



## RESOLUTION NO. U-11065

1 A RESOLUTION related to the purchase of materials, supplies, equipment  
2 and the furnishing of services; authorizing the City officials to enter into  
3 contracts and, where specified, waive competitive bidding requirements,  
4 authorize sale of surplus property, or increase or extend existing  
5 agreements.

6 WHEREAS the City of Tacoma, Department of Public Utilities, requested  
7 bids/proposals for the purchase of certain materials, supplies, equipment and/or  
8 the furnishing of certain services, or proposes to purchase off an agreement  
9 previously competitively bid and entered into by another governmental entity, or  
10 for the sales of surplus, or desires to increase and/or extend an existing  
11 agreement, all as explained by the attached Exhibit "A," which by this reference  
12 is incorporated herein, and

13 WHEREAS in response thereto, bids/proposals (or prices from another  
14 governmental agreement) were received, all as evidenced by Exhibit "A," and

15 WHEREAS the Board of Contracts and Awards and/or the requesting  
16 division have heretofore made their recommendations, which may include  
17 waiver of the formal competitive bid process because it was not practicable to  
18 follow said process, or because the purchase is from a single source, or there is  
19 an emergency that requires such waiver, and/or waiver of minor deviations, and  
20 in the case of sale of surplus, a declaration of surplus has been made certifying  
21 that said items are no longer essential for continued effective utility service, as  
22 explained in Exhibit "A," and  
23  
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26



WHEREAS the Director requests authorization, pursuant to  
TMC 1.06.269 A, to amend contract amounts up to \$200,000 and to approve  
term extensions and renewals for all items contained in Exhibit "A;" Now,  
therefore,

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

That the Public Utility Board of the City of Tacoma hereby concurs and  
approves the recommendations of the Board of Contracts and Awards and/or  
the requesting division, and approves, as appropriate: (1) the purchase and/or  
furnishing of those materials, supplies, equipment or services recommended for  
acceptance; (2) the sale of surplus materials, supplies or equipment  
recommended for acceptance; (3) the Interlocal agreement that authorizes  
purchase off another governmental entity's contract; (4) the increase and/or  
extension of an existing agreement, and said matters may include waiver of the  
formal competitive bid process and/or waiver of minor deviations, all as set forth  
on Exhibit "A," and authorizes the execution, delivery and implementation of  
appropriate notices, contracts and documents by the proper officers of the City  
for said transactions, and (5) the administrative authority of the Director, per  
TMC 1.06.269 A., to amend contract amounts up to \$200,000 and to approve  
term extensions and contract renewals for all items in Exhibit "A."

Approved as to form and legality:

  
\_\_\_\_\_  
Chief Deputy City Attorney

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Clerk

Adopted \_\_\_\_\_

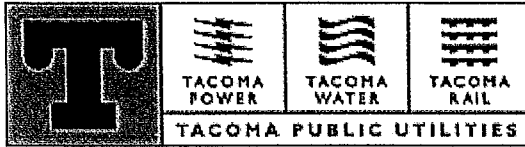


EXHIBIT "A"

RESOLUTION NO.: U-11065

ITEM NO.: 1

MEETING DATE: MARCH 13, 2019

**TO:** Board of Contracts and Awards  
**FROM:** Chris Robinson, Power Superintendent, Tacoma Power  
Chris Mattson, Generation Manager, Tacoma Power  
Stephen Fairchild, Power Engineer IV, Tacoma Power/Generation  
**COPY:** Public Utility Board, Director of Utilities, Board Clerk, SBE Coordinator, LEAP  
Coordinator, and Samol Hefley, Finance/Purchasing  
**SUBJECT:** LaGrande Shop Building  
Request for Bids Specification No. PG17-0493 – March 13, 2019  
**DATE:** February 21, 2019

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**RECOMMENDATION SUMMARY:**

Tacoma Power/Generation recommends a contract be awarded to **Boettcher & Sons, Inc. Eatonville, WA**, for the construction of the LaGrande Shop Building, in the amount of \$1,122,648.00, plus applicable taxes.

**BACKGROUND:**

This project includes the construction of the LaGrande Shop Building, a 60-foot by 80-foot pre-engineered steel structure. The intended use of the building is to provide an area for fabrication, machining and vehicle maintenance at the Nisqually River Project. In addition to constructing a new building, this contract also includes material and debris removal requirements.

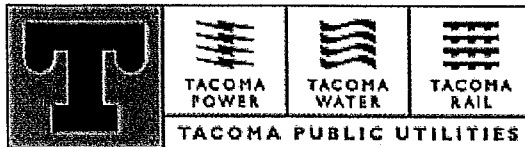
The new pre-engineered building is located inside the footprint (approximately 500-foot by 500-foot) of the "original forebay structure. The forebay structure was constructed at the time of the 1912 LaGrande Project (First Nisqually Project). In the 1940's the original forebay structure was bypassed, decommissioned and converted to a maintenance yard. Over the years, several shop and storage buildings have been constructed within the footprint of the forebay structure.

**ISSUE:** The existing LaGrande Office is a dual use building, combining both meetings and shop maintenance activities. The shop maintenance area is small and no longer meets project needs for fabrication and repair of equipment. In addition, the fumes and noises from the shop are disruptive and interfere with daily office activities. The new shop building will provide a space, separate from general office activities, for fabrication, machining and general vehicle maintenance.

**ALTERNATIVES:** There is no available alternative to a new shop building. The existing space doesn't meet the needs of the Nisqually River Project. Noises and fumes from the maintenance activities bleed over to the offices disrupting daily office activities. The maintenance shop needs to be separated from the LaGrande Office.

**COMPETITIVE SOLICITATION:**

Request for Bids Specification No. PG17-0493F was opened February 19, 2019. Twenty-three (23) firms were invited to bid in addition to normal advertising of the project. Eight (8) submittals were received.



Boettcher & Sons, Inc. submitted a bid that resulted in the lowest evaluated submittal after consideration of the SBE participation goals. The table below reflects the amount of the total award. Only two bidders participated in the SBE program and they were not within the top four bidders.

<u>Respondent</u>	<u>Location</u> (city and state)	<u>Submittal</u> <u>Amount</u>	<u>Evaluated</u> <u>Submittal</u>
<b>Boettcher &amp; Sons Inc.</b>	<b>Eatonville, WA</b>	<b>\$1,122,648.00</b>	<b>\$1,122,648.00</b>
Five River Construction, Inc	Longview, WA	\$1,378,402.00	\$1,378,402.00
LBC Construction	Bellevue, WA	\$1,411,395.58	\$1,411,395.58
Rognlins, Inc.	Aberdeen, WA	\$1,430,240.00	\$1,430,240.00
RHD Enterprises, Inc	Tumwater, WA	\$1,438,408.00	\$1,437,045.54
JH Kelly, LLC	Longview, WA	\$1,450,358.00	\$1,450,358.00
NOVA Contracting, Inc	Little Rock, EA	\$1,503,000.00	\$1,503,000.00
Tapani, Inc.	Battle Ground, WA	\$1,599,400.00	\$1,543,267.60

Pre-bid Estimate: \$1,000,000

The recommended award is twelve (12) percent above the pre-bid estimate.

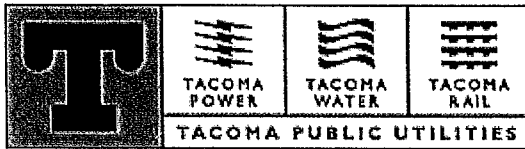
**SBE/LEAP COMPLIANCE:** The recommended contractor is in compliance with the Small Business Enterprise (SBE) Regulation requirements per memorandum dated December 18, 2018. The SBE goal for this project is fifteen (15) percent. The SBE participation level of the recommended contractor is zero (0) percent. Boettcher & Sons Inc. submitted the lowest evaluated bid per the SBE Regulation requirements. The Local Employment and Apprenticeship Training Program (LEAP) goal is fifteen (15) percent.

#### **FISCAL IMPACT:**

##### **EXPENDITURES:**

<b>FUND NUMBER &amp; FUND NAME *</b>	<b>COST OBJECT (CC/WBS/ORDER)</b>	<b>COST ELEMENT</b>	<b>TOTAL AMOUNT</b>
4700 – Power Fund 2019/20	PWR-00896-05		\$1,122,648.00
<b>TOTAL</b>			

\* General Fund: Generation



REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
TOTAL			

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$ 1,122,648.00

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED. Not Applicable.

  
Chris Robinson, Power Superintendent/COO

APPROVED:

  
Jackie Flowers / Director of Utilities



EXHIBIT "A"

RESOLUTION NO.: U-11065

ITEM NO.: 2

MEETING DATE: 3-13-19

**TO:** Board of Contracts and Awards  
**FROM:** Chris Robinson, Tacoma Power Superintendent/COO  
Clay Norris, Tacoma Power, Power Manager  
**COPY:** Public Utility Board, Director of Utilities, Board Clerk, SBE Coordinator, LEAP  
Coordinator, and Richelle Krienke, senior buyer, Finance/Purchasing  
**SUBJECT:** Increase Contract 4600002289 for Web-based Energy Calculators for Tacoma  
Power Customers – March 13, 2019  
**DATE:** March 1, 2019

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**RECOMMENDATION SUMMARY:**

Tacoma Power requests approval to increase contract 4600002289 for software licenses with Apogee Interactive Inc, Tucker, GA, by \$37,860, and extend the term by three years, for continued use of web-based energy calculators. This increase will bring the cumulative total to \$234,738.37, plus applicable taxes.

**BACKGROUND:**

Typically, energy calculators are third-party web-based systems, designed with local utility rates and climate conditions. Energy calculators allow users to estimate their current energy consumption and approximate costs, to experiment with various conservation practices to see how they can reduce their energy use, and generate an energy saving goal or plan with links to utility specific energy conservation programs

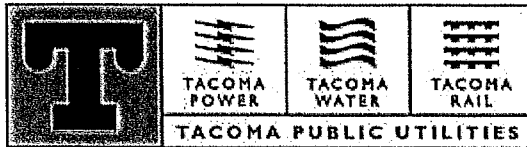
Tacoma worked with Apogee in 2015 to update the website to be responsive design, improved visual simplicity and verified accuracy with customer testing. Minimal marketing efforts show bumps in customer use through bill inserts, U News, Chinook Book offers and direct website [www.mytpu.org/calculate](http://www.mytpu.org/calculate). Annually 1,400+ customers access Apogee's on-line calculators to conduct self-directed energy audits and allow comparison of energy savings products. Self-assessment provides action plans with links to Tacoma Power programs.

**ISSUE:** Tacoma Power customers need energy use advice and guidance to efficiently use and pay for electricity. One solution is for Tacoma Power to offer its customers access to web-based energy calculators that allow customers to input their home conditions, types of appliances and hours of energy use to complete a self-directed energy audit with an action plan with references to Tacoma Power energy conservation programs. Typically, customers need a web-based system that is responsive design (works on any phone, tablet or computer) and 24 - hour access to complete their calculations in an average time <3 minutes per calculator.

