



APPROVED 5-12-21

MINUTES
City of Tacoma
Public Utility Special Board Meeting
April 28, 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.

Kit Burns made comments in favor of utilizing in-house resources rather than contracting vendors for labor projects.

Recognition

Chair Flint made comments about the dedication of the John “JP” Phillips Broadcast Center. Mr. Phillips worked at TV Tacoma and for 22 years, capturing TPU’s milestones, events, and history on video. Mr. Phillips passed away October of 2020 and the modernized broadcast center, which was to be upgraded due to outdated equipment, was dedicated and named after him. A video highlighting his artistry behind the camera was shown. Chair Flint concluded the dedication with positive remarks.

Regular Agenda

- D-1 Resolution U-11249 - Award contracts and approve purchases:
1. Increase citywide contract with Pacifica Law Group for additional bond counsel services (\$300,000, plus applicable taxes; cumulative total \$600,000, plus applicable taxes) [Debra Casparian, Deputy City Attorney].
 2. Increase contract to Black & Veatch Corporation for engineering services to support Cushman No. 1 river outlet valve replacement design project (\$3,205,000, plus applicable taxes. Cumulative total \$3,705,000, plus applicable taxes [Sharon Roach, Asst. Chief Dam Safety Engineer].

- Award three-year contract to NAES Power Contractors, Inc., to furnish the labor and supervision to perform maintenance, repairs, renovations and other mutually agreed work at Tacoma Power's facilities. (\$2,250,000, plus applicable taxes. Includes option to renew for an additional two-year period) [Toby Brewer, Asst. Power Section Mgr].

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

In response to a Board request for a summary of item number two, Sharon Roach, Professional Engineer, summarized the project. The low level outlet works is now at the end of its useful life. This project allows for the release of excess water without using the spillway and allows the fisheries program to be more effective. Ms. Roach shared graphical representations illustrating the project. Ms. Roach also clarified that this increase is for the full consultant cost for regulatory work, design engineering and project management support as needed.

In response to a Board inquiry about having a sole bid for item number three, Toby Brewer, Chief Dam Safety Engineer, responded. Usually, there is more than one bidder on this type of project. In this case, the construction industry is extremely busy now and local firms have a lot of work. This is the same firm used for the last 15 years; they're experienced and the contract terms are the same. The advantage to having this firm is that Power can ramp up and ramp down on personnel as needed and very quickly.

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

E. Reports of the Director

Covid

Director Flowers reported that there have been no changes since the last briefing as Pierce County is still in phase two with the next evaluation scheduled for May 4. There is no extension or adjustment to the telework date and TPU is maintaining the state of operations. The City is not requiring vaccinations, but are encouraging it and sending information out to staff on opportunities. Emergency Management is still working on business reconstitution framework and Customer Service staff is tracking receipt of assistance funding.

Strategic Directive Eight (SD8, Telecom) Update

Tenzin Gyaltsen, former GM for Click! Network and current UTS Manager/CIO for Tacoma Power, made opening remarks on the transition and the post close activities stemming from the transfer of operational control of the Click! commercial network to Rainier Connect North, LLC. Despite the disruption introduced by the COVID-19 pandemic, TPU successfully completed transfer of operational control to Rainier Connect on April 1, 2020 and transitioned a majority of Click! employees to new roles within the City and TPU. TPU has successfully transferred all the outlying cable franchise agreements to Rainier Connect so that they could seamlessly begin operating the business on day one. Rainier Connect operates within the City with its own cable franchise agreement, and the Click! cable agreement with the City has expired. Most, if not all, of the post close transition plan activities have been fully executed. There are a few post close activities, including the handling of lagging customer

