



Approved 12/14/22

MINUTES  
City of Tacoma  
Public Utility Board Meeting  
November 16, 2022  
6:30 p.m.

Ms. Cohen called the Public Utility Board meeting to order at 6:30 p.m.

**Present:** Holland Cohen, William Bridges, Elly Claus-McGahan

**Excused:** Carlos Watson, John O'Loughlin

The meeting was quorate.

**Minutes of the Previous Meetings**

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

**Comments by the Public**

There were no comments by the public.

**Recognitions**

Christina Turner, Social Responsibility Coordinator, and members of the United Way committee and United Way of Pierce County, summarized the successful donation efforts for the 2022 campaign. The grand total for TPU this year was \$169,552.22. Board Members made positive remarks about the work and generosity that went into this year's TPU campaign.

Rebekah Anderson, Communications Manager, and members of the media team outlined the publications that were the recipients of the Association of Marketing and Communication Professional Awards this year. Board Members made positive remarks about the work.

**Regular Agenda**

D-1 Resolution U-11359– Award contracts and approve purchases:

1. Award three-year contract to Pacifica Law Group LLP for bond counsel services for the City of Tacoma (\$3,000,000, plus applicable taxes, includes option to renew for three additional one-year periods for a projected contract amount of \$3,000,000) [Patsy Best, Procurement and Payables Division Manager];
2. Award one-year contracts to Secoma Fence, Inc., and Quality Fence Builders, Inc., for on-call fencing services (\$1,350,000 will be awarded to each supplier, respectively. Includes option to renew for three additional one-year terms for a

- projected total contract amount, including both contracts, of \$2,700,000) [Patsy Best, Procurement and Payables Division Manager];
3. Award contract to GE Renewables US LLC for the Cushman 2 Powerhouse Units 31 and 32 rebuild project (\$24,077,878, plus \$1,203,894 in contingency funds for a projected total of \$25,281,772, plus applicable taxes) [David Wagner, Project Manager];
  4. Award two-year contract to Electric Power Systems, Inc., for transmission line modeling and design (\$1,500,000, plus applicable taxes. Includes option to renew for three additional one-year period) [John Merrell, Power Section Asst. Mgr];
  5. Award three-year contract to Bell Lumber & Pole Company for the supply of transmission wood poles on an as needed basis (\$2,480,045, plus applicable taxes with option to renew for two additional one-year periods for a projected contract amount of \$4,208,553.70) [Joe Parris, Contract Program Manager];
  6. Award contract to Pacific Civil & Infrastructure, Inc., for the replacement of acquired PVC and asbestos cement water mains (\$536,892, plus applicable taxes) [Jessica Knickerbocker, Water Division Mgr];
  7. Award contracts to Newco, Inc., dba Cascade Columbia Distribution; Northstar Chemical Inc; Hasa Inc.; JCI Jones Chemicals Inc; and Chemtrade Chemicals Corp for water treatment chemicals for 2023 (\$280,800, \$1,386,000, \$643,500, \$125,095, \$313,200, respectively. Total for five contracts \$2,748,595, plus applicable taxes) [Kim DeFolo, Principal Engineer].

Mr. Bridges moved to adopt the resolution; seconded by Ms. Claus-McGahan.

In response to a Board inquiry about vendor locality on item number five, Joe Parris, Contract Program Manager, shared that the vendor's HQ is in Minnesota, but there is a local office in Bellingham and they acquired the previous contractor's company and get their timber from Canada. In response to another Board inquiry, Mr. Parris shared that staff anticipates purchasing 518 poles over a three year period with this contract, which allows for semi-annual adjustments on the producer price index for wood poles.

In response to a Board inquiry on item number four, John Merrell, Assistant Power Section Manager, offered clarification. Staff is updating models and making changes, but the current best practice is to perform this function every 10 years. The number of clearance concerns will inform future frequency. Drones were considered in the past, but at this time it is more cost effective to use helicopter-mounted equipment and data collection ability is higher with this method. Staff will monitor cost effectiveness of options and technology changes and industry patterns. This function is usually not contracted out and performed by power staff or standing augmented crews.

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

D-2 Resolution U-11360 – Authorize execution of a collective bargaining agreement with the Sheet Metal, Air, Rail and Transportation – Transportation Division (SMART-TD), Conductors Unit, effective January 1, 2022 through December 31, 2026.

Mr. Bridges moved to adopt the resolution; seconded by Ms. Claus-McGahan.

