

APPROVED 7-11-18

MINUTES
 City of Tacoma
 Public Utility Board Meeting
 June 27, 2018
 6:30 p.m.

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

Present: Mark Patterson, Karen Larkin, Bryan Flint; Woodrow E. Jones, Jr. Monique Trudnowski,

The meeting was quorate.

Minutes of the Previous Meetings

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

Recognitions

Members of the Tacoma Water men's and women's tapping teams and meter madness competitions were recognized for their performances at both the regional and national competitions. These events are meant to showcase some of the work that water utilities perform across the country each day to supply drinking water to our communities. Team Members recognized were:

Women's Tapping Team Members are:

- o Julie LaVergne, Coach
- o Jennifer Routh, Setter
- o Kim Edwards, Cranker
- o Shantel Shepard, Copper

Men's Tapping Team Members are:

- o Ken Young, Coach
- o Mike McCaffrey, Setter
- o Alfonso Gonzales, Cranker
- o Phil Gause, Copper

Meter Madness:

- o Carlos Camacho, participant
- o Chris Hicks, Coach

Comments from the Public

There were no comments by the public

Consent Agenda

There were no items on the consent agenda.

10224 Regular Agenda

- D-1 Resolution U-11015 – Award contracts and approve purchases:
1. Award contract to Western Chemical, Inc., for the supply of fish culture chemicals (\$242,500. Cumulative contract total \$443,000, plus applicable taxes);
 2. Award contract to Weatherguard Roofing for the Mayfield Powerhouse and Cowlitz Substation re-roofing contract (\$634,591, plus applicable taxes);
 3. Increase and extend contract to Applied Energy Group, Inc., to determine the cost effective energy conservation potential prepared according to Washington Administrative Code requirements (\$470,730; cumulative contract total \$681,000, plus applicable taxes);
 4. Award two-year contract to Motorola Solutions, Inc., for hardware, equipment, software, and licensing, services, training, and support for a digital radio communications systems (\$9,387,837, plus applicable taxes);
 5. Award five-year contract to Brown & Brown of Washington, Inc., for property and casualty insurance broker services (\$425,000, plus applicable taxes).

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

Board Member Larkin moved to amend Resolution U-11015 by removing item number 5 from the general purchasing resolution to allow staff additional preparation time; seconded by Mr. Jones.

Voice vote to amend the resolution by removing item number 5 was taken and carried.

Board Member Larkin moved to adopt amended resolution U-11015; seconded by Mr. Jones.

In response to a Board inquiry regarding item number two whether more bids could have been received if this project wasn't started in the peak construction season, Jayson Lelli, Engineering Technician, answered that typically staff does bid on these types of projects in order to get contractors before the busy construction season; more bidders were anticipated. Circumstances surrounding this project resulted in delayed bid preparation. Staff will work so that this doesn't happen again in the future. In response to a Board inquiry regarding any historical significance Mr. Lelli explained that none of the buildings being reroofed are considered historic and repairs wouldn't be visible from the ground.

In response to a Board request for background on item number four, John Zwosta, Power Engineer, summarized the project. TPU's current radio system was purchased in the 1980's and is at the end of life. Parts are not readily available. The system will be upgraded to a digital radio system. This technology also leverages new technology like location services. In response to a Board inquiry regarding reliability, Mr. Zwosta explained that the RFP required 95 percent guaranteed coverage.

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

- D-2 Motion 18-07 – that the recommendations of the Department of Public Utilities and the City of Tacoma's Insurance committee and its advisor/broker, Kim Wilson, of Brown & Brown Insurance are approved and the appropriate officers are authorized to purchase: 1) property damage insurance with earthquake, flood and terrorism coverage; through Public Entity Property Insurance Program; and 2: Rail equipment coverage through Allianz Global Corporate and Specialty for locomotives, coaches, and track equipment insurance; for a total premium of \$457, 553, as outlined in the memorandum dated June 14, 2018 from Jim Sant, Deputy Director for Administration, to Linda McCrea, Interim Director of Utilities, and on file with the Clerk of the Board.

