



APPROVED 11-13-13

City of Tacoma
Public Utility Board Meeting
October 23, 2013
6:30 p.m.

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

Present: David Nelson, Woodrow Jones, Mark Patterson, Bryan Flint, Monique Trudnowski

Minutes of the Previous Meetings

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

Recognitions

There were no recognitions.

Comments from the Public

There were no comments by the public.

Consent Agenda

There were no items on the consent agenda.

Regular Agenda

D-1 Resolution U-10658 – Award contracts and approve purchases:

1. Award two-year contract to Davey Resource Group, a Division of the Davey Tree Expert Company, for overhead system audit of equipment and data collection (\$327,000, plus applicable sales tax);
2. Increase contract with Biomark, Inc., for the purchase of additional PIT tag readers and related consulting services (\$625,000. Cumulative total \$975,000, plus sales tax);
3. Award contract to MWH Americas and increase contracts with Cornforth Consultants, Inc., R2 Resource Consultants, Inc., Black & Veatch, and BioAnalysts, Inc., for engineering consultant services related to the design of the downstream fish collection facility at the Cowlitz Falls Dam (\$1,350,000 sales tax not applicable. Cumulative total \$3,250,000);
4. Award contract to Myers Power Products, Inc., for the supply of the Mossyrock Station Service 480V switchgear (\$314,675, plus a five percent contingency for a cumulative total of \$330,408.75, plus sales tax);

5. Increase and extend contract to NAES Power Contractors for continued maintenance services on Tacoma Power facilities (\$1,750,000. Cumulative total \$4,100,000, plus applicable sales tax).

Mr. Jones moved to adopt the resolution; seconded by Mr. Patterson.

In response to a Board inquiry regarding item number one, Rachel Allen, Asset Management Supervisor, stated bids were solicited from five companies who have worked with Tacoma Power in the past on similar contracts. The bid was also opened to the general public.

In response to a Board inquiry regarding item number three, Kirk Kessler, Cowlitz Project Manager, provided background on the Cowlitz falls dam project and downstream fish collection facility. Mr. Flint stated he will abstain from voting on item number three as he has questions on this project.

Board Members expressed their interest in seeing bids go to local companies, but voiced understanding that under state law, vendor selections cannot be based on locality. In response to a Board inquiry regarding item number four, Karen Hedlund, Engineer, stated that general provisions and technical requirements of the specification were not met by the local company.

Voice vote was taken and carried. The resolution was declared adopted with Mr. Flint abstaining on item number three.

- D-2 Motion 13-10 – Pursuant to the City of Tacoma, Public Utility Board, Rules for Order of Business, the Public Utility Board regular meetings and study sessions for November and December will be set for November 13, 2013 and December 18, 2013.

Mr. Jones moved to approve the motion; seconded by Mr. Flint.

Mr. Flint stated he will be absent for the evening meeting on November 13.

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

- D-3 Motion 13-11 – Authorize the purchase of comprehensive general liability insurance for Tacoma Public Utilities for the period of December 2013 through December 2014.

Mr. Jones moved to approve the motion; seconded by Mr. Flint.

Jim Sant, Deputy Director for Administration stated this motion requests authorization to bind comprehensive general liability insurance coverage for one year. The request is made after review from and following the recommendation of Tacoma's insurance committee and under the advice of its independent insurance advisor and broker. Mr. Sant reviewed the coverage offered with the annual premium of \$818,509.80. Mr. Sant also stated that this coverage does not include Tacoma Rail, which will be brought forward for Board approval in the future. In response to a Board inquiry, Mr. Sant and

Bill Fosbre, Chief Deputy Attorney, explained that TPU now receives better customer service and premium payments since changing insurance carriers.

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

D-4 Resolution U-10659 – Approve contract with Moss Adams LLP to provide component audit services for Tacoma Power, Tacoma Water, and Tacoma Rail.

Mr. Jones moved to adopt the resolution; seconded by Mr. Flint.

Susan Ramirez, Assistant Finance Director, stated this resolution requests approval for auditing services from Moss Adams for audits of component units of Tacoma Power, Water, and Rail. Four requests for proposals were submitted in June and reviewed by the selection committee. Moss Adams was selected unanimously for the next five years with the option to renew the contract for three additional one-year terms. In response to a Board inquiry, Ms. Ramirez, confirmed that this is only for TPU, not wastewater and surface water. This audit covers TPU component enterprises and the state auditor audits the city side.

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

D-5 Resolution U-10660 – Amend and increase contract with Axon Solutions, Inc., to implement a web solution for property managers.

Mr. Jones moved to adopt the resolution; seconded by Mr. Flint.

John Hoffman, Customer Services Operation Manager, stated this resolution amends a contract approved by the Board in April to expand Customer Service's new web service offerings called MyAccount to include services for property managers.

Board Members expressed their appreciation to staff for their work on this project as it will improve customer service to property managers who are moving in a tenant.

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

D-6 Resolution U-10661 – Approve declaration of surplus utility specific equipment no longer needed for Tacoma Power's current or future needs and authorize the sale of equipment to the highest responsive bidder.

Mr. Jones moved to adopt the resolution; seconded by Mr. Flint.

Rust Post, Environmental Compliance Manager, stated Tacoma Power continues to upgrade its electrical systems by changing out transformers and equipment that have served its use and are no longer reliable and cannot be repaired in a cost effective manner. In response to a Board inquiry, Mr. Post stated there are 270 transformers to surplus and they are no longer in service and described the process for ordering new transformers.

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

D-7 Resolution U-10662 – Authorize Tacoma Power to convey an easement for ingress, egress, and utilities within Tacoma Power's Cowlitz wildlife area in Lewis County.

