APPROVED 4/24/24

MINUTES
City of Tacoma
Public Utility Board Study Session
April 10, 2024
3:00 p.m.

Chair Watson called the Public Utility Board study session to order at 3:00 p.m. in the third-floor conference room (LT1) of the Public Utilities Administration Building.

Present: Carlos Watson, Elly Claus-McGahan, Anita Gallagher, John O'Loughlin, William Bridges

General Government Internal Services

Katie Johnston, Budget Officer, described Internal Service as departments that delivers services by a centralized provider. These include City Attorney, City Manager, Finance, Human Resources, and Information Technology. The rationale for assessing internal services costs were listed as: 1) sharing the costs of support/internal services; 2) to help identify the actual (fully loaded) cost of services; 3) to ensure accuracy of cost-based user fees, including rates. Assessments studies, allocation of methodologies criteria, and examples of how costs are shared were detailed. Ms. Johnston provided an overview of why internal service costs change. Some of these include labor costs, project/licensing costs and changes in FTE from the previous biennium. Costs are shared based on budgeted expenses. Reserves are used to fund one-time projects or offset the costs of internal services in the next biennium. Next steps for the 2025/2026 budget development: April – baseline finalized; May – internal service proposal review; August/September – internal service costs proposed budget; November /December policy maker consideration and adoption.

WestRock Contract Expiration Municipal Code Changes

Andrew Zaremba, Utilities Economist, provided background. WestRock announced its closure of the Tacoma Mill on August 1, 2023. Usage began to significantly decline in the following months such that the existing meters were oversized and not providing accurate reads, yet capacity was still needed for fire protection. Tacoma Water and WestRock agreed to an administrative solution to establish a minimum daily flow rate for the balance of the contract expiring July 31, 2024, to account for the meter issue. Following contract expiration, Tacoma Water will be unable to bill WestRock appropriately since the 20-inch meter size currently in use is not included in the TMC. Mr. Zaremba detailed the recommended TMC change to establish a 20-inch meter ready-to-serve charge and minimum flow rate. The next steps include a presentation to

the Government Performance and Finance Committee and Board consideration in April and Council consideration in May.

Budget/Rates Discussion: Cost Saving Measures in 2023/2024

Director Flowers remarked that presentation will highlight measures the operating divisions proactively took in the current biennium to create efficiencies, defer, reduce, or avoid costs. Measures taken for operational efficiency include refinancing bonds, modifying infrastructure plans, and labor vacancy assumptions. Funding opportunities included grants, low-interest loans, and revenue expansion. Chris Robinson, Power Superintendent; Scott Dewhirst, Water Superintendent; and Dale King, Rail Superintendent, each shared samples of cost saving measures in their respective divisions.

General Board Comments/Discussion and Director's Reports

Board Member Gallagher provided an update on the Charter Review Commission's work. Board Member O'Loughlin agreed to work with Board Member Gallagher on a letter to the Charter Review Commission and City Council in response to the Committee's recommendations.

Executive Session

Chair Watson moved to convene an executive session at 6:00 p.m. to evaluate the qualification of an applicant for public employment or to review the performance of a public employee (RCW 42.30.110(1)(g)); seconded by Board Member O'Loughlin. Voice vote taken and carried. Chair Watson announced that after the conclusion of the executive session, the Board will not take any further action. Chair Watson moved that at the conclusion of the executive session, the Clerk of the Board is authorized to adjourn the meeting; seconded by Board Member O'Loughlin. Voice vote taken and carried. The executive session was adjourned at 6:26 p.m. Attorneys present during the executive session were Engel Lee, Michael Smith, and Chris Bacha.

Adjournment

The study session was adjourned at 6:26 p.m.

Approved:

Carlos Watson, Chair

William Bridges