

APPROVED 11-13-19

MINUTES
City of Tacoma
Public Utility Board Meeting
October 23, 2019
6:30 p.m.

Chair Larkin called the Public Utility Board meeting to order at 6:30 p.m. in the auditorium at Tacoma Public Utilities.

Present: Bryan Flint, Christine Cooley, Carlos Watson, Karen Larkin, Mark Patterson

The meeting was quorate.

Minutes of the Previous Meetings

Mr. Flint moved that the minutes of the previous meetings be adopted; seconded by Mr. Patterson. Voice vote was taken and carried. The minutes were declared adopted.

Recognitions

There were no recognitions.

Public comment

The Board took public comment, pursuant to RCW 35.94.040, relating to Click!, on the surplus and potential use of the excess capacity of the Tacoma Power Commercial Network where the user pays for the capital and operating costs related to the excess capacity, while the city retains full ownership of the network; and on the surplus and potential sale of related inventory, equipment, and vehicles; and on review of proposed agreements with Rainier Connect.

Chris Bacha, Chief Deputy City Attorney, provided an update and analysis on the incorporation of Click! policy goals into the agreements with Rainier Connect and the Click! surplus declaration. Thorough investigation led to the development of the Council's 12 Click! policy goals that were adopted in 2018 and became the framework for evaluating future strategies. Mr. Bacha reviewed the RFI/Q evaluation process that tested the collaboration model and the timeline of events that followed. Mr. Bacha then reviewed the 12 Click! policy goals: public ownership of assets; equitable access; low-income/affordable access; net neutrality; open access by other providers; preserve competition; safeguard municipal use of services; maintain financial stability; economic development and educational opportunities; job options for Click! staff; consumer privacy; Click! goodwill and customer service. Mr. Bacha then shared graphical illustrations of the network backbone fiber use, layout, ownership, and operators. The Tacoma Power assets on the surplus declaration are inventory, equipment, and vehicles

used by Click! that will be conveyed to Rainier Connect and excess capacity of the HFC network. Inventory, equipment, and vehicles: The title is proposed to be conveyed to Rainier Connect in consideration for contract obligations and value assigned to certain property. Excess capacity of HFC network: Operational rights proposed to be transferred pursuant to the terms of the indefeasible right of use agreement for a term of 20 years with two additional 10-year extensions. Ownership: City will retain ownership of the excess capacity. 10429

The following members of the public expressed concerns and spoke in opposition: Mitchell Shook, Darrel Bowman, Kit Burns, Cheryl Kopec, Sherry Bockwinkel, Marsha Ramirez, Susan Ryan, Jerri Strasser, and Richard (?).

In response to a Board inquiry on policy on the third policy goal and free internet access to community anchors, Mr. Bacha explained that the language in the agreement is broad in how the community anchor locations will be identified. They are intended to be where low-income citizens obtain services. Tacoma Power will work collaboratively with Rainier Connect to identify those places. It will be a collaborative, robust process. Tacoma Power and the City will decide where those locations will be.

In response to a Board inquiry regarding whether the contract language calls for a lifeline subsidy or a subsidy for low income, Mr. Bacha explains that it provides for both. As long as the lifeline program is in place, it could be combined with other services. This can result in a very low cost for those meeting low-income criteria and is better than what Click! and Comcast currently provides. It is a significant benefit of the 40-year term.

In response to a Board inquiry regarding enforcement mechanisms in the contract, Mr. Bacha answered that there are different ways the enforcement provisions work. The intent is to encourage parties to talk about areas of disputes so there are provisions about communication and corrections. There are a series of steps that include a compliance plan, dispute resolution process, remedies that include liquefied damages, specific performance remedies, and final termination. There are annual reporting requirements for Rainier Connect, including financial, investment in network and capital improvements, and upgrades to one-gigabit speed. Checks and balances are built in with frequent reporting.

In response to a Board request, Mr. Bacha described access to power's facilities and accessing vaults. Mr. Bacha answered that Power needs a way to know that the power network is protected, including any overlap with utility or power lines. That became an issue for some proposers that did not want to allow Tacoma Power to maintain critical pathways of the network. The agreement is very protective of power infrastructure and that all maintenance work will be performed by Tacoma Power.

