



APPROVED 10/26/22

MINUTES
City of Tacoma
Public Utility Board Meeting
September 28, 2022
6:30 p.m.

Chair Cooley called the Public Utility Board meeting to order at 6:30 p.m.

Present: Chrissy Cooley, John O’Loughlin, Holland Cohen, William Bridges, Carlos Watson

The meeting was quorate.

Minutes of the Previous Meetings

Mr. Watson moved that the minutes of the previous meetings be adopted; seconded by Mr. O’Loughlin. Voice vote was taken and carried. The minutes were declared adopted.

Comments by the Public

There were no comments by the public.

Recognition

Power Engineer, Tim Nordstrom, provided an overview of the Barrier Dam Project and highlighted the successful completion of the project with photos and videos of the work. Board Members made positive remarks.

Regular Agenda

D-1 Resolution U-11342– Award contracts and approve purchases:

1. Award two-year contract to Motorola Solutions, Inc., for the installation of radios, network equipment, and antennas for the Cowlitz, Cushman, and Nisqually hydro projects (\$2,412,241, plus applicable taxes, plus twelve years warranty and maintenance with the option to renew for additional annual maintenance periods for a projected contract amount of \$4,100,559, plus applicable taxes) [John Zwosta, Power Engineer];
2. Increase contract to Stantec Consulting, Inc., for additional engineering services for the Alder Unit 11 rebuild design-build project (\$334,000, plus applicable taxes. Cumulative total \$1,506,540, plus applicable taxes) [David Wagner, Project Manager];
3. Award contract to Coast Rail, Inc., for approximately 2,400 lineal feet of railroad track, to include three turnouts and other associated track renewals (\$1,029,991, plus applicable taxes) [Kyle Kelleem, Roadmaster].

Mr. Watson moved to adopt the resolution; seconded by Mr. O’Loughlin.

In response to a Board inquiry about the 12 year warranty on the technology and whether the warranty can be broken into smaller timeframes, John Zwosta, Power Engineer, shared that the 12 year warranty just locks TPU into the price. The 12 year time frame also aligns this contract with existing agreements associated with the core radio agreements. The warranty can be purchased individually, but staff is trying to keep the renewals on the same schedule.

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

D-2 Resolution U-11343 – Authorize execution of a collective bargaining agreement with the International Brotherhood of Electrical Workers, Local 483, Water Division Unit, effective January 1, 2022 through December 31, 2024

Mr. Watson moved to adopt the resolution; seconded by Mr. O’Loughlin.

Dylan Carlson, Sr. Labor Relations Manager, summarized the resolution. The proposed agreement covers approximately 135 employees, for a three-year period retroactive to January 1, 2022, through December 31, 2024, and outlines wages for the covered period. A general wage increase will be provided in each year in the agreement and retroactive to January 1, 2022, a 2.25 percent increase will be given, and a market adjustment will be applied to classifications as follows: (1) a 1.8 percent adjustment for Water Quality Specialists; Watershed Inspectors, and Water Service Mechanics; and (2) a 3.0 percent adjustment for supervisory classifications; (3) a 2.25 percent adjustment for all other classifications. Effective January 1, 2023, a general wage increase of 2.5 percent and a market adjustment of 2.5 percent will be provided. Effective January 1, 2024, a general wage increase of 2.75 and a market adjustment of 1.5 percent will be provided. Other changes to the agreement include: an adjustment to the application of rate for a graduated Water Utility Worker apprentice from 86.75 to 88 percent of the journey level rate; an increase to the allowance for alternate reporting headquarters and travel allowance for remote locations from \$10.00 to \$14.00; an increase in the differential paid to night shift workers from 3 percent to 5 percent; and modifications to the amounts paid to Water Service Mechanics for specific certifications obtained up to 10 percent. The agreement also provides for clarification of the fatigue time language in Section 12.5, and the incorporation of the Juneteenth holiday.

