



City of Tacoma

City Council Action Memorandum

TO: Hyun Kim, City Manager
FROM: Daniel McCabe, Chief Financial Officer, Tacoma Rail
Alan Matheson, Rail Superintendent
COPY: City Clerk
SUBJECT: Authorize acceptance of a federal grant award, October 21, 2025
DATE: September 15, 2025

SUMMARY AND PURPOSE:

Tacoma Rail requests authorization to accept a grant funding award of \$8,316,000 from the Federal Railroad Administration to assist with the repowering of four (4), Tacoma Rail Tier 0 diesel-electric switcher locomotives with Tier 4 diesel engines of comparable horsepower for use at Tacoma Rail's rail yard.

BACKGROUND:

TPU-Rail recommends approval as the proposed project will enhance the reliability of the four project locomotives, reduce annual fuel consumption, and reduce greenhouse and particulate matter emissions by over 90% for the project locomotives. The award was received following a submission during a 2024 competitive call for projects from the Federal Railroad Administration's Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant program.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility:

Economy/Workforce: *Equity Index Score:* Moderate Opportunity
Increase positive public perception related to the Tacoma economy.

Livability: *Equity Index Score:* High Opportunity
Project will achieve a reduction in carbon emissions and contribute to Tacoma's 2030 Climate Action Plan objectives.

Explain how your legislation will affect the selected indicator(s).

Beyond reducing operational emissions, the project will reduce locomotive downtime caused by aging equipment and serves a broader national interest by modernizing transportation sector equipment which is critical to ongoing economic activities in the Tacoma Tideflats area.

ALTERNATIVES:

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Reject requested approval.	None.	Delays locomotive modernization efforts.
2.		
3.		



EVALUATION AND FOLLOW UP:

The Federal Railroad Administration will monitor project progression and requires post-project performance measures reporting for a period of three years. TPU-Rail will provide information to policy makers as requested as well as documenting results through future Resource Conservation Climate Plan (RCCP) goals.

STAFF/SPONSOR RECOMMENDATION:

TPU-Rail staff recommend approval of this request to accept the federal grant funding. Following approval, staff will continue to work with the Federal Railroad Administration to finalize project specific paperwork and begin to move forward with development of a Project Specification to identify a contractor to complete the locomotive upgrades.

FISCAL IMPACT:

Please provide a short summary of the fiscal impacts associated with the grant, agreement, policy action, or other action.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1. 4500 TPU-Rail	RAL-00138		\$8,316,000
2.			
TOTAL			

What Funding is being used to support the expense?
Budgeted in TPU-Rail Fund 4500.

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

Project will carry forward in future budget cycles until completed.

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

The four (4) locomotives that are being repowered were built in 1982 with emission standards at that time (tier 0). Ongoing maintenance of the 1982 locomotives will be higher, will continue to operate with higher emissions, and be less fuel efficient than the repowered locomotives.

Will the legislation have an ongoing/recurring fiscal impact?
YES

The four (4) locomotives that are being repowered were built in 1982. The repowered locomotives will have lower maintenance costs, and the engines will be more fuel efficient. TPU Rail retains ongoing maintenance obligations for the locomotives.

Will the legislation change the City's FTE/personnel counts?
No

ATTACHMENTS:

- Federal Railroad Administration Notice of Award