



APPROVED 9-11-19

MINUTES
City of Tacoma
Public Utility Board Meeting
August 28, 2019
6:30 p.m.

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

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

The meeting was quorate.

Minutes of the Previous Meetings

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

Recognitions

There were no recognitions.

Public comment

There was no public comment.

Consent Agenda

There were no items on the consent agenda.

Regular Agenda

D-1 Resolution U-11098 – Award contracts and approve purchases:

1. Award citywide contract to The CEI Group for vehicle accident management services (\$800,000, plus applicable taxes. Initial contract term through October 1, 2019 with the option to renew through March 10, 2022 per the terms of Washington State contract 05015 [Patsy Best, Payment and Procurements Manager];
2. Award two-year contract to Adaptive Insights, LLC, for implementation of and subscription for cloud-based budgeting and reporting software (\$306,000 with option to renew for two additional one-year terms and to purchase additional user licenses for a projected total of \$600,000, plus applicable taxes) [Michelle Rhubright, Budget Manager];

3. Award contract to Hyundai Corporation, USA for the Mayfield Powerhouse Generator step-up transformers (\$2,165,208, plus applicable taxes) [Ji Sun, Power Engineer];
4. Award contract to Progress Rail Services for the purchase of two overhauled locomotives (\$2,400,000, plus applicable taxes) [Kari Halliday, Mechanical Supervisor].

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

In response to a Board inquiry about the limited number of bidders in response to this Washington State Enterprise Services proposal on item number one, Patsy Best, Procurement and Payables Manager, explained that in previous contracts for this service, the city conducted its own RFP and only two responses were received as this seems to be a niche market. At that time, there was quite a range between The CEI Group and the other respondent; the scoring was 60 to 98 points. Staff conducted an analysis of pricing through the state contract and it is similar to the pricing we received.

In response to a Board request for additional pricing information on the proposals received on item number three, staff indicated they will provide that information.

In response to a Board inquiry on item number four seeking clarification on when the locomotives will be overhauled, Alan Matheson, Assistant Rail Superintendent, clarified that the locomotives are being overhauled in Tacoma at the Progress Rail facilities and when that work is completed, Tacoma Rail will take possession of them. The overhaul is included in the purchase price.

Mitchell Shook made public comment on item number four of the resolution. Mr. Shook made positive remarks about this locomotive purchase and comments in favor of public votes before the sale of public assets.

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

D-2 Resolution U-11099 – Authorize adoption of the first four Public Utility Board Strategic Directives on Equity and Inclusion, Financial Sustainability, Rates, and Stakeholder Engagement.

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

Chair Larkin moved to adopt walk-on Motion 19-07 to approve the letter providing a summary explanation of the Board's policy development of Government Processes, Board-Director Linkage, and Strategic Directives dated August 28, 2019; seconded by Mr. Patterson.

Chair Larkin then read letter attached to Motion 19-07:
It is a time of monumental change in the utility industry. Utilities must embrace innovation and move quickly to find new and better ways to deliver affordable, reliable, and environmentally sensitive services to its customers.

With this in mind, the Tacoma Public Utility Board launched policy development of Government Processes, Board-Director Linkage, and Strategic Directives.

The Government Process Policies are principles for how the Board will govern itself. The Board-Director linkage policies clarify how the Board expects the Director of Utilities to carry out the work of Tacoma Public Utilities (TPU). The Strategic Directives capture the performance for which the Board will hold TPU accountable on behalf of its ratepayers.

The Board identified seventeen (17) priority strategic directives to develop: Equity and Inclusion; Financial Sustainability; Rates; Stakeholder Outreach; Environmental Leadership; Innovation; Reliability; Customer Service/Expectations; Employee Relations; Resource Planning; Ethics; Economic Development; Resiliency; Government Relations; Telecom; Undergrounding; and Electrification of Transportation.

These policies guide TPU's efforts to effectively and efficiently address current and future challenges, mitigate risks, pursue strategic opportunities, and optimize services for the TPU customer. These policies serve as an important tool to align the Public Utility Board, leadership, employees, and all resources to optimally serve its customers. Each policy does not stand alone, but should be applied in light of all TPU policies as some policies address overlapping issues.

Stakeholder engagement is an essential part of the process. All sessions wherein these policies were developed were at meetings and workshops open to the public. All future discussions regarding the policies will be handled similarly. To keep the public informed, the policies are available to review on the TPU website.

The Public Utility Board has committed to monitor and ensure compliance with Board policies. This oversight provides an opportunity for the Board and staff to clarify, revise, and develop policies when necessary as TPU navigates changes in the utility industry.

Board Member Flint commented that the Board policies don't stand alone; they interact and balance each other. Upon first joining the Board, these types of holistic policies weren't in existence. Was glad to be part of the process to help craft these statements. This resolution approves the first four. Of those, Mr. Flint expressed that he is honored and proud for the first policy to be Equity and Inclusion. There is a history of inequity and this policy is fundamental to personal belief about what public institutions should be about. In addition, there is a policy on stakeholder engagement. Government should be open and transparent.

Board Member Cooley commented that she is grateful for the policy development process to identify shared goals. These strategic directives interlock and have a stacking function. The Board is fortunate to have diverse opinions that gives way to commit to shared goals and turn them into discussions rather than debate. This has been an open process and should also be used as an opportunity to engage with the Board.

