

APPROVED 3-13-19

MINUTES
City of Tacoma
Public Utility Board Meeting
February 27, 2019
6:30 p.m.

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

Present: Woodrow E. Jones, Jr., Mark Patterson, Christine Cooley, Bryan Flint, Karen Larkin

The meeting was quorate.

Minutes of the Previous Meetings

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

Recognitions

There were no recognitions

Comments from the Public

Mitchell Shook made comments in favor of reexamining Click! budget and allocation numbers and as the internet as a fourth TPU utility.

Tony Ivey, representing the Washington Environmental Council, thanked the Board for its support of Senate Bill 5116 for clean energy.

Nikie Walters made comments in support of keeping Click!, thanked the Board for its support on the clean energy bill, and encouraged robust public outreach on Advanced Metering Infrastructure (AMI).

Barb Church made comments in support of anything TPU can do to support clean energy.

Mike Webb made comments in support of green energy legislation.

Consent Agenda

There were no items on the consent agenda.

10320 Regular Agenda

- D-1 Resolution U-11059 – Award contracts and approve purchases:
1. Increase and extend contract with Great Lakes Data Systems, Inc., for customer management and billing system software and related services (\$342,000; cumulative total \$1,619,000, plus applicable sales tax);
 2. Award contract to Bud Clary Auto Group for the purchase of various new motor vehicles planned for replacement in 2019/2020 (\$441,000, plus applicable taxes);
 3. Increase contract to Columbia Ford Lincoln and Northsound Auto Group to continue purchasing various new motor vehicles planned for replacement in 2019/2020 (\$5,825,500 and \$852,500, respectively; Combined total request of \$6,678,000, plus applicable sales taxes. Cumulative totals \$7,755,500 and 1,812,500, respectively);
 4. Award contract to Jesse Engineering Company for three fish transport tanks (\$270,667, plus applicable taxes);
 5. Award three-year contract to Ijlin Electric USA, Inc., for high voltage transformers (\$3,177,000, plus applicable taxes. Includes option to renew for two additional years, projected contract total \$5,000,000, plus applicable taxes);
 6. Award two-year contract to Mi-Tech Services, Inc., for wood pole inspection, treatment, and reinforcement services throughout Tacoma Power's service territory (\$900,000, plus applicable taxes).

Ms. Larkin moved to adopt the resolution; seconded by Mr. Flint.

Ms. Larkin moved to amend Resolution U-11059 by entering substitute contract and award letters for items two and three that remove all Click! replacement vehicles; seconded by Mr. Flint. Voice vote to amend the resolution was taken and carried.

In response to a Board inquiry regarding cancellation clauses for item number one, Pam Burgess, Click! Business Manager, stated that if there is a different path forward for Click!, the contract can be cancelled with six months written notice without penalty.

In response to a Board inquiry regarding the number of Chevy Volts and Bolts that will be purchased, Dean Ainardi, Assistant Fleet Manager, stated he will research and provide that information to the Board. In response to a Board inquiry regarding pricing through the state contract, Mr. Ainardi explained that the prices listed in the support materials are estimated and explained that the state contract provides the benefit of purchasing in large quantities at a competitive price that is well below the MSRP. In response to a Board inquiry, relating to the amendment to remove items two and three, Mr. Ainardi stated that the original support materials included Click! vehicles so that in case they needed to be replaced, the funds would be authorized. The resolution sets the replacement schedule, but all vehicles may not be purchased.

In response to a Board request for clarification on item number four, Eric Shoblom, Fisheries Manager, explained that the fish tanks serve five facilities and allows TPU to meet Federal Energy Regulatory Commission requirements and objectives of transporting smolts downstream below the dams. These tanks support operations as more adult salmon return and migrating juvenile populations are increasing.

Public comment was then taken.

Tracie Wigman (sp?) made comments in support of purchasing electric vehicles.

Mitchell Shook pointed out a discrepancy in pricing for item number one. Ms. Burgess informed that there was a scrivener's error and the correct amount is \$342,000; not \$432,000. Tom Morrill, Chief Deputy City Attorney, stated that no amendment needs to be made because the resolution and agenda reflect the correct amount.

Nikie Walters made comments in support of all city vehicles being electric and for more electric vehicle charging stations in the city.

Kit Burns, regarding item number one, made comments in support of securing local vendors.

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

D-2 Motion 19-01 – Approve claim settlement of Christine Gleason v. City of Tacoma.

Ms. Larkin moved to approve the motion; seconded by Mr. Flint.