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

D-3 Resolution U-11344 - In alignment with the City of Tacoma write-off policy 2.05, write off the remaining balance of \$30,595.88 invoiced to CDK Construction Services for property damages occurring on January 28, 2019 as uncollectible as the final charge of \$42,146.60 has been generated and all reasonable collection efforts have taken place

Mr. Watson moved to adopt the resolution; seconded by Mr. O’Loughlin.

Roberta Cox, Asst. Power Section Mgr., summarized the resolution. Tacoma Power works diligently to collect revenue owed, including communicating with vendors and other entities who might owe money to the City, payment plan options, discussion with the City Attorney’s office to file a claim in court, capturing amounts from performance bonds, and/or referring to the City’s collection agency. Occasionally, after such efforts

are made, it is determined that some amounts are uncollectable and need to be written off; if the City fails to write-off the uncollectable debts, then the City's financial statements lose accuracy as it reflects the City is owed more revenue than it anticipates collecting. An amount of \$72,742.48, was invoiced to CDK Construction Services, Inc. by Tacoma Power for damage to utility property occurring on January 28, 2019. The amount of \$42,146.60 has been received from CDK Construction Services, Inc. and, following the recommendation of the City Attorney and Director of Utilities, it has been determined to be in the best interest of Tacoma Power to accept the amount received as settlement of the above invoice. In alignment with the City's Write-Off Policy 2.05, amounts may be determined as uncollectable and written off when a final charge has been generated and all reasonable collection efforts have taken place. Tacoma Power has exhausted all reasonable collection efforts against CDK Constructions Services, Inc. and the remaining balance of \$30,595.88 is requested to be authorized to be written-off as uncollectable.

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

D-4 Resolution U-11345 – Authorize Tacoma Water to enter into a water supply agreement with WestRock

Mr. Watson moved to adopt the resolution; seconded by Mr. O'Loughlin.

Scott Dewhirst, Water Superintendent, summarized the resolution. On January 1, 2006, Simpson Tacoma Kraft Company, LLC, a limited liability company organized under the laws of the state of Washington ("STKC") and Tacoma entered into a Water Supply Agreement, wherein Tacoma agreed to sell and STKC agreed to purchase a water supply from Tacoma for certain SKTC industrial operations. The 2006 agreement was amended on July 22, 2015, and July 30, 2020 ("2006 Amended Agreement"). WestRock is KSTC's successor in interest and under the 2006 amended agreement has guaranteed the payment obligations. In July 2020, the final five-year optional extension period was amended to a one-year extension with up to four additional one-year extensions through Board Resolution No. U-11176 and Tacoma City Council Ordinance No. 28683, with a one-year extension running through July 31, 2021, and with options to extend for up to four additional one-year periods going out to a maximum duration of July 31, 2025. The expectation was that WestRock and Tacoma would extend the 2006 amended agreement for each of the four additional one-year extensions upon mutual agreement of the parties out to the maximum extension date of July 31, 2025. WestRock has continued its use of water as provided for in the 2006 Amended Agreement and has paid the bills it has received from Tacoma, which has billed WestRock at the rate set forth in TMC 12.10.400(E) for the Pulp Mill Contract. Through an administrative oversight, the extension of the 2006 amended agreement was not completed by August 1, 2021, and therefore, the proposed new Water Supply Agreement will confirm and reestablish the term and conditions of the 2006aAmended agreement before the City's 2023-2024 biannual budget and rates are adopted, with the intent that the proposed Water Supply Agreement will be the basis of the 2023-2024 Pulp Mill Contract rate set forth in TMC 12.10.400(E). Tacoma Water is requesting that the Director be authorized to sign the Water Supply Agreement if it is approved by the Board and City Council, with the provision that any potential extensions would be brought to the Board for approval. The effective date of proposed agreement will begin after approval by the Board and City Council and signature of the Director of Public Utilities and will go through July 31, 2023, with the potential of additional one- year

extensions with a final ending date limited to no later than July 31, 2025, which is the same final end date as was in the 2006 amended agreement;

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

E. Reports of the Director

Director Flowers mentioned to the Board that the April, May, June 2022 Financials for Power, Water, Rail, Fleet, Self-Insurance Fund reports are in written form and previously provided to the Board.

