

Strategic Directive 9 Economic Development

Update to the Tacoma Public Utility Board

July 12, 2023



●●● Agenda

- Economic Development
- Tacoma Power
- Tacoma Water
- Tacoma Rail
- SD-9 Measurements

● ● ● Purpose

The Utilities are an asset that can aid in improved quality of life for all TPU customers and stakeholders.

TPU supplies critical resources to the communities it serves and provides the foundation for building a strong and resilient economy, which will ultimately result in more revenue for TPU.

Economic Development

Economic development aims to

- Help existing businesses solve problems that may cause them to close or move away
- Help local businesses grow and expand
- Bring new businesses into and promote the community as a location for economic activity
- Work with partners to prepare residents for available careers, connect businesses to skilled workers, and build the pipeline of future workers in the community
- Help entrepreneurs and new firms start up and access the resources they need to succeed
- Improve a community's quality of life and economic wellbeing

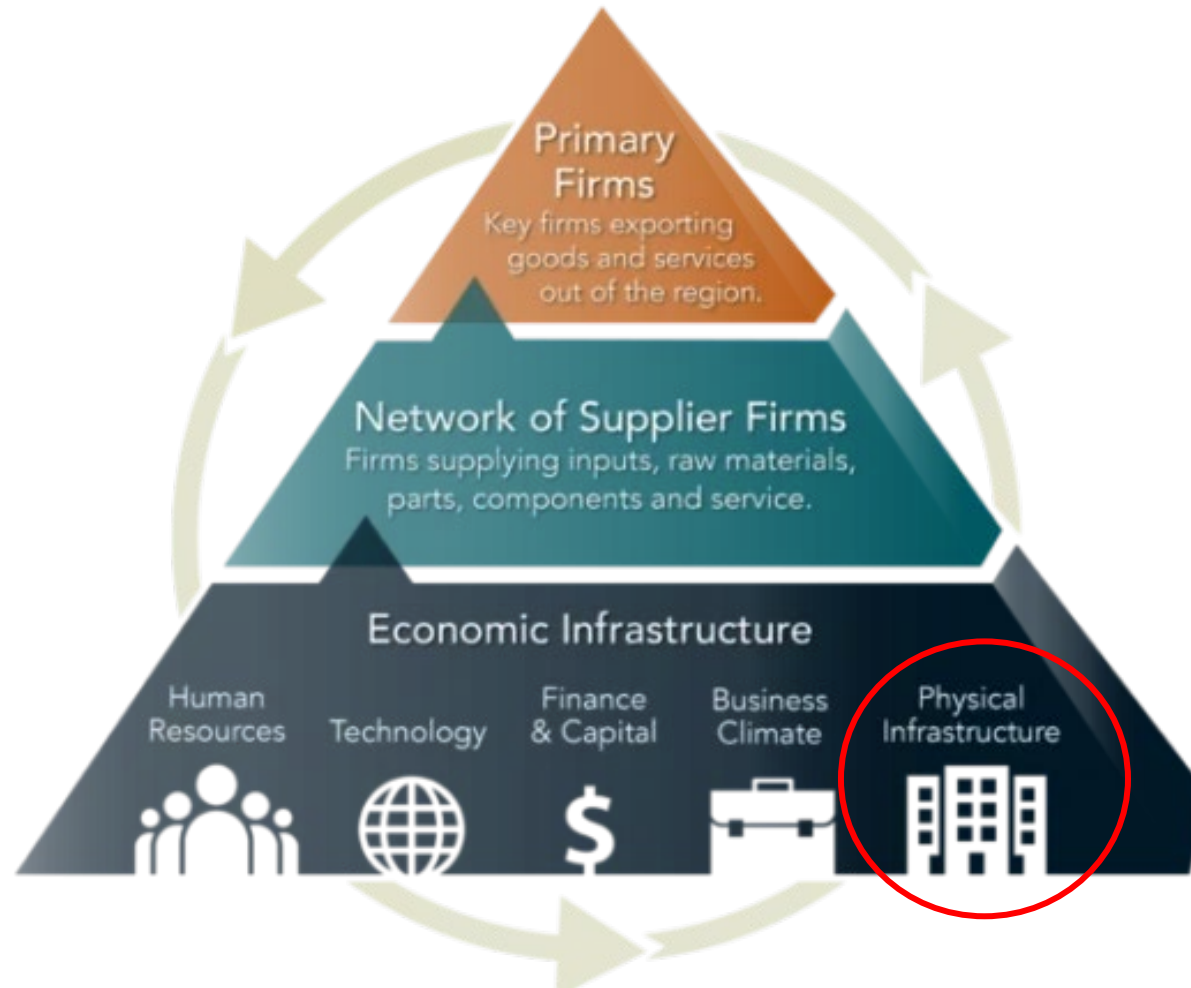
Utility Economic Development

“All economic development is local, and it all relies on a site or building. And every site or building is going to be served with utilities”

“Utilities are one of the key stakeholders in the economic development team.”*

* Janet Ady, Site Selector and Economic Development Consultant

Utility Economic Development



2022 Summary

- Pierce County continues to be attractive to new business
- Pace of new development continues to be inconsistent

Account Openings

Account Class	Services	⌘	Year Opened				
			2019	2020	2021	2022	2023
Commercial	Power & Water		304	253	263	272	106
	Power Only		2,356	1,894	2,306	1,781	766
	Water Only		216	172	200	189	71
	Total		2,876	2,319	2,769	2,242	943
Industrial	Power Only		1	3			
	Total		1	3			