During calendar year 2018, a total of 1,899 visits were recorded, with 97% using the [www.mytpu.org/calculate](http://www.mytpu.org/calculate) webpage. Average time was 2 minutes and 56 seconds, where 1,681 calculations were performed (88% success rate). The current subscription with Apogee runs through June 30, 2019, with a cumulative total of \$196,878.37 plus applicable tax. Apogee is offering to continue the annual subscription rate of \$12,620 for an additional three years through June 30, 2022.

**ALTERNATIVES:** Alternatives explored:

- Other third-party energy calculator providers



- Free energy calculators
- Discontinue energy calculators
- Extend the Apogee subscription

E Source reported on January 9, 2019, that there are seven third-party energy calculator subscriptions. The calculators are web-based but differ in terms of the customer detail required such as energy usage and some require customer login to their utility accounts. The main third-party solutions are Aclara Technologies, Apogee Interactive, and Energy Savvy. Aclara and Energy Savvy solutions are customized per the utility customer, so no direct quotes are available. However, communications with other utilities that use energy calculators shows subscription rates of \$40,000-\$85,000+/year. This is not a preferred alternative based on the number of Tacoma Power users.

Free energy calculators are available through the Federal Lawrence Berkley National Laboratory and EPA EnergyStar. Both systems are less regional in performance and require extensive customer input and time to complete. Both are now unavailable during the federal shutdown. This is not a preferred alternative.

Discontinuing energy calculators impacts energy conservation awareness and education opportunities for Tacoma Power customers and is not a preferred alternative.

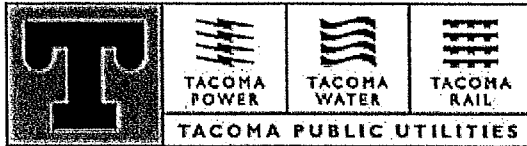
Extending the Apogee subscription is the recommended alternative.

#### **COMPETITIVE ANALYSIS:**

Extending the Apogee license subscription at the legacy price of \$12,620/year is the most cost effective option for providing Tacoma Power customers access to a responsive, no-cost, self-directed energy calculator that is available 24 hours per day.

**CONTRACT HISTORY:** Contract 4600002289 was awarded to Apogee Interactive in July 2004 in the amount of \$12,120, with automatic annual renewals. The contract has been amended six times, extending the term to June 2019 and increasing the value \$196,878.37. This will be the seventh amendment to the contract and will bring the cumulative total to \$234,738.37 and extend the term to June 2022. If needed, the software license will continue to be used until advanced metering infrastructure is fully operational.

**SBE/LEAP COMPLIANCE:** Not applicable



**FISCAL IMPACT:**

**EXPENDITURES:**

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Pwr Conserv Info Ctr 2019/2020 O&M	562500	5412170	\$25,240
Pwr Conserv Info Ctr 2021/2022 O&M	562500	5412170	\$12,620
<b>TOTAL</b>			<b>\$37,860</b>

**REVENUES:**

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Pwr Conserv Info Ctr 2019/2020 O&M	562500	5412170	\$25,240
Pwr Conserv Info Ctr 2021/2022 O&M	562500	5412170	\$12,620
<b>TOTAL</b>			<b>\$37,860</b>

**FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$25,240 IN 2019/2020 O&M BUDGET**

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED?** Yes, \$12,620 for the 2021/2022 O&M budget

Chris Robinson, Power Superintendent/COO

**APPROVED:**

Jackie Flowers / Director of Utilities



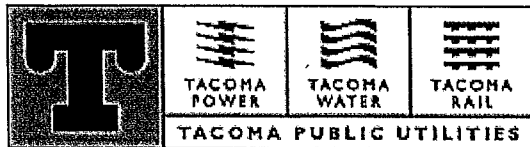


EXHIBIT "A"

RESOLUTION NO.: U-11065

ITEM NO.: 3

MEETING DATE: MARCH 13, 2019

**TO:** Board of Contracts and Awards

**FROM:** Tony Lindgren, P.E., Tacoma Water Distribution Engineering, Division Manager  
Ali Poldo, P.E., Professional Engineer, Tacoma Water Distribution Engineering *AP*

**COPY:** Public Utility Board, Director of Utilities, Board Clerk, SBE Coordinator, LEAP Coordinator, and Doreen Klaaskate, Finance/Purchasing

**SUBJECT:** Water Division Project No. WDP 2016-48  
Tehaleh - Phase 1, 198<sup>th</sup> St E and 131<sup>st</sup> St E  
Request for Bids Specification No. WD17-0193F– March 13, 2019

**DATE:** February 28, 2019

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**RECOMMENDATION SUMMARY:**

Tacoma Water Distribution Engineering recommends that a contract be awarded to Tucci & Sons Inc, Tacoma, WA, for the construction of a new water main in the vicinity of 198<sup>th</sup> St E and 131<sup>st</sup> St E, in Pierce County, in the amount of \$748,812.70, plus any applicable taxes.

**BACKGROUND:**

This contract provides for the construction of approximately 4,900 lineal feet of 24-inch and 16-inch ductile iron water mains in the vicinity of 198<sup>th</sup> St E and 131<sup>st</sup> St E, adjacent to the Tehaleh community in Pierce County.

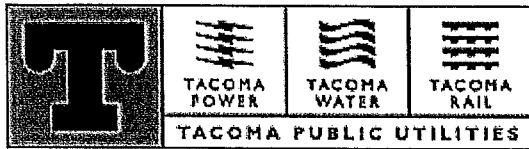
Tehaleh is a master planned community south of Bonney Lake, WA. Over the next 20 years the Tehaleh community anticipates to grow up to 9,600 homes. To better serve the Tacoma Water customers within Tehaleh and the surrounding community, this project will construct new sections of large-diameter water mains to enhance operational flexibility and improve the redundancy of the distribution system in the area.

The water main construction work proposed under this contract is being coordinated with the reconstruction of 198<sup>th</sup> St E during County Road Project 5675.

**COMPETITIVE SOLICITATION:**

Request for Bids Specification No. WD17-0193F was opened February 26, 2019. Thirty-three (33) companies were invited to bid in addition to normal advertising of the project. Seven (7) submittals were received.

Tucci & Sons Inc submitted a bid that resulted in the lowest submittal after consideration of SBE participation goals. The table below reflects the amount of the base award.



<u>Respondent</u>	<u>Location</u> (city and state)	<u>Submittal</u> <u>Amount</u>	<u>Evaluated</u> <u>Submittal</u>
<b>Tucci &amp; Sons Inc</b>	<b>Tacoma, WA</b>	<b>\$ 748,812.70</b>	<b>\$ 748,812.70</b>
Sound Earthworks Inc	Graham, WA	\$ 1,191,658.00	\$ 1,191,658.00
Kar-vel Construction	Renton, WA	\$ 1,220,247.75	\$ 1,220,247.75
Pro Grade Enterprises	Maple Valley, WA	\$ 1,224,547.70	\$ 1,224,547.70
Northwest Cascade Inc	Puyallup, WA	\$ 1,275,369.00	\$ 1,275,369.00
Pape & Sons Construction Inc	Gig Harbor, WA	\$ 1,372,271.00	\$ 1,372,271.00
Nova Contracting Inc	Olympia, WA	\$ 1,413,569.00	\$ 1,413,569.00

Pre-bid Estimate: \$ 1,380,945.60

The recommended award is 45.8 percent below the pre-bid estimate.

CONTRACT HISTORY: New contract.

SBE/LEAP COMPLIANCE: The recommended contractor is in compliance with the Small Business Enterprise (SBE) Regulation requirements per memorandum dated February 26, 2019. The SBE goal for this project is 8 percent. The SBE participation level of the recommended contractor is below the goal. Tucci & Sons Inc submitted the lowest bid per the SBE Regulation requirements. The recommended contractor must meet the Local Employment and Apprenticeship Training Program (LEAP) goal of 15 percent Local Employment Utilization.

#### FISCAL IMPACT:

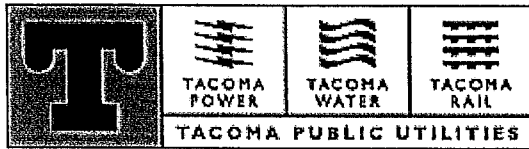
##### EXPENDITURES:

FUND NUMBER & FUND NAME	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT *
Tacoma Water Bond Fund	WTR-00552-01-03	5330100	\$748,812.70
<b>TOTAL</b>			<b>\$748,812.70</b>

##### REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT*
4600-10WC Water 2010 Construction Bond Fund	586306	6311156	\$748,812.70
<b>TOTAL</b>			<b>\$748,812.70</b>

\* Excluding Applicable Sales Tax



FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$ 748,812.70

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes.

A handwritten signature in black ink, appearing to read 'Scott Dewhirst', is positioned above the name.

Scott Dewhirst, Water Superintendent

APPROVED:

A handwritten signature in black ink, appearing to read 'Jackie Flowers', is positioned above the name.

Jackie Flowers, Director of Utilities



Community & Economic Development Department  
Small Business Enterprise (SBE) Office  
Evaluated Bid Status Report

To: Ali Poldo

Date: 2/26/2019

Subject: WD17-0193F, Water Main Replacement Project

Contractor: Tucci and Sons  
4224 Waller Road  
Tacoma, WA 98443

Subcontractors to be used on the project: Ground Up Construction; Michaelis Trucking

SBE Participation: 1.32%

**SBE Evaluation**

Contract: WD17-0193F

**DESCRIPTION**

Water Main Replacement Project, MRP 2016-48

		<b>SBE Goal:</b>		<b>8.00%</b>			
		<b>SBE Bid</b>	<b>SBE %</b>	<b>SBE Credit</b>			
	<b>Contractor Name</b>	<b>Base Bid</b>				<b>Evaluated Bid</b>	
Low Bid	Tucci and Sons	\$ 748,812.70				\$ 748,812.70	
2nd Low	Sound Earthworks	\$ 1,191,658.00				\$ 1,191,658.00	
3rd Low	Kar-Vel Construction	\$ 1,220,247.75				\$ 1,220,247.75	
4th Low	Prograde Enterprises	\$ 1,224,547.70				\$ 1,224,547.70	
5th Low	Northwest Cascade	\$ 1,275,369.00				\$ 1,275,369.00	
6th Low	Pape and Sons	\$ 1,372,271.00				\$ 1,372,271.00	
7th Low	Nova Contracting	\$ 1,413,569.00				\$ 1,413,569.00	

☒ **APPROVED**

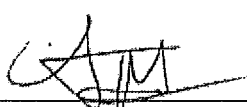
Bidder is in compliance with required provisions of Ordinance 27867.

☐ **DISAPPROVED**

Bidder is not considered responsive for the following reason(s):

- ☐ Bidder did not complete all necessary forms.
- ☐ See attached memorandum dated \_\_\_\_\_.

Fund Number: WTR-00552-01-01

  
Clifford Armstrong III  
Contract & Program Auditor



## RESOLUTION NO. U-11066

A RESOLUTION authorizing Amendment No. 7 to the Contract with Chapter & Verse, to provide additional marketing materials for the continued development of branding identity for conservation programs and other general materials, branding and marketing for Tacoma Power customers.

