



APPROVED 7-22-20

MINUTES
City of Tacoma
Public Utility Special Board Meeting
July 8, 2020
3:00 p.m.

Chair Larkin called the Public Utility Board meeting to order at 3:01 p.m.

Present via Zoom: Karen Larkin, Bryan Flint, Christine Cooley, Carlos Watson, Mark Patterson

The meeting was quorate.

The oath of office was administered to Karen Larkin by the Clerk of the Board to swear her into her new term as Public Utility Board Member.

D-1 Motion 20-04 – In accordance with Rule Three, Election of Officers, of the Public Utility Board Governance Processes, that Bryan Flint, Mark Patterson, and Chrissy Cooley be nominated as elected Chair, Vice-Chair, and Secretary respectively.

Board Member Patterson moved to approve the motion; seconded by Board Member Larkin. Board Member Flint made positive remarks about Board Larkin's service and thanked her for extending her service until the end of September. Voice vote was taken and carried. The motion was approved.

Executive Session

At 3:05 p.m. Board Member Patterson moved to convene an executive session for 30 minutes to review the performance of a public employee per RCW 42.30.110(1)(g)); seconded by Board Member Larkin. Voice vote was taken and carried. The executive session was adjourned at 3:35 p.m.

Minutes of the Previous Meetings

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

Comments by the Public

Board Member Patterson moved to suspend the rules of Public Utility Board Government Process Eight (GP8) to allow all public comment for all topics, whether on or off the agenda, at one time; seconded by Board Member Cooley. Voice vote was taken and carried.

There was no public comment.

Regular Agenda

D-2 Motion 20-05 – Pursuant to Tacoma City Charter Article IV Section 4.18 to reconfirm the appointment of Jackie Flowers to serve as Director of Utilities for a two-year period beginning August 1, 2020 and ending July 31, 2022, to approve the annual performance review of the Director, and to request that the City Council concur in the Board's reconfirmation.

Mr. Patterson moved to adopt the resolution; seconded by Ms. Cooley.

Board Member Larkin summarized the evaluation process, which started two years ago. The Director's goals were modified to align with the Board's strategic directives. The Board independently reviewed the Director's self-evaluation and that review was consolidated and provided to the Board, who met in executive session, to come to a consolidated review with ratings and comments. Ms. Larkin expressed appreciation to Cathy Journey in the Human Resources Department for her assistance during the entire evaluation process. The overall rating given to the Director is 'exceeds expectations'. The Director's response to the Covid-19 issue was focused on customers and she has been an inspiration for the organization and has brought cultural changes.

Mr. Patterson shared that he agrees with the review and stated the Director has done an excellent job and has shown true leadership, especially in these unusual times.

Board Member Cooley expressed appreciation to the Director for her management the organization through these unusual times and stated the Director has brought a shared focus to the Board and a level of transparency and accountability to the public.

Board Member Watson stated the Director far exceeds expectations and is always open and available. The Director has shown stellar leadership skills, especially during these unusual times. Mr. Watson expressed appreciation for the emergency assistance program, community outreach program, and the lens on racial/equity issues.

Chair Flint shared that this is the ninth Director's review he's done and it is easy to have a strong culture and good organization when times are easy, but these aren't easy times and the true leadership was shown during this time. There has been good collaboration with General Government. Usually, the Board considers salary during evaluations, but decided not to advance the salary increase during this time of hiring freezes and furloughs. This decision has no reflection on the Director's performance, but is responsive to these times.

Director Flowers expressed gratitude and support for TPU staff members.

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

D-3 Resolution U-11177– Award contracts and approve purchases:

1. Award contract to Andritz Hydro Corp., for the Alder Powerhouse Unit 11 rebuild project (\$8,367,811, plus applicable taxes) [David Wagner, Generation Project Manager].
2. Award contract to Tucci and Sons for the installation of water mains along 198th Ave East between 120th Ave East and 128th Ave East within Pierce County (\$555,550.90, plus a 15% contingency, for a cumulative total of \$638,883.54, plus applicable taxes) [Ali Polda, Assistant Water Division Manager].

Mr. Patterson moved to adopt the resolution; seconded by Ms. Cooley.

