



APPROVED 5-9-18

MINUTES
 City of Tacoma
 Public Utility Board Meeting
 April 25, 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: Monique Trudnowski, Mark Patterson, Woodrow E. Jones, Jr., Karen Larkin, Bryan Flint

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

There were no comments from the public.

Consent Agenda

There were no items on the consent agenda.

Regular Agenda

- D-1 Resolution U-11003 – Award contracts and approve purchases:
1. Award contract to Magnum Power, LLC for the removal and replacement of foundations, structures, and conductors associated with the Potlatch Transmission Lines Henderson Bay Crossing (\$3,171,105.64, plus applicable tax);
 2. Award contract to G&J Logging, Inc., for thinning of 180 acres of merchantable timber to enhance wildlife habitat at Tacoma Power's Cowlitz wildlife area (\$397,190);
 3. Award contract to RailWorks Track Systems, Inc., for railroad grade crossing signal system maintenance and inspections (\$1,853,540, plus applicable taxes. Includes option for three one-year renewal periods for a projected cumulative contract amount of \$4,668,195.97, plus applicable taxes).

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

In response to a Board inquiry on item number one regarding environmental sensitivities, James Blessing, Power Engineer, explained that the existing towers have nested ospreys and recently there have been double-breasted cormorants. Staff has mitigated risk to these birds in

preparation for these projects by installing a new monopoles with taller arms and the top is designed to mitigate nest building. When this project was started five years ago, there was an active osprey nest; however they did not survive the winter two years ago and the nest was not rebuilt. The new infrastructure should make it easier for osprey to return to the area.

In response to a Board inquiry on item number two about why the bid is structured with separate transactions for logging and another for the selling of timber, Eric Russell, Resource Lands Coordinator, explained that the industry is moving in that direction. Marketing the logs as the owner of the timber provides a way for Tacoma Power to recover more revenue for the ratepayer. A single approach of logging and marketing the timber has been done in the past, but in this instance, Tacoma Power is thinning the timber, not clearcutting it and doesn't want more trees taken that we are trying to preserve.

In response to a Board inquiry on item number three regarding the use of contractors for signal crossing inspection versus of utilizing in-house staffing, Kyle Kellem, Rail Road Master, explained based on historical usage, plus allowance for unforeseen circumstances, the use of contractors works out better considering the amount of work as it is not enough for a full department. The work is detailed, specialized, and requires special tooling. Staffing this function in-house was evaluated and found that there would be significant start-up costs to establish this expertise.

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

D-2 Resolution U-11004 - Approve Declaration of Surplus Utility Specific Equipment for 292 overhead and pad-mount transformers no longer needed for Tacoma Power's current or future needs and authorize the sale of equipment to the highest responsive bidder.

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

Tacoma Power has 292 overhead and pad-mount transformers surplus to the utility's needs due to their age or condition and are no longer required for providing continued public utility service. These surplus items should be advertised and sold to the highest responsive bidder in accordance with applicable state and city laws and surplus policies.

Prior to voting, the Board opened a public hearing per RCW 35.94.040; there were no public comments.

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

D-3 Resolution U-11005 – Authorize execution of a supplemental bond ordinance and an extension of the short-term drawdown note purchase agreement with Wells Fargo Bank in the amount of \$100M.

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

In 2015, the Board and Council approved a three-year Note Purchase Agreement (NPA) with Wells Fargo to finance construction costs on an interim basis. During the last three years, Tacoma Power successfully utilized the agreement to finance approximately \$80M of capital project expenses. Tacoma Power recently issued the Series 2017 Electric System Revenue Bonds to repay the amounts borrowed under the Wells Fargo NPA. Implementation of this agreement allowed for a more cost effective and efficient management of capital construction compared to issuing long-term bonds as Tacoma Power could more closely match its draws on the Wells Fargo NPA with the amount and timing of its capital projects. The action of approving the extension of the Wells Fargo Drawdown Direct NPA will result in short-term variable rate financing costs of 80 percent over one-month LIBOR rate plus 43 basis points on money drawn

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under the \$100M agreement. The funds that are not drawn under the \$100M agreement will cost 21.5 basis points. The total cost is currently estimated to be \$750,000 to \$1M over the 2019/2020 biennium. The extended agreement would expire in August 2020.

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

H. Reports of the Director

Steve Hatcher, Customer Services Manager, reported on Q1 2018 call center performance metrics. Improvements over Q1 2017 performance metrics were detailed. This included an average speed of answering phones from 178 seconds in 2017 to 38 seconds in 2018 and the call abandonment rate of 11.1 percent in 2017 versus 2.8 percent in 2018. Call center staff was then introduced to the Board and Board Members made positive remarks and expressed appreciation for all the staff work that went into these improvements.

I. Comments by the Board

Chair Trudnowski shared that April 18 was National Line Workers Appreciation Day. Two journeymen and three line apprentices attended the meeting to represent Tacoma Power's 105 line workers. Board Members made positive remarks and expressed appreciation to all line workers for their contributions to construct and maintain the energy infrastructure of this country.

J. Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 7:08 p.m. until Wednesday, May 9, 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