

Equity in Contracting & Local Workforce Development

City of Tacoma

Study Session
September 11, 2019
Clifford Armstrong III





AGENDA



Equity in Contracting & Local Workforce Development

- Desired Outcomes and Objectives
- Current Policies
- Historical Context
- Recommendations to Meet Objectives
- Next Steps

DESIRED OUTCOMES



- City of Tacoma Public Work Projects Should:
 - Provide workforce development and employment opportunities to residents of Tacoma and economically distressed areas within the Tacoma Public Utilities Service Area
 - Promote equitable use of Small/ Minority/ Women's Business Enterprise (M/WBE) contractors



OBJECTIVES



- 1 Build local business contracting capacity
- 2 Implement race/gender-based contracting goals
- 3 Enforce mandatory utilization of equity goals
- 4 Increase local hiring and training
- 5 Enter into additional workforce development agreements



CURRENT POLICIES



- Small Business Enterprise (SBE) Policy *TMC 1.06*
 - Updated 2014
- Tacoma Training and Employment Program (TTEP) Policy
 - TMC 1.80 Repealed 2016
- Local Employment and Apprenticeship Training Program (LEAP) Policy *TMC 1.90*
 - Updated 2018

HISTORICAL CONTEXT



- I-200 (1998)
- Griffin & Strong Disparity Study (GSDS) (2018)
- Community Workforce Agreement (CWA) Task Force (2018 – 2019)
- I-1000 (2019)

RECOMMENDATIONS



Phased Approach:

- Phase I: Implement Foundational Recommendations
 - Present – December 2019
- Phase II: Implement Major Policy Advancements
 - January 2020 – December 2020
- Phase III: Evaluate, Learn, Adjust and Revise
 - January 2021 – December 2023



- **Implement Foundational Recommendations**

- Improve Compliance Tracking
 - Enhance ability to monitor contractor performance
 - Align tracking with other local agencies
- Increase Contractor and Supplier Pool
 - Expand pool by including State certification list(s)
 - 1 • Provide additional trainings for public contracting business development in construction, goods, and services.
 - Migrate to State Certification List(s)
 - 1 • Improve small business development by reducing barriers
 - Lower administrative burden on vendors and City staff



- **Consider Code & Policy Changes –**
 - Race & Gender Subcontracting Goals
 - 2 • Minority and Women Business Enterprise (MWBE) goals
 - Condition of Award for Small Business Enterprise (SBE) & MWBE Participation
 - 3 • Programs must be utilized unless specific waiver provided by City
 - Economic Development Projects
 - 4 • MWBE and Local Hire participation on certain projects that utilize City land, tax incentives, etc.

● ● ● PHASE I (Present – December 2019)



• Consider Code & Policy Changes –

4

5

- Additional Apprenticeship and Workforce Agreements
 - Priority apprenticeship and hiring programs targeted to Economically Distressed Areas of City and TPU Service Area
 - Potential Project Labor Agreement (PLA)



PHASE II (January 2020 – December 2020)



- **Implement Major Policy Advancements**

- Administer New Policies Adopted by City Council
- Evaluate Phase I Implementations
- Consider Potential Increases for 2021–2022 Budget
- Update TTEP for Improved Workforce Outcomes
 - Decrease barriers for TTEP graduates in City hiring
 - Increase partnerships for direct-entry private-sector organizations

4



PHASE III (January 2021 – December 2023)



- **Evaluate, Learn, Adjust and Revise**
 - Evaluate Phase I and II Implementations
 - Respond to Learnings
 - Adjust and make any additional necessary changes (to include potential policy and ordinance revisions)
 - Prepare for 2nd Disparity Study (Anticipated 2022)
 - Studies must be performed once every 5 years for data to remain legally viable.

● ● ● NEXT STEPS (PHASE I)



Month (2019)	Study Session / Council Action
August	<ul style="list-style-type: none"> • Consider additional training efforts for public contracting business development • Consider authorization of SBE certification migration to State list • Consider race and gender subcontracting goals • Consider condition of Award for Small Business Enterprise (SBE) & MWBE Participation • Review Communication, Engagement, and Outreach Plan
October	<ul style="list-style-type: none"> • Consider Potential Options for Additional Apprenticeship and Workforce Agreements
December	<ul style="list-style-type: none"> • Consider Mid-Biennial Adjustments for newly adopted policies • Consider recommendations on MWBE and Local Hire participation on certain private sector projects that utilize City land, tax incentives, etc.



NEXT STEPS (PHASE II & PHASE III)



Phase II: Implement Major Policy Advancements

(January 2020 – December 2020)

- Implement Major Policy Advancements
- TTEP Update
- Potential 2021 – 2022 Budget Increases

Phase III: Evaluate, Learn, Adjust and Revise

(January 2021 – December 2023)

- Evaluate, Adjust, Learn and Revise

Economic Development Strategic Plan

Public Utility Board
September 11, 2019

Mission

Develop strategies and principles for engaging with staff and key stakeholders in identifying and maximizing economic development activities and opportunities.



What is Economic Development?

The main goal of economic development is improving the economic wellbeing of a community through efforts that entail job creation, job retention, tax base enhancements and quality of life.

...there is no single strategy, policy, or program for achieving successful economic development.

Communities differ in their geographic and political strengths and weaknesses...therefore, each will have a unique set of challenges for economic development.

For utilities the focus is in creating more retail demand.

Utility Economic Development

Public utilities play a significant role in promoting economic development activity to help grow their communities by **strategically working with local and regional economic development partners.**

Utility engagement addresses some of the following issues:

- Surplus capacities for Power, Water and Rail
- Declining revenues
- Reduces pressure on rates
- Provides opportunities for workforce development

For TPU, economic development is business development.

Economic Development Partners

- City of Tacoma, Community & Economic Development
- Pierce County Economic Development
- Economic Development Board
- Tacoma + Pierce County Chamber of Commerce
- Franchise Cities Economic Development Departments
- Tribal Economic Development Entities
- Washington Department of Commerce
- Greater Seattle Partners
- Port of Tacoma (NWSA)
- South Sound Alliance
- Workforce Central
- Puget Sound Regional Council

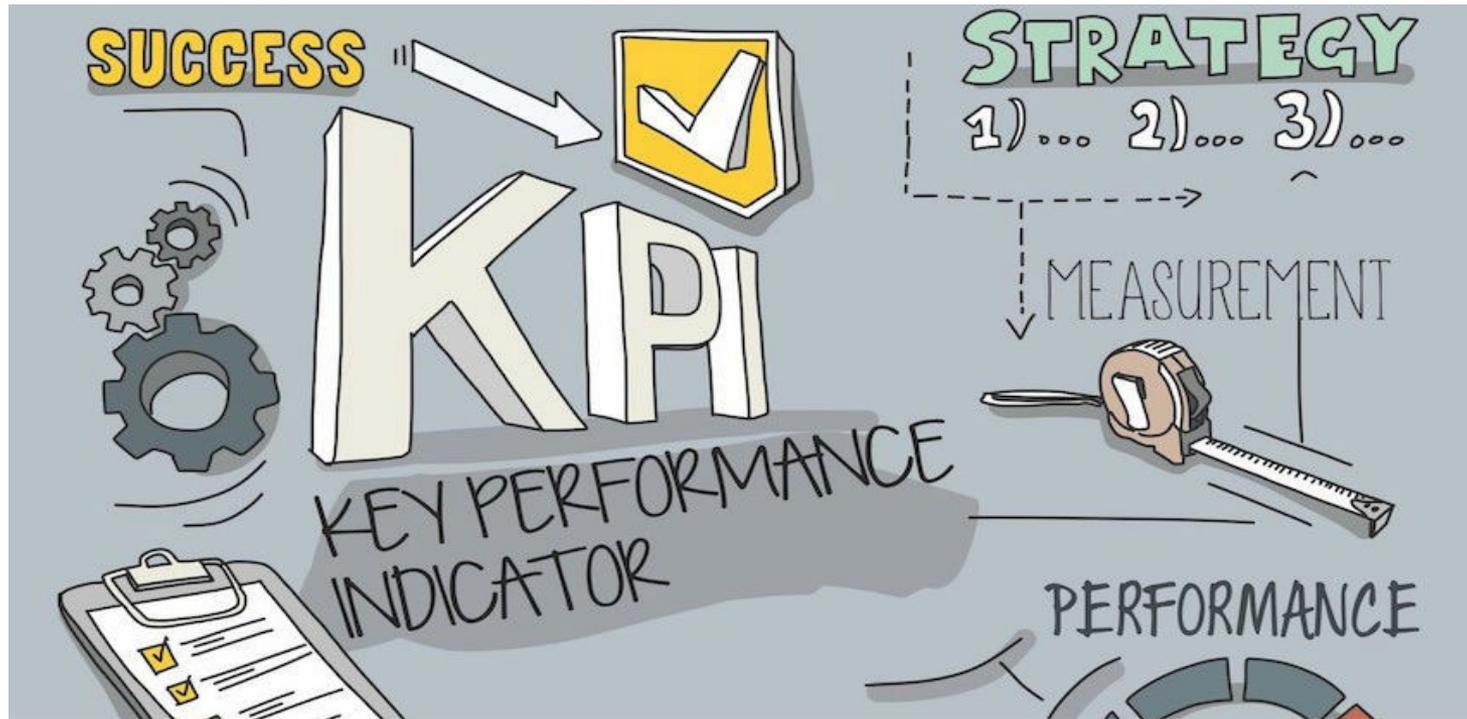
Utility-Community Alignment

“In an effort to better align with state, regional, and local economic development partners, utilities are beginning to understand that electric (rail and water) consumption will follow jobs and capital investment.

Therefore, it is critical that our performance is measured with these metrics, in addition to consumption.

At the end of the day, it is about being a valued community partner; selling electricity and water will take care of itself.”

<https://www.areadevelopment.com/business-climate/December-2017/utilities-bring-expertise-to-corporate-location-projects.shtml>



*Performance measurement is one area where the economic development profession is weak, undoubtedly due to the difficulty of establishing direct “**cause and effect**” linkages between the work of an economic developer and the jobs created by private sector employers.*

Performance Metrics

“Outcome measurement does not prove a cause-effect relationship.

And when it comes to economic development the actions of one individual or one organization is not likely to be entirely responsible for results within a community.

The board and staff should be comfortable with the idea that success is shared, but agree upon how they are going to measure that success.”

Performance Measurement in Economic Development, 2011: Economic Development Association of Canada

01 Internal Segment

Measure activities that help an EDO conduct the business of the organization (irrespective of specific programs and functions).

02 ED Programs Segment

Help EDOs measure performance on its economic development related functions. As such, there are several lists of metrics based on specific ED programs.

03 Relationship Management Segment

Measure efforts made by EDOs to build and strengthen relationships with internal and external stakeholders. The vast majority of EDOs currently dont use these metrics. Lists of metrics here are based on the type of stakeholder/relationship.

04 Community Segment

Measure the well-being of the community, which EDOs may have limited control over but many track to understand the community's needs. Metrics lists cover different aspects of community well-being.

METRICS MENU

- a. Business Attraction and Marketing Metrics
- b. Business Creation and Entrepreneurship Metrics
- c. Business Retention and Expansion Metrics
- d. Technology and Innovation Metrics
- e. Real Estate: Industrial Use Metrics
- f. Sustainable Development/Green Jobs Metrics

- a. EDO Leadership Metrics
- b. Relationships Established Metrics
- c. Communications Metrics
- d. Client Satisfaction Metrics

- a. Demographic Makeup Metrics
- b. Business Related Factors Metrics
- c. Real Estate: Housing Metrics
- d. Quality of Life Metrics
- e. Transportation and Public Transit Metrics
- f. Trade and Tourism Metrics
- g. Environment Metrics

Issues with Metrics

- Performance measures must also take into account external forces over which we have no control (economic cycles, exchange rates, trade policy and global supply chains) will have a far greater impact on the health of our local economy than we can ever hope to.
- Traditionally, the number of jobs created has been the number one economic development metric. Given the increase in automation, robotics and AI – this metric may no longer be an appropriate indicator of economic activity – need to consider quality of jobs, jobs retained, and other investment related metrics.
- Our service areas are not consistent within one clearly defined boundary. How do we track indicators across a number of different jurisdictions? Up to 47% of total service territory.

Priorities



Cohesiveness

Focus on internal meshing – aligning the organization’s view of operations through an economic development lens as one cohesive entity, not three distinct business units.

Partnership

Focus on meshing with external economic development and community partners to ensure TPU is seen as a valued community partner and integral to the success of the region. TPU is part of the economic development process from the start.

Initiatives

The plans initiatives are intended to support the

- Utilities' mission across its business units, and
- Efforts of our partners to create a vibrant and resilient economic base throughout the region.

At the same time, it is critical that our efforts are effected equitably across demographic groups and geographic units.

Talent attraction/retention and workforce development

QUESTIONS?



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1. Provide Consistent and Effective Engagement with ED Partners

- TPU role as common denominator amongst stakeholders
- Although constrained to their service territory, utilities tend to work the “regional approach” to economic development better than their state and local counterparts
- Ensuring TPU is a key component in the region’s economic development ecosystem, by supporting and proactively participating in growing the economy and increasing quality of life.

2. Establish Multi-Disciplinary Work Groups to Address Needs of New and Expanding Customers

- The intent is to prioritize retail utility sales by improving the coordination and timeliness of our responses to requests for new or expanded services.
- This initiative brings together staff from different units within TPU to coordinate responses and identify process improvements.
- Dedicate resources to retain major customers, and identify resources to assist in potential expansions.

3. Compile Current Utility Capacity Data for Key Industrial Sites

- Creating a database of key industrial and commercial sites prioritized for development by our communities provides significant value for potential new customers and existing customers by identifying associated power, water and rail capacity.
- This database would increase our responsiveness to RFIs regarding a site's suitability for development based on the request from our economic development partners.
- Collaborate with its economic development partners to establish a site certification program.

