



WEEKLY REPORT TO THE CITY COUNCIL

September 29, 2016

Members of the City Council
City of Tacoma, Washington

Dear Mayor and Council Members:

ACTION REQUESTED

1. Please note the following **2017-2018 Biennial Budget Community Input Meetings**:
 - **Wednesday, October 10th, 6:00 – 8:00 p.m.**
University of Puget Sound
Wheelock Student Center Rotunda
1500 North Warner Street
 - **Wednesday, October 12th, 6:00-8:00 p.m.**
Fire Station #8
4911 South Alaska Street
 - **Wednesday, October 19th, 6:00 – 8:00 p.m.**
Lincoln High School Cafeteria
701 South 37th Street
2. As a reminder, Tuesday's **City Council meeting has been moved back to the City Council Chambers.**

ITEMS OF INTEREST

3. There will be an **informational meeting about the proposed Proctor South development project on Monday, October 10th, 6:30 - 8:30 p.m.**, at Mason Middle School, located at 3901 North 28th. The developers of Proctor Station are applying for permitting approval from the City of Tacoma for Proctor South, their next multi-family apartment building planned for North 25th and Proctor Streets. The City of Tacoma in conjunction with the North End Neighborhood Council will host this meeting to introduce the proposed development, provide details of the permitting process, explain SEPA (State Environmental Policy Act) review, and describe ways for the community to comment. Planning and Development staff will present:
 - Details about the proposed development and its permitting status.
 - The SEPA Review process [environmental checklist]: What items are included in a SEPA review and what extra conditions might be required of a project in order to mitigate environmental impacts?

- Proctor South's SEPA review and the City's findings in its preliminary determination of that review.
- The opportunities for public comment.
- Timeline for Proctor South (as it stands now).

After the City's presentation, there will be time set aside for Q & A. Forms for written public comments and staff contact information will be available. Please note this is not a public hearing and the City will not be recording the meeting.

4. On August 29, 2016 the City of Tacoma's **Environmental Services Department, Science and Engineering**, was awarded the **Washington State American Public Works Association's Chapter Award for Project of the Year**. Tacoma won in the category of Emergency/Disaster Preparedness for the Central Wastewater Treatment Plant (CTP) Flood Protection Project. In addition, this honor has led to this important project being selected as one of APWA's National Public Works Projects of the Year for 2016. This milestone CTP Flood Protection Project gives the region much needed defense against a major flooding event, as this facility was ranked second in the region for critical infrastructure flood risk by the district. The need to reduce this danger brought the proactive installation of a 2,500 foot long flood wall that stretches along the outside of the plant. These awards recognize excellence in management and administration to successfully complete public works projects.

In addition, **Environmental Services, Operations and Maintenance**, has received four awards from the **National Association of Clean Water Agency (or NACWA)** and the **Washington State Department of Ecology**. These awards are only possible because each year the City Council provides resources to operate our two wastewater treatment plants to the levels of compliance that generate these awards. It takes City Council support and a strong team of very skilled diligent staff working together to achieve this high level of compliance. Each year the National Association of Clean Water Agencies (NACWA) and the Washington State Department of Ecology recognize public agencies for their commitment, innovation & achievements in the clean water community through 100% compliance with their National Pollutant Discharge Elimination System Permits. This year the North End Treatment Plant received a Platinum Level Peak Performance Award from NACWA for the 16th consecutive year! NACWA also awarded the Central Treatment Plant with a Gold Peak Performance Award. Additionally, both of the City's Treatment Plants received "Wastewater Treatment Plant Outstanding Performance Award" for 2013 from Ecology.

CITY COUNCIL MEETING

5. At Tuesday's City Council meeting, there will be a **motion prepared for your consideration to write-off \$89,057.81 in uncollectable debt associated with the TRMW's Western Junction Facility** located in Thurston County. The timing of this request corresponds with a separate request for City Council consideration on Tuesday's City Council agenda, Resolution No. 39553, declaring surplus and approving the sale of approximately 35 miles of property, related railroad infrastructure, and personal property associated with the Western Junction Facility.

STUDY SESSION/WORK SESSION

6. Please note the **City Council Study Session** of Tuesday, October 4, 2016, will be held in the City Council Chambers of the Tacoma Municipal Building, at Noon. The Discussion items will be: (1) **2017-2018 Proposed Biennial Budget Presentation**; (2) **Other Items of Interest**; (3) **Committee Reports**; (4) **Agenda Review and City Manager's Weekly Report**; and (5) **Executive Session – Pending and Potential Litigation and Real Estate Negotiations**.

