



APPROVED 4-24-19

MINUTES
 City of Tacoma
 Public Utility Board Meeting
 March 27, 2019
 6:30 p.m.

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

Present: Woodrow E. Jones, Jr., Mark Patterson, Christine Cooley, Bryan Flint,
Excused: Karen Larkin

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

The Board recognized local Cub Scout troops who are working towards achieving the Arrow of Light, the highest award in Cub Scouting.

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-11071 – Award contracts and approve purchases:
1. Award three-year contract to Northwest Marine Technology, Inc., for coded wire tags, injectors, detectors, and associated hardware (\$1,256,329, plus applicable taxes);
 2. Increase and extend contract with Integra Telecom for local dial tone and long distance services (\$27,000; cumulative total \$227,000, plus applicable taxes);
 3. Award contract to R.T.I. Fabrication, Inc., for the Swan Creek Pipeline No. 4 support bridge procurement (\$406,085, plus applicable taxes).

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

In response to a Board inquiry on item number three regarding the location of the property in relation to Metro Parks land, Michel Peloquin, Professional Engineer, answered that Tacoma Water's pipeline is in the right-of-way and doesn't cross the Metro Parks property. In response to another Board inquiry regarding any environmental issues on the property that may exist, Mr. Peloquin answered that the stream passes through two large diameter culverts, but those culverts are not friendly to fish passage. Tacoma Water is restoring habitat so fish can get through the creek better than they can now.

In response to a Board inquiry on item number one about the project's effects on fish passage efforts, Matt Peter, Biologist, stated that the project will help with the assessment of the fish population.

In response to a Board inquiry about the number of fish tags for item number one, Mr. Peter stated that this is for the purchase of approximately \$10.5M tags and the associated hardware for all of the hydroelectric projects.

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

D-2 Resolution U-11072 – Authorize execution of a collective bargaining agreement negotiated between the City of Tacoma and the International Brotherhood of Electrical Workers, Local 483, Click! Unit.

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

Cheryl Bidleman, Assistant HR Director, summarized the resolution. The agreement covers approximately 35 budgeted, full-time equivalent positions within TPU. The agreement is anticipated to be considered by the City Council on April 9, 2019. The agreement is for one year and provides for a wage increase of three percent. In addition, an employee who is in a frozen wage rate will receive a one-time lump-sum payment of \$1,500 upon ratification of the agreement.

Board Member Flint stated that the Board and Council voted recently to take the next step in the future of Click!. Positive remarks about the dedication of Click! employees were made. Ms. Bidleman added that approximately 40-50 Click! employees have been placed in other jobs in the City.

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

D-3 Resolution U-11073 – Authorize execution of a letter of agreement regarding Click! retention incentive negotiated between the City of Tacoma, the International Brotherhood of Electrical Workers, Local 483, Click! Unit, and the Washington State Council of County and City Employees, Local 120.

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

Cheryl Bidleman, Assistant HR Director, summarized the resolution. The letter of agreement describes the parameters of a retention incentive program for represented, eligible Click! employees whose employment is considered essential for the continued

operations of Click!. The agreement provides for the specific definition and designation of essential employees, and upon completion of their time deemed as 'essential' by the Director of Utilities, or until Click! ceases operations as a City-owned entity, the employees would be eligible for a one-time, lump sum payment of \$15,000 in compensation for their successful contribution to the transition of Click! operations. An employee is not eligible for this incentive during any period if the employee is designated as 'non-essential'. In addition, throughout the time period an employee is deemed 'essential' under the terms of the agreement, the employees shall receive one floating holiday every two months during the time they are employed with Click!. The first holiday will be awarded April 1, 2019 with subsequent days awarded each two months thereafter. This item is scheduled for Council consideration on April 9, 2019.

Board Members thanked HR and the unions for their work on these agreements.

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

D-4 Resolution U-11074 – Authorize execution of a letter of agreement regarding Click! employee severance negotiated between the City of Tacoma, the international Brotherhood of Electrical Workers, Local 483, Click! Unit, and the Washington State Council of County and City Employees, Local 120.

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

Cheryl Bidleman, Assistant HR Director, the letter of agreement describes the parameters of severance payments for represented Click! employees who lose their employment with the City of Tacoma through the layoff process. Eligible employees who are subject to layoff will be entitled to a lump-sum severance payment equal to 80 hours at the employee's base salary rate for each full year of employment up to a maximum of 480 hours. In addition, the employee would be eligible for the equivalent of four months of medical insurance premiums for COBRA coverage, including dental and vision, in a lump-sum payment. This item is scheduled for Council consideration on April 9, 2019.

Director Flowers added that these three agreements are for the represented staff and agreements for non-represented staff will be brought forward at the next meeting.

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

A staff presentation of information on Utility Digital Transformation and the Advanced Meter Project was then given.