4. Create Business Development Marketing Plan

- Identify business recruitment and site selector activities for participation from TPU economic development and/or account executives
- Work with state and local economic development partners to leverage TPU resources to maximize trade show and site selector engagement
- Continue enhancing the TPU economic development web page to promote resources, activities and success stories around the service territory

5. Leverage TPU Program Resources for Business Development

Work with energy and water conservation, rail, transportation electrification, Evergreen Options and other program personnel to identify ways by which TPU resources may be leveraged to promote business retention, expansion and recruitment.

6. Communicate Importance of Economic Development

- Create a communication strategy for internal and external audiences to raise awareness of the importance of economic development
- Increase internal alignment around TPU's role in economic development.
- Promote the region on TPU's website by providing information on a regional level that site selectors are looking for when analyzing potential locations for their clients.
 - Providing links that connect to our partner's websites and current regional information.

7. Identify and implement programs that position TPU to encourage job creation and economic growth

- Work with TPU business units to implement respective economic development initiatives and ensure that these efforts have a positive impact across all business units.
- When appropriate, present Water, Power and Rail opportunities together into a cohesive TPU economic development package that supports site location and expansion decisions.

8. Collaborate with workforce training institutions to create pathways from education and training to work

- Identify work training programs that can provide the skilled workers for TPU
- Provide training to job hire pathways including apprenticeships
- Work closely with the TPU Education Outreach Coordinator to engage on workforce and talent development initiatives
- Work with TPU customers to identify work skills and qualifications that they are having problems filling and provide this input to workforce development entities to inform their future programming efforts

Economic Development Strategy 2020-2021

Economic Development Priorities and Activities



DRAFT

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8. Collaborate with workforce training institutions to create pathways from education and training to work	

Mission

Develop strategies and principles for engaging with staff and key stakeholders in identifying and maximizing economic development activities and opportunities.

Tacoma Public Utilities Economic Development Strategy 2020-2021

Purpose

When planning for economic development, the goal is to create and maintain a strong, vibrant and resilient economy. Public utility economic development planning is part of a region's overall economic development strategy and involves a multitude of intergovernmental and private sector coordination. As the region's economic climate has become more competitive and complex TPU must be proactive in creating, identifying, and responding to opportunities for economic growth and investment.

Strategic economic development plans are integral to achieving sustainable economic growth, as well as quality of place. This plan provides an overview of the Utilities' economic development policies and goals, and identifies strategies, programs, and projects to implement them in partnership with our external stakeholders.

What is Economic Development?

It is important when considering economic development that there is general agreement on the meaning of economic development and of its outcomes. While there is no one definition of economic development, the following is the official definition of the International Economic Development Council (IEDC):

Typically, economic development can be described in terms of objectives such as the creation of jobs and wealth, and the improvement of quality of life. Economic development can also be described as a process that influences growth and restructuring of an economy to enhance the economic wellbeing of a community. In the broadest sense, economic development encompasses three major areas:

- *Policies that government undertakes to meet broad economic objectives including inflation control, high employment, and sustainable growth.*
- *Policies and programs to provide services including building highways, managing parks, and providing medical access to the disadvantaged.*
- *Policies and programs explicitly directed at improving the business climate through specific efforts, business finance, marketing, neighborhood development, business retention and expansion, technology transfer, real estate development and others.*

The main goal of economic development is improving the economic wellbeing of a community through efforts that entail job creation, job retention, tax base enhancements and quality of life. ...there is no single strategy, policy, or program for achieving successful economic development. Communities differ in their geographic and political strengths and weaknesses...therefore, each will have a unique set of challenges for economic development.

The Role of Utilities in Economic Development

“All economic development is local, and it all relies on a site or a building. And every site or building is going to be served with utilities...Utilities are one of the key stakeholders in the economic development team.” Janet Ady, Site Selector

Public utilities play a significant role in promoting economic development activity to help grow and improve their communities. This requires a strategic working relationship with local and regional economic development partners. Utilities can help communities by:

- Enhancing their organizational capacity for economic development
- Supporting their readiness for commercial and industrial development
- Partnering in marketing the region to generate leads, and
- Providing tools that give communities a competitive advantage.

Operational costs are usually one of the critical deciding factors when companies are evaluating sites for a new facility. Without widely available, reliable and affordable utility services, most projects would have problems getting off the ground. While utilities are essential in assessing the readiness of a site and can be one of the most valuable partners to a company during their location efforts, it must be noted that utility services are not the only criteria in the site location analysis. Successful utilities will be those that go beyond their traditional utility norms, providing creative, value-added client services and products.

This strategic plan identifies policies and procedures by which TPU adds value to the region’s economic development efforts and is viewed as a valued community partner.

Principles

TPU Public Affairs drafted the 2020-2021 Economic Development Strategy with input from operating divisions and review and approval by executive leadership. The strategy identifies measures and initiatives that will result in greater utility engagement in regional economic development activities and contribute to job creation and private capital investment in the communities served by TPU. Successful implementation of the strategy’s recommendations will depend upon an executive level commitment to business development, recognizing the importance of economic growth and empowering staff to implement these priorities to achieve these goals.

Tacoma Power, Tacoma Rail and Tacoma Water have a history of successfully engaging in the region’s economic development efforts. The 2013 Ten Year Management Review noted the common interest in economic development that TPU shares with Tacoma General Government. Recognizing that TPU works well with General Government at the tactical level, the review suggested that there are additional opportunities to support further economic development at the strategic and policy levels. The review went on to suggest the creation of an economic development interface to coordinate efforts between TPU and the community, providing additional attention to developing policies to facilitate regional development efforts.

In the Tacoma 2025 Shared Vision/Shared Future strategic plan, economic vibrancy is identified as a key objective, prioritizing the creation of high-quality jobs, economic diversification and neighborhood business district vitality. TPU recognizes the importance of a coordinated, team approach to a successful regional economic development strategy, and supports efforts to attract and retain businesses by collaborating with our partners to encourage public and private capital investment, and job creation and retention.

The traditional economic development model focused on jobs and investment, whereas now economic development plans are shifting to a model that incorporates business development, talent development and place management. In addition, these traditional approaches to economic development have not always benefited all populations and, in many cases, the policies and programs have failed to distribute the benefits equitably across all populations and geographies. Therefore, it is an overriding goal of this plan to be intentional about ensuring inclusivity and equity in the implementation of its economic development programs, funding, and policies including those populations and neighborhoods that are located away from the region's economic centers.

The goal of this plan is to not only facilitate growth in the economy and family-wage jobs, but also facilitate economic mobility and equity across all populations throughout our service area.

Organization and Staffing

The economic development function at TPU is a relatively new position and located in the Marketing and Communications section of the Public Affairs and Communications department. A major role identified for this position is to “*develop strategies and principles for engaging in economic development activities and opportunities.*” This is to be achieved by actively engaging with staff and other key external stakeholders to investigate and identify growth opportunities for business relocation, existing business expansion, redevelopment, and retention in the Utilities' service areas.

One full-time Economic Development Manager undertakes these economic development efforts. Given these limited resources, it is critical to the program's effectiveness to leverage the work of our economic development partners. Engagement will also focus on key industry sectors, particularly those traded sectors that generate new money for the economy, i.e. export businesses.

Executive Summary

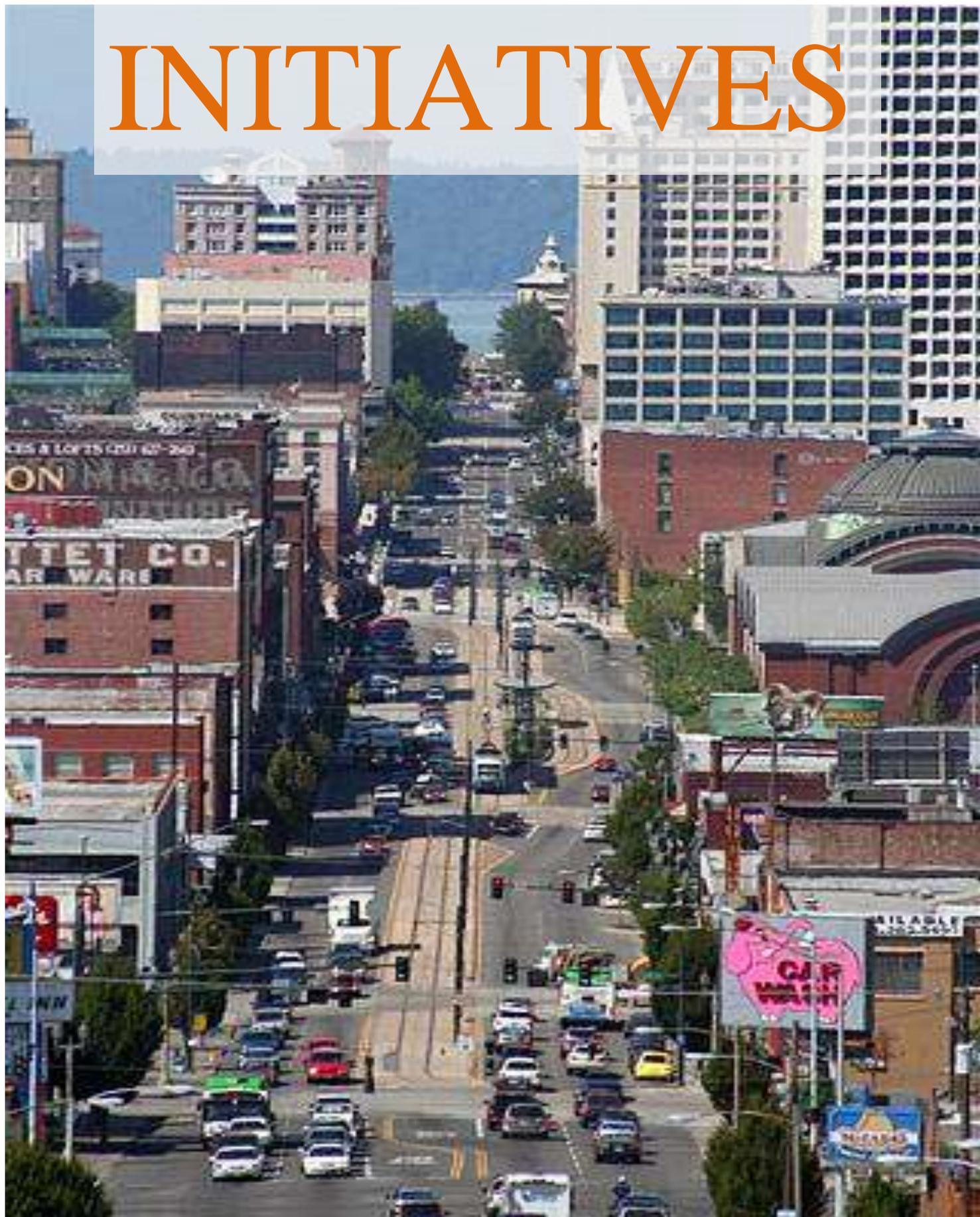
This strategic plan should inform Tacoma Public Utilities' leadership and staff on how to meet these objectives, effectively and efficiently, including the roles TPU can play in facilitating the creation and retention of family-wage jobs and supporting economic vitality in the region and the communities it serves. A broader organizational-wide lens in which economic development is approached, and the closer alignment of business unit efforts is critical for this plan's success.

The Economic Development Strategy comprises eight initiatives developed to maximize the effectiveness of TPU in working with new and expanding customers to create and retain family wage jobs and increase capital investment in the region it serves by harmonizing internal processes and coordinating with TPU's external partners and stakeholders to achieve economic development success.

- 1. Provide consistent and effective engagement with economic development partners**
 - a. Lead and align with the TPU Public Utility Board's Strategic Directive on Economic Development.
 - b. Increase internal alignment, understanding of, and communication about TPU's role in regional economic development efforts.
 - c. Partner with communities and organizations to increase coordination of economic development efforts.
- 2. Establish multi-disciplinary work groups to address needs of new and expanding customers**
 - a. Deploy multi-disciplinary teams from across business units to engage with and respond to customers seeking new or expanded service
 - b. Dedicate resources necessary to assist existing customers who require specialized attention to retain or expand their business
 - c. Increase efficiency of new connects by identifying opportunities to streamline processes and designating a first contact at the utility, providing greater consistency and coordination for customers.
- 3. Compile current utility capacity data for key commercial and industrial sites**
 - a. Develop and maintain database of water, power and rail capacity at key industrial sites.
 - b. Support and inform the establishment of a site certification program
- 4. Create business development marketing plan**
 - a. Redesign TPU economic development web pages
 - b. Proactively engage in marketing TPU service territories to new business and investment opportunities in cooperation with economic development partners.
 - c. Develop a marketing and branding effort to increase coverage and knowledge of TPU's "green and clean" business profile
- 5. Leverage TPU program resources for business development**
 - a. Leverage existing program resources such as energy conservation, efficiency and renewable energy programs to help attract prospective businesses.
 - b. Work with energy and water conservation, rail, transportation electrification, Evergreen Options and other program personnel to identify which resources may be leveraged to promote business attraction, expansion and retention
- 6. Communicate Importance of Economic Development**

- a. Communicate importance of utility economic and business development efforts to internal and external audiences.
 - b. Identify policy mechanisms that further demonstrate TPU’s support for economic development within the framework of benefits beyond cheap rates
- 7. Identify and implement programs that position TPU to support capital investment, job creation and economic growth**
- a. Identify and implement policies that increase TPU’s commitment to economic development
 - b. Bundle Water, Power and Rail programs together into cohesive TPU economic development packages that encourage economic growth
 - c. Work closely with economic development partners to attract investment in the region’s Opportunity Zones
- 8. Collaborate with workforce training institutions to create pathways from education and training to work**
- a. Proactively engage the region’s educational institutions to create a pipeline of skilled workers, not only for TPU’s business units, but for the region as a whole.
 - b. Provide input from employers to workforce developers of their employment training needs
 - c. Work closely with the TPU Education Outreach Coordinator to engage on workforce and talent development initiatives

INITIATIVES



1. Provide Consistent and Effective Engagement with Economic Development Partners

TPU invests in the economic development capacity of local and regional partner organizations allowing it a strong voice in driving key initiatives such as business attraction, retention and expansion, marketing, workforce development, FDI and trade, and site selector promotions. TPU’s economic development policy should prioritize organizations and projects that champion the creation and retention of family wage jobs and capital investment in the communities it serves, recognizing that economic development opportunities vary from community to community.