At Tuesday's Study Session, I will be providing Council with my **budget recommendations for the proposed 2017/2018 Biennial Budget**. Please note the Study Session will be televised live on TV Tacoma from the City Council Chambers for our citizens.

7. The updated **Tentative City Council Forecast and Consolidated Standing Committee Calendars** are attached for your information.

COUNCIL REQUESTS/INQUIRIES

8. At the June 14th Study Session during the Streets Initiatives Dashboard discussion, Council Member Thoms stated that he would like to see a similar **dashboard for the City's permitting process**. In response, Planning and Development Services (PDS) Director Peter Huffman reports that staff have developed a Dashboard for Residential Building Permits. This dashboard reports volume and turnaround time for Residential New and Alteration Permits and is divided into two sections. The first section of the dashboard focuses on the whole permit timeline: from submittal of the application to issuance of the permit. An acceptable level of service (LOS) is currently defined as 30 days or less from submittal to issuance, 85% of the time. This first section of the dashboard includes:

- Total number of residential new and alteration permits issued
- Total issued that met LOS (i.e., were issued within 30 days) and associated percentage
- Days from submittal to issuance: Minimum, Maximum, Median

The second section of the dashboard reports on the time it takes to complete individual workflow tasks associated with the review of Residential New and Alteration Permits. This helps supervisors identify bottlenecks. Based on this information, supervisors can make adjustments to workflow tasks and measure the effects of those improvements.

This dashboard can be published externally on TacomaPermits.org, and a similar dashboard may be developed to track the LOS compliance and turnaround time for Commercial Building permits. The dashboard adds transparency to our permitting processes and allows our customers an "on-demand" look at how the PDS Department is performing. If you have questions or need further information, please contact Site and Buildings Manager Steve Standley at (253) 502-2159.

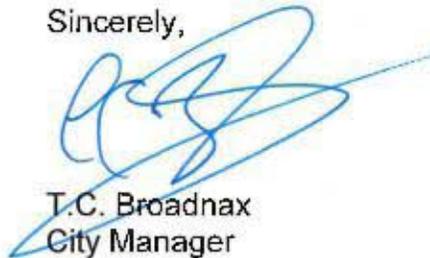
9. In addition at the June 14th Study Session, Council Member McCarthy requested that the **Streets Initiatives Dashboard webpage include an overview of the Streets Initiative, be more explicit of present versus potential future projects on the map, and layout criteria for road selection.** Public Works reports that the dashboard does have a link to a page that provides more general information on the Streets Initiatives. As Public Works puts together their 2017 and then 2018 projects being worked on, they will be more specific on when projects will be started by identifying the quarter. They have also presented to the Transportation Commission on their criteria for project selection and will work to get that information uploaded to the Streets Initiatives webpage.

MARK YOUR CALENDARS

10. You have been invited to the following events:
- University of Washington Tacoma - **People Place Power: Advancing Racial and Economic Equity in Changing Communities on Thursday, October 6th, 6:00-7:30 p.m.**, at the William W. Philip Hall, located at 1918 Pacific Avenue.
 - **2016 South Sound Heart & Stroke Walk on Saturday, October 8th, at Cheney Stadium**, located at 2502 South Tyler Street. Event festival begins at 8:00 a.m., and the walk begins at 9:30 a.m.
 - **St. Joseph Medical Center's 125th Anniversary Celebration on Monday, October 10th, 10:30 – 11:30 a.m.**, at the North S2 parking lot, located at South 16th and I Streets under the tent.
 - **Citizens for a Healthy Bay 1st Annual Breakfast for the Bay on Tuesday, October 11th, 7:30 to 8:45 a.m.**, at the Museum of Glass, located at 1801 Dock Street.

- **University of Washington Tacoma-Charting Our Course 2016-2021 Strategic Plan Celebration on Monday, October 17th, 3:30 p.m.**, at William W. Philp Hall, located at 1918 Pacific Avenue.
- **6th Annual Excellence in Affordable Housing Awards Celebration, on Thursday, October 20th, 5:00-7:00 p.m.**, at the Foss Waterway Seaport, located at 705 Dock Street.
- **Graduate Tacoma 2016 Cradle to Career Lunch with Tacoma Students on Friday, October 28th, 11:45 a.m. – 1:15 p.m.**, at the Greater Tacoma Convention Center, located at 1500 Broadway.
- **5th Annual Lead the Way Home Breakfast on Thursday, November 3rd, 7:30 - 8:30 a.m.**, at the Foss Waterway Seaport, located at 705 Dock Street.
- **Asia Pacific Cultural Center 20th Anniversary Celebration on Thursday, November 3rd, 6:00 p.m.**, at the Greater Tacoma Convention & Trade Center, located at 1500 Broadway.