WHEREAS, effective January 30, 2015, the City of Tacoma, Department of Public Utilities ("TPU"), executed a Professional Services Contract ("Contract") with Chapter & Verse, formerly known as Magner Sanborn, to provide branding concepts for the Energy Conservation Program, in the amount of \$100,000, with an ending date of December 31, 2016, through the City's request for proposal process under specification PR14-0499F, and

WHEREAS the subsequent Contract history with Chapter & Verse, consisting of Amendment Nos. 1-6, is contained in the background materials on file with the Clerk of the Board, and

WHEREAS the Contract's current end date is December 31, 2019, and the current maximum cumulative compensation allowed under the Contract is \$400,000, and

WHEREAS TPU is in need of additional services under the Contract such that proposed Amendment No. 7 is being requested for the purpose of extending the Contract ending date to December 31, 2020, and for the purpose of increasing the maximum compensation allowed under the Contract by \$150,000, for a cumulative total of \$550,000, in order to provide additional marketing materials for the continued development of brand identity for



1  
2 conservation programs and other general materials, branding and marketing for

3 Tacoma Power Customers; Now, Therefore,

4 BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

5 That Amendment No. 7 to the Contract with Chapter & Verse in the  
6 amount of \$150,000, for a cumulative total of \$550,000, with an extension of the  
7 Contract ending date to December 31, 2020, to provide additional marketing  
8 materials for the continued development of brand identity for conservation  
9 programs and other general materials, branding and marketing for Tacoma  
10 Power Customers is approved, that all prior terms and conditions of the original  
11 Contract and subsequent Amendments and all actions related thereto are  
12 hereby ratified and shall remain the same and in full force and effect, and the  
13 proper officers of the City are authorized to execute said Amendment No. 7  
14 substantially in the form as on file with the Clerk and as approved by the City  
15 Attorney.  
16

17  
18 Approved as to form and legality:

\_\_\_\_\_  
Chair

19 

20 \_\_\_\_\_  
Chief Deputy City Attorney

\_\_\_\_\_  
Secretary

21 \_\_\_\_\_  
22 Clerk

Adopted \_\_\_\_\_

of March 13, 2019

**REQUEST FOR RESOLUTION**

Date: March 1, 2019

INSTRUCTIONS: File request in the Office of the Director of Utilities as soon as possible but not later than nine working days prior to the Board meeting at which it is to be introduced. Completion instructions are contained in Administrative Policy POL-104.

## 1. Summary title for Utility Board agenda: (not to exceed twenty-five words)

Amend existing contract with Chapter & Verse by \$150,000 and retroactively approve \$150,000 that was added to contract on May 26, 2017 under Amendment No. 4, but was never brought before the board for approval, making that aggregate total \$400,000.

Proposed Amendment No. 7 would expire December 31, 2020, with a cumulative total of \$550,000.

## 2. A resolution is requested to increase the contract with Chapter &amp; Verse to continue marketing support for Tacoma Power's energy conservation programs and implementation support for Tacoma Power's Strategic Communications Plan.

## 3. Chapter &amp; Verse developed the "We've Got a Rebate for That" concept for residential conservation and has continued to support refreshing of materials and campaign planning related to Tacoma Power customer programs.

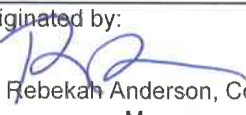
## 4. Attachments:

Professional Services Contract; Amendment 1; Amendment 2; Amendment 3; Amendment 4; Amendment 5; Amendment 6; and the proposed Amendment 7.

5. ☒ Funds available ☐ Proposed action has no budgetary impact

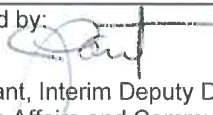
6. Deviations requiring special waivers:

Originated by:

  
Rebekah Anderson, Communications  
Manager

Section Head

Requested by:

  
Jim Sant, Interim Deputy Director for  
Public Affairs and Communications

Division Head

Approved:

  
Director of Utilities

# MEMORANDUM



**TO:** Jackie Flowers, Director of Utilities/CEO

**FROM:** Rebekah Anderson, Communications Manager *RA*  
Public Affairs and Communications

**DATE:** March 1, 2019

**RE:** Chapter & Verse Inc., Contract Increase and Extension plus Retroactively  
Approve Amendment 4 in the amount of \$150,000

**Recommendation:** TPU Communications recommends approval to increase the contract with Chapter & Verse, Inc., a Washington state corporation, by an additional \$150,000 and to extend the contract through December 31, 2020, for a total contract amount of \$550,000.

**Explanation:** The current contract expires December 31, 2019. This contract extension and increase will provide additional marketing materials for the continued development of brand identity for conservation programs and other general materials, branding and marketing for Tacoma Power customers.

**Competitive Bidding:** Pursuant to TMC 1.06.269B, the Director of Utilities has determined that the waiver of formal competitive solicitation requirements for this Amendment No. 7 is in the best interests of Tacoma Public Utilities.

**Contract History:** On January 30, 2015, a Professional Services Contract was executed between the City of Tacoma and Chapter & Verse, formerly Magner Sanborn, in the amount of \$100,000 through the City of Tacoma's RFP process under specification PR14-0499F. Amendment 1 was signed on February 29, 2016, adding an additional \$20,000 to the contract, for a total of \$120,000 and extending contract end date to December 31, 2016. Amendment 2, under U-10881 added an additional \$130,000 to the contract for a contract total of \$250,000. Amendment 3 extended time only.

On May 26, 2017 Amendment 4 was created in the amount of \$150,000 for a contract total of \$400,000. At the time, our staff thought the \$150,000 amount did not require board approval, but have learned since from our Purchasing Dept. that the cumulative amount of \$400,000, would need to come before the board. Therefore, we are retroactively asking for board approval at this time. The next two amendments, Amendments 5 and 6, were for time extension only.

This latest increase and extension we are requesting will bring the cumulative contract total to \$550,000 and extend the term of the contract to December 31, 2020.

**Funding:** Funds are available in Customer Energy Programs and Communications' 2019-2020 biennial budget.

APPROVED:

*Jackie Flowers*  
\_\_\_\_\_  
Jackie Flowers, Director of Utilities/CEO





City of Tacoma

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**Date:** October 30, 2018

**To:** Jackie Flowers, Director of Utilities/CEO

**From:** Rebekah Anderson, Communications Manager  
Public Affairs and Communications *RA*

**Subject:** Authorization of Direct Negotiation for Professional Services and Personal Services over \$25,000

For your review and recommendation.

In accordance with TMC 1.06.256 (B), Tacoma Power requests a waiver of the competitive solicitation process and authorization to directly negotiate with **Chapter & Verse, Inc.**, for continued branding concepts for Tacoma Power's commercial energy programs as well as residential, for an amount of \$150,000 for an aggregate contract total of \$550,000, plus applicable sales tax.

Direct negotiation approval constitutes a waiver of further competitive solicitation for amendments to the subject contract provided that any such amendment(s) shall be signed by personnel as authorized in the Delegation of Procurement Signature and Approval Authority memorandum. Contract totals shall not exceed \$200,000 without City Council or Public Utility Board approval as appropriate.

**EXPLANATION:** The current contract in the amount of \$400,000 will expire December 31, 2019 with a balance to-date of \$110,000. We would like to add an additional \$150,000 to the contract and extend the expiration date to December 31, 2020 while also asking for Public Utility Board approval on Amendment 4 in the amount of \$150,000.

The continued objective is to develop a creative approach for commercial energy conservation programs that is complementary to the residential campaign. Chapter & Verse will also help with transitioning materials for residential conservation from the former "Know Your Power" campaign to the new one. This will directly support the success of the utility's overarching strategic priorities identified in the Tacoma Power strategic plan: communicating effectively and satisfying customers.

**JUSTIFICATION FOR DIRECT NEGOTIATION:**

1. Explain why it's in the best interest of the city to waive the competitive solicitation process.

The services provided in this contract involve special expertise from Chapter & Verse and will be in the best interests of the City. The Contract involves follow-up on processes and procedures adopted pursuant to recommendations from the Contractor in previous work with the City. The Contractor is uniquely situated and able to assist in the particular items set out in the Scope of Work.

2. Is this purchase based on a previous competitive solicitation conducted by the City or other agency? If yes, provide the contract information, specification number, etc., and explain the relationship of this request to the previous contract.



## City of Tacoma

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This is for proposed Amendment No. 7 extending time as well as increasing the contract.

The original Professional Services Contract was through competitive solicitation under Specification No.: PR14-0499F

3. Describe the screening efforts made to identify potential service providers.

None at this time due to Chapter & Verses' expertise and knowledge with regards to Tacoma Power's conservation programs for both commercial and residential.

4. Describe the efforts made to assure that the City is receiving the lowest or best price possible.

Chapter & Verse provided a competitive rate sheet compared to other vendors who offer the same services for much higher rates.

**FUNDING:** Funds for this purchase are available in the Tacoma Power's 2019-2020 biennial budget as well as Public Affairs and Communications budget under cost center 575700.

**SBE COMPLIANCE:** The Department/Division has checked the [City of Tacoma Small Business Enterprise \(SBE\) website](#) for opportunities to contract with SBE firms on September 18, 2017. There are no SBE firms registered for this category of work at this time.

**PROJECT COORDINATOR:** Rebekah Anderson, Communications Manager, 253.441.4598.

**AMENDMENT NO. 7  
TO PROFESSIONAL SERVICES CONTRACT**

**THIS AMENDMENT** is made and entered into effective as of the 13th day of March, 2019 ("Effective Date"), by and between the **CITY OF TACOMA**, Department of Tacoma Public Utilities (hereinafter called the "CITY"), and **Chapter & Verse, Inc.**, formerly known as **Magner Sanborn**, a Washington state corporation (hereinafter called the "CONTRACTOR").

