

APPROVED 10-15-14

City of Tacoma  
 Public Utility Board Meeting  
 September 24, 2014  
 6:30 p.m.

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

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

The meeting was quorate.

**Minutes of the Previous Meetings**

Mr. Flint 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-10718 – Award contracts and approve purchases:
1. Award contract to Quintel Management Consulting, Inc., who will partner with Basis Technologies, Inc., for evaluation of business processes for Customer Services (\$496,148, plus sales tax);
  2. Award contract to Mike McClung Construction Company, Inc., for the establishment of 50 acres of elk forage fields on Tacoma Power's wildlife mitigation lands at the Cushman Hydroelectric Project (\$202,500, plus sales tax);
  3. Award three-year contract to Midvale Electric, Inc., for railroad grade crossing signal maintenance and inspections (\$608,787.50, plus option for two additional one-year renewal periods for a cumulative total of \$1,014,645.84).

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

Staff provided clarification upon request on items two and three.

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

D-2 Motion 14-11 – Pursuant of the City of Tacoma, Public Utility Board, Rules for Order of Business, the regularly scheduled Board meetings and study sessions on October 8 and 22, 2014 are rescheduled for October 15 and 29, 2014 respectively.

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

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

D-3 Resolution U-10719 – Authorize Tacoma Power to renew its contract with the Northwest Energy Efficiency Alliance for the period covering calendar years 2015 – 2019.

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

Steve Bicker, Conservation Resources Management Manager, summarized the resolution. Tacoma Power's alliance with the Northwest Energy Efficiency Alliance (NEEA) provides highly cost effective energy efficiency. Conservation required through collaboration with NEEA is consistent with the utility's resource strategy and is eligible for compliance with the conservation requirement in Washington's Energy Independence Act. This resolution will allow Tacoma Power to enter into a funding agreement with NEEA to provide annual payments in return for a share of the conservation savings derived by NEEA's initiatives during the funding period 2015 – 2019.

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

D-4 Resolution U-10720 – Authorize Tacoma Power to execute two long-term Network Integration Transmission Service Agreements, four short-term, Point-to-Point Transmission Service Agreements, and two amendments to two existing long-term Network Integration Transmission Service Agreements with the Bonneville Power Administration.

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

Marc Donaldson, Power Analyst, summarized the resolution. The Bonneville Power Administration (BPA) provides power to ten load serving entities embedded within or adjacent to Tacoma Power's service territory. These ten load serving entities (Alder Mutual Light Company, Eatonville Power and Light Company, Elmhurst Mutual Power and Light Company, Lakeview Light and Power Company, the Town of Milton, Ohop Mutual Light Company, Parkland Light and Water Company, Peninsula Light Company, the Town of Steilacoom, and a portion of Lewis County Public Utility District) are often referred to as the Pierce County Mutuals. Service under the Network Integration (NT) and Point-to-Point (PTP) transmission service agreements is governed by rates, terms, and conditions of Tacoma Power's Open Access Transmission Tariff (OATT). Pursuant to Resolution U-10652, the Board authorized Tacoma Power to enter into two long term NT agreements covering two of the Pierce County Mutual; and 2 six short term PTP

agreements covering eight of the Pierce County mutual who needed more time to install load shedding equipment required under the OATT. Two of the Mutuals (Peninsula and Lakeview) have since completed installation of the required equipment and BPA is requesting Tacoma Power enter into long term NT agreements valid through September 30 2028 to serve these entities. For the remaining six entities, BPA is requesting that the parties enter into new short-term PTP agreements valid through September 30, 2015 to allow these Mutuals more time to install load shedding equipment. In addition, BPA is asking Tacoma Power to amend the two existing long-term NT agreements with Alder and Lewis to enable Tacoma Power to provide BPA with operating reserves.

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

D-5 Resolution U-10721 – Authorize the declaration of surplus and conveyance of approximately 867 feet of Tacoma Power real property in University Place to the City of University Place.

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

Board Member Flint made a motion to remove this resolution from the agenda in order to allow additional time for staff to work with the City of University Place; seconded by Mr. Patterson.

Voice vote was taken and carried. The motion to remove this item from the agenda was approved.

D-6 Resolution U-10722 – Authorize the declaration of surplus and conveyance of Tacoma Power tideland property to the Skokomish Tribe in exchange for perpetual use of the adjacent property.

