



APPROVED 5-26-21

MINUTES
City of Tacoma
Public Utility Special Board Meeting
May 12, 2021
3:00 p.m.

Chair Flint called the Public Utility Board meeting to order at 3:00 p.m.

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

Chair Flint added that per RCW 35.94.040, a dedicated public hearing would be held for U-11251 (heavy duty fleet equipment) at the time the item is heard.

There were no comments by the public.

Regular Agenda

C-1 Resolution U-11250 - Award contracts and approve purchases:

1. Award three-year contract to American Custodial, Inc., for janitorial services at various General Government and TPU facilities (\$3,598,440; with option to renew for two additional one-year periods and contingency of \$602,560 for a projected amount of \$4,200,000) [Patsy Best, Procurement and Payables Division Manager];
2. Increase contract to Associated Petroleum Products, Inc., to continue purchasing bulk fuel on an as-needed basis (\$2,500,000; Cumulative total \$25,732,382.26, plus applicable taxes) [Don Ashmore, Fleet Manager];
3. Award contract to HDR Engineering, Inc., for engineering services to rehabilitate and add treatment to two gravity water pipeline wells (\$1,117,000, plus applicable taxes) [Michael Gorenson, Professional Engineer];

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

In response to a Board inquiry on item number one regarding scoring application for sustainable requirements in the contract, Patsy Best, Procurement and Payables Manager, commented that all responses complied with the sustainable requirements and the bidding went well with this specification included.

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

C-2 Resolution U-11251 - Approve declaration of surplus of heavy duty fleet equipment no longer needed for Tacoma Power's current or future needs and authorize the sale of equipment to the highest responsive bidder (Per RCW 35.94.040, a public hearing on declaration of surplus will be held) [Don Ashmore, Fleet Manager].

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

Don Ashmore, Fleet Manager, summarized the resolution. Tacoma Power has determined that the listed equipment is no longer necessary for providing continued public utility service due to age and mechanical conditions and is deemed surplus to Tacoma Power's needs pursuant to RCW 35.94.040 and TMC 1.06.272-278, and the estimated value of the listed equipment is \$172,500.

In accordance with RCW 35.94.040, a public hearing was held prior to voting. There was no public comment.

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

C-3 Motion 21-04 – Authorize final settlement of property damage claim W-014-21 to Robert Cruegar in the amount of \$36,107.53

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

Tom Morrill, Chief Deputy City Attorney, summarized the motion. This claim arose from an incident on February 17, 2021 in which a water main ruptured, resulting water damage to the claimant's property.

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

C-4 Resolution U-11252 – Authorize execution of a 50-year easement agreement with Pierce County for the construction, operation, and maintenance of approximately 5.5 miles of the Pipeline Trail, primarily within Tacoma Water's Pipeline No. 4 right of way, and delegate authority to the Director of Utilities to amend said easement upon trail completion to include the final as-built legal description.

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

Dylan Harrison, Sr. Real Estate Officer, summarized the resolution. Tacoma Water requested authorization to enter into a 50-year easement agreement with Pierce County,

for the construction, operation and maintenance of approximately 5.5 miles of regional trail, referred to as the Pipeline Trail, within Tacoma Water's Pipeline No. 4 right-of-way, and to amend said easement upon trail completion to include the final as-built legal description. TPU has supported trail development in active, non-surplus utility right-of-way (ROW) for the last three decades to reduce operational costs related to ROW monitoring and maintenance, to foster inter/intragovernmental partnerships, and to provide the communities we serve with an expanded active trail network that connect parks, schools, health services, and cultural destinations. These collaborative efforts have led to the Pierce County and Gig Harbor developed Cushman Trail and the City of Tacoma developed Water Flume Line and Pipeline Trails, which has greatly increased the trail networks within the greater Tacoma and Pierce County region. The Pierce County extension of the Pipeline Trail is planned to be a 12-foot wide, non-motorized trail constructed of asphalt pavement. Pierce County has requested TPU grant a 50-year easement over approximately 5.5 miles of Tacoma Water Pipeline No. 4 ROW and a small segment of Tacoma Power's un-utilized Cowlitz substation property (SW corner). Pierce County has approved the proposed easement agreement and the easement agreement contains conditions requiring Pierce County to reimburse TPU for trail design construction-related costs; maintenance of certain areas of the trail system; and payment to Tacoma Water for an annual maintenance fee for certain services such as grass mowing and tree removal. Tacoma Water is requesting that the Director of Utilities be authorized to amend the easement agreement to attach the final as-built legal description as Exhibit B.