The economic development manager will be responsible for implementation and oversight of the strategy, including ongoing communication and engagement with economic development officials from Tacoma, Pierce County, communities served by TPU, and regional economic development organizations. TPU should be an active partner with our franchise cities through regular engagement in and monitoring of their meetings and planning efforts. This engagement ensures timely information on activities that are critical to their development allowing TPU to support these efforts from the start. This outreach provides an opportunity to reinforce TPU’s role as a key member of local and regional economic development teams.

Action Items:

Provide consistent and effective engagement with economic development partners				
#	Task	Owner	Date	Status
1a	Review TPU strategy with local economic development partner organizations			
1b	Assess and centralize TPU’s economic development organization memberships, points of contact and activities to ensure consistent presence, engagement and messaging			
1c	Be a strong partner and add value to the efforts of the economic development organizations TPU supports			
1d	Coordinate with other regional utilities and permitting agencies to present a coordinated front to new development			
1e	Closely monitor franchise cities’ needs and conduct regular gap analyses, ensuring they are incorporated in to TPU plans and initiatives			



2. Establish Multidisciplinary Work Groups to Address Needs of New and Expanding Customers

TPU will establish a process whereby multi-disciplinary work groups are formed to engage with and respond to requests for information by our economic development partners in support of business prospects and existing customers. The intent is to prioritize retail utility sales by improving the coordination and timeliness of our responses to requests for new or expanded services. This initiative brings together staff from different departments within TPU to coordinate responses and identify process improvements.

With respect to existing customers, TPU will dedicate resources to retain major customers, identifying resources to assist in potential expansions. Account Executives will identify customers who require specialized attention to retain or expand their business and work with the Economic Development Manager and the Work Group to determine internal and external resources to deliver in response.

Action Items:

Establish multi-disciplinary work groups to address needs of new and expanding customers				
#	Task	Owner	Date	Status
2a	Deploy multi-disciplinary teams from across business units to engage with and respond to customers seeking new or expanded service to improve the coordination and efficiency of our economic development efforts			
2b	Dedicate resources necessary to assist existing customers who require specialized attention to retain or expand their business			
2c	Increase efficiency of new connects by identifying opportunities to streamline processes and designating a first contact at the utility, providing greater consistency and coordination for customers.			



3. Compile Current Utility Capacity Data for Key Commercial and Industrial Sites

The process of starting or expanding a business is often time-consuming and expensive. TPU can provide significant value for potential new customers by identifying the power, water and rail resources available to serve new customers at key industrial and commercial sites prioritized for development by our communities. TPU should also identify areas where there is excess capacity and work with local economic development organizations to promote those industrial sites to businesses with greater utility needs.

Creating a database of key industrial sites with their associated power, water and rail capacity and the ability to add capacity in the future, would provide readily available information for business prospects and our economic development partners. In addition, it is an opportunity to fine-tune communities’ industry targets to ensure they are consistent with available infrastructure.

To that end, TPU should collaborate with its economic development partners to establish a site certification program and provide utility capacity information in support of such a program. With better understanding of existing power, water and rail services at commercial and industrial sites around the service territory, TPU staff can better engage in local and state-managed retention and recruitment efforts.

Action Items:

Compile current utility capacity data for key commercial and industrial sites				
#	Task	Owner	Date	Status
3a	In collaboration with our economic development partners, compile a database of key industrial and commercial sites. Data should include an assessment of readiness to proceed, marketability, and utility capacity.			
3b	Annually review database with internal planning staff to update status of infrastructure capacity and ability to increase capacity to serve large loads at each site			
3c	Support and inform the establishment of a site certification program			



4. Create Business Development Marketing Plan

Utility economic development initiatives uniformly emphasize proactive outreach to recruitment candidate businesses and site selection professionals through targeted industry trade-show participation and outreach to site selectors. While funding is limited, there may be many opportunities to leverage other economic development partners’ activities. Given TPU’s limited economic development resources, business recruitment efforts should prioritize target industries that are consistent with local partners’ marketing efforts. Following are some of the industries our economic development partners have prioritized for recruitment: Aerospace; Health Care and Services; Trade and Logistics; Information Technology and Cyber Security; Bioscience; and Manufacturing. While this list is not exhaustive, there may be additional industries and companies that TPU could target for outreach and recruitment, and each opportunity should be evaluated on its own merits.

Working with local economic development partners, TPU should investigate co-sponsorship of site selector familiarization (FAM) tours as an opportunity to connect with site location consultants. These opportunities can help our communities promote themselves and, perhaps more importantly, learn what they can do to be better prepared for business prospects.

TPU should help identify business recruitment or site selector activities, with participation from economic development staff and account executives where appropriate. By participating in industry activities and events, account executives working with particular industry clusters can be a resource of market intelligence to be shared with customers, adding value to TPU’s relationship.

Businesses and site selectors increasingly depend on websites for data to help narrow the field of communities under consideration for expansion or relocation. By providing basic utility information, including rate comparisons, territory maps, and other TPU programs and initiatives that benefit business visitors to the website (e.g., energy efficiency, carbon footprint calculator, rail services, water quality data), TPU can promote a positive, pro-business image.

While it is critical that TPU market itself and the advantages of doing business in the region, there may be additional opportunities to further differentiate TPU from other utilities in our region. Each of the business units has attributes that distinguish them from other service providers, and TPU should leverage these attributes to build a brand known for these advantages. These attributes include abundant clean water, 97% carbon-free power, low operating costs for businesses, conservation opportunities, and our willingness to work with companies to find the best possible solution to their location and utility requirements. Leveraging this brand across multiple platforms should become a part of all our marketing materials.

Action Items:

Create business development marketing plan				
#	Task	Owner	Date	Status
4a	Identify business recruitment and site selector activities for participation from economic development and/or account executives			
4b	Work with state and local economic development partners to leverage TPU resources to maximize trade show and site selector engagement			
4c	Redesign TPU economic development web pages to promote resources, activities and success stories around the service territory			
4d	Develop a TPU brand around differentiating attributes, promoting clean, green and abundant.			



5. Leverage TPU Program Resources for Business Development

TPU should effectively leverage its energy efficiency and conservation resources to support business development efforts, such as promoting programs and target industry case studies in marketing materials (e.g., website) aimed at attracting new business development. TPU should also review opportunities to leverage other business areas (Evergreen Options program, transportation electrification, procurement) to advance economic development opportunities for new and existing customers.

Action Items:

Leverage TPU program resources for business development				
#	Task	Owner	Date	Status
5a	Work with energy and water conservation, rail, transportation electrification, Evergreen Options and other program personnel to identify which resources may be leveraged to promote business recruitment, expansion and retention			



6. Communicate Importance of Economic Development

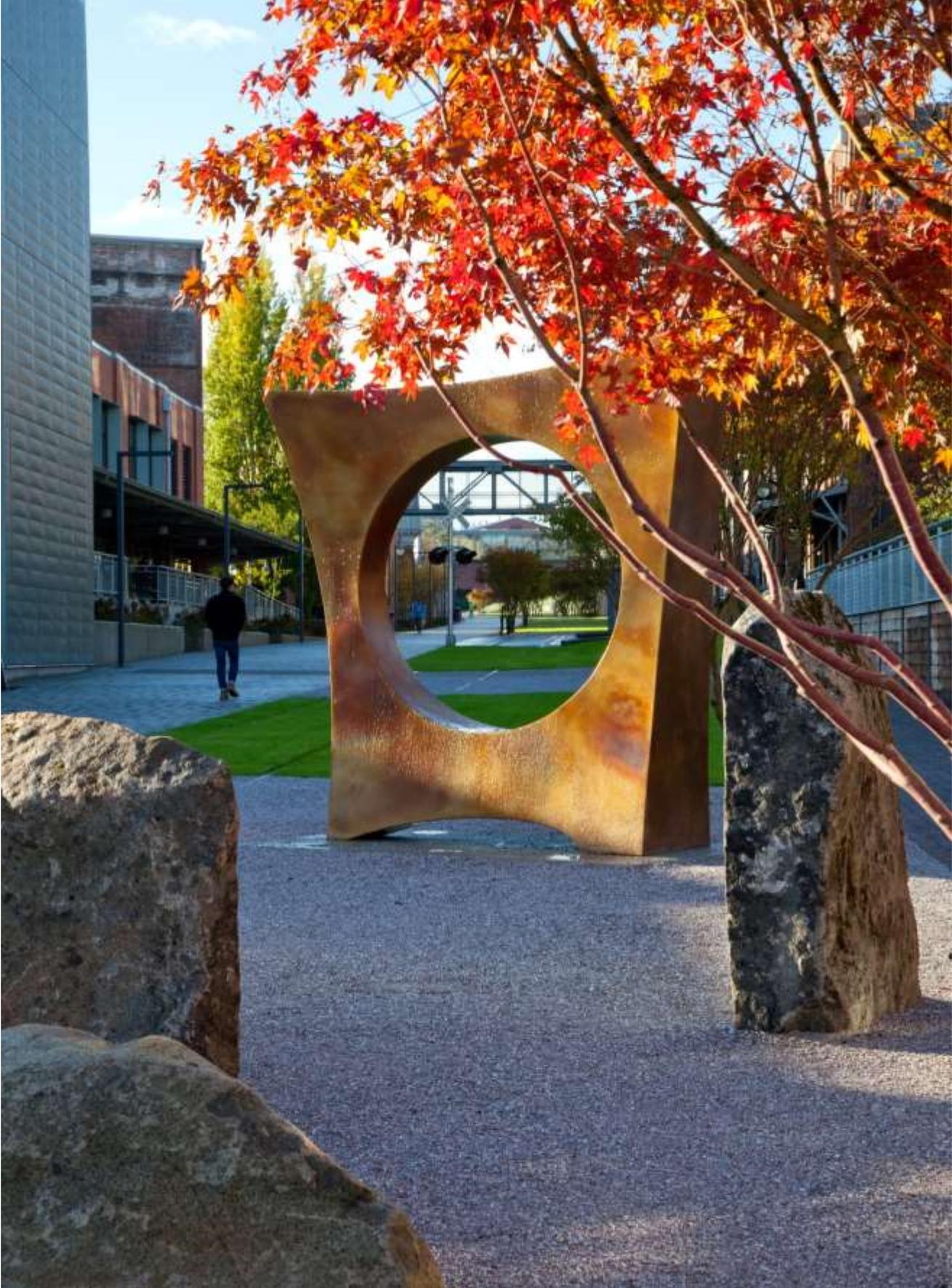
The success of this Economic Development Strategy will depend on engagement and support throughout TPU, from Board Members and Senior Leadership, to customer service personnel who often have the first contact with a new customer; estimators; planners; and construction project managers. Economic development at TPU needs to be seen through an organizational-wide lens rather than through its constituent business units. In order to implement this approach, it should be common practice to convene multi-disciplinary teams, cutting across utilities and divisions, to facilitate full engagement and maximize results. Clearly demonstrating the importance of economic growth and how everyone throughout the organization plays a role is pivotal in fostering a culture of support for economic development.

TPU should articulate the value of “traded sector” industries to the local economy. Traded sector industries produce goods and services that are largely sold and consumed outside of Pierce County, thus importing dollars into the regional economy. These new dollars support the non-traded businesses in our communities and together are critical to a healthy and resilient economy.

TPU will communicate the role it plays in economic development and the resulting economic impacts in the communities it serves. TPU will better utilize its web presence to highlight its role as well as the importance of traded sector investment and jobs to the local economy. In addition, on its economic development web pages it will promote the community and region by providing critical information for business development and recruitment efforts that advance economic development projects and complement the efforts of our economic development partners.

Action Items:

Communicate Importance of Economic Development				
#	Task	Owner	Date	Status
6a	Increase internal alignment regarding TPU’s role in economic development			
6b	Create a communications strategy for internal and external audiences to raise awareness of the importance of economic development			
6c	Promote the region on the TPU website by providing critical information and ensuring that information is present and up to date			



7. Identify and Implement Programs that Position TPU to Support Capital Investment, Job Creation and Economic Growth

The economic development functions of many utilities around the country include the implementation and management of incentive rates with the goal of retaining customer load and attracting business expansions and recruitments. The practice of offering incentive rates has generally not been favored in the West Coast states. While TPU rates are already quite favorable to those of other utilities in the region and around the country, there may be other opportunities to become more attractive to new industrial and commercial customers.

In 2014, SAGE Management Consultants conducted the TPU Ten Year Management Review and made recommendations that would increase TPU’s commitment to economic development. These policy recommendations included:

- Stopping the current practice of charging prospective large customers for system load studies;
- Identifying creative financing approaches such as longer payback terms or a revenue-based extension allowance to offset utility development costs;
- Adding a bill surcharge for undergrounding facilities to create a fund for undergrounding projects over time.

As part of the Economic Development Strategy, TPU economic development will work with Tacoma Power and Tacoma Water as the business units review their consultants’ recommendations and identify potential initiatives to attract and retain customers. Additionally, Tacoma Rail already offers volume incentives to attract incremental business. At the TPU level, it is most important that these incentives are bundled together to be promoted as a package that encourages economic growth in the region.

The Opportunity Zone program, created in 2017, was designed to provide tax incentives to investors to finance development in underserved communities of high unemployment and poverty rates. TPU will collaborate with partner organizations to identify those zones within TPU’s service areas and assist in attracting investment into those areas.

Action Items:

Identify and implement programs that position TPU to encourage job creation and economic growth				
#	Task	Owner	Date	Status
7a	Identify and implement policies and rate designs that increase TPU’s commitment to economic development			
7b	Bundle Water, Power and Rail programs together into cohesive TPU economic development packages that encourage economic growth			
7c	Work closely with economic development partners to attract investment in the region’s Opportunity Zones			



8. Collaborate with Workforce Training Institutions to Create Pathways from Education and Training to Work

TPU should support comprehensive, demand-driven training programs around the region to work with businesses, regional groups, education providers, and other stakeholders to deliver effective job training. TPU should facilitate the connection between business and workforce to align skills and interests with real work opportunities in its business units and provide a clear path from education and training to job opportunities.

