



APPROVED 4-22-20

MINUTES
City of Tacoma
Public Utility Special Board Meeting
April 8, 2020
6:30 p.m.

Chair Larkin called the Public Utility Board meeting to order at 6:30 p.m. in the auditorium at Tacoma Public Utilities.

Present: Karen Larkin. Telephonically: Bryan Flint, Christine Cooley, Carlos Watson, Mark Patterson

The meeting was quorate.

Minutes of the Previous Meetings

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

D-1 Resolution U-11153– Award contracts and approve purchases:

1. Increase contract to Altec Industries, Inc., to continue purchasing various new utility truck bodies and devices planned for replacement in 2021/2022 (\$4,087,800, plus applicable taxes. Cumulative total \$7,914,306.22, plus applicable taxes) [Don Ashmore, Fleet Manager].
2. Award contract to Gordon Truck Centers, Inc., dba Freightliner Northwest for the purchase of new Freightliner model MT-55 hybrid walk-in step vans (\$7,500,000, plus applicable taxes) [Don Ashmore, Fleet Manager].

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

In response to a Board request for additional information on the cost and specialization of the equipment, Don Ashmore, Fleet Manager, explained that these vehicles are specialized for Water. Some of the additional costs are due to them being level two electric hybrid vans. They provide electric shore power for the user. These have approximately a 10-year life cycle. Previous versions of these vehicles had safety issues such as undesired gear shifting, but those vehicles are no longer sold in the United States.

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

D-2 Resolution U-11154 – Authorize execution of a collective bargaining agreement as negotiated with the International Brotherhood of Electrical Workers, Local 483, Custodial and Building Maintenance Unit [Cecily Hutton, Labor Negotiator].

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

Cecily Hutton, Labor Negotiator, summarized the resolution. The agreement covers three years and provides for a wage increase in each year of the agreement. Effective retroactive to January 1, 2020, wages will increase by three percent and the classification of Custodian will receive a market adjustment of two percent. Effective January 1, 2021, rates will increase by 2.5 percent; and effective January 1, 2022, rates will increase by 2.25 percent. The agreement includes an increase from \$175 to \$185 for the annual footwear allowance for employees not required to wear safety-toed boots, or an annual allowance of \$225 for employees required to wear safety-toed boots. It also increases the annual clothing allowance for employees to purchase suitable work clothing from \$300 to \$325. The agreement clarifies language in Article 2, Union Recognition, regarding the employment status of city employees who are part of the Union, and may desire to act as the Union Business Manager; and to reflect legal requirements based on the Janus v. ASCME, Council 31 court case. The agreement also makes changes in Article 8 – Grievance Procedure, and Article 12- Hours of Work regarding the Building Maintenance ‘on call’ shift and Custodial overtime opportunities.

Board Member Cooley commented that the employees in this CBA are present in mind during the Covid-19 situation and expressed appreciation to them for helping to keep employees safe.

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

D-3 Resolution U-11156 – A resolution relating to Tacoma Water for the Water System Subordinate Revenue Refunding Bond, Series 2020 Direct Purchase Option with Key Government Finance, Inc. in an amount not to exceed \$18.4 million in order to refund the 2010 Series A Water System Revenue Refunding Bonds [Jodi Collins, Assistant Water Division Manager].

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

Jodi Collins, Assistant Water Division Manager, summarized the resolution. The 2010 Series A Water System Refunding Bonds mature on December 1, 2023 and interest rates have dropped significantly since they were issued in 2010. Staff has negotiated an extraordinarily low interest rate of 1.4 percent for the remaining term and have this rate locked until May 21, 2020. This refunding provides \$1,089,085 net present value savings for Tacoma Water ratepayers between 2020 and 2023. Percentage savings is 6.12 percent of refunded par, well above the City’s recommended minimum of 5 percent for refunding bond transactions. With assistance from Tacoma’s Finance and Legal Departments, the municipal advisory firm, Montague DeRose and Associates, and bond counsel, Pacifica Law Group, have prepared a bond ordinance that would authorize Tacoma Water to execute a direct sale with Key Government Finance, Inc. Parameters for this refunding are clearly defined in the bond ordinance and this is a time-sensitive offer that expires at the end of the negotiated rate lock.