Sincerely,

A handwritten signature in blue ink, appearing to read 'T.C. Broadnax', is written over the typed name and title.

T.C. Broadnax
City Manager

TCB:crh
Attachments



TO: T.C. Broadnax, City Manager

FROM: Kurtis D. Kingsolver, P.E., Public Works Director/City Engineer /KDK
Dale W. King, Tacoma Rail Superintendent/COO

SUBJECT: City Council Motion authorizing the write-off of uncollectable debt associated with the TRMW Western Junction Facility

DATE: September 26, 2016

This memorandum is intended as background information in support of a Tacoma City Council motion authorizing the write-off of \$89,057.81 in uncollectable debt associated with the Tacoma Rail Mountain Division Western Junction Facility located in Thurston County.

Background on the Mountain Division and assignment of departmental responsibilities:

The City of Tacoma acquired the Tacoma Rail Mountain Division Railroad (TRMW) in 1995; the Western Junction locomotive repair facility near railroad Mile Post 42.0C in Thurston County was an existing feature at the time of the acquisition.

In 2004 Tacoma Rail and the Public Works Department (Public Works) entered into an Operating Agreement for the TRMW following approval from the Public Utility Board through Resolution No. U-9900 and City Council Substitute Resolution No. 36191. In 2011 the City Council authorized a Memorandum of Agreement, which updated the arrangement by which Tacoma Rail operates the TRMW on behalf of Public Works through Resolution No. 38389. Per authority delegated in these Agreements, business purchase and expenditure decisions involving amounts up to \$200,000 may be made without further City Council approval. However, to ensure strict compliance with TMC 1.06.226 and that the City Council is fully informed, approval of the subject debt write-off is requested.

Background of tenant leases associated with this request:

A lease of the Western Junction Facility to Global Locomotive, LLC, (Tax Id. No. 27-0783166) was authorized in December 2009 through City Council Resolution No. 37952. In September 2011, Global Locomotive, LLC, changed its name to Sygnet Rail Technologies, LLC. (SRT), UBI #602959554. Amendment No. 1 to that Lease Agreement (L-167), was executed in October 2011 to document the name change, and further amended twice to extend the term of the Agreement.

Tacoma Rail received notice in early July 2014 that SRT had entered into a Conditional Purchase Agreement with Gibraltar Foundation (GF), a Delaware corporation, which had structured the arrangement in a manner that relieved GF from the debt obligations accumulated prior to the acquisition. On July 31, 2014, Tacoma Rail issued a Notice of Lease Termination to Global Locomotive, LLC/SRT President David S. Swanson for monetary default.

At the time the notice was issued, there were \$57,954.15 of unpaid lease payments and associated fees in arrears.

GF Managing Member Michael L. Cappy advised Tacoma Rail that following the acquisition of SRT, the corporate entity engaged in various projects at the Western Junction Facility would assume the name Sygnet, LLC, UBI #603425843. A short-term Lease Agreement signed by Michael L. Cappy was executed with Sygnet, LLC, to be effective upon closing of the Conditional Purchase Agreement. The effective date of this Agreement (L-176) was August 5, 2014.

The short-term (364 days) Lease Agreement with Sygnet, LLC, was established to provide for ongoing locomotive remanufacture and production activities. At the request of the new investor, this Lease Agreement contained a provision which waived the base rent for the first six months, after which the monthly lease payments would be the amount approved by City Council for the initial lease to Global Locomotive, LLC. Per the short-term Lease Agreement, Tacoma Rail issued an invoice to Sygnet, LLC, in January 2015 for the monthly lease payment required to occupy the facility in February 2015. Sygnet, LLC failed to pay that invoice and provided no response to indicate it intended to do so.

Consequently, on February 12, 2015, Tacoma Rail issued a Notice of Past Due Rent and Default Notice for Non-compliance addressed to Michael L. Cappy, Managing Member, Sygnet, LLC. Those Notices were issued via certified mail and email, but produced no response. Tacoma Rail confirmed, however, that by the end of February 2015, Sygnet, LLC, had fired its employees, ceased all operations at the Western Junction Facility, and abandoned on-site various parts, materials, tools, business records, and third-party equipment and property.

Following Sygnet, LLC's cessation of business and abandonment of the Western Junction Facility, Tacoma Rail promptly secured the facility and began efforts to assess site conditions and status of abandoned personal property items. Tacoma Rail engaged in activities during the next several months to properly clean up the facility and return third party assets to the rightful owners, during which time Tacoma Rail continued to generate lease payment invoices to Sygnet, LLC. On May 15, 2015, Tacoma Rail issued a Notice of Termination of Lease to Michael L. Cappy, Managing Member, Sygnet, LLC. At the time the notice was issued, there were \$31,103.66 of unpaid lease payments and associated fees in arrears.