**WHEREAS**, effective January 30, 2015, the CITY and CONTRACTOR entered into a Professional Services Contract (the "Contract") for services related to Tacoma Public Utilities Energy Conservation branding development, as such services and deliverables are specifically described in Exhibit A to the Contract, in the amount of \$100,000 with a termination date of December 31, 2016; and

**WHEREAS**, effective February 29, 2016, the CITY and CONTRACTOR entered into Amendment No. 1 for the purpose of increasing the compensation under the Contract by the amount of \$20,000 in recognition of CONTRACTOR's additional, unexpected work effort for a new not to exceed amount of \$120,000; and

**WHEREAS**, effective November 8, 2016, CITY and CONTRACTOR entered into Amendment No. 2 for the purpose of supplementing the scope of work to include branding development services, as described in Exhibit A-1 to the Contract, to correspondingly increase the compensation under the Contract in the amount of \$130,000 for a new not to exceed Contract amount of \$250,000; and to acknowledge CONTRACTOR has changed its name from Magner Sanborn to Chapter & Verse, Inc.; and

**WHEREAS**, effective December 31, 2016, CITY and CONTRACTOR entered into Amendment No. 3 for the purpose of extending the Contract termination to December 31, 2017; and

**WHEREAS**, effective May 26, 2017, CITY and CONTRACTOR entered into Amendment 4 to the Contract for the purpose of increasing the Contract by \$150,000 for a cumulative not to exceed amount of \$400,000; and

**WHEREAS**, effective December 31, 2017, CITY and CONTRACTOR entered into Amendment 5 to the Contract for the purpose of extending the Contract termination to December 31, 2018; and

**WHEREAS**, effective, October 16, 2018, the CITY and CONTRACTOR entered into Amendment No. 6 to the Contract in order extend the termination date of the Contract from December 31, 2018, to December 31, 2019; and

**WHEREAS**, the CITY's need for services under the CONTRACT is ongoing such that the CITY and the CONTRACTOR again desire to amend the Contract in order to extend the termination date of the Contract to December 31, 2020; and to correspondingly increase the compensation under the Contract by \$150,000, for a cumulative not to exceed amount of \$550,000;

**NOW, THEREFORE**, in consideration of the mutual promises and obligations hereinafter set forth, the parties agree as follows:

1. The sum authorized for services under the Contract is hereby increased by \$150,000 from \$400,000 to \$550,000.
2. The termination date of the Contract is hereby extended from December 31, 2019, to December 31, 2020.
3. All other terms of the Contract, together with all exhibits, are hereby ratified and shall remain in full force and effect, unaltered by this Amendment.

**IN WITNESS WHEREOF**, the parties hereto have accepted and executed this Amendment, as of the Effective Date stated above, which shall be the Effective Date for bonding purposes as applicable. The undersigned Contractor representative, by signature below, represents and warrants they are duly authorized to execute this legally binding Amendment for and on behalf of Contractor.

CITY OF TACOMA:

CONTRACTOR:

By:

By:



## RESOLUTION NO. U-11067

1 A RESOLUTION related to authorizing Amendment No. 6 to the Contract with  
2 Sitecrafting, Inc., as the website vendor for mytpu.org and  
3 ClickCableTV.com.

4 WHEREAS the Department of Public Utilities, Public Affairs and  
5 Communications Division, seeks approval to increase and extend its Contract  
6 with Sitecrafting, Inc. ("Sitecrafting"), a Washington Corporation, for the ongoing  
7 support and maintenance of mytpu.org and the ClickCableTV.com websites,  
8 and

9 WHEREAS, on February 12, 2010, a Professional Service Contract  
10 ("Contract") was executed in the amount of \$150,000 and with an ending date  
11 of December 31, 2102; and

12 WHEREAS the Contract history with Sitecrafting and subsequent  
13 Amendment Nos. 1-4 is contained in the background materials on file with the  
14 Clerk of the Board, and

15 WHEREAS the Contract's current end date is December 31, 2019, and  
16 the current maximum compensation allowed under the Contract is \$640,000,  
17 and

18 WHEREAS TPU is in need of ongoing services under the Contract  
19 such that proposed Amendment No. 6 is being requested for the purpose of  
20 extending the Contract ending date to December 31, 2020, and for the purpose  
21 of increasing the maximum compensation allowed under the Contract by  
22 \$150,000 for a cumulative total of \$790,000, for ongoing support and  
23 maintenance of mytpu.org, and the ClickCableTV.com websites, and  
24  
25  
26



WHEREAS, pursuant to Tacoma Municipal Code 1.06.269B, the Director  
of Utilities has determined that a waiver of the formal competitive solicitation  
requirements for this professional services agreement is in the best interest of  
the City of Tacoma, Department of Public Utilities; Now, therefore,

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

That Amendment No. 6 to the Contract with Sitecrafting, Inc., in the  
amount of \$150,000, for a cumulative total of \$790,000, with an extension of the  
Contract ending date to December 31, 2020, for ongoing support and  
maintenance of mytpu.org and the ClickCableTV.com websites is approved,  
and the proper officers of the City are authorized to execute said Amendment  
No. 6 substantially in the form as on file with the Clerk and as approved by the  
City Attorney.

Approved as to form and legality:

  
\_\_\_\_\_  
Chief Deputy City Attorney

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Clerk

Adopted \_\_\_\_\_

of March 13, 2019

**REQUEST FOR RESOLUTION**

Date: March 1, 2019

INSTRUCTIONS: File request in the Office of the Director of Utilities as soon as possible but not later than nine working days prior to the Board meeting at which it is to be introduced. Completion instructions are contained in Administrative Policy POL-104.

1. Summary title for Utility Board agenda: (not to exceed twenty-five words)  
Retain Sitecrafting, Inc., as our website vendor for mytpu.org and ClickCableTV.com, TPU's two customer-facing websites.
2. A resolution is requested to: (brief description of action to be taken, by whom, where, cost, etc.)  
Confirm and approve Amendment No. 6 to retain Sitecrafting, Inc., as our website vendor, allocate money for the redesign and ongoing maintenance/support for both mytpu.org and ClickCableTV.com.  
  
Proposed Amendment 6 will expire December 31, 2020, with a cumulative total of \$790,000.
3. Summarized reason for resolution:  
Provide ongoing maintenance and enhancements to the user experience, including such items as functionality, security features, help integrating other web-based applications (such as MyAccount and Power Permitting) and assisting with emerging technology or functionality and helping with digital marketing campaign elements, where applicable. This work includes both mytpu.org and ClickCableTV.com and both sites are in the midst of redesign and relaunch in 2019.
4. Attachments:
  - a. Professional Services Contract dated February 12<sup>th</sup>, 2010; Amendment No. 1; Amendment 2 approved by the PUB on January 28, 2015 under Resolution U-10747; Amendment 3; Amendment 4; Amendment 5; and the proposed Amendment 6.

5.






Funds available



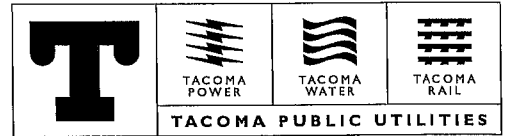
Proposed action has no budgetary impact

6.     *Deviations requiring special waivers:*

<p>Originated by: </p> <p><u>Rebekah Anderson, Communications Manager</u></p> <p>Section Head</p>	<p>Requested by: </p> <p><u>Jim Sant, Interim Deputy Director for Public Affairs and Communications</u></p> <p>Division Head</p>	<p>Approved: </p> <p><u>Director of Utilities</u></p>
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# MEMORANDUM



**TO:** Jackie Flowers, Director of Utilities/CEO

**FROM:** Rebekah Anderson, Communications Manager *RA*

**DATE:** March 1, 2019

**RE:** Sitecrafting, Inc., Contract Increase – Amendment 6

**Recommendation:** TPU Communications recommends approval to increase the contract with Sitecrafting, Inc., a Washington corporation, by an additional \$150,000, and to extend the contract through December 31, 2020, for a total contract total of \$790,000.

**Explanation:** The current contract pertains only to MyTPU.org and expires December 31, 2019 with a balance to date of \$13,000. This contract extension will retain Sitecrafting as our website vendor, and pertain to ongoing work and maintenance for both MyTPU.org and ClickCableTV.com.

Sitecrafting developed the proprietary content management system we currently use to run MyTPU.org, Tacoma Public Utilities' customer website, and ClickCableTV.com, Click!'s customer website. They have also been leading the redevelopment of the MyTPU.org site, which will launch in 2019. We seek to extend our operating and maintenance contract for ongoing support, emerging technology enhancements, maintenance, and the continued redesign of both websites.

Ongoing maintenance includes such items as usability research, functionality, security features, help integrating other web-based applications assisting with emerging technology and helping with the digital marketing campaign elements, where applicable. Sitecrafting provides this support for both websites.

**Competitive Bidding:** Pursuant to TMC 1.06.269B, the Director of Utilities has determined that the waiver of formal competitive solicitation requirements for this professional services contract is in the best interests of Tacoma Public Utilities.

**Contract History:** On August 31, 2007 a Professional Services Contract was awarded to Sitecrafting Inc., under Resolution U-10166 in the amount of \$150,000 through the RFP process. Nine companies responded to the request. A Selection Advisory Committee met and determined that 3 of the companies did not meet the minimum requirements. Out of the remaining 6 companies, the committee unanimously agreed to short-list 3 for interviews. After interviewing 3 companies, the 7-person panel agreed to select Sitecrafting, Inc. as the vendor. The contract expired February 19, 2008. Amendment 1 to the contract was executed extending the time for performance to December 31, 2008.

On February 12, 2010, a new Professional Services Contract was executed between the City of Tacoma and Sitecrafting, Inc., in the amount of \$100,000 for website maintenance, support and development.

Amendment 1 was signed on May 18th, 2012, adding an additional \$90,000.00 to the current contract, for a total of \$190,000.00 and extending contract end date to December 31, 2014.

Amendment 2 approved by the Public Utility Board on January 28, 2015, under Resolution U-10747, and brought the total to \$390,000 by adding an additional \$200,000 to the current contract and extending the term of the agreement to December 31, 2016. It was for the purpose of adding additional work needed such as functionality, security features, help integrating other web-based applications such as MyAccount and Power Permitting, assisting with emerging technology and functionality, and helping with digital marketing campaign elements where applicable.

Prior to Amendment 3, Community & Media Services and Click! had separate contracts with SiteCrafting. Now, we're consolidating to one contract managed by Community & Media Services.

Amendment 3 was entered into on or about November 4, 2015 for the purpose of establishing express duties applicable to contractor's performance of services under the current contract, and in particular its use of intellectual property licensed to the city, as necessary to ensure compliance with the city's license to use said intellectual property as otherwise contemplated under the Parties' separate Confidentiality Agreement dated August 1, 2015. No monies were added. Amendment 3 pertains only to the Click! website.

Amendment 4 added \$250,000, bringing the cumulative aggregate total to \$790,000 (which includes the \$150,000 from the August 31, 2007 contract), for the purpose of completing the redesign of both MyTPU.org and ClickCableTV.com websites; as well as all regular maintenance and usability research under one contract instead of two, and managed by the Community & Media Services office.


Sitecrafting performed user-centered research in 2015 to identify business and user needs that will inform the redesigns of MyTPU.org and ClickCableTV.com. This preliminary research included user interviews, user testing, business needs analysis, content strategy and usability testing. The results identified website elements that customers struggled with are helping Sitecrafting redesign our websites to better serve our customers. It also set benchmarks to measure our post-launch success of the redesign projects.

Amendment 5 added time, expiration date December 31, 2019.

Proposed Amendment 6 will add time and money bring the aggregate total to \$790,000; and an expiration date of December 31, 2020.

**Funding:** Funds are available in the Communications 2019-2020 biennial budget and the Click Cable TV budget.

APPROVED:

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Jackie Flowers  
Director of Utilities/CEO



City of Tacoma

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**Date:** March 1, 2019

**To:** Jackie Flowers, Director of Utilities/CEO

**From:** Rebekah Anderson, Communications Manager *RA*  
Public Affairs and Communications

**Subject:** Authorization of Direct Negotiation for Professional Services and Personal Services over \$25,000

For your review and recommendation.

