



APPROVED 2/12/25

MINUTES
City of Tacoma
Public Utility Board Study Session
January 22, 2025
3:00 p.m.

Chair O'Loughlin 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: John O'Loughlin, William Bridges, Elly Claus-McGahan, Anita Gallagher

Excused: Carlos Watson

Tacoma Water: Cascade Water Alliance Update

Heather Pennington, Water Superintendent, made introductory remarks. Sean Senescall, Water Division Manager, provided background. Cascade Water Alliance (CWA) includes several Puget Sound water purveyors. Water's contract with CWA was created in 2005 and the agreement was restated in 2012. CWA owns water rights to Lake Tapps and has plans to for Lake Tapps to be a municipal water supply. CWA and Seattle Public Utilities (SPU) currently has a contract for 33.3 Million Gallons Daily (MGD) through 2024 (take-or-pay). Allocations from SPU begins to decrease in 2040 by 1 or 2 MGD per year until it reaches 5.3 MGD. Principles for TPU negotiation are to ensure resource adequacy to Tacoma Water customers; reflect needs of current customers and partners, increase wholesale revenue to Tacoma Water, position Tacoma to enable participation in future water supply projects; and to increase regional resiliency. Key contract terms and volumes were reviewed by Mr. Senescall. Marc Powell, Sr. Business Services Analyst, reviewed estimated revenue, payment value streams, and demand/yield. Mr. Senescall then detailed resource adequacy standards, source utilization, operational changes, and risk mitigation. Mr. Powell then concluded the presentation by reviewing communication and timeline; this item will come before the Board for consideration on February 26 and Council on March 11.

Gross Earnings Tax Fee Discussion

Alex Yoon, Deputy Director for Administration, provided background on Gross Earnings Tax (GET). COT GET is defined by TMC 6A.100.030 and states the city is legally authorized to impose GET on its public utilities. Changes were made by Finance to the TMC to remove several deductions that impact TPU such as interest earned on bond proceeds; sale of capital assets; and contributions in aid of construction (CIAC). TPU's rate making principles and policies are guided by cost-causation and the Board's Guiding Principal Three. Dana Larsen, Water Division Manager, Jing Liu, Power Utility Manager; and Dan McCabe, Rail CIO/CFO, each provided background on their division's rate and financial policies and detailed the impacts of these GET exemptions on their respective utilities. Ms. Yoon then

concluded the presentation by providing an overview of community outreach and internal processes.

Customer and Rail Customer Satisfaction Study

Dan McCabe, Rail CIO/CFO, summarized Rail's 2024 customer survey results, which were very favorable. Holly Lucht, Sr. Market Research and Development Analyst, summarized TPU's 2024 residential customer satisfaction survey. Highlighted were survey methodology, and measurements such as controlling costs, trust, management, affordability, employees, and value for both Water and Power. Ms. Lucht concluded by reviewing utility benchmarking and TPU's quartile performance. TPU was in the first quartile of satisfaction for all areas, except for reasonableness of electric rates.

CXEA Update and Customer Service Guiding Principle (GP12) Update

LaTasha Wortham, Customer Experience and External Affairs (CXEA) Manager, provided an update of her division by summarizing 2024 highlights and 2025 goals. Highlights include reorganization to align business functions; assistance plan enrollments; and the employee community engagement program. Highlights for 2025 include a language access pilot, North Star training, and updating Guiding Principle 12 (GP12).

Shana Williams, Customer Service Manager, provided an update on GP12. Challenges in 2024 include telephony system issues, strategic resource commitments, returning to office logistical issues, and realigning resources to support the CXEA reorganization. Accomplishments include enhanced customer feedback, increased customer satisfaction, improved first call resolution, customer program enrollment, and completed business process documentation. Statistics for assistance dollars, customer contacts, lobby visits, KPIs, and GP metrics were summarized. Goals for 2025 include customer-focused metrics/KPIs, BCAP review, build/implement SAP service cloud for SAP Now!, installation of a quality assurance program, and telephony modernization.

Board/Director Comments/Updates

Director Flowers reported that she and the Chair have spoken about extended Board absences, and it has been referred to the Mayor for next steps. Director Flowers also mentioned that her work plan has been provided to the Board. Director Flowers concluded by reviewing potential topics for the February 11 joint study session with the City Council and Board.

Adjournment

The study session was adjourned at 5:59 p.m.

Approved:



John O'Loughlin
Chair



Elly Claus-McGahan
Secretary