Subsequent to the abandonment of the facility by Sygnet, LLC, there were costs associated with clean-up of the facility such as Phase I environmental survey, general clean-up and other incidental costs incurred totaling \$70,128.43, for which Tacoma Rail did not make a formal demand to collect. The rationale of that decision was based on the fact that other formal demands to collect amounts owing had been ignored, and it was deemed futile and not cost effective to pursue reimbursement of these incidental costs as the likelihood of payment was uncertain.

The total of uncollectable debt associated with all three legal entities and the Lease Agreements for rents and associated fees is \$89,057.81 in addition to \$70,128.43 of incidental costs associated with the clean-up effort following the tenant abandonment, for a cumulative total of \$159,186.24.

As perspective, Tacoma Rail successfully collected \$562,027.93 in lease payments for use of the Western Junction Facility from Global Locomotive, LLC/SRT from December 2009 through May 15, 2015. However, Tacoma Rail has not received any payment of debt amounts owed since May 2015 notwithstanding invoicing and collection efforts following Sygnet LLC's abandonment of the premises and Tacoma Rail's termination of the lease.

Conclusion:

There is no reasonable expectation that pursuing payment through litigation or turning the matter over to a collection agency would result in payment of the subject debts to the City.

Tacoma Rail believes it has exhausted all reasonable efforts to collect the subject debt as required by TMC 1.06.226 and, therefore, it would be an imprudent use of City resources to attempt further collection of such debt. This conclusion is based on prior debt collection efforts and analysis of relevant facts involved including, but not limited to: (1) Lessee's non-payment and non-response to any and all invoices and debt collection efforts subsequent to May 2015; (2) status of debtor legal entities (i.e., limited liability companies shield pass-through liability of LLC members and dissolution of both SRT and Sygnet LLC in February 2015); and (3) additional cost of further collection efforts, together with very low likelihood of recovering either underlying debt or such additional cost.

The fiscal impact of writing-off the uncollectable debt is \$89,057.81 recorded in previous periods as bad debt expense. However, based on the totality of facts and circumstances, Tacoma Rail recommends that the City Council authorize the Finance Department to write-off these debts in the current biennial budget cycle.

**City of Tacoma 2016
City Council Forecast**

Date	Meeting	Subject	Department
October 4, 2016	Study Session (Council Chambers)	2017/2018 Proposed Biennial Budget Overview	Finance/Budget/CMO
		Executive Session - Pending & Potential Litigation and Real Estate Negotiations (Room 148)	CAO/PW Real Properties
	City Council Meeting		
October 11, 2016	Study Session (Council Chambers)	Capital Budget, Public Works, Public Assembly Facilities, and Planning & Development Services Budget Presentations	OMB, PW, PAF, & PDS
	City Council Meeting		
October 18, 2016	Joint Utility Board Study Session (Council Chambers)	2017/2018 Preliminary Tacoma Public Utilities Budget Overview	TPU
	City Council Study Session	General Government Utilities Budget and Rates Overview	ESP
	City Council Meeting		
October 25, 2016	Study Session (Council Chambers)	Gen Fund Revenues/Cost Drivers, Police & Fire Budget Presentation	OMB, Police & Fire
	City Council Meeting		
November 1, 2016	Study Session (Council Chambers)	Muni Court, Community & Economic Development, Library, NCS and Internal Services Budget Presentations	Muni Ct, CED, Library, NCS,
	City Council Meeting		
November 8, 2016	Study Session (Council Chambers)	Community Services/General Fund & Non Departmental Budget Wrap-up	OMB
	City Council Meeting		
November 15, 2016	Joint Utility Board Study Session	Joint Quarterly Meeting	TPU
	City Council Study Session	Budget Wrap up if needed	OMB
	City Council Meeting	2017-2018 Biennial Budget and ES Rates Ordinances First Reading	Finance/OMB
November 22, 2016	Study Session	Tacoma Mall Neighborhood Subarea Plan and EIS	PDS
	City Council Meeting	2017-2018 Biennial Budget Ordinance Final Reading	Finance/OMB
November 29, 2016	Study Session	Small Business Enterprises & Local Employment Apprenticeship Program	CED
	City Council Meeting		
December 6, 2016	Study Session		
	City Council Meeting		
December 13, 2016	Study Session	ADA Transition Plan	Human Resources
	City Council Meeting		
December 20, 2016	CANCELLED		
December 27, 2016	CANCELLED		

