



APPROVED 3/12/25

MINUTES
City of Tacoma
Public Utility Board Meeting
February 26, 2025
6:30 p.m.

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

Present: John O'Loughlin; William Bridges; Elly Claus-McGahan; Anita Gallagher

Excused: Carlos Watson

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 public comments.

Recognitions

Rochelle Gandour-Rood, Education and Sustainability Liaison, shared that February is career and technical education month. Adam Kulaas, Director of Innovative Learning for Tacoma Public Schools, attended to represent 100 career and technical education teachers in Tacoma. Mr. Kulaas made positive remarks about the partnership with TPU and the beneficial impacts on youth.

Regular Agenda

D-1 Resolution U-11509 - A resolution to award certain contracts and approve certain purchases:

1. Award two-year contract to Stantec Consulting Services, Inc., to analyze the seismic performance of Mossyrock Dam (\$3,605.960, plus applicable taxes) [Matthew Wilson, Dam Safety Engineer].

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

Voice vote taken and carried. The resolution was adopted.

D-2 Resolution U-11510 – A resolution approving TPU's 2025 federal legislative agenda

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

Lauren Adler, Federal Relations Manager, summarized the resolution. Customer Service and External Affairs (CXEA) Division, requests that the Board confirm and approve the federal legislative agenda items for TPU. TPU's federal legislative agenda includes several proactive policy objectives aligned with TPU's legislative interests and staff plans to

advocate for these objectives at the federal level. The staff-recommended agenda addresses a wide range of positions, including support for tax-exempt financing, customer assistance funding, infrastructure funding, and additional key items and as shared in the February 11th joint study session with Council, these represent priority or expected policy objectives for staff, though they are not the only items TPU will address at the federal level.

Voice vote taken and carried. The resolution was adopted.

D-3 Resolution U-11511 – Amend and revise Chapters 12.01 and 12.06A of the Tacoma Municipal Code to include recovery of additional and increased operating and labor costs, effective April 7, 2025

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

Chad Edinger; Power Asst. Section Mgr, summarized the resolution. Tacoma Power requests that the Board revise the disconnection/reconnection fees in Chapter 12.01 of the TMC and the inspection and permitting fees in Chapter 12.06A of the TMC to include recovery of increased operating and labor costs, effective April 7, 2025. On October 23, 2024, the Board approved Resolution No. U-11483, which proposed updated fees to cover increased costs associated with providing the services due to general inflation, vehicle costs, and the need to hire a full-time inspector to provide swifter resolution of inspection requests. On December 3, 2024, the Council approved those updated fees in Ordinance 28995 with an anticipated April 1, 2025, effective date. Tacoma Power is proposing this update to the fees to include recent increases in operating and labor costs and will supersede the fees approved in 2024. The proposed changes include increased labor costs to provide these services based on significant market volatility since just last year. Although Tacoma Power has been paying state B&O taxes on the revenue from the fees, the utility has not recovered these operating costs in its calculation of the fees, and furthermore, TMC 6A.100.040 was recently amended to remove the exemption for the fees from the City's gross earnings tax. These modifications are consistent with the cost-causation principle in ratemaking and include these additional operating costs and if these fees are not updated, the additional expense associated with these services will be paid by retail customers.

Voice vote taken and carried. The resolution was adopted.

D-4 Resolution U-11512 – Amend and revise Tacoma Municipal Code Section 12.10 to include recovery of additional and increased operating costs with an effective date of April 7, 2025

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

Chair O'Loughlin moved to enter Substitute Resolution U-11512 striking references to two agreements on lines 1 and 2 and 8 through 10 on page three and adding certain grammatical corrections; seconded by Mr. Bridges.

There were no Board or public comments on entering this Substitute Resolution.