In addition, engaging with a wider group of stakeholders focused on talent initiatives will require a shift in resources by spending more time aligning resources across partners with shared goals. Partnering with organizations that focus on the attraction and retention of talent will help ensure the region is attractive to employers who may be struggling to meet their employment needs in other regions with a less skilled talent pool.

The region is home to several educational institutions that engage in many aspects of economic development, in particular, education and workforce training. TPU has strong relationships, as customers and as community partners, with the University of Washington Tacoma, University of Puget Sound and Pacific Lutheran University, as well as Bates Technical College and Tacoma Community College. There is an opportunity to leverage these relationships to promote further workforce training to meet the needs of TPU and current and future employers in the region.

Action Items:

Collaborate with workforce training institutions to create pathways from education and training to work				
#	Task	Owner	Date	Status
8a	Identify work training programs that can provide the skilled workers for TPU and provide training to job hire paths including apprenticeships			
8b	Work closely with the TPU Education Outreach Coordinator to engage on workforce and talent development initiatives			
8c	Work with TPU customers to identify work skills and qualifications that they are having problems filling and provide this input to workforce development entities to inform their future programing efforts			





Advanced Meter Project Draft Opt-Out Policy

Public Utility Board Study Session
September 11, 2019



●●● Agenda

- Why an Opt-Out Policy?

- Proposed Policy
 - General Statements
 - Meters and Visual Indicators
 - Eligible Customers
 - Fees

- Feedback and Next steps

Why an Opt-Out Policy?

- **Purpose:**

- Provide customers an alternative to a standard advanced meter installation
- Anticipate and prepare for a small group of concerned customers' needs

- **Core Principles:**

- Allow customers an equitable choice of service, while meeting utility equipment requirements
- Identify and equitably allocate the costs of alternative meter options
- Understand potential policy impacts on each customer class
- Educate customers on the benefits of an advanced meter



Why an Opt-Out Policy?

Anticipated Advanced Meter Opt-Out Customers

Power

Approximately
176,000
Total Customers

880
Opt-Outs

Based on national statistics, TPU anticipates approximately 0.5% of power customers will want to opt-out (880 of 176,000).

Why an Opt-Out Policy?

- Utilities have seen better acceptance results with a policy that addresses rather than resists opposition.
- A key goal of our customer outreach is to:
 - Educate customers on the benefits of an advanced meter
 - Keep the refusal percentage low to realize maximum customer benefits



Benefits of Advanced Metering



	Customer Benefits (over time)	Standard Advanced Meter	Opt-Out Meter
	Frequent usage data and expanded ways to save money	✓Yes	No
	Easier move in, out, and reconnection	✓Yes	No
	Faster outage and leak detection	✓Yes	No
	Flexible payment options (including pre-pay and selectable bill date)	✓Yes	No
	Budget billing	✓Yes	✓Yes
	Monthly billing	✓Yes	✓Yes
	Automated meter reading	✓Yes	No
	Reduced environmental impact	✓Yes	No

General Policy Statements

- **Advanced Metering Participation**

- All customers will be upgraded to advanced metering during mass deployment.
- New accounts will automatically participate in advanced metering.



Power &
Water Meters

General Policy Statements

- **Customers will be given the opportunity to opt-out.**
 - *Before* meter upgrade
 - *After* meter upgrade
- **Opt-Out Participation**
 - Customers must opt-out at the account level
 - Opt-out services will be converted to advanced metering upon move-out (or account closing).
 - An opt-out customer moving to a new location will be required to opt-out again (including related fees).
 - Customers must sign a form acknowledging fees, terms, and conditions.

Electric Opt-Out

• Electric Meter Options:

Opt-Out BEFORE Meter Upgrade

- Defer meter upgrade:
 - Customers can temporarily keep their existing legacy meter
 - Upgraded to radio off meter upon:
 - Legacy meter failure
 - Meter maintenance/obsolescence
 - Customer decision to upgrade
 - Meter will be wirelessly set up at the service location before turning the radio off

- Upgrade to radio off meter



Legacy Meter



Radio Off Meter

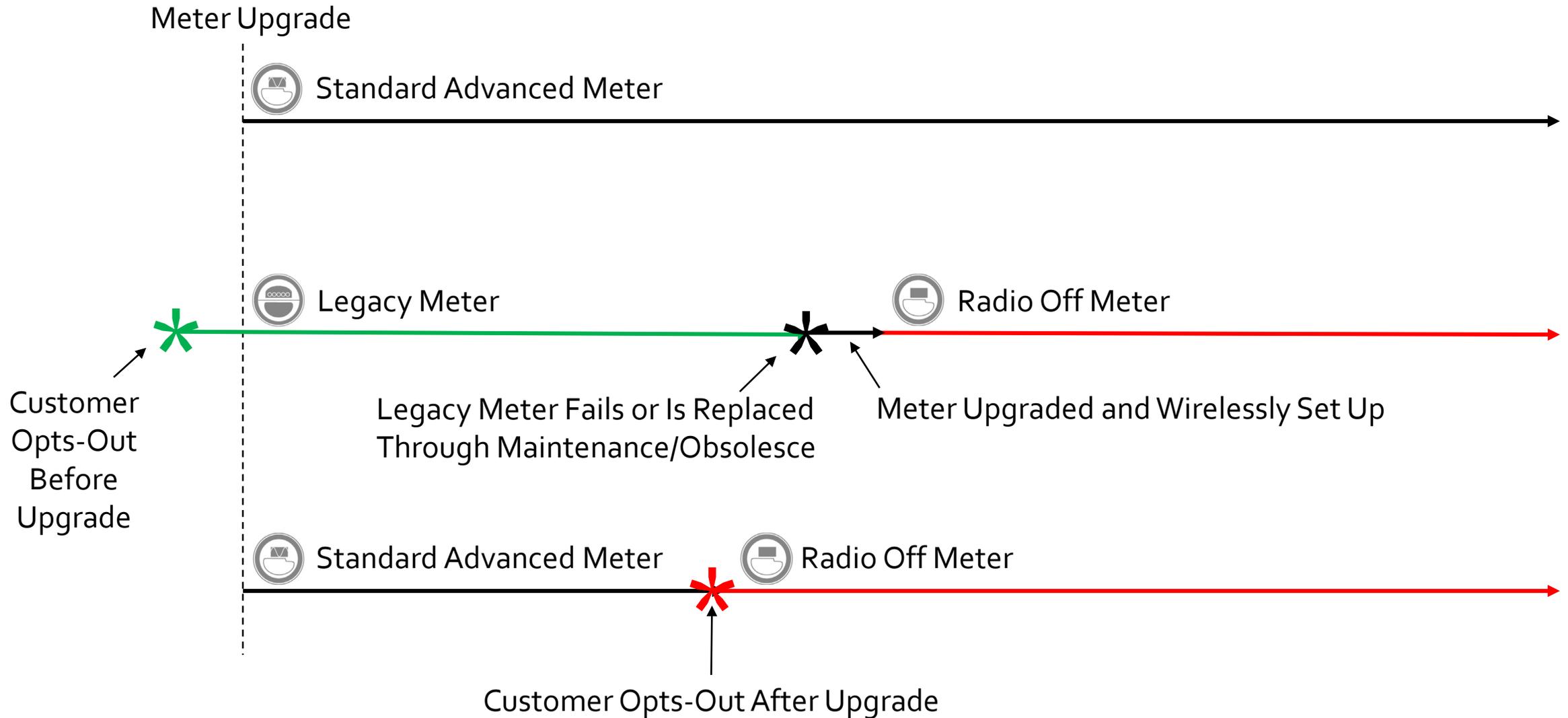
Opt-Out AFTER Meter Upgrade

- Radio off meter
 - Meter has already been wirelessly set up at the service location



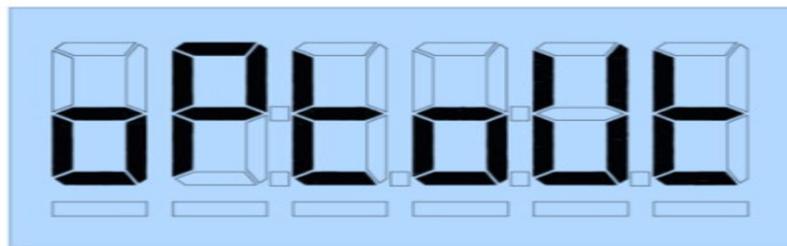
Radio Off Meter

Electric Opt-Out Timeline

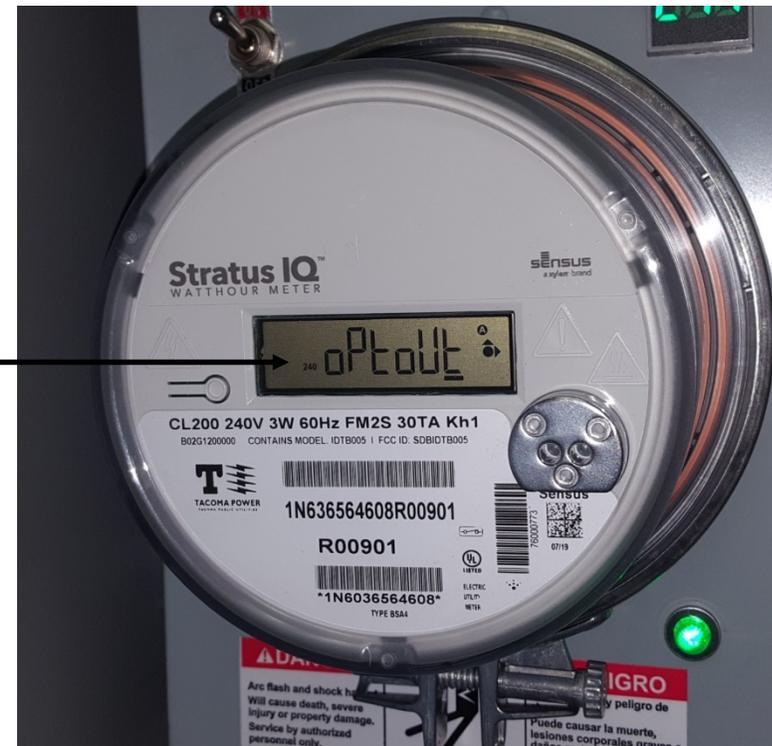


Power Meters

- **Radio Off Meter:**
 - The meter's radio transmission communications will be turned off (opt-out mode).
 - Communications can be enabled and disabled remotely.



("Opt-Out")



Policy Decision #1



- Should TPU provide a water meter opt-out option?
 - A) Staff Recommendation: No
 - Water meters are typically located in the public right of way, not on private property
 - Peer utilities have seen the most opposition to electric meters, not water/gas
 - Many large water utilities researched do not offer an opt-out option
 - Eliminates a one time fee for opting-out of water
 - Does not eliminate potential customer privacy concerns related to a water advanced meter
 - B) Alternative: Yes
 - Provides an option to opt-out of the water advanced meter radio
 - Provides a balanced policy approach by providing an opt-out option for both power and water
 - Costs for water opt-out would be allocated to individual customers through a one time fee
 - Current fee estimate: \$40-50 per field visit
 - One field visit if customer opts-out **before** upgrade
 - Two field visits if customer opts-out **after** upgrade

Water Meters (if needed)

- **Radio Removed:**
 - Radio communication module can be removed and changed to a touch read sensor.

Standard Installation

Advanced Meter With
Radio Communication Module



Opt-Out Option

Touch Read Sensor



Water Opt-Out (if needed)

• Water Meter Options:

Opt-Out *BEFORE* Meter Upgrade



Touch Read
Sensor

- Defer communication module installation:
 - Water meter is upgraded
 - Radio communication module is not installed
 - Touch read sensor is utilized

Opt-Out *AFTER* Meter Upgrade

- Radio communication module is removed
 - Touch read sensor is utilized



Touch Read
Sensor

Eligible Customers

Customer Type	Eligible to Opt-Out
Residential: Single Family or Multi-unit of 4 units or less	✓ Yes*
Move-in, New Account, New Service	✓ Yes*
Residential: Multi-unit > 4 units	No
Commercial & Industrial	No
Net Metering (solar)	No
Temporary Service	No

• In a tenant-landlord relationship, the utility account owner completes the opt-out form.

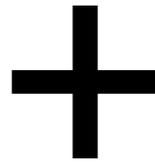
***Ineligible to opt-out or opt-out is revoked if customer has record of:**

- Equipment tampering or electric/water diversion
- Service disconnection for lack of payment 2 times in a 12 month period
- Obstructed meter access for meter reading and/or meter maintenance

Proposed Opt-Out Fees

**One-Time
Opt-Out Fee**

(cost to setup meter and account for opt-out)



**Recurring
Billing Cycle Fee**

(recurring cost to manually read and process meters)

- Fees are based on TPU's estimated cost of service to configure and operate the opt-out program.
- Customers can opt-in at anytime for no charge.

Initial One Time Opt-Out Fee

One-Time Opt-Out Fee

(cost to setup meter and account for opt-out)

- A one-time opt-out installation and administrative set up fee will be charged
 - Fees will be based on estimated costs to TPU to accommodate opt-out meters
 - Additional field visits (labor and vehicles)
 - Additional software integrations
 - Additional equipment costs
- One-time fee is not charged for customers completing their opt-out application before their meter is upgraded

Recurring Billing Cycle Fee

Recurring

Billing Cycle Fee

(recurring cost to manually read and process meters)

- A recurring fee will be charged each billing cycle based on TPU's costs to provide the opt-out service, including:
 - Meter reading labor
 - Vehicle and drive time
 - Customer services, data systems, and office administrative time.
- Fees to begin on the billing cycle following meter installation

Assistance Programs

- Opt-out customers and associated opt-out fees will follow TPU's existing bill payment assistance programs and eligibility requirements.