Board Members made positive remarks about the use of property, benefit to the community, and partnership with Pierce County. In response to an inquiry about the entire trail network, Brianne Blackburn of Pierce County Parks Department, responded. This trail will be key as it is one of the main connections for the Tahoma to Tacoma vision. This will connect downtown to the foothills trail; it links into Tacoma's completed phases and connects to existing infrastructure in South Hill. At completion, it'll be over ten miles. Further connections to the foothills trail and that connection to Mt. Rainier is in the works. Design is funding dependent and will take place over the next six years.

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

D. Reports of the Director

Covid

Director Flowers reported that there are no changes in phasing progression or operational protocols, including telework. Staff is still working on reconstitution plans. The Customer Service team continues to proactively conduct outreach to customers with aging accounts.

Energy Risk Management and Power Supply Update

Leah Marquez-Glynn, Sr. Power Analyst, shared graphical representations which detailed Power's power supply. These included a hydroelectric resource overview; hydro inflows, snowpack/precipitation, and drought conditions. Ying Hall, Energy Risk Manager then shared that the objective of the energy risk management (ERM) program is to manage the variability from the power supply portfolio. Ms. Hall then shared graphical representations which detailed wholesale net revenues.

Update on Strategic Directive Nine (SD9, Economic Development)

Michael Catsi, Economic Development Manager, described economic development as the intentional practice of improving a community's economic wellbeing and quality of life. Mr. Catsi outlined 2020 program accomplishments. In summary for 2020, Pierce County continues to be attractive to development and new business; Covid stimulus funds were critical to keeping businesses open, commercial/industrial bad debt is relatively low. Mr. Catsi then spoke to the electrofuels tariff pilot and shared that securing an electrofuels customer will continue to be a focus throughout 2021. Mr. Catsi then summarized Covid impacts. TPU pivoted to business retention and response, keeping businesses viable during the pandemic. TPU sponsors the Economic Development Board and Chamber weekly conference calls and the South Sound Rapid Response Team. There has been additional focus on equity and economic health outcomes for women and minorities. A Covid business resource page has been added. The utility assistant grant statistics were then detailed. For 2021, TPU will continue its focus on business retention and response efforts, transition to recovery efforts when appropriate, look for new partnership opportunities, identify trends that may require changes to marketing and strategies, and continue to engage with the land use planning process.

Chad Edinger, Assistant Power Section Manager, summarized Power's 2020 accomplishments, 2021 focus and strategic directive measurements. Electrical plan reviews were transitioned from paper to electronic. Power connected 2,615 services in 2020 and 2,395 in 2019. For 2021, there will be online permitting enhancement planning, customer service policy update project deployments (mobile work force connect, AMI), and a biennial customer survey. Ryan Cox, Assistant Water Division Manager, summarized Water's 2020 accomplishments, 2021 focus and strategic directive measurements. Water also converted from paper to electronic and on boarded new staff virtually. For 2021, there will be an employee survey results action plan for workload and operational effectiveness, executing private contract construction agreements electronically, and project deployments (mobile work force connect, AMI, customer engagement portal). Dale King, Rail Superintendent, summarized Rail's 2020 accomplishments, 2021 focus and strategic directive measurements. Rail maintained its exceptional service levels and strong financial position by matching expenses to reduced revenues while staying focused on customer needs. Covid delayed construction on the locomotive servicing facility upgrade; all other functions proceeded normally. Focus for 2021 includes the growth of ethanol unit train business and resumption of locomotive servicing facility upgrade.

