



APPROVED 2/28/24

MINUTES
City of Tacoma
Public Utility Board Study Session
February 14, 2024
3:00 p.m.

Chair Watson called the Public Utility Board study session to order at 3:00 p.m. in the third-floor conference room (LT1) of the Public Utilities Administration Building.

Present: Carlos Watson, Elly Claus-McGahan, Anita Gallagher, John O’Loughlin

Excused: William Bridges

Note: Board Member Bridges was in attendance for the executive session

Tacoma Power: Cushman and Adams Substation Memorandum of Understanding

John Gaines, Community Relations Manager (TPU), and Lauren Hoogkamer, Principal Planner (Planning and Development Services) covered the information in this presentation. As background, the Council adopted Resolution 39741 in 2017 which added the substation building exteriors and sites to the Tacoma Historic Register and called for an MOU to plan for and encourage timely development. Since then, staff completed an environmental assessment and worked to allocate clean-up responsibility and determine fair market value. General Government was placed as lead for public outreach. Efforts were paused due to the pandemic and in 2023, GG and TPU updated the MOU and timeline. In mid-2024, staff will restart the project and resume community engagement to collect input on possible redevelopment options. Tacoma Power plans to vacate the Cushman substation in 2027. The engagement approach was then summarized. Objectives of the engagement is to actively involve the neighborhood in a broad and inclusive way. Outreach will include education on surplus requirements and processes. The next steps include finalizing the MOU, existing conditions, and public engagement.

Tacoma Power: Updates Regarding Service to Ketron Island

John Nierenberg, T&D Assistant Manager, provided background on the service to Ketron Island. Tacoma Power has provided service since 1965; the island is 10 miles from Tacoma and is 1.4 miles across (230 acres of land). Approximately 23 accounts of which fewer than 7 homes are year-round residences. The development was supposed to support 265 homes. Ketron’s 2022 peak electrical load was approximately 100kW. Options to replace the almost end-of-life submarine cables were reviewed. These

include replacement of the submarine cable; distributed generation; or emergency service (diesel generation). The cost to customers for the submarine cables were reviewed by Jing Liu, Rates and Load Forecasting Manager. Next steps in the process are to further refine the submarine cable cost estimates; conduct a non-wire feasibility study and cost estimates; develop a contingency plan; conduct community outreach; and to bring back the results of the feasibility study to the Board. Based on the preliminary cost information, the Board indicated they're not inclined to spread the costs among all of Power's customer base.

Tacoma Water: Operations Building and Warehouse Update

Mark Hurley from TCF Architecture, Terry Forslund, Project Sponsor, and Carol Powers, Project Manager, presented this information. As background, in 2016 an all-hazards vulnerability assessment for the Water Operations Building was conducted and in 2018 seismic assessment of the building found the structural capacity was below industry standard for life, safety, and immediate occupancy. The cost to retrofit the building exceeds the cost of a new building with no additional space for growth. Efforts were paused during the pandemic and then work on the TPU master plan, and second alternatives analysis were conducted. Findings and recommendations of the analysis: covered and enclosed shop spaces are undersized based on current needs; controlled inventory is being stored in multiple locations across the site; complicated site with many constraints (utility easements, railroad, and well); 20-year projections for 180 vehicles and 265 people show need for 120,000 square feet of buildings and covered/enclosed structures; and site access for long roads is challenging on Water property. The escalation of building costs in the past years was reviewed. Phase one of the project has a projected budget of \$30M with design late 2024 – 2025; construction in 2026; and move-in in 2027. The goals for the project are to regain operational efficiency, seismically resilient operations, and accommodate future growth.

General Board Comments/Discussion and Director's Reports

Michelle Brown, Power Financial Planning Supervisor, summarized Tacoma Power's electric system 2024 revenue and refunding bounds and credit rating. Tacoma Power's 2024 bonds: Priced January 30, 2024; closed February 15, 2024; Received over \$2.1 billion in orders for an estimated \$145 million issuance; More than 15 times over-subscribed (ranging from 5 – 24 per maturity); Strong investor interest enabled repricing to achieve nearly \$1.5 million reduction in total principal outstanding (2024A and 2024B) compared to the original offer; 76 investors placed orders with 62 remaining after the reprice. Green Bond Metrics/Series 2024A: \$95,300,000 Issued at a premium of \$9,960,693; Repricing lowered new money total debt service by \$2.9 million. Refunding Metrics/Series 2024B: \$47,360,000 Issued to refund \$53,809,145 of 2013 Bonds; \$7,533,315 or 12.9% net present value savings over 15 years; Savings increased by over \$610,000 after repricing.

Director Flowers reviewed the topics for the joint study session with the Council scheduled for February 20, 2024.

Director Flowers reported that the Council passed its anti-displacement strategy. The document speaks to TPU's BCAP as part of the strategy. Neither TPU's Break/Fix policy nor energy efficiency pilot are included, but those are additional TPU areas to alleviate displacement pressures.

Board Member O'Loughlin made positive remarks as he reported that Power's Energy Independence Act audit was clean.

Board Member Gallagher reported on Charter Review Committee activities.

Board Member Flowers reported that TPU's BCAP totals now exceed the discount enrollments.

Executive Session

Chair Watson moved to enter an executive session at 5:08 p.m. for up to 90 minutes to discuss the performance of a public employee (RCW 42.30.110(1)(g)); seconded by Mr. O'Loughlin. Voice vote taken and carried. Chair Watson moved that at the end of the executive session the Clerk of the Board is authorized to adjourn the meeting; seconded by Mr. O'Loughlin. Voice vote taken and carried. The executive session was adjourned at 5:50 p.m.

Adjournment

The study session was adjourned at 5:50 p.m.

Approved:



Carlos Watson, Chair



William Bridges