

TPU cafeteria contract increase



Our request

Tacoma Power seeks approval from TPU Board to extend funding under a current cafeteria food services agreement with Jonz Catering & Food Concepts, Inc., for an additional amount of \$1,000,000 plus applicable sales tax.

Background information

This contract is a 10-year contract with one 5-year renewal option. The contract was originally approved via Board Resolution U-10683 on March 26, 2014. It is valid from July 1, 2014 through June 30, 2024 with possible renewal until 2029. The value of the contract is \$500,000 with an additional \$250,000 possible at renewal.

Contract scope of services includes on-site employee dining and food services (private transactions); catered meals (PUB meetings, meetings, holiday meals); meeting refreshments (coffee, tea, snacks); and storm meal/food services for staff working during storms and other emergencies.

Contract benefits

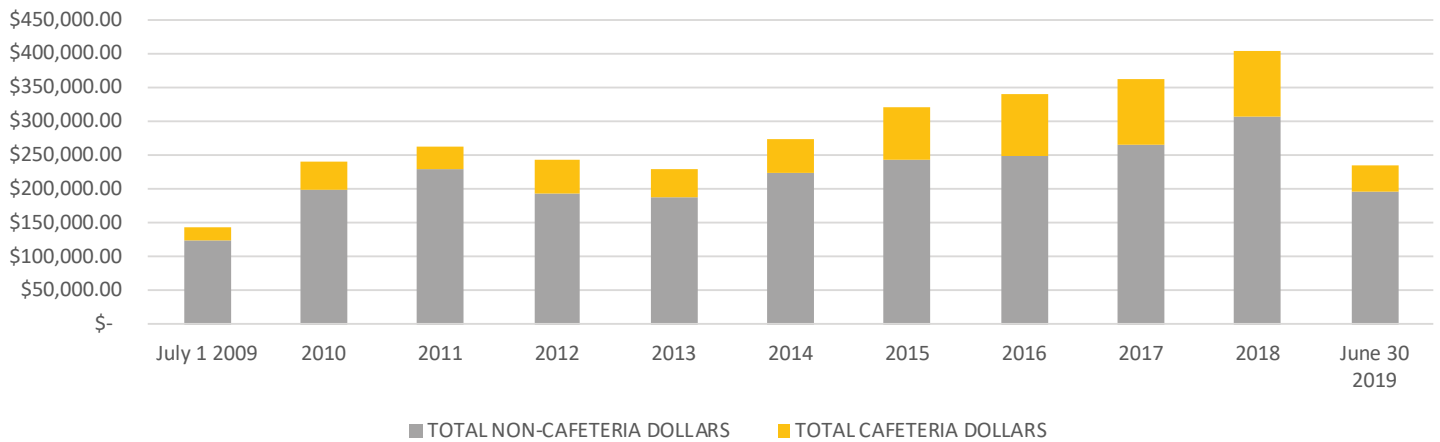
- Provides employees the option to stay on-site for meals
- Supports a local, women-owned business
- Added an espresso bar, salad bar, and sandwich station
- Expanded grill and hot lunch offerings
- Improved catering and snack options

Cafeteria customers

The TPU cafeteria serves Tacoma Power, Tacoma Water, Tacoma Rail, TPU Customer Services, TPU Public Affairs, TPU Management Services, and the TPU Director's Office. It also serves General Government employees housed at TPU, including Human Resources, Retirement, Legal, Finance, and Information Technology. Non-TPU-located departments served include Community & Economic Development, Planning & Development Services, City Manager's Office, Tacoma Police Department, Environmental Services, Public Works, Tacoma Venues and Events, and the Tacoma Public Library.



Annual City-wide food spending



Annual City-wide food spending

The above bar chart shows the TPU cafeteria spending is consistently in step with the increase or decrease in overall food spending. A steady increase can be seen from 2014, which is the year the current cafeteria contract began. The data was provided by the City of Tacoma's Finance Department.



The average annual spend over the first five years of the contract (July 2014 - June 2019).

Halfway through the life of the \$500k contract, \$450k has been spent. The \$90k annual spend has exceeded the expected \$50k annual spend.



The average annual percentage of cafeteria spend as compared to all City food spending.

Each year, between July 2009 to June 2019, cafeteria spend has consistently been 13-27% of total food-related spending across the City.



The percentage of employees who utilize the cafeteria 1-5 times per week.

This statistic reflects the results of the 2018 Cafeteria Survey. This percentage has remained consistent over multiple past surveys.

Cafeteria vs. outside vendors

Boxed lunches | \$11-12 per boxed lunch vs. \$12-15 with a \$50 min. and delivery fee (Ingallina's)

Taco bar | \$6-7.75/person with 10 person minimum vs. \$12/person with 10 person minimum (Chipotle)

Pasta bar | \$7.75/person with 10 person minimum vs. \$12.50/person with 8 person minimum and a 15% delivery fee up to \$500 (Olive Garden)

Our Energy Future

Session 2: Resource Adequacy

Ray Johnson
Assistant Power Manager

Rachel Clark
Resource Planning Manager

Overview

What is Resource Adequacy?

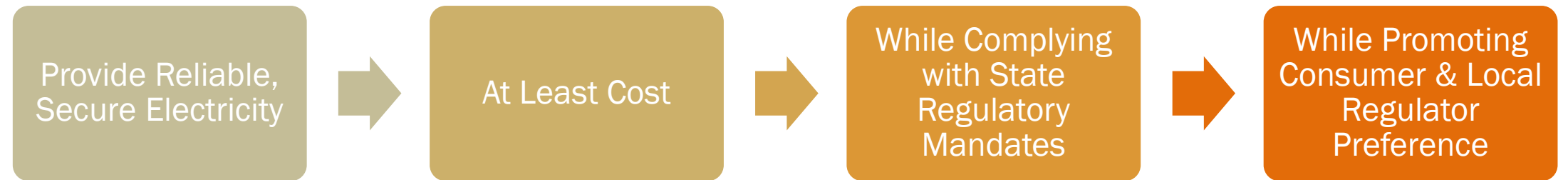
Having enough resources to serve loads

Resource adequacy can be measured in different ways and on different geographic levels (utility-specific, regional, etc.)