Board Member Flint remarked that when Tacoma Power began this business line, everyone was in cable and the internet was mainly used for email. The profit was on the cable side. Twenty plus years later, that has switched and the risk is in the cable side and the internet is what is profitable. The funds that need to be spent on capital expenditures and risk for the internet is what Tacoma Power is shifting to the private entity from its power customers. Rainier Connect will take the risk of investing in the network from what used to be a cable TV profit center to an internet profit center.

10430 Chair Larkin thanked all those who attended and made comments and encouraged research on facts from all sources.

Consent Agenda

There were no items on the consent agenda.

Regular Agenda

D-1 Resolution U-11110 – Award contracts and approve purchases:

1. Award two-year contract to Moss Adams, LLP for external audit services (\$468,000, plus applicable taxes. Includes option to renew for three, one-year periods for a projected contract amount of \$1,230,000) [Leda Voigt, Sr. Financial Manager].
2. Increase and extend citywide contract with Retail Lockbox, Inc., for retail lockbox services (\$75,000, plus applicable taxes. Cumulative contract total \$975,000, plus applicable taxes) [Patsy Best, Procurement and Payables Manager];
3. Award five-year contract to Sensus, USA, Inc., for advanced metering software-as-a-service and managed services (\$3,388,000, plus applicable taxes) [Andre Pedferri, Advanced Meter Program Manager];
4. Award contract to Utilicast Corporation for Energy Imbalance Market integration services (\$3,500,000, plus applicable taxes) [Chris Juchau, Power Analyst];
5. Award three-year contract to USIC Locating Services, LLC for underground utility locating services (\$1,302,405, plus applicable taxes with the option to renew for two, one-year periods for a projected contract total of \$2,221,080.52) [Joe Parris, T&D Contract Program Manager].

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

In response to a Board request for an overview of item number three, Andre Pedferri, Advanced Meter Project Manager, described the two components, Software-as-a-Service (SAAS) and Managed Services (MS). SAAS is day-to-day monitoring, maintenance, and management of TPU's meter data collection software and associated infrastructure. The vendor owns all components of the software solution required to run and operate the system. MS is monitoring of wireless communication network and associated infrastructure, advanced security monitoring, and preventative maintenance monitoring. TPU owns all components of the communication infrastructure required to run and operate the system. TPU is responsible for mitigating field communication network issues. This shifts responsibility to Sensus to ensure network/system reliability and performance and includes extensive termination language for future flexibility.

In response to another Board request for information on the long-term relationship with the recommended vendor, Mr. Pedferri answered that Tacoma Power can hold Sensus accountable for the reliable wireless communication network and making sure the data is secure. These are Sensus' core functions. They manage millions of data points for advanced meters across the world and have top tier data security. Tacoma Power will own the advanced meters and associated network structure. In response to a Board request to elaborate on security, Mr. Pedferri answered that the meter data will be encrypted on all power and water meters and managed by the Sensus data center. Staff did an onsite visit to their data center to ensure security.

In response to a Board request for a summary on item number four, Chris Juchau, Power Analyst, answered that Tacoma Power is going to start an energy imbalance

market (EIM) as part of California Independent System Operators (CAISO) to operate wholesale power trading in a real-time environment. The contract is for software and market integration services. It will help staff install software and integrate it into our existing system and establish business practices for Tacoma Power to participate in the market. It is a sole-source contract as Utilicast is the only vendor in the market for these specific services. Board Member Patterson summarized that in order to maintain reliability and status of a balancing authority, Tacoma Power needs to enter into this market and as a result need to upgrade computers and people and this contract is to facilitate that.

In response to a Board inquiry on item number five about only receiving one response to the bid, Joe Parris, T&D Contract Program Manager, stated that this is a new contractor for Power. Staff also had the same question about receiving only one bid and reached out to suppliers. Staff was told that the other suppliers could not handle the additional work without hiring more staff. In addition, some had moved out of our service territory. This recommended vendor says they can handle the needs without adding more staff.

Voice vote was taken and carried. The resolution was declared adopted.

D-2 Motion 19-07 – Pursuant to the City of Tacoma, Public Utility Board Rules for Order of Business, Rule 1(b), the Public Utility Board regular meetings and study sessions for November and December 2019 will be set for November 13, 2019 and December 4, 2019.