Discount
Rate Program = 30% Discount

DRAFT Opt-Out Fees

- **Draft Opt-Out Fees:**

Opt-Out *BEFORE* Meter Upgrade

- Recurring Bill Cycle Fee*:
 - \$20-30/cycle
- One Time Opt-Out Fee*:
 - \$0 Electric Fee

Opt-Out *AFTER* Meter Upgrade

- Recurring Bill Cycle Fee*:
 - \$20-30/cycle
- One Time Opt-Out Fee*:
 - \$200-225 Electric Fee

*Assumptions:

- 1) 0.5% of all customers will opt-out, 2) Fees distributed equally to opt-out customers by commodity,
- 3) Assumed drive times between customer locations, 4) Minimum expected fee ranges shown, 5) Subject to change

Fee Examples

Utility	One Time Fee	Monthly Meter Reading Fee	Comments
Seattle City Light	\$124.43 (admin) <u>\$84.21 (install)</u> \$208.64 (total)	\$15.87	-One-time install fee waived if opting-out two weeks before mass installation. -60% discount for rate assistance customers. -Net metering is not eligible.
Puget Sound Energy	\$90 electric \$50 gas	\$15 per meter	-One-time fee waived if notified before mass installation. -Billing cycle fee is every other month.
Avista	\$75	\$5	-One-time fee waived if within 31 days of install. -Recurring fee waived for income assistance customers.
ComEd	\$77.47	\$21.53	-One-time fee charged if after installation. -Monthly fee begins four billing periods after installation.
Con Edison	\$104.74 electric \$93.91 gas	\$9.50	-One-time fee only charged if after installation.
Grant PUD	\$250.99	\$63.64	-Rural.

●●● Policy Decision #2



- Should additional software integration costs be allocated to the advanced meter project?
 - A) Staff Recommendation: No
 - Costs for electric opt-out would be allocated to individual customers through a one time fee
 - Current fee estimate: \$200-225
 - Additional electric opt-out specific software integrations are required to automate and correctly synchronize the radio off electric meter with TPU systems (~\$190,000)
 - B) Alternative: Yes
 - Aligns with general project scope and is consistent with the approach of similar project software integrations (e.g. pre-pay)
 - Eliminates a one time fee for opting-out of the electric advanced meter
 - It is challenging to precisely allocate specific one-time costs to individual customers (unknowns include the number of opt-outs and when opt-outs will occur)

Feedback and Next Steps

- **Feedback**
- **Next Steps:**
 - **Incorporate policy decisions into advanced meter workshops**
 - **Finalize policy documentation:**
 - Resolution
 - Opt-out form
 - Costs and Fees
 - **Finalize customer communication strategy and materials**
 - **Prepare for policy review and approval**

Our Energy Future

Session 2: Resource Adequacy

Ray Johnson
Assistant Power Manager

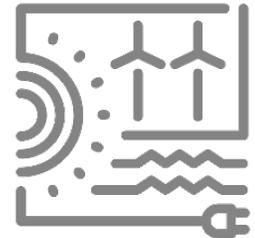
Rachel Clark
Resource Planning Manager

Overview

What is Resource Adequacy?

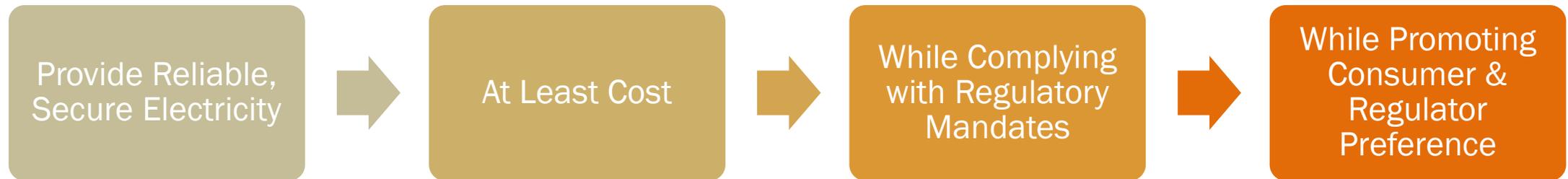
Having enough resources to serve loads

Resource adequacy can be measured in different ways and on different geographic levels (utility-specific, regional, etc.)



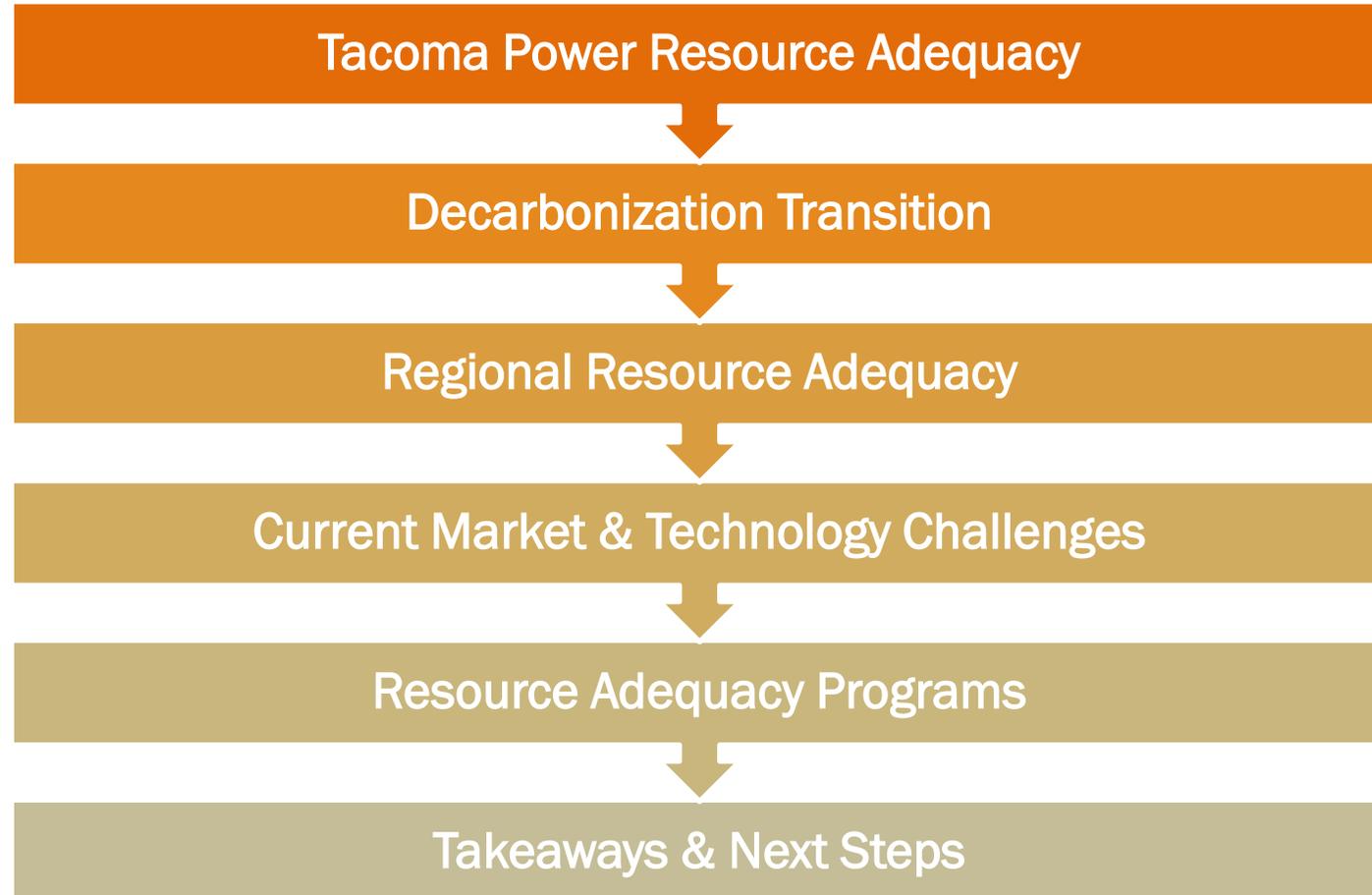
Overview

Today's Challenge for Utilities



Overview

Presentation Overview



Tacoma Power Resource Adequacy

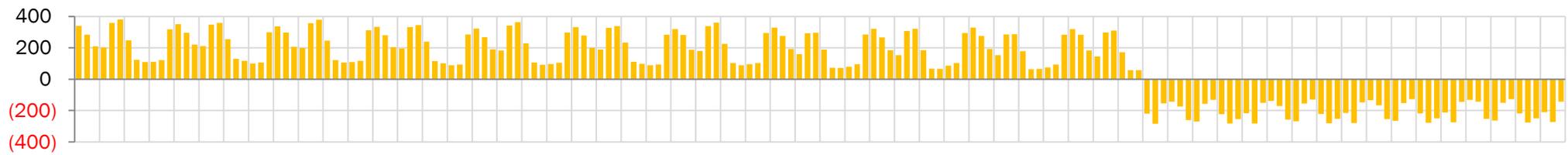
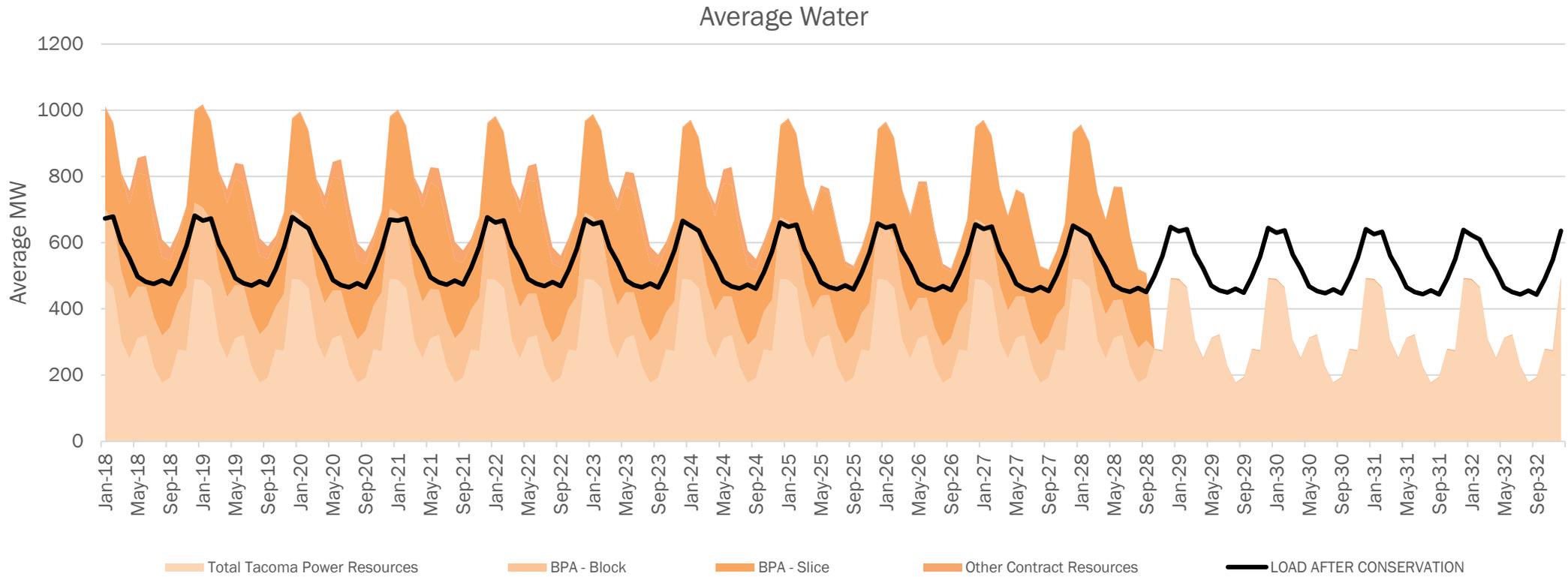
Section 1

Does Tacoma Power have adequate resources now? Will it in the future?

Question 1

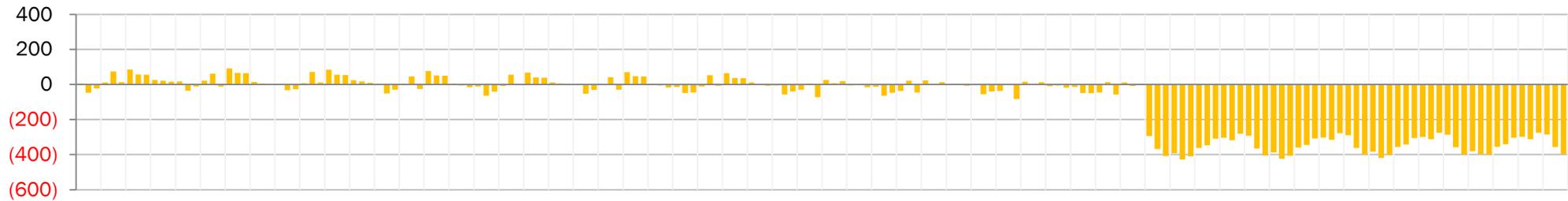
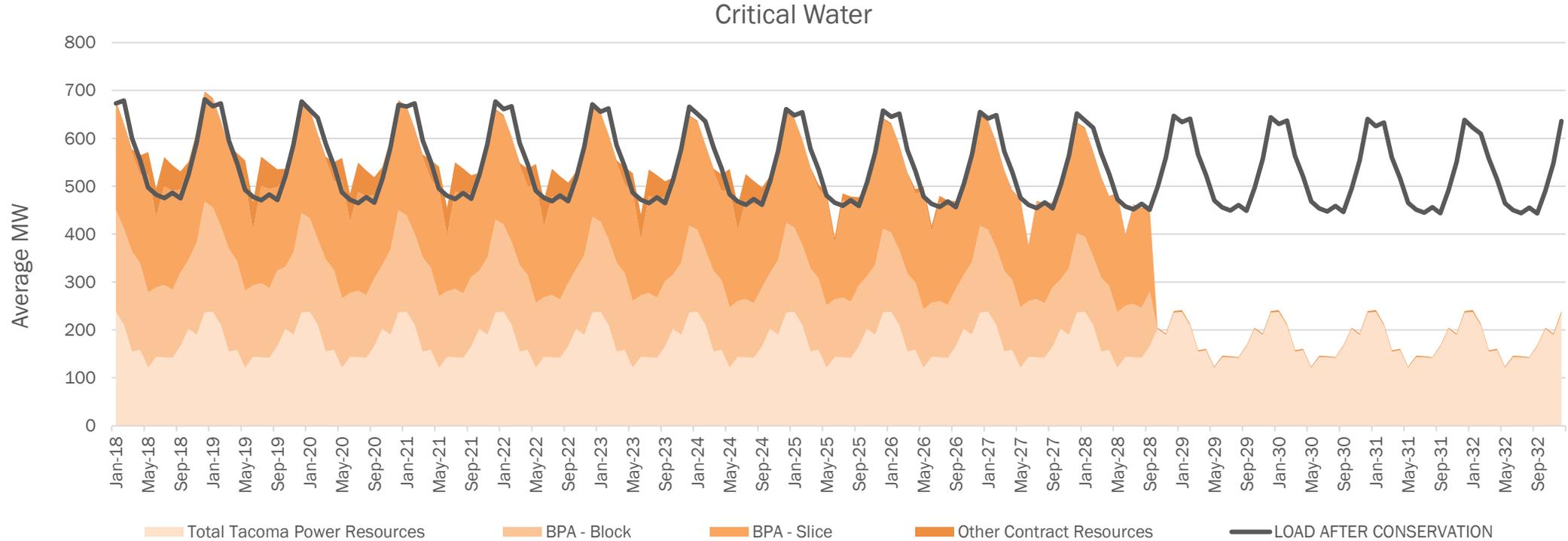
Tacoma Power Resource Adequacy