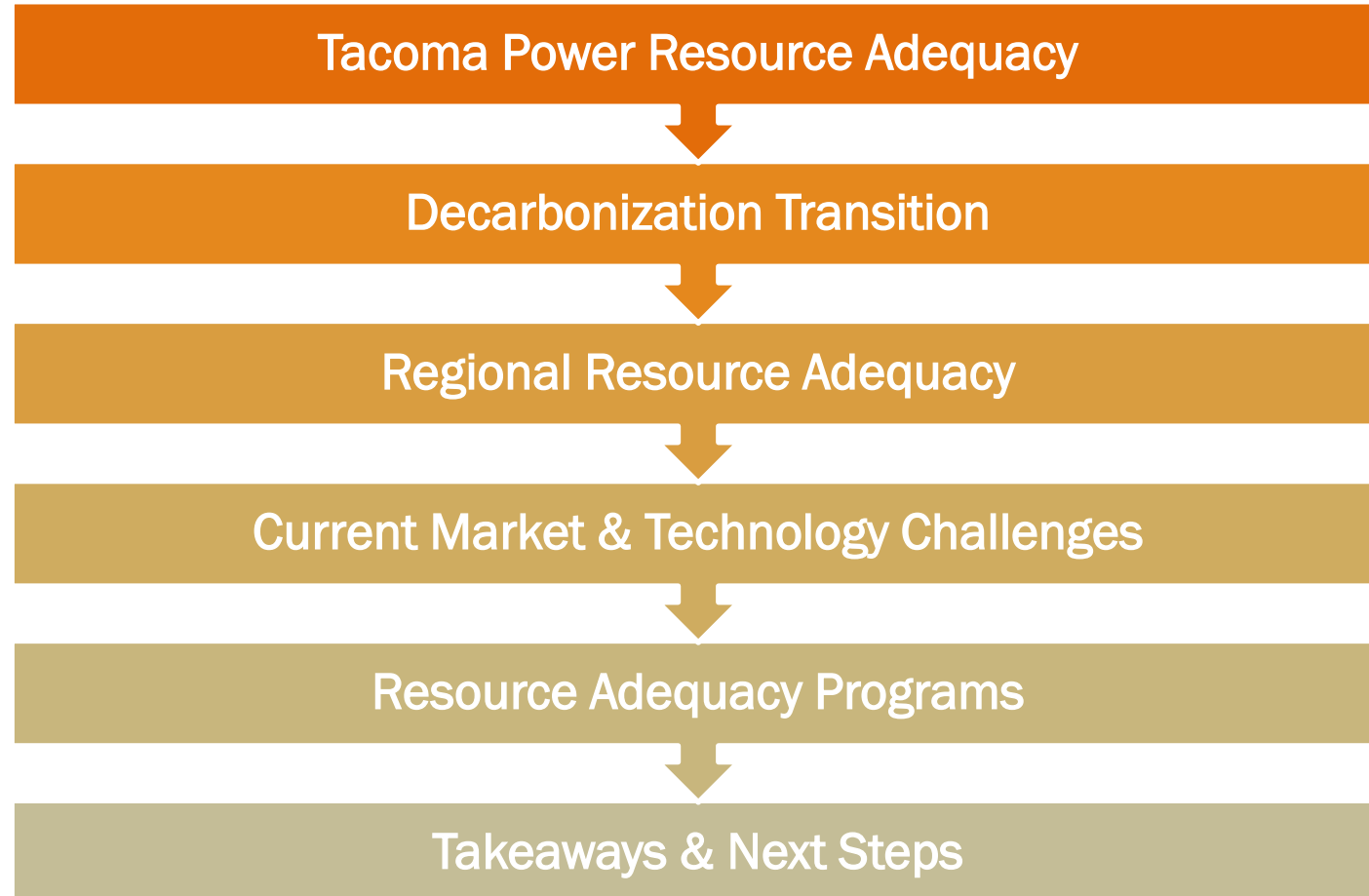
Overview

Today's Challenge for Utilities



Overview

Presentation Overview



Tacoma Power Resource Adequacy

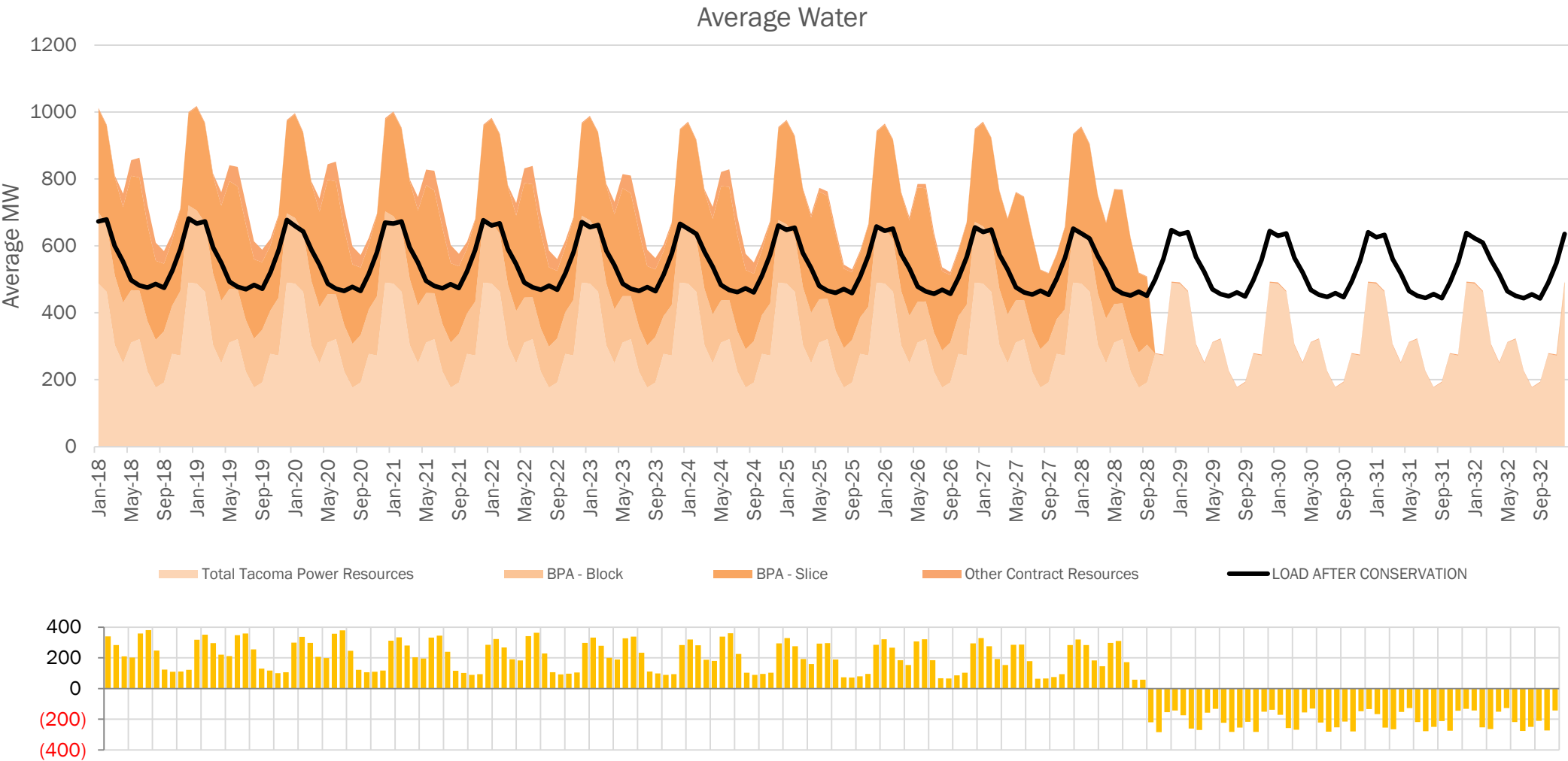
Section 1

Does Tacoma Power have adequate resources now? Will it in the future?

