

APPROVED 2-14-18

MINUTES
City of Tacoma
Public Utility Board Meeting
January 24, 2018
6:30 p.m.

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

Present: Mark Patterson, Woodrow E. Jones, Jr., Monique Trudnowski, Bryan Flint, Karen Larkin

The meeting was quorate.

Minutes of the Previous Meetings

Mr. Jones moved that the minutes of the previous meetings be adopted; seconded by Ms. Larkin. Voice vote was taken and carried. The minutes were declared adopted.

Recognitions

There were no recognitions.

Comments from the Public

Mitchell Shook made comments in favor of the Board and staff reexamining allocations as it pertains to undergrounding of utilities and Click!.

Ken Paulson made comments concerning TPU being a monopoly and competitive pricing.

Consent Agenda

There were no items on the consent agenda.

Regular Agenda

- D-1 Resolution U-10984 – Award contracts and approve purchases:
1. Award two-year contract to TriVan Truck Body, LLC for the purchase of various new aluminum cube truck bodies planned for replacement in 2018 – 2022 (Initial two-year contract with option to renew for three additional one-year periods \$1,674,004.77, plus applicable sales tax);
 2. Increase and extend contract to Bosnick Roofing, Inc., to provide adequate funds for continued on-call roofing services through July 26, 2018 (\$100,000; cumulative total \$299,894, plus applicable sales tax);

3. Extend contract to Mt. View Locating Services, LLC for qualified locators, equipment, and required supervision to identify and mark underground utilities (\$200,000. Cumulative contract total \$400,000, sales tax not applicable);
4. Award contract to Four Peaks Environmental Science & Data Solutions for the Cushman Floating Surface Collector Downstream Migrant Studies (\$One year- contract plus the option for two additional one-year renewal periods for a cumulative total not to exceed \$1,500,000);
5. Award contract to Pumpteck, Inc., for the North Fork Well #7 vertical turbine pump (\$287,261.80, plus applicable sales tax).

Mr. Jones moved to adopt the resolution; seconded by Ms. Larkin.

In response to a Board inquiry on item number one regarding the limited number of bidders, Don Ashmore, Fleet Manager, answered that the truck bodies requested are very specific. Many manufacturers were solicited, but most make cutaway bodies, not cube truck bodies and that narrowed down the bid selection and only one was received.

In response to a Board inquiry on item number three regarding the increase in utility locate services, Kim Kerner, Management Analyst, answered that in 2011 the RCW was updated to include sign posts for real estate signs, so a 50 percent increase in utility locates have been received.

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

- D-2 Resolution U-10985 – Authorize execution of a collection bargaining agreement negotiated between the City of Tacoma and the International Brotherhood of Electrical Workers, Local 483, Tacoma Power Unit.

Mr. Jones moved to adopt the resolution; seconded by Ms. Larkin.

Corey Moriyama, Labor Relations Manager, summarized the resolution. This agreement covers approximately 323 budgeted, full-time equivalent positions with 299 assigned within TPU and 24 positions within General Government. The agreement is anticipated to be scheduled for consideration by the Council on February 6, 2018. The agreement covers four years and provides for a wage increase in each year of the agreement. Effective April 1, 2017, wages will retroactively increase by 2.5 percent. Effective April 1, 2018 and 2019, wages shall increase by three percent. Effective April 1, 2020, wages shall increase by an amount equal to 100 percent of the increase in the CPI with a minimum of 2.25 percent and a maximum of 3.5 percent.

In response to a Board inquiry as to why the new agreement information is not integrated into the contract and have addendums attached, Mr. Moriyama explained that typically the original contract language is kept intact and amendments or special conditions are more easily administrated via addendums and amendments.

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

Resolution U-10986 – Authorize the renewal of the waiver of power and water utility connection and inspection fees for cities in Tacoma Power and Water's service territories during the declared state of emergency for homelessness.

Mr. Jones moved to adopt the resolution; seconded by Ms. Larkin.

Tom Morrill, Chief Deputy City Attorney, summarized the resolution. On May 9, 2017, the Council passed Ordinance 28430 declaring a public health emergency relating to the conditions of homeless encampments through October 9, 2017. On July 12, 2017, the TPU Board passed Resolution U-10942 authorizing the waiver of connection and inspection fees within Tacoma Power and Water service territories providing facilities for sheltering low-income and or infirm persons. On December 12, 2017, the Council adopted Ordinance 28477 extending the sunset date of the public emergency declaration to December 31, 2018. This resolution brings the Board's policy into alignment with the Council ordinance.

