



APPROVED 9/25/24

MINUTES
City of Tacoma
Public Utility Board Study Session
August 28, 2024
3:00 p.m.

Chair O'Loughlin called the Public Utility Board study session to order at 3:00 p.m. in the third-floor conference room (LT1) of the Public Utilities Administration Building.

Present: John O'Loughlin, William Bridges, Elly Claus-McGahan (arrived 3:10), Anita Gallagher

Excused: Carlos Watson

General Government Internal Service Budget

Hyun Kim, Deputy City Attorney, reviewed estimates of the 2025/2026 internal service baseline budgets. Mr. Kim spoke about ways TPU and General Government are working in partnership to improve alignment with service needs, communication, efficiencies, and cooperation.

Tacoma Water: Warehouse Project Update

Carol Powers, Principal Engineer, shared that the current water warehouse and shops buildings were built in 1937 and is seismically deficient. The shops facilities are undersized and lack proper adjacencies; warehouse space is inadequate and overflowing. The project goal is building resiliency, operational effectiveness, and future growth. Ms. Powers reviewed the scope, schedule, budget, and RFQ results for this project. The cost range of design and construction is expected to be between \$22M - \$25M. Construction is estimated to begin in 2026/2027. Formal Board consideration will be requested at a future Board meeting.

Advanced Metering Infrastructure (AMI) Update

Sally Mohr, Division Manager, and Corey Bedient, Technology Manager, provided the information in this presentation. AMI deployment to-date and network hardening/tuning were reviewed. Tribus, the meter installation vendor's, deployment schedule history and AMI program budget overview were detailed. A request will come to the Board at a future meeting to consider approval to extend the project of limited duration to continue four positions until December 31, 2025.

Insurance Update

Ken Clark, Sr. Risk Analyst, provided an overview of the different types of insurance policies, and the self-insurance fund. Of the different policies TPU carries, the main ones cover property, excess liability, public officials liability, and railroad rolling stock. Insurance policies are renewed annually. Causes of property insurance rate increases were then summarized. Mr. Clark concluded by summarizing TPU's ability to obtain recovery from FEMA under certain circumstances.

Tacoma Water: Follow-up on 2025/2026 Budget, Long-Range Financial Plan, Cost-of-Service Analysis, and Rates

Jodi Collins, Financial Stewardship Manager, provided information updated since the August 14 Board study session on the 2025/2026 rate base case. Ms. Collins then walked through graphical representations of O&M budget increases, funding O&M budget increases, and capital budget increases. To illustrate the impact on budget and rates, Ms. Collins walked through scenarios on flat rates, PFAS treatment planning, and Cascade contract revenue loss. Marc Powell, Sr. Business Services Analyst, and Ryan Cox, Assistant Section Manager, reviewed recommended water service construction charges that will be brought forth as part of the budget.

General Board Comments/Discussion and Director's Reports

Ying Hall, Power Section Manager, provided an update on Power's Cost-of-Service-Analysis (COSA). Ms. Hall reviewed the ratemaking process and timeline by rate class. Additional review and analysis revealed adjustments to the rate recommendations that were originally shared with the Board. The numbers that will be shared with the public during rates outreach: Residential is down from 7.4 percent to 6.5 percent; small general remains the same at 6.1 percent; general rate is increased from 2.3 percent to 3.2 percent. Ms. Hall concluded by reviewing the average residential bill and BCAP impacts.

Chair O'Loughlin shared that he learned at the last GPFC meeting that the preference is to avoid the use of pie charts as a way of illustrating budget and rates.

Chair O'Loughlin made positive remarks about his experience observing T&D climbing school.

Chair O'Loughlin and Board Member Claus-McGahan made positive remarks about their attendance at the annual NAACP banquet.

Board Member Claus-McGahan made positive remarks about attending the TPU academy graduation.

Jerrod Davis, Water Division Manager, provided an update on backflow testing prevention devices and enforcement.

Adjournment

The study session was adjourned at 5:38 p.m.

Approved:



John O'Loughlin
Chair



Elly Claus-McGahan
Secretary