

## 15. Sec. 4.1 - Tacoma Public Utilities – Internet as a Utility

# Charter Review Committee

## Amendment Summary

### Sections 4.1 and 4.10

#### **Brief Summary of Amendment**

- Specifies “internet” as among the public utilities within the City’s powers to construct, condemn and purchase, acquire, add to, maintain, or operate.
- Adds “internet” to the specific utilities under the jurisdiction of the Public Utilities Board if internet is included as a utility.

#### **Committee Vote**

**Yes:** Katie Baird, Nicholas Carr, Maricres Castro, Bryan Flint, Jason Gauthier, Andre Jimenez, Melissa Malott, Latasha Palmer, Rebecca Stith, Steve Wamback, Diamatris Winston, Lok Yin Wu

**No:** Patrick Fischer, Andrea Reay

**Abstain:** None

**Absent:** None

#### **Amendment**

**Section 4.1** – The City shall possess all the powers granted to cities by state law to construct, condemn and purchase, purchase, acquire, add to, maintain, and operate, either within or outside its corporate limits, including, but not by way of limitation, public utilities for supplying water, light, heat, power, internet, transportation, and sewage and refuse collection, treatment, and disposal services or any of them, to the municipality and the inhabitants thereof; and also to sell and deliver any of the utility services above mentioned outside its corporate limits, to the extent permitted by state law.

**Section 4.10** – The Public Utility Board, subject only to the limitations imposed by this charter and the laws of this state, shall have full power to construct, condemn and purchase, acquire, add to, maintain, and operate the electric, water, internet, and belt line railway utility systems.

#### **Amendment Positions**

##### **Rationale for Amendment:**

Tacoma Public Utilities invested hundreds of millions of dollars in a high-speed fiber optic network to better serve its utility communication needs. In the 1990’s the network’s excess capacity was used to create the Click! cable network, which lowered costs and improved service for all cable subscribers. Now, with ample capacity on the existing public fiber network, Tacoma has the necessary infrastructure to create its own internet utility. The pandemic proved how essential it is that all citizens have

affordable, reliable, and secure Internet access. This amendment does not create an Internet utility. Internet service is currently provided by a private company under contract with Tacoma power. Should this contract no longer serve the public interest this amendment would allow the Tacoma Public Utility Board and the City Council to create an Internet utility in the public's interest to serve all residents, of all incomes, in the city.

**Dissenting Position:**

The Internet is an essential service and the need for digital and technological infrastructure and digital equity investments are paramount to remain competitive as technological needs and services advance for business, workforce and education. Adding "internet" as a public utility in the City Charter however does not advance equity or encourage investments in our infrastructure. It does, however, create a false impression that digital access and systems would change within the City. The solution to create more digital equity and opportunities is possible by standardizing technological infrastructure investments and encouraging public investments that reduce barriers to access. These solutions are available to the City now and are not necessary to include in the Charter. Their inclusion now and in this way could have the very real and unintended consequence of reducing access and increasing costs for all customers city wide.

16. Sec. 4.9: Tacoma Public Utilities – Board Membership

## Charter Review Committee

### Amendment Summary

#### Section 4.9

#### **Brief Summary of Amendment**

- Requires one member of the Public Utility Board to be resident of Pierce County who is not also a resident of Tacoma.
- The member must also be a residential customer and account holder of one or more of the public utilities operated by the City of Tacoma.

#### **Committee Vote**

**Yes:** Katie Baird, Nicholas Carr, Maricres Castro, Patrick Fischer, Bryan Flint, Andre Jimenez, Melissa Malott, Latasha Palmer, Andrea Reay, Rebecca Stith, Diamatris Winston, Lok Yin Wu

**No:** Jason Gauthier, Steve Wamback

**Abstain:** None

**Absent:** None

#### **Amendment**

**Section 4.9** – Members of the Board shall have the same qualifications as provided in this charter for Council Members, with the exception that beginning on or before January 1, 2030, one member shall be a resident of Pierce County that is outside of the city limits of the City of Tacoma and an account holder of and recipient of retail service from one or more of the public utilities operated by the City of Tacoma’s Department of Public Utilities. Members shall be entitled to reimbursement for expenses incurred in carrying out their official duties, other than those incident to attending board meetings held within the City of Tacoma.

#### **Amendment Positions**

##### **Rationale for Amendment:**

Tacoma owns and manages a broad serving utility that brings affordable power and water to its residents. For over a hundred years the utility also serves a large population of those who live outside of Tacoma’s city limits. These ratepayer’s substantial contribution offsets the risk that Tacoma residents bear via ownership of the utility, but have no formal Board representation. Ratepayers outside the city limits help insure the historically affordable and stable rates that all ratepayers benefit from. Based on this structure, retail ratepayers outside the city are contributing half of the utility’s total revenue for operation. Although the city’s residents are still responsible for the utility’s operations, maintenance, and potential risks, we can’t ignore the significant disparity in revenue and subsequent lack of representation that exists for ratepayers outside of the city limits. This modest amendment would

allow for one board seat to be representative of these communities' views, making the utility's budget and policy decisions more equitable for the whole population it serves.

