



**TO:** Mayor Strickland and City Council Members  
**FROM:** William A. Gaines, Director, Tacoma Public Utilities  
Dale W. King, Tacoma Rail  
**COPY:** T.C. Broadnax, City Manager, and City Clerk  
**SUBJECT:** Interlocal Agreement between Port of Tacoma and City of Tacoma/Tacoma Public Utilities – Tacoma Rail, for North Lead Rail Project contribution – February 23, 2016.  
**DATE:** January 29, 2016

**SUMMARY:**

As required by RCW 39.34.030, Tacoma Rail requests City Council’s approval to enter into an Interlocal Agreement with the Port of Tacoma, which includes a provision for Tacoma Rail to make a \$2,000,000 contribution toward completion of a mutually beneficial track reconfiguration and improvement project.

The project, commonly referred to as the Port of Tacoma North Lead Rail Improvements Project, proposes to reconfigure the existing access points to the Tacoma Rail classification yard, and construct two (2) additional long intermodal tracks, in addition to other project related activities.

**STRATEGIC POLICY PRIORITY:**

State and briefly explain which strategic policy priority is best aligned to this action. Please remove the statements below you are not directly addressing.

- Strengthen and maintain a strong fiscal management position.
- Foster economic development vitality and sustainability.
- Plan for and improve public infrastructure that meets the freight transportation needs of Tacoma residents and businesses.

**BACKGROUND:**

Tacoma Rail in partnership with the Port of Tacoma recognizes that the assurance of continuing freight movement throughout Puget Sound is an issue of critical strategic importance to the City/Tacoma Rail and the Port of Tacoma, and the parties have concluded that the proposed project is necessary to increase the capacity and efficiency of the local freight rail system to support anticipated future growth.

Assuming Tacoma Public Utility Board approval on February 10, 2016, and City Council approval on February 23, 2016, this Interlocal Agreement will be before the Port of Tacoma Commission for approval during their meeting on March 17, 2016.

Following approval of the Interlocal Agreement by the required governing bodies, Port staff will seek authorization from the Port Commission to proceed with advertisement of the project bid specification.

**ISSUE:**

Each party owns land, railroad track, and supporting facilities which function as a port and freight rail system within the general area frequently referred to as the Tacoma Tide flats.

**ALTERNATIVES:**

One alternative is to take no action. However, that approach is not considered to be prudent by either party, and would likely be detrimental to our ongoing efforts to maintain and enhance our regional competitiveness.



**RECOMMENDATION:**

Tacoma Rail recommends that City Council authorize participation in the Interlocal Agreement with the Port of Tacoma for this railroad track reconfiguration and improvement project.

**FISCAL IMPACT:**

This expenditure is within the current authorized Capital Outlay budget parameters for Tacoma Rail.

**EXPENDITURES:**

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
4500 Tacoma Rail / TPU	592302		\$2,000,000
<b>TOTAL</b>			<b>\$2,000,000</b>

\* General Fund: Include Department

**REVENUES:**

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
WSDOT Railbank Loan RRB-1111 (Resolutions U-10809 and 39280)	592302		\$365,823
Port of Tacoma 2015 volume incentive rebate	591004		\$453,126
<b>TOTAL</b>			<b>\$818,949</b>

**POTENTIAL POSITION IMPACT:**

POSITION TITLE	PERMANENT/ PROJECT TEMPORARY POSITION	FTE IMPACT	POSITION END DATE
N/A			
<b>TOTAL</b>			

*This section should only be completed if a subsequent request will be made to increase or decrease the current position count.*

**FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$2,000,000**

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

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

Explain how expenditures are to be covered and if budget modifications are required.