In accordance with TMC 1.06.256 (B), Public Affairs and Communications requests a waiver of the competitive solicitation process and authorization to directly negotiate with **Sitecrafting, Inc.**, for ongoing maintenance and development work for both the TPU and Click! websites, for an amount of \$150,000 for an aggregate contract total of \$790,000, plus applicable sales tax.

Direct negotiation approval constitutes a waiver of further competitive solicitation for amendments to the subject contract provided that any such amendment(s) shall be signed by personnel as authorized in the Delegation of Procurement Signature and Approval Authority memorandum. Contract totals shall not exceed \$200,000 without City Council or Public Utility Board approval as appropriate.

**EXPLANATION:** This contract is based on a contract that was previously competitively bid by the City.

Both Community & Media Services and Click! competitively bid their initial engagements with Sitecrafting, Inc. Sitecrafting was hired by both to create content management systems and front-end designs for each website. They have since led the redevelopment of MyTPU.org, which will launch in 2019.

Starting work with a new vendor would mean a loss of institutional knowledge of the research and development conducted on both iterations of the MyTPU.org website.

**JUSTIFICATION FOR DIRECT NEGOTIATION:**

1. Explain why it's in the best interest of the city to waive the competitive solicitation process.

Sitecrafting is a local business, which has also benefitted TPU. When our sites have gone down, they often notify us before our own internal process flag an outage, and are available to be on site if needed to provide technical support. Sitecrafting has an additional research team that helps us identify the specific needs of our users so we can develop a catered digital user experience. This catered experience saves us operational dollars and increases customer satisfaction.

2. Is this purchase based on a previous competitive solicitation conducted by the City or other agency? If yes, provide the contract information, specification number, etc., and explain the relationship of this request to the previous contract.



## City of Tacoma

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Both Community & Media Services and Click! competitively bid their initial engagements with Sitecrafting, Inc. Sitecrafting was hired by both to create content management systems and front-end designs for each website. They have since led the redevelopment of MyTPU.org, which will launch in 2019.

3. Describe the screening efforts made to identify potential service providers.

There may be more than one feasible supplier of the product or service in the marketplace, but none based in Tacoma with the experience working with our staff and systems that Sitecrafting offers.

4. Describe the efforts made to assure that the City is receiving the lowest or best price possible.

The continuity with Sitecrafting has greatly benefitted Tacoma Public Utilities. We have redesigned our website twice with their assistance. They are very familiar with our structure and our needs, and that creates cost savings when doing web design. Other vendors would need to get up to speed on our customers, user needs, products and services, and that can cost time and money.

**FUNDING:** Funds for this purchase are available in the Public Affairs and Communications 2019-2020 biennial budget under cost center 575700 and in Click! Networks budget under cost center 552300.

**SBE COMPLIANCE:** The Department/Division has checked the City of Tacoma Small Business Enterprise (SBE) website for opportunities to contract with SBE firms on Date Completed. There are no SBE firms registered for this category of work at this time.

**PROJECT COORDINATOR:** Rebekah Anderson, Communications Manager,  
253.441.4598.

**AMENDMENT NO. 6 TO PROFESSIONAL SERVICES CONTRACT  
WITH SITECRAFTING, INC.**

**THIS AMENDMENT** is made and entered into effective as of the \_\_\_\_\_ day of March, 2019, by and between the **CITY OF TACOMA**, a municipal corporation of the state of Washington (hereinafter referred to as the "CITY"), and **SITECRAFTING, INC.**, a Washington corporation, (herein referred to as "CONTRACTOR").

**W I T N E S S E T H**

**WHEREAS**, on or about February 12, 2010, the CITY and the CONTRACTOR entered into a Professional Services Contract (herein "Contract") for website maintenance, support and development services, in the amount of \$100,000, with a termination date of December 31, 2012, and

**WHEREAS**, effective May 18, 2012, in recognition of the CITY's ongoing need for services under the Contract, the CITY and the CONTRACTOR entered into Amendment No. 1 to the Contract in order to extend the term of the Contract to December 31, 2014, incorporate the CITY's web standards into the Contract as Exhibit D, and to correspondingly increase the compensation under the Contract by \$90,000, and

**WHEREAS**, effective January 1, 2015, the CITY and the CONTRACTOR entered into Amendment No. 2 to the Contract to clarify the services and deliverables to be provided under the Contract, to define additional services to be provided as are shown on Exhibit A-2 to the Contract, to extend the termination date to December 31, 2016, and to correspondingly increase the compensation under the Contract by \$200,000 subject to the rates contained in Exhibit B-1 to the Contract, for a new not to exceed amount of \$390,000; and

**WHEREAS**, effective November 4, 2015, the CITY and the CONTRACTOR entered into Amendment No. 3 to the Contract to establish express duties applicable to CONTRACTOR's performance of services under the Contract and in particular its use of intellectual property licensed to the CITY, as necessary to ensure compliance with the CITY's license to use said intellectual property and as otherwise contemplated under the parties' separate Confidentiality Agreement dated August 1, 2015, and

**WHEREAS**, effective January 27, 2016, the CITY and the CONTRACTOR entered into Amendment No. 4 to the Contract in order to apply CONTRACTOR's updated rates as shown in Exhibit B-2, and to extend the termination date of the Contract to December 31, 2017, and to correspondingly increase the compensation under the Contract by \$250,000, for a new not to exceed amount of \$640,000; and

**WHEREAS**, effective December 31, 2017, the CITY and the CONTRACTOR entered into Amendment No. 5 to the Contract in order to extend the termination date of the Contract to December 31, 2019, and to apply CONTRACTOR's updated rates as shown in Exhibit B-3, and

**WHEREAS**, the CITY and the CONTRACTOR again desire to amend the Contract in order to extend the termination date of the Contract to December 31, 2020; and to correspondingly

increase the compensation under the Contract by \$150,000, for a total Contract total of \$790,000; as well as apply CONTRACTOR's updated rates as shown in Exhibit B-4 attached hereto.

**NOW, THEREFORE**, in consideration of the mutual promises and obligations hereinafter set forth, the parties agree as follows:

1. The sum authorized for services under the Contract is hereby increased by \$150,000 from \$640,000 to \$790,000.
2. The termination date of the Contract is hereby extended from December 31, 2019, to December 31, 2020.
3. The CONTRACTOR's rates are updated as indicated on Exhibit B-4 attached hereto.
4. All other terms of the Contract, together with all exhibits, are hereby ratified and shall remain in full force and effect, unaltered by this Amendment.

**IN WITNESS WHEREOF**, the parties hereto have accepted and executed this Amendment, as of the Effective Date stated above, which shall be the Effective Date for bonding purposes as applicable. The undersigned Contractor representative, by signature below, represents and warrants they are duly authorized to execute this legally binding Amendment for and on behalf of Contractor.

CITY OF TACOMA:  
By:

CONTRACTOR:  
By:

(City of Tacoma use only - blank lines are intentional)

---

Director of Finance: \_\_\_\_\_

City Attorney: \_\_\_\_\_

Approved By: \_\_\_\_\_

Approved By: \_\_\_\_\_

Approved By: \_\_\_\_\_

Approved By: \_\_\_\_\_

Approved By: \_\_\_\_\_

Approved By: \_\_\_\_\_

Approved By: \_\_\_\_\_

Approved By: \_\_\_\_\_

**EXHIBIT B-4**  
**RATES AND CHARGES**

# 2019 RATE SHEET

## DESIGN & DEVELOPMENT HOURLY RATE

DESCRIPTION	COST
Design & Development	\$165
Rush Rate	\$225
Scheduled Off-Hours Support	\$250
Emergency Server Support (Business Hours)	\$200
Emergency Server Support (Off-Hours)	\$300

## TRAINING / ONSITE CONSULTING / STRATEGY HOURLY RATE

DESCRIPTION	COST
Onsite Training	\$200
Training at SiteCrafting	\$165
Web Strategist	\$165

## MAINTENANCE CONTRACT HOURLY RATE

DESCRIPTION	COST
Web Development (50 -99 hours per year) - Requires Contract	\$160
Web Development (100 -249 hours per year) - Requires Contract	\$155
Web Development (250+ hours per year) - Requires Contract	\$150







## RESOLUTION NO. U-11068

1 A RESOLUTION authorizing the Director to make necessary changes to  
2 Tacoma Power's Energy Risk Management Policy.

3 WHEREAS the Tacoma City Charter Article IV, RCW 35.84.010 and  
4 RCW 35.92.050, provide authority for the Public Utility Board ("Board") to enter  
5 into and approve transactions for the purchase and sale of wholesale electric  
6 power and energy-related products and services ("authority"), and  
7

8 WHEREAS the Board, through Resolution No. U-10349, delegated such  
9 authority to the Director of Utilities ("Director"), and

10 WHEREAS the Board, through Resolution No. U-10349, also approved  
11 an Energy Risk Management Policy ("Policy") and instituted the submission of  
12 quarterly reports concerning the purchases and sales of wholesale electric  
13 power and energy-related products, and  
14

15 WHEREAS staff reviewed the Policy and received input from a  
16 consultant, and, based on that review, recommends that the Policy be updated,  
17 and  
18

19 WHEREAS the Board determines that it is consistent with the previous  
20 delegation of authority to the Director, and in the best interests of Tacoma  
21 Public Utilities and the ratepayers, to delegate authority to the Director to revise  
22 and update the Policy; Now, Therefore,

23 BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

24 Sec. 1. The Board delegates authority to the Director or the Director's  
25 designee to revise and update the Energy Risk Management Policy.  
26



1                   Sec. 2. Quarterly reports provided to the Board detailing the purchases  
2 and sales of wholesale electric power and energy related products and services  
3 shall include changes to the Energy Risk Management Policy.

4 Approved as to form and legality:

Chair

5 

6 Chief Deputy City Attorney

Secretary

7  
8 Clerk

Adopted

Request for Board meeting

CITY OF TACOMA  
DEPARTMENT OF PUBLIC UTILITIES

of March 13, 2019

**REQUEST FOR RESOLUTION**

Date: March 1, 2019

INSTRUCTIONS: File request in the Office of the Director of Utilities as soon as possible but not later than nine working days prior to the Board meeting at which it is to be introduced. Completion instructions are contained in Administrative Policy POL-104.

1. Summary title for Utility Board agenda: (not to exceed twenty-five words)

Delegate authority to the Director of Utilities to revise and update Tacoma Power's Energy Risk Management Policy.

2. A resolution is requested to: (brief description of action to be taken, by whom, where, cost, etc.)

Tacoma Power requests approval to delegate authority to the Director of Utilities to revise and update Tacoma Power's Energy Risk Management Policy.

3. Summarized reason for resolution:

Staff has reviewed the Energy Risk Management Policy with input from a consultant. Based on the review, staff recommends updates and revisions to the Policy to comply with industry standards. Staff presented an overview of the Energy Risk Management program and discussed potential changes to the Energy Risk Management Policy with the Public Utility Board at the January 23, 2019 Study Session.