In response to a Board request for an overview of item number one, David Wagner, Project Manager, stated that this contract is part of the project's overhaul. This unit has been often cycled on and off to help balance energy needs and over time components have worn out; this extends the life of the machinery. In response to another Board inquiry, Mr. Wagner commented on the bid coming in higher than the engineer's estimate. Market conditions have had a negative impact on bids and there are only a handful of contractors who do this type of specific work. Dynamic supply and demand pricing and activity in this region leads to price volatility and that was reflected in the bids. There's no shortage in our region for this type of work. After receiving bids and performing evaluation, staff followed up with each of the finalists and asked them about the bids. The common answer was that the amount of field labor and costs of that field labor was the number one factor in pricing. The overall project cost of approximately \$11M and the additional project costs are comprised of city labor, outside legal services, and professional services. City labor includes engineering, project management, O&M expenses, etc. This project procurement was different in that staff had outside legal help for guidance through Washington procurement laws.

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

F. Unfinished Business

- F-1 U-11174 – Amend the existing Department of Public Utilities Fleet Services Fund ordinance to transfer operating division fleet assets to the divisions for funding flexibility while maintaining the purchasing and maintenance responsibilities within TPU Fleet Services.

Board Member Patterson moved to postpone this item to a date uncertain in order to allow staff additional time to make necessary corrections to the legislation; seconded by Ms. Cooley. Voice vote was taken and carried.

- F-2 U-11176 – Authorize the amendment and extension of the existing water supply agreement with WestRock for one year and allow four additional annual one-year extensions by mutual agreement of the City and WestRock [Heather Pennington, Water Division Manager].

Mr. Patterson moved to adopt the resolution; seconded by Ms. Cooley.

Heather Pennington, Water Division Manager, summarized the resolution. Resolution U-11176 requests that the Board authorize the amendment and extension of the existing Water Supply Agreement with WestRock for one year and allow four additional annual 1-

year extensions by mutual agreement of the City and WestRock. The resolution also requests that the Board seek concurrence of the City Council in the Board's decision if the Board approves the amendment and extension.

The City of Tacoma, Department of Public Utilities, Water Division (d.b.a. Tacoma Water) entered into a 10-year Water Supply Agreement (Agreement) with the Simpson Tacoma Kraft Company commencing on January 1, 2006, and ending on July 31, 2015, which includes two optional 5-year extensions subject to mutual agreement of the parties. (Public Utility Board Resolution No. U-10006). RockTenn, CP LLC, a wholly owned subsidiary of WestRock Company acquired substantially all of Simpson's Tacoma assets in 2014, and the Public Utility Board through Resolution U-10686 consented the assignment of the Contract from Simpson to RockTenn. The City and RockTenn agreed to extend the initial 10-year term with the first of the 5-year extensions commencing August 1, 2015 through July 31, 2020 (Public Utility Board Resolution No. U-10784). RockTenn, now doing business as WestRock, does not require treated, potable water for process use and is seeking alternative water source(s) to reduce operating expenses to remain cost-competitive. A Memorandum of Agreement (MOA) between the City's Environmental Services Division, Tacoma Public Utilities Water Division, and WestRock exhibits the commitment of all parties to conduct a preliminary evaluation to study the potential of reclaimed water as an alternate source of supply. WestRock is unwilling to agree to the second 5-year extension afforded by the original Agreement due to business challenges and the economic uncertainty of the COVID-19 pandemic amongst other factors. Extending this Agreement for the first year of the potential five 1-year extensions, affords WestRock the ability to align with the Tacoma Power Supply Agreement expiration in 2021, to have preliminary results of the reclaimed water supply study, and to evaluate other alternative supply options and/or alternative rate structures. Resolution U-11176 would authorize the Director of Public Utilities to sign amendment to the original Water Supply Agreement which authorizes the first one year extension and up to four more 1-year extensions with the current mill operator, WestRock while water supply alternatives and rate structures are evaluated. If the City and WestRock want to exercise the additional one year extensions, those extensions will be brought to the Board for review and approval. Because all matters relating to rates are initiated by the Board, subject to approval of the City Council, if the Board adopts the resolution, the Board would also be requesting that the City Council concur in the Board's approval of the amendment and extension.

In response to a Board request for clarification, Ms. Pennington added that there is an ongoing commitment to continue to have conversations with WestRock on all aspects of the contract. Aligning this with the one-year extension gives time to work on everything under consideration and continue discussions over the next year.

