



APPROVED 12-12-18

MINUTES
City of Tacoma
Public Utility Board Meeting
November 14, 2018
6:30 p.m.

Chair Jones called the Public Utility Board meeting to order at 6:30 p.m. in the auditorium at Tacoma Public Utilities.

Present: Woodrow E. Jones, Jr., Mark Patterson, Christine Cooley, Bryan Flint, Karen Larkin

The meeting was quorate.

Minutes of the Previous Meetings

Mr. Flint moved that the minutes of the previous meetings be adopted; seconded by Mr. Patterson. Voice vote was taken and carried. The minutes were declared adopted with Ms. Larkin abstaining.

Recognitions

Erika Tucci, Government Relations Analyst, summarized TPU's Community Connection Leadership Team's (CCLT)'s volunteer and giving program for 2018. In 2018, TPU corporate responsibility contributions totaled approximately \$350,000. TPU received the Business Partner of the Year award from My Sister's Pantry and the Paul J. Raver Award for Community Service from the Northwest Public Power Association. Felicia Dawson, CCLT member, addressed the Board to share how her participation on the CCLT has aided her development as an employee. Board Members made positive remarks about the program and expressed their appreciation to TPU employees for their contributions and community involvement.

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 Resolution U-11040 – Award contracts and approve purchases:
1. Increase contract to Salesforce.com for use of software licensing in support of Click! Network (\$18,894, plus applicable sales tax. Cumulative total \$218,894, plus applicable sales tax);
 2. Award two-year contract to Decibels, Inc., for planning, layout, wiring, and activation of residential and multi-dwellings within the service of Tacoma Power/Click! Network (\$306,898, plus applicable sales tax. Includes option to renew for three additional years for a projected contract amount of \$767,245, plus applicable taxes);
 3. Increase and extend contract to CH2M Hill for the seismic evaluation of Hood Street Facilities, South Tacoma Pump Station, and the Water Operations building (\$1,159,525, plus applicable taxes. Cumulative total \$1,776,709, plus applicable taxes);
 4. Award contract to Sound Pacific Construction for the replacement of water main in the vicinity of 58th to 62nd Street Court West within the City of University Place (\$759,810.25, plus applicable taxes);
 5. Award contract to Praxair, Inc., for liquid oxygen supply and technical service used in the generation of ozone for drinking water treatment at the Green River Filtration Facility (\$61,230, plus applicable taxes. Includes the option to renew for four additional one-year periods for a projected contract amount of \$306,150);
 6. Award contract to Pape & Sons Construction, Inc., for the replacement of water main in the vicinity of 50th Ave SW within the City of Federal Way (\$1,145,562.50, plus applicable taxes);
 7. Increase contract to Ferrellgas for the supply of propane gas to the Green River Filtration Facility (\$200,000, plus applicable taxes. Cumulative total \$400,000, plus applicable taxes);
 8. Award contract to Erickson Logging, Inc., for the removal of approximately 5.05 million board feet of timber located in Tacoma Water land within the Green River Watershed (\$1,830,501, plus applicable taxes);
 9. Award contract to Cascade Columbia Distributing; Univar USA, Inc.; JCI Jones Chemicals, Inc.; HASA, Inc.; Chemtrade Chemicals Corp; and Kemira Water Solutions, Inc. for the supply of water treatment chemicals for the 2019 calendar year (\$211,500, sales tax not applicable; \$796,600, sales tax not applicable; \$249,000, sales tax not applicable; \$43,000, sales tax not applicable; \$209,400, plus sales tax; and \$64,680, plus sales tax, respectively);
 10. Award contract to Asphalt Patch Systems, Inc., for street patching and utility repair services on an as-needed basis (\$2,848,453.33, plus applicable taxes, plus 30% contingency for a cumulative total of \$3,702,989.32 for an initial contract term of three years with the option for one additional one-year renewal term).

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

In response to a Board inquiry on item number three regarding budgeting for capital improvements for seismic upgrades should they be necessary, Michel Peloquin, Professional Engineer provided clarification. This contract amendment is for the design services and development of drawing specifications for improvement and does not

include construction management services. Construction management services may be sought in the future if the work needs to be done; capital improvements are budgeted in the next biennium.

In response to a Board inquiry regarding item number two regarding contracting this work versus hiring for it in-house, John Jamison, Telecommunications Supervisor, stated there is volatility in demand for these types of services and it is more costly to hire full-time employees. The work is used on an as-needed, on-call basis only.

