



**TO:** Elizabeth Pauli, Tacoma City Manager  
**FROM:** Jackie Flowers, Director of Utilities  
**COPY:** City Council and City Clerk  
**SUBJECT:** Resolution, Loan Agreements Authorization  
**DATE:** September 21, 2021

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**SUMMARY AND PURPOSE:**

Subsequent to the Tacoma Public Utility Board's approval, Tacoma Rail now requests City Council authorization to accept grant funding awarded by the Washington State Department of Transportation to partially finance three (3) separate improvement projects.

**BACKGROUND:**

**This Department's Recommendation is Based On:** The interest free loans were awarded through a competitive call for projects initiated by the Washington State Department of Transportation, with subsequent funding appropriated by the State Legislature in the 2021 session. The Loan Agreements are for varying amounts, totaling \$1,651,000.00, less administrative fees of \$51,000.00, with ten (10) year repayment terms as described below:

Agreement No. RRB-1269, Improvements to Locomotive Maintenance and Fueling Facility, in a principal amount of \$868,000.00, less a 3.23% administrative fee of \$28,000.00, requiring ten annual payments of \$86,800.00 beginning in December 2022. This agreement also requires that Tacoma Rail provide a minimum match of \$1,826,264.00 toward completion of the project prior to June 30, 2023.

The loan will partially finance the upgrade of an existing locomotive fueling and servicing facility, by replicating features on an additional track, increasing the fuel storage capacity in support of two value added service contracts, and associated work to enhance operational efficiencies and systems resilience.

Agreement No. RRB-1275, Lincoln Avenue Track Upgrade Project, in a principal amount of \$318,000.00, less a 2.52% administrative fee of \$8,000.00, requiring ten annual payments of \$31,800.00 beginning in July 2023. This agreement also requires that Tacoma Rail provide a minimum match of \$369,471.00 toward completion of the project prior to June 30, 2023.

The loan will partially finance the upgrade of approximately 600 lineal feet of railroad track, including the replacement of two track turn-outs, and the removal and replacement of three private crossings.

Agreement No. RRB-1276, Tacoma Rail Yard Tracks Upgrade Project, in a principal amount of \$465,000.00, less a 3.23% administrative fee of \$15,000.00, requiring ten annual payments of \$46,500.00 beginning in July 2023. This agreement also requires that Tacoma Rail provide a minimum match of \$763,196.00 toward completion of the project prior to June 30, 2023.

The loan will partially finance the upgrade of approximately 2,400 lineal feet of railroad track, including three track turn-outs, in Tacoma Rail's main rail yard.



**ISSUE:** Tacoma Rail’s freight infrastructures in the Tideland’s area are heavily used and in need of periodic upgrades in order to facilitate the switching of railcars destined for customers in the Port of Tacoma and other outlying areas.

**ALTERNATIVES:**

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Reject the Loan Agreements opportunity, and abandon the project.	None associated with this alternative.	Missed opportunity to enhance safety.
2. Proceed with projects without benefit of zero interest Loan Agreements.	None associated with this alternative.	Potentially delays other Capital Outlay projects which are currently planned.

**STAFF/SPONSOR RECOMMENDATION:**

Tacoma Rail recommends that City Council authorizes execution of the Loan Agreements to assist with financing Capital Outlay projects planned for this biennial budget cycle.

**FISCAL IMPACT:**

Please provide a short summary of the fiscal impacts associated with the grant, agreement, policy action, or other action.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1. FUND-4500, TPU Rail	WBS numbers will be created for each project.		\$1,651,000.00
<b>TOTAL</b>			\$1,651,000.00



City of Tacoma

City Council Action Memorandum

**What Funding is being used to support the expense?**

PROJECTS ARE BUDGETED IN TPU-RAIL'S 2021/22 CAPITAL OUTLAY PROJECTS.

**Are the expenditures and revenues planned and budgeted in this biennium's current budget?**

YES

**Are there financial costs or other impacts of not implementing the legislation?**

YES

**Will the legislation have an ongoing/recurring fiscal impact?**

YES

TPU-RAIL WILL BE RESPONSIBLE FOR INSPECTING AND MAINTAINING THE UPGRADES IN A MANNER CONSISTENT WITH THE LOAN AGREEMENTS, AND OTHER APPLICABLE REGULATIONS.

**Will the legislation change the City's FTE/personnel counts?**

No

**ATTACHMENTS:**

- TPU Board Resolution U-11280