Question 1

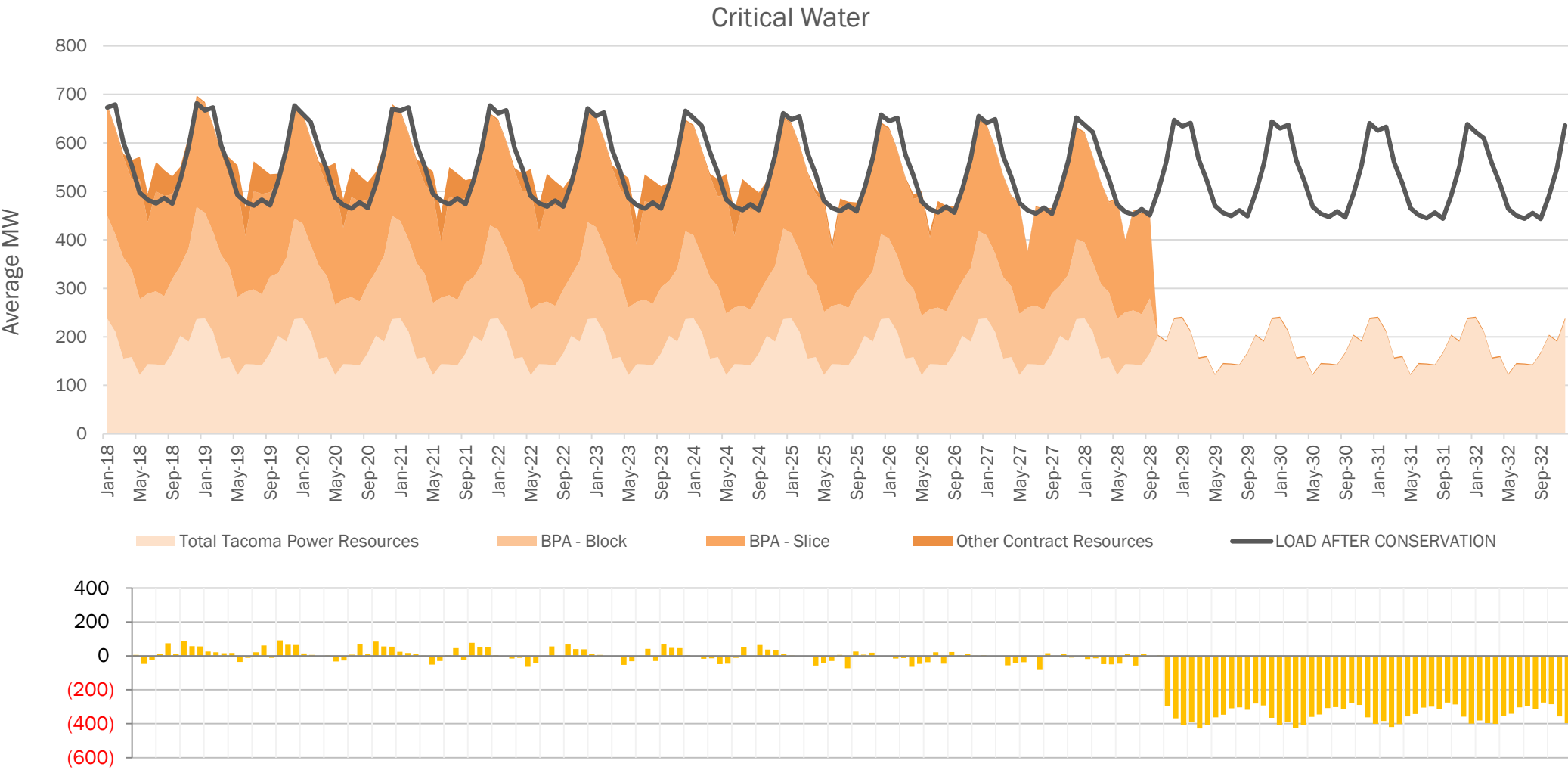
Tacoma Power Resource Adequacy

Energy: Long-Term Load-Resource Balance



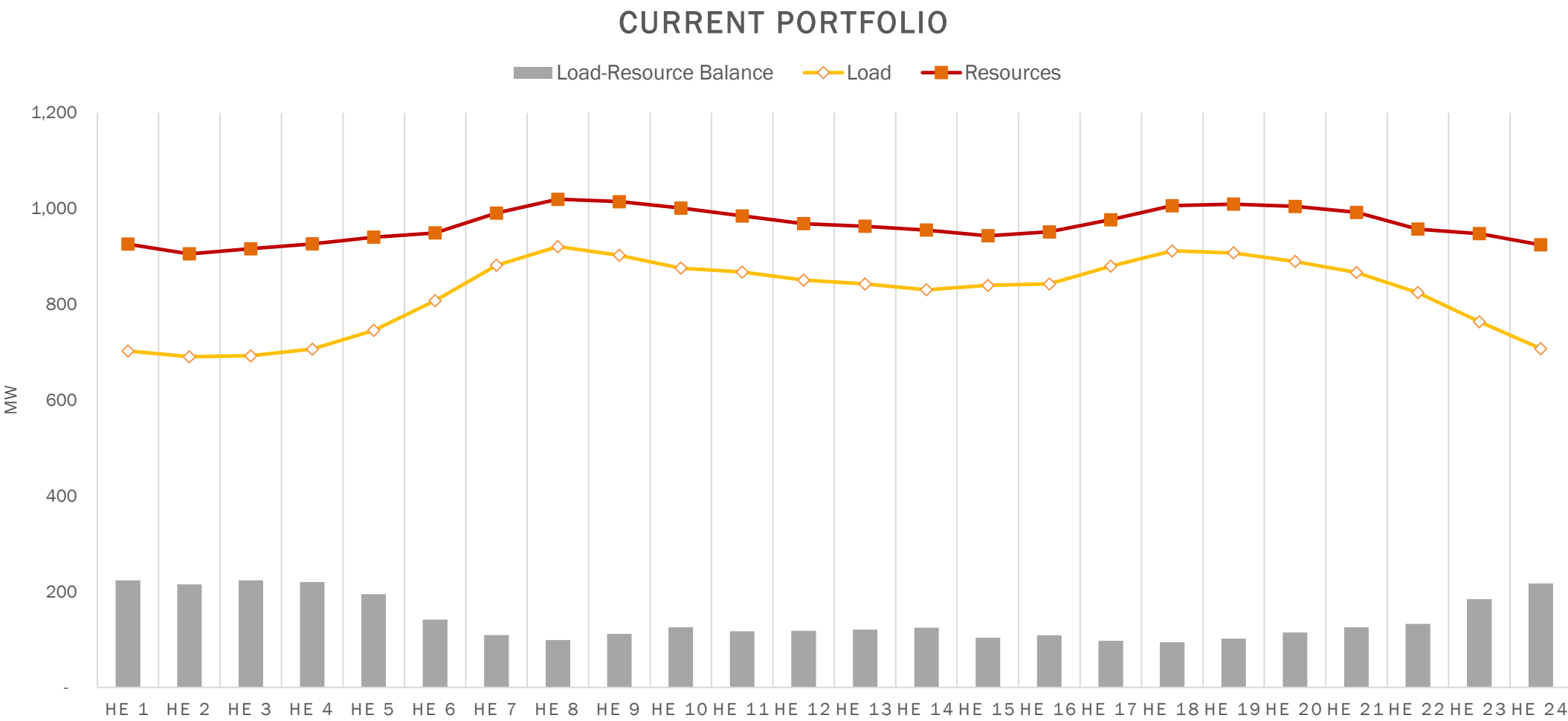
Tacoma Power Resource Adequacy

Energy: Long-Term Load-Resource Balance



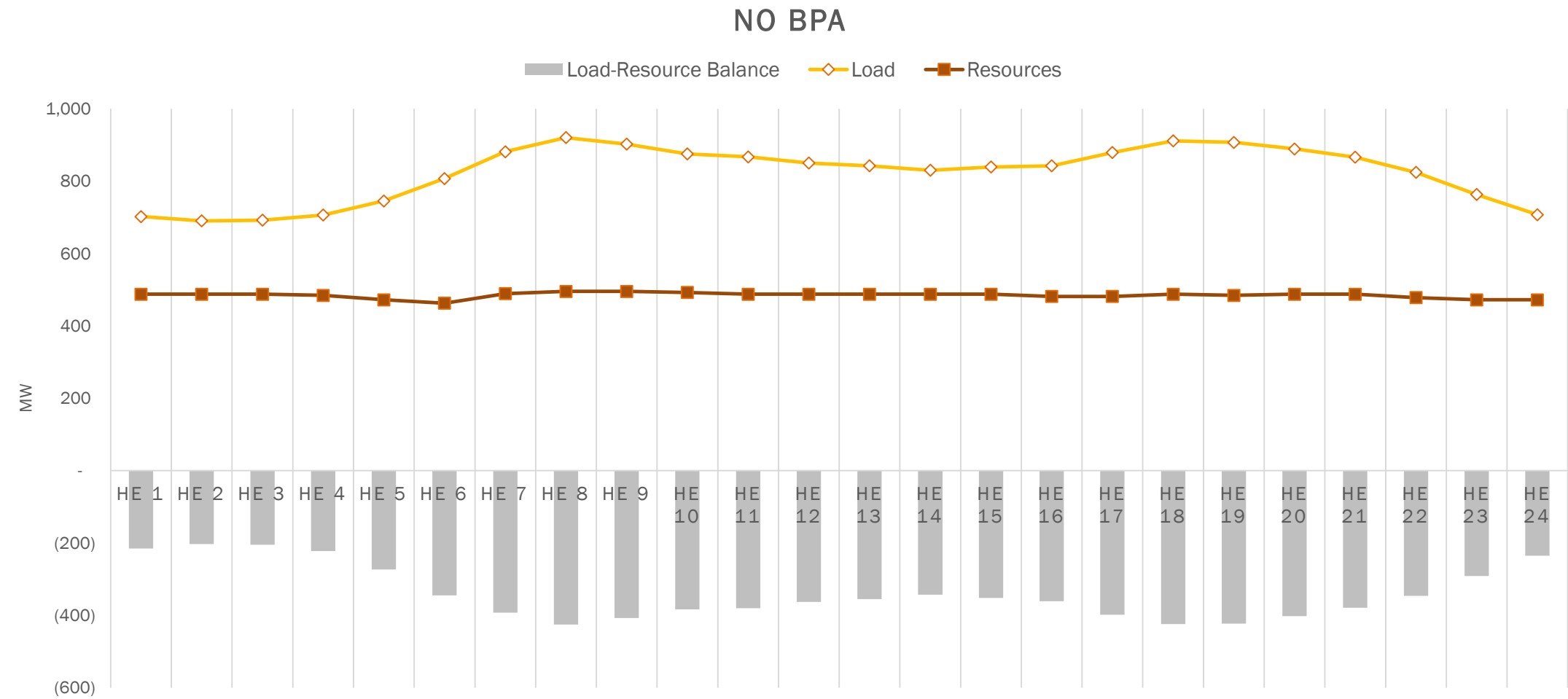
Tacoma Power Resource Adequacy

Capacity Now: January Peak Day



Tacoma Power Resource Adequacy

Capacity post-2028: January Peak Day



Decarbonization Transition

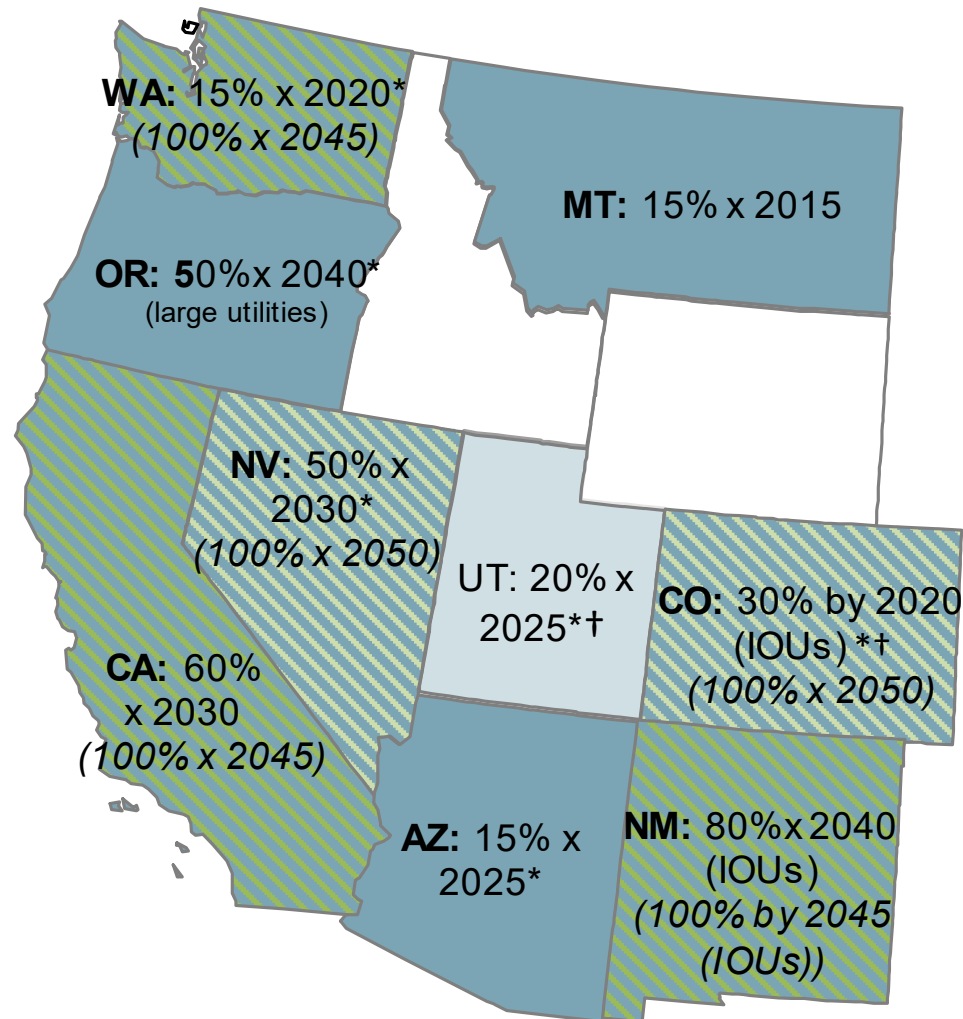
Section 2

How will the transition toward decarbonization impact regional resource adequacy?

Question 2

Decarbonization Transition

WECC Renewable & Clean Portfolio Standards



Renewable portfolio standard

Renewable portfolio goal

Clean energy standard

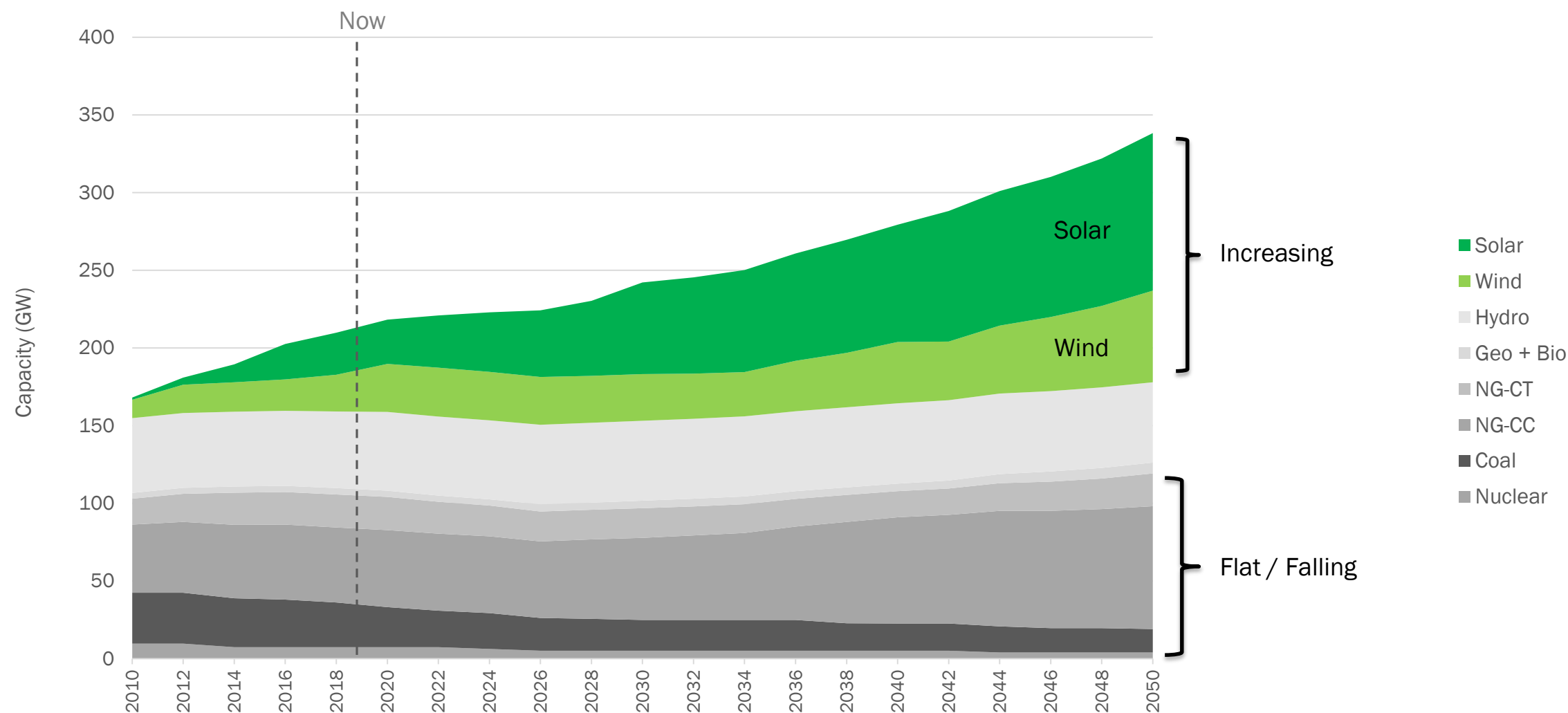
Clean energy goal

* Extra credit for solar or customer-sited renewables

† Includes non-renewable alternative resources

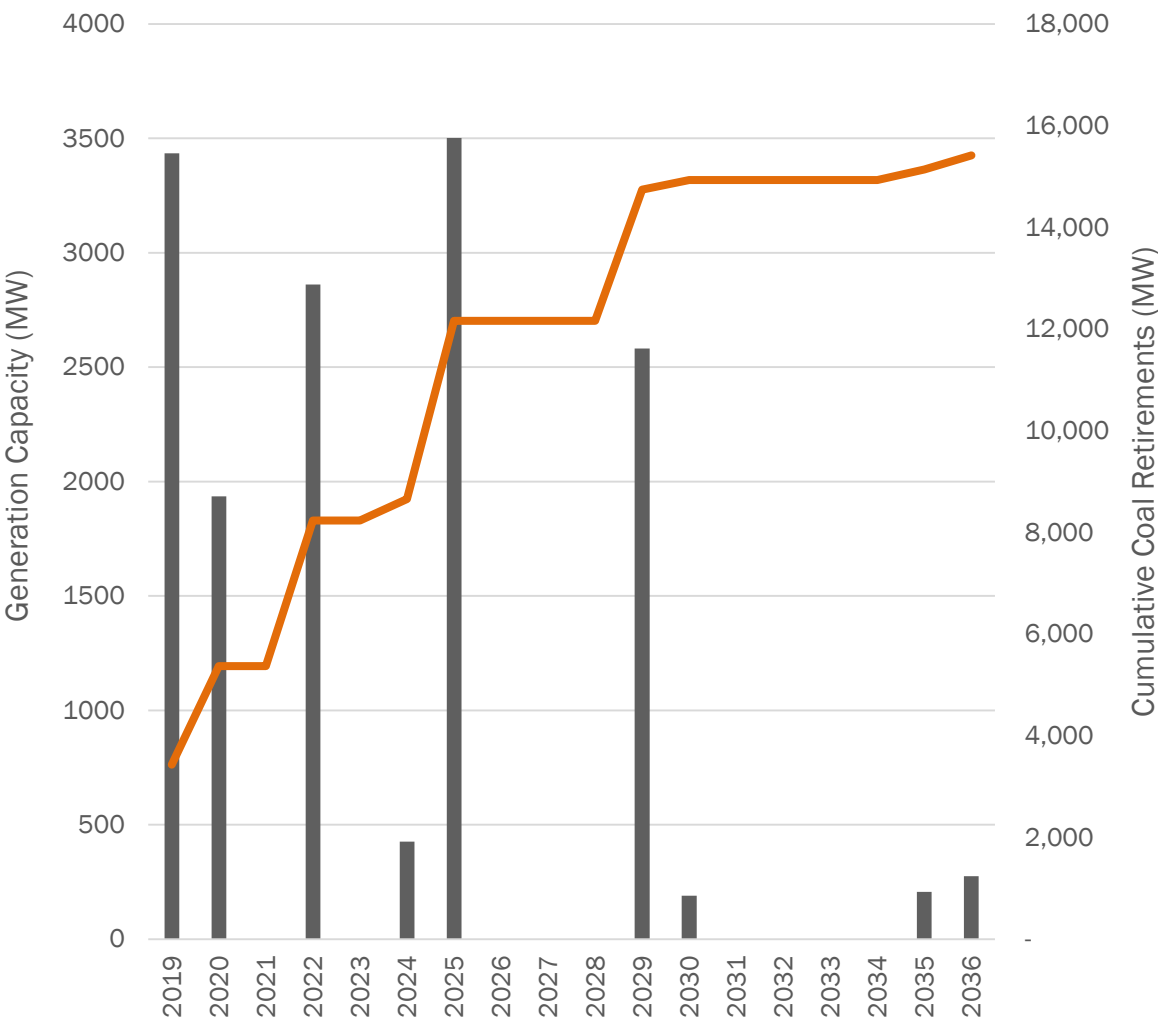
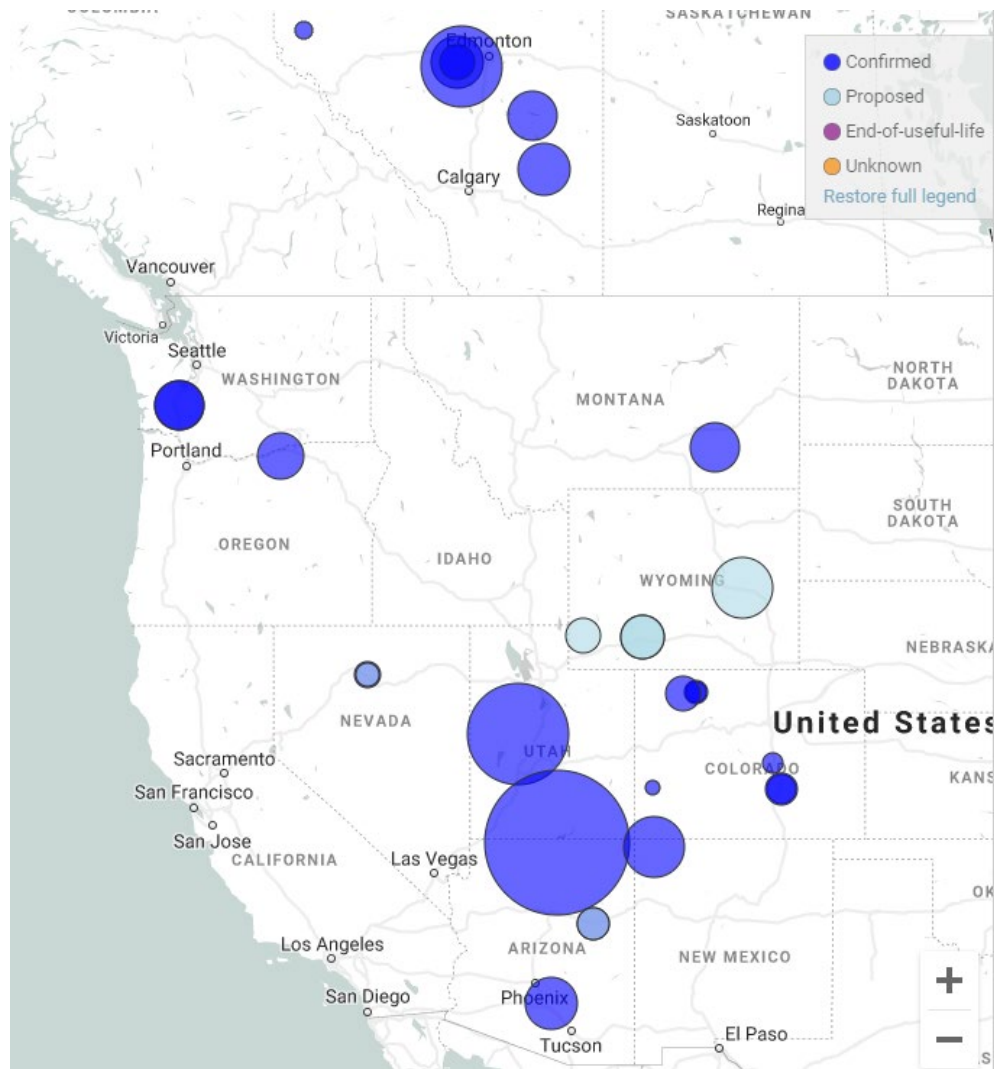
Decarbonization Transition