In response to a Board inquiry regarding item number eight for reasons this vendor was selected, Brian Ballard, Natural Resources Specialist, answered that the recommended vendor has newer logging equipment than the other bidders. This vendor also employs tethered loggings systems that are friendlier to the environment and soils. They use biodegradable oil for lubricants and that is safer for water quality. They have no L&I violations and manage their own sustainable tree farm in Washington. They have an excellent track record and are members of the Washington Contract Logging Association. In response to another Board inquiry, Mr. Ballard explained that this is not a thinning contract, but rather a regeneration harvest consistent with the habitat conservation plan. There are no endangered species in the area. Because of the company's newer equipment, there is less chance of sparks that can cause wild fires. These are old trees; Tacoma Water harvests timber on a 70-year rotation; that is twice the typical rotation of modern forestry.

Public comment was taken from Kit Burns on item number 8. Mr. Burns expressed concern forestry next to the Green River and in favor of a timber rotation longer than 70 years. Mr. Burns left maps of Tacoma Water's watershed and news articles about sustainable forestry with the Clerk of the Board.

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

D-2 Motion 18-13 - Authorize the purchase of comprehensive general liability insurance for December 1, 2018 through November 30, 2019.

Mr. Flint moved to approve the motion; seconded by Mr. Patterson.

Jim Sant, Deputy Director for Administration, summarized the general liability insurance, railroad liability insurance, and public official/employment practices liability insurance coverages for TPU: 1) Comprehensive general liability insurance from Allied World Assurance Company; Navigators Insurance Company; Hallmark Insurance Company; and Brit Insurance Company; 2) Railroad liability insurance from Indian Harbor Insurance Company; Steadfast Insurance Company; and Liberty Insurance Company; and 3) Public Official and Employment Practices Liability Insurance from Western World Insurance Company, for a total premium of \$1,513,782; as outlined in a memo to the Director and on file with the Clerk of the Board. Funds are budgeted and available for said purpose.

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

D-3 Motion 18-14 – Confirm the appointment of Martha Lantz to the position of Deputy City Attorney for Tacoma Public Utilities pursuant to TMC 1.06.380.

Board Member Flint recused himself from this item and left the dais.

Ms. Larkin moved to approve the motion; seconded by Mr. Patterson.

Tom Morrill, Chief Deputy City Attorney, summarized Ms. Lantz's education, experience, and qualifications.

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

D-4 Resolution U-11041 – Authorize the grant of two easements over Tacoma Power's Stadium Substation property to Sound Transit for the Tacoma Link extension project.

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

Greg Muller, Real Estate Officer, summarized the resolution. Tacoma Power operates the Stadium Substation as part of its electricity supply system. In order to extend its light rail network into Tacoma, Sound Transit is undertaking the Tacoma Link Extension project which requires installation of a traction power substation adjacent to Tacoma Power's Stadium Substation property. In order to construct, operate, and maintain the traction power substation, Sound Transit requires easements in a small portion of the substation property. The easements include review and approval of construction plans by Tacoma Power engineering, and are subordinate to Tacoma Power's use to insure they will not negatively impact current or future Tacoma Power operations. The easements have been reviewed by Legal and Tacoma Power has tentatively accepted the two offers from Sound Transit for a total of \$21,090, which staff believes adequately compensates Tacoma Power for the current fair market value of the easement rights over land.

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

D-5 Motion 18-15 – Authorize settlement of Union Pacific Railroad property damage claim against Tacoma Rail in the amount of \$54,248.64.

Mr. Flint moved to approve the motion; seconded by Mr. Patterson.

Tom Morrill, Chief Deputy City Attorney, stated that the Legal Department is seeking approval of \$54,248.64 final settlement in the claim of Union Pacific Railroad regarding the collision of two locomotives during the connection of locomotives. Council will consider this item at its November 27, 2018 meeting. Details of the claim have been provided to the Board in advance in a confidential memo.

In response to a Board inquiry, Dale King, Rail Superintendent, answered that employees have been corrected and new rules for moving trains in the locomotive facility have been implemented.

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

D-6 Resolution U-11042 – Authorize execution of a collective bargaining agreement negotiated between the City of Tacoma and the District Lodge 160, on behalf of Local Lodge 297 of the International Association of Machinists and Aerospace Workers, Rail Mechanics Unit.