In response to a Board inquiry, Mr. Morrill confirmed that this resolution mirrors the one passed last year by the Board. Information regarding work done under the previous time period will be provided to the Board.

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

D-4 Resolution U-10987 – Confirm and approve the updated legislative policy document that summarizes Tacoma Public Utilities' positions on certain federal and state issues.

Mr. Jones moved to adopt the resolution; seconded by Ms. Larkin.

Clark Mather, Community and Government Relations Manager, summarized the resolution that outlines TPU's positions on certain federal and state issues. TPU's legislative policies are generally updated and approved by the Board on an annual basis.

In response to a Board inquiry regarding legislative coordination with General Government, Mr. Mather confirmed that there is close coordination with weekly meetings with General Government and policies are consistent with TPU.

Board Member Flint made positive remarks about TPU's support of net neutrality.

In response to a Board inquiry, Mr. Mather clarified that TPU will not oppose current house legislation on Rail staffing levels.

Public comment was taken from Herbert Burke who made positive remarks about nuclear power and expressed concerns about wind and solar power.

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

D-5 Resolution U-10988 – A resolution relating to Click! Network; establishing a vision and next steps for maximizing the value of Click! Network.

Mr. Jones moved to adopt the resolution; seconded by Ms. Larkin.

Tom Morrill, Chief Deputy City Attorney, summarized the resolution outlining the twelve community policy goals key to this resolution: 1) continuing public ownership of the telecommunications assets; 2) ensuring geographically, economically, and technologically equitable access; 3) creating low-income affordable access; 4) enforcing net neutrality principles for all customers; 5) allowing open access to telecommunication assets by other providers to the extent such access benefits customers; 6) preserving competition among telecommunication providers that benefits customers, including restricting transfer of ownership or operations that reduce competition; 7) safeguarding the use of telecommunications services; 8) maintaining financial stability of the telecommunications business operations including the Click! assets; 9) promoting economic development and educational opportunities; 10) providing job options and security for Click! staff and protecting the intellectual capital of the system; 11) protecting customer privacy; 12) preserving Click!'s goodwill, including via its market-leading customer service for telecommunications customers.

Chair Trudnowski commented that the Council and Board held a joint study session on this topic on January 23 and stated that the resolution is based on legal advice and new information about market conditions. Public comment was then taken.

Herbert Burke made comments in opposition of partnering with a capital investment company and made remarks in support of TPU being the sole owner of Click!.

Mitchell Shook commented on Click!'s financial spreadsheets, Click!'s benefits to the local economy and supported changing Click!'s allocations.

Peter Jung made comments in support of Click! providing independent internet utility services, net neutrality, and in opposition of partnering with a private entity.

Jose Chavez made comments in support of Click! being its own telecom utility.

Board Member Flint summarized his position on the resolution. This resolution spells out public goals for preserving the systems and serving all communities. The goals for public ownership, preserving net neutrality and conservation are all positive stances. There will be a Request for Information (RFI) to solicit ideas on how these public policy goals can be met through a business model. In agreement to some Council requests, will support the examination of an independent telecom utility. Mr. Flint encouraged the current Internet Service Providers (ISP) to Click! to respond to the RFI.

Board Member Patterson summarized his position on the resolution. The goals in the resolution aren't new and have been in mind throughout discussions, but it's good to now have them listed in the resolution. These goals are important characteristics to preserve during discussions and the intent is to preserve the goals.

Board Member Larkin summarized her position on the resolution. How achievable and enforceable are these goals in a public/private contract? If they're not achieved, we need to address how to recover from that. Reliable, affordable, net neutral internet is just as important as power and water. Supports a stand-alone telecom utility and recognizes there are complications from state law and will continue to address some of these challenges. Would like a discussion about cost of service and how we will charge a partner for services they'll need to run a telecom business.

Board Member Jones summarized his position on the resolution. Click! is a community jewel and the Board is taking a step to preserve the asset by issuing the RFI to find out who is running a similar business successfully.

Chair Trudnowski summarized the resolution. Looking forward to see what is discovered through the RFI so that we can be in a position to leverage our asset. Litigation may force closure of Click!, so will support this resolution because it provides the best opportunity to find ways to keep Click! without it being funded by electric rate payers.

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

D-6 Resolution U-10989 – Authorize Tacoma Water to execute Amendment No. 1 for Work Order No. 3 with Sound Transit for the Tacoma Link expansion project.