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

Jim Sant, Deputy Director for Administration, summarized the motion. The annual renewal premium for property insurance with Public Entity Property Insurance is \$424,302, which is an increase of \$67,546 from the previous year. This increase comes mostly from higher levels of insured property and partly from the overall property insurance marketplace wherein rates have risen from extensive losses nationally during 2017 from natural disasters. The Rail Rolling Stock premium through Allianz Global Corporate and Specialty is \$33,251, which is an increase of \$2,233 from expiring premiums. This cost decrease in coverage is driven by the decrease in the total insured value of Tacoma Rail's rolling stock for the coming year.

In response to a Board request for background on Public Entity Property Insurance, Mr. Sant stated that this company pools together entities in multiple states and allows TPU to pool risks together to get better insurance rates.

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

D-3 Resolution U-11016 – Authorize Tacoma Power to revise the transmission rate charged to Lewis County Public Utility District under the 1993 Transmission Service Agreement between the parties.

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

Marc Donaldson, Power Engineer, summarized the resolution. Tacoma Power and the Lewis County PUD entered into a transmission service agreement in December of 1993. Under the agreement, Tacoma Power provides transmission service to Lewis County PUD for the delivery of its Cowlitz Falls generation over certain facilities owned by Tacoma Power to the Bonneville Power Administration transmission system. The charges under the agreement are based on facilities used to deliver the generation. The current annual wheeling charge is \$189,269, which was calculated in 2015 using the annual wheeling charge methodology described in exhibit A of the agreement. Per the agreement, the calculation of the annual wheeling charge is included in exhibit B to the agreement. The agreement contains provisions that allow for revisions to the annual wheeling charge, which remains in effect for at least three consecutive operating years. The agreement defines 'operating year' as any consecutive twelve month period during the term which commences at 2400 hours July 31, and ends at 2400 hours the following July 31.

In response to a Board request regarding contract negotiations, Mr. Donaldson stated that Lewis County has approved the agreement with no concerns and pending Board approval the rate would go into effect on August 1, 2018 for a three-year term.

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

Board Member Jones moved to suspend the rules to consider walk-on Resolution U-11017 recognizing the service of Monique Trudnowski; seconded by Ms. Larkin.

Voice vote to suspend the rules was taken and carried.

U-11017 – A resolution relating to public service; expressing appreciation for the service and dedication of Monique Trudnowski as Tacoma Public Utilities Board Member from 2013 – 2018. The Clerk read the resolution in its entirety.

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

All Board Members and Mayor Woodards made positive remarks as they commented on Ms. Trudnowski's dedication and service to Tacoma Public Utilities and all it serves.

Voice vote was taken and carried.

H. Reports of the Director

- H-1 March 2018 cash projections for Power, Water, Rail
- H-2 March 2018 financials for Power, Water, Rail, Fleet, Self-Insurance Fund
- H-3 April 2018 cash projections for Power, Water, Rail
- H-4 April 2018 financials for Power, Water, Rail, Fleet, Self-Insurance Fund

Steve Hatcher, Customer Services Manager, provided an update of the recent scam alert put out by TPU. Customers have reported being contacted by a scammer claiming to be from TPU and demanding immediate payment in person by a pre-paid card or services would be cut. TPU doesn't employ such tactics; nor does TPU shut off services without prior written notices. These incidents have been reported to the police and media. All who suspect they've been contacted by a scammer should call TPU at 253-502-8600.

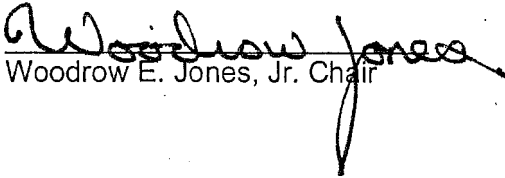
I. Comments by the Board

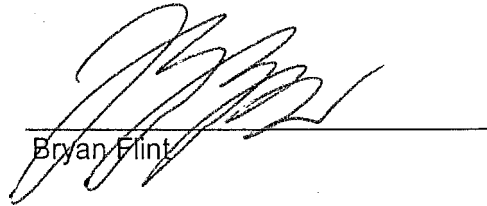
Board Members made positive remarks about the performance of the Water tapping and meter madness teams.

J. Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 7:20 p.m. until Wednesday, July 11, 2018 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