



APPROVED 10-13-21

MINUTES
City of Tacoma
Public Utility Special Board Meeting
September 8, 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, Holland Cohen (departed at 3:20; returned at 3:55)

The meeting was quorate.

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.

Recognition

Christina Turner, Social Responsibility Manager, thanked the Board for their support of the TPU Campaign for United Way of Pierce County. Ms. Turner reported that TPU won the 2020 United Way of Pierce County Public Campaign of the Year in coordination with General Government. In 2020, TPU raised nearly \$164,000 and GG raised over \$75,000 for a combined effort of over \$240,000. Ms. Turner shared that this year's campaign runs from September 15 to October 6 and outlined the many ways to give and participate. Board Members made positive remarks about the campaign and the participation and generosity of TPU employees.

Regular Agenda

D-1 Resolution U-11275 – Authorize execution of a letter of agreement to amend and extend the terms and conditions of the collective bargaining agreement as negotiated with the International Brotherhood of Electrical Workers, Local 483, Tacoma Power Unit, effective retroactive from April 1, 2021 through March 31, 2024.

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

Cecily Hutton, Labor Negotiator, summarized the resolution, which will authorize the execution of a Letter of Agreement with the International Brotherhood of Electrical Workers, Local 483, Tacoma Power Unit. The agreement covers approximately 312.25 full-time, budgeted positions, with approximately 285.25 positions located within TPU, and has been scheduled for consideration by the City Council as a resolution on September 21, 2021. The agreement provides for the extension of all current terms and conditions of the Collective Bargaining Agreement with the IBEW, Local 483, Tacoma Power Unit for three years, retroactive from April 1, 2021 through March 31, 2024, and provides a market-based wage adjustment and general wage increase of between 3 percent and 17 percent based on classification, retroactive to April 1, 2021; and a wage increase for all classifications of 3.5 percent effective April 1, 2022 and April 1, 2023. Other changes include: Language in the preamble as it relates to workplace equity and anti-racism initiatives; Updates to Section 10.2 on Non-Discrimination; Updates to Article 11 regarding benefits provided under the collective bargaining agreement with the Tacoma Joint Labor Committee; Adding language regarding an application of rate for a Hydro Utility Worker when assigned as a Lead worker; and the deletion of the classification of Senior Hydro Utility Worker, as it is no longer needed. Ms. Hutton then thanked the IBEW negotiation team members and the field crews.

Chris Robinson, Power Superintendent, also made comments. The negotiation was focused on wages with an outcome that is fair and equitable, both for the employees and Tacoma Power customers who ultimately pay employees' salaries as part of their power bill. As the result of a combination of factors, including a historically high demand for utility craft positions, wages have increased significantly in the last couple of years, and Tacoma Power had fell behind, by almost 20 percent in some cases. The agreement updates wage levels to be consistent with those at other electric utilities in our region, i.e. consistent with the local labor market. Maintaining competitive wages is critical for a number of reasons: Primarily, we compete for labor with these other utilities, and in order to recruit and retain a competent workforce we must provide competitive compensation; employees deserve to be treated fairly, and compensated fairly – consistent with wages they would earn at neighboring utilities; and market-based compensation is part of the city of Tacoma's compensation philosophy. Tacoma Power would not be able to provide the services if not paying competitive wages to employees. Funds required to implement the wage adjustments are available in Tacoma Power's 21/22 budget.

In response to Board inquiries regarding future increases and retention of employee knowledge, Ms. Hutton responded that the adjustments for the first year are very aggressive and the rest have a 3.5 percent increase. Staff will keep a close eye on the labor market and rates of pay and will strategize on mid-adjustments if needed. Mr. Robinson added that staff is doing what they can to make Power a workplace where employees want to be; both for represented and non-represented; wages are only a part of that. There are other working condition issues that have an impact and management is listening and trying to adjust behavior to support them. Board Members then thanked staff for their hard work on this contract and problem-solving approach.

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

D-2 Resolution U-11276 – Authorize execution of a new power service agreement with Tacoma Power and Linde, Inc. under the terms of Schedule CP.

Ms. Cooley moved to approve the motion; seconded by Mr. Watson.