Mr. Jones moved to adopt the resolution; seconded by Ms. Larkin.

Ryan Flynn, Engineer, summarized the resolution. Under Resolution U-10916, the Board authorized execution of the Work Order No. 3, the city services and funding agreement. These documents established the terms and conditions under which Tacoma Water would provide design services for the relocation of approximately two miles of distribution water main in support of the Tacoma Line Expansion (TLE) project. As part of Work Order No. 3, Tacoma Water provided an estimated cost for design services such as drafting and engineering. The estimated cost of this work order has increased due to an expansion of project scope and design, additional services such as a topographic survey, and increased project coordination efforts with the TLE project stakeholders.

In response to a Board inquiry regarding the catalyst for the cost increases, Mr. Polda, Engineer, explained that the primary drivers are due to utility relocation. When the cost estimates were first developed, it was early in the design and details not fully clear. As the designing progressed, the extent of the utility relocation costs were more clear as additional information about track alignment was detailed.

Public comment was then taken from Herbert Burke who expressed concerns about Sound Transit overruns, low ridership, and rail safety concerns. Mr. Herbert also commented that Sound Transit should bear all costs, including utility relocation.

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

D-7 Resolution U-10990 – Ratify and approve the rescission option agreement for sale of approximately 106 acres of Tacoma Water property to Pierce County Department of Parks and Recreation.

Mr. Jones moved to adopt the resolution; seconded by Ms. Larkin.

Greg Volkhardt, Water Operations Manager, summarized the resolution. Pierce County Department of Parks and Recreation offered to purchase approximately 106 acres of Tacoma Water Property located east of the McMillin Reservoirs for \$2,775,100. Funds for the purchase were made available by the Pierce County Conservation Futures

Program. On November 15, 2017, the Board adopted Resolution U-10973 which declared the property surplus. On December 19, 2017, the Council adopted corresponding Resolution 39884. Effective December 20, 2017, Tacoma Water and Pierce County entered into the purchase and sale agreement (PSA). The PSA provided Pierce County with a due diligence period in which to conduct review of the property, including its environmental aspects. Pierce County hired a consultant to perform an environmental assessment of the property. The consultant collected soil samples and identified the presence of certain hazardous materials from one collection location. To date, a more thorough study has not been completed. Therefore, the extent of the presence of said hazardous materials is not known nor is the scope or nature of appropriate mitigation and will take several months to complete. The PSA provides that Tacoma Water is to grant Pierce County a perpetual easement. The legal description and other terms and conditions of the easement were to be established by mutual agreement prior to closing. The parties mutually agreed upon the precise legal description of the easement. However, due to time constraints, the parties were not able to mutually agree upon the terms before closing. Ordinarily, the parties would have extended the closing date; however, the Pierce County Conservation Futures Program funds allocated by Pierce County to acquire the property had to be expended by the close of business on December 29, 2017, the closing date of the PSA. In order to complete the sale, which was in furtherance of the public purpose of reserving lands for public use, the parties proceeded to closing on December 29, 2017 and on the same date executed a rescission option agreement.

The rescission option agreement allowed the parties to proceed to closing but maintain the opportunity to complete the studies necessary to determine the extent and scope of hazardous materials and to mutually agree upon the terms of the easement. The rescission option agreement provides for the rescission of the purchase of the property if agreement cannot be reached regarding mitigation of the easement. Should the rescission option be exercised, Tacoma Water will return the funds used to purchase the property to the County and the County will deed the property back to Tacoma Water with restrictive covenants limiting use of the property for park purposes removed. Tacoma Water requests that the Board ratify and approve the execution of the rescission option agreement.

Board Member Patterson thanked staff for crafting a solution that allowed for closing and addressing the mitigation issues. It was a good solution under difficult circumstances.

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

H. Reports of the Director

There were no reports of the Director.

I. Comments by the Board

Board Member Larkin commented that yes, TPU is a monopoly, but compares favorably against peer and private utilities. The Board reviewed the results of the latest customer satisfaction survey at the study session and the results were favorable.

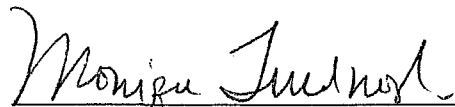
Board Member Flint commended Click! employees for their work and dedication during the time of uncertainty. Board Member Flint made positive remarks about the feedback received for the recruitment of the Director of Utilities.


10148_J.

Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 7:57 p.m. until Wednesday, February 14, 2018 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:


Monique Trudnowski, Chair


Karen Larkin, Secretary