



## Board Action Memorandum

**TO:** Jackie Flowers, Director of Utilities  
**COPY:** Charleen Jacobs, Director and Board Offices  
**FROM:** Dale W. King, Superintendent, Tacoma Rail  
**MEETING DATE:** September 8, 2021  
**DATE:** August 27, 2021

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### STRATEGIC DIRECTIVE ALIGNMENT (select as many that apply):

Please indicate which of the Public Utility Board's Strategic Directives is supported by this action.

- |  |   |
|--|---|
| <input type="checkbox"/> SD1 – Equity & Inclusion                  | <input type="checkbox"/> SD8 – Telecom                            |
| <input checked="" type="checkbox"/> SD2 – Financial Sustainability | <input type="checkbox"/> SD9 – Economic Development               |
| <input type="checkbox"/> SD3 – Rates                               | <input type="checkbox"/> SD10 – Government Relations              |
| <input type="checkbox"/> SD4 – Stakeholder Engagement              | <input type="checkbox"/> SD11 – Decarbonization/Electric Vehicles |
| <input type="checkbox"/> SD5 – Environmental Leadership            | <input type="checkbox"/> SD12 – Employee Relations                |
| <input type="checkbox"/> SD6 – Innovation                          | <input type="checkbox"/> SD13 – Customer Service                  |
| <input checked="" type="checkbox"/> SD7 – Reliability & Resiliency | <input checked="" type="checkbox"/> SD14 – Resource Planning      |

**SUMMARY:** Tacoma Rail requests approval to enter into three (3) Loan Agreements totaling \$1,651,000.00 with the Washington Department of Transportation for separate improvement projects.

**BACKGROUND:** The interest free loans were awarded through a competitive call for projects initiated by the Washington State Department of Transportation, with subsequent funding appropriated by the State Legislature in the 2021 session. The Loan Agreements are for varying amounts, totaling \$1,651,000.00, less administrative fees of \$51,000.00, with ten (10) year repayment terms as described below:

Agreement No. RRB-1269, Improvements to Locomotive Maintenance and Fueling Facility, in a principal amount of \$868,000.00, less a 3.23% administrative fee of \$28,000.00, requiring ten annual payments of \$86,800.00 beginning in December 2022. This agreement also requires that Tacoma Rail provide a minimum of \$1,826,264.00 toward completion of the project prior to June 30, 2023.

The loan will partially finance the upgrade of an existing locomotive fueling and servicing facility, by replicating features on an additional track, increasing the fuel storage capacity in support of two value added service contracts, and associated work to enhance operational efficiencies and systems resilience.

NOTE: Construction contract authorized through Resolution U-11273, item 4, on August 25, 2021.

Agreement No. RRB-1275, Lincoln Avenue Track Upgrade Project, in a principal amount of \$318,000.00, less a 2.52% administrative fee of \$8,000.00, requiring ten annual payments of \$31,800.00 beginning in July 2023. This agreement also requires that Tacoma Rail provide a minimum of \$369,471.00 toward completion of the project prior to June 30, 2023.

The loan will partially finance the upgrade of approximately 600 lineal feet of railroad track, including the replacement of two track turn-outs, and the removal and replacement of three private crossings.

Agreement No. RRB-1276, Tacoma Rail Yard Tracks Upgrade Project, in a principal amount of \$465,000.00, less a 3.23% administrative fee of \$15,000.00, requiring ten annual payments of \$46,500.00 beginning in



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July 2023. This agreement also requires that Tacoma Rail provide a minimum of \$763,196.00 toward completion of the project prior to June 30, 2023.

The loan will partially finance the upgrade of approximately 2,400 lineal feet of railroad track, including three track turn-outs, in Tacoma Rail's main rail yard.

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

**IF THE EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW IT IS TO BE COVERED.**

Any the identified projects which extend beyond the current budget cycle will be resubmitted for consideration in the 2023-24 biennial budget cycle.

**IF THE ACTION REQUESTED IS APPROVAL OF A CONTRACT, INCLUDE LANGUAGE IN RESOLUTION AUTHORIZING \$200,000 INCREASE IN ADMINISTRATIVE AUTHORITY TO DIRECTOR? No**

**ATTACHMENTS:** WSDOT Loan Agreements Numbered RRB-1269, RRB-1275, and RRB-1276.

**CONTACT:**

Primary Contact: Kyle Kellem, Roadmaster, (253) 377-3554.

Supervisor's Name: Alan Matheson, Assistant Superintendent, (253) 405-6782.