



City of Tacoma

Government Performance and Finance Committee Minutes

747 Market Street Tacoma, WA 98402

Conference Room 248

October 02, 2018

10:00 AM

Chair Anders Ibsen, Vice Chair Ryan Mello,
Keith Blocker, Lillian Hunter, Justin Camarata(alternate)

JOINT MEETING WITH THE AUDIT ADVISORY BOARD

Call To Order

Chair Ibsen called the joint meeting to order at 10:00 a.m.

Present: 3 - Blocker, Hunter and Ibsen

Absent: 1 - Mello

Audit Advisory Board Members

Present: 3 - Ball, Jones, Larkin

Approval of Minutes

1. [18-1161](#) Approval of the minutes of the September 18, 2018 meeting

MOTION: Council Member Hunter moved to approve the minute of the September 18, 2018 meeting.

SECONDED BY: Council Member Blocker.

ACTION: Voice vote was taken and carried. The motion was declared adopted.

Ayes: 3 - Blocker, Hunter and Ibsen

Absent: 1 - Mello

Briefing Items

2. [18-1163](#) 2017 Financial and Federal Exit Conference
[Susan Calderon, Assistant Director, Finance; Joanne Klein, Audit Manager, Washington State Auditor's Office]

At approximately 10:01 a.m., Susan Calderon, Assistant Director, Finance, made opening remarks for the 2017 Financial and Federal Exit Conference, and introduced Joanne Klein, Audit Manager, and Linda Mastin, Assistant Audit Manager, Washington State Auditor's Office. Ms. Klein provided a background on the Washington State Auditor's Office and an overview of the presentation, including the 2017 audit reports and accountability audit. Ms. Mastin reviewed the financial statement results, examples of the audit reports, federal programs that were tested, and federal audit results. Ms. Klein concluded by describing the accountability audit starting in fall of 2018 and contacts.

Discussion ensued regarding the financial statement results.

3. [18-1159](#) Administrative Changes to Chapters 6A.10, 6B.10, and 6B.20 of the Tacoma Municipal Code
[Danielle Larson, Tax and License Manager, Finance]

At approximately 10:08 a.m., Danielle Larson, Tax and License Manager, Finance, presented an update on the Tacoma Municipal Code (TMC) Title 6 administrative provision amendments, including an overview of Tax and License administrative procedures and background. She concluded by reviewing the current and new penalty waiver; license fees, noting clarifying the refund language and removing pro-rated fees; license model ordinance requirements; and next steps.

MOTION: Council Member Hunter moved to recommend the TMC Title 6 administrative provision amendments to the full City Council for consideration.

SECONDED BY: Council Member Blocker.

ACTION: Voice vote was taken and carried. The motion was declared adopted.

Ayes: 3 - Blocker, Hunter and Ibsen

Absent: 1 - Mello

4. [18-1160](#) Provisional Rental Property License Code Changes
[Danielle Larson, Tax and License Manager, Finance]

At approximately 10:16 a.m., Ms. Larson, made opening remarks and presented the TMC Chapter 6B.165 Provisional Rental Property License Code, including an overview, noting a new type of Provisional Rental Property License; background; proposed changes; and next steps.

MOTION: Council Member Hunter moved to recommend the Provisional Rental Property License Code changes to the full City Council for consideration.

SECONDED BY: Council Member Blocker.

ACTION: Voice vote was taken and carried. The motion was declared adopted.

Ayes: 3 - Blocker, Hunter and Ibsen
Absent: 1 - Mello

5. [18-1162](#) 2019-2020 Tacoma Public Utilities Rates and Policy Proposals for Power, Water, Rail, and Click! Network
[Jackie Flowers, Utilities Director, Tacoma Public Utilities]

At approximately 10:21 a.m., Jackie Flowers, Utilities Director, Tacoma Public Utilities (TPU), provided an overview of the 2019-2020 biennium TPU rate proposals and introduced Chris Robinson, Tacoma Power Superintendent; Scott Dewhirst, Tacoma Water Superintendent; and Dale King, Tacoma Rail Superintendent, TPU. Ms. Flowers reviewed the public outreach timeline, communications, and themes; and low-income assistance programs, noting two different utility bill payment programs and a financial education program available, an overview of both utility bill payment programs, and an approval timeline. She further reviewed the principals of ratemaking and the ratemaking process. Mr. Robinson presented Tacoma Power rate proposals, including revenue requirement, noting the revenue requirement calculation, total revenue and expenditures, revenue gap, expenditures variance, and Click! Network budget and rate increases; cost-of-service analysis, including Tacoma Power customer classes and adjustment by class; and rate design, noting residential customer rates, average residential bill, a residential rate comparison chart, and the new pilot rate for direct-current fast charging stations. Mr. Dewhirst presented Tacoma Water rate proposals, noting revenue requirement, including revenue requirement calculation and revenue and expenditures; cost-of-service analysis, noting Tacoma Water customer classes and adjustment by class; and rate design, noting the average residential bill, a residential rate comparison

chart, and public fire protection, a hydrant service fee. Mr. King presented Tacoma Rail rate proposals, including line haul rates, noting primary ratepayers; cost-of-service analysis, noting the line haul rate analysis; and rate design, noting historical tariff rates and proposed 2019 rate adjustments. Ms. Flowers concluded by reviewing policy changes, noting Power and Water alignment.

Discussion ensued throughout regarding Tacoma Power's expenditures variance; if Washington Initiative Measure No. 1631 passes and there is broad implementation of electric vehicles would either or both have any bearing on wholesale revenues in the future; and if all utilities had to follow the 100 percent renewable energy goals rules would it have an impact on wholesale revenues. Discussion continued on if the Water Integrated Resource Plan has concluded, the Tacoma Rail line haul rate analysis, and Tacoma Rail's proposed 2019 rate adjustments. Discussion concluded on simplifying the charts for presentation to the full City Council.

The 2019-2020 rates proposal for Click! Network were not presented.

MOTION: Council Member Hunter moved to recommend the 2019-2020 TPU rates and policy proposals for Power, Rail, and Water to the full City Council for consideration.

SECONDED BY: Council Member Blocker.

ACTION: Voice vote was taken and carried. The motion was declared adopted.

Ayes: 3 - Blocker, Hunter and Ibsen

Absent: 1 - Mello

Topics for Upcoming Meetings

6. [18-1167](#) Committee Calendar

Bucoda Warren, Committee Liaison, stated the meeting on October 16, 2018 will include Title 6 clean ups, including an update on Entertainment and Show License, study on minimum wage, and an increase of Tacoma minimum wage; Manitou annexation; and Tacoma Power long-range plan. The meeting on November 6, 2018 will include Audit Advisory Board and Board of Ethics interviews.

Other Items of Interest

There were no other items of interest.

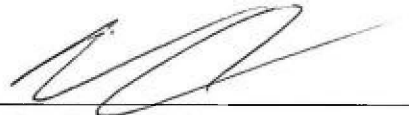
Public Comment

Public Comment was heard from:

1. Mitch Shook, Tacoma, WA, speaking on TPU rates and policy proposals.

Adjournment

There being no further business, the joint meeting was adjourned at 11:13 a.m.



Anders Ibsen, Chair



Jessica Jenkins, City Clerk's Office