

APPROVED 3-14-18

MINUTES
 City of Tacoma
 Public Utility Board Study Session
 February 28, 2018
 3:00 p.m.

Chair Trudnowski called the Public Utility Board study session to order at 3:02 p.m. at the Public Utilities Administration Building.

Present: Monique Trudnowski; Woodrow E. Jones, Jr., Mark Patterson
 Excused: Karen Larkin, Bryan Flint

Update for Local Employee Apprenticeship and Training Program (LEAP)

Keith Armstrong, Local Employee Apprenticeship and Training Program (LEAP) and Small Business Enterprise (SBE) Supervisor made introductory remarks. Clifford Armstrong III, Contract and Program Auditor, began with an overview of the LEAP program. The purpose of the program is to establish a means of providing for the development of a trained and capable workforce possessing the skills necessary to fully participate in the construction trades as outlined in TMC 1.90.010. LEAP only applies to projects funded by the City or TPU dollars; only applies to civil projects more than \$250,000; and only applies to building projects more than \$750,000. All City of Tacoma residents, Pierce County apprentices, Pierce County veterans, and all Pierce County youth ages 18-24 qualify. Program data from 2012 to the present was then reviewed. Mr. Armstrong III then provided an overview of the proposed changes to TMC 1.09 in which the LEAP program is included. Definitions have been updated as necessary; Local employment goal of 15 percent; changed Community Empowerment Zone to Economically Distressed Areas of TPU; and the apprenticeship goal of 15 percent are on projects over \$1M. Mr. Armstrong III concluded by using the Cowlitz Fish Facility Remodel as a case study for the proposed changes.

Financial Outlook and Performance Metrics for Year-End 2017

Tacoma Water: Scott Dewhirst, Water Superintendent, summarized the forecast assumptions, summary of outlook, water retail sales and revenues, and revenue and expense summary. The projection for wholesale revenues has increased due to higher than expected demands. Total revenue is forecast to be higher than forecast primarily due to increased residential demand. Total capital expenditures are expected to be lower than budget due to a combination of lagging projects and contingency funds that are not projected to be spent. Mr. Dewhirst concluded by sharing the estimated current fund cash projection.

Tacoma Power: Chris Robinson, Power Superintendent, summarized the forecast assumptions, electric retail revenues, wholesale revenues, and revenue and expense details. Retail revenues

are forecasted to be over budgeted due to cooler than anticipated weather in the first quarter resulting in increased heating loads. Wholesale revenues are forecast to be over budget due to higher precipitation in the first, second, and fourth quarters. Personnel and capital expenses funded from the current fund are forecast to be under budget due to underspending on capital projects in 2017. Mr. Robinson concluded by sharing the projected liquidity fund balance.

Tacoma Rail: Dale King, Rail Superintendent, reviewed the summary of assumptions and summary of financial outlook. Graphical representations of intermodal and commercial volumes were reviewed. There has been a decrease in railcar volumes; actual locomotive servicing revenue is above budgeted. There is no incentive allowance accruing due to lack of intermodal volumes. There are lower taxes from lower revenue generation. Mr. King concluded by sharing the projected liquidity fund balance.

Performance Metrics: Michelle Rhubright, Management Analyst, provided a summary of TPU's performance metrics for year-end 2017 for each of the operational divisions. The main metrics for each division are financial performance, operational excellence, and commitment to customers and employees. All operational divisions are on target for their financial metrics. A new measure for water conservation is in development and will be communicated in the coming months with the Water Integrated Resource Plan. A new employee satisfaction survey is planned for this year. Customer Service call center metrics goals are being met. Employee safety metrics are improving. TPU is currently undertaking a TPU-safety improvement initiative.

Review CTC Agreement and Scope of Work for the Request for Information (RFI) on Alternative Click! Partnership Models

Chris Bacha, Chief Deputy City Attorney, stated that the contract with CTC is in support of Resolution U-10988 passed by the Board on January 24, 2018 directing the City Manager and Interim Director of Utilities to jointly seek information from interested and knowledgeable entities to determine how the 12 adopted community policy goals can be achieved through a restructuring of Click!. Mr. Bacha reviewed the key due dates in the contract: March 16, completion date of the initial draft RFI; March 20, draft presented to City Council and TPU Board at a joint study session; March 30, RFI finalized; April 2, RFI released; and April 30, RFI closes. CTC will rank responses and follow-up with the viable respondents and provide a recommendation to the City Manager and TPU Interim Director. The ranking and recommendation is scheduled to be provided by CTC on May 4, 2018. Follow-up with selected respondents should be complete by May 11, 2018. CTC will analyze the data and prepare an assessment of the potential opportunities and market response. The assessment will include recommendations regarding potential next steps and an evaluation of what was learned, in particular, how the 12 policy goals may be accommodated and what the potential outcomes might be. A report is scheduled to be presented to the Council and Board on May 29, 2018 as a goal date. In response to a Board inquiry, Tom Morrill, Chief Deputy City Attorney, opined that Resolution U-10988 does not have to be amended to meet this updated timeline. In response to a Board inquiry, Mr. Bacha, shared that costs for the RFI are being split equally between TPU and General Government.

Miscellaneous

Tom Morrill, Chief Deputy City Attorney, provided background and instruction to the Board about their role in a quasi-judicial hearing scheduled for a bid protest on March 14, 2018. Mr. Morrill reviewed the protest policy and hearing logistics with the Board. Instruction was given to the

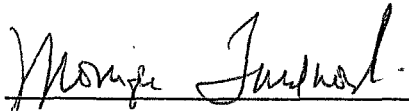
Board about having no contact with staff on the subject of this appeal or anyone having interest in this case. This includes parties representing Asplundh, Wright Tree Service, or their counsel.

Power Superintendent Robinson asked the questions if any supplemental information was needed regarding a memo they received on February 20, 2018 concerning the North 21st Street tower replacement project. Board Members present had no questions or concerns and recommended that staff reach out to absent Board Members Larkin and Flint to see if they had any follow-up requests. This item is scheduled to be brought before the Board for consideration at its March 14, 2018 meeting.

Adjournment

The study session was adjourned at 5:09 p.m. until the next regularly scheduled study session on Wednesday, March 14, 2018 at 3:00 p.m.

Approved:



Monique Trudnowski, Chair

Approved:



Karen Larkin, Secretary