



City of Tacoma

City Council Action Memorandum

TO: Elizabeth Pauli, City Manager
FROM: Chris Robinson, Power Superintendent
Ray Johnson, Deputy General Manager, Tacoma Power
Rachel Gardner Clark, Manager, Resource Planning & Analytics, Tacoma Power
Aimee Higby, Power Energy Portfolio Analyst, Principal, Tacoma Power
COPY: City Council and Clerk
SUBJECT: Tacoma Power recommends the City Council authorize the Director of Utilities to execute an interlocal agreement between Tacoma Power and the Department of Commerce, April 8, 2025
DATE: March 14, 2025

SUMMARY AND PURPOSE:

Tacoma Power recommends the City Council authorize the Director of Utilities to execute an interlocal agreement between Tacoma Power and the Department of Commerce, in the amount of \$339,500, budgeted from the State of Washington's Climate Commitment Account, for a pumped storage feasibility study at Mossyrock dam. Chapter 39.34 RCW Interlocal Cooperation Act requires Council approval to enter into the agreement.

BACKGROUND:

The 2024 State of Washington legislative session appropriated \$350,000 from the climate commitment account to Tacoma Power to complete a study to assess the feasibility of pumped storage at Mossyrock dam. The contracted amount will be \$339,500 after the Department of Commerce's 3% administration fee is assessed. Tacoma Power's 2024 Integrated Resource Plan (IRP) update to the 2022 IRP included the recommendation to make incremental investments in existing resource infrastructure where cost-effective. The pumped storage feasibility study was included as part of the two-year action plan to assess supply-side resources. Work will be conducted by a contracted third party and is already under way.

The Department of Commerce is responsible for contracting with Tacoma Power to disburse the funds that were allocated to Tacoma Power by the budget proviso and from the Climate Commitment Account. Chapter 39.34 RCW Interlocal Cooperation Act requires Council approval to enter into the agreement, and Tacoma Power is seeking Public Utility Board approval prior to seeking Council approval. The budget proviso and contract for which this resolution seeks approval is included below.

Per ESSB 5950 Sec. 130 (30) which authorized the grant to Tacoma:

- \$350,000 of the climate commitment account—state appropriation is provided solely for the authority to contract with Tacoma power, to conduct a feasibility study, including scoping project costs, on pumped storage at Tacoma power's Mossyrock dam.
- The contract is exempt from the competitive procurement requirements in chapter 39.26 RCW.
- Funds may not be expended or obligated prior to January 1, 2025.
- If Initiative Measure 2 No. 2117 was approved in the general election, this subsection would have been null and void upon the effective date of the measure. However, the measure was not passed.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

Tacoma Power's 2024 Integrated Resource Plan (IRP) update to the 2022 IRP included the recommendation to make incremental investments in existing resource infrastructure where cost-effective. The pumped storage feasibility study was included as part of the two-year action plan to assess supply-side resources.



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Community input is an integral aspect of the development of the IRP and multiple avenues to provide feedback and participate on the development of the 2024 update to the IRP. Options included attending virtual workshops, an online community priorities survey, and the ability to submit online comments via email.

ALTERNATIVES:

Alternative(s)	Positive Impact(s)	Negative Impact(s)
Decline budget appropriation	None	If funding is not approved by the Council, the funds will need to be declined and Tacoma Power would have to pay for the feasibility study through ratepayer funds

EVALUATION AND FOLLOW UP:

Project scope, schedule, budget, and deliverables are tracked to ensure successful delivery of feasibility study meeting interlocal agreement timelines and milestones.

STAFF/SPONSOR RECOMMENDATION:

The recommendation is to approve the proposed resolution to authorize the Director of Utilities to sign the interlocal agreement to accept the budget proviso funds.

FISCAL IMPACT:

This resolution will provide for State funding to conduct a pumped storage feasibility study at Mossyrock dam.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
4700 - Tacoma Power	PWR-01276 Pumped Storage Feasibility Contract	Various	\$339,500
TOTAL			



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What Funding is being used to support the expense?

There is no City or Tacoma Power match requirement for the interlocal agreement.

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

YES

Tacoma Power has planned the pumped storage feasibility study based on the amount that was appropriated by the State of Washington.

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

YES

If the agreement is not approved and signed Tacoma Power will need to allocate funds to pay for the study.

Will the legislation have an ongoing/recurring fiscal impact?

NO

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

NO

ATTACHMENTS:

- Interagency Agreement Contract Number: 25-53310-003