



APPROVED 1-27-21

MINUTES
City of Tacoma
Public Utility Special Board Meeting
January 13, 2021
3:00 p.m.

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

Present via Zoom: Bryan Flint, Christine Cooley, Mark Patterson, Carlos Watson, Joe Bushnell

The meeting was quorate.

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.

Mr. Kit Burns made comments in opposition of Advanced Metering for Tacoma Water.

Regular Agenda

- C-1 Resolution U-11231– Award contracts and approve purchases:
1. Increase contract to Z2 Solutions, LLC to close out the Advanced Metering Program scope for 2020 to include operational planning and implementation change management (\$30,000, plus applicable taxes. Cumulative total \$2,858,524, plus applicable taxes).

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

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

- C-2 Resolution U-11232 – Authorize execution of a letter of agreement as negotiated with the International Brotherhood of Electrical Workers, Local 483, Tacoma Power Unit, regarding step progression for the classification of Telecommunications Utility Worker

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

Dylan Carlson, Sr. Labor Relations Manager, summarized the resolution. The parties previously reached agreement on the transition of impacted classifications from the IBEW, Local 483, Click! bargaining unit to the IBEW, Local 483, Tacoma Power Unit. That agreement was memorialized in the Network Construction Technicians and Workforce Transition Agreement Letter of Agreement effective March 1, 2020. The Letter of Agreement inadvertently omitted previous language from Section 21.5.b. of the IBEW Local 483 Click! Agreement, leading to potential confusion about step progression for employees in the Telecommunications Utility Worker classification.

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

C-3 Resolution U-11233 – Authorize Tacoma Water’s continued participation in the Water Supply Forum and approve Tacoma Water’s continuing role as financial manager for the Forum.

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

Scott Dewhirst, Water Superintendent, summarized the resolution. The Water Supply Forum (Forum) consists of water utilities of Tacoma, Seattle, Everett, and King County, meeting as an informal association to coordinate and collaborate on current and future water supply and water resources items and projects of mutual interest and benefit. The Forum funds various projects and action items to further the parties’ interests related to present and future drinking water issues such as water supply planning, resiliency including seismic, water quality conservation, education and outreach. The Forum member parties previously entered into funding agreements to cooperatively pay for various action items from 2004 through 2020 and since the formation of the Forum, Tacoma Water has served as financial agent for the group. Pursuant to Resolution U-10825, the Board previously authorized Tacoma Water to serve the Forum in this capacity including by collecting agreed upon cost allocations and managing contracting and accounts payable activities. The current funding agreement approved by the Board pursuant to resolution U-10825 expired on December 31, 2020 and in order to continue to engage in projects and actions and to fund work plan activities consistent with their mutual interests and to update their operating procedures, the parties desire to enter into a new Memorandum of Agreement through 2025, which includes provisions for Tacoma Water to continue to serve as the Forum’s financial agent. Tacoma Water’s annual dues to the Forum are estimated at \$33,000 per year beginning in 2022, which have been and will continue to be included in the biennial budget approved by the Board.

Board Member Patterson made positive remarks about a useful regional agreements such as this. In response to a Board inquiry about any issues caused in the past with this financial oversight, Mr. Dewhirst stated it isn’t a lot of effort and it is aligned with standard purchasing practices.

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

D. Unfinished Business

- D-1 Resolution U-11222 - Declare surplus and authorize the negotiated sale of approximately 43 acres of Tacoma Water property identified as tax parcel No. 0419141088 located in the Puyallup vicinity of unincorporated Pierce County to the Puyallup School District No. 3 for \$2,025,000.

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

Greg Muller, Real Estate Officer, summarized the resolution. This property was originally acquired as part of the McMillin Reservoir complex developed in 1912, to store water from the Green River for distribution to the Tacoma Water service area and as part of the transaction, several easements will be granted to Tacoma Water for the continued use of its existing utility infrastructure and access road in support of Tacoma Water's adjacent McMillin Reservoir complex, and an easement will remain in place to Pierce County to access an adjacent property that Tacoma Water had sold to them in 2017, by Board Resolution No. U-10973. Tacoma Water does not see a need to retain ownership of the property as it entails additional management time and expense. The sale price of \$2,025,000, is believed to reflect fair market value and Tacoma Water has determined that the Property sought by Puyallup School District No. 3 is not essential for continued effective utility service and has deemed the property surplus to Tacoma Water's needs pursuant to RCW 35.94.040 and TMC 1.06.272-.278. The City Council is requested to hold a public hearing on this matter pursuant to RCW 35.94.040, and thereafter approve this recommended sale and authorize the proper officers of the City of Tacoma to execute all necessary documents, substantially in the same form as on file with the Clerk.

Board Member Cooley expressed appreciation for conversations around surplus property and is interested on discussing further how the Board can be more involved at the policy level in alignment with the Board Strategic Directives. In response to a Board inquiry about any necessary improvements on the property, Mr. Muller answered that Tacoma Water looked internally to decide if the land was needed for ongoing or future operations. There is a water main on the property that connects to the McMillan Reservoir and that will stay in place and Tacoma Water will reserve an easement. There's an acre on the property that will have a different easement for outfall when the reservoirs on adjacent McMillan property are cleaned as the water may drain. That's the only infrastructure Tacoma Water has on the property and it'll be protected at sale.

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

F. Reports of the Director

Covid-19 Update

Director Flowers reported that there have been no changes since the last Board meeting. Staff is closely monitoring the Governor's adjustments to the phased response and distribution of vaccines. TPU asked that critical infrastructure workers be in line for vaccine prioritization, but to date are not considered. Staff continues to think about business reconstitution. Telework continues and field crews continue with safety protocols in place. Director Flowers then ran through the latest emergency assistance figures and added that the team is working to assess funding assistance opportunities for customers as well as modifications to BCAP to support customer recovery post

Covid and that staff will be back at a future meeting to share our plan related to customer recovery.