General Updates

Director Flowers reported that Tacoma Power's ER&D group worked with the City in 2020 to submit the application and provided a letter of support and preliminary site evaluations for the identified installation locations. The City was awarded a grant from the Department of Commerce to install electric vehicle charging stations in the amount of \$597,558 and the grant award requires a City match of \$119,511 which was provided by Tacoma Power from funds budgeted in the electric vehicle charging station sub-fund. As the project continues to progress, Tacoma Power continues to support the City by providing consultation on site plans in concert with Public Works.

- E. Discussion on potential Board letter concerning certain aspects of the proposed Non-interim Tideflats and Industrial Land Use regulations being considered by the Tacoma City Council and potential motion concerning whether the Board Chair should send a letter on behalf of the Board to the City Council concerning the proposed regulations.

Chair Flint made introductory remarks. The City is considering non-interim regulations to set in motion regulations until a further process happens at the Port of Tacoma. TPU has interests in the outcome. The Chair previously sent a letter to the planning commission to express preferences on the issues; the whole Board should now be involved. At the May 11 Council meeting, the Council changed their timeline and process. Director Flowers added remarks. TPU staff have provided subject matter expertise in a very narrow scope related to drafting of the non-interim regulations based on the utility's role as service provider. Specifically, staff has worked to identify language that would support interest in transforming Tacoma Power's carbon free electricity into portable, stable fuel able to replace fossil fuels across the region. Electrofuels are a carbon-neutral replacement for traditional fossil fuels. Following the Public Utility Board and City Council adoption of the nation's first pilot rate to support the production of electrofuels, staff began to engage planning staff with respect to non-interim regulation changes. Staff believes coupling the pilot rate with clear, concise land use and permitting processes could lead to alternative fuel development that is foundational to developing a clean energy future and would create economic development opportunity for our region. Additionally, electrofuels bring the opportunity to reduce upward rate pressure and enhance system resilience for Tacoma Power. Given the Public Utility Board has adopted strategic directives that align with these potential outcomes, it was prudent to provide information to planning staff related to this opportunity. TPU engagement thus far in this process has been focused in the context of our role as a provider of services that are vital to quality of life and vital to economic vitality and in context of previously established Public Utility Board policy with respect to the strategic directives and the pilot rate. Mr. Morrill provided an overview of the updated timeline. On May 11, the City Council voted on a first reading to extend the current regulations for up to six months and referred the issue of proposed regulations to the Infrastructure, Planning, and Sustainability committee for review with a recommendation to be brought back to full Council no later than August 31, 2021. The second reading for this extension is scheduled for May 18, 2021.

Board discussion ensued with there being agreement to provide comments in the form of a letter and to form a subgroup of the Board to work with TPU subject matter experts on this issue. Board Members Cooley and Bushnell volunteered to be the subgroup members and the goal is to have a vote on the content of the letter no later than the Board meeting of June 23, 2021.

F. Comments by the Board

Board Member Cooley expressed interest in seeing a presentation on solutions to the workforce equity study in the future.

G. Closed Session

Board Member Patterson moved to convene a closed session at 6:10 p.m. not to exceed 30 minutes to discuss labor negotiations per RCW 42.30.140(4)(b); seconded by Ms. Cooley. Voice vote taken and carried.

Chair Flint announced that there would be no further business after the closed session and moved that after the conclusion of the closed session, the Clerk of the Board is authorized to adjourn the meeting; seconded by Ms. Cooley. Voice vote taken and carried. The closed session concluded at 6:24 p.m.


H. Adjournment

There being no further business or comments, the Public Utility Board meeting was adjourned at 6:24 p.m. until May 26, 2021 at 3:00 p.m.

Approved:



Bryan Flint, Chair



Christine Cooley, Secretary