payments, establishment of electric service by Rainier Connect, collection of purchase amounts, and termination of vendor and trade association accounts. When the transition took place, it was anticipated that many Click! customers would continue sending their cable service payments to TPU. Customer Services took care of this by collecting and transmitting such payments to Rainier Connect for the greater part of last year, and earlier this year Rainier Connect assumed the Post Office Box service for payments, fully relieving TPU of this role. Regarding the establishment of electric service accounts for Rainier Connect, this did not occur as anticipated due to the chaos of transitioning to a remote work environment. However, both parties, recognize that this was an oversight and are currently rectifying it. Regarding Click! vendors and contractors, our relationships have all been terminated. Most, if not all, billings for services rendered prior to transition have been processed and paid at this time. Regarding Click!'s accounts receivable accounts, the balance through March 31, the last day of Click!'s operations, was purchased by Rainier Connect and the entire amount owed has been received at this time. Regarding Click!'s registration with the Federal Communications Commission and the universal service fund, the accounts have been deactivated and all registered community units have been transferred to Rainier Connect. Regarding Click!'s trade group memberships, TPU has terminated its relationship with the National Cable Television Cooperative, the buying consortium through whom Click! purchased its cable programming content, and TPU also terminated its relationship with the American Cable Association or ACA, the lobbying arm that represented the interests of independent cable operators in Washington DC. The new arrangement with Rainier Connect North, LLC is progressing well today and the company is delivering on its commitments.

Joe Wilson, T&D Manager, then spoke to the management of the critical communications infrastructure and contractual relationship with Rainier Connect. Mr. Wilson outlined how T&D is responsible for managing the critical communication network and outlined how they support responsibilities associated with the Indefeasible Right of Use (IRU) with Rainier Connect. Sharon Brophy, Joint Use Program Manager, then provided a progress report on the outcomes and measures of Strategic Directive (SD8) on Telecom. Ms. Brophy walked through each measurement and detailed the status and concluded by reviewing the customer service commitments in the IRU. Brian Haynes, Rainier Connect CEO, added that Rainier Connect is working hard to push measurement number three (gigabit internet services) sooner than committed. Rainier Connect staff has combed through the network searching for bottlenecks that would slow down the rapid improvement of speeds available to consumers and increase throughput while trying to minimize customer disruption for maintenance. In response to a Board inquiry, Mr. Haynes shared Rainier Connect adheres to net neutrality, still manages Inet, and follows all regulations and requirements concerning consumer privacy protections. Mr. Haynes concluded by sharing that Rainier Connect has the bandwidth for new companies and are building networks to sustain a substantial amount of growth.

Board Members made positive remarks about the partnership and collaboration taking place. Director Flowers then recognized Mr. Gyaltzen for his role in making this transition a success, especially while conducting his UTS duties, and leading the rapid remote work deployment at the same time.

Power Long Range Financial Plan Review

Bill Berry, Power Rates, Planning, and Analysis Manager, provided background on this topic. Tacoma Power developed its short-term financing facility to more closely match the timing and the amount borrowed with the amount and timing of its capital project spending. Compared to issuing long-term bonds, Tacoma Power estimates saving \$26M in interest costs since 2015. Mr. Berry provided an overview of Power's financing history, overview of the Wells Fargo Note Purchase Agreement (NPA) drawdown facility and new short-term financing agreement. The schedule was then reviewed with PUB consideration scheduled for July 2021. Mr. Berry then highlighted portions of the Long Term Financial Plan (LRFP) document. The LRFP is intended to provide an overview of critical issues affecting the power industry; outline financial risks and opportunities Tacoma Power may face over the next ten years; and project the utility's future financial performance.

Board Member Patterson made positive remarks about this presentation and encouraged all to read the LRFP to get a good understanding of the power utility as the LRFP is written in plain language that explains a complex discipline.

Comments by the Board

Board Member Cooley reviewed comments she made at the April 27 Council public hearing on non-interim regulations. Chair Flint added that this can be discussed further by the Board when the strategic directive on economic development is presented.

F. Adjournment

There being no further business or comments, the Public Utility Board meeting was adjourned at 5:00 p.m. until May 12, 2021 at 3:00 p.m.

Approved:



Bryan Flint, Chair



Christine Cooley, Secretary