



APPROVED 10-24-18

MINUTES
 City of Tacoma
 Public Utility Board Meeting
 October 10, 2018
 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, Karen Larkin, Bryan Flint

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

Chair Jones opened the public hearing on the TPU draft preliminary budget and rates for 2019/2020. To provide background, Director Flowers provided an overview of the next biennium budget and rates. Director Flowers outlined the extensive and unprecedented stakeholder outreach and communications on the budget and rates and coordination with General Government on presentations to stakeholder groups. Tacoma Power proposes a two percent system average rate increase in 2019 and 2020 (0.9% for residential customers), beginning, April 1, 2019. The Click! transitional balanced budget, responsive to the court ruling, includes 9.8 percent cable TV and five dollar internet wholesaler proposed increase in 2019. Tacoma Water proposes a 2.5 percent system average rate increase in 2019 and 2020, beginning January 1, 2019. Tacoma Rail proposes a two percent increase to intermodal and commercial traffic beginning January 1, 2019. The multiple resources available to assist customers manage utility bills through bill payment assistance programs was detailed. Outreach and advertisement of assistance programs will increase in the next biennium. Updates to the financial policies were then summarized. The next steps in the budget and rates approval process include Board consideration on October 24, 2018, Council first reading on November 13, 2018, and final reading on November 20, 2018. The Council will hold its public hearing on the budget on November 6, 2018 and has final approving authority on budget and rates.

Public comment was then taken. Stephanie Smith expressed concerns and spoke in opposition to increased expenses to support Automated Metering Infrastructure (AMI). Sally Perkins spoke in opposition to rate increases. Kit Burns spoke in opposition to rate increases to support AMI and expressed concerns about debt service. Shawna McGrew spoke in opposition of rate increases, especially expenses to support AMI.

Board Member Larkin thanked staff for their work on the budget and rates and thanked those who made public comment for their time and sharing their input. Ms. Larkin emphasized that the Board has no higher priority than budget and rates and low income customers are always considered. Board Member Patterson added that rate increases aren't taken lightly by the Board and that there was plenty of research, including the help of outside consultants, to assist with the budget. TPU spent down reserves to lessen the impacts and balance cost pressures. Board Member Flint expressed appreciation for staff work done to try to moderate reserve funds and balance that with reducing rate increases. Mr. Flint stated that issues with AMI deserve conversation and hopes concerns continued to be voiced as TPU examines this issue. Board Member Cooley thanked all of those who made public comment and staff for their work. Ms. Cooley stated that staff will work on messaging that outlines the benefits of AMI.

Chair Jones thanked everyone who took the time to share their input on the proposed budget and rates. Mr. Jones reiterated that the Board will be voting on the budget and rates on October 24 and it will then be headed to the City Council for final consideration. The Council will hold its public hearing on November 6, 2018. Mr. Jones then closed the public comment session on budget and rates.

There were no general public comments on items not on the evening agenda.

Consent Agenda

There were no items on the consent agenda.

Regular Agenda

- D-1 Resolution U-11029 – Award contracts and approve purchases:
1. Award three-year contract to Goodwill of the Olympics and Rainier Region for financial education services to be provided to utility customers (\$210,000 with option to renew for three subsequent one-year periods for a total potential contract amount of \$420,000, plus applicable taxes);
 2. Award three-year contracts to Hitachi T&D Solutions and Southern States, LLC, for the supply of high-voltage circuit breakers and circuit switchers (\$651,400 with the option to renew for two additional years for a projected amount of \$1,200,000; and \$93,750 with the option to renew for two additional years for a projected amount of \$145,000, plus applicable taxes, respectively);
 3. Award two-year contract to BlueCielo for implementation of an engineering drawing management solution (\$443,609 with the option to renew maintenance annually for a fee of \$35,055, plus applicable taxes).

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

In response to a Board request for background on item number one, Francine Artis, Customer Services Assistant Manager, stated that the Bill Payment Assistance Program

10268 (BCAP) is designed to help low income eligible households sustain utility bill payments. Each time a bill is paid on time, a credit is achieved towards the next bill. For the bill assistance program, TPU offers a discount rate for seniors 62 and over and those receiving eligible disability income; the discount is 30 percent. In addition, TPU is pairing with Goodwill to offer financial education classes, financial coaching, and job placement services. These tools, combined with utility assistance, can help customers become more successful in bill payment over time.

