

APPROVED 12-13-17

MINUTES
 City of Tacoma
 Public Utility Board Meeting
 November 15, 2017
 6:30 p.m.

Ms. Trudnowski called the Public Utility Board meeting to order at 6:30 p.m. at the Tacoma Metro Parks Auditorium.

Present: Mark Patterson, Woodrow E. Jones, Jr., Monique Trudnowski, Bryan Flint, Karen Larkin

The meeting was quorate.

Minutes of the Previous Meetings

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

Recognitions

There were no recognitions.

Comments from the Public

There were no general comments from the public.

Consent Agenda

There were no items on the consent agenda.

Regular Agenda

- D-1 Resolution U-10966 – Award contracts and approve purchases:
1. Award two-year contract to Nash Consulting, Inc., for the design and delivery of a leadership development program for TPU (Includes the option for additional one-year renewal periods for a cumulative cap of \$565,500, sales tax not applicable);
 2. Award three-year contract to Schweitzer Engineering Laboratories, Inc., for microprocessor-based protection and control equipment (\$518,901.36, plus the option for two additional one-year renewal periods for a cumulative total of \$772,600, plus sales tax);
 3. Award five-year contract to Colehour + Cohen, Inc., to implement a retail based energy conservation program (\$4,419,997.50, plus the option to renew for two additional one-year terms for a projected amount of \$6,580,407.50);
 4. Award contract to Nordvind Sewer Service, LLC for the transportation of solids from the Green River Filtration Facility (\$107,600, plus the option for four additional one-year renewal periods for a cumulative total of \$538,000, sales tax not applicable);
 5. Award contract to Cascade Columbia Distribution Co., JCI Jones Chemicals, Inc., Chemtrade Chemicals US LLC, and Kemira Water Solutions, Inc., for the supply

of water treatment chemicals (\$180,900, sales tax not applicable; \$808,000, sales tax not applicable; \$222,000, plus sales tax; \$29,400, plus sales tax. Cumulative total for all contracts \$1,240,300, plus sales tax);

6. Award contract to Water Management Laboratories, Inc., for the provision of specified laboratory services (\$181,627.50, sales tax not applicable).

Mr. Jones moved to adopt the resolution; seconded by Ms. Larkin.

In response to a Board request for a description of item number one, Alice Massara, Power Supervisor, stated the multi-year contract is to design and develop a leadership development program to improve supervisory and leadership skills for current and future leaders in the organization. The Board had a presentation on this at its October 11 study session. The first year of the contract is to implement foundational coursework, set core competencies, and assess training needs. The second year entails providing 3-day training courses that are customized. In response to a Board inquiry regarding hourly rates, Ms. Massara and Power Superintendent Robinson stated that a course period is eight hours and time beyond the course work is included for travel and other business expenses. The contract rate was negotiated down from the original proposal. Board Members made positive remarks about the project.

In response to a Board inquiry on item number two regarding only having one bidder on the project, John Merrell, Power Assistant Section Manager, answered that six distributors were invited to bid and the bid specification permitted others to bid as well. This vendor has a good history with TPU.

In response to a Board inquiry on item number two regarding the rating and weighting of the selection advisory committee in the selection of the vendor, Jeremy Stewart, Power Analyst, stated that he was the lead on the RFP process and that the reporting payments and invoicing is weighted at 10 percent and the customer outreach and recruitment was weighted at 15 percent because that's only a portion of the contracted duties. Consideration also had to be placed on the negotiating at national levels with companies like Home Depot and Lowes, an important part of the services.

In response to a Board inquiry on item number four regarding the bid submittal, Celine Mina, Associate Engineer, answered that this contract was bid out two years ago and five bids were received and this vendor was the lowest. When it was time to re-bid, the same vendor remained the lowest. In response to a Board inquiry regarding the use of solids from the Green River, Ms. Mina stated that Tacoma Water continues to evaluate options and test solids. Work is still being done with University of Washington Tacoma and Environmental Services to use the solids as filter media.

In response to a Board inquiry on item number six regarding whether or not this is the same vendor conducting lead testing for Tacoma Water, Kim DeFolo, Principal Engineer, stated that it is not. Water being lead tested for lead has a long holding and shipping time. Water being tested for bacteria has a much shorter hold time and a different vendor is required.