Rick Applegate, Sr. Power Analyst, summarized resolutions U-11276 and U-11277. These are large industrial customer of Tacoma Power that have received Schedule CP service for several decades. The current power service agreements expire at the end of September and the companies have requested a new agreement, which is required in order to remain on the rate schedule. The proposed Power Service Agreement contains many of the same provisions as the expiring agreement. For U-11276 the new agreement provides for a shorter duration and increased flexibility for the Company to manage its changing electrical requirements. Where the prior agreement lasted for a term of five years, the proposed agreement will have a three-year term, with a potential three-year renewal. It also includes some minor modifications to reflect Tacoma Power's prevailing policies. Overall, the proposed agreement seeks to maintain Linde's current service arrangement as a Schedule CP customer. For U-11277, the new agreement provides for a shorter duration and increased flexibility for the company to manage its changing electrical requirements. Where the prior agreement lasted for a term of five years, the proposed agreement will have a one-year term, with a potential one-year renewal. It also includes some minor modifications to reflect Tacoma Power's prevailing policies. Overall, the proposed agreement seeks to maintain WestRock's current service arrangement as a Schedule CP customer. Earlier this year, Power proposed a power service agreement with WestRock that would have enabled the company to self-supply a portion of its electrical requirements under Schedule G using the output of its renewable combined heat-and-power generator. However, WestRock eventually executed an alternative agreement with another entity for the output of the generator. As a result, Power is now seeking to renew WestRock's service under Schedule CP.

In response to a Board inquiry regarding WestRock's prior constraints and how the new contract helps with minimums and maximums, Mr. Applegate explained that Power has reduced the constraints on the customer. The CP service had contract energy demands; Power has eliminated the parameter of contract energy and has extended additional flexibility to decrease that parameter.

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

D-3 Resolution U-11277 – Authorize execution of a new power service agreement with Tacoma Power and WestRock CP, LLC under the terms of Schedule CP.

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

In response to a Board inquiry regarding the shorter contract term, Mr. Applegate explained that WestRock would like to maintain flexibility and the opportunity to revisit self-supply associated with their biomass generator.

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

D-4 Resolution U-11278 – Authorize execution of a new power service agreement with Tacoma Power and James Hardie Building Products, Inc., under the terms of Schedule HVG [Rick Applegate, Sr. Power Analyst].

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

Rick Applegate, Sr. Power Analyst, summarized the resolution. James Hardie is an industrial customer of Tacoma Power. The company's current power service agreement expires at the end of September. With this proposed agreement, the goal is to continue James Hardie's current form of service. The proposed agreement has a one-year term, with a potential one-year renewal. It maintains features of the company's current agreement, but also includes some minor modifications to reflect Tacoma Power's prevailing policies. James Hardie is unique in that it is the only Schedule HVG customer that operates under a generally standard service agreement. In 2018, the company's local manufacturing facility grew, and the company constructed a substation to support its operations. The substation allowed it to access Tacoma Power's Schedule HVG service. However, at the time, Tacoma Power required all new Schedule HVG customers to have power service agreements. As a result, the agreement that is now expiring was executed.

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

Tacoma Water

D-5 Resolution U-11279 – Authorize and ratify the Green/Duwamish and Central Puget Sound Watershed, Water Resource Inventory Area 9 Salmon Habitat Plan Update.

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

Jesse Narog, Asst. Water Division Mgr, summarized the resolution. The 2021 update to the Green/Duwamish and Central Puget Sound Watershed, Water Resource Inventory Area (WRIA 9') Salmon Habitat Plan (WRIA 9 Plan) is an addendum to the 2005 WRIA 9 Salmon Habitat Plan, and includes new science, revised habitat goals and recovery strategies, an updated capital project list, and a monitoring and adaptive management plan. The City of Tacoma and 16 other local governments are members to an Inter-local Agreement (ILA) (2001-2006, 2007-2015, 2016-2025) to jointly fund development and implementation of the WRIA 9 Plan to address shared interest in and responsibility for long-term watershed planning and salmon recovery in the Green/Duwamish and Central Puget Sound Watershed. Collaboration and implementation of the ILA occurs through the WRIA 9 Ecosystem Forum (WEF) which oversees efforts to improve watershed health and salmon habitat recovery. Membership includes representatives of the 17 local governments that are parties to the WRIA 9 Inter-local Agreement, and representatives of federal and state agencies, non-profits, and business interests. Tacoma Water Division represents the City on the WRIA 9 Ecosystem Forum and shares operating costs with other members of the Forum, and the WRIA 9 Salmon Habitat Plan was updated in February 2021, is titled "Making Our Watershed Fit for a King", and provides the latest science to inform local government and prioritize projects/policies by the 17 members. In March 1999, the National Oceanic and Atmospheric Administration (NOAA) Fisheries listed the Puget Sound Chinook salmon evolutionary significant unit, including the Green River Chinook salmon population, as a threatened species under the Endangered Species Act (ESA) local jurisdictions have authority over some habitat-based aspects of Chinook survival through land use and other policies and programs; and the state and tribes, who are the legal co-managers of the fishery resource, are responsible for addressing harvest and hatchery management. The WRIA 9 partners recognize participating in the ILA and implementing priorities in the WRIA 9 Plan