Mr. Flint moved to approve the motion; seconded by Mr. Patterson.

Voice vote was taken and carried. The motion was approved.

D-3 Resolution U-11111 – Authorize execution of the proposed 2020-2021 Collective Bargaining Agreement negotiated between the City of Tacoma and The Tacoma Joint Labor Committee that provides for employee health and welfare benefits. [Dylan Carlson, Labor Negotiator].

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

Dylan Carlson, Labor Negotiator, summarized the resolution. The agreement provides for the continuation of employee benefits for the term of the two-year agreement. The City will continue to pay the full premium cost for dental and vision insurance for eligible, full-time employees. Highlights of the proposed agreement include that in 2020, the agreement provides that part-time employees scheduled to work thirty hours or more per week will make benefit premium share contributions equal to those of full-time employees. In 2021, full-time employee premium share contributions for medical will increase from \$40 to \$50 per month for employee-only coverage, and \$80 to \$100 per month for employ plus family coverage. Other changes that take effect in 2020 include: adding out-of-network coverage at a 50 percent coinsurance rate for the Regence plans; amending the Delta Dental plan to provide for a more common benefit structure that removes barriers to preventive care; and increasing the hardware allowance for the vision plan to provide parity with what is offered under the Kaiser Permanente medical plan for vision benefits. It also provides for an increase to the meal allowance paid to employees from \$15 to \$18 per meal, except where an applicable collective bargaining

10432 agreement provides for a higher allowance. The collective bargaining agreement will be considered by the City Council on November 5, 2019.

Voice vote was taken and carried. The resolution was declared adopted.

D-4 Resolution U-11112 – Authorize execution of the Letter of Agreement negotiated between the City of Tacoma and the International Brotherhood of Electrical Workers, Local 483, Customer and Field Services Unit. [Dylan Carlson, Labor Negotiator].

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

Dylan Carlson, Labor Negotiator, summarized the resolution. The agreement provides for a wage increase in each year of the agreement. Retroactive to January 1, 2019, base wage rates will increase three percent. Effective January 1, 2020, base wage rates increase by three percent. Effective January 1, 2021, base wage rates will increase by 2.5 percent. Other significant changes include: reducing the number of steps in the pay range for the classification of warehouse supervisor from five to three and a change in the overtime designation to provide that the position will become eligible for overtime pay; the addition of a new step 4 to the pay range for customer service representative lead; the elimination of the work force coordinator application of range; the addition of a new customer service representative lead; and language to provide for an annual maximum reimbursement for safety footwear up to \$150.00 for specific TPU field operations staff. The collective bargaining agreement covers approximately 157 budgeted, full-time positions and is anticipated to be considered by Council on November 5, 2019.

Voice vote was taken and carried. The resolution was declared adopted.

D-5 Resolution U-11113 – Authorize the addition of a Department of Safety, Health, and Environmental to the City of Tacoma's organizational framework and authorize the creation of a Director of Safety, Health, and Environmental position that will report jointly to the City Manager and the Director of Utilities. [John Lawrence, Interim Safety Director].

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

John Lawrence, Interim Safety Director, summarized the resolution. For the past eight months, employees and leaders from across the City, including TPU, have taken part in efforts to evaluate the strengths and weaknesses of the citywide safety program and organizational structure with the goal to make and act on a set of recommendations designed to strengthen the program and improve outcomes for the employees and citizens of the City of Tacoma. The recommendation is to create a new city department of Safety, Health and Environmental. Observations from the eight-month study indicate that the City of Tacoma under performs and has higher injury rates than peers in local government and in the private sector. We believe this is due to lack of organizational framework and leadership dedicated to developing and implementing a focused workplace safety, health and environmental strategy. This strategy is necessary to elevate the City's definition and recognition of safe work and develop strong measures to hold ourselves accountable. Necessary steps are being taken to create the organizational framework designed to support the size and complexity of the City of Tacoma. We are asking the Public Utility Board and City Council to approve the addition of a Department of Safety, Health and Environmental to the City of Tacoma's organizational framework. This is necessary to create the organizational framework needed to elevate the City's definition and recognition of safe work and develop strong measures to hold ourselves accountable.

