



APPROVED 12/15/21

MINUTES
City of Tacoma
Public Utility Special Board Meeting
November 17, 2021
3:00 p.m.

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

Present: Mark Patterson, Chrissy Cooley, Carlos Watson, Joe Bushnell
Excused: Holland Cohen

The meeting was quorate.

Chair Patterson announced that because TV Tacoma is preparing to air the Tacoma Police Chief interviews, the meeting would not be broadcast live and the Governor's public participation requirements are met through the use of Zoom. The meeting is being recorded, will be aired on the regular TV Tacoma replay schedule, and will also be available on-demand on the City's website.

Minutes of the Previous Meetings

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

Comments by the Public

Ms. Cooley 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 Mr. Watson. Voice vote was taken and carried.

There were no public comments.

Recognition

Christina Turner, Social Responsibility Manager, reported on the final numbers for the 2021 United Way Campaign. TPU employees exceeded the giving goal of \$164,000; the campaign total for 2021 is \$202,340. Board Members made positive remarks about the generosity of TPU employees and the community that is helped by it.

Regular Agenda

- D-1 Resolution U-11290 - Award contracts and approve purchases:
1. Increase contract to Clary Longview LLC (formerly Columbia Ford) to continue purchasing various new motor vehicles planned for replacement in 2021 – 2025

- (\$15,073,300, plus applicable taxes. Cumulative total \$20,776,800, plus applicable taxes) [Don Ashmore, Fleet Manager];
2. Award one-year contract to Univar Solutions USA Inc., for sodium hydroxide used for drinking water treatment (\$962,500, plus applicable taxes) [Kim DeFolo, Principal Engineer].

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

In response to a Board inquiry about the price increase for item number two, Kim DeFolo, Principal Engineer, explained that of all the chemicals used to treat Water, sodium hydroxide's pricing is the most volatile. This year, the unit pricing is going up by 69 percent. All pricing is going up from 11 to 69 percent due to supply chain issues that affect chemical supplies. There were also winter storms, hurricanes, and mechanical failures that have contributed. In response to a Board inquiry about lessons learned from the chlorine shortage this year, Ms. DeFolo shared that there have been some changes in procedures. Tacoma Water is keeping storage tanks fuller and also looked at different types of chlorine to use. During the shortage, Tacoma Water switched to groundwater, which uses a different type of chlorine that can be manufactured by Tacoma Water. This method doesn't work at the Green River; so, staff is trying to implement this type of chlorination at another groundwater facility that is being built now.

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

- D-2 Resolution U-11291 – Authorize execution of a letter of agreement as negotiated with the Tacoma Joint Labor Committee regarding the addition of June 19th “Juneteenth” as a paid holiday for City employees beginning in calendar year 2022

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

Cecily Hutton, Labor Negotiator, summarized the resolution. Recognizing “Juneteenth” has become a central topic of discussion at the national, state, and local levels as many communities have begun to recognize the significance of this historical event within the greater context of American history. President Abraham Lincoln signed the Emancipation Proclamation in 1863, which was designed to liberate more than three million enslaved African people in the Confederate states. It was not, however, until northern soldiers arrived in Galveston, Texas, on June 19, 1865, more than two years after the proclamation, that the state's residents finally learned that slavery had been abolished. June 19th has been celebrated to commemorate the abolishment of slavery and the contributions of African Americans to society and is now known as “Juneteenth” and celebrated all across the nation. The Washington State Legislature passed legislation marking Juneteenth as a paid legal holiday for state employees, and on May 13, 2021, Governor Inslee signed House Bill 1016 into law with the first state holiday to be observed in June of 2022. The federal government acted a month later, passing a bill in both houses to designate Juneteenth as a national holiday for federal employees.

Board Members made positive remarks about this resolution, made statements about it being long overdue, and in support of this not being just another paid holiday, but adding focus on building it into the culture in alignment with Board Strategic Directive One.

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

D-3 Resolution U-11292 – Approve and adopt TPU’s state and federal legislative policies

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

Clark Mather, Community and Government Relations Manager, summarized the resolution. TPU’s legislative policies are generally updated and approved by the Board on an annual basis. The policies were last approved via Resolution U-11218 on November 18, 2020. The current resolution is to approve specific legislative policies as outlined in Exhibit A, which summarize TPU’s positions on certain federal and state issues.