Clark Mather, Community and Governmental Relations Manager; and Paul Hoover, Contract Lobbyist from Gordon Thomas Honeywell, reported on the latest federal funding issues, including those Covid-related. In summary, federal assistance for customers (doesn't include additional CARES-like funding) of \$3.7 B in LIHEAP, \$638M in new water customer assistance and \$25B in rental assistance in which utility assistance payments is an eligible use. Other items of interest included Rail's 45G tax credit has been permanently extended and for Water the Howard Hanson Dam is on the expedite completion list. For Power, the hydropower incentive program is funded. Messrs. Mather and Hoover then provided an overview of the Columbia River Treaty report language. Other items of interest were summarized, including the Energy Act of 2020 and Department of Energy appropriations. Staff will continue engagement on existing and potential funding opportunities to include 2020 advanced meter grant, grid modernization, hydrogen R&D, and rail infrastructure.

Miscellaneous

Chris Robinson reported on the recent outages resulting from the previous night's rain and wind storm. Wind speeds peaked at 58 mph between 1:00 and 2:00 am. Eighty feeders had outages, mostly due to trees. The South Service area was impacted the most. Crews were called in early and have been working all day. At peak, there were 44,000 customers out; as of 2:30 pm this date, 12,000 customers remain without power. Board Member Patterson expressed his appreciation to the crews.

September 2020 Financials

Director Flowers informed the Board that the September 2020 financials for Power, Water, Rail, Fleet, and Self-Insurance Fund have been provided to the Board in advance of the meeting. There was no verbal report.

New Power Service Fees

Christina Leinneweber, Sr. Utilities economist, provided background to this topic. Tacoma Power charges standardized fees for common new services work. These fees were last updated in 2009. Costs have increased such that fee revenue no longer covers costs. The Washington State Department of Labor and Industries clarified electrical service disconnect and reconnect rules in 2017; this new ruling exacerbated the total fixed-fee under recovery. In 2018/2019, under recoveries averaged about \$640,000. Utilizing a sample of actual cost, staff audited and averaged actual costs for each type of service work then adjusted the results for anticipated cost changes such as wage increases. The Board has requested a proposal to gradually increase fee levels. Ms. Leinneweber then shared graphs illustrating new service fees proposals. In response to a Board inquiry, Ms. Leinneweber clarified that fees for large projects are outside this scope. For large projects, staff conducts an individual assessment and bill the actual costs to the customers as those projects are very specific and unique.

Surplus Properties

Dylan Harrison, Sr. Real Estate Officer, provided a review of TPU Surplus real property policy. The policy was adopted in March of 2020 with considerations to fair market value, City of Tacoma affordable housing and equity goals, PUB strategic directives,

and other governmental entity jurisdictional interests. Mr. Harrison then shared the current list of TPU surplus properties.

Customer Satisfaction Survey

Dan Drennan, Marketing and Development Manager, and Holly Lucht, Market Development Research Analyst, presented the residential customers satisfaction survey, which was conducted in the fall of 2020. The objectives are to develop a method for assessing customer satisfaction and customer evaluations of the performance of the organization to determine priorities for actions and investments in operations, training, communications, and product/service offerings; provide actionable guidance to help the organization plan programs and initiatives that will be effective in strengthening customer relationships; give employees easy access to specific, direct feedback that can be used to identify customer preferences and concerns, plan responses, and monitor performance. The methodology was then summarized. A total of 400 telephone interviews and 1,144 web surveys were conducted across five customer types. Graphical illustrations in the following categories were detailed: overall favorability; overall satisfaction; being well managed; trustworthiness; corporate citizenry; cost control; friendly/courteous employees; knowledgeable/well-trained employees; assistance offerings; bill affordability; environmental responsibility; value of electric/water service; reasonableness of rates; reliability of electric/water service; conservation program effectiveness; water quality; water supply stability. The report was concluded with a summary of impact of Covid on TPU customers and concern with paying household bills.

Work Plan for Director of Utilities

The Director of Utilities work plan was reviewed and discussed with discussion to continue at the next Board meeting with emphasis on prioritization of goals by the Director.

Comments by the Board

In response to a Board request, Dale King, Rail Superintendent, provided an overview of a car versus train accident on Marine View Drive that occurred two nights ago. Fortunately, all injuries were non-life threatening.

Chair Flint reported that Board Member Cooley has been appointed to the American Public Power Association's (APPA) Policy Makers Council (PMC) as an at-large member for a one-year term ending in December 2021. The PMC is made up of locally elected and appointed officials from public power communities across the country. Its mission is to assist APPA in moving legislation forward that is important to the public power electric utilities nationwide. Board Member Cooley expressed appreciation for this opportunity as it is important for TPU to be represented on this Council.

Executive Session

Board Member Patterson moved to convene and executive session at 5:55 p.m. to enter into an executive session not to exceed 60 minutes to review the performance of a public employee (RCW 42.30.110(1)(g)); seconded by Ms. Cooley. Voice vote taken and carried.

Chair Flint announced that there would be no further business after the executive session and moved that after the conclusion of the executive session, the Clerk of the

Board is authorized to adjourn the meeting; seconded by Ms. Cooley. Voice vote taken and carried. The executive session concluded at 6:45 p.m.

H. Adjournment

There being no further business or comments, the Public Utility Board meeting was adjourned at 6:45 p.m. until January 27, 2021 at 3:00 p.m.

Approved:



Bryan Flint, Chair



Christine Cooley, Secretary