



ORDINANCE NO. 28683

1 AN ORDINANCE relating to the Department of Public Utilities, Water Division
2 (d.b.a. "Tacoma Water"); authorizing an amendment to the agreement with
3 RockTenn, CP LLC, now doing business as WestRock CP, LLC, to extend
4 the agreement for an initial period of one year, with the option to renew for
5 four additional one-year periods.

6 WHEREAS the City of Tacoma, through its Department of Public Utilities,
7 Water Division (d.b.a. "Tacoma Water") entered into a ten-year Water Supply
8 Agreement ("Agreement") with the Simpson Tacoma Kraft Company (under Public
9 Utility Board Resolution No. U-10006), commencing on January 1, 2006, and
10 ending on July 31, 2015, that included two optional five-year extensions, subject to
11 mutual agreement of the parties, and

12 WHEREAS RockTenn, CP LLC, ("RockTenn") a wholly owned subsidiary of
13 WestRock CP, LLC, ("Westrock"), acquired substantially all of Simpson's Tacoma
14 assets in 2014, and the Public Utility Board ("Board") through Board Resolution
15 No. U-10686, consented to the assignment of the Contract from Simpson to
16 RockTenn, and

17 WHEREAS the City and RockTenn agreed to extend the initial 10-year term
18 with the first of the five-year extensions commencing August 1, 2015, through
19 July 31, 2020, and such agreement was authorized through Board Resolution
20 No. U-10784, and

21 WHEREAS RockTenn, now doing business as WestRock, does not require
22 treated potable water for process use and is seeking alternative water source(s) to
23 reduce operating expenses to remain cost-competitive, and
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WHEREAS a Memorandum of Agreement (“MOA”) between the City’s Environmental Services Division, Tacoma Public Utilities Water Division, and WestRock, provides that the parties will conduct a Preliminary Evaluation to study the potential of reclaimed water as an alternate source of supply, and

WHEREAS WestRock is unwilling to agree to the second five-year extension in the original Agreement due to business challenges and the economic uncertainty of the COVID-19 pandemic, amongst other factors, and

WHEREAS amending the Agreement by approving a one-year extension and allowing for the potential of four additional one-year extensions, affords WestRock the ability to align with the expiration of the Tacoma Power Supply Agreement in 2021, to have preliminary results of the reclaimed water supply study, and to evaluate other alternative supply options and/or alternative rate structures, and

WHEREAS Tacoma Water is requesting that the Director of Utilities be authorized to sign the first one-year extension, but if the City and WestRock want to exercise any of the allowed additional one-year extensions, such extension requests will be brought to the Board, and

WHEREAS the Agreement sets the rate to be paid by WestRock for the water supplied by Tacoma Water, and pursuant to City Charter Section 4.11, all matters relating to rates shall be initiated by the Board, subject to approval by the City Council; Now, Therefore,



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BE IT ORDAINED BY THE CITY OF TACOMA:

Section 1. That the City Council hereby adopts the Recitals of this Ordinance as its formal legislative findings.

Section 2. That the request of the Department of Public Utilities, Water Division (d.b.a. "Tacoma Water"), to authorize an amendment to the agreement with RockTenn, CP LLC, now doing business as WestRock CP, LLC, to extend the agreement for an initial period of one year, with the option to extend for up to four additional one-year periods, is hereby approved, the Director of Utilities is authorized to sign the initial one year extension, and any other extension requests will be brought to the Board.

Section 3. That the City Clerk, in consultation with the City Attorney, is authorized to make necessary corrections to this ordinance, including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers, and any references thereto.

Passed _____

Mayor

Attest:

City Clerk

Approved as to form:

City Attorney