In response to a Board inquiry about the dual reporting structure for this position, Mr. Lawrence stated that there have been discussions on that. It was concluded that this will be a shared service across the city and to make sure needs are met and the individual performs, there will be monitoring with the City Manager, Director of Utilities, and executives on both sides. Since it is a shared service, it will reside in the General Government framework and final decisions will be made by the City Manager after consultation with the Director of Utilities. This individual will have to implement government framework that engages leadership across the City. With oversight by the Board and Council, leadership feels it will be able to work through potential issues.

Voice vote was taken and carried. The resolution was declared adopted.

D-6 Resolution U-11114 – Authorize increase in funding of the cafeteria food services agreement with Jonz Catering & Food Concepts, Inc. [Terry Coggins, Assistant Power Section Manager].

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

Terry Coggins, Assistant Power Section Manager, summarized the resolution. Tacoma Power seeks approval to extend funding under a current cafeteria food services agreement with Jonz Catering & Food Concepts, Inc., for an additional amount of \$1,000,000, plus applicable sales tax. The contract amount is estimated based on current use of cafeteria services identified within the scope of the contract for the remainder of the previously approved contract period. These services include catering for Public Utility Board dinners and other special events, emergency meal services during storm or natural disaster recovery periods, and catering services for meeting purposes. The previous requested amount of \$500,000 was underestimated to meet current needs. The contract amount is not a guarantee of Utility funds spent for food services and could potentially be minimal if the Utility seeks services from another source or determines funding is not available. As background, in February 2014, a

10434 Request for Proposal (RFP) was published, inviting prospective vendors to participate and submit a proposal for food services for the TPU Administration Complex cafeteria. A twelve-member Selection Advisory Committee (SAC) was identified to review and recommend the proposal that most closely meets the requirements of Tacoma Public Utilities as set forth in the RFP. Three proposals were received and evaluated based on the RFP's established criteria, which included the proposed menu, pricing, healthy options and nutritional value, quality and taste, stability of firm, cafeteria operations experience, staffing capabilities, and business strategy. Based on evaluation rankings by the committee, Jonz Catering and Food Concepts, Inc., was chosen as the most qualified food services provider. The SAC recommended that TPU award a ten-year contract, with a mutual five-year option, to Jonz Catering and Food Concepts, Inc., to operate the TPU Administration Complex Cafeteria. This contract was approved by TPU Board Resolution No. U-10683.

Board Member Cooley requested to see a list of what Jonz Catering and Food Concepts, Inc., is purchased locally and how they're helping local businesses.

Voice vote was taken and carried. The resolution was declared adopted.

D-7 Resolution U-11115 – Authorize Tacoma Water to participate in the City of Tacoma, Department of Public Works Streets Initiative Package 26 to replace 129 concrete panels resulting from the lead gooseneck replacement plan. [Corey Bedient, Water Division Manager].

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

Corey Bedient, Assistant Water Division Manager, summarized the resolution. In 2017, Tacoma Water implemented the lead gooseneck replacement plan, which will replace or confirm the replacement of more than 1,200 potential lead goosenecks throughout the Tacoma Water system. In order to perform replacement work, it is necessary to excavate and restore asphalt and concrete streets. Tacoma Water is required to restore 129 concrete panels associated with the replacement of lead goosenecks, in accordance with the city of Tacoma right-of-way restoration policy. The Department of Public Works has agreed to include the replacement of the 129 concrete panels in Street initiative package #26. The estimated contract cost to complete the Tacoma Water work is \$1,359,673, plus a 15 percent contingency for an aggregate total of \$1,563,624, plus applicable taxes. Tacoma Water believes it is in the best interest of the utility and its customers to include the concrete panel replacement work resulting from the lead gooseneck replacement plan in the Public Works project. Project partnership will improve project delivery, reduce project costs, mitigate future risks, and consolidate construction disturbance to residents and businesses.

Voice vote was taken and carried. The resolution was declared adopted.

D-8 Motion 19-08 – Authorize Tacoma Rail to amend the 2019-2020 biennial budget to include an additional appropriation for \$7,713,160. [Dan McCabe, Rail Chief Financial/Information Officer].

Mr. Flint moved to approve the motion; seconded by Mr. Patterson.

