

APPROVED 2-27-19

MINUTES
 City of Tacoma
 Public Utility Board Meeting
 Special Meeting/Board Workshop
 January 30 and 31, 2019

Titlow Lodge
 8425 6th Avenue
 Tacoma WA 98465

January 30, 2019

Present: Woody Jones, Karen Larkin, Mark Patterson, Bryan Flint, Chrissy Cooley

The meeting was quorate.

Chair Jones called the meeting to order at 8:33 a.m.

Dale King, Rail Superintendent, providing a safety briefing.

Chair Jones provided welcoming and introductory remarks.

Director Flowers shared that she spent her first 100 days in office listening to understand perspectives of TPU with all stakeholders and found opportunities to engage more in the community. She received feedback about governance and Board/staff relationships. Director Flowers then introduced Eric Douglas, President of Leading Resources, Inc. (LRI) and Bill Slaton of LRI and former four-term elected member of the Sacramento Municipal Utility District (SMUD) Board.

Mr. Douglas provided introductory comments, introductions were made, and the agenda reviewed.

Mr. Douglas provided an overview of the preparation for this Board workshop, which included interviewing Council Members, Board Members, and staff. Areas of strength and opportunities to improve were then summarized. The desire for effective work through governance clarity and good relationships with policymakers and staff were discussed. LRI, the Board, and staff then reviewed principles of Board governance, including 'unity of control' which is the understanding that it is the Board's policies that direct management, not individual Board Members. Mr. Douglas then introduced a tool of good Board governance which is the creation of three general policies: Governance; Board-staff linkage; and strategic directives. Benefits of such policies include: The Board sets the vision and desired results, reflecting what the community expects, the Board's articulation of desired results and performance measures focuses and aligns the organization; it gives the Director and executive staff the ability to deliver on the Board's goals in the ways they think best, balancing all the Board's policies; it improves the executive team's performance because they know decisions depend on them and they have to make the right decisions; Delegations to the Director enable the Board to stay focused at a more strategic level;

Monitoring progress enables the Board to assess whether the goals are being met and policies adhered to; The Board's strategic directives provide a stable set of expectations from the Board that align the organization and eliminate confusion.

The Board then worked to establish a list of Strategic Directives (SD) to pursue:

- o Safety
- o Rates
- o Reliability (asset management)
- o Customer expectations/relations
- o Community relations/values
- o Financial sustainability
- o Environmental leadership
- o Employee relations
- o Resource planning
- o Ethics (excellence, integrity)
- o Equity and inclusion (workforce diversity, digital equity)
- o Economic development
- o Resiliency (information management, security, enterprise risk management)
- o Stakeholder engagement
- o Government relations (include Tribal)
- o Innovation (technology, products, smart city)
- o Telecommunications
- o Undergrounding
- o Electrification of transportation
- o Wholesale markets

The process for developing SDs was then discussed. This includes presenting to the Council and developing a biennium budget and rate recommendations in alignment with SDs.

There was Board consensus to move forward with the development of SDs. The first step is to have staff compile existing materials and policies and put them into the appropriate SD category.

Discussion about unity of control and processes for the Board making inquiries to staff was then discussed resulting in agreement that in accordance with the TMC, Board framing their contact with staff members as inquiries only would be the best practice. Discussion continued about the level of staff the Board would contact with staff preference being the senior leadership level (direct reports of executive team members) and to copy the Director and/or Board office on inquiries for tracking purposes.

Tanisha Jumper, the City's Communication Director, and Jacques Colon, Vision 2025 Manager, joined the workshop to discuss Vision 2025. Ms. Jumper shared that Vision 2025 serves as the foundation for the City's strategic plan. It created a shared vision with the community and works collaboratively with individuals, organizations, and institutions to realize community goals, both internally and externally. Ms. Jumper outlined the Tacoma 2025 seven vision statements: health and safety; human and social needs; economic vibrancy and employment; education and learning; arts and cultural vitality; built and natural environments; and government performance.

Director Flowers then summarized her first 100 days in office, which were dedicated to listening to all stakeholders. The listening sessions focused on areas that reflect what the community values. The Director then outlined her strategic areas of focus for 2019: equitable access; economic development; environmental stewardship, and resilience.

Adjournment on January 30, 2019.

There being no further business or comments, day one of the Public Utility Board workshop was adjourned at 4:31 p.m. on January 30, 2019 until convening day two of the workshop on Thursday, January 31, 2019 at 8:30 at Titlow Lodge.

