



Board Action Memorandum

TO: Jackie Flowers, Director of Utilities
COPY: Charleen Jacobs, Director and Board Offices
FROM: Alan Matheson, Rail Superintendent
Dylan Harrison, Manager, Real Property
MEETING DATE: July 9, 2025
DATE: June 23, 2025

GUIDING PRINCIPLE ALIGNMENT (select as many that apply):

Please indicate which of the Public Utility Board's Guiding Principle(s) is supported by this action.

- | | |
|--|--|
| <input type="checkbox"/> GP1 – Diversity, Equity, Inclusion, Belonging | <input type="checkbox"/> GP8 – Telecom |
| <input checked="" type="checkbox"/> GP2 – Financial Sustainability | <input type="checkbox"/> GP9 – Economic Development |
| <input type="checkbox"/> GP3 – Rates | <input type="checkbox"/> GP10 – Government Relations |
| <input type="checkbox"/> GP4 – Stakeholder Engagement | <input type="checkbox"/> GP12 – Employee Relations |
| <input type="checkbox"/> GP5 – Environmental Sustainability | <input type="checkbox"/> GP13 – Customer Service |
| <input type="checkbox"/> GP6 – Innovation | <input type="checkbox"/> GP14 – Resource Planning |
| <input type="checkbox"/> GP7 – Reliability & Resiliency | |

SUMMARY: Declare surplus and authorize the 5-Year lease, commencing on September 1, 2025, for approximately 15.25 acres of Tacoma Rail land identified as 1738 Milwaukee Way, Tacoma, Washington, to the Northwest Seaport Alliance licensee/agent of the Port of Tacoma for \$100,000 per month, plus 8% for operating cost recovery and annual CPI adjustments for an intermodal facility.

BACKGROUND: The lease property is located within the Tacoma Tideflats and was originally acquired in 1944 for the purpose of making certain betterments and extensions of the Municipal Belt Line Railway System. In 1985 the City Council and Public Utility Board determined the property was not necessary for utility purposes for a limited duration, and therefore approved a 41-Year (31-Years with Two 5-Year extensions) lease to the Port of Tacoma, which expires in 2025.

Tacoma Rail has negotiated the lease price of \$100,000 per month, plus 8% for operating cost recovery and annual CPI adjustments, which is considered within the range of fair market value as determined by a third-party appraiser. The lease is subject to both Public Utility Board and City Council approval. The lease document was reviewed by the City Attorney's Office and approved by Tacoma Rail management and Real Property Services.

Upon approval by the Board, a separate request will be made to the City Council to hold a Public Hearing to be followed by Final Approval.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes



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

N/A

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

ATTACHMENTS: Declaration of Surplus and Lease Agreement

CONTACT:

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Supervisor: Justin Davis, Division Manager, Fleet and Facilities, 253-591-5449