

APPROVED 11-9-16

MINUTES
 City of Tacoma
 Public Utility Board Meeting
 October 26, 2016
 6:30 p.m.

Mr. Patterson called the Public Utility Board meeting to order at 6:30 p.m. at the Public Utilities Administration Building.

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

The meeting was quorate.

Minutes of the Previous Meetings

Ms. Trudnowski moved that the minutes of the previous meetings be adopted; seconded by Mr. Jones. Voice vote was taken and carried with Mr. Flint abstaining as he was not present for the October 12 meeting. The minutes were declared adopted and made part of the record.

Recognitions

There were no recognitions

Comments from the Public

There was no public comment.

Consent Agenda

There were no items on the consent agenda.

Regular Agenda

- D-1 Resolution U-10884 – Award contracts and approve purchases:
1. Award contract to CCI Systems, Inc., for Cisco routers and migration assistant services (\$1,034,100.11 including sales tax and a trade-in credit of \$78,840.48 for old Cisco equipment; net expense \$955,259.63, including sales tax);
 2. Award contract to Avante Solutions, Inc., for the purchase of the IT service management software tool and consulting services for implementation and training (\$525,000, plus sales tax);

3. Increase contract to Regional Disposal Co., for the disposal of solids from the Green River Filtration Facility (\$138,000, sales tax not applicable, plus the option to extend three additional one-year terms for a cumulative total of \$690,000, sales tax not applicable).

Ms. Trudnowski moved to adopt the resolution; seconded by Mr. Jones.

In response to a Board request for additional information on the software in item number two, Johnny Rivera, Power Supervisor, answered that Utility Technology Service (UTS) has adopted an IT Service Management (ISM) framework as this is an industry standard of best practices for delivering IT services by ensuring the right processes, people, and technology are in place to meet business goals. UTS has developed processes and procedures on the ISM framework and are at a milestone in implementation and are ready to plug these processes and procedures into an ISM tool. This approval is to purchase the software product and will help consolidate other tools into a robust toolset.

In response to a Board request for a description of the capabilities and enhancements associated with item number two, Pat Bacon, Telecom Manager, explained that this equipment will serve as a link between cable software and the customer and the key function is to cluster the internet customer by nodes/service groups to optimize bandwidth and the customer experience. The current equipment is at the end of its useful life and can't keep up with demands. This will enable Click! to manage steady growth and faster internet speeds. This is budgeted in the current biennium and is independent of the all-in business plan. In response to a Board inquiry as to why one node is being replaced and not four, Mr. Bacon stated that the northwest hub is the most congested and in need of an upgrade.

In response to a Board inquiry on item number three regarding exactly what is being evaluated, Celina Mina, Associate Engineer, answered that Tacoma Water is trying to evaluate what solids are being produced by the filtration plant. Currently, the solids don't have beneficial uses, like Tagro, but are composed of river salts, clays, and treatment materials. The process of optimizing the treatment processes and testing solids to examine different alternatives for removal of solids is under way. Also, work is being done with the University of Washington Tacoma and Environmental Services to treat the solids in a secondary process. In response to a Board inquiry on the contract term, Ms. Mina answered that the previous contracts were for one year. However, because different testing options on the solids are under way, more time is needed so this contract includes options to extend the contract.

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

- D-2 Motion 16-11 – The Department of Public Utilities 2017/2018 budget, as submitted and filed with the Clerk of the Board, be accepted and approved and the City Council is requested to approve the same as provided by Section 4.12 of the Charter of the City of Tacoma.

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

Jim Sant, Deputy Director for Administration, summarized the motion for the Board to accept the budget and then forward it to the City Council to consider for approval. Staff and the Board have worked for almost a year and have held study sessions since the spring in preparing the budget. The budget in this motion is the same as presented to the Board and Council at the joint study session on October 18 and presented to the Board at the October 12 regular meeting. The TPU budget totals 1.82B, lower than the current budget by \$83M. A 5.9 percent increase for Power and 4 percent increase for Water in each year of the biennium is the staff recommendation and bill payment assistance measures have been put into place.

Board Member Larkin thanked staff for the time spent in preparing the budget and meeting to answer questions. Questions on the rates/coverage/use of the rate stabilization fund still exist, but this budget is supported as rates will be voted on separately. In the future, anticipate that the rate and budget process will be aligned.

Board Member Jones made positive remarks about staff's work in preparing the budget.

Board Member Trudnowski expressed appreciation for staff's work on the budget.

In response to a request from Board Member Flint, Mr. Sant rearticulated the staff's recommendation for rate adjustments and answered that for Power the increase is driven over 80 percent by projected revenues that will be lower than the current budget. Chris Robinson, Power Superintendent, added that Bonneville Power Administration is expected to raise rates by approximately 4 percent. In response to another request from Board Member Flint, Linda McCrea, Water Superintendent, answered that the debt service requirement is for Water's infrastructure improvements. The loans have to be repaid and there is an increase for the loan payments that were planned. In response to another inquiry from Board Member Flint, Mr. Robinson stated that the budget anticipates the Click! all-in plan.

