

APPROVED 1-22-2020

MINUTES  
 City of Tacoma  
 Public Utility Board Meeting  
 January 8, 2020  
 6:30 p.m.

Chair Larkin called the Public Utility Board meeting to order at 6:30 p.m. in the auditorium at Tacoma Public Utilities.

**Present:** Bryan Flint, Christine Cooley, Carlos Watson, Karen Larkin, Mark Patterson

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.

**Recognitions**

There were no recognitions.

**Public comment**

There were no comments by the public.

**Consent Agenda**

There were no items on the consent agenda.

**Regular Agenda**

- D-1 Resolution U-11131 – Adopt Public Utility Board Strategic Directives on Environmental Leadership and Innovation.

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

Chair Larkin provided background; these two Strategic Directives (SD) are next in the series being developed by the Board. Board Member Cooley drafted SD5 and Chair Larkin drafted SD6. Board Member Cooley made positive remarks about the process surrounding the development of SDs. Board Member Cooley stated that environmental leadership is important to TPU and there was a strong foundation to work from due to existing plans like the Environmental Action Plan and Watershed Management Plan. Chair Larkin stated that the development of SD6 on Innovation in no way suggests that good work has not already been done; TPU has been a leader on this. This SD articulates the Board's position in terms of its leadership in innovation initiatives. Innovation is important in terms of quality and price of services in the future. However, it is also about processes, policies as well as infrastructure and technology.

Board Member Flint thanked his fellow Board Members for the drafting of these SDs and then read the value statements from SD5 and SD6. SD5: 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 into the future we must balance our resource usage with the health of our environment. SD6: TPU faces complex challenges including aging infrastructure, shifting workforce dynamics, uncertain sources of supply, changing regulatory requirements, dynamically changing markets, and rising customer expectations. TPU is committed to fostering a culture of innovation to meet these challenges today and into the future. Innovation refers to fresh thinking that creates value for customers, including: improved processes, policies, and ways of doing business; new or enhanced products and services; new technologies and infrastructure. An innovation culture will enable an environment of creativity, experimentation, and incubation to achieve new approaches to serve our customers, manage assets, finance investments, and realize superior utility performance with the added benefit of enhancing sustainability.

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

D-2 Resolution U-11132 – Adopt Public Utility Board's Board-Director Linkage policies.

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

Director Flowers summarized the resolution. The Board worked with staff in establishing Board-Director Linkage (BL) policies that clarify what the Board expects the Director to carry out. BL1 outlines expectations of the Board, such as monitoring and measuring the results of the Strategic Directives, and ensuring decisions are in alignment with the City Charter, City Code, Board policies, and the law. BL1 also outlines expectations of the Director, such as communicating regularly and effectively with the Board on the business of TPU, and preparing and submitting the strategic plans and the budget. BL2 clarifies that the Board directs the Director of Utilities through written policies that define the results and are consistent with the delegation of authority the Board has previous given to the Director.

Board Member Flint commented that in the past there was no written direction from the Board Members to the Director. This is an effort to put on paper the roles of the Board and the Director. This will be a useful tool in the onboarding of new Board Members. Chair Larkin added that it provides clarity of the role of policy makers and the Director as the executive leader of the management team.

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

D-3 Resolution U-11133 – Adopt Public Utility Board Governance Process policies.

Board Member Flint moved to adopt the resolution; seconded by Board Member Patterson. Board Member Flint moved to have the item considered today and then laid over for a final decision at the meeting of January 22, 2020; seconded by Mr. Patterson. Voice vote to set the resolution over was taken and carried. Board Member Flint commented that the Government Processes policies (GP) are principles on how the Board will govern itself and supersedes the current rulebook. Mr. Flint thanked his fellow Board Members on a thorough and considerate process in developing the GPs.

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

D-4 Resolution U-11134 – Authorize a standard form five-year land use permit to WR Holdings, LLC and Purdy Topsoil & Gravel, LLC for their use of 165,000 square feet of the Potlatch Transmission Line right-of-way located in Purdy, WA.