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

Reports of the Director

Covid-19 Update

Director Flowers shared that the Covid-19 numbers are heading in the wrong direction and TPU is continuing to coordinate emergency response with General Government. Telework has been extended to September 7, work continues on the business

reconstitution plans, and field crews are continuing with the modified work protocols and have the necessary personal protective equipment.

Workforce Development

Christian Paige, Community Relations Officer, outlined the education outreach program he has created. Mr. Paige summarized the current outreach programming philosophy, which is to have the workforce reflect the community; create effective community partnerships; understand education to be a pipeline approach; and to build a positive relationship with students and families. Mr. Paige has conducted career visits, sits on the career and technical education advisory board, participates in the Tacoma STEAM and local business roundtable, attends college and career fairs, and leads hydro project and other facility tours. Mr. Paige detailed the K-12 workforce career planning steps. City demographics by ethnicity and pay for the city's internship program were then reviewed along with changes to the process of how interns are recruited, interviewed, hired, and retained. Targeted outcomes for these changes are racial equity, standard, sustainable, city-wide processes for outreach and hiring, and paying all post-secondary internships. Six proposed equity checkpoints (CP) were then outlined: 1) does the outreach plan include a diverse selection of colleges and external organizations; 2) does the job posting, including supplemental questions, use neutral and inclusive language; 3) is there a diverse pool of applicants; 4) is the application review process inclusive of life experience and cultural competencies; 5) are the questions inclusive and gender neutral; 6) is the interview panel diverse. Mr. Paige concluded his presentation by providing an overview of Seed applications for 2019 and recommendations for future efforts. These recommendations include considering a partnership with Seed internships; funding a formal partnership with Palmer Scholars; Focusing education strategies on impacted communities; and hosting a TPU trade summit.

Board Members made extremely positive remarks about this presentation. The program put together by Mr. Paige creates awareness, has actionable items to attract qualified diverse applicant pools, creates tangible results, and demonstrated clearly how to construct a diverse employee pipeline.

Customer Transition Team

Joe Tellez, Power Section Manager, described 'customer experience' as the customer's perceptions and related feelings caused by the one-off and cumulative effect of interactions with a supplier's employees, systems, channels, or products. Mr. Tellez shared graphical illustrations of broad Covid-19 utility impacts, responding to Covid-19 via customer analytics, how analytics help peer utilities respond to Covid-19, utility data lake to enable analytics, Dan Drennan, Market Development Manager, shared graphics illustrating TPU customer bill assistance in 2020, bill assistance and the Tacoma equity index, customer payment insights, and undue bills over time. Mr. Tellez outlined upcoming actions associated with the customer experience project. These include customer channel analytics (IVR and lobby engagement), machine learning customer assistance segmentation based on payment behavior, and targeted customer marketing to provide bill assistance resources.

Affordability Indices/Income Assistance Programs

Jodi Collins, Assistant Water Division Manager, made introductory remarks. Francine Artis, Assistant Customer Services Manager, outlined the current assistance programs, which are the discount rate program, bill credit assistance plan (BCAP), and the

emergency assistance program (EAP). Lyna Vo, Utilities Economist reviewed affordability measures (average monthly bill, income eligibility, affordability metric) for each of the five city utilities, and the proposed metric of monitoring the income burden of an average utility bills. Current metrics by utility and recommended changes were reviewed. The changes are meant to establish a metric for monitoring affordability, reset to align with 20 percent of the average monthly bill, expands eligibility, and maintain affordability. Ms. Vo concluded by reviewing the financial impact by utility; the budget remains unchanged from the current biennium budget. Ms. Collins concluded the presentation by outlining the next steps, which include a Council presentation, public outreach, and legislative approval.

Board discussion ensued with Board Members requesting staff to continue to work on the affordability index numbers and find alternatives under several options.

Strategic Directives

The Board discussed edits to the next to Strategic Directives (SD) to be considered. They are SD 11 on De-carbonization and SD 12 on Employee relations. The responsible Board Members will take the edits received to create an updated draft for future Board consideration.

Comments by the Board

Board Member Cooley congratulated Director Flowers on her successful evaluation and thanked Board Member Larkin for extending her service to the Board.

Adjournment

There being no further business or comments, the Public Utility Board meeting was adjourned at 6:31 pm. until Wednesday, July 22, 2020 for a meeting at a time to be determined.

Approved:



Bryan Flint, Chair



Christine Cooley, Secretary