**Dissenting Position(s):**

Tacoma owns the assets of Tacoma Power, Tacoma Water, and Tacoma Rail on behalf of City residents and taxpayers.

By the Charter, the City Council has delegated management of these Public Utilities to a Public Utility Board, subject to specific Council oversight.

While being an account holder or customer of Tacoma Public Utilities may result in a degree of financial interest, it is not the same thing as being an owner. Tacoma residents, by virtue of being the utilities' owners, carry a greater and superior financial interest.

Giving account holders the same standing as owners risks tipping the scales in favor of simple financial interests over the broader welfare of residents. Board members should be intimately familiar with the challenges and aspirations of the City they serve, ensuring decisions align with the collective well-being rather than individual financial considerations. Residency remains the cornerstone of effective representation and accountability.

17. Sec. 4.15 - Tacoma Public Utilities – Shared Services

## Charter Review Committee

### Amendment Summary

#### Section 4.15

#### **Brief Summary of Amendment**

Requires a performance and financial audit of the general government department services utilized by Tacoma Public Utilities.

#### **Committee Vote**

**Yes:** Katie Baird, Nicholas Carr, Maricres Castro, Patrick Fischer, Bryan Flint, Jason Gauthier, Andre Jimenez, Melissa Malott, Latasha Palmer, Andrea Reay, Steve Wamback, Diamatris Winston, Lok Yin Wu

**No:** None

**Abstain:** Rebecca Stith

**Absent:** None

#### **Amendment**

**Section 4.15** – The Board shall have authority to secure the services of consulting engineers, accountants, special counsel, and other experts. At intervals not exceeding ten years the Council shall, at the expense of the utilities involved, cause a general management survey to be made of all utilities under the jurisdiction of the board by a competent management consulting ~~or industrial engineering~~ firm, and at the same intervals cause a performance and financial audit by a qualified independent auditor to be made of the services of the City's General Government departments used by the Department of Public Utilities, the report and recommendations of which shall be made public; provided, that the first such survey shall be made within three years of the effective date of this charter.

#### **Amendment Positions**

##### **Rationale for Amendment:**

This recommendation would require independent performance and financial audit of the cost and value of the shared services that Tacoma Public Utilities (TPU) receives from the City's General Government every 10 years. The purpose is to ensure that the performance and cost of the services are of benefit to TPU ratepayers and Tacoma taxpayers. This would ensure that the charges for service are accurate, justified, and in line with the services received. It would identify opportunities for cost savings or efficiencies to ensure fair and equitable allocation of costs among different departments within the City. It also provides objective and transparent analysis to managers and policy makers in both TPU and General Government as to the cost and effectiveness of the shared services arrangement, providing both with the opportunity to make solid decisions in the public interest.

##### **Disenting Position:**

None

18. Sec. 4.19 - Tacoma Public Utilities – “Purposes of Inquiry”

## Charter Review Committee

### Amendment Summary

#### Section 4.19

#### **Brief Summary of Amendment**

- Eliminates the references to the Tacoma Public Utility Board engagement with staff “for purposes of inquiry”.
- Clarifies the role of TPU Board members with respect to TPU staff.

#### **Committee Vote**

**Yes:** Katie Baird, Nicholas Carr, Patrick Fischer, Bryan Flint, Andre Jimenez, Melissa Malott, Latasha Palmer, Rebecca Stith, Steve Wamback, Diamtris Winston

**No:** Andrea Reay

**Abstain:** None

**Absent:** Maricres Castro, Jason Gauthier, Lok Yin Wu

#### **Amendment**

~~Section 4.19 – Except for purposes of inquiry, the Board and its members shall deal with officers and employees of the Department of Public Utilities only through the Director.~~

Neither the Board nor any member thereof may request any specific executive action by the Director’s subordinates or otherwise create any interference with managerial functions through means such as but not limited to directing or requesting the appointment or removal of any of the Director’s subordinates, or the making of particular purchases from or contracts with any specific individual or organization. Outside of these prohibitions, the Board is permitted to make direct inquiries of, and receive relevant and timely information from staff for the purposes of the formation of budget and policy.

#### **Amendment Positions**

##### **Rationale for Amendment:**

The Utility Board is allowed contact with Utility department staff under a provision known as “for purpose of inquiry.” This means that the Board is able to communicate with staff only for such purposes as those for “inquiry.” Yet, the language fails to define exactly what such inquiry encompasses, and is therefore left as a subjective determination by the Director of the Department, which can lead to miscommunication and a lack of transparency. This edit simplifies the language and process for both the Board and staff by defining exactly what explicit communication prohibitions exist between the

Board and staff, while conversely outlining what direct communication is allowed and even encouraged.

**Dissenting Position:**

In order to execute the most effective, efficient, accountable and transparent execution of oversight for Tacoma's electric and water and industrial freight-switching railroad for the citizens, the areas and lines of governance and operations must be clear and well defined between the public utility board and staff. A healthy and clear board/staff relationship and lines of communication are critical to executing the work and ensuring accountability. Any blurring of those lines or adding or aiding to ambiguity between whom or what authority and process or hierarchy thereof could potentially create confusion and an ineffective work environment.