



APPROVED 4/28/21

MINUTES
City of Tacoma
Public Utility Special Board Meeting
April 14, 2021
3:00 p.m.

Chair Flint called the Public Utility Board meeting to order at 3:00 p.m.

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

Excused: Carlos Watson

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.

Kit Burns made comments in support of setting standards for 5G pole attachments and not installing them in an unkempt manner as in some jurisdictions. Mr. Burns also made comments about information on the website concerning Advanced Metering that may be out of date and stated he will follow-up with the Board and Director on this matter.

Regular Agenda

C-1 Resolution U-11247 - Award contracts and approve purchases:

1. Increase citywide contract to Stronghold Armored, Inc., for an additional two years for armored pickup services (\$300,000, plus applicable taxes. Cumulative contract total \$800,000, plus applicable taxes) [Michael San Soucie, Treasury Manager];
2. Award contract to Shimmick Construction Company, Inc., for the Cowlitz Falls Barrier Dam Repair Project (\$11,025,855, plus \$1,061,200 in contingency funds, for a contract total of \$12,087,055, plus applicable taxes) [Chris Mattson, Generation Manager];
3. Increase contract with Secoma Fence, Inc., for fence installation, maintenance, and repair for all Tacoma Power's facilities including the administration complex, substations, and hydroelectric projects (\$100,000. Cumulative total \$600,000) [Jon Sigafos, Engineering Technician];
4. Increase contract to SCI Networks for engineering and technical support of Tacoma Power's Wide Area Network Phase II project (\$563,080, plus applicable taxes.

Cumulative total \$1,058,080, plus applicable taxes) [Aaron Anderson, Power Supervisor].

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

In response to a Board request for background on item number two, Tim Nordstrom, Power Engineer, shared a presentation summarizing the project. In 2012 and 2017, inspections revealed that the concrete apron slab is severely eroded with the first layer of rebar fully exposed. Modeling of the dam concluded that the cause of the erosion is from scour that is the result of rocks and cobbles milling in a recirculating current on top of the apron. Schnabel Engineering was approved by the Board in 2020 to be the engineer of record to design and permit the spillway upgrade. The next step in this project is the repair. The construction will occur over two, possibly three, years during the months of July, August, and September starting the summer of 2021. In response to Board inquiries, Mr. Nordstrom provided the following clarification. The construction timelines are coordinated with migratory fish coming upstream. Downstream migrants won't be impacted by this construction. The lifespan of this barrier dam is approximately 50+ years. Staff is required to have minimum amounts of water all of the time, mostly for fish and some for recreation, and that will be maintained. Staff has accounted for water depth during construction. This limits the ability to generate power during installation and Generation staff has coordinated with Power Management to have a short construction window and Power Management will generate extra power at Mayfield and Mossyrock. All construction is within tolerance of the system being able to balance itself. The large gap in the bidding material for environmental controls is due to how each company allocated funds out of different revenue streams. Lastly, there is an incentive for a shorter completion window for water flow/generation purposes.

In response to a Board request for additional information on item number four regarding communications, Aaron Anderson, Power Supervisor, explained that phase one of this project was replacement of all microwave equipment on the network and that these are for communication between remote power facilities.

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

C-2 Resolution U-11248 – Authorize Tacoma Water to participate in the City of Tacoma, Department of Environmental Services, Stormwater, Wastewater, and Water Replacement Project along S. Cushman Avenue to replace approximately 2,090 feet of six-inch to sixteen-inch water main (\$701,384.32; includes partner administration cost of \$18,040.32, plus a 15 percent contingency, for a cumulative total of \$806,591.97)

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

Troy Saghafi, Professional Engineer, summarized the resolution. Tacoma Water is requesting authorization to participate in the City of Tacoma, Environmental Services Stormwater, Wastewater, and Water Replacement Project along S. Cushman Avenue, and as part of this Project, Tacoma Water proposes to partner with Environmental Services and Public Works to replace approximately 2,090 feet of 6-inch to 16-inch water main, constructed circa 1948, along S. Cushman Avenue between S. 21st Street and S. 28th Street, as a part of a project that is also replace aging surface water, wastewater, curb ramps and street improvements. The approximate cost for Tacoma Water is \$701,384.32, which includes a partner administration cost of \$18,040.32, for a cumulative total of \$806,591.97,

which includes a fifteen percent contingency, with funding for this project available from construction payments to Environmental Services. The opportunity to participate in this contract allows Tacoma Water's water main work to be executed concurrently with Environmental Services' contract in the same area, resulting in reduced construction impacts and reduced overall project costs while improving project delivery.

In response to a Board inquiry, Mr. Saghafi answered that these water pipes are cast iron and not lead and were constructed just after World War II.