4. Attachments:

- a. Letter to Public Utility Board from Jackie Flowers dated March 13, 2019.
- b. Resolution U-10349

5. ☐ Funds available ☒ Proposed action has no budgetary impact

6. Deviations requiring special waivers: None

Originated by:

*Ying Hall*

Section Head

Requested by:

*Bill Berry*


Division Head

Approved:

*Jackie Flowers*  
Director of Utilities



**TO:** Jackie Flowers, Director of Utilities

**FROM:** Chris Robinson, Power Superintendent 

**DATE:** March 1, 2019

**RE:** Proposal to Revise and Update Tacoma Power Energy Risk Management Policy

**RECOMMENDATION:**

Tacoma Power requests approval by the Public Utility Board to delegate authority to revise and update Tacoma Power Energy Risk Management Policy to the Director of Utilities.

**BACKGROUND:**

The Public Utility Board approved Resolution No. U-10349 in 2009 to adopt Tacoma Power's Energy Risk Management Policy and delegate authority to the Director of Utilities to enter into and approve transactions for the purchase and sale of wholesale electric power and energy-related products and services. The Energy Risk Management Policy provides a comprehensive framework to manage the risks surrounding wholesale energy transactions and wholesale energy-related products and services.


Energy Risk Management staff recently conducted a review of the Energy Risk Management Policy and subsidiary Procedures with input from an outside consultant. Based on that review, staff determined that there were some procedural updates to be made based on current business practices as well as revisions to the Policy to comply with industry standards. In the interest of efficiency and as consistent with previous delegation of authority to the Director, it is requested that the Public Utility Board delegate authority to the Director to make the recommended revisions and updates to the Energy Risk Management Policy.

Staff presented an overview of the Energy Risk Management program and discussed potential changes to the Energy Risk Management Policy with the Public Utility Board at the January 23, 2019 Study Session.

	<b>POLICY</b>	Version:	3.0
		Effective Date:	03-27-2013
<b>ENERGY RISK MANAGEMENT POLICY</b>			

## Table of Contents

1. Definitions .....	2
2. Terms and Abbreviations .....	2
3. Purpose .....	3
4. Applicability .....	3
5. Energy Risk Management Program Objectives .....	3
6. Subsidiary Procedure Documents.....	4
7. Policy.....	4
7.1 Risk Tolerance and Guiding Risk Metric .....	4
7.2 Risk Governance Structure, Responsibilities and Duties .....	5
7.3 Scope of Business Activities Governed by this Policy.....	8
8. NERC and Regional Reliability Standard Reference .....	9
9. Supporting Documents.....	10
10. Review and Update Cycle.....	10
11. Policy Review and Approval.....	10
11.1 Policy Effective .....	10
11.2 Responsibility .....	11
11.3 Acknowledgement .....	11
12. Version History.....	11
13. Document Retention .....	11

	<b>POLICY</b>	Version:	3.0
		Effective Date:	03-27-2013
<b>ENERGY RISK MANAGEMENT POLICY</b>			

## 1. Definitions

**Value at Risk Analysis:** A type of portfolio analysis that provides a sense of possible profits and losses with probability measures attached to various scenarios. For a given portfolio, probability and time horizon, VaR is defined as a threshold value such that the probability that the loss on the portfolio over the given time horizon exceeds this value in the given probability level.

**Energy Risk Hedging:** Entering into contracts for physical or financial products or assets to reduce or offset risk. Normally, a hedge consists of taking an offsetting position in a related security, such as a futures contract.

Authorized contracts for physical or financial products will (i) contain reference rates and/or volumes and (ii) with respect to the direct or underlying commodity of such contract, have a close nexus to energy, energy-related, power operational, and/or environmental attributes consistent with operational risks faced by Tacoma Power.

Contracts for physical and financial products or assets are not authorized to be used as an investment or for speculative purposes.

**Risk Management:** The process and tools used for evaluating, measuring and managing the various risks within a company's portfolio of financial, commodity and other assets.

## 2. Terms and Abbreviations

aMW	average megawatt
ATPL	Approved Trading Partner List
CRC	Credit Risk Committee
ERMP	Energy Risk Management Policy
FERC	Federal Energy Regulatory Commission
ICE	Intercontinental Exchange
IM	instant messaging
ISDA	International Swaps and Derivatives Association
NERC	North American Electric Reliability Corporation
REC	Renewable Energy Credit
RMC	Risk Management Committee

	<b>POLICY</b>	Version:	3.0
		Effective Date:	03-27-2013
<b>ENERGY RISK MANAGEMENT POLICY</b>			

TAP	Trading Authority Procedure
WECC	Western Electric Coordinating Council
WSPP	WSPP Agreement (formerly Western Systems Power Pool Agreement)

### 3. Purpose

This Energy Risk Management Policy (ERMP) is approved by the Tacoma Public Utility Board and establishes the Energy Risk Management Function at Tacoma Power. The ERMP sets forth Tacoma Power's:

1. Energy Risk Management program objectives
2. Subsidiary Procedure Documents
3. Risk tolerance and its guiding risk metric
4. Risk governance structure, responsibilities and duties
5. Scope of business risks governed by this Policy

### 4. Applicability

This policy applies to Tacoma Power real-time energy traders, near-term traders, mid-term traders, Assistant Power Manager of Resource Operations and Trading, the Power Manager, the Energy Risk Manager, risk management staff, operations staff, and the Risk Management Committee.

### 5. Energy Risk Management Program Objectives

To assist in the pursuit of its mission, Tacoma Power hereby establishes an Energy Risk Management Function for the purpose of managing the uncertainty of the value from the power supply portfolio. The Energy Risk Management Function is the organizational structure and associated tools, techniques and strategies utilized for addressing this variability. The Energy Risk Management Function includes: the Energy Risk Manager, the Risk Management Committee (RMC) and the Credit Risk Committee (CRC).

The Energy Risk Management Function shall support the advancement of Tacoma Power's strategic business plan, and will assist Tacoma Power's mission by the following:

ENERGY RISK MANAGEMENT POLICY	2013-03-27	Page 3 of 11
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	<b>POLICY</b>	Version:	3.0
		Effective Date:	03-27-2013
<b>ENERGY RISK MANAGEMENT POLICY</b>			

1. Establishing and revising the Energy Risk Management Policy and Procedures documents to provide clear guidance for the management of risk
2. Instituting controls to prevent inappropriate risk taking, errors or malfeasance
3. Providing prudent oversight of Power Management operations, trading processes and procedures and ensuring compliance with established Risk Management Policies and Procedures
4. Measuring and managing the variability of the value of the power supply portfolio and subsequent net revenues
5. Identifying, assessing and reporting of risks to the value of the power supply portfolio throughout the organization
6. Developing strategies to respond to identified risks including methods of self-insurance, internal controls, risk avoidance, and the use of physical and financial derivative instruments
7. Developing a risk management culture that considers risk as well as cost in decision-making

## 6. Subsidiary Procedure Documents

The Energy Risk Management Policy is supported by four subsidiary Procedure Documents that provide additional details on how risk is managed and reported at Tacoma Power. The four subsidiary Procedure Documents are:

1. Trading Authority Procedure
2. Tacoma Power Hedging Procedure
3. Counterparty Credit Management Procedure
4. Risk Management Sanctions Procedure

Subsidiary documents shall not contradict nor be inconsistent with the ERMP and are administered and authorized by the RMC.

## 7. Policy

### 7.1 Risk Tolerance and Guiding Risk Metric

Risk Tolerance is a term that describes a willingness to accept or tolerate a given level of estimated risk for a given level of reward. Clear communication of an organization's risk tolerance helps decision makers understand and develop overall policy, which in turn helps to align strategic



	<b>POLICY</b>	Version:	3.0
		Effective Date:	03-27-2013
<b>ENERGY RISK MANAGEMENT POLICY</b>			

and tactical decisions within the organization. The Public Utility Board hereby establishes the following guiding risk metric as a statement of its risk tolerance.

### **The Guiding Risk Metric**

The uncertainty in net revenues shall be measured and managed based on a single overall metric, Net Revenue at Risk (NR@R) which will incorporate the biennium revenues from both retail and wholesale operations and include both wholesale power purchases and sales.

### **The Overall Guiding Risk Metric**

The Energy Risk Management Function will manage the uncertainty of the net revenue from Tacoma Power's power supply portfolio over the biennium by continuously working to reduce the exposure under the lowest fifth percentile of estimated net revenue outcomes in a cost effective manner.

## **7.2 Risk Governance Structure, Responsibilities and Duties**

### **Risk Governance**

The Public Utility Board hereby acknowledges the following organizational structure which has been established by Tacoma Power management to manage the uncertainty in the power supply portfolio value. The roles and responsibilities of each level of the organization are identified below. Risk Governance establishes hierarchical oversight of risk and provides an organizational structure with levels of cascading authority to approve correct risk management actions and to establish reporting relationships.

### **Separation of Duties**

Responsibilities for managing the power supply portfolio are divided into three organizationally separate "offices"; a Front Office (operations and trading duties), a Middle Office (risk management and credit), and a Back Office (energy accounting and settlements). The purpose of separation is to minimize organizational influence that could encourage inappropriate risk-taking. Separation of duties encourages the development of cooperative business processes and peer level oversight within the organization.

### **Risk Governance Structure**

#### **7.2.1 The Public Utility Board – Responsibilities and Duties**

	<b>POLICY</b>	Version:	3.0
		Effective Date:	03-27-2013
<b>ENERGY RISK MANAGEMENT POLICY</b>			

1. Develop and maintain an understanding of energy risk management and provide guidance for establishing risk tolerance for the organization.
2. Understand Tacoma Power's major energy risk exposures and the steps management has taken to mitigate, control, and monitor such exposures.
3. Assign the responsibility and authorities to oversee risk management processes to the RMC through acceptance of the Energy Risk Management Policy.
4. Delegate the authority to approve the use of physical and financial derivatives in support of hedging the variability of the power supply portfolio to the RMC.
5. Review and approve changes to the Energy Risk Management Policy as requested by the RMC.
6. Establish scope and frequency for management reporting to the Public Utility Board.

### 7.2.2 Director of Utilities – Responsibilities and Duties

1. Ensures that the Energy Risk Manager has sufficient resources to be capable of performing their assigned independent oversight duties and exist free from undue influence in the pursuit of risk management duties.
2. Is ultimately responsible for deciding the consequences for employees who violate the Energy Risk Management Policy or the subsidiary Procedures Documents. Violations may result in immediate termination.

### 7.2.3 Risk Management Committee – Membership, Responsibilities and Duties

The Risk Management Committee is a five person committee of voting members that includes:

1. Director of Tacoma Public Utilities
2. Superintendent of Tacoma Power
3. Section Manager for Power Management
4. Section Manager for Rates Planning and Analysis
5. One other Tacoma Power Section Manager on a six month rotational basis

The Assistant Manager of Resource Operations and Trading and the Energy Risk Manager serve as non-voting members of the RMC.

