



RESOLUTION NO. 39577

1 BY REQUEST OF COUNCIL MEMBERS BLOCKER, IBSEN, MCCARTHY, AND
2 WOODARDS

3 A RESOLUTION directing the City Manager to hire an independent third-party
4 consultant or consultants to audit, analyze, and establish a reasonable
5 methodology for cost allocation between Tacoma Power and Click!
6 Network and evaluate the expansion of Click! Network; authorizing the
7 execution of professional services agreements, as necessary, which outline
8 the scope and deliverables; and authorizing the use of up to \$100,000,
9 budgeted from the City Council Contingency Fund, to pay the costs
10 associated therewith, pending reimbursement from Click! Network.

11 WHEREAS, on December 15, 2015, the City Council approved Resolution
12 No. 39347, which required Tacoma Power to develop a business, financial, and
13 marketing plan to provide Click! Network (“Click!”) customers with retail cable
14 television, voice, and internet services, and

15 WHEREAS, following a nine-month review, the Click! Engagement
16 Committee (“Committee”) described the community benefits of an enhanced Click!
17 telecommunications system and an outline of the features of such a system, and

18 WHEREAS, on September 28, 2016, pursuant to Resolution No. U-10879
19 (“Resolution”), the Tacoma Public Utility Board (“Board”) approved the Click!
20 “All-In” Business Plan (“Plan”), and

21 WHEREAS, since its inception in 1996, Click! has been part of Tacoma
22 Power’s telecommunications system and was initially financed with Tacoma
23 Power electric revenues, and

24 WHEREAS, since that time, the internal cost allocation between Click! and
25 Tacoma Power has changed significantly and, over time, Tacoma Power has
26 substantially increased the cost allocation borne by Click!, and



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WHEREAS the most recent shift in cost allocation is supported by an accountant assessment which relies predominantly upon the cost-accounting recommendations of Tacoma Power, and

WHEREAS this dramatic change in cost allocation has spurred scrutiny as to the financial viability and prospective legality of Click!, has been the key driver underlying the debate over the future of Click!, and has encouraged considerable public scrutiny as to the veracity and appropriateness of the current accounting assumptions and methodology implemented by Tacoma Power, and

WHEREAS the concerns raised about the current cost allocation methodology and the implications of said methodology on the Plan are significant and must be resolved prior to making a final decision on the Plan, and

WHEREAS, at the October 25, 2016, City Council Study Session, Council Member McCarthy shared a Council Consideration Request directing the City Manager to hire an independent third-party consultant or consultants to audit, analyze, and establish an independent cost allocation methodology between Tacoma Power and Click! and evaluate the expansion of the telecommunications system contemplated by the proposed Plan in the context of an evolving telecommunications industry, and, further, to authorize the use of up to \$100,000 of City Council Contingency Funds for said purposes, and

WHEREAS the purpose of the proposed audit is to provide the City Council with the best analysis and information available for its deliberations on the proposed Plan, and to encourage the public's confidence in both the process and underlying assumptions of the Plan, and



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WHEREAS Ordinance No. 22569 requires an affirmative vote of not less than six members of the Council in order to withdraw moneys from the City Council Contingency Fund; Now, Therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

Section 1. That the City Manager is hereby directed to hire an independent third-party consultant or consultants to audit, analyze, and establish a reasonable methodology for cost allocation between Tacoma Power and Click! Network, and evaluate the expansion of Click! Network.

Section 2. That the City Manager is hereby authorized to execute professional services agreements, as necessary, which outline the scope and deliverables necessary to perform the work described in Section 1.

Section 3. That the use of up to \$100,000, budgeted from the City Council Contingency Fund, is hereby authorized to pay the costs associated with the work authorized herein, pending reimbursement from Click! Network.

Section 4. Concurrent with the third-party consultant review requested by the City Council, Tacoma Public Utilities staff will complete the more detailed



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aspects of the Business and Marketing Plan for the “All-In” Business Plan (“Plan”) consistent with the direction provided in City Council Resolution No. 39347.

Adopted _____

Mayor

Attest:

City Clerk

Approved as to form:

City Attorney