



APPROVED 9/27/23

MINUTES
City of Tacoma
Public Utility Board Meeting
September 13, 2023
6:30 p.m.

Chair Watson called the Public Utility Board meeting to order at 6:30 p.m.

Present: Carlos Watson, William Bridges; Elly Claus-McGahan; John O’Loughlin
Excused: Anita Gallagher

Minutes of the Previous Meetings

Mr. Bridges moved that the minutes of the previous meetings be adopted; seconded by Ms. Claus-McGahan. Voice vote was taken and carried. The minutes were declared adopted.

Comments by the Public

There were no comments by the public.

Regular Agenda

C-1 Resolution U-11400– Award contracts and approve purchases:

1. Award three-year contract to Jensen Precast for the purchase of underground precast vaults and accessories on an as-needed basis (\$610,495, plus applicable taxes. Includes option to renew for two one-year periods for a projected contract amount of \$700,000, plus applicable taxes) [Erica Pierce, Sr. Business Services Analyst].

Mr. Bridges moved to adopt the resolution; seconded by Ms. Claus-McGahan.

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

C-2 Resolution U-11401 – A resolution adopting a name change for Public Utility Board Strategic Directives 1 through 14, redesignating the name of such documents to Guiding Principles 1 through 14, including changing any reference to a Strategic Directive to Guiding Principle moving forward.

Mr. Bridges moved to adopt the resolution; seconded by Ms. Claus-McGahan.

Jackie Flowers, Director of Utilities, summarized the resolution. This action was approved on August 23 via Motion 23-06. In conjunction with the new strategic work being done at TPU, there have been discussions about this change to further clarify the

connectivity of this work to the strategic plan. This change in nomenclature provides further clarity to staff on the Board's direction to work associated with the strategic plan.

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

C-3 Resolution U-11402 – A resolution adopting a name change for Public Utility Board Governance Processes 1 through 11, redesignating the name of each such document to a Board Rule of Procedure, including changing any reference to a Governance Process to a Board Rule of Procedure moving forward.

Mr. Bridges moved to adopt the resolution; seconded by Ms. Claus-McGahan.

Jackie Flowers, Director of Utilities, summarized the resolution. This action was approved on August 23 via motion 23-07. This resolution provides further clarification in nomenclature to distinguish between the former Governance Process and the new Guiding Principles.

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

C-4 Resolution U-11403 – A resolution adopting an update to the Public Utility Board Guiding Principle 7 on Reliability and Resiliency originally adopted on June 24, 2020, by deleting the individual 'values' section, updating measurements two and five, and changing the reporting frequency to annual or as otherwise appropriate.

Mr. Bridges moved to table this item to a future meeting to allow additional discussion with staff; seconded by Ms. Claus-McGahan. There was no public comment on the motion to table.

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

D. Reports of the Director

PFAS Regulations and Groundwater Supply Update

Kim DeFolo, Water Quality Principal Engineer, and Glen George, Water Resources Manager presented this information. There are many unknowns related to PFAS. The majority of Tacoma Water's overall water supply continues to have minimal PFAS. Tacoma Water is concerned about PFAS levels in groundwater and will be focused on identifying a PFAS management strategy for affected wells. The groundwater supply is protected by the South Tacoma Groundwater Protection District and is regularly monitored for contaminants. There is plentiful groundwater capacity available to back up the primary Green River Supply. There are unknowns associated with the WestRock shutdown, but these impacts are being monitored and analyzed and will be addressed in planning.

WestRock Mill Closure Impacts to Tacoma Water

Scott Dewhirst, Water Superintendent, and Jodi Collins, Financial Stewardship Manager, presented this information. A review of scenarios shared with the Board at the last Board meeting were reviewed. In all three scenarios, the customer credit for BCAP will be increased to offset the full impact of the rate increase related to the WestRock reset

to support the most vulnerable customers. Waiting until 2025 to adjust rates would result in higher average bills for customers. Water has three reserve funds that help manage potential risks, meet working capital needs, and support stable rate adjustments for customers. The Water Rate and Financial Policy defines minimum levels for each of the reserve funds. Over half of actual operating expenses in 2022 was committed to external obligations. The amount of water sold doesn't directly translate to the amount of costs paid. Approximately 95 percent of expenses are fixed in the short term. Approximately 55 percent of operating expenses are to pay for external obligations including debt service, taxes, and internal assessments. A review of capital and O&M costs is underway and there will be additional operational updates at Board meetings in the future. This loss of demand will require major changes and reconfiguration of the Water system. Staff are analyzing what improvements may be needed due to the loss of nearly one third of the average daily demand. Staff is also evaluating capital and operational projects that are already planned or budgeted to determine the need for, the priority of, and the sizing/capacity of those projects given the major change in system demand. The presentation was concluded with a summary of Water's recognition by both the State and bond rating companies for long-term planning, management, and operational practices, and nimble support by the Board and Council. Director Flowers provided an update on BCAP. The enrollment goal for 2023 is 5,000 and current enrollment is at 4,027.

E. Comments by the Board

There were no final comments by Board Members.

F. Adjournment

There being no further business or comments, the Public Utility Board meeting was adjourned at 8:23 p.m. until Wednesday, September 27, 2023, for a study session at 3:00 p.m., followed by a regular meeting at 6:30 p.m.

Approved:



Carlos Watson, Chair



William Bridges