

APPROVED 4-12-17

MINUTES
 City of Tacoma
 Public Utility Board Study Session
 March 22, 2017
 4:00 p.m.

Chair Patterson called the Public Utility Board study session to order at 4:02 p.m. at the Public Utilities Administration Building.

Present: Bryan Flint, Woodrow Jones, Mark Patterson, Karen Larkin, Monique Trudnowski (Arrived 4:38)

Tacoma Power: Evergreen Options

Clay Norris, Power Manager, introduced Dan Drennan, Marketing and Development Manager, and Trenea Colby, Market Development Program Manager. Mr. Norris stated Evergreen Options is part of our strategic plan and we have plans to refresh the program. Power Management manages the program. This is a voluntary program. The program has been on autopilot for many years and during the strategic planning process they saw an opportunity to change the program to give it more of a community aspect.

In response to a Board inquiry, Mr. Norris stated the program peaked with approximately 1700 participants and currently has approximately 800 participants.

Mr. Drennan stated engaging customers and increasing value to our community is one of the primary objectives of this program, as well as increasing awareness of the program which also provides an opportunity to increase awareness of Tacoma Power's generation portfolio.

Ms. Colby reviewed the details of the program. The program proposes using a portion of the voluntary funding to provide grants for local renewable energy projects. The grant opportunity will be for non-profits, schools and local government and the must be Evergreen Options customers. Tacoma staff will screen the grant proposals for feasibility and a TPU cross-functional team will then score the proposals using an evaluation matrix, creating a short list.

In response to a Board inquiry, Ms. Colby stated we have made approximately \$70,000.00.

In response to a Board inquiry, Ms. Colby stated the grants can be 100 percent funded, but they would like to see some cost sharing.

Mr. Drennan stated research shows people have a favorable opinion of renewables and customer satisfaction is typically higher when customers are aware of the utility programs and services.

Ms. Colby stated the program is not actively being promoted so we need to revitalize the marketing. Ms. Colby then reviewed next steps which include finalizing the customer service and administrative process of the grant making process, finalizing the grant and the award agreement and finalizing the development of full marketing and communication plans.

In response to a Board inquiry, Mr. Drennan stated we anticipate using direct mail and bill stuffers to target most likely subscribers.

In response to a Board inquiry, Ms. Colby stated we don't have any comprehensive data on why the 900 customers dropped out. The program hasn't been promoted in years, so there hasn't been a lot of participation. We believe we will see significant increase in participation with this new program.

In response to a Board inquiry, Mr. Drennan stated that Erika Tucci works with nonprofits and will provide them with information on the program.

Tacoma Water: McMillin Surplus Property

Director Gaines introduced Greg Volkhardt, Environmental Programs Manager and Jennifer Hines, Real Property Services.

Mr. Volkhardt stated Tacoma Water has approximately 147 acres to sell near the McMillan reservoir site as well as several other properties. Mr. Volkhardt reviewed the list of surplus properties, showing which are completed, pending and those that are being actively marketed.

In response to a Board inquiry, Ms. Hines explained that we go out City wide to see if there is a need for the property. We then go to our public partners prior to marketing the property.

Mr. Volkhardt then shared maps detailing the Kapowsin properties and various land exchange properties. Tacoma Water owns 22 parcels around Lake Kapowsin. The parcels were acquired in the late 1920s with hopes of developing them for water supply. However, shortly thereafter the South Tacoma well field was discovered which proved to be a much better source of water. We have held on to the property since that time, but do not anticipate developing Lake Kapowsin as a water supply.

Mr. Volkhardt state Forterra has contacted Tacoma Water about acquiring all 22 parcels. They are currently working on a funding proposal. We see the proposal as advantageous because Forterra intends to pay full market value for the properties and all the transactions would be done in a single transaction, which would save a lot of staff time.

Mr. Volkhardt then shared maps detailing the McMillin open space properties for sale. Mr. Volkhardt reviewed easements and how the parcels will be divided between Tacoma Water and potential buyers we have been working with.

In response to a Board response, Mr. McMeen stated the topography of the parcel is gentle rolling hill slopes with a steep drop off.

In response to a Board inquiry, Mr. McMeen stated we require much more storage than this property offers.

Mr. Volkhardt concluded by reviewing the timeline until final closing which is anticipated to be August 2017.

TPU Memorandum of Agreement for Sound Transit Tacoma Link Expansion project

Director Gaines stated there were a series of discussions with city manager last year regarding the funding of the utility relocation cost for power and water for the Tacoma Link Expansion project. As a result of that, we have entered into a memo of understanding and recently have been asked to sign some contracts. These are on study session and evening meeting agenda for approval. Director Gaines then introduced Bill Fosbre, Acting City Attorney to provide more details.

Mr. Fosbre stated the resolution goes into the background from the Sound Transit vote from 2008 that set aside money to be used to expand the Tacoma LINK project inside the city limits. The project is now set up as a joint project between the City and Sound Transit. This resolution is asking for approval of four different contracts; the City Services agreement, Funding Agreement and two Work Order agreements. Mr. Fosbre then outlined the terms of each agreement.

In response to a Board inquiry, Mr. Fosbre stated the funding agreement does not dictate how the Utility will provide funding for relocating the utilities.

In response to a Board inquiry, Mr. Fosbre stated our staff has had adequate time to review the contracts.

In response to a Board inquiry, Mr. Fosbre stated the utility work is considered "in kind".

In response to a Board inquiry, Kurtis Kingsolver stated the Trump administration's budget has significantly cut funding for Sound Transit. The project must be fully funded by October or the project could be at risk.

Informational items

Director Gaines stated we have the website configured to have the Board materials online prior to the next Board meeting of April 12.

Director Gaines stated the Water Utility held their first stakeholder outreach meeting for the IRP process today and asked Chris McMeen to review the meeting.

Chris McMeen stated they had good attendance and engagement. They have obtained Jim Waldo to be their facilitator. Today was about orienting the group and to talk about the system as it exists. Mr. McMeen stated there was a lot of interest in our supply portfolio and conservation forecasting.

Board Member Larkin requested a copy of the stakeholder list and agendas for future meetings.

Mr. McMeen stated the timeframe for remaining meetings will be in July, September and January 2018.

Director evaluation/Board development process

Chair Patterson asked to discuss the Director evaluation/Board development process. Mr. Patterson questioned if we could integrate the 2016 process with ongoing help that will help us review the process and integrate it with the board development process.

Mr. Patterson provided various options for discussion. Mr. Patterson is concerned about timing and doesn't want to drag the 2016 process out too long. Mr. Patterson requested Board members make a decision this week.

Bill Fosbre reviewed the changes on tonight's PUB script.

Adjournment

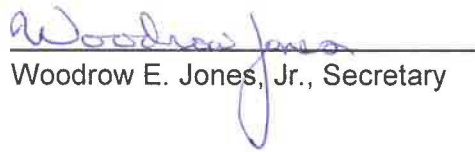
The study session was adjourned at 5:58 p.m. until the next regularly scheduled study session on Wednesday, April 12, 2017 at 3:00 p.m.

Approved:



Mark Patterson, Chair

Approved:



Woodrow E. Jones, Jr., Secretary