



APPROVED 2-10-21

MINUTES
City of Tacoma
Public Utility Special Board Meeting
January 27, 2021
3:00 p.m.

Chair Flint called the Public Utility Board meeting to order at 3:01 p.m.

Present via Zoom: Bryan Flint, Christine Cooley, Mark Patterson, Carlos Watson, Joe Bushnell

The meeting was quorate.

Minutes of the Previous Meetings

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

Comments by the Public

Board Member Patterson moved to suspend the rules of Public Utility Board Government Process Eight (GP8) to allow all public comment for all topics, whether on or off the agenda, at one time; seconded by Board Member Cooley. Voice vote was taken and carried.

There was no public comment.

Regular Agenda

- C-1 Resolution U-11234– Award contracts and approve purchases:
1. Award three-year contract to The Okonite Company for the purchase of medium voltage insulated cable on an as-needed basis (\$4,240,899, plus applicable taxes. Option to renew for two, one-year periods for a projected contract amount of \$7,153,548.43) [Joe Parris, T&D Contract Program Manager].

Mr. Patterson moved to adopt the resolution; seconded by Ms. Cooley.

In response to a Board inquiry, Joe Parris, T&D Contract Program Manager, offered clarification on how overall scores are discussed by the Selection Advisory Committee (SAC). The SAC meets to discuss evaluation criteria prior to evaluating the actual proposals. Occasionally, there is minority opinion and the group meets again to discuss scoring to come up with a cumulative total and overall rating for all proposers. The minority opinion score is not changed.

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

C-2 Resolution U-11235 – Approve Interlocal Agreement template and authorize the Director of Utilities to enter into said agreements for fire protection and emergency medical services with each fire district outside the city limits of Tacoma in which TPU has facilities requiring said protection or services.

Mr. Patterson moved to adopt the resolution; seconded by Ms. Cooley.

Dylan Harrison, Sr. Real Estate Officer, summarized the resolution. State law RCW 52.30.020 directs municipal corporations to enter into agreements with fire protection districts pursuant to the Interlocal Cooperation Act (Chapter 39.34 RCW) for fire protection services necessary for the protection and safety of municipal corporation personnel and property outside the municipal corporation city limits. Further, Chapter 39.34 RCW requires interlocal agreements to be approved through appropriate action by the governing body of each contracting party. On September 12, 1979, the TPU Board adopted Resolution No. U-5732 authorizing the Director of Utilities to enter into agreements with fire protection districts for fire protection and emergency medical services in a form substantially the same as attached thereto. Resolution No. U-5732 further authorized the Director to enter into said agreements in the future provided the Board was informed of the proposed contract dollar amount prior to entry of said agreements. Real Property Services and TPU Legal have recently reviewed the previous forms and applicable laws associated with fire protection and emergency medical services and have determined that form changes are necessary to effectively administer future agreements with Fire Protection Districts. Thus, this resolution is intended to supersede and replace U-5732, approve an updated fire protection agreement form, and authorize the Director to sign individual agreements with each fire district outside the city limits of Tacoma, in which the Department of Public of Utilities has facilities requiring said protection or services on a form approved by the City Attorney.

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

C-3 Motion 21-01 – Accept and approve the 2021 Work Plan for the Director of Utilities, as submitted and filed with the Clerk of the Board.

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

Director Flowers remarked that this item is in follow-up to the last meeting's conversation about the Director's work plan. The work plan now includes a column for prioritization. The rankings do not reflect the priority of the work itself, but rather a prioritization to reflect the Director's time being actively engaged. A ranking of one would be significant and have direct involvement by the Director. Rankings of two to four would be more of a supportive role to the subject matter experts. Director Flowers then walked through other updates in the work plan: The plan for Strategic Directive Three (SD3) on Rates now has affordability benchmarking and wholesale power work defined in it. The plan for SD12 (Employee Relations) has succession planning added; and the plan for SD 14 (Resource Planning) now has energy imbalance market planning added.

Chair Flint added that the product and process for this evaluation is in good shape and that the work plan is very strategic. Chair Flint made positive remarks about the collaboration, focus, and the good value for rate payers this produces.