Grand Total			2,877	2,322	2,769	2,242	943

Account Closures

Account Class	Services	⌘	Year Closed				
			2019	2020	2021	2022	2023
Commercial	Power & Water		315	251	275	300	125
	Power Only		1,652	1,559	1,540	1,627	707
	Water Only		160	148	174	156	64
	Total		2,127	1,958	1,989	2,083	896
Industrial	Power & Water		5	3	2	2	
	Power Only		9	3	5	3	
	Water Only		4	2		2	
	Total		18	8	7	7	
Grand Total			2,145	1,966	1,996	2,090	896

Economic Development

12 Month Review

- Continued to work closely with our partners to ensure timely and accurate utility information for prospects and expansions including manufacturing, logistics, and green hydrogen
 - 33 prospects and expansion projects
- Worked on the development of the COT Green Economy Strategy, adopted by the City Council on June 13.
- SelectUSA Fam Tour of Tacoma (April 27)
- Americas Competitive Exchange (May 17)

Economic Development

Focus for 2023

- Continue focus on business retention and expansion efforts
- Provide our partners with support for recruitment opportunities
- Provide continued support for the COT's Green Economy Strategy as a member of the Green Economy Hub
- Monitor and identify trends that may require changes to our ED efforts
- Continued engagement with the land use planning process as needed
 - Tideflats Subarea Plan
 - South Tacoma Groundwater Protection District
 - South Tacoma Economic Green Zone

● ● ● Constraints on Development

- The lack of land Rail owns on which rail-served facilities can be built. We depend on the Port/NWSA, private landowners or the Puyallup Tribe to provide land to developers which usually do not require rail service as their primary transportation option.
- Lack of right-sized industrial real estate
- Interest rates
- Ongoing supply chain concerns – internal & external
- Power infrastructure capacity and industrial power limitations
- Workforce recruitment issues – internal & external

