



TO: Elizabeth A. Pauli, City Manager
FROM: Teague Pasco, Senior Real Estate Specialist, Public Works
 Michael P. Slevin III, P.E., Director, Environmental Services *M.P.S.*
COPY: City Council and City Clerk
SUBJECT: Request for Resolution: Release of Easement from Union Pacific Railroad for CTP
 Electrical Distribution System Replacement Project –April 28, 2020
DATE: April 13, 2020

SUMMARY AND PURPOSE:

The Environmental Services Department recommends a resolution authorizing the execution of an agreement with Union Pacific Railroad Company (UPRR), a Delaware corporation, in the amount of \$1,146,385.78, budgeted from the ES Wastewater Fund 4300, for the release of easement and sale of trackage to use the property for constructing improvements for the CTP Electrical Distribution System Replacement Project; and further authorizing deposit of said funds into escrow and signature of documents required for closing the transaction.

BACKGROUND:

This Department’s recommendation is based on protecting the water quality of Commencement Bay and the Puget Sound by replacing the Central Wastewater Treatment Plant’s (CTP) internal electrical distribution system. This will reduce the risk of wastewater treatment interruption, which could result in millions of gallons of untreated wastewater discharging into the Puyallup River, Thea Foss Waterway, and Commencement Bay.

The CTP is located on property owned by the City of Tacoma (City). UPRR has a 40-foot wide easement, totaling 90,429.89 square feet, for Railroad Operations along the entire southwestern side of the CTP facility and on City property. UPRR owns and operates existing railroad tracks on this easement. This agreement will provide unrestricted rights to this property to the City and allow for the construction of a new 3,400 square foot medium voltage electrical switchgear building and approximately 600 linear feet of buried, concrete-encased electrical duct bank consistent with the proposed design for the CTP Electrical Distribution System Replacement Project (Project).

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

The Release of Easement will benefit the community by enhancing the utility of the CTP site and facilities. In addition, removing over 2,000 linear feet of railroad trackage will provide minor safety improvements to pedestrians and drivers. Removing these tracks from service will eliminate three at-grade railroad crossings over roads and driveways. Construction for the upcoming electrical project will be entirely limited to the CTP site. The site is zoned PMI – Port Maritime and Industrial. Construction activities should not be substantially different from other work and industrial business occurring within the surrounding PMI Zoning District.

Identify which Tacoma 2025 strategic goals your legislation most relates to, and then identify the Equity Index Score for those goals in the geography your proposal will affect. Select the indicator(s) this legislation is most related to, then briefly explain how this legislation will impact the selected indicator(s) and/or improve the Equity Index Score.



2025 STRATEGIC PRIORITIES:

Equity and Accessibility:

This Release of Easement will allow the City to replace infrastructure that is at risk of failure. Failure of this infrastructure would result in the release of large volumes of untreated wastewater to the Puyallup River and Commencement Bay. All of Tacoma's diverse community members, and our natural waterways, will benefit from a project that's primary goal is prevent an environmental catastrophe due to electrical failure.

Identify which Tacoma 2025 strategic goals your legislation most relates to, and then identify the Equity Index Score for those goals in the geography your proposal will affect. Select the indicator(s) this legislation is most related to, then briefly explain how this legislation will impact the selected indicator(s) and/or improve the Equity Index Score.

Economy/Workforce: *Equity Index Score:* High Opportunity

- Increase the number of infrastructure projects and improvements that support existing and new business developments.

Livability: *Equity Index Score:* Very High Opportunity

- Increase positive public perception of safety and overall quality of life.
- This agreement will allow for the replacement critical electrical infrastructure consistent with the proposed design for the CTP Electrical Distribution System Replacement Project. These improvements will significantly reduce the risk of an electrical failure disrupting the continuous treatment of wastewater at the CTP.

Explain how your legislation will affect the selected indicator(s).

This property agreement will enable construction of proposed electrical improvements estimated to cost over 20 million dollars. These improvements will protect the CTP, and thereby Tacoma's environment, from damage due to a major electrical failure which would result in large volumes of untreated wastewater discharging to Commencement Bay and the Puyallup River. The upcoming project's construction contractor will be required to participate in the City's LEAP program. This program will ensure that a minimum of 15 percent of the construction labor hours are worked by City of Tacoma residents or registered apprentices residing in Pierce County.



ALTERNATIVES:

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Redesign to relocate proposed building and portions of buried duct bank to City controlled property.	No cost to acquire land controlled by easement.	<ul style="list-style-type: none"> • The existing Customer Service Building will have to be demolished, and 19 staff members will be displaced. • Construction access will be restricted for the contractor and temporary shoring will have to be built to more stringent railroad standards. This will result in a higher cost of construction. • Some of the anticipated buried duct bank will be constructed above grade which is more prone to accidental damage.
2. Not proceed with the project.	No cost to acquire lands controlled by easement.	<ul style="list-style-type: none"> • Entire CTP will remain at risk of sudden electrical failure that could result in millions of gallons of untreated wastewater sewage overflows onto public and private land or into the Thea Foss Waterway, Puyallup River, and Puget Sound.

EVALUATION AND FOLLOW UP:

Success will be measured during the subsequent construct project to maintain the project schedule and budget.

STAFF/SPONSOR RECOMMENDATION:

Staff recommends entering into an agreement with UPRR to release their easement on City property. Compensation for the easement release was negotiated and confirmed with an appraisal. UPRR has agreed to the payment as follows: 1) for release and quitclaim of the easement for \$12 per square foot, equal to \$1,085,158.68; 2) for sale of the trackage valued at \$40,883.00; and 3) for costs of the sale, estimated to be \$20,344.10 for escrow fees and taxes. This agreement will allow for the construction of a new electrical switchgear building and underground electrical duct bank consistent with the proposed design for the CTP Electrical Distribution System Replacement Project.



FISCAL IMPACT:

The total cost of the agreement is \$1,146,385.78. The land is needed for project construction, and it will be purchased using project funds.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1.ES Wastewater Fund 4300	ENV-04015-13-01		\$1,146,385.78
TOTAL			\$1,146,385.78

What Funding is being used to support the expense?

Funding source will be the ES Wastewater Fund 4300.

Are the expenditures and revenues planned and budgeted in this biennium's current budget?

YES

Are there financial costs or other impacts of not implementing the legislation?

YES

Will the legislation have an ongoing/recurring fiscal impact?

NO

Will the legislation change the City's FTE/personnel counts?

NO

ATTACHMENTS:

- Purchase and Sale Agreement
- Survey of Easement to be released
- Aerial Map of Easement to be released