Energy: Long-Term Load-Resource Balance



Tacoma Power Resource Adequacy

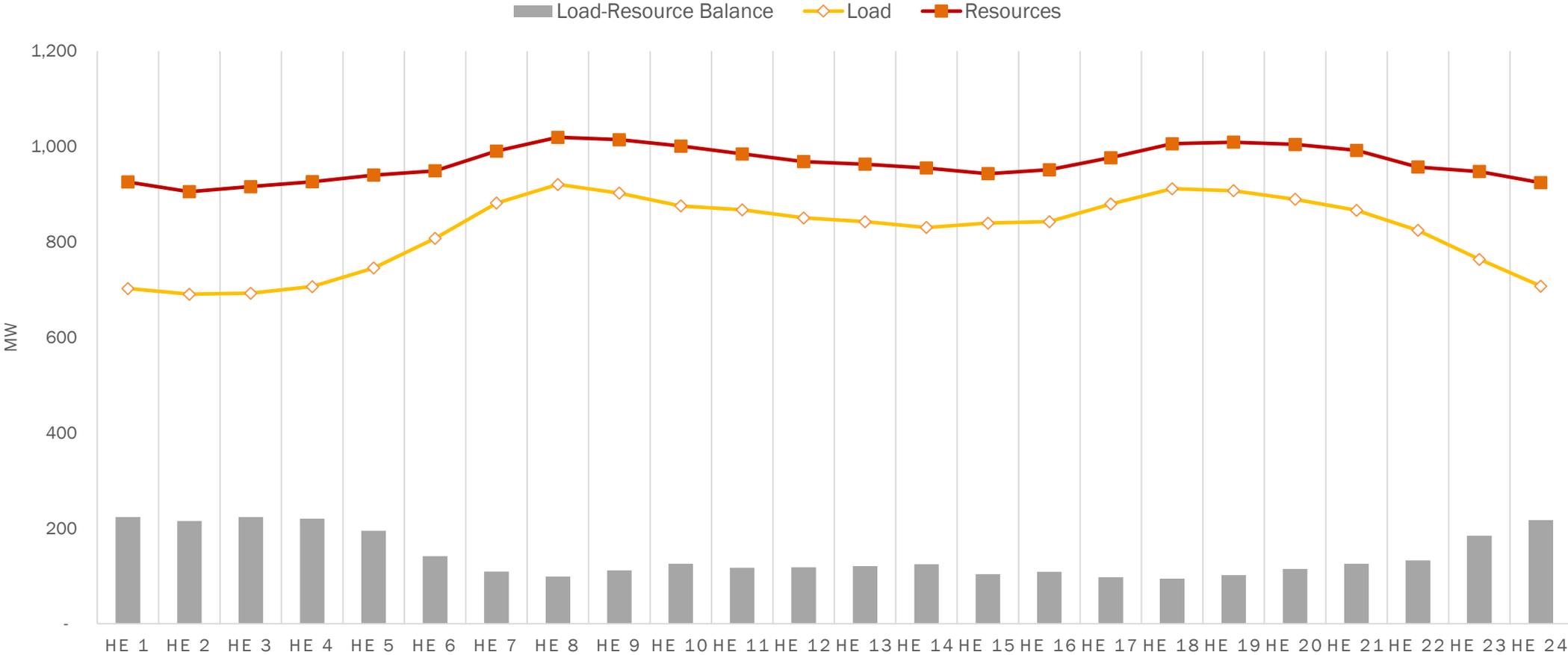
Energy: Long-Term Load-Resource Balance



Tacoma Power Resource Adequacy

Capacity Now: January Peak Day

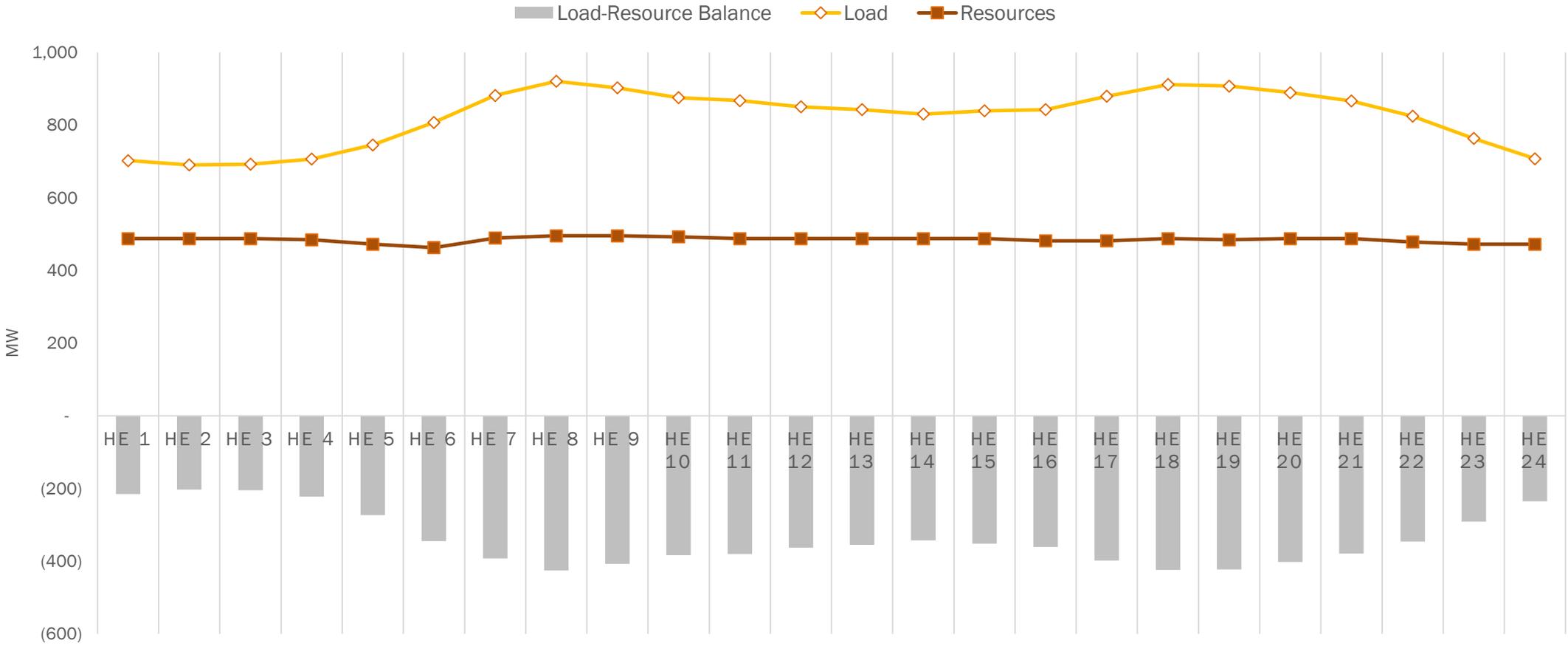
CURRENT PORTFOLIO



Tacoma Power Resource Adequacy

Capacity post-2028: January Peak Day

NO BPA



Decarbonization Transition

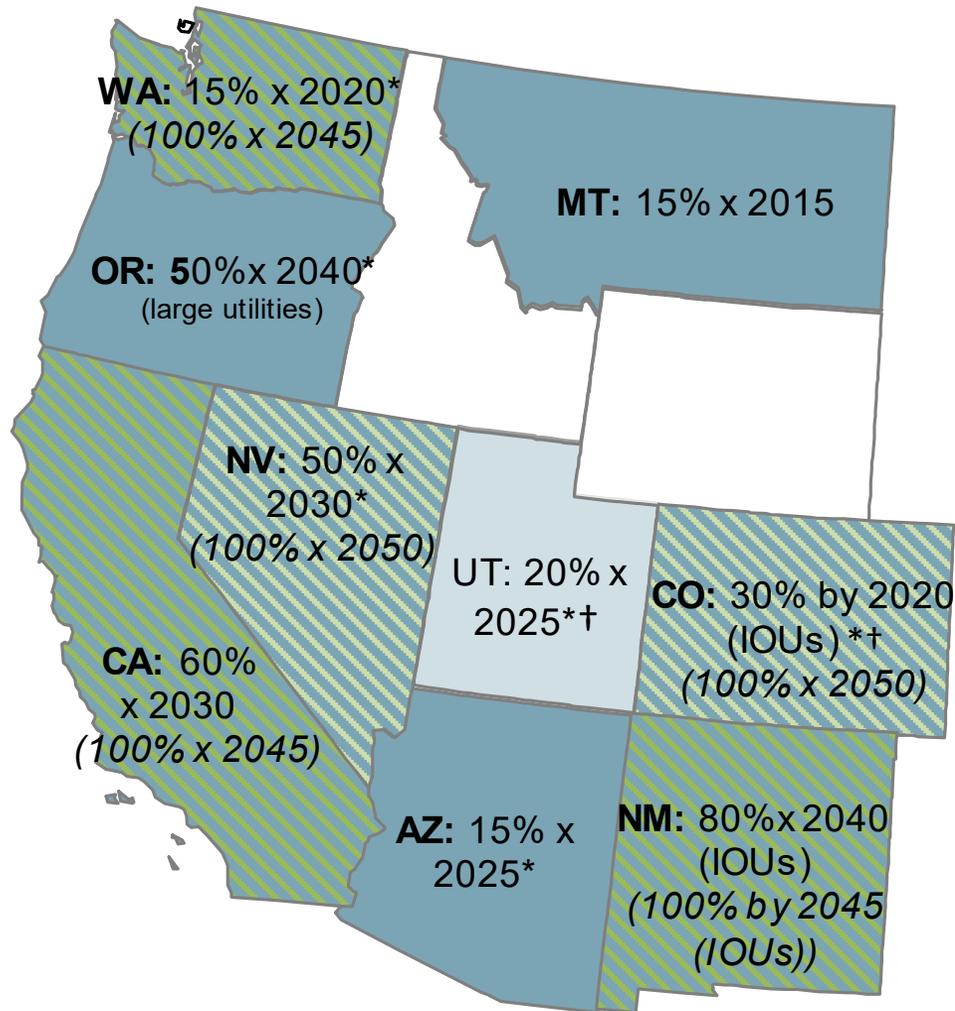
Section 2

How will the transition toward decarbonization impact regional resource adequacy?