WECC Renewables to Increase, Coal to Decrease



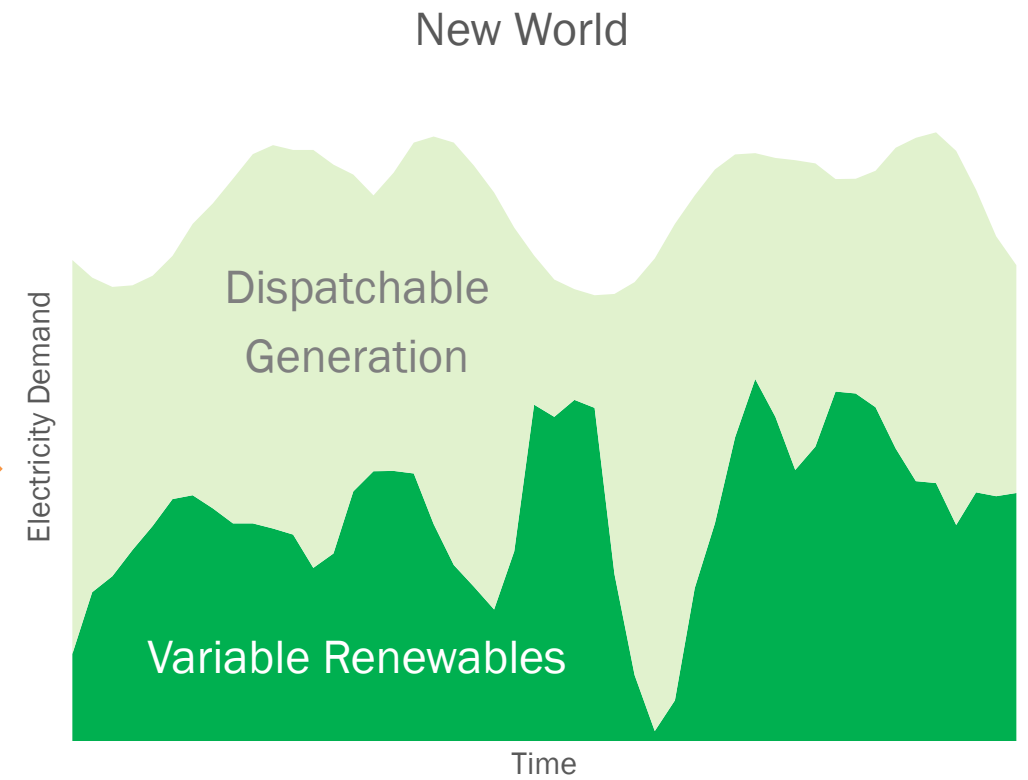
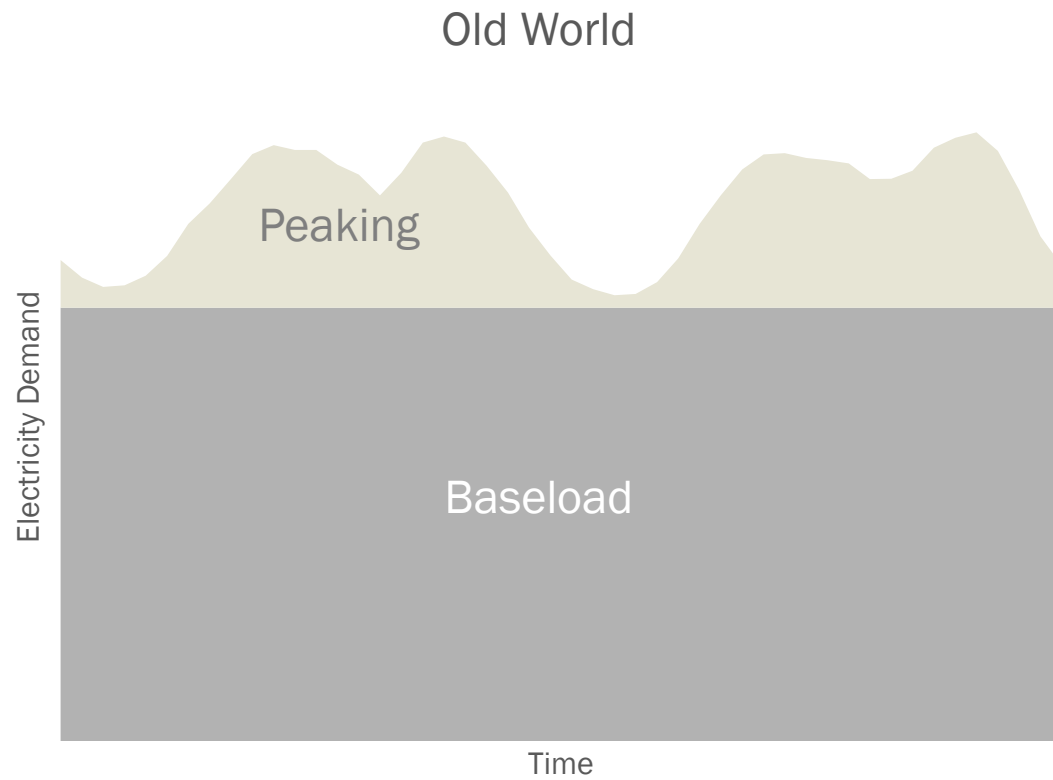
Decarbonization Transition

Coal Retirements



Decarbonization Transition

A System in Transition



Decarbonization Transition

Resource Characteristics



Predictability

- Do we know when it will be available?



Dispatchability

- Can we control when it is available?



Flexibility

- Can it respond quickly to changing demand?



Sustained Peak Availability

- Is it available for a long time during peak demand?

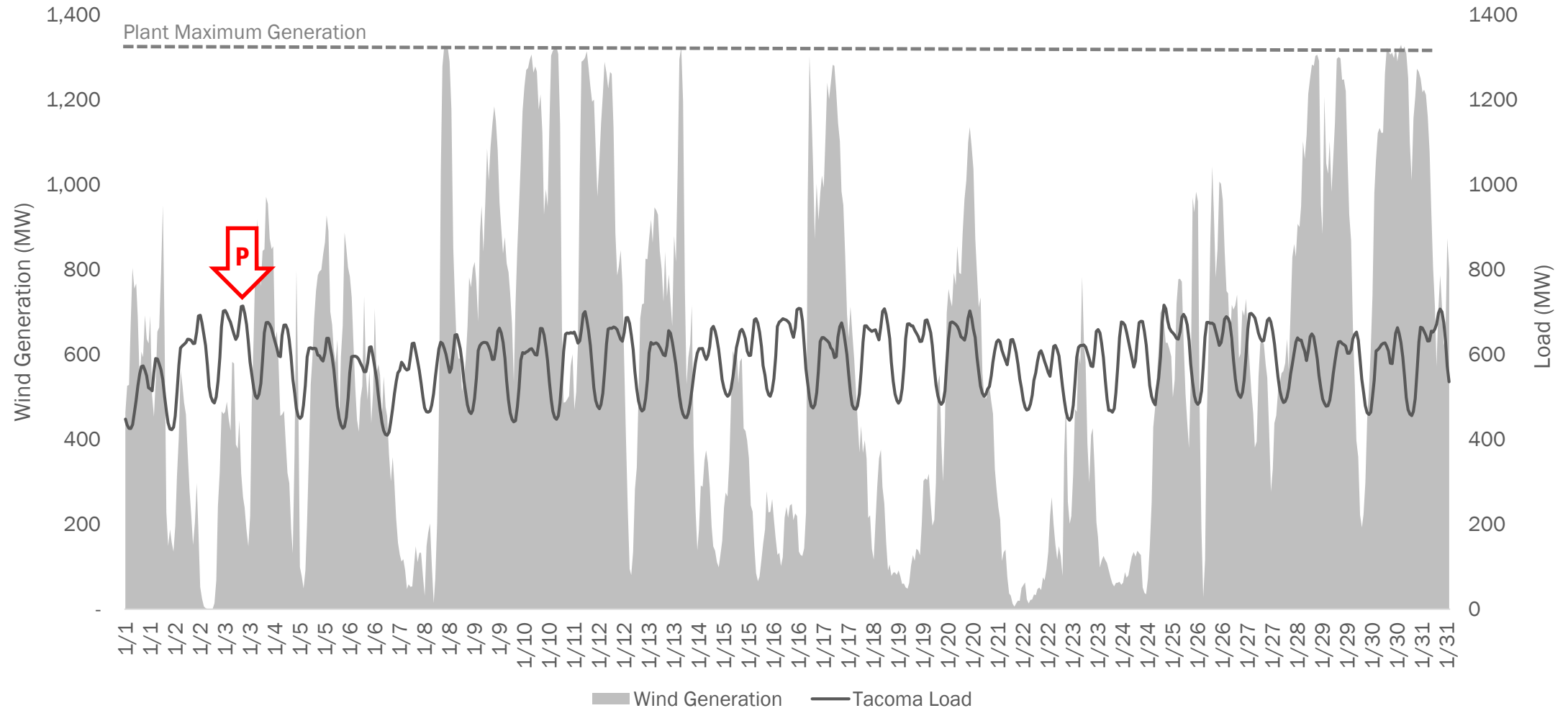


Emissions Profile

- How little carbon (or other pollutants) does it emit?