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

C-3.1 Resolution U-11237 - A Resolution related to a Public Utility Board Policy concerning the rate impacts associated with increases in utility taxes by jurisdictions outside the City of Tacoma and within the service area of Tacoma Public Utilities.

Mr. Patterson moved to adopt the resolution; seconded by Ms. Cooley.

Chair Flint remarked that this resolution is at the Board Chair's request. Director Flowers stated that the next two resolutions (items C4 and C5) relate to this action and this teases out greater detail of the germane policy questions that need to be considered. After TPU rates passed, the City of University Place approved a six percent utility tax in their territory; three percent effective April 1, 2021 and three percent on April 1, 2022. When staff was notified of this, we indicated the intention to pass on rates to University Place customers and reminded them that it has to be Board and Council approved and explained that TPU would be conducting outreach to University Place customers to explain the increase on the bill. Staff articulated that TPU would apply our cost-of-service approach; there is a cost associated with our service in University Place and we would need to pass on that cost. This approach is based on rate-making principles outlined in SD3 and the long range financial plans and is consistent with Board policy statements. The four policies outlined in the resolution are: 1) the costs associated with such utility tax increases should be passed on as rate increases to the customers of the relevant jurisdiction; 2) that information should be provided on the utility bills for the impacted customers to clarify that the rate increase is based on an increase in utility tax imposed by the customers' jurisdiction; 3) that information should be provided on utility bills to indicate the applicable taxes that are a component of rates being charged; 4) that sufficient communication should be provided to the City Council, the public, and TPU customers to clarify why the increase is being recommended and to confirm that the proposed rate increase is due to an increase in cost-of-service imposed by another jurisdiction.

Chair Flint remarked that since there is potential for other jurisdictions to do the same, a policy should be in place. There is no objection to jurisdictions raising taxes, but it is important to have a mechanism to communicate that to our ratepayers. This isn't done because TPU wanted to, but is a decision from the other jurisdiction. We have created visibility and accountability on where the decision lies. In response to an inquiry regarding implementation, Director Flowers answered that SAP needed to be re-coded, but it was a simple administrative adjustment.

In response to an inquiry from Board Member Cooley about permanence of this tax, Tom Morrill, Chief Deputy City Attorney, answered that this was done in response to City of University Place budget issues; some may be structural, but some may be related to Covid. There was no discussion about what the City of University Place plans to do in the future, but this is written as a long-term tax and would need to be removed. LaTasha Wortham, Government Relations Analyst, added that at the time the City of University

Place was discussing this, they recognized budgetary issues prior to Covid and Covid exasperated this and that it is likely to be an ongoing tax.

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

C-4 Adopt Second Amended Resolution U-11210 to revise sections of Chapter 6 in Title 12 of the Tacoma Municipal Code for power rate adjustments in the City of University Place effective April 1, 2021 and April 1, 2022.

Mr. Patterson moved to adopt the resolution; seconded by Ms. Cooley.

Christina Leinneweber, Sr. Utilities Economist, and Lyna Vo, presented information for both items C4 and C5 for Power and Water, respectively. As background there is a recent Washington Supreme Court ruling regarding taxing government entities and a utility tax was approved by the City of University Place after TPU's 2021/2022 rates were set. The tax is on gross revenues, which include revenues that will be used to pay taxes. All taxes are applied concurrently, so if revenue is increased to pay one tax (City of University Place), additional tax liability will be incurred for other revenue taxes (Gross Earnings Tax, State Utility Tax). For Power, University Place rates must increase by 3.5 percent to make up for a 3 percent additional tax and by 7.26 percent to make up for a six percent additional tax. For Water, University Place rates must increase by 3.6 percent to make up for 3 percent additional tax and 7.4 percent to make up for a six percent additional tax. Ms. Leinneweber, then detailed graphical representations of demographics, effective rate changes, tax effects, projected power bills, and utility rate assistance. Ms. Vo then detailed Water's graphical representations of effective rate adjustments, tax effects, projected bills, water bills/assistance, and outreach.