In response to Board requests for clarification, Ms. Collins added that this is only a refinancing effort resulting in refunding for savings; four years remain on the loan. This action doesn't impact future coverage ratios; it's just an opportunity to save interest costs over the short term. It doesn't free up any debt going forward. Chair Larkin made positive remarks on staff efforts to pursue these savings over \$1M in interest payments over the next four years.

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

Reports of the Director:

Director Flowers provided an update on the status and impact of the COVID-19 virus and TPU's response to the emergency declaration, including an update on the Customer Service emergency assistance program.

TPU remains active in the City of Tacoma Emergency response related to COVID-19, including staffing the City's EEC and alternating coverage. City-wide for the first time yesterday, we have more staff teleworking than reporting to work. Approximately 740 staff are teleworking today, a little more than half of TPU employees. This week, virtual agents became implemented so we are now able to have customer service representatives taking customer service calls from home. Additionally, water and power field crews have moved to rotating shifts – one week in the field doing continuity work, the next week in a telework training status. On March 30, it was reported that we had a disruption in mail service related to COVID-19 and we were anticipating utility bills would be mailed late into the first week in April. The mail team was able to get delayed mail out and caught back up by April 3.

In addition to the postponement of disconnects and availability of expanded payment periods, we continue to work to support our residential and commercial customers. The primary focus for residential customers continues to be centered on the Emergency Assistance Program approved by the Board and Council. As of this morning, we have received 6,962 applications for emergency assistance. Of those approximately 52 percent are inside the City of Tacoma, 48 percent are outside the City of Tacoma. As of April 5, approximately 2,431 applications have been approved with \$447,620 in credits being applied to those accounts. There have been 645 applications denied as of April 5, many due to applicant not living in the TPU service territory, not being a customer, incomplete applications, duplicate applications, or being over the income levels. All customers will be notified of either the credit applied to their bill or the reason for the denial. Staff continues to process applications and will provide a more detailed update at the April 22 meeting with consideration of priority spending for the remaining income assistance funds that may be available to expand the program.

TPU is supporting the business community in ways that we can. We have staff participating in the weekly calls with the Economic Development Board and the Tacoma-Pierce County Chamber of Commerce. These call occur three times a week with an average of 600 companies participating on the calls. TPU is supporting the Chamber of Commerce's efforts to develop a 90-day Rapid Response Team focused on capital and loan needs; unemployment, HR, business continuity legal assistance; and communications, marketing & technology needs.

TPU continues to implement new measures to minimize employee risks and ensure continuity of operations associated with the COVID-19 response and are adjusting the mask/cloth covering policies given the CDC's guidelines on Friday. Additionally, this week we are starting wellness checks in critical areas. This will be a provision that is key to a business reconstitution program, once we are able to return to work. Previously provided to the Board in March was information to the three operating divisions to incorporate into their forecasting any lessons learned from past economic downturns that could aid us in anticipating financial impacts to our primary lines of business. Staff will be incorporating this in their upcoming budget and rates efforts and we will start to report to the Board on these items next meeting. The teams have been asked to prioritize projects, initiatives, and actions that are essential to business continuity, to our customers and to the utilities' long-term sustainable health. This review will occur on the current budget as well as influence our upcoming biennium budget preparation. Areas of focus include prioritized hiring, training/spending cuts, and prioritization of projects. This will be the focus of much of our discussion over the next month.

The Click! transition plan was completed on April 1. Telephone lines for customer service and the network operations center have been redirected to Rainier Connect North. The Click! website at has been taken down and the web traffic has been redirected to Rainier Connect North's website at rainierconnect.com. All Click! social media presence has been taken down. The final financial statements were run on Click!'s billing platform, Great Lakes Data System, and a backup copy of the database has been created and transitioned to Rainier Connect North. The last day of employment with Click! for 23 of the 30 Click! employees was March 31. The last day for the remaining seven employees will be April 15. Four employees were ultimately laid off. However, we have learned that three of them have landed jobs with Rainier Connect North. The Indefeasible Right of Use (IRU) Agreement and its accompanying exhibits and certifications were all executed last week. Fully-executed originals will be delivered to the respective parties today. Rainier Connect took possession and has been operating the network since 12:00 am April 1.