Dylan Carlson, Sr. Labor Relations Manager, summarized the resolution. The proposed agreement covers 46 full-time positions, and includes a general wage increase provided to the journey level conductor hourly base wage effective upon Council adoption of 2 percent. Future wage increases will be provided as follows: effective January 1, 2023, an increase of 4.25 percent; effective January 1, 2024, an increase of 4.25 percent; effective January 1, 2025, an increase of two percent; and effective January 1, 2026, an increase of three percent, will be provided. In recognition of concessions made during negotiations, each conductor employed on October 26, 2022, will receive a one-time, lump sum payment of \$5,500. Other changes to the agreement include: effective the first full month following ratification, the employee medical premium share will mirror that of other City employees; changes to the annual rules for a cash out of PTO; and language to allow 50 percent of PTO to be contributed to a VEBA account upon an employee's retirement or death; incorporation of the Juneteenth holiday, observed on June 19<sup>th</sup>, into the agreement; elimination of the historic "Wellness" program which rewarded employees for the non-use of sick leave; employees hired after the adoption date of this agreement will not be eligible to participate in the longevity program; and clarification to various work rules and other edits made related to union dues necessary to comply with the *Janus* court decision.

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

D-3 Resolution U-11361 – Approve and adopt TPU's state and federal legislative policies

Mr. Bridges moved to adopt the resolution; seconded by Ms. Claus-McGahan.

Clark Mather, Community and Government Relations Manager, summarized the resolution. The Public Affairs and Communications Division, desires the Board confirm and approve state and federal legislative policies for TPU. The specific legislative policies, which summarize TPU's positions on certain federal and state issues, were presented and discussed in the Board's study session on October 26, 2022.

Board Member Claus-McGahan moved to amend TPU's legislative policies document filed with the Clerk of the Board by adding the following bullet on page two under Tacoma Power – Federal: TPU supports federal transmission policies that ensure reliable service for our customers; seconded by Board Member Bridges. There was no public comment on the amendment. Voice vote on the amendment was taken and carried. There was no further Board questions or comments or public comments. Voice vote to adopt the resolution with the amended legislative policy was adopted.

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

D-4 Resolution U-11362 – Approve and adopt TPU's state and federal legislative agenda

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

Clark Mather, Community and Government Relations Manager, summarized the resolution. The Public Affairs and Communications Division, has proposed a legislative agenda of items they plan to advocate for at state and federal levels during 2023. The

specific agenda items that reflect certain proactive policy objectives that are consistent with TPU's legislative policies and that will be advocated for at the state and federal levels were presented and discussed at the Board's study session on October 26, 2022. TPU's 2023 Legislative Agenda will be presented to the City Council for approval and incorporation into the City's Legislative Agenda for 2023.

Board Member Claus-McGahan, moved to amend TPU's 2023 legislative agenda document filed with the Clerk of the Board by adding the following bullet on page 1 under TPU-Wide; Support policies that address supply chain impacts: TPU supports policies that adequately address supply chain issues that affect service to customers and utility operations; seconded by Board Member Cohen. There was no public comment on the amendment. Voice vote on the amendment was taken and carried. Director Flowers spoke to the amendment. Supply chain issues are lagging longer than anyone expected and is an area of focus for trade associations. TPU wants to be focused in aiding those conversations. There were no Board questions or comments or public comments. Voice vote to adopt the resolution with the amended legislative agenda was adopted.

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

D-5 Motion 22-18 – Authorize the amendment of the 2021 – 2022 biennial budget for Tacoma Power to include an additional appropriation in the amount of \$25,000,000

Mr. Bridges moved to approve the motion; seconded by Ms. Claus-McGahan.

Michelle Rhubright, Power Supervisor, summarized the resolution. That the Tacoma Power 2021/2022 Budget be amended through a mid-biennial budget adjustment to include an additional appropriation in the amount of \$25,000,000, as on file with the Clerk of the Board, and the City Council is requested to approve the same. Higher wholesale revenues have turned into higher expenses in form of taxes paid for those revenues. Personnel costs are higher than planned. This is not funding for additional expenses, but is granting authority to spend than is higher than the approved budget. This motion is part of overall budget request to be considered by Council in December.

Voice vote was taken and carried. The motion was approved.

D-6 Resolution U-11363 – Authorize Tacoma Power to execute the Western Resource Adequacy Program Agreement.

Mr. Bridges moved to adopt the resolution; seconded by Ms. Claus-McGahan.