Responsibilities and duties of the RMC include:

1. Reviews and approves the ERMP Procedures Documents and oversees their enforcement by the Energy Risk Manager;

ENERGY RISK MANAGEMENT POLICY	2013-03-27	Page 6 of 11
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	<b>POLICY</b>	Version:	3.0
		Effective Date:	03-27-2013
<b>ENERGY RISK MANAGEMENT POLICY</b>			

2. Reviews Tacoma Power's risk management program at least once per biennium. In this review, the RMC will consider Tacoma Power's business strategy, business practices and procedures while comparing to recent strategic or market changes and propose changes for continued compliance with its established ERMP;
3. Ensures that risk management objectives, risk controls, and authority limits are appropriately employed throughout Risk Management and Power Management. The RMC may engage an independent audit (internal and/or external) of risk control policies and procedures to ensure that policies and procedures are being adequately followed;
4. Receives reports by the Energy Risk Manager concerning Tacoma Power's compliance with its Risk Policy and subsidiary Procedure Documents. This includes being appraised of any incidents of policy violations;
5. Meets at least quarterly. Standing agenda items should include, but are not limited to; reviews of position reports, current commodity market operations and hedging strategies, analysis of risk metrics and other key performance metrics, control requirements/enhancements, counterparty contract and credit exposure, and policy and procedural violations;
6. Reviews and approves proposed strategies to ensure they are consistent with Tacoma Power's approved strategic business plan, risk management objectives, approved risk tolerance metric, and in compliance with risk policy and procedures;
7. Reviews the infrastructure supporting risk management and ensures that it adequately provides for the requirements for risk oversight and compliance. Ensures prudent administrative procedures are established for execution of commodity and derivative transactions, contract controls, credit controls, transaction controls, risk monitoring and measurement, settlement controls, and other energy risk management activities;
8. Has the authority to approve actions of open counterparty credit over \$6M.

## 7.2.4 Energy Risk Manager – Responsibilities and Duties

1. Provides oversight and ensures compliance with the ERMP and the subsidiary Procedure Documents. The Energy Risk Manager shall investigate any suspected violations of policy or procedures and will report any violations of the ERMP or subsidiary Procedure Documents to the RMC;
2. Reviews and recommends changes to the risk management policies and procedures, as appropriate;
3. Assists the Front Office in managing the variability of the power supply portfolio. Reviews and evaluates proposed risk management hedging strategies and ensures adequate analysis has been performed with proper assessment and mitigation of risk, consistent with risk management objectives and risk tolerance guidelines, and in compliance with risk management policies, including the financial, legal, credit, and operational impacts;
4. Organizes and conducts the RMC meetings where the Energy Risk Manager will inform the RMC on the state of ongoing risks, update the RMC on emerging risks, and to present

	<b>POLICY</b>	Version:	3.0
		Effective Date:	03-27-2013
<b>ENERGY RISK MANAGEMENT POLICY</b>			

- strategies for responding to risks, and performs additional responsibilities delegated by the RMC;
- 5. Provides risk management education/training to the Board, staff and management;
- 6. Regularly provides reports to the RMC to assist with their understanding of risks to the power supply portfolio and the responses that are being taken to address these risks.

### 7.3 Scope of Business Activities Governed by this Policy

The following list is intended to identify the risks to be addressed by the Energy Risk Management Function.

**Cash Margin Risk** is the risk associated with Tacoma Power having inadequate cash flow resulting from the margin requirements of a contractual agreement where Tacoma Power is the purchaser. Cash Margin exposure is the difference between the contracted price and the marked-to-market price of purchased power. Margin calls can also be triggered by decreases in Tacoma Power's assessed creditworthiness.

**Commercial Operational Risk** is the risk of loss from inadequate or failed internal controls, processes, people, and/or systems that may result in inefficiencies, errors, or malfeasance that adversely impacts financial performance.

**Commodity Market Price Risk** is the risk of loss due to potential fluctuations in the price of an underlying energy commodity.

**Concentration Risk** is the risk of having large exposures to specific electricity supply sources or counterparties, or of having limited capability to switch the type of fuel used to produce energy. Concentration Risk can be found with suppliers (contract and credit risk), generation units (hydro volatility, outage risk) or native load customers (large industrials).

**Counterparty Contract Risk** is the risk that accepted contract language between Tacoma Power and its counterparties are insufficient to protect Tacoma Power's interests. Poor contract language or terms could leave Tacoma Power with no recourse in the event of a substantial change in the market value of a position or in the event of a default.

**Counterparty Credit Risk** is the risk of a potential adverse occurrence of a counterparty's ability or willingness to operationally perform in accordance with a legal contract. Not providing payment for commodities or services provided by Tacoma Power is termed Default Risk. Not providing a service or commodity to Tacoma Power after taking payment or locking in the price of such services is termed Performance Risk.

**Hydro Supply Risk** is the risk of energy and capacity shortfalls due to the absence of sufficient streamflow to generate the necessary power to serve native load and forward sales. This is a very important risk for Tacoma Power given that its power supply portfolio relies heavily on hydroelectric energy. An important aspect of this risk is that regional power supply faces a similar and positively correlated hydro supply risk due to the abundance of hydroelectric energy resources in the Pacific



	<b>POLICY</b>	Version:	3.0
		Effective Date:	03-27-2013
<b>ENERGY RISK MANAGEMENT POLICY</b>			

Northwest. This correlation of regional power supply risk exacerbates the volatility of regional market prices in times of energy and capacity shortfalls due to a lack of streamflow. Also included in Hydro Supply Risk are risks associated with spill. Overly conservative reservoir management can lead to increased chances that water that could have been used to generate electricity is unused and lost due to violations of flood control limits or overall reservoir elevation limits.

**Load Forecast/Weather Variability Risk** is the risk that actual electricity loads differ from forecasted loads due to an error in weather and load forecasts. This is an inherent risk to Tacoma Power's portfolio since it is a load serving entity. Since this risk will result in Tacoma Power being unintentionally long or short in the spot market, it results in spot market price risk.

**Load Growth/Loss of Load Risk** is the risk that load will grow faster or slower than planned, leaving Tacoma Power short or long at a time when prices move up or down, thereby creating an adverse financial impact on Tacoma Power. Loss of Load Risk is the risk that Tacoma Power loses a significant portion of its customer load and the market price for electricity coincidentally falls below the sales price of its lost load, thereby creating a financial strain on the organization.

**Market Liquidity Risk** is the risk of a lack of sufficient competitive market participants (counterparties) who are willing, able and creditworthy enough to buy or sell commodities at a "market" price at the time Tacoma Power would like to transact. Market liquidity risk can also include a market where sufficient counterparties exist but the products or commodities that are offered are not competitive or robust.

**Operations Risk** is the risk associated with the performance of physical assets. This would include failures or outages associated with generation units, the transmission system or generation step-up transformers, fuel delivery system constraints (weather or mechanical), control system failures, or other critical components associated with the production or delivery of electricity. This risk can also include the improper usage of assets that violate license agreements for the hydro-electric projects owned by Tacoma Power.

**Regulatory and Environmental Risk** is the risk that federal, state or local regulations and/or environmental requirements change and affect Tacoma Power's power supply portfolio or regional markets in such a way as to adversely impact Tacoma Power's financial position.

**Transmission Outage Risk** is the risk of impediment of delivery of commodities procured at delivery points (trading hubs, generation sites) other than their point of ultimate delivery (load centers).

**Volumetric Risk** is the risk of load and/or supply variability, that actual load deviates from expected levels and exposes Tacoma Power to spot market prices. The Primary Volumetric Risks that Tacoma Power is exposed to are Hydro generation availability, Load Forecast/Weather Variability Risk, Loss of Load Risk (large industrial concentration), and Load Growth Risk.

## 8. NERC and Regional Reliability Standard Reference

	<b>POLICY</b>	Version:	3.0
		Effective Date:	03-27-2013
<b>ENERGY RISK MANAGEMENT POLICY</b>			

There are no applicable NERC or regional reliability standards references to consider.

## 9. Supporting Documents

Filename	Document Title
	Tacoma Power Trading Authority Procedure
	Tacoma Power Risk Management
	Tacoma Power Approved Trading Partner List
	Tacoma Power Credit Manager Desk Procedures (CFDP)
	Sanctions Procedure

## 10. Review and Update Cycle

The Energy Risk Management Policy Document will be reviewed by the Risk Management Committee once per biennium to ensure that procedures and controls are in line with the overall risk management strategy and the existing business and industry environments.

## 11. Policy Review and Approval

Document Responsibility	Title
Document, Process, Content	Cam LeHouillier, Energy Risk Manager
Approval	Tacoma Public Utility Board

### 11.1 Policy Effective

The Energy Risk Management Policy Document is in effect upon approval by the Energy Risk Management Committee and shall remain in effect until a replacement policy has been approved by the Board superseding this Energy Risk Management Policy.

	<b>POLICY</b>	Version:	3.0
		Effective Date:	03-27-2013
<b>ENERGY RISK MANAGEMENT POLICY</b>			

## 11.2 Responsibility

It shall be the responsibility of the Risk Management Committee, through the Risk Manager, to ensure compliance with this policy.

## 11.3 Acknowledgement

Each employee authorized to conduct wholesale physical or financial transactions on behalf of Tacoma Power must provide signed acknowledgment that they have read and understand all sections of this Policy Document.

## 12. Version History

Version Number	Effective Date	Change Summary	Revised / Reviewed By
1.0	06/24/2010	Moved into template.	Cam Lehouillier
2.0	12/14/2011	Annual review and approval Moved into latest template;	Cam Lehouillier
3.0	03/27/2013	Annual review and approval Public Utility Board approved for amending Section1., Energy Risk Hedging definition. see <i>PUB Memorandum</i> , <i>March 19, 2013</i>	Cam Lehouillier

## 13. Document Retention

The Energy Risk Management Policy will be maintained on the Tacoma Power Energy Risk Management SharePoint site.



## RESOLUTION NO. U-10349

1  
2 A RESOLUTION approving Tacoma Power's Energy Risk Management  
3 Policy and authorizing the Director to enter into and approve  
4 transactions for the purchase and sale of wholesale electric power  
and energy-related products and services.

5 WHEREAS the Tacoma City Charter Article IV, RCW 35.84.010 and  
6 RCW 35.92.050, provides authority for the Public Utility Board ("Board") to enter  
7 into and approve transactions for the purchase and sale of wholesale electric  
8 power and energy-related products and services ("authority"), and  
9

10 WHEREAS the Board may delegate such authority to the Director of  
11 Utilities ("Director") subject only to the limitations imposed by the City Charter  
12 and state law, and

13 WHEREAS the Board desires to delegate such authority to the Director  
14 through an Energy Risk Management Policy, and

15 WHEREAS the Energy Risk Management Policy will set the parameters  
16 upon which the Director is authorized by the Board to enter into and approve  
17 transactions for the purchase and sale of wholesale electric power and energy-  
18 related products and services, and  
19

20 WHEREAS it is in the best interests of Tacoma Public Utilities and the  
21 ratepayers to approve an Energy Risk Management Policy and delegate such  
22 authority to the Director; Now, Therefore,  
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BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

Sec. 1 The Board delegates authority to the Director or his/her designee to enter into and approve transactions for the purchase and sale of wholesale electric power and energy-related products and services.