January 31, 2019

Present: Woody Jones, Karen Larkin, Mark Patterson, Bryan Flint, Chrissy Cooley

The meeting was quorate.

Chair Jones called the meeting to order at 8:37 a.m.

Mr. Flint moved to convene an executive session at 8:37 for the purpose of discussing pending litigation (RCW 42.31.110 (1)(i) for 30 minutes; seconded by Mr. Patterson. Voice vote to convene an executive session was taken and carried. The executive session was adjourned at 8:55 a.m.

Mr. Douglas began with a recap of day one of the workshop. Board Members and staff made positive remarks about the creation of SDs on day one of the workshop.

Mayor Woodards joined the workshop for the topic of TPU stakeholder representation and provided background. During the last Board appointment, there was discussion about what the makeup of the Public Utility Board looks like and the Mayor gave instruction to the GPFC about thinking about what the Board could do differently to make sure all voices are represented. There has been concern from the business community about representation. There was discussion on how the Board could have diverse representation to make to make policies that represent everyone. There was discussion on the meaning of diversity (income, geographical, gender, racial, educational, interests). Options for accomplishing this were discussed: standing advisory body; subject-specific, ad-hoc committees; Board Member outreach; allow for public feedback without coming to meetings; having representative from various constituent groups brief the Board at study sessions; reaching out to existing City boards and commissions (26 of them). Other discussion points included making sure all current practices are documented; remembering that accountability is built in with the Council reconfirmation process, providing clear direction through the SDs, developing a Board Member job description with a list of qualifications, and the Board having non-quorum meetings with the GPFC on the topic.

Mr. Douglas then revisited the unity of control subject from day one of the workshop. In accordance with the TMC, Board contact is limited to inquiries only and should not be directive in nature. Mr. Douglas shared that high-functioning Boards have a policy for this and will provide suggested language for the SDs. Board and staff then discussed when staff knows when the Board has given a directive. There was agreement with finishing each study session presentation with a summary of Board direction led by the Chair and Director and captured by the Clerk of the Board.

Board Member Larkin then led a discussion on the future governance structure for Click! assuming there is a private/public partner in the negotiations. Does the latest resolution allow for Click! to continue to be a public utility with Board oversight, or does that governance shift over to a general governance function, or is there a split or third party oversight? Discussion ensued with the Board preference stated is that the Power piece remain under TPU oversight and that the Director would communicate that to the City Manager and negotiating team with the understanding that the Council has final authority over the matter.

Board Member Flint then led a discussion about engaging the public in Board meetings, whether that be relocating or televising study sessions. There was discussion about this falling under the community relations SD category already created.

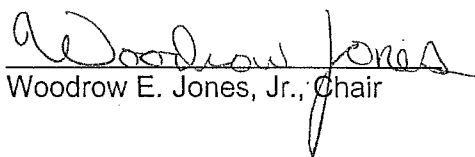
The Board then provided feedback on the Director's performance evaluation metrics: add a rates element; provide utility-wide goals to the Board; develop strategies to keep rates low; add a section on what the Director has accomplished so far; add deliverables on the development of the SDs; add expectation of moving electrification of transportation and broader de-carbonization issues conversation forward; diversification of staff and the workplace; make sure there's an opportunity on the form for the Director to write her responses/feedback. Board Member Larkin shared that she will work on a timeline for the evaluation with the Mayor and make sure the draft version goes the Board before being finalized with the Mayor. Board Member Larkin also shared that the Director's reconfirmation consideration will go before the Council before April 1, 2020.

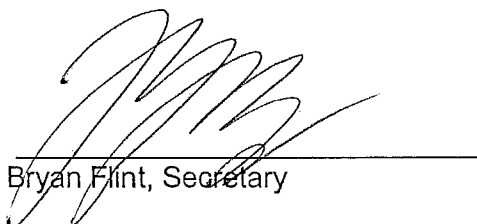
Mr. Slaton congratulated the group on its work toward being a better organization and the good work begun on the SDs. Board Members and the Director thanked Messrs. Douglas and Slaton for their expert facilitation and valuable input. Board Members and staff provided positive feedback on the workshop.

Adjournment on January 31, 2019.

There being no further business or comments, day two of the Public Utility Board workshop was adjourned at 4:07 p.m. on January 31, 2019 until the next regularly-scheduled Board meeting on Wednesday, February 13, 2019 for a study session at 3:00 p.m. followed by a regular meeting at 6:30 p.m.

Approved:


Woodrow E. Jones, Jr., Chair


Bryan Flint, Secretary