●●● Tacoma Power

2022 Electrical Services Accomplishments

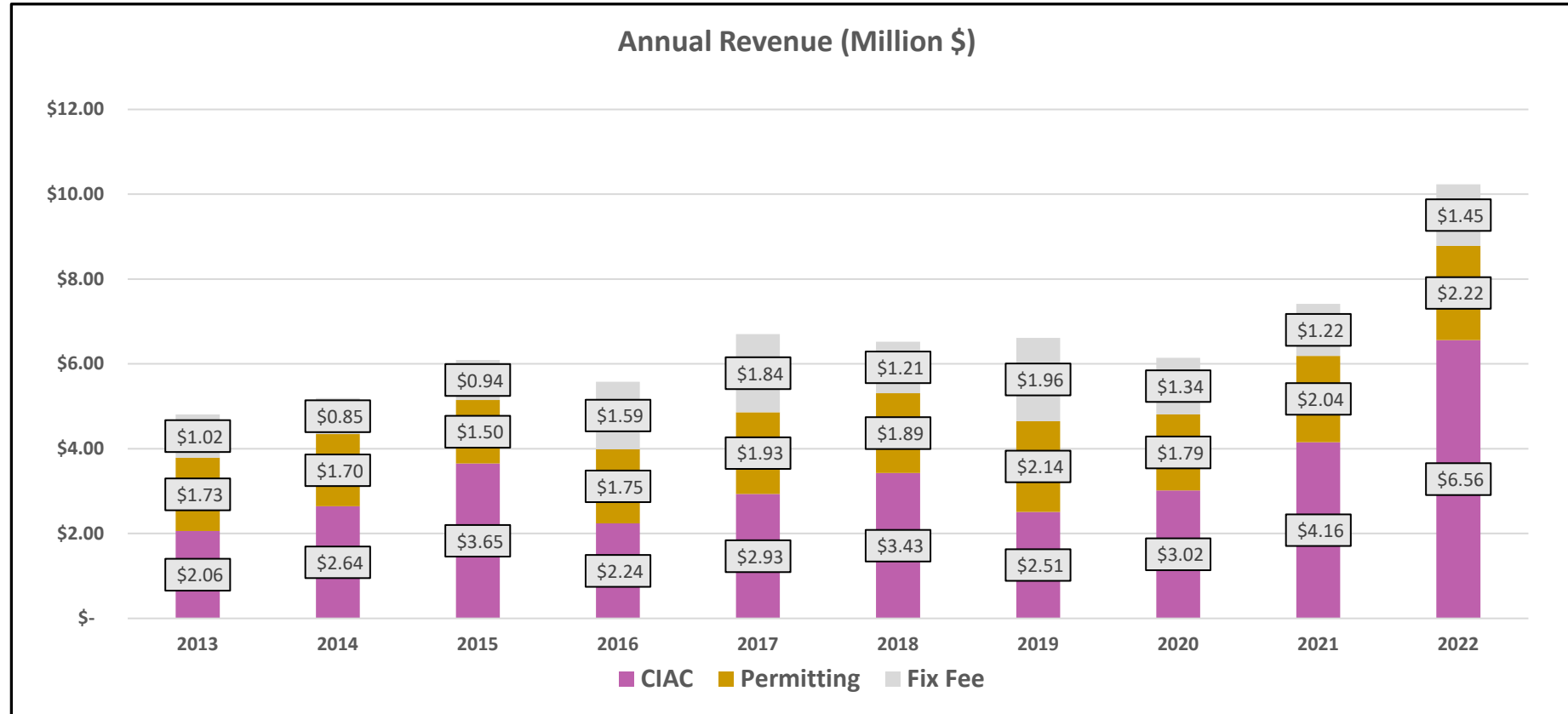
- Many large projects including 35 apartment buildings
- 3,398 New Connections (Largest since 2007)
- Accela permitting site in development

Supply Impacts to Electrical Services

- Nation wide shortages of electric utility materials
- Pro-Active communications to customers
- Seeking material and design alternatives
- 2022 Customer connection revenue up 58% from 2021

Tacoma Power

Customer Spending



●●● Tacoma Power

Electrical Services Focus for 2023

- New Service & Central Business District Engineering
 - Balancing materials and design
- Continuous improvement to customer processes
- Synchronizing permit and flat fee reviews with power rates
- Customer Service Policy update (Complete)
- Project deployments
 - C&I Advanced Meter Deployment (Near Completion)
 - Launch Accela Permitting platform (Sept 2023)

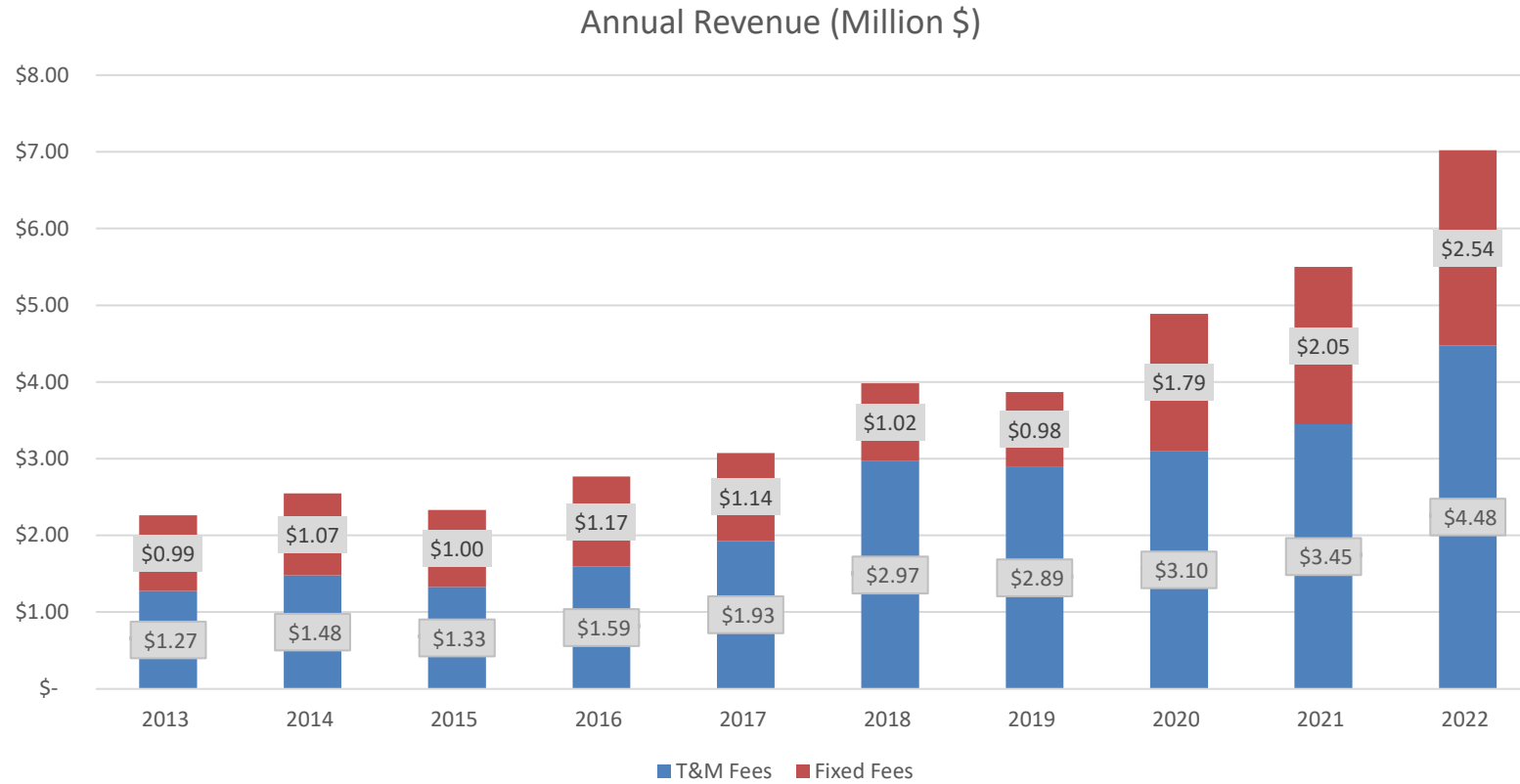
2022 Water New Services Accomplishments

- Supported continued strong levels of water main extensions
- Cautiously optimistic about water service material inventory
 - No projects were delayed due to supply chain issues

Challenges to Supporting Economic Development

- Lack of Defined Level of Service for Water Service Transactions
- ESAT (Employee Satisfaction Results) – Operational Effectiveness

Development Spending, Residential and Commercial



Tacoma Water

Focus for 2023

- Relationships with Development community - Listen to feedback
- Define a new Level of Service for Water Main Design
- Create and Implement New Payment Options with Chase Bank
- Employee Survey Results, Action Plan (ESAT) – Roles and Decision Making
- Large Project Deployments and Support
 - Advanced Meter – Commercial Meters are complete! Residential Mass Deployment early 2024
 - Customer Engagement Portal – Phase 5 Features, Water Outages and Customer Notifications
 - Supporting SAP Upgrade efforts to improve Employee and Customer Experience

●●● Tacoma Rail

2022 Accomplishments

- Rail aided the Northwest Seaport Alliance in attracting Hyundai's import auto business to Tacoma's Wallenius Wilhelmsen Auto loading facility from Portland.

COVID -19 Impacts

- Supply chain issues have delayed the procurement of track materials and locomotive wheels.
- All other functions are proceeding normally.

Tacoma Rail

Focus for 2023

Growing the import auto business.



Starting the process of assuming operational responsibility for the South Intermodal yard (SIM).



● ● ● Measurement 1

Number of customers and prospects assisted in 2022

- TPU interacts with customers and prospects in numerous ways.
- These interactions number in the hundreds and include efforts from
 - Economic Development
 - Account Executives
 - Business Solutions Office
 - New Services in Power and Water
 - Rail
 - Conservation

Measurement 1 - Water

Number of customers and prospects assisted in 2022

- Plan review and comments = 1,329 permits
- Provided construction estimates for new water services = 360
 - 113 Commercial // 169 Multifamily // 78 SFD developments

Private Contracts and main extension program in 2022

- 31 projects to Construction, 13.2 miles of new main
 - 10 Commercial // 20 Residential (Multi & SFD) // 1 Church
- 37 projects to the Design phase, 17+ miles proposed
 - 10 Commercial // 26 Residential (Multi & SFD) // 1 School

●●● Measurement 2

Annually review New Service Engineering (Water and Power) and other relevant customer surveys.

Measurement 2 – Rail (2022)

1. How satisfied are you with Tacoma Rail's service in its:

Answer Options	Very Satisfied	Satisfied	Needs Improvement	Unsatisfied	N/A	Rating Average	Response Count
Timeliness	11	5	0	0	0	3.69	16
Accuracy	12	4	0	0	0	3.75	16
Dependability	10	6	0	0	0	3.63	16
Communication	12	4	0	0	0	3.75	16
Operations Team	12	4	0	0	0	3.75	16

● ● ● Measurement 3

Track participation with Partners related to Economic Development.

- Continue regular meetings with economic development partners – biweekly and monthly.
- New priorities have emerged:
 - Small business and entrepreneur assistance
 - Support for women and BIPOC owned businesses
 - Green businesses and green jobs
- Continue marketing activities with partners

● ● ● Measurement 4

Linkages between TPU's strategic plan and other economic plans in the community

- Pierce County Economic Development Strategic Plan
- Tideflats Subarea Plan
- COT and State's decarbonization strategy, in particular:
 - PNW Hydrogen Association - Hydrogen Hub effort
 - COT Green Economy Strategy
 - South Tacoma Economic Green Zone

● ● ● QUESTIONS