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

D. Reports of the Director

Director Flowers reported that Governor Inslee announced that Pierce County will roll back to Phase 2 effective this Friday. This will not impact TPU operations as work protocols were not altered in Phase 3, in part to avoid disruption that would potentially result from a potential return to Phase 2. Staff continues focus on reconstitution planning and customer support for post COVID account recovery. Staff has actively engaged in making enhancements to SAP and a pledge portal to streamline the ability of agencies to connect customers to support they need. Agencies will also assist in collecting additional information about applicants on behalf of Customer Solutions to aid in enrollment of eligible customers in the Bill Credit Assistance Plan (BCAP). The enhancements to the portal will provide more accurate reporting and improve the ability for Customer Solutions to efficiently maintain the accounts receiving the pledges. Customer Services has begun an outbound calling campaign targeting customers with outstanding balances more than 30 days with immediate focus on customers enrolled in the Discount Rate program and the BCAP to aid them in obtaining assistance. The customers have expressed sincere gratitude for TPU's efforts. Some have expressed that they have been informed of the program, but were not sure they could apply since they had already received assistance from other agencies. Community and Media Services partnered with Customer Solutions and Tacoma Report to produce a video to be aired on the Tacoma Report and social medial platforms. Public Affairs and Communications has shared the video to the various neighborhood councils and will discuss in more detail at upcoming neighborhood council meetings.

Earth Day Report

Director Flowers reported that April is Earth Month with Earth Day is on April 22. TPU is committed to promoting a sustainable habitat for people and wildlife. The Board governance framework includes multiple strategic directives that highlight not only the Board's priorities but also the importance of the work we do to protect and be good stewards of our natural resources. In January, the Board heard a more comprehensive report out on Strategic Directive Five (SD5), Environmental Leadership. In June, the Board will receive a comprehensive report on fisheries. This fall there will be a more detailed update on Strategic Directive Eleven (SD11), Decarbonization. Director Flowers then summarized a few of TPU efforts undertaken to ensure TPU is a leader in taking care of natural resources. Tacoma Power received the Tree Line USA Award from the Arbor Day Foundation for the 17th year in a row. This award recognizes practices that protect and enhance urban forests, and deliver safe and reliable electricity while maintaining healthy community trees. Tacoma Power is committed to proper tree-care practices to benefit customers in a number of ways, including providing cleaner air and water, increasing property values and improving quality of life. Strategically placed, trees help conserve energy and reduce peak demand.

Tacoma Power supports the City of Tacoma's tree canopy initiative. One of the simplest and most affordable ways a property owner can help fight climate change is to plant a tree. As

trees grow they provide shade saving energy, remove carbon dioxide from the air, store carbon in the trees and soil, and release oxygen into the atmosphere. Property owners in Tacoma and Pierce County could qualify for a \$30 tree coupon for up to three trees per household when redeemed at one of eight participating local garden center and nurseries. For 2021 the program closed on March 31 and 2,500 tree coupons were provided to property owners. This program has become popular, there was a waiting list of over 165 households. Tacoma Power is in early discussion with the City of Tacoma Environment Services Department about the possibility of expanding the number of coupons for future years and are also exploring ways to reduce program administrative costs through use of technology as opposed to manually preparing coupons.

TPU preserves and enhances wildlife habitat on the 168,000 acres of land. As a part of Tacoma Power's work at the 20,000 acres around four hydro projects, and provide forage fields for elk, nesting boxes for wood ducks, roosting boxes for bats, nesting platforms for osprey, and habitat for cavity-nesting birds. Tacoma Water is dedicated to protecting and enhancing the 148,000 acres of forest land that makes up the Green River Watershed. The watershed is home to many wildlife species, including elk, grouse, and eagles.

TPU launched three new programs in 2020 (since our last Earth Day in 2020) with the help of external funding to electrify transportation: A Cargo/Material Handling Equipment Electrification Pilot has resulted in providing \$132,000 for charging infrastructure to a Port of Tacoma customer for switching 6 yard tractors from diesel to electric. This project alone is expected to reduce CO2 emissions by over 260 tonnes per year. These are the first all-electric yard tractors for the Port and there is hope it's a great model for other cargo equipment operators there; A Public EV Charging Support Pilot received more than 20 applications worth more than \$300,000 to help fund installation of public EV charging in Tacoma. Look for more than 60 new EV chargers to pop up around our community by Earth Day 2022; A Multi-Unit Dwelling Retrofit Pilot received 17 applications worth more than \$250,000 to help apartment dwellers get access to EV charging.

With the use of the City of Tacoma Equity Index, TPU has been able to focus on areas identified by the Tacoma Equity Index map as having disparate impact in terms of services available to meet needs. With this tool TPU has been intentional about program development in these areas and are happy to report that 68 percent of projects to date are in low-opportunity areas as identified by the Equity Index, meaning these areas have had low opportunity for access to services to meet their needs. TPU has also recently completed expansion of the equity index to include the entire Tacoma Power and Tacoma Water service territories and will provide a briefing to the Board on the expanded index in the near future.