Community Vitality and Safety	
Committee Members: Woodards (Chair), Campbell, Loneragan, Blocker, Altonato-Mello Executive Liaison: Nadia Chandler-Hardy; Staff Support - India Adams	2nd and 4th Thursdays 4:30 p.m. Room 248
CBC Assignments:	<ul style="list-style-type: none"> • Citizen Police Advisory Committee • Human Services Commission • Human Rights Commission • Housing Authority <ul style="list-style-type: none"> • Commission on Disabilities • Library Board • Tacoma Community Redevelopment Authority
October 13, 2016 Human Services Funding Recommendation	<i>Nadia Chandler Hardy, Director, NCS;</i> <i>Pamela Duncan, Human Services Division Manager and Jovan Dumas, Chair, Human Services Commission</i>
Future: October 17, 2016 - Special Meeting Hilltop Community Engagement Group Interviews	<i>Carol Wolfe, Supervisor, Community and Economic Development</i>
October 27, 2016 Human Services Funding Recommendation	<i>Nadia Chandler Hardy, Director, NCS;</i> <i>Pamela Duncan, Human Services Division Manager and Jovan Dumas, Chair, Human Services Commission</i>
Tacoma Area Commission on Disabilities Interviews	<i>Doris Sorum, City Clerk's Office</i>
Humane Society Contract	<i>Shawn Stringer, Captain, Police Operations Bureau</i>

Economic Development Committee	
Committee Members: Campbell (Chair), Strickland, Mello, Thoms, McCarthy (alternate) Executive Liaison: T.C. Broadnax; Staff Support - Brad Forbes	2nd, 4th, and 6th Tuesdays 10:00 a.m. Room 248
CBC Assignments:	<ul style="list-style-type: none"> • Tacoma Arts Commission • Greater Tacoma Regional Convention Center Public Facilities District <ul style="list-style-type: none"> • Foss Waterway • City Events and Recognition Committee
October 11, 2016 Special Events Program Update & Enhancements	<i>Kala Dralle, Program Development Specialist, Community and Economic Development</i>
Multi family property tax exemptions (MFPE) updates	<i>Debbie Bingham, Program Development Specialist, Community and Economic Development</i>
Future: October 25, 2016 Proglis Site Update	<i>Martha Anderson, Assistant Director, Community and Economic Development</i>
City of Tacoma Business Survey Results	<i>Martha Anderson, Assistant Director, Community and Economic Development</i>
Downtown Commercial Office Incentives	<i>Ely Wolkowiak, Business Development Manager, Community and Economic Development</i>
November 8, 2016 Arts Commission Interviews	<i>Doris Sorum, City Clerk</i>
Q2 & Q3 2016 Economic Dashboards	<i>Debbie Bingham, Program Development Specialist, Community and Economic Development</i>

Government Performance and Finance Committee

Committee Members: Lonergan (Chair), Campbell, Thoms, Ijzen, Altemate-Strickland
Executive Liaison: Andy Cherullo; Staff Support - David Nash-Mendez

1st, 3rd, and 5th Wednesdays
4:30 p.m.
Room 248

CBC Assignments:

- Public Utility Board
- Board of Ethics

- Audit Advisory
- Civil Service Board

October 5, 2016 Message Parlor Operating Hours

Danielle Larson, Senior Financial Manager,
Tax and License

October 19, 2016 Audit Advisory Board Meeting

Susan Calderon, Assistant Finance Director,
Finance Department and Linda Mastin,
Washington State Auditor's Office

2015 Federal Audit and 2014 Accountability
transcript interview

November 2, 2016

Infrastructure, Planning and Sustainability Committee

Committee Members: Mello (Chair), Ijzen, Thoms, McCarthy, Altemate-Blocker
Executive Liaison: Mark Lauzier; Staff Support - Rebecca Boydston

2nd and 4th Wednesdays
4:30 p.m.
Room 16

CBC Assignments:

- Sustainable Tacoma Commission
- Planning Commission
- Landmarks Preservation Commission
- Planning Commission

- Board of Building Appeals
- Transportation Commission

October 12, 2016 Residential Infill Pilot Program

Effort Barnett, Planner, Planning and
Development Services

Prairie Live Historical Interpretation Project

Effort Barnett, Planner, Planning and
Development Services

Sustainable Materials Management Plan

Jim Parvey, Assistant Division Manager,
Environmental Services

Environmental Action Plan

Jim Parvey, Assistant Division Manager,
Environmental Services

Future:

October 26, 2016 Master Mobility Plan Update
Bike Share

Jim Parvey, Assistant Division Manager,

Commute Trip Reduction

Jim Parvey, Assistant Division Manager,

November 9, 2016