Strategic Directive Four (SD4, Stakeholder Engagement) Update

John Gaines, Community Relations Manager, reviewed the purpose of stakeholder engagement as outlined in SD4. Dr. Gaines reviewed the virtual, hybrid, and in-person ways the public was engaged on the budget process. These include many business districts, key accounts, franchise cities, and community organizations. Keil Drescher, Sr. Account Executive, spoke to the outreach for business customers. Business customer outreach is broad and aggressive. Efforts included direct calls, meetings, in-person outreach to business districts, website presence, and direct emails to the 150 largest commercial key accounts. Messaging to business customers regarding rates included inflationary pressures, supply chain issues, and bad debt incurred during the pandemic. Customer feedback has been minimal; proactive communication is key to improving this customer experience.

F. Overview of 2023/2024 TPU Biennial Budget and Proposed Rates

Jim Sant, Deputy Director for Administration, began by reviewing the budget and rate presentations provided to the Board and City Council; the first briefing was on January 12, 2022. Mr. Sant then outlined the communications and outreach efforts and reviewed the ways the public can engage in the budget process. Budget planning supports TPU strategic plans, aligns with the Board's strategic directives, follows rate and financial policies, and considers financial sustainability over the long term. Key takeaways: Cost pressure impacts (inflation/supply chain) and mitigations/outcomes (keeping rate adjustments below inflation rate and significant enhancements to assist customers with bills). Mr. Sant then reviewed a graphical representation of TPU biennial budget expenditures for each of the operating divisions. Proposed rate adjustments were then shared. Tacoma Power: Proposed 3.5 percent system average rate adjustment in 2023 and 2024. The average monthly increase for residential is \$3.70 for both years. Tacoma Water: Proposed four percent system average rate increase in 2023 and 2024. Average monthly increase for residential is \$1.73 inside the city and \$2.05 outside the city. Average monthly increase in 2024 for residential is \$1.80 inside the city and \$2.11 outside the city. Tacoma Rail: Proposed three to either percent based on traffic types to tariff rates in 2023 and 2024. The enhancements to the Bill Credit Assistance Program Plus (BCAP+) were then detailed. Customers would receive monthly bill credits in two ways: Automatic credit in that households would receive an automatic credit regardless of payment. Achievable credit in that additional BCAP+ credit could be achieved with full, on-time payments. These offset the fixed monthly charge. Graphical representations of costs of service with BCAP for each year of the biennium were shared. Looking ahead, the Board will vote on the budget at its meeting of October 26, 2022. The City Council will review this budget at a joint study session on October 22, 2022 and have its first reading on November 17, 2022. Mr. Sant concluded by outlining ways for the public to learn more about rates and engage in the process.

Public Hearing on 2023/2024 TPU Biennial Budget and Proposed Rates

Kit Burns made comments in favor of more advertising to sign customers up for BCAP+. Mr. Burns expressed concern about TPU's loans and debt service, AMI, and outsourcing as cost drivers for TPU.

John Seng, spoke on behalf of Spark Northwest in favor of having additional and expanded provisions to make BCAP+ more accessible.

Ruth Sawyer, spoke on Sierra Club in favor of having additional and expanded provisions to BCAP+ and in favor of having text and phone-based enrollment with additional languages.

G. Departmental

G-1 Resolution U-11346 – Commendatory Resolution recognizing Chrissy Cooley for her service as a TPU Board Member.

Mr. Watson moved to adopt the resolution; seconded by Mr. O'Loughlin.

The commendatory resolution was read by the Clerk and a video highlighting Chair Cooley's time on the Board was shown. Board Members made positive remarks about Chair Cooley's service and wished her well. There were no comments by the public. Voice vote taken and carried.

H. Comments by Board

There were no final comments by the Board.

I. Adjournment

There being no further business or comments, the Public Utility Board meeting was adjourned at 7:50 p.m. until Wednesday, October 12, 2022 for a study session at 3:00 p.m. followed by a regular meeting at 6:30 p.m.

Approved:



Carlos Watson, Chair



Holland Cohen, Secretary