



APPROVED 3/25/26

MINUTES
City of Tacoma
Public Utility Board Study Session
March 11, 2026
3:00 p.m.

Chair O'Loughlin called the Public Utility Board study session to order at 3:00 p.m. in the third-floor conference room (LT1) of the Public Utilities Administration Building.

Present: John O'Loughlin; Elly Claus-McGahan; Anita Gallagher; Devin Hampton

Excused: William Bridges

Update on Reserves, Financing, and Budget/Rates Policies

Deputy Director Yoon made introductory remarks and reviewed the biennium budget and rates timeline, which is scheduled for Board consideration in October and Council consideration in November.

Power: Ying Hall, Rates, Planning, and Analysis Manager, shared the purpose of Power's rate and financial policy: It gives direction to future short-term and long-term planning decisions and helps ensure that reliable service is provided to all customers at the lowest possible cost consistent with prudent utility management. Elements include rate setting objectives; rate review process; rate setting policies; financial targets and rate setting practices; and rate stabilization fund. Ms. Hall concluded by summarizing the following policy categories: revenue needs; cost-based; stable rates; financial metrics; rate adjustments; and affordability.

Dan McCabe, Assistant Rail Superintendent, shared the purpose of Rail's rate policy: It provides for rates adequate to ensure the operation, maintenance, and construction of the Department's railway system while providing safe, reliable, cost effective, and reliable service to customers within Tacoma Rail's service area. Guiding objectives: be cost based and adequate to recover costs; be stable; ensure sufficient resource planning and acquisition for reliable services while being as competitive as possible; and have a customer involvement and review process. Mr. McCabe concluded by summarizing the following policy categories: revenue needs; cost-based; stable rates; financial metrics; and rate adjustments.

Water: Dana Larsen, Water Customer and Financial Services Manager, shared the purpose of Water's rate and financial policy: directs financial planning/rate decisions; helps ensure adequate supply of safe, clean water; supports efficient/reliable water delivery at the lowest possible cost. Guiding objectives: rates should ensure adequate supply; rates should be as low as is responsible; rates shall be fair and equitable; rates should be based on long-term financial planning and adjusted gradually; rates should be the product of customer involvement. Water conducted a biannual review to re-test policy sufficiency; current reserve policies have not been revised for over 10 years. The last budget cycle highlighted gaps in policy assumptions and performance. Reserve policies/spend-down strategy will be updated. The spend down strategy, proposed policy updates, and liquidity/cash balance were summarized. Staff will incorporate the revised reserve policies into the 2027/2028 budget and rate forecasting. Staff will provide regular reporting on reserve level projections and fund balance forecasts in parallel with budget development and rate setting this year.

Board/Director Comments/Updates

Director Flowers provided an update on the recent appointments for City Manager and Human Resources Director.

Board Members O'Loughlin and Claus-McGahan made positive remarks about an engineering week luncheon they attended.

Director Flowers and Chair O'Loughlin reported on recent meetings they had with the Mayor, City Manager, and Council Committee Chairs.

Positive remarks were made about the recent State of the City Address.

Director Flowers shared that the recruitment period for Board Member Gallagher's ending term is open and closes at noon on March 25.

Executive Session

At 4:05 p.m. Chair O'Loughlin moved to enter into an executive session for 90 minutes to discuss the performance of a public employee [RCW 42.30.110(1)(g)] and potential litigation or legal risks [RCW 42.10.110(i)(iii)]; seconded by Board Member Claus-McGahan. Voice vote taken and carried.

Chair O'Loughlin announced that the Board would conduct no business after the executive session and moved that at the conclusion of the executive session, the Clerk of the Board is authorized to adjourn the meeting; seconded by Board Member Claus-McGahan. Voice vote taken and carried.

Engel Lee, Chief Deputy City Attorney, was present. The executive session was adjourned at 5:07 p.m.

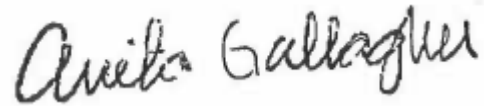
Adjournment

The study session was adjourned at 5:07 p.m.

Approved:

A handwritten signature in blue ink, appearing to read "John O'Loughlin". The signature is fluid and cursive, with the first name "John" being the most prominent.

John O'Loughlin, Chair

A handwritten signature in blue ink, appearing to read "Anita Gallagher". The signature is cursive and clearly legible.

Anita Gallagher, Secretary