Board discussion ensued on the issue of compounding tax and how this can be best illustrated on bills. Director Flowers remarked she will be having follow-up discussion with staff on these issues and explore possible opportunities.

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

C-5 Adopt Second Amended Resolution U-11213 to revise sections of Chapter 10 in Title 12 of the Tacoma Municipal Code for water rate adjustments in the City of University Place effective April 1, 2021 and January 1, 2022 and April 1, 2022.

Mr. Patterson moved to adopt the resolution; seconded by Ms. Cooley.

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

C-6 Resolution U-11236 – Amend the Joint Use Agreement with Sound Transit and Tacoma Rail and enter into a radio spectrum license user agreement for non-members operating under trackage rights with Sound Transit and Positive Train Control-220, LLC.

Mr. Patterson moved to adopt the resolution; seconded by Ms. Cooley.

Alan Matheson, Asst. Rail Superintendent, summarized the resolution. Tacoma Rail requests approval to amend the Joint Use Agreement with Sound Transit, and enter into a radio spectrum license User Agreement for Non-Members Operating Under Trackage Rights with Sound Transit and PTC-220, LLC. As background, Positive Train Control (PTC) arose out of a Congressional mandate, which took effect nationwide on December 31, 2020. Tacoma Rail has an obligation to operate in PTC service on railroad track segments we share with regularly scheduled passenger train service. Industry wide interoperable functionality requires a combination of train control computers onboard equipped locomotives, communicating through dedicated PTC radios to track-side antennas which pass real-time encrypted data to Class 1 Railroad (AAR-Members) PTC servers used to calculate braking algorithms necessary to stop a train in certain circumstances, in the event an operator fails to do so. PTC-220, LLC. is a consortium held by seven (7) Class 1 railroads and is the Licensee for Federal Communication Commission (FCC) radio spectrum in the 219 and 220/221 MHz bands, used for PTC and other railroad industry safety control and communication purposes. As the owner of PTC equipped railroad track segments, Central Puget Sound Regional Transit Authority d.b.a. Sound Transit, entered into a Spectrum Management Lease Agreement with PTC-220, LLC. for their wayside PTC antennas. Given that Tacoma Rail does not own any PTC equipped railroad track segments, wayside equipment, or a PTC Back Office Server System, we are designated as a tenant railroad operating over Sound Transit's Lakewood Subdivision. As such, Tacoma Rail is required to execute a User Agreement for Non-Members Operating Under Trackage Rights with PTC-220, LLC and Sound Transit. The Amendment to the Joint Use Agreement with Sound Transit references the aforementioned PTC-220, LLC. Agreement with Tacoma Rail, and extends the territorial limits beyond the Tacoma Dome area to include the entire Lakewood Subdivision. There is no licensing fee associated with the Tacoma Rail Agreement, however there is no end date so long as freight rail service continues on PTC equipped track segments traversed by Tacoma Rail locomotives.

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

F. Reports of the Director

Covid-19 Update

Director Flowers stated there are no operational changes as continuity staff continues to report to the field/office for work with modified protocols as previously reported. Office staff who can work remotely continue to do so. Employees are directed to the Governor's vaccination phase finder tool and are encouraged to pursue vaccinations as they qualify. To this point, we've not seen phased vaccine prioritization of work groups employed at TPU and will continue to monitor this. As to customer impacts, staff continues to evaluate federal and state funding opportunities and coordinate with government partners to identify financial support for customers related to utility bill assistance. This analysis will inform plans with respect to adjustments to income assistance programs.

Report on Strategic Directive Five (SD5, Environmental Leadership)

LaTasha Wortham, Government Relations Analysis, began by providing an overview of the measurements for SD5 and the purpose statement: TPU is committed to being stewards of the region's bountiful natural resources, and a leader in the preservation, protection, and restoration of those resources while maintaining our excellent delivery of services. It is clear that in order to ensure we fulfill our operational duties in the future

we must balance our resource usage with the health of our environment. Tacoma Rail update: Alan Matheson, Asst. Rail Superintendent, provided an overview of major accomplishments in 2020. This included acquiring and repowering two locomotives; installing idle reduction tracking equipment on all locomotives; and successfully executing an all-virtual tabletop drill on the oil spill contingency plan. In 2021, Tacoma Rail plans to execute a worst case scenario of the oil spill contingency plan; plan to resolve software challenges with locomotive idle reduction tracking equipment; and continue to explore alternative fuels and other options for a greener locomotive fleet.