In response to a Board inquiry on how the pilot program with Goodwill will measure success, Ms. Artis stated that staff will look at data and will be able to tell if customers are more successful in achieving bill credits. In addition, Goodwill will send reports to measure how many customers are using and completing the course. In response to a Board inquiry, Ms. Artis confirmed that staff will work on increasing outreach so that funds in the budget can be distributed. In response to a Board inquiry, Ms. Artis stated that exit mechanisms are in place in the contract if issues are found with this vendor. Board Members made positive remarks about this contract.

In response to a Board inquiry on item number two regarding the contract being split between two vendors, Ji Sun, Power Engineer, stated that Hitachi T&D solutions only bid for circuit breakers and Southern States LLC only bid for circuit switchers.

In response to a Board request on item number three to describe the project, John Merrell, Assistant Power Section Manager, stated that this contract is a result of a project with Power and Water to manage versioning and viewing of engineering drawings. Export capability to transfer drawings from the old system exists; however, there are some very old paper drawings and migration of those may be beyond this project scope.

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

D-2 Motion 18-11 – Pursuant to the City of Tacoma, Public Utility Board Rules for Order of Business, Rule 1(b), the Public Utility Board regular meetings and study sessions for November and December 2018 will be set for November 14, 2018 and December 12, 2018.

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

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

D-3 Resolution U-11030 – Authorize the grant of a slope easement over Tacoma Power's Cushman transmission line right-of-way to Pierce County for a sidewalk along 14th Avenue NW in unincorporated Pierce County for consideration of \$500.

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

Greg Muller, Real Estate Officer, summarized the resolution. Tacoma Power operates the Cushman transmission line as part of its electricity supply system. The transmission lines cross over 14th Avenue NW. In order to improve pedestrian safety, Pierce County is undertaking a road project which requires installation of a pervious concrete sidewalk along the west side of 14th Avenue NW, adjacent to Tacoma Power's property. Construction is anticipated in the summer of 2019. The road project requires the slope easement over a

small portion of Tacoma Power right-of-way in order to support the sidewalk. The easement includes review and approval of construction plans by Tacoma Power engineering and is subordinate to Tacoma Power's use to insure it will not negatively impact current or future Tacoma Power operations. The easement has been reviewed by Legal and Tacoma Power has accepted an offer from Pierce County for \$500.00 for the slope easement, which adequately compensates Tacoma Power for the current fair market value of the easement rights over the land. In response to a Board inquiry regarding the effect on the Cushman Trail, Mr. Muller stated that this does intersect with the Cushman trail, but there won't be prohibition of access to the trail. Board Members made positive remarks about this project. 10269

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

D-4 Resolution U-11031 – Authorize the grant of four easements over Tacoma Water Pipeline No. 4 fee-owned right-of-way to Pierce County for widening of Canyon Road East for consideration of \$8,000.

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

Greg Muller, Real Estate Officer, summarized the resolution. Tacoma Water operates Pipeline No. 4 as part of its water supply system. The pipeline crosses under Canyon Road East in the vicinity of 92nd Street East. In order to improve safety and traffic circulation, Pierce County is undertaking a road project which requires widening of Canyon Road East to accommodate five traffic lanes, curbs, gutters, sidewalks, and storm drains. Construction is anticipated in the summer of 2019. The road project requires the four easements over Tacoma Water right-of-way. The easements include review and approval of construction plans by Tacoma Water engineering and are subordinate to Tacoma Water use to insure they will not negatively impact current or future Tacoma Water operations. The easements have been reviewed by Legal and Tacoma Water has accepted an offer from Pierce County for \$8,000 for the four easements, which reflects the current fair market value of the easement rights over the land and acquisition of a small amount of paving used for Pipeline Road.

Mr. Flint thanked Suzi Omegna, Pierce County Right-Of-Way agent, for attending the earlier study session to provide an overview of the Canyon Road project.

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

H. Reports of the Director

H-1 August cash projections for Power, Water Rail

H-2 August financials for Power, Water, Rail, Fleet, Self-Insurance Fund

I. Comments by the Board

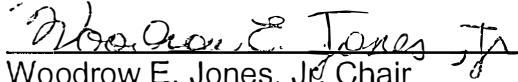
Director Flowers shared that TPU employees donated approximately \$162,000 to this year's United Way campaign.

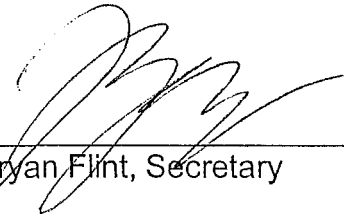
Board Chair Jones made positive remarks about his visit to the Watershed and Headworks.

10270J. Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 7:44 p.m. until Wednesday, October 24, 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, Secretary