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

Cheryl Comer, Deputy City Attorney, summarized the resolution, which recommends execution and implementation of the 2018-2020 collective bargaining agreement. The agreement covers three years and provides for a wage increase retroactive to January 1, 2018; wages for the bargaining unit will increase by three percent. Effective January 1, 2019, wages will increase by 3.6 percent and the classification of Railway Shop Worker will receive an additional \$1.00 per hour at top step; and effective January 1, 2020, wages will increase by three percent. Other significant changes in the agreement include a change from a reimbursement to an annual allowance for safety related footwear; an increase to the meal reimbursement rate to \$15 per meal; and an increase to the rate paid for standby assignments to \$3.00 per hour. In addition, employees hired after the ratification date of the agreement will not be eligible for longevity pay. At the request of labor, there is a provision committing Tacoma Rail to withdraw affected members from the Western Metal Industry Pension Fund and assume all withdrawal liabilities in accordance with plan procedures and applicable law. Based on information currently available, Rail anticipates the associated cost for covered members of the withdrawal liability to be in the range of \$5.4M for a one-time payment of \$95,000 a year for twenty years. Rail has included an amount in its budget to cover the annual payment. These are estimated figures; the final will be determined by the pension fund and presented in an estimate of withdrawal payment schedule following extrication notices to the trustees. This agreement is anticipated to be scheduled for Council consideration on December 11, 2018. Board Member Patterson shared that the Board had an executive session on this topic and have been fully briefed.

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

D-7 Resolution U-11043 – Authorize execution of a collective bargaining agreement negotiated between the City of Tacoma and the District Lodge 160, on behalf of Local Lodge 297 of the International Association of Machinists and Aerospace Workers, Rail Track Workers Unit.

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

Cheryl Comer, Deputy City Attorney, summarized the resolution. The agreement covers three years, and provides for a wage increase in each year of the agreement. Effective retroactive to January 1, 2018, wages for the bargaining unit increase by three percent. Effective January 1, 2019, wages increase by 3.6 percent, the classification of Railway Track Maintenance Worker will receive an additional \$0.50 per hour at top step, the classification of Railway Track Inspector will receive an additional \$0.66 per hour at top step, and the classification of Railway Track Supervisor will receive an additional \$0.50 per hour at top step. Effective January 1, 2020, wages increase by three percent. Other significant changes in the agreement include a change from a reimbursement to an annual allowance for safety related footwear, raingear, and work clothing; an increase to the meal reimbursement rate to \$15 per meal. In addition, employees hired after the ratification date of the agreement will not be eligible for longevity pay. At the request of labor, there is also a provision in this agreement committing Tacoma Rail to withdraw affected members from the Western Metal Industry Pension Fund and assume all withdrawal liabilities in accordance with plan procedures and applicable law. Based on information currently available, Rail anticipates the associated cost for covered members of the withdrawal liability to be in range of \$2.11M for a one-time payment of \$37,000 a year for twenty years. Rail has included an amount in its budget to cover the annual

payment amount. These are estimated figures; the final amounts will be determined and presented in an estimate of withdrawal payment schedule following an extrication notice to the trustees.

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

H. Reports of the Director

Matt Hubbard, Engineer, stated that the objectives of Tacoma Water’s lead gooseneck replacement project are that all goosenecks be replaced within five years; work is completed in a geographically-equitable manner; there is relevant, regular communication; tactically coordinate and plan service replacements; and minimize disruptions to staffing levels and planned work. Mr. Hubbard stated that the project is 48 percent complete and outlined the many ways Tacoma Water has informed the public about the project. Mr. Hubbard reminded the public that free customer lead test kits are available and can be requested by visiting www.tacomawater.com/testkit or by emailing waterquality@cityoftacoma.org. Board Members made positive remarks about staff dedication to public safety and the quality of Tacoma water’s product. Board Members also made positive remarks about the coordination with Public Works to coordinate this project with their street repairs and paving projects to minimize costs and impacts to the public.

I. Comments by the Board

Board Member Larkin shared that there was a recent media story about tampering of a water tower in North Bend. The Board was informed that Tacoma Water has safety and security protocols in place to prevent such incidents.

Board Member Flint shared that he has attended a Click! stakeholder meeting.

Board Members made comments in support of those dealing with the wildfire situation in California.

J. Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 7:40 p.m. until Wednesday, December 12, 2018 for a study session beginning at 3:00 p.m. at Tacoma Public Utilities, followed by the regular meeting at 6:30 p.m. at Tacoma Public Utilities.

Approved:

Woodrow E. Jones, Jr. Chair

Bryan Flint, Secretary