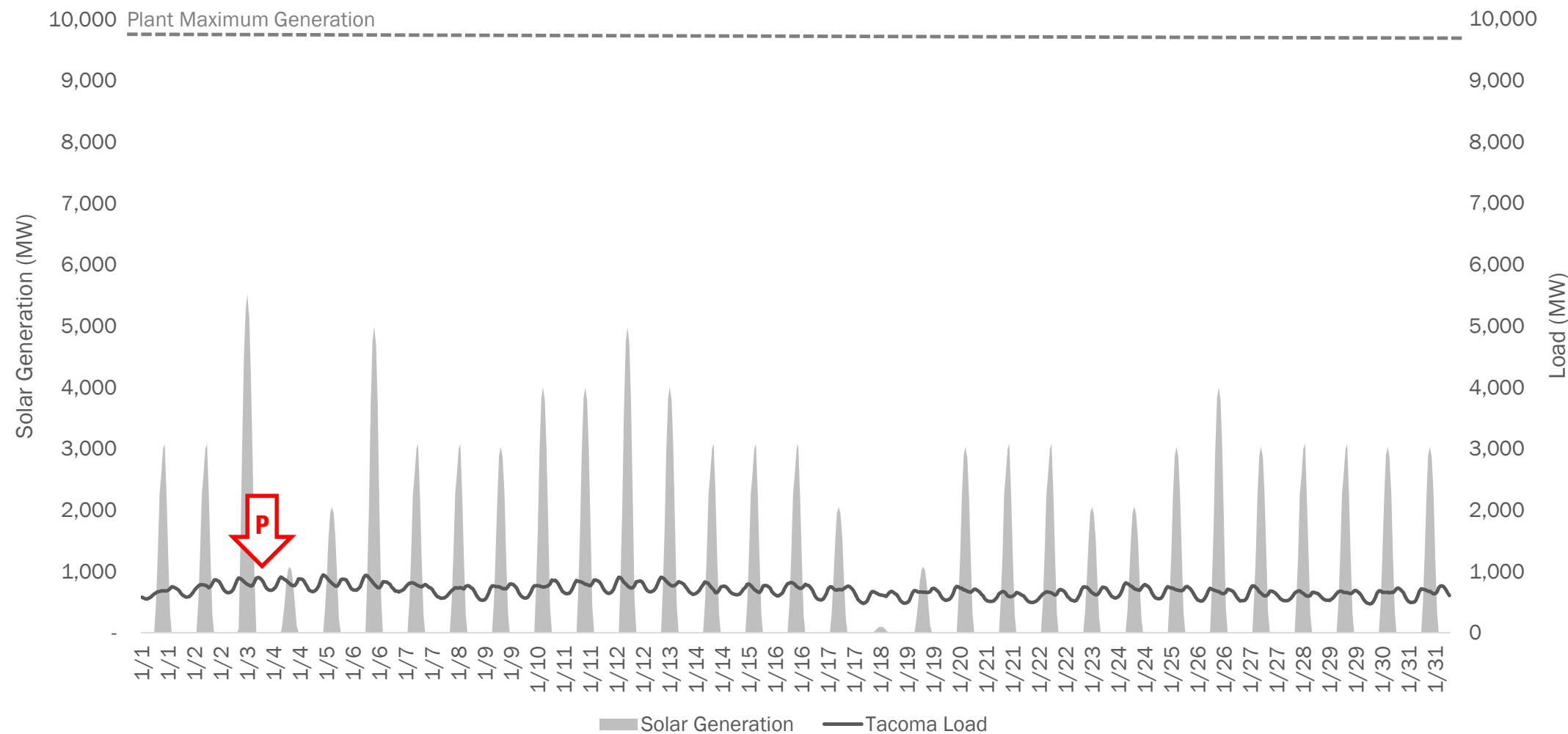
Decarbonization Transition

Wind Intermittency: January 2016



Decarbonization Transition

Solar Intermittency: January 2017



Regional Resource Adequacy

Section 3

Does the Northwest have adequate resources now? Will it in the future?

Question 3

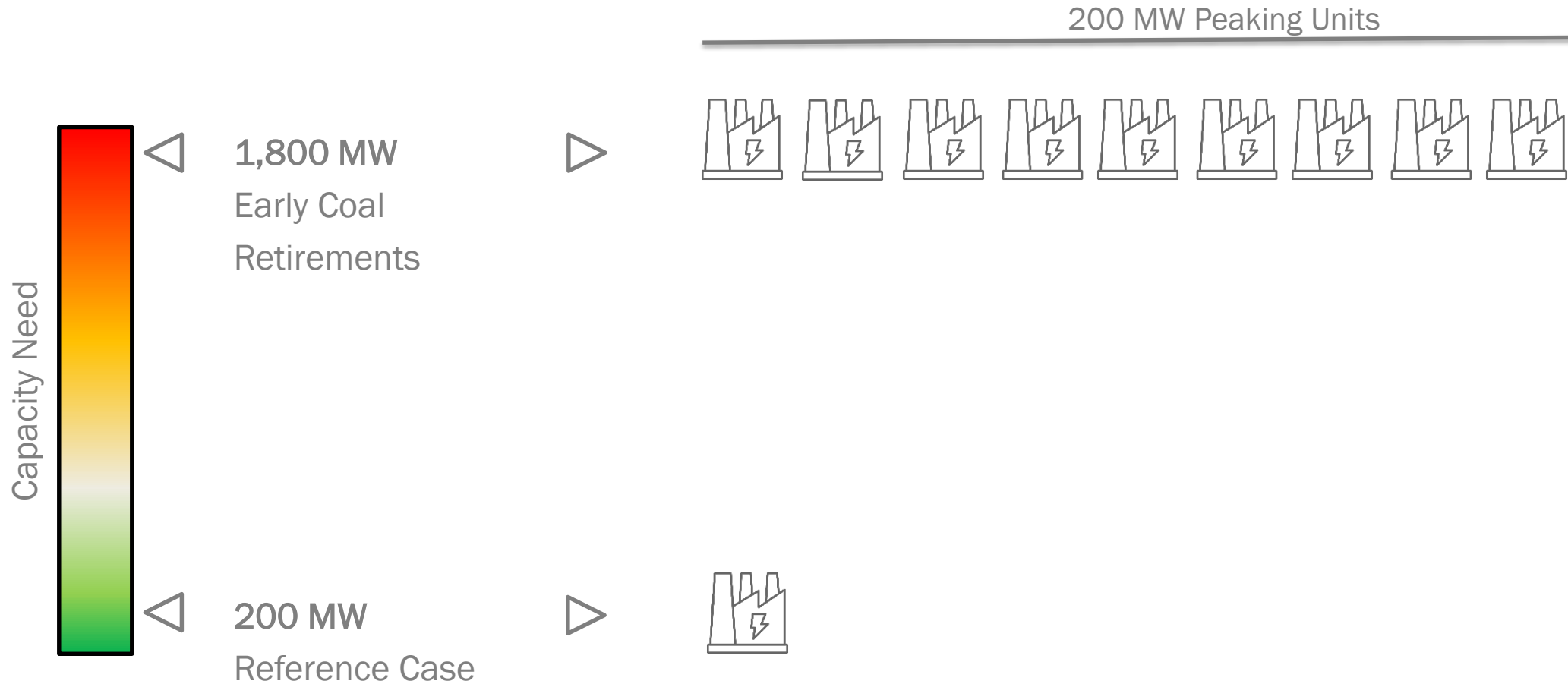
Regional Resource Adequacy

NWPCC Resource Adequacy Assessment

Video

Regional Resource Adequacy

Estimated 2024 Capacity Need



Current Market & Technology Challenges

Section 4

What challenges do utilities face in addressing this potential shortfall?

Question 4

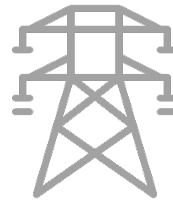
Current Market & Technology Challenges

Limited Options at This Time



Natural Gas

Environmental policy in the region increase the difficulty in permitting, building new natural gas generation and expanding natural gas pipeline capacity.



Transmission

Challenges in building new transmission infrastructure to enable access to higher capacity factor renewables (e.g. Montana wind).



Other

High cost for emerging alternatives:

- Pumped hydro
- Batteries
- Demand Response
- Modular Nuclear
- Thermal with CCS
- Simple-cycle turbine with carbon-neutral fuel

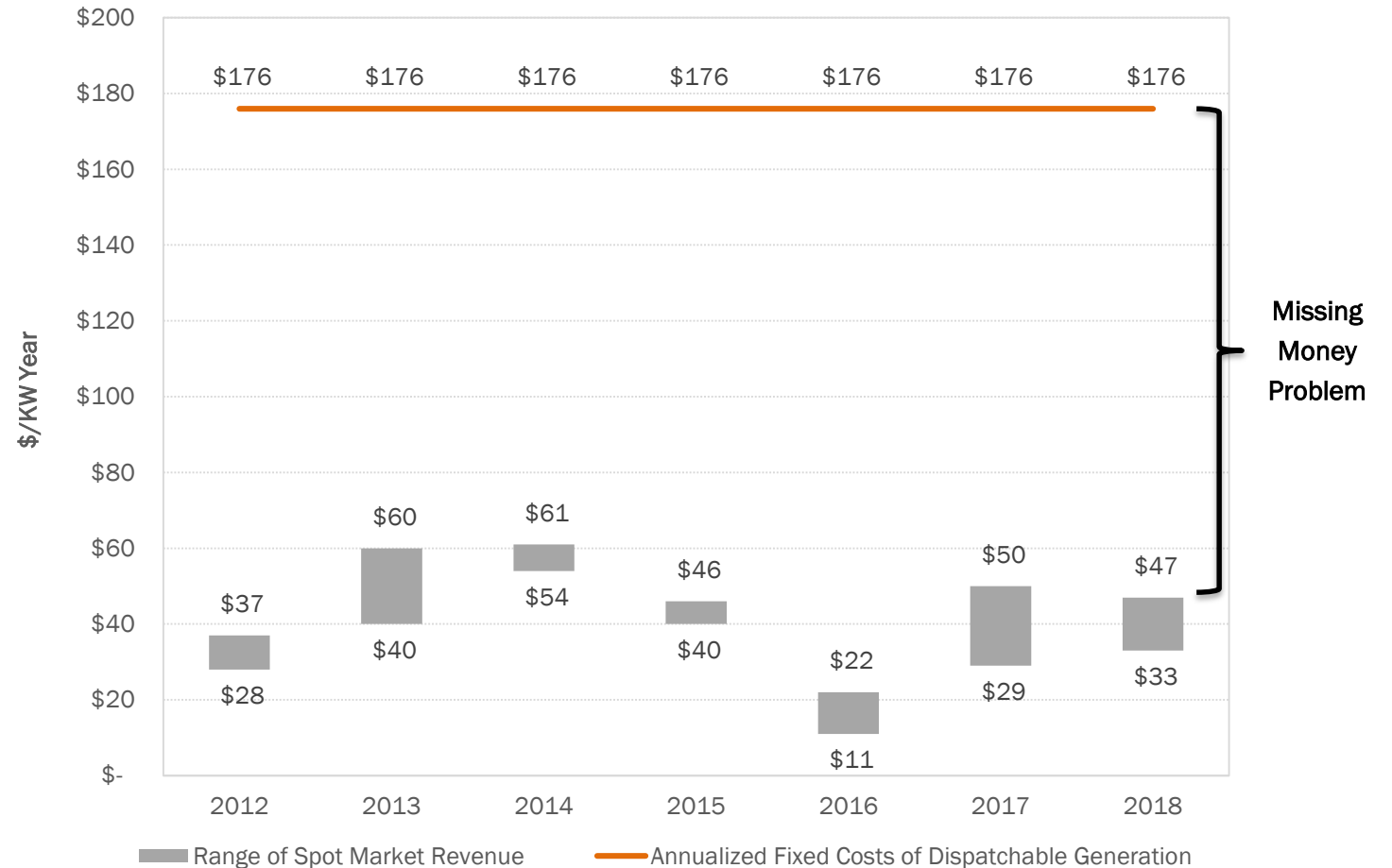
Current Market & Technology Challenges

Missing Money Problem

When market prices do not fully reflect the value of investment in the resources needed to meet load