Ray Johnson, Asst. Power Manager, summarized the resolution. Tacoma Power requests authority to execute the Western Resource Adequacy Program Agreement (WRAPA). Although TPU is not normally subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC), certain aspects of the Western Resource Adequacy Program (WRAP), including its binding resource adequacy requirements and charges for non-compliance, arguably invoke FERC's jurisdiction over the WRAP. For example, the Federal Power Act mandates that all rates and charges for transmission or sale of electric energy in interstate commerce and all related rules be just and reasonable and not unduly discriminatory or preferential. FERC has jurisdiction to

regulate sales of electric energy for resale in interstate commerce and/or transmission of electric energy in interstate commerce. As a result, the WRAP design will need to satisfy the statutory standard of being just and reasonable, and not unduly discriminatory or preferential. The Western Power Pool (WPP) filed a tariff at FERC at the end of August, 2022. The tariff contains a detailed description of WRAP program mechanics and governance. FERC must approve the tariff in order for WRAP to become effective. Ratification of the resolution will authorize the Director to execute the WRAPA and commit the utility to the provisions of the WRAP tariff that was filed with the FERC in August, 2022. The authority to execute the WRAPA is conditional on FERC accepting the tariff with no modifications. On December 12, 2022 FERC will make a decision on the filing. If FERC approves the tariff, the WRAPA will be effective as of January 1, 2023. If FERC disapproves the tariff and asks for modifications it will delay tariff approval to Q1-Q2 2023. Staff would then provide an overview of the revised tariff and bring a new resolution at that time.

In response to a Board inquiry about participation of other utilities, Mr. Johnson stated that many in the Pacific Northwest and Desert Southwest and Mountain West are participating. This includes Seattle City Light and Puget Sound Energy. The aggregate load of all utilities participating would be larger than the entire state of California.

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

D-7 Resolution U-11364 – Authorize Tacoma Water to declare surplus and authorize the negotiated sale to King County of approximately 22.07 acres of Tacoma Water property known as the Dolloff Reservoir property, identified as King County Assessor Tax Parcel Nos. 1021049017 and 1021049064, located in the Federal Way vicinity of unincorporated King County, Washington for \$4,000,000

Mr. Bridges moved to adopt the resolution; seconded by Ms. Claus-McGahan.

Greg Muller, Real Estate Officer, summarized the resolution. Tacoma Water, requests the Board declare surplus and approve the negotiated sale of approximately 22.07 acres of property, known as the Dolloff Reservoir property, identified as King County Assessor Tax Parcel Nos. 1021049017 and 1021049064, located in the Federal Way vicinity of unincorporated King County, WA, to King County. The property, located in a suburban location, is currently being used for Pipeline No. 5 and was originally acquired in 1967, for the possible development of a water reservoir and it has been determined by Tacoma Water that there is no foreseeable need to retain ownership of the property, as ownership entails additional management time and expense, and operational needs can be met through permanent easement rights for Pipeline No. 5 as included in this transaction. Tacoma Water has negotiated the sale price of \$4,000,000, which takes into consideration the reservation of an easement to Tacoma Water for continued operations of Pipeline No. 5, and which will generate one-time revenue. King County will use Conservation Futures Funds for the acquisition, which will ensure ongoing environmental conservation of the property. Because negotiations for the sale of this property to King County commenced prior to adoption in 2020 of TPU Surplus Real Property Policy #121, no notice was provided to the local jurisdiction or tribes.

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

**D. Reports of the Director**

Jennie Wike, Management Analyst, provided a summary of the Western Electricity Coordinating Council (WECC) Audit. WECC is one of six regional enforcement entities. It monitors compliance in Washington, most other western states, as well as Canada and Baja, Mexico. Entities that violate any reliability standard by not performing a function as defined by a requirement, under federal law, face enforcement action. WECC performs the triennial audits. Internal preparations start one and a half to two years ahead of the audit with mock audits performed nine months prior to the audit. This year’s audit took place the first two weeks of October 2022. Audit areas included Cybersecurity requirements, physical security requirements, system planning requirements, and protection system requirements. There was one area of non-compliance, which was self- identified. There were two areas of concern, four recommendations, and three positive observations.

Director Flowers called on Jim Sant, Deputy Director for Administration, to provide a report on the third quarter 2022 budget performance reports for Power, Water, and Rail. Mr. Sant presented the key budget information, covering revenues and expenditures, for each of the operating divisions.

**E. Comments by Board**

Chair Cohen announced that the Board will hold one meeting in December. Notice has been posted as required in the Tacoma Daily Index for Wednesday, December 14, 2022.

**F. Adjournment**

There being no further business or comments, the Public Utility Board meeting was adjourned at 8:25 p.m. until Wednesday, December 14, 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