TPU staff has been closely coordinating with General Government staff on legislation relating to the coronavirus in Washington, DC and have been in contact with our congressional delegation and our trade associations throughout this process. TPU has been sharing the significant steps that the Public Utility Board, Mayor, City Council, and staff have already taken to support members of our community through this very difficult time. Congress and the President have enacted three pieces of legislation to date – the last legislation being the largest at a cost of more than 2-trillion-dollars in federal spending and tax credits to respond to the coronavirus emergency. These new federal laws require employers to provide additional/new emergency paid sick and family leave benefits. The City of Tacoma acted quickly and put in place an emergency leave program, which provides employees up to two weeks of additional paid leave to address medical, quarantine, and childcare complications resulting from the COVID-19 pandemic. These bills specifically prohibit state and local governments from receiving payroll tax credits given to other employers as a way to offset these emergency leave programs. We are coordinating with the General Government to advocate for local government parity on those payroll tax credits in future legislation. Congress and the President appropriated an additional \$900 million for the Low Income Home Energy Assistance Program (LIHEAP); given the depth of the economic challenges and need in our communities and across the country; there will be requests for additional LIHEAP funding in future legislation. TPU will continue to work with our community action

partners, the state, and trade associations to seek additional funding to help those customers in need of assistance. There were also programs designed for small businesses, unemployment insurance and other programs that were put in place. Congressional leaders and the President are already discussing future federal legislation relating to the coronavirus, which may or may not include conversations about infrastructure and broader economic stimulus policies. TPU staff is coordinating with General Government staff, and trade associations to see what else would make sense to advocate for in future legislative packages.

Comments by the Board

Chair Larkin led a moment of silence for Ryan Flynn, who passed away after courageously battling cancer.

Chair Larkin expressed appreciation to TPU staff for carrying on critical, essential services during this difficult time.

Board Member Flint expressed sorrow for the passing of Ryan Flynn and made positive remarks about his contributions to TPU. Mr. Flint also expressed appreciation for staff's quick work on actions related to the Covid-19 emergency declaration.

In response to comments from Board Member Flint about staying in communication with customers who may have applied for emergency assistance, but whose applications are in process, Director Flowers answered it will be good to communicate this information. It may be possible to put information on the web page about application time; communications has been active on social media. Customer Services is still answering calls and monitoring response times.

In response to an inquiry from Board Member Flint about any grace periods being extended by TPU regulators, Director Flowers stated there hasn't been a statement from regulators about extending deadlines.

In response to an inquiry from Board Member Flint about changing usage patterns, Director Flowers says that Power's usage resembles Christmas day, when businesses are closed. Tacoma Water hasn't seen a drop in usage to date. A series of analyses will be run.

Chair Larkin encouraged customers to check with Customer Solutions to see if they qualify for assistance. Also, the utility is preparing for revenue losses due to Covid-19, but also recognize that customers are feeling the economic impact as well. There will be a more detailed discussion on budget impacts on April 22, 2020.

Executive Session

Board Member Flint moved to convene an executive session at 7:35 p.m. for 60 minutes to discuss pending and/or potential litigation per RCW 42.30.110(1)(i); seconded by Board Member Patterson. Voice vote to enter into the executive session was taken and carried. Chair Larkin announced that no further business would be discussed after the executive session and the meeting would be immediately adjourned afterward.

Attorneys present for the executive session were Chief Deputy City Attorneys Tom Morrill and Chris Bacha. The executive session was adjourned at 8:35 p.m.

Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 8:35 p.m. until Wednesday, April 22, 2020 for the regular meeting at 6:30 p.m. at Tacoma Public Utilities.

Approved:



Karen Larkin, Chair



Mark Patterson, Secretary