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

Gloria Fletcher, Sr. Real Estate Officer, summarized the resolution. In December 2008, the City of Tacoma entered into a settlement agreement with the Skokomish Tribe which was the result of years of negotiation regarding the Cushman Hydroelectric Project. The settlement agreement included a transfer of a portion of Hood Canal waterfront property from Tacoma Power to the Skokomish Tribe, but did not include the tidelands between the high water mark and extreme low tide or the southerly part of the park, which was retained for a hatchery. During the design phase of the hatchery, it became apparent the tidelands are no longer required because the hatchery discharge will be to the north and will connect to the Cushman Powerhouse No. 2 tailrace. The Skokomish Tribe is now interested in acquiring those tidelands. The Skokomish Tribe's support of the hatchery project and willingness to grant the rights to use portions of Saltwater Park for the hatchery are reasonable consideration for the tidelands. Upon Board request, Pat McCarty, Generation Manager, provided additional details on the location of the property and project background.

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

D-7 Resolution U-10723 – Authorize Tacoma Water to declare surplus and convey approximately 20 acres of property located in the Green River watershed to the United States of America, Army Corps of Engineers.

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

Gloria Fletcher, Sr. Real Estate Officer, summarized the resolution. This property, which is already occupied by the Army Corp of Engineers, will be used for permanent monitoring and other activities related to the operation of the Howard Hanson Dam. Because the Army Corp of Engineers use of Tacoma Water land will be ongoing for an indefinite period of time, they have agreed to purchase the property and have worked collaboratively with Tacoma Water to establish the boundaries and confirm permanent ingress and egress where needed by Tacoma Power to maintain its operations. Upon Board request, Greg Volkhardt, Environmental Programs Manager, provided clarification and additional background.

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

D-8 Resolution U-10724 – Authorize Tacoma Water to participate in the City of Tacoma, Department of Public Works contract for the Tacoma Avenue South Bridge rehabilitation project.

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

Ryan Flynn, Sr. Principal Engineer, summarized the resolution. Tacoma Water requests authorization to participate in the City of Tacoma Department of Public Works contract for the Tacoma Avenue South Bridge Rehabilitation Project. As part of this project, Tacoma Water proposes to install approximately 629 feet of 12 inch ductile iron water main. The proposed work will replace the asbestos wrapped water main attached to the bridge, which was installed in the 1930's.

Board Members made positive comments about combining projects with Public Works to reduce negative impacts on citizens.

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

D-9 Resolution U-10725 – Authorize Tacoma Water to participate in the City of Tacoma, Department of Public Works contract for the South 17<sup>th</sup> Street and Jefferson Avenue project.

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

Board Member Patterson recused himself and left the dais.

Ryan Flynn, Sr. Principal Engineer, summarized the resolution. As part of the Public Works South 17<sup>th</sup> Street and Jefferson Avenue Project, Tacoma Water proposes to construct approximately 474 feet of 8 and 12 inch ductile iron water mains in Broadway from South 17<sup>th</sup> Street to Jefferson Avenue. The proposed work will replace 6 inch cast iron water mains installed in 1889.

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

D-10 Resolution U-10726 – Authorize Tacoma Rail to enter into a loan agreement with the Washington State Department of Transportation to upgrade a segment of track paralleling SR-509.

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

Kyle Kellem, Roadmaster, summarized the resolution. This resolution requests approval to enter into an agreement with the Washington State Department of Transportation for an interest free loan in the amount of \$1,037,012, less a one-percent administrative fee, over a 10 year term. The loan will be used to partially finance the upgrade of approximately 4,200 track feet of old and worn rail and other track related components between Alexander Avenue and Taylor Way along SR-509. This segment of track is the primary access to Rail's freight rail customers on the Blair Peninsula and along Marine View Drive. Once completed, the project will enhance safety and efficiency in support of those customers.

Voice vote was taken and carried. The resolution was declared 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 Members of the Board

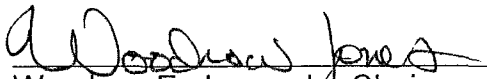
Board Member Flint made positive remarks about Tacoma Power's ductless heat pump efficiency study being done in collaboration for Habitat for Humanity.

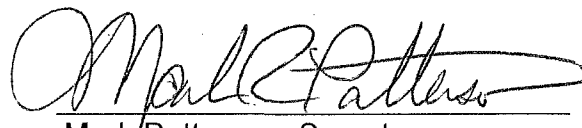
Chair Jones made positive remarks about the budget presentations put on by staff at study sessions.

#### J. Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 7:21 p.m. until Wednesday, October 15, 2014, for a study session beginning at 3:00 p.m., followed by the regular meeting at 6:30 p.m.

Approved:

  
Woodrow E. Jones, Jr., Chair

  
Mark Patterson, Secretary