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

D-4 Resolution U-11293 – Approve and adopt TPU’s state and federal legislative agenda

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

Clark Mather, Community and Government Relations Manager, summarized the resolution. TPU’s legislative agenda includes some of the proactive policy objectives, consistent with the legislative policies, that TPU staff will advocate for at the state and federal levels. The last legislative agenda was approved by the Board by Resolution U-11219 on November 18, 2020. Following Board approval, this will be presented to the City Council for approval as part of the City’s legislative agenda before the end of the 2021 calendar year.

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

D-5 Resolution U-11294 – Authorize Tacoma Water to participate in the City of Tacoma, Department of Environmental Services waste water sewer replacement South “J” Street Project to replace approximately 2,500 feet of six-inch to 12-inch potable water main (\$787,282.41, plus a 15 percent contingency for a cumulative total of \$905,374.77, plus applicable taxes)

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

Ali Poldo, Principal Engineer, summarized the resolution. Tacoma Water proposes to partner with Environmental Services to reconstruct the existing roadway and replace approximately 2,500 feet of 6-inch to 12-inch potable water main, constructed circa 1890’s, along South J Street, between South 7th Street and South 13th Street. The total project cost is \$787,282.41, plus a fifteen percent contingency, for a cumulative total of \$905,374.77, plus applicable taxes. The overall project will minimize long-term road maintenance by improving roadway surface with asphalt, upgrade underground utilities, and sidewalks/ADA improvements. Tacoma Water believes it is in the best interest of the utility and its customers to include water main work in the partnership with the

Environmental Services, to improve project delivery, reduce project costs, improve system reliability, and consolidate construction disturbance to residents.

In response to a Board inquiry about inventory of aging infrastructure and prioritization of replacements, Mr. Polda replied that Water has a very good understanding and documentation of the age of infrastructure. Risk-based models for main replacement that uses historic data are run and with that, staff is able to make decisions on replacements and prioritize them. Some of the 100 year old main were built with more thickness than today's mains, so age itself isn't always an indicator. There are more risk in mains constructed in the World War II era when steel was in low supply. In response to a Board inquiry about construction disruption with the Sound Transit work, Mr. Polda stated that Water is aware of the Sound Transit Link light rail extension project and are in close coordination with Public Works. Traffic will be coordinated and staff is trying to lessen interruption to businesses. The hospitals in the area have redundant water sources and won't be impacted.

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

D. Reports of the Director

Covid

Director Flowers provided the latest Covid update. Mayor Woodards and Governor Inslee issued utility disconnect moratoriums in March 2020. Governor Inslee's moratorium ended September 2021. Mayor Woodards has retained disconnect postponement through a bridge period to allow customers to seek funding assistance that is now available. Customers are responsible for their bills and at the end of the bridge period, disconnects will resume upon notification for customers who have not paid their bill or made payment plan arrangements. TPU is committed to assisting customers in identifying and pursuing assistance to help pay utility bills balances that accumulated during the pandemic. Currently, there are 25,995 residential customers with aging account balances totaling more than \$24 million, which reflects all five services. Additionally, there are \$3.4 million in commercial account balances. Staff is in process of further analyzing account balance data to better identify funding opportunities and develop recommendations for repurposed use of the Bill Credit Assistance Program budget dollars similar to the 2020 Emergency Assistance Program. There will be a more detailed review of those account balances with the December Covid update. The information from this analysis will be used in more targeted outreach to support customers in pursuit of funding assistance. Recently, staff made a presentation to the Pierce County Human Services Committee to support the request for \$6 million in funding assistance which would match assistance given in 2020 and future repurposed BCAP assistance. Additionally, the Customer Solutions team held their annual Community Partner Roundtable to strengthen partnerships in active pursuit of available assistance for our utility customers. TPU continues to analyze customer account data and refine plans for outreach and customer support through the bridge period. Customers are encouraged to take action now if they have utility balances and to contact 2-1-1 to learn more about utility assistance.

On November 5, OSHA released an Emergency Temporary Standard or ETS concerning vaccination requirements for certain employees and the City has been working to get clarification on the requirements that would potentially be applicable to City employees.

