



Approved 6-8-22

MINUTES  
City of Tacoma  
Public Utility Board Study Session  
May 25, 2022  
3:00 p.m.

Vice-Chair Cooley called the Public Utility Board study session to order at 3:00 p.m. at the auditorium of the Public Utilities Administration Building.

**Present:** Christine Cooley, Carlos Watson, John O’Loughlin; Holland Cohen (arrived 4:38 p.m.)

**Excused:** Mark Patterson

**Cyber Security Update**

Tyler Swartz, Cybersecurity and Resilience Manager, and Nathan Walters, Cybersecurity Architect, made the presentation. Current cybersecurity threats include malware, geopolitical instability, and supply chain issues that pose an increased level of risk to both physical and digital assets. Supply chain inadequacies present a growing risk to sourcing operational equipment and replacement parts in a timely manner. Attacks on commonly used software and their dependencies are an emerging threat vector. TPU mitigation actions: The supply chain risk management program provides better insight into vendors’ security posture so staff can adequately assess and mitigate risk; Threat feeds from multiple sources helps staff identify vulnerabilities as quick as possible; Vulnerability management efforts help remediate software vulnerabilities. Moving forward, cybersecurity continues to monitor threat feeds. Staff is also streamlining process to ingest timely threat intelligence and integrate it into detection actions. Staff continues to monitor networks for known indicators of compromise. Mr. Swartz concluded the presentation by outlining the key cybersecurity roadmap associated timeline.

**Asset Management/Capital Planning**

Julie DeYoung, Sr. Power Analyst, outlined SD7 (Reliability and Resiliency) with emphasis on how asset management planning will ensure infrastructure/facilities are sufficient to meet SD7 goals. Ms. DeYoung outlined Power’s asset strategy as data-driven work projections for each part of the infrastructure. Asset strategies use analytical models to predict the optimal replacement time for critical assets when it typically becomes more expensive to maintain equipment than to replace it. Prioritized infrastructure planning helps staff predict necessary spending so Power can spread it out over time allowing stewardship for future generations while avoiding cost spikes that could

affect customers. Kyle Kellem, Rail Roadmaster, shared that determinations for track renewal projects are based on a combination of inspections, geometry, and annual railcar volumes analysis. Locomotives are improved or replaced as new technology is developed. Rail's long-term asset planning involve electronic track mapping, the addition of electric locomotives, upgrading existing diesel locomotives, and use rail customer forecasts to inform track upgrades, reconfigurations, and additional infrastructure decisions. Tosha Siebert, Assistant Water Division Manager, shared that Water's economic model evaluates the benefit cost ratio to determine whether to replace water mains for partner projects such as with Public Works or Environmental Services. Business case evaluations established consistent methodology for evaluating alternatives through use of a standardized business case evaluation for all capital projects. This results in an alternative incorporating the triple bottom line (social, economic, financial lifecycle costs). The wells master plan identified the benefit cost ratio based on water capacity versus rehabilitation costs and informed the capital investment plan to best meet target production goals. Water is continuing to utilize cross-functional teams to inform long-range infrastructure investment plan and complex maintenance opportunities.

### **Q1 Financial Outlook and Performance Metrics**

Jodi Collins, Assistant Water Division Manager, reported that Water's forecast for total revenue is two percent over budget and the forecast for expenditures is two percent under budget. Ms. Collins reviewed graphical representations of billed revenue and billed demand. Biennium forecast vs. budget was then reviewed for total revenue, personnel expenses, O&M, taxes, revenue less expenditures, capital outlay, and projected cash balances. Ms. Collins concluded by reviewing the aging of accounts receivable and projected liquidity and cash balance.

Michelle Brown, Lead Financial Planning Analyst for Power, reported that the forecast for total revenue is \$83M more than budget and the total expenditures is \$16.8M more than budget. Graphical representations of electric retail revenues and gross wholesale revenues were detailed. Biennium forecast vs. budget was then reviewed for retail revenues, gross wholesale revenues, rate stabilization fund, purchased power expenses, personnel expenses, O&M, capital expenses, debt service, and net revenue forecast. Ms. Brown concluded by reviewing the aging of accounts receivable and projected liquidity balance.

Dan McCabe, Rail CIO/CFO, shared graphical representations of intermodal and commercial volumes. Biennium forecast vs. budget for rail car volumes, locomotive fueling, FTE count, capital outlay, taxes, and operating expenses was reviewed. Mr. McCabe concluded by reviewing projected liquidity balance.

Ebony Peebles, Sr. Financial Manager reviewed the performance metrics. Highlights include power revenues outperforming budget; water revenues and expenditures favorable; rail managing expenditures in response to lower revenues; power conservation

measurement is toward a two-year goal; safety metrics are trending in a positive direction; and call center responsiveness remains above target.

Jim Sant, Deputy Director of Administration then reviewed budget-tracking mechanisms in place. There are many reports, tools, and discussions that regular support budget management, including reporting to the Board. Managers and finance staff are responsible and are monitoring budget status regularly. Ms. Collins, Ms. Brown, and Mr. McCabe then reviewed the budget developing and monitoring processes, and historical budget trends for their respective operating divisions.

**Adjournment**

The study session was adjourned at 5:39 p.m. until the June 8, 2022 for a study session beginning at 3:00 p.m.

Approved:



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Mark Patterson, Chair

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Carlos Watson, Secretary