demonstrates their commitment to proactively working to address the ESA listing of Chinook salmon. Coordination and cooperation among federal, state, and local agencies, tribes, businesses, non-governmental organizations, landowners, community members, and other interests are essential to implement and adaptively manage a salmon recovery plan. The Puget Sound Partnership serves as the Puget Sound regional organization and lead agency for planning and implementing the Puget Sound Salmon Recovery Plan, approved by NOAA Fisheries and the WRIA 9 Plan is one of fifteen watershed-based chapters of the Puget Sound Salmon Recovery Plan. Tacoma supports cooperation at the WRIA level to set common priorities for actions among partners, efficient use of resources and investments, and distribution of responsibility for actions and expenditures. Salmon recovery is interrelated with flood risk reduction, water quality improvement, open-space protection, recreation, economic development, and tribal treaty rights Tacoma has a strong interest to achieve multiple benefit outcomes for people and fish across the watershed. The WRIA 9 Plan recognizes that salmon recovery is a long-term effort, and focuses on a 10-year implementation time horizon to allow for evaluation of progress and adaptation of goals and implementation strategies and the WRIA 9 Ecosystem Forum endeavors to work through consensus and is now seeking ratification of the February 2021 WRIA 9 Salmon Habitat Plan update by all ILA members. Tacoma Water seeks support for the protection and restoration of salmon habitat through the implementation of a collaborative effort through the Salmon Habitat Plan update. The Salmon Habitat Plan of February 2021 provides a science-based framework for identifying, prioritizing and implementing salmon recovery actions through the WRIA 9 Ecosystem Forum for the next ten years. Ratification is intended to convey support for the following: 1) Protecting and restoring habitat based on best available science with the intent to achieve sustainable, resilient, and harvestable populations of naturally spawning Chinook salmon; 2) Pursuing a multi-benefit approach to WRIA 9 Plan implementation that integrates salmon recovery, flood hazard reduction, water quality improvements, open space and recreation, and equity and social justice to improve outcomes for people and fish; 3) Utilizing the WRIA 9 Plan as a source of best available science to inform local government actions, including, but not limited to land use, shoreline, and transportation planning/permitting; 4) Utilizing capital project concepts, programmatic actions, and policies outlined within the WRIA 9 Plan to inform local priorities for implementation and funding via grants, capital improvements, ordinances, and other activities. Ratification does not obligate any partner to implement any specific actions or adhere to specific timelines for such actions; 5) Working collaboratively with local, state, and federal partners and tribes to support and fund implementation of the WRIA 9 Plan, including monitoring and adaptive management to address scientific uncertainty, tracking and communicating progress, and refining strategies to ensure cost-effective investments.

Board Members made positive remarks about the work and collaboration with other jurisdictions. Chair Patterson remarked that this habitat plan is an excellent read for anyone wanting to understand a complex issue.

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

Tacoma Rail

D-6 Resolution U-11280 – Authorize Tacoma Rail to enter into three loan agreements totaling \$1,651,000 with the Washington Department of Transportation for improvement projects.

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

Kyle Kellem, Roadmaster, summarized the resolution. Tacoma Rail requests approval to enter into three loan agreements with Washington State Department of Transportation (WSDOT) for separate improvement projects. Loan agreement No. RRB-1269 (Improvements to Locomotive Maintenance and Fueling Facility) will partially finance the upgrade of an existing locomotive fueling and servicing facility, by replicating features on an additional track, increasing the fuel storage capacity in support of the two value added service contracts, and associated work to enhance operational efficiencies and systems resilience. The construction contract for Agreement No. RRB-1269 was authorized through Resolution No. U-11273, item 4, on August 25, 2021, and the principal amount for Agreement No. RRB-1269 is \$868,000, less a 3.23 percent administrative fee of \$28,000, and requires ten annual payments of \$86,800, beginning in December 2022, plus a minimum of \$1,826,264 toward the completion of the project prior to June 30, 2023. The second loan agreement No. RRB-1275 (Lincoln Avenue Track Upgrade Project), will partially finance the upgrade of approximately 600 lineal feet of railroad track, including the replacement of two track turn-outs, and the removal and replacement of three private crossings. The principal amount for loan agreement No. RRB-1275, is \$318,000, less a 2.52 percent administrative fee of \$8,000, requiring ten payments of \$31,800, beginning in July 2023, in addition to providing a minimum payment of \$369,471 toward the completion of the project due prior to June 30, 2023. Loan Agreement No. RRB-1276 (Tacoma Yard Tracks Upgrade Project), will partially finance the upgrade of approximately 2,400 lineal feet of railroad track, including three track turn-outs, in Tacoma Rails main rail yard. The principal amount for loan agreement RRB-1276 is \$465,000, less a 3.23 percent administrative fee of \$15,000, and requires ten annual payments of \$46,500, beginning July 2023, in addition to a requirement that Tacoma Rail provide a minimum of \$763,196 towards the completion of the project prior to June 30, 2023. The interest-free loans were awarded through a competitive call for projects initiated by WSDOT, with subsequent funding appropriated by the state legislature in the 2021 session and the total amount of the loan agreements are \$1,651,000, less administrative fees of \$51,000, with ten year repayment terms. Tacoma Rail's track infrastructure in the tideland's area is heavily used and in need of periodic upgrades in order to safely enable the switching of railcars destined for, or originating from, the Port of Tacoma and other industrial customers, and