Question 2

Decarbonization Transition

WECC Renewable & Clean Portfolio Standards

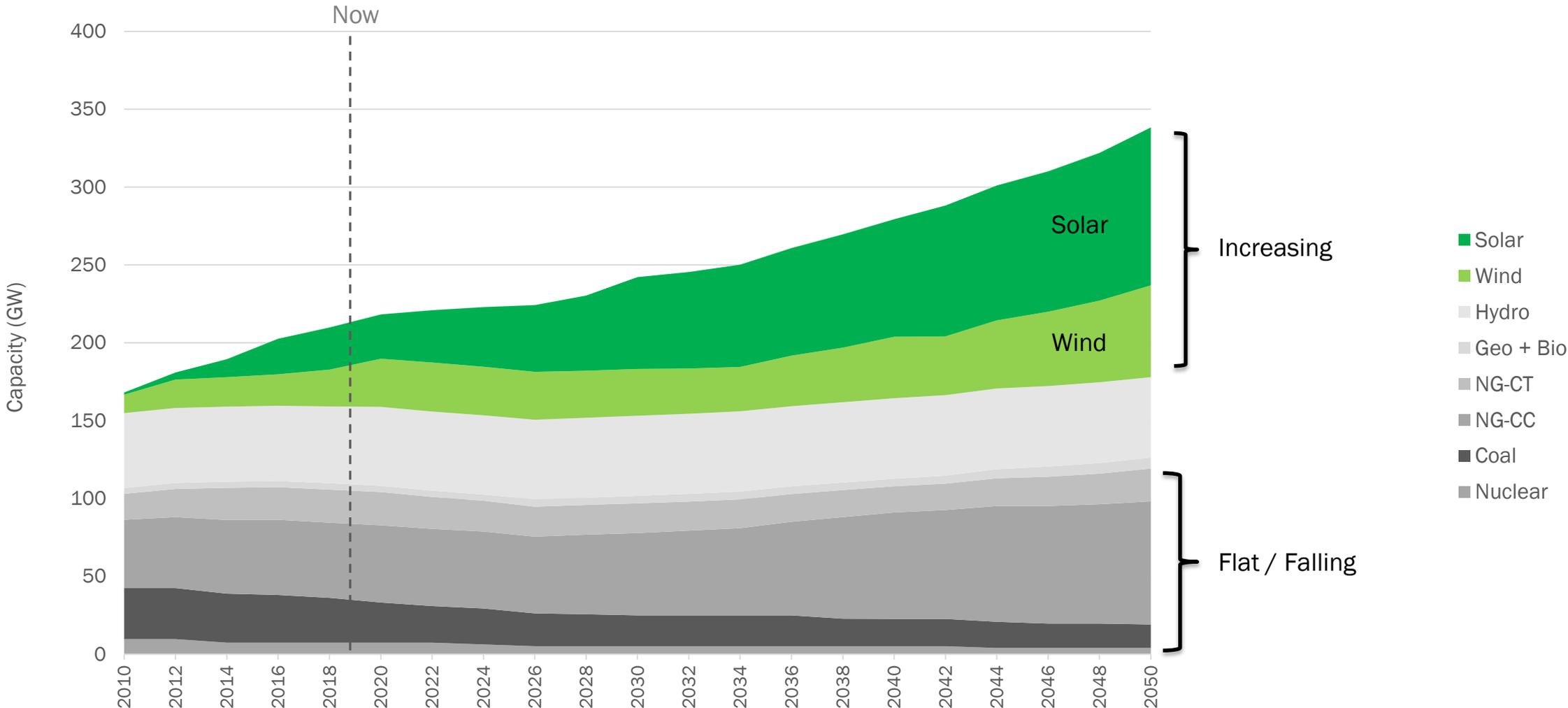


- Renewable portfolio standard
- Renewable portfolio goal
- Clean energy standard
- Clean energy goal

- *** Extra credit for solar or customer-sited renewables
- †** Includes non-renewable alternative resources

Decarbonization Transition

WECC Renewables to Increase, Coal to Decrease



Decarbonization Transition

Dispatch Characteristics

Dispatchable



Intermittent

A generating resource that is not continuously available due to external factors that cannot be controlled.



Base-Load

Base load power plants are plants that tend to operate continuously at maximum output.



Peaking

A generating resource that is run occasionally – usually to meet high demand.



Load Following

A generating resource that adjusts its power output as demand fluctuates throughout the day.

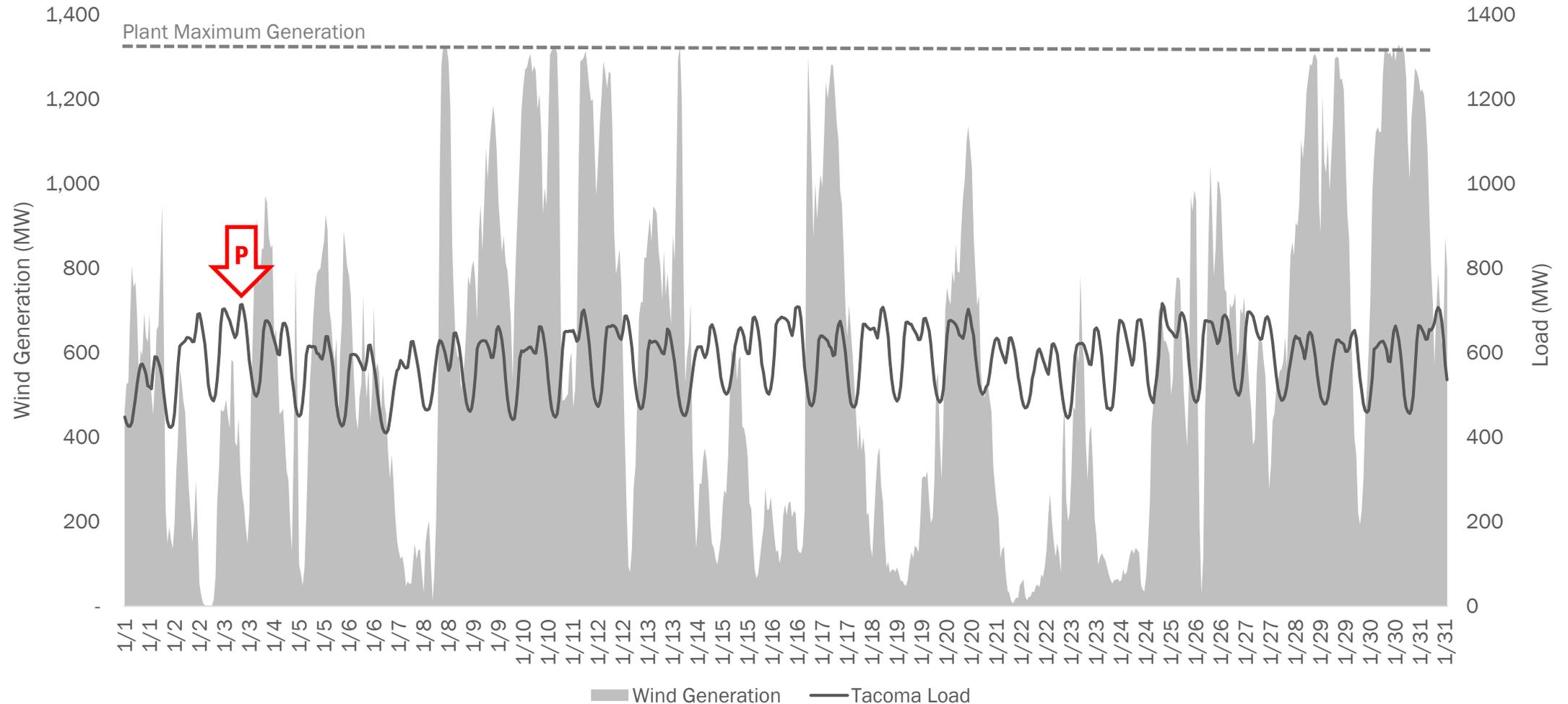
Decarbonization Transition

Dispatch Characteristics

		Dispatch			
		Intermittent	Base-Load	Peaking	Load-Following
Alternative	Wind	█			
	Solar PV	█			
	Fuel Cell		█		
	Demand Response			█	▨
	Battery			▨	█
	Geothermal		█		
Conventional	Coal		█		█
	Nuclear		█		
	Gas Peaking			█	█
	Gas Combined Cycle		█		█
Tacoma	BPA		▨	█	█
	Conservation		█		
	Tacoma Projects	▨	▨	█	█

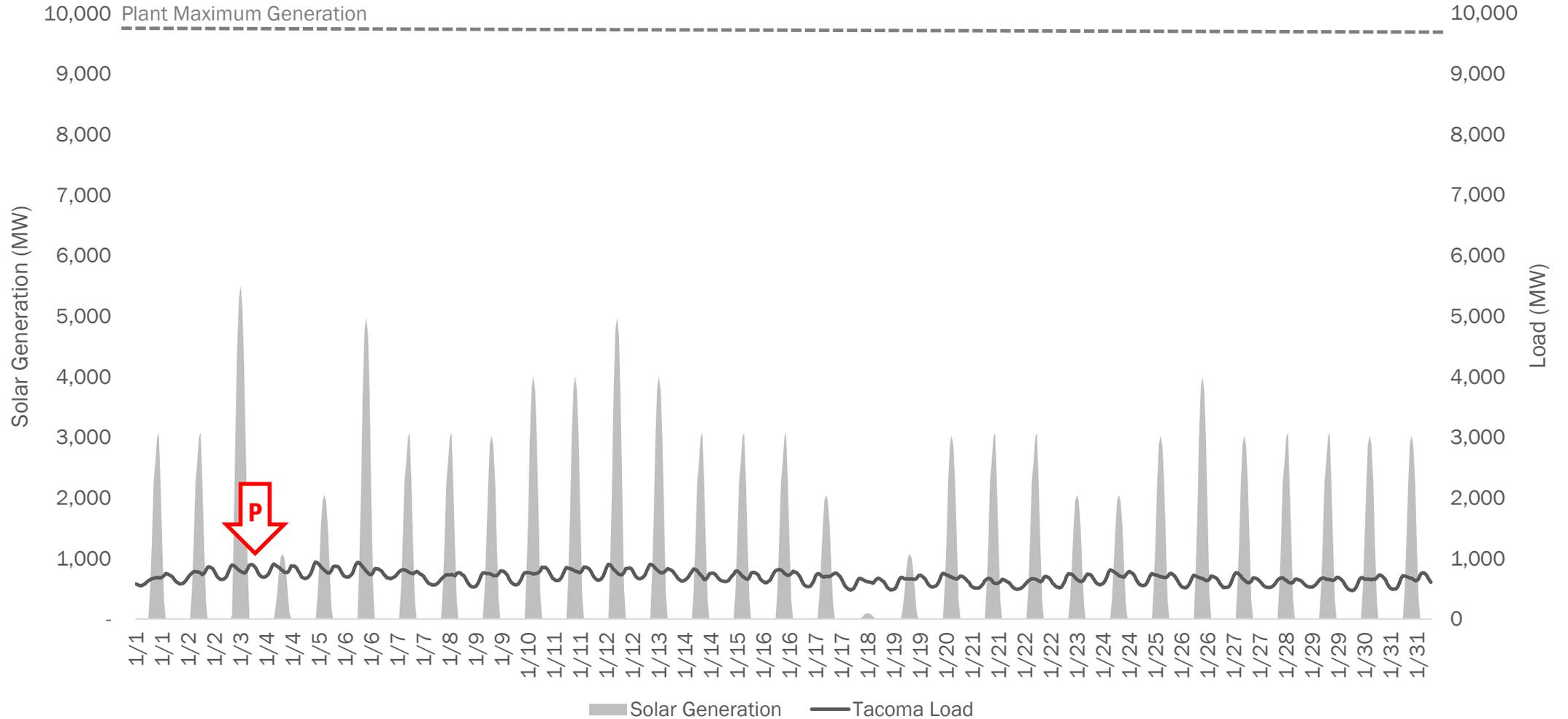
Decarbonization Transition

Wind Intermittency: January 2016



Decarbonization Transition

Solar Intermittency: January 2017



Regional Resource Adequacy

Section 3

Does the Northwest have adequate resources now? Will it in the future?

Question 3

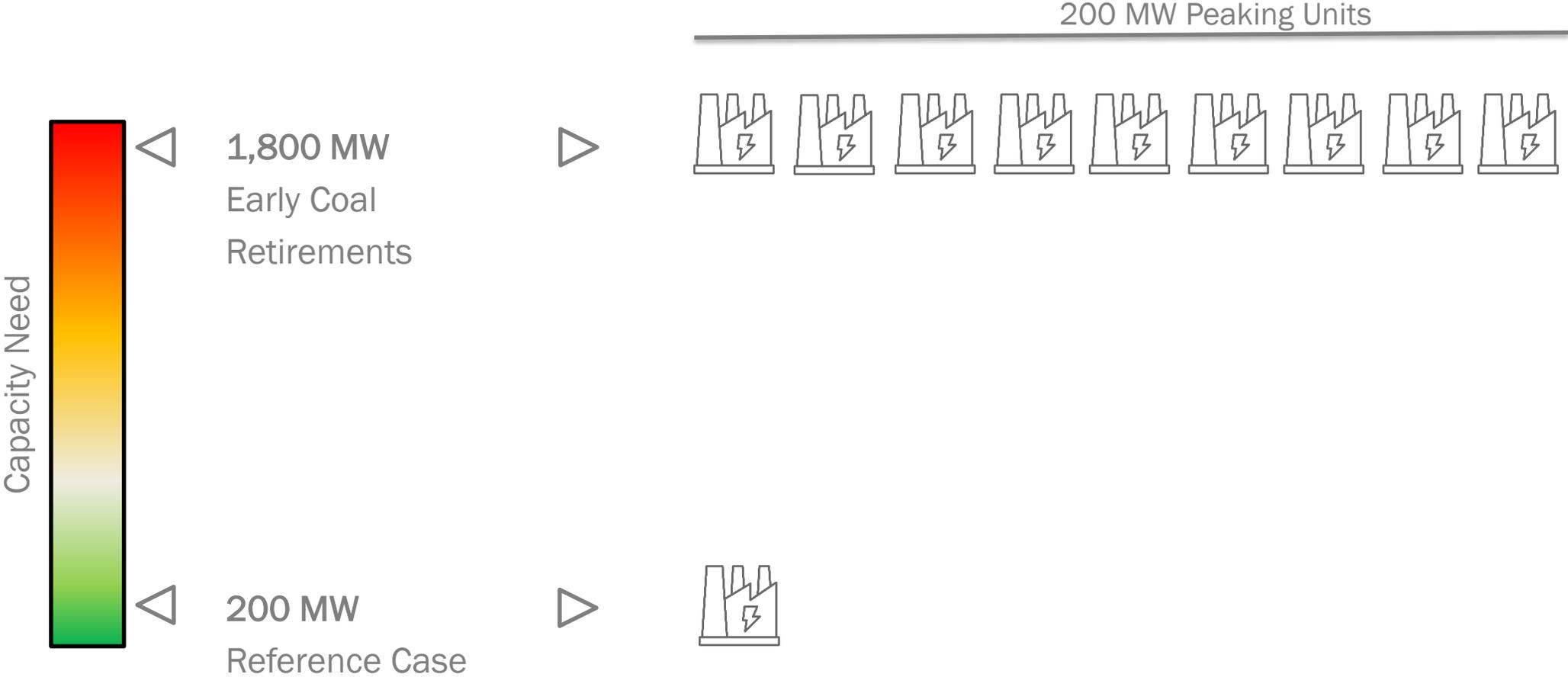
Regional Resource Adequacy

NWPCC Resource Adequacy Assessment

Show Video

Regional Resource Adequacy

Estimated 2024 Capacity Need



Current Market & Technology Challenges

Section 4

What challenges do utilities face in addressing this potential shortfall?

Question 4

Current Market & Technology Challenges

Limited Options at This Time



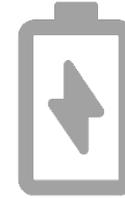
Natural Gas

Environmental policy in the region increase the difficulty in permitting, building new natural gas generation and expanding natural gas pipeline capacity.