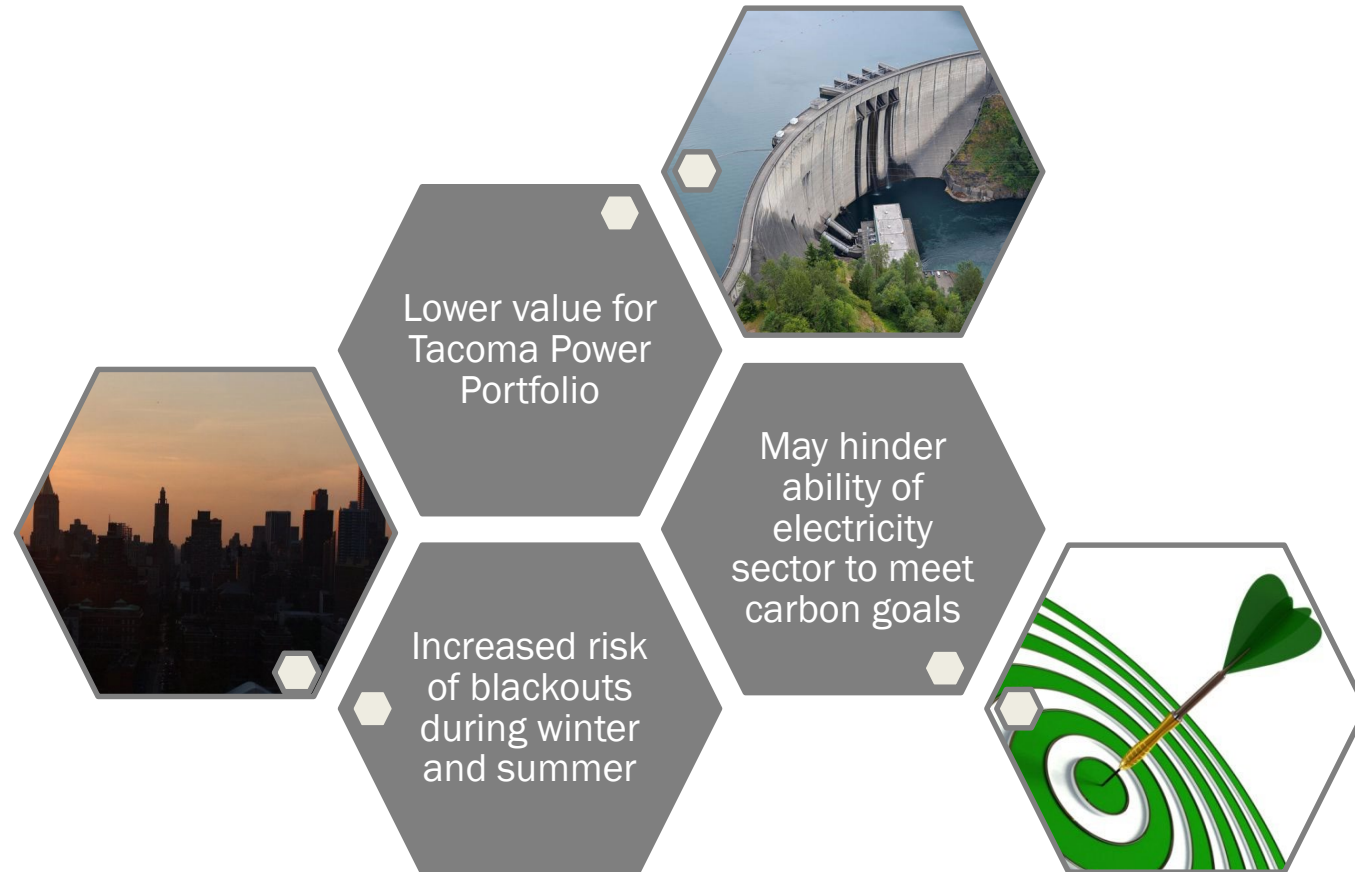
Implications:

1. Existing clean dispatchable generation – such as hydro – may not be economic to keep online
2. Not adequate incentive to invest in new forms of dispatchable generation



Current Market & Technology Challenges

Implications



Resource Adequacy Programs

Section 5

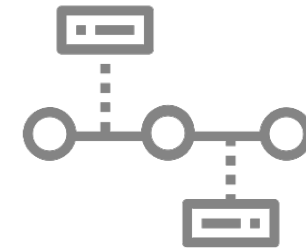
Are there changes that can help assure we meet our goals?

Question 5

Resource Adequacy Programs

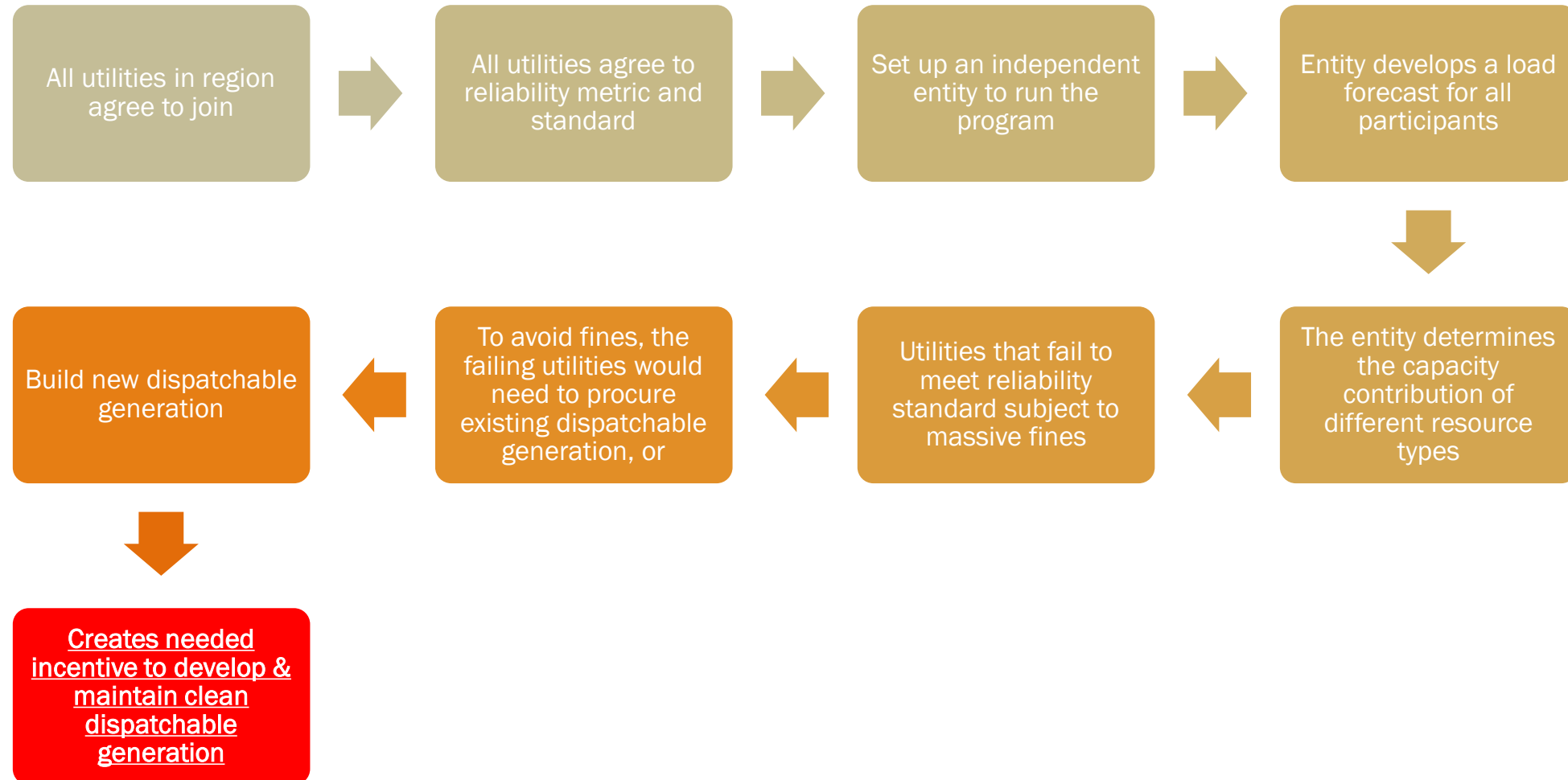
What is a Resource Adequacy Program?

- A resource adequacy program **coordinates and directs** utility investment in dispatchable generation a few years ahead of when electricity needs to be delivered.
- This **lead time** is necessary, as power resources take a long time to build – particularly emerging generation or storage technologies.
- The objective of a program is to provide **reliability and lower costs & risks for rate payers**



Resource Adequacy Programs

How Might a Northwest Program Work?



Takeaways & Next Steps

Section 6

Takeaways & Next Steps

Key Takeaways

The WECC region is at risk of having insufficient resources in the immediate future

Today's markets do not provide the correct incentives to assure resource adequacy and may impair the industry's ability to meet carbon goals

The region should develop a regional resource adequacy program to address the “missing money” problem and increase investment in clean dispatchable generation

Tacoma Power will not have sufficient resources after 2028; resource adequacy needs to be a key metric for portfolios considered in the 2020 IRP



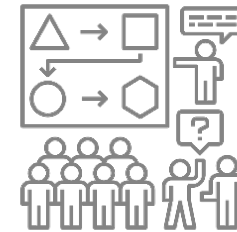
Takeaways & Next Steps

Next Steps



2020 IRP

- Develop new resource adequacy metrics for Tacoma Power 2020 IRP
- Explore emerging capacity and flexible capacity resources



Regional Collaboration

- Work with other utilities through Northwest Power Pool to develop a regional resource adequacy standard



