



Board Action Memorandum

TO: Jackie Flowers, Director of Utilities
COPY: Charleen Jacobs, Director and Board Offices
FROM: Dale King, Superintendent Tacoma Rail
MEETING DATE: April 10, 2024
DATE: March 29, 2024

GUIDING PRINCIPLE ALIGNMENT (select as many that apply):

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

- | | |
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| <input type="checkbox"/> GP1 – Diversity, Equity, Inclusion, Belonging | <input type="checkbox"/> GP8 – Telecom |
| <input 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 checked="" 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: Tacoma Rail requests authorization to accept \$3,300,000 in Grant funding from the Washington State Department of Ecology, toward the acquisition of a zero-emission battery-electric switcher locomotive.

BACKGROUND: The Grant funds were awarded as a distribution from the State's Volkswagen Settlement Fund after a competitive call for projects from the Department of Ecology. The project will continue Rail's efforts toward decarbonization by adding a third battery-electric locomotive to the fleet. It is anticipated that the installation of locomotive charging equipment from the initial battery-electric project will be sufficient to support this additional locomotive. This project will eliminate the annual consumption of up to 30,000 gallons by replacing a genset diesel-electric locomotive with a battery-electric locomotive and rendering two diesel engines manufactured between 2008 and 2009 inoperable.

Rail will be required to cover all associated project costs that exceed this Grant award, the current estimated cost for a battery-electric switcher locomotive is approximately \$5,500,000.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

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

The project will likely extend into the next biennial budget cycle, Rail will evaluate the project's progression and plan accordingly when submitting the 2025-26 budget for consideration.

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

ATTACHMENTS: Department of Ecology Grant Agreement No. AQVWZEV-2325-TacRai00028.

CONTACT: Alan Matheson, Assistant Superintendent Tacoma Rail, 253-502-8934.