



TO: Mayor and City Council
FROM: Jackie Flowers, Director of Utilities
COPY: Elizabeth Pauli, City Manager and Doris Sorum, City Clerk
SUBJECT: Ordinance - Reissue Tacoma Rail Freight Tariff – November 10, 2020
DATE: October 16, 2020

SUMMARY:

Tacoma Rail requests authorization to reissue the TMBL 8807 series freight switching tariff for an effective date of January 1, 2021 and a tariff supplement with an effective date of January 1, 2022.

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.

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. Tacoma Rail’s TMBL tariff rates associated with unit train and other Tacoma interchanged line haul traffic were last updated in 2019; miscellaneous switching rates were last updated in 2010.

Tacoma Rail’s rates encapsulate cost of service practices. Line haul rates are charged to the BNSF or Union Pacific railroads unless the industry served or shipper elects to pay the fees themselves. The switching tariff rate adjustments for 2021 include a 3% increase over current rates. The 2022 tariff supplement increases line haul traffic rates and the intermodal intraterminal switching fee by 3%.

ISSUE:

The current tariffs don’t encapsulate cost of service rates and services associated with the anticipated expense for the 2021/2022 budget.

ALTERNATIVES:

An 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 Tacoma Rail Tariff TMBL 8807-J with an effective date of January 1, 2021 and tariff supplement with an effective date of January 1, 2022 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 biennium by approximately \$2,600,000.