Joe Tellez, Chief Technology Officer, began by describing how digital business is the new normal. Digital transformation is about leveraging modern technology to provide equitable access for all TPU customers; drive Tacoma's economy and develop TPU's workforce; protect and steward the environment; and improve TPU's resilience and reliability. TPU's drivers for digital transformation include an ever-increasing set of customer expectations, advanced meters, and an evolving workforce. Over 75M homes nationwide have been upgraded to advanced meters. Andre Pedferri, Advanced Meter Project manager, then reviewed the three contracts that are scheduled for Board consideration: Sensus, Omnetric, and Utegration. Sensus meters are the safest in the industry and have hot socket/over-voltage protection. Advanced meters do not transmit

personal information like addresses, account numbers, names, or payment details. The program schedule was then reviewed with meter deployment in 2021. Like many capital improvements, the project requires investment up front, and the benefits are realized over the long term. TPU performed a rate impact analysis and determined that the cumulative rate adjustments for residential Power and Water customers in the City of Tacoma are estimated to result in a \$2.28 annual increase each year. TPU has calculated the financial outlook for advanced meters over the next 20 years and expect the benefits of advanced meters will likely offset the impacts. Advanced Meters benefit TPU customers by: improved outage/restoration times; water leak detection capabilities, remote turn-on/turn-off; advanced self-service capabilities; automated billing; monthly billing; prepayment options; selectable bill dates; near real-time usage information; alerts and notifications; billing and payment notifications; and conservation options. Rebekah Anderson, Community and Media Services Manager, then shared the communications and stakeholder outreach efforts associated with the Advanced Meter Project. Staff is continuously updating the web page and FAQs as details are developed. There is a public comment form and email update subscription on the web page as well as fact sheets for public meetings. Staff has planned ongoing outreach to the City Council and city managers and elected officials outside Tacoma. Ms. Anderson then summarized the planned communications, which includes media outreach and an email marketing program. Customers can find health and safety and data privacy information at www.mytpu.org/advancedmeters. Planned outreach includes neighborhood councils, Black Collective, neighborhood block groups, community organizations, various governments, Metro Parks, and the Joint Municipal Action Committee, which includes the Port of Tacoma and Tacoma Public Schools.

Board Member Flint expressed appreciation to the presenters. Looking at facts, there are minimal safety issues and the benefits outweigh risks for both safety and privacy. In response to a request to do so from Mr. Flint, Chris Robinson, Power Superintendent, provided an overview of the Advanced Meter Project business case. Mr. Robinson shared that the first business case was done in 2008 and there have been four more since then. Staff has studied this closely for a long time and things have changed dramatically. Technology has matured and become standardized and a lot of utilities have installed these meters and more than half of homes in America have Advanced Meters. Because of the technology, costs have come down quite a bit. Less than half of what they were in 2008. Another change is the types of products and services that utilities deliver have become standardized. Ten years ago, it was an option, now it is something we have to do to provide the services customers desire. There are differences in our benefits calculations. We've deferred meter replacement, especially on the water side. One benefit is an avoided cost to replace those meters. Labor costs have increased so a big portion of the savings is avoiding vehicle rolls to check meters. Carbon is a significant issue so this is carbon reducing. When doing analysis, you compare the costs to the savings. In this case, some benefits are difficult to monetize. Benefits aren't captured in the business case analysis monetarily.

Board Member Patterson expressed appreciation for the presentation and asked that staff have an actual advanced meter to show the public during outreach. Mr. Pedferri answered that has been discussed and is being planned. Mr. Patterson then asked for a description of the benefits of Advanced Meters on Tacoma Water. Water Superintendent, Scott Dewhirst, answered that customers can benefit by understanding the impact of their water use. They will see their usage date in a real-time basis to impart conservation measures. This will help Tacoma Water to understand how the

system works better and how to manage the system more appropriately. Seeing meter reads once every two months makes it hard to understand usage peaks and how water is used. Also, the assistance with leak detection is vital.

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D-5 Resolution U-11075 – Award contract to Utegration, LLC for integrating the Advanced Meter system into the existing SAP system as part of the Advanced Meter project.

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

Mr. Flint emphasized the benefits of having real-time readings and stated that we wouldn't want to get information from the bank, children's schools, or cell phone companies every two months. Mr. Flint asked if the vendor will be looking at capabilities relative to distributed generation and integration of renewables on the user side of the system. Mr. Pedefferri answered that under the current contract, that's not in the scope, but those topics are in the maturity model. The second wave will occur after the initial deployment concludes at the end or 2021. We can have the ability to accelerate this schedule if there is demand. This is being tested in the sandbox environment and the team has discussed pilot exercises for distributed generation.

Director Flowers added that functionality that will be delivered is different than functionality that will be enabled – it is not if, but when. We have a market development group who can do customer surveys and involve customers in prioritizing what to roll out next. There are new opportunities for advanced services.

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

D-6 Resolution U-11076 – Award contract to Sensus USA, Inc., for the acquisition of electrical meters, water meters and communication modules, and communication and network infrastructure devices needed to begin the implementation and integration phases of the Advanced Meter project.

