



ORDINANCE NO. 28835

1 AN ORDINANCE relating to the Department of Public Utilities, Water Division
2 (d.b.a. "Tacoma Water"); approving the execution of a Water Supply
3 Agreement with WestRock CP, LLC, through July 31, 2023, with the option
4 to renew for additional one-year periods, with a final ending date not to
5 exceed July 31, 2025.

6 WHEREAS on January 1, 2006, Simpson Tacoma Kraft Company, LLC, a
7 limited liability company organized under the laws of the state of Washington
8 ("STKC") and Tacoma entered into a Water Supply Agreement, wherein Tacoma
9 agreed to sell and STKC agreed to purchase a water supply from Tacoma for
10 certain STKC industrial operations, and

11 WHEREAS the 2006 Agreement was amended on July 22, 2015, and on
12 July 30, 2020 ("2006 Amended Agreement"), and

13 WHEREAS WestRock CP, LLC ("WestRock") is STKC's successor in
14 interest and under the 2006 Amended Agreement has guaranteed the payment
15 obligations, and

16 WHEREAS in July 2020, the final five-year optional extension period was
17 amended pursuant to Public Utility Board Resolution No. U-11176 and Tacoma
18 City Council Ordinance No. 28683, to a one-year extension running through
19 July 31, 2021, with options to extend for up to four additional one-year periods,
20 with a final ending date not to exceed July 31, 2025, and

21 WHEREAS the expectation was that WestRock and Tacoma would extend
22 the 2006 Amended Agreement for each of the four additional one-year extensions
23 upon mutual agreement of the parties, to the maximum extension date of July 31,
24 2025, and
25
26



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

WHEREAS, through an administrative oversight, the extension of the 2006 Amended Agreement was not completed by August 1, 2021, and

WHEREAS WestRock has continued its use of water as provided for in the 2006 Amended Agreement and has paid the invoices it received from Tacoma, which has billed WestRock at the rate set forth in Tacoma Municipal Code ("TMC") Section 12.10.400(E) for the Pulp Mill Contract, and

WHEREAS the parties desire to enter into a new Water Supply Agreement which will confirm and reestablish the term and conditions of the 2006 Amended Agreement before the City's 2023-2024 biannual budget and rates are adopted, with the intent that the proposed Water Supply Agreement will be the basis of the 2023-2024 Pulp Mill Contract rate set forth in TMC Section 12.10.400(E), and

WHEREAS the proposed Agreement will be effective through July 31, 2023, with the potential of additional one-year extensions, with a final ending date limited to no later than July 31, 2025, which is the same final end date as was in the 2006 Amended Agreement, and

WHEREAS, by adoption of Public Utility Board Resolution No. U-11345 on September 28, 2022, the proposed Agreement was approved, pending confirmation from the City Council, and

WHEREAS Section 4.11 of the Tacoma City Charter requires that all matters relating to the "fixing of rates . . . shall be initiated by the Board, subject to approval by the Council, and executed by the Board," prior to acceptance of the proposed Agreement; Now, Therefore,



BE IT ORDAINED BY THE CITY OF TACOMA:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

That the request of the Department of Public Utilities, Water Division (d.b.a. "Tacoma Water"), to enter into a Water Supply Agreement with WestRock CP, LLC, through July 31, 2023, with the option to renew for additional one-year periods, with a final ending date not to exceed July 31, 2025, is hereby approved, and the Director of Utilities is authorized to execute said agreement to be substantially in the form of the document on file in the office of the City Clerk, with the requirement that any request to exercise the allowed one-year options to renew this Water Supply Agreement shall be brought to the Public Utility Board.

Passed _____

Mayor

Attest:

City Clerk

Approved as to form:

Chief Deputy City Attorney

Requested by Public Utility Board
Resolution No. U-11345