Board Members made positive remarks about leveraging dollars to upgrade Rail infrastructure. In response to a Board inquiry regarding the interest set-up of the loan, Mr. Kellem explained that this is a no-interest loan plan with an administration fee. This was negotiated so that Rail didn't have to pay a percentage for the duration of the loan; the administration fee is the cost to manage the account while not paying interest on the life of the loan.

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

D. Reports of the Director

Covid

Director Flowers reported that consistent with Pierce County's COVID numbers, TPU has seen an uptick in positive cases in the workforce over the past few weeks and has taken actions to reinstate directives to protect employees and customers. In addition to delaying further reconstitution phases which would have brought more employees back to campus, TPU has modified other directives and have reinstated requirements to wear face coverings indoors regardless of vaccination status. TPU is requiring face coverings be worn outdoors when physical distancing cannot be maintained and are reinstating capacity limits on conference rooms and returning to single occupancy in vehicles where possible. Also reinstated are some alternative work protocols related to how employees report to job sites for work. TPU will revisit timing of the next phase of reconstitution by November 1 and, depending on COVID case trends, will determine when to result reconstitution. Delaying returning more employees to the campus is one of the ways we can risk exposure to our continuity staff who is required to report to the campus or job sites in order to complete their work. On August 30, the state issued a press release urging customers behind on energy and water bills to contact utilities and make a plan to keep services on as the state's proclamation preventing shut-off of water, electricity or natural gas services is slated to end September 30. That press release noted that more than 500,000 Washingtonians have overdue bills. There will be tremendous demand for bill assistance from the programs authorized by the federal government. As a result, TPU is encouraging our customers to pursue assistance now. While customers are covered by the Mayor's State of Emergency including postponement of disconnects, an action independent of the state's proclamation, TPU emphasizes the state's direction urging customers to get in touch with utility providers to review the status of their bill and learn about bill assistance programs that are available or anticipated to be available soon. Customers can call the United Way 2-1-1 hotline to review options, visit myTPU.org/covid19 to find information on programs available or call TPU Customer Service at 253-502-8600. The goal continues to be to connect customers to bill assistance and continue to work with community partners and entities currently administering rental and utility assistance to achieve that goal. Staff is also working to refine plans to support customers post COVID. We will be meeting with the Mayor in the coming weeks to review those plans. The lobby opened on August 2. A number of safety provisions have been implemented since initially closing the lobby: Plexiglass at stations, waiting chairs appropriately distanced, physical markings to reinforce appropriate separation of customers and staff, reduced lobby capacity, and appointment system to minimize queuing. These modifications coupled with face covering requirements are designed to enhance safety of staff and customers. In August, Customer Service served 746 customers, an average of four customers per hour. This is a substantial reduction in the number of customers served pre-pandemic. Many customers have found other ways to receive service, including self-service through channels such as MyAccount which, it is anticipated demands for service will increase once disconnects resume. The goal is to connect customers to bill assistance before they are at risk of service disconnect. Staff is working to find the balance between maintaining lobby service as an alternative for customers and staffing at a level that meets the current level of depressed demand. Also, staff available has decreased due to COVID impacts. As a result, Customer Service has scaled back the hours of operation and number of stations open to service customers. Important to note, nearly half of customers visiting the lobby in August came to make a payment on their utility bill.

Discussion ensued on percentage of vaccinated employees, voluntary disclosure of such, and any incentives the city plans to incentivize vaccines.

E. Comments by the Board

Mr. Bushnell requested information on the cause of the recent power outage in northeast Tacoma.

Board Chair announced that the Board meetings of September 22 are cancelled.

F. Adjournment

There being no further business or comments, the Public Utility Board meeting was adjourned at 4:10 p.m. until October 13, 2021 at 3:00 p.m.

Approved:



Mark Patterson, Chair



Carlos Watson, Secretary