Dan McCabe, Rail Chief Financial/Information Officer, summarized the motion which requests amendment of the 2019-2020 biennial budget for Tacoma Rail to include an additional appropriation of \$7,713,160 to the original appropriation of \$67,652,846. This will bring the total appropriation for the Tacoma Rail fund to \$75,366,006. Revenues are expected to be nearly \$7.5M higher than the 2019/20 biennium budget due to higher than expected volumes in the Port. This welcome business activity drives a portion of the higher expenses that require additional budget authority. Additional drivers are volume-related expenditures (Port incentive volume allowance and taxes) and locomotives and infrastructure projects (locomotive leases, current and prior projects, and grant/loan matching funds). This additional appropriation will be forwarded to the City Council for action.

Board Member Flint made positive remarks about Tacoma Rail's improvement of track safety.

Voice vote was taken and carried. The resolution was declared adopted.

H. Reports of the Director

Scott Dewhirst, Water Superintendent, summarized the earlier study session presentation on Pipeline I.

Joe Wilson, Acting Power Superintendent, summarized the current power portfolio and power resource options and electrification of transportation study session presentations.

Clark Mather, Community and Government Affairs Relations Manager; Terry Coggins, Assistant Power Section Manager; and Elliott Barnett, Senior Planner, presented an update on the Cushman and Adams Substations future use study and the North 21st Street trees. Mr. Coggins shared that the planting of the trees on North 21st Street is the last phase of Power's Pearl-Cushman upgrade project with planting and maintenance plans reflecting urban forestry best practices. It includes 197 new trees of 11 varieties. Tacoma Power plans to complete planting in 2019 and maintain the trees for three years and then it will be Public Work's maintenance responsibility. Messrs. Mather and Barnett then addressed the substations. The Council's policy framework objective is to support a future Council/Board decision regarding reuse that has a transparent open public process, timely and feasible reuse, historic significance, equity and access to opportunity, public space/amenities, affordable housing. The future use study is a collaborative planning effort informed by city policies. Community engagement was then summarized. Objectives are to be actively engaged with the neighborhood and to conduct inclusive, broad engagement community wide. Engagement methods include visioning workshops, web-based outreach, and other activities to be determined. The presentation concluded with a review of the timeline and milestones of the project.

In response to a Board inquiry, Mr. Coggins stated that the trees will be planted to preserve sight lines and will be linear.

In response to a Board inquiry regarding the three-year Tacoma Power maintenance period for the trees, Mr. Coggins answered that the agreement is based on the survival of the trees and that they're able to establish themselves. The timeline to accomplish this was suggested by an urban forester.

10436 In response to a Board inquiry regarding vegetation under the tree canopy, Mr. Coggins explained that this project does not include landscaping beyond the trees, but staff has reached out to Public Works with the hope of discussing what other enhancements could be added to the median.

In response to a Board inquiry regarding presentations made to the North End Neighborhood Council, Mr. Mather stated that a presentation is scheduled for November and contact will be made with Ms. Ryan of the Council.

In response to a Board request, staff will provide the site contamination report to the Board.

In response to a Board inquiry, staff confirmed that the consultant budget is \$100,000 (funded jointly by TPU and General Government) and that work is being done in house so that consultant funds can be used strategically.

In response to a Board inquiry, Mr. Barnett confirmed that at the beginning of the community outreach, staff will be soliciting input for the guiding goals as the first step of the process. Also, soliciting developer input has been discussed.

The Board requested to see check points for the Board and Council built into the timeline so that the bodies are aware of when they will be getting feedback.

Director Flowers stated she would confirm the timeline Tacoma Power will need to vacate the property and circle back with the Board with that information.

I. Comments by the Board

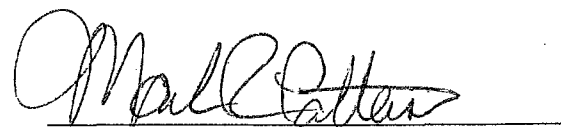
There were no further comments by the Board.

J. Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 8:49 p.m. until Wednesday, October 30, 2019 for a special meeting at 5:30 p.m. The next regularly-scheduled study session is at 3:00 p.m. at Tacoma Public Utilities, followed by the regular meeting at 6:30 p.m. at Tacoma Public Utilities.

Approved:


Karen Latkin, Chair


Mark Patterson, Secretary