Transmission

Challenges in building new transmission infrastructure to enable access to higher capacity factor renewables (e.g. Montana wind).



Other

High cost for emerging alternatives:

- Pumped hydro
- Batteries
- Demand Response
- Modular Nuclear
- Thermal with CCS
- Simple-cycle turbine with carbon-neutral fuel

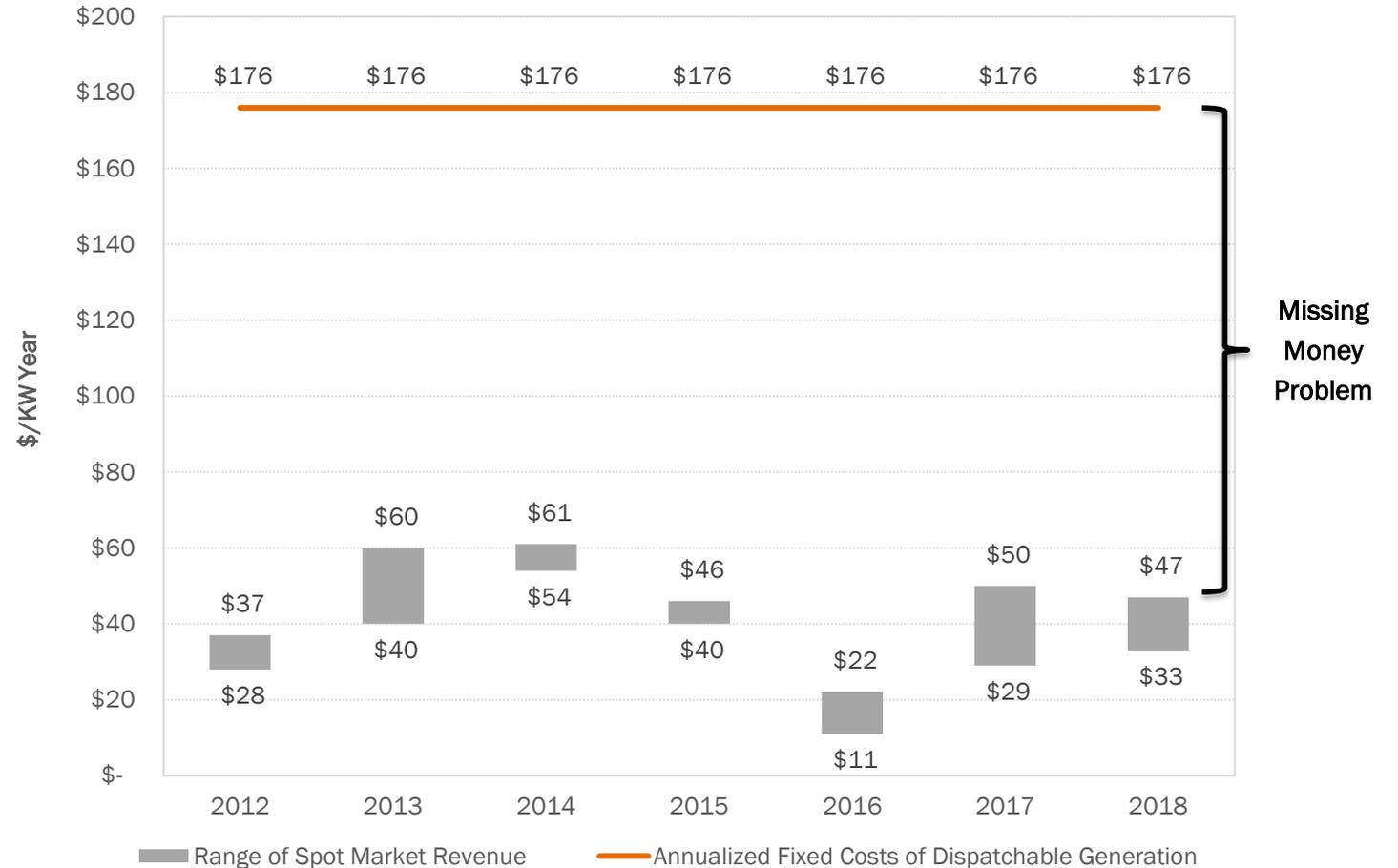
Current Market & Technology Challenges

Missing Money Problem

When market prices do not fully reflect the value of investment in the resources needed to meet load

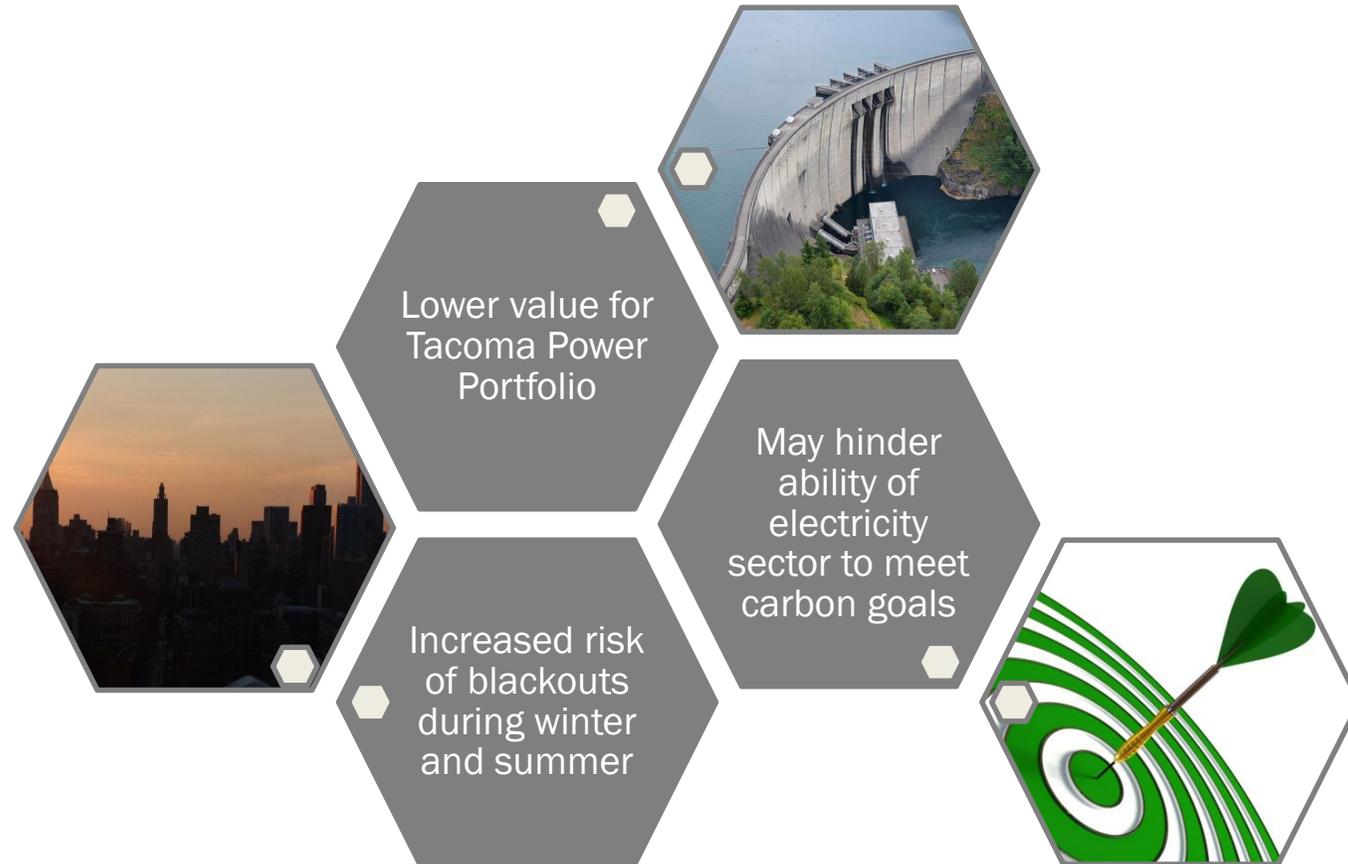
Implications:

1. Existing clean dispatchable generation – such as hydro – may not be economic to keep online
2. Not adequate incentive to invest in new forms of dispatchable generation



Current Market & Technology Challenges

Implications



Resource Adequacy Programs

Section 5

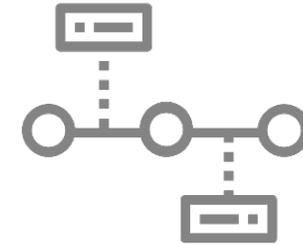
Are there changes that can help assure we meet our goals?

Question 5

Resource Adequacy Programs

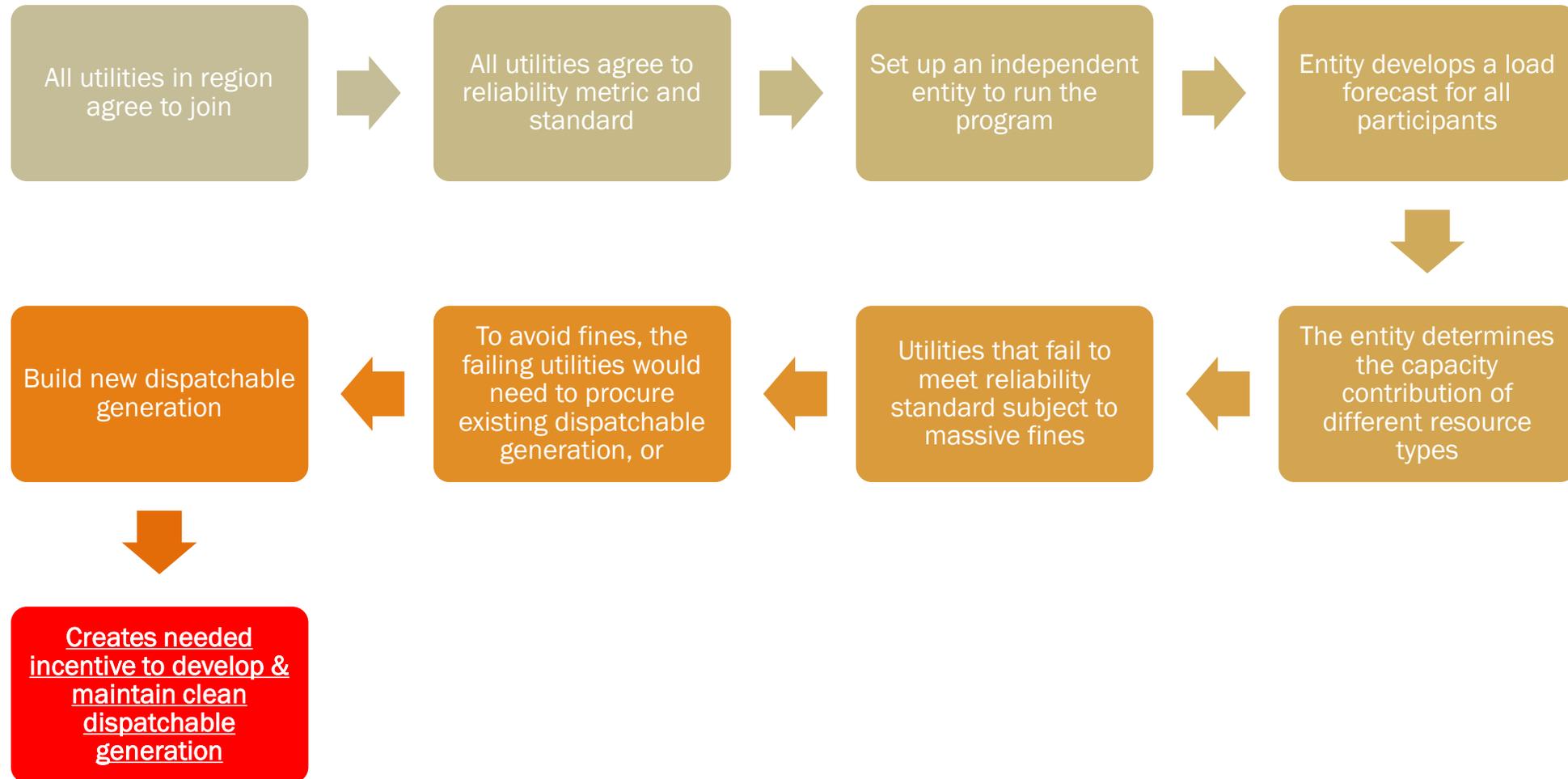
What is a Resource Adequacy Program?

- A resource adequacy program **coordinates and directs** utility investment in dispatchable generation a few years ahead of when electricity needs to be delivered.
- This **lead time** is necessary, as power resources take a long time to build – particularly emerging generation or storage technologies.
- The objective of a program is to provide **reliability and lower costs & risks for rate payers**



Resource Adequacy Programs

How Might a Northwest Program Work?



Takeaways & Next Steps

Section 6

Takeaways & Next Steps

Key Takeaways

The WECC region is at risk of having insufficient resources in the immediate future

Today's markets do not provide the correct incentives to assure resource adequacy and may impair the industry's ability to meet carbon goals

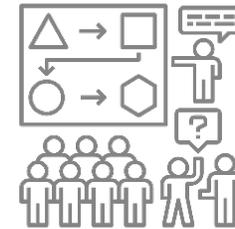
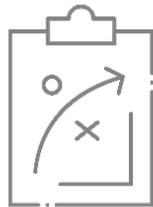
The region should develop a regional resource adequacy program to address the “missing money” problem and increase investment in clean dispatchable generation

Tacoma Power will not have sufficient resources after 2028; resource adequacy needs to be a key metric for portfolios considered in the 2020 IRP



Takeaways & Next Steps

Next Steps



2020 IRP

- Develop new resource adequacy metrics for Tacoma Power 2020 IRP
- Explore emerging capacity and flexible capacity resources

Regional Collaboration

- Work with other utilities through Northwest Power Pool to develop a regional resource adequacy standard