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

Dori Bishop, Sr. Real Estate Officer, summarized the resolution. Since 1989, for a fee, Tacoma Power has permitted the operations of Purdy Topsoil & Gravel to use a portion of its Potlatch transmission line right-of-way in conjunction with its business operation. The current permit expires January 9, 2020 and Tacoma Power desires to grant a new standard form permit for an additional five years. The annual use fee will be \$33,000 with a three percent annual escalator, which is based upon a market value analysis. The permit form contains standard legal provisions, including revocability with 90 days' written notice, indemnity, and insurance provisions to address liability. In response to a Board inquiry on how the property is used, Ms. Bishop stated that the company owns the property abutting the transmission corridor and they store some of their materials for pickup on the property as well as use the drive access.

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

D-5 Resolution U-11135 – Authorize Tacoma Water to execute a franchise agreement with the City of Auburn for the operation of water facilities within City of Auburn right-of-way.

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

Ryan Flynn, Sr. Principal Engineer summarized the resolution. Tacoma Water operates approximately six miles of transmission pipeline running through the City of Auburn. The original 50-year franchise agreement was granted to the City of Tacoma in 1969 as part of the construction of the Second Supply Pipeline. A new franchise agreement has a duration of 20 years with an operational 5-year extension. The new franchise agreement details the terms and conditions under which Tacoma Water will install, construct, erect, operate, maintain, repair, relocate its facilities in, on, over, under, along, or across the City of Auburn right of way. The agreement also provides modernized language pertaining to topics such as utility relocation, insurance, and notification, similar to that found in more recent franchise agreements with other jurisdictions. Since the fall of 2018, Tacoma and Auburn have been negotiating and the City of Auburn Council will consider it in March 2020. There is no element of financial compensation contained within the new franchise agreement. Tacoma Water operates three wholesale connections within the City of Auburn, which can provide wholesale water to the City of Auburn on an as-needed basis. Tacoma Water does not provide retail water service to individual customers in Auburn. In response to a Board requests for clarification, Mr. Flynn stated that this is a standard agreement and there are no retail connections. Staff is satisfied with the contract conditions; it is very similar to what Tacoma Water has with other jurisdictions and there is no excise tax. The language is standard and the City of Auburn has been very good work partners. The new standard for contracts of this type has moved from 50-year agreements to 20-year agreements.

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

#### **H. Reports of the Director**

Steve Hatcher, Customer Services Manager, summarized the low-income assistance program study session presentation given at the study session. Clay Norris, Power Manager summarized the hydro pump storage presentation given at the study session. Director

Flowers shared that the Board continued its policy discussions, this week on Reliability and Resiliency, in the study session and held an executive session on pending/potential litigation.

Director Flowers reported that the October 2019 cash projections and financials have been provided to the Board for their review in advance of the meeting.

Scott Dewhirst, Water Superintendent, provided an update on the water main break of January 2, 2020. A contractor working on the redevelopment in the Tacoma Mall hit a 12-inch water main during the process of relocating the main resulting in a large break. Tacoma Water immediately responded and isolated the break. The break directed a lot of flow to the area to maintain pressure and it caused flow reversals leading to discolored water complaints due to sediment in the system. Testing confirmed no system contamination. Tacoma Water worked with the Department of Health and the Tacoma/Pierce County Health Department. The Health Department issued a brown water warning. Tacoma Water flushed and cleaned the affected areas. Tacoma Water monitored and verified chlorine residuals during the event and obtained biological samples before putting the main back in service. Superintendent Dewhirst thanked customers and businesses for their patience during this event. Staff responded to over 270 customer calls and called each customer back to verify service was restored to their satisfaction. Staff also made use of social media to rapidly communicate and answer questions in real time. Staff will be reviewing internal processes to make sure responses are what they should have been. In response to a Board inquiry, Mr. Dewhirst confirmed that the water was discolored, but it was safe because it was confirmed that there was positive pressure and chlorination the whole time. The Health Department made the determination about the operation of restaurants. The local newspaper estimated 140 restaurants were affected. The event concluded at approximately 10:00 in the evening after confirming customers were satisfactorily in service.

**I. Comments by the Board**


There were no additional comments by the Board.

**J. Adjournment**

There being no further business or comments, the Public Utility Board was adjourned at 7:00 p.m. until Wednesday, January 22, 2020 for a study session is at 3:00 p.m. at Tacoma Public Utilities, followed by the regular meeting at 6:30 p.m. at Tacoma Public Utilities.

Approved:

  
Karen Larkin, Chair

  
Mark Patterson, Secretary