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

Andre Pedefferri, Advanced Meter Program Manager, summarized the resolution. The AMI Program consists of implementing an advanced metering infrastructure throughout the Tacoma Public Utilities' service area with advanced meters for both power and water services. Approving this contract allows TPU to bring on our system integrator to start integrating our existing SAP system to the head-end system and the new meter data management system. The existing power and water infrastructure is aging and inefficient. Advanced meters will replace an aging infrastructure and infuse technology that will fundamentally transform TPU's relationship with its customers, enabling them to become engaged water and power consumers. The Advanced Metering Infrastructure program forms the critical and essential technology foundation to enhance power and water services to all customers that over time will provide near real-time information necessary so customers can manage their usage, control their costs and help the environment. Power and water operational benefits will result in higher reliability and system efficiency. Tacoma Public Utilities can continue to replace power and water meters with electromechanical meters that require manual reading. Continuing down this course will leave TPU behind the technology curve being incorporated into other utility infrastructures. Implementing an Advanced Metering Infrastructure will bring Tacoma

10342 Public Utilities to the forefront of meter technologies and enable TPU to take advantage of the efficiencies gained by moving away from electromechanical meters.

Mr. Flint made positive remarks about Legal's work on the contracts to limiting risk and maximizing flexibility.

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

D-7 Resolution U-11077 – Award contract to Omnetric Corp., to implement the Meter Data Management System of the Advanced Meter project.

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

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

F. Unfinished Business

F-1 Resolution U-11069 - Approve the 2018 Water System Plan, Watershed Management Plan with Watershed Rules, Integrated Resource Plan, Water Shortage Response Plan, and Conservation Plan and Goal.

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

Heather Pennington, Deputy Water Superintendent, summarized the resolution which approves: 1) 2018 watershed management plan with water shed rules; 2) 2018 integrated resource plan; 3) 2018 water shortage response plan; 4) water system plan; 5: conservation plan and goal. These plans were completed following applicable regulatory requirements, which included stakeholder and local land use authority review and public information meetings. Once approved by the Board and Council, the water system plan and watershed management plan will subsequently be approved by King County and the State of Washington Department of Health. Per WAC 246-290-100, a water system plan demonstrates a water system's ability to achieve compliance with local, state, and federal regulations and to plan for future needs consistent with local, state, and federal laws including land use plans. It serves as the principal guidance document for Tacoma Water, identifying policies and projects necessary to demonstrate compliance with regulations such as the growth management act and the safe drinking water act, and the municipal water law. Public water systems must update their water system plans at least every 10 years. In 2000, Tacoma Water prepared its water system plan which was approved by Resolution U-9699 and the Council by Resolution 35437. In 2006, Tacoma Water prepared an update to the plan which was approved by Board Resolution U-10235. In 2013, the Board approved an extension of the 2006 Water System Plan by Resolution U-10665. The 2018 Water System Plan is an update to these prior plans.

The Water System Plan provides planning guidance such as demand projections, water resources, and long-term capital improvement projects. The Integrated Resource Plan was developed to improve Water's ability to manage available water supplies, plan for new supplies as needed, and protect stream flow for fish in the Green River. The Water Storage Response Plan is an update developed with the objective to preserve essential public services while minimizing adverse effects on public health and safety, community and utility economic activity, environmental resources, and quality of life. The Conservation Plan guides our residential, multi-family, and commercial conservation

Board Member Flint thanked staff for their hard work on this resolution. Water's Integrated Resource Plan is new and engaged stakeholders in the development. Issues of climate change are imbedded into the plan. In response to an inquiry from Mr. Flint on the long-term strategy in dealing with drought and shortages by using Eagle Lake, Ms. Pennington described the environmental impacts. No species at Eagle Lake are listed under the endangered species act. Using that lake as a source allows Tacoma Water to keep Green River flows high, which benefits chinook salmon. In terms of the 2015 drought, it did temporarily reduce lake volume and it disconnected the lake from the shoreline and reptilian habitat and dewatered Eagle Creek until the lake refilled. Some mitigation done was to screen the pumps to protect fish from being trapped and gathered small fish that could be collected to protect them during that pumping period and any large woody debris was redistributed at the end of the project. The impacts were very short lived due to rains that refilled the lake.

Board Member Patterson made positive remarks about both Power and Water's Integrated Resource Plans being written in plain language as they are critical. Board Member Cooley request regular staff updates on the progress of the watershed management plan.

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

H. Reports of the Director

There were no reports of the Director.

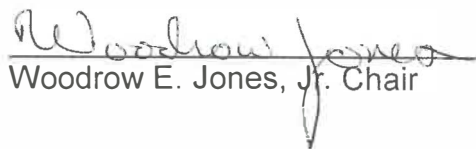
I. Comments by the Board

Board Chair Jones announced that the April 10, 2019 Board study session and regular meetings are cancelled.

J. Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 8:18 p.m. until Wednesday, April 24, 2019 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 Public Utilities.

Approved:


Woodrow E. Jones, Jr. Chair


Bryan Flint, Secretary

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