Public comment was taken from Kit Burns who encouraged examination of local leadership training at Tacoma Community College in lieu of the contract in item number one. Mr. Burns also encouraged examination of in-house work rather than contracting on item number three.

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

- D-2 Resolution U-10967 – Amend existing contracts with Lamar Outdoor to provide ongoing advertising for residential energy conservation programs and Click! Network through December 31, 2018.

Mr. Jones moved to adopt the resolution; seconded by Mr. Larkin.

Rebekah Anderson, Marketing and Communications Manager, summarized the resolution which is a contract to provide ongoing out-of-home advertising for customer energy programs (transit tails and interior bus signage) and Click! (outdoor billboard posters and transit tails) through December 2018. In addition to already being the sole provider of outdoor poster advertising in the greater Tacoma/Pierce County area, Lamar recently acquired the Pierce Transit contract, making them the sole provider of transit advertising in the area. Staff recommendation is to gain use of bus tails and interior bus signage to promote conservation programs. Click! has been using outdoor and transit to promote cable and internet for several years and now hopes to continue awareness through these additional channels.

In response to Board requests for clarification, Ms. Anderson stated that the outdoor posters are smaller, approximately 12x24 average, than billboards.

Public comment was taken by Kit Burns. Mr. Burns encouraged electronic advertising for Click!; i.e. Economic Development Board, Chamber of Commerce, and City of Tacoma websites.

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

D-3 Resolution U-10968 – Authorize execution of a cable television franchise agreement between the City of University Place and Tacoma Power/Click! Network.

Mr. Jones moved to adopt the resolution; seconded by Mr. Larkin.

Pam Burgess, Click! Business Operations Manager, summarized the resolution. Application was made in November 2014 for renewal of a non-exclusive cable television franchise with the City of University Place to retain the right for Click! Network facilities to occupy rights-of-way within the City and continue to offer cable services. The franchise agreement was originally granted January of 2003 for a ten year term and was subsequently extended until February 2015. The franchise agreement sets forth the grant of rights to make reasonable and lawful use of the streets within the franchise area to construct, operate, maintain, reconstruct, and upgrade a system for the purpose of providing cable services. Such other obligations include compliance with permitting and other right-of-way regulations providing evidence of self-insured status, relocation of facilities upon request, and payment of a five percent franchise fee on gross cable television revenues. The University Place City Council approved this agreement per Ordinance 695 on October 16, 2017.

In response to a Board inquiry regarding this resolution relating to development of a Click! business plan, Ms. Burgess answered that there is no affect. In response to a Board inquiry regarding general practice when franchise agreements expire, Ms. Burgess stated that when one is not in place, the contract language carries as long as there is compliance with obligations. In this instance, it was the City of University Place's choice to postpone approval as there were more pressing items on their Council agenda.

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

D-4 Resolution U-10969 – Authorize execution of the Sound Transit Tacoma Link Expansion city services agreement work order No. 10 with Tacoma Power.

Mr. Jones moved to adopt the resolution; seconded by Mr. Larkin.

Joe Rempe, Power Engineer, summarized the resolution. Under Resolution U-10916, the Board authorized execution of the Sound Transit Tacoma Link Expansion City Services Agreement. This agreement set forth the terms and conditions upon which Tacoma Power and Water will provide services to facilitate design and construction of the project. Work Order #10 set the

duties and responsibilities for construction and inspection activities to be completed. Authorization will allow Tacoma Power to complete construction and inspection activities. The funds expended will be compensated by Sound Transit in accordance with Tacoma Power's customer service policy.

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

D-5 Resolution U-10970 – Authorize adoption of Tacoma Power's conservation target as required by regulations implementing the Energy Independence Act.

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

Rich Arneson, Power Analyst, summarized the resolution. The Department of Commerce regulations implementing the Energy Independence Act require that utilities adopt the ten-year potential and the two-year conservation target by action of the utility's governing board in a public meeting which provides an opportunity for public comment. Staff recommendation is to adopt a conservation potential of 31.7 aMW and a conservation target of 6.4 aMW. These figures are based on a conservation potential assessment and distribution efficiency studies which meet the methodology requirements identified by the Department of Commerce.

In response to a Board inquiry about the lower conservation target, Mr. Arneson stated that the target is a 32 percent reduction from the previous assessment and that was driven by three factors: what is being replaced is more efficient changing the baseline; some measures had a lower savings assumption; cost of some measures went up and rendered them no longer cost effective. Tacoma Power has exceeded its conservation targets each biennium since 2010. Board Members made positive remarks about this program.