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

D-3 Resolution U-11060 - Increase contract to Z2 Solutions, LLC for continued professional consulting services during TPU's Advanced Metering Infrastructure implementation program.

Ms. Larkin moved to adopt the resolution; seconded by Mr. Flint.

Andre Pedefferri, AMI Program Manager, summarized the resolution. The Advanced Metering Infrastructure (AMI) program consists of implementing an advanced metering infrastructure throughout TPU's service area for both Power and Water services. This phase of the program begins with systems implementation and integrations, approving this contract will allow TPU to continue to work with Z2 Solutions LLC and their subcontractor, Excerpt, who has been providing program management and organizational change management support, business process architecture, technology selection and architecture, and ongoing implementation oversight.

In response to a Board comments and inquiries, Mr. Pedefferri answered that the vendor provides consulting services to build out external communication and internal communications plans and stakeholder engagement plans. Director Flowers added that the rate impacts of AMI for water is 0.28 percent or 11 cents per month and 0.08 percent or 8 cents per month for power. Mr. Pedefferri stated that information is available on the website now and there'll be a larger communication effort as well. There is a near-term plan and a plan that extends out two to three years. Deployment is scheduled for mid 2020. The next 12 months is about customer education and awareness, what to expect, and associated benefits. There will then be targeted customer outreach to prepare for installation and transition to meters. Director Flowers added that staff is reviewing contracts and refining the communication and outreach plans. The FAQ sheet on the website is evolving and a one-page fact sheet will be available soon. Over the next year, there will be a series of deep, focused topics and showcases during the Board meetings.

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A direct AMI website will also be created. Lastly, Mr. Pedefferri shared that Z2 Solutions has been around for approximately 25 years as an AMI advisor and the owner co-designed the meter data management system and has deep system integration knowledge. The sub-contractor, Excergy, specializes in AMI project management, project engineering, and organizational change management.

Public comment was then taken.

Nikie Walters made comments in support of robust public outreach with focus on the pros and cons of AMI implementation. Ms. Walters expressed the need for more opt-out information and expressed concern about pole attachment toxicity of AMI devices.

Director Flowers shared that a presentation on the digital transformation will take place in the future. The industry is moving towards a digital platform. In the past, utilities didn't have to worry about compatibility with systems, but now operations have to be integrated with all other digital systems in utility management. There are failing meters and pre-pay is at risk if the existing Gateway meters fail. There will be a deferral program for those who want to opt-out and there will be more information on that once we understand how many customers will want to defer.

Tracie Wigman expressed concerns about health with AMI and 5G technology.

Kit Burns spoke in opposition of AMI, expressing concerns about radiation and cybersecurity/data breaches.

Mitchell Shook made comments in support of revisiting Click! allocations with the new AMI plan.

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

D-4 Resolution U-11061 – Authorize extension of master license agreements for telecommunication service providers.

Ms. Larkin moved to adopt the resolution; seconded by Mr. Flint.

Jennifer Allen, Management Analyst, summarized the resolution. In response to the passage of the 1996 telecommunications act by the FCC which deregulated the telecommunications industry and resulted in a number of service providers asking to use Tacoma Power and Tacoma Water properties for cell tower sites. TPU developed a telecom licensing program to manage those request. The program was approved by the Board under Resolution U-9288 on September 10, 1997. Part of the program included a Master License Agreement (MLA) to be used to formalize agreements between TPU and the service providers. Those MLAs were approved for an initial five-year term and allowed for up to three additional five-year terms. In a parallel effort, TPU is working to bring the program into alignment with the current industry practices and have begun a process to update the instrument and the overall program. Proposals are currently being solicited from consulting companies who can help develop the appropriate instruments, fee structure, and other requirements. Because of the time required to develop the new program, TPU is asking for authorization to extend the existing agreements through December 31, 2021 to provide continuity from the old to the new programs.

In response to a Board inquiry concerning the number of master license agreements, Ms. Allen answered that there are 12 service providers and there are also individual site contracts. There is approximately \$1M per biennium in revenues. In response to Board concerns about timing of the extension and the time needed to create new agreements. Ms. Allen answered that this responsibility has been shifted between departments, but has now settled in her work group and contract timelines will be better monitored. The requested time allows staff to secure a consultant, get materials in place, and have an outreach period for providers.

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

D-5 Resolution U-11062 – Authorize the pursuit of grant funding for shore power and demonstrate Public Utility Board support for an indicative shore power rate.

Ms. Larkin moved to adopt the resolution; seconded by Mr. Flint.