Mr. Jones moved to adopt the resolution; seconded by Mr. Flint.

Dori Bishop, Sr. Real Estate Specialist, stated this resolution seeks approval to convey a non-exclusive easement to David and Judy Cosser for ingress, egress, and utilities within Tacoma Power's Cowlitz wildlife area in Lewis County. Ms. Bishop detailed the dimensions of the easement. Due to the location of Blue Creek, the only practical access to the Cosser's 80 acres is from the southeast over Tacoma Power lands. Tacoma Power agreed to convey an easement over a small strip of land already encumbered by a 1966 non-exclusive easement granted for the same purposes to another abutting owner. The proposed easement will allow the Cossers to reach their property. A mutually-agreed upon price of \$1,000 has been negotiated based on fair market value. In response to a Board inquiry, Ms. Bishop stated the cultural resources study hasn't been done yet. It will be triggered by the Cosser's driveway plan and the cost will be paid by the Cossers. Ms. Bishop added that the easement restrictions restrict any logging activities to what's needed to develop the single family residence.

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

D-8 Resolution U-10663 – Authorize Tacoma Power to sell four former substation sites known as Ruston, Downing, Fairmount, and Lincoln Park to a private party for \$317,000.

Mr. Jones moved to adopt the resolution; seconded by Mr. Flint

Maureen Barnes, Real Estate Officer, stated this resolution seeks approval on the negotiated sale of four former substation sites for the cumulative fair market value of \$317,000 to Mr. Reggie Brown. In 2009, a total of nine former substation sites were declared surplus to the needs to Tacoma Power. The sites were no longer needed after Tacoma Power upgraded its electrical distribution system. The properties have remained available on the city's surplus property website since 2009 and Mr. Brown's offer to purchase four of the sites for infill housing purposes are acceptable to Tacoma Power. The fair market value of the properties was determined by in-house valuations and third party appraisals. In response to a Board inquiry, Bill Fosbre, Chief Deputy City Attorney, stated governments don't offer warranties related to the title. That usually comes when you give a statutory warranty deed. In response to another Board inquiry, Ms. Barnes stated that these properties have been remediated of any environmental problems. In response to a Board inquiry, Ms. Barnes stated the old Junett substation site was transferred to open space for a community garden. There are four remaining surplus sites to be sold.

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

D-9 Resolution U-10664 – Authorize Tacoma Water to declare surplus and convey a tract of land located at 7704 6th Avenue.

Mr. Jones moved to adopt the resolution; seconded by Mr. Flint.

Maureen Barnes, Real Estate Officer, stated this resolution seeks authorization to declare a .63 acre parcel of land located at 7704 6th Avenue and authorize Tacoma Water to convey this property to Mr. David Sizemore, an abutting neighbor for \$22,500.00. The property was originally acquired in 1965 from the Public Works Department for anticipated future infrastructure in the area. Ultimately, this additional infrastructure was not needed and the parcel has not been utilized by Tacoma Water. This parcel is surplus to Tacoma Water's needs and as it has no means of access, which renders the parcel landlocked. The value of properties in the area was surveyed and \$22,500 was determined to be in line with market. In response to a Board inquiry, Glen George, Water Supply Manager, stated a low service reservoir is needed only for water storage and doesn't provide pressure. The parcel was purchased in 1965 and Tacoma Water's system has changed character and a reservoir at this location is no longer needed. In response to another Board inquiry, Ms. Barnes stated that Environmental Services was contacted to see if we needed to add a covenant to the deed that the drainage be protected and was told that it wasn't needed and the only drainage that's on that parcel is from that parcel.

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

D-10 Resolution U-10665 – Approve and extend the use of Tacoma Water's 2006 comprehensive water plan until January 23, 2018.

Mr. Jones moved to adopt the resolution; seconded by Mr. Flint.

Claire Miccio, Strategic Planning Program Manager, stated that Washington Administrative Code 246.290.100 states that a water system plan should demonstrate a water system's ability to comply with regulations and plan for future needs. Tacoma Water's 2006 water system plan was approved in 2008 by the Board and Washington State Department of Health. Since the water plan was written, there have been no significant changes and the plan continues to meet needs. An extension would allow Tacoma Water to complete construction of the Green River Filtration Facility and address any system changes resulting from filtration in the 2018 plan update. An extension is the most effective use of planning resources. To achieve this extension, Water staff has worked closely with the Department of Health, King County, and Pierce County and have remained with the Department of Health's appropriate level of planning guidance.

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

H. Reports of the Director

H-1 September cash projections for Power, Water, and Rail

H-2 September financials for Water, Fleet, and Self-Insurance Fund

Director Gaines stated that the September financials for Power and Rail will be made available at the next Board meeting.

I. Comments by Members of the Board

Board Member Flint stated that on October 22, the City Council passed a resolution creating a TPU ten-year management review.

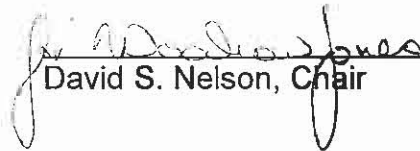
Mr. Flint also commented on the study session presentation given to the Board on Tacoma Power's Integrated Resource Plan (IRP). There is a comment period until the end of the month and the IRP is available on TPU's website.

Board Member Jones thanked staff for implementing MyAccount. This website is valuable to customers who want to pay bills on line, set up budgets, and view energy consumption.

J. Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 7:25 p.m. until Wednesday, November 13, 2013, for a study session beginning at 3:00 p.m., followed by the regular meeting at 6:30 p.m.

Approved:



David S. Nelson, Chair



Bryan Flint, Secretary