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

D-6 Resolution U-10971 – Authorize adoption of Tacoma Power's Integrated Resource Plan update as required by state law.

Mr. Jones moved to adopt the resolution; seconded by Mr. Larkin.

Ahlmahz Negash, Power Analyst, summarized the resolution. Staff recommends adoption of updates to the 2017 Integrated Resource Plan (IRP) adopted via Resolution U-10836. This 2017 plan update incorporates updated analysis of retail customer demand, output of existing resources, wholesale energy prices, I-937 renewable energy compliance, and the 2018-2019 conservation potential assessment. Board Members made positive remarks about the quality and readability of the IRP and for the robust stakeholder outreach.

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

D-7 Resolution U-10972 – Amend the interconnection and wheeling agreement between Tacoma Power and Grays Harbor County PUD No. 1 and authorize reimbursement to Grays Harbor PUD No. 1 for the purchase price of a backup power transformer.

Mr. Jones moved to adopt the resolution; seconded by Mr. Larkin.

Bill Dickens, Sr. Utilities Economist, summarized the resolution. The 1993 interconnection and wheeling agreement with Tacoma and Grays Harbor Public Utility District (PUD) provides for wheeling of Wynoochee Project power over the PUD's electric system, payment to the PUD for interconnection facilities, procedures for operation of the PUD's transmission system, and payment for specified services and system upgrades. In order to accept power from the Wynoochee Project, the PUD was required to upgrade its Promised Land Substation. The

10120 agreement required Tacoma to pay or reimburse the PUD for one hundred percent of the capital costs for the substation equipment upgrade. The Promised Land substation is equipped with a 69x115kV – 19.9/34.5 kV power transformer. Prudent utility practice directs that the substation be supplied with a backup for this transformer. If it were to suffer damage or experience a failure, it could take up to a year to build a replacement. A backup transformer is needed. The PUD is aware of a potential backup transformer that is no longer needed by another utility, which could be purchased at a significant savings. In September 2017, staff performed a risk cost analysis for the incumbent transformer. After adjusting for probability of failure the cumulative annual cost of failure has a present value of risk cost at \$1,174,421. This finding is five times more than the quoted price of a replacement used transformer; the 1993 agreement does not expressly provide for such a backup transformer. Tacoma Power desires to amend the agreement to provide for the city to pay for the backup power transformer and seeks Board authorization to reimburse the PUD for the cost of the backup transformer per the terms of the amended agreement.

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

D-8 Resolution U-10973 – Authorize the sale of approximately 106 acres of Tacoma Water property to Pierce County Department of Parks and Recreation for \$2,775,100.

Mr. Jones moved to adopt the resolution; seconded by Mr. Larkin.

Greg Volkhardt, Water Operations Manager, summarized the resolution. This resolution declares surplus and authorizes the sale of approximately 106 acres of Tacoma Water property and a portion of tax parcel 014141000 located east of the McMillin Reservoir at 13004 Reservoir Road in Puyallup. An easement for access will also be granted and easements to Tacoma Water will be retained for a waste water pipeline, access road, and a depression used for waste water discharge. This property is part of the McMillin Reservoir complex developed in 1912 to store water from the Green River for distribution to the Tacoma Water service area. It has served as an open-space buffer. However, with replacement of the open reservoirs by enclosed tanks in 2012, there is no longer a need for Tacoma Water to own the property. A portion of the property has been used by Tacoma Water as a dump site for spoils and materials. The dump site was closed in 1999. Tacoma Water has accepted an offer from Pierce County Parks and payment will be made in two installments by February 28, 2018. Pierce County Parks intends to develop a park and regional trail hub on the property.

In response to a Board inquiry regarding the formation of the future pipeline trail, Mr. Volkhardt confirmed that the future pipeline trail will be connected to the park. In response to a Board inquiry regarding Tacoma Water and the Pierce County Parks' use of the land, Mr. Volkhardt answered that after rigorous analysis it has been determined that Tacoma Water has no future use of the land. If Pierce County develops the land, Tacoma Water's reservoirs will not be affected because the easements are reserved in perpetuity.