Jeremy Stewart, Power Analyst, summarized the resolution. Washington State has \$112M to distribute from the Volkswagen settlement fund. These funds, a settlement from Volkswagen's diesel emissions scandal, represent a generational opportunity to electrify port operations at the Port of Tacoma. Staff discussion with the Port of Tacoma on strategy to acquire funding to build infrastructure to electrify ships at port identified TPU Schedule G demand change as a barrier to shore power adoption. To overcome this barrier, Tacoma Power is proposing an indicative shore power rate design to eliminate the demand charge by increasing the energy charge and allowing shipping lines to allocate energy costs to terminal operators. The indicative shore power rate is designed to recover revenue equal to Schedule G. Approval of the indicative rate design by the Board would demonstrate TPU's commitment to overcome this barrier and strengthen the grant proposal, improving chances of being selected to receive grant funding. Implementation of shore power at the Port of Tacoma represents a significant revenue opportunity as well as providing lower operating costs to shipping lines and reduced greenhouse gas and particulate emissions from ships at port. The final shore power rate will follow the traditional rate making process and requires City Council approval.

Board Members made positive remarks in support of this resolution as it supports clean energy and deals with climate change and particulate matter in the tide flats.

Public comment was taken.

Evette Mason, Government Affairs Manager for the Port of Tacoma, made positive remarks and shared that the Port supports TPU's ongoing efforts to develop electricity rates for ships, the pursuit of associated grant funding, and how well the two agencies have been working together.

Tracie Wigman made comments in support of this resolution and expressed the desire for more electric vehicle charging stations at the Port.

Nikie Walters made comments in support of this resolution and expressed the desire to see the Port institute solar power for ships.

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

- D-6 Resolution U-11063 - Approve declaration of surplus for the Polk Substation transformer no longer needed for Tacoma Power's current or future needs and authorize the sale of surplus equipment to the highest responsive bidder.

Ms. Larkin moved to adopt the resolution; seconded by Mr. Flint.

Sean Veley, Power Supervisor, summarized the resolution. The Polk Substation transformer is considered surplus to Tacoma Power's needs and is no longer required for providing continued public utility service. This substation has been placed out of service due to age and reliability concerns from degradation of performance. In accordance to RCW 35.94.040, disposal requires approval of a surplus declaration and a public hearing prior to cell. Proceeds from the sale will be added to the Tacoma Power general fund.

Prior to taking a vote, a public hearing in accordance with RCW 35.94.040 was held. There was no public comment. Voice vote was taken and carried. The resolution was declared adopted.

- D-7 Resolution U-11064 - Approve declaration of surplus for the University Substation transformer no longer needed for Tacoma Power's current or future needs and authorize the sale of surplus equipment to the highest responsive bidder.

Ms. Larkin moved to adopt the resolution; seconded by Mr. Flint.

Sean Veley, Power Supervisor, summarized the resolution. The University Substation transformer is considered surplus to Tacoma Power's needs and is no longer required for providing continued public utility service. This substation has been placed out of service due to age and reliability concerns from degradation of performance. In accordance to RCW 35.94.040, disposal requires approval of a surplus declaration and a public hearing prior to cell. Proceeds from the sale will be added to the Tacoma Power general fund.

Prior to taking a vote, a public hearing in accordance with RCW 35.94.040 was held. There was no public comment. Voice vote was taken and carried. The resolution was declared adopted.

- D-8 Motion 19-02 – Approve settlement of property damage claim from J. Slotnick.

Ms. Larkin moved to approve the motion; seconded by Mr. Flint.

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

H. Reports of the Director

There were no reports of the Director.

I. Comments by the Board

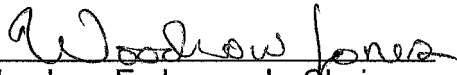
Board Member Flint made positive remarks about the Board's support of SB 5116 for 100 percent clean energy.

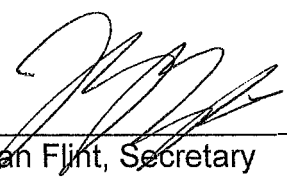
Board Member Flint made comments about a recent citizen podcast in which he participated. Mr. Flint stated that when he was interviewed on the issue of Click!, he was speaking for himself, not the Board. Past costs are the past and the important thing is to look forward at the future costs of Click! and ask how we can find financing to build capital infrastructure as we look toward Click!'s future.

J. Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 7:55 p.m. until Wednesday, March 13, 2019 for a study session beginning at 3:00 p.m. at Tacoma Public Utilities, followed by the regular meeting at 6:30 p.m. at Tacoma Public Utilities.

Approved:


Woodrow E. Jones, Jr. Chair


Bryan Flint, Secretary