DRAFT

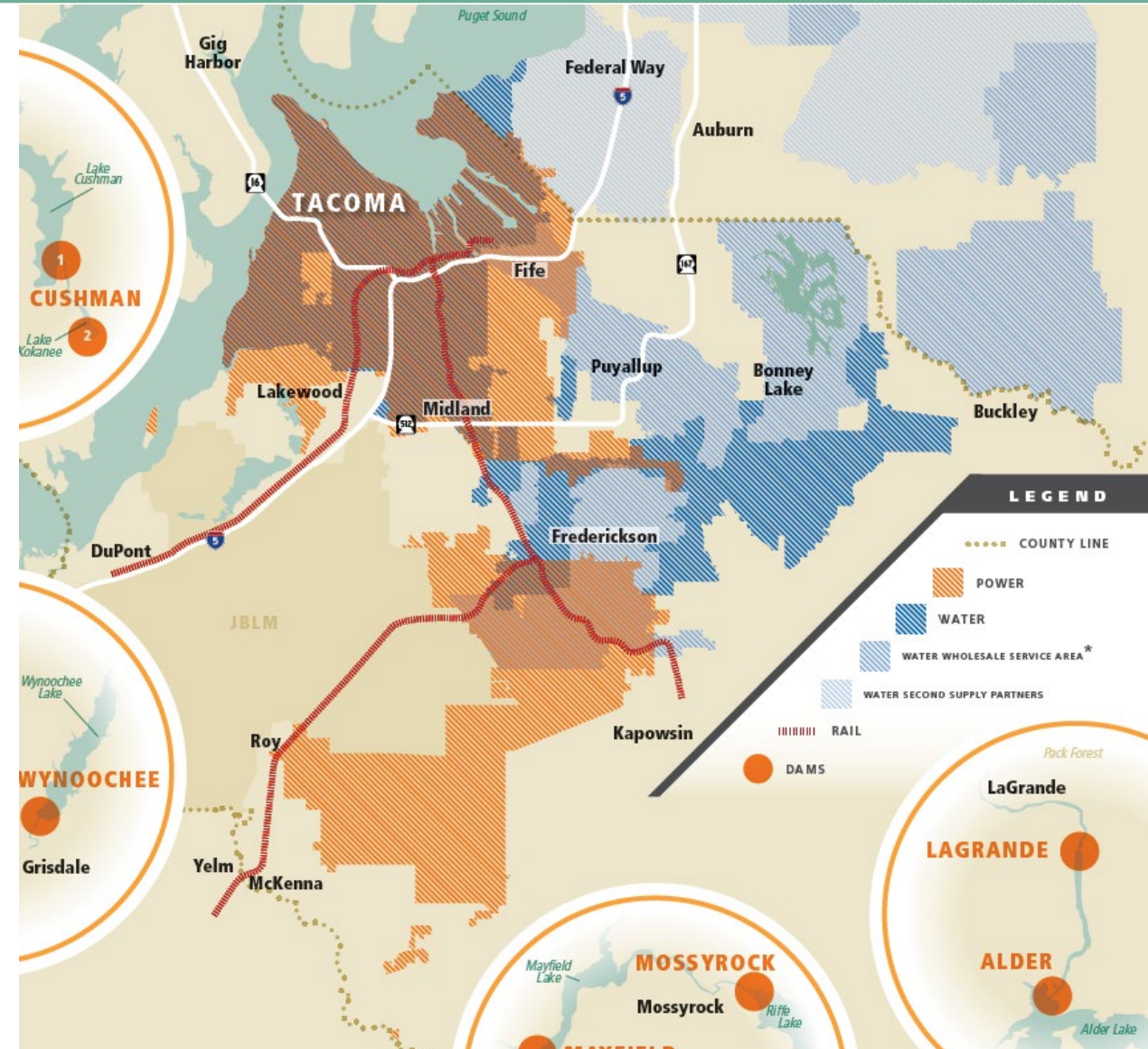
Surplus Real Property Disposition Policy

Real Property Services
Study Session – October 9, 2019



Introduction

- 1,000+ parcels in 6 counties
- 99% for utility needs
- Current TPU policy from 1991
- HB 2382 – RCW 39.33.015
- GG Policy Update – 9/17/19
 - Affordable Housing
 - PTOI Offering
- TPU Policy Team



●●● Agenda



Draft Policy

- ☐ Policy Drivers
- ☐ Draft TPU Policy
 - ☐ In-City Dispositions
 - ☐ Outside City Dispositions
- ☐ Affordable Housing Summary
- ☐ Tribal Considerations
- ☐ Feedback and Next Steps



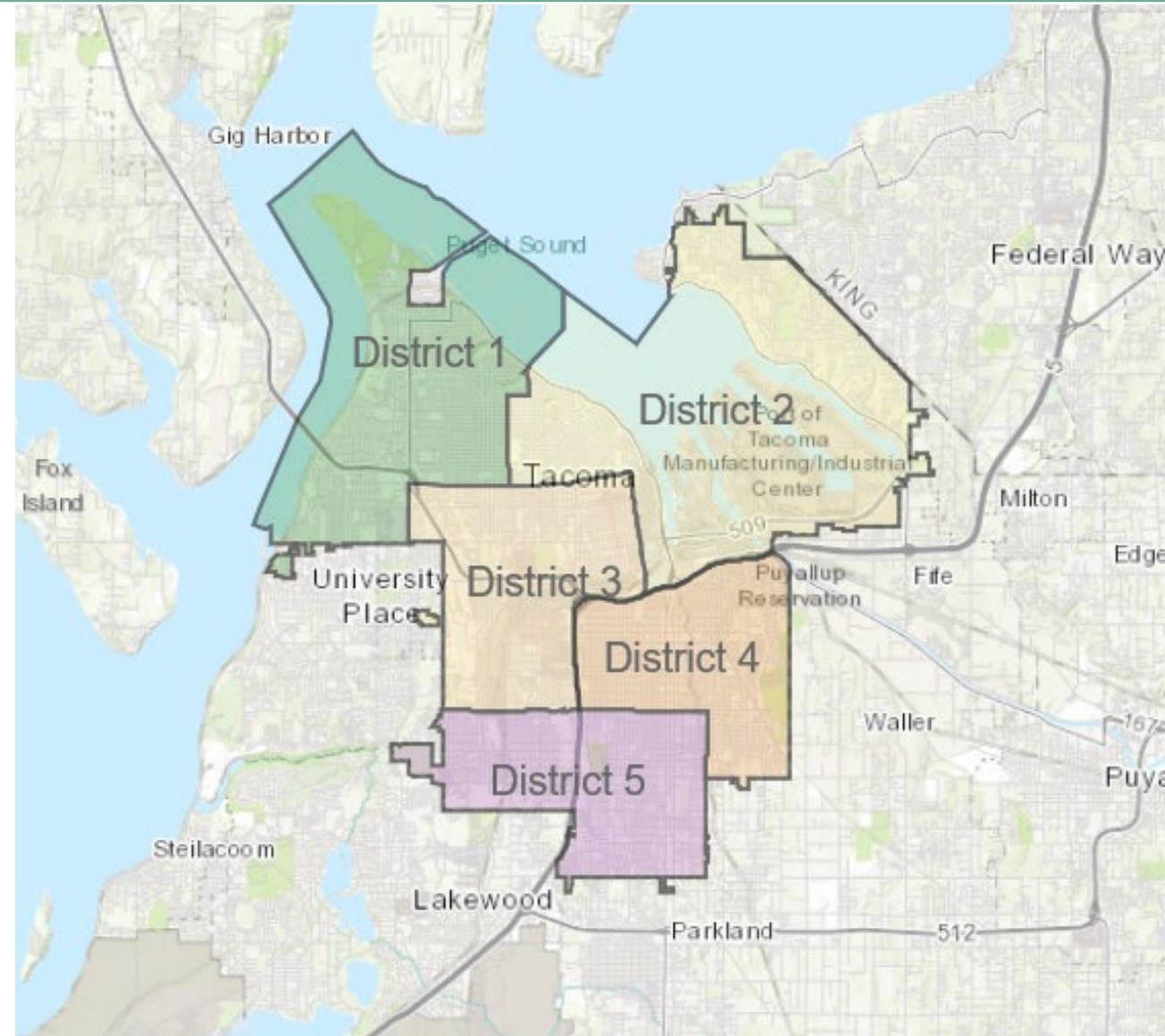
●●● Policy Drivers

- Fair Market Value
- City of Tacoma Affordable Housing and Equity Goals
- Other Governmental Entity Jurisdictional Interests
- TPU Board Strategic Directives
- Tribal Considerations



●●● TPU Policy – Within City

1. Other City Departments
2. Category 1:
Zoned for Affordable Housing
3. Category 2:
High Market Demand
4. Category 3:
Little to No Market Demand