Board Member Patterson commented that the development of these policies is a lengthy, but good process. Pleased to have worked on the initial development of the rates and financial sustainability policies; input from staff was critical. Mr. Patterson expressed appreciation to staff who worked on this the policies.

Chair Larkin expressed appreciation to the Director for making the development of these policies a main retreat item last year and then working through a structure to develop

them. These are Board-driven policies; the Board identified them and prioritized them. These are high-level, concise policies so that all stakeholders can have one place to go and drill down from there when desired. This has been a good process with lots of work going into it. These policies will guide future Board decisions and guide staff.

Mitchell Shook made public comment in favor of the development of Board policies and made comments in favor of public broadband.

Voice vote was taken and carried. Resolution U-11099 was adopted and Motion 19-07 was approved.

D-3 Resolution U-11100 – Authorize execution of a customer-funded utility installation agreement with Sierra Pacific Industries to install a feeder back bone to serve future loads.

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

John Merrell, Assistant Power Section Manager, summarized the resolution. In 2004, Sierra Pacific Industries (SPI) asked Tacoma Power to perform an interconnection study to connect a 4.5 MW sawmill plant in the Spanaway area. In 2017, SPI decided to develop their property for industrial use and created the Fredrickson Industrial Park. In September 2018, SPI and Tacoma Power entered into a letter of agreement establishing that Tacoma Power would provide engineering support, look at feeder alternatives and design, and establish a construction agreement. SPI is developing approximately 335 acres for large commercial developments and industrial sites. SPI has requested Tacoma Power to install a 4,400 foot feeder back bone across their property to serve future loads. T&D Engineering is asking for consideration and approval of the customer-funded utility installation agreement for the amount of \$290,900.

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

H. Reports of the Director

Mia Navarro, Office of Equity and Human Rights Manager, summarized the TPU Equity Initiative and EEO Report presentations given to the Board at the earlier study session.

Chris Robinson, Power Superintendent, summarized the Power Integrated Resource Plan presentation given to the Board at the earlier study session.

Director Flowers summarized the policy development discussions at the earlier study session and pointed out that the June 2019 cash projections and financials have been provided to the Board for their review in advance of the meeting.

Director Flowers then called on Alison Beason, Management Analyst from the OEHR Office and Jacques Colon, Management Analyst from the Communication Office to speak to Tacoma 2025 and the Equity Index. Mr. Colon provided an overview of Tacoma 2025. Tacoma 2025 is the strategic plan for Tacoma, adopted in 2014 and developed by more than 2,000 residents that represent the diversity of Tacoma. It guides how City government partners, and the community can work together to help achieve the community's vision for a healthy, vibrant, and equitable Tacoma. The goals of Tacoma 2025 center around Livability, Education, Economy and Workforce, Civic Engagement, and Equity and Accessibility. Ms. Beason then spoke to the Equity Index. The Equity

Index is similar to opportunity mapping and highlights success and obstacles connected to upward mobility. The index consists of 20 indicators within the Tacoma 2025 strategic goals. The purpose of the City's Equity and Human Rights (OEHR) office is to support the organization as we carry out the goals of the City's Equity and Empowerment framework, which was adopted unanimously by the City Council. While conducting outreach for the Tacoma 2025 strategic plan, staff and consultants identified four major themes that were consistently brought up in discussions with community members: Equity, Opportunity, Partnerships, Accountability. More specifically, community members have indicated a strong desire to see equity and racial justice, race and social equity analysis of public programs, and support for new immigrants. This charge helped establish the goals and analysis to create the Equity Index. Working with Ohio State University's Kirwan Institute on Race and Social Justice, the City compiled the Equity Index to help facilitate data-driven decision-making processes to enable leaders to better distribute resources and plan funding of programs and services to minimize inequities and maximize opportunities. The indicators displayed in the Equity Index have been shown to have a direct correlation to equity. Ms. Beason then walked through different scenarios, such as policy decision making, service delivery, community engagement, workforce makeup, and crime with the equity index overlays. In response to Board discussion about how this tool will be integrated at TPU, Director Flowers stated that half of the TPU's service area is outside of city limits and no Equity Index exists for those areas outside the city. In the upcoming biennium, there will be a request to resource this. In the meantime, the OEHR office is seeing if we can apply TPU programs into the Equity Index to identify and resolve gaps. In addition, the TPU equity committee will be selecting case studies. Board Members made positive remarks about this body of work. Ms. Beason stated that anyone can go to cityoftacoma.org/equityindex to access the information.

John Hoffman, Assistant Customer Services Manager, made a presentation on customer payment options/utility modernization. Offering traditional and emerging payment options enhances the TPU customer experience. Emerging payment options include text to pay, voice assistant, mobile wallet, peer-to-peer transfer (Venmo, Zelle), and bill assistance donations. These will enable greater customer choice, convenience, and control and meets rising customer expectations in a digital world. Mr. Hoffman concluded by reviewing the implementation timeline. Discussion on the timing of deployment of improvements and full Advanced Meter Project implementation was discussed. Director Flowers stated that staff will prioritize service offerings and will provide timeframes when that information is ready.

I. Comments by the Board

There were no additional comments by the Board.

J. Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 8:01 p.m. until Wednesday, September 11, 2019 for a study session beginning at 3:00 p.m. at Tacoma Public Utilities, followed by the regular meeting at 6:30 p.m. at Tacoma Public Utilities.

Approved:

Karen Larkin, Chair

Mark Patterson, Secretary