



## Board Action Memorandum

**TO:** Jackie Flowers, Director of Utilities  
**COPY:** Charleen Jacobs, Director and Board Offices  
**FROM:** Dale W. King, Superintendent, Tacoma Rail  
**MEETING DATE:** October 26, 2022  
**DATE:** October 6, 2022

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**SUMMARY:** Tacoma Rail requests authorization to update Tacoma Rail's Rate Policy to include a Volume Investment Fund.

**BACKGROUND:** Tacoma Rail's Rate Policy was last updated January 1, 2016. Due to the variability of the economy and shipping lanes, railcar volumes have the potential to deviate significantly from budgeted volumes. The proposed Rail Rate Policy creates a Volume Investment Fund, a sub fund in SAP, to provide a repository for operating revenue surpluses due to unanticipated rail volume growth above budget.

The Volume Investment Fund will provide revenue requirement flexibility during times of unanticipated economic downturns or capital spending that may be used to offset the necessity of rate increases. Use of the fund will be limited to workforce stability during unanticipated economic downturns, locomotive upgrades, rail infrastructure and grant or debt matching opportunities.

To establish a balance to the sub-fund, an initial \$500,000 will be transferred to the sub-fund from Tacoma Rail's 4500 enterprise fund when created. The sub-fund will be tracked and reported to the Tacoma Public Utility Board on a quarterly basis.

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED?** Yes.

**IF THE EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.**  
N/A.

**IF THE ACTION REQUESTED IS APPROVAL OF A CONTRACT, INCLUDE LANGUAGE IN RESOLUTION AUTHORIZING \$200,000 INCREASE IN ADMINISTRATIVE AUTHORITY TO DIRECTOR?** No.

**ATTACHMENTS:** Rail Rate Policy 2023 Changes, Rail Rate Policy 2023.

**CONTACT:**

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