as evident by TPU's financial and organizational management, and relationship with the Council and Public. Mr. Gaines does an excellent job on all fronts in leading the organization, takes the long view, improves efficiencies, provides the opportunities for career advancement, is improving TPU to reflect the community it serves, and financial stewardship are all significant parts of Director Gaines' work. Customer Service has improved as well.

Ms. Larkin stated she appreciates the level of response from the Director and staff and has respect for TPU and its staff. She would like to develop a level of community comfortable for all moving forward.

Mr. Jones stated that this is his seventh year on the Board and it is his observation that Director Gaines' leadership has a big imprint this organization and organizations in which

he is a part of around the nation. We should be grateful for his staying and improving the utility and he's thankful for the Director's leadership.

Mr. Patterson thanked the Director and the Board for the thoughtfulness and candor during the review process. This is never a simple process and all will continue to work the process into the future.

Director Gaines stated he has appreciated his nine years at TPU, the support from the Board, and the candor received. He will try to take the feedback to heart in the actions that will be undertaken in the future. The review was a positive process and all Board comments are appreciated.

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

D-5 Resolution U-10863 – Authorize execution of Task Order No. 6, Phase 3 of the 2011 Memorandum of Agreement between Tacoma Power and the Port of Tacoma for relocation of 13.8 kV service to the Port of Tacoma's Terminal/Pier 4 and removal of current 13.8 kV service upon decommissioning by the Port of Tacoma.

Ms. Trudnowski moved to adopt the resolution; seconded by Mr. Jones.

Joe Rempe, Principal Engineer, summarized the resolution. The Port of Tacoma is currently reconstructing Pier 4 to align with Pier 3 and accommodate 100-gauge container cranes that will serve the largest container ships in service. The 13.8kV point of delivery will be relocated to allow additional space required for the construction and future operation of the terminal. The Port is obligated to pay for services and materials for this relocation as stated in the 2011 Memorandum of Agreement.

Ms. Trudnowski stated this resolution is a good example of a good working relationship. In response to a Board inquiry from Mr. Flint regarding the upgraded LED lighting at the Port, Director Gaines stated that the lighting project at the Port was a success.

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

D-6 Resolution U-10864 – Authorize the purchase of approximately 1.90 acres of improved residential property located within the controlled area of the Green River Municipal Watershed for \$409,000.

Ms. Trudnowski moved to adopt the resolution; seconded by Mr. Jones.

Gloria Fletcher, Sr. Real Estate Officer, summarized the resolution. This property is within the controlled area of the green River Municipal Watershed and adjacent to Tacoma Water property. This purchase will allow for greater contiguous ownership of the Green River frontage within the watershed boundaries, provide land for future expansion or for environmental mitigation, increases site security, and help maintain Tacoma Water's overall control and stewardship mission within the controlled watershed. The purchase price is based on fair market value.

In response to a Board inquiry regarding the use of the structures on the property, Water Superintendent McCrea answered that no decisions have been made in that regard.

The primary purpose of this resolution is to secure the property. Needs will be examined as part of the watershed plan next year.

In response to a Board inquiry regarding the sale price, Ms. Fletcher answered that this property was appraised in 2015 and the price is less than the seller requested. It took two years to come to this agreement and the price is within the appraised range and within ten percent of the appraised price. The price reflects the current housing market in King County.

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

H. Reports of the Director

H-1 May 2016 cash projections for Power, Water, Rail

H-2 May 2016 financials for Power, Water, Rail, Fleet, Self-Insurance Fund

I. Comments by the Board

Chair Patterson called attention to the 2015 water quality report that was mailed to all Tacoma Water customers.

J. Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 7:18 p.m. until Wednesday, July 27, 2016, for a study session beginning at 3:00 p.m., followed by the regular meeting at 6:30 p.m.

Approved:

Mark Patterson, Chair

Woodrow E. Jones, Jr., Secretary