Dana Larsen, Customer & Financial Services Mgr, summarized the resolution. Tacoma Water requests changes to include additional operating costs associated with both water service construction charges and assets and/or cash given to city-owned utilities for utility projects. Tacoma Water has a Water Rate and Financial Policy and Customer Service

Policy to support cost of service principles and methods used to calculate and allocate costs associated with the true cost of providing service. The policies provide direction to ensure water rates are fair and equitable and reflect the cost of supplying service to a class of customers and the policies also stipulate privately financed projects shall be responsible for all costs incurred and pay the actual charges for the work necessary to complete a project. Tacoma Water provides domestic and commercial water service inside and outside city limits and the sale of water service, construction charges, and System Development Charges (SDC) are regulated by TMC 12.10, including ownership of water mains and appurtenances. Pursuant to recent changes to TMC 6A.100.040, all construction charges will now be subject to additional operating costs. The proposed changes to the fee schedule include an appropriate adjustment through 2029 to align with the cost-of-service principles and cost-causation methodology of allocating the cost burden to the customer responsible for all costs incurred. In addition to the proposed fee schedule.

Then, in response to a Board inquiry about the reason for entering a Substitute Resolution, Chief Deputy City Attorney Engel Lee, clarified that this language was struck because those contracts don't have to be approved by the Board. Then, to ensure the entrance of the Substitute Resolution was done with clarity by the Board, the motion to enter the Substitute Resolution was re-done. Chair O'Loughlin again made the motion to enter the Substitute Resolution; seconded by Mr. Bridges. There were no public comments on the substitution. Voice vote to make the substitution was taken and carried.

The Board then voted on the Substitute Resolution as summarized by Ms. Larsen. Voice vote taken and carried. The Substitute Resolution was adopted.

D-5 Resolution U-11513 – Authorize Tacoma Water to execute two wholesale water supply agreements with Cascade Water Alliance

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

Marc Powell, Business Service Analyst, summarized the resolution. Tacoma Water is asking the Board to approve the execution of two related wholesale water supply agreements that Tacoma Water staff have been negotiating with the Cascade Water Alliance (CWA). CWA currently purchases 33 million-gallons-per-day ("MGD") from Seattle Public Utilities, but pursuant to its contract terms, CWA's allocation starts to decrease in 2040 until their allocation ultimately reaches 5.3 MGD in 2064. The proposed wholesale water supply agreements with Tacoma Water would replace the supply from Seattle Public Utilities. Under the proposed agreements with Tacoma Water, CWA must build, own, and maintain a transmission main to deliver water from Tacoma Water to their customers. After the transmission main construction is complete, Tacoma Water would deliver 12 MGD (average day) on a permanent basis and an additional 12 MGD temporarily from 2041 to 2062. This project will generate significant revenue and position Tacoma Water to participate in major resiliency water projects over the next 100 years.

Board Members made positive remarks and outlined the benefits of these agreements. The water that will be delivered will be compliant with all regulations. The safety and soundness of the Tacoma Water system is not at risk. Tacoma Water will now join in conversations in the region about future water supply. It is prudent to be interconnected to other water supplies. The agreements provide downward pressure on future rate increases.

Voice vote taken and carried. The resolution was adopted.

D-6 Motion 25-01 – That upon concurrence by the City Council, the Director of Utilities is authorized to settle all claims brought by Anthony White in the lawsuit referenced as Anthony White v. City of Tacoma, Pierce County Cause No. 22-2-08766-3, on behalf of the City of Tacoma in the full and final amount of \$270,000.00.

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

Engel Lee, Chief Deputy City Attorney, reported that this motion will settle all claims by former employee.

Voice vote taken and carried. The motion was adopted.

D. Executive Session

At 7:20 p.m., Chair O'Loughlin moved to convene an executive session to consider the minimum price at which real estate will be considered [RCW 42.30.110(1)(c)] and to review the performance of a public employee [RCW 42.30.110(1)(g)]; seconded by Mr. Bridges. Voice vote taken and carried.

Chair O'Loughlin announced that the Board will take no further action after the executive session and will return to the dais to adjourn the meeting. Attorneys present for the executive session were Engel Lee and Michael W. Smith.

G. Adjournment

There being no further business or comments, the Public Utility Board meeting was adjourned at 9:05 p.m. until Wednesday, March 12, 2025, for a study session at 3:00 p.m. and a regular meeting at 6:30 p.m.

Approved:



John O'Loughlin, Chair



Elly Claus-McGahan, Secretary