



TO: Mayor Strickland and Members of the City Council
FROM: William A. Gaines, Director/CEO, Tacoma Public Utilities
Dale W. King, Superintendent/COO, Tacoma Rail
COPY: Elizabeth Pauli, City Manager and City Clerk
SUBJECT: Reissue Tacoma Rail Freight and Demurrage Tariffs – November 28, 2017
DATE: November 3, 2017

SUMMARY:

Tacoma Rail requests authorization to reissue the TMBL 8807 and TRMW 8000 series freight switching tariffs as well as the TMBL 6004 series demurrage tariff.

STRATEGIC POLICY PRIORITY:

- Foster a vibrant and diverse economy with good jobs for all Tacoma residents.
- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

Tacoma Rail’s tariffs support the rail served customers.

BACKGROUND:

Tacoma Rail’s customers consist of local industries and other railroads. The switching tariffs define the line haul and miscellaneous switching charges allocated to the movement of railcars. The switching tariffs include a rate increase of ten dollars for unit train line haul traffic, a \$150 line haul rate increase for Positive Train Control (PTC) enabled divisions and a three percent increase on general TRMW switching fees.

The demurrage tariff establishes rates, credits and exemptions for the application of railcar demurrage. The proposed demurrage tariff adds Saturdays as being exempt from being demurrage day while changing the daily rate from \$50 to \$60. Sundays and holidays are exempt in the current tariff. The demurrage tariff rate and schedule hasn’t changed since 1998 when the demurrage tariff was established.

ISSUE:

The current tariffs don’t encapsulate cost of service rates and services associated with the anticipated expense for 2018.

ALTERNATIVES:

One alternative is no change, which is not viewed as the most fiscally responsible approach for Tacoma Rail or its customers.

RECOMMENDATION:

Tacoma Rail recommends approval of the proposed Rate Tacoma Rail Tariffs TMBL 8807-F, TRMW 8000-A and TMBL 6004-C with an effective date of January 1, 2018 to ensure reliable rail services at cost of service rates.

FISCAL IMPACT:

Rates herein are anticipated to increase the revenues of Tacoma Rail over the next year by approximately \$480,000.