

TACOMA PUBLIC UTILITIES
3628 South 35th Street
Tacoma, Washington 98409-3192

June 27, 2014

To the Chair and members of the Public Utility Board and
Mayor and members of the City Council:

SUBJECT: Locomotive Lease Agreement between Progress Rail Leasing Corporation and
Tacoma Rail

Request:

Tacoma Rail requests approval to enter into a Lease Agreement with Progress Rail Leasing Corporation for a five (5) year lease with an option to purchase two (2) locomotives.


Background:

Given increased business volumes, and the upcoming implementation of Positive Train Control (PTC), Tacoma Rail has determined it prudent to lease two (2) higher-horsepower locomotives to ensure their ongoing ability to efficiently meet current and projected freight rail service obligations.

During a formal Request for Proposal (RFP) process, thirteen (13) companies were invited to submit a proposal to the specification numbered TR14-0085F, in addition to normal advertising of the project, and four (4) submittals were received. A Selection Advisory Committee reviewed the submittals received, and unanimously ranked the submission for two (2) Electro-Motive Diesel SD70-ACe-P4 locomotives as the highest scoring proposal. Additionally, the Contracts & Awards Board also approved and recommends the award.

The Lease Agreement is for a five-year term with payments totaling \$1,642,500.00, per locomotive, and includes an option to purchase at the end of the lease term for an additional \$1,850,000.00, for a cumulative total of \$3,492,500.00, sales tax not applicable, per locomotive. The cumulative total of all lease payments and end of term purchase is \$6,985,000.00 for the two (2) locomotives.

APPROVED:



William A. Gaines
Director of Utilities/CEO