Sec. 2 The Board establishes the guiding risk metric for Tacoma Power to be the downside tail risk demonstrated by the fifth percentile of net revenues.

Sec. 3 The Board approves and adopts the Energy Risk Management Policy, which covers the following areas: (1) policy purpose; (2) program objectives; (3) subsidiary procedure documents (Trading Authority Policy, Hedging Authority Policy, Counter Party Credit Management Policy, Risk Management Sanctions Policy); (4) risk tolerance and guiding risk metrics; (5) risk governance structure, responsibilities and duties (including creation of a Risk Management Committee, which is granted the responsibility and authority to oversee risk management processes); and (6) scope of business activities governed by this policy, as on file with the clerk of the Board, with all subsequent changes to the Policy to be approved by the Board.

Sec. 4 The Director or his/her designate shall provide quarterly reports to the Board detailing the purchases and sales of wholesale electric power and



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energy-related products and services, and other activities of the Risk

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Management Committee.

4

Approved as to form and legality:

Laura Fox

5

Chair

6

William C. Fosbre

Bob Casey

Chief Deputy City Attorney

Secretary

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Charleen Jacobs

Adopted 12/16/09

Clerk

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## RESOLUTION NO. U-11069

1 A RESOLUTION related to approving the 2018 Water System Plan, 2018  
2 Watershed Management Plan with Watershed Rules, 2018 Integrated  
3 Resource Plan, 2018 Water Shortage Response Plan, and 2018  
4 Conservation Plan and goal.

5 WHEREAS per Washington Administrative Code 246-290-100, a water  
6 system plan demonstrates a water system's ability to achieve compliance with  
7 local, state and federal regulations and to appropriately plan for future needs,  
8 and

9 WHEREAS a water system plan serves as the principal guidance  
10 document for Tacoma Water, identifying policies and projects necessary to  
11 demonstrate compliance with applicable regulations and must be updated at  
12 least every ten years, and

13 WHEREAS in 2000, the City of Tacoma, Department of Public Utilities,  
14 Water Division (dba "Tacoma Water"), prepared its water system plan, which  
15 was approved by the Public Utility Board (Resolution No. U-9699) and City  
16 Council (Resolution No. 35437), and

17 WHEREAS in 2006, Tacoma Water prepared an update to the plan,  
18 which was approved by the Public Utility Board (Resolution No. U-10235), and

19 WHEREAS in 2013, the Public Utility Board approved an extension of  
20 the 2006 Water System Plan (Resolution No. 10665), and

21 WHEREAS the 2018 Water System Plan is an update to the prior plans  
22 and provides planning guidance to Tacoma Water on matters such as demand  
23 projections, water sources, and long term capital improvement projects, and  
24  
25  
26



1 WHEREAS the 2018 Watershed Management Plan, includes  
2 Requirements for Protection of Water Supply in the Green River Watershed (the  
3 "Watershed Rules"), and  
4

5 WHEREAS the 2018 Integrated Resource Plan was developed to  
6 improve Tacoma Water's ability to manage available water supplies, plan for  
7 new supplies as needed, and protect stream flow for fish in the Green River,  
8 and  
9

10 WHEREAS the 2018 Water Shortage Response Plan is an update  
11 developed with the objective to preserve essential public services while  
12 minimizing adverse effects on public health and safety, economic activity,  
13 environmental resources, and quality of life, and  
14

15 WHEREAS the 2018 Conservation Plan guides residential, multifamily,  
16 and commercial conservation programming in support of the 2018-2027 goal  
17 and was designed to assure compliance with the Municipal Water Law and the  
18 Water Use Efficiency Rule, Now, therefore,  
19

20 BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

21 That Tacoma Water's 2018 Water System Plan, 2018 Watershed  
22 Management Plan with Watershed Rules, 2018 Integrated Resource Plan, 2018  
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Water Shortage Response Plan, and 2018 Conservation Plan and goal, are approved, and the City Council is requested to concur in this approval.

Approved as to form and legality:

*Z. C. Maxwell*  
Chief Deputy City Attorney

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Clerk

Adopted \_\_\_\_\_

of March 13, 2019

**REQUEST FOR RESOLUTION**

Date: March 1, 2019

INSTRUCTIONS: File request in the Office of the Director of Utilities as soon as possible but not later than nine working days prior to the Board meeting at which it is to be introduced. Completion instructions are contained in Administrative Policy POL-104.

1. Summary title for Utility Board agenda: (not to exceed twenty-five words)

Approve the 2018 Water System Plan, Watershed Management Plan with Watershed Rules, Integrated Resource Plan, Water Shortage Response Plan, and Conservation Plan and goal.

2. A resolution is requested to: (brief description of action to be taken, by whom, where, cost, etc.)

Approve Tacoma Water's 2018 Water System Plan, 2018 Watershed Management Plan with Watershed Rules, 2018 Integrated Resource Plan, 2018 Water Shortage Response Plan, and 2018 Conservation Plan and goal. These plans were completed following applicable regulatory requirements, which included stakeholder and local land use authority review and public information meetings. Once approved by the Public Utility Board and Tacoma City Council, the Water System Plan and Watershed Management Plan will subsequently be approved by King County and the State of Washington Department of Health.

3. Summarized reason for resolution:

Per Washington Administrative Code 246-290-100, a water system plan demonstrates a water system's ability to achieve compliance with local, state and federal regulations and to plan for future needs consistent with local, state and federal laws including land use plans. It serves as the principal guidance document for Tacoma Water, identifying policies and projects necessary to demonstrate compliance with local, state and federal regulations such as the Growth Management Act, the Safe Drinking Water Act, and the Municipal Water Law. Public water systems must update their water system plans at least every 10 years.

In 2000 Tacoma Water prepared its water system plan which was approved by the Public Utility Board (Resolution No. U-9699) and City Council (Resolution No. 35437). In 2006 Tacoma Water prepared an update to the plan which was approved by the Public Utility Board (Resolution No. U-10235). In 2013 the Public Utility Board approved an extension of the 2006 Water System Plan (Resolution No. U-10665). The 2018 Water System Plan is an update to these prior plans.

The 2018 Water System Plan provides planning guidance to Tacoma Water such as demand projections, water sources, and long term capital improvement projects.

The 2018 Watershed Management Plan, which includes the Requirements for Protection of Water Supply in the Green River Watershed (the "Watershed Rules"), is also to be approved with this action.

The 2018 Integrated Resource Plan was developed to improve Tacoma Water's ability to manage available water supplies, plan for new supplies as needed, and protect stream flow for fish in the Green River.

The 2018 Water Shortage Response Plan is an update developed with the objective to preserve essential public services while minimizing adverse effects on public health and safety, community and utility economic activity, environmental resources, and quality of life.

The 2018 Conservation Plan guides our residential, multifamily, and commercial conservation programming in support of our new 2018-2027 goal required in compliance with the Municipal Water Law and the Water Use Efficiency Rule. Since the 1980s, Tacoma Water has been committed to implementing an effective conservation plan as part of the overall Tacoma Water resource plan.

4. Attachments:

a. The plans are not attached and instead can be found here: [MyTPU.org/WaterSystemPlan](http://MyTPU.org/WaterSystemPlan)

5. ☐ Funds available ☒ Proposed action has no budgetary impact

6. Deviations requiring special waivers:

Originated by:



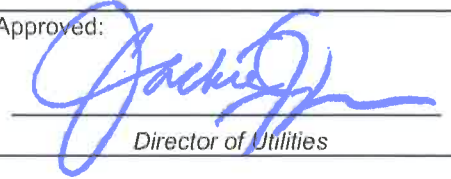
Section Head

Requested by:



Division Head

Approved:



Director of Utilities



**TO:** Elizabeth Pauli, City Manager  
**FROM:** Jackie Flowers, Director of Utilities, Tacoma Public Utilities  
**COPY:** City Council and City Clerk  
**SUBJECT:** Approve the 2018 Water System Plan, 2018 Watershed Management Plan with Watershed Rules, 2018 Integrated Resource Plan, 2018 Water Shortage Response Plan, and 2018 Conservation Plan and goal; Council first reading March 26, 2019  
**DATE:** March 1, 2019

---

**SUMMARY:**

Tacoma Water requests that the Public Utility Board and the City Council Approve the 2018 Water System Plan, 2018 Watershed Management Plan with Watershed Rules, 2018 Integrated Resource Plan, 2018 Water Shortage Response Plan, and 2018 Conservation Plan and goal. These documents are available online: [MyTPU.org/WaterSystemPlan](http://MyTPU.org/WaterSystemPlan)

**BACKGROUND:**

Per Washington Administrative Code 246-290-100, a water system plan demonstrates a water system's ability to achieve compliance with local, state and federal regulations and to plan for future needs consistent with local, state and federal laws including land use plans. It serves as the principal guidance document for Tacoma Water, identifying policies and projects necessary to demonstrate compliance with local, state and federal regulations such as the Growth Management Act, the Safe Drinking Water Act, and the Municipal Water Law. Public water systems must update their water system plans at least every 10 years.

In 2000 Tacoma Water prepared its water system plan which was approved by the Public Utility Board (Resolution No. U-9699) and City Council (Resolution No. 35437). In 2006 Tacoma Water prepared an update to the plan which was approved by the Public Utility Board (Resolution No. U-10235). In 2013 the Public Utility Board approved an extension of the 2006 Water System Plan (Resolution No. U-10665). The 2018 Water System Plan is an update to these prior plans.

The 2018 Water System Plan provides planning guidance to Tacoma Water such as demand projections, water sources, and long term capital improvement projects.

The 2018 Watershed Management Plan, which includes the Requirements for Protection of Water Supply in the Green River Watershed (the "Watershed Rules"), is also to be approved with this action.

The 2018 Integrated Resource Plan was developed to improve Tacoma Water's ability to manage available water supplies, plan for new supplies as needed, and protect stream flow for fish in the Green River.

The 2018 Water Shortage Response Plan is an update developed with the objective to preserve essential public services while minimizing adverse effects on public health and safety, community and utility economic activity, environmental resources, and quality of life.

The 2018 Conservation Plan guides our residential, multifamily, and commercial conservation programming in support of our new 2018-2027 goal required in compliance with the Municipal Water Law and the Water Use Efficiency Rule. Since the 1980s, Tacoma Water has been committed to implementing an effective conservation plan as part of the overall Tacoma Water resource plan.





**ISSUE:**

Tacoma Water requires approved plans to guide our operations and comply with regulatory requirements.

**RECOMMENDATION:**

Tacoma Water requests approval by the Public Utility Board and City Council of the 2018 Water System Plan, 2018 Watershed Management Plan with Watershed Rules, 2018 Integrated Resource Plan, 2018 Water Shortage Response Plan, and 2018 Conservation Plan and goal.

**FISCAL IMPACT TO CURRENT BIENNIAL BUDGET:** There is no fiscal impact. These are planning documents, and work in support plan implementation will be included in and approved with Tacoma Water's biennial budgets.

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED?** N/A

**IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.** N/A