The federal standard if it goes forward would require employers with 100 or more employees to adopt a written vaccination policy that implements either a mandatory vaccination policy or a requirement that employees either become vaccinated or submit to weekly diagnostic testing and required facemask use. Initially the time clock for employers was to have a written plan adopted by December 6. In Washington State, TPU would be governed by a State Plan that would be implemented by the Department of Labor & Industries. Under the initial time frame, L&I was required to notify OSHA of action they will take to implement the State Plan by November 20. State plans must meet or exceed the federal standard, and initially had to be completed by December 5, one day before the deadline for the City's written policy. The federal standard initially required employees to complete their vaccine regime by January 4. This is called initial because the federal requirements have been challenged in federal court, and on November 12, the 5th Circuit Court of Appeals granted a motion to stay OSHA's ETS. The court ordered that OSHA take no steps to implement or enforce the ETS until further court order. OSHA has subsequently suspended activities related to implementation and enforcement of the federal standard pending future developments in the litigation. TPU has not seen any information on what the State Plan will include, and now that the federal process has been suspended, the expectation is that the state process will also be put on hold until the federal litigation is sorted out. Uncertainty remains in critical areas such as compliance timelines exemptions, accommodations, and testing options. The City will be continue to prepare to meet any requirements that come out of this process.

The TPU reconstitution team remains active preparing for eventual building re-occupancy. The City is currently working under a mandatory telework order for employees who are able to telework. About half of our employees do continue to report to work at either our office locations or to field work sites, approximately 50 percent of our employees are working remote. Evaluation of that mandatory telework order will be reviewed prior to February 1, 2022 at which time either the order will be extended or a revised reconstitution timeline will be issued to guide building re-occupancy. Our reconstitution team is supporting completion of post Covid telework agreements and leading planning for logistical support of returning employees.

In the October meeting, staff provided information regarding the supply chain issues that was being monitored but at the time, staff was hopeful of there being no impacts. Since then, Sensus (the City's meter supplier) informed TPU of supply chain issues that will significantly delay AMI meter and module deliveries throughout 2022. These supply chain issues are primarily due to the global shortage in computer chip components and manufacturing, the same issue that is impacting the automotive industry. In response, the program assembled a team to develop a mitigation strategy to minimize customer, employee, and schedule impacts. While there remain many unknowns, staff has identified potential impacts to: Schedule: Staff anticipates a schedule impact of ~12-18 months minimum beyond 12/31/2022, likely putting Program completion into 2024; and Cost: Staff anticipates the additional cost to be approximately two to three million, potentially requiring additional funding beyond the existing Program budget. This will depend on how the project progresses including use of the \$1.8 million contingency forecast from last program update. An extension of AMI PUB Resolution for the Special Project of Limited Duration Resolution ends 12/31/2022 may be needed. Also, changes may be required to the five-point customer notification plan to match a reduced certainty of meter inventory throughout 2022. Lastly, an extension of AMI WaterSmart Grant

Agreement may be needed as federal grant period ends 9/30/2023. This situation remains fluid with many unknowns; TPU is using an agile approach to allow staff to adapt to changing conditions and information. To complete the remaining installations in alignment with the meter installation vendor (MIV), a tentative contract amendment is being reviewed with the MIV for alignment through the remainder of deployment. This contract amendment is comprised of two contractual components: Interim deployment period during meter supply shortages; Steady date deployment once meter supply issues are mitigated.

Rail Strategic Plan

Alan Matheson, Assistant Rail Superintendent, presented the Rail strategic plan at the Board meeting of October 26, 2021 and inquired if there was any feedback from the Board. Board Members had positive remarks about the ambitious goals and plan. Mr. Matheson agreed that the goals are aggressive, but there's a five-year runway and that the Board would be kept informed of the progress.

July 2021 Financials for Power, Water, Rail, Self-Insurance Fund

These financials were in written form only with no verbal report provided.

Strategic Directive Two (SD2, Financial Sustainability) Quarterly Budget Performance, Financial Outlook, and Metrics

Jim Sant, Deputy Director for Administration, provided a report on the third quarter 2021 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.

Michelle Brown, Power Analyst, summarized Power's financial outlook. The forecast for total revenue is \$69M more than budget and the forecast for total expenditures is \$19.5M more than budget. Ms. Brown reviewed graphical representations of aging accounts receivable and biennium cash projection.

Dan McCabe, Rail CIO/CFO, summarized Rail's financial outlook. The forecast for total revenue is \$4.7M under budget and the forecast for total expenditures is \$0.6M under budget. Mr. McCabe concluded by reviewing the biennium cash projection.

Jodi Collins, Water Division Manager, summarized Water's financial outlook. The forecast for total revenue is \$2.2M or one percent over budget and the forecast for expenditures is \$1.6M or one person under budget. Ms. Collins concluded by reviewing graphical representations of aging accounts receivable and biennium cash projection.

Ebony Peebles, Sr. Financial Manager, provided a summary of the performance metric highlights. Financial and operation metrics were generally favorable. Water revenues remain very close to budget and Power revenues outperforming budget. Rail is managing lower expenditures in response to lower revenues. TPU's work and commitment to customers and employees continues. Power's safety metric shows improvement and call center responsiveness is consistently above target.