Greg Volkhardt, Water Division Manager, then outlined 2020 accomplishments of the watershed management plan. This included replacing and upsizing nine culverts to pass 100-year flow events and associated debris; repairing landslide and river erosion damage from flooding; and working with the Army Corp of Engineers Howard Hanson Dam downstream fish passage team to evaluate passage alternatives. In 2021, Tacoma Water plans for acquisition and restoration of the Lester Airstrip from WA DOT; seek permission to abandon an unused U.S. Forest Service Road on Tacoma Water property near the Green River; investigate establishment of a native plant nursery for improved restoration; increase use of mechanical approaches to control noxious weeds in the watershed.

Rochelle Gandoor-Rood then addressed Water's conservation and outreach. Accomplishments in 2020 include: distributed 198 customized water savings kits; posted 70 rebates for smart irrigation controllers; developed children's outreach piece; expanded watershed and water system messages in social media. For 2021; Water's conversation and outreach plans for: increase savings kit distribution; continue rebates; focus on conservation opportunities of AMI rollout; virtual/in person (if possible) outreach; teacher professional development; and distribution of children's piece digitally and on paper.

Keith Underwood, Natural Resources Manager, then outlined Tacoma Power's environmental measures within the Federal Energy Regulatory Commission (FERC) licenses. Major accomplishments in 2020 include adult sockeye returned to the north fork Skokomish River and submission of the fisheries and hatchery management plan. In 2021, there are plans for the Cowlitz trout hatchery remodel and to create implementation plans for fishery/hatchery management plans and satellite ponds. Outreach accomplishments in 2020 include the Nisqually watershed festival and the Kosmos Flats environmental cleanup. Plans for 2021 outreach include the development of additional ways to connect virtually and a campaign to gain additional email addresses from interested stakeholders.

Julie Sallenbach, Community Relations Officer, outlined communications plans for Tacoma Power's green energy programs. Accomplishments in 2020 staff produced the transportation electrification plan and strategic guidelines; supported promotion and selection of one Evergreen Options grant; and supported the launch of three electric vehicle supplemental environmental projects. In 2021, staff will continue to support program initiatives and pilots and engage customers and stakeholders with brand updates and new video content.

Board Members made positive remarks about the hard work that went into this presentation.

Telecommunications Site License Agreement

Jenni Allen, Management Analyst, remarked that Board approval is required for a restructured telecommunications site license agreement form and updated fee schedule. The current program consists of one master license (provider) and subsequent licenses (sites). The new program has one site license agreement per site and has updated fees to be more in line with modern industry rates. Reasons for this update include outdated terminology and fee structure and that this will make it easier to accommodate transfers and mergers. Ms. Allen then reviewed the proposed fees. The new fee structure is calculated based on the number of attachments and the amount of ground space used. This item will come forward for Board approval at a future meeting.

Comments by the Board

Board Member Cooley requested a presentation/update on de-escalation training staff receives.

Executive Session

Board Member Patterson moved to convene and executive session at 5:40 p.m. to enter into an executive session not to exceed 60 minutes to review the performance of a public employee (RCW 42.30.110(1)(g)); seconded by Ms. Cooley. Voice vote taken and carried.

Chair Flint announced that there would be no further business after the executive session and moved that after the conclusion of the executive session, the Clerk of the Board is authorized to adjourn the meeting; seconded by Ms. Cooley. Voice vote taken and carried. The executive session concluded at 6:39 p.m.


H. Adjournment

There being no further business or comments, the Public Utility Board meeting was adjourned at 6:39 p.m. until February 10, 2021 at 3:00 p.m.

Approved:



Bryan Flint, Chair



Christine Cooley, Secretary