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

D-3 Motion 16-12 - Authorize the purchase of comprehensive general liability insurance for December 1, 2016 through November 30, 2017.

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

Jim Sant, Deputy Director for Administration, summarized the motion. The total premium for this period is \$1,380,382. This reflects an overall increase of 0.6 percent over the current premium. Mr. Sant then provided a summary of the policies. In response to a Board comment, Mr. Sant stated that the renewal process includes analysis of risks and advice from staff and consults on the adequate level of coverage. The consultant has advised that the liability levels are prudent.

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

D-4 Resolution U-10885 – Authorize execution of a contract for professional services with Gordon Thomas Honeywell Government Affairs for state legislative and governmental services for January 2017 to December 2018.

Ms. Trudnowski moved to adopt the resolution; seconded by Mr. Jones.

Bob Mack, Deputy Director for Public Affairs, summarized the resolution. TPU is in need of assistance with the state legislature and executive agencies and wishes to continue the services of the consultant. General Government has retained the same firm for its state lobbying assistance for the next biennium.

Board Member Trudnowski made positive remarks about the retention of the firm.

Board Member Flint expressed an interest in establishing metrics to measure the effectiveness of the work done by the contractor during the legislative session.

Board Member Larkin made positive remarks about TPU and Tacoma's reception in the state legislature and with legislative staff and believes this has been an effective contract.

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

D-5 Resolution U-10886 – Authorize execution of a contract for professional services with Gordon Thomas Honeywell Governmental Affairs for federal legislative and executive assistance for January 2017 to December 2018.

Ms. Trudnowski moved to adopt the resolution; seconded by Mr. Jones.

Bob Mack, Deputy Director for Public Affairs, summarized the resolution. TPU is in need of general and specific assistance with congress and executive agencies on issues regarding power, water, rail, and other utility matters. The contractor has provided such services satisfactorily since 2008.

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

D-6 Resolution U-10887 – Authorize Tacoma Rail to reissue TMBL 8807 switching tariff.

Ms. Trudnowski moved to adopt the resolution; seconded by Mr. Jones.

Dan McCabe, Rail Section Manager, summarized the resolution which requests authorization to reissue the Tacoma Municipal Belt Line (TMBL) switching tariff. Rates provided herein apply to industrial customers and railroad partners. Applicable line haul charges were last changed in 2012. The tariffs are increasing by \$5 for commercial traffic and \$3 for intermodal traffic. Miscellaneous switching charges, last changed in 2007, are increasing by 3 percent.

Board Members made positive remarks about cost control measures at Tacoma Rail and that the Board received detailed information at a study session.

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

F. Unfinished Business

F-1 Resolution U-10882 - Amend existing contract with Traversa Consulting, Inc., by \$167,750 for establishment of the Market Communications section for TPU Public Affairs & Communications and Customer Services.

Ms. Trudnowski moved to adopt the resolution; seconded by Mr. Jones.

Bob Mack, Deputy Director for Public Affairs, summarized the scope of the contract which is to establish staffing of the new Market Communications section, strategic planning and strategies for Community and Media Services, coordination of work by the five Public Affairs and Communications sections, and delineation of roles of Community and Media Services and Market Communications.

Board Member Larkin stated questions she had from the last meeting were answered in a memorandum that outlined the consultation and additional work that needs to take place since the last amendment. Board Member Larkin requested that the Board receive a report at a study session early next year on the status of the work and to describe the value and structure and why it is best to support the operating divisions.

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

H. Reports of the Director

There were no reports by the Director.

I. Comments by the Board

Board Member Patterson announced that the Board would hold a retreat on October 29 to discuss Advanced Metering Infrastructure, Economic Development, and Legislative Priorities.

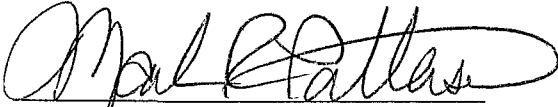
Board Member Patterson urged Council Members to move forward quickly on a decision concerning Click!.

Board Member Patterson expressed appreciation to power crews for their work during the recent wind storm and for the proactive tree trimming.

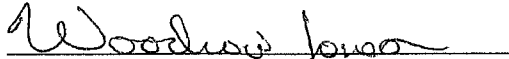
J. Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 7:32 p.m. until Wednesday, November 9, 2016, for a study session beginning at 3:00 p.m., followed by the regular meeting at 6:30 p.m.

Approved:



Mark Patterson, Chair



Woodrow E. Jones, Jr., Secretary