Strategic Directive Fourteen (SD14, Resource Planning) Update

Clay Norris, Power Manager, made introductory remarks and re-stated the purpose of SD14, which is the high priority of providing safe and reliable power, water, and rail

services that meet or exceed customer needs over the long term. Alan Matheson, Asst. Rail Superintendent, provided an overview of areas of focus for Rail: anticipate hypothetical rail service futures; prepare for effects of climate change on facilities; e.g. sea level rise impacts to railroads; develop strategy/tactics to accelerate decarbonization of the locomotive fleet; and establish a volume investment fund. Glen George, Sr. Principal Engineer, provided an overview of Water's work in this SD. Mr. George reviewed the 2018 Integrated Resource Plan (IRP) process, potential methods to further enhance resource adequacy and reliability (groundwater, water storage projects, aquifer storage, and aggressive peak shaving). Current efforts include making progress on recommendations from the wells master plan and making progress on additional water supply project completion. Water will continue to work with regional stakeholders and customers on peak reduction strategies and prepare for the next iteration of the IRP in 2024. Rachel Clark, Sr. Power Analyst, spoke to Power's IRP. The utility is required to develop an IRP every four years and an update every two years. The next update is due September 2022. Ms. Clark reviewed the key findings from the 2020 IRP, which include acquiring 10MW of demand response by 2023, renewing the Bonneville Power Administration contract in 2028 with Slice/Block, acquiring all cost-effect conservation identified in the Conservation Potential Assessment, and not renewing the Columbia Basin Hydro contracts as they expire from 2022 – 2026. Ms. Clark concluded by summarizing the 2022 IRP focus areas and schedule.

Draft Clean Energy Implementation Plan and Clean Energy Transformation Act Low-Income Assessment

Rachel Clark, Sr. Power Analyst, stated CETA is the Clean Energy Transformation Act that was signed into law in 2019; it has a clean energy commitment and equity commitment. It requires that 100 percent of retail electricity sales are carbon-neutral by 2030 and 100 percent of retail electricity sales are carbon-free by 2045. Staff will bring an action item before the Board at its December meeting to consider approval of the proposed Clean Energy Implementation Plan (CEIP) and approval of the proposed CETA low-income assessment. CEIP specific actions include completion of residential water heater demand response pilot by the end of 2024, develop concept for a demand response rate for industrial customers, and acquire 206,228MWh (~12aMW) of energy conservation resources over the next four years through a combination of programs for residential, commercial/industrial, as well as some external programs. The equitable transition for highly impacted communities and vulnerable populations was then described. Because staff already expects to meet CETA's 2030 standard, new risks to highly-impacted communities and vulnerable populations is not expected. Staff plans to continue to refine existing efforts to help reduce risk and burden for low-income customers. John Walkowiak, Conservation Manager, then provided a summary of what goes into the low-income assessment. CETA low-income is means household incomes may not exceed the higher of 80 percent of area median household income or 200 percent of the federal poverty level, adjusted for household size. Mr. Walkowiak summarized TPU's assistance programs, energy burden (home energy expenses that exceed six percent of income), and assistance spending. Staff recommendations are to support the proposed CEIP plan; support the proposed CETA low-income assessment that to utilize approximately \$3.5M annually over the next two years to continue low-income assistance programs and expand low-income weatherization and heating conservation for both owner-occupied and tenant customers.

Miscellaneous

Joe Wilson, T&D Manager, provided an update on the wind storm that took place on Monday, November 15. Winds at McChord AFB were 48mph and were 59mph at SeaTac. At its peak, 6,600 customers were out during the windstorm. Thirteen line/tree crews were deployed to over 40 locations. Customers were kept informed of restoration times and the crews worked until final restoration at 4:00 am on Tuesday morning.

E. Comments by the Board

There were no final comments by Board Members.

F. Executive Session

Board Member Cooley moved to enter into an executive session at 6:10 p.m. not to exceed 60 minutes, to discuss the performance of a public employee per RCW 42.30.110(1)(g); seconded by Mr. Watson. Voice vote taken and carried.

Chair Patterson 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 Mr. Watson. Voice vote taken and carried. The executive session concluded at 6:55 p.m.

G. Adjournment

There being no further business or comments, the Public Utility Board meeting was adjourned at 6:55 p.m. until December 15, 2021 at 3:00 p.m.

Approved:



Mark Patterson, Chair



Carlos Watson, Secretary