



APPROVED 4-26-17

MINUTES
City of Tacoma
Public Utility Board Meeting
April 12, 2017
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: Mark Patterson, Monique Trudnowski, Woodrow Jones, Bryan Flint

Excused: Karen Larkin

The meeting was quorate.

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

There were no recognitions.

Comments from the Public

There were no public comments.

Consent Agenda

There were no items on the consent agenda.

Regular Agenda

Departmental

D-1 Resolution U-10922 – Award contracts and approve purchases:

1. Award 18-month contract to IDCON, Inc., for onsite consulting, coaching, training, document review, and document preparation to support the implementation of a strategic maintenance management program (\$316,920, sales tax not applicable, plus the option to renew for two additional one-year periods for an aggregate total of \$525,120, sales tax not applicable).

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

In response to a Board request for clarification, Todd Shepherd, Management Analyst, stated that this contract relates directly to the asset management study session presentation provided to the Board last month. This will support changes and the

capture of information for the asset management program. Tacoma Water has worked with this contractor before, but for this specific contract, a competitive selection bidding process was conducted.

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

D-2 Resolution U-10923 – Authorize execution of a utility installation agreement between Tacoma Power and James Hardie Building Products, Inc., to accept funds to provide new electrical service and to execute contracts to be developed and approved by the City Attorney required to perform said work.

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

Joe Wilson, Assistant Power Section Manager, summarized the resolution. James Hardie Building Products, Inc. intends to build a new facility at 4615 192nd St E, inside of Tacoma Power's service territory, which will require a new transmission line and substation to provide electrical power. James Hardie will build, own, and operate the substation while Tacoma Power will build, own, and operate the transmission line and 115kV circuit breaker. This project is one hundred percent customer funded in advance.

In response to a Board inquiry regarding collaboration with the customer, Mr. Wilson confirmed that engineering staff is collaborating with the customer to ensure proper interface. In response to a Board request, Mr. Wilson walked through the map of the site of the new facility and confirmed that the customer is paying for all interconnection fees. In response to a Board inquiry about the load of this customer, Chris Robinson, Power Superintendent, stated that this project was anticipated in the load forecast used in the Integrated Resource Plan and that the load can be handled with current resources.

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

Unfinished Business

F-1 Resolution U-10918 – Approve conveyance of an easement to Elbe Water and Sewer District over approximately 2.04 acres of Tacoma Power property within the Nisqually River Hydroelectric Project for \$5,000.

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

Gloria Fletcher, Sr. Real Estate Officer, summarized the resolution. Elbe Sewer and Water District (EWSD) has been using this area for a sewage system since 1982. This use, which serves approximately 50 homes within the Elbe community, was originally granted by TPU via a 30-year easement which expired in 2012. The original easement did not have any renewal or extension clauses and required that EWSD remove all of the facilities upon expiration. Since the facilities are still in use, and there are no feasible alternatives to provide sewage services, Tacoma Power and EWSD have determined that granting a new, perpetual easement was the best mutually acceptable resolution to this issue. The \$5,000 fee was determined via an in-house valuation and includes consideration for the diminished economic utility on the site due to its location and the constraints created by the Federal Energy Regulatory Commission (FERC) license. The proposed transaction clarifies the 1982 intent to allow for a long-term use

of this property by EWSD. The new easement contains updated indemnity language and can be revoked in the event the FERC license is terminated and/or EWSD no longer needs the property.

In response to a Board inquiry, Ms. Fletcher explained that the facility includes portion of a drain field/septic system, not a sewer system facility. It is regulated by the Department of Health (DOH) and the DOH has been part of this process to ensure compliance with all regulations. Ms. Fletcher also clarified that if either party doesn't need the easement, it can be terminated.

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

F-2 Resolution U-10920 – Authorize transfer of approximately 1.95 acres of Tacoma Water property to the Department of Public Works for \$50,000 for the Puyallup Avenue Bridge replacement project.

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

Gloria Fletcher, Sr. Real Estate Officer, summarized the resolution. The Department of Public Works has requested that Tacoma Water transfer an approximately 1.95 acre parcel of land located near Puyallup Avenue to facilitate the planned replacement of the Puyallup Avenue Bridge. The property was originally acquired in 1999 from Pierce County for the Second Supply Pipeline project. Tacoma Water has agreed to transfer this property in exchange for fair market value and subject to a perpetual easement for utility maintenance, repair, and replacement. This property will subsequently be transferred to the Puyallup Tribe of Indians as part of a negotiated agreement between the City and the Tribe related to additional right-of-way needed for the bridge project. This transaction will allow the City to move forward with a critical infrastructure project while continuing to provide necessary water utility operations. The \$50,000 consideration was based on an independent appraisal reviewed by Real Property Services.

In response to a Board inquiry about the sequence of events for this exchange, Ms. Fletcher clarified that it has to go to Public Works prior to the exchange and that it is structured this way because there are other parcels included that should be transferred simultaneously.

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

Ms. Trudnowski moved to suspend the rules to consider walk-on Motion 17-01; seconded by Mr. Jones.

A voice vote to suspend the rules was taken and carried.

Motion 17-01: That upon concurrence by the City Council, the Director of Utilities is hereby authorized to settle the lawsuit of Nathan Johnson vs. the City of Tacoma, Pierce County Superior Court Cause No. 15-2-14412-5, in the amount of \$2,400,000 as further explained in the confidential memorandum from Deputy City Attorney Paul Goulding to William A. Gaines, Director of Utilities, dated March 31, 2017.

Bill Fosbre, Acting City Attorney, summarized the settlement which is for an incident at Tacoma Rail that resulted in a leg amputation. The \$2.4M is a fair settlement in the matter and a confidential memo has been provided to the Board and an executive session was held.

H. Reports of the Director

There were no reports from the Director.

I. Comments by the Board

There were no comments by the Board.

J. Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 6:50 p.m. until Wednesday, April 26, 2017 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