



APPROVED 5-24-17

MINUTES
City of Tacoma
Public Utility Board Meeting
May 10, 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, 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-10926 – Award contracts and approve purchases:

1. Increase citywide contract to Graybar Electric Company, Inc., for the purchase of electrical supplies on an as-needed basis (\$310,000, plus sales tax; cumulative aggregate total \$660,000, plus sales tax);
2. Increase citywide contract to AT&T for cell phone air time, wireless data services, and related equipment purchases (\$485,000; cumulative total \$685,000, plus applicable sales tax);
3. Award citywide contract to G&K Services for apparel and linen rental and laundry services on an as-needed basis (\$850,000, plus applicable sales tax);
4. Award contract to Utilicast, LLC for integration and implementation support services to replace the existing energy management system (\$3,966,740, plus applicable sales tax).

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

Board Member Trudnowski moved to remove item number three from the general purchasing resolution as G&K Services is being acquired by another company. This item will be brought forth at a future meeting when the acquisition is completed; seconded by Mr. Jones.

A voice vote was taken and carried to remove item number three.

In response to a Board inquiry regarding items one and two, Bill Fosbre, Acting City Attorney, confirmed that the Council must also approve the city-wide contracts.

In response to a Board inquiry regarding the status on a study session briefing from Finance regarding competitive bidding processes, Director Gaines answered that Finance has informed him that the majority of Finance's staff time is being concentrated on the electronic contract (Ariba) project and the briefing will take place once the project is well underway.

Voice vote was taken and carried. The remaining items on the resolution were declared adopted.

D-2 Resolution U-10927 – Authorize execution of an interagency agreement with Mason County Public Utility District Three for shared communications infrastructure usage.

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

Tim Bagwell, Power Division Supervisor, summarized the resolution. Tacoma Power is in the process of upgrading communications services at the Cushman Hydroelectric Project and has identified alternative transport methods that will meet current business and operational requirements by leveraging Mason County PUD Three's existing and planned fiber optic cable infrastructure, Tacoma Power can significantly increase the capacity and resiliency of the current microwave system. This resolution would allow entrance into a 20-year, mutually-beneficial, interagency agreement that enables both Tacoma Power and Mason County PUD Three to leverage existing and new communications infrastructure. In response to a Board inquiry regarding cost savings, Mr. Bagwell explained that the estimated cost of \$800,000 is approximately one-half to two-thirds cost of building infrastructure and this proposed system is more reliable.

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

D-3 Resolution U-10928 – Authorize execution of a contract between Tacoma Power and Puget Sound Energy for construction of a new electrical substation.

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

Joe Wilson, Assistant Power Section Manager, summarized the resolution. Puget Sound Energy (PSE) is building a liquefied natural gas facility which will require a new Tacoma Power substation to provide electrical power. Due to scheduling requirements and the scope of utility installation activities involved, including long-lead time for procurement of equipment as well as the complexity of design engineering, the contract is occurring in

two phases per Substitute Resolution U-10898. The phase one contract has been approved and pertains primarily to and governs performance and payment of the preliminary engineering design and initial procurement services. The phase two contract comprises of the phase one contract along with the final design and construction services required to complete the substation. This request for new facilities is 100 percent customer funded in advance.

In response to a Board inquiry for clarification, Mr. Wilson answered that the project design will be completed in phase 2. The design is at 90 percent completion now. PSE is doing geo-tech analysis and no concerns have been raised about the integrity of the facility. The language on page 20 of the exhibit outlining the specific description of the grading of the area is standard language and geo-tech analysis hasn't caused any deviation to standard plans as nothing unusual has been found. The project has been typical of any other substation site.

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

D-4 Resolution U-10929 – Authorize execution of a water system acquisition agreement between Tacoma Water and the Curran Road Mutual Water Association.

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

Ryann Flynn, Sr. Principal Engineer, summarized the resolution. The Curran Road Mutual Water Association (CRMWA) serves approximately 620 customers in the vicinity of 128th Street East and Canyon Road in east Pierce County. CRMWA is a Tacoma Water wholesale customer and has received all of its water from Tacoma Water since the 1940's. As a requirement of the Washington State Department of Health, CRMWA is due to develop a new water system plan, in-lieu of developing a water system plan and securing financing to make system improvements, CRMWA has requested Tacoma Water acquire the service area and provide direct retail service to its members. Over a period of 10 years, Tacoma Water proposes to replace more than six miles of asbestos cement water main and complete other system improvements. The estimated cost of this water system improvement work is \$12,000,000 which will be paid for by those customers within the boundaries through a customer surcharge over an estimated 33-year period in accordance with the City Council's service expansion policy. This resolution establishes the terms and conditions under which the service area will be acquired and provide direct retail water service to its members. Authorization of the agreement will allow Tacoma Water to complete water system improvements as part of acquisition of the service area.

In response to a Board inquiry regarding water supply, Mr. Flynn answered that no new water supply is needed. In response to a Board inquiry about the governance structure of the CRMWA, Mr. Flynn stated that the board is elected by membership. Mr. Flynn then introduced the CRMWA board members in attendance: Preston Devers, President; Tom Langseth, Secretary; and Ken Corcoran, Superintendent. In response to a Board inquiry about the agreement process, Mr. Flynn explained that in November 2016, the CRMWA held a special meeting and election. All customers were informed and invited. A vote was favorable to acquisition. In response to a Board request for an old and new bill comparison, Mr. Flynn answered that Tacoma Water for outside the city customers has a surcharge rate of \$25.44 per month and a unit rate of \$2.19 per unit. CRMWA

currently has a \$28.00 per month surcharge at a \$4.09 per unit charge. A typical Tacoma Water bi-monthly bill is \$133.14 and CRMWA's is \$209.26 for similar types of improvements. These are figures for winter and will be more drastic for the summer months. CRMWA customer rates will go down and the improvements necessary will be more affordable. Tacoma Water is able to achieve more financing than a smaller association and that benefits their members.

Public comment was taken. Mr. Devers thanked the Board and Mr. Flynn for their work on this agreement and stated that it is the best option for their members.

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

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, May 24, 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