The Board approved Tacoma Power's renewable fuels rate, the first of its kind in the country. This provides sufficient economic incentives for electrofuel producers and gives Tacoma Power significant demand response capability to increase grid stability, all while enabling greenhouse gas free transportation fuels to be produced, an important step to meaningful reduction in local transportation pollution. TPU's Economic Development team is working to promote this rate and bring this industry into our service area. There will also be posts on TPU social media platforms throughout Earth Month. Topics will likely include: Evergreen Options, EV Information, EV Savings Calculator, Irrigation, What's in Your Watershed, and Generation/Natural Resources information.

Decarbonization Resolution

Clark Mather, Community and Government Relations Manager, summarized a draft City Council resolution aimed at advancing the 2019 climate emergency resolution by reducing the city's carbon footprint. Mr. Mather outlined elements of this Council resolution which include excluding natural gas and fossil fuels from city-owned new building and renovations; conducting an inventory of city-owned building and analyzing the feasibility of retrofitting the buildings to low-emissions sources; developing a plan to retrofit city-owned parking facilities and building with EV charging stations; prioritizing, when purchasing, zero-emission, low emission, or non-motorized vehicles; encouraging other jurisdictions to adopt similar policies; and conducting an impact assessment to require non-fossil fuel sourced heating, lighting, and power in new commercial and residential construction. Mr. Mather then reviewed the purpose and values of the Board strategic directive on decarbonization. The outline of a proposed Board resolution was reviewed. Elements of this would include excluding natural gas and fossil fuels from TPU-owned new building and renovations; conducting an inventory of TPU-owned building and analyzing the feasibility of retrofitting buildings to low-emissions sources; developing a plan to retrofit TPU-owned parking facilities and building with EV charging stations, where appropriate; and prioritizing, when purchasing, zero-emission, low-emission, or non-motorized vehicles. Discussion on elements that should be carried over to the Board resolution and other inclusionary and exclusionary language was discussed. The consensus of the Board was for staff to continue its work in creating a draft resolution for TPU for the Board's consideration at a future meeting.

Gross Earnings Tax on Electrification of Transportation Grants

Clay Norris, Power Manager, outlined accomplishments of Power Managements Energy R&D section. This section worked with EV charging companies to secure grants for charging stations in Tacoma Power's service territory, helped the City of Tacoma secure a grant for EV charging infrastructure, helped school districts get grants for electric school buses, and a year ago they obtained approximately \$850k from the Puget Sound Clean Air Agency as a Supplemental Environmental project, which they have used to create shore power, public EV charging, and multi-family EV charging projects. With limited ratepayer funding, state and federal grants are expected to be the driver of the R&D programs. Cam LeHouillier, Assistant Section Manager explained that there has been a recent decision that apply to getting Gross Earnings Tax (GET) funding and how that might impact the future of decarbonization and electrification projects. Tacoma Power has limited access to funding; there's a cost cap that requires utilities to do utility cost testing to prove the utility will benefit and undue costs won't fall on ratepayers; it is important to have access to external funding. The Department of Revenue is applying a B&O tax to the funds and the City of Tacoma has applied a gross earnings tax (GET); \$85k is being taxed and Tacoma Power is paying that out of ratepayer funds. This is concerning because staff has been told that all grant funding going forward are now going to be taxed with GET of 7.5 percent. Power is the only utility in Washington that has a tax like this. Grant funding is a competitive business; when trying to secure grant funding, Tacoma Power can't set aside funds to pay for a city tax. This hurts customers as Tacoma Power won't be able to do as many electrification and decarbonization projects. Staff is proposing that an exception from the GET for grant funding that supports electrification and decarbonization be considered. Discussion about the logics and complexity of this issue and potential options moving forward ensued with the Board requesting staff to continue to meet and have discussions on this topic. Staff will keep the Board apprised.

Strategic Directive Twelve (SD12) on Employee Relations

Jennifer Airey, Asst. Water Division Manager and lead on this strategic directive, made introductory remarks. Each of the subject matter experts on this strategic directive summarized their division's initiatives, priorities, 2020 accomplishments, and 2021 deliverables/results for their divisions. The subject matter experts providing the reports were: Cheryl Bidleman, HR Assistant Director; Laurie Hardie, Safety Director; Dan Drennan, Marketing Development Manager; Rebekah Anderson, Communications Manager; Travis Metcalfe, Power Assistant Section Manager; Lori, Rail Assistant Section Manager; and Ms. Airey.

Comments by the Board

Board Member Bushnell extended his best wishes for a happy new year, which is celebrated by the Southeast Asian culture at this time of year.

E. Executive Session

Board Member Patterson moved to convene an executive session at 6:00 p.m. not to exceed 60 minutes to discuss potential litigation per RCW 42.30.110(1)(i); 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 6:48 p.m.

F. Adjournment

There being no further business or comments, the Public Utility Board meeting was adjourned at 6:48 p.m. until April 28, 2021 at 3:00 p.m.

Approved:



Bryan Flint, Chair



Christine Cooley, Secretary