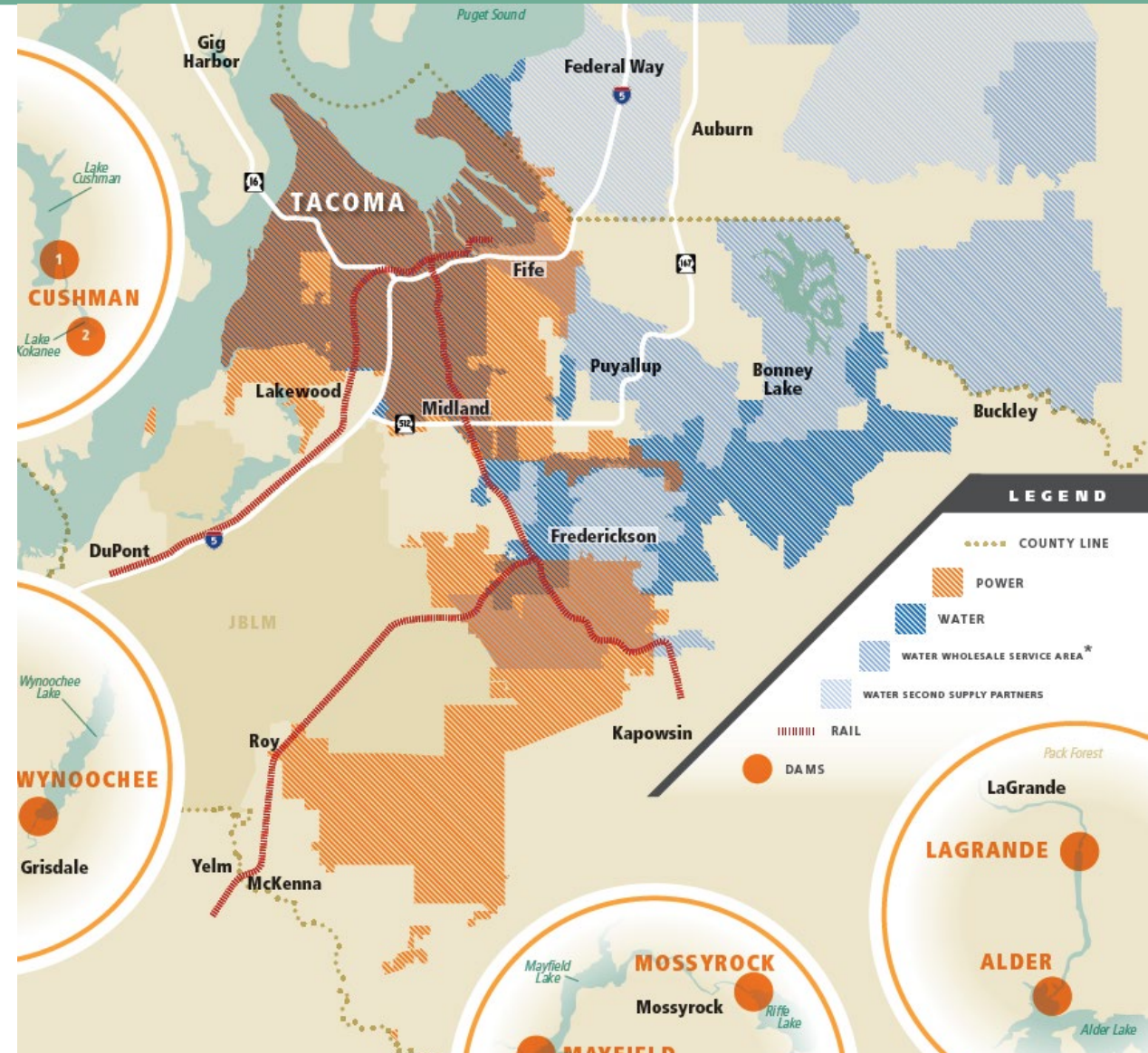


TPU Policy – Outside City



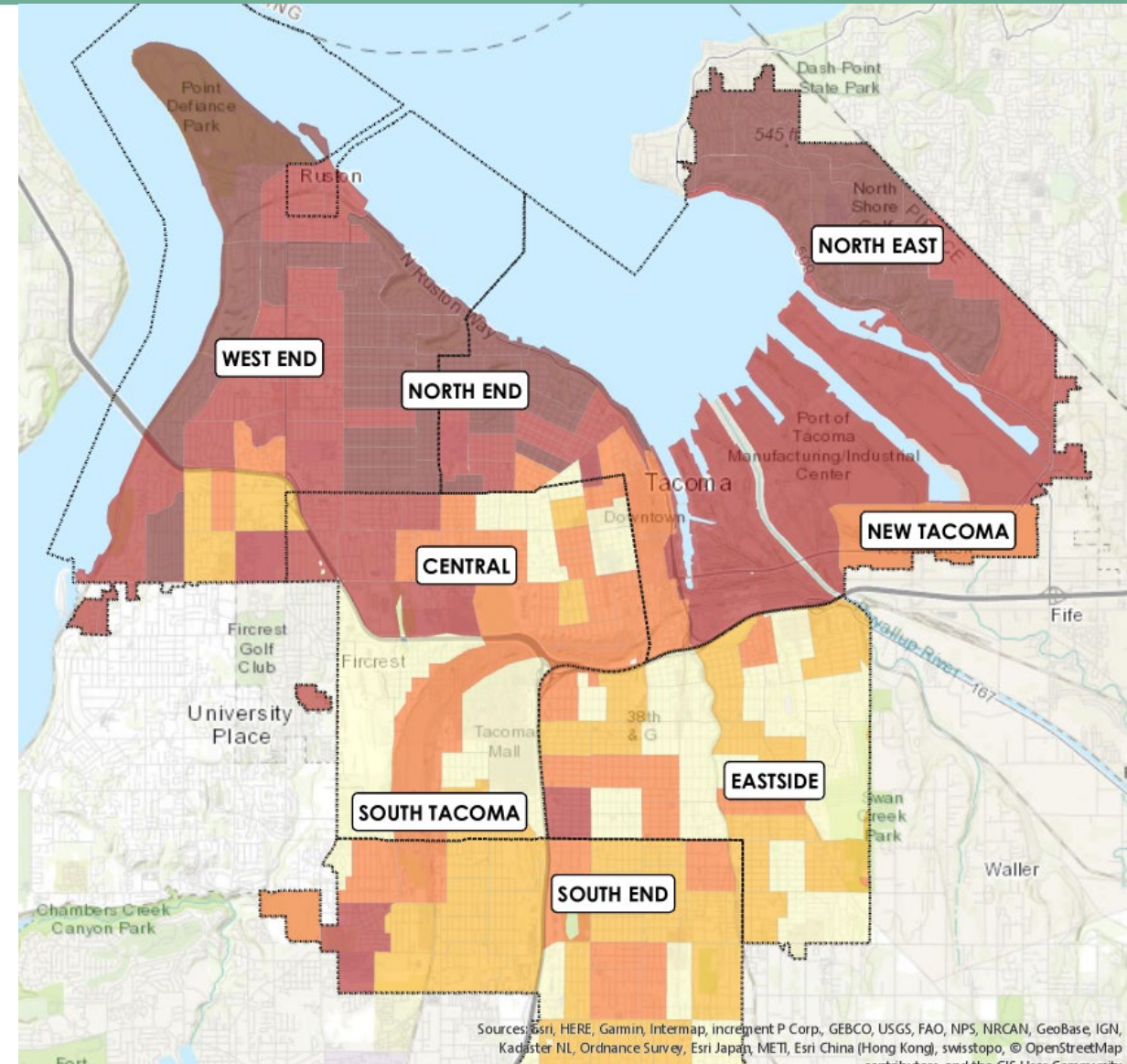
Draft Policy

1. Other City Departments
2. Other Jurisdictions
3. Category 1: None
4. Category 2:
High Market Demand
5. Category 3:
Little to No Market Demand



●●● Affordable Housing Summary

- Enact rules per RCW 39.33.015.
- Only within City of Tacoma limits
- Applies to all property zoned for housing.
- Requires a formal RFP process.
- Baseline requirements in-line with GG Policy.



●●● Tribal Considerations

- GG Policy = PTOI Offering
- TPU has numerous Tribal partners
- Tribal partners have overlapping areas
- Additional planning and outreach needed.

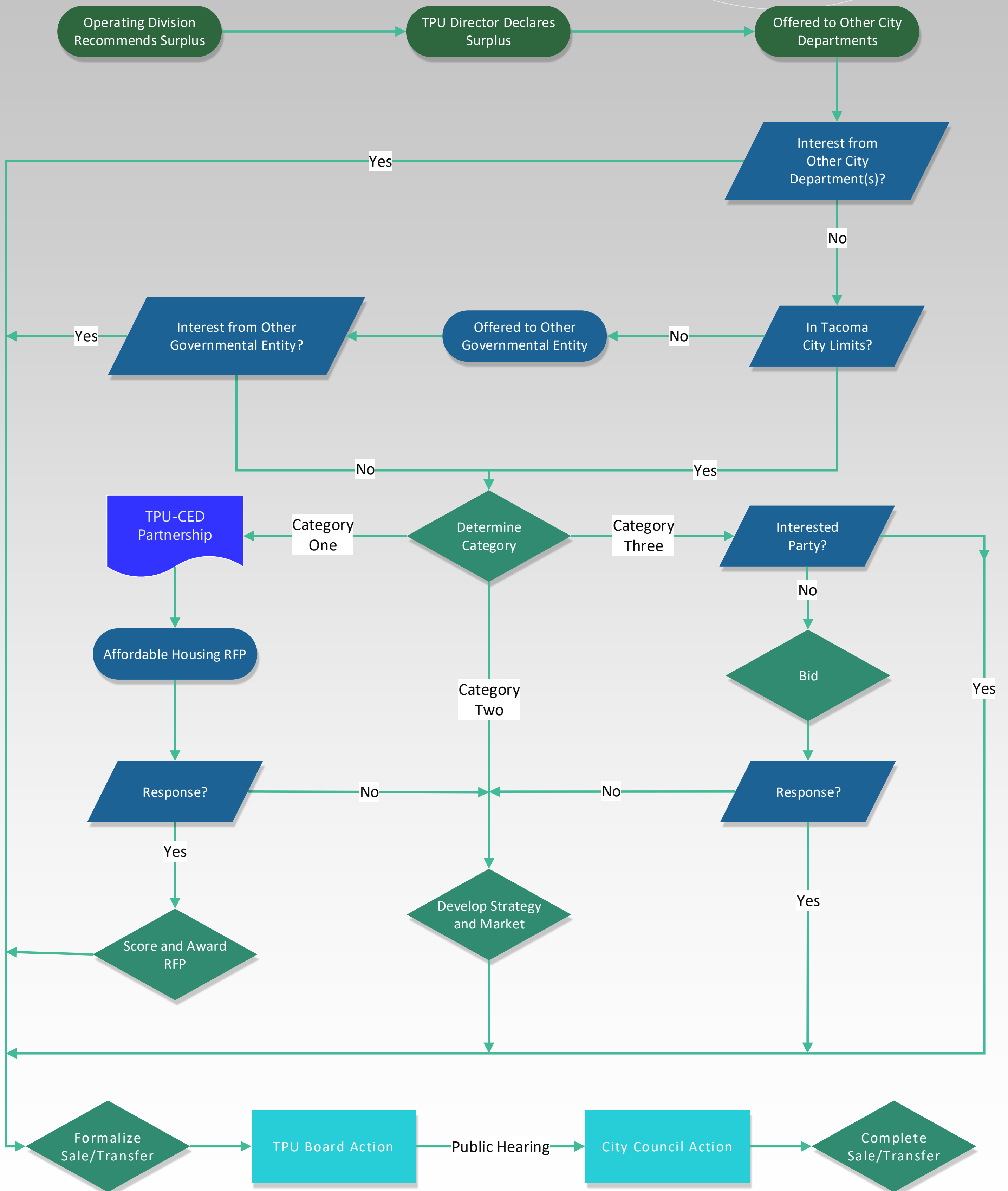


Feedback and Next Steps

- Feedback
- Next Steps:
 - Incorporate Feedback
 - Discuss with Policy Team
 - Finalize Policy
- Present Final Policy to PUB
- Implement Policy



TPU Surplus Real Property Disposition Flowchart



Policy: Tacoma Public Utilities – Surplus Real Property Disposition Policy

1. Purpose

Provide direction to the City of Tacoma, Department of Public Utilities (“TPU”) and the TPU Real Property Services section (“Real Property Services”) for the disposition of TPU surplus real property.

2. Background

TPU owns a variety of properties to meet its utility-related needs. TPU should retain such properties and dispose of properties that do not meet these needs. Unless otherwise authorized in accordance with applicable laws, TPU must receive at least fair market value for the property.

TPU considerations for surplus real property dispositions include:

- Fair Market Value Requirement (except for Affordable Housing)
- City of Tacoma Affordable Housing and Equity Goals
- Other Governmental Entity Jurisdictional Interests
- TPU Board Strategic Directives

TPU properties are located both within the City of Tacoma (City) incorporated limits and within other towns, cities and counties in which TPU conducts business. TPU recognizes each jurisdiction has unique policies and values relating to the use of property within its boundaries.

3. Pre-Disposition

TPU adopts the following guidelines for surplus real property dispositions. Each Division of TPU is responsible for developing procedures to ensure TPU retains properties that meet its utility-related needs. Upon Declaration of Surplus by the Director of Utilities, the following steps shall be followed:

A. Prior to disposing of surplus real property, TPU shall provide notice to all City departments of TPU’s intent to dispose, and shall afford the departments the opportunity to acquire, for at least fair market value, the property via a TPU Board and City Council-approved transfer in accordance with all applicable laws. If no interest is expressed by any City Department, the process shall proceed as outlined in section 3.B, if applicable, then Section 4 below.

B. Where a TPU surplus real property proposed for disposition lies outside the City limits, but within the land use jurisdictional limits of a town, city, or county (“Governmental Entity”), TPU shall provide said Governmental Entity the opportunity to purchase the property for at least fair market value. If said Governmental Entity declines the opportunity or fails to respond, without contingences, within twenty (20) business days after receiving notice, said opportunity will automatically be deemed waived. Further, if TPU and the Governmental Entity are unable to consummate a mutually agreeable purchase and sale agreement, the process shall proceed as outlined in Section 4 below.

4. Disposition

If a transfer or sale is not agreed to pursuant to Section 3.A. or 3.B., subsequent to completion of the steps outlined in Section 3 above, surplus real property will be classified into three categories, as follows:

Category 1 properties are within City limits and within a land use zone that permits use suitable for affordable housing pursuant to RCW 39.33.015.

Category 1 Disposition: TPU staff will work with the City's Community and Economic Development Department to develop a fair and equitable approach to conveying surplus real property for affordable housing. The Request for Proposals approach, as outlined in the City of Tacoma Purchasing Manual, will be the required method of disposition, and the execution of a Development Agreement will be a requirement prior to conveyance. The baseline requirement of any conveyance is a minimum of twenty-five percent (25%) of proposed units at or below fifty percent (50%) Area Median Income (AMI). Scoring will be weighted in favor of proposals that include at least fifty percent (50%) affordable housing units at or below thirty percent (30%) AMI. If no responsive proposals are received, the process shall proceed as outlined in Category 2 Disposition below.

Consistent with RCW 39.33.015, TPU requires the following terms in the conveyance documents for Category 1 properties:

- A. The conveyance documents must contain a covenant or other requirement that the property shall be used for the designated public benefit purpose; and
- B. The conveyance documents must contain remedies that apply if the recipient of the property fails to use it for the designated public purpose or ceases to use it for such purpose.

Category 2 properties are developable parcels that have economic value or functional utility and are likely to appeal to a wide market, but do not meet the Category 1 criteria. The anticipation is that most surplus TPU properties will fall within this category.

Category 2 Disposition: Category 2 properties should have broad market exposure to ensure maximum ratepayer return consistent with TPU Board strategic directives. Marketing strategies will be determined on a case-by-case basis, with recommendation by Real Property Services and approval by the Director of Utilities or designee.

Category 3 properties are remnant parcels that have little or no economic value, functional utility or marketability.

Category 3 Disposition: Category 3 properties should be disposed by direct negotiation or via bid-sale process. If no responsive bids are received, the process shall proceed as outlined in Category 2 Disposition above.

Situations may arise where it is in the best interest of TPU to market or otherwise dispose of a surplus real property through processes not outlined above. In these situations, the process must be approved by the Director of Utilities and TPU Board prior to implementation and it must comply with all applicable laws.

Reference:	PUB Res. U-8640, TMC 1.06.280, Charter Sec 9.1, RCW 35.94.040 & RCW 39.33.015
Contact Info:	Tacoma Public Utilities Real Property Services – (253) 396-3060
Policy History:	Cancels and supersedes all Tacoma Public Utilities and Division policies and operating procedures established prior to the Effective Date related to the Disposition of Surplus Real Property.
Approval:	Jackie Flowers, Director of Utilities
Effective Date:	January 1, 2020