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

D-9 Resolution U-10974 – Authorize Tacoma Rail to enter into a grant agreement with the Washington State Department of Transportation to install a new grade crossing signal system on SR 509 in Tacoma.

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

Kyle Kellem, Road Master, summarized the resolution. Tacoma Rail was awarded a grant from the Washington State Department of Transportation to design, engineer, and install new signalized grade crossing systems on the northbound and southbound lanes

of SR 509, Marine View Drive in Tacoma. The new signals are necessary to improve visibility to motorists. This grant intends to cover all project costs.

In response to a Board inquiry regarding the location of the crossing, Mr. Kellem confirmed the location, which is by Manke, Jones Chemical, and Schnitzer Steel. Board Members made positive remarks about this grant agreement.

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

D-10 Resolution U-10975 – Authorize Tacoma Rail to reissue the Tacoma Municipal Belt Line 8807 and Tacoma Rail Mountain Division 8000 series freight switching tariffs and Tacoma Municipal Belt Line 6004 series demurrage tariff.

Mr. Jones moved to adopt the resolution; seconded by Mr. Larkin.

Dan McCabe, Rail Section Manager, summarized the resolution. Tacoma Rail's customers consist of local industries and other railroads. The switching tariffs define the line haul and miscellaneous switching charges allocated to the movement of railcars. The switching tariffs include a rate increase of ten dollars for unit train line haul traffic, a \$150 line haul rate increase for positive train controlled enabled divisions and a three percent increase on general switching fees. The demurrage tariff establishes rates, credits, and exemptions for the application of railcar demurrage. The proposed demurrage tariff adds Saturdays as being exempt from being demurrage day while changing the daily rate from \$50 to \$60. Sundays and holidays are exempt in the current tariff. The demurrage tariff rate and schedule hasn't changed since 1998 when the demurrage tariff was established.

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

Board Member Jones moved to suspend the rules to hear walk-on Motion 17-18 concerning the appointment of a Chief Deputy City Attorney; seconded by Ms. Larkin.

A voice vote to suspend the rules was taken and carried.

Motion 17-18 – That in accordance with Tacoma Municipal Code Section 1.06.380, the Board approves the assignment of Tom Morrill to the position of Chief Deputy City Attorney in the Department of Public Utilities legal office upon the recommendation of the selection panel and the City Attorney; the motion was moved by Mr. Flint and seconded by Ms. Larkin.

Mr. Fosbre outlined the qualifications of the candidate and the rigorous selection process.

Board Members made thanked Mr. Fosbre for working as both the City Attorney and Chief Deputy City Attorney at TPU for five months.

There were no public comments.

A voice vote was taken and carried. The motion was approved.

H. Reports of the Director

- H-1 September 2017 cash projections for Power, Water, Rail
- H-2 September 2017 financials for Power, Water, Rail, Fleet, Self-Insurance Fund
- H-3 Third Quarter budget reports for Power, Water, Rail

Director Gaines called on Jim Sant, Deputy Director for Administration, to provide a report on the third quarter 2017 budget performance reports for Power, Water, and Rail. Mr. Sant presented

10122 the key budget information, covering revenues and expenditures, for each of the operating divisions.

I. Comments by the Board

Mr. Flint made positive remarks about the electric vehicle test drive event held on November 4 at Point Defiance Park and thanked staff who participated in making the event a success. Mr. Flint also made positive remarks about his tour of the Centeris data center, which Click! will connect its fiber optic system to as a second connection to the web for reliability and enhanced services.


In recognition of Bill Gaines' last Board meeting before retirement, Chair Trudnowski made positive remarks about Mr. Gaines' service, leadership, dedication, and professionalism; comments were echoed by Mr. Jones.

The Board thanked Metro Parks for the use of their facilities for the meeting.

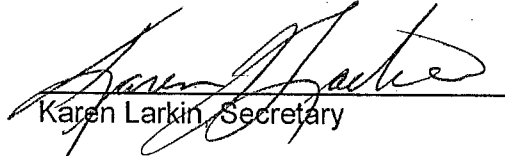
J. Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 7:47 p.m. until Wednesday, December 13, 2017 for a study session beginning at 3:00 p.m. at Tacoma Public Utilities, followed by the regular meeting at 6:30 p.m. at Tacoma Metro Parks Headquarters.

